

Elbit Systems™



Investor Overview

November 2020

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 Q3 2020.

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



~\$5bn Market cap - NASDAQ & TASE listed



\$10.9bn order backlog at Q3 20



\$4.6B revenues in LTM to Q3 20



~17,000 employees



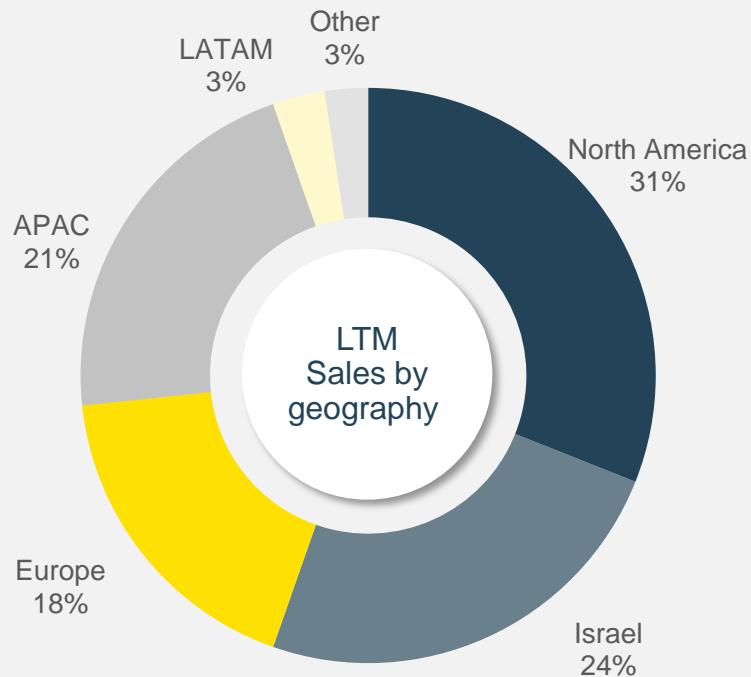
Headquarters in Haifa, Israel



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



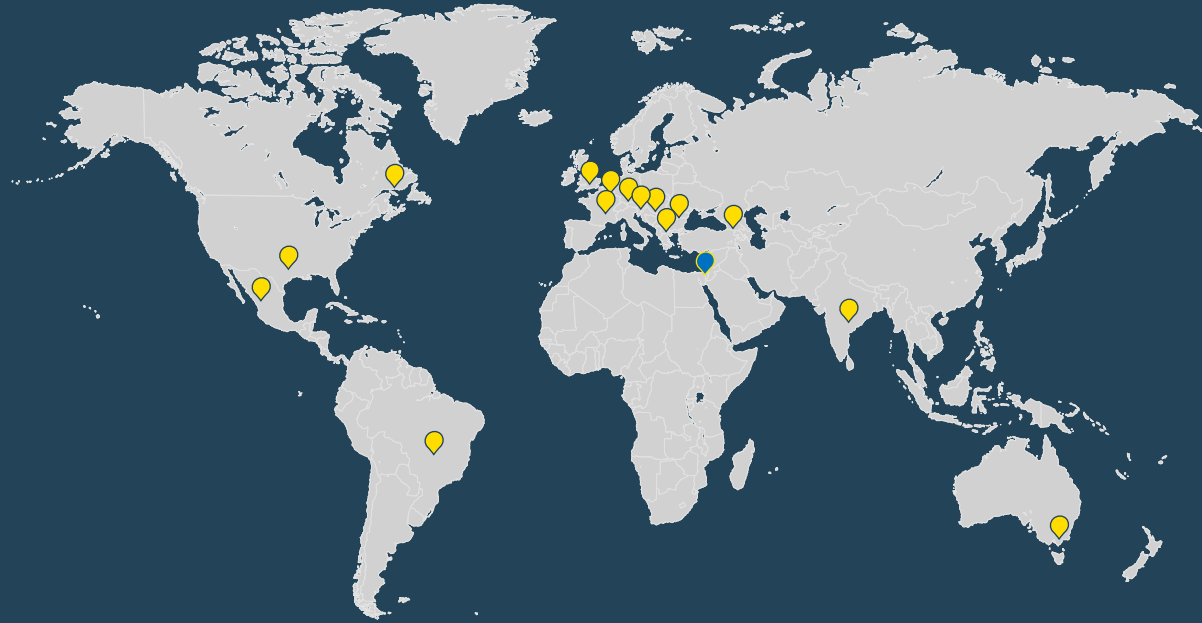
Operational imperative to develop and deploy innovative solutions quickly and effectively



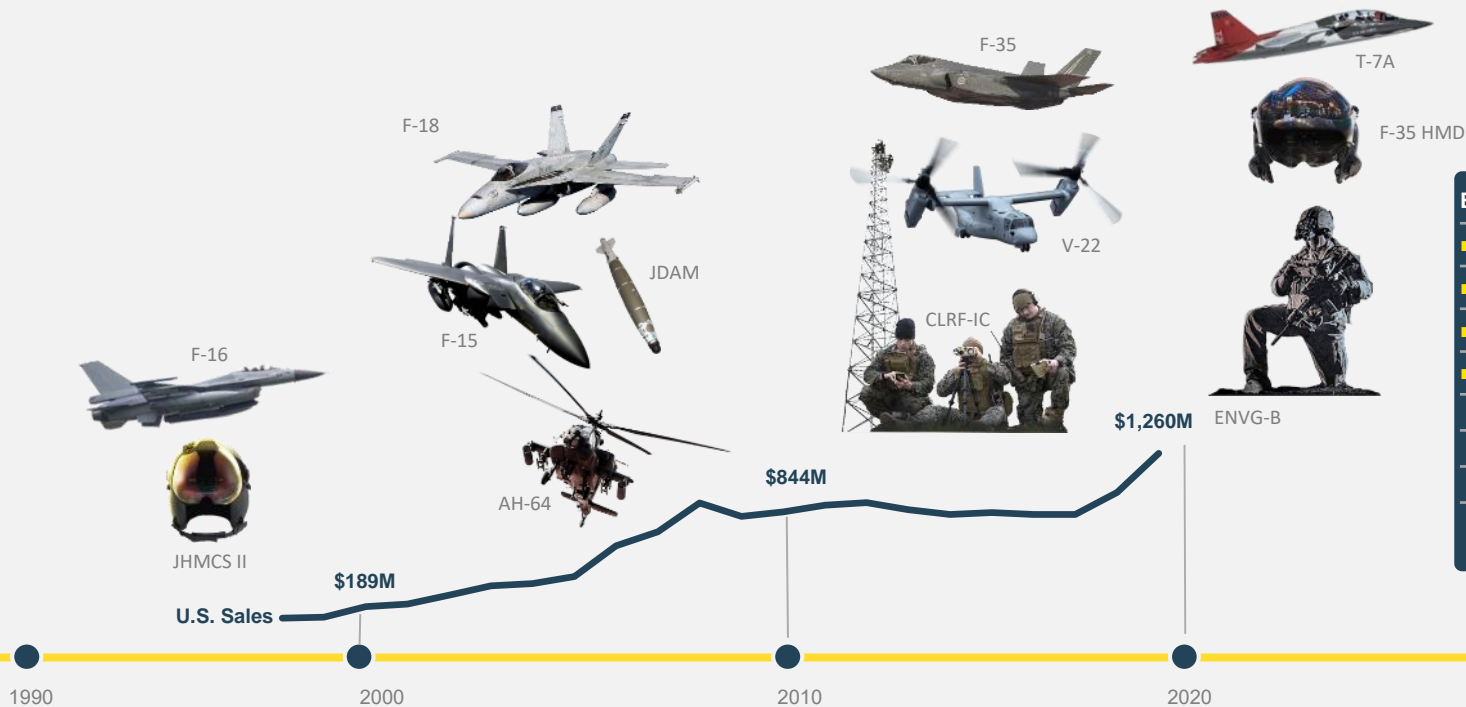
Access to high quality talent pool with significant operational military experience

Broad global footprint

Elbit's global geographical presence **supports revenue growth through the cycle and reduces risk**



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



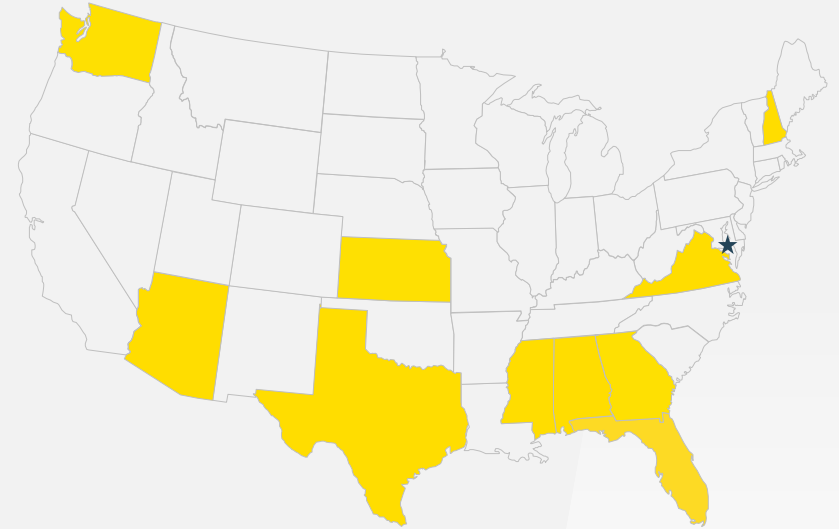
Laser Designators



Indirect Fires



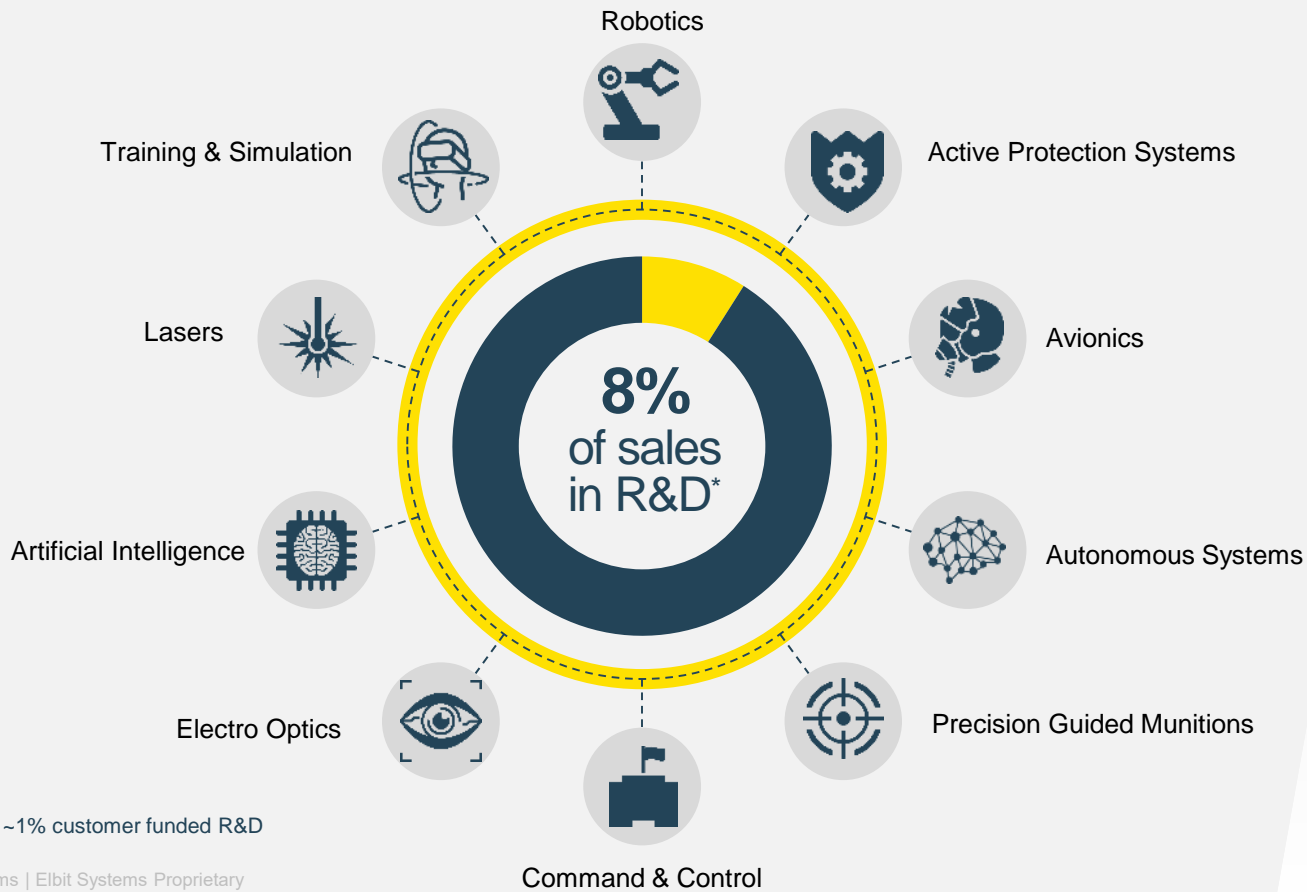
Precision Guided Munitions



More than
2,500 employees
in facilities
across the US



Sustained R&D investment and technology development...



* ~7% 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

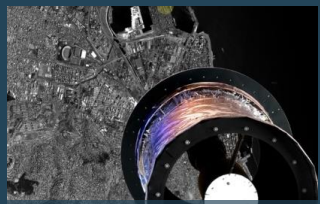


Tactical Radios



Artillery Systems

Areas of operations



AIR & SPACE



LAND



NAVAL



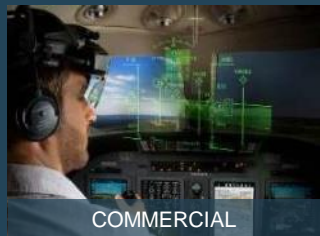
HOMELAND SECURITY



CYBER

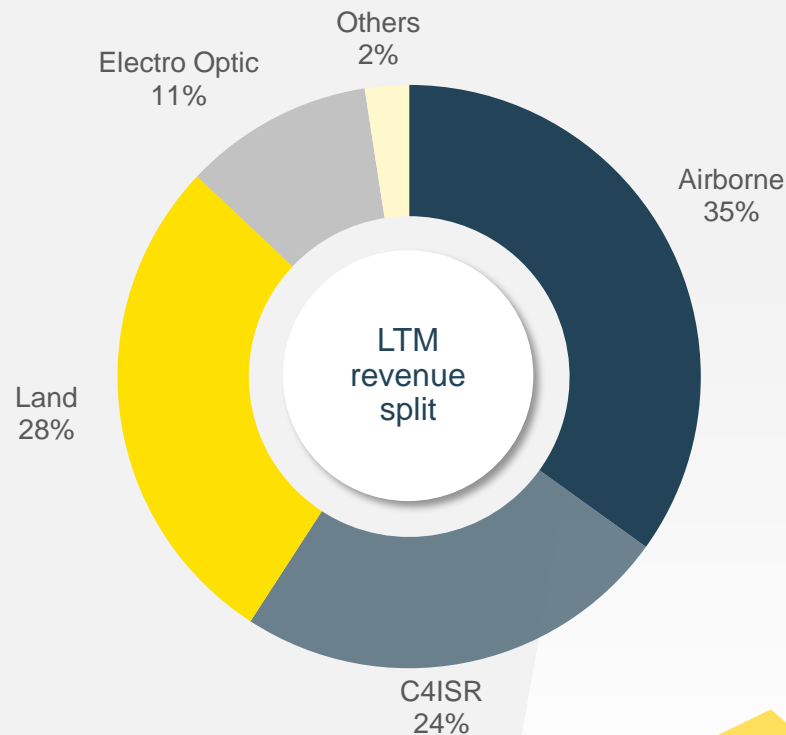


UNMANNED















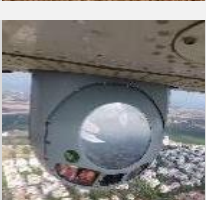
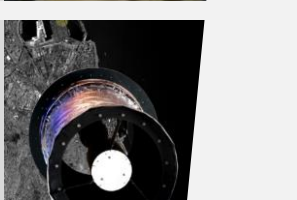


COMMERCIAL

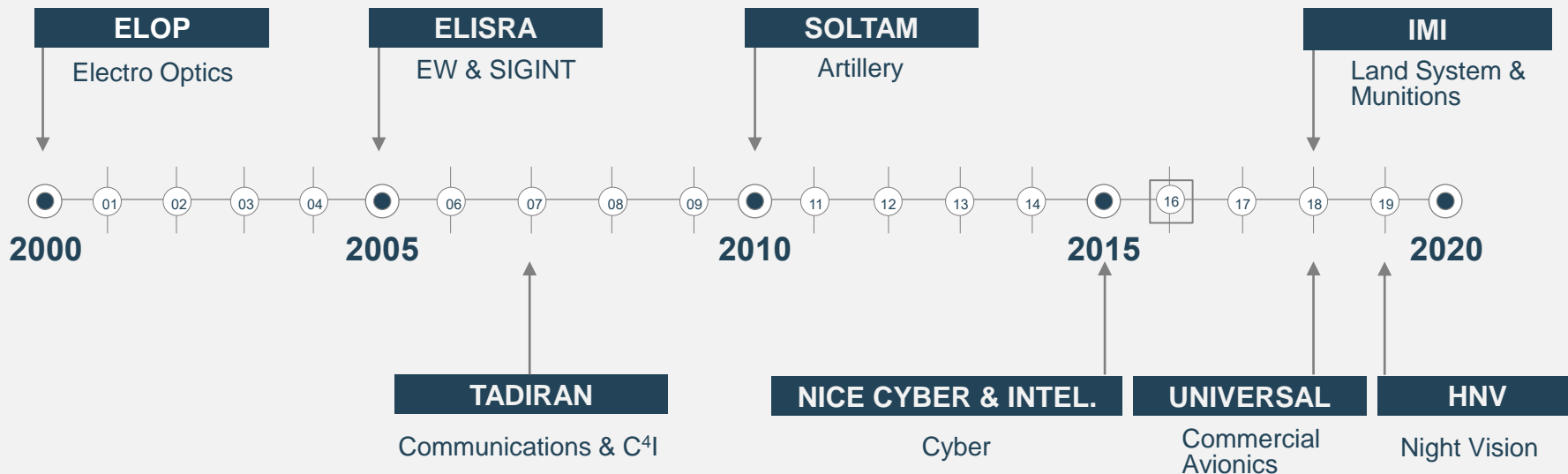
Broad product portfolio provides solutions to **multiple domains and markets**



Business Lines

Airborne Systems	Helicopter & Fixed-Wing HMD		Avionics & Aircraft Upgrades		Electronic Warfare		Training & Simulation	
C⁴ISR	Command & Control Systems		Advanced Comm's & Networks		Cyber Intelligence Solutions		Unmanned Systems for Intelligence Operations	
Land	Combat Vehicle Systems		Artillery Systems		Unmanned Ground Platforms		Active Protection Systems	
Electro Optics	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



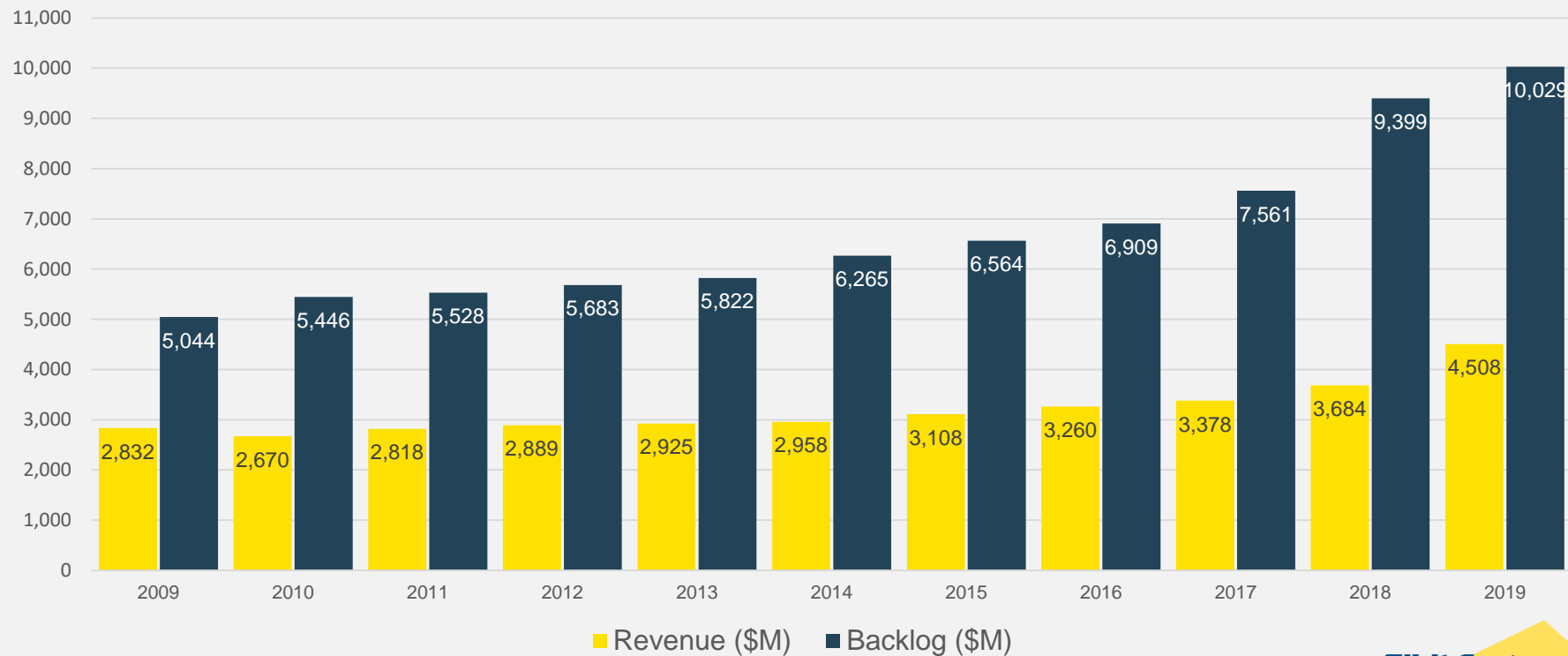
- 5,100 employees volunteered in their communities in 2019
- Taking part in dozens of educational programs in several countries

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

	Nine Months					
	2016	2017	2018	2019	9M 19	9M 20
Sales (\$M)	3,260	3,378	3,684	4,508	3,187	3,285
Non-GAAP Op. Profit (\$M)	328.3	353.0	340.7	379.7	254.2	276.3
Non-GAAP Op. margin (%)	10.1%	10.5%	9.2%	8.4%	8.0%	8.4%
GAAP Op. Profit (\$M)	304.7	324.4	292.8	321.6	258.0	221.1
GAAP Op. margin (%)	9.3%	9.6%	7.9%	7.1%	8.1%	6.7%
Non-GAAP EPS (\$)	5.95	6.41	6.25	6.79	4.32	4.83
GAAP EPS (\$)	5.54	5.59	4.83	5.20	4.03	3.84
DPS (\$)	1.60	1.76	1.76	1.76	1.32	1.23
Operating cash Flow (\$M)	208	101	192	(53)	(140)	107
Backlog (\$M)	6,909	7,561	9,399	10,029	9,796	10,858

*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,				Nine Months Ended September 30,	
	2016	2017	2018	2019	2019	2020
GAAP gross profit	965.3	1,003.1	976.2	1,136.5	852.2	807.3
<u>Adjustments:</u>						
Amortization of purchased intangible assets	31.2	22.2	19.1	22.0	15.4	17.5
Expenses related to acquisitions	—	—	66.6	55.0	—	56.0
Impairment of long-lived assets	—	—	—	—	—	3.4
Non-GAAP gross profit	996.5	1,025.3	1,061.9	1,213.5	867.6	884.2
<i>Percent of revenues</i>	<i>30.4%</i>	<i>30.4%</i>	<i>28.8%</i>	<i>26.9%</i>	<i>27.2%</i>	<i>26.9%</i>
GAAP operating income	304.7	324.4	292.8	321.6	258.0	221.1
<u>Adjustments:</u>						
Amortization of purchased intangible assets	41.2	28.6	26.5	36.1	25.5	30.2
Non-recurring expenses(*)	—	—	66.8	55.0	—	56.6
Impairment of long-lived assets	—	—	—	—	—	3.4
Gain from change in holdings	(17.6)	—	(45.4)	(1.2)	(1.2)	—
Capital gain	—	—	—	(31.8)	(28.0)	(35.0)
Non-GAAP operating income	328.3	353.0	340.7	379.7	254.3	276.3
<i>Percent of revenues</i>	<i>9.9%</i>	<i>10.5%</i>	<i>9.2%</i>	<i>8.4%</i>	<i>8.0%</i>	<i>8.4%</i>

(*) Non-recurring expenses in 2020 are related to COVID-19 write-offs. In 2019 the expenses are related to acquisition of a subsidiary in the U.S.

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,				Nine Months Ended September 30,	
	2016	2017	2018	2019	2019	2020
GAAP net income attributable to Elbit Systems' shareholders	236.9	239.1	206.7	227.9	176.3	169.8
Adjustments:						
Amortization of purchased intangible assets	41.2	28.6	26.5	36.1	25.5	30.2
Non-recurring expenses(*)	(3.9)	—	66.8	55.0	—	56.6
Gain from changes in holdings	(16.4)	—	(45.4)	(1.2)	(1.2)	—
Capital gain	—	—	—	(31.8)	(28.0)	(35.0)
Revaluation of investment measured under fair value option	—	—	—	(8.3)	(4.6)	(21.4)
Impairment of investments	2.5	—	17.6	3.7	—	7.8
Exchange rate differences	—	—	3.4	24.6	22.1	5.6
Tax effect and other tax items*	(6.1)	6.2	(8.1)	(8.2)	(1.5)	(0.2)
Non-GAAP net income attributable to Elbit Systems' shareholders	254.2	273.9	267.5	297.8	188.6	213.4
<i>Percent of revenues</i>	<i>7.8%</i>	<i>8.1%</i>	<i>7.3%</i>	<i>6.6%</i>	<i>5.9%</i>	<i>6.5%</i>
GAAP diluted net EPS	5.54	5.54	4.83	5.20	4.04	3.84
Adjustments, net	0.41	0.87	1.42	1.59	0.28	0.99
Non-GAAP diluted net EPS	5.95	6.41	6.25	6.79	4.32	4.83

(*) Non-recurring expenses in 2020 are related to COVID-19 write-offs. In 2019 the expenses are related to acquisition of a subsidiary in the U.S.



Elbit Systems™



**THANK
YOU**

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