

Fourth Quarter and Fiscal 2019 Investor Update

February 25, 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 "Risk Factors" section of the Company's annual report on Form 10-K that it will file with the Securities and Exchange Commission (the "SEC"), in addition to the Company's subsequent filings with 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

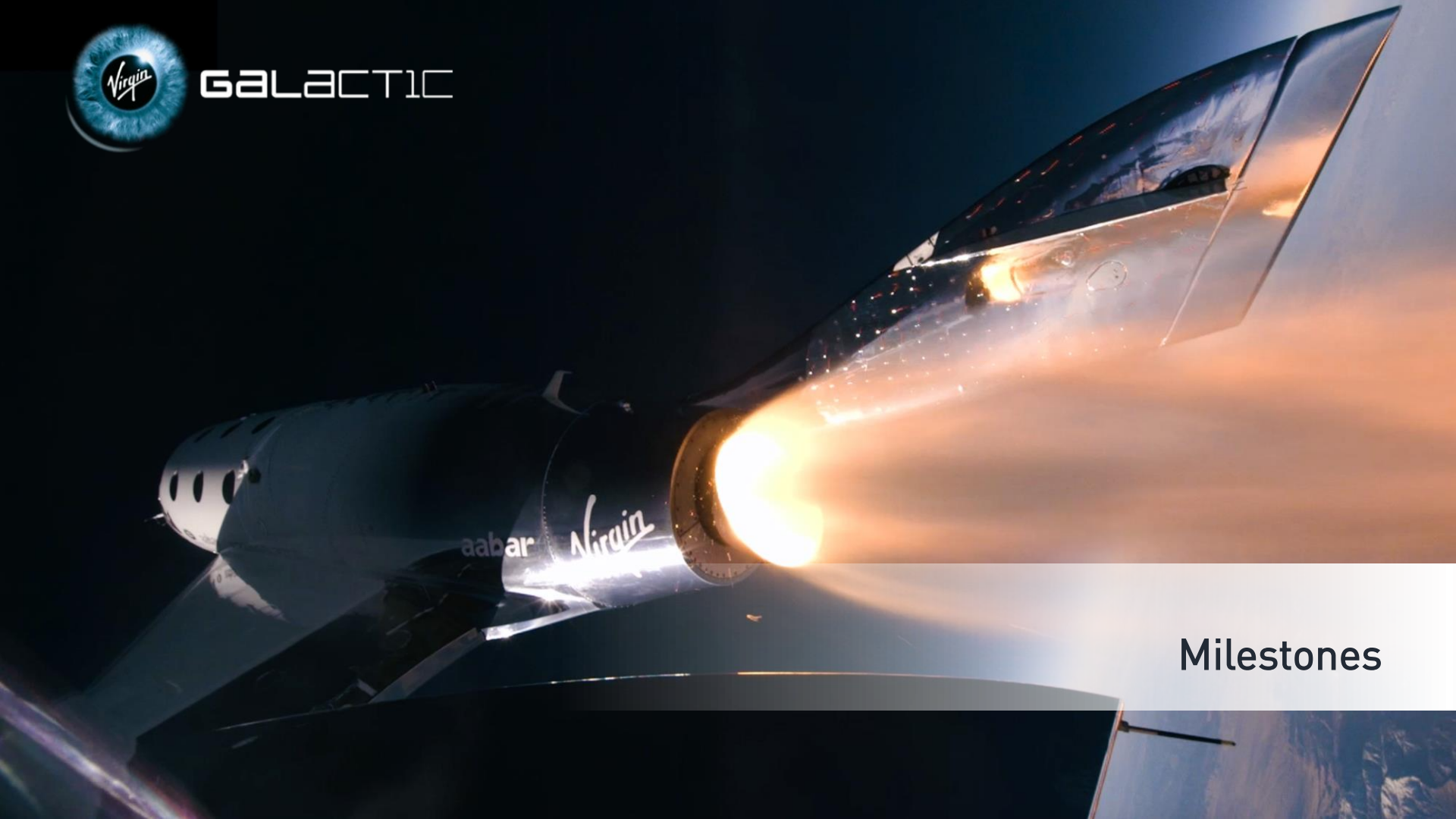
This presentation references Adjusted EBITDA, a non-GAAP financial measure. The Company defines Adjusted EBITDA as earnings before interest expense, taxes, depreciation and amortization, stock-based compensation, and certain other items the Company believes are not indicative of its core operating performance. Adjusted EBITDA is not 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 Adjusted EBITDA 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 Adjusted EBITDA to net loss for the three months and years ended December 31, 2019 and 2018, respectively, are set forth at the end of this presentation.

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

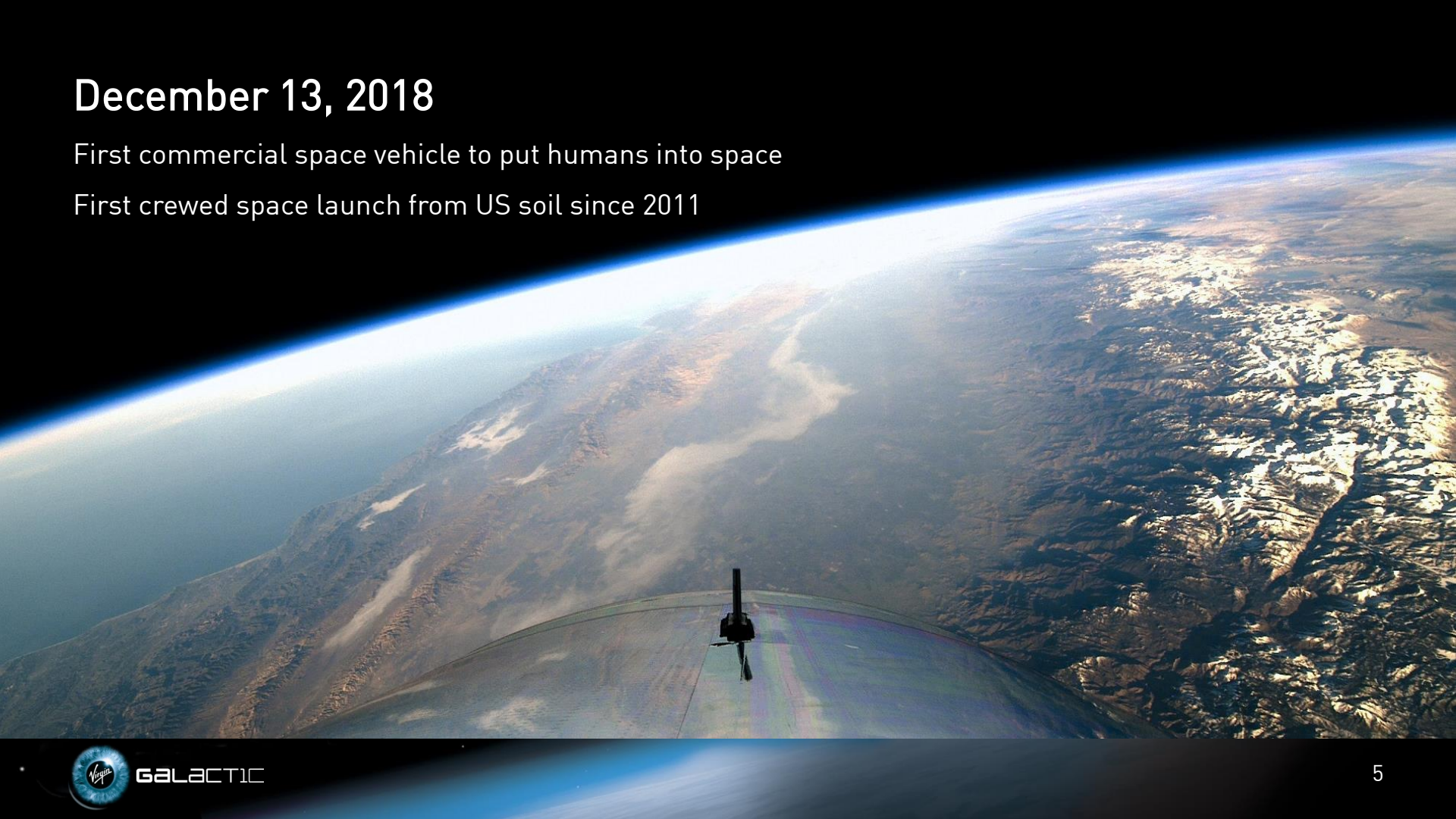


Milestones

December 13, 2018

First commercial space vehicle to put humans into space

First crewed space launch from US soil since 2011





February 22, 2019

First non-pilot crew member flown on a commercial space vehicle

First non-pilot crew member flown at Mach 3+

First non-pilot crew member to unstrap and float freely in space on a commercial space vehicle

May 10, 2019

Move-in initiated for world's first purpose-built commercial spaceport, Spaceport America



August 15, 2019

Relocated carrier ship, VMS Eve, from Mojave, CA to Las Cruces, NM

Spaceport America became operationally functional



October 8, 2019

Announced strategic partnership with Boeing

Announced $20 million strategic investment by Boeing's HorizonX Ventures







October 16, 2019

Announced collaboration with Under Armour

Unveiled spacewear system for Future Astronauts



October 25, 2019

Closed transaction with Social Capital Hedosophia

Highly Experienced Board with Deep and Relevant Expertise

Chamath Palihapitiya
Chairman of the Board of Directors



- Founder, Social Capital
- Senior Exec., Facebook*

George Whitesides
CEO of Virgin Galactic, Board Director



- Chief of Staff, NASA*
- Vice Chairman, Commercial Spaceflight Federation

Wanda Austin
Board Director



- Pres., USC*
- Pres. & CEO, The Aerospace Corporation*

Adam Bain
Board Director



- COO, Twitter*

Craig Kreeger
Board Director



- CEO, Virgin Atlantic*
- Various Roles, American Airlines*

Evan Lovell
Board Director



- CIO, Virgin Group
- TPG Capital*

George Mattson
Board Director



- BOD, Delta Airlines
- BOD, Air France KLM
- Partner, Goldman Sachs*

James Ryans
Board Director



- Prof., London Business School

(*) Former position.



November 15, 2019

Kicked off Astronaut Readiness Program

January 8, 2020

Second spaceship achieved Weight on Wheels Milestone

Third spaceship achieved 50% completion of structure and systems fabrication



February 13, 2020

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



Update on FAA Approval Process

- FAA issued Reusable Launch Vehicle License in 2016 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 has cleared 20 of 29 V&V elements
  - ✓ 10 have been completed so far in Q1 2020
- Working closely with FAA in advance of commercial launch







Test Program Update

Finishing the test flight program

Testing and optimizing the end-to-end customer experience

Readying the vehicles for long-term, high rate service

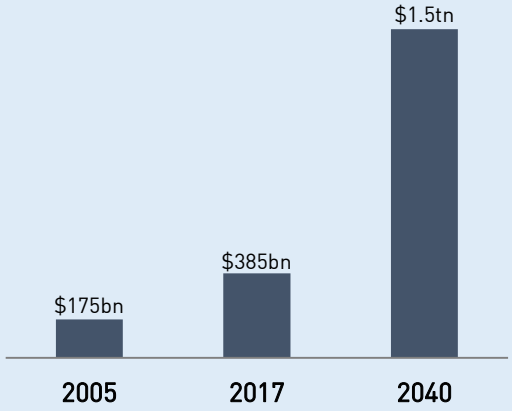


Business Overview and Strategy

Market Backdrop: Commercial Space Travel Coming of Age

Commercial Space Industry Size[1]

By 2040, the commercial space industry is expected to reach 5% of U.S. GDP

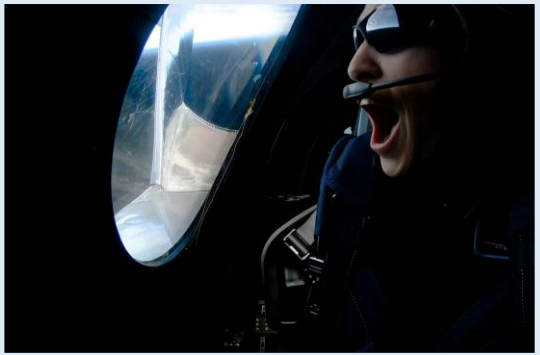


Significant Technological Advancements



High rates of flight for new entrants

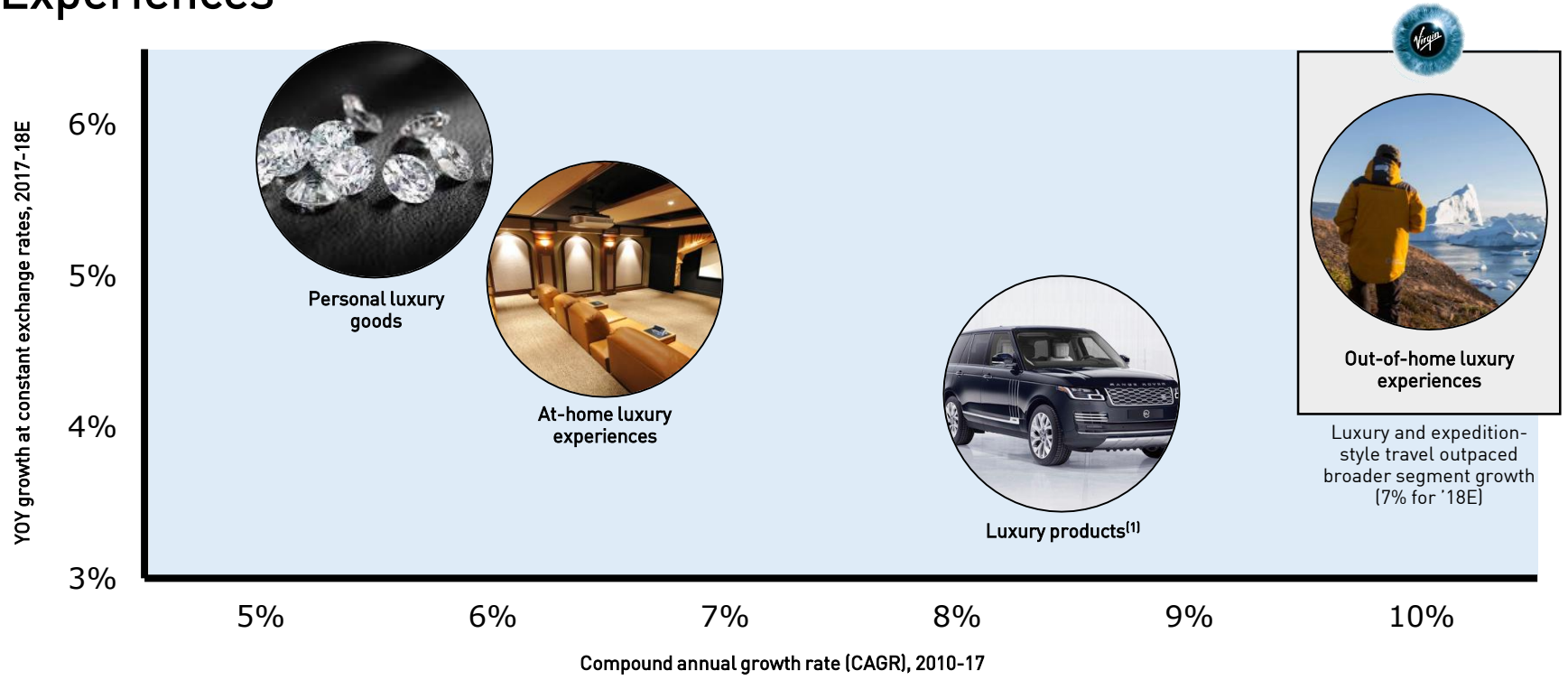
Recent Proof of Concept



Private companies gaining credibility

(1) Source: U.S. Chamber of Commerce.

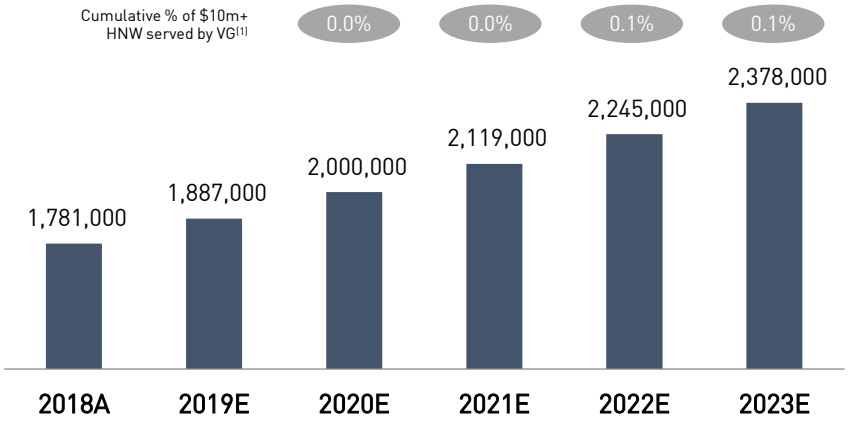
Market Backdrop: Spending Preferences and Trends Favor Luxury Experiences



Source: Bain Luxury Goods Worldwide Market Study, Fall-Winter 2018.
(1) Includes luxury cars, private jets and yachts.

Market Backdrop: Significant Total Addressable Market

Significant Total Addressable Market



- Individuals with $10+ million net worth expected to grow at a 2018A – 2023E CAGR of 6%
- Growth of high net worth population has historically exceeded GDP growth
- VG's business plan contemplates serving only a very small percentage of HNW individuals

Key Drivers



- Overall growth in global markets



- Growth in entrepreneurs and self-made wealth



- Growth of economies in emerging markets

Source: Credit Suisse Research Institute.
(1) Based on Virgin Galactic's operational model.

Growth Strategy I: Scaling the Business

Planned Fleet Expansion

Five SS2s by end of 2023
at Spaceport America



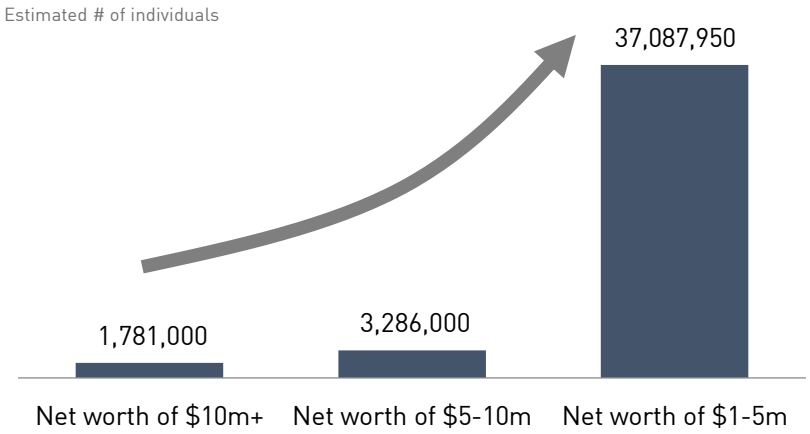
Research Payloads

Micro-gravity and suborbital space conditions research

Representative Customers

Growth Strategy II: TAM Expansion

Lower Prices Significantly Expand the Total Addressable Market [1]



Levers to Reduce VG's Cost Profile

- Economies of Scale
- Manufacturing Efficiencies
- Labor Efficiencies
- Advances in Technology

Additional Spaceports

Discussions with governments underway in Italy and UAE for potential new spaceports

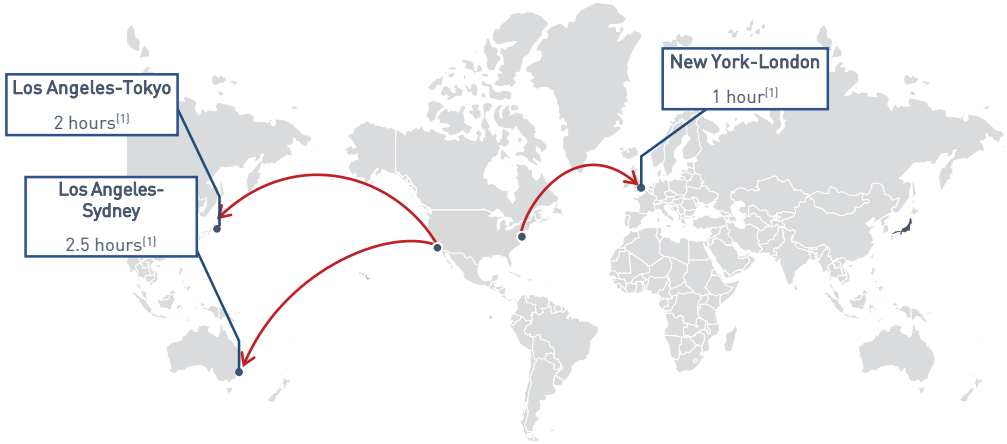




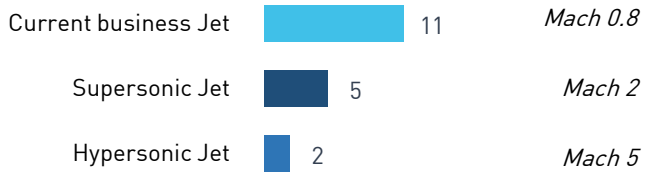
(1) Source: Credit Suisse Research Institute.

Growth Strategy III: High Speed Global Mobility

Hypersonic Point-to-Point Travel



Los Angeles <-> Tokyo (hours)



- Opportunities to apply VG's proprietary technologies and capabilities for other commercial and governmental uses
- Potential opportunities to develop high speed global mobility vehicles that drastically reduce travel time for point-to-point travel
- Significant market opportunity (~$900 billion commercial aviation market and ~$600 billion total commercial passenger travel market)

Source: Management projections, IATA.
(1) Approximate travel time potential with Mach 5 vehicle.

Growth Strategy III: High Speed Global Mobility (cont.)

Today



- Only team designing, building and flying a commercial vehicle at supersonic speeds today
- Partnership with Boeing to further develop high speed technology
- Co-located, vertically integrated design and manufacturing stack within The Spaceship Company
- Horizontal launch and landing architecture enables compatibility with current airport infrastructure
- Focused, experienced project team and advanced engineering group working on high speed mobility
- Benefit from insight and expertise from Virgin Group's airlines

Project Vision: Customer-driven environmentally-sustainable fleet of commercially-viable vehicles with rapid global reach

Future



- Mobility around our planet transformed with a customer driven, premium end-to-end service saving a precious resource: time
- Fleet of winged vehicles integrated into existing airspace and airport infrastructure for accelerated adoption
- Value creation for manufacturer and operators accessing significant new market opportunity
- IP created in materials science, analysis tools, propulsion, sustainable fuels, manufacturing, guidance and navigation, and other supporting technologies for high speed applications
- Aero-derivative technologies developed that can provide direct benefit to all

The Spaceship Company: Creating Disruptive Aerospace Solutions

- Vertically integrated, end-to-end aerospace manufacturer within Virgin Galactic
- Design, manufacturing and production capabilities
- Testing, validation and post-delivery support
- Headquarters: Mojave Air and Space Port, California






Design, Modeling and Analysis → Manufacturing → Assembly and Systems Integration → Testing and Validation

Capabilities cover the full range of design, manufacturing, ground testing, flight testing and post-delivery support

VMS Eve: Proven, Versatile, High Altitude Capability

VMS Eve is a remarkable configuration that is in a class of its own in many respects

Serves as mothership for SpaceShipTwo, however has a payload agnostic capability

VG is exploring the significant interest received to date to leverage this platform for other markets



Potential Future Applications of VG's Technology and Capabilities

High Speed Testbed



Alternate Mothership Configurations



Electric Air Mobility



High Altitude Persistent Platforms



Fourth Quarter 2019 Business Highlights

- Achieved key operational milestones at Spaceport America
- Transitioned 70 operations personnel from Mojave, CA to NM by 2019 year end, totaling 145 staff in NM
- Achieved critical design and build milestones on the second SpaceShipTwo vehicle
- Activated key elements of rocket motor higher rate production facility
- Continued to clear FAA Verification and Validation provisos
- Entered into new contract with the Italian Air Force
- Announced collaboration with Under Armour and unveiled spacesuits
- Launched Astronaut Readiness Program at Under Armour Global HQ in Baltimore, MD
- Added three new Board Directors with extensive experience in space and aviation
- Michelle Kley appointed Executive Vice President, General Counsel and Secretary

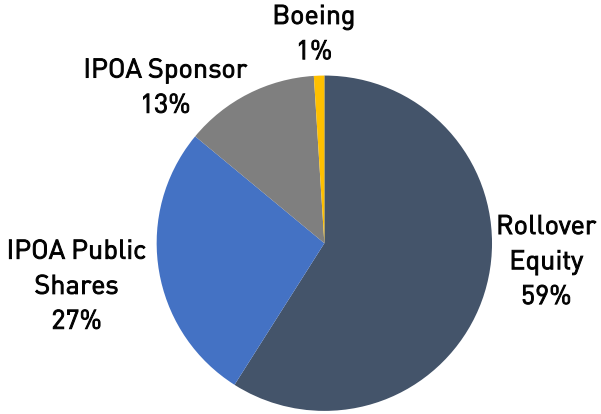
Transaction with Social Capital Hedosophia, Closed October 25, 2019

Sources and Uses

($ in millions)

Sources	
▪ Cash from IPOA:	$552
Total Sources	**$552**
Uses	
▪ Cash to Balance Sheet	$452
▪ Cash to Selling Shareholders	$52
▪ Transaction Costs	$48
Total Uses	**$552**

Ownership Structure post Transaction



Fourth Quarter and Fiscal Year 2019 Financial Highlights

Fourth Quarter Ended December 31, 2019	▪ Cash and cash equivalents of $480 million as of December 31, 2019 ▪ Revenue of $529,000, generated by providing engineering services ▪ Net loss of $73 million (including applicable transaction costs) ▪ Adjusted EBITDA totaled $(55) million ▪ Capital expenditures totaled $6 million
Fiscal Year Ended December 31, 2019	▪ Revenue of $4 million, generated by transporting scientific payloads and providing engineering services ▪ Net loss of $211 million (including applicable transaction costs) ▪ Adjusted EBITDA totaled $(187) million ▪ Capital expenditures totaled $19 million
Current Reservations	▪ Received 7,957 registrations of interest in flight reservations as of February 23, 2020, up 124% from 3,557 as of September 30, 2019

Adjusted EBITDA and Capital Expenditures

- We use Adjusted EBITDA as a key measure of our performance
  - Adjusted EBITDA excludes stock-based compensation and non-recurring transaction costs
  - Refer to appendix of presentation for reconciliation to GAAP Net Loss
- Q4'19 expense increase primarily related to:
  - Public company efforts, mainly around Audit, SOX 404 Compliance, Legal, Investor Relations, Insurance, etc.
  - Employee, vehicle and equipment relocations, and Unity cabin/interior work
- Capitalization of costs for SS2s, WK2s, etc., upon achievement of technological feasibility anticipated later in 2020
- Capital expenditures increased from FY'18 to FY'19 by $9 million and 83%, which was primarily attributed to continued investments in Spaceport America operational readiness and Vehicle tooling costs

Direct Sales Funnel

Scalable end-to-end customer pipeline for direct sales

2018

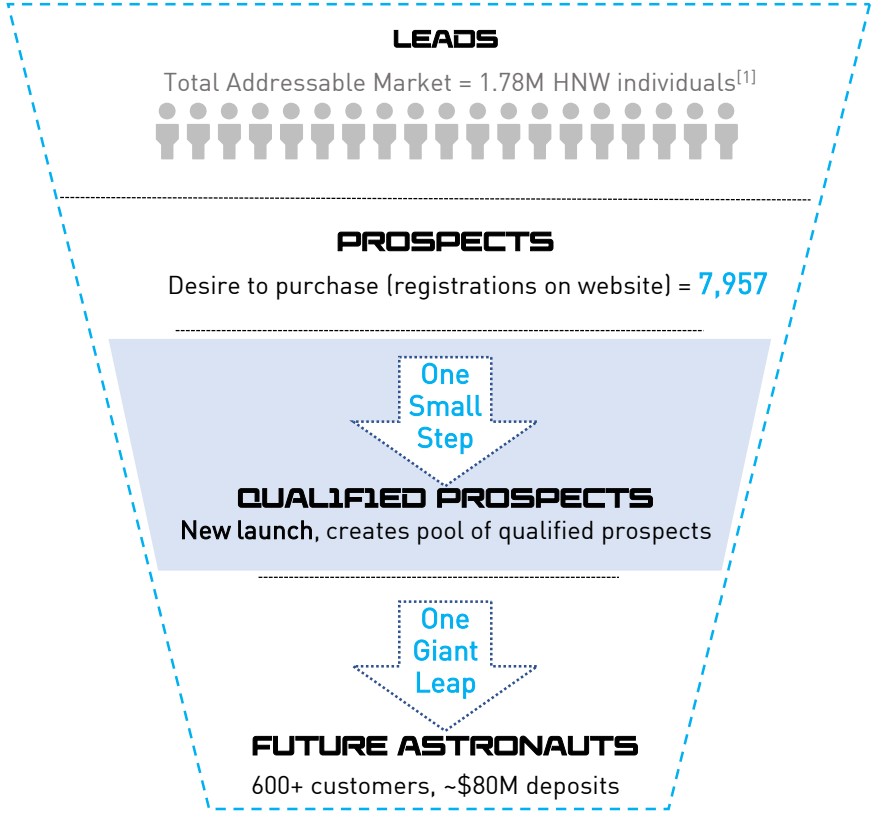
- Sales formally closed after first space flight, constricting supply to drive demand at higher price points
- Future flyers encouraged to register online, creating a pool of direct Prospects and providing valuable data

2019

- Rapid expansion of Prospect group driven by a strong flow of project news
- Direct sales funnel is strong in Leads, Prospects and Future Astronauts stages
  - Additional structure required to establish Qualified Prospects
- Planning and design process kicked-off to complete sales funnel structure in preparation for a return to direct sales and support future growth

2020

- Prospect pool reaches 7,957 as of February 23, 2020
- The new "One Small Step" offering augments the direct sales funnel by creating a pool of Qualified Prospects



(1) With more than $10m net worth in 2018. Credit Suisse Research Institute

February 25, 2020

- Launching the "One Small Step" initiative in preparation for re-opening sales
- Online registrants pay $1,000 refundable deposit to secure their place at the front of the line for future ticket reservations

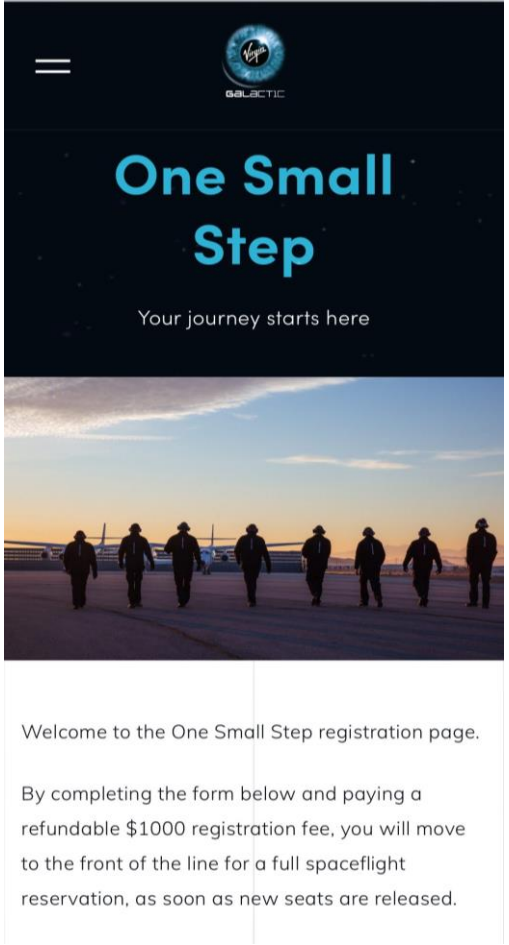
For customer:

  - Front-of-line position to purchase seats
  - An enhanced relationship with VG

For VG:

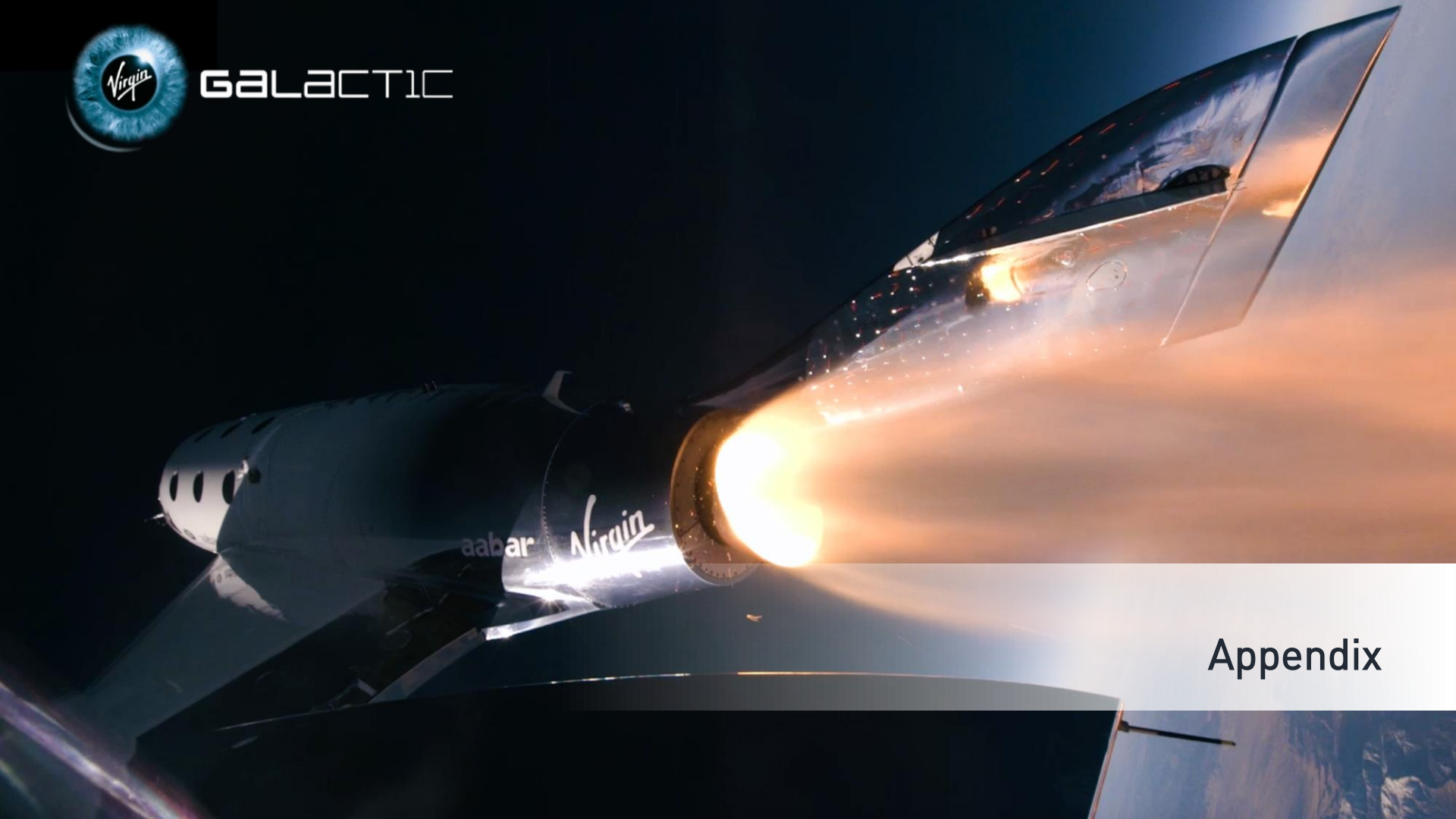
  - Augments direct sales funnel
  - Establishes relationship with future customers
  - Provides a pool of qualified prospects for conversion, via One Giant Leap, to Future Astronaut status

- Direct sales Qualified Prospect pool will be augmented by alternative sales channels, including VG's global network of Accredited Space Agents





Q&A



Appendix

Reconciliation to Non-GAAP Measures

Amounts in thousands ($)

	Three Months Ended Dec. 31		Twelve Months Ended Dec. 31	
	2019	2018	2019	2018
Net Loss	$ (72,799)	$ (45,717)	$ (210,935)	$ (138,139)
Income Tax Expense (Benefit)	(61)	32	62	147
Interest Expense	34	2	36	10
Depreciation & Amortization	2,079	1,552	6,999	5,807
EBITDA	(70,747)	(44,131)	(203,838)	(132,175)
Cash Incentive Plan Disbursement*	9,867	-	9,867	-
Non-capitalized Transaction Costs**	3,577	-	4,692	-
Stock-Based Compensation	2,535	-	2,535	-
Adjusted EBITDA	(54,768)	(44,131)	(186,744)	(132,175)

* Represents a cash disbursement to settle amounts owed to participants of the VG Companies' amended Cash Incentive Plan upon the achievement of the second qualifying milestone in connection with the closing of the transaction with Social Capital Hedosophia.
** Non-capitalized transaction costs include non-recurring expenses related to public listing (i.e., consulting, legal, professional fees, business organizational expenses, etc.)

VMS Eve: The Carrier Aircraft



Carries VSS Unity up to its launch altitude of approx. 45,000 feet, offering what we believe to be critical safety advantages, including horizontal takeoff and landing

Carrier Aircraft Highlights	
Crew	2 pilots
Length	77.7 feet (~24 meters)
Wingspan	140.0 feet (~43 meters)
Takeoff / Landing	
Max Payload Weight (Takeoff)	30,000 pounds
Max Payload Weight (Landing)	17,000 pounds
Min Runway	9,400 feet (at sea level and max weight)
Flight Capabilities (Various Missions)	
Max Altitude	55,000 feet
Cruising Speed	Mach 0.6 (360+ mph)
Range	2,800 miles
Endurance	12+ hours
Total Flights	265+

VSS Unity: The Spaceship



Reusable winged spacecraft designed for air launch from VMS Eve

Spaceship Highlights	
Crew	2 pilots
Length	60 feet (~18 meters)
Tail Height	18 feet (~5 meters)
Wingspan	42 feet (~13 meters)
Capacity	
Max Passengers	6
Max Payload	Equivalent to 6 passengers
Flight Capabilities	
Top Speed	› Mach 3
Flight Duration	Up to ~90 minutes
Total Flights (SS2 Model)	50+, including 37 glide and 8 powered

Hybrid Rocket Motor: The Motor

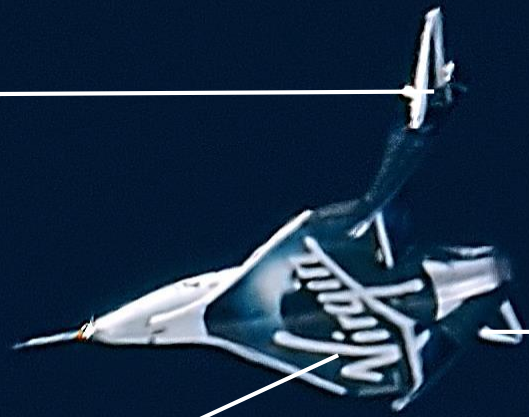


Displayed at the Moving Beyond Earth Gallery of the National Air and Space Museum

- Recognized as "most powerful hybrid rocket used in manned flight" by the Guinness Book of World Records
- Robust, yet simple human spaceflight rocket motor
- Max thrust: 72,000 lbs
- 100+ motors built to date
- Easy-to-store, replaceable fuel cartridge
- Liquid oxidizer with solid fuel grain

Feathering Re-Entry Mechanism

Patented, foldable boom tail



Once back in atmosphere, feather lowers and spaceship glides home

Shuttlecock aerodynamic profile for deceleration and stable re-entry

Virgin Galactic's Commitment to Safety

Horizontal Takeoff and Landing



Takeoff and landing on regular runways similar to a typical airliner

Two Pilots



Creates redundancy in operations and in-space safety

Mothership Engine Reliability



Highly reliable and rigorously tested jet engines for first 45,000 feet of journey

Hybrid Rocket Motor



Robust yet simple design with simple shut-off control

Flight Controls



Simple operations aimed at maintaining reliability

Seating



Two position seats to favorably redirect G loads in accordance with phases of flight

Re-Entry Mechanism



Proprietary feathering system for re-entry via gentle glide descent

Abort Architecture



System designed to allow for abort at any phase of the flight