



VIRGIN GALACTIC

**FOURTH QUARTER AND FULL
YEAR 2020 INVESTOR UPDATE**

02.25.2021

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 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 filings with the Securities and Exchange Commission (the "SEC"), including, once filed, its Annual Report on Form 10-K for the fiscal year ended December 31, 2020, which are or will be 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





2020 ACHIEVEMENTS

- ✓ Transitioned spaceflight operations to Spaceport America, New Mexico
- ✓ Conducted two successful glide flights
- ✓ Cleared seven additional FAA verification reports, with just two remaining
- ✓ Demonstrated commercial demand with One Small Step program, which closed with approximately 1,000 participants
- ✓ Future Astronaut community remained at approximately 600
- ✓ Strengthened the balance sheet with successful fundraiser
- ✓ Conducted test flight on December 12, 2020
- ✓ Continued to make progress on our fleet expansion
- ✓ Realigned company to functional structure under the Virgin Galactic brand in preparation for growth

FLIGHT TEST PROGRAM UPDATE

FIRST FLIGHT

SECOND FLIGHT

THIRD FLIGHT

- Rocket-powered spaceflight with two pilots onboard
- Aim to complete data for final two FAA verification reports
- Revenue-generating payloads under NASA Flight Opportunities Program



FLIGHT TEST PROGRAM UPDATE



- Rocket-powered spaceflight
- Full cabin of mission specialists and two pilots onboard



FLIGHT TEST PROGRAM UPDATE



- Rocket-powered spaceflight
- Sir Richard Branson's first spaceflight
- Demonstrate private astronaut experience



FIRST TEST FLIGHT

- December 12, 2020:
 - Flight delivered learnings and success, despite not reaching space
 - Demonstrated strong, safety-first culture and safety of the spaceflight system
 - Identified EMI as the root cause of the Rocket Motor Controller reboot
 - Implemented corrective actions
- February 2021:
 - Uncovered additional EMI impacts during pre-flight preparations for February 13th flight
 - Analysis and corrective work underway, with plans to complete this test flight in May 2021



MARKETS

- Our spaceflight system is built to serve three markets:
 - Private Astronaut
 - Microgravity Research (both human tended and payload only)
 - Professional Astronaut training
- Announced the confirmation of Italian Air Force Flight
 - Demonstrates our capabilities for both human tended research and suborbital astronaut training





SPACESHIP 3

COMING SOON



VIRGIN GALACTIC



FLEET EXPANSION

- Rollout of second spaceship, SpaceShip III, on March 30, 2021
- Second spaceship starts ground testing after rollout and goes into flight test in the summer
- Begin assembly of second vehicle in the SpaceShip III class
- Implement a series of vehicle enhancements in preparation for start of private astronaut commercial flights



SCALING MANUFACTURING AND BUILD TO PUT PLAN INTO ACTION

- Pivot from R&D to manufacturing to achieve multi-year effort that will target flying 400 flights per year, per spaceport
 - Investing in manufacturing facilities, processes, and partnerships
- Commence design efforts on new class of Spaceships and Motherships
 - Higher capacity
 - More efficient
 - Reduced, more reliable turnaround time
 - Scalability

AEROSPACE LEADERSHIP



Swami Iyer
President of Aerospace Systems

- Over 20 years of experience in commercial and highly classified aerospace, defense, and cyber industries
- Responsible for leading Virgin Galactic's transformation of manufacturing and engineering processes, facilities and partnerships to support the design and build of future fleet vehicles and the development of future capabilities



Stephen Justice
Vice President of Engineering

- 40 years at Lockheed Martin Skunk Works®
- Leads and grows a world-class team of Engineers supporting Spaceships, Motherships, and longer-term expansion opportunities
- Served as deputy program manager for Lockheed Martin's Blackswift

INTRODUCING

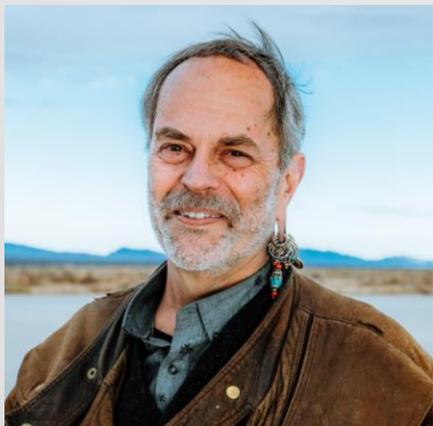
DOUG AHRENS

CHIEF FINANCIAL OFFICER

- Multiple prior CFO roles at both Public and Private Companies
- Deep experience helping manufacturing companies grow and scale
- Capital Markets and M&A expertise



WORLD-CLASS ADVISORS TO HELP GUIDE COMMERCIAL EFFORTS



Joe Rohde
Experience Architect

- Previously spent 40 years at Walt Disney Imagineering
- Will help develop and bring to life the overall experience for future astronauts, their friends, family, and other future customers



Blair Rich
Marketing and Brand Strategy

- Previously President of Worldwide Marketing, Warner Bros.
- Will develop the consumer brand architecture and marketing strategy



Geoff Goodman
Business Development and
Revenue Planning

- Previously Head of Global Strategy and Business Development for Disney Parks, as well as Chief Commercial Officer for Disneyland Resort
- Building strategic roadmap to monetize the business

SPACE ADVISORY BOARD

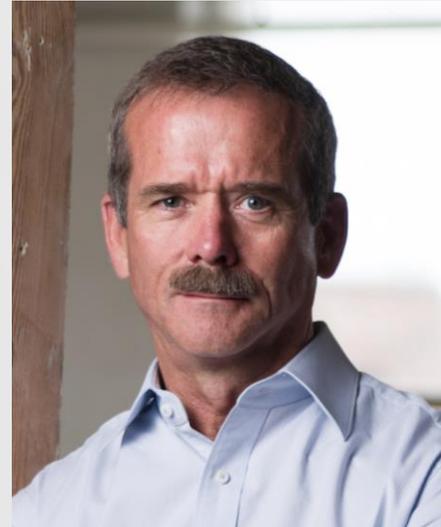
- Launched Virgin Galactic Space Advisory Board
 - Provide advice to senior management on commercial spaceflight service, next generation vehicles, and magnifying the positive impact of democratizing space
 - Serve as a forum to discuss technical, operational and experiential best practices



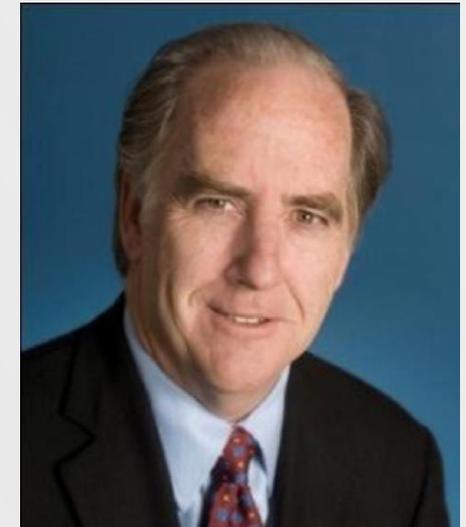
George Whitesides
Space Advisory Board Chair,
Founding CEO Virgin Galactic
and former NASA Chief of Staff



Dr. Sandy Magnus
Former NASA astronaut
and deputy chief of the
Astronaut Office



Chris Hadfield
Decorated astronaut, engineer
and test pilot



Dr. David Whelan
Former Chief Scientist, Boeing
Defense, Space, and Security;
director of DARPA's Tactical
Technology Office

FINANCIALS



FINANCIAL RESULTS

FOURTH QUARTER

Ended December 31, 2020

Net loss of \$74 million, compared to \$77 million net loss in Q3 2020

Adjusted EBITDA⁽¹⁾ totaled \$(60) million, compared to \$(66) million in Q3 2020

SG&A expenses of \$33 million, compared to \$31 million in Q3 2020; Non-GAAP SG&A expenses⁽²⁾ of \$23 million, compared to \$26 million in Q3 2020

R&D expenses of \$40 million, compared to \$46 million in Q3 2020; Non-GAAP R&D expenses⁽³⁾ of \$39 million, compared to \$43 million in Q3 2020

FULL YEAR

Ended December 31, 2020

Net loss of \$273 million, compared to \$211 million net loss in 2019

Adjusted EBITDA⁽¹⁾ totaled \$(232) million, compared to \$(187) million in 2019

SG&A expenses of \$117 million, compared to \$82 million in 2019; Non-GAAP SG&A expenses⁽²⁾ of \$95 million, compared to \$66 million in 2019

R&D expenses of \$159 million, compared to \$133 million in 2019; Non-GAAP R&D expenses⁽³⁾ of \$150 million, compared to \$132 million in 2019

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.

2. Non-GAAP SG&A expenses have been adjusted to exclude stock-based compensation and non-capitalized transaction costs (if applicable). Refer to appendix of presentation for reconciliation to GAAP SG&A.

3. Non-GAAP R&D expenses have been adjusted to exclude stock-based compensation. Refer to appendix of presentation for reconciliation to GAAP R&D.

CAPITAL ALLOCATION

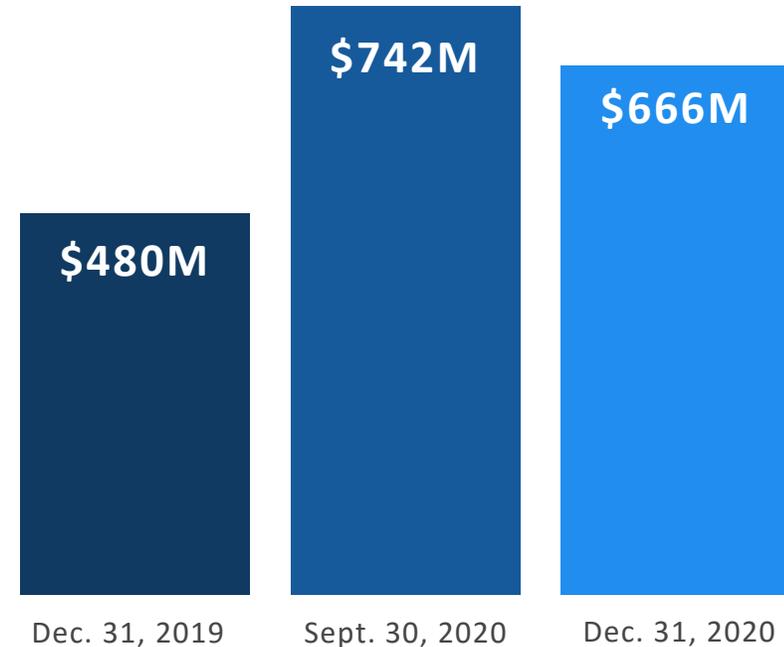
CAPITAL ALLOCATION PRIORITIES

- Maintain a strong balance sheet and cash position
- Invest organically for growth
- Opportunistically access the capital markets
 - Raised over \$440 million in net proceeds via secondary stock offering of 23.6 million shares in Q3 2020

FREE CASH FLOW

- Q4 2020: \$(74) million
 - Capital expenditures of \$4 million
- FY 2020: \$(250) million
 - Capital expenditures of \$17 million
- Q1 2021: expected to be in the range of \$(60) million

CASH & CASH EQUIVALENTS



SUMMARY



IN SUMMARY ...

- Fleet Readiness
- Fleet Expansion
- Astronaut & Consumer Experiences

Q&A



APPENDIX

RECONCILIATION TO NON-GAAP MEASURES

<i>(Amounts in thousands)</i>	THREE MONTHS ENDED			YEAR ENDED	
	December 31, 2020	September 30, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Net Loss	\$ (74,018)	\$ (76,802)	\$ (72,799)	\$ (273,035)	\$ (210,935)
Income tax (benefit) expense	(28)	40	(61)	6	62
Interest expense	10	9	34	36	36
Depreciation & amortization	2,765	2,529	2,079	9,781	6,999
EBITDA	(71,271)	(74,224)	(70,747)	(263,212)	(203,838)
Cash Incentive Plan Disbursement			9.867		9.867
Non-capitalized transaction costs*	—	—	3,577	697	4,692
Stock-based compensation	11,749	8,625	2,535	30,324	2,535
Adjusted EBITDA	\$ (59,522)	\$ (65,599)	\$ (54,768)	\$ (232,191)	\$ (186,744)

* 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

<i>(Amounts in thousands)</i>	THREE MONTHS ENDED			YEAR ENDED	
	December 31, 2020	September 30, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Selling, general, and administrative expenses	\$ 32,854	\$ 30,936	\$ 37,447	\$ 116,592	\$ 82,166
Cash Incentive Plan Disbursement	—	—	9,867	—	9,867
Stock-based compensation	9,800	5,056	1,591	21,272	1,591
Non-capitalized transaction costs*	—	—	3,577	697	4,692
Non-GAAP selling, general, administration expenses	\$ 23,054	\$ 25,880	\$ 22,412	\$ 94,623	\$ 66,016

<i>(Amounts in thousands)</i>	THREE MONTHS ENDED			YEAR ENDED	
	December 31, 2020	September 30, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Research and development expenses	\$ 41,463	\$ 46,095	\$ 36,754	\$ 158,757	\$ 132,873
Stock-based compensation	1,949	3,569	944	9,052	944
Non-GAAP research and development expenses	\$ 39,514	\$ 42,526	\$ 35,810	\$ 149,705	\$ 131,929

* 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

<i>(Amounts in thousands)</i>	THREE MONTHS ENDED		YEAR ENDED	
	December 31, 2020	September 30, 2020	December 31, 2020	December 31, 2019
Net cash used in operating activities	\$ (70,096)	\$ (54,976)	\$ (233,159)	\$ (209,111)
Capital expenditures	(3,540)	(3,721)	(17,201)	(13,856)
Free cash flow	\$ (73,636)	\$ (58,697)	\$ (250,360)	\$ (222,967)

* 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.

THANK YOU

