



DI JOSE SALGADO*

FINANCING THE SPACE SECTOR



SpaceX is the world's most valuable private space company worth \$46 billion, with a recent closing of a \$2 billion round of funding among seventy-five investors, according to Bloomberg. To put that number in context, **last year space start-up ventures attracted \$5.7 billion in financing**, where 70% of the total was raised by only 4 companies: Blue Origin, OneWeb, Virgin Galactic, and of course SpaceX. In total, 135 startup space ventures received investment in 2019 representing a 34% increase over 2018. However, to date, only a small percentage of the hundreds of space start-ups financed since 2015 are drawing revenue on business operations, and fewer have reached profitability, according to Bryce Space and Technology. Knowing this, is it realistic to believe

that an industry that generates today \$350 billion, could generate **\$1 trillion in 2040** as Morgan Stanley predicts? "Yes", according to **Dylan Taylor**, Chairman & CEO of Voyager Space Holdings, a multinational space holding firm that acquires and integrates leading space exploration enterprises globally. "If anything I think it is conservative, meaning we will exceed \$1 trillion in 2040 or we will get to **\$1 trillion sooner than 2040**. This assumes that the capital markets remain healthy and that there are no major disruptions. If you just look at the opportunity with Earth Observation

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and space-based data collection, I think you can easily pencil to \$1 trillion."

What about the high-return-very-long-term "mantra" for investments in the space sector, is this still valid?

"Yes, traditional venture capital and private equity are focused on IRR (Internal Rate of Return). IRR is very sensitive to how quickly returns are generated. **I prefer to look at ROIC (Return on Invested Capital).**

This is more concerned with total return, even if that return is more back-loaded. This is why we have built Voyager Space Holdings as an operating company rather than an investment firm," says Taylor.

With many sources of capital, like angel investors, venture capital firms, private equity firms, corporations, banks, and public markets, the most recent *Start-Up Space Report* by Bryce Space and Technology, identified 967 investors in space start-up companies that represent a 38% increase from last year's report. As an experienced investor, how do you support the space ecosystem with Voyager Space Holdings? "The fundamental premise that Voyager is built upon is that **the industry needs more scale.**

We want to create a company capable of delivering on any possible space mission, but have at its foundation an entrepreneurial spirit and a very high level of innovation.

To do this, we are acquiring highly innovative NewSpace companies and giving them access to Fortune 1000 infrastructure. If we can create a company that has the best characteristics of NewSpace and traditional space, we will have achieved our goal" concludes Dylan Taylor. 