

## Buy

Price: \$46.90

Company Name	Rocket Lab Corporation.
Year Founded	2006
Domicile	United States
Headquarters	U.S. Virginia
Primary Industry	Aerospace & Defense
S&P Rating	N/A

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# Rocket Lab Corporation

(NAS: RKLB)

## "The Mini Space X"

### Solidifying Standing as a Reliable Launch Provider

The current investment rating for Rocket Lab is Buy due to its strong positioning within the aerospace and launch services industry. The company continues to expand its market share in launch services, supported by a growing backlog of contracts that reflects customer confidence in its product reliability and future capabilities.

RKLB's consistent top-line revenue growth and margin expansion across both space systems and launch services highlights its ability to strengthen its role as a reliable and cost-efficient partner amid the expanding industry landscape driven by both government and commercial customers seeking alternatives in a rapidly evolving competitive landscape.

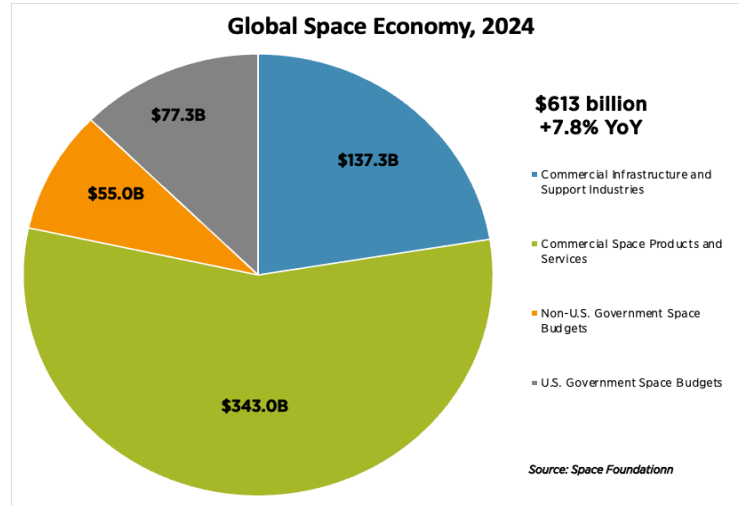
### The Most Comprehensive End-to-End Space Solutions

While many aerospace and defense companies—particularly launch providers—remain private to benefit from regulatory scrutiny, technological confidentiality, and operate free from shareholder pressures, Rocket Lab offers a unique public-market opportunity. As one of the few listed space companies with integrated services across both Launch Services and Space Systems, Rocket Lab represents most viable entry point for investors seeking exposure to the rapidly expanding space industry, underpinned by an end-to-end business model that differentiates it from peers—both public and private.

	JUN '25	DEC '24	DEC '23	DEC '22	DEC '21	DEC '20
Revenue	504.26	436.21	244.59	211.00	62.24	35.16
YoY	-	178%	116%	339%	177%	-
Gross Profit	132.21	102.50	38.49	7.62	-7.58	-14.76
YoY	-	266%	505%	-101%	51%	-

# 1. Industry Outlook

Exhibit 1-1. Space Economy TAM



## 1.1 Current Landscape and Growth Outlook

According to the World Economic Forum in collaboration with McKinsey, the global space economy is valued at \$613 billion in 2024 and is projected to expand at a 9% CAGR, reaching \$1.8 trillion by 2035. Of the 2024 market size, the commercial sector accounted for 78%, while government expenditures represented 22%, totaling approximately \$132 billion. Notably, in just the first half of 2025, the industry recorded 149 launches, marking the busiest six-month period in history.

## 1.2 Structural Shifts underway

Further, a key structural transition is underway. Traditional hardware and launch service providers are expected to gradually lose share as downstream, application-oriented services gain momentum. These include satellite-enabled technologies such as navigation apps, ‘ride-hailing’ platforms, and geospatial intelligence services—signaling a shift from “Infrastructure” to “applications” within the value chain.

## 1.3 Change in Cost Dynamics

Over the past two decades, launch costs have declined by nearly 90%, while the annual number of satellite launches has increased by more than 50%. This dramatic shift has driven down the price of space-derived data, lowering costs for industries reliant on Earth observation, global connectivity, and precision navigation. The reduction in barriers to access has also spurred innovation, enabling both government and commercial customers to experiment with new satellite constellations, miniaturized payloads, and data-driven business models.

Looking ahead, as launch cadence continues to accelerate and multiple rocket architectures reach operational maturity in the early 2030s, the accessibility and affordability of placing diverse payloads into orbit are expected to expand significantly.

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#### 1.4 Commercial and Defense drivers

This evolution will not only broaden the range of missions feasible for commercial enterprises and government agencies but also unlock adjacent opportunities in downstream services such as analytics, communications, and geospatial intelligence. For companies positioned across both launch services and space systems, these dynamics present a substantial runway for growth and a durable competitive advantage.

While commercial markets remain as the primary growth engine of the current and projected space economy, government and defense continue to shape the industry's long-term direction as it's a regulatory industry.

##### **Defense:**

The U.S. has underscored space as a strategic defense domain. A prominent example is the “Golden Dome” project, the next-generation layered missile defense system, where space-based sensor networks are critical. Building this sensory network requires hundreds of Low Earth Orbit (LEO) satellites. As the U.S. government is poised for rapid growth in defense sector President Trump announced intentions to invest approximately \$175 billion in creating the space infrastructure—signed into law on July 4, the One Big Beautiful Bill authorized a \$25 billion initial investment in the Golden Dome project.

##### **Commercial:**

While the commercial sector has driven substantial growth in the space industry, Position, Navigation, and Timing (PNT) services represent a core pillar of commercial demand, accounting for 47% of the commercial space segment in 2024 (Space Foundation). PNT underpins GPS, Galileo, aviation, financial transactions and numerous consumer applications. According to Space Foundation this market alone is forecasted to grow 155% by 2035, serving a cornerstone of industry growth. While Rocket Lab is a not a direct PNT service provider, it still plays a vital role by manufacturing satellite hardware and providing launch services essential to deployment and sustainment of the PNT infrastructure.

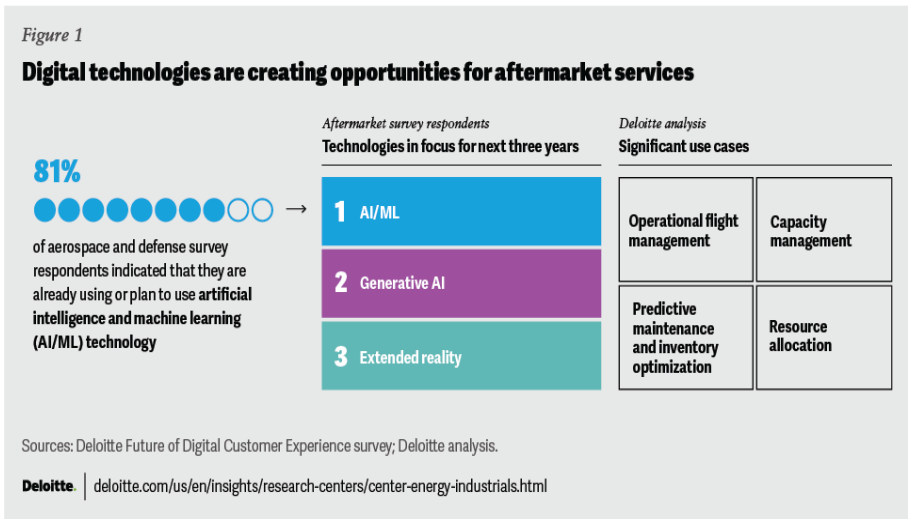
#### 1.5 AI integration and MRO Innovation

While diverse industry is expecting AI integration and following impacts on production efficiency and cost structure improvements, AI and digital technologies is also set to transform aerospace operations, particularly within Maintenance, Repair, and Overhaul (MRO).

MRO is crucial in extending the lifecycle of aircrafts and launch vehicles by enhancing launch cadence and ensuring mission reliability.

According to a Deloitte survey, 81% of the respondents in aerospace and defense industry report that they are already adoption or planning to adopt AI and Machine Learning (ML) in near future.

Exhibit 1-2. AI/ML integration with space technology



Practical applications of these technologies include predictive maintenance and inventory optimization. By leveraging historical mission data, AI can forecast component failures, reduce downtime, and optimize spare-part logistics—improving operational readiness and reducing costs. This digital layer enhances not only efficiency but also the profitability and scalability of space-related operations.

1.5 Investment Implications

Synthesizing the industry outlooks and insights, the aerospace & defense sectors is positioned for balanced growth across both commercial and defense domains, accelerated by AI driven operational improvements. Expansion of demand for PNT and other satellite enabled services, structural cost declines, and defense driven LEO satellite deployments are projected to underpin long-term momentum within the industry.

2. Company Overview

Rocket Lab, founded in 2006 and headquartered in Long Beach, CA, specializes in aerospace and defense, focusing on commercial and government rocket launchers. The company provides end-to-end mission services for civil, defense, and commercial markets, designing and manufacturing the Electron and Neutron launch vehicles and Photon satellite platform. Rocket Lab aims to offer frequent satellite launch opportunities to diverse orbits, most frequently the lower Earth orbit (LEO).

## 2.1 Insider Holdings

Rocket Lab is led by founder Peter Beck, who currently serves as Chairman and Chief Executive Officer. According to FactSet, although insiders collectively hold a modest stake, Beck remains the largest individual insider shareholder with a 1-2% ownership.

## 2.2 Management Capability

Peter Beck, originally from New Zealand, began his career at Fisher & Paykel, where he developed interest in rocketry. He continued his experimentation and business development during his time at Industrial Research Ltd., where he was introduced to Stephan Tindall, one Rocket Lab's earliest investors.

In 2006, Beck officially founded Rocket Lab in New Zealand, and by 2009 the company made its first successful launch of 'Atea-1'. Under his cumulated leadership, Rocket Lab was publicly listed in 2021 via a SPAC merger.

## 2.3 Business models and services

Under Peter Beck's direction, Rocket Lab has successfully developed diversified space products and services, leveraging to an end-to-end space solutions provider, offering both launch services and space systems products.

### I) Launch Vehicles

For its launch services, Rocket Lab offers differentiated launch vehicles designed to serve a broad spectrum of missions. Their primary vehicles include Electron, Neutron, and HASTE, which highlights the company's strategic focus on reusability, cost efficiency, and cadence.

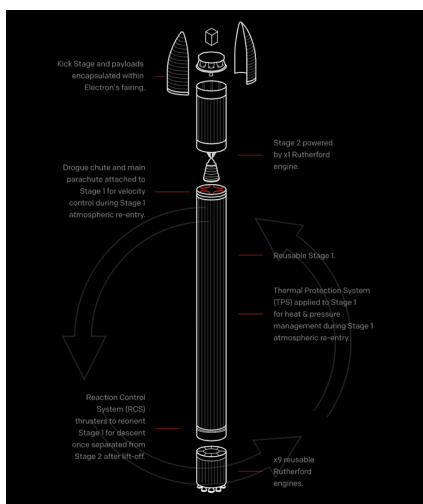


Exhibit 2-1. Electron

Source: Rocket Lab

### Electron:

Electron is the world's first reusable, orbital-class small rocket capable of delivering up to 300kg to LEO. Its Stage 1 and engine can be reused, enabling both higher launch cadence and cost reduction. To date, Electron has 69 cumulative missions, deploying more than 230 satellites into their intended orbits. It also holds the distinction of being the most frequently launched small orbital rocket, establishing Rocket Lab as a leader in the small launch market.

**Neutron:**

Currently under production and scheduled to launch in 2025, Neutron is a medium lift, partially reusable vehicle designed to deliver payload of up to 13,000kg to LEO. Unlike Electron, Neutron is engineered for greater reusability, with recovery planned not only for Stage 1 and engines, but also for its fairing, positioning it as a cost-efficient solution for heavier payloads and broader mission profiles.

**HASTE:**

Built on Electron's Stage 1 design, HASTE provides suborbital hypersonic tests for commercial and government customers. Offering a high-cadence platform, HASTE addresses a rapidly growing demand for testing next-generation defense and aerospace technologies.

Successful track records across Electron missions, coupled with the upcoming upgrade to Neutron launch vehicles, has garnered strong interest from investors. Neutron's reusability is expected to drive further cost reduction in launch services, while its extended payload capacity of up to 13,000kg opens access to new market segments and customers seeking to deploy small to medium-sized payloads into orbits.

Apart from its launch services, Rocket Lab has strategically expanded into space system products, broadening its role and fully encompassing the diverse segments of the space economy. Currently, the company offers solutions across 5 distinct product categories—including satellite buses, communication hardware, power systems, core subsystems, and mission software—and continues to expand its portfolio.

**Satellite Bus:**

Photon (Explorer, Lightning, Pioneer, Flatellite variants) is Rocket Lab's proprietary satellite bus derived from its Electron kick stage. Photon and its variants support payload deployment and orbital maneuvering.

**Communication Hardware:**

Frontier radio suite (Frontier-S, Frontier X), licensed from Johns Hopkins APL, is a communication hardware for near-Earth and deep-space command and control.

**Power Systems:**

STARRAY Solar Arrays is a customizable, next-generation solar power solutions for small satellites. The product's modular integration, efficient power delivery and optimization for mass production makes it a reliable and attractive product-line.

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### Core Subsystems:

Rocket Lab's subsystem products include star trackers, reaction wheels, separation systems, and flight software and ground software.

### Operational Software:

Rocket Lab also offers mission software, including MAX Constellation, and InterMission, which are designed primarily for operations, automation, and cybersecurity in large-scale satellite deployments.

These capabilities position Rocket Lab as a comprehensive space infrastructure supplier, with products and services spanning from satellite hardware to ground and mission operations software.

## 3. Distinct MOAT and Comparative Advantage

3-1 What are the tailwinds for Rocket Lab

Moving forward, Rocket Lab has reinforced its established foothold in the aerospace industry through product diversification and merger-driven growths, successfully building its momentum in vertical integration and establishing a distinctive competitive MOAT relative to both public and private peers. This positions Rocket Lab as one of the few publicly listed space infrastructure provider.

### 3-1. Proven and Extensive Launch Record

Rocket Lab ranks as the second most active orbital launch provider in the U.S., after Space X. In 2024, the company accounted for over 10% of all U.S. Orbital launches, completing 16 successful Electron missions during the year. With a cumulative success rate of 98%, Rocket Lab has gained credibility over diverse customer base, including the U.S. Department of Defense, NASA, and other international commercial satellite operators, solidifying its MOAT.

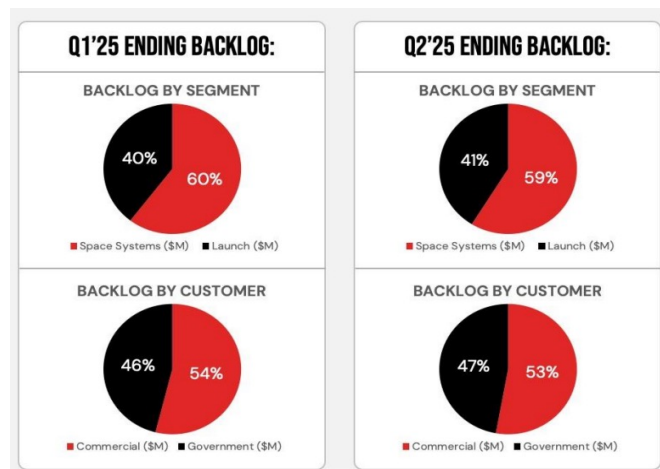


Exhibit 3-1. Q2'25 Backlog based on Customers

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As of Q2 2025, Rocket Lab has successfully maintained a backlog of approximately \$1.0 billion, with 53% attributable to government and other 47% to commercial contracts. The strong mixture of order book underscores the company's resilient positioning in the market and the long-term revenue visibility along with the market share expansion.

### **3-2. Integrated Launch and Space Systems Capability**

Rocket Lab is one of the few companies globally capable of offering both launch services and fully integrated space systems services. While companies have chosen to specialize in either launch or space systems manufacturing, Rocket Lab's vertical integration allows it to consolidate contracts, launch and manufacturing schedules, and quality management under a single framework. This unified approach not only reduces cost but also improve operational efficiency and compatibility of its own products. To obtain this comprehensive system, Rocket Lab not only relied on internal development, but also expansion through a series of mergers and acquisitions, further reinforcing its MOAT within the industry. This unique, and hard to obtain, business model has proven attractive for clients enabling the firm to secure long-term partnership and a growing backlog of revenue.

#### **Mar 2020 – Sinclair Interplanetary**

Brought small satellite component manufacturing in-house, integrated into Photon platform, and strengthened supply chain.

#### **Dec 2021 – Planetary Systems Corp**

Secured payload separation systems for satellite launches, expanding hardware capabilities.

#### **Dec 2021 – Advanced Solutions, Inc.**

Internalized software capabilities for satellites and rocket systems, enhancing platform integration.

#### **Jan 2022 – SolEro Holdings, Inc.**

Acquired satellite power systems, increasing the completeness of Space Systems integration.

#### **2025 (expected) – GEOST, LLC**

Pending acquisition focused on advanced space domain awareness and defense-related capabilities.



Especially the pending acquisition of GEOST—firm specifying in electro-optical & infrared sensors for missile warning, tracking, and space domain awareness system—points to the Rocket Lab’s strategy to strengthen its capabilities in defense and national security. With the sector’s heavy reliance on government investment and partnerships, Rocket Lab aims for deeper push into defense and national security that could unlock future opportunities such as the **Golden Dome** program.

### 3-3. Neutron’s Mass-Optimization Strategy for Profitability

As highlighted in the peer comparison table below, Rocket Lab demonstrates notable advantages relative to its peer groups based on key industry metrics . Rocket Lab has established meaningful segment diversification, underpinned by strong track record if its Electron launch vehicle, with approximately 98% success rate. This momentum is expected to carry forward with the upcoming Neutron. Up to date, Rocket Lab and Space X are the only Launch providers that have successfully operationalized reusability in launch systems and aims towards fully-reusable vehicle in near future, which would drive future cost-efficiencies and higher launch cadence.

Company	Public/Private	Segment	Launch (Cum)	Success Rate	Backlog	Payload (max to Leo)	Reusability
Space X	Pri	Launch	512 (Falcon 9)	~98%	N/A	22.8t (Falcon 9)	Partial
ULA	Pri	Launch	155+	~98%	N/A	8t (Atlas V)	None
Blue Origin	Pri	Launch	1	100%	N/A	45t (planned)	Planned
Relativity Space	Pri	Launch	1	0%	~1.8B	23.5t (Terran R planned)	Planned
Stoke Space	Pri	Launch	0	-	N/A	3t (planned)	Planned
Rocket Lab	Pub	Launch & Space systems	69 (Electron)	~98%	1B	13t (Neutron)	Partial
Firefly Aero	Pub	Launch	6	33%	1.1B	1t (Alpha)	None
Astra Space	Pub	Launch	7	~30%	0.16B	~0.5t (planned)	None
Northrop Grumman	Pub	Space Systems	~100	~90%	89.74B	N/A	N/A
Lockheed Martin	Pub	Space Systems	N/A	N/A	176B	N/A	N/A
Boeing	Pub	Space Systems	N/A	N/A	619B	N/A	N/A

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Space X, continues to significantly outperform Rocket Lab's launch services, primarily through the unmatched capabilities of its vehicle, the Falcon 9. With a payload capacity exceeding 22,000kg to LEO, Falcon 9's scalability position it far ahead of small launch systems.

However, regulatory and strategic dynamics are creating opportunities for Rocket Lab. According to Barron's, the U.S. government agencies are actively seeking to reduce their dependency on Space X and secure cost-efficient and reliable alternatives. With proven track record, vertical integration, diversified product suite, and prior experience in defense contracts, Rocket Lab is increasingly seen as the leading alternative provider for Space X, earning the nickname "Mini Space X" within the industry.

For investors, Rocket Lab offers a unique entry point into the aerospace and defense sector. Unlike other prominent peers such as Space X and ULA, Rocket Lab trades publicly and provides exposure to both launch and space systems services. This dual-market positioning, coupled with a growing backlog of government and commercial contracts are an attractive investment point for those seeking exposure to secular growth of the space economy.

### **Why did Rocket Lab go public?**

While most aerospace and defense companies remain private due to structural and strategic advantages—such as flexibility in long-term R&D, lower disclosure requirements, and freedom in strategic pivoting—Rocket Lab made a deliberate choice to go public. This decision has proven successful, creating viable opportunities for investors. The key reasons include:

#### **1. Capital Intensity for Growth**

Although Electron had already been commercialized, the next phase of development—Neutron, as well as M&A in space systems—required investment on the scale of hundreds of millions to billions of dollars. Private capital alone was insufficient to fund such capital-intensive initiatives. Through its 2021 SPAC merger, Rocket Lab raised approximately \$745 million.

#### **2. Enhanced Credibility**

Transparency is critical in securing large, multi-year government and defense contracts. As a public company, Rocket Lab strengthened its credibility as a trusted counterparty for the U.S. government. In addition, the company's proven launch track record and established revenue visibility, making its IPO more compelling to both customers and investors.

### 3. Financials and Valuations

#### Income Statement (YoY)

	JUN '25 LTM	DEC '24	DEC '23	DEC '22	DEC '21	DEC '20 Restate
<b>Sales</b>	504.26	436.21	244.59	211.00	62.24	35.16
Cost of Goods Sold (COGS) incl. D&A	372.05	333.71	206.10	203.38	69.81	49.92
COGS excluding D&A	338.50	301.28	176.97	170.23	56.95	39.63
Depreciation & Amortization Expense	33.55	32.44	29.13	33.15	12.86	10.29
Depreciation	22.29	20.37	16.03	19.92	9.54	8.07
Amortization of Intangibles	11.26	12.07	13.10	13.23	3.32	2.22
<b>Gross Income</b>	132.21	102.50	38.49	7.62	-7.58	-14.76
SG&A Expense	354.49	292.30	216.41	149.39	95.49	42.86
Research & Development	210.06	168.46	114.26	66.74	41.66	22.42
Other SG&A	144.43	123.85	102.14	82.66	53.84	20.45
<b>EBIT (Operating Income)</b>	-222.28	-189.80	-177.92	-141.78	-103.07	-57.62
Nonoperating Income - Net	1.89	4.34	3.25	-3.43	-1.37	2.83
Nonoperating Interest Income	0.00	0.00	0.00	0.00	0.00	0.22
Other Income (Expense)	1.89	4.34	3.25	-3.43	-1.37	2.61
Interest Expense	7.19	3.95	4.25	7.80	6.13	0.00
Gross Interest Expense	7.19	3.95	4.25	7.80	6.13	0.00
Unusual Expense - Net	0.00	0.00	0.00	-13.06	16.84	3.44
Restructuring Expense	0.00	0.00	0.00	0.43	1.55	1.03
Unrealized Valuation Gain/Loss	0.00	0.00	0.00	13.48	-15.29	-2.42
Hedges/Derivatives	0.00	0.00	0.00	13.48	-15.29	-2.42
<b>Pretax Income</b>	-227.57	-189.41	-178.92	-139.94	-127.40	-58.23
Income Taxes	3.74	0.76	3.65	-4.00	-10.08	-3.23
Income Taxes - Current Domestic	0.01	-0.02	-0.04	0.00	0.00	0.00
Income Taxes - Current Foreign	-0.30	3.27	3.80	2.38	2.38	1.41
Income Taxes - Deferred Domestic	0.45	0.57	-2.25	-6.30	0.00	0.00
Income Taxes - Deferred Foreign	0.60	-0.17	1.48	-3.60	-0.94	0.00
Income Tax Credits	0.00	0.00	0.00	7.00	2.56	3.70
<b>Consolidated Net Income</b>	-231.31	-190.18	-182.57	-135.94	-117.32	-55.01
<b>Net Income</b>	-231.31	-190.18	-182.57	-135.94	-117.32	-55.01
Net Income available to Common	-231.31	-190.18	-182.57	-135.94	-117.32	-55.01
<b>Per Share</b>						
EPS (recurring)	-0.45	-0.38	-0.38	-0.31	-0.50	-0.67
EPS (basic)	-0.46	-0.38	-0.38	-0.29	-0.56	-0.70
Basic Shares Outstanding	515.09	495.93	481.77	466.21	209.90	78.41
Total Shares Outstanding	479.33	504.45	488.92	475.36	450.18	78.41
EPS (diluted)	-0.46	-0.38	-0.38	-0.29	-0.56	-0.70
Diluted Shares Outstanding	515.09	495.93	481.77	466.21	209.90	78.41
Total Shares Outstanding	479.33	504.45	488.92	475.36	450.18	78.41

Rocket Lab has continued to deliver top-line revenue growth alongside gross margin expansion, underscoring its ability to scale operations and optimize efficiencies. While operating income remains negative, this is a common industry-specific trait, as companies in the aerospace and defense sector allocate substantial capital toward R&D to secure long-term growth—one of the reasons why companies prefer to remain private, since they can't efficiently create shareholder value. Rocket Lab has exemplified this dynamic by consistently reinvesting into new product lines and launch vehicle development. The company's upcoming Neutron rocket, expected to debut in 2025, represents a significant milestone. Neutron not only expands payload capacity but also enhances reusability, positioning Rocket Lab for meaningful revenue acceleration and further margin expansion.

Percent of Total (%)					
	DEC '20	DEC '21	DEC '22	DEC '23	DEC '24
<b>Total</b>	-	100.0	100.0	100.0	100.0
<b>Space Systems</b>	-	37.4	71.2	70.6	71.3
<b>Launch Services</b>	-	62.6	28.8	29.4	28.7

Growth (%)					
	DEC '20	DEC '21	DEC '22	DEC '23	DEC '24
<b>Total</b>	-	-	239.0	15.9	78.3
<b>Space Systems</b>	-	-	546.0	14.9	80.0
<b>Launch Services</b>	-	-	55.7	18.5	74.4

Based on the revenue breakdown by segment, space systems have become the primary growth driver, contributing a significantly larger share of total revenue compared to Launch Services. Both segments recorded year-over-year growth from FY23 to FY24; however, Space Systems demonstrated a particularly sharp acceleration, rising from approximately 14.9% to nearly 80% of total revenue.

### Valuations

	DEC '24	DEC '23	DEC '22	DEC '21	DEC '20
<b>Price/Sales</b>	28.96	10.89	8.33	41.41	22.55
<b>Price/Book Value</b>	33.59	4.88	2.66	7.92	-4.76
<b>Price/Tangible Book Value</b>	50.83	6.51	3.43	9.25	-4.38
<b>Price/Cash Flow</b>	-258.36	-26.95	-16.50	-35.90	-28.56
<b>Price/Free Cash Flow</b>	-108.91	-17.35	-11.80	-26.44	-14.99
<b>Enterprise Value/EBIT</b>	-67.99	-14.85	-10.42	-48.20	-7.00
<b>Enterprise Value/EBITDA</b>	-82.00	-17.75	-13.59	-55.07	-8.53
<b>Enterprise Value/Sales</b>	29.58	10.80	7.00	79.82	11.48
<b>Total Debt/Enterprise Value</b>	0.04	0.07	0.11	0.03	0.07

According to traditional valuation metrics, Rocket Lab appears significantly overvalued, with a Price-to-Sales ratio of approximately 29 compared to the aerospace and defense industry peer average of 2.21 as of January 2025 (NYU research). Profitability ratios also remain negative due to persistent operating losses. However, this does not indicate that Rocket Lab is underperforming. Instead, it reflects increasing investor sentiment and expectations toward the company. Although operating income has not yet turned positive, the upcoming Neutron launch, alongside the associated backlogs and contracts, continues to build momentum.

Recent Q2 earnings reinforce this outlook, with Rocket Lab reporting revenue of \$144.5M, above guidance of \$133–140M, representing a 36% YoY increase and a 17.9% gain from Q1 2025. The company also demonstrated margin expansion, and with operating leverage inherent in the industry, further margin improvement is anticipated.

Maintaining its growth momentum, Rocket Lab has issued Q3 FY25 guidance with revenue expected in the range of \$145M–\$155M, representing sequential growth from Q2. Gross margin is projected at 35%–37%, reflecting continued margin expansion. On the balance sheet, Rocket Lab maintains \$745M in cash, equivalents, and marketable securities, providing ample liquidity to fund ongoing R&D, M&A activity, and Neutron development.

## 2. Risk Factors

Amid a positive industry outlook and Rocket Lab’s company-specific advantages, including vertical integration and competitive moats, the company has shown consistent revenue growth and an expanding backlog of contracts. However, investors should be mindful of key risks that may weigh on future performance.

First, Rocket Lab’s backlog and forward contracts are heavily reliant on the successful development and launch of Neutron.

Lists of Contracts	
1. International Space Agency Contracts	European Space Agency
2. Aspera Astrophysics Science Mission	NASA
3. Victus Haze	USSF
4. Constellation Program (tranche 2 completed)	Space Development Agency (SDA)
5. VADR (Neutron)	NASA
6. NSSL Phase 3 Lane 1	U.S. NSSL
7. Golden Dome (projected)	U.S. Gov

Based on current contract disclosures from investor presentations, Rocket Lab’s backlog is increasingly dependent on Neutron services. For example, NASA, following multiple successful Electron missions, has extended contracts tied specifically to Neutron launches. Similarly, the U.S. Space Force’s NSSL Phase 3 Lane 1 award is also contingent on Rocket Lab’s ability to deliver Neutron’s projected launch capabilities.

If Neutron’s debut were to fail, Rocket Lab faces the risk of losing projected contracts tied to the vehicle, including government and commercial missions. This could delay backlog recognition, weaken revenue visibility, and significantly deteriorate financial performance, leading to missed revenue projections and diminished investor confidence.

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Rocket Lab currently benefits from being one of the few publicly traded companies offering launch services, which provides visibility to investors. However, if major private peers pursue IPOs, Rocket Lab could face heightened competition for both market share and investor capital. This may force the company to reduce pricing or expand service offerings more aggressively, putting pressure on margins.

A further consideration is valuation. Rocket Lab currently trades at a substantial premium to industry peers, with a Price-to-Book ratio in the 40s compared to a sector median in the low 2s. While this valuation reflects strong investor confidence and high expectations, it also leaves the stock vulnerable to downside risk. Any execution missteps, delays in Neutron's development, or shifts in market sentiment could trigger a meaningful re-rating, as the company's negative profitability offers limited buffer for multiple expansion.

#### **4. Final Recommendations**

Despite risk factors surrounding Neutron's debut, valuation premiums, and competitive pressures, Rocket Lab's long-term investment remain compelling to investors. The company had successfully established a strong position in the small launch market with Electron, expanding to medium-life vehicle, unlocking opportunities for broader payload demand. In parallel, its revenue diversification through Space Systems, supported by strategic vertical integration and M&A, strengthens both growth visibility and resilience..

With a solid customer base, growing backlog, and the unique position as one of the only publicly listed pure-play space companies, we assign a "Buy" recommendation on Rocket

For more cautious, passive investors, we recommend initiating positions following the successful debut of Neutron, which would mitigate a key execution risk while offering upside as contracts and backlog are recognized.