

# INVESTOR BRIEFING

MARCH 10, 2021



# 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 presentation include but are not limited to statements regarding: the company's plans, strategies, focus areas, priorities and objectives for future operations or results, including revenue growth, margin expansion and cash generation; value creation and enhanced capital allocation opportunities, including synergies, margin expansion, share repurchases, dividends and portfolio shaping; accelerating capital returns, multiple levers for growth and value creation, threat and budget and revenue environments, demand for solutions, research and development spend, pipeline, guidance, trends and drivers supporting medium-term outlook; new products, services or developments; future economic conditions or performance; the outcome of contingencies; program, contract and order opportunities and awards and the value or potential value and timing thereof (including from revenue synergies); 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: actual impacts related to COVID; risks related to the inability to realize benefits or to implement integration plans and other consequences associated with the combination; 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 transactions, including mergers, acquisitions, divestitures and spin-offs and the risks and uncertainties related thereto, including the company's ability to manage and integrate acquired businesses and realize expected benefits, the potential disruption to relationships with employees, suppliers and customers, including the U.S. Government, and to the company's business generally and potential tax, indemnification and other liabilities and exposures; 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; downturns in global demand for air travel and other economic factors impacting the company's commercial aviation products, systems and services business; 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; and 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. The declaration of dividends and the amount and timing thereof and the level and timing of share repurchases will depend on a number of factors, including the company's financial condition, capital requirements, cash flow, results of operations, future business prospects and other factors. There can be no assurances that the company's cash dividend rate will continue to increase or that the company will complete any or all share repurchases under the new authorization, which authorizes open market purchases, private transactions, transactions structured through investment banking institutions and any combinations thereof. The timing, volume and nature of share repurchases are subject to business and market conditions, applicable securities laws, and other factors, and are at the discretion of the company and may be suspended or discontinued at any time without prior notice. 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# Today's agenda



Time	Topic	Speaker
10:00am – 10:05am	Introduction	Rajeev Lalwani
10:05am – 10:10am	Opening Remarks	Bill Brown
10:10am – 10:30am	Strategy and Outlook	Chris Kubasik
10:30am – 10:45am	Q&A	Bill Brown / Chris Kubasik / Jay Malave
10:45am – 11:10am	Integrated Mission Systems (IMS)	Sean Stackley
11:10am – 11:20am	Q&A – IMS	Sean Stackley / Jay Malave
11:20am – 11:30am	Break	
11:30am – 11:55am	Space & Airborne Systems (SAS)	Ed Zoiss
11:55am – 12:05pm	Q&A – SAS	Ed Zoiss / Jay Malave
12:05pm – 12:30pm	Q&A – L3Harris	L3Harris Leadership Team



**Bill Brown**  
Chair & CEO



**Chris Kubasik**  
Vice Chair,  
President & COO



**Jay Malave**  
Senior Vice  
President & CFO



**Sean Stackley**  
President,  
Integrated Mission  
Systems



**Ed Zoiss**  
President,  
Space & Airborne  
Systems



**Rajeev Lalwani**  
Vice President,  
Investor Relations

# Merger formed leading defense technology company



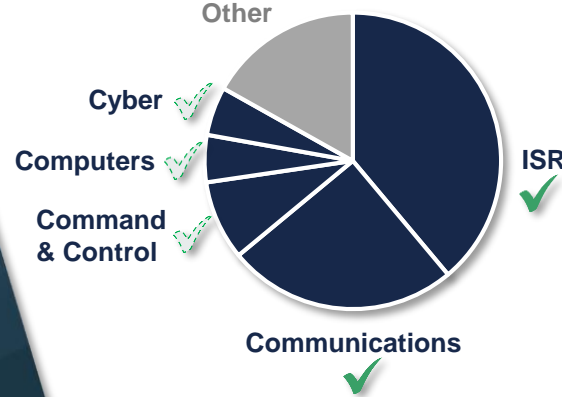
Increased scale with focus on innovation...aligned with future military spending

Stronger platform from complementary portfolios...leading C5ISR capabilities across all domains

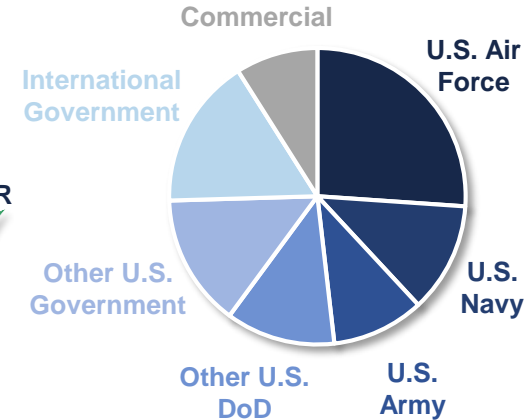
Unique opportunities for value creation... synergies and margin expansion potential via operational excellence

Enhanced capital allocation opportunities...share repurchases, dividends, and portfolio shaping

**>80% C5ISR**



**Diversified Customer Base**



✓ Leader (#1 / #2 position)    ✓ Strong niche position

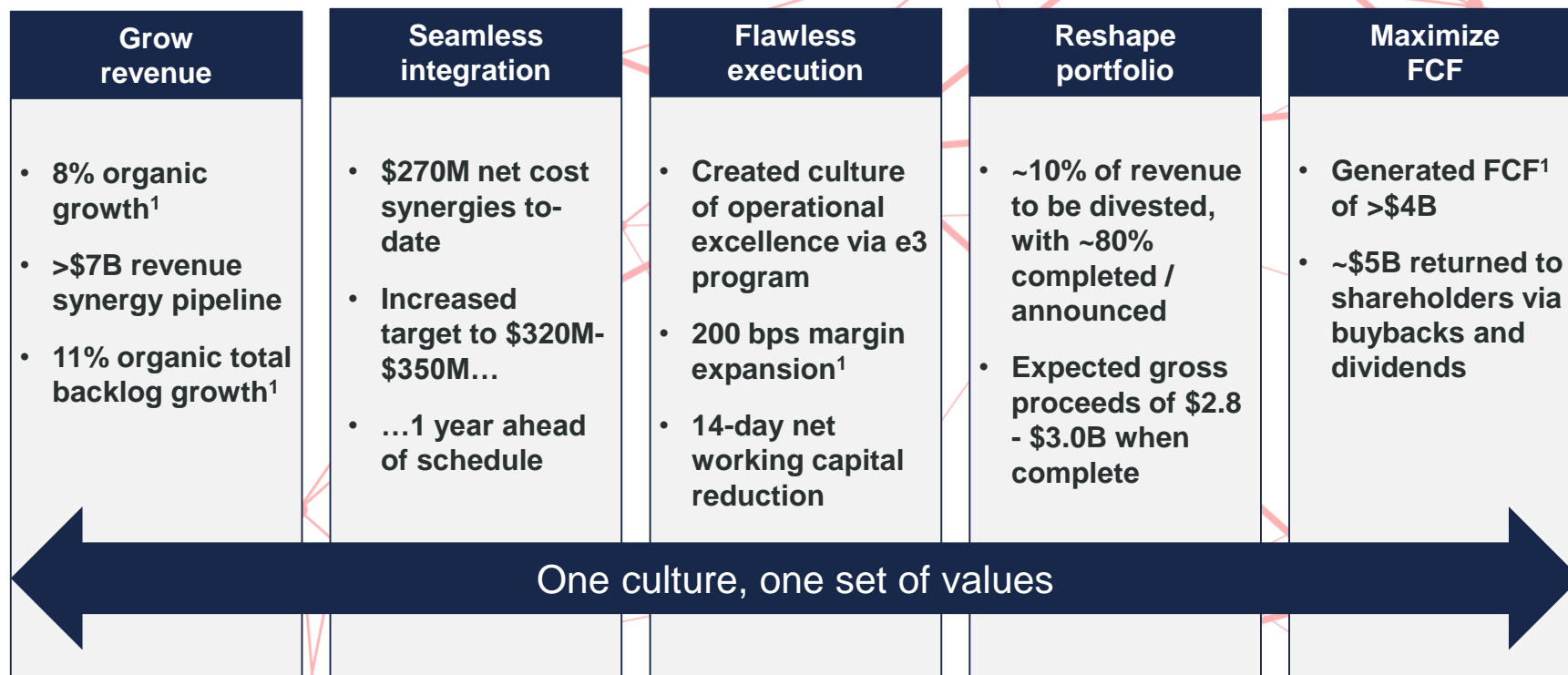
Market Cap	Revenue	Margin <sup>1</sup>	FCF <sup>1</sup>
~\$40B	\$18.2B	18.0%	\$2.7B

<sup>1</sup>Adjusted EBIT margin and adjusted free cash flow (FCF) are non-GAAP financial measures (NGFMs); refer to NGFM reconciliations in quarterly earnings materials available on the L3Harris investor relations website.

# Off to a strong start...ahead of plan



In less than 2 years we've integrated L3 and Harris into a single, high-performance, technology-focused operating company...



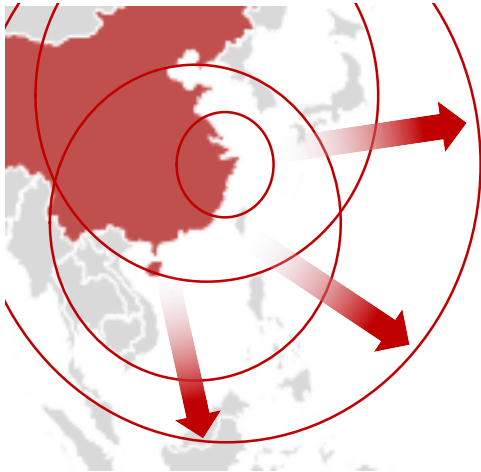
...with the scale and resources to support C5ISR prime opportunities across all domains

<sup>1</sup>Organic revenue growth, organic total backlog growth, adjusted EBIT margin expansion and adjusted free cash flow (FCF) since the L3Harris Merger represents the time period from merger close in mid-2019 through 2020 and are non-GAAP financial measures (NGFMs); refer to NGFM reconciliations at the end of this investor briefing and in quarterly earnings materials available on the L3Harris investor relations website.

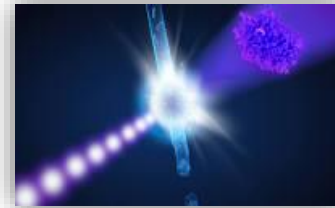
# A growing need for L3Harris offerings...



Threats rapidly evolving...



...drive demand for advanced, resilient and affordable solutions



Resilient Communications



Resilient Space

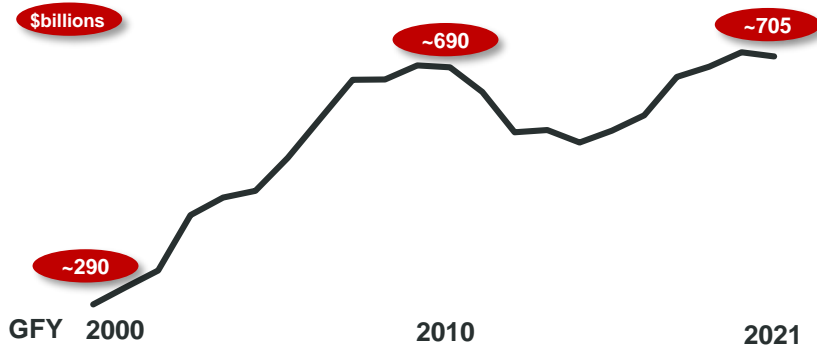


Networked and Multi-Function Systems<sup>2</sup>



ISR capabilities

...and DoD budgets<sup>1</sup> flattening...



Survivability



Autonomy

<sup>1</sup>Source: U.S. Office of Management and Budget historical tables; represents 051 DoD base and OCO funding (excludes Department of Energy and other defense-related activities).

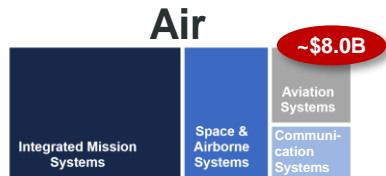
<sup>2</sup>Graphic source: <https://www.monch.com/mpg/news/ew-c4i-channel/7334-saic-and-usaf-partner-for-jadc2.html>.



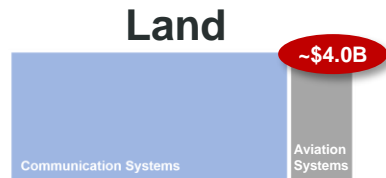
# ...As a Mission Solutions Prime with leading positions in all domains...



2020 Revenue



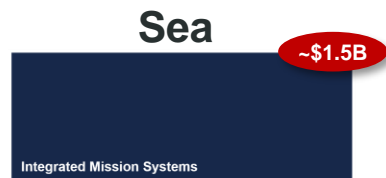
- Signals intelligence (SIGINT)
- Electro-Optical / Infrared turrets
- Datalinks and waveforms
- Multi-function processing
- Electronic warfare
- Unmanned aircraft



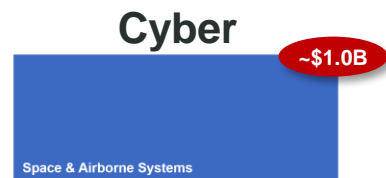
- Radio communications
- Battle management systems
- Night vision systems
- SATCOM terminals
- Fuzing & ordnance systems



- End-to-end responsive satellite systems
- Exquisite payloads
- Hyperspectral sensors
- Space control & situational awareness
- Space warfighting effects



- Power and electrical distribution systems
- Integrated bridge & navigation
- Communication and sensor systems
- Unmanned vessels (surface & undersea)



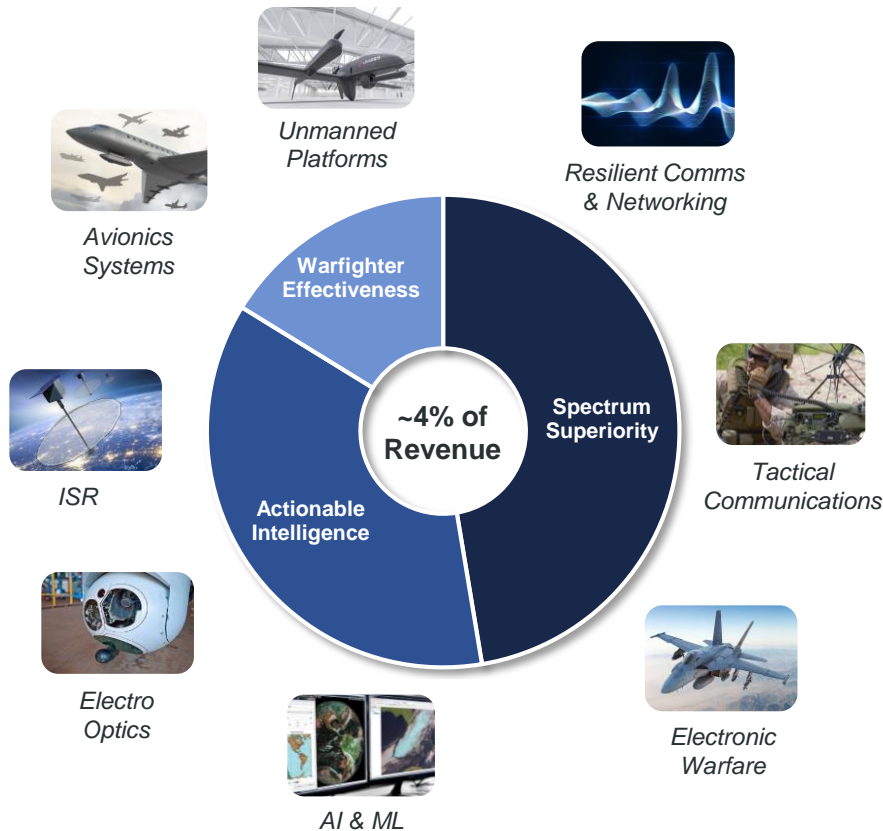
- Complex mission solutions
- Specialized communications
- Global intelligence and cyber solutions



# ...Differentiated by focused R&D spend



## Industry leading R&D investments...



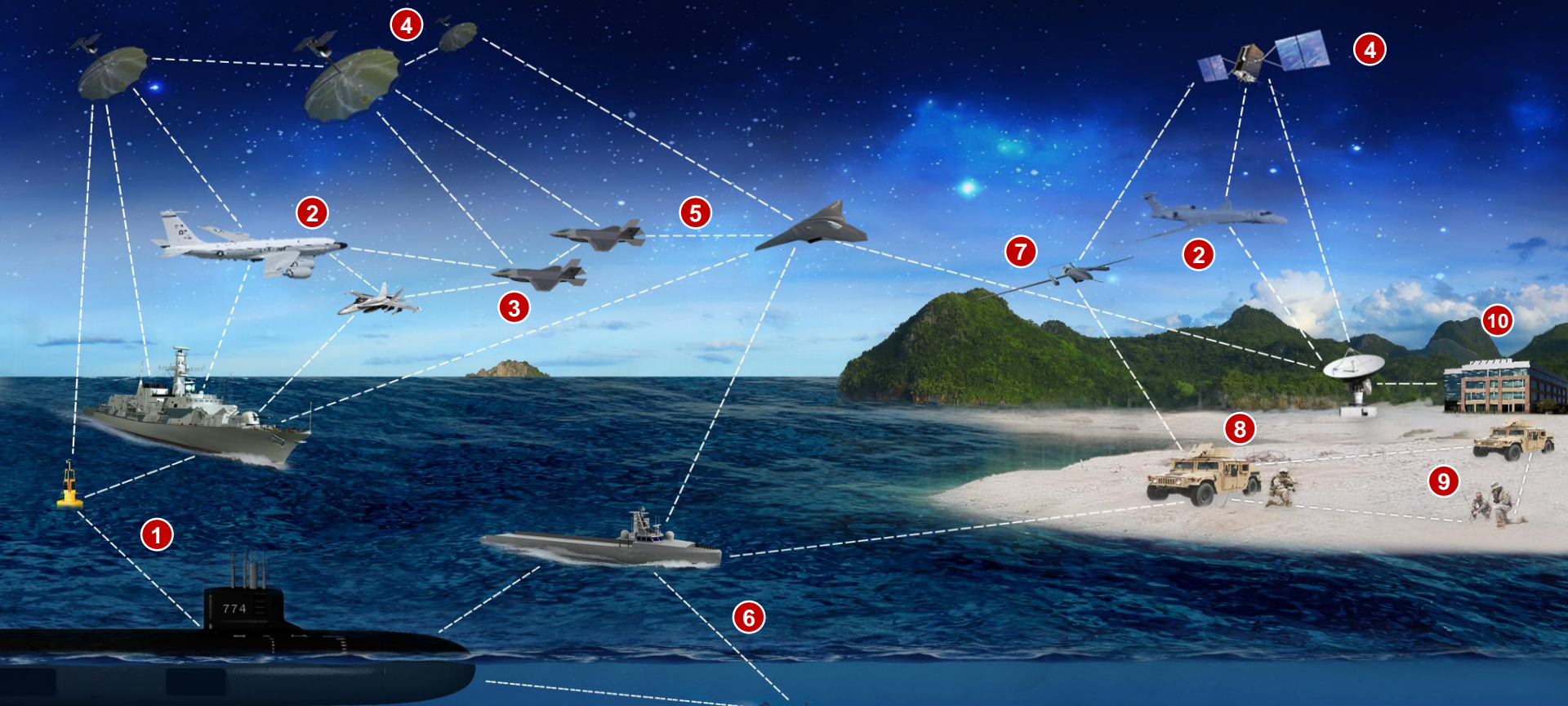
## ...creating unique technological solutions

- Interoperability in contested environments
- Signal processing to counter advanced and evolving threats...enhancing survivability
- Sensors to acquire, process, and target across domains...enabling actionable intelligence
- Leverage artificial intelligence (AI) and machine learning (ML) to fuse and deliver multi-modal sensor data
- Multi-function, open-systems architecture to enable cost effective upgrades and sustainability

Building the infrastructure for the future fight



# Ready to enable multi-domain operations



- 1 Communication and sensor systems
- 2 Signals intelligence
- 3 Multi-function processing
- 4 Exquisite and responsive satellite solutions
- 5 Datalinks and waveforms

- 6 Unmanned vessels (surface & undersea)
- 7 Unmanned aircraft
- 8 Battle management systems
- 9 Radio communications and night vision systems
- 10 Global intelligence and cyber solutions

# Well-positioned to navigate a shifting revenue environment...

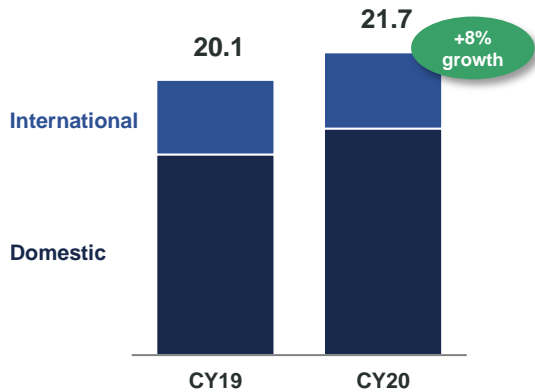


## Domestic positioning

Well-aligned solutions...



...reinforced by strong backlog<sup>1</sup> growth



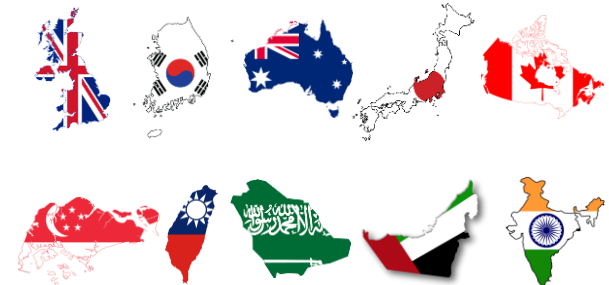
## Revenue synergies

**HARRIS** + **L3** = **L3HARRIS™**

## International expansion

Demand for L3Harris capabilities...

...supporting global modernization with integrated solutions in 10 focus countries



- ✓ 3-year pipeline >\$7B
- ✓ ~2/3 win rate on 48 proposals awarded to-date
- ✓ ~\$400M awarded to-date

Drives differentiated and sustainable growth over the medium term

<sup>1</sup>Represents funded and unfunded backlog on an organic basis and is a non-GAAP financial measure (NGFM); refer to NGFM reconciliations at the end of this investor briefing and in quarterly earnings materials available on the L3Harris investor relations website.

# ...with progress to-date from prime-level wins and >\$125B pipeline



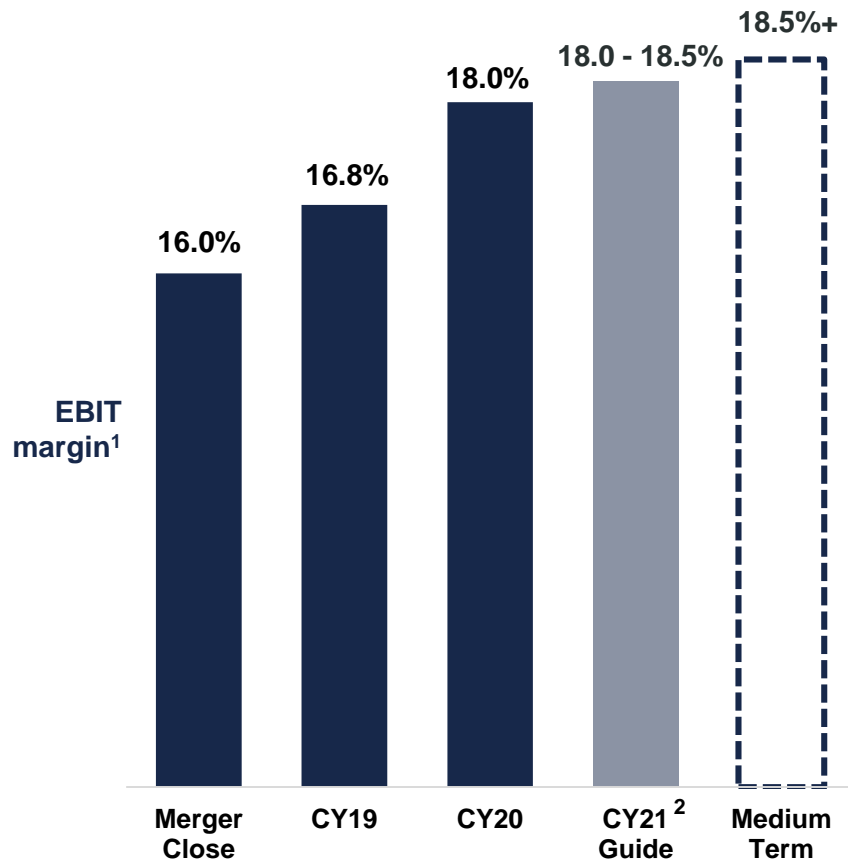
<h2>Domestic positioning</h2> <p>&gt;\$95B pipeline</p>	<p>\$2B+</p> <p>Hypersonic and Ballistic Tracking Space Sensor (HBTSS)</p>	<p>~\$4B</p> <p>Next Generation Jammer - Low Band (NGJ-LB)</p>	<p>\$1B+</p> <p>Unmanned Surface Vessels (USV)</p>	
	<p>\$2B+</p> <p>Space Development Agency (SDA) Tracking Layer</p>	<p>\$0.7B+</p> <p>Classified Programs</p>	<p>\$0.2B+</p> <p>Defense Advanced Research Projects Agency</p>	<p>Long-term potential value</p>
	<h2>Revenue synergies</h2> <p>&gt;\$7B pipeline</p>	<p>\$3B+</p> <p>ISR Aircraft Missionization</p>	<p>~\$1.5B</p> <p>F-16 Next-Generation EW (Viper Shield™)</p>	



# Steady to rising margins ahead...



## Upward trajectory to-date...



## ...with additional opportunities

- Increased cost synergies to \$320M - \$350M net...drives margin expansion in 2021
- Accretive portfolio shaping
- Acceleration of operational excellence drives next phase of cost opportunities



<sup>1</sup>Adjusted EBIT margin is a non-GAAP financial measure (NGFM); refer to NGFM reconciliations at the end of this investor briefing and in quarterly earnings materials available on the L3Harris investor relations website.

<sup>2</sup>Guidance provided January 29, 2021 – refer to 4Q 2020 quarterly earnings and related materials on the L3Harris investor relations website.

# ...driven by a culture of Operational Excellence



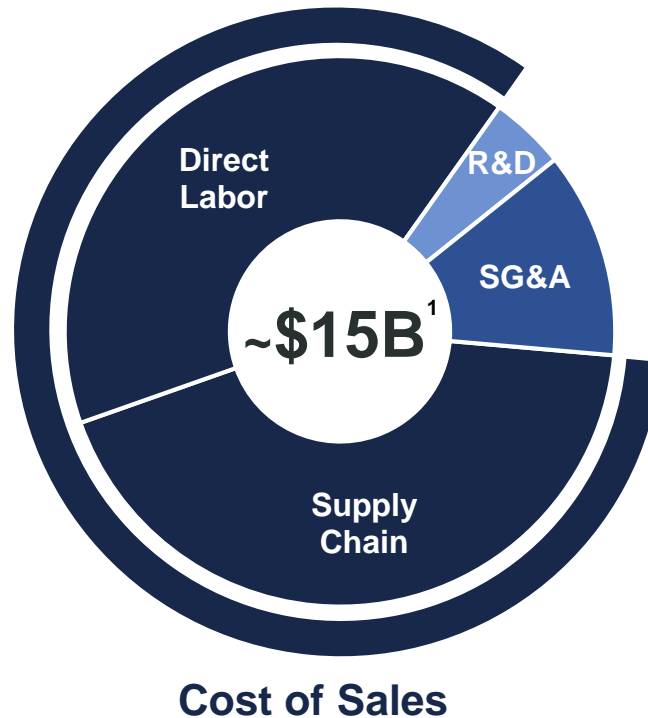
## Direct Labor

- Quality improvement...5%+ escape and cost of poor quality reduction per annum
- Factory productivity...2-3% per annum
- Program excellence...process improvement and talent development

## Supply Chain

- Supplier optimization and volume leverage...targeting ~35% reduction in suppliers since merger
- Improved supplier performance... 5%+ defect reduction target per annum
- Lead and cycle time reduction
- Value engineering

**e<sup>3</sup>** excellence everywhere every day



## R&D

- Sustain spend at ~4% of sales...supports innovation
- Increase efficiency through DevSecOps
- Technology roadmaps aligned with enterprise strategy... continued spend effectiveness across L3Harris

## SG&A

- Facility consolidation...targeting ~40% site / ~25% sq ft reduction<sup>2</sup> since merger
- Reduced ERP instances to 65 (from 75) since merger...target of ~20 across 3 core platforms
- Continued shared services optimization and functional efficiencies

Enables investments for continued growth and steady margin expansion

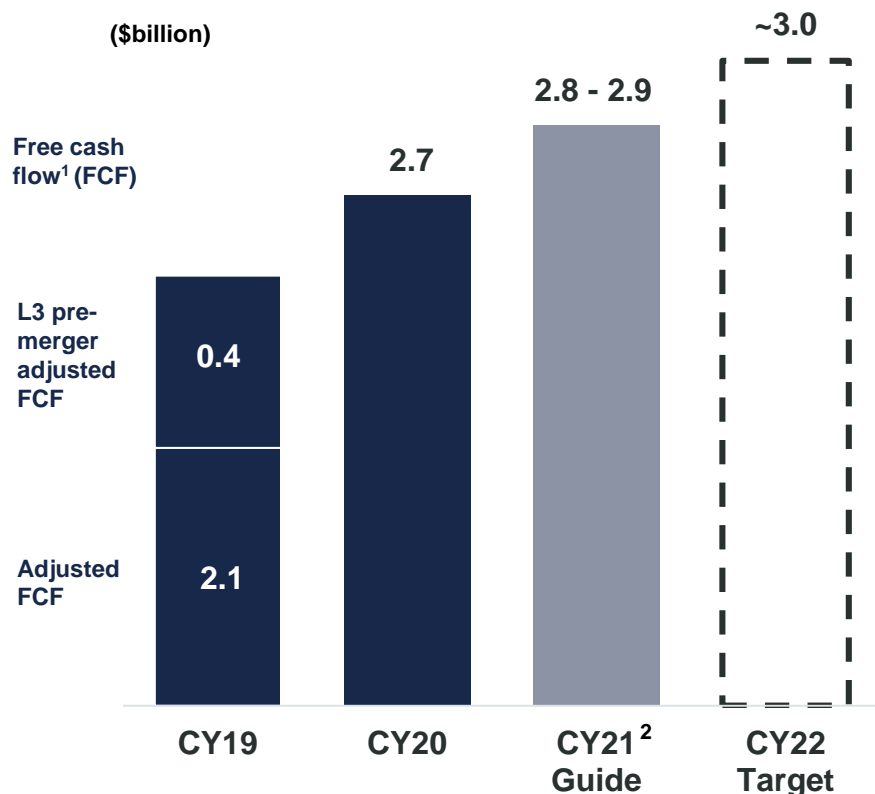
<sup>1</sup>Represents 2020 non-GAAP cost of sales and expenses, and is a non-GAAP financial measure (NGFM); refer to adjusted EBIT NGFM reconciliation in table 5 of our Q4CY20 earnings release available on the L3Harris investor relations website.

<sup>2</sup>Includes announced and potential divestitures.

# Cash generation to remain robust



## Healthy cash conversion...



Maintain FCF conversion of 105%+

## ...with supportive outlook

- Continued EBIT growth
- Opportunity to reach ~40 days of working capital from 54...focus on optimizing inventory management and terms
- CapEx discipline...~2% of revenue
- Pension relatively well-funded at 84%... no expected contributions<sup>3</sup> over medium-term

<sup>1</sup>Adjusted free cash flow (FCF) = operating cash flow less net capital expenditures, excluding deal and integration costs; for CY19 first half, reflects separate company reported results. Adjusted free cash flow is a non-GAAP financial measure (NGFM); refer to NGFM reconciliations in quarterly earnings materials available on the L3Harris investor relations website.

<sup>2</sup>Guidance provided January 29, 2021 – refer to 4Q 2020 quarterly earnings and related materials on the L3Harris investor relations website.

<sup>3</sup>Excludes moderate pension contributions for international plans.

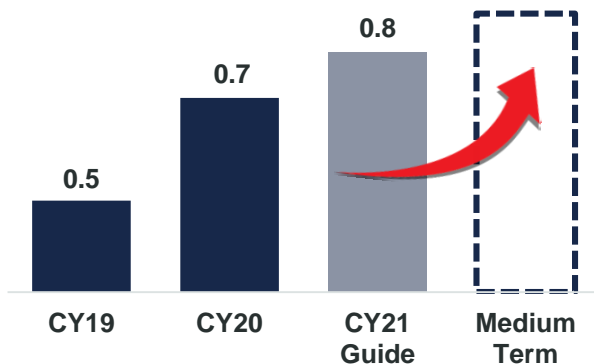


# Differentiated and accelerated capital returns



(\$billion, except share count in millions)

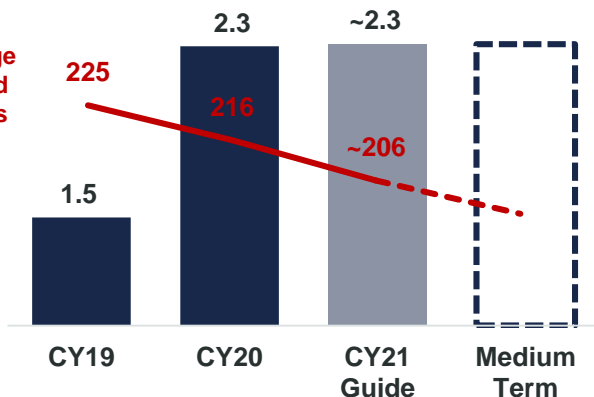
## Dividends



- Announced 20% increase in January 2021...3rd raise since merger for ~50% cumulative increase
- Target dividend growth to 30-35% payout of FCF over medium-term
- Healthy dividend increases ahead

## Share Repurchases<sup>1</sup>

Average diluted shares



- New \$6B share repurchase authorization in January 2021...
- ...majority consumed through 2022 from cash generation and incremental divestiture proceeds of nearly \$2B...
- ...enabled by healthy leverage at 1.6x Net Debt / EBITDA<sup>2</sup> and no expected pension funding<sup>2</sup>

Share repurchases since merger and through 2022 expected to be ~25% of current market capitalization<sup>3</sup>

<sup>1</sup>CY19 average diluted shares is on a pro-forma basis. CY21 guidance provided January 29, 2021 - excludes use of net proceeds from recently announced and potential divestitures, and share count excludes effect of additional share repurchases; refer to 4Q 2020 quarterly earnings and related materials on the L3Harris investor relations website.

<sup>2</sup>Net Debt / EBITDA is a non-GAAP financial measure (NGFM); refer to NGFM reconciliations at the end of this investor briefing. Also, cash flow excludes moderate pension contributions for international plans.

<sup>3</sup>Market capitalization as of 3/8/2021.

# Multiple levers for growth and value creation



## Top-line growth

- R&D spend driving innovation
- Well-aligned with DoD budget priorities
- Revenue synergies
- International expansion

Differentiated and sustainable growth

## Margin<sup>1</sup> expansion

- Increased cost synergy savings in 2021
- Accretive portfolio shaping
- Operational excellence acceleration

Best in class margins ... 18.5%+

## FCF<sup>1</sup> & capital allocation

- Continued EBIT growth
- Working capital and capex discipline
- Capital returns...share repurchases and dividends
- Balance sheet optionality

~\$3B of FCF in 2022 ... more growth ahead

Execution on strategic priorities to drive double-digit bottom-line growth

<sup>1</sup>Adjusted EBIT margin and adjusted free cash flow (FCF) are non-GAAP financial measures (NGFMs); refer to NGFM reconciliations in quarterly earnings materials available on the L3Harris investor relations website.

# Strategic priorities to build on our success



**Grow revenue...investment in innovation and well-aligned portfolio**



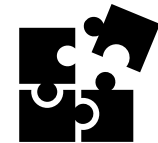
**Deliver on integration commitments**



**Build on operational excellence and expand margins**



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



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



# INTEGRATED MISSION SYSTEMS



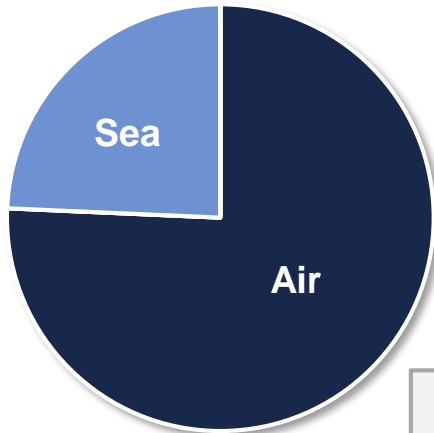
**Sean Stackley**  
President,  
Integrated Mission  
Systems



# Integrated Mission Systems



## Domain positioning

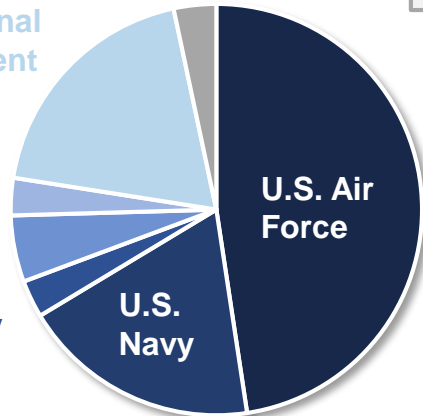


## Customer diversification

Commercial

International Government

Other U.S. Government  
Other U.S. DoD  
U.S. Army



2020 Revenue  
**\$5.5B**

## BUSINESSES



### Intelligence, Surveillance, Reconnaissance (ISR) (~55%)

Advanced integrated signals intelligence (SIGINT), communications intelligence (COMINT), electronic intelligence (ELINT) and targeting mission systems for strategic and tactical aircraft platforms



### Maritime (~25%)

Power, electronic, imaging and sensor systems for manned platforms, and end-to-end unmanned vessels



### Electro Optical (~20%)

Advanced Electro-Optic / Infrared (EO/IR), laser imaging and targeting sensor systems; spacecraft communications and launch vehicle avionics



## National Defense Strategy

### Insatiable Demand for Signals Intelligence

Peer competition driving increased US and International SIGINT demand



### Resilient and Survivable Networks

Joint All Domain Command & Control connecting every sensor to every weapon



### Global Force Projection

Focus on maritime superiority driving growth in number of ships, submarines, and unmanned vessels



### Advanced Technologies and Capabilities

Pacing the threat ... modernizing with affordable solutions



## Driving Growth ...

**Core capabilities** aligned to National Defense Strategy; resilient to budget turmoil:

- Advanced Sensors: RF, Acoustic, EO/IR
- Signals, Electronic, Image Intelligence
- Resilient network systems
- Advanced Naval capability
- Autonomy

**Growth** fueled by:

- Continued innovation
- Expansion to agencies
  - Cross-Domain (Air, Land, Sea)
  - International
- Integration of core capabilities



# Discriminating signals intelligence, communications and modernization capability



## The world's most advanced ISR Aircraft

 <p>RC-135 USAF Rivet Joint</p>	 <p>Special Purpose Aircraft</p>	 <p>26 Aircraft \$800M-\$1B/ year International (UK and KSA)</p>
<p>Rivet Joint Signals Intelligence</p>		

## The nation's highest priority missions

 <p>VC-25 Air Force One</p>	 <p>C-40 Executive Transport</p>	 <p>E-4B Nuclear Command, Control &amp; Communications</p>	 <p>E-6B</p> <p>46 Aircraft \$300M-\$400M/ year</p>
<p>National Command Authority Communications</p>			

## The world's most prolific transport aircraft

 <p>EC-130H Compass Call</p>	 <p>C-130J USCG, USMC</p>	 <p>C-130H Global Maintenance</p>	 <p>C-130H Avionics Modernization Program</p> <p>100's of Aircraft \$125M/ year</p>
<p>C-130 Maintenance &amp; Modernization</p>			

60-year enterprise programs providing foundation for future growth

# Expanding airborne ISR



## Premier Signals Intelligence and Electronic Warfare capability

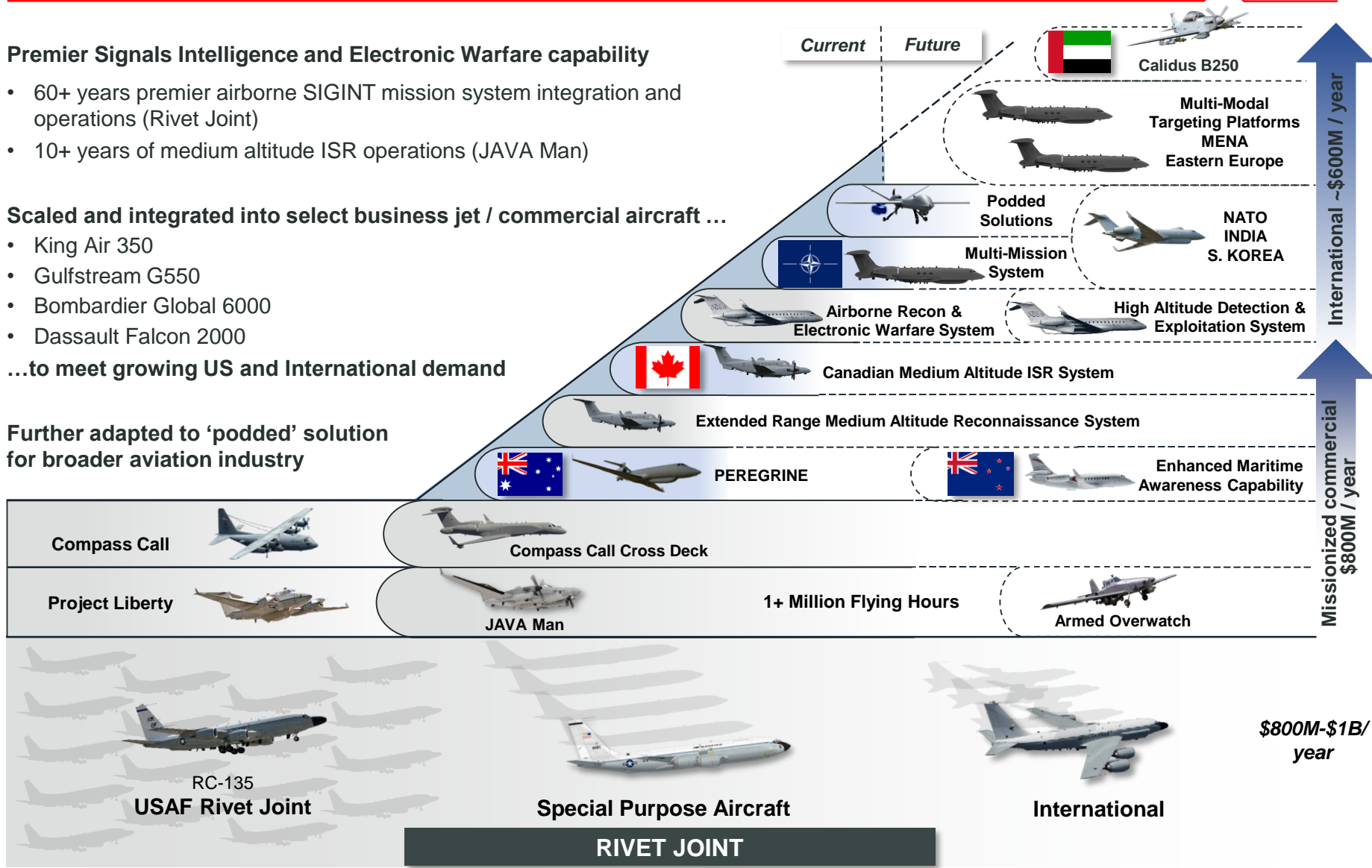
- 60+ years premier airborne SIGINT mission system integration and operations (Rivet Joint)
- 10+ years of medium altitude ISR operations (JAVA Man)

## Scaled and integrated into select business jet / commercial aircraft ...

- King Air 350
- Gulfstream G550
- Bombardier Global 6000
- Dassault Falcon 2000

...to meet growing US and International demand

## Further adapted to 'podded' solution for broader aviation industry



# Mission system provider and integrator

## U.S. Navy surface ship and submarine programs



Communication Systems



Mast Mounted Sensors



Flight Deck Equipment



Integrated Bridge & Navigation



Acoustic Sensors

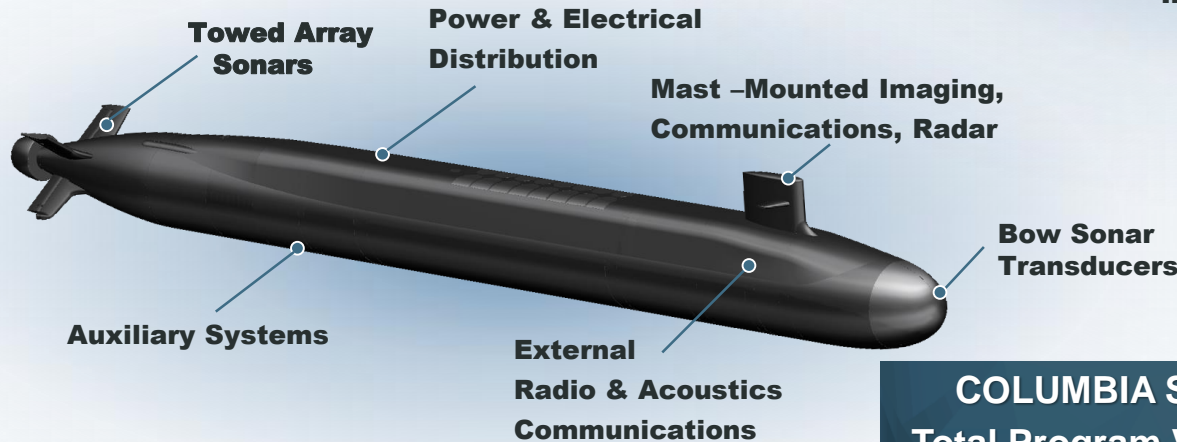
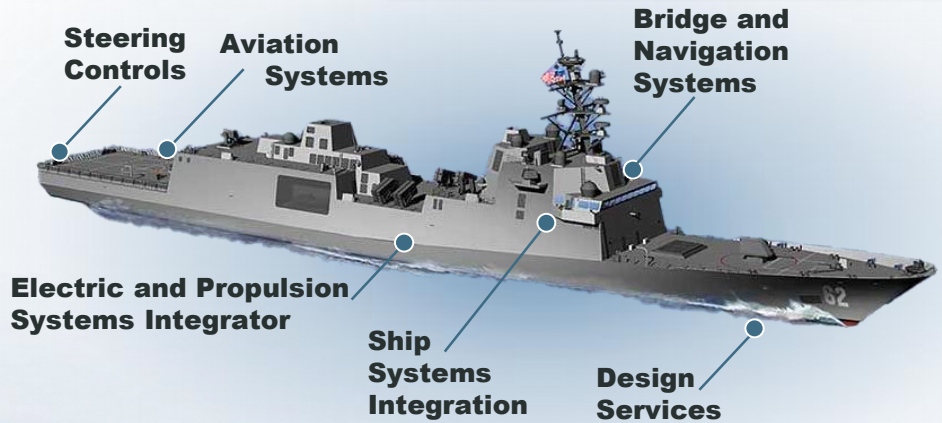


Power Management



Hybrid Electric Drive

**Constellation Class Frigate**  
**Total Program Value: \$1B**  
 20 Ships + Development + Services



**COLUMBIA Submarine**  
**Total Program Value: \$2.5B**  
 12 Ships + Development + Services

# Maritime platforms

From systems provider to systems integrator for U.S. and international navies



Strong Maritime Book:Bill driven by:

- Higher content on new ship classes
- Evolving Systems Integrator role
- Growth in size of U.S. Navy
- International expansion
- Airborne ISR to Maritime



Saudi Future Frigate



Indigenous Defensive Submarine



Canadian Surface Combatant



SEA 5000 Frigate



Taiwan Frigate

Leveraging strength of U.S. programs for international growth



SSBN-826  
Columbia



FFG-62  
Constellation

Key system provider / integrator on Navy's newest programs

On every new construction Naval platform



SSN-774  
Virginia



DDG-51  
Arleigh  
Burke



CVN-78  
Ford



LCS  
Freedom



LCS  
Independence



LHA-8  
America

Airborne ISR Networked Across Naval Platforms



# Maritime capability

## Unmanned, seabed acoustics and naval networks



### Discriminating Capability

- 115 L3Harris USV's operating around the world in survey, maritime security, & mine counter measures - *no one else has as much experience*
- Commanding lead in autonomy
- Strong competitive position for next-gen
- Prime for undersea test ranges & seabed systems in growing segment



### Navy's next-gen unmanned and network links

### Navy's Seabed Acoustic Systems provider



Seabed Systems



Undersea Tracking and Training Ranges

### Key provider of unmanned capability to U.S. and International Navies



Medium Unmanned Surface Vessel



Maritime Mine Counter Measures



Iver 4 Unmanned Undersea Vehicle



XLUUV

# Expanding Electro-Optical capabilities

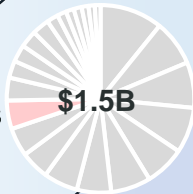
## Land, Maritime, Unmanned domains



### Driving growth through:

- Differentiating capabilities: Extensive service footprint, proven reliability, superior performance, large ITAR/Non-ITAR product portfolio
- New platform captures
- Capitalizing on L3Harris synergies
- Strengthening relationships
- Displacing incumbents on current platforms
- Expanding land, maritime and international

**Investing to Capture Maritime and Land Domain**



Highly fragmented with significant growth opportunity



Saudi High-Speed Interceptor (HSI) Vessels Upgrade



Shipboard Panoramic Electro-Optical Infrared



Tactical Reconnaissance System (Switzerland)



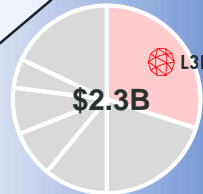
Optionally Manned Fighting Vehicle



IM-SHORAD Air Defense



MX Product line  
**World Class Electro-Optical Technology**



Industry leading airborne sensor provider



Future Attack Recon. Aircraft



Future Tactical Unmanned Aerial System



MQ-9B



AC-130J Gunship



Special Operations



Shadow Unmanned



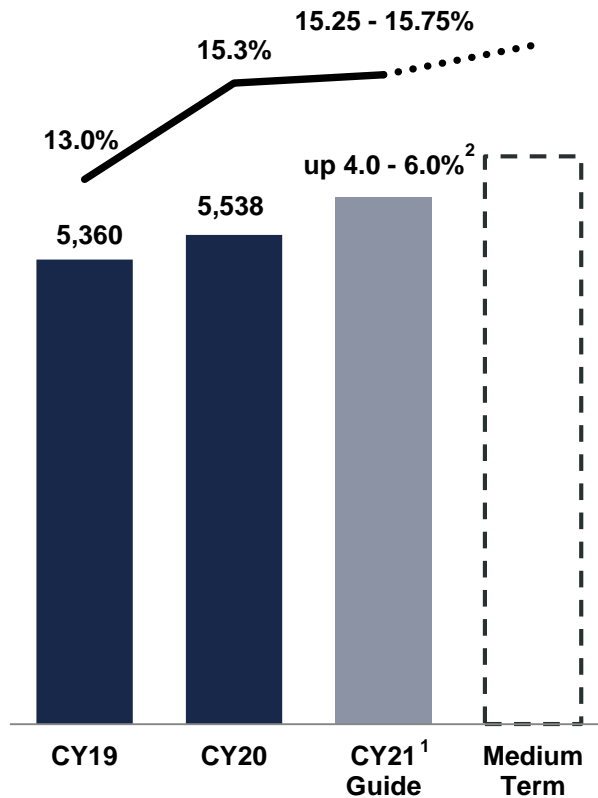
# Integrated Mission Systems summary



(\$million)

## Segment financials

non-GAAP  
operating  
margin



Revenue

## Drivers supporting medium-term outlook

Core Capabilities tightly aligned with National Defense Strategy...resilient to budget turmoil

Geopolitical conflict driving strong budget support...increasing global demand for ISR

Advances in missionized Biz-jets and increased focus on multi-mission, multi-modal, configurable sensor system opening adjacencies

Strong growth in U.S. and international shipbuilding

Global shift to unmanned maritime...supported by strong budgets

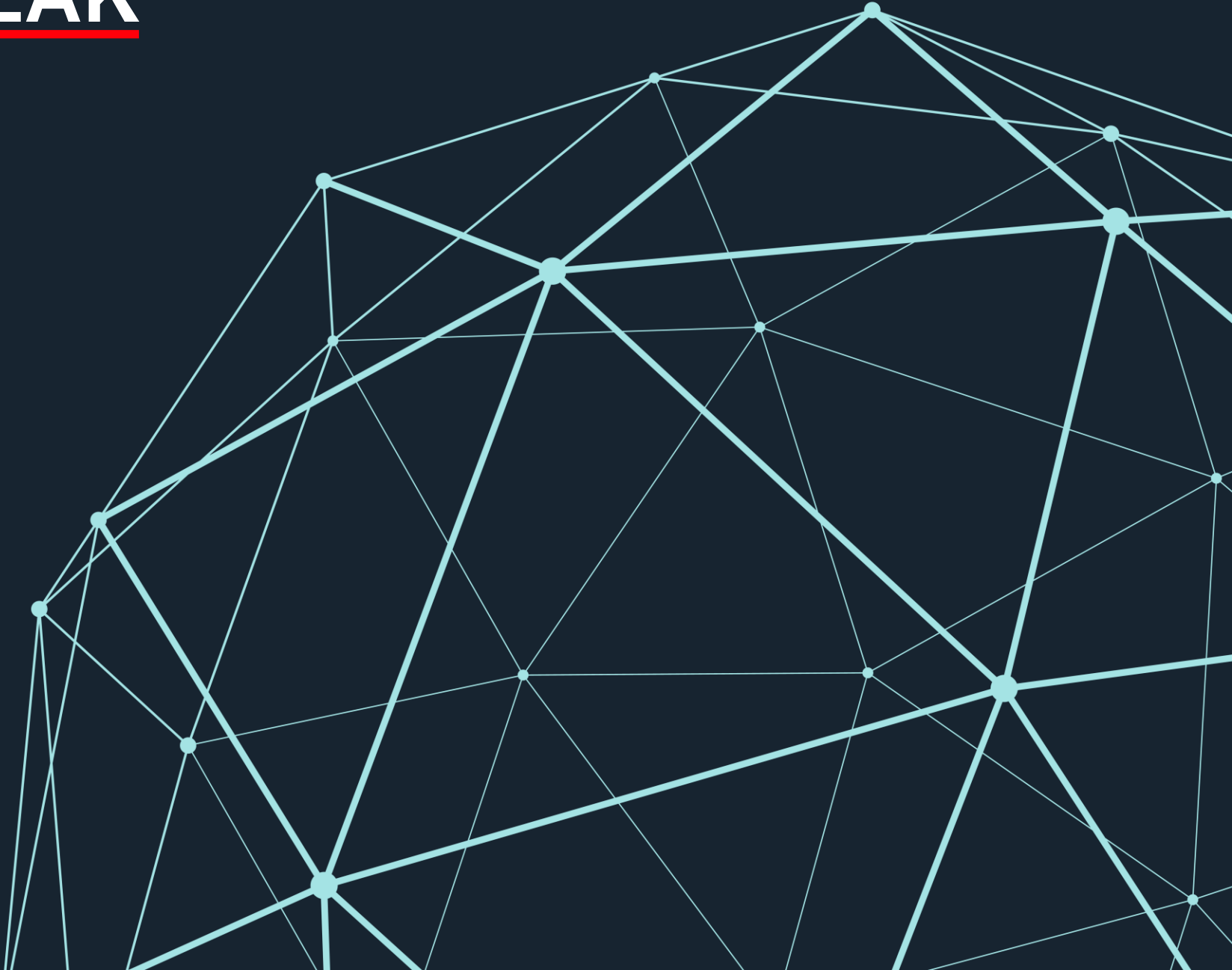
Increased demand for resilient, protected and adaptive communications

For CY19 first half, reflects pro forma results included in L3Harris' Current Report on Form 8-K filed May 4, 2020, and for non-GAAP operating margin, adjusted as indicated in non-GAAP financial measure reconciliations in quarterly earnings materials available on the L3Harris investor relations website.

<sup>1</sup>Guidance provided January 29, 2021 – refer to 4Q 2020 quarterly earnings and related materials on the L3Harris investor relations website.

<sup>2</sup>Organic revenue growth excludes revenue attributable to each divested business for the portion of the prior-year period equivalent to the portion of the current-year period following the date the business was divested; refer to non-GAAP financial measure reconciliations in quarterly earnings materials available on the L3Harris investor relations website.

# BREAK



# SPACE & AIRBORNE SYSTEMS



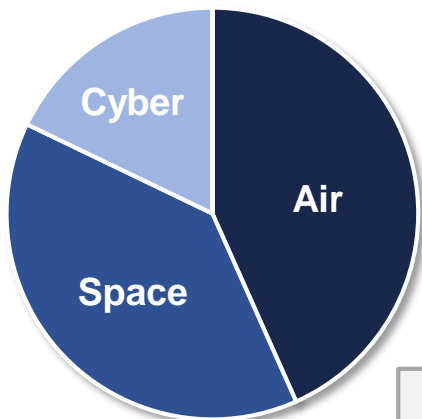
**Ed Zoiss**  
President,  
Space & Airborne  
Systems



# Space & Airborne Systems



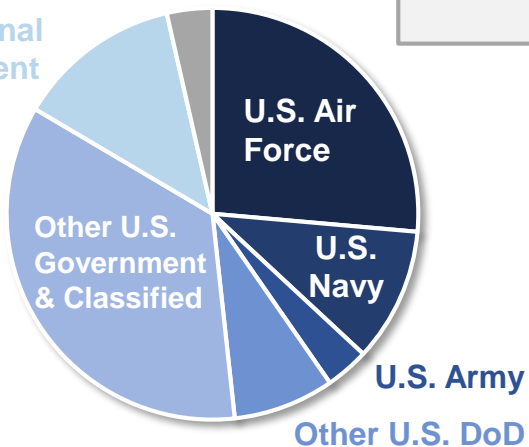
## Domain positioning



## Customer diversification

Commercial

International Government



2020 Revenue  
**\$4.9B**

## BUSINESSES



### Space (~40%)

End-to-end solutions for ISR, Missile Defense, Precision Navigation/Timing (PNT), and Weather for classified, DoD, civil and commercial customers



### Mission Avionics (~25%)

High performance avionics, weapon release systems, and phased array antennas



### Electronic Warfare (~15%)

RF self protection systems that enhance survivability for airborne, ground and maritime platforms



### Intel & Cyber (~20%)

Advanced ISR and cyber solutions to worldwide customers

# Peer level threats driving next generation solutions in Space, Air and Cyber



## Peer threats

### SPACE

Transition from peaceful domain to warfighting domain



### AIR

Shift from permissive to contested environment



### CYBER

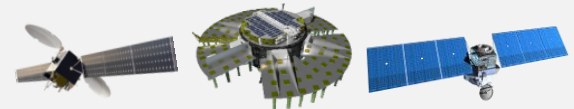
Expansion from cyber terrorists to nation states



## Generational opportunities

Resilient, responsive constellations

**\$13B**



ISR      GPS      Missile Defense

Next-generation airborne platforms

**\$10B**



Next-generation rotary      Next-generation fixed wing      Next-generation autonomous

Protect against and counter peer-level threats

**\$5B**

**Classified**

Potential Value



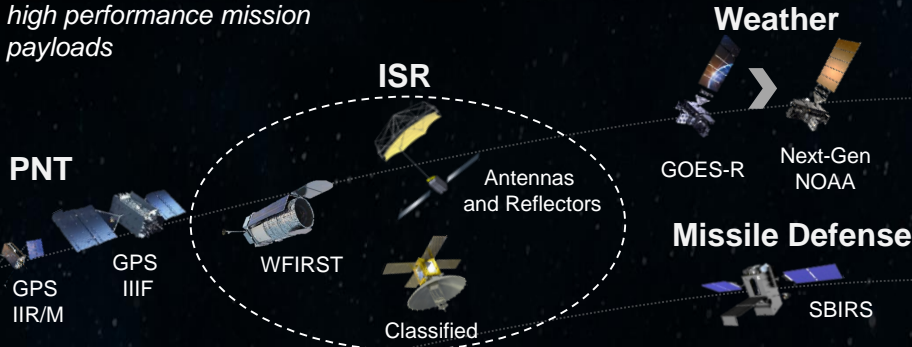
# Space threats require a resilient and responsive architecture



## Exquisite Solutions

750

60-year legacy of providing high performance mission payloads



## Ground

800

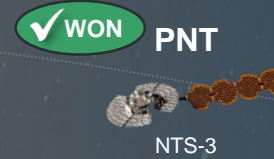
Expanding from space tracking to space warfighting



## Responsive Solutions

450

Augmenting Exquisite Systems with rapid delivery of end-to-end mission solutions



### Keys to Success

- Mission knowledge
- Payload expertise
- Rapid delivery

2020 Revenue (\$millions)

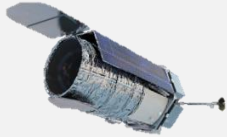


# Customer acquisition strategies centered on selecting the mission capabilities, not the platform

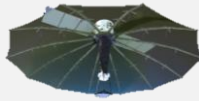


5 prime awards  
in last 6 months

## INTELLIGENCE, SURVEILLANCE & RECONNAISSANCE



Optical Telescope  
Assembly



Phased Array  
Fed Reflector

- Over 60 years delivering high priority mission solutions
- Leading EO/IR and RF mission payload provider
- Leading provider of reflector and hybrid phase array antennas
- Space Domain Awareness provider to USSF
- Delivered USSF's first operation space control system



## POSITION, NAVIGATION, & TIMING



Mission  
Data Unit



L-Band Transmitter,  
TT&C Transponder

- Over 40 years developing advanced GPS technologies
- Payloads and components on every U.S. GPS satellite
- Provide the heart of the system – the Mission Data Unit
- Recently awarded GPS IIF SV 11-16 all digital payload



## WEATHER & MISSILE DEFENSE



Advanced Baseline  
Imager (ABI)



Cross-Track  
Infrared Sounder (CrIS)

- Over 55 years delivering EO/IR solutions for weather
- 75+ weather and climate payloads
- Advanced mission algorithms and open architecture
- Purposeful R&D to transition EO/IR capability to missile tracking mission set



# Driving to full operational constellations and rapid factory production



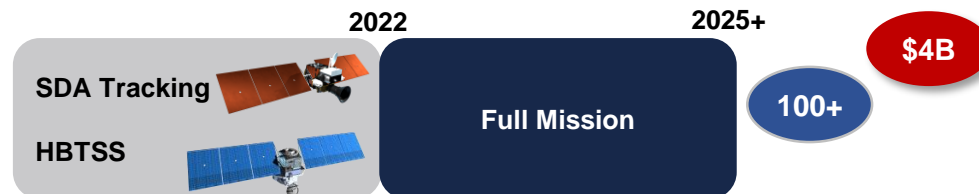
## INTELLIGENCE, SURVEILLANCE & RECONNAISSANCE



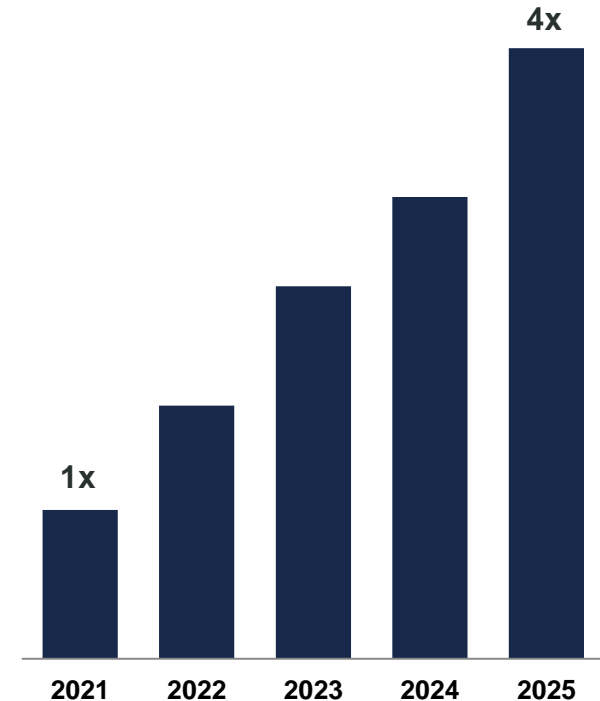
## POSITION, NAVIGATION, & TIMING



## MISSILE DEFENSE



## SATELLITE DELIVERIES PER YEAR



*Factory business model with constellations on 3-5 year technology refresh cycle*

- Phase 1 Prototype
- Potential Value
- Operational Constellation
- Number of Satellites

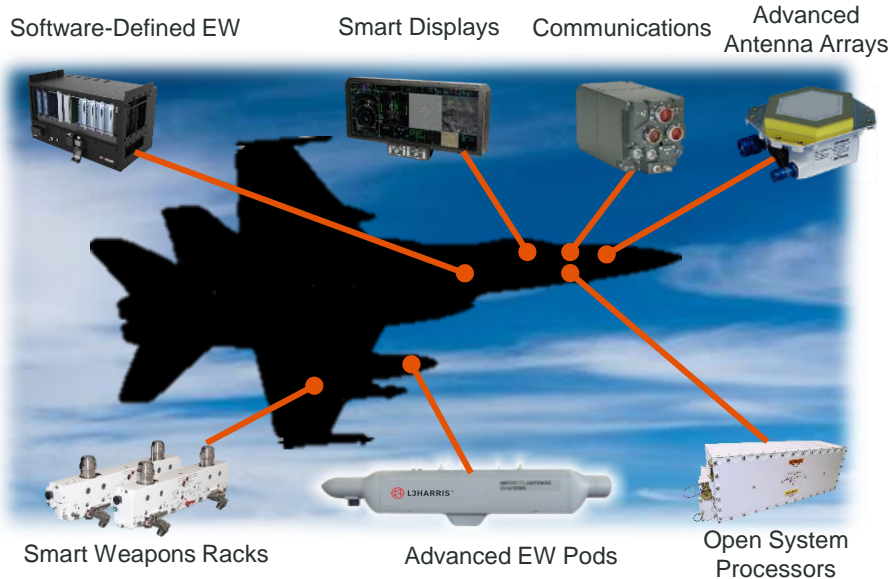
# Modernizing existing airborne platforms for the fight, while creating advanced capabilities for future platforms



\$10B+

## NEXT-GENERATION PLATFORMS

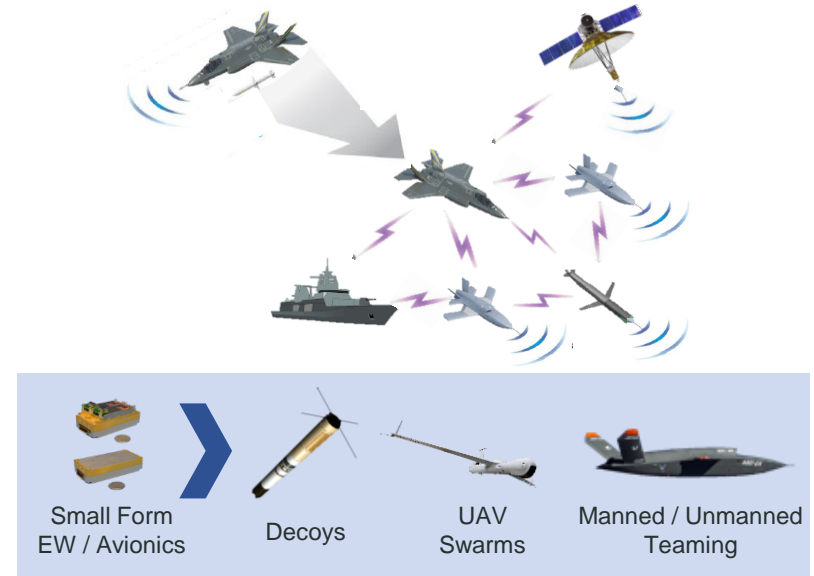
Open architecture modular electronics



\$4B+

## INTEGRATED MULTI-DOMAIN NETWORKS

Small form electronics enabling networked distributed ops



## MODERNIZATION OF KEY IN SERVICE PLATFORMS

Maintaining relevance for the future fight

F-35

\$5B+



F/A-18

\$1B+



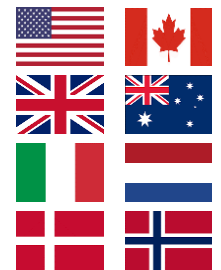
F-16

\$1B+



B-52

\$0.5B+



● Potential Value  
● Future Revenue

# Cyber capabilities to counter hardened problem set



## Strategic Missions

Complex mission solutions for classified customers



## Tactical Missions

Advanced RF solutions for specialized communications



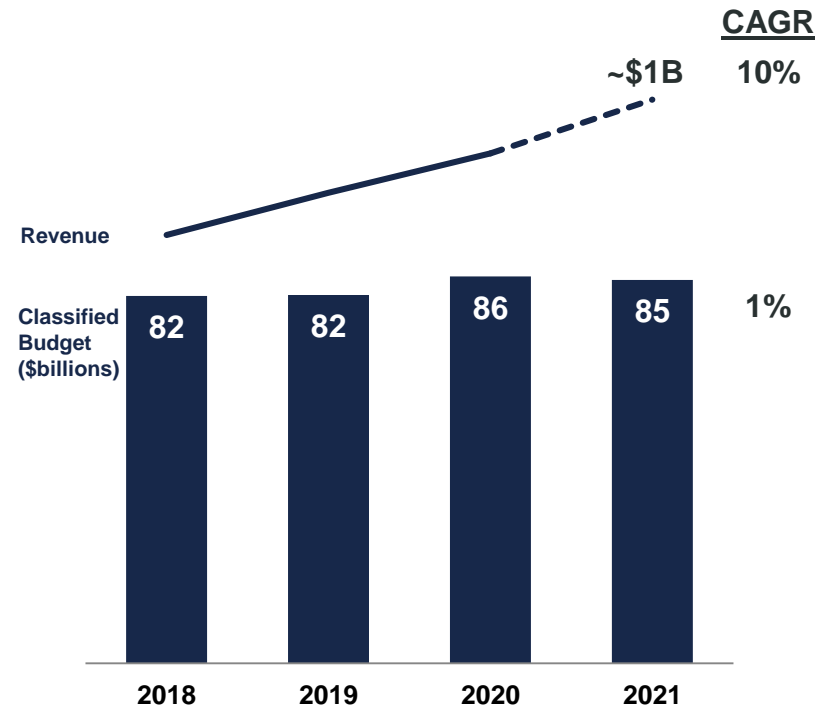
## International

Specialized solutions for national defense customers

## DESIGN, BUILD, AND OPERATE SOLUTIONS FOR THE MOST COMPLEX CYBER AND INTELLIGENCE NEEDS

- 2,500 employees, 5 countries
- 30 years mission experience
- Intelligence, defense, and law enforcement

## CYBER BUSINESS OUTPERFORMING THE MARKET

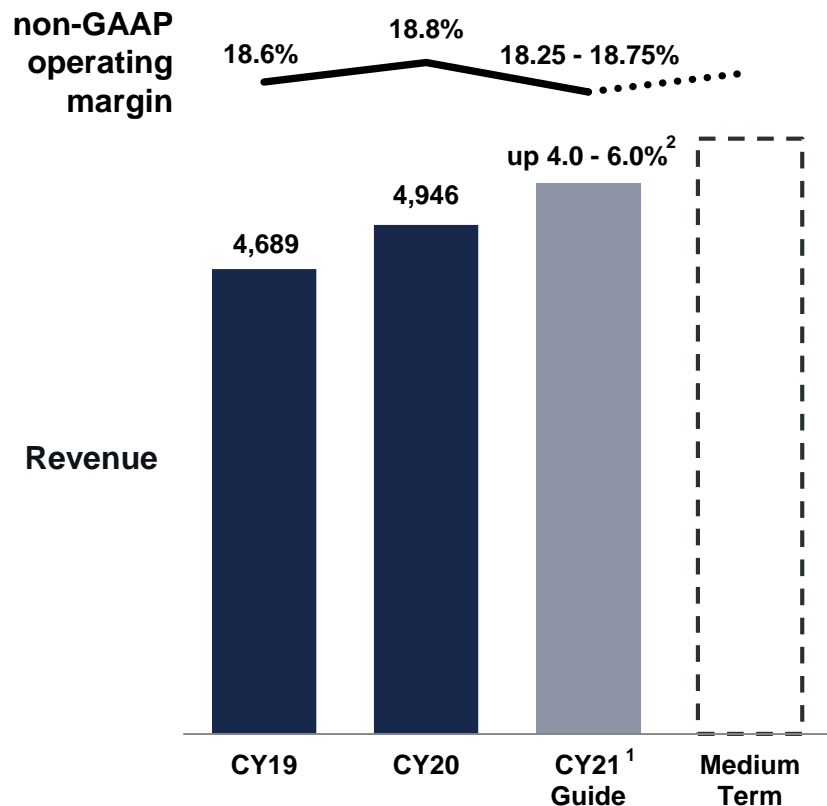


# Space & Airborne Systems summary



(\$million)

## Segment financials



## Drivers supporting medium-term outlook

Space, air and cyber remain priorities to counter near-peer threats

Space transitioning to a warfighting domain; customers acquiring mission solutions not platforms

Wins on key pathfinder satellites...positioned to convert into full constellations

Air shifting from permissive to contested environment ...developing advanced open-architecture solutions to win next-gen platforms

Increased demand for cyber warfighting capabilities

For CY19 first half, reflects pro forma results included in L3Harris' Current Report on Form 8-K filed May 4, 2020, and for non-GAAP operating margin, adjusted as indicated in non-GAAP financial measure reconciliations in quarterly earnings materials available on the L3Harris investor relations website.

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# APPENDIX



# Regulation G Disclosures



To supplement our condensed consolidated financial statements presented in accordance with U.S. generally accepted accounting principles (GAAP), we provide additional financial measures that exclude or include amounts, or are subject to adjustments, so as to be different from the most directly comparable financial measures calculated and presented in accordance with GAAP. L3Harris management believes that these non-GAAP financial measures, when considered together with the GAAP financial measures, 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 disproportionately positive or negative impact on results in any particular period. L3Harris management also believes that these non-GAAP financial measures enhance the ability of investors to analyze L3Harris' business trends and to understand L3Harris' performance. In addition, L3Harris may utilize non-GAAP financial measures as guides in its forecasting, budgeting, and long-term planning processes and to measure operating performance for some management compensation purposes. Any analysis of non-GAAP financial measures should be used only in conjunction with results presented in accordance with GAAP. A reconciliation of these non-GAAP financial measures with the most directly comparable financial measures calculated in accordance with GAAP follows:

# Reconciliation of Non-GAAP Financial Measures – Organic Revenue growth since the L3Harris Merger



## Organic Revenue Growth

(Dollars in millions)	Fiscal Year Ended	
	January 1, 2021	June 28, 2019
Revenue <sup>(1)</sup>	\$ 18,194	\$ 17,240
Adjustment for divestitures <sup>(2)</sup>	(195)	(562)
Organic Revenue	<b>\$ 17,999</b>	<b>\$ 16,678</b>
% increase since the L3Harris Merger	6%	
Organic % increase since the L3Harris Merger	8%	

<sup>(1)</sup> Fiscal year ended June 28, 2019 revenue is presented on a pro forma basis. "Pro forma" refers to the applicable result for fiscal year 2019 prepared in a manner consistent with Article 11 of Regulation S-X.

<sup>(2)</sup> Adjustment to exclude revenue attributable to the following divested businesses: the Security & Detection Systems and MacDonald Humfrey Automation solutions business, divested on May 4, 2020; the Applied Kilovolts and Analytical Instrumentation business, divested on May 15, 2020; and the EOTech business, divested on July 31, 2020.

# Reconciliation of Non-GAAP Financial Measures – Organic Total Backlog growth since the L3Harris Merger



## Total Backlog Growth

(Dollars in millions)	January 1, 2021	January 3, 2020	June 29, 2019
Backlog	\$ 21,670	\$ 20,551	\$ 19,893
Adjustment for divestitures <sup>(1)</sup>	—	(405)	(394)
Organic Backlog	<b>\$ 21,670</b>	<b>\$ 20,146</b>	<b>\$ 19,499</b>
YOY % increase	5%		
Organic YOY % increase	8%		
% increase since the L3Harris Merger	9%		
Organic % increase since the L3Harris Merger	11%		

<sup>(1)</sup>Adjustments to exclude backlog attributable to following divested businesses: the Security & Detection Systems and MacDonald Humfrey Automation solutions business, divested on May 4, 2020; the Applied Kilovolts and Analytical Instrumentation business, divested on May 15, 2020; and the EOTech business, divested on July 31, 2020.

# Reconciliation of Non-GAAP Financial Measures – Adjusted EBIT Margin growth since the L3Harris Merger



## Adjusted EBIT Margin Growth

(Dollars in millions)	Fiscal Year Ended	
	January 1, 2021	June 29, 2019 <sup>(1)</sup>
Revenue from product sales and services (A)	\$ 18,194	\$ 17,240
Net income (B)	\$ 1,086	\$ 1,527
Adjustments:		
Discontinued operations, net of income taxes	2	5
Net interest expense	254	272
Income taxes	234	182
Pre-merger integration costs, including change in control charges	—	93
L3Harris Merger integration costs	130	—
Restructuring charges and other items	29	—
Amortization of acquisition-related intangibles	709	642
Additional cost of sales related to the fair value step-up in inventory sold	31	—
Business divestiture-related (gains) losses	51	6
Other divestiture-related expenses	13	—
Impairment of goodwill and other assets related to divestitures and COVID impacts	767	—
Gain on sale of property, plant and equipment	(22)	—
Non-cash cumulative adjustment to lease expense	(2)	—
(Gains) losses and other costs related to debt refinancing	(2)	24
Total adjustments	2,194	1,224
Adjusted EBIT (C)	\$ 3,280	\$ 2,751
Net income margin percentage (B) / (A)	6.0%	8.9%
Adjusted EBIT margin percentage (C) / (A)	18.0%	16.0%
Net income margin decrease since the L3Harris Merger	(290) bps	
Adjusted EBIT margin increase since the L3Harris Merger	200 bps	

<sup>(1)</sup> Fiscal year ended June 28, 2019 results are presented on a pro forma basis. "Pro forma" refers to the applicable result for fiscal year 2019 prepared in a manner consistent with Article 11 of Regulation S-X.



# Reconciliation of Non-GAAP Financial Measures – Net Debt to Adjusted EBITDA Ratio



## Net Debt to Adjusted EBITDA Ratio

(Dollars in millions)	<u>January 1, 2021</u>
Short-term debt	\$ 2
Current portion of long-term debt, net	8
Long-term debt, net	<u>6,908</u>
Total debt	6,918
Less cash and cash equivalents	<u>1,276</u>
Net debt	<u>\$ 5,642</u>
Income from continuing operations before income taxes	\$ 1,322
Net interest expense	254
Depreciation and amortization	<u>1,032</u>
EBITDA	<u>\$ 2,608</u>
Net Debt to EBITDA ratio	2.2
Adjustments:	
L3Harris Merger integration costs	130
Restructuring charges and other items	29
Additional cost of sales related to the fair value step-up in inventory sold	31
Business divestiture-related losses	51
Other divestiture-related expenses	13
Impairment of goodwill and other assets related to divestitures and COVID impacts	767
Gain on sale of property, plant and equipment	(22)
Non-cash cumulative adjustment to lease expense	(2)
Gain related to debt refinancing	<u>(2)</u>
Total adjustments	995
Adjusted EBITDA	<u>\$ 3,603</u>
Net Debt to Adjusted EBITDA ratio	1.6