



AEROSPACE



MARINE SYSTEMS



COMBAT SYSTEMS



TECHNOLOGIES

# GENERAL DYNAMICS

## Second-Quarter 2022 Highlights and 2022 Outlook

July 27, 2022

# Forward-Looking Statements; Non-GAAP Measures

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Certain statements in this presentation, including any statements about the company's future operational and financial performance, may constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, as amended. Words such as "expects," "anticipates," "plans," "believes," "forecasts," "scheduled," "outlook," "estimates," "should" and variations of these words and similar expressions are intended to identify forward-looking statements. Forward-looking statements are based on management's expectations, estimates, projections and assumptions. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to predict. Therefore, actual future results and trends may differ materially from what is forecast in forward-looking statements due to a variety of factors. Additional information regarding these factors is contained in the company's filings with the Securities and Exchange Commission, including our Annual Report on Form 10-K, our Quarterly Reports on Form 10-Q and our Current Reports on Form 8-K. All forward-looking statements speak only as of the date they were made. The company does not undertake any obligation to update or publicly release revisions to any forward-looking statements to reflect events, circumstances or changes in expectations after the date of this presentation.

In addition, this presentation contains non-GAAP financial measures. Reconciliations to comparable GAAP measures and other information relating to these non-GAAP financial measures is included in the Appendix to this presentation, in our earnings press release, or in filings that we make with the SEC, all of which are available on the investor relations page of our website at <http://investorrelations.gd.com>.

# Second-Quarter 2022 Financial Highlights

\$ In Millions, Except EPS

	Second Quarter		2Q22 vs. 2Q21
	2022	2021	
Revenue	\$ 9,189	\$ 9,220	-0.3%
Operating Earnings	978	959	↑ 2.0%
Operating Margin	10.6%	10.4%	↑ 20 bps
Net Earnings	766	737	↑ 3.9%
EPS, Diluted	2.75	2.61	↑ 5.4%

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	2Q22	1H22
Cash From Operations	\$ 659	\$ 2,627
% Net Earnings	86%	176%
Free Cash Flow *	435	2,262
% Net Earnings	57%	151%

# Aerospace

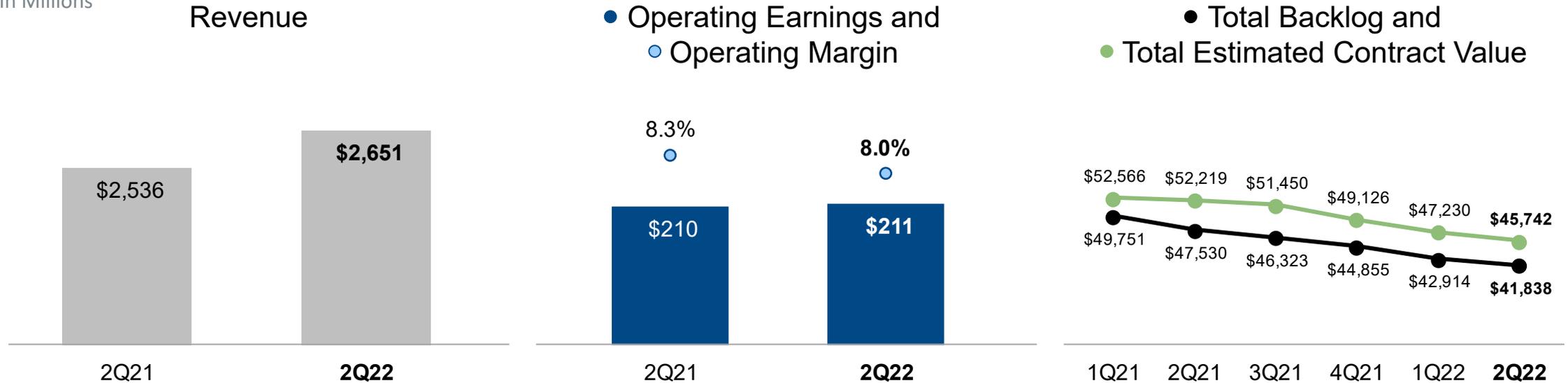
\$ In Millions



- Revenue increased 15.1%
- Gulfstream book-to-bill 2.2x in the quarter, 1.8x trailing twelve months
- Highest backlog in over a decade
- Commenced G800 flight test program
  - Completed first international flight to Farnborough, UK

# Marine Systems

\$ In Millions



- Revenue increased 4.5%
  - Columbia-class continues to grow and remains on schedule, 1<sup>st</sup> boat >20% complete
  - Growing revenue from repair and overhaul projects
- Notable additions to the backlog
  - \$500M of long-lead materials for the construction of two additional John Lewis-class oilers
  - \$100M of long-lead materials for the construction of additional ESB auxiliary support ship

# Combat Systems

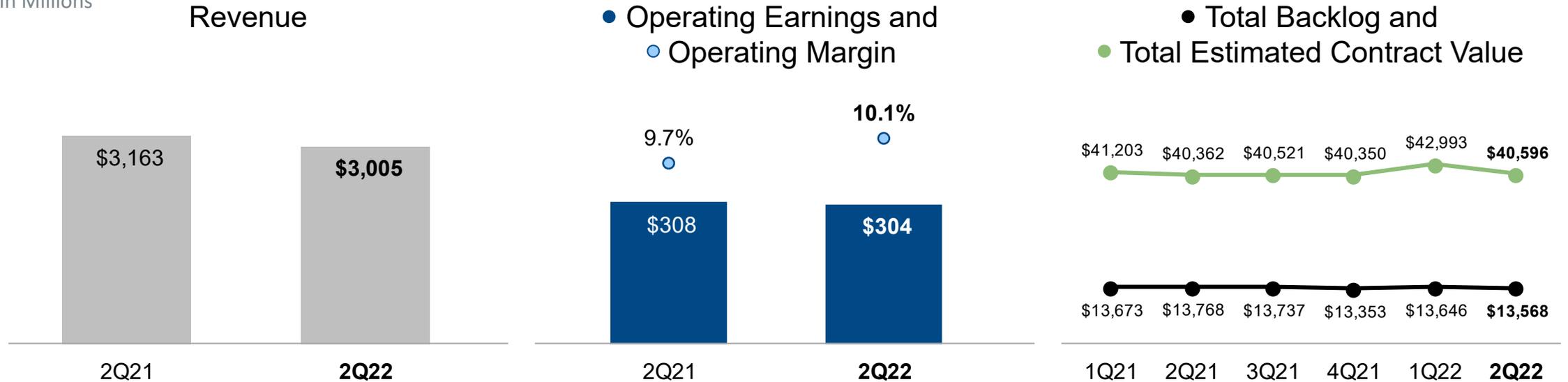
\$ In Millions



- Strong operating performance delivered solid margins
- Key wins and broad-based demand lifted backlog
  - \$410M for Mobile Protected Firepower vehicles, a competitive win with \$5B+ potential value
  - \$525M to upgrade Stryker vehicles
  - \$355M to produce Abrams main battle tanks for Australia

# Technologies

\$ In Millions



- Steady GDIT first half revenue, with good contract performance
- Strong margin performance in second quarter and first half
- Compelling awards
  - \$690M for several civil agency IT contracts, including key support for Veterans Affairs
  - \$545M from several classified contracts, including data support services
  - \$160M from U.S. Space Development Agency for ground systems LEO satellite network

# Financial Guidance

	Initial 2022 Guidance		Updated 2022 Outlook	
EPS, diluted	\$12.00 – 12.15		≈ \$12.15	
	Revenue (\$B)	Operating Margin	Revenue (\$B)	Operating Margin
Aerospace	≈ \$8.4 ≈ 123 deliveries	≈ 12.8%	≈ \$8.6 ≈ 123 deliveries	≈ 12.9%
Marine Systems	≈ \$10.8	≈ 8.6%	≈ \$10.8	≈ 8.3%
Combat Systems	\$7.15 – 7.25	≈ 14.5%	≈ \$7.1	≈ 15.0%
Technologies	\$12.8 – 13.0	≈ 10.0%	≈ \$12.9	≈ 10.0%
Consolidated	\$39.2 – 39.45	≈ 10.8%	≈ \$39.45	≈ 10.8%

# Appendix

# Non-GAAP Financial Measures

## EBITDA

(\$ in millions)	Second Quarter		First Six Months	
	2022	2021	2022	2021
<b>Earnings before interest, taxes, depreciation and amortization:</b>				
Net earnings	\$ 766	\$ 737	\$ 1,496	\$ 1,445
Interest, net	95	109	193	232
Provision for income tax, net	157	144	276	281
Depreciation of property, plant and equipment	139	144	278	280
Amortization of intangible and finance lease right-of-use assets	73	80	147	159
Earnings before interest, taxes, depreciation and amortization *	<u>\$ 1,230</u>	<u>\$ 1,214</u>	<u>\$ 2,390</u>	<u>\$ 2,397</u>

\* We believe earnings before interest, taxes, depreciation and amortization (EBITDA) is a useful measure for investors because it provides another measure of our profitability and our ability to service our debt. We calculate EBITDA by adding back interest, taxes, depreciation and amortization to net earnings.

# Non-GAAP Financial Measures

## Technologies EBITDA

(\$ in millions)	Second Quarter		First Six Months	
	2022	2021	2022	2021
<b>Earnings before interest, taxes, depreciation and amortization:</b>				
Operating earnings	\$ 304	\$ 308	\$ 602	\$ 614
Other, net	25	24	49	47
Depreciation of property, plant and equipment	38	39	73	74
Amortization of intangible and finance lease right-of-use assets	57	62	115	125
Earnings before interest, taxes, depreciation and amortization *	<u>\$ 424</u>	<u>\$ 433</u>	<u>\$ 839</u>	<u>\$ 860</u>

\* We believe the Technologies segment's earnings before interest, taxes, depreciation and amortization (EBITDA) is a useful measure for investors because it provides another measure of the segment's operating performance. We calculate the Technologies segment's EBITDA by adding other income, depreciation and amortization to operating earnings.

**GENERAL DYNAMICS**