



L3HARRIS

FAST. FORWARD.

L3Harris to acquire Aerojet Rocketdyne

December 18, 2022

Forward-looking statements



This presentation contains forward-looking statements that reflect management's current expectations, assumptions and estimates of future performance and economic conditions. Such statements are made in reliance upon the safe harbor provisions of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. 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. Important risk factors that could cause actual results or outcomes to differ from those expressed in the forward-looking statements are described in the "Risk Factors" sections of the company's Annual Report on Form 10-K for the year ended December 31, 2021 and subsequent quarterly reports on Form 10-Q. In addition, the following factors, among others, could cause actual results or outcomes to differ materially from the forward-looking statements or historical performance: delays in, or failures in respect of, anticipated satisfaction of closing conditions or in obtaining financing on favorable terms or at all, unexpected costs, liabilities or delays, legal proceedings or the ability to obtain regulatory approvals and satisfy other closing conditions in a timely manner or at all. Statements about business acquisitions, including anticipated benefits and future plans, are forward-looking and involve risks and uncertainties. The forward-looking statements speak only as of the date of this presentation, and L3Harris disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

Key takeaways...the right asset for L3Harris



1 *Advances L3Harris' Trusted Disruptor strategy and broadens reach in weapon systems and space*

2 *Aerojet Rocketdyne is a national asset closely aligned with U.S. security and budget priorities...highly skilled and engaged employee base also an asset*

3 *Access to new markets and technologies in missiles and missile defense, including hypersonics, as well as space exploration*

4 *Long cycle backlog enhances L3Harris earnings visibility...30%+ increase*

5 *Attractive financial profile...accretive to non-GAAP EPS and adjusted FCF*

Transaction overview



Transaction Structure

- Purchase price of \$58 per share implies transaction value of \$4.7B, inclusive of net debt
- 2024E adjusted EBITDA¹ multiple of ~12x, including run rate cost synergies
- Business will operate as part of a new standalone segment post-transaction

Strategic Rationale

- Advances Trusted Disruptor strategy with unique capabilities and technological leadership
- Access to new markets...missiles, missile defense, including hypersonics, and space exploration
- Enhances portfolio...better balance between long cycle programs and short cycle products
- Utilizes company track-record of successful integration to drive operational performance
- Leverages L3Harris long-standing legacy as a merchant supplier

Financial Highlights

- Improves earnings visibility via 30%+ backlog increase to nearly \$30B
- Accretive to non-GAAP EPS (year 1) and adjusted free cash flow (year 2)
- Financed primarily with debt...leverage² target of <3.0x within next couple of years to sustain solid investment grade ratings, to be accomplished by reducing share repurchases from current levels

Timing and Approvals

- Expected to close in 2023
- Subject to regulatory approvals and customary closing conditions, including HSR and Aerojet Rocketdyne shareholder vote

¹Based on consensus figure

²Leverage defined as Gross Debt to Adjusted EBITDA

National asset with unique capabilities



By The Numbers



Defense

- ✓ Full spectrum of propulsion for strategic, missile defense and tactical missile systems
- ✓ Technologies for strategic defense, missile defense and tactical systems
- ✓ Proven, trusted and secure U.S. supply chain for national security programs

Key Defense Programs



Standard Missile



Patriot/PAC-3



GBSD



THAAD

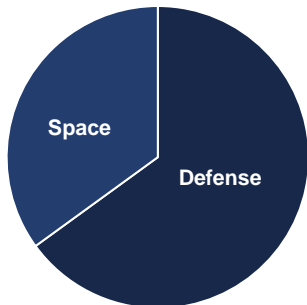


Hypersonics



GMLRS

Revenue by Business³



Revenue by End User³



Space

- ✓ Premier launch propulsion provider for U.S. Space Force and national security space and exploration missions
- ✓ In-space propulsion and power systems for defense and commercial customers

Key Space Programs



RS-25



Orion Main Engine



RL10



Spacecraft Electric Propulsion

Source: Company filings and IR Insight

Note: GBSD: Ground-Based Strategic Deterrent. THAAD: Terminal High Altitude Area Defense. GMLRS: Guided Multiple Launch Rocket System. PAC: Patriot Advanced Capability

¹ Revenue / EBIT margin / EBITDA margin based on 2024 consensus figures excluding synergies and inclusive of pension benefits. ²As of 9/30/2022. ³Based on 2021A revenue.

Market tailwinds to drive sustained demand



\$40B+

*DoD's FY23 NDAA for **missile and missile defense systems***

\$30B+

*Approved U.S. funding for **defense-related assistance to Ukraine in 2022***

\$10B+

*Total **approved FMS orders** for Aerojet Rocketdyne systems in 2022*

\$25B+

***NASA FY23 budget request, up 8%**, supported by Artemis mission*

“National Defense Authorization Act (NDAA) showed a nice bump to even the higher Senate proposal of defense authorization with upside in virtually each of the weapons spending accounts”

– Myles Walton, Wolfe Research

“Budget growth will help all companies with Defense spending exposure, but Products should benefit more than Services due to a focus on weapons spending and the int'l opportunities for product companies”

– Seth Seifman, JPMorgan

“Russia's invasion of Ukraine has created urgent demand for several types of U.S. weapons, and we expect a multiyear production surge for war use, restocking and stockpile growth”

– Roman Schweizer, Cowen Research

“The Artemis mission is funded by the Deep Space Exploration Systems, a proposed \$7.5B funding account growing at 11% in FY23. Funding growth is supported by the pending Artemis I mission, but also building out the infrastructure to support the moon mission”

- Sheila Kahyaoglu, Jefferies

Financially attractive...diversifies and enhances portfolio resilience



Revenue	~\$18B	~\$2B	~\$20B	<i>Increased Scale</i>
Backlog	~\$21B	~\$7B	~\$30B	<i>Improved Visibility</i>
Adjusted EBITDA	~\$3.8B	~\$0.3B	~\$4B	<i>Larger Earnings Base</i>
Adjusted EBITDA Margin	~21%	~14%	20%+	<i>Maintain best in class margin</i>
Long / Short Cycle²				<i>Enhanced Portfolio Diversification</i>

Note: End market mix excludes other non-reportable businesses and corporate eliminations. Post transactions totals exclude synergies.

¹2021 actuals as reported in Form 10-K. Refer to slide 10 for reconciliation of non-GAAP financial measures.

²Long cycle defined as backlog to revenue of >1.0x



Supporting information

Regulation G disclosures



To supplement our condensed consolidated financial statements presented in accordance with U.S. generally accepted accounting principles (GAAP), we provide additional measures, including Adjusted EBITDA and Adjusted EBITDA Margin. 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 forward-looking non-GAAP financial measures to comparable GAAP measures is not available without unreasonable effort because of inherent difficulty in forecasting and quantifying the comparable GAAP measures and the applicable adjustments and other amounts that would be necessary for such a reconciliation, including due to potentially high variability, complexity and low visibility as to the applicable adjustments and other amounts, which may, or could, have a disproportionately positive or negative impact on the company's future GAAP results. The variability of the applicable adjustments and other amounts is unpredictable, and it is possible for them to significantly adversely impact the company's future GAAP results. A reconciliation of the historical non-GAAP financial measures contained in this presentation with the most directly comparable financial measures calculated in accordance with GAAP follows.

Reconciliation of non-GAAP financial measures



\$million	2021
Net Income	\$ 1,842
Adjustments:	
Income taxes	440
Net interest expense	265
Depreciation and amortization	967
L3Harris merger integration costs	128
Business divestiture-related (gains) losses	(220)
Impairment of goodwill and other assets and COVID-related charges	207
Other items	144
Total adjustments	1,931
Adjusted EBITDA	\$ 3,773
Revenue	\$ 17,814
Adjusted EBITDA margin	21%