



# Investor Conference 2023

March 2023

# Safe Harbor

This presentation, reference to which herein includes information that may be provided by Elbit Systems Ltd. ("Elbit systems", and collectively with any or all of its subsidiaries, the "Company") orally or in writing in connection therewith, is provided for general information only, and should not be relied upon for making any investment decision. By attending or viewing this presentation, each attendee ("Attendee") agrees that he or she (i) has read this disclaimer, (ii) is bound by the restrictions set out herein, (iii) is permitted, in accordance with all applicable laws, to receive such information, (iv) is solely responsible for his or her own assessment of the business and financial position of the Company and (v) will conduct his or her own analysis and be solely responsible for forming the Attendee's view of the potential future performance of the Company's business. This presentation does not constitute, is not intended to be, and should not be construed as a recommendation, regarding any securities nor part of any offer, or the solicitation of any offer, to buy, subscribe for or sell any securities of the Company, and nothing in this presentation will in any way constitute or form part of any legal agreement or be relied upon in connection with any contract, commitment or investment decision. Nothing in this presentation constitutes investment advice or any recommendations that may be contained herein have not been based upon a consideration of the investment objectives, financial situation or particular needs of any specific Attendee. No representation, warranty or undertaking, express or implied, is given by the Company and/or its respective directors, officers, employees, agents, representatives and/or advisers as or in relation to the accuracy, completeness or sufficiency of the information contained in this presentation or as to the reasonableness of any assumption contained therein. To the maximum extent permitted by law, the Company and its respective directors, officers, employees, agents, representatives and/or advisers expressly disclaim any and all liability that may arise from any use of this presentation, including any errors or omissions relating to the presentation.

The information in this presentation is not intended to replace the need to review Elbit Systems' 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, prior to making any investment in Elbit Systems' securities. In case of any inconsistencies between the information provided in this presentation and Elbit Systems' filings, the latter will prevail.

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 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. Further information is contained in Elbit Systems' annual report on Form 20-F. All forward looking statements speak only as of the date of this presentation. 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.

In case of any inconsistency between the management review in Hebrew and the English simultaneous translation, the former will prevail.

Elbit Systems Ltd., its logo, brand, product, service and process names appearing in this presentation or used in this conference are the trademarks or service marks of Elbit Systems or its affiliated companies. All other brand, product, service and process names appearing are the trademarks of their respective holders.

Unless otherwise indicated, all numbers in this presentation are as of **31 December 2022**. The Company does not undertake to update this presentation or publish any of the data contained therein in the future.

**Elbit Systems™**



**Financial Results**



# 2022 Financial Highlights



**\$15.1Bn**  
Backlog



**\$5.5Bn**  
Revenues



**\$357M**  
Non-GAAP (\*)  
Operating income



**\$240M**  
Operating cashflow

(\*)GAAP Operating Income: \$368m.

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



# Financial Results | 2022

	2021	2022	Change
<b>Sales (\$M)</b>	<b>5,279</b>	<b>5,512</b>	<b>4.4%</b>
<b>Non-GAAP Operating Profit (\$M)</b>	<b>451</b>	<b>357</b>	<b>(20.8%)</b>
<b>Non-GAAP Operating margin (%)</b>	<b>8.5%</b>	<b>6.5%</b>	<b>(206 bps)</b>
GAAP Operating Profit (\$M)	419	367	(12.4%)
GAAP Operating Profit margin (%)	7.9%	6.7%	(128 bps)
Non-GAAP Earnings per share (\$)	8.30	6.03	(27.3%)
GAAP Earnings per share (\$)	6.20	6.18	0%
Operating cash Flow (\$M)	417	240	(177m)
<b>Backlog (\$M)</b>	<b>13,700</b>	<b>15,100</b>	<b>10.7%</b>

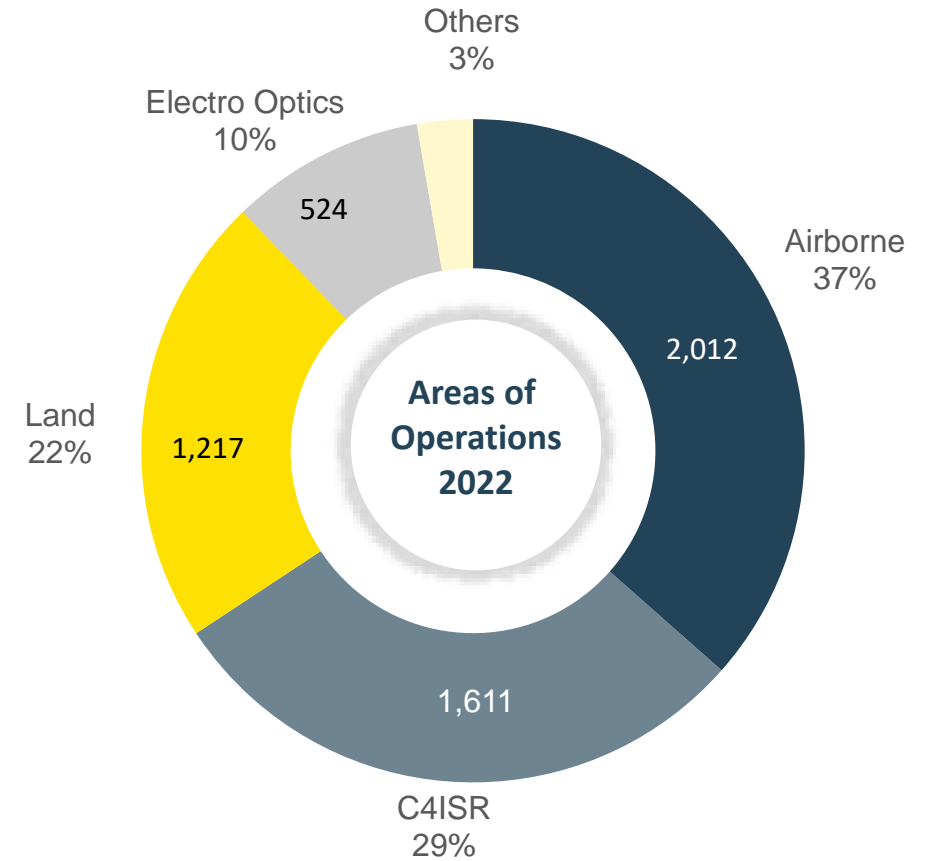
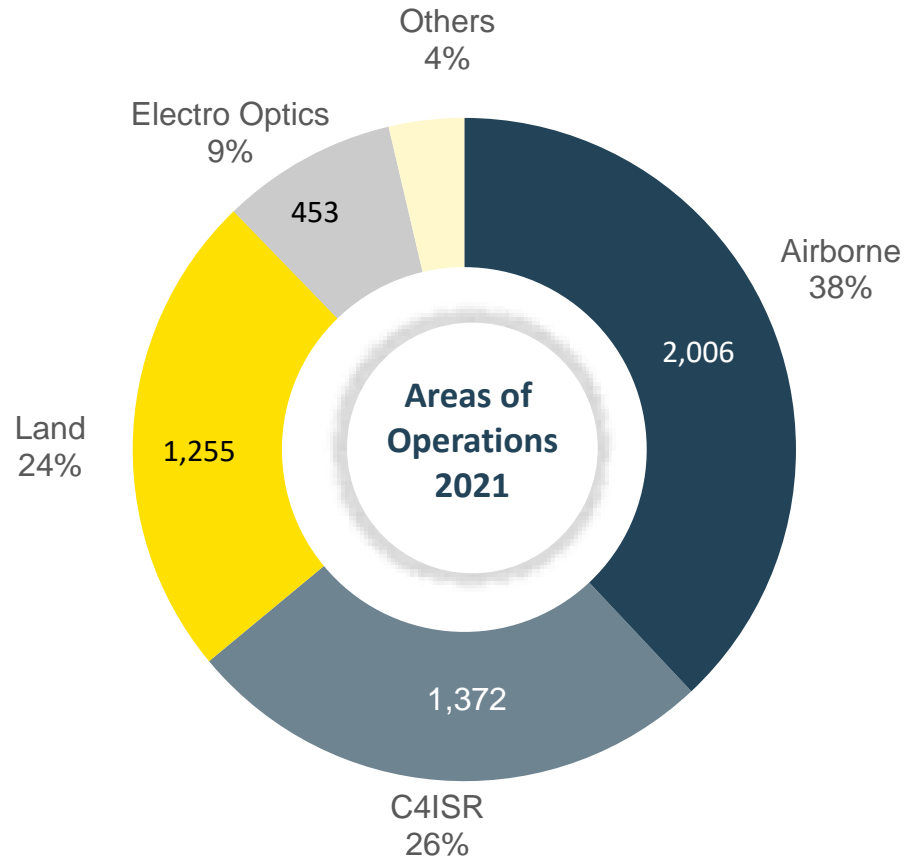
\*For non-GAAP reconciliations reference the appendix to this presentation and Elbit Systems' investor relations website

# Financial Results | Q4 2022

	2021	2022	Change
<b>Sales (\$M)</b>	<b>1,494</b>	<b>1,506</b>	<b>8.0%</b>
<b>Non-GAAP Operating Profit (\$M)</b>	<b>120</b>	<b>103</b>	<b>(14.2%)</b>
<b>Non-GAAP Operating margin (%)</b>	<b>8.0%</b>	<b>6.8%</b>	<b>(119 bps)</b>
GAAP Operating Profit (\$M)	107	120	12.1%
GAAP Operating Profit margin (%)	7.2%	8.0%	81 bps
Non-GAAP Earnings per share (\$)	2.14	1.68	(21.5%)
GAAP Earnings per share (\$)	0.18	1.91	961%
Operating cash Flow (\$M)	260	195	(65m)
<b>Backlog (\$M)</b>	<b>13,700</b>	<b>15,100</b>	<b>10.7%</b>

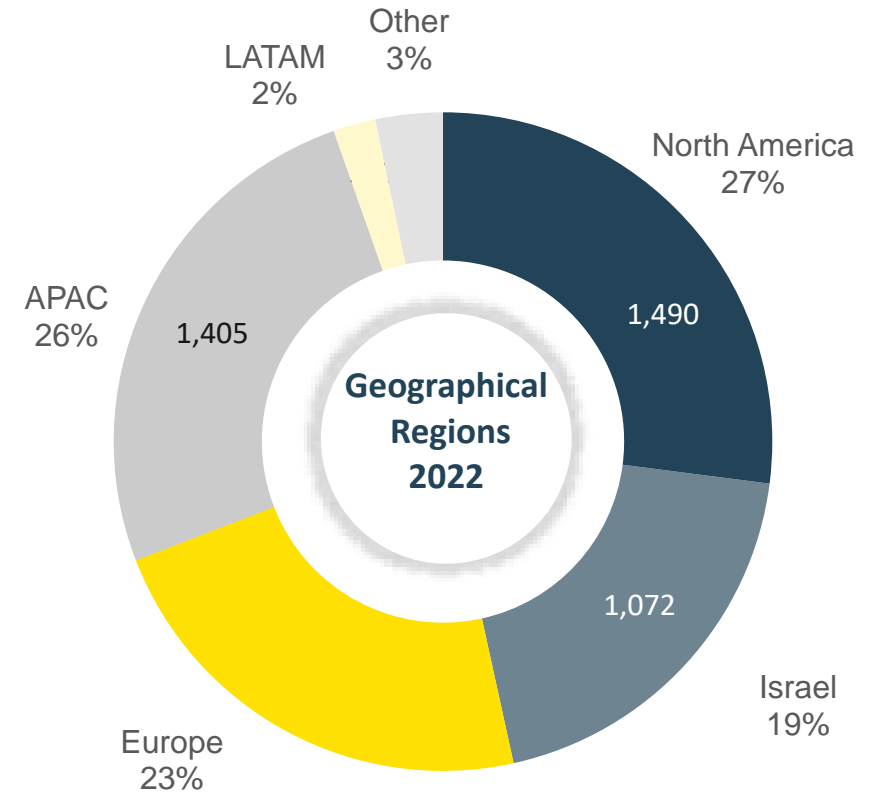
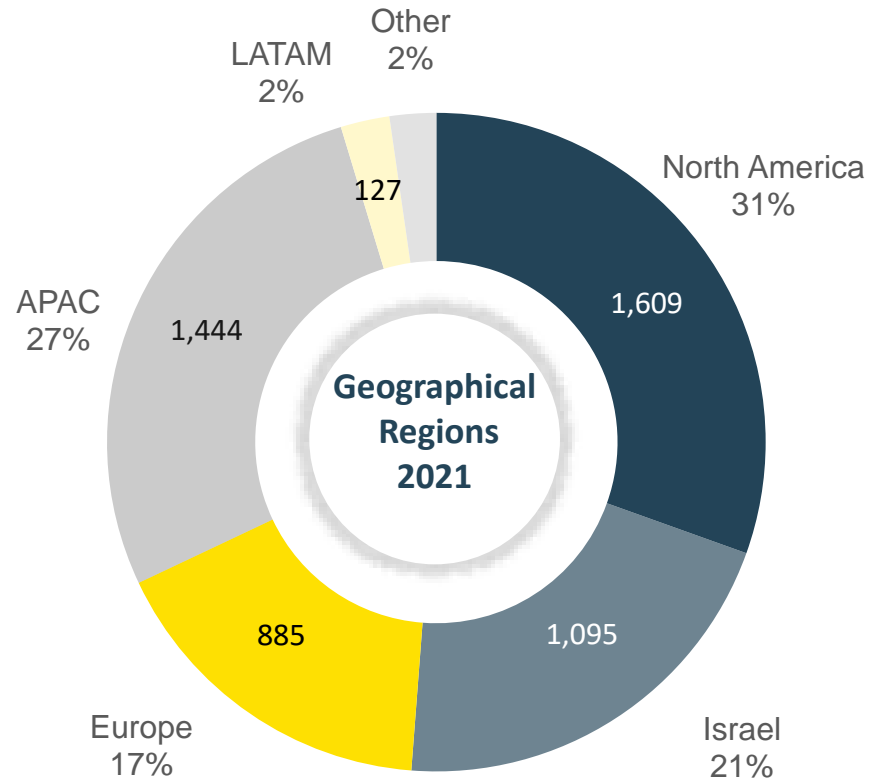
\*For non-GAAP reconciliations reference the appendix to this presentation and Elbit Systems' investor relations website

# 2022 Results | Revenues by Areas of Operation



A broad technologically advanced portfolio

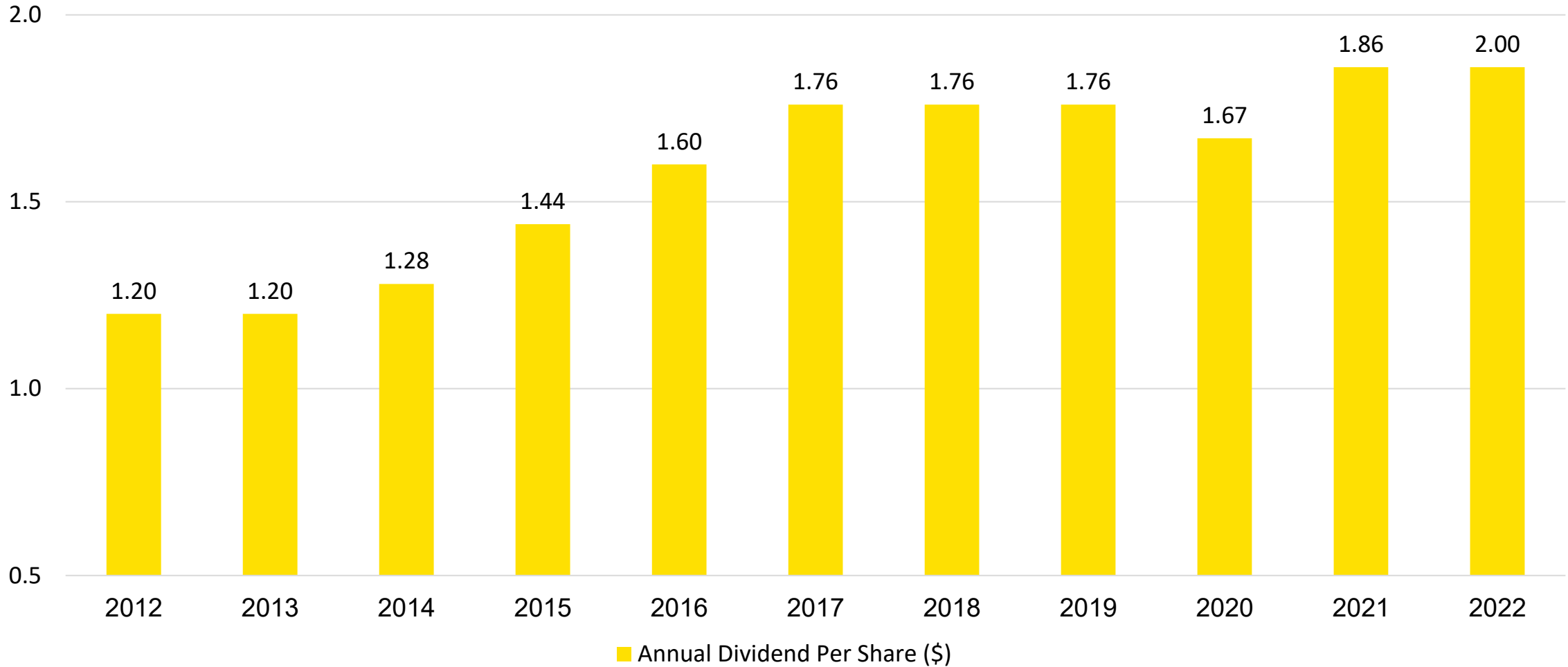
# 2022 Results | Revenues by Geographical Regions



Continue to expand a balanced global footprint



# Annual Dividend | Returning cash to shareholders



Distributed more than \$740m to shareholders during the period





**Business Environment**



# Israel | Largest Israeli Defense Company with Multiple Leading Positions



**UAV**  
More than 80% of the IDF's UAVs



**Artillery**  
Roem - New 155mm Howitzers



**Electro-Optics**  
Production and Maintenance



**Precision Munitions**  
Leveraging IMI acquisition



**Electronic Warfare**  
IMoD EW Center of excellence



**Network Centric Warfare**  
Digital Army Program 750 Operational



**Survivability**  
Protecting Aerial, Ground and Naval platforms



**Mission Training Centers**  
For Air and Ground forces



**Advanced Avionics**  
5th Gen. Avionics

A multi-year defense budget provides stability and enables long term planning and large projects





**Elbit Achievements in Israel 2022 Clip**





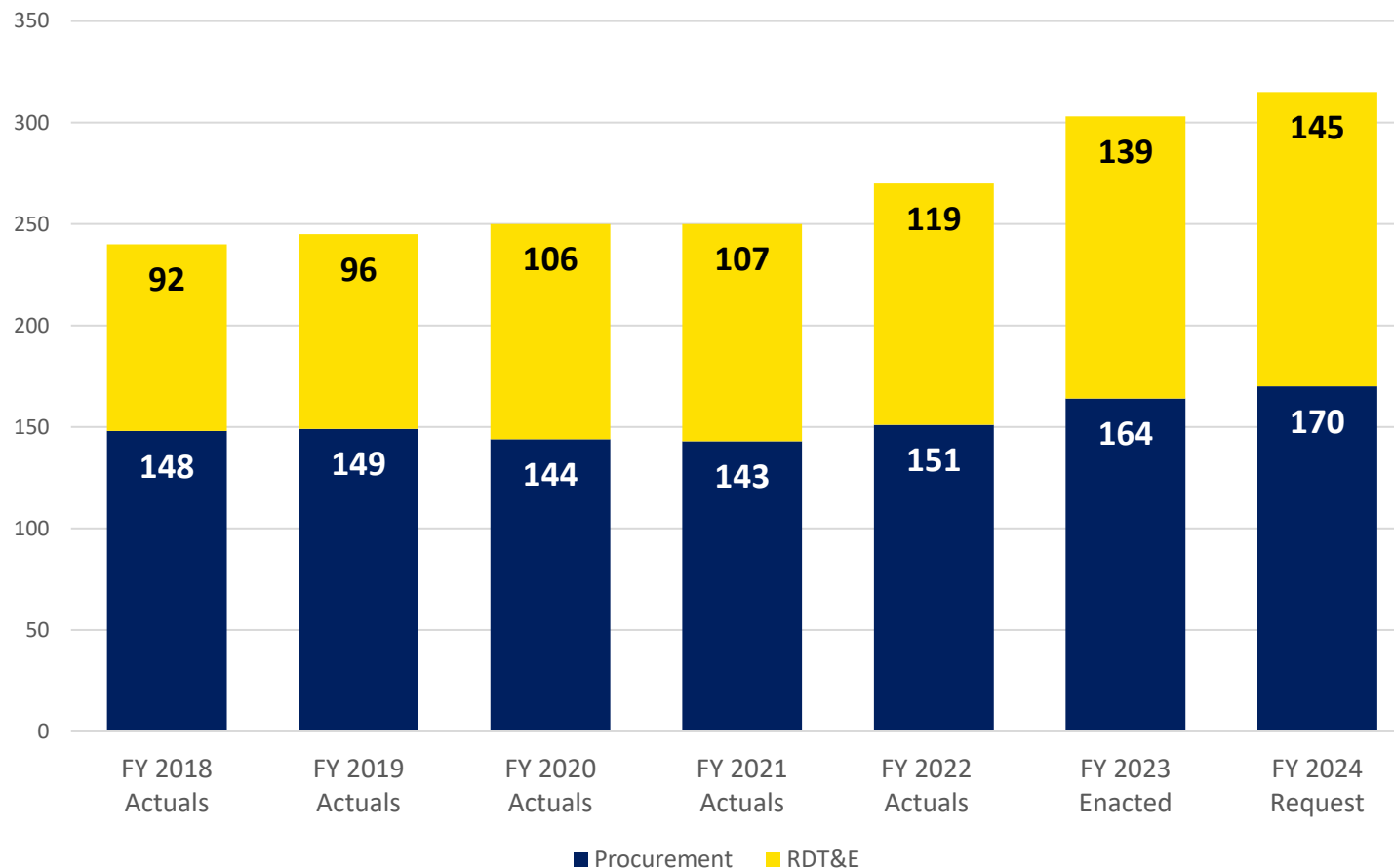
# USA | Defense Budgets growing to address the evolving threat environment

- US Air Force and US Navy budgets growing to address the Chinese challenge
- US Army budgets benefitting from restocking of equipment and munitions sent to Ukraine



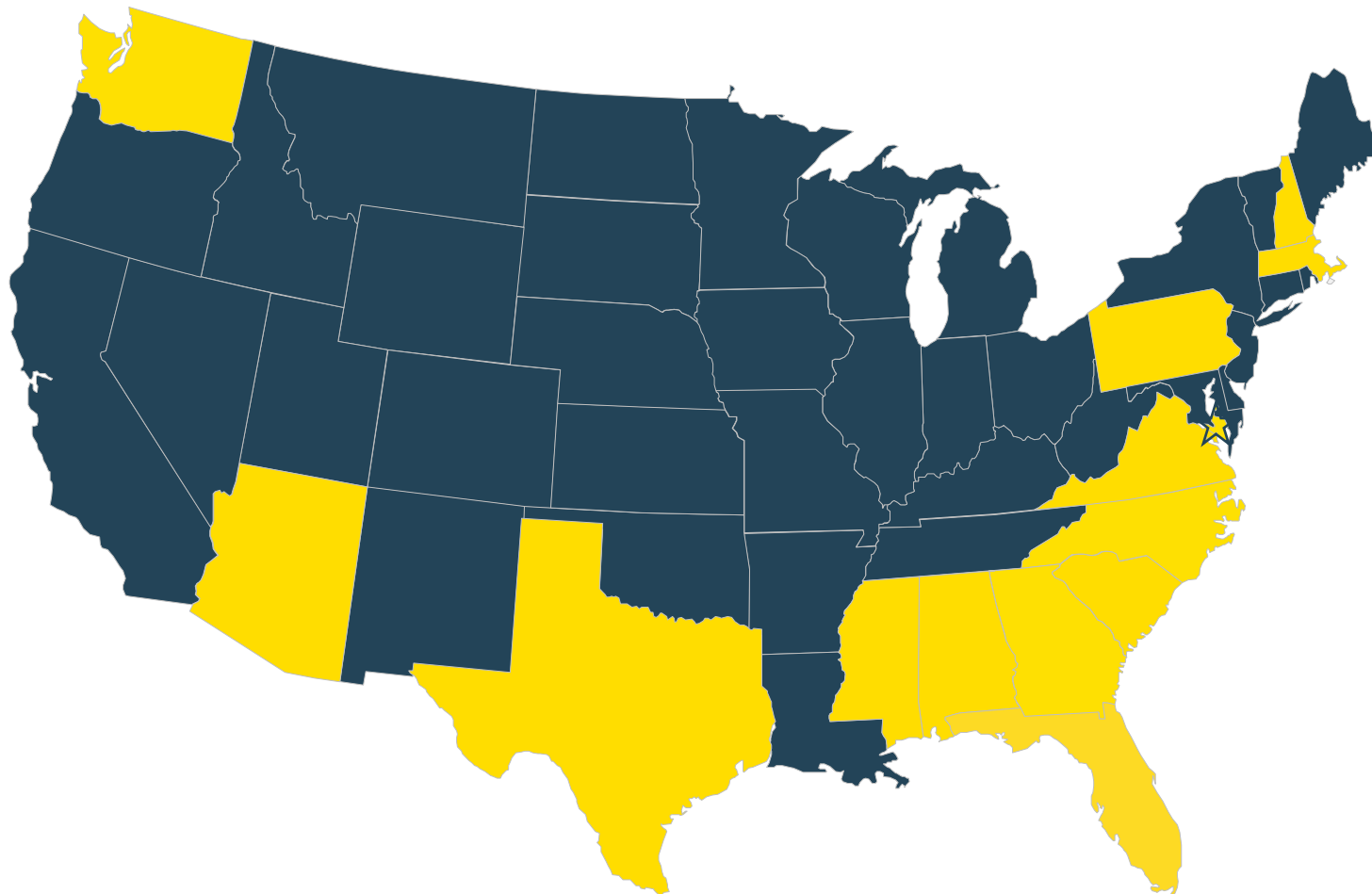
Source: US DoD | Defense Budget Request Overview

### US DoD Budget - Investment Accounts (\$Bn)



# USA | A Strong Presence in a Strategic Market

- Elbit Systems is an integral part of the US Defense industrial base.
- Supplying directly to the US DOD and working with all major prime contractors
- SPARTON and Elbit Night Vision acquisitions have strengthened Elbit Systems' position as a US DOD OEM with a growing engineering and manufacturing footprint



  
**\$1.5Bn**  
Revenues

  
**3,900**  
Employees

  
**13**  
States



# USA | Positions on multiple platforms and programs



F35



F15



F16



F18



V22



AH-64



T7



Bradley



Underwater Warfare



Precision Fires



Night Vision and Soldier Systems



Survivable C4I

# Asia Pacific | Significant potential from Abraham Accords Countries

## Annual Defense Spend 2022



**UAE**  
**\$25.2 Bn**



**Morocco**  
**\$6.8 Bn**



**Bahrain**  
**\$1.9 Bn**

Source:  JANES



Source: Instagram

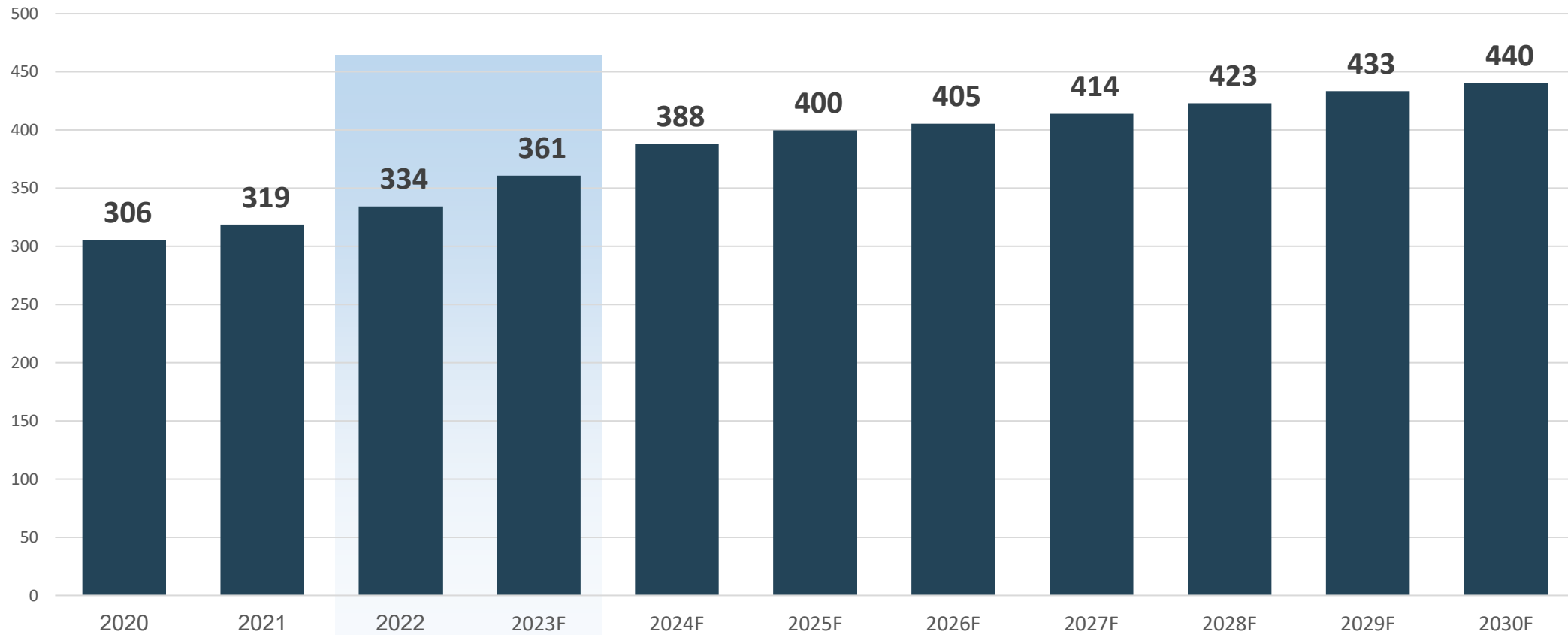
Members of the Abu Dhabi Royal Family meeting Elbit Systems Emirates Employees at IDEX 2023

Elbit Systems Emirates established in 2021 - a domestic presence supporting growth in the region



# Europe | Defense budgets growing

Total European Defense Spend (US\$ Bn)



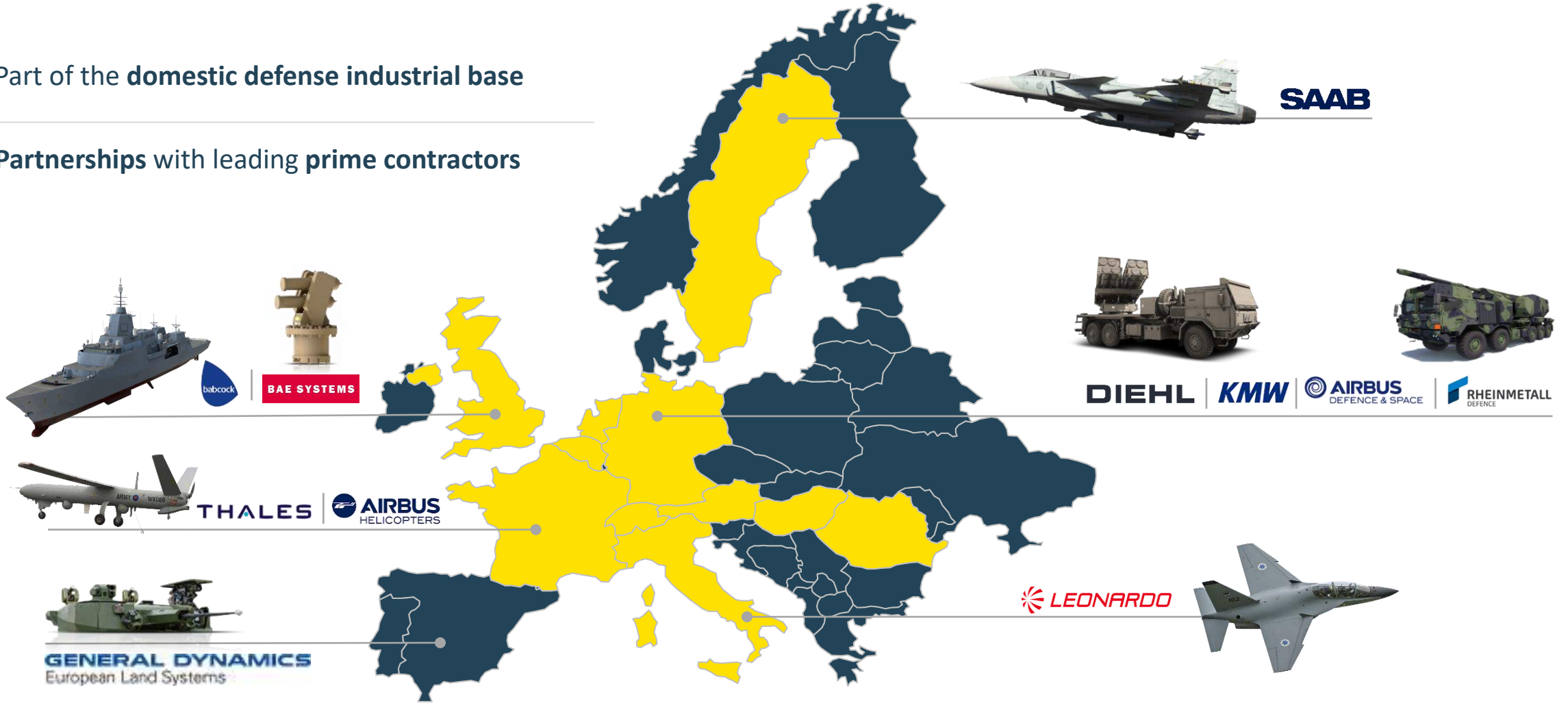
Source:  JANES

Recapitalizing armed forces and the defense industrial base



# Europe | Strong positions to benefit from defense budget growth

- Part of the **domestic defense industrial base**
- **Partnerships with leading prime contractors**



● Elbit Systems Subsidiary

Significant subsidiaries and local presence in multiple countries





# Europe | Operational Insights from Russia - Ukraine War

## The conflict has highlighted the relevance of Elbit Systems' portfolio



### C4I

A critical contributor to multi domain operations that enhances the capabilities of maneuvering forces



### Drones & UAV

Critical enabler for Artillery & ISTAR missions



### Loitering Munitions

Provide a unique capability



### Counter UAS Systems

### Long range fires



### Rocket Artillery

A Force Multiplier



### Artillery

The importance of the "King of the Battle"



### Precision Munitions

Improved accuracy, smaller and an extended range



### Electronic Warfare

A must have although highly dependent on a military's C4I capabilities



### Ammunition



### Platform Protection

For aircraft and ground vehicles - APS and DIRCM

**Elbit Systems™**

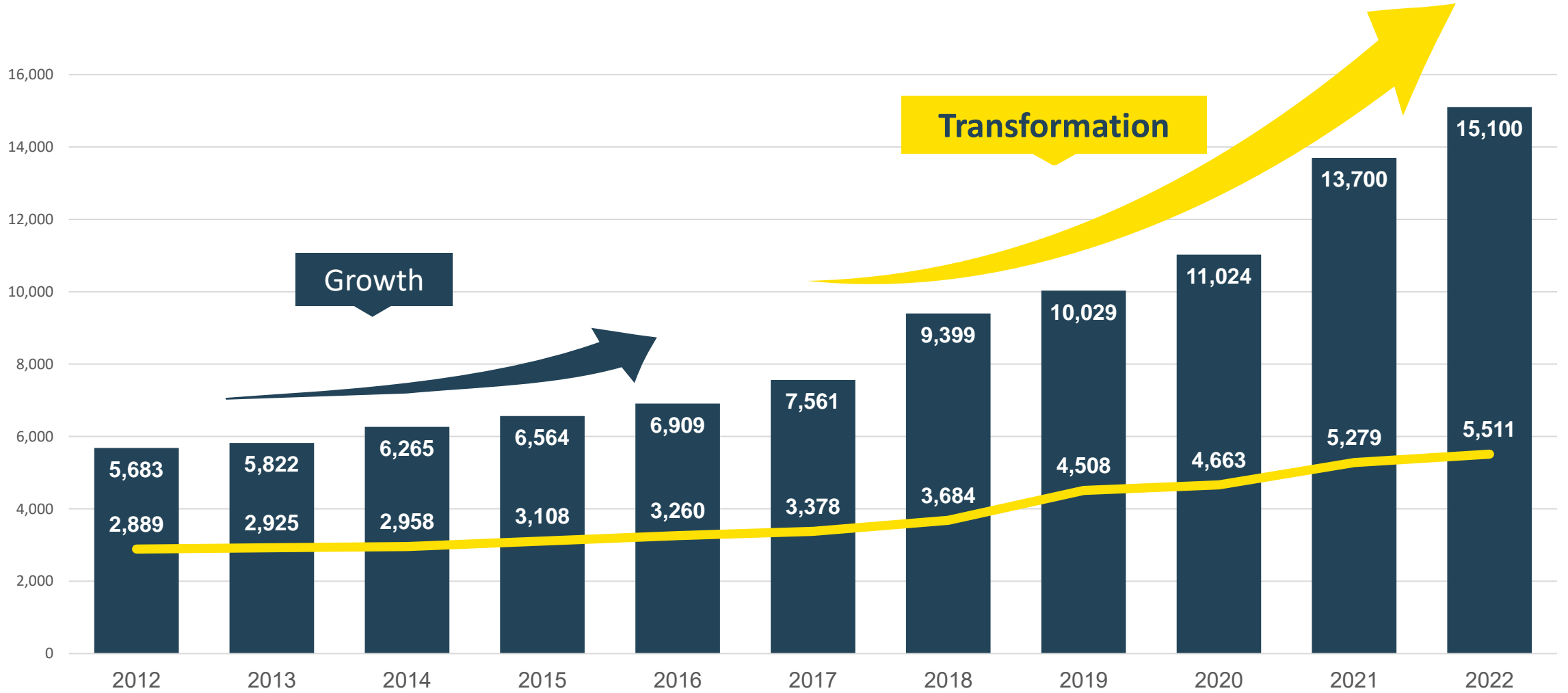


**Business Achievements Clip**





# Order Backlog & Revenues | From Growth to Transformation



**2012-2017**  
 Backlog: 6 % CAGR | Revenue: 3% CAGR

■ Backlog (\$M)    — Revenues (\$M)

**2017-2022**  
 Backlog: 15% CAGR | Revenue: 10% CAGR



# Operational Transformation to support significant revenue growth



Production sites



Our People



Supply chain



OneERP

# Upgrading and Expanding Manufacturing Facilities



Ramat Hasharon - Heavy Industry Robotics  
**Capacity +100%**



Yokneam - Heavy Industry Robotics  
**Capacity +100%**



Karmiel - New production line for Gen. 5 Avionic systems  
**Capacity +300%**



Tel Hai - New SMT Line  
**Capacity +60%**



Rehovot - Advance Electro-Optics  
**Capacity +40%**



Cobots and Automation  
**Capacity +200%**

Increase Throughput | Improve Efficiency | Enhance Quality | Shorten Lead-times



# Building new facilities around the world



US - South Carolina | 12,600 sqm  
**Heavy Manufacturing**



UK - Bristol | 5,000 sqm  
**Development and production**



GERMANY - ULM | 800 sqm  
**Radio development and production**



ISRAEL - Ramat Beka | 50,000 sqm  
**Ammunition Production**



ISRAEL - Modi'in | 20,000 sqm  
**UAV development and production**



ROMANIA | 6,000 sqm  
**Production**

Increase Throughput | Improve Efficiency | Enhance Quality | Shorten Lead-times

# Investing in Our People

- **Headcount +5% in 2022**
- **Retention plans** - expenses of approximately **\$72m in 2022**
- **Revenue per employee** - up significantly over the last 5 years
- **Continue to recruit** around the world



Increasing our workforce to deliver a growing backlog



# Supply chain | Significant disruption but pressures easing

## Supply chain status:

- Raw materials - **Significantly improved**
- Freight and Transportation - **No longer a bottle neck**
- Electronic components - **Continues to impact the business**

## How we addressed the challenge:

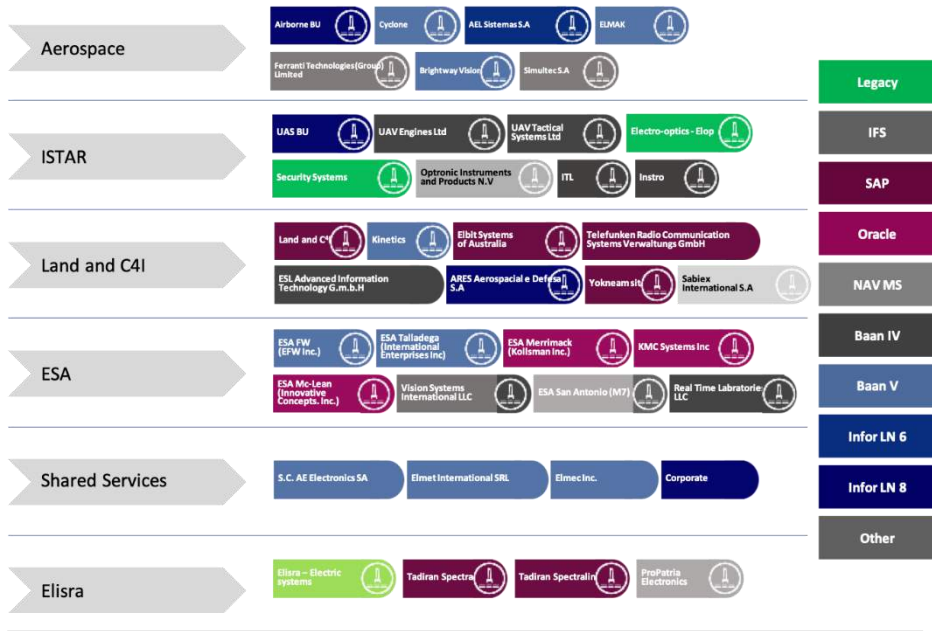
- Increased inventories
- Alternative sources
- Proactive supply chain management



We expect supply chain pressure to ease from the second half of 2023



# OneERP | Digital transformation of all Business Units



Our ERP integration effort started in 2019 and will be completed in 2023



# Summary



Multiple  
**Global Positions**



**Broad and  
Relevant Portfolio**



Operational transformation to  
support **growth** and improved  
**performance**



Focused on long term value creation for all our stakeholders

The Elbit Systems logo consists of the text "Elbit Systems" in a bold, blue, sans-serif font, with a trademark symbol (TM) to the right. The text is positioned above a stylized yellow and blue graphic element that resembles a wing or a signal wave.

# Questions & Answers



## 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 herein 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

	Years Ended December 31,	
	2021	2022
<b>GAAP gross profit</b>	<b>1,358.0</b>	<b>1,373.3</b>
<u>Adjustments:</u>		
Amortization of purchased intangible assets(*)	26.7	31.7
<b>Non-GAAP gross profit</b>	<b>1,384.7</b>	<b>1,405.0</b>
<i>Percent of revenues</i>	26.2%	25.5%
<b>GAAP operating income</b>	<b>418.5</b>	<b>367.5</b>
<u>Adjustments:</u>		
Amortization of purchased intangible assets(*)	47.0	49.2
Capital gain	(14.7)	(31.5)
Non-recurring grant	—	(28.6)
<b>Non-GAAP operating income</b>	<b>450.8</b>	<b>356.6</b>
<i>Percent of revenues</i>	8.5%	6.5%

	Year Ended December 31,	
	2021	2022
<b>GAAP net income attributable to Elbit Systems' shareholders</b>	<b>274.4</b>	<b>275.4</b>
<u>Adjustments:</u>		
Amortization of purchased intangible assets (*)	47.0	49.2
Capital gain	(24.9)	(20.5)
Revaluation of investment measured under fair value option	(17.3)	10.2
Non-operating foreign exchange (gains) losses	10.6	(10.5)
Non-recurring grant		(28.6)
Tax effect and other tax items, net	77.8	(6.3)
<b>Non-GAAP net income attributable to Elbit Systems' shareholders</b>	<b>367.6</b>	<b>268.9</b>
<i>Percent of revenues</i>	7.0%	4.9%
<b>GAAP diluted net EPS</b>	<b>6.20</b>	<b>6.18</b>
Adjustments, net	2.10	(0.15)
<b>Non-GAAP diluted net EPS</b>	<b>8.30</b>	<b>6.03</b>

(\*) While amortization of acquired intangible assets is excluded from the measures, the revenue of the acquired companies is reflected in the measures and the acquired assets contribute to revenue generation.



The logo for Elbit Systems, featuring the company name in a bold, blue, sans-serif font with a trademark symbol. The text is positioned above a stylized yellow and blue graphic element that resembles a wing or a signal wave.

# THANK YOU

**INVESTOR CONTACTS**

**Dr. Yaacov (Kobi) Kagan**, Executive VP - CFO  
Tel: +972-77296663 | [kobi.kagan@elbitsystems.com](mailto:kobi.kagan@elbitsystems.com)

**Rami Myerson**, Investor Relations Director  
Tel: +972-772948984 | [rami.myerson@elbitsystems.com](mailto:rami.myerson@elbitsystems.com)

[elbitsystems.com](http://elbitsystems.com)    

