



# Debt Roadshow Presentation

June 2021

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The information in this presentation is not intended to replace the need to review Elbit's filings with the Israel Securities Authority ("ISA") and the U.S. Securities and Exchange Commission ("SEC"), including without limitation its annual report on Form 20-F for fiscal year 2020, filed with the SEC on March, 24, 2021 (the "2020 20-F"), the Shelf Prospectus filed by the Company with the ISA on September 30, 2020, and the Shelf Offering Report to be filed by the Company with the ISA (if filed), prior to making any investment in Elbit securities. In case of any inconsistencies between the information provided in this presentation and Elbit's filings, the latter will prevail.

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# Elbit Systems | A Highly Innovative Global Defense Company



**Internationally diversified**  
presence and client base

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**Broad range of market**  
leading **products & technologies** aligned with customer priorities

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**Significant investment**  
**in R&D** to generate market leading IP

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**Large backlog**  
provides good visibility

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**Conservative balance sheet**  
management  
**iIAA issuer rating by S&P**  
**Global Ratings Maalot**

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**Integrated and**  
supportive **supply chain**

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**Long-term**  
investment horizon

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Track record  
of **value creating M&A**

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# Elbit Systems at a glance



~\$6bn Market cap - NASDAQ & TASE listed



\$11.8bn order backlog at Q1 21



\$4.7bn revenues in LTM to Q1 21



~18,000 employees



Headquarters in Haifa, Israel



Subsidiaries in numerous countries

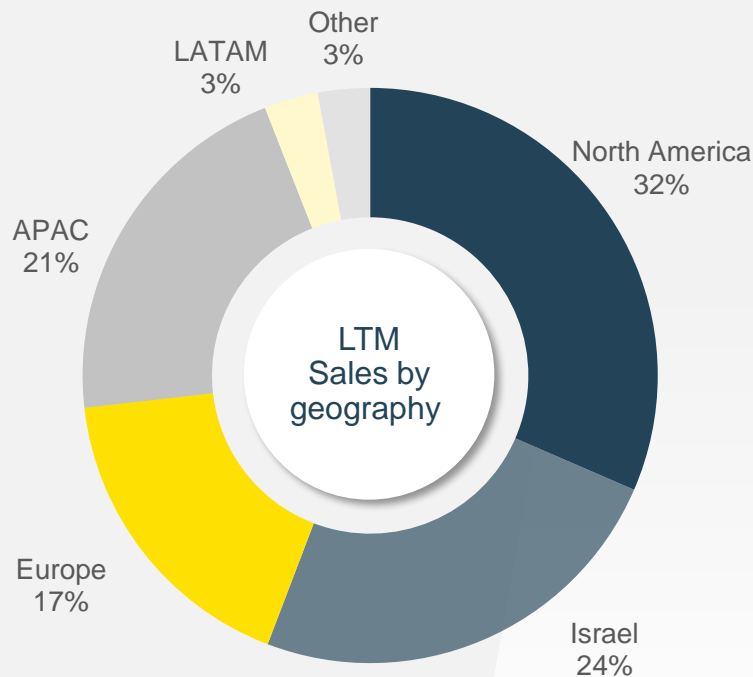
## O U R V I S I O N

To be a  
world-leading source  
**of innovative,  
technology-based  
systems**

for diverse defense  
and civilian applications

# Geographically balanced customer portfolio

Our  
**DIVERSE  
CLIENT BASE**  
reduces exposure to defense  
budget fluctuations in a single  
country or geographic region



# Israel's largest defense company



Maintaining Israel's technological edge

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Operational imperative to develop and deploy innovative solutions quickly and effectively

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Access to high quality talent pool with significant operational military experience

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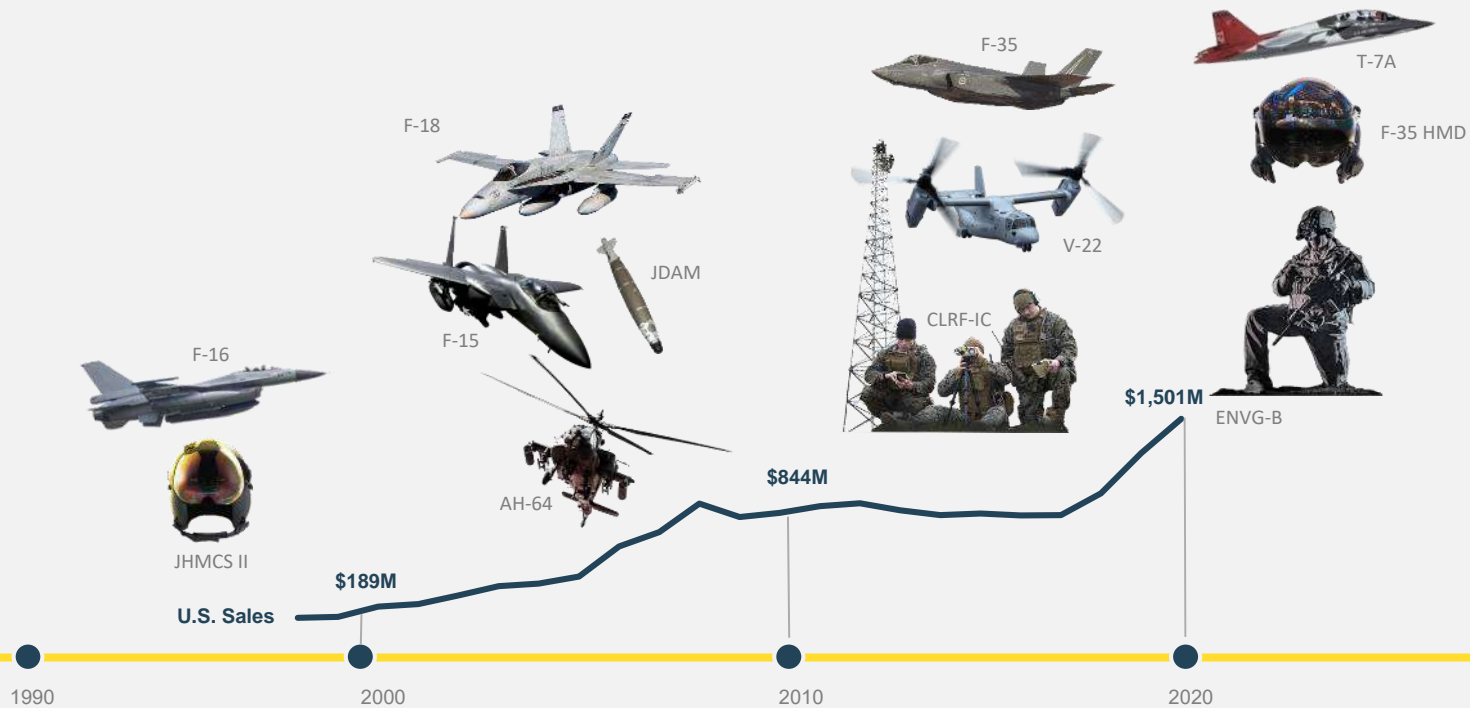


Elbit Systems is the IDF's primary supplier of C4ISR, EW, electro-optics, training systems, avionics, cyber, artillery and unmanned systems

**Elbit Systems** develops supplies and maintains **advanced technological solutions** for the **Israel Defense Forces** and Israel's security services **in all domains**, from underwater to space.



# The U.S. is our largest market



1990

2000

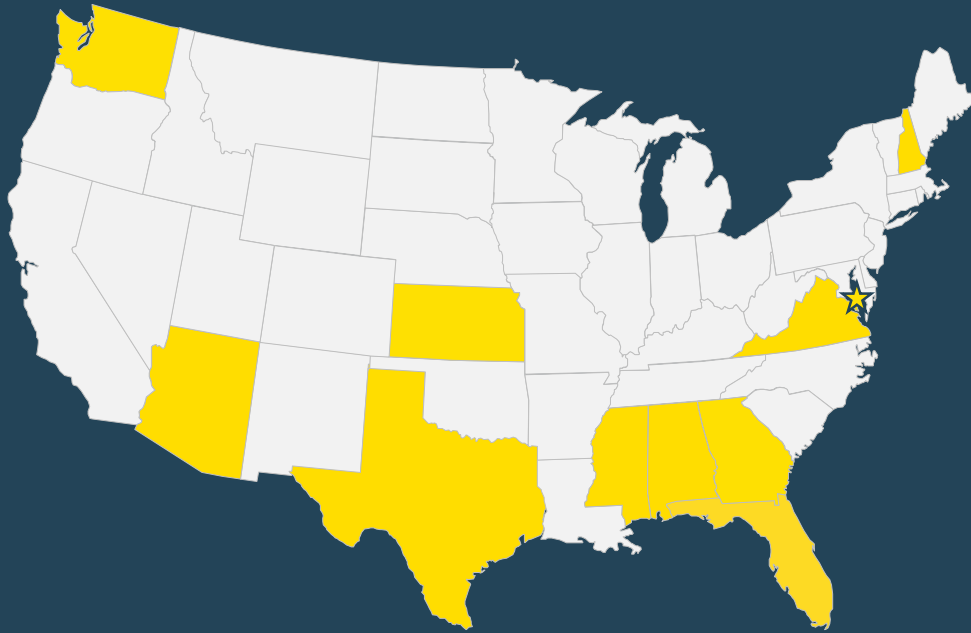
2010

2020





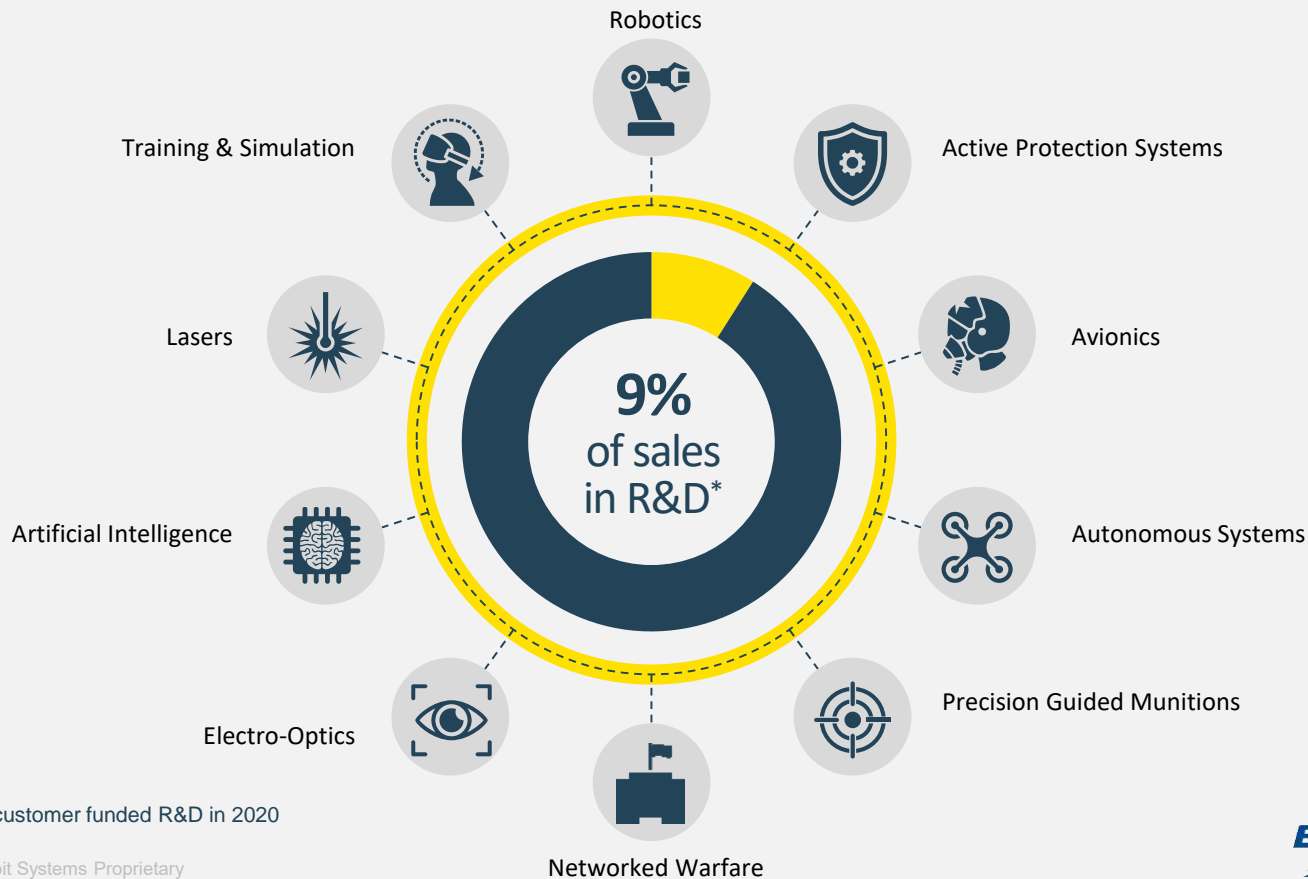
We provide advanced innovative capabilities for defense and commercial customers



- Military and Commercial Avionics
- Electronic Warfare
- Underwater Warfare
- Homeland Security
- Night Vision Systems
- Soldier Systems
- Laser Designators
- Indirect Fires
- Precision Guided Munitions

More than **3,000** employees in facilities across the US

# Sustained R&D investment and technology development...



\* ~8% self funded and ~1% customer funded R&D in 2020

# ..to develop and maintain market leading positions

Elbit Systems  
is a **top three**  
**global player**  
in multiple  
markets  
including:



DIRCM



Helicopter & Fixed-Wing HMD



Electronic Warfare



Laser Systems



Command and Control



Imaging Systems



Active Protection Systems

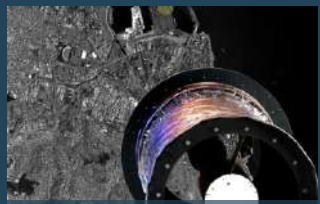


Tactical Radios



Artillery Systems

# Areas of operations



AIR & SPACE



LAND



NAVAL



HOMELAND SECURITY



CYBER

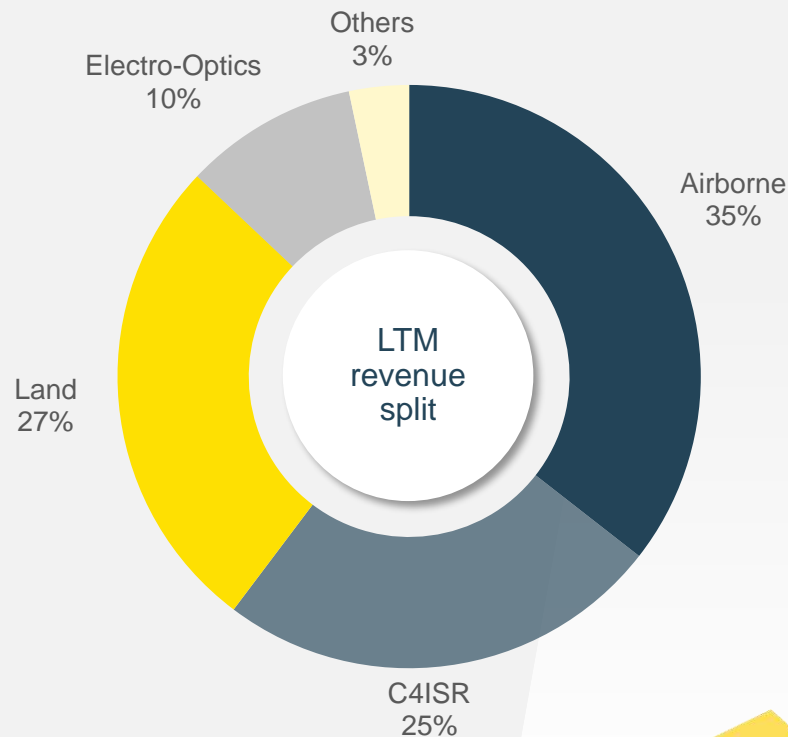


UNMANNED
















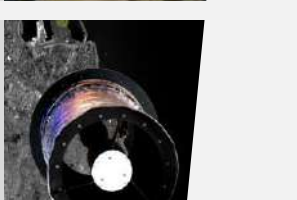


COMMERCIAL

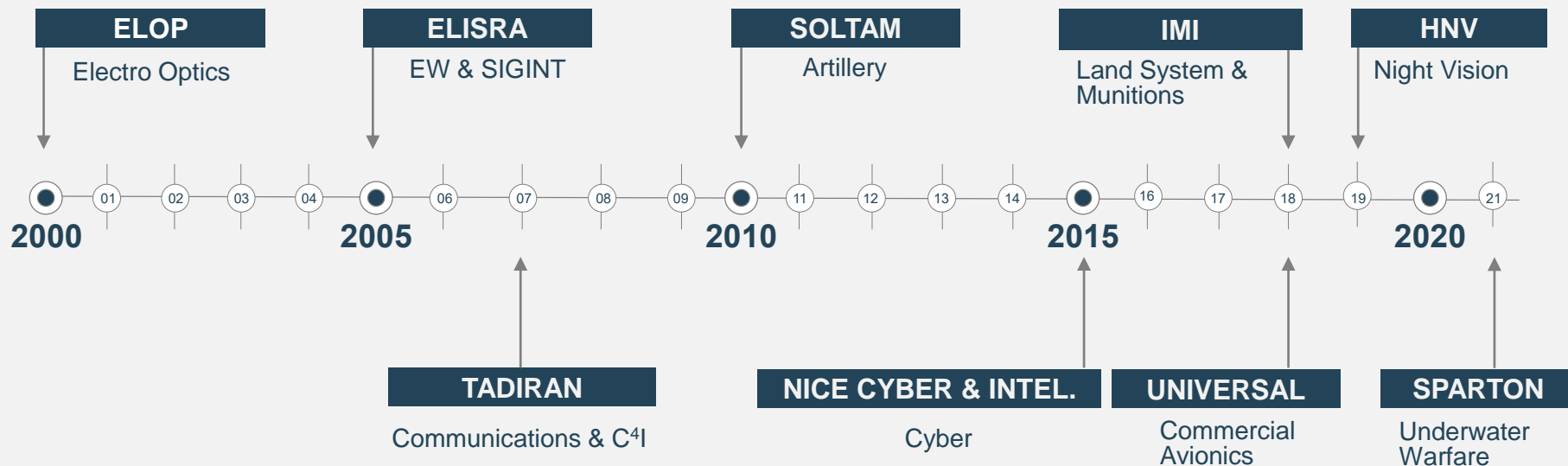
Broad product portfolio provides solutions to **multiple domains and markets**



# Business Lines

<b>Airborne Systems</b>	Helicopter & Fixed-Wing HMD		Avionics & Aircraft Upgrades		Electronic Warfare		Training & Simulation	
<b>C4ISR</b>	Command & Control Systems		Advanced Comm's & Networks,		Naval and Maritime		Unmanned Systems for Intelligence Operations	
<b>Land</b>	Combat Vehicle Systems		Artillery Systems		Unmanned Ground Platforms		Active Protection Systems	
<b>Electro Optics</b>	Visual and Thermal Imaging		Lasers & EO Counter Measures		Integrated Payloads		Space & Airborne ISR	

# Value creating M&A | Major acquisitions



Multiple bolt-on acquisitions since 2000 to acquire technologies or market positions

# Operational Excellence



## OneERP

- Building and deploying one ERP system for the entire group to benefit from common and improved processes



## Footprint optimization

- Infrastructure consolidation and facility modernization
- Optimizing our global manufacturing base
- Make vs. Buy Policy



## Supply chain

- Sustaining a robust supply chain
- Partnering with suppliers of critical components in the countries where we operate
- Multiple sources for non-critical components



## New Product Introduction

- Improving the transition from development to production



## Mission Excellence

- Improving the process and execution culture as a foundation for the company's success

# Corporate Responsibility | Environmental - Social - Governance

## Caring for our communities



- We promote technological education around the world, especially among female students and youth from challenging backgrounds
- 5,100 of our employees volunteered in their communities in 2020, supporting the less fortunate and those impacted by the COVID-19 pandemic
- We support our warfighters, veterans and their families

## Protecting the environment



- We are working to reduce our environmental footprint by reducing consumption of water, energy and paper, waste generation & emissions
- Our technologies help monitor the environment
- We participated in the 2020 Carbon Disclosure Project

## Corporate Governance, Ethics and Anti-Corruption

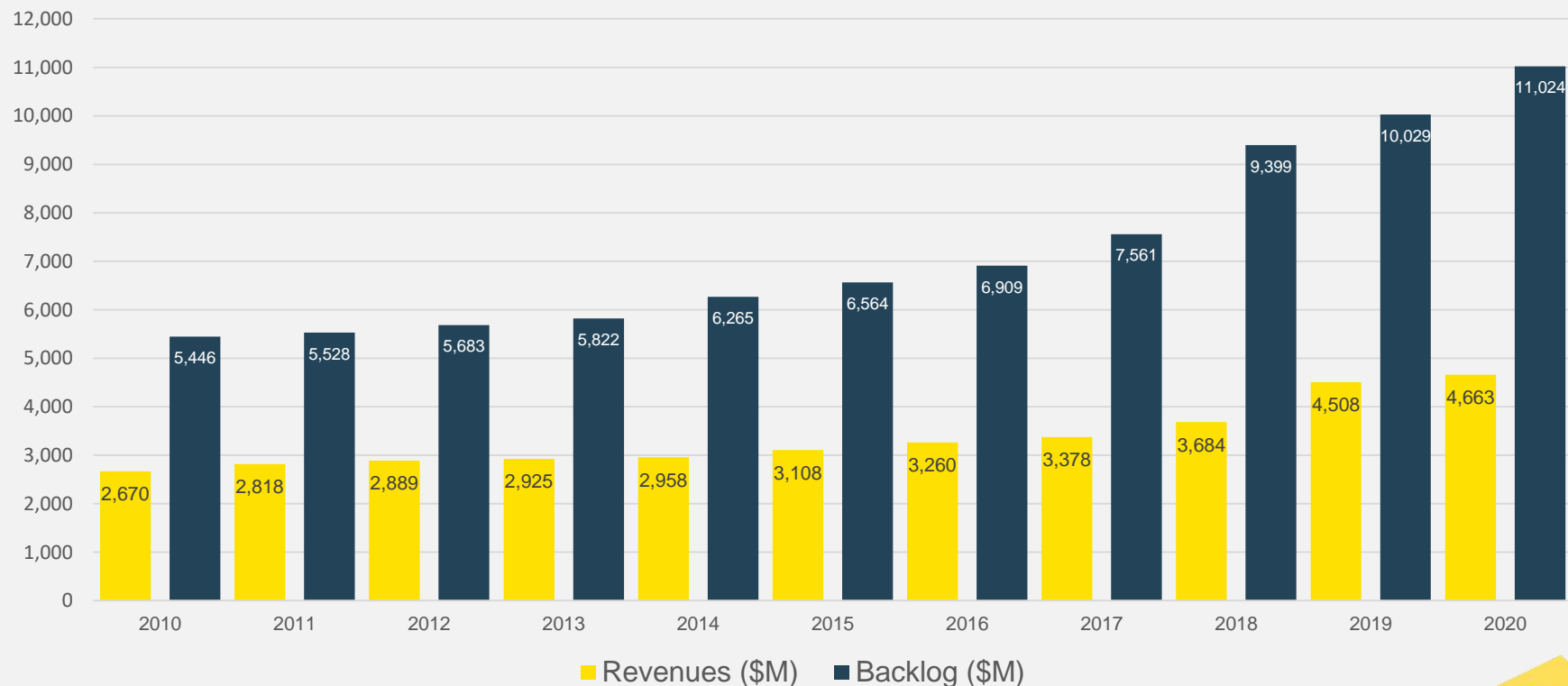


- We conduct our activities based on a firm commitment to ethical and corporate governance best practices
- Our company-wide ethics compliance program incorporates a range of policies and procedures including a zero tolerance for corruption policy
- We were awarded Maala's highest "Platinum+" rating, 14<sup>th</sup> year in a row





# Revenues & backlog | Growth through the cycle



# Historic Financials | P&L, Cashflow and Backlog

	Three Months					
	2017	2018	2019	2020	3M 20	3M 21
<b>Sales (\$M)</b>	3,378	3,684	4,508	4,663	1,071	1,118
<b>Non-GAAP Op. Profit (\$M)</b>	353.0	340.7	379.7	390.1	90.4	92.9
<b>Non-GAAP Op. margin (%)</b>	10.5%	9.2%	8.4%	8.4%	8.4%	8.3%
GAAP Op. Profit (\$M)	324.4	292.8	321.6	325.7	80.4	83.8
GAAP Op. margin (%)	9.6%	7.9%	7.1%	7.0%	7.5%	7.5%
<b>Non-GAAP EPS (\$)</b>	6.41	6.25	6.79	7.20	1.63	1.72
GAAP EPS (\$)	5.59	4.83	5.20	5.38	1.44	1.64
DPS (\$)	1.76	1.76	1.76	1.67	0.35	0.44
Operating Cash Flow (\$M)	101	192	(53)	279	(9.9)	(13.1)
<b>Backlog (\$M)</b>	7,561	9,399	10,029	11,024	10,790	11,797

\*For non-GAAP reconciliations reference the appendix to this presentation and Elbit Systems' investor relations website

# S&P Global Ratings Maalot Ltd. | iIAA Issuer rating, Outlook Stable

## Summary of rating report published 15 June 2021

- Elbit Systems Ltd. ("Elbit" or "the Company") is an international technological company engaged in the development, manufacturing and marketing of advanced airborne, land and naval systems for the fields of defense, homeland security and commercial applications.
- Elbit has good international accessibility as reflected in the balanced and wide geographical spread of sales throughout the last decade alongside strong revenue growth. Elbit's business risk profile is supported by its track record of successful mergers and acquisitions expanding its advanced technological capabilities and research and development in a diversified defense product portfolio, supporting its technological advantage, and an average R&D/revenue ratio compared with global peers.
- The Company's financial risk profile is characterized by good financial flexibility and by strong liquidity supported by stable operating cash flow and bank credit facilities, alongside medium leverage compared to peers. In light of the good visibility of cash flow from the current backlog, we expect the Company's financial ratios to remain stable in the next two years.
- On June 15, 2021, we assigned Elbit Systems Ltd. our 'iIAA' issuer rating. At the same time, we assigned our 'iIAA' rating to the potential issuance by the Company of new bonds in an aggregate amount of approximately NIS 1.2 billion n.v. that may be issued by the company.
- The stable outlook reflects our assessment that in the next two years the Company will continue to maintain a strong business position, a large and expanding backlog and financial ratios commensurate with the rating, i.e. FFO (funds from operations) to debt of 20%-30% and debt to EBITDA of 3.0x-4.0x.

The information provided above contains extracts from the unofficial English translation of the Hebrew report published by S&P Global Ratings Maalot Ltd. on 15 June 2021 (the "Report"), should not be relied upon by itself for investment decisions and is subject to all safe harbor statements and disclaimers in the Report and the unofficial English translation.

The Report is available on the Israel Securities Authority website ([www. https://maya.tase.co.il/](https://maya.tase.co.il/)), and the unofficial English translation is available on the U.S. Securities and Exchange Commission website ([www.sec.gov](http://www.sec.gov)).

# S&P Global Ratings Maalot Ltd. | iIAA Issuer rating, Outlook Stable

## Key Metrics

Financial Metric	2020A	2021E	2022E
FFO/Debt	29.5%	25%-30%	25%-30%
FOCF/Debt	13.8%	14%-16%	15%-17%
Debt/EBITDA	2.9x	3.0x-3.5x	3.0x-3.5x

A - actual. E - expected.

FFO – Funds From Operations

FOCF – Free Operating Cash Flow

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# Appendix

## Non-GAAP Financial Data

Non-GAAP financial data is presented to enable investors to have additional information on our business performance as well as a further basis for periodical comparisons and trends relating to our financial results. We believe such data provides useful information to investors by facilitating more meaningful comparisons of our financial results over time. Such non-GAAP information is used by our management to make strategic decisions, forecast future results and evaluate our current performance. However, investors are cautioned that, unlike financial measures prepared in accordance with GAAP, non-GAAP measures may not be comparable with the calculation of similar measures for other companies.

The non-GAAP financial data below includes reconciliation adjustments regarding non-GAAP gross profit, operating income, net income and diluted EPS. In arriving at non-GAAP presentations, companies generally factor out items such as those that have a non-recurring impact on the income statements, various non-cash items, including significant exchange rate differences, significant effects of retroactive tax legislation, changes in accounting guidance and other items and financial transactions not considered to be part of regular ongoing business, which, in management's judgment, are items that are considered to be outside the review of core operating results. In our non-GAAP presentation, we made certain adjustments as indicated in the table below.

These non-GAAP measures are not based on any comprehensive set of accounting rules or principles. We believe that non-GAAP measures have limitations in that they do not reflect all of the amounts associated with our results of operations, as determined in accordance with GAAP, and that these measures should only be used to evaluate our results of operations in conjunction with the corresponding GAAP measures. Investors should consider non-GAAP financial measures in addition to, and not as replacements for or superior to, measures of financial performance prepared in accordance with GAAP.

## Reconciliation of GAAP to Non-GAAP (Unaudited) Supplemental Financial Data: (US Dollars in millions, except for share and per share amount)

	Year ended December 31,				Three Months Ended March 31,	
	2017	2018	2019	2020	2020	2021
<b>GAAP gross profit</b>	<b>1,003.1</b>	<b>976.2</b>	<b>1,136.5</b>	<b>1,165.1</b>	<b>289.4</b>	<b>281.3</b>
<u>Adjustments:</u>						
Amortization of purchased intangible assets	22.2	19.1	22.0	22.7	6.0	4.9
Covid-19 related expenses and write-offs	—	—	—	56.0	—	—
Expenses related to acquisitions	—	66.6	55.0	—	—	—
Impairment of long-lived assets	—	—	—	3.4	—	—
<b>Non-GAAP gross profit</b>	<b>1,025.3</b>	<b>1,061.9</b>	<b>1,213.5</b>	<b>1,247.2</b>	<b>295.4</b>	<b>286.2</b>
<i>Percent of revenues</i>	<i>30.4%</i>	<i>28.8%</i>	<i>26.9%</i>	<i>26.7%</i>	<i>27.6%</i>	<i>25.6%</i>
<b>GAAP operating income</b>	<b>324.4</b>	<b>292.8</b>	<b>321.6</b>	<b>325.7</b>	<b>80.4</b>	<b>83.8</b>
<u>Adjustments:</u>						
Amortization of purchased intangible assets	28.6	26.5	36.1	39.4	10.0	9.1
Covid-19 related expenses and write-offs	—	—	—	56.6	—	—
Expenses related to acquisitions	—	66.8	55.0	—	—	—
Impairment of long-lived assets	—	—	—	3.4	—	—
Gain from change in holdings	—	(45.4)	(1.2)	—	—	—
Capital gain	—	—	(31.8)	(35.0)	—	—
<b>Non-GAAP operating income</b>	<b>353.0</b>	<b>340.7</b>	<b>379.7</b>	<b>390.1</b>	<b>90.4</b>	<b>92.9</b>
<i>Percent of revenues</i>	<i>10.5%</i>	<i>9.2%</i>	<i>8.4%</i>	<i>8.4%</i>	<i>8.4%</i>	<i>8.3%</i>

## Reconciliation of GAAP to Non-GAAP (Unaudited) Supplemental Financial Data: (US Dollars in millions, except for share and per share amount)

	Year ended December 31,				Three Months Ended March 31,	
	2017	2018	2019	2020	2020	2021
<b>GAAP net income attributable to Elbit Systems' shareholders</b>	<b>239.1</b>	<b>206.7</b>	<b>227.9</b>	<b>237.7</b>	<b>63.6</b>	<b>72.5</b>
Adjustments:						
Amortization of purchased intangible assets	28.6	26.5	36.1	39.4	10.0	9.1
Covid-19 related expenses and write-offs	—	—	—	56.6	—	—
Expenses related to acquisitions	—	66.8	55.0	—	—	—
Gain from changes in holdings	—	(45.4)	(1.2)	—	—	—
Capital gain	—	—	(31.8)	(35.0)	—	—
Revaluation of investment measured under fair value option	—	—	(8.3)	(20.8)	(3.2)	—
Impairment of investments and long-lived assets	—	17.6	3.7	7.9	—	—
Non-operating foreign exchange losses	—	3.4	24.6	33.4	2.9	(4.2)
Tax effect and other tax items, net	6.2	(8.1)	(8.2)	(0.7)	(1.3)	(1.2)
<b>Non-GAAP net income attributable to Elbit Systems' shareholders</b>	<b>273.9</b>	<b>267.5</b>	<b>297.8</b>	<b>318.5</b>	<b>72.0</b>	<b>76.2</b>
<i>Percent of revenues</i>	<i>8.1%</i>	<i>7.3%</i>	<i>6.6%</i>	<i>6.8%</i>	<i>6.7%</i>	<i>6.8%</i>
<b>GAAP diluted net EPS</b>	<b>5.59</b>	<b>4.83</b>	<b>5.20</b>	<b>5.38</b>	<b>1.44</b>	<b>1.64</b>
Adjustments, net	0.82	1.42	1.59	1.82	0.19	0.08
<b>Non-GAAP diluted net EPS</b>	<b>6.41</b>	<b>6.25</b>	<b>6.79</b>	<b>7.20</b>	<b>1.63</b>	<b>1.72</b>



# THANK YOU

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