

# Gabelli & Company Aerospace & Defense Conference



# Forward Looking Statements and Non-GAAP Measures



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 report 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,” “future,” “goal,” “could,” “will,” “continue,” “can,” “potential,” “should,” “project,” and “expect,” and similar expressions, are 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, future reductions or changes in U.S. government spending, achieving anticipated costs savings and other benefits of the Company’s Competitive Improvement Program, failure to secure contracts, 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, 2016 and on our Quarterly Report on Form 10Q for the period ended June 30, 2017. 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 and/or unaudited quarterly reports on Form 10-Q. This presentation also contains non-GAAP financial measures. A reconciliation of these financial measures to the nearest GAAP measure is included in this presentation.

Any financial numbers provided that are not historical do not represent guidance or projections. Such figures are merely aspirational in nature and should not be relied upon.

# At a Glance

Technology-based manufacturing company providing innovative solutions to aerospace and defense customers

- NYSE: AJRD
- Diversified portfolio of programs and markets served
- Strongly aligned with customers' priorities
- Significant real estate holdings



Space and  
Launch Systems



In-space Propulsion



Missile Defense and  
Strategic Systems



Tactical Systems



Advanced Programs



EASTON

# Organizational Changes: Refining Path to Success

- Bolstered Senior Leadership Team with key appointments



**Eileen Drake**  
CEO & President  
06/2015



**Arjun Kampani**  
General Counsel  
04/2016



**Mohammed Khan**  
SVP Defense  
04/2017



**Paul Lundstrom**  
CFO  
11/2016



**John Schumacher**  
VP Washington  
04/2013



**Jim Simpson**  
SVP Strategy & BD  
09/2015



**Jerry Tarnacki**  
SVP Space  
02/2017



**Mark Tucker**  
COO  
06/2015

- Established new corporate headquarters for Aerojet Rocketdyne Holdings, Inc. in El Segundo, CA
- Streamlined organization by consolidating six business units into two: Space and Defense; Established headquarters in Canoga Park, CA and Huntsville, AL respectively



**Huntsville, AL**  
HQ for Defense Business Unit



**El Segundo, CA**  
HQ for Aerojet Rocketdyne Holdings



**Canoga Park, CA**  
HQ for Space Business Unit

**Strong leadership team with vast industry experience**

# Strong Space Portfolio

- Largest domestic portfolio of space propulsion and power systems
- U.S. crewed space launches resuming in 2019 (first time since 2011)
- NASA's new Space Launch System and Orion programs will restore U.S. deep space exploration



In-Space Propulsion



Space Launch System



Commercial Crew  
(Boeing CST-100)



RS-25

**Supporting re-establishment of U.S. manned space  
and emerging space war-fighting capabilities**

# Strong Defense Portfolio

- Liquid, solid, air-breathing propulsion systems and components for strategic, tactical and precision missile strikes, missile defense systems, maneuvering propulsion systems, precision warfighting systems
- Geopolitical instability; medium and long-range missiles proliferating; threats to U.S. and allied freedom
- Success in maintaining national security inextricably linked to robust missile defense; assured access to space; and effective global force projection



Tomahawk



Standard Missile



THAAD



Patriot

**Our products play a major role in  
providing national and global security**

# Competitive Positioning



- Advanced technology base, aligned with our nation's critical needs
- Strong and growing backlog in a diverse set of products
- Proven manufacturing capability and expertise
- Driving continuous improvement and operational excellence



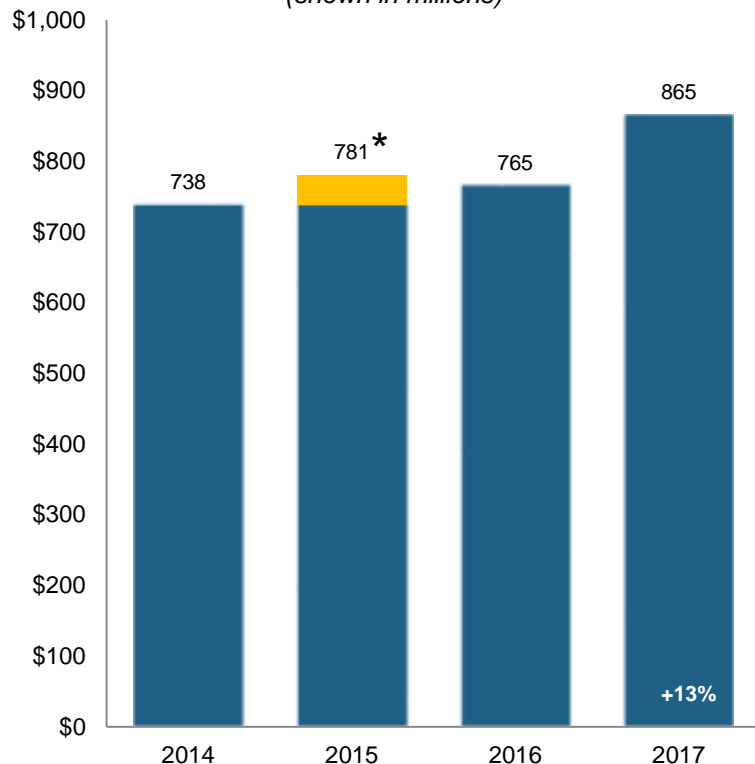
**Well positioned for next generation franchise programs**

# First Half Sales and Backlog Growth



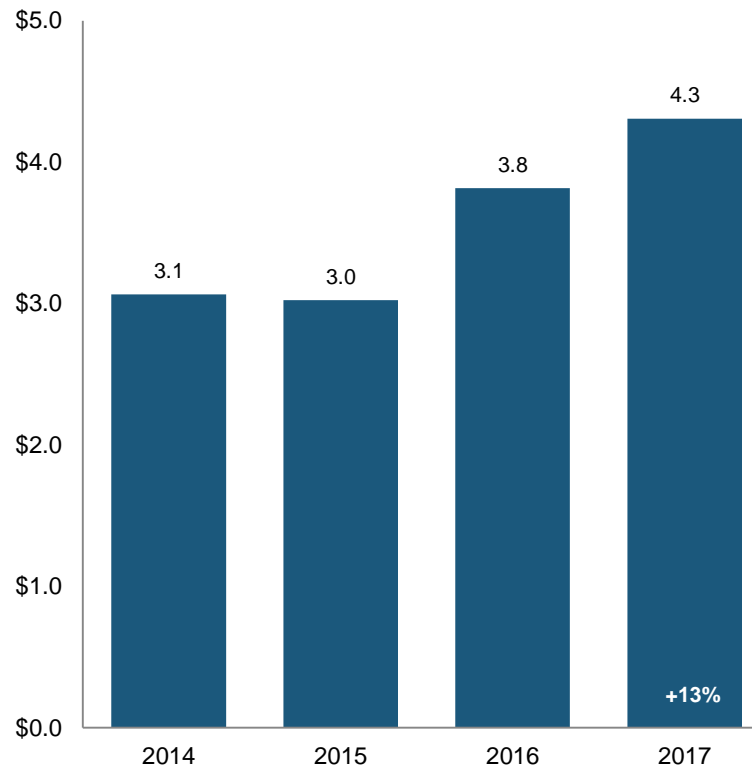
## Net Sales YTD June

(shown in millions)



## Backlog June

(shown in billions)



**Q2 Sales of \$460M up 13%**

\* Includes \$42 million for land sale.

In 2016, the company changed its fiscal year end to December 31. Net sales for 2014 and 2015 are December 1 through May 31. Backlog is as of May 31 for 2014 and 2015 and as of June 30 for 2016 and 2017.



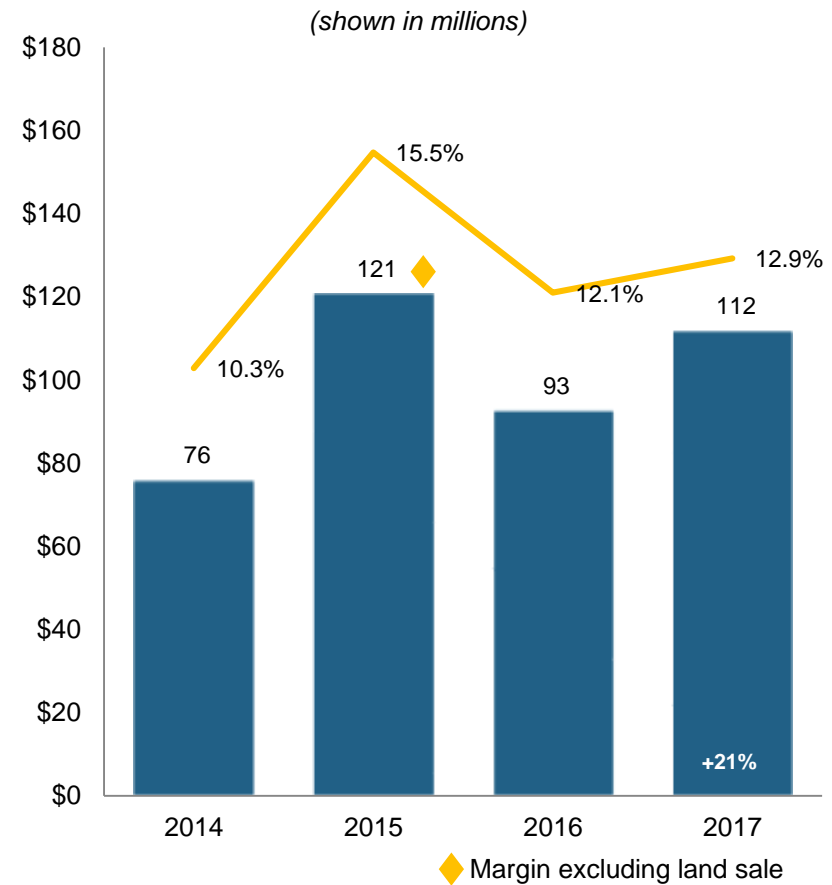
# First Half Diluted EPS & Adjusted EBITDAP



## Diluted EPS YTD June



## Adjusted EBITDAP<sup>(1)</sup> YTD June



**Q2 EPS of \$0.32 up 256%**

**Q2 Adj EBITDAP of \$70M up 47%, 360 BPS**

In 2016, the company changed its fiscal year end to December 31. Amounts above for 2014 and 2015 are December 1 through May 31.

<sup>(1)</sup> Non-GAAP Measure. See reconciliation in Appendix.

# Investing in *Today's* Aerojet Rocketdyne



**New Management Team Refining Path to Success**

**Solid Industry Foundation and Technical Leadership**

**Diversified, Well-Balanced Portfolio to Compete Effectively in Today's Market**

**Significant Operational Improvements to Drive New and Existing Programs**

**Focused on Revenue and Profitability Growth to Enhance Shareholder Value**

# APPENDIX

# Reconciliation of Non-GAAP Measures



(shown in millions)

## EBITDA/Adjusted EBITDAP - Q2 YTD & Q2

	Six Months Ended May 31,		Six Months Ended June 30,		Three Months Ended June 30,	
	2014 <sup>(1)</sup>	2015 <sup>(1)</sup>	2016 <sup>(1)</sup>	2017	2016 <sup>(1)</sup>	2017
Net (Loss) Income	(\$51.4)	\$14.0	\$11.0	\$30.2	\$5.9	\$24.3
Income tax provision	2.2	14.1	9.1	15.2	5.6	11.9
Interest Expense	25.0	26.6	21.5	15.2	10.4	7.8
Interest Income	-	(0.1)	(0.3)	(1.3)	(0.1)	(0.8)
Depreciation and Amortization	30.7	32.4	30.5	35.4	15.4	19.1
<b>EBITDA</b>	6.5	87.0	71.8	94.7	37.2	62.3
Retirement benefit expense, net	18.3	33.8	20.6	18.0	10.3	9.0
Unusual items	51.1	-	0.2	(0.9)	-	(1.3)
<b>Adjusted EBITDAP</b>	<b>\$75.9</b>	<b>\$120.8</b>	<b>\$92.6</b>	<b>\$111.8</b>	<b>\$47.5</b>	<b>\$70.0</b>

<sup>(1)</sup> Restated to include discontinued operations (Loss) income as component of EBITDA/EBITDAP consistent with 2017 statements.

Adjusted EBITDAP is used to measure our operating performance. We believe that to effectively compare our core operating performance from period to period, the metric should exclude items relating to retirement benefits, significant non-cash expenses, the impacts of financing decisions on earnings, and items incurred outside the ordinary, on-going and customary course of our operations. Retirement benefits are net of cash funding to our pension plan which are recoverable costs under our U.S. government contracts.