



COLLINS AEROSPACE  
PRATT & WHITNEY  
RAYTHEON



\*Pg.7 of this presentation now contains the correct organic sales VPY% for Raytheon of up mid-single digits

# Pratt & Whitney GTF Fleet Update

September 11, 2023

# Forward-Looking Statements

**Note:** All results and expectations in the presentation reflect continuing operations unless otherwise noted.

This presentation contains statements which, to the extent they are not statements of historical or present fact, constitute “forward-looking statements” under the securities laws. From time to time, oral or written forward-looking statements may also be included in other information released to the public. These forward-looking statements are intended to provide RTX Corporation (“RTX”) management’s current expectations or plans for our future operating and financial performance, based on assumptions currently believed to be valid and are not statements of historical fact. Forward-looking statements can be identified by the use of words such as “believe,” “expect,” “expectations,” “plans,” “strategy,” “prospects,” “estimate,” “project,” “target,” “anticipate,” “will,” “should,” “see,” “guidance,” “outlook,” “goals,” “objectives,” “confident,” “on track,” “designed to” and other words of similar meaning. Forward-looking statements may include, among other things, statements relating to future sales, earnings, cash flow, results of operations, uses of cash, share repurchases, tax payments and rates, research and development spending, cost savings, other measures of financial performance, potential future plans, strategies or transactions, credit ratings and net indebtedness, other anticipated benefits to RTX of its segment realignment, the merger (the “merger”) between United Technologies Corporation (“UTC”) and Raytheon Company (“Raytheon”), and other statements that are not solely historical facts. All forward-looking statements involve risks, uncertainties and other factors that may cause actual results to differ materially from those expressed or implied in the forward-looking statements. For those statements, we claim the protection of the safe harbor for forward-looking statements contained in the U.S. Private Securities Litigation Reform Act of 1995. Such risks, uncertainties and other factors include, without limitation: (1) the effect of changes in economic, capital market and political conditions in the U.S. and globally, such as from the global sanctions and export controls with respect to Russia, and any changes therein, including related to financial market conditions, bank failures and other banking industry disruptions, fluctuations in commodity prices or supply (including energy supply), inflation, interest rates and foreign currency exchange rates, disruptions in global supply chain and labor markets, and geopolitical risks; (2) risks associated with U.S. government sales, including changes or shifts in defense spending due to budgetary constraints, spending cuts resulting from sequestration, a continuing resolution, a government shutdown, the debt ceiling or measures taken to avoid default, or otherwise, and uncertain funding of programs; (3) challenges in the development, production, delivery, support, and performance of RTX advanced technologies and new products and services and the realization of the anticipated benefits (including our expected returns under customer contracts), as well as the challenges of operating in RTX’s highly-competitive industries; (4) risks relating to RTX’s reliance on U.S. and non-U.S. suppliers and commodity markets, including the effect of sanctions, delays and disruptions in the delivery of materials and services to RTX or its suppliers and price increases; (5) risks relating to RTX international operations from, among other things, changes in trade policies and implementation of sanctions, foreign currency fluctuations, economic conditions, political factors, sales methods, and U.S. or local government regulations; (6) the condition of the aerospace industry; (7) the ability of RTX to attract, train and retain qualified personnel and maintain its culture and high ethical standards, and the ability of our personnel to continue to operate our facilities and businesses around the world; (8) risks relating to developments in the coronavirus disease 2019 (COVID-19) pandemic and the impact on RTX’s business, supply chain, operations and the industries in which it operates, including the decrease in global air travel, and significant business disruptions; (9) the scope, nature, timing and challenges of managing acquisitions, investments, divestitures and other transactions, including the realization of synergies and opportunities for growth and innovation, the assumption of liabilities and other risks and incurrence of related costs and expenses; (10) compliance with legal, environmental, regulatory and other requirements, including, among other things, export and import requirements such as the International Traffic in Arms Regulations and the Export Administration Regulations, anti-bribery and anticorruption requirements, such as the Foreign Corrupt Practices Act, industrial cooperation agreement obligations, and procurement and other regulations in the U.S. and other countries in which RTX and its businesses operate; (11) the outcome of pending, threatened and future legal proceedings, investigations and other contingencies, including those related to U.S. government audits and disputes; (12) factors that could impact RTX’s ability to engage in desirable capital-raising or strategic transactions, including its capital structure, levels of indebtedness, capital expenditures and research and development spending, and the availability of credit, credit market conditions including the cost of debt, and other factors; (13) uncertainties associated with the timing and scope of future repurchases by RTX of its common stock or declarations of cash dividends, which may be discontinued, accelerated, suspended or delayed at any time due to various factors, including market conditions and the level of other investing activities and uses of cash; (14) risks relating to realizing expected benefits from, incurring costs for, and successfully managing, the Company’s segment realignment effective July 1, 2023, the merger, and other RTX strategic initiatives such as cost reduction, restructuring, digital transformation and other operational initiatives; (15) risks of additional tax exposures due to new tax legislation or other developments, in the U.S. and other countries in which RTX and its businesses operate; (16) risks relating to addressing the identified rare condition in powder metal used to manufacture certain Pratt & Whitney engine parts, including those relating to the need for accelerated removals and inspections of a significant portion of the PW1100G-JM fleet, including the timing and costs relating thereto, and risks related to other engine models that may be impacted by the powder metal matter, as well as other issues that could impact RTX product performance, including quality, reliability or durability; (17) risks relating to cyber-attacks on RTX’s information technology infrastructure, products, suppliers, customers and partners, threats to RTX facilities and personnel, as well as other events outside of RTX’s control such as public health crises, damaging weather or other acts of nature; (18) the effect of changes in accounting estimates for our programs on our financial results; (19) the effect of changes in pension and other postretirement plan estimates and assumptions and contributions; (20) risks relating to an impairment of goodwill and other intangible assets; (21) the effects of climate change and changing climate-related regulations, customer and market demands, products and technologies; and (22) the intended qualification of (i) the merger as a tax-free reorganization and (ii) the separation transactions and other internal restructurings as tax-free to UTC and former UTC shareowners, in each case, for U.S. federal income tax purposes. For additional information on identifying factors that may cause actual results to vary materially from those stated in forward-looking statements, see the reports of RTX, UTC and Raytheon on Forms S-4, 10-K, 10-Q and 8-K filed with or furnished to the Securities and Exchange Commission from time to time. Any forward-looking statement speaks only as of the date on which it is made, and RTX assumes no obligation to update or revise such statement, whether as a result of new information, future events or otherwise, except as required by applicable law.

# Pratt & Whitney GTF Update

## Background

- Rare condition in powder metal driving accelerated engine removals and inspections for PW1100 engine, which powers A320neo
- August 2023 initial service instruction and airworthiness directive issued
- Expected fleet guidance to be issued within 60 days for balance of the fleet
- Continue to deliver new engines and spare parts
- Other fleets currently expected to be far less impacted

## Fleet Management Plan and Impact

- Approx. 600 - 700 incremental shop visits from 2023 - 2026
- Majority of incremental engine removals will occur in 2023 and early 2024
- Shop visits will primarily be heavy workscope
- Approx. 250 to 300-day turnaround time wing-to-wing
- Average of 350 aircraft on ground (AOG) from 2024 - 2026 with first half of 2024 peak AOG

# Financial Outlook

## RTX Full Year Outlook

Reported Sales <sup>1</sup>	\$67.5B - \$68.5B
Adjusted Sales <sup>*2</sup>	\$73.0B - \$74.0B
Organic sales growth % <sup>*3</sup>	9% - 10%
Adjusted EPS <sup>*2</sup>	\$4.95 - \$5.05
Free cash flow <sup>*1</sup>	~\$4.3B

## GTF Financial Implications

- Pratt & Whitney holds 51% net program share in the PW1100 program
- Fleet inspection & management plan
  - Gross financial impact of \$6B to \$7B
  - Net<sup>4</sup> op. profit impact of \$3B to \$3.5B
- Expecting Q3 non-recurring sales charge<sup>5</sup> of ~\$5.5B and pre-tax op. profit charge of ~\$3.0B
- Expecting ~\$3B total cash headwind between 2023 - 2025



\*See Appendix for additional information regarding these non-GAAP financial measures, <sup>1</sup>Our expectation for reported sales and free cash flow, as applicable, reflects the impact of the Pratt & Whitney powder metal matter among other items, <sup>2</sup>Our expectation for adjusted sales and adjusted EPS, as applicable, excludes the impact of the Pratt & Whitney powder metal matter among other items, <sup>3</sup>Organic sales growth on an adjusted basis, <sup>4</sup>Net of partner share pre-tax, <sup>5</sup>2023 charge will be recognized as a reduction of revenue

# Leading A&D Portfolio

## Collins Aerospace



**12%**

RTX Q2 sales growth

**\$100B**

Collins' content off warranty

## Pratt & Whitney



**\$185B**

RTX Q2 Backlog

**~85K**

Pratt engines in service

## Raytheon



**1.34**

RTX Q2 book-to-bill

**~\$3B**

New hypersonic wins

# Appendix

# Use and Definitions of Non-GAAP Financial Measures

RTX Corporation (“RTX” or “the Company”) reports its financial results in accordance with accounting principles generally accepted in the United States (“GAAP”).

We supplement the reporting of our financial information determined under GAAP with certain non-GAAP financial information. The non-GAAP information presented provides investors with additional useful information, but should not be considered in isolation or as substitutes for the related GAAP measures. Moreover, other companies may define non-GAAP measures differently, which limits the usefulness of these measures for comparisons with such other companies. We encourage investors to review our financial statements and publicly-filed reports in their entirety and not to rely on any single financial measure.

Adjusted net sales, organic sales, adjusted operating profit (loss) and margin, adjusted segment operating profit (loss) and margin, adjusted net income, adjusted earnings per share (“EPS”), and free cash flow are non-GAAP financial measures. Adjusted net sales represents consolidated net sales (a GAAP measure), excluding significant nonoperational items and/or significant operational items that may occur at irregular intervals (hereinafter referred to as “net significant and/or non-recurring items”). Organic sales represents the change in consolidated net sales (a GAAP measure), excluding the impact of foreign currency translation, acquisitions and divestitures completed in the preceding twelve months and net significant and/or non-recurring items. Adjusted operating profit (loss) represents operating profit (loss) (a GAAP measure), excluding restructuring costs, acquisition accounting adjustments and net significant and/or non-recurring items. Adjusted operating profit margin represents adjusted operating profit (loss) as a percentage of adjusted net sales. Adjusted segment operating profit (loss) represents the combined operating profit (loss) (a GAAP measure) of our business segments, excluding restructuring costs, and net significant and/or non-recurring items. Adjusted segment operating profit margin represents adjusted segment operating profit (loss) as a percentage of adjusted segment sales (the combined adjusted sales of our business segments). Acquisition accounting adjustments include the amortization of acquired intangible assets related to acquisitions, the amortization of the property, plant and equipment fair value adjustment acquired through acquisitions, the amortization of customer contractual obligations related to loss making or below market contracts acquired, and goodwill impairment.

Adjusted net income represents net income from continuing operations (a GAAP measure), excluding restructuring costs, acquisition accounting adjustments and net significant and/or non-recurring items. Adjusted EPS represents diluted earnings per share from continuing operations (a GAAP measure), excluding restructuring costs, acquisition accounting adjustments and net significant and/or non-recurring items. For the business segments, when applicable, adjustments of net sales similarly reflect continuing operations (a GAAP measure) excluding net significant and/or non-recurring items. Organic sales for the business segments similarly excludes the impact of foreign currency, acquisitions and divestitures, and net significant and/or non-recurring items, and adjustments of operating profit (loss) and operating profit margins (also referred to as return on sales (“ROS”)) similarly reflect continuing operations, excluding restructuring, acquisition accounting adjustments and net significant and/or non-recurring items.

Free cash flow is a non-GAAP financial measure that represents cash flow from operations (a GAAP measure) less capital expenditures. Management believes free cash flow is a useful measure of liquidity and an additional basis for assessing RTX’s ability to fund its activities, including the financing of acquisitions, debt service, repurchases of RTX’s common stock and distribution of earnings to shareowners.

When we provide our expectation for adjusted net sales, organic sales, adjusted operating profit (loss) and margin, adjusted segment operating profit margin, adjusted EPS and free cash flow on a forward-looking basis, a reconciliation of the differences between the non-GAAP expectations and the corresponding GAAP measures, as described above, generally is not available without unreasonable effort due to potentially high variability, complexity, and low visibility as to the items that would be excluded from the GAAP measure in the relevant future period, such as unusual gains and losses, the ultimate outcome of pending litigation, fluctuations in foreign currency exchange rates, the impact and timing of potential acquisitions and divestitures, and other structural changes or their probable significance. The variability of the excluded items may have a significant, and potentially unpredictable, impact on our future GAAP results.

# 2023 Segment Outlook

(\$ millions)

	Adjusted Sales VPY %*	Organic Sales VPY %*	Adjusted Operating Profit VPY*
<b>Collins Aerospace</b>	Up low double digits to low-teens	Up low double digits to low-teens	\$825 - \$875
<b>Pratt &amp; Whitney</b>	Up low to mid-teens <sup>1</sup>	Up low to mid-teens <sup>2</sup>	\$200 - \$275 <sup>1</sup>
<b>Raytheon</b>	Up low to mid single digits	Up mid single digits	\$125 - \$175