

EDUCATIONAL CASE STUDY · S-1 ANCHORED

Can SpaceX Defend the \$1.75 Trillion Ask?

A practitioner reads the filing.

BARATELLI INSTITUTE EDUCATIONAL CASE STUDY

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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)

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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.

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