

# Q3 2022 EARNINGS

November 2022



# FORWARD LOOKING STATEMENTS

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," "project" and "expect," and similar expressions, are generally 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, 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, 2021 and on our Quarterly Report on Form 10-Q for the period ended September 30, 2022. 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 on Form 10-K and/or unaudited quarterly reports on Form 10-Q.



# Q3 2022 OVERVIEW

## SOLID FINANCIAL RESULTS

Net Sales	<b>\$549.8 Million</b>
Adj. EBITDAP Margin	<b>13.8%</b>
Backlog	<b>\$6.7 Billion</b>
Free Cash Flow	<b>\$22.3 Million</b>

## QUARTERLY HIGHLIGHTS

### Financial:

- Revenue up sequentially and YoY
- Defense development programs continue to perform well as they mature: NGI, Sentinel (GBSD) and Hypersonics
- 0.9 book-to-bill as of September 30
- Strong free cash flow resulting from decrease in working capital

### Operational:







- Advancing work in Hypersonics
- Continuing work on Sentinel, the nation's next ground-based strategic deterrent
- Upcoming Artemis I launch slated for November
- Powered successful Double Asteroid Redirection Test
- Powered successful ULA Delta IV Heavy rocket launch





# SIGNIFICANT PROGRAMS WITH LONG LIFECYCLES

## PROGRAM DETAILS

DEFENSE		<b>Hypersonics</b>	<ul style="list-style-type: none"> <li>• Global leader in advanced hypersonic propulsion, with more than 40 years of research and test experience</li> <li>• Developing advanced solid rocket motors, scramjet engines, warheads and missile defense technology</li> </ul>
		<b>Sentinel (GBSD)</b>	<ul style="list-style-type: none"> <li>• Replacement for legacy intercontinental ballistic missile (ICBM) system core to U.S nuclear deterrence strategy</li> <li>• Developing a large solid rocket motor and the post-boost propulsion system</li> </ul>
		<b>NGI</b>	<ul style="list-style-type: none"> <li>• Key element of the MDA's missile defense system, designed to intercept and destroy incoming ballistic missiles</li> <li>• Providing propulsion technologies for both competing teams</li> </ul>
		<b>Standard Missile</b>	<ul style="list-style-type: none"> <li>• Producing solid rocket motors and Divert &amp; Attitude Control Systems for this multi-mission missile system used by U.S. and Allies for anti-air, anti-surface and missile defense</li> </ul>
SPACE		<b>RL10</b>	<ul style="list-style-type: none"> <li>• Engine powers upper stages of Atlas V, Delta IV and NASA's Space Launch System launch vehicles</li> <li>• Contract received in Q2 for 116 RL10C-X engines in ULA's Vulcan Centaur rocket used for Amazon's Kuiper satellite constellation launch</li> </ul>
		<b>Space Launch System</b>	<ul style="list-style-type: none"> <li>• America's next-generation heavy-lift rocket for moon, Mars and deep space exploration</li> <li>• Providing main and upper-stage engines</li> </ul>

# STRATEGICALLY INVESTING TO INCREASE COMPETITIVE EDGE



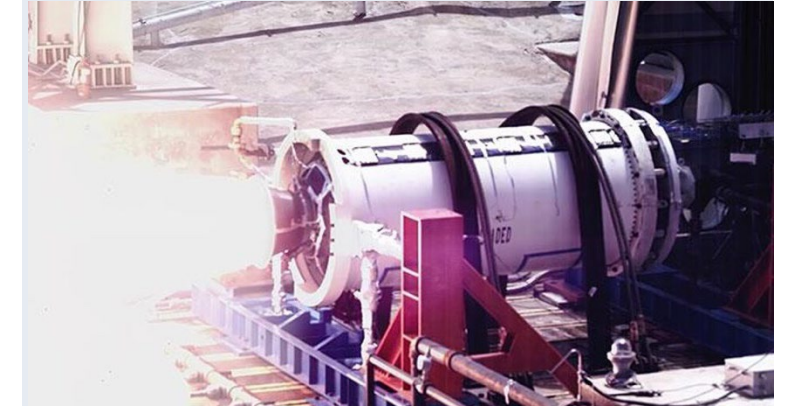
## GROWING IN CAMDEN – OPENED NEW PRODUCTION FACILITY

- New 51,000 sq ft facility consolidates multiple manufacturing activities
- 90% reduction in need to transport solid rocket motors across site during manufacturing
- Supports production of PAC-3 Missile Segment Enhancement
- ~200,000 sq ft added to Camden since 2018



## EXPANDING MANUFACTURING CAPACITY IN HUNTSVILLE

- New 379,000 square foot facility to increase Defense manufacturing capacity
- Provides additional job opportunities building on 700% headcount growth over last 5 years
- Solidifies Huntsville as Inert Manufacturing Center of Excellence
- Expected to be operational in 2023

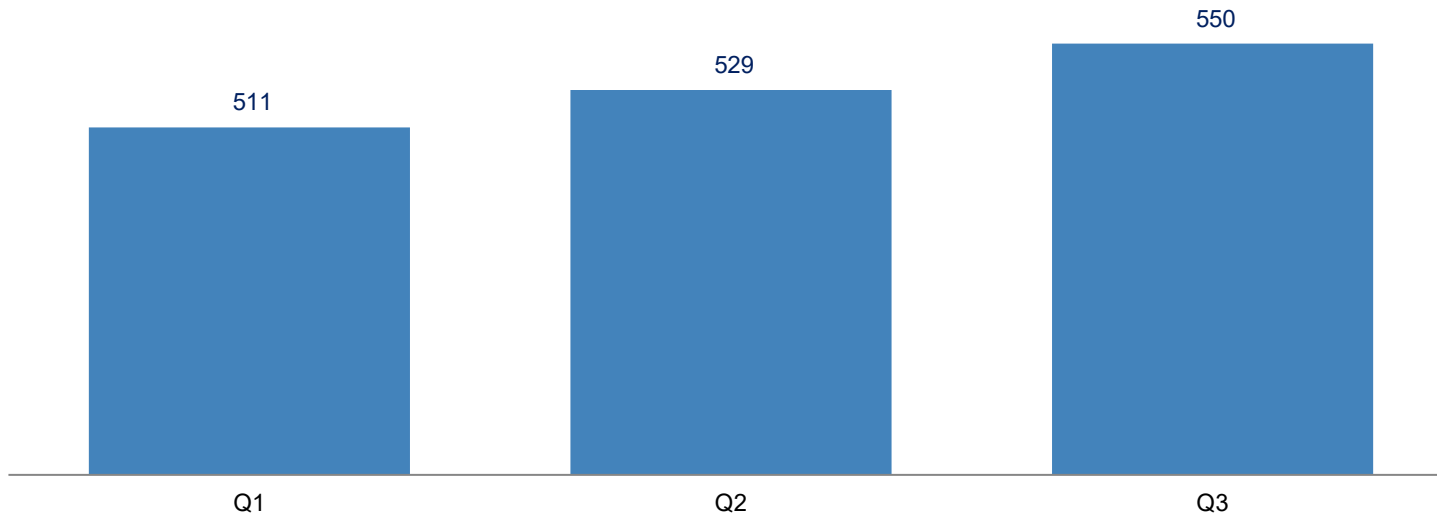


## INNOVATING ACROSS FACILITIES – SUCCESSFUL ESR-19 TEST

- Next generation large solid rocket motor tested with the Air Force Research Laboratory
- Designed and fabricated in Huntsville and cast and cured in Camden
- Incorporates innovative materials and applies efficient manufacturing processes
- Building block for multiple systems under development today that require an advanced large solid rocket motor

# NET SALES UP IN Q3

**Net Sales**  
(\$in millions)



## Sales up 4% from Q2 2022

- RS-25 supply chain delays are correcting; program sales up from Q2

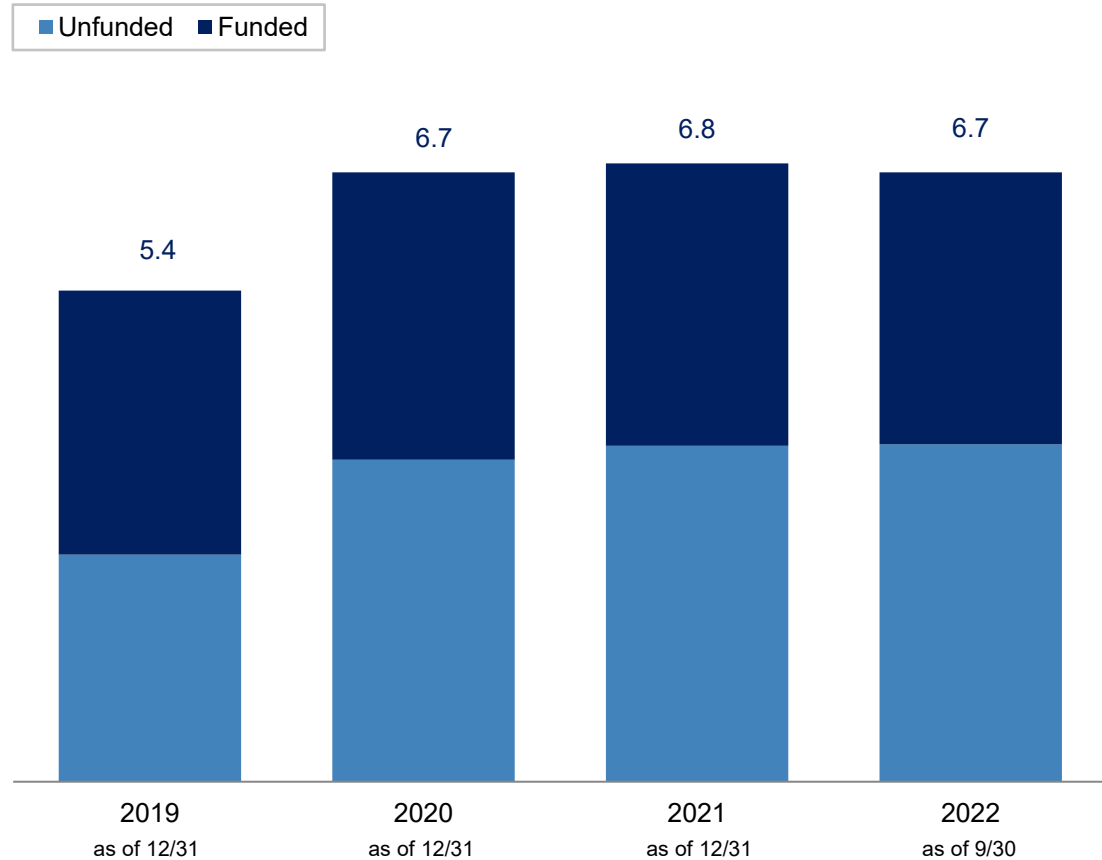
## Sales up 1% from Q3 2021

- Driven by higher volume on NGI and Standard Missile, partially offset by GMLRS and RL10



# BACKLOG SUPPORTED BY MULTI-YEAR AWARDS

**Backlog**  
(\$ in billions)



**>0.9**

Book-to-Bill ratio  
as of September 30

**\$2.3B**

expected to convert  
to sales over the next  
12 months

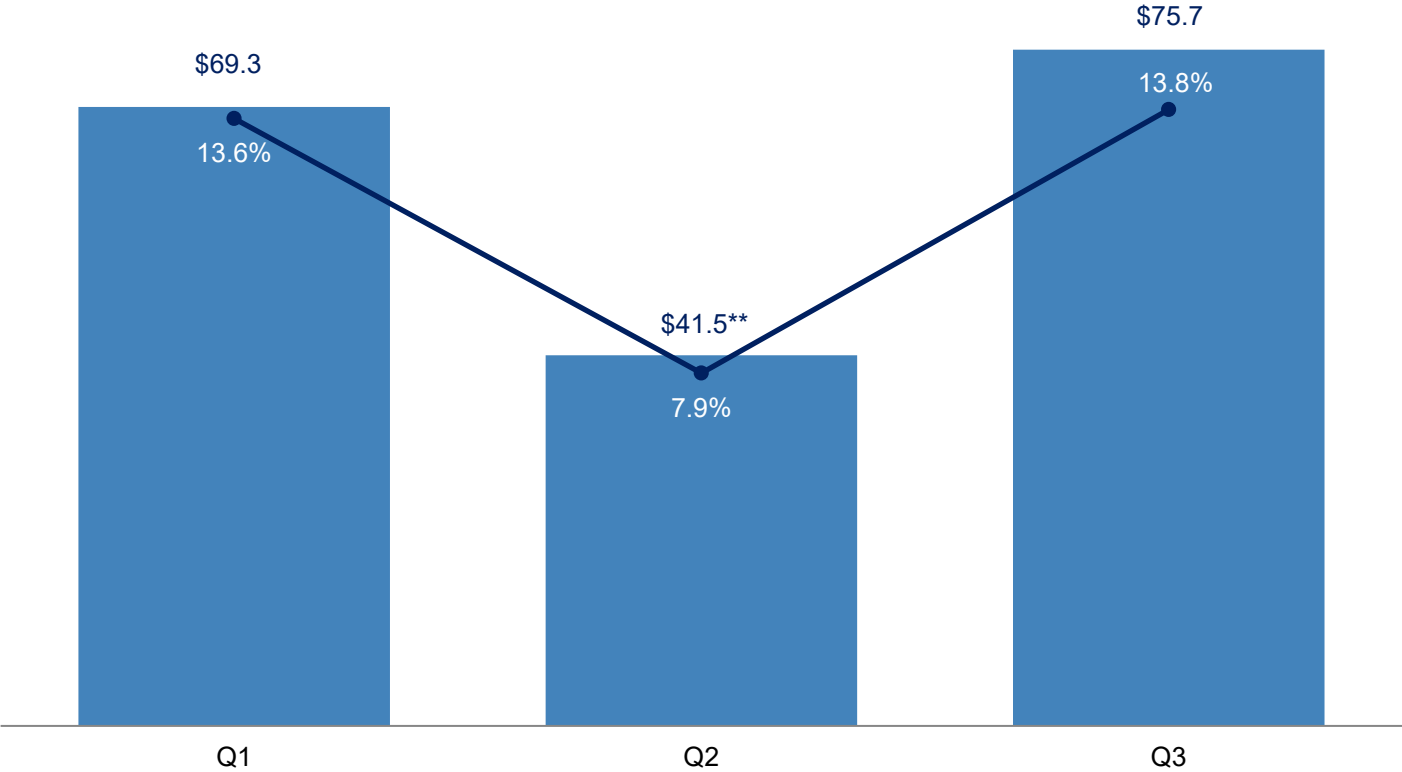
## Supported by Large, Multi-Year Awards

- RS25
- RL10
- Standard Missile
- PAC-3
- THAAD

# STRENGTHENED PROFITABILITY IN Q3

## Adjusted EBITDAP\*

(\$ in millions)



### Q3 2022 Adjusted EBITDAP

- Strong margin rate at 13.8%
- Ongoing program and operational performance improvements
- Adjusted EBITDAP increase of 82% from Q2
- Q2 2022 unfavorable contract adjustment from a portion of the Standard Missile program

\* Non-GAAP Measure. See reconciliation in appendix.

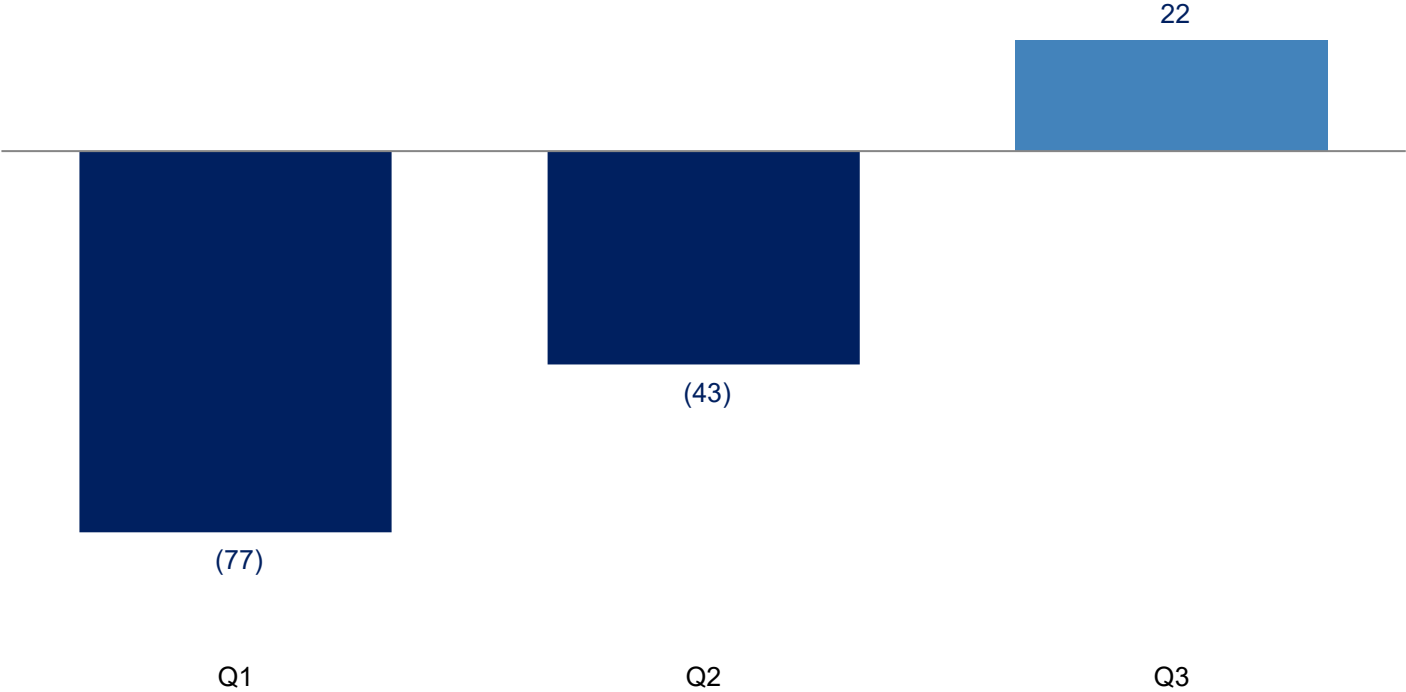
\*\* Reflects impact of unfavorable contract adjustment from portion of Standard Missile program.





# CASH FLOW POSITIVE IN Q3 2022

**Free Cash Flow\***  
(\$ in millions)



- 2022 FCF impacted by working capital growth driven by timing of multi-year programs
- Managing balance sheet working capital to generate long-term predictable free cash flow
- Long-term goal remains free cash flow equal to or greater than net income



\* Non-GAAP Measure. See reconciliation in appendix.

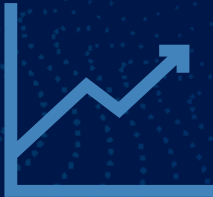
# DELIVERING ON PRIORITIES



Investing in line with the Nation's priorities



Increasing our competitive edge



Enhanced shareholder value creation

# APPENDIX



**AEROJET**  
**ROCKETDYNE**

AEROJET ROCKETDYNE PROPRIETARY

# APPENDIX

## Reconciliation of Non-GAAP Measures

(\$ in millions)

	2022		
	Q1	Q2	Q3
Income before income taxes	\$38.3	\$23.7	\$27.4
Interest, net	4.1	4.3	2.9
Depreciation and amortization	14.4	13.8	13.8
GAAP retirement benefits expense	0.3	0.2	0.2
CAS recoverable retirement benefits expense	(9.5)	(9.4)	(7.2)
Unusual items	21.7	8.9	38.6
<b>Adjusted EBITDAP</b>	<b>\$69.3</b>	<b>\$41.5</b>	<b>\$75.7</b>
	2022		
	Q1	Q2	Q3
Net cash (used in) provided by operating activities	\$(75.0)	\$(33.8)	\$35.0
Capital expenditures	(2.2)	(9.3)	(12.7)
<b>Free Cash Flow</b>	<b>\$(77.2)</b>	<b>\$ (43.1)</b>	<b>\$22.3</b>

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.

