



# GENERAL DYNAMICS

## Fourth-Quarter and Full-Year 2021 Highlights and 2022 Outlook

January 26, 2022

# Forward-Looking Statements; Non-GAAP Measures





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This presentation contains information about the company's expectations of future performance, including future financial or operating performance. This information constitutes "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, as amended, and is identified by words such as "forecast" or "outlook". Forward-looking statements are based on management's current expectations, estimates, projections and assumptions. **These statements are not guarantees of future performance and involve risks and uncertainties, which 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. General Dynamics does not undertake any obligation to update or publicly release any 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 beginning on page 10, 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>.

# Full-Year 2021 Financial Highlights

\$ In Millions, Except EPS

|                      | <u>2021</u> | <u>vs 2020</u>   |
|----------------------|-------------|--|
| Revenue              | \$ 38,469   |  1.4% |
| Operating Earnings   | \$ 4,163    |  0.7% |
| Net Earnings         | \$ 3,257    |  2.8% |
| EPS, Diluted         | \$ 11.55    |  5.0% |
| <hr/>                |             |  |
|                      |             | <u>% Net Earnings</u>  |
| Cash From Operations | \$ 4,271    | 131%   |
| Free Cash Flow*      | \$ 3,384    | 104%   |

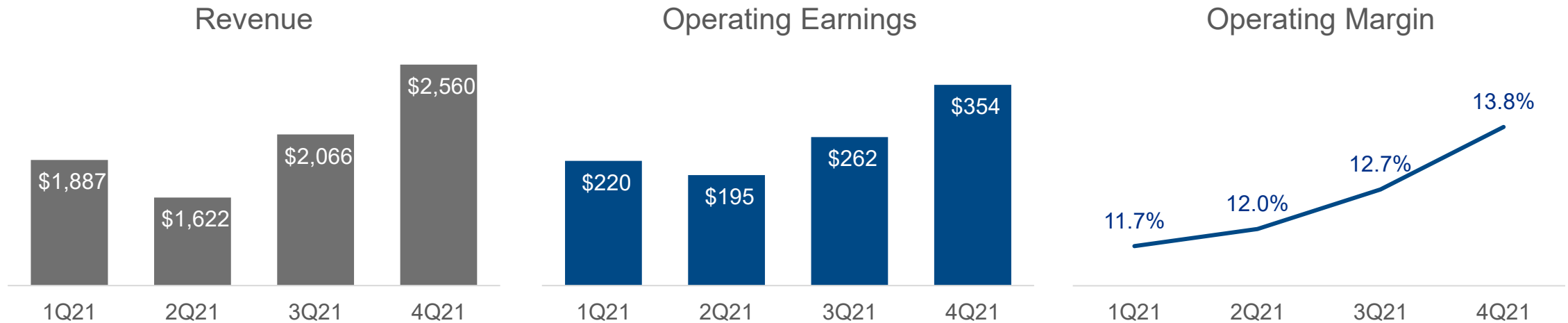
# Fourth-Quarter 2021 Financial Highlights

\$ In Millions, Except EPS

|                      | 4Q21      |   | vs 3Q21        |
|----------------------|-----------|---|----------------|
| Revenue              | \$ 10,292 | ↑ | 7.6%           |
| Operating Earnings   | \$ 1,186  | ↑ | 9.8%           |
| Net Earnings         | \$ 952    | ↑ | 10.7%          |
| EPS, Diluted         | \$ 3.39   | ↑ | 10.4%          |
|                      |           |   |                |
|                      |           |   | % Net Earnings |
| Cash From Operations | \$ 1,682  |   | 177%           |
| Free Cash Flow*      | \$ 1,297  |   | 136%           |

# Aerospace

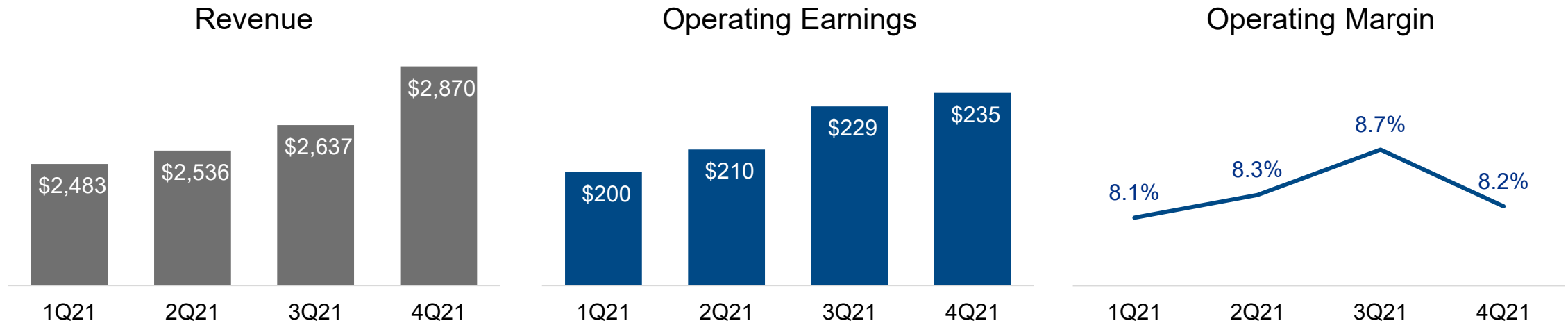
\$ In Millions



- Strong Sequential Operating Improvement
  - G500/G600 delivery rate and profitability increasing
  - Services revenue growth continues – 16% above 2020 and higher than 2019
- Significant Backlog Growth on Substantial Order Activity
  - Full-year Aerospace book-to-bill = 1.6x; Gulfstream book-to-bill = 1.7x
  - Orders exceeded deliveries for all in production aircraft models
  - Total backlog up 40% compared to year-end 2020

# Marine Systems

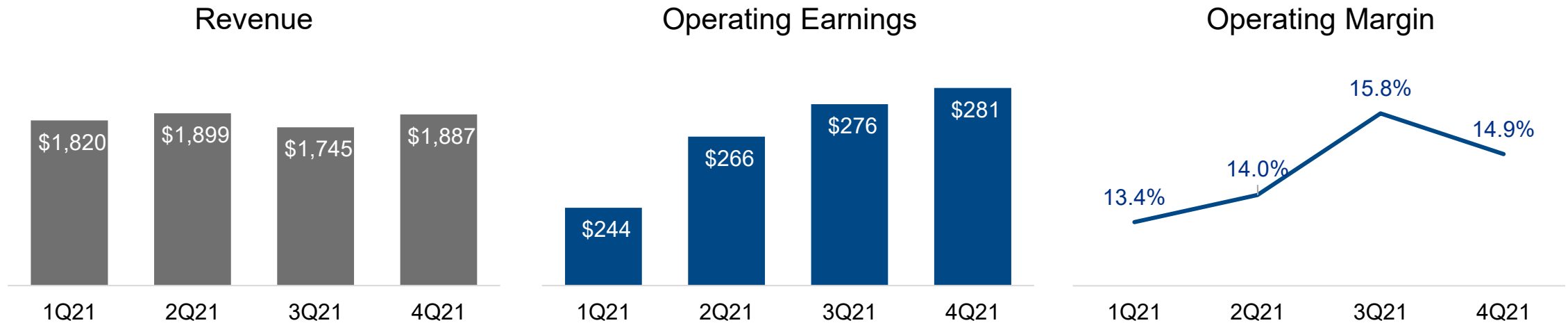
\$ In Millions



- Strong, Sustained Growth
  - Full-year increase of 5.5% to record revenue of \$10.5 billion
  - 17 consecutive quarters of year-over-year revenue growth
- Sequential Increase in Operating Earnings
  - Record operating earnings of \$874 million
- Fourth Consecutive Year of Record Revenue and Earnings

# Combat Systems

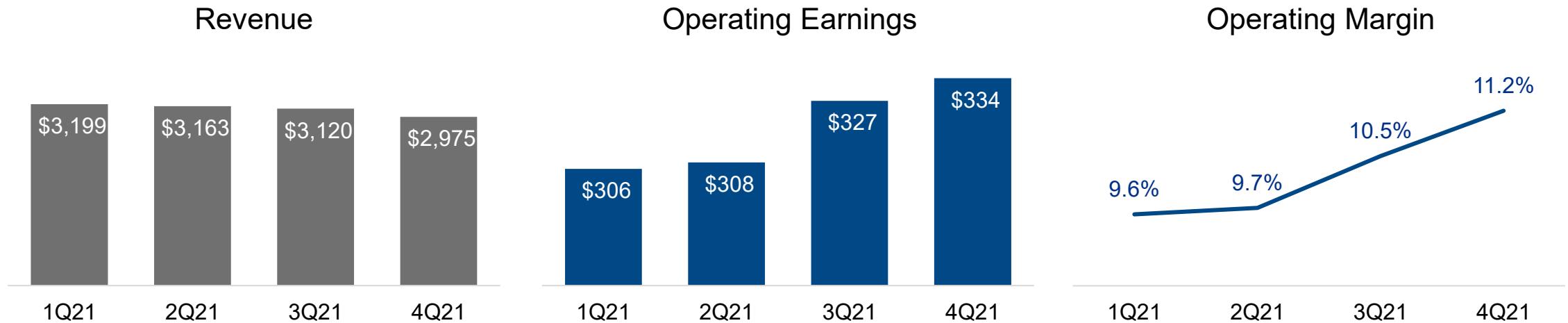
\$ In Millions



- All Businesses Generated Higher Full-Year Revenue
- Sustained Strong Operating Performance
  - Continue to deliver mid-teens margins
- Strong International Opportunities

# Technologies

\$ In Millions



- Revenue Impacted by Order Delays and Supply Chain Disruptions
  - GDIT up 2.2% for the year
  - Mission Systems overcoming chip shortage
- Strong Operating Performance
  - Earnings up sequentially and full year
  - Margins expanded against all comparable periods
  - Record EBITDA\* margin of 15.7% in the quarter
- Order Capture Continues to be Solid in Challenging Environment
  - Full-year Technologies book-to-bill = 1.0x; GDIT book-to-bill = 1.1x, despite protests
  - Submitted GDIT bids pending adjudication = \$32B



# Financial Guidance

| 2021 Actual    |                         |                  | 2022 Guidance               |                  |
|----------------|-------------------------|------------------|-----------------------------|------------------|
| EPS, diluted   | \$11.55                 |                  | \$12.00 – 12.15             |                  |
|                | Revenue (\$B)           | Operating Margin | Revenue (\$B)               | Operating Margin |
| Aerospace      | \$8.1<br>119 deliveries | 12.7%            | ≈ \$8.4<br>≈ 123 deliveries | ≈ 12.8%          |
| Marine Systems | \$10.5                  | 8.3%             | ≈ \$10.8                    | ≈ 8.6%           |
| Combat Systems | \$7.4                   | 14.5%            | \$7.15 – 7.25               | ≈ 14.5%          |
| Technologies   | \$12.5                  | 10.2%            | \$12.8 – 13.0               | ≈ 10.0%          |
| Consolidated   | \$38.5                  | 10.8%            | \$39.2 – 39.45              | ≈ 10.8%          |

# Appendix

# Non-GAAP Financial Measure – EBITDA

|  | Fourth Quarter  |                 | Full Year       |                 |
|--|-----------------|-----------------|-----------------|-----------------|
| (\$ in millions)   | 2021            | 2020            | 2021            | 2020            |
| <b>Earnings before interest, taxes, depreciation and amortization:</b> |                 |                 |                 |                 |
| Net earnings   | \$ 952          | \$ 1,002        | \$ 3,257        | \$ 3,167        |
| Interest, net  | 93              | 120             | 424             | 477             |
| Provision for income tax, net  | 180             | 183             | 616             | 571             |
| Depreciation of property, plant and equipment                          | 160             | 147             | 568             | 523             |
| Amortization of intangible and finance lease right-of-use assets       | 80              | 88              | 322             | 355             |
| Earnings before interest, taxes, depreciation and amortization *       | <u>\$ 1,465</u> | <u>\$ 1,540</u> | <u>\$ 5,187</u> | <u>\$ 5,093</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 Measure – Technologies EBITDA

|  | Fourth Quarter |               | Full Year       |                 |
|--|----------------|---------------|-----------------|-----------------|
| (\$ in millions)   | 2021           | 2020          | 2021            | 2020            |
| <b>Earnings before interest, taxes, depreciation and amortization:</b> |                |               |                 |                 |
| Operating earnings   | \$ 334         | \$ 352        | \$ 1,275        | \$ 1,211        |
| Other, net   | 30             | 12            | 101             | 67              |
| Depreciation of property, plant and equipment                          | 41             | 35            | 151             | 132             |
| Amortization of intangible and finance lease right-of-use assets       | 62             | 73            | 250             | 296             |
| Earnings before interest, taxes, depreciation and amortization *       | <u>\$ 467</u>  | <u>\$ 472</u> | <u>\$ 1,777</u> | <u>\$ 1,706</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.

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