



BW Technologies Reports Third Quarter 2022 Results

November 7, 2022

- 3Q22 revenue of \$523.7 million
- 3Q22 net income of \$61.8 million, adjusted EBITDA⁽¹⁾ of \$100.1 million
- 3Q22 diluted GAAP EPS of \$0.67, non-GAAP⁽¹⁾ EPS of \$0.69
- 3Q22 net cash provided by operating activities of \$65.0 million, free cash flow⁽¹⁾ of \$25.4 million
- Narrows 2022 guidance and anticipates strong revenue and EBITDA⁽¹⁾ growth in 2023
- Technetium 99-m generator application accepted by FDA with priority review classification

LYNCHBURG, Va.--(BUSINESS WIRE)-- BWX Technologies, Inc. (NYSE: BWXT) ("BWXT", "we", "us" or the "Company") reported third quarter 2022 GAAP net income attributable to BWXT of \$61.6 million, or diluted earnings per share (EPS) of \$0.67, on revenue of \$523.7 million. Third quarter 2022 non-GAAP⁽¹⁾ net income attributable to BWXT was \$63.0 million, or \$0.69 diluted EPS. Third quarter 2022 adjusted earnings before interest, taxes, depreciation, and amortization (EBITDA)⁽¹⁾ was \$100.1 million. A reconciliation of non-GAAP results are detailed in Exhibit 1.

"BWXT delivered third quarter results that were in line with our expectations that we framed in the second quarter earnings call," said Rex D. Geveden, president and chief executive officer. "Strong performance from Commercial Operations combined with cost control initiatives offset headwinds in the Government Operations segment attributable to lower than projected production volumes due to hiring challenges in a tough macro labor market impacting many industries. We are continuing to address attrition and transitory labor shortages by implementing a set of comprehensive actions including aggressive recruiting, enhanced training and retention measures."

Geveden continued, "In the past couple of months, BWXT has made exciting progress in two important nuclear growth end-markets: nuclear medicine and commercial nuclear power. In September, we submitted our Tc-99m generator application to the FDA and last week we were notified by the FDA that our application has been accepted with a priority review classification. Also in September, BWXT Medical completed the first trial batch of Actinium-225 for Bayer's evaluation in therapeutic clinical trials. In August, BWXT's clean-energy business was awarded a contract from GE-Hitachi to begin engineering for its BWRX-300 small modular reactor (SMR) pressure vessel that will enable us to begin manufacturing and procurement preparations. This award firmly supports the global interest in clean-energy SMR technology, and BWXT is well suited to provide design and efficient manufacturing solutions for complex nuclear components to GE-Hitachi as well as other SMR solutions."

"Given current labor dynamics, we are narrowing 2022 earnings guidance by bringing down the top-end of the range. However, with the company's new wins, recent growth initiative progress, and positive secular tailwinds in BWXT's nuclear end-markets, we anticipate strong operational growth in 2023 and accelerating growth over the medium-term," said Geveden.

Financial Results Summary

	Three Months Ended September				\$ Change	% Change
	2022	2021	30,			
(Unaudited)						
(In millions, except per share amounts)						
Revenues						
Government Operations	\$ 422.5	\$ 417.1	\$ 5.4	1%		
Commercial Operations	\$ 101.8	\$ 83.4	\$ 18.4	22%		
Consolidated	\$ 523.7	\$ 498.7	\$ 25.0	5%		
Operating Income						
Government Operations	\$ 77.7	\$ 87.5	\$ (9.8)	(11)%		
Commercial Operations	\$ 6.8	\$ 4.9	\$ 1.9	39%		
Unallocated Corporate (Expense) Income	\$ (4.7)	\$ (5.0)	\$ 0.3	NM		

Consolidated	\$	79.9	\$	87.5	\$	(7.6)	(9)%
Consolidated non-GAAP ⁽¹⁾	\$	81.5	\$	88.2	\$	(6.7)	(8)%
EPS (Diluted)							
GAAP	\$	0.67	\$	0.63	\$	0.04	6%
Non-GAAP ⁽¹⁾	\$	0.69	\$	0.76	\$	(0.07)	(9)%
Net Income							
GAAP	\$	61.8	\$	60.2	\$	1.7	3%
Non-GAAP ⁽¹⁾	\$	63.2	\$	72.2	\$	(9.0)	(12)%
Adjusted EBITDA⁽¹⁾							
Government Operations	\$	90.4	\$	98.6	\$	(8.3)	(8)%
Commercial Operations	\$	11.5	\$	10.2	\$	1.2	12%
Corporate	\$	(1.7)	\$	(3.1)	\$	1.5	NM
Consolidated	\$	100.1	\$	105.7	\$	(5.6)	(5)%
Cash Flows							
Net Cash Provided By Operating Activities	\$	65.0	\$	67.3	\$	(2.3)	(3)%
Purchases of Property, Plant and Equipment	\$	39.6	\$	66.5	\$	(26.8)	(40)%
Free Cash Flow ⁽¹⁾	\$	25.4	\$	0.8	\$	24.6	NM
Repurchases of Common Stock	\$	—	\$	165.8	\$	(165.8)	NM
Dividends Paid to Common Shareholders	\$	20.1	\$	20.0	\$	0.2	1%

NM = Not Meaningful

Revenues

Third quarter revenue increased in both operating segments. The Government Operations increase was driven by higher naval production and microreactors volume, partially offset by lower long-lead material production. The Commercial Operations increase was driven by higher field services, higher fuel handling and an increase in medical sales.

Operating Income and Adjusted EBITDA⁽¹⁾

Third quarter total operating income decreased driven by lower operating income in Government Operations that was partially offset by higher operating income in Commercial Operations. The Government Operations decrease was driven by decreased labor efficiencies that resulted in fewer favorable contract adjustments, lower recoverable CAS pension income, and higher depreciation and acquisition amortization, partially offset by higher income in technical service joint ventures. The Commercial Operations increase was driven by higher revenue, a more favorable business mix and segment cost controls.

Third quarter total adjusted EBITDA⁽¹⁾ decreased for the reasons noted above as lower Government Operations adjusted EBITDA⁽¹⁾ was partially offset by higher Commercial Operations adjusted EBITDA⁽¹⁾.

EPS

The third quarter GAAP EPS increase was driven primarily by the absence of cost associated with an early bond redemption that occurred in the third quarter 2021 and lower share count, partially offset by lower FAS/CAS pension income, higher interest expense and a higher effective tax rate. The third quarter non-GAAP EPS decrease was driven by lower operating and FAS/CAS pension income, higher interest expense, and a higher effective tax rate, which was partially offset by a lower share count.

Cash Flows

Decreased operating cash flow was driven by higher cash taxes, partially offset by more favorable changes in working capital. Lower capital expenditures were driven by less spend on two major growth capital campaigns, for U.S. naval nuclear reactors and medical radioisotopes, that are nearing completion.

Dividend

BWXT paid \$20.1 million dollars, or \$0.22 per common share, to shareholders in the third quarter 2022. On November 1, 2022, the BWXT Board of Directors declared a quarterly cash dividend of \$0.22 per common share payable on December 13, 2022, to shareholders of record on November 21, 2022.

2022 Guidance

(In millions, except per share amounts)	Year Ended	As of August 8,	As of November
		2022	7, 2022
	Year Ended	Year Ended	Year Ended

	December 31, 2021	December 31, 2022	December 31, 2022
Revenues	\$2,124	up 6.5% - 8.0%	up 6.5% - 7.0%
Adjusted EBITDA ⁽¹⁾	\$418	up 5.0% - 6.5%	up ~5.0%
Non-GAAP ⁽¹⁾ Earnings Per Share	\$3.06	\$3.08 - \$3.23	\$3.10 - \$3.15
Net Cash Provided by Operating Activities	\$386	\$260 - \$290	\$260 - \$290
Capital Expenditures	\$311	\$195 - \$210	< \$200

2022 Segment Outlook

(In millions)

	As of August 8, 2022		As of November 7, 2022	
	Revenue	Adjusted EBITDA ⁽¹⁾	Revenue	Adjusted EBITDA ⁽¹⁾
Government Operations	up 6.0% - 7.5%	\$400 - \$405	up ~6.0%	~\$395
Commercial Operations	up 7.5% - 8.5%	\$48 - \$50	up ~8.5%	~\$50

Additional information can be found in the 2022 third quarter earnings call presentation on the BWXT investor relations website at www.bwxt.com/investors. The Company does not provide GAAP guidance because it is unable to reliably forecast most of the items that are excluded from GAAP to calculate non-GAAP results. These items could cause GAAP results to differ materially from non-GAAP results.

Conference Call to Discuss Third Quarter 2022 Results

Date: Monday, November 7, 2022, at 5:00 p.m. EST

Live Webcast: Investor Relations section of website at www.bwxt.com

Full Earnings Release Available on BWXT Website

A full version of this earnings release is available on our Investor Relations website at <http://investors.bwxt.com/3Q2022-release>

BWXT may use its website (www.bwxt.com) as a channel of distribution of material Company information. Financial and other important information regarding BWXT is routinely accessible through and posted on our website. In addition, you may elect to automatically receive e-mail alerts and other information about BWXT by enrolling through the "Email Alerts" section of our website at <http://investors.bwxt.com>.

Non-GAAP Measures

BWXT uses and makes reference to adjusted EBITDA, free cash flow and free cash flow conversion, which are not recognized measures under GAAP. BWXT is providing these non-GAAP measures 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. Definitions for the non-GAAP measures are provided below and reconciliations are detailed in Exhibit 1, except that reconciliations of forward-looking GAAP measures are not provided because the company is unable to reliably forecast most of the items that are excluded from GAAP to calculate non-GAAP results. Other companies may define these measures differently or may utilize different non-GAAP measures, thus impacting comparability.

Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) is calculated using non-GAAP net income, plus provision for income taxes, less other – net, less interest income, plus interest expense, plus depreciation and amortization.

Free Cash Flow (FCF) is calculated using net income to derive net cash provided by (used in) operating activities less purchases of property, plant and equipment.

Free Cash Flow conversion is free cash flow divided by net income.

Forward-Looking Statements

BWXT cautions that this release contains forward-looking statements, including, without limitation, statements relating to backlog, to the extent they may be viewed as an indicator of future revenues; our plans and expectations for each of our reportable segments, including the expectations, timing and revenue of our strategic initiatives, such as medical radioisotopes, SMR components and recent acquisitions; 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; and our expectations and guidance for 2022 and beyond. These forward-looking statements are based on management's current expectations and involve a number of risks and uncertainties, including, among other things, our ability to execute contracts in backlog; the lack of, or adverse changes in, federal appropriations to government programs in which we participate; the demand for and competitiveness of nuclear products and services; capital priorities of power generating utilities and other customers; the timing of technology

development, regulatory approval and automation of production; the receipt and/or timing of government approvals; the impact of COVID-19 on our business and our employees, contractors, suppliers, customers and other partners and their business activities; the potential recurrence of subsequent waves or strains of COVID-19 or similar diseases; labor market challenges, including employee retention and recruitment; adverse changes in the industries in which we operate; and delays, changes or termination of contracts in backlog. If one or more of these risks or other risks materialize, actual results may vary materially from those expressed. For a more complete discussion of these and other risk factors, see BWXT's filings with the Securities and Exchange Commission, including our annual report on Form 10-K for the year ended December 31, 2021 and subsequent Form 10-Q filings. BWXT cautions not to place undue reliance on these forward-looking statements, which speak only as of the date of this release, and undertakes no obligation to update or revise any forward-looking statement, except to the extent required by applicable law.

About BWXT

At BWX Technologies, Inc. (NYSE: BWXT), we are People Strong, Innovation Driven. Headquartered in Lynchburg, Va. BWXT is a Fortune 1000 and Defense News Top 100 manufacturing and engineering innovator that provides safe and effective nuclear solutions for global security, clean energy, environmental remediation, nuclear medicine and space exploration. With approximately 6,700 employees, BWXT has 14 major operating sites in the U.S., Canada and the U.K. In addition, BWXT joint ventures provide management and operations at more than a dozen U.S. Department of Energy and NASA facilities. Follow us on Twitter at @BWXT and learn more at www.bwxt.com

(1) A reconciliation of non-GAAP results are detailed in Exhibit 1. Additional information can be found in the materials on the BWXT investor relations website at www.bwxt.com/investors.

EXHIBIT 1

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

Three Months Ended September 30, 2022

	GAAP	Restructuring Costs	Acquisition Related Costs	Non-GAAP
Operating Income	\$ 79.9	\$ 1.2	\$ 0.5	\$ 81.5
Other Income (Expense)	2.1	—	—	2.1
Provision for Income Taxes	(20.2)	(0.2)	(0.1)	(20.5)
Net Income	61.8	1.0	0.4	63.2
Net Income Attributable to Noncontrolling Interest	(0.2)	—	—	(0.2)
Net Income Attributable to BWXT	\$ 61.6	\$ 1.0	\$ 0.4	\$ 63.0
Diluted Shares Outstanding	91.7			91.7
Diluted Earnings per Common Share	\$ 0.67	\$ 0.01	\$ 0.00	\$ 0.69
Effective Tax Rate	24.6%			24.5%
Government Operations Operating Income	\$ 77.7	\$ —	\$ 0.5	\$ 78.2
Commercial Operations Operating Income	\$ 6.8	\$ —	\$ —	\$ 6.8
Unallocated Corporate Operating Income	\$ (4.7)	\$ 1.2	\$ —	\$ (3.5)

Three Months Ended September 30, 2021

	GAAP	Restructuring Costs	Cost associated with early bond redemption	Non-GAAP
Operating Income	\$ 87.5	\$ 0.8	\$ —	\$ 88.2
Other Income (Expense)	(9.7)	—	15.0	5.3
Provision for Income Taxes	(17.6)	(0.2)	(3.5)	(21.3)
Net Income	60.2	0.6	11.5	72.2
Net Income Attributable to Noncontrolling Interest	(0.2)	—	—	(0.2)
Net Income Attributable to BWXT	\$ 59.9	\$ 0.6	\$ 11.5	\$ 72.0

Diluted Shares Outstanding		94.5				94.5		
Diluted Earnings per Common Share	\$	0.63	\$	0.01	\$	0.12	\$	0.76
Effective Tax Rate		22.6%						22.8%
Government Operations Operating Income	\$	87.5	\$	0.2	\$	—	\$	87.7
Commercial Operations Operating Income	\$	4.9	\$	0.3	\$	—	\$	5.2
Unallocated Corporate Operating Income	\$	(5.0)	\$	0.3	\$	—	\$	(4.7)

EXHIBIT 1 (continued)

RECONCILIATION OF CONSOLIDATED ADJUSTED EBITDA⁽¹⁾⁽²⁾⁽³⁾
(In millions)

Three Months Ended September 30, 2022

	<u>GAAP</u>	<u>Restructuring Costs</u>	<u>Acquisition Related Costs</u>	<u>Non-GAAP</u>
Net Income	\$ 61.8	\$ 1.0	\$ 0.4	\$ 63.2
Provision for Income Taxes	20.2	0.2	0.1	20.5
Other – net	(11.5)	—	—	(11.5)
Interest Income	(0.3)	—	—	(0.3)
Interest Expense	9.6	—	—	9.6
Depreciation & Amortization	18.6	—	—	18.6
Adjusted EBITDA	<u>\$ 98.5</u>	<u>\$ 1.2</u>	<u>\$ 0.5</u>	<u>\$ 100.1</u>

Three Months Ended September 30, 2021

	<u>GAAP</u>	<u>Restructuring Costs</u>	<u>Costs associated with early bond redemption</u>	<u>Non-GAAP</u>
Net Income	\$ 60.2	\$ 0.6	\$ 11.5	\$ 72.2
Provision for Income Taxes	17.6	0.2	3.5	21.3
Other – net	(1.6)	—	(10.8)	(12.4)
Interest Income	(0.2)	—	—	(0.2)
Interest Expense	11.5	—	(4.2)	7.3
Depreciation & Amortization	17.5	—	—	17.5
Adjusted EBITDA	<u>\$ 105.0</u>	<u>\$ 0.8</u>	<u>\$ —</u>	<u>\$ 105.7</u>

RECONCILIATION OF REPORTING SEGMENT ADJUSTED EBITDA⁽¹⁾⁽²⁾⁽³⁾
(In millions)

Three Months Ended September 30, 2022

	<u>Operating Income (GAAP)</u>	<u>Non-GAAP Adjustments⁽⁴⁾</u>	<u>Depreciation & Amortization</u>	<u>Adjusted EBITDA</u>
Government Operations	\$ 77.7	\$ 0.5	\$ 12.1	\$ 90.4
Commercial Operations	\$ 6.8	\$ —	\$ 4.6	\$ 11.5

Three Months Ended September 30, 2021

	<u>Operating Income (GAAP)</u>	<u>Non-GAAP Adjustments⁽⁴⁾</u>	<u>Depreciation & Amortization</u>	<u>Adjusted EBITDA</u>
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Government Operations	\$	87.5	\$	0.2	\$	10.9	\$	98.6
Commercial Operations	\$	4.9	\$	0.3	\$	5.0	\$	10.2

EXHIBIT 1 (continued)

RECONCILIATION OF CONSOLIDATED FREE CASH FLOW⁽¹⁾⁽²⁾⁽³⁾
(In millions)

Three Months Ended September 30, 2022

Net Cash Provided By Operating Activities	\$	65.0
Purchases of Property, Plant and Equipment		(39.6)
Free Cash Flow	\$	<u>25.4</u>

Three Months Ended September 30, 2021

Net Cash Provided By Operating Activities	\$	67.3
Purchases of Property, Plant and Equipment		(66.5)
Free Cash Flow	\$	<u>0.8</u>

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

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