



# Investor Briefing

March 2020

# Safe Harbor Statement

This presentation contains forward-looking statements (within the meaning of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1943, 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 fact. 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; 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.

# Agenda

- Financial Results

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- Business Environment

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- Market Positions and Growth Engines

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- Innovation
- Operational Excellence
- Corporate Responsibility



# Financial Results

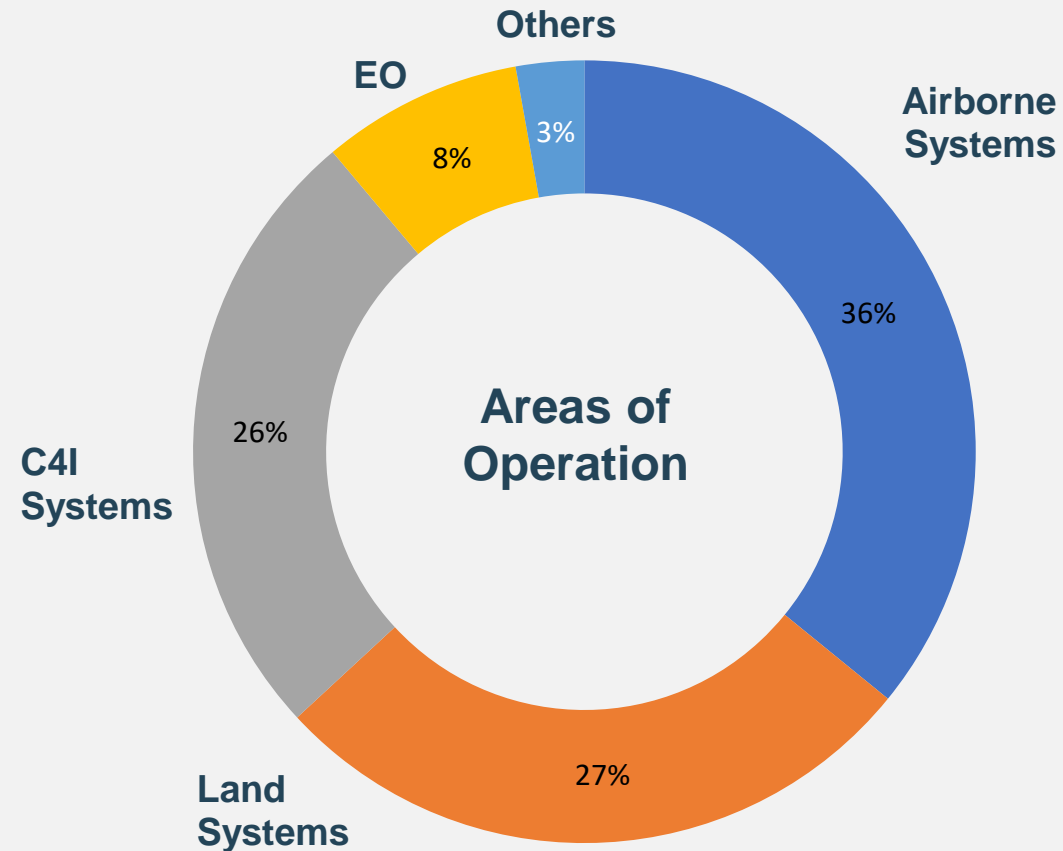
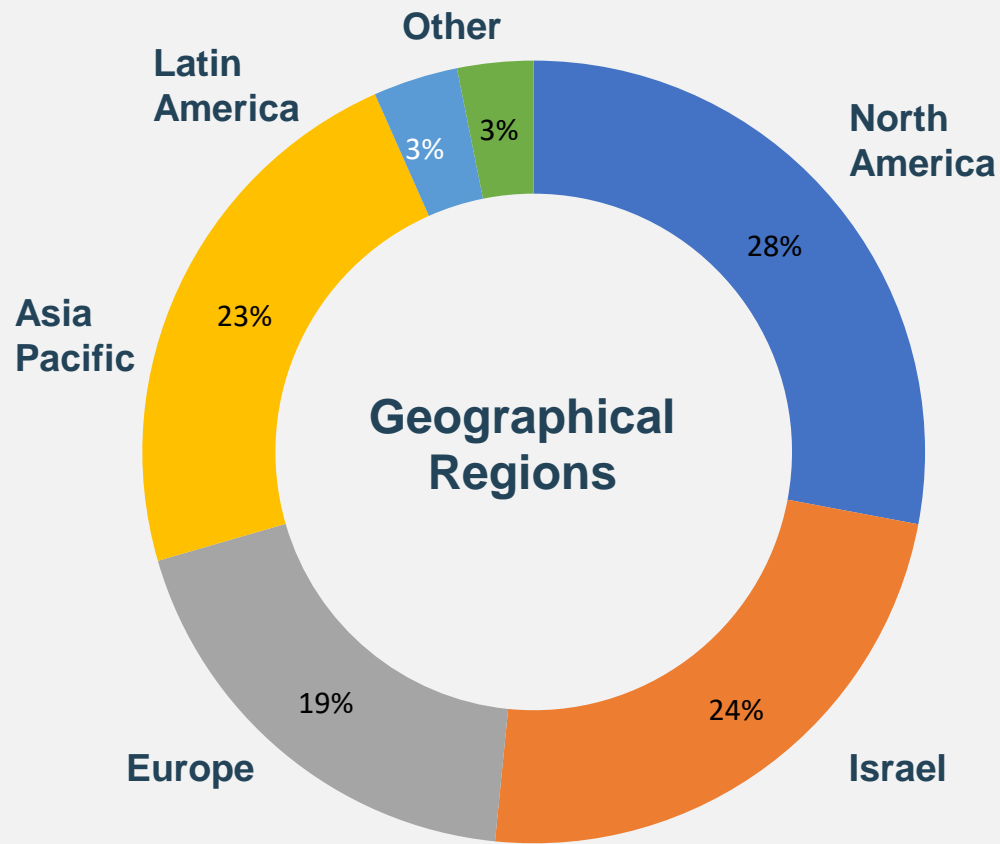
# Financial Results | 2019

	2018	2019	Change
<b>Sales (\$M)</b>	<b>3,684</b>	<b>4,508</b>	<b>22.4%</b>
<b>Non-GAAP Operating Profit (\$M)</b>	<b>341</b>	<b>380</b>	<b>11.4%</b>
<b>Non-GAAP Operating margin (%)</b>	<b>9.2%</b>	<b>8.4%</b>	<b>(83 bps)</b>
GAAP Operating Profit (\$M)	293	322	9.8%
GAAP Operating Profit margin (%)	7.9%	7.1%	(82 bps)
Non-GAAP Earnings per share (\$)	6.25	6.79	8.6%
GAAP Earnings per share (\$)	4.83	5.20	7.7%
Operating cash Flow (\$M)	192	(53)	(128%)
<b>Backlog (\$M)</b>	<b>9,399</b>	<b>10,029</b>	<b>6.7%</b>

# Financial Results | 4Q 2019

	2018	2019	%Change
<b>Sales (\$M)</b>	<b>1,078</b>	<b>1,322</b>	<b>22.6%</b>
<b>Non-GAAP Operating Profit (\$M)</b>	<b>113</b>	<b>125</b>	<b>11.6%</b>
<b>Non-GAAP Operating margin (%)</b>	<b>10.4%</b>	<b>9.5%</b>	<b>(94 bps)</b>
GAAP Operating Profit (\$M)	39	64	64.8%
GAAP Operating Profit margin (%)	3.6%	4.8%	123 bps
Non-GAAP Earnings per share (\$)	1.96	2.47	26.0%
GAAP Earnings per share (\$)	0.03	1.17	38x
Operating cash Flow (\$M)	212	87	(59%)
<b>Backlog (\$M)</b>	<b>9,399</b>	<b>10,029</b>	<b>6.7%</b>

# 2019 Results | Revenues by Geographical Regions and Areas of Operation



**A diverse client base and broad product portfolio reduce risk**

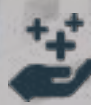
# Business Environment





# 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
- Integrated and supportive supply chain
- Large backlog provides good visibility
- Conservative balance sheet management
- Long term investment horizon

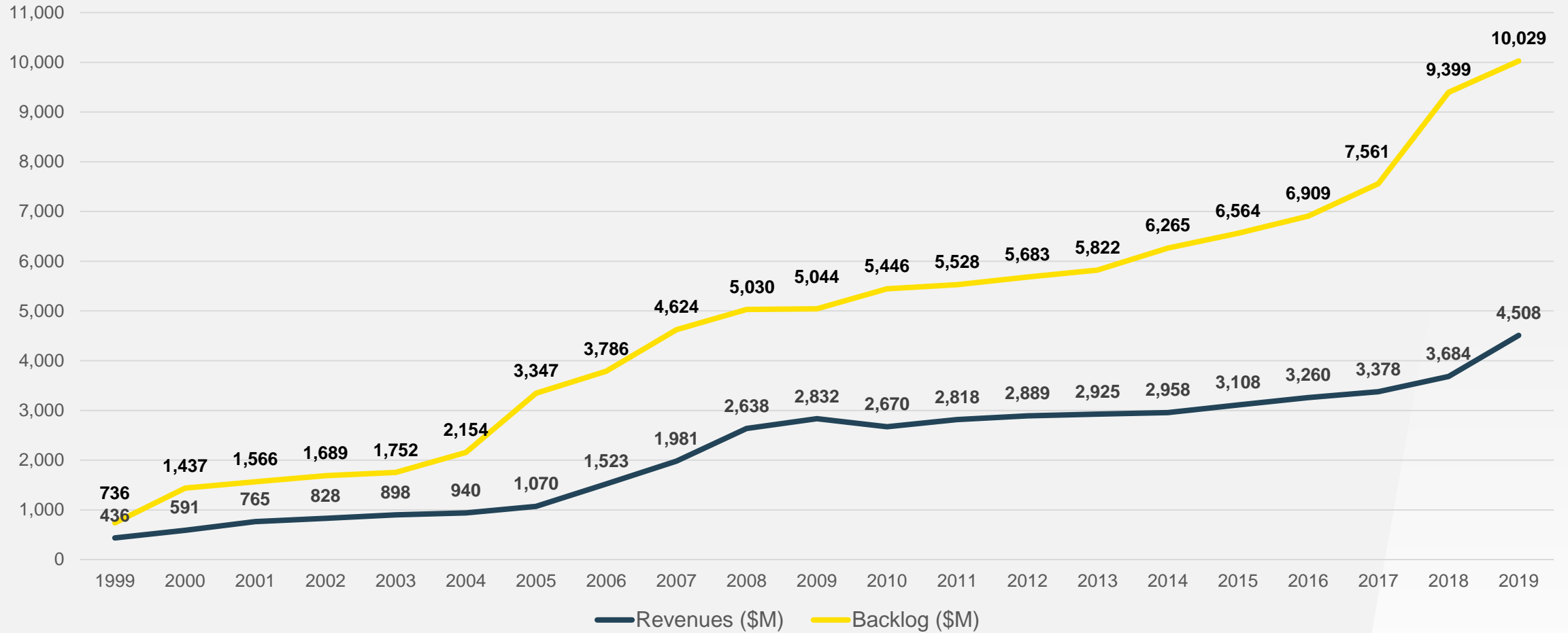


# Defense budgets are cyclical

- Defense spending is not immune to economic cycles
- Historically, economic recessions have not reduced geopolitical tensions
- During previous recessions governments have increased defense spending and internal security budgets as part of the fiscal measures to stimulate their economies

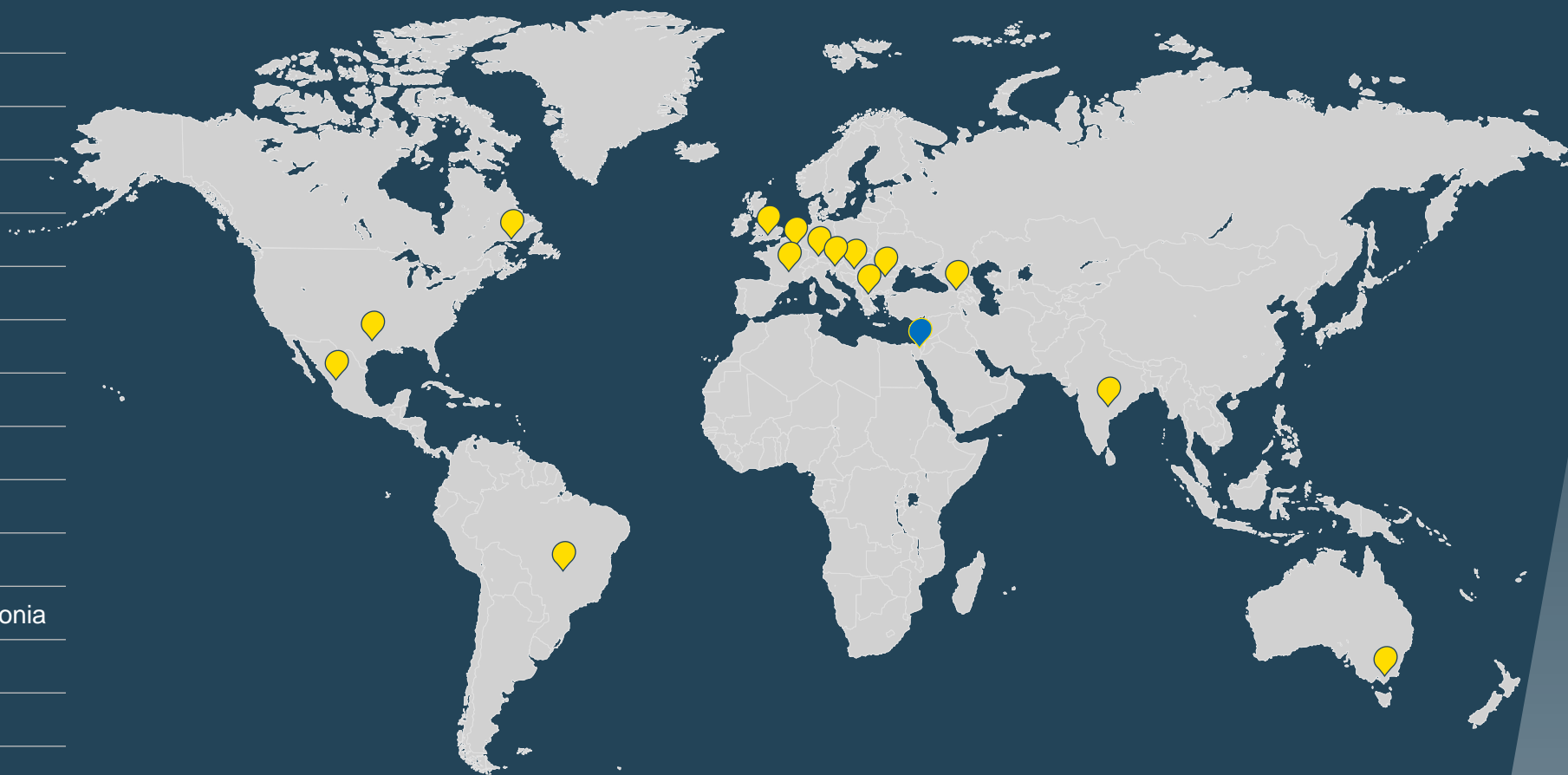


# Revenues & backlog | Growth through the cycle



# Broad global footprint of customers and subsidiaries

- Australia
- Austria
- Belgium
- Brazil
- Canada
- France
- Georgia
- Germany
- Hungary
- India
- Mexico
- Northern Macedonia
- Romania
- United Kingdom
- USA



**We have subsidiaries in over 20 countries  
and sell to more than 50**

# COVID-19 and the Global Economy

- **We are monitoring the situation closely** and adhering to the instructions of the governments of the countries in which we operate
- **Elbit Systems has not experienced a material impact** on its ongoing business
- We have not seen changes in customer behavior
- We have initiated a series of preventative measures to **protect our employees while maintaining our commitments to our customers**
- **It is too early to assess** the expected impact



A hand holding a rocket launch with a digital network overlay. The background is a dark blue gradient with a white digital network pattern of nodes and lines. A hand is shown from the bottom, holding a rocket that is launching upwards, leaving a trail of white smoke and a bright yellow and orange flame. The rocket is positioned in the upper left quadrant of the hand. The overall image conveys a sense of technological advancement and growth.

# Growth Engines and Market Positions

# Strengthening Market Positions | Israel – Long Term Programs



## C4ISR

Battle Management Systems (BMS), supply and maintenance of networks and radios



## Electronic Warfare

Developing the next generation of Electronic Warfare systems



## Armor

Iron Fist Active Protection System selected for the Eitan AFV. Integration of Iron Vision into Merkava Barak tanks,



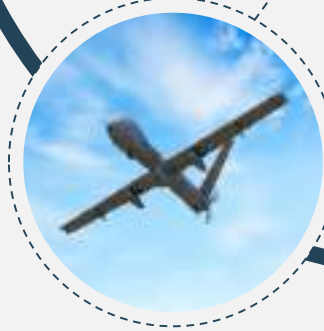
## Ammunition

Long-Term ammunition contracts for the IDF



## Unmanned systems

IDF's main supplier of unmanned aerial, ground and naval systems



## Artillery

Automatic self-propelled howitzer program



# Elbit Systems

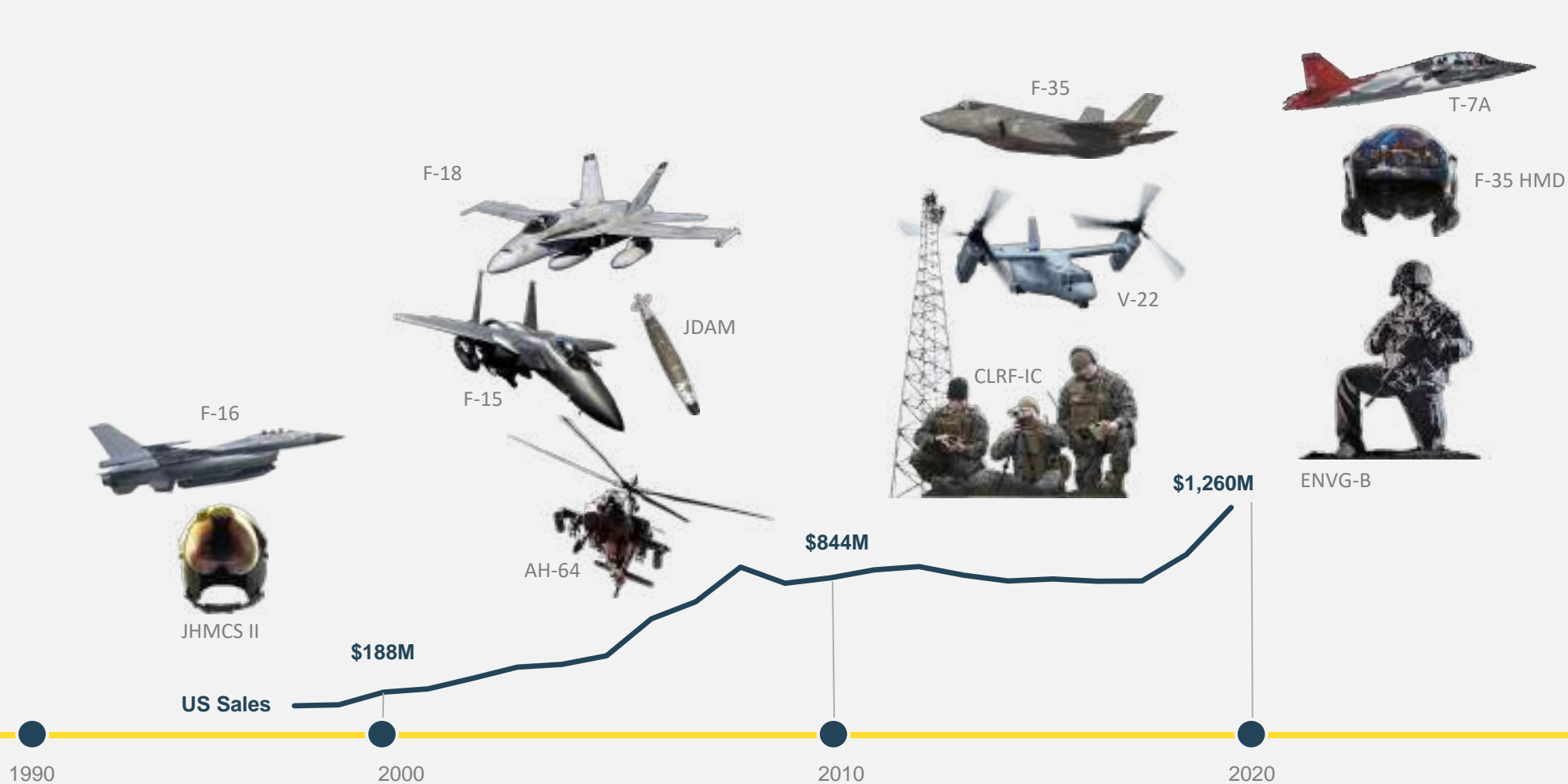
of America

**Focus on  
the U.S.A**





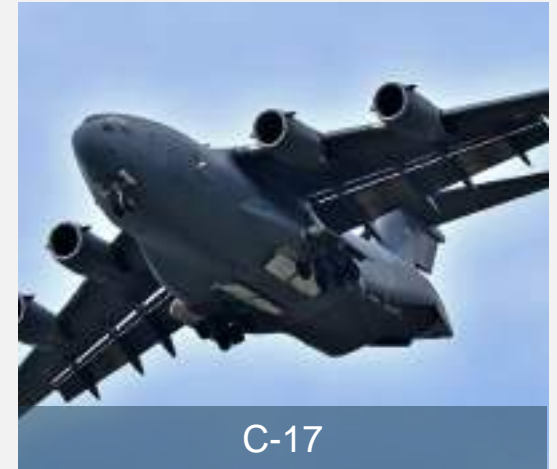
# Evolution of Success



## 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

# Avionics Solutions for new and legacy aircraft

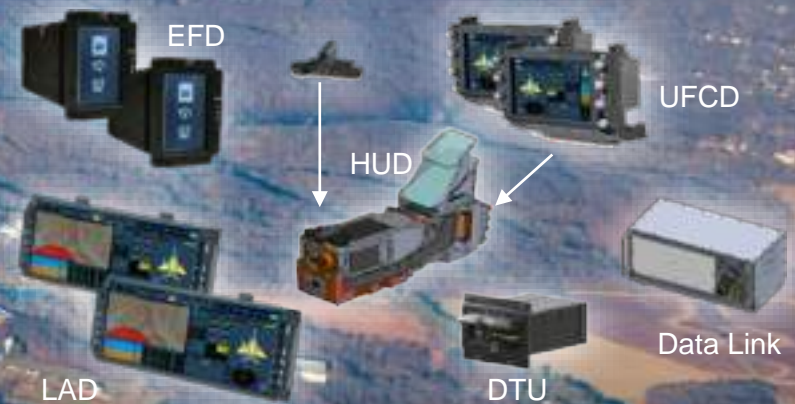


**Average shipset value: \$0.5M - \$1.5M**

# Boeing T-7A | US Air Force's new advanced pilot training aircraft



## T-7A Avionics Systems



**Revolutionizing Flight Training**



# Soldier Systems | Current & future targeting systems for the U.S. Army & U.S. Marine Corps

- Common Laser Rangefinder – Integrated Capability (CLRf-IC)
- Joint Effects Targeting System (JETS)
- Next Generation Handheld Targeting Systems (NGHTS)



# Precision Guided Munitions | A leader in development & production of laser seekers

- Laser-guided Joint Direct Attack Munition (LJDAM)
- Griffin multi-platform, multi-service munition
- Laser-Guided Small Diameter Bomb (LSDB)
- Hatchet UAS-borne precision glide munition

**We have delivered  
tens of thousands of units**



# Night Vision Systems | Strong Legacy, Significant Potential

## Leading global manufacturer of night vision devices:

- More than 2 million 3<sup>rd</sup> Generation night vision devices
- More than 500,000 AN/PVS-14s to the U.S. Army

## Developing and manufacturing the next generation of night vision:

- Squad Night Vision Goggles (SBNVG) for the US Marine Corps
- Enhanced Night Vision Goggles (ENVG-B) for the U.S. Army

**Potential for hundreds of millions of US\$ revenues**



# Laser Designator Products

- **Common Lightweight Designator / Rangefinder (CLDR)**  
Essential part in the modernization of the AC-130 Gunship and AH-1Z Hawkeye fire control systems
- **Two Color Laser System (TCLS)**  
Laser designator supplier to Raytheon for their Multi-Spectral Targeting System (MTS)



# Electronic Warfare | Missile Warning Systems

## Infrared Missile Warning Systems (MWS)

- Selected by the US Air Force to equip F-16 aircraft of the U.S. Air National Guard and Air Force Reserve Command with pylon-based infrared missile warning systems





# Homeland Security (HLS) | Leading Provider of Border Security Solutions



## Array of Integrated Towers

- Fixed and relocatable



## Surveillance Systems

- Mobile and Modular



## Unattended Ground Sensors

**Fielded today along the Southern Border of the USA**

# Indirect Fires | Sole Provider of Mortar Systems to the US Army

- Mortar Weapon Systems

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- Expeditionary Mortar Weapon Systems

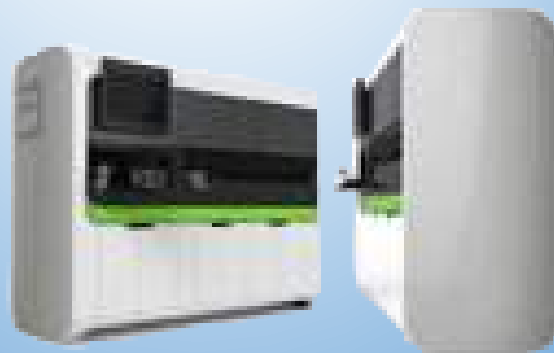
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- Mortar Weapon Control Systems



# KMC Systems Medical Diagnostics

- Elbit's KMC Systems, Merrimack NH is a provider of highly automated, large volume medical test and diagnostic equipment to many of the world's leading medical instruments companies
- We are in discussion with several key customers regarding potential increased demand for KMC diagnostic platforms
- We have available capacity and capability to ramp up and provide support



# Strengthening Market Positions | Europe



## United Kingdom



- \$38M contract for artillery trainers (JSFT)
- Iron Vision Demo on Challenger Tank
- Coast Guard selects Naval UAV Hermes 900
- Affinity Flying Training School celebrates 4 years of operation



## Germany



- \$73M DIRCM contract for Air Force A400M
- Follow on contract to supply thousands of night vision systems
- Elbit selected to supply Soldier Radio Systems
- Delivery of Submarine Radio System Project



## Switzerland



- Selection as Tactical Radio supplier
- Subsidiary established in Switzerland



## Netherlands



- \$65M follow-on contract for soldier systems
- Cyber Intelligence system for the Dutch Police

# Strengthening Market Positions | Europe



## Sweden



- Digital network infrastructure for the Army including radios and radio links
- Surveillance Systems for the Swedish Navy
- Gripen Fighter - EW Systems, Avionics, HMDS



## Finland



- Ammunition for Leopard tanks



## Portugal



- \$50M contract to supply EW suite for KC-390 transport aircraft



## European Union



- Expanding the deployment of UAVs for EU Maritime Patrol

# Strengthening Market Positions | Asia-Pacific



## Unmanned Systems

- \$153M contract to supply a networked multi-layered UAS array for a Southeast Asian Army



## Tactical Radios/Tank Upgrades

- \$127M contract to provide tactical radios to a South Asian country
- \$80M contract to upgrade tanks and supply radio systems for a South East Asian Army



## Defense Solutions

- \$670M contract to supply defense solutions to an Asia-Pacific country



## Precision Munitions

- \$30M contract for high precision guided mortar munitions



## Airborne Systems

- \$136M DIRCM contracts for Airbus and Boeing aircraft
- \$43M contract to supply TF/TA systems for South Korea's future Fighter Aircraft



**Innovation**  
**Operational Excellence**  
**Corporate Responsibility**

# Innovation



## AI & Big Data

Integrating Artificial Intelligence and Big Data across all Elbit products



## Satellites & Space

In 2019 Elbit Systems launched its first Nano-satellite into space



## High Powered Lasers

Israel's center of excellence for laser technology

## Robotics

Unmanned Ground Vehicles, Swarm Robotics, Carmel AFV, IoT



# 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



**38%**

reduction in total waste generated in 2018 vs 2013



**5,100**

Employees volunteered in their communities



**97%**

of employees feel their work at Elbit Systems is meaningful and creates value



Elbit Systems received the highest "Platinum +" rating from Maala in 2019 (for 2018)



A hand is shown holding a glowing question mark. The background is dark blue with a network of white lines and dots. A large, faint question mark is visible in the background. The overall theme is technology and inquiry.

# Questions & Answers