Company Deep Dive

SpaceX

The largest IPO in history created a $2 trillion company that is three businesses in one: a profitable satellite internet provider, the world's dominant rocket launcher and a loss-making AI compute venture absorbing most of its capital. A look at what investors own, what the numbers show and what the price assumes.

Global Markets Research · Technology Desk Prepared for internal & client distribution by **Andra Markets**

Coverage summary. SpaceX listed on Nasdaq on 12 June at $135 a share, raising about $86 billion at a valuation of $1.77 trillion, by far the largest initial public offering ever. In under four months the shares have risen above $200, fallen 20 per cent below the offer price and recovered to about $159, giving the company a market value of around $2.2 trillion and making it the seventh most valuable company in the world. Its first quarterly report as a listed company showed revenue up 92 per cent to $7.8 billion, but also a net loss, because the company is spending at an extraordinary rate on AI data centers inherited from its February merger with xAI. Starship reached orbit on 28 September. This note examines the three businesses inside SpaceX, the financing of its AI ambitions and a valuation that rests almost entirely on the future.

Share price / mkt cap	Q2 revenue	Q2 capex	P/S, run-rate
$159 / $2.2tn	**$7.8bn**	**$18.4bn**	**~69x**
IPO at $135 in June	*+92% year on year*	*86% on AI compute*	*Q2 revenue annualised*

Exhibit A. Key figures

Metric	Figure	Note
IPO (12 June 2026)	$135 per share; ~$86bn raised	valuation $1.77tn; ~5% free float
Revenue, 2025	$18.7bn	net loss $4.9bn (xAI included)
Revenue, Q2 2026	$7.8bn	Starlink $4.3bn, AI $2.6bn, Space $1.0bn
Adjusted EBITDA / net income, Q2	$3.5bn / -$0.5bn	EBITDA margin 45%
Starlink subscribers	12.0m	doubled in a year; ARPU $66 a month
AI compute capacity	1.4 GW	target >2 GW by year-end, ~15 GW by end-2027
Cash / debt	~$100bn / ~$39bn	plus a recent $25bn bond issue
Control	Elon Musk ~42% of shares	~82% to 85% of votes via Class B shares
Market value	~$2.16tn	share price $158.96 (2 October close)

Figures from the IPO prospectus as reported, company results and market data; multiples are Andra Markets calculations and are approximate. Colour convention (charts only): green marks growth, profit or the upside case, red marks losses or the downside. All body and table text is set in black.

1.0 Executive Summary

Key takeaways

Investors are buying three very different businesses. Starlink, the satellite internet service, is the profit engine: 12 million subscribers, revenue up 66 per cent and an operating margin close to 39 per cent. The space business, launches for NASA, the Pentagon and commercial customers, is strategically unmatched but loses money while Starship is developed. The AI business, built from xAI and its Grok models, leases computing capacity to companies such as

Google and Anthropic; its revenue more than tripled, but it lost $1.3 billion in the quarter and consumes the large majority of the company's investment.

The AI bet now dominates the financial profile. Capital spending reached $18.4 billion in the second quarter, five times adjusted EBITDA, and 86 per cent of it went to AI compute. Management argues that this capacity pays for itself in under a year, citing contracts worth about $920 million a month from Google and up to $1.25 billion a month from Anthropic, and targets an annualised revenue run-rate of $100 billion by December, up from about $31 billion in the second quarter. Those contracts are real, but some are cancellable at short notice, and the economics of renting AI computing, discussed in our notes on Oracle and Nvidia, are still unproven over a full cycle.

The valuation prices in a decade of execution. At about $2.2 trillion, SpaceX trades at roughly 69 times annualised second-quarter revenue and about 150 times annualised adjusted EBITDA. Even if the $100 billion run-rate target were reached, the multiple would be over 20 times sales. A free float of only around 5 per cent, rapid inclusion in the Nasdaq-100 and intense retail demand have amplified price swings in both directions, and the first lock-up expiry in December will test that scarcity. The shares are a bet on Elon Musk's ability to deliver on Starship, Starlink and AI compute at once, with very limited influence for outside shareholders over how the capital is spent.

2.0 Business Overview

Rockets, satellites and data centers

Founded by Elon Musk in 2002, SpaceX became the world's leading launch provider by making rockets reusable: its Falcon 9 boosters land and fly again, which cut the cost of reaching orbit dramatically and allowed it to carry the large majority of the world's payloads to space. That launch capacity enabled its second business, Starlink, a constellation of thousands of low-orbit satellites that provides broadband internet to households, ships, airlines, businesses and governments in more than 160 countries. Starlink generated $11.4 billion of revenue and $4.4 billion of profit in 2025 and has become the financial core of the group.

The third business arrived in February 2026, when SpaceX acquired xAI, Musk's artificial intelligence company, in a deal that valued xAI at $125 billion and the combined group at about $1 trillion. xAI develops the Grok models and operates large GPU clusters, which SpaceX now runs largely as a merchant cloud, leasing capacity to other AI developers, with only around 10 per cent reserved for its own model training. In 2025 the xAI business had revenue of $3.2 billion and a loss of the same size. Management's longer-term vision links the three: Starship as a low-cost heavy launcher, Starlink as a space-based network and, eventually, data centers in orbit powered by solar energy.

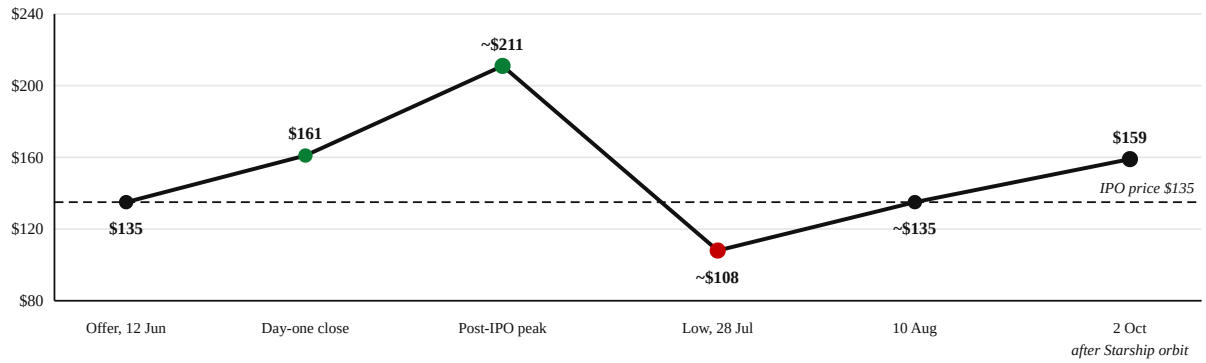
3.0 The IPO and Share Structure

Scarcity by design

The June listing broke every record. SpaceX sold about 556 million Class A shares at $135, raising around $86 billion, and the shares closed the first day 19 per cent higher at $161. They continued to climb to a peak of about $211, then fell sharply through July as enthusiasm faded and concerns over AI spending grew, briefly trading 20 per cent below the offer price on 28 July. They recovered above $135 in August after the first results and rose to about $159 at the start of October following Starship's first orbital flight.

The structure of the offering explains much of the volatility. Only about 5 per cent of the shares trade freely, against more than 90 per cent for most large companies, while special rules brought SpaceX into the Nasdaq-100 after just 15 trading days, forcing index funds to buy into a very limited supply. Critics described it as manufactured scarcity. Control is concentrated: Musk owns about 42 per cent of the shares but, through ten-vote Class B stock, around 82 to 85 per cent of the votes, and he has been promised a further 1.3 billion shares tied to milestones including the colonisation of Mars. The company is not in the S&P 500, which requires a record of profitability. Lock-ups expire in stages: 180 days after the IPO for most pre-IPO investors, around 9 December, and a year for Musk and other insiders.

Exhibit 1. SPCX share price since the IPO, selected points ($)



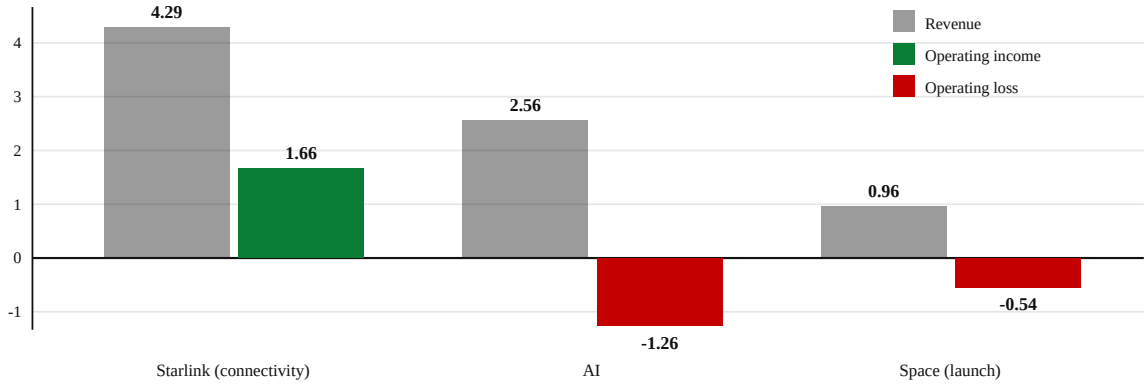
Source: Andra Markets; press reports and market data (June to October 2026). Selected points joined for readability; intermediate moves not shown; peak and low are approximate. Green marks highs, red the low.

4.0 Second-Quarter Results

Growth and losses together

SpaceX's first report as a listed company, published on 4 August, beat expectations on revenue by almost $1 billion. Revenue rose 92 per cent to $7.8 billion and adjusted EBITDA nearly tripled to $3.5 billion, a 45 per cent margin, but the company recorded a net loss of $541 million because of depreciation and costs in the AI business. The shares fell more than 7 per cent after hours, as the scale of capital spending overshadowed the revenue beat.

Exhibit 2. Q2 2026 revenue and operating income by segment ($bn)



Source: Andra Markets; SpaceX Q2 2026 results as reported. Green marks operating profit, red operating losses.

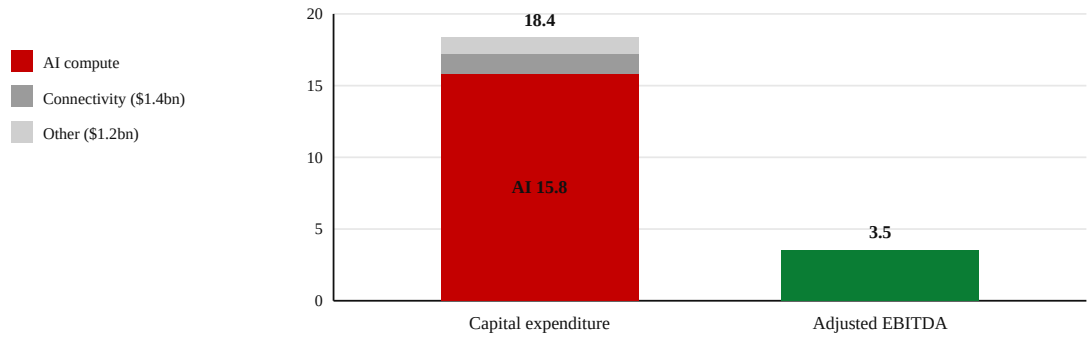
The segment detail shows how different the three businesses are. Starlink revenue grew 66 per cent to $4.3 billion with operating income of $1.7 billion; subscribers doubled to 12 million, while average revenue per user fell to $66 a month from $85 as growth came from lower-income countries, a sign of volume over price. Enterprise and government revenue more than doubled, supported by over $6 billion of US Space Force contracts. The AI segment's revenue rose 247 per cent to $2.6 billion and its operating loss narrowed to $1.3 billion from $2.5 billion in the first quarter. The space segment grew 29 per cent to just under $1 billion but lost $0.5 billion, reflecting Starship development.

5.0 The AI Compute Strategy

Where the capital goes

The AI business is the reason for both the valuation and the losses. SpaceX ended the second quarter with 1.4 gigawatts of computing capacity and plans more than 2 gigawatts by the end of the year and around 15 gigawatts by the end of 2027, with a stretch target of 20. That would make it one of the largest operators of AI computing in the world. It has signed cloud agreements worth $14.1 billion, including a contract with Google reported at about $920 million a month for 32 months and an arrangement under which Anthropic could spend up to $84.5 billion through 2029, around $1.25 billion a month, for access to roughly 325,000 Nvidia GPUs.

Exhibit 3. Q2 2026 capital expenditure versus adjusted EBITDA ($bn)



Source: Andra Markets; SpaceX Q2 2026 results as reported. Red marks AI capital spending, green the cash profit generated in the quarter.

The economics management describes are aggressive. It says the AI capacity earns roughly $6 to $8 billion of annualised revenue per gigawatt and pays back its capital cost in less than a year, and the chief financial officer has described capital spending as “almost like a cost of goods”. If that holds, today’s spending converts quickly into revenue and the $100 billion run-rate target becomes plausible. The caution comes from the contracts themselves: the Anthropic agreements are largely cancellable with 90 days’ notice, so they provide far less protection than the multi-year commitments behind Oracle’s backlog, and the customers are themselves loss-making companies dependent on continued fundraising. SpaceX has the balance sheet to absorb a setback, with about $100 billion of cash, roughly $39 billion of debt and a further $25 billion raised in bonds, but at the current pace of spending, with capital expenditure running several times operating cash generation, that cushion would last only around two years without strong growth in cash flow.

6.0 Starlink and Launch

The durable advantages

Beneath the AI story sit two businesses with genuine competitive moats. In launch, SpaceX has no close rival: reusable Falcon rockets give it a cost advantage that competitors from Blue Origin to state-backed agencies have not matched, and at the start of October it completed three launches in thirteen hours, including a crewed mission to the International Space Station and a national security payload. Starship, the fully reusable super-heavy rocket, reached orbit for the first time on 28 September on its fourteenth test flight and deployed 26 next-generation Starlink satellites, although one upper-stage engine shut down early. If Starship achieves the frequent, low-cost flights it is designed for, it would lower the cost of deploying Starlink satellites and, in principle, the orbital data centers management envisages.

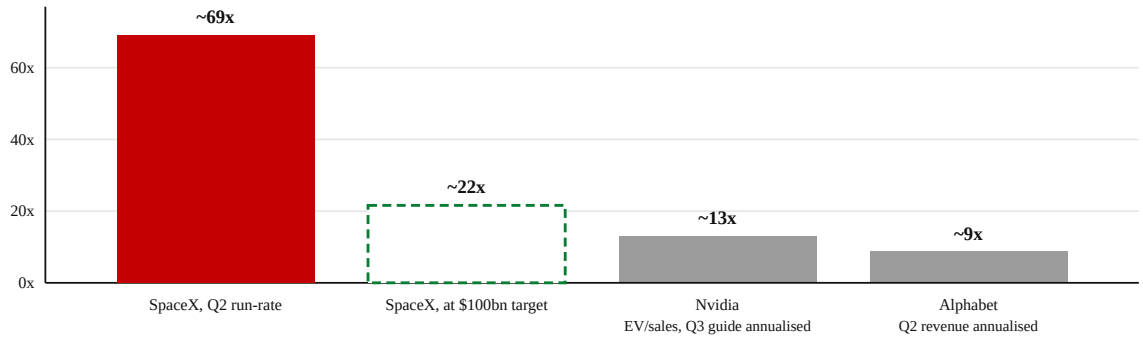
Starlink, meanwhile, has become the dominant satellite broadband provider, with a growing direct-to-mobile service and a strong position in government and defence communications. Its growth is coming increasingly from emerging markets at lower prices, and from enterprise and government customers at higher ones. Competition, from Amazon’s Kuiper constellation and from terrestrial networks, and regulatory and political scrutiny of Starlink’s role in conflicts and national infrastructure, are the main limits on its expansion. On its own, a business growing revenue at around 60 per cent with operating margins near 40 per cent would justify a premium valuation; the question is how much of the $2.2 trillion it accounts for.

7.0 Valuation

Priced on ambition

At $158.96 per share, SpaceX is valued at about $2.16 trillion, with an enterprise value of about $2.10 trillion. Annualising second-quarter revenue of $7.8 billion gives a run-rate of about $31 billion, implying around 69 times sales; annualised adjusted EBITDA of about $14 billion implies roughly 150 times. The company is loss-making on a net basis, so earnings multiples are not meaningful. Even on management’s target of a $100 billion revenue run-rate by December, the valuation would be about 22 times sales, still well above the most highly valued large technology companies.

Exhibit 4. Market value relative to annualised current revenue (x)



Source: Andra Markets calculations from company results, guidance and market data as of early October 2026, consistent with our earlier notes. Illustrative. Red marks SpaceX on current revenue, green dashed on management's target.

Independent estimates of fair value vary widely. At the time of the IPO, valuation specialist Aswath Damodaran put SpaceX at around $1.3 trillion and Morningstar at about $780 billion, while sell-side analysts who have initiated coverage since the listing mostly carry targets between $200 and $250 per share, implying a value of $2.7 to $3.4 trillion. The difference lies almost entirely in assumptions about the AI business and about the long-term size of the market for orbital infrastructure, neither of which can be tested with current data. What can be said is that the price requires several large and uncertain bets to succeed at once, and that the market has already shown, with a fall of about 50 per cent from peak to trough within weeks, how quickly sentiment can move when it doubts one of them.

8.0 Risk Considerations

Where the case could break

The first risk is the AI business. It absorbs the large majority of capital, is loss-making at the operating level, and depends on a handful of customers whose contracts can in some cases be cancelled at short notice and who are themselves reliant on external funding. A slowdown in AI investment, or a decision by a major customer to bring computing in-house or move it elsewhere, would leave SpaceX with expensive, fast-depreciating capacity. The second is execution: Starship, the 15-gigawatt compute target and the next generation of Starlink are each among the most ambitious engineering programmes in the world, and delays in any of them would affect the growth path the valuation assumes.

The third cluster concerns governance and market structure. Musk controls the company through super-voting shares, divides his attention between several companies, and has been granted a large performance award, which together limit the influence of outside shareholders over capital allocation. The small free float has magnified volatility, and the expiry of lock-ups from December could add significant supply. Finally, SpaceX is exposed to regulatory and political risk, given its role in US national security, its dependence on government contracts, and the scrutiny Starlink faces in many countries.

9.0 Outlook and Monitoring Points

What to watch

The third-quarter results, due in the coming weeks, will be the first test of management's trajectory towards a $100 billion revenue run-rate by December, and will show whether AI segment losses continue to narrow as capacity comes online. The most useful indicators will be AI revenue per gigawatt and the conversion of signed contracts into revenue, the pace and composition of capital spending, Starlink subscriber growth and revenue per user, and the cadence of Starship flights after the first orbital mission. Beyond the results, the lock-up expiry around 9 December and the actions of Anthropic, Google and other large customers will shape sentiment. SpaceX is one of the most remarkable industrial companies ever built; at $2.2 trillion, the market is pricing it as if the hardest parts of its plan were already done.

Methodology and Source Notes

Method. This note is a fundamental review of SpaceX based on the IPO prospectus as reported, second-quarter 2026 results and call coverage, public reporting on customer contracts, and market data as of the 2 October 2026 close. Run-rate multiples are Andra Markets calculations annualising a single quarter and are illustrative; comparisons with Nvidia and Alphabet use figures from our earlier notes. Share-price points in Exhibit 1 are approximate. Management targets are reported as stated and have not been independently verified. This note is analysis, not investment advice.

Principal sources. Wikipedia summary of the SpaceX IPO and prospectus; Fortune and NextGComm, on second-quarter 2026 results (August 2026); TheStreet, on the Anthropic commitment; FinanceFeeds, on the Starship orbital flight and analyst targets (October 2026); Bloomberg and CNBC, on share price movements (July and August 2026); StockAnalysis, for market data.

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