INITIATING COVERAGE · TECH-EQUITY VALUATION · 13 JUNE 2026

Space Exploration Technologies Corp.

NASDAQ: SPCX · SPACEX

Priced for Mars: the $1.77 trillion listing embeds the bull case, and then some.

We initiate on SPCX at **AVOID / do-not-chase**. Our base-case fair value is **$66** against the $135 IPO and today's $160.95 first-day close (+19%, ~$2.1T market cap) — a 51% premium at the offer, ~59% above where we see value at the close. SpaceX is a genuinely exceptional franchise: a launch near-monopoly, a hyper-scaling Starlink, and a newly-merged frontier-AI arm. But at ~90× trailing revenue at the offer (~109× at the $160.95 close) and roughly $14 billion of annual cash burn, the listing prices in flawless execution across three moonshots simultaneously. The risk/reward is asymmetric to the downside. "Data shows" denotes fact; "we" denotes the Fund's view.

$135	$66	-51%
IPO PRICE · ~$1.77T EQUITY	TON618 FAIR VALUE	VS. $135 IPO · -59% VS. $160.95 CLOSE

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01 Executive Summary

Recommendation: AVOID at IPO. Fair value $66 (base); bull case $128 still sits below the $135 print. We would revisit constructively below ~$55, or on evidence

the AI segment can clear its cost of capital. The franchise is not the question; the price is.

EXHIBIT 1 · PRICE-TARGET TRIAD (PROBABILITY-WEIGHTED)

SCENARIO	PROB.	SEGMENT EV	EQUITY	PER SHARE	VS. IPO
Bull — global telecom utility + Starship + top-3 AI lab	25%	$1,600B	$1,680B	$128	-5%
Base — Starlink scales, Space breakeven, AI optional	50%	$640B	$720B	$55	-59%
Bear — ARPU erosion, capital intensity, AI burn	25%	$280B	$360B	$27	-80%
Probability-weighted fair value	100%	—	—	**$66**	**-51%**

Net cash of ~$79.5B (post-IPO cash ~$99.5B less ~$20B est. debt) added to segment EV in each scenario. Shares: 13.08B Class A+B. We reach $66 bottom-up; it is independent of any third-party target.

Investment thesis

- **The numbers do not support the price.** ~$18.7B FY25 revenue, a ~$2.6B operating loss, and ~$19.6B of investing outflow against ~$6.8B operating cash flow — roughly $14B of FCF burn. At ~90× revenue, SPCX is the most expensive mega-cap on any conventional metric.
- **Starlink is the engine — and its price is falling.** Connectivity revenue +49.8% to $11.4B with $7.2B segment adjusted EBITDA, but ARPU has slid from $99 to $66 as the mix turns consumer and operating income went near-flat quarter-on-quarter despite subscribers doubling. Volume is winning; price is not.
- **The xAI merger is a financing event as much as a strategy.** Bolted on all-stock in February 2026 (~$250B mark, ~3× its value seven months earlier); xAI lost $6.4B on ~$3.2B revenue and is the named first use of the $74.4B of proceeds. Optionality, not earnings.
- **Control is absolute.** Musk holds ~85% of votes on ~42% of equity via 10-vote Class B; SPCX is a controlled company, exempt from key Nasdaq governance rules, with mandatory-arbitration and class-action waivers. Key-person and governance risk are structural.
- **Consensus is split, not bullish.** Published targets span $63–$227 and average ~$164 — near the price, and a barbell of Buy and Sell initiations rather than a confident mean. We do not anchor to any of them; our $66 is built bottom-up.

EXHIBIT 2 · KEY FINANCIALS (USD MILLIONS)

METRIC	FY2023	FY2024	FY2025	Q1'26
Revenue	10,387	14,015	18,674	4,694
Revenue growth	—	+35%	+33%	+15%
Operating income	(3,505)	466	(2,589)	(1,943)
Net income	(4,620)	791	(4,937)	(4,279)
Operating cash flow	4,520	5,776	6,785	1,047
Investing cash flow	(4,860)	(10,790)	(19,570)	(16,700)
Cash & restricted	—	4,690	11,501	25,124

Source: SpaceX Form S-1/A, filed 3 June 2026 (SEC accession 0001628280-26-040364). As-of dates in §17.

The Current State of the SpaceX Story

OUR VIEW, IN PLAIN ENGLISH

Strip away the mystique and SpaceX is now **three businesses under one roof.** One launches rockets and dominates that market. The second, **Starlink**, sells satellite internet to more than 10 million customers and actually makes money. The third, **xAI**, builds artificial intelligence — and it was bolted on only in February 2026, four months before this listing. Two of the three lose money; one, Starlink, is a genuine profit machine.

Here is the whole story in a sentence: **a fast-growing, highly profitable internet business is being used to bankroll two enormous bets on the future** — radically cheaper rockets (Starship) and frontier AI (xAI). That is a coherent, even thrilling, strategy. It is also why the company as a whole burns roughly **$14 billion of cash a year** despite Starlink's profits: those profits are plowed straight back into the moonshots.

We want to be precise about what we are and are not saying. **We are not betting against SpaceX the company.** The launch business is the best on Earth, and Starlink is a real, durable franchise. **Our concern is the price.** At the $135 offer the company was valued near $1.77 trillion; on day one it closed at $160.95 — about $2.1 trillion. That is roughly **90 to 110 times the last year's revenue**, a level no company this size has ever sustained. You are not paying for what SpaceX is; you are paying for a near-flawless version of what it might become.

What is genuinely special — and what isn't. SpaceX is the only company that reliably lands and reuses its rockets, which is why it now flies the large majority of the world's launches; that is a real moat, not marketing. Starlink is the only satellite network of its size, with thousands of satellites relaying data to one another by laser — also hard to copy. The AI arm is the unproven piece: it is burning billions against little revenue, and whether it becomes a leader is genuinely unknown. We give it option value, not credit as a sure thing.

If you follow only three numbers, follow these: how many Starlink customers SpaceX adds, how much each pays per month, and the profit margin it keeps. Those three drive most of the value we can actually calculate. The catch is already visible in the data: the price per customer has fallen from **$99 a month in 2023 to $66 today** as Starlink chases the mass market. Growth is excellent; pricing is not — and that tension sits at the center of the debate.

What you must believe to pay today's price. To justify the valuation, SpaceX has to grow into a company generating about **$100 billion of cash a year** — which implies roughly $340 billion of revenue (eighteen times today's) and ~27% annual growth sustained for more than a decade. It is possible. It is not the most likely outcome. The market is treating a best case as the base case.

Both sides, fairly stated. The bull case: Starlink becomes the world's default internet, Starship makes orbit cheap enough to open new industries, and xAI turns into a top-tier AI lab — and $2 trillion proves cheap. The bear case: Starlink's pricing keeps sliding as rivals arrive, the rockets and the AI keep consuming cash for years, control sits entirely with one person, and a single ordinary disappointment halves the stock. Weighing both, **we value SpaceX at about $66 a share.** We think the company is extraordinary and the stock, at today's price, is not worth chasing.

0C Media & Market Research

A structured sweep of reporting around the listing (NPR, CNBC, Morningstar, TechCrunch, Defense News, SpaceNews and others; ~50 dated findings, fact/opinion-tagged, in the Phase 0 snapshot). The signal: a record-breaking debut wrapped around an unusually divided sell side, with the debate hinging on whether Starship/AI monetization arrives before the cash-burn forces a re-rating.

What the market did

- Largest IPO in history: ~$75B raised at a fixed $135; opened $150, intraday high $176.52, **closed $160.95 (+19.3%)** for a ~$2.1T market cap. **522M shares (~94% of the new float) traded for ~$85B of dollar volume** (VWAP $163.40) — exchange-verified (Massive

What the analysts said

- Bull: Oppenheimer Outperform $190 ("only vertically-integrated AI company," $10T TAM by 2035); Morgan Stanley models revenue to $3.4T by 2040.
- Bear: Morningstar $63 (43% odds the AI/space-data-center bet is shelved); CFRA Sell $115; Chanos

Market Data), dwarfing typical QQQ/SPY daily turnover.

- Prediction markets implied ~$176; the bid is real, narrow-float, and momentum-driven.

"hopes and dreams"; Kass ~$70 and shorting.

Fact vs. opinion separated and dated in `normalized/media_research.json`. Two first-party sources (CNBC live blog, TheStreet) 403'd on direct fetch and are corroborated via secondary aggregators; the revenue-multiple (90× vs 94×) and average-PT ($164 mean vs $190 headline) conflicts are carried forward explicitly.

02 Investment Context

The listing arrives into a liquidity-rich, risk-on tape — the only conditions under which a $75B raise clears at a fixed price and pops 19%. That same liquidity sensitivity is the macro risk: a ~90×-revenue, long-duration equity is acutely exposed to the rate and liquidity regime, and rising real yields compress terminal-value-heavy names first.

Relevance to the Fund. TON618 Capital is a Bitcoin fund; SPCX is *not* a BTC-correlated instrument (unlike MSTR or COIN). Its relevance is twofold: (i) a liquidity-regime barometer whose drawdowns would likely coincide with BTC risk-off; and (ii) a potential *short / hedge* candidate against long-duration tech beta, given the asymmetric valuation. We hold no position.

03 Company Overview & Business Model

Space Exploration Technologies Corp. (founded 2002, Hawthorne CA; combined with xAI in February 2026) operates three segments:

$7.1B	$11.4B	~$0.5B
SPACE / LAUNCH — FY25 REV	CONNECTIVITY / STARLINK — FY25 REV	AI / XAI — FY25 (PARTIAL)

- **Space (Launch):** Falcon 9/Heavy (reusable; ~165 launches in 2025, ~85% of US orbital launches), Dragon, and Starship (in ramp). Commercial & government launch; segment adjusted EBITDA positive since 2018; swung to an operating loss in 2025 on Starship investment.
- **Connectivity (Starlink):** consumer, enterprise, mobility and government broadband via a LEO laser-mesh constellation; 10.3M subscribers across 164 markets. The profit engine.
- **AI (xAI):** Grok models, the X platform, and a GPU compute build-out (Colossus). Acquired Feb 2026; consolidated; deeply loss-making (xAI lost $6.4B on ~$3.2B revenue in 2025). The named first use of IPO proceeds.

Capital structure & control. Dual-class (Class A = 1 vote; Class B = 10 votes) plus a non-voting Class C created at IPO. Musk holds ~42% of equity but ~85% of the vote. ~$99.5B pro-forma cash; debt includes legacy X notes ($0.7B 3.875% '27s, $1.0B 5.0% '30s) plus term loans and GPU financing; xAI's ~$17.5B debt is ring-fenced in a subsidiary. Founder ownership is alignment and entrenchment in equal measure.

04 Competitive Positioning & Moat

Wide moat — Launch

A durable cost-and-cadence near-monopoly. Reusability gives a structural $/kg advantage no Western rival has matched; NSSL Phase 3 locked in ~60% of national-security launch. The competitive field just weakened: Blue Origin's New Glenn booster exploded in a static fire on 28 May 2026, grounding its only pad for ~a year. Erosion vector: a Starship stumble, or a credible reusable competitor at scale — both multi-year.

Contested moat — Starlink

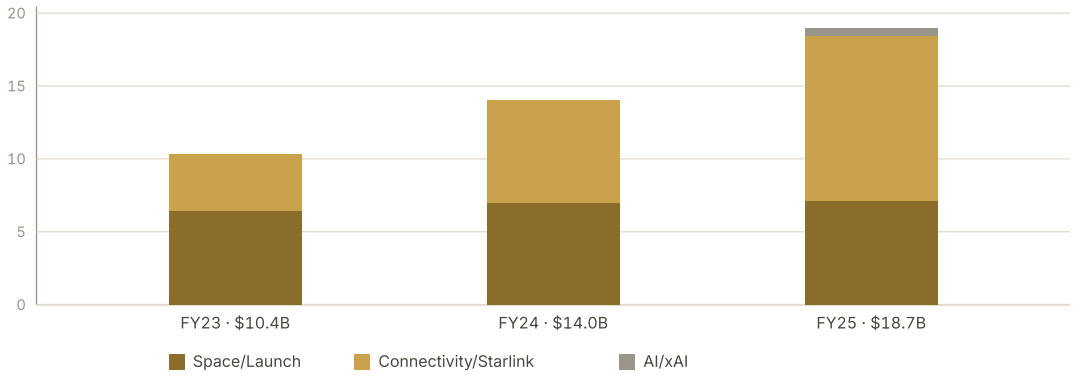
First-scaled LEO broadband: ~10,000 satellites, inter-satellite lasers, spectrum priority (the ~$17B EchoStar buy), and a manufacturing lead. But the erosion vector is real and named: Amazon Leo (~330 sats, well behind), AST SpaceMobile, and Chinese constellations, plus the ARPU erosion the data already shows. Consumer pricing power is unproven; the durable moat is migrating to high-value aviation, maritime, and defense.

05 Proprietary Technology Assessment

- **Booster reusability** — the defining cost lever; a decade-plus operational lead and a reliability flywheel.
- **Laser-mesh constellation** — optical inter-satellite links and vertically-integrated terminals; a 10M-subscriber advantage that compounds with density.
- **Starship** — fully-reusable super-heavy lift. As of Flight 12 (V3 debut, 22 May 2026) it remains *suborbital*: no orbit, no ship catch, no orbital-refuel demo, and NASA's safety panel flags Artemis HLS as potentially "years late." The ~$10/kg target is aspirational; independents model ~$100–600/kg versus Falcon's ~$2,700. High technical risk, enormous optionality.
- **AI flywheel (xAI)** — the bull claim is a data (X) × compute (Colossus) × distribution (Starlink) loop, with orbital compute "as early as 2028." Grok is at 117M MAUs but 2025 AI revenue was only ~$0.5B against a multi-billion burn. We assign it option value, not franchise value.

06 Financial Statement Analysis

EXHIBIT 3 · REVENUE BY SEGMENT (USD BILLIONS)

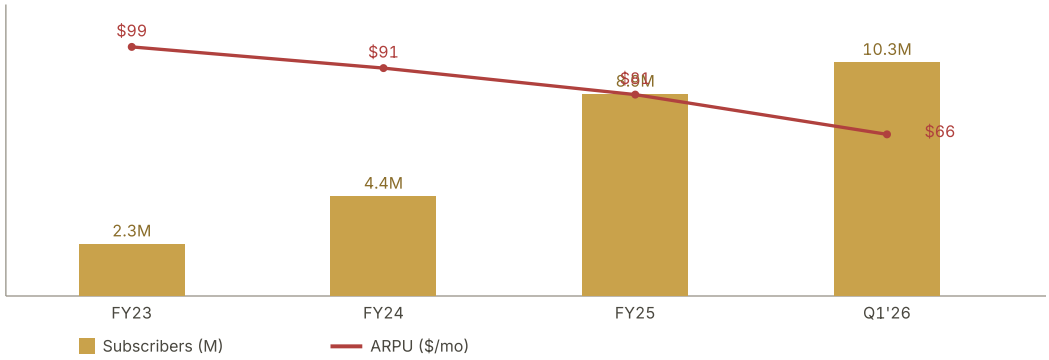


Starlink overtakes launch in 2024 and drives all incremental growth. Source: S-1/A.

- **Growth, decelerating in rate:** +35% (FY24), +33% (FY25), +15% YoY in Q1'26. Connectivity (+49.8%) masks slower launch.
- **Margins:** consolidated operating margin negative ((13.9)% FY25) as Starship + AI absorb Starlink's profit. The 2024 net profit ($791M) was the exception.
- **Cash quality:** OCF is real and growing ($6.8B FY25) but dwarfed by ~$19.6B investing — structurally FCF-negative (~$14B burn), funded by financing (+$26.4B FY25).
- **SBC & dilution (critical):** weighted shares rose 2,759M→3,884M; xAI and Swarm equity plans assumed; ~$460M cash paid for RSU net-settlement post-Q1. We model SBC as a real, dilutive cost — fully-diluted, not adjusted away.
- **Balance sheet:** total assets $92.1B (Q1'26); ~$99.5B pro-forma cash; modest debt. Liquidity is not the risk — returns on deployed capital are.

07 KPIs & Unit Economics

EXHIBIT 4 · STARLINK SUBSCRIBERS VS. ARPU



Subscribers 4.5× in two years while ARPU falls $99→$66. Volume-led growth; pricing under pressure. Source: S-1/A.

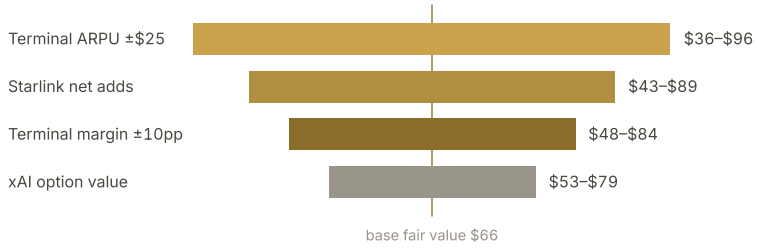
CONNECTIVITY KPI	FY2023	FY2024	FY2025	Q1'26
Subscribers (M)	2.3	4.4	8.9	10.3
ARPU ($/month)	99	91	81	66
Segment adj. EBITDA ($M)	1,602	3,849	7,168	2,087
Segment EBITDA margin	—	~50%	~63%	~62%

The hinge: subscriber growth and margin are exceptional, but ARPU is compressing faster than most models assume and operating income went near-flat QoQ despite subscribers doubling. If terminal ARPU settles near $45–50 in a mass-consumer mix, Connectivity's terminal value is materially lower than the price implies. The ARPU-accretive offset is verticals — aviation (+68%), maritime, and Starshield — where SpaceX still dictates price.

08 Business-Model Gearing & Leverage Map

3-input model. Defensible value ≈ *Starlink net adds* × *terminal ARPU* × *terminal segment margin*. Those three drive ~80% of the underwritable value; Starship and xAI are call options layered on top.

EXHIBIT 5 · SENSITIVITY (SWING IN $/SHARE AROUND THE $66 BASE)



Terminal ARPU is the single greatest sensitivity — the crux of the Connectivity debate. Illustrative, anchored on the base SOTP.

Operating leverage sits in Connectivity (fixed constellation, near-zero marginal cost per subscriber — the bull mechanism). **Financial leverage** is low (net cash). **Growth leverage** — the launch→constellation→data flywheel — is the qualitative upside the price is paying for.

09 Forecast / Operating Model

Modeled fully-diluted with SBC treated as a real cost. Base-case shape (driver-based, illustrative):

BASE CASE	FY25A	FY26E	FY27E	FY30E
Revenue ($B)	18.7	25.5	33.0	62
— Connectivity	11.4	16.5	22.0	40
— Space	7.1	8.0	9.0	14
— AI	0.5	1.5	2.5	8
FCF margin	neg	neg	~0%	~12%

Self-funding (FCF breakeven) is not reached until ~FY27 in the base case; the bull pulls it forward, the bear pushes it past FY30. Terminal value is back-loaded — the source of the valuation gap.

10 Intrinsic Valuation — Method Selection & Reverse-DCF

Which model. For a high-growth equity, the methodologically-preferred intrinsic lenses are a **multi-stage free-cash-flow-to-equity (FCFE)** model or, for a dividend payer, a **supernormal / multi-stage dividend discount model** (two-stage, H-model, or three-stage). We choose to the company's facts — and SpaceX's facts rule the standard single models out today:

- **DDM — not applicable.** SpaceX pays no dividend and none is planned; cash is fully reinvested.

- **FCFE — not yet meaningful.** FCFE is negative (the firm is FCF-negative and actively raising capital), so a single-stage FCFE is undefined and a multi-stage FCFE rests entirely on the terminal phase. We would migrate to a **two-stage FCFE / H-model** once FCFE inflects positive (~FY27 in our base case).
- **FCFF — noisy.** Capital structure is shifting (the $74B raise, GPU financing), making a single consolidated FCFF DCF low-confidence.

We therefore anchor intrinsic value on the **sum-of-the-parts (SOTP)**, valuing each segment at a life-cycle-appropriate basis (§12), cross-checked by the reverse-DCF below.

> **Reverse-DCF (embedded expectations).** At $135 (EV ≈ $1.69T), WACC 10%, terminal growth 4%, the price implies **~$100B of steady-state free cash flow** — at a 30% FCF margin, **~$340B of revenue (~18× FY25), a ~27% revenue CAGR sustained for 12 years.** SpaceX could become that company. The market is treating a wide distribution of outcomes as the base case.

Triangulating FCFF DCF. Used only as a cross-check, not the reported value: a 10% WACC (risk-free ~4.3%, ERP ~5.0%, beta ~1.4 de-levered, no size premium), a base-case ramp to ~12% FCF margin by FY30 and ~4% terminal growth yields equity value consistent with the ~$55–66 SOTP base — well below the print.

11 Relative Valuation — Peers, Landscape & Indexes

Relative valuation is the most important lens here, and the most demanding: SpaceX has no single public twin, but it has **deep, listed competition in all three segments.** We benchmark each segment against its real peers, then against the broad market. Multiples as-of the 12 June 2026 close; **N/M** = not meaningful (negative earnings/EBITDA) — where EV/Sales is the only usable comparable. Sources: market data and stockanalysis.com / S&P Global, retrieved 12–13 Jun 2026.

EXHIBIT 6 · LAUNCH / SPACE PEERS

COMPANY	MKT CAP	EV/SALES	EV/EBITDA	P/E	REV GR.
Rocket Lab (RKLB) — closest pure-play	$59B	85x	N/M	N/M	~38%
Intuitive Machines (LUNR)	$6B	18x / 6x fwd	N/M	N/M	~88%
Lockheed Martin (LMT) — prime	$125B	1.9x	17.9x	26x	~5%
Northrop Grumman (NOC) — prime	$78B	2.2x	12.8x	17x	~6%

Landscape. SpaceX's only credible listed pure-play is Rocket Lab, trading at an extraordinary ~85× revenue (no earnings) on the promise of its Neutron rocket — the market pays up for reusable-launch growth. The profitable

primes (Lockheed, Northrop) anchor the floor at ~2× revenue / ~13–18× EBITDA, but they are slow-growth conglomerates, not launch pure-plays. SpaceX's reusability and ~80%+ share of global commercial launches justify a premium to the primes; Rocket Lab is the only high-multiple anchor.

EXHIBIT 7 · SATELLITE-CONNECTIVITY PEERS (STARLINK)

COMPANY	MKT CAP	EV/SALES	EV/EBITDA	REV GR.
AST SpaceMobile (ASTS) — D2C growth	$32B	376x / 134x fwd	N/M	~198%
Globalstar (GSAT) — D2C	$11B	38x	97x	~15%
Iridium (IRDM) — quality incumbent	$5B	7.6x	15x	~5%
EchoStar (SATS)	$33B	4.1x	38x	~−4%
Viasat (VSAT)	$10B	3.2x	10x	~3%
SES (SESG.PA)	€3.5B	3.2x	7.6x	~10%

Landscape. The satcom set splits in two. Mature incumbents (Iridium, EchoStar, Viasat, SES, Eutelsat) trade as capital-intensive, low-growth businesses at **~3–8× revenue / ~8–18× EBITDA** (Iridium the quality outlier). The next-gen direct-to-device names price purely on optionality — AST SpaceMobile at ~376× revenue with no earnings, Globalstar ~38×. Starlink — multi-billion revenue, ~50% growth, near profitability — has no clean analog: the scale and growth of the high-multiple names with real economics, so a fair read-across is a growth-satcom multiple *well above* the 3–8× incumbent band but far *below* ASTS's pre-revenue extreme.

EXHIBIT 8 · AI / COMPUTE PEERS (XAI)

COMPANY	MKT CAP	EV/SALES	EV/EBITDA	P/E	REV GR.
xAI (private, last mark)	~$230B	~60–78x	N/M	N/M	very high
Nebius (NBIS) — AI cloud	$60B	68x	N/M	80x	~243%
Palantir (PLTR) — AI software	$307B	57x / 36x fwd	148x	144x	~53%
CoreWeave (CRWV) — GPU cloud	$55B	14x	29x	N/M	~98%
Nvidia (NVDA) — compute supplier	$5.0T	19.5x / 11x fwd	30x	31x	~46%
Microsoft / Alphabet / Meta — hyperscalers	$1.4–4.4T	7–10x	13–27x	20–28x	~17–21%

Landscape. Profitable hyperscalers trade at ~7–10× revenue; the AI-native growth names (Palantir, CoreWeave, Nebius) fetch ~14–68× revenue, often without profits. xAI's own last private mark (~$230B on ~$3.2–3.8B revenue) implies **~60–78× revenue** — rich, pre-profit, scarcity-priced. The market will anchor SpaceX's AI segment to that private mark and the AI-native cohort, not to the cash-generative hyperscalers.

EXHIBIT 9 · BROAD-MARKET BENCHMARKS

INDEX	TRAILING P/E	FORWARD P/E	P/S
S&P 500	~27x	~22x	~3.7x
NASDAQ 100	~36x	~27x	~5–6x
SPCX (at $160.95 close)	**N/M**	**N/M**	**~109x EV/Sales**

Index multiples are elevated vs. long-run medians (AI-driven). SPCX is loss-making (P/E N/M) and trades at roughly **30× the NASDAQ 100's price-to-sales** and ~30× the S&P 500's.

Read-across. On a *consolidated* basis SPCX's ~90× (offer) to ~109× (close) EV/Sales sits above nearly every peer in every segment — exactly why a single blended multiple misleads and SOTP is required. Yet even applying *generous* peer multiples segment-by-segment — Starlink at a premium growth-satcom multiple, Launch at a Rocket-Lab-style growth multiple, the AI arm at its ~$230B private mark — sums to roughly **$500–650B of enterprise value** (our §12 base), a fraction of the ~$2T the market is paying. The relative evidence corroborates the intrinsic work: you cannot reach $135–$161 from what comparable companies are worth without assuming SpaceX becomes something no peer has yet proven possible.

EXHIBIT 10 · SELL-SIDE TARGETS, FOR REFERENCE

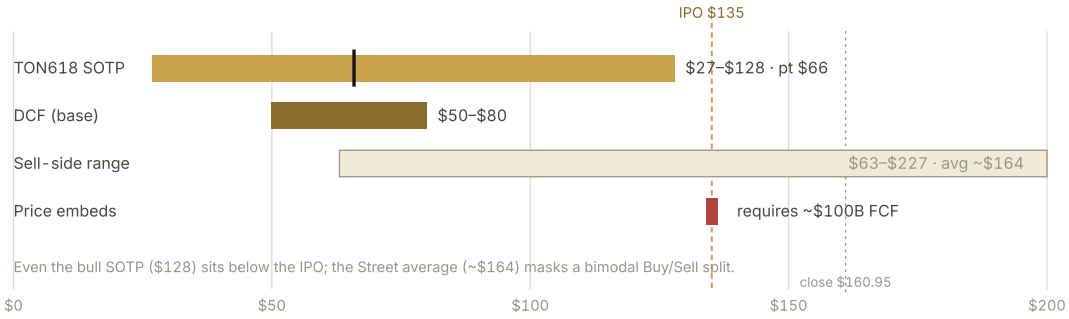
REFERENCE POINT	PER SHARE	VS. CLOSE	NOTE
Oppenheimer / prediction markets (high)	190 / ~176	+18% / +9%	Bull / momentum
Consensus target (mean / median)	164 / 175	+2% / +9%	4 buy / 1 sell — a barbell, not a settled view
First-day close (12 Jun 2026)	160.95	—	~$2.1T market cap
CFRA (low sell-side)	115	−29%	Sell
TON618 fair value	**66**	**−59%**	**Independent, bottom-up**

Published targets span **$63–$227** (mean $164, median $175); the rating split is **4 buy / 1 sell** — a barbell, not a consensus. We do not anchor to any of them; our $66 is built bottom-up. Source: yfinance / Yahoo Finance consensus, retrieved 13 Jun 2026 (CFRA Sell $115 dated 12 Jun).

12 Valuation Synthesis — Football Field

Life-cycle stages differ by segment, so SOTP dominates (weighted 70%, the triangulating DCF 30%). The consolidated fair-value *range* is $27–$128 with a $66 point estimate — a range, not false precision.

EXHIBIT 11 · VALUATION FOOTBALL FIELD ($/SHARE)



13 Risk Analysis

RISK	LIKELIHOOD	MAGNITUDE	TYPE
Valuation / multiple compression	High	High	Market
Starlink ARPU erosion & competition	Medium	High	Competitive
Capital intensity / ~$14B FCF burn	High	Medium	Financial
AI (xAI) burn fails to clear cost of capital	Medium	High	Execution
Key-person — Elon Musk (part-time, ~85% votes)	Low	Very High	Governance
Starship technical / schedule slippage	Medium	Medium	Technology
Controlled-company governance / arbitration waivers	Certain	Medium	Governance
Regulatory — FCC spectrum (denied Apr'26), gov't 30–40% of rev	Medium	Medium	Regulatory
Lock-up overhang (tiered; main tranche ~Dec'26)	High	Medium	Technical

Market risk. A newly-listed, ~90×-revenue, low-float, long-duration equity. We expect 30-day realized volatility well above 50% annualized; a 5th-percentile 12-month outcome below $40 is plausible on a risk-off + ARPU-disappointment combination. **No listed options as of 13 Jun 2026** (typical for a day-old IPO), so an option-implied VaR/skew read is not yet available — we anchor on peer and early realized vol until the options market opens. First-day turnover (522M shares, ~$85B) confirms ample liquidity.

> **Steelmanned bear thesis (mandatory).** Starlink ARPU settles at $45–50 as consumer mix and competition bite; Connectivity margins plateau; Starship consumes capital for years without commercial payoff; xAI burns $10B+/yr against thin Grok monetization; the controlled-company structure suppresses any governance correction; and a liquidity-regime shift compresses the multiple. Fair value falls toward the $27 bear case — a >80% drawdown from the close. None of this requires SpaceX to fail operationally; it only requires the price to have over-discounted optionality.

14 Catalysts & Monitoring

CATALYST	WINDOW	READ
First post-IPO print (Q2'26)	Aug 2026	ARPU trajectory; AI-segment burn rate
Starship orbital / refuel / catch milestones	2H'26+	Validates or breaks the launch optionality
Starlink direct-to-cell scale (EchoStar spectrum)	2026–27	The mass-market ARPU swing factor
Tiered lock-up — main tranche	~Dec 2026	Supply overhang; insider-selling signal
Amazon Leo / AST commercial scale	2026–27	First real competitive read on pricing

Invalidation trip-wires (what would change our call): (i) Starlink ARPU stabilizing above $70 with continued net adds; (ii) the AI segment showing a credible path to cash-flow positive; (iii) a de-rate below ~$55. Any two would move us from Avoid toward Hold/Accumulate.

Ownership — Who Owns SpaceX, and Who Benefits Most

WHO CONTROLS IT · WHO THE UPSIDE ACCRUES TO

The single most relevant ownership fact is **control**. The S-1 states it plainly: on completion of the offering, Elon Musk "will beneficially own a majority of the outstanding shares of our Class B common stock and a majority of the voting power… and therefore will be able to **elect all the members of our board**." EDGAR confirms he is the **only 10%+ beneficial owner.** SpaceX is, functionally, Musk's company — and the gap between how much he *owns* and how much he *controls* is the story.

The wedge comes from the share structure: Class B carries **10 votes** to Class A's one. So Musk holds a large minority of the *economics* (~42% on the S-1's beneficial-ownership basis) but a *majority of the votes* (~85%). New public shareholders are the mirror image — about **4% of the economics and 1% of the votes.**

EXHIBIT 12 · WHO OWNS SPACEX AFTER THE OFFERING — ECONOMIC VS. VOTING

HOLDER	ECONOMIC	VOTING	NOTE
Elon Musk — founder, CEO/CTO/Chair	~42%	~85%	Sole 10%+ owner (EDGAR); holds a majority of the 10-vote Class B → elects the entire board
Valor Equity Partners — A. Gracias, dir.	~4%	<1%	~503M Class A — the **largest outside holder** (EDGAR Form 3)
Other insiders & early backers	minority	low	Gigafund / Founders Fund (L. Nosek ~33M), Alphabet/Google (dir. Harrison), Draper (Jurvetson), Shotwell, Johnsen — mostly Class A
Employees	meaningful	low	Class A + options; an equity-compensation culture
xAI's former investors	minority	low	received SpaceX stock in the Feb 2026 all-stock xAI merger (Nvidia, Fidelity, sovereign funds)
New public shareholders — this IPO	~4%	~1%	555.6M new Class A (one vote each) — the float you can buy

Reconciled against EDGAR. Nine Form 3s were filed 11 Jun 2026 by SpaceX directors/officers; Musk is the only 10%+ filer, and the largest *outside* holder is Valor (~503M Class A). Institutional 5%+ holders (Alphabet/Google, Fidelity) had not filed a Schedule 13G as of the report date, so their exact stakes are not yet on EDGAR. Musk's economic/voting figures use the S-1's *as-adjusted beneficial-ownership* basis; his Form 3 *direct* holdings do not foot to it share-for-share — a 4 May 2026 five-for-one split, restricted/performance Class B, family trusts/GRATs, and convertible preferred all sit between the two — but every source agrees on the conclusion: Musk controls the company. Sources: SpaceX S-1/A (3 Jun 2026); EDGAR Forms 3 (11 Jun 2026).

Who benefits most. Overwhelmingly Elon Musk. He holds the largest economic stake *and* near-total voting control, so the upside of success accrues first and foremost to him — and he alone decides how it is pursued (capital allocation, the xAI merger, whether and when to ever pay a dividend). After Musk, the winners are the early venture backers who bought in years ago at a fraction of today's price, and employees holding equity. **New public shareholders are last in line on both counts:** they are funding the company's ~$14B-a-year cash burn while owning ~4% of the economics and ~1% of the votes. You are buying a minority economic interest in a founder-controlled company, with essentially no ability to influence how it is run. That is not automatically bad — aligned founders can compound value for decades — but it is the central governance fact, and it is why we treat key-person and control concentration (§13, §15) as the dominant non-financial risk.

15 ESG & Governance

- **Governance (material).** Musk ~85% of votes on ~42% of equity via 10-vote Class B; controlled-company exemptions from Nasdaq independence rules; a non-voting Class C; mandatory arbitration plus jury-trial and class-action waivers; removable only by Class B vote. The xAI merger was a related-party deal priced by the

controller through Nevada entities (the SolarCity precedent). Minority Class A holders own cash-flow exposure with effectively no control. This is the dominant non-financial risk and the basis of our governance discount.

- **Insider ownership.** High alignment, high entrenchment; the $1T Tesla pay-package fight is the precedent for how retention can be wielded. Watch Form 4 activity into the lock-up.
- **Environmental/social.** Net-positive narrative (global connectivity, launch reuse) against orbital-debris, launch-site environmental, and X content-moderation scrutiny now inside the perimeter.

16 Recommendation

AVOID at the IPO / first-trade. Fair value $66 (base), $128 (bull), $27 (bear); probability-weighted $66 — 51% below the $135 print and ~59% below the $160.95 first-day close.

- **For the Fund:** no core position (non-BTC-correlated). The actionable expression is a *tactical short / put overlay* as a hedge against long-duration tech beta and a liquidity-regime turn — sized small, given borrow cost, squeeze risk on a beloved name, Musk-headline convexity, and the tiered lock-up that delays the natural supply catalyst to ~December 2026. Entry discipline matters more than the thesis.
- **Revisit long** below ~$55, or on ARPU stabilization + AI cash-flow visibility.
- **Expected value:** 0.25($128) + 0.50($55) + 0.25($27) = $66. The asymmetry (−80% bear vs. −5% bull) is the point: you are paid little to be right and lose much to be wrong.

17 Disclosures & Data Integrity

Primary source. SpaceX Form S-1/A, filed 3 June 2026 (SEC accession 0001628280-26-040364; CIK 0001181412), the operative amended prospectus; original S-1 20 May 2026. Financial figures as-of 31 March 2026 (Q1'26) or fiscal-year-end as labelled. The full Source & Evidence Log is the Phase 0 `manifest.json` (status: partial — the only gap is pre-IPO earnings transcripts, which do not exist).

Key assumptions & limitations. SOTP segment multiples and scenario probabilities (25/50/25) are TON618 judgments, stated explicitly. Total debt ~$20B is an estimate pending full balance-sheet extraction; net-cash sensitivity is <5% of equity value. Starlink churn, cohort retention, and magic-number are not disclosed at full granularity. Vertical-segment revenue figures (aviation/maritime/Starshield) are third-party estimates, lower-confidence than S-1 consolidated numbers. The DCF is low-confidence given terminal-value dominance and only triangulates the SOTP.

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Use of AI & feedback. Artificial intelligence was used in the creation of this report; all methodology and data integrity have been reviewed and approved by a professional. Direct feedback to CIO Keyth Beck, keyth@ton618capital.com. **Version** 2.0 · company name & ticker now lead the cover in a display-size title; v1.9 analyst consensus verified via yfinance (free; mean $164 / median $175 / high $227 / low $63; 4 buy / 1 sell); v1.8 verified prices & volume vs Massive Market Data ($160.95 close, 522M sh / ~$85B) and noted no listed options yet (§13); v1.7 rebuilt the ownership section with a formal EDGAR reconciliation (control-first; economic-vs-voting wedge; Valor ~503M Class A largest outside holder); v1.5 added the Ownership section + Download-PDF link; v1.4 "The Current State of the SpaceX Story" and the §11 relative valuation; v1.3 compliance disclosures; v1.2 today's $160.95 close and §10 intrinsic-method selection · analyst: TON618 Equity Research.

SELECTED SOURCES (MEDIA SWEEP, RETRIEVED 12 JUN 2026)

NPR / CNBC — IPO pricing & first-day trading · Yahoo Finance — Oppenheimer initiation ($190) · Morningstar / TradingKey — fair value $63 · CNBC / TipRanks — CFRA Sell $115 · Bloomberg / US News — Chanos · Stocktwits — Kass · stockanalysis.com — consensus · Via Satellite — S-1 financials · The Next Web — Starlink ARPU · Defense News — Pentagon pricing · Fierce Network — EchoStar $17B spectrum · CNBC — xAI–SpaceX merger · The D&O Diary — governance · TechCrunch — xAI burn · NASASpaceFlight — Starship Flight 12 · SpacePolicyOnline — Artemis HLS · Spaceflight Now — New Glenn explosion · Morningstar — tiered lock-up · AInvest — FCF analysis. Full URLs in `normalized/media_research.json`.