NORTHROP GRUMMAN, NET EARNINGS INCREASE BY 9% IN 3Q 2015

News / Business aviation, Finance

Northrop Grumman Corporation reported third quarter 2015 net earnings **increased** 9 percent to $516 million, or $2.75 per diluted share, from $473 million, or $2.26 per diluted share in the third quarter of 2014. Third quarter 2015 diluted earnings per share are based on 187.9 million weighted average shares outstanding compared with 209.2 million shares in the prior year period. The company repurchased 5.6 million shares of its common stock for $944 million in the third quarter of 2015. The company has now completed the 60 million share repurchase goal announced in May 2013. As of Sept. 30, 2015, $4.6 billion remained on the company's share repurchase authorizations.

"We continue to position Northrop Grumman for innovation and affordability and remain focused on creating value through our strong performance, outstanding portfolio and value-creating cash deployment. Our opportunity set offers the potential for long-term profitable growth and value creation for our shareholders, customers and employees," said Wes Bush, chairman, chief executive officer and president.

Third quarter 2015 segment operating income declined to $726 million, and segment operating

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margin rate decreased 190 basis points to 12.1 percent. Last year's third quarter results included the benefit of $75 million realized for settlements of certain legal claims and $37 million of additional margin resulting from lower CAS pension cost due to passage of the Highway and Transportation Funding Act of 2014 (HATFA). Operating income increased 3 percent and operating margin rate increased 40 basis points to 13.3 percent due to higher net FAS/CAS pension adjustment and lower unallocated corporate expenses. Last year's third quarter net FAS/CAS pension adjustment was an expense of $20 million due to a $132 million cumulative reduction in 2014 CAS pension expense resulting from the HATFA legislation.

Total backlog as of Sept. 30, 2015, was $35.9 billion compared with $38.2 billion as of Dec. 31, 2014. Third quarter 2015 new awards totaled $4.8 billion, and new awards for the first nine months totaled $15.5 billion.

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