



Q4 2018 Earnings Call Presentation

January 24, 2019

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

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 2018 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 2018

	Q4 2018	Q4 2017
Revenues	\$3.8B	\$4.0B
Segment Profit	\$397M	\$360M
EPS from Continuing Operations	\$1.02	\$(0.40)
Adjusted EPS from Continuing Operations*	\$1.15	\$0.74
Manufacturing Cash Flow Before Pension Contributions*	\$284M	\$477M
Pension Contributions	\$15M	\$20M

*Adjusted EPS from continuing operations 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 2018

	Full-Year 2018	Full-Year 2017
Revenues	\$14.0B	\$14.2B
Segment Profit	\$1,267M	\$1,169M
EPS from Continuing Operations	\$4.83	\$1.14
Adjusted EPS from Continuing Operations*	\$3.34	\$2.45
Manufacturing Cash Flow Before Pension Contributions*	\$784M	\$872M
Pension Contributions	\$52M	\$358M

*Adjusted EPS from continuing operations 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

<i>(\$ amounts in millions)</i>	Full-Year 2018	Full-Year 2017
Cash	\$1,107	\$1,262
Finance Group Debt	718	824
TXT Mfg. Group Debt	3,066	3,088
Total Debt	3,784	3,912
Net Debt	\$2,677	\$2,650

Q4 2018 Revenue Growth

	Revenue Growth	Divestiture Impact	Organic Growth	FX Impact Un(Fav)	Organic Growth Before FX
Textron Aviation	11.6%	-	11.6%	-	11.6%
Bell	(15.9%)	-	(15.9%)	-	(15.9%)
Textron Systems	(29.4%)	-	(29.4%)	-	(29.4%)
Industrial	(11.5%)	11.1%	(0.4%)	1.5%	1.1%
Manufacturing	(6.7%)	3.1%	(3.6%)	0.3%	(3.3%)
Finance	20.0%	-	20.0%	-	20.0%
Total Segments	(6.6%)	3.1%	(3.5%)	0.3%	(3.2%)

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 2018 are primarily recognized as costs are incurred while revenues for 2017 were primarily recognized as units were delivered.

Finance Segment Key Statistics

<i>(\$ amounts in millions)</i>	<u>Q4 2018</u>	<u>Q3 2018</u>
60+ Delinquency	\$14	\$41
Non-accrual	\$40	\$44
Finance Receivables	\$789	\$815
Shareholders' Equity	\$191	\$186

Outlook – Full Year 2019

EPS from Continuing Operations	\$3.55 - \$3.75
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 2019

Segment	Revenue	Profitability
Textron Aviation	~\$5.5B	~10.0%
Bell	~\$3.2B	~12.5%
Textron Systems	~\$1.4B	~9.0%
Industrial	~\$3.8B	~7.0%
Finance	~\$60M	~\$20M

Pension Outlook – Full Year 2019

	<u>2019E</u>	<u>2018</u>
Discount Rates	4.35%	3.75%
Total Pension Income/(Cost)	~\$10M	~\$(33M)
Assumed Long-Term Rate of Return	7.75%	7.75%
Pension Contributions	~\$50M	\$52M

Outlook – Full Year 2019

<i>(\$ amounts in millions)</i>	<u>2019E</u>	<u>2018</u>
Research & Development	~\$620	\$643
<i>% of Mfg Revenues</i>	<i>4.5%</i>	<i>4.6%</i>
CapEx	~\$380	\$369
Depreciation	~\$380	\$358

Outlook – Full Year 2019

<i>(\$ amounts in millions)</i>	<u>2019E</u>	<u>2018</u>
Corporate Expenses	~\$140	\$119
Interest Expense, net for Manufacturing Group	~\$145	\$135
Income Tax Rate (from continuing operations)	~20.0%	16.6%



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