

The Space Stock Reckoning

Researched by Hey Lefty

Automated research briefings on topics you choose — heylefty.com

TL;DR

The highly anticipated SpaceX public listing has laid bare a stark financial divide, revealing that Starlink's impressive satellite profits are being heavily consumed by massive artificial intelligence losses. This looming market debut has triggered an intense valuation re-rating across public space small-caps, driving extreme price-to-sales multiples even as these companies face severe launch failures and rush to execute dilutive capital raises. Meanwhile, tech giants are accelerating satellite sector consolidation to challenge the dominant orbital players before the market reprices.

The SpaceX Financial Dichotomy

The upcoming SpaceX public debut reveals a starkly divided corporate empire where highly profitable space operations are being heavily taxed to fund a massive, cash-hungry artificial intelligence bet.

"Its AI division alone accounted for \$2.47 billion in losses on \$818 million in revenue." — SpaceX S-1 Filing Unveils Starlink's Profitability and xAI's Staggering Losses (via Reuters)

This financial split means investors buying into the IPO at its targeted \$1.8 trillion valuation are not getting a pure-play space utility, but rather a hybrid vehicle where Starlink's cash flow is immediately recycled into capital-intensive AI infrastructure [spacex-s1-filing-valuation-starlink-xai-finances].

What to watch: Whether public market investors accept this multi-billion dollar AI capital drag or demand a cleaner structural separation of the core space business post-listing.

The Small-Cap Valuation Bubble and Dilution Trap

Public space small-caps are exploiting the speculative frenzy surrounding the SpaceX listing to raise highly dilutive capital, shielding their fragile balance sheets from severe operational cash burn.

"RKL B is the most fundamentally grounded name with real revenue, real backlog, and a defense moat." — Public Space Comps Face Astronomical Valuation Multiples and Dilution Risks (via Gotrade)

This momentum-driven run-up has disconnected stock prices from fundamental balance sheet realities, allowing companies like Intuitive Machines to capitalize on the hype by issuing a massive \$500 million at-the-market equity offering to offset negative cash positions [public-space-comps-valuation-bubble-dilution-burn]. Meanwhile, Rocket Lab commands an astronomical trailing Price-to-Sales multiple of 122.22 despite reporting significant quarterly net losses, demonstrating how retail and institutional enthusiasm has outpaced near-term execution [public-space-comps-valuation-bubble-dilution-burn].

What to watch: How many of these unprofitable small-caps rush to execute dilutive equity raises before the post-IPO sentiment cools.

Launch Execution and the Direct-to-Device Bottleneck

Severe launch failures and external delivery bottlenecks are threatening the commercial timelines of direct-to-device satellite operators, even as tech giants move aggressively to consolidate the sector.

"A BlueBird satellite launched on Blue Origin's New Glenn on April 19 reached an inadequate orbit." — AST SpaceMobile: Extreme Valuation Intersects with Severe Launch Execution Risks (via Gotrade)

"Amazon said it would acquire Globalstar for \$90 a share, in a deal valued at roughly \$11.57 billion." — Amazon Acquires Globalstar for \$11.6B to Challenge SpaceX's Starlink Dominance (via CNBC)

While AST SpaceMobile enjoys regulatory milestones and carrier partnerships, its reliance on external rockets has left its deployment schedule highly vulnerable to anomalies [asts-satellite-direct-to-cell-launch-failures]. Meanwhile, Amazon is positioning its newly rebranded satellite internet network to directly challenge the market leader by absorbing existing infrastructure and spectrum, proving that capital alone cannot bypass the physical risks and constraints of orbital launch schedules [amazon-globalstar-acquisition-satellite-consolidation].

What to watch: Whether AST SpaceMobile can successfully execute its upcoming Falcon launch to restore confidence in its deployment timeline.

What surprised us

- **SpaceX is secretly an AI cash incinerator:** The S-1 reveals SpaceX is actually an AI stock in disguise, with the xAI segment driving a massive \$2.47 billion operating loss in a single quarter [spacex-s1-filing-valuation-starlink-xai-finances]. This completely shifts the narrative from pure-play space economics to artificial intelligence cash burn.
- **Jefferies' abrupt downgrade of Redwire:** Despite Redwire's record backlog of \$498.1 million and new military orders, Jefferies downgraded the stock to "Hold" just as the SpaceX IPO hype peaked, pointing out that multiple expansion has completely outrun near-term business execution [public-space-comps-valuation-bubble-dilution-burn].
- **Amazon absorbing Apple's partner:** In acquiring Globalstar, Amazon is taking over the very satellite network Apple invested \$1.5 billion in to power its emergency iPhone features [amazon-globalstar-acquisition-satellite-consolidation]. The deal forces an unexpected co-existence between fierce tech rivals on the same satellite network.

Open threads worth a vote

- Post-SpaceX IPO Comps Re-rating and Execution Tracking

Appendix: Findings

SpaceX S-1 Filing Unveils Starlink's Profitability and xAI's Staggering Losses

SpaceX S-1 Filing Unveils Starlink's Profitability and xAI's Staggering Losses

The long-awaited initial public offering (IPO) of SpaceX (slated to trade under the ticker "SPCX" on the Nasdaq as early as June 12, 2026) has exposed the financial inner workings of Elon Musk's space empire. The S-1 prospectus reveals that while SpaceX is targeting a blockbuster valuation of at least \$1.8 trillion (down from earlier expectations of more than \$2 trillion) to raise up to \$75 billion, the company's financial profile is a tale of two starkly different businesses: a highly profitable satellite-and-launch legacy operation and a cash-burning artificial intelligence powerhouse consolidated through its February 2026 merger with xAI.

Starlink and Launch: The Profitable Core

SpaceX's legacy units—Connectivity (primarily Starlink) and Space (rocket launch services)—are fundamentally profitable.

- **Connectivity Segment (Starlink):** Generated \$3.257 billion in revenue for the three months ended March 31, 2026, with operating income of \$1.188 billion and adjusted EBITDA of \$2.087 billion. For the full year 2025, the unit reported revenue of \$11.387 billion and operating income of \$4.423 billion (representing YoY growth of 49.8% and 120.4%, respectively). By the end of March 2026, Starlink had deployed over 9,600 satellites and boasted 10.3 million subscribers.
- **Space Segment (Launch):** Generated \$619 million in revenue and an operating loss of \$662 million for Q1 2026, though it recorded a positive adjusted EBITDA of \$653 million for the full year 2025 on \$4.086 billion in revenue. SpaceX disclosed it has spent over \$15 billion developing its next-generation Starship rocket.

xAI Consolidation Drives Deep Consolidated Losses

The consolidated financials of SpaceX are heavily weighed down by the AI segment, which was consolidated following a February 2026 merger that valued SpaceX at \$1 trillion and xAI at \$250 billion.

- **Consolidated Q1 2026:** Revenue of \$4.694 billion, but an operating loss of \$1.943 billion.
- **The AI Segment Drag:** The newly integrated AI division posted an operating loss of \$2.47 billion on \$818 million in revenue for Q1 2026 alone. This division accounted for 76% of SpaceX's \$10.1 billion in capital spending during the first quarter.
- **Compute Commercialization:** To fund its orbital data center ambitions, SpaceX has signed major commercial agreements. Specifically, Anthropic has agreed to pay SpaceX \$1.25 billion a month through May 2029 to utilize compute capacity from its Tennessee-based Colossus and Colossus II data center clusters.

Sources

- SpaceX files IPO prospectus, offering a peek into its finances
- SpaceX IPO filing lays bare losses and Musk control as it stakes future on AI

Public Space Comps Face Astronomical Valuation Multiples and Dilution Risks

Public Space Comps Face Astronomical Valuation Multiples and Dilution Risks

The anticipation surrounding the upcoming SpaceX IPO (detailed in [\[\[spacex-s1-filing-valuation-starlink-xai-finances\]\]](#)) has triggered a massive valuation re-rating across the publicly traded space sector. Small-cap space companies are being bid up to unprecedented valuation multiples as retail and institutional investors treat them as liquid proxies for SpaceX. However, this momentum-driven run-up obscures severe fundamental risks, including deeply negative earnings, high cash burn, and imminent shareholder dilution.

Extreme Valuation Multiples vs. Backlog Growth

The space sector has seen astronomical price gains over the past year (AST SpaceMobile +437%, Rocket Lab +412%, Intuitive Machines +273%, Redwire +67%). These gains have pushed valuation multiples to extreme levels, even as the underlying companies remain unprofitable:

- **Rocket Lab (RKLB):** Trading at \$143.48 with a market capitalization of \$83.06 billion—resulting in an eye-popping trailing Price-to-Sales (P/S) multiple of 122.22. While its backlog has crossed \$2.2 billion (bolstered by a major \$816 million Space Development Agency satellite contract and a block-buy launch deal), it reported a net loss of \$45.0 million and negative free cash flow of \$77.4 million for the quarter ending March 31, 2026.
- **Redwire Corp (RDW):** Shares surged 138.2% over the past month to \$20.58, pushing its market cap to \$4.21 billion (P/S of 11.34). Despite a record backlog of \$498.1 million and new military drone orders, the company's operating margin sits at -71.8% with a Q1 2026 net loss of \$76.5 million. On June 1, 2026, Jefferies downgraded the stock from "Buy" to "Hold," warning that multiple expansion has outpaced near-term execution.
- **AST SpaceMobile (ASTS):** Trading at a P/S multiple of 518.25, ASTS faces similar valuation extremes alongside severe launch execution risks (see [\[\[asts-satellite-direct-to-cell-launch-failures\]\]](#)).

The Dilution Reality: Intuitive Machines (LUNR)

As valuation multiples expand, space small-caps are moving quickly to exploit the hype and shore up their weak balance sheets through dilutive capital raises.

- **Intuitive Machines (LUNR)** represents the most immediate example of this trend. On June 3, 2026, the company announced an at-the-market (ATM) equity offering program to sell up to \$500 million in Class A common stock.
- LUNR's market cap sits at \$6.35 billion (P/S of 18.99) following a 124.4% three-month rally. However, its balance sheet is heavily leveraged, holding \$426.4 million in total debt against just \$231.6 million in cash, while burning \$64.6 million in free cash flow in Q1 2026. The \$500 million ATM program represents a massive ~8% dilution risk to existing shareholders, necessitated by the company's negative cash position and high operational burn.

Sources

- ASTS, RKL B, RDW, LUNR Slip Overnight: SpaceX IPO Hype Loses Orbit After Valuation Target Reportedly Falls Below \$2 Trillion
- Space Stocks RKL B, ASTS, LUNR: Buy, Hold, or Wait for SpaceX IPO?

AST SpaceMobile: Extreme Valuation Intersects with Severe Launch Execution Risks

AST SpaceMobile: Extreme Valuation Intersects with Severe Launch Execution Risks

AST SpaceMobile (ASTS) has emerged as one of the most high-beta, speculative story stocks in the space sector, which is currently experiencing massive multiple expansion ahead of the SpaceX IPO (see [\[\[spacex-s1-filing-valuation-starlink-xai-finances\]\]](#)). Trading at \$113.41 with a market capitalization of \$44.02 billion, the company commands an astronomical trailing Price-to-Sales (P/S) multiple of 518.25. While the company holds a strong cash position of \$3.03 billion, its operational reality is marked by massive losses (\$191.0 million net loss and negative free cash flow of \$309.7 million in Q1 2026 on just \$14.7 million in revenue) and severe launch execution risks that threaten its commercial timeline, reflecting broader small-cap vulnerabilities (see [\[\[public-space-comps-valuation-bubble-dilution-burn\]\]](#)).

The Direct-to-Device Bull Case

The core investment thesis for AST SpaceMobile is its direct-to-cell technology, which allows unmodified smartphones to connect directly to satellites. This thesis was strongly validated in April 2026 when the Federal Communications Commission (FCC) granted the company commercial direct-to-device authorization covering up to 248 satellites on the 700 MHz and 800 MHz spectrum bands. Backed by partnerships with major carriers like AT&T and Verizon, ASTS has been heavily promoted as a direct competitor to SpaceX's Starlink Mobile.

The Launch Execution Setbacks

Despite the commercial and regulatory milestones, AST SpaceMobile's timeline is entirely dependent on third-party launch providers, exposing the company to existential execution risks:

- **New Glenn Upper-Stage Failure:** On April 19, 2026, a BlueBird satellite (BlueBird 7) launched on Blue Origin's New Glenn rocket reached an inadequate orbit due to an upper-stage failure, resulting in the complete loss of the spacecraft (though AST stated the mission was insured). The failure led to the grounding of New Glenn by the Federal Aviation Administration (FAA).
- **Blue Origin Hotfire Explosion:** In late May 2026, Blue Origin suffered another anomaly—a massive explosion during a hotfire test at Cape Canaveral—adding further uncertainty to its launch schedule.
- **Guidance at Risk:** These setbacks directly threaten ASTS's guidance to launch 45 to 60 second-generation BlueBird satellites in 2026. Every delay pushes the company's revenue-generating capability further into the future.
- **SpaceX Reliance:** To mitigate these delays, ASTS has stressed its launch diversification and is preparing to launch BlueBirds 8, 9, and 10 on a SpaceX Falcon 9 rocket in mid-June 2026.

Sources

- ASTS, RCLB, RDW, LUNR Slip Overnight: SpaceX IPO Hype Loses Orbit After Valuation Target Reportedly Falls Below \$2 Trillion
- Space Stocks RCLB, ASTS, LUNR: Buy, Hold, or Wait for SpaceX IPO?

Amazon Acquires Globalstar for \$11.6B to Challenge SpaceX's Starlink Dominance

Amazon Acquires Globalstar for \$11.6B to Challenge SpaceX's Starlink Dominance

In a major consolidation move within the satellite services sector, Amazon announced on April 14, 2026, a definitive agreement to acquire satellite operator Globalstar (GSAT) for \$90 per share in cash or stock, representing a total deal value of approximately \$11.57 billion. The transaction, expected to close in 2027, represents a massive valuation premium—roughly 40 times Globalstar's projected 2026 revenue—and signals Amazon's aggressive push to challenge SpaceX's dominant Starlink network (whose financials were recently disclosed in [\[\[spacex-s1-filing-valuation-starlink-xai-finances\]\]](#)).

Strategic Rationale: Boosting Amazon's "Leo"

Amazon is rebranding its satellite internet initiative from Project Kuiper to "Leo." The acquisition of Globalstar provides several critical advantages to Amazon's LEO network:

- **Spectrum and Infrastructure:** Amazon gains immediate access to Globalstar's 24-satellite constellation, global spectrum licenses, and ground infrastructure. This will allow Amazon to build out its own direct-to-device (D2D) satellite system, with deployment targeted for 2028.
- **Catching Up to SpaceX:** Starlink currently dominates the space-internet market with over 10,000 satellites in orbit and more than 10 million active subscribers. Amazon, by contrast, has faced launch delays and recently petitioned the FCC for an extension to meet its requirement of launching 1,600 satellites by July 2026 (having deployed only around 240 satellites so far).

The Apple Partnership and Ownership Transition

A highly unique aspect of the transaction is how it restructures Globalstar's relationship with Apple:

- Apple previously held a 20% equity and voting interest in Globalstar Licensee LLC, following a \$1.5 billion investment in 2024 to power the iPhone's Emergency SOS satellite features.
- Amazon's acquisition will absorb Apple's 20% stake. Concurrently, Amazon has entered into a new agreement with Apple to continue providing satellite connectivity for current and future iPhone and Apple Watch models.

Regulatory Reception

The Federal Communications Commission (FCC) has expressed a favorable initial view of the transaction. FCC Chairman Brendan Carr noted that the agency is "very open-minded" to the acquisition because it has the potential to introduce a strong, capitalized competitor to SpaceX's Starlink in the direct-to-cell market. Carr emphasized that the FCC is taking an "all gas no brakes" approach to licensing and supporting next-generation space technologies.

Sources

- Amazon to buy Globalstar in deal worth about \$11.6 billion
- Amazon: Firm Officially Acquiring Globalstar at an Eye-Popping Multiple