BWX Technologies Reports First Quarter 2022 Results

May 9, 2022

- Generates 1Q22 GAAP earnings of $0.64 per share, non-GAAP[(1)] earnings of $0.69 per share
- Produces 1Q22 GAAP net income of $59.0 million and adjusted EBITDA[(1)] of $94.4 million
- Completes Tc-99m equipment testing, setting the stage for FDA registration batches
- Closes acquisition to expand and enhance core naval nuclear manufacturing business by adding highly-engineered, proprietary valves, manifolds and fittings for global shipbuilding
- Reiterates 2022 guidance

LYNCHBURG, Va.--(BUSINESS WIRE)-- BWX Technologies, Inc. (NYSE: BWXT) ("BWXT", "we", "us" or the "Company") reported first quarter 2022 revenue of $531 million, a slight increase compared with $528 million in the first quarter 2021. GAAP net income for the first quarter 2022 was $59.0 million, or $0.64 per diluted share, compared with GAAP net income of $69.7 million, or $0.73 per diluted share, in the prior-year period. Non-GAAP[(1)] net income for the first quarter 2022 was $63.0 million, or $0.69 per diluted share. Consolidated adjusted EBITDA[(1)] for the first quarter 2022 was $94.4 million, a 4% decrease compared with the prior-year period of $98.3 million, primarily driven by lower recoverable CAS pension income and fewer favorable contract adjustments due to lower productivity in the naval reactors business. A reconciliation of non-GAAP results are detailed in Exhibit 1.

“BWXT demonstrated consistent operational and financial performance in the first quarter of the year and moved forward on strategic growth initiatives," said Rex D. Geveden, president and chief executive officer. “BWXT delivered its final design for the Pele transportable microreactor to the Department of Defense and completed a comprehensive series of hot runs to fully test and optimize the new Tc-99m generator manufacturing line, setting the stage for final characterization runs and reference batches.”

“In April, we also closed a small, but strategic acquisition that expands and enhances our core mission in global security. These two acquired businesses provide additional market access to expanding nuclear and non-nuclear naval and commercial markets through the sale of highly engineered proprietary valves, manifolds and fittings and enhanced-emission maritime offerings. The acquisition will also establish a global footprint for BWXT with concentrations in the U.S. and U.K. maritime markets, which we view as increasingly important, especially given the present state of global security," said Geveden.

Segment Results

Government Operations segment revenue was $432 million for the first quarter 2022, a 2% increase compared with the prior-year period, driven by higher long-lead material volume in naval reactors, higher revenue in uranium processing and higher revenue in advanced technologies related to microreactors, partially offset by lower missile tube revenue. Government Operations segment operating income was $72.2 million in the first quarter 2022, an 8% decrease compared with the prior-year period. Government Operations segment adjusted EBITDA[(1)] was $84.7 million in the first quarter 2022, a 3% decrease compared with the prior-year period, primarily driven by lower recoverable CAS pension income and fewer favorable contract adjustments due to lower productivity in the naval reactors business, partially offset by higher volume.

Commercial Operations segment revenue was $100 million for the first quarter 2022, a 7% decrease from the prior-year period, driven by lower commercial nuclear power field services, partially offset by higher commercial nuclear power fuel handling revenue and higher BWXT Medical revenue. Commercial Operations segment operating income was $4.0 million in the first quarter 2022, a $2.3 million decrease from the prior-year period. Commercial Operations segment adjusted EBITDA[(1)] was $10.7 million in the first quarter 2022, a 5% decrease compared with the prior-year period, primarily driven by lower revenue.

Cash and Capital Returned to Shareholders

BWXT utilized $5.4 million of net cash in operating activities in the first quarter 2022, compared with $98.4 million of net cash generated from operating activities in the prior-year period, which can be largely explained by an $88.7 million cash receipt that typically would have been received prior to the 2020 year-end but occurred in the first quarter of 2021. The Company’s cash balance, net of restricted cash, was $23.6 million at the end of the first quarter 2022.

The Company returned $40.7 million of cash to shareholders during the first quarter 2022, including $20.0 million in share repurchases and $20.7 million in dividends. As of March 31, 2022, total remaining share repurchase authorization was $398 million.

On May 3, 2022, the BWXT Board of Directors declared a quarterly cash dividend of $0.22 per common share. The dividend will be payable on June 8, 2022, to shareholders of record on May 20, 2022.

2022 Guidance

BWXT reiterated all components of 2022 guidance

- Revenue up 3% to 4% vs. 2021
- Adjusted EBITDA up 3% to 4% vs. 2021
- Non-GAAP EPS: $3.05 to $3.25
- Cash from operations: $260 million to $290 million
- Capital expenditures: $180 million to $200 million

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. See reconciliation of non-GAAP results in Exhibit 1 for additional information.

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

Conference Call to Discuss First Quarter 2022 Results

Date: Monday, May 9, 2022, at 5:00 p.m. EDT
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/1Q2022-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.

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 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 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; 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.

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 March 31, 2022

	GAAP	Restructuring Costs	Acquisition Related Costs	Non-GAAP
Operating Income	$ 71.6	$ 4.1	$ 1.2	$ 76.8
Other Income (Expense)	5.9	—	—	5.9
Provision for Income Taxes	(18.4)	(1.0)	(0.2)	(19.6)
Net Income	59.1	3.1	0.9	63.1
Net Income Attributable to Noncontrolling Interest	(0.1)	—	—	(0.1)
Net Income Attributable to BWXT	$ 59.0	$ 3.1	$ 0.9	$ 63.0
Diluted Shares Outstanding	91.8			91.8
Diluted Earnings per Common Share	$ 0.64	$ 0.03	$ 0.01	$ 0.69
Effective Tax Rate	23.7%			23.7%
Government Operations Operating Income	$ 72.2	$ 1.2	$ —	$ 73.5
Commercial Operations Operating Income	$ 4.0	$ 1.9	$ —	$ 5.9
Unallocated Corporate Operating Income	$ (4.6)	$ 0.9	$ 1.2	$ (2.5)

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

Three Months Ended March 31, 2022

	GAAP	Restructuring Costs	Acquisition Related Costs	Non-GAAP
Net Income	$ 59.1	$ 3.1	$ 0.9	$ 63.1
Provision for Income Taxes	18.4	1.0	0.2	19.6
Other - net	(12.8)	—	—	(12.8)
Interest Income	(0.1)	—	—	(0.1)
Interest Expense	7.1	—	—	7.1
Depreciation & Amortization	17.6	—	—	$ 17.6
Adjusted EBITDA	$ 89.2	$ 4.1	$ 1.2	$ 94.4

Three Months Ended March 31, 2021

	GAAP
Net Income	$ 69.8
Provision for Income Taxes	22.1
Other - net	(16.4)
Interest Income	(0.1)
Interest Expense	7.0
Depreciation & Amortization	15.9
Adjusted EBITDA	$ 98.3

EXHIBIT 1 (continued)

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

Three Months Ended March 31, 2022

	Operating Income (GAAP)	Non-GAAP Adjustments[4]	Depreciation & Amortization	Adjusted EBITDA
Government Operations	$ 72.2	$ 1.2	$ 11.2	$ 84.7
Commercial Operations	$ 4.0	$ 1.9	$ 4.8	$ 10.7

Three Months Ended March 31, 2021

	Operating Income (GAAP)	Non-GAAP Adjustments[4]	Depreciation & Amortization	Adjusted EBITDA
Government Operations	$ 78.2	$ —	$ 9.2	$ 87.4
Commercial Operations	$ 6.3	$ —	$ 4.9	$ 11.2

(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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