



**INVESTOR DAY**

**March 14, 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, our three-year financial outlook, and the other statements regarding our financial outlook are expressly made as of March 14, 2024 (the date of our investor day). 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,” “Free Cash Flow” and “Free Cash Flow Conversion” (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 67 and should not rely on any single financial measure to evaluate our business.



# Speaker Background



**Bill Lynn**

Chairman &  
Chief Executive Officer

- Appointed to current position in 2012
- ~35 years of industry experience
- Prior to joining DRS, served as the 30<sup>th</sup> United States Deputy Secretary of Defense



**John Baylouny**

Chief Operating Officer

- Appointed to current position in 2018
- 35+ years of industry experience
- Previously served as the company CTO and prior to that GM of the company's Land Systems and Advanced ISR businesses



**Mike Dippold**

Chief Financial Officer

- Appointed to current position in 2017
- ~20 years of industry experience
- Previously served as the company's corporate controller



**Dr. Phil Perconti**

Chief Technology  
Officer

- Appointed to current position in 2021
- 30+ years of industry experience
- Prior to joining DRS, served as the Deputy Assistant Secretary of the Army for Research and Technology



**Jon Miller**

SVP & GM of Naval  
Power Systems  
Business

- Appointed to current position in 2020
- 30+ years of industry experience
- Prior to joining DRS, served as GM of Maritime Controls Systems at L3



**Steve Vather**

VP, Investor Relations &  
Corporate Finance

- Appointed to current position in 2022
- ~15 years of industry experience
- Prior to joining DRS, served as head of corporate development and investor relations at ManTech



# Investor Day Agenda

9:00 am – 10:15 am	Welcome	Steve Vather
	DRS Strategic Overview	Bill Lynn
	Agile Operations	John Baylouny
	Persistent Innovation	Dr. Phil Perconti
10:15 am – 10:30 am	Break	
10:30 am – 11:45 am	Naval Electrification	Jon Miller
	Financial Overview	Mike Dippold
	Closing Remarks	Bill Lynn
	Q&A	DRS Team
11:45 am – 1:00 pm	Lunch	





# Key Investor Day Messages

1

DRS is a **unique story** amidst a **scarce SMID cap** defense universe

2

We have a **diverse, platform-agnostic** business aligned to enduring customer priorities

3

Our **strong execution track record** and reputation established over five decades demonstrates a **commitment to excellence**

4

We have significant **backlog visibility** and a **multi-pronged growth** strategy

5

Our **agility, technology differentiation** and **steadfast customer focus** have resulted in entrenched and **sole source franchise positions**

6

We are committed to driving **solid organic growth** and **margin expansion** coupled with patient, **value accretive capital deployment**



 *LEONARDO DRS*





# DRS Strategic Overview

**Bill Lynn**  
**Chairman and Chief Executive Officer**

# A Rich Legacy Built Over 55 Years

Company founded by Leonard Newman and David Gross as Diagnostic/Retrieval Systems (“DRS”)

1969

Mark Newman appointed CEO with company revenues of ~\$50 million and moves public listing to New York Stock Exchange (NYSE)

1994

DRS acquired by Finmeccanica (nka: Leonardo)

2008

Bill Lynn appointed as Chairman and CEO

2012

Completes acquisition of Daylight Solutions

2017

Completes all stock combination with RADA also resulting in a public listing on Nasdaq

2022

The Early Years

Rapid Growth through Acquisition

Sharpening Differentiation and Accelerating Organic Growth

1981

DRS listed on the American Stock Exchange (AMEX)

2001

DRS achieves \$500 million of revenue

2014

DRS begins executing on Columbia Class development contract

2015

Divests Aviation and Logistics Services Businesses

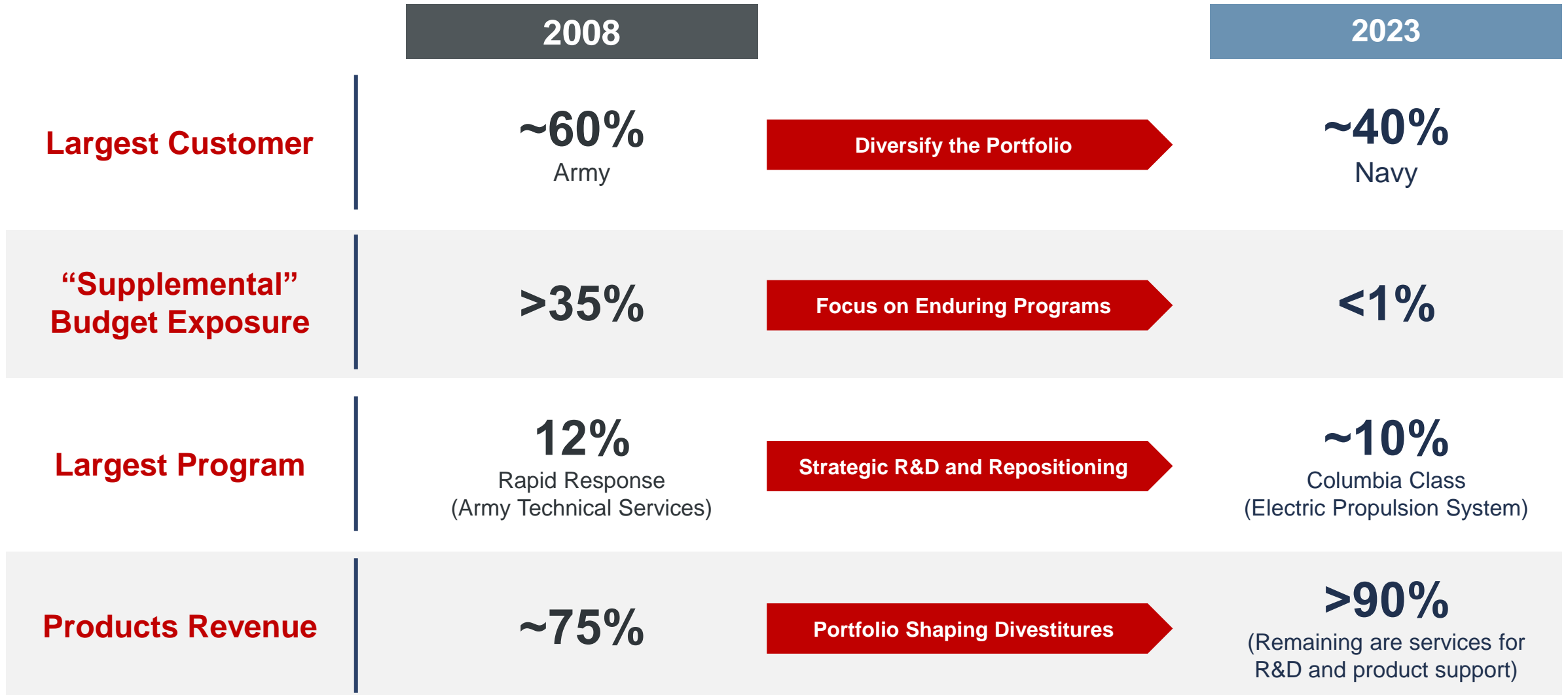
2022

Divests SATCOM services business (GES)





# Significant Transformation Since Leonardo's Acquisition



Note: Figures represent percentages of revenue

# Leonardo DRS at a Glance

## Trusted Systems Integrator and Innovative Critical Defense Technology Supplier

Headquarters:

**Arlington, VA**

Employees:

**~6,600**

Revenue:

**\$2.8 billion**

Adj. EBITDA:

**\$324 million**

Total Backlog:

**\$7.8 billion**

Ticker:

**DRS**  


Key Technology Areas



Advanced Sensing



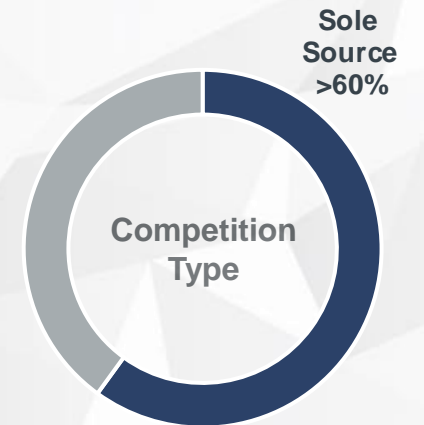
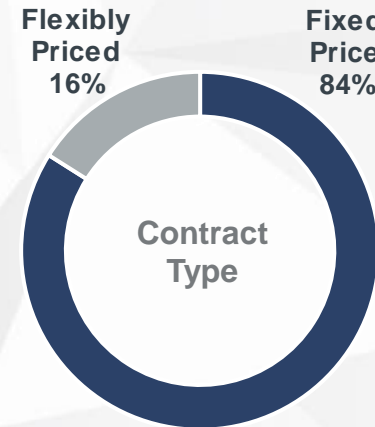
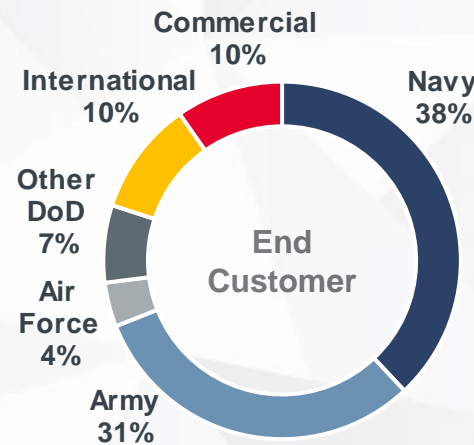
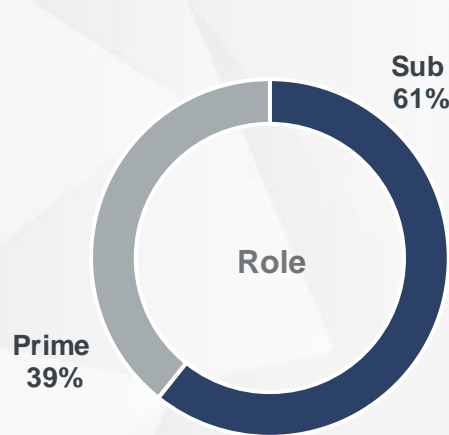
Network Computing



Force Protection



Electric Power & Propulsion



Note: Statistics as of 12/31/23 or full year 2023 and percentages are based on 2023 revenue  
 Adjusted EBITDA is a non-GAAP financial measure. See slide 67 "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

## Since Our Listing in November 2022



Successful first year as a public company as we delivered on our financial commitments in 2023

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Accelerated organic revenue growth to 7% in 2023 and targeting solid mid-single digit growth through 2026

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Grew total backlog by 2.5x to ~\$8 billion while simultaneously expanding funded backlog and significantly increasing revenue visibility

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Returned to healthy and normalized free cash flow conversion after several years of pandemic driven supply chain challenges

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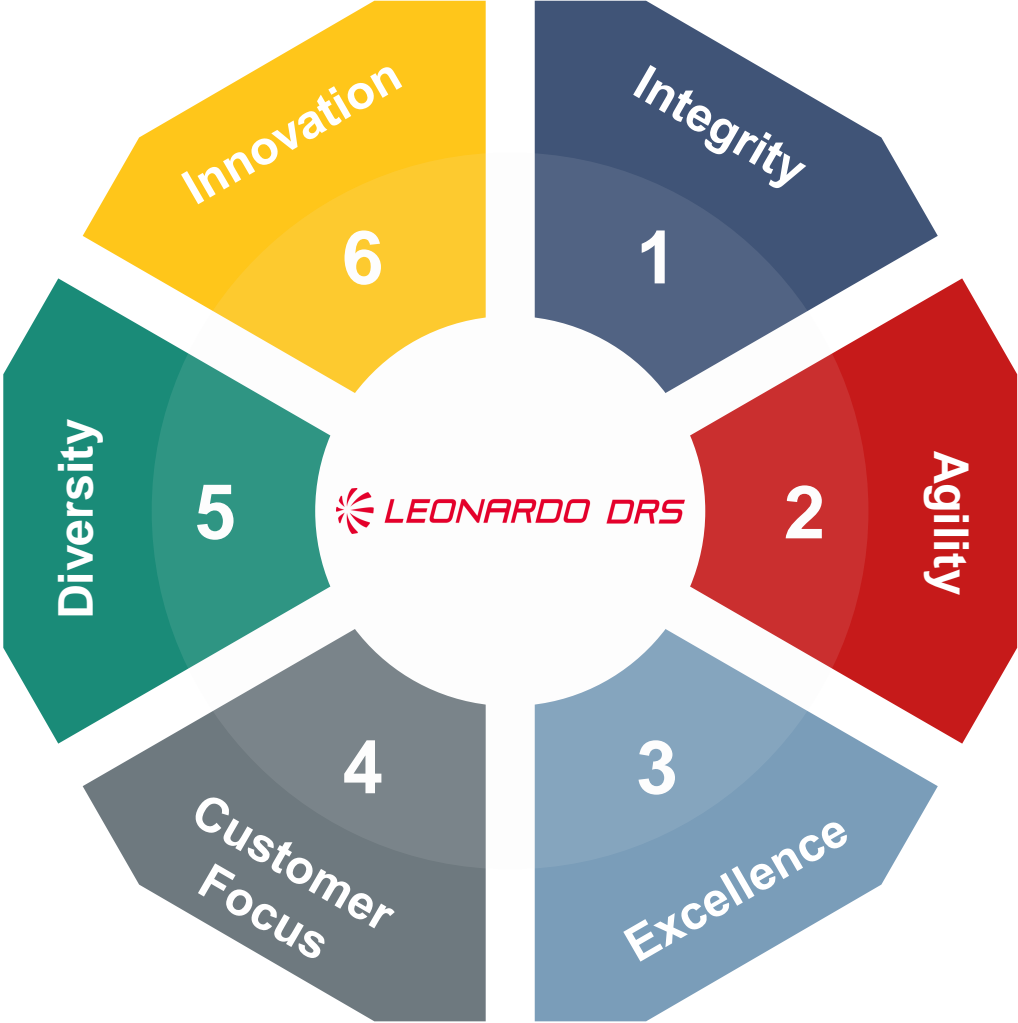


Increased company funded research and development to 3% of revenue and maintained rigor in evaluation of organic and M&A investments

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# Strong Culture and Exceptional People Enable Our Success



**~6,600**  
Total Employees

**<10%**  
Voluntary Turnover

**~1,800**  
Engineers

**~25%**  
Cleared Personnel

**~15%**  
Veterans

**~45%**  
Women & Minority



Notable Accolades



Organizations We Support



# Relationship with Leonardo and Proxy Security Structure

## Cooperation and proxy agreements govern Leonardo ownership of DRS

- Enter into transactions typically afforded to (controlling) shareholders
- Oversight on M&A transactions greater than 2% of trailing DRS revenue
- Appoint (U.S. government approved) U.S. citizen directors
- No direct board representation or Leonardo employees at DRS
- Proxy security structure mitigates foreign ownership control and influence over DRS
- Sharing and export of technical and programmatic information is prohibited unless government approved
- DRS Board and DRS management make personnel and compensation decisions

## Leonardo S.p.A. Ownership % of DRS



# An Experienced, Independent and Diverse Board of Directors

Chairman



Bill Lynn

Lead Independent



Frances Townsend



Gail Baker



Dr. Louis R. Brothers



David Carey



Gen. George Casey Jr.  
(Ret.)



Mary Gallagher



Kenneth Krieg



Eric Salzman

## Board Statistics and Select Expertise

89%

Independent Directors

100%

Defense / Govt. Experience

8

Average Tenure (Years)

100%

Finance

44%

Diverse (Gender / Ethnicity)

67%

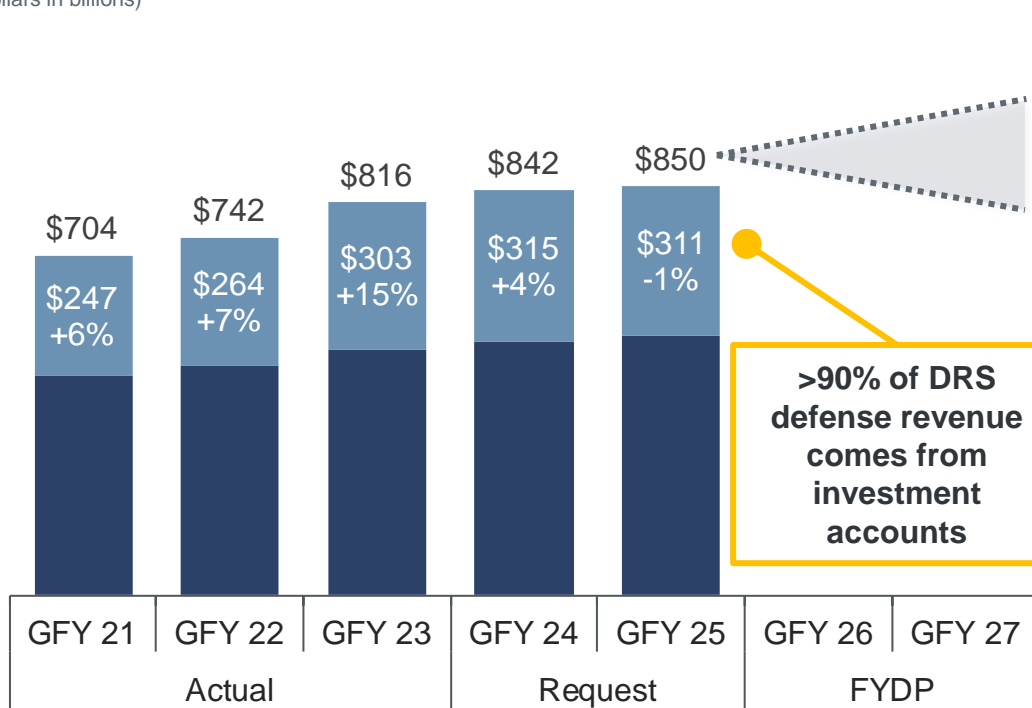
Operations / Manufacturing



# An Evolving Operating Environment

## Department of Defense (DoD) Discretionary Budget

(Dollars in billions)



## Key Macro Considerations

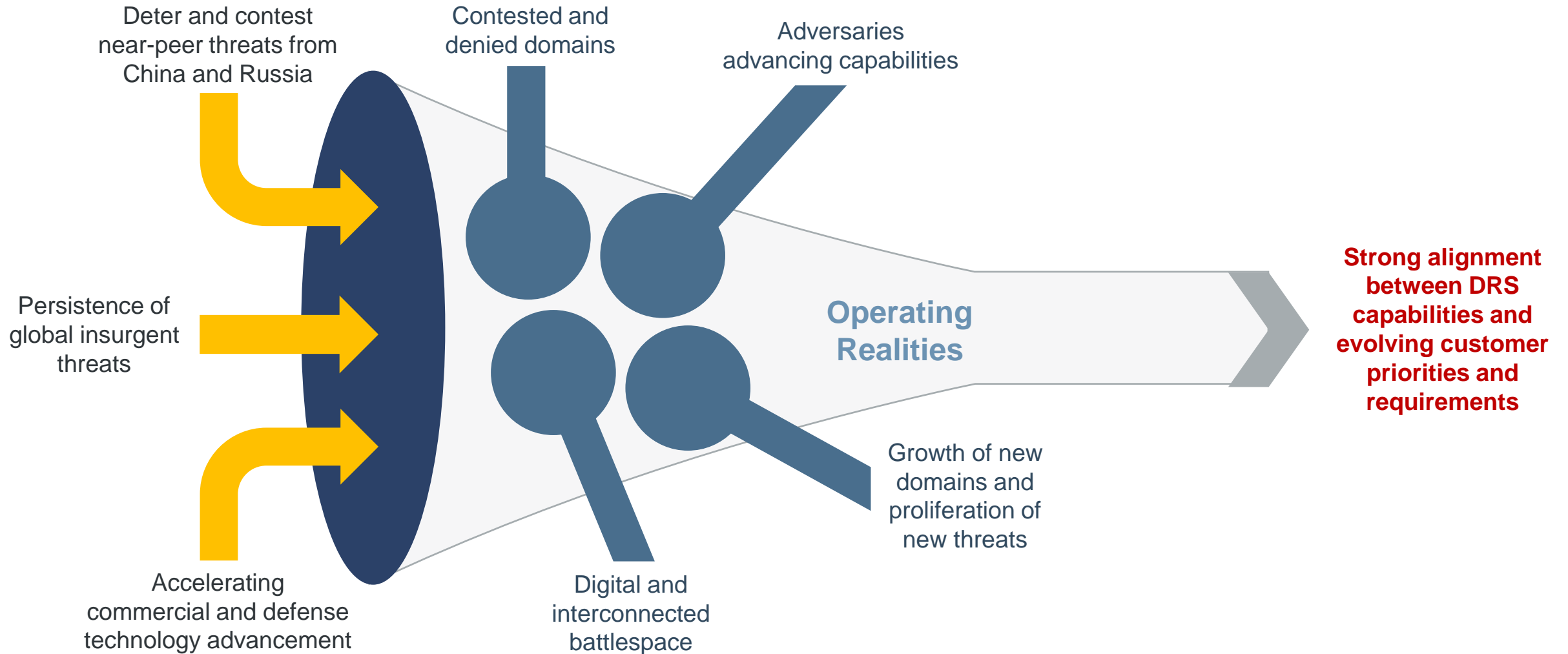
- + Complex and elevated global threat environment spurring continued (base budget, supplemental and international) investment
- + Capability modernization and advancement required to deter and overmatch growing threats
- + Operating domains are evolving: increasingly contested, significantly more digital (connected) and growing (space and cyber)
- National debt levels and fiscal pressures may limit future budget growth rates
- Reduced bipartisanship consensus on global and foreign policy
- Global tensions pose a threat to brittle supply chains



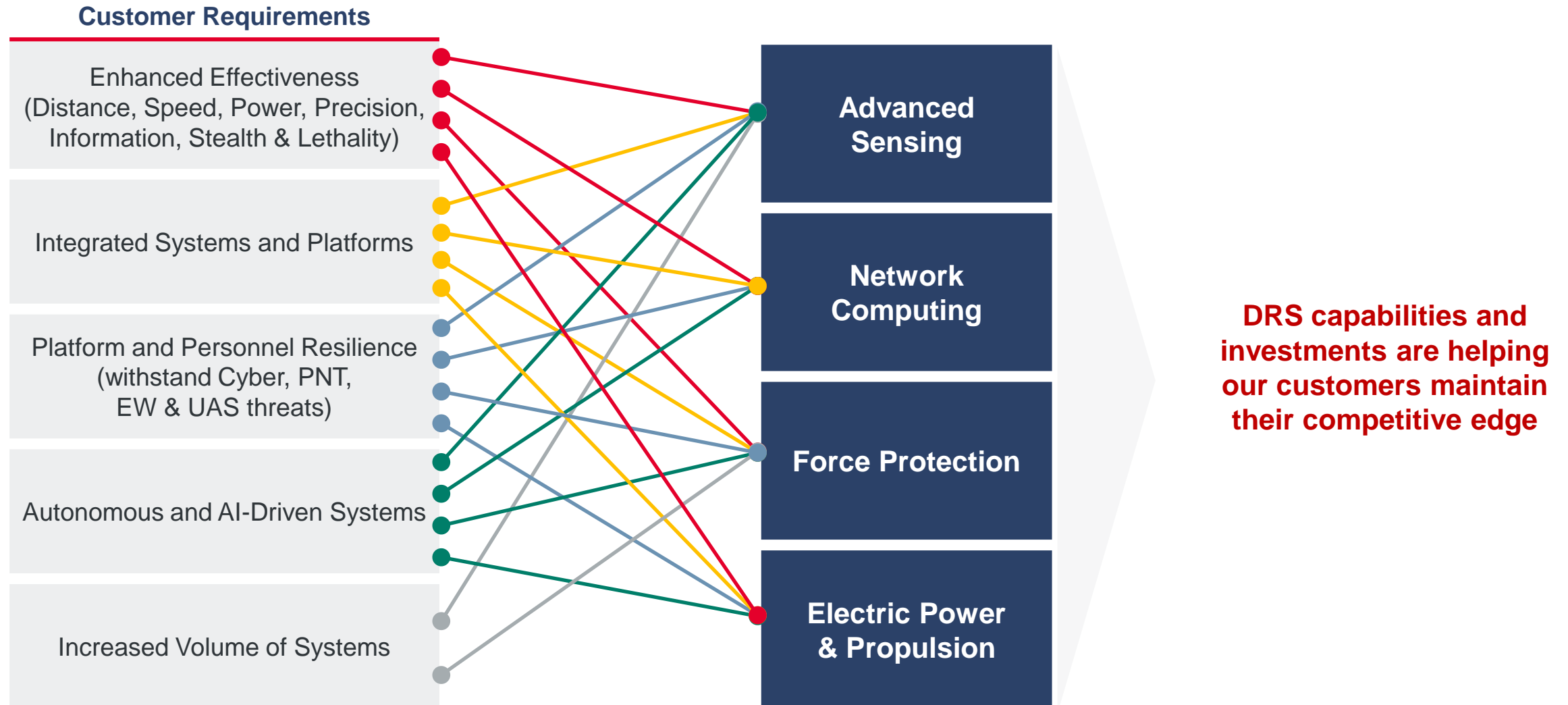
Note: Light blue chart shading denotes procurement and research, development, test and evaluation (RDT&E) budgets for the Department of Defense with column totals representing the total discretionary budget

# Key Defense Customer Trends and Priorities

## Driving Macro Forces



# DRS is Well Positioned to Address Evolving Customer Requirements



# How We are Leveraging Our Strong Mid-Tier Position

Consistent consolidation has resulted in a **scarce** field of remaining **mid-tier** defense players



Our Mid-Tier Key Advantages

	Greater <b>agility</b>
	Stronger <b>customer intimacy</b> and engagement
	Critical and <b>differentiated technology</b> offering sought out by customers
	<b>Strategically focused</b> customer, technology and program <b>portfolio</b>
	<b>Better resourced</b> to invest (vs. smaller companies)

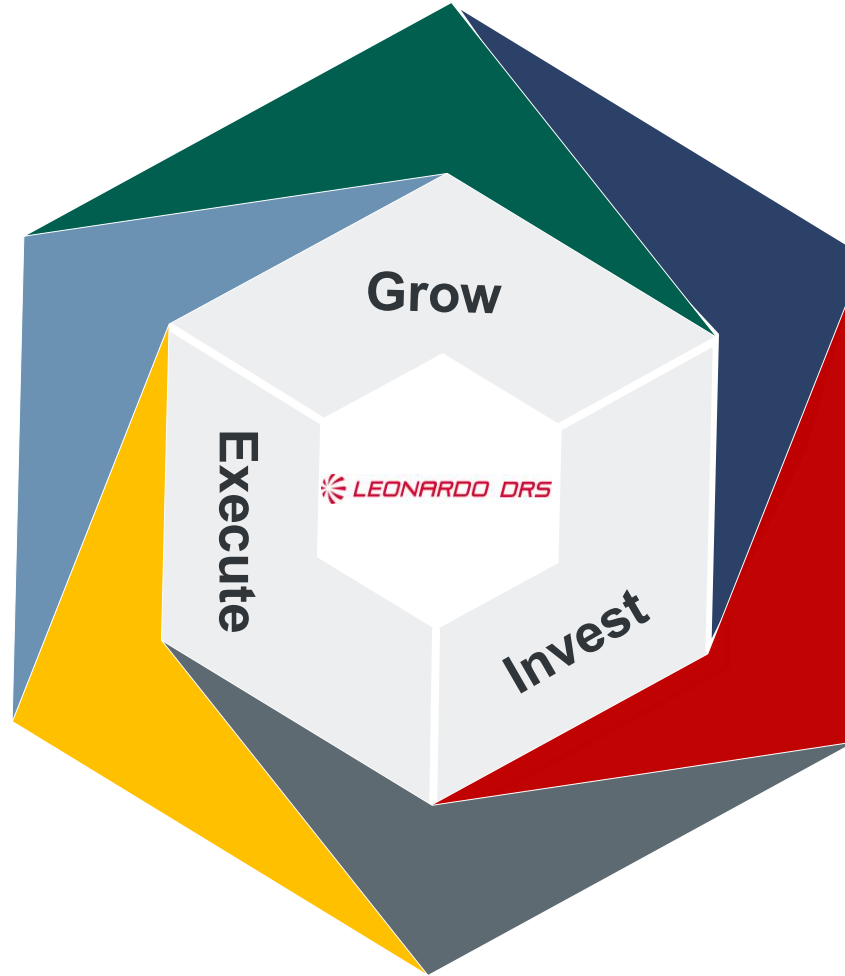


# Our Multi-Year Strategic Focus

Build on our core market positions by further penetration of domestic and international customers and platforms

Leverage our strengths to expand into near adjacencies through new franchise positions and more integrated solutions

Utilize automation, digital engineering and technology to enhance business efficiency and delivery excellence



Increase organic investment in R&D and capital expenditures to unlock incremental long-term growth and margin

Execute bolt-on M&A transactions to enhance our differentiated portfolio

Strengthen our engineering and manufacturing talent base through increased recruiting and retention



# How We Expect to Drive Relative Outperformance

## Competitive Advantages

Strong alignment to **long-term growth** currents

**Platform agnostic** approach insulates from single program item decisions

Differentiated market leadership in four core markets driven by **rich IP** and **sole source** positions

Seasoned team with a clear **execution track record**

## Financial Strength

Sizeable **backlog** offers significant **revenue visibility**

Highly **visible** Adjusted EBITDA **margin expansion**

**Balanced and diversified** contract, program and customer **portfolio**

**Strong balance sheet** attractively positioned for capital deployment







# Agile Operations

**John Baylouny**  
**Chief Operating Officer**

# Our Agile Organizational Structure

Purpose-built organization designed to enable rapid decision making, increase accountability and drive better outcomes for customers



## Advanced Sensing & Computing

## Integrated Mission Systems

Daylight Solutions



Airborne & Intelligence Systems



Land Electronics



Electro-Optical & Infrared Systems



Naval Electronics



RADA Technologies



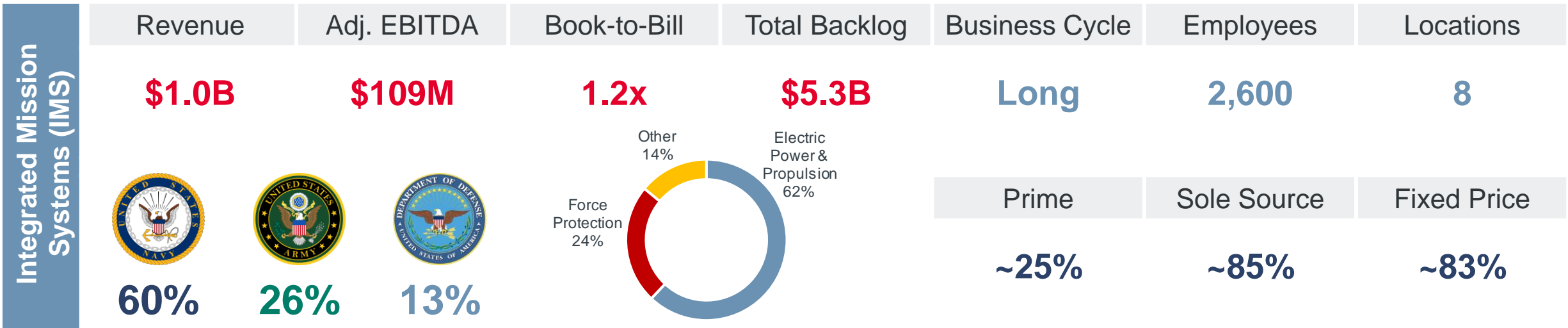
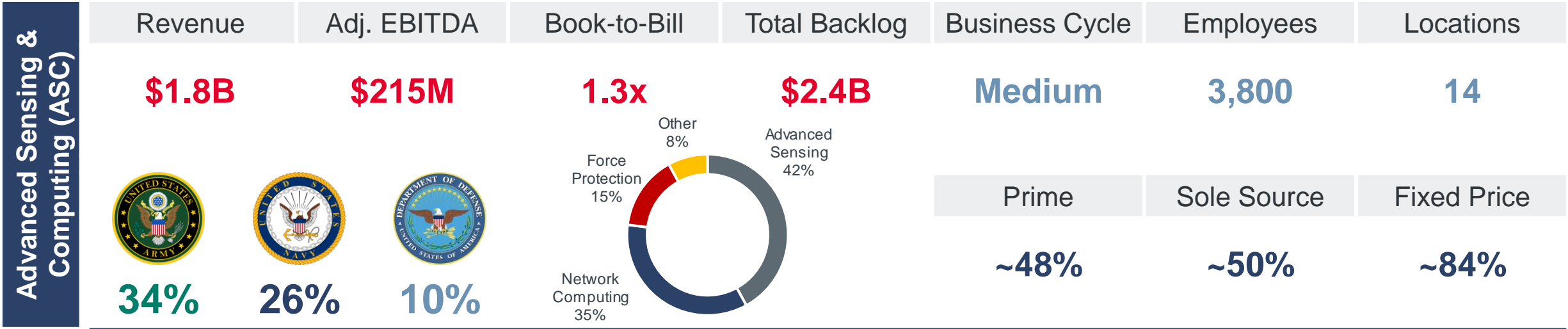
Land Systems



Naval Power Systems





# Key Segment Statistics



Note: Statistics as of 12/31/23 or full year 2023 and percentages are based on 2023 revenue  
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# Our Market Outlook for DRS Core Technology Areas

	2023 Revenue %	Relative Expected Growth Rate	Addressable Domains							
			Airborne	Cyber	Dismounted	Ground Vehicle	Space	Subsurface Naval	Surface Naval	Unmanned
 Advanced Sensing	28%		✓	✓	✓	✓	✓	✓	✓	✓
 Network Computing	22%			✓		✓		✓	✓	
 Force Protection	18%		✓			✓			✓	✓
 Electric Power & Propulsion	23%					✓		✓	✓	✓
 Other	9%		✓			✓			✓	

 Strong current addressability by DRS  
 Emerging addressability by DRS

# DRS Formula for Success

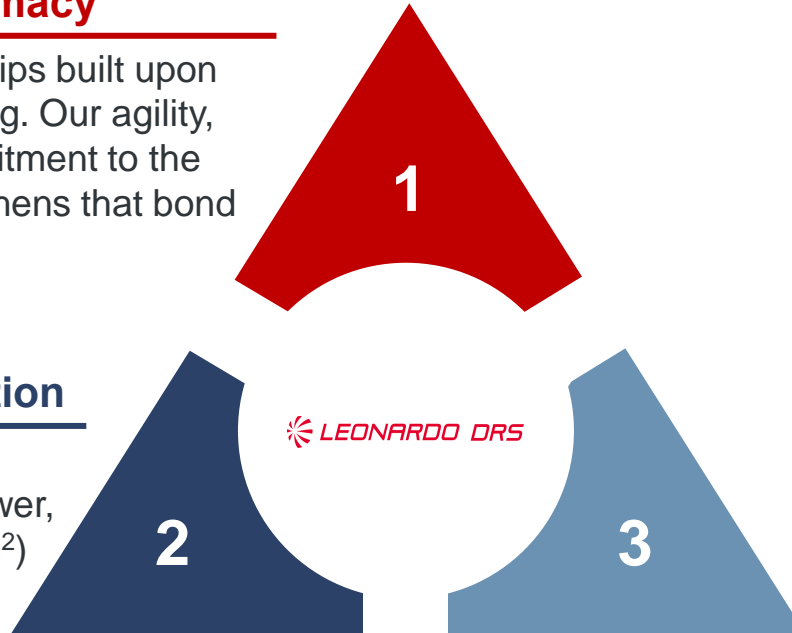
A successful formula that has led to entrenched market leadership positions with >60% of DRS content as sole source

## Customer Intimacy

Strong customer relationships built upon deep mission understanding. Our agility, responsiveness and commitment to the mission continually strengthens that bond

## Technology Differentiation

Innovative solutions that optimize for size, weight, power, capability and cost (SWaP-C<sup>2</sup>)



## Strong Execution

Our execution track record spanning 55 years is grounded in excellence, quality and timely delivery

## Limited Competition Across Our Core Technology Areas

### Advanced Sensing



### Network Computing



### Force Protection



### Electric Power & Propulsion



# Select Manufacturing and Engineering Sites of Excellence



**Melbourne, FL**  
*Rugged Computing and  
Sensors Manufacturing*



**Dallas, TX**  
*Infrared Foundry  
and Sensors*



**Johnstown, PA**  
*Computing Electronics  
Manufacturing*



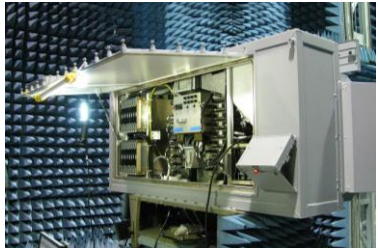
**Fitchburg, MA**  
*Electric and Hybrid  
Electric Drive*



**Menomonee Falls, WI**  
*Electric Drives and  
Power Storage*



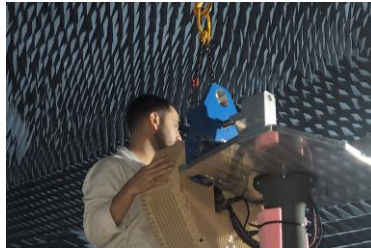
**St. Louis, MO**  
*Land Systems Engineering  
and Integration*



**Largo, FL**  
*Radar Manufacturing  
and Test*



**Frederick, MD**  
*RF Receivers and  
Transceivers*



**Netanya, Israel**  
*Radar Design and Test*



**San Diego, CA**  
*Quantum Cascade Lasers*



**Cypress, CA**  
*Space and Advanced  
Technology*



**Charleston, SC**  
*Propulsion Manufacturing  
and Test*





# Focus on Business Excellence to Enhance Value for Stakeholders



## Framework

### Strategy Alignment

Driving alignment across the organization to create value through unity of purpose and action

### Innovation

Embracing pervasive and disruptive innovation to maintain and unlock new competitive advantage

### Optimized Processes & Tools

Leveraging best practices to unlock profitable execution and drive future growth

### Common Measurements

Clear and consistent performance measurement to achieve business excellence

### Talent Strength

Engaging and investing in our employees that are foundational to our success



## Operational Priorities

### Engineering Evolution

Proliferate use of model-based design and engineering, automation and digital twinning to drive design excellence

### Operational Efficiencies

Continual focus on optimizing business to extract tangible and intangible value

### Program Execution

Integrated execution excellence from bid and design through delivery

## Key Outcomes

### Customer Success and Satisfaction



### Financial Results

(Growth and Profitability)



### Employee Retention and Development



# Strengthening Our Supply Chain



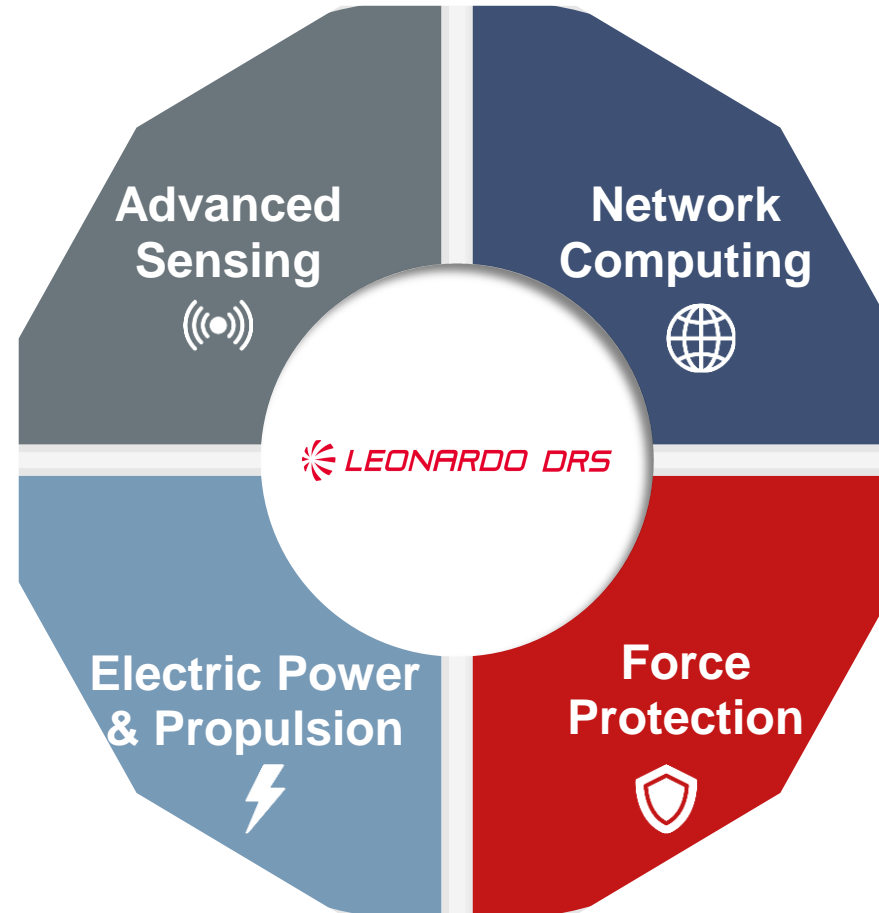
**Pandemic Era Supply Chain Challenges Accelerated Shift to a Strategic Approach**



# A Diverse Portfolio of Critical Capabilities

- Multi-Mission Electro-Optic Infrared (EOIR) Sensing
- Precision Targeting and Surveillance Sensors
- Electronic Warfare
- Intelligence (SIGINT) Systems
- RF Systems
- Tactical Radars

- Integrated Propulsion Systems
- Power Conversion, Control and Distribution
- Power Storage
- Motors and Variable Frequency Drivers
- Actuation



- Multi-Domain Platform Computing
- Combat Systems Computing
- Tactical Networks
- Software Defined Radios
- Command and Control

- Counter-UAS
- Short Range Air Defense (SHORAD)
- Infrared (IR) Countermeasures
- Active Protection Systems
- Fire System Support



# 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

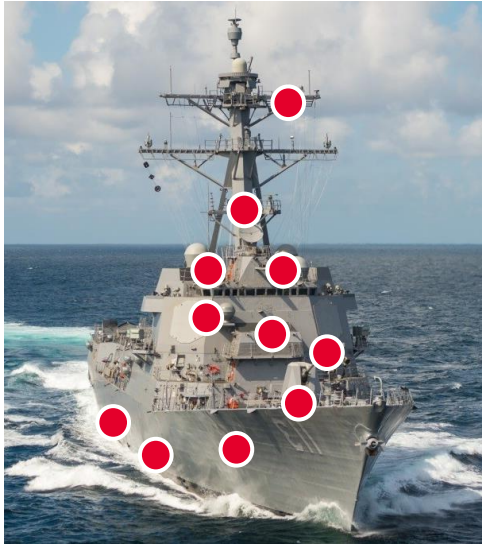
Weather Satellites

F-18 Hornet





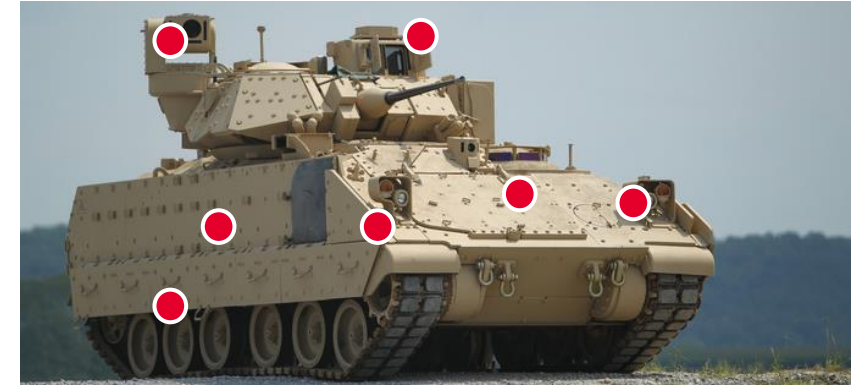
# Illustrative DRS Content Across Platforms



- 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



- 2<sup>nd</sup> and 3<sup>rd</sup> 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



# Our Focused Growth Strategy

Base Growth

## Execute in Our Core

Leverage DRS positions in attractive and growing core markets and technologies to accelerate growth

## Expand Scope

Utilize strong customer intimacy and extensive installed base to further cross-sell DRS capabilities

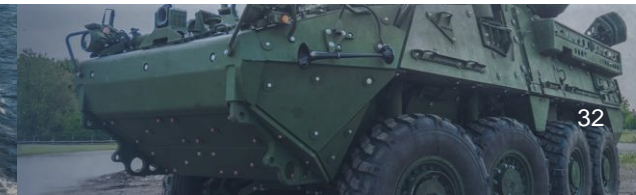
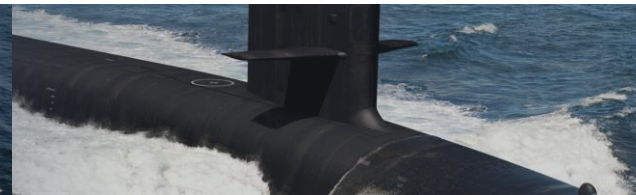
## Further Penetrate Markets

Expand DRS presence across relevant underpenetrated and new domains, customers and platforms

## Evolve Technology Base

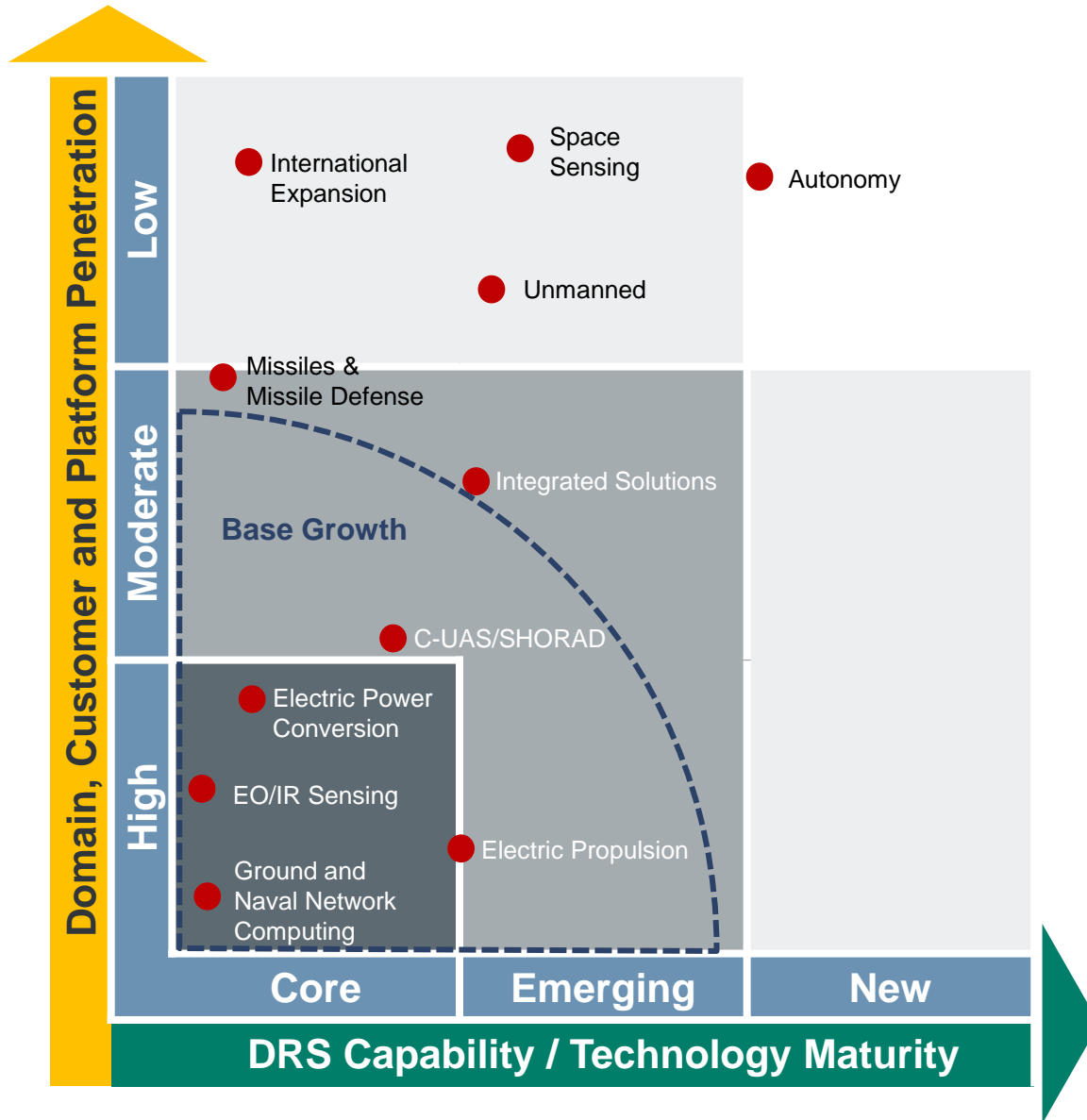
Continue to strategically invest organically in company funded R&D and inorganically through M&A

Upside to Targets





# Growth Opportunities for DRS are Abundant and Diverse



Growth Market	DRS Addressable Technology Areas	DRS Differentiated Offering
Integrated Solutions		Sensors and integrated solutions
International Expansion		U.S. qualified systems
Missiles & Missile Defense		Infrared (IR) and tactical sensors
Unmanned		IR, radar and other sensors; computing and platform protection
Space Sensing		Space sensors
Autonomy		Multi-domain sensors (IR, tactical, radar and other)

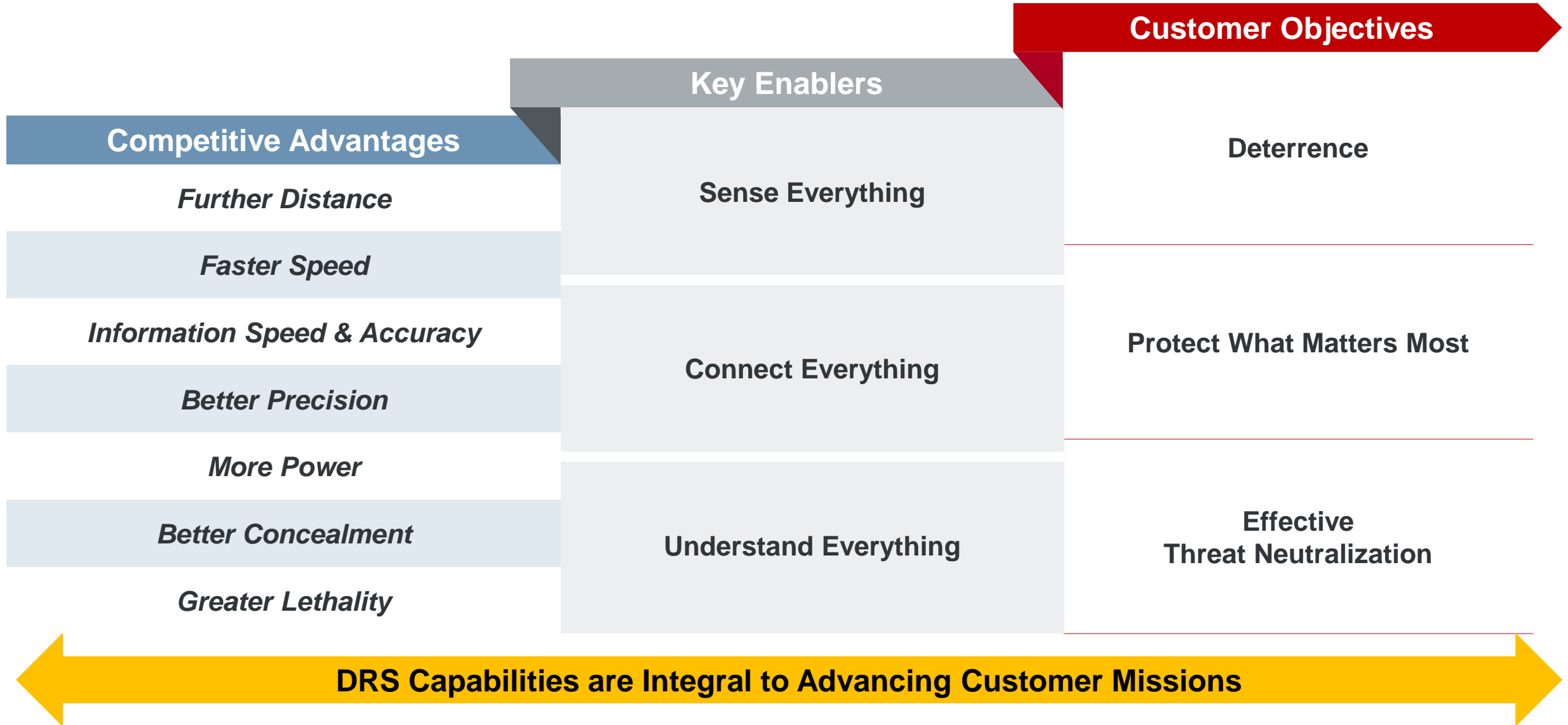




## **Persistent Innovation**

**Dr. Phil Perconti**  
**Chief Technology Officer**

# Our Framework for Addressing Evolving Customer Requirements



# Strategic Approach to Research and Development

## R&D Philosophy



Strategically focused on initiatives that maximize impact to our customers and our business



Leverage collaborative R&D investment approach in partnership with customers, industry partners, suppliers and academia



Rigorous evaluation of engineering feasibility, production ease and financial return applied to all investment decisions

**\$82M**

2023 company funded R&D

**~\$275M**

2023 customer funded R&D

**~80%**

R&D focused on four core growth markets

**50% / 50%**

Fixed price vs. flexibly priced development

**~20%**

R&D focused on market disruptive technology



# Our Engineering Agility and Philosophy

## Rapid Capability Deployment



**19 months**

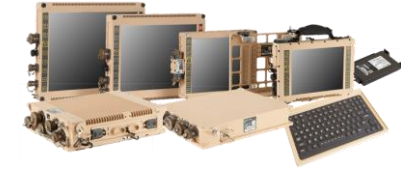
Concept to Prototype  
Maneuver - Short Range Air Defense  
(M-SHORAD)

## Modular Systems and Open Standards



Striving to provide seamless interoperability that is flexible, extensible and upgradeable

## Platform Agnostic Approach



**>105K**

Mounted Family of Computer  
Systems (MFoCS)  
units fielded



# DRS Capabilities are Well Positioned to Enable Emerging Customer Missions

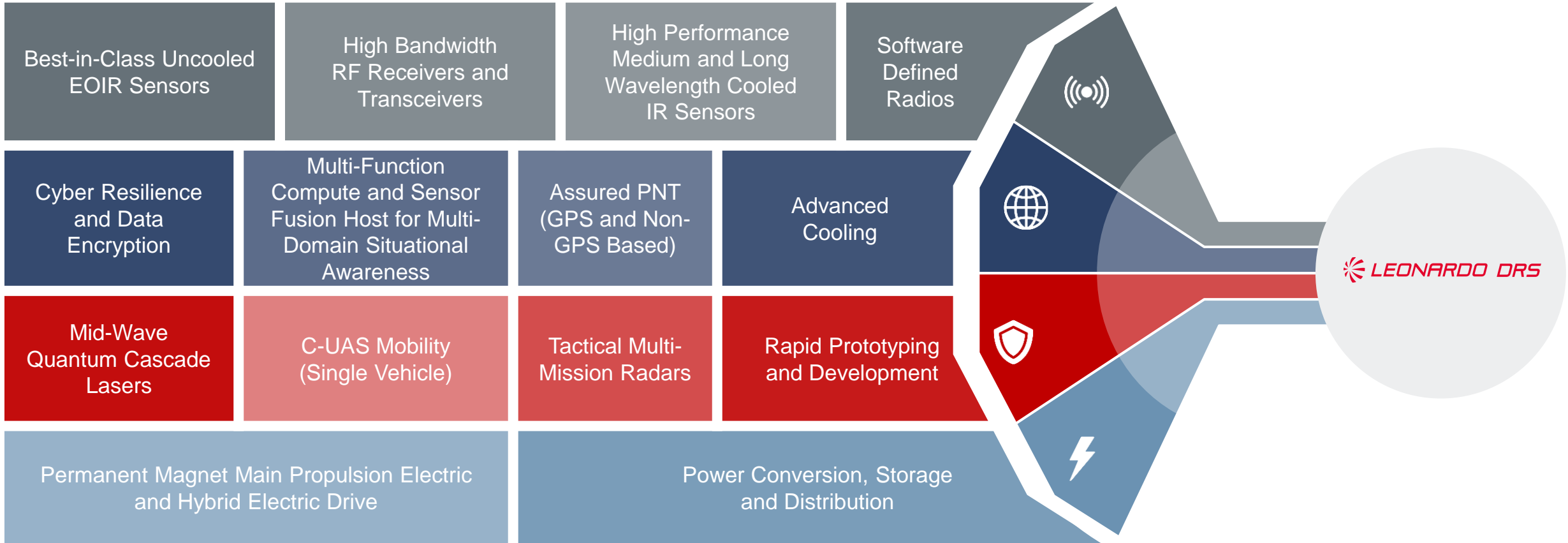
Autonomy	Counter-UAS	Joint All Domain C2	Naval Power Projection	Quantum Information Technology
<ul style="list-style-type: none"><li>• Convergence of sensors and computing embedded AI algorithms in every sensor</li><li>• Every type of sensor for every autonomous mission</li></ul>	<ul style="list-style-type: none"><li>• Active radars and passive RF sensors that find loitering munitions</li><li>• Fire control computing for kinetic effects to neutralize threats</li></ul>	<ul style="list-style-type: none"><li>• Digital architecture for platforms</li><li>• Integrated sensing</li><li>• Edge computing</li><li>• Secure communications</li><li>• Platform compute for battle management and AI</li><li>• Cyber security at the edge</li></ul>	<ul style="list-style-type: none"><li>• Better and more capable platforms, weapons, sensors and systems</li><li>• Shipboard electric drive</li><li>• Electric power management, conditioning and control</li><li>• Energy storage</li></ul>	<ul style="list-style-type: none"><li>• Quantum cascade lasers</li><li>• Computers, sensors and timing</li><li>• Photonics modules necessary for many qubit computing</li></ul>

**DRS Provides the Foundational Technology Enablers for Emerging Defense Requirements**





# Our Broad Portfolio of Technology Differentiators



# Our Capabilities and Investments are Aligned to Address Customer Requirements Across Domains and Platforms

## Select Recent Investments

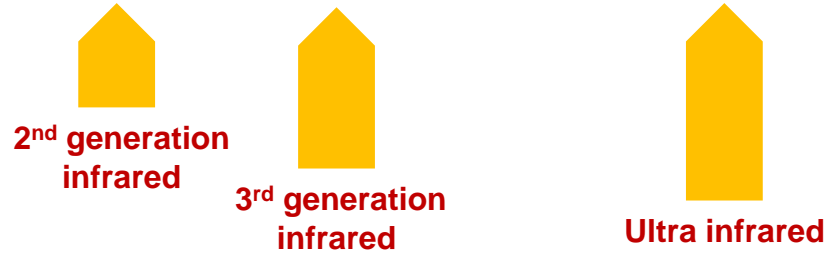
				Competitive Advantages Provided							Domains				
				Further Distance	Faster Speed	Info. Speed & Accuracy	Better Precision	More Power	Better Concealment	Greater Lethality	Airborne	Cyber	Ground	Naval	Space
Passive and Active Optical Sensors		<ul style="list-style-type: none"> <li>• 3<sup>rd</sup> gen and ultra infrared</li> <li>• Integrated sensing</li> </ul>		✓		✓	✓			✓	✓		✓		✓
Passive and Active RF		<ul style="list-style-type: none"> <li>• <b>BlackLab</b></li> <li>• Secure intelligence communications</li> </ul>		✓		✓	✓			✓	✓	✓	✓		✓
Computing Infrastructure		<ul style="list-style-type: none"> <li>• Cyber and APNT</li> <li>• AI-Enable Fusion</li> <li>• Advanced Cooling</li> </ul>			✓	✓						✓	✓	✓	
Integrated Force Protection		<ul style="list-style-type: none"> <li>• Single vehicle C-UAS</li> <li>• Dynamic tactical radars</li> </ul>			✓	✓	✓			✓			✓	✓	
Open / Adaptive Power Conversion and Propulsion		<ul style="list-style-type: none"> <li>• Power density</li> <li>• Acoustics</li> <li>• Energy storage</li> </ul>		✓	✓			✓	✓	✓	✓		✓	✓	



# Capability Evolution to Address Next Generation Requirements: The Future of Sensing



*Field of view*



- Improving performance, resolution and situational awareness for persistent surveillance
- Convergence of sensing and computing with embedded AI
- Faster, more accurate decisions at the tactical edge
- Open, scalable and resilient architecture that is customizable for a diversity of missions and capabilities

**15 MINUTE BREAK**





# Naval Electrification

**Jon Miller**  
**General Manager – Naval Power Systems**

# Naval Power Systems Business Overview

## Legacy Acquisitions

**EATON** Navy Controls Division (2002)

**KAMAN** Electromagnetics Development Center (2003)

Power Technology, Inc. (2003)

**MARLO** **ESSI** Engineered Support Systems, Inc. (2006)

## Employees

1,400+

## Locations

Menomonee Falls, WI  
 Danbury, CT  
 Fitchburg, MA  
 High Ridge, MO  
 Charleston, SC

## Notable Customers

## Key Capabilities

Propulsion Permanent Magnet Motors	Turbine Packaging & Design	Generators
Motor Controls	Switchgears	Power Conversion
Energy Storage	Electronic Cooling Packages	HVAC and Refrigeration

## Select Platforms



Columbia



Virginia



Arleigh Burke



LCS



LHA

CVN



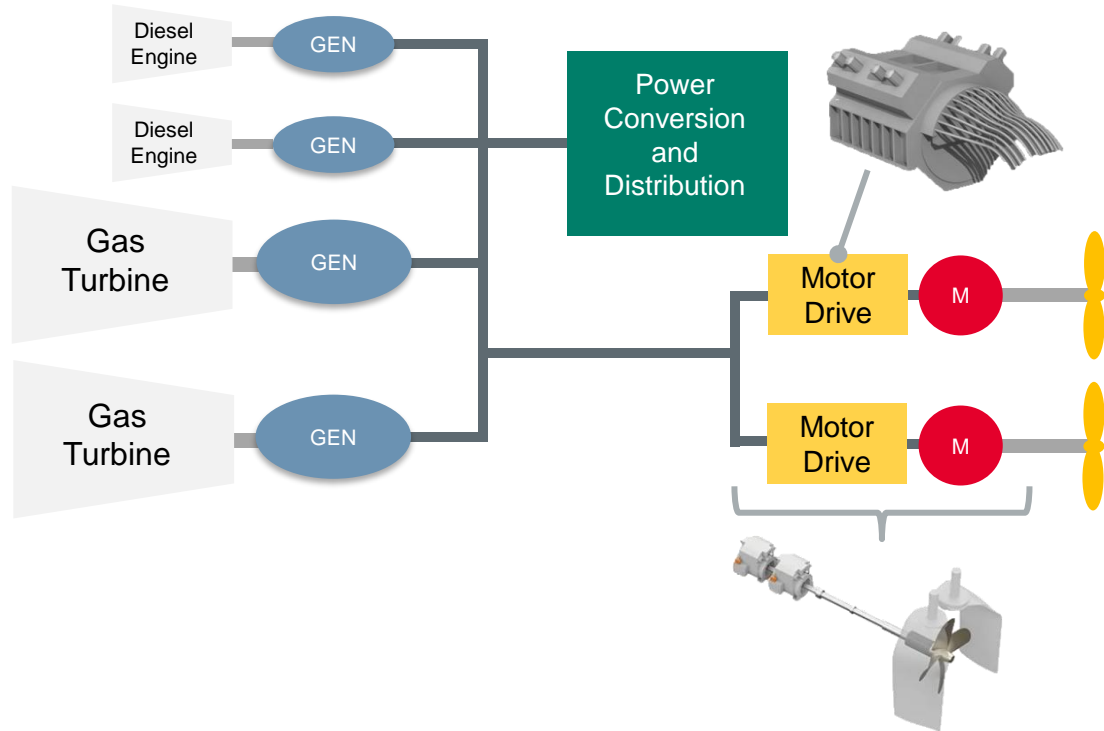
OPC





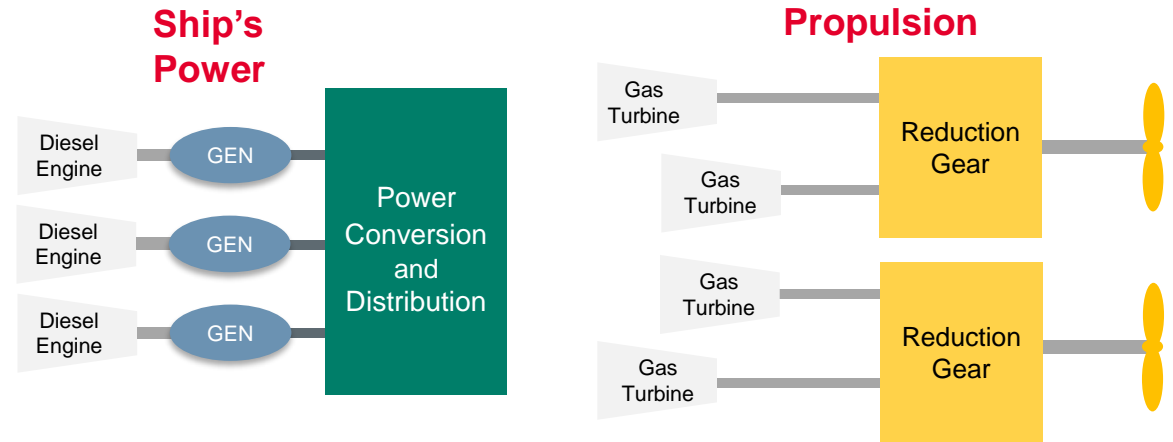
# Illustrative Propulsion System Comparison

## Integrated Electric Propulsion



**Integrated Electric Propulsion Systems** typically use a combination of gas turbine engines and diesel engines to create electric power through generators to provide flexible power to electric propulsion and all shipboard electric power needs. These systems are sized to support total ship speed requirements in addition to all other electrical power needs

## Traditional / Mechanical

















**Traditional systems** typically use gas turbine engines dedicated to turning propellers through a set of mechanical reduction gears and diesel engines to generate electric power for all shipboard electric power needs



# Why are Integrated Electric Propulsion Systems Compelling?

Electric Power Capacity Enables Customers to Operate at Further Distance with Better Capability

	Integrated Electric Propulsion	Traditional / Mechanical
Ship Architecture	 <b>Greater flexibility</b> given engines and motors can be separated	 <b>Rigid</b> because traditional systems require drive alignment to reduction gears
Power Efficiency	 <b>High efficiency</b> across all operating modes	 <b>Inefficient</b> at off-speed and partial load driving increased operating costs
Power Distribution	 <b>Variable</b> and able to power propulsion and non-propulsion loads	 <b>Dedicated</b> engines for propulsion and ship service loads
Power Generation Capacity	 <b>Scalable</b> to meet next generation power requirements and capabilities	 <b>Limited scalability</b>
Acoustics	 <b>Quieter</b> due to reduced number of engines, gears and shafting	 <b>Noisier</b> due to multiple engines, gears and shafting
Power Source	 <b>Agnostic</b> to diesel, nuclear or other power sources	 <b>Agnostic</b> to diesel, nuclear or other power sources
Lifecycle Costs	 <b>Lower total ownership costs</b>	 <b>Higher operating costs</b> driven by volume of componentry



# What is DRS Doing on Columbia Class?

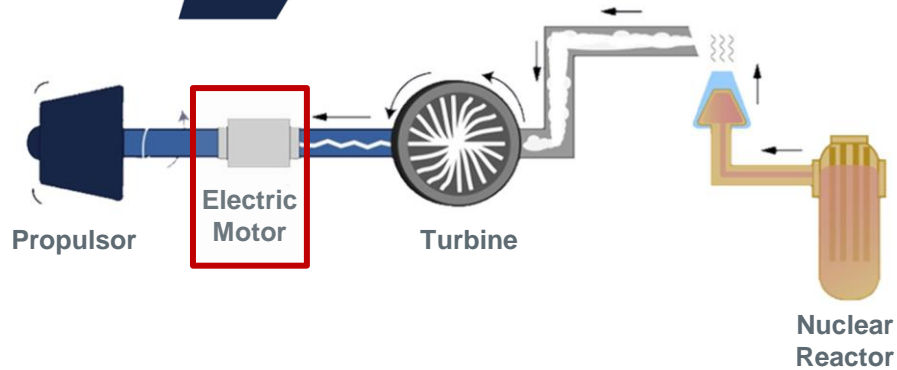
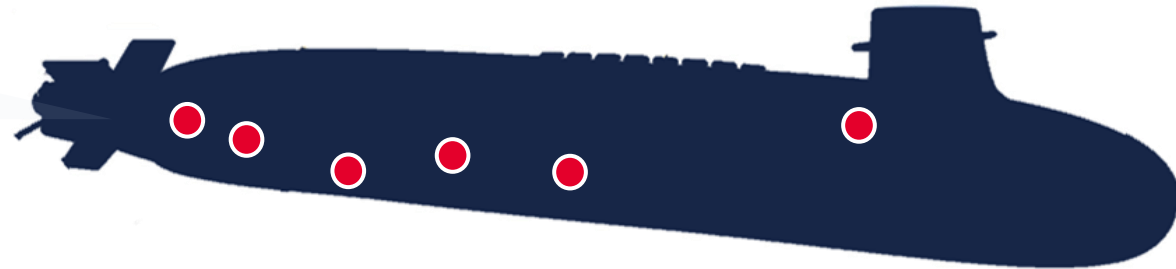
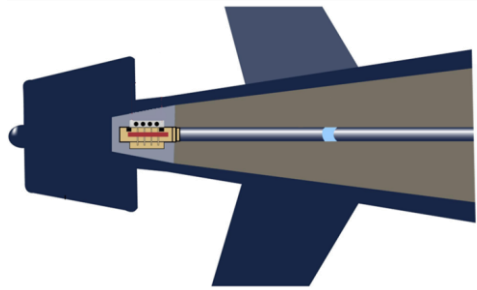
Integrated Propulsion System

Switchboard Components

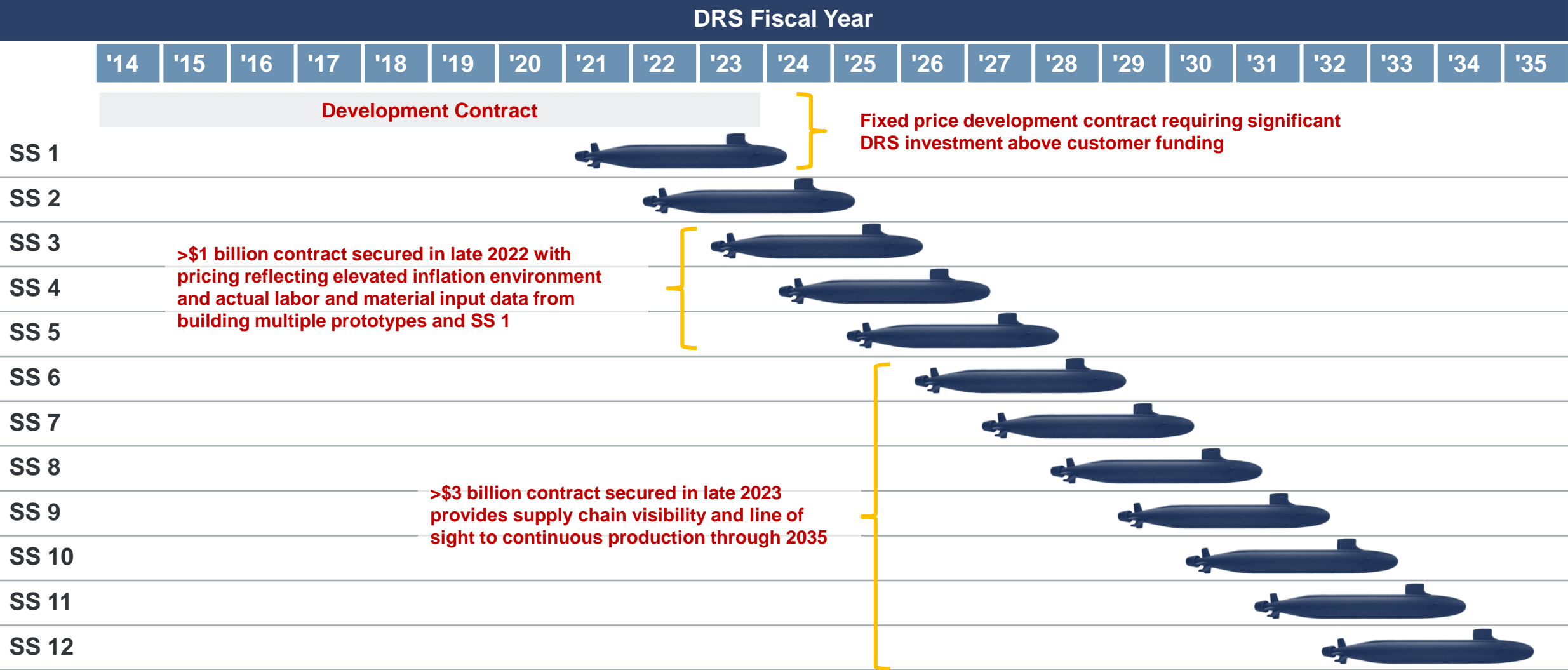
Electrical Conversion


Motor Controllers

Computing Infrastructure



# Strong Visibility on the Navy's Most Important Program: Columbia Class



 Note: Schedule represents DRS expected revenue stream not the overall schedule of the Columbia Class program

# Columbia Class Financial Contribution to DRS

“Same Shipset Content” Driving Significant Revenue Growth and Margin Improvement

Fiscal Year	2014 - 2022	2023	2024E - 2026E	2027E+
Primary Revenue Drivers	Development – Shipset 1	Shipsets 1 – 2	Shipsets 3 – 5	Shipsets 6 – 12
Average Annual Revenue Contribution	~\$100M	~\$200M - ~\$300M	~\$300M - ~\$400M	>\$400M
Estimated Adjusted EBITDA Margin	Negative	Double Digit	Mid-Teens	≥ Mid-Teens



# Coastal Facility Investment Project to Position for Long-Term Opportunities



Net Investment	Location:	Sq. Ft.	Target Completion
~\$120M	Charleston, SC	~140K	2026

## Investment Driver

- Recently awarded rest of Columbia Class contract creates clear visibility to proceed with investment
- Investment driven by desire to maximize program execution efficiency

## Rationale / Opportunity Set

- Opens insourcing opportunity and expands program content on Columbia Class
- Expands capabilities to pursue high-probability opportunities for both international and new domestic ship classes that would be significantly additive to DRS financial projections
- Unique facility capabilities enable ability to support submarine and surface ship throughput on existing platforms

## Investment Return

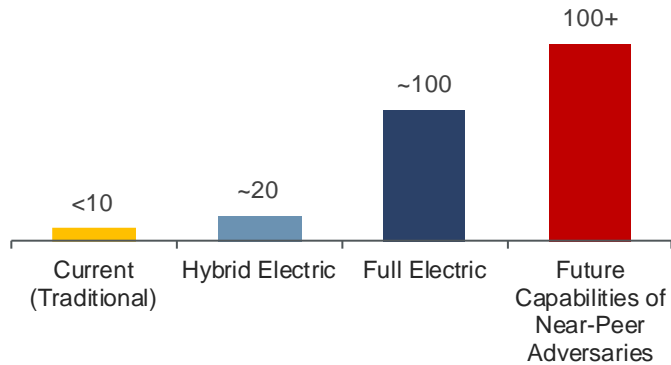
- Clear path to delivering compelling return on invested capital over the life of Columbia Class program
- Investment demonstrates focus on supporting customer priority to expand submarine industrial base
- Positions company to capture upside opportunities from new electrification platforms



# Electric Power & Propulsion Growth Opportunity Set

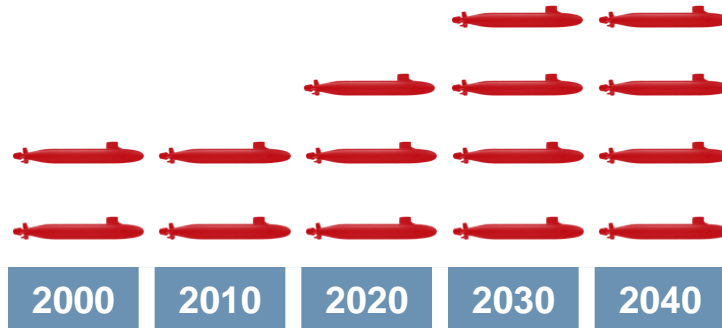
## Imperative to Modernize is Inevitable

Illustrative surface ship power capacity in megawatts



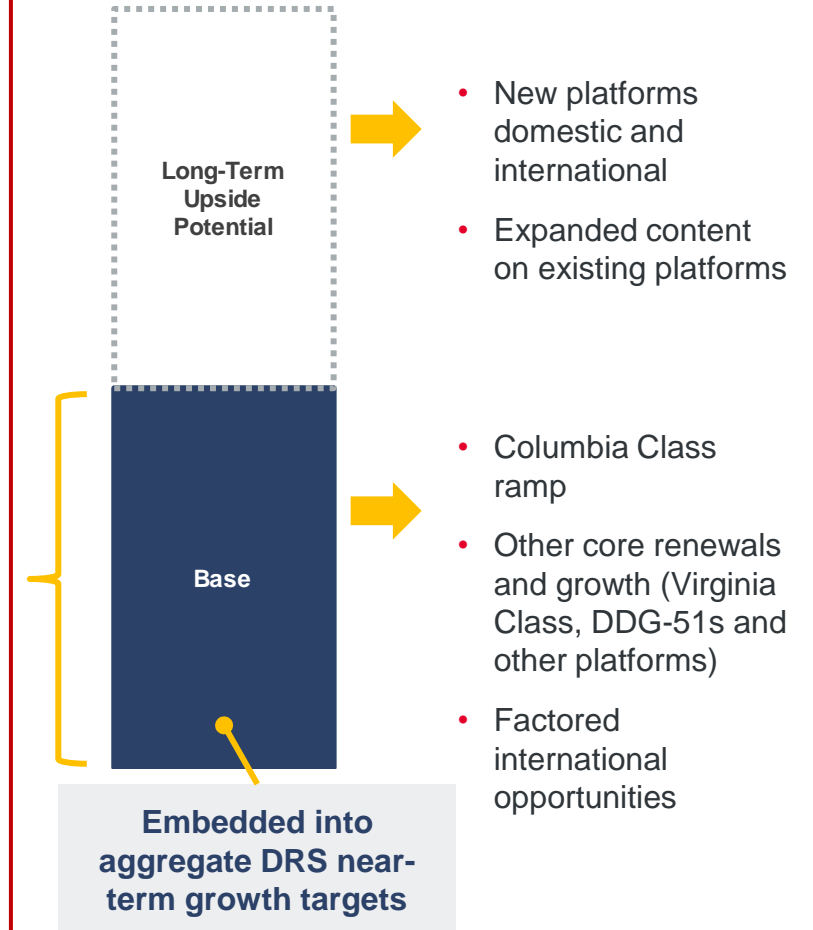
- Traditional and hybrid electric will be insufficient to match future capabilities of near-peers

## U.S. Submarine Demand



- The need to improve submarine industrial base throughput is critical as demand continues to ramp from domestic and international (AUKUS) requirements

## Growth and Upside Potential







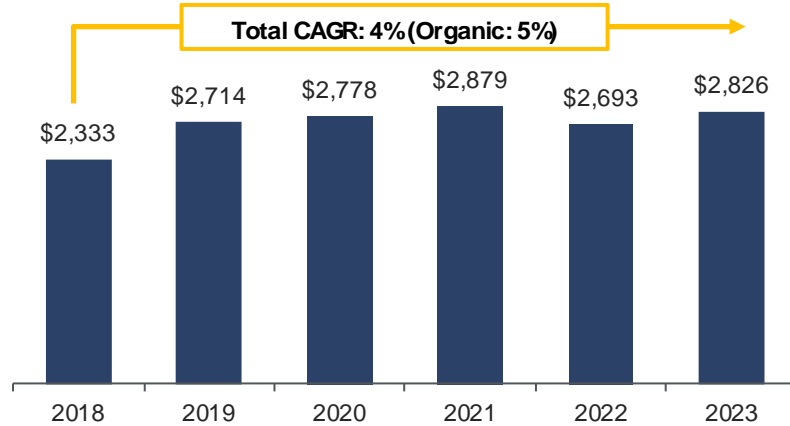
# Financial Overview

**Mike Dippold**  
**Chief Financial Officer**

# Demonstrated Ability to Execute

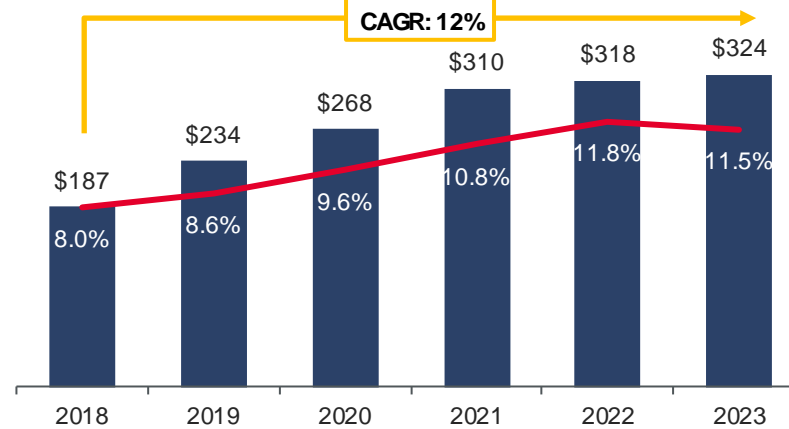
## Revenue

(Dollars in millions)



## Adjusted EBITDA and Margin (1)

(Dollars in millions)

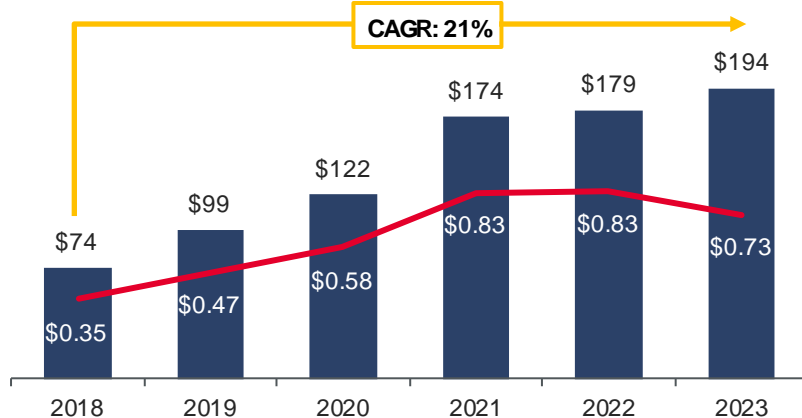


Organic growth accelerating as supply chain headwinds dissipate

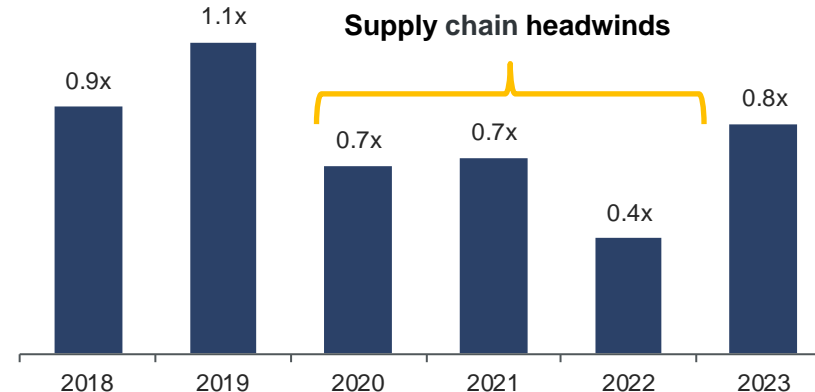
~350 bps of Adjusted EBITDA Margin improvement enabled by solid program execution despite record inflationary pressures

## Adj. Net Earnings and Adj. Diluted EPS (1)

(Dollars in millions, except per share amounts)



## FCF Conversion (of Adj. Net Earnings) (1)



Solid operational execution translating to consistent Adjusted Net Earnings growth

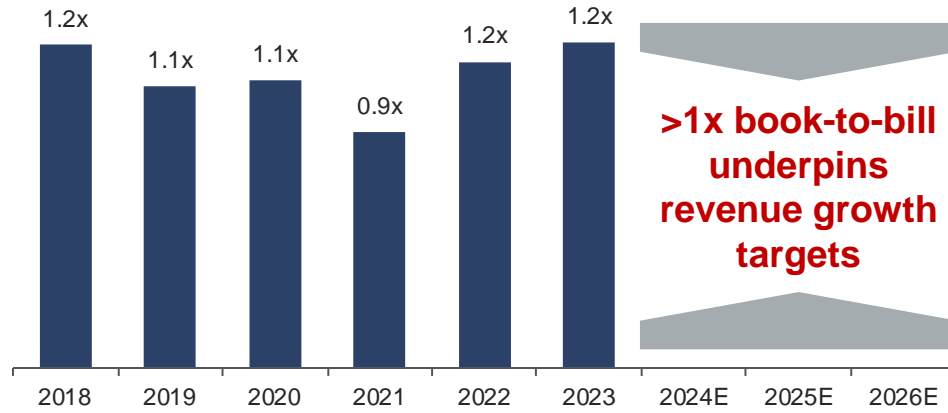
Strong and improving Free Cash Flow generation

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



(1) See slide 67 "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

# Broad Based Demand Driving Healthy Bookings and Solid Backlog Growth

Book-to-Bill

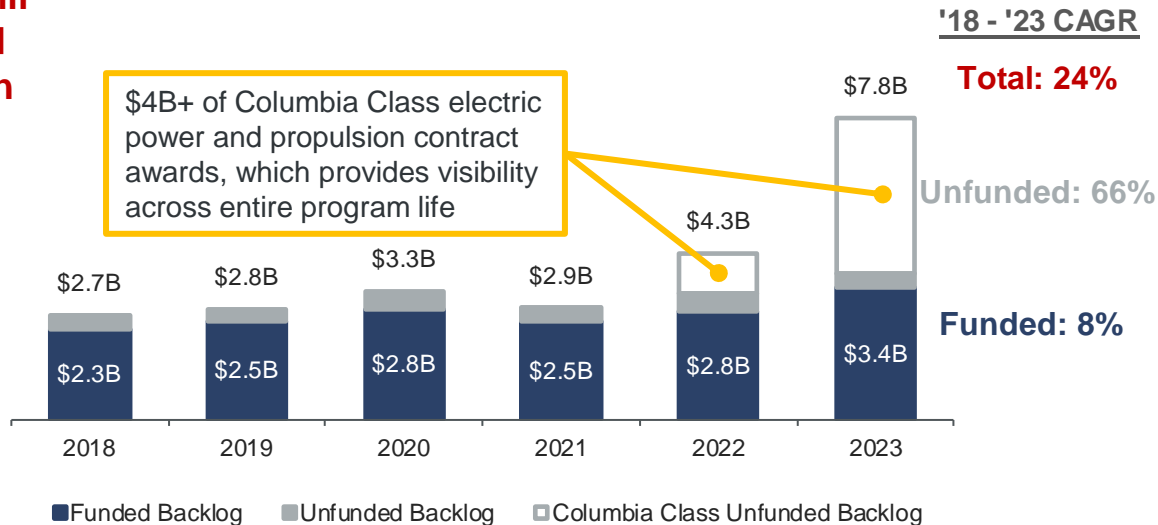


## Strong Revenue Visibility

-  Sizeable total and funded backlog
-  Limited near-term recomplete risk
-  Significant sole source positioning
-  Solid continuing customer demand

Solid book-to-bill driving funded backlog growth

Backlog



# Key Financial Metrics We are Prioritizing to Maximize Shareholder Value

Annual and long-term compensation aligned to financial metrics that maximize shareholder value



## 3-Year (2024E - 2026E) Financial Targets

**4% to 7%**

**Organic  
Revenue Growth**

**~14%**

**2026E  
Adjusted EBITDA  
Margin**

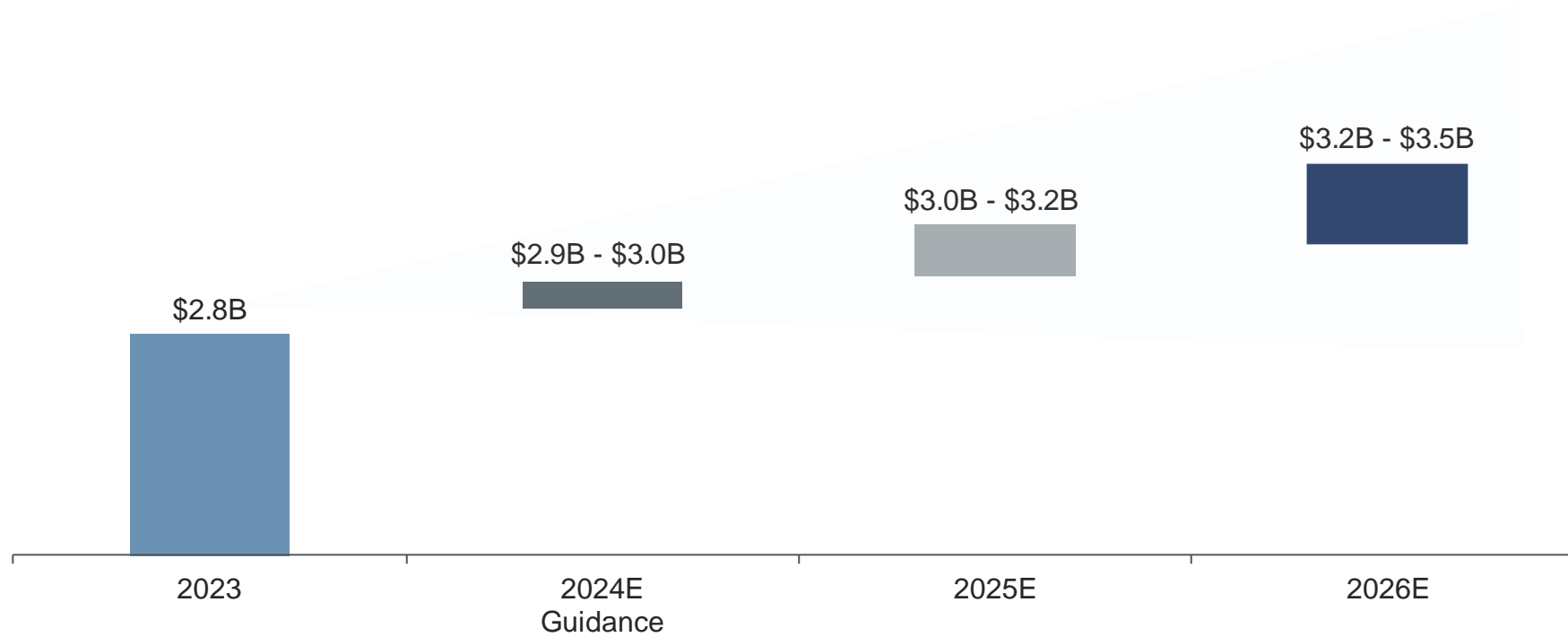
**80% to 90%**

**Free Cash Flow  
Conversion**

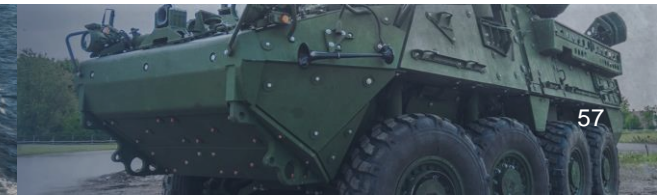


Note: Adjusted EBITDA Margin and Free Cash Flow Conversion are non-GAAP financial measures. The company does not provide a reconciliation of forward-looking Adjusted EBITDA Margin or Free Cash Flow Conversion, due to inherent difficulty in forecasting and quantifying the non-GAAP exclusions that are necessary for such reconciliation without unreasonable effort. Material changes to any one of these items could have significant effect on future GAAP results.

# Strong and Visible Revenue Growth

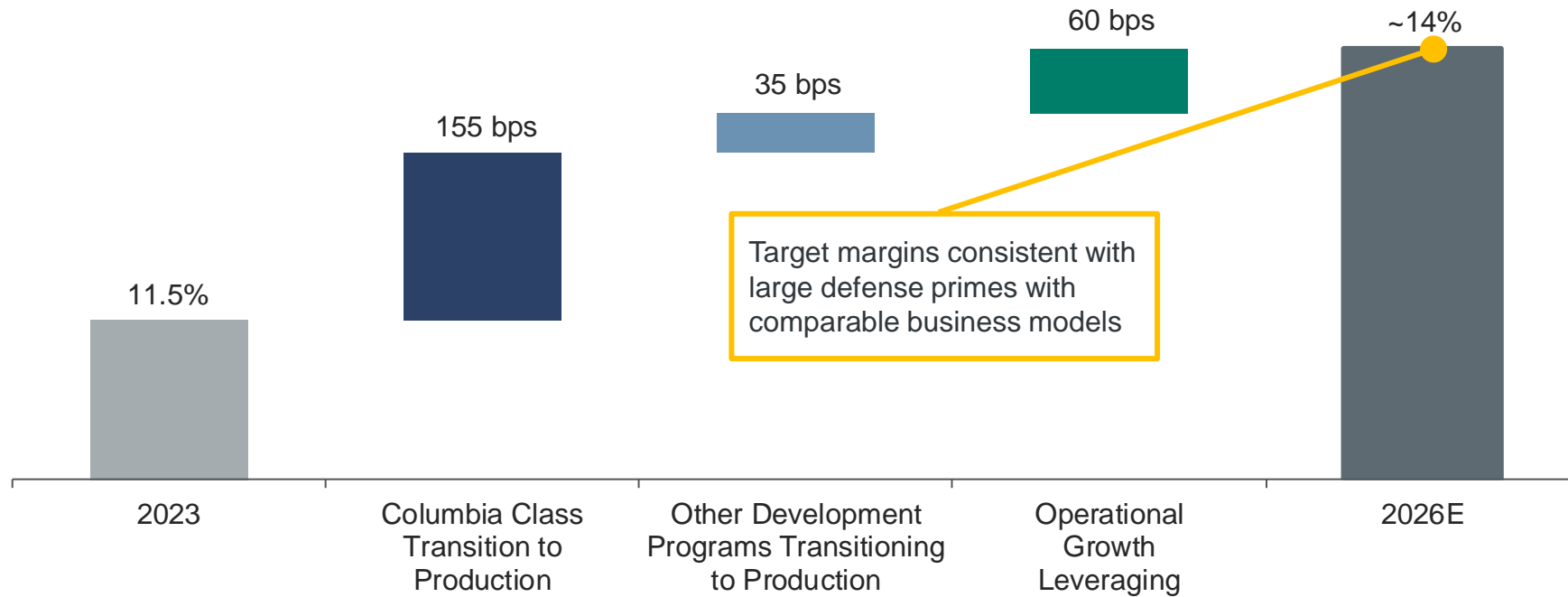


- + Global threats increasing customer requirements
- + Normal course inflation repricing
- + Limited recompetes permits focus on growth
- + Supply chain normalization
- Flattening overall defense budget growth
- Declining bipartisan compromise



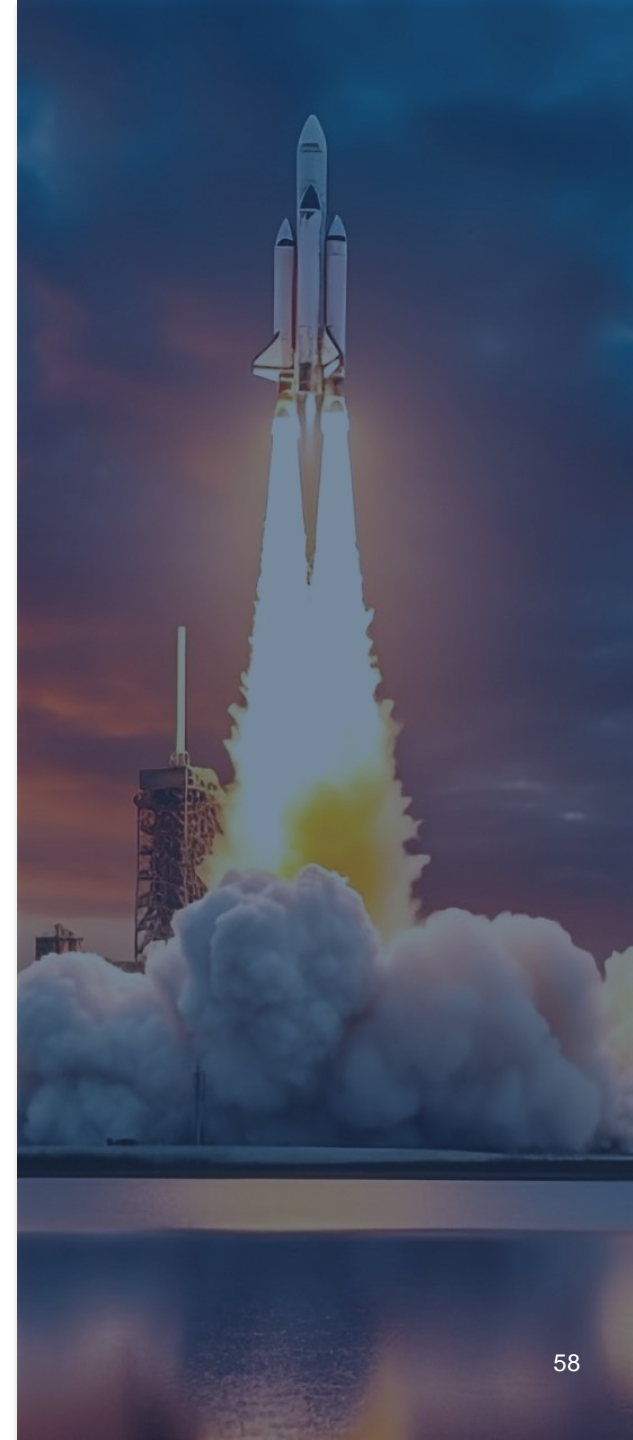


# Clear Path to Strong Adjusted EBITDA Margin Improvement



- + Development to production transitions
- + Fixed cost absorption on revenue / volume growth
- New development programs
- + Inflation repricing opportunity and cost escalation easing
- Increased IR&D Investment
- Supply chain unknowns

Note: Adjusted EBITDA Margin is a non-GAAP financial measure. The company does not provide a reconciliation of forward-looking Adjusted EBITDA Margin, 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



# Capital Deployment Optionality Enabled by Healthy Free Cash Flow Generation

**1.1x**

**Average 2023  
Net Debt / EBITDA <sup>(1)</sup>**

- Free Cash Flow seasonality makes trailing multi-quarter trending more useful vs. single quarter snapshot

**~2x**

**Optimal Net Leverage**

- Intend to maintain a more conservative capital structure and preserve financial flexibility

**80 to 90%**  
(of Adjusted Net Earnings)

**Free Cash Flow (FCF)  
Generation**

- Expected FCF generation assumes increased capital expenditure investments
- Not contingent on reversal of Section 174
- Assumes improved working capital posture

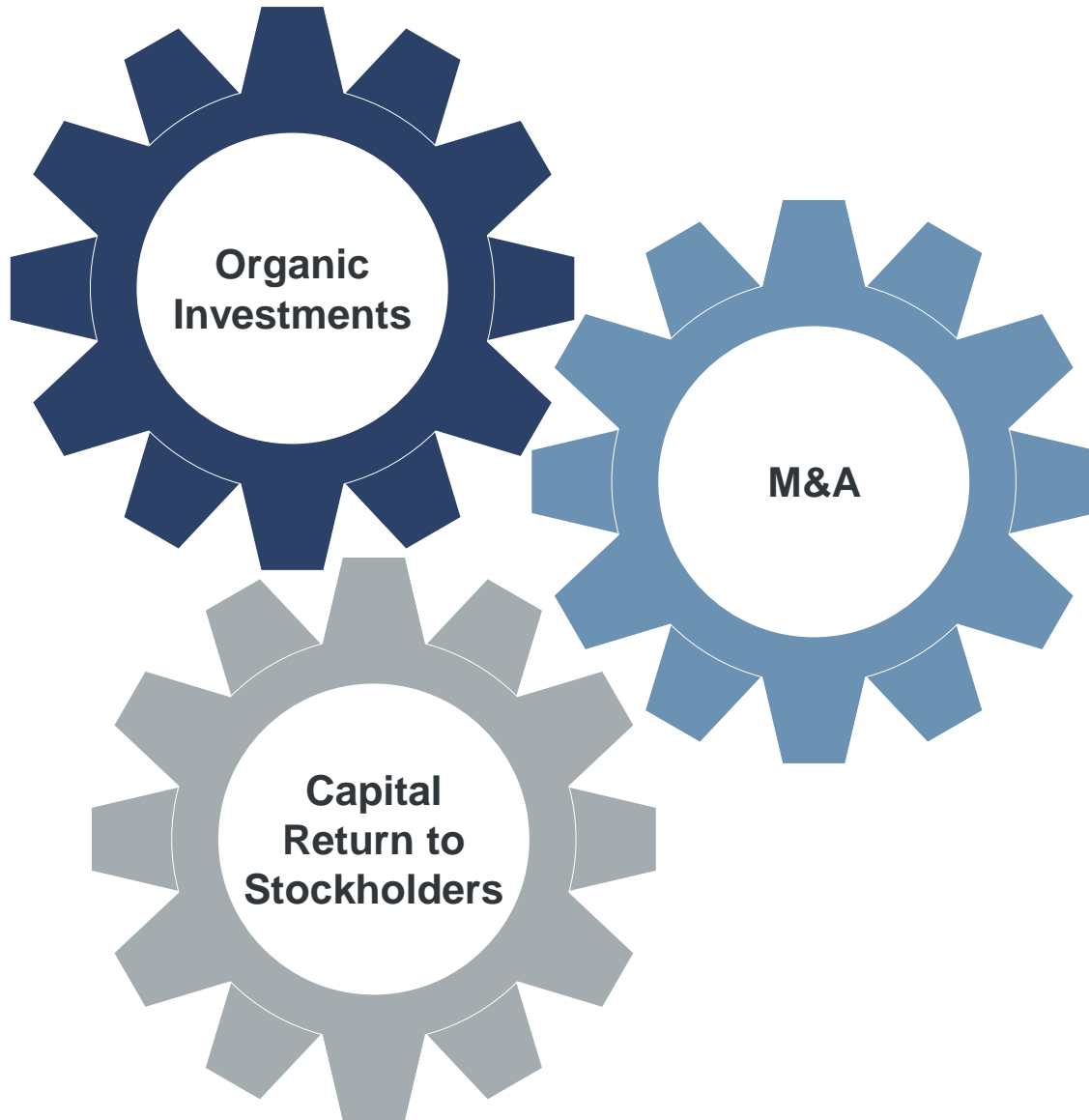
**75% - 100%**

**Target Capital  
Deployment of FCF**

- Goal of prudently utilizing cash generation for value additive capital deployment
- Priority on M&A



# Capital Allocation Framework



1

Accelerating profitable organic growth is the most compelling avenue for value creation

2

Internal investments and M&A remain top priorities

3

Strong FCF generation and prudent leverage foundational to disciplined capital deployment

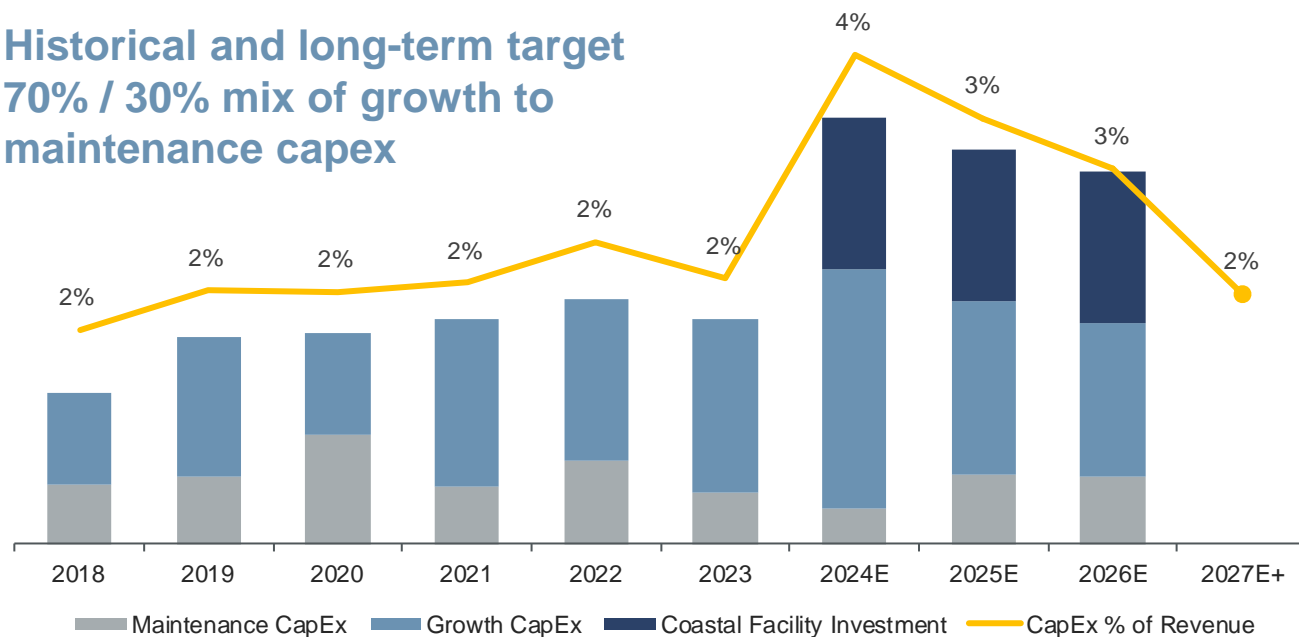
4

In the absence of compelling investments, balance sheet supports ability to return capital to shareholders



# Coastal Facility Investment Expected to Temporarily Elevate CapEx

Historical and long-term target  
70% / 30% mix of growth to  
maintenance capex



Completion of coastal facility investment will result in return to normalized long-term capex and FCF conversion levels



# Disciplined M&A Approach



Aligned to four core technology areas



High barriers to entry and differentiated market position



Additive portfolio of IP, customer relationships and programs



Clear synergies with path to enabling portfolio cross-sell



Sustainable long-term organic growth opportunity



Adjusted EBITDA Margin accretive



Adjusted Diluted EPS accretive in year 1

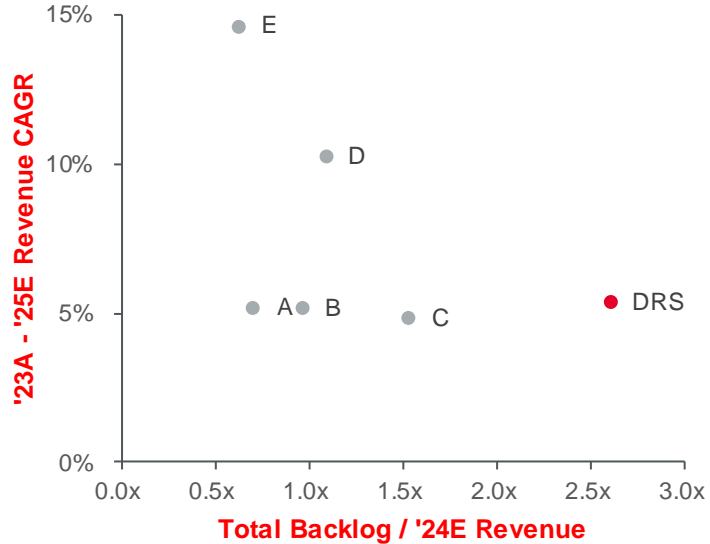


Return on invested capital (ROIC) > weighted average cost of capital (WACC)

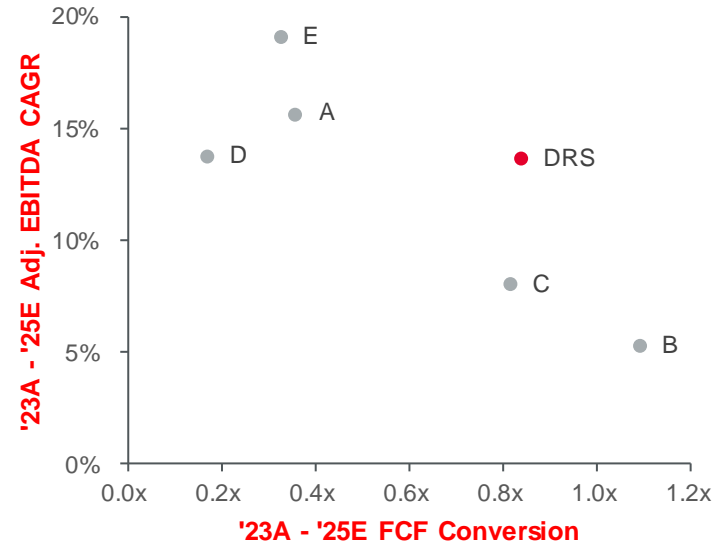


# Compelling Investment Case vs. SMID Cap Defense Alternatives

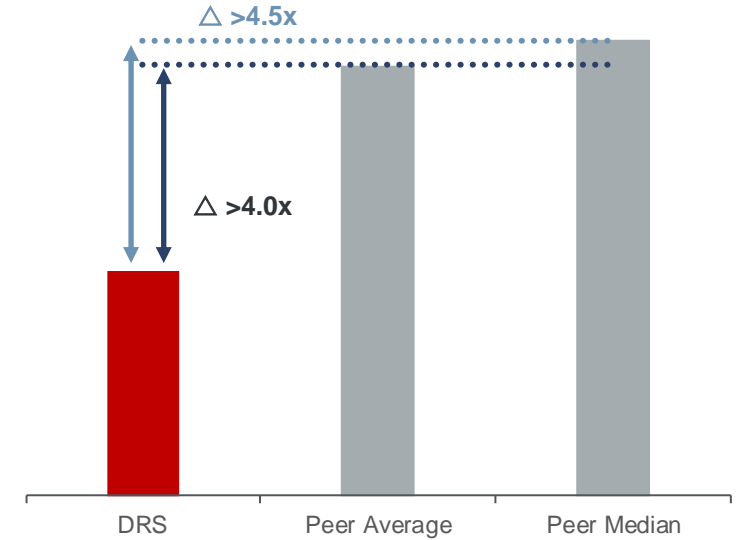
Revenue CAGR and Visibility



Adj. EBITDA CAGR vs. FCF Conversion



'25E EV / EBITDA Valuation Multiple



Significantly better revenue visibility at an attractive growth rate

Defense pureplay with diverse and platform agnostic portfolio

Compelling Adjusted EBITDA growth with solid FCF generation

Credible team with clear track record of consistent execution

Quality story trading at a valuation discount to peers

Solid balance sheet with capacity for capital deployment







## **Closing Remarks**

**Bill Lynn**  
**Chairman and Chief Executive Officer**

# We are Well Positioned to Drive Value for Our Stakeholders



Experienced management team with a clear execution track record



Unique, diverse and differentiated portfolio poised for durable, continuing growth



Strong and visible organic growth, margin expansion and free cash generation outlook



Attractive balance sheet offers significant capital deployment optionality





**Q&A**

# 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 impact from net earnings, then in the case of Adjusted Diluted EPS dividing Adjusted Net Earnings by the diluted weighted average shares outstanding.

**Free Cash Flow** 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.

(Dollars in millions)


	Twelve Months Ended December 31,					
	2018	2019	2020	2021	2022	2023
<b>Net earnings</b>	<b>(\$10)</b>	<b>\$75</b>	<b>\$85</b>	<b>\$154</b>	<b>\$405</b>	<b>\$168</b>
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
<b>Adjusted EBITDA</b>	<b>\$187</b>	<b>\$234</b>	<b>\$268</b>	<b>\$310</b>	<b>\$318</b>	<b>\$324</b>
Adjusted EBITDA Margin	8.0%	8.6%	9.6%	10.8%	11.8%	11.5%

(Dollars in millions, except per share amounts)

	Twelve Months Ended December 31,					
	2018	2019	2020	2021	2022	2023
<b>Net earnings</b>	<b>(\$10)</b>	<b>\$75</b>	<b>\$85</b>	<b>\$154</b>	<b>\$405</b>	<b>\$168</b>
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 <sup>(1)</sup>	(27)	(8)	(11)	(6)	(9)	(7)
<b>Adjusted Net Earnings</b>	<b>\$74</b>	<b>\$99</b>	<b>\$122</b>	<b>\$174</b>	<b>\$179</b>	<b>\$194</b>
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
<b>Adjusted Diluted EPS</b>	<b>\$0.35</b>	<b>\$0.47</b>	<b>\$0.58</b>	<b>\$0.83</b>	<b>\$0.83</b>	<b>\$0.73</b>

(Dollars in millions)

	Twelve Months Ended December 31,					
	2018	2019	2020	2021	2022	2023
<b>Net cash provided by operating activities</b>	<b>\$105</b>	<b>\$157</b>	<b>\$125</b>	<b>\$178</b>	<b>\$33</b>	<b>\$205</b>
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
<b>Free Cash Flow</b>	<b>\$65</b>	<b>\$110</b>	<b>\$82</b>	<b>\$122</b>	<b>\$74</b>	<b>\$159</b>
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

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