



4th Quarter 2024 Conference Call

January 28, 2025

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January 28, 2025 through midnight January 29, 2025

Forward-Looking Statements

This presentation contains statements that, to the extent they are not recitations of historical fact, constitute forward-looking statements within the meaning of the federal securities laws, and are based on Lockheed Martin's current expectations and assumptions. The words "believe," "estimate," "anticipate," "project," "intend," "expect," "plan," "outlook," "scheduled," "forecast" and similar expressions are intended to identify forward-looking statements. These statements are not guarantees of future performance and are subject to risks and uncertainties. Actual results may differ materially due to factors such as: the company's reliance on contracts with the U.S. Government, which are dependent on U.S. Government funding and can be terminated for convenience, and the company's ability to negotiate favorable contract terms; budget uncertainty, the risk of future budget cuts, the impact of continuing resolution funding mechanisms and the debt ceiling and the potential for government shutdowns and changing funding and acquisition priorities; risks related to the development, production, sustainment, performance, schedule, cost and requirements of complex and technologically advanced programs, including the F-35 program; planned production rates and orders for significant programs, compliance with stringent performance and reliability standards, and materials availability, including government furnished equipment; the timing of contract awards or delays in contract definitization as well as the timing and customer acceptance of product deliveries and performance milestones; the company's ability to recover costs under U.S. Government contracts and the mix of fixed-price and cost-reimbursable contracts; customer procurement policies that shift risk to contractors, including competitively bid programs with fixed-price development work or follow-on production options or other financial risks; and the impact of investments, cost overruns or other cost pressures and performance issues on fixed price contracts; changes in procurement and other regulations and policies affecting the company's industry, export of its products, cost allowability or recovery, preferred contract type, and performance and progress payments policy; performance and financial viability of key suppliers, teammates, joint ventures (including United Launch Alliance), joint venture partners, subcontractors and customers; economic, industry, business and political conditions including their effects on governmental policy; the impact of inflation and other cost pressures; the impact of pandemics and epidemics on the company's business and financial results, including supply chain disruptions and delays, employee absences, and program delays; government actions that prevent the sale or delivery of the company's products (such as delays in approvals for exports requiring Congressional notification); trade policies or sanctions (including Chinese sanctions on the company or its suppliers, teammates or partners, U.S. Government sanctions on Turkish entities and persons, and indirect effects of sanctions on Russia to the company's supply chain); the company's success expanding into and doing business in adjacent markets and internationally and the risks posed by international sales; changes in foreign national priorities and foreign government budgets and planned orders, including potential effects from fluctuations in currency exchange rates; the competitive environment for the company's products and services, including competition from startups and non-traditional defense contractors; the company's ability to develop and commercialize new technologies and products, including emerging digital and network technologies and capabilities; the company's ability to benefit fully from or adequately protect its intellectual property rights; the company's ability to attract and retain a highly skilled workforce, the impact of work stoppages or other labor disruptions; cyber or other security threats or other disruptions faced by the company or its suppliers; the company's ability to implement and continue, and the timing and impact of, capitalization changes such as share repurchases, dividend payments and financing transactions; the accuracy of the company's estimates and projections; changes in pension plan assumptions and actual returns on pension assets; cash funding requirements and pension risk transfers and associated settlement charges; realizing the anticipated benefits of acquisitions or divestitures, investments, joint ventures, teaming arrangements or internal reorganizations, and market volatility affecting the fair value of investments that are marked to market; the company's efforts to increase the efficiency of its operations and improve the affordability of its products and services, including through digital transformation and cost reduction initiatives; the risk of an impairment of the company's assets, including the potential impairment of goodwill and intangibles; the availability and adequacy of the company's insurance and indemnities; impacts of climate change and compliance with laws, regulations, policies, and customer requirements in response to climate change concerns; changes in accounting, U.S. or foreign tax, export or other laws, regulations, and policies and their interpretation or application, and changes in the amount or reevaluation of uncertain tax positions; and the outcome of legal proceedings, bid protests, environmental remediation efforts, audits, government investigations or government allegations that the company has failed to comply with law, other contingencies and U.S. Government identification of deficiencies in its business systems. These are only some of the factors that may affect the forward-looking statements contained in this presentation. For a discussion identifying additional important factors that could cause actual results to differ materially from those anticipated in the forward-looking statements, see the company's filings with the U.S. Securities and Exchange Commission including, but not limited to, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Risk Factors" in the company's most recent Annual Report on Form 10-K and subsequent quarterly reports on Form 10-Q. The company's filings may be accessed through the Investor Relations page of its website, www.lockheedmartin.com/investor, or through the website maintained by the SEC at www.sec.gov. The company's actual financial results likely will be different from those projected due to the inherent nature of projections. Given these uncertainties, forward-looking statements should not be relied on in making investment decisions. The forward-looking statements contained in this presentation speak only as of the date of its release. Except where required by applicable law, the company expressly disclaims a duty to provide updates to forward-looking statements after the date of this presentation to reflect subsequent events, changed circumstances, changes in expectations, or the estimates and assumptions associated with them. The forward-looking statements in this presentation are intended to be subject to the safe harbor protection provided by the federal securities laws.

Highlights

Solid 2024 with Sales Up 5% and Record Backlog

Strong 2025 Outlook:

Mid-Single Digit Growth, 11% Margins and Strong Free Cash Flow Growth

F-35 Building Momentum

Accelerating Technology Integration and Innovation

Positioned to Deliver Long Term Value to All Stakeholders



2024 Adjusted Results

(\$M), Except for EPS		Full Year Values For Year-Over-Year Comparison		Values For Guidance Comparison		
		Impacts	Adjusted Results	Unplanned Impacts	Adjusted Results	October Guidance
Sales	\$71,043	\$165	\$71,208	\$165	\$71,208	~\$71,250
Segment Operating Profit*	\$6,083	\$1,810	\$7,893	\$1,425	\$7,508	~\$7,475
Segment Operating Profit Margin*	8.6%	N/A	11.1%	N/A	10.5%	~10.5%
Diluted EPS	\$22.31	\$5.68	\$27.99	\$4.47	\$26.78	~\$26.65
Free Cash Flow*	\$5,287	\$835	\$6,122	\$835	\$6,122	~\$6,200

	AERO Classified Program		MFC Classified Program		AERO C-5 Resolution		Pension Pre-funding	
	Full Year	Unplanned	Full Year	Unplanned	Full Year	Unplanned	Full Year	Unplanned
Sales	(320)	(235)	-	-	155	70	-	-
Segment Operating Profit*	(555)	(410)	(1,410)	(1,085)	155	70	-	-
Diluted EPS	(1.74)	(1.29)	(4.42)	(3.40)	0.48	0.22	-	-
Free Cash Flow*	-	-	-	-	155	155	(990)	(990)

*See Charts 16-17 for Definitions of Non-GAAP Measures; Chart 22 for Acronyms

4Q 2024 Financial Highlights

\$18.6B Sales \$18.8B <i>Adjusted**</i>	\$0.4B Segment Operating Profit* \$2.1B <i>Adjusted**</i>	2.3% Segment Operating Margin* 11.1% <i>Adjusted**</i>
\$2.22 Earnings Per Share \$7.45 <i>Adjusted**</i>	1.6x Book-to-Bill Ratio*	\$0.4B Delivered in Free Cash Flow* \$1.3B <i>Adjusted**</i>
\$1.0B of Share Repurchases	\$0.8B in Dividends	\$1.1B of Independent Research & Development and Capital Expenditures

Returns to Shareholders

*See Charts 16-17 for Definitions of Non-GAAP Measures and Other Performance Metrics

**See Chart 20 for reconciliation of GAAP to Adjusted



FY 2024 Financial Highlights

\$71.0B Sales \$71.2B <i>Adjusted**</i>	\$6.1B Segment Operating Profit* \$7.9B <i>Adjusted**</i>	8.6% Segment Operating Margin* 11.1% <i>Adjusted**</i>
\$22.31 Earnings Per Share \$27.99 <i>Adjusted**</i>	1.2x Book-to-Bill Ratio*	\$5.3B Delivered in Free Cash Flow* \$6.1B <i>Adjusted**</i>
\$3.7B of Share Repurchases	\$3.1B in Dividends	\$3.3B of Independent Research & Development and Capital Expenditures

Returns to Shareholders

*See Charts 16-17 for Definitions of Non-GAAP Measures and Other Performance Metrics

**See Chart 4 for reconciliation of GAAP to Adjusted



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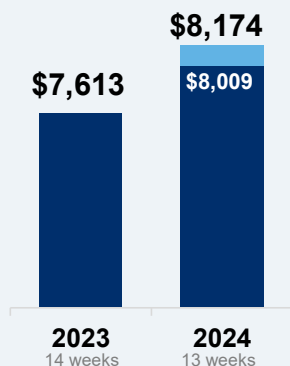
Aeronautics

Adjusted**

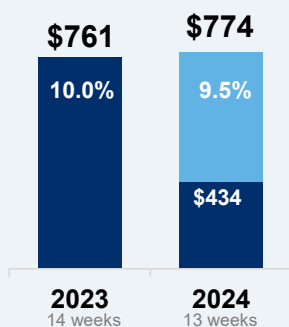
GAAP

F-35 Lot 18
Undefinitized Contract Action

Sales



Operating Profit*



4th Quarter (\$M)

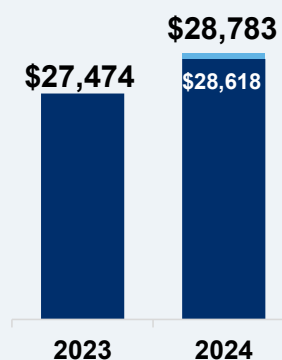
Sales: Increased 5%

Higher volume on F-35 production and sustainment, partially offset by performance on classified programs

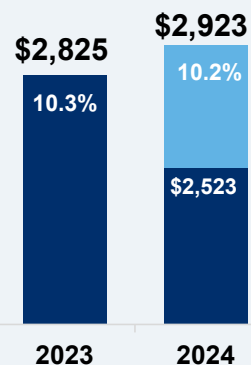
Operating Profit: Decreased (43%)

Lower profit booking rate adjustments due to the classified program charge, partially offset by higher sales volume and the C-5 claim resolution

Sales



Operating Profit*



Full Year (\$M)

Sales: Increased 4%

Higher volume on F-35 and production ramp on F-16, partially offset by performance on classified programs

Operating Profit: Decreased (11%)

Lower profit booking rate adjustments due to the classified program charges, partially offset by higher sales volume and the C-5 claim resolution



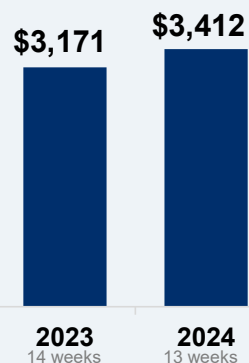
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Missiles & Fire Control

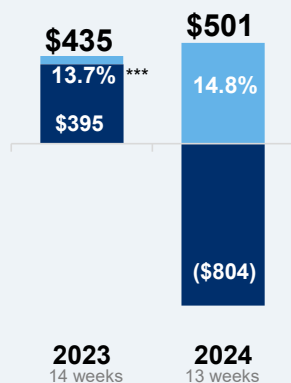
Adjusted**

GAAP

Sales



Operating Profit*



4th Quarter (\$M)

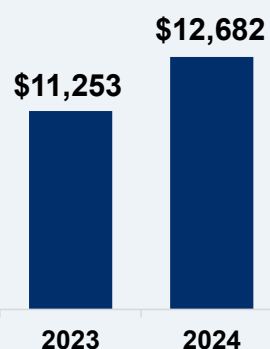
Sales: Increased 8%

Higher volume due to production ramps on JASSM/LRASM, GMLRS and PAC-3

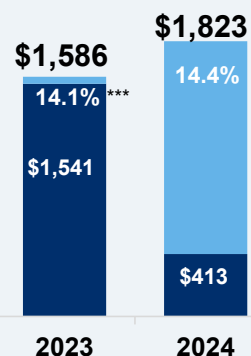
Operating Profit: Decreased (304%)

Lower profit booking rate adjustments driven by the classified program charge, partially offset by higher volume

Sales



Operating Profit*



Full Year (\$M)

Sales: Increased 13%

Higher volume due to production ramps on JASSM/LRASM, GMLRS and PAC-3

Operating Profit: Decreased (73%)

Lower profit booking rate adjustments driven by the classified program charges, partially offset by higher volume

PAC-3 Production Capacity Award



*See Charts 16-17 for Definitions of Non-GAAP Measures; Chart 22 for Acronyms

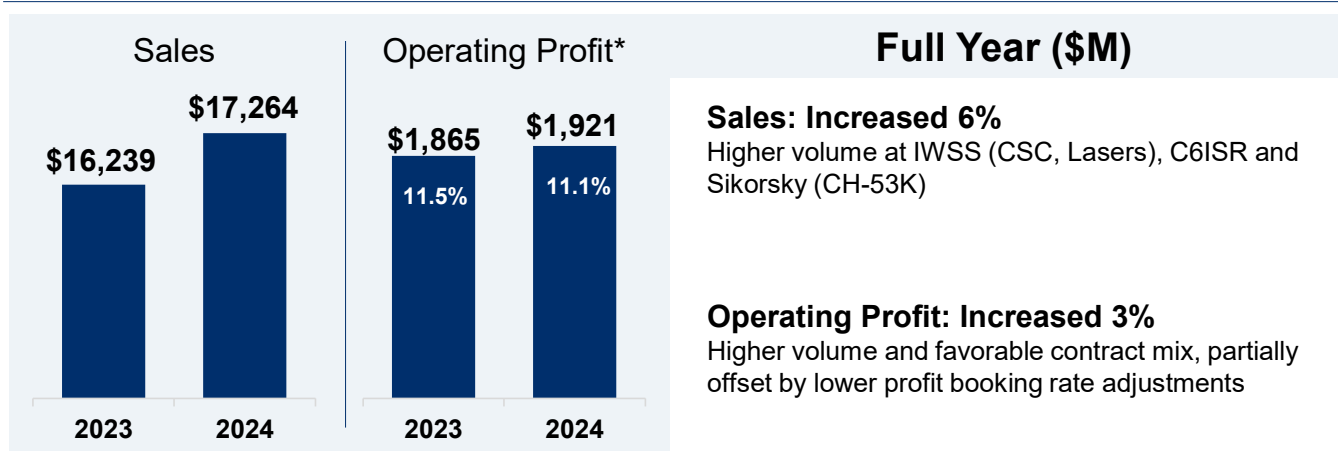
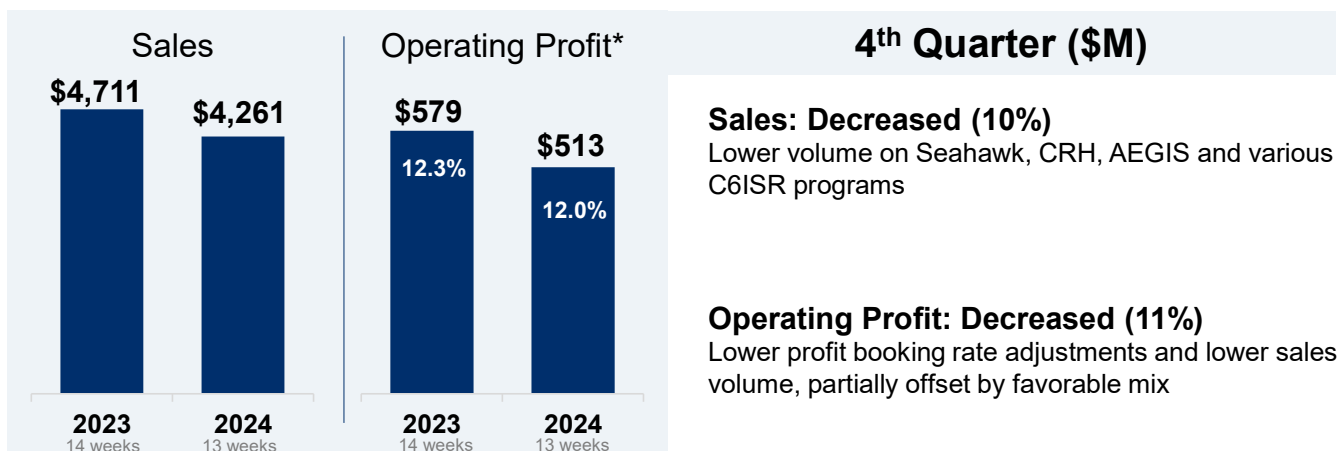
**See Charts 4 and 20 for reconciliation of GAAP to Adjusted

***Note: MFC Operating Profit for 4Q23 and FY23 included \$40M and \$45M adjustments, respectively for the Classified program

Rotary & Mission Systems

Adjusted**

GAAP



Guam FEM-02
Successful Test



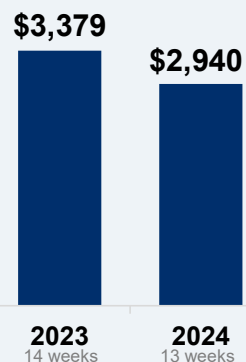
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Space

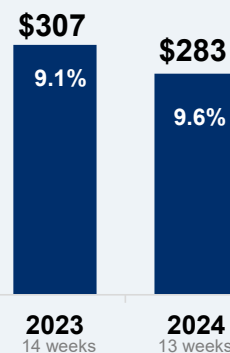
Adjusted**

GAAP

Sales



Operating Profit*



4th Quarter (\$M)

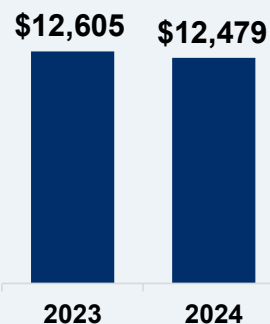
Sales: Decreased (13%)

Lower volume on NextGen OPIR, Orion and Classified programs

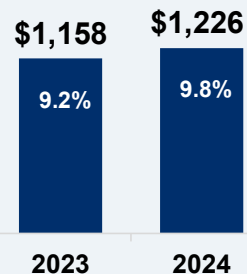
Operating Profit: Decreased (8%)

Lower volume and profit booking rate adjustments, partially offset by higher equity earnings at ULA

Sales



Operating Profit*



Full Year (\$M)

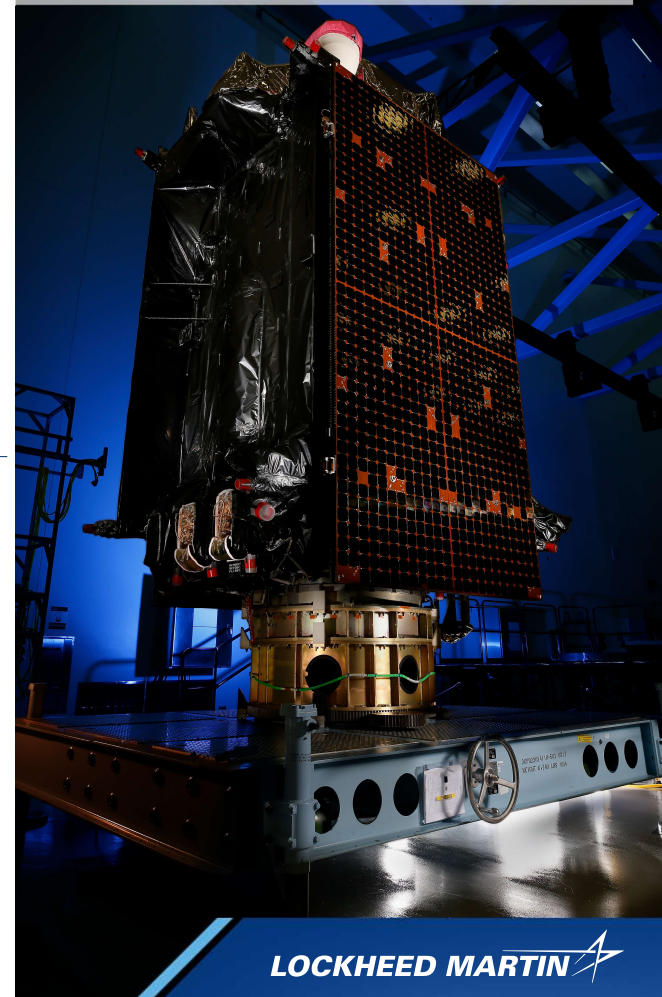
Sales: Decreased (1%)

Lower volume on NextGen OPIR, Orion and Classified programs, partially offset by higher volume on FBM and reentry programs

Operating Profit: Increased 6%

Favorable contract mix and higher equity earnings at ULA, partially offset by lower profit booking rate adjustments

GPS III SV07 Launch



2025 Outlook

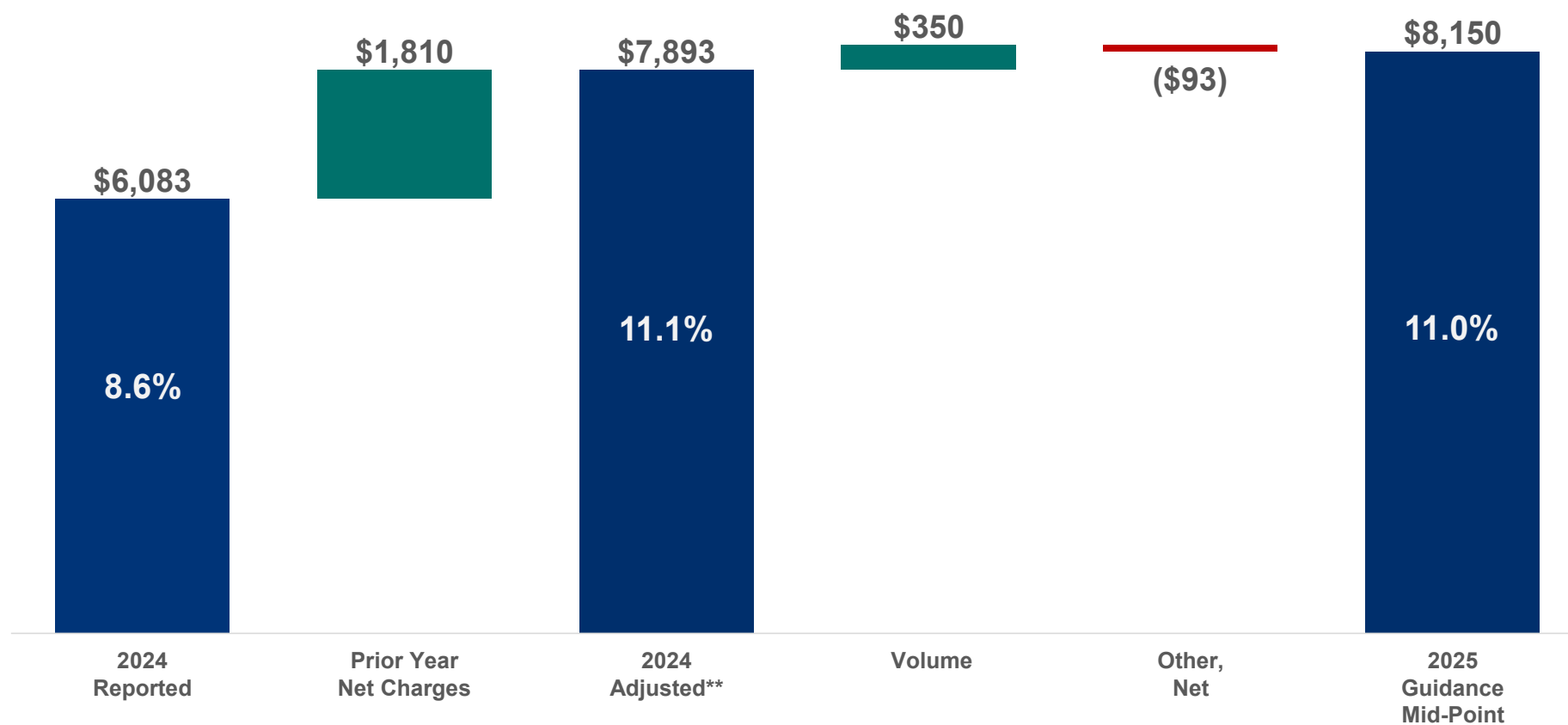
(\$M), Except for EPS	2024 As Reported	2024 Adjusted**	2025 Guidance Range
Sales	\$71,043	\$71,208	\$73,750 - \$74,750
<i>YoY Growth</i>	+5%	+5%	+4% - +5%
Segment Operating Profit*	\$6,083	\$7,893	\$8,100 - \$8,200
Total FAS/CAS Pension Adjustment	\$1,686	\$1,686	~\$1,125
Diluted EPS	\$22.31	\$27.99	\$27.00 - \$27.30
Cash from Operations	\$6,972	\$7,807	\$8,500 - \$8,700
Capital Expenditures	\$1,685	\$1,685	~\$1,900
Free Cash Flow*	\$5,287	\$6,122	\$6,600 - \$6,800
Share Repurchases	\$3,700	\$3,700	~\$3,000

*See Charts 16-17 for Definitions of Non-GAAP Measures; Chart 22 for Acronyms

**See Chart 4 for reconciliation of GAAP to Adjusted

See the company's fourth quarter earnings release for a description of the assumptions on which the 2025 Outlook is based

2025 Segment Operating Profit Walk

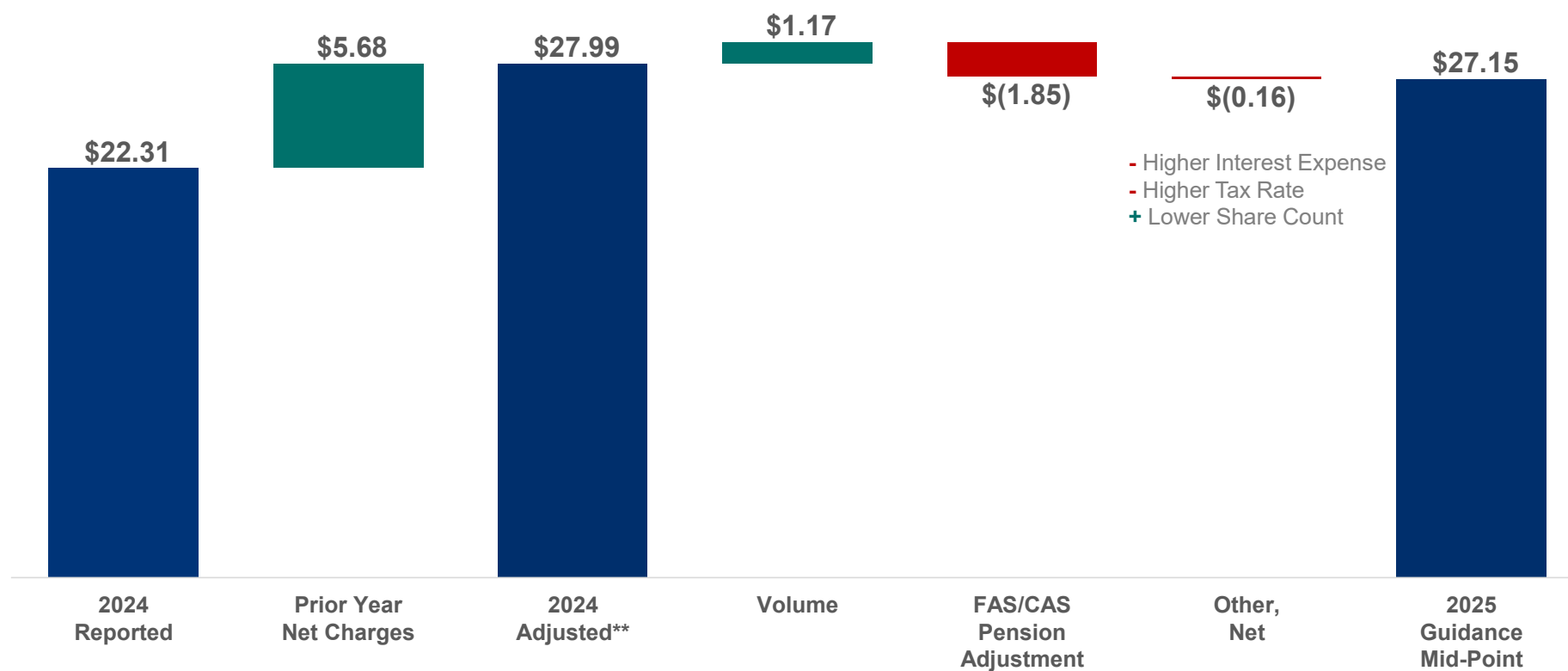


*See Charts 16-17 for Definitions of Non-GAAP Measures; Chart 22 for Acronyms

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2025 Earnings Per Share Walk



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Summary

Robust Top-Line Growth and Record Backlog in 2024

Increasing Investment to Expand Capabilities; De-Risked Programs

Confident in 2025 Financial Outlook

Integrating the Best of Commercial and Military Solutions

Focused on Execution to Create Value for Customers & Shareholders





Definitions of Non-GAAP Measures

Non-GAAP Financial Measures Disclosure

This presentation, and today's conference call remarks, contain non-Generally Accepted Accounting Principles (GAAP) financial measures (as defined by SEC Regulation G). While management believes that these non-GAAP financial measures may be useful in evaluating the financial performance of Lockheed Martin, this information should be considered supplemental and is not a substitute for financial information prepared in accordance with GAAP. In addition, the company's definitions for non-GAAP financial measures may differ from similarly titled measures used by other companies or analysts.

Free Cash Flow (non-GAAP)

Free cash flow is cash from operations less capital expenditures. The company's capital expenditures are comprised of equipment and facilities infrastructure and information technology (inclusive of costs for the development or purchase of internal-use software that are capitalized). The company uses free cash flow to evaluate its business performance and overall liquidity and it is a performance goal in the company's annual and long-term incentive plans. The company believes free cash flow is a useful measure for investors because it represents the amount of cash generated from operations after reinvesting in the business and that may be available to return to stockholders and creditors (through dividends, stock repurchases and debt repayments) or available to fund acquisitions or other investments. The entire free cash flow amount is not necessarily available for discretionary expenditures, however, because it does not account for certain mandatory expenditures, such as the repayment of maturing debt and pension contributions.

<u>\$M</u>	<u>4Q24 Results</u>	<u>2024 Results</u>	<u>2025 Outlook</u>
Cash from Operations (GAAP)	1,023	6,972	8,500 - 8,700
Capital Expenditures	(582)	(1,685)	(1,900)
Free Cash Flow (non-GAAP)	441	5,287	6,600 - 6,800

Segment Operating Profit and Margin (non-GAAP)

Segment Operating Profit represents operating profit from the company's business segments before unallocated income and expense. This measure is used by the company's senior management in evaluating the performance of the company's business segments and is a performance goal in the company's annual incentive plan. The table below reconciles Business Segment Operating Profit to Consolidated Operating Profit. Business Segment Operating Margin is calculated by dividing Segment Operating Profit by Sales. For 2023 forward, intangible asset amortization expense will be reclassified from segment operating profit into unallocated items. Prior year results have been updated to reflect the reclassification.

<u>\$M</u>	<u>4Q 2024</u>			<u>4Q 2023</u>			<u>2024 Full Year</u>			<u>2025 Outlook</u>		
	Sales	Profit	Margin	Sales	Profit	Margin	Sales	Profit	Margin	Sales	Profit	Margin
Business segment operating profit (non-GAAP)	18,622	426	2.3%	18,874	2,042	10.8%	\$71,043	\$6,083	8.6%	~\$73,750 - \$74,750	~\$8,100 - \$8,200	~11.0%
FAS/CAS operating adjustment		406			415			1,624			~1,520	
Intangible asset amortization expense		(64)			(62)			(247)			~(240)	
Severance and other charges		-			(92)			(87)			-	
Other, net		(72)			(10)			(360)			~(465)	
Total Unallocated Items		270			251			930			815	
Consolidated operating profit (GAAP)	18,622	696	3.7%	18,874	2,293	12.1%	\$71,043	\$7,013	9.9%	~\$73,750 - \$74,750	~\$8,915 - \$9,015	~12.1%

Book-to-Bill Ratio

The ratio of orders received to sales recorded for a specified period

Definitions of Non-GAAP Measures

Adjusted net sales; adjusted business segment operating profit; adjusted net earnings; adjusted diluted earnings per share (EPS); adjusted cash from operations; adjusted free cash flow (non-GAAP)

Adjusted net sales, adjusted business segment operating profit, adjusted net earnings, adjusted diluted EPS, adjusted cash from operations, and adjusted free cash flow were impacted by classified program losses as previously described, favorable profit rate adjustments following the resolution of a long-standing claim associated with a completed C-5 Galaxy aircraft contract and a pension contribution. Management believes the presentation of these measures adjusted for the impacts of these items is useful to investors in understanding the company's underlying business performance and comparing performance from period to period. The tax effects related to each adjustment that impacted net earnings are based on a blended tax rate that combines the federal statutory rate of 21% plus an estimated state tax rate.

Unplanned Impacts (non-GAAP)

Represents the difference between previous full year impacts assumed within 3rd quarter Guidance and actual full year as-reported results.

The table below represents the full year impacts that were previously assumed in 3rd quarter Guidance:

3Q Guidance Assumptions	AERO Classified Program	MFC Classified Program	AERO C-5 Resolution	Pension Pre-funding
	Full Year Impact	Full Year Impact	Full Year Impact	Full Year Impact
Sales	(85)	-	85	-
Segment Operating Profit*	(145)	(325)**	85	-
Free Cash Flow*	-	-	-	-

****Note:** \$225M of the impact was assumed to be recognized in the 4th quarter

Reconciliations of GAAP to Adjusted results can be found on Charts 4 and 20

Appendix I – Guidance Detail

2025 Outlook	(\$M), Except for EPS
Sales	\$73,750 - \$74,750
Segment Operating Profit*	\$8,100 - \$8,200
Segment Margin*	11.0%
FAS/CAS Operating Adjustment**	~\$1,520
Other, net	~(\$705)
Consolidated Operating Profit	\$8,915 - 9,015
Net-Operating FAS Pension Income**	~(\$395)
Interest Expense	~(\$1,085)
Effective Tax Rate	~15.8%
Diluted EPS	\$27.00 - 27.30
Pension Contribution	\$0
Share Repurchases	~\$3,000

*See Charts 16-17 for Definitions of Non-GAAP Measures

**See Chart 21 for Pension Detail

See the company's fourth quarter earnings release for a description of the assumptions on which the 2025 Outlook is based

Appendix II – Business Area Guidance

(\$M)	Sales	Segment Operating Profit*
AERO	\$29,300 – 29,700	\$2,920 – 2,960
MFC	\$13,600 – 13,900	\$1,905 – 1,935
RMS	\$18,100 – 18,300	\$2,040 – 2,060
SPACE	\$12,750 – 12,850	\$1,235 – 1,245
LM Total	\$73,750 – 74,750	\$8,100 – 8,200

*See Charts 16-17 for Definitions of Non-GAAP Measures

See the company's fourth quarter earnings release for a description of the assumptions on which the 2025 Outlook is based

Appendix III – 4th Quarter 2024 Adjusted Results

(\$M), Except for EPS		4Q24 Values For Quarter-Over-Quarter Comparison	
		Impacts	Adjusted Results
Sales	\$18,622	\$165	\$18,787**
Segment Operating Profit*	\$426	\$1,650	\$2,076
Segment Operating Profit Margin*	2.3%	N/A	11.0%
Diluted EPS	\$2.22	\$5.23	\$7.45
Free Cash Flow*	\$441	\$835	\$1,276

↓

	AERO Classified Program	MFC Classified Program	AERO C-5 Resolution	Pension Pre-funding
	4Q	4Q	4Q	4Q
Sales	(235)	-	70	-
Segment Operating Profit*	(410)	(1,310)	70	-
Diluted EPS	(1.30)	(4.15)	0.22	-
Free Cash Flow*	-	-	155	(990)

*See Charts 16-17 for Definitions of Non-GAAP Measures; Chart 22 for Acronyms

**Includes ~\$700M of deferred revenue on F-35 from 3Q24; Does not normalize for the one-week differential between 4Q24 and 4Q23

Appendix IV - Pension

	2024 <u>Actual</u>	2025 <u>Outlook</u>
Total FAS income / (expense) and CAS costs		
FAS pension income	\$ 2	~ \$ (445)
Less: CAS pension cost	\$ 1,684	~ \$ 1,570
Total FAS/CAS pension adjustment	<u>\$ 1,686</u>	<u>~ \$ 1,125</u>
 Service and non-service cost reconciliation		
FAS pension service cost	\$ (60)	~ \$ (50)
Less: CAS pension cost	\$ 1,684	~ \$ 1,570
FAS/CAS operating adjustment	\$ 1,624	~ \$ 1,520
Non-operating FAS pension income	\$ 62	~ \$ (395)
Total FAS/CAS pension adjustment	<u>\$ 1,686</u>	<u>~ \$ 1,125</u>

Appendix V

Acronyms

GAAP – Generally Accepted Accounting Principles

EPS – Earnings per Share

FAS – Financial Accounting Standards

CAS – Cost Accounting Standards

TSM – Tactical & Strike Missiles

IAMD – Integrated Air & Missile Defense

GMLRS – Guided Multiple Launch Rocket System

HIMARS – High Mobility Artillery Rocket System

JASSM – Joint Air-to-Surface Standoff Missile

LRASM – Long Range Anti-Ship Missile

PAC-3 – Patriot Advanced Capability 3

THAAD – Terminal High Altitude Area Defense

CSC - Canadian Surface Combatant

CCS – Commercial Civil Space

CRH – Combat Rescue Helicopter

IWSS – Integrated Warfare Systems & Sensors

C6ISR – Command, Control, Communications, Computers, Cyber, Combat Systems, Intelligence, Surveillance & Reconnaissance

SMD – Strategic Missile Defense

NSS – National Security Space

FBM – Fleet Ballistic Missile

NGI – Next Generation Interceptor

GPS – Global Positioning Satellite

OPIR – Overhead Persistent Infrared

ULA – United Launch Alliance

SRM – Solid Rocket Motor

CAGR – Compound Annual Growth Rate

LRHW – Long Range Hypersonic Weapon