

VIRGIN GALACTIC

FIRST QUARTER 2021
INVESTOR UPDATE

05.10.2021



VSS IMAGINE 

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 expected spaceship rollout and flight schedule. 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 included in the Company's Amendment No. 2 to its Annual Report on Form 10-K for the fiscal year ended December 31, 2020, as such factors may be updated from time to time in the Company's other filings with the Securities and Exchange Commission (the "SEC"), accessible on the SEC's website at www.sec.gov and the Investor Relations section of our website at www.virgingalactic.com. 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 (UNAUDITED)

This presentation references certain financial measures that are not prepared in accordance with generally accepted accounting principles in the United States (GAAP), including Adjusted EBITDA, non-GAAP selling, general, and administrative expense, non-GAAP research and development expense and free cash flow. 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. It defines free cash flow as net cash used by operating activities less capital expenditures. None of these non-GAAP financial measures is a substitute for or superior to measures prepared in accordance with GAAP and should not be considered as an alternative to any other 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.

A reconciliation of these non-GAAP financial measures is included in the appendix to this presentation. A reconciliation of the Company's free cash flow guidance cannot be provided without unreasonable effort because of the inherent difficulty in forecasting and quantifying certain amounts that are necessary for such reconciliations, including net cash used by operating activities and capital expenditures, the amounts of which, could be material.

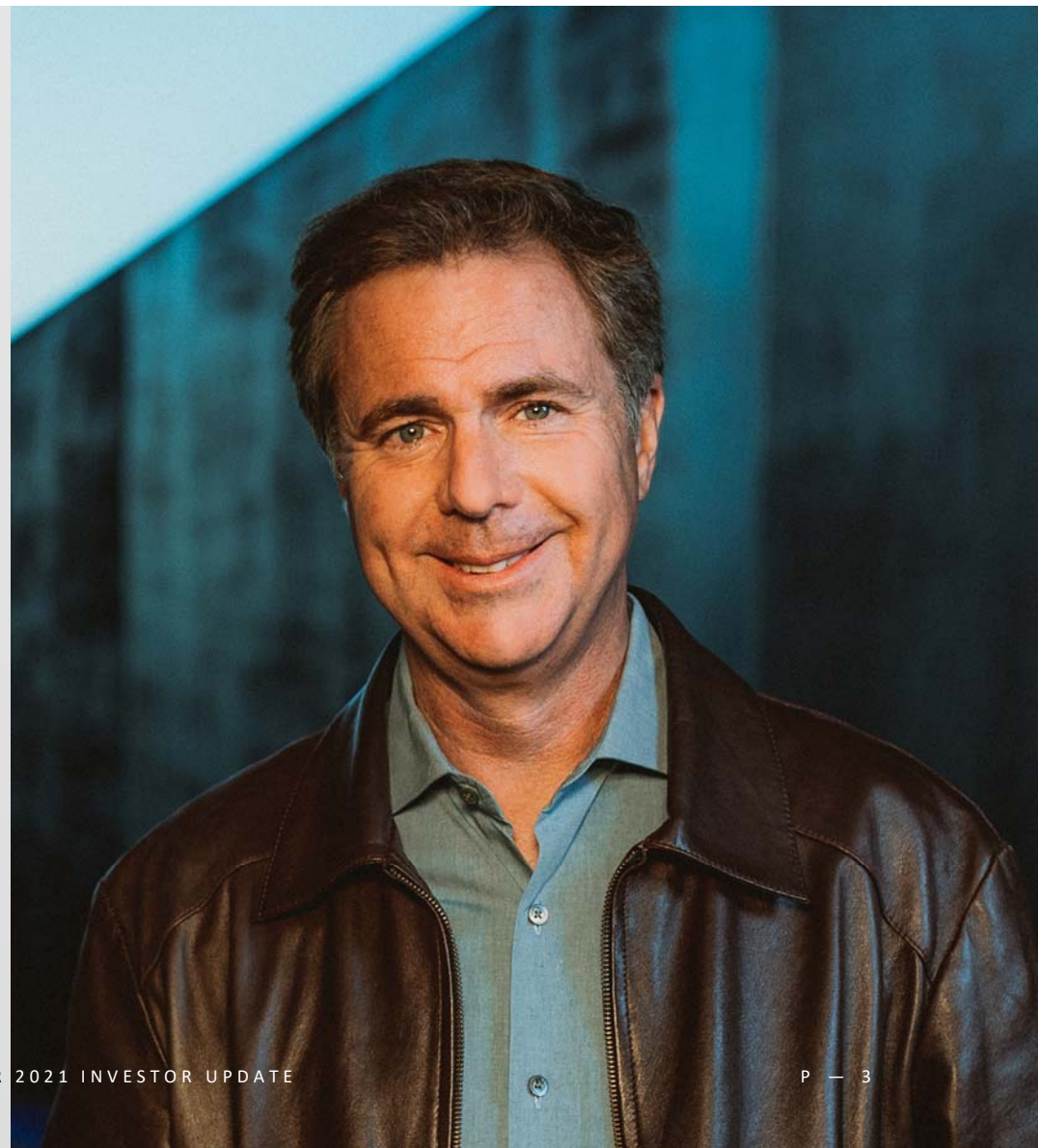
MICHAEL COLGLAZIER

CEO

VIRGIN GALACTIC

FIRST QUARTER 2021 INVESTOR UPDATE

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STRATEGIC PRIORITIES

- Fleet Readiness
- Fleet Expansion
- Customer Experience & Commercial Strategy



SUBORBITAL SPACEFLIGHT MARKETS

- Private Astronaut
- Microgravity Research
- Professional Astronaut Training

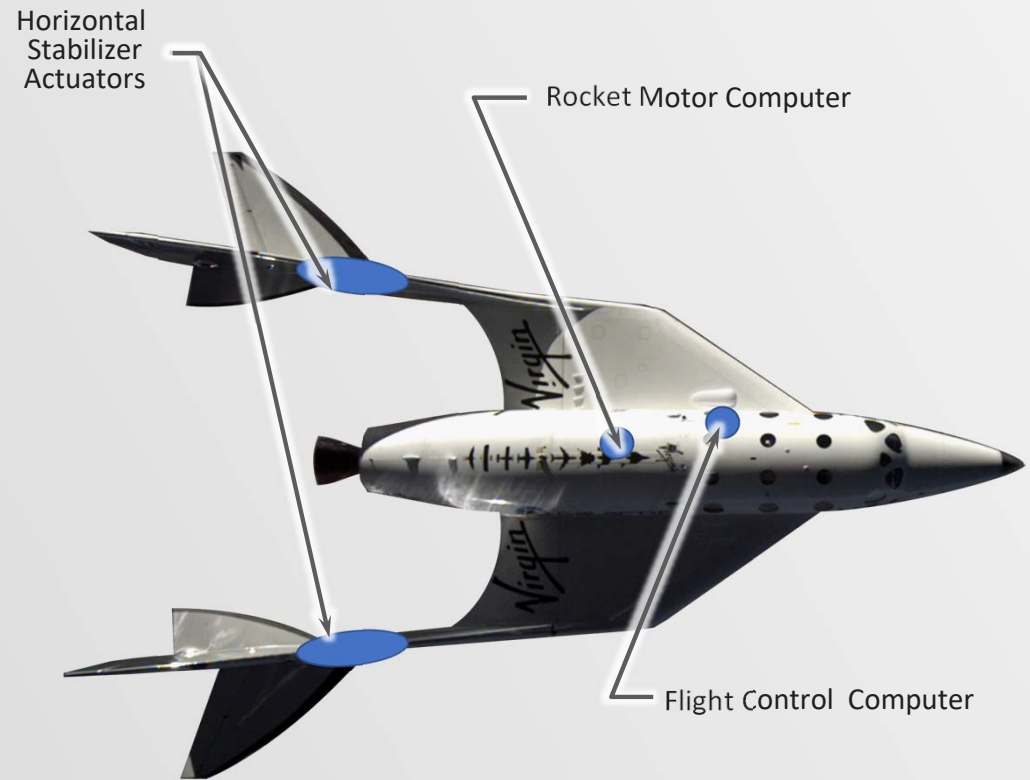
EMI CORRECTIVE ACTIONS

Suppress EMI Generated by the Flight Control Computer

- Added Electronic Components to Filter and Prevent the Generation of EMI

Dampen Stray EMI Generated by the Ship's Wiring

- Improved Harness Shielding and Added Components to Suppress Conductive EMI



(Wiring Harnesses Not Shown)

FLIGHT TEST PROGRAM

- **FIRST FLIGHT**
 - Currently re-evaluating launch timing
 - Rocket-powered spaceflight with two pilots onboard
- **SECOND FLIGHT**
 - Two pilots and full cabin of mission specialists
- **THIRD FLIGHT**
 - Demonstrates private astronaut experience
 - Manifest includes Sir Richard Branson
- **FOURTH FLIGHT**
 - Demonstrates microgravity research and professional astronaut training markets





FLEET EXPANSION

- Unveiled VSS Imagine, first SpaceShip III Class Vehicle, on March 30, 2021
- Ground testing followed by flight testing
- Focused on scaling design and development capabilities:
 - Spaceships
 - Rocket motors
 - Motherships

CUSTOMER EXPERIENCE

- Building a consumer business on top of an aerospace company
 - Commercial Strategy
 - Brand Architecture and Marketing Strategy



FINANCIAL STRATEGY

- Aligning Financial Planning with Operational Objectives:
 - Private Astronaut Market
 - ~600 Future Astronaut Reservations
 - Plan to re-open ticket sales around Sir Richard Branson flight
 - Microgravity Research & Professional Astronaut Training
 - Introductory Flight
 - 1st Full Revenue Flight
 - \$2 million total
 - \$500k per seat equivalent
 - Current pricing \$600k per seat equivalent



FINANCIAL RESULTS

(Amounts in thousands)	THREE MONTHS ENDED	
	March 31, 2021	March 31, 2020
Net Loss	\$ (129,694)	\$ (376,826)
Adjusted EBITDA ⁽¹⁾	\$ (55,945)	\$ (52,740)

1. Virgin Galactic uses adjusted EBITDA as a key measure of its performance. Adjusted EBITDA excludes stock-based compensation and non-capitalized transaction costs (if applicable). Refer to appendix of presentation for reconciliation to GAAP Net Loss.



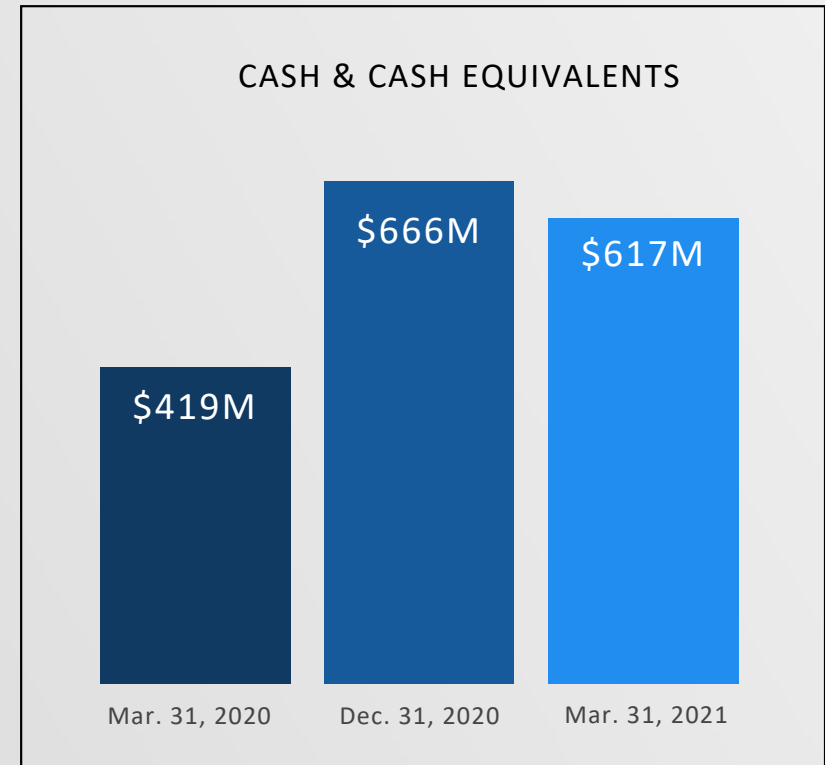
CAPITAL ALLOCATION

CAPITAL ALLOCATION PRIORITIES

- Maintain a Strong Balance Sheet and Cash Position
- Invest Organically for Growth
- Opportunistically Access the Capital Markets

FREE CASH FLOW ⁽¹⁾

- Q1 2021: \$(50) Million
 - Capital Expenditures of \$1 Million
- Q2 2021: Expected to be in the Range of \$(60) Million



1. Virgin Galactic uses Free Cash Flow as a key measure of its performance. Free Cash Flow is defined as cash flows from operating activities less capital expenditures. Refer to the appendix of this presentation for a reconciliation to GAAP.

SUMMARY





Q&A

APPENDIX

RECONCILIATION TO NON-GAAP MEASURES

(Amounts in thousands)	THREE MONTHS ENDED	
	March 31, 2021	March 31, 2020
Net Loss	\$ (129,694)	\$ (376,826)
Income tax benefit (expense)	(43)	46
Interest expense	7	9
Depreciation & amortization	2,869	2,105
Non-capitalized transaction costs*	-	697
Stock-based compensation	22,111	4,425
Change in fair value of warrants	48,719	316,896
Adjusted EBITDA	\$ (55,945)	\$ (52,740)

* Non-capitalized transaction costs include non-recurring expenses related to preparation and filing of an S-1 registration statement in the first quarter of 2020.

RECONCILIATION TO NON-GAAP MEASURES

(Amounts in thousands)	THREE MONTHS ENDED	
	March 31, 2021	March 31, 2020
Selling, general, and administrative expenses	\$ 44,914	\$ 26,755
Stock-based compensation	18,038	2,870
Non-capitalized transaction costs*	-	697
Non-GAAP selling, general, administration expenses	\$ 26,876	\$ 23,188

(Amounts in thousands)	THREE MONTHS ENDED	
	March 31, 2020	March 31, 2020
Research and development expenses	\$ 36,363	\$ 34,282
Stock-based compensation	4,074	1,555
Non-GAAP research and development expenses	\$ 32,289	\$ 32,727

* Non-capitalized transaction costs include non-recurring expenses related to preparation and filing of an S-1 registration statement in the first quarter of 2020.

RECONCILIATION TO NON-GAAP MEASURES

(Amounts in thousands)	THREE MONTHS ENDED	
	March 31, 2021	March 31, 2020
Net cash used in operating activities	\$ (48,769)	\$ (56,313)
Capital expenditures	(819)	(4,036)
Free cash flow	\$ (49,588)	\$ (60,349)