



## SpaceX IPO Initiation Report

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# SpaceX - Pre-IPO Initiation Report

SpaceX confidentially filed for a U.S. IPO in April 2026. Financial disclosure remains limited pending public filings.

## EXECUTIVE SUMMARY

**Investment Rating:** Structural Growth Infrastructure Asset (High Quality, Execution-Dependent)

**Core Driver:** Starlink monetisation + infrastructure dominance

**Investment Style:** Structural Growth / Infrastructure Play

SpaceX represents a category-defining infrastructure platform at the intersection of aerospace, telecom, and data networks. The company is transitioning from a capital-intensive launch provider into a high-margin, recurring revenue business, driven by the rapid scaling of Starlink.

We believe the market will increasingly value SpaceX not as an aerospace company, but as a global connectivity and infrastructure asset. At this point valuation remains uncertain due to limited disclosure; however, secondary market transactions and media estimates suggest a wide valuation range, with significant upside expectations already priced in; we therefore adopt a scenario-based framework.

### Valuation context

- Starlink serves **9M+ users globally**
- SpaceX generated approximately **\$15–16B revenue in 2025 (estimated)**
- Starlink accounts for **50–80% of revenue (estimated range)**
- SpaceX has deployed **9,500+ satellites since 2019**

Case	Narrative	Implied Outcome
Bull	Starlink dominates global connectivity	Premium tech multiple
Base	Strong growth but normalising	Hybrid telecom/tech multiple
Bear	Growth slows	Telecom-style re-rating

- Private market transactions valued SpaceX at approximately **\$800B (Dec 2025)**
- IPO expectations suggest potential for materially higher valuation
- Current pricing likely reflects strong growth and margin assumptions
- Investor returns will be highly sensitive to IPO entry price

## Investment Thesis

SpaceX is evolving into a vertically integrated, global connectivity and infrastructure platform, where Starlink drives recurring high-margin cash flows, while launch dominance and Starship provide cost leadership and long-term optionality.

### The Three-Layer Value Stack

Think of SpaceX in layers of value creation:

#### Layer 1: Cash Engine (Starlink)

Why it matters.

- Recurring subscription revenue
- Global scalability (no physical network constraints)
- High operating leverage

Structural advantage

- No need for:
  - Fibre rollout
  - Local infrastructure
- Can monetise:
  - Underserved regions
  - High-value enterprise segments

Starlink primarily addresses underserved markets where traditional telecom infrastructure is less efficient.

#### Layer 2: Cost Leadership (Launch Business) - This is the moat enabler.

What it does

- Reduces cost of:
  - Satellite deployment
  - Network expansion

Why it matters.

- Competitors (e.g. Amazon Kuiper) must:
  - Pay for launches.
  - Or build their own (years behind)

Strategic takeaway- SpaceX owns the “picks and shovels” of the space economy.

### **Layer 3: Convex Upside (Starship)- This is your asymmetric upside driver If successful:**

- Launch costs collapse.
- Satellite deployment accelerates.
- Entire new industries emerge:
  - Space logistics
  - Orbital infrastructure
  - Deep space missions

### **Why this is a *Category-Defining Business***

#### **A) Global Infrastructure Play Compare SpaceX to:**

- Amazon → cloud infrastructure
- Visa → transaction rails

SpaceX = connectivity infrastructure from orbit

#### **B) Network Effects**

- More satellites → better coverage
- Better coverage → more users
- More users → more capital → more satellites

#### **C) Operating Leverage Inflection**

- Fixed cost: satellites + launches
- Variable cost: relatively low

As subscriber base grows:

- Margins expand significantly.

### **Key Investment Drivers**

#### **1) Starlink subscriber growth**

- Primary driver of valuation
- Watch:
  - User growth
  - ARPU expansion

#### **2) Margin expansion**

- Shift from:
  - Consumer → enterprise → defense

Drives profitability upside.

### 3) Launch cadence

- Indicates:
  - Cost efficiency
  - Deployment speed

### 4) Starship milestones

- Binary catalysts
- Drives long-term rating.

## What the Market Might Be Getting Wrong

### Mispricing #1: “It’s just a space company”

- Reality: It’s a telecom + data infrastructure business
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### Mispricing #2: Underestimating Starlink margins

- Market may treat it like: Satellite legacy business.

Starlink exhibits characteristics of both telecom infrastructure and platform-like recurring revenue models.

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### Mispricing #3: Ignoring vertical integration

- Competitors face: Higher costs Slower deployment.
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## BUSINESS SEGMENT ANALYSIS

### Launch Services (Foundation Layer)

#### Investor Summary

SpaceX’s launch services business forms the **strategic backbone of the entire company**, providing reliable and cost-efficient access to orbit for government, defense, and commercial customers. Through its reusable rocket technology, most notably Falcon 9—SpaceX has established a **structural cost advantage and unmatched launch cadence**, allowing it to establish a leading position in the global launch market. While the segment itself generates **stable but relatively lower-margin revenue compared to Starlink**, its true importance lies in vertical integration: SpaceX controls its own launch infrastructure, enabling faster, cheaper, and more flexible deployment of its satellite network. This creates a powerful competitive moat, as rivals must either rely on third-

party launch providers or build their own capabilities at significant cost and delay. As a result, the launch business is best viewed not as the primary driver of valuation, but as a **critical enabler of Starlink's scalability and long-term profitability**, with future upside tied to further cost reductions through Starship.

### Key Highlights

- **Market Leadership:** SpaceX is the leading global launch provider by frequency and operational cadence with the potential for estimated market share of up to 60–70% of global commercial launches, supported by reusable rocket technology and high operational cadence.
- **Cost Advantage:** Reusable rockets drive structurally lower launch costs.
- **High Utilisation:** Industry-leading launch frequency and reliability
- **Strategic Role:** Enables rapid, low-cost deployment of Starlink.
- **Revenue Profile:** Stable, contract-driven, but lower margin than Starlink
- **Competitive Moat:** Vertical integration limits competitor scalability
- **Future Upside:** Starship could significantly reduce costs and expand capacity.

### Investor Takeaway

**Launch is not the growth story — it is the strategic advantage that makes the growth story possible.**

### Overview

- Global leader in orbital launches
- Estimated market share: **60–70% (commercial)**

### Economics

- Revenue: revenue is not publicly disclosed; external estimates suggest launch contributes a minority share of total revenue.
- Margins: Moderate (capital heavy)

### Competitive Advantage

- Reusability → structural cost edge
- High launch cadence

## Strategic Role

Enables:

- Starlink deployment
- Cost leadership across ecosystem

## Starlink (Core Value Driver)

### Investor Summary

Starlink is the **core economic engine of SpaceX**, transforming the company from a capital-intensive aerospace operator into a **high-margin, recurring revenue connectivity platform**. By deploying a vast constellation of low Earth orbit satellites, SpaceX delivers broadband internet globally—particularly in regions where traditional telecom infrastructure is inefficient or unavailable. This creates a structurally advantaged business model with **strong operating leverage, scalable global reach, and multiple monetisation layers** spanning consumer, enterprise, aviation, maritime, and defense segments. As the network scales, incremental costs decline while revenue compounds, positioning Starlink to achieve **telecom-like scale with tech-like margins**. Crucially, SpaceX's vertical integration, both the satellites and the launch capability, enables faster deployment and lower costs than competitors, reinforcing its lead. As a result, Starlink is expected to account for the **majority of SpaceX's valuation and long-term cash flow generation**, making it the primary driver of investor returns.

### Key Highlights

- **Primary Value Driver:** We expect Starlink to represent the majority of long-term value creation.
- **Recurring Revenue Model:** Subscription-based, predictable cash flows
- **High Growth:** We model strong double-digit growth driven by global adoption, although exact growth rates remain uncertain due to limited disclosure.
- **Operating Leverage:** Margins expand significantly as network scales.
- **Multi-Segment Monetisation:** Consumer, enterprise, aviation, maritime, defense
- **Global Reach:** No reliance on physical infrastructure (fibre/towers)
- **Competitive Advantage:** Vertical integration lowers cost and speeds deployment

- **Margin Profile:** Margins are expected to expand materially as the network scales, particularly with increased exposure to higher-value segments such as enterprise, aviation, and defense segments.

## Investor Takeaway

**Starlink is not just a product — it is the monetisation layer that turns SpaceX into a global infrastructure and cash-generating platform.**

### Overview

- Largest LEO satellite constellation globally
- Millions of active subscribers

### Revenue Model

Segment	Revenue Type
Consumer broadband	Subscription
Enterprise	High-value contracts
Aviation / Maritime	Premium connectivity
Defense	Strategic contracts

### Economics (Estimated)

Metric	Trend
Revenue Growth	Strong double-digit growth (modelled estimate)
EBITDA Margin	Margins are expected to expand materially as the network scales, particularly with increased exposure to higher-value segments
ARPU	Increasing with enterprise mix

### Strategic Positioning

Direct competitor to: Vodafone Verizon

But with: Global reach, Lower infrastructure constraints

## Starship (Optionality Engine)

### Investor Summary

Starship represents SpaceX's **long-term strategic upside and technological step-change**, designed to dramatically reduce the cost of access to space while enabling entirely new markets. As a fully reusable, super-heavy launch system, Starship has the potential to **lower launch costs by an order of magnitude**, significantly increasing payload capacity and deployment frequency. While it does not materially contribute to near-term revenues, its successful development would enhance every part of SpaceX's ecosystem—most notably by accelerating and cheapening Starlink expansion. More importantly, Starship introduces **optionality on entirely new revenue streams**, including space logistics, large-scale satellite deployment, deep space missions, and potential orbital infrastructure. From an investor perspective, Starship should be viewed as a **high-risk, high-reward innovation layer**: not required to justify current valuation, but capable of materially expanding it if execution is successful.

### Key Highlights

- **Optionality Driver:** Not core to current valuation but significant upside potential.
- **Cost Disruption:** Starship has the potential to significantly reduce launch costs and increase payload capacity, although timelines and economic impact remain uncertain.
- **Scale Advantage:** Massive payload capacity vs existing rockets.
- **Ecosystem Impact:** Accelerates Starlink deployment and lowers costs.
- **New Markets:** Enables space logistics, infrastructure, and deep space missions.
- **Execution Risk:** Technologically complex with uncertain timelines
- **Valuation Treatment:** Often modelled as a “call option” on future growth.

### Investor Takeaway

**Starship is not needed for the investment case — but if successful, it could redefine it.**

### Overview

- Fully reusable heavy-lift system
- Starship aims to significantly reduce launch costs if full reusability is achieved; however, timelines and economic impact remain uncertain.

### Strategic Impact

- Accelerates Starlink deployment.
- Enables new revenue streams:
  - Space logistics
  - Deep space missions
  - Infrastructure deployment

### Valuation Treatment

- Not core to base case
- High convexity upside

## **FINANCIAL MODEL (HIGH-LEVEL)**

“Illustrative Scenario (Not Company Guidance)”

Figures are internally modelled estimates based on industry data and should not be interpreted as company guidance.

### **Revenue Build (Illustrative)**

Year	Revenue	Growth
2025	\$15B	—
2026	\$20B	+33%
2028	\$35B+	+30% CAGR

### **Margin Expansion**

Segment	Margin Outlook
Launch	15–25%
Starlink	Margins are expected to expand materially as scale improves, though the ultimate margin profile remains unproven.
Group	Expanding

## COMPETITIVE LANDSCAPE

Segment	Competitor	Position
Launch	Blue Origin	Behind
Launch	United Launch Alliance	Legacy
Satellite	Amazon Leo (formerly Project Kuiper) scaling competitor	Satellites deployed and launches underway Commercial rollout beginning in limited markets Still materially behind SpaceX in scale and deployment

**Conclusion:** SpaceX maintains **multi-year structural lead**

## RISK ANALYSIS

1. Valuation Risk (Primary)  
IPO pricing may reflect optimistic assumptions.
2. Execution Risk  
Scaling Starlink and developing Starship.
3. Regulatory Risk  
Spectrum and government dependency.
4. Competitive Risk  
Emerging satellite networks (e.g. Kuiper).

## STRATEGIC POSITIONING

SpaceX sits at the intersection of:

- Aerospace
- Telecom infrastructure
- Data networks
- Defense

Comparable to early:

Amazon (infrastructure layer) Tesla (disruption model)

## **FINAL INVESTMENT VIEW**

### **Rating: Outperform (Long-Term, Valuation Dependent)**

#### **Final Investment View — Investor Summary**

SpaceX represents a **rare, category-defining investment opportunity**, combining structural growth, technological leadership, and global infrastructure positioning. The company's transition from a capital-intensive launch provider to a **high-margin, recurring revenue platform via Starlink** underpins a compelling long-term investment case, supported by a durable competitive moat through vertical integration. However, this quality is likely to be reflected in **premium IPO valuation levels**, meaning near-term returns will be highly dependent on entry price and execution against ambitious growth expectations. While the long-term outlook remains strongly positive—driven by Starlink scale and optional upside from Starship—investors should adopt a **disciplined, phased approach to capital deployment**, particularly in the early stages of public market trading.

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### **Key Highlights**

- **High-Quality Asset:** Unique combination of infrastructure, telecom, and aerospace
- **Primary Driver:** Starlink as the core revenue and valuation engine
- **Strong Moat:** Vertical integration + cost leadership in launch
- **Long-Term Upside:** Additional value from Starship and new markets
- **Valuation Risk:** Likely fully valued or premium at IPO
- **Execution Dependency:** Growth and margins must meet high expectations.
- **Volatility Risk:** Significant price swings expected post-listing.

## **Key Investment Debate**

### **Bull Case:**

- Starlink scales globally
- Margins expand.
- Premium valuation sustained

### **Bear Case:**

- Growth slows.
- Costs remain elevated.
- Re-rating toward telecom multiples

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