
SpaceX's record IPO is an AI bet wearing a rocket

The committee is buying a loss-making AI venture, not a rocket company

SpaceX's record IPO is not a space story: its filing makes it mostly a bet on xAI, an AI venture losing \$1 billion a month.

1

The S-1 reframes the company: filed under data-processing code 7370, with 85% of a \$28.5T market assigned to AI rather than space.

2

The listing was the largest ever: about \$75B raised at \$135 on a \$1.75T valuation, peaking near \$2.3T before closing up 19%.

3

The xAI merger inverted the financials: a \$791M profit in 2024 became a \$4.94B loss in 2025, with capex at ~215% and xAI burning ~\$1B a month.

4

Forced buyers and the AI asset diverge: NASDAQ fast-tracked ~\$14B of passive demand, the S&P refused, yet Grok holds ~0.4% of enterprise use and 11 of 11 co-founders are gone.

Also a single-digit-percent float with founder supermajority control, so minority holders carry the AI risk without a governance lever.

The S-1 quietly recategorises SpaceX as an AI company

Situation. Most investors read SpaceX as a rocket and satellite company that might one day reach Mars.

Complication. Its own S-1 filed under data-processing code 7370 and put 85% of a \$28.5T market in AI, so the filing reclassified the company away from space.

Question. What is the prospectus actually describing, if not a rocket company?

SpaceX filed itself under data-processing code 7370, the code for software, not spacecraft

Exhibit 1

SpaceX S-1 cover, SEC EDGAR · self-classified SIC code vs aerospace peers

So what. When a company classifies itself as data processing rather than spacecraft on its own cover, the reframe is the issuer's, not the critic's.



Source: SpaceX Form S-1 (SEC EDGAR); SEC SIC code list, 2026; SIC is a self-classification on the filing cover, not an SEC industry ruling

The filing puts 85% of a \$28.5T market in AI, leaving space as a 15% sliver

Exhibit 2

SpaceX S-1, page 11 · \$28.5T addressable market split, AI vs space

So what. If 85% of the addressable market is AI, then buying SpaceX is mostly buying AI, whatever the rocket branding says.



Source: SEC Form S-1; Via Satellite; Morningstar, 2026; page-11 headline is 85%, the line-item breakdown sums to ~93% / ~\$26.5T

The listing set a record, then a \$2.3T first-day peak

Situation. SpaceX spent two decades earning a near-monopoly on orbital launch before it ever touched the public markets.

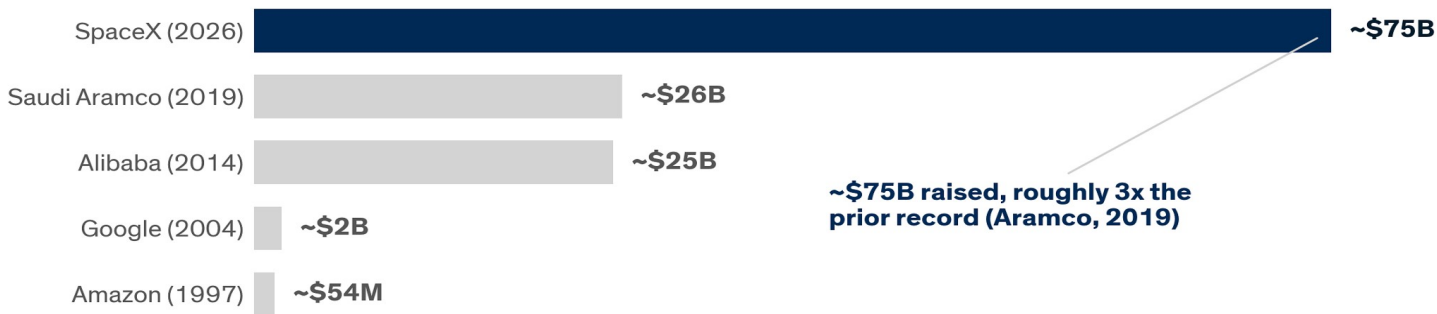
Complication. The IPO priced near \$1.75T and raised about \$75B, then shares spiked to a \$2.3T intraday peak before closing up 19%, so a private aerospace firm became one of the most valuable public companies overnight.

Question. How big was the listing, and what did the first day signal?

SpaceX priced the largest IPO ever, raising about \$75B at a \$1.75T valuation

Exhibit 3 IPO proceeds vs the five largest prior listings · pricing-day basis

So what. A record raise at a \$1.75T valuation means the AI bet was funded at a scale that magnifies the downside if the premise breaks.



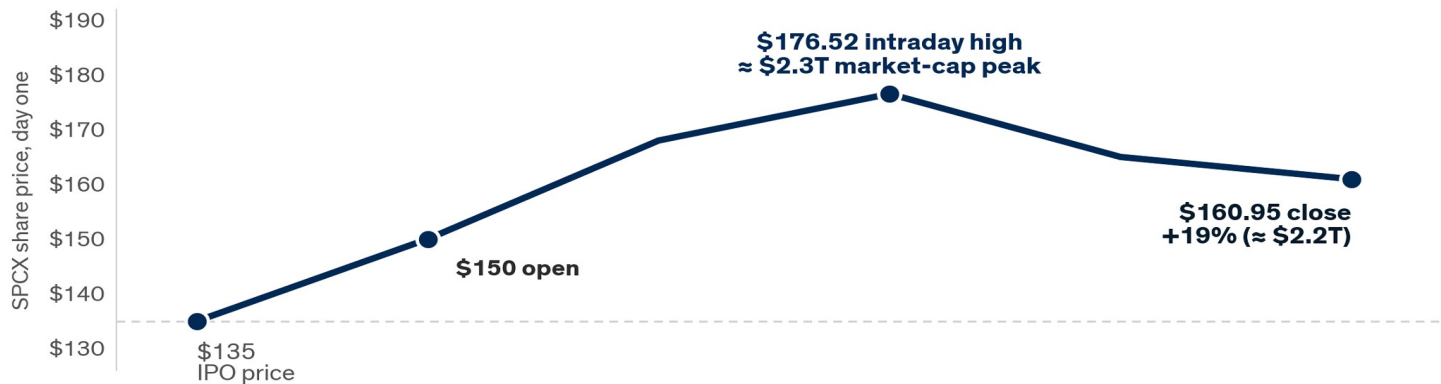
Capital raised at IPO, USD billions (proceeds)

Source: TechCrunch; Fox Business; CNN, 2026-06-12; ranked by capital raised, Saudi Aramco (2019) raised ~\$25.6B

On day one the stock spiked to a \$2.3T peak before closing up 19% near \$161

Exhibit 4 SPCX first trading day · intraday share-price path to the close

So what. A same-day jump to a \$2.3T peak on an unproven AI core is the overheated-market signal the committee has to price for.



Source: NPR; CNN; NBC News, 2026-06-12; \$2.3T is the intraday market-cap peak, not the pricing

~\$1B/month

is what xAI burns inside the rocket brand investors just bought at a record price

The xAI merger drained a profitable rocket company

Situation. Through 2024 SpaceX was a profitable, expense-heavy rocket company with Starlink as its one cash engine.

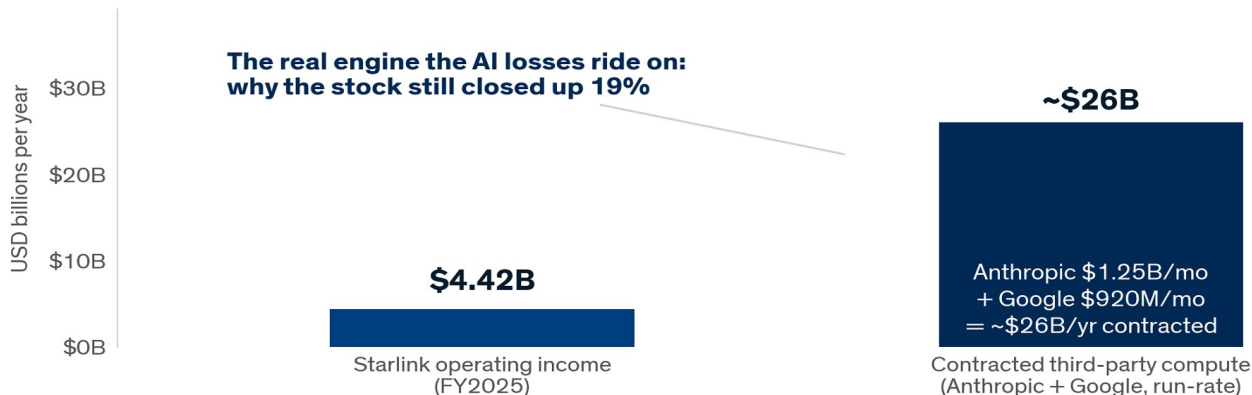
Complication. The February 2026 xAI merger flipped a \$791M profit into a \$4.94B loss and pushed capex from 42% to 215% of revenue, so the consolidated firm now loses money.

Question. What did the merger do to the financials, and how fast is the burn?

The market paid up for a real engine: a profitable Starlink and \$26B a year of contracted compute

Exhibit 5 Starlink FY2025 operating income and contracted third-party compute

So what. This is the value the AI losses ride on top of, so the bear case is about price and burn, not viability, which is exactly why the committee must size the exposure rather than dismiss or endorse it.



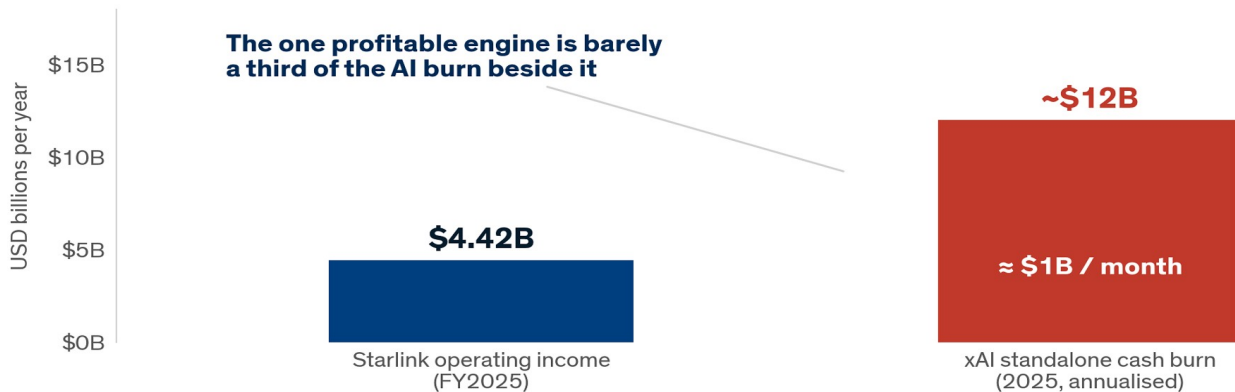
Source: Traders Union; Via Satellite; TechCrunch; CNBC, 2026; ~\$26B/year is the run-rate of the Anthropic and Google compute contracts

Starlink earns \$4.4B in profit, but it cannot cover the AI burn beside it

Exhibit 6

Starlink FY2025 segment profit vs xAI standalone monthly burn

So what. When the only profit engine is a fraction of the AI burn beside it, the consolidated company cannot fund itself.



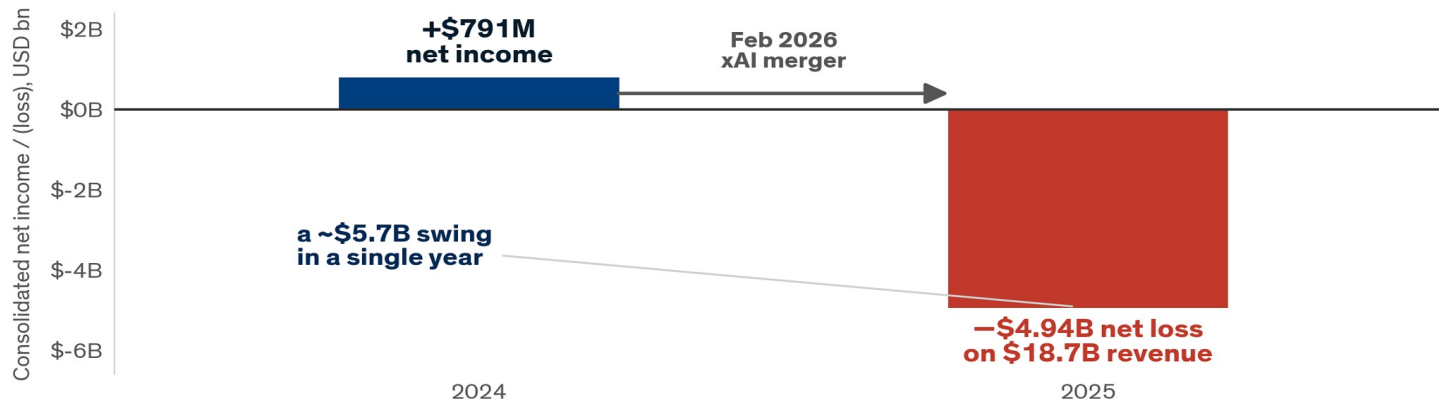
Source: Traders Union; Data Center Dynamics, 2025–2026; xAI standalone burn is ~\$1B/month (\$6.4B loss on \$3.2B revenue)

The merger flipped a \$791M profit in 2024 into a \$4.94B loss in 2025

Exhibit 7

SpaceX net income, 2024 vs 2025 consolidated · post-merger basis

So what. A profit-to-loss sign flip in a single year, driven by the merger, is the clearest proof that the AI side now governs the financials.



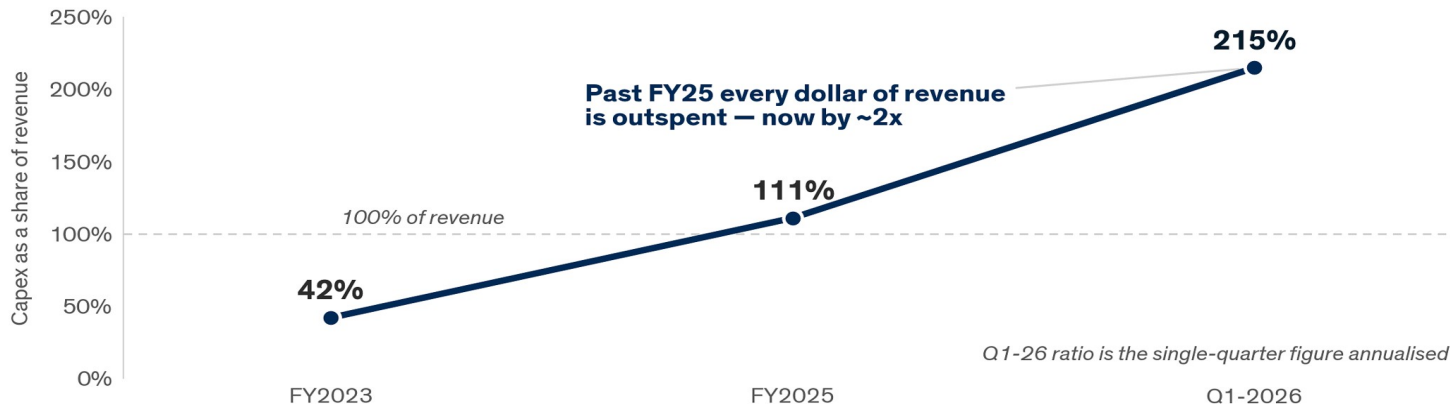
Source: SEC Form S-1; TechCrunch, 2026; S-1 line items are -\$4.94B on \$18.7B consolidated

Capex went from 42% to 215% of revenue as xAI burned \$7.7B in a single quarter

Exhibit 8

SpaceX capex as a share of revenue, FY23 to Q1-26 annualized

So what. When capex runs at 215% of revenue and quarterly burn is still climbing, the losses compound rather than converge.



Source: Morningstar; TechCrunch, 2025–2026; the ~215% is the Q1-26 single-quarter ratio annualized, the FY25 full-year ratio was ~111%

The two big indices split on whether to force buyers in

Situation. Index inclusion can force every tracking 401k and pension fund to buy a stock regardless of view.

Complication. The S&P 500 refused SpaceX on its profitability rule while NASDAQ fast-tracked it on a 15-day seasoning cut, so the two indices diverged on the same company.

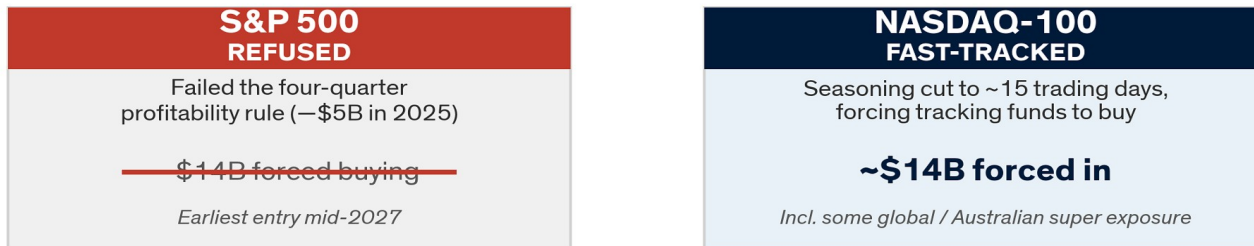
Question. Who is now forced to buy SPCX, and who is not?

The S&P 500 refused SpaceX on profitability while NASDAQ fast-tracked an estimated \$14B of buying

Exhibit 9

S&P 500 vs NASDAQ-100 admission rulings · estimated forced demand

So what. Because NASDAQ inclusion forces passive demand the S&P withheld, the fund likely owns SPCX through index vehicles regardless of its view.



The same 2025 loss that blocked the S&P is what NASDAQ's 15-day seasoning waiver routed around

Source: CNBC; AOL; S&P Dow Jones methodology, 2026; the ~\$14B forced-buying figure is a Huegoo Research estimate, not a sourced number

The AI asset being funded is weak on product and people

Situation. The whole thesis rests on xAI becoming a leading AI and data-centre business.

Complication. Grok holds about 0.4% of enterprise use, all 11 co-founders have left, and the headline compute deals shifted toward circular financing, so the AI asset weakened on every axis at once.

Question. How strong is the AI business the IPO is really selling?



Grok holds about 0.4% of enterprise use, and all 11 co-founders have left

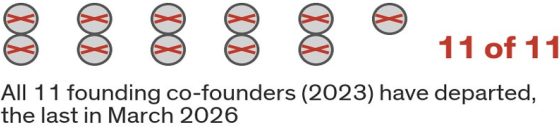
Exhibit 10 Grok enterprise share and xAI founding-team retention, 2023 to 2026

So what. A 0.4% enterprise share and a fully departed founding team mean the AI core lacks both traction and the people who built it.

PRODUCT



PEOPLE



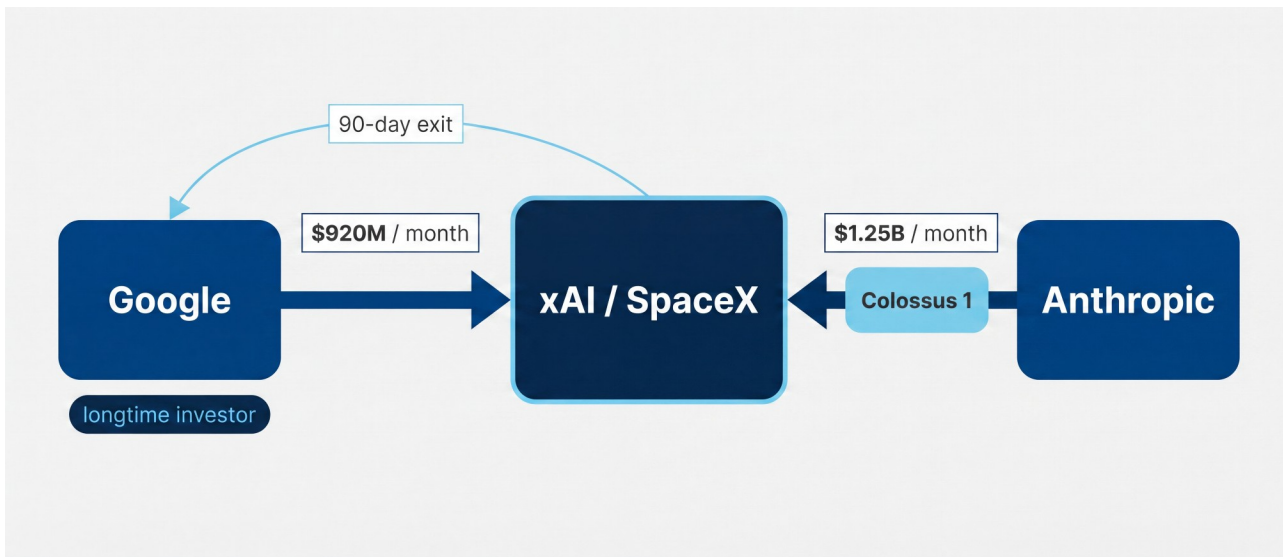
Adoption near zero and attrition at 100% — the two gauges that should diverge both point down

Source: Netskope; TechCrunch, 2026; the 0.4% share is Netskope end-May 2026 telemetry and enterprise-share methodologies vary

The compute deals look circular: Google pays \$920M a month, Anthropic rents a mis-built data centre

Exhibit 11

Disclosed monthly compute payments and contract terms, 2026



Source: CNBC; TechCrunch; Data Center Dynamics, 2026; the ~11% Colossus 1 utilization is per sources and the circular-financing read is Huegoo Research's

The orbital escape hatch fights physics and economics

Situation. SpaceX's answer to the AI compute problem is to move data centres into orbit on its own rockets.

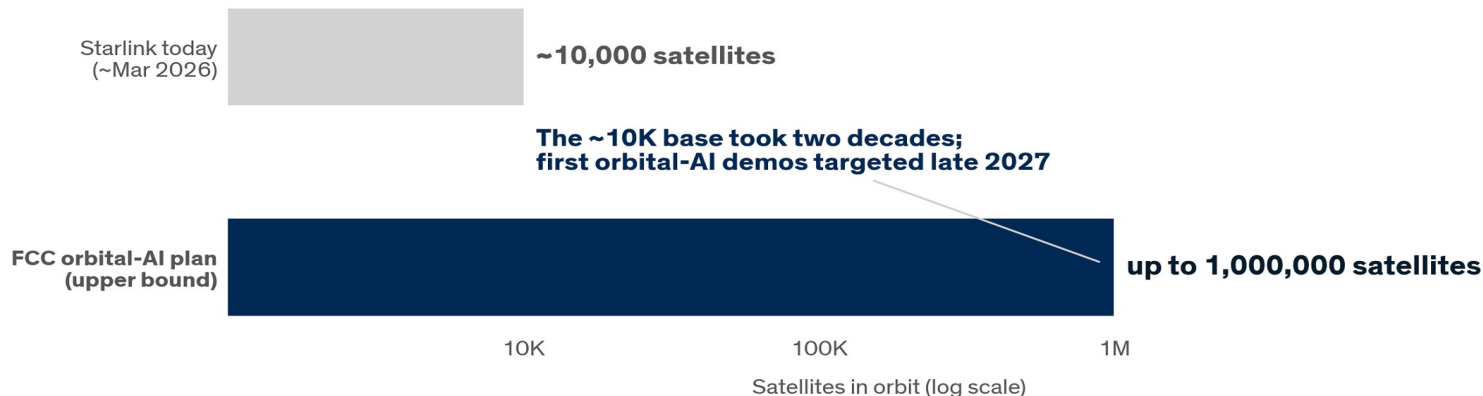
Complication. The FCC plan scaled to up to 1M satellites against today's ~10,000, while heat, radiation, and 3-year GPU obsolescence eroded the economics, so the moonshot grew harder as it grew larger.

Question. Can the orbital data-centre plan actually carry the AI bet?

The orbital plan is 100× Starlink: up to 1 million satellites against about 10,000 today

Exhibit 12 Planned orbital constellation vs Starlink today · satellite count

So what. A jump to 1M satellites is a 100x operational step-change, so the plan's feasibility, not its ambition, is what the committee must weigh.



Source: Data Center Dynamics; SpaceNews, 2026; the 1M figure is the upper bound of the FCC filing, demos now targeted for late 2027



Heat, radiation, and 3-year GPU obsolescence make the orbital data centre fight itself

Exhibit 13 Orbital data-centre constraints · heat, radiation, GPU obsolescence

So what. When heat, radiation, and obsolescence all work against the constellation, the orbital plan cannot reliably rescue the AI bet.

An orbital data centre fights itself on three fronts

No convection	Radiation	~3-year obsolescence
Vacuum has no air or water, so heat cannot be carried away; it must radiate slowly. Cooling needs heavy radiators and mass.	Cosmic rays and solar particles flip bits and damage dense logic; Van Allen electrons degrade panels; flares risk outright GPU loss.	GPUs go obsolete in about three years, so a megaconstellation is half-outdated before it is fully deployed, then must be replaced.

Source: Data Center Dynamics, 2026; the physics is first-principles engineering, the uncompetitive-economics conclusion is Huegoo Research's

Price SPCX as the AI bet the filing says it is, and manage the exposure deliberately

SpaceX’s record IPO is not a space story: its filing makes it mostly a bet on xAI, an AI venture losing \$1 billion a month.

Move	Owner	When
Reclassify SPCX in the book as an AI-infrastructure position and size it against the AI sleeve, not the aerospace allocation	Portfolio manager	Now
Measure forced passive SPCX exposure across NASDAQ-tracking vehicles and set a cap above which active positions are trimmed to offset it	Risk / index-exposure lead	Before next rebalance
Track the xAI burn, the consolidated capex ratio, and S&P-eligibility timing each quarter as the primary risk signals, not launch milestones	Sector analyst	Quarterly

The three objections this call has to survive, and the evidence against each

Pre-empted before they come up.

Never bet against Elon, so will SpaceX not simply grow into this valuation the way Tesla did?

It might, and that optionality is real. But the committee is not pricing rockets: the S-1 puts 85% of the market in AI, and xAI alone lost \$6.4B on \$3.2B in 2025, about \$1B a month, with Grok at ~0.4% enterprise share and all 11 co-founders gone.

Is the \$2.3T valuation not already evidence the market has validated the AI bet?

The \$2.3T was a first-day intraday market-cap peak, not a settled price. Shares closed at \$160.95 (up 19%, about \$2.2T) and priced at \$1.75T. A same-day spike on a loss-making AI core is the overheated-market signal we are flagging, not validation.

If the S&P refused it, can we just avoid SPCX and sidestep the risk entirely?

Not cleanly. NASDAQ fast-tracked SpaceX on a 15-day seasoning cut, forcing an estimated \$14B of passive demand, so any NASDAQ-tracking vehicle the fund holds already owns it. That is why we size and cap the exposure deliberately rather than assume we are not holding it.

Source: SpaceX Form S-1; TechCrunch; CNBC; Netskope

READ THE FILING, NOT THE ROCKET

*Read the filing, not the rocket: this is an AI position to manage,
not a space story to endorse*
