THE RIO CLUB

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RIO 888

The challenge for Virgin Galactic remains operating cash burn, this as they await the building and delivery of the delta class ships. On the 8th of June Virgin Galactic launched six people to suborbital space, launching a Turkish astronaut and three space tourists on what was the final voyage of the VSS Unity space plane.

On the 17th of June the company issued a reverse stock split, when they did so they reduced their outstanding share count, which inherently pushes the stock price higher. For clarity, Virgin Galactic's share count was reduced (divided) by a factor of 20, while its share price rose (multiplied) by that same multiple. Prior to the reverse stock split SPCE was trading near $0.50, importantly this was below the requirements to remain in good standing on the NYSE as one of the requirements to be listed on the NYSE is to maintain a minimum stock price. If a company fails to maintain these criteria, it can become at risk of being delisted. Unfortunately, this was the case for Virgin Galactic.

From an investment perspective shares in the company have depreciated by over 70% during the course of the second quarter. RIO 888 by comparison has lost 7.54% in the same period. What would solve Virgin Galactic's capital requirements? A quick solution is having a partner company invest in the stock.

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