



2021 Fourth Quarter and Full-Year Earnings Call Presentation



Reported February 22, 2022

Forward-Looking Statements Disclaimer



BWX Technologies, Inc. (“BWXT”) cautions that statements in this presentation that are forward-looking and provide other than historical information involve risks and uncertainties that may impact actual results and any future performance suggested in the forward-looking statements. The forward-looking statements in this presentation include, but are not limited to, statements relating to our plans and expectations for each of our reportable segments, and planned changes to such segments in 2022, including the expectations, timing and revenue of our strategic initiatives, including U.S. Navy procurement, microreactors, advanced nuclear fuels, medical radioisotope industrialization and organic growth opportunities; bookings and backlog, to the extent they may be viewed as an indicator of future revenues; the expected U.S. Navy long-term procurement schedules and forecasts; estimated pension costs; expected future capital expenditure levels; the expected Canadian nuclear power forecast for services, refurbishment timelines and opportunities; disruptions to our supply chain and/or operations, changes in government regulations and other factors, including any such impacts of, or actions in response to the COVID-19 health crisis; our outlook, priorities, growth opportunities in our businesses; and guidance for 2022 and beyond. These forward-looking statements are based on current management expectations and involve a number of risks and uncertainties, including, among other things, the availability of federal appropriations to government programs in which we participate; our ability to win new project awards; capital priorities of power generating utilities and other customers; the extent to which the COVID-19 health crisis impacts our businesses; the impact of COVID-19 on our employees, contractors, suppliers, customers and other partners and their business activities; the extent to which the length and severity of the COVID-19 health crisis exceeds our current expectations; the potential recurrence or subsequent waves or strains of COVID-19 or similar diseases; the actions to contain the impact of such diseases and potential employee unrest; adverse changes in the industries in which we operate; termination, delays and other difficulties executing on contracts in backlog and adverse changes in the demand for or competitiveness of nuclear products and services. If one or more of these or other risks materialize, actual results may vary materially from those expressed. For a more complete discussion of these and other risks, please see BWXT’s filings with the Securities and Exchange Commission, including our most recent annual report on Form 10-K and subsequent quarterly reports on Form 10-Q. BWXT cautions not to place undue reliance on these forward-looking statements, which speak only as of the date of this presentation, and undertakes no obligation to update or revise any forward-looking statement, except to the extent required by applicable law.



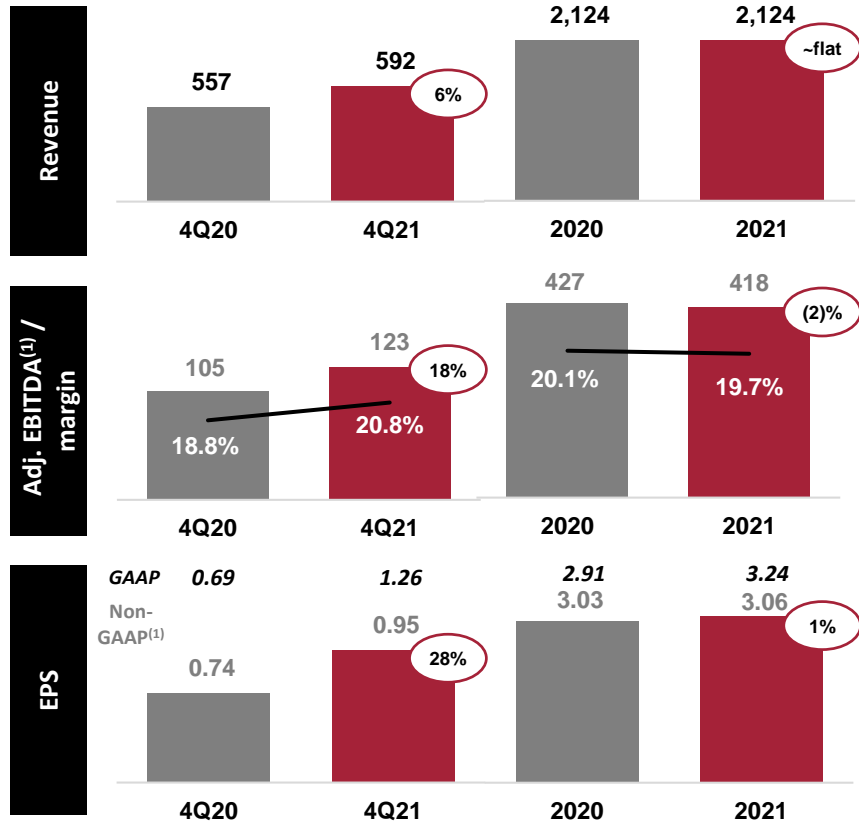
- **Solid 4Q and 2021 results despite challenging year**
 - 2021 non-GAAP⁽¹⁾ EPS of \$3.06 on revenue over \$2.1B
 - COVID challenges persisted in 2021, but future outlook positive
 - 4Q21 challenges reflected in NOG softness, offset by NPG/NSG resilience and cost controls
- **Returned >\$300M to shareholders in 2021, including \$226M in share repurchases**
- **Core businesses remain resilient with positive trajectory on multiple growth initiatives**
 - Continued progress on Technetium-99m generator commercialization...hot runs in progress, FDA submission imminent
 - \$21B Savannah River contract in transition, all milestones on track
 - Progress on multiple microreactor design programs, well positioned for demonstration opportunity
 - New opportunities with small modular reactors in Canada, Poland and U.S.
- **Consolidating businesses into two reporting segments in 2022: Government Operations and Commercial Operations**
- **2022 non-GAAP EPS guidance of \$3.05 - \$3.25 reiterated; additional guidance initiated**
 - Revenue and adjusted EBITDA growth of 3% - 4%
 - OCF of \$260M - \$290M, Capex of \$180M - \$200M

1) Non-GAAP figures exclude any mark-to-market adjustment for pension and postretirement benefits recognized and other one-time items. A reconciliation of GAAP to adjusted, non-GAAP items can be found in the appendix of this presentation or on the investor relations website at www.bwxt.com/investors.

4Q21 and full-year 2021 financial summary



(\$million, except per share amounts)



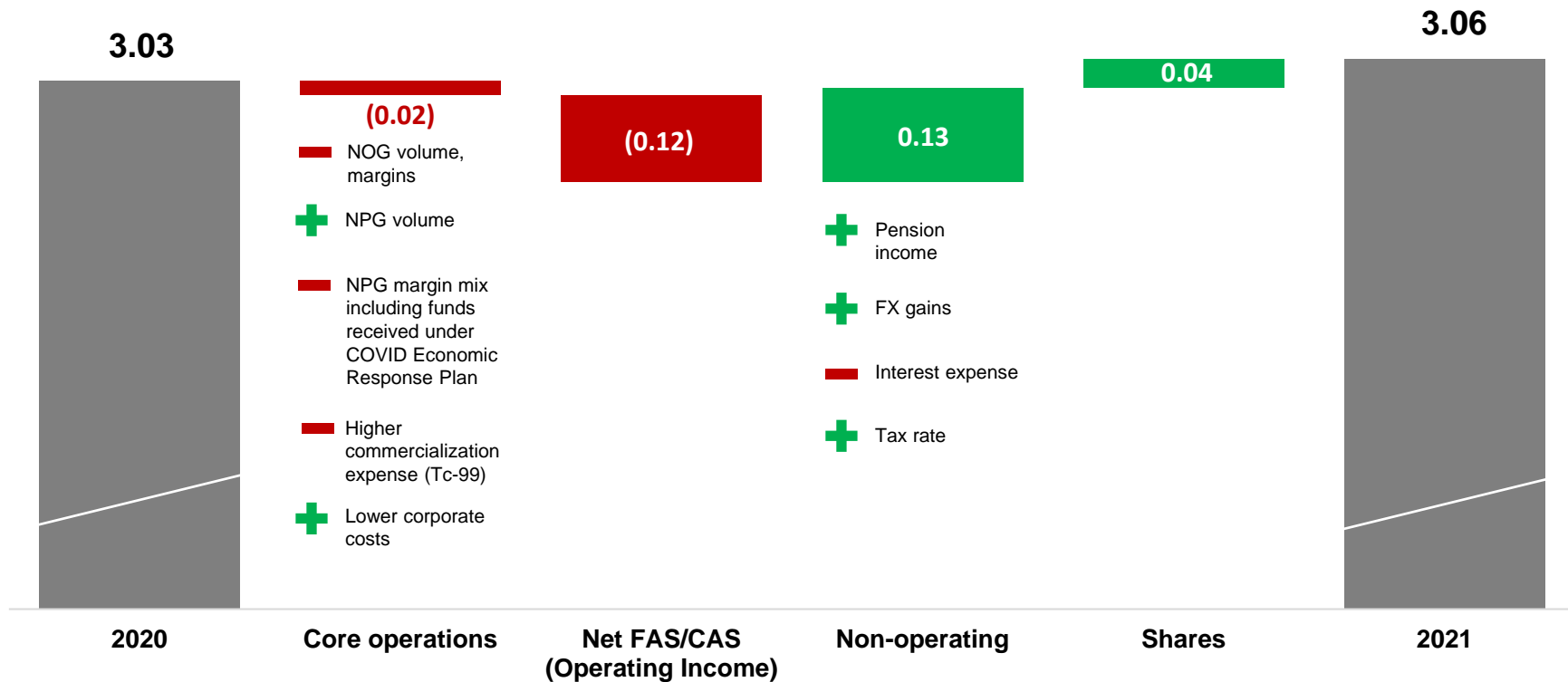
- 4Q21 revenue up 6% from higher NOG and NPG, 2021 revenue ~flat as higher NPG offset by lower NOG and NSG
- 4Q21 adj. EBITDA⁽¹⁾ margin up 200bps from higher NPG margins, 2021 adj. EBITDA⁽¹⁾ margin down 40bps from lower NOG and NPG margins, which includes \$15.6M of net FAS/CAS pension headwind; adj. EBITDA⁽¹⁾ grew 2% ex-FAS/CAS pension
- 4Q21 EPS up 28% from higher operating income, lower corporate costs, lower share count and lower tax rate. Lower tax rate included a state tax refund, which had a corresponding reduction to operating income in NOG
- 2021 EPS up 1% from \$15.6M of net FAS/CAS pension headwind, less income from core operations and higher interest expense, more than offset by lower share count, higher pension income and FX gains, and lower tax rate primarily driven by a state tax refund in 4Q21

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2020 to 2021 non-GAAP EPS bridge



(\$ per diluted share)



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4Q21 segment results



Segment

Revenue

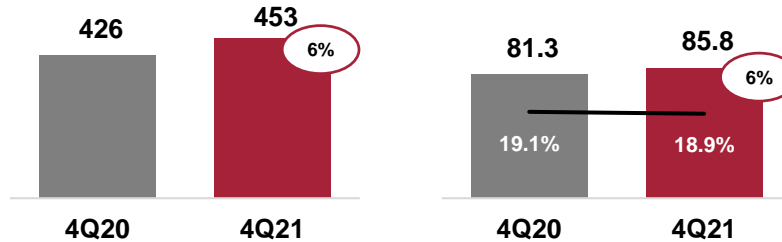
Op. Income / Margin

Summary

(\$million)



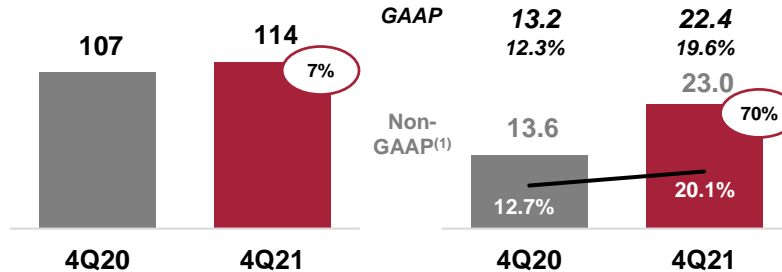
NOG



- Revenue up 6% on higher long-lead material production and labor volume
- Operating income up 6% on higher revenue



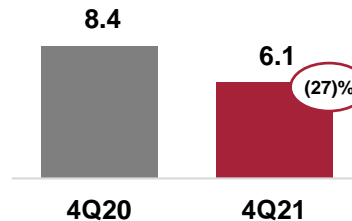
NPG



- Revenue up 7% on higher fuel and fuel handling, higher medical radioisotope sales and higher field service activity, partially offset by lower component manufacturing volume
- Operating income up significantly primarily driven by higher revenue and favorable mix



NSG



- Operating income down on lower contract fees and higher costs

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Full-year 2021 segment results



Segment

Revenue

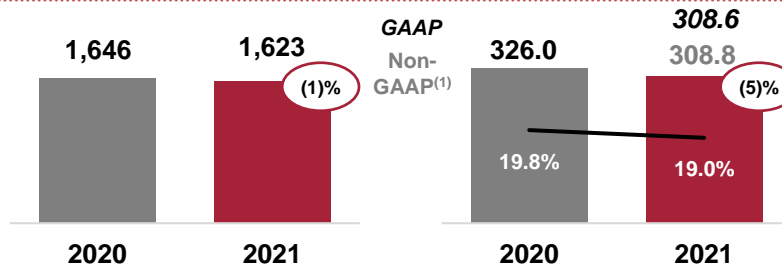
Op. Income / Margin

Summary

(\$million)



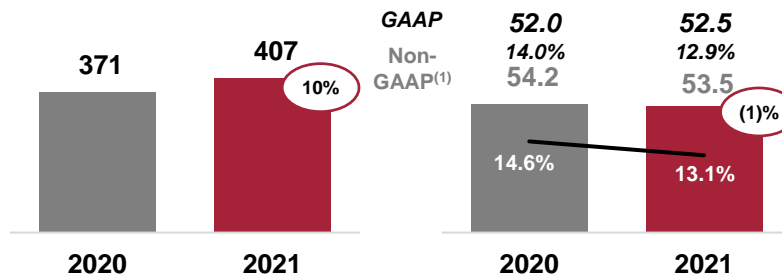
NOG



- Revenue down 1% from higher labor volume and uranium processing activity, more than offset by lower long-lead material production
- Operating income down 5% on less government-reimbursed pension costs and operational efficiency impacts related to COVID-19 resulting in lower levels of net favorable contract adjustments



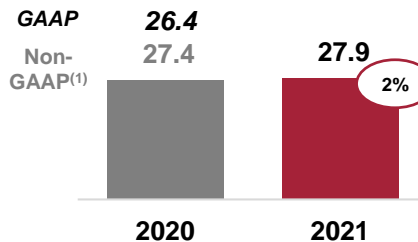
NPG



- Revenue up 10% on higher fuel and fuel handling, higher medical isotope sales and higher field service activity, partially offset by lower component manufacturing volume
- Operating income down 1% on fewer government funds received to offset expenses related to COVID, partially offset by higher revenue



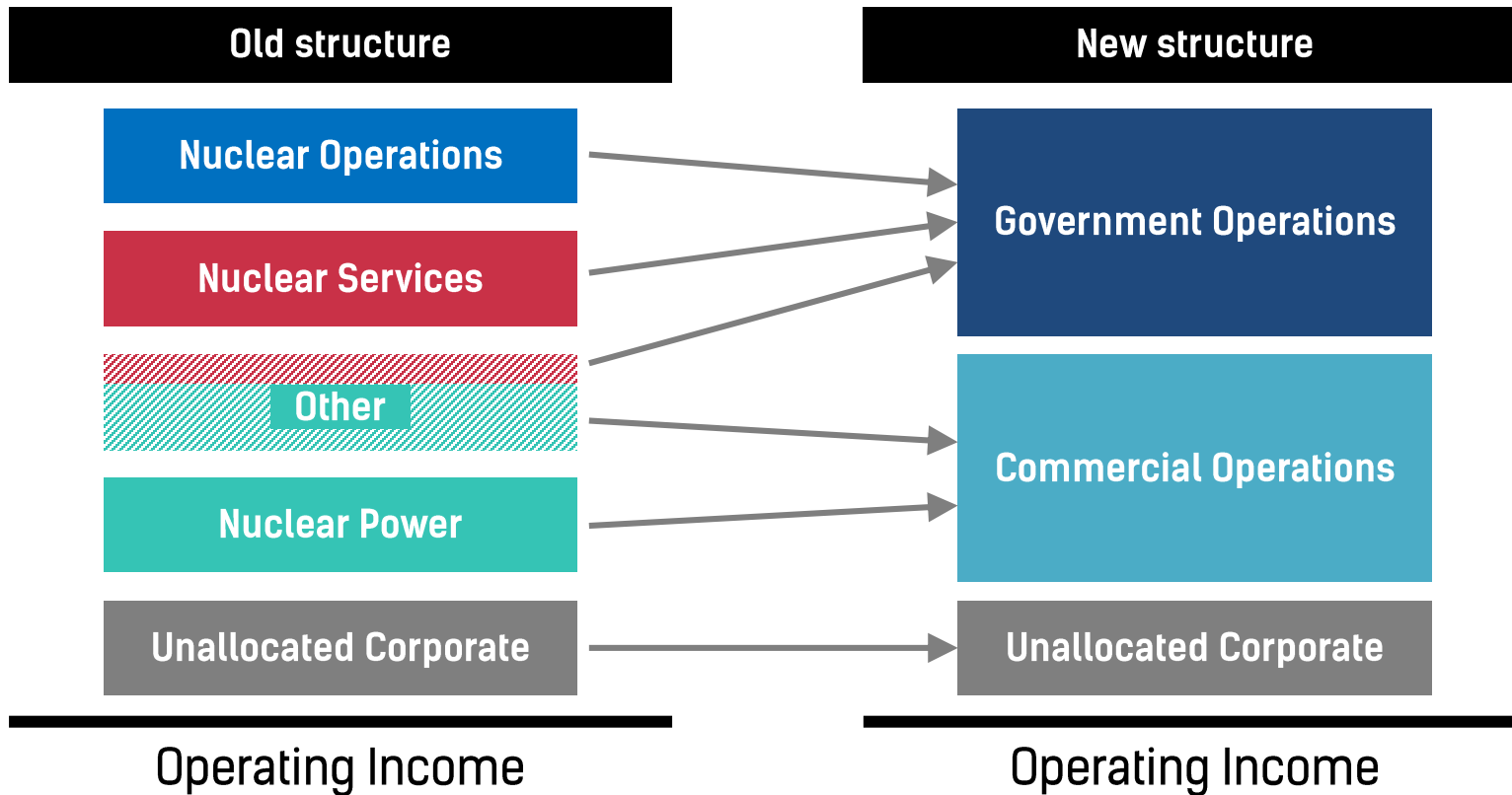
NSG





- Operating income up on better contract fee performance

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BWXT consolidates into two reporting segments



-  = BWXT Medical related IR&D and Tc-99m commercialization expenses
-  = Government operations related IR&D



BWXT consolidated guidance

Revenue

↑ 3% - 4%

Adj. EBITDA⁽¹⁾

↑ 3% - 4%

Non-GAAP EPS⁽¹⁾

\$3.05 - \$3.25

Cash from Ops.

\$260M - \$290M

CapEx

\$180M - \$200M

Business segments

Government Ops.

Commercial Ops.

Revenue

↑ 3% - 4%

↑ 2% - 6%

EBITDA

\$400M - \$410M

\$40M - \$45M

Other information

~\$20M

Corporate unallocated costs

~\$50M

Other income, primarily pension

\$30M - \$35M

Net interest expense

23% - 24%

Non-GAAP effective tax rate

~91.5M

Average diluted shares outstanding

\$75M - \$85M

Depreciation & Amortization

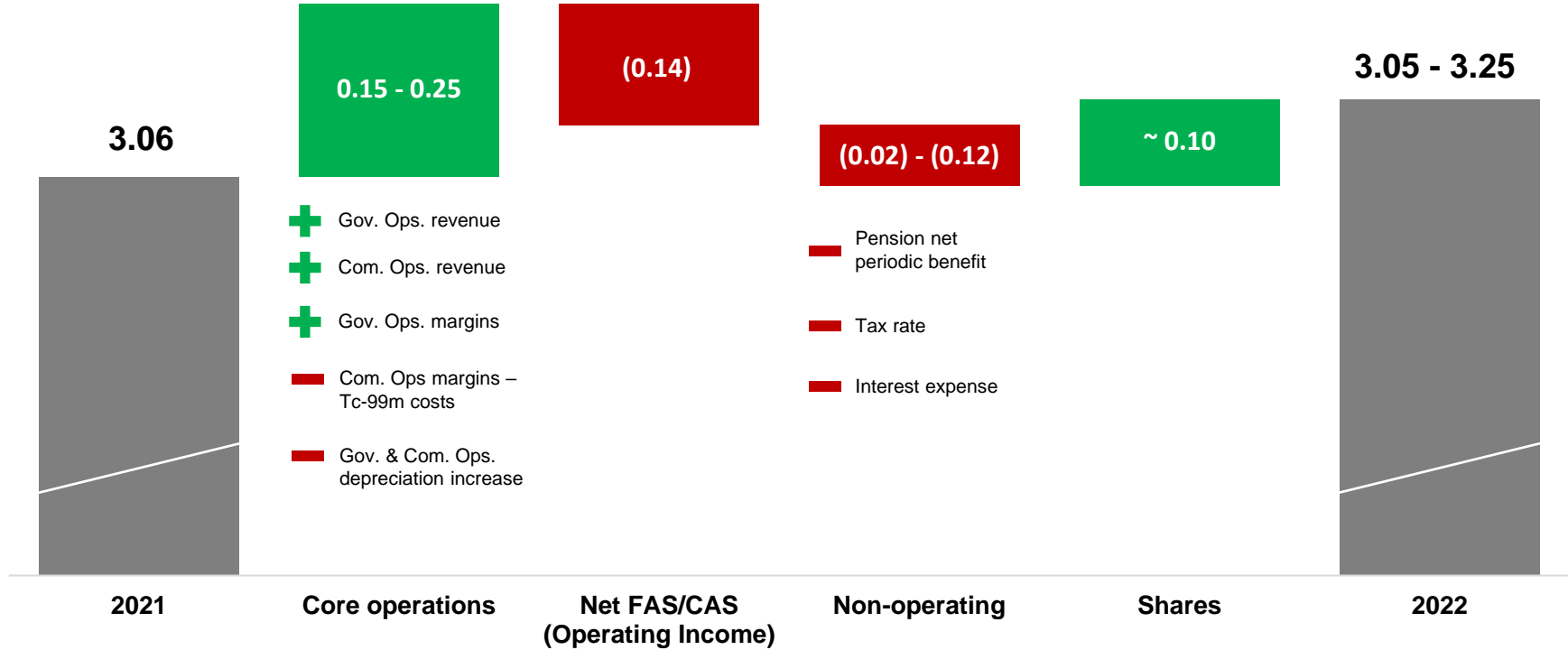
1) Non-GAAP EPS exclude any mark-to-market adjustment for pension and postretirement benefits recognized and other one-time items, which are not known at the time guidance is provided. A reconciliation of GAAP to adjusted, non-GAAP items can be found in the appendix of this presentation or on the investor relations website at www.bwxt.com/investors.

2021 to 2022 non-GAAP EPS bridge



(\$ per diluted share)

Mid-to-high-single-digit
adjusted EBITDA growth



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Pension summary



(\$millions)	2015 ⁽³⁾	2016	2017	2018	2019	2020	2021	2022E
Benefit obligation at end of period	1,566	1,572	1,543	1,186	1,309	1,414	1,308	
Fair value of plan assets at end of period	1,210	1,218	1,258	1,024	1,150	1,281	1,257	
Funded status over (under)	(356)	(354)	(286)	(162)	(158)	(133)	(51)	
% Funded	77%	77%	81%	86%	88%	91%	96%	
Pension funding (company contributions)	13	12	56	158	4	5	6	~14*
Reported in other income								
Net periodic benefit cost (income)	36	2	(19)	6	(11)	(30)	(86)	
Recognized net actuarial Mark-To-Market (MTM) loss	61	28	8	37	9	7	(35)	
Net periodic benefit cost (income) excl. MTM loss	(24)	(26)	(27)	(31)	(21)	(37)	(52)	~(50)
Reported in operating income								
Recoverable CAS ⁽¹⁾ costs	58	50	56	44	47	44	29	~12
FAS ⁽²⁾ service cost	24	7	8	10	9	11	12	~12
Total FAS⁽²⁾/CAS⁽¹⁾ differential	34	42	48	34	38	33	17	~0**

1) CAS – Cost accounting standards in accordance with the Federal Acquisition Regulation and the related U.S. Government Cost Accounting Standards – used as basis for recovery of costs on government contracts

2) FAS – Financial accounting standards in accordance with GAAP and the way we report our financial results

3) Presentation of 2015 amounts reflects adoption of ASU 2017-07 which requires non-service cost components of net periodic benefit cost to be classified outside of operating income

*Includes ~\$11M associated with annuitization of certain Canadian pension obligations; ~\$5M funding levels are anticipated for future years based on current projections

**Minimal FAS/CAS differential income amounts are anticipated for the foreseeable future based on actuarial studies including ARPA discount rate and projections



Appendix non-GAAP definitions, reconciliations and other information

Historical segment results in new reporting structure



	Three Months Ended December 31,				Year Ended December 31,	
	3/31/2021	6/30/2021	9/30/2021	12/31/2021	12/31/2021	12/31/2020
	<i>(Unaudited) (In thousands)</i>					
REVENUES:						
Government Operations	\$ 423,275	\$ 405,497	\$ 417,139	\$ 479,186	\$ 1,725,097	\$ 1,763,127
Commercial Operations	\$ 107,398	\$ 101,842	\$ 83,382	\$ 114,460	\$ 407,082	\$ 371,269
Eliminations	\$ (2,400)	\$ (2,240)	\$ (1,794)	\$ (1,671)	\$ (8,105)	\$ (10,880)
TOTAL	\$ 528,273	\$ 505,099	\$ 498,727	\$ 591,975	\$ 2,124,074	\$ 2,123,516
SEGMENT INCOME:						
Government Operations	\$ 78,245	\$ 72,871	\$ 87,542	\$ 90,891	\$ 329,549	\$ 345,250
Commercial Operations	\$ 6,294	\$ 5,640	\$ 4,925	\$ 18,384	\$ 35,243	\$ 36,915
SUBTOTAL	\$ 84,539	\$ 78,511	\$ 92,467	\$ 109,275	\$ 364,792	\$ 382,165
Unallocated Corporate	\$ (2,125)	\$ (4,760)	\$ (4,999)	\$ (7,060)	\$ (18,944)	\$ (23,613)
TOTAL	\$ 82,414	\$ 73,751	\$ 87,468	\$ 102,215	\$ 345,848	\$ 358,552
NON-GAAP SEGMENT INCOME:						
Government Operations	\$ 78,245	\$ 72,871	\$ 87,707	\$ 90,891	\$ 329,714	\$ 346,206
Commercial Operations	\$ 6,294	\$ 5,640	\$ 5,244	\$ 18,974	\$ 36,152	\$ 39,168
SUBTOTAL	\$ 84,539	\$ 78,511	\$ 92,951	\$ 109,865	\$ 365,866	\$ 385,374
Unallocated Corporate	\$ (2,125)	\$ (4,760)	\$ (4,719)	\$ (5,265)	\$ (16,869)	\$ (19,046)
TOTAL	\$ 82,414	\$ 73,751	\$ 88,232	\$ 104,600	\$ 348,997	\$ 366,328
DEPRECIATION AND AMORTIZATION:						
Government Operations	\$ 9,171	\$ 10,334	\$ 10,928	\$ 12,052	\$ 42,485	\$ 35,398
Commercial Operations	\$ 4,917	\$ 5,037	\$ 4,985	\$ 4,945	\$ 19,884	\$ 18,431
Corporate	\$ 1,809	\$ 1,724	\$ 1,571	\$ 1,607	\$ 6,711	\$ 6,845
TOTAL	\$ 15,897	\$ 17,095	\$ 17,484	\$ 18,604	\$ 69,080	\$ 60,674



Non-GAAP figures exclude any mark-to-market adjustment for pension and postretirement benefits recognized and other one-time items.

Other non-GAAP definitions and calculations

Adjusted EBITDA = Earnings Before Interest, Taxes, Depreciation and Amortization. Calculated using non-GAAP Net income, plus Provision for Income Taxes, less Other – net, less Interest income, plus Interest expense, plus Depreciation and amortization.

FCF = Free Cash Flow. Calculated using non-GAAP net income to derive Net Cash Provided By (Used In) Operating Activities less Purchases of property, plant and equipment.

FCF Conversion = Free Cash Flow Conversion. Free Cash Flow divided by non-GAAP net income

4Q21 non-GAAP reconciliation



For the Three Months Ended December 31, 2021

(In millions, except per share amounts)

	GAAP	Pension & OPEB MTM (Gain) / Loss	Restructuring & Other Costs	Non-GAAP
Operating Income	\$ 102.2	\$ -	\$ 2.4	\$ 104.6
Other Income (Expense)	44.9	(39.6)	-	5.3
Provision for Income Taxes	(30.2)	9.1	(0.6)	(21.7)
Net Income	116.9	(30.5)	1.8	88.2
Net Income Attributable to Noncontrolling Interest	(0.0)	-	-	(0.0)
Net Income Attributable to BWXT	\$ 116.9	\$ (30.5)	\$ 1.8	\$ 88.2
Diluted Shares Outstanding	92.5			92.5
Diluted Earnings per Common Share	\$ 1.26	\$ (0.33)	\$ 0.02	\$ 0.95
Effective Tax Rate	20.5%			19.8%
Net Income	\$ 116.9	\$ (30.5)	\$ 1.8	\$ 88.2
Provision for Income Taxes	30.2	(9.1)	0.6	21.7
Other - net	(51.9)	39.6	-	(12.3)
Interest Income	(0.0)	-	-	(0.0)
Interest Expense	7.0	-	-	7.0
Depreciation & Amortization	18.6	-	-	18.6
Adjusted EBITDA	\$ 120.8	\$ -	\$ 2.4	\$ 123.2
NPG Operating Income	\$ 22.4	\$ -	\$ 0.6	\$ 23.0
Unallocated Corporate Operating Income	\$ (7.1)	\$ -	\$ 1.8	\$ (5.3)

1) Tables may not foot due to rounding.

4Q20 non-GAAP reconciliation



For the Three Months Ended December 31, 2020
(In millions, except per share amounts)

	GAAP	Pension & OPEB MTM (Gain) / Loss	Restructuring Costs	Costs Associated with Sale of Business	Non-GAAP
Operating Income	\$ 89.1	\$ -	\$ 0.4	\$ 0.2	\$ 89.6
Other Income (Expense)	(1.3)	6.4	-	-	5.1
Provision for Income Taxes	(21.8)	(1.6)	(0.1)	(0.0)	(23.5)
Net Income	66.0	4.8	0.3	0.2	71.2
Net Income Attributable to Noncontrolling Interest	(0.2)	-	-	-	(0.2)
Net Income Attributable to BWXT	\$ 65.7	\$ 4.8	\$ 0.3	\$ 0.2	\$ 70.9
Diluted Shares Outstanding	95.8				95.8
Diluted Earnings per Common Share	\$ 0.69	\$ 0.05	\$ 0.00	\$ 0.00	\$ 0.74
Effective Tax Rate	24.8%				24.8%
Net Income	\$ 66.0	\$ 4.8	\$ 0.3	\$ 0.2	\$ 71.2
Provision for Income Taxes	21.8	1.6	0.1	0.0	23.5
Other - net	(6.1)	(6.4)	-	-	(12.5)
Interest Income	(0.1)	-	-	-	(0.1)
Interest Expense	7.5	-	-	-	7.5
Depreciation & Amortization	15.2	-	-	-	15.2
Adjusted EBITDA	\$ 104.3	\$ -	\$ 0.4	\$ 0.2	\$ 104.8
NPG Operating Income	\$ 13.2	\$ -	\$ 0.4	\$ -	\$ 13.6

1) Tables may not foot due to rounding.

2021 non-GAAP reconciliation



For the Year Ended December 31, 2021
(In millions, except per share amounts)

	GAAP	Pension & OPEB MTM (Gain) / Loss	Restructuring & Other Costs	Costs associated with early Bond redemption	Non-GAAP
Operating Income	\$ 345.8	\$ -	\$ 3.1	\$ -	\$ 349.0
Other Income (Expense)	49.9	(39.6)	-	15.0	25.3
Provision for Income Taxes	(89.4)	9.1	(0.8)	(3.5)	(84.6)
Net Income	306.3	(30.5)	2.4	11.5	289.6
Net Income Attributable to Noncontrolling Interest	(0.4)	-	-	-	(0.4)
Net Income Attributable to BWXT	\$ 305.9	\$ (30.5)	\$ 2.4	\$ 11.5	\$ 289.2
Diluted Shares Outstanding	94.5				94.5
Diluted Earnings per Common Share	\$ 3.24	\$ (0.32)	\$ 0.03	\$ 0.12	\$ 3.06
Effective Tax Rate	22.6%				22.6%
Net Income	\$ 306.3	\$ (30.5)	\$ 2.4	\$ 11.5	\$ 289.6
Provision for Income Taxes	89.4	(9.1)	0.8	3.5	84.6
Other - net	(85.2)	39.6	-	(10.8)	(56.4)
Interest Income	(0.4)	-	-	-	(0.4)
Interest Expense	35.8	-	-	(4.2)	31.5
Depreciation & Amortization	69.1	-	-	-	69.1
Adjusted EBITDA	\$ 414.9	\$ -	\$ 3.1	\$ -	\$ 418.1
NPG Operating Income	\$ 52.5	\$ -	\$ 0.9	\$ -	\$ 53.5
NOG Operating Income	\$ 308.6	\$ -	\$ 0.2	\$ -	\$ 308.8
Unallocated Corporate Operating Income	\$ (18.9)	\$ -	\$ 2.1	\$ -	\$ (16.9)

1) Tables may not foot due to rounding.

2020 non-GAAP reconciliation



For the Year Ended December 31, 2020
(In millions, except per share amounts)

	GAAP	One-time franchise tax audit expense	Restructuring Costs	Costs Associated with Sale of Business	Debt Issuance Costs	Pension & OPEB MTM (Gain) / Loss	Non-GAAP
Operating Income	\$ 358.6	\$ 2.6	\$ 2.3	\$ 2.9	\$ -	\$ -	\$ 366.3
Other Income (Expense)	3.6	-	-	-	0.5	6.4	10.5
Provision for Income Taxes	(83.0)	(0.6)	(0.6)	(0.7)	(0.1)	(1.6)	(86.5)
Net Income	279.2	2.0	1.7	2.2	0.4	4.8	290.3
Net Income Attributable to Noncontrolling Interest	(0.5)	-	-	-	-	-	(0.5)
Net Income Attributable to BWXT	\$ 278.7	\$ 2.0	\$ 1.7	\$ 2.2	\$ 0.4	\$ 4.8	\$ 289.8
Diluted Shares Outstanding	95.7						95.7
Diluted Earnings per Common Share	\$ 2.91	\$ 0.02	\$ 0.02	\$ 0.02	\$ 0.00	\$ 0.05	\$ 3.03
Effective Tax Rate	22.9%						23.0%
Net Income	\$ 279.2	\$ 2.0	\$ 1.7	\$ 2.2	\$ 0.4	\$ 4.8	\$ 290.3
Provision for Income Taxes	83.0	0.6	0.6	0.7	0.1	1.6	86.5
Other - net	(34.1)	-	-	-	-	(6.4)	(40.5)
Interest Income	(0.5)	-	-	-	-	-	(0.5)
Interest Expense	31.0	-	-	-	(0.5)	-	30.5
Depreciation & Amortization	60.7	-	-	-	-	-	60.7
Adjusted EBITDA	\$ 419.2	\$ 2.6	\$ 2.3	\$ 2.9	\$ -	\$ -	\$ 427.0
NPG Operating Income	\$ 52.0	\$ -	\$ 2.3	\$ -	\$ -	\$ -	\$ 54.2
NSG Operating Income	\$ 26.4	\$ -	\$ -	\$ 1.0	\$ -	\$ -	\$ 27.4

1) Tables may not foot due to rounding.