AZ STOCKS
Stocks from A to Z

Rocket Lab

One of the most interesting companies in the space sector, at a price that still requires almost perfect execution

DEEP DIVE

November 2026

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COMPANY PROFILE

Rocket Lab

THESIS

Rocket Lab is one of the few listed space companies with real orbital launch capability and vertical integration. In this analysis I assess how much of its potential, above all Neutron's, is already reflected in a very demanding valuation.

THE COMPANY

Rocket Lab provides launch services with its Electron rocket and builds space systems: satellites, critical components, optical systems, communications and software to operate in orbit.

Space Systems is already its largest segment, HASTE opens an opportunity in hypersonic testing for defense, and Neutron, its larger rocket, is the big bet to compete in a market dominated by SpaceX.

TARGET PRICE
USD 13

UPSIDE / DOWNSIDE
-75.0%

SECTOR
Aerospace

EXCHANGE
NASDAQ

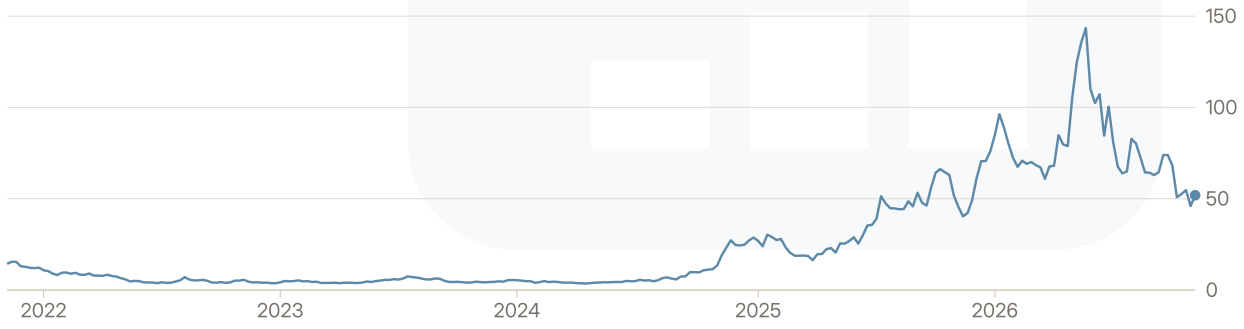
CURRENCY
USD

LAST UPDATED
November 2026

MARKET DATA AS OF 2026-11-06

PRICE	52-WEEK RANGE	5-YEAR CHANGE	BETA (5Y)
USD 51.90	37.57 – 151.00	+261%	3.30

WEEKLY SHARE PRICE, LAST 5 YEARS



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SECTION 01

Introduction

Rocket Lab is one of those companies where traditional analysis and the long-term story collide head-on. On one hand, it is a company that still does not make a profit, burns cash, depends on the execution of Neutron and trades at very demanding multiples of current sales. On the other hand, it is one of the few listed private space companies with real orbital launch capability, vertical integration, relevant government contracts and an increasingly clear position in defense, national security and space systems.

Companies like this challenge any conventional valuation model. Not because the numbers do not exist, but because today's numbers explain only part of the story. With Rocket Lab, the market is not paying for what the company is today, but for what it could become if it manages to scale Neutron, deepen its Space Systems business and establish itself as a real alternative, albeit a smaller one, in a market dominated by SpaceX.

How much of that future does the current price already reflect? This is where the analysis gets delicate: Rocket Lab has one of the most attractive business models in the new space ecosystem, but also one of the highest risk profiles among the companies I follow.

This analysis tries to separate those two things: the strategic quality of the business and the demands of its valuation. Because even though it is a space company, in this case our feet need to be more firmly on the ground than ever.

SECTION 02

Business model

The company: what exactly does Rocket Lab do?

Rocket Lab Corporation (NASDAQ: RKLB) describes itself as an *end-to-end space company*. It is not an empty label: it is literally what sets this company apart from most of its competitors.

The story begins in 2006, when Sir Peter Beck founded the company in New Zealand with a mission that sounded quixotic at the time: to democratize access to space. Not to build the biggest rocket, but the most frequent and reliable one for small payloads. The result was Electron, a small launcher that since its first orbital flight in 2017 has become the most prolific small launch vehicle in the world.

But Rocket Lab did not stop at launch. Through a series of strategic acquisitions such as Sinclair Interplanetary, Advanced Solutions, Planetary Systems Corporation, SolAero Technologies, GEOST, Optical Support, Mynaric and Motiv Space Systems, the company built a vertical stack that goes from critical satellite components to optical payloads, laser communications, space robotics, complete spacecraft manufacturing, mission software and in-orbit operations.

Rocket Lab should no longer be read simply as a rocket company. Launch is still important, but it increasingly works as the entry point to a broader ecosystem of space systems, defense and end-to-end solutions for government and commercial customers.

Today the business operates in two segments:

LAUNCH SERVICES

Rocket Lab designs, builds and operates rockets to put payloads into orbit. The flagship product is **Electron**: 18 meters tall, 1.2 meters in diameter, with capacity of up to 300 kg to low Earth orbit (LEO). It uses 3D-printed, electric-pump-fed Rutherford engines, an innovation that significantly reduced manufacturing time.

Electron is the most relevant small-lift orbital rocket outside SpaceX. Rocket Lab remains the second most active launch provider in the world, behind only SpaceX: in the first half of 2026 it completed 13 Electron and HASTE launches, all successful, and its launch backlog exceeds 90 missions. That cadence is a real competitive advantage in an industry where many competitors have yet to turn promises into repeatable flights.

Demand also shows up in contracts. In the first quarter of 2026 the company sold more launches than in all of 2025, and in the second quarter it signed a $266 million contract with the US Space Force for up to 18 suborbital HASTE missions, the largest launch contract in its history. Although Neutron captures much of the bullish story, Electron and HASTE remain strategic assets within the business.

Infrastructure is also a differentiator: Rocket Lab operates two pads at its private LC-1 complex in Mahia, New Zealand, and has a presence on Wallops Island, Virginia, where LC-3 is reserved for Neutron. That combination of its own infrastructure, operating experience and proven cadence is hard to replicate.

SPACE SYSTEMS

Space Systems is the segment that most changed Rocket Lab's story. It includes spacecraft components, reaction wheels, star trackers, solar power systems, radios, separation systems, flight and ground software, complete spacecraft manufacturing, optical payloads, EO/IR sensors, laser communications and now space robotics and precision mechanisms.

The acquisition of GEOST in 2025 marked Rocket Lab's formal entry into optical payloads for national security, including electro-optical and infrared sensors for missile warning, tracking and space domain awareness. The acquisition of Optical Support then strengthened that vertical by adding design, engineering and manufacturing capabilities for high-precision optical and optomechanical instruments. With Mynaric, Rocket Lab adds laser communication terminals, an increasingly relevant component for satellite constellations and space networks. And with Motiv Space Systems, the company brings in space robotics, precision mechanisms and components such as solar array drive assemblies, which previously could be expensive or limited by supplier availability.

This deepens the vertical integration thesis: Rocket Lab wants to control more and more critical parts of the satellite and the mission. Not just launching payloads into space, but designing, building, equipping and operating complete space systems.

NEUTRON: THE BIG BET

No analysis of Rocket Lab is complete without Neutron, the medium-lift rocket currently in development. With capacity of up to 13,000 kg to LEO and partial recovery of the first stage, Neutron targets the market Falcon 9 dominates today: constellation launches, medium government payloads, defense missions and, eventually, more complex applications if the vehicle proves reliable.

The first flight is planned for late 2026, although the schedule has already slipped several times: from mid-2025 to late 2025, then early 2026 and now the fourth quarter of 2026, after the first-stage tank failure during a pressure test in January. In August the company said flight hardware was moving toward final integration at Launch Complex 3 in Virginia, with more than 400 hot fires of the Archimedes engines, but it also acknowledged that the window to fly before year-end is narrowing.

The most important signal is commercial: Rocket Lab signed the largest launch contract in its history with a confidential customer, including five dedicated Neutron launches, and the Space Force awarded it a $397 million contract to build and launch satellites that will fly on Neutron. Selling slots on Neutron before its first flight does not remove the technical risk, but it does show there is demand for a medium-lift alternative to SpaceX.

Neutron is probably the most important catalyst. If it works, Rocket Lab stops being mainly a small launch and Space Systems company and starts competing in a much larger category. If it is delayed too long or fails on its first flights, the market would probably adjust the stock significantly.

IRIDIUM: THE BIGGEST BET

In June 2026 Rocket Lab announced the acquisition of **Iridium Communications** for an Enterprise Value of about $8 billion. Iridium operates a constellation of communications satellites in low Earth orbit and in 2025 had revenue of $872 million and operating EBITDA of $495 million, a 57% margin. Iridium shareholders will receive $54 per share, half in cash and half in Rocket Lab stock. For the cash portion, the company secured a $3.6 billion bridge loan.

The strategic logic is clear: Rocket Lab would also become the operator of a satellite network, with recurring and very profitable revenue, completing its vertical integration. But the price is high (about 16x EBITDA), it adds meaningful debt for the first time and it dilutes shareholders again. Closing is expected in mid-2027 and still requires the approval of Iridium shareholders and regulators. For that reason, in this analysis I value Rocket Lab without Iridium.

Vertical integration as a competitive advantage

What makes Rocket Lab fascinating from an investment point of view is the coherence of its business model. It is not a company that makes rockets and "also" builds satellites. It is a company that built every piece of the stack so that each one reinforces the others.

The cycle works like this: customers who book a launch on Electron often also need a spacecraft. Rocket Lab can offer them Photon. And if they also need components (solar panels, reaction wheels, star trackers), Rocket Lab makes those too. And if the customer wants someone to operate the constellation in orbit, Rocket Lab has the software and the team to do it.

This vertical integration has three concrete consequences:

1. Cost control and speed. By making its own engines (3D printed), carbon composite structures, avionics and separation systems, Rocket Lab does not depend on the traditional aerospace supply chain. This means shorter delivery times and better gross margins than its peers.

2. Recurring revenue with long visibility. Backlog reached $2.36 billion at the end of the second quarter of 2026 (about 40% Launch and 60% Space Systems), with multi-year contracts that give unusual revenue visibility for a company of this size.

3. Barrier to entry. Replicating what Rocket Lab has built would take more than a decade of technology development, flight testing, Department of Defense accreditation and construction of its own launch infrastructure. It is an advantage that deepens with every successful mission.

Rocket Lab keeps moving toward a position as a new-generation space prime contractor. The recent acquisitions do not look like isolated purchases, but pieces of a clear strategy: bring critical components in-house, reduce dependence on suppliers, capture more margin per mission and become more relevant to defense and national security programs.

GEOST and OSI strengthen Optical Systems. Mynaric adds laser communications. Motiv adds space robotics and precision mechanisms. These capabilities allow Rocket Lab to offer something closer to a complete solution: launch, spacecraft, payload, communications, mechanisms, software and operations. That is the most attractive part of the model.

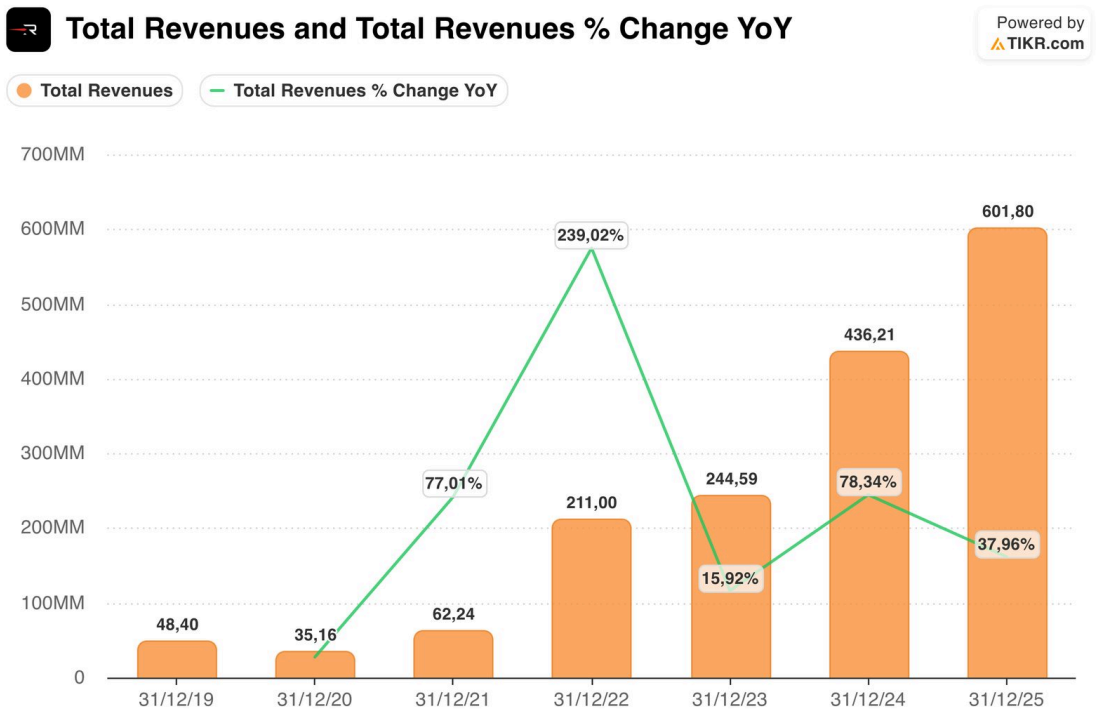
The risk is that this same integration also increases complexity. Rocket Lab is trying to scale Electron, develop Neutron, integrate acquisitions, expand Space Systems, serve defense contracts and keep enough liquidity all at the same time. The competitive advantage exists, but execution has to be very good.

SECTION 03

Business quality

Revenue

Rocket Lab's growth numbers are not projections: they are recent history.



Source: Tikr.

In three years the company practically tripled its revenue. And it did so mostly organically: Space Systems growth of $91.9 million in 2025 came mainly from spacecraft manufacturing, and Launch growth of $73.7 million came from higher cadence (from 16 to 21 launches) and a higher average price.

The slowdown from 78% to 38% is natural and expected for any high-growth company. In 2026, however, growth reaccelerated above 60%.

By segment in FY2025:

- Space Systems: $402.8 million (67% of the total)
- Launch Services: $199.0 million (33% of the total)

The reversal in proportions is notable: when Rocket Lab went public via SPAC in 2021, Launch was the dominant segment. Today Space Systems is twice as large. This reflects exactly the company's strategy: use launch as the entry point and grow in the more profitable part of the stack.

Latest results: second quarter of 2026

In August Rocket Lab reported its second-quarter results, the latest available at the time of this analysis (third-quarter results are released on November 9):

- **Revenue:** a record $234 million, +62% year over year and +17% versus the first quarter. Space Systems contributed $189.5 million, including the first contribution from Mynaric, and Launch Services $44.6 million.
- **Margins:** GAAP gross margin of 36.1% and non-GAAP of 41.5%, both above guidance. Adjusted EBITDA was negative $8.8 million, much better than the expected loss of $20-26 million.
- **Cash:** negative free cash flow of $110 million because of the investment in Neutron. Rocket Lab ended the quarter with about $2.4 billion of liquidity, after raising $1.08 billion through its equity issuance program.
- **Backlog:** $2.36 billion, with more than $1 billion of new contracts signed during the quarter and the following weeks.

For the third quarter the company expects revenue of $250-265 million, a GAAP gross margin of 29-31% (lower because of the mix of satellite contracts and dilution from Mynaric) and negative adjusted EBITDA of $17-23 million. Management said it expects to reach positive adjusted EBITDA in the quarter after a successful Neutron flight.

Vertical analysis

INCOME STATEMENT

Fiscal year Income Statement — % of revenue	FY2019A	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	FY2025A	3Y avg	5Y avg
Total Revenues	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Cost of Goods Sold	(102.2%)	(133.6%)	(103.0%)	(91.0%)	(78.8%)	(73.4%)	(65.6%)	**(72.6%)**	**(82.4%)**
Gross Profit	**(2.2%)**	**(33.6%)**	**(3.0%)**	**9.0%**	**21.0%**	**26.6%**	**34.4%**	**27.3%**	**17.6%**
Selling General & Admin Expenses	(39.4%)	(65.3%)	(93.8%)	(42.0%)	(44.9%)	(30.3%)	(27.4%)	**(34.2%)**	**(47.7%)**
R&D Expenses	(26.3%)	(54.4%)	(67.1%)	(30.9%)	(48.6%)	(39.9%)	(45.0%)	**(44.5%)**	**(46.3%)**
Total Operating Expenses	**(65.7%)**	**(119.8%)**	**(160.7%)**	**(73.0%)**	**(93.5%)**	**(70.2%)**	**(72.4%)**	**(78.7%)**	**(93.9%)**
Operating Income	**(68.0%)**	**(153.4%)**	**(163.9%)**	**(64.0%)**	**(72.7%)**	**(43.6%)**	**(38.0%)**	**(51.4%)**	**(76.4%)**
Interest Expense	–	–	(9.8%)	(3.7%)	(7.2%)	(6.0%)	(4.4%)	**(5.9%)**	**(6.2%)**
EBT Incl. Unusual Items	**(62.0%)**	**(155.1%)**	**(200.8%)**	**(63.0%)**	**(73.1%)**	**(43.3%)**	**(37.5%)**	**(51.3%)**	**(83.6%)**
Income Tax Expense	(0.7%)	(1.3%)	12.1%	(1.4%)	(1.5%)	(0.2%)	4.6%	**1.0%**	**2.7%**
Net Income	**(62.7%)**	**(156.5%)**	**(188.0%)**	**(64.5%)**	**(74.7%)**	**(43.6%)**	**(32.9%)**	**(50.4%)**	**(80.7%)**
EBITDA	(57.9%)	(126.8%)	(146.5%)	(49.8%)	(60.8%)	(36.0%)	(30.9%)	**(42.6%)**	**(64.8%)**

Source: author's analysis based on Tikr data.

What sets FY2025 apart from previous years is not just revenue growth. It is the **expansion of gross margins**, the most important sign that the business model is working.

The expansion of gross margin from 21% to 34.4% in two years is extraordinary. It reflects:

1. **Better absorption of fixed costs** as Electron cadence increased from 10 to 21 launches.
2. **A more favorable product mix**: Space Systems (67% of the mix) has higher gross margins than pure launch.
3. **Manufacturing efficiency** in Rutherford engines and carbon composite structures.

The first half of 2026 showed some volatility: GAAP gross margin was 38.2% in the first quarter and 36.1% in the second, and third-quarter guidance falls to 29-31% because of contract mix. The underlying trend is positive, but the improvement is not linear and the company is still far from operating profitability, because R&D and SG&A remain very high relative to revenue.

BALANCE SHEET

Fiscal year Balance Sheet — % of total assets	FY2019A	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	FY2025A	3Y avg	5Y avg
Total Cash And Short Term Investments	**49.2%**	**28.1%**	**70.4%**	**47.7%**	**26.0%**	**35.4%**	**43.8%**	**35.1%**	**44.7%**
Total Receivables	**6.0%**	**5.7%**	**1.9%**	**4.8%**	**6.6%**	**9.5%**	**5.3%**	**7.1%**	**5.6%**
Inventory	7.3%	13.9%	4.9%	9.3%	11.5%	10.1%	6.8%	**9.4%**	**8.5%**
Total Current Assets	**64.1%**	**49.5%**	**79.0%**	**66.9%**	**50.7%**	**58.5%**	**58.8%**	**56.0%**	**62.8%**
Net Property Plant And Equipment	33.7%	40.8%	9.6%	15.4%	23.4%	22.2%	18.2%	**21.3%**	**17.8%**
Long-term Investments	–	–	–	0.9%	8.4%	5.1%	3.5%	**5.7%**	**3.6%**
Goodwill	–	1.7%	4.4%	7.2%	7.5%	6.0%	8.9%	**7.5%**	**6.8%**
Other Intangibles	0.7%	6.0%	5.9%	8.1%	7.2%	5.0%	9.7%	**7.3%**	**7.2%**
Total Assets	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Total Current Liabilities	**16.4%**	**25.8%**	**9.8%**	**16.5%**	**23.7%**	**28.7%**	**14.4%**	**22.3%**	**18.6%**
Long-Term Debt	–	–	9.9%	10.1%	9.3%	32.9%	6.6%	**16.3%**	**13.8%**
Capital Leases	13.3%	14.5%	2.9%	5.0%	7.6%	5.7%	4.3%	**5.8%**	**5.1%**
Total Liabilities	**29.7%**	**40.3%**	**28.7%**	**32.0%**	**41.1%**	**67.7%**	**25.9%**	**44.9%**	**39.1%**
Total Equity	**70.3%**	**59.6%**	**71.2%**	**68.0%**	**59.0%**	**32.3%**	**74.1%**	**55.1%**	**60.9%**
Total Debt	**15.0%**	**15.4%**	**13.4%**	**15.9%**	**19.3%**	**40.1%**	**11.4%**	**23.6%**	**20.0%**
Net Debt	(34.2%)	(12.7%)	(57.1%)	(32.8%)	(15.1%)	(0.4%)	(35.9%)	**(17.1%)**	**(28.2%)**

Source: author's analysis based on Tikr data.

The cash position is solid after the ATM: in 2025 Rocket Lab raised **$1,119.3 million through its ATM program** (at-the-market equity offerings), which diluted shareholders but strengthened the balance sheet to fund Neutron. Shares outstanding went from about 504 million to about 543 million (outstanding), or about 590 million issued.

Debt: the 4.25% Convertible Senior Notes due 2029 had $155.7 million outstanding at the end of FY2025, after a large conversion (almost $200 million of notes converted into about 38.9 million shares) reduced the original $355 million balance to about $155 million.

In terms of liquidity, the position is solid. The current ratio ended 2025 at 4.08x, back to levels similar to the post-IPO period. This is no coincidence: the $1,119 million ATM issuance during 2025 significantly capitalized the balance sheet, giving the company the runway needed to fund Neutron without short-term pressure.

Liquidity improved even further in 2026. Rocket Lab ended the second quarter with about $2.4 billion of liquidity after completing its ATM program, giving it room to fund Neutron, integrate acquisitions and eventually pursue more M&A. This liquidity reduces short-term risk, but it does not remove the cost to shareholders: the company is funding a significant part of its expansion by issuing equity.

Put differently, the balance sheet is much stronger than a few years ago, but that strength was bought with dilution. For a company in a phase of heavy investment, this can be reasonable.

Solvency is more complex to read. Debt-to-equity reached 124% in 2024 before falling to just 15% in 2025, and debt-to-capital fell from 55% to 13%. The explanation is the same: the large conversion of almost $200 million of the Convertible Senior Notes into shares drastically reduced financial liabilities. There was no operating improvement that reduced debt, but a restructuring of liabilities into equity. The end result is positive: the balance sheet is significantly cleaner, but it is important to understand the mechanism.

CASH FLOW

Fiscal year Cash Flow — % of revenue	FY2019A	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	FY2025A	3Y avg	5Y avg
Net Income	**(62.7%)**	**(156.5%)**	**(188.0%)**	**(64.5%)**	**(74.7%)**	**(43.6%)**	**(32.9%)**	**(50.4%)**	**(80.7%)**
Total Depreciation & Amortization	**10.1%**	**26.6%**	**17.4%**	**14.2%**	**12.1%**	**7.7%**	**7.3%**	**9.1%**	**11.8%**
Stock-Based Compensation	8.1%	12.0%	52.3%	26.4%	21.8%	13.0%	11.8%	**15.6%**	**25.1%**
Cash from Operations	**(44.6%)**	**(79.0%)**	**(115.3%)**	**(50.7%)**	**(40.4%)**	**(11.2%)**	**(27.6%)**	**(26.4%)**	**(49.0%)**
Capital Expenditure	(50.2%)	(71.4%)	(41.3%)	(20.1%)	(22.3%)	(15.4%)	(25.9%)	**(21.2%)**	**(25.0%)**
Cash Acquisitions	–	(34.7%)	(106.7%)	(31.2%)	(7.7%)	–	(21.9%)	**(9.9%)**	**(33.5%)**
Cash from Investing	**(50.2%)**	**(106.2%)**	**(148.0%)**	**(164.0%)**	**4.9%**	**(22.6%)**	**(57.6%)**	**(25.1%)**	**(77.5%)**
Total Debt Issued	**–**	**–**	**183.2%**	**–**	**44.9%**	**81.4%**	**4.4%**	**43.6%**	**62.8%**
Total Debt Repaid	**(1.5%)**	**–**	**(24.1%)**	**(0.1%)**	**(44.1%)**	**(11.9%)**	**(14.6%)**	**(23.6%)**	**(19.0%)**
Repurchase of Common Stock	–	–	(48.8%)	(15.0%)	(6.4%)	(8.1%)	(18.8%)	**(11.1%)**	**(19.4%)**
Cash from Financing	**(0.2%)**	**61.1%**	**1285.3%**	**1.0%**	**3.0%**	**58.9%**	**177.9%**	**80.0%**	**305.2%**
Free Cash Flow	(94.9%)	(150.4%)	(156.6%)	(70.6%)	(62.9%)	(26.6%)	(53.5%)	**(47.7%)**	**(74.0%)**

Source: author's analysis based on Tikr data.

Cash flow is the weakest point of the analysis. In 2025 operating cash flow was negative at 27.6% of revenue and CapEx was 25.9%, because of the construction of Neutron and launch infrastructure. The result was negative free cash flow of $322 million. In 2026 cash burn remained high ($77 million in the first quarter and $110 million in the second) and the company funded it by issuing shares.

Financial ratios

- **Growth**

Fiscal year	FY2019A	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	FY2025A	3Y avg	5Y avg
Growth									
Revenue growth		(27.4%)	77.0%	239.0%	16.1%	78.0%	38.1%	**44.0%**	**89.6%**
EBIT growth	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	**n.m.**	**n.m.**
Diluted EPS growth	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	**n.m.**	**n.m.**
Change in diluted shares (dilution / buybacks)		840.3%	178.5%	121.9%	3.4%	2.9%	7.1%	**4.5%**	**62.8%**

Source: author's analysis based on Tikr data.

Revenue grew 78% in 2024 and 38% in 2025, and the first half of 2026 reaccelerated above 60%. The weak point is dilution: the share count grew 7.1% in 2025 and will keep rising in 2026 because of the issuance program and the Iridium acquisition.

- **Profitability**

Fiscal year	FY2019A	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	FY2025A	3Y avg	5Y avg
Profitability									
Gross margin	(2.2%)	(33.6%)	(3.0%)	9.0%	21.0%	26.6%	34.4%	**27.3%**	**17.6%**
SG&A % revenue	39.4%	65.3%	93.8%	42.0%	44.9%	30.3%	27.4%	**34.2%**	**47.7%**
R&D % revenue	26.3%	54.4%	67.1%	30.9%	48.6%	39.9%	45.0%	**44.5%**	**46.3%**
EBIT margin	(68.0%)	(153.4%)	(163.9%)	(64.0%)	(72.7%)	(43.6%)	(38.0%)	**(51.4%)**	**(76.4%)**
EBITDA margin (EBIT + D&A)	(57.9%)	(126.8%)	(146.4%)	(49.8%)	(60.5%)	(35.9%)	(30.7%)	**(42.4%)**	**(64.7%)**
Net margin	(62.7%)	(156.5%)	(188.0%)	(64.5%)	(74.7%)	(43.6%)	(32.9%)	**(50.4%)**	**(80.7%)**
Stock-based compensation % revenue	8.1%	12.0%	52.3%	26.4%	21.8%	13.0%	11.8%	**15.6%**	**25.1%**
Effective tax rate	(1.2%)	(0.9%)	6.0%	(2.3%)	(2.0%)	(0.4%)	12.3%	**3.3%**	**2.7%**

Source: author's analysis based on Tikr data.

Gross margin went from negative in 2020-2021 to 34.4% in 2025. EBIT margin is still very negative (-38%), because R&D is 45% of revenue. Stock-based compensation is 11.8% of revenue.

- **Cash flow and reinvestment**

Fiscal year	FY2019A	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	FY2025A	3Y avg	5Y avg
Cash flow & reinvestment									
Cash from operations % revenue	(44.6%)	(79.0%)	(115.3%)	(50.7%)	(40.4%)	(11.2%)	(27.6%)	**(26.4%)**	**(49.0%)**
FCF margin (TIKR FCF / revenue)	(94.9%)	(150.4%)	(156.6%)	(70.6%)	(62.9%)	(26.6%)	(53.5%)	**(47.7%)**	**(74.0%)**
FCF conversion (FCF / net income)	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	**n.m.**	**n.m.**
Capex % revenue	50.2%	71.4%	41.3%	20.1%	22.3%	15.4%	25.9%	**21.2%**	**25.0%**
D&A % revenue	10.1%	26.6%	17.4%	14.2%	12.1%	7.7%	7.3%	**9.1%**	**11.8%**
Capex / D&A	5.0x	2.7x	2.4x	1.4x	1.8x	2.0x	3.6x	**2.5x**	**2.2x**
D&A % beginning net PP&E		14.2%	14.1%	31.9%	19.6%	15.3%	16.7%	**17.2%**	**19.5%**
Acquisitions % revenue	–	34.7%	106.7%	31.2%	7.7%	–	21.9%	**9.9%**	**33.5%**

Source: author's analysis based on Tikr data.

Free cash flow was negative at 53.5% of revenue in 2025, with CapEx of 25.9%. Rocket Lab does not yet fund its growth with its own business.

- **Working capital**

Fiscal year	FY2019A	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	FY2025A	3Y avg	5Y avg
Working capital									
Receivables days (DSO)	88.5	110.6	111.5	82.1	92.1	93.6	74.4	**86.7**	**90.7**
Inventory days (DIO)	104.5	203.1	272.6	175.4	204.2	135.7	146.0	**162.0**	**186.8**
Payables days (DPO)	47.7	26.2	19.9	23.0	55.4	60.5	67.2	**61.0**	**45.2**
Cash conversion cycle (DSO + DIO − DPO)	145.3	287.5	364.2	234.6	240.9	168.8	153.2	**187.6**	**232.3**
Deferred revenue % revenue	21.1%	74.3%	96.0%	51.2%	56.7%	49.5%	32.4%	**46.2%**	**57.2%**
Operating NWC % revenue	0.1%	(18.3%)	(11.7%)	16.4%	13.2%	(10.8%)	4.2%	**2.2%**	**2.3%**

Source: author's analysis based on Tikr data.

Inventory days are very high (146 in 2025) because of the complexity of building satellites and rockets. Customer prepayments offset this: deferred revenue equals 32% of revenue.

- **Returns on capital**

Fiscal year	FY2019A	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	FY2025A	3Y avg	5Y avg
Returns on capital									
NOPAT = EBIT × (1 − normalized tax rate)	(25)	(40)	(77)	(101)	(134)	(143)	(172)	**(149)**	**(125)**
Invested capital = debt + equity − cash & ST inv.	70	88	138	358	492	438	970	**633**	**479**
ROIC = NOPAT / average invested capital		(51.0%)	(67.6%)	(40.8%)	(31.4%)	(30.6%)	(24.4%)	**(28.8%)**	**(39.0%)**
ROIC incl. cash = NOPAT / average (debt + equity)		(26.3%)	(15.8%)	(12.2%)	(17.0%)	(17.9%)	(12.1%)	**(15.7%)**	**(15.0%)**
Pre-tax ROIC = EBIT / average invested capital (reference)		(68.0%)	(90.2%)	(54.4%)	(41.9%)	(40.9%)	(32.5%)	**(38.4%)**	**(52.0%)**
ROE = net income / average equity		(44.2%)	(28.9%)	(19.8%)	(29.8%)	(40.6%)	(18.8%)	**(29.7%)**	**(27.6%)**
ROA = net income / average total assets		(28.7%)	(20.0%)	(13.8%)	(19.0%)	(17.9%)	(11.3%)	**(16.0%)**	**(16.4%)**

Source: author's analysis based on Tikr data.

ROIC was -24% in 2025 and ROE -19%. They have been negative since the company went public and will remain so until Neutron is operational.

- **Leverage and liquidity**

Fiscal year	FY2019A	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	FY2025A	3Y avg	5Y avg
Leverage & liquidity									
Net debt (debt − cash & ST inv.)	(67)	(24)	(560)	(315)	(63)	56	(752)	**(253)**	**(327)**
Net debt / EBITDA	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	**n.m.**	**n.m.**
Interest coverage (EBIT / interest expense)	n.m.	n.m.	(16.6x)	(17.3x)	(10.2x)	(7.3x)	(8.6x)	**(8.7x)**	**(12.0x)**
Debt / (debt + equity), book	17.6%	20.6%	15.8%	18.9%	24.7%	55.4%	13.3%	**31.2%**	**25.6%**
Current ratio	3.91	1.92	8.05	4.06	2.14	2.04	4.09	**2.76**	**4.08**

Source: author's analysis based on Tikr data.

Rocket Lab ended 2025 with net cash of $752 million and a current ratio of 4.1x, and in 2026 liquidity rose to about $2.4 billion. The balance sheet is solid, but it was strengthened through dilution. If the Iridium acquisition goes ahead, the company will carry meaningful debt.

- **Shareholder returns and valuation**

Fiscal year	FY2019A	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	FY2025A	3Y avg	5Y avg
Shareholder returns & market valuation (TIKR, at fiscal year end)									
Dividends + buybacks % FCF	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	**n.m.**	**n.m.**
EV / EBITDA	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	**n.m.**	**n.m.**
EV / revenue	n.m.	n.m.	77.9x	6.7x	10.1x	29.1x	61.1x	**33.4x**	**37.0x**
P/E	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	**n.m.**	**n.m.**
FCF yield (FCF / market cap)	n.m.	(13.1%)	(1.8%)	(8.4%)	(5.7%)	(0.9%)	(0.9%)	**(2.5%)**	**(3.5%)**

Source: author's analysis based on Tikr data.

Rocket Lab pays no dividends and does not buy back stock: it does the opposite. At the end of 2025 it traded at 61x revenue. After the stock's decline, it trades today at about 30x 2026 revenue.

SECTION 04

Management and capital allocation



Any analysis of Rocket Lab that does not put the CEO at the center is incomplete. **Sir Peter Beck** (knighted by the British Crown in 2022) is the founder, CEO, Chairman and intellectual engine of this company. He is 49, has no university degree, and built one of the most sophisticated private space programs in the world from a garage in New Zealand.

What sets Beck apart is not only his technical skill (he is legendary in the sector for understanding every Electron system down to the component level) but his ability to stay disciplined in capital allocation. Vertical integration is not corporate vanity: every acquisition has had a clear strategic logic.

Adam Spice (CFO since 2018) has the credibility of having been through the whole growth cycle since the pre-SPAC days. His management of the balance sheet through the SPAC transition, the convertible notes issuance and the 2025 ATM shows real financial sophistication.

An explicit risk in the 10-K: the company says it is “highly dependent” on Sir Peter Beck. It is a real warning. If Beck left, the reputational and operating damage would be significant.

SECTION 05

Competitive position

The industry: the most dynamic moment in space history

The commercialization of space is one of the few sectors where TAM figures have a real chance of materializing. Three structural factors drive growth:

1. **Miniaturization**: advances in electronics have reduced the cost and size of satellites, creating massive demand for small and medium satellite launches.
2. **LEO proliferation**: communications constellations (Starlink, OneWeb, Amazon Kuiper), Earth observation (Planet, Capella, ICEYE) and defense (SDA, NRO) require dozens or hundreds of satellites.
3. **Sustained public and private investment**: the US Department of Defense, NASA and allies have turned space into critical infrastructure. Spending is not going down.

Estimated TAM:

- Launch Services: $18.7 billion (2024) → $64.3 billion (2034), CAGR of about 13%
- Spacecraft/Space Systems: $362 billion (2024) → $730 billion (2034), CAGR of about 7%
- The total space economy exceeds $600 billion today and could reach $1.8 trillion by 2035 according to Morgan Stanley estimates.

Rocket Lab captures a very small fraction of this TAM today. Electron has about 3-4% market share in global orbital launches. The expansion opportunity is genuine. The company is increasingly positioning itself as a strategic supplier to defense and national security. The acquisition of GEOST, the integration of Optical Support, the purchase of Mynaric and the addition of Motiv do not just expand the product catalog: they bring Rocket Lab closer to higher value-added programs, where the customer does not simply buy a launch but a complete space solution.

This matters because the commercial space market can be volatile, but spending on defense, missile tracking, space domain awareness, secure communications and resilient orbital infrastructure has a more structural logic. Rocket Lab seems to be trying to position itself right there: not competing head-on with SpaceX on scale, but building a differentiated position in dedicated missions, critical components, payloads and complete solutions for customers who need more than a cheap ride to space.

Porter's five forces

Rivalry among competitors: HIGH

The launch services market is fiercely competitive. SpaceX dominates with Falcon 9. In small launch, Rocket Lab faces Virgin Orbit (bankrupt), Firefly Aerospace and a long list of startups that never made it to market. In medium launch, Neutron will compete with Falcon 9, ULA Vulcan, Ariane 6 and others.

However, effective competition is narrower than the list of players: the technical barrier to reaching a high cadence of reliable launches is enormous. Electron has already passed 90 missions. Its closest small-lift competitors have a fraction of that track record.

Bargaining power of customers: MEDIUM-HIGH

The DoD and government agencies have significant bargaining power. The top 5 customers represent 49% of revenue, and the top 5 backlog customers represent 77%. This concentration is a risk.

However, the nature of the contracts (multi-year, fixed-price) and the difficulty of changing suppliers mid-mission reduce this power. Once a customer standardizes its mission architecture on Photon + Electron, switching costs are high.

Bargaining power of suppliers: MEDIUM-LOW

Vertical integration was designed precisely to reduce dependence on suppliers. Rocket Lab makes its own engines, structures, avionics and solar panels. Dependence on third parties exists, but it is diversified.

Threat of new entrants: LOW-MEDIUM in the short term

Building a reliable orbital launcher takes 7-10 years and hundreds of millions of dollars. The list of failures is long. By the time a new entrant is operational, Rocket Lab will have consolidated its position further.

In medium lift, the Neutron threat is a mirror image: SpaceX is already there with Falcon 9. The question is whether Neutron can capture share or simply coexist.

Threat of substitutes: LOW

There is no substitute for orbital launch. Stratospheric drones and other emerging technologies are complementary, not competitors.

SWOT

Strengths:

- The only small orbital launcher with high cadence and a proven track record outside SpaceX.
- Ever deeper vertical integration: launch, spacecraft, payloads, optical systems, laser communications, robotics and critical components.

- A growing strategic position in defense and national security.
- Record backlog of $2.36 billion, with more than 90 launches booked.
- Liquidity of about $2.4 billion after the ATM, which reduces short-term financial risk.
- Electron and HASTE keep signing contracts, while Neutron is starting to build a commercial manifest before its first flight.
- A technically exceptional management team and founder continuity.

Weaknesses:

- Substantial operating losses and negative free cash flow.
- Significant dilution from the ATM program.
- Increasingly complex integration of acquisitions.
- Concentration of revenue and backlog in a few customers.
- Critical dependence on Sir Peter Beck.
- Neutron is still commercially unproven.
- High R&D and capex while funding Neutron's development.

Opportunities:

- Neutron: access to the medium-lift market and constellation contracts.
- Expansion in defense, missile tracking, space domain awareness and national security programs.
- Optical Systems as a new high value-added vertical after GEOST and OSI.
- Laser communications with Mynaric for constellations and space networks.
- Space robotics and precision mechanisms with Motiv.
- HASTE as a differentiated platform for hypersonic testing.
- Greater demand from the US government and commercial customers for alternatives to SpaceX.

Threats:

- SpaceX can pressure prices and capture much of the medium-lift market.
- Neutron may suffer new delays, test failures or reliability problems.
- Integrating multiple acquisitions can distract management and generate unexpected costs.
- New share issuance could keep diluting shareholders.
- An Electron or HASTE failure would affect reputation, cadence and contracts.
- Changes in defense priorities or budget cuts could affect future contracts.
- The current valuation leaves little room for execution mistakes.

Main competitors

SpaceX: The elephant in the room. With Falcon 9, SpaceX carried out more than 90 launches in 2024. Starship is in active development. SpaceX has 1,000x Rocket Lab's resources. Rocket Lab's strategy is not to compete with SpaceX on the same payloads: it is to cover the segment SpaceX does not optimize for (small dedicated launch) and potentially compete in medium lift with Neutron.

Firefly Aerospace: The most direct competitor in small launch with its Alpha rocket. First successful orbital flight in 2022. Lower cadence than Electron.

United Launch Alliance (ULA): The DoD's historical partner with Vulcan Centaur. It does not compete in small launch. A potential Neutron competitor in medium/heavy lift for government.

Arianespace / ArianeGroup: European players with Ariane 6. Partly overlapping market but focused on commercial GEO.

Chinese launch providers (CASC, CERES-1): Global competitors with cost advantages from state subsidies, but limited by ITAR regulations for Western customers.

The competitive analysis concludes that Rocket Lab has a durable advantage in small dedicated launch, but that advantage alone does not justify the current valuation. The market is valuing Neutron.

Risks

Risk 1: Neutron fails or is significantly delayed. This is the main risk. The first flight has already slipped several times and the late-2026 window is narrowing. If it slips to 2027-2028, the market would revalue the stock. If it fails on its first flights, the reputational damage to the thesis would be significant.

Risk 2: US defense budget cuts. In the current political context, with pressure on federal spending, a material cut in DoD/NRO/SDA budgets could affect current and future contracts. The $816 million SDA contract has $10 million options, with nothing guaranteed beyond the base.

Risk 3: Continued dilution. Rocket Lab had a burn rate of about $165 million in operations plus about $156 million in capex, roughly $320 million a year in 2025. With about $2.4 billion of liquidity after the ATM, Rocket Lab has room to fund Neutron and integrate acquisitions without immediate pressure. Even so, at the current level of investment, the possibility of new issuance does not disappear.

Risk 4: Electron mission failure. Electron has a very solid launch record, but the risk always exists. A catastrophic failure (a high-profile payload, loss of life) would have significant operating, legal and reputational consequences.

Risk 5: Customer concentration. The top 5 customers are 49% of revenue and the top 5 backlog customers 77% of backlog. If a key customer cancels, the impact is immediate.

Risk 6: Competition from SpaceX. If SpaceX decides to cut Falcon 9 prices aggressively in the markets where Neutron competes, Rocket Lab does not have the scale to respond. It is the systemic risk of the sector.

Risk 7: Litigation. The 10-K discloses a securities class action (filed in February 2025) over alleged false statements about Neutron's progress. The motion to dismiss was granted in November 2025, but the plaintiff filed an amended complaint in December 2025. The legal risk is not immaterial.

Risk 8: Heavy insider selling. A key data point the market should not ignore is the recent behavior of executives with their own shares. In the 90 days to March 2026, insiders sold more than 4.3 million shares worth about $281 million. The CFO, Adam Spice, stands out, with sales of about $103 million early in the year, along with (smaller) sales by Peter Beck himself in March. Although insider selling often has personal, tax or simple diversification reasons, such aggressive selling at these price levels (above $70) is a clear yellow flag. If those who best know the internal numbers, the balance sheet and the real timelines of Neutron are taking profits and securing hundreds of millions of dollars today, our cautious stance on the valuation makes even more sense.

Risk 9: Iridium. The Iridium acquisition is the largest deal in the company's history. Rocket Lab would pay about $8 billion, fund half with debt and half with shares, and would have to integrate a business very different from its own. If the integration goes badly, a balance sheet that is a strength today could become a problem.

SECTION 06

The bulls vs. the bears

What do the bulls say?

The first argument is **vertical integration**: Rocket Lab is no longer just a rocket company. It launches, builds satellites, components, optical payloads and laser communications, and with Iridium it would add its own satellite network.

The second is **Neutron**: if it flies and proves reliable, Rocket Lab enters a much larger medium-lift market, with contracts already signed before the first flight.

The third is **demand**: revenue growing more than 60%, a record $2.36 billion backlog and an increasingly strong position in defense and national security, a market with structural spending.

What do the bears say?

The first argument is **execution**: Neutron has been delayed several times and has not yet flown. At the same time, the company is integrating several acquisitions and preparing the largest in its history.

The second is the **numbers**: operating losses, negative free cash flow and constant dilution. Growth is being funded by shareholders.

The third is **competition and valuation**: SpaceX dominates the market and can pressure prices, and even after the decline the stock trades at about 30x revenue.

SECTION 07

Valuation

I built a ten-year **discounted cash flow (DCF)** model with two methods for the terminal value: **perpetuity growth** and an **exit multiple on EBITDA**. The valuation is especially difficult because Rocket Lab is not yet a mature company: it does not make a profit, still burns cash and is in the middle of an investment phase. Its value depends much less on its current numbers and much more on what it can become over the next ten years.

I value Rocket Lab without Iridium, because the deal has not closed and depends on approvals. I do include the cash raised in 2026 through the equity issuance program and the shares issued.

Model inputs and assumptions

2. Operating drivers by scenario (explicit forecast)

Driver	Δ vs Base	FY2023A	FY2024A	FY2025A	3Y avg	FY2026E	FY2027E	FY2028E	FY2029E	FY2030E	FY2031E	FY2032E	FY2033E	FY2034E	FY2035E
Forecast year #						*1*	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9*	*10*
Revenue growth ▸ selected scenario		16.1%	78.0%	38.1%	**41.8%**	**65.0%**	**48.0%**	**40.0%**	**32.0%**	**26.0%**	**20.0%**	**15.0%**	**11.0%**	**8.0%**	**5.5%**
Best case	6.0%					71.0%	54.0%	46.0%	38.0%	32.0%	26.0%	21.0%	17.0%	14.0%	11.5%
Base case						65.0%	48.0%	40.0%	32.0%	26.0%	20.0%	15.0%	11.0%	8.0%	5.5%
Worst case	(10.0%)					55.0%	38.0%	30.0%	22.0%	16.0%	10.0%	5.0%	1.0%	(2.0%)	(4.5%)
Gross margin ▸ selected scenario		21.0%	26.6%	34.4%	**27.3%**	**34.0%**	**37.0%**	**40.0%**	**43.0%**	**45.0%**	**47.0%**	**48.0%**	**49.0%**	**50.0%**	**50.0%**
Best case	3.0%					37.0%	40.0%	43.0%	46.0%	48.0%	50.0%	51.0%	52.0%	53.0%	53.0%
Base case						34.0%	37.0%	40.0%	43.0%	45.0%	47.0%	48.0%	49.0%	50.0%	50.0%
Worst case	(5.0%)					29.0%	32.0%	35.0%	38.0%	40.0%	42.0%	43.0%	44.0%	45.0%	45.0%
EBIT margin ▸ selected scenario		(72.7%)	(43.6%)	(38.0%)	**(51.4%)**	**(27.0%)**	**(10.0%)**	**2.0%**	**9.0%**	**14.0%**	**18.0%**	**21.0%**	**23.0%**	**24.0%**	**25.0%**
Best case	4.0%					(23.0%)	(6.0%)	6.0%	13.0%	18.0%	22.0%	25.0%	27.0%	28.0%	29.0%
Base case						(27.0%)	(10.0%)	2.0%	9.0%	14.0%	18.0%	21.0%	23.0%	24.0%	25.0%
Worst case	(7.0%)					(34.0%)	(17.0%)	(5.0%)	2.0%	7.0%	11.0%	14.0%	16.0%	17.0%	18.0%
Capex % of revenue ▸ selected scenario		22.3%	15.4%	25.9%	**21.2%**	**28.0%**	**20.0%**	**14.0%**	**11.0%**	**10.0%**	**9.0%**	**8.5%**	**8.0%**	**8.0%**	**8.0%**
Best case	(0.5%)					27.5%	19.5%	13.5%	10.5%	9.5%	8.5%	8.0%	7.5%	7.5%	7.5%
Base case						28.0%	20.0%	14.0%	11.0%	10.0%	9.0%	8.5%	8.0%	8.0%	8.0%
Worst case	1.0%					29.0%	21.0%	15.0%	12.0%	11.0%	10.0%	9.5%	9.0%	9.0%	9.0%

Source: author's analysis.

Revenue growth: in the Base Case I assume Rocket Lab grows 65% in 2026 (in line with the first half and guidance), 48% in 2027 and 40% in 2028, driven by the backlog, Space Systems and Neutron entering service. Growth then gradually slows to 5.5% in 2035. Over ten years revenue would multiply almost tenfold, to about $6 billion.

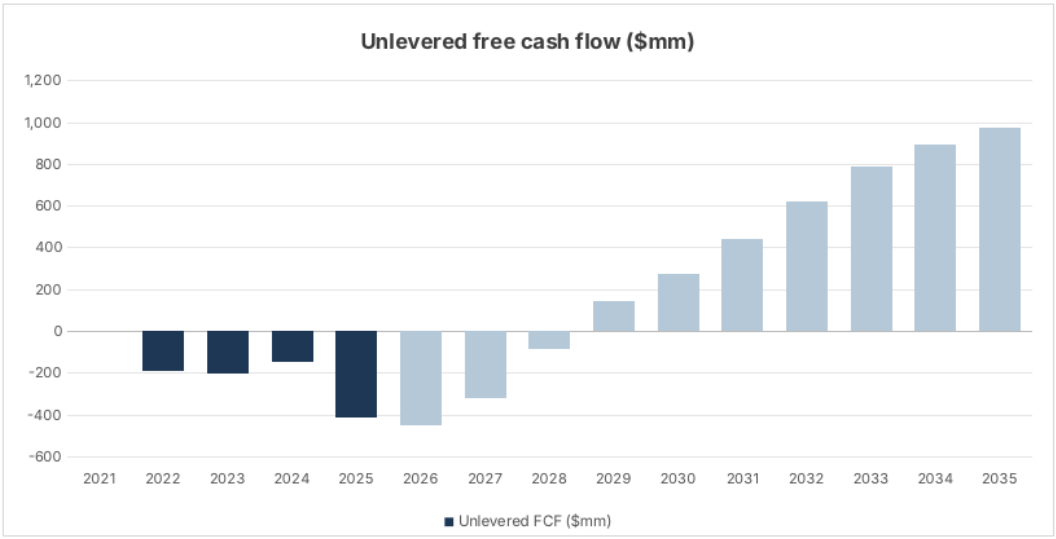
Margins: gross margin starts at 34% in 2026 and gradually rises to 50%. EBIT margin starts at -27%, turns positive in 2028 and converges to 25% in 2035. These are optimistic assumptions: they imply Rocket Lab becomes as profitable as the best defense contractors.

CapEx: 28% of revenue in 2026 because of Neutron, gradually falling to 8%. Rocket Lab needs to invest heavily in rockets, launch infrastructure and manufacturing capacity.

What does each scenario mean?

- **Base Case:** Neutron enters service in 2027, Space Systems keeps growing and the company reaches operating profitability in 2028.
- **Best Case:** Neutron captures relevant medium-lift contracts and acquisitions are integrated well. It adds 6 points of growth per year, 3 of gross margin and 4 of EBIT margin.

- **Worst Case:** Neutron is delayed further, integration is slower and the company keeps depending on issuing shares. It subtracts 10 points of growth per year, 5 of gross margin and 7 of EBIT margin.



Source: author's analysis.

Discount rate (WACC)

5. Discount rate (WACC)		Value
Risk-free rate		4.9%
Equity beta (levered)	x	1.60
Equity risk premium		4.2%
Country risk premium		–
Cost of equity		11.6%
Pre-tax cost of debt		6.0%
Tax rate (debt tax shield)		25.0%
After-tax cost of debt		4.5%
Market value of equity	$ mm	31,140
Total debt	$ mm	265
Debt / (Debt + Equity)		0.8%
Equity / (Debt + Equity)		99.2%
WACC		11.6%

Source: author's analysis.

I use a 4.9% risk-free rate, a 4.2% equity risk premium and a beta of 1.6 (the five-year historical beta is 3.3, but it reflects extreme volatility). The result is a **cost of equity of 11.6%**. Since debt is very small, the **resulting WACC is 11.6%**. It is a high cost of capital, but reasonable for a company with no profits, technical risk in Neutron and high dependence on government contracts.

To go from Enterprise Value to Equity Value I added net cash at the end of 2025 ($752 million) and the $1.08 billion raised in 2026. I use 600 million diluted shares.

Model results

PERPETUITY METHOD

With 2.5% perpetual growth and a 15% return on new invested capital, the model gives an Enterprise Value of $5,543 million and an Equity Value of $7,457 million, equivalent to **$12.43 per share**.

Rocket Lab Corporation

RKLB · Discounted Cash Flow · Perpetuity Growth Method

Valuation date 6 Nov 2026 · USD mm · Scenario: Base Case

AZ STOCKS Acciones de la A a la Z

INTRINSIC VALUE PER SHARE

$12.43

Current share price	$51.90
Upside / (downside)	(76.1%)

VALUATION SUMMARY

Enterprise value	5,543
Equity value	7,457
PV of forecast cash flows	1,604
PV of terminal value	3,938
Terminal value % of EV	71.1%
Implied exit EV / EBITDA	5.9x

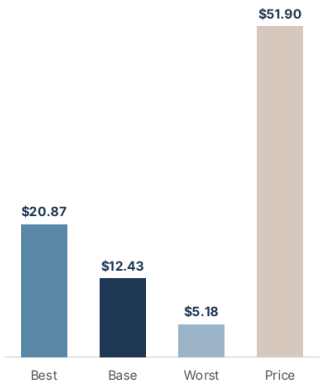
KEY ASSUMPTIONS

WACC (year 1)	11.6%
Terminal WACC	11.6%
Terminal growth (g)	2.5%
RONIC (terminal)	15.0%
Net debt & other claims	(1,914)
Diluted shares (mm)	600.0

SCENARIOS

Scenario	Terminal growth	Enterprise value	Equity value	Value per share	Upside
Best case	3.0%	10,609	12,523	**$20.87**	(59.8%)
Base case	2.5%	5,543	7,457	**$12.43**	(76.1%)
Worst case	2.0%	1,193	3,107	**$5.18**	(90.0%)
Current share price				*$51.90*	

VALUE PER SHARE VS. CURRENT PRICE



SENSITIVITY · VALUE PER SHARE

Terminal growth rate (g)

WACC / g	1.5%	2.0%	2.5%	3.0%	3.5%
10.6%	$13.76	$13.90	$14.07	$14.26	$14.47
11.1%	$12.96	$13.07	$13.20	$13.34	$13.50
11.6%	$12.25	$12.33	**$12.43**	$12.53	$12.65
12.1%	$11.61	$11.67	$11.74	$11.82	$11.91
12.6%	$11.03	$11.08	$11.13	$11.19	$11.25

Source: author's analysis.

In the Best Case the value is **$20.87** and in the Worst Case **$5.18**.

With a WACC half a point lower, the value rises to $13.20; with one half a point higher, it falls to $11.74.

EBITDA MULTIPLE METHOD

Applying a **7x** multiple to EBITDA in the last projected year of the Base Case (10x in the Best Case and 5x in the Worst Case), the model gives an Enterprise Value of $6,276 million and a value of **$13.65 per share**.

Rocket Lab Corporation

RKLB · Discounted Cash Flow · Exit Multiple Method

Valuation date 6 Nov 2026 · USD mm · Scenario: Base Case

INTRINSIC VALUE PER SHARE

$13.65

Current share price	$51.90
Upside / (downside)	(73.7%)

VALUATION SUMMARY

Enterprise value	6,276
Equity value	8,190
PV of forecast cash flows	1,604
PV of terminal value	4,671
Terminal value % of EV	74.4%
Implied perpetual growth	3.6%

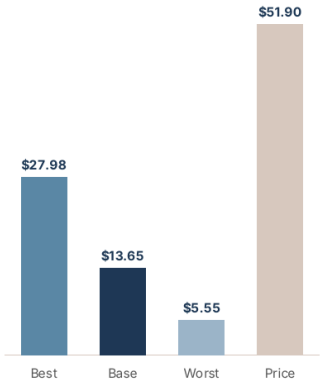
KEY ASSUMPTIONS

WACC (year 1)	11.6%
Terminal WACC	11.6%
Exit EV / EBITDA	7.0x
EBITDA, final forecast year	1,816
Net debt & other claims	(1,914)
Diluted shares (mm)	600.0

SCENARIOS

Scenario	Exit multiple	Enterprise value	Equity value	Value per share	Upside
Best case	10.0x	14,872	16,786	**$27.98**	(46.1%)
Base case	7.0x	6,276	8,190	**$13.65**	(73.7%)
Worst case	5.0x	1,415	3,329	**$5.55**	(89.3%)
Current share price				*$51.90*	

VALUE PER SHARE VS. CURRENT PRICE



SENSITIVITY · VALUE PER SHARE

Exit EV / EBITDA multiple

WACC / multiple	5.0x	6.0x	7.0x	8.0x	9.0x
10.6%	$12.10	$13.30	$14.51	$15.72	$16.93
11.1%	$11.75	$12.91	$14.07	$15.23	$16.39
11.6%	$11.43	$12.54	**$13.65**	$14.76	$15.87
12.1%	$11.11	$12.18	$13.25	$14.31	$15.38
12.6%	$10.81	$11.83	$12.86	$13.88	$14.91

Source: author's analysis.

The multiple may look low, but it is applied to 2035 EBITDA, when Rocket Lab would already be a large, mature company that still needs to invest 8% of revenue in CapEx. With an 11.6% WACC, 7x already implies 3.6% perpetual growth.

In the Best Case the value is **$27.98** and in the Worst Case **$5.55**.

Reading both methods together

Averaging both methods in the base case, I arrive at a **target price of $13 per share**, compared with a market price of $51.90. That is a downside of about 75%.

The stock has fallen from its $151 high, but not even the Best Case (between $21 and $28) comes close to the current price. The market is still paying for a combination of options (that Neutron works, that it scales, that Iridium is integrated well and that Rocket Lab becomes an alternative to SpaceX) that goes beyond what a DCF can capture.

SECTION 08

Conclusion

Rocket Lab strikes me as an extraordinarily interesting company. It is not simply a launch company: it is integrating launch, satellites, critical components, optical systems, laser communications, space robotics and software, and with Iridium it would add its own satellite network. Electron has already shown the company can execute, Space Systems is already the largest segment and Neutron, if it works, could change the size of the market the company can address.

I also really like Peter Beck. Rocket Lab has a technical founder, obsessed with the product and with a track record few teams in the sector can match.

But none of that removes the central problem: valuation. My model gives a **target price of $13 per share**, versus a price of $51.90. Even in the Best Case, the value is well below the current price. The market is pricing in almost perfect execution: that Neutron flies soon, that it scales commercially, that the Iridium deal goes well, that CapEx normalizes, that dilution stops and that margins improve very significantly.

It could happen. But it is not a scenario I would like to pay for in advance.

Rocket Lab can be a great company and, at the same time, not a great investment at this price. I do not have a position and I would not feel comfortable starting one at these levels. If someone wants to get in because they strongly believe in the long-term story, I would only do it with a very small position, understanding that it is more of a bet than an investment with a margin of safety. Personally, I prefer to wait for concrete signs that Neutron can fly, sell and scale with attractive margins.

Alan



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