

SpaceX

Price versus value

On June 12, SpaceX is set to debut on Nasdaq in what would be the largest IPO in history.

COMPANY VALUE	2025 REVENUE	CAPITAL TO BE RAISED
USD 1.77 trillion The largest IPO in history.	USD 18,700 million +33.2% versus 2024 (USD 14,015 million). Net loss: USD 4,937 million.	USD 75,000 million Shares at USD 135. Approximate free float: 4%; 366-day insider lock-up.

Three businesses under one roof

SpaceX is not a single bet, but three businesses of very different natures. Only one of them is profitable today, and it is not the one supporting the USD 135 offering price.

Business	Business description
Starlink	The only profitable segment. Its customer base doubled in one year, from 5.0 million to 10.3 million subscribers. Monthly revenue per customer fell from USD 99 to USD 66 as the company entered lower-income markets, sacrificing price in exchange for scale.
Launch (rockets)	A near-monopoly on access to space thanks to reusable rockets, but it is the most mature of the three businesses, with heavy dependence on the U.S. government, which contributes roughly one-third of company revenue.
AI (xAI / Grok)	Its main source of revenue is leasing its computing center to Anthropic for USD 1,250 million per month. It is the segment facing the greatest competition, the one expected to deliver the highest growth, and the business on which the offering price rests.

What the financial statements reveal

That description of the three businesses is supported by the official document SpaceX filed with the U.S. securities regulator before listing, the first complete and audited view of its finances. The following table puts numbers behind each story: how much each business generates, how much it earns or loses, and the quality of those results.

Segment	2025 revenue	2025 operating income	Growth	Gross margin	R&D-adjusted margin
Launch	USD 4,086M	-USD 657M	+7.6%	67%	+57.4%
Starlink	USD 11,387M	+USD 4,423M	+49.9%	48%	+43.9%
AI (xAI)	USD 3,201M	-USD 5,868M	+22.2%	32%	-25.1%
Total	USD 18,674M	-USD 2,589M	+33.2%	-	-

The table confirms the hierarchy: Starlink finances the company, space offers promise, and AI consumes capital. Starlink contributes 61% of revenue, nearly all of the year's growth, and the only operating profit. The loss in the space business is accounting rather than economic: with the highest gross margin (67%) and treating research spending as an investment, it operates at a positive 57% margin. AI, by contrast, does not recover even under that adjustment: it is the only segment where margins are declining and it continues to lose 25 cents for every dollar of revenue. Adding the three businesses and including USD 1,945 million in interest expense produces the USD 4,937 million net loss highlighted in this report; if research were capitalized, operating income would be positive by USD 4,020 million. Investors entering the IPO are buying that second interpretation.

SpaceX invested USD 22,679 million in infrastructure and research in 2025, twice the 2024 amount, and AI absorbed USD 14,223 million of that total: more capital than the other two businesses combined, in a segment that contributes only 17% of revenue. That is the central risk of the offering, not the rockets. This is accompanied by a strong balance sheet that supports the bet: the company ended 2025 with USD 24,747 million in cash versus USD 22,896 million in debt, before adding the USD 75,000 million from the IPO. That nearly debt-neutral structure not only rules out a solvency problem, but also defines the cost of capital analyzed below.

The valuation

USD 135 is the price at which each SpaceX share will be offered in the IPO. The company is divided into approximately 13.3 billion shares; multiplied by USD 135, the market would be paying close to USD 1.77 trillion for the entire company. The valuation exercise consists of estimating the future cash flows projected for each business and then discounting them at a rate that appropriately reflects the risk of those cash flows. Aswath Damodaran, a widely recognized academic, values the company at USD 1.30 trillion, equivalent to USD 97.83 per share using the same share count, while Morningstar values it at USD 0.78 trillion, or USD 63 per share. These substantial differences reflect the high uncertainty surrounding the company's future cash flows. For example, SpaceX estimates that the total addressable market (TAM) for the artificial intelligence industry will reach USD 28.7 trillion by 2036. Respected financial analysts have called that figure a fantasy and instead estimate the TAM at USD 3 trillion to USD 4 trillion.

At USD 135 per share, investors would be paying close to 100 times 2025 annual revenue, an unprecedented multiple for a company of this size. For reference, the so-called Magnificent Seven currently trade at 7.89 times sales, and some analysts are already using the word bubble.

Source	Equity value	Per share	Methodology and view
Goldman Sachs (underwriter)	USD 1.77tn	USD 135	Sets the offering price. Its model projects AI revenue of USD 322,000 million in 2030 (100x 2025); the most bullish view.
Aswath Damodaran (NYU)	USD 1.30tn	USD 98	Discounted cash flow across all three businesses; generous assumptions, but an AI TAM capped at USD 3-4 trillion.
Morningstar	USD 0.78tn	USD 63	Discounted cash flow; views xAI as a potential source of value destruction and prefers to wait for a better entry point.

For additional reference, ARK Invest projects a value between USD 2.5 trillion and USD 3.1 trillion by 2030, still above Goldman Sachs. Valuing very long-term projects in new markets, with new products and technologies still under development, is difficult. Damodaran underestimated Tesla for years.

How much would SpaceX need to grow to justify a USD 135 price today?

A simple arithmetic exercise shows how demanding the valuation is. An investor who buys today at USD 135 and targets a 15% annual return over 10 years would need to sell the share for approximately USD 546 in 2036. If the market then paid 13 times sales, the multiple at which Tesla currently trades, revenue would need to grow at 40% annually for ten years.

A review of historical performance did not identify any company of this scale that grew at 40% annually for 10 consecutive years. Salesforce achieved a 29.1% CAGR over 10 years (2011-2021). Amazon reached 26.37% and Microsoft 25.10%, and both are considered exceptional growth stories.

There is a second factor, less visible and rarely discussed, that matters as much as the precision of future cash-flow forecasts. To estimate what a company is worth today, the profits it is expected to generate in the future are projected and discounted at a rate adjusted for the risk of those cash flows. In other words, the greater the perceived risk in future cash flows, the higher the discount rate should be and the lower the company's present value. In Damodaran's valuation, the USD 98 per-share value assumes an 8.37% discount rate during the first decade and 8.25% thereafter. This would be the weighted average cost of capital considered appropriate for SpaceX in 2025.

Both figures are close to the median for the U.S. market and start from a beta of 1.00, which would reflect the risk level of a mature U.S. company with predictable and stable cash flows. That beta is not arbitrary: it is built by weighting the risk of the three businesses by value (aerospace beta approximately 0.90, internet 1.10, and AI 1.40). The point for investors is this: using a mature-company rate means assuming SpaceX has already achieved that stability, even though half of its value depends on an AI business that is still losing money.

The following table recalculates value per share using a beta of 1.8, the beta calculated for Tesla and a reflection of its volatility and high sensitivity to market movements. Damodaran's projected cash flows remain unchanged.

Risk sensitivity	WACC	Terminal WACC	Value per share
Damodaran base case - beta approximately 1.0	8.37%	8.25%	USD 97.83 (-28% vs. IPO)
Scenario B - beta 1.8 converges to 1.0	12.01%	8.86%	USD 66.07 (-51% vs. IPO)
Scenario A - beta 1.8 remains constant	12.01%	12.01%	USD 43.28 (-68% vs. IPO)

The exercise leads to two conclusions. On the growth side, the price requires rates that no company has sustained; on the risk side, the results define the margin of safety. Under the most favorable assumption, Damodaran's, which already includes generous growth projections, estimated value is USD 98 per share, 28% below the offering price. Requiring a level of risk comparable to Tesla brings that value down to USD 66 or USD 43, between one-half and one-third of USD 135. In all three scenarios, the offering price is above estimated value, and the gap widens as the market perceives greater risk. From a fundamental valuation perspective, the data do not support the view that USD 135 offers a discount to intrinsic value. Instead, the price assumes SpaceX will be treated as a mature company from its first day of trading, a condition its current financial statements do not yet reflect.

The balance of arguments and risks

Every investment decision requires weighing the case in favor against the case against. Recent history offers one final warning. Tesla increased roughly 800-fold from its 2010 IPO, but it took 10 years to report its first annual profit and came close to bankruptcy along the way: confidence in execution required extraordinary patience. Large IPOs also tend to disappoint during their first 12 months.

Facebook fell 50% in its first year, Alibaba finished below its offer price, Uber lost more than 50%, Rivian 85%, and Aramco destroyed value; among the five largest debuts in history, only Visa clearly outperformed the market.

For SpaceX, five risks account for most of the uncertainty. In governance, Elon Musk controls 85% of the voting power with only 42% of the capital, leaving minority shareholders without effective checks and balances. Technical volatility is likely to be high because only about 4% of shares will trade, making price movements more pronounced, while the staggered expiration of lock-up periods will add selling pressure. The combination of AI and Starship is the main operational weakness, because the segment supporting the valuation operates at a -183% margin and the offering document itself identifies Starship as the number-one execution risk. Revenue concentration adds another concern: one-third comes from the U.S. government, and the AI computing business depends on only two customers. Finally, the company will not enter the S&P 500 because it lacks profits under accounting standards, although it could join the Nasdaq-100 within weeks.

In favor (bull)	Against (bear)
Starlink is the global leader, growing 50% annually and already generating profits.	A highly demanding price: 100 times sales, far above independent estimates.
A near-monopoly on access to space, with costs approximately 10 times lower.	The price rests on an unproven AI business that is losing money.
A strong cash position (USD 75,000 million in fresh capital) and upside optionality if AI and Starship succeed.	Musk controls 85% of voting power, while only 4% of shares will trade.

SpaceX is losing money today, but the analyst consensus collected by Bloomberg expects that to change soon. It projects a net loss of approximately USD 4,275 million in 2026 and, in 2027, the company's first annual profit, close to USD 4,978 million. That shift from losses to profits is central to the valuation, because USD 135 is not being paid for what the company earns today, but for what it is expected to earn in the future. During the first months of trading, every concrete advance, including Starship milestones or improving margins, and every price swing will have a significant impact on the share: the market will be testing quarter by quarter whether the promise of future profitability is being fulfilled. Entry into the Nasdaq-100 would require index funds to buy the shares, which often provides temporary support to the price regardless of fundamentals.

Beyond the first trading day, the company's results in coming periods will make it possible to compare this analysis with verifiable facts and reassess the situation with better information. The first quarterly report will show whether the AI division's margin improves from its current negative level, supporting the more optimistic valuation, or remains weak and reinforces the more cautious reading. Starship milestones, including successful flights and progress toward full reusability, would help validate the principal execution risk identified by the company itself.