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# L3HARRIS CY2019 SECOND QUARTER EARNINGS CALL PRESENTATION

July 31, 2019

# Forward Looking Statements



Statements in this presentation that are not historical facts are forward-looking statements that reflect management's current expectations, assumptions and estimates of future performance and economic conditions. Such statements are made in reliance on the safe harbor provisions of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements in this press release include but are not limited to: earnings, revenue, adjusted free cash flow, margin on earnings before interest and tax (EBIT) and segment revenue and operating margin guidance for the second half and full calendar year 2019; cost synergies, tax rate and other supplemental information for the second half and full calendar year 2019, potential contract opportunities and awards; the potential value and timing of contract awards; statements regarding being well positioned to drive growth, sustained revenue growth and strategic priorities; and other statements regarding outlook or that are not historical facts. The company cautions investors that any forward-looking statements are subject to risks and uncertainties that may cause actual results and future trends to differ materially from those matters expressed in or implied by such forward-looking statements. The company's consolidated results, future trends and forward-looking statements could be affected by many factors, risks and uncertainties, including but not limited to: risks related to disruption of management time from ongoing business operations due to the combination of L3 and Harris; risks related to the inability to realize benefits or to implement integration plans and other consequences associated with the combination; the risk that any announcements relating to the combination could have adverse effects on the market price of the company's stock; the risk that the combination could have an adverse effect on the company's ability to retain customers and retain and hire key personnel and maintain relationships with suppliers and customers, including the U.S. Government and other governments, and on its operating results and businesses generally; the loss of the company's relationship with the U.S. Government or a change or reduction in U.S. Government funding; potential changes in U.S. Government or customer priorities and requirements (including potential deferrals of awards, terminations, reductions of expenditures, changes to respond to the priorities of Congress and the Administration, budgetary constraints, debt ceiling implications, sequestration, and cost-cutting initiatives); a security breach, through cyber attack or otherwise, or other significant disruptions of the company's IT networks and systems or those the company operates for customers; the level of returns on defined benefit plan assets and changes in interest rates; risks inherent with large long-term fixed-price contracts, particularly the ability to contain cost overruns; changes in estimates used in accounting for the company's programs; financial and government and regulatory risks relating to international sales and operations; effects of any non-compliance with laws; the company's ability to continue to develop new products that achieve market acceptance; the consequences of uncertain economic conditions and future geo-political events; strategic acquisitions and divestitures and the risks and uncertainties related thereto, including the company's ability to manage and integrate acquired businesses and realize expected benefits and the potential disruption to relationships with employees, suppliers and customers, including the U.S. Government, and to the company's business generally; performance of the company's subcontractors and suppliers; potential claims related to infringement of intellectual property rights or environmental remediation or other contingencies, litigation and legal matters and the ultimate outcome thereof; risks inherent in developing new and complex technologies and/or that may not be covered adequately by insurance or indemnity; changes in the company's effective tax rate; significant indebtedness and unfunded pension liability and potential downgrades in the company's credit ratings; unforeseen environmental matters; natural disasters or other disruptions affecting the company's operations; changes in future business or other market conditions that could cause business investments and/or recorded goodwill or other long-term assets to become impaired; the company's ability to attract and retain key employees, maintain reasonable relationships with unionized employees and manage escalating costs of providing employee health care; or potential tax, indemnification and other liabilities and exposures related to Exelis' spin-off of Vectrus, Inc. and Exelis' spin-off from ITT Corporation. Further information relating to these and other factors that may impact the company's results, future trends and forward-looking statements are disclosed in the company's filings with the SEC. The forward-looking statements contained in this press release are made as of the date of this press release, and the company disclaims any intention or obligation, other than imposed by law, to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

# Summary: Strong results...well positioned to drive growth



<h2>Harris FY19 results</h2>	<ul style="list-style-type: none"> <li>• <b>4QFY19:</b> Revenue up 12%...<u>highest top-line growth in 8 years</u>; EBIT margin<sup>1</sup> a record 20.2%; non-GAAP EPS<sup>1</sup> up 39%; FCF<sup>2</sup> strong at \$267M</li> <li>• <b>FY19:</b> Revenue up 10%; EBIT margin<sup>1</sup> expanded 90 bps to 19.8%...<u>revenue growth and margin expansion in all three segments</u>; non-GAAP EPS<sup>1</sup> up 30%; record FCF<sup>2</sup> of \$1.055B</li> </ul>		
<h2>L3 results</h2>	<ul style="list-style-type: none"> <li>• <b>2QCY19:</b> Revenue up 2%; OI margin<sup>1</sup> <u>up 160 bps to 12.2%</u>; non-GAAP EPS<sup>1</sup> up 18%; Robust FCF<sup>2</sup>...up 38% to \$220M</li> <li>• <b>1HCY19:</b> Revenue up 8%; OI margin<sup>1</sup> expansion of 130 bps, non-GAAP EPS<sup>1</sup> up 21%; FCF<sup>2</sup> strong at \$365M ...<u>5X increase year-over-year</u></li> </ul>		
<h2>Combined L3 &amp; Harris<sup>3</sup></h2>	<ul style="list-style-type: none"> <li>• <b>2QCY19:</b> Revenue up 7%; <u>EBIT margin<sup>1</sup> up 140 bps to 16.3%</u>; non-GAAP EPS<sup>1</sup> up 28% to \$2.42; FCF<sup>2</sup> strong at \$487M</li> <li>• <b>1HCY19:</b> Revenue up 10%; EBIT margin<sup>1</sup> expanded 90 bps to 15.8%...non-GAAP EPS<sup>1</sup> up 27%; <u>FCF<sup>2</sup> strong at \$1.011B</u></li> </ul>		
<h2>Guidance<sup>4</sup></h2>	<ul style="list-style-type: none"> <li>• Initiating CY19 guidance...sustained revenue growth...strong EPS<sup>1</sup> and FCF<sup>2</sup> growth <table border="0" style="width: 100%; margin-top: 10px;"> <tr> <td style="width: 50%; vertical-align: top;"> <p><b>CY19 2H</b></p> <ul style="list-style-type: none"> <li>• Revenue up 9.5 – 10.5%</li> <li>• EPS<sup>1</sup> \$4.95 – \$5.05</li> <li>• FCF<sup>2</sup> \$1.30 – \$1.35B</li> </ul> </td> <td style="width: 50%; vertical-align: top;"> <p><b>CY19 Full year</b></p> <ul style="list-style-type: none"> <li>• Revenue up 9.5 – 10.5%</li> <li>• EPS<sup>1</sup> \$9.60 – \$9.70</li> <li>• FCF<sup>2</sup> \$2.30 – \$2.35B</li> </ul> </td> </tr> </table> </li> </ul>	<p><b>CY19 2H</b></p> <ul style="list-style-type: none"> <li>• Revenue up 9.5 – 10.5%</li> <li>• EPS<sup>1</sup> \$4.95 – \$5.05</li> <li>• FCF<sup>2</sup> \$1.30 – \$1.35B</li> </ul>	<p><b>CY19 Full year</b></p> <ul style="list-style-type: none"> <li>• Revenue up 9.5 – 10.5%</li> <li>• EPS<sup>1</sup> \$9.60 – \$9.70</li> <li>• FCF<sup>2</sup> \$2.30 – \$2.35B</li> </ul>
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<sup>1</sup>Non-GAAP EPS, operating income margin and adjusted earnings before interest and taxes (EBIT) margin figures exclude, as applicable, discontinued operations, merger deal and integration costs and other prior period items, including gains on sale of divested businesses. For non-GAAP reconciliations reference other quarterly earnings materials and the L3Harris investor relations website.

<sup>2</sup>Adjusted FCF (free cash flow) = operating cash flow less capital expenditures and excluding cash flow for merger deal and integration costs and operating cash flow from discontinued operations in prior periods.

<sup>3</sup>Provided supplementally; see "Basis of Preparation" in the appendix, including regarding certain adjustments. For reconciliations reference other quarterly earnings materials and the L3Harris investor relations website.

<sup>4</sup>Compared with amounts shown in Unaudited Combined L3 and Harris Historical Financial information in the appendix.

# Harris FY19 highlights



## 1 Accelerate revenue growth across all 3 segments

### Communication Systems

**Revenue up 14%**...Tactical up 14%, Public Safety up double digits

- DoD Tactical up 31%...\$280M in modernization revenue
- Strong order momentum...modernization and penetrating adjacent markets
- Tactical funded backlog >\$1.1B...up 17%

### Electronic Systems

**Revenue up 9%**...driven by strength in Avionics and Electronic Warfare

- Double-digit growth on long-term platforms, B-52 and SOCOM rotary aircraft
- Strong order momentum...~\$3B in bookings...eight consecutive quarters of B:B>1...funded B:B 1.14

### Space & Intelligence Systems

**Revenue up 8%**...Mid-teens growth in Classified; Environmental trough

- Strengthening incumbent position, extending addressable market & penetrating adjacencies in Classified
- Strong orders for Classified and Environmental...funded B:B of 1.03

## 2 Expand company margins...double-digit EPS growth

- EBIT margin<sup>1</sup> expanded 90 bps to 19.8% with margin expansion in all segments
  - Communication Systems...30 bps to 30.0%...operational efficiencies offset modernization ramp
  - Electronic Systems...100 bps to 19.3%...strong program performance
  - Space & Intelligence Systems...20 bps to 17.5%...productivity and program performance
- EPS<sup>1</sup> up 30% to record \$8.29

## 3 Maximize cash flow with balanced capital deployment

- Record FCF<sup>2</sup> of \$1.055B
  - returned \$525M to shareholders
  - repaid \$300M of debt...last tranche of planned debt repayment

<sup>1</sup>Non-GAAP EPS and adjusted earnings before interest and taxes (EBIT) margin figures exclude, as applicable, discontinued operations, merger deal and integration costs and other prior period items. For non-GAAP reconciliations reference other quarterly earnings materials and the L3Harris investor relations website.

<sup>2</sup>Adjusted FCF (free cash flow) = operating cash flow less capital expenditures and excluding cash flow for merger deal and integration costs and operating cash flow from discontinued operations in prior periods.

# Harris 4Q19 and FY19 highlights



(\$million, unless otherwise noted)

Segment	4Q19				FY19			
	Revenue	vs. 2018	Margin	vs. 2018 (bps)	Revenue	vs. 2018	Margin	vs. 2018 (bps)
CS	\$ 600	14%	30.0%	-70	\$ 2,177	14%	30.0%	+30
ES	\$ 728	14%	19.8%	+120	\$ 2,583	9%	19.3%	+100
SIS	\$ 542	8%	17.3%	+120	\$ 2,057	8%	17.5%	+20
<b>Harris Total Company</b>	<b>\$ 1,865</b>	<b>12%</b>	<b>20.2%<sup>1</sup></b>	<b>+80</b>	<b>\$ 6,801</b>	<b>10%</b>	<b>19.8%<sup>1</sup></b>	<b>+90</b>

- 4Q Non-GAAP EPS<sup>1</sup> up 39% to \$2.44
- 4Q FCF<sup>2</sup> of \$267M
- B:B 1.02

- FY Non-GAAP EPS<sup>1</sup> up 30% to \$8.29
- FY FCF<sup>2</sup> of \$1.055B, up 15%
- B:B 1.10; Funded backlog \$5.8B

<sup>1</sup>Non-GAAP EPS and total company margin figures exclude, as applicable, merger deal and integration costs. For non-GAAP reconciliations reference other quarterly earnings materials and the L3Harris investor relations website.

<sup>2</sup>Adjusted FCF (free cash flow) = operating cash flow less capital expenditures and excluding cash flow for merger deal and integration costs and operating cash flow from discontinued operations in prior periods.

# L3 2Q19 and 1H19 highlights



(\$million)

Segment	2Q19				1H19			
	Revenue	vs. 2018	Margin	vs. 2018 (bps)	Revenue	vs. 2018	Margin	vs. 2018 (bps)
ISRS	\$ 1,153	2%	14.3%	+460	\$ 2,406	12%	12.3%	+280
C&NS	\$ 785	0%	7.9%	- 130	\$ 1,570	5%	9.3%	+20
ES	\$ 693	3%	13.6%	+10	\$ 1,355	3%	14.1%	+10
<b>L3 Total Company</b>	<b>\$ 2,631</b>	<b>2%</b>	<b>12.2%</b>	<b>+160</b>	<b>\$ 5,331</b>	<b>8%</b>	<b>11.9%</b>	<b>+130</b>

- 2Q Non-GAAP EPS<sup>1</sup> up 18% to \$2.91
- 2Q FCF<sup>2</sup> of \$220M, up 38%
- B:B 0.96

- 1H Non-GAAP EPS<sup>1</sup> up 21%
- 1H FCF<sup>2</sup> of \$365M, up 5X
- B:B 1.11; Funded backlog \$10.3B

<sup>1</sup>Non-GAAP EPS and operating income margin figures exclude, as applicable, merger deal and integration costs. For non-GAAP reconciliations reference other quarterly earnings materials and the L3Harris investor relations website.

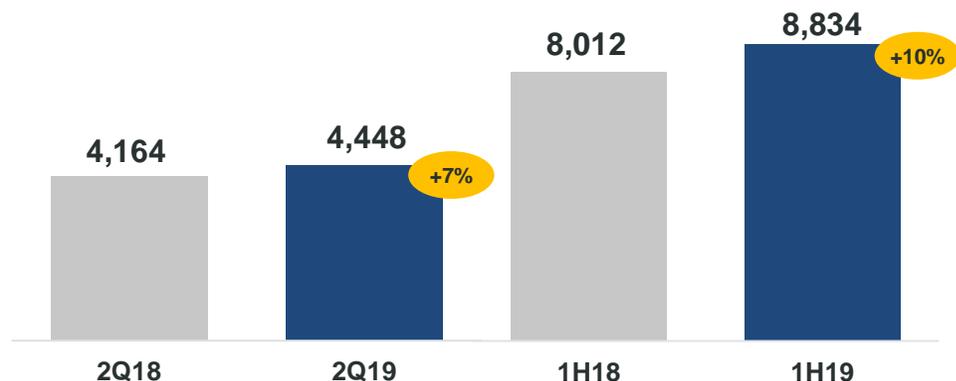
<sup>2</sup>Adjusted FCF (free cash flow) = operating cash flow less capital expenditures and excluding cash flow for merger deal and integration costs and operating cash flow from discontinued operations in prior periods.

# L3 and Harris selected combined 1H19 financials<sup>3</sup>

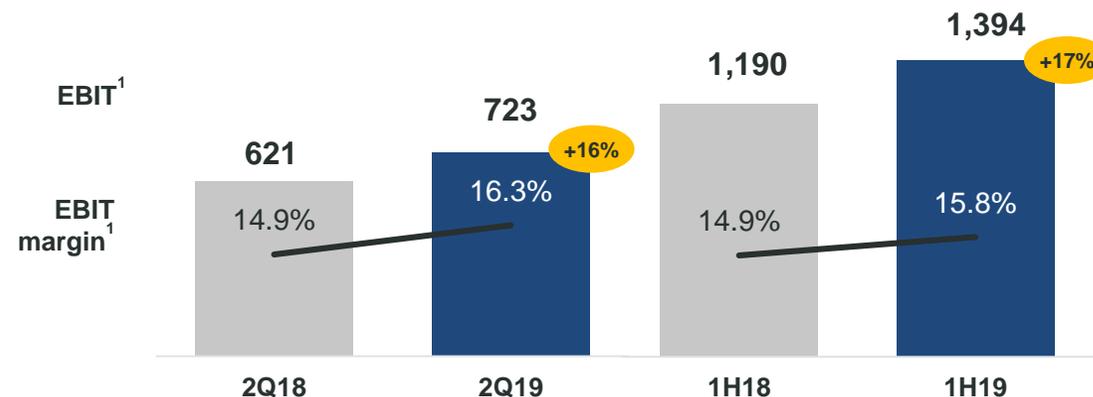


(\$million, except per share amounts)

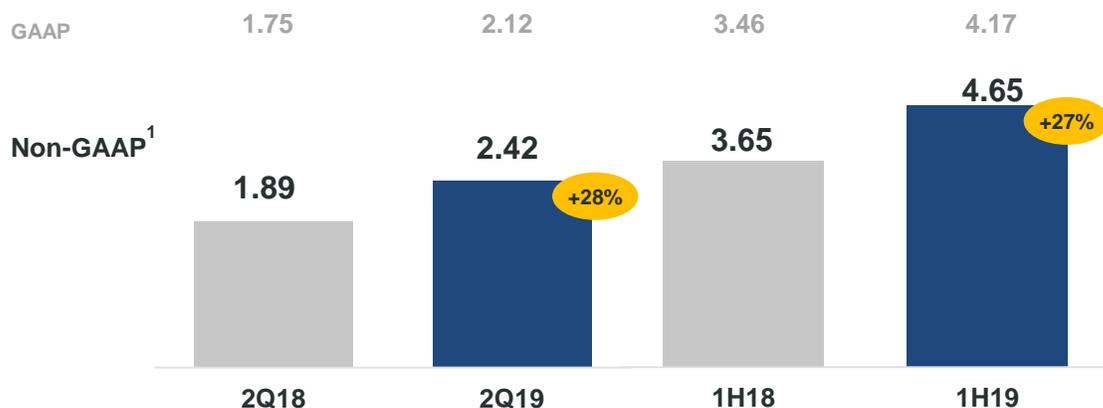
## Revenue



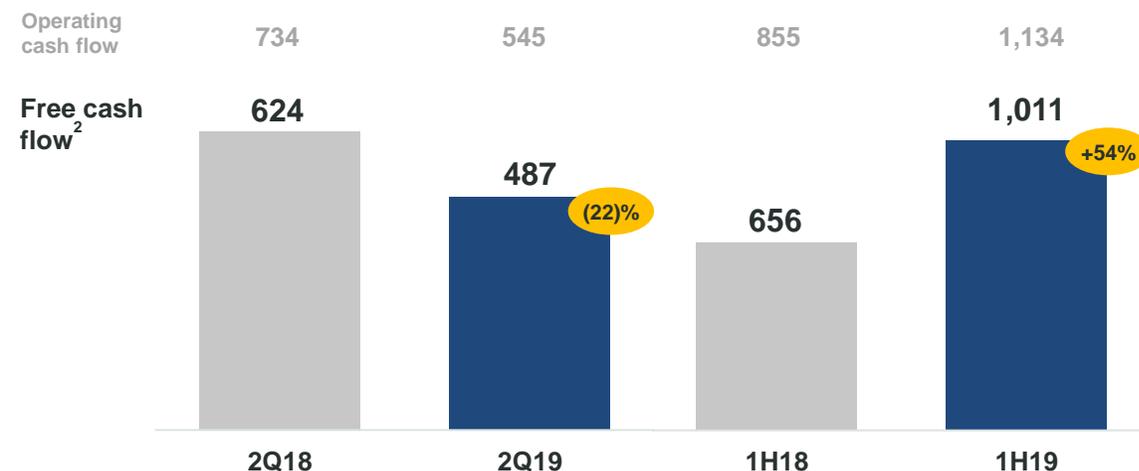
## EBIT and margin



## EPS



## Cash flow



<sup>1</sup>Non-GAAP EPS and adjusted earnings before interest and taxes (EBIT) and EBIT margin figures exclude, as applicable, merger deal and integration costs and other prior period items, including gains on sale of divested businesses. For non-GAAP reconciliations reference other quarterly earnings materials and the L3Harris investor relations website.

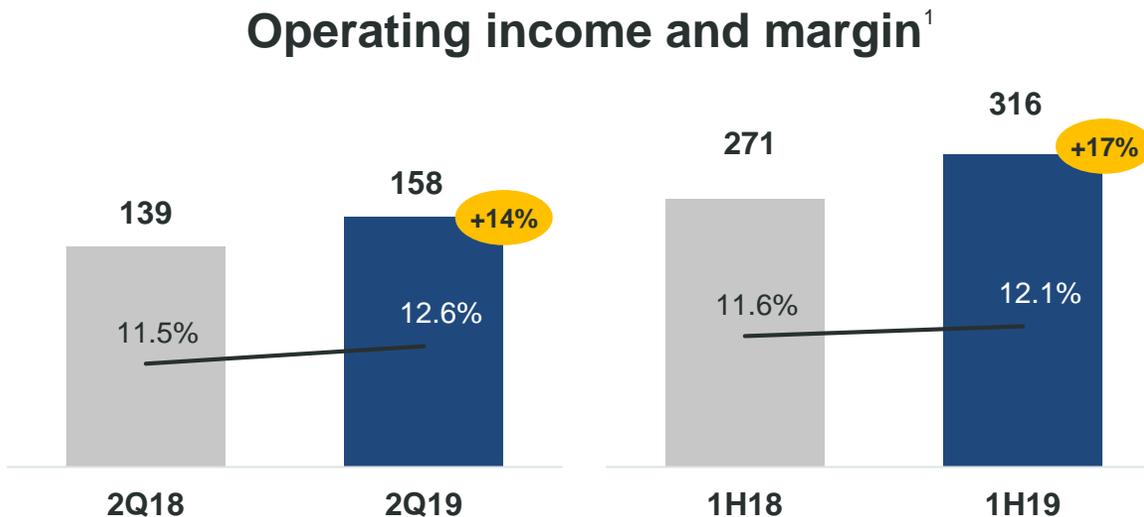
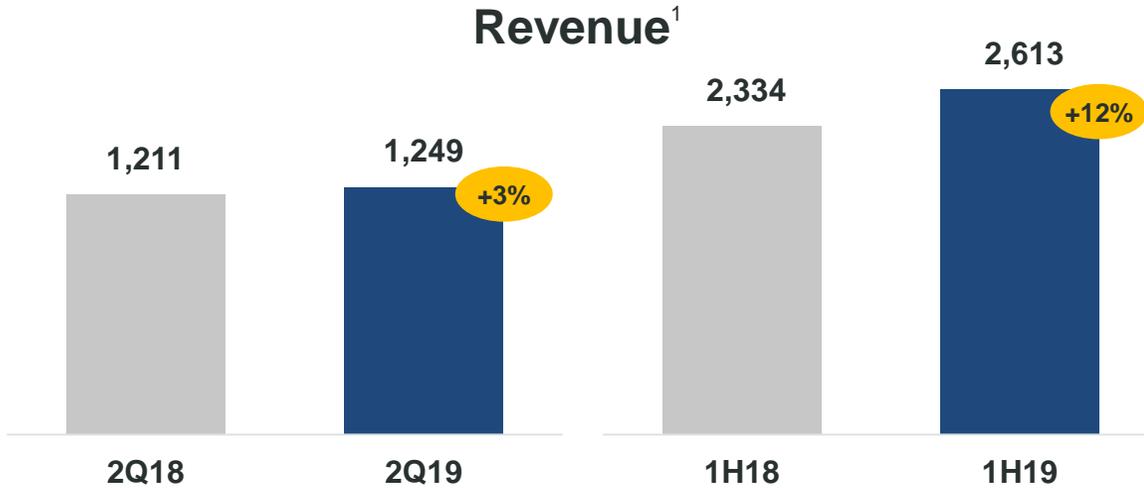
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<sup>3</sup>Provided supplementally; see "Basis of Preparation" in the appendix, including regarding certain adjustments. For reconciliations reference other quarterly earnings materials and the L3Harris investor relations website.

# Integrated Mission Systems



(\$million)



- 2Q revenue up 3%, 1H up 12%
  - Solid growth in electro optical airborne imaging systems
  - Strength in ISR aircraft missionization
- 2Q operating income up 14%; 1H up 17%
- 2Q margin expanded 110 bps to 12.6%; 1H margin expanded 50 bps to 12.1%
- 1H funded B:B 1.16

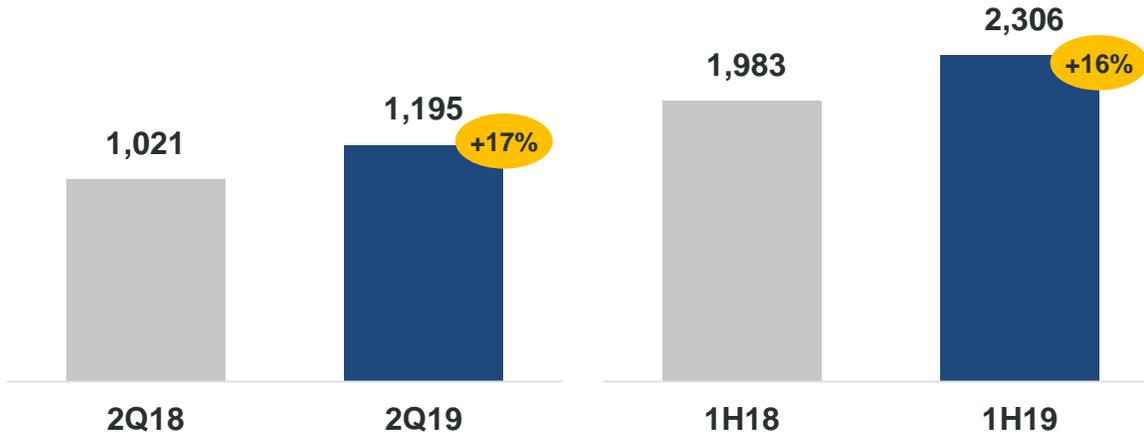
<sup>1</sup>Provided supplementally; see “Basis of Preparation” in the appendix, including regarding certain adjustments. For reconciliations reference other quarterly earnings materials and the L3Harris investor relations website.

# Space & Airborne Systems

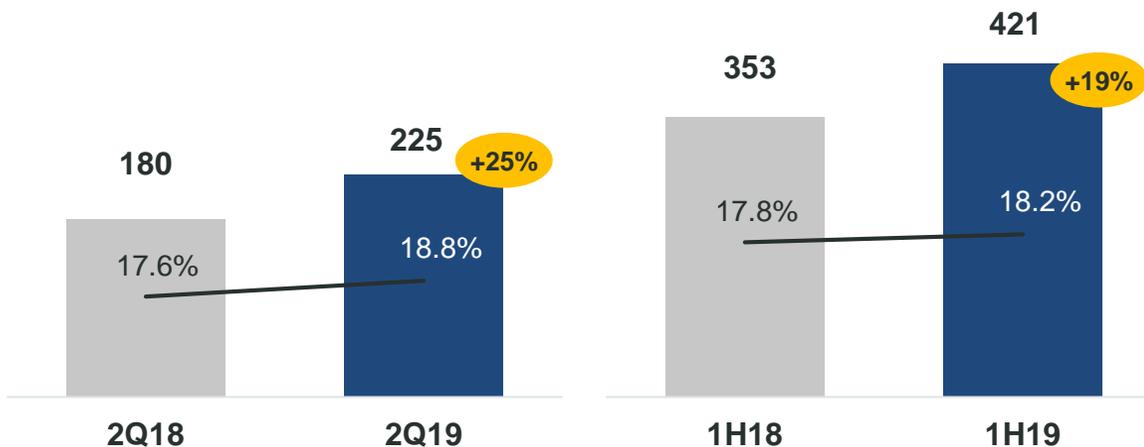


(\$million)

## Revenue<sup>1</sup>



## Operating income and margin<sup>1</sup>



- 2Q revenue up 17%, 1H up 16%
  - Double-digit growth in Avionics and Electronic Warfare on long-term platforms
  - Continued strength in classified space
- 2Q operating income up 25%; 1H up 19%
- 2Q margin expanded 120 bps to 18.8%; 1H margin expanded 40 bps to 18.2%
- 1H funded B:B 1.13

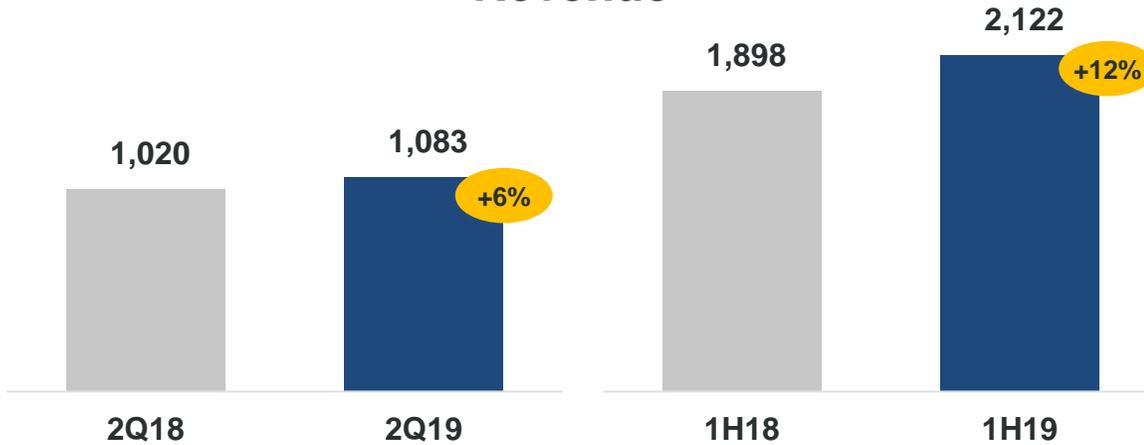
<sup>1</sup>Provided supplementally; see “Basis of Preparation” in the appendix, including regarding certain adjustments. For reconciliations reference other quarterly earnings materials and the L3Harris investor relations website.

# Communication Systems

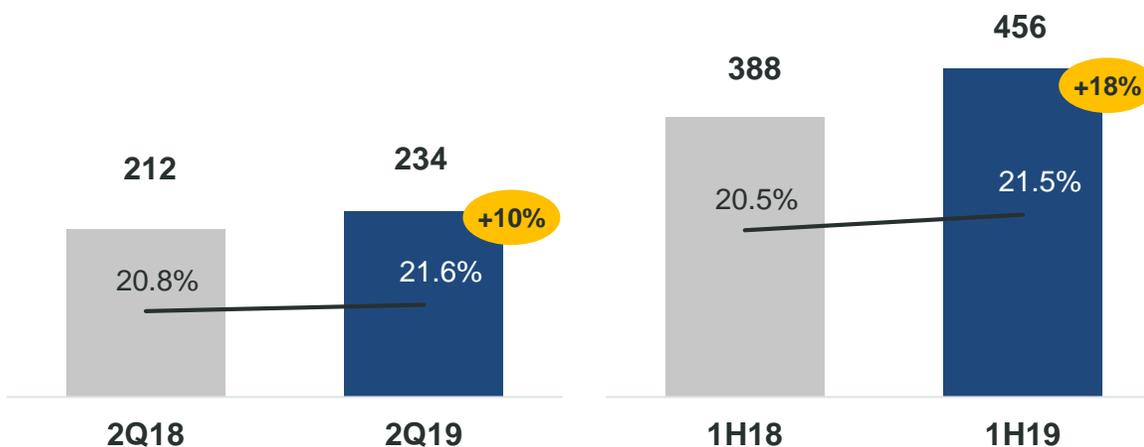


(\$million)

## Revenue<sup>1</sup>



## Operating income and margin<sup>1</sup>



- 2Q revenue up 6%, 1H up 12%
  - Strong growth in DoD tactical and Public Safety
  - Partially offset by UAE ELTS program transition and night vision delivery timing
- 2Q operating income up 10%; 1H up 18%
- 2Q margin expanded 80 bps to 21.6%; 1H margin expanded 100 bps to 21.5%
- 1H funded B:B 0.96

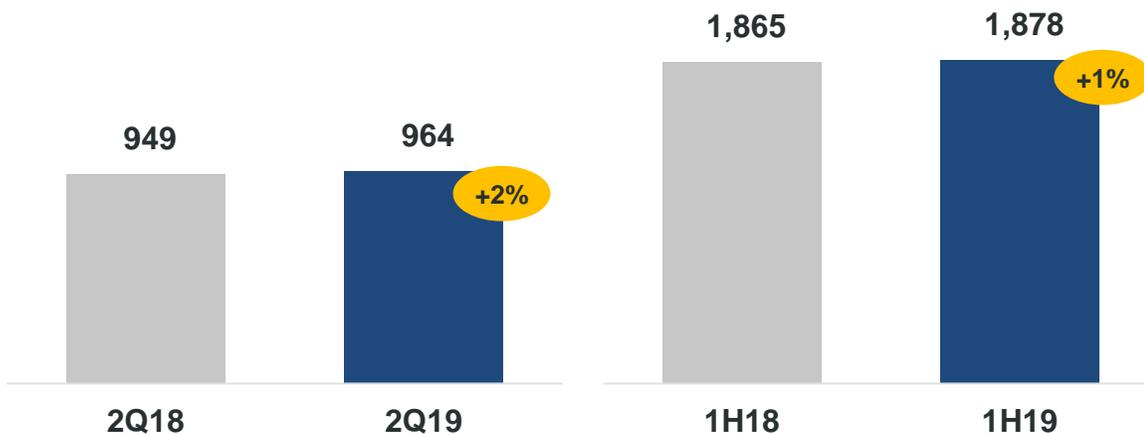
<sup>1</sup>Provided supplementally; see “Basis of Preparation” in the appendix, including regarding certain adjustments. For reconciliations reference other quarterly earnings materials and the L3Harris investor relations website.

# Aviation Systems

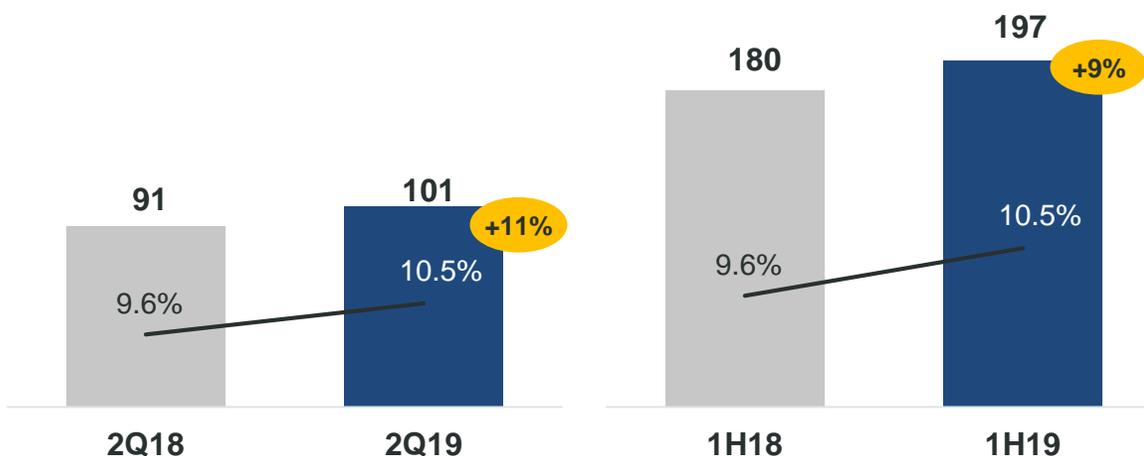


(\$million)

## Revenue<sup>1</sup>



## Operating income and margin<sup>1</sup>



- 2Q revenue up 2%, 1H up 1%
  - Growth in fuzing and ordnance, airport security equipment and FAA programs
  - Partially offset by prior year C-17 training loss and lower volume for commercial flight simulators
- 2Q operating income up 11%; 1H up 9%
- 2Q and 1H margins expanded 90 bps to 10.5%
- 1H funded B:B 0.99

<sup>1</sup>Provided supplementally; see “Basis of Preparation” in the appendix, including regarding certain adjustments. For reconciliations reference other quarterly earnings materials and the L3Harris investor relations website.

# 2H CY19 guidance



## Total L3Harris

**Revenue<sup>1</sup>**

**up 9.5 – 10.5%**

**Margin<sup>2</sup>**

**~16.7%**

**EPS<sup>2</sup>**

**\$4.95 – \$5.05**

**FCF<sup>3</sup>**

**\$1.30 – \$1.35B**

## By Segment

**Revenue<sup>1</sup>**

**Margin<sup>2</sup>**

**IMS**

**up ~10.5%**

**~12.5%**

**SAS**

**up ~11.5%**

**~18.7%**

**CS**

**up ~9.5%**

**~22.1%**

**AS**

**up ~7.0%**

**~14.0%**

<sup>1</sup>Compared with amounts shown in Unaudited Combined L3 and Harris Historical Financial information in the appendix.

<sup>2</sup>Non-GAAP EPS and adjusted earnings before interest and taxes (EBIT) margin figures exclude, as applicable, merger deal and integration costs. For non-GAAP reconciliations reference other quarterly earnings materials and the L3Harris investor relations website. Segments represent operating margin.

<sup>3</sup>Adjusted FCF (free cash flow) = operating cash flow less capital expenditures and excluding cash flow for merger deal and integration costs and operating cash flow from discontinued operations in prior periods.

# CY 2019 full year guidance



## Total L3Harris

Revenue<sup>1</sup>

up 9.5 – 10.5%

Margin<sup>2</sup>

~16.2%

EPS<sup>2</sup>

\$9.60 – \$9.70

FCF<sup>3</sup>

\$2.30 – \$2.35B

## By Segment

Revenue<sup>1</sup>

Margin<sup>2</sup>

IMS

up ~11.2%

~12.3%

SAS

up ~13.9%

~18.4%

CS

up ~10.7%

~21.8%

AS

up ~4.0%

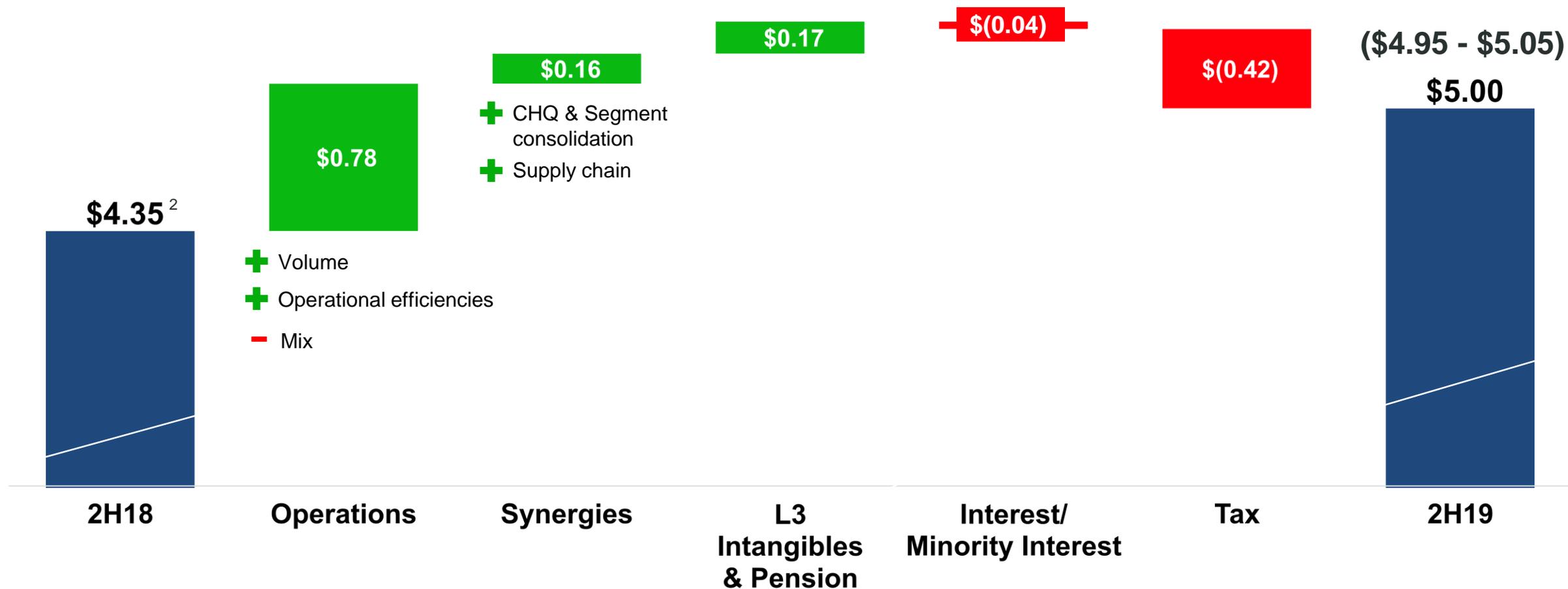
~12.3%

<sup>1</sup>Compared with amounts shown in Unaudited Combined L3 and Harris Historical Financial information in the appendix.

<sup>2</sup>Non-GAAP EPS and adjusted earnings before interest and taxes (EBIT) margin figures exclude, as applicable, merger deal and integration costs. For non-GAAP reconciliations reference other quarterly earnings materials and the L3Harris investor relations website. Segments represent operating margin.

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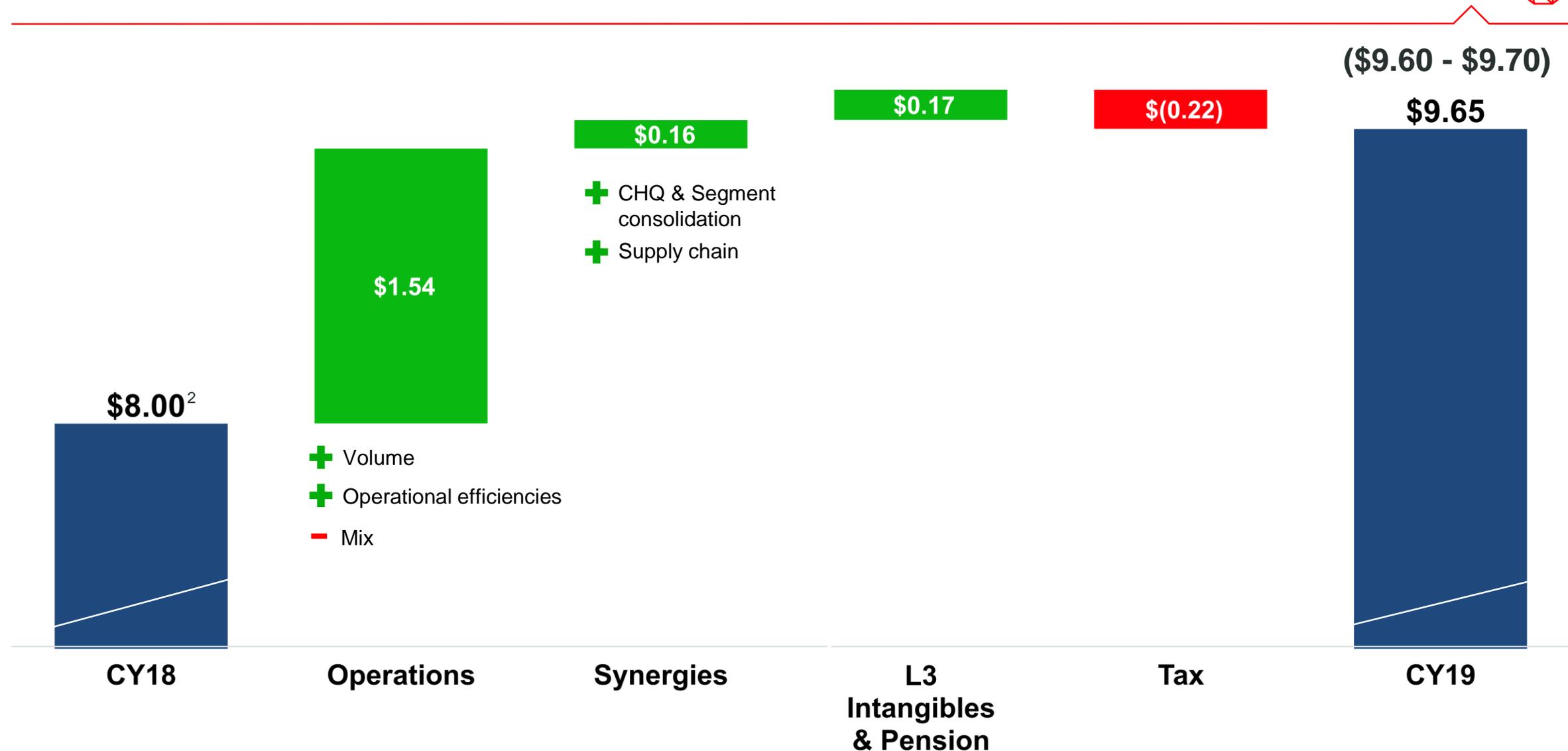
# Non-GAAP EPS<sup>1</sup> 2H CY19 guidance bridge



<sup>1</sup>Non-GAAP EPS excludes merger deal and integration costs and amortization of acquisition-related intangibles. For non-GAAP reconciliations reference other quarterly earnings materials and the L3Harris investor relations website.

<sup>2</sup>Calendar 2018 amount prepared as discussed in "Basis of Preparation" in the appendix.

# Non-GAAP EPS<sup>1</sup> CY19 guidance bridge



<sup>1</sup>Non-GAAP EPS excludes merger deal and integration costs and amortization of acquisition-related intangibles. For non-GAAP reconciliations reference other quarterly earnings materials and the L3Harris investor relations website.

<sup>2</sup>Calendar 2018 amount prepared as discussed in "Basis of Preparation" in the appendix.

# L3Harris strategic priorities

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**Execute seamless integration...\$500M in gross cost synergies**

**Drive flawless execution and margin expansion...e3 operational excellence**

**Build a new performance culture...strong bias for action and accountability**

**Grow revenue...invest in differentiated technology and innovation**

**Reshape portfolio to focus on high margin, high growth businesses**

**Maximize cash flow with shareholder friendly capital deployment**

# Appendix

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# Other combined financial information<sup>1</sup>



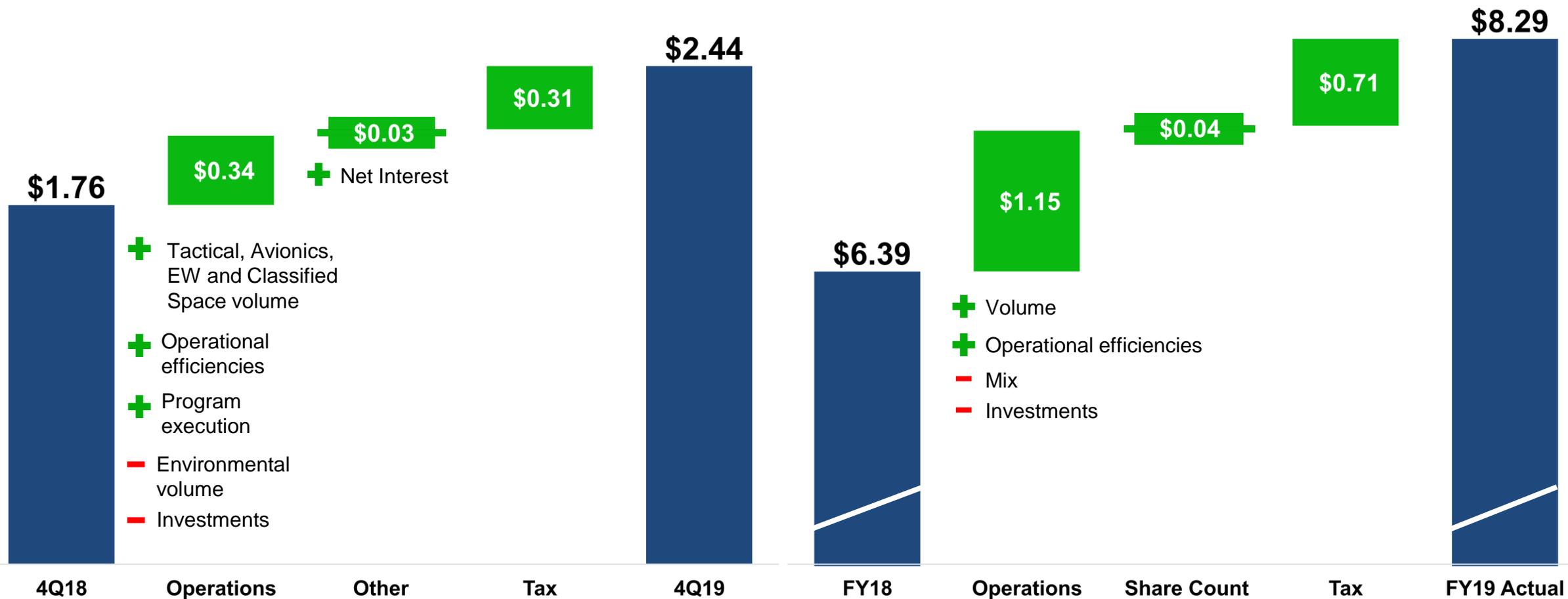
(\$million, except noted)

	<u>2Q</u> <u>CY19</u>	<u>1H</u> <u>CY19</u>	<u>2H</u> <u>CY19</u>	<u>CY19</u>
Cost synergies	\$0	\$0	~\$40	~\$40
Net capital expenditures	\$109	\$191	~\$190	~\$380
Net interest expense	\$73	\$147	~\$157	~\$304
Minority interest	(\$6)	(\$12)	~(\$14)	~(\$26)
Effective tax rate (GAAP)	14.8%	14.5%	n.m. <sup>2</sup>	~10.0%
Effective tax rate (Non-GAAP)	16.0%	15.6%	~18.0%	~16.8%
Average diluted shares outstanding (million shares)	225.2	224.7	~223.5	~224.0

<sup>1</sup>Provided supplementally; see “Basis of Preparation” in the appendix, including regarding certain adjustments. For reconciliations reference other quarterly earnings materials and the L3Harris investor relations website.

<sup>2</sup>Not meaningful as tax rate expected to be minimal due to tax benefits from merger, including equity acceleration associated with change in control.

# Q4 and FY19 Harris Non GAAP<sup>1</sup> EPS bridges



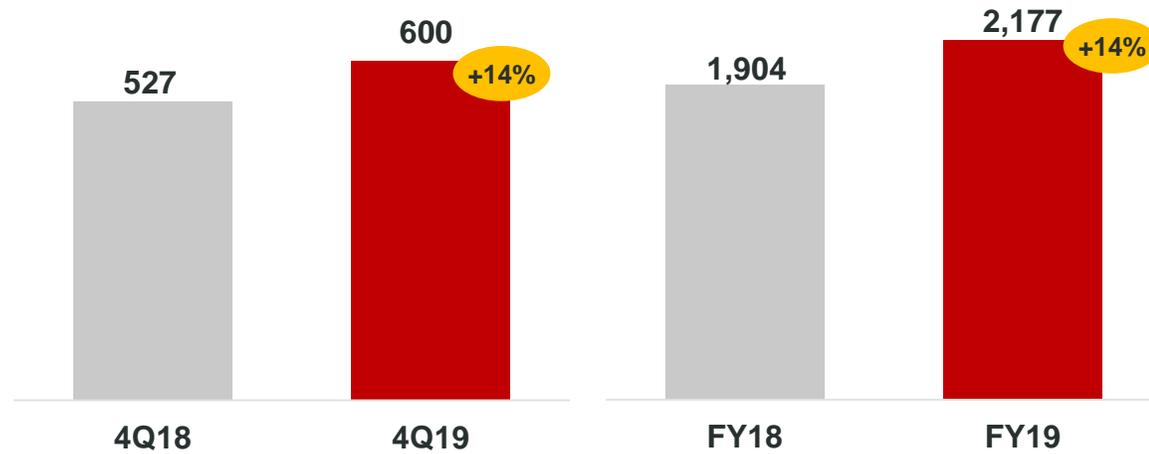
<sup>1</sup>Non-GAAP EPS excludes, as applicable, deal and integration costs and other prior period items. For non-GAAP reconciliations reference other quarterly earnings materials and the L3Harris investor relations website.

# Harris stand-alone Communication Systems

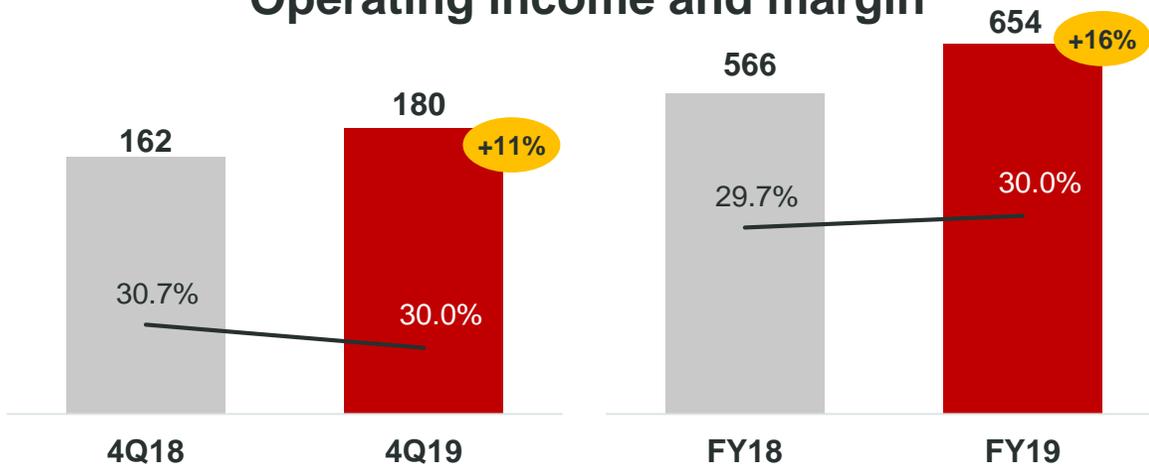


(\$million)

## Revenue



## Operating income and margin

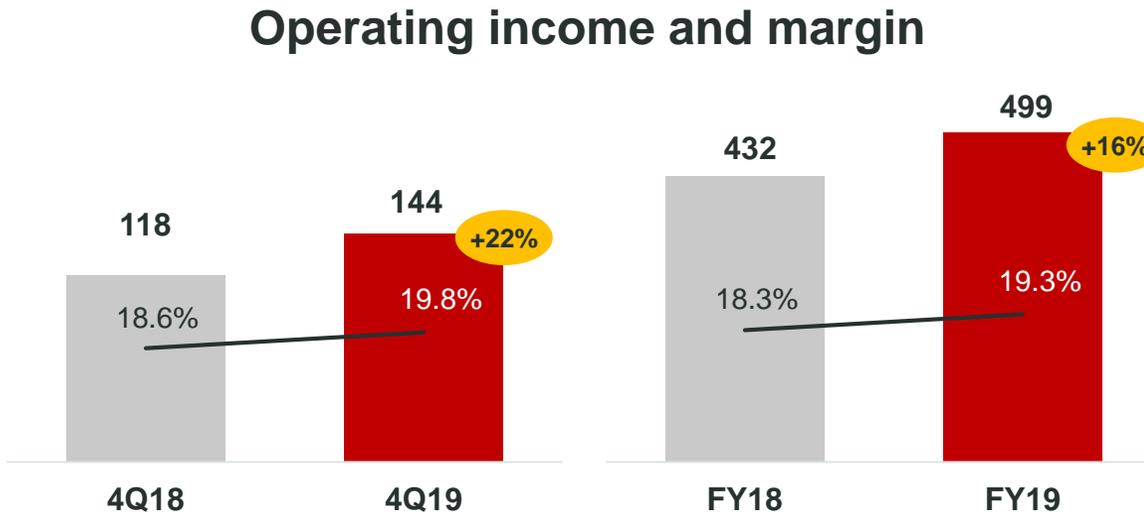
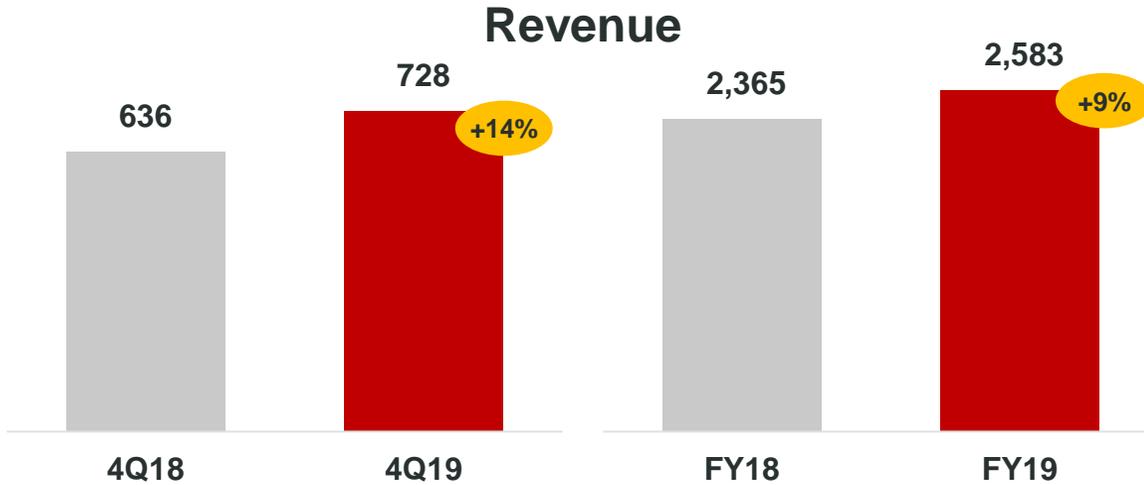


- 4Q and FY revenue up 14%
  - Tactical Comms FY revenue up 14%
    - DoD up 31% and International up 3%
  - Public Safety 4Q and FY up double digits
- 4Q operating income up 11%; FY up 16%
- 4Q margin strong at 30.0%; FY margin expanded 30 bps to 30.0%
- 4Q funded B:B 1.19; FY 1.10

# Harris stand-alone Electronic Systems



(\$million)

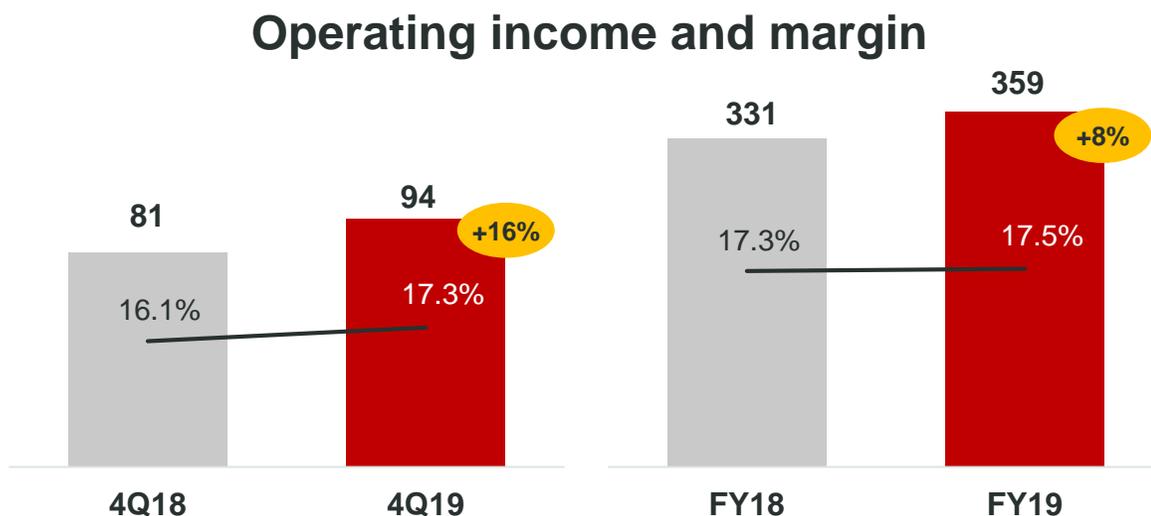
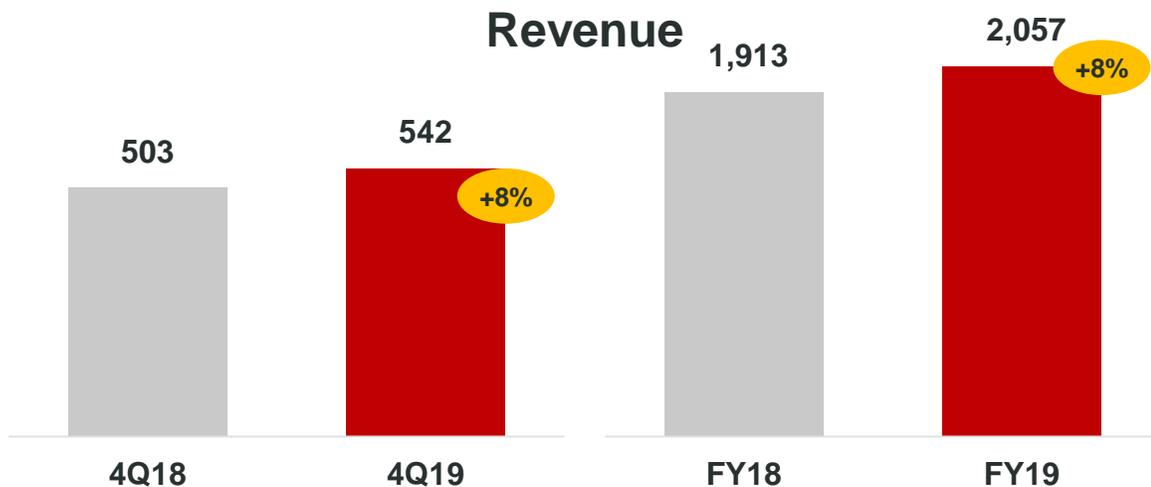


- 4Q revenue up 14%; FY up 9%
  - Double digit growth in Avionics and Electronic Warfare on long term platforms
- 4Q operating income up 22%; FY up 16%
- 4Q margin expansion of 120 bps to 19.8%; FY margin expansion of 100 bps to 19.3%
- 4Q funded B:B of 1.08; FY B:B 1.14

# Harris stand-alone Space & Intelligence Systems



(\$million)



- 4Q and FY revenue up 8%
  - Driven by mid-teens growth in Classified, partially offset by Environmental headwinds
- 4Q operating income up 16%; FY up 8%
- 4Q margin expansion of 120 bps to 17.3%; FY margin expansion of 20 bps to 17.5%
- FY funded B:B of 1.03

# Supplemental Harris tactical communications history



	<u>3Q18</u>	<u>4Q18</u>	<u>1Q19</u>	<u>2Q19</u>	<u>3Q19</u>	<u>4Q19</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>
<b>Orders</b>	<b>332</b>	<b>389</b>	<b>502</b>	<b>448</b>	<b>289</b>	<b>477</b>	<b>1,242</b>	<b>1,755</b>	<b>1,716</b>
<b>Sales</b>	<b>340</b>	<b>377</b>	<b>334</b>	<b>386</b>	<b>406</b>	<b>432</b>	<b>1,230</b>	<b>1,367</b>	<b>1,558</b>
DoD	121	139	144	170	188	193	392	530	694
International	219	238	190	216	219	240	838	837	864
<b>Funded Backlog<sup>1</sup></b>	<b>855</b>	<b>924</b>	<b>1,094</b>	<b>1,151</b>	<b>1,034</b>	<b>1,079</b>	<b>484</b>	<b>924</b>	<b>1,079</b>

<sup>1</sup>Historical funded backlog and sales have been restated for ASC 606. Funded backlog includes the impact of foreign currency translation.

# L3Harris Segments

 Legacy HRS  Legacy L3  Combined



## Integrated Mission Systems



### ISR

Advanced COMINT, ELINT and targeting mission systems for strategic and tactical aircraft platforms



### Maritime

Electrical and electronic systems and integration for large naval platforms



### Electro Optical

Advanced Electro-Optic / Infrared (EO/IR), laser imaging and targeting sensor systems

## Communication Systems



### Tactical Communications

Radio communications, SATCOM terminals and battlefield management networks for U.S. and international defense customers



### Broadband Communications

Secured mobile networked communication equipment and integration



### Night Vision

Full suite of helmet and weapon mounted integrated systems for U.S. and international customers



### Public Safety

Radios, applications and equipment for critical public safety and professional communications

## Space and Airborne Systems



### Space

Payloads, sensors, and full-mission solutions for classified, civil and commercial customers



### Intel and Cyber

Situational awareness, optical networks and advanced wireless solutions



### Avionics

Sensors, hardened electronics, release systems, data links and antennas supporting fixed wing and rotary platforms



### Electronic Warfare

Multi-spectral situational awareness, threat warning and countermeasures capabilities for airborne and maritime platforms

## Aviation Systems



### Defense Aviation Products

Precision engagement sensors and systems; small UAVs; antennas and arrays; RF amplifiers and microwave devices



### Commercial Aviation Products

Airport security & detection solutions and airborne avionics products - traffic collision avoidance, flight recorders



### Commercial and Military Training

Flight and maintenance simulation, pilot training to military customers, FAA, and global airlines



### Mission Networks

Communications and networking solutions for FAA and international air national service providers

# Unaudited combined L3 and Harris historical financial information



	CY2018					CY2019	
	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Total</u>	<u>Q1</u>	<u>Q2</u>
<b><u>Revenue by Segment</u></b> <sup>1</sup>							
Integrated Mission Systems	1,123	1,211	1,187	1,331	<b>4,851</b>	1,365	1,249
Space & Airborne Systems	962	1,021	972	1,070	<b>4,025</b>	1,111	1,195
Communication Systems	878	1,020	932	1,014	<b>3,844</b>	1,039	1,083
Aviation Systems	915	949	953	1,017	<b>3,835</b>	914	964
Eliminations	-30	-37	-33	-51	<b>-151</b>	-44	-43
<b>Total Company Revenue</b>	<b>3,848</b>	<b>4,164</b>	<b>4,010</b>	<b>4,382</b>	<b>16,404</b>	<b>4,386</b>	<b>4,448</b>
<b><u>Margin by Segment</u></b> <sup>1</sup>							
Integrated Mission Systems	11.7%	11.5%	12.2%	11.1%	<b>11.6%</b>	11.6%	12.6%
Space & Airborne Systems	18.0%	17.6%	17.0%	18.8%	<b>17.9%</b>	17.7%	18.8%
Communication Systems	20.1%	20.8%	21.2%	22.2%	<b>21.1%</b>	21.4%	21.6%
Aviation Systems	9.7%	9.6%	10.1%	7.5%	<b>9.2%</b>	10.5%	10.5%
<b>Total Company Margin</b>	<b>14.8%</b>	<b>14.9%</b>	<b>15.1%</b>	<b>14.9%</b>	<b>14.9%</b>	<b>15.3%</b>	<b>16.3%</b>

<sup>1</sup>Provided supplementally; see "Basis of Preparation" on next slide, including regarding certain adjustments. For reconciliations reference other quarterly earnings materials and the L3Harris investor relations website.

# Basis of Preparation



As supplemental information for investors, L3Harris has provided unaudited combined L3 and Harris historical financial information, which combines L3 and Harris historical operating results as if the businesses had been operated together on the basis of the newly announced four segment structure during prior periods, but excluding the operating results of Harris' night vision business and L3's divested businesses, allocating Harris' corporate department expense to the new segment structure and excluding Harris historical deal amortization (primarily related to Exelis) (the "Supplemental Unaudited Combined Financial Information"). L3Harris intends to exclude all deal amortization (including L3 historical deal amortization) for future periods. The new segment structure and the Supplemental Unaudited Combined Financial Information have no impact on L3's or Harris' previously reported consolidated balance sheets or statements of income, comprehensive income, cash flows or equity.

For avoidance of doubt, the Supplemental Unaudited Combined Financial Information also was not intended to be, and was not, prepared on a basis consistent with the unaudited pro forma condensed combined financial information in Exhibit 99.7 to L3Harris' Current Report on Form 8-K filed July 1, 2019 with the U.S. Securities and Exchange Commission (the "Pro Forma 8-K Filing"), which provides the pro forma financial information required by Item 9.01(b) of Form 8-K. For instance, the Supplemental Unaudited Combined Financial Information does not give effect to the L3Harris merger under the acquisition method of accounting in accordance with Financial Accounting Standards Board ("FASB") Accounting Standard Codification Topic 805, *Business Combinations* ("ASC Topic 805"), with Harris treated as the legal and accounting acquirer, and was not prepared to reflect the merger as if it occurred on the first day of any of the fiscal periods presented. The Supplemental Unaudited Combined Financial Information has not been adjusted to give effect to pro forma events that are (1) directly attributable to the merger, (2) factually supportable, or (3) expected to have a continuing impact on the combined results of L3 and Harris. More specifically, other than excluding the operating results of Harris' night vision business and L3's divested business, allocating Harris' corporate department expense to the new segment structure and excluding Harris historical deal amortization (primarily related to Exelis), the Supplemental Unaudited Combined Financial Information does not reflect the types of pro forma adjustments set forth in Exhibit 99.7 to the Pro Forma 8-K Filing. Consequently, the Supplemental Unaudited Combined Financial Information is intentionally different from, but does not supersede, the pro forma financial information set forth in Exhibit 99.7 to the Pro Forma 8-K Filing.

In addition, the Supplemental Unaudited Combined Financial Information does not purport to indicate the results that actually would have been obtained had the L3 and Harris businesses been operated together on the basis of the new segment structure during the periods presented, or which may be realized in the future.

*Amounts Adjusted for Certain Non-Recurring Items* - The Supplemental Unaudited Combined Financial Information includes amounts adjusted for certain non-recurring items, including revenue and margin, as adjusted to exclude merger-related deal and integration costs and other non-recurring items previously reported by L3 or Harris, as applicable, for prior periods. Such amounts should be viewed in addition to, and not in lieu of, revenue, margin and other financial measures on an unadjusted basis. Other quarterly earnings materials and the L3Harris investor relations website provide a reconciliation of adjusted amounts with the most directly comparable unadjusted amount. L3Harris management believes that these adjusted amounts, when considered together with the unadjusted amounts, provide information that is useful to investors in understanding period-over-period operating results separate and apart from items that may, or could, have a disproportionate positive or negative impact on results in any particular period. L3Harris management also believes that these adjusted amounts enhance the ability of investors to analyze trends in L3Harris' business and to understand L3Harris' performance. In addition, L3Harris may utilize adjusted amounts as guides in forecasting, budgeting and long-term planning processes and to measure operating performance for some management compensation purposes. Adjusted amounts should be considered in addition to, and not as a substitute for, or superior to, unadjusted amounts.