

After Branson flight, Virgin Galactic slumps on stock sale

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The rocket plane carrying Virgin Galactic founder Richard Branson and other crew members takes off from Spaceport America near Truth or Consequences, New Mexico, Sunday, July 11, 2021. Credit: AP Photo/Andres Leighton

Virgin Galactic shares veered sharply lower Monday after the spaceflight company said it's made arrangements to sell up to \$500 million in stock.

The disclosure comes a day after founder Richard Branson [briefly rocketed into space](#) aboard Virgin's winged space plane for the first time in what was the company's highest-profile flight yet as it looks to begin taking up paying customers on expensive joy rides next year.

The stock closed Monday down 17.3%. Trading in the stock was briefly halted shortly after the market opened. Virgin is still up 71.5% so far this year.

The company didn't reveal the timing of the proposed stock sale, but said it plans to use the net proceeds to fund manufacturing, develop its spaceship fleet and make infrastructure improvements, among other expenses, according to a filing with the Securities & Exchange Commission.

Virgin Galactic already has more than 600 reservations from would-be space tourists, with tickets initially costing \$250,000 apiece. The company received clearance from the Federal Aviation Commission last month to begin taking paying customers into space from its facilities in New Mexico, something the company has said it is looking to start doing next year.



Virgin Galactic founder Richard Branson, center, is greeted by school children before heading to board the rocket plane that will fly him to the edge of space from Spaceport America near Truth or Consequences, New Mexico, Sunday, July 11, 2021. Credit: AP Photo/Andres Leighton

The launch with Branson marked the 22nd test flight of Virgin Galactic's VSS Unity space plane. The company has planned at least two more space test flights this year.

Branson had teased a major announcement about ferrying more people to space following his flight, which some expected would be an announcement about Virgin Galactic reopening ticket sales. Instead, upon his return to Earth Sunday, Branson announced a sweepstakes

drawing for just two seats on a Virgin Galactic jaunt. That announcement was "likely less than what investors were hoping for," analysts at Canaccord Genuity wrote in a research note Sunday.

The analysts, who have a "Buy" rating on the stock, say the reopening of ticket sales is going to be a key barometer for assessing the company's future customer backlog beyond the roughly 600 people who have already signed up for space flights.

"While the full power of the Virgin brand was on display, and Sir Richard's knack for showmanship is clearly a powerful asset for the company, the challenge now will be for the company to maintain the momentum and establish a flight plan in 2022 that can demonstrate a repeatable and increasing commercial launch cadence," the analysts wrote.



Richard Branson answers students' questions during a news conference at Spaceport America near Truth or Consequences, N.M., on Sunday, July 11, 2021. Branson and five crewmates from his Virgin Galactic space tourism company reached an altitude of about 53 miles (88 kilometers) over the New Mexico desert before safely gliding back home to a runway landing at Spaceport America. Credit: AP Photo/Susan Montoya Bryan

Branson edged out billionaire Jeff Bezos, founder of rival space tourism company Blue Origin, as the first person to blast off in his own spaceship. Bezos, his brother and two other people are set to go up on a Blue Origin rocket on July 20.

Blue Origin has yet to sell tickets to the public. It's waiting for Bezos' flight before announcing its ticket prices.

Virgin's other rival, SpaceX, plans to take tourists on more than just brief, up-and-down trips just outside the Earth's atmosphere. The company, which is already launching astronauts to the space station for NASA and building moon and Mars ships, plans to ferry customers into orbit around the Earth for days, with seats costing well into the millions. The company's first private flight is set for September.

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