



**L3HARRIS**

FAST. FORWARD.

## **L3Harris to Acquire Viasat Tactical Data Links Product Line**

October 3, 2022

# 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 expected timing, completion and financing of the proposed acquisition; the anticipated benefits of the proposed acquisition, including enhanced technology and technology capabilities, the effects of the proposed acquisition, including on future financial and operating results and financial position, and the integration of the proposed acquisition, and other statements regarding outlook or that are not historical facts. 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The timing, volume, and nature of share repurchases also 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. 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 presentation are made as of the date of this presentation, 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. Persons reading this presentation are cautioned not to place undue reliance on forward-looking statements.

# Transaction highlights



## Transaction Structure

- Purchase price of \$1.96B, subject to customary adjustments
- Transaction structured as an asset purchase, resulting in ~\$500M in gross tax benefits with a NPV of ~\$350M
- LTM adjusted EBITDA<sup>(1)</sup> multiple of ~14x, net of tax asset and with run rate cost synergies
- Product line will be included within L3Harris Communication Systems segment

## Strategic Rationale

- Viasat Tactical Data Link (TDL) product line enhances L3Harris technology, improves Joint All Domain Command and Control (JADC2) capability and provides immediate access to Link 16 waveform, platforms and prime contracts
- Adds a key, ubiquitous tactical data link to the company's portfolio and a path to Advanced Tactical Data Links (ATDL) for future, integrated solutions
- Expands commercial model portfolio focused on defense applications across all domains

## Financial Highlights

- Strong revenue growth and margin profiles<sup>(2)</sup> ahead of standalone L3Harris
- Transaction is accretive to non-GAAP EPS<sup>(2)</sup> and adjusted free cash flow<sup>(3)</sup> in first full fiscal year
- Acquisition to be funded with debt financing
- Modest increase to 2Q22 net leverage ratio<sup>(4)</sup> of 1.9x

## Timing and Approvals

- Expected to close in first half of 2023
- Subject to regulatory approvals and customary closing conditions

<sup>(1)</sup> LTM adjusted EBITDA is a non-GAAP financial measure (NGFM) within the meaning of Regulation G promulgated by the Securities and Exchange Commission. LTM adjusted EBITDA is derived from carve-out financial information provided by the seller and has been adjusted to reflect estimated savings from operating synergies. A reconciliation of LTM adjusted EBITDA to the comparable GAAP measure is not available without unreasonable effort because the baseline financial information does not include all of the information necessary for income statement presentation under GAAP.

<sup>(2)</sup> Margin profile and non-GAAP EPS statements do not reflect amortization of acquisition-related intangibles and other earnings impacts from application of the acquisition method of accounting in accordance with SC 805, *Business Combinations*, which have not been determined.

<sup>(3)</sup> Adjusted free cash flow is a NGFM. Refer to the reconciliations and disclosures in L3Harris quarterly earnings materials and the L3Harris investor relations website for more information.

<sup>(4)</sup> Calculation of net leverage ratio includes NGFMs and is calculated as the net of total debt and cash and cash equivalents divided by adjusted EBITDA. Refer to the reconciliations and disclosures in L3Harris quarterly earnings materials and the L3Harris investor relations website for more information.

# Acquisition summary



- Acquisition aligns with Trusted Disruptor strategy to provide customers innovative solutions and more alternatives
- Enhances L3Harris' networking capabilities and better positions it for JADC2
- Adds Link 16, a ubiquitous tactical data link to portfolio and improves capabilities for integrated, resilient ATDL solutions
- Expands commercial model portfolio focused on defense applications across all domains
- Transaction is accretive to revenue, margins, non-GAAP EPS and adjusted FCF, and utilizes leverage capacity

## Link 16 Networking



## Representative Link 16 Platforms

 MH-60R/S	 B-2	 THAAD	 Patriot	 DDG-51 (Arleigh Burke Class)
 P-3C	 C-130J	 CH-53K	 CVN-68 (Nimitz Class)	 LPD-17 (San Antonio Class)
 MQ-25	 E-2D Hawkeye	 F-22	 F-16	 F-18E
 Apache AH-64E	 C-130	 Armed Overwatch	 Osprey V-22	 F-5 Tiger
 Deployable ground stations	 GBAD	 MRAZR	 USCG Cutter	 High altitude balloons
 LRASM	 SPEAR	 JASSM	 XVI Satellite / SDA	 HMMWV

**Acquisition enhances L3Harris position within communications**

# Tactical Data Links product line overview



## Summary

- TDL product line provides U.S. and allied military customers with Link 16 enabled terminals
- Terminal offerings include the Multifunctional Information Distribution System (MIDS) platform as well as next-generation terminals
- Installed base of over 20,000 aircraft, ships and ground platforms globally
- 450 employees with Carlsbad, CA focused operations
- LTM Revenue / Operating Margins<sup>(5)</sup>: ~\$400M / 20%+

## Key Products



MIDS-LVT

**Line-of-sight Link 16 communication for larger platforms**



MIDS-JTRS

**NSA-certified terminal with 3 incremental channels versus LVT**



STT

**Smaller form factor with lower SWaP for air, ground and sea platforms**



BATS-E

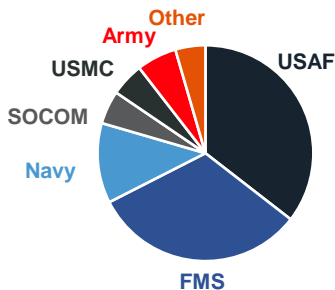
**Embeddable module for weapons, pods, UAVs and space vehicles with longer transmission ranges**



BATS-D

**Enabled use of tactical data links for dismount applications**

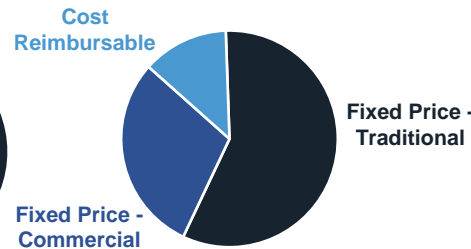
Revenue By Customer



Prime vs. Sub



Contract Type



<sup>(5)</sup> Operating margin is derived from carve-out financial information provided by the seller and does not reflect amortization of acquisition-related intangibles and other earnings impacts from application of the acquisition method of accounting in accordance with ASC 805, *Business Combinations*, which have not been determined.

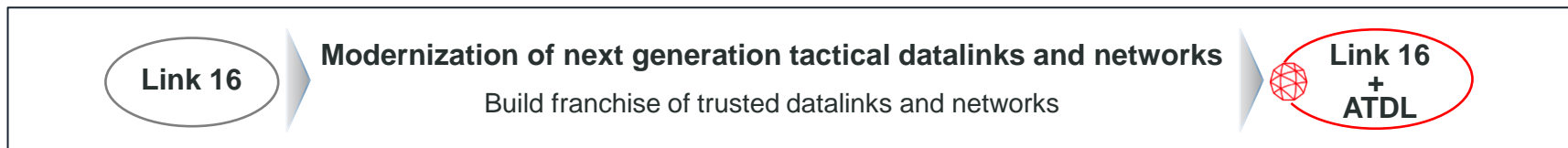
Note: JTRS=Joint Tactical Radio System; LVT=Low Volume Terminal; STT=Small Tactical Terminal; BATS=Battlefield Awareness and Targeting System (Embedded and Dismounted).



# Aligns with L3Harris Trusted Disruptor strategy



- Combined with world class technologies at L3Harris, acquisition enhances communications and networking capabilities
- Company will utilize scale and scope to expand datalink technology and integrate operations in support of JADC2
- Expands commercial model portfolio focused on defense applications across all domains for DoD and U.S. allies as prime contractor



Existing Platforms	UAS, ALE and Weapons	Space
 <p>Over 20,000 Link 16 systems deployed across air, ground, and sea</p>	 <p>Expanding market that requires interoperability with existing platforms</p>	 <p>Space as a warfighting domain to benefit from Link 16 utility, including SDA Transport Layer</p>

