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# Aerospace & Electronics

**Stephen M. Zimmerman, President**

# AEROSPACE & ELECTRONICS

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**ADVANCING CUSTOMER CAPABILITIES THROUGH INNOVATIVE, RELIABLE SOLUTIONS WHICH DELIVER SUPERIOR PERFORMANCE**

# AEROSPACE & ELECTRONICS CORE COMPETENCIES

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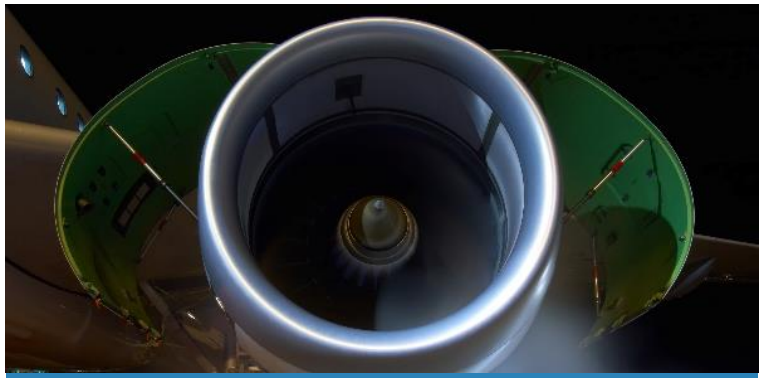
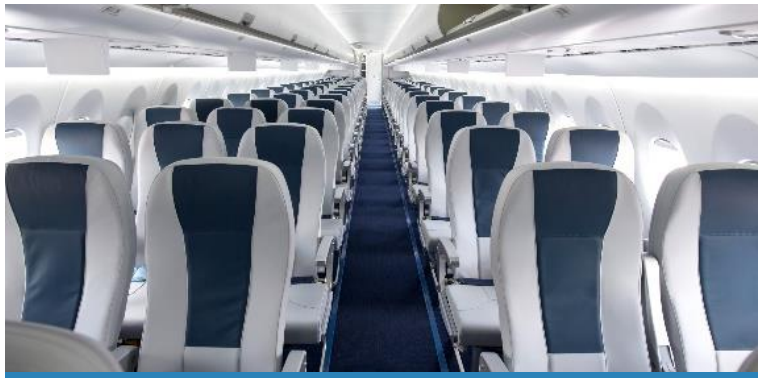
System Controls: Landing



Power Conversion & Control



Fluid & Thermal Management



Actuation



Microwave Signal Processing



Sensing Components & Systems

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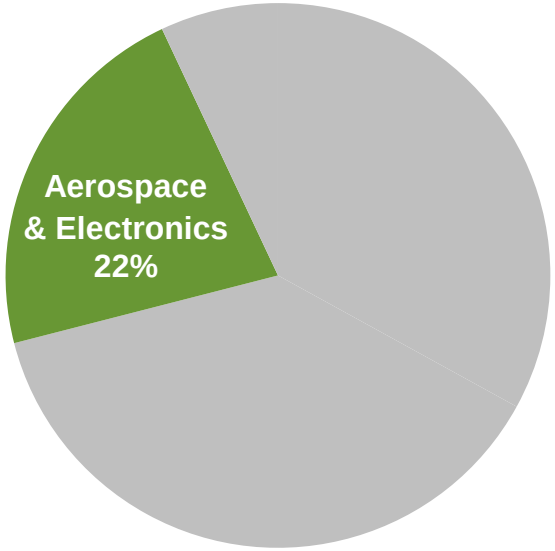
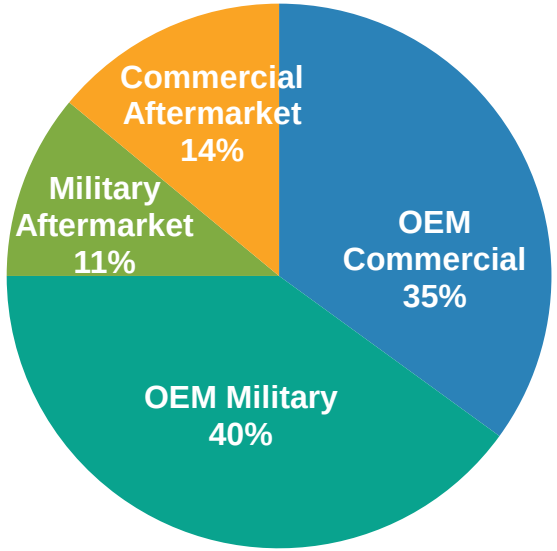
| *($ Millions)* | 2017 | 2018 | 2019 | 2020 | 2021G** |
|---|---|---|---|---|---|
| **Sales** | 691 | 744 | 799 | 651 | 600 |
| **Operating Profit*** | 151 | 165 | 193 | 107 | 90 |
| **Operating Margin*** | 21.8% | 22.2% | 24.1% | 16.5% | 15.0% |




## EXTREMELY WELL POSITIONED FOR LONG-TERM GROWTH

* Excludes Special Items. Please see non-GAAP Financial Measures tables for details.
** Reflects midpoint of guidance range. Segment level guidance unchanged compared to original guidance provided concurrent with Q4 2020 earnings release on January 25, 2021.
Note: Charts based on 2020 actual results.

# MARKET OVERVIEW

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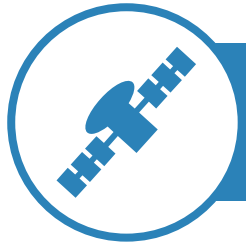
## Long-term Market Fundamentals Are Strong



**Commercial**



**Defense**



**Space**

**43,000 Aircraft**
New Commercial deliveries 2020–2039

**$106B**
2020 DoD Research, Development, Test & Evaluation

**4% CAGR**
Traffic growth (RPK) 2020–2039

**$14B Increase**
Maintenance, Repair & Overhaul 2020–2029

Source: Boeing Commercial Market Outlook and Department of Defense budget

# AEROSPACE & ELECTRONICS SALES OUTLOOK

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## OEM

- Commercial impact on both OEM and Aftermarket volume due to COVID-19 & Q1 2020 comparison
- Defense growth moderating after 3 years of double-digit growth & F-35 order timing

| Segment Sales | 2018 | 2019 | 2020 | 2021G |
|---|---|---|---|---|
| Commercial | 3% | 5% | (37%) | (12%) |
| Defense | 10% | 12% | 17% | (5%) |
| Total OEM | 7% | 7% | (16%) | (9%) |

## Aftermarket

- Commercial business has stabilized, but still face unfavorable Q1 2020 comparison
- Completed several large military retrofit programs; pursuing new programs in 2021.

| Segment Sales | 2018 | 2019 | 2020 | 2021G |
|---|---|---|---|---|
| Commercial | 12% | 7% | (42%) | (5%) |
| Defense | 3% | 17% | 15% | (7%) |
| Total Aftermarket | 10% | 10% | (26%) | (6%) |

**STRONG BACKLOG & DEFENSE PROGRAMS MODERATING IMPACT OF COMMERCIAL DOWNTURN**

# INVESTING FOR THE FUTURE

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**Empowering an Efficient & Sustainable "Electric World"**

- Pioneering Advanced Power Conversion
- Modular Motor Controls Suite
- Thermal Management Systems



**Enhancing Our Safety & Security**

- Runway Condition Monitoring
- Advanced Aircraft Braking Functionality



**Enabling Space Exploration & a More Connected World**

- Micro-multifunction modules for LEO constellations
- Modular Hybrid Power Converters
- Cutting-Edge Integrated Microwave Assy



**Supporting Automation in a "Smart Systems" World**

- Long-Range Wireless Solutions
- High-Accuracy Sensors

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## INNOVATIVE | TRUSTED | COLLABORATIVE



» PLEASE MAKE NOTE OF OUR MAY 26TH INVESTOR CONFERENCE WHERE WE WILL BE SHARING MORE ABOUT OUR STRATEGIC GROWTH PLANS


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