

L3HARRIS[®]

THIRD QUARTER 2024 EARNINGS PRESENTATION

OCTOBER 24, 2024

Forward-Looking Statements; Non-GAAP Measures



This presentation contains forward-looking statements within the meaning of federal securities laws made in reliance on the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Examples include, but are not limited to, statements about 2024 guidance, 2024 supplemental information, 2026 financial framework, capital allocation priorities, future product deliveries; projection of other financial items; and assumptions underlying any of the foregoing. Persons reading this presentation are cautioned not to place undue reliance on 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 those in our Q3 earnings release or in "Risk Factors" in our Form 10-K for fiscal 2023, available on our investor relations webpage at www.l3harris.com/investors. Forward-looking statements 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.

This presentation also contains non-GAAP financial measures ("NGFMs"), including adjusted segment operating income and margin, adjusted free cash flow, organic revenue, non-GAAP EPS, pension adjusted non-GAAP EPS, net debt to adjusted EBITDA and effective tax rate on non-GAAP earnings, each of which is defined in and reconciled in our our Q3 earnings release, except net debt to adjusted EBITDA, which is reconciled in this presentation. A reconciliation of forward-looking NGFMs 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, as further described in our Q3 earnings release.

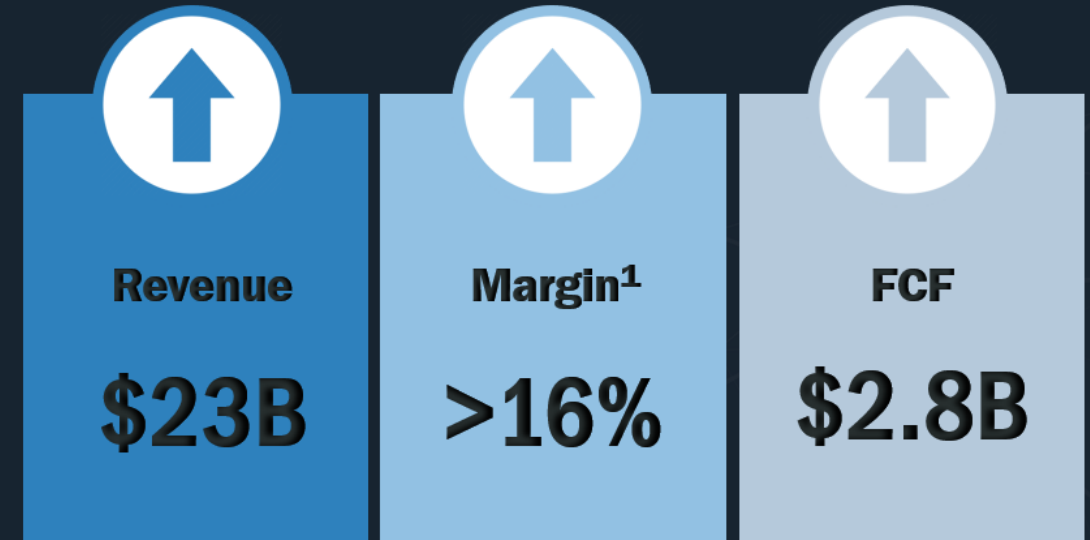


REAFFIRMING COMMITMENT TO DRIVE SHAREHOLDER VALUE

STRONG FOUNDATION FOR GROWTH

- ⊕ Strong and experienced leadership team and Board of Directors
- ⊕ Portfolio focused on national security and technology
- ⊕ Driving profitable growth through program excellence and LHX NeXt
- ⊕ Capital deployment priorities: fund the business, pay down debt and return excess cash to shareholders

2026 FINANCIAL FRAMEWORK



1) NGFM - a reconciliation of forward-looking NGFMs to comparable GAAP measures is not available without unreasonable effort.

KEY HIGHLIGHTS



NEXT GENERATION JAMMER

- > Awarded ~\$600 million contract to deliver custom tactical jamming pods for the U.S. Navy's Aerial Electronic Attack capability. The Next Generation Jammer – Low Band (NGJ-LB) system features a modular, open-system architecture for enhanced jamming and future upgrades. L3Harris will deliver eight operational prototype pods to replace the aging AN/ALQ-99 on the EA-18G Growler.



P-8A POSEIDON IDIQ

- > Awarded ~\$1.2 billion IDIQ contract from the U.S. Navy, for maintenance and support services of the P-8A Poseidon aircraft. L3Harris will conduct scheduled and unscheduled depot maintenance, including in-service repairs, technical directive implementation, and airframe modifications.



SOFTWARE DEFINED RADIOS

- > Received ~\$1 billion in new orders to deliver resilient and secure software defined radios to both the Department of Defense (DoD) and international customers. These orders reflect our commitment to providing advanced communication solutions that can withstand the evolving threat environment and effectively meet our customers' needs.



GLIDE PHASE INTERCEPTOR

- > Aerojet Rocketdyne will provide two propulsion systems for the Missile Defense Agency's Glide Phase Interceptor (GPI) program, aimed at defeating hypersonic glide vehicles. Aerojet Rocketdyne will supply a large solid rocket motor for first-stage boost propulsion and an advanced version for the third stage of the interceptor missile.

THIRD QUARTER 2024 FINANCIAL RESULTS



\$7.2B
Orders

1.4x
Book-to-Bill

\$34B
Total Backlog

\$5.3B
Revenue

\$833M
Adjusted Segment
Operating Income²

15.7%
Adjusted Segment
Operating Margin²

\$3.34
Non-GAAP
Diluted EPS²

\$728M
Adjusted Free
Cash Flow²

\$220M
Dividends

\$190M
Share Repurchases

2) NGFM - reference the 3Q24 earnings release for a reconciliation to comparable GAAP measure.

THIRD QUARTER RESULTS & 2024 GUIDANCE



STRONG THIRD QUARTER PERFORMANCE...

- ⊕ \$7.2B in orders, resulting in a book-to-bill of 1.4x
- ⊕ Revenue up 8% year-over-year, 5% organically¹, primarily from the Aerojet Rocketdyne acquisition and growth in the Communication Systems and Integrated Mission Systems segments
- ⊕ Increased adjusted segment operating margin¹ to 15.7%, up 70 bps, from improved operational performance and LHX NeXt cost savings; Non-GAAP diluted earnings per share (EPS)¹ up 5% to \$3.34
- ⊕ Adjusted free cash flow¹ (FCF) increased due to operating income growth and improved working capital

...DRIVING INCREASE TO GUIDANCE

- ⊕ Revenue: \$21.1B to \$21.3B
 - Updated from prior guidance of \$21.0B - \$21.3B
- ⊕ Adjusted segment operating margin²: ~15.5%
 - Up from prior guidance of 15.2% - 15.4%
- ⊕ Non-GAAP Diluted EPS²: \$12.95 - \$13.15
 - Updated from prior guidance range of \$12.85 - \$13.15
- ⊕ Adjusted FCF²: ~\$2.2B

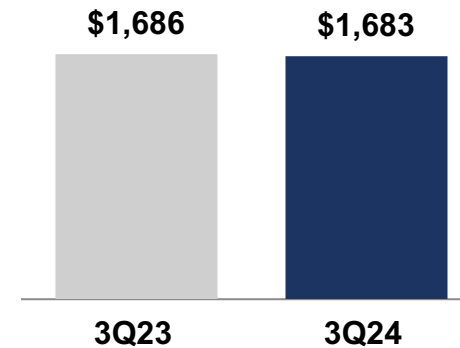
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SPACE & AIRBORNE SYSTEMS

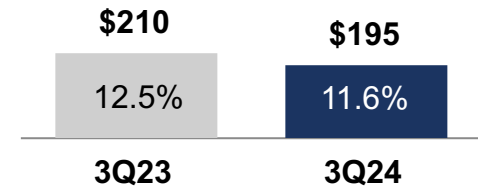


(\$ millions)

Revenue



Operating Income and Margin



3Q24 DRIVERS

Revenue: flat

- + Intel & Cyber classified programs
- + FAA mission critical networks
- Lower F-35 related volumes as TR-3 development ramps down
- Challenges on classified development programs in Space Systems
- Antenna Products divestiture

Margin: decreased 90 basis points

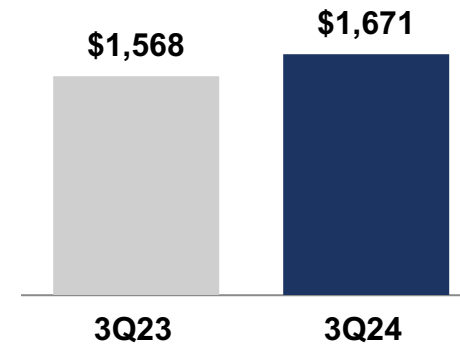
- + Intel & Cyber
- + FAA mission critical networks
- + LHX NeXt
- Prior year non-recurring license sale
- Program performance

INTEGRATED MISSION SYSTEMS

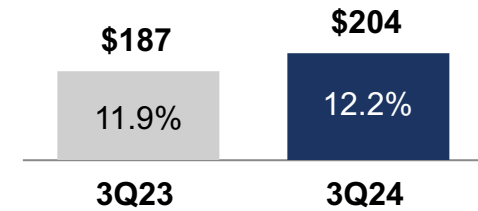


(\$ millions)

Revenue



Operating Income and Margin



3Q24 DRIVERS

Revenue: increased 7%
+ Aircraft missionization volumes
+ Advanced electronics for space and munitions programs
+ Commercial Aviation volumes

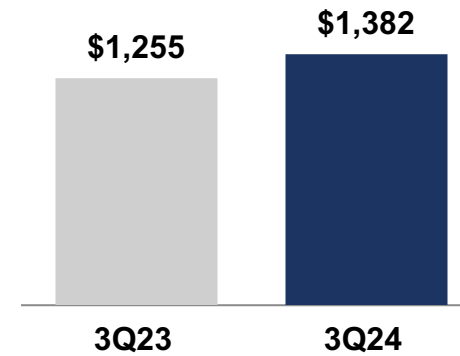
Margin: increased 30 basis points
+ Program performance
+ LHX NeXt
+ Product mix in Commercial Aviation Solutions

COMMUNICATION SYSTEMS

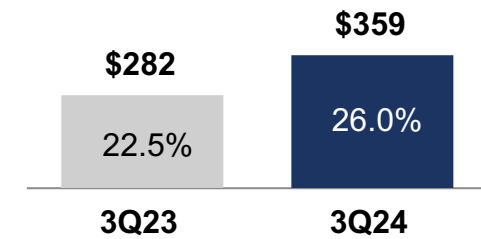


(\$ millions)

Revenue



Operating Income and Margin



3Q24 DRIVERS

Revenue: increased 10%
+ Demand for resilient communications and waveforms
+ Night vision devices

Margin: increased 350 basis points
+ Higher volumes
+ International mix
+ Proprietary waveform license sales
+ LHX NeXt

AEROJET ROCKETDYNE



(\$ millions)

Revenue

\$596

3Q24

Operating Income and Margin

\$75

12.6%

3Q24

3Q24 DRIVERS

+ Results are attributed to program execution across Missile Solutions and Space Propulsion and Power Systems

2024 GUIDANCE



CONSOLIDATED

Revenue <hr/> \$21.1B - \$21.3B <i>(Prior: \$21.0B - \$21.3B)</i>	Adjusted segment operating margin² <hr/> ~15.5% <i>(Prior: 15.2% - 15.4%)</i>
Non-GAAP Diluted EPS² <hr/> \$12.95 - \$13.15 <i>(Prior: \$12.85 - \$13.15)</i>	FCF² <hr/> ~\$2.2B

SEGMENT

	Revenue	Operating Margin ²
SAS	~\$7.0B	low 12%
IMS	\$6.6B - \$6.7B <i>(Prior: \$6.5B - \$6.7B)</i>	mid - high 11% <i>(Prior: mid 11%)</i>
CS	~\$5.4B <i>(Prior: \$5.3B - \$5.4B)</i>	mid - high 24% <i>(Prior: mid 24%)</i>
AR	\$2.4B - \$2.5B	mid 12% <i>(Prior: high 11%)</i>

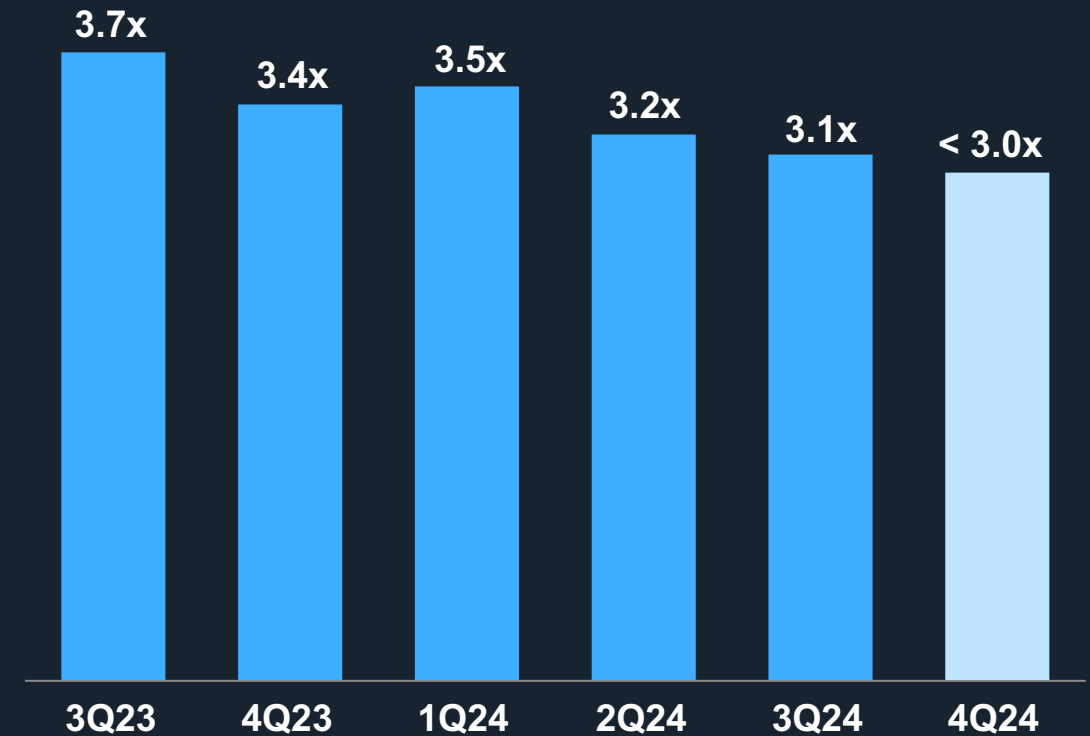
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CAPITAL ALLOCATION PRIORITIES



- ⊕ Invest in the business
 - Capex: ~2.0% of revenue
- ⊕ Pay down debt to <3.0x net leverage
- ⊕ Pay competitive dividend
 - Increased 23 consecutive years
 - Target payout: 35% - 40% of FCF
- ⊕ Return 100% of excess cash after de-levering
 - \$3.4B repurchase authorization as of 3Q24

NEAR-TERM <3.0x NET LEVERAGE TARGET



**Net leverage calculation is available on page 15*

2024 SUPPLEMENTAL INFORMATION



	<u>Current</u>	<u>Prior</u>
FAS/CAS operating adjustment	~\$30 million	~\$30 million
Non-service FAS pension income	~\$310 million	~\$310 million
Net FAS/CAS pension*	<u>~\$340 million</u>	<u>~\$340 million</u>
Net interest expense*	~\$660 million	~\$660 million
Effective tax rate on non-GAAP earnings ²	13.0% - 13.5%	13.0% - 13.5%
Average diluted shares	Flat	Flat
Capital expenditures	~2% sales	~2% sales

*Interest expense is expected to increase ~\$100 million versus the prior year, from higher debt that funded the acquisitions of Aerojet Rocketdyne and TDL in 2023. The company expects pension income to decrease ~\$80 million year-over-year primarily due to lower CAS pension recovery.

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PENSION ADJUSTED EPS



	1Q	2Q	3Q	4Q	Full Year	1Q	2Q	3Q	Full Year ²
	2023	2023	2023	2023	2023	2024	2024	2024	2024
Non-GAAP EPS¹	\$2.86	\$2.97	\$3.19	\$3.35	\$12.36	\$3.06	\$3.24	\$3.34	\$12.95 - \$13.15
<i>YoY Growth %</i>						7.0%	9.1%	4.7%	5.6%*
FAS/CAS operating adjustment	0.10	0.10	0.12	0.17	0.50	0.03	0.03	0.03	~0.14*
Non-service FAS pension income	0.35	0.35	0.36	0.36	1.42	0.36	0.37	0.37	~1.41*
Pension Adjusted Non-GAAP EPS¹	\$2.41	\$2.51	\$2.71	\$2.82	\$10.44	\$2.67	\$2.84	\$2.94	\$11.40 - \$11.60
<i>YoY Growth %</i>						10.8%	13.1%	8.5%	9.0% - 11.0%

*Based on EPS Mid-point

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LEVERAGE RECONCILIATION



(In millions)	<u>4Q23</u>	<u>1Q24</u>	<u>2Q24</u>	<u>3Q24</u>	<u>Four Quarters</u>
Short-term debt				\$ 1,177	
Current portion of long-term debt, net				640	
Long-term debt, net				<u>11,093</u>	
Total debt				<u>12,910</u>	
Less cash and cash equivalents				<u>539</u>	
Net debt (A)				<u>\$ 12,371</u>	
Net income	\$ 126	\$ 285	\$ 367	\$ 404	\$ 1,182
Adjustments:					
Income taxes	(50)	5	23	26	4
Net interest expense	171	176	172	166	685
Depreciation and amortization	350	320	319	324	1,313
EBITDA	<u>\$ 597</u>	<u>\$ 786</u>	<u>\$ 881</u>	<u>\$ 920</u>	<u>\$ 3,184</u>
Significant and/or non-recurring items included in net income					
Gain on sale of property, plant and equipment	(27)	—	—	—	(27)
Merger, acquisition, and divestiture-related expenses	30	40	21	25	116
Business divestiture-related losses, net and impairment of goodwill and other assets	373	—	38	29	440
LHX NeXt implementation costs	47	127	48	41	263
Total significant and/or non-recurring items included in net income	<u>\$ 423</u>	<u>\$ 167</u>	<u>\$ 107</u>	<u>\$ 95</u>	<u>\$ 792</u>
Adjusted EBITDA (B)	<u>\$ 1,020</u>	<u>\$ 953</u>	<u>\$ 988</u>	<u>\$ 1,015</u>	<u>\$ 3,976</u>
Net Debt to Adjusted EBITDA ratio (A) / (B)					<u>3.1x</u>