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800 SOUTH STREET, SUITE 160, WALTHAM, MA 02453 | 1.781.810.0800

BULLETIN: SpaceX IPO

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IPOs HAVE CHANGED

Historically, an IPO (*Initial Public Offering*) was the beginning of a company's public-market growth cycle. Companies raised capital to expand operations, build infrastructure, and fund future growth, allowing new shareholders to participate in years of value creation. NVIDIA is a strong example. They went public in 1999 at an approximate $600 million valuation and have since grown to nearly $6 trillion in market capitalization.

Today many companies remain private much longer into their life cycle, allowing founders, venture capital firms, employees, and private investors to capture much of the appreciation before public investors gain access. As a result, many IPOs now function more as "liquidity events" for early investors rather than traditional capital-raising events for future growth.

The SpaceX IPO (*scheduled for June 12, 2026*) may represent one of the clearest examples of this evolution.

HISTORY OF IPO PERFORMANCE

Below are excerpts from a recent article in The Wall Street Journal (*June 8, 2026*) by Telis Demos entitled "***For a Select Few, IPOs Are Winners. Good Luck to Everyone Else***." The article notes the performance of IPOs, while robust in the few days following issuance, is less than stellar over time:

> *"Though every deal is its own adventure, the average U.S.-listed IPO's first-day gain from offering price to its closing price at the end of the first day of trading is about 19%, according to data compiled by University of Florida finance professor Jay Ritter. That's great for those lucky enough to have gotten in at the offering price. But most investors aren't that lucky. For them, buying shares of recently listed IPOs on average doesn't work out so well.*
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> *The average historical return for buying an IPO at the end of its first day of trading and holding it for three years is about 21% lower than what a value-weighted market index would have returned, according to Ritter's historical data. This set spans nearly 9,300 U.S.-listed IPOs from 1980 to 2024 (see chart below).*
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> *But applying any historical analysis to SpaceX is pretty difficult. It is pursuing the largest listing ever, at the highest valuation ever, and with the unique figure of Elon Musk remaining in control of the company."*

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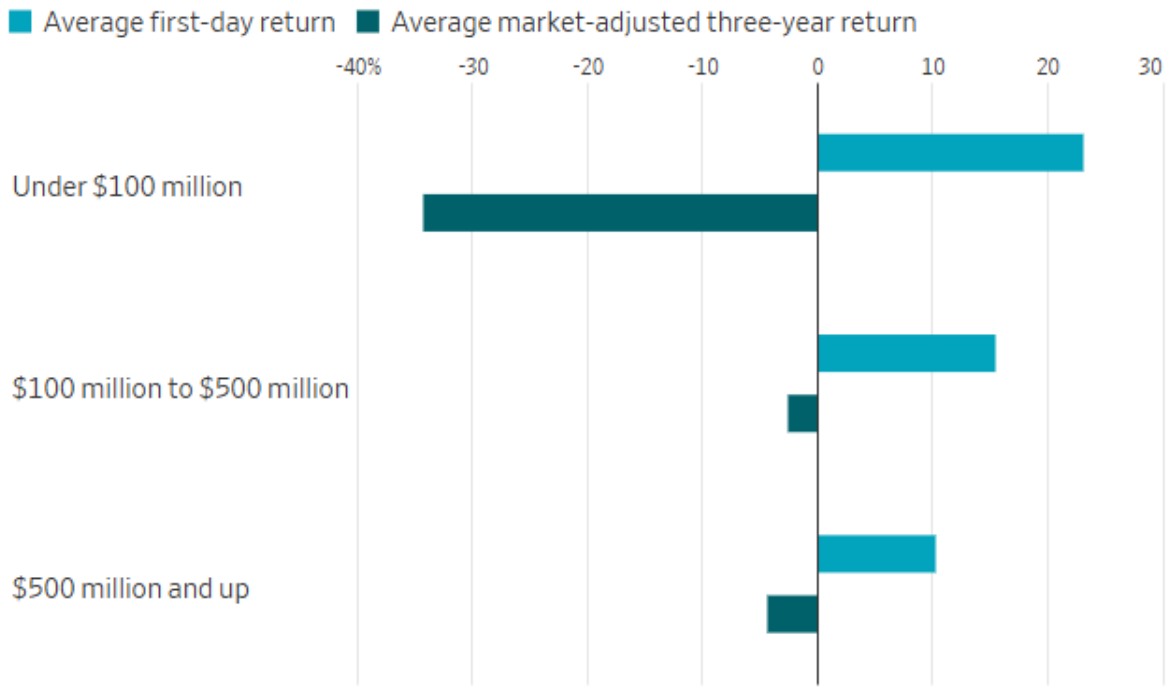
Performance of IPOs on their first day, versus over first three years of trading, by range of company revenue



Note: First-day return is from offering price to first-day closing price. Market-adjusted return is from the IPO's first-day closing price. Sales are last-12-months, in inflation-adjusted dollars. These are U.S.-listed IPOs from 1980 to 2024.
Source: Jay Ritter at the University of Florida

SPACEX OVERVIEW

SpaceX is preparing what could become one of the largest IPOs in market history, with discussions implying an equity valuation approaching $2 trillion. At that level, SpaceX would immediately rank among the 5–7 largest public companies in the world. The trading symbol will be SPCX.

Core Businesses

- Launch Services (Falcon 9 / Falcon Heavy)
- Starship deep-space transportation
- Starlink satellite broadband
- Government and defense contracts
- AI and infrastructure initiatives

Starlink is widely viewed as the company's primary commercial cash flow engine, while Starship and AI infrastructure remain highly capital intensive.

PROFITABILITY & VALUATION

Although portions of the business appear operationally profitable, particularly Starlink and launch services, the company overall is not viewed as consistently profitable given the scale of spending on Starship, AI infrastructure, satellite deployment, and long-term commercialization initiatives.

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IPO Metrics

- Estimated valuation: ~$2 trillion
- Estimated public float: ~10%
- Estimated float value: ~$200 billion

Morningstar's estimated fair value of approximately $800 billion appears more consistent with traditional valuation and cash-flow analysis. However, current market enthusiasm surrounding artificial intelligence, semiconductors, and space-related investments could support materially higher pricing in the near term.

At current levels, investors are paying heavily for future expectations tied to:

- Starlink dominance
- Starship commercialization
- Defense expansion
- AI infrastructure
- Long-term space economy growth

OWNERSHIP STRUCTURE

Private Ownership

- Elon Musk remains the dominant shareholder with substantial voting control
- Antonio Gracias / Valor-related entities remain major holders
- Senior executives and early investors retain meaningful ownership positions

Public Ownership Exposure

Alphabet **-** Alphabet reportedly owns approximately 6% of SpaceX, potentially representing more than $100 billion in value at a $2 trillion valuation.

EchoStar **-** EchoStar reportedly owns approximately 2.5%–3.0% of SpaceX, potentially worth $35–$42 billion at a $2 trillion valuation. Investors increasingly view EchoStar as a public-market proxy for SpaceX ownership rather than a traditional telecommunications company.

OPPORTUNITIES & CONSIDERATIONS

Index Inclusion

Given its size, SpaceX could rapidly become eligible for major market indexes, potentially creating meaningful technical buying demand shortly after the offering.

Insider Selling

Insider and early-investor lockup expirations are expected to commence later this year and continuing over the following 2–18 months. This could result in substantial incremental share supply entering the market at a time when valuation expectations are already elevated, which may place pressure on the stock price if demand wanes.

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Tesla Integration

There has been increasing discussion surrounding deeper integration between Tesla and SpaceX, including potential coordination across AI infrastructure, robotics, manufacturing, energy systems, and communications. While strategically compelling, any future Tesla–SpaceX combination or inversion structure would likely raise concerns regarding governance, valuation, conflicts of interest, dilution, and regulatory oversight.

In terms of FOMO ("*fear of missing out*"), it is important to note that many investors may already have indirect economic exposure to SpaceX:

- The indirect SpaceX-related exposure may already represent approximately 1% of the S&P 500 Index (through EchoStar and Alphabet).
- Only 12 companies within the S&P 500 currently carry an index weighting above 1% (Visa, JP Morgan and Eli Lilly).
- Once public, SpaceX itself could ultimately represent approximately 3%–4% of the weighting of the S&P 500 Index.

In short, ***hardly anyone is "missing out" on this event*** – whether they participate in the IPO or not.

SUMMARY

SpaceX is an integral component in the aerospace and satellite communications industries and will likely play an important role in AI infrastructure. Our concern is not the quality of the business, but rather the valuation and timing of the IPO.

At an estimated valuation approaching $2 trillion, much of the historical appreciation has already occurred during the company's extended private-market phase, benefiting founders, venture capital firms, employees, and early investors before public investors gained access.

The shares may trade higher initially due to limited float, strong retail demand, expected index inclusion demand, and scarcity value associated with the offering. On the other hand, significant insider and early-investor lockup expirations are expected later this year and continuing over the following months. That could result in a massive supply of shares entering the market, which typically places downward pressure on the stock if demand does not keep pace - or if the company does not perform as expected.

Our view is that while the IPO may offer short-term trading dynamics, the longer-term investment return potential will hinge on achieving aggressive growth assumptions. As with any offering, investors should carefully consider valuation, concentration risk, liquidity conditions, indirect exposures, and their own financial circumstances before making a decision to participate.

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