FORTUNA FUND — INVESTMENT RESEARCH

SpaceX IPO

A Comprehensive Financial Analysis

Project Apex | Confidential Filing: April 1, 2026 | Target IPO: June 2026
Target Valuation: $1.75 Trillion | Target Raise: $75 Billion
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> *DISCLAIMER: For informational purposes only. Does not constitute investment advice. All SpaceX/Starlink/xAI figures are analyst estimates; no audited financials filed. Past performance not indicative of future results.*

Executive Summary

SpaceX confidentially filed for its initial public offering on April 1, 2026, targeting a valuation above $1.75 trillion and a capital raise of approximately $75 billion — which would be the largest IPO in history, surpassing Saudi Aramco's 2019 record of $29.4 billion. The offering is internally codenamed Project Apex and targets a June 2026 Nasdaq listing.

This report provides a comprehensive financial analysis of the combined entity — encompassing SpaceX launch services, Starlink, and xAI (acquired February 2026) — applying fundamental valuation frameworks informed by the investment philosophies of Warren Buffett, Charlie Munger, and Howard Marks.

Key Findings

> *The IPO bundles three fundamentally different businesses — each requiring a distinct analytical framework — at a combined valuation that demands top-decile execution across all three simultaneously.*

Segment	2025 Revenue (est.)	EBITDA (est.)	Investor Verdict
SpaceX Launch	~$5.5B	~$1–2B	Speculation — rich multiple
Starlink	~$10–12B	~$6–7B (pre-D&A)	Investment case — with caveats
xAI + X	~$0.5B (AI core)	–$3–4B loss	Cash incinerator — ~$8B/yr burn
Combined (IPO)	**~$16B**	**~$7.5B (EBITDA)**	**$1.75T target — 113x EV/Revenue**

Our central conclusion: the SpaceX IPO is not a conventional investment decision — it is a civilizational bet. The bull case is that Musk is assembling the only vertically integrated AI civilization stack in human history. The bear case is that this stack is being offered at a valuation where near-perfect execution across 20+ years is already priced in, while near-term capital requirements exceed the IPO proceeds themselves.

> *The IPO is not optional. SpaceX holds approximately $3B in cash against $28B+ in 2026 capital requirements. The $75B raise is existential infrastructure financing, not profit-taking by a mature business.*

1. Company Overview & Structure

1.1 The Combined Entity

The SpaceX that will IPO in June 2026 is substantially different from the company that existed twelve months ago. Following the February 2026 all-stock acquisition of xAI — Musk's artificial intelligence company — SpaceX now operates three distinct business segments: launch services, Starlink satellite internet, and xAI's artificial intelligence and social media operations including X (formerly Twitter).

The merger was driven by financial necessity as much as strategic vision. xAI was burning approximately $1 billion per month with projected losses of $13 billion in 2025 against revenue of only $500 million. SpaceX's cash-generative Starlink business provided the oxygen xAI needed to continue its compute buildout. The acquisition also created a liquidity path for xAI investors through the upcoming IPO.

1.2 The Orbital AI Stack — Strategic Vision

Musk's stated long-term vision extends far beyond each individual business. The combined entity is being assembled as a vertically integrated infrastructure platform for post-terrestrial computing, with five distinct layers:

- **Launch (SpaceX):** ~66% U.S. launch market share; ~90% of global payload mass to orbit in 2025; 165 Falcon 9 missions in 2025.
- **Communication (Starlink):** 10,020+ satellites; 9M+ subscribers; EchoStar spectrum acquisition enables direct-to-cell for standard smartphones.
- **Compute (xAI / Colossus):** 555,000+ NVIDIA GPUs in Memphis; FCC application filed to launch 1 million orbital AI data center satellites.
- **Chips (Terafab):** $20–25B JV with Tesla announced March 2026; 2nm D3 chips radiation-hardened for space; 80% of output allocated to orbital compute.
- **Labor (Optimus / Tesla):** Humanoid robots for construction and maintenance of orbital infrastructure.

> *No other entity in the world controls all five layers of this stack. If successfully executed, it represents a structural competitive moat that is geopolitically and economically unprecedented.*

2. Financial Analysis by Segment

2.1 Revenue & Profitability

Metric	SpaceX Launch	Starlink	xAI + X	Combined
2024 revenue	~$5.5B	~$7.7B	~$0.3B	~$13.1B
2025 revenue (est.)	~$5.5B	~$10–12B	~$0.5B	**~$16B**
2026 revenue (proj.)	~$6B	~$16–22B	~$1–2B	**~$23–30B**
2025 EBITDA (est.)	~$1–2B	~$6–7B	–$3–4B	**~$7.5B**
EBITDA margin	~20–30%	~55–65%	Deeply neg.	~47%
True EBIT (after D&A)	~–$0.5B	~–$2.4B	~–$11B+	~–$14B combined
Free cash flow (2025)	Low positive	~$2B	–$8–12B/yr	~–$6 to –$10B net
Revenue CAGR '24–'26	~4%	~70%+	~150%+	~35–50%

2.2 The Critical Depreciation Problem

The most analytically important insight in this report concerns the depreciation burden that is systematically obscured by EBITDA-focused presentations of Starlink's financial performance.

D&A Item	SpaceX Launch	Starlink	xAI
Gross tangible assets	~$8.0B	~$35B gross / ~$20B net	~$33B (GPU-heavy)
Annual D&A — tangible	~$2.0B/yr	~$8.0B/yr	~$7.5B/yr
Annual amortization — intangibles	—	~$0.9B/yr (EchoStar spectrum)	—
Total D&A burden	**~$2.0B/yr**	~$8.9B/yr	~$7.5B/yr
2025 EBITDA (reported)	~$1.5B	~$6.5B	~–$3.5B
True EBIT (EBITDA – D&A)	~–$0.5B	~–$2.4B	~–$11B+

> *Starlink's satellite constellation depreciates at ~$7B/yr — nearly equal to its entire 2025 EBITDA of ~$6.5B. True EBIT is deeply negative. The S-1 will force this disclosure into public view for the first time. Starlink cannot be valued like a SaaS business: its content does not deorbit and burn up every five years, but its satellites do.*

2.3 Starlink Cash — A Critical Structural Note

Starlink does not hold its own cash reserves. It is a division of SpaceX, not an independent company. The only public Starlink financial filing — submitted to the Netherlands Chamber of Commerce by Starlink Satellite Services Corp. — shows $2.7B in 2024 revenue and $72M in net profit. This entity covers only a subset of global operations and has 14 employees; the real assets (satellites, factories, gateways) remain on SpaceX's books.

Any cash Starlink generates flows directly onto SpaceX's balance sheet, where it is immediately reinvested into capex. This is why SpaceX holds only ~$3B in cash despite generating ~$8B in EBITDA in 2025 — the cash is earned and immediately deployed. There is no Starlink-specific liquidity buffer.

2.4 Cross-Entity Cash & Liquidity

Entity	Cash & equiv.	Total liquid assets	Gross debt	Net position
Tesla (public, audited)	$16.5B	~$44B	~$14.7B	~+$29B
SpaceX (private, est.)	~$3B	~$3B	~$5–8B	~–$2 to –$5B
xAI (SpaceX sub., est.)	~$10–12B (post Series E)	~$10–12B	~$5B+ at 10%+	~+$5–7B

> *Tesla's $44B cash pile is the de facto financial backstop of the entire Musk empire. SpaceX's thin ~$3B cash position against $28B+ in 2026 capital requirements makes the IPO existential. Without proceeds, Starlink expansion, Terafab, and Starship scaling all stall simultaneously by mid-to-late 2027.*

3. Valuation Analysis

3.1 IPO Multiples vs. Comparable Companies

Metric	SpaceX Launch	Starlink	xAI + X	LMT	Netflix	Saudi Aramco (prev. record IPO)
EV / Revenue	~45–55x	~80–100x	~450x	2.3x	9.1x	3.4x
EV / EBITDA	~150x	~130–170x	N/M	17.6x	13.5x	6.8x
P/E ratio	N/M	~130–220x	N/M (losses)	~23–29x	~36–38x	~17–18x
Revenue at IPO	~$5.5B	~$10–12B	~$0.5B	~$3B	$76M	~$330B
Net income at IPO	~$0	Negative (true)	–$13B/yr	~$5B	–$38M	~$88B
Post-IPO yr-1 return	TBD	TBD	TBD	+62%	–50%	–19%

3.2 The Saudi Aramco Parallel

The most instructive comparison is Saudi Aramco, the previous record holder. Both companies are offered at approximately $1.7–1.75 trillion. But Aramco brought $330B in annual revenue, $88B in net income, and $78B in free cash flow to its 2019 IPO. SpaceX is targeting the same headline valuation with $16B in revenue, ~$7.5B EBITDA, and deeply negative true EBIT.

> *Same valuation. Aramco had 28x more revenue. Despite being the world's most profitable company — generating more net income than the 12 largest oil companies combined — Aramco's stock today sits 14% below its IPO price. Valuation at entry matters more than business quality alone. This is Howard Marks' central investment insight made tangible.*

3.3 Buffett / Munger / Marks Framework

Investor	Framework	Verdict	Rationale
Buffett	Circle of competence; moat; predictable FCF; simple structure	Pass	Key-man risk across 5 major companies simultaneously. xAI complexity impossible to model. No audited financials. Negative true earnings. Governance questions.
Munger	Concentrated conviction; discomfort as mispricing signal; long hold	Starlink: maybe. Combined: No.	Starlink's recurring revenue and infrastructure moat are Munger-recognizable. But bundling it with xAI at 220x EBITDA violates pricing discipline. Munger: 'Show me the incentive and I'll show you the outcome.'

Marks	Risk-adjusted return; second-order thinking; avoiding permanent loss	Rich — size with extreme care	20+ years of flawless execution already priced in. Combined capex through 2028 (~$89B) exceeds IPO proceeds ($75B). This is a civilizational bet — not a portfolio position. The near-term liquidity risks are systematically underpriced.

4. Capital Expenditure Outlook (2026–2028)

The combined entity's capital requirements over the next three years are the most important fact for understanding what the IPO money is actually for.

Program	2026E	2027E	2028E	3-yr Total
SpaceX Launch	**~$4.0B**	**~$4.5B**	**~$4.0B**	**~$12.5B**
Starship dev + scaling	~$2.0B	~$2.5B	~$2.0B	~$6.5B
Falcon 9 sustainment	~$1.5B	~$1.2B	~$1.0B	~$3.7B
Facilities	~$0.5B	~$0.8B	~$1.0B	~$2.3B
Starlink	~$12.5B	~$15.5B	~$15.0B	~$43B
Satellite replenishment (~2,000/yr)	~$7.0B	~$7.5B	~$8.0B	~$22.5B
Next-gen V3 constellation	~$0.5B	~$3.0B	~$4.0B	~$7.5B
EchoStar spectrum payments	~$3.0B	~$2.5B	~$1.0B	~$6.5B
D2C buildout + ground network	~$2.0B	~$2.5B	~$2.0B	~$6.5B
xAI	~$11.5B	~$12.8B	~$9.5B	~$33.8B
GPU expansion to 1M target	~$8.0B	~$6.0B	~$3.0B	~$17B
Power + data center + Saudi	~$3.0B	~$4.3B	~$4.0B	~$11.3B
GPU refresh cycle	~$0.5B	~$2.5B	~$2.5B	~$5.5B
COMBINED CAPEX	~$28B	~$32.8B	~$28.5B	~$89.3B
IPO proceeds (target)	$75B (one-time)	—	—	$75B
Capex vs. IPO proceeds	IPO covers <1yr of combined capex	Unfunded	Unfunded	$14.3B shortfall

> *The $75B IPO proceeds are consumed by less than one year of combined capital requirements. The IPO is the first tranche of continuous capital market access — not a one-time financing event.*

5. Terafab & the Chip Independence Thesis

Announced March 21, 2026, Terafab is a $20–25 billion joint venture between Tesla, SpaceX, and xAI to build the world's largest semiconductor fabrication facility from scratch. It targets 2-nanometer process technology and aims to produce one terawatt of AI compute capacity per year — more than total current global production.

Two chip types are planned. A terrestrial inference chip for Tesla's Full Self-Driving and Optimus robots. And the D3: a radiation-hardened processor designed specifically for low Earth orbit, where high-energy ions, photons, and electron buildup degrade standard consumer chips. The D3 is the prerequisite hardware for orbital data centers. No equivalent chip exists today.

> *Musk's stated allocation: 80% of Terafab's output directed toward space. This ratio tells the real story: Terafab is not a chip company — it is the hardware layer of the orbital AI civilization.*

The Bull Case for Terafab

The Middle East conflict has inadvertently provided the strongest possible strategic argument for Terafab. Qatar's Ras Laffan disruption has removed one-third of global helium supply from the market — helium essential for TSMC and Samsung fabrication. China's Announcement No. 61 has cut rare earth magnet exports to the U.S. by 22.5%. A domestic, vertically integrated chip factory using domestically sourced materials would be insulated from both chokepoints simultaneously.

The Bear Case for Terafab

TSMC spent decades and hundreds of billions of dollars reaching 2nm capability. Terafab is proposing to achieve it from a greenfield site with no prior fabrication experience. Tesla's track record on bold manufacturing promises — the 4680 battery cell, Dojo, FSD timelines — is instructive. The $20–25B cost is also not yet incorporated into Tesla's 2026 capex plan, which already exceeds $20B.

6. Macro Risk: Middle East Conflict

The U.S.-Israel war with Iran (began February 28, 2026) has created material near-term headwinds for multiple layers of the Musk empire while paradoxically strengthening the long-term strategic thesis. The IEA has called this 'the largest supply disruption in the history of the global oil market.' Crude oil has surged to ~$115/barrel, up ~59% from pre-war levels.

Entity	Headwinds	Tailwinds	Net assessment
Tesla	Energy/materials inflation compresses margins; rare earth disruption threatens Optimus motors and vehicle production; Terafab funding under pressure	$115/barrel oil powerfully strengthens EV value proposition; accelerates fleet electrification	Net negative near-term; net positive medium-term if oil stays elevated
SpaceX / Starlink	Qatar helium disruption (33% of global supply offline) constrains satellite manufacturing throughput; IPO window narrows in high-volatility environment	Government defense demand surges (Golden Dome, Starshield, NATO); SpaceX becomes more strategically indispensable; defense budget expansion	Net positive — military tailwinds outweigh supply-side friction
xAI	Helium/specialty gas shortage may delay NVIDIA GPU deliveries from TSMC fabs; energy inflation raises data center operating costs	Orbital data center thesis gains real-world validation as terrestrial supply chains fail	Near-term: slightly negative. Long-term: neutral to positive
Terafab	Construction cost inflation; material cost increases; timeline pressure	Conflict provides the most compelling real-world argument for chip supply independence imaginable; TSMC Taiwan risk + Gulf rare earth risk = textbook Terafab justification	Net positive for strategic narrative; cost pressure manageable

> *The Middle East conflict worsens the near-term IPO environment while simultaneously providing the most powerful real-world argument for the long-term thesis. Every Strait of Hormuz headline is an argument for why space-based, solar-powered, geopolitically independent compute infrastructure matters.*

7. Investment Conclusion

7.1 What You Are Actually Buying

Purchasing SpaceX at IPO means acquiring three fundamentally different businesses at a single blended valuation with no ability to separate them. You cannot buy just Starlink. You cannot exclude xAI. You buy all three, or none.

The price paid at IPO implies: Starlink executes a Netflix-scale transformation while simultaneously funding an $8B/yr satellite replacement cycle; xAI achieves profitability by 2027–28 while burning through its $20B fundraise; Starship achieves commercial viability on schedule; and orbital data centers become economically viable within the investment horizon. All simultaneously. All over 20+ years.

> *This is not a business that can be analyzed with traditional DCF methodology. The 20-year free cash flow of an orbital AI civilization cannot be modeled with useful precision. What you are pricing is a probability-weighted bet on a civilizational outcome.*

7.2 Scenario Analysis

Scenario	Conditions required	5-yr valuation est.	Probability (qualitative)
Bull	Starship commercial by 2028; Starlink hits 25M subscribers; xAI profitable; orbital data centers operational by 2030; Terafab delivers on schedule	$3–5T by 2030	Low — requires near-flawless execution across all programs simultaneously
Base	Starlink grows to 15–20M subscribers; Starship early commercial operations; xAI profitability delayed to 2029; orbital data centers speculative through 2030; Terafab prototype only	$1.2–2T by 2030	Moderate — consistent with ARK's $2.5T 2030 base case, adjusted downward for xAI complexity
Bear	Starship delays beyond 2029; xAI burn exceeds fundraising; Starlink faces sustained Kuiper competition; IPO proceeds insufficient; Terafab abandoned; macro/geopolitical deterioration	$400–800B by 2030	Moderate — individual program delays are historically common across all Musk ventures

7.3 Investor Suitability

Investor profile	Appropriate?	Reasoning
Retail — retirement savings	Not appropriate at IPO price	No margin of safety. Permanent loss risk is material. A small speculative allocation only if the thesis is fully understood and the loss of that amount would be tolerable.
Accredited — long-horizon portfolio	Appropriate with strict sizing	As 1–3% of a diversified portfolio of proven businesses, with full acknowledgment that this is a civilizational bet, not a traditional financial investment.

Institutional	Wait for post-IPO price discovery	The S-1 will be the first time audited financials are public. Post-IPO volatility will likely create better entry points. Netflix fell 50% in year one; Aramco never recovered its IPO price.
Mission-aligned / 20+ year visionary	IPO is the ground floor	If you believe in the orbital AI civilization thesis on a 20+ year horizon and can tolerate the full loss of the position, the IPO is the most direct participation in that outcome available to the public.

7.4 Final Verdict

SpaceX at $1.75 trillion is not a buy or a sell. It is a question about what kind of investor you are and what you believe about the next fifty years.

> *Marks: the price is rich, the uncertainty extreme, and near-term liquidity risks are underpriced. The IPO is existential financing. Size accordingly and do not mistake narrative for margin of safety. Munger: Starlink as a standalone business at a lower price would be compelling. The combined entity bundled with a cash-burning AI subsidiary and an unproven chip factory at this price is not. Buffett: Pass. And he would acknowledge, as he has with Amazon and Google, that he might be wrong.*

The most honest conclusion: SpaceX is the most ambitious infrastructure bet in human history, offered at a price that assumes it has already succeeded. The Middle East conflict, China's rare earth restrictions, and the global AI infrastructure race have all made the long-term thesis more compelling — while simultaneously making the near-term funding environment more fragile. That tension is the investment.

Appendix: Data Sources & Methodology

Primary Data Sources

- SpaceX/Starlink: Sacra equity research (Feb 2026); Morningstar SpaceX valuation model (March 2026); Quilty Space industry analysis; Payload Research revenue estimates; Reuters, Bloomberg, CNBC IPO reporting; FCC/SEC filings; Netherlands Chamber of Commerce Starlink Satellite Services Corp. filing (July 2025)
- xAI: Bloomberg internal document reporting (Jan 2026); Series E filings; SemiAnalysis Colossus infrastructure report (Sept 2025)
- Tesla: SEC 8-K filings Q3 2025, Q4 2025; Bloomberg Terafab reporting (March 2026)
- Comparables: Lockheed Martin 10-K/10-Q; Netflix SEC filings; Saudi Aramco prospectus and annual reports; market data from Macrotrends, StockAnalysis, Multiples.vc
- Macro: IMF blog (March 30, 2026); IEA Strait of Hormuz briefing (April 2026); WEF Global Risks Report 2026; UN ESCAP Asia-Pacific analysis (March 2026)

Key Methodology Notes

- **Satellite D&A:** 10,020 satellites × $3.5M blended cost ÷ 5yr = ~$7B/yr. Validated against Motley Fool independent estimate of ~$8.2B/yr for full 12,000-sat constellation.
- **GPU D&A:** Industry-standard 3–4yr depreciation for AI training hardware (consistent with Microsoft, Google, Meta). Colossus 2: 555K GB200 GPUs × ~$32K avg = ~$18B.
- **SpaceX cash (~$3B):** Estimated from Q1 2026 analyst reports. No public filing exists. High uncertainty.
- **EchoStar spectrum:** $17B acquisition amortized over ~18yr estimated license useful life = ~$0.9B/yr.
- **All SpaceX/Starlink/xAI figures:** Analyst estimates only. No audited financials have been publicly filed by any of these entities. Treat all figures as directional, not precise.