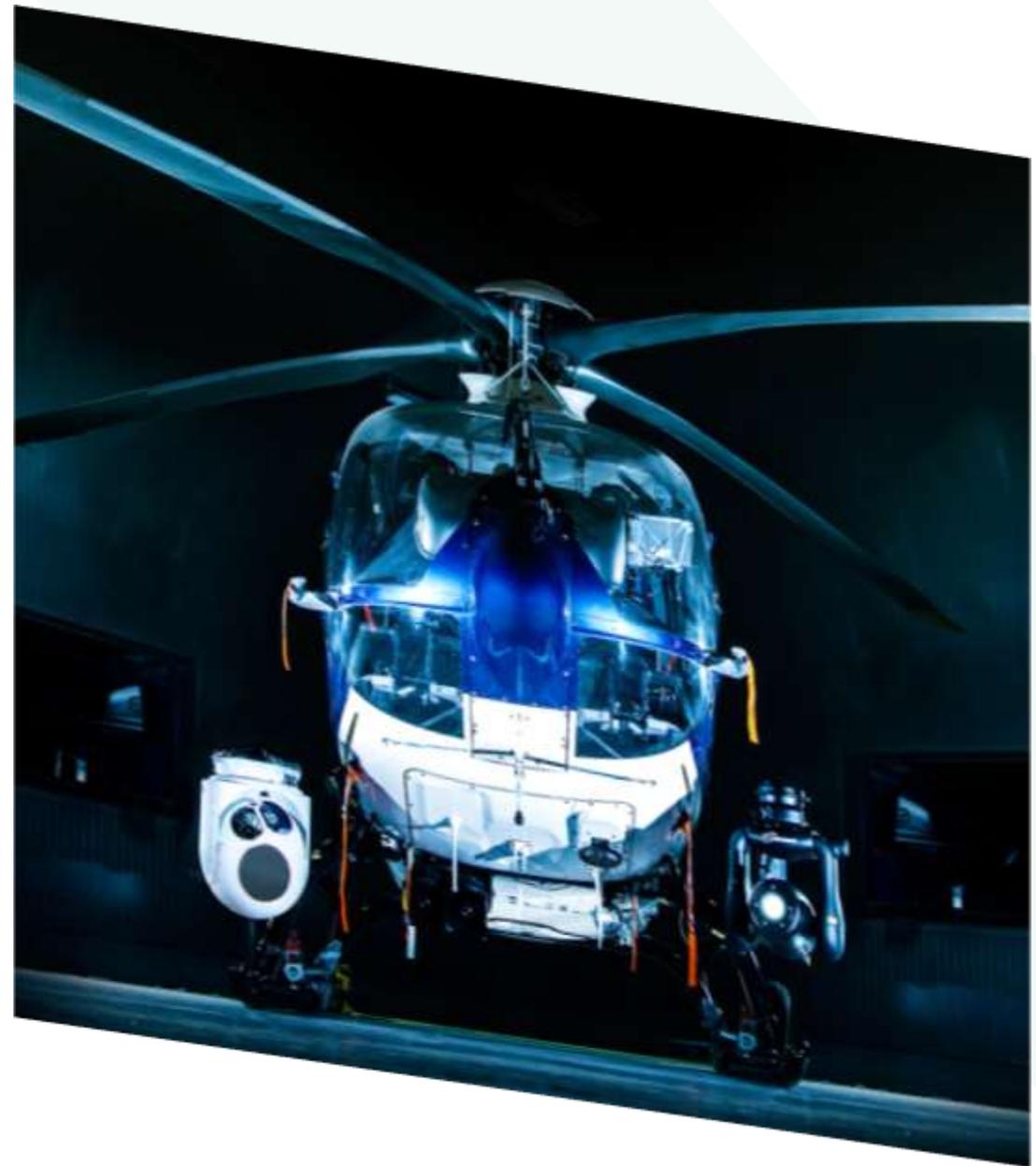




**Technologies**

## **Third Quarter Preliminary Results October 15, 2018**

### **Financial Data Charts**



This presentation consists of L3 Technologies, Inc. general capabilities and administrative information that does not contain controlled technical data as defined within the International Traffic in Arms (ITAR) Part 120.10 or Export Administration Regulations (EAR) Part 734.7-11.

# Forward-Looking Statements

Certain of the matters discussed in these slides, including information regarding the company's 2018 financial guidance, are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements other than historical facts may be forward-looking statements, such as "may," "will," "should," "likely," "projects," "financial guidance," "expects," "anticipates," "intends," "plans," "believes," "estimates," and similar expressions are used to identify forward-looking statements. The company cautions investors that these statements are subject to risks and uncertainties, many of which are difficult to predict and generally beyond the company's control, that could cause actual results to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. Some of the factors that could cause actual results to differ include, but are not limited to, the following: the effect of the announcement of the proposed merger with Harris Corporation on our ability to retain and hire key personnel and maintain relationships with our customers, suppliers and others with whom we do business, including the U.S. Government and other governments, or on our operating results and business generally; our dependence on the defense industry; backlog processing and program slips resulting from delayed awards and/or funding from the Department of Defense (DoD) and other major customers; the U.S. Government fiscal situation; changes in DoD budget levels and spending priorities; our reliance on contracts with a limited number of customers and the possibility of termination of government contracts by unilateral government action or for failure to perform; the extensive legal and regulatory requirements surrounding many of our contracts; our ability to retain our existing business and related contracts; our ability to successfully compete for and win new business, or, identify, acquire and integrate additional businesses; our ability to maintain and improve our operating margin; the availability of government funding and changes in customer requirements for our products and services; the outcome of litigation matters (see Notes to our annual report on Form 10-K and quarterly reports on Form 10-Q); results of audits by U.S. Government agencies and of ongoing governmental investigations; our significant amount of debt and the restrictions contained in our debt agreements and actions taken by rating agencies that could result in a downgrade of our debt; our ability to continue to recruit, retain and train our employees; actual future interest rates, volatility and other assumptions used in the determination of pension benefits and equity based compensation, as well as the market performance of benefit plan assets; our collective bargaining agreements; our ability to successfully negotiate contracts with labor unions and our ability to favorably resolve labor disputes should they arise; the business, economic and political conditions in the markets in which we operate; the risk that our commercial aviation products and services businesses are affected by a downturn in global demand for air travel or a reduction in commercial aircraft OEM (Original Equipment Manufacturer) production rates; the DoD's Better Buying Power and other efficiency initiatives; events beyond our control such as acts of terrorism; our ability to perform contracts on schedule; our international operations including currency risks and compliance with foreign laws; our extensive use of fixed-price type revenue arrangements; the rapid change of technology and high level of competition in which our businesses participate; risks relating to technology and data security; our introduction of new products into commercial markets or our investments in civil and commercial products or companies; the impact on our business of improper conduct by our employees, agents or business partners; goodwill impairments and the fair values of our assets; and the ultimate resolution of contingent matters, claims and investigations relating to acquired businesses, and the impact on the final purchase price allocations.

Our forward-looking statements speak only as of the date of these slides or as of the date they were made, and we undertake no obligation to update forward-looking statements. For a more detailed discussion of these factors, also see the information under the captions "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our most recent report on Form 10-K for the year ended December 31, 2017 and any material updates to these factors contained in any of our future filings.

As for the forward-looking statements that relate to future financial results and other projections, actual results will be different due to the inherent uncertainties of estimates, forecasts and projections and may be better or worse than projected and such differences could be material. Given these uncertainties, you should not place any reliance on these forward-looking statements.

# Select Financial Data - - Preliminary 3Q18 (1 of 2)

(in millions, except per share data)

	<u>3Q18</u>	<u>3Q17</u>	<u>vs. 3Q17</u>
<b>Net sales</b>	<b>\$ 2,519</b>	<b>\$ 2,293</b>	<b>10%</b>
<b>Operating income</b>	<b>\$ 272</b>	<b>\$ 232</b>	<b>17%</b>
<b>Merger, acquisition and divestiture related expenses</b>	<b>9</b>	<b>-</b>	<b>n.m.</b>
<b>Segment operating income</b>	<b><u>\$ 281</u></b>	<b><u>\$ 232</u></b>	<b>21%</b>
<b>Operating margin</b>	<b>10.8%</b>	<b>10.1%</b>	<b>+70 bps</b>
<b>Segment operating margin</b>	<b>11.2%</b>	<b>10.1%</b>	<b>+110 bps</b>
<b>Interest expense</b>	<b>\$ 40</b>	<b>\$ 42</b>	<b>-5%</b>
<b>Interest and other income, net</b>	<b>\$ 15</b>	<b>\$ 2</b>	<b>n.m.</b>
<b>Debt retirement charge</b>	<b>\$ 21</b>	<b>\$ -</b>	<b>n.m.</b>
<b>Effective income tax rate</b>	<b>8.0%</b>	<b>24.0%</b>	<b>n.m.</b>
<b>Minority interest expense</b>	<b>\$ 6</b>	<b>\$ 3</b>	<b>n.m.</b>
<b>Net income from continuing operations attributable to L3</b>	<b>\$ 202</b>	<b>\$ 143</b>	<b>41%</b>
<b>Diluted earnings per share from continuing operations</b>	<b>\$ 2.54</b>	<b>\$ 1.79</b>	<b>42%</b>
<b>Adjusted diluted earnings per share from continuing operations<sup>(1)</sup></b>	<b>\$ 2.85</b>	<b>\$ 1.79</b>	<b>59%</b>
<b>Diluted weighted average common shares outstanding</b>	<b>79.4</b>	<b>79.8</b>	<b>-1%</b>

Note: (1) Adjusted diluted EPS from continuing operations represents diluted EPS from continuing operations excluding: (i) \$0.21 of debt retirement charges, and (ii) \$0.10 of merger, acquisition and divestiture related expenses. Adjusted diluted EPS from continuing operations is not calculated in accordance with U.S. GAAP. The company believes that the debt retirement charge and merger, acquisition and divestiture related expenses affect the comparability of the results of operations and that disclosing diluted EPS from continuing operations excluding these items is useful to investors as it allows investors to more easily compare the 2018 guidance to the 2017 results. However, these non-GAAP financial measures may not be defined or calculated by other companies in the same manner.

n.m. = not meaningful

# Select Financial Data - - Preliminary 3Q18 (2 of 2)

(in millions, except per share data)

	<u>3Q18</u>	<u>3Q17</u>	<u>vs. 3Q17</u>
<b>Net cash provided from operating activities from continuing operations</b>	<b>\$ 163</b>	<b>\$ 265</b>	<b>-38%</b>
<b>Less: Capital expenditures, net of PP&amp;E dispositions</b>	<b>(58)</b>	<b>(53)</b>	<b>9%</b>
<b>Plus: Income tax payments attributable to discontinued operations</b>	<b>69</b>	<b>7</b>	<b>n.m.</b>
<b>Divestiture related costs</b>	<b>16</b>	<b>-</b>	<b>n.m.</b>
<b>Free cash flow <sup>(1)</sup> <sup>(2)</sup></b>	<b><u>\$ 190</u></b>	<b><u>\$ 219</u></b>	<b>-13%</b>
 <b>Funded orders</b>	 <b>\$ 3,187</b>	 <b>\$ 2,744</b>	 <b>16%</b>

Notes: (1) Free cash flow is defined as net cash from operating activities from continuing operations less net capital expenditures (capital expenditures less cash proceeds from dispositions of property, plant and equipment), plus income tax payments attributable to discontinued operations and divestiture related costs. The company believes free cash flow is a useful measure for investors because it portrays the company's ability to generate cash from operations for purposes such as repaying debt, returning cash to shareholders and funding acquisitions. The company also uses free cash flow as a performance measure in evaluating management.

(2) Excludes free cash flow from discontinued operations.

n.m. = not meaningful

# Preliminary Unaudited Segment Results

(in millions)

	<u>3Q18</u>	<u>3Q17</u>	<u>vs. 3Q17</u>
<b><u>Net sales:</u></b>			
ISR Systems	\$ 1,096	\$ 963	14%
Communications & Networked Systems	\$ 734	\$ 752	-2%
Electronic Systems	\$ 689	\$ 578	19%
<b><u>Segment Operating Margin:</u></b>			
ISR Systems	11.0%	7.6%	+340 bps
Communications & Networked Systems	9.4%	10.8%	-140 bps
Electronic Systems	13.2%	13.5%	-30 bps

# Consolidated 2018 Financial Guidance

(in millions, except per share data)

	<b>Current Guidance (October 14, 2018)</b>	<b>Prior Guidance (July 26, 2018)</b>
<b>Net sales</b>	<b>\$10,000 to 10,200</b>	<b>\$10,000 to 10,200</b>
<b>Segment operating margin<sup>(1)</sup></b>	<b>11.2%</b>	<b>11.2%</b>
<b>Interest expense and other, net<sup>(2)</sup></b>	<b>\$131</b>	<b>135</b>
<b>Debt retirement charges</b>	<b>\$69</b>	<b>\$69</b>
<b>Effective tax rate</b>	<b>16.5%<sup>(3)</sup></b>	<b>18.0%</b>
<b>Minority interest expense<sup>(4)</sup></b>	<b>\$21</b>	<b>\$20</b>
<b>Diluted shares</b>	<b>80</b>	<b>80</b>
<b>Diluted EPS from continuing operations</b>	<b>\$9.77 to 9.87</b>	<b>\$9.46 to 9.66</b>
<b>Adjusted diluted EPS from continuing operations<sup>(5)</sup></b>	<b>\$10.20 to \$10.30</b>	<b>\$9.80 to \$10.00</b>
<b>Net cash from operating activities from continuing operations</b>	<b>\$1,125</b>	<b>\$1,170</b>
<b>Capital expenditures, net of PP&amp;E dispositions</b>	<b>(230)</b>	<b>(255)</b>
<b>Divestiture related costs</b>	<b>20</b>	<b>-</b>
<b>Free cash flow</b>	<b><u>\$915</u></b>	<b><u>\$915</u></b>

Notes: (1) Segment operating margin excludes: (1) the gain of \$44 million (\$22 million after income taxes, or \$0.28 per diluted share) related to the sale of the company's Crestview & TCS businesses and (ii) merger and acquisition related expenses.

(2) Interest expense and other is comprised of: (i) interest expense of \$165 million and (ii) interest and other income, net, of \$34 million (including \$9 million of income related to employee benefit plans).

(3) Effective tax rate includes the tax provision related to the sale of the company's Crestview & TCS businesses and tax benefits from merger and acquisition related expenses and the debt retirement charge. Excluding these items, the effective tax rate used in adjusted diluted EPS is 15.5%.

(4) Minority interest expense represents net income from continuing operations attributable to noncontrolling interests.

(5) Adjusted diluted EPS from continuing operations represents diluted EPS from continuing operations excluding: (i) the \$0.28 gain related to the sale of the company's Crestview & TCS businesses, (iii) \$0.06 of merger and acquisition related expenses and (iii) \$0.65 of debt retirement charges. Adjusted diluted EPS from continuing operations is not calculated in accordance with U.S. GAAP. The company believes that the gain relating to the Crestview & TCS businesses divestiture, merger and acquisition related expenses and the debt retirement charge affect the comparability of the results of operations and that disclosing diluted EPS from continuing operations excluding these items is useful to investors as it allows investors to more easily compare the 2018 guidance to the 2017 results. However, these non-GAAP financial measures may not be defined or calculated by other companies in the same manner.



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