TEXTRON REPORTS FIRST QUARTER 2017 RESULTS

News / Finance, Manufacturer

Textron reported first quarter 2017 income from continuing operations of $0.37 per share or $0.46 per share of adjusted income from continuing operations, a non-GAAP measure that is defined and reconciled to GAAP in an attachment to this release, compared to $0.55 per share in the first quarter of 2016. During this year's first quarter, the company recorded $37 million of pre-tax special charges ($0.09 per share, after-tax).

Revenues in the quarter were $3.1 billion, down 3.4 percent from the first quarter of 2016. Textron segment profit in the quarter was $219 million, down $61 million from the first quarter of 2016.

"Overall, revenues and profit were down in the quarter consistent with our expectations," said Textron Chairman and CEO Scott C. Donnelly. "We are continuing to execute our restructuring plan while maintaining our focus on new product investment and the integration of acquired businesses, all of which will have a positive impact on our long term

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growth outlook."

Cash Flow

Net cash used by operating activities of continuing operations of the manufacturing group for the first quarter totaled $143 million, compared to a use of cash of $148 million in last year's first quarter. Manufacturing cash flow before pension contributions, a non-GAAP measure that is defined and reconciled to GAAP in an attachment to this release, reflected a use of cash of $205 million compared to a use of cash of $222 million during last year's first quarter.

Outlook

As a result of the March 6, 2017 closing of the Arctic Cat acquisition, the company is adjusting its 2017 earnings guidance. The company now expects full-year 2017 GAAP earnings per share from continuing operations in a range of $2.22 to $2.45, or $2.40 to $2.60 on an adjusted basis (non-GAAP), which is reconciled to GAAP in an attachment to this release. This reflects earnings per share dilution of $0.10 per share, consistent with our expectations at the time we announced the transaction. The company also estimates that it will record 2017 full-year Arctic Cat pretax acquisition and restructuring costs of $30 million on the special charges line, which is included in its GAAP guidance range.

The company still expects net cash provided by operating activities of continuing operations of the manufacturing group of $1,045 million to $1,145 million and manufacturing cash flow before pension contributions (the non-GAAP measure) of $650 to $750 million.

First Quarter Segment Results

Textron Aviation

Revenues at Textron Aviation were down $121 million, primarily due to lower military and commercial turboprop volumes.

Textron Aviation delivered 35 new Citation jets, up from 34 jets last year, 12 King Air turboprops compared to 26 in last year's first quarter, and 2 Beechcraft T-6 trainers, down from 9 last year.

Textron Aviation recorded a segment profit of $36 million in the first quarter compared to $73 million a year ago, primarily due to lower volume and mix.

Textron Aviation backlog at the end of the first quarter was $1.0 billion, approximately flat from the end of the fourth quarter.

Bell

Bell revenues were down $117 million, as Bell delivered 27 commercial helicopters compared to 30 units last year, 6 V-22's in the quarter, flat with last year's first quarter and 3 H-1's compared to 10 H-1's last year.

Segment profit was up $1 million despite the decline in revenues, primarily due to improved performance.

Bell backlog at the end of the first quarter was $5.7 billion, up $292 million from the end of the fourth quarter.

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Textron Systems

Revenues at Textron Systems increased $92 million, primarily due to higher volume at Weapons and Sensors and Marine and Land Systems.

Segment profit was down $9 million, due to unfavorable performance at Marine and Land Systems.

Textron Systems' backlog at the end of the first quarter was $1.7 billion, down $113 million from the end of the fourth quarter.

Industrial

Industrial revenues increased $40 million due to the impact of acquisitions and higher volumes at Kautex.

Segment profit was down $15 million, primarily due to unfavorable performance which includes the operating results of Arctic Cat.

Finance

Finance segment revenues decreased $2 million and segment profit decreased $1 million.

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