



Jefferies 2021 Industrials Conference



August 3, 2021

Forward Looking Statements and Non-GAAP Measures



Certain information contained in this presentation should be considered “forward-looking statements” as defined by Section 21E of the Private Securities Litigation Reform Act of 1995. All statements in this presentation other than historical information may be deemed forward-looking statements. These statements present (without limitation) the expectations, beliefs, plans and objectives of management and future financial performance and assumptions underlying, or judgments concerning, the matters discussed in the statements. The words “believe,” “estimate,” “anticipate,” “future,” “goal,” “could,” “will,” “continue,” “can,” “potential,” “should,” “project,” and “expect,” and similar expressions, are intended to identify forward-looking statements. Forward-looking statements involve certain risks, estimates, assumptions and uncertainties, including with respect to future sales and activity levels, cash flows, contract performance, future reductions or changes in U.S. government spending, achieving anticipated costs savings and other benefits of the Company’s Competitive Improvement Program, failure to secure contracts, the outcome of litigation and contingencies, environmental remediation and anticipated costs of capital. A variety of factors could cause actual results or outcomes to differ materially from those expected and expressed in our forward-looking statements. Important risk factors that could cause actual results or outcomes to differ from those expressed in the forward-looking statements are described in the section “Risk Factors” in Item 1A of our Annual Report to the Securities Exchange Commission on Form 10-K for the fiscal year ended December 31, 2020 and on our Quarterly Report on Form 10-Q for the period ended June 30, 2021. Additional risk factors may be described from time to time in our future filings with the Securities and Exchange Commission. Any forward-looking statement made by us in this presentation is based only on information currently available to us and speaks only as of the date on which it is made. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future developments or otherwise.

Financial data presented is derived from audited financial statements and/or unaudited quarterly reports on Form 10-Q. This presentation also contains non-GAAP financial measures. A reconciliation of these financial measures to the nearest GAAP measure is included in this presentation.

At a Glance

We Deliver Innovative and Affordable Propulsion & Power Solutions Creating Value For Our Customers and Shareholders

- NYSE: AJRD
- LTM 6/30/21 revenue: \$2.1B
- Diversified portfolio of programs and markets served
- Strongly aligned with customers' priorities
- Monetization opportunities from significant real estate holdings
- Merger with Lockheed Martin expected to close in fourth quarter



**Space and
Launch Systems**



In-space Propulsion



**Missile Defense and
Strategic Systems**



Tactical Systems



Advanced Programs



EASTON

Solid Core Business

Diversified, Well-Balanced Portfolio to Compete Effectively in Today's Environment

Strong alignment with Department of Defense priorities with existing portfolio of programs

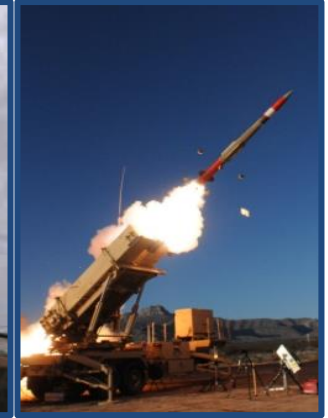
Liquid, solid, electric and air-breathing propulsion systems for use in strategic, tactical and precision missile systems as well as space launch and in-space propulsion



Standard Missile



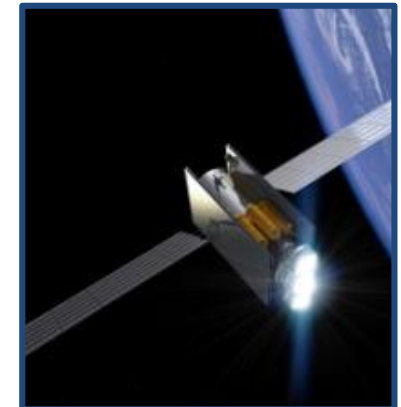
THAAD



Patriot



RL10



In-Space Propulsion

Performing a Major Role in Providing National and Global Security

Next Generation and Growth Programs

Critical technology and capability for next generation programs

Advanced technology base, aligned with our nation's critical needs

Supporting the return of U.S. human space flight from U.S. soil and NASA's reinvigorated deep space exploration program

Continuous improvement, operational excellence and key investments prepare us for the future



Hypersonics



**Ground Based
Strategic Deterrent**



**Next Generation
Interceptor**



RS 25

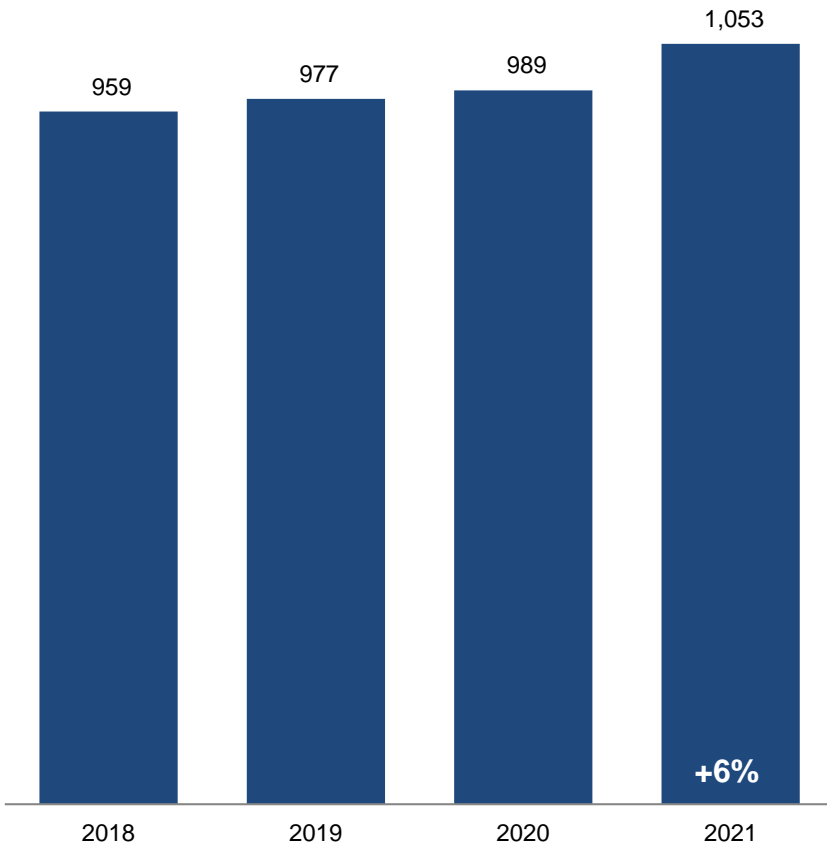
We Enable the Defense of Our Nation and Space Exploration

First Half Sales and Profit Growth

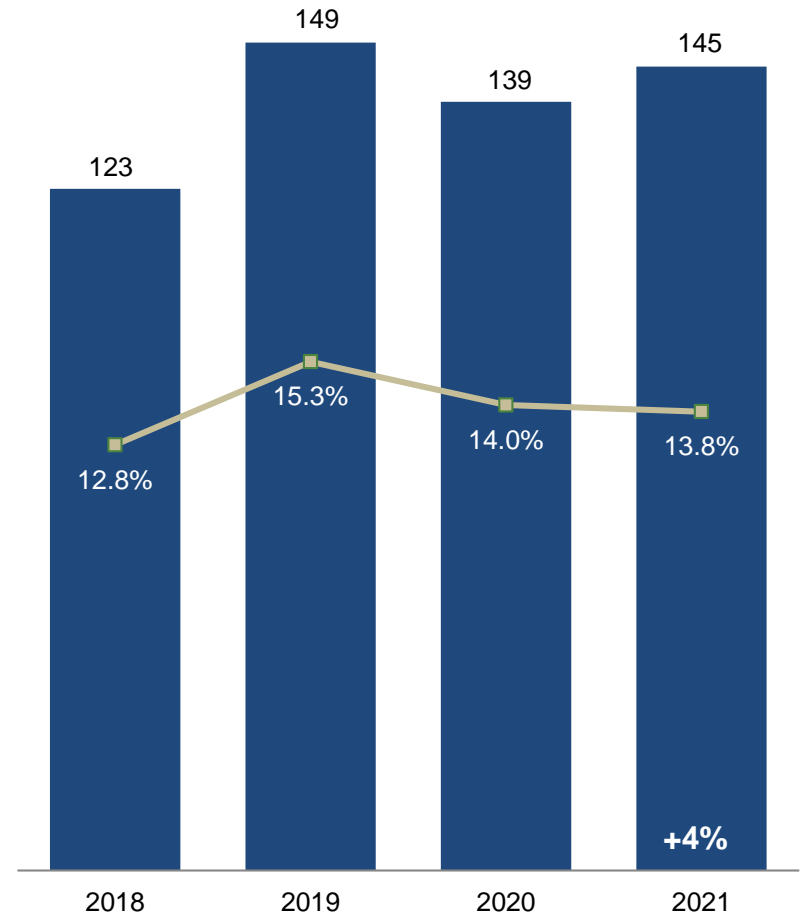


Net Sales YTD June

(\$ in millions)



Adjusted EBITDAP* YTD June



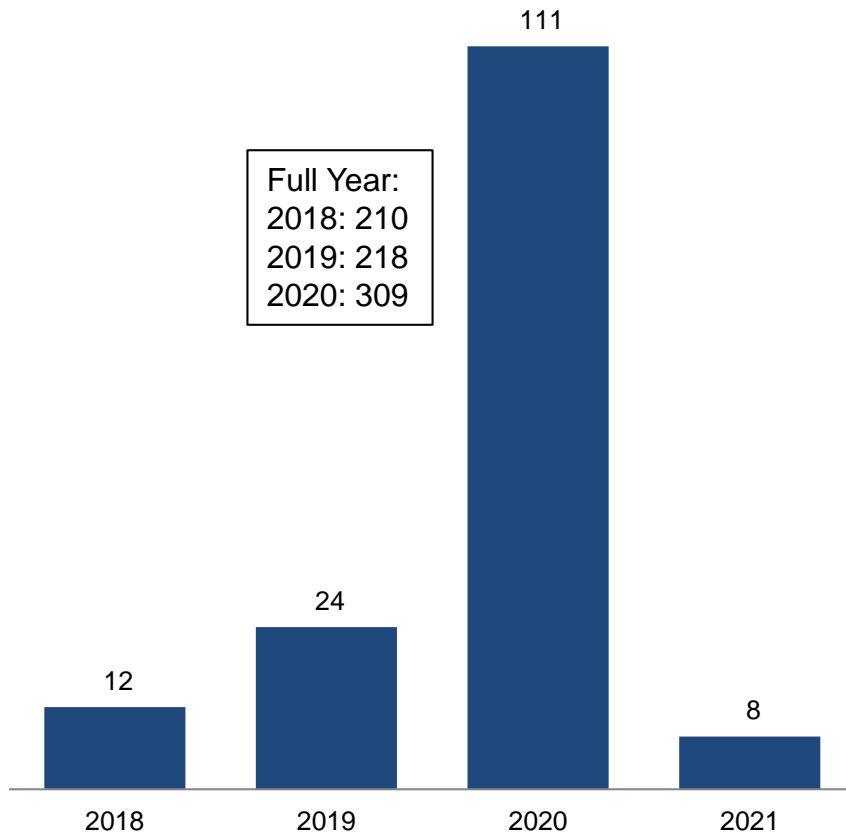
Adjusted EBITDAP as a % of Net Sales

* Non-GAAP Measure. See reconciliation in appendix.

Cash Flow

Free Cash Flow* YTD June

(\$ in millions)



Focused on Free Cash Flow greater than Net Income

Driving working capital improvement

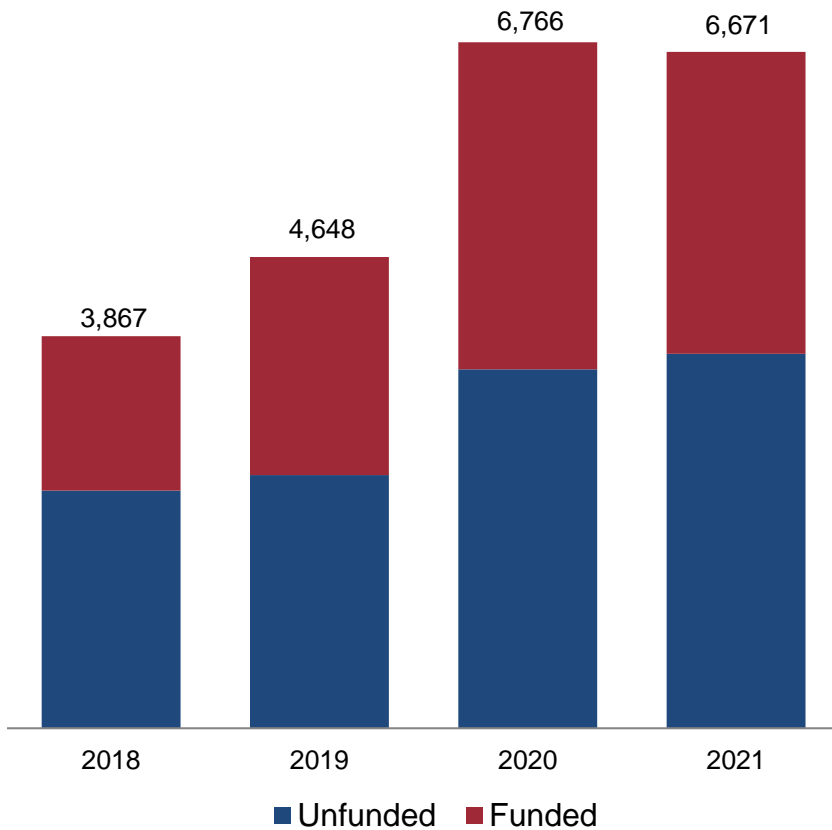
Capex focused on facility expansion

• Non-GAAP Measure. See reconciliation in appendix.

Q2 Backlog

Backlog

(\$ in millions)



Large, Multi-Year Awards Drive Growth

- THAAD
- Standard Missile
- RS25

Investing in *Today's* Aerojet Rocketdyne



Strong Macro Fundamentals

Solid Industry Foundation and Technical Leadership

Diversified, Well-Balanced Portfolio to Compete Effectively in Today's Market

Significant Operational Improvements to Drive New and Existing Programs

Focused on Revenue and Profitability Growth to Enhance Stakeholder Value



Appendix

Reconciliation of Non-GAAP Measures



(\$ in millions)

	Six Months Ended June 30,			
	2021	2020	2019	2018
Net income	\$ 63.1	\$ 70.6	\$ 82.8	\$ 48.8
Interest, net	8.9	11.6	10.2	12.8
Income tax provision	21.6	25.6	28.4	17.2
Depreciation and amortization	30.9	34.6	35.0	35.4
GAAP retirement benefits expense	16.9	18.3	13.0	28.8
CAS recoverable retirement benefits expense	(19.5)	(23.8)	(20.3)	(20.0)
Unusual items	23.2	1.8	0.3	-
Adjusted EBITDAP	\$ 145.1	\$ 138.7	\$ 149.4	\$ 123.0

	Six Months Ended June 30,			
	2021	2020	2019	2018
Net cash provided by operating activities	\$ 20.2	\$ 127.6	\$ 31.2	\$ 24.5
Capital expenditures	(12.3)	(16.2)	(6.9)	(12.2)
Free Cash Flow	\$ 7.9	\$ 111.4	\$ 24.3	\$ 12.3

	Six Months Ended June 30,			
	2021	2020	2019	2018
Free cash flow	\$ 7.9	\$ 111.4	\$ 24.3	\$ 12.3
Net income	63.1	70.6	82.8	48.8
Free cash flow / Net income	13%	158%	29%	25%

	Six Months Ended June 30,			
	2021	2020	2019	2018
Accounts receivable	\$ 167.1	\$ 80.4	\$ 127.5	\$ 134.6
Contract assets	290.5	287.9	246.4	253.1
Inventory	14.0	15.8	21.7	18.9
Contract liabilities	(389.8)	(295.7)	(213.0)	(185.3)
Accounts payable	(99.5)	(82.3)	(81.7)	(104.1)
Working capital	\$ (17.6)	\$ 6.1	\$ 100.9	\$ 117.2

Adjusted EBITDAP is used to measure our operating performance. We believe that to effectively compare our core performance from period to period, the metric should exclude items that are not indicative of, or are unrelated to, results from our ongoing business operations. Accordingly, we define Adjusted EBITDAP as GAAP net income adjusted to exclude interest expense, interest income, income taxes, depreciation and amortization, retirement benefits net of amounts that are recoverable under our U.S. government contracts, and unusual items which we do not believe are reflective of such ordinary, ongoing and customary activities.

Free cash flow provides supplemental information to assist investors in viewing the business using the same tools that management uses to evaluate progress against our goals. Free cash flow is defined as cash flow from operating activities less capital expenditures. Free cash flow should not be considered in isolation, as a measure of residual cash flow available for discretionary purposes, or as an alternative to cash flows from operations presented in accordance with GAAP.