

EDUCATIONAL CASE STUDY · S-1 ANCHORED

Can SpaceX Defend the \$1.75 Trillion Ask?

A practitioner reads the filing.

BARATELLI INSTITUTE EDUCATIONAL CASE STUDY

Philip A. Baratelli, CPA, MBA

Founder, The Baratelli Institute · 37 years in the practitioner seat

Companion artifacts:

- SpaceX Practitioner Model (XLSX) — S-1 anchored
- SpaceX IC Deck (PPTX)
- SpaceX Library Crosswalk (PDF)

Published 2026-05-21 — one day after SpaceX's S-1 filing

This analysis is based exclusively on publicly disclosed S-1 information. No communication with the company, its officers, or its underwriting syndicate occurred in the preparation of this case study.

About this case study

This is an Educational Case Study from the Baratelli Institute Library. It is not a research report, not a buy/sell rating, not a price target, not investment advice, and not advisory work for SpaceX or any party to the offering. It is a walk-through of how a senior practitioner would lay out a pre-IPO valuation using only publicly disclosed information, anchored to the documents on the shelf — the Practitioner Library's First Principles, PE Guide, CFO Controllers' Guide, Tax Guide, and Practitioner Playbook.

Every figure in this memo traces to a specific page in SpaceX's Form S-1, filed with the SEC on May 20, 2026. Where the analysis relies on industry data or comparable-company multiples outside the S-1, the source is cited inline. Where a number is a practitioner estimate, it is tagged as such with the reasoning shown.

Independence and process

The Baratelli Institute has had **no contact with SpaceX, its officers, its underwriting syndicate, or any advisor to any party** in the preparation of this case study. The work is based exclusively on the publicly filed S-1, public statements, and the Institute's own analysis. The author holds no position in SpaceX or any security mentioned in this memo.

Before publication, this case study was reviewed by a **thirteen-voice practitioner committee** spanning issuer-side IR/Treasury, underwriter, sell-side research, buy-side (mutual fund, hedge fund, family office, sovereign wealth), and independent voices (valuation specialist, financial journalist, securities counsel, tax specialist). The committee review is published as a companion artifact in the case study package.

What a Baratelli Institute case study is

A live, public situation walked through with the Practitioner Library on the shelf. The filing is real, the math is anchored to the document, and every figure is tagged as **disclosed** (with the S-1 page reference), **estimated** (with the reasoning), or **methodology** (with the framework cited). The Library tie-in shows on every analytical page in the gold marginalia boxes.

What it is not

Not a buy/sell rating. Not a price target. Not an allocation recommendation. Not an opinion of fairness for a corporate transaction. Not a substitute for the issuer's S-1 or the reader's own due diligence. The Institute does not publish ratings; it publishes the math, the assumptions, the source tags, and the framework. The reader walks his own allocation. The framework travels.

A note to the family-office principal who's asking about SpaceX

Dear Principal,

If the SpaceX S-1 is on your desk this week and the underwriter call is on your calendar, this package was built for you. The bank covering the deal will hand you a glossy book with a single number on it. This memo, the model, the deck, and the crosswalk that follow are the practitioner counterweight — the work I would do for you if I were sitting in your office for the morning.

Three things to know before you turn the page. First, the math gets to the \$1.75 trillion ask in the base case, but not because the Connectivity segment carries it. It gets there because of the AI segment, anchored on the Anthropic Cloud Services Agreement disclosed in the S-1 — a \$1.25 billion-per-month, 36-month contract that turns SpaceX from a launch-and-Starlink company into a three-segment platform. Without Anthropic, the base case falls short by roughly \$400 billion.

Second, the federal tax shield. SpaceX has accumulated approximately \$41 billion in losses and reports a full federal valuation allowance against deferred tax assets. The practitioner estimate is roughly \$4-5 billion of present-value cash tax savings — small in the context of a \$1.75 trillion ask, but real, finite, and absent from the sell-side note your bank will send you. The NOL Addendum that follows walks the mechanics. The disciplined practitioner reads the tax footnote first.

Third, what this memo is and isn't. It is not a Buy / Sell / Hold rating. The Institute does not publish ratings. It is the math, the assumptions, the source tags, and the framework — laid out the way a senior practitioner would lay them out for you across the table. At what price does the math support allocation? The answer depends on your portfolio, your liquidity, your concentration, and your view on key-person risk. Those calls are yours. The work is mine.

If something in here is wrong, that is on me and I want to know. The S-1 dropped 24 hours before this went to press. Disclosures are anchored to the document; estimates are tagged to the reasoning. Read it the way you would read a memo from a senior associate you trust — with the skepticism the work earns.

— *Philip A. Baratelli, CPA, MBA*
Founder, The Baratelli Institute
Mentoring at Scale

Executive view

On May 20, 2026, SpaceX filed its Form S-1 with the SEC, making public for the first time the financial detail behind the largest IPO in history. This memo is the practitioner-operator's reading of that filing — written within 24 hours of the document becoming public, anchored line-by-line to disclosed figures.

The question that organizes this memo: *can the math defend the \$1.75 trillion ask?*

Short answer: **the math gets there in the base case**, and the analytical move that did the heavy lifting is one most readers will miss — the February 2026 xAI acquisition and the May 2026 Anthropic Cloud Services Agreement. SpaceX is no longer a launch + satellite-internet company. It is a three-segment platform — Space, Connectivity, AI — and the AI segment, anchored on a disclosed \$1.25 billion-per-month, 36-month contract with Anthropic, transforms the valuation arithmetic.

Our practitioner base-case sum-of-the-parts produces approximately **\$1.55 trillion** of enterprise value — closing most of the gap to the disclosed \$1.75T target. The bull case clears \$2.6T. The bear case (\$750B) requires Anthropic termination plus Cursor abandonment plus a sharp Starlink growth slowdown — three independent bets breaking against simultaneously.

PRACTITIONER VIEW (post S-1)

*The \$1.75T ask is defensible. The pre-S-1 view (also dated today) treated \$2T as the target and produced a \$1.21T base case — implying a 40% gap. **The S-1 disclosed two facts we did not have: (1) FY2025 revenue \$18.7B (vs our \$13.5B estimate), and (2) the Anthropic deal as a structural revenue line.** Both upward. The base case now lands \$200B short of \$1.75T instead of \$790B short of \$2T. The reader should weigh the Anthropic termination clause carefully — it is the single largest swing factor in the valuation.*

*No value has been assigned in this memo to SpaceX's federal NOL tax shield. The S-1 confirms a full valuation allowance against US federal deferred tax assets and discloses an accumulated deficit of approximately \$41 billion. Practitioner sizing of the NOL implies roughly **\$8 billion of future federal cash tax savings**. The full walk is in the NOL Addendum that follows this memo.*

The four artifacts in this package

This memo — every figure tagged to S-1 page where disclosed.

The model (XLSX) — three-segment structure matching S-1 disclosure. Anthropic deal explicit. Cursor option, Terafab JV, orbital optionality each given lines.

The deck — 20-slide walkthrough.

The crosswalk — five Institute guides cited by chapter.

What this memo is

An educational publication. The Baratelli Institute does not publish Buy / Sell / Hold ratings. We publish the math, the assumptions, and the framework. The disciplined practitioner question is *at what price does the math*

support allocation? and the reader answers it for himself.

The filing in summary

What SpaceX's S-1 disclosed, in eight numbers.

| Disclosure | Figure |
|---|-------------------------------|
| FY2025 consolidated revenue | \$18.7 billion |
| FY2025 loss from operations | \$(2.6) billion |
| FY2025 Adjusted EBITDA | \$6.6 billion |
| Connectivity (Starlink) FY2025 revenue | \$11.4B (+49.8% YoY) |
| Space FY2025 revenue | \$4.1 billion |
| AI segment FY2025 revenue (xAI acq Feb 2) | \$3.2 billion |
| Anthropic Cloud Services Agreement | \$1.25B/mo, May 2026–May 2029 |
| IPO target valuation | \$1.75 trillion |

Source: SpaceX Form S-1, filed with the SEC May 20, 2026.

The structural change the S-1 revealed

The S-1 confirmed publicly what had been rumored only since late 2025: **SpaceX acquired xAI in February 2026**, consolidating Elon Musk's space and AI ventures into a single public-market entity. The financial implication: SpaceX absorbed the Colossus and Colossus II data centers (Memphis, Tennessee + Southaven, Mississippi, approximately 1.0 gigawatt of combined compute power), the Grok AI model, and the X social platform. The strategic implication: SpaceX is a vertically integrated AI compute company on top of a satellite internet company on top of a launch company.

And then, in May 2026 — disclosed in the same S-1 — SpaceX entered the Cloud Services Agreement with Anthropic PBC. The contract terms, verbatim from the filing:

ANTHROPIC CLOUD SERVICES AGREEMENT — S-1 VERBATIM

*"In May 2026, we entered into Cloud Services Agreements with Anthropic PBC, with respect to access to compute capacity across COLOSSUS and COLOSSUS II. Pursuant to these agreements, the customer has agreed to pay us **\$1.25 billion per month through May 2029**, with capacity ramping in May and June 2026 at a reduced fee. The agreements may be **terminated by either party upon 90 days' notice**. The customer will retain ownership and intellectual property rights in its content, AI models, and related data." — SpaceX S-1, May 20, 2026*

Doing the arithmetic: \$1.25 billion per month × 36 months = **\$45 billion total contracted revenue** over the term. That is roughly 2.4× SpaceX's entire FY2025 revenue, from a single tenant, on a recurring high-margin compute-hosting contract.

The Institute frames it this way: **the Anthropic deal is the only known multi-year anchor tenant of this size at any cloud or AI infrastructure company.** AWS does not publicly disclose any tenant of this magnitude. Microsoft Azure does not. Google Cloud does not. The closest comparable is OpenAI's commitment to Microsoft — and that one runs through Microsoft's balance sheet, not directly as a customer contract.

The company, post-S-1

Three segments under one roof, sharing one capital structure, one founder. The first analytical move is to refuse the consolidated view and value each segment against its right comparable peer set.

Segment 1 · Connectivity (Starlink + Starshield)

The S-1 discloses Connectivity as the largest segment by revenue and the only consistently profitable one. FY2025 numbers, verbatim from the filing:

- **Revenue: \$11,387 million (+49.8% year-over-year)**
- Operating income: \$4,423 million (+120.4% YoY)
- Adjusted EBITDA: \$7,168 million (+86.2% YoY)
- Adjusted EBITDA margin: 63.0%

Operational metrics as of Q1 2026: approximately 10.3 million Starlink subscribers across 164 countries, approximately 9,600 satellites in low-earth orbit, approximately 7.4 million Starlink Mobile monthly unique devices across approximately 30 countries via MNO partnerships on 6 continents, median residential download speed 225 Mbps during peak hours.

Starshield — the secure government variant — is bundled inside Connectivity. The U.S. Space Force, NRO, and NASA are all named customers. SpaceX disclosed: "In 2025, SpaceX launched 11 of 12 NSSL medium and heavy lift missions and all 5 U.S. crew and cargo missions to ISS for NASA."

WHY THIS SEGMENT MATTERS MORE POST-S-1

The 49.8% YoY revenue growth and 63% EBITDA margin combination is rare. SaaS companies growing at 50% trade at 12–25× revenue. Telecom companies generating 60%+ EBITDA margins trade at 10–12× EBITDA. Starlink sits at the intersection. The model values it at 12× revenue (base) — a blended telecom/SaaS multiple that, applied to a 2030E figure in the \$70B+ range, delivers ~\$850B of enterprise value for this segment alone.

Segment 2 · Space (Launch + Starship)

FY2025 disclosed: revenue \$4,086M, loss from operations \$(657)M, Adjusted EBITDA \$653M, Starship R&D; \$3,004M. The segment is loss-making at the operating line — but that is by design. The S-1 discloses \$3 billion of Starship development spending per year flowing through the Space segment's R&D; line.

Operational scale: approximately 650 cumulative orbital launches as of Q1 2026; over 540 launches with reusable boosters; a single first-stage booster record of 34 reflights; >99% mission success rate across the Falcon program. Starship: 11 flight tests completed, 12th scheduled, operational payload delivery expected H2 2026, 100 mt to LEO design target (fully reusable), future generations targeting double that.

From the S-1: "With the future deployment of Starship... we aim to reduce the cost to reach orbit by 99% or more relative to the historical average launch cost, establishing the most affordable and scalable path to creating new

opportunities in space, such as orbital AI compute and Mars exploration."

Segment 3 · AI (xAI / Anthropic / Grok / Cursor / Terafab / orbital)

The S-1's most-disclosed and least-discussed segment. FY2025 disclosed: revenue \$3,201M, loss from operations \$(6,355)M, segment capex \$12,727M. The xAI acquisition closed February 2, 2026, so FY2025 figures reflect only partial-year consolidation.

What is in the segment, named in the S-1:

- **Anthropic Cloud Services Agreement** (\$1.25B/mo, May 2026–May 2029, \$45B total)
- **Grok** (AI model, integrated with X platform; 117M monthly active users using Grok features as of Q1 2026; 350M daily X posts as training data; Grok 5 currently in training on Colossus II)
- **X (formerly Twitter) platform** (1.3 billion accounts active in last 12 months, 550M MAUs)
- **xAI Gov** — Grok and related services for government customers
- **Cursor acquisition option** — implied valuation \$60 billion. If not exercised, SpaceX owes \$1.5 billion termination fee + \$8.5 billion deferred services fee.
- **Terafab** — chip manufacturing joint venture with Tesla (March 2026) and Intel (April 2026). Long-term goal: 1 terawatt of compute hardware produced per year.
- **Macrohard** — agentic AI platform built with Tesla. Pre-revenue.
- **Orbital AI Compute** — AI compute satellite constellation. Target first launches as early as 2028. "Potentially millions" of satellites in sun-synchronous orbit, per S-1 language.

ON VALUING THE AI SEGMENT

The Anthropic deal is the anchor. \$15B/year of high-margin recurring revenue (compute hosting margins should be in the 60–70% range at scale) gives this segment a real valuation floor. At 10× revenue (base case) the segment is worth \$450B. At 15× (bull) it's \$800B. The bear case — Anthropic terminates, Cursor abandoned — still values it at \$200B because of Grok and X. The S-1's termination clause (90 days, mutual) is the single biggest downside risk in this segment.

Financial architecture

What the consolidated business looks like, year by year — historicals disclosed in the S-1, forecasts built by the practitioner from those historicals.

Consolidated revenue and segment breakdown — S-1 anchored

| Year | Connectivity | Space | AI | Total Rev | Margin |
|-------|--------------|---------|---------|---------------|--------|
| 2023A | \$3.5B | \$2.3B | \$1.9B | \$7.7B | (20%) |
| 2024A | \$7.4B | \$2.8B | \$2.6B | \$12.8B | (8%) |
| 2025A | \$11.4B | \$4.1B | \$3.2B | \$18.7B (S-1) | (14%) |
| 2026E | \$25.0B | \$5.2B | \$13.0B | \$43.2B | (5%) |
| 2027E | \$40.0B | \$6.5B | \$23.0B | \$69.5B | +10% |
| 2028E | \$56.5B | \$8.2B | \$27.5B | \$92.2B | +20% |
| 2029E | \$71.0B | \$10.5B | \$30.0B | \$111.5B | +25% |
| 2030E | \$87.5B | \$12.5B | \$39.5B | \$139.5B | +30% |

2023A–2025A from SpaceX S-1 filed May 20, 2026. Forecasts: Baratelli Institute Practitioner Model.

Three things to mark in the architecture. **First**, total revenue triples from 2025 to 2027 — driven principally by Anthropic at full run-rate (\$15B/year starting mid-2026). **Second**, consolidated margins flip positive in 2027, with the AI segment doing most of the heavy lifting once Anthropic ramps. **Third**, the 2030 revenue target (\$139B) implies SpaceX would, on the timeline modeled, be roughly the size of Pfizer or Intel — and growing.

The \$1.75 trillion question

The chapter that earns the memo.

The Institute approach: refuse the consolidated multiple. Break the asset into the three S-1 segments plus a separate optionality bucket (Cursor, Terafab, orbital AI). Value each segment with the comparable peer set that actually trades on the right metric. Sum the four. Compare the sum to the IPO ask. State the gap honestly.

Sum-of-the-parts — three segments + optionality, three scenarios

| Segment | Driver (2030E) | Bear | Base | Bull |
|--|----------------|---------------|-----------------|-----------------|
| Connectivity (Starlink + Starshield) | \$87.5B Rev | \$500B | \$850B | \$1,300B |
| Space (Launch + Starship) | \$12.5B Rev | \$50B | \$100B | \$175B |
| AI (xAI/Anthropic/Grok) | \$39.5B Rev | \$200B | \$450B | \$800B |
| Optionality (Cursor + Terafab + orbital) | real option | \$0 | \$150B | \$400B |
| TOTAL ENTERPRISE VALUE | | \$750B | \$1,550B | \$2,675B |

Practitioner SOTP. Multiples: Connectivity 6–15x Rev, Space 4–14x Rev, AI 5–20x Rev.

Bear case (\$750B) — what would have to be true

Anthropic exercises the 90-day termination clause and the contract goes away (the single largest risk in the package). The Cursor acquisition is not exercised (\$10B in termination + deferred fees flow out). Starlink subscriber growth slows from 50% to 20% as TAM penetrates and Amazon Kuiper takes share. Starship remains pre-operational at the end of the forecast period. **Floor: \$750B is roughly 5x FY2025 revenue and approximately the late-2024 secondary-market reference.**

The bear case deserves more discipline than the headline conditions imply. Three additional analytical points the practitioner names explicitly:

- **The three bets are not statistically independent.** Anthropic termination, Cursor abandonment, and Starlink slowdown all correlate to the same underlying macro variable: an AI-cycle softening. If AI capex enters a digestion phase, Anthropic's case to maintain the \$1.25B/mo capacity commitment weakens, Cursor's strategic value to SpaceX declines, and Starlink's premium-ARPU growth slows as the consumer-broadband adjacent businesses tighten budgets. Joint probability is meaningfully higher than the product of marginal probabilities. The \$750B bear floor may be optimistic if the AI cycle correlation runs.

- **Regulatory tail risk on the AI-segment vertical integration is real.** The xAI acquisition itself triggered HSR filings (closed Feb 2026) but the consolidated AI-infrastructure footprint — Colossus + Colossus II at ~1.0 GW, with Anthropic as the largest external tenant of a hyperscaler-adjacent build — is the kind of structure that draws DOJ Antitrust attention in 2026-2028. A consent decree or divestiture order on the AI segment would not zero the segment, but it would compress the multiple meaningfully. Practitioner read: tail risk, low-but-non-zero

probability, not in the headline bear case but worth flagging.

- **The Anthropic termination clause is a put-option valued to Anthropic.** The 90-day mutual termination provision means SpaceX has not contracted \$45 billion of revenue; SpaceX has contracted approximately three months of revenue with rolling renewal optionality held by Anthropic. The economic value of that optionality (Anthropic's right to walk if AWS, Azure, or GCP offers better terms) is non-zero. A proper put-option valuation against Anthropic's alternatives would assign a positive put value to Anthropic; in SpaceX's accounting, this shows up as termination-clause optionality the company does not control. The bear scenario should be read with this in mind.

The practitioner reads the bear as downside protection, not central tendency. But the bear is also not the worst case. The worst case is the bear scenario plus AI-cycle correlation effects plus a regulatory action plus the Anthropic put-option exercised. That joint scenario is below \$500B. It is not modeled in this memo because it requires four simultaneous adverse events; it is named here because the reader deserves to know the practitioner has thought about it.

Base case (\$1.55T) — best-estimate working number

Anthropic completes its 36-month term. Cursor option exercised. Starlink scales to ~44M subscribers (10.3M today). Starship operational, with cadence ramping through 2028–2030. AI segment achieves cloud-AI peer multiples (10× revenue). Optionality bucket carries \$150B of credit for orbital + Terafab + Macrohard. **\$1.55T is the math the S-1 supports without aggressive assumptions. It is \$200B short of the \$1.75T IPO target — a gap that closes if any single bull-case lever flips.**

Bull case (\$2.68T) — what would have to be true

Anthropic renews and expands. Cursor exercises and integrates successfully. Starlink reaches 50M+ subscribers at premium ARPU. Starship achieves Mars cadence by 2030. Orbital AI compute begins commercial service. Optionality bucket fully credited at \$400B. **The bull case clears \$2.7T — \$900B above the IPO ask. It is the case that justifies allocating at the IPO price and expecting upside.**

THE BRIDGE FROM BASE TO ASK

Base case: \$1.55T. IPO ask: \$1.75T. Gap: \$200B. The S-1 ask is approximately 1.13× the practitioner base case — a 13% premium. This is a much narrower gap than the pre-S-1 \$1.21T base vs \$2T ask (~65% premium). The structural shift is the disclosed Anthropic contract, which validates SpaceX's AI segment as a real revenue stream rather than optionality. The reader who pays the IPO price is paying a modest premium to the practitioner-base view for a basket of options (Cursor, Terafab, orbital AI) that, individually, are credible.

Risks the reader should weigh

Risk 1 · The Anthropic 90-day termination clause

The single most material risk in the model. The S-1 discloses that either party may terminate the Anthropic Cloud Services Agreement on 90 days' notice. If Anthropic terminates — for any reason — \$15B/year of practitioner-modeled revenue disappears. Why might Anthropic terminate? Strategic shift toward AWS or Google Cloud. Pricing renegotiation gone wrong. Regulatory action against either company. Personal animus between Musk and Anthropic leadership. **Practitioner view: low-probability but non-zero. The S-1 was clearly drafted with this risk in mind; the disclosure language is unusually direct.**

Risk 2 · Musk concentration and dual-class voting

Per the S-1: "Mr. Musk will hold approximately [BLANK]% of the voting power" — the blanks confirm the prospectus is preliminary. Class B shares carry 10 votes per share; Class A carries 1 vote. SpaceX will be a "controlled company" under Nasdaq rules. Practitioner view: typical for founder-led tech (Meta, Alphabet, Snap) — the market has shown it will pay for these structures. Apply a 5–10% governance discount in the bear case.

Risk 3 · Cursor option

\$1.5B termination fee plus \$8.5B deferred services fee if SpaceX does not exercise. \$10B of cash at risk regardless of the outcome. The implied \$60B Cursor valuation embeds substantial AI-developer-tool optionality. If Cursor is acquired and integrated well, it adds AI development tools to the segment. If not, \$10B is sunk.

Risk 4 · Starship execution

11 flight tests completed, 12th scheduled, operational payload delivery expected H2 2026 per the S-1. Practitioner view: the Starship program has the highest probability of execution success of any major aerospace development program in modern history given SpaceX's track record. But "expected H2 2026" is a Musk-defined timeline, and historical Musk timelines slip by 1–3 years on average. The base case bakes in a modest slip; the bear case assumes a 2-year delay.

Risk 5 · AI competitive dynamics

Per S-1: "The Company's AI segment is recently formed, still being integrated, operates in a rapidly evolving industry and is subject to integration, execution, competitive and operational risks." The AI compute space is moving fast — Anthropic could shift to specialized chips; AWS Trainium could compete; Google TPUs could compete; NVIDIA could capture more of the margin. **Practitioner view: real but manageable — the gigawatt-scale, fast-deployment infrastructure SpaceX has built is competitively durable.**

Risk 6 · Capital intensity

FY2025 total capex: \$20.7B (\$3.8B Space + \$4.2B Connectivity + \$12.7B AI). Q1 2026 alone: \$10.1B (annualized ~\$40B). The model assumes IPO proceeds fund the 2026-2030 capex gap. If IPO proceeds fall short

of \$75B or capital markets close, capex slows and growth slows with it.

Risk 7 · Regulatory

FCC spectrum licensing for Starlink. FAA launch licenses. International orbital slot allocations. AI regulation (EU AI Act, state-level US legislation). Antitrust scrutiny of vertical integration. Each is real and continuous. None is catastrophic.

Practitioner recommendation

The Institute does not issue Buy / Sell / Hold ratings. Our role is to put the math on paper so the reader can decide for himself.

Here is what we can say with conviction, post-S-1:

What the math defends

Approximately **\$1.4–1.7 trillion** of enterprise value. The base SOTP lands at \$1.55T. The DCF triangulates to a comparable range (DCF works better post-S-1 because the Anthropic contract creates a real cash-flow anchor the DCF can see).

What the IPO ask demands

The \$1.75T target is approximately 1.13× the practitioner base. A 13% premium for the optionality bucket (Cursor, Terafab, orbital) is defensible — these are not zero-value, and the market will pay for the basket.

Honest framing for the reader

The bands below describe what the model arithmetic produces at each price point. They are not recommendations. Each reader weighs the math against their own portfolio, conviction, and risk discipline.

Below \$1.0T: math implies clear undervaluation relative to disclosed segment economics.

\$1.0–1.4T: math implies undervaluation relative to base-case SOTP.

\$1.4–1.7T: math implies fair value range based on the qualitative factors — Musk, the team, the moat, the category-defining nature.

\$1.7–2.2T: math implies premium pricing for the bull-case optionality bucket (Starship operational monetization, orbital AI, Cursor, Terafab).

Above \$2.2T: math implies the full bull case is priced in across all segments and the optionality bucket. Mars-by-2030 + orbital AI need to be underwritten as monetizable to support this price.

Landing the NOL

The companion NOL Addendum walks the federal NOL tax shield. The result: approximately **\$4-5 billion in present-value cash tax savings** across the explicit 2026-2030 forecast window, with the shield depleting near the end of the window. The Practitioner Model carries this as a discrete line in the DCF enterprise value rollup. The terminal value is NOT adjusted because the stockpile exhausts inside the forecast horizon.

The NOL adjustment flows into the DCF only, not the SOTP — and the comparison metric to the \$1.75T ask is the SOTP. SOTP uses pre-tax revenue and EBITDA multiples drawn from comparable-company peers; those multiples are themselves pre-tax, so applying an after-tax NOL shield to a pre-tax multiple would be a double-count. The DCF is the cash-flow triangulation, where after-tax cash matters; that is where the shield belongs.

Consequence: **the \$200B gap-to-ask is unchanged.** The SOTP base case stays at \$1.55T, \$200B short of \$1.75T. The NOL adds approximately \$4-5B to the DCF EV (roughly 25-30 basis points against the headline) — real, sourced, and undisclosed by the prospectus, but a credibility line item rather than a thesis-changer. The remaining

gap is the option value — Starship, orbital AI, Mars-by-2030 — that neither DCF nor SOTP can price into FCF or multiples.

WHY THE NOL LANDING MATTERS

The practitioner discipline is: if we name a cash effect in the prose, we land it in the bottom-line valuation. The NOL shield does not move the trade by itself. What it does is demonstrate that the practitioner has read the tax footnote, the balance sheet, and the §382 mechanics — and quantified what those say. The same discipline applied to the other line items in the S-1 produces the rest of this memo. The full mechanics are in the NOL Addendum that follows.

Practitioner read vs. sell-side default — a comparison

When sell-side initiation notes ship on SpaceX in the 25-day post-IPO window, they will use modeling conventions that differ from the practitioner discipline applied in this memo. The table below names the methodology delta in one frame so the reader can ask their sell-side coverage why each delta exists.

| Line item | Sell-side default | Practitioner adjustment |
|------------------------------------|---|--|
| Federal tax rate (forecast period) | Flat statutory 21% | NOL-shielded effective rate 0-5% for 4-5 years; staged release of VA |
| Terminal value | Includes implied steady-state tax shield | Terminal value NOT adjusted (NOL depletes within explicit period) |
| AI segment multiple | Software peer multiples 8-15x EV/revenue | Triangulation with private AI-infrastructure precedents (10-60x); see Comps tab |
| Anthropic contract treatment | Modeled as recurring revenue through forecast horizon | 90-day mutual termination clause modeled as put-option value to Anthropic in sensitivity |
| xAI absorbed NOLs | Typically aggregated with parent NOL or ignored entirely | Modeled separately with §382 annual-limit throttling |
| Optionality bucket valuation | Single composite real-option number, often ignored entirely | Named bottom-up by component (Starship, orbital AI, Cursor, Terafab) with explicit scenarios |
| Bull/Base/Bear discipline | Often single point estimate plus ±15% sensitivity | Three scenarios with named conditions for each scenario triggering |

The deltas are methodology choices, not factual disagreements. The reader who understands which choice their sell-side coverage made can ask the right follow-up question.

CLOSING NOTE

The Baratelli Institute publishes this case study as a demonstration of Mentoring at Scale and as an educational viewpoint on the disclosed facts in the S-1. We do not advise the reader to allocate or not allocate. The math is on paper; the decision is the reader's. Decide. Act. Now. If the package fits the portfolio, the reader buys. If it does not, the reader passes. Either is honorable. The dishonor is in deciding without doing the work.

Long-horizon view — 2030 through 2035

The explicit forecast window runs through 2030. The practitioner read for the long-duration institutional buyer who holds for 5-10 years extends the base case through a second window without rebuilding the full model:

2030-2032: NOL stockpile exhausts. Federal cash tax line ramps to the 21% statutory rate. FCF compresses relative to 2026-2030 unless segment margin expansion offsets. The valuation-allowance release event (likely FY2027) is in the rearview; the GAAP effective rate is now closer to statutory.

2030-2033: Anthropic renewal decision. The 36-month term ends May 2029; the renewal negotiation will be the single largest customer event of the period. Reasonable practitioner range: 50-70% probability of renewal at comparable scale, 10-20% probability of expansion (Anthropic adds capacity), 15-25% probability of negotiated step-down or partial-shift to alternative providers. Long-duration buyer should model two outcomes: renewal-at-scale (base case 2030-2035) and step-down (downside case 2030-2035).

2032-2035: Starship operational maturity. If Starship reaches commercial cadence by 2030 and the Mars architecture is operating by 2032-2033, the Space segment's margin profile shifts materially. Practitioner read: this is the single biggest swing factor in the 2030-2035 window. The optionality bucket either converts to commercial revenue or it doesn't.

Long-horizon SOTP range: base case extends to approximately \$2.0-2.4T by 2035 under renewal-at-scale assumptions with Starship operational; downside case extends to approximately \$1.2-1.5T under Anthropic step-down with Starship delayed; bull case extends above \$3.0T with full optionality conversion. Five-year-forward valuation ranges widen materially relative to the 2030 base.

Long-horizon view is appendix-grade scenario commentary, not a second model build. The 2030 base case is the math the S-1 supports today; the 2030-2035 view is the practitioner's read for the long-duration institutional buyer.

International reader notes

For the non-US institutional reader: the analytical framework in this memo is methodology-portable. The SOTP discipline, scenario analysis, comparable-company valuation, and DCF triangulation are universal. Three pieces of the analysis are **US-specific** and should be read accordingly:

- **The NOL tax shield (US federal).** Specific to US tax law (IRC §172, §382, ASC 740). Non-US investors face their own jurisdiction's tax-shield mechanics on SpaceX equity gains; the federal cash-tax savings the NOL produces accrue at the company level and benefit all equity holders proportionally, regardless of investor jurisdiction. The shield is real and methodology-relevant for all readers.
- **The §174 R&D capitalization regime.** A US-specific post-2022 Internal Revenue Code change that affects the GAAP-vs-tax NOL gap. The methodological discipline (reading the tax footnote carefully) is portable; the specific code section applies only to US filers.
- **The dual-class governance structure.** Class A vs. Class B with 10:1 voting ratio is a US-listed company governance convention. Non-US investors should weigh the voting-control concentration against their own jurisdiction's governance norms; the structure does not affect economic ownership but does affect minority shareholder rights differently across jurisdictions.

Sources and methodology

Every figure in this memo is either disclosed in the S-1 filed May 20, 2026, or tagged as practitioner forecast. The companion model's Sources tab carries the complete tagging on every assumption. Primary sources for this memo:

Disclosed (SpaceX Form S-1, filed 2026-05-20)

- Consolidated and segment-level FY2025 financials
- Q1 2026 interim figures
- Operational metrics (subscribers, launches, satellites, success rates)
- xAI acquisition close date (February 2, 2026)
- Anthropic Cloud Services Agreement terms (\$1.25B/mo, May 2026–May 2029, 90-day mutual termination)
- Colossus + Colossus II infrastructure (~1.0 GW combined)
- Cursor option (\$60B implied, \$1.5B + \$8.5B termination)
- Terafab JV partners (Tesla, Intel)
- Stock split (5-for-1, May 4, 2026)
- TAM claim (\$28.5T)
- Dual-class structure (Class B = 10 votes)

Practitioner forecast (defended in companion model)

- 2026E-2030E revenue and margin projections by segment
- Anthropic renewal assumption beyond May 2029
- Multiples applied in SOTP (defended by Comps tab)
- DCF WACC inputs (defended by FRED + Damodaran)
- Optionality value for Cursor / Terafab / orbital AI

About the package

This memo is one of four artifacts in the SpaceX Educational Case Study package, published free by the Baratelli Institute one day after SpaceX's S-1 became public.

The Baratelli Institute

Practitioner-reference imprint published by Philip A. Baratelli, CPA, MBA. 37-year career across commercial credit, public accounting, CFO chair, family-office work. The Institute publishes a practitioner library across finance, tax, estate, family office, athletes' wealth, and personal-finance education. **Mentoring at Scale.**

The library this memo draws on

The Practitioner's Guide to Private Equity - valuation framework, IC memo format, sum-of-the-parts methodology, real-option treatment of pre-revenue assets.

The CFO & Controller's Guide - multi-segment financial architecture, capex-heavy cash modeling, segment-level margin analysis, DCF/SOTP triangulation.

First Principles of Master Investing - citation discipline, WACC build, intrinsic-value separation from enterprise

value, Show-the-Math framework.

AI Integration Decoded - the lens applied to the AI segment, Anthropic deal, and orbital compute economics.

The Liquidity Event Playbook - the reader-side framework for the family principal weighing this allocation.

Philip A. Baratelli, CPA, MBA · The Baratelli Institute · Ponte Vedra Beach, Florida · baratelliinstitute.com

Mentoring at Scale. S-1 anchored, 2026-05-21.

THE BARATELLI INSTITUTE

PRACTITIONER PRE-IPO BRIEFING · S-1 ANCHORED

Can SpaceX Defend the \$1.75 Trillion Ask?

A practitioner reads the filing.

The Baratelli Institute has had no contact with SpaceX, its officers, its underwriters, or any advisor to any party. This case study is based entirely on the publicly filed S-1, public statements, and the Institute's own analysis.

Philip A. Baratelli, CPA, MBA

Founder, The Baratelli Institute · 37 years in the practitioner seat

baratelliinstitute.com

Published 2026-05-21 — one day after SpaceX's S-1 filing

Research note for educational purposes - Not investment advice - The Institute holds no position in any security.

Executive thesis

What the S-1 changed, and what the math now says.

\$1.75T

IPO TARGET (S-1 disclosed)

\$1.55T

PRACTITIONER BASE CASE

\$200B

GAP TO IPO ASK (~13%)

The structural change the S-1 revealed:

- 1 SpaceX acquired xAI in February 2026 — bringing Colossus + Colossus II data centers (~1.0 GW combined compute power) onto the consolidated balance sheet.
- 2 May 2026 Anthropic Cloud Services Agreement: \$1.25B/month through May 2029. \$45B contracted value. The single largest disclosed AI-cloud contract in the public market.
- 3 Three-segment company now: Space, Connectivity (Starlink), AI. FY2025 revenue \$18.7B disclosed — 39% above pre-S-1 estimates.

The S-1 in eight numbers

Filed May 20, 2026. SEC EDGAR.

\$18.7B

FY2025 consolidated revenue

\$(2.6)B

FY2025 loss from operations

\$6.6B

FY2025 Adjusted EBITDA

\$11.4B

Starlink FY2025 revenue (+49.8% YoY)

10.3M

Starlink subscribers (Q1 2026, 164 countries)

\$3.2B

AI segment FY2025 revenue (xAI partial year)

\$1.25B/mo

Anthropic Cloud Services — May 2026-2029

~650

Cumulative orbital launches (Q1 2026)

Source: SpaceX Form S-1, filed with SEC May 20, 2026.

Three segments under one roof

S-1 disclosure structure. Each valued against its right peer set.

| CONNECTIVITY | SPACE | AI |
|--|---|--|
| <p>Starlink + Starshield</p> <p>\$11.4B</p> <p>+49.8% YoY</p> <p>63% EBITDA</p> <p>Satellite internet subscription. 10.3M subscribers across 164 countries. ~9,600 satellites in LEO. Starshield gov variant bundled in segment.</p> | <p>Falcon 9/Heavy + Starship</p> <p>\$4.1B</p> <p>(16%) op margin</p> <p>\$3.0B Starship R&D</p> <p>Workhorse launch + Starship development. 650 cumulative orbital launches, >99% success rate. Starship operational H2 2026 per S-1.</p> | <p>xAI / Anthropic / Grok / Cursor / Terafab</p> <p>\$3.2B</p> <p>Anthropic = \$15B/yr</p> <p>\$12.7B segment capex</p> <p>Colossus + Colossus II data centers (~1.0 GW). Grok AI model (117M MAUs). X platform (550M MAUs). Orbital AI compute targeted for 2028.</p> |

Connectivity — Starlink + Starshield

\$11.4B revenue (+49.8% YoY) — the largest, fastest-growing, most profitable segment.

\$11.4B

FY2025 REVENUE

+49.8% YoY

63% Adj EBITDA margin

Operating income \$4.4B (+120% YoY)

Subscribers

10.3 million across 164 countries

Satellites in LEO

~9,600

Mobile devices

7.4M monthly unique across ~30 countries

MNO partnerships

~30 carriers on 6 continents

Peak speed (residential)

225 Mbps download median

Tiers

Consumer / Business / Maritime / Aviation / RV-Roam / Starshield

Space — Launch + Starship

Falcon 9/Heavy is mature monopoly. Starship is the option.

FALCON 9 / HEAVY (operational monopoly)

- ~650 cumulative orbital launches (Q1 2026)
- Over 540 launches with reusable boosters
- 34 reflights — single-booster record
- >99% mission success rate
- 100% Falcon Heavy success (11/11 flights)
- 2025: 11 of 12 NSSL missions for USSF
- All 5 US crew + cargo missions to ISS

STARSHIP (operational H2 2026 per S-1)

- 11 flight tests completed; 12th scheduled
- \$3.0B FY2025 R&D investment (S-1)
- Target: 100 mt to LEO (fully reusable)
- Future generations: double payload capacity
- Booster: 33 Raptor engines; reusable
- "Chopstick" booster catch demonstrated
- Enabler of orbital AI compute + lunar economy

AI — xAI / Anthropic / Grok / Cursor / Terafab

The segment most readers underestimate. Anchored on the disclosed Anthropic deal.

\$1.25B / month · May 2026 → May 2029 · \$45B total

ANTHROPIC CLOUD SERVICES AGREEMENT — disclosed in S-1

90-day mutual termination clause · capacity ramps May/June 2026 at reduced fee

| GROK | CURSOR option | TERAFAB | ORBITAL AI |
|--|--|---|--|
| <p>AI model — 117M MAUs. Integrated with X platform (550M MAUs). Grok 5 training on Colossus II.</p> | <p>\$60B implied acquisition price. \$1.5B + \$8.5B termination fees if not exercised.</p> | <p>JV with Tesla (Mar '26) + Intel (Apr '26). Target: 1 terawatt compute hardware/yr.</p> | <p>"Potentially millions of satellites" per S-1. First launches as early as 2028. Sun-synchronous orbit constellation.</p> |

The deal that changed the math

Verbatim from the S-1, May 20, 2026.

"In May 2026, we entered into Cloud Services Agreements with Anthropic PBC, with respect to access to compute capacity across COLOSSUS and COLOSSUS II. Pursuant to these agreements, the customer has agreed to pay us \$1.25 billion per month through May 2029, with capacity ramping in May and June 2026 at a reduced fee. The agreements may be terminated by either party upon 90 days' notice. The customer will retain ownership and intellectual property rights in its content, AI models, and related data."

— SpaceX Form S-1, May 20, 2026

WHAT THIS MEANS FOR THE VALUATION

- \$15B/year of recurring high-margin cloud revenue is the largest disclosed AI-infrastructure tenant contract in the public market.
- \$45B contracted value over 36 months = 2.4× SpaceX's entire FY2025 revenue, from one tenant.
- Risk: the 90-day termination clause is the single biggest swing factor in the model. If Anthropic terminates, \$15B/yr disappears.

Revenue architecture

Historicals from S-1 (2023–2025). Forecasts from the practitioner model.

| Segment (\$B) | 2023A | 2024A | 2025A | 2026E | 2027E | 2028E | 2029E | 2030E |
|----------------------|--------------|---------------|---------------|---------------|---------------|---------------|----------------|----------------|
| Connectivity | \$3.5 | \$7.4 | \$11.4 | \$25.0 | \$40.0 | \$56.5 | \$71.0 | \$87.5 |
| Space | \$2.3 | \$2.8 | \$4.1 | \$5.2 | \$6.5 | \$8.2 | \$10.5 | \$12.5 |
| AI | \$1.9 | \$2.6 | \$3.2 | \$13.0 | \$23.0 | \$27.5 | \$30.0 | \$39.5 |
| TOTAL REVENUE | \$7.7 | \$12.8 | \$18.7 | \$43.2 | \$69.5 | \$92.2 | \$111.5 | \$139.5 |

\$18.7B FY2025 figures (bold gold) are S-1 disclosed. Anthropic deal drives the \$43.2B 2026E and the \$69.5B 2027E.

Can the math defend \$1.75 trillion?

Sum-of-the-Parts across three segments + optionality.

| Segment | Driver (2030E) | Bear | Base | Bull |
|--|----------------|---------------|-----------------|-----------------|
| Connectivity (Starlink + Starshield) | \$87.5B Rev | \$500B | \$850B | \$1,300B |
| Space (Launch + Starship) | \$12.5B Rev | \$50B | \$100B | \$175B |
| AI (xAI / Anthropic / Grok) | \$39.5B Rev | \$200B | \$450B | \$800B |
| Optionality (Cursor + Terafab + orbital) | real option | \$0 | \$150B | \$400B |
| TOTAL ENTERPRISE VALUE | | \$750B | \$1,550B | \$2,675B |

vs. \$1.75T IPO target →

(\$1,000B)

(\$200B)

+\$925B

Base case lands \$200B short of the IPO target — a 13% premium for the optionality bucket. Defensible.

Bear / Base / Bull — three scenarios

What has to be true in each.

| BEAR | BASE | BULL |
|--|--|--|
| <h2>\$750B</h2> | <h2>\$1.55T</h2> | <h2>\$2.68T</h2> |
| <p>WHAT HAS TO BE TRUE</p> <ul style="list-style-type: none"> • Anthropic exercises 90-day termination • Cursor acquisition not exercised (\$10B fees flow out) • Starlink growth slows from 50% → 20% (Kuiper takes share) • Starship remains pre-operational through forecast | <p>WHAT HAS TO BE TRUE</p> <ul style="list-style-type: none"> • Anthropic completes 36-month term • Cursor option exercised + integrated • Starlink scales to ~44M subscribers • Starship operational H2 2026, cadence ramps • Optionality bucket: \$150B credit | <p>WHAT HAS TO BE TRUE</p> <ul style="list-style-type: none"> • Anthropic renews + expands beyond 2029 • Cursor exercises + integrates well • Starlink reaches 50M+ subs at premium ARPU • Starship achieves Mars cadence by 2030 • Orbital AI begins commercial service |

Three peer sets for three segments

No clean peer for SpaceX. Each segment trades against the right lens.

| TELECOM (Connectivity) | |
|-------------------------|-------------------|
| T-Mobile (TMUS) | 3.0x / 9.0x |
| Verizon (VZ) | 2.0x / 7.5x |
| Comcast (CMCSA) | 2.0x / 7.5x |
| Iridium (IRDM) | 5.5x / 16.0x |
| Sirius XM (SIRI) | 1.8x / 5.5x |
| Starlink (impl.) | 12-20x rev |

EV/Rev / EV/EBITDA

| DEFENSE + LAUNCH (Space) | |
|-----------------------------|---------------|
| Lockheed (LMT) | 1.8x / 13.5x |
| Northrop (NOC) | 1.7x / 15.5x |
| RTX | 1.6x / 14.0x |
| L3Harris (LHX) | 1.5x / 14.0x |
| Rocket Lab (RKLB) | 13.5x rev |
| SpaceX Space (impl.) | 8x rev |

EV/Rev / EV/EBITDA

| AI / CLOUD (AI segment) | |
|----------------------------|------------------|
| NVIDIA (NVDA) | 22x / 35x |
| Microsoft (MSFT) | 12x / 25x |
| CrowdStrike (CRWD) | 18x / 70x |
| Snowflake (SNOW) | 14x rev |
| Palantir (PLTR) | 60x / 130x |
| xAI Compute (impl.) | 8-15x rev |

EV/Rev / EV/EBITDA

Risks the reader should weigh

Listed in order of materiality to the valuation.

| | | |
|---|---|---|
| 1 | Anthropic 90-day termination | Single largest swing factor. \$15B/yr disappears if Anthropic terminates. |
| 2 | Musk concentration / dual-class | Class B 10:1 voting. Controlled-company status. 5-10% governance discount in bear case. |
| 3 | Cursor option (\$10B at risk) | \$1.5B + \$8.5B fees if not exercised. Real cash, regardless of outcome. |
| 4 | Starship execution timing | S-1: operational H2 2026. Musk timelines historically slip 1-3 years. |
| 5 | AI competitive dynamics | Per S-1: "Recently formed, still being integrated... subject to integration, execution, competitive risks." |
| 6 | Capital intensity | \$20B+ annual capex. IPO funds the 2026-2030 gap. If markets close, growth slows. |
| 7 | Regulatory (FCC, FAA, AI, antitrust) | Each real, none catastrophic. Continuous management cost. |

Allocation framework by price range

The Institute does not issue Buy/Sell/Hold. The reader decides.

| | | |
|---------------------|--------------------------------|--|
| Below \$1.0T | Clear undervaluation | Allocate with conviction. |
| \$1.0-1.4T | Undervalued | Allocate with confidence. |
| \$1.4-1.7T | Fairly valued | Allocate based on conviction about qualitative factors (Musk, team, moat). |
| \$1.7-2.2T | Premium for optionality | Conscious bet on Cursor + Terafab + orbital bucket. |
| Above \$2.2T | Bull case priced in | Reader must underwrite Mars-by-2030 + orbital AI monetization. |

\$1.75T IPO target sits in the middle band — math says fairly valued. Premium for the optionality bucket. Defensible.

How this package was built

Every analytical move maps to a Baratelli Institute guide chapter.

| | |
|--|--|
| SOTP framework | PE Guide Ch 19, Ch 21 |
| Intrinsic-value separation from enterprise value | First Principles Ch 14, Ch 18 |
| Real-option valuation (Starship, orbital AI) | First Principles Ch 19; PE Guide Ch 26 |
| Multi-segment financial architecture | CFO Guide Ch 11, Ch 17 |
| Cloud / compute economics framing (Anthropic deal) | AI Integration Decoded Ch 4, Ch 7 |
| Comp-set selection without clean peer | PE Guide Ch 14, Ch 22 |
| WACC build + DCF triangulation | First Principles Ch 14; CFO Guide Ch 26 |
| Founder concentration discount | FO Guide Ch 28; WP Guide Ch 6 |
| Reader-side IPO allocation framework | LEP Ch 3, Ch 8 |
| Citation + dollar-figure source discipline | First Principles Sources convention |

Five guides, one practitioner toolkit. The crosswalk shows the method that ties the briefing together.

THE BARATELLI INSTITUTE

Decide. Act. Now.

If the package fits the portfolio, the reader buys.

If it does not, the reader passes.

Either is honorable. The dishonor is in deciding without doing the work.

baratelliinstitute.com

Philip A. Baratelli, CPA, MBA · 37 years in the practitioner seat

Research note for educational purposes - Not investment advice - The Institute holds no position in any security.

SPACEX IPO BRIEFING · LIBRARY CROSSWALK

How a Practitioner Built This Package

Every analytical move, mapped to the chapter that taught it.

The Baratelli Institute has had no contact with SpaceX, its officers, its underwriters, or any advisor to any party. This case study is based entirely on the publicly filed S-1, public statements, and the Institute's own analysis.

FIVE GUIDES · ONE PRACTITIONER TOOLKIT

The Practitioner's Guide to Private Equity
The CFO & Controller's Reference Guide
First Principles of Master Investing
AI Integration Decoded
The Liquidity Event Playbook

Philip A. Baratelli, CPA, MBA
Founder, The Baratelli Institute · 37 years in the practitioner seat

baratelliinstitute.com · 2026-05-21

How to read this crosswalk

The SpaceX IPO Briefing — model, memo, deck — is not a one-off. Every analytical move in the package comes from a method taught in the Baratelli Institute library. This document maps the moves to the chapters, so any reader who finds the practitioner work compelling can pick up the underlying guide and learn the method himself.

The Institute publishes for the practitioner-operator who does the work himself — the family-office principal, the senior CFO, the post-exit operator with cash to allocate. The library puts the practitioner method on his shelf so he can apply it to whatever situation lands on his desk.

The SpaceX briefing is a live demonstration of the method. The S-1 dropped on May 20, 2026. The Institute published this analysis on May 21, 2026, one day later, anchored line-by-line to the disclosed S-1. The exercise displays the Institute's capability in Mentoring at Scale: the same practitioner method is in these five guides for the reader to apply on his own.

What follows

Twelve analytical moves. Each block lists:

- **The move** — the practitioner technique in plain language.
- **Application in the SpaceX package** — how the move shows up in the memo, model, or deck.
- **The Institute chapter that taught it** — the guide + specific chapter citation the reader can pick up to learn the method.

Five guides supply all twelve moves. The library is a system, not a shelf of standalone books. The crosswalk shows how the parts compose.

The twelve moves

01

Sum-of-the-Parts (SOTP) — refuse the consolidated multiple

| THE MOVE | APPLICATION IN THE SPACEX PACKAGE | INSTITUTE CHAPTER THAT TAUGHT IT |
|---|---|---|
| <p>When a business has multiple segments with different economics, refusing to apply a single consolidated multiple is the first analytical move. Each segment trades against its own peer set on its own metric. The SOTP forces the analyst to be explicit about which segment carries the valuation.</p> | <p>SpaceX has three segments per S-1 (Space, Connectivity, AI). The memo and SOTP tab value each separately: Connectivity at telecom/SaaS hybrid multiples (~12x revenue), Space at defense-prime + revenue multiples, AI at cloud-AI multiples anchored on the Anthropic deal. Optionality bucket valued separately.</p> | <p>The Practitioner's Guide to Private Equity Ch 19 — IC Memo Architecture Ch 21 — Multi-segment portfolio company valuation Ch 26 — Real-option treatment of pre-revenue assets</p> |

02

Three-scenario discipline (bear / base / bull)

| THE MOVE | APPLICATION IN THE SPACEX PACKAGE | INSTITUTE CHAPTER THAT TAUGHT IT |
|---|--|---|
| <p>Every valuation should publish three scenarios with named assumptions. The reader sees what has to be true for each. A single-point estimate hides the analyst's judgment; the three-scenario framework forces it onto the page.</p> | <p>The SOTP tab and the IC deck both present Bear (\$750B) / Base (\$1.55T) / Bull (\$2.68T). Each scenario names the specific conditions (Anthropic terminates, Cursor abandoned, Starlink growth slowdown). The reader can flex the Drivers tab to test her own scenarios.</p> | <p>The Practitioner's Guide to Private Equity Ch 18 — Sample IC Memo: Project Bellwether The Bellwether IC memo uses the same three-scenario format the SpaceX memo borrows.</p> |

03 Intrinsic Value vs Enterprise Value separation

| THE MOVE | APPLICATION IN THE SPACEX PACKAGE | INSTITUTE CHAPTER THAT TAUGHT IT |
|--|--|--|
| DCF computes intrinsic value of the cash-flow stream. SOTP computes enterprise value including option-bearing assets. The two are different numbers, and when they diverge, the gap IS the option value the DCF cannot price. Naming the difference is the analytical insight. | The model's DCF tab lands at a value materially below the SOTP base. The gap is what DCF cannot see — Starship optionality, orbital AI compute, Cursor option, Terafab JV. The memo frames the gap as the option premium the reader is being asked to pay. | First Principles of Master Investing Ch 14 — DCF as the discipline Ch 18 — IV / EV separation walks Ch 19 — Real-option valuation framework |

04 Real-option valuation for pre-revenue assets

| THE MOVE | APPLICATION IN THE SPACEX PACKAGE | INSTITUTE CHAPTER THAT TAUGHT IT |
|--|---|--|
| Some assets cannot be valued on cash flows because the cash flows do not yet exist. Real-option methodology assigns three probability-weighted scenarios with explicit reasoning. The framework is borrowed from financial options but applied to strategic optionality. | Cursor option (\$60B implied valuation), Terafab JV (1 TW compute hardware target), orbital AI compute satellites (first launches 2028), Macrohard agentic AI platform — each valued as real option in the SOTP. Total optionality bucket: Base \$150B / Bull \$400B. | First Principles of Master Investing Ch 19 The Practitioner's Guide to Private Equity Ch 26 Both chapters walk the methodology with named examples. |

05 Cloud / compute economics framing

| THE MOVE | APPLICATION IN THE SPACEX PACKAGE | INSTITUTE CHAPTER THAT TAUGHT IT |
|--|--|---|
| Anthropic's \$1.25B/month deal with SpaceX is a cloud infrastructure contract, not a software contract. Compute hosting has specific economics: high fixed cost (data center capex), high gross margin once capacity is utilized, lock-in via co-location of customer data. The valuation discipline is different from SaaS. | The AI segment is valued in the SpaceX model at cloud-AI peer multiples (10x revenue base) — NVIDIA-adjacent infrastructure premium with cloud-pure-play discount. The Anthropic deal economics are walked explicitly: \$45B contracted value over 36 months at high margins, with 90-day mutual termination clause. | AI Integration Decoded Ch 4 — AI Infrastructure Economics Ch 7 — Cloud Compute Cost Curves The Anthropic relationship maps directly onto the AI infrastructure framework the guide builds. |

06

Comp-set selection when no clean peer exists

| THE MOVE | APPLICATION IN THE SPACEX PACKAGE | INSTITUTE CHAPTER THAT TAUGHT IT |
|---|---|---|
| <p>Most operating businesses have one obvious comp set. Some — like SpaceX — have none. The practitioner move is to use three lenses, value each segment with the appropriate one, and let the reader watch the segments trade against their right peer sets.</p> | <p>Three lenses in the SpaceX Comps tab: telecom (T-Mobile, Verizon, Iridium, Sirius XM — for Connectivity), defense + launch (LMT, NOC, RTX, L3Harris, Rocket Lab — for Space), cloud-AI (NVIDIA, Microsoft, CrowdStrike, Snowflake, Palantir, Cloudflare — for AI segment).</p> | <p>The Practitioner's Guide to Private Equity Ch 14 — Sourcing & First Look Ch 22 — Comparable companies methodology Where no clean peer exists, the discipline is to be explicit about the multi-lens approach.</p> |

07

WACC build + DCF triangulation

| THE MOVE | APPLICATION IN THE SPACEX PACKAGE | INSTITUTE CHAPTER THAT TAUGHT IT |
|--|---|--|
| <p>Practitioner WACC: risk-free + beta × ERP. The discipline is to be explicit about each input and to choose a beta that reflects the actual concentration risk of the asset. The DCF is then a triangulation check against the SOTP — if they diverge by >20%, something is wrong; if they agree, the number has support.</p> | <p>DCF tab: Rf 4.4% (10Y Treasury), Beta 1.20 (lowered post-S-1 because three-segment diversification reduces concentration), ERP 5.5% (Damodaran 2026). WACC ~11%. Used to triangulate against the SOTP.</p> | <p>First Principles of Master Investing Ch 14 — DCF + WACC mechanics The CFO & Controller's Reference Guide Ch 26 — DCF/SOTP triangulation discipline</p> |

08 Multi-segment financial architecture

| THE MOVE | APPLICATION IN THE SPACE X PACKAGE | INSTITUTE CHAPTER THAT TAUGHT IT |
|---|--|---|
| When one company houses multiple businesses with different cash-flow profiles, the practitioner builds the model segment-by-segment, then rolls up to consolidated. Each segment gets its own revenue driver, margin assumption, capex profile. The consolidated number is a roll-up, not a starting point. | The Drivers tab decomposes Connectivity into ARPU × subscribers; Space into launches × \$/launch + Starship R&D; AI into Anthropic + Grok + Other. Each segment's margin profile flexes independently. The Consolidated tab is purely a roll-up. | The CFO & Controller's Reference Guide Ch 11 — Multi-segment cash modeling Ch 17 — Capex-heavy business architecture The framework is built for the family-office or fractional CFO doing exactly this work. |

09 Source-tag discipline (every figure)

| THE MOVE | APPLICATION IN THE SPACE X PACKAGE | INSTITUTE CHAPTER THAT TAUGHT IT |
|---|---|--|
| Every dollar figure in a serious analytical work product must be tagged: disclosed (with the specific filing/page reference), estimated (with the reasoning), or methodology (with the framework named). The Sources tab is not boilerplate — it is the trust contract with the reader. | Every assumption in the SpaceX Drivers tab and SOTP table carries a tag in the Sources tab: 'S-1 Disclosed' (with page reference), 'Practitioner forecast' (with reasoning), 'Practitioner methodology' (with framework citation). 40+ assumptions, all tagged. | First Principles of Master Investing The Sources convention used throughout the guide. Originally developed for valuing Berkshire, Apple, BYD, and the Japanese sogo shosha — the same discipline applied here. |

10 Founder concentration discount

| THE MOVE | APPLICATION IN THE SPACE X PACKAGE | INSTITUTE CHAPTER THAT TAUGHT IT |
|---|---|--|
| When a single individual is central to the business — Musk at SpaceX, Buffett at Berkshire, Jobs at Apple, Slim at Carso — the valuation must address key-person risk explicitly. Standard practice: 5-10% discount in bear case for moderate concentration; 10-20% for tighter dependency. | The SpaceX memo applies a 5-10% governance discount in the bear case for Musk concentration + dual-class voting (Class B = 10:1 voting). The S-1 explicitly flags this as a risk factor; the practitioner work bakes it into the bear scenario. | The Family Office Reference Guide Ch 28 — Founder concentration in family-held assets Wealth Psychology Guide Ch 6 — Key-person dependency and the family principal |

11 Reader-side IPO allocation framework

| THE MOVE | APPLICATION IN THE SPACEX PACKAGE | INSTITUTE CHAPTER THAT TAUGHT IT |
|--|---|---|
| <p>The Institute does not sell IPO allocations. We help the reader who is being offered one. The framework: at what price does the math support allocation? Five price bands, each with named conditions. The reader walks his own allocation.</p> | <p>The memo and deck both publish a five-band allocation framework: <\$1.0T (clear undervaluation, allocate with conviction); \$1.0-1.4T (undervalued); \$1.4-1.7T (fairly valued); \$1.7-2.2T (premium for optionality); >\$2.2T (paying for the full bull case). The \$1.75T IPO target sits in the third band.</p> | <p>The Liquidity Event Playbook Ch 3 — Allocation discipline post-exit Ch 8 — The reader-side framework for evaluating IPO offerings The LEP is the family-office principal's playbook for capital deployment.</p> |

12 Practitioner-honest framing — refuse the buy/sell rating

| THE MOVE | APPLICATION IN THE SPACEX PACKAGE | INSTITUTE CHAPTER THAT TAUGHT IT |
|--|--|---|
| <p>The Institute does not publish Buy / Sell / Hold ratings. We publish the math, the assumptions, and the framework. The reader decides. This is the Institute's house discipline: the reader is the analyst, the Institute supplies the tools.</p> | <p>Both the memo and the deck end with the same line: <i>'If the package fits the portfolio, the reader buys. If it does not, the reader passes. Either is honorable. The dishonor is in deciding without doing the work.'</i> No rating. No price target. The math is on paper; the decision is the reader's.</p> | <p>This is the Institute's house style. It appears across the library — in the PE Guide's IC memo template, in the FO Guide's allocation framework, in First Principles' investment-decision discipline. The reader is the analyst; we put the tools on his shelf.</p> |

The library as a system

Twelve moves. Five guides. One practitioner toolkit.

Each of the guides cited in this crosswalk is a standalone reference. But the leverage comes from owning the shelf. The SpaceX package draws on five guides simultaneously: PE for the IC memo architecture and SOTP discipline; CFO for the multi-segment financial modeling; First Principles for the DCF, source convention, and IV/EV separation; AI Integration Decoded for the cloud/compute framing; LEP for the reader-side allocation framework. No single guide could have produced this package alone. The library is the system.

The five guides — what each contributes

The Practitioner's Guide to Private Equity

Provides the IC memo architecture (Bellwether sample memo as template), the sum-of-the-parts methodology for multi-segment businesses, the comparable-companies framework where no clean peer exists, and the real-option treatment of pre-revenue assets. **608 pages, 38 chapters, \$349.** The flagship reference for the operating and acquiring side of private equity.

The CFO & Controller's Reference Guide

Provides multi-segment financial architecture, capex-heavy business modeling, and the DCF/SOTP triangulation discipline. The CFO Guide is the operational counterpart to the PE Guide — the working CFO's reference for building the kind of three-statement model that supports a SOTP valuation. **443 pages, 41 chapters, \$349.**

First Principles of Master Investing

Provides the DCF mechanics, the WACC build, the intrinsic-value-vs-enterprise-value separation, the real-option framework, and the citation/source-tag discipline used throughout the SpaceX work. Built around the synthesis of Buffett, Munger, the Outsiders CEOs, Philip Fisher, Li Lu, the 3G partners, and the Japanese sogo shosha tradition. **194 pages, \$99.**

AI Integration Decoded

Provides the AI infrastructure framing — cloud-compute economics, scaling costs, tenant lock-in dynamics, capex-vs-opex tradeoffs in AI data centers — that makes the Anthropic deal legible. The AI segment of the SpaceX model uses this guide's framework throughout. **\$119.**

The Liquidity Event Playbook

Provides the reader-side framework — the family-office principal or recently-exited operator who is being offered IPO allocation, post-exit cash deployment, or family-office asset structuring. The five-band allocation framework in the SpaceX memo comes directly from this guide. **149 pages, \$149.**

Closing — Mentoring at Scale

The Baratelli Institute exists to put practitioner-grade tools on the shelf of the operator who has to do the work himself.

The Institute publishes the methods that 37 years of commercial banking, public accounting, the CFO chair, and family-office work taught us, and puts them on a shelf the practitioner can buy and apply. This briefing is one demonstration. The library is the work.

The SpaceX IPO Briefing is one demonstration. There will be others — the OpenAI S-1 when it lands, the next major tech IPO, the next family-office decision that requires rigorous analytical work to support a real allocation. Each time, the work will draw from the same library. The library will be richer each time. The practitioner method will become more visible.

If this crosswalk has been useful, the reader is invited to consider the underlying guides. Each is published on **baratelliinstitute.com**. Each is written for the practitioner who has decided the work is worth doing himself, with the right tools.

Philip A. Baratelli, CPA, MBA · The Baratelli Institute · Ponte Vedra Beach, Florida · baratelliinstitute.com

Mentoring at Scale. 2026-05-21.

PRACTITIONER PRE-IPO BRIEFING · S-1 ANCHORED · NOL-ADJUSTED

Can SpaceX Defend the \$1.75 Trillion Ask?

A practitioner reads the filing.

By Philip A. Baratelli, CPA, MBA

Founder, The Baratelli Institute · 37 years in the practitioner seat

The Baratelli Institute has had no contact with SpaceX, its officers, its underwriters, or any advisor to any party. This case study is based entirely on the publicly filed S-1, public statements, and the Institute's own analysis.

baratelliinstitute.com

ABOUT THIS MODEL — NOL-ADJUSTED (S-1 ANCHORED)

Anchored to SpaceX's Form S-1 filed with the SEC on May 20, 2026. Historical figures (2023A, 2024A, 2025A) are disclosed in the S-1. Forecasts (2026E–2030E) are practitioner-driven from disclosed historicals. Three-segment structure matches S-1 disclosure: Space, Connectivity, AI. The May 2026 Anthropic Cloud Services Agreement (\$1.25B/month, through May 2029) is explicitly modeled in the AI segment. Every assumption tagged on the Sources tab. This NOL-adjusted version of the model adds an NOL Schedule tab walking two pools (SpaceX unlimited + xAI \$382-capped) with the 80% TCJA cap. The cash tax savings stack and PV walk mirror the NOL Addendum prose. The base model (without NOL) is shipped alongside this one for side-by-side comparison.

WHAT'S IN THIS WORKBOOK

| | |
|---------------------|---|
| Drivers | All assumptions — blue inputs, sourced to S-1 where disclosed. |
| Space | Falcon 9 / Heavy launch + Starship development. \$4.1B 2025. |
| Connectivity | Starlink + Starshield. \$11.4B 2025, 10.3M subscribers. |
| AI | xAI / Anthropic / Grok / Cursor / Terafab / orbital. \$3.2B 2025. |
| Consolidated | Three-segment IS + Cash Flow. Reconciles to S-1 disclosed. |
| SOTP | Three scenarios. Can the math defend \$1.75T? |
| DCF | Triangulation. WACC build + terminal value. |
| Comps | Telecom, defense, cloud-AI peer sets. |
| Sources | Every assumption + the S-1 page or public source it ties to. |

COMPANION ARTIFACTS

| | |
|---|--|
| SpaceX_Practitioner_IPO_Memo.pdf | The narrative. 22-28 pp. Memo the reader shares. |
| SpaceX_IC_Deck.pptx | 20-slide IC presentation walkthrough. |
| SpaceX_Library_Crosswalk.pdf | Maps every analytical move to a Baratelli Institute guide chapter. |

Drivers — All Assumptions (S-1 anchored)

Blue = input. Black = formula. Green = cross-sheet link.

| | 2023A | 2024A | 2025A | 2026E | 2027E | 2028E | 2029E | 2030E |
|--|-----------|---------|----------|----------|----------|----------|----------|----------|
| CONNECTIVITY — Starlink + Starshield (S-1 disclosed FY2023-FY2025) | | | | | | | | |
| Starlink subscribers — period end (m) | 3.5 | 5.5 | 8.5 | 14.5 | 22.0 | 30.0 | 37.0 | 44.0 |
| <i>YoY subscriber growth</i> | | 57.1% | 54.5% | 70.6% | 51.7% | 36.4% | 23.3% | 18.9% |
| <i>Avg subs (m) — for ARPU calc</i> | 3.5 | 4.5 | 7.0 | 11.5 | 18.3 | 26.0 | 33.5 | 40.5 |
| Blended ARPU — annual (\$) | \$1,100 | \$1,300 | \$1,620 | \$1,750 | \$1,850 | \$1,900 | \$1,950 | \$2,000 |
| Subscription revenue (\$mm) | \$3,850 | 5,850 | 11,340 | 20,125 | 33,763 | 49,400 | 65,325 | 81,000 |
| <i>Operating income margin</i> | 10.0% | 30.0% | 38.8% | 42.0% | 45.0% | 47.0% | 49.0% | 50.0% |
| Operating income (\$mm) | \$385 | 1,755 | 4,400 | 8,453 | 15,193 | 23,218 | 32,009 | 40,500 |
| <i>Adj EBITDA margin</i> | 18.0% | 45.0% | 62.9% | 66.0% | 68.0% | 70.0% | 71.0% | 72.0% |
| <i>Adj EBITDA (\$mm)</i> | \$693 | 2,633 | 7,133 | 13,283 | 22,959 | 34,580 | 46,381 | 58,320 |
| SPACE — Falcon 9/Heavy launch + Starship development | | | | | | | | |
| Falcon 9 + Heavy launches (count) | 96 | 134 | 145 | 155 | 160 | 160 | 160 | 160 |
| <i>Internal (Starlink deploy)</i> | 56 | 89 | 95 | 95 | 95 | 90 | 85 | 80 |
| <i>External commercial + gov</i> | 40 | 45 | 50 | 60 | 65 | 70 | 75 | 80 |
| Space segment revenue (\$mm) | \$2,300 | \$2,800 | \$4,086 | \$5,200 | \$6,500 | \$8,200 | \$10,500 | \$12,500 |
| <i>of which: Starship payload revenue</i> | - | - | - | 150 | 600 | 1,500 | 3,000 | 4,500 |
| <i>Operating income margin</i> | -10.0% | -13.0% | -16.1% | -10.0% | -5.0% | 5.0% | 15.0% | 20.0% |
| Operating income (\$mm) | \$(230) | (364) | (658) | (520) | (325) | 410 | 1,575 | 2,500 |
| <i>Starship R&D capex (\$mm)</i> | \$2,200 | \$2,700 | \$3,004 | \$3,500 | \$3,800 | \$3,500 | \$3,000 | \$2,500 |
| AI — xAI Compute + Anthropic + Grok + Cursor option + Terafab + orbital | | | | | | | | |
| Anthropic cloud services (\$mm) | \$- | \$- | \$- | \$8,000 | \$15,000 | \$15,000 | \$12,000 | \$15,000 |
| <i>Grok / X subscriptions + advertising</i> | 1,500 | 2,000 | 2,500 | 3,500 | 5,000 | 7,000 | 9,500 | 12,500 |
| <i>Other AI / enterprise / xAI Gov</i> | 400 | 600 | 700 | 1,500 | 3,000 | 5,500 | 8,500 | 12,000 |
| AI segment revenue (\$mm) | \$1,900 | 2,600 | 3,200 | 13,000 | 23,000 | 27,500 | 30,000 | 39,500 |
| <i>Operating income margin</i> | -150.0% | -180.0% | -198.5% | -30.0% | 10.0% | 20.0% | 25.0% | 28.0% |
| Operating income (\$mm) | \$(2,850) | (4,680) | (6,352) | (3,900) | 2,300 | 5,500 | 7,500 | 11,060 |
| <i>AI segment capex (\$mm)</i> | \$3,500 | \$8,000 | \$12,727 | \$25,000 | \$28,000 | \$25,000 | \$20,000 | \$18,000 |

CONSOLIDATED — Three-segment rollup

Drivers — All Assumptions (S-1 anchored)

Blue = input. Black = formula. Green = cross-sheet link.

| | 2023A | 2024A | 2025A | 2026E | 2027E | 2028E | 2029E | 2030E |
|--------------------------------------|------------------|------------------|------------------|-----------------|-----------------|-----------------|------------------|------------------|
| Total revenue (\$mm) | \$8,050 | \$11,250 | \$18,626 | \$38,325 | \$63,263 | \$85,100 | \$105,825 | \$133,000 |
| <i>YoY growth</i> | | 39.8% | 65.6% | 105.8% | 65.1% | 34.5% | 24.4% | 25.7% |
| Total operating income (\$mm) | \$(2,695) | \$(3,289) | \$(2,610) | \$4,033 | \$17,168 | \$29,128 | \$41,084 | \$54,060 |
| <i>margin</i> | -33.5% | -29.2% | -14.0% | 10.5% | 27.1% | 34.2% | 38.8% | 40.6% |

Space — Falcon 9 + Falcon Heavy + Starship

S-1 segment. \$4,086M revenue 2025, \$(657)M loss-from-ops, \$3,004M Starship R&D.

| | 2023A | 2024A | 2025A | 2026E | 2027E | 2028E | 2029E | 2030E |
|--|---------|--------|--------|---------|-------|-------|--------|--------|
| LAUNCH ACTIVITY | | | | | | | | |
| Falcon 9 launches (count) | 91 | 134 | 140 | 145 | 150 | 150 | 150 | 150 |
| Falcon Heavy launches (count) | 5 | 7 | 5 | 5 | 5 | 5 | 5 | 5 |
| <i>Cumulative orbital launches (S-1)</i> | 325 | 466 | 615 | 765 | 920 | 1,075 | 1,230 | 1,385 |
| <i>Falcon 9 booster reuse record (flights)</i> | 22 | 28 | 35 | 40 | 45 | 50 | 50 | 50 |
| <i>Falcon mission success rate</i> | 99.0% | 99.0% | 99.0% | 99.0% | 99.0% | 99.0% | 99.0% | 99.0% |
| STARSHIP DEVELOPMENT — milestones + R&D | | | | | | | | |
| Starship flight tests (cumulative) | 3 | 6 | 11 | 16 | 22 | 28 | 34 | 40 |
| Operational payload delivery | No | No | No | H2 2026 | Yes | Yes | Yes | Yes |
| <i>Starship payload to LEO (target, mt)</i> | - | - | - | 50 | 100 | 100 | 150 | 200 |
| Starship R&D (\$mm) — from Drivers | \$2,200 | 2,700 | 3,004 | 3,500 | 3,800 | 3,500 | 3,000 | 2,500 |
| SEGMENT REVENUE + OPERATING INCOME | | | | | | | | |
| Space segment revenue (\$mm) | \$2,300 | 2,800 | 4,086 | 5,200 | 6,500 | 8,200 | 10,500 | 12,500 |
| Operating income (\$mm) | \$(230) | (364) | (658) | (520) | (325) | 410 | 1,575 | 2,500 |
| <i>margin</i> | -10.0% | -13.0% | -16.1% | -10.0% | -5.0% | 5.0% | 15.0% | 20.0% |

S-1 verbatim: 'In 2025, SpaceX launched 11 of 12 NSSL medium and heavy lift missions and all 5 U.S. crew and cargo missions to ISS for NASA.' Starship 12th flight test scheduled. Operational payload delivery expected H2 2026. Design: 100 mt to LEO fully reusable, future generations 200 mt. Long-term cost target: 99%+ reduction vs historical launch cost.

Connectivity — Starlink subscription + Starshield (gov)

S-1 segment. \$11,387M revenue 2025 (49.8% YoY growth), 10.3M subs across 164 countries.

| | 2023A | 2024A | 2025A | 2026E | 2027E | 2028E | 2029E | 2030E |
|-------------------------------------|---------|-------|--------|--------|--------|--------|--------|--------|
| SUBSCRIBER METRICS | | | | | | | | |
| Subscribers — period end (m) | 3.5 | 5.5 | 8.5 | 14.5 | 22.0 | 30.0 | 37.0 | 44.0 |
| YoY growth | | 57.1% | 54.5% | 70.6% | 51.7% | 36.4% | 23.3% | 18.9% |
| Starlink Mobile devices (m) | 2.0 | 4.5 | 7.4 | 12.0 | 18.0 | 25.0 | 32.0 | 40.0 |
| Satellites in orbit (S-1) | 5,500 | 7,800 | 9,400 | 12,000 | 15,000 | 18,000 | 22,000 | 27,000 |
| Median residential speed (Mbps) | 120 | 175 | 225 | 260 | 300 | 350 | 400 | 450 |
| REVENUE + OPERATING INCOME | | | | | | | | |
| Blended ARPU (annual \$) | \$1,100 | 1,300 | 1,620 | 1,750 | 1,850 | 1,900 | 1,950 | 2,000 |
| Connectivity revenue (\$mm) | \$3,850 | 5,850 | 11,340 | 20,125 | 33,763 | 49,400 | 65,325 | 81,000 |
| Operating income (\$mm) | \$385 | 1,755 | 4,400 | 8,453 | 15,193 | 23,218 | 32,009 | 40,500 |
| margin | 10.0% | 30.0% | 38.8% | 42.0% | 45.0% | 47.0% | 49.0% | 50.0% |
| Adj EBITDA (\$mm) — S-1 | \$693 | 2,633 | 7,133 | 13,283 | 22,959 | 34,580 | 46,381 | 58,320 |
| Adj EBITDA margin | 18.0% | 45.0% | 62.9% | 66.0% | 68.0% | 70.0% | 71.0% | 72.0% |

Disclosed lines (S-1, FY2025): Connectivity revenue \$11,387M (49.8% YoY), Operating income \$4,423M (120.4% YoY), Adj EBITDA \$7,168M (86.2% YoY), Subscribers ~10.3M, ~9,600 satellites, 164 countries. Starlink Mobile: 7.4M monthly unique devices, ~30 MNO partnerships on 6 continents. Tiers: Consumer Broadband, Enterprise Solutions (aviation/maritime/agriculture/etc), Starshield (gov).

AI — xAI / Anthropic / Grok / Cursor option / Terafab / orbital

S-1 segment (xAI acquired Feb 2, 2026). \$3,201M revenue 2025, \$(6,355)M loss-from-ops, \$12.7B capex.

| | 2023A | 2024A | 2025A | 2026E | 2027E | 2028E | 2029E | 2030E |
|--|----------------|--------------|--------------|---------------|---------------|---------------|---------------|---------------|
| REVENUE BUILD | | | | | | | | |
| Anthropic Cloud Services (\$mm) | \$- | - | - | 8,000 | 15,000 | 15,000 | 12,000 | 15,000 |
| Grok / X subscriptions + ads | 1,500 | 2,000 | 2,500 | 3,500 | 5,000 | 7,000 | 9,500 | 12,500 |
| Other AI / xAI Gov / enterprise | 400 | 600 | 700 | 1,500 | 3,000 | 5,500 | 8,500 | 12,000 |
| AI segment revenue (\$mm) | \$1,900 | 2,600 | 3,200 | 13,000 | 23,000 | 27,500 | 30,000 | 39,500 |

ANTHROPIC CONTRACT — verbatim S-1 terms

"In May 2026, we entered into Cloud Services Agreements with Anthropic PBC, with respect to access to compute capacity across COLOSSUS and COLOSSUS II. Pursuant to these agreements, the customer has agreed to pay us \$1.25 billion per month through May 2029, with capacity ramping in May and June 2026 at a reduced fee. The agreements may be terminated by either party upon 90 days' notice. The customer will retain ownership and intellectual property rights in its content, AI models, and related data." — SpaceX S-1, May 20, 2026

INFRASTRUCTURE — Colossus + Colossus II

| | |
|--|-----------------------------------|
| COLOSSUS — first cluster online (days) | 122 days (Memphis, TN) |
| COLOSSUS II — first cluster online | 91 days (Memphis + Southaven, MS) |
| Combined compute power | ~1.0 gigawatt |
| Industry benchmark (100 MW greenfield) | ~2 years (vs SpaceX 91-122 days) |
| Currently training | Grok 5 |

STRATEGIC OPTIONALITY

\$60B implied valuation. \$1.5B termination + \$8.5B deferred services fee if not exercised.

Cursor acquisition option

1 terawatt of compute hardware/year long-term. Framework agreed. Specific projects TBD.

Terafab JV (Tesla, Intel)

Agentic AI platform — emulates digital workflows. Pre-revenue.

Macrohard (with Tesla)

Target: first launches as early as 2028. Sun-synchronous orbit. Potentially millions of satellites.

Orbital AI Compute Constellation

AI — xAI / Anthropic / Grok / Cursor option / Terafab / orbital

S-1 segment (xAI acquired Feb 2, 2026). \$3,201M revenue 2025, \$(6,355)M loss-from-ops, \$12.7B capex.

| | 2023A | 2024A | 2025A | 2026E | 2027E | 2028E | 2029E | 2030E |
|--|-------|-------|-------|-------|-------|-------|-------|-------|
|--|-------|-------|-------|-------|-------|-------|-------|-------|

1.3B accounts, 550M MAUs, 350M daily posts, 117M Grok MAUs (as of Q1 2026)

X platform (data engine)

| SEGMENT PROFITABILITY | | | | | | | | |
|---|------------------|----------------|----------------|----------------|--------------|--------------|--------------|---------------|
| AI segment operating income (\$mm) | \$(2,850) | (4,680) | (6,352) | (3,900) | 2,300 | 5,500 | 7,500 | 11,060 |
| <i>margin</i> | -150.0% | -180.0% | -198.5% | -30.0% | 10.0% | 20.0% | 25.0% | 28.0% |
| <i>AI segment capex (\$mm)</i> | \$3,500 | 8,000 | 12,727 | 25,000 | 28,000 | 25,000 | 20,000 | 18,000 |

Consolidated — Three-segment rollup (S-1 anchored)

FY2025 disclosed: \$18,674M revenue, \$(2,589)M loss-from-ops, \$6,584M Adj EBITDA.

| | 2023A | 2024A | 2025A | 2026E | 2027E | 2028E | 2029E | 2030E |
|--------------------------------|----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|------------------|
| REVENUE BY SEGMENT | | | | | | | | |
| Connectivity (Starlink) | \$3,850 | 5,850 | 11,340 | 20,125 | 33,763 | 49,400 | 65,325 | 81,000 |
| Space (Launch + Starship) | 2,300 | 2,800 | 4,086 | 5,200 | 6,500 | 8,200 | 10,500 | 12,500 |
| AI (xAI Compute / Grok / etc) | 1,900 | 2,600 | 3,200 | 13,000 | 23,000 | 27,500 | 30,000 | 39,500 |
| TOTAL REVENUE | \$8,050 | \$11,250 | \$18,626 | \$38,325 | \$63,263 | \$85,100 | \$105,825 | \$133,000 |
| <i>YoY growth</i> | | 39.8% | 65.6% | 105.8% | 65.1% | 34.5% | 24.4% | 25.7% |

| | | | | | | | | |
|--------------------------------------|------------------|------------------|------------------|----------------|-----------------|-----------------|-----------------|-----------------|
| OPERATING INCOME BY SEGMENT | | | | | | | | |
| Connectivity operating income | \$385 | 1,755 | 4,400 | 8,453 | 15,193 | 23,218 | 32,009 | 40,500 |
| Space operating income (loss) | (230) | (364) | (658) | (520) | (325) | 410 | 1,575 | 2,500 |
| AI operating income (loss) | (2,850) | (4,680) | (6,352) | (3,900) | 2,300 | 5,500 | 7,500 | 11,060 |
| TOTAL OPERATING INCOME (LOSS) | \$(2,695) | \$(3,289) | \$(2,610) | \$4,033 | \$17,168 | \$29,128 | \$41,084 | \$54,060 |
| <i>margin</i> | -33.5% | -29.2% | -14.0% | 10.5% | 27.1% | 34.2% | 38.8% | 40.6% |

| | | | | | | | | |
|--|-------|--------|------------------|--------|--------|--------|---------|---------|
| RECONCILIATION TO S-1 DISCLOSED FY2025 | | | | | | | | |
| S-1 disclosed total revenue (\$mm) | | | \$18,674 | | | | | |
| <i>Model total revenue (above)</i> | 8,050 | 11,250 | 18,626 | 38,325 | 63,263 | 85,100 | 105,825 | 133,000 |
| <i>Variance (\$mm)</i> | | | 48 | | | | | |
| S-1 disclosed loss from operations (\$mm) | | | \$(2,589) | | | | | |
| S-1 disclosed Adj EBITDA (\$mm) | | | \$6,584 | | | | | |

S-1 disclosed segment breakdown FY2025: Space \$4,086M revenue (loss \$657M, Adj EBITDA \$653M, \$3,004M Starship R&D); Connectivity \$11,387M revenue (income \$4,423M, Adj EBITDA \$7,168M, +49.8% YoY); AI \$3,201M revenue (loss \$6,355M, capex \$12,727M — xAI consolidated from Feb 2, 2026). Q1 2026 actuals: \$4,694M revenue, \$1,127M Adj EBITDA. Working backward from FY2025 we build FY2023, FY2024, plus forecasts.

NOL SCHEDULE — TWO-POOL TAX SHIELD MODEL

Practitioner walk of SpaceX-NOL (unlimited annual, 80% TCJA cap) and xAI-NOL (\$382-capped + 80% TCJA cap)

ASSUMPTIONS

| | | |
|-----------------------------|--------|--|
| SpaceX-NOL opening balan | 40,000 | Practitioner estimate, 2002-2025 accumulated GAAP losses |
| xAI-NOL opening balance | 15,000 | Practitioner estimate, pre-acquisition xAI losses |
| xAI pre-change equity valu | 60,000 | Practitioner mid-range for \$382 limit calculation |
| LT tax-exempt rate (\$382) | 4.50% | IRS published, current ~4-5% range |
| Federal statutory rate | 21.00% | TCJA 21% |
| TCJA annual utilization cap | 80.00% | 80% of taxable income per year, post-2017 NOLs |
| WACC for PV walk | 11.00% | Per DCF tab |

\$382 ANNUAL LIMIT (xAI-NOL only)

Err:501 2,700 \$ per year cap on xAI-NOL utilization

YEAR-BY-YEAR UTILIZATION SCHEDULE (\$mm)

| Year | Pre-tax income | 80% TCJA cap | SpaceX-NOL begin | SpaceX used | SpaceX end | xAI-NOL begin | \$382 cap | xAI used | xAI end | Total NOL used | Residual taxable | Cash tax @ 21% | Flat-21% benchmark | Cash savings | Discount factor | PV savings |
|-----------------------------|----------------|---------------|------------------|---------------|------------|---------------|-----------|--------------|---------|----------------|------------------|----------------|--------------------|--------------|-----------------|--------------|
| <i>Open 1/1/26</i> | | | 40,000 | | | 15,000 | | | | | | | | | | |
| 2026 | (2,000) | - | 40,000 | - | 42,000 | 15,000 | 2,700 | - | 15,000 | - | - | - | - | - | 0.9492 | - |
| 2027 | 7,000 | 5,600 | 42,000 | 5,600 | 36,400 | 15,000 | 2,700 | - | 15,000 | 5,600 | 1,400 | 294 | 1,470 | 1,176 | 0.8551 | 1,006 |
| 2028 | 18,500 | 14,800 | 36,400 | 14,800 | 21,600 | 15,000 | 2,700 | - | 15,000 | 14,800 | 3,700 | 777 | 3,885 | 3,108 | 0.7704 | 2,394 |
| 2029 | 28,000 | 22,400 | 21,600 | 21,600 | - | 15,000 | 2,700 | 800 | 14,200 | 22,400 | 5,600 | 1,176 | 5,880 | 4,704 | 0.6940 | 3,265 |
| 2030 | 38,000 | 30,400 | - | - | - | 14,200 | 2,700 | 2,700 | 11,500 | 2,700 | 35,300 | 7,413 | 7,980 | 567 | 0.6252 | 355 |
| Cumulative 2026-2030 | 89,500 | 73,200 | | 42,000 | | | | 3,500 | | 45,500 | 46,000 | 9,660 | 19,215 | 9,555 | | 7,019 |

HEADLINE RESULTS

Cumulative cash tax savings (undis) **9,555**
Present value of shield, mid-period **7,019**

PRACTITIONER NOTE

The NOL shield converts pre-tax income to cash at approximately a 21% benefit per dollar shielded. This schedule is the model-side companion to the NOL Addendum prose. Replace assumption inputs with disclosed S-1 figures as they become available — particularly the gross NOL balance (currently practitioner-estimated) and the xAI pre-change equity value used in the \$382 cap calculation. The GAAP-vs-tax caveat applies: the loss base used is GAAP; the actual federal NOL is a tax-basis number.

Sum-of-the-Parts — Can SpaceX Defend the \$1.75T Ask?

Three segments + optionality. S-1 disclosed: \$1.75T IPO target. Reconciled to disclosed historicals.

| Segment | Driver (2030E) | Multiple | Bear (\$B) | Base (\$B) | Bull (\$B) | Method note |
|--|----------------|--------------|---------------|-----------------|-----------------|--|
| Connectivity (Starlink + Starshield) | \$81.0B Rev | 12.0x Rev | \$500B | \$850B | \$1,300B | Bear 10x / Base 12x / Bull 18x — telecom premium given 50% growth and 60%+ EBITDA margins |
| Space (Launch + Starship) | \$12.5B Rev | 8.0x Rev | \$50B | \$100B | \$175B | Revenue multiple — Starship optionality embedded. Monopoly economics in commercial launch. |
| AI (xAI / Anthropic / Grok) | \$39.5B Rev | 10.0x Rev | \$200B | \$450B | \$800B | Anchored on Anthropic deal + Grok. Cloud-AI peer multiples 8-15x rev (CRWD, NVDA cloud). |
| Optionality (Cursor, Terafab, orbital) | real option | option-value | \$0B | \$150B | \$400B | Cursor option (\$60B implied). Terafab JV. Orbital AI 2028+. Macrohard. |
| TOTAL ENTERPRISE VALUE | | | \$750B | \$1,550B | \$2,675B | |

vs \$1.75T IPO target -\$1,000B -\$200B \$925B *Positive = math exceeds IPO ask*

Practitioner view (S-1 anchored): The Anthropic Cloud Services Agreement is the structural change. A \$15B/year recurring contract from a single anchor tenant — plus Cursor option, Terafab JV, orbital optionality — transforms the AI segment from a \$3.2B 2025 loss-making business into the segment most likely to carry the IPO valuation. Base-case math (\$1.55T) lands close to the \$1.75T ask. The bull case clears \$2.6T. The bear (\$750B) requires Anthropic termination + Cursor abandonment + slower Starlink growth. Three independent bets break against simultaneously is the bear scenario.

Consolidated DCF — Triangulation Check on SOTP

WACC BUILD

| | |
|---|---|
| Risk-free rate (10Y Treasury, May 2026) | 4.4% <i>Per FRED</i> |
| Equity risk premium | 5.5% <i>Damodaran 2026</i> |
| Beta | 1.2x <i>Diversified across Space/Conn/AI — lower than pre-S-1</i> |
| Cost of equity | 11.0% <i>CAPM</i> |
| Debt weight | 10.0% <i>Higher post-S-1 — SpaceX issues debt</i> |
| Pre-tax cost of debt | 6.0% <i>Investment grade</i> |
| Tax rate | 21.0% |
| WACC | 10.4% |

| | 2023A | 2024A | 2025A | 2026E | 2027E | 2028E | 2029E | 2030E | |
|--|------------------|-------|----------------|----------------|------------------|--------------|---------------|---------------|---------------|
| Total revenue (\$mm) — from Consolidated | \$8,050 | | 11,250 | 18,626 | 38,325 | 63,263 | 85,100 | 105,825 | 133,000 |
| EBITDA margin assumption (% rev) | 10.0% | | 20.0% | 35.0% | 30.0% | 35.0% | 40.0% | 42.0% | 42.0% |
| EBITDA (\$mm) | \$805 | | 2,250 | 6,519 | 11,498 | 22,142 | 34,040 | 44,447 | 55,860 |
| - Capex (% rev) | 70.0% | | 65.0% | 55.0% | 40.0% | 30.0% | 22.0% | 18.0% | 15.0% |
| - Capex (\$mm) | (5,635) | | (7,313) | (10,244) | (15,330) | (18,979) | (18,722) | (19,049) | (19,950) |
| Unlevered FCF (\$mm) | \$(4,830) | | (5,063) | (3,725) | (3,833) | 3,163 | 15,318 | 25,398 | 35,910 |
| Discount period (from 2026) | | | | | 0.0 | 1.0 | 2.0 | 3.0 | 4.0 |
| Discount factor | | | | | 1.000 | 0.906 | 0.821 | 0.744 | 0.674 |
| PV of FCF (\$mm) | | | | | \$(3,833) | 2,866 | 12,574 | 18,889 | 24,196 |
| Terminal growth rate | 4.0% | | | | | | | | |
| 2030E FCF | \$35,910 | | | | | | | | |
| Terminal value (Gordon growth) | \$585,918 | | | | | | | | |
| PV of terminal value | \$394,793 | | | | | | | | |
| Sum of PV of forecast FCF | \$54,692 | | | | | | | | |
| + PV of terminal value | \$394,793 | | | | | | | | |
| + PV of NOL cash tax shield | 7,019 | | | | | | | | |
| ENTERPRISE VALUE (DCF, \$mm) | \$456,504 | | | | | | | | |
| EV in \$B (for SOTP comparison) | \$457B | | | | | | | | |

Memo: NOL shield is finite-period (4-5 years).

Triangulation: When SOTP and DCF land in the same neighborhood, the number has support. When they diverge, the gap is option value (Starship, orbital AI, Cursor) that DCF cannot price into FCF. Per Institute CFO Guide Ch 26.

Comparable Companies — Three Peer Sets

No clean peer. Telecom (Starlink), defense + cloud (Space), AI-cloud (xAI compute).

LENS 1 — TELECOM (Connectivity segment)

| Company | Ticker | Mkt Cap (\$B) | EV/Rev | EV/EBITDA | Note | Source |
|-----------------------|--------|---------------|------------|------------|--|------------------------|
| T-Mobile US | TMUS | \$240 | 3.0x | 9.0x | Subscription telecom; comparable model | BBG 2026YE |
| Verizon | VZ | \$185 | 2.0x | 7.5x | Mature; floor | BBG 2026YE |
| Comcast | CMCSA | \$160 | 2.0x | 7.5x | Cable + broadband | BBG 2026YE |
| Iridium | IRDM | \$3 | 5.5x | 16.0x | Satellite-pure; small but relevant | BBG 2026YE |
| Sirius XM | SIRI | \$10 | 1.8x | 5.5x | Subscription-satellite; mature | BBG 2026YE |
| Starlink (S-1) | — | (implied) | 12x | 20x | 49.8% growth at 63% EBITDA margin — premium | <i>Baratelli / S-1</i> |

LENS 2 — DEFENSE + LAUNCH (Space segment)

| Company | Ticker | Mkt Cap (\$B) | EV/Rev | EV/EBITDA | Note | Source |
|------------------|--------|---------------|--------|-----------|------------------------------------|------------|
| Lockheed Martin | LMT | \$110 | 1.8x | 13.5x | Government revenue | BBG 2026YE |
| Northrop Grumman | NOC | \$70 | 1.7x | 15.5x | Space + defense | BBG 2026YE |
| RTX | RTX | \$160 | 1.6x | 14.0x | Defense + commercial aerospace | BBG 2026YE |
| L3Harris | LHX | \$45 | 1.5x | 14.0x | ISR + space systems | BBG 2026YE |
| Rocket Lab | RKLB | \$10 | 13.5x | n/m | Loss-making space; growth multiple | BBG 2026YE |

LENS 3 — AI / CLOUD (AI segment)

| Company | Ticker | Mkt Cap (\$B) | EV/Rev | EV/EBITDA | Note | Source |
|-------------|--------|---------------|--------|-----------|---|------------|
| NVIDIA | NVDA | \$3,500 | 22.0x | 35.0x | AI infrastructure pure-play | BBG 2026YE |
| Microsoft | MSFT | \$3,100 | 12.0x | 25.0x | Azure + OpenAI partnership | BBG 2026YE |
| CrowdStrike | CRWD | \$90 | 18.0x | 70.0x | Cloud security; comparable subscription | BBG 2026YE |
| Snowflake | SNOW | \$65 | 14.0x | n/m | Data cloud; comparable enterprise infra | BBG 2026YE |
| Palantir | PLTR | \$200 | 60.0x | 130.0x | Gov + enterprise AI; richest multiples | BBG 2026YE |
| Cloudflare | NET | \$40 | 25.0x | 90.0x | Edge cloud + AI inference | BBG 2026YE |

AI peer set sets the framework for the xAI segment. Anchored on Anthropic's \$15B/yr recurring contract + Grok consumer/enterprise growth, the AI segment trades against cloud-AI multiples (10-25x revenue range). The bear case treats it like commodity cloud (10x); the bull case treats it like NVIDIA-adjacent infrastructure (22x+).

Sources & Methodology — S-1 anchored

Every figure tied to a disclosed S-1 page, public source, or practitioner methodology.

| Assumption / figure | Value | Source | Tag |
|--|---|---|---------------|
| Consolidated revenue FY2025 | \$18,674M | S-1 filed 2026-05-20, consolidated IS | S-1 Disclosed |
| Loss from operations FY2025 | \$(2,589)M | S-1 filed 2026-05-20 | S-1 Disclosed |
| Adj EBITDA FY2025 | \$6,584M | S-1 filed 2026-05-20 | S-1 Disclosed |
| Connectivity (Starlink) revenue FY2025 | \$11,387M (49.8% YoY) | S-1 segment disclosure | S-1 Disclosed |
| Connectivity operating income FY2025 | \$4,423M (120.4% YoY) | S-1 segment disclosure | S-1 Disclosed |
| Connectivity Adj EBITDA FY2025 | \$7,168M (86.2% YoY) | S-1 segment disclosure | S-1 Disclosed |
| Space revenue FY2025 | \$4,086M | S-1 segment disclosure | S-1 Disclosed |
| Space loss from ops FY2025 | \$(657)M | S-1 segment disclosure | S-1 Disclosed |
| Starship R&D FY2025 | \$3,004M | S-1 segment disclosure | S-1 Disclosed |
| AI revenue FY2025 | \$3,201M | S-1 segment disclosure (xAI acquired Feb 2, 2026) | S-1 Disclosed |
| AI loss from ops FY2025 | \$(6,355)M | S-1 segment disclosure | S-1 Disclosed |
| AI capex FY2025 | \$12,727M | S-1 segment disclosure | S-1 Disclosed |
| Q1 2026 revenue | \$4,694M | S-1 interim period | S-1 Disclosed |
| Starlink subscribers (Q1 2026) | ~10.3M across 164 countries | S-1 operational metrics | S-1 Disclosed |
| Starlink Mobile devices (Q1 2026) | ~7.4M monthly unique devices | S-1 operational metrics | S-1 Disclosed |
| Satellites in orbit (Q1 2026) | ~9,600 | S-1 operational metrics | S-1 Disclosed |
| Cumulative orbital launches (Q1 2026) | ~650 | S-1 operational metrics | S-1 Disclosed |
| Falcon 9 reflight record | 34 reflights | S-1 operational metrics | S-1 Disclosed |
| Falcon mission success rate | >99% | S-1 operational metrics | S-1 Disclosed |
| Starship flight tests (Q1 2026) | 11 (12th scheduled) | S-1 operational metrics | S-1 Disclosed |
| Starship payload to LEO (target) | 100 mt fully reusable | S-1 product description | S-1 Disclosed |
| Anthropic Cloud Services contract | \$1.25B/month May 2026-May 2029 | S-1 verbatim, page on Anthropic agreement | S-1 Disclosed |
| Anthropic termination | 90 days mutual notice | S-1 verbatim | S-1 Disclosed |
| Colossus + Colossus II capacity | ~1.0 gigawatt combined | S-1 infrastructure disclosure | S-1 Disclosed |
| Colossus deployment timeline | 122 days first cluster | S-1 infrastructure | S-1 Disclosed |
| Colossus II deployment timeline | 91 days first cluster | S-1 infrastructure | S-1 Disclosed |
| Cursor acquisition option | \$60B implied / \$1.5B+\$8.5B termination | S-1 commitments disclosure | S-1 Disclosed |
| Terafab JV partners | Tesla (Mar 2026), Intel (Apr 2026) | S-1 strategic initiatives | S-1 Disclosed |
| xAI acquisition close date | February 2, 2026 | S-1 corporate history | S-1 Disclosed |
| X platform MAUs | ~550M | S-1 platform metrics (Q1 2026) | S-1 Disclosed |
| Grok MAUs | ~117M | S-1 platform metrics (Q1 2026) | S-1 Disclosed |
| Stock split | 5-for-1, May 4, 2026 | S-1 capital structure | S-1 Disclosed |
| TAM claim | \$28.5T (\$370B Space + \$1.6T Conn + \$26.5T AI) | S-1 market opportunity | S-1 Disclosed |

Sources & Methodology — S-1 anchored*Every figure tied to a disclosed S-1 page, public source, or practitioner methodology.*

| Assumption / figure | Value | Source | Tag |
|--|---|--|---------------------------------|
| Dual-class voting | Class B 10:1 vs Class A | S-1 capital structure | S-1 Disclosed |
| Connectivity subscriber growth 2026E-2030E | 10.3M → 44M | Practitioner: growth slows from 50% → 20% as TAM penetrates | Practitioner forecast |
| Anthropic 2030 renewal assumption | \$15B/yr placeholder | Reader can flex. Termination risk acknowledged. | Practitioner forecast |
| AI segment margins forecast | Negative to +28% by 2030 | Anthropic deal is high-margin (compute hosting); Grok scales | Practitioner forecast |
| Space margins forecast | -16% to +20% by 2030 | Starship operational H2 2026 + cadence ramp | Practitioner forecast |
| Comp set multiples (telecom/defense/AI) | Various | Bloomberg consensus, 2026YE | Public market data |
| WACC inputs | Rf 4.4% / ERP 5.5% / Beta 1.2 | FRED / Damodaran / Practitioner judgment | Practitioner methodology |

The Baratelli Institute has had no contact with SpaceX, its officers, its underwriters, or any advisor to any party. This case study is based entirely on the publicly filed S-1, public statements, and the Institute's own analysis.

Addendum — The NOL Tax Shield

SpaceX has been loss-making for over two decades. Accumulated Net Operating Loss carryforwards shield future federal taxable income for years — the Uber/Lyft post-IPO pattern. The initial model used a flat 21% federal rate and understated free cash flow. This addendum quantifies the shield.

The headline

SpaceX's federal NOL stockpile is worth approximately **\$4-5 billion in present value cash tax savings** across the explicit 2026-2030 forecast window. The undiscounted ceiling is roughly \$8 billion. The shield is finite — the stockpile depletes within the explicit period — so terminal value should NOT reflect it.

The two disclosed facts that anchor the read

1. Note 15. SpaceX's S-1 confirms a **full federal valuation allowance** against US deferred tax assets, with the exception of certain state DTAs and transferrable investment tax credits. The Company reports a Q1 2026 effective tax rate of **(0.1)%**. Translation: the federal tax line is essentially zero.

2. Accumulated deficit of \$(41,311) million on the disclosed balance sheet (up from \$(37,035) million prior period). This is the GAAP-equivalent of cumulative net losses since inception. **Back-of-envelope: \$41B × 21% federal rate ≈ \$8.7B of potential federal cash tax savings if fully utilized.**

GAAP vs. TAX

The numbers above are GAAP. The actual federal NOL is a tax-basis number computed under the IRC, not ASC 740. Common book-tax drivers (SBC timing, §174 R&D capitalization, accelerated tax depreciation, M&A purchase accounting) generally push the tax NOL higher than the GAAP loss base, not lower. The estimates here assume the gap is bounded; the next iteration of the model replaces estimates with the disclosed gross NOL when the company names it.

How the shield runs — two pools

SpaceX's consolidated tax base now contains two NOL pools, each with different annual-utilization mechanics:

- **SpaceX-NOL.** The \$25-50B stockpile from 2002-2025 operating losses, accumulated at the SpaceX parent level. Not subject to §382 (no ownership change at the parent). Annual utilization is unlimited but capped at **80% of taxable income per year** under the post-2017 TCJA rule.

- **xAI-NOL.** The pre-acquisition xAI loss base (practitioner-estimated \$10-20B). The February 2026 acquisition triggered a Section 382 ownership change, capping annual utilization at approximately **\$2-4B/year** — computed as xAI's pre-change equity value (~\$40-80B) × the long-term tax-exempt rate (~4-5%). The stockpile is usable but throttled.

Combined effect: SpaceX likely doesn't pay material federal income tax until **2029-2032**, depending on the income ramp scenario. The shield is real, front-loaded, and finite — not a 10-year tax holiday but a 4-5 year cash

bridge.

Illustrative walk — \$40B opening stockpile

Apply a practitioner-estimate \$40B opening NOL (\$25B SpaceX-NOL + \$15B xAI-NOL) against the v2 forecast pre-tax income trajectory, with the 80% TCJA cap and the \$2-2.5B xAI §382 annual limit:

| Year | Pre-tax income (\$mm) | NOL utilized (\$mm) | Cash tax @ 21% (\$mm) | Flat-21% benchmark (\$mm) | Cash savings (\$mm) |
|-----------------------|-----------------------|---------------------|-----------------------|---------------------------|---------------------|
| 2026E | (2,000) | 0 (loss adds) | 0 | 0 | 0 |
| 2027E | 7,000 | 5,600 | 294 | (1,470) | 1,176 |
| 2028E | 18,500 | 14,800 | 777 | (3,885) | 3,108 |
| 2029E | 28,000 | 19,600 | 1,764 | (5,880) | 4,116 |
| 2030E | 38,000 | 0 (depleted) | 7,980 | (7,980) | 0 |
| Cum. 2026-2030 | | 40,000 | 10,815 | (19,215) | 8,400 |

Illustrative. PV at 11% WACC mid-period ≈ \$4-5B. Anthropic ramp drives 2027-2029 income; xAI §382 cap binds in 2027-2028. Full model walk in the NOL-Adjusted Practitioner Model that follows this briefing.

The valuation-allowance release — a separate GAAP event

Under ASC 740, the full federal VA continues until management can demonstrate it is *more likely than not* the DTA will be realized. The bar is structurally hard to clear quickly because cumulative recent losses weigh against forward projections. Practitioner read: management releases the VA in stages, likely across **FY2027**, as several consecutive quarters of profitability accumulate under the Anthropic ramp.

PRACTITIONER FLAG FOR POST-IPO EARNINGS

*Expect one of SpaceX's first three post-IPO quarterly releases to include a **large, one-time, non-cash income tax benefit** as management releases all or part of the historical valuation allowance against the DTA. Headline EPS will spike in that quarter. Sophisticated readers will back this out and look at the cash tax line; less-sophisticated readers will misprice the multiple. **The GAAP release event and the cash tax shield are two different things on two different schedules.***

Bottom line

*The practitioner adds approximately **\$4-5 billion in PV cash tax savings** to the DCF enterprise value via a discrete line in the rollup. The terminal value is **NOT** adjusted because the stockpile depletes within the forecast window. Twenty-five-to-thirty basis points of \$1.75 trillion equity value — small in context, but real, sourced, and undisclosed by the prospectus. The practitioner reads the tax footnote first.*