



INVESTOR PRESENTATION

May 2024

Disclaimers

Forward-Looking Statements

In this presentation, when using the terms the “company,” “DRS,” “we,” “us” and “our,” unless otherwise indicated or the context otherwise requires, we are referring to Leonardo DRS, Inc. This presentation contains forward-looking statements and cautionary statements within the meaning of the Private Securities Litigation Reform Act of 1995. Some of the forward-looking statements can be identified by the use of forward-looking terms such as “believes,” “expects,” “may,” “will,” “shall,” “should,” “would,” “could,” “seeks,” “aims,” “strives,” “targets,” “projects,” “guidance,” “intends,” “plans,” “estimates,” “anticipates” or other comparable terms. Forward-looking statements include, without limitation, all matters that are not historical facts. They appear in a number of places throughout this presentation and include, without limitation, statements regarding our intentions, beliefs, assumptions or current expectations concerning, among other things, financial goals, financial position, results of operations, cash flows, prospects, strategies or expectations, and the impact of prevailing economic conditions.

These statements are subject to numerous assumptions, risks, and uncertainties, many of which are outside of our control, and include the risks and uncertainties that are identified in the Risk Factors section in our latest Annual Report on Form 10-K, and in other periodic and current reports we file with the SEC. While the forward-looking statements herein reflect our current expectations, no assurance can be given that the results or events described in such statements will be achieved, and our actual results may differ materially from the results we anticipate. Our guidance for fiscal year 2024, and the other statements regarding our financial outlook are expressly made as of May 1, 2024 (the date of our first quarter 2024 earnings press release and conference call). We undertake no obligation to revise or update any of these forward-looking statements (whether as a result of new information, subsequent events or circumstances, changes in expectations or otherwise) that may arise after the date of this presentation.

Non-GAAP Financial Measures

In addition to the results reported in accordance with U.S. GAAP included throughout this presentation, the company has provided information regarding “Adjusted EBITDA,” “Adjusted EBITDA Margin,” “Adjusted Net Earnings,” “Adjusted Diluted Earnings Per Share” and “Free Cash Flow” (each, a non-GAAP financial measure).

We believe the non-GAAP financial measures presented in this document will help investors understand our financial condition and operating results and assess our future prospects. We believe these non-GAAP financial measures, each of which is discussed in greater detail in the appendix, are important supplemental measures because they exclude unusual or non-recurring items as well as non-cash items that are unrelated to or may not be indicative of our ongoing operating results. Further, when read in conjunction with our GAAP results, these non-GAAP financial measures provide a baseline for analyzing trends in our underlying businesses and can be used by management as a tool to help make financial, operational and planning decisions. Finally, these measures are often used by analysts and other interested parties to evaluate companies in our industry by providing more comparable measures that are less affected by factors such as capital structure.

We recognize that these non-GAAP financial measures have limitations, including that they may be calculated differently by other companies or may be used under different circumstances or for different purposes, thereby affecting their comparability from company to company. In order to compensate for these and the other limitations, management does not consider these measures in isolation from or as alternatives to the comparable financial measures determined in accordance with U.S. GAAP. Readers should review the reconciliations on page 19 and should not rely on any single financial measure to evaluate our business.



Leonardo DRS at a Glance

Trusted Systems Integrator and Innovative Critical Defense Technology Supplier

Founded in:	Headquarters:	Employees:	2024 Revenue ⁽¹⁾ :	2024 Adj. EBITDA ⁽¹⁾⁽²⁾ :	Ticker:
1969	Arlington, VA	~6,600	\$2,975 million	\$378 million	DRS 

Key Technology Areas



Advanced Sensing



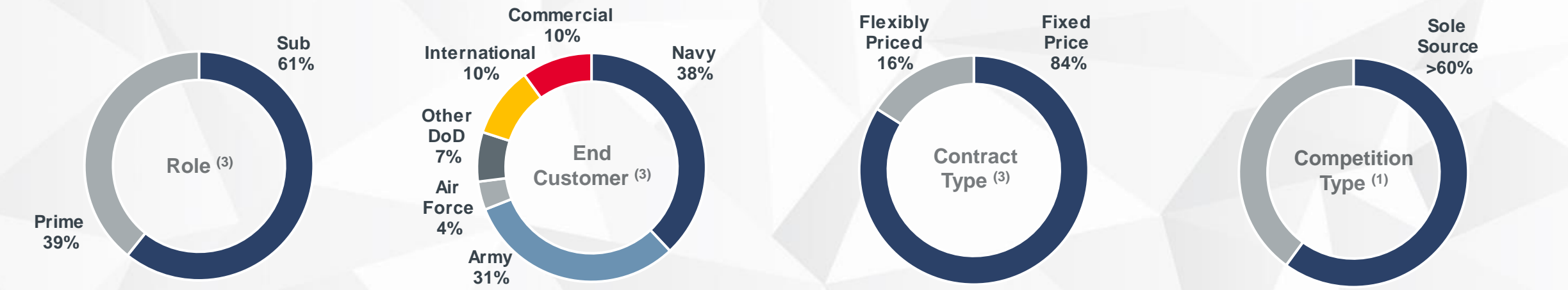
Network Computing




Force Protection



Electric Power & Propulsion





(1) Based on the mid-point of 2024 guidance range

(2) Adjusted EBITDA is a non-GAAP financial measure. The company does not provide a reconciliation of forward-looking adjusted EBITDA, due to inherent difficulty in forecasting and quantifying the non-GAAP exclusions that are necessary for such reconciliation without unreasonable effort. Material changes to any one of these items could have significant effect on future GAAP results

(3) Based on 2023 revenue

Key Investment Highlights

Well Positioned for Long-Term Growth and Value Creation

Entrenched and **leading market positions** aligned to enduring areas of budget priority

Multi-decade reputation as a **trusted** systems integrator and **innovative** defense technology provider

Platform agnostic model results in **differentiated** and **diverse portfolio** of technologies, customers and programs

Strong execution track record and opportunity to drive **organic growth** and **margin expansion**

Robust backlog and multi-pronged growth strategy underpins confidence and **visibility**

Growing **cash flow** and attractive balance sheet enables **value creation** opportunity



Market Drivers and Leonardo DRS Tailwinds



U.S. federal government remains world's largest buyer of products and services with FY25 **budget of \$850 billion**



Bipartisan support for defense **spending growth** focused on deterring and countering **near-peer threats**



Global **threat environment** remains **elevated** and rapidly evolving across vectors and domains



Continued digitization of platforms resulting in **increasing** electronics density and **demand**



Majority of business performed under **long-term contracts** resulting in strong **multi-year visibility**



Experienced Management Team



Bill Lynn

Chairman &
Chief Executive Officer

Bill Lynn is Chairman and Chief Executive Officer for Leonardo DRS. Mr. Lynn was appointed to his current position in 2012.

Prior to joining DRS in January 2012, Mr. Lynn served as the 30th United States Deputy Secretary of Defense from 2009 to 2011.

From 2002 to 2009, Mr. Lynn was Senior Vice President of Government Operations and Strategy at the Raytheon Company. Previously, he served as the Chief Financial Officer and Under Secretary of Defense (Comptroller) from 1997 to 2001.

From 1993 to 1997, he led strategic planning for Department of Defense as Director of Program Analysis and Evaluation. Mr. Lynn worked for Senator Ted Kennedy as counsel to the Senate Armed Services Committee from 1987 to 1993.



Mike Dippold

EVP &
Chief Financial Officer

Mike Dippold is Executive Vice President and Chief Financial Officer for Leonardo DRS. Mr. Dippold was appointed to his current position in 2017.

As the Chief Financial Officer, Mr. Dippold is responsible for overseeing Leonardo DRS' financial activities and operations, SEC reporting, tax & treasury functions, as well as economic and business related strategies.

Throughout his 15 years at the company, Mr. Dippold has held a variety of roles of increasing responsibility, including overseeing complex transactions, highlighted by the RADA merger launching Leonardo DRS into the public markets.

Prior to assuming his current position, Mr. Dippold served as Senior Vice President, Corporate Controller for DRS Technologies.



John Baylouny

EVP &
Chief Operating Officer

John Baylouny is a veteran of Leonardo DRS and has held a variety of positions within the company prior to becoming Chief Operating Officer. Mr. Baylouny has more than 30 years of experience in the aerospace and defense industry with diverse experience in direct P&L and operational responsibility, general management, product development, program management and product design.

Most recently, Mr. Baylouny served as the Chief Technology Officer of the company and was focused on providing leadership to the technical community with enterprise-wide responsibility for its technology investment strategy.

Prior to that, Mr. Baylouny served as Vice President and General Manager of the company's Land Systems and Advanced ISR businesses, among other leadership roles.



Strategic Priorities



Focus on national security priorities and expanding our market leadership positions



Leverage our strong technology differentiation, innovation and agility to drive organic growth



Increase organic investment in R&D and capex to position for incremental long-term growth and margin



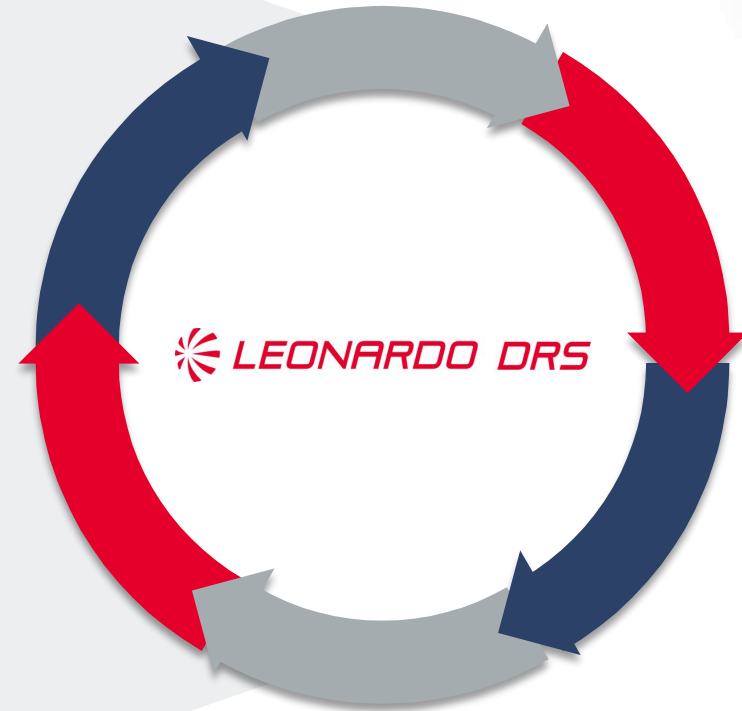
Execute with superior operational excellence and expand profit margin



Strengthen our engineering and manufacturing talent base



Deploy capital prudently to drive value creation



Focused on National Security Customers and Missions

Reputation for Excellence Established Through 50+ Years of Trust, Agility and Innovation

Prime
39%



Strategic
Subcontractor
61%

BAE SYSTEMS



GENERAL DYNAMICS



L3HARRIS

LOCKHEED MARTIN



NORTHROP GRUMMAN

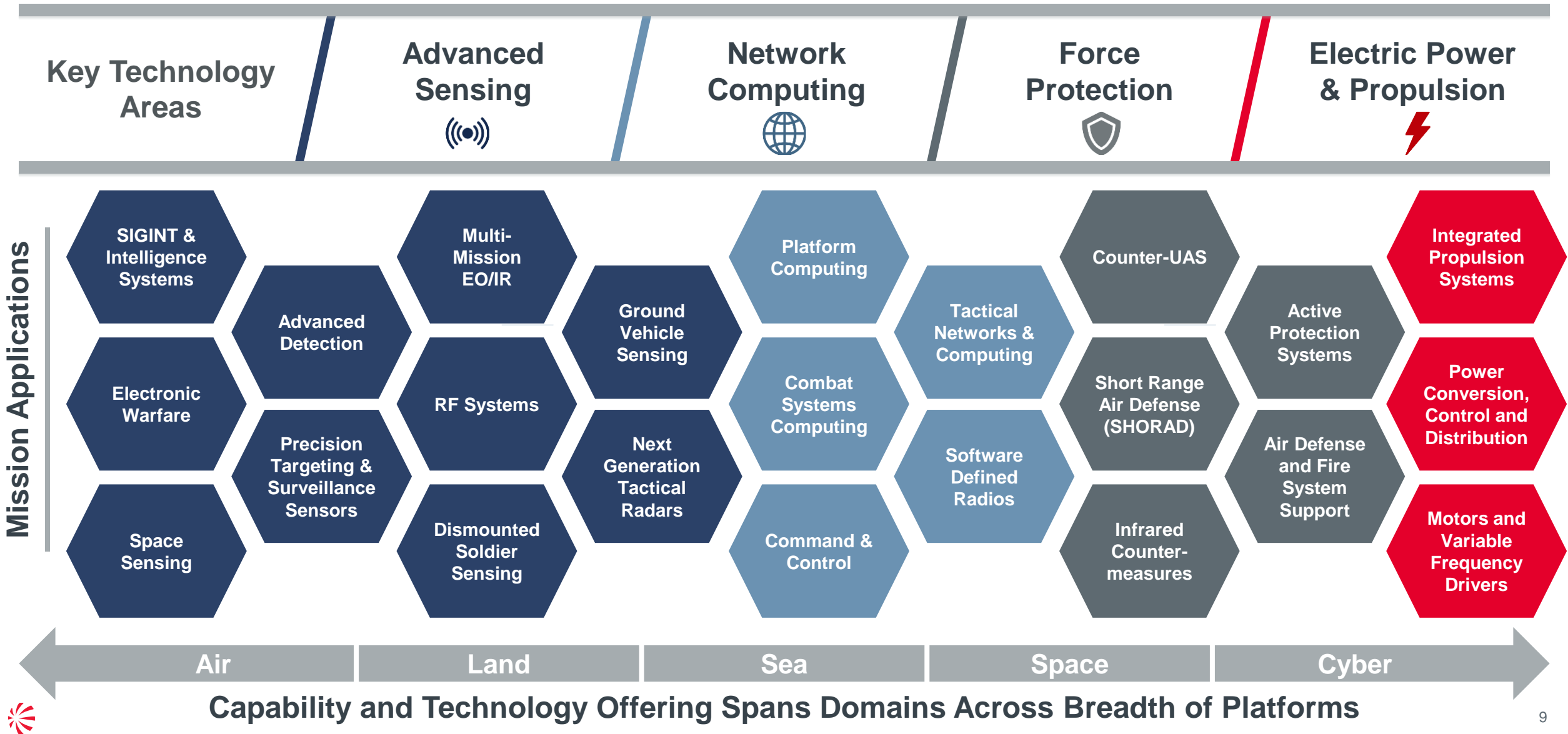


RTX







Note: Prime and sub percentages for 2023 revenue



Growing Demand for Our Capabilities and Technologies



Leonardo DRS Operating Segments

	Revenue	Adj. EBITDA ⁽¹⁾	Book-to-Bill	Total Backlog	Business Cycle	Employees	Locations
Advanced Sensing & Computing (ASC)	\$1.8B	\$215M	1.3x	\$2.4B	Medium	3,800	14
				<div> <div>Advanced Sensing 42%</div> <div>Force Protection 15%</div> <div>Network Computing 35%</div> <div>Other 8%</div> </div>	Prime	Sole Source	Fixed Price
	34%	26%	10%		~48%	~50%	~84%
	Revenue	Adj. EBITDA ⁽¹⁾	Book-to-Bill	Total Backlog	Business Cycle	Employees	Locations
Integrated Mission Systems (IMS)	\$1.0B	\$109M	1.2x	\$5.3B	Long	2,600	8
				<div> <div>Electric Power & Propulsion 62%</div> <div>Force Protection 24%</div> <div>Other 14%</div> </div>	Prime	Sole Source	Fixed Price
	60%	26%	13%		~25%	~85%	~83%

Note: Statistics as of 12/31/23 or full year 2023 and percentages are based on 2023 revenue

(1) Adjusted EBITDA is a non-GAAP financial measure. See slide 19 "Non-GAAP Financial Measures" for definitions and reconciliations of the non-GAAP financial measures to the most comparable financial measures calculated and presented in accordance with GAAP

Representative Platforms with DRS Content

Naval



Columbia



Virginia



Arleigh Burke



Ticonderoga



LCS



CVN



LPD



LHA

Ground



Bradley



AMPV



Abrams



Stryker



Dismounted



Patriot



XM-30



MPF

Airborne & Space



Apache



Seahawk



Reaper



Sea Stallion



Tanker



F-35



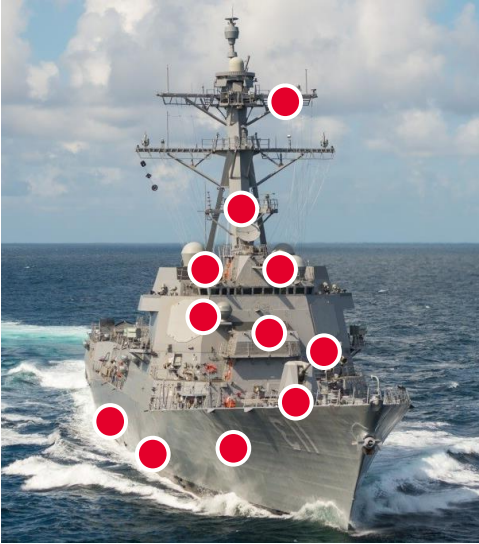
Weather Satellites



F-18 Hornet



Illustrative DRS Content Across Platforms



- Communications
- Radar Systems
- EW and Radio Components
- SATCOM Antennas
- Nuclear Instrumentation and Controls
- Computing Infrastructure
- Cooling System Components
- Displays and Workstations
- Power Conversion and Distribution Components
- Motor Controllers
- Electric Propulsion
- Self-Protection System Components



- Targeting and Pilotage Infrared Sights
- Degraded Visual Environment Sensor
- Missile Warning
- IR Countermeasures
- Joint Tactical Terminal Software Defined Radio



- 2nd and 3rd Generation HTI Sensors
- Drivers View Enhancement
- Power Electronics
- In-Situ Testing
- Rugged Computing
- Active Protection System



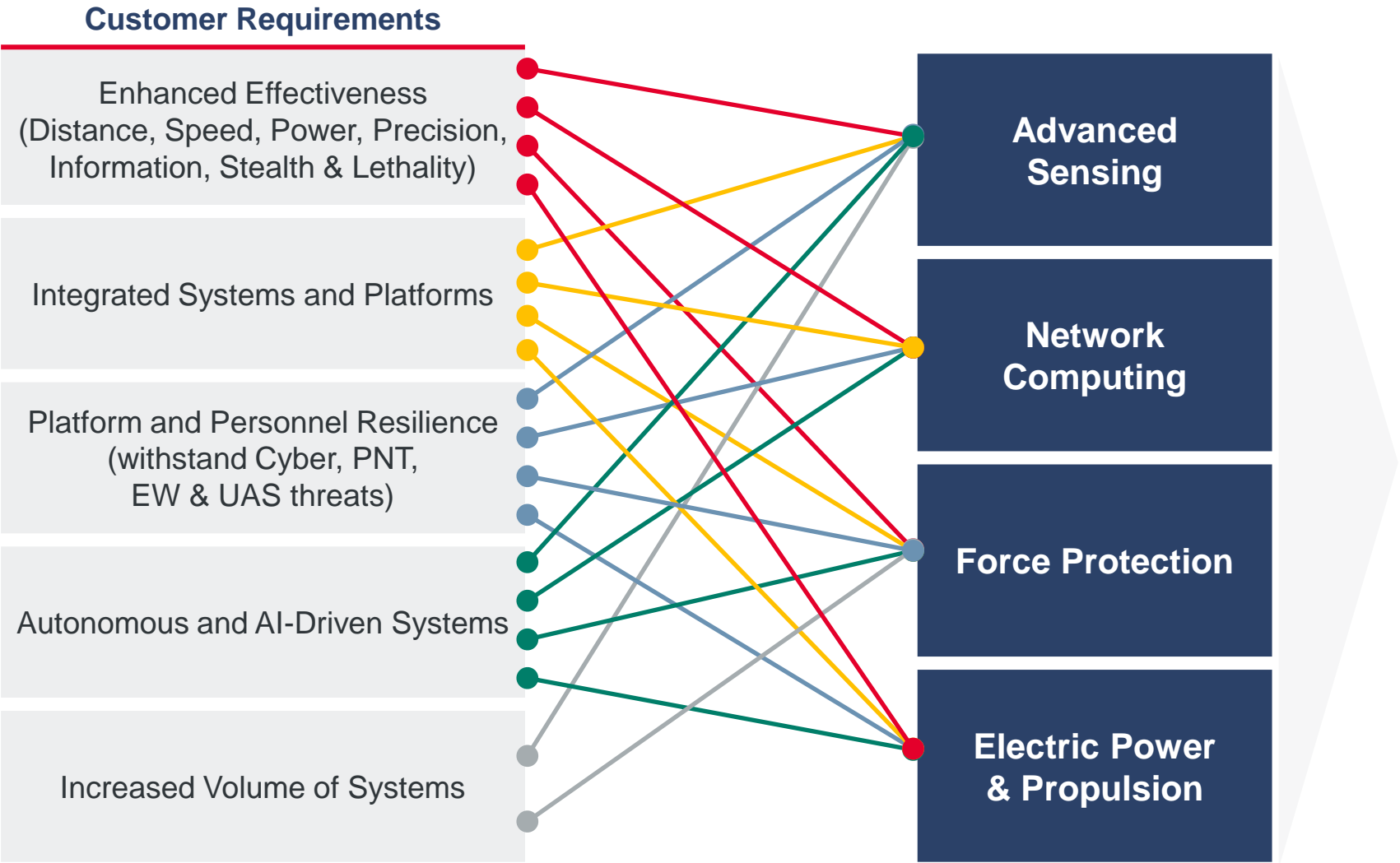
- Integrated Propulsion System
- Switchboard Components
- Electrical Conversion
- Motor Controllers
- Computing Infrastructure



- Night Vision Goggles
- Weapon Sights
- Long-Range Sniper Sight
- Targeting System
- Laser Designator
- EW / SIGINT System



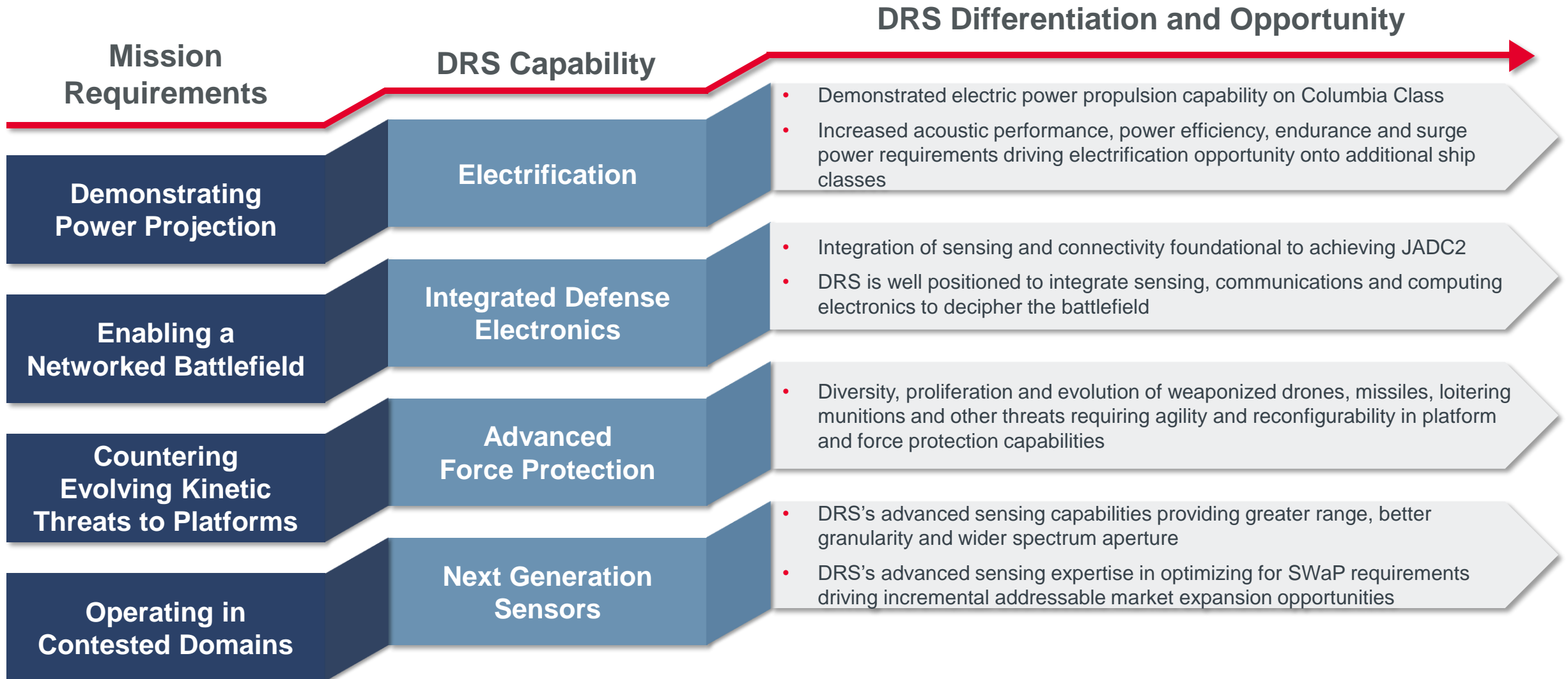
DRS is Well Positioned to Address Evolving Customer Requirements



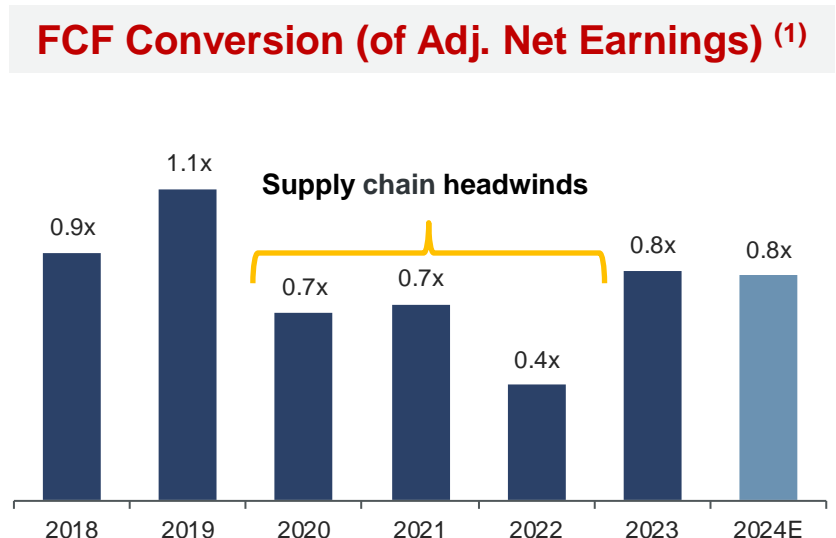
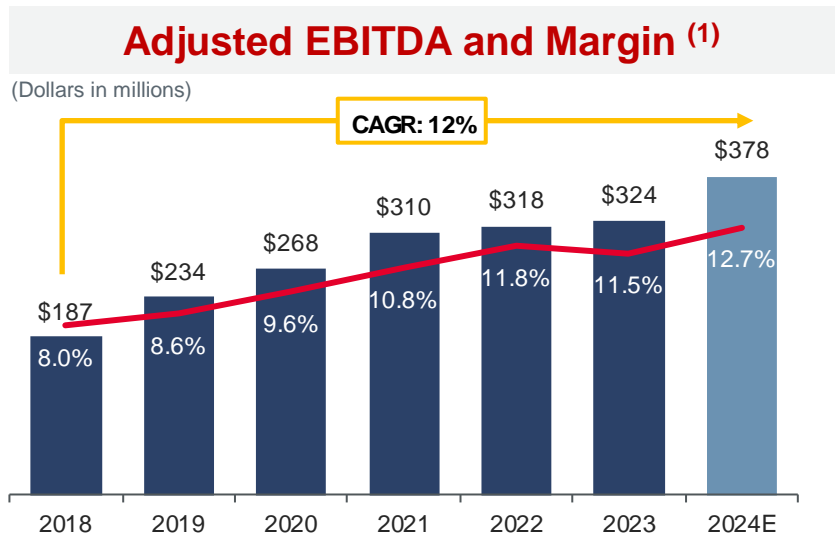
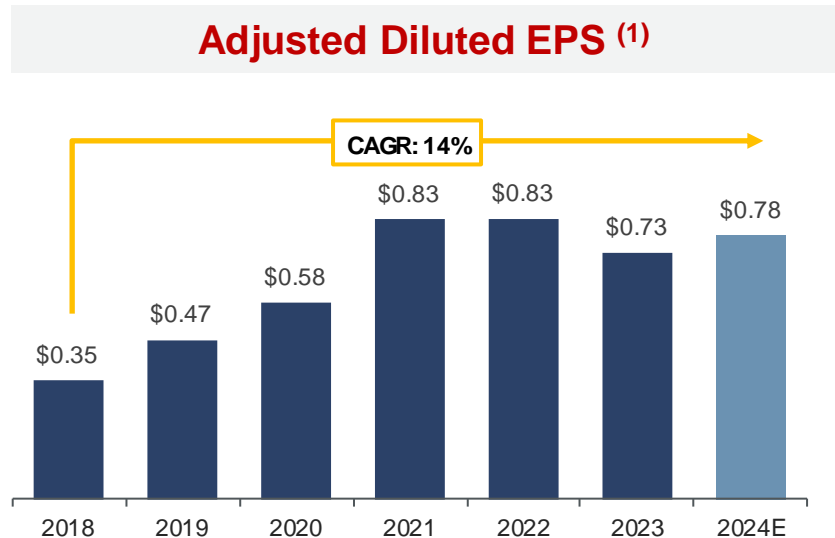
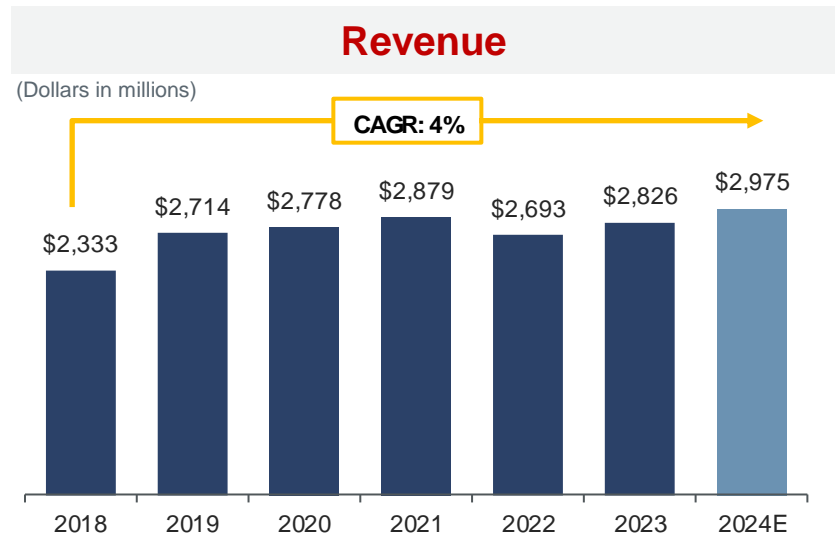
DRS capabilities and investments are helping our customers maintain their competitive edge



Evolving Mission Requirements Driving Leonardo DRS Capability Demand



Solid Financial Track Record and Growth Opportunity



- ✓ **Diverse program portfolio** with no single program comprising over 10% of revenue
- ✓ Company is **well-aligned to customer priorities** and Columbia Class (company's largest program) is a top priority for the DoD
- ✓ **Strong revenue visibility** driven by limited near-term recomplete risk and >60% of revenue derived from sole source positions
- ✓ **Efficient company funded R&D** at ~3% of revenue and similarly **low capital intensity**
- ✓ **Steady margin improvement** through program transitions to full rate production, program efficiencies and growth leveraging



Note: Historical periods are not pro forma for divestitures or acquisitions

2024E figures represent the mid-point of the guidance range

(1) See slide 19 "Non-GAAP Financial Measures" for definitions and reconciliations of the non-GAAP financial measures to the most comparable financial measures calculated and presented in accordance with GAAP

Q1 2024 Financial Highlights

Revenue

\$688 million

▲ 21%

Bookings

\$815 million

1.2x Book-to-Bill

Adjusted EBITDA ⁽¹⁾

\$70 million

10.2% Margin

Backlog

\$7.8 billion

▲ 84%

Adjusted Diluted EPS ⁽¹⁾

\$0.14

▲ 100%

Free Cash Flow ⁽¹⁾

\$(275) million



(1) See slide 19 "Non-GAAP Financial Measures" for definitions and reconciliations of the non-GAAP financial measures to the most comparable financial measures calculated and presented in accordance with GAAP



Confirms Solid 2024 Guidance

Well Positioned to Maintain Organic Growth and Expand Adjusted EBITDA Margin

Revenue	Revenue output subject to the pace of material receipts and progress of labor inputs as well as the timing and level of customer orders
Adjusted EBITDA	Projected margin improvement largely driven by the transition of development programs to production (Columbia Class and others)
Adjusted Diluted EPS	Anticipating adjusted diluted EPS growth in 2024 despite a normalized tax rate of 22.5% and modest diluted share count increase
Other Modeling Items	Targeting free cash flow of adjusted net earnings conversion of approximately 80% for 2024. 2024 quarterly cadence expected to remain comparable to prior years for revenue, profit and free cash flow

(In millions, except per share amounts)

	2024 Guidance	2023 Actuals	% Δ from 2023
Revenue	\$2,925 - \$3,025	\$2,826	4% - 7%
Adjusted EBITDA *	\$365 - \$390	\$324	13% - 20%
<i>Tax Rate</i>	22.5%	12.5%	
<i>Diluted Shares Outstanding</i>	268.0	264.2	
<i>Depreciation % of Revenue</i>	2.4%	2.2%	
Adjusted Diluted EPS *	\$0.74 - \$0.82	\$0.73	1% - 12%



* The company does not provide a reconciliation of forward-looking adjusted EBITDA and adjusted diluted EPS, due to inherent difficulty in forecasting and quantifying the non-GAAP exclusions that are necessary for such reconciliation without unreasonable effort. Material changes to any one of these items could have significant effect on future GAAP results

For More Information:



'GLASSDOOR'



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Non-GAAP Financial Measures

Definitions and Reconciliations

In addition to the results reported in accordance with U.S. GAAP included throughout this presentation, the company has provided information regarding “Adjusted EBITDA,” “Adjusted EBITDA Margin,” “Adjusted Net Earnings,” “Adjusted Diluted Earnings per Share” and “Free Cash Flow” (each, a non-GAAP financial measure).

Adjusted EBITDA and **Adjusted EBITDA Margin** are defined as net earnings before income taxes, interest expense, amortization of acquired intangible assets, depreciation, deal-related transaction costs, restructuring costs, other one-time non-operational events (which include non-service pension expense, legal liability accrual reversals, COVID-19 response costs and foreign exchange impacts) and gain on sale of dispositions, then in the case of Adjusted EBITDA margin dividing Adjusted EBITDA by revenues.

Adjusted Net Earnings and **Adjusted Diluted EPS** are defined as net earnings excluding amortization of acquired intangible assets, deal-related transaction costs, restructuring costs, other one-time non-operational events (which include non-service pension expense, legal liability accrual reversals, COVID-19 response costs and foreign exchange impacts), gain on sale of dispositions (net of taxes) and the related tax impacts, then in the case of Adjusted Diluted EPS dividing Adjusted Net Earnings by the diluted weighted average shares outstanding.

Free Cash Flow and **Free Cash Flow Conversion** is defined as the sum of the cash flows provided by (used in) operating activities, transaction related expenditures (net of tax), tax payments on disposals, capital expenditures, proceeds from sale of assets and dividends from investments. In the case of free cash flow conversion, free cash flow is divided by adjusted net earnings.

(Dollars in millions)

	Twelve Months Ended December 31,					
	2018	2019	2020	2021	2022	2023
Net earnings	(\$10)	\$75	\$85	\$154	\$405	\$168
Income tax provision (benefit)	(7)	20	27	46	120	24
Interest expense	58	65	64	35	34	36
Amortization of intangibles	93	9	9	9	10	22
Depreciation	35	42	44	49	55	63
Deal related transaction costs	0	0	9	5	43	7
Restructuring costs	14	20	12	5	3	11
Other one-time non-operational events	4	3	18	7	2	(7)
Gain on sale of dispositions	0	0	0	0	(354)	0
Adjusted EBITDA	\$187	\$234	\$268	\$310	\$318	\$324
Adjusted EBITDA Margin	8.0%	8.6%	9.6%	10.8%	11.8%	11.5%

(In millions, except per share amounts)

	Twelve Months Ended December 31,					
	2018	2019	2020	2021	2022	2023
Net earnings	(\$10)	\$75	\$85	\$154	\$405	\$168
Amortization of intangibles	93	9	9	9	10	22
Deal related transaction costs	0	0	9	5	43	7
Restructuring costs	14	20	12	5	3	11
Other one-time non-operational events	4	3	18	7	2	(7)
Gain on sale of dispositions, net of taxes	0	0	0	0	(275)	0
Tax effect of adjustments ⁽¹⁾	(27)	(8)	(11)	(6)	(9)	(7)
Adjusted Net Earnings	\$74	\$99	\$122	\$174	\$179	\$194
Diluted weighted average common shares	210.445	210.445	210.445	210.445	215.133	264.175
Diluted earnings per share	(\$0.05)	\$0.36	\$0.40	\$0.73	\$1.88	\$0.64
Adjusted Diluted EPS	\$0.35	\$0.47	\$0.58	\$0.83	\$0.83	\$0.73


(Dollars in millions)

	Twelve Months Ended December 31,					
	2018	2019	2020	2021	2022	2023
Net cash provided by (used in) operating activities	\$105	\$157	\$125	\$178	\$33	\$205
Transaction related expenditures, net of tax	0	0	8	4	25	13
Tax payment on disposals	0	0	0	0	78	0
Capital expenditures	(40)	(55)	(56)	(60)	(65)	(60)
Proceeds from sales of assets	0	8	5	0	0	1
Dividends from investments	0	0	0	0	3	0
Free Cash Flow	\$65	\$110	\$82	\$122	\$74	\$159
Adjusted Net Earnings	\$74	\$99	\$122	\$174	\$179	\$194
Conversion of Adjusted Net Earnings	0.9x	1.1x	0.7x	0.7x	0.4x	0.8x

Three Months Ended March 31,	
2024	2023
\$29	\$12
8	4
5	8
5	6
17	16
1	2
4	0
1	1
0	0
\$70	\$49
10.2%	8.6%

Three Months Ended March 31,	
2024	2023
\$29	\$12
5	6
1	2
4	0
1	1
0	0
(2)	(2)
\$38	\$19
266.443	262.378
\$0.11	\$0.05
\$0.14	\$0.07

Three Months Ended March 31,	
2024	2023
(\$265)	(\$334)
0	2
0	0
(10)	(15)
0	1
0	0
(\$275)	(\$346)
\$38	\$19

 (1) Calculation uses an estimated statutory tax rate on non-GAAP adjustments