

2 Stocks to Bet on the Future of Space Exploration



Space as the [final frontier](#) continues to grip the imaginations and minds of many, including investors seeking profitable opportunities. One of the most exciting companies in the space sector is Space X founded by noted entrepreneur Elon Musk. Space X is a commercial space exploration company. At this point, Space X is a private company. It obtained a \$1 billion round of funding from Google in January of 2015. Since it is so well-funded, there does not appear to be any initial public offering (IPO) on the immediate horizon for the company. Investors need to look at other public companies to be able to invest in the space sector. Fortunately, there are some good alternatives for investors, including Boeing Co. (NYSE: [BA](#)) and Lockheed Martin Corp. (NYSE: [LMT](#)). These stocks are the largest NASA contractors.

Boeing

Both Boeing and Space X won contracts from [NASA](#) to take astronauts to the International Space Station. NASA awarded the contracts after a four-year competition. The companies are splitting the approximately \$6.8 billion award for the contract called the Commercial Crew Transportation Capability project. NASA had previously used the Russian space agency to ferry crew members back

and forth at a cost of \$78 million a seat. Boeing and Space X are hoping to accomplish the same task for around \$58 million a seat.

Boeing is constructing the Crew Space Transportation System for the contract, which it bills as a space capsule for the 21st century. The capsule can be reused up to 100 times, thus allowing for substantial savings. It seats up to seven and even includes LED lighting used in its commercial planes that allegedly allow for a more spacious feeling inside the capsule.

Boeing is a well-known name in the aeronautical industry, known both for working with NASA and for its airplanes. It is the largest aircraft manufacturer in the world. Boeing had net income of \$5.46 billion in 2014 on \$90.78 billion in sales. As of August 2015, Boeing's stock is up 22% in the past year and pays a healthy annual [dividend yield](#) of 2.54%.

Lockheed Martin

Lockheed Martin is another large aerospace and defense company involved in space exploration. Lockheed is building the Orion Multi-Purpose Crew Vehicle, or Orion MPCV, which is intended to carry a crew of up to four astronauts at or beyond a low Earth orbit. It will be launched on the Space Launch system. This is a single launch vehicle designed to replace the retired Space Shuttle. The vehicle had its first test flight in December of 2014, landing safely in the Pacific Ocean. The test flight used new technologies that are critical to future deep-space missions.

The company is also working with NASA on the MAVEN mission, which is the first spacecraft to survey the upper atmosphere of Mars. In addition, Lockheed Martin constructs satellites for different purposes and rockets to serve as launch vehicles. The company has dedicated launch sites in Alaska and Florida.

Lockheed had gross sales of \$45.6 billion in 2014, with an operating profit of \$5.6 billion. The company paid around \$1.8 billion in dividends, realizing substantial [dividend growth](#). The stock price has performed well over the past year, up over 29% from 2014 to 2015. The company has a large market cap of over \$65 billion, making it one of the biggest players in the industry. Lockheed also has a [beta](#) of 0.62 with a lower monthly volatility of slightly over 1%. This shows the company has some stability and is not as volatile as other stocks. This may be because longer-term investors are holding the stock for the dividend yield. However, the stock had substantial losses during the financial crisis of 2008, like many other stocks. Therefore, as with all stocks, there is risk in investing in the company.