

**Elbit Systems™**



# Investor Overview

March 2021

# Safe Harbor Statement

This presentation may contain forward-looking statements (within the meaning of Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended and the Israeli Securities Law, 1968) regarding Elbit Systems Ltd. and/or its subsidiaries (collectively the Company), to the extent such statements do not relate to historical or current facts. Forward-looking statements are based on management's current expectations, estimates, projections and assumptions about future events. Forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, as amended. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions about the Company, which are difficult to predict, including projections of the Company's future financial results, its anticipated growth strategies and anticipated trends in its business. Therefore, actual future results, performance and trends may differ materially from these forward-looking statements due to a variety of factors, including, without limitation: scope and length of customer contracts; governmental regulations and approvals; changes in governmental budgeting priorities; general market, political and economic conditions in the countries in which the Company operates or sells, including Israel and the United States among others; changes in global health and macro-economic conditions; differences in anticipated and actual program performance, including the ability to perform under long-term fixed-price contracts; changes in the competitive environment; and the outcome of legal and/or regulatory proceedings. The factors listed above are not all-inclusive, and further information is contained in Elbit Systems Ltd.'s latest annual report on Form 20-F, which is on file with the U.S. Securities and Exchange Commission. All forward-looking statements speak only as of the date of this release. Although the Company believes the expectations reflected in the forward-looking statements contained herein are reasonable, it cannot guarantee future results, level of activity, performance or achievements. Moreover, neither the Company nor any other person assumes responsibility for the accuracy and completeness of any of these forward-looking statements. The Company does not undertake to update its forward-looking statements.

Unless otherwise indicated all numbers in this presentation are as of Q4 2021.

# Elbit Systems | A Highly Innovative Global Defense Company

- Internationally diversified presence and client base
- Broad range of market leading products and technologies aligned with customer priorities
- Significant investment in R&D to generate market leading IP
- Long-term investment horizon
- Large backlog provides good visibility
- Conservative balance sheet management
- Track record of value creating M&A



# Elbit Systems at a glance

## 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



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



\$11.0bn order backlog at Q4 20



\$4.7B revenues in 2020



~17,000 employees



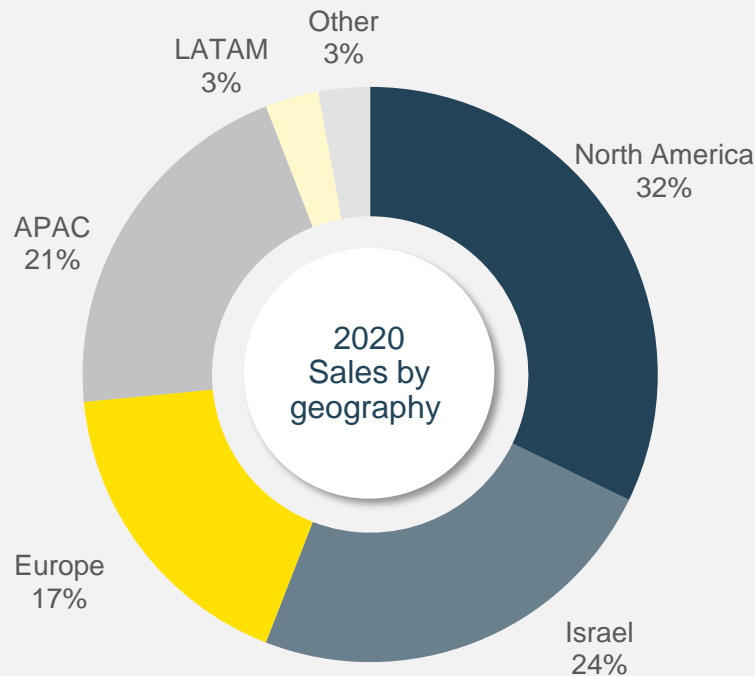
Headquarters in Haifa, Israel



Subsidiaries in numerous countries

# Geographically balanced customer portfolio

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



# Israel's largest defense company

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



Maintaining Israel's technological edge



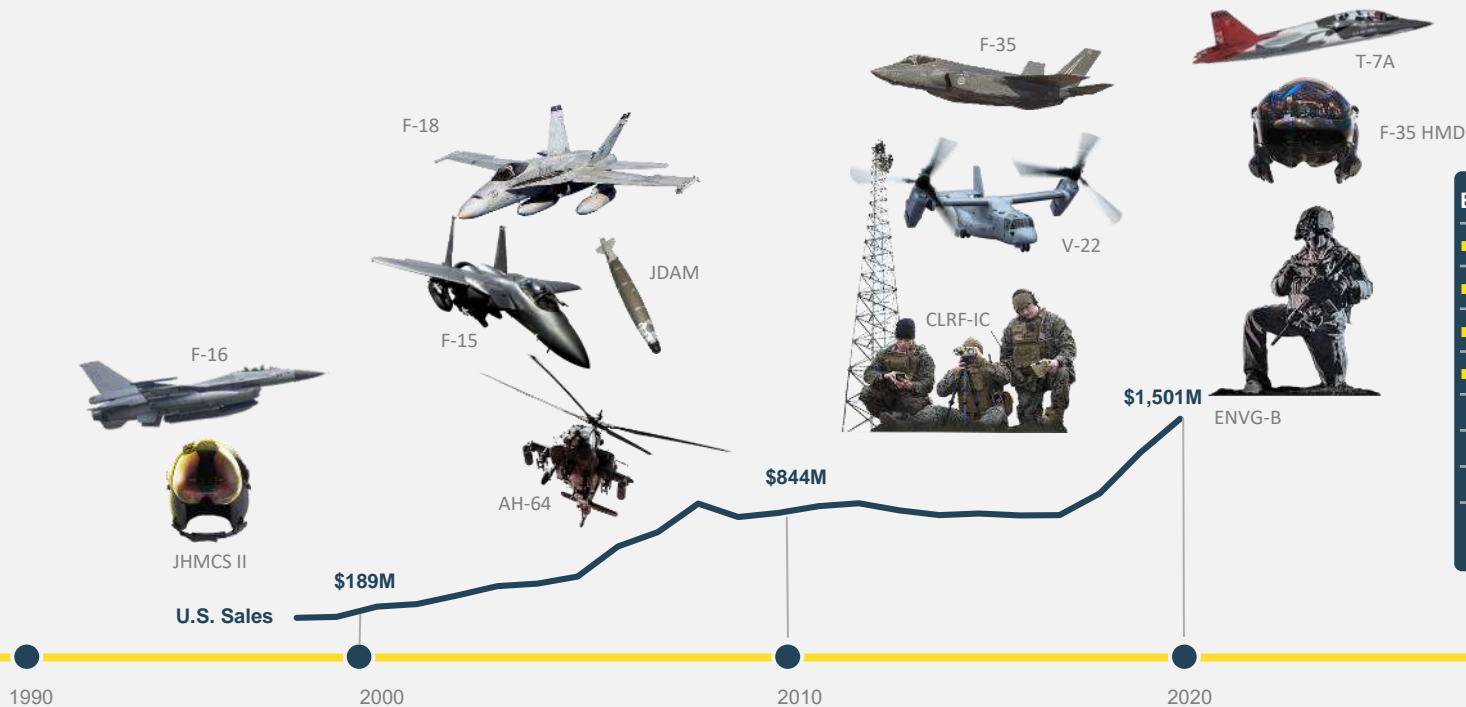
Operational imperative to develop and deploy innovative solutions quickly and effectively



Access to high quality talent pool with significant operational military experience



# The U.S. is our largest market



## Building the Future

- Missile Warning Systems
- Air Launched Effects
- Guided-Munitions
- Future Soldier
  - Augmented Reality
  - Digital Night Vision
  - Tactical Networks
  - Next Generation of Target Acquisition Systems





# We provide advanced innovative capabilities for defense and commercial customers



Avionics & HMD



Electronic Warfare



Night Vision Systems



Homeland Security



Soldier Systems



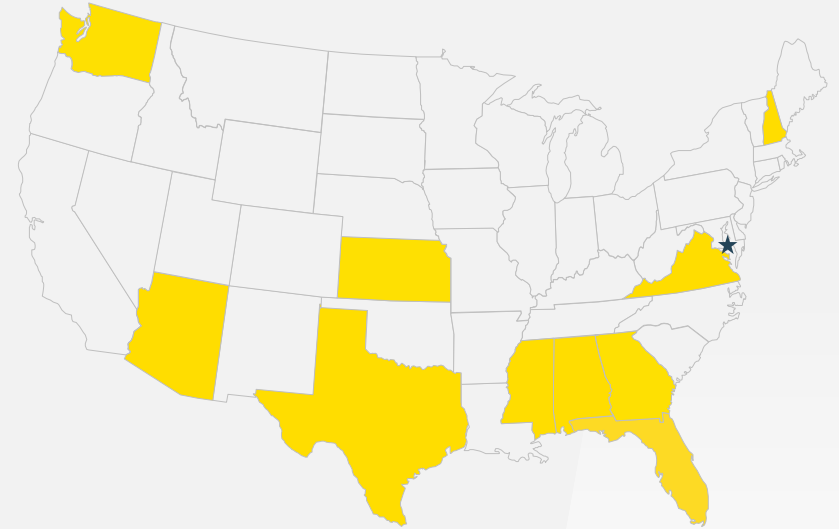
Laser Designators



Indirect Fires



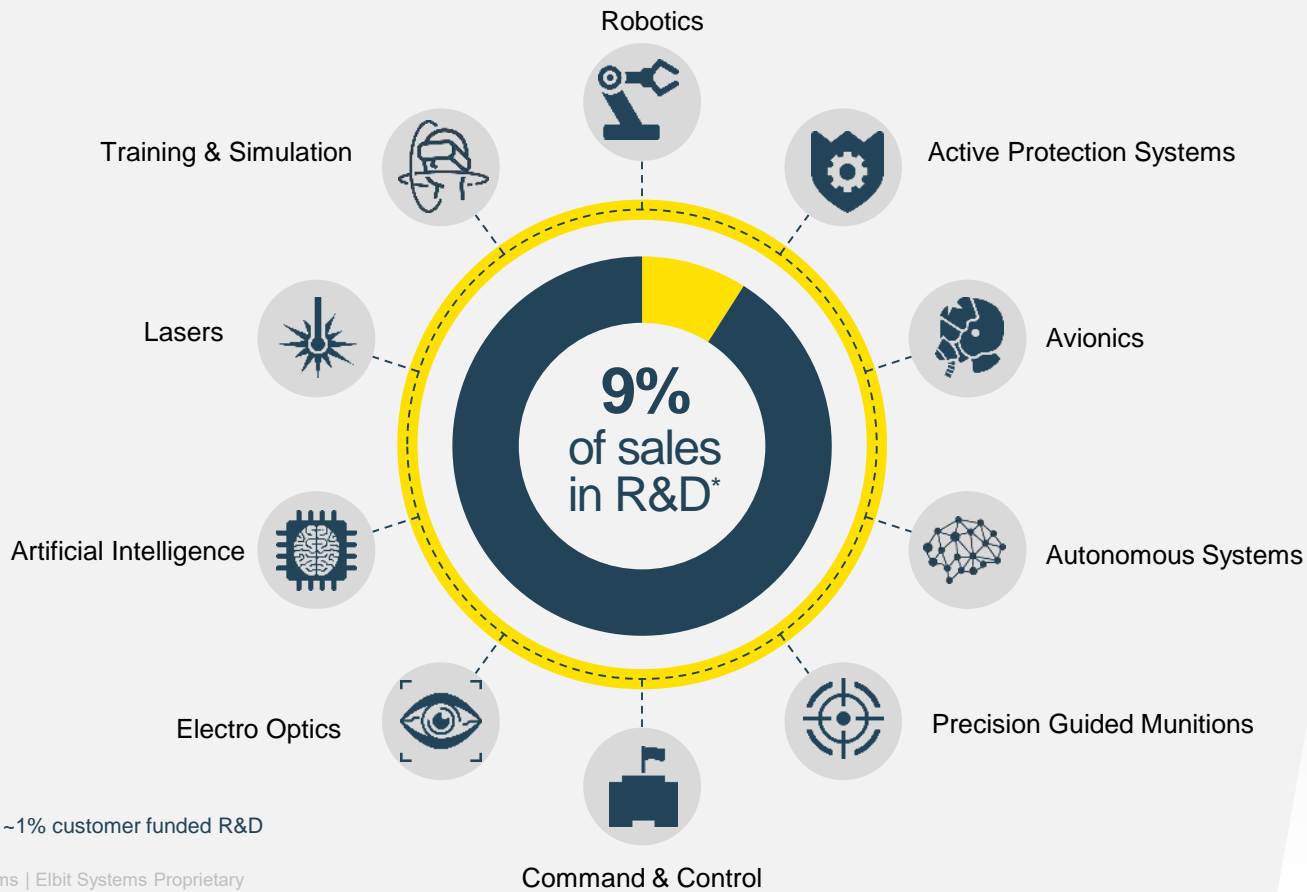
Precision Guided Munitions



More than  
**2,700 employees**  
in facilities  
across the US



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



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

# ..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

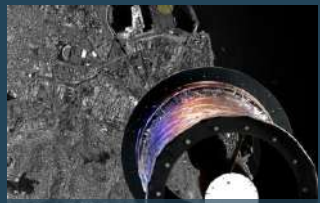


Tactical Radios



Artillery Systems

# Areas of operations



AIR & SPACE



LAND



NAVAL



HOMELAND SECURITY



CYBER

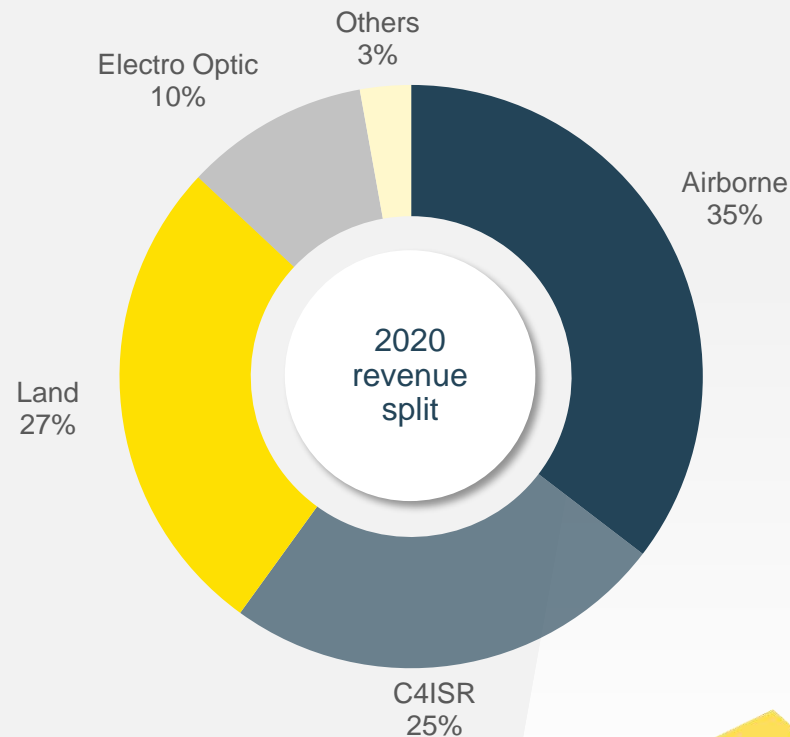


UNMANNED


















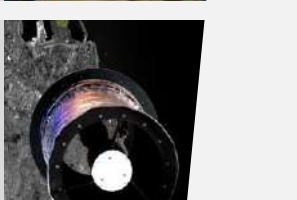
COMMERCIAL

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

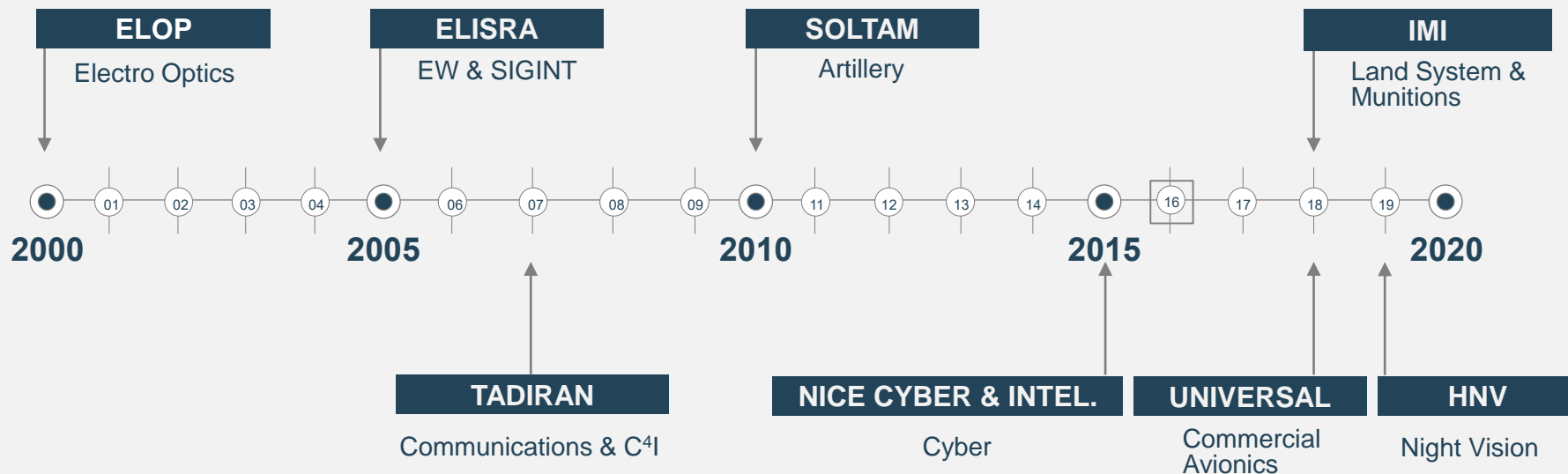




# Business Lines

|                         |                             |   |                              |   |                              |   |  |   |
|-------------------------|-----------------------------|---|------------------------------|---|------------------------------|---|--|---|
| <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   |  | Cyber Intelligence Solutions |  | 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

# Corporate Responsibility - ESG



## Ethical conduct



- Consistently receiving top ranking on the Maala Social Sustainability Index
- Elbit Systems of America recognized as an Ethisphere World's Most Ethical Company

## Enhancing technological education



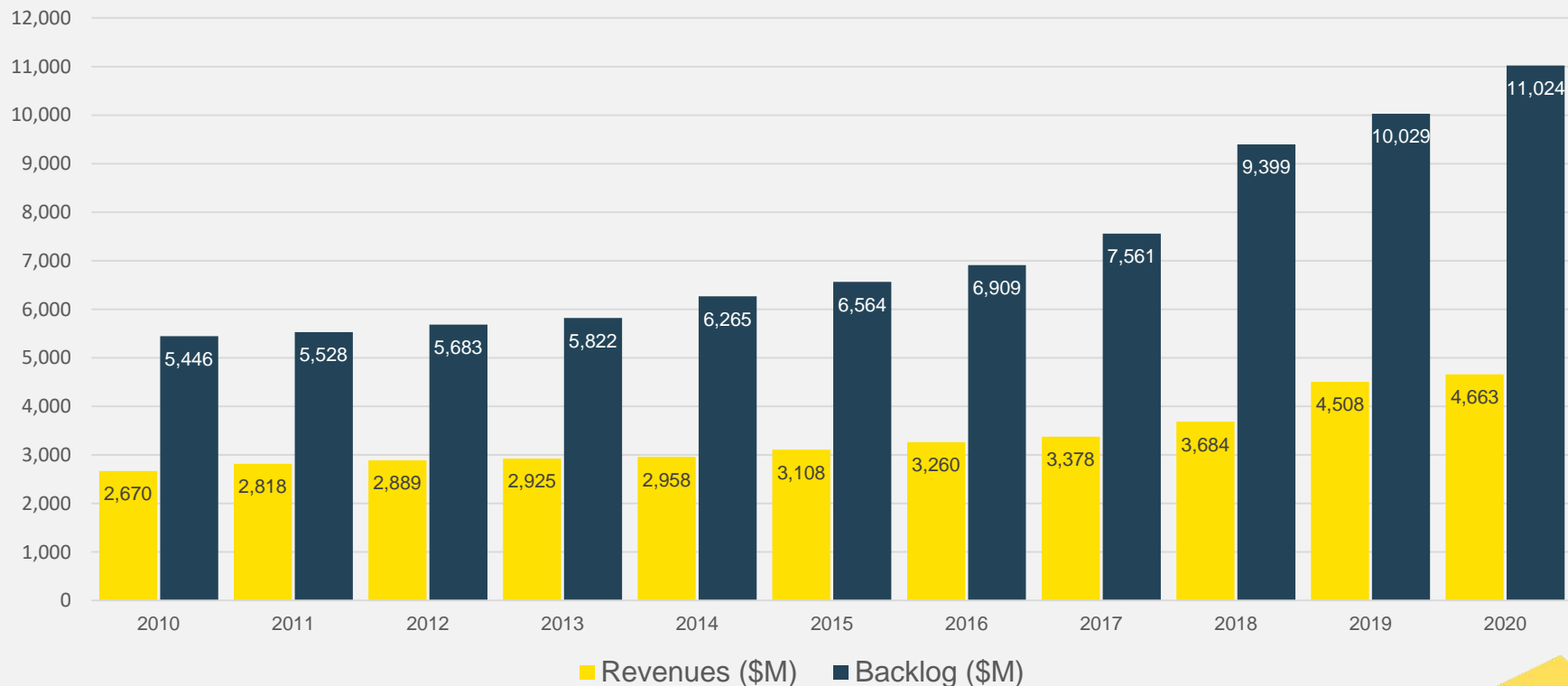
- 5,100 employees volunteered in their communities in 2020
- Taking part in dozens of educational programs in several countries

## Preserving resources & lowering consumption



- Reducing consumption of water, energy and paper, and reducing waste generation & emissions
- Carbon Disclosure Project participant

# Revenues & backlog | Growth through the cycle





# Historic Financials

|                                  | 2016         | 2017         | 2018         | 2019          | 2020          |
|----------------------------------|--------------|--------------|--------------|---------------|---------------|
| <b>Sales (\$M)</b>               | <b>3,260</b> | <b>3,378</b> | <b>3,684</b> | <b>4,508</b>  | <b>4,663</b>  |
| <b>Non-GAAP Op. Profit (\$M)</b> | <b>328.3</b> | <b>353.0</b> | <b>340.7</b> | <b>379.7</b>  | <b>390.1</b>  |
| <b>Non-GAAP Op. margin (%)</b>   | <b>10.1%</b> | <b>10.5%</b> | <b>9.2%</b>  | <b>8.4%</b>   | <b>8.4%</b>   |
| GAAP Op. Profit (\$M)            | 304.7        | 324.4        | 292.8        | 321.6         | 325.7         |
| GAAP Op. margin (%)              | 9.3%         | 9.6%         | 7.9%         | 7.1%          | 7.0%          |
| <b>Non-GAAP EPS (\$)</b>         | <b>5.95</b>  | <b>6.41</b>  | <b>6.25</b>  | <b>6.79</b>   | <b>7.20</b>   |
| GAAP EPS (\$)                    | 5.54         | 5.59         | 4.83         | 5.20          | 5.38          |
| DPS (\$)                         | 1.60         | 1.76         | 1.76         | 1.76          | 1.67          |
| Operating cash Flow (\$M)        | 208          | 101          | 192          | (53)          | 279           |
| <b>Backlog (\$M)</b>             | <b>6,909</b> | <b>7,561</b> | <b>9,399</b> | <b>10,029</b> | <b>11,024</b> |

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

# 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)

|   | Years Ended December 31, |                |                |                |                |
|---|--------------------------|----------------|----------------|----------------|----------------|
|   | 2016                     | 2017           | 2018           | 2019           | 2020           |
| <b>GAAP gross profit</b>                    | <b>965.3</b>             | <b>1,003.1</b> | <b>976.2</b>   | <b>1,136.5</b> | <b>1,165.1</b> |
| <u>Adjustments:</u>                         |                          |                |                |                |                |
| Amortization of purchased intangible assets | 31.2                     | 22.2           | 19.1           | 22.0           | 22.7           |
| 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>996.5</b>             | <b>1,025.3</b> | <b>1,061.9</b> | <b>1,213.5</b> | <b>1,247.2</b> |
| <i>Percent of revenues</i>                  | <i>30.4%</i>             | <i>30.4%</i>   | <i>28.8%</i>   | <i>26.9%</i>   | <i>26.7%</i>   |
| <b>GAAP operating income</b>                | <b>304.7</b>             | <b>324.4</b>   | <b>292.8</b>   | <b>321.6</b>   | <b>325.7</b>   |
| <u>Adjustments:</u>                         |                          |                |                |                |                |
| Amortization of purchased intangible assets | 41.2                     | 28.6           | 26.5           | 36.1           | 39.4           |
| 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                | (17.6)                   | —              | (45.4)         | (1.2)          | —              |
| Capital gain                                | —                        | —              | —              | (31.8)         | (35.0)         |
| <b>Non-GAAP operating income</b>            | <b>328.3</b>             | <b>353.0</b>   | <b>340.7</b>   | <b>379.7</b>   | <b>390.1</b>   |
| <i>Percent of revenues</i>                  | <i>9.9%</i>              | <i>10.5%</i>   | <i>9.2%</i>    | <i>8.4%</i>    | <i>8.4%</i>    |

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

|  | Years Ended December 31, |              |              |              | 2020         |
|--|--------------------------|--------------|--------------|--------------|--------------|
|  | 2016                     | 2017         | 2018         | 2019         |              |
| <b>GAAP net income attributable to Elbit Systems' shareholders</b>     | <b>236.9</b>             | <b>239.1</b> | <b>206.7</b> | <b>227.9</b> | <b>237.7</b> |
| Adjustments:   |                          |              |              |              |              |
| Amortization of purchased intangible assets                            | 41.2                     | 28.6         | 26.5         | 36.1         | 39.4         |
| Covid-19 related expenses and write-offs                               | —                        | —            | —            | —            | 56.6         |
| Expenses related to acquisitions                                       | (3.9)                    | —            | 66.8         | 55.0         | —            |
| Gain from changes in holdings  | (16.4)                   | —            | (45.4)       | (1.2)        | —            |
| Capital gain   | —                        | —            | —            | (31.8)       | (35.0)       |
| Revaluation of investment measured under fair value option             | —                        | —            | —            | (8.3)        | (20.8)       |
| Impairment of investments and long-lived assets                        | 2.5                      | —            | 17.6         | 3.7          | 7.9          |
| Non-operating foreign exchange losses                                  | —                        | —            | 3.4          | 24.6         | 33.4         |
| Tax effect and other tax items, net                                    | (6.1)                    | 6.2          | (8.1)        | (8.2)        | (0.7)        |
| <b>Non-GAAP net income attributable to Elbit Systems' shareholders</b> | <b>254.2</b>             | <b>273.9</b> | <b>267.5</b> | <b>297.8</b> | <b>318.5</b> |
| <i>Percent of revenues</i>   | <i>7.8%</i>              | <i>8.1%</i>  | <i>7.3%</i>  | <i>6.6%</i>  | <i>6.8%</i>  |
| <b>GAAP diluted net EPS</b>  | <b>5.54</b>              | <b>5.59</b>  | <b>4.83</b>  | <b>5.20</b>  | <b>5.38</b>  |
| Adjustments, net   | 0.41                     | 0.82         | 1.42         | 1.59         | 1.82         |
| <b>Non-GAAP diluted net EPS</b>  | <b>5.95</b>              | <b>6.41</b>  | <b>6.25</b>  | <b>6.79</b>  | <b>7.20</b>  |

The Elbit Systems logo features the company name in a bold, blue, sans-serif font. The text is positioned above a stylized blue and yellow graphic element that resembles a wing or a signal wave. The background of the entire slide is composed of large, overlapping geometric shapes in shades of blue, yellow, and grey, with various military and technological images integrated into these shapes.

**Elbit Systems™**

# THANK YOU

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