



HII Q3 2024 Earnings

October 31, 2024

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Cautionary Statement Regarding Forward-looking Statements

Statements in this presentation, 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," "predicts," "potential," "continue," "guidance," "projections," "outlook," 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: changes in government and 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 or other factors and our efforts to recover or offset such costs and/or changes in estimated contract costs, and perform our contracts effectively; the adequacy and sufficiency of our resources, including labor and facilities, to allow us to meet our production schedules and timelines and achieve desired performance improvement and risk reduction targets over time; changes in procurement processes and government regulations and our ability to comply with such requirements; our ability to deliver our products and services at an affordable life cycle cost and compete within our markets; natural and environmental disasters and political instability; our ability to execute our strategic plan, including with respect to share repurchases, dividends, capital expenditures, and strategic acquisitions; the availability and pricing of raw materials and components from our suppliers; adverse economic conditions in the United States and globally; health epidemics, pandemics, and similar outbreaks; our ability to attract, retain, and train a qualified workforce; disruptions impacting global supply, including those resulting from the ongoing conflict between Russia and Ukraine and in the Middle East; changes in key estimates and assumptions regarding our pension and retiree health care costs; investigations, claims, disputes, enforcement actions, litigation (including criminal, civil and administrative) and/or other legal proceedings, including the impact that any such proceedings may have on our reputation or ability to do business; improper conduct of employees, agents, subcontractors, suppliers, business partners, or joint ventures in which we participate; security threats, including cyber security threats, and related disruptions; and other risk factors discussed herein and in our other filings with the SEC. Additional factors include those described in our 2023 Annual Report on Form 10-K, including under the captions "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations," and "Business," in our subsequent quarterly reports on Form 10-Q, including under the captions "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations," and in our subsequent 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. This presentation also contains non-GAAP financial measures and includes a GAAP reconciliation of these financial measures. Non-GAAP financial measures should not be construed as being more important than comparable GAAP measures.



HII Q3 2024 Operational Highlights

Ingalls Shipbuilding Highlights

- Awarded a \$9.6 billion multi-ship procurement contract for the construction of LPD 33, 34 and 35 and large-deck amphibious ship LHA 10
- Launched LPD 30 *Harrisburg* in early October

Newport News Shipbuilding Highlights

- Shipped final module of *Virginia*-class submarine *Utah* (SSN 801)
- 92% of CVN 79 *Kennedy* compartments have been turned over to the Navy and all combat systems have been turned over to test team

Mission Technologies Highlights

- Achieved 14% revenue growth YTD
- Q3 2024 funded book-to-bill of 2.2x and 1.3x YTD
- Awarded contracts with potential total value of ~\$11B



The bow of *Virginia*-class submarine *Utah* (SSN 801) makes its way via barge in Manhattan
Photo courtesy: Roosevelt Islander Online



HII delivered two REMUS 620 UUVs to NOAA for enhanced ocean floor mapping



HII's "Build It" campaign highlights paid training and development at its shipyards

Mission Technologies Q3 Wins

- \$6.7 billion contract to provide electronic warfare engineering and technical services support for the U.S. Air Force
- \$3 billion Federal Government task order for national security services and new and emerging technology
- \$458 million contract to modernize communications and information technology (IT) networks for the U.S. Department of Defense
- \$209 million contract to support U.S. Air Force weapons systems development and sustainment
- \$197 million contract to research and develop technology enhancements for U.S. Army ground combat vehicles
- \$75 million task order to provide systems engineering support for integrated training systems used onboard ships to enhance combat preparedness for sailors
- Awarded task order to support U.S. Air Force sustainment of special-purpose aircraft
- Delivered advanced REMUS 620 UUVs to NOAA less than 24 months after unveiling
- Awarded five-year contract to provide global supply chain services to the Australian Government's Department of Defence

Contract values are potential Total Contract Value (TCV)

Capturing awards across all branches and multi-domain operations



Awarded a contract to modernize IT architecture for U.S. Department of Defense



Awarded a contract to provide supply chain services to Australian DoD and support a supply chain uplift program



Awarded a contract to support U.S. Air Force Weapons Systems Development and Sustainment

Newport News Shipbuilding Contract Update and Operational Improvements

- Uncertainty related to the timing and structure of the *Virginia*-class Block V, Block VI and *Columbia*-class submarine agreement with our Navy partner
- Confident an agreement will be reached and discussions continue
- Updating outlook to reflect uncertain timing and structure of the award as we continue to work through ship contracts negotiated pre-COVID
 - Updating fiscal 2024 shipbuilding margin² and free cash flow² expectations and withdrawing 5-year free cash flow² outlook
- Actions underway to drive improved shipbuilding performance, optimize cost structure and support higher throughput
 - Significant hiring, attrition and training initiatives
 - Targeted cost reduction initiatives
 - Reducing expected 2024 capital expenditures and assessing out years
 - Supporting supply chain resiliency and enhancing capacity
 - Pursuing innovative contracting approaches that incentivize greater investments in our workforce, facilities and technology

UPDATED FY24 GUIDANCE¹

Shipbuilding operating margin² guidance for FY24:
5.0% - 6.0%

Revised free cash flow² guidance for FY24:
\$0 - \$100M

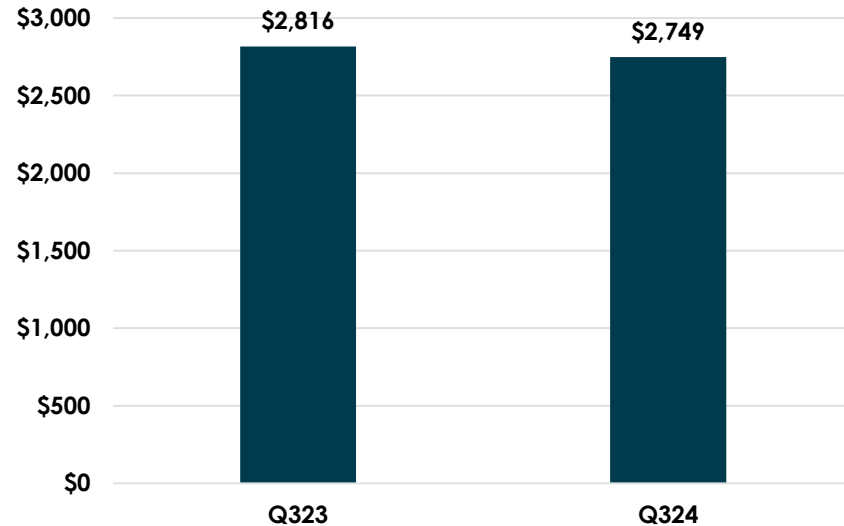


¹ The financial outlook, expectations and other forward looking statements provided by the company for 2024 and beyond reflect the company's judgment based on the information available at the time of this presentation.

² Non-GAAP measures. See appendix for definitions and reconciliations.

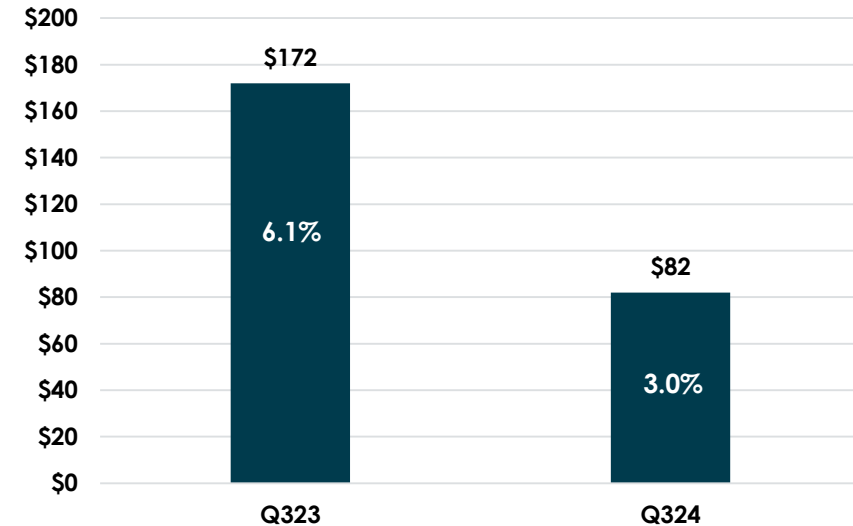
HII Q3 2024 Consolidated Results

CONSOLIDATED REVENUE (\$M)



- Revenue declined \$67M or 2.4% YoY driven by results at Ingalls Shipbuilding and Newport News Shipbuilding, partially offset by growth at Mission Technologies

OPERATING INCOME (\$M) & MARGIN %



- Operating income decreased \$90M YoY driven primarily by unfavorable cumulative adjustments at Newport News Shipbuilding, as well as lower performance at Ingalls Shipbuilding



HII Q3 2024 Segment Results YoY

Ingalls Shipbuilding

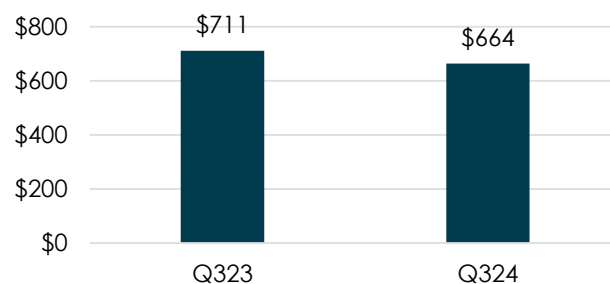
Revenue

- Amphibious assault ships and National Security Cutter volumes
- + Surface combatant volume

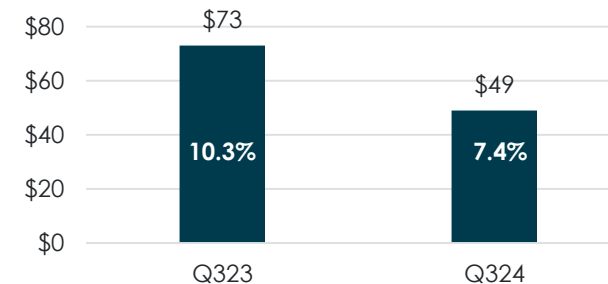
Operating Income

- Lower amphibious assault ship and surface combatant performance

REVENUE (\$M)



SEGMENT OPERATING INCOME¹ (\$M) & MARGIN %¹



Newport News Shipbuilding

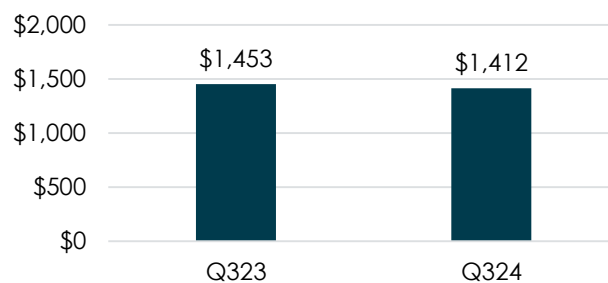
Revenue

- Naval nuclear support services
- Virginia-class submarine and aircraft carrier cumulative adjustments
- + Columbia-class submarine volume

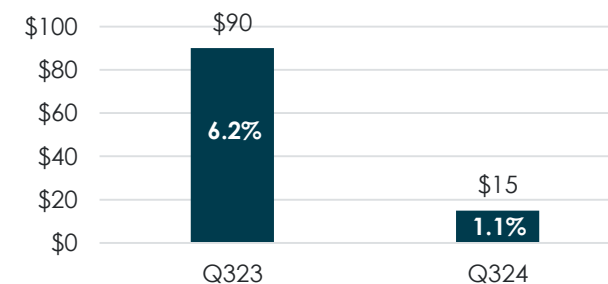
Operating Income

- \$78M net unfavorable cumulative adjustment

REVENUE (\$M)



SEGMENT OPERATING INCOME¹ (\$M) & MARGIN %¹



Mission Technologies

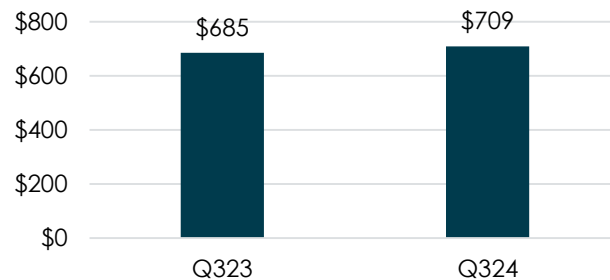
Revenue

- + Cyber, Electronic Warfare & Space (CEWS) volume

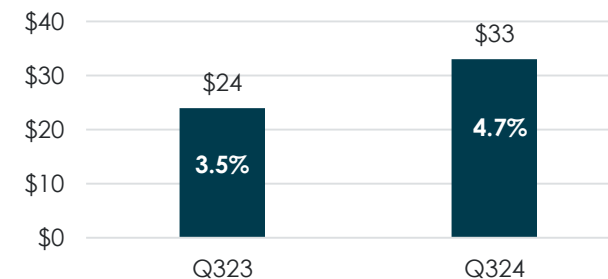
Operating Income

- + CEWS volume and equity income from nuclear and environmental joint ventures

REVENUE (\$M)

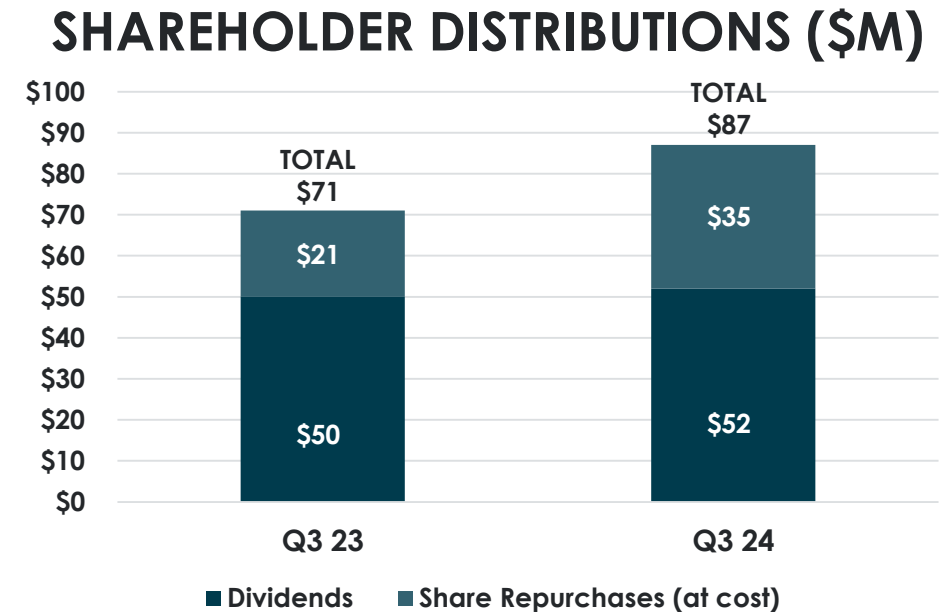
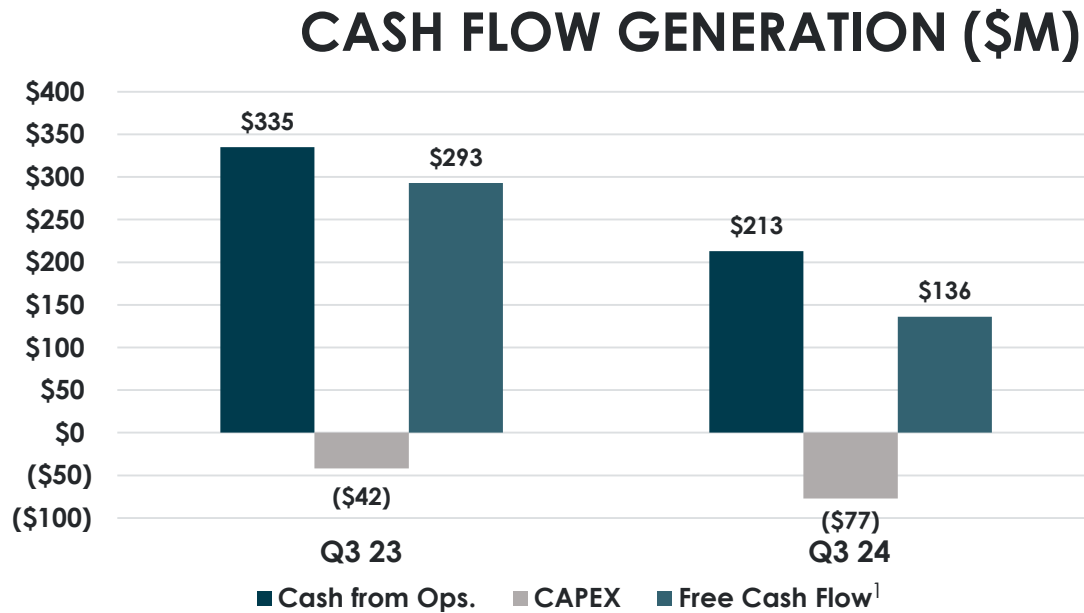


SEGMENT OPERATING INCOME¹ (\$M) & MARGIN %¹



¹ Non-GAAP measures. See appendix for definitions and reconciliations.

HII Q3 2024 Capital Deployment



- Liquidity of ~\$1.3 billion at quarter end
- Net capital expenditures of 2.8% of revenues in Q3
- Cash contributions to pension and other postretirement benefit plans of \$12 million in Q3
- Distributions to shareholders of \$87 million in Q3
 - Paid dividends totaling \$52 million
 - Repurchased 134 thousand shares at an aggregate cost of \$35 million



¹ Non-GAAP measure. See appendix for definition and reconciliation.

HII Financial Outlook¹

	Prior FY24 Outlook	Current FY24 Outlook ¹
Shipbuilding Revenue ²	\$8.8B - \$9.1B	~\$8.8B
Shipbuilding Operating Margin ²	7.6% - 7.8%	5.0% - 6.0%
Mission Technologies Revenue	\$2.75B - \$2.8B	\$2.8B - \$2.85B
Mission Technologies Segment Operating Margin ²	3.0% - 3.5%	~3.75%
Mission Technologies EBITDA Margin ²	8.0% - 8.5%	8.0% - 8.5%
Operating FAS/CAS Adjustment	(\$63M)	(\$61M)
Non-current State Income Tax Benefit/Expense ^{2,3}	~\$0M	~\$0M
Interest Expense	(\$95M)	(\$97M)
Non-operating Retirement Benefit	\$178M	\$180M
Effective Tax Rate	~21%	~17%
Depreciation & Amortization	~\$350M	~\$350M
Capital Expenditures	~5.3% of Sales	~3.4% of Sales
Free Cash Flow ^{2,4}	\$600M - \$700M	\$0M - \$100M

¹ The financial outlook, expectations and other forward looking statements provided by the company for 2024 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.



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

(\$ in millions)	Three Months Ended		Nine Months Ended	
	September 30		September 30	
	2024	2023	2024	2023
Ingalls revenues	664	711	2,031	1,952
Newport News revenues	1,412	1,453	4,381	4,468
Mission Technologies revenues	709	685	2,224	1,954
Intersegment eliminations	(36)	(33)	(105)	(97)
Sales and Service Revenues	2,749	2,816	8,531	8,277
Operating Income	82	172	425	469
Operating FAS/CAS Adjustment	16	19	48	55
Non-current state income taxes	(1)	(4)	(3)	(12)
Segment Operating Income	97	187	470	512
<i>As a percentage of sales and service revenues</i>	3.5 %	6.6 %	5.5 %	6.2 %
Ingalls segment operating income	49	73	165	193
<i>As a percentage of Ingalls revenues</i>	7.4 %	10.3 %	8.1 %	9.9 %
Newport News segment operating income	15	90	208	269
<i>As a percentage of Newport News revenues</i>	1.1 %	6.2 %	4.7 %	6.0 %
Mission Technologies segment operating income	33	24	97	50
<i>As a percentage of Mission Technologies revenues</i>	4.7 %	3.5 %	4.4 %	2.6 %



Non-GAAP Reconciliations

Shipbuilding Revenue & Operating Margin

(\$ in millions)	Three Months Ended		Nine Months Ended	
	September 30		September 30	
	2024	2023	2024	2023
Sales and service revenues	2,749	2,816	8,531	8,277
Mission Technologies revenues	(709)	(685)	(2,224)	(1,954)
Intersegment eliminations	36	33	105	97
Shipbuilding Revenues	2,076	2,164	6,412	6,420
Operating Income	82	172	425	469
Operating FAS/CAS Adjustment	16	19	48	55
Non-current state income taxes	(1)	(4)	(3)	(12)
Segment Operating Income	97	187	470	512
Mission Technologies operating income	(33)	(24)	(97)	(50)
Shipbuilding operating income	64	163	373	462
Shipbuilding operating margin	3.1 %	7.5 %	5.8 %	7.2 %



Non-GAAP Reconciliations

Free Cash Flow

(\$ in millions)

Net cash provided by operating activities

Less capital expenditures:

Capital expenditure additions

Grant proceeds for capital expenditures

Free cash flow

Three Months Ended		Nine Months Ended	
September 30		September 30	
2024	2023	2024	2023
213	335	2	408
(88)	(53)	(253)	(164)
11	11	14	14
136	293	(237)	258



Non-GAAP Reconciliations

Mission Technologies EBITDA & EBITDA Margin

<i>(in millions)</i>	Three Months Ended September 30		Nine Months Ended September 30	
	2024	2023	2024	2023
Mission Technologies sales and service revenues	709	685	2,224	1,954
Mission Technologies segment operating income	33	24	97	50
Mission Technologies depreciation expense	3	2	8	8
Mission Technologies amortization expense	25	27	75	82
Mission Technologies state tax expense	2	3	6	9
Mission Technologies EBITDA	63	56	186	149
Mission Technologies EBITDA margin	8.9 %	8.2 %	8.4 %	7.6 %



Pension Outlook

(\$ in millions)	2023 (Actual)	2024 ³		2025 ³	
Pension Discount Rate	5.47%	5.28%	N/A	5.47%	+19Bps
		Change from prior est.		Change from prior est.	
Expected Long-Term Return on Assets	8.00%	8.00%	N/A	8.00%	N/A
Actual return on Assets	12.3%	10.0% ⁴		10.0% ⁴	
CAS Recoveries Over Cash Contributions ^{1,2}	\$2	\$5	\$2	\$2	N/A
FAS Benefit ¹	\$30	\$65	N/A	\$85	\$1
CAS Expense ¹	\$46	\$54	\$4	\$49	(\$1)
FAS/CAS Adjustment ¹	\$76	\$119	\$4	\$134	N/A
Operating FAS/CAS Adjustment ¹	(\$72)	(\$61)	\$2	(\$52)	\$11
Non-Operating Retirement Income ¹	\$148	\$180	\$2	\$186	(\$11)
Pension and Post-retirement Benefits Cash Contributions ²	\$44	\$49	\$2	\$47	(\$1)

¹ Includes pension & other postretirement benefits.

² 2024 projected cash contributions of \$49 million include \$12 million of discretionary pension contributions (\$<1 million qualified; \$12 million non-qualified) and \$35 million of post retirement benefits contributions.
2025 projected cash contributions of \$47 million include \$13 million of discretionary pension contributions (\$<1 million qualified; \$13 million non-qualified) and \$34 million of post retirement benefits contributions.

³ Projected and subject to change during 2024 and 2025.

⁴ Returns through September 30, 2024.



