

Space Exploration Technologies Corp.

NASDAQ: SPCX | Launch, Starlink connectivity and AI compute | Third-quarter 2026 results | 21 October 2026

Last close (20 October 2026)	\$147.79	Recommendation	WATCHLIST (unchanged)
After-hours indication	About \$157.60 (+7%)	Investment score	69.5 / 100 (prior 64.8 restated)
Previous report (13 Oct)	\$163.42, Watchlist	Weighted fair value	\$147.42 (was \$140); -0.3%
Q3 revenue / diluted EPS	\$14.58bn, +161% / \$0.35	Price of interest	\$120-135 (was \$105-120)
Q1 2027 revenue guide	\$33-37bn	Technical read (chart only)	Not classified: 90 sessions since listing
EV / Q1 2027 run rate	About 14x	Market value	About \$2.01tn

Price timing

SpaceX reported after the close on 20 October. The price of record, \$147.79, is that day's regular-session close and predates the market's reaction. The shares traded about 7% higher, near \$157.60, after hours. The technical section describes the chart before the news, and every valuation figure below is stated against the pre-results close.

The Quarter Pulled the Old Bull Case Into the Guide

Third-quarter revenue rose 161% to \$14.58bn. The Super Intelligence segment, which sells AI compute and includes the Cursor coding business acquired on 14 August, brought in \$7.56bn, and Connectivity (Starlink) \$5.25bn. SpaceX reported net income of \$4.40bn, its first profit as a public company, and diluted EPS of \$0.35, well above the roughly \$0.10 to \$0.13 analysts expected. Two items flattered that figure: a \$390m tax benefit and \$1.03bn of other income. Taxed at 21% with no benefit, EPS would have been about \$0.25. Against that, \$1.22bn of Cursor-related share compensation was charged in the quarter.

The guide is what changed the picture. Management guided first-quarter 2027 revenue to \$33-37bn. Annualised, that is about \$140bn, against roughly \$31bn on the same basis a quarter ago, and it equals the 2027 revenue the last report used for its **bull** case. The price of that growth is capital: fourth-quarter capex is guided to \$35-40bn after \$19.6bn in the third quarter, and management expects about 2.5 to 3 GW of nameplate compute by year-end, up from 1.7 GW at 30 September.

Verdict: Watchlist, unchanged, from fundamentals. Technical read (chart only): not classified, because the shares have traded for only 90 sessions. The weighted fair value rises to \$147.42 from \$140, -0.3% against the pre-results close, and the base case is worth \$155. The case for the business is stronger than a week ago. The case for the shares at the after-hours price is not, because the price already sits above the weighted value. The range of interest moves up to \$120-135.

1. What the quarter showed

Segment / item	Q3 2026	Q3 2025	Change	What it means here
Space revenue / operating income	\$1,767m / -\$7m	\$1,667m / \$259m	+6% / loss	Launch business now a small share; Starship spending weighs
Connectivity revenue / operating income	\$5,248m / \$2,367m	\$3,105m / \$1,190m	+69% / +99%	Starlink is the profit engine at a 45% margin
Super Intelligence revenue / operating income	\$7,560m / \$431m	\$813m / -\$1,722m	+830% / profit	Includes \$608m from Cursor; \$1.6bn excluding Cursor share awards
Total revenue / operating income	\$14,575m / \$2,791m	\$5,576m / -\$273m	+161%	Up 87% on the second quarter
Net income / diluted EPS	\$4,404m / \$0.35	-\$1,054m / -\$0.36	First profit	About \$0.25 without the tax benefit (own calculation)

Segment / item	Q3 2026	Q3 2025	Change	What it means here
Adjusted EBITDA	\$8,809m	\$2,169m	+306%	Excludes \$1,217m of Cursor share awards
Capex	\$19,593m	n/a		\$16.4bn of it in Super Intelligence

Company Q3 2026 results release, 20 Oct 2026. Q3 2025 segment revenue for Space and Connectivity derived by this report from the stated growth rates. Clean EPS: pre-tax income of \$4,014m taxed at 21%, over 12,475m diluted shares (own calculation).

Starlink added 1.6m consumer subscribers to reach 13.6m, with average revenue per user of \$69 a month, up 5% on the quarter but below \$83 a year ago as cheaper international plans grow. Enterprise and government revenue rose 91%. Compute was the rest of the story: nameplate capacity rose to 1.7 GW from 1.4 GW in June, and management said new capacity pays back in under a year at current pricing. The release does not give a backlog; deferred revenue stood at \$17.5bn.

2. Guidance and what changed

Item	Now	Before	Change
Q1 2027 revenue	\$33-37bn	None given	About \$140bn annualised
Year-end 2026 run rate	\$100bn (December)	\$100bn target	Reaffirmed
Q4 2026 capex	\$35-40bn	\$19.6bn in Q3	Roughly doubled
Q4 2026 gross margin	Closer to Q2 levels	n/a	Q3 carried one-time benefits
Nameplate compute	2.5-3 GW by end-Q4; about 10 GW more in 2027 (CEO)	1.7 GW at 30 Sep	Faster build
Starship	Flight 15 next month, catch of both stages attempted; weekly flights in H1 2027 (CEO)	Flight 14 reached orbit	Next binary test

Company Q3 2026 results release and earnings call, 20 Oct 2026.

The record on guidance is short but good: the \$100bn December target set in the summer was reaffirmed, and the third quarter came in well ahead of what the street had pencilled in. The CEO's longer-range figures belong in a different category. A 2027 target of \$500bn to \$1tn of annual revenue was stated on the call; it has no published bridge, and this report gives it no weight.

3. What management said on the call

The call was confident on demand and guarded on the details that matter most for shareholders. Elon Musk said customers are chasing compute relentlessly and that he is highly confident of adding about 10 GW in 2027. Asked how that build would be powered and paid for, he said the power plan is proprietary and not something he should spell out, and the CFO answered on funding only in general terms. Asked about a combination with Tesla, Mr Musk said special committees at both companies are considering it, that he cannot take part in them, and that they have not agreed terms, with no guarantee that they will. Questions on chip-making equipment orders and on Starlink Mobile economics were also deferred. President Gwynne Shotwell said Starlink is contracted for about 12,000 aircraft.

4. Company developments

Items from 6 October to 20 October 2026 that bear on what SpaceX earns or how it competes. Two are High: the compute build behind the new guide, and the possible combination with Tesla.

Development	Status and date	What is known	What is forecast (and by whom)	Impact
Compute build and Q1 2027 guide	20 Oct 2026	1.7 GW at 30 Sep; Q4 capex \$35-40bn; Q1 2027 revenue \$33-37bn	2.5-3 GW by year-end, about 10 GW added in 2027 (CEO)	High
Possible Tesla combination	Committees formed; disclosed 20 Oct 2026	Special committees at both companies are evaluating it; no terms agreed	No guarantee of a deal (CEO)	High

Development	Status and date	What is known	What is forecast (and by whom)	Impact
Starship Flight 15	Expected Nov 2026	Flight 14 reached orbit and deployed 26 V3 satellites	Catch of both stages attempted (CEO)	Medium
800MHz spectrum purchase	Signed 8 Oct 2026	Up to 14MHz of paired low-band spectrum; regulatory approval pending	Closing in H1 2027 (company)	Medium
Reported \$40bn chip financing	Reported 7 Oct 2026	Bank loans and investment-grade debt reported; not confirmed in the release	None from the company	Medium
Terafab chip fab	Planning	Tesla and SpaceX to build and run a Texas fab	First test chip May-June 2027; volume around Q3 2028 (CEO)	Low
Louisiana Starbase	Planned	New launch site announced	First launch 2028-2029 (company)	Low

Company Q3 2026 results release and earnings call, 20 Oct 2026; Dow Jones on the Tesla committees, 20 Oct 2026; company spectrum announcement, 8 Oct 2026.

4a. High item: the compute build behind the guide

What is known. Nameplate compute reached 1.7 GW at 30 September; Q4 capex is guided to \$35-40bn; Q1 2027 revenue to \$33-37bn. **Why it matters.** The Super Intelligence segment is now 52% of revenue, and almost all of the growth in the guide comes from it. **Success and failure** will show in three observable numbers: nameplate GW at year-end against 2.5-3 GW, Q1 2027 revenue against the guide, and whether compute contracts, which earlier ran for six months, are renewed at today's prices. The first hard data arrives with the fourth-quarter report, expected in early 2027.

Economics. GAAP operating margin in the segment was 5.7%, or about 22% excluding Cursor share awards, against 66% at the adjusted EBITDA line, so depreciation on chips consumes most of the gross return. That is why this report values the shares on a lower sales multiple than before. **Precedent.** Listed compute-rental businesses trade on far lower multiples of sales than software, and their revenue has proved sensitive to contract renewals. **Sizing.** Holding the base case's 14x multiple, revenue on the previous trajectory of about \$100bn would be worth about \$103 a share; the guided trajectory of about \$150bn is worth \$155. The item is therefore worth about \$52 a share in the base case (own calculation, inputs in Section 6). **What the price assumes.** At the pre-results close the shares price in roughly the base case; at the after-hours price they price in some of the bull case. **Unknown.** Contract terms, counterparties and the funding mix for a 10 GW build.

Without this item the verdict would be the same and the range of interest lower: the previous \$105-120 band would stand. With it, the business case is stronger but the shares are not cheap, so the rating holds and the band moves up.

4b. High item: a possible combination with Tesla

What is known. Special committees at SpaceX and Tesla are evaluating a combination; terms have not been agreed and the CEO, who controls both, says he cannot take part in the talks. **Why it matters.** A deal would change what a SpaceX share owns and could be struck at a ratio that favours either side. **What would settle it.** A signed agreement with an exchange ratio, a fairness opinion and the vote structure for minority holders. **Sizing.** None is possible without terms, so no scenario assumes a deal and no number in this report moves on it. It raises governance risk, which is reflected in the Risk score.

5. Valuation at \$147.79

Measure	Value	Comment
Market value	About \$2.01tn	13.58bn Class A and B shares at 30 Sep
Enterprise value	About \$1.96tn	Net of \$89.9bn cash and securities and \$38.8bn of debt and leases
EV / Q1 2027 annualised revenue	About 14.0x	Midpoint of the \$33-37bn guide, x4 = \$140bn
P/E on clean Q3 EPS, annualised	About 145x	\$0.25 a quarter (own calculation)
Weighted fair value (gap)	\$147.42 (-0.3%)	Base case 14x 2027 revenue of about \$150bn

Multiples computed by this report. Scenario values assume Q4 capex and the 2027 build absorb today's net cash, so equity value equals enterprise value.

Revenue is the right base here, because reported earnings are new, small relative to the price and distorted by acquisition charges. The base case takes the Q1 guide at face value and lets revenue grow only slowly through 2027 as capacity arrives later than the CEO's timetable, giving about \$150bn. It pays 14 times for it, down from the 18 times the last report used, because more than half of revenue is now compute rental with a thin operating margin. The result is \$155 a share, up from \$133. The weighted value rises less, to \$147.42, because the bear case gains weight: a business renting short-dated compute at today's prices is more exposed to a turn in pricing than one selling connectivity.

The macro variables that matter here. Two. The first is credit conditions, because a build of this size will lean on debt: the Federal Reserve raised its target range to 3.75-4.00% in September and the ten-year Treasury yield was near 5.1% in mid-October, so new borrowing is expensive. The second is federal appropriations, which fund the NASA and defence launch work in the Space segment; the government is running on a stopgap to 11 December, which tends to delay awards rather than cancel them. Consumer demand matters less: Starlink is a small household bill, and retail sales rose 0.8% in September.

6. Sentiment

Input	Reading	Interpretation
Market reaction	About 7% higher after hours on 20 Oct	Predates the price of record
Tesla talks	Committees formed; prediction markets and some analysts treat a deal as likely	Speculation, not a term sheet
Institutional holders	A state pension fund disclosed a new \$40.8m position	Small; the register is still dominated by strategic and venture holders

Market reaction and holder news to 20 Oct 2026 from the moomoo news channel and market coverage.

Institutional positioning is not used in this report: the shares have one quarter of reported holdings since listing, which is too short to show a trend.

7. Risks

Risk	Probability	Severity	Comment
Compute pricing and renewals	Medium	High	Earlier contracts ran six months; a pricing turn would hit the largest segment
Capital intensity and funding	High	High	Nine-month capex \$48bn and \$35-40bn more in Q4; a 10 GW build needs far more
Governance and the Tesla talks	Medium	High	A controlling holder on both sides of a possible deal
Valuation	Medium	Medium	About 14x run-rate revenue; the after-hours price sits above the weighted fair value
Starship execution	Medium	Medium	Flight 15 attempts a catch of both stages
Volatility	High	Medium	ATR about 4.6% of price
Regulatory	Low	Medium	Spectrum transfer and launch licences need approval

Probability and severity are this report's assessments. A Risk score of 4/10 below denotes a high-risk profile, consistent with this register.

8. Scorecard

Criterion	Weight	Score		Prior	Rationale and what moved
Business Quality	15%		8/10	8/10	Unchanged. Connectivity earned a 45% operating margin; the compute business is far larger but earned 5.7% on a GAAP basis.
Financial Strength	15%		6/10	6/10	Unchanged. \$89.9bn of cash and securities against \$38.8bn of debt and leases, but nine-month capex of \$48bn and \$35-40bn more in Q4.
Competitive Advantage	15%		9/10	9/10	Unchanged. Reusable launch, 13.6m Starlink subscribers and 1.7 GW of compute that customers are queuing for.
Management	10%		8/10	8/10	Unchanged. Delivered a large beat and a Q1 guide well above the prior trajectory; deflected on funding detail and the Tesla talks.
Growth Potential	15%		10/10	9/10	Up 1. Revenue up 161% and a Q1 2027 guide of \$33-37bn, an annualised \$140bn against about \$31bn a quarter ago.
Valuation	20%		4/10	2/10	Up 2. About 14x the Q1 2027 run rate against about 69x annualised Q2 revenue at the last report; price now near the weighted fair value.
Risk (10 = lowest risk)	10%		4/10	5/10	Down 1. Q4 capex of \$35-40bn on six-month contracts, and a possible Tesla combination run by special committees with no terms.

Scored 1-10, where 10 is always best, including Risk. The prior score is restated on the seven-factor basis, without the former chart factor, for comparability (64.8). Factor weights changed on 18 October 2026, so part of the change in the Investment Score reflects the new weights. Weighted total computed in code: 69.5 out of 100.

Overall Investment Score: 69.5 / 100

Three scores moved, all through the compute build. Growth Potential rises to 10 on the Q1 guide. Valuation rises to 4 because the price fell 9.6% while the base-case revenue rose by half, so the shares are no longer far above fair value. Risk falls to 4 on the capex now required and the governance question the Tesla talks raise. The other four are unchanged.

9. Recommendation: Watchlist

Rating: WATCHLIST, unchanged, but on different grounds. The last report held Watchlist because the price sat well above what the business could plausibly earn in 2027. That gap has closed: the quarter and the guide lifted the base case to \$155, and at \$147.79 before the results the shares traded close to the weighted fair value of \$147.42. The rating now holds because there is no margin of safety, the growth depends on short-dated compute contracts funded by heavy capex, and a related-party combination is under negotiation with no terms. The rating is not Buy because the after-hours price sits above the weighted value.

Range of interest: \$120-135. That is a 13% to 22% discount to the \$155 base case, and 9% to 19% below the pre-results close. The band was \$105-120; it moves up because the base case moved up. It is meant for use after Starship Flight 15 and assumes no Tesla deal is announced at a ratio unfavourable to SpaceX holders. No cut-loss or take-profit is published while the rating is not a Buy.

Condition	Direction	Why it changes the view
Price weakness into \$120-135 with the Q1 guide intact	Up	Restores a margin of safety on the base case
Nameplate compute of 2.5-3 GW at year-end and Q4 revenue tracking the \$100bn December run rate	Up	Confirms the guide is being delivered
Compute contracts disclosed with terms beyond six months	Up	Reduces renewal risk in the largest segment

Condition	Direction	Why it changes the view
A Tesla agreement with an exchange ratio supported by an independent fairness opinion and a minority vote	Up	Settles the governance question on fair terms
A Tesla deal struck at a ratio that dilutes SpaceX holders	Down	Would transfer value away from this share
An equity raise to fund the 2027 build	Down	Dilution at a full price
Credit conditions tightening further while capex runs ahead of operating cash flow	Down	Raises the cost of the build

Macro rows are directional. The price range comes from this report's base case.

10. Technical read

Chart as of the 20 October 2026 close, before the results.

Verdict: Watchlist, from fundamentals. Technical read (chart only): not classified, because the shares have 90 completed sessions since listing and a chart state needs 220. The price sat just under the 50-day average and below the 20-day, with the MACD below its signal; the after-hours move would take it back above both. Watch whether a post-results gain holds above the 20-day average near \$155, and the 20-day low of \$140.66 as the first support. The Technical read looks only at the price chart. It does not change the verdict or the Investment Score and only guides entry timing.

Indicator	Value	Reading
Price of record (20 October 2026)	\$147.79	Down 9.6% since the previous report; before the results
SMA 20 / EMA 20	\$154.70 / \$153.27	Price 4.5% and 3.6% below
SMA 50 / EMA 50	\$148.62 / \$150.34	Price 0.6% and 1.7% below
SMA / EMA 100 and 200	Not computed	Fewer than 100 sessions since listing
RSI (14)	45.2	Neutral
MACD (12,26,9)	0.40, signal 2.55, hist. -2.15	Positive but below its signal
ATR (14)	\$6.86, 4.6% of price	A volatile share
Volume, 20-day vs 50-day	84.1m vs 89.8m, -6.3%	Participation fading before the print
Support / resistance	\$140.66, \$108.27 / \$176.42, \$211.39	20-day low, post-listing closing low (5 Aug) / 20-day high, post-listing closing high (16 Jun)

Computed in code from a Twelve Data daily series since listing, to 20 Oct 2026, all averages from that one series; distances against the price of record. Chart state needs 220 completed sessions.

11. Scenario analysis

Case	Prob.	Outlook	Fair value	vs \$147.79
Bull	25%	Compute adds about 10 GW in 2027 on schedule, contracts renew at current pricing and Starlink keeps adding about 1.5m subscribers a quarter; 2027 revenue about \$190bn at 16x	\$223.86	+51.5%
Base	45%	Q1 2027 lands inside the \$33-37bn guide and revenue grows slowly through the year as capacity arrives later than planned; 2027 revenue about \$150bn at 14x, a lower multiple than before because low-margin compute rental is now over half of revenue	\$154.64	+4.6%
Bear	30%	Short compute contracts are not renewed at current prices, the capacity build outruns demand and funding needs debt and equity; 2027 revenue about \$110bn at 9x	\$72.90	-50.7%
Weighted	100%	Probability-weighted	\$147.42	-0.3%

Each case is 2027 revenue (this report's estimates) times the stated multiple, over 13.58bn shares; values and the weighted \$147.42 computed in code.

Every case assumes the compute build continues and none assumes a Tesla deal. The bull case needs the CEO's 10 GW timetable to hold, and his timetables have often slipped, so it stays at 25%. The base case takes the guide at face value with a slower build. The bear case rises to 30% from 25%: the business now depends on renting compute on short contracts, and a capex programme of this size leaves little room if pricing turns.

12. Final verdict

Not at the after-hours price, and only just at \$147.79. SpaceX turned its first profit and guided to a revenue run rate that a quarter ago looked like a stretch target. The compute build behind it was the single development that moved the numbers, and it lifted the base case by about half. The single biggest concern is that this growth rests on short compute contracts and a capex bill of \$35-40bn in one quarter, at a time when the controlling shareholder is weighing a combination with his other company. What must change is the price, toward \$120-135, or the evidence: longer contracts, the year-end compute target met, and any Tesla terms set fairly for SpaceX holders.

Sources

- Company: SpaceX Reports Third Quarter 2026 Results (investor relations release, also filed on Form 8-K), 20 October 2026; SpaceX Q3 2026 earnings call, 20 October 2026; company spectrum announcement, 8 October 2026
- Earnings call transcript: Motley Fool, 20 October 2026; MarketBeat earnings page and transcript, 20 October 2026; Investing.com earnings call summary, 20 October 2026
- Dow Jones, Tesla and SpaceX formed committees to discuss potential merger, 20 October 2026; TechCrunch, SpaceX's AI business is beating expectations, 20 October 2026
- Price of record: Alpha Vantage global quote, 20 October 2026 close. Technicals: Twelve Data daily series since listing to 20 October 2026, computed in code
- News and holder disclosures: moomoo news channel, to 20 October 2026
- Macro: Beating The Bull economic data posts of 9, 13, 14, 15 and 16 October 2026