



Corporate Communications Department
NEWS Release

Textron Reports Second Quarter 2022 Results

- EPS from continuing operations of \$1.00, up \$0.19 from the second quarter of 2021
- Aviation backlog \$5.8 billion, up \$708 million from the first quarter of 2022
- Net cash from operating activities of \$364 million in the second quarter of 2022
- \$282 million returned to shareholders through share repurchases in the second quarter of 2022

Providence, Rhode Island – July 28, 2022 – Textron Inc. (NYSE: TXT) today reported second quarter 2022 income from continuing operations of \$1.00 per share, compared with \$0.81 per share in the second quarter of 2021.

"We saw another solid quarter of earnings and cash generation in the second quarter," said Textron Chairman and CEO Scott C. Donnelly. "At Aviation, we saw continued growth, strong execution and ongoing order momentum."

Cash Flow

Net cash provided by operating activities of the manufacturing group for the second quarter was \$364 million, compared to \$572 million last year. Manufacturing cash flow before pension contributions, a non-GAAP measure that is defined and reconciled to GAAP in an attachment to this release, totaled \$309 million for the second quarter, compared to \$509 million last year.

In the quarter, Textron returned \$282 million to shareholders through share repurchases.

Outlook

Textron reiterated its full year earnings per share expectation of \$3.80 to \$4.00. Textron now expects 2022 cash flow from continuing operations of the manufacturing group before pension contributions to be in a range of \$800 to \$900 million, up \$100 million from the previous outlook.

Second Quarter Segment Results

Textron Aviation

Revenues at Textron Aviation of \$1.3 billion were up \$123 million from the second quarter of 2021, largely due to higher aircraft and aftermarket volume.

Textron Aviation delivered 48 jets in the quarter, up from 44 last year, and 35 commercial turboprops, up from 33 in last year's second quarter.

Segment profit was \$155 million in the second quarter, up \$59 million from a year ago, due to the impact from higher volume and mix of \$25 million, a favorable impact from performance of \$19 million and favorable pricing, net of inflation of \$15 million.

Textron Aviation backlog at the end of the second quarter was \$5.8 billion.

Bell

Bell revenues were \$687 million, down \$204 million from last year, due to lower military revenues of \$170 million, primarily related to the H-1 program, and lower commercial revenues of \$34 million.

Bell delivered 34 commercial helicopters in the quarter, down from 47 last year.

Segment profit of \$63 million was down \$47 million from last year's second quarter, primarily reflecting the lower volume and mix, partially offset by a favorable impact from performance of \$16 million, which included lower operating expenses, partially offset by an unfavorable change in net program adjustments.

Bell backlog at the end of the second quarter was \$5.3 billion.

Textron Systems

Revenues at Textron Systems were \$293 million, down \$40 million from last year's second quarter due to lower volume of \$44 million, primarily reflecting the impact of the U.S. Army's withdrawal from Afghanistan on our fee-for-service and aircraft support contracts.

Segment profit of \$42 million was down \$6 million, compared with the second quarter of 2021, primarily due to the lower volume and mix.

Textron Systems' backlog at the end of the second quarter was \$2.1 billion.

Industrial

Industrial revenues were \$871 million, up \$77 million from last year's second quarter, primarily due to a favorable impact from pricing and higher volume and mix, principally in the Specialized Vehicles product line.

Segment profit of \$41 million was up \$9 million from the second quarter of 2021, primarily due to the higher volume and mix.

Textron eAviation

Textron eAviation segment revenues were \$5 million in the second quarter of 2022 and segment loss was \$8 million in the quarter.

Finance

Finance segment revenues were \$14 million, and profit was \$10 million.

Conference Call Information

Textron will host its conference call today, July 28, 2022 at 8:00 a.m. (Eastern) to discuss its results and outlook. The call will be available via webcast at www.textron.com or by direct dial at (844) 867-6169 in the U.S. or (409) 207-6975 outside of the U.S.; Access Code: 6069432.

In addition, the call will be recorded and available for playback beginning at 11:00 a.m. (Eastern) on Thursday, July 28, 2022 by dialing (402) 970-0847; Access Code: 5456778.

A package containing key data that will be covered on today's call can be found in the Investor Relations section of the company's website at www.textron.com.

About Textron Inc.

Textron Inc. is a multi-industry company that leverages its global network of aircraft, defense, industrial and finance businesses to provide customers with innovative solutions and services. Textron is known around the world for its powerful brands such as Bell, Cessna, Beechcraft, Hawker, Pipistrel, Jacobsen, Kautex, Lycoming, E-Z-GO, Arctic Cat, and Textron Systems. For more information visit: www.textron.com.

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Forward-looking Information

Certain statements in this release and other oral and written statements made by us from time to time are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements, which may describe strategies, goals, outlook or other non-historical matters, or project revenues, income, returns or other financial measures, often include words such as "believe," "expect," "anticipate," "intend," "plan," "estimate," "guidance," "project," "target," "potential," "will," "should," "could," "likely" or "may" and similar expressions intended to identify forward-looking statements. These statements are only predictions and involve known and unknown risks, uncertainties, and other factors that may cause our actual results to differ materially from those expressed or implied by such forward-looking statements. Given these uncertainties, you should not place undue reliance on these forward-looking statements. 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. In addition to those factors described in our Annual Report on Form 10-K and our Quarterly Reports on Form 10-Q under "Risk Factors", among the factors that could cause actual results to differ materially from past and projected future results are the following: Interruptions in the U.S. Government's ability to fund its activities and/or pay its obligations; changing priorities or reductions in the U.S. Government defense budget, including those related to military operations in foreign countries; our ability to perform as anticipated and to control costs under contracts with the U.S. Government; the U.S. Government's ability to unilaterally modify or terminate its contracts with us for the U.S. Government's convenience or for our failure to perform, to change applicable procurement and accounting policies, or, under certain circumstances, to withhold payment or suspend or debar us as a contractor eligible to receive future contract awards; changes in foreign military funding priorities or budget constraints and determinations, or changes in government regulations or policies on the export and import of military and commercial products; volatility in the global economy or changes in worldwide political conditions that adversely impact demand for our products; volatility in interest rates or foreign exchange rates and inflationary pressures; risks related to our international business, including establishing and maintaining facilities in locations around the world and relying on joint venture partners, subcontractors, suppliers, representatives, consultants and other business partners in connection with international business, including in

emerging market countries; our Finance segment's ability to maintain portfolio credit quality or to realize full value of receivables; performance issues with key suppliers or subcontractors; legislative or regulatory actions, both domestic and foreign, impacting our operations or demand for our products; our ability to control costs and successfully implement various cost-reduction activities; the efficacy of research and development investments to develop new products or unanticipated expenses in connection with the launching of significant new products or programs; the timing of our new product launches or certifications of our new aircraft products; our ability to keep pace with our competitors in the introduction of new products and upgrades with features and technologies desired by our customers; pension plan assumptions and future contributions; demand softness or volatility in the markets in which we do business; cybersecurity threats, including the potential misappropriation of assets or sensitive information, corruption of data or, operational disruption; difficulty or unanticipated expenses in connection with integrating acquired businesses; the risk that acquisitions do not perform as planned, including, for example, the risk that acquired businesses will not achieve revenue and profit projections; the impact of changes in tax legislation; risks and uncertainties related to the ongoing impacts of the COVID-19 pandemic and the war between Russia and Ukraine on our business and operations; and the ability of our businesses to hire and retain the highly skilled personnel necessary for our businesses to succeed.

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TEXTRON INC.
Revenues by Segment and Reconciliation of Segment Profit to Net Income
(Dollars in millions, except per share amounts)
(Unaudited)

	Three Months Ended		Six Months Ended	
	July 2, 2022	July 3, 2021	July 2, 2022	July 3, 2021
REVENUES				
MANUFACTURING:				
Textron Aviation	\$ 1,284	\$ 1,161	\$ 2,324	\$ 2,026
Bell	687	891	1,521	1,737
Textron Systems	293	333	566	661
Industrial	871	794	1,709	1,619
Textron eAviation (a)	5	—	5	—
	<u>3,140</u>	<u>3,179</u>	<u>6,125</u>	<u>6,043</u>
FINANCE	14	12	30	27
Total revenues	<u>\$ 3,154</u>	<u>\$ 3,191</u>	<u>\$ 6,155</u>	<u>\$ 6,070</u>
SEGMENT PROFIT				
MANUFACTURING:				
Textron Aviation	\$ 155	\$ 96	\$ 276	\$ 143
Bell	63	110	161	215
Textron Systems	42	48	75	99
Industrial	41	32	84	79
Textron eAviation (a)	(8)	—	(8)	—
	<u>293</u>	<u>286</u>	<u>588</u>	<u>536</u>
FINANCE	10	3	19	9
Segment profit	<u>303</u>	<u>289</u>	<u>607</u>	<u>545</u>
Corporate expenses and other, net	(12)	(37)	(56)	(77)
Interest expense, net for Manufacturing group	(28)	(32)	(56)	(67)
Special charges (b)	—	(4)	—	(10)
Gain on business disposition (c)	—	2	—	17
	<u>263</u>	<u>218</u>	<u>495</u>	<u>408</u>
Income before income taxes	(45)	(34)	(84)	(53)
Income from continuing operations	<u>\$ 218</u>	<u>\$ 184</u>	<u>\$ 411</u>	<u>\$ 355</u>
Discontinued operations, net of income taxes	(1)	(1)	(1)	(1)
Net income	<u>\$ 217</u>	<u>\$ 183</u>	<u>\$ 410</u>	<u>\$ 354</u>
Earnings Per Share:				
Income from continuing operations	<u>\$ 1.00</u>	<u>\$ 0.81</u>	<u>\$ 1.88</u>	<u>\$ 1.56</u>
Discontinued operations, net of income taxes	—	(0.01)	—	(0.01)
Earnings per share	<u>\$ 1.00</u>	<u>\$ 0.80</u>	<u>\$ 1.88</u>	<u>\$ 1.55</u>
Diluted average shares outstanding	216,658,000	228,446,000	218,133,000	228,296,000

Income from continuing operations and Diluted earnings per share (EPS) GAAP to Non-GAAP reconciliation for the three and six months ended July 3, 2021:

	July 3, 2021	July 3, 2021
Income from continuing operations - GAAP	\$ 184	\$ 355
Add: Special charges, net of tax (b)	3	7
Less: Gain on business disposition, net of tax (c)	(2)	(17)
Adjusted income from continuing operations - Non-GAAP (d)	<u>\$ 185</u>	<u>\$ 345</u>
Earnings Per Share:		
Income from continuing operations - GAAP	\$ 0.81	\$ 1.56
Add: Special charges, net of tax (b)	0.01	0.03
Less: Gain on business disposition, net of tax (c)	(0.01)	(0.08)
Adjusted income from continuing operations - Non-GAAP (d)	<u>\$ 0.81</u>	<u>\$ 1.51</u>

- (a) On April 15, 2022, we acquired Pipistrel, a manufacturer of electrically powered aircraft. Beginning in the second quarter of 2022, we formed a new reporting segment, Textron eAviation, which combines the operating results of Pipistrel along with other research and development initiatives related to sustainable aviation solutions.
- (b) In connection with a restructuring plan initiated in the second quarter of 2020, we incurred special charges of \$4 million and \$10 million for the three and six months ended July 3, 2021.
- (c) In January 2021, we completed the sale of TRU Simulation + Training Canada Inc. which resulted in an after-tax gain of \$17 million.
- (d) Adjusted income from continuing operations and adjusted diluted earnings per share are non-GAAP financial measures as defined in "Non-GAAP Financial Measures" attached to this release.

TEXTRON INC.
Condensed Consolidated Balance Sheets
(In millions)
(Unaudited)

Assets

Cash and equivalents
Accounts receivable, net
Inventories
Other current assets
Net property, plant and equipment
Goodwill
Other assets
Finance group assets

Total Assets

Liabilities and Shareholders' Equity

Current portion of long-term debt
Accounts payable
Other current liabilities
Other liabilities
Long-term debt
Finance group liabilities

Total Liabilities

Total Shareholders' Equity

Total Liabilities and Shareholders' Equity

	July 2, 2022	January 1, 2022
	\$ 1,764	\$ 1,922
	876	838
	3,739	3,468
	972	1,018
	2,469	2,538
	2,278	2,149
	3,113	3,027
	668	867
	\$ 15,879	\$ 15,827
	\$ 7	\$ 6
	807	786
	2,660	2,344
	1,956	2,005
	3,177	3,179
	471	692
	9,078	9,012
	6,801	6,815
	\$ 15,879	\$ 15,827

TEXTRON INC.
MANUFACTURING GROUP
Condensed Schedule of Cash Flows
(In millions)
(Unaudited)

	Three Months Ended		Six Months Ended	
	July 2, 2022	July 3, 2021	July 2, 2022	July 3, 2021
Cash Flows from Operating Activities:				
Income from continuing operations	\$ 210	\$ 181	\$ 395	\$ 358
Depreciation and amortization	98	95	191	183
Deferred income taxes and income taxes receivable/payable	(95)	30	(78)	18
Pension, net	(42)	(19)	(83)	(42)
Gain on business disposition	—	(2)	—	(17)
Changes in assets and liabilities:				
Accounts receivable, net	(85)	65	(48)	(38)
Inventories	(70)	16	(246)	(162)
Accounts payable	(14)	(71)	24	188
Other, net	362	277	434	191
Net cash from operating activities	364	572	589	679
Cash Flows from Investing Activities:				
Capital expenditures	(66)	(75)	(114)	(128)
Net cash used in business acquisitions	(198)	—	(198)	—
Net proceeds from corporate-owned life insurance policies	23	—	25	—
Proceeds from sale of property, plant and equipment	—	—	18	—
Net proceeds from business disposition	—	(1)	—	38
Net cash from investing activities	(241)	(76)	(269)	(90)
Cash Flows from Financing Activities:				
Decrease in short-term debt	(15)	—	(15)	—
Principal payments on long-term debt and nonrecourse debt	(12)	(252)	(14)	(519)
Purchases of Textron common stock	(282)	(196)	(439)	(287)
Dividends paid	(4)	(4)	(9)	(9)
Other financing activities, net	3	51	28	75
Net cash from financing activities	(310)	(401)	(449)	(740)
Total cash flows from continuing operations	(187)	95	(129)	(151)
Total cash flows from discontinued operations	(2)	(1)	(2)	(1)
Effect of exchange rate changes on cash and equivalents	(25)	4	(27)	1
Net change in cash and equivalents	(214)	98	(158)	(151)
Cash and equivalents at beginning of period	1,978	1,897	1,922	2,146
Cash and equivalents at end of period	\$ 1,764	\$ 1,995	\$ 1,764	\$ 1,995

Manufacturing cash flow GAAP to Non-GAAP reconciliation:

	Three Months Ended		Six Months Ended	
	July 2, 2022	July 3, 2021	July 2, 2022	July 3, 2021
Net cash from operating activities - GAAP	\$ 364	\$ 572	\$ 589	\$ 679
Less: Capital expenditures	(66)	(75)	(114)	(128)
Add: Total pension contributions	11	12	25	29
Proceeds from sale of property, plant and equipment	—	—	18	—
Manufacturing cash flow before pension contributions - Non-GAAP (a)	\$ 309	\$ 509	\$ 518	\$ 580

(a) Manufacturing cash flow before pension contributions is a non-GAAP financial measure as defined in "Non-GAAP Financial Measures" attached to this release.

TEXTRON INC.
Condensed Consolidated Schedule of Cash Flows
(In millions)
(Unaudited)

	Three Months Ended		Six Months Ended	
	July 2, 2022	July 3, 2021	July 2, 2022	July 3, 2021
Cash Flows from Operating Activities:				
Income from continuing operations	\$ 218	\$ 184	\$ 411	\$ 355
Depreciation and amortization	98	98	191	188
Deferred income taxes and income taxes receivable/payable	(105)	24	(86)	24
Pension, net	(42)	(19)	(83)	(42)
Gain on business disposition	—	(2)	—	(17)
Changes in assets and liabilities:				
Accounts receivable, net	(85)	65	(48)	(38)
Inventories	(70)	16	(246)	(162)
Accounts payable	(14)	(71)	24	188
Captive finance receivables, net	17	20	35	89
Other, net	361	277	421	188
Net cash from operating activities	378	592	619	773
Cash Flows from Investing Activities:				
Capital expenditures	(66)	(75)	(114)	(128)
Net cash used in business acquisitions	(198)	—	(198)	—
Net proceeds from corporate-owned life insurance policies	23	—	25	—
Proceeds from sale of property, plant and equipment	—	—	18	—
Net proceeds from business disposition	—	(1)	—	38
Finance receivables repaid	8	6	21	19
Other investing activities, net	1	—	44	6
Net cash from investing activities	(232)	(70)	(204)	(65)
Cash Flows from Financing Activities:				
Decrease in short-term debt	(15)	—	(15)	—
Principal payments on long-term debt and nonrecourse debt	(106)	(266)	(227)	(553)
Purchases of Textron common stock	(282)	(196)	(439)	(287)
Dividends paid	(4)	(4)	(9)	(9)
Other financing activities, net	3	51	28	75
Net cash from financing activities	(404)	(415)	(662)	(774)
Total cash flows from continuing operations	(258)	107	(247)	(66)
Total cash flows from discontinued operations	(2)	(1)	(2)	(1)
Effect of exchange rate changes on cash and equivalents	(25)	4	(27)	1
Net change in cash and equivalents	(285)	110	(276)	(66)
Cash and equivalents at beginning of period	2,126	2,078	2,117	2,254
Cash and equivalents at end of period	\$ 1,841	\$ 2,188	\$ 1,841	\$ 2,188

TEXTRON INC.
Non-GAAP Financial Measures
(Dollars in millions, except per share amounts)

We supplement the reporting of our financial information determined under U.S. generally accepted accounting principles (GAAP) with certain non-GAAP financial measures. These non-GAAP financial measures exclude certain significant items that may not be indicative of, or are unrelated to, results from our ongoing business operations. We believe that these non-GAAP measures may be useful for period-over-period comparisons of underlying business trends and our ongoing business performance, however, they should be used in conjunction with GAAP measures. Our non-GAAP measures should not be considered in isolation or as a substitute for the related GAAP measures, and other companies may define similarly named measures differently. We encourage investors to review our financial statements and publicly-filed reports in their entirety and not to rely on any single financial measure. We utilize the following definitions for the non-GAAP financial measures included in this release and have provided a reconciliation of the GAAP to non-GAAP amounts for each measure:

Adjusted Income from Continuing Operations and Adjusted Diluted Earnings Per Share

Adjusted income from continuing operations and adjusted diluted earnings per share exclude special charges, net of tax. We consider items recorded in special charges, such as enterprise-wide restructuring, certain asset impairment charges, and acquisition-related restructuring, integration and transaction costs, to be of a non-recurring nature that is not indicative of ongoing operations. The gain on disposition, net of tax is also excluded as it relates to a disposition in connection with our enterprise-wide restructuring plan, which resulted in the sale of the TRU Simulation + Training Canada Inc. business.

Adjusted income from continuing operations - GAAP

Add: Special charges, net of tax

Less: Gain on business disposition, net of tax

Adjusted income from continuing operations - Non-GAAP

Three Months Ended July 3, 2021		Six Months Ended July 3, 2021	
	Diluted EPS		Diluted EPS
\$ 184	\$ 0.81	\$ 355	\$ 1.56
3	0.01	7	0.03
(2)	(0.01)	(17)	(0.08)
<u>\$ 185</u>	<u>\$ 0.81</u>	<u>\$ 345</u>	<u>\$ 1.51</u>

Manufacturing Cash Flow Before Pension Contributions

Manufacturing cash flow before pension contributions adjusts net cash from operating activities (GAAP) for the following:

- Deducts capital expenditures and includes proceeds from insurance recoveries and the sale of property, plant and equipment to arrive at the net capital investment required to support ongoing manufacturing operations;
- Excludes dividends received from Textron Financial Corporation (TFC) and capital contributions to TFC provided under the Support Agreement and debt agreements as these cash flows are not representative of manufacturing operations;
- Adds back pension contributions as we consider our pension obligations to be debt-like liabilities. Additionally, these contributions can fluctuate significantly from period to period and we believe that they are not representative of cash used by our manufacturing operations during the period.

While we believe this measure provides a focus on cash generated from manufacturing operations, before pension contributions, and may be used as an additional relevant measure of liquidity, it does not necessarily provide the amount available for discretionary expenditures since we have certain non-discretionary obligations that are not deducted from the measure.

Net cash from operating activities - GAAP

Less: Capital expenditures

Plus: Total pension contributions

Proceeds from sale of property, plant and equipment

Manufacturing cash flow before pension contributions - Non-GAAP

Three Months Ended		Six Months Ended	
July 2, 2022	July 3, 2021	July 2, 2022	July 3, 2021
\$ 364	\$ 572	\$ 589	\$ 679
(66)	(75)	(114)	(128)
11	12	25	29
—	—	18	—
<u>\$ 309</u>	<u>\$ 509</u>	<u>\$ 518</u>	<u>\$ 580</u>

Net cash from operating activities - GAAP

Less: Capital expenditures

Add: Total pension contributions

Proceeds from sale of property, plant and equipment

Manufacturing cash flow before pension contributions - Non-GAAP

2022 Outlook		
\$ 1,157	—	\$ 1,257
	(425)	
	50	
	18	
<u>\$ 800</u>	<u>—</u>	<u>\$ 900</u>