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# Third-Quarter 2023 Earnings Call Presentation



Reported November 1, 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 2023 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 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, 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.

# Third Quarter 2023 and Outlook Highlights



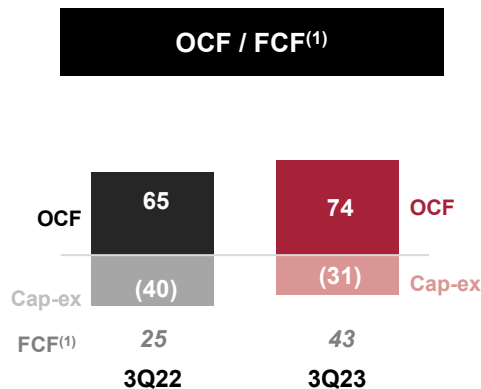
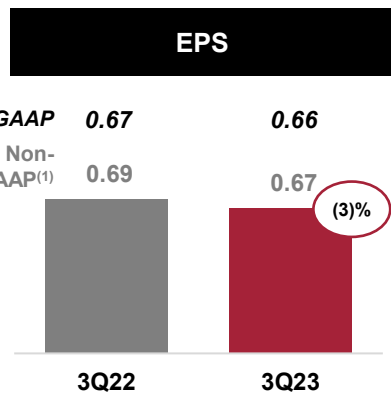
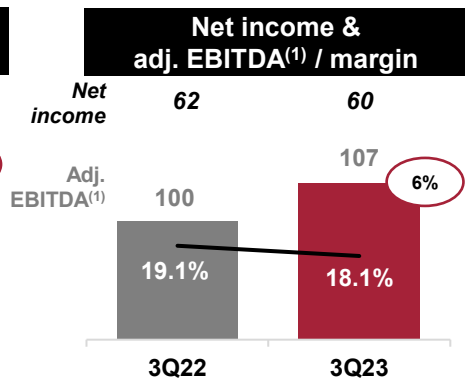
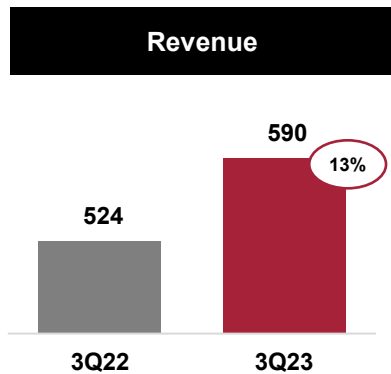
- **3Q23 Y/Y financial performance**
  - Revenue **up 13%**, adjusted EBITDA<sup>(1)</sup> **up 6%**, and FCF<sup>(1)</sup> **up \$18M**.
  - Strong organic revenue growth in Government Operations and Commercial Operations
  - EBITDA growth driven by CO margin expansion, including improved medical profitability, and slightly lower GO margins as solid underlying performance was offset by expected onboarding inefficiencies and program mix
- **Nuclear playing a major role for Government and Commercial Clients**
  - **Global Security:** Government support for long-term shipbuilding plan, AUKUS trilateral security agreement (Australia investment in U.S. industrial base); Negotiating next multi-year pricing agreement
  - **Advanced Technologies:** DARPA DRACO contract for space nuclear propulsion demonstration; Wyoming Energy Authority and Crowley exploring microreactors for commercial applications
  - **Clean Energy:** Growing global support for new nuclear investment; Addressing calls for large-scale greenfield CANDU plants (Canada and other international markets); Pickering life extensions; SMR opportunities
  - **BWXT Medical:** Radiopharmaceutical pipeline continuing to expand; Continued growth of diagnostics business; Tc-99m commercialization expected in 2024
- **2023 Non-GAAP<sup>(1)</sup> EPS guidance narrowed to \$2.90-\$2.95**
- **Expect mid-single-digits earnings growth in 2024 driven by organic revenue growth and solid execution**
  - Mid-single-digit revenue growth: Growth in both segments, led by Commercial
  - Higher Commercial margin offset by slightly lower Government margin
  - 2024 Free Cash Flow<sup>(1)</sup> growth expected to exceed adjusted EBITDA<sup>(1)</sup> 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 in the Appendix section of this presentation.

# 3Q23 financial summary



(\$million, except per share amounts)



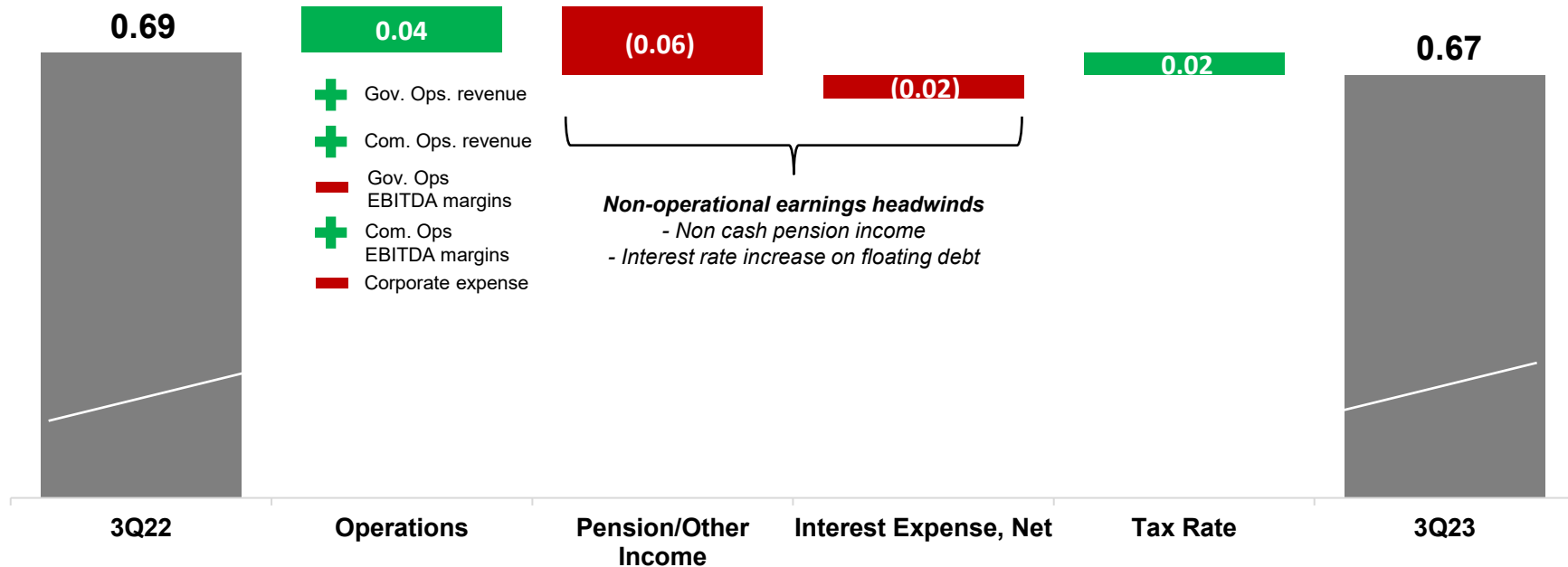
- 3Q23 revenue up 13% from higher revenue in Government Operations and Commercial Operations
- 3Q23 adj. EBITDA<sup>(1)</sup> up 6% as higher revenue was partially offset by lower margin due to product mix in Government and higher corporate costs, mitigated by higher Commercial margin, driven by Medical profitability
- 3Q23 non-GAAP<sup>(1)</sup> EPS down 3% as higher operating income was offset by higher interest expense and lower pension income
- 3Q23 OCF increased driven by better working capital management. 3Q23 FCF<sup>(1)</sup> was \$43M, an \$18M year-over-year improvement, driven by OCF improvement and slightly lower capital expenditures
  - Capital expenditures down Y/Y driven by timing of two major capital campaigns nearing completion, partially offset by increases in other growth capital

(1) Non-GAAP figures exclude any mark-to-market adjustment for pension and postretirement benefits recognized and other one-time items. A reconciliation and definition of GAAP to adjusted, non-GAAP items can be found in the Appendix section of this presentation.

# 3Q22 to 3Q23 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 items can be found in the Appendix section of this presentation.

(2) Items may not foot due to rounding.

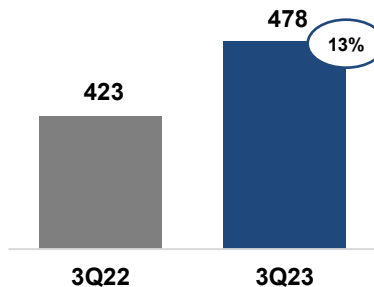
# 3Q23 segment summary



## Government Operations

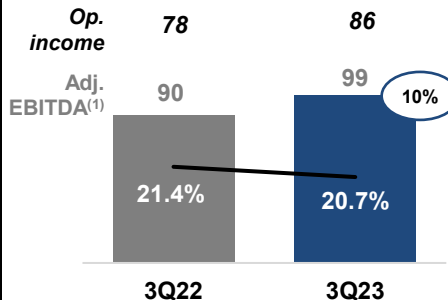
(\$million)

Revenue



3Q23 revenue up 13% from higher volume of naval nuclear component manufacturing, microreactor design activities, and uranium processing, partially offset by lower long-lead material procurement

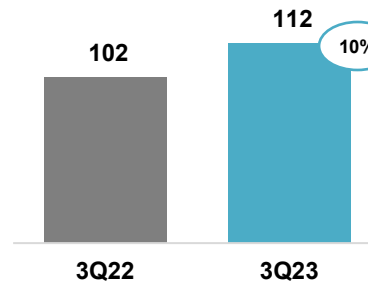
Operating income & Adj. EBITDA<sup>(1)</sup> / margin



3Q23 adj. EBITDA<sup>(1)</sup> up 10% from higher revenue mitigated by onboarding inefficiencies, and less favorable mix, due to project timing and slightly lower technical services joint venture income

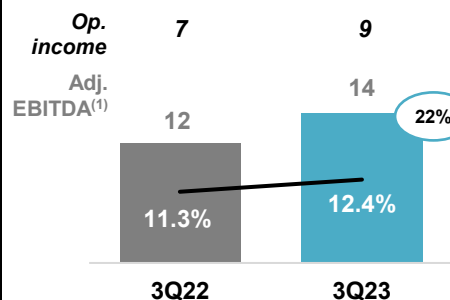
## Commercial Operations

Revenue



3Q23 revenue up 10% from higher commercial nuclear field services, and higher BWXT Medical sales, partially offset by lower fuel handling volume

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



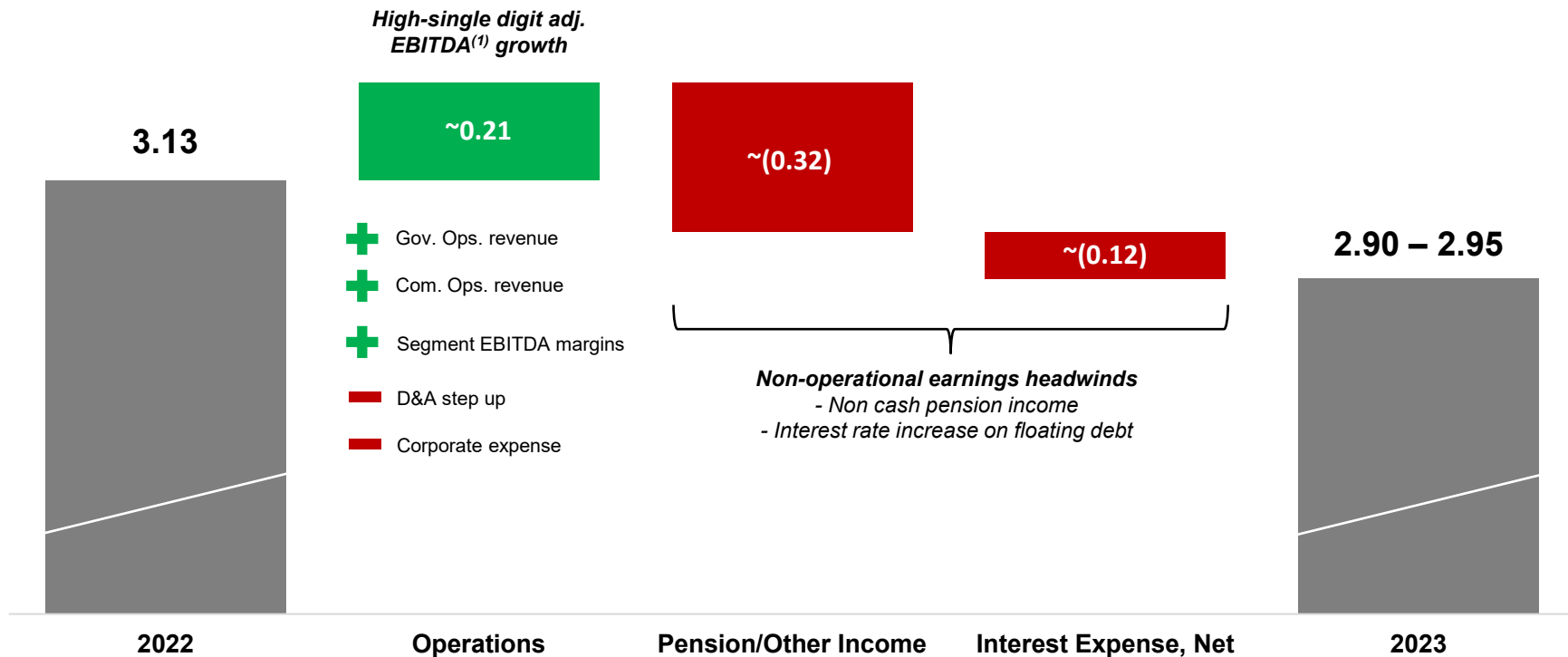
3Q23 adj. EBITDA<sup>(1)</sup> up 22% from better profitability in BWXT Medical, mitigated by less favorable business mix in commercial nuclear that was skewed towards refurbishment projects

(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 in the Appendix section of this presentation.

# 2022 to 2023 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 items can be found in the Appendix section of this presentation.

# Narrowing 2023 Guidance; Preliminary 2024 Outlook



## Organic Revenue Growth and Solid Execution Expected to Lead to Mid-Single-Digit Earnings Growth in 2024

	2023 Guidance	Preliminary 2024 Outlook <sup>(2)</sup>
<b>Revenue</b>	<p><b>&gt;\$2.4B</b> <i>Up high-single digits</i></p>	<ul style="list-style-type: none"> <li>○ <b>Mid-single digit revenue growth</b> <ul style="list-style-type: none"> <li>○ GO growth: slightly higher (non-naval growth mitigated by naval ordering cadence)</li> <li>○ CO growth: higher (robust medical growth and building commercial power momentum)</li> </ul> </li> </ul>
<b>Adj. EBITDA<sup>(1)</sup></b>	<p><b>~\$475M</b> <i>up high-single digits ~20% EBITDA margin</i></p>	<ul style="list-style-type: none"> <li>○ <b>Mid-single-digit Adjusted EBITDA<sup>(1)</sup> and Non-GAAP EPS<sup>(1)</sup> growth</b> <ul style="list-style-type: none"> <li>○ <b>Operational:</b> <ul style="list-style-type: none"> <li>○ GO margin: slightly lower (solid underlying performance, offset by program mix and non-recurring recovery benefit in 2023)</li> <li>○ CO margin: higher (medical mix and steady commercial power)</li> <li>○ Corporate EBITDA expense flattening out</li> </ul> </li> <li>○ <b>Non-Operational:</b> <ul style="list-style-type: none"> <li>○ Pension income (in other income) and interest expense combined are flat year-over-year</li> <li>○ Consistent tax rate</li> </ul> </li> </ul> </li> </ul>
<b>Non-GAAP EPS<sup>(1)</sup></b>	<p><b>\$2.90 - \$2.95</b> <i>down ~7%</i></p>	
<b>Free Cash Flow<sup>(1)</sup></b>	<p><b>~\$200M</b> <i>significant inflection up</i></p>	<ul style="list-style-type: none"> <li>○ <b>Free Cash Flow<sup>(1)</sup> to exceed Adjusted EBITDA<sup>(1)</sup> growth</b> <ul style="list-style-type: none"> <li>○ OCF: higher (profit growth and improved working capital)</li> <li>○ Capex: maintenance capex discipline plus growth investment (microreactors, therapeutics, SMR's)</li> </ul> </li> </ul>

(1) Adjusted Pre-tax income and 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 in the Appendix section of this presentation.

(2) 2023 growth rates compared to 2022; 2024 growth rates based on mid-point of 2023 guidance





# Appendix

## Pension summary and non-GAAP reconciliations

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# Pension summary



<i>(\$millions)</i>	2018	2019	2020	2021	2022	2023E
Benefit obligation at end of period	1,186	1,309	1,414	1,308	927	
Fair value of plan assets at end of period	1,024	1,150	1,281	1,257	876	
Funded status over (under)	(162)	(158)	(133)	(51)	(51)	
% Funded	86%	88%	91%	96%	94%	
Pension funding (company contributions)	158	4	5	6	14	~5
<b>Reported in other income</b>						
Net periodic benefit cost (income)	6	(11)	(30)	(86)	3	
Recognized net actuarial Mark-To-Market (MTM) loss	37	9	7	(35)	52	
<b>Net periodic benefit cost (income) excl. MTM loss</b>	<b>(31)</b>	<b>(21)</b>	<b>(37)</b>	<b>(52)</b>	<b>(49)</b>	<b>~(10)</b>
<b>Reported in operating income</b>						
Recoverable CAS <sup>(1)</sup> costs	44	47	44	29	12	
FAS <sup>(2)</sup> service cost	10	9	11	12	11	
<b>Total FAS<sup>(2)</sup>/CAS<sup>(1)</sup> differential</b>	<b>34</b>	<b>38</b>	<b>33</b>	<b>17</b>	<b>1</b>	<b>~5</b>

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



**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**

**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*

# 3Q 2023 non-GAAP reconciliations



## BWX TECHNOLOGIES, INC.

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

(In millions, except per share amounts)

Three Months Ended September 30, 2023

	GAAP	Restructuring & Transformation Costs	Acquisition-related Costs	Non-GAAP
Operating Income	\$ 85.4	\$ 1.1	\$ 0.3	\$ 86.7
Other Income (Expense)	(7.2)	—	—	(7.2)
Income Before Provision for Income Taxes	78.2	1.1	0.3	79.5
Provision for Income Taxes	(17.8)	(0.1)	(0.1)	(18.0)
Net Income	60.4	1.0	0.2	61.5
Net Income Attributable to Noncontrolling Interest	(0.1)	—	—	(0.1)
Net Income Attributable to BWXT	\$ 60.3	\$ 1.0	\$ 0.2	\$ 61.5
Diluted Shares Outstanding	91.9			91.9
Diluted Earnings per Common Share	\$ 0.66	\$ 0.01	\$ 0.00	\$ 0.67
Effective Tax Rate	22.8%			22.6%
Government Operations Operating Income	\$ 85.6	\$ —	\$ —	\$ 85.6
Commercial Operations Operating Income	\$ 9.1	\$ 0.1	\$ 0.1	\$ 9.4
Unallocated Corporate Operating Income	\$ (9.4)	\$ 1.0	\$ 0.1	\$ (8.3)

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

(In millions)

Three Months Ended September 30, 2023

	GAAP	Restructuring & Transformation Costs	Acquisition-related Costs	Non-GAAP
Net Income	\$ 60.4	\$ 1.0	\$ 0.2	\$ 61.5
Provision for Income Taxes	17.8	0.1	0.1	18.0
Other – net	(4.3)	—	—	(4.3)
Interest Expense	12.2	—	—	12.2
Interest Income	(0.6)	—	—	(0.6)
Depreciation & Amortization	19.8	—	—	19.8
Adjusted EBITDA	\$ 105.2	\$ 1.1	\$ 0.3	\$ 106.5

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

(In millions)

Three Months Ended September 30, 2023

	Operating Income (GAAP)	Non-GAAP Adjustments <sup>(4)</sup>	Depreciation & Amortization	Adjusted EBITDA
Government Operations	\$ 85.6	\$ —	\$ 13.4	\$ 99.0
Commercial Operations	\$ 9.1	\$ 0.3	\$ 4.6	\$ 13.9

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

(In millions)

Three Months Ended September 30, 2023

Net Cash Provided By Operating Activities	\$ 74.3
Purchases of Property, Plant and Equipment	(30.9)
Free Cash Flow	\$ 43.4

- (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.

# 3Q 2022 non-GAAP reconciliations



## BWXT TECHNOLOGIES, INC.

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

(In millions, except per share amounts)

Three Months Ended September 30, 2022

	GAAP	Restructuring Costs	Acquisition-related Costs	Non-GAAP
Operating Income	\$ 79.9	\$ 1.2	\$ 0.5	\$ 81.5
Other Income (Expense)	2.1	—	—	2.1
Income Before Provision for Income Taxes	82.0	1.2	0.5	83.7
Provision for Income Taxes	(20.2)	(0.2)	(0.1)	(20.5)
Net Income	61.8	1.0	0.4	63.2
Net Income Attributable to Noncontrolling Interest	(0.2)	—	—	(0.2)
Net Income Attributable to BWXT	\$ 61.6	\$ 1.0	\$ 0.4	\$ 63.0
Diluted Shares Outstanding	91.7			91.7
Diluted Earnings per Common Share	\$ 0.67	\$ 0.01	\$ 0.00	\$ 0.69
Effective Tax Rate	24.6%			24.5%
Government Operations Operating Income	\$ 77.7	\$ —	\$ 0.5	\$ 78.2
Commercial Operations Operating Income	\$ 6.8	\$ —	\$ —	\$ 6.8
Unallocated Corporate Operating Income	\$ (4.7)	\$ 1.2	\$ —	\$ (3.5)

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

(In millions)

Three Months Ended September 30, 2022

	GAAP	Restructuring Costs	Acquisition-related Costs	Non-GAAP
Net Income	\$ 61.8	\$ 1.0	\$ 0.4	\$ 63.2
Provision for Income Taxes	20.2	0.2	0.1	20.5
Other – net	(11.5)	—	—	(11.5)
Interest Expense	9.6	—	—	9.6
Interest Income	(0.3)	—	—	(0.3)
Depreciation & Amortization	18.6	—	—	18.6
Adjusted EBITDA	\$ 98.5	\$ 1.2	\$ 0.5	\$ 100.1

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

(In millions)

Three Months Ended September 30, 2022

	Operating Income (GAAP)	Non-GAAP Adjustments <sup>(4)</sup>	Depreciation & Amortization	Adjusted EBITDA
Government Operations	\$ 77.7	\$ 0.5	\$ 12.1	\$ 90.4
Commercial Operations	\$ 6.8	\$ —	\$ 4.6	\$ 11.5

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

(In millions)

Three Months Ended September 30, 2022

Net Cash Provided By Operating Activities	\$ 65.0
Purchases of Property, Plant and Equipment	(39.6)
Free Cash Flow	\$ 25.4

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