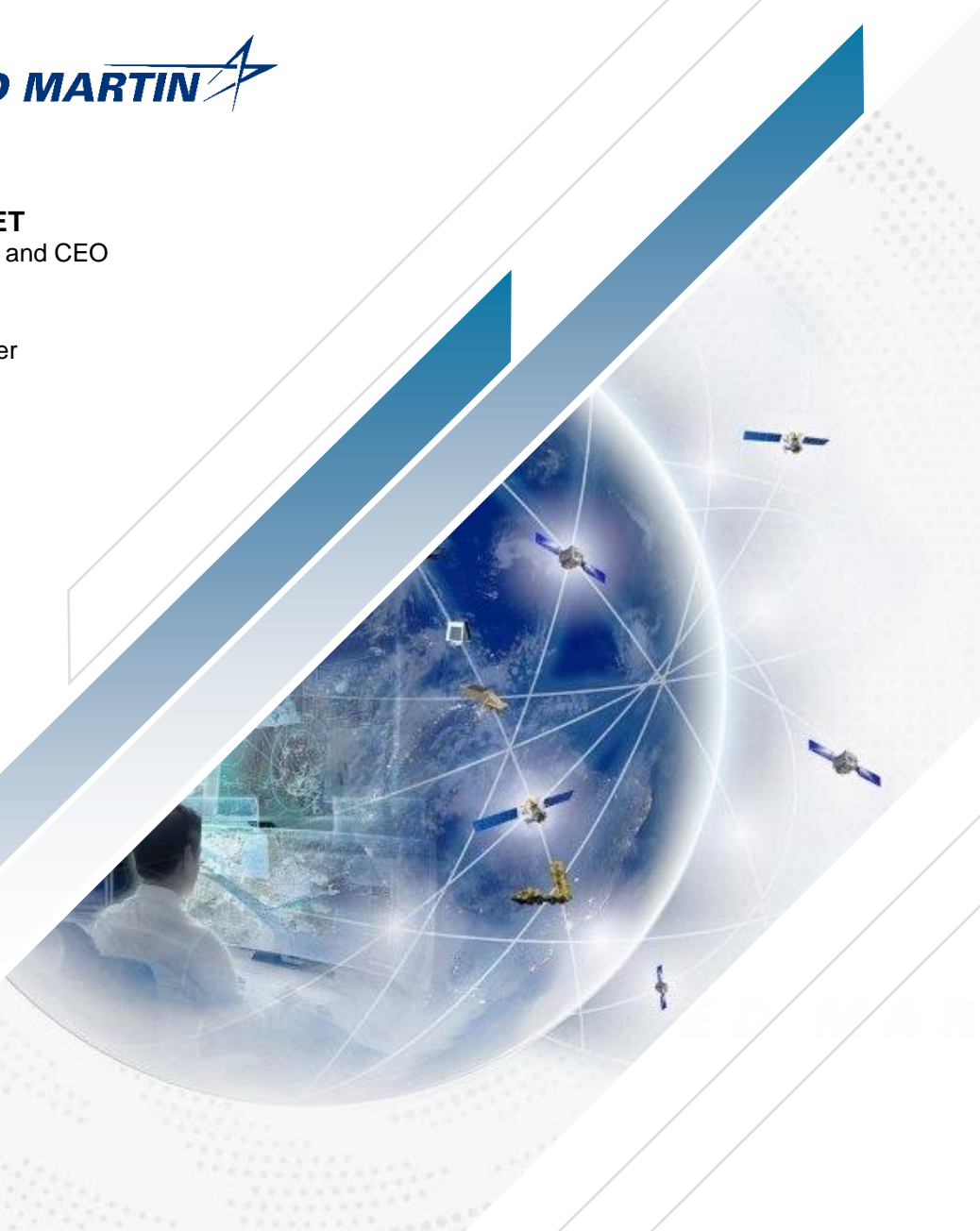




JAMES D. TAICLET
Chairman, President and CEO

JAY MALAVE
Chief Financial Officer



Lockheed Martin Corporation

3rd Quarter 2023 Conference Call

October 17, 2023

Webcast login at:

www.lockheedmartin.com/investor

Webcast replay & podcast available by 2:00 p.m. ET

October 17, 2023 at: www.lockheedmartin.com/investor

Audio replay available from 2:00 p.m. ET

October 17, 2023 through midnight October 18, 2023

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 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; budget uncertainty, the risk of future budget cuts, the impact of continuing resolution funding mechanisms and the debt ceiling and the potential for government shutdowns and changing funding and acquisition priorities; risks related to the development, production, sustainment, performance, schedule, cost and requirements of complex and technologically advanced programs, including the F-35 program; planned production rates and orders for significant programs, compliance with stringent performance and reliability standards, and materials availability, including government furnished equipment; the timing of contract awards or delays in contract definitization as well as the timing and customer acceptance of product deliveries and performance milestones; the company's ability to recover costs under U.S. Government contracts and the mix of fixed-price and cost-reimbursable contracts; customer procurement policies that shift risk to contractors, including competitively bid programs with fixed-price development work or follow-on production options or other financial risks; and the impact of investments, cost overruns or other cost pressures and performance issues on fixed price contracts; changes in 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; performance and financial viability of key suppliers, teammates, joint ventures (including United Launch Alliance), joint venture partners, subcontractors and customers; economic, industry, business and political conditions including their effects on governmental policy; the impact of inflation and other cost pressures; the impact of pandemics and epidemics on the company's business and financial results, including supply chain disruptions and delays, employee absences, and program delays; 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 Chinese sanctions on the company or its suppliers, teammates or partners, U.S. Government sanctions on Turkish entities and persons, and potential indirect effects of sanctions on Russia to the company's supply chain); the company's success expanding into and doing business in adjacent markets and internationally and the risks posed by international sales; changes in foreign national priorities and foreign government budgets and planned orders, including potential effects from fluctuations in currency exchange rates; the competitive environment for the company's products and services, including competition from startups and non-traditional defense contractors; the company's ability to develop and commercialize new technologies and products, including emerging digital and network technologies and capabilities; the company's ability to benefit fully from or adequately protect its intellectual property rights; 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, dividend payments and financing transactions; 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, and actual returns on pension plan assets; realizing the anticipated benefits of acquisitions or divestitures, investments, joint ventures, teaming arrangements or internal reorganizations, and market volatility affecting the fair value of investments that are marked to market; the company's efforts to increase the efficiency of its operations and improve the affordability of its products and services, including through digital transformation and cost reduction initiatives; the risk of an impairment of the company's assets, including the potential impairment of goodwill and intangibles; the availability and adequacy of the company's insurance and indemnities; impacts of climate change and compliance with laws, regulations, policies, and customer requirements in response to climate change concerns; changes in accounting, U.S. or foreign tax, export or other laws, regulations, and policies and their interpretation or application, and changes in the amount or reevaluation of uncertain tax positions; 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, 2022 and subsequent quarterly reports on Form 10-Q. The company'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 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 2023 Results



Strong Financial Results

\$16.9B

In Sales

\$1.8B

Segment Operating Profit*

10.7%

Segment Operating Margin*

\$6.73

Earnings Per Share

0.9x

Book-to-Bill Ratio*

\$2.5B

Delivered in Free Cash Flow*

\$1.8B

Of Share Repurchases

\$0.7B

In Dividends

Returns to Shareholders

\$0.7B

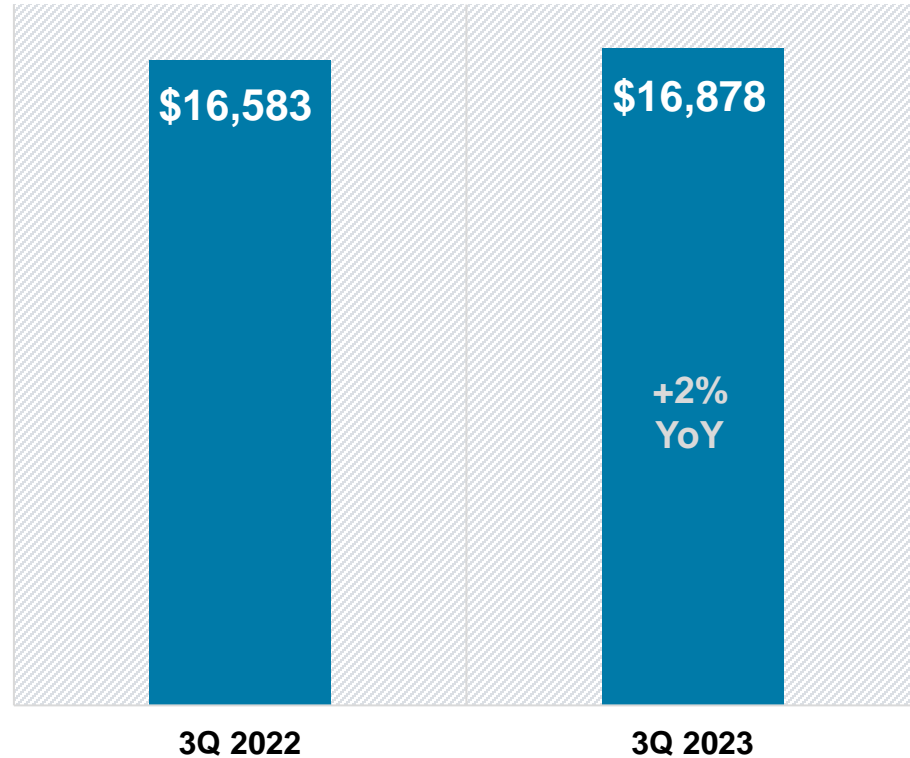
Of Independent Research & Development and Capital Expenditures

*See Charts 14 and 15 for Definitions of Non-GAAP Measures and Other Performance Metrics

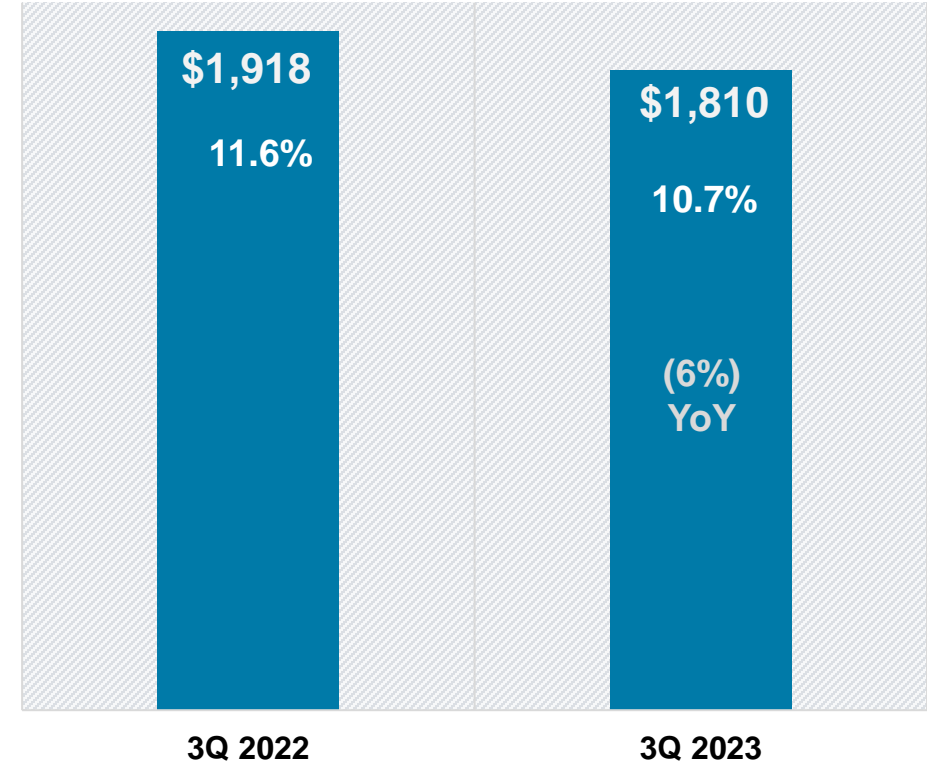
3Q 2023 Results



Sales (\$M)



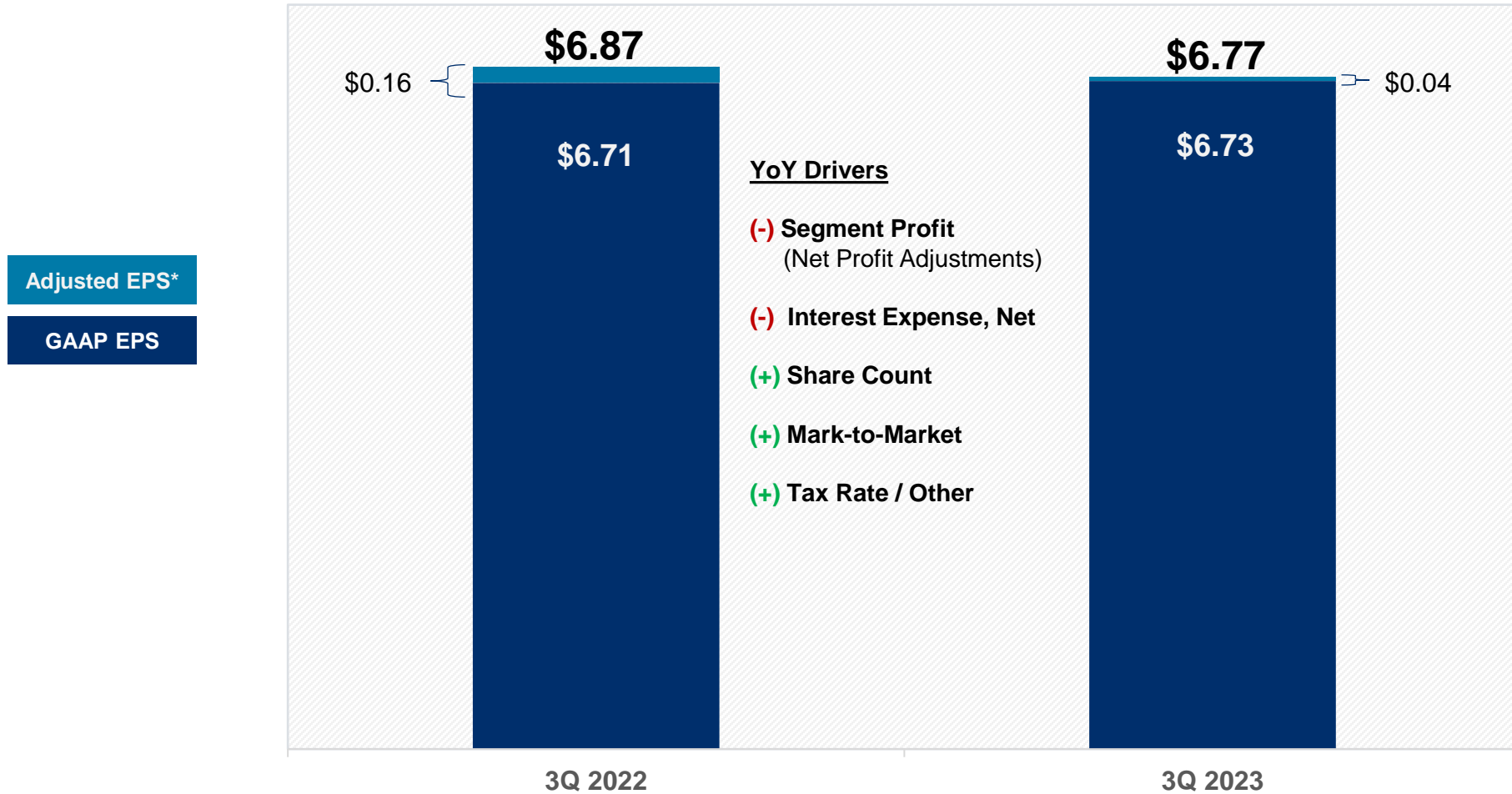
Segment Operating Profit* (\$M)



Top-Line Growth Continued with Lower Net Profit Adjustments

*See Charts 14 and 15 for Definitions of Non-GAAP Measures

3Q 2023 Earnings Per Share (EPS) Comparison

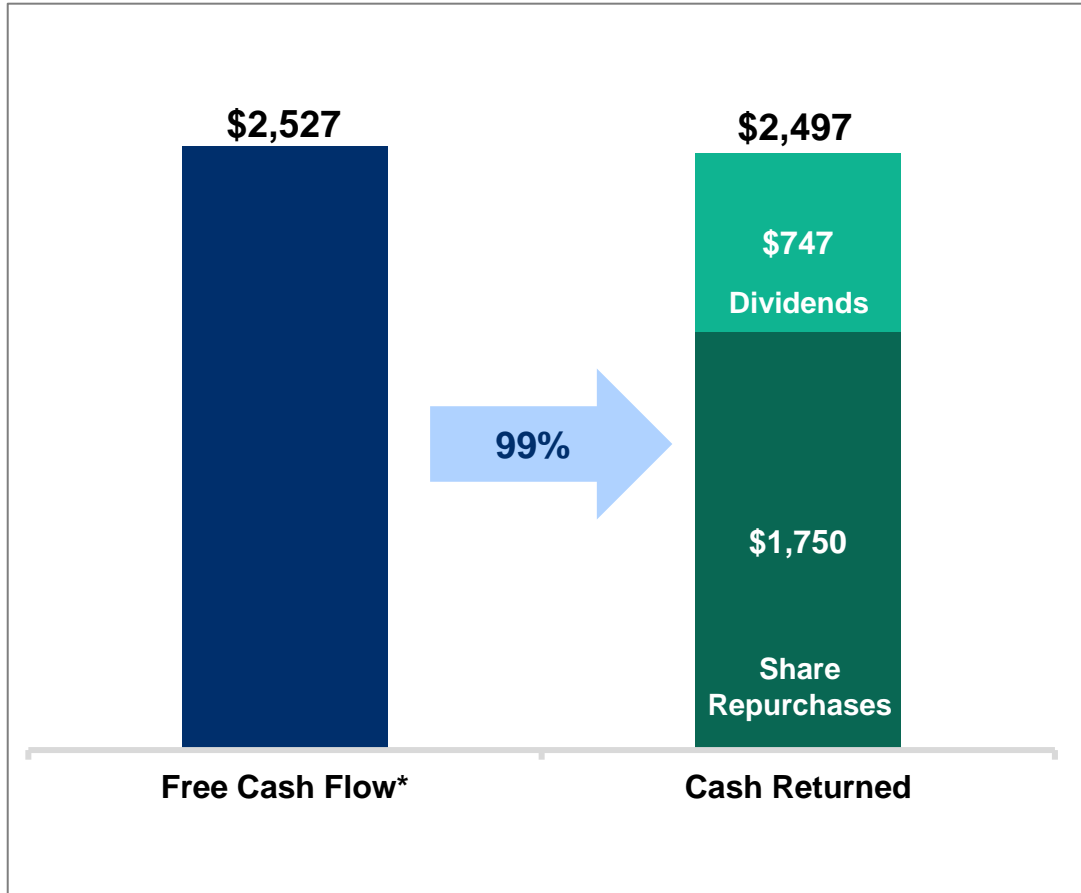


Lower Segment Operating Profit Offset by Below the Line Items

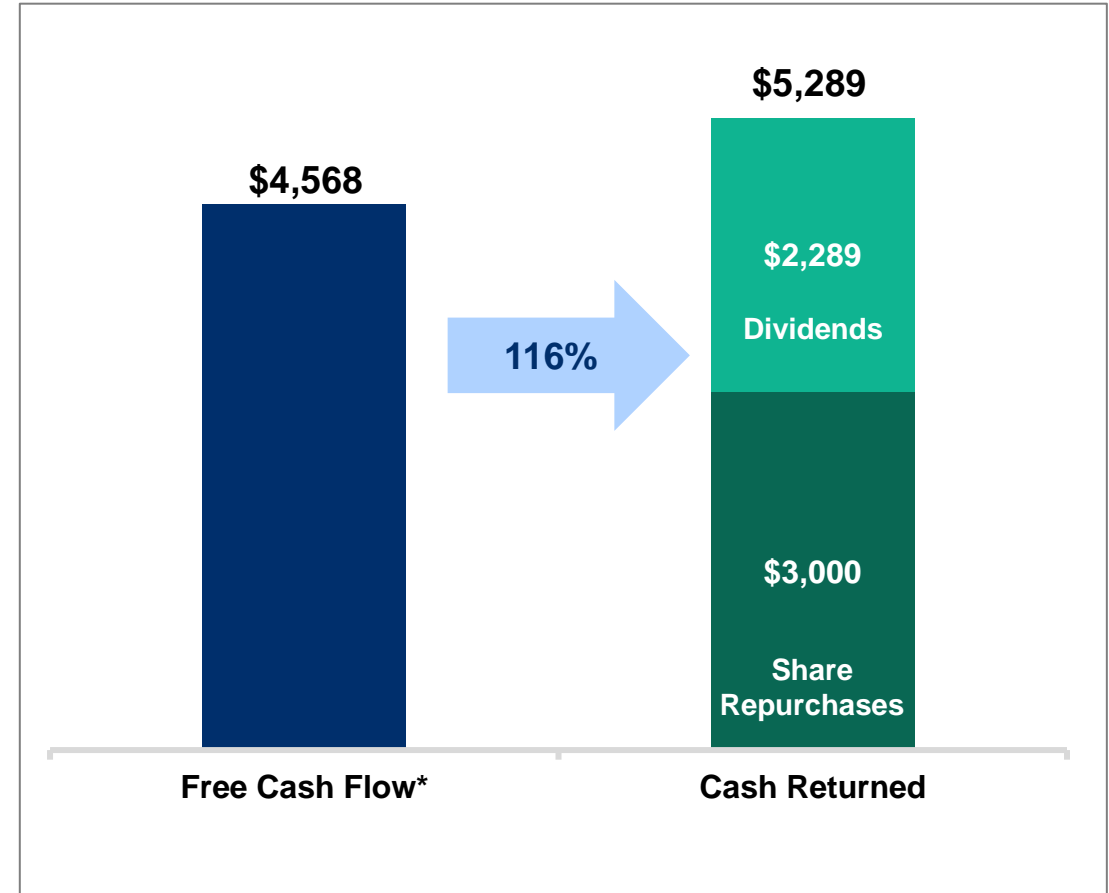
*See Charts 14 and 15 for Definitions of Non-GAAP Measures

Cash Returned to Shareholders

3rd Quarter 2023



Year-to-Date 2023



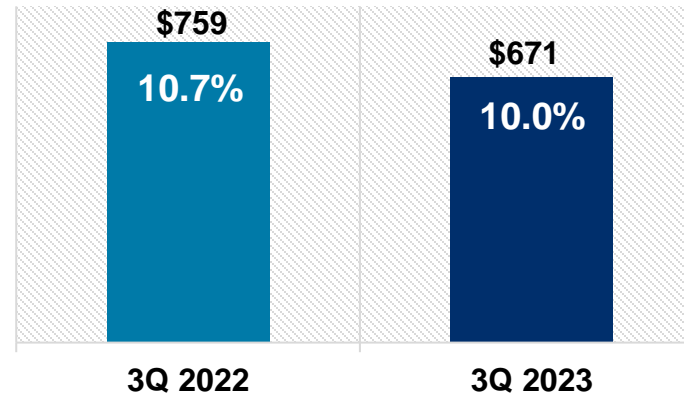
Sustained Capital Deployment

*See Charts 14 and 15 for Definitions of Non-GAAP Measures

Sales (\$M)



Segment Operating Profit* (\$M)



*See Charts 14 and 15 for Definitions of Non-GAAP Measures

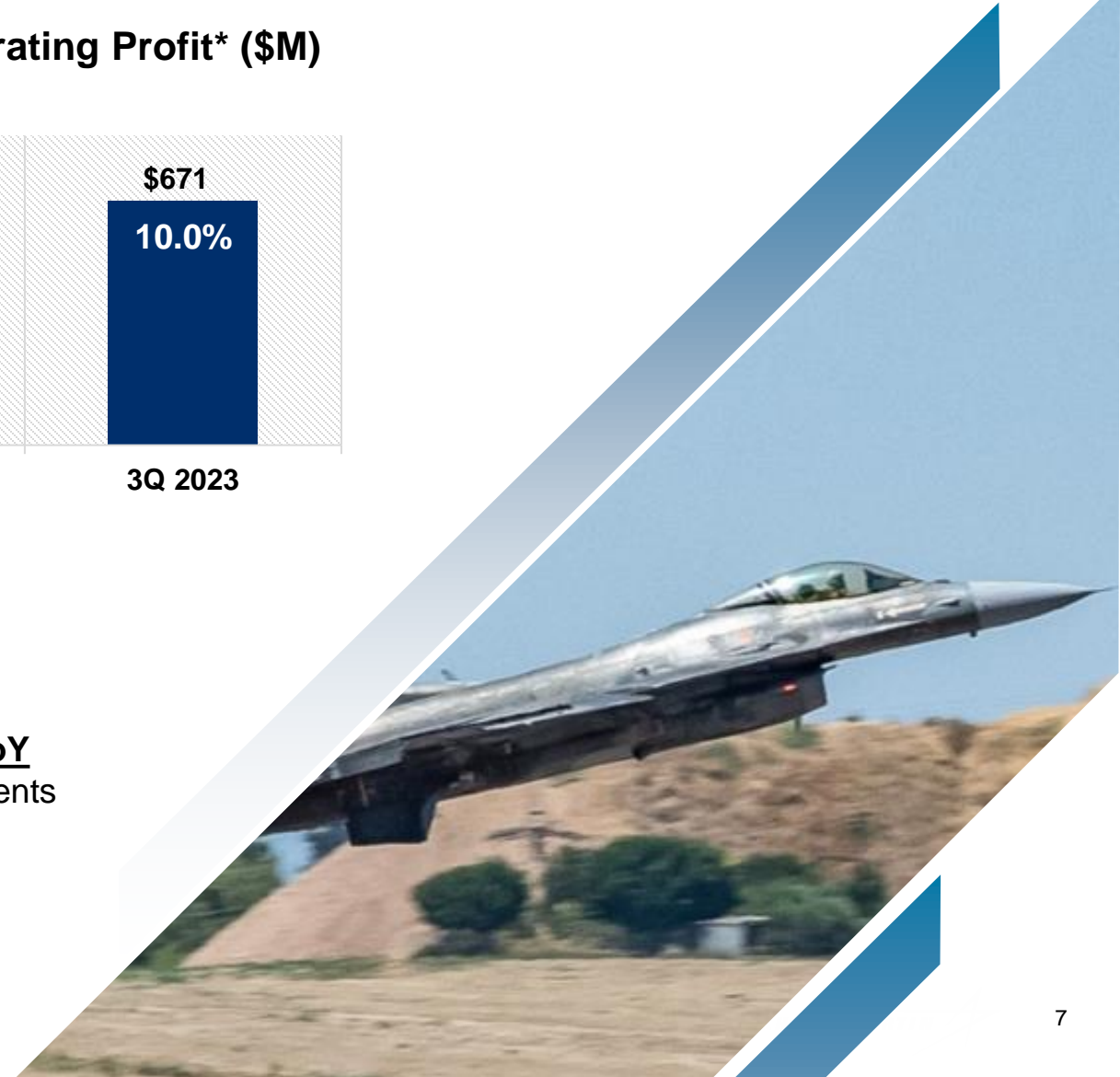
3Q 2023 Drivers

Sales: Decreased 5% YoY

Lower Volume on F-35, driven by the prior year timing of Lot 15 -17 funding, partially offset by Higher Volume at Skunk Works

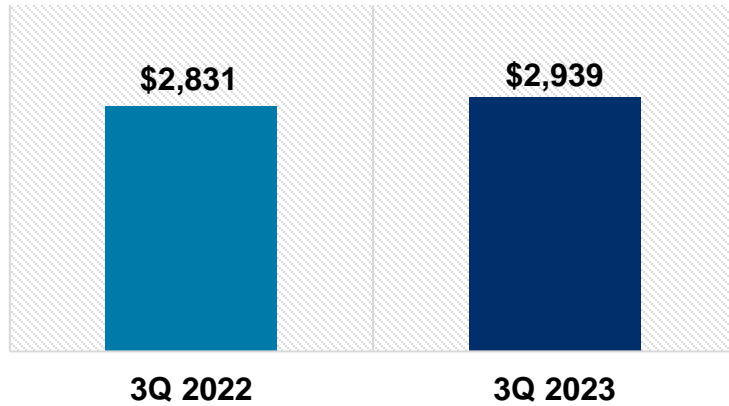
Operating Profit: Decreased 12% YoY

Lower Volume and Net Profit Adjustments

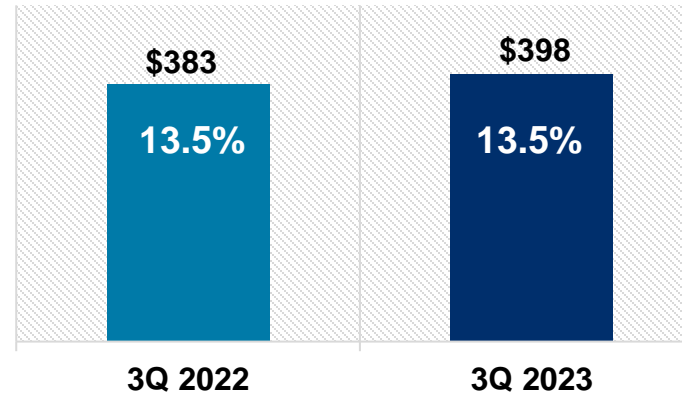


Missiles and Fire Control

Sales (\$M)



Segment Operating Profit* (\$M)



*See Charts 14 and 15 for Definitions of Non-GAAP Measures

3Q 2023 Drivers

Sales: Increased 4% YoY

Higher Volume at TSM (GMLRS, HIMARS), Partially Offset by Lower Volume at IAMD (PAC-3)

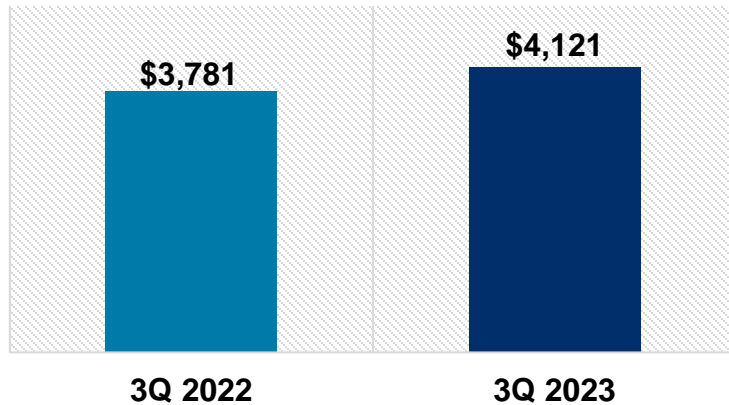
Operating Profit: Increased 4% YoY

Higher Net Profit Adjustments

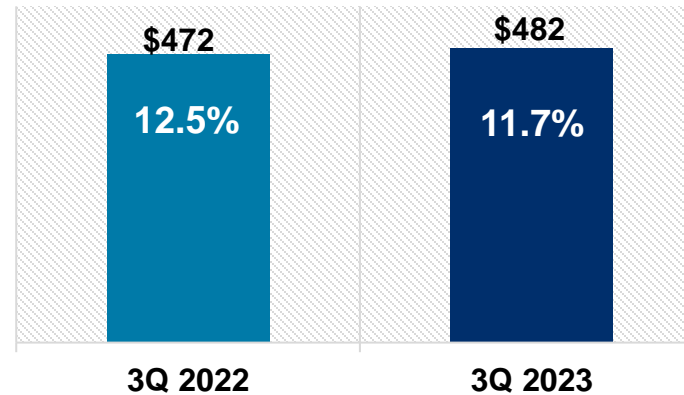


Rotary and Mission Systems

Sales (\$M)



Segment Operating Profit* (\$M)



*See Charts 14 and 15 for Definitions of Non-GAAP Measures

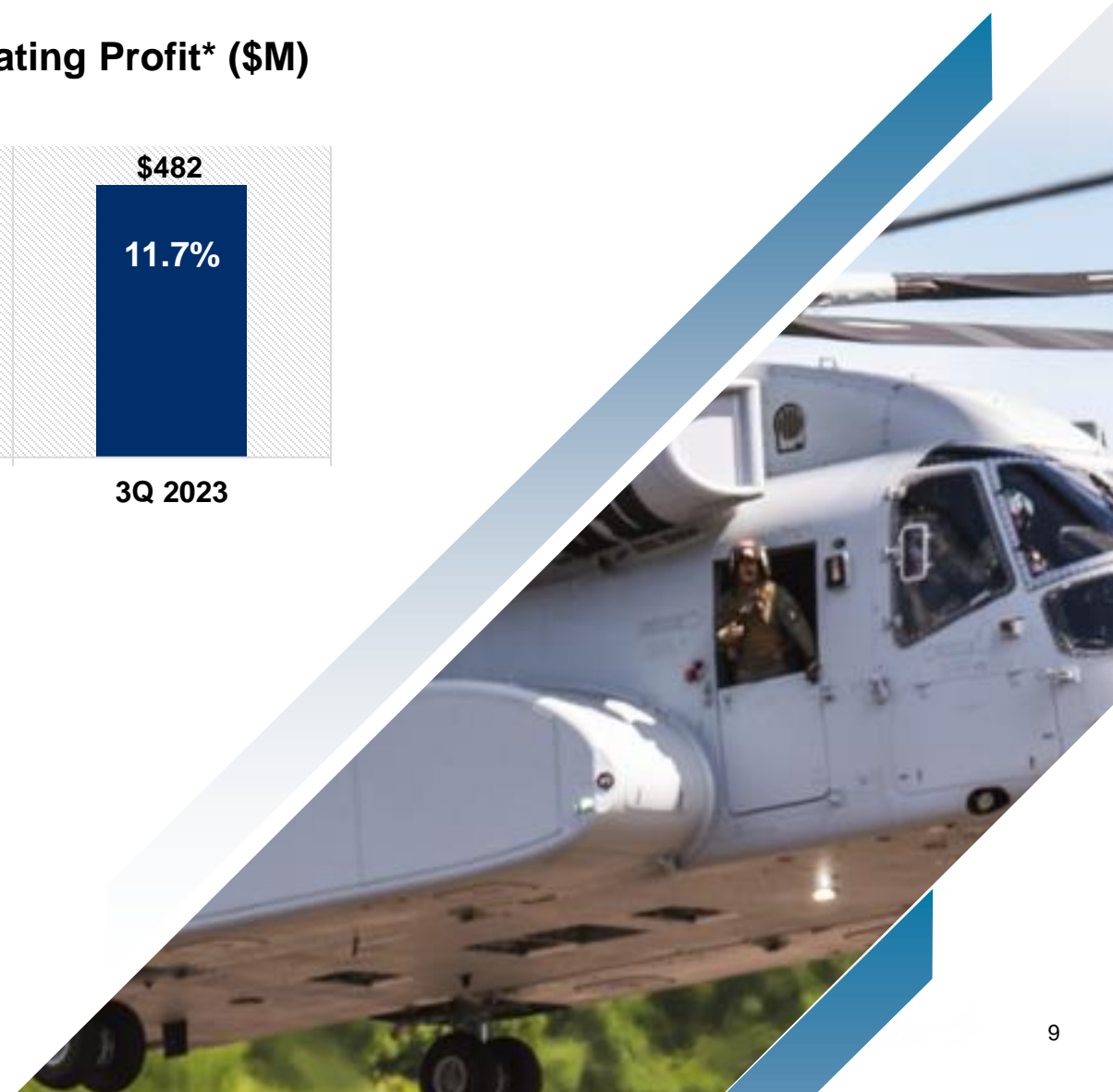
3Q 2023 Drivers

Sales: Increased 9% YoY

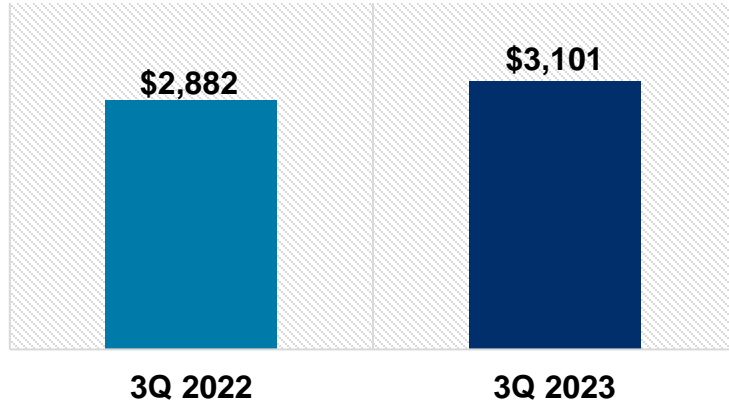
Higher Volume at IWSS and C6ISR

Operating Profit: Increased 2% YoY

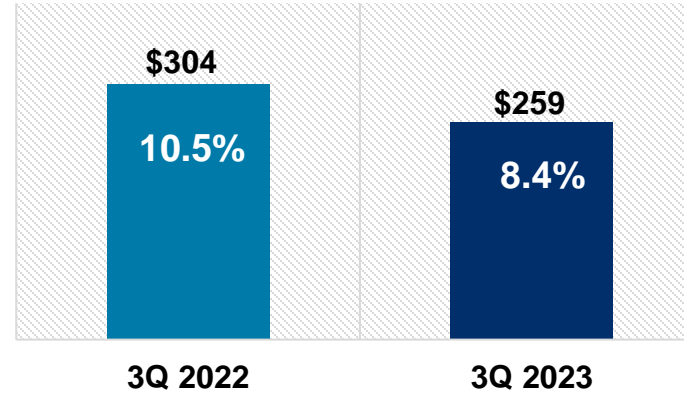
Higher Volume Partially Offset by Lower Net Profit Adjustments



Sales (\$M)



Segment Operating Profit* (\$M)

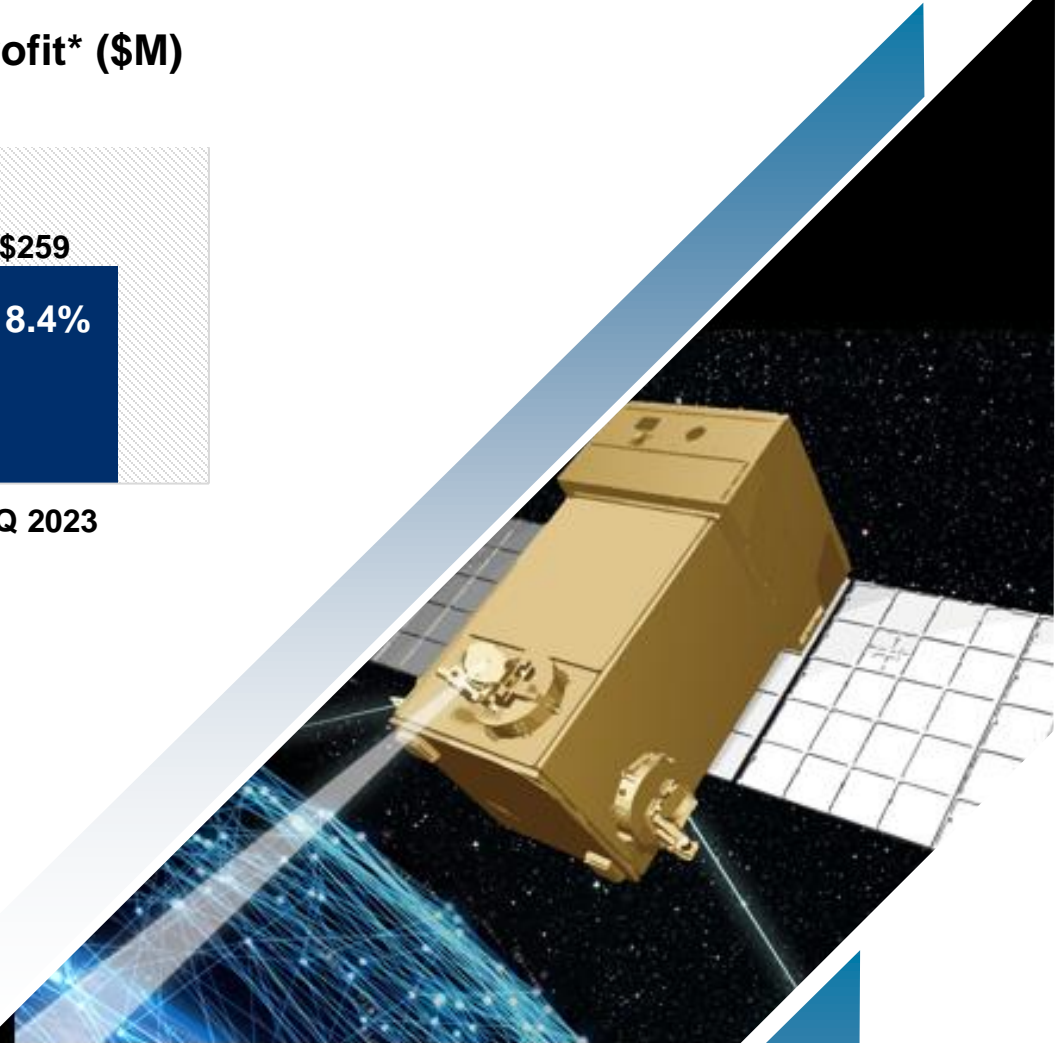


*See Charts 14 and 15 for Definitions of Non-GAAP Measures

3Q 2023 Drivers

Sales: Increased 8% YoY
Higher Volume on NGI, FBM, GPS and Orion

Operating Profit: Decreased 15% YoY
Higher Volume Offset by Lower Net Profit Adjustments and Equity Earnings



2023 Outlook



(\$M), Except for EPS	July Outlook	October Outlook
Sales	\$66,250 - \$66,750	\$66,250 - \$66,750
Segment Operating Profit*	\$7,325 - \$7,375	\$7,325 - \$7,375
Total FAS / CAS Pension Adjustment	~\$2,100	~\$2,100
Diluted EPS	~\$27.00 - \$27.20	~\$27.00 - \$27.20
Cash From Operations	≥ \$8,150	~ \$8,150
<i>Capital Expenditures</i>	~(\$1,950)	~(\$1,950)
Free Cash Flow*	≥ \$6,200	≥ \$6,200
Share Repurchases	~\$4,000	~\$6,000

Holding Full Year Outlook, Increasing Share Repurchases

*See Charts 14 and 15 for Definitions of Non-GAAP Measures

See the company's third quarter earnings release for a description of the assumptions on which the 2023 Outlook is based.

Summary

- Delivering Solid Year-to-Date Performance
 - Driving Linearity Through Better Operational Performance
 - Generating Strong Free Cash Flow with Focus on Working Capital
- Maintaining Full Year Outlook for Sales, Profit, EPS and Cash
 - Increasing Cash Deployment to Shareholders
- Executing 21st Century Security Strategy
 - Driving Anti-fragility into the Defense Industrial Base
 - Strengthening Backlog with JADO /JADC2 Awards
 - Expanding International Collaboration and Commercial Partnerships

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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 management believes 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, the company's definitions for non-GAAP financial measures may differ from similarly titled measures used by other companies or analysts.

Free Cash Flow (non-GAAP)

Free cash flow is cash from operations less capital expenditures. The company's capital expenditures are comprised of equipment and facilities infrastructure and information technology (inclusive of costs for the development or purchase of internal-use software that are capitalized). The company uses free cash flow to evaluate its business performance and overall liquidity and it is a performance goal in the company's annual and long-term incentive plans. The company believes free cash flow is a useful measure for investors because it represents the amount of cash generated from operations after reinvesting in the business and that may be available to return to stockholders and creditors (through dividends, stock repurchases and debt repayments) or available to fund acquisitions or other investments. The entire free cash flow amount is not necessarily available for discretionary expenditures, however, because it does not account for certain mandatory expenditures, such as the repayment of maturing debt and pension contributions.

<u>\$M</u>	<u>3Q 2023</u>	<u>3Q YTD 2023</u>	<u>2023 Outlook</u>
Cash from Operations (GAAP)	2,891	5,555	~8,150
Capital Expenditures	(364)	(987)	~(1,950)
Free Cash Flow (non-GAAP)	2,527	4,568	≥6,200

Segment Operating Profit Margin (non-GAAP)

Segment Operating Profit represents operating profit from the company's business segments before unallocated income and expense. This measure is used by the company's senior management in evaluating the performance of the company's business segments and is a performance goal in the company's annual incentive plan. The table below reconciles Business Segment Operating Profit to Consolidated Operating Profit. Business Segment Operating Margin is calculated by dividing Segment Operating Profit by Sales. For 2023 forward, intangible asset amortization expense will be reclassified from segment operating profit into unallocated items. Prior year results have been updated to reflect the reclassification.

<u>\$M</u>	<u>3Q 2023</u>			<u>3Q 2022</u>			<u>2023 Outlook (July)</u>			<u>2023 Outlook (October)</u>		
	Sales	Profit	Margin	Sales	Profit	Margin	Sales	Profit	Margin	Sales	Profit	Margin
Business segment operating profit (non-GAAP)	16,878	1,810	10.7%	16,583	1,918	11.6%	~\$66,250 - \$66,750	~\$7,325 - \$7,375	~11.1%	~\$66,250 - \$66,750	~\$7,325 - \$7,375	~11.1%
FAS/CAS operating adjustment		414			430			~1,660			~1,660	
Intangible asset amortization expense		(61)			(62)			~(245)			~(245)	
Other, net		(121)			(127)			~(340)			~(340)	
Total Unallocated Items		232			241			1,075			1,075	
Consolidated operating profit (GAAP)	16,878	2,042	12.1%	16,583	2,159	13.0%	~\$66,250 - \$66,750	~\$8,400 - \$8,450	~12.7%	~\$66,250 - \$66,750	~\$8,400 - \$8,450	~12.7%

Definitions of Non-GAAP Measures



Adjusted Earnings Per Share (non-GAAP)

Diluted earnings per share (EPS) was impacted by certain non-operational charges for all periods. Management believes the presentation of this measure adjusted for the impacts of these non-operational items is useful to investors in understanding the company's underlying business performance and comparing performance from period to period. The tax effects related to each adjustment that impacted earnings before income taxes are based on a blended tax rate that combines the federal statutory rate of 21% plus an estimated state tax rate.

	3Q 2023	3Q 2022
Diluted EPS		
As Reported (GAAP)	\$ 6.73	\$ 6.71
Mark-to-market investments losses	0.04	0.16
As Adjusted (Non-GAAP)	\$ 6.77	\$ 6.87

Book-to-Bill Ratio

The ratio of orders received to sales recorded for a specified period.

Appendix I



	<u>July 2023 Outlook</u>	<u>October 2023 Outlook</u>
Sales	~\$66,250 – 66,750	~\$66,250 – 66,750
Segment Operating Profit*	~\$7,325 – 7,375	~\$7,325 – 7,375
Segment Margin	~11.1%	~11.1%
FAS/CAS Operating Adjustment**	~\$1,660	~\$1,660
Other, net	~(\$585)	~(\$585)
Consolidated Operating Profit	~\$8,400 – 8,450	~\$8,400 – 8,450
Non-Operating FAS Pension Income**	~440	~440
Interest Expense	~(\$910)	~(\$910)
Effective Tax Rate	~15.0%	~15.1%
Diluted EPS	~\$27.00 – 27.20	~\$27.00 – 27.20
Pension Contribution	\$0	\$0
Share Repurchases	~\$4,000	~\$6,000

*See Charts 14 and 15 for Definitions of Non-GAAP Measures.

**See Chart 18 for Pension Detail

Appendix II



July 2023 Outlook (\$M)

October 2023 Outlook (\$M)

	Sales	Segment Operating Profit*
AERO	\$26,800 – 27,000	\$2,805 – 2,825
MFC	11,200 – 11,300	1,515 – 1,525
RMS	15,900 – 16,000	1,890 – 1,900
SPACE	12,350 – 12,450	1,115 – 1,125
LM Total	\$66,250 – 66,750	\$7,325 – 7,375

	Sales	Segment Operating Profit*
AERO	\$26,800 – 27,000	\$2,805 – 2,825
MFC	11,200 – 11,300	1,515 – 1,525
RMS	15,900 – 16,000	1,890 – 1,900
SPACE	12,350 – 12,450	1,115 – 1,125
LM Total	\$66,250 – 66,750	\$7,325 – 7,375

*See Charts 14 and 15 for Definitions of Non-GAAP Measures.

Holding Full Year Outlook

Appendix III

2023 Outlook

Total FAS income (expense) and CAS costs

FAS pension income	~ \$ 375
Less: CAS pension cost	~ 1,725
Total FAS/CAS pension adjustment	~ <u>\$ 2,100</u>

Service and non-service cost reconciliation

FAS pension service cost	~ \$ (65)
Less: CAS pension cost	~ 1,725
FAS/CAS operating adjustment	~ 1,660
Non-operating FAS pension income	~ 440
Total FAS/CAS pension adjustment	~ <u>\$ 2,100</u>