Deep Dive: Can the SpaceX IPO Live Up to the Hype?

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SUMMARY

SpaceX is preparing for a historic IPO, aiming to raise $75 to $80 billion at a valuation of $1.75 trillion, which would make it one of the most valuable publicly traded companies. However, concerns about its high valuation and financial losses, particularly from its AI segment, have emerged following the release of its S-1 filing. The podcast discusses the implications of these factors on the upcoming IPO and the overall market.

- *SpaceX's IPO could be the largest in history, with a target valuation of $1.75 trillion.*
- *The company operates three main business segments: space (22% of revenue), connectivity (Starlink, 61% of revenue), and AI (xAI).*
- *Starlink is the most profitable segment, generating $11.4 billion in revenue and $4.4 billion in operating profits in 2025.*
- *SpaceX reported $18.7 billion in total revenue for 2025 but incurred losses of $4.9 billion, primarily due to xAI's capital expenditures.*
- *The company has accumulated $37 billion in cumulative losses, making it the most unprofitable company to attempt such a large IPO.*
- *Concerns about valuation arise as SpaceX seeks a price-to-sales ratio of 94 times, significantly higher than other tech companies at IPO.*
- *Elon Musk's influence, referred to as the "Elon factor," may drive investor interest despite financial red flags.*
- *The IPO is expected to reserve 30% of shares for retail investors, raising concerns about potential market impacts and investor outcomes.*

Welcome back to the rundown for another weekend deep dive. >> [music] >> Today, we are talking about SpaceX. The SpaceX IPO is right around the corner and it's setting up to be the biggest in history. SpaceX is looking to raise 75 to 80 billion dollars at a 1.75 trillion dollar valuation, which would instantly make them one of the most valuable publicly traded companies in the world. But lately, there have been growing concerns about the valuation, especially after SpaceX dropped their financial information in the S-1 filing. So, in today's episode, we're going to talk about what the S-1 revealed and whether the SpaceX IPO can actually live up to the hype. We got a great one for you today. Let's dive in.

Now, before we dive into the numbers, let's talk about all the businesses that are under SpaceX because it's not just a rocket company anymore. SpaceX has three very different businesses that they outlined in their S-1. Let's start with the space business first. This is the sexy business. It's the one that gets all the headlines. See, when Elon Musk founded SpaceX back in 2002, his goal was to reduce the cost of space transportation. And over the last couple decades, SpaceX has pulled that off.

SpaceX has reduced the cost of reaching orbit by approximately 95% compared to the space shuttle era. And today, SpaceX is by far the most dominant rocket launch company in the world. They had 165 successful orbital launches in 2025, accounting for 51% of all global orbital launches. But what's interesting is that while this business does get all the headlines, it only accounts for 22% of SpaceX's total revenue. But you know what's interesting, despite the space business getting all the headlines, it only made around 4.1 billion dollars in revenue in 2025, which was about 22% of SpaceX's total revenue. And you know, the space business wasn't even profitable in 2025, but we'll dive into the numbers in a bit. I also want to point out that nearly three out of every four launches that SpaceX did, SpaceX was their own customer. They were launching their satellites for Starlink.

And that brings me to SpaceX's next business segment, which is connectivity. This segment includes Starlink, and it's the crown jewel for SpaceX. See, Starlink provides satellite internet connectivity across the globe, and it's truly an incredible service. I've used it multiple times to get super high speeds on a flight and also in rural areas. Today, Starlink has more than 10 million subscribers in more than 160 countries, and they've roughly doubled their subscriber base two years in a row. And Starlink is actually what makes the majority of SpaceX's revenue and profit. Revenues for Starlink in 2025 were $11.4 billion, which is about 61% of SpaceX's total revenue. And more importantly, Starlink accounted for most of SpaceX's profit with operating profits coming in at $4.4 billion in 2025. You know, you could make the case that without Starlink, SpaceX wouldn't be a compelling business story at all. Now, let's talk about the third and newest segment for SpaceX, which is AI. Remember, back in February, Elon Musk merged SpaceX with his AI company called XAI, which also includes X, aka Twitter. And what we've learned so far is that XAI was burning through a lot of money. XAI only did about $3.2 billion in revenue in 2025, but they burned through $12.7 billion in capex, likely going towards building out their AI data centers. Now, having all that data center capacity is starting to pay off, but again, we'll talk more about that in a bit. But yeah, hopefully that paints a picture of what SpaceX's business is as they go into their IPO. I kind of think of them as a profitable satellite internet company with a rocket business on the side, and also an emerging AI neo cloud business. But now that we have a high-level view of what SpaceX does, let's take a closer look at the financials and some of the interesting findings from the S-1.

The SpaceX S-1 came out on May 20th and it had some really interesting information. Now, just a quick refresher here, the S-1 is a giant document every company has to file before they go public. Most of the information in the S-1 is just boring legal stuff, but it also includes financial information along with a breakdown of business and strategy. So, let's talk about some of the headline numbers from the S-1. In 2025, SpaceX did $18.7 billion in revenue, which was up 33% from a year before. Now, while that is solid growth, SpaceX did lose $4.9 billion last year, mostly because of the CapEx spending from xAI. Unfortunately, the losses aren't slowing down. In just the first quarter of 2026, SpaceX lost $4.3 billion.

So, they lost almost as much money in just Q1 of this year than they lost for all of 2025. But here's another shocking stat about SpaceX's losses. Over its 24-year history, SpaceX has racked up a total of $37 billion in cumulative losses. That is more than the next 10 money-losing tech IPOs combined. And some of the companies on that list include Uber, Airbnb, and Rivian. So, that would make SpaceX the most unprofitable company ever to attempt an IPO at this size. Now again, to be fair, essentially all of the company's losses right now are coming from xAI. You know, Elon Musk has pushed the company to spend tens of billions of dollars building AI data centers. And you know, all that CapEx spending from xAI is starting to pay off. See, it turns out that xAI built more computing power than they actually needed, partly because xAI's chatbot Grok never got as popular as Elon had expected. So, they have all this extra computing capacity sitting at their data centers and the S1 showed that they're renting some of that capacity to Anthropic. In fact, the S1 showed that Anthropic is paying SpaceX $1.25 billion a month, which is about $15 billion a year to rent capacity in two of the Colossus data centers in Memphis, Tennessee. So, that's a pretty significant pivot for XAI. They're now essentially renting computing capacity to one of their competitors. And this is a pretty massive deal. It could be worth around $45 billion through 2029. So, this deal with Anthropic could offset some of the losses that XAI has experienced over the past couple years.

And who knows, maybe XAI will pivot to be a full-on neo cloud company at some point. All right, let's move on to talk about a few more interesting tidbits from the S1. Something funny that stood out to me is that SpaceX seems to think that their total addressable market is $28.5 trillion for some context here. The US GDP in 2025 was $31.4 trillion dollars. So, yeah, I'm not really sure how SpaceX's management is coming up with that $28.5 trillion TAM, but that's what they think it is. Couple other things that I saw in the S1. If you buy a share of SpaceX, you're basically getting zero say on how the company is going to run. Elon Musk essentially controls about 85% of the voting power of the company through a special class of super voting shares, which gives his stock 10 votes for everyone else's one vote. So, essentially this structure makes it nearly impossible for the board of directors or an outside shareholder to ever remove him as CEO. So, yeah, like I said, there were some red flags coming from the S1 and the biggest red flag right now is valuation. Is SpaceX actually worth $1.75 trillion?

Well, let's talk about it. Like I said to start the show, SpaceX wants to IPO at a $1.75 trillion valuation. In fact, there've been some reports that SpaceX might try to push it up to a $2 trillion valuation. But, you know, when you look at some of the metrics at these valuations, it gets pretty crazy. At $1.75 trillion, SpaceX would be priced at about 94 times annual sales. And if they do end up hitting the $2 trillion valuation, they'll be over 100 times sales. Now, to put this into perspective, the most expensive stock in the entire S&P 500 right now, it's Palantir. And they trade at 67 times sales, and Palantir is actually profitable and growing way faster than SpaceX. So, that was the first stat that made me raise my eyebrow. Here are a couple more stats that make you raise another eyebrow. When Meta, formerly known as Facebook, went public back in 2012, they did so at about 28 times sales. At the time, Facebook was growing revenues at 88% a year. Then you look at Google, they went public back in 2004 at 10 times sales, and they were growing at 234%.

Man, people just didn't know how to value tech companies back in 2004. SpaceX is being roughly priced at 100 times sales while growing revenues at just 33%. So, that's a bit concerning, especially since their growth is actually slowing. It dropped to just 15% in Q1. Now, you could take a more grounded approach to their valuation by taking the three separate businesses under SpaceX and giving each a generous multiple based on what similar publicly traded companies are trading at. One valuation expert, the NYU professor known as the Dean of Valuation, ran the numbers, and he got about a $1.2 trillion valuation. So, even the most optimistic estimates are way below the $1.75 trillion number that SpaceX is after. So, that begs the question, if there's already concerns about SpaceX's valuation, how were they able to get the $1.75 trillion dollar at their IPO. Well, the answer to that question is the Elon factor. The people that are bullish on SpaceX even at this valuation, their whole thesis is to never bet against Elon. And you know, I can kind of see where they're coming from.

Now, these people point to Tesla, which was burning cash for years and was on the verge of bankruptcy multiple times, but then Elon eventually turned around the company into a trillion dollar valuation. And the people that stuck around for that got really, really rich. So, it's the Elon premium and the FOMO factor that are playing a role when it comes to SpaceX's IPO valuation. And by the way, you might end up being a SpaceX shareholder whether you like it or not. Elon Musk has reportedly arranged for SpaceX to get fast-tracked into the major stock indices like the Nasdaq 100. So, that means that if you own an index fund that tracks the Nasdaq, which millions of people do, you're going to own a piece of SpaceX pretty soon. And a part of me is worried that this could be a sign that the market is about to top. So, what's my take here? Well, look, this IPO is going to be historic in more ways than one.

SpaceX is going to raise the most money ever for an IPO, their valuation is the highest at an IPO, and they're also reserving roughly 30% of the shares for everyday retail investors, which is three times the normal amount. So again, this is going to be a big historic event. But, as you could probably tell from this episode, I am very skeptical about the valuation. I mean, paying 100 times sales for a business losing five billion dollars a year and growing slower every quarter, how can anyone get excited about that? And don't get me wrong, I'm not a SpaceX hater. In fact, I'm a big fan of all the work that they're doing. You know, all their innovation in reusable rockets has led to a significant drop in prices when it comes to launches. Not to mention, Starlink is an incredible service and business. But, SpaceX as a total package at this valuation has too many red flags for me. Now, look, maybe Elon will do his Elon thing and prove the haters wrong once again. Now, maybe SpaceX does have a TAM of $26.5 trillion and all the talk about SpaceX launching data centers in space isn't just sci-fi.

So, we could be looking back at this IPO in a few years and think it was a bargain. Personally, I don't see it playing out that way. In fact, what I'm worried about is that retail investors might be used as exit liquidity by early SpaceX investors to cash in at such a high valuation. And bigger picture, I'm a bit worried that this IPO, along with the upcoming IPOs from OpenAI and Anthropic, might be a local top for the stock market because these IPOs will just suck so much capital out of the system. And with so much money going to these companies, there might not be enough money left for the rest of the stock market. So, yeah, like I said, this IPO is going to be historic. It's going to be memorable. All that being said, I'm happy to watch this IPO from the sidelines. I guess until the day that SpaceX gets added to the Nasdaq index, then I'll automatically be a SpaceX shareholder along with millions of other people.

Well, all right, guys. That's it for today's weekend deep dive. Hope you guys enjoyed that one. Let me know in the comments on what you think. Are you going to buy the SpaceX IPO or are you watching from the sidelines like me? Drop your thoughts on Spotify and YouTube. And while you're at it, consider giving us a five-star rating wherever you listen to your podcast. You know, all of that engagement really does help us out and it helps other people find the show. By the way, if you want to stay up-to-date on what's happening with the SpaceX IPO, along with everything else happening in the markets, definitely get subscribed to the podcast. We drop episodes every day throughout the week. Thank you guys again for listening, watching, and commenting. Shout out to Mike for all the work behind the scenes. And we'll see you [music] guys back here tomorrow.