

VIRGIN GALACTIC

THIRD QUARTER 2021

INVESTOR UPDATE

11.08.2021

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, flight schedule and financial 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 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.

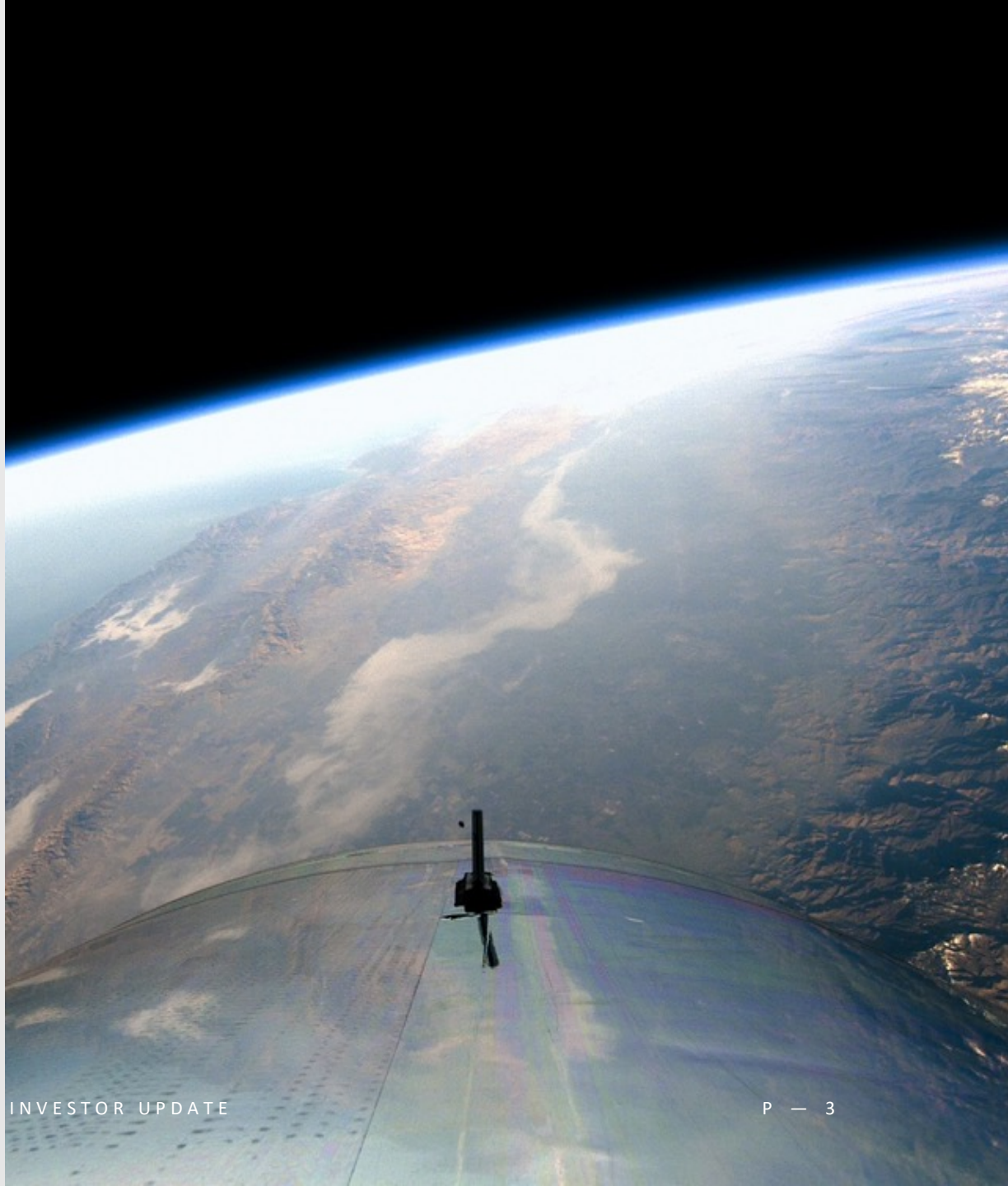
A reconciliation of these non-GAAP financial measures is included in the appendix to this presentation. A reconciliation of the Company's free cash flow guidance cannot be provided without unreasonable effort because of the inherent difficulty in forecasting and quantifying certain amounts that are necessary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

MICHAEL COLGLAZIER

CEO

TODAY'S FOCUS

Transitioning from a prototyping space innovator to a global, scaled, commercial operation.



AGENDA

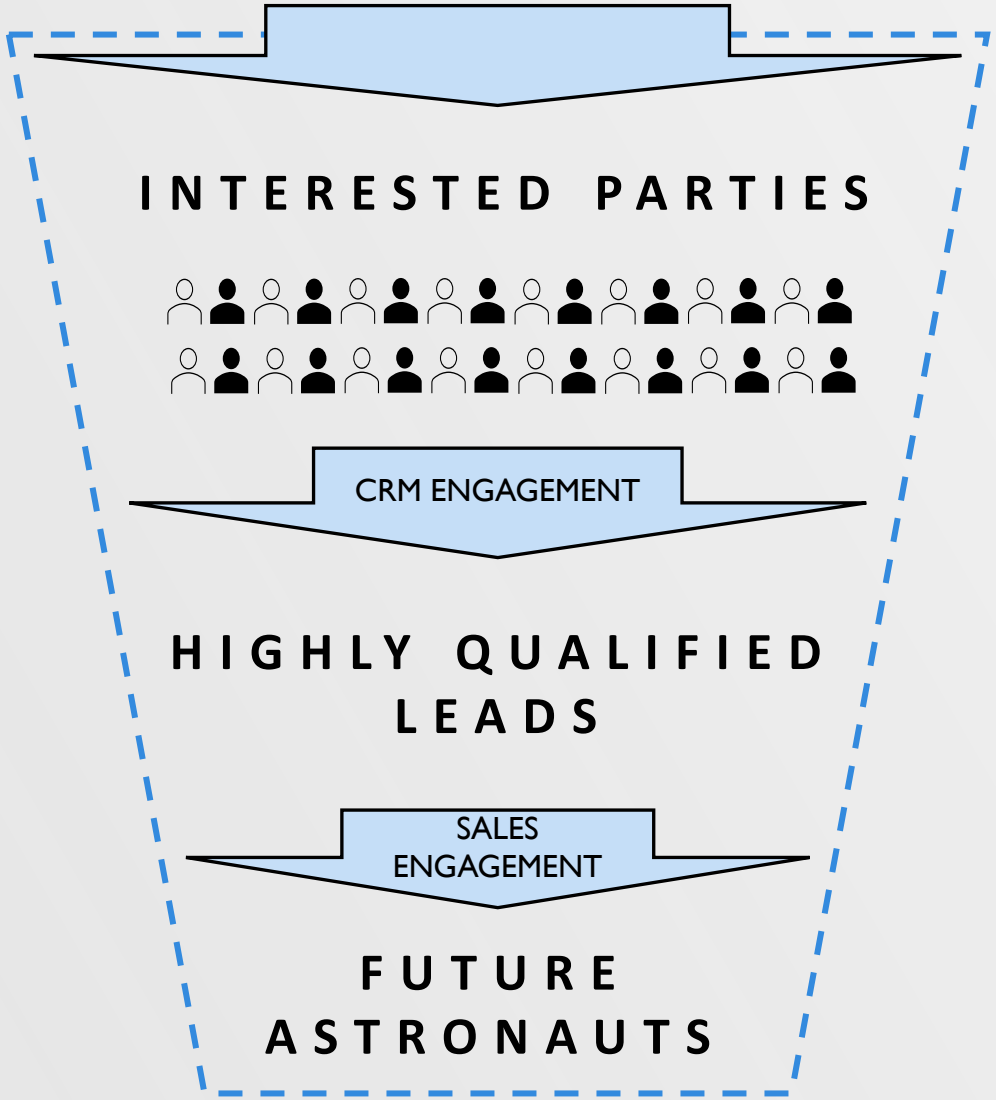
- Commercial Sales Update
- Enhancement Program and Timelines
- Fleet Expansion Overview
- Financial Update



COMMERCIAL SALES

- New Customers Joined Future Astronaut Community
- Targeting 1,000 Future Astronauts Before Commercial Service
  - Approximately 700 of these currently onboard
- $450K Pricing Strategy Well Received
  - Demonstrating High Perceived Value of Product
- Building New Priority List of Highly Qualified Leads

INSPIRATIONAL MARKETING

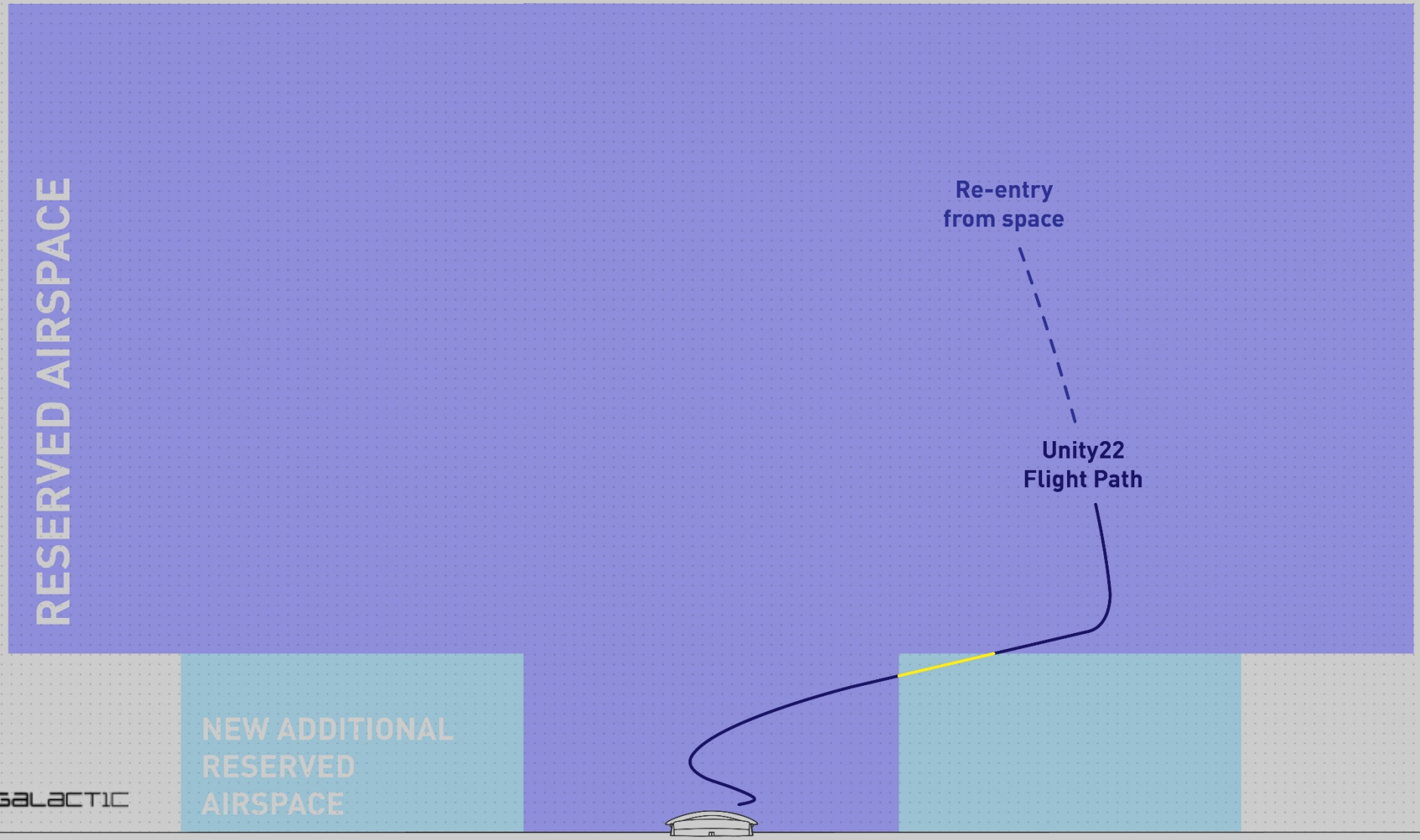


UNITY 22 HIGHLIGHTS – Q3 2021

- First Spaceflight with a Full Cabin of Mission Specialists
- Second Spaceflight from Spaceport America
- Fourth Spaceflight
- Demonstrated Transformative Customer Experience



PROTECTED AIRSPACE



FLIGHT PROGRAM

- Enhancement Program
  - Increase Flight Rate Capability
  - Increase the Number of Flights between Major Inspections
  - Increase Vehicle Service Life



FLIGHT CADENCE MODIFICATIONS

Area #1: Center Wing and Launch Pylon

- Reinforcing the Middle Wing
- Upgrading the Pylon to a New Design

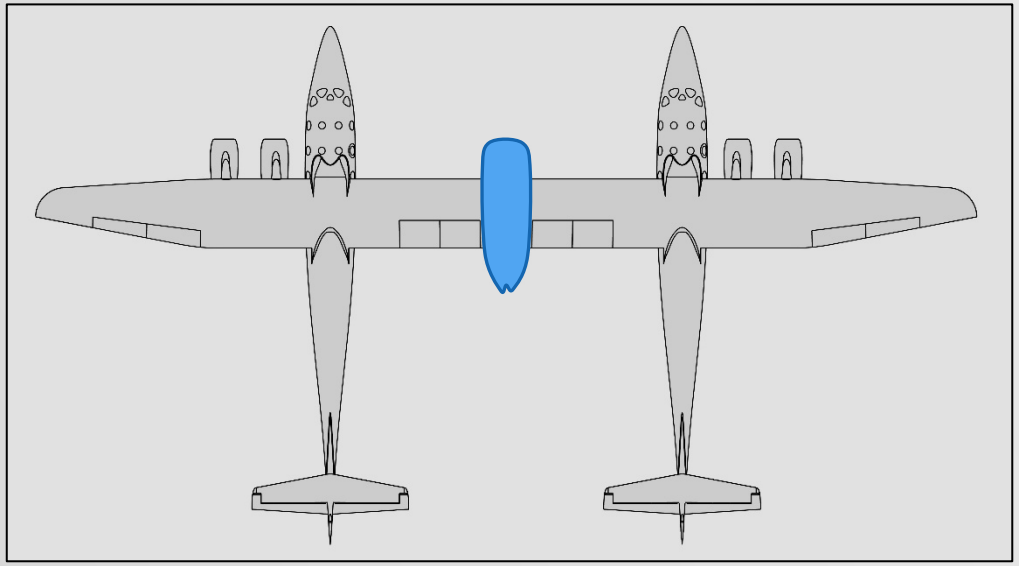
Area #2: Horizontal Stabilizers

- Remove and Replace H-Stabs

Area #3: Avionics, Mechanical and Structural Systems

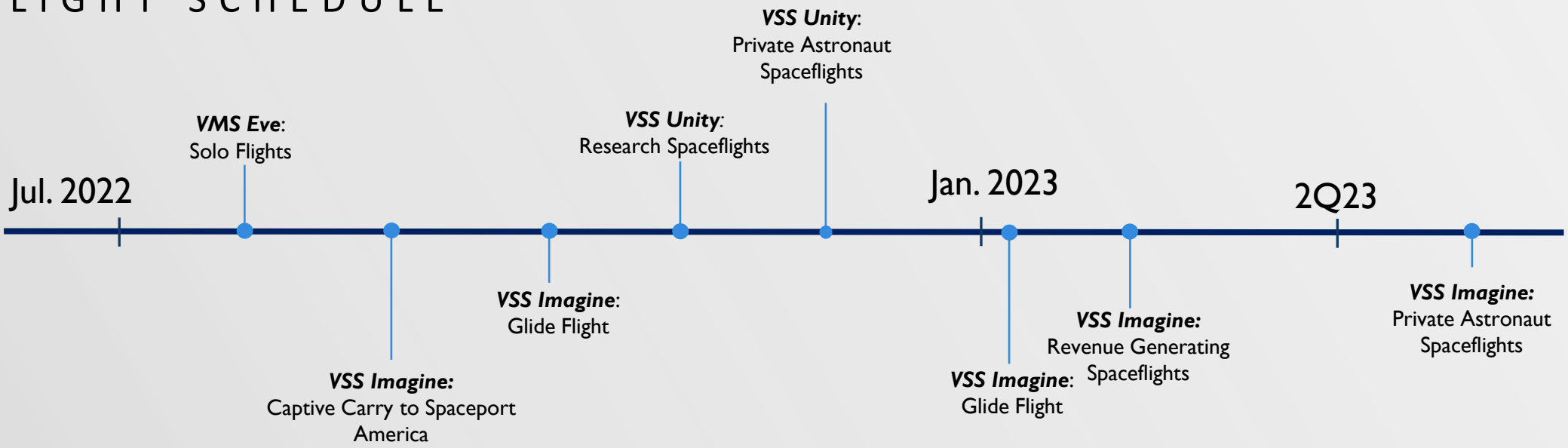
- Proactively Strengthening Certain Areas
- Increase Number of Flights Between Major Inspections
- Upgrading Systems to Extend Service Life







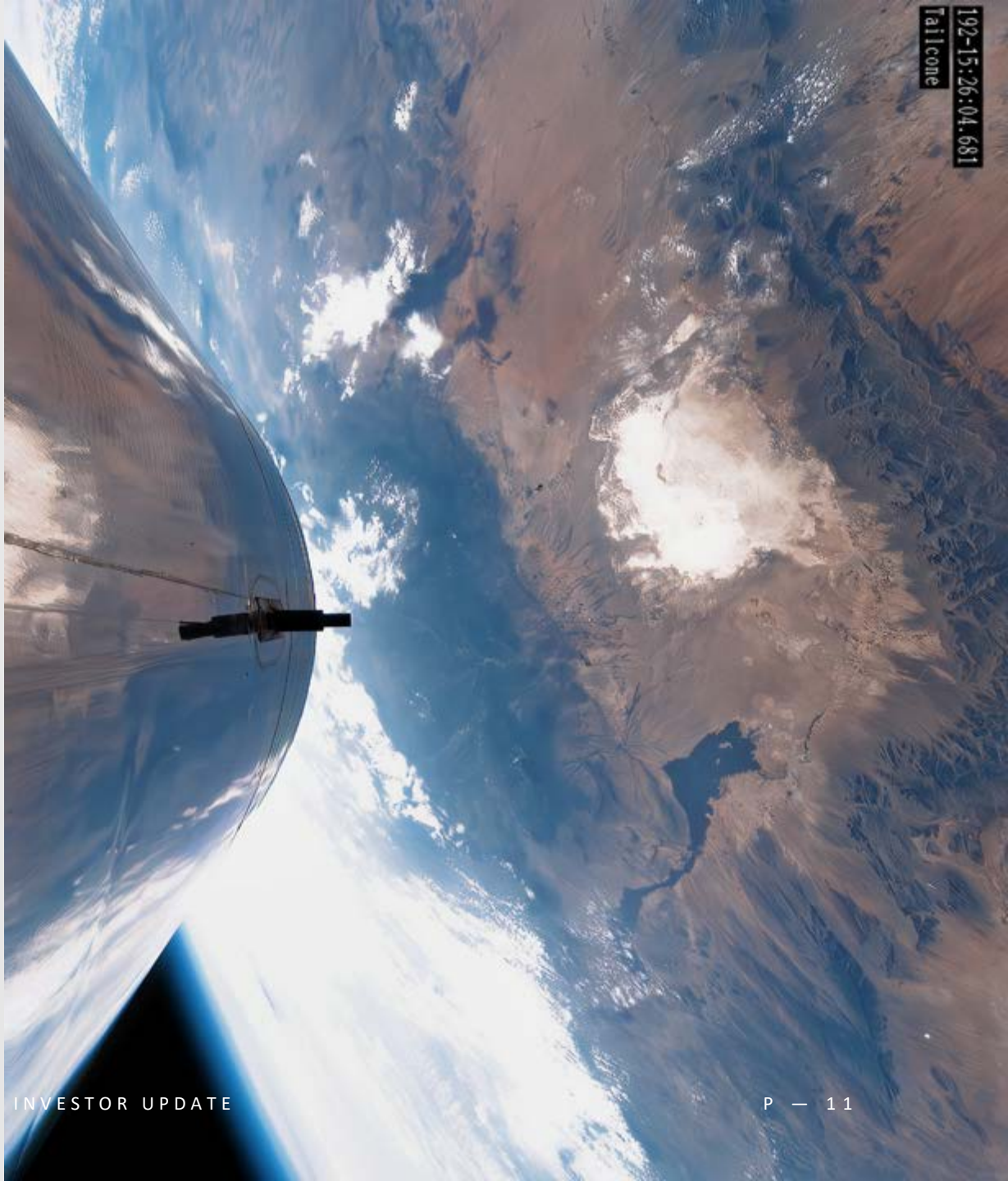
FLIGHT SCHEDULE





FLEET EXPANSION

- Design & Collaboration Center
- Delta Class Spaceship Program
- Next Generation Mothership Program



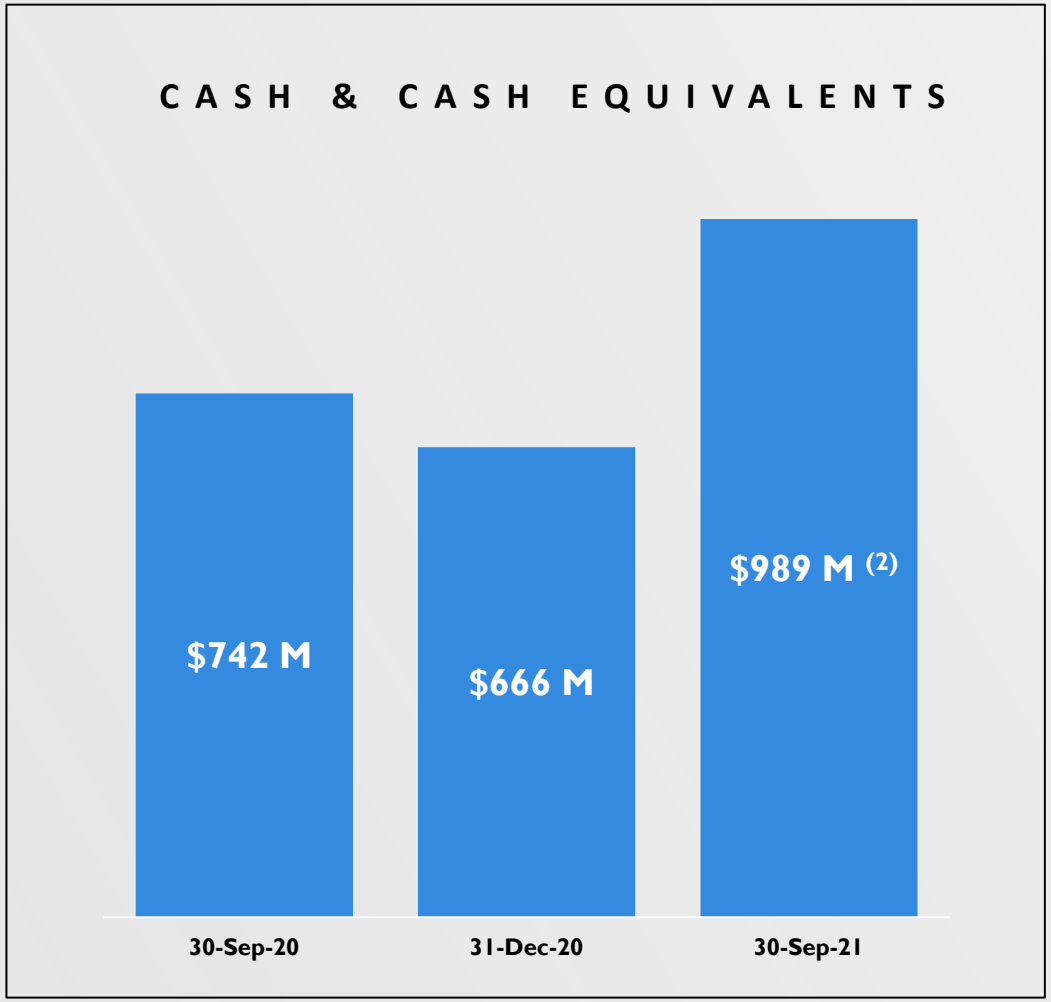
CAPITAL ALLOCATION

CAPITAL ALLOCATION PRIORITIES

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

FREE CASH FLOW (1)

- Q3 2021: ($53) million
  - Capital Expenditures of $1 Million
- Q4 2021: Expected to be in the Range of ($85) to ($95) 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.
2. Amount includes $286m of marketable securities.

FINANCIAL RESULTS

(Amounts in thousands)	THREE MONTHS ENDED	
	September 30, 2021	September 30, 2020
Net Loss	$ (48,368)	$ (92,062)
Adjusted EBITDA [1]	$ (67,705)	$ (65,599)

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.



SUMMARY



APPENDIX



RECONCILIATION TO NON-GAAP MEASURES

(Amounts in thousands)	THREE MONTHS ENDED	
	September 30, 2021	September 30, 2020
Net Loss	$ (48,368)	$ (92,062)
Income tax expense	25	40
Interest expense	6	9
Depreciation & amortization	2,895	2,509
Stock-based compensation	12,170	8,625
Change in fair value of warrants	(34,432)	15,280
Adjusted EBITDA	$ (67,705)	$ (65,599)

RECONCILIATION TO NON-GAAP MEASURES

(Amounts in thousands)	THREE MONTHS ENDED	
	September 30, 2021	September 30, 2020
Selling, general, and administrative expenses	$ 49,859	$ 30,936
Stock-based compensation	8,540	5,056
Depreciation & amortization	1,592	1,448
Non-GAAP selling, general, administration expenses	$ 39,727	$ 24,432

(Amounts in thousands)	THREE MONTHS ENDED	
	September 30, 2021	September 30, 2020
Research and development expenses	$ 35,593	$ 46,075
Stock-based compensation	3,629	3,569
Depreciation & amortization	1,304	1,156
Non-GAAP research and development expenses	$ 30,660	$ 41,349

RECONCILIATION TO NON-GAAP MEASURES

(Amounts in thousands)	THREE MONTHS ENDED	
	September 30, 2021	September 30, 2020
Net cash used in operating activities	$ (52,165)	$ (54,976)
Capital expenditures	(805)	(3,721)
Free cash flow	$ (52,970)	$ (58,697)