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# Second-Quarter 2024 Earnings Call Presentation



Reported August 5, 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.

# Second Quarter 2024 and Outlook Highlights



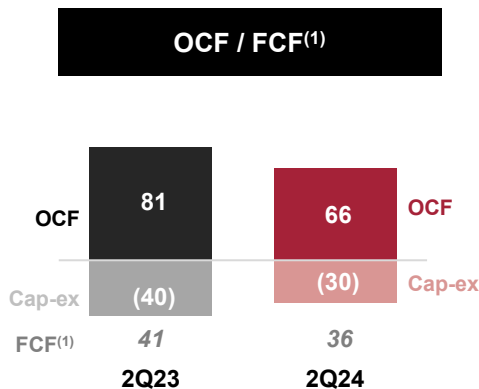
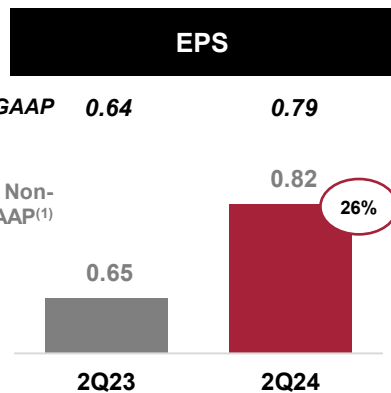
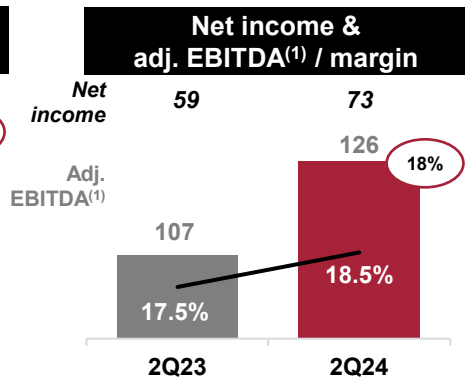
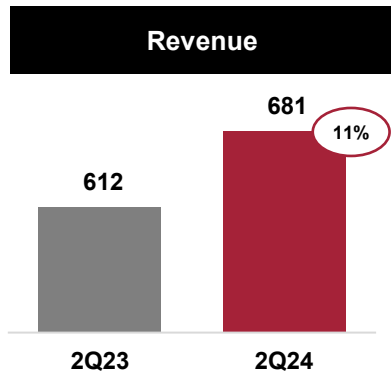
- **2Q24 Y/Y financial performance**
  - Revenue **up 11%**, driven by solid organic revenue growth in Government Operations and Commercial Operations
  - Adjusted EBITDA<sup>(1)</sup> **up 18%**, driven by revenue growth and good margin performance in Government Operations and Commercial operations
  - Non-GAAP EPS **up 26%**, driven by EBITDA growth, lower interest, and a reduced tax rate due to Canadian legislation for nuclear manufacturing
  
- **Key business development successes**
  - BWXT-led JV awarded M&O contract for the NNSA’s Pantex Plant
  - Progressing BANR microreactor development with the Wyoming Energy Authority
  - Enhancing position as leader in Actinium-225: submitted Drug Master File with the FDA; executed partnering agreement to improve supply reliability
  - **Broad based government and private industry support for nuclear driving new and exciting opportunities for BWXT**
    - Significant support for advanced reactor development: ADVANCE Act, federal and state legislation supporting SMR development, multiple U.S. utilities assessing SMR development, Army and Defense Innovation Unit’s microreactor RFP
    - Key programs received good support in FY24 appropriations; ongoing negotiations for next multi-year pricing agreement
  
- **Narrowing 2024 Non-GAAP EPS<sup>(1)</sup> guidance to \$3.10-\$3.20**
  - Reaffirming mid-single-digit revenue growth to **>\$2.6B**; mid-single-digit adjusted EBITDA<sup>(1)</sup> growth to **~\$500M**
  - Reaffirming free cash flow<sup>(1)</sup> of **\$225M-\$250M**

(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.

# 2Q24 financial summary



(\$million, except per share amounts)



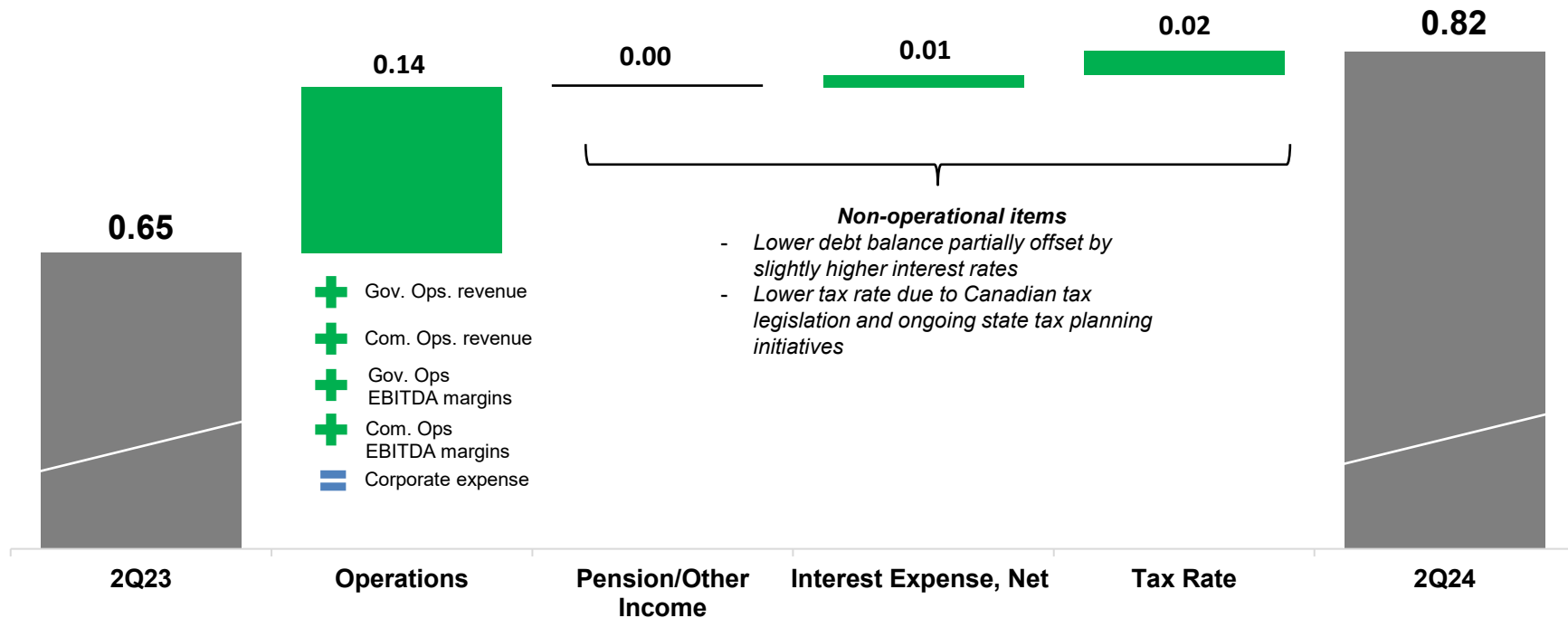
- 2Q24 revenue up 11% from higher revenue in Government Operations and Commercial Operations
- 2Q24 adj. EBITDA<sup>(1)</sup> up 18% from higher revenue and margin in Government Operations and Commercial Operations
- 2Q24 non-GAAP<sup>(1)</sup> EPS up 26% driven by higher operating income, lower interest expense and a lower tax rate
  - Lower tax rate driven by Canadian legislation that provides a lower statutory tax rate for clean energy manufacturers, which now includes nuclear
- 2Q24 OCF modestly lower due to working capital timing; 2Q24 FCF<sup>(1)</sup> was \$36M
  - Capital expenditures lower 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.

# 2Q23 to 2Q24 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.

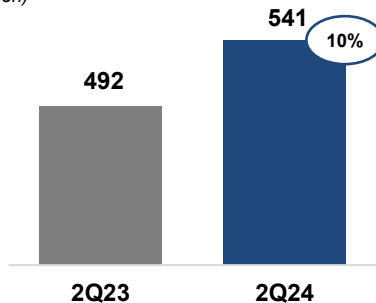
# 2Q24 segment summary



## Government Operations

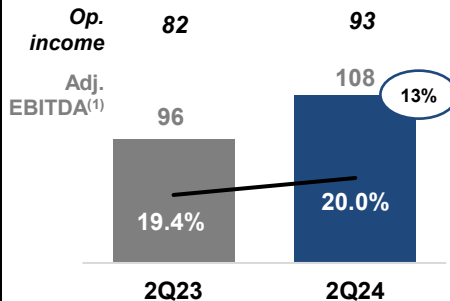
(\$million)

Revenue



2Q24 revenue up 10% from higher volume of naval nuclear component manufacturing, microreactor activities, and special materials processing

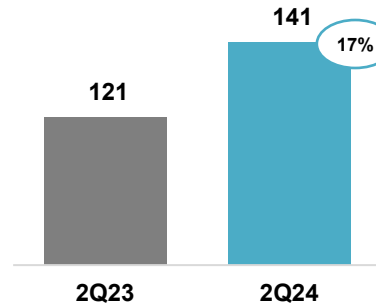
Operating income & Adj. EBITDA<sup>(1)</sup> / margin



2Q24 adj. EBITDA<sup>(1)</sup> up 13% driven by higher revenue and improved margin performance, partially offset by investments in new initiatives

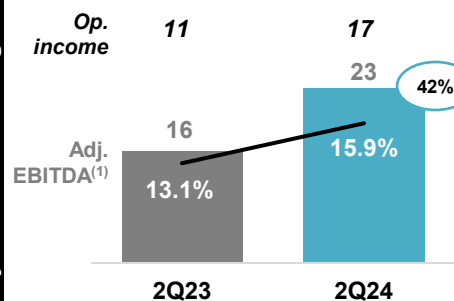
## Commercial Operations

Revenue



2Q24 revenue up 17% from higher commercial nuclear components, field services, and fuel and fuel handling volume, as well as higher BWXT Medical sales

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



2Q24 adj. EBITDA<sup>(1)</sup> up 42% driven by higher revenue and favorable product and services mix

(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

**>\$2.6B**  
*Up mid-single digits*

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

**~\$500M**  
*up mid-single digits  
~19% EBITDA margin*

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

**\$3.10 – \$3.20**  
*(vs. \$3.05 – \$3.20)*

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

**\$225M–\$250M**  
*significant inflection up*

*Upward revision / downward revision from prior guidance provided on May 6, 2024.*

## Other information (vs. 2023)

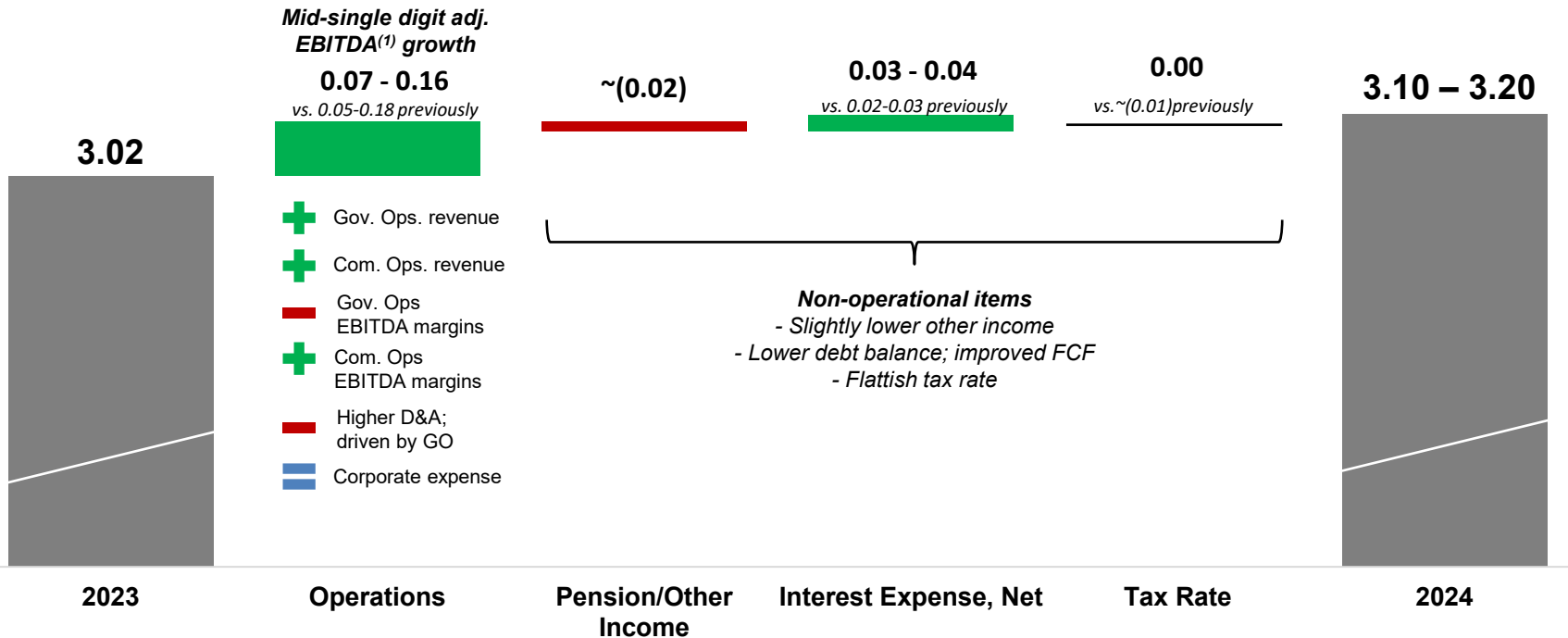
- **Revenue**
  - Government Operations: up mid single digits
  - Commercial Operations: up high-single to low-double digits
- **Adj. EBITDA<sup>(1)</sup>**
  - Government Operations Margin: slightly lower
  - Commercial Operations Margin: higher
  - Corporate expense: **flat**
- **Adj. Pre-tax Income<sup>(1)</sup>**
  - Pension/Other Income: ~\$11M-\$12M
  - Interest, net: **slightly lower**
  - ~\$10M D&A step-up driven mostly by GO
- **Non-GAAP EPS<sup>(1)</sup>**
  - Tax rate: **<23.5%**
  - 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)



(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.





# 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

# 2Q 2024 non-GAAP reconciliations



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

(In millions, except per share amounts)

Three Months Ended June 30, 2024

	GAAP	Restructuring & Transformation Costs	Acquisition-related Costs	One-Time Tax Benefit	Non-GAAP
Operating Income	\$ 98.8	\$ 5.8	\$ 0.1	\$ —	\$ 104.6
Other Income (Expense)	(7.2)	—	—	—	(7.2)
Income Before Provision for Income Taxes	91.6	5.8	0.1	—	97.4
Provision for Income Taxes	(18.6)	(1.3)	(0.0)	(2.2)	(22.1)
Net Income	73.0	4.4	0.0	(2.2)	75.4
Net Income Attributable to Noncontrolling Interest	(0.1)	—	—	—	(0.1)
Net Income Attributable to BWXT	\$ 73.0	\$ 4.4	\$ 0.0	\$ (2.2)	\$ 75.3
Diluted Shares Outstanding	91.8				91.8
Diluted Earnings per Common Share	\$ 0.79	\$ 0.05	\$ 0.00	\$ (0.02)	\$ 0.82
Effective Tax Rate	20.3%				22.7%
Government Operations Operating Income	\$ 92.5	\$ 0.3	\$ —	\$ —	\$ 92.8
Commercial Operations Operating Income	\$ 16.6	\$ 1.5	\$ —	\$ —	\$ 18.1
Unallocated Corporate Operating Income	\$ (10.3)	\$ 4.0	\$ 0.1	\$ —	\$ (6.3)

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

(In millions)

Three Months Ended June 30, 2024

	GAAP	Restructuring & Transformation Costs	Acquisition-related Costs	One-Time Tax Benefit	Non-GAAP
Net Income	\$ 73.0	\$ 4.4	\$ 0.0	\$ (2.2)	\$ 75.4
Provision for Income Taxes	18.6	1.3	0.0	2.2	22.1
Other – net	(3.0)	—	—	—	(3.0)
Interest Expense	10.7	—	—	—	10.7
Interest Income	(0.5)	—	—	—	(0.5)
Depreciation & Amortization	21.6	—	—	—	21.6
Adjusted EBITDA	\$ 120.4	\$ 5.8	\$ 0.1	\$ —	\$ 126.2

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

(In millions)

Three Months Ended June 30, 2024

	Operating Income (GAAP)	Non-GAAP Adjustments <sup>(4)</sup>	Depreciation & Amortization	Adjusted EBITDA
Government Operations	\$ 92.5	\$ 0.3	\$ 15.4	\$ 108.2
Commercial Operations	\$ 16.6	\$ 1.5	\$ 4.4	\$ 22.5

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

(In millions)

Three Months Ended June 30, 2024

Net Cash Provided By Operating Activities	\$ 65.9
Purchases of Property, Plant and Equipment	(30.4)
Free Cash Flow	\$ 35.5

- (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.

# 2Q 2023 non-GAAP reconciliations



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

(In millions, except per share amounts)

Three Months Ended June 30, 2023

	GAAP	Restructuring Costs	Acquisition-related Costs	Non-GAAP
Operating Income	\$ 86.7	\$ 0.9	\$ 0.1	\$ 87.6
Other Income (Expense)	(8.7)	—	—	(8.7)
Income Before Provision for Income Taxes	77.9	0.9	0.1	78.9
Provision for Income Taxes	(19.3)	(0.1)	(0.0)	(19.4)
Net Income	58.7	0.8	0.1	59.5
Net Income Attributable to Noncontrolling Interest	(0.1)	—	—	(0.1)
Net Income Attributable to BWXT	\$ 58.6	\$ 0.8	\$ 0.1	\$ 59.4
Diluted Shares Outstanding	91.8			91.8
Diluted Earnings per Common Share	\$ 0.64	\$ 0.01	\$ 0.00	\$ 0.65
Effective Tax Rate	24.7%			24.6%
Government Operations Operating Income	\$ 82.2	\$ 0.2	\$ —	\$ 82.4
Commercial Operations Operating Income	\$ 11.0	\$ 0.4	\$ —	\$ 11.5
Unallocated Corporate Operating Income	\$ (6.6)	\$ 0.3	\$ 0.1	\$ (6.2)

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

(In millions)

Three Months Ended June 30, 2023

	GAAP	Restructuring Costs	Acquisition-related Costs	Non-GAAP
Net Income	\$ 58.7	\$ 0.8	\$ 0.1	\$ 59.5
Provision for Income Taxes	19.3	0.1	0.0	19.4
Other – net	(3.0)	—	—	(3.0)
Interest Expense	12.2	—	—	12.2
Interest Income	(0.5)	—	—	(0.5)
Depreciation & Amortization	19.4	—	—	19.4
Adjusted EBITDA	\$ 106.1	\$ 0.9	\$ 0.1	\$ 107.0

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

(In millions)

Three Months Ended June 30, 2023

	Operating Income (GAAP)	Non-GAAP Adjustments <sup>(4)</sup>	Depreciation & Amortization	Adjusted EBITDA
Government Operations	\$ 82.2	\$ 0.2	\$ 13.1	\$ 95.5
Commercial Operations	\$ 11.0	\$ 0.4	\$ 4.4	\$ 15.8

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

(In millions)

Three Months Ended June 30, 2023

Net Cash Provided By Operating Activities	\$ 80.6
Purchases of Property, Plant and Equipment	(39.8)
Free Cash Flow	\$ 40.8

- (1) Tables may not foot due to rounding.
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- (3) For Non-GAAP adjustment details, see reconciliation of non-GAAP operating income and earnings per share.