



Q4 2019 Earnings Call Presentation

January 29, 2020

The data in this package should be read in conjunction with the Textron earnings release and accompanying tables.

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Forward-Looking Information

Certain statements in this package and other oral and written statements made by Textron from time to time are forward-looking statements, including those that discuss strategies, goals, outlook or other non-historical matters; or project revenues, income, returns or other financial measures. These forward-looking statements speak only as of the date on which they are made, and we undertake no obligation to update or revise any forward-looking statements. These forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially from those contained in the statements, including the risks and uncertainties set forth under "Forward-Looking Information" in our fourth quarter 2019 earnings release. Additional information on risks and uncertainties that may impact forward-looking statements is discussed under "Risk Factors" in our most recent Annual Report on Form 10-K and our Quarterly Reports on Form 10-Q.

Key Data – Q4 2019

	Q4 2019	Q4 2018
Revenues	\$4.0B	\$3.8B
Segment Profit	\$340M	\$397M
EPS	\$0.87	\$1.02
Adjusted EPS*	\$1.11	\$1.15
Manufacturing Cash Flow Before Pension Contributions*	\$650M	\$284M
Pension Contributions	\$15M	\$15M

*Adjusted EPS and Manufacturing cash flow before pension contributions are non-GAAP measures that are defined and reconciled to GAAP in our earnings release.

Key Data – Full Year 2019

	Full-Year 2019	Full-Year 2018
Revenues	\$13.6B	\$14.0B
Segment Profit	\$1,270M	\$1,267M
EPS	\$3.50	\$4.83
Adjusted EPS*	\$3.74	\$3.34
Manufacturing Cash Flow Before Pension Contributions*	\$642M	\$784M
Pension Contributions	\$51M	\$52M

*Adjusted EPS and Manufacturing cash flow before pension contributions are non-GAAP measures that are defined and reconciled to GAAP in our earnings release.

Textron Consolidated Net Debt

(\$ amounts in millions)

	Full-Year 2019	Full-Year 2018
Cash	\$1,357	\$1,107
Finance Group Debt	686	718
TXT Mfg. Group Debt	3,124	3,066
Total Debt	3,810	3,784
Net Debt	\$2,453	\$2,677

Q4 2019 Revenue Growth

	Revenue Growth	Organic Growth	FX Impact Un(Fav)	Organic Growth Before FX
Textron Aviation	11.4%	11.4%	-	11.4%
Bell	16.2%	16.2%	-	16.2%
Textron Systems	15.7%	15.7%	-	15.7%
Industrial	(8.0%)	(8.0%)	0.6%	(7.4%)
Manufacturing	7.6%	7.6%	0.2%	7.8%
Finance	5.6%	5.6%	-	5.6%
Total Segments	7.6%	7.6%	0.2%	7.8%

Organic Growth includes revenue changes resulting from volume, price, and foreign exchange. For our segments that contract with the U.S. Government, volume represents changes in revenue related to these contracts. Revenues associated with these contracts in 2019 and 2018 are primarily recognized as costs are incurred while revenues for 2017 were primarily recognized as units were delivered.

Finance Segment Key Statistics

	<u>Q4 2019</u>	<u>Q3 2019</u>
60+ Delinquency	\$17M	\$36M
Non-accrual	\$39M	\$41M
Finance Receivables	\$707M	\$755M
Shareholders' Equity	\$161M	\$152M

Outlook – Full Year 2020

EPS	\$3.50 - \$3.70
Manufacturing Cash Flow Before Pension Contributions*	\$700M - \$800M
Pension Contributions	~\$50M

*Manufacturing cash flow before pension contributions is a non-GAAP measure that is defined and reconciled to GAAP in our earnings release.

Segment Outlook – Full Year 2020

Segment	Revenue	Profitability
Textron Aviation	~\$5.4B	~8.0%
Bell	~\$3.3B	~12.5%
Textron Systems	~\$1.5B	~10.5%
Industrial	~\$3.8B	~6.5%
Finance	~\$60M	~\$20M

Pension Outlook – Full Year 2020

	<u>2020E</u>	<u>2019</u>
Discount Rates	3.45%	4.35%
Total Pension Cost/(Income)	~\$33M	~(\$11M)
Assumed Long-Term Rate of Return	7.75%	7.75%
Pension Contributions	~\$50M	\$51M

Outlook – Full Year 2020

<i>(\$ amounts in millions)</i>	<u>2020E</u>	<u>2019</u>
Research & Development	~\$550	\$647
<i>% of Mfg Revenues</i>	3.9%	4.8%
CapEx	~\$360	\$339
Depreciation	~\$340	\$346

Outlook – Full Year 2020

<i>(\$ amounts in millions)</i>	<u>2020E</u>	<u>2019</u>
Corporate Expenses	~\$135	\$110
Interest Expense, net for Manufacturing Group	~\$135	\$146
Income Tax Rate (from continuing operations)	~18.5%	13.5%



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