



Fourth-Quarter and Full-Year 2022 Earnings Call Presentation



Reported February 23, 2023

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, including the expectations, timing and revenue of our strategic initiatives, including U.S. Navy procurement, microreactors, advanced nuclear fuels, medical radioisotope industrialization, small modular reactor components, recent acquisitions 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 2023 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; the receipt and/or timing of government approvals; capital priorities of power generating utilities and other customers; the timing of technology development; the extent to which the COVID-19 health crisis impacts our businesses; 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.



○ 2022 financial performance

- Revenue **up 5%**, adjusted EBITDA⁽¹⁾ **up 5%** (including CAS pension headwind), non-GAAP EPS⁽¹⁾ **up 2%**
- Strong operational performance (ex-pension adj. EBITDA⁽¹⁾ up 9.5%), all-weather portfolio offset macro headwinds including hiring challenges, lower recoverable CAS pension and higher interest expense... resulting in non-GAAP EPS⁽¹⁾ growth

○ 2022 strategic milestones

- **Global Security:** announced \$1B in naval nuclear propulsion program options; successful uranium conversion and purification phase I
- **Environmental Restoration:** BWXT-led joint venture awarded \$21B environmental management contract for DOE's Savannah River Site, successfully transitioned contract
- **Advanced Technologies:** awarded DoD's SCO project Pele for full-scale transportable microreactor prototype, started production of TRISO fuel for first U.S. 4th generation microreactor
- **Clean Energy:** awarded fabrication and supply of replacement feeders for Bruce Power as well as other component manufacturing and installation contracts, awarded contract to support small modular reactor (SMR): GE-Hitachi BWRX-300
- **Medical:** submitted Tc-99m generator application... accepted by FDA with priority review; executed agreement with Bayer to supply Actinium-225 and began deliveries; executed agreement with Fusion Pharmaceuticals to supply Actinium-225

(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 on the investor relations website at www.bwxt.com/investors.



○ 2023 financial guidance

Continue to drive top-line gains, accelerate EBITDA⁽¹⁾ growth and inflect FCF⁽¹⁾

- Revenue: ~\$2.4B
- Adjusted EBITDA⁽¹⁾: ~\$475M
- Adjusted Pre-tax Income⁽¹⁾: ~\$350M
- Non-GAAP⁽¹⁾ EPS: \$2.80 to \$3.00
- Free Cash Flow⁽¹⁾: ~\$200M

○ 2023 opportunities

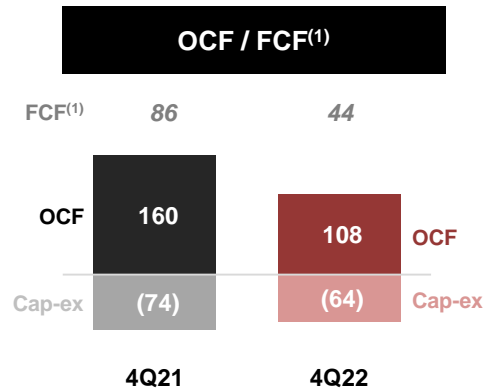
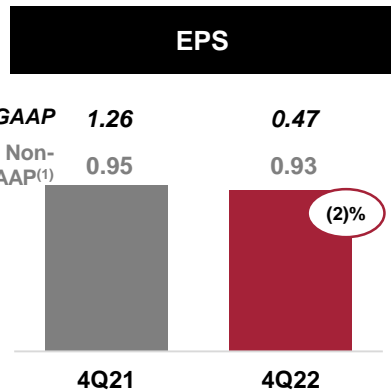
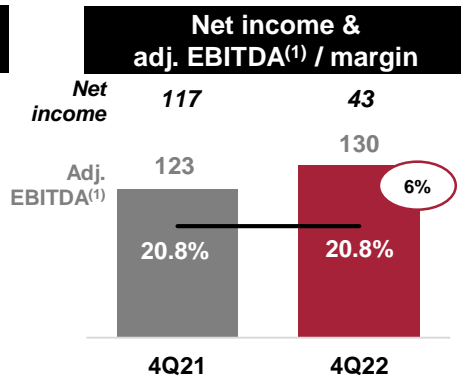
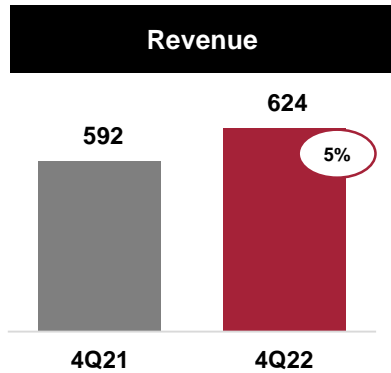
- **Global Security:** 2-year multi-year pricing agreement, uranium conversion and purification phase II, AUKUS trilateral security agreement
- **Environmental Restoration:** Hanford Tanks Remediation, potential to be the largest services contract in BWXT portfolio
- **Advanced Technologies:** DARPA DRACO contract for space nuclear propulsion demonstration
- **Clean Energy:** Follow on fuel contracts at Darlington and Pickering, incremental component orders, new small modular reactor (SMR) scope
- **Medical:** Tc-99m generator FDA approval, product portfolio expansion further into therapeutics

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4Q22 financial summary



(\$million, except per share amounts)



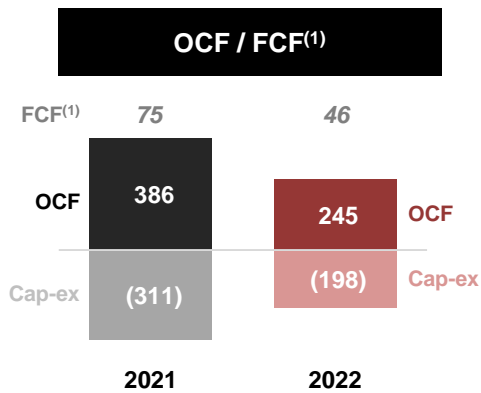
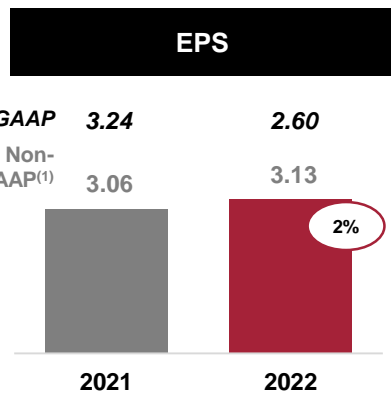
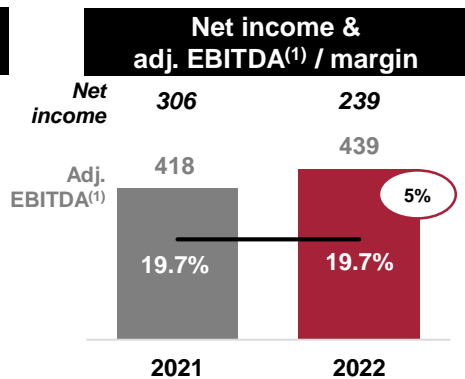
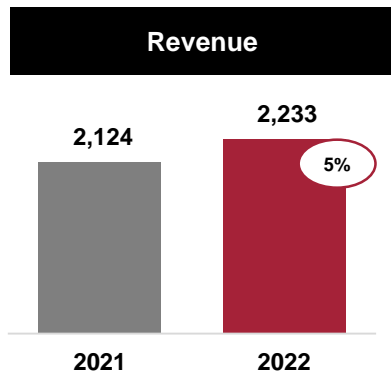
- 4Q22 revenue up 5% from higher Government Operations partially offset by lower Commercial Operations
- 4Q22 adj. EBITDA⁽¹⁾ up 6% from higher revenue and better margins in Government Operations, despite lower recoverable CAS pension income, and lower corporate expense, partially offset by lower revenue and margins in Commercial Operations
- 4Q22 non-GAAP⁽¹⁾ EPS down 2% on non-operational items including a higher tax rate and interest expense, partially offset by higher operational performance and a lower share count
- 4Q22 OCF down \$53M primarily due to higher cash taxes and increases to working capital, primarily in lower accounts payable. 4Q22 FCF⁽¹⁾ down \$42M as lower OCF partially offset by fewer capital expenditures
 - Capital expenditures down Y/Y driven by timing of two major capital campaigns nearing completion, partially offset by increases in growth capital for microreactors

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2022 financial summary



(\$million, except per share amounts)



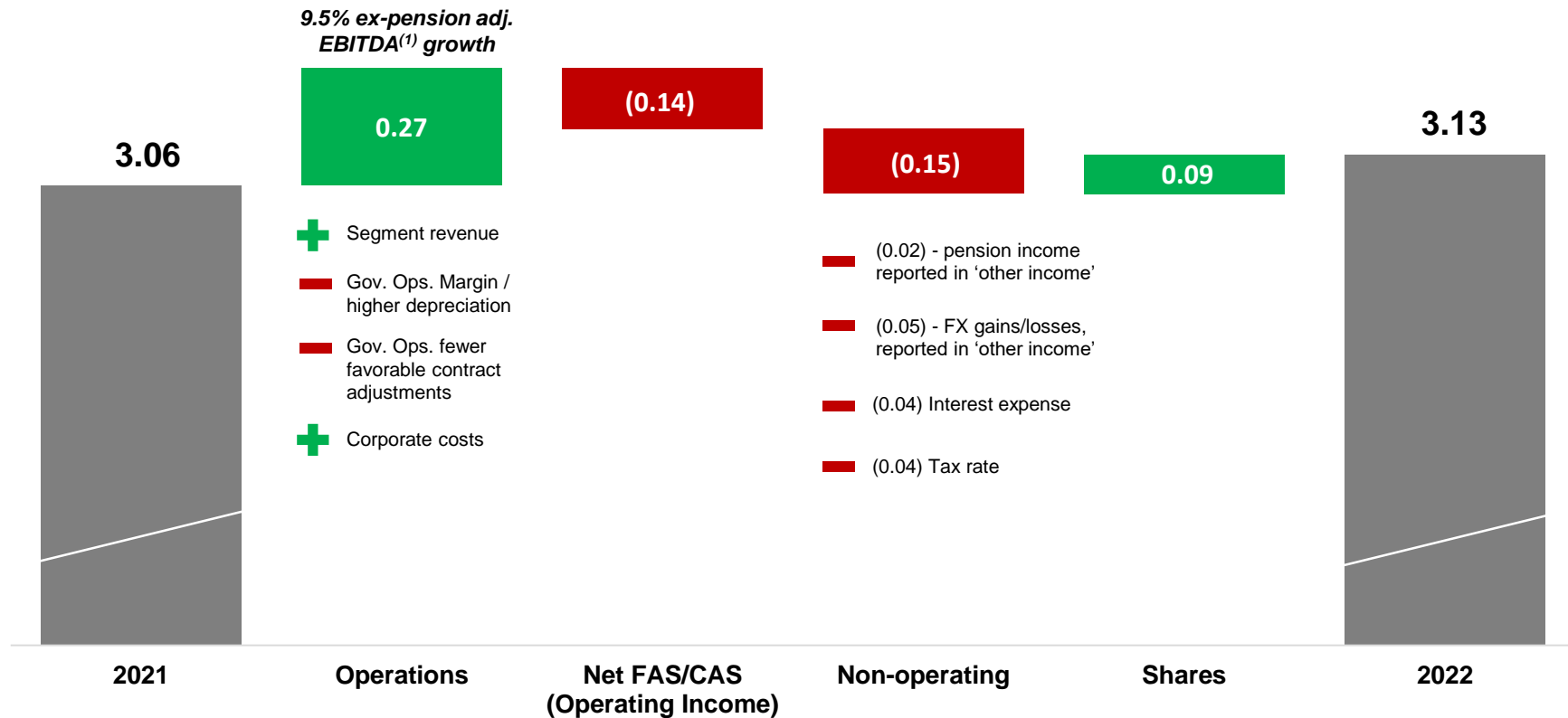
- 2022 revenue up 5% driven by increases in both operating segments
- 2022 adj. EBITDA⁽¹⁾ up 5% from higher revenue and lower corporate expense, partially offset by lower margins in both segments and lower recoverable CAS pension income
- 2022 non-GAAP⁽¹⁾ EPS up 2% higher operational performance and a lower share count, partially offset by lower non-operational items including pension reported in 'other income', FX gains/losses, interest expense, and a higher tax rate
- 2022 OCF down \$141M primarily due to a single, \$89M late payment received in 2021 that normally would have occurred in 2020, higher cash taxes including Section 174 R&D amortization and payment of CARES Act deferred taxes, and increases to working capital, primarily in lower accounts payable. 2022 FCF⁽¹⁾ down \$29M as lower OCF was partially offset by lower capital expenditures
 - Capital expenditures down Y/Y driven by timing of two major capital campaigns nearing completion

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2021 to 2022 non-GAAP⁽¹⁾ EPS bridge



(\$ per diluted share)



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BWXT consolidated guidance

Revenue

~\$2.4B
 up mid-to-high-single digits

Adj. EBITDA⁽¹⁾

~\$475M
 up high-single digits
 ~20% EBITDA margin

Adj. Pre-tax Income⁽¹⁾

~\$350M
 down from pension, interest
 and D&A headwinds

Non-GAAP EPS⁽¹⁾

\$2.80 – \$3.00
 down ~11% - ~4%

Free Cash Flow⁽¹⁾

~\$200M
 significant inflection up

= change versus prior year

(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 on the investor relations website at www.bwxt.com/investors.

Guidance assumptions

- Modest labor progress including hiring/attrition
- Stable interest rates at current lower levels
- Continued minimal supply chain disruptions
- Equitable adjustment to certain contracts

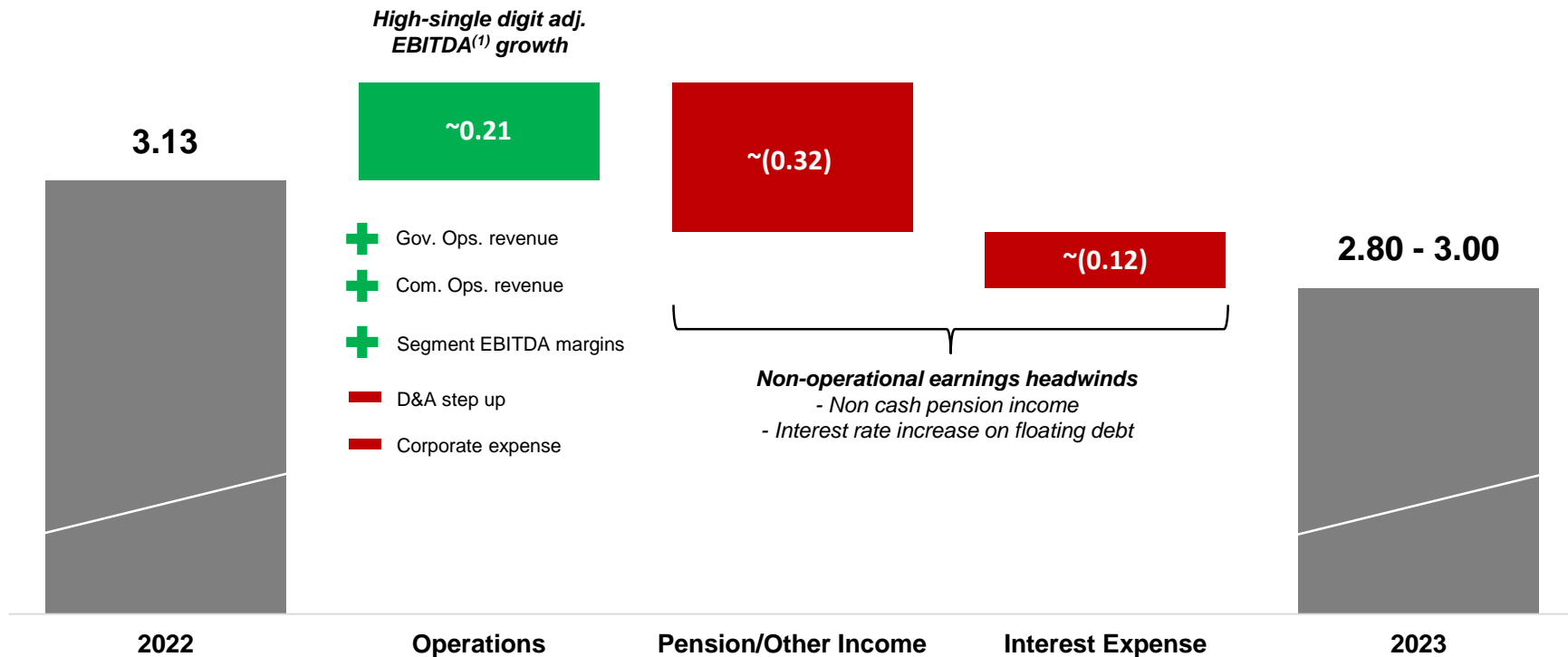
Other information (vs. 2022)

- **Revenue**
 - Government Operations: up mid-to-high single digit
 - Commercial Operations: up low-to-mid single digit
- **Adj. EBITDA⁽¹⁾**
 - Modest margin expansion
 - Corporate expense higher, similar to historical average
- **Adj. Pre-tax Income⁽¹⁾**
 - ~\$40M non-cash pension headwind
 - ~\$15M interest expense headwind (driven by rate increases)
 - ~\$10M D&A step-up
- **Non-GAAP EPS⁽¹⁾**
 - Consistent effective tax rate
 - Share repurchase to offset dilution: ~flat
- **Free Cash Flow⁽¹⁾**
 - OCF normalized for 2022 headwinds, growth in-line with EBITDA
 - Cap-Ex: material step-down: Maintenance + Pele + small potential growth capital

2022 to 2023 non-GAAP⁽¹⁾ EPS bridge



(\$ per diluted share)



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Appendix

Segment results, pension summary and non-GAAP definitions

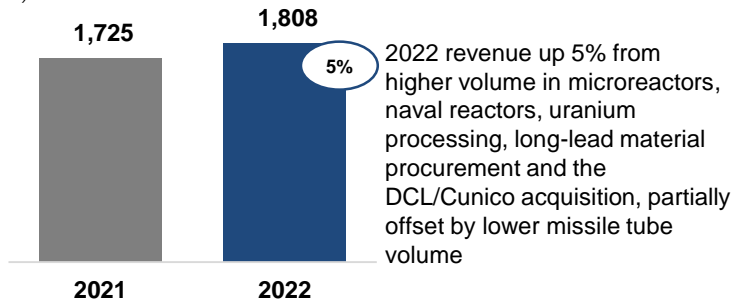
2022 segment summary



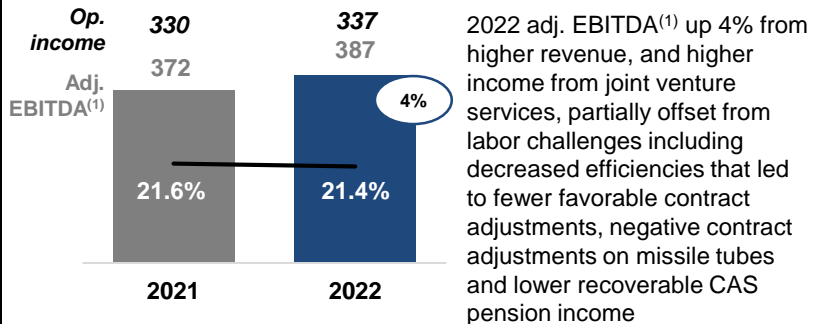
Government Operations

(\$million)

Revenue

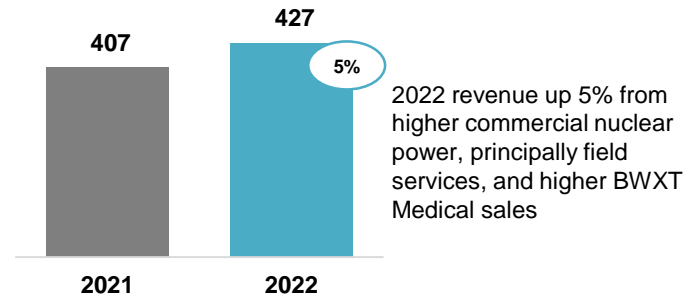


Operating income & Adj. EBITDA⁽¹⁾ / margin

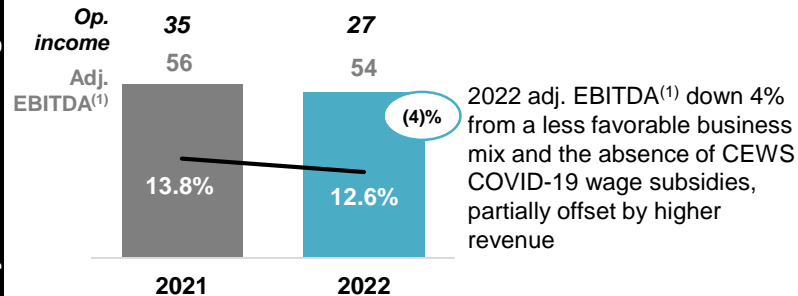


Commercial Operations

Revenue



Operating income & Adj. EBITDA⁽¹⁾ / margin



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Pension summary



<i>(\$millions)</i>	2015 ⁽³⁾	2016	2017	2018	2019	2020	2021	2022	2023E
Benefit obligation at end of period	1,566	1,572	1,543	1,186	1,309	1,414	1,308	927	
Fair value of plan assets at end of period	1,210	1,218	1,258	1,024	1,150	1,281	1,257	876	
Funded status over (under)	(356)	(354)	(286)	(162)	(158)	(133)	(51)	(51)	
% Funded	77%	77%	81%	86%	88%	91%	96%	94%	
Pension funding (company contributions)	13	12	56	158	4	5	6	14	~5
Reported in other income									
Net periodic benefit cost (income)	36	2	(19)	6	(11)	(30)	(86)	3	
Recognized net actuarial Mark-To-Market (MTM) loss	61	28	8	37	9	7	(35)	52	
Net periodic benefit cost (income) excl. MTM loss	(24)	(26)	(27)	(31)	(21)	(37)	(52)	(49)	~(10)
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	11	
Total FAS⁽²⁾/CAS⁽¹⁾ differential	34	42	48	34	38	33	17	1	~5

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



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

GAAP to non-GAAP reconciliations, including adjusted EBITDA, can be found on the investors section of the BWXT website, or by following this link: <http://investors.bwxt.com/4Q22reconciliations>

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 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