

2022 Second Quarter Earnings Call Presentation



Reported August 8, 2022

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, and planned changes to such segments in 2022, including the expectations, timing and revenue of our strategic initiatives, including U.S. Navy procurement, microreactors, advanced nuclear fuels, medical radioisotope industrialization 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 2022 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 extent to which the COVID-19 health crisis impacts our businesses; the impact of COVID-19 on our employees, contractors, suppliers, customers and other partners and their business activities; the extent to which the length and severity of the COVID-19 health crisis exceeds our current expectations; 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; 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.



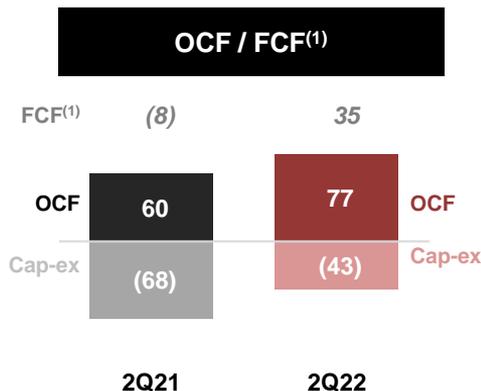
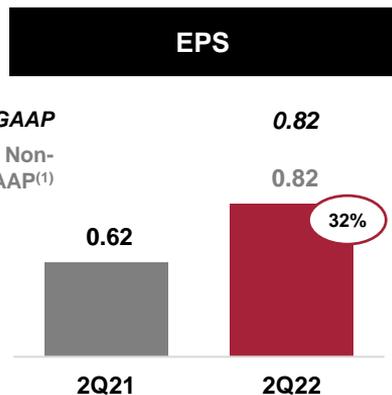
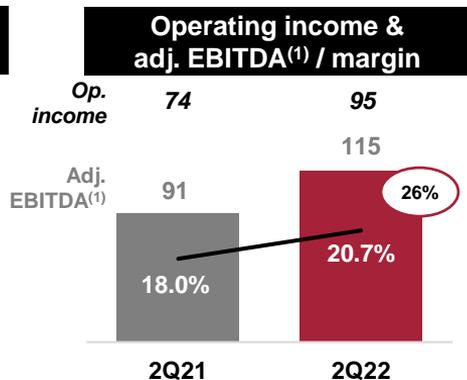
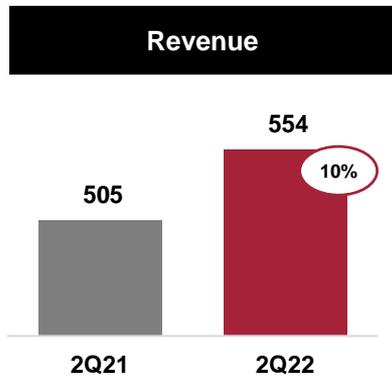
- **Robust 2Q financial performance**
 - Revenue **up 10%**, adjusted EBITDA⁽¹⁾ **up 26%**, OCF **up 29%** and non-GAAP⁽¹⁾ EPS **up 32%**
 - Strong performance with favorable timing, despite FAS/CAS pension headwind and operational challenges resulting in fewer favorable contract adjustments
- **Continued progress on strategic initiatives and new business**
 - Completed Tc-99m generator reference batches, assembling final data for FDA submission
 - Won \$300M contract and commencing work to build first advanced microreactor in the U.S. for DoD Strategic Capabilities Office
 - Preparing proposal for Phase 2 DARPA nuclear microreactor; anticipate award around year-end
- **Increases 2022 guidance for revenue, adjusted EBITDA⁽¹⁾ and capital expenditures, narrows 2022 guidance for non-GAAP⁽¹⁾ EPS**
 - Revenue up 6.5% to 8.0% vs. 2021
 - Adjusted EBITDA⁽¹⁾ up 5.0% to 6.5% vs. 2021
 - Non-GAAP⁽¹⁾ EPS: \$3.08 to \$3.23
 - Cash from operations: \$260 million to \$290 million
 - Capital expenditures: \$195 million to \$210 million

(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.

2Q22 financial summary



(\$million, except per share amounts)



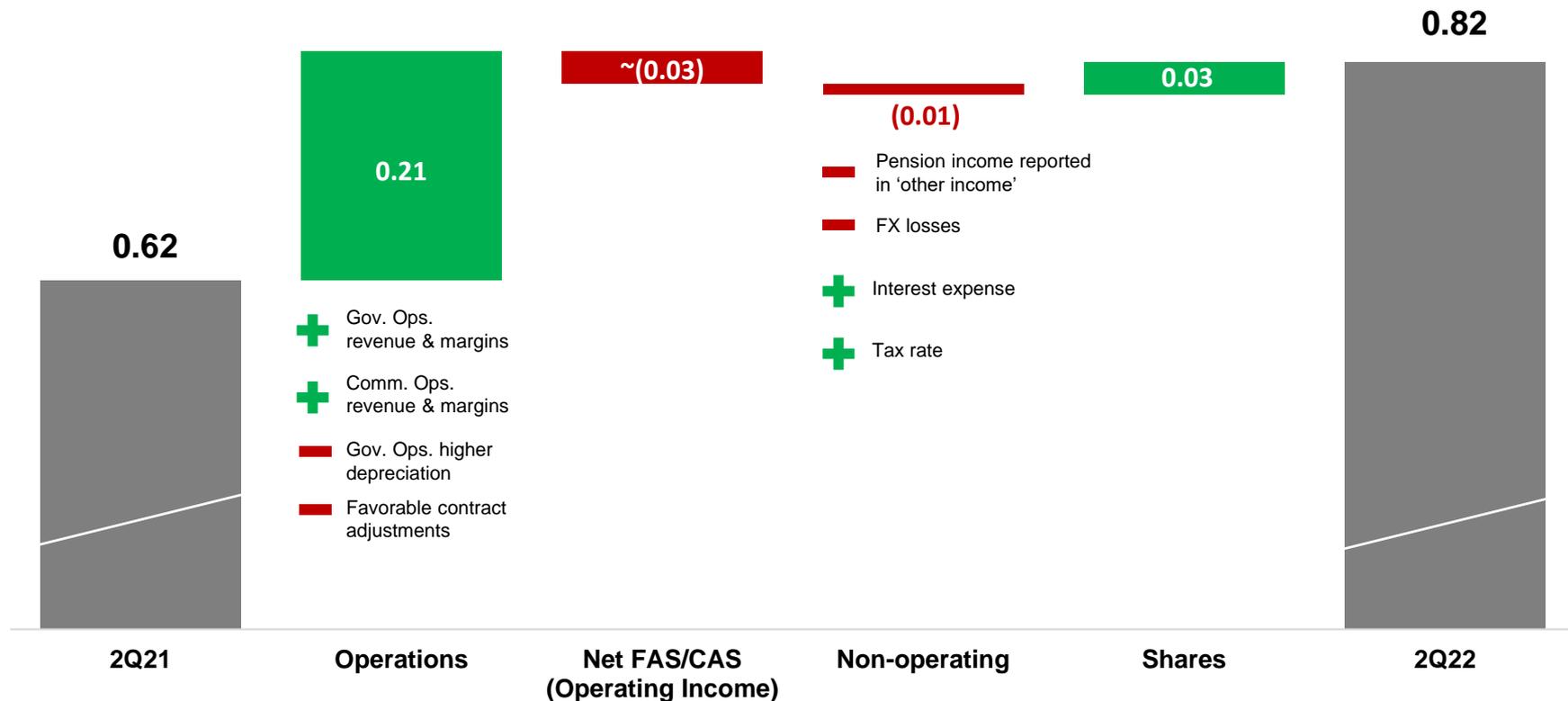
- 2Q22 revenue up 10% from higher Government Operations and Commercial Operations segment revenue
- 2Q22 adj. EBITDA⁽¹⁾ up 26% from higher volume and better operating and adj. EBITDA⁽¹⁾ margins in both Government Operations and Commercial Operations despite lower recoverable CAS pension income and fewer favorable contract adjustments
- 2Q22 non-GAAP⁽¹⁾ EPS up 32% from higher operating income (despite lower recoverable CAS pension income), lower corporate unallocated expenses, lower share count, lower interest expense and lower taxes, partially offset by lower 'other income'
- 2Q22 OCF up \$18M primarily due to higher income and 2Q22 FCF⁽¹⁾ up \$43M due to higher OCF and fewer capital expenditures
 - Capital expenditures down Y/Y driven by timing and the wind-down of two major capital campaigns

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2Q21 to 2Q22 non-GAAP⁽¹⁾ EPS bridge



(\$ per diluted share)



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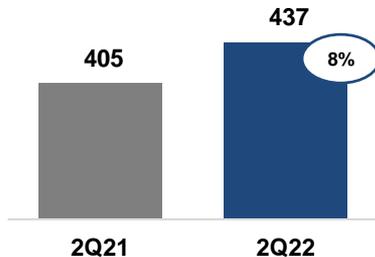
2Q22 segment summary



Government Operations

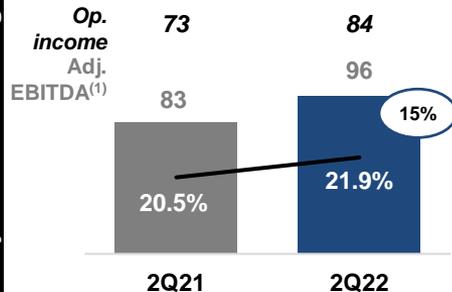
(\$million)

Revenue



2Q22 revenue up 8% from higher long-lead material volume in naval reactors, higher revenue in uranium processing, partially offset by production challenges and lower missile tube revenue

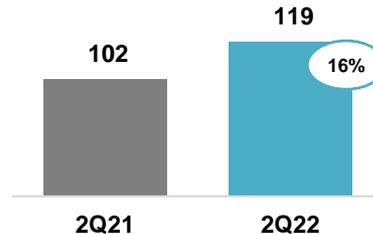
Operating income & Adj. EBITDA⁽¹⁾ / margin



2Q22 adj. EBITDA⁽¹⁾ up 15% from higher volume and strong site performance and higher uranium processing, partially offset by lower recoverable CAS pension income and fewer favorable contract adjustments driven by production challenges

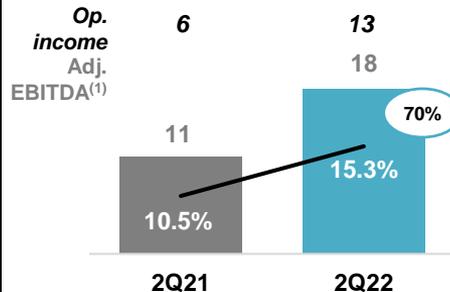
Commercial Operations

Revenue



2Q22 revenue up 16% from higher commercial nuclear power field services, commercial nuclear power fuel handling and BWXT Medical revenue

Operating income & Adj. EBITDA⁽¹⁾ / margin



2Q22 adj. EBITDA⁽¹⁾ up 70% from higher revenue at favorable mix and the timing of certain expenses

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2022 revenue and adjusted EBITDA⁽¹⁾ increased, non-GAAP⁽¹⁾ EPS narrowed



BWXT consolidated guidance

Revenue

↑ 6.5% – 8.0%
(vs. up 3% – 4%)

Adj. EBITDA⁽¹⁾

↑ 5.0% – 6.5%
(vs. up 3% – 4%)

Non-GAAP EPS⁽¹⁾

\$3.08 – \$3.23
(vs. \$3.05 – \$3.25)

Cash from Ops.

\$260M – \$290M

CapEx

\$195M – \$210M
(vs. \$180M – \$200M)

Business segments

Government Ops.

Revenue

↑ 6.0% – 7.5%
(vs. up 3% – 4%)

Adj. EBITDA⁽¹⁾

\$400M – \$405M
(vs. \$400M – \$410M)

Commercial Ops.

↑ 7.5% – 8.5%
(vs. up 2% – 6%)

\$48M – \$50M
(vs. \$40M – \$45M)

Other information

~\$17M

(vs. ~\$20M)
Corporate unallocated costs

~\$50M

Other income, primarily pension

\$35M – \$39M

Net interest expense

~23.5%

(vs. 23% - 24%)
Non-GAAP effective tax rate

~91.5M

Average diluted shares outstanding

\$75M – \$80M

(vs. \$75M - \$85M)
Depreciation & Amortization

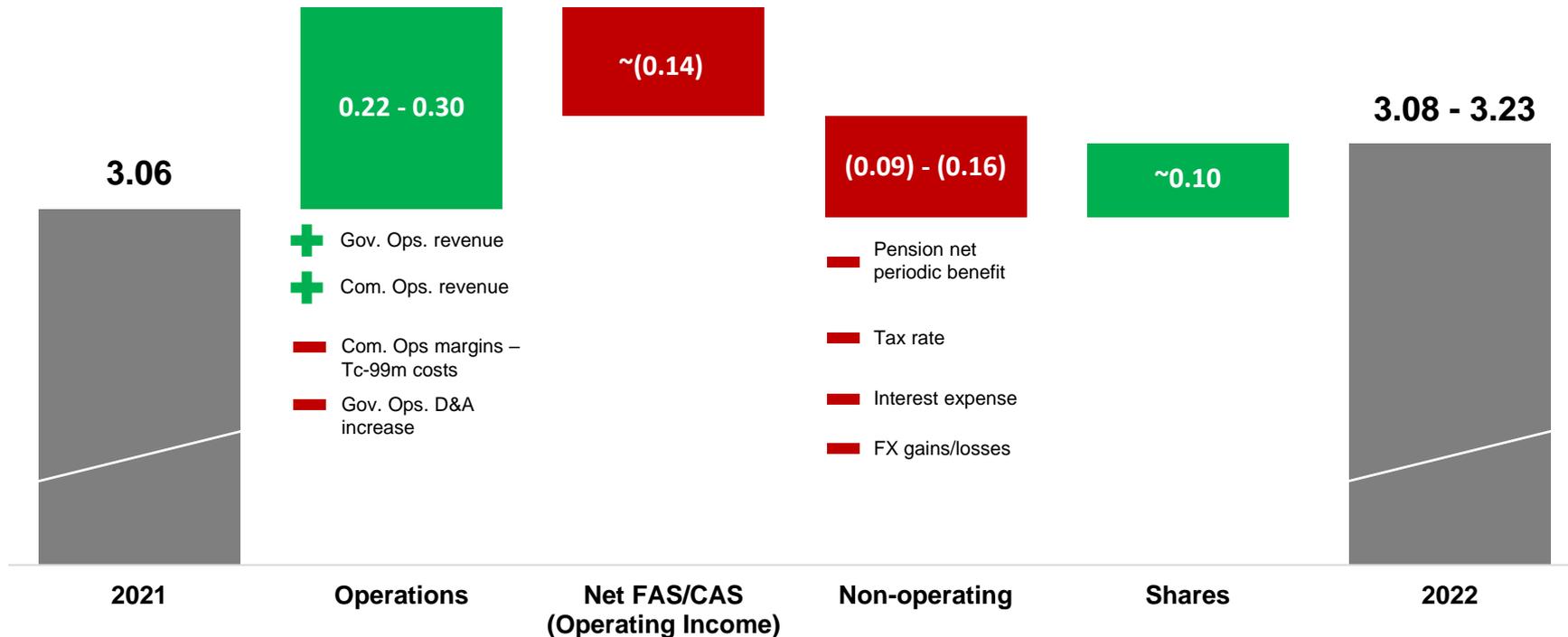
(1) Non-GAAP EPS exclude any mark-to-market adjustment for pension and postretirement benefits recognized and other one-time items, which are not known at the time guidance is provided. A reconciliation of GAAP to adjusted, non-GAAP items can be found on the investor relations website at www.bwxt.com/investors.

Updated 2021 to 2022 non-GAAP⁽¹⁾ EPS bridge



(\$ per diluted share)

High-single digit underlying adjusted EBITDA⁽¹⁾ growth



(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.



Appendix

Pension summary, non-GAAP definitions and other information

Pension summary



(\$millions)	2015 ⁽³⁾	2016	2017	2018	2019	2020	2021	2022E
Benefit obligation at end of period	1,566	1,572	1,543	1,186	1,309	1,414	1,308	
Fair value of plan assets at end of period	1,210	1,218	1,258	1,024	1,150	1,281	1,257	
Funded status over (under)	(356)	(354)	(286)	(162)	(158)	(133)	(51)	
% Funded	77%	77%	81%	86%	88%	91%	96%	
Pension funding (company contributions)	13	12	56	158	4	5	6	~14*
Reported in other income								
Net periodic benefit cost (income)	36	2	(19)	6	(11)	(30)	(86)	
Recognized net actuarial Mark-To-Market (MTM) loss	61	28	8	37	9	7	(35)	
Net periodic benefit cost (income) excl. MTM loss	(24)	(26)	(27)	(31)	(21)	(37)	(52)	~(50)
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	~12
Total FAS⁽²⁾/CAS⁽¹⁾ differential	34	42	48	34	38	33	17	~0**

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

*Includes ~\$11M associated with annuitization of certain Canadian pension obligations; ~\$5M funding levels are anticipated for future years based on end of year 2021 projections

**Minimal FAS/CAS differential income amounts are anticipated for the foreseeable future based on actuarial studies including ARPA discount rate and projections

Pension sensitivities



Mark to market / net pension liability		increase / (decrease) to expense
Discount rate	+25 bps	~\$(38)M
	-25 bps	~\$38M
Plan asset returns	+100 bps	~\$(12)M
	-100 bps	~\$12M

Non – service FAS		increase / (decrease) to expense
Discount rate	+100 bps	~\$6M
	-100 bps	~\$(6)M
Plan asset returns	+100 bps	~\$(1)M
	-100 bps	~\$1M



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/2Q22reconciliations>

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

Historical segment results in new reporting structure



	Three Months Ended December 31,				Year Ended December 31,	
	3/31/2021	6/30/2021	9/30/2021	12/31/2021	12/31/2021	12/31/2020
	<i>(Unaudited) (In thousands)</i>					
REVENUES:						
Government Operations	\$ 423,275	\$ 405,497	\$ 417,139	\$ 479,186	\$ 1,725,097	\$ 1,763,127
Commercial Operations	\$ 107,398	\$ 101,842	\$ 83,382	\$ 114,460	\$ 407,082	\$ 371,269
Eliminations	\$ (2,400)	\$ (2,240)	\$ (1,794)	\$ (1,671)	\$ (8,105)	\$ (10,880)
TOTAL	\$ 528,273	\$ 505,099	\$ 498,727	\$ 591,975	\$ 2,124,074	\$ 2,123,516
SEGMENT INCOME:						
Government Operations	\$ 78,245	\$ 72,871	\$ 87,542	\$ 90,891	\$ 329,549	\$ 345,250
Commercial Operations	\$ 6,294	\$ 5,640	\$ 4,925	\$ 18,384	\$ 35,243	\$ 36,915
SUBTOTAL	\$ 84,539	\$ 78,511	\$ 92,467	\$ 109,275	\$ 364,792	\$ 382,165
Unallocated Corporate	\$ (2,125)	\$ (4,760)	\$ (4,999)	\$ (7,060)	\$ (18,944)	\$ (23,613)
TOTAL	\$ 82,414	\$ 73,751	\$ 87,468	\$ 102,215	\$ 345,848	\$ 358,552
NON-GAAP SEGMENT INCOME:						
Government Operations	\$ 78,245	\$ 72,871	\$ 87,707	\$ 90,891	\$ 329,714	\$ 346,206
Commercial Operations	\$ 6,294	\$ 5,640	\$ 5,244	\$ 18,974	\$ 36,152	\$ 39,168
SUBTOTAL	\$ 84,539	\$ 78,511	\$ 92,951	\$ 109,865	\$ 365,866	\$ 385,374
Unallocated Corporate	\$ (2,125)	\$ (4,760)	\$ (4,719)	\$ (5,265)	\$ (16,869)	\$ (19,046)
TOTAL	\$ 82,414	\$ 73,751	\$ 88,232	\$ 104,600	\$ 348,997	\$ 366,328
DEPRECIATION AND AMORTIZATION:						
Government Operations	\$ 9,171	\$ 10,334	\$ 10,928	\$ 12,052	\$ 42,485	\$ 35,398
Commercial Operations	\$ 4,917	\$ 5,037	\$ 4,985	\$ 4,945	\$ 19,884	\$ 18,431
Corporate	\$ 1,809	\$ 1,724	\$ 1,571	\$ 1,607	\$ 6,711	\$ 6,845
TOTAL	\$ 15,897	\$ 17,095	\$ 17,484	\$ 18,604	\$ 69,080	\$ 60,674