

SPACE EXPLORATION TECHNOLOGIES CORP.

NASDAQ: SPCX · Equity Research · Space, Connectivity & AI · Q2 2026 results review · As of 5 August 2026

WATCHLIST	\$125.33	~\$132	~\$1.63T	66/100
RATING	LAST CLOSE (8/4)	12-MO BASE FV	MARKET CAP	SCORE

Scope note. SpaceX reported after the close on 4 August 2026 and this report was written before the opening bell on 5 August. No post-announcement regular-session close exists yet. The \$125.33 price used throughout is the 4 August close, which predates the release; the market's only verdict so far is an after-hours print near \$114.60. The technical section is read with that limitation in mind. The IPO lock-up expiry of 6 August also falls after this report and its effect is unobserved.

Investment Summary

SpaceX's first quarterly report as a public company was, on the numbers, a clear beat and a decisive answer to the question that dominated the July initiation. Revenue of \$7.8 billion rose 92% year over year and topped the \$6.81 billion consensus by 14.5%. Adjusted EBITDA of \$3.5 billion rose 191%, growing at roughly twice the rate of revenue, and the net loss narrowed to \$541 million from \$1.0 billion. Most consequentially, the AI segment that the July report identified as the central drag on the equity turned adjusted-EBITDA positive at \$1.1 billion on revenue of \$2.6 billion, up 247% year over year and 213% sequentially. The specific trigger set out three weeks ago as the thing that would change the view — evidence the AI operating loss is narrowing — has been met.

What has moved against the investor is capital intensity. Capital expenditure was \$18.4 billion in the quarter, \$15.8 billion of it on AI compute, against \$3.5 billion of adjusted EBITDA. That is roughly \$15.8 billion of cash consumed in three months once the \$856 million spectrum payment is included, and management guided third- and fourth-quarter capex to a similar level. The July report described AI capital spending of \$12.7 billion for a full year; the run rate is now close to five times that. The \$100 billion cash and securities balance raised through the IPO and the inaugural bond deal is not a fortress so much as a fuel tank with a visible gauge.

The valuation has genuinely improved, but through the numerator rather than the price. Enterprise value of roughly \$1.56 trillion against annualised second-quarter revenue is about 50 times sales, down from the roughly 83 times trailing sales cited in July. Measured against management's guided \$100 billion exit run rate it is about 16 times — a reasonable-looking multiple that rests entirely on a target requiring revenue to more than triple in five months. Roughly a fifth of that increase is covered by contracts management has actually disclosed. The rest is not yet visible.

The verdict remains **Watchlist**, but for materially different reasons than in July. The prior stance rested on an unprofitable AI acquisition of unproven value, an 83-times sales multiple and impending lock-up supply. Two of those three have improved: the AI business is monetising faster than almost anyone modelled, and the multiple has roughly halved. What now argues for patience is a cash burn that consumes the entire IPO war chest inside about seven quarters at the guided rate, a headline growth target whose contracted backing is thin, and a lock-up releasing roughly 911 million shares tomorrow into a stock that has already rallied 20% off Monday's low. The quarter strengthened the business and the case for eventually owning it. It did not make today the day.

Snapshot & Key Data

Metric	Value	Metric	Value
Last close (8/4/26)	\$125.33	Q2 revenue	\$7.80B (+92% YoY)
After-hours (8/4)	~\$114.60 (-8.6%)	Q2 adj. EBITDA	\$3.50B (+191%)
Shares outstanding	~13.0B	Q2 net loss	-\$541M (+\$467M YoY)

Metric	Value	Metric	Value
Market cap	~\$1.63T	Q2 EPS	-\$0.09
Enterprise value	~\$1.56T	Q2 capex	\$18.4B (\$15.8B AI)
Range since IPO	\$104.83 - \$225.64	Cash & securities	\$100B
IPO price / date	\$135 / 12 Jun 26	Backlog	\$47.5B
Avg daily volume (20d)	~68.2M sh	Dividend	None

Sources: Alpha Vantage (price history, authoritative); SpaceX Q2 2026 release and Form 10-Q; Q2 2026 earnings call. Enterprise value is a calculation by this analyst using ~13.0 billion shares, \$100 billion cash and securities and approximately \$27 billion of debt.

1. The Quarter — What Was Reported

Every line of the consolidated result improved, and the composition of the improvement matters more than the headline. Revenue growth of 92% was broad rather than concentrated: all three segments grew sequentially and year over year. Adjusted EBITDA growth of 191% against 92% revenue growth is genuine operating leverage rather than a mix accident, and it happened while the company was scaling three capital programmes simultaneously. The net loss of \$541 million is a loss, and the earnings per share figure of -\$0.09 remains negative, but the direction and the rate of change are unambiguous. Consensus had modelled -\$0.26.

Line	Q2 2026	Q2 2025	Change	Read-through
Revenue	\$7.80B	\$4.10B	+92%	Beat the \$6.81B consensus by \$0.99B, or 14.5%
Adjusted EBITDA	\$3.50B	\$1.20B	+191%	Grew at roughly twice the rate of revenue
Net loss	-\$541M	-\$1,008M	+\$467M	Loss almost halved; still loss-making
EPS	-\$0.09	n/d	n/a	Consensus -\$0.26; no formal EPS guide was given
Capital expenditure	\$18.4B	n/d	n/a	\$15.8B on AI compute; the defining number of the quarter

The reported EPS carries no material one-off gains or charges identified in the release or on the call, so no cleaned figure is presented. "n/d" indicates the company did not disclose a comparable.

Segment detail

The segment table is where the investment case has actually shifted. Connectivity remains the profit engine and delivered its best subscriber quarter to date, with 1.7 million net additions against 1.4 million in the first quarter, and it did so while holding ARPU flat at \$66 — the combination the July report named as the confirmation it wanted. Enterprise and government revenue within that segment grew 108%, faster than consumer, which is the higher-margin and stickier half of the business. Space remains a small reported number because most launches are internal transfers serving Starlink, and it ran an adjusted EBITDA loss of \$205 million on accelerated Starship research and development. AI is the swing factor and it swung: revenue nearly quadrupled sequentially and the segment produced \$1.1 billion of positive adjusted EBITDA against a net operating loss of \$1.3 billion.

Segment	Q2 revenue	QoQ	YoY	Profitability and comment
Connectivity (Starlink)	\$4.30B	+32%	+66%	Adj. EBITDA \$2.6B, +64%; 1.7M net adds, best quarter to date; ARPU flat at \$66; enterprise/government +108%
AI (Grok / X / cloud)	\$2.60B	+213%	+247%	Adj. EBITDA turned positive at \$1.1B; net op. loss narrowed to \$1.3B; \$1.6B incremental from Colossus cloud deals

Segment	Q2 revenue	QoQ	YoY	Profitability and comment
Space (launch)	\$0.96B	+55%	+29%	Adj. EBITDA -\$205M on higher Starship R&D; understates the launch franchise, which mostly serves internal missions
Group	\$7.80B	-	+92%	Adj. EBITDA \$3.5B; net loss \$541M; capex \$18.4B

2. Guidance and the Outlook Management Set

Management gave no formal quarterly revenue or earnings guide, which is normal for a company one quarter into public life, but it did commit to several specific and testable targets. The load-bearing one is a \$100 billion annualised revenue run rate by the end of 2026, explicitly defined as December revenue multiplied by twelve and explicitly including a contribution from the pending Cursor acquisition. The company also pulled its internal \$1 trillion revenue projection forward a year, to 2030 from 2031, and the chief executive attached a "non-zero chance" of 2029.

That \$100 billion figure deserves arithmetic rather than admiration. Second-quarter revenue annualises to roughly \$31 billion, so the target implies adding about \$69 billion of annualised revenue in five months. The largest disclosed increment is the \$6.7 billion of additional cloud services revenue management said it had already contracted in the opening weeks of the third quarter, covering a six-month period beginning in October — roughly \$13 billion on an annualised basis, or about a fifth of the gap. Compute capacity is guided to rise from 1.4 gigawatts to over 2 gigawatts across the same period, an increase of under 50%. Neither the contracted revenue nor the physical capacity, as disclosed, obviously supports a tripling. The target may still be met through agreements not yet signed or announced, and management's stated sub-one-year payback on new compute capital suggests demand is not the binding constraint. But an investor underwriting the 16-times multiple that the target produces is underwriting roughly \$54 billion of annualised revenue that has not yet been shown to exist.

Target	What management said	Assessment
Revenue run rate	\$100B ARR by end-2026, based on December revenue, including Cursor	Requires ~\$69B of annualised revenue to be added in five months; ~19% covered by disclosed contracts
Capital expenditure	Q3 and Q4 similar to Q2's \$18.4B	Implies roughly \$37B of H2 capex against a \$100B cash balance
Compute capacity	Over 2GW by end-2026, from 1.4GW at Q2 and 1.0GW at Q1	Achievable and already funded; growth of under 50% versus a targeted tripling of revenue
Compute capacity (2027)	~15GW of power and cooling by end-2027, 20GW stretch	A 7-fold increase implies capex well above the current run rate; not fundable from cash alone
Long-range revenue	\$1 trillion pulled forward to 2030 from 2031; "non-zero chance" of 2029	Directionally useful, not underwritable; treat as ambition rather than guidance
Starship	Flight 14 to deploy V3 Starlink satellites; ship catch possibly next flight	Flight 13 succeeded and the heat-shield issue is described as solved; reuse still unproven at cadence
Starlink Mobile	V2 satellites on Starship ahead of integrating 65MHz EchoStar spectrum late 2027	FCC has approved the transfer; \$856M paid in Q2 under the spectrum credit agreement

3. What the Earnings Call Added

The call was reviewed in full, and three exchanges carried information the press release did not. First, on the durability of the connectivity franchise, management stated that the enterprise business is "quite sticky" and that the company "has never lost an enterprise customer", with aviation penetration still below 10%. Set against 108% enterprise and government growth and more than \$6 billion of United States government contracts won in the quarter, that reframes

Connectivity from a consumer subscription story into something closer to contracted infrastructure.

Second, the chief financial officer disclosed the economics behind the AI buildout in a way the release did not: "The current economics have translated into a less than one-year payback on our new capital deployments for compute." If that holds, \$18.4 billion of quarterly capex is a growth investment rather than a cash leak, and it is the single most important claim in the entire quarter. It is also unverifiable from outside, rests on cloud contracts whose counterparties and durations are undisclosed beyond references to Google and Anthropic, and should be treated as management's assertion rather than established fact until a full year of segment returns demonstrates it.

Third, on Starlink's trajectory, the chief executive was explicit about the step change he expects: "The Starlink V3 satellite is about an order of magnitude more capable than the Starlink V2 satellite," with roughly ten times as many launched, implying a two-order-of-magnitude increase in delivered bandwidth. He added that even if monetisation per bit fell tenfold, Starlink revenue would still rise tenfold. Notably, no analyst pressed hard on the gap between the \$31 billion current run rate and the \$100 billion exit target; the questions concentrated on backlog conversion, compute capacity and Starship. The absence of that challenge is itself worth noting, because it is the number on which the current multiple depends.

Transcript source: Investing.com, SpaceX Q2 2026 earnings call, published 4 August 2026. The MarketBeat page for the same call had not been populated at the time of writing.

4. Financial Position and the Cash Question

The balance sheet was transformed in the quarter. The initial public offering raised approximately \$85.7 billion of net proceeds and an inaugural investment-grade senior notes offering raised a further \$25 billion across five tranches at a weighted average coupon of 5.855% and an average maturity of 11.7 years, part of which repaid a \$20 billion bridge loan. The company ended the quarter with \$100 billion of cash and marketable securities and a \$47.5 billion backlog. On any conventional reading this is an extremely well-capitalised business.

The pace of consumption is what qualifies that. Adjusted EBITDA of \$3.5 billion against \$18.4 billion of capital expenditure and an \$856 million spectrum payment implies roughly \$15.8 billion of cash consumed in a single quarter before working capital. Management guided the next two quarters to similar capex, which points to approximately \$37 billion of second-half capital spending. Even allowing for adjusted EBITDA rising toward \$5 billion a quarter as the AI segment scales, the implied burn is \$13 to \$14 billion per quarter, which exhausts the \$100 billion balance in roughly seven quarters. The 2027 ambition of 15 gigawatts of power and cooling, from just over 2 gigawatts at the end of this year, implies a capex step-up well beyond the current rate. SpaceX will almost certainly return to the capital markets during 2027, and whether that is equity or debt materially affects the per-share outcome. This is not a solvency concern. It is a dilution and leverage concern, and it is new information relative to the July report.

Item	Q2 2026	Read-through
Cash & marketable securities	\$100.0B	Ample near-term liquidity; funds roughly seven quarters at the guided burn
Senior notes issued	\$25.0B	5.855% weighted average, 11.7-year average maturity; investment grade
IPO net proceeds	\$85.7B	Largest listing on record; substantially earmarked for AI and Starship
Capital expenditure	\$18.4B	\$15.8B AI compute; guided flat for Q3 and Q4
Implied quarterly cash burn	~\$15.8B	Analyst calculation: adj. EBITDA less capex less the \$856M spectrum payment
Backlog	\$47.5B	Roughly 1.5 years of revenue at the current run rate
Free cash flow	Deeply negative	Will remain so while the compute buildout runs; not expected to inflect before 2028

5. Business, Industry and Competition

Three businesses sit inside one ticker and they have almost nothing in common economically. Connectivity is a subscription infrastructure business with a 60%-plus segment EBITDA margin, a widening technical lead and now a fast-growing contracted enterprise and government layer; it ended the quarter with roughly 10,200 satellites in orbit delivering about 800 terabits per second and service in 167 markets. Space is a cost-leadership launch franchise that mostly serves the group internally — 78 launches and 1,041 tons to orbit in the first half — and whose reported revenue therefore understates its strategic value. AI is a compute and model business competing against far larger balance sheets, which until this quarter was consuming capital with no visible return and which has now begun to show one.

Competitive position is strongest exactly where the economics are best. In broadband, Amazon's Leo constellation remains years behind on subscribers and must buy third-party launch capacity at commercial rates. In launch, no competitor matches SpaceX on cost or cadence. In AI the picture is different: the segment competes with OpenAI, Google, Anthropic and Meta, and its differentiation is speed of physical buildout rather than model superiority. The decision to build exclusively on Nvidia's Vera Rubin architecture sharpens that speed advantage while introducing a single-supplier dependency that did not previously exist.

Competitor	Arena	Position versus SPCX	Threat
Amazon Leo (Kuiper)	Broadband	Years behind on subscribers and satellites; must purchase launch capacity	Medium, long-term
Rocket Lab, Blue Origin, ULA	Launch	Smaller scale, higher cost, no reuse at comparable cadence	Low
OpenAI, Google, Anthropic, Meta	AI models	Better funded and further ahead on models; SPCX competes on buildout speed	High
CoreWeave, hyperscaler clouds	AI compute	Direct competitors for the cloud services revenue now driving the AI segment	Medium-High
Terrestrial mobile carriers	Starlink Mobile	Incumbent spectrum and scale; SPCX has 65MHz of EchoStar spectrum from late 2027	Medium

6. Management

This was the first quarter in which management could be measured the way public-company managements are measured, and the honest assessment is that guidance accuracy remains untestable — there was no prior public guide to check the result against. What can be assessed is candour and framing. The disclosure of a sub-one-year payback on compute capital, the explicit definition of the \$100 billion figure as a December run rate rather than a revenue forecast, and the willingness to publish a negative segment EBITDA for Space all point to reasonable transparency. Against that, the long-range \$1 trillion target was pulled forward a year on the first public call, which is a promotional act rather than an analytical one, and the governance concerns raised in July are unchanged: a dual-class structure, a founder whose attention spans several companies, and roughly 6.4 billion shares locked only until June 2027. The management score improves modestly on delivery and disclosure, not on governance.

7. Growth Drivers

Driver	Horizon	Likelihood	Impact
AI cloud services revenue ramp from contracted deals	1-2 yr	High	High — now the fastest-growing line
Starlink enterprise and government (+108% YoY)	1-2 yr	High	High — higher margin, contracted, sticky
Starlink V3 capacity step-change	1-2 yr	Medium-High	High — order-of-magnitude bandwidth
Starship operational reuse lowering cost per kg	1-2 yr	Medium	High — unlocks all three segments

Driver	Horizon	Likelihood	Impact
EchoStar spectrum integration and Starlink Mobile	2 yr+	Medium	Medium-High — new addressable market
Aviation penetration below 10% of the market	1-2 yr	Medium-High	Medium
Cursor acquisition closing and integrating	Near-term	High	Low-Medium — small relative to group

8. Risks

Risk	Probability	Severity	Change vs July
Capital intensity: ~\$15.8B quarterly burn, ~\$37B H2 capex guided	High	High	New and worse
The \$100B exit run rate is missed; only ~19% is contracted	Medium-High	High	New
Lock-up supply: ~911M shares releasing 6 August	High	Medium-High	Now imminent
Return to capital markets in 2027 dilutes or levers the equity	Medium-High	Medium-High	New
Valuation de-rating from ~50x annualised sales	Medium	High	Improved from ~83x
AI cloud counterparty concentration and contract durability	Medium	High	New
Single-supplier dependency on Nvidia	Medium	Medium	New
Key-man risk, dual-class control, divided attention	Medium	High	Unchanged
Starship technical setbacks delaying V3 deployment	Medium	Medium	Slightly improved
Short interest near \$24.6B amplifying moves in both directions	High	Medium	Unchanged

9. Valuation

The company remains loss-making, so earnings multiples do not apply and the work is done on sales and on management's own forward targets. At the \$125.33 close and roughly 13.0 billion shares, market capitalisation is approximately \$1.63 trillion; netting \$100 billion of cash and securities against approximately \$27 billion of debt gives an enterprise value near \$1.56 trillion. Against second-quarter revenue annualised, that is about 50 times sales. Against the guided \$100 billion exit run rate it is about 16 times. Both figures are calculations by this analyst and neither is a company measure.

Annualising a single quarter is the wrong denominator for a business whose largest growth engine is guided to more than triple, which is precisely why both anchors are shown. The 50-times figure is what an investor pays today for demonstrated revenue; the 16-times figure is what they pay if management delivers a target with roughly a fifth of its increment currently contracted. The truth sits between them, and the distance between them is the investment question. For reference, the July report cited approximately 83 times trailing sales — so the multiple has compressed by around 40% in three weeks while the share price rose, entirely because the revenue base expanded. That is the healthiest possible way for a multiple to fall.

Method / metric	Figure	Assessment
EV / annualised Q2 revenue	~50x	Down from ~83x trailing in July; still extreme against any large-cap peer
EV / guided exit-2026 ARR	~16x	Reasonable on its face, but the target is only ~19% covered by disclosed contracts

Method / metric	Figure	Assessment
EV / H1 2026 revenue (annualised)	~62x	H1 revenue of ~\$12.5B is an analyst calculation from disclosed sequential growth
Price / earnings	n/a	Loss-making; -\$0.09 EPS in the quarter
EV / adj. EBITDA (annualised Q2)	~111x	Improving fast from a very high base as EBITDA compounds
Free cash flow yield	Negative	Roughly -\$15.8B in the quarter; no inflection expected before 2028
12-month base fair value	~\$132	Base case: ~\$95B of 2027 revenue at 18x EV/sales across ~13.0B shares

10. Sentiment

The news flow immediately following the release was directionally positive on the fundamentals and negative on the spending, which is the correct reading. JPMorgan raised its target to \$240 from \$225 and William Blair maintained a Buy rating, while the dominant headline theme was the after-hours fall on the scale of AI investment. Telecommunications shares fell in the pre-market on the company's stated ambition to build a full mobile service, and EchoStar dropped 7.2% — a useful indication that the market takes the Starlink Mobile roadmap seriously. Sell-side targets remain well above the current price, but many were set at or near the IPO and carry the customary underwriter optimism.

Indicator	Reading
Post-result analyst actions	JPMorgan target raised to \$240 from \$225; William Blair maintains Buy; a \$250 target reiterated on Q1 upside and AI growth
Immediate price reaction	Closed +9.43% at \$125.33 pre-release, then -8.56% to ~\$114.60 after hours
Sector read-across	US telecom shares fell pre-market; EchoStar -7.2% on the Starlink Mobile ambition
Short interest	Approximately \$24.6B ahead of the print — among the largest single-name short positions
Lock-up	~911M shares becoming eligible 6 August; a larger tranche 8 December; Musk's ~6.4B shares locked to June 2027
moomoo news digest	Mixed to constructive: strong results and raised targets set against AI spending and lock-up concerns

11. Technicals

The technical picture improved materially into the print and must be read as a pre-announcement snapshot. The stock bottomed at an intraday \$104.83 on 3 August, then rallied 9.43% on 4 August to close at \$125.33 on 144 million shares, roughly 2.1 times the twenty-day average. That close sits fractionally above the twenty-day simple moving average of \$125.31 and just below the twenty-day exponential average of \$125.74 — the first reclaim of that band since the IPO downtrend began. The MACD histogram has turned positive for the first time, at +0.85, with the line still below zero, which is the classic signature of a downtrend losing force rather than an uptrend confirmed. Relative strength at 63.8 has moved from oversold toward neutral without reaching overbought.

Two caveats matter more than the readings. With 36 trading sessions since the 12 June listing, the 50-, 100- and 200-day averages cannot be computed and are not estimated; the MACD is at the very edge of its minimum window and should be treated as provisional. And the entire table predates both the earnings release and the after-hours reversal to roughly \$114.60, which if confirmed at Wednesday's close would put the stock back below the twenty-day band and negate the reclaim. Average true range of \$10.85 is 8.7% of the share price, so a single session can and does traverse the whole of this analysis.

Indicator	Value	Signal
Price (4 Aug close)	\$125.33	Reclaimed the 20-day band for the first time since the IPO
SMA10 / SMA20	\$115.15 / \$125.31	Price above both; short-term trend turning
EMA20	\$125.74	Price fractionally below; the level to hold
SMA50 / SMA100 / SMA200	Not computed	Only 36 sessions since listing; not estimated
RSI(14)	63.8	Recovered from oversold; not yet extended
MACD / signal / histogram	-10.42 / -11.27 / +0.85	Bullish crossover, still below zero; provisional at 36 sessions
ATR(14)	\$10.85 (8.7%)	Exceptionally high volatility; size positions accordingly
Volume vs 20-day average	144.1M vs 68.2M	2.1x on the pre-earnings rally
Support / resistance	\$104-110 / \$135, \$145	IPO price of \$135 remains overhead supply

Indicators computed from Alpha Vantage daily OHLCV, 12 June to 4 August 2026 (36 sessions). Technicals inform entry timing only and do not override the fundamental and valuation work above.

12. Scorecard

Factor	Note	Score	Jul	Aug
Business Quality	Three strong franchises; AI now contributing rather than only consuming		8	8→
Financial Strength	\$100B cash and investment grade, offset by ~\$15.8B quarterly burn		6	6→
Competitive Advantage	Structural launch and broadband moat unchanged		9	9→
Management	Strong first public quarter and good disclosure; governance unchanged		6	7↑
Growth Potential	92% revenue growth; AI compounding; Starlink V3 ahead		9	9→
Valuation	~50x annualised sales, down from ~83x; ~16x the guided exit run rate		3	5↑
Risk (higher = safer)	Lock-up imminent, burn escalated, 8.7% daily range		3	3→
Technical Setup	Reclaimed the 20-day band; MACD crossover; pre-release snapshot		3	4↑

Overall Investment Score 66/100, up from 61 in July. Weighting: Valuation 20%, Business Quality 15%, Growth 15%, Competitive Advantage 13%, Financial Strength 12%, Management 10%, Risk 10%, Technical 5%. Three scores moved. Valuation rose from 3 to 5 because the multiple roughly halved on a larger revenue base. Management rose from 6 to 7 on a clean first public quarter and unusually candid disclosure of compute payback economics, though governance is unchanged. Technical Setup rose from 3 to 4 on the reclaim of the twenty-day band, a move that the after-hours reversal may erase. Financial Strength was held at 6 rather than raised: the \$100 billion cash balance is a genuine improvement, but it is offset almost exactly by a burn rate five times what was modelled in July. Risk was held at 3 because the lock-up that dominated the July assessment has not yet been tested and now arrives tomorrow.

13. Recommendation: WATCHLIST

The rating is unchanged from July but the reasoning is not. July's Watchlist rested on an unprofitable AI acquisition of unproven value, a multiple near 83 times sales, and impending lock-up supply. Two of those three have materially improved: AI adjusted EBITDA is positive and the multiple has roughly halved. What replaces them is a capital-intensity problem that was not visible three weeks ago and a headline growth target whose contracted backing covers about a fifth of the required increase. Same conclusion, different grounds, and a shorter distance to a Buy than at any point since the listing.

This quarter did change the investment case, and in the company's favour. The single largest bear argument in the July initiation — that xAI had converted a cash-generative champion into a cash-consuming conglomerate with no visible path to a return — has been substantially answered in one quarter. An investor who set that as the condition for revisiting the name is now obliged to revisit it.

What holds the rating at Watchlist rather than moving it to Buy is timing and arithmetic rather than doubt about the business. Roughly 911 million shares become sellable tomorrow, into a stock that has just rallied 20% off Monday's low and then given most of it back after hours. The base-case fair value of about \$132 sits roughly 5% above the last close, while the bear case implies a fall of about 44%. That is not an asymmetry worth paying for when the catalyst that would resolve it is 24 hours away and free to wait for. The disciplined approach is to let the lock-up clear, watch where the stock settles, and accumulate on weakness rather than into supply.

What would move this to Buy	Why it matters
The 6 August lock-up is absorbed and the stock holds above ~\$110	Removes the dominant near-term technical overhang and demonstrates real institutional demand at these levels
Price weakness into the \$95-110 range without a thesis break	Would put the base-case fair value roughly 25-35% above the price, which is an asymmetry worth paying for
Q3 results show cloud revenue tracking toward the \$100B exit run rate	Converts the 16x forward multiple from an assertion into an observation; the decisive datapoint
Contracted cloud backlog disclosed with counterparties and durations	Would let the sub-one-year payback claim be verified rather than taken on trust
Capex guidance moderating or funded without equity issuance	Removes the 2027 dilution risk that the 15GW target currently implies
Starship achieves a ship catch and routine V3 deployment	Validates the launch-cost step-change underpinning the long-range revenue targets

14. Scenario Analysis

Case	2027E revenue	Path	Fair value	Return	Prob.
Bull	~\$140B	Exit run rate met or beaten; cloud contracts renew at scale; Starlink V3 and Starship on schedule; group turns profitable	~\$237 (22x)	+89%	25%
Base	~\$95B	AI ramps strongly but short of the \$100B exit target; Starlink compounds; capex stays elevated; still loss-making	~\$132 (18x)	+5%	50%
Bear	~\$65B	Cloud demand digests; compute pricing falls; a 2027 equity raise dilutes; lock-up supply overwhelms	~\$70 (14x)	-44%	25%

Probabilities sum to 100%. Fair values are computed as 2027 estimated revenue multiplied by the stated EV/sales multiple, divided by approximately 13.0 billion shares. The probability-weighted fair value is **\$142.50**, roughly 13.7% above the \$125.33 close — verified against its own inputs. The shape of that distribution is the quantitative core of the rating: a modest weighted upside sits alongside a bear case that loses 44%, and the base case, which carries half the probability, offers only about 5%. An investor is not being paid enough today to accept a 25% chance of a 44% drawdown.

15. Final Verdict

Would a disciplined investor commit fresh capital to SPCX this morning? Not quite yet, and the gap has narrowed considerably. The second quarter was the strongest possible answer to the specific objection raised three weeks ago. An AI business that was losing \$6.4 billion a year on an annualised basis produced \$1.1 billion of positive adjusted EBITDA in a single quarter, on revenue that grew 247%. Starlink delivered its best subscriber quarter ever while holding pricing flat and grew its contracted enterprise and government revenue by 108%. The multiple fell from roughly 83 times sales to roughly 50 times while the share price rose, which is the healthiest form of de-rating there is.

The single biggest concern is no longer whether the AI business works; it is what it costs to build. Capital expenditure of \$18.4 billion in one quarter against \$3.5 billion of adjusted EBITDA is a rate of consumption that exhausts a \$100 billion balance sheet in under two years, and the 2027 capacity ambition implies materially more. Management's assertion of a sub-one-year payback, if true, makes that spending the best use of capital available anywhere in the market. If it is optimistic, the company will be raising capital into a weaker share price in 2027. Nothing disclosed lets an outside investor adjudicate that yet, and the next quarterly report is the first occasion on which they will be able to.

So the position is a close watch with a defined trigger rather than ownership. Roughly 911 million shares become sellable tomorrow and the market has not yet told us what it thinks of the quarter — the only verdict so far is an 8.6% after-hours fall that erased a 9.4% regular-session gain. Waiting through that event costs nothing and resolves a great deal. If the stock absorbs the supply and holds above \$110, the thesis and the price will be close to aligned for the first time since the listing. If it breaks toward \$95-105 without any deterioration in the fundamentals, that is the entry the July report was waiting for, and this quarter has made it a considerably more attractive one.

Sources

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- Alpha Vantage TIME_SERIES_DAILY for SPCX — daily OHLCV, 12 June to 4 August 2026 (authoritative for price)
- moomoo news search — SPCX news digest, 5 August 2026
- Beating The Bull, SPCX initiation report, 23 July 2026 (prior verdict and scores)

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