



Q4 2024 Earnings Call

Chris Kastner
President and CEO

Tom Stiehle
EVP and CFO

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Cautionary Statement Regarding Forward-looking Statements

Statements in this presentation and in our other filings with the SEC, as well as other statements we may make from time to time, other than statements of historical fact, constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. In some cases, you can identify forward-looking statements by words such as "may," "will," "should," "expects," "intends," "plans," "anticipates," "believes," "estimates," "guidance," "outlook," "predicts," "potential," "continue," and similar words or phrases or the negative of these words or phrases. These statements relate to future events or our future financial performance and involve known and unknown risks, uncertainties, and other factors that may cause our actual results, levels of activity, performance, or achievements to be materially different from any future results, levels of activity, performance, or achievements expressed or implied by these forward-looking statements. Although we believe the expectations reflected in the forward-looking statements are reasonable when made, we cannot guarantee future results, levels of activity, performance, or achievements. There are a number of important factors that could cause our actual results to differ materially from the results anticipated by our forward-looking statements, which include, but are not limited to: our dependence on the U.S. government for substantially all of our business; significant delays or reductions in appropriations for our programs and/or changes in customer priorities and requirements (including government budgetary constraints, shifts in defense spending, and changes in customer short-range and long-range plans); our ability to estimate our future contract costs, including cost increases due to inflation, labor challenges, changes in trade policy, or other factors and our efforts to recover or offset such costs and/or changes in estimated contract costs, and perform our contracts effectively; changes in business practices, procurement processes and government regulations and our ability to comply with such requirements; adverse economic conditions in the United States and globally; our level of indebtedness and ability to service our indebtedness; our ability to deliver our products and services at an affordable life cycle cost and compete within our markets; our ability to attract, retain, and train a qualified workforce; subcontractor and supplier performance and the availability and pricing of raw materials and components; our ability to execute our strategic plan, including with respect to share repurchases, dividends, capital expenditures, and strategic acquisitions; investigations, claims, disputes, enforcement actions, litigation (including criminal, civil, and administrative), and/or other legal proceedings, and improper conduct of employees, agents, subcontractors, suppliers, business partners, or joint ventures in which we participate, including the impact on our reputation or ability to do business; changes in key estimates and assumptions regarding our pension and retiree health care costs; security threats, including cyber security threats, and related disruptions; natural and environmental disasters and political instability; health epidemics, pandemics and similar outbreaks; and other risk factors discussed herein and in our other filings with the SEC. There may be other risks and uncertainties that we are unable to predict at this time or that we currently do not expect to have a material adverse effect on our business, and we undertake no obligation to update or revise any forward-looking statements. You should not place undue reliance on any forward-looking statements that we may make.

HII

INVESTMENT THESIS

Largest U.S. military seapower provider with leading all-domain, integrated defense technologies

Over the next 24 months:

- ◆ Expect over \$50B of contract awards, establishing balanced risk equation and margins more consistent with industry norms
- ◆ Working through majority of challenged pre-COVID contracts, focused on enhancing throughput and reducing cost – Top priority to get these ships delivered to the Navy

Mid to Long Term:

- ◆ Top line growth of 4%+; \$15B enterprise revenue by 2030
- ◆ Margin expansion opportunity driven by operational execution and new post-COVID contracts
- ◆ Free cash flow¹ growth enabling disciplined capital allocation and increasing total shareholder value

2025 Operational Initiatives

Enhancing Shipbuilding Throughput

- » Targeting 20% overall throughput improvement over 2024
 - » Multiple workforce improvement initiatives
 - » Ramp up new South Carolina facility
 - » Increase outsourcing to trusted providers
 - » Utilize contract labor to address critical skill gaps

Reducing Cost

- » \$250M in annualized cost take out by year-end
 - » Overhead and support labor reduction
 - » Shared service and technology utilization

New Contract Awards

- » Ensuring contract awards that reflect current operating environment
- » Expect \$50B+ in new awards across 2025 & 2026, including submarines, RCOH of CVN 75 and amphibious ship bundle



Acquired Production Site Near Charleston, SC

- » Highly skilled workforce and well capitalized infrastructure
- » Enhances capacity and throughput enabling improved build rates to meet generational customer demand
- » Enables near-term risk reduction and improved efficiencies on current programs
- » Capital efficient solution leveraging Navy and state/local partnerships to accelerate impact

Shipbuilding Milestones¹

5 Deliveries Planned for 2025-2026

2025

2026

Ingalls Shipbuilding

- » Launch DDG 129
- » Sea Trials DDG 1000

Newport News Shipbuilding

- » Deliver CVN 79²
- » Deliver SSN 798
- » Float off SSN 800

Ingalls Shipbuilding

- » Deliver DDG 128*
- » Launch DDG 131
- » Deliver LHA 8

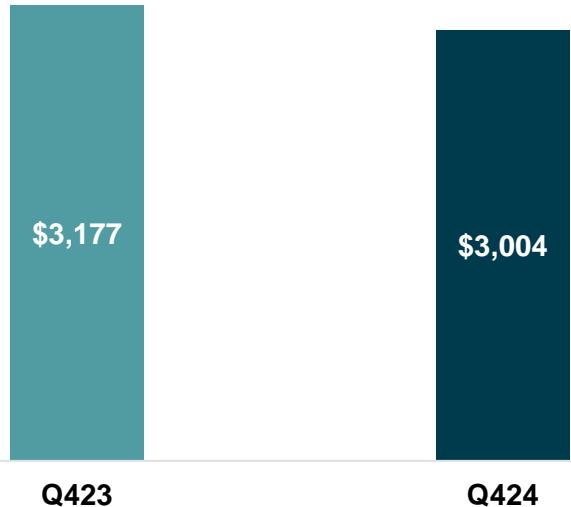
Newport News Shipbuilding

- » Lay Keel CVN 81
- » Deliver SSN 800



HII Q4 2024 Revenue

CONSOLIDATED REVENUE (\$M)

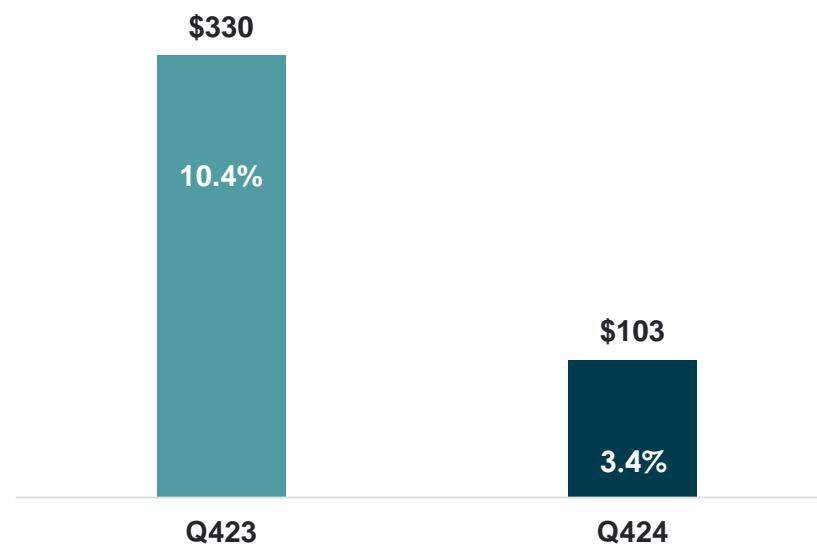


(\$M)	Three Months Ended December 31		% Change
	2023	2024	
Ingalls Shipbuilding	800	736	(8.0)%
Newport News Shipbuilding	1,665	1,588	(4.6)%
Mission Technologies	745	713	(4.3)%
Eliminations	(33)	(33)	-
Total	3,177	3,004	(5.4)%

YoY variance driven by lower RCOH volume and cumulative adjustments at NNS, as well as lower amphibious volume at Ingalls and timing of product sales at Mission Technologies

HII Q4 2024 Segment Operating Income¹

SEGMENT OPERATING INCOME (\$M) & MARGIN %

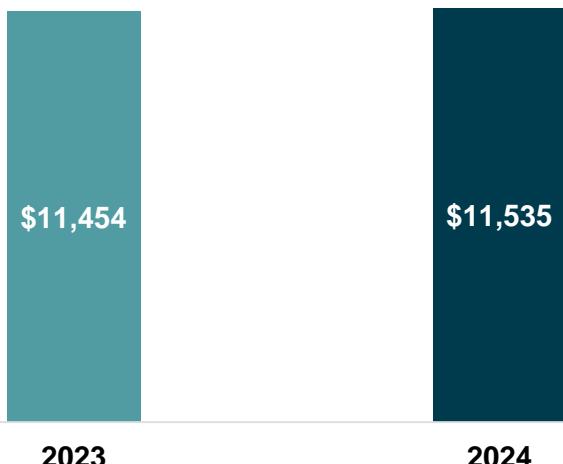


(\$M)	Three Months Ended December 31		
	2023	2024	% Change
Ingalls Shipbuilding	169	46	(72.8)%
Newport News Shipbuilding	110	38	(65.5)%
Mission Technologies	51	19	(62.7)%
Total	330	103	(68.8)%

YoY variance driven by NNS cumulative adjustments, favorable prior year sale of court judgment and contract incentive at Ingalls and favorable prior year insurance claim settlement at Mission Technologies

HII 2024 Revenue

CONSOLIDATED REVENUE (\$M)



(\$M)	Twelve Months Ended December 31		
	2023	2024	% Change
Ingalls Shipbuilding	2,752	2,767	0.5%
Newport News Shipbuilding	6,133	5,969	(2.7)%
Mission Technologies	2,699	2,937	8.8%
Eliminations	(130)	(138)	
Total	11,454	11,535	0.7%

YoY variance driven by strong growth at Mission Technologies in CEW&S and C5ISR, largely offset by NNS cumulative adjustments and lower aircraft carrier and nuclear support service volumes

HII 2024 Segment Operating Income¹

SEGMENT OPERATING INCOME (\$M) & MARGIN %

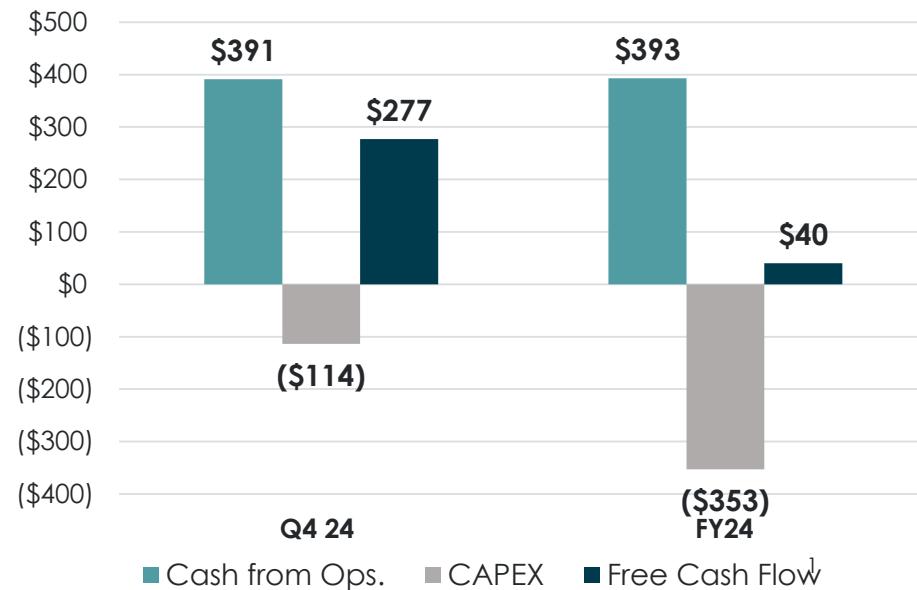


(\$M)	Twelve Months Ended December 31		
	2023	2024	% Change
Ingalls Shipbuilding	362	211	(41.7)%
Newport News Shipbuilding	379	246	(35.1)%
Mission Technologies	101	116	14.9%
Total	842	573	(31.9)%

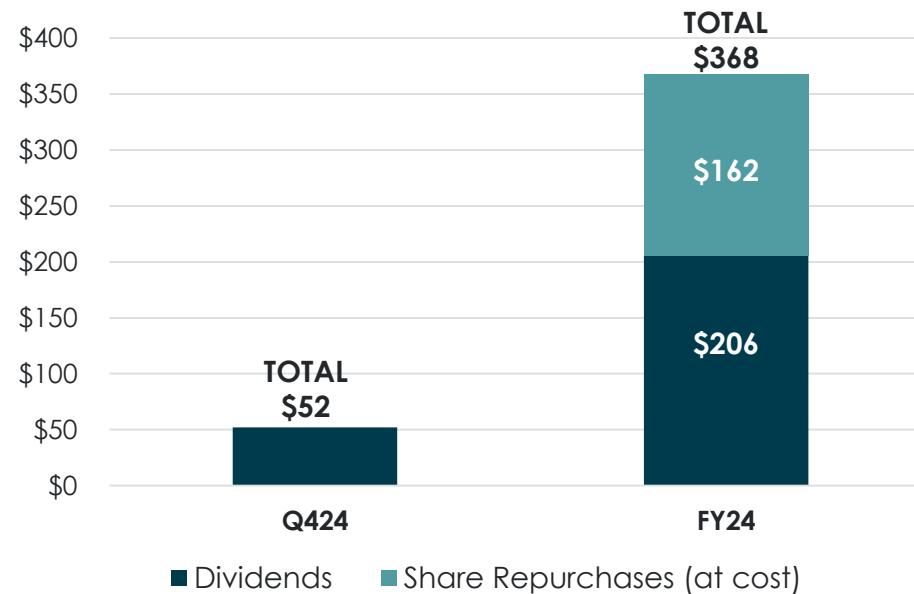
YoY variance driven by NNS cumulative adjustments, a favorable prior year sale of a court judgment at Ingalls, as well as a favorable prior year insurance claim settlement at Mission Technologies

HII Q4 & FY 2024 Capital Deployment

CASH FLOW GENERATION (\$M)



SHAREHOLDER DISTRIBUTIONS (\$M)



- Cash balance of \$831 million and liquidity of \$2.5 billion at year end
- Net capital expenditures were 3.1% of revenues in 2024
- Cash contributions to pension and other postretirement benefit plans of \$47 million in 2024

- \$368 million distributed to shareholders in 2024
 - Paid dividends totaling \$206 million
 - Repurchased 608 thousand shares at an aggregate cost of \$162 million

HII Outlook¹

HII Mid to Long Term⁵ Revenue Growth 4%+

- Shipbuilding mid to long term⁵ revenue² growth ~4%
- Mission Technologies mid to long term⁵ revenue growth ~5%

2025 Expectations

- Shipbuilding operating margin² of 5.5% to 6.5%
 - Includes throughput, cost improvement and contract award assumptions
- Free cash flow^{2,4} of \$300M to \$500M

Q1 2025 Expectations

- Shipbuilding revenue² of ~\$2.1B and shipbuilding operating margin² of ~5.5%
- Mission Technologies revenue of ~\$680M and segment operating margin² of ~3.0%
- Free cash flow^{2,4} of (\$300M) to (\$500M)

FY25 OUTLOOK

FY25 Outlook	
Shipbuilding Revenue ²	\$8.9B - \$9.1B
Shipbuilding Operating Margin ²	5.5% - 6.5%
Mission Technologies Revenue	\$2.9B - \$3.1B
Mission Technologies Segment Operating Margin ²	4.0% - 4.5%
Mission Technologies EBITDA Margin ²	8.0% - 8.5%
Operating FAS/CAS Adjustment	(\$43M)
Non-current State Income Tax Benefit ³	~\$0M
Interest Expense	(\$130M)
Non-operating Retirement Benefit	\$191M
Effective Tax Rate	~21%
Depreciation & Amortization	~\$340M
Capital Expenditures	~4% of Sales
Free Cash Flow ^{2,4}	\$300M - \$500M

¹ The financial outlook, expectations and other forward looking statements provided by the company for 2025 and beyond reflect the company's judgment based on the information available at the time of this presentation.

² Non-GAAP measures. See appendix for definitions. In reliance upon Item 10(e)(1)(i)(B) of Regulation S-K, reconciliations of forward-looking GAAP and non-GAAP measures are not provided because of the unreasonable effort associated with providing such reconciliations due to the variability in the occurrence and the amounts of certain components of GAAP and non-GAAP measures. For the same reasons, we are unable to address the significance of the unavailable information, which could be material to future results.

³ Outlook is based on current tax law. Repeal or deferral of requirement to capitalize R&D expenditures would result in elevated non-current state income tax expense.

⁴ Outlook is based on current tax law and assumes the requirement to capitalize R&D expenditures for tax purposes is not deferred or repealed.

⁵ Mid to long term growth represents our expected compound annual growth rate over five to ten years.

Appendix

Pension Outlook¹

(\$ in millions)	2024 (Actual)	2025	2026	2027	2028	2029
Pension Discount Rate	5.28% Change from prior est. N/A	5.98% 51 Bps	5.98% 70 Bps	5.98% 70 Bps	5.98% 70 Bps	5.98%
Expected Long-Term Return on Assets	8.00% N/A	8.00% N/A	8.00% N/A	8.00% N/A	8.00% N/A	8.00%
Actual Return on Assets	7.7% (2.3%)	N/A	N/A	N/A	N/A	N/A
CAS Recoveries Over/(Under) Cash Contributions ^{2,3}	\$6 \$1	\$2 N/A	(\$2) (\$1)	(\$1) (\$1)	(\$2) (\$1)	(\$4)
FAS Benefit/(Expense) ³	\$64 (\$1)	\$100 \$15	\$112 \$16	\$125 \$16	\$133 \$11	\$148
CAS Expense ³	\$53 (\$1)	\$48 (\$1)	\$48 (\$2)	\$49 (\$2)	\$47 (\$2)	\$43
FAS/CAS Adjustment ³	\$117 (\$2)	\$148 \$14	\$160 \$14	\$174 \$14	\$180 \$9	\$191
Operating FAS/CAS Adjustment ³	(\$62) (\$1)	(\$43) \$9	(\$41) \$17	(\$35) \$19	(\$35) \$16	(\$36)
Non-Operating Retirement (Expense)/Income ³	\$179 (\$1)	\$191 \$5	\$201 (\$3)	\$209 (\$5)	\$215 (\$7)	\$227
Pension and Postretirement Benefits Cash Contributions ²	\$47 (\$2)	\$46 (\$1)	\$50 (\$1)	\$50 (\$1)	\$49 (\$1)	\$47

¹ 2025-2029 projected and subject to change.

² 2024 cash contributions of \$47 million include \$11 million of discretionary pension contributions (<\$1 million qualified; \$11 million non-qualified) and \$36 million of postretirement benefits contributions.

2025 projected cash contributions of \$46 million include \$12 million of discretionary pension contributions (<\$1 million qualified; \$12 million non-qualified) and \$34 million of postretirement benefits contributions.

³ Includes pension and other postretirement benefits.

Non-GAAP Information

We make reference to "free cash flow," "segment operating income," "segment operating margin," "shipbuilding revenue," "shipbuilding operating margin," "Mission Technologies EBITDA" and "Mission Technologies EBITDA margin."

We internally manage our operations by reference to segment operating income and segment operating margin, which are not recognized measures under GAAP. When analyzing our operating performance, investors should use segment operating income and segment operating margin in addition to, and not as alternatives for, operating income and operating margin or any other performance measure presented in accordance with GAAP. They are measures that we use to evaluate our core operating performance. We believe that segment operating income and segment operating margin reflect additional ways of viewing aspects of our operations that, when viewed with our GAAP results, provide a more complete understanding of factors and trends affecting our business. We believe these measures are used by investors and are a useful indicator to measure our performance. Because not all companies use identical calculations, our presentation of segment operating income and segment operating margin may not be comparable to similarly titled measures of other companies.

Shipbuilding revenue, shipbuilding operating margin, Mission Technologies EBITDA and Mission Technologies EBITDA margin are not measures recognized under GAAP. They are measures that we use to evaluate our core operating performance. We believe that shipbuilding revenue, shipbuilding operating margin, Mission Technologies EBITDA and Mission Technologies EBITDA margin reflect additional ways of viewing aspects of our operations that, when viewed with our GAAP results, provide a more complete understanding of factors and trends affecting our business. When analyzing our operating performance, investors should use shipbuilding revenue, shipbuilding operating margin, Mission Technologies EBITDA and Mission Technologies EBITDA margin in addition to, and not as alternatives for, operating income and operating margin or any other performance measure presented in accordance with GAAP. We believe these measures are used by investors and are a useful indicator to measure our performance. Because not all companies use identical calculations, our presentation of shipbuilding revenue, shipbuilding operating margin, Mission Technologies EBITDA and Mission Technologies EBITDA margin may not be comparable to similarly titled measures of other companies.

Free cash flow is not a measure recognized under GAAP. Free cash flow has limitations as an analytical tool and should not be considered in isolation from, or as a substitute for, net earnings as a measure of our performance or net cash provided or used by operating activities as a measure of our liquidity. We believe free cash flow is an important measure for our investors because it provides them insight into our current and period-to-period performance and our ability to generate cash from continuing operations. We also use free cash flow as a key operating metric in assessing the performance of our business and as a key performance measure in evaluating management performance and determining incentive compensation. Free cash flow may not be comparable to similarly titled measures of other companies.

In reliance upon Item 10(e)(1)(i)(B) of Regulation S-K, reconciliations of forward-looking GAAP and non-GAAP measures are not provided because of the unreasonable effort associated with providing such reconciliations due to the variability in the occurrence and the amounts of certain components of GAAP and non-GAAP measures. For the same reasons, we are unable to address the significance of the unavailable information, which could be material to future results.

Non-GAAP Measures Definitions

Segment operating income is defined as operating income for the relevant segment(s) before the Operating FAS/CAS Adjustment and non-current state income taxes.

Segment operating margin is defined as segment operating income as a percentage of sales and service revenues.

Shipbuilding revenue is defined as the combined sales and service revenues from our Newport News Shipbuilding segment and Ingalls Shipbuilding segment.

Shipbuilding operating margin is defined as the combined segment operating income of our Newport News Shipbuilding segment and Ingalls Shipbuilding segment as a percentage of shipbuilding revenue.

Mission Technologies EBITDA is defined as Mission Technologies segment operating income before interest expense, income taxes, depreciation and amortization.

Mission Technologies EBITDA margin is defined as Mission Technologies EBITDA as a percentage of Mission Technologies revenues.

Free cash flow is defined as net cash provided by (used in) operating activities less capital expenditures net of related grant proceeds.

Operating FAS/CAS Adjustment is defined as the difference between the service cost component of our pension and other postretirement expense determined in accordance with GAAP (FAS) and our pension and other postretirement expense under U.S. Cost Accounting Standards (CAS).

Non-current state income taxes are defined as deferred state income taxes, which reflect the change in deferred state tax assets and liabilities and the tax expense or benefit associated with changes in state uncertain tax positions in the relevant period. These amounts are recorded within operating income. Current period state income tax expense is charged to contract costs and included in cost of sales and service revenues in segment operating income.

Certain of the financial measures we present are adjusted for the Operating FAS/CAS Adjustment and non-current state income taxes to reflect the company's performance based upon the pension costs and state tax expense charged to our contracts under CAS. We use these adjusted measures as internal measures of operating performance and for performance-based compensation decisions.

Non-GAAP Reconciliations

Segment Operating Income & Segment Operating Margin

(\$ in millions)	Three Months Ended		Year Ended	
	December 31		December 31	
	2024	2023	2024	2023
Ingalls revenues	736	800	2,767	2,752
Newport News revenues	1,588	1,665	5,969	6,133
Mission Technologies revenues	713	745	2,937	2,699
Intersegment eliminations	(33)	(33)	(138)	(130)
Sales and Service Revenues	3,004	3,177	11,535	11,454
 Operating Income	 110	 312	 535	 781
Operating FAS/CAS Adjustment	14	17	62	72
Non-current state income taxes	(21)	1	(24)	(11)
Segment Operating Income	103	330	573	842
As a percentage of sales and service revenues	3.4 %	10.4 %	5.0 %	7.4 %
Ingalls segment operating income	46	169	211	362
As a percentage of Ingalls revenues	6.3 %	21.1 %	7.6 %	13.2 %
Newport News segment operating income	38	110	246	379
As a percentage of Newport News revenues	2.4 %	6.6 %	4.1 %	6.2 %
Mission Technologies segment operating income	19	51	116	101
As a percentage of Mission Technologies revenues	2.7 %	6.8 %	3.9 %	3.7 %

Non-GAAP Reconciliations

Shipbuilding Revenues & Margin

(\$ in millions)	Three Months Ended		Year Ended	
	December 31		December 31	
	2024	2023	2024	2023
Sales and service revenues	3,004	3,177	11,535	11,454
Mission Technologies	(713)	(745)	(2,937)	(2,699)
Intersegment eliminations	33	33	138	130
Shipbuilding Revenues	2,324	2,465	8,736	8,885
Operating Income	110	312	535	781
Operating FAS/CAS Adjustment	14	17	62	72
Non-current state income taxes	(21)	1	(24)	(11)
Segment Operating Income	103	330	573	842
Mission Technologies	(19)	(51)	(116)	(101)
Shipbuilding Operating Income	84	279	457	741
As a percentage of shipbuilding revenues	3.6 %	11.3 %	5.2 %	8.3 %

Non-GAAP Reconciliations

Free Cash Flow

(\$ in millions)	Three Months Ended December 31		Year Ended December 31	
	2024	2023	2024	2023
Net cash provided by operating activities	391	562	393	970
Less capital expenditures:				
Capital expenditure additions	(114)	(128)	(367)	(292)
Grant proceeds for capital expenditures	—	—	14	14
Free cash flow	277	434	40	692

Non-GAAP Reconciliations

Mission Technologies EBITDA & EBITDA Margin

(\$ in millions)	Three Months Ended		Year Ended	
	December 31		December 31	
	2024	2023	2024	2023
Mission Technologies sales and service revenues	713	745	2,937	2,699
Mission Technologies segment operating income	19	51	116	101
Mission Technologies depreciation expense	3	3	11	11
Mission Technologies amortization expense	24	27	99	109
Mission Technologies state tax expense	1	2	7	11
Mission Technologies EBITDA	47	83	233	232
Mission Technologies EBITDA margin	6.6 %	11.1 %	7.9 %	8.6 %

