#### FT Alphaville Goldman Sachs Group

# Ready for a SpaceX IPO?

#### Alexandra Scaggs OCTOBER 13 2017

Ha ha, just kidding, the company denied it had <u>plans for an IPO</u> back in May.

But that hasn't stopped Morgan Stanley's Adam Jonas from sizing up SpaceX with a valuation.

The company is planning some capital-intensive projects — a <u>speedier pace of satellite launches</u>, as reported by the WSJ — so "it seems reasonable to consider whether the company could look to … public markets," he writes in a note.

And why not?

Public markets have a near-masochistic willingness to fund Elon Musk's other company, Tesla. And unlike Tesla, SpaceX <u>reportedly</u> posted an operating profit several years in a row (from 2011-2014).

Of course, before an IPO could happen, banks and investors would be tasked with trying to figure out how much the company is worth.

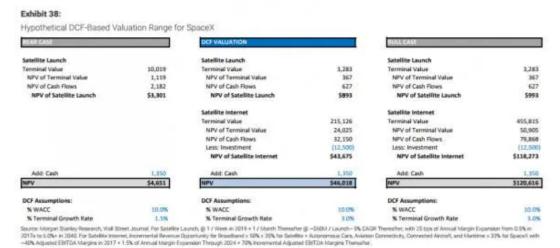
And, well, this is a start, I guess:

For this report, we built a hypothetical DCF range for SpaceX, valuing the company **somewhere between ~\$5 bn and \$120 bn**+, with a Base Case of ~\$50 bn.

## What a range!

Part of this depends on whether SpaceX actually does reinvent itself into a satellite-internet company, as Morgan Stanley predicts. (The \$5bn figure is their ballpark valuation if it doesn't.)

The rest of the "hypothetical DCF-based valuation range" analysis is screen-grabbed below:



Mars missions don't appear to factor into their model.

But the note **does** spend 133 words on the analysts' belief that "SpaceX is serious about attempting a mission to Mars".

Now, we got the usual assurances the separation of equity research and investment banking from Jonas.

But we'd be remiss if we didn't point out that Morgan Stanley was one of the lead underwriters on that \$1.8bn bond offering from Tesla in August.

The other lead underwriter was Goldman Sachs, which set off the space-analysis race back in April. They did a comprehensive analysis of the industry, but didn't include any analysis of Musk's company (at least that we could find in their 98-page report).

So... your move, Goldman?

Find the Morgan Stanley note in the usual place.

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