



SpaceX IPO filing lays bare losses and Musk control as it stakes future on AI

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By Echo Wang and Manya Saini

May 20 (Reuters) – SpaceX took the wraps off its IPO filing on Wednesday, laying bare for investors just how much Elon Musk is losing on artificial intelligence while betting the company's future on transforming the rocket maker into an AI powerhouse.

Much of its outlook relies on SpaceX dominating technologies and markets that do not yet exist – from Mars missions to AI data centers in space.

For many, Musk's record turning Tesla into the most valuable auto company in the world and developing the world's first fully reusable rocket and largest satellite network is enough to justify investment.

The filing cements Musk's tight control of SpaceX while giving shareholders little say over his decisions. It shows just how central AI has become following the February purchase of xAI, which drove most of the company's spending and a majority of its losses in the first quarter.

The listing could become the first U.S. market debut above \$1 trillion and would immediately make SpaceX one of the world's most valuable publicly traded companies.

Of SpaceX's three divisions, only the connectivity segment powered by satellite internet unit Starlink was profitable in the first three months of the year.

While Starlink generated an operating profit of \$1.19 billion, it wasn't enough to prevent the company from booking a total operating loss of \$1.94 billion in the first quarter on \$4.69 billion in revenue. Its AI division, alone, accounted for \$2.47 billion in losses on \$818 million in revenue.

Musk's purchase of his social media and AI company xAI gave SpaceX new capabilities and opportunities but a staggering amount of spending, accounting for 76% of its \$10.1 billion in capital spending in the first quarter, as well as fresh losses.

The company's plans rely on technology that's not yet been built for much of its future revenue stream, including operating data centers powered by solar power in space, to reach a potential market of \$28.5 trillion, according to the filing.

The filing confirmed a series of recent Reuters reports about the IPO.

SpaceX has grown into the world's largest space business since its founding in 2002 by launching thousands of Starlink internet satellites. Its pioneering use of reusable rockets has transformed the economics of space, forcing competitors like Jeff Bezos' Blue Origin to play catch-up.

A successful share sale could value the company at a record-setting \$1.75 trillion, which would put its founder on track to become the first trillionaire in history. Musk will also retain 85.1% of the combined voting power of the company, the filing showed.

The company's regulatory disclosure comes during a critical week for the rocket maker, which is preparing to launch a test flight of its next-generation Starship rocket on Thursday.

The board has given Musk control over the company, but has tied much of his compensation to audacious targets of establishing a permanent human colony on Mars and building space data centers with compute capacity powered by the equivalent of 100 terawatts, or 100,000 one-gigawatt nuclear reactors, Reuters previously reported.

SpaceX is aiming to list its shares as early as June 12, with a roadshow launch targeted for June 4 and the share sale expected as early as June 11, Reuters reported last week.

'HALO EFFECT'

Musk's CEO celebrity persona may matter more to some investors than SpaceX's underlying business fundamentals, analysts and academics said, because there are no other comparable companies against which to benchmark its valuation.

“There is somewhat of a halo effect around Musk and his unconventional vision,” said Reena Aggarwal, a finance professor at Georgetown University. “It is difficult to value companies like this because there is no peer group for comparison.”

The \$1.75 trillion valuation target, if achieved, would eclipse Saudi Aramco’s 2019 offering, which set a record for the world’s biggest IPO when it debuted on Riyadh’s exchange at a value of \$1.7 trillion. SpaceX had planned to try to raise more than \$75 billion in the offering, Reuters previously reported.

SpaceX will use a dual-class share structure that gives Class B shareholders 10 votes each, concentrating control with Musk and a handful of other insiders, while Class A shares sold to public investors will carry one vote each, the prospectus showed.

The company has adopted numerous provisions that, taken together, severely limit shareholder rights, forcing legal claims through arbitration, restricting where cases can be filed and protecting Musk from being fired by anyone other than Musk.

The scale of the offering has drawn attention to the increasingly interconnected structure of Musk’s business empire, often dubbed the “Musconomy,” which includes leading electric vehicle company Tesla, as well as his businesses in AI and brain-chip implants.

SpaceX merged with Musk’s AI startup xAI in a deal that valued the rocket company at \$1 trillion and the developer of the Grok chatbot at \$250 billion.

Through its AI infrastructure platform, SpaceX inked deals for Anthropic to pay it \$1.25 billion a month to use compute capacity from its Colossus and Colossus II data center clusters in Memphis, Tennessee through May 2029, the filing shows.

The company disclosed that it had been named as a defendant in multiple lawsuits arising from its AI chatbot Grok’s image-generation and editing features.

INTENSIFYING SPACE RACE

The race to commercialize space has intensified as private companies led by SpaceX and Blue Origin compete to slash launch costs, deploy satellite networks and secure government contracts.

SpaceX’s revenue is driven by Starlink, the world’s largest satellite operator. The network of about 10,000 satellites offers broadband internet to consumers, governments and enterprise customers.

But the company’s expanding footprint across aviation, maritime and enterprise markets is helping turn capital-intensive space projects into a recurring revenue engine.

SpaceX plans to earmark a significant portion of shares for retail investors and will host about 1,500 of them at an event in June, Reuters reported in April.

The company is expected to list on the Nasdaq and Nasdaq Texas under the ticker symbol “SPCX.”

Goldman Sachs, Morgan Stanley, Bank of America, Citigroup and J.P. Morgan are the bookrunners.

(Reporting by Echo Wang in New York and Manya Saini in Bengaluru; Editing by Dawn Kopecki, David Gaffen, Anil D’Silva and Sonali Paul)

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