“So it was a volatile quarter, in the quarter for sure. Amid geopolitical tensions, tariff uncertainties and internal government instability. What we really want to touch on is the changing in US Europe relations, which has sparked a reset in Europe's reliance on US military and technological systems, growing concerns over missile threats in China. Space-X has some new competition coming online, which is definitely, worth talking about. And advancements in geo AI, geospatial intelligence and the intersection of AI, is really one of the largest, opportunities in the space economy today.”

Hello, everyone. Welcome to SpaceX capital headquarters here in New York City. I'm Chad Anderson. Justus Kilian is out today. So, you will see that, we have, a bit of a change of scenery. Talking to you from my office. And we are here to talk about the, Q1 2025 space IQ. So, this was a very interesting quarter.

And to start with, there was $4.3 billion invested into 104 companies across the space economy. That brings the total, since 2009 to 348 billion. Across almost 20, 200 unique companies. We had, several exits, including one IPO. We'll talk about that a little bit later. The largest rounds in infrastructure as T-Mobile raised the $400 million, pipe, sky low, is a direct, to device, company.

In the distribution layer and ceramic, is a military, defense company. Focused on maritime autonomy. Which is heavily leveraging, satellite communications and other space technologies. So there are, a few key themes to talk about. You'll see, if you look at the cover of the report, we have the, Firefly, lunar lander.

The picture that it took from the surface of the moon when it successfully landed in Q1, as incredible as that was, it actually didn't even make, for an honorable mention in our opening letter when we're talking about the key themes of the quarter and that just I think it goes to show, that despite all of the milestones and all the incredible things that we saw happen in Q1, the things that are going on in the macro, economy that are impacting the space economy, are even bigger.

So let's dive into, some of those. So it was a volatile quarter, in the quarter for sure. Amid geopolitical tensions, tariff uncertainties and internal government instability. What we really want to touch on is the changing in US Europe relations, which has sparked a reset in Europe's reliance on US military and technological systems, growing concerns over missile threats in China.

Space-X has some new competition coming online, which is definitely, worth talking about. And advancements in geo AI, geospatial intelligence and the intersection of AI, is really one of the largest, opportunities in the space economy today. You probably heard us say that several times in the last few quarters. It continues to be an area of focus for us, at SpaceX capital, when we're deploying, our investment dollars.

And, there was a lot going on there this quarter. So, let's dive into, what shapes the, space capital markets this quarter. So, first up, Doge the Department of Government Efficiency and, recession risks. So, space stocks, had a run up immediately following Trump's, election. And that was really driven on optimism, surrounded by the idea that there was going to be continued, commitment to bolstering space and defense initiatives.

But those gains have all been reset and actually have gone into the negative. We've got several large banks actually talking about, recession risk. The S&P 500, the Nasdaq 100, both posting their worst, worst quarter in three years. So, and this is all comes on citing economic pressures from the Trump administration's tariff and immigration policy.

So, a recession would be particularly, challenging for the space economy, and in particular for startups. And, those are actually it's been a few very difficult years, of fundraising in the financial markets for startups. And so a recession at this point in time would be really difficult for, for a lot of companies.

Government, contracts could shrink, or there could be delays, which it could impact, companies that are dependent on defense and national security spending. Larger firms are clearly better positioned to weather this storm. And smaller players are likely to be more impacted. So, this could impact innovation, and growth. And could also help consolidate, market power amongst, those well-capitalized incumbents.

So this is definitely an area that we're going to be looking at, very carefully as we think about, investing in the space economy going forward. But while there are risks, there are also, significant tailwinds. So, one of which is, space as the domain of warfare. So something very interesting happened in Q1.

It was, the Space Force was set up, the US Space Force, with personnel, that they called Guardians. And the idea was it had a very sort of defensive posture, guarding orbits and guarding, our assets in space. And there was a, a an about face that happened in Q1 where, the Space Force came out and talked much more about, like, this is a, domain of warfare, and this is an area where we are going to be continuing to build defensive capability, but also offensive capability.

And so, what we just talked about, Doge and the impact of these cuts across government agencies, departments and projects across the government are being shuttered, but reports that China is practicing dog fighting maneuvers, in space is a, something that really, got people talking in the defense community. It prompted the US secretary of defense to confirm the US, the US space strategy and the critical importance of this.

He said that there's no way to ignore the, the the fact that the next and most important domain of warfare will be the space domain. You're going to see far more investment from this administration into that domain, both offensively and defensively. So, I think we're seeing this actually play out most clearly in the administration's, Golden Dome missile defense proposal, which could lead to significant resources being made available for national security programs and create new opportunities for companies that are, specializing in areas like space domain awareness, power, AI and autonomous systems, resilient satellite operations.

So, for those history buffs out there, you know, history does doesn't repeat, but it, usually rhymes. And this is certainly a rhyme on history. So the Golden Dome Initiative, harkens back to, the SDI, the Star Wars initiatives during the Reagan era. Actually, a lot of the solutions that are being proposed are, are, twists, takes on, the proposals that were that were proposed before, previously brilliant swarms is, a program that, and solution that, that has been proposed, which is very similar to the brilliant pebbles, which was proposed, back in the day.

So, really interesting to see this continue to play out. I think that this is going to be a significant tailwind for additional, defense resources being made available to companies. I think, we can't talk about Q one without talking about, European solidarity. The significant fracture, between the US and long time European allies, given what happened, in the white House, with the president of Ukraine, and relations really taking a sharp turn.

So Europe responded with, the, Rearm Europe plan, which the idea is to make 800 billion, euros available to reduce the dependance on, the US and Starlink and, on the heels of this, European defense stocks surged. So there was a, obviously a big belief, in, seismic shift towards, domestic procurement.

But there are some significant hurdles that remain. Today, 80% of the EU's military, technology is imported and most of that is from the US. So, there's going to be significant challenges in, in, executing this rearm plan that they're laying out. But it certainly appears that there is the, will and the desire to make that happen space, for example.

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I mean, just looking at launch as, as one of the areas in which this is made, this gap is, is is very clear is in launch and space has as far outpaced the EU in payload capacity, reusability and launch cadence. You know, the Ariane six, which is Europe's flagship, launch vehicle, is years behind.

And at the same time, that we were seeing this, this new plan being announced, less reliance on the US, less reliance on Starlink. You saw investor interest in European solutions, right? So Eutelsat, was actually in really dire financial straits. As recently as Q4, their stock was stock price was not doing well.

And then on the heels of this news, you saw their stock jumped 600%, as one web was seen as a Starlink alternative. We've since seen that, that that run up come back, because I think people are starting to realize that it's terminals, are much pricier and bulkier. Major improvements are going to be needed, to reach consumers.

I mean, their, their constellation is 10% the size of Starlink's, for example. And actually, just recently, the Eutelsat CEO actually came out and said that that, that they can't match Starlink's scale. And then, you know, another, key point, to sort of drive this point home, I mean, even key investors in one web are skeptical. Sunil Bharti Mittal, who's co-chair and the largest shareholder of Eutelsat, is simultaneously partnering with SpaceX, to bring Starlink to India.

So that kind of goes to show you, those who who know, understand the limitations of, of, Starlink alternatives and kind of showcases how far advanced, Starlink is. So, this is really interesting. Not just in with regards to Europe, but also other alternatives. Like Amazon's Kuiper, which is, going to start coming online in Q2.

So, also, I mean, if you just look at private capital, over the last ten years, there's been $150 billion invested into U.S., space companies. There's been 30 billion invested into Europe. So the EU remains, a major player in defense and space. But, its ability to decouple itself, from the US and, and others, you know, is, is is a significant challenge.

And so we'll be watching that very closely, in the quarters to come as well. All of this, by the way, everything that we've talked about so far is actually these are big seismic shifts that aren't actually showing up in the numbers. In these Q1 number, but they will over the coming quarters. And so it's definitely an area to watch.

Another key trend, for Q1 is, additional competition for space. The company has really, enjoyed a decade of very limited competition. But alternatives are finally starting to emerge. In January, Jeff Bezos Blue Origin successfully, reached orbit with their New Glenn vehicle. It is now halfway on its way to being certified for national security missions.

It actually, has one it is it is teed up for, for some of this national security money. Rocket Lab and Stokes space were also selected to compete alongside SpaceX, Blue Origin and ULA for National security space launch contracts. These are billions of dollars. And more and more companies entering that pool, competing for those dollars at the same time.

A, another scheduling launch company has been given new life. So, Relativity Space, well known for raising a ton of capital in the zero interest rate period in the run up to 2021. They very quickly went from a startup to raising capital from big crossover investors at a 4 billion plus valuation. At the end of last year, fidelity was an investor in that company.

They publicly report, their holdings and they reported a 97%, price drop, in their holding in that company, really driven by technical delays and a shortage of cash. And so, in Q1, former Google CEO Eric Schmidt, came in and acquired a controlling interest in the company, and stepped in as CEO.

So they didn't make the purchase price available publicly, and nobody announced a purchase price. But we estimated it to be on the order of 100 million, which is very much in line with Fidelity's assessment. And well below the valuation of the company, at its peak of $4.2 billion back in 2021. So this is now a company that sits among the cohort of space companies that came crashing down to Earth since the peak of the market.

But it could be one of the first to bounce back. So it's gonna be really interesting to see what Eric Schmidt does with this company. At the helm of this company going forward. They did have a very successful, test, initial launch of their vehicle. But it'll be interesting to see. So that is a handful of new players that are competing.

Or will could be competing soon for, for these high profile launch contracts, including with for national security launches. I think that is, while at the same time, SpaceX is really benefiting from a lot of the dollars that are becoming available from this, increase in defense spending across launch and Starlink and other programs.

There is, more reason to think that, this, this competition that's coming online is going to drive continued innovation, in this category, which is really exciting. And then, another one of the big secular tailwinds that's happening in the space economy, currently and, in a major way, in Q1, was the intersection of artificial intelligence and, and geospatial intelligence, which, is otherwise known as G.o.a.t.

So there were major advancements in Geo I in Q1, which turned key predictions from our, geo and playbook, into reality. So the first was Niantic, the company that brought us Pokemon Go, they launched the Niantic Spatial platform, which signaled a new era of mapping, blending spatial intelligence with immersive AR. And they sold off their games business.

And what was, in our opinion, one of the largest, biggest announcements, in geospatial intelligence and geo I for a while, skywatching ESRI announced the partnership at the ESRI GIS conference Fudge's conference in DC. Their partnership is, integrating commercial satellite imagery into ArcGIS, which enhances native workflows. And this is a big deal because, there are hundreds of thousands of, institutions and enterprises that use ArcGIS, from ESRI and which represents, millions of users.

And they're using ArcGIS for all of their geospatial intelligence needs. And geospatial intelligence is, the map, the base map with all the digital information layered in on top of it. And this powers all of the world's largest industries, construction, real estate, shipping, logistics, mining, agriculture, you know, you name it. And so this is a massive, massive opportunity, market opportunity.

And, what this partnership does, as is Skywatch, is a software platform that aggregates data from all of the, Earth observation satellites. So space X remove the barriers to entry. We see all of these new satellites being launched, generating this unprecedented amount of data about the surface of our planet with a bunch of different sensor types, skywatch aggregates, all of that, Earth observation and remote sensing data.

They have over 90% of the world's, remote sensing Earth observation data on their platform today. And now they're making that available through the ArcGIS platform, which means that all these geospatial users can now benefit from updated, accurate, high definition, high resolution, frequent, reliable imagery from satellites. So this is a really, really interesting, partnership, which is unlocking the, is making it very easy for the market to access this really valuable data set.

So we think that's going to unlock a ton of value. And it's definitely something we're gonna be watching, throughout 2025, as we also, is partnering up with, Google to add photorealistic 3D tiles to the platform. Planet Labs is working with anthropic, highlighting how geospatial firms are applying generative AI to satellite imagery, basically planet working towards their goal of having a queryable Earth.

So basically having a Google search for the, physical world and for, and for the Earth, a big step forward there. Meanwhile, Zona Space Systems, partnered up with Trimble, which marked a massive leap in precise positioning, which is a critical import for geolocation, applications. So, you may remember Trimble from, as the company who brought you GPS, right?

They developed the first commercial GPS receivers. They've been around for almost 50 years and are, continuing to lead in, the space economy, innovation and and applying, space technologies, to, the world's largest industries. So that's a really, really powerful partnership, that we're very excited about, muon space in partnership with the Earth Fire Alliance, which is, Google.org, the more foundation, the Environmental Defense Fund, they launched, the prototype satellite for, fire set.

This is a constellation of will be a constellation of 50 satellites, that will, unlock a capability to, track wildfires, to detect wildfires early. The size of a home swimming pool, within 15 minutes, anywhere on the planet. This is really game changing stuff. And we're pretty excited about, the ability to not only have that data, but also leverage AI to get this data into the hands of first responders who can then go out and do things and take action, using this data.

Yeah. So I mean, collectively, these are really, really interesting, developments across AI driven geospatial analytics. And something that we are, very excited about. We're continuing to deploy in this area, and I think that there's going to be more opportunities going forward. So Q1 was a big quarter in terms of of seismic shifts.

At a macro level that are going to continue to impact the space economy going forward. We are we're not seeing all of that play out in the numbers today, but we expect to see that over the quarters to come. We're going to continue to track that and bring those insights to you. In our space IQ report and in these, space IQ quarterly webinars.

Hopefully these are helpful for, for you and are and are helping to make sense of all of the headlines, which there are many, these days in the space economy every quarter. I also like to, to say, you know, if you'd like to, to keep up with, the latest from Space Capital. Could follow us, across our social media channels, at Space Capital and also sign up for our newsletter, to stay up to date with, the latest news, from the team of space capital.

So with that, I will thank you for your time today and, look forward to seeing you again in Q2. Thanks.