



# The SpaceX IPO: Hype and More Hype

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The largest initial public offering in human history aims to collect \$135 a share from investors who want to get in on the ground floor of SpaceX as a public company—making the company’s valuation a whopping \$1.5 trillion. Every financial publication is offering opinions, but one opinion that might offer the best insights is SpaceX’s own AI agent, called Grok.

Grok is not a fan. It notes that the offering price is roughly 100 times the company’s annual revenue—for a firm that has consistently posted multi-billion-dollar losses. And it references a report by the Morningstar organization estimating that the company’s true value is closer to \$780 billion, less than half of the IPO target.

The Morningstar report Grok references manages, in a subtle way, to question whether SpaceX will even be a true public company, since company founder Elon Musk plans to retain 85% of voting control through a dual class share structure.

While the hype machine surrounding the IPO talks about colonizing Mars—decades away, at the most optimistic assumptions—SpaceX does have some unique business components. One of them is the launch architecture—reusable rockets that send satellites into space. The current Falcon 9 spaceships carried 51% of all the orbital payloads in 2025, far ahead of the Chinese Space Agency, which is in second place. The next-generation Starship rockets (still in the testing stages) have significantly larger payload capacities.

Most of the Falcon 9 launches carried Starlink satellites, which offer Internet and mobile phone capacity to rural areas around the world. This is the source of most of SpaceX’s revenues: \$11.3 billion last year. The IPO registration statement might exaggerate a bit when it suggests that Starlink’s mobile and broadband services have a combined market of \$1.6 trillion in revenue—the Morningstar report dryly notes that this figure exceeds all current global spending on these services. The word ‘overhyped’ might come to mind.

The prospectus suggests a new revenue model: floating, orbiting data centres, with the components ferried into the sky by the (remember, still being tested) Starship rockets. These orbital data centres (the first is to be called Colossus) are, at this point, entirely hypothetical, but

they would have the advantage of access to unlimited solar power. At the same time, they would be a bit slow (the industry calls this ‘latency’) since the communications back and forth to/from the ground take precious instants. Is the world ready for slightly slow AI response times?

X, aka Twitter, is also part of the SpaceX package, but the Morningstar report views it as somewhat inconsequential; its advertising revenues are minuscule compared with the space-related businesses. And revenue dropped by 50% since Elon Musk’s takeover in 2022.

And then there’s Grok, the AI skeptic about this whole investment ‘opportunity.’ SpaceX has invested \$50 billion in its AI agent and is paying an estimated \$2.8 billion a year on gas turbines to power its data centres. SpaceX plans to invest \$20 billion in a data centre in Mississippi, in addition to a \$3.4 billion investment in data centres in Tennessee. What kind of market share did this buy? An analysis of Apple App store downloads notes that the most-downloaded AI agent is ChatGPT, followed by Anthropic’s Claude, followed by Google’s Gemini. Grok failed to make the top 25. In all, grok lost \$2.47 billion in the first quarter of this year, compared with \$818 million in revenues.

Last year, SpaceX generated \$18.67 billion in revenue but posted a net loss of \$4.94 billion. Buying the company at its initial offering price means that you believe that the Starship rockets will test out successfully (probable), that SpaceX will be able to build Colossus and send data centres into the sky (questionable), that Grok will become a significant AI competitor (unproven to say the least) and that SpaceX employees will be crunching around the Martian terrain in a few years, looking for reasons to be there, and whatever profitable thing they might accomplish on the trip.

If anybody can see through the hype, it’s Grok. Investors would be wise to listen to it.

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