

Stock Pitch: Rocket Lab

Sector: Industrials
Ticker: RKL
Recommendation: **BUY**

Headquarters: Long Beach, CA, USA
Current Price: \$6.34

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COMPANY STATISTICS

Market Cap (\$ Bn):	\$3.15
52-Week Range:	\$3.47 - \$7.36
Dividend Yield:	0.00%
Free Cash Flow Yield:	-5.76%
P/E (Current):	-17.31
P/Book (Current):	6.84
Return on Equity:	-34.12%

Company Overview

Rocket Lab is a U.S.-based aerospace manufacturer and small satellite launch service provider. Founded in 2006 by Peter Beck in New Zealand, the company has rapidly grown into a significant player in the small satellite launch market.

Rocket Lab is best known for its **Electron rocket**, a small-lift launch vehicle designed to deliver small payloads to orbit. Electron is specifically optimized for the rapidly growing small satellite market, catering to the needs of commercial, academic, and government clients.

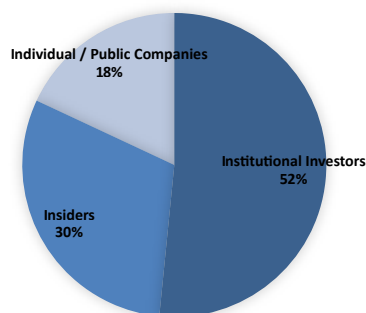
Major Achievements

- First commercial launch in 2018: Rocket Lab launched its first fully commercial mission, cementing its status as a key player in the small satellite launch sector.
- Launching CAPSTONE for NASA: This mission, launched in 2022, serves as a pathfinder for NASA's Gateway, part of the Artemis program aimed at returning humans to the Moon.
- Going public: Rocket Lab went public in 2021 through a merger with a special purpose acquisition company (SPAC), boosting its market presence and fundraising potential.

Competitors:

Rocket Lab competes with other small launch vehicle providers such as SpaceX (particularly the Falcon 9), Astra Space, and Virgin Orbit. However, Rocket Lab has carved out a niche by focusing on dedicated small satellite launches, as opposed to ride-sharing on larger rockets.

RKL SHAREHOLDER STRUCTURE



INVESTMENT THESIS

I rate Rocket Lab as a **Buy**. My recommendation is predicated upon the idea that Rocket Lab is dominating the small satellite space, an ever-growing market and has plans to enter the medium launch space in the near future, providing direct competition to SpaceX's Falcon 9. As detailed by the image below, Rocket Lab's Electron is the only reusable spacecraft and has a successful 48 out of 52 launches, putting its reliability at 93%. Additionally, its cadence, which measures the regulatory of a product shipping clocks in at 10 in 2023, far outpacing any potential competitors. Essentially, Rocket Labs has proven that it can supply a not only consistent spacecraft, but also partially reusable for small satellite launches to clients including NASA, NRO, DARPA, US Space Force, etc.

Additionally, Rocket Labs is entering the medium launch space, with plans to launch Neutron in mid 2025, in an effort to obtain a percentage of the market in this industry.

Medium Launch								Twtr: WelfareCapLLC										Development Cost & Price in millions					\$/Kg in thousands				
Provider	Vehicle	1st Launch	2023 Cadence	2024 Cadence	Total Launches	Lifespan	Dev Time	Dev Cost	Kg to LEO	Price Tag	\$/Kg	Reliability	Reusable	Ongoing													
SpaceX	Falcon 9	2010	32	25+33E	376	2010-2024+	4.8 years	\$ 1,900	17,500	\$ 70.0	\$ 4,000	99.2%															
ULA	Atlas V	2002	2	2	101	2002-2024	~10 years	\$ 1,750	18,850	\$ 125.0	\$ 6,631	99.0%															
Arianespace	Ariane V	1996	2	0	117	1996-2023	10+ years	\$ 7,750	17,500	\$ 175.0	\$ 10,000	95.6%															
ULA	Delta IV Medium	2002	0	0	29	2002-2019	~10 years	\$ 3,000	8,800	\$ 180.0	\$ 20,455	100.0%															
ULA	Vulcan	2024	0	1+2E	1	2024+	9 years	\$ 2,500	27,200	\$ 120.0	\$ 4,412	100%*															
Arianespace	Ariane VI	2024	0	1+1E	1	2024+	10+ years	\$ 3,000	21,650	\$ 126.0	\$ 5,820	0%*															
Rocket Lab	Neutron	2025E	0	0	0	2025E+	4.3 years*	\$ 300	13,000	\$ 55.0	\$ 4,231	0%*															
Small Launch								Twtr: WelfareCapLLC										Development Cost & Price in millions					\$/Kg in thousands				
Provider	Vehicle	1st Launch	2023 Cadence	2024 Cadence	Total Launches	Lifespan	Dev Time	Dev Cost	Kg to LEO	Price Tag	\$/Kg	Reliability	Reusable	Ongoing													
Rocket Lab	Electron	2017	10	10+6E	52	2017-2024+	3 years	\$ 123.00	340	\$ 7.5	\$ 22,059	93%															
Firefly	Alpha	2021	2	1+3E	5	2017-2024+	4 years	\$ 125.00	1,030	\$ 16.0	\$ 15,534	40%															
ABL Space	RS1	2023	1	1+3E*	2*	2023-2024+	6 years	Unknown	1,350	\$ 12.0	\$ 8,889	0%*															
Virgin Orbit	LauncherOne	2020	1	0	6	2020-2023	8 years	\$ 700.00	500	\$ 12.0	\$ 24,000	66%															
SpaceX	Falcon 1	2006	0	0	6	2006-2009	6 years	\$ 131.00	180	\$ 11.5	\$ 63,889	40%															
Northrop	Pegasus	1990	0	0	45	1990-2024+	3 years	\$ 96.00	450	\$ 40.0	\$ 88,889	88%															
Northrop	Minotaur IV	2010	0	0+2E	7	2010-2024+	5 years	\$ 201.00	1,590	\$ 50.0	\$ 31,447	100%															
Arianespace	Vega C	2022	0	0+3E	2	2022-2024+	8 years	\$ 450.00	2,450	\$ 37.0	\$ 15,102	50%															
Astra	Rocket 3.3	2020	0	0	8	2020-2023	5 years	Unknown	80	\$ 2.5	\$ 31,250	25%															

Essentially, I think Rocket Labs is a genuine competitor to the otherwise dominant SpaceX in the LEO and MEO launch industry and can rival satellite constellations such as Starlink with the massive success it has earned from the consistency and reusability of its Electron project, and its upcoming Neutron project.