

Space Exploration Technologies Corp.

NASDAQ: SPCX | Launch, Starlink connectivity and AI compute | 27 October 2026

Verdict	Watchlist (unchanged)	Price (26 Oct close)	\$146.90
Weighted fair value	\$116.95 (-20.4%)	Base case	\$119
Range of interest	\$110-120	Investment Score	62.0 / 100 (was 69.5)
Technical read (chart only)	Not classified	Market value	about \$1.99tn

The Biggest Customer Has a 90-Day Exit

Two filings on 26 October changed what is known about SpaceX's compute business. Anthropic's IPO prospectus shows it may pay SpaceX up to \$120.5bn for compute through 2029, about \$3.1bn a month once all contracted capacity is delivered, which Anthropic expects in December 2026. That rate is worth about \$37bn a year, roughly 27% of the annualised midpoint of SpaceX's first-quarter 2027 revenue guide. The same document says the initial periods end in January and March 2027, after which either side can end the arrangement on 90 days' notice. On the same day SpaceX disclosed a binding commitment for about \$40bn of GPU financing: an entity managed by Apollo will buy the chips and servers and lease them to SpaceX for five to five and a quarter years, with leases starting as equipment arrives in the first half of 2027.

The two disclosures pull in opposite directions. The lease funds a large part of the 2027 build without new shares, which removes the main dilution risk the last report flagged. The prospectus shows that more than a quarter of the guided revenue rests on one customer that can leave at short notice from spring 2027, so the compute revenue deserves the multiple of a rental business rather than that of a contracted one.

Verdict: Watchlist, unchanged, from fundamentals. Technical read (chart only): not classified, because the shares have traded for 95 sessions. The weighted fair value is \$116.95, 20% below the price, against \$147.42 in the last report, and the base case is worth \$119. The difference comes from valuing compute against listed compute-rental peers rather than at one blended multiple, and from a heavier bear case now that the customer terms are known. The range of interest moves down to \$110-120 from \$120-135.

1. Do the published levels still hold?

The last report, on 21 October, put the range of interest at \$120-135 and the weighted value near the pre-results close of \$147.79. The shares jumped to \$159.31 the day after the results and have since given all of it back, closing at \$146.90 on 26 October. They never reached the old range. The price is close to where it was, and the change in this report is in the value: the base case falls to \$119 from about \$155 because the compute segment is valued on a lower multiple, and the band falls with it. Nothing in the window weakens the business itself. Third-quarter revenue rose 161% and the first-quarter 2027 guide of \$33-37bn stands. What has changed is what is known about the quality of that revenue.

2. Company developments

Items from 13 October to 27 October 2026 that bear on what SpaceX earns or how it competes. Two are High: the Anthropic terms and the Apollo lease.

Development	Status and date	What is known	What is forecast (and by whom)	Impact
Anthropic compute terms	Disclosed in Anthropic's prospectus, 26 Oct	Up to \$120.5bn through 2029; about \$3.1bn a month at full capacity; initial periods end Jan and Mar 2027, then 90 days' notice by either side	Anthropic expects full capacity in Dec 2026	High
Apollo GPU lease, about \$40bn	Binding commitment, 8-K filed 26 Oct; closing expected by year-end	Apollo-managed entity buys chips and servers and leases them for 5 to 5.25 years from delivery in H1 2027	CFO: payback on AI infrastructure under one year	High

Development	Status and date	What is known	What is forecast (and by whom)	Impact
Possible combination with Tesla	Committees evaluating; no terms	No agreement, no exchange ratio, no guarantee of a deal	Barclays sees a combination reshaping Tesla's AI position (26 Oct)	High
Q1 2027 guide and compute build	Stated 20 Oct	1.7 GW nameplate at 30 Sep; Q4 capex guided to \$35-40bn; Q1 2027 revenue \$33-37bn	Management: 2.5-3 GW by year-end; CEO: about 10 GW more in 2027	High
Starship Flight 15	Expected November; date not announced	Will attempt to recover both booster and ship	CEO: weekly flights in H1 2027, twice weekly in H2	Medium
800MHz spectrum purchase	Pending; closing expected H1 2027	Up to 14MHz of paired low-band spectrum, subject to approval	No material 2027 revenue assumed here	Medium

Anthropic registration statement, 26 Oct 2026; SpaceX Form 8-K, 26 Oct 2026; SpaceX Q3 2026 results and call, 20 Oct 2026.

2a. High item: Anthropic's terms

What is known. Anthropic's prospectus of 26 October puts its possible spending with SpaceX at up to \$120.5bn through 2029, up from up to \$84.5bn in the confidential draft reported in late September. Fees run at about \$3.1bn a month once all capacity is delivered, expected in December 2026, and are lower during ramp-up. After initial periods ending in January and March 2027, either party can terminate on 90 days' notice. **Why it matters.** At the full rate Anthropic is worth about \$37bn a year, or about 27% of the annualised guide midpoint of \$140bn, and a larger share of the compute segment, which earned a 5.7% GAAP operating margin in the third quarter. **Success and failure** will show in whether Anthropic is still paying the full rate after March 2027, and in whether SpaceX signs other customers to terms longer than 90 days. The first hard data comes with the fourth-quarter report, expected in early 2027, and with Anthropic's own quarterly reports once it lists.

Sizing. If notice were given at the end of the initial period in March 2027 and the capacity sat idle, about six months of fees, roughly \$19bn, would drop out of 2027 revenue. At the base case's 10 times compute revenue that is about \$14 a share (own calculation: \$3.1bn a month for six months, 10x, 13.58bn shares). In practice idle capacity would probably be re-let, at a price that depends on the market at the time. **What the price assumes.** At about 14 times the guided run rate, the price treats this revenue as durable. **Effect on this report.** The termination terms do not change the base-case revenue. They move weight to the bear case (30% rather than 25%), cut the Risk and Business Quality scores, and lower the weighted value to \$116.95 from \$120.25 without them. The verdict would be Watchlist either way.

2b. High item: the Apollo lease

What is known. SpaceX has a binding commitment, filed on 26 October, under which an Apollo-managed entity buys about \$40bn of GPUs and related servers and leases them to SpaceX for five to five and a quarter years from delivery. Apollo says the equipment is for Nvidia's next-generation Vera Rubin chips. Closing is expected by year-end; the lease cost was not disclosed. **Economics.** Spread over five years, \$40bn is about \$8bn a year of principal before any financing charge (own calculation). The lease replaces part of the capex SpaceX would otherwise have paid in cash, so it protects the \$89.9bn of cash and securities held at 30 September, but it fixes a cost for five years against customer contracts that can end on 90 days' notice. **Effect on this report.** It removes the equity raise the last report listed as a risk to the 2027 build, and it is the reason the Financial Strength score holds at 6 despite negative free cash flow. It does not change a scenario value, because the scenarios value the business on revenue and treat net cash as absorbed by the build.

3. Business and financials

Q3 2026	Revenue	Operating income	Note
Super Intelligence (AI compute, Grok, Cursor)	\$7.56bn	\$0.43bn	5.7% GAAP margin; includes Cursor share awards
Connectivity (Starlink)	\$5.25bn	\$2.37bn	13.6m consumer subscribers
Space (launch, government)	\$1.77bn	-\$0.01bn	Starship development costs
Total	\$14.58bn	\$2.79bn	Revenue up 161% on the year

Company Q3 2026 results release and Form 10-Q, 20 and 22 Oct 2026. Segment totals may not add because of rounding.

SpaceX reported net income of \$4.40bn and diluted EPS of \$0.35, helped by a \$390m tax benefit and about \$1.0bn of other income. Operating cash flow was \$9.63bn in the quarter, capex \$19.6bn and free cash flow about -\$10.0bn; over nine months capex reached \$48.1bn. At 30 September the company held \$51.3bn of cash and \$38.6bn of marketable securities against about \$38.8bn of debt, with an undrawn \$5bn revolver and \$37.8bn of non-cancellable commitments. Starlink remains the profit engine, with a 45% operating margin. Compute is now more than half of revenue and earns a thin GAAP margin once chip depreciation is charged.

4. Growth drivers

Driver	Status	Likelihood	Impact
Compute capacity to 2.5-3 GW by year-end	Pending; management target	Medium-high	High
Anthropic at full rate from Dec 2026	Contracted, cancellable after Q1 2027	High near term, uncertain after	High
Starlink subscriber and enterprise growth	Ongoing; enterprise and government revenue up 91%	High	Medium
Starship cadence enabling larger Starlink satellites	Flight 15 expected November	Medium	Medium
Low-band spectrum for mobile service	Closing expected H1 2027	Medium	Low in 2027

Company disclosures to 27 Oct 2026; likelihood and impact are this report's assessments.

5. Valuation at \$146.90

Segment, base case 2027	Revenue	EV/sales	Value
Connectivity	\$24bn	15x	\$360bn
Space	\$8bn	10x	\$80bn
Super Intelligence	\$118bn	10x	\$1,180bn
Total	\$150bn	10.8x	\$1,620bn, or \$119 a share

Own calculation on 13.58bn shares outstanding. Net cash is assumed absorbed by the 2027 build, so equity value equals enterprise value. Market value at \$146.90: about \$1,995bn, or 14.2x the annualised Q1 2027 guide midpoint.

Revenue is the right base, because earnings are new, small against the price and moved by one-off items. The base case takes the first-quarter guide at its midpoint, about \$140bn annualised, and lets revenue reach \$150bn in 2027 as capacity arrives later than the CEO's timetable. Each segment is valued on its own. Starlink, with a 45% operating margin and a growing subscriber base, gets 15 times. Launch and government work gets 10 times. Compute gets 10 times: listed compute-rental businesses trade at roughly 5 to 6.5 times revenue, and SpaceX earns a premium for its investment-grade funding, its own models and the Cursor software business, but not a software multiple for revenue that its largest customer can end on 90 days' notice. That gives \$119 a share. The market is paying about 14 times the run rate, which assumes the compute revenue is as durable as Starlink's.

The macro variables that matter here. Two. The first is the cost of credit, because the 2027 build now leans on a lease and on debt markets: the Federal Reserve raised rates in September, September consumer prices rose 3.7% on the year, and the ten-year Treasury yield closed at 5.00% on 23 October, so financing is dear and AI-infrastructure credit has been under strain. The second is federal appropriations, which fund the NASA and defence launch work in the Space segment and tend to delay awards rather than cancel them when budgets slip. Household demand matters less: Starlink is a small monthly bill, and September retail sales rose 0.8%.

6. Sentiment

Indicator	Reading	Read
Analyst ratings	39 analysts, consensus Buy, average target about \$257	Bullish, well above this report's base case
Recent actions	Bernstein target to \$268 (26 Oct); Morgan Stanley Buy, \$300 (26 Oct); BofA to \$275, Citi \$240, Barclays \$300 (23 Oct); Goldman Sachs to \$245 (22 Oct); Phillip Securities upgraded to Buy, \$250 (23 Oct)	Targets rising after the results

Indicator	Reading	Read
Short interest	About 181m shares, 6.7% of float, up from 162m	Moderate and rising
Insiders	Form 4 sales by officers and a director in September and a Rule 144 notice on 22 Sep	Routine post-listing selling
News flow	Dominated by Tesla combination speculation, large option trades and the Apollo financing	Positive in tone, speculative in content

Broker actions and short interest as reported to 26 Oct 2026.

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, and the largest holders are strategic and venture blocks.

7. Risks

Risk	Probability	Severity	Comment
Customer concentration	Medium	High	Anthropic is about 27% of the guided run rate and can leave on 90 days' notice from spring 2027.
Compute pricing	Medium	High	A turn in rental prices would hit the largest segment while lease costs stay fixed.
Capital intensity	High	High	Q4 capex of \$35-40bn after \$48bn in nine months; a \$40bn lease runs five years.
Governance and Tesla	Medium	High	The controlling holder sits on both sides of a possible combination.
Valuation	Medium	Medium	About 14x run-rate revenue against a base case near 11x.
Starship execution	Medium	Medium	Flight 15 attempts to recover both stages.
Volatility	High	Medium	ATR about 5.4% of price.

Probability and severity are this report's assessments.

8. Scorecard

Criterion	Score	Weight	Change	Basis
Business Quality		7/10 15%	-1 vs last report	Starlink earns 45% margins; more than half of revenue is now compute with a 90-day customer exit.
Financial Strength		6/10 15%	unchanged	\$89.9bn of cash and securities; FCF about -\$10bn a quarter, now part-funded by a \$40bn lease.
Competitive Advantage		8/10 15%	-1 vs last report	Reusable launch and Starlink are unmatched; compute rental is a crowded market.
Management		7/10 10%	-1 vs last report	Strong delivery on guidance; a \$500bn-1tn revenue target with no bridge and a controller on both sides of the Tesla talks.
Growth Potential		9/10 15%	-1 vs last report	Q1 guide implies about \$140bn a year; part of it is cancellable.
Valuation		3/10 20%	-1 vs last report	About 14x run-rate revenue; the weighted value is 20% below the price.
Risk (10 = lowest risk)		4/10 10%	unchanged	Customer concentration and fixed lease costs offset the lower dilution risk.

Scored 1-10, where 10 is always best, including Risk. Investment Score 62.0 / 100 (weighted sum, weights 15/15/15/10/15/20/10); previous report 69.5.

9. Scenarios

Case	Probability	2027 revenue	Multiples (Conn / Space / Compute)	Value
Bull. Anthropic stays at full rate and renews, compute reaches well beyond 3 GW, pricing holds and Starlink keeps growing.	25%	\$200bn	18x / 15x / 12x	\$190
Base. Q1 2027 lands inside the guide; Anthropic stays through 2027 and capacity arrives later than planned.	45%	\$150bn	15x / 10x / 10x	\$119
Bear. Anthropic gives notice after its initial period, rental prices fall and the lease cost stays; growth stalls.	30%	\$110bn	12x / 8x / 5x	\$53
Weighted	100%			\$116.95

Own calculation on 13.58bn shares. Without the Anthropic termination terms the bear case would carry 25% and the base 50%, for a weighted value of \$120.25.

The bull case needs the CEO's capacity plan to run close to schedule and the largest customer to stay, which the results so far support but the contract does not guarantee. The base case follows the company's own guide. The bear case carries 30% because the prospectus shows the largest customer can leave from spring 2027, AI-infrastructure credit is under strain, and fixed lease costs would remain if revenue fell.

10. Recommendation

Watchlist, unchanged. The business is growing faster than almost any company of its size, and the Apollo lease makes the 2027 build fundable without new shares. The shares are not cheap: at \$146.90 they price compute revenue as if it were contracted, when the largest customer can leave on 90 days' notice. The name becomes interesting at \$110-120, where the price sits at or below the base case of \$119 with compute valued at 9 to 10 times revenue. The verdict is unchanged; the reasoning has moved from the size of the capex bill to the quality of the revenue it buys. No cut-loss or take-profit is published while the rating is not a Buy.

What would change the view	Direction
Price weakness into \$110-120 with the Q1 guide intact	Better
Anthropic, or other large customers, committing to terms longer than 90 days	Better
Nameplate compute of 2.5-3 GW at year-end and Q4 revenue on track for the December run rate	Better
A Tesla agreement with an independent fairness opinion and a minority vote	Better
Notice of termination from Anthropic, or a cut in its contracted capacity	Worse
A Tesla deal struck at a ratio that dilutes SpaceX holders	Worse
Credit conditions tightening further while capex runs ahead of operating cash flow	Worse

Conditions are this report's; none is a forecast.

11. Technical read

Chart as of 26 October 2026 close

Verdict: Watchlist, from fundamentals. Technical read (chart only): not classified, because the shares have traded for 95 sessions and a chart state needs 220. Watch for a close back above the 50-day average near \$149 and whether the mid-October low of \$140.66 holds. The results-day jump to \$159 faded within a session, and the price sits below its 20-day and 50-day averages with a negative MACD.

Indicator	Value	Reading
Price of record	\$146.90	26 Oct close
20-day SMA / EMA	\$155.09 / \$151.93	Price 5.3% / 3.3% below
50-day SMA / EMA	\$149.38 / \$150.21	Price 1.7% / 2.2% below

Indicator	Value	Reading
100-day and 200-day averages	Not computed	Series shorter than the window
RSI(14)	46.0	Neutral
MACD (12,26,9)	-0.71, signal 0.95	Below signal
ATR(14)	\$7.92	5.4% of price
Volume, 20-day vs 50-day	102.6m vs 92.7m	Participation rising
Support / resistance	\$140.66 (15 Oct low) / \$166.18 (21 Oct high)	Range since listing \$104.83-225.64

Daily bars from listing on 11 Jun 2026 to 26 Oct 2026; indicators computed by this report.

The Technical read looks only at the price chart. It does not change the verdict or the Investment Score, and only guides entry timing.

12. Final verdict

Not at \$146.90. SpaceX is a strong business that has found a second engine in compute, and the Apollo lease means it can build without diluting holders. The single biggest concern is that the compute revenue the price is built on can shrink at short notice: one customer worth about a quarter of the guided run rate can leave from spring 2027, while the lease that pays for the chips runs five years. That is what moved the value down, and it is the High development behind this report. The case improves in the \$110-120 range, or if large customers sign longer terms.

Sources

SpaceX, Q3 2026 results release and earnings call, 20 Oct 2026; Form 10-Q, 22 Oct 2026; Form 8-K, 26 Oct 2026 (sec.gov)

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TheStreet, Anthropic-SpaceX compute deal exit clause; Anthropic newsroom, 6 May 2026

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Beating The Bull economic data posts, 14 to 23 Oct 2026

This report is for informational use only and is not financial advice. Figures are as of 27 October 2026 unless stated.