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# Third-Quarter 2024 Earnings Call Presentation



Reported November 4, 2024

# 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 2024 and future strategic priorities, including U.S. Navy procurement, microreactors, advanced nuclear fuels, medical radioisotope industrialization, small modular reactor components, recent acquisitions and organic growth opportunities; statements related to 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; our outlook, priorities and growth opportunities in our businesses; and guidance for 2024 and beyond. These forward-looking statements are based on current management expectations and involve a number of risks and uncertainties, including, among other things, federal budget uncertainty, the risk of future budget cuts, the impact of continuing resolution funding mechanisms and the debt ceiling, the potential for government shutdowns and changing funding and acquisition priorities; our ability to win new project awards; the receipt and/or timing of government approvals; capital spending of power generating utilities; the timing of technology development, regulatory approvals and automation of production; 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; labor market challenges, including employee retention and recruitment; 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.

# Third Quarter 2024 and Outlook Highlights



- **3Q24 Y/Y financial performance**
  - Revenue **up 14%**, driven by solid organic revenue growth in Government Operations and Commercial Operations
  - Adjusted EBITDA<sup>(1)</sup> **up 19%** and Non-GAAP EPS<sup>(1)</sup> **up 24%**, driven by revenue growth, strong Government Operations margin performance, and lower Corporate expense
- **Key business development successes**
  - Awarded contract to study pilot plant solution for domestic uranium enrichment for national security purposes
  - Selected by the Department of Energy as one of the successful bidders for HALEU deconversion services to support the civil advanced reactor marketplace
  - BWXT-led JV received notice to proceed with transition on Hanford Integrated Tank Disposition Contract
  - **Customers continuing to look toward nuclear to meet their challenges**
    - New demand for advanced nuclear solutions emerging from non-traditional commercial customers seeking clean, baseload power
    - Robust government support for security and clean energy projects
    - Continued demand growth in radiopharmaceutical industry
- **Narrowing 2024 Non-GAAP EPS<sup>(1)</sup> guidance to ~\$3.20; reaffirming Free Cash Flow<sup>(1)</sup> guidance of \$225M-\$250M**
- **Expect mid-to-high single digit revenue, Adjusted EBITDA<sup>(1)</sup> and Non-GAAP EPS<sup>(1)</sup> growth in 2025**
  - Mid-single-digit growth in Government Operations complemented by higher growth in Commercial Operations
  - 2025 Free Cash Flow<sup>(1)</sup> growth sustained at 10% or higher

(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 measures can be found in the Appendix section of this presentation.

# Acquisition of A.O.T Expands Special Materials Portfolio<sup>(1)</sup>



## A.O.T. Overview

- Sole provider of depleted uranium to the U.S. Government; leading provider of special materials used in Defense, Commercial, and Space applications
- Core capabilities in advanced primary metal processing, powder metallurgy, specialty processing
- Headquartered in Jonesborough, TN; founded in 1969
- Financial profile:
  - ~\$40M trailing 12-month revenue
  - Mid-teens EBITDA Margin

## Key End Users



## Acquisition of A.O.T. fits well within BWXT's M&A framework

### Aligned with core competencies in core markets:

- Leading provider of special materials used in a variety of defense and commercial applications; significant end-user overlap

### High barriers to entry and strong competitive position:

- Sole provider of depleted uranium to the U.S. Government; majority of workforce hold U.S. Government clearances

### Accelerate innovation and time to market:

- Potential synergies to incorporate technical capabilities into other BWXT business areas

### Significant IP and process knowledge:

- Over 50 years of experience in key markets with strong track record

### Financial criteria:

- Significant positive NPV
- Accretive to EPS<sup>(2)</sup> in year 1
- Demonstrated, sustainable organic growth

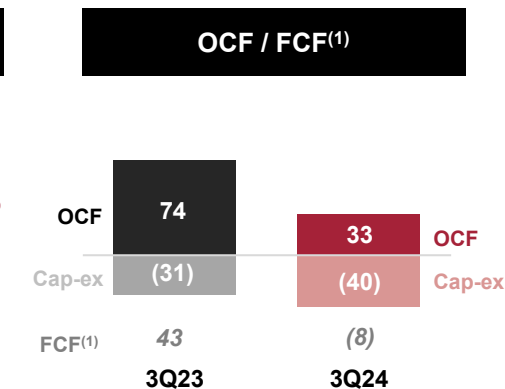
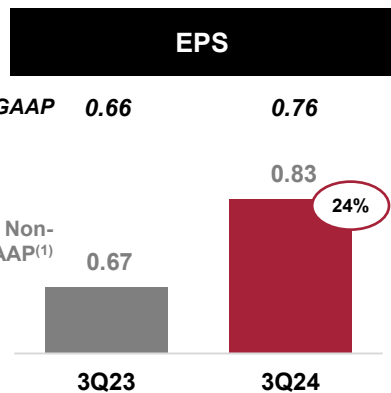
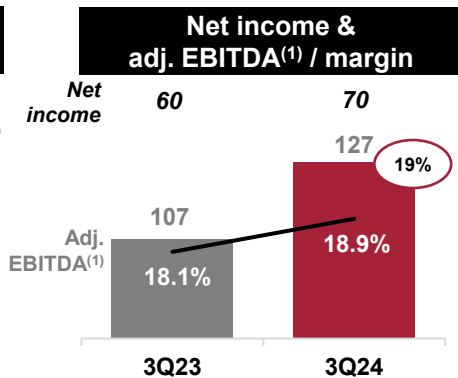
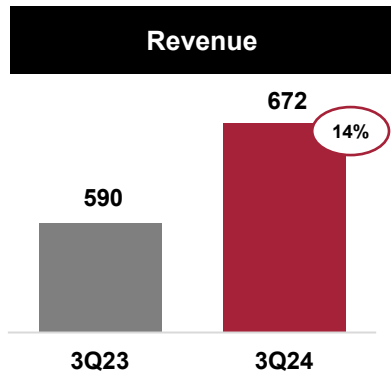
(1) Targeted to close by year-end 2024; subject to customary closing conditions

(2) Excludes purchase accounting amortization and one-time integration costs

# 3Q24 financial summary



(\$million, except per share amounts)



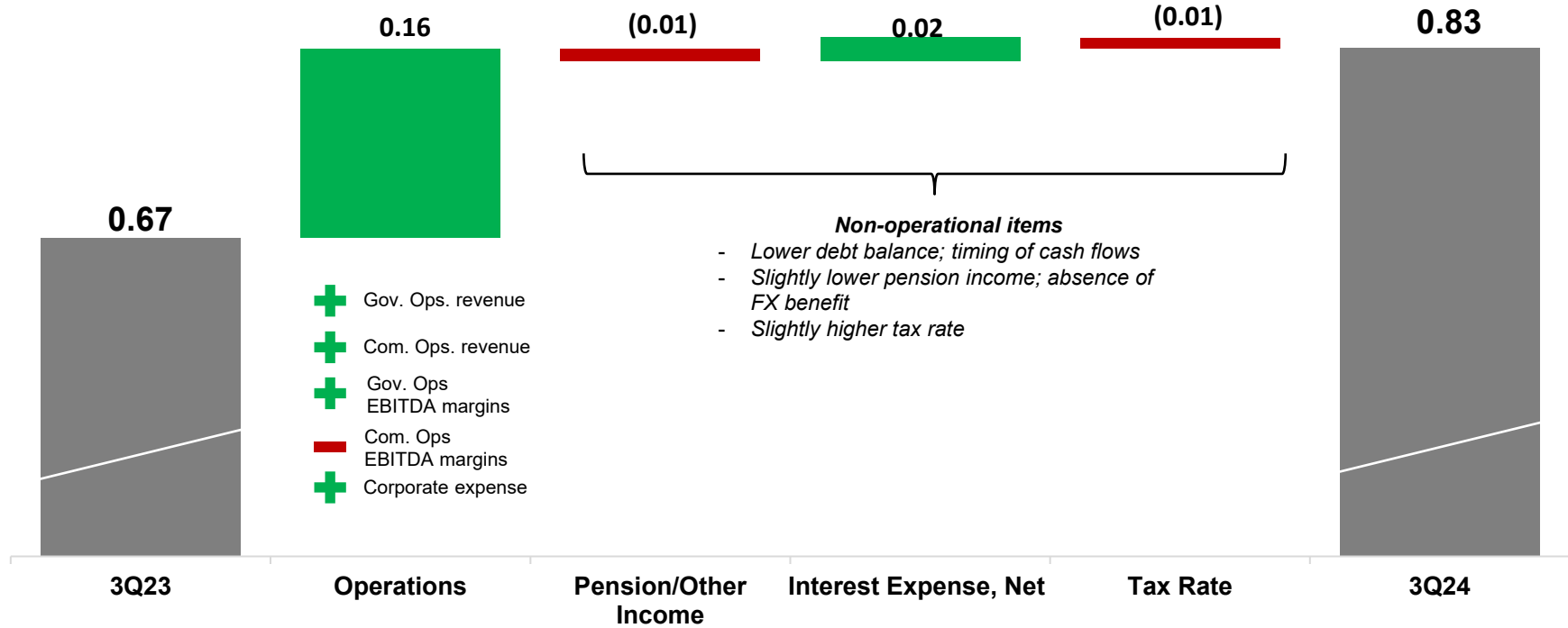
- 3Q24 revenue up 14% driven by higher revenue in Government Operations and Commercial Operations
- 3Q24 adj. EBITDA<sup>(1)</sup> up 19% from higher revenue and margin in Government Operations and lower Corporate expense
- 3Q24 non-GAAP<sup>(1)</sup> EPS up 24% driven by higher operating income and lower interest expense, partially offset by slightly lower pension income and slightly higher tax rate
- 3Q24 OCF lower due to working capital timing; 3Q24 FCF<sup>(1)</sup> was (\$8M)
  - Capital expenditures higher due to timing of select growth investments

(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 measures can be found in the Appendix section of this presentation.

# 3Q23 to 3Q24 non-GAAP<sup>(1)</sup> EPS bridge



(\$ per diluted share)



(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 measures can be found in the Appendix section of this presentation. Items may not foot due to rounding.

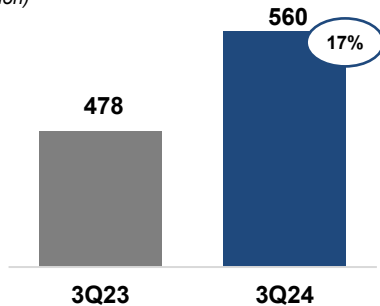
# 3Q24 segment summary



## Government Operations

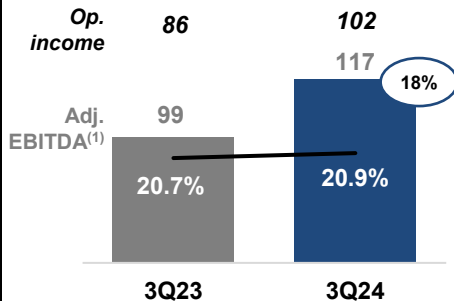
(\$million)

Revenue



3Q24 revenue up 17% from higher volume of naval nuclear component manufacturing and microreactor activities, partially offset by lower special materials processing

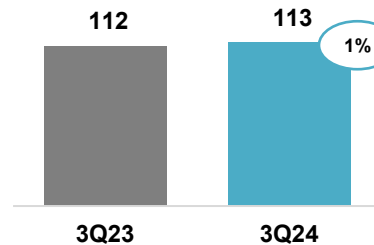
Operating income & Adj. EBITDA<sup>(1)</sup> / margin



3Q24 adj. EBITDA<sup>(1)</sup> up 18% driven by higher revenue and good operational performance in key business lines

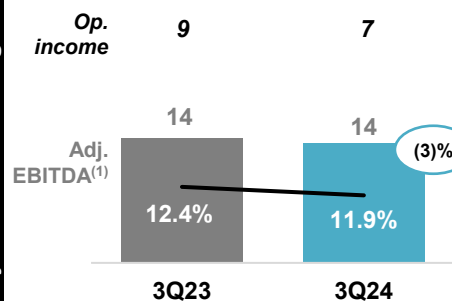
## Commercial Operations

Revenue



3Q24 revenue up 1% driven by continued robust Medical growth, and higher commercial nuclear components, fuel, and fuel handling systems, partially offset by lower field services revenue due to project timing

Operating income & Adj. EBITDA<sup>(1)</sup> / margin



3Q24 adj. EBITDA<sup>(1)</sup> down 3% driven by revenue mix in Commercial Power and growth investments

(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 measures can be found in the Appendix section of this presentation.

# Raising Low-End of 2024 Guidance



## BWXT consolidated guidance

Revenue

**~\$2.7B**

*Up mid-single digits  
(vs >\$2.6B)*

Adj. EBITDA<sup>(1)</sup>

**~\$500M**

*up mid-single digits  
~19% EBITDA margin*

Non-GAAP EPS<sup>(1)</sup>

**~\$3.20**

*(vs. \$3.10 - \$3.20)*

Free Cash Flow<sup>(1)</sup>

**\$225M-\$250M**

*significant inflection up*

*Upward revision / downward revision from prior guidance provided on August 5, 2024.*

## Other information (vs. 2023)

- **Revenue**
  - Government Operations: up mid single digits
  - Commercial Operations: up high-single to low-double digits
- **Adj. EBITDA<sup>(1)</sup>**
  - Government Operations Margin: slightly lower
  - Commercial Operations Margin: higher
  - Corporate expense: flat
- **Adj. Pre-tax Income<sup>(1)</sup>**
  - Pension/Other Income: **~\$12M**
  - Interest, net: **~\$38M**
  - <\$10M D&A step-up driven mostly by GO
- **Non-GAAP EPS<sup>(1)</sup>**
  - Tax rate: **~23.0%**
  - Share repurchase to offset dilution: ~flat
- **Free Cash Flow<sup>(1)</sup>**
  - OCF higher, following strong 2023
  - Cap-Ex: flat to slightly lower

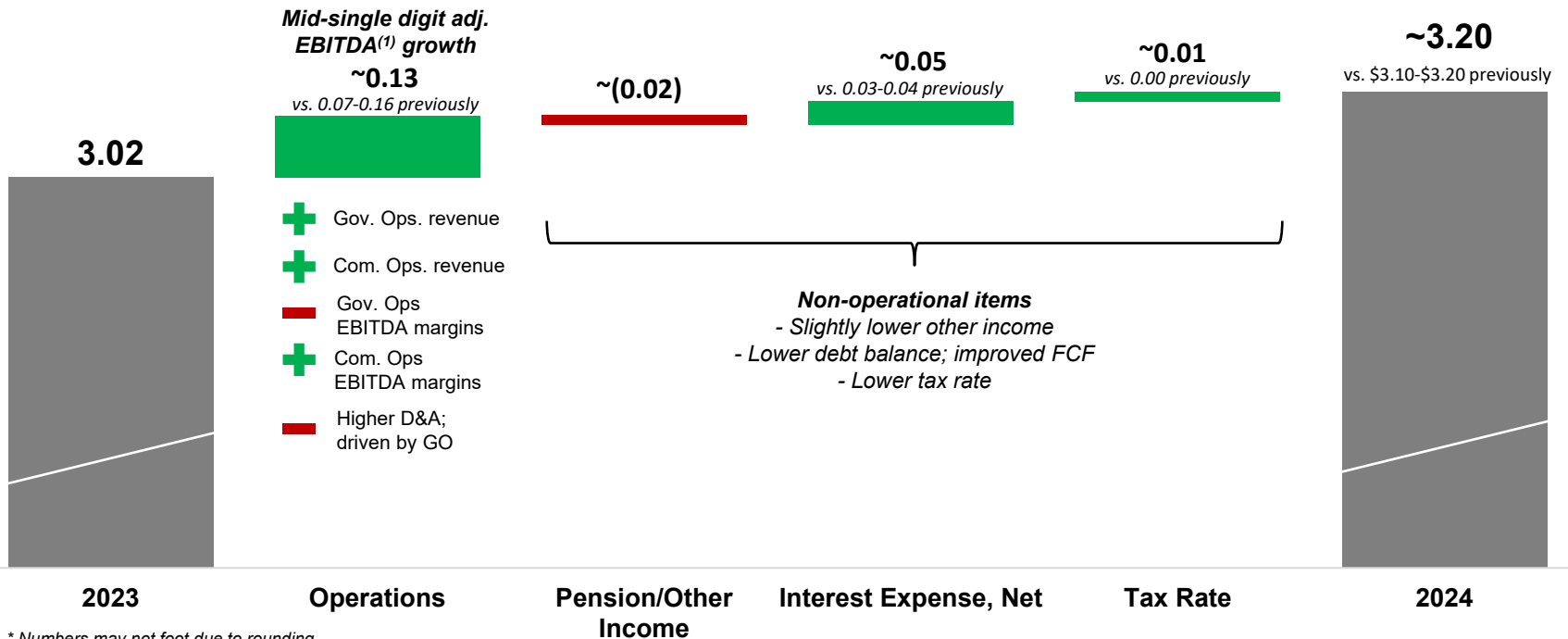
(1) BWXT has not included a reconciliation of provided non-GAAP guidance to the comparable GAAP measures due to the difficulty of estimating any mark-to-market adjustments for pension and post-retirement benefits, which are determined at the end of the year. A reconciliation of GAAP to adjusted, non-GAAP measures can be found in the Appendix section of this presentation.



# 2023 to 2024 non-GAAP<sup>(1,2)</sup> EPS bridge



(\$ per diluted share)



\* Numbers may not foot due to rounding

(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 measures can be found in the Appendix section of this presentation. Items may not foot due to rounding.

(2) BWXT has not included a reconciliation of provided non-GAAP guidance to the comparable GAAP measures due to the difficulty of estimating any mark-to-market adjustments for pension and post-retirement benefits, which are determined at the end of the year.

# Preliminary 2025 Outlook: Mid-to-High Single Digit Earnings Growth



	2024 Guidance	Preliminary 2025 Outlook <sup>(2)</sup>
<b>Revenue</b>	<b>~\$2.7B</b>	<ul style="list-style-type: none"> <li>○ <b>Mid-to-high single digit revenue growth</b> <ul style="list-style-type: none"> <li>○ GO growth: mid-single-digits including low-single-digit organic growth (driven by non-naval growth) and contribution from AOT acquisition</li> <li>○ CO growth: higher; driven by robust commercial power and medical growth</li> </ul> </li> </ul>
<b>Adj. EBITDA<sup>(1)</sup></b>	<b>~\$500M</b>	<ul style="list-style-type: none"> <li>○ <b>Mid-to-high-single-digit Adjusted EBITDA<sup>(1)</sup> and Non-GAAP EPS<sup>(1)</sup> growth</b> <ul style="list-style-type: none"> <li>○ <b>Adjusted EBITDA</b> <ul style="list-style-type: none"> <li>○ GO: in-line with revenue growth</li> <li>○ CO: above revenue growth</li> <li>○ Corporate EBITDA expense slightly higher</li> </ul> </li> <li>○ <b>Non-GAAP EPS</b> <ul style="list-style-type: none"> <li>○ ~\$15M D&amp;A step-up</li> <li>○ Slightly higher net, interest expense</li> <li>○ Flat pension (in other income)</li> <li>○ Lower tax-rate</li> </ul> </li> </ul> </li> </ul>
<b>Non-GAAP EPS<sup>(1)</sup></b>	<b>~\$3.20</b>	
<b>Free Cash Flow<sup>(1)</sup></b>	<b>\$225M-\$250M</b>	<ul style="list-style-type: none"> <li>○ <b>Free Cash Flow<sup>(1)</sup> growth sustained at 10% or higher</b> <ul style="list-style-type: none"> <li>○ OCF: higher (profit growth and improved working capital management)</li> <li>○ Capex: flat (maintenance capex discipline plus growth investments including microreactors, therapeutics, commercial nuclear expansion)</li> </ul> </li> </ul>

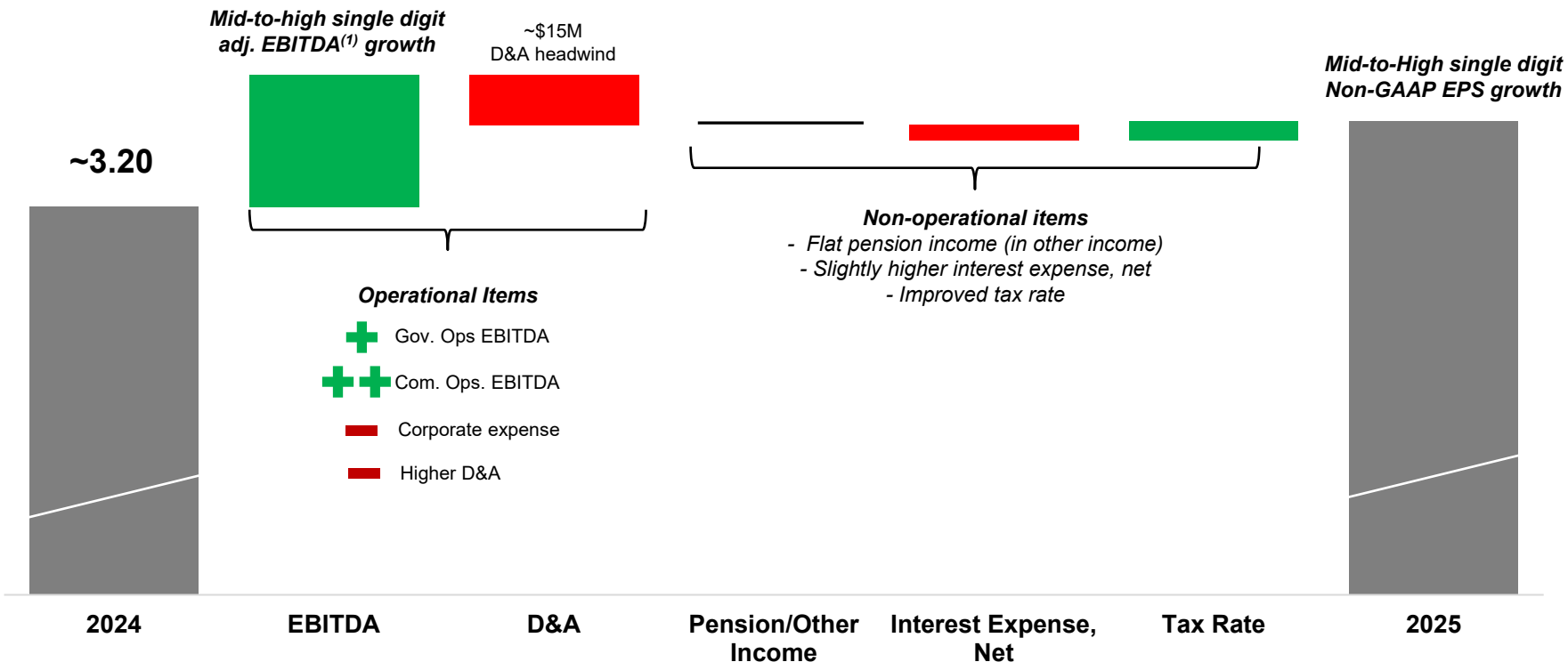
(1) Adjusted Pre-tax income and Non-GAAP EPS exclude any mark-to-market adjustment for pension and postretirement benefits recognized and other one-time items, which are not known at the time guidance is provided. A reconciliation of GAAP to adjusted, non-GAAP items can be found in the Appendix section of this presentation.

(2) 2024 growth rates compared to 2023; 2025 growth rates based on mid-point of 2024 guidance

# 2024 to 2025 non-GAAP<sup>(1,2,3)</sup> EPS bridge



(\$ per diluted share)



- (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 measures can be found in the Appendix section of this presentation. Items may not foot due to rounding.
- (2) BWXT has not included a reconciliation of provided non-GAAP guidance to the comparable GAAP measures due to the difficulty of estimating any mark-to-market adjustments for pension and post-retirement benefits, which are determined at the end of the year.
- (3) Based on 2024 guidance provided on November 4, 2024.



# Appendix

## Non-GAAP reconciliations

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**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**

***Non-GAAP Earnings Per Share (EPS)*** = GAAP EPS less the non-operational tax effected per share impact of pension & OPEB mark-to-market gains or losses and other one-time items, such as restructuring, transformation, and acquisition-related costs.

***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 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 net income

# 3Q 2024 non-GAAP reconciliations



## BWX TECHNOLOGIES, INC. RECONCILIATION OF NON-GAAP OPERATING INCOME AND EARNINGS PER SHARE<sup>(1)(2)(3)</sup> (In millions, except per share amounts)

Three Months Ended September 30, 2024

	GAAP	Restructuring & Transformation Costs	Acquisition-related Costs	Non-GAAP
Operating Income	\$ 96.6	\$ 6.0	\$ 3.1	\$ 105.7
Other Income (Expense)	(6.0)	—	—	(6.0)
Income Before Provision for Income Taxes	90.6	6.0	3.1	99.8
Provision for Income Taxes	(21.0)	(1.4)	(0.7)	(23.0)
Net Income	69.6	4.7	2.4	76.7
Net Income Attributable to Noncontrolling Interest	(0.2)	—	—	(0.2)
Net Income Attributable to BWXT	\$ 69.5	\$ 4.7	\$ 2.4	\$ 76.6
Diluted Shares Outstanding	91.9			91.9
Diluted Earnings per Common Share	\$ 0.76	\$ 0.05	\$ 0.03	\$ 0.83
Effective Tax Rate	23.2%			23.1%
Government Operations Operating Income	\$ 101.6	\$ 0.1	\$ —	\$ 101.7
Commercial Operations Operating Income	\$ 6.7	\$ 1.7	\$ 0.8	\$ 9.2
Unallocated Corporate Operating Income	\$ (11.8)	\$ 4.2	\$ 2.3	\$ (5.2)

## RECONCILIATION OF CONSOLIDATED ADJUSTED EBITDA<sup>(1)(2)(3)</sup> (In millions)

Three Months Ended September 30, 2024

	GAAP	Restructuring & Transformation Costs	Acquisition-related Costs	Non-GAAP
Net Income	\$ 69.6	\$ 4.7	\$ 2.4	\$ 76.7
Provision for Income Taxes	21.0	1.4	0.7	23.0
Other – net	(3.3)	—	—	(3.3)
Interest Expense	9.9	—	—	9.9
Interest Income	(0.7)	—	—	(0.7)
Depreciation & Amortization	21.3	—	—	21.3
Adjusted EBITDA	\$ 117.8	\$ 6.0	\$ 3.1	\$ 127.0

## RECONCILIATION OF REPORTING SEGMENT ADJUSTED EBITDA<sup>(1)(2)(3)</sup> (In millions)

Three Months Ended September 30, 2024

	Operating Income (GAAP)	Non-GAAP Adjustments <sup>(4)</sup>	Depreciation & Amortization	Adjusted EBITDA
Government Operations	\$ 101.6	\$ 0.1	\$ 15.3	\$ 117.0
Commercial Operations	\$ 6.7	\$ 2.5	\$ 4.3	\$ 13.5

## RECONCILIATION OF CONSOLIDATED FREE CASH FLOW<sup>(1)(2)(3)</sup> (In millions)

Three Months Ended September 30, 2024

Net Cash Provided By Operating Activities	\$ 32.6
Purchases of Property, Plant and Equipment	(40.3)
Free Cash Flow	\$ (7.7)

- (1) Tables may not foot due to rounding.
- (2) BWXT is providing non-GAAP information regarding certain of its historical results and guidance on future earnings per share to supplement the results provided in accordance with GAAP and it should not be considered superior to, or as a substitute for, the comparable GAAP measures. BWXT believes the non-GAAP measures provide meaningful insight and transparency into the Company's operational performance and provides these measures to investors to help facilitate comparisons of operating results with prior periods and to assist them in understanding BWXT's ongoing operations.
- (3) For Non-GAAP adjustment details, see reconciliation of non-GAAP operating income and earnings per share.

# 3Q 2023 non-GAAP reconciliations



## BWX TECHNOLOGIES, INC.

### RECONCILIATION OF NON-GAAP OPERATING INCOME AND EARNINGS PER SHARE<sup>(1)(2)(3)</sup>

(In millions, except per share amounts)

Three Months Ended September 30, 2023

	GAAP	Restructuring & Transformation Costs	Acquisition-related Costs	Non-GAAP
Operating Income	\$ 85.4	\$ 1.1	\$ 0.3	\$ 86.7
Other Income (Expense)	(7.2)	—	—	(7.2)
Income Before Provision for Income Taxes	78.2	1.1	0.3	79.5
Provision for Income Taxes	(17.8)	(0.1)	(0.1)	(18.0)
Net Income	60.4	1.0	0.2	61.5
Net Income Attributable to Noncontrolling Interest	(0.1)	—	—	(0.1)
Net Income Attributable to BWXT	\$ 60.3	\$ 1.0	\$ 0.2	\$ 61.5
Diluted Shares Outstanding	91.9			91.9
Diluted Earnings per Common Share	\$ 0.66	\$ 0.01	\$ 0.00	\$ 0.67
Effective Tax Rate	22.8%			22.6%
Government Operations Operating Income	\$ 85.6	\$ —	\$ —	\$ 85.6
Commercial Operations Operating Income	\$ 9.1	\$ 0.1	\$ 0.1	\$ 9.4
Unallocated Corporate Operating Income	\$ (9.4)	\$ 1.0	\$ 0.1	\$ (8.3)

### RECONCILIATION OF CONSOLIDATED ADJUSTED EBITDA<sup>(1)(2)(3)</sup>

(In millions)

Three Months Ended September 30, 2023

	GAAP	Restructuring & Transformation Costs	Acquisition-related Costs	Non-GAAP
Net Income	\$ 60.4	\$ 1.0	\$ 0.2	\$ 61.5
Provision for Income Taxes	17.8	0.1	0.1	18.0
Other – net	(4.3)	—	—	(4.3)
Interest Expense	12.2	—	—	12.2
Interest Income	(0.6)	—	—	(0.6)
Depreciation & Amortization	19.8	—	—	19.8
Adjusted EBITDA	\$ 105.2	\$ 1.1	\$ 0.3	\$ 106.5

### RECONCILIATION OF REPORTING SEGMENT ADJUSTED EBITDA<sup>(1)(2)(3)</sup>

(In millions)

Three Months Ended September 30, 2023

	Operating Income (GAAP)	Non-GAAP Adjustments <sup>(4)</sup>	Depreciation & Amortization	Adjusted EBITDA
Government Operations	\$ 85.6	\$ —	\$ 13.4	\$ 99.0
Commercial Operations	\$ 9.1	\$ 0.3	\$ 4.6	\$ 13.9

### RECONCILIATION OF CONSOLIDATED FREE CASH FLOW<sup>(1)(2)(3)</sup>

(In millions)

Three Months Ended September 30, 2023

Net Cash Provided By Operating Activities	\$ 74.3
Purchases of Property, Plant and Equipment	(30.9)
Free Cash Flow	\$ 43.4

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- (4) For Non-GAAP adjustment details, see reconciliation of non-GAAP operating income and earnings per share.