Lockheed Martin Corporation

3rd Quarter 2021
Earnings Results Conference Call

Tuesday, October 26, 2021
11:00 a.m. ET

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October 26, 2021 through midnight October 27, 2021
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Replay confirmation code: 1229017
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: the impact of COVID-19 or future epidemics on the company’s business, including potential supply chain disruptions, facility closures, work stoppages, program delays, payment policies and regulations, the company’s ability to recover its costs under contracts and impacts of implementation of vaccine mandates on our workforce and business; budget uncertainty, the risk of future budget cuts, the debt ceiling and the potential for government shutdowns and changing funding and acquisition priorities; the company’s reliance on contracts with the U.S. Government, which are dependent on U.S. Government funding and can be terminated for convenience, and the company’s ability to negotiate favorable contract terms; risks related to the development, production, sustainment, performance, schedule, cost and requirements of complex and technologically advanced programs including the company’s largest, the F-35 program; planned production rates and orders for significant programs; compliance with stringent performance and reliability standards; materials availability; performance and financial viability of key suppliers, teammates, joint ventures and partners, subcontractors and customers; economic, industry, business and political conditions including their effects on governmental policy and government actions that disrupt the company’s supply chain or prevent the sale or delivery of its products (such as delays in approvals for exports requiring Congressional notification); trade policies or sanctions (including potential Chinese sanctions on the company or its suppliers, teammates or partners; U.S. Government sanctions on Turkey and its removal from the F-35 program and potential U.S. Government actions to restrict sales to the Kingdom of Saudi Arabia and the United Arab Emirates); the company’s 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 and planned orders; the competitive environment for the company’s products and services, including increased pricing pressures, aggressive pricing in the absence of cost realism evaluation criteria, competition from emerging competitors including startups and non-traditional defense contractors, and bid protests; the timing and customer acceptance of product deliveries and performance milestones; the company’s ability to develop new technologies and products, including emerging digital and network technologies and capabilities; the company’s ability to attract and retain a highly skilled workforce; the impact of work stoppages or other labor disruptions; cyber or other security threats or other disruptions faced by the company or its suppliers; the company’s ability to implement and continue, and the timing and impact of, capitalization changes such as share repurchases and dividend payments; the company’s ability to recover costs under U.S. Government contracts, our mix of fixed-price and cost-reimbursable contracts and the impacts of cost overruns and significant increases in inflation; the accuracy of the company’s estimates and projections; the impact of pension risk transfers, including potential noncash settlement charges; 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; actual returns on pension plan assets and the impact of pension related legislation; the successful operation of joint ventures that the company does not control; realizing the anticipated benefits of acquisitions or divestitures, investments, joint ventures, teaming arrangements or internal reorganizations, and market volatility in the fair value of investments in the company’s Lockheed Martin Ventures Fund that are marked to market; risks related to the company’s proposed acquisition of Aerojet Rocketdyne, including the failure to obtain, delays in obtaining or adverse conditions contained in any required regulatory approvals and the company’s ability to successfully and timely integrate the business and realize synergies and other expected benefits of the transaction; the company’s efforts to increase the efficiency of its operations and improve the affordability of its products and services; the risk of an impairment of the company’s assets, including the potential impairment of goodwill recorded as a result of the acquisition of the Sikorsky business; the availability and adequacy of the company’s insurance and indemnities; the company’s ability to benefit fully from or adequately protect its intellectual property rights; procurement and other regulations and policies affecting the company’s industry, export of its products, cost allowability or recovery, preferred contract type, and performance and progress payments policy, including a reversal or modification to the DoD’s increase to the progress payment rate in response to COVID-19; changes in accounting, U.S. or foreign tax, export or other 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 the company has failed to comply with law, other contingencies and U.S. Government identification of deficiencies in its 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 company’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 company’s Annual Report on Form 10-K for the year ended Dec. 31, 2020 and subsequent quarterly reports on Form 10-Q. The company’s filings may be accessed through the Investor Relations page of its website, www.lockheードmartin.com/investor, or through the website maintained by the SEC at www.sec.gov. The company’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 company 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.
3Q 2021 Overview

- Achieved Sales of $16.0 Billion
- Achieved Segment Operating Profit* of $1.9 Billion and Earnings Per Share of $2.21
- Generated $1.9 Billion in Cash From Operations, Returned $1.2 Billion of Cash to Stockholders
- Provided 2022 Trending Data
3Q Sales and Segment Operating Profit* ($B)

Sales

- 3Q 2020: $16.5B
- 3Q 2021: $16.0B

Segment Operating Profit

- 3Q 2020: $1.8B
- 3Q 2021: $1.9B

Sales Impacted by Lower than Expected Supply Chain Activity; Profitability Reflects Strong Operational Performance

*See Chart 15 for Definitions of Non-GAAP Measures
3Q Diluted Earnings Per Share ($EPS)

Pension Transaction Impacted 3Q EPS

*Diluted EPS - Adjusted. See Chart 15 for Definitions of Non-GAAP Measures
3Q YTD Cash Returned to Stockholders
($M)

<table>
<thead>
<tr>
<th>Cash From Ops</th>
<th>$4,953M</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less CapEx</td>
<td>(915)</td>
</tr>
<tr>
<td>Free Cash Flow*</td>
<td>$4,038M</td>
</tr>
</tbody>
</table>

$2,178M Dividends
$2,000M Shares

Increased Share Repurchase Authority & Dividend

*See Chart 15 for Definitions of Non-GAAP Measures
## 2021 Outlook Update
($M, Except EPS)

### Prior Outlook

<table>
<thead>
<tr>
<th>Metric</th>
<th>Range</th>
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</thead>
<tbody>
<tr>
<td>Sales</td>
<td>$67,300 – 68,700</td>
</tr>
<tr>
<td>Segment Operating Profit*</td>
<td>$7,380 – $7,520</td>
</tr>
<tr>
<td>Net FAS / CAS Pension Adj.**</td>
<td>~$655</td>
</tr>
<tr>
<td>Diluted EPS</td>
<td>$21.95 – $22.25</td>
</tr>
<tr>
<td>Cash From Operations</td>
<td>≥ $8,900</td>
</tr>
</tbody>
</table>

### October 2021 Outlook

<table>
<thead>
<tr>
<th>Metric</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>~$67,000</td>
</tr>
<tr>
<td>Segment Operating Profit*</td>
<td>~$7,350</td>
</tr>
<tr>
<td>Net FAS / CAS Pension Adj.**</td>
<td>~$665</td>
</tr>
<tr>
<td>Diluted EPS</td>
<td>$22.45</td>
</tr>
<tr>
<td>Cash From Operations</td>
<td>≥ $8,300</td>
</tr>
</tbody>
</table>

*See Chart 15 for Definitions of Non-GAAP Measures

**See Chart 17 for FAS/CAS Details
2021 Sales Outlook
($M)

Sales (Prior)

- Aeronautics
  - $27,200 – 27,600
- Space
  - $11,900 – 12,200
- RMS
  - $16,575 – 16,975
- MFC
  - $11,625 – 11,925

$67,300 – 68,700M

Sales (Current)

- Aeronautics
  - $27,200 – 27,600
- Space
  - $11,850
- RMS
  - $16,775
- MFC
  - $11,625

~$67,000M

Supply Chain Impacting Aeronautics, MFC & Space
2021 Segment Operating Profit* Outlook ($M)

Segment Op Profit (Prior)

- Aeronautics: $2,835 – 2,875
- Space: $1,155 – 1,185
- MFC: $1,630 – 1,660
- RMS: $1,760 – 1,800

Segment Op Profit (Current)

- Aeronautics: ~$1,135
- Space: ~$2,800
- MFC: ~$1,635
- RMS: ~$1,780

Segment Operating Profit Change Driven by Volume

- $7,380 – 7,520M
- ~$7,350M

*See Chart 15 for Definitions of Non-GAAP Measures
Preliminary Trends – 2022

2022 Outlook

• Sales ~$66 Billion
• Segment Operating Margin* ~11%
• Cash from Operations ≥ $8.4 Billion
  • Excludes up to ($2.0) Billion Potential R&D Capitalization Tax Impact
  • Maintain ~$1.5 Billion of Accelerated Payments to Supply Chain
  • No Pension Contributions
• Statutory Tax Rate of 21%
• Excludes Aerojet Rocketdyne – Pending Closure 1Q 2022

FAS/CAS Outlook**

• 2022 Net FAS/CAS Pension Adjustment ~$2.2 Billion
  • Assumes 2.75% Discount Rate at Year-End 2021
  • Assumes 10.0% Return on Plan Assets in 2021
  • Assumes 6.5% Long-Term Return on Assets

*See Chart 15 for Definitions of Non-GAAP Measures; **Chart 17 for FAS/CAS Details
Capital Deployment

Full Year 2022

• Capital Expenditures ~$2.0 Billion
• Independent Research & Development ~$1.5 Billion
• Dividend Payments ~$3.0 Billion

Next 12-18 Months

• Up to $6.0 Billion in Share Repurchases

Disciplined and Dynamic Capital Allocation Strategy
F-35 Deliveries & Revenue Trending

Forecasting ~1.5% Overall CAGR for F-35 Thru 2026

<table>
<thead>
<tr>
<th>Year</th>
<th>Deliveries</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>120</td>
</tr>
<tr>
<td>2021E</td>
<td>133-139</td>
</tr>
<tr>
<td>2022E</td>
<td>151-153</td>
</tr>
<tr>
<td>2023E</td>
<td>156</td>
</tr>
<tr>
<td>2024E</td>
<td>156</td>
</tr>
<tr>
<td>2025E</td>
<td>156</td>
</tr>
<tr>
<td>2026E</td>
<td>156</td>
</tr>
</tbody>
</table>
Summary

• 2021 Sales, Segment Operating Profit* and Cash From Operations Adjusted for Supply Chain Impacts

• 2022 Trending Reflects Supply Chain Impacts, F-35 Production Update, and Other Recent Events

• Strong Operating Cash Flow and Balance Sheet Enable Substantial Reinvestment in the Business and Robust Returns to Shareholders

*See Chart 15 for Definitions of Non-GAAP Measures
Financial Appendices
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 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.

Diluted Earnings Per Share (EPS) - Adjusted
Diluted EPS-Adjusted represents Diluted EPS adjusted for the third quarter 2021 noncash, non-operating pension settlement charge of $1,665 million ($1,310, or $4.72 per share, after tax).

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>2021 Outlook (August)</th>
<th>2021 Outlook (October)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>$67,300 – 68,700</td>
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<td>Segment Operating Profit</td>
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<td>~$7,350</td>
</tr>
<tr>
<td>Mid-Point Segment Margin</td>
<td>11.0%</td>
<td>11.0%</td>
</tr>
<tr>
<td>FAS / CAS Operating Adjustment</td>
<td>~$1,955</td>
<td>~$1,955</td>
</tr>
<tr>
<td>Other, net</td>
<td>(~$300)</td>
<td>(~$230)</td>
</tr>
<tr>
<td>Consolidated Operating Profit</td>
<td>$9,035 – 9,175</td>
<td>~$9,075</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>3Q 2021</th>
<th></th>
<th>3Q 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>$ 16,028</td>
<td>$ 16,495</td>
</tr>
<tr>
<td>Profit</td>
<td>$ 1,850</td>
<td>$ 1,762</td>
</tr>
<tr>
<td>Margin</td>
<td>11.5%</td>
<td>10.7%</td>
</tr>
<tr>
<td>Segment Operating Profit</td>
<td></td>
<td></td>
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<tr>
<td>Total Unallocated Items</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consolidated Operating Profit (GAAP)</td>
<td>$ 16,028</td>
<td>$ 16,495</td>
</tr>
<tr>
<td></td>
<td>$ 2,294</td>
<td>$ 2,147</td>
</tr>
<tr>
<td></td>
<td>14.3%</td>
<td>13.0%</td>
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</tbody>
</table>
## Appendix I  
($M, Except EPS, Margin and Effective Tax Rate)

### 2021 October Outlook

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
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<tbody>
<tr>
<td>Sales</td>
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<td>~(230)</td>
</tr>
<tr>
<td>Consolidated Operating Profit</td>
<td>$9,075</td>
</tr>
<tr>
<td>Non-Operating FAS Pension Expense**</td>
<td>~(1,290)</td>
</tr>
<tr>
<td>Non-Service Costs for Other Post Retirement Plans</td>
<td>~5</td>
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<tr>
<td>Effective Tax Rate</td>
<td>~15.9%</td>
</tr>
<tr>
<td>Diluted EPS</td>
<td>$22.45</td>
</tr>
<tr>
<td>Pension Contribution</td>
<td>$0</td>
</tr>
</tbody>
</table>

*See Chart 15 for Definitions of Non-GAAP Measures

**See Chart 17 for Appendix II for more detail
The corporation records the non-service cost components of net periodic benefit cost as part of other non-operating income, 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 income for its qualified defined benefit pension plans in the table above, along with non-service cost for its other postretirement benefit plans of $5 million, to total non-service cost of $1,285 million for 2021, inclusive of pension settlement charge.
Appendix III
Pension Cash Funding vs CAS Recovery
($B)

Assumptions:
- Assumes 2.75% Discount Rate at Year-End 2021
- Assumes 10% Return on Plan Assets in 2021
- Assumes 6.5% Long-Term Return on Assets

Chart 18
FAS/CAS Pension Income
CAS (Cost) / FAS Income
($B)

Chart 19