

First Quarter 2020 Investor Update

May 5, 2020

Disclosures

Forward-Looking Statements

This presentation contains certain forward-looking statements within the meaning of federal securities laws with respect to Virgin Galactic Holdings, Inc. (the "Company"), including statements regarding the Company's spaceflight systems, markets and expected performance. These forward-looking statements generally are identified by words such as "believe," "project," "expect," "anticipate," "estimate," "intend," "strategy," "future," "opportunity," "plan," "may," "should," "will," "would," and similar expressions. Forward-looking statements are predictions, projections and other statements about future events that are based on current expectations and assumptions and, as a result, are subject to risks and uncertainties. Many factors could cause actual future events to differ materially from the forward-looking statements in this presentation, including but not limited to the factors, risks and uncertainties regarding the Company's business described in the documents filed by the Company from time to time with the Securities and Exchange Commission (the "SEC"). These filings identify and address other important risks and uncertainties that could cause the Company's actual events and results to differ materially from those contained in the forward-looking statements. Forward-looking statements speak only as of the date they are made. Readers are cautioned not to put undue reliance on forward-looking statements, and, except as required by law, the Company assumes no obligation and does not intend to update or revise these forward-looking statements, whether as a result of new information, future events, or otherwise.

Use of Non-GAAP Financial Measures

This presentation references certain non-GAAP financial measures, including adjusted EBITDA, non-GAAP selling, general, and administrative expense and non-GAAP research and development expense. The Company defines adjusted EBITDA as earnings before interest expense, taxes, depreciation and amortization, stock-based compensation, and certain other items the Company believes are not indicative of its core operating performance. It defines non-GAAP selling, general, and administrative expenses as selling, general, and administrative expenses other than stock-based compensation and non-capitalized transaction costs, and non-GAAP research and development expenses as research and development expenses other than stock-based compensation. None of these non-GAAP financial measures is a substitute for or superior to measures of financial performance prepared in accordance with generally accepted accounting principles in the United States (GAAP) and should not be considered as an alternative to any other performance measures derived in accordance with GAAP.

The Company believes that presenting these non-GAAP financial measures provides useful supplemental information to investors about the Company in understanding and evaluating its operating results, enhancing the overall understanding of its past performance and future prospects, and allowing for greater transparency with respect to key financial metrics used by its management in financial and operational-decision making. However, there are a number of limitations related to the use of non-GAAP measures and their nearest GAAP equivalents. For example, other companies may calculate non-GAAP measures differently, or may use other measures to calculate their financial performance, and therefore any non-GAAP measures the Company uses may not be directly comparable to similarly titled measures of other companies.

Virgin Galactic Investment Highlights



1. First and Only Public Company Focused on Commercial Human Spaceflight
2. Sizeable and Growing Market for High End Luxury Experiences
3. Highly Engaged Customer Base with Demonstrated Willingness to Pay
4. Attractive Business Model with Reusable, Scalable Design
5. Strong Competitive Position, Underpinned by More than $1 Billion of Investment
6. Compelling Financial Profile with a Pathway for Rapid, Profitable Growth
7. Experienced and Proven Management Team and Flight Operations Team

Impact of COVID-19

- The health and safety of our employees and local communities remain our top priorities
- Temporarily suspended on-site operations at our facilities in Mojave and at Spaceport America in March
- Resumed limited operations in April in accordance with our classification within the critical infrastructure designation
- As of today, over 90% of employees whose work requires them to be in the facilities are now working back on-site
- The balance of our employees are successfully working from home and we are encouraging those employees who are able to work from home to continue doing so
- Too early to fully quantify duration and severity of impact of COVID-19 on our business and pace of progression
- Will continue to provide updates as we gain more insight



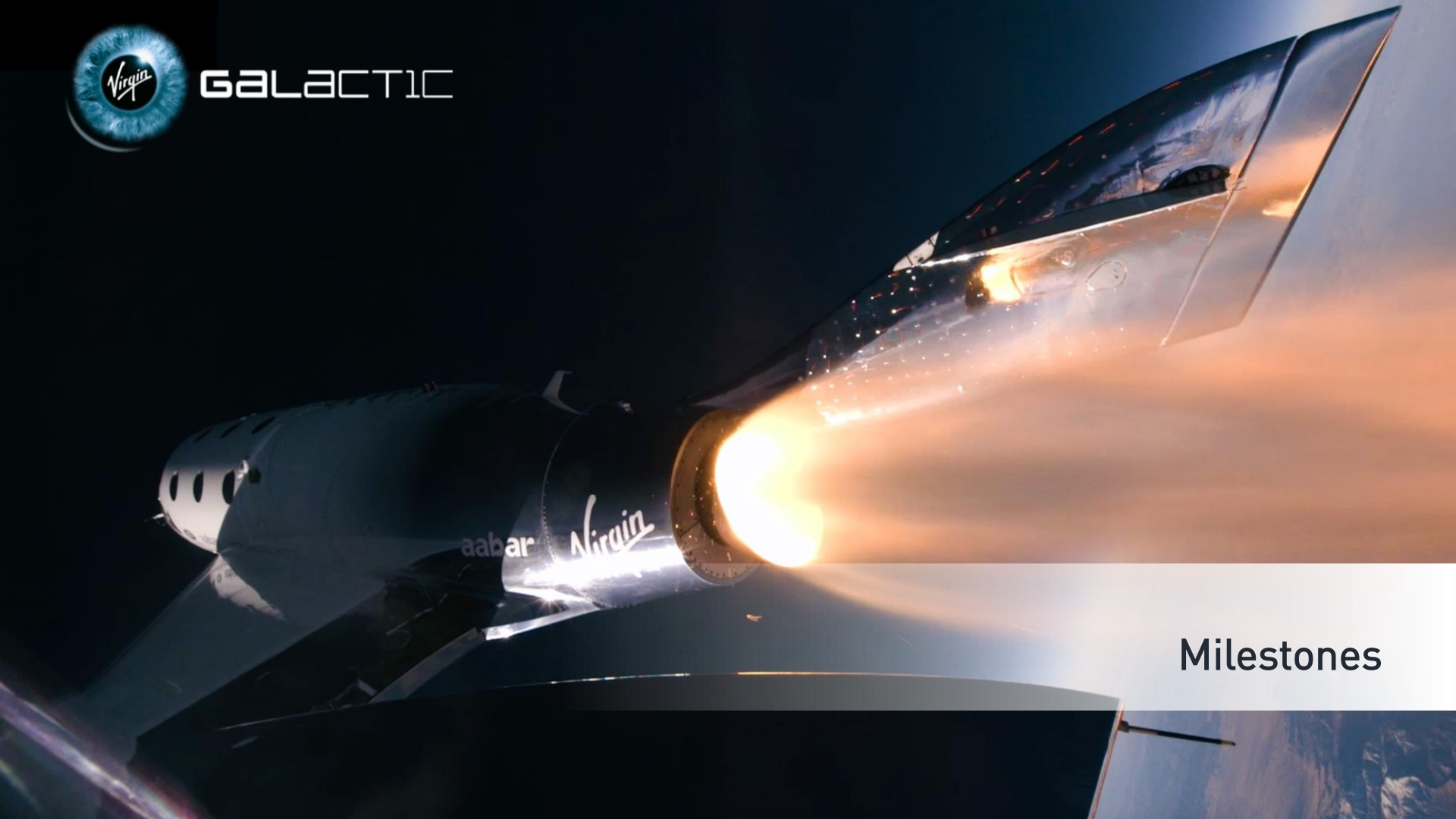
COVID-19 Relief Efforts

- Partnering with NASA to develop innovative solutions to the problems facing healthcare workers on the frontlines
  - Developing negative pressure enclosures
  - Developing low-cost breathing hoods (PPB Hoods) that provide oxygen-rich positive pressure to patients in need
  - Produced 400 PPB Hoods, pending EUA approval from the FDA
- Donated medical supplies to communities in California and New Mexico, including masks, suits and gloves









Milestones

2019 Highlights













January 8, 2020

Second spaceship achieved Weight on Wheels Milestone

Third spaceship achieved 50% completion of structure and systems fabrication

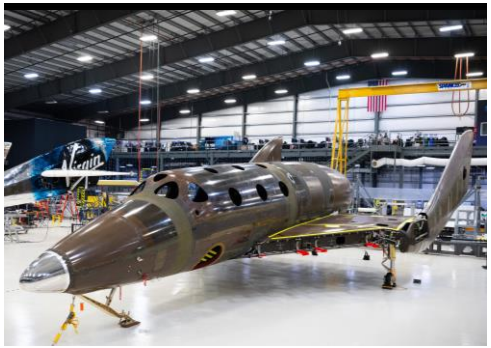


Update on Build Program

- Completed numerous structural and mechanical installations on SS2
  - ✓ Installed landing gear doors
  - ✓ Installed feather actuator structure
  - ✓ Installed feather flap hinges
  - ✓ Completed feather horn to torque tube attachment
- Fabricated high temperature nose cone
- Finalized critical engineering packages
  - ✓ Remaining mechanical systems drawings released for fabrication
  - ✓ Rudder detail parts are released for fabrication
- Commenced assembly of flight control systems
- Began preparing for vehicle bodywork and painting
- Began preparing for Integrated Vehicle Ground Testing







February 13, 2020

Relocated first spaceship, VSS Unity, from Mojave, CA to Spaceport America, NM



Spaceport America Milestones

- Completed transition of all Virgin Galactic operations personnel from Mojave, CA to New Mexico, bringing current total number of staff in New Mexico to 178 people
- Completed the first and second floors at Spaceport America
- Continued to build out the third floor at Spaceport America, which will be used for astronaut training and flight preparation activities
    - We moved the customer Spaceship Training Cabin to its permanent home in the Astronaut Lounge on the third floor and we completed its installation in its individual Pod





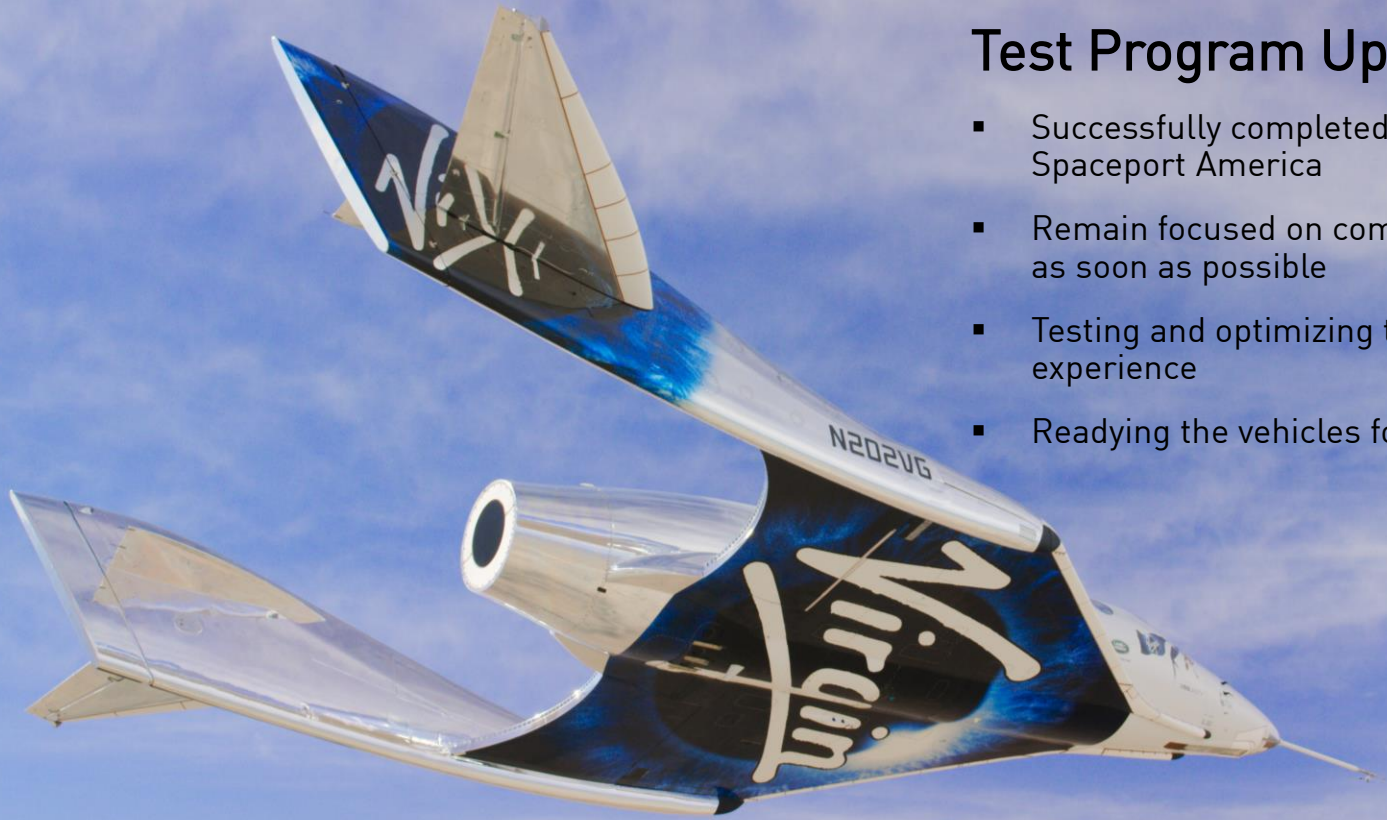


Update on FAA Approval Process

- FAA previously issued Reusable Launch Vehicle License to allow Virgin Galactic to conduct spaceflight missions
- The path to final approval is a Verification and Validation (V&V) program that contains 29 elements
  - ✓ Virgin Galactic cleared four new V&V provisos during Q1, primarily around cabin environment and safety
  - ✓ Have now cleared 24 of 29 V&V provisos







Test Program Update

- Successfully completed glide flight of VSS Unity from Spaceport America
- Remain focused on completing the test flight program as soon as possible
- Testing and optimizing the end-to-end customer experience
- Readying the vehicles for long-term, high rate service

Glide Flight May 1, 2020

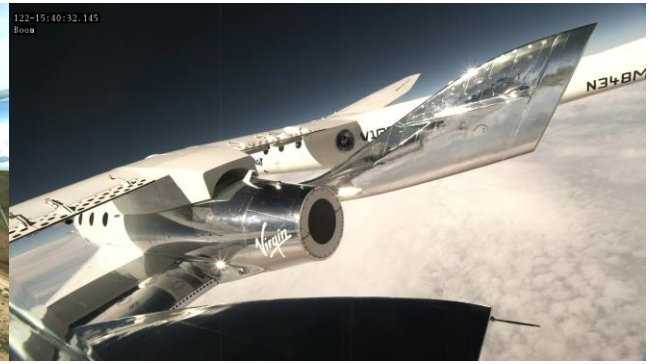
Watch the video of the glide flight here



Glide Flight May 1, 2020













Glide Flight May 1, 2020













Space Act Agreement with NASA to Advance High Mach Technologies

- Agreement enables collaboration between NASA, Virgin Galactic and The Spaceship Company to advance US efforts to produce technically feasible, high Mach vehicles
- Initial focus will be vehicle thermal management and propulsion system options in the Mach 3 -5 regime
- Agreement signed with NASA Langley Research Center, enabling collaboration across all of NASA
- Facilitates the development of sustainable high speed technologies over the coming years
- Leverages Virgin Galactic's robust platform, advanced technologies and first-mover advantage:
  - ✓ Already flying a crewed vehicle at Mach 3+ at the edge of hypersonic flight
  - ✓ Only team currently designing, building and flying supersonic commercial vehicle
  - ✓ Significant vertically integrated design, engineering and manufacturing capabilities
  - ✓ Thousands of hours of flight training



One Small Step Initiative

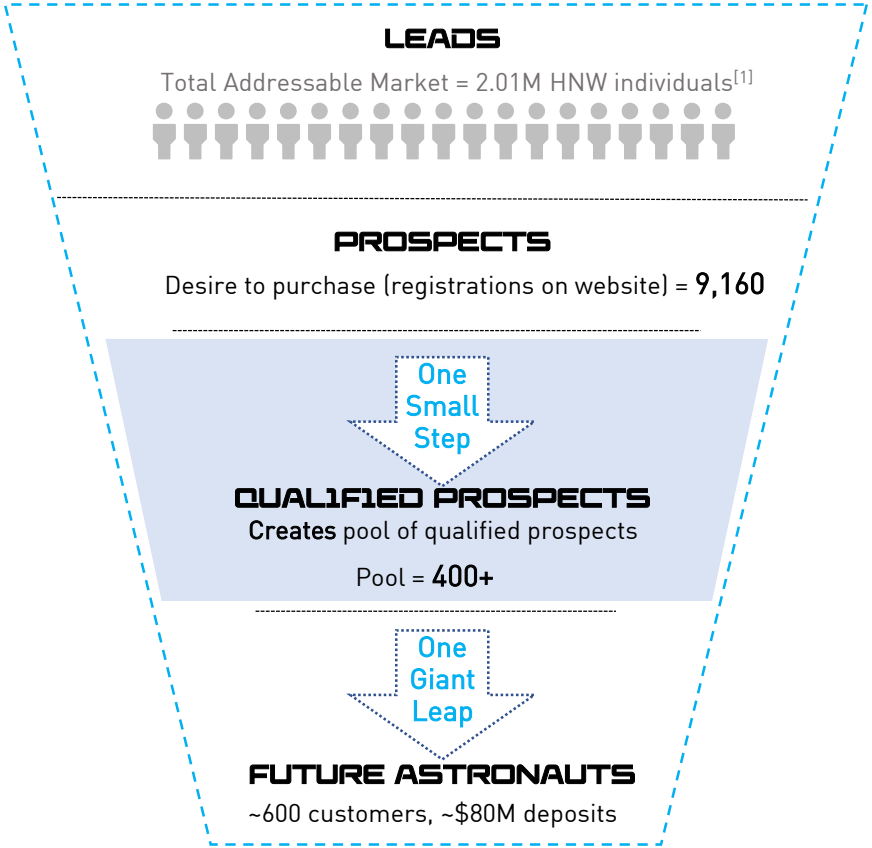
- Launched "One Small Step" initiative on February 26, 2020
- Prospective customers can secure their place at the front of the line for future ticket reservations when ticket sales re-open
  - ✓ Initiative marks a significant milestone as we prepare to re-open ticket sales
  - ✓ $1,000 refundable deposit required
- As of April 29, 2020, received over 400 deposit payments, exceeding initial expectations
  - ✓ Deposits represent over $100 million of potential future revenue upon full ticket payment
- Deposit payments from individuals from 44 countries
  - ✓ 12 countries are new nations in our customer group
  - ✓ 54% of participants aged 35-54 years' old



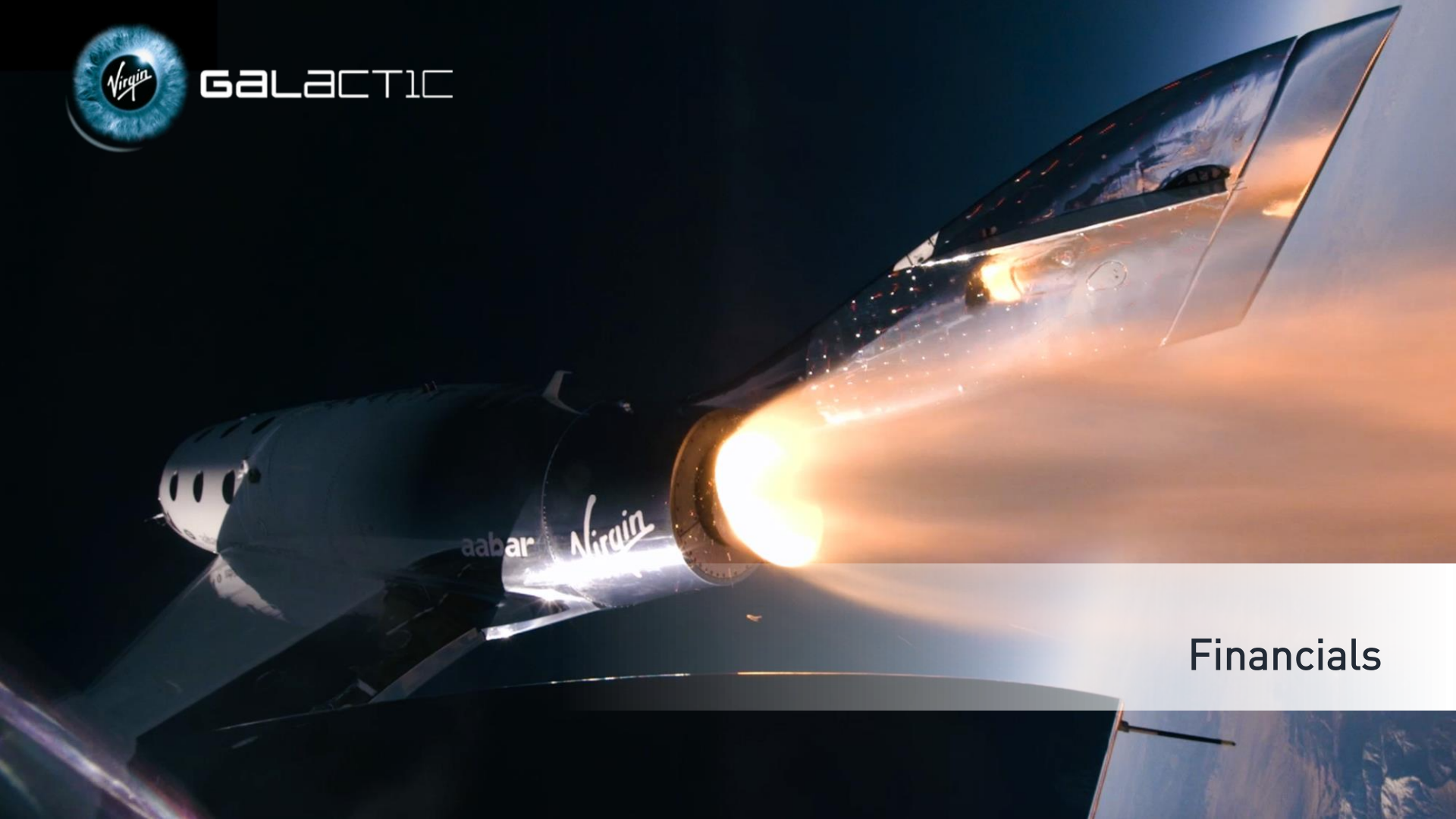
Direct Sales Funnel

Scalable end-to-end customer pipeline for direct sales

- Prospect pool reached 9,160 as of April 29, 2020
  - ✓ Continued growth in registrations of interest, with registrations increasing by ~1,200, up 15%
- The new "One Small Step" offering augments the direct sales funnel by creating a pool of Qualified Prospects
  - ✓ "One Small Step" pool reached 400+ as of April 29, 2020
- ~600 Future Astronauts as of April 29, 2020, representing a total of ~$80M in deposits
  - ✓ No meaningful increase in refund requests from existing Future Astronauts
  - ✓ Demonstrates strength and ongoing support of customer base



(1) With more than $10m net worth in 2019. Credit Suisse Research Institute



Financials

First Quarter 2020 Financials

First Quarter
Ended March 31, 2020

- Strong cash position, with cash and cash equivalents of $419 million as of March 31, 2020
- Revenue of $238,000, generated by providing engineering services
- Net loss of $60 million
- GAAP SG&A expenses of $27 million. Non-GAAP SG&A expenses of $23 million[1]
- GAAP R&D expenses of $34 million. Non-GAAP R&D expenses of $33 million[2]
- Adjusted EBITDA[3] totaled $(53) million
- Cash paid for capital expenditures totaled $4 million

Warrant Redemption

- Announced intention to redeem all outstanding public warrants on a cashless basis
- Issued redemption notice on March 13, 2020
- Redemption of all outstanding public warrants completed on April 13, 2020

(1) Non-GAAP SG&A expenses have been adjusted to exclude stock-based compensation and non-capitalized transaction costs associated with the preparation and filing of an S-1 registration statement in first quarter. Refer to appendix of presentation for reconciliation to GAAP SG&A.
(2) Non-GAAP R&D expenses have been adjusted to exclude stock-based compensation. Refer to appendix of presentation for reconciliation to GAAP R&D.
(3) Virgin Galactic uses adjusted EBITDA as a key measure of its performance. Adjusted EBITDA excludes stock-based compensation and transaction related costs associated with the preparation and filing of an S-1 registration statement in the first quarter. Refer to appendix of presentation for reconciliation to GAAP Net Loss.

Income Statement

Amounts in thousands ($)

	Three Months Ended March 31,	
	2020	2019
Revenue	$ 238	$,782
Cost of revenue	173	1,006
Gross profit	65	776
Selling, general, and administrative expenses	26,755	12,295
Research and development expenses	34,282	31,424
Operating loss	(60,972)	(42,943)
Interest income	1,177	353
Interest expense	(9)	(1)
Other income	3	23
Other expense	(175)	-
Loss before income taxes	(59,976)	(42,568)
Income tax (benefit) expense	(46)	25
Net loss	(59,930)	(42,593)
EBITDA	$ (57,862)	$ 40,957)
Non-capitalized transaction costs*	697	-
Stock-based compensation	4,425	-
Adjusted EBITDA	$ (52,740)	$ (40,957)

* Non-capitalized transaction costs include non-recurring expenses related to the preparation and filing of an S-1 registration statement in the first quarter.

Cash Flow Statement

Amounts in thousands ($)	Three Months Ended March 31,	
	2020	2019
Cash flows from operating activities		
Net loss	$ (59,930)	$ (42,593)
Stock-based compensation	4,425	—
Depreciation and amortization	2,105	1,610
Other operating activities, net	1	(117)
Change in assets and liabilities		
Inventories	(1,980)	(35)
Other current and non-current assets	2,142	(835)
Accounts payable and accrued expenses	(2,978)	(131)
Customer deposits	(98)	(770)
Net cash used in operating activities	(56,313)	(42,871)
Cash flows from investing activity		
Capital expenditures	(4,036)	(3,068)
Cash used in investing activity	(4,036)	(3,068)
Cash flows from financing activities		
Payments of finance lease obligations	(23)	(23)
Net transfer from Parent Company	—	47,445
Transaction costs	(697)	—
Net cash (used in) provided by financing activities	(720)	47,422
Net (decrease) increase in cash and cash equivalents	(61,069)	1,483
Cash, cash equivalents and restricted cash at beginning of period	492,721	81,368
Cash, cash equivalents and restricted cash at end of period	$ 431,652	$ 82,851
Cash and cash equivalents	$ 419,374	$ 74,973
Restricted cash	12,278	7,878
Cash, cash equivalents and restricted cash	$ 431,652	$ 82,851

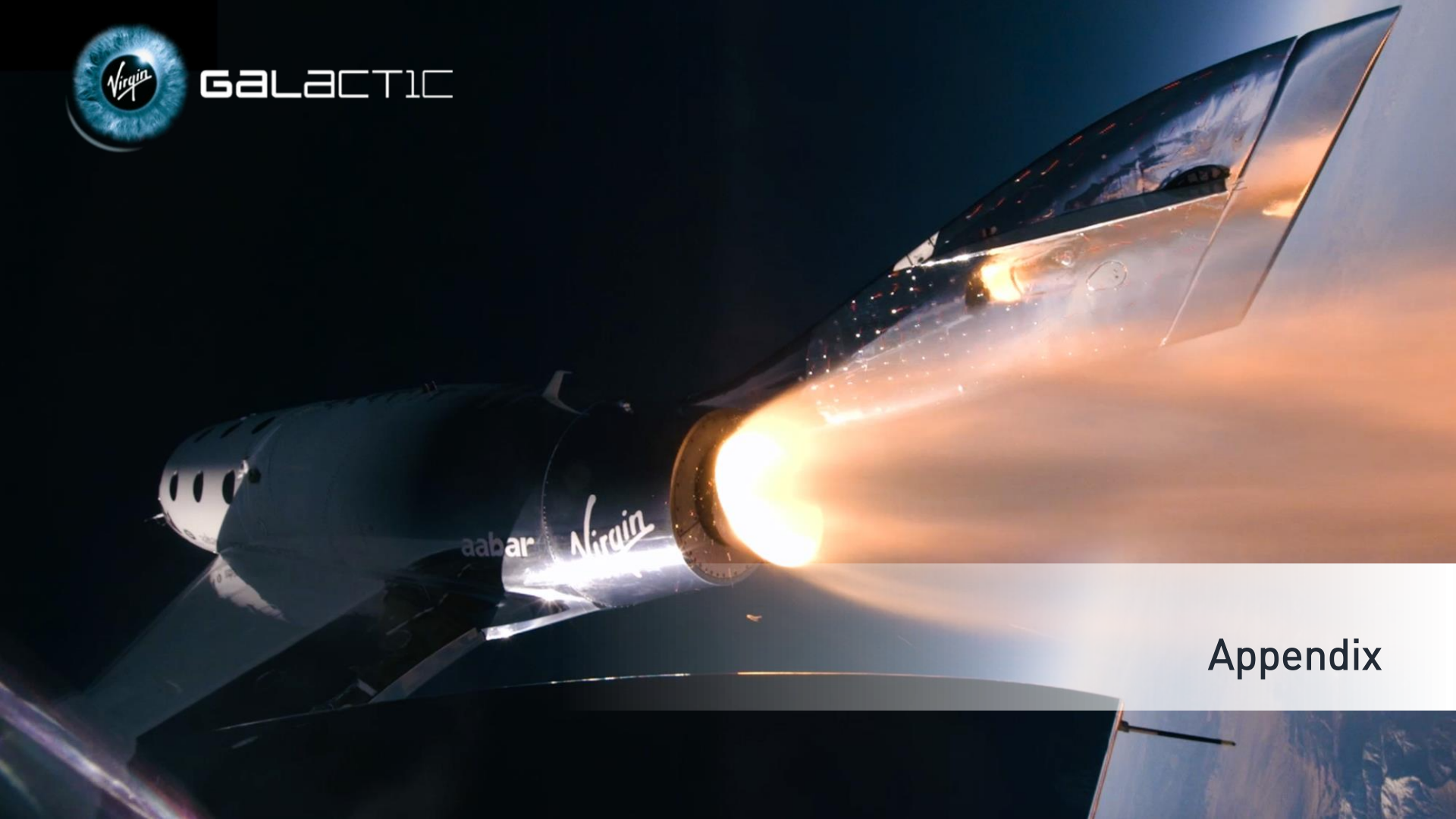
Looking Ahead





GALACTIC

Q&A



Appendix

Reconciliation to Non-GAAP Measures

Amounts in thousands ($)	Three Months Ended March 31,	
	2020	2019
Net Loss	$ (59,930)	$ (42,593)
Income tax (benefit) expense	(46)	25
Interest expense	9	1
Depreciation & amortization	2,105	1,610
EBITDA	(57,862)	(40,957)
Non-capitalized transaction costs*	697	-
Stock based compensation	4,425	-
Adjusted EBITDA	$ (52,740)	$ (40,957)

* Non-capitalized transaction costs include non-recurring expenses related to preparation and filing of an S-1 registration statement in the first quarter.

Reconciliation to Non-GAAP Measures

Amounts in thousands ($)	Three Months Ended March 31,	
	2020	2019
Selling, general, and administrative expenses	$ 26,755	$ 12,295
Stock-based compensation	2,871	-
Non-capitalized transaction costs*	697	-
Non-GAAP selling, general, administration expenses	$ 23,187	$ 12,295

* Non-capitalized transaction costs include non-recurring expenses related to preparation and filing of an S-1 registration statement in the first quarter.

Reconciliation to Non-GAAP Measures

Amounts in thousands ($)	Three Months Ended March 31,	
	2020	2019
Research and development expenses	$ 34,282	$ 31,424
Stock-based compensation	1,554	-
Non-GAAP research and development expenses	$ 32,728	$ 31,424