

Rocket Lab Corporation (RKLB)

Equity research note | Nasdaq | Aerospace and defence | Data through 30 September 2026 | Published 1 October 2026

WATCHLIST	\$69.68	\$73.00 (+4.8%)	62.5 / 100
RATING	LAST CLOSE, 30 SEP	WEIGHTED FAIR VALUE	INVESTMENT SCORE

One of the two binary events is resolved; the rating stays Watchlist. On 15 September Rocket Lab said it had fully funded the cash needed for the \$8 billion Iridium acquisition: \$1.944 billion from selling about 29.3 million shares at an average near \$66, plus Iridium's existing \$1.775 billion of term loans, which stay in place. The \$3.6 billion secured bridge was terminated. Iridium stockholders approved the deal on 24 September, and closing is expected in mid-2027 after FCC approval.

The financing risk that sat in the bear case is now largely gone, and the scenarios reflect it. The weighted fair value rises from \$71.25 to \$73.00. The shares rose 12.5% to \$69.68 over the same period, so the discount narrowed from 15.0% to 4.8%. Neutron, the larger binary, is still unflown with no maiden-flight date. A record 20-launch Electron contract with Synspecive on 30 September adds visibility for 2028 to 2031.

The investment case

Rocket Lab is better understood as a space-systems manufacturer with a launch franchise than as a pure rocket company. Product revenue reached \$181.3 million in Q2 against \$52.7 million of service revenue, and Q3 revenue is guided to \$250 million to \$265 million. Electron gives it launch heritage and customer access; Space Systems carries the growth.

Two milestones decided the equity case in September. The Iridium funding question now has an answer: mostly equity, issued after a 50% fall from the high, plus Iridium's own moderately priced term debt. Shareholders paid for certainty with roughly 5% dilution from the ATM, on top of the stock component already in the deal terms. The other milestone, Neutron's first flight, is where the remaining risk now concentrates.

Framework for the next two years

Driver	What must happen	Current read
Neutron execution	First-flight hardware reaches the pad, then orbit	Stage 1 tank delivery targeted for Q4 2026; no maiden-flight date
Iridium closing	FCC approves the license transfer; integration starts cleanly	Funded; stockholders approved 24 Sep; close expected mid-2027
Space Systems growth	Backlog converts with durable margins	Product revenue nearly doubled year over year in Q2
Electron cadence	Reliability and frequency become recurring revenue	97 missions; launch backlog above 100 missions
Government demand	Defence awards convert without program concentration	Large Space Force and missile-defence wins in backlog

Company developments

Development	Status and date	What is known	What is forecast (and by whom)	Impact
Iridium acquisition fully funded	Announced 15 Sep 2026	ATM completed: ~\$1.944bn gross, ~29.3m shares. Iridium's \$1.775bn term loans remain post-close at SOFR + 2.50-3.00%, with a Rocket Lab guarantee. \$3.6bn bridge terminated	Management: proceeds plus the amended credit agreement and cash cover the cash consideration	High
Iridium stockholder approval	Approved 24 Sep 2026	About 99.6% of votes cast in favour. Consideration \$27 cash plus Rocket Lab stock under a collar, \$54 notional per share	Close expected mid-2027 subject to FCC and other approvals (company)	High (with above)
Synspective 20-launch Electron deal	Announced 30 Sep 2026	20 launches, flown annually 2028-2031; 47 Synspective launches contracted in total; launch backlog above 100 missions; value undisclosed	Our estimate: about \$40m a year at roughly \$8.5m per launch	Medium
97th Electron mission	Flown 26 Sep 2026	Successful launch	None	Low
Neutron	Pending	No maiden-flight date announced; Q4 stage 1 tank delivery target unchanged	Analysts call it the most material catalyst	High (pending)

Iridium funding: what it changes

What is known. The cash consideration is funded by about \$1.944 billion of new equity, Iridium's own \$1.775 billion of term loans that stay outstanding, and cash on hand. The \$3.6 billion senior secured bridge is gone. The interest rate on the retained loans is SOFR plus 2.50% to 3.00%. Remaining conditions are FCC approval of the license transfers and customary items; antitrust review has cleared.

Why it matters here. The September note listed Iridium financing as one of two binary events and named costly financing as part of the bear case. A senior secured bridge refinanced at today's yields, with the 10-year at 5.29%, would have been expensive. Instead most of the need was met with equity issued near \$66, about 5% dilution on the pre-ATM share count (our calculation), and the debt that remains is Iridium's own, priced at a moderate spread and serviced by Iridium's recurring cash flow.

Sizing. Per-share values in the scenarios already assumed the deal closes with dilution, so the bull, base and bear values are unchanged. What changes is the probability of the financing-driven bear path. The bear weight falls from 25% to 20% and the base rises from 50% to 55%; the bull case still needs Neutron and stays at 25%. Fair value moves from \$71.25 without this development to \$73.00 with it (our calculation), a 2.5% change. The verdict and the decision not to set trade levels would be the same either way. The level at which the name becomes interesting rises from \$50-\$55 to \$55-\$58.

What could still go wrong. The FCC review could add conditions or delay closing beyond mid-2027. Integration of a company roughly as large as Rocket Lab itself is untested. The guarantee of Iridium's debt puts that leverage on the combined balance sheet. The next hard data points are the FCC decision (date not announced) and Q3 results, expected around 9 November.

Financial position

Metric	Q2 2026	Q2 2025	Read-through
Revenue	\$234.1m	\$144.5m	+62%; another record quarter
Product revenue	\$181.3m	\$92.7m	+96%; Space Systems drove growth
Service revenue	\$52.7m	\$51.8m	+1.8%; launch growth muted
Gross profit	\$84.6m	\$46.4m	36.1% margin versus 32.1%
Operating loss	\$(57.5)m	\$(59.6)m	Little improvement despite growth
Cash and securities	\$2.39bn	\$1.10bn (Dec 2025)	Before ~\$1.94bn of ATM proceeds
Q3 2026 guidance	\$250-265m revenue	29-31% GAAP GM	Adjusted EBITDA loss of \$17-23m

Rocket Lab Q2 2026 results and Q3 guidance (August 2026).

Growth drivers

Catalyst	Status	Likelihood	Impact	Assessment
Neutron reaches the pad in Q4	Pending	Moderate	High	Visible milestone, still short of orbit
Iridium closes mid-2027	Funded, approved by holders	Moderate-high	Very high	FCC is the remaining gate
Backlog converts	In progress	High	High	\$2.36bn backlog at Q2; launch backlog now above 100 missions
Synspective 2028-2031 launches	Contracted	High	Medium	Electron visibility well into the next decade

Principal risks

Risk	Probability	Severity	Why it matters
Neutron delay or failure	Moderate	Severe	Medium-lift economics and contracts depend on flight proof
FCC timing or conditions	Low-moderate	High	Could delay closing past mid-2027
Integration	Moderate	High	Iridium is roughly as large as Rocket Lab
Valuation compression	High	High	About 42x annualized guided sales
Launch-service stagnation	Present	Medium	Service revenue rose 1.8% year over year in Q2
Government concentration	Moderate	Medium	Appropriations create program and political exposure

Valuation

With about 659 million shares after the ATM (our calculation), market capitalization at \$69.68 is roughly \$45.9 billion. Adding \$355 million of convertible notes and subtracting the \$2.39 billion of pre-ATM cash, since the ATM proceeds are earmarked for the Iridium cash payment, gives enterprise value near \$43.9 billion, about 43 times the annualized midpoint of Q3 revenue guidance. A manufacturing business with 36% gross margins and an operating loss is still priced like software. Scenario analysis remains more useful than a DCF while Neutron is unflown.

Government appropriations are the main revenue-side macro driver, and they are largely insensitive to interest rates once enacted. Financing is the rate-sensitive side, and it just became less so: the cash need is funded and the bridge is gone. The Fed's 16 September increase to 3.75%-4.00% and a 10-year yield of 5.29% now bear mainly on the floating-rate Iridium loans and on the multiple paid for distant earnings.

Case	Probability	Operating outcome	Fair value
Bull	25%	Neutron flies in first-half 2027, Iridium closes cleanly, Space Systems compounds	\$110
Base	55%	Neutron reaches the pad, flight moves into 2027, Iridium closes with the announced dilution	\$70
Bear	20%	Neutron slips or fails, integration disappoints and the sales multiple resets	\$35
Weighted	100%	Probability-weighted fair value, computed	\$73.00

September weights were 25/50/25 (\$71.25). Our calculations.

Sentiment and technical setup

Analysts remain constructive. Raymond James initiated at Outperform with an \$80 target on 11 September, Craig-Hallum maintained Buy on 18 September, and Bank of America holds Buy at \$110. ARK Invest added shares in the week to 26 September. Institutional positioning is Mixed, as of 30 June 2026, filings through 19 August 2026: reported holdings show a net addition of 1.3% over four quarters, but strong buying through late 2025 turned into net reductions of 0.3% and 2.6% in the two most recent quarters, even as more managers added (24) than cut (16). It reads as a turning point rather than a trend. Based on reported holdings filed by the cutoff. Late filers are not included, and passive, strategic and mixed holders are left out of the flow measure.

Price recovered above the 20-day and 50-day averages and MACD crossed above its signal line, but the shares remain 14.3% below the 200-day average and 20.6% below the 100-day. RSI is neutral at 50.9. The trend has stabilized without yet reversing.

Indicator	Reading	Interpretation
SMA 20 / 50	\$66.93 / \$69.67	Price 4.1% above / at the 50-day
SMA 100 / 200	\$87.79 / \$81.28	Price 20.6% and 14.3% below
EMA 20 / 50 / 200	\$69.00 / \$72.13 / \$75.01	Mixed
RSI (14)	50.9	Neutral
MACD / signal / histogram	0.40 / -0.52 / +0.92	Positive, above signal
ATR (14)	\$3.99	5.7% of price
52-week range	\$37.57 - \$151.00	Down 54% from the high

Computed from daily closes through 30 September 2026.

Scorecard

Factor	Score	Bar	Weight	Rationale
Business Quality	7 / 10		15%	Unchanged. Launch heritage plus a broad Space Systems platform
Financial Strength	7 / 10		15%	Up from 6. Iridium cash need funded; \$3.6bn bridge terminated
Competitive Advantage	7 / 10		15%	Unchanged. Electron reliability; Neutron still unproven
Management	7 / 10		10%	Unchanged. Funded the deal mostly with equity at ~\$66
Growth Potential	8 / 10		15%	Unchanged. Backlog, defence, Iridium and Neutron
Valuation	3 / 10		15%	Unchanged. About 42x annualized guided sales
Risk (10 = lowest risk)	5 / 10		10%	Up from 4. Financing binary retired; Neutron remains
Technical Setup	5 / 10		5%	Up from 3. Above 20/50-day averages, MACD positive
Investment Score	62.5 / 100		100%	Computed weighted sum

Scored 1-10, where 10 is always best, including Risk. Risk 5/10 means moderate-to-high risk, consistent with the risks above. Financial Strength and Risk each rose one point on the Iridium funding; Technical Setup rose two. The prior note used the same Risk direction.

Recommendation

Watchlist, unchanged, on stronger grounds. In September the rating rested on two unresolved binaries and a 15% discount. Now one binary is resolved favourably and the discount is 4.8% because the shares rallied. Neutron is the reason the expected return does not yet compensate: the bear case at \$35 is 50% below the price. The shares become interesting around **\$55 to \$58**, about 20% below weighted fair value and still well above the bear case. A successful Neutron flight would justify Buy at a higher price. No cut-loss or take-profit levels apply to a Watchlist rating.

Toward Buy	Toward Avoid
Neutron completes a successful maiden flight	Neutron slips well beyond 2027 or fails
Shares reach \$55 to \$58 without a thesis break	FCC conditions or delays push closing past 2027
FCC approves the Iridium license transfers	Backlog conversion or margins deteriorate in Q3 results
Space Systems converts backlog with stable margins	Government awards slow while commercial launch stays flat

Final investment memo

Not yet. Rocket Lab removed the financing risk on terms that were reasonable for shareholders, which is a real improvement and the main reason the score rose. The single biggest concern is now Neutron alone: a first flight of a new medium-lift rocket that has no date, set against a valuation of about 42 times annualized sales. A successful flight, or a price near \$55 to \$58, would change the answer.

Sources

- Rocket Lab press release: Fully funds Iridium acquisition, including completion of \$1.94bn ATM (15 Sep 2026), GlobeNewswire
- Rocket Lab Form 8-K and Rule 425 filing (15 Sep 2026)
- GovCon Wire: Iridium stockholders approve Rocket Lab acquisition (Sep 2026)
- Rocket Lab press release: Largest-ever Electron commercial deal, 20 launches for Synspec (30 Sep 2026), investors.rocketlabcorp.com
- Rocket Lab Q2 2026 results and Q3 guidance (Aug 2026)
- Spaceflight Now: Window for 2026 Neutron debut is narrowing (10 Aug 2026)
- Broker notes relayed by moomoo: Raymond James, Craig-Hallum, Bank of America (Sep 2026)
- Beating The Bull economic data posts, 4-30 September 2026
- Price: Alpha Vantage GLOBAL_QUOTE, 30 Sep 2026; daily history: Twelve Data

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