

# Rocket Lab Corporation (RKLB)

Equity research note · Nasdaq · Aerospace & Defence · Data as of the close on 21 August 2026

| Rating           | Share price    | Weighted fair value    | Investment score |
|------------------|----------------|------------------------|------------------|
| <b>WATCHLIST</b> | <b>\$72.57</b> | <b>\$76.25 (+5.1%)</b> | <b>58 / 100</b>  |

*Fair value is the probability-weighted output of the scenario table on the final page, not a price target. Rocket Lab is a genuinely improving business trading at a price that already assumes most of the improvement.*

## The case in one paragraph

Rocket Lab is executing well and is priced as though execution is guaranteed. Second-quarter revenue rose 62% to a record \$234 million, gross margin widened to 36.2% from 32.1%, and backlog jumped 137% year over year to \$2.36 billion. Management guided third-quarter revenue to \$250-265 million against a \$238 million consensus. None of that is in dispute. The difficulty is the price: at \$72.57 the enterprise value is roughly \$41.8 billion against \$769 million of trailing revenue, or about 54 times sales, and around 41 times if the third-quarter guidance is annualised. The company still loses money. Two unresolved items carry the thesis from here, and neither will be settled in 2026: whether Neutron actually flies, and whether the \$8 billion Iridium acquisition strengthens the company or merely enlarges it.

## How the money is actually made

The market still describes Rocket Lab as a launch company. The income statement no longer agrees. Product revenue of \$181.3 million now dwarfs service revenue of \$52.7 million, and within the quarter launch revenue grew roughly 1.8% year over year while the consolidated top line grew 62%. Essentially all the growth came from Space Systems, the business that builds satellite components, spacecraft buses and subsystems for other operators, supplemented by the Mynaric and Motiv acquisitions.

This matters for how the multiple should be read. Space Systems is a good business, but it is a component and integration business competing with established primes, and it does not carry the structural scarcity that justifies a launch-monopoly valuation. The part of Rocket Lab that is genuinely scarce, small-lift launch on Electron, is currently the part that is not growing.

## Second quarter 2026 in numbers

| Metric             | Q2 2026   | Q2 2025   | Change                  |
|--------------------|-----------|-----------|-------------------------|
| Revenue            | \$234.0m  | \$144.4m  | +62%                    |
| of which product   | \$181.3m  | —         | Space Systems led       |
| of which service   | \$52.7m   | —         | Launch, ~+1.8%          |
| Gross profit       | \$84.6m   | \$46.4m   | +82%                    |
| Gross margin       | 36.2%     | 32.1%     | +4.1pp                  |
| Net loss           | \$(49.3)m | \$(66.4)m | loss narrowed           |
| Adjusted EBITDA    | \$(8.8)m  | —         | ahead of guidance       |
| Backlog            | \$2.36bn  | \$0.99bn  | +137%                   |
| Cash & equivalents | \$2.13bn  | —         | \$2.4bn total liquidity |

*Prior-year revenue derived from the reported 62% growth rate and labelled as a calculation. Gross margin computed from reported gross profit over reported revenue.*

## Neutron is the whole launch thesis, and it has not flown

Neutron is the medium-lift vehicle intended to move Rocket Lab from a niche small-satellite launcher into direct competition for the constellation and national-security payloads that currently go to SpaceX. Without it, Electron remains a capable but small business. With it, the addressable market multiplies.

On the second-quarter call management committed to having Neutron on the pad in the fourth quarter of 2026 and declined to promise a maiden flight before year-end. That distinction is the single most important sentence of the quarter. A vehicle on the pad is not a vehicle that has flown, and first flights of new orbital rockets slip as a rule rather than as an exception. A 2027 maiden flight is now the reasonable base case, and a failure on the first attempt would be normal for the industry and severe for a stock at this multiple.

Management deserves credit for the candour. Declining to promise a date is more useful than promising one and missing, and it is consistent with a team that has generally guided conservatively and beaten. But candour about a delay is still a delay.

## The Iridium acquisition changes what this company is

In June Rocket Lab agreed to acquire Iridium Communications for \$27.00 in cash plus stock, a notional \$54.00 per Iridium share, valuing the target at roughly \$8.0 billion including debt. The deal is expected to close in mid-2027 and is supported by \$3.6 billion of bridge financing.

The strategic logic is coherent: Iridium owns spectrum and an operating global constellation with real, recurring, cash-generative revenue, which would give Rocket Lab an in-house customer for launch and satellite manufacturing and a revenue stream that does not depend on winning the next contract. Vertical integration in space has worked before.

The financial consequence is that a company with \$2.4 billion of liquidity and no meaningful leverage becomes a company carrying billions in acquisition debt while still funding Neutron development and still losing money at the operating line. The stock consideration also dilutes existing holders. The exchange ratio is subject to a collar banded between \$67.50 and \$112.50; at \$72.57 the shares sit only about 7% above the floor of that band, which is worth watching because it constrains how much protection the structure still offers if the shares weaken further.

## Valuation

| Measure                  | Value             | Comment                                  |
|--------------------------|-------------------|------------------------------------------|
| Share price              | \$72.57           | Close, 21 Aug 2026                       |
| Shares outstanding       | ~605.4m           | Used for the market cap below            |
| Market capitalisation    | ~\$43.9bn         | Calculated: price x shares               |
| Less cash                | \$(2.13)bn        | Pre-Iridium; excludes the \$3.6bn bridge |
| Enterprise value         | ~\$41.8bn         | Calculated                               |
| EV / trailing revenue    | <b>54.4x</b>      | On \$769m trailing revenue               |
| EV / annualised Q3 guide | <b>40.6x</b>      | Q3 midpoint \$257.5m x 4                 |
| Trailing net income      | \$(165.5)m        | No earnings multiple is meaningful       |
| Analyst consensus        | Buy, \$112.94 avg | 18 analysts; range \$64 to \$150         |

Sales multiples are used because the company is loss-making, so earnings-based methods produce no signal. A discounted cash flow was considered and rejected: with Neutron unflown and Iridium unclosed, the cash-flow path is dominated by two binary events, and a DCF would dress that uncertainty in false precision.

For context, 40 times forward sales is a multiple normally reserved for software businesses with 80% gross margins and negligible capital intensity. Rocket Lab earns 36% gross margins and builds rockets. The multiple is not defensible on the current business; it is defensible only on what Neutron and Iridium might make the business by 2028.

## Competitive position

Rocket Lab is the only Western operator with a repeatedly flown, commercially available small orbital launch vehicle, and Electron has built a genuine operational record. That is a real moat at the small end. At the medium and heavy end, which is where Neutron is aimed, the competitor is SpaceX, whose reusable cost structure and cadence are the benchmark the entire industry is measured against. Rocket Lab is not attacking a soft market.

Where the position looks strongest is national security. Recent awards, including a \$397 million US Space Force contract and a \$266 million missile-defence award, reflect a customer that actively wants a credible second supplier and is willing to pay for one. That customer preference is durable and is arguably worth more to the investment case than any commercial launch contract.

## Principal risks

| Risk                             | Probability | Severity | Why it matters here                                                                      |
|----------------------------------|-------------|----------|------------------------------------------------------------------------------------------|
| Neutron slips beyond 2027        | Moderate    | High     | The launch growth thesis has no substitute; Electron alone does not support the multiple |
| Maiden flight failure            | Material    | High     | Historically common for first flights; would reset both timeline and sentiment           |
| Iridium integration and leverage | Moderate    | High     | \$3.6bn bridge financing while still loss-making and funding development                 |
| Valuation compression            | High        | High     | At 41x forward sales, a de-rating needs no bad news, only a change in appetite           |
| Launch revenue stagnation        | Occurring   | Medium   | Launch grew ~1.8%; the scarce asset is the flat one                                      |
| Government budget dependence     | Moderate    | Medium   | Defence awards are a strength and a concentration at the same time                       |
| Dilution                         | Certain     | Medium   | Stock consideration in the Iridium deal, subject to the \$67.50-\$112.50 collar          |

## Sentiment and technicals

| Indicator               | Reading                       | Interpretation                                          |
|-------------------------|-------------------------------|---------------------------------------------------------|
| Price vs 20-day average | \$72.57 vs \$74.07, -2.0%     | Marginally below short-term trend                       |
| Price vs 50-day average | \$72.57 vs \$82.05, -11.6%    | Clearly below the medium-term trend                     |
| 100 / 200-day averages  | Not computed                  | Only 99 sessions of history retrieved; not estimated    |
| RSI (14)                | 43.2                          | Neutral; neither oversold nor extended                  |
| MACD (12,26,9)          | -0.89, signal -1.32           | Histogram positive: momentum turning up from a low base |
| ATR (14)                | \$5.77, 8.0% of price         | Very high volatility; size positions accordingly        |
| Drawdown from high      | -51.7% from \$150.23 (27 May) | Roughly half the peak value has already gone            |
| Rebound from low        | +23.8% from \$58.60 (29 Jul)  | A base may be forming, unconfirmed                      |

| Indicator         | Reading               | Interpretation                                   |
|-------------------|-----------------------|--------------------------------------------------|
| Analyst consensus | Buy, average \$112.94 | Street is materially more bullish than this note |

Technicals inform timing only and do not override the fundamental view. All indicator values were computed from the daily price series rather than read from a third-party summary.

## Scorecard

Scored 1-10, where 10 is always best, including Risk. Weights sum to 100 and the composite is a plain weighted sum.

| Factor                  | Score                  | Wt         | Rationale                                                      |
|-------------------------|------------------------|------------|----------------------------------------------------------------|
| Business Quality        | <div><div></div></div> | 12         | Vertically integrating; Space Systems now the engine           |
| Financial Strength      | <div><div></div></div> | 12         | \$2.4bn liquidity, but loss-making and about to lever up       |
| Competitive Advantage   | <div><div></div></div> | 13         | Scarce at small lift; faces SpaceX at medium lift              |
| Management              | <div><div></div></div> | 10         | Beat guidance; candid about Neutron rather than promotional    |
| Growth Potential        | <div><div></div></div> | 18         | Backlog +137%, defence demand, Neutron and Iridium optionality |
| Valuation               | <div><div></div></div> | 18         | ~41x forward sales for a loss-making hardware business         |
| Risk (10 = lowest risk) | <div><div></div></div> | 12         | Unflown vehicle, acquisition leverage, 8% daily ATR            |
| Technical Setup         | <div><div></div></div> | 5          | Below 20- and 50-day averages; momentum only just turning      |
| <b>Investment Score</b> | <b>58 / 100</b>        | <b>100</b> | <b>Weighted sum of the rows above</b>                          |

## Scenarios

| Case            | Prob.       | What happens                                                                                                                                                                           | Fair value     |
|-----------------|-------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|
| Bull            | 25%         | Neutron reaches the pad on schedule and flies successfully in the first half of 2027; Iridium closes and contributes cash flow; Space Systems compounds and revenue approaches \$1.5bn | \$115          |
| Base            | 50%         | Neutron slips to mid-2027 and flies once; Space Systems continues to carry growth; Iridium closes with the expected debt and dilution; the multiple compresses modestly                | \$75           |
| Bear            | 25%         | Neutron slips towards late 2027 or fails on its first attempt; integration absorbs management attention; the multiple resets toward 20x sales                                          | \$40           |
| <b>Weighted</b> | <b>100%</b> | <b>Probability-weighted fair value, computed</b>                                                                                                                                       | <b>\$76.25</b> |

## Verdict

Watchlist. This is a good company whose shares are not obviously mispriced in either direction, which is precisely the situation that argues for patience rather than action.

The bull case is not fanciful. Backlog up 137%, margin expansion, a narrowing loss, an approaching EBITDA break-even and a defence customer that wants a second supplier all point the same way. Had the shares not already been awarded a \$44 billion market value, this would read as an attractive growth story.

The reason for restraint is that the two events that justify the valuation are both unresolved and both sit in 2027. Neutron has not flown and management pointedly would not commit to a date. The Iridium acquisition will not close until

mid-2027 and converts a clean balance sheet into a leveraged one. Paying roughly 41 times forward sales for a loss-making manufacturer requires conviction that both land well, and there is no informational advantage available today that would support that conviction. The 52% drawdown from May has removed the froth without creating a discount.

### What would change the view

| Toward Buy                                                                                           | Toward Avoid                                                                         |
|------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|
| Neutron completes a successful maiden flight, at which point the launch thesis stops being a promise | Neutron slips beyond 2027 or fails on its first attempt                              |
| Shares below roughly \$55, where the bear-case fair value provides a floor rather than a target      | Iridium closes and the combined entity shows integration strain or covenant pressure |
| Sustained positive adjusted EBITDA with launch revenue growing again, not just Space Systems         | Launch revenue stays flat while the Space Systems multiple compresses toward peers   |
| Iridium closes on terms that leave leverage manageable and cash flow visibly improved                | Equity issuance materially beyond the agreed stock consideration                     |

**Sources.** Rocket Lab investor relations second-quarter 2026 release and investor update; company Iridium transaction announcement and Form S-4; SEC filings; Investing.com second-quarter earnings call coverage; StockAnalysis.com and MarketBeat for consensus estimates and share count; Alpha Vantage daily price series for all technical indicators, computed independently.

*This note is informational only and is not financial advice, an offer, or a recommendation to transact. It reflects publicly available information as of 21 August 2026 and may become inaccurate without notice.*