



VIRGINGALACTIC

**Third Quarter 2020 Investor Update
November 5, 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 included in our Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2020, as such factors may be updated from time to time in our other filings with the Securities and Exchange Commission (the "SEC"), which are 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 non-GAAP financial measures, including adjusted EBITDA, non-GAAP selling, general, and administrative expense and non-GAAP research and development expense. 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. None of these non-GAAP financial measures is 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 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
Chief Executive Officer

Third Quarter 2020 Milestones

- Progress made on preparing spaceflight system for Fall test flight:
 - ✓ Completed data review and analysis following June 25 glide flight
 - ✓ Installed cabin interior camera system and hardware for live video downlink
 - ✓ Implemented upgrades to flight control system
- Prepared second SpaceShipTwo vehicle for rollout:
 - ✓ Applied thermal protection system on Wing and Fuselage
 - ✓ Progressed systems installation
 - ✓ Completed initial Pilot Simulator evaluations
- Completed Third Floor at Spaceport America – Astronaut Preparation Center

Impact of COVID-19

- Stringent operational protocols remain in place
 - ✓ Staggered shifts and new communications methods
 - ✓ Only essential employees working on-site
- Impacts to schedule and cost efficiency accumulating
 - ✓ Impact to pace of build progress
 - ✓ Expect impacts to continue in Q4 2020 and 2021
- Continuously monitoring situation and updating onsite protocols



100-Day Insights

Initial Impressions

- Virgin Galactic has incredible assets:
 - ✓ Spaceflight system (Spaceships, Rocket Motors, Motherships)
 - ✓ Economic moat of intellectual property accumulated over 15 years
 - ✓ Diverse and talented team
- Transformational experience supports pricing strategies
- Inflection point in the Virgin Galactic journey

100-Day Insights

The Next Chapter...

- Fly thousands and thousands of people to space
- Embarking on multi-year effort targeting 400 flights per year per Spaceport
- Approach suggests annual \$1B revenue opportunity per Spaceport
- Fully-utilized Spaceport could be a powerful economic engine

100-Day Insights

Key Roles Leading Transition from R&D to Production



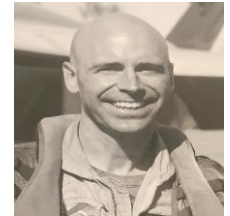
Tom Pugh
Senior Vice President
Programs & Engineering



Rob Sjostedt
Vice President
Manufacturing



Sara Tatsch
Vice President Business
& New Program
Development



Patrick Moran
Virgin Galactic Pilot



Byron Henning
Vice President
Spaceships



Connie Soper
Senior Director Rocket Motors
& Propulsion Systems



Eric Schwartz
Senior Director
Motherships



Jameel Janjua
Virgin Galactic Pilot

100-Day Insights



Flight Test Program Update

November 2020

- **First** spaceflight from Spaceport America, NM
- Two pilots
- Rocket-powered test flight
- Generating revenue from NASA payloads
- Aim to complete data for final two FAA V&V elements

Q1 2021

- **Second** spaceflight from Spaceport America, NM
- Two pilots, plus four employees in the cabin
- Rocket-powered test flight

Q1 2021

- **Third** spaceflight from Spaceport America, NM
- Two pilots, plus passengers in the cabin
- Rocket-powered test flight
- Sir Richard Branson's first spaceflight

Update on Second Spaceship

- Rollout of Second Spaceship Expected in Q1 2021
 - ✓ Integrated Vehicle Ground Testing to commence following rollout
 - ✓ Designed for higher rate service and reduced turnaround time
- COVID-19 required protocols impacting shop floor and engineering work processes

Commercial Update

- Virgin Galactic at the Vanguard of the experience economy
- Focused on providing a transformative journey
- Plan to widen the experience and revenue opportunity beyond the Astronaut ticket
- Restarting ticket sales in 2021 following Sir Richard Branson's flight
- Retiring "One Small Step" program on December 31, 2020
 - ✓ Pool has now reached close to 900 participants
- Future Astronaut Community remains at approximately 600



GALACTIC



Financials

Third Quarter 2020 Financials

Third Quarter
Ended September
30, 2020

- Strong cash position, with cash and cash equivalents of \$742 million as of September 30, 2020
- Net loss of \$77 million, compared to \$63 million net loss in Q2 2020
- GAAP SG&A expenses of \$31 million, compared to \$26 million in Q2 2020. Non-GAAP SG&A expenses ⁽¹⁾ of \$26 million, compared to \$23 million in Q2 2020
- GAAP R&D expenses of \$46 million, compared to \$37 million in Q2 2020. Non-GAAP R&D expenses ⁽²⁾ of \$43 million, compared to \$35 million in Q2 2020
- Adjusted EBITDA⁽³⁾ totaled \$(66) million, compared to \$(54) million in Q2 2020
- Cash paid for capital expenditures totaled \$4 million, compared to \$6 million in Q2 2020
- Completed public offering of 23.6 million shares of common stock at a public offering price of \$19.50 per share, generating over \$440 million in net proceeds

(1) 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.

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

(3) 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.

Income Statement

Amounts in thousands (\$)

Unaudited

| | Three Months Ended | | | Nine Months Ended | |
|---|--------------------|---------------|--------------------|--------------------|--------------------|
| | September 30, 2020 | June 30, 2020 | September 30, 2019 | September 30, 2020 | September 30, 2019 |
| Revenue | - | - | \$ 832 | \$ 238 | \$ 3,252 |
| Cost of revenue | - | - | 406 | 173 | 1,690 |
| Gross profit | - | - | 426 | 65 | 1,562 |
| Selling, general, and administrative expenses | 30,936 | 26,047 | 17,814 | 83,738 | 44,719 |
| Research and development expenses | 46,243 | 37,150 | 34,528 | 117,675 | 96,119 |
| Operating loss | (77,179) | (63,197) | (51,916) | (201,348) | (139,276) |
| Interest income | 322 | 506 | 387 | 2,005 | 1,137 |
| Interest expense | (9) | (8) | - | (26) | (2) |
| Other income (expense) | (44) | 221 | 91 | 5 | 128 |
| Loss before income taxes | (76,910) | (62,478) | (51,438) | (199,364) | (138,013) |
| Income tax (benefit) | 40 | 40 | 37 | 34 | 123 |
| Net loss | (76,950) | (62,518) | (51,475) | (199,398) | (138,136) |

Cash Flow Statement

Amounts in thousands (\$)

Unaudited

| | Three Months Ended | | | Nine Months Ended | |
|--|--------------------|---------------|---------------|-------------------|--------------------|
| | September 30, | | September 30, | September 30, | September 30, 2019 |
| | 2020 | June 30, 2020 | 2019 | 2020 | |
| Cash flows from operating activities | | | | | |
| Net loss | \$ (76,950) | \$ (62,518) | \$ (51,475) | \$ (199,398) | \$ (138,136) |
| Stock-based compensation | 8,625 | 5,525 | - | 18,575 | - |
| Depreciation and amortization | 2,677 | 2,615 | 1,714 | 7,397 | 4,920 |
| Other operating activities, net | 8 | 66 | (129) | 75 | (375) |
| Change in assets and liabilities | | | | | |
| Inventories | 3,457 | 192 | 1,918 | 1,669 | (2,310) |
| Other current and non-current assets | 2,891 | 1,119 | (7,592) | 6,152 | (5,928) |
| Accounts payable and accrued expenses | 1,633 | 2,064 | 5,361 | 719 | 2,560 |
| Customer deposits | 1,456 | (1,530) | 1,125 | (172) | 1,319 |
| Other current and non-current liabilities | 1,502 | 892 | 9,664 | 2,394 | 9,664 |
| Net cash used in operating activities | (54,701) | (51,575) | (39,414) | (162,589) | (128,286) |
| Cash flows from investing activity | | | | | |
| Capital expenditures | (3,996) | (6,103) | (5,380) | (14,135) | (13,680) |
| Cash used in investing activity | (3,996) | (6,103) | (5,380) | (14,135) | (13,680) |
| Cash flows from financing activities | | | | | |
| Payments of finance lease obligations | (40) | (26) | (8) | (89) | (55) |
| Net transfer from Parent Company | - | - | 4,944 | - | 106,119 |
| Proceeds from Parent Company | - | - | 40,000 | - | 40,000 |
| Proceeds from issuance of common stocks | 460,200 | - | - | 460,200 | - |
| Transaction costs | (19,399) | (770) | - | (20,866) | - |
| Withholding taxes paid on behalf of employee on net settled stock-based awards | (399) | - | - | (399) | - |
| Net cash provided by (used in) financing activities | 440,362 | (796) | 44,936 | 438,846 | 146,064 |
| Net increase (decrease) in cash and cash equivalents | 381,665 | (58,474) | 142 | 262,122 | 4,098 |
| Cash, cash equivalents and restricted cash at beginning of period | 373,178 | 431,652 | 85,324 | 492,721 | 81,368 |
| Cash, cash equivalents and restricted cash at end of period | \$ 754,843 | \$ 373,178 | \$ 85,466 | \$ 754,843 | \$ 85,466 |
| Cash and cash equivalents | \$ 741,575 | \$ 359,912 | \$ 74,438 | \$ 741,575 | \$ 74,438 |
| Restricted cash | 13,268 | 13,266 | 11,028 | 13,268 | 11,028 |
| Cash, cash equivalents and restricted cash | \$ 754,843 | \$ 373,178 | \$ 85,466 | \$ 754,843 | \$ 85,466 |



GALACTIC



Q&A



GALACTIC



Appendix

Reconciliation to Non-GAAP Measures

Amounts in thousands (\$)

Unaudited

| | Three Months Ended | | | Nine Months Ended | |
|------------------------------------|--------------------|---------------|--------------------|--------------------|--------------------|
| | September 30, 2020 | June 30, 2020 | September 30, 2019 | September 30, 2020 | September 30, 2019 |
| Net Loss | \$ (76,950) | \$ (62,518) | \$ (51,475) | \$ (199,398) | \$ (138,136) |
| Income tax (benefit) expense | 40 | 40 | 37 | 34 | 123 |
| Interest expense | 9 | 8 | — | 26 | 2 |
| Depreciation & amortization | 2,677 | 2,615 | 1,715 | 7,397 | 4,921 |
| EBITDA | \$ 74,224 | \$ (59,855) | \$ (49,723) | \$ (191,941) | \$ (133,090) |
| Non-capitalized transaction costs* | - | - | - | 697 | — |
| Stock-based compensation | 8,625 | 5,525 | — | 18,575 | — |
| Adjusted EBITDA | \$ (65,599) | \$ (54,330) | \$ (49,723) | \$ (172,669) | \$ (133,090) |

* 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 (\$)
Unaudited

| | Three Months Ended | | | Nine Months Ended | |
|--|--------------------|---------------|--------------------|--------------------|--------------------|
| | September 30, 2020 | June 30, 2020 | September 30, 2019 | September 30, 2020 | September 30, 2019 |
| Selling, general, and administrative expenses | \$ 30,936 | \$ 26,047 | \$ 17,814 | \$ 83,738 | \$ 44,719 |
| Stock-based compensation | 5,056 | 3,546 | - | 11,473 | - |
| Non-capitalized transaction costs* | - | - | - | 697 | - |
| Non-GAAP selling, general, administration expenses | \$ 25,880 | \$ 22,501 | \$ 17,814 | \$ 71,568 | \$ 44,719 |

* 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 (\$)
Unaudited

| | Three Months Ended | | | Nine Months Ended | |
|--|--------------------|---------------|--------------------|--------------------|--------------------|
| | September 30, 2020 | June 30, 2020 | September 30, 2019 | September 30, 2020 | September 30, 2019 |
| Research and development expenses | \$ 46,243 | \$ 37,150 | \$ 34,528 | \$ 117,675 | \$ 96,119 |
| Stock-based compensation | 3,570 | 1,979 | - | 7,103 | - |
| Non-GAAP research and development expenses | \$ 42,673 | \$ 35,171 | \$ 34,528 | \$ 110,572 | \$ 96,119 |