

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): April 27, 2023

TEXTRON INC.

(Exact name of Registrant as specified in its charter)

1-5480

(Commission File Number)

05-0315468

(IRS Employer
Identification Number)

Delaware
(State of
Incorporation)

40 Westminster Street, Providence, Rhode Island 02903
(Address of principal executive offices)

Registrant's telephone number, including area code: (401) 421-2800

Securities registered pursuant to Section 12(b) of the Act:

Title of each class
Common Stock – par value \$0.125

Trading Symbol(s)
TXT

Name of exchange on which registered
New York Stock Exchange

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instructions A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02 Results of Operations and Financial Condition

On April 27, 2023, Textron Inc. ("Textron") issued a press release announcing its financial results for the fiscal quarter ended April 1, 2023. This press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

A discussion of the reasons why management believes that the presentation of non-GAAP financial measures provides useful information to investors regarding Textron's financial condition and results of operations is attached to the press release attached hereto as Exhibit 99.1.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

The following exhibit is filed herewith:

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press release dated April 27, 2023.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

TEXTRON INC.

(Registrant)

By: /s/ Mark S. Bamford
Mark S. Bamford
Vice President and Corporate Controller

Date: April 27, 2023

TEXTRON

Corporate Communications Department
NEWS Release

Textron Reports First Quarter 2023 Results

- EPS of \$0.92; adjusted EPS of \$1.05
- Net cash from operating activities of \$153 million in the first quarter of 2023
- \$377 million returned to shareholders through share repurchases in the first quarter

Providence, Rhode Island – April 27, 2023 – Textron Inc. (NYSE: TXT) today reported first quarter 2023 net income of \$0.92 per share, as compared to \$0.88 per share in the first quarter of 2022. Adjusted net income, a non-GAAP measure that is defined and reconciled to GAAP in an attachment to this release, was \$1.05 per share for the first quarter of 2023, compared to \$0.97 per share in the first quarter of 2022.

"In the quarter, we saw revenue growth at Aviation, Industrial and Systems," said Textron Chairman and CEO Scott C. Donnelly. "At Bell, we expect to see revenue growth through the remainder of the year following the resolution of the FLRAA contract protest earlier this month, which allowed us to restart work on the program."

Cash Flow

Net cash provided by operating activities of the manufacturing group for the first quarter was \$153 million, compared to \$225 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 \$104 million for the first quarter, compared to \$209 million last year.

In the quarter, Textron returned \$377 million to shareholders through share repurchases.

First Quarter Segment Results

Textron Aviation

Textron Aviation's revenues were \$1.1 billion, up \$109 million from last year's first quarter, reflecting higher pricing of \$58 million and higher volume of \$51 million, which included higher defense and aftermarket volume. Textron Aviation delivered 35 jets in the quarter, down from 39 last year, and 34 commercial turboprops, up from 31 in last year's first quarter.

Segment profit was \$125 million in the first quarter, up \$15 million from a year ago, largely due to favorable pricing, net of inflation, and the impact from higher volume, partially offset by an unfavorable impact from performance.

Textron Aviation backlog at the end of the first quarter was \$6.5 billion.

Bell

Bell revenues in the quarter were \$621 million, down \$213 million from the first quarter of 2022, due to lower military revenues, reflecting lower spares and support volume and V-22 and H-1 production volume.

Bell delivered 22 commercial helicopters in the quarter, down from 25 last year.

Segment profit of \$60 million was down \$31 million from last year's first quarter, largely due to lower volume and mix, partially offset by a favorable impact from performance of \$29 million, reflecting lower research and development costs.

Bell backlog at the end of the first quarter was \$4.6 billion.

Textron Systems

Revenues at Textron Systems were \$306 million, up \$33 million from last year's first quarter, largely reflecting higher volume.

Segment profit of \$34 million was up \$6 million, compared with the first quarter of 2022, primarily due to a favorable impact from performance.

Textron Systems' backlog at the end of the first quarter was \$2.0 billion.

Industrial

Industrial revenues were \$932 million, up \$94 million from last year's first quarter, largely due to higher volume and mix at both Textron Specialized Vehicles and Kautex.

Segment profit of \$41 million was up \$2 million from the first quarter of 2022, primarily due to higher volume and mix and a favorable impact from pricing, net of inflation, principally in the Specialized Vehicles product line, largely offset by an unfavorable impact from performance.

Textron eAviation

Textron eAviation segment revenues were \$4 million and segment loss was \$9 million in the first quarter of 2023, primarily related to research and development costs.

Finance

Finance segment revenues were \$12 million, and profit was \$8 million.

Conference Call Information

Textron will host its conference call today, April 27, 2023 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: 7265882.

In addition, the call will be recorded and available for playback beginning at 11:00 a.m. (Eastern) on Thursday, April 27, 2023 by dialing (402) 970-0847; Access Code: 4732406.

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.

Investor Contacts:

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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)

REVENUES

MANUFACTURING:	
Textron Aviation	
Bell	
Textron Systems	
Industrial	
Textron eAviation (a)	

FINANCE

Total revenues

SEGMENT PROFIT

MANUFACTURING:	
Textron Aviation	
Bell	
Textron Systems	
Industrial	
Textron eAviation (a)	

FINANCE

Segment profit (b)

Corporate expenses and other, net	
Interest expense, net for Manufacturing group	
LIFO inventory provision	
Intangible asset amortization	
Non-service components of pension and postretirement income, net	
Income before income taxes	
Income tax expense	

Net income

Diluted earnings per share

Diluted average shares outstanding

Net income and Diluted earnings per share (EPS) GAAP to Non-GAAP reconciliation

Net income - GAAP

Add: LIFO inventory provision, net of tax	
Intangible asset amortization, net of tax	

Adjusted net income - Non-GAAP (b)

Earnings Per Share:

Net income - GAAP

Add: LIFO inventory provision, net of tax	
Intangible asset amortization, net of tax	

Adjusted net income - Non-GAAP (b)

Three Months Ended	
April 1, 2023	April 2, 2022
\$ 1,149	\$ 1,040
621	834
306	273
932	838
4	—
3,012	2,985
12	16
\$ 3,024	\$ 3,001
\$ 125	\$ 110
60	91
34	28
41	39
(9)	—
251	268
8	9
259	277
(39)	(52)
(17)	(28)
(25)	(12)
(10)	(13)
59	60
227	232
(36)	(39)
\$ 191	\$ 193
\$ 0.92	\$ 0.88
207,011,000	219,607,000

April 1, 2023	April 2, 2022
\$ 191	\$ 193
19	9
8	10
\$ 218	\$ 212
\$ 0.92	\$ 0.88
0.09	0.04
0.04	0.05
\$ 1.05	\$ 0.97

(a) In the second quarter of 2022, we acquired Pipistrel, a manufacturer of electrically powered aircraft and formed a new reporting segment, Textron eAviation. This segment combines the operating results of Pipistrel along with other research and development initiatives related to sustainable aviation solutions.

(b) Segment profit, adjusted net income 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

	April 1, 2023		December 31, 2022
\$	1,719	\$	1,963
	928		855
	3,934		3,550
	949		1,033
	2,505		2,523
	2,289		2,283
	3,416		3,422
	653		664
\$	16,393	\$	16,293
\$	357	\$	7
	1,281		1,018
	2,651		2,645
	1,829		1,879
	2,826		3,175
	441		456
	9,385		9,180
	7,008		7,113
\$	16,393	\$	16,293

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

Cash Flows from Operating Activities:

Net income	
Depreciation and amortization	
Deferred income taxes and income taxes receivable/payable	
Pension, net	
Changes in assets and liabilities:	
Accounts receivable, net	
Inventories	
Accounts payable	
Other, net	

Net cash from operating activities

Cash Flows from Investing Activities:

Capital expenditures	
Net proceeds from corporate-owned life insurance policies	
Proceeds from sale of property, plant and equipment	

Net cash from investing activities

Cash Flows from Financing Activities:

Principal payments on long-term debt and nonrecourse debt	
Purchases of Textron common stock	
Dividends paid	
Other financing activities, net	

Net cash from financing activities

Total cash flows	
Effect of exchange rate changes on cash and equivalents	

Net change in cash and equivalents

Cash and equivalents at beginning of period

Cash and equivalents at end of period

Three Months Ended			
April 1, 2023		April 2, 2022	
\$	185	\$	185
	92		93
	16		17
	(51)		(41)
	(69)		37
	(380)		(176)
	261		38
	99		72
	153		225
	(62)		(48)
	20		2
	—		18
	(42)		(28)
	(2)		(2)
	(377)		(157)
	(4)		(5)
	22		25
	(361)		(139)
	(250)		58
	6		(2)
	(244)		56
	1,963		1,922
\$	1,719	\$	1,978

Manufacturing cash flow GAAP to Non-GAAP reconciliation:

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 (a)

Three Months Ended			
April 1, 2023		April 2, 2022	
\$	153	\$	225
	(62)		(48)
	13		14
	—		18
\$	104	\$	209

(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)

Cash Flows from Operating Activities:
Net income
Depreciation and amortization
Deferred income taxes and income taxes receivable/payable
Pension, net
Changes in assets and liabilities:
Accounts receivable, net
Inventories
Accounts payable
Captive finance receivables, net
Other, net
Net cash from operating activities
Cash Flows from Investing Activities:
Capital expenditures
Net proceeds from corporate-owned life insurance policies
Proceeds from sale of property, plant and equipment
Finance receivables repaid
Other investing activities, net
Net cash from investing activities
Cash Flows from Financing Activities:
Principal payments on long-term debt and nonrecourse debt
Purchases of Textron common stock
Dividends paid
Other financing activities, net
Net cash from financing activities
Total cash flows
Effect of exchange rate changes on cash and equivalents
Net change in cash and equivalents
Cash and equivalents at beginning of period
Cash and equivalents at end of period

Three Months Ended	
April 1, 2023	April 2, 2022
\$ 191	\$ 193
92	93
18	19
(51)	(41)
(69)	37
(380)	(176)
261	38
6	18
95	60
163	241
(62)	(48)
20	2
—	18
12	13
1	43
(29)	28
(17)	(121)
(377)	(157)
(4)	(5)
22	25
(376)	(258)
(242)	11
6	(2)
(236)	9
2,035	2,117
\$ 1,799	\$ 2,126

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:

Segment Profit

Segment profit is an important measure used by our chief operating decision maker for evaluating performance and for decision-making purposes. Beginning in 2023, we changed how we measure our manufacturing segment operating results to exclude the non-service components of pension and postretirement income, net LIFO inventory provision, and intangible asset amortization. This measure also continues to exclude interest expense, net for Manufacturing group; certain corporate expenses; gains/losses on major business dispositions; and special charges. The prior period has been recast to conform to this presentation. The measurement for the Finance segment includes interest income and expense along with intercompany interest income and expense.

Adjusted Net Income and Adjusted Diluted Earnings Per Share

Adjusted net income and adjusted diluted earnings per share exclude special charges, net of tax and gains/losses on major business disposition, 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.

Beginning in 2023, these measures also exclude LIFO inventory provision, net of tax and Intangible asset amortization, net of tax. LIFO inventory provision is excluded to improve comparability with other companies in our industry who have not elected to use the LIFO inventory costing method. Intangible asset amortization is excluded to improve comparability as the impact of such amortization can vary substantially from company to company depending upon the nature and extent of acquisitions and exclusion of this expense is consistent with the presentation of non-GAAP measures provided by other companies within our industry. Management believes that it is important for investors to understand that these intangible assets were recorded as part of purchase accounting and contribute to revenue generation. The prior period has been recast to conform to this presentation.

Net income - GAAP

Add: LIFO inventory provision, net of tax
Intangible asset amortization, net of tax

Adjusted net income - Non-GAAP

Three Months Ended April 1, 2023		Three Months Ended April 2, 2022	
	Diluted EPS		Diluted EPS
\$	191	\$	193
	19		9
	8		10
\$	218	\$	212
	0.92		0.88
	0.09		0.04
	0.04		0.05
	1.05		0.97

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

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

Add: Total pension contributions

Proceeds from sale of property, plant and equipment

Manufacturing cash flow before pension contributions - Non-GAAP

Three Months Ended			
April 1, 2023		April 2, 2022	
\$	153	\$	225
	(62)		(48)
	13		14
	—		18
\$	104	\$	209

Net cash from operating activities - GAAP

Less: Capital expenditures

Add: Total pension contributions

Manufacturing cash flow before pension contributions - Non-GAAP

2023 Outlook			
\$	1,275	\$	1,375
	—		(425)
	50		—
\$	900	\$	1,000