Elon Musk email to X staff: ‘we’re barely breaking even’

SPACEX ON VERGE OF FAILURE

The Wall Street Journal reports banks are close to selling some of the $13 billion in debt they took on while helping Musk buy Twitter in 2022.

Ever since Elon Musk closed his deal to buy Twitter he’s claimed the company, now called X, is in “a very dire situation from a revenue standpoint.”

Now, the *Wall Street Journal* reports that banks are preparing a coordinated move to sell off some of the $13 billion in debt they loaned Musk to finance the deal. It mentions an email sent to employees this month, also confirmed by *The Verge*, where the Chief Twit said, “...we’ve witnessed the power of X in shaping national conversations and outcomes,” but also claimed, “Our user growth is stagnant, revenue is unimpressive, and we’re barely breaking even.”

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Part of the reason Bank of America, Barclays, and Morgan Stanley are holding so much of the debt is from trying to avoid selling at a loss after economic conditions changed, and Musk had an extended court battle attempting to get out of the deal. While equity investors have reportedly slashed the value of their stakes by as much as 78 percent, the *Journal* reports, "banks hope to sell senior debt at 90-95 cents on the dollar, while retaining more-junior holdings."

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As Musk referenced in his email, the report says the banks hope to use the narrative of Musk's link to Donald Trump, as some unnamed investors may be interested in buying based on a belief that its financials are on the way up.

However, Musk also said that the company could become cash-flow positive "within months" nearly two years ago, and it still faces over $1 billion in annual interest payments on the loans. The platform is increasingly turning into a testing ground for his AI ambitions, as we reported earlier this month, and while X has added some features, like job listings and a new video tab, there's little sign of the service he'd said would be able to "someone's entire financial life" by the end of 2024.