



Quarterly Earnings Presentation

Q1 | 2025

May 1, 2025

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 2025, and the other statements regarding our financial outlook are expressly made as of May 1, 2025 (the date of our first quarter 2025 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” and “Adjusted Diluted Earnings Per Share” (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 7 and should not rely on any single financial measure to evaluate our business.



Key Messages

1

Solid start to 2025 with strong first quarter results ahead of company expectations

- Organic revenue growth of 16% demonstrates attractive DRS market position and also reflects favorable material receipt timing
- Adjusted EBITDA growth of 17% and margin expansion of 10 bps in the quarter
- Improved free cash flow linearity on higher net profitability and improved working capital efficiency

2

Steadfast customer demand across the differentiated DRS technology and capability offering

- Quarterly bookings of \$1 billion, which translates to a 1.2x book-to-bill ratio
- Broad-based customer demand remains evident throughout the portfolio with notable bookings strength for the company's advanced sensing, force protection and electric power and propulsion capabilities
- No observable changes to date in customer behavior from operating under a full year continuing resolution

3

Executing in a more dynamic operating environment

- Global threat environment remains elevated and continues to be a tailwind to US and allied defense spending
- DRS remains well aligned to important customer priorities including layered air defense, counter UAS, improving shipbuilding throughput and technology modernization of combat platforms
- Company's direct supply chain is primarily US-based but closely evaluating indirect impacts from potential tariffs and related policies

4

Full year 2025 outlook, that reflects an attractive organic growth profile and modest margin expansion, remains unchanged

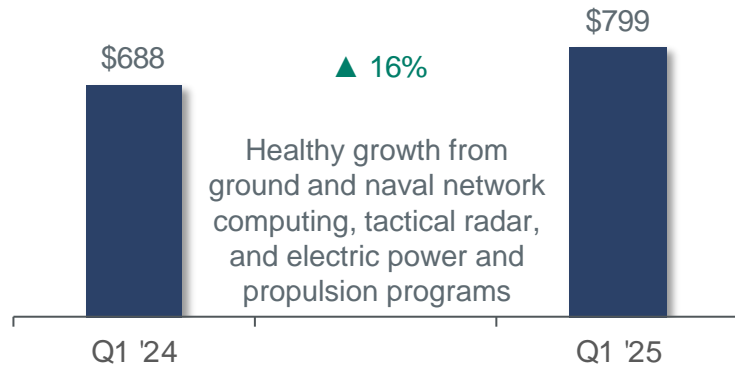
- Maintaining a strong focus on efficient program execution to deliver adjusted EBITDA growth and margin expansion
- Executing on commitment to grow internal investments in research and development to expand rapid prototype approach
- Commenced return of capital to shareholders via the cash dividend and stock repurchase program, while maintaining capacity for M&A



Q1 2025 Leonardo DRS Results Summary

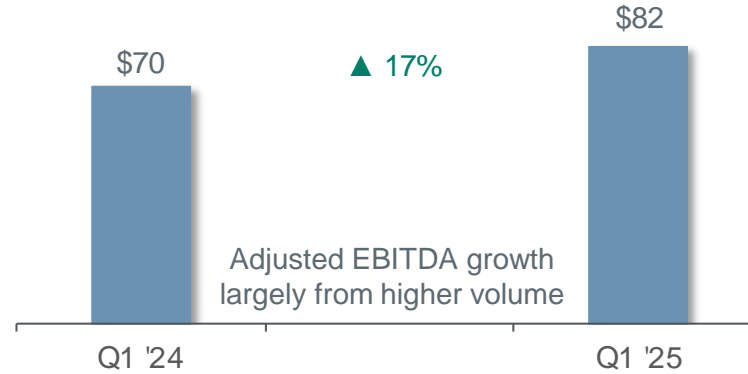
Revenue

(Dollars in millions)



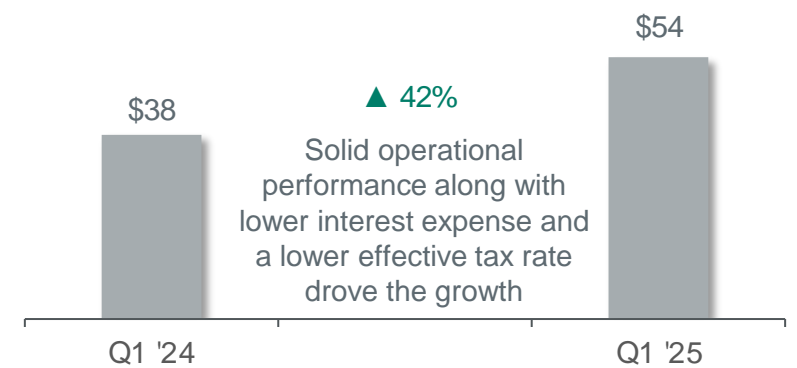
Adjusted EBITDA *

(Dollars in millions)



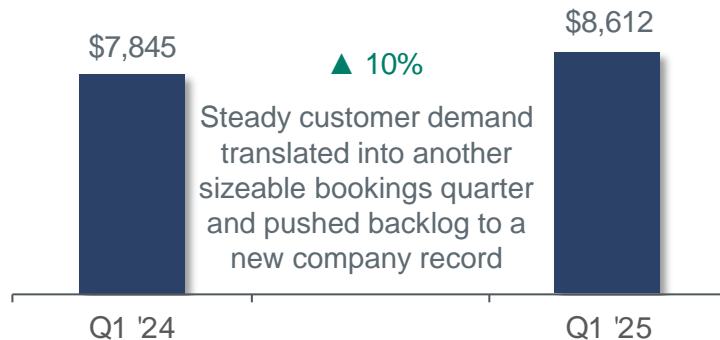
Adjusted Net Earnings *

(Dollars in millions)

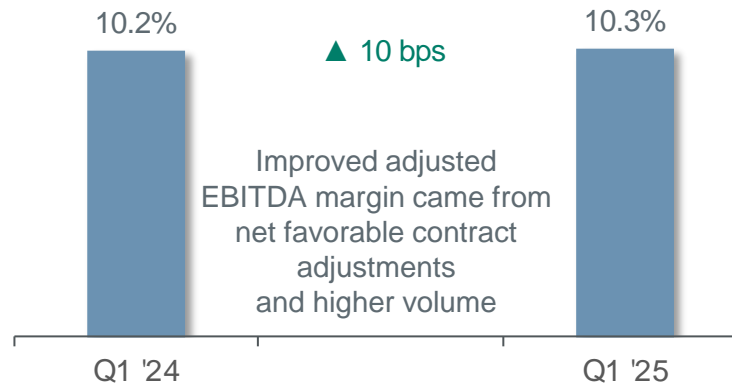


Total Backlog

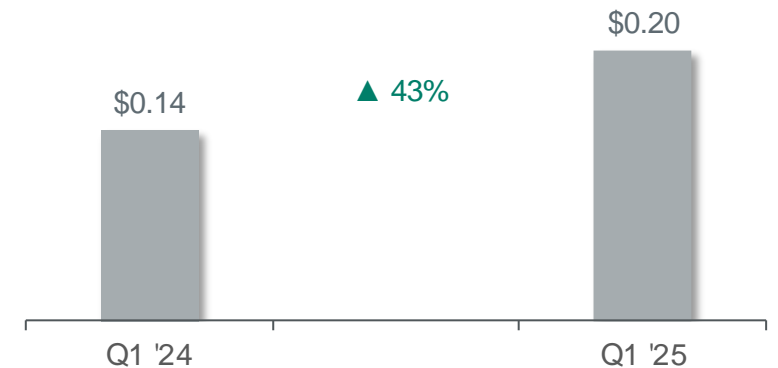
(Dollars in millions)



Adjusted EBITDA Margin *



Adjusted Diluted EPS *



* See slide 7 "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 2025 Segment Results Summary

Revenue

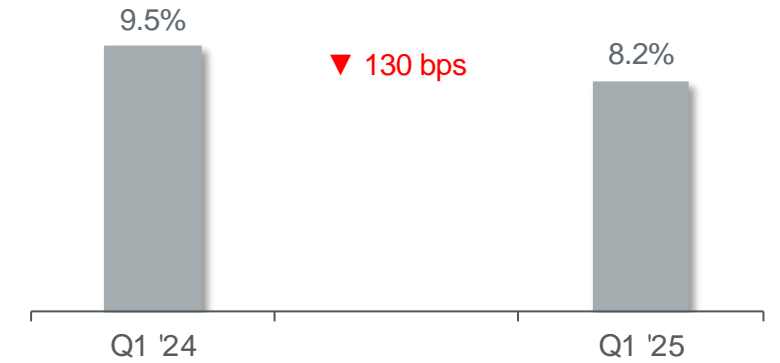
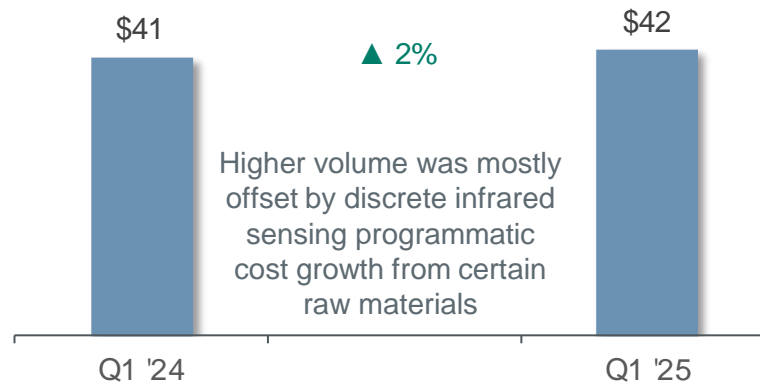
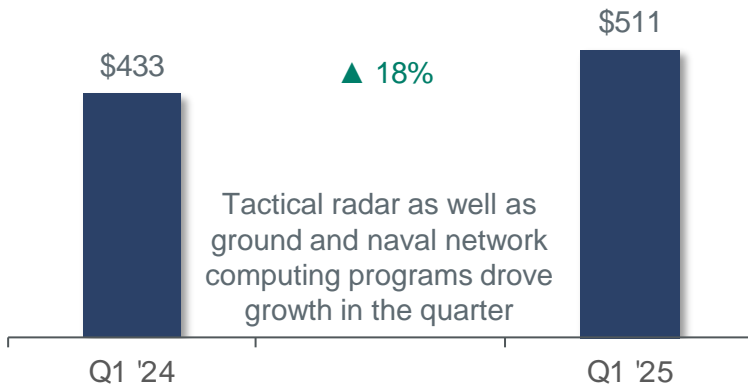
(Dollars in millions)

Adjusted EBITDA *

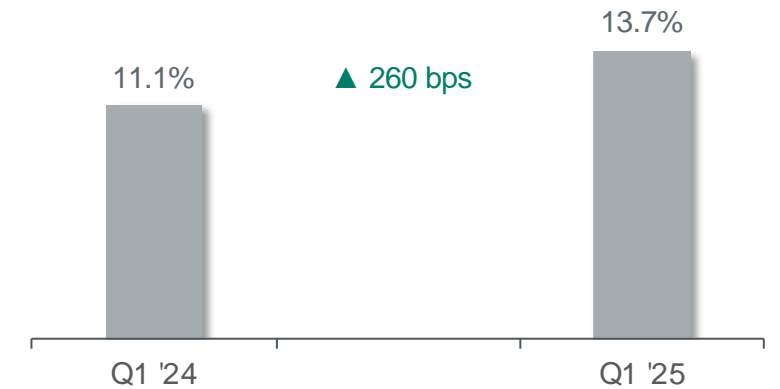
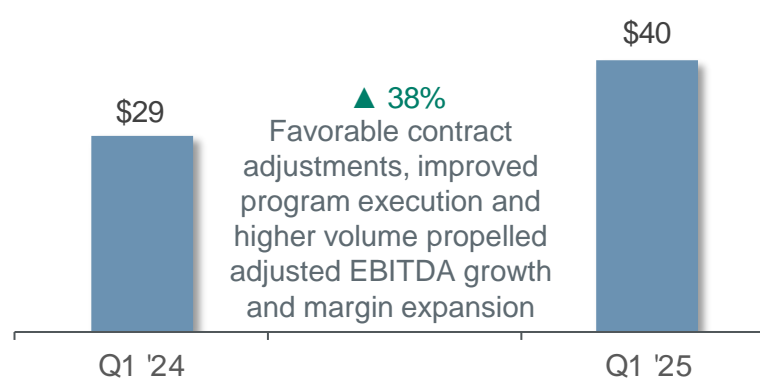
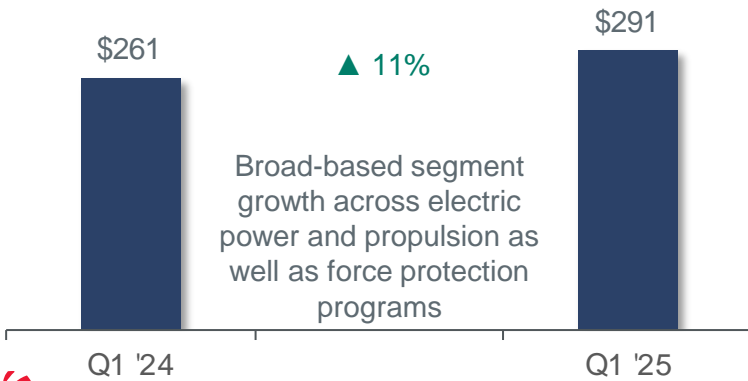
(Dollars in millions)

Adjusted EBITDA Margin *

Advanced Sensing and Computing (ASC)



Integrated Mission Systems (IMS)



* See slide 7 "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 Strong 2025 Guidance

Focused on Driving Continued Healthy Organic Growth and Adjusted EBITDA Margin Expansion

Revenue

- High visibility and backlog coverage for 2025
- Variability in 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 driven by improved profitability on Columbia Class, continued transition from development to production on smaller sensing programs, favorable program mix and operational leverage from higher volume

Adjusted Diluted EPS

- Forecasting an effective tax rate of 19% for the year
- Modest increase to diluted shares outstanding from 2024
- Stock buyback program expected to be a slight tailwind to the adjusted diluted EPS range

Other Modeling Items

- Targeting approximately 80% free cash flow conversion of adjusted net earnings
- Q4 expected to contribute significantly to full year revenue, adjusted EBITDA, adjusted net earnings and free cash flow

(In millions, except per share amounts)

	2025 Guidance
Revenue	\$3,425 - \$3,525
<i>% Δ from 2024</i>	6% - 9%
Adjusted EBITDA *	\$435 - \$455
<i>% Δ from 2024</i>	9% - 14%
<i>Tax Rate</i>	19%
<i>Diluted Shares Outstanding</i>	270
Adjusted Diluted EPS *	\$1.02 - \$1.08
<i>% Δ from 2024</i>	10% - 16%



* The company does not provide a reconciliation of forward-looking adjusted EBITDA and adjusted diluted EPS, due to the 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 a significant effect on future GAAP results

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” and “Adjusted Diluted Earnings Per Share” (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 and other one-time non-operational events (which include non-service pension expense, legal liability accrual reversals and foreign exchange impacts), 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 and other one-time non-operational events (which include non-service pension expense, legal liability accrual reversals and foreign exchange impacts), and the related tax impacts, then in the case of adjusted diluted EPS dividing adjusted net earnings by the diluted weighted average number of shares outstanding (WASO).

(Dollars in millions)

	Three Months Ended	
	March 31,	
	2024	2025
Net earnings	\$29	\$50
Income tax provision	8	8
Interest expense	5	1
Amortization of intangibles	5	5
Depreciation	17	18
Deal related transaction costs	1	0
Restructuring costs	4	0
Other one-time non-operational events	1	0
Adjusted EBITDA	\$70	\$82
<i>Adjusted EBITDA Margin</i>	<i>10.2%</i>	<i>10.3%</i>

(In millions, except per share amounts)

	Three Months Ended	
	March 31,	
	2024	2025
Net earnings	\$29	\$50
Amortization of intangibles	5	5
Deal related transaction costs	1	0
Restructuring costs	4	0
Other one-time non-operational events	1	0
Tax effect of adjustments ⁽¹⁾	(2)	(1)
Adjusted Net Earnings	\$38	\$54
Diluted WASO	266.443	268.775
Diluted earnings per share	\$0.11	\$0.19
Adjusted Diluted EPS	\$0.14	\$0.20

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