Good morning. I'm Howard Rubel with Jefferies, and I head the aerospace and defense equity research practice. And we have another great company on stage with us. We have Chris Kubasik, who recently was announced to be the new CEO of L3; and Ralph D'Ambrosio, who is the CFO and Senior Vice President. Chris has been the President and COO of L3 for about 2 years, and he joined from Seabury, and prior to that, he had worked at Lockheed for a number of years, rising from being Controller to CFO, to running one of the business units to being President of the company. Ralph’s been, I think since the inception of L3, and started as a Controller and has become CFO. And you've been CFO since, I think 2007. So we have 2 great industry veterans with us, and we're going to do a fireside chat, and talk about the environment and then some of the specifics influencing the opportunities for L3. So thank you, gentlemen, for being here today.

Thank you, Howard.

Thanks, Chris. Maybe the first thing to talk about, let's just talk a little bit about the environment and the budget and how you see it. I mean, Congress has 12 days when it comes back to enact a $1 trillion budget, of which half is defense. So how do you see it playing out?

Well, first of all, we appreciate the opportunity to be here, Howard. And we're seeing an up-cycle in the defense budget. I think by all indications, it's going to be in the mid-single digits. Currently, 4% to 7%, potentially 5%. And we still have the same struggles as a country that we've always had, which is balancing the desire for near-term readiness with the mid- and long-term modernization and investment. And I think where L3 is uniquely positioned is that we actually benefit from both of those categories. About 2/3 of our defense revenues come from the O&M and OCO accounts, mainly in our aerospace group, which is focused on sustainment and modernization, and the rest comes out of the more traditional investment accounts. So it's good to see an up-cycle, and that represents about 70% of L3's revenue. We have about 15% supporting international and foreign governments, and just under 15% in commercial aerospace, which I think is a unique market for L3 and something that differentiates us from a lot of the other companies.

One of the other things that's happening is the -- and there's been a number of items in the armed services committee bills that have talked about reform and change in procurement practices, and as a prime, you see some of it. As a sub, you see some of it, too. So what's the probability you
think some of these actually happen? If they change the bureaucracy, you can end up going to the customers and say, hey, I have lower costs because we've made things -- we've streamlined things. And does that mean more bang for the buck for defense dollars?

Christopher Eugene Kubasik - L3 Technologies, Inc. - President & COO
Yes. I mean, obviously, we're supportive of Chairman Thornberry and McCain and any initiative to streamline the acquisition process. I think it's been well-documented some of the inefficiencies in the procurement process. The ultimate goal here is to serve the men and women in uniform, and we ought to be able to get them the best technologies as soon as possible. So I think with this current administration, it's different than those in the past, and I think there is a potential to possibly make some changes. I know when Secretary Lord gets confirmed and in with her industry expertise, I think she'll bring a fresh look. I think we've all heard about the AT&L position being split into 2 different positions with different goals. I think that will also be good to accelerate the process. So we're in favor of it. I think there's potential and it should be a benefit. And even recently, I think President Trump had an executive order to study the supply chain and industrial base of the industry, which I think could also have benefits for a company like L3 Technologies.

Howard Alan Rubel - Jefferies LLC, Research Division - MD and Senior Equity Research Analyst of Aerospace and Defense Electronics
So let's just talk for one moment, let's switch -- still talking markets, and then we'll talk a little bit more specifics in a moment. There's -- you recently had some big opportunities in Australia with your surveillance platforms. What other ISR opportunities do you see internationally?

Christopher Eugene Kubasik - L3 Technologies, Inc. - President & COO
Yes. I think most of the ISR opportunities would be in the Far East and the Mideast. I think those are kind of the high-growth markets and the opportunities where we have a couple things in the works. And in fact, between now and the end of the year, as we're going to focus on our international growth, which right now is, I guess, Ralph has described historically as lumpy, to now it's flattish, but I think we can do a lot better -- I have 2 different trips to 2 regions of the world where I'm going to go out with our team and try to accelerate growth, reconnect on some relationships and let them know more about L3. So I think over the next couple years, we're going to see much more in the international market.

Howard Alan Rubel - Jefferies LLC, Research Division - MD and Senior Equity Research Analyst of Aerospace and Defense Electronics
Anything -- I mean, you've also taken advantage of a different trend, which is pilot shortages, and you've set up some training operations outside the U.S. You've done some acquisition there. Talk about that for a moment and how the international market would probably provide you with an opportunity in your training business?

Christopher Eugene Kubasik - L3 Technologies, Inc. - President & COO
Okay. We have about a $900 million training business, about 2/3 defense, 1/3, say, $300 million and change in commercial aviation. Again, we are rather creative in that world. We have a cadet program where we basically take people like those of you in the audience, who may have never flown an airplane, and 18 months later, you're landing a Boeing or Airbus aircraft at your local airport. So the cadet training, the simulator business, the schoolhouse concept is rather exciting. We're getting access to C-suites next week. Myself and the team are meeting with a large U.S. airline and talking about our different capabilities. Internationally, in China, earlier this year, we secured an order for some simulators. So I'm very excited about our commercial pilot training program. And in my opening comments, I said about $1.2 billion of our revenue comes from commercial aerospace markets. So not only is that the commercial pilot training I just talked about, it's our airport security business which is about $0.5 billion. We can talk about that if you like. And then also our aviation product business which focuses on flight recorders, displays and sensors, such as the terrain collision avoidance systems. So you add that up, you'd get $1.2 billion. I think it's a high growth market for us. And we've made investments in there, as you said. And it has better than average margins to boot. So very excited about that.
Howard Alan Rubel - Jefferies LLC, Research Division - MD and Senior Equity Research Analyst of Aerospace and Defense Electronics

Actually, I do want to digress for a second here, talk more about some of the aviation products. I mean, you've actually taken share in that space. I mean, what's traditionally known as a black box is actually a big orange box or a big red box, and I think you've got well north of 50% market share in that business. What do you do with it? I mean, there's always changing rules there and regs. And are there other opportunities, either in aircraft connectivity that you can provide to the airlines?

Christopher Eugene Kubasik - L3 Technologies, Inc. - President & COO

That's a great question. We're looking at all those. It is in fact an orange box, and they are getting smaller and smaller. We recently had a very significant order with a major OEM that now has a deployable data recorder. It is kind of an interesting concept that it's so hard to find these things. There have been upgrades where we now have 90-day beacons instead of 30-day beacons. We now record 25 hours of data and voice, which seems significantly longer than your average flight, up from 1.5 hours, so that was probably an overcorrection. But all that's mandated by the FAA. I think the deployable recorder is an interesting concept. It will be a lot easier to find something floating than sinking. And I think on the connectivity, we're looking at various options, both within and outside the fuselage. So it's a solid business and we're doing more and more to cut the cost to make it even more competitive.

Howard Alan Rubel - Jefferies LLC, Research Division - MD and Senior Equity Research Analyst of Aerospace and Defense Electronics

I mean, there should be some interesting -- well, I'm going to digress a little bit further. There's a little bit of -- you've got a great communications business, communications business, and you've got great antenna capability. And so at some point, do you cause these 2 different business units to talk to each other and actually go to market in a little bit of a matrix manner to this particular airline you're using, say, hey, we have broad portfolio of solutions for some of your problems.

Christopher Eugene Kubasik - L3 Technologies, Inc. - President & COO

Yes, that's spot on. And one of the things I spent a lot of my time on in the last 2 years is working on the internal collaboration. L3 is 20 years old. We grew from over 160 acquisitions. And getting the different capabilities known and understood and as we call bundling our services into offerings not only to the commercial airlines but to the military customers, either directly or to the primes, has been something that we've been focusing on. And it's being met with great success. And the 4 gentlemen that run our groups that report directly to me are very collaborative, and we have a fun environment. We're working very well together. And I think you're going to see some big things. I think a good example is one of the larger opportunities known as SOF GLSS, which we expect to hear next week, that I'm sure everybody is aware of. But as we were reviewing that a year ago, actually 4 different L3 entities were approached by different companies wanting us to be on their team. So as Ralph and Mike and I reviewed this, we had the opportunity to get 10 or 20% of every bid. And then when we looked at our capabilities, across the board, we decided to prime and said, we think, we have the capabilities, the know-how and the experience to go after this $8 billion opportunity, winner take all. And we're going to prime and I expect us to win next week and I think it'll be an exciting day for L3.

Howard Alan Rubel - Jefferies LLC, Research Division - MD and Senior Equity Research Analyst of Aerospace and Defense Electronics

That's pretty neat. Definitely. And I wish you could say more about it, but you'll have to just wait and see until the envelopes show. We'll just look at the contract award announcement.

Christopher Eugene Kubasik - L3 Technologies, Inc. - President & COO

I think August 16. Hopefully, we'll find out.
Howard Alan Rubel - Jefferies LLC, Research Division - MD and Senior Equity Research Analyst of Aerospace and Defense Electronics

All right. Well, that’s great to hear. It’s good that things are staying on track because, occasionally, things don’t and -- but that’s encouraging and good luck on that. And then, while we’re talking about that, you have another opportunity or a lovely recompete opportunity with Fort Rucker and the helicopter business, and I mean, you and Ralph have both been very careful to say, look, we’re going to do the best thing we can for the customer and the shareholder and we’re going to provide -- we have the best knowledge and understanding of that -- of how to serve the army in that training environment but that doesn’t necessarily mean you win. So talk a little bit about the dynamics there and how you -- and maybe, Ralph, for a second, you can talk about how you thought about managing the risk profile?

Christopher Eugene Kubasik - L3 Technologies, Inc. - President & COO

Yes. Let me just make a few comments. I mean, it’s both a blessing and a curse to be the incumbent because we’ve had this contract for 10 years, so we know what we’re doing. The mission availability rates are at an all-time high, we know what it costs. There’s been a surge in flight hours. So compared to our competitors, I think it’s a little easier to put together a bid because we know what to bid and we decide what kind of profit margin we want and we submitted that. So when you have great past performance, great customer relationship, you know what you’re doing, and luckily, this RFP is best value, which is better than lowest price technically acceptable LPTA. It gives the customer the opportunity if they view this as an important mission, which it is, to select a company like L3 who’s got a great track record, who’s been on time and continues to improve its performance. So again, we’ve submitted that one. I think the due date for that announcement is September. And I’ll let Ralph give a little more color on some of the financial implications, whether we win or lose that.

Ralph G. D’Ambrosio - L3 Technologies, Inc. - Senior VP & CFO

Sure. So I think you all know by now that it’s about $450 million of annual sales for us. So obviously, we want to retain that contract. And in terms of our guidance for this year, any outcome on that recompetition is not going to impact any of our guidance financial metrics. However, I did note that if we were to lose the contract, we would, in all likelihood, incur a goodwill impairment charge for the Vertex Aerospace unit, which has that contract. And our guidance does not contemplate any type of noncash goodwill impairment charges.

Howard Alan Rubel - Jefferies LLC, Research Division - MD and Senior Equity Research Analyst of Aerospace and Defense Electronics

It is noncash and...

Howard Alan Rubel - Jefferies LLC, Research Division - MD and Senior Equity Research Analyst of Aerospace and Defense Electronics

Yes, it’s noncash. It’s just a -- it’s an accounting entry at the moment and we’ll just leave it at that. But I think it’s important that we understand that if something unfortunate happens, that you have to read the second line in the paragraph and not the first line because it’ll be misleading outcomes. So I appreciate the disclosure, and I think that’s very important for us to understand that. Let’s go back. You’re now CEO, Chris.

Christopher Eugene Kubasik - L3 Technologies, Inc. - President & COO

Not until January 1.

Howard Alan Rubel - Jefferies LLC, Research Division - MD and Senior Equity Research Analyst of Aerospace and Defense Electronics

I mean, but -- so I mean, you worked -- the 3 of you work hand-in-glove, you’ve fashioned a strategy. So I mean, I suspect that there’s been an evolution that will happen on January 2, it won’t be a revolution because people know where you’re coming from and there’s demonstrated success with this approach. So maybe elaborate a little bit more on this, Chris?
Christopher Eugene Kubasik - L3 Technologies, Inc. - President & COO

Yes. I'm highly confident that it's going to be a seamless transition. When I got here, it was just a great environment and culture, and I'm a big believer that cultures make a company. And I was thinking back on this morning, I can't believe I've been working for 35 years, and this is probably the most fun I've had. I mean, there's just a lot of energy, there's a lot of agility, there's a lot of entrepreneurial spirit. And we move at a quick pace, we make decisions and we move on, and I think that's what's fun about L3, and maybe it's unique and different. So a little more than 1 year ago, we rolled out a concept of disciplined growth as kind of our mantra for what our strategy is, and we're trying to grow organically. And I talked about what we're doing and I think we're one of the few companies that has increased its R&D spend year-over-year. We're very focused on these 2 broad markets: being defense, both domestic and international; and commercial aerospace through to the 3 divisions that I highlighted that are over $1 billion. And maybe, what's different and unique is M&A is a core competency at L3, as I mentioned. We've done over 160. I've personally done a bunch over my 35 years. And we're going to be more acquisitive. We've made 7 acquisition since I've been here, totaling just under $600 million of cost to us, 3 this year alone. I think a couple international, a couple in security and detection, a couple in commercial aerospace, a couple in the undersea market. So they're very focused. They make sense financially. Some are nearer-term, some are longer-term investments. And we're going to continue. And that is our plan we wake up every morning, we're predisposed to growing. So we're going to grow organically, we're going to grow inorganically, and that's going to be the primary use of our cash. We're not against continuing to buy shares, but that will not be the first use of our cash. I think we've demonstrated that. I think people understand that and it's been well-received, as of today. We probably have 20 potential acquisitions in our pipeline, probably 3 or 4 actually get done because they're in various stages. And I've said before and I'll say again, we want to protect our investment credit rating and that still allows us to do up to $1 billion of acquisitions a year. And these can vary in any size, they've been in tens of millions, hundreds of millions, but I have no problem doing 2 at $500 million, or 10 at $100 million, whatever makes sense strategically. We have to have a concept of operations as to what we're going to do with them, how we're going to integrate them, how we're going to manage them. And they have to have the appropriate financial results. So it's kind of exciting, it's unique, I don't think there's a lot of people playing in this market. The nice thing is there are so many companies that are so large that they don't even look at these $100 million or $200 million deals, so we kind of like where we are on the M&A side. I'll let Ralph maybe chime in. He's been here for all 20 years, but that's what we're going to and that's what we've started to do and I don't expect that to change on January 2.

Ralph G. D'Ambrosio - L3 Technologies, Inc. - Senior VP & CFO

Thanks, Chris. I think Howard, you know that one of the key elements of our M&A has been to build out and strengthen our core business areas, and we did that again last year and this year with the acquisitions that we've made in the simulation and training area and the commercial, in the undersea warfare and also adding to our security and detection business. So I think that's something we want to continue to do. And one of the hallmarks of our M&A activity is that we are very disciplined on price, and patient, and wait for opportunities to rise and others we go out and actively seek. But we always make sure that we don't overpay, and that we do things that create value for the shareholders and have good economic return on the investment. That's not going to change and you're going to see a lot more of that.

Christopher Eugene Kubasik - L3 Technologies, Inc. - President & COO

I'll just chime in there as I think about it. I think we're in a unique position because a lot of people will approach L3. And I think of 2 acquisitions we recently made: MacDonald Humfrey with Mick MacDonald and Open Water Power with Tom Milnes. Both these gentlemen are much more wealthier now than they were before they sold to us and they're both gainfully employed, working every day of the week. And we actually have our senior leaders off site in October where we get the top 200 people together and talk about our strategy and the future. Those guys will be in attendance. They'll probably actually be presenting. So people like to come to L3 because they like the culture, they like the way we treat them and they're still able to balance the autonomy and entrepreneurial spirits that they possess, with the benefit of being a 10 or -- part of a $10 billion or $11 billion company, and I think that's kind of our secret sauce. And when these gentlemen or ladies in the future are selling their companies, they look at the whole package and quality of life and what they want to do. Being part of L3, I think is going to be the tiebreaker time and time again, and maybe people actually take less to be part of our company than go to a larger company and be absorbed and consumed and lose their passion and drive.
Howard Alan Rubel - Jefferies LLC, Research Division - MD and Senior Equity Research Analyst of Aerospace and Defense Electronics

Some people are using adjusted EBITDA or adjusted earnings or cash, whatever, I mean, I don't get the sense, Chris, that you're going to change your discipline in order to make a deal so that you can show $0.02 more in cash. It's got to be a fundamental fit, it has to be something that helps you grow earnings in a reasonable -- in a fair manner. Is that something that we should think about as well that a reach isn't going to happen?

Christopher Eugene Kubasik - L3 Technologies, Inc. - President & COO

Yes, I think that's fair. I mean, we really do start and emphasize the strategy. And if you look at the 7 and probably hundreds before I got here, it's all driven strategically. That is the first hurdle that we get through. And as Ralph said, we go out and we find opportunities. People call us and we get our usual mail delivery room of books for people whose job it is to sell companies. And it's got to make sense strategically. And people that say here's a good deal, it's $0.12 accretive, we want to know why we're buying it. So once it passes that hurdle, the second one's a little easier. It's just operationally, what are we going to do with it? And sometimes, we integrate. Sometimes, we move. We made this acquisition, Implant. I think it's 12 miles away from our security and detection business in Massachusetts where we consolidated facilities, which is easy, synergistic move, a 12-mile move. I think we're not going to lose any employees in that process. And then, financial is the last hurdle. And Ralph is our CFO, me with prior CFO experience and Mike even as our Chairman, in the next couple months, he was a CFO. So I think we all get the finance side. And what we've done has made sense. And I'm not going to get hung up on 12x EBITDA versus 13x EBITDA for $102 million deal. I mean, you've got to look at some of the stuff in perspective. But if it makes sense strategically and operationally, I think we've got a great track record and that'll continue.

Howard Alan Rubel - Jefferies LLC, Research Division - MD and Senior Equity Research Analyst of Aerospace and Defense Electronics

So talk about exactly the strategy. I mean, you changed the structure of the enterprise a little bit. You have 4 segments instead of 3. And sometimes, when you divide businesses, you actually create focus and energy and accountability and all these things that are kind of important to make a big difference. But there's 2 parts to this question. The first is are you seeing kind of what I just articulated? And then, second, maybe you could outline, and this undersea area seems to be important, training seems to be important, communication is important, and then I think munitions and smart munitions are probably some of the top priorities. I don't know if there are some others, but maybe if we could kind of address those markets or do those sort of...

Christopher Eugene Kubasik - L3 Technologies, Inc. - President & COO

I think those work fine. I'll run through them and then I'll give Ralph the chance to add in any thoughts he may have. But clearly, the electronics group was our largest group. I think it had over 50 different divisions. And when Steve Kantor retired after a great career, we thought it made sense to focus into 2 different segments. In the electronics group, a lot of that is international. A lot of it is commercial. That's where we have security and detection, aviation products in the training, both military and commercial. And then, in the sensor systems, it's traditionally a little more focused on defense. So I think we are seeing focus. I think a fresh set of eyes is always good. I came in from the outside. These 2 gentlemen, one had come to us a few years ago and got promoted into that position. We've hired new general counsel, a new strategy person. 2 of our 4 business areas have new heads of business development and strategy. They've been here less than a year, both from the outside. These 2 gentlemen, one had come to us a few years ago and got promoted into that position. We've hired new general counsel, a new strategy person. 2 of our 4 business areas have new heads of business development and strategy. They've been here less than a year, both from the outside. So we're balancing both developing and promoting the talent from within but going out and getting the best people that we can. And I think there's a lot of energy and a lot of excitement. And every morning, when I open my inbox, I find friends from the past and friends I don't even know looking for jobs. So I appreciate everybody else picking up their retirement and then they come work for us for fun. So that's kind of how it's been working so far and I expect that to continue. So UAVs is Unmanned Undersea Vehicles, we made 2 acquisition in that area, again, strategically. When you participate on the defense science board, you read the studies, you meet with your customer. One of the greatest threats facing the U.S. is in the naval area and undersea specifically. And we went out and started executing on the strategy and we've made great progress. We've bought OceanServer, which had the Ivers, small unmanned vehicle. And we think it's analogous to the UAV market. I think in 2001, because everybody asks about the budget, I think the UAV market was about $400 million, and 10 years later, it was $5 billion. And a lot of people didn't think that UAVs would take off the way they have, and now, there's tens of thousands out there. We think the same thing is going to happen with UUVs, just at a more accelerated rate. So is the budget a couple hundred million? Probably. And do I think it's going to be billions of dollars in the near-term? Absolutely. And there's a need, there's a threat. And again, I think we're in a unique position, not only with the vehicle but the power module, the comms, the sensors where we
have L3 UUVs. So I think that's an exciting market and something we're going to focus on and continue to grow. And it was quicker and easier to buy these companies in their earlier stages than to start from scratch with R&D. And that was the logic there. I think training, I've covered a fair amount. I mean I'm very excited about the commercial pilot training. I think however you count it, we're #2 in the world. We want to be -- we want to obviously be #1. And it's a cadet program, it's a schoolhouse program, it's selling simulators. But I think there's opportunities. And we've already seen that the higher margins, some unique and creative business models. So airlines, I think generally, don't want to spend their capital on training and they don't want to use their valuable pilots to do their own training. So I think the market dynamics there are very good. Communications, on our Comm Systems-West out of Salt Lake City, I think is one of our jewels. I think it's just under $1 billion a year of revenues. And I don't think it's a very well-kept secret that this is an area that I think we could, as a nation, do a much better job. You hear a lot about LPI and LPD, low probably of intercept, low probability of detection. We're working closely with the Air Force, the Marines and Lockheed Martin on F-35. I don't think it's any secret that the ability for F-35 to communicate with an F-22 and some of these platforms, even within our nation, let alone our partner nations, is not optimal, I guess that would be the best way to say it. So these platforms need to be able to communicate. And we have a mature solution. We just recently flew it at Northern Edge with great success. It doesn't rely on pods, it doesn't rely on nodes, it's just platform-to-platform communication. We're very excited about it. And those are the types of capabilities and investments we've made that I think we can continue on. And then munitions, we have a high-growth business with the fuses which goes direct to the end-user. And then munitions, I think you've covered most of it. What I'll add is that we were talking a lot about growth and we're here to grow the company for certain. When Chris joined the company, not only did he raise the energy level and sharpened the focus of the company and the management team, but he's done that all -- not only when it comes to growing the business, but also in terms of making our businesses more productive and efficient. So we've been doing a lot more. Not that we -- I think we always systematically and quietly consolidated our businesses. If anything, we're accelerating that now with Chris here. And so we're focused on more productivity, more efficiency, and that is constructive because it makes our businesses more competitive, which allows us to increase the growth rate in our businesses, win new business and also divert overheads from non-value-oriented functions to value-oriented functions like R&D. So and I think that energy and that focus you see is not only in Chris, but you also see in some of our new leaders, particularly Todd Gautier and Jeff Miller leading the 2 former segments that -- which comprised electronics systems, which is great stuff to grow the company.

Howard Alan Rubel - Jefferies LLC, Research Division - MD and Senior Equity Research Analyst of Aerospace and Defense Electronics

No. I mean, those are probably the biggest -- are there any other bigger growth opportunities that I might've left out, or those sort of...

Ralph G. D’Ambrosio - L3 Technologies, Inc. - Senior VP & CFO

I think you've covered most of it. What I'll add is that we were talking a lot about growth and we're here to grow the company for certain. When Chris joined the company, not only did he raise the energy level and sharpened the focus of the company and the management team, but he's done that all -- not only when it comes to growing the business, but also in terms of making our businesses more productive and efficient. So we've been doing a lot more. Not that we -- I think we always systematically and quietly consolidated our businesses. If anything, we're accelerating that now with Chris here. And so we're focused on more productivity, more efficiency, and that is constructive because it makes our businesses more competitive, which allows us to increase the growth rate in our businesses, win new business and also divert overheads from non-value-oriented functions to value-oriented functions like R&D. So and I think that energy and that focus you see is not only in Chris, but you also see in some of our new leaders, particularly Todd Gautier and Jeff Miller leading the 2 former segments that -- which comprised electronics systems, which is great stuff to grow the company.

Howard Alan Rubel - Jefferies LLC, Research Division - MD and Senior Equity Research Analyst of Aerospace and Defense Electronics

And then also in aviation, you're in the middle of trying to decide how things are going to play. And I mean, there's part of the business that, think is high value, high return. And then, there's another part that has low margin but it keeps you in touch with the customers. So how do you rationalize those elements of the business?

Christopher Eugene Kubasik - L3 Technologies, Inc. - President & COO

Yes. It's a good question. I mean, the one you're talking about, I think obviously, is Vertex. And there's a variety of financial metrics you can look at. And we don't talk a lot about it publicly, but return on invested capital, I think is an important metric. And some of these lower-margin businesses require no capital. And as you say, it gives you particular insight and connectivity with your customer. So that's why we have the Vertex business. We started out a little less than a year ago, lot of questions and rumors what we would do. And I think we were very clear. We said we're going to maintain it. We're going to fix it. As of now, if my count is correct, I think we've won 8 out of 10 competitions. That's over $1.3 billion of revenue, I think for the year, Ralph?
Ralph G. D'Ambrosio - L3 Technologies, Inc. - Senior VP & CFO

Yes.

Christopher Eugene Kubasik - L3 Technologies, Inc. - President & COO

We talked about some big opportunities, Fort Rucker in particular. The customer is changing from these LPTAs to best value contracts. So we made a strategic decision to keep it, fix it and grow it. And we're on track. And we look at all of our businesses on an annual basis and we'll continue to do so. But the margins are an area of focus. We're going to guide and achieve more than double digit this year. We think when we give guidance in -- probably December 5 at our Investor Conference here in New York, you're all welcome to attend, we'll give our 2018 guidance. And I'll be disappointed if we didn't see an uptick in margins there. But we balance all the financial metrics. End of the day, we want more revenue, more earnings and more cash. And that's what we've started to do and that's what we're going to continue to do.

Howard Alan Rubel - Jefferies LLC, Research Division - MD and Senior Equity Research Analyst of Aerospace and Defense Electronics

I think that's a really great way to end. Chris, thank you and Ralph both for your time this morning. And I know you gave us some personal time to be here, so I really genuinely appreciate this. And I hope the rest of your meetings go very well.

Christopher Eugene Kubasik - L3 Technologies, Inc. - President & COO

Well, I appreciate it. I'm excited to be at L3, and like I said, both our markets are in an up-cycle. And we're going to grow organically, we're going to grow inorganically. And I think when you look at L3, at our cash flow yields and some of the other metrics, I think we're a bargain. And one of these days, I might ask you in front of the room when are you going to upgrade us. But we'll let you answer that question at your leisure.

Howard Alan Rubel - Jefferies LLC, Research Division - MD and Senior Equity Research Analyst of Aerospace and Defense Electronics

You'll see it the same time everybody else will.

Christopher Eugene Kubasik - L3 Technologies, Inc. - President & COO

All right, I'll look forward to it.

Howard Alan Rubel - Jefferies LLC, Research Division - MD and Senior Equity Research Analyst of Aerospace and Defense Electronics

Thank you, Chris.