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

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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

Key Operations
- Lynchburg, VA
- Barberton, OH
- Euclid, OH
- Mt. Vernon, IN
- Erwin, TN
- Cambridge, Ontario
- Peterborough, Ontario
- Toronto, Ontario
- Amn prior, Ontario

Key Offices
- Lynchburg, VA
- Charlotte, NC
- Oak Ridge, TN
- Chattanooga, TN
- Aiken, SC
- Washington, DC
- Cambridge, Ontario
- Peterborough, Ontario

Joint Ventures
- West Valley, NY
- Niskayuna, NY
- Dravosburg, PA
- Piketon, OH
- Idaho Falls, ID
- Carlsbad, NM
- Los Alamos, NM
- Las Vegas, NV
- Livermore, CA
- Aiken, SC
- Hancock County, MS
- New Orleans, LA

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

- **Nuclear Services ($122M)**
  - M&O and environmental management at large, complex sites on behalf of U.S. Government (12 current sites)
  - Advanced reactors
    - X-Energy, TerraPower, NuScale, Nuclear Thermal Propulsion
  - U.S. commercial nuclear steam generator servicing

- **Nuclear Power ($203M)**
  - Leading supplier of components and services for the Canadian commercial nuclear power market
  - Steam generators, fuel, fuel handling, waste containers

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

Indexed Price Performance (07/01/15 = 0)

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?