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# BWXT to Acquire Kinectrics



January 7, 2025

# 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.

# BWXT to Acquire Kinectrics



## Expands Commercial Operations Segment and Exposure to Commercial Nuclear and Nuclear Medicine



Leading nuclear services company

Comprehensive services portfolio

Broad customer base

New and existing nuclear partners



Nuclear Safety & Licensing



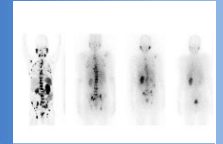
Materials & Major Components



Nuclear Equipment Solutions



Nuclear Decommissioning Technologies



Raw Material Sourcing and Enrichment

### Extensive Portfolio of Nuclear Services



Design & Engineering Services



Inspection, Maintenance & Radio Chemistry



Nuclear Materials Management



Transmission & Distribution Efficiency & Reliability



Isotope Irradiation Services

Mission-critical, full-lifecycle service offering for commercial nuclear customers in North America and Europe

Multi-decade, trusted relationships with the leading customers in key sectors

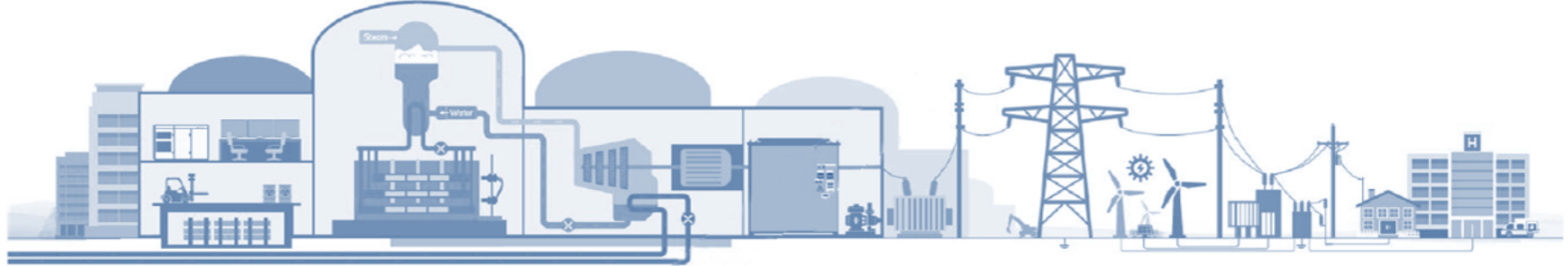
Talented work force with significant nuclear expertise; unique and licensed facilities for nuclear testing & analysis

Leading producer of medical isotopes, including Lutetium-177, critical to emerging cancer treatments

# Combined Company Fills Out a Lifecycle Offering



Combined Businesses **Cover Full Spectrum** of Commercial Nuclear Products and Services for Existing and New Infrastructure



Commercial Nuclear Power Offering for New & Existing Reactors (Large Scale & SMRs)

Nuclear Medicine

Front End

Life Of Plant

End of Life

Power

Reactor Output

Medical Isotopes

**BWXT**

Components and Equipment Design

Heavy Equipment Manufacturing

Fuel / Fuel Handling Systems

Inspection, Field Services & Maintenance

Life Extension Equipment Repair and Replacement

Used Fuel and Waste Management Solutions

Isotope Production Systems

Isotope Processing and Drug Manufacturing



Safety & Licensing

Plant Systems Engineering

Life Cycle Engineering Services

Life Extension Engineering

Nuclear Decommissioning

Transmission Efficiency, Reliability & Safety

Distribution Efficiency, Reliability & Safety

Raw Materials Sourcing and Enrichment

Isotope Irradiation Services

# Strategic Rationale Aligned With Stated M&A Goals



✓ Aligned with core competencies in core markets

✓ Accelerates innovation and time to market

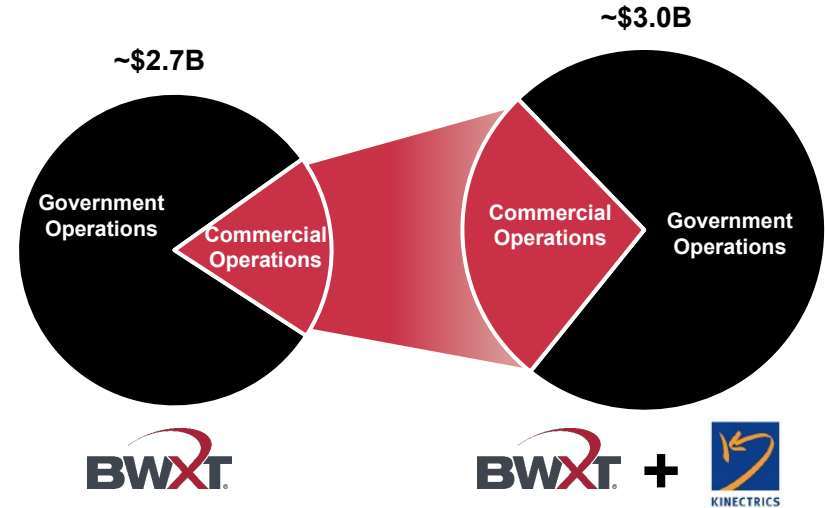
✓ Drives competitiveness and customer value

✓ Significant IP and process knowledge

✓ Demonstrated sustainable organic growth

✓ Modestly Accretive to EPS<sup>(2)</sup> in year 1

## Pro Forma Revenue by Segment<sup>(1)</sup>



Enhances BWXT's  
Position in Canadian  
Nuclear Market

Expanding TAM with  
Broader Services  
Portfolio

Diversifying  
Geographic and  
Customer Mix

(1) Based on BWXT 2024 guidance provided on November 4, 2024; estimated Kinectrics 2024 revenue as of January 7, 2025

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



## Purchase Price

- Purchase price, including estimated transaction expenses and assumption of Kinectrics net pension and debt liabilities, of approximately \$525M
- Expected to be nearly 14x 2024E adjusted EBITDA

## Financing

- Acquisition funded through BWXT revolver draw and the assumption of existing Kinectrics debt and net pension liabilities
- Expected net leverage ratio at close of ~2.75x<sup>(1)</sup>

## Organization & Leadership

- Kinectrics to operate as a business unit within Commercial Operations segment
- Management team remaining with BWXT post-close to help execute on a robust pipeline of existing and joint opportunities

## Timing

- Expected to close in the middle of 2025

(1) *Net leverage = (total debt – cash) / adjusted EBITDA*

# Kinectrics Medium-Term Outlook Supported by Mega-Trends



Global and Energy Security

Electrification and Decarbonization

Appetite for Novel Nuclear Applications

**Commercial Nuclear**

**Forecast Nuclear Generating Capacity in North America and Europe, GW(e)<sup>(1)</sup>**

- United Nations pledge to triple nuclear capacity
- Heightened demand from non-traditional, green energy focused customers

**Nuclear Medicine**

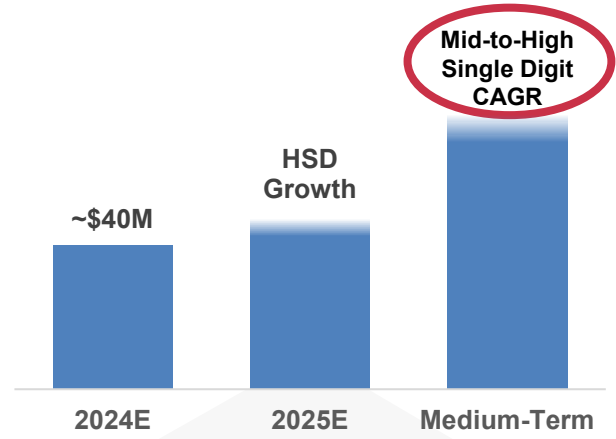
**Nuclear Medicine Market, (\$B)<sup>(2)</sup> Poised for Robust Growth**

- Total CAGR 19%
- Therapeutic CAGR 35%
- Diagnostic CAGR 7%

- + CANDU life-extensions / new-build; Canada and globally
- + Large reactor-life extensions / new-build
- + SMR new-build
- + Grid reliability / aging T&D infrastructure

- + Radiotherapeutic drug development
- + Isotope production innovation

## Kinectrics' Adjusted EBITDA Growth



Adjusted EBITDA margins consistent with Commercial Operations

Anticipate modest EPS accretion in Year 1 post-close<sup>(3)</sup>

Targeting incremental FCF in Year 1 post-close<sup>(4)</sup>

(1) International Atomic Energy Agency, BWXT Estimates  
 (2) ©MEDraysintell Nuclear Medicine Report & Directory Edition 2022, [www.medraysintell.com](http://www.medraysintell.com)  
 (3) Excluding purchase accounting amortization and one-time acquisition and integration costs  
 (4) Incremental FCF guidance includes one-time minor pension pre-funding agreed to with seller



**Expanding the Commercial Operations segment and enhancing exposure to growing commercial nuclear and nuclear medicine markets**

**BWXT**



Improves position in growing Canadian nuclear market while also expanding BWXT's commercial presence globally



Magnifies market opportunity with broader product portfolio amid ecosystems' need for reliable partners



Extends front end capability for BWXT's nuclear medical isotope production strategy, particularly in growing field of Lutetium-based therapeutics



Increases BWXT's global workforce to ~10,000 and expands facility capacity to better serve global nuclear customers



Acquisition of a premium commercial nuclear asset at solid acquisition multiple, allowing modest EPS accretion<sup>(1)</sup> and comparably strong margins, and medium-term growth

(1) Excluding purchase accounting amortization and one-time acquisition and integration costs





# 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

# 2023 non-GAAP reconciliations



For the Twelve Months Ended December 31, 2023

	GAAP	Restructuring & Transformation Costs	Acquisition Related Costs	Pension & OPEB MTM (Gain) / Loss	Non-GAAP
Operating Income	\$ 383.1	\$ 9.6	\$ 0.7	\$ -	\$ 393.3
Other Income (Expense)	(61.7)	-	-	30.8	(30.9)
Income before Provision for Income Taxes	321.4	9.6	0.7	30.8	362.4
Provision for Income Taxes	(75.1)	(1.7)	(0.2)	(7.1)	(84.1)
Net Income	246.3	7.8	0.5	23.7	278.4
Net Income Attributable to Noncontrolling Interest	(0.5)	-	-	-	(0.5)
Net Income Attributable to BWXT	\$ 245.9	\$ 7.8	\$ 0.5	\$ 23.7	\$ 277.9
Diluted Shares Outstanding	91.9				91.9
Diluted Earnings per Common Share	\$ 2.68	\$ 0.09	\$ 0.01	\$ 0.26	\$ 3.02
Effective Tax Rate	23.4%				23.2%
Government Operations Operating Income	\$ 374.7	\$ 1.1	\$ 0.3	\$ -	\$ 376.1
Commercial Operations Operating Income	\$ 37.5	\$ 4.6	\$ 0.1	\$ -	\$ 42.2
Unallocated Corporate Operating Income	\$ (29.2)	\$ 3.9	\$ 0.3	\$ -	\$ (25.0)

For the Twelve Months Ended December 31, 2023

	Operating Income (GAAP)	Non-GAAP Adjustments	Depreciation & Amortization	Adjusted EBITDA
Government Operations	\$ 374.7	\$ 1.4	\$ 53.4	\$ 429.4
Commercial Operations	\$ 37.5	\$ 4.7	\$ 17.7	\$ 60.0
Government Operations Margin	18.4%			21.1%
Commercial Operations Margin	8.0%			12.9%