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.

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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

Starlink + Starshield

$11.4B

+49.8% YoY

63% EBITDA

Satellite internet subscription. 10.3M subscribers across 164 countries. ~9,600 satellites in LEO. Starshield gov variant bundled in segment.

SPACE

Falcon 9/Heavy + Starship

$4.1B

(16%) op margin

$3.0B Starship R&D

Workhorse launch + Starship development. 650 cumulative orbital launches, >99% success rate. Starship operational H2 2026 per S-1.

AI

xAI / Anthropic / Grok / Cursor / Terafab

$3.2B

Anthropic = $15B/yr

$12.7B segment capex

Colossus + Colossus II data centers (~1.0 GW). Grok AI model (117M MAUs). X platform (550M MAUs). Orbital AI compute targeted for 2028.

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

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

$750B

WHAT HAS TO BE TRUE

- 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

BASE

$1.55T

WHAT HAS TO BE TRUE

- Anthropic completes 36-month term
- Cursor option exercised + integrated
- Starlink scales to ~44M subscribers
- Starship operational H2 2026, cadence ramps
- Optionality bucket: $150B credit

BULL

$2.68T

WHAT HAS TO BE TRUE

- 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)	3.0× / 9.0×
Verizon (VZ)	2.0× / 7.5×
Comcast (CMCSA)	2.0× / 7.5×
Iridium (IRDM)	5.5× / 16.0×
Sirius XM (SIRI)	1.8× / 5.5×
Starlink (impl.)	**12-20× rev**

EV/Rev / EV/EBITDA

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

EV/Rev / EV/EBITDA

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

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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.

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