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# SpaceX Shares Fall Below IPO Price for First Time

## Stock slipped below $135 as tech-heavy Nasdaq composite retreated by 0.2%

By Corrie Driebusch

**SpaceX** shares traded below their $135 IPO price for the first time Wednesday, a sign of waning enthusiasm for the biggest listing of all time.

SpaceX shares slipped more than 2.5% to $132.15 in midday trade before rebounding to end the session at $135.27, which was down less than 1% for the day.

The tech-heavy Nasdaq composite stumbled on Wednesday, falling roughly 0.2%. Shares of technology companies have been volatile in the past month.

Shares of Elon Musk's rocket maker rose 19% on their first day of trading on June 12, giving the company a market value of $2.1 trillion. The stock price has edged lower over the past month, despite being added to the Nasdaq-100 index.

SpaceX is hardly the first big IPO to struggle in early days or weeks of trading. About a week after its splashy debut in 2023, shares of British chip designer Arm Holdings fell below their $51 IPO price. The stock went on to recover and then some: It closed Wednesday at $276.55.

According to data by University of Florida finance professor Jay Ritter, more than 70% of IPOs from 1974 to 2021 have negative three-year returns from their offer prices.

Analysts recently released price targets for SpaceX's stock, many for the first time. They were overwhelmingly optimistic. Morgan Stanley, one of the lead underwriters for SpaceX's IPO, set a $300 price target over a 12-month period, while JPMorgan set a $225 price target by the end of 2027. Morningstar was more skeptical, and last month said it thinks SpaceX shares should be valued at just $63.

SpaceX priced its blockbuster initial public offering at $135 a share, and the shares opened up 11% at $150 on their first day of trading.

Bankers managing IPOs have up to 30 days to support the shares of a newly public company through a green shoe option. This mechanism allows them to sell more shares than the offering sizes and buy that same amount, either from the market or the company, to deliver them.

SpaceX said several days after the IPO that the full greenshoe option had already been exercised, meaning there is little bankers can do to steady the share price now.

Investors will be closely watching the next test flight of SpaceX's Starship rocket, a mission the company may launch on Thursday evening. SpaceX has been pouring money into developing the towering vehicle, which is key for its artificial-intelligence and satellite-communications plans.

STEVE NESIUS/REUTERS

The next test flight of SpaceX's Starship rocket may occur on Thursday evening.

# Conagra Posts Loss, Lowers Its Dividend

By Katherine Hamilton

**Conagra** Brands swung to a loss in the fiscal fourth quarter and cut its dividend, as its new chief executive aims to strengthen the company with a more conservative spending strategy.

The food manufacturer, which owns Orville Redenbacher's popcorn and Slim Jim meat sticks, on Wednesday posted a loss of $1.62 billion, or $3.37 a share, compared with a profit of $256 million, or 53 cents a share, a year earlier.

Stripping out certain one-time items, adjusted per-share earnings were 47 cents, ahead of the 46 cents anticipated by analysts, according to FactSet.

Fourth-quarter revenue rose 3.6% to $2.88 billion. Analysts surveyed by FactSet forecast revenue of $2.89 billion.

In the fourth quarter, sales in the grocery and snacks category rose 0.3%, while refrigerated and frozen food revenue increased 5.3%.

Conagra lowered its annual dividend to 70 cents a share, or 17.5 cents quarterly. In March, the company approved a quarterly dividend payment of 35 cents, which would equate to $1.40 annually.

**CEO John Brase is aiming for a boost from more conservative spending.**

John Brase, who stepped in as chief executive last month, said the reduced dividend is part of his strategy to improve Conagra's financial situation. Brase also aims to strengthen the business by restoring Conagra's margins, increasing investment in its brands and reducing complexity across the business, he said.

"Taking action against these opportunities will improve our competitiveness, build a strong foundation for growth, and help unlock the full potential of our portfolio," Brase said.

Conagra incurred a $2 billion non-cash goodwill and brand impairment charge in the quarter, primarily triggered by a sustained decline in the company's share price and market capitalization.

Conagra's stock fell less than 1% to $14.09 in Wednesday trading. The stock is down 18.6% so far this year.

For the new fiscal year, Conagra expects adjusted earnings per share will be $1.40 to $1.50. Analysts were forecasting $1.56 a share.


ANDREW KELLY/REUTERS

Quarterly sales in the grocery and snacks category rose 0.3%.

# BUSINESS WATCH

### J.B. HUNT

J.B. Hunt Transport Services reported growing revenue and higher profit in the second quarter, driven by growth across nearly all of its business segments.

The logistics company on Wednesday reported a profit of $181 million, or $1.91 a share. That compares with a profit of $128.6 million, or $1.31 a share, a year earlier.

Revenue grew to $3.5 billion from $2.93 billion a year prior.

Analysts polled by FactSet were expecting a profit of $1.74 a share on $3.26 billion in revenue.

The company's largest segment, its intermodal business, reported $1.75 billion in revenue, up 22%, and a 10% increase in volume.

In the integrated capacity solutions sector, revenue surged 49% to $388 million. Dedicated contract services revenue grew by 9% to $921 million, and truckload revenue rose 35% to $240 million.

Shares of J.B. Hunt rose 6.4% to $294 after hours.

*—Elias Schisgall*

### ELEVANCE HEALTH

Elevance Health said membership dropped in the second quarter, highlighting the pressure on major insurers as they aim to continue hiking premium rates on Affordable Care Act plans to offset rising government medical costs.

The health insurer said Wednesday that medical membership, a tally of enrollees in its insurance plans, slipped sequentially by 469,000, or 1%, to 44.9 million as of the end of June. The metric was also down 1.5% from the prior year.

The decline was driven by a commercial fee-based customer transition and some attrition in ACA and Medicaid membership, Elevance said.

Medicare Advantage membership dropped 16% to 1.9 million members, while Medicaid membership declined 4.3% to 8.4 million.

Rates for many ACA plans rose in the double digits this year, and insurers plan to make similar increases in the year ahead.

*—Katherine Hamilton*

### BNY MELLON

## Lender Sees Costs, Revenue Rising

Bank of New York Mellon joined the chorus of big banks reporting blowout results for the second quarter and raised its forecasts for revenue, and costs, this year.

The bank said it now expects to end 2026 with 10% to 11% more revenue than it notched last year, up from its previous guidance for revenue to either rise or fall by 5%. The company is projecting a 6% to 7% increase in expenses, instead of just a 3% to 4% rise.

Most of those higher costs are tied to the step-up in expected revenue, according to executives, along with internal investments to improve the business, including ones related to artificial intelligence.

For the second quarter, BNY posted net income of $1.7 billion, or $2.45 a share, up from $1.39 billion, or $1.93 a share, a year earlier. Revenue climbed 13% from a year earlier to $5.7 billion, shooting past analyst estimates for $5.4 billion.

*—Dean Seal*

### RICHEMONT

## Quarterly Sales Exceed Estimates

Shares of Richemont jumped after the Switzerland-based luxury company reported sales for its fiscal first quarter that came ahead of expectations.

The group, which houses high-end brands including Cartier and Van Cleef & Arpels said Wednesday that it made sales of €6.33 billion, or $7.23 billion, for the quarter ended June 30. The result came ahead of Visible Alpha consensus of 5.89 billion euros.

Sales climbed 20% on year, accelerating from 13% growth in the previous quarter.

Richemont's key jewelry business recorded quarterly sales of €4.73 billion, 24% higher compared with the same period a year earlier. This marks the seventh consecutive quarter of double-digit growth at the all-important segment.

The company's sales momentum continues to impress, with standout performance of its core division across all geographies, analysts at Citi said in a note. "We continue to view one of the sector's undisputed growth leaders as offering attractive upside potential," they added.

While the market environment remains challenging for the luxury sector due to economic and geopolitical uncertainty, analysts at Deutsche Bank argued that the results seem a positive read-across for the broader industry.

Yet Vontobel's Jean-Philippe Bertschy said that Richemont's rivals are expected to report weaker results, noting that the Swiss group benefits from a portfolio of highly desirable brands with strong pricing power and geographical diversification.

*—Andrea Figueras*


KO TSUCHIYA/BLOOMBERG NEWS

The luxury company reported sales growth of 20%.

**Richemont share price, year to date**


Note: 100 Swiss francs = $123.59

Source: FactSet

### DANONE

## U.K. Watchdog Probes Buy of Huel

The U.K. antitrust watchdog launched an initial merger probe into the proposed $1.2 billion acquisition of Huel by Danone to examine whether the deal would lessen competition in the country.

Danone, the French food company, agreed to buy the British supplier of plant-based food powders and meal-replacement drinks earlier this year.

The Competition and Markets Authority said Wednesday that a deadline of Sept. 11 has been set for its phase 1 decision from the inquiry, which will determine whether the merger is referred for a more in-depth phase 2 investigation.

The CMA launched an information-gathering assessment in May as it invited interested parties to submit any initial views on the impact of the transaction on competition in the U.K. *—Dominic Chopping*