

Innovating the Nuclear Market

Presented at the U.S. Nuclear Infrastructure Council
Special Summit III on Global Nuclear Markets



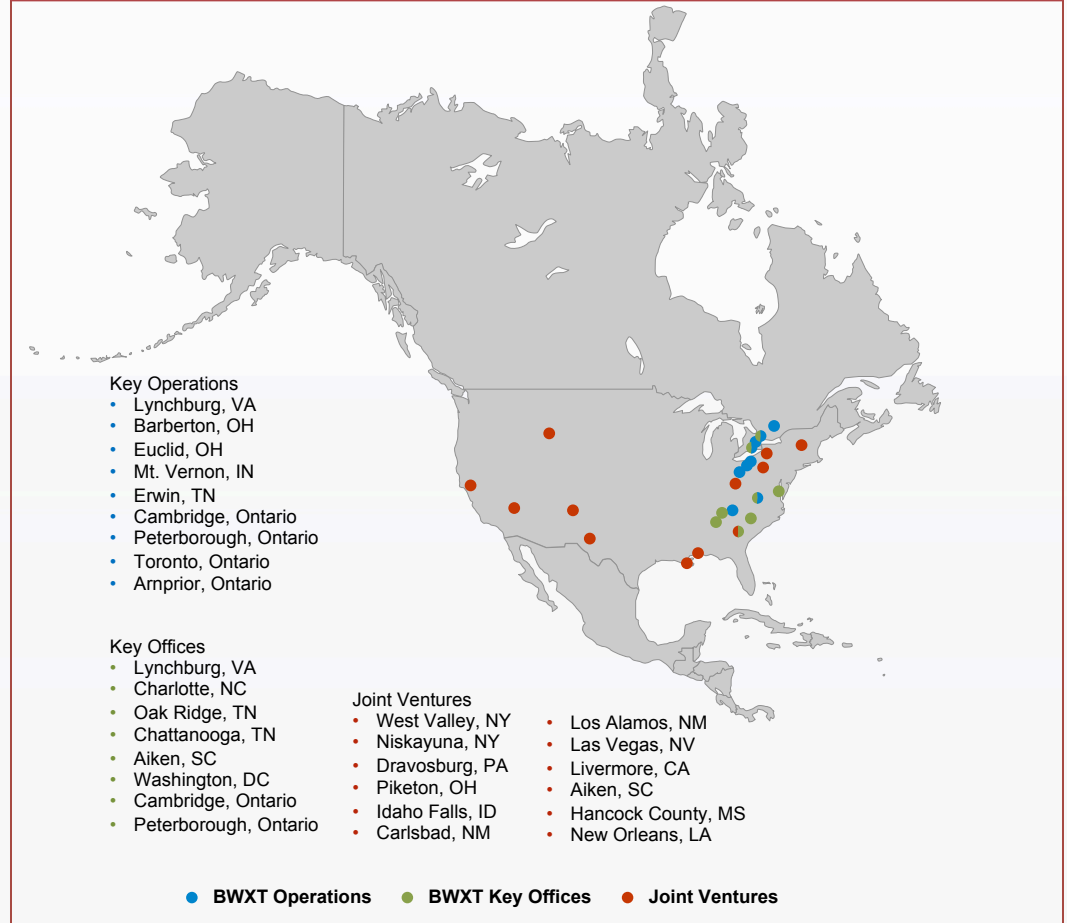
Rex D. Geveden
June 6th, 2017

BWXT Profile

Company Overview

- \$1.6B trailing twelve months revenue
- BWXT operates nine major manufacturing facilities
- ~6,100 employees worldwide
- ~4,000 employees hold security clearances from NRC, DOE and DoD
- Skill sets include scientists, engineers, machinists, technicians and administrators
- Nuclear Regulatory Commission (NRC) and Canadian Nuclear Safety Commission (CNSC) licenses for our nuclear fuel facilities in Lynchburg, VA; Erwin, TN; and Ontario
- Largest manufacturer of commercial nuclear components in North America
- Headquarters in Lynchburg, VA

Locations



Note: All employee figures as of March 31, 2017.

BWXT Business Lines

■ Nuclear Operations (\$1.3B)

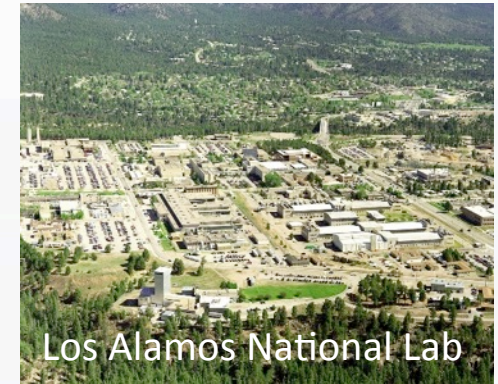
- Sole supplier of nuclear fuel, cores, and steam systems for the U.S. Navy fleet through Naval Reactors
- Uranium down-blending for NNSA
- Missile Tubes for NAVSEA



USS John Warner

■ Nuclear Services (\$122M)

- M&O and environmental management at large, complex sites on behalf of U.S. Government (12 current sites)
 - Los Alamos, Livermore, WIPP, Savannah River Liquid Waste, Idaho National Lab, Naval Reactors Labs, et al.
- Advanced reactors
 - X-Energy, TerraPower, NuScale, Nuclear Thermal Propulsion
- U.S. commercial nuclear steam generator servicing



Los Alamos National Lab

■ Nuclear Power (\$203M)

- Leading supplier of components and services for the Canadian commercial nuclear power market
- Steam generators, fuel, fuel handling, waste containers



CANDU Reactor

Note : Revenue figures are trailing twelve months

Innovation Context at BWXT

- Post-spin market view
 - Superior competitive position in its most important markets
 - Tailwinds in most important markets
 - High margin businesses
 - Strong cash generation
 - Stable and visible backlog
 - High balance sheet capacity
 - “Sleep at night” business
- Broadest strategic options
 - Value play—Exploit the balance sheet capacity, run the business, generate cash, and return value to shareholders through dividends and share repurchases
 - Growth play—Make strategic acquisitions, capitalize organic growth, drive growth through innovation (R&D, business model, process)



BWXT Recent Developments

- **December:** Acquired the GE-Hitachi Canadian nuclear business
- **January:** Effected a CEO leadership transition
- **February:** Named CTO and established formal R&D protocol
- **March:** Completed \$200M accelerated share repurchase
- **April:** Awarded missile tube production contracts for the VA-class and Columbia-class submarines (\$76M).
- **May:** With partners CH2M and Fluor, won the Paducah Decommissioning and Remediation (D&R) contract (\$1.5B)



BWXT Stock Performance Since the Spin

BWXT Share Price Since Spinoff, 07/01/15



07/01/15:
Market Cap = \$2.61B

BWXT Closing Stock Price:

- \$50.71 – 05/05/17
- \$24.45 – 7/01/15 (Spin-off)

05/05/17:
Market Cap = \$5.02B

The Strategy-Innovation Symbiosis



Important Questions about Innovation

- What are the limitations of innovation in a public company setting?
- Is innovation required for public company success?
- Can innovation be driven from the top?
- What is the appropriate role for government or other large, stable clients or partners (e.g. regulated utilities) in innovation
- Can an innovation culture be created?
- Where is innovation required in the nuclear markets?