



2022 First Quarter Earnings Call Presentation



Reported May 9, 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.



- **Consistent underlying 1Q operational and financial performance**
 - Revenue of \$531M, adjusted EBITDA⁽¹⁾ of \$94.4M and non-GAAP⁽¹⁾ EPS of \$0.69
 - Early 1Q Omicron impact... but COVID-related absences trending positively out of 1Q22

- **Continued progress on strategic initiatives and new business**
 - Completed exhaustive set of hot runs to fully test and optimize Tc-99m generator line; setting the stage for final characterization runs and registration batches necessary for FDA submission
 - \$21B Savannah River contract transition complete, commencing fee-bearing work
 - Submitted proposal for Phase 2 Strategic Capabilities Office mobile nuclear microreactor; anticipate award in 2Q

- **Acquired two strategically important businesses to expand and enhance core naval nuclear propulsion manufacturing**
 - Dynamic Controls (UK based) and Cunico (US based)
 - Critical supplier of highly engineered, proprietary valves, manifolds and fittings for global shipbuilding
 - Enhances BWXT international installed base, offers aftermarket business and broadens product offering to global navies and possibly AUKUS
 - Provides enhanced-emissions product line for LNG maritime offerings, further bolstering ESG-focused solutions

- **2022 guidance reiterated**

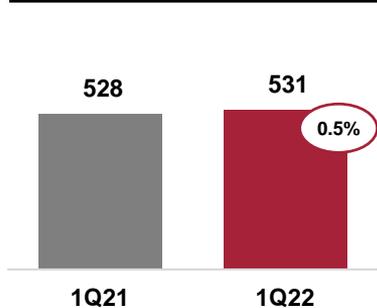
(1) Non-GAAP figures exclude any mark-to-market adjustment for pension and postretirement benefits recognized and other one-time items. A reconciliation of GAAP to adjusted, non-GAAP items can be found on the investor relations website at www.bwxt.com/investors.

1Q22 financial summary

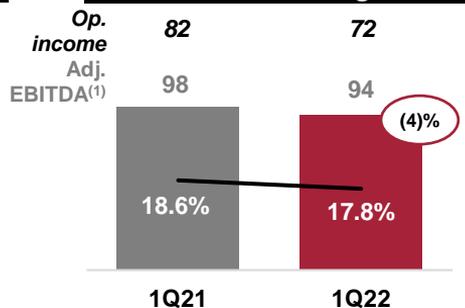


(\$million, except per share amounts)

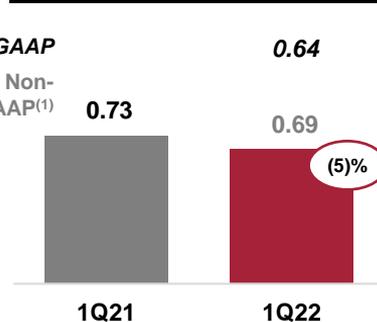
Revenue



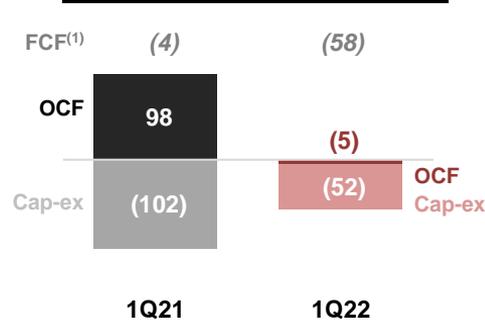
Operating income & adj. EBITDA⁽¹⁾ / margin



EPS



OCF / FCF⁽¹⁾



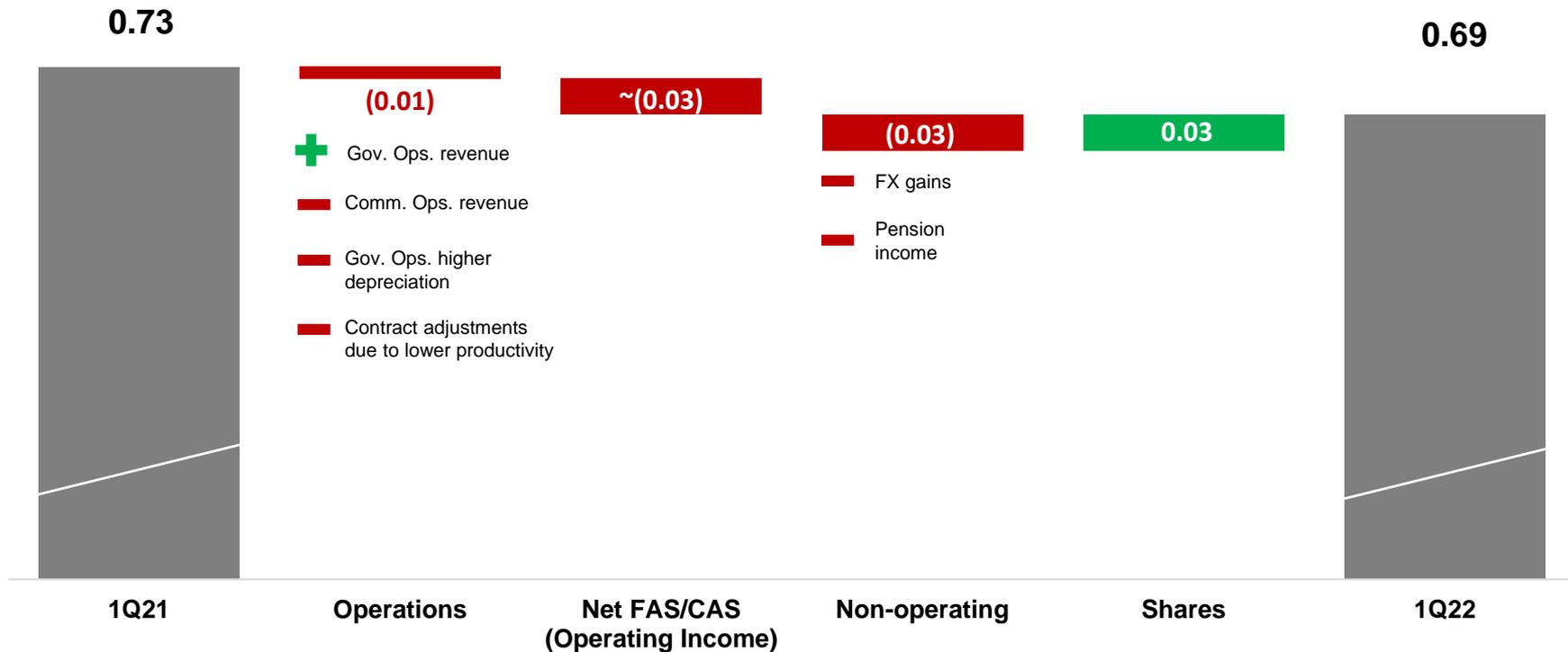
- 1Q22 revenue up 0.5% from higher Government Operations segment revenue, partially offset by lower Commercial Operations segment revenue
- 1Q22 adj. EBITDA⁽¹⁾ down 4%, which includes lower recoverable CAS pension income and fewer favorable contract adjustments due to lower productivity; adj. EBITDA⁽¹⁾ about flat ex-FAS/CAS pension
- 1Q22 non-GAAP⁽¹⁾ EPS down 5% from lower operating income including lower recoverable CAS pension income and lower other income including fewer FX gains, partially offset by lower share count.
- OCF down \$104M from prior-year due to \$88.7M cash receipt that normally would have occurred in 2020, and an increase in working capital, primarily accounts payable
- Capital expenditures down driven by the wind-down of two major capital campaigns

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1Q21 to 1Q22 non-GAAP⁽¹⁾ EPS bridge



(\$ per diluted share)



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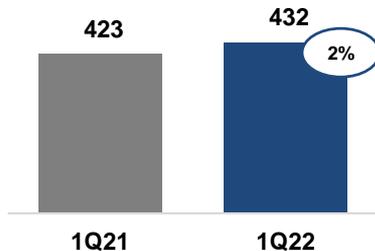
1Q22 segment summary



Government Operations

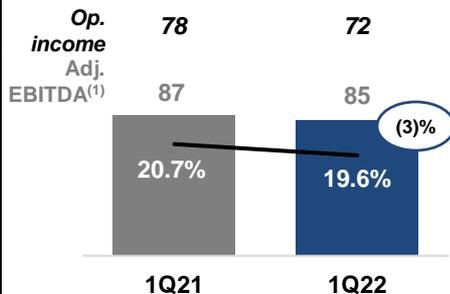
(\$million)

Revenue



1Q22 revenue up 2% from higher long-lead material volume in naval reactors, higher revenue in uranium processing and higher revenue in advanced technologies related to microreactors, partially offset by lower missile tube revenue

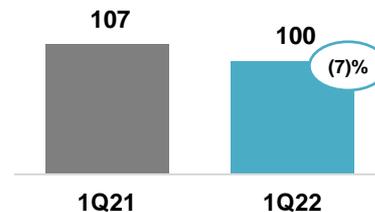
Operating income & Adj. EBITDA⁽¹⁾ / margin



1Q22 adj. EBITDA⁽¹⁾ down 3% from lower recoverable CAS pension income and fewer favorable contract adjustments due to lower productivity in the naval reactors business; adj. EBITDA up y/y on ex-FAS/CAS pension basis

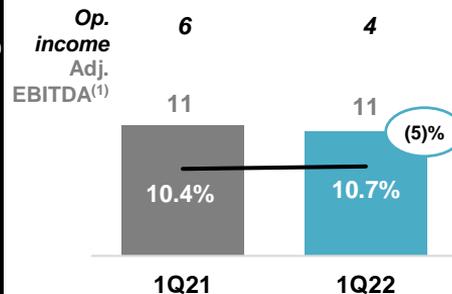
Commercial Operations

Revenue



1Q22 revenue down 7% from lower commercial nuclear power field services, partially offset by higher commercial nuclear power fuel handling and higher BWXT Medical revenue

Operating income & Adj. EBITDA⁽¹⁾ / margin



1Q22 adj. EBITDA⁽¹⁾ down 5% from lower revenue, partially offset by more favorable 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 items can be found on the investor relations website at www.bwxt.com/investors.

2022 consolidated guidance reiterated, other information adjusted



BWXT consolidated guidance

Revenue

↑ 3% - 4%

Adj. EBITDA⁽¹⁾

↑ 3% - 4%

Non-GAAP EPS⁽¹⁾

\$3.05 - \$3.25

Cash from Ops.

\$260M - \$290M

CapEx

\$180M - \$200M

Business segments

Government Ops.

Commercial Ops.

Revenue

↑ 3% - 4%

↑ 2% - 6%

Adj. EBITDA⁽¹⁾

\$400M - \$410M

\$40M - \$45M

Other information

~\$20M
Corporate
unallocated costs

~\$50M
Other income,
primarily pension

\$35M - \$39M
(vs. \$30M - \$35M)
Net interest expense

23% - 24%
Non-GAAP
effective tax rate

~91.5M
Average diluted
shares outstanding

\$75M - \$85M
Depreciation &
Amortization

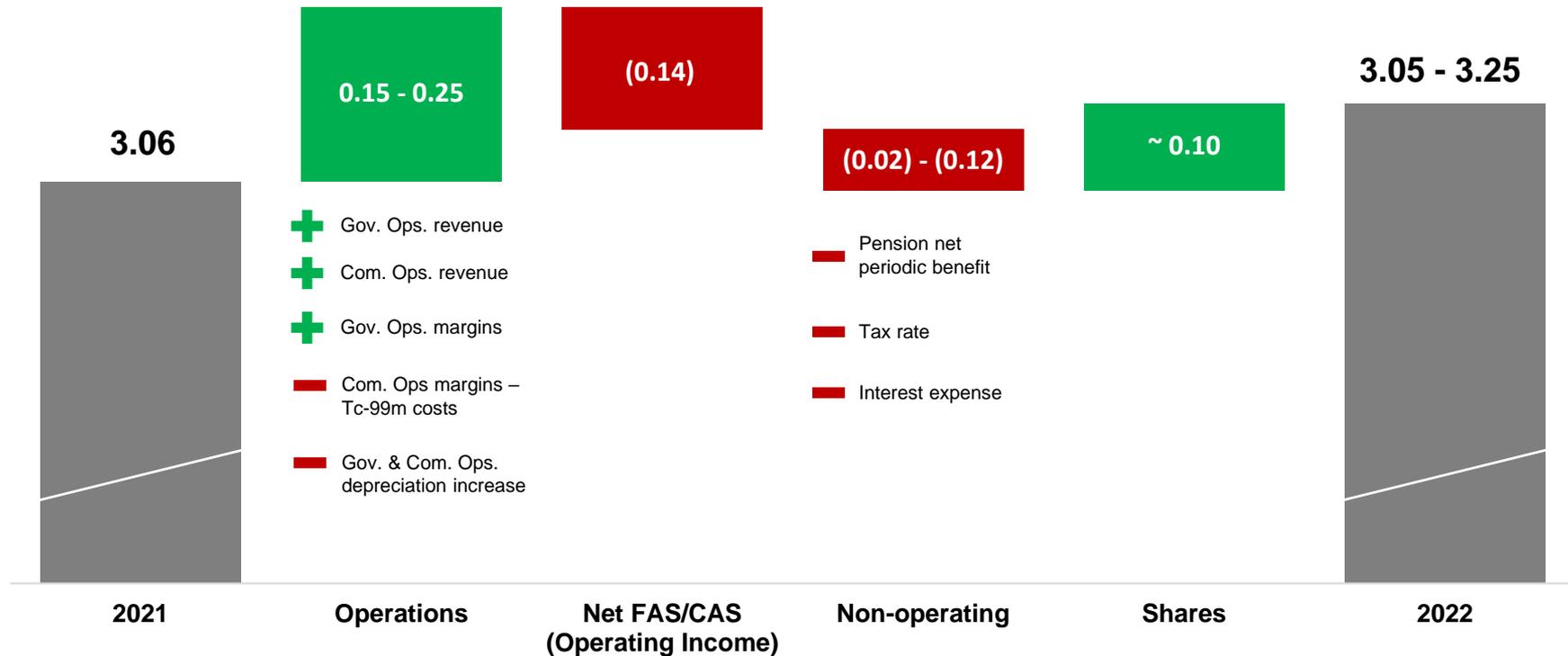
(1) Non-GAAP EPS exclude any mark-to-market adjustment for pension and postretirement benefits recognized and other one-time items, which are not known at the time guidance is provided. A reconciliation of GAAP to adjusted, non-GAAP items can be found on the investor relations website at www.bwxt.com/investors.

2021 to 2022 non-GAAP⁽¹⁾ EPS bridge



(\$ per diluted share)

Mid-to-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 current projections

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



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 EBITDA, can be found on the investors section of the BWXT website, or by following this link: www.bwxt.com/investors/reconciliation1Q22

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