



Leonardo DRS Combination with RADA

Investor Discussion

August 10, 2022

FORWARD-LOOKING STATEMENTS AND INFORMATION

This presentation includes certain forward looking statements and forward looking information within the meaning of the United States Private Securities Litigation Reform Act of 1995 or the Israeli Securities Law, 1968 (as applicable) (collectively, “FLI”) to provide Leonardo DRS, Inc. (“DRS”) and RADA Electronics Industries Ltd. (“RADA”) stockholders with information about DRS, RADA and their respective subsidiaries and affiliates. FLI is typically identified by words such as “anticipate”, “expect”, “project”, “estimate”, “forecast”, “plan”, “intend”, “target”, “believe”, “likely”, “seek”, “aim”, “project” and similar words suggesting future outcomes or statements regarding an outlook. All statements other than statements of historical fact may be FLI. In particular, this presentation contains FLI pertaining to, but not limited to, information with respect to the following: the transaction and its potential benefits; future business prospects and performance; future returns; cash flows and enhanced margins; synergies; and leadership and governance structure.

Although we believe that the FLI is reasonable based on the information available today and processes used to prepare it, such statements are not guarantees of future performance and you are cautioned against placing undue reliance on FLI. By its nature, FLI involves a variety of assumptions, which are based upon factors that may be difficult to predict and that may involve known and unknown risks and uncertainties and other factors which may cause actual results and outcomes to differ materially from those expressed or implied by the FLI, including, but not limited to, the following: the occurrence of any event, change or other circumstances that could give rise to the right of one or both of the parties to terminate the merger agreement; the timing and completion of the transaction, including receipt of regulatory approvals and RADA stockholder approval and the satisfaction of other conditions precedent; the realization of anticipated benefits and synergies of the transaction and the timing thereof; the success of integration plans; the risk that any announcements relating to the proposed transaction could have adverse effects on the market price of RADA; the focus of management time and attention on the transaction and other disruptions arising from the transaction; the volatility of the international marketplace; DRS’s anticipated public listing on the NASDAQ and Tel-Aviv Stock Exchange upon the anticipated closing of the transaction; potential adverse reactions or changes to business, government or employee relationships, including those resulting from the announcement or completion of the transaction; general U.S., Israeli and global social, economic, political, credit and business conditions; changes in laws, regulations and government policies; changes in taxes and rates; customer, stockholder, regulatory and other stakeholder approvals and support; material adverse changes in economic and industry conditions; the pandemic created by the outbreak of COVID-19 and resulting effects on economic conditions; the ramifications of the Russia-Ukraine conflict, and other risks and uncertainties listed in DRS’s or RADA’s filings with the SEC, including under the heading “Risk Factors” in DRS’s most recently filed Annual Report on Form 10-K as such risk factors may be amended, supplemented or superseded from time to time by other filings with the SEC and under the heading “Risk Factors” in RADA’s most recently filed Annual Report on Form 20-F as such risk factors are amended, supplemented or superseded from time to time.

We caution that the foregoing list of factors is not exhaustive and is made as of the date hereof. Additional information about these and other assumptions, risks and uncertainties may be found in reports and filings by DRS and RADA with the U.S. Securities and Exchange Commission, including any prospectus, registration statement or other documents to be prepared or furnished in connection with the transaction. Due to the interdependencies and correlation of these factors, as well as other factors, the impact of any one assumption, risk or uncertainty on FLI cannot be determined with certainty.

Except to the extent required by law, DRS and RADA assume no obligation to publicly update or revise any FLI, whether as a result of new information, future events or otherwise. All FLI in this presentation is expressly qualified in its entirety by these cautionary statements.



ADDITIONAL INFORMATION ABOUT THE TRANSACTION AND WHERE TO FIND IT

DRS has filed with the U.S. Securities and Exchange Commission (SEC) a registration statement on Form S-4 with the SEC on August 3, 2022, which includes a prospectus of and certain other documents in connection with the transaction. DRS and RADA may also file or furnish with the SEC other documents regarding the transaction.

SHAREHOLDERS OF RADA ARE URGED TO READ THE PROSPECTUS AND ANY OTHER DOCUMENTS FILED OR TO BE FILED WITH THE SEC IN CONNECTION WITH THE TRANSACTION WHEN THEY BECOME AVAILABLE, AS THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT DRS, THE TRANSACTION AND RELATED MATTERS. The registration statement and prospectus and other documents filed or furnished by DRS and RADA with the SEC, will be available free of charge at the SEC's website at www.sec.gov. Alternatively, stockholders will be able to obtain free copies of the registration statement, prospectus and other documents which have been or will be filed or furnished with the SEC by DRS by contacting DRS at +1 877-538-0912 or 2345 Crystal Drive Suite 1000 Arlington, Virginia 22202.

NO OFFER OR SOLICITATION

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About Leonardo DRS, Inc.

Leonardo DRS is a defense solutions provider, a leading technology innovator, and supplier of integrated products, services and support to military forces, the intelligence community and defense contractors worldwide. The company is organized into Advanced Sensor and Computing and Integrated Mission Systems segments. Headquartered in Arlington, Virginia, Leonardo DRS is a wholly owned subsidiary of Leonardo S.p.A. See the full range of capabilities at www.LeonardoDRS.com and on Twitter [@LeonardoDRSnews](https://twitter.com/LeonardoDRSnews).

About RADA Electronics Industries Ltd.

RADA is a global defense technology company focused on proprietary radar solutions and legacy avionics systems. The Company is a leader in mini-tactical radars, serving at high-growth markets which include active military protection (SHORAD, C-RAM), counter-UAS missions, critical infrastructure protection and border surveillance.

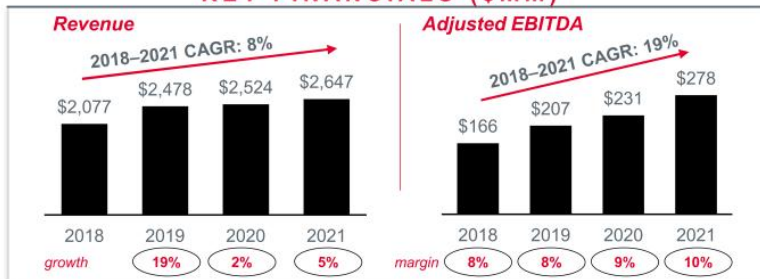


DRS – OVERVIEW

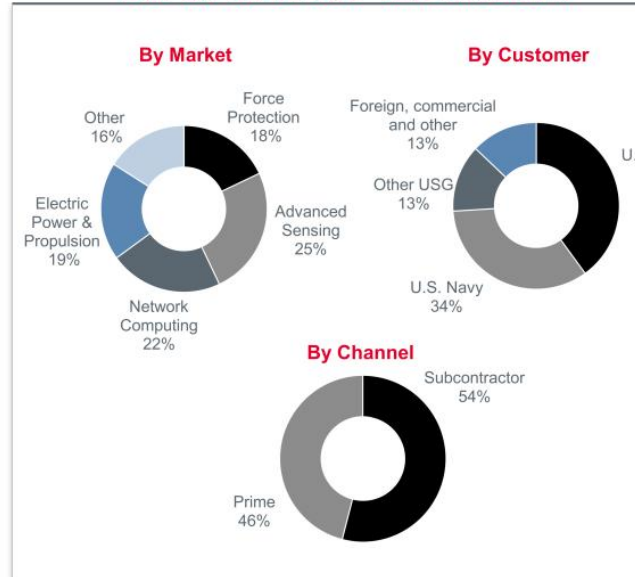
BUSINESS OVERVIEW

- Leading provider of advanced defense electronics products and technologies shaping the future battlefield for the U.S. military
- Strong technology portfolio and large installed base across the Army & Navy
- Top mid-tier position provides agility to respond to customer needs, and a lean cost structure
- Market leader in Force Protection, Advanced Sensing, Network Computing and Electric Power & Propulsion markets
- Core markets are platform neutral and growing faster than the overall U.S. defense budget

KEY FINANCIALS (\$mm)¹














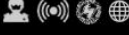

















2021A REVENUE BREAKDOWN¹



Note: Please refer to the appendix for reconciliations to GAAP metrics: "Other" revenue by market related to pilot training systems, flight recorders, logistics equipment (cargo handlers / loaders, fuel systems, etc.) and commercial markets; ¹ Historic financial information adjusted for previously announced divestitures. See the appendix.



DRS – LARGE INSTALLED BASE ACROSS DIVERSITY OF PLATFORM, DOMAINS AND PRIMES

DOMAIN / SOLUTIONS		KEY PLATFORM POSITIONS			DRS HIGHLIGHTS
	SUBMARINES 				✓ Sole-source position on integrated propulsion systems for entire Columbia Class fleet
	SURFACE SHIPS 				✓ DRS content on nearly 100% of U.S. Navy Combatant Vessel Fleet
	GROUND VEHICLES 				✓ Mission command computing system on nearly all Army ground vehicle
	DISMOUNTED WARFIGHTER 				✓ 20+ year incumbency on dismounted soldier systems
	AIRCRAFT 				✓ Infrared countermeasure capabilities driving strong positions on U.S. Army programs of record and next generation navy systems
 Advanced sensing  Network computing  Force protection  Electric power & propulsion					



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DRS OF TODAY – FRANCHISE POSITIONS ACROSS RAPIDLY GROWING SEGMENTS OF THE U.S. DEFENSE MARKETS

KEY MARKETS	ANNUAL MARKET SIZE ²	GROWTH OUTLOOK ^{2,3}	FRANCHISE DRS POSITIONS
 Advanced Sensing <i>25% revenue¹</i>	 \$7.6bn	 +5%	<ul style="list-style-type: none">  3rd Generation Infrared Sensing  Joint effects targeting system 
 Network Computing <i>22% revenue¹</i>	 \$3.3bn	 +4%	<ul style="list-style-type: none">  Mounted family of computer systems  Naval comprehensive display systems 
 Force Protection <i>18% revenue¹</i>	 \$3.1bn	 +4%	<ul style="list-style-type: none">  M-SHORAD short range air defense  SH-60 aircraft protection system (DAIRCM) 
 Electric Power & Propulsion <i>19% revenue¹</i>	 \$5.2bn	 +10%	<ul style="list-style-type: none">  Columbia class electric power and propulsion  Patriot battery on board vehicle power 

Note: Remaining 16% of revenue related to pilot training systems, flight recorders, logistics equipment (cargo handlers / loaders, fuel systems, etc.) and commercial markets. ¹ Historical financial information adjusted for previously announced divestitures in the appendix. ² Per third-party research and DRS management estimates for FY 2022 funding; ³ Projected FY 22 – 26 CAGR



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DRS AN EVOLUTION OF SUCCESS

A Legacy of Performance – A Foundation for Growth

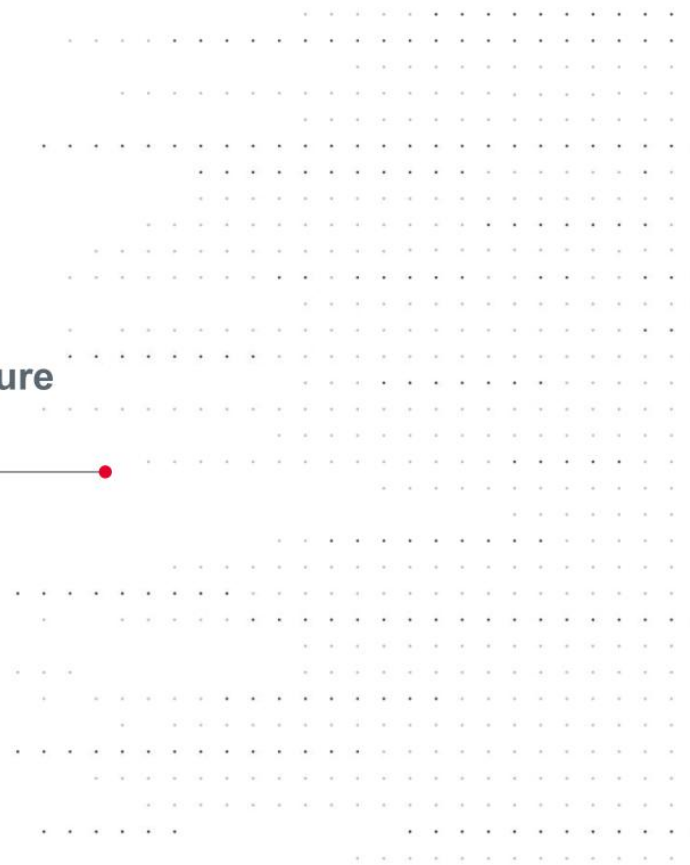


* Includes GES





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DRS Revenue Over TI

Leading Technologies – Driving the Future



DRS OF TOMORROW – KEY GROWTH DRIVERS THAT ARE SHAPING THE BATTLEFIELD OF THE FUTURE

CAPABILITY	DRIVERS OF CAPABILITY NEED	DRS OPPORTUNITY
 Integrated Sensing	<ul style="list-style-type: none"> • JADC2, requires integration of sensing and connectivity • As a result, Future Army, USMC, USAF and Naval platforms require increased sensing capabilities 	<ul style="list-style-type: none"> ✓ Integrated sensing, communications, and computing to make sense of the battlefield
 Space Sensing	<ul style="list-style-type: none"> • Hypersonic threats driving new space sensing requirements • Space Force Architecture includes LEO constellations with frequent sensor upgrades to address evolution of threats 	<ul style="list-style-type: none"> ✓ Multiple new satellite Constellations plan IR Sensing at LEO and MEO Orbits RF & Optical Communications at LEO Orbits
 Short Range Air Defense	<ul style="list-style-type: none"> • Proliferation of Weaponized Drone Technology • Increased demand signals in current geopolitical environment • Proliferation of rocket, artillery and mortars 	<ul style="list-style-type: none"> ✓ Multi-billion short-range air defense opportunities identified in the U.S. and globally¹ ✓ Counter-unmanned aerial systems opportunities
 Electrification	<ul style="list-style-type: none"> • Increased Power flexibility needs for Sensing, Computing, Directed Energy Weapons • Increased acoustic performance requirements • Focus on China and Russia threats 	<ul style="list-style-type: none"> ✓ \$300mm annual Columbia Class incumbent through 2032¹ ✓ \$6bn electrification opportunity across new ship classes including DDGx and SSN¹

New / Adjacent Markets – Fostering Phase II of Above Market Growth

¹ DRS management estimate



ELECTRIFICATION OF THE NAVY

COLUMBIA ELECTRIC PROPULSION DEVELOPMENT CREATING MARKET DISCRIMINATOR

The Benefits of Electric Propulsion

- ✓ Longer Endurance
- ✓ Higher Efficiency & Lower Maintenance
- ✓ 'Surge Power' Capabilities
- ✓ Noise / Acoustic

The Opportunity for Electric Propulsion

- ✓ Surveillance Ships
- ✓ Next Gen Attack Submarine
- ✓ Surface Ships
- ✓ Korean KDD(X)



\$6 Billion Market Potential for Electric Propulsion



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SHORT RANGE AIR DEFENSE – PROTECTING AGAINST TODAY’S THREATS

Our emerging Initiatives derive from the evolving threat environment...

Different battlefields...
Different adversaries
Different threats...



Armed UAS



Aerial Loitering Munitions



ATGM Proliferation



Inadequate Vehicle Protection



Nimble ATGM Capability

CURRENT FORCE PROTECTION COLLABORATION

- RADA tactical radars are the “eyes” of DRS’ force protection solution on the Stryker M-SHORAD platform
- The conflict in Ukraine highlights the need for Short-Range Air Defense solutions, which are now one of global defense industry’s highest priorities



LEONARDO
System designer and integrator of M-SHORAD force protection system

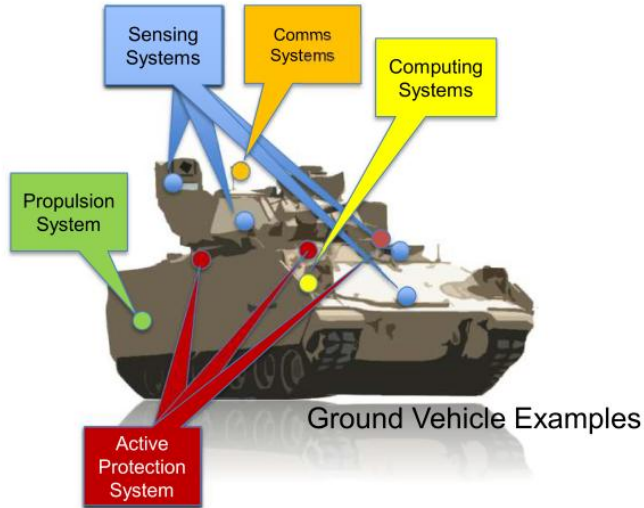
RADA
Provides advanced tactical radars (MHR) critical to force protection provided by DRS



INTEGRATED SENSING – EFFICIENCY IN DECISION MAKING

CURRENT SYSTEMS ARE FEDERATED & CLOSED

Each system is aligned to a Soldier in the platform



Ground Vehicle Examples

Information is selectively shared

FUTURE COLLABORATION OPPORTUNITIES

- Current sensing, communications, propulsion and computing systems are federated and aligned to individual soldiers
- Combination provides combined company with **enhanced ability to provide differentiated, integrated solutions to warfighters**

FUTURE AUTONOMOUS VEHICLE



LEONARDO DRS

+
RADA

System designer and integrator of an integrated solution for warfighter



SPACE SENSING – THE NEXT GENERATION OF MISSILE DEFENSE

Low Earth Orbit Satellites (LEOs) & Hypersonic Missiles are changing the space sensing market

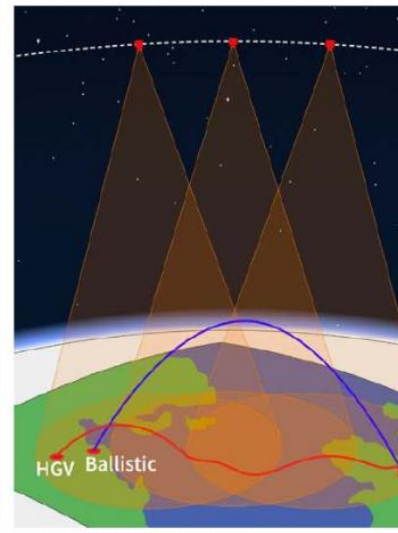
DRS to Play a Critical Role in Missile Detection
 ✓ Marketing Leading Size, Weight and Power sensing advantages leading DRS to penetrate space payload market

Figure 9: Defense-Wide Missile Defense Space Programs, 2016-2025



SDA is now the majority of the DoD space market, growing to \$2B/year over the next few years.

Figure 14: Space-Based Sensors Enable Low Altitude Target Tracking



Source: CSIS Missile Defense Project

*Appropriated dollars **Based on 2021 budget ***No FYDP data released
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Combined Company Financials



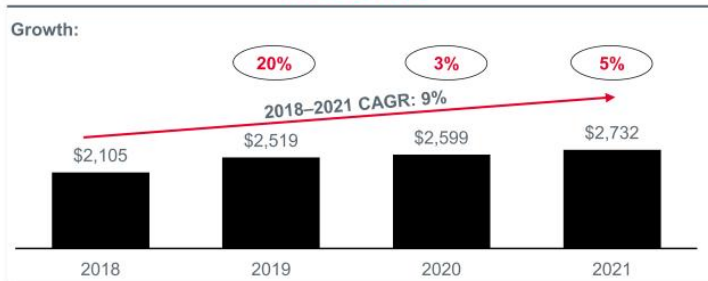
Table with multiple columns and rows of data, represented by a grid of dots. A red dot is visible on the horizontal line below the header.



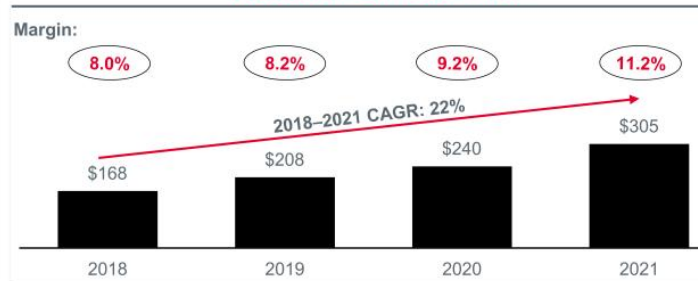
COMBINED HISTORICAL FINANCIALS

(EXCLUDING PREVIOUSLY ANNOUNCED DIVESTITURES, \$MM)

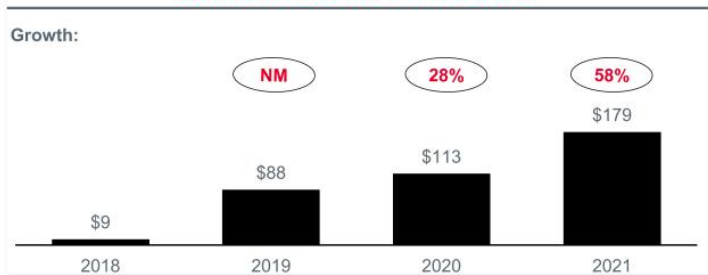
REVENUE¹



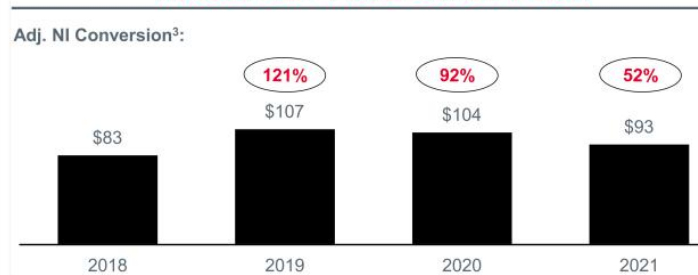
ADJUSTED EBITDA²



ADJUSTED NET INCOME²



ADJUSTED FREE CASH FLOW²



Note: Please refer to the appendix for reconciliations to GAAP metrics; ¹ Combined revenue has been adjusted for intercompany eliminations; ² Combined Adjusted EBITDA, Adjusted Net Income and Adjusted Free Cash Flow represent the sum of EBITDA, Net Income or Adjusted Net Income and Free Cash Flow or Adjusted Free Cash Flow, respectively, of RADA and DRS; ³ Defined as Adjusted Free Cash Flow Divided by Adjusted Net Income



Valuation Enhancement Opportunity



Value Enhancement Opportunity

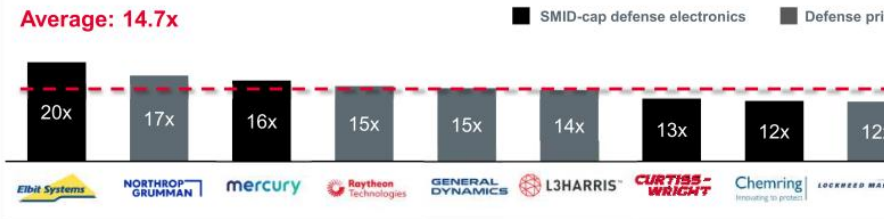
RADA IMPLIED VALUATION

DRS 2021A EBITDA	\$278	
DRS contribution multiple	12.0x	14.0x
DRS TEV	\$3,336	\$3,892
(-) DRS 3/31/22A Net Debt	(263)	
DRS Equity Value	\$3,073	\$3,629
(/) DRS PF Ownership	80.5%	
PF Combined Equity Value	\$3,817	\$4,508
(x) RADA PF Ownership	19.5%	
RADA Implied Equity Value	\$744	\$879
(/) FDSO	52.0	52.4
RADA Implied Share Price	\$14.33	\$16.77
vs. 08/04/22 share price of \$10.48	37%	60%

DEAL ECONOMICS OVERVIEW

- ✓ Illustratively, assuming a 12x multiple on DRS 2021 EBITDA results in an enterprise value of ~\$3.3bn and equity value of ~\$3.1bn
- ✓ Since DRS will own 80% of the combined business, this implies a ~\$3.8bn equity value for the combined company and an equity value for RADA of \$744mm or \$14.33 / share
- ✓ We view 12x as a conservative multiple, with comparable SMID-cap defense electronics and defense primes trading at an average of ~15x 2021 EBITDA
- ✓ Assuming the combined company executes on its medium-term targets and achieves a low mid teens TEV / EBITDA multiple, there is material upside in RADA's share price from current levels

TEV / 2021A EBITDA



Note: Peer data per Factset as of 08/04/2022

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GAAP RECONCILIATIONS



RADA RECONCILIATIONS

Adjusted EBITDA

(US dollars in millions)	2018	2019	2020	2021	2021 Q1	2022 Q1	L1
Net income (loss)	(\$0.2)	(\$2.3)	\$5.6	\$25.1	\$3.8	(\$0.7)	\$21
Tax expense	0.0	0.0	0.0	(4.9)	0.0	(0.2)	(5)
Financial expense (income), net	0.3	0.2	(0.2)	0.2	(0.2)	(0.0)	0
Depreciation	0.8	1.2	2.3	3.7	0.8	1.2	4
Employee option compensation	0.9	1.1	1.4	3.0	0.5	0.9	3
Other non-cash amortization	0.0	0.1	0.5	0.2	0.0	0.1	0
Adjusted EBITDA	\$1.8	\$0.4	\$9.7	\$27.3	\$4.8	\$1.3	\$21

Free Cash Flow

(US dollars in millions)	2018	2019	2020	2021
Net cash provided by (used in) operating activities	(\$3.9)	(\$3.5)	\$3.6	(\$4.4)
Purchase of property, plant and equipment	(0.9)	(4.1)	(4.9)	(6.2)
Construction in process	(0.3)	(0.5)	(0.1)	0.0
Consideration from fixed asset sale	0.3	0.0	0.0	0.0
Free cash flow	(\$4.8)	(\$8.0)	(\$1.3)	(\$10.5)



LEONARDO DRS RECONCILIATIONS

Revenue (Adjusted for Previously Announced Divestitures)

(\$ in millions)	2018	2019	2020	2021
Total revenues	\$2,333	\$2,714	\$2,778	\$2,879
Less divestiture impact	\$256	\$236	\$254	\$232
Revenue less divestitures	\$2,077	\$2,478	\$2,524	\$2,647

Adjusted EBITDA

(\$ in millions)	2018	2019	2020	2021	2021 Q1	2022 Q1	LTM
Net earnings	(\$10)	\$75	\$85	\$154	\$28	\$36	\$162
Income tax provision	(7)	20	27	46	13	12	46
Amortization of intangibles	93	9	9	9	2	2	9
Depreciation	35	42	44	49	12	13	50
Restructuring costs	14	20	12	5	0	0	5
Interest expense	58	65	64	35	9	8	34
Deal related transaction costs	0	0	9	5	4	2	3
Foreign exchange	3	0	1	1	0	0	1
COVID-19 response costs	0	0	12	6	3	0	3
Non-service pension expense	1	3	5	0	0	0	0
Adjusted EBITDA	\$187	\$234	\$268	\$310	\$71	\$73	\$312
Less divestitures:							
Net earnings	15	20	28	22	4	4	22
Income tax provision	5	6	8	7	1	1	6
Depreciation	1	1	1	3	1	0	2
Adjusted EBITDA less divestitures	\$166	\$207	\$231	\$278	\$64	\$68	\$281



LEONARDO DRS RECONCILIATION (CONT'D)

Adjusted Net Income

(\$ in millions)	2018	2019	2020	2021
Net earnings (loss)	(\$10)	\$75	\$85	\$154
Deal related transaction costs	0	0	9	5
Covid-19 response costs	0	0	12	6
Adjusted net income	(\$10)	\$75	\$106	\$165
Less divestiture impact	15	20	28	22
Adjusted net income excluding divestitures	(\$25)	\$55	\$77	\$143
Third party debt interest adjustment	44	46	44	15
Less Tax Impact	10	11	14	5
Adjusted net income less divestitures	\$9	\$91	\$107	\$153

Adjusted Free Cash Flow

(\$ in millions)	2018	2019	2020	2021
Net cash provided by operating activities	\$105	\$157	\$125	\$178
Less capital expenditures, net	40	55	56	60
Proceeds from sale of assets	0	8	5	0
Free cash flow	\$65	\$110	\$74	\$118
Less divestitures	10	30	19	34
Free cash flow less divestitures	\$54	\$80	\$56	\$84
Third party debt interest adjustment	44	46	44	15
Deal related transaction costs	0	0	9	5
Covid-19 response costs	0	0	12	6
Less Tax Impact	10	11	15	6
Adjusted free cash flow less divestitures	\$88	\$115	\$105	\$104



COMBINED COMPANY RECONCILIATIONS

Combined Revenue (Adjusted for Previously Announced Divestitures)

(S in millions)	2021
Total Revenues	
Leonardo DRS	\$2,647
RADA	117
Elimination Intercompany	(31)
Combined Revenue	\$2,733

March 31, 2022 Net Financial Debt

(S in millions)	Leonardo DRS	RADA	Combined
Intercompany with Parent	\$ 367	\$ 0	\$ 367
Finance leases and other	164	0	164
Short term borrowings	9	0	9
Total Debt	\$540	\$0	\$540
Less Finance leases and other	164	0	164
Less Cash and cash equivalents at the end of period	113	66	179
Net Financial Debt	\$263	(\$66)	\$197



COMBINED COMPANY RECONCILIATIONS

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