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Industry SnapShots

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  For the complete story see: https://www.shephardmedia.com/news/landwarfareintl/logos-fire-detector-ordered-for-us-army/
- **Naval News - Boeing Awarded $3.4 Billion Contract For 17 P-8A Poseidon Aircraft - 1/3/2024**
  The U.S. Navy has awarded Boeing a $3.4 billion contract to begin manufacturing 14 P-8A Poseidon aircraft for the Royal Canadian Air Force and three additional P-8s for the German Navy.
  For the complete story see: https://www.navalnews.com/naval-news/2024/03/boeing-awarded-3-4-billion-contract-for-17-p-8a-poseidon-aircraft/
- **Janes - US approves sale of Falcon III radios to Germany - 29/2/2024**
  The US Department of State has approved a possible Foreign Military Sales (FMS) to Germany for Falcon III wideband software-defined radios.
  For the complete story see: https://www.janes.com/defence-news/c4isr-command-tech/latest/us-approves-sale-of-falcon-iii-radios-to-germany

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Thomas Global Systems

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Industry SnapShots

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News and Commentary

Shephard Media - Logos fire detector ordered for US Army - 1/3/2024

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For the complete story see:
https://www.shephardmedia.com/news/landwarfareintl/logos-fire-detector-ordered-for-us-army/

Naval News - Boeing Awarded $3.4 Billion Contract For 17 P-8A Poseidon Aircraft - 1/3/2024

The U.S. Navy has awarded Boeing a $3.4 billion contract to begin manufacturing 14 P-8A Poseidon aircraft for the Royal Canadian Air Force and three additional P-8s for the German Navy.

For the complete story see:
https://www.navalnews.com/naval-news/2024/03/boeing-awarded-3-4-billion-contract-for-17-p-8a-poseidon-aircraft/

Janes - US approves sale of Falcon III radios to Germany - 29/2/2024

The US Department of State has approved a possible Foreign Military Sales (FMS) to Germany for Falcon III wideband software-defined radios.

For the complete story see:
https://www.janes.com/defence-news/c4isr-command-tech/latest/us-approves-sale-of-falcon-iii-radios-to-germany

Army Technology - US approves $75m military tech upgrade for Taiwan amidst rising tensions - 23/2/2024

The US State Department greenlights the sale of an advanced tactical data link system to bolster Taiwan's defence capabilities.

For the complete story see:
https://www.army-technology.com/news/us-approves-75m-military-tech-upgrade-for-taiwan-amidst-rising-tensions/

Shephard Media - Raytheon and Rafael to expand Iron Dome missile production - 23/2/2024

Raytheon and Rafael Advanced Defence Systems, a joint venture dubbed RS2, has begun construction of new factory in Arkansas, US, which will be used to expand production of Iron Dome air defence system.

For the complete story see:
https://www.shephardmedia.com/news/landwarfareintl/raytheon-and-rafael-to-expand-iron-dome-missile-production/

Shephard Media - Boeing bullish about further P-8 sales in Singapore - 22/2/2024

Boeing has high hopes it will secure further P-8 Poseidon international sales as numerous countries seek to recapitalise their maritime surveillance aircraft capabilities or increase existing fleets.

For the complete story see:
https://www.shephardmedia.com/news/naval-warfare/boeing-bullish-about-further-p-8-sales-in-singapore/

Janes - US Navy, BAE Systems to upgrade MQ-25 on-board computing - 16/2/2024

BAE Systems has been selected to execute upgrade and modernisation work for the US Navy's (USN's) MQ-25A Stingray unmanned aerial refueller.

For the complete story see:
https://www.janes.com/defence-news/defence/latest/us-navy-bae-systems-to-upgrade-mq-25-on-board-computing

Army Recognition - Lockheed Martin ramps up production of HIMARS MLRS in response to growing demand - 16/2/2024

Lockheed Martin, the defense giant, has declared its intention to ramp up the production of its weaponry systems to address the rising global security concerns.

For the complete story see:
https://www.armyrecognition.com/defense_news_february_2024_global_security_army_industry/lockheed_martin_ramps_up_production_of_himars_mlrs_in_response_to_growing_demand.html

Media Releases

Lockheed Martin - Lockheed Martin And Slovakia Usher In New Era Of European Air Defense With Ceremonial Delivery Of First F-16 Block 70 Jets – 29/2/2024

GREENVILLE, S.C., Feb. 29, 2024 – In a ceremony today at Lockheed Martin's Greenville facility (NYSE: LMT), Deputy Prime Minister and Minister of Defence of the Slovak Republic, Robert Kaliňák, along with esteemed delegates from the United States and Slovakia, commemorated the delivery of Slovakia's first two F-16 Block 70 aircraft. This event marks a new era in European air defense, underscoring the deepening partnership between the two allied nations. F-16 Block 70 fighter jets will help the Slovak Republic to once again ensure the protection of its airspace with its own capacities.

The two aircraft, a single-seat C-model and a two-seat D-model, will remain in Greenville for maintenance training. This training is crucial for Slovak Air Force personnel to ensure the smooth integration and effective operation of the F-16 fleet. More jets are slated for completion by 2025, with the first group of aircraft anticipated to arrive in Slovakia by mid-2024.

OJ Sanchez, vice president and general manager of the Integrated Fighter Group at Lockheed Martin, emphasized the milestone's strategic importance: “Slovakia is at the forefront of adopting Europe's most advanced 4th generation fighter, the F-16 Block 70. These jets not only represent a stronger alliance between Slovakia, the United States, and NATO allies but also equip the Slovak Air Force with advanced capabilities to face 21st Century Security challenges.”

Sanchez added: “As Slovakia joins the ranks of nations operating the F-16, a benchmark NATO fighter, they bolster their defense capabilities and readiness for global operations. With 11 more Slovak F-16s under production and testing, we are committed to delivering a total of 14 state-of-the-art jets, further solidifying our partnership.”

The F-16 Block 70 jets are equipped with the Northrop Grumman APG-83 AESA Radar, advanced avionics, an extended structural service life of 12,000 hours, and critical safety features like the Automatic Ground Collision Avoidance System (Auto GCAS). Since its integration into the U.S. Air Force in late 2014, the Auto GCAS has been instrumental in saving 13 pilots across 12 F-16 incidents, exemplifying the aircraft's unparalleled safety and performance standards.

Lockheed Martin has a backlog of 133 F-16 Block 70/72 jets to be produced in Greenville, with seven total jets delivered to-date for international partners.

https://news.lockheedmartin.com/2024-02-29-Lockheed-Martin-and-Slovakia-Usher-in-New-Era-of-European-Air-Defense-with-Ceremonial-Delivery-of-First-F-16-Block-70-Jets

Boeing - Boeing Awarded $3.4 Billion Contract for 17 P-8A Poseidon Aircraft – 29/2/2024

- U.S. Navy award includes 14 new P-8s for Canada, three for Germany
- Germany expands Poseidon aircraft fleet with an additional procurement
- Order continues global expansion of P-8 maritime patrol capabilities

ARLINGTON, Va., Feb. 29, 2024 — The U.S. Navy has awarded Boeing [NYSE: BA] a $3.4 billion contract to begin manufacturing 14 P-8A Poseidon aircraft for the Royal Canadian Air Force and three additional P-8s for the German Navy.

“We are proud to add Canada to the list of international P-8 partners as well as to Germany’s fleet of maritime patrol aircraft,” said Philip June, vice president and program manager, P-8A program. “The Poseidon is a proven aircraft, with more than 600,000 flight hours, that will serve Canada and Germany well in today’s challenging security environment and for decades to come.”

In November 2023, Canada announced its decision to acquire the P-8A Poseidon to replace its current fleet of CP-140 Auroras. The first P-8A for Canada is expected to deliver in 2026.

With the P-8 acquisition, Boeing's economic commitments to Canada have the potential to generate annual benefits of more than 3,000 jobs for Canadian industry and value-chain partners, and at least $358 million to Canada's gross domestic product over a 10-year period.

Canada's Team Poseidon includes CAE, GE Aviation Canada, IMP Aerospace & Defence, KF Aerospace, Honeywell Aerospace Canada, Raytheon Canada, and StandardAero. The team builds on 81 Canadian suppliers to the P-8 platform and more than 550 suppliers across all provinces contributing to Boeing's annual ~CAD $4 billion in economic benefit to Canada, supporting more than 14,000 Canadian jobs.

"Our global customers require proven advanced capabilities to protect their countries — the P-8 provides that defense," said Vince Logsdon, vice president, International Business Development for Boeing Defense, Space & Security and Global Services. "Together with our partners, we look forward to delivering this unmatched capability in addition to significant industrial benefits for Canada's and Germany's aerospace and defense industries."

Following the initial procurement of five P-8 aircraft in June 2021, Germany added three additional aircraft to bring the total number of P-8s for the German Navy to eight. The first aircraft will be delivered in 2025, to replace the country's fleet of P-3 Orions.

In Germany, Boeing has partnered with ESG Elektroniksystem-und Logistik-GmbH and Lufthansa Technik to deliver systems integration, training, support and sustainment work that will bring the highest operational availability to fulfill the German Navy's missions.

Last year, Boeing and CAE signed teaming agreements to expand multi-mission platform collaboration in Canada, Germany and Norway. These agreements use the complementary capabilities of each company to provide superior management, technical and cost-effective training solutions for the P-8A Poseidon program.

There are 200 P-8s currently in service or on contract across nine countries including the United States, Australia, India, United Kingdom, Norway, New Zealand, Republic of Korea, Germany and Canada.

https://boeing.mediaroom.com/news-releases-statements?item=131403

Raytheon - Collins Elbit Vision Systems delivers 3,000th F-35 Gen III Helmet Mounted Display System to the Joint Strike Fighter – 26/2/2024

Delivery achieves significant partnership milestone

WILSONVILLE, Ore., Feb. 26, 2024 /PRNewswire/ -- Collins Elbit Vision Systems (CEVS) – a joint venture between Collins Aerospace, and Elbit Systems of America (Elbit America) – announced today that it has delivered the 3,000th F-35 Gen III Helmet Mounted Display Systems (HMDS) to the Joint Strike Fighter. Collins Aerospace is an RTX (NYSE: RTX) business.

The F-35 Gen III HMDS is the world's most advanced helmet-mounted display system. Its next-generation user interface serves as a pilot's primary display system, providing them with intuitive access to vital flight, tactical and sensor information day or night.

"CEVS has developed and delivered next-generation solutions that have kept pilots safe and battle ready for nearly 30 years," said Collins Aerospace's Daniel Karl, co-general manager of CEVS. "The HMDS offers pilots in combat zones unmatched situational awareness, giving them the vital information they need to make decisions faster. Our team in Wilsonville, Oregon, is proud to have helped lead the development and manufacturing of this technology for our warfighters, which will help them win the future fight."

With the 3,000th delivery, CEVS has provided over 20,000 systems to warfighters and have logged more than 1 million flight hours on 40 different fighter aircraft platforms.

This milestone comes five months after CEVS unveiled Zero-G HMDS+ for 6th generation fighter aircraft.

"Zero-G – the newest generation of our HMDS – is the lightest, most capable and safest helmet mounted display system ever developed," said Elbit America's Jeff Hoberg, co-general manager of CEVS. "It was designed for next-generation fighter aircraft platforms and can also support 4th and 5th generation aircraft."

https://www.rtx.com/news/news-center/2024/02/26/collins-elbit-vision-systems-delivers-3-000th-f-35-gen-iii-helmet-mounted-display

Northrop Grumman - Northrop Grumman Completes First BOLE Solid Rocket Motor Segment for NASA's Space Launch System – 26/2/2024

PROMONTORY, Utah – Feb. 26, 2024 – (PHOTO RELEASE) Northrop Grumman Corporation (NYSE: NOC) completed the first Booster Obsolescence and Life Extension (BOLE) motor segment for the next-generation Space Launch System (SLS) solid rocket booster. BOLE adds nearly five metric tons of payload capacity for SLS Block 2 Moon and Mars missions above the enhancements already in work for the SLS Block 1B configuration slated to fly on Artemis IV. The new solid rocket boosters will be used on Block 2 beginning with Artemis IX when all the recovered and refurbished shuttle-era steel cases have been expended.

Building on the foundation of the largest and most powerful solid rocket boosters ever flown, Northrop Grumman's BOLE booster incorporates cutting-edge carbon fiber technology and a weight-saving composite case. Combined with other upgrades, it generates 11% more total impulse than the current five-segment solid rocket boosters. The first BOLE demonstration test is scheduled for this year, featuring a full-scale static test with all five segments integrated and horizontally fired in a test bay.

https://news.northropgrumman.com/news/releases/northrop-grumman-completes-first-bole-solid-rocket-motor-segment-for-nasas-space-launch-system

Leidos - Eric Freeman promoted to Chief Executive, Leidos UK & Europe – 23/2/2024

(RESTON, Va., and LONDON) February 23, 2024 – Leidos (NYSE: LDOS), a Fortune 500® innovation company, has promoted Eric Freeman to the role of Chief Executive, Leidos UK & Europe. He replaces Simon Fovargue, MBE, who retired at the end of 2023.

Previously Freeman was COO of Leidos UK & Europe. Freeman has held senior roles within Leidos for more than 25 years and has a deep understanding of the defence community and its needs. Prior to Leidos, he had a distinguished military career in the U.S. Air Force.

"Eric is an outstanding Leidos leader who has done a great job as COO of the UK business," said Vicki Schmanske, Leidos Commercial & International Sector President. "His understanding of the Leidos UK portfolio, coupled with his leadership credentials, complex problem-solving skills, and passion for our business will ensure strong performance and a solid strategy for Leidos UK's next growth phase. He will work closely with our MOD, national security, and civil customers to ensure mission success."

"I am delighted to have been offered this opportunity to run the UK business and to be part of the Commercial & International Sector," said Freeman. "Leidos UK is a great business with outstanding people and customers. We are keen to continue to leverage Leidos' extraordinary technology capabilities for the UK Government to strengthen and develop our business during 2024 and beyond."

https://investors.leidos.com/news-releases/news-release-details/eric-freeman-promoted-chief-executive-leidos-uk-europe

Latest Research

Dispenser module for aircraft pylon and a method for launching a countermeasure

Christer Zätterqvist

Abstract

A dispenser module for storing and launching countermeasures on an aircraft, comprising a magazine formed by a plurality of cartridges adapted to each hold a countermeasure where the dispenser module is adapted to be mounted in a side wall of an aircraft pylon structure, where the dispenser module comprises a spoiler and a hatch, where the magazine is mounted to the hatch, where the dispenser module is adapted to assume a first idle state in which the spoiler and the hatch are retracted to be flush with the side wall before a countermeasure has been launched, and where the dispenser module is adapted to at least assume a second active state in which the spoiler and the hatch extend outwards from the side wall when a countermeasure is to be launched, and where the dispenser module is adapted to retract to the idle state when a countermeasure has been launched.

https://patents.google.com/patent/US20200158467A1/en

The Industry

Rise in SIPRI Top 100 arms sales revenue delayed by production challenges and backlogs

(Stockholm, 4 December 2023) Revenues from sales of arms and military services by the 100 largest companies in the industry totalled $597 billion in 2022, 3.5 per cent less than 2021 in real terms, even as demand rose sharply, according to new data released today by the Stockholm International Peace Research Institute (SIPRI)

Arms revenues fall in USA due to production challenges

The arms revenues of the 42 US companies in the Top 100 fell by 7.9 per cent to $302 billion in 2022. They accounted for 51 per cent of the total arms revenue of the Top 100. Of the 42 US companies, 32 recorded a fall in year-on-year arms revenue, most commonly citing ongoing supply chain issues and labour shortages stemming from the Covid-19 pandemic.

'We are beginning to see an influx of new orders linked to the war in Ukraine and some major US companies, including Lockheed Martin and Raytheon Technologies, received new orders as a result,' said Nan Tian, SIPRI Senior Researcher. 'However, because of these companies' existing order backlogs and difficulties in ramping up production capacity, the revenue from these orders will probably only be reflected in company accounts in two to three years' time.'

Source: SIPRI
https://www.sipri.org/media/press-release/2023/rise-sipri-top-100-arms-sales-revenue-delayed-production-challenges-and-backlogs

World military expenditure passes $2 trillion for first time – 25/4/2023

United States focuses on military research and development

US military spending amounted to $801 billion in 2021, a drop of 1.4 per cent from 2020. The US military burden decreased slightly from 3.7 per cent of GDP in 2020 to 3.5 per cent in 2021.

US funding for military research and development (R&D) rose by 24 per cent between 2012 and 2021, while arms procurement funding fell by 6.4 per cent over the same period. In 2021 spending on both decreased. However, the drop in R&D spending (–1.2 per cent) was smaller than that in arms procurement spending (–5.4 per cent).

'The increase in R&D spending over the decade 2012–21 suggests that the United States is focusing more on next-generation technologies,' said Alexandra Marksteiner, Researcher with SIPRI's Military Expenditure and Arms Production Programme. 'The US Government has repeatedly stressed the need to preserve the US military's technological edge over strategic competitors.'

Source: SIPRI
https://www.sipri.org/media/press-release/2022/world-military-expenditure-passes-2-trillion-first-time

Leading Companies

Cubic Corporation (NYSE: CUB)

About Cubic

Cubic is a technology-driven, market-leading provider of integrated solutions that increase situational understanding for transportation, defense C4ISR and training customers worldwide to decrease urban congestion and improve the militaries' effectiveness and operational readiness.

https://www.cubic.com/

Businesses

Our businesses provide innovative technologies and an integrated approach to systems and services for government and commercial customers around the globe. This integration ensures our customers receive streamlined operations and strategy, cost-efficiency and speed to market.

Enabling a Safer World

At Cubic Mission and Performance Solutions (CMPS) we provide networked Command, Control, Communications, Computers, Intelligence, Surveillance and Reconnaissance (C4ISR) capabilities for defense, intelligence, security and commercial missions and is a leading provider of live, virtual, constructive and game-based (LVC-G) training solutions for the U.S. and allied forces.

https://www.cubic.com/about/businesses

C4ISR

Reliability for mission critical situations.

We provide networked Command, Control, Communications, Computers, Intelligence, Surveillance and Reconnaissance (C4ISR) capabilities for defense, intelligence, security and commercial missions.

Our C4ISR solutions provide information capture, assessment, exploitation and dissemination in a secure network-centric environment. Enabled by six decades of success, Cubic's commitment to continuous innovation ensures our customers are prepared for their next mission.

https://www.cubic.com/solutions/c4isr

Transportation

Improving mobility in the world's greatest cities.

At Cubic Transportation Systems, we believe that to take the right path, you sometimes have to create it. That's why, even though we helped revolutionize the transportation industry, we're dedicated to reinventing it.

We are the leading integrator of payment and information solutions and related services for intelligent travel applications in the transportation industry. We deliver integrated systems for transportation and traffic management, providing tools for travelers to choose the smartest and easiest way to travel and pay for their journeys, while enabling transportation authorities and agencies to manage demand across the entire transportation network – all in real-time.

https://www.cubic.com/solutions/transportation

Training

Accelerating Combat Readiness.

Training proficiency is essential for warfighters and law enforcement who must be prepared to face new threats daily or emerging threats. Cubic's NextTraining™ provides innovative solutions for improved performance-based training, scalable training architectures, air combat training, and high-fidelity combat training centers.

These solutions deliver critical warfighting skills necessary to achieve mission success in combat under the most unforgiving conditions and against the most determined adversary.

https://www.cubic.com/solutions/training

Cubic Reports Second Quarter Fiscal Year 2021 Results

SAN DIEGO – May 5, 2021 – Cubic Corporation (NYSE: CUB) (“Cubic” or the “Company”) today announced its financial results for the second fiscal quarter ended March 31, 2021.

In light of the pending acquisition of Cubic by Veritas Capital and Evergreen Coast Capital Corporation, the Company will not be hosting a conference call to discuss its financial results. The pending acquisition remains subject to the receipt of certain regulatory approvals and the satisfaction of other closing conditions. Cubic currently anticipates that the pending acquisition will be completed during the second calendar quarter of 2021.

Second Quarter Fiscal 2021 Highlights

- Sales of $343.4 million, increased 7% year-over-year
- Net loss from continuing operations attributable to Cubic of $36.0 million, or $1.14 per share, compared to $39.3 million, or $1.25 per share, in the second quarter of the fiscal year ended September 30, 2020 (“fiscal 2020”)
- Adjusted earnings per share (“EPS”) of $0.15, compared to a loss of $0.12 per share in the second quarter of fiscal 2020
- Adjusted EBITDA of $22.7 million, compared to $4.5 million in the second quarter of fiscal 2020

“We delivered solid growth in Sales, Adjusted EBITDA and Adjusted EPS in the second quarter of fiscal 2021,” said Bradley H. Feldmann, chairman, president and chief executive officer of Cubic. “We continue to make great progress on our NextCUBIC strategy, which is driving innovation and sustainable value for our customers, employees and communities.”

Financial Results Summary (unaudited)

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020	Six Months Ended March 31, 2021	Six Months Ended March 31, 2020
	(in millions, except per share data)			
Sales	$ 343.4	$ 321.5	$ 662.2	$ 650.3
Operating loss	(25.6)	(29.9)	(24.3)	(36.4)
Adjusted EBITDA[1]	22.7	4.5	52.3	15.9
Adjusted net income (loss)[1]	4.8	(3.9)	16.5	(7.6)
Loss from continuing operations attributable to Cubic before income taxes	$ (32.6)	$ (58.9)	$ (42.1)	$ (72.8)
Income tax provision (benefit) from continuing operations attributable to Cubic	3.4	(19.7)	6.9	(13.5)
Net loss from continuing operations attributable to Cubic	$ (36.0)	$ (39.3)	$ (49.0)	$ (59.2)
Loss per share from continuing operations attributable to Cubic	$ (1.14)	$ (1.25)	$ (1.55)	$ (1.89)
Adjusted earnings (loss) per share[1]	0.15	(0.12)	0.52	(0.24)

(1) *A non-GAAP financial measure. See the section below titled "Use of Non-GAAP Financial Information" for additional information regarding non-GAAP financial measures and reconciliations to the most directly comparable GAAP financial measures.*

Consolidated Second Quarter Fiscal 2021 Results

(all metrics compared to Second Quarter Fiscal 2020 unless otherwise noted)

Sales increased 7% as reported (4% on a constant currency basis) to $343.4 million, compared to $321.5 million in the prior year period, driven by strong growth in Transportation Systems.

Operating loss was $25.6 million, compared to $29.9 million in the prior year period. Results benefited from an increase in operating income in Transportation Systems and a decrease in operating loss in Mission and Performance Solutions. Unallocated corporate and other costs increased to $36.3 million compared to $16.8 million in the prior year period driven by costs incurred in connection with our evaluation of proposals to acquire Cubic and higher restructuring costs in connection with NextCUBIC transformation and cost optimization initiatives.

Adjusted EBITDA increased to $22.7 million, compared to $4.5 million in the prior year period. Adjusted EBITDA margin increased approximately 520 basis points to 6.6%.

Net loss from continuing operations attributable to Cubic was $36.0 million, or $1.14 per share, compared to $39.3 million, or $1.25 per share, in the prior year period. Adjusted net income was $4.8 million, or $0.15 per share, compared to a loss of $3.9 million, or $0.12 per share, in the prior year period.

Net cash used by continuing operations was $36.4 million, including the impact of consolidating the Company's Boston variable interest entity ("VIE"), compared to $26.5 million in the prior year period. Adjusted Free Cash Flow was negative $33.9 million, compared to negative $37.0 million in the prior year period.

Reportable Segment Results (unaudited)

	Three Months Ended March 31,		Six Months Ended March 31,	
	2021	2020	2021	2020
Sales:	(in millions)		(in millions)	
Cubic Transportation Systems	$ 217.4	$ 197.6	$ 414.5	$ 386.2
Cubic Mission and Performance Solutions	126.0	123.9	247.7	264.1
Total sales	$ 343.4	$ 321.5	$ 662.2	$ 650.3
Operating income (loss):				
Cubic Transportation Systems	$ 33.0	$ 12.6	$ 64.7	$ 26.9
Cubic Mission and Performance Solutions	(22.3)	(25.7)	(38.8)	(34.3)
Unallocated corporate expenses	(36.3)	(16.8)	(50.2)	(29.0)
Total operating loss	$ (25.6)	$ (29.9)	$ (24.3)	$ (36.4)
Adjusted EBITDA:				
Cubic Transportation Systems	$ 38.4	$ 24.2	$ 74.2	$ 46.4
Cubic Mission and Performance Solutions	(4.8)	(8.7)	(2.1)	(10.5)
Unallocated corporate expenses	(10.9)	(11.0)	(19.8)	(20.0)
Total Adjusted EBITDA[1]	$ 22.7	$ 4.5	$ 52.3	$ 15.9

(1) *A non-GAAP financial measure. See the section below titled "Use of Non-GAAP Financial Information" for additional information regarding non-GAAP financial measures and reconciliations to the most directly comparable GAAP financial measures.*

Cubic Transportation Systems ("CTS")

CTS sales increased 10% as reported (6% on a constant currency basis) to $217.4 million, compared to $197.6 million in the prior year period, driven by U.S. system development contracts.

CTS Adjusted EBITDA increased 59% to $38.4 million, compared to $24.2 million in the prior year period. Adjusted EBITDA margin of 17.7% increased 550 basis points, compared to the prior year period, reflecting strong project execution and the impact of NextCUBIC cost savings initiatives.

Cubic Mission and Performance Solutions ("CMPS")

CMPS sales increased 2% as reported (flat on a constant currency basis) to $126.0 million, compared to $123.9 million in the prior year period. Sales reflected an increase in sales generated by C2ISR and expeditionary satellite communications products (GATR), primarily offset by lower sales from the live, virtual and constructive (LVC) training business.

CMPS Adjusted EBITDA improved to negative $4.8 million, compared to negative $8.7 million in the prior year period. Adjusted EBITDA margin improved to negative 3.8%, compared to negative 7.0% in the prior year period, reflecting sales mix as well as lower selling, general and administrative expense as a result of cost savings initiatives, partially offset by higher research and development expense.

Backlog

Backlog decreased by $40.6 million from September 30, 2020 to March 31, 2021. Foreign currency had a favorable impact of $71.8 million during the period.

Total backlog	March 31, 2021	September 30, 2020
	(in millions)	
Cubic Transportation Systems	$ 3,072.1	$ 3,139.9
Cubic Mission and Performance Solutions	554.3	527.1
Total	$ 3,626.4	$ 3,667.0

Key Orders: Second Quarter Fiscal 2021

CTS

- $23 million to provide road tunnel outstation maintenance for Transport for London
- $13 million to provide IT network and infrastructure upgrades for the Port Authority Trans-Hudson (PATH)
- $10 million to provide next-generation readers to Bay Area Rapid Transit (BART) and Muni Clipper 2.0

CMPS

- $57 million in combined orders to provide expeditionary satellite communications products for the United States Army
- $32 million Unified Video Dissemination System enterprise license renewal with government customer
- $26 million first delivery order under Cubic's sole vendor Sailor 2025 Ready Relevant Learning indefinite delivery/indefinite quantity contacts
- Cubic Nuvotronics awarded a contract worth more than $10 million to support Department of Defense "5G to Next G" program

Balance Sheet

Cubic's bank net leverage ratio, as defined in the Company's credit agreement, was 3.5x at the end of the second quarter of our fiscal year ended March 31,2021. The credit agreement allows for net leverage of up to 4.0x.

About Cubic Corporation

Cubic is a technology-driven, market-leading provider of integrated solutions that increase situational understanding for transportation, defense C4ISR and training customers worldwide to decrease urban congestion and improve the militaries' effectiveness and operational readiness. Our teams innovate to make a positive difference in people's lives. We simplify their daily journeys. We promote mission success and safety for those who serve their nation. For more information about Cubic, please visit www.cubic.com or on Twitter @CubicCorp.

https://www.cubic.com/news-events/news/cubic-reports-second-quarter-fiscal-year-2021-results

DXC Technology (NYSE: DXC)

About DXC Technology

DXC Technology (NYSE: DXC) is a global IT services company that leads **digital transformations** for clients by managing and modernizing mission-critical systems, integrating them with new digital solutions to produce better business outcomes. Our global reach and talent, innovation platforms, technology independence and extensive partner network enable 6,000 private and public-sector clients in **70 countries** to thrive on change. DXC is a recognized leader in **corporate responsibility**.

Global enterprises are making the shift to digital technology to produce better business outcomes. Only DXC Technology has the ability to lead clients' digital journeys by modernizing and integrating their mission-critical IT systems, preserving the value of existing investments and deploying digital solutions at scale. DXC is Digital Delivered.

DXC Technology's extensive partner network helps us drive collaboration and leverage technology independence. The company has established more than 200 industry-leading global **Partner Network** relationships, including 15 strategic partners: Amazon Web Services, AT&T, Dell EMC, Google Cloud, HCL, HP, HPE, IBM, Micro Focus, Microsoft, Oracle, PwC, SAP, ServiceNow and VMware.

DXC Technology is a Fortune 500 company and represented in the S&P 500 Index. The company works to create greater value for clients, partners and shareholders, and to present growth opportunities for its people. DXC Technology is ranked among the world's best corporate citizens.

DXC Technology has successfully guided the world's largest enterprises and government agencies through successful change cycles. With ~138,000 employees worldwide, the company's deep experience gives it a clear and confident vision to help clients navigate the future.

https://www.dxc.technology/about_us/ds/29505-company_profile

DXC Aerospace & Defense solutions

We help the world's largest aerospace manufacturing companies increase output, ensure better quality and improve on-time delivery.

More aerospace & defense manufacturers trust DXC than any other IT service provider for their air, land and sea businesses.

DXC is helping a major European A&D company by providing cloud migration, security and analytics services. DXC is modernizing the client's IT architecture and building an agile platform so they can develop and deploy solutions such as next generation smart factories, optimize assets and use artificial intelligence to help with everyday business challenges.

SERVICES & SOLUTIONS

Improve productivity, drive new revenues and increase speed to market in aerospace and defense. Our solutions enable rapid time to value of innovative and transformative ideas, through complex technology integration and global delivery. Learn more:

Digital Thread
A "Digital Thread" ties together the key design, manufacture and service domains, including product life-cycle management, supply chain management, enterprise resource planning and customer relationship management. DXC ties these core components of the A&D value chain together to create a "Digital Thread" for our clients which enables an end to end integrated view across their business.

Digital Twin
Create replicated models and simulations of a physical asset's performance, during the entire life cycle of manufacturing, to discover performance deficiencies before physical processes and products are completed.

Smart Factory
The smart factory captures and presents key operational, machine, and human tasking data, transforming it into actionable information and rich intelligence that leads to better production operations, maintenance, quality and inventory processes.

Digital Workplace for Aerospace & Defense
Create intelligent, digitally connected workplaces leveraging next generation technology to increase productivity, attract and retain employees and drive efficiency – at scale.

Digital Technology Enablement
Execute your digital strategy leveraging our accelerated services and scalable solutions for fundamental digital technologies like cloud, analytics, mobility, security, and apps, as well as emerging technologies like robotic automation, artificial intelligence, augmented reality and the Internet of Things.

https://www.dxc.technology/aerospace_defense

DXC Technology Reports Third Quarter Fiscal Year 2024 Results

- Revenues of $3.40 billion, down 4.7% as compared to prior year, and down 4.5% on an organic basis
- Diluted earnings per share was $0.81 vs. $0.25 in the prior year quarter. Non-GAAP diluted earnings per share was $0.87 vs. $0.95 in the prior year quarter
- Q3 FY24 operating cash flow of $706 million, less capital expenditures of $121 million, results in $585 million of free cash flow
- Book-to-bill ratio of 0.99x and trailing twelve-month book-to-bill of 0.93x
- Returned $252 million to shareholders through share buyback in Q3 FY24, reducing DXC shares outstanding by 5.8%. In the past three years, DXC has repurchased over 30% of its outstanding shares

ASHBURN, Va.--(BUSINESS WIRE) - DXC Technology (NYSE: DXC) today reported results for the third quarter of fiscal year 2024.

Raul Fernandez, Chief Executive Officer commented: “I am pleased to report that DXC delivered strong performance in the third quarter of fiscal '24. We achieved or exceeded our third quarter organic revenue, adjusted EBIT and non-GAAP EPS guidance and delivered $585 million of free cash flow in the quarter. The team is focused on building on this progress as we evolve the operating model to strengthen our go-to-market presence across the offerings. We are committed to continuing the strategy and capital allocation program that we have previously outlined. DXC has an abundance of world class mission critical and digital solutions, deployed and operating every day around the world. I am fully convinced that this rich combination of talent and capabilities will enable DXC to compete and win in the marketplace, and drive significant value for our colleagues, customers and shareholders."

Financial Highlights(1)	Q3 FY24	Q3 FY23
Revenue	$ 3,399	$ 3,566
YoY Revenue Growth	(4.7)%	(12.8)%
YoY Organic Revenue Growth(2)	(4.5)%	(3.8)%
Net Income	$ 140	$ 61
Net Income as a % of Sales	4.1 %	1.7 %
EBIT(2)	$ 234	$ 117
EBIT Margin % (2)	6.9 %	3.3 %
Adjusted EBIT(2)	$ 258	$ 309
Adjusted EBIT Margin % (2)	7.6 %	8.7 %
Earnings Per Share (Diluted)	$ 0.81	$ 0.25
Non-GAAP EPS (Diluted)(2)	$ 0.87	$ 0.95
Book-to-Bill (TTM)	0.93x	1.06x
Book-to-Bill	0.99x	1.34x

(1)In millions, except per-share amounts and numbers presented as percentages and ratios

(2)Reconciliation of GAAP to Non-GAAP measures provided in Non-GAAP Results.

Financial Highlights - Third Quarter of Fiscal Year 2024

Revenue was $3.40 billion for the third quarter of fiscal year 2024, down 4.7% as compared to prior year period, and down 4.5% on an organic basis. Third quarter organic revenue growth came in at the midpoint of DXC's guidance range.

Net income was $140 million, or 4.1% of sales for the third quarter of fiscal year 2024, compared to $61 million, or 1.7% of sales, in the prior year quarter. Net income was higher due to increased gains on the sale of businesses, lower depreciation and amortization and lower restructuring costs. EBIT was $234 million or 6.9% of sales. Net income and EBIT in the quarter included the following items: amortization of acquired intangible assets of $88 million, restructuring costs of $36 million, net gains on dispositions of $104 million, merger related indemnification charges of $2 million, and transaction, separation, and integration costs of $2 million. Excluding these items, adjusted EBIT was $258 million and adjusted EBIT margin was 7.6% in the third quarter of fiscal year 2024, above the Company's guidance range. Adjusted EBIT was $51 million below the prior year quarter, mainly driven by $18 million lower non-cash pension income, $9 million expense related to executive separation costs, and lower gains on asset sales of $14 million ($14 million gain on asset sales in Q3 FY24 vs. $28 million in Q3 FY23).

Diluted earnings per share was $0.81 and non-GAAP diluted earnings per share was $0.87 for the third quarter of fiscal year 2024.

During the third quarter of fiscal year 2024, the Company repurchased 11 million shares of common stock for a total of $252 million. DXC has retired over 30% of its shares outstanding since the start of fiscal year 2022.

Financial Information by Segment

Global Business Services ("GBS")(1)	Q3 FY24		Q3 FY23	
Revenue	$ 1,696		$ 1,738	
YoY Revenue Growth	(2.4	)%	(10.7	)%
YoY Organic Revenue Growth(2)	0.3	%	0.2	%
Segment Profit	$ 202		$ 244	
Segment Profit Margin	11.9	%	14.0	%
Book-to-Bill (TTM)	0.97x		1.16x	
Book-to-Bill	1.26x		1.21x	

(1)In millions
(2)Reconciliation of GAAP to Non-GAAP measures provided in Non-GAAP Results.

GBS segment revenue was $1,696 million in the third quarter of fiscal year 2024, down 2.4% compared to the prior year period and up 0.3% on an organic basis. The GBS organic growth was driven by continued growth in the Analytics & Engineering and Insurance offerings. GBS segment profit was $202 million and segment profit margin was 11.9%, down 210 bps compared to prior year. GBS bookings for the quarter were $2.1 billion for a book-to-bill of 1.26x, and 0.97x on a trailing twelve months basis.

Global Infrastructure Services ("GIS")(1)	Q3 FY24		Q3 FY23	
Revenue	$ 1,703		$ 1,828	
YoY Revenue Growth	(6.8	)%	(14.7	)%
YoY Organic Revenue Growth(2)	(8.9	)%	(7.4	)%
Segment Profit	$ 121		$ 123	
Segment Profit Margin	7.1	%	6.7	%

Book-to-Bill (TTM)	0.90x	0.97x
Book-to-Bill	0.73x	1.46x

(1)In millions
(2)Reconciliation of GAAP to Non-GAAP measures provided in Non-GAAP Results.

GIS segment revenue was $1,703 million in the third quarter of fiscal year 2024, down 6.8% compared to the prior year period, and down 8.9% on an organic basis. GIS segment revenue performance was impacted by organic revenue declines in Cloud Infrastructure & ITO, and in Modern Workplace. GIS segment profit was $121 million with a segment profit margin of 7.1%, up 40 bps as compared to prior year. GIS bookings were $1.3 billion in the quarter for a book-to-bill of 0.73x, and 0.90x on a trailing twelve months basis.

Offering Highlights

The results for our six offerings are as follows:

Offerings Revenues	Q3 FY24	Q2 FY24	Q1 FY24	Q4 FY23	Q3 FY23
Analytics and Engineering	$ 555	$ 561	$ 546	$ 558	$ 535
Applications	759	762	770	780	762
Insurance Software & BPS	382	386	382	390	371
Security	109	109	111	113	112
Cloud Infrastructure & ITO	1,168	1,209	1,209	1,270	1,283
Modern Workplace	426	409	423	457	433
Subtotal	3,399	3,436	3,441	3,568	3,496
M&A and Divestitures					
Revenues	—	—	5	23	70
Total Revenues	$ 3,399	$ 3,436	$ 3,446	$ 3,591	$ 3,566

Cash Flow

Cash Flow	Q3 FY24	Q3 FY23
Cash Flow from Operations	$ 706	$ 625
Less Capital Expenditures:		
Purchase of Property and Equipment	(36)	(66)
Transition and Transformation Contract Costs	(49)	(52)
Software Purchased or Developed	(36)	(44)
Free Cash Flow	$ 585	$ 463

Cash flow from operations was $706 million in the third quarter of fiscal year 2024, as compared to $625 million in the third quarter of fiscal year 2023, and capital expenditures were $121 million in the third quarter of fiscal year 2024, as compared to $162 million in the third quarter of fiscal year 2023. Free cash flow (cash flow from operations, less capital expenditures) was $585 million in the third quarter of fiscal year 2024, as compared to $463 million in the third quarter of fiscal year 2023. During the quarter, DXC also realized $36 million in cash from the sale of assets and businesses.

Guidance

The Company's guidance for the fourth quarter and full fiscal year 2024 is presented in the table below. The full year guidance has been reduced, for organic revenue growth to a range of (4.5)% - (4.3)%, adjusted EBIT margin to 7.1% - 7.2%, and non-GAAP diluted EPS to $3.00 to $3.05. We are maintaining FY24 free cash flow guidance of $800 million.

Key Metrics	Q4 FY24 Guidance	FY24 Guidance

	Lower End	Higher End	Lower End	Higher End
Organic Revenue Growth %	(6.5)%	(5.5)%	(4.5)%	(4.3)%
Adjusted EBIT Margin	7.0%	7.5%	7.1%	7.2%
Non-GAAP Diluted EPS	$0.80	$0.85	$3.00	$3.05
Free Cash Flow			$800	
Revenue				
Revenue $	$3,350	$3,390	$13,630	$13,670
Acquisition & Divestitures Revenues %	(0.7)%		(1.8)%	
Foreign Exchange Impact on Revenues %	0.5%		0.9%	
Others				
Pension Income Benefit*	~$20		~$87	
Net Interest Expense	~$26		~$90	
Non-GAAP Tax Rate	~30%		~34%	
Weighted Average Diluted Shares Outstanding	180	183	~197	
Restructuring & TSI Expense			~$125	
Capital Lease / Asset Financing Payments			~$440	
Foreign Exchange Assumptions	Current Estimate		Current Estimate	
$/Euro Exchange Rate	$1.09		$1.09	
$/GBP Exchange Rate	$1.27		$1.26	
$/AUD Exchange Rate	$0.67		$0.66	

*Pension benefit is split between Cost Of Sales (COS) & Other Income:

Fiscal year 2024 : Net pension benefit of $80 million; $65 million service cost in COS, $145 million pension benefit in Other income

Fiscal year 2023 : Net pension benefit of $178 million; $73 million service cost in COS, $251 million pension benefit in Other income

DXC does not provide a reconciliation of non-GAAP measures that it discusses as part of its guidance because certain significant information required for such reconciliation is not available without unreasonable efforts or at all, including, most notably, the impact of significant non-recurring items. Without this information, DXC does not believe that a reconciliation would be meaningful.

https://investors.dxc.com/investor-news/news-details/2024/DXC-Technology-Reports-Third-Quarter-Fiscal-Year-2024-Results/default.aspx

General Dynamics: (NYSE: GD)

About General Dynamics

Headquartered in Reston, Virginia, General Dynamics is a global aerospace and defense company that offers a broad portfolio of products and services in business aviation; ship construction and repair; land combat vehicles, weapons systems and munitions; and technology products and services. General Dynamics employs more than 100,000 people worldwide and generated $42.3 billion in revenue in 2023.

OUR BUSINESSES

Our portfolio spans the realm of the world's most technologically advanced business jets, wheeled combat vehicles, command and control systems and nuclear submarines. We offer these through our five business groups: Aerospace, Combat Systems, Information Technology, Mission Systems and Marine Systems.

- AEROSPACE

- ✓ Gulfstream produces the world's most technologically advanced business aircraft and offers unmatched global product support and service.
- ✓ Jet Aviation provides comprehensive business aviation services, custom completions and a global network of facilities to aircraft owners and operators.

- COMBAT SYSTEMS

COMBAT SYSTEMS IS A GLOBAL LEADER IN DESIGNING, MANUFACTURING AND INTEGRATING SOME OF THE WORLD'S BEST-PERFORMING LAND COMBAT MACHINES

- ✓ Our facilities around the world produce wheeled and tracked combat vehicles, to include the Stryker family of vehicles and the Abrams main battle tank. This platform portfolio is supported by a broad range of high-performance weapons systems and munitions.
- ✓ European Land Systems is a global leader in the design and manufacture of wheeled and tracked vehicles and bridge systems.
- ✓ Land Systems delivers powerful military vehicles, including the Abrams tank, Stryker combat vehicles, LAVs and AJAX armoured fighting vehicles.
- ✓ Ordnance and Tactical Systems provides weapons systems for naval, air and ground forces applications across all calibers and weapons platforms.

- INFORMATION TECHNOLOGY

Information Technology creates large-scale, secure IT networks and systems and professional services for U.S. defense and intelligence, state and local government and commercial customers.

ENTERPRISE IT INFRASTRUCTURE, NETWORK OPERATIONS AND MAINTENANCE

We support the full enterprise IT lifecycle, designing, integrating, operating, maintaining and modernizing complex data, voice and multimedia networks. Working closely with customers, we ensure their network infrastructures are secure, efficient, scalable and cost-effective.

LARGE-SCALE DATA CENTER OPTIMIZATION AND MODERNIZATION

We have extensive experience consolidating, building and operating data centers. We are at the forefront of agile development, big data analytics and cloud and virtualization technologies and services, offering solutions that meet multiple federal government and military compliance requirements.

HEALTH IT

We are a leading provider of Medicare-related IT systems and professional services for CMS, playing a pivotal role in every major Medicare initiative. We offer program management support for projects such as the Defense Health Information Management System's (DHIMS) EHR program, which develops, deploys and maintains the systems that make up the military's EHR, the world's largest.

PROFESSIONAL AND TECHNICAL SUPPORT SERVICES

GDIT offers a comprehensive range of professional and technical services to meet technology, operational, critical planning and staffing needs. We provide these services to the U.S. Department of Homeland Security, U.S. Special Operations Command, and intelligence and defense customers, as well as to federal civilian agencies.

TRAINING SYSTEMS AND SERVICES

We offer advanced training strategies and technologies for military operations, range support, simulation and professional development. Our state-of-the-art integrated live, virtual and constructive training work is backed by longstanding experience in all areas of training combined with preeminent system integration capabilities.

- MISSION SYSTEMS

MISSION SYSTEMS IS A LEADING INTEGRATOR OF C4ISR SOLUTIONS FOR LAND, SEA, AIR, SPACE AND CYBER DEFENSE

We have an established global presence in secure communications systems, command-and-control systems, sensors and cyber products.

COMMUNICATIONS SYSTEMS

We are a leading manufacturer and integrator of tactical, secure communications systems, including fixed and mobile radio and satellite communications systems and antenna technologies and broadband networking. We are delivering the U.S. Army's backbone mobile communications network, providing tactical voice and data communications to soldiers anywhere on the battlefield. For the Canadian Department of National Defence, we developed, deployed and continue to modernize and support the Canadian Army's fully integrated, secure combat voice and data network. We leveraged this experience to deliver the U.K. MoD's Bowman tactical communication system for which we provide ongoing support and capability upgrades.

COMMAND AND CONTROL SYSTEMS

We deliver the systems that help our customers plan, execute and manage their missions. Mission Systems has a 50-year legacy of providing advanced fire-control systems for U.S. Navy submarine programs and we are developing and integrating commercial off-the-shelf software and hardware upgrades to improve the tactical control capabilities for several submarine classes. We developed the combat and seaframe control systems and we are the lead systems integrator for the Navy's Independence-variant Littoral Combat Ship (LCS) and the electronic systems for the Navy's Joint High Speed Vessel (JHSV).

CYBER SECURITY SOLUTIONS AND PRODUCTS

We deliver comprehensive cyber security-related products and services to help customers defend and protect their networks from the persistent and growing cyber threat. For more than 45 years we have developed information assurance technologies integral to defending critical information. We defend networks against dynamic threats by developing, deploying and sustaining encryption products, systems and services. Mission Systems builds, integrates and optimizes networks, providing resilient end-to-end solutions.

IMAGERY, SIGNALS INTELLIGENCE AND MULTI-INTELLIGENCE SOLUTIONS

We design, build, deploy and support ISR solutions including signals and information collection, processing and distribution systems and imagery sensors. We deliver multi-intelligence ground systems and large-scale, high-performance data and signal processing. Our high-reliability, long-life sensors and payloads are designed to perform in the most extreme environments, including space payloads and undersea sensor and power systems.

- MARINE SYSTEMS

THE MARINE SYSTEMS GROUP DESIGNS, BUILDS AND REPAIRS COMPLEX SHIPS

Our shipyards design, build and repair nuclear-powered submarines, surface combatants, auxiliary and combat-logistics ships and commercial Jones Act ships. With locations on both U.S. coasts, we have a long history as one of the primary shipbuilders for the U.S. Navy, constructing, delivering and maintaining the next generation of platforms.

Bath Iron Works has delivered the world's most formidable ships, like the Arleigh Burke- and Zumwalt-class vessels, to naval and commercial fleets since 1884.

Electric Boat is a premier submarine builder. We have delivered 15 of the U.S. Navy's 19 classes of nuclear submarines.

NASSCO specializes in the design and construction of auxiliary and support ships, oil tankers and dry cargo carriers. It is also a major provider of repair services for the U.S.

https://www.gd.com/en

General Dynamics Reports Fourth-Quarter and Full-Year 2023 Financial Results

January 24, 2024

- Fourth-quarter net earnings of $1 billion, diluted EPS of $3.64, on revenue of $11.7 billion
- Highest quarterly EPS and revenue in company history
- $1.2 billion net cash provided by operating activities, or 119% of net earnings
- Ended the quarter with $93.6 billion in backlog

RESTON, Va. – General Dynamics (NYSE: GD) today reported quarterly net earnings of $1 billion, or $3.64 diluted earnings per share (EPS). Revenue of $11.7 billion was up 7.5% over the year-ago quarter.

For the full year, net earnings were $3.3 billion, or $12.02 per diluted share. Full-year revenue was $42.3 billion, a 7.3% increase from 2022.

“We had a solid fourth quarter, capping off a year that saw growth in all four segments and continued strong cash flow,” said Phebe N. Novakovic, chairman and chief executive officer. “Our Aerospace segment in particular saw solid execution and continued demand in the quarter and is well positioned for a surge in deliveries upon FAA certification of the G700.”

Cash

Net cash provided by operating activities in the quarter totaled $1.2 billion, or 119% of net earnings. For the year, net cash provided by operating activities totaled a record-high $4.7 billion, or 142% of net earnings.

During the year, the company reduced debt by $1.2 billion, invested $904 million in capital expenditures, paid $1.4 billion in dividends, and used $434 million to repurchase shares, ending 2023 with $1.9 billion in cash and equivalents on hand.

Backlog

Orders remained strong across the company with a consolidated book-to-bill ratio, defined as orders divided by revenue, of 0.8- to-1 for the quarter and 1.1-to-1 for the year. Backlog of $93.6 billion was the highest year-end backlog in the company’s history. In addition to backlog, estimated potential contract value, representing management’s estimate of additional value in unfunded indefinite delivery, indefinite quantity (IDIQ) contracts and unexercised options, was $38.3 billion at year end. Total estimated contract value, the sum of all backlog components, was $132 billion at the end of the year.

In the Aerospace segment, orders in the quarter totaled $3.2 billion, growing backlog to $20.5 billion, up 4.8% from the year-ago quarter. Aerospace book-to-bill was 1.2-to-1 for the quarter and the year.

In the three defense segments, significant awards in the quarter included an IDIQ contract with maximum potential value of $2.5 billion from the Indian Health Service to modernize its electronic health record system; an IDIQ contract with maximum potential value of $975 million to provide mission command training and technical support services to the U.S. Army; $395 million, with options having maximum potential value of $840 million, for maintenance and modernization of two U.S. Navy Arleigh Burke-class (DDG-51) guided-missile destroyers; a contract with maximum potential value of $420 million to provide ongoing lead yard services for the Navy's DDG-51 program; $265 million for various munitions and ordnance; and $245 million, with maximum potential value of $590 million, for several key contracts for classified customers.

EXHIBIT A

CONSOLIDATED STATEMENT OF EARNINGS - (UNAUDITED)
DOLLARS IN MILLIONS, EXCEPT PER SHARE AMOUNTS

	Three Months Ended December 31		Variance	
	2023	2022	$	%
Revenue	**$ 11,668**	$ 10,851	$ 817	7.5%
Operating costs and expenses	**(10,380)**	(9,624)	(756)	
Operating earnings	**1,288**	1,227	61	5.0%
Other, net	**17**	69	(52)	
Interest, net	**(78)**	(85)	7	
Earnings before income tax	**1,227**	1,211	16	1.3%
Provision for income tax, net	**(222)**	(219)	(3)	
Net earnings	**$ 1,005**	$ 992	$ 13	1.3%
Earnings per share—basic	**$ 3.68**	$ 3.62	$ 0.06	1.7%
Basic weighted average shares outstanding	**272.8**	274.0		
Earnings per share—diluted	**$ 3.64**	$ 3.58	$ 0.06	1.7%
Diluted weighted average shares outstanding	**275.9**	277.2		

EXHIBIT B

CONSOLIDATED STATEMENT OF EARNINGS - (UNAUDITED)
DOLLARS IN MILLIONS, EXCEPT PER SHARE AMOUNTS

	Year Ended December 31		Variance	
	2023	2022	$	%
Revenue	**$ 42,272**	$ 39,407	$ 2,865	7.3 %
Operating costs and expenses	**(38,027)**	(35,196)	(2,831)	
Operating earnings	**4,245**	4,211	34	0.8 %
Other, net	**82**	189	(107)	
Interest, net	**(343)**	(364)	21	
Earnings before income tax	**3,984**	4,036	(52)	(1.3)%
Provision for income tax, net	**(669)**	(646)	(23)	
Net earnings	**$ 3,315**	$ 3,390	$ (75)	(2.2)%
Earnings per share—basic	**$ 12.14**	$ 12.31	$ (0.17)	(1.4)%
Basic weighted average shares outstanding	**273.1**	275.3		
Earnings per share—diluted	**$ 12.02**	$ 12.19	$ (0.17)	(1.4)%
Diluted weighted average shares outstanding	**275.7**	278.2		

EXHIBIT C

REVENUE AND OPERATING EARNINGS BY SEGMENT - (UNAUDITED)
DOLLARS IN MILLIONS

	Three Months Ended December 31		Variance	
	2023	2022	**$**	**%**
Revenue:				
Aerospace	**$ 2,744**	$ 2,450	$ 294	12.0 %
Marine Systems	**3,408**	2,969	439	14.8 %
Combat Systems	**2,364**	2,179	185	8.5 %
Technologies	**3,152**	3,253	(101)	(3.1)%
Total	**$ 11,668**	$ 10,851	$ 817	7.5 %
Operating earnings:				
Aerospace	**$ 449**	$ 337	$ 112	33.2 %
Marine Systems	**217**	237	(20)	(8.4)%
Combat Systems	**351**	332	19	5.7 %
Technologies	**305**	340	(35)	(10.3)%
Corporate	**(34)**	(19)	(15)	(78.9)%
Total	**$ 1,288**	$ 1,227	$ 61	5.0 %
Operating margin:				
Aerospace	**16.4%**	13.8%		
Marine Systems	**6.4%**	8.0%		
Combat Systems	**14.8%**	15.2%		
Technologies	**9.7%**	10.5%		
Total	**11.0%**	11.3%		

EXHIBIT D

REVENUE AND OPERATING EARNINGS BY SEGMENT - (UNAUDITED)
DOLLARS IN MILLIONS

	Year Ended December 31		Variance	
	2023	2022	**$**	**%**
Revenue:				
Aerospace	$ **8,621**	$ 8,567	$ 54	0.6 %
Marine Systems	**12,461**	11,040	1,421	12.9 %
Combat Systems	**8,268**	7,308	960	13.1 %
Technologies	**12,922**	12,492	430	3.4 %
Total	$ **42,272**	$ 39,407	$ 2,865	7.3 %
Operating earnings:				
Aerospace	$ **1,182**	$ 1,130	$ 52	4.6 %
Marine Systems	**874**	897	(23)	(2.6)%
Combat Systems	**1,147**	1,075	72	6.7 %
Technologies	**1,202**	1,227	(25)	(2.0)%
Corporate	**(160)**	(118)	(42)	(35.6)%
Total	$ **4,245**	$ 4,211	$ 34	0.8 %
Operating margin:				
Aerospace	**13.7%**	13.2%		
Marine Systems	**7.0%**	8.1%		
Combat Systems	**13.9%**	14.7%		
Technologies	**9.3%**	9.8%		
Total	**10.0%**	10.7%		

https://www.gd.com/Articles/2024/01/24/general-dynamics-reports-fourth-quarter-and-full-year-2023-financial-results

Huntington Ingalls Industries: (NYSE: HII)

About Huntington Ingalls

Huntington Ingalls Industries is America's largest military shipbuilding company and a provider of professional services to partners in government and industry. For more than a century, HII's Newport News and Ingalls shipbuilding divisions in Virginia and Mississippi have built more ships in more ship classes than any other U.S. naval shipbuilder. HII's Technical Solutions division provides a wide range of professional services through its Fleet Support, Mission Driven Innovative Solutions, Nuclear & Environmental, and Oil & Gas groups. Headquartered in Newport News, Virginia, HII employs more than 41,000 people operating both domestically and internationally.

- Builder of the most complex ships in the world for 133 years at Newport News, and 81 years at Ingalls.
- Sole builder of U.S. Navy aircraft carriers, the world's largest warships, and one of two builders constructing nuclear-powered submarines.
- Exclusive provider of refueling services for nuclear-powered aircraft carriers, at the forefront of new ship technologies, specialized manufacturing capabilities and nuclear facility management.
- Largest industrial employer in Virginia and Mississippi, and an employer in Louisiana and Alabama.
- Largest supplier of U.S. Navy surface combatants—has built more than 70 percent of Navy fleet of warships.
- Builder-of-record for 41 DDG 51 class Aegis guided missile destroyers.
- Builder of record for the LHA 6 class large-deck amphibious ships and the sole builder of the Navy's newest fleet of the San Antonio (LPD 17) class amphibious assault ships.

- Builder-of-record for the flagship of the U.S. Coast Guard – the National Security Cutter.
- Provider of a wide variety of products and services to the nuclear energy, oil and gas markets, including Department of Energy
- Provider of mission critical and practical solutions to a wide variety of government and commercial customers worldwide through Technical Solutions.
- Unrivalled experience in modular engineering and construction with innovative new solutions for upstream, midstream and downstream energy infrastructure.
- Employs approximately 5,000 engineers and designers.

https://www.huntingtoningalls.com/who-we-are/

Huntington Ingalls - Huntington Ingalls Industries Completes Acquisition of Alion Science and Technology - 19/8/2021

NEWPORT NEWS, Va., (Aug. 19, 2021) -- Huntington Ingalls Industries (NYSE:HII) announced today that it has completed the acquisition of Alion Science and Technology, a technology-driven solutions provider located in McLean, Virginia, from Veritas Capital, a leading investor in companies operating at the intersection of technology and government.

Alion provides advanced engineering and R&D services in the areas of ISR, military training and simulation, cyber and data analytics and other next-generation technology based solutions to the global defense marketplace. Alion has more than 3,200 employees with over 80% of employees maintaining security clearances.

“Alion greatly expands our ability to provide leading-edge solutions to the nation’s most complex national security challenges,” said Andy Green, HII executive vice president and president of HII’s Technical Solutions division. “Alion is a perfect complement to our existing capabilities in the technology-driven defense and federal solutions space. The services and products they provide are directly in line with the strategic focus that we have articulated for Technical Solutions. Most importantly, we are excited to welcome such a widely respected group of experts to our team.”

https://newsroom.huntingtoningalls.com/releases/huntington-ingalls-industries-completes-acquisition-ofalion-science-and-technology

HII Reports Fourth Quarter and Full Year 2023 Results

- Fourth quarter revenues grew 13% year over year, to a record $3.2 billion
- Record 2023 revenues of $11.5 billion, grew 7.3% year over year
- Diluted earnings per share was $6.90 for the fourth quarter, $17.07 for 2023
- Net cash provided from operations was $970 million, and free cash flow1 was $692 million in 2023

NEWPORT NEWS, Va. (February 1, 2024) - HII (NYSE:HII) reported fourth quarter 2023 revenues of $3.2 billion, up 13% from the fourth quarter of 2022, due to higher volumes at all three segments. Operating income in the fourth quarter of 2023 was $312 million and operating margin was 9.8%, compared to $105 million and 3.7%, respectively, in the fourth quarter of 2022, primarily due to higher segment operating income1. Diluted earnings per share in the quarter was $6.90, compared to $3.07 in the fourth quarter of 2022.

For the full year, record revenues of $11.5 billion increased 7.3% over 2022, due to higher volumes at all three segments. Operating income in 2023 was $781 million and operating margin was 6.8%, compared to $565 million and 5.3%, respectively, in 2022. Segment operating income1 in 2023 was $842 million and segment operating margin1 was 7.4%, compared to $712 million and 6.7%, respectively, in 2022, primarily driven by the sale of a court judgment and the settlement of an insurance claim. Diluted earnings per share for the full year was $17.07, compared to $14.44 in 2022.

Net cash provided by operating activities in 2023 was $970 million and free cash flow1 was $692 million, compared to $766 million and $494 million, respectively, in 2022.

New contract awards in 2023 were approximately $12.5 billion, bringing total backlog to approximately $48.1 billion as of December 31, 2023.

“2023 was a strong year for HII. We continue to invest both in our shipyards and in IRAD to both expand capacity and develop new products and solutions for our customers. Our growth rate for the year of over 7% and our free cash flow generation at almost $700M illustrate that we are entering a period of accelerated growth and increased free cash flow generation at HII,” said Chris Kastner, HII’s president and CEO. "Looking ahead, over the next 5 years we expect growth of over 4% and cash generation of $3.6B. Our expectations are grounded in the assumption we must deliver on our commitments to our customers."

Results of Operations

	Three Months Ended December 31				Year Ended December 31	December		
amounts)	**2023**	**2022**	**$ Change**	**% Change**	**2023**	**2022**	**$ Change**	**% Change**
Sales and service revenues	**$ 3,177**	$2,812	$365	13.0 %	**$ 11,454**	$ 10,676	$778	7.3 %
Operating income	**312**	105	207	197.1 %	**781**	565	216	38.2 %
Operating margin %	***9.8 %***	*3.7 %*		*609 bps*	***6.8 %***	*5.3 %*		*153 bps*
Segment operating income[1]	**330**	145	185	127.6 %	**842**	712	130	18.3 %
Segment operating margin %[1]	***10.4 %***	*5.2 %*		*523 bps*	***7.4 %***	*6.7 %*		*68 bps*
Net earnings	**274**	123	151	122.8 %	**681**	579	102	17.6 %
Diluted earnings per share	**$6.90**	$ 3.07	$3.83	124.8 %	**$ 17.07**	$ 14.44	$2.63	18.2 %

Segment Operating Results

Ingalls Shipbuilding

	Three Months Ended December 31				Year Ended December 31			
($ in millions)	**2023**	**2022**	**$ Change**	**% Change**	**2023**	**2022**	**$ Change**	**% Change**
Sales and service revenues	**$800**	$658	$142	21.6 %	**$2,752**	$2,570	$182	7.1 %
Segment operating income[1]	**169**	50	119	238.0 %	**362**	292	70	24.0 %
Segment operating margin %[1]	***21.1 %***	*7.6 %*		*1353 bps*	***13.2 %***	*11.4 %*		*179 bps*

Ingalls Shipbuilding revenues for the fourth quarter of 2023 were $800 million, an increase of $142 million, or 21.6%, from the same period in 2022, primarily driven by higher volumes in surface combatants and amphibious assault ships, partially offset by lower volumes in the Legend class National Security Cutter ("NSC") program.

Ingalls Shipbuilding segment operating income1 for the fourth quarter of 2023 was $169 million, an increase of $119 million from the same period in 2022. Ingalls segment operating margin1 in the fourth quarter of 2023 was 21.1%, compared to 7.6% in the same period the prior year. These increases were primarily driven by the sale of our court judgment against the Bolivarian Republic of Venezuela, to recover unpaid receivables for the prior repair, refurbishment, and modernization of foreign-built frigates, higher volumes described above, and a contract incentives on Arleigh Burke class (DDG 51) destroyers.

Ingalls Shipbuilding 2023 revenues were $2.8 billion, an increase of $182 million, or 7.1%, compared to 2022, primarily driven by higher volumes in surface combatants and amphibious assault ships, partially offset by lower volumes in the NSC program.

Ingalls Shipbuilding segment operating income1 in 2023 was $362 million, an increase of $70 million, or 24%, from 2022. Full year 2023 Ingalls segment operating margin1 was 13.2%, compared to 11.4% in 2022. These increases were primarily driven by the sale of our court judgment against the Bolivarian Republic of Venezuela, to recover unpaid receivables for the prior repair, refurbishment, and modernization of foreign-built frigates, higher volumes on USS Fort Lauderdale (LPD 28), delivered in 2022, and Harrisburg (LPD 30).

Key 2023 Ingalls Shipbuilding milestones:

- Delivered guided missile destroyer Jack H. Lucas (DDG 125)
- Delivered National Security Cutter Calhoun (NSC 10)
- Launched and christened amphibious assault ship Bougainville (LHA 8)
- Launched and christened guided missile destroyer Ted Stevens (DDG 128)
- Awarded the construction contract for LPD 32
- Awarded contracts for seven Arleigh Burke-class (DDG 51) destroyers

Newport News Shipbuilding

	Three Months Ended December 31				Year Ended December 31			
($ in millions)	**2023**	**2022**	**$ Change**	**% Change**	**2023**	**2022**	**$ Change**	**% Change**
Sales and service revenues	**$ 1,665**	$ 1,584	$81	5.1 %	**$ 6,133**	$ 5,852	$281	4.8 %
Segment operating income[1]	**110**	80	30	37.5 %	**379**	357	22	6.2 %
Segment operating margin %[1]	***6.6 %***	*5.1 %*		*156 bps*	***6.2 %***	*6.1 %*		*8 bps*

Newport News Shipbuilding revenues for the fourth quarter of 2023 were $1.7 billion, an increase of $81 million, or 5.1%, from the same period in 2022, primarily driven by higher volumes in aircraft carrier construction and engineering and submarines, partially offset by lower volumes in the refueling and complex overhaul ("RCOH").

Newport News Shipbuilding segment operating income[1] for the fourth quarter of 2023 was $110 million, an increase of $30 million from the same period in 2022. Newport News segment operating margin[1] in the fourth quarter of 2023 was 6.6%, compared to 5.1% in the same period last year. The increases were primarily due to higher volumes described above, a revenue adjustment on the RCOH of *USS George Washington* (CVN 73) and revenue and contract adjustments on aircraft carrier programs.

Newport News Shipbuilding 2023 revenues were $6.1 billion, an increase of $281 million, or 4.8%, compared to 2022, primarily driven by higher volumes in aircraft carrier construction and engineering, the *Columbia* class (SSBN 826) submarine program, submarine services, and the *Virginia* class (SSN 774) submarine program, partially offset by lower volumes in aircraft carrier RCOH and naval nuclear support services.

Newport News Shipbuilding segment operating income[1] for 2023 was $379 million, an increase of $22 million from 2022. Full year 2023 Newport News segment operating margin[1] was 6.2%, compared to 6.1% in 2022. The increases were due to higher volumes described above and a revenue adjustment on the RCOH of *USS George Washington* (CVN 73), partially offset by contract incentives on the *Columbia* class (SSBN 826) submarine program in 2022.

Key 2023 Newport News Shipbuilding milestones:

- Re-delivered *USS George Washington* (CVN 73)
- Awarded $568 million subcontract modification to provide long-lead-time material and advance construction activities for *Columbia*-class submarines
- Awarded $528 million contract to support maintenance of nuclear-powered aircraft carriers ported in San Diego

Mission Technologies

	Three Months Ended December 31				Year Ended December 31			
($ in millions)	**2023**	**2022**	**$ Change**	**% Change**	**2023**	**2022**	**$ Change**	**% Change**
Sales and service revenues	**$745**	$602	$143	23.8 %	**$2,699**	$2,387	$312	13.1 %
Segment operating income[1]	**51**	15	36	240.0 %	**101**	63	38	60.3 %
Segment operating margin %[1]	***6.8 %***	*2.5 %*		*435 bps*	***3.7 %***	*2.6 %*		*110 bps*

Mission Technologies revenues for the fourth quarter of 2023 were $745 million, an increase of $143 million from the same period in 2022. The increase was primarily due to growth in C5ISR.

Mission Technologies segment operating income1 in the fourth quarter of 2023 was $51 million, compared to $15 million in the fourth quarter of 2022. Segment operating margin1 for the fourth quarter of 2023 was 6.8%, compared to 2.5% in the same period the prior year. The increases in segment operating income1 and segment operating margin1 were primarily driven by the settlement of a representations and warranties insurance claim related to the acquisition of Hydroid and higher volumes described above, partially offset by performance in Live, Virtual and Constructive Solutions ("LVC") and fleet sustainment.

Mission Technologies 2023 revenues were $2.7 billion, an increase of $312 million, or 13.1%, compared to 2022, primarily due to higher volumes in C5ISR and cyber, electronic warfare & space ("CEW&S") contracts.

Mission Technologies segment operating income1 in 2023 was $101 million, an increase of $38 million, or 60.3%, from 2022. Mission Technologies segment operating margin1 in 2023 was 3.7%, compared to 2.6% in 2022. The increases in segment operating income1 and segment operating margin1 were primarily driven by the settlement of a representations and warranties insurance claim related to the acquisition of Hydroid and higher volumes described above, partially offset by a contract loss and lower equity income from the disposition of our investment in an unconsolidated ship repair and specialty fabrication joint venture.

Mission Technologies results included approximately $109 million of amortization of purchased intangible assets in 2023, compared to approximately $120 million in 2022. Mission Technologies EBITDA margin1 for full year 2023 was 8.6%, compared to 8.2% in 2022.

Key 2023 Mission Technologies milestones:

- Awarded $1.4 billion joint network engineering and emerging operations task order
- Awarded $347 million contract for Lionfish Small Unmanned Undersea Vehicles
- Awarded $244 million task order to integrate Minotaur software products into maritime platforms

HII's Financial Outlook[1] includes the following expectations:

- Mid to long term[5] HII revenue growth of 4%+

- Mid to long term[5] shipbuilding revenue[2] growth of approximately 4%
- Mid to long term[5] Mission Technologies revenue growth of approximately 5%
- FY24 shipbuilding revenue[2] between $8.8 and $9.1 billion; expect shipbuilding operating margin[2] between 7.6% and 7.8%
- FY24 Mission Technologies revenue between $2.7 to $2.75 billion, Mission Technologies segment operating margin[2] between 3.0% and 3.5%; and Mission Technologies EBITDA margin[2] between 8.0% and 8.5%
- FY24 free cash flow[2,3] between $600 to $700 million[3]
- FY20-FY24 free cash flow[2,3] of approximately $3.0 billion[3]
- FY24-FY28 free cash flow[2,3] of approximately $3.6 billion[3]

FY24 Outlook[1]

Shipbuilding Revenue[2]	$8.8B - $9.1B
Shipbuilding Operating Margin[2]	7.6% - 7.8%
Mission Technologies Revenue	$2.7B - $2.75B
Mission Technologies Segment Operating Margin[2]	3.0% - 3.5%
Mission Technologies EBITDA Margin[2]	8.0% - 8.5%
Operating FAS/CAS Adjustment	($63M)
Non-current State Income Tax Benefit/Expense[4]	~$0M
Interest Expense	($90M)
Non-operating Retirement Benefit	$178M
Effective Tax Rate	~21%
Depreciation & Amortization	~$350M
Capital Expenditures	~5.3% of Sales
Free Cash Flow[2, 3]	$600M - $700M

[1]The financial outlook, expectations and other forward looking statements provided by the company for 2024 and beyond reflect the company's judgment based on the information available at the time of this release.
[2]Non-GAAP measures. See Exhibit B for definitions. In reliance upon Item 10(e)(1)(i)(B) of Regulation S-K, reconciliations of forward–looking GAAP and non–GAAP measures are not provided because we are unable to provide such reconciliations without unreasonable effort due to the uncertainty and inherent difficulty of predicting the future occurrence and financial impact of certain elements of GAAP and non-GAAP measures. For the same reasons, we are unable to address the significance of the unavailable information.
[3]Outlook is based on current tax law and assumes the provisions requiring capitalization of R&D expenditures for tax purposes are not deferred or repealed.
[4]Outlook is based on current tax law. Repeal or deferral of provisions requiring capitalization of R&D expenditures would result in elevated non-current state income tax expense.
[5]Mid to long term growth represents our expected compound annual growth rate over five to ten years.

https://hii.com/wp-content/uploads/2024/01/HII-News-Release-2023-Q4-Earnings-Release-February-1-2024-1.pdf

L3Harris Technologies

L3Harris Technologies is the Trusted Disruptor for the global aerospace and defense industry. With customers' mission-critical needs always in mind, our more than 50,000 employees deliver end-to-end technology solutions connecting the space, air, land, sea and cyber domains.

https://www.l3harris.com/

L3harris Technologies Reports Fourth Quarter And Full-Year 2023 Results; Initiates 2024 Guidance

- Full year (FY) 2023 orders[1] of $22.8 billion; book-to-bill of 1.18x
- 4Q23 revenue of $5.3 billion and FY23 of $19.4 billion, up 17% and 14% respectively
- 4Q23 operating margin of 2.9% and FY23 of 7.3%, reflecting goodwill impairment for pending business sale
- 4Q23 segment operating margin[1] of 15.1% and FY23 of 14.8%
- 4Q23 earnings per share (EPS) of $0.83 and FY23 of $6.44; 4Q23 non-GAAP EPS[1] of $3.35 and FY23 of $12.36
- FY23 cash from operations of $2.1 billion, free cash flow[1] of $2.0 billion

MELBOURNE, Fla., January 25, 2024 — L3Harris Technologies, Inc. (NYSE: LHX) reported fourth quarter and full-year 2023 results, and initiated 2024 financial guidance.

"We delivered on our 2023 financial commitments and reported record backlog of $33 billion, further demonstrating that our strategy to be the industry's Trusted Disruptor is working. Our agility and innovation continue to resonate with customers, enabling us to broaden our capabilities into high-growth markets," said Christopher E. Kubasik, Chair and CEO. "Last year, we also closed, integrated, and are benefiting from two acquisitions and we announced the sale of a non-core business. These actions are strengthening and better aligning our portfolio with the Department of Defense and U.S. allied partner priorities."

Kubasik continued, "We are confident on achieving the financial framework that we shared in early December at our investor day, while we execute on our 2024-2026 capital allocation priorities of reducing leverage and returning excess cash to shareholders. Entering 2024, we remain focused on driving towards the $1 billion cost savings target from our LHX NeXt program to enable operational improvements, margin expansion and free cash flow growth."

Summary Financial Results And 2024 Guidance

	Fourth Quarter			Full Year			2024*
($ millions, except per share data)	2023	2022	Change	2023	2022	Change	Guidance
Revenue							
Space & Airborne Systems	$ 1,800	$ 1,702		$ 6,856	$ 6,384		
Integrated Mission Systems	1,627	1,729		6,630	6,626		
Communication Systems	1,363	1,193		5,070	4,217		
Aerojet Rocketdyne	597	—		1,052	—		
Corporate eliminations	(47)	(46)		(189)	(165)		
Revenue	$ 5,340	$ 4,578	17%	$ 19,419	$ 17,062	14%	$20.7B - $21.3B
Operating income (loss)							
Space & Airborne Systems	$191	$193		$756	$665		
Integrated Mission Systems	(75)	179		459	494		
Communication Systems	356	297		1,229	667		
Aerojet Rocketdyne	66	—		122	—		
Unallocated items	(384)	(174)		(1,140)	(699)		
Operating income	$154	$495	(69)%	$ 1,426	$ 1,127	27%	
Operating margin	2.9%	10.8%	nm	7.3%	6.6%	70 bps	
Segment operating income[1]							
Space & Airborne Systems	$191	$193		$783	$745		
Integrated Mission Systems	194	179		740	861		
Communication Systems	356	297		1,229	1,022		
Aerojet Rocketdyne	66	—		122	—		

Unallocated items	—	—		—	—		
Segment operating income[1]	$807	$669	21%	$ 2,874	$ 2,628	9%	
Segment operating margin[1]	15.1%	14.6%	50 bps	14.8%	15.4%	(60) bps	~15%
Non-service FAS pension income and other	$93	$112	(17)%	$338	$425	(20)%	
Interest expense, net	$ (171)	$(74)	131%	$ (543)	$ (279)	95%	
Effective tax rate (GAAP)	(66.7%)	21.8%	nm	1.9%	16.7%	nm	
Effective tax rate (non-GAAP[1])	12.4%	13.6%	(120) bps	13.0%	13.9%	(90) bps	
EPS	$0.83	$2.17	(62)%	$6.44	$5.49	17%	
Non-GAAP EPS[1]	$3.35	$3.27	2%	$ 12.36	$ 12.90	(4)%	$12.40 - $12.80
Diluted shares outstanding	190.6	192.1	(1)%	190.6	193.5	(1)%	
Cash from operations	$789	$782	1%	$ 2,096	$ 2,158	(3)%	
Free cash flow[1]	$747	$748	—%	$ 2,009	$ 2,029	(1)%	~$2.2B

Revenue: Fourth quarter revenue increased 17%, primarily from the acquisitions of Aerojet Rocketdyne (AR), its own reporting segment, and Tactical Data Links (TDL), reported in the Communication Systems (CS) segment. Fourth quarter revenue increases were also driven by 2% organic growth from the Space & Airborne Systems (SAS) and CS segments. Full year revenue increased 14%, primarily from the acquisitions of AR and TDL, and increased 6% on an organic1 basis primarily from growth in the SAS and CS segments.

Operating Margin: Fourth quarter operating margin decreased, primarily from the impairment associated with the pending sale of the Commercial Aviation Solutions (CAS) business within the Integrated Mission Systems (IMS) segment. Segment operating margin1 expanded 50 bps to 15.1% due to efficiencies realized by increased revenue and favorable product mix. Full year operating margin increased 70 bps. 2022 had a higher level of impairments than 2023. This improvement was partially offset by unfavorable net changes in Estimates-at-Completion (EAC). Full year segment operating margin1 decreased 60 bps to 14.8% primarily due to the factors noted above excluding the impact of impairments and other non-recurring items detailed in table 5.

Earnings Per Share (EPS): Fourth quarter EPS decreased to $0.83 driven primarily by the impairment associated with the pending sale of the CAS business, an increase in amortization of acquisition-related intangibles and higher interest expense from the funding of the AR and TDL acquisitions. Non-GAAP EPS1 increased 2% to $3.35 driven by higher segment operating income1 and a lower effective tax rate on non-GAAP income, partially offset by lower pension income and the higher interest expense. Full year EPS increased 17% to $6.44 driven primarily from lower impairments, partially offset by lower pension income and the higher interest expense. Full year Non-GAAP EPS1 decreased 4% to $12.36 driven by lower pension income and the higher interest expense, partially offset by higher segment operating income1, lower share count and a lower effective tax rate on non-GAAP income1.

Cash Flows: Fourth quarter cash from operations increased 1% primarily from less cash used to fund net working capital. Fourth quarter free cash flow1 was comparable. Full year cash from operations decreased 3% due to acquisition-related expenses, higher tax payments and higher interest, partially offset by less cash used to fund net working capital. Full year free cash flow1 was down 1%.

SEGMENT RESULTS AND GUIDANCE:

This section contains reporting segment drivers of fourth quarter and full year for revenue, operating margin, a GAAP measure, and segment operating margin[1], a non-GAAP measure, which excludes unallocated items, impairments to goodwill or other assets and the gain on the sale of plant, property and equipment.

Space & Airborne Systems (SAS)

($ millions)	Fourth Quarter 2023	2022	Change	Full Year 2023	2022	Change	Guidance 2024
Revenue	$ 1,800	$ 1,702	6%	$ 6,856	$ 6,384	7%	$6,900 - $7,100
Operating margin	10.6%	11.3%	(70) bps	11.0%	10.4%	60 bps	
Segment operating margin[1]	10.6%	11.3%	(70) bps	11.4%	11.7%	(30) bps	mid-high 11%*

* A reconciliation is not available. See the note on page 2 and Non-GAAP Financial Measures on page 6 for more information.

Revenue: Fourth quarter revenue increased 6%, primarily from growth in Space, Mission Networks and Intel and Cyber, partially offset by a decline in legacy airborne platform volume. Full year revenue increased 7% primarily from growth in Space Systems, Mission Networks and Intel and Cyber.

Operating Margin: Fourth quarter operating margin and segment operating margin[1] decreased 70 bps largely due to an increase in lower margin space revenue. Full year operating margin increased 60 bps. 2022 had a higher level of impairments. 2023 was negatively impacted by mix and net unfavorable EAC. Full year segment operating margin[1] decreased 30 bps from the factors noted above, excluding impairments.

Integrated Mission Systems (IMS)

($ millions)	Fourth Quarter 2023	2022	Change	Full Year 2023	2022	Change	Guidance 2024
Revenue	$ 1,627	$ 1,729	(6)%	$ 6,630	$ 6,626	—%	$6,400 - $6,600
Operating margin	(4.6%)	10.4%	nm	6.9%	7.5%	(60) bps	
Segment operating margin[1]	11.9%	10.4%	150 bps	11.2%	13.0%	(180) bps	low-mid 11%*

nm = not meaningful

* A reconciliation is not available. See the note on page 2 and Non-GAAP Financial Measures on page 6 for more information.

Revenue: Fourth quarter revenue decreased 6%, primarily from lower Intelligence, Surveillance and Reconnaissance (ISR) aircraft missionization efforts, partially offset by increases in CAS and Maritime. Full year revenue was flat primarily from lower ISR aircraft missionization volume, offset by higher revenue in Electro Optical, Maritime and CAS.
Operating Margin: Fourth quarter operating margin was down primarily from the impairment associated with the pending sale of the CAS business. Fourth quarter segment operating margin[1] increased 150 bps from improved program performance. Full year operating margin declined 60 bps primarily due to an unfavorable net change in EACs, the sale of end-of-life inventory in the prior year and higher volume of lower-margin domestic ISR aircraft revenue, partially offset by lower impairments and research and development expenses. Full year segment operating margin[1] decreased 180 bps from the factors noted above excluding impairments.

Communication Systems (CS)

($ millions)	Fourth Quarter 2023	2022	Change	Full Year 2023	2022	Change	Guidance 2024
Revenue	$ 1,363	$ 1,193	14%	$ 5,070	$ 4,217	20%	$5,300 - 5,400

Operating margin	26.1%	24.9%	120 bps	24.2%	15.8%	840 bps	
Segment operating margin[1]	26.1%	24.9%	120 bps	24.2%	24.2%	— bps	low-mid 24%*

* A reconciliation is not available. See the note on page 2 and Non-GAAP Financial Measures on page 6 for more information.

Revenue: Fourth quarter revenue increased 14%, primarily from the TDL acquisition and higher volume of night-vision products. Full year revenue increased 20%, primarily from the TDL acquisition and higher volumes of legacy Broadband Communications programs, Tactical Communications and Public Safety products.

Operating Margin: Fourth quarter operating margin and segment operating margin[1] increased 120 bps primarily from the acquisition of TDL and efficiencies realized from higher volume. Full year segment operating margin increased 840 bps primarily from an impairment in the prior year. Full year segment operating margin[1] was comparable.

Aerojet Rocketdyne (AR)

($ millions)	Fourth Quarter 2023	2022	Change	Full Year 2023	2022	Change	Guidance 2024
Revenue	$597			$ 1,052			$2,400 - $2,500
Operating margin	11.1%			11.6%			high 11%*

* A reconciliation is not available. See the note on page 2 and Non-GAAP Financial Measures on page 6 for more information.

Revenue and Operating Margin: Fourth quarter and full year (5-month post acquisition period) results are attributed to program execution across missile and space programs.

SUPPLEMENTAL INFORMATION:

Other Information	2024	2023
FAS/CAS operating adjustment	~$40 million	$110 million
Non-service FAS pension income	~$260 million	$310 million
Net interest expense*	~$650 million	$544 million
Effective tax rate on GAAP income		1.9%
Effective tax rate on non-GAAP income[1*]	13.0% - 13.5%	13.0%
Average diluted shares	Flat - up slightly	190.6
Capital expenditures	~2% sales	2% sales

https://www.l3harris.com/newsroom/press-release/2024/01/l3harris-technologies-reports-fourth-quarter-and-full-year-2023

Leidos Holdings: (NYSE: LDOS)

About Leidos

Leidos is a Fortune 500® innovation company rapidly addressing the world's most vexing challenges in national security and health. The company's global workforce of 47,000 collaborates to create smarter technology solutions for customers in heavily regulated industries. Headquartered in Reston, Virginia, Leidos reported annual revenues of approximately $15.4 billion for the fiscal year ended December 29, 2023.

https://www.leidos.com/company

Defense

Modernizing defense in a complex world

The Defense Group is made up of thousands of experienced security professionals ranging from leading academic voices to veterans of the defense and intelligence community. From managing a global network with more than 3 million users to modernizing IT systems with intelligence-driven cybersecurity, the Defense Group is solving the world's toughest security challenges for customers with "can't fail" missions.

Behind the Command & Control

Supplying, sustaining and training America's military around the world.

Success Stories

The Defense Group not only protects one of the most attacked networks in the world, it also helps government organizations modernize and onboard applications to the cloud.

Leveraging our core competencies

Solutions for Defense include enterprise and mission IT, large-scale intelligence systems, command and control, geospatial and data analytics, cybersecurity, logistics, training, and intelligence analysis and operations support.

Related markets

Our Defense Group provides a diverse portfolio of systems, solutions, and services cover land, sea, air, space, and cyberspace for customers worldwide.

- Aviation
- Government
- Defense
- Homeland
- Space

Related products

From scanning for illicit material at ports and borders to predicting future events and instability up to five years in advance, our products help customers make the world safer.

- GLIMPS
- IXQ (ISR CrossCue)
- Operational Multiscale Environment model with Grid Adaptivity (OMEGA)

https://www.leidos.com/company/our-business/defense

Leidos Holdings, Inc. Reports Fourth Quarter and Fiscal Year 2023 Results

February 13, 2024

- Revenues: $4.0 billion for fourth quarter (up 8% year-over-year); $15.4 billion for the year (up 7% year-over-year)

- Diluted Earnings per Share: $1.66 for fourth quarter (up 30% year-over-year); $1.44 for the year (down 71% year-over-year)
- Non-GAAP Diluted Earnings per Share: $1.99 for fourth quarter (up 9% year-over-year); $7.30 for the year (up 11% year-over-year)
- Cash Flows from Operations: $304 million for fourth quarter; $1.2 billion for the year
- Initial FY24 guidance reflects financial performance consistent with 2021 Investor Day targets

RESTON, Va., Feb. 13, 2024 /PRNewswire/ -- Leidos Holdings, Inc. (NYSE: LDOS), a FORTUNE 500® innovation company, today reported financial results for the fourth quarter and fiscal year 2023.

Tom Bell, Leidos Chief Executive Officer, commented: "With a strong finish to the year, Leidos delivered on all of its financial commitments. Record top- and bottom-line performance enabled us to exceed the high end of the guidance ranges that we set last quarter for all metrics. Our financial performance over the last three quarters demonstrates how strongly the team has enhanced its focus on cost controls and cash generation and committed to a "promises made, promises kept" culture. 2024 is going to be another busy and exciting year for Leidos, as we capitalize on our leaner, more focused organizational structure and chart our path to our second decade of growth."

Summary Operating Results

(in millions, except margin and per share data)	Three Months Ended		Year Ended	
	December 29, 2023	December 30, 2022	December 29, 2023	December 30, 2022
Revenues	$ 3,980	$ 3,697	$ 15,438	$ 14,396
Net income	$ 230	$ 180	$ 208	$ 693
Net income margin	5.8 %	4.9 %	1.3 %	4.8 %
Diluted earnings per share (EPS)	$ 1.66	$ 1.28	$ 1.44	$ 4.96
Non-GAAP Measures*:				
Adjusted EBITDA	$ 452	$ 397	$ 1,669	$ 1,493
Adjusted EBITDA margin	11.4 %	10.7 %	10.8 %	10.4 %
Non-GAAP diluted EPS	$ 1.99	$ 1.83	$ 7.30	$ 6.60

*Non-GAAP financial measures should be considered in addition to, but not as a substitute for, the information provided in accordance with GAAP. Management believes that these non-GAAP measures provide another measure of Leidos' results of operations and financial condition, including its ability to comply with financial covenants in our debt agreements. See Non-GAAP Financial Measures at the end of this press release for more information and a reconciliation of these non-GAAP measures to the most directly comparable GAAP measures.

Revenues were $3.98 billion for the quarter and $15.44 billion for the year, up 8% and 7% over the comparable 2022 periods, respectively. For the quarter and the year, revenues grew year-over-year due to increased demand across all customer segments, especially within the Health segment.

For the quarter, net income was $230 million, or $1.66 per diluted share, up 28% and 30%, respectively, compared to the fourth quarter of fiscal year 2022. Net income margin was 5.8%, up 90 basis points year-over-year. Adjusted EBITDA was $452 million (11.4% margin), up 14% over the fourth quarter of 2022. Non-GAAP net income was $276 million, which generated non-GAAP diluted EPS of $1.99. Non-GAAP net income was up 8%, and non-GAAP diluted EPS was up 9% compared to the fourth quarter of fiscal year 2022.

For the year, net income was $208 million, or $1.44 per diluted share. Net income and diluted EPS were down 70% and 71%, respectively, compared to fiscal year 2022. Net income margin for the year decreased to 1.3% from 4.8% in fiscal year 2022, primarily as a result of pre-tax impairment and restructuring charges of $699 million mainly associated with the Security Enterprise Solutions (SES) reporting unit recorded in the third quarter of fiscal year 2023. Adjusted EBITDA was $1.67 billion (10.8% margin), up 12% over fiscal year 2022. Non-GAAP net income was $1.02 billion, which generated non-GAAP diluted EPS of $7.30. Non-GAAP net income and non-GAAP diluted EPS were both up 11% compared to fiscal year 2022.

The primary drivers of increased earnings for the quarter and the year were improved program execution and reduced indirect spending across the company as well as increased volumes and higher incentive awards in the medical examination business.

Cash Flow Summary

In the fourth quarter, Leidos generated $304 million of net cash provided by operating activities and used $76 million in investing activities and $245 million in financing activities. Net cash provided by operating activities benefited from strong collections and working capital management, partially offset by higher cash tax payments. Days Sales Outstanding (DSO) for the quarter was 56, a 1-day improvement from the third quarter of 2023 and a 2-day improvement from the fourth quarter of fiscal year 2022.

Investing activities consisted primarily of $78 million in property, equipment and software payments, which resulted in quarterly free cash flow of $226 million. Financing activities were driven by $253 million returned to shareholders, including $202 million in share repurchases and $51 million as part of a regular quarterly cash dividend program.

For the year net cash provided by operating activities was $1.17 billion and free cash flow was $958 million. For the year Leidos used $211 million in investing activities and $715 million in financing activities. As of December 29, 2023, the Company had $777 million in cash and cash equivalents and $4.7 billion in debt.

On February 8, 2024, the Leidos Board of Directors declared that Leidos will pay a cash dividend of $0.38 per share on March 28, 2024, to stockholders of record at the close of business on March 15, 2024.

New Business Awards

Net bookings totaled $2.8 billion in the fourth quarter of fiscal year 2023 and $16.5 billion for fiscal year 2023, representing book-to-bill ratios of 0.7 and 1.1, respectively. As a result, backlog at the end of fiscal year 2023 was $37.0 billion, of which $8.8 billion was funded.

Forward Guidance

Leidos is initiating fiscal year 2024 guidance as specified in the table below.

Measure	FY24 Guidance
Revenues (billions)	$15.7 - $16.1
Adjusted EBITDA Margin	Mid-to-High 10%
Non-GAAP Diluted EPS	$7.50 - $7.90
Cash Flows Provided by Operating Activities (billions)	approximately $1.1

Fiscal year 2024 guidance for cash flows provided by operating activities reflects approximately $60 million of cash tax payments related to the Tax Cuts and Jobs Act of 2017 provision requiring the capitalization and amortization of research and development costs that went into effect on January 1, 2022. The actual impact on cash flows provided by operating activities will depend on the amount of research and development costs Leidos will incur, whether Congress modifies or repeals this provision and whether new guidance and interpretive rules are issued by the US Treasury, among other factors.

For information regarding adjusted EBITDA margin and non-GAAP diluted EPS, see the related explanations and reconciliations to GAAP measures included elsewhere in this release.

Leidos does not provide a reconciliation of forward-looking adjusted EBITDA margins or non-GAAP diluted EPS to net income margin or diluted EPS, due to the inherent difficulty in forecasting and quantifying certain amounts that are necessary for such reconciliation. Because certain deductions for non-GAAP exclusions used to calculate projected net income may vary significantly based on actual events, Leidos is not able to forecast on a GAAP basis with reasonable certainty all deductions needed in order to provide a GAAP calculation of projected net income margin, diluted EPS or net income attributable to Leidos shareholders at this time. The amounts of these deductions may be material and, therefore, could result in projected net income margin, net income attributable to Leidos shareholders and diluted EPS being materially less than projected adjusted EBITDA margins and non-GAAP diluted EPS.

https://investors.leidos.com/news-releases/news-release-details/leidos-holdings-inc-reports-fourth-quarter-and-fiscal-year-2023

Lockheed Martin (NYSE: LMT)

About Lockheed Martin

Headquartered in Bethesda, Maryland, Lockheed Martin is a global security and aerospace company that employs approximately 105,000 people worldwide and is principally engaged in the research, design, development, manufacture, integration and sustainment of advanced technology systems, products and services.

Organization

Lockheed Martin's operating units are organized into broad business areas.

Aeronautics, with approximately $21.2 billion in 2018 sales which includes tactical aircraft, airlift, and aeronautical research and development lines of business.

Missiles and Fire Control, with approximately $8.5 billion in 2018 sales that includes the Terminal High Altitude Area Defense System and PAC-3 Missiles as some of its high-profile programs.

Rotary and Mission Systems, with approximately $14.3 billion in 2018 sales, which includes Sikorsky military and commercial helicopters, naval systems, platform integration, and simulation and training lines of business.

Space, with approximately $9.8 billion in 2018 sales which includes space launch, commercial satellites, government satellites, and strategic missiles lines of business.

Financial Performance

2018 Sales: $53.8 billion

Backlog: $130.5 billion

Cash Flow from Operations: $3.1 billion (after annual pension contributions of $5.0 billion)

Stock Ticker Symbol: LMT, on the New York Stock Exchange. Ranked 59th on the 2018 Fortune 500 list of largest industrial corporations

Where We Are

Employees: Approximately 105,000 employees in the United States and internationally

Operations: 375+ facilities and 16,000 active suppliers, including suppliers in every U.S. state and more than 1,000 suppliers in over 50 countries outside the U.S.

https://lockheedmartin.com/en-us/who-we-are.html

Lockheed Martin Reports Fourth Quarter And Full Year 2023 Financial Results

- Net sales of $18.9 billion in the fourth quarter and $67.6 billion in 2023
- Net earnings of $1.9 billion, or $7.58 per share in the fourth quarter; $6.9 billion, or $27.55 per share in 2023
- Cash from operations of $2.4 billion and free cash flow of $1.7 billion in the fourth quarter; cash from operations of $7.9 billion and free cash flow of $6.2 billion in 2023
- $3.8 billion of cash returned to shareholders through dividends and share repurchases in the fourth quarter, and $9.1 billion in 2023
- Record backlog of $160.6 billion
- 2024 financial outlook provided

BETHESDA, Md., Jan. 23, 2024 /PRNewswire/ -- Lockheed Martin Corporation [NYSE: LMT] today reported fourth quarter 2023 net sales of $18.9 billion, compared to $19.0 billion in the fourth quarter of 2022. Net earnings in the fourth quarter of 2023 and 2022 were $1.9 billion, or $7.58 and $7.40 per share, respectively. Cash from operations was $2.4 billion in the fourth quarter of 2023, compared to $1.9 billion in the fourth quarter of 2022. Free cash flow was $1.7 billion in the fourth quarter of 2023, compared to $1.2 billion in the fourth quarter of 2022.

Net sales in 2023 were $67.6 billion, compared to $66.0 billion in 2022. Net earnings in 2023 were $6.9 billion, or $27.55 per share, compared to $5.7 billion, or $21.66 per share, in 2022. Cash from operations in 2023 was $7.9 billion, compared to $7.8 billion in 2022. Free cash flow in 2023 was $6.2 billion, compared to $6.1 billion in 2022.

"Our solid finish to 2023 and full-year results reflect continued strong demand for our all-domain portfolio of advanced defense tech solutions. Backlog reached a record $160.6 billion and sales increased 2 percent year-over-year to $67.6 billion," said Lockheed Martin Chairman, President and CEO Jim Taiclet. "In 2023 we invested $1.5 billion in research and development and an additional $1.7 billion of capital expenditures to create, accelerate and refine the development of innovative 21st Century Security capabilities. In line with our expectations, we generated $6.2 billion of free cash flow for the year, supporting strong free cash flow per share growth, and we returned over $9 billion to shareholders through dividends and share repurchases.

"Looking ahead to 2024 and beyond, our opportunities to support global security for the U.S. Government and its allies remain robust with traditional and breakthrough technologies. Our team will continue to realize the vision for 21st Century Security integrated platforms and systems, working with industry and commercial partners to pioneer and mature deterrence solutions for customers worldwide. Inside the company, our 1LMX digital transformation initiative will further materialize and drive speed, resiliency, efficiency and competitiveness across our operations. As a result, we anticipate continued top-line growth in 2024 and sustained cash flow conversion and deployment, in support of our mid-single digit growth target in free cash flow per share."

Adjusted earnings before income taxes, net earnings and diluted EPS

The table below shows the impact to earnings before income taxes, net earnings and diluted earnings per share (EPS) for certain non-operational items:

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(in millions, except per share data)	Quarters Ended					
	Dec. 31, 2023			Dec. 31, 2022		
	Earnings Before Income Taxes	**Net Earnings**	**Diluted EPS**	**Earnings Before Income Taxes**	**Net Earnings**	**Diluted EPS**
As Reported (GAAP)	**$ 2,145**	**$ 1,866**	**$ 7.58**	$ 2,190	$ 1,912	$ 7.40
Severance and other charges	**92**	**73**	**0.30**	100	79	0.31
Mark-to-market investment losses[1]	**6**	**5**	**0.02**	29	22	0.08
Total Adjustments	**98**	**78**	**0.32**	129	101	0.39
As Adjusted (Non-GAAP)[2]	**$ 2,243**	**$ 1,944**	**$ 7.90**	$ 2,319	$ 2,013	$ 7.79

1 Includes changes in valuations of the company's net assets and liabilities for deferred compensation plans and early-stage company investments.
2 See the "Use of Non-GAAP Financial Measures" section of this news release for more information.

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(in millions, except per share data)	Years Ended					
	Dec. 31, 2023			**Dec. 31, 2022**		
	Earnings Before Income Taxes	**Net Earnings**	**Diluted EPS**	**Earnings Before Income Taxes**	**Net Earnings**	**Diluted EPS**
As Reported (GAAP)	**$ 8,098**	**$6,920**	**$27.55**	$ 6,680	$5,732	$21.66
Pension settlement charge	—	—	—	1,470	1,156	4.33
Severance and other charges	**92**	**73**	**0.30**	100	79	0.31
Mark-to-market investment (gains) losses[1]	**(10)**	**(8)**	**(0.03)**	290	219	0.83
Debt refinancing transaction	—	—	—	34	26	0.10
Total Adjustments	**82**	**65**	**0.27**	1,894	1,480	5.57
As Adjusted (Non-GAAP)[2]	**$ 8,180**	**$ 6,985**	**$27.82**	$8,574	$7,212	$27.23

1 Includes changes in valuations of the company's net assets and liabilities for deferred compensation plans and early-stage company investments.
2 See the "Use of Non-GAAP Financial Measures" section of this news release for more information.

Severance and other charges

During the fourth quarter of 2023, the company recorded charges totaling $92 million ($73 million, or $0.30 per share, after-tax) which include severance costs for the planned reduction of certain positions across the company and asset impairment charges. This action resulted from a review of the company's business segments and corporate functions and is intended to improve the efficiency of the company's operations.

Summary Financial Results

The following table presents the company's summary financial results.

View News Release Full Screen

(in millions, except per share data)	Quarters Ended Dec. 31,		Years Ended Dec. 31,	
	2023	**2022**	**2023**	**2022**
Net sales	**$ 18,874**	$ 18,991	**$ 67,571**	$65,984
Business segment operating profit[1,2]	**$ 2,042**	$ 2,068	**$ 7,389**	$7,467
Unallocated items				
FAS/CAS operating adjustment	**415**	428	**1,660**	1,709
Severance and other charges[3]	**(92)**	(100)	**(92)**	(100)
Intangible asset amortization expense[2]	**(62)**	(62)	**(247)**	(248)
Other, net[4]	**(10)**	(41)	**(203)**	(480)
Total unallocated items	**251**	225	**1,118**	881
Consolidated operating profit	**$2,293**	$ 2,293	**$ 8,507**	$ 8,348
Net earnings[4,5,6]	**$ 1,866**	$ 1,912	**$ 6,920**	$5,732
Diluted earnings per share[4,5,6]	**$ 7.58**	$ 7.40	**$ 27.55**	$21.66
Cash from operations[7]	**$ 2,365**	$ 1,928	**$ 7,920**	$ 7,802
Capital expenditures	**(704)**	(693)	**(1,691)**	(1,670)
Free cash flow[1,7]	**$ 1,661**	$ 1,235	**$ 6,229**	$ 6,132

1 Business segment operating profit and free cash flow are non-GAAP measures. See the "Use of Non-GAAP Financial Measures" section of this news release for more information.

2 Effective Jan. 1, 2023, the company reclassified intangible asset amortization expense out of the business segment operating profit and into the unallocated items line item to better align with how management views and manages the business. The 2022 amounts reflect the impact of this change.

3 Severance and other charges for the quarter and year ended Dec. 31, 2023 include $92 million ($73 million, or $0.30, after-tax) severance costs associated with the planned elimination of certain positions through involuntary actions across the company and asset impairment charges. Severance and other charges for the quarter and year ended Dec. 31, 2022 included $100 million ($79 million, or $0.31 per share, after-tax) related to certain actions at the company's RMS business segment, which included severance costs for the planned reduction of certain positions and asset impairment charges.

4 Other, net for the quarter and year ended Dec. 31, 2023 included net gains of $34 million ($26 million, or $0.10 per share, after-tax) and $74 million ($56 million, or $0.22 per share, after-tax), compared to net gains of $19 million ($14 million, or $0.06 per share, after-tax) and net losses of $176 million ($132 million, or $0.50 per share, after-tax) for the quarter and year ended Dec. 31, 2022 due to changes in the fair value of net assets and liabilities for deferred compensation plans.

5 Net earnings for the quarter and year ended Dec. 31, 2023 included net losses of $40 million ($30 million, or $0.12 per share, after-tax) and $64 million ($48 million, or $0.19 per share, after-tax), compared to net losses of $48 million ($36 million, or 0.14 per share, after-tax) and $114 million ($86 million, or $0.33 per share, after-tax) for the quarter and year ended Dec. 31, 2022 due to changes in the fair value of early-stage company investments.

6 Net earnings for the quarters and years ended Dec. 31, 2023 and 2022 include certain non-operational charges. See prior table for further details.
7 See the "Cash Flows and Capital Deployment Activities" section of this news release for more information.

2024 Financial Outlook

The following table and other sections of this news release contain forward-looking statements, which are based on the company's current expectations. Actual results may differ materially from those projected. It is the company's practice not to incorporate adjustments into its financial outlook for proposed or potential acquisitions, divestitures, ventures, pension risk transfer transactions, financing transactions, changes in law, or new accounting standards until such items have been consummated, enacted or adopted. For additional factors that may impact the company's actual results, refer to the "Forward-Looking Statements" section in this news release.

Segment Results

The company operates in four business segments organized based on the nature of products and services offered: Aeronautics, Missiles and Fire Control (MFC), Rotary and Mission Systems (RMS) and Space. The following table presents summary operating results of the company's business segments and reconciles these amounts to the company's consolidated financial results.

View News Release Full Screen

(in millions)	Quarters Ended Dec. 31,		Years Ended Dec. 31,	
	2023	**2022**	**2023**	**2022**
Net sales				
Aeronautics	**$ 7,613**	$ 7,635	**$ 27,474**	$ 26,987
Missiles and Fire Control	**3,171**	3,287	**11,253**	11,317
Rotary and Mission Systems	**4,711**	4,803	**16,239**	16,148
Space	**3,379**	3,266	**12,605**	11,532
Total net sales	**$ 18,874**	$ 18,991	**$ 67,571**	$ 65,984
Operating profit				
Aeronautics	**$ 761**	$ 816	**$ 2,825**	$ 2,867
Missiles and Fire Control	**395**	451	**1,541**	1,637
Rotary and Mission Systems	**579**	567	**1,865**	1,906
Space	**307**	234	**1,158**	1,057
Total business segment operating profit[1]	**2,042**	2,068	**7,389**	7,467
Unallocated items				
FAS/CAS operating adjustment	**415**	428	**1,660**	1,709
Severance and other charges	**(92)**	(100)	**(92)**	(100)
Intangible asset amortization expense[1]	**(62)**	(62)	**(247)**	(248)
Other, net	**(10)**	(41)	**(203)**	(480)
Total unallocated items	**251**	225	**1,118**	881
Total consolidated operating profit	**$ 2,293**	$ 2,293	**$ 8,507**	$ 8,348

1 Effective Jan. 1, 2023, the company reclassified intangible asset amortization expense out of the business segment operating profit and into the unallocated items line item to better align with how management views and manages the business. The 2022 amounts reflect the impact of this change.

Net sales and operating profit of the company's business segments exclude intersegment sales, cost of sales, and profit as these activities are eliminated in consolidation and not included in management's evaluation of performance of each segment. Business segment operating profit includes the company's share of earnings or losses from equity method investees as the operating activities of the equity method investees are closely aligned with the operations of the company's business segments.

Business segment operating profit excludes the FAS/CAS pension operating adjustment, a portion of corporate costs not considered allowable or allocable to contracts with the U.S. Government under the applicable U.S. Government cost accounting standards (CAS) or federal acquisition regulations (FAR), and other items not considered part of management's evaluation of segment operating performance such as a portion of management and administration costs, legal fees and settlements, environmental costs, stock-based compensation expense, retiree benefits, significant severance actions, significant asset impairments, gains or losses from divestitures, intangible asset amortization expense, and other miscellaneous corporate activities. Excluded items are included in the reconciling item "Unallocated items" between operating profit from the company's business segments and its consolidated operating profit.

Changes in net sales and operating profit generally are expressed in terms of volume. Changes in volume refer to increases or decreases in sales or operating profit resulting from varying production activity levels, deliveries or service levels on individual contracts. Volume changes in segment operating profit are typically based on the current profit booking rate for a particular contract. In addition, comparability of the company's segment sales, operating profit and operating margin may be impacted favorably or unfavorably by changes in profit booking rates on the company's contracts. Increases in profit booking rates, typically referred to as favorable profit adjustments, usually relate to revisions in the estimated total costs to fulfill the performance obligations that reflect improved conditions on a particular contract. Conversely, conditions on a particular contract may deteriorate, resulting in an increase in the estimated total costs to fulfill the performance obligations and a reduction in the profit booking rate and are typically referred to as unfavorable profit adjustments. Increases or decreases in profit booking rates are recognized in the period they are determined and reflect the inception-to-date effect of such changes.

The company's consolidated net favorable profit booking rate adjustments represented approximately 23% and 21% of total segment operating profit in the quarter and year ended December 31, 2023 and 24% in both the quarter and year ended December 31, 2022.

Aeronautics

View News Release Full Screen

(in millions)	**Quarters Ended Dec. 31,**		**Years Ended Dec. 31,**	
	2023	**2022**	**2023**	**2022**
Net sales	**$ 7,613**	$ 7,635	**$ 27,474**	$ 26,987
Operating profit	**761**	816	**2,825**	2,867
Operating margin	**10.0 %**	10.7 %	**10.3 %**	10.6 %

Aeronautics' net sales in the fourth quarter of 2023 were comparable to the same period in 2022. Net sales on the F-35 program decreased $275 million due to lower volume on production contracts partially offset by higher volume on development and sustainment contracts. Net sales increased on classified programs by $180 million driven by higher volume and increased on the F-16 program by $65 million due to the ramp up on production.

Aeronautics' operating profit in the fourth quarter of 2023 decreased $55 million, or 7%, compared to the same period in 2022. The decrease was primarily attributable to lower operating profit of $50 million on the F-35 program due to the lower cost throughput described above and lower net favorable profit adjustments on production contracts. Total net profit booking rate adjustments were $85 million lower in the fourth quarter of 2023 compared to the same period in 2022.

Aeronautics' net sales in 2023 increased $487 million, or 2%, compared to 2022. Net sales increased by approximately $540 million for the ramp up on classified programs and $230 million on the F-16 program related to the ramp up in production. These increases were partially offset by lower net sales of $400 million on the F-35 program due to lower volume on production contracts partially offset by higher volume on sustainment and development contracts.

Aeronautics' operating profit in 2023 decreased $42 million, or 1%, compared to 2022. The decrease was primarily attributable to lower operating profit of $100 million on the F-22 program due to lower net favorable profit adjustments and $95 million on the F-35 program due to lower net favorable profit adjustments on production contracts. These decreases were partially offset by higher operating profit of $115 million on classified programs due to higher net favorable profit adjustments and the impact of the higher sales as discussed above. Total net profit booking rate adjustments were $180 million lower in 2023 compared to 2022.

Missiles and Fire Control

View News Release Full Screen

(in millions)	Quarters Ended Dec. 31,		Years Ended Dec. 31,	
	2023	**2022**	**2023**	**2022**
Net sales	**$ 3,171**	$ 3,287	**$ 11,253**	$ 11,317
Operating profit	**395**	451	**1,541**	1,637
Operating margin	**12.5 %**	13.7 %	**13.7 %**	14.5 %

MFC's net sales in the fourth quarter of 2023 decreased $116 million, or 4%, compared to the same period in 2022. The decrease was primarily attributable to lower net sales of approximately $150 million for integrated air and missile defense programs primarily due to supplier cost timing on PAC-3, partially offset by higher net sales of approximately $60 million for tactical and strike missile programs due to production ramp up on Long Range Anti-Ship Missile (LRASM) and Joint Air-to-Surface Standoff Missile (JASSM).

MFC's operating profit in the fourth quarter of 2023 decreased $56 million, or 12%, compared to the same period in 2022. The decrease was primarily attributable to lower operating profit for tactical and strike missile programs due to a $40 million loss recognized on a classified program. Total net profit booking rate adjustments were $30 million lower in the fourth quarter of 2023 compared to the same period in 2022.

MFC's net sales in 2023 decreased $64 million, or 1% compared to the same period in 2022. Net sales decreased $165 million for integrated air and missile defense programs due primarily to supplier cost timing on PAC-3 and $115 million for sensors and global sustainment programs due primarily to the absence in 2023 of the impact of a favorable profit adjustment on an international program in 2022. These decreases were partially offset by higher net sales of $145 million for tactical and strike missile programs primarily due to production ramp up on JASSM, LRASM, and precision fires programs.

MFC's operating profit in 2023 decreased $96 million, or 6%, compared to 2022. The decrease was primarily attributable to lower operating profit for tactical and strike missile programs due to $45 million of losses recognized on a classified program. Total net profit booking rate adjustments were $95 million lower in 2023 compared to 2022.

Rotary and Mission Systems

View News Release Full Screen

(in millions)	Quarters Ended Dec. 31,		Years Ended Dec. 31,	
	2023	**2022**	**2023**	**2022**
Net sales	**$ 4,711**	$ 4,803	**$ 16,239**	$ 16,148
Operating profit	**579**	567	**1,865**	1,906
Operating margin	**12.3 %**	11.8 %	**11.5 %**	11.8 %

RMS' net sales in the fourth quarter of 2023 decreased $92 million, or 2%, compared to the same period in 2022. The decrease was primarily attributable to lower net sales of $115 million on integrated warfare systems and sensors (IWSS) programs due to lower volume on the Multi-Mission Surface Combatant (MMSC) program and $80 million for training and logistics solutions (TLS) programs due to lower volume. These decreases were partially offset by higher net sales of $140 million for Sikorsky helicopter programs due to higher deliveries on international Black Hawk programs.

RMS' operating profit in the fourth quarter of 2023 increased $12 million, or 2%, compared to the same period in 2022. The increase was primarily driven by favorable contract mix across the IWSS programs portfolio. Total net profit booking rate adjustments in the fourth quarter of 2023 were comparable to the same period in 2022.

RMS' net sales in 2023 increased $91 million, or 1% compared to the same period in 2022. Higher net sales of $265 million on IWSS programs due to higher volume on the Aegis program and new program ramp ups within the radar and laser systems portfolios were partially offset by lower net sales of $55 million for Sikorsky helicopter programs due to lower Black Hawk production volume.

RMS' operating profit in 2023 decreased $41 million, or 2%, compared to 2022. The decrease was primarily attributable to lower operating profit for Sikorsky helicopter programs primarily due to an unfavorable profit adjustment of $100 million in the second quarter of 2023 on the Canadian Maritime Helicopter Program (CMHP) and lower Black Hawk production volume. This decrease was partially offset by higher operating profit for IWSS programs primarily due to a favorable profit adjustment of $65 million in the second quarter of 2023 on an international surveillance and control program, along with higher volume on the Aegis program. Total net profit booking rate adjustments were $100 million lower in 2023 compared to 2022.

Space

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(in millions)	**Quarters Ended Dec. 31,**		**Years Ended Dec. 31,**	
	2023	2022	**2023**	2022
Net sales	**$ 3,379**	$ 3,266	**$ 12,605**	$ 11,532
Operating profit	**307**	234	**1,158**	1,057
Operating margin	**9.1 %**	7.2 %	**9.2 %**	9.2 %

Space's net sales in the fourth quarter of 2023 increased $113 million, or 3%, compared to the same period in 2022. The increase was primarily attributable to higher net sales of $155 million for strategic and missile defense programs due to ramp up in the Next Generation Interceptor (NGI) development program.

Space's operating profit in the fourth quarter of 2023 increased $73 million, or 31%, compared to the same period in 2022. Total net profit booking rate adjustments across the portfolio were $90 million higher in the fourth quarter of 2023 compared to the same period in 2022.

Space's net sales in 2023 increased $1.1 billion, or 9%, compared to 2022. The increase was primarily attributable to higher net sales of $620 million for strategic and missile defense programs due to ramp up in the NGI development program and higher volume in the Fleet Ballistic Missile (FBM) program; and higher net sales of $225 million for national security space programs due to development ramp up on Transport Layer and classified programs.

Space's operating profit in 2023 increased $101 million, or 10%, compared to 2022. The increase was primarily attributable to higher operating profit of $140 million for national security space programs due to the absence of unfavorable profit adjustments in 2023 on a ground solutions program and higher net favorable profit adjustments in classified programs. This increase was partially offset by $80 million of lower equity earnings resulting from lower launch volume and an increase in new product development costs at United Launch Alliance (ULA). Total net profit booking rate adjustments were $150 million higher in 2023 compared to 2022.

Total equity earnings (primarily ULA) for the quarter ended Dec. 31, 2023 were not significant, compared to approximately $15 million, or 6% for the same period in 2022. Total equity earnings for the year ended Dec. 31, 2023 were $20 million, or 2% of Space's operating profit, compared to approximately $100 million, or 9% in 2022.

Income Taxes

The company's effective income tax rate was 13.0% and 14.5% for the quarter and year ended Dec. 31, 2023, compared to 12.7% and 14.2% for the quarter and year ended Dec. 31, 2022. The rates for all periods benefited from research and development tax credits, tax deductions for foreign derived intangible income, dividends paid to the company's defined contribution plans with an employee stock ownership plan feature and employee equity awards.

https://news.lockheedmartin.com/2024-01-23-Lockheed-Martin-Reports-Fourth-Quarter-and-Full-Year-2023-Financial-Results

Northrop Grumman: (NYSE: NOC)

About Northrop Grumman

Northrop Grumman is a leading global security company providing innovative systems, products and solutions in autonomous systems, cyber, C4ISR, strike, and logistics and modernization to customers worldwide.

Our Core Capabilities:

Autonomous Systems

Northrop Grumman is a premier provider of autonomous systems on land, at sea, in the air, and in space. These unmanned aircraft, satellites and space systems, and advanced technologies are critical to our national security. Autonomous systems operate in areas and environments where manned vehicles cannot, allowing for prolonged missions, and helping reduce risk to human lives.

Cyber

Northrop Grumman has been battling cyber threats for more than 30 years and, through aggressive technology investments in key research areas such as identity management, situational awareness, modeling and simulation, cloud security, and supply chain, has a deep understanding of the breadth and complexity of cyber. It is embedded in everything we do.

C4ISR

Northrop Grumman is a leading provider of C4ISR systems that are the backbone of operations and of decision making. Our systems provide situational awareness from planning to execution. We deliver analysis systems through to advanced communications payloads and integrated solutions that support the U.S. and allied forces across the globe.

Space

For more than 60 years, Northrop Grumman has been pioneering the innovative systems that defined the future of space. Our survivable and rapidly reconfigurable systems give our partners the critical support they need for mission assurance. From advanced threat detection to secure communications, we're building the technology that will win the future of space.

Strike

As a leader in integrated strike systems, Northrop Grumman brings world-class capabilities in system design, systems engineering, manufacturing, and sustainment. The ability to project power, strategically, anywhere in the world is an essential tenet of the U.S. military. Our platforms like the B-2 Spirit stealth bomber and the bomber for the future, the B-21 Raider, provide a powerful projection of force.

Logistics and Modernization

Northrop Grumman is a leading provider of logistics solutions supporting the full lifecycle of platforms and systems for global defense and federal-civil customers, delivering innovative, technology-driven solutions and services to enable cost-effective improvements for customer mission effectiveness.

https://www.northropgrumman.com/AboutUs/Welcome/default.aspx

Northrop Grumman Reports Fourth Quarter and Full-Year 2023 Financial Results

- Total backlog rises to record $84.2 billion driven by full year book to bill of 1.14
- Q4 Sales increase 6 percent to $10.6 billion; 2023 sales increase 7 percent to $39.3 billion
- Company records $1.56 billion pre-tax charge associated with LRIP phase of B-21 program
- 2023 Diluted EPS of $13.53, including B-21 charge of $7.68 and MTM expense of $2.08
- 2023 Operating cash flow of $3.9 billion, 2023 adjusted free cash flow1 of $2.1 billion
- Company introduces strong 2024 sales and margin guidance inline with prior outlook
- Company reaffirms 2024 and 2025 free cash flow(1) outlook and projects solid growth in 2026

FALLS CHURCH, Va. – October 26, 2023 – Northrop Grumman Corporation (NYSE: NOC) reported third quarter 2023 sales increased 9 percent to $9.8 billion, as compared with $9.0 billion in the third quarter of 2022. Third quarter 2023 sales reflect continued strong demand for our products and services. Third quarter 2023 net earnings totaled $937 million, or $6.18 per diluted share, as compared with $915 million, or $5.89 per diluted share, in the third quarter of 2022. Net earnings were reduced by $156 million, or $1.00 per diluted share, as a result of lower net FAS/CAS pension income, and net earnings were increased by $67 million, or $0.44 per diluted share, as a result of the sale of a minority interest in an Australian business.

“We had another strong quarter with solid performance on our programs, a new record backlog, and growth across all four of our businesses,” said Kathy Warden, chair, chief executive officer and president. “Based on our year-to-date results and increasing demand for our products, we are raising our 2023 sales guidance. We are also providing an initial 2024 outlook that reflects our expectation for solid revenue, operating income and free cash flow growth.”

Consolidated Operating Results and Cash Flows

FALLS CHURCH, Va. – January 25, 2024 – Northrop Grumman Corporation (NYSE: NOC) reported fourth quarter 2023 sales increased 6 percent to $10.6 billion, as compared with $10.0 billion in the fourth quarter of 2022. Sales increased 7 percent to $39.3 billion in 2023, as compared with $36.6 billion in 2022. Fourth quarter and full year 2023 sales reflect continued strong demand for our products and services.

Fourth quarter 2023 net loss totaled $535 million, or $3.54 per diluted share, and 2023 net earnings were $2.1 billion, or $13.53 per diluted share. Both periods include an after-tax charge on the B-21 program of $1.17 billion ($7.68 per diluted share for the full year) and an after-tax mark-to-market pension and OPB (“MTM”) expense of $316 million ($2.08 per diluted share for the full year).

“Our team delivered a strong finish to the year in 2023. We generated free cash flow at the high end of our guidance range, significantly exceeded our sales guidance and beat EPS consensus absent the B-21 charge we identified as a possibility this time last year,” said Kathy Warden, chair, chief executive officer and president. “With sustained global demand for our products, our 2024 guidance reflects continued strong sales and earnings growth. In addition, we’re reaffirming our cash flow outlook for 2024 and 2025, with free cash flow expected to grow at a greater than 15 percent CAGR through 2026. Northrop Grumman’s solid performance, record backlog and differentiated portfolio support our outlook for robust cash generation and our plans to return a significant amount of capital to shareholders.”

B-21 Charge - In 2015, the U.S. Air Force awarded Northrop Grumman the B-21 contract, which includes a base contract for engineering, manufacturing, and design (EMD) and five low-rate initial production (LRIP) options. The EMD phase of the program is largely cost type and began at contract award. The LRIP options are largely fixed price and are expected to be awarded and executed through approximately the end of the decade. During the fourth quarter of 2023, the B-21 program entered flight testing and the company received an award for the first LRIP lot.

We previously disclosed it was reasonably possible one or more of the LRIP options could be performed at a loss principally due to the company's estimate of the impact macroeconomic factors may have on our cost to complete the LRIP options, as well as ongoing discussions with our suppliers and our customer. During the fourth quarter of 2023, we again reviewed our estimated profitability on the LRIP phase of the program, and we now believe it is probable each of the first five LRIP lots will be performed at a loss. The loss is largely driven by a change in our assumptions regarding funding to mitigate the impact of macroeconomic disruptions on the LRIP phase of the program and higher projected manufacturing costs that reflect recent supplier negotiations and our experience in completing the first aircraft.

MTM Expense - The MTM expense relates to pension and OPB actuarial gains and losses, which the company recognizes immediately through earnings upon annual remeasurement of the assets and projected benefit obligations of our pension and OPB plans.

The table below provides supplemental information on the per share impacts of these items:

	Three Months Ended December 31		Year Ended December 31	
$ in millions, except per share amounts	**2023**	2022	**2023**	2022
Net earnings and EPS impact of B-21 charge				
Segment operating loss[1]	**$ (1,559)**	—	**$ (1,559)**	—
Unallocated corporate income (expense)[2]	**82**	—	**82**	—
Operating loss	**(1,477)**	—	**(1,477)**	—
Federal and foreign income tax benefit[3]	**310**	—	**310**	—
Net loss	**(1,167)**	—	**(1,167)**	—
Weighted-average diluted shares outstanding, in millions	**151.1**	—	**152.0**	—
Per share impact	**$(7.72)**	—	**$(7.68)**	—
Net earnings and EPS impact of MTM (expense) benefit				
Unallocated corporate income (expense)[2]	**$22**	$(65)	**$22**	$(65)
Operating income (loss)	**22**	(65)	**22**	(65)
MTM (expense) benefit	**(422)**	1,232	**(422)**	1,232
(Loss) earnings before income taxes	**(400)**	1,167	**(400)**	1,167
Federal and foreign income tax benefit (expense)[3]	**84**	(245)	**84**	(245)
Net (loss) earnings	**(316)**	922	**(316)**	922
Weighted-average diluted shares outstanding, in millions	**151.1**	154.5	**152.0**	155.6
Per share impact	**$(2.09)**	$5.96	**$(2.08)**	$5.93

Consolidated Operating Results and Cash Flows

	Three Months Ended December 31			Year Ended December 31		
$ in millions, except per share amounts	**2023**	2022	**Change**	**2023**	2022	**Change**
Sales						
Aeronautics Systems	**$ 2,910**	$ 2,757	**6%**	**$10,786**	$10,531	**2%**
Defense Systems	**1,645**	1,657	**(1%)**	**5,862**	5,579	**5%**
Mission Systems	**3,063**	2,927	**5%**	**10,895**	10,396	**5%**
Space Systems	**3,602**	3,278	**10%**	**13,946**	12,275	**14%**

Intersegment eliminations	**(582)**	(586)		**(2,199)**	(2,179)	
Total sales	**10,638**	10,033	**6%**	**39,290**	36,602	**7%**
Operating (loss) income						
Aeronautics Systems	**(1,271)**	289	**NM**	**(473)**	1,116	**NM**
Defense Systems	**202**	183	**10%**	**710**	664	**7%**
Mission Systems	**462**	452	**2%**	**1,609**	1,618	**(1%)**
Space Systems	**304**	297	**2%**	**1,212**	1,158	**5%**
Intersegment eliminations	**(80)**	(85)		**(298)**	(303)	
Segment operating (loss) income[1]	**(383)**	1,136	**NM**	**2,760**	4,253	**(35%)**
Segment operating margin rate[1]	***(3.6%)***	*11.3%*	**NM**	***7.0%***	*11.6%*	***(460) bps***
FAS/CAS operating adjustment	**(20)**	(48)	**(58%)**	**(82)**	(200)	**(59%)**
Unallocated corporate income (expense):						
Intangible asset amortization and PP&E step-up depreciation	**(30)**	(61)	**(51%)**	**(122)**	(242)	**(50%)**
Deferred state tax benefit (expense) of MTM adjustment	**22**	(65)	**NM**	**22**	(65)	**NM**
Deferred state tax benefit of B-21 charge	**82**	—	**NM**	**82**	—	**NM**
Other unallocated corporate income (expense)	**(64)**	(56)	**14%**	**(123)**	(145)	**(15%)**
Unallocated corporate income (expense)	**10**	(182)	**NM**	**(141)**	(452)	**(69%)**
Total operating (loss) income	**$ (393)**	$906	**NM**	**$ 2,537**	$ 3,601	**(30%)**
Operating margin rate	***(3.7%)***	*9.0%*	**NM**	***6.5%***	*9.8%*	***(330) bps***
Interest expense	**(128)**	(120)	**7%**	**(545)**	(506)	**8%**
Non-operating FAS pension benefit	**133**	376	**(65%)**	**530**	1,505	**(65%)**
Mark-to-market pension and OPB (expense) benefit	**(422)**	1,232	**NM**	**(422)**	1,232	**NM**
Other, net	**53**	58	**(9%)**	**246**	4	**NM**
(Loss) earnings before income taxes	**(757)**	2,452	**NM**	**2,346**	5,836	**(60%)**
Federal and foreign income tax (benefit) expense	**(222)**	372	**NM**	**290**	940	**(69%)**
Effective income tax rate	***29.3%***	*15.2%*	**NM**	***12.4%***	*16.1%*	***(370) bps***
Net (loss) earnings	**$ (535)**	$ 2,080	**NM**	**$ 2,056**	$ 4,896	**(58%)**
Diluted (loss) earnings per share	**(3.54)**	13.46	**NM**	**13.53**	31.47	**(57%)**
Weighted-average diluted shares outstanding, in millions	**151.1**	154.5	**(2%)**	**152.0**	155.6	**(2%)**
Net cash provided by operating activities	**$ 2,430**	$ 2,251	**8%**	**$ 3,875**	$ 2,901	**34%**
Capital expenditures	**(803)**	(632)	**27%**	**(1,775)**	(1,435)	**24%**
Proceeds from sale of equipment to a customer	**—**	55	**NM**	**—**	155	**NM**
Adjusted free cash flow[1]	**$ 1,627**	$ 1,674	**(3%)**	**$ 2,100**	$ 1,621	**30%**

Sales

Fourth quarter 2023 sales increased $605 million, or 6 percent, due to higher sales at Space Systems, Aeronautics Systems and Mission Systems. 2023 sales increased $2.7 billion, or 7 percent, due to higher sales at all four sectors. Fourth quarter and full year sales reflect continued strong demand for our products and services.

Operating Income and Margin Rate

Fourth quarter 2023 operating income decreased $1.3 billion primarily due to a $1.56 billion charge on the LRIP phase of the B-21 program at Aeronautics Systems, partially offset by higher operating income at the other three sectors. The decrease was also offset by $192 million of lower unallocated corporate expense, largely due to higher deferred state tax benefits associated with the MTM adjustment and B-21 charge. Fourth quarter 2023 operating margin rate declined to (3.7) percent from 9.0 percent reflecting the items above.

2023 operating income decreased $1.1 billion, or 30 percent, primarily due to the B-21 charge discussed above, partially offset by higher operating income at Space Systems and Defense Systems. The decrease was also offset by $311 million of lower unallocated corporate expense, largely due to higher deferred state tax benefits associated with the MTM adjustment and B-21 charge and lower intangible asset amortization and PP&E step-up depreciation, as well as a $118 million reduction in the FAS/CAS operating adjustment. 2023 operating margin rate declined to 6.5 percent from 9.8 percent reflecting the items above.

Segment Operating Income and Margin Rate

Fourth quarter 2023 segment operating income decreased $1.5 billion and segment operating margin rate declined to (3.6) percent primarily due to the B-21 charge at Aeronautics Systems. Operating income at each of the other sectors was higher than in the prior year period.

2023 segment operating income decreased $1.5 billion, or 35 percent, and segment operating margin rate decreased to 7.0 percent primarily due to the B-21 charge at Aeronautics Systems. Operating income at Space Systems and Defense Systems was higher than in the prior year period.

Federal and Foreign Income Taxes

The fourth quarter 2023 effective tax rate (ETR) increased to 29.3 percent from 15.2 percent in the fourth quarter of 2022 primarily due to lower earnings before income taxes as a result of the B-21 charge and MTM expense, which collectively increased the fourth quarter 2023 ETR by 14.0 percentage points.

The 2023 ETR decreased to 12.4 percent from 16.1 percent in 2022 primarily due to lower earnings before income taxes as a result of the B-21 charge and MTM expense, which collectively reduced the 2023 ETR by 3.8 percentage points. The 2022 MTM benefit increased the 2022 ETR by 1.2 percentage points.

Net Earnings

Fourth quarter 2023 net loss was $535 million compared to net earnings of $2.1 billion in the fourth quarter of 2022, principally due to a $1.7 billion decrease in MTM (expense) benefit, the $1.3 billion decrease in operating income described above and a 243 million reduction in the non-operating FAS pension benefit, partially offset by a $594 million decrease in income tax expense.

Segment Operating Results

AERONAUTICS SYSTEMS

	Three Months Ended December 31		%	Year Ended December 31		%
$ in millions	**2023**	2022	**Change**	**2023**	2022	**Change**
Sales	**$ 2,910**	$ 2,757	**6 %**	**$ 10,786**	$ 10,531	**2 %**
Operating (loss) income	**(1,271)**	289	**NM**	**(473)**	1,116	**NM**
Operating margin rate	***(43.7)%***	*10.5 %*		***(4.4)%***	*10.6 %*	

Sales

Fourth quarter 2023 sales increased $153 million, or 6 percent, primarily due to higher volume on restricted programs as well as the Triton and E-2 programs, partially offset by a decrease in production volume on the F-35 program and lower volume on the F/A-18 program largely due to post Multi-Year Procurement 4 (MYP4) contract award timing.

2023 sales increased $255 million, or 2 percent, primarily due to higher volume on restricted programs, partially offset by a $191 million decrease on the F/A-18 program largely due to post MYP4 contract award timing, a $131 million decrease on the Joint Surveillance and Target Attack Radar System (JSTARS) program as that program nears completion, and a decrease on the E-2 program largely related to higher material volume in the prior year.

Operating Income

Fourth quarter 2023 operating income decreased $1.6 billion and operating margin rate decreased to (43.7) percent primarily due to the previously described $1.56 billion charge recorded on the LRIP phase of the B-21 program, inclusive of a $143 million unfavorable EAC adjustment for the first LRIP lot. The prior year period includes a $66 million favorable EAC adjustment on the engineering, manufacturing and development (EMD) phase of the B-21 program. Apart from these B-21 EAC adjustments, net EAC adjustments across the sector were $39 million higher than in the prior year period.

2023 operating income decreased $1.6 billion and operating margin rate decreased to (4.4) percent primarily due to the B-21 charge and related unfavorable EAC adjustment on the LRIP phase of the program described above. The prior year period includes $133 million of favorable EAC adjustments on the EMD phase of the B-21 program and a $38 million gain on a property sale. Apart from the B-21 EAC adjustments noted above, net EAC adjustments across the sector were $58 million higher than in the prior year.

DEFENSE SYSTEMS

	Three Months Ended December 31		%	Year Ended December 31		%
$ in millions	**2023**	2022	**Change**	**2023**	2022	**Change**
Sales	**$ 1,645**	$ 1,657	**(1)%**	**$ 5,862**	$ 5,579	**5 %**
Operating income	**202**	183	**10 %**	**710**	664	**7 %**
Operating margin rate	***12.3 %***	*11.0 %*		***12.1 %***	*11.9 %*	

Sales

Fourth quarter 2023 sales decreased $12 million, or 1 percent, primarily due to a decrease on the Integrated Air and Missile Defense Battle Command System (IBCS) largely driven by the timing of material receipts in the prior year, partially offset by higher sales on GMLRS.

2023 sales increased $283 million, or 5 percent, primarily due to higher volume on several programs, including ammunition programs, GMLRS, an international training program, Hypersonic Attack Cruise Missile (HACM), and Stand-in Attack Weapon (SiAW).

Operating Income

Fourth quarter 2023 operating income increased $19 million, or 10 percent, primarily due to a higher operating margin rate. Operating margin rate increased to 12.3 percent from 11.0 percent primarily due to higher net EAC adjustments.
2023 operating income increased $46 million, or 7 percent, due to higher sales and a higher operating margin rate. Operating margin rate increased to 12.1 percent from 11.9 percent primarily due to the write-down of an unconsolidated joint venture investment in the prior year.

SPACE SYSTEMS

	Three Months Ended December 31		%	Year Ended December 31		%
$ in millions	**2023**	2022	**Change**	**2023**	2022	**Change**
Sales	**$ 3,063**	$ 2,927	**5 %**	**$ 10,895**	$ 10,396	**5 %**
Operating income	**462**	452	**2 %**	**1,609**	1,618	**(1)%**
Operating margin rate	***15.1 %***	*15.4 %*		***14.8 %***	*15.6 %*	

Sales

Fourth quarter 2023 sales increased $136 million, or 5 percent, primarily due to higher restricted sales on advanced microelectronics programs as well as higher volume on marine systems programs, partially offset by lower volume on airborne radar programs.

2023 sales increased $499 million, or 5 percent, primarily due to higher restricted sales on advanced microelectronics programs, as well as a $165 million increase on marine systems programs. These increases were partially offset by a $107 million decrease on the Ground/Air Task Oriented Radar (G/ATOR) program largely driven by the timing of material receipts and full- rate production (FRP) 5 contract award, as well as lower volume on airborne radar programs.

Operating Income

Fourth quarter 2023 operating income increased $10 million, or 2 percent, due to higher sales, partially offset by a lower operating margin rate. Operating margin rate decreased to 15.1 percent from 15.4 percent primarily due to lower net EAC adjustments.

2023 operating income decreased $9 million, or 1 percent, due to a lower operating margin rate, which more than offset higher sales. Operating margin rate decreased to 14.8 percent from 15.6 percent primarily due to a prior year $33 million benefit recognized in connection with a contract-related legal matter, as well as changes in contract mix toward more cost-type content.

MISSION SYSTEMS

	Three Months Ended December 31		%	Year Ended December 31		%
$ in millions	**2023**	2022	**Change**	**2023**	2022	**Change**
Sales	**$ 3,602**	$ 3,278	**10 %**	**$ 13,946**	$ 12,275	**14 %**
Operating income	**304**	297	**2 %**	**1,212**	1,158	**5 %**
Operating margin rate	***8.4 %***	*9.1 %*		***8.7 %***	*9.4 %*	

Sales

Fourth quarter 2023 sales increased $324 million, or 10 percent, primarily due to higher volume on restricted programs and ramp-up on development programs, including a $100 million increase on the Space Development Agency (SDA) Tranche 2 Transport Layer program and higher volume on the Next-Generation Overhead Persistent Infrared Polar (NextGen Polar) program.

2023 sales increased $1.7 billion, or 14 percent, primarily due to higher volume on restricted programs and ramp-up on development programs, including increases of $426 million on the Ground Based Strategic Deterrent (GBSD) program, $333 million on the NextGen Polar program, $219 million on the Next Generation Interceptor (NGI) program, $119 million on the SDA Tranche 1 Tracking Layer program and $102 million on the SDA Tranche 2 Transport Layer program. These increases were partially offset by a $172 million decrease for Commercial Resupply Services (CRS) missions and a $109 million decrease on the Habitation and Logistics Outpost (HALO) program.

Operating Income

Fourth quarter 2023 operating income increased $7 million, or 2 percent, due to higher sales, partially offset by a lower operating margin rate, which decreased to 8.4 percent from 9.1 percent. During the fourth quarter of 2023, we recorded a $42 million unfavorable EAC adjustment on the HALO program largely due to cost growth stemming from evolving Lunar Gateway architecture and mission requirements combined with macroeconomic challenges.

Apart from the HALO program, net EAC adjustments across the sector were $58 million higher than in the prior year period. Fourth quarter 2023 operating margin also includes a $26 million benefit from insurance recoveries in our commercial space business, partially offset by a $25 million write-down of commercial inventory. The prior year period includes a $96 million gain recognized in connection with a land exchange transaction and a $45 million write-down of commercial inventory.

2023 operating income increased $54 million, or 5 percent, due to higher sales, partially offset by a lower operating margin rate. Operating margin rate decreased to 8.7 percent from 9.4 percent primarily due to the prior year $96 million gain recognized in connection with a land exchange transaction, as well as lower net EAC adjustments driven by $100 million of unfavorable EAC adjustments on the HALO program in 2023. These decreases were partially offset by a $42 million benefit from insurance recoveries in our commercial space business during 2023.

https://investor.northropgrumman.com/static-files/7829b5cb-a76f-4131-9865-fa5c10f98782

Oskosh Defense: (NYSE: OSK)

We are Oshkosh Defense.

At Oshkosh Defense, we stand behind those who dedicate their lives to protecting others. As a tactical vehicle manufacturer, every day we strive to meet or exceed our customers' ever-changing needs with next-generation defense technologies and advanced systems. We operate with unparalleled commitment to those who depend on our products and services worldwide to perform their missions

Our Focus

Oshkosh Defense delivers leading-edge tactical wheeled vehicles and vehicle systems, as well as life cycle sustainment services to military and security forces around the globe. For more than 100 years, Oshkosh has designed, tested and manufactured a robust portfolio of heavy, medium, light and highly protected military vehicles and technologies to support the U.S. Armed Forces and its allies.

Oshkosh offers advanced technologies and vehicle systems that provide our customers with the technical edge. These include: TAK-4® family of independent suspension systems, TerraMax® unmanned ground vehicle solutions; Command Zone™ integrated control and diagnostics system, and ProPulse® diesel electric and on-board vehicle power solutions. Oshkosh also brings the network to the mission with C4ISR and C4 systems integration.

Every Oshkosh vehicle is backed by a dedicated team of technical experts, a global logistics and supplier network that spans six continents, and a complete range of life cycle sustainment services to optimize fleet readiness and performance.

Our Duty

It is an honor and privilege to serve the men and women who risk their lives for the mission. Every innovation, product and service developed at Oshkosh is designed to help troops complete their missions successfully. We go to great lengths to understand our customers' needs for today and tomorrow. Through research and collaboration with our customers, we harness our engineering expertise to redefine the limits of tactical vehicle performance – continuously advancing off-road mobility, survivability, power generation and fuel economy.

At Oshkosh, quality and customer satisfaction are codes that govern our commitment to exceeding customer expectations through continuous improvement by:

- Establishing quality objectives according to our strategic direction.
- Putting the customer first.
- Continually improving customer supporting systems.
- Understanding and serving every customer's distinct needs.

Our Commitment

Since 1917, Oshkosh has been a pioneer in military vehicles, systems and technologies. In that time, we have delivered and sustained more than 160,000 tactical wheeled vehicles to our customers in more than 20 countries. Every Oshkosh Defense vehicle is designed to support and protect the men and women who depend on it. Our team is comprised of approximately 2,500 employees, including hundreds who have served or are currently serving in the military, and more with family members and friends currently serving. We are inspired by those who serve, committed to them and driven to provide them with our very best.

Oshkosh Corporation has a long-standing history of charitable giving and support for programs that assist members of the armed forces and their families, both in the field and when they return home. We are proud to partner with organizations such as Tragedy Assistance Program for Survivors (TAPS), Fisher House, and Disabled Sports USA: Warfighter Sports, Old Glory Honor Flight, Military Child Education Coalition and many more.

Oshkosh Corporation is a global company. We operate in many countries and interact with cultures where laws and principles of business vary. While we celebrate cultural diversity and recognize that laws may differ, our ethical standards do not change. Oshkosh Corporation has followed an ethical course through its long and successful history. Learn more about Oshkosh Corporation's Global Ethics and Compliance on our Oshkosh Corporation website.

https://oshkoshdefense.com/about/

Oshkosh Corporation Reports 2023 Fourth Quarter and Full Year Results

Reports Fourth Quarter Sales of $2.47 billion, up 12 Percent

Reports Strong Orders Leading to Backlog of $16.8 Billion

Reports Fourth Quarter Diluted Earnings per Share of $2.28 and Adjusted1 Earnings per Share of $2.56

Reports 2023 Diluted Earnings per Share of $9.08 and Adjusted1 Earnings per Share of $9.98

Announces 12 Percent Increase in Quarterly Cash Dividend to $0.46 Per Share

Initiates 2024 Earnings per Share Guidance in the Range of $9.45 and Adjusted1 Earnings per Share Guidance in the Range of $10.25

OSHKOSH, Wis.--(BUSINESS WIRE)-- Oshkosh Corporation (NYSE: OSK), a leading innovator of purpose-built vehicles and equipment, today reported 2023 fourth quarter net income of $150.8 million, or $2.28 per diluted share, compared to net income of $75.1 million, or $1.14 per diluted share, for the fourth quarter of 2022. Adjusted1 net income was $169.4 million, or $2.56 per diluted share, for the fourth quarter of 2023 compared to $107.4 million, or $1.63 per diluted share, for the fourth quarter of 2022. Comparisons in this news release are to the fourth quarter of 2022, unless otherwise noted.

Consolidated sales in the fourth quarter of 2023 increased 11.9 percent to $2.47 billion primarily due to the inclusion of sales related to acquisitions of $192 million and improved pricing.

Consolidated operating income in the fourth quarter of 2023 increased 46.5 percent to $215.4 million, or 8.7 percent of sales, compared to $147.0 million, or 6.7 percent of sales, in the fourth quarter of 2022. The increase was primarily due to improved price/cost dynamics, favorable mix and favorable cumulative catch-up adjustments in the Defense segment, offset in part by higher incentive compensation costs and higher operating costs. Adjusted1 operating income in the fourth quarter of 2023 was $239.9 million, or 9.7 percent of sales, compared to $155.6 million, or 7.1 percent of sales, in the fourth quarter of 2022.

“Oshkosh Corporation delivered a strong fourth quarter to cap off a very successful year for our company, highlighted by full year 2023 revenues of $9.7 billion and adjusted earnings per share of $9.98. We have been putting the building blocks in place to deliver sustainable growth in the future,” said John Pfeifer, president and chief executive officer of Oshkosh Corporation. “Our fourth quarter was highlighted by strong revenue and earnings growth leading to adjusted earnings per share of $2.56. We experienced solid order levels across our business, and particularly in our Access segment, leading to a record backlog of $16.8 billion, which provides us with considerable visibility into the future. I want to thank our 17,000 team members for their hard work and dedication to our shared success.

“During the quarter, we booked several important JLTV orders for both domestic and international militaries, contributing to improved results. While we expect to be wrapping up domestic JLTV production in early 2025, we continue to see opportunities in international markets, and we look forward to starting production of the revolutionary USPS Next Generation Delivery Vehicle in April.

“We continue to invest in new technologies and capacity to drive further growth. During the quarter, we booked notable Striker Volterra electric ARFF orders with the Japan Ministry of Defense and Paris’ Le Bourget airport, building on the success of previously announced orders from other airports throughout the world. We are confident that we will see increased demand for our revolutionary new battery-powered units that responsibly support lower carbon emissions.

“As a result of our strong performance in 2023, solid demand, record backlog, improved supply chains and positive outlook, we are pleased to announce 2024 expectations for adjusted earnings per share to be in the range of $10.25. We are also announcing a quarterly cash dividend of $0.46 per share, representing a 12.2 percent increase, which marks the 10th consecutive year in which we have increased our dividend by double digits,” said Pfeifer.

Factors affecting fourth quarter results for the Company’s business segments included:

Access - Access segment sales for the fourth quarter of 2023 increased 7.1 percent to $1.15 billion as a result of improved sales volume, higher pricing in response to higher input costs and the inclusion of sales of $15.9 million related to the Hinowa acquisition.

Access segment operating income in the fourth quarter of 2023 increased 39.8 percent to $162.2 million, or 14.1 percent of sales, compared to $116.0 million, or 10.8 percent of sales, in the fourth quarter of 2022. The increase was primarily due to improved price/cost dynamics, improved customer mix and higher sales volume, offset in part by increased operating expenses to support higher sales levels and higher incentive compensation costs.

Adjusted1 operating income in the fourth quarter of 2023 was $165.6 million, or 14.4 percent of sales, compared to $116.1 million, or 10.8 percent of sales, in the fourth quarter of 2022.

Defense - Defense segment sales for the fourth quarter of 2023 increased 7.2 percent to $586.9 million primarily due to cumulative catch-up adjustments on contract awards.

Defense segment operating income in the fourth quarter of 2023 increased 205.5 percent to $60.8 million, or 10.4 percent of sales, compared to $19.9 million, or 3.6 percent of sales, in the fourth quarter of 2022. The increase was the result of favorable cumulative catch-up adjustments on contract margins of $24.0 million in the fourth quarter of 2023 due to contract awards compared to unfavorable adjustments of $10.5 million in the fourth quarter of 2022, lower engineering costs and the impairment of an intangible asset in the fourth quarter of fiscal 2022, offset in part by higher incentive compensation costs.

Adjusted1 operating income in the fourth quarter of 2023 was $62.1 million, or 10.6 percent of sales, compared to $27.0 million, or 4.9 percent of sales, in the fourth quarter of 2022.

Vocational - Vocational segment sales for the fourth quarter of 2023 increased 26.1 percent to $735.3 million due to the inclusion of sales related to the AeroTech acquisition and higher pricing in response to increased input costs, offset in part by lower sales volume and the sale of the rear discharge mixer business. AeroTech had sales of $176.5 million during the fourth quarter of 2023.

Vocational segment operating income in the fourth quarter of 2023 increased 7.0 percent to $44.4 million, or 6.0 percent of sales, compared to $41.5 million, or 7.1 percent of sales, in the fourth quarter of 2022. The increase was primarily due to improved price/cost dynamics, offset in part by lower sales volume and higher incentive compensation costs.

Adjusted1 operating income in the fourth quarter of 2023 was $64.2 million, or 8.7 percent of sales, compared to $42.9 million, or 7.4 percent of sales, in the fourth quarter of 2022.

Corporate - Corporate costs in the fourth quarter of 2023 increased $21.6 million to $52.0 million due to higher incentive compensation costs and higher new product development costs.

Interest Expense Net of Interest Income - Interest expense net of interest income in the fourth quarter of 2023 increased $11.3 million to $20.8 million due to increased borrowings on the Company's revolving credit facility related to the acquisition of AeroTech. The Company made net repayments of $330 million on the revolving credit facility during the fourth quarter of 2023, reducing the outstanding balance to $175 million as of December 31, 2023.

Miscellaneous, net - Miscellaneous income, net in the fourth quarter of 2023 was $0.6 million compared to miscellaneous expense, net of $32.0 million in the fourth quarter of 2022. Miscellaneous expense, net for the fourth quarter of 2022 primarily related to a $33.6 million settlement of a frozen defined benefit pension plan.

Provision for Income Taxes - The Company recorded income tax expense in the fourth quarter of 2023 of $44.2 million, or 22.6 percent of pre-tax income, compared to $29.1 million, or 27.6 percent of pre-tax income, in the fourth quarter of 2022. Income taxes in the fourth quarter of 2022 were elevated due to an anti-hybrid tax matter in a foreign jurisdiction.

Full-Year Results

The Company reported net sales for 2023 of $9.66 billion and net income of $598.0 million, or $9.08 per diluted share. This compares with net sales of $8.28 billion and net income of $173.9 million, or $2.63 per diluted share, in the prior year. The increase in net income for 2023 was the result of improved price/cost dynamics, higher sales volume, improved mix, favorable cumulative catch-up adjustments in the Defense segment on contracts in 2023 compared to unfavorable adjustments in 2022, the absence of a charge of $31.3 million associated with foreign anti-hybrid tax legislation due to comments made by taxing authorities of the applicable jurisdiction during the first quarter of 2022 and the absence of an after-tax charge of $25.7 million for a settlement of a frozen pension plan, offset in part by higher incentive compensation costs and increased operating expenses to support the higher sales levels.

Adjusted1 net income for 2023 was $657.2 million, or $9.98 per diluted share, compared to $237.6 million, or $3.59 per diluted share, in 2022.

Fiscal 2024 Expectations

The Company announced its 2024 diluted earnings per share estimate to be in the range of $9.45 and its adjusted1 earnings per share estimate to be in the range of $10.25 on projected net sales of approximately $10.4 billion.

Dividend Announcement

The Company’s Board of Directors today declared a quarterly cash dividend of $0.46 per share of Common Stock. The dividend represents an increase of 12 percent from the previous dividend and will be payable on February 29, 2024 to shareholders of record as of February 15, 2024.

Conference Call

The Company will host a conference call at 9:00 a.m. EST this morning to discuss its fourth quarter and full year results and its 2024 outlook. Slides for the call will be available on the Company’s website beginning at 7:00 a.m. EST this morning. The call will be simultaneously webcast. To access the webcast, go to oshkoshcorp.com at least 15 minutes prior to the event and follow instructions for listening to the webcast. An audio replay of the call and related question and answer session will be available for 12 months at this website.

1 This news release refers to GAAP (U.S. generally accepted accounting principles) and non-GAAP financial measures. Oshkosh Corporation believes that the non-GAAP measures provide investors a useful comparison of the Company's performance to prior period results. These non-GAAP measures may not be comparable to similarly-titled measures disclosed by other companies. A reconciliation of the Company's presented non-GAAP measures to the most directly comparable GAAP measures can be found under the caption "Non-GAAP Financial Measures" in this news release.

OSHKOSH CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(In millions, except share and per share amounts; unaudited)

	Three Months Ended December 31,		**Year Ended December 31,**	
	2023	**2022**	**2023**	**2022**
Net sales	$ 2,466.8	$ 2,203.6	$ 9,657.9	$ 8,282.0
Cost of sales	2,012.4	1,888.6	7,977.1	7,227.6
Gross income	454.4	315.0	1,680.8	1,054.4
Operating expenses:				
Selling, general and administrative	224.3	159.4	810.4	662.8
Amortization of purchased intangibles	14.7	3.0	32.8	11.6
Intangible asset impairment charge	—	5.6	—	7.7
Total operating expenses	239.0	168.0	843.2	682.1
Operating income	215.4	147.0	837.6	372.3
Other income (expense):				
Interest expense	(22.3)	(14.2)	(68.6)	(53.4)
Interest income	1.5	4.7	14.8	9.5
Miscellaneous, net	0.6	(32.0)	13.8	(52.8)
Income before income taxes and losses of unconsolidated affiliates	195.2	105.5	797.6	275.6
Provision for income taxes	44.2	29.1	190.0	97.5
Income before losses of unconsolidated affiliates	151.0	76.4	607.6	178.1
Losses of unconsolidated affiliates	(0.2)	(1.3)	(9.6)	(4.2)
Net income	$ 150.8	$ 75.1	$ 598.0	$ 173.9

Earnings per share:				
Basic	$ 2.30	$ 1.15	$ 9.15	$ 2.65
Diluted	2.28	1.14	9.08	2.63
Basic weighted-average shares outstanding	65,439,100	65,429,937	65,382,275	65,699,693
Dilutive equity-based compensation awards	578,376	426,766	481,688	435,125
Diluted weighted-average shares outstanding	66,017,476	65,856,703	65,863,963	66,134,818

OSHKOSH CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS

(In millions; unaudited)

	December 31,	
	2023	2022
Assets		
Current assets:		
Cash and cash equivalents	$ 125.4	$ 805.9
Receivables, net	1,316.4	1,162.0
Unbilled receivables, net	771.6	586.3
Inventories	2,131.6	1,865.6
Income taxes receivable	42.2	21.6
Other current assets	93.6	90.7
Total current assets	4,480.8	4,532.1
Property, plant and equipment:		
Property, plant and equipment	2,162.6	1,804.4
Accumulated depreciation	(1,093.1)	(978.2)
Property, plant and equipment, net	1,069.5	826.2
Goodwill	1,416.4	1,042.0
Purchased intangible assets, net	830.2	457.0
Deferred income taxes	262.0	134.8
Deferred contract costs	710.7	415.8
Other long-term assets	359.6	321.1
Total assets	$ 9,129.2	$ 7,729.0

Liabilities and Shareholders' Equity		
Current liabilities:		
Revolving credit facilities	$ 175.0	$ 9.7
Accounts payable	1,214.5	1,129.0
Customer advances	706.9	696.7
Payroll-related obligations	242.5	119.5
Income taxes payable	308.0	100.3
Other current liabilities	442.7	373.4
Total current liabilities	3,089.6	2,428.6
Long-term debt	597.5	595.0
Long-term customer advances	1,190.7	1,020.5
Deferred income taxes	26.8	—
Other long-term liabilities	519.3	499.2
Commitments and contingencies		
Shareholders' equity	3,705.3	3,185.7
Total liabilities and shareholders' equity	$ 9,129.2	$ 7,729.0

OSHKOSH CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions; unaudited)

	Year Ended December 31,	
	2023	**2022**
Operating activities:		
Net income	$ 598.0	$ 173.9
Depreciation and amortization	159.9	107.6
Intangible asset impairment charge	-	7.7
Stock-based incentive compensation	31.9	28.6
(Gain) loss on sale of businesses, net	5.3	—
Deferred income taxes	(160.4)	(53.5)
(Gain) loss on sale of assets	0.6	(3.8)
Unrealized (gain) loss on investments	(1.4)	12.6
Foreign currency transaction (gains) losses	(4.7)	6.9
Other non-cash adjustments	9.7	4.3
Changes in operating assets and liabilities	(39.3)	317.0
Net cash provided by operating activities	599.6	601.3

Investing activities:		
Additions to property, plant and equipment	(325.3)	(269.5)
Acquisition of businesses, net of cash acquired	(995.8)	(19.5)
Proceeds from sale of businesses, net of cash sold	32.6	—
Other investing activities	2.9	(11.4)
Net cash used in investing activities	(1,285.6)	(300.4)
Financing activities:		
Proceeds from issuance of debt	1,616.5	10.4
Repayments of debt	(1,467.0)	(225.0)
Repurchases of Common Stock	(22.5)	(155.0)
Dividends paid	(107.2)	(97.3)
Other financing activities	(16.4)	(18.1)
Net cash provided by (used in) financing activities	3.4	(485.0)
Effect of exchange rate changes on cash and cash equivalents	2.1	(5.7)
Decrease in cash and cash equivalents	(680.5)	(189.8)
Cash and cash equivalents at beginning of period	805.9	995.7
Cash and cash equivalents at end of period	$ 125.4	$ 805.9

OSHKOSH CORPORATION

SEGMENT INFORMATION

(In millions; unaudited)

	Three Months Ended December 31,		**Year Ended December 31,**	
	2023	**2022**	**2023**	**2022**
Net Sales				
Access				
Aerial work platforms	$ 540.4	$ 540.7	$ 2,461.6	$ 1,949.0
Telehandlers	354.2	319.3	1,480.2	1,174.8
Other	255.7	214.0	1,048.2	848.3
Total Access	1,150.3	1,074.0	4,990.0	3,972.1
Defense	586.9	547.7	2,098.2	2,141.3
Vocational				
Fire apparatus	302.2	294.6	1,186.6	1,086.0

Refuse collection	141.7	141.0	590.7	536.4
Other	291.4	147.3	800.8	553.3
Total Vocational	735.3	582.9	2,578.1	2,175.7
Corporate and intersegment eliminations	(5.7)	(1.0)	(8.4)	(7.1)
Consolidated Net Sales	$ 2,466.8	$ 2,203.6	$ 9,657.9	$ 8,282.0

	Three Months Ended December 31,		Year Ended December 31,	
	2023	2022	2023	2022
Operating Income				
Access	$ 162.2	$ 116.0	$ 738.8	$ 313.2
Defense	60.8	19.9	91.6	46.2
Vocational	44.4	41.5	185.5	154.4
Corporate and intersegment eliminations	(52.0)	(30.4)	(178.3)	(141.5)
Consolidated Operating Income	$ 215.4	$ 147.0	$ 837.6	$ 372.3

	December 31,	
	2023	2022
Period-end backlog:		
Access	$ 4,527.7	$ 4,358.7
Defense	6,762.5	6,289.6
Vocational	5,464.2	3,450.3
	$ 16,754.4	$ 14,098.6

https://www.investors.oshkoshcorp.com/news/oshkosh-corporation-reports-2023-fourth-quarter-and-full-year-results/71cba140-a47b-4c00-b083-5caf25a14289/

Raytheon Company: (NYSE: RTN)

About Raytheon

Raytheon Company is a technology and innovation leader specializing in defense, civil government and cybersecurity solutions. Founded in 1922, Raytheon provides state-of-the-art electronics, mission systems integration, C5I™ products and services, sensing, effects and mission support services. Raytheon is headquartered in Waltham, Massachusetts.

On June 9, 2019, Raytheon and United Technologies entered into an agreement to combine in an all-stock merger of equals. The combined company will offer expanded technology and R&D capabilities to deliver innovative and cost-effective solutions aligned with customer priorities. The merger is expected close in the first half of 2020.

https://www.raytheon.com/ourcompany

Businesses

Raytheon is an international aerospace and defense company headquartered in Waltham, Massachusetts. Our four businesses work together to craft solutions for a wide variety of government and commercial customers.

INTEGRATED DEFENSE SYSTEMS

Integrated Defense Systems specializes in air and missile defense, large land- and sea-based radars and systems for managing command, control, communications, computers, cyber, intelligence, surveillance and reconnaissance. It also produces sonars, torpedoes and electronic systems for ships.

Capabilities include:

- Missile Defense
- Command and Control
- Sensors and Imaging
- Electronic Warfare
- Precision Weapons

INTELLIGENCE, INFORMATION AND SERVICES

Intelligence, Information and Services provides cybersecurity products and services. It also offers a full range of training, space, logistics and engineering solutions for government and civilian customers.

Capabilities include:

- Cyber
- Command and Control
- Sensors and Imaging
- Mission Support
- Training and Services

MISSILE SYSTEMS

Missile Systems is the world's premier missile maker, providing defensive and offensive weapons for air, land, sea and space, including interceptors for U.S. ballistic missile defense. The business also builds net-enabled battlefield sensors and includes Raytheon UK.

Capabilities include:

- Precision Weapons
- Missile Defense
- Command and Control
- Sensors and Imaging
- Electronic Warfare

SPACE AND AIRBORNE SYSTEMS

Space and Airborne Systems builds radars and other sensors for aircraft, spacecraft and ships. The business also provides communications and electronic warfare solutions and performs research in areas ranging from linguistics to quantum computing.

Capabilities include:

- Electronic Warfare
- Command and Control
- Sensors and Imaging
- Missile Defense
- Training and Services

GLOBAL BUSINESS SERVICES

Raytheon Global Business Services (GBS) group provides innovative, high technology services and solutions to Raytheon's businesses and functional organizations. GBS is led from Raytheon's corporate headquarters in Waltham, Mass. and has employees at major Raytheon sites across the U.S. as well as some smaller domestic and international locations.

https://www.raytheon.com/ourcompany/businesses

RTX Reports 2023 Results and Announces 2024 Outlook

RTX delivers 10% sales growth in Q4 and exceeds full year cash flow expectations; expects continued sales and earnings growth in 2024

January 23, 2024

ARLINGTON, Va., Jan. 23, 2024 /PRNewswire/ -- RTX (NYSE: RTX) reported fourth quarter 2023 results and announces 2024 outlook.

Fourth quarter 2023

- Reported sales of $19.9 billion, up 10 percent versus prior year
- Adjusted sales* of $19.8 billion, up 10 percent versus prior year
- GAAP EPS from continuing operations of $1.05 included $0.29 of acquisition accounting adjustments and a $0.05 benefit from restructuring and net significant and/or non-recurring items
- Adjusted EPS* of $1.29, up 2 percent versus prior year
- Operating cash flow from continuing operations of $4.7 billion; Free cash flow* of $3.9 billion
- Company backlog of $196 billion; including $118 billion of commercial and $78 billion of defense
- Repurchased $10.3 billion of RTX shares

Full year 2023

- Reported sales of $68.9 billion, up 3 percent versus prior year, reflecting the impact of the previously disclosed Pratt powder metal matter
- Adjusted sales* of $74.3 billion, up 11 percent versus prior year
- GAAP EPS of $2.23, down 36 percent versus the prior year, reflecting the impact of the previously disclosed Pratt powder metal matter
- Adjusted EPS* of $5.06, up 6 percent versus the prior year
- Operating cash flow from continuing operations of $7.9 billion; Free cash flow* of $5.5 billion
- Achieved approximately $295 million of incremental RTX gross synergies
- Repurchased $12.9 billion of RTX shares

Outlook for full year 2024

- Sales of $78.0 - $79.0 billion
- Adjusted EPS* of $5.25 - $5.40
- Free cash flow* of approximately $5.7 billion

2025 RTX financial commitments

- Updates 2020 to 2025 adjusted annual sales* growth to 5.5 to 6.0 percent[1], down from 6.0 to 7.0 percent
- Updates 2020 to 2025 adjusted segment margin* expansion to 500 to 550 basis points[1], down from 550 to 650 basis points
- Reaffirms 2025 free cash flow* commitment of $7.5 billion
- Reaffirms 2025 capital return commitment of $36 to $37 billion through 2025

"RTX reported solid full-year results, delivering 11 percent organic sales* growth and $5.5 billion in free cash flow* for the year, exceeding our expectations" said RTX Chairman and CEO Greg Hayes. "Across our portfolio, we supported the continued recovery in commercial aerospace and provided critical platforms and advanced technologies to our customers, achieving $95 billion in new awards and ending the year with a record backlog of $196 billion. I am extremely proud of what RTX has been able to accomplish, and I'm even more excited to see the innovations that RTX will deliver in the future."

"RTX is beginning 2024 with strong momentum and we are projecting another year of strong sales growth and continued segment margin expansion," said RTX President and COO Chris Calio. "The financial and operational outlook of our GTF fleet management plans remain consistent from October and continues to be a top priority as we focus on driving performance across all three businesses to support our customers and deliver shareowner value. With the execution of our $10 billion accelerated share repurchase program, we've delivered over $29 billion to shareowners since the merger, achieving significant progress toward our capital return commitment of between $36 - $37 billion through 2025."

Fourth quarter 2023

RTX reported fourth quarter sales of $19.9 billion, up 10 percent over the prior year, which included a benefit of $0.1 billion related to a customer settlement. On an adjusted basis, sales* were $19.8 billion, up 10 percent over the prior year. GAAP EPS from continuing operations of $1.05 was up 9 percent versus the prior year, and included $0.29 of acquisition accounting adjustments, a $0.06 benefit related to a customer settlement and $0.01 of restructuring and other net significant and/or non-recurring charges. Adjusted EPS* of $1.29 was up 2 percent versus the prior year.

The company recorded net income from continuing operations attributable to common shareowners in the fourth quarter of $1.4 billion which included $394 million of acquisition accounting adjustments, a benefit of $87 million related to a customer settlement and $20 million of restructuring and other net significant and/or non-recurring charges. Adjusted net income* was $1.8 billion, down 6 percent versus prior year as adjusted segment operating profit* growth was more than offset by higher interest expense and tax expense, and lower non-operating pension income. Operating cash flow from continuing operations in the fourth quarter was $4.7 billion. Capital expenditures were $805 million, resulting in free cash flow* of $3.9 billion.

Summary Financial Results – Continuing Operations Attributable to Common Shareowners

	4th Quarter			**Twelve Months**		
($ in millions, except EPS)	**2023**	**2022**	**% Change**	**2023**	**2022**	**% Change**

Reported										
Sales	$	19,927	$	18,093	10 %		$	68,920	$	67,074	3 %
Net Income	$	1,426	$	1,422	— %		$	3,195	$	5,216	(39) %
EPS	$	1.05	$	0.96	9 %		$	2.23	$	3.51	(36) %
*Adjusted**										
Sales	$	19,824	$	18,093	10 %		$	74,305	$	67,074	11 %
Net Income	$	1,753	$	1,868	(6) %		$	7,263	$	7,098	2 %
EPS	$	1.29	$	1.27	2 %		$	5.06	$	4.78	6 %
Operating Cash Flow from Continuing Operations	$	4,711	$	4,628	2 %		$	7,883	$	7,168	10 %
Free Cash Flow*	$	3,906	$	3,773	4 %		$	5,468	$	4,880	12 %

Backlog and Bookings

Backlog at the end of the fourth quarter was $196 billion, of which $118 billion was from commercial aerospace and $78 billion was from defense.

Notable defense bookings during the quarter included:

- $2.8 billion for GEM-T production at Raytheon
- $1.3 billion of classified bookings at Raytheon
- $838 million for F135 sustainment at Pratt & Whitney
- $443 million for F119 sustainment at Pratt & Whitney
- $408 million for HACM development at Raytheon
- $355 million for F100 sustainment at Pratt & Whitney
- $343 million for StormBreaker production at Raytheon
- $321 million for Silent Knight production at Raytheon

Segment Results

The company's reportable segments are Collins Aerospace, Pratt & Whitney, and Raytheon.

Collins Aerospace

	4th Quarter			Twelve Months		
($ in millions)	**2023**	**2022**	**% Change**	**2023**	**2022**	**% Change**

Reported								
Sales	$ 7,120	$ 6,231	14 %		$ 26,253	$ 23,052	14 %	
Operating Profit	$ 1,126	$ 843	34 %		$ 3,825	$ 2,816	36 %	
ROS	15.8 %	13.5 %	230	bps	14.6 %	12.2 %	240	bps
*Adjusted**								
Sales	$ 7,008	$ 6,231	12 %		$ 26,198	$ 23,052	14 %	
Operating Profit	$ 1,035	$ 845	22 %		$ 3,896	$ 3,047	28 %	
ROS	14.8 %	13.6 %	120	bps	14.9 %	13.2 %	170	bps

Collins Aerospace had fourth quarter 2023 reported sales of $7,120 million, up 14 percent versus the prior year. Reported sales benefited from a customer settlement. The remaining increase in sales was driven by a 23 percent increase in commercial aftermarket, a 17 percent increase in commercial OE, and a 1 percent increase in military. The increase in commercial sales was driven primarily by strong demand across commercial aerospace end markets, which resulted in higher flight hours and higher OE production rates. The increase in military sales was driven primarily by the timing of deliveries. On an adjusted basis, sales* were up 12 percent versus the prior year.

Collins Aerospace recorded operating profit of $1,126 million, up 34 percent versus the prior year. The increase in operating profit was primarily driven by drop through on higher commercial aftermarket volume and favorable mix, partially offset by lower commercial OE as drop through on volume was more than offset by higher production costs. Higher R&D expenses were offset by lower SG&A. Reported operating profit included a $112 million benefit from a customer settlement. On an adjusted basis, operating profit* of $1,035 million was up 22 percent versus the prior year.

Pratt & Whitney

	4th Quarter				**Twelve Months**			
($ in millions)	**2023**	**2022**	**% Change**		**2023**	**2022**	**% Change**	
Reported								
Sales	$ 6,439	$ 5,652	14 %		$ 18,296	$ 20,530	(11) %	
Operating Profit	$ 382	$ 306	25 %		$ (1,455)	$ 1,075	(235) %	
ROS	5.9 %	5.4 %	50	bps	(8.0) %	5.2 %	(1,320)	bps
*Adjusted**								
Sales	$ 6,439	$ 5,652	14 %		$ 23,697	$ 20,530	15 %	
Operating Profit	$ 405	$ 321	26 %		$ 1,688	$ 1,250	35 %	
ROS	6.3 %	5.7 %	60	bps	7.1 %	6.1 %	100	bps

Pratt & Whitney had fourth quarter 2023 reported sales of $6,439 million, up 14 percent versus the prior year. The increase in sales was driven by a 20 percent increase in commercial OE, an 18 percent increase in commercial aftermarket, and a 4 percent increase in military sales. The increase in commercial sales was primarily due to higher aftermarket volume, higher OE volume and favorable mix. The increase in military sales was driven by higher sustainment volume partially offset by lower material inputs on production programs.

Pratt & Whitney recorded operating profit of $382 million, up 25 percent versus the prior year. The increase in operating profit was primarily driven by drop through on higher commercial aftermarket volume and favorable commercial OE mix. This was partially offset by higher commercial OE volume, higher production costs, an unfavorable military contract adjustment, and the absence of a benefit from a prior year customer contract adjustment. Higher R&D expenses were offset by lower SG&A. On an adjusted basis, operating profit* of $405 million was up 26 percent versus the prior year.

Raytheon

	4th Quarter			**Twelve Months**		
($ in millions)	**2023**	**2022**	**% Change**	**2023**	**2022**	**% Change**
Reported						
Sales	$ 6,886	$ 6,661	3 %	$ 26,350	$ 25,176	5 %
Operating Profit	$ 604	$ 528	14 %	$ 2,379	$ 2,448	(3) %
ROS	8.8 %	7.9 %	90 bps	9.0 %	9.7 %	(70) bps
*Adjusted**						
Sales	$ 6,886	$ 6,661	3 %	$ 26,350	$ 25,176	5 %
Operating Profit	$ 618	$ 570	8 %	$ 2,434	$ 2,498	(3) %
ROS	9.0 %	8.6 %	40 bps	9.2 %	9.9 %	(70) bps

Raytheon had fourth quarter 2023 reported sales of $6,886 million, up 3 percent versus prior year. The increase in sales was primarily driven by higher volume on advanced technology and air power programs.

Raytheon recorded operating profit of $604 million, up 14 percent versus the prior year. The increase in operating profit was driven primarily by higher volume and lower operating expenses, partially offset by unfavorable net program efficiencies. The prior year operating profit also included a charge of $42 million related to a divestiture. On an adjusted basis, operating profit* of $618 million was up 8 percent versus the prior year.

About RTX

RTX is the world's largest aerospace and defense company. With more than 180,000 global employees, we push the limits of technology and science to redefine how we connect and protect our world. Through industry-leading businesses – Collins Aerospace, Pratt & Whitney, and Raytheon – we are advancing aviation, engineering integrated defense systems for operational success, and developing next-generation technology solutions and manufacturing to help global customers address their most critical challenges. The company, with 2022 sales of $67 billion, is headquartered in Arlington, Virginia.

https://www.rtx.com/news/news-center/2024/01/23/rtx-reports-2023-results-and-announces-2024-outlook

Science Applications International Corp. SAIC: (NYSE: SAIC)

About SAIC

SAIC is a premier Fortune 500® technology integrator driving our nation's digital transformation. Our robust portfolio of offerings across the defense, space, civilian and intelligence markets includes secure high-end solutions in engineering, IT modernization and mission solutions. Using our expertise and understanding of existing and emerging technologies, we integrate the best components from our own portfolio and our partner ecosystem to deliver innovative, effective and efficient solutions that are critical to achieving our customers' missions.

We are approximately 26,000 strong; driven by mission, united by purpose, and inspired by opportunities. SAIC is an Equal Opportunity Employer, fostering a culture of diversity, equity and inclusion, which is core to our values and important to attract and retain exceptional talent. Headquartered in Reston, Virginia, SAIC has annual revenues of approximately $7.4 billion. For more information, visit saic.com. For ongoing news, please visit our newsroom.

https://www.saic.com/who-we-are/about-saic

SAIC Announces Third Quarter of Fiscal Year 2024 Results

December 4, 2023

- Revenues of $1.90 billion; 10.6% organic growth adjusted for impact of divestitures
- Net income of $93 million; Adjusted EBITDA(1) of $178 million or 9.4% as a % of revenues, an increase of 50 bps year-over-year
- Diluted earnings per share of $1.76; Adjusted diluted earnings per share(1) of $2.27
- Cash flows provided by operating activities of $101 million; Transaction-adjusted free cash flow(1) of $148 million
- Company increases revenue and adjusted diluted EPS(1) guidance for fiscal year 2024

RESTON, Va.--(BUSINESS WIRE)-- Science Applications International Corporation (NYSE: SAIC), a premier Fortune 500® technology integrator driving our nation's digital transformation across the defense, space, civilian, and intelligence markets, today announced results for the third quarter ended November 3, 2023.

“It is an honor to lead SAIC at a time of such convergence in protecting this country’s national security interests, embracing the ongoing acceleration of technological innovation, and charting this company’s course for continued success in the future,” said SAIC CEO Toni Townes-Whitley. "To ensure our leadership in the market, SAIC is focused on strategic pivots across four key dimensions of the business: innovation & solutions, go-to-market, culture, and brand. As we move out on this strategy, I’m encouraged by some early signs of success and look forward to sharing our progress against milestones in the coming quarters and years. We believe our financial results in the third quarter demonstrate that we are entering the next phase of our strategy from a position of strength."

Third Quarter of Fiscal Year 2024: Summary Operating Results

	Three Months Ended		
	November 3, 2 023	*Percent change*	October 28, 2022
	(in millions, except per share amounts)		
Revenues	**$ 1,895**	*(1)%*	$ 1,909
Operating income	**143**	*8 %*	133
Operating income as a percentage of revenues	***7.5 %***	*50 bps*	*7.0 %*
Adjusted operating income(1)	**144**	*6 %*	136
Adjusted operating income as a percentage of revenues	***7.6 %***	*50 bps*	*7.1 %*
Net income	**93**	*16 %*	80

EBITDA[1]	**177**	5 %	168	
EBITDA as a percentage of revenues	***9.3 %***	*50 bps*	*8.8*	*%*
Adjusted EBITDA[1]	**178**	5 %	170	
Adjusted EBITDA as a percentage of revenues	***9.4 %***	*50 bps*	*8.9*	*%*
Diluted earnings per share	**$ 1.76**	*21 %*	$ 1.45	
Adjusted diluted earnings per share[1]	**$ 2.27**	*19 %*	$ 1.90	
Net cash provided by operating activities	**$ 101**	*(21)%*	$ 128	
Free cash flow[1]	**$ 97**	*(20)%*	$ 122	
Transaction-adjusted free cash flow[1]	**$ 148**	*21 %*	$ 122	

[1]Non-GAAP measure, see Schedule 5 for information about this measure.

Third Quarter Summary Results

Revenues for the quarter decreased $14 million or 1% compared to the same period in the prior year primarily due to the sale of the logistics and supply chain management business (Supply Chain Business) ($161 million), the deconsolidation of the Forfeiture Support Associates J.V. (FSA) ($35 million), and contract completions, partially offset by ramp up on existing and new contracts. Adjusting for the impact of the divestiture of the Supply Chain Business and the deconsolidation of FSA, revenues grew 10.6%.

Operating income as a percentage of revenues increased from the comparable prior year period primarily due to improved profitability across our contract portfolio.

Adjusted EBITDA[1] as a percentage of revenues for the quarter increased to 9.4% from 8.9% for the same period in the prior year primarily due to improved profitability across our contract portfolio and lower indirect costs.

Diluted earnings per share for the quarter was $1.76 compared to $1.45 in the prior year quarter. Adjusted diluted earnings per share[1] for the quarter was $2.27 compared to $1.90 in the prior year quarter. The weighted-average diluted shares outstanding during the quarter decreased to 53.3 million from 55.5 million during the prior year quarter.

Cash Generation and Capital Deployment

Cash flows provided by operating activities for the third quarter decreased $27 million compared to the prior year quarter, primarily due to timing of payroll payments and higher tax payments in the current year, partially offset by timing of vendor payments and other changes in working capital. Transaction-adjusted free cash flow[1] was $148 million in the third quarter, an increase of $26 million compared to the prior year quarter, primarily due to increased earnings and improved working capital efficiency.

During the quarter, SAIC deployed $124 million of capital, consisting of $101 million of plan share repurchases, $19 million in cash dividends, and $4 million of capital expenditures.

Quarterly Dividend Declared

As previously announced, subsequent to quarter end, the Company's Board of Directors declared a cash dividend of $0.37 per share of the Company's common stock payable on January 26, 2024 to stockholders of record on January 12, 2024. SAIC intends to continue paying dividends on a quarterly basis, although the declaration of any future dividends will be determined by the Board of Directors each quarter and will depend on earnings, financial condition, capital requirements and other factors.

[1]Non-GAAP measure, see Schedule 5 for information about this measure.

Backlog and Contract Awards

Net bookings for the quarter were approximately $2.5 billion, which reflects a book-to-bill ratio of 1.3 and a trailing twelve months book-to-bill ratio of 0.9. SAIC's estimated backlog at the end of the quarter was approximately $23.1 billion. Of the total backlog amount, approximately $4.0 billion was funded.

Notable New Awards:

U.S. Space Force: SAIC was awarded a seven-year, $575 million contract by the United States Space Force to support its Ground Based Radar Maintenance and Sustainment Services (GMASS). Under the contract, SAIC will provide on-going sustainment and modification of the GMASS Contract-covered systems, including Upgraded Early Warning Radars (UEWR), the Precision Acquisition Vehicle Entry (PAVE) Phased Array Warning System (PAWS), and the Perimeter Acquisition Radar Attack Characterization System (PARCS) radars and all associated systems and equipment. In addition to sustaining operational capabilities, the contract will also utilize an integrated roadmap to highlight incremental opportunities and areas for innovation to promote backlog items and improve operational efficiencies. Through this work, SAIC will help further modernize critical missile warning and space domain awareness radars for key Space Force missions.

Notable Recompete Awards:

Naval Information Warfare Center: SAIC was awarded a $375 million contract to continue providing Command, Control, Communications, Computers (C4) Intelligence, Surveillance and Reconnaissance (ISR) fielding and integration on land-based vehicle platforms in support to the Naval Information Warfare Center – Atlantic (NIWC LANT). Under the five-year contract, SAIC will support NIWC LANT with production-engineering, integration, installation, logistical and programmatic support required to enable C4ISR fielding and integration on land-based vehicle platforms such as Mine Resistant Ambush Protected (MRAP) and Joint Light Tactical Vehicle (JLTV) across multiple Department of Defense services at both continental U.S. and overseas locations. SAIC has invested in its Charleston facilities to enable the execution of vehicle fielding integration and support missions.

Notable Space and Intelligence Community Awards:

U.S. Space and Intelligence Community: During the quarter, SAIC was awarded approximately $1.1 billion of contract awards by space and intelligence community organizations. These awards represent a combination of new business and recompetes.

Other Notable News:

SAIC Announces New Data and AI Features To Improve Government Mission Outcomes: SAIC launched new offerings for Tenjin and additional features for Koverse. The innovative Tenjin offerings enable organizations to handle and store their complex sensitive data securely from the enterprise to the edge, as well as operationalize Artificial Intelligence (AI) while the additional Koverse features improve and accelerate the capacity for defense and civilian customers to unlock the value of their data.

SAIC Announces New Zero Trust Edge Capability: SAIC launched new, purpose-built Zero Trust security capabilities optimized for the government market, which provide a solution to answer the Zero Trust pillars addressing data, identity, devices, networks, applications and workloads. The new Zero Trust security capabilities have been tested and validated on an AWS Snowball Edge and AWS Snow Family device with on-board storage and compute power for select Amazon Web Services (AWS) capabilities. AWS Snowball Edge can support local processing and edge-computing workloads in addition to transferring data between a user's local environment and AWS.

Fiscal Year 2024 Guidance

The table below summarizes fiscal year 2024 guidance and represents the Company's views as of December 4, 2023.

	CURRENT Fiscal Year 2024 Guidance	PRIOR Fiscal Year 2024 Guidance
Revenue	$7.325B - $7.350B	$7.20B - $7.25B
Adjusted EBITDA Margin[1]	9.3% - 9.4%	9.3% - 9.4%
Adjusted Diluted EPS[1]	$7.70 to $7.90	$7.20 to $7.40
Transaction-Adjusted Free Cash Flow[1]	$460M - $480M[2]	$460M - $480M

https://investors.saic.com/press-releases/press-release-details/2023/SAIC-Announces-Third-Quarter-of-Fiscal-Year-2024-Results/default.aspx

The Boeing Company: (NYSE: BA)

About Boeing

Boeing is the world's largest aerospace company and leading manufacturer of commercial jetliners, defense, space and security systems, and service provider of aftermarket support. As America’s biggest manufacturing exporter, the company supports airlines and U.S. and allied government customers in more than 150 countries. Boeing products and tailored services include commercial and military aircraft, satellites, weapons, electronic and defense systems, launch systems, advanced information and communication systems, and performance-based logistics and training.

About Boeing Commercial Airplanes

Boeing Commercial Airplanes is committed to being the leader in commercial aviation by offering airplanes and services that deliver superior design, efficiency and value to customers around the world. There are more than 10,000 Boeing commercial jetliners in service, flying passengers and freight more efficiently than competing models in the market.

About Boeing Defense, Space & Security

The world's second-largest defense company, Defense, Space & Security is the only aerospace business offering products and capabilities allowing its customers to meet mission requirements from the sea bed to outer space. It serves a diverse customer base, but its portfolio is focused in six key market areas: Commercial Derivatives, Military Rotorcraft, Human Space Exploration, Satellites, Autonomous Systems and Services.

About Boeing Global Services

Boeing Global Services delivers complete, cost-competitive service solutions for commercial, defense and space customers, regardless of their equipment's original manufacturer. With engineering, digital analytics, supply chain and training support spanning across both the government and commercial service offerings, Boeing Global Services is uniquely positioned to keep passengers flying, and nations safe.

Key Organizations at Boeing

With local presence and a global vision, Boeing people are at the heart of our tradition of leadership and innovation. We serve customers in 150 countries by delivering top quality technical and professional services through organizations that bring to bear “the best of Boeing” every day. These organizations engage on everything from advanced research and development to conservation efforts to public policy advocacy to arranging financing solutions for our customers. Such organizations are:

- Boeing AnalytX
- Boeing Capital Corporation
- Boeing Technology Services
- Boeing HorizonX

- Boeing International
- Government Operations
- Advertising & Brand
- Licensing

https://www.boeing.com/company/

Boeing Defense, Space & Security

Overview

Defense, Space & Security is one of The Boeing Company's [NYSE:BA] three business units. The world's second-largest defense company, its strategy is to help customers meet mission requirements from the sea bed to outer space and to lead in six key markets: Commercial Derivative Aircraft, Military Rotorcraft, Human Space Exploration, Satellites, Autonomous Systems and Services. Its organization structure reflects this strategy through its eight divisions:

- Autonomous Systems – Develops and produces remotely piloted aircraft and submersibles. Manages Boeing's Insitu and Liquid Robotics subsidiaries.
- Commercial Derivative Aircraft – Develops products for global military and government customers based on proven commercial platforms including Boeing's world-class 7-series aircraft.
- Global Operations – Leads Defense, Space & Security's international subsidiaries (Boeing Defence Australia, Boeing Defence India, Boeing Defense Saudi Arabia, Boeing Defence United Kingdom) while seeking opportunities for additional global growth.
- Missile and Weapon Systems – Manages Boeing's portfolio of strategic missile and defense systems and weapons systems.
- Phantom Works – Creates and advances new products and capabilities by drawing on its expertise in innovation, advanced experimentation and prototyping.
- Space and Launch – The world's largest satellite manufacturer also offering other space and intelligence systems. The division houses Boeing's more than 60 years of space exploration expertise and manages Boeing's share of United Launch Alliance and United Space Alliance.
- Strike, Surveillance and Mobility – Manages Boeing's current and future portfolio of fixed-wing military and surveillance aircraft, including fighters and commercial derivitave platforms, and support of key platforms such as the executive transport fleet, which includes VC-25 (Air Force One).
- Vertical Lift – The world's largest provider of military rotorcraft with a diverse portfolio of cargo, tiltrotor and attack platforms.

https://www.boeing.com/company/about-bds/

Boeing Reports Fourth Quarter Results

31 January 2024

Fourth Quarter 2023

- Delivered 157 commercial airplanes and recorded 611 net orders
- 787 production rate at five per month; 737 production rate at 38 per month
- Generated $3.4 billion of operating cash flow and $3.0 billion of free cash flow (non-GAAP)

Full Year 2023

- Delivered 528 commercial airplanes and recorded 1,576 net orders

- Total company backlog grew to $520 billion, including over 5,600 commercial airplanes
- Generated $6.0 billion of operating cash flow and $4.4 billion of free cash flow (non-GAAP)

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Table 1. Summary Financial Results (Dollars in Millions, except per share data)	Fourth Quarter 2023	Fourth Quarter 2022	Change	Full Year 2023	Full Year 2022	Change
Revenues	$22,018	$19,980	10 %	$77,794	$66,608	17 %
GAAP Earnings/(loss) from operations	$283	($345)	NM	($773)	($3,519)	NM
Operating margins	1.3 %	(1.7) %	NM	(1.0) %	(5.3) %	NM
Net loss	($30)	($663)	NM	($2,242)	($5,053)	NM
Loss per share	($0.04)	($1.06)	NM	($3.67)	($8.30)	NM
Operating cash flow	$3,381	$3,457	(2) %	$5,960	$3,512	70 %
Non-GAAP*						
Core operating earnings/(loss)	$90	($642)	NM	($1,829)	($4,662)	NM
Core operating margins	0.4 %	(3.2) %	NM	(2.4) %	(7.0) %	NM
Core loss per share	($0.47)	($1.75)	NM	($5.81)	($11.06)	NM

*Non-GAAP measure; complete definitions of Boeing's non-GAAP measures are on page 5, "Non-GAAP Measures Disclosures."

The Boeing Company [NYSE: BA] recorded fourth quarter revenue of $22.0 billion, GAAP loss per share of ($0.04) and core loss per share (non-GAAP)* of ($0.47) (Table 1). Boeing reported operating cash flow of $3.4 billion and free cash flow of $3.0 billion (non-GAAP). Results improved on higher commercial volume and performance.

"While we report our financial results today, our full focus is on taking comprehensive actions to strengthen quality at Boeing, including listening to input from our 737 employees that do this work every day," said Dave Calhoun, Boeing president and chief executive officer. "As we move forward, we will support our customers, work transparently with our regulator and ensure we complete all actions to earn the confidence of our stakeholders."

Table 2. Cash Flow (Millions)	Fourth Quarter 2023	Fourth Quarter 2022	Full Year 2023	Full Year 2022
Operating cash flow	$3,381	$3,457	$5,960	$3,512
Less additions to property, plant & equipment	($431)	($326)	($1,527)	($1,222)
Free cash flow*	$2,950	$3,131	$4,433	$2,290

*Non-GAAP measure; complete definitions of Boeing's non-GAAP measures are on page 5, "Non-GAAP Measures Disclosures."

Operating cash flow was $3.4 billion in the quarter reflecting higher volume and favorable receipt timing (Table 2).

Table 3. Cash, Marketable Securities and Debt Balances	Quarter End	
(Billions)	Q4 23	Q3 23
Cash	$12.7	$6.8
Marketable securities1	$3.3	$6.6
Total	$16.0	$13.4
Consolidated debt	$52.3	$52.3

[1] Marketable securities consist primarily of time deposits due within one year classified as "short-term investments."

Cash and investments in marketable securities totaled $16.0 billion, compared to $13.4 billion at the beginning of the quarter (Table 3). The company has access to credit facilities of $10.0 billion, which remain undrawn.

Total company backlog at quarter end was $520 billion.

Segment Results

Commercial Airplanes

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Table 4. Commercial Airplanes	Fourth Quarter			Full Year		
(Dollars in Millions)	2023	2022	Change	2023	2022	Change
Deliveries	157	152	3 %	528	480	10 %
Revenues	$10,481	$9,271	13 %	$33,901	$26,026	30 %
Earnings/(loss) from operations	$41	($603)	NM	($1,635)	($2,341)	NM
Operating margins	0.4 %	(6.5) %	NM	(4.8) %	(9.0) %	NM

Commercial Airplanes fourth quarter revenue increased to $10.5 billion driven by higher deliveries and favorable mix (Table 4). Operating margin of 0.4 percent also reflects improved performance and lower abnormal costs.

The company continues to cooperate transparently with the FAA following the Alaska Airlines Flight 1282 accident involving a 737-9. Commercial Airplanes is taking immediate actions to strengthen quality on the 737 program, including requiring additional inspections within its factory and at key suppliers, supporting expanded oversight from airline customers and pausing 737 production for one day to refocus its employees on quality. The company has also appointed an outside expert to lead an in-depth independent assessment of Commercial Airplanes' quality management system, with recommendations provided directly to Calhoun and the Aerospace Safety Committee of Boeing's Board of Directors.

The 737 program continues to deliver airplanes and its production rate is now at 38 per month. The 787 program production rate is now at five per month.

During the quarter, Commercial Airplanes booked 611 net orders, including 411 737, 98 777X, and 83 787 airplanes, began certification flight testing on the 737-10, and resumed production on the 777X program. Commercial Airplanes delivered 157 airplanes during the quarter and backlog included over 5,600 airplanes valued at $441 billion.

Defense, Space & Security

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Table 5. Defense, Space & Security (Dollars in Millions)	Fourth Quarter 2023	Fourth Quarter 2022	Change	Full Year 2023	Full Year 2022	Change
Revenues	$6,746	$6,181	9 %	$24,933	$23,162	8 %
(Loss)/earnings from operations	($101)	$112	NM	($1,764)	($3,544)	NM
Operating margins	(1.5) %	1.8 %	NM	(7.1) %	(15.3) %	NM

Defense, Space & Security fourth quarter revenue was $6.7 billion. Fourth quarter operating margin was (1.5) percent, primarily driven by $139 million of losses on certain fixed-price development programs. Results were also impacted by unfavorable performance and mix on other programs.

During the quarter, Defense, Space & Security captured an award from the U.S. Air Force for 15 KC-46A Tankers, began the U.S. Air Force developmental flight test program for the T-7A Red Hawk, and Canada selected the P-8A Poseidon as its multi-mission aircraft. Backlog at Defense, Space & Security was $59 billion, of which 29 percent represents orders from customers outside the U.S.

Global Services

View News Release Full Screen

Table 6. Global Services (Dollars in Millions)	Fourth Quarter 2023	Fourth Quarter 2022	Change	Full Year 2023	Full Year 2022	Change
Revenues	$4,849	$4,567	6 %	$19,127	$17,611	9 %
Earnings from operations	$842	$634	33 %	$3,329	$2,727	22 %
Operating margins	17.4 %	13.9 %	3.5 pts	17.4 %	15.5 %	1.9 pts

Global Services fourth quarter revenue of $4.8 billion and operating margin of 17.4 percent reflect higher commercial volume and mix.

During the quarter, Global Services opened its first parts distribution center in India and received a follow-on contract option to provide sustainment for the C-17 Globemaster III.

Additional Financial Information

Table 7. Additional Financial Information (Dollars in Millions)	Fourth Quarter 2023	Fourth Quarter 2022	Full Year 2023	Full Year 2022
Revenues				
Unallocated items, eliminations and other	($58)	($39)	($167)	($191)
Earnings/(loss) from operations				
FAS/CAS service cost adjustment	$193	$297	$1,056	$1,143
Other unallocated items and eliminations	($692)	($785)	($1,759)	($1,504)

Other income, net	$308	$336	$1,227	$1,058
Interest and debt expense	($600)	($640)	($2,459)	($2,561)
Effective tax rate	(233.3) %	(2.2) %	(11.8) %	(0.6) %

Other unallocated items and eliminations primarily reflects timing of allocations. The fourth quarter effective tax rate primarily reflects tax expense on pre-tax losses driven by an increase in the valuation allowance.

https://boeing.mediaroom.com/2024-01-31-Boeing-Reports-Fourth-Quarter-Results

Thomas Global Systems

Thomas Global Systems is an industry leader in the design, production and support of innovative electronic systems solutions for commercial aviation and defense applications

Since its 1956 inception, Thomas Global has consistently earned international recognition for practical innovation and dependability. Thomas Global leverages unparalleled expertise in the design, manufacture, and maintenance of aviation flight deck displays and instruments, specialized mission-critical defense electronics and training solutions, all supported by dedicated global service and support teams.

We build trusted, lasting relationships with commercial and business aviation operators, MROs, defense agencies, prime contractors and government entities, leveraging our collective strengths to create the most innovative and dependable avionics and defense electronics available. Thomas Global solutions combine advanced technology innovation with decades of efficient manufacturing experience to deliver high-integrity functionality with proven reliability and value.

Our facilities are located in Sydney, Australia and Irvine, California.

https://www.thomas-global.com/about-us/

Defense & Government

Delivering solutions with a competitive edge for effective defense missions

Thomas Global Systems is a recognized leader in the design, manufacture, integration and support of complex electronic systems and sub-systems for demanding applications across military land, sea and airborne environments. Drawing on our pedigree in high technology hardware and software intensive systems, we have built a reputation that reflects our innovative and dependable solutions and strong and consistent investment in key research areas.

Design – Manufacture – Integration – Support

Our products and solutions are used with confidence on platforms around the world, ranging from armored vehicles to advanced aircraft, helping our customers to maintain decision superiority and optimal effectiveness.

- Armored Vehicle Electronics
- Avionics
- Surface Ship and Submarine Electronics
- Training & Simulation
- Custom Electronics
- Engineering Services
- MRO Services

https://www.thomas-global.com/defence-government/

Raytheon Technologies Corporation (NYSE: RTX)

About RTC

United Technologies Corp., based in Farmington, Connecticut, provides high technology products and services to the building and aerospace industries. By combining a passion for science with precision engineering, the company is creating smart, sustainable solutions the world needs.

https://www.utc.com/Our-Company/at-a-glance

United Technologies Corp. (NYSE: UTX) ("UTC") and Rockwell Collins, Inc. (NYSE: COL) ("Rockwell Collins") today announced that they have reached a definitive agreement under which United Technologies will acquire Rockwell Collins for $140.00 per share, in cash and UTC stock. (4/9/2019)

Rockwell Collins is a leader in aviation and high-integrity solutions for commercial and military customers and is globally recognized for its leading-edge avionics, flight controls, aircraft interior and data connectivity solutions. On a 2017 pro forma basis, its estimated sales are greater than $8 billion.

"This acquisition adds tremendous capabilities to our aerospace businesses and strengthens our complementary offerings of technologically advanced aerospace systems," said UTC Chairman and Chief Executive Officer Greg Hayes. "Together, Rockwell Collins and UTC Aerospace Systems will enhance customer value in a rapidly evolving aerospace industry by making aircraft more intelligent and more connected."

https://utcaerospacesystems.com/utc-to-acquire-rockwell/

Raytheon and United Technologies Aerospace Businesses to Combine in Merger of Equals

- Combination will create a premier systems provider with advanced technologies to address rapidly growing segments of aerospace and defense
- Expanded technology and R&D capabilities to deliver innovative and cost-effective solutions aligned with customer priorities
- Significant near- and long-term benefits expected from uniting complementary portfolios of platform-agnostic capabilities, resulting in more than $1 billion of gross annual cost synergies by year four, as well as new revenue opportunities from combined technology
- Return of capital to shareowners expected to be $18 to $20 billion in first 36 months following completion of the merger
- United Technologies' separation into three independent companies remains on track; merger is expected to be tax-free and close in the first half of 2020, following completion of UTC portfolio separation

WALTHAM, Mass. and FARMINGTON, Conn., June 9, 2019 /PRNewswire/ -- Raytheon Company (NYSE: RTN) and United Technologies Corp. (NYSE: UTX) have entered into an agreement to combine in an all-stock merger of equals. The transaction will create a premier systems provider with advanced technologies to address rapidly growing segments within aerospace and defense. The merger of Raytheon, a leading defense company, and United Technologies, a leading aerospace company, comprised of Collins Aerospace and Pratt & Whitney, will offer a complementary portfolio of platform-agnostic aerospace and defense technologies. The combined company, which will be named Raytheon Technologies Corporation, will offer expanded technology and R&D capabilities to deliver innovative and cost-effective solutions aligned with customer priorities and the national defense strategies of the U.S. and its allies and friends. The combination excludes Otis and Carrier, which are expected to be separated from United Technologies in the first half of 2020 as previously announced.

The combined company will have approximately $74 billion in pro forma 2019 sales. With a strong balance sheet and robust cash generation, Raytheon Technologies will enjoy enhanced resources and financial flexibility to support significant R&D and capital investment through business cycles.

Under the terms of the agreement, which was unanimously approved by the Boards of Directors of both companies, Raytheon shareowners will receive 2.3348 shares in the combined company for each Raytheon share. Upon completion of the merger, United Technologies shareowners will own approximately 57 percent and Raytheon shareowners will own approximately 43 percent of the combined company on a fully diluted basis. The merger is expected to close in the first half of 2020, following completion by United Technologies of the previously announced separation of its Otis and Carrier businesses. The timing of the separation of Otis and Carrier is not expected to be affected by the proposed merger and remains on track for completion in the first half of 2020. The merger is intended to qualify as a tax-free reorganization for U.S. federal income tax purposes.

"Today is an exciting and transformational day for our companies, and one that brings with it tremendous opportunity for our future success. Raytheon Technologies will continue a legacy of innovation with an expanded aerospace and defense portfolio supported by the world's most dedicated workforce," said Tom Kennedy, Raytheon Chairman and CEO. "With our enhanced capabilities, we will deliver value to our customers by anticipating and addressing their most complex challenges, while delivering significant value to shareowners."

"The combination of United Technologies and Raytheon will define the future of aerospace and defense," said Greg Hayes, United Technologies Chairman and CEO. "Our two companies have iconic brands that share a long history of innovation, customer focus and proven execution. By joining forces, we will have unsurpassed technology and expanded R&D capabilities that will allow us to invest through business cycles and address our customers' highest priorities. Merging our portfolios will also deliver cost and revenue synergies that will create long-term value for our customers and shareowners."

http://raytheon.mediaroom.com/index.php?s=43&item=123176

Raytheon Technologies Reports Third Quarter 2020 Results

Results reflect continued progress and acceleration of cost reduction and cash conservation actions

WALTHAM, Mass., Oct. 27, 2020 /PRNewswire/ -- Raytheon Technologies Corporation (NYSE: RTX) reported third quarter 2020 results.

- Sales of $14.7 billion; Adjusted sales of $15.0 billion
- GAAP EPS from continuing operations of $0.10, which included $0.48 of net significant and/or non-recurring charges and acquisition accounting adjustments
- Adjusted EPS of $0.58
- Operating cash flow from continuing operations of $1.6 billion
- Free cash flow of $1.2 billion
- Achieved ~$700 million in cost reduction and ~$1.9 billion in cash conservation actions
- Robust Defense backlog of $70.2 billion

"We delivered sales that were in line with our expectations as well as better than expected adjusted EPS and free cash flow during the quarter as we achieved approximately $700 million of cost reduction and $1.9 billion of cash conservation actions, which was significantly better than our plan. We are delivering on our commitments to customers while taking the necessary actions that will equip us to weather the current environment and emerge as a stronger business," said Raytheon Technologies Chief Executive Officer Greg Hayes. "The long-term business fundamentals and earnings power of Raytheon Technologies remain strong with our balanced portfolio, leading businesses and advanced technologies that combine the best of commercial aerospace and defense."

Raytheon Technologies reported third quarter sales of $14.7 billion and adjusted sales of $15.0 billion. GAAP EPS from continuing operations was $0.10 and included $0.48 of net significant and/or non-recurring charges and acquisition accounting adjustments. This includes a net gain on dispositions of $0.17 per share, which was more than offset by $0.27 of acquisition accounting adjustments primarily related to intangible amortization, $0.26 of charges due to the current economic environment primarily driven by the COVID-19 pandemic, and $0.12 of restructuring. Adjusted EPS was $0.58.

The company recorded net income from continuing operations in the third quarter of $151 million, which included $721 million of net significant and/or nonrecurring charges and acquisition accounting adjustments. Adjusted net income was $872 million. Operating cash flow from continuing operations in the third quarter was $1.6 billion and was better than expected primarily due to the timing of customer collections and the accelerated execution on cash conservation actions. Capital expenditures were $389 million, resulting in free cash flow of $1.2 billion. Free cash flow included approximately $600 million of merger costs, restructuring and tax payments on divestitures. This quarter's performance includes approximately $700 million of cost savings and approximately $1.9 billion of cash conservation actions, reflecting substantial progress on our previously stated goal of $2 billion in cost savings and $4 billion in cash conservation actions by the end of 2020.

Summary Financial Results – Continuing Operations

($ in millions, except EPS)	3rd Quarter 2020	
Reported		
Sales	$	14,747
Net Income	$	151
EPS	$	0.10
Adjusted		
Sales	$	15,047
Net Income	$	872
EPS	$	0.58
Operating Cash Flow from Continuing Operations	$	1,622
Free Cash Flow	$	1,233

See "Use and Definitions of Non-GAAP Financial Measures" below for information regarding non-GAAP financial measures.

Bookings and Orders

Backlog at the end of the third quarter was $152.3 billion, of which $82.1 billion was from commercial aerospace and $70.2 billion was from defense.

Notable defense bookings during the quarter included:

- $928 million of classified bookings at Raytheon Intelligence & Space (RIS)
- $473 million of F-135 bookings at Pratt & Whitney
- $320 million award for a multi-year Extravehicular Space Operations Contract (ESOC) to provide services, upgrades and sustainment in support of NASA's Extra Vehicular Activity (EVA) on the International Space Station at Collins Aerospace
- $186 million on the Army Navy/Transportable Radar Surveillance-Model 2 (AN/TPY-2) radar program for the Kingdom of Saudi Arabia (KSA) at Raytheon Missiles & Defense (RMD)
- $176 million to perform operations and sustainment for the U.S. Air Force's Launch and Test Range System (LTRS) at RIS

Segment Results

The company's reportable segments are Collins Aerospace, Pratt & Whitney, Raytheon Intelligence & Space (RIS) and Raytheon Missiles & Defense (RMD). In connection with the merger, the company revised its segment presentation. Prior periods have been revised to reflect the current presentation. Refer to the accompanying tables for further details.

Collins Aerospace							
	3rd Quarter				Nine Months		
($ in millions)	2020	2019	% Change		2020	2019	% Change
Reported							
Sales	$ 4,274	$ 6,495	(34) %		$ 14,914	$ 19,584	(24) %
Operating Profit	$ 526	$ 1,259	(58) %		$ 1,455	$ 3,499	(58) %
ROS	12.3 %	19.4 %			9.8 %	17.9 %	
Adjusted							
Sales	$ 4,278	$ 6,495	(34) %		$ 15,036	$ 19,584	(23) %
Operating Profit	$ 73	$ 1,286	(94) %		$ 1,381	$ 3,788	(64) %
ROS	1.7 %	19.8 %			9.2 %	19.3 %	

Note: Prior periods have been revised to reflect the current segment presentation which excludes acquisition accounting adjustments and includes additional corporate expense allocations.

Collins Aerospace had third quarter 2020 adjusted sales of $4,278 million, down 34 percent versus the prior year. Commercial OE was down 44 percent and commercial aftermarket was down 52 percent, while military was up 4 percent. Excluding the impact of the Military GPS and Space ISR divestitures and FX, military was up 8 percent in the quarter. The decrease in commercial sales was driven primarily by the current environment which has resulted in lower flight hours, aircraft fleet utilization and commercial OEM deliveries, as well as the impact of the 737 MAX grounding and lower ADS-B mandate volume. This was slightly offset by higher sales across key military platforms.

Collins Aerospace recorded adjusted operating profit of $73 million in the quarter, down 94 percent versus the prior year. The decrease in adjusted operating profit was driven by lower commercial aerospace OEM and aftermarket sales volume. This was partially offset by cost reduction actions and gross margin drop through on higher military volume.

Pratt & Whitney							
	3rd Quarter				Nine Months		
($ in millions)	2020	2019	% Change		2020	2019	% Change
Reported							
Sales	$ 3,494	$ 5,285	(34) %		$ 12,334	$ 15,257	(19) %
Operating Profit	$ (615)	$ 520	(218) %		$ (597)	$ 1,447	(141) %
ROS	(17.6) %	9.8 %			(4.8) %	9.5 %	
Adjusted							
Sales	$ 3,790	$ 5,285	(28) %		$ 12,728	$ 15,257	(17) %
Operating Profit	$ (43)	$ 520	(108) %		$ 321	$ 1,464	(78) %
ROS	(1.1) %	9.8 %			2.5 %	9.6 %	

Note: Prior periods have been revised to reflect the current segment presentation which excludes acquisition accounting adjustments and includes additional corporate expense allocations.

Pratt & Whitney had third quarter 2020 adjusted sales of $3,790 million, down 28 percent versus the prior year. Commercial OE was down 30 percent and commercial aftermarket was down 51 percent, while military was up 11 percent. The decrease in commercial sales was primarily due to a significant reduction in shop visits and related spare part sales and commercial engine deliveries principally driven by the current environment. This was slightly offset by higher F135 engine sales, F117 overhauls and aftermarket growth on multiple fighter jet platforms.

Pratt & Whitney recorded an adjusted operating loss of $43 million in the quarter, down 108 percent versus the prior year. The decrease in adjusted operating profit was primarily driven by lower commercial aerospace sales volume and unfavorable mix. This was partially offset by cost reduction actions and gross margin drop through on higher military volume.

Raytheon Intelligence & Space							
	3rd Quarter				Nine Months		
($ in millions)	2020				2020		
Reported							
Sales	$	3,674			$	6,988	
Operating Profit	$	348			$	659	
ROS	9.5		%		9.4		%
Adjusted							
Sales	$	3,674			$	6,988	
Operating Profit	$	348			$	659	
ROS	9.5		%		9.4		%

Note: Nine months 2020 reported and adjusted results include RIS since the merger date of April 3, 2020. Reported and adjusted numbers do not include RIS pre-merger stub period from March 30, 2020 to April 2, 2020 which had an estimated $200 million of sales and $20 million of operating profit.

RIS had third quarter adjusted sales of $3,674 million and adjusted operating profit of $348 million.

Raytheon Missiles & Defense							
	3rd Quarter				Nine Months		
($ in millions)	2020				2020		
Reported							
Sales	$	3,794			$	7,384	
Operating Profit	$	453			$	850	
ROS	11.9		%		11.5		%
Adjusted							
Sales	$	3,794			$	7,384	
Operating Profit	$	453			$	850	
ROS	11.9		%		11.5		%

Note: Nine months 2020 reported and adjusted results include RMD since the merger date of April 3, 2020. Reported and adjusted numbers do not include RMD pre-merger stub period from March 30, 2020 to April 2, 2020 which had an estimated $200 million of sales and $25 million of operating profit.

RMD had third quarter adjusted sales of $3,794 million and adjusted operating profit of $453 million.

https://raytheon.mediaroom.com/2020-10-27-Raytheon-Technologies-Reports-Third-Quarter-2020-Results

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