

May 29th, 2026



SpaceX: The Final (Corporate) Frontier

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SpaceX: The Final (Corporate) Frontier

SpaceX is preparing for what could be the largest IPO in history, targeting a valuation of USD 1.5–2.0 trillion, with proceeds of roughly USD 75–80 billion intended to fund the next phase of expansion across Starlink, Starship, AI infrastructure, and long-term orbital compute initiatives.

Despite its multiplanetary ambitions, SpaceX's 2025 revenues of USD 18.7 billion remain largely driven by connectivity (Starlink) and launch services, with the AI segment still generating significant operating losses due to aggressive investment in large-scale data center infrastructure.

The IPO raises difficult questions around valuation, as investors are being asked to price not only current business lines but also highly speculative future markets such as orbital AI compute, space tourism, and asteroid mining — and at a valuation approaching USD 2 trillion, there will be very little room for execution mistakes.

Back in 1989, the space movie franchise Star Trek popularized the concept of the “final frontier,” a term that basically refers to humanity exploring the last great unknown: outer space. While reading the offering memorandum for SpaceX's initial public offering (IPO), it felt closer to reading a science fiction novel with attached financial statements than a traditional IPO filing. The more than 300-page document presenting Elon Musk's largest and most ambitious project goes far beyond what we normally see in a corporate presentation and makes us wonder if we are potentially facing a great unknown for investors. The purpose of this piece is to provide a deeper analysis of what could become the largest IPO in history “from this planet.”

SpaceX: Between profitability and outer space

First, what exactly is SpaceX? SpaceX is an aerospace and technology company founded in 2002 by Elon Musk. The company develops reusable rockets, spacecraft, satellite communications infrastructure, and AI systems, with a long-term objective of reducing the cost of access to space and building large scale infrastructure in orbit.

Today, the company operates around three main pillars: **space, connectivity, and artificial intelligence**. In the **space segment**, SpaceX became the leading commercial

— “SpaceX’s long-term vision is to leverage its satellite infrastructure and launch capabilities to scale humanity’s access to energy and compute power in support of advanced artificial intelligence systems.”

launch provider through its Falcon rocket family and reusable booster technology, significantly lowering launch costs while increasing launch frequency. In **connectivity**, the company built the Starlink satellite network, which now provides broadband and mobile connectivity globally through thousands of low Earth orbit satellites. Finally, **on the AI side**, following the integration of xAI, SpaceX expanded into large scale AI infrastructure with the Colossus I & II construction and model development with its frontier model Grok.

More importantly, however, the company’s strategy is not to operate these businesses independently, but rather to integrate them into a single infrastructure platform. SpaceX expects to begin deploying orbital AI compute satellites as early as 2028, combining its launch capabilities, satellite manufacturing, Starlink connectivity network, and AI infrastructure into one vertically integrated ecosystem. The concept is straightforward, although highly ambitious: use space-based compute powered by solar energy to support large scale AI workloads while distributing those services globally through the Starlink network. In simple terms, **SpaceX’s long-term vision is to leverage its satellite infrastructure and launch capabilities to scale humanity’s access to energy and compute power in support of advanced**

artificial intelligence systems. Ultimately, the company believes these technologies could support a future multiplanetary economy.

While this still sounds closer to science fiction than to a traditional corporate strategy, it is worth remembering that, before Tesla, electric vehicles were not part of the mainstream conversation either, whereas today they are everywhere. Right now, concepts such as orbital AI or solar powered compute infrastructure in space may sound strange, but we simply do not know whether this could eventually become the next major corporate frontier. The key question, therefore, is not whether the story sounds ambitious, but rather what to do from an investor’s perspective.

SpaceX: About the IPO

SpaceX is expected to go public in June 2026 in what could become the largest IPO ever. The company is reportedly targeting a valuation of approximately USD 1.5 - 2.0 trillion, with expected proceeds of roughly USD 75 to 80 billion, implying that around 4–5% of the company could initially be sold to public investors. While the final share count and pricing have not yet been officially confirmed, the structure is expected to maintain strong insider control, with Elon Musk retaining most of the voting power through a dual-class share structure. **The IPO’s main objective is not simply liquidity, but funding the next phase of expansion across Starlink, Starship, AI infrastructure, satellite manufacturing, and long-term orbital compute initiatives.**

SpaceX: Still an Earth company

When analyzing the financial results, despite the company’s multiplanetary narrative, the reality is that current revenue streams are still generated by businesses operating here on Earth. Therefore, before discussing orbital AI or future lunar infrastructure, it is

important to take a deeper look into the company’s financial performance during 2025 and 1Q26. **Spoiler, this looks like a Telecom company as of today.**

SpaceX revenues reached a staggering total of USD 18.7 billion in 2025, growing 33.2% year-over-year, representing an increase of almost USD 4.7 billion compared to 2024. In addition, during 1Q26 alone, the company reported revenues of USD 4.7 billion, up 15% compared to the same period in 2025. While SpaceX has managed to generate positive operating cash flow during the last three years, **its aggressive investment cycle, particularly related to AI infrastructure and compute development, has forced the company to increasingly rely on external financing to support operations**, as reflected in Table 1.

While AI is clearly where the company has been focusing most of its investment efforts, the current revenue mix still looks very different.

Space:

On the space side of the business, revenue generated comes primarily from launch services provided to commercial companies, governments, and space agencies. SpaceX launches satellites, cargo, astronauts, and national security payloads using its Falcon Heavy rockets. Its largest customers include NASA, the U.S. Department of Defense, and commercial satellite operators.

For 2025, the space division reported revenues of USD 4.1 billion, a 7.6% increase year-over-year. Growth was mainly driven by additional Cargo Resupply Services provided to NASA and higher revenue from U.S. defense related contracts. Operationally, SpaceX continues to dominate the global launch market, reaching a total of 2,213 metric tons deployed into orbit during 2025 across 170 launches. Nevertheless, **due to the heavy research and development costs associated with the Starship program** (rockets designed to be refueled in orbit) and next

Table 1. SpaceX selected financial numbers

		2025	2024	2023
Revenues	USD mm	18.674	14.015	10.387
	YoY%	33,2%	34,9%	n/a
Space	% of total	21,9%	27,1%	n/a
Connectivity (Starlink)	% of total	61,0%	54,2%	n/a
Artificial Intelligence	% of total	17,1%	18,7%	n/a
Cash Flow				
Net cash provided by operating activities	USD mm	6.785	5.776	4.520
Net cash used in investing activities	USD mm	-19.575	-10.796	-4.867
Net cash provided by financing activities	USD mm	26.350	11.830	422
Capital Expenditures				
Space	USD mm	3.832	2.032	1.497
Connectivity (Starlink)	USD mm	4.178	3.498	2.455
Artificial Intelligence	USD mm	12.727	5.633	463
Total Capex	USD mm	20.737	11.163	4.415
	YoY%	85,8%	152,8%	n/a

Source: Space Exploration Technology S-1 form

generation reusable launch systems, the segment reported a positive USD 653 million EBITDA but ultimately generated a net loss of USD 657 million during 2025.

Connectivity:

On the connectivity front, revenue is generated through Starlink subscribers. Starlink is the satellite internet network created by SpaceX that uses thousands of low Earth orbit satellites to provide high-speed, low-latency broadband services to consumers, enterprises, and governments across 164 countries.

Starlink has almost quadrupled its subscriber base between 2023 and 2025, reaching approximately 10.5 million subscribers by the end of March 2026. This drove connectivity revenues to USD 11.3 billion, representing a 50% year-over-year increase. While the subscriber base increased, the company reported a 11.2% decline in Average Revenue per User (ARPU), mainly because of international expansion and lower priced service plans. Despite lower average pricing, **the connectivity segment remains by far the company's most profitable business line**, reporting USD 7.2 billion in EBITDA and a USD 4.4 billion net gain for the year.

Artificial Intelligence:

Finally, on the AI side, revenue is currently generated through advertising on the X platform (formerly Twitter), subscriptions to X and Grok, and data licensing agreements. During 2025, revenues reached USD 3.2 billion, representing year-over-year growth of 22.2%, mainly driven by higher advertising spending and increased subscriptions across both X and Grok products.

However, despite the increase in users and platform activity, the AI segment reported an operating loss of USD 6.3 billion during 2025. This was largely explained by the company's aggressive investment cycle,

including USD 5.1 billion allocated to research and development related to infrastructure and cloud computing capabilities.

According to the prospectus, much of this investment is tied to the launch of Colossus I and Colossus II, which the company describes as the largest AI training data center clusters currently operating on Earth. Together, these facilities provide approximately 1.0 gigawatt of compute power. To put this into context, most large-scale AI data centers today typically operate within a range of 100–300 megawatts of compute capacity, meaning SpaceX's infrastructure is several times larger than most existing facilities.

Balance Sheet

On the balance sheet side, as of March 31, 2026, SpaceX reported cash and equivalents of USD 15.9 billion, current debt of USD 1.5 billion, and long-term debt of USD 28.7 billion. Long-term debt mainly consists of a USD 20.0 billion syndicated bridge loan maturing in September 2027. According to the filing, these funds have been used both to refinance existing obligations and to support investments in the company's AI infrastructure segment. As reflected in Table 1, this financing activity drove an approximately USD 14 billion increase in cash flow from financing activities. Interest expense for 2025 stood at USD 1.8 billion.

SpaceX: The Final Frontier of Returns?

Perhaps fixed income investors may not view SpaceX particularly favorably given its leverage profile and aggressive capital expenditure plans. However, for equity investors, this prospectus may represent exactly the type of asymmetrical opportunity many volatility-tolerant investors may seek. One phrase in particular caught our attention: *“we accept only the laws of physics as the limiting factors to our work and mission.”*

In many ways, that single sentence summarizes the broader equity story being presented in this IPO.

Equity markets are constantly searching for companies capable of generating exponential returns, and this offering memorandum clearly leans into that narrative. Throughout the document, the company references potential future markets including asteroid mining, space tourism, Mars cargo transport, off-world energy production, and manufacturing capabilities on the Moon and Mars. As mentioned previously, before Tesla, electric vehicles were barely part of the conversation. Therefore, even if some of these markets currently sound closer to science fiction than to traditional equity research models, they cannot simply be dismissed outright. That said, **when looking at the current financial statements, SpaceX still resembles a telecommunications company far more than a fully integrated space-AI platform.** This is not an early-stage startup; it is a company that has been operating since 2002. Nevertheless, as reflected throughout the financial analysis above, the company is increasingly directing capital allocation toward AI infrastructure.

Why such an aggressive push into AI? The answer appears to be scarcity. Future AI growth may not be constrained by software itself, but rather by physical infrastructure: compute power, energy availability, semiconductor supply, connectivity, and data center capacity. In that sense, SpaceX is effectively making a large-scale bet on vertically integrating both software and infrastructure scarcity into one ecosystem. More importantly, however, the company's AI strategy does not stop on Earth. Concepts such as "orbital AI" involve moving compute infrastructure into space using satellites equipped with high-performance processors, solar power generation, and laser-based networking systems. The thesis is that space could eventually bypass some of Earth's physical constraints related to energy, cooling, land availability, and power infrastructure.

From a valuation perspective, this creates an enormous challenge. Traditionally, investors would value each business segment independently and then aggregate them to estimate the total enterprise value. However, in such a unique and highly speculative environment, how should investors value the future economic potential of satellites powering AI infrastructure? Or more importantly, how should anyone discount the future cash flows of a hypothetical multiplanetary economy? **At a valuation approaching USD 2 trillion, there will be very little room for execution mistakes, meaning SpaceX will ultimately become one of the largest execution stories public markets have ever seen.** And markets have already shown that even exceptional execution may not always be enough. NVIDIA reported earnings on May 20, 2026, beating revenue expectations by more than 3%, yet the market reaction remained muted and the stock traded lower at the time of this report.

So why pursue the IPO now, particularly when expectations around AI are already extremely elevated? While it is impossible to know the exact answer, **one possible explanation is that the current AI boom has opened a unique financing window for technology companies.** In fact, next week we will publish a separate piece discussing the broader IPO boom currently taking place across AI-related names. Earlier this year, on April 14, footwear company Allbirds announced plans to sell its footwear business to focus on AI infrastructure, causing the stock to surge more than 500% in a single day before eventually retracing those gains.

Ultimately, the SpaceX IPO may represent one of the purest examples of markets financing a long-duration technological vision rather than current earnings power. Investors are not only buying launch services, broadband subscribers, or AI infrastructure; they are buying the possibility that SpaceX becomes a foundational layer of the future global economy. **This is basically a bet on**

returns over capex. Whether that future materializes remains highly uncertain, but what is clear is that public markets are about to test how much value they are willing to assign to a company attempting to industrialize space, connectivity, and artificial intelligence simultaneously. ■



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