



# GALACTIC

FIRST QUARTER 2022  
EARNINGS UPDATE  
05.05.2022

# 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," "target", "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 discussed in our filings with the Securities and Exchange Commission (the "SEC"), accessible on the SEC's website at [www.sec.gov](http://www.sec.gov) and the Investor Relations section of our website at [www.virgingalactic.com](http://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)**

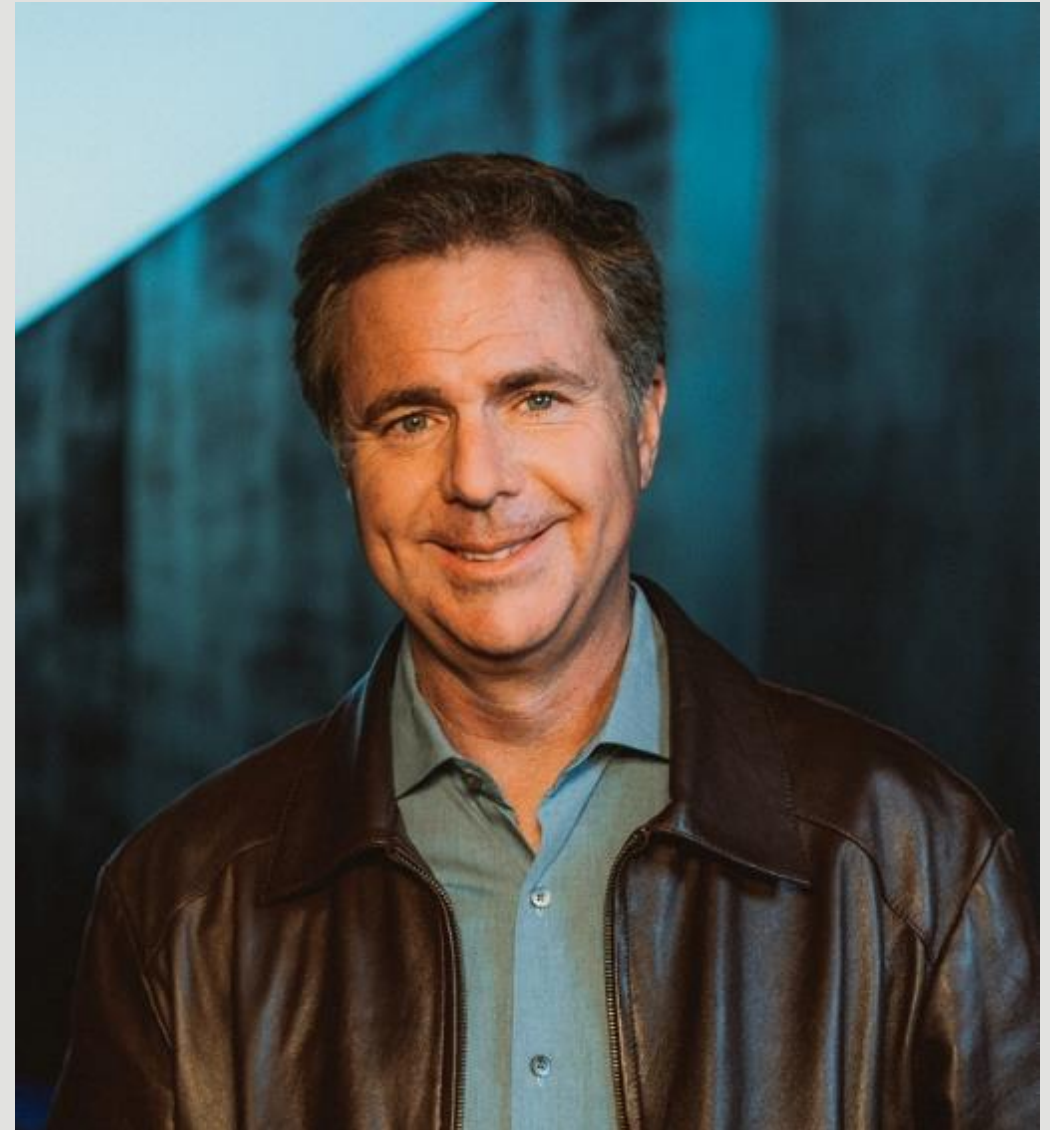
This presentation references certain financial measures that are not prepared in accordance with generally accepted accounting principles in the United States (GAAP), including Adjusted EBITDA, non-GAAP selling, general, and administrative expense, non-GAAP research and development expense and free cash 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-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.

# MICHAEL COLGLAZIER

CEO



# AGENDA

- Enhancement Program
- Schedule
- Future Fleet
- Commercial Strategy
- Financial Update





# VEHICLE ENHANCEMENT PROGRAM

- New pylon installed in April
- Pylon design attaches to the mothership wing with a “4-point” design, rather than “3-point”
- This is intended to increase durability and reliability



“4-point” design rather than “3-point”

# FLIGHT UPDATE

## VSS UNITY



Est. Commercial Service in Q1 2023

Estimated to fly 1x/month

## VSS IMAGINE



Est. Revenue Generating Spaceflights in Q1 2023  
Est. Commercial Service mid-2023

Estimated to fly 2x/month

Once Unity and Imagine are both flying commercial spaceflights,  
we expect to fly to space ~3x/month

# MANUFACTURING APPROACH AND DESIGN UPDATE

- Designed for higher rate production
- Maintain in-house design, engineering, and final assembly
- Strategically leverage tier one suppliers for major sub-assemblies making production version of existing ship design

# FUTURE FLEET DEVELOPMENT – SUPPLIER UPDATE

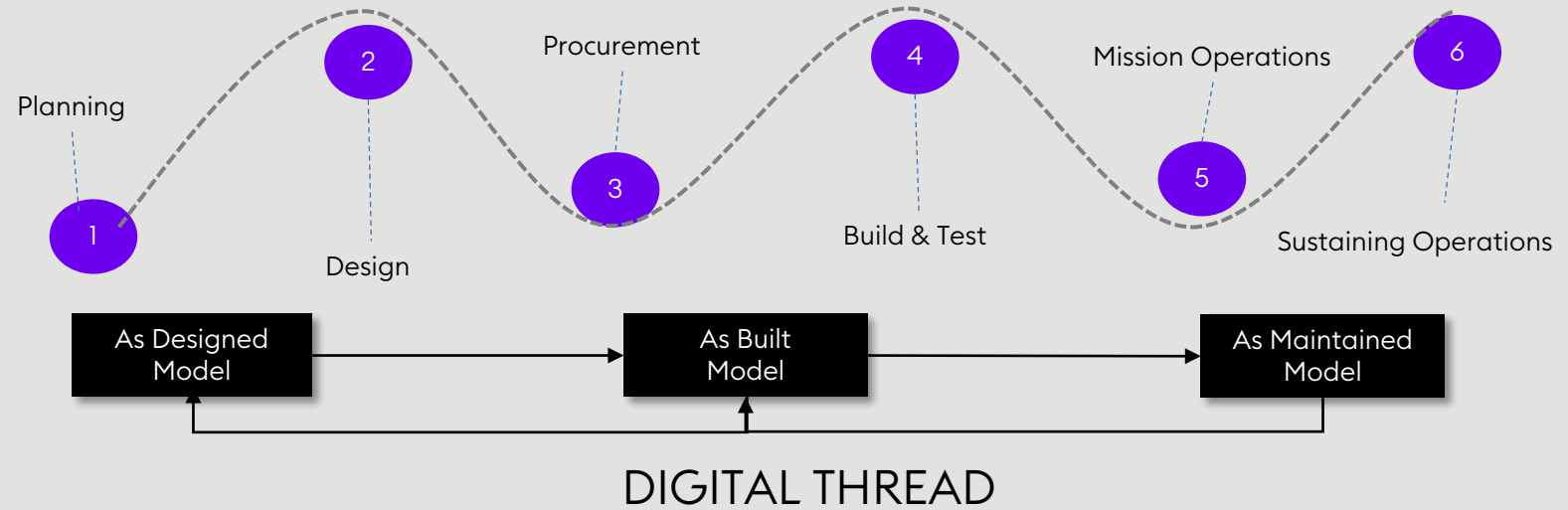
- Hosted supplier conference with tier-one and tier-two suppliers
- RFIs issued
- Identifying and onboarding suppliers





# FUTURE FLEET – DIGITAL TWIN TECHNOLOGY

- Digital twin architecture provides a digital database for each vehicle
- It captures all system requirements, physical design, as well as manufacturing and operations data to create a digital thread for all production activity across the supply chain



# COMMERCIAL UPDATE



Sales

Customer Journey & Experience

Building our Global Brand

# Q1 2022 RESULTS

## FIRST QUARTER

Ended March 31, 2022

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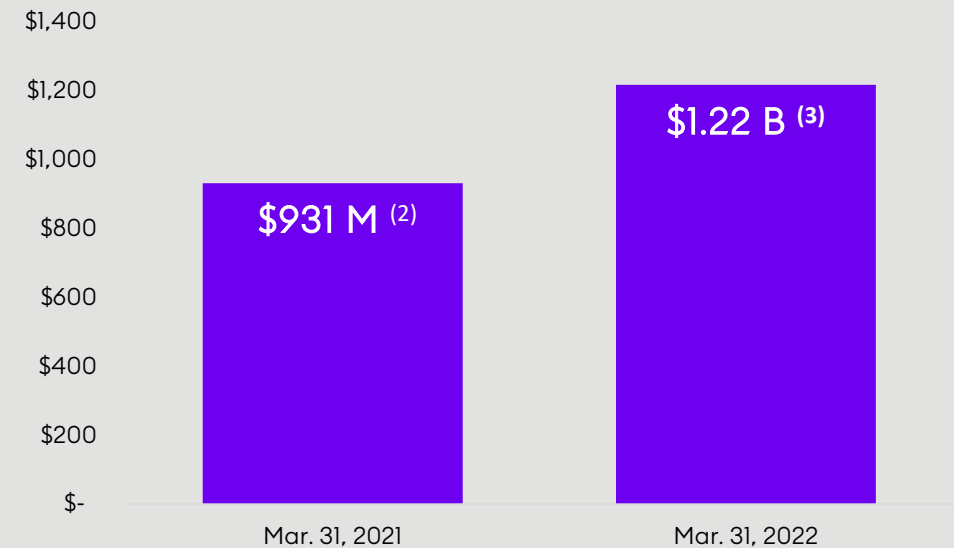
- Revenue of \$310,000, compared to an immaterial amount in the prior year period
- Operating expenses were \$92 million, compared to \$81 million in the prior year period
- Net loss of \$93 million, compared to \$130 million in the prior year period
- Adjusted EBITDA of \$(77) million, compared to \$(56) million in the prior year period

# Q1 2022 RESULTS

## FREE CASH FLOW <sup>(1)</sup>

- Q1 2022: \$(68) million
- Q2 2022 Guidance: Expected to be in the range of \$(80) million to \$(90) million

## CASH, CASH EQUIVALENTS, AND MARKETABLE SECURITIES



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 \$13M of restricted cash.  
3. Amount includes \$35M of restricted cash.







# APPENDIX



# RECONCILIATION TO NON-GAAP MEASURES

(Amounts in thousands)	THREE MONTHS ENDED	
	March 31, 2022	March 31, 2021
Net Loss	\$ (93,057)	\$ (129,694)
Income tax expense	(25)	(43)
Interest expense	(2,474)	(7)
Depreciation & amortization	2,852	2,869
Stock-based compensation	10,895	22,111
Change in fair value of warrants	--	48,719
<b>Adjusted EBITDA</b>	<b>\$ (76,811)</b>	<b>\$ (55,945)</b>

# RECONCILIATION TO NON-GAAP MEASURES

(Amounts in thousands)	THREE MONTHS ENDED	
	March 31, 2022	March 31, 2021
Selling, general, and administrative expenses	\$ 37,007	\$ 43,319
Stock-based compensation	7,277	18,038
<b>Non-GAAP selling, general, administration expenses</b>	<b>\$ 29,730</b>	<b>\$ 25,281</b>

(Amounts in thousands)	THREE MONTHS ENDED	
	March 31, 2022	March 31, 2021
Research and development expenses	\$ 51,827	\$ 35,089
Stock-based compensation	3,619	4,074
<b>Non-GAAP research and development expenses</b>	<b>\$ 48,208</b>	<b>\$ 31,015</b>



# RECONCILIATION TO NON-GAAP MEASURES

(Amounts in thousands)	THREE MONTHS ENDED	
	March 31, 2022	March 31, 2021
Net cash used in operating activities	\$ (66,051)	\$ (48,769)
Capital expenditures	(1,773)	(819)
<b>Free cash flow</b>	<b>(67,824)</b>	<b>(49,588)</b>

# RECONCILIATION TO NON-GAAP MEASURES – Q2 2022 GUIDANCE

(Amounts in thousands)	FORECASTED RANGE
Net cash used in operating activities	\$ (78,000) – (86,000)
Capital expenditures	\$ (2,000) – (4,000)
Free cash flow	\$ (80,000) – (90,000)