Lockheed Martin Corporation

4th Quarter and Full Year 2019
Earnings Results Conference Call

January 28, 2020
11:00 am ET

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Replay confirmation code: 5505043
Forward-Looking Statements

This presentation contains statements that, to the extent they are not recitations of historical fact, constitute forward-looking statements within the meaning of the federal securities laws, and are based on Lockheed Martin’s current expectations and assumptions. The words “believe,” “estimate,” “anticipate,” “project,” “intend,” “expect,” “plan,” “outlook,” “scheduled,” “forecast” and similar expressions are intended to identify forward-looking statements. These statements are not guarantees of future performance and are subject to risks and uncertainties. Actual results may differ materially due to factors such as: our reliance on contracts with the U.S. Government, which are conditioned upon the availability of funding and can be terminated by the U.S. Government for convenience, and our ability to negotiate favorable contract terms; budget uncertainty; affordability initiatives or the risk of future budget cuts; risks related to the development, production, sustainment, performance, schedule, cost and requirements of complex and technologically advanced programs including our largest, the F-35 program; planned production rates for significant programs; compliance with stringent performance and reliability standards; materials availability; the performance and financial viability of key suppliers, teammates, joint ventures, joint venture partners, subcontractors and customers; economic, industry, business and political conditions including their effects on governmental policy and government actions that disrupt our supply chain or prevent the sale or delivery of our products (such as delays in obtaining Congressional approvals for exports requiring Congressional notification); trade policies or sanctions (including Turkey’s removal from the F-35 program, the impact of U.S. Government sanctions on Turkey and potential sanctions on the Kingdom of Saudi Arabia); our success expanding into and doing business in adjacent markets and internationally and the differing risks posed by international sales; changes in foreign national priorities and foreign government budgets; the competitive environment for our products and services, including increased pricing pressures, aggressive pricing in the absence of cost realism evaluation criteria, competition from outside the aerospace and defense industry, and bid protests; the timing and customer acceptance of product deliveries; our ability to continue to innovate and develop new products and to attract and retain key personnel and transfer knowledge to new personnel; the impact of work stoppages or other labor disruptions; the impact of cyber or other security threats or other disruptions to our businesses; our ability to implement and continue, and the timing and impact of capitalization changes such as share repurchases and dividend payments; our ability to recover costs under U.S. Government contracts and changes in contract mix; the accuracy of our estimates and projections; timing and estimates regarding pension funding and movements in interest rates and other changes that may affect pension plan assumptions, stockholders’ equity, the level of the FAS/CAS adjustment and actual returns on pension plan assets; the successful operation of joint ventures that we do not control and our ability to recover our investments; realizing the anticipated benefits of acquisitions or divestitures, joint ventures, teaming arrangements or internal reorganizations; our efforts to increase the efficiency of our operations and improve the affordability of our products and services; risk of an impairment of our assets, including the potential impairment of goodwill, intangible assets and inventory recorded as a result of the acquisition of the Sikorsky business and the potential further impairment of our equity investment in Advanced Military Maintenance, Repair and Overhaul Center LLC (AMMROC); the availability and adequacy of our insurance and indemnities; the effect of changes in (or in the interpretation of) procurement and other regulations and policies affecting our industry, including export of our products, cost allowability or recovery and potential changes to the U.S. Department of Defense’s acquisition regulations relating to progress payments and performance-based payments and a preference for fixed-price contracts; our ability to benefit fully from or adequately protect our intellectual property rights; the effect of changes in accounting, taxation, or export laws, regulations, and policies and their interpretation or application; and the outcome of legal proceedings, bid protests, environmental remediation efforts, audits, government investigations or government allegations that we have failed to comply with law, other contingencies and U.S. Government identification of deficiencies in our business systems. These are only some of the factors that may affect the forward-looking statements contained in this presentation. For a discussion identifying additional important factors that could cause actual results to differ materially from those anticipated in the forward-looking statements, see the corporation’s filings with the U.S. Securities and Exchange Commission including, but not limited to, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Risk Factors” in the corporation’s Annual Report on Form 10-K for the year ended Dec. 31, 2018 and subsequent quarterly reports on Form 10-Q. The corporation’s filings may be accessed through the Investor Relations page of its website, www.lockheedmartin.com/investor, or through the website maintained by the SEC at www.sec.gov. The corporation’s actual financial results likely will be different from those projected due to the inherent nature of projections. Given these uncertainties, forward-looking statements should not be relied on in making investment decisions. The forward-looking statements contained in this presentation speak only as of the date of its filing. Except where required by applicable law, the corporation expressly disclaims a duty to provide updates to forward-looking statements after the date of this presentation to reflect subsequent events, changed circumstances, changes in expectations, or the estimates and assumptions associated with them. The forward-looking statements in this presentation are intended to be subject to the safe harbor protection provided by the federal securities laws.

Chart 2

January 28, 2020
2019 Overview

• Achieved Sales of $59.8 Billion

• Achieved Segment Operating Profit* of $6.6 Billion and Earnings Per Share of $21.95

• Generated $7.3 Billion in Cash from Operations after $1.0 Billion of Discretionary Pension Contributions

• Returned $3.8 Billion of Cash to Stockholders, Including Repurchasing 3.5 Million Shares for $1.2 Billion

• Achieved Record Backlog for Six Consecutive Quarters, Reaching $144 Billion

Exceptional Performance in 2019

*See Chart 15 for Definitions of Non-GAAP Measures
**Sales and Segment Operating Profit**

**Strong Growth in 2019...Well Positioned for 2020**

*See Chart 15 for Definitions of Non-GAAP Measures*

January 28, 2020
Sales by Segment

($B)

Aeronautics

- 2018: $21.2
- 2019: $23.7 (12% increase)

Missiles and Fire Control

- 2018: $8.5
- 2019: $10.1 (20% increase)

Rotary and Mission Systems

- 2018: $14.3
- 2019: $15.1 (6% increase)

Space

- 2018: $9.8
- 2019: $10.9 (11% increase)

All Business Areas Above $10B
Strong Organic Year-Over-Year Growth

January 28, 2020
Segment Operating Profit* by Segment ($M)

Aeronautics

2018: $2,272
2019: $2,521
Increase: +11%

Rotary and Mission Systems

2018: $1,302
2019: $1,421
Increase: +9%

Missiles and Fire Control

2018: $1,248
2019: $1,441
Increase: +15%

Space

2018: $1,055
2019: $1,191
Increase: +13%

Year-Over-Year Growth in All Business Areas

*See Chart 15 for Definitions of Non-GAAP Measures

January 28, 2020
Earnings Per Share

Significant Growth in Earnings Per Share

$17.59
$21.95

+25%

2018
2019
New Record Backlog Level Achieved in 2019
Cash Returned to Shareholders

Cash From Ops $7,311M
Less CapEx (1,484)
Free Cash Flow* $5,827M

$3,756M
$2,556M Dividends
$1,200M Shares

Total Cash Returned (% FCF*) 64%

Strong Cash Returns to Shareholders

*See Chart 15 for Definitions of Non-GAAP Measures

January 28, 2020
<table>
<thead>
<tr>
<th>Metric</th>
<th>2020 Outlook</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>$62,750 - $64,250</td>
</tr>
<tr>
<td>Segment Operating Profit*</td>
<td>$6,800 - $6,950</td>
</tr>
<tr>
<td>Net FAS / CAS Pension Adjustment**</td>
<td>~$2,090</td>
</tr>
<tr>
<td>EPS</td>
<td>$23.65 - $23.95</td>
</tr>
<tr>
<td>Cash From Operations</td>
<td>$7,600</td>
</tr>
</tbody>
</table>

*See Chart 15 for Definitions of Non-GAAP Measures

**See Chart 17 for Appendix II
# Cash From Operations Long-Term Trends ($B)

<table>
<thead>
<tr>
<th></th>
<th>Previous</th>
<th>Outlook 2019</th>
<th>Cash 2020</th>
<th>Cash 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash from Operations:</strong></td>
<td>≥ $7.6B</td>
<td>~$7.2B</td>
<td>~$7.0B</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Current</th>
<th>Actuals 2019</th>
<th>Outlook 2020</th>
<th>Cash 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash from Operations:</strong></td>
<td>$7.3B</td>
<td>≥ $7.6B</td>
<td>~$7.7B</td>
<td></td>
</tr>
</tbody>
</table>

Increased 3-Year Cash from Operations by ~$0.8B
2020 Outlook
($M)

Sales

Aeronautics
$25,050 – 25,550

Space
$11,250 – 11,550

RMS
$15,500 – 15,900

MFC
$10,950 – 11,250

$62,750 – 64,250M

Segment Op Profit*

Aeronautics
$2,695 – 2,745

Space
$1,120 – 1,150

RMS
$1,470 – 1,510

MFC
$1,515 – 1,545

$6,800 – 6,950M

*See Chart 15 for Definitions of Non-GAAP Measures
Summary

- Outstanding Performance in All Financial Metrics

- New Business Awards and Strength of Legacy Portfolio Driving Record Backlog

- 2020 Outlook Delivering Continued Growth and Long-Term Value Creation

Strong Execution and Long-Term Value Creation
Definitions of Non-GAAP Measures

Non-GAAP Financial Measures Disclosure
This presentation, and today's conference call remarks, contain non-Generally Accepted Accounting Principles (GAAP) financial measures (as defined by SEC Regulation G). While we believe that these non-GAAP financial measures may be useful in evaluating the financial performance of Lockheed Martin, this information should be considered supplemental and is not a substitute for financial information prepared in accordance with GAAP. In addition, our definitions for non-GAAP measures may differ from similarly titled measures used by other companies or analysts.

Free Cash Flow
Lockheed Martin defines Free Cash Flow (FCF) as Cash From Operations less Capital Expenditures.

Segment Operating Profit / Margin
Segment Operating Profit represents the operating profit from our business segments before unallocated income and expense. This measure is used by our senior management in evaluating the performance of our business segments and is a performance goal in our annual incentive plan. The caption “Total Unallocated Items” reconciles Segment Operating Profit to Consolidated Operating Profit. Segment Margin is calculated by dividing Segment Operating Profit by Sales. Mid-point Segment Margin represents the mid-point of the outlook range for Segment Operating Profit divided by the mid-point of the outlook range for Sales.

<table>
<thead>
<tr>
<th>($ Millions)</th>
<th>2020 Outlook</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>$62,750 - $64,250</td>
<td>$59,812</td>
<td>$53,762</td>
</tr>
<tr>
<td>Segment Operating Profit</td>
<td>$6,800 - $6,950</td>
<td>$ 6,574</td>
<td>$ 5,877</td>
</tr>
<tr>
<td>Net FAS/CAS Operating Adjustment</td>
<td>~ $1,875</td>
<td>~ $1,971</td>
<td>~</td>
</tr>
<tr>
<td>Other, net</td>
<td>~ ($230)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mid-Point Segment Margin</td>
<td>10.8%</td>
<td></td>
<td>10.9%</td>
</tr>
<tr>
<td>Consolidated Operating Profit</td>
<td>$8,445 - $8,595</td>
<td>$ 8,545</td>
<td>$ 7,334</td>
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</table>

<table>
<thead>
<tr>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>Profit</td>
</tr>
<tr>
<td>Segment Operating Profit</td>
<td>$ 59,812</td>
</tr>
<tr>
<td>Total Unallocated Items</td>
<td>-</td>
</tr>
<tr>
<td>Consolidated Operating Profit (GAAP)</td>
<td>$ 59,812</td>
</tr>
</tbody>
</table>
Appendix I
($M, Except EPS)

<table>
<thead>
<tr>
<th></th>
<th>2020 Outlook</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>$62,750 – 64,250</td>
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<tr>
<td>Segment Operating Profit*</td>
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<td>Mid-Point Segment Margin</td>
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<td>FAS/CAS Operating Adjustment</td>
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</tr>
<tr>
<td>Other, net</td>
<td>~(230)</td>
</tr>
<tr>
<td>Consolidated Operating Profit</td>
<td>$8,445 – 8,595</td>
</tr>
<tr>
<td>Non-Operating FAS Pension Expense</td>
<td>~215</td>
</tr>
<tr>
<td>Non-Service Costs for Other Post Retirement Plans</td>
<td>~(30)</td>
</tr>
<tr>
<td>Diluted EPS</td>
<td>$23.65 – 23.95</td>
</tr>
</tbody>
</table>

*See Chart 15 for Definitions of Non-GAAP Measures
### 2020 Outlook

<table>
<thead>
<tr>
<th>Description</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total FAS expense and CAS costs</td>
<td></td>
</tr>
<tr>
<td>FAS pension income (expense)</td>
<td>~ ~ $115</td>
</tr>
<tr>
<td>Less: CAS pension cost</td>
<td>~ ~ 1,975</td>
</tr>
<tr>
<td>Net FAS/CAS pension adjustment</td>
<td>~ ~ 2,090</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Service and non-service cost reconciliation</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>FAS pension service cost</td>
<td>~ ~ $ (100)</td>
</tr>
<tr>
<td>Less: CAS pension cost</td>
<td>~ ~ 1,975</td>
</tr>
<tr>
<td>FAS/CAS operating adjustment</td>
<td>~ ~ 1,875</td>
</tr>
<tr>
<td>Non-operating FAS pension credit (cost)*</td>
<td>~ ~ 215</td>
</tr>
<tr>
<td>Net FAS/CAS pension adjustment</td>
<td>~ ~ 2,090</td>
</tr>
</tbody>
</table>

The corporation records the non-service cost components of net periodic benefit cost as part of other non-operating expense, net in the consolidated statement of earnings. The non-service cost components in the table above relate only to the corporation's qualified defined benefit pension plans. The corporation expects total non-service credit (cost) for its qualified defined benefit pension plans in the table above, along with non-service cost for its other postretirement benefit plans of $30 million, to total non-service credit of $185 million for 2020.