



Q1 2025 Earnings Call

Chris Kastner
President and CEO

Tom Stiehle
EVP and CFO

May 1, 2025

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 ~20 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 Progressing

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

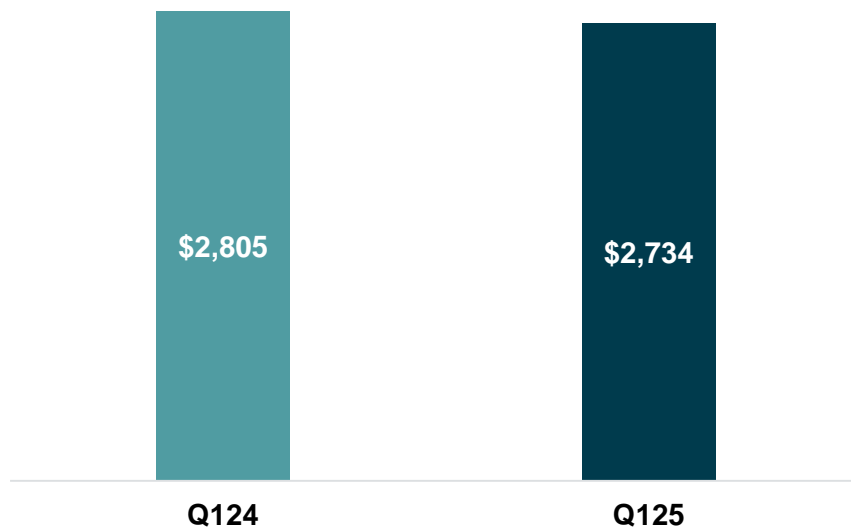


Acquired Production Site Near Charleston, SC

- » Highly skilled workforce and well capitalized infrastructure
- » Enhances capacity and throughput enabling improved build rates to meet generational customer demand
- » Charleston shipbuilding ecosystem expanding with U.S. Navy and other partner investments
- » Quickly ramped carrier and submarine unit work after transaction close

HII Q1 2025 Revenue

CONSOLIDATED REVENUE (\$M)

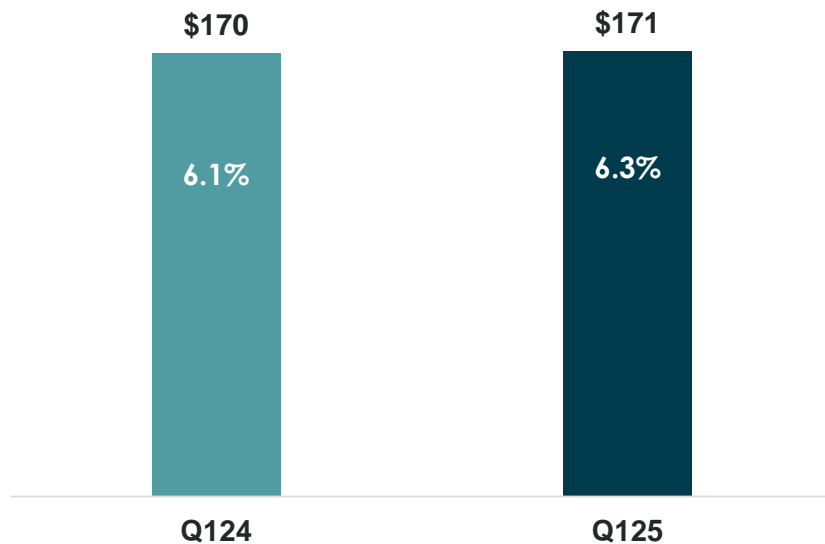


	Three Months Ended March 31		
(\$M)	2024	2025	% Change
Ingalls Shipbuilding	655	637	(2.7%)
Newport News Shipbuilding	1,434	1,396	(2.6%)
Mission Technologies	750	735	(2.0%)
Eliminations	(34)	(34)	-
Total	2,805	2,734	(2.5%)

YoY variance driven by lower aircraft carrier and naval nuclear support volume at NNS, lower amphibious volume at Ingalls and lower C5ISR volume at Mission Technologies

HII Q1 2025 Segment Operating Income¹

SEGMENT OPERATING INCOME¹ (\$M) & MARGIN %

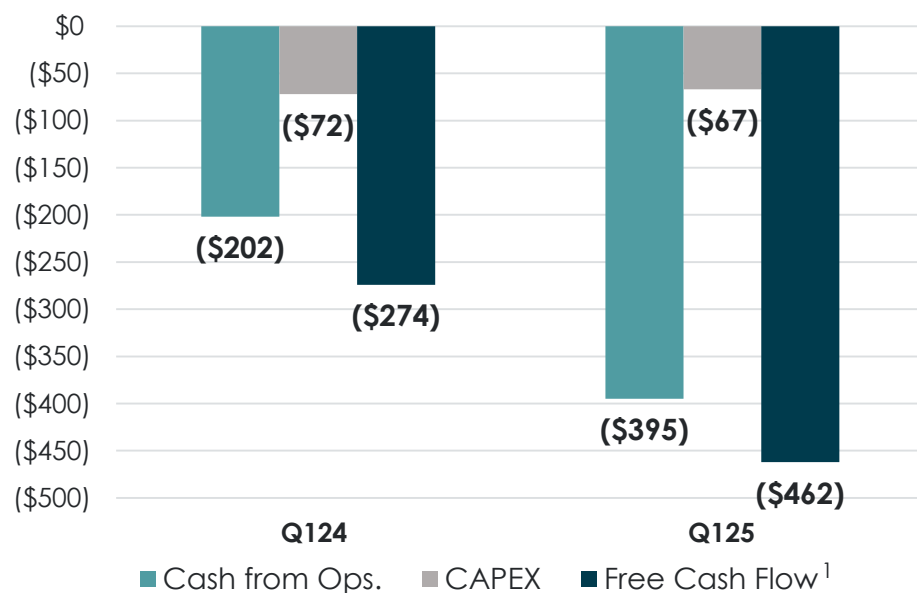


(\$M)	Three Months Ended March 31		
	2024	2025	% Change
Ingalls Shipbuilding	60	46	(23.3%)
Newport News Shipbuilding	82	85	3.7%
Mission Technologies	28	40	42.9%
Total	170	171	0.6%

YoY variance driven by Mission Technologies performance in CEW&S and uncrewed systems, as well as *Virginia*-class contract incentives and *Columbia* volume at NNS, offset by lower amphibious risk retirement at Ingalls

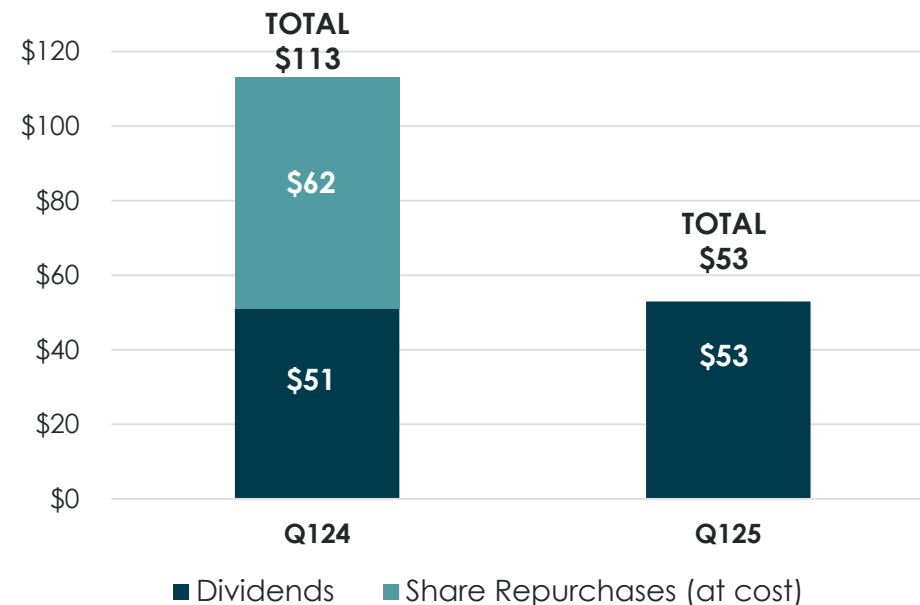
HII Q1 2025 Capital Deployment

CASH FLOW GENERATION (\$M)



- Cash balance of \$167 million and liquidity of \$1.5 billion at quarter end
- Net capital expenditures of \$67 million were 2.5% of revenues in Q1 2025

SHAREHOLDER DISTRIBUTIONS (\$M)



- \$53 million distributed to shareholders in Q1 2025
 - Paid dividends totaling \$53 million
 - Did not repurchase shares in the quarter

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%

No Change to 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

Q2 2025 Expectations

- Shipbuilding revenue² of ~\$2.2B and shipbuilding operating margin² near the low end of the annual guidance range
- Mission Technologies revenues flat sequentially; segment operating margin² of 3.0% to 3.5%
- Free cash flow^{2,4} of \$200M to \$300M

FY25 OUTLOOK UNCHANGED

	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 compounded annual growth rate over five to ten years.

Appendix

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

	Three Months Ended	
	March 31	
<i>(\$ in millions)</i>	2025	2024
Ingalls revenues	637	655
Newport News revenues	1,396	1,434
Mission Technologies revenues	735	750
Intersegment eliminations	(34)	(34)
Sales and Service Revenues	2,734	2,805
 Operating Income	 161	 154
Operating FAS/CAS Adjustment	10	17
Non-current state income taxes	—	(1)
Segment Operating Income	171	170
<i>As a percentage of sales and service revenues</i>	6.3 %	6.1 %
Ingalls segment operating income	46	60
<i>As a percentage of Ingalls revenues</i>	7.2 %	9.2 %
Newport News segment operating income	85	82
<i>As a percentage of Newport News revenues</i>	6.1 %	5.7 %
Mission Technologies segment operating income	40	28
<i>As a percentage of Mission Technologies revenues</i>	5.4 %	3.7 %

Non-GAAP Reconciliations

Shipbuilding Revenues & Margin

(\$ in millions)	Three Months Ended	
	March 31	
	2025	2024
Sales and service revenues	2,734	2,805
Mission Technologies	(735)	(750)
Intersegment eliminations	34	34
Shipbuilding Revenues	2,033	2,089
Operating Income	161	154
Operating FAS/CAS Adjustment	10	17
Non-current state income taxes	—	(1)
Segment Operating Income	171	170
Mission Technologies	(40)	(28)
Shipbuilding operating income	131	142
As a percentage of shipbuilding revenues	6.4 %	6.8 %

Non-GAAP Reconciliations

Free Cash Flow

	Three Months Ended	
	March 31	
<i>(\$ in millions)</i>	2025	2024
Net cash used in operating activities	(395)	(202)
Less capital expenditures:		
Capital expenditure additions	(67)	(75)
Grant proceeds for capital expenditures	—	3
Free cash flow	(462)	(274)

Non-GAAP Reconciliations

Mission Technologies EBITDA & EBITDA Margin

<i>(in millions)</i>	Three Months Ended	
	March 31	
	2025	2024
Mission Technologies sales and service revenues	735	750
Mission Technologies segment operating income	40	28
Mission Technologies depreciation expense	3	3
Mission Technologies amortization expense	22	25
Mission Technologies state tax expense	2	2
Mission Technologies EBITDA	67	58
Mission Technologies EBITDA margin	9.1 %	7.7 %

