

Virgin Galactic seeks space tourism boost with market launch

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Virgin Galactic will likely beat its rivals to the stock market, if not into space

British billionaire Richard Branson's Virgin Galactic will merge with a

US investment firm to become the world's first publicly-traded space tourism venture—with an eye on sending its first clients into space within a year, the group's chief executive said Tuesday.

"By embarking on this new chapter, at this advanced point in Virgin Galactic's development, we can open space to more investors and in doing so, open space to thousands of new astronauts," Branson said in a statement.

Virgin Galactic and Wall Street investment firm Social Capital Hedosophia will merge, with SCH expected to own up to 49 percent of the combined company, the statement said.

The total value of the merger is \$1.5 billion, the parties said. The transaction is expected to be complete in the second half of 2019.

Until now, Virgin Galactic has largely been funded by Branson himself, who launched the company in 2004 and has thus far invested more than \$1 billion of his personal fortune.

After years of development, and a fatal accident in 2014 that killed a co-pilot, the company has a viable spacecraft that has twice reached the edge of space.

But so far, no paying customers have taken the journey.

"We plan to do that within a year," chief executive George Whitesides told AFP.

Until then, test flights will continue. The company is also moving into its spaceport in New Mexico, the base for its commercial flights.



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To date, Virgin has reservations from more than 600 people across 60 countries, earning it about \$80 million in paid deposits and \$120 million in potential revenues, the group said Tuesday.

Whitesides said there are 2,500 people on the waiting list.

Commercial space race

Virgin Galactic is up against Amazon founder Jeff Bezos' Blue Origin

and, in a different category, Elon Musk's SpaceX to be the first to send tourists into space.

SCH founder and chief executive Chamath Palihapitiya—who is investing \$100 million of his own money in the merger and is set to be the new partnership's chairman—expressed confidence.

Virgin Galactic "is light years ahead of the competition," Palihapitiya said.

"I cannot wait to take my first trip to space and become an astronaut," he added.

The cash injection will be welcome—a similar proposal from Saudi Arabia's public investment fund was suspended last year following the murder of journalist Jamal Khashoggi.



Virgin Galactic's SpaceshipTwo-class VSS Unity comes in for a landing after its suborbital test flight on December 13, 2018, in Mojave, California

The long wait

Virgin is offering customers just a few minutes in space, six at a time. They will float in the spacecraft's cabin and see the curvature of the Earth under a black sky through huge windows.

The spaceship is a cross between a plane and a rocket. It is released at high altitude by a carrier airplane and then ignites its own engine, traveling at three times the speed of sound.

The boundary between the Earth's atmosphere and outer space is set at 50 miles (80 kilometers) by the US military and the space agency NASA, though the international standard is 100 kilometers.

But Whitesides says that this difference is negligible "from an experience perspective."

Then the ship falls to Earth like a cannonball before gliding and landing like a plane back in the New Mexico desert.

"Great progress in our test flight program means that we are on track for our beautiful spaceship to begin commercial service," Branson said in Tuesday's statement.

To keep clients enthused during the long wait, Whitesides said the company took some of them on a recent trip to Chile to see the total solar eclipse.



Virgin Galactic chief executive George Whitesides says there are 2,500 people on the company's waiting list eager to travel into space

"Very few" have asked for refunds over the years, he told AFP.

Those who have already paid up to \$250,000 plus those on the waiting list would keep Virgin Galactic busy for "a good chunk of the first three or four years," Whitesides added.

"When you look at the development costs and the costs to create this service, and the value that it provides, it's probably a bit underpriced," Whitesides said.

"I do expect the price to go up."

As for Virgin's competition, Whitesides says there will be enough business for them too, and that the industry will be "capacity-constrained" for several years to come.

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