

Q1 2021 Earnings Presentation

May 6, 2021

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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. Forward-looking statements involve risks and uncertainties that could cause our actual results to differ materially from those expressed in these statements. Factors that may cause such differences include: 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 and perform our contracts effectively; 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; adverse economic conditions in the United States and globally; health epidemics, pandemics and similar outbreaks, including the COVID-19 pandemic; changes in key estimates and assumptions regarding our pension and retiree health care costs; security threats, including cyber security threats, and related disruptions; and other risk factors discussed in our filings with the U.S. Securities and Exchange Commission. 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 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.

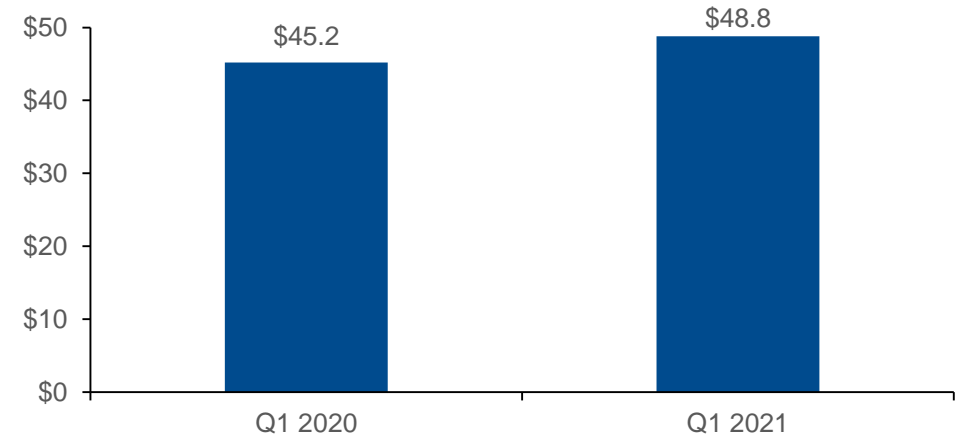


HII Q1 2021 Highlights

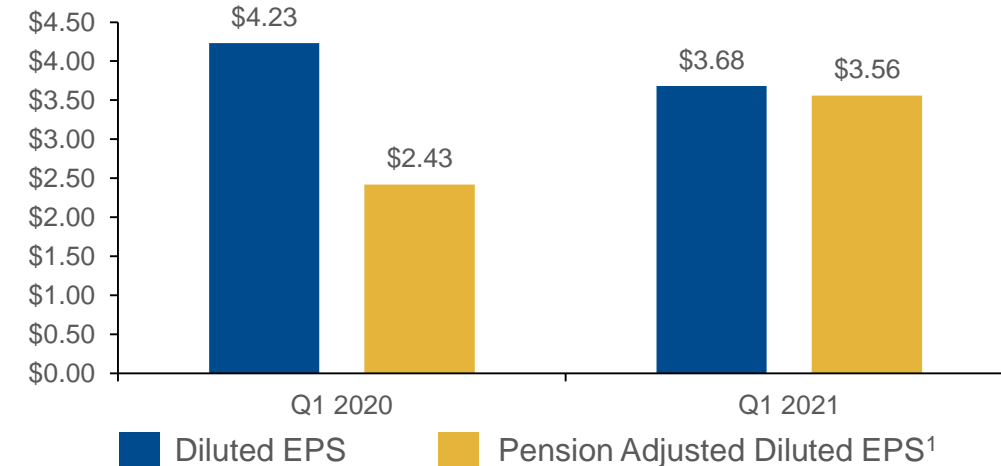
- Revenues were ~\$2.3 billion in the quarter
- Diluted EPS was \$3.68 in the quarter; Pension adjusted diluted EPS¹ was \$3.56
- Total backlog at the end of the quarter was \$48.8 billion
- Ingalls Shipbuilding
 - Began fabrication of guided-missile destroyer *Jeremiah Denton* (DDG 129)
 - Awarded Life-Cycle Engineering Contract on U.S. Navy's LPD Program
- Newport News Shipbuilding
 - Launched *Virginia*-class submarine *Montana* (SSN 794)
 - Achieved pressure hull complete on *Virginia*-class submarine *New Jersey* (SSN 796)
 - Awarded \$3 billion contract for USS *John C. Stennis* (CVN 74) RCOH
 - Awarded contract modification for construction of the 10th *Virginia*-class Block V submarine *John F. Kennedy* (CVN 79) is approximately 81% complete
 - RCOH of USS *George Washington* (CVN 73) is approximately 87% complete
- Technical Solutions
 - Completed the first phase of Unmanned Systems Center of Excellence campus with the construction of a 22,000 square foot facility
 - Awarded position on a \$250 million U.S. Navy Intelligence, Surveillance and Reconnaissance Support Contract
 - Awarded a contract to provide maintenance, training and planning support for U.S. Navy aircraft carriers

Backlog

(\$B)



Earnings Per Share



Strong operating momentum to start 2021, record backlog provides great visibility



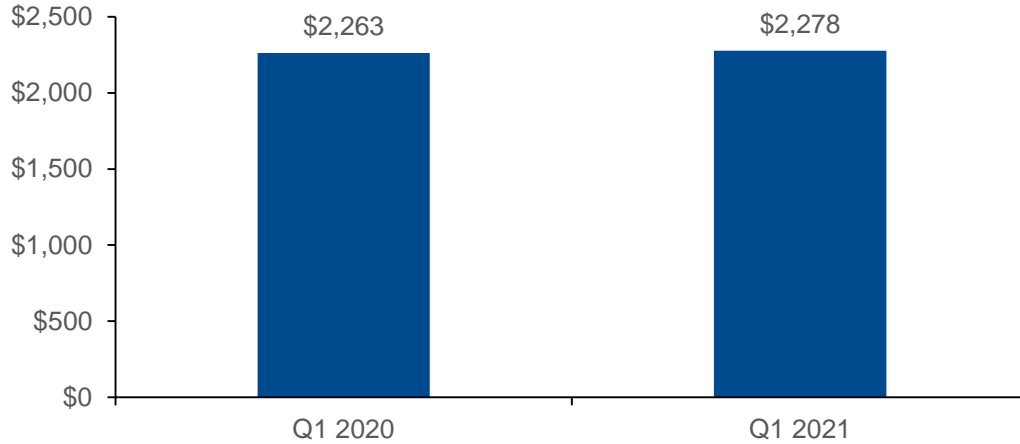
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¹Non-GAAP measure. See appendix for definition and reconciliation.

HII Q1 2021 Consolidated Results

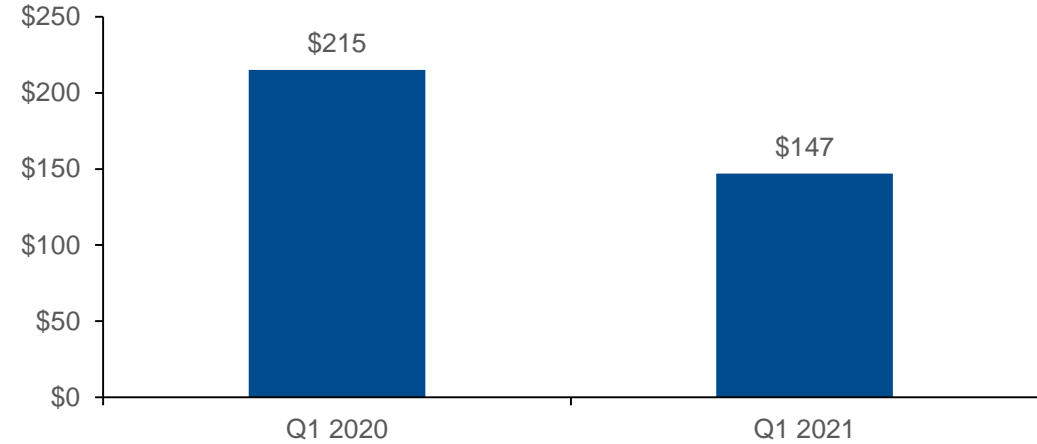
Consolidated Revenue

(\$M)

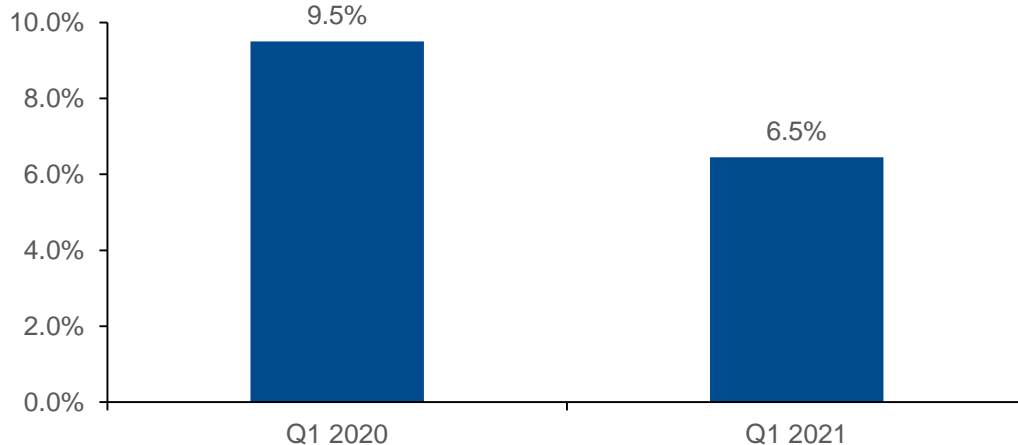


Operating Income

(\$M)



Operating Margin

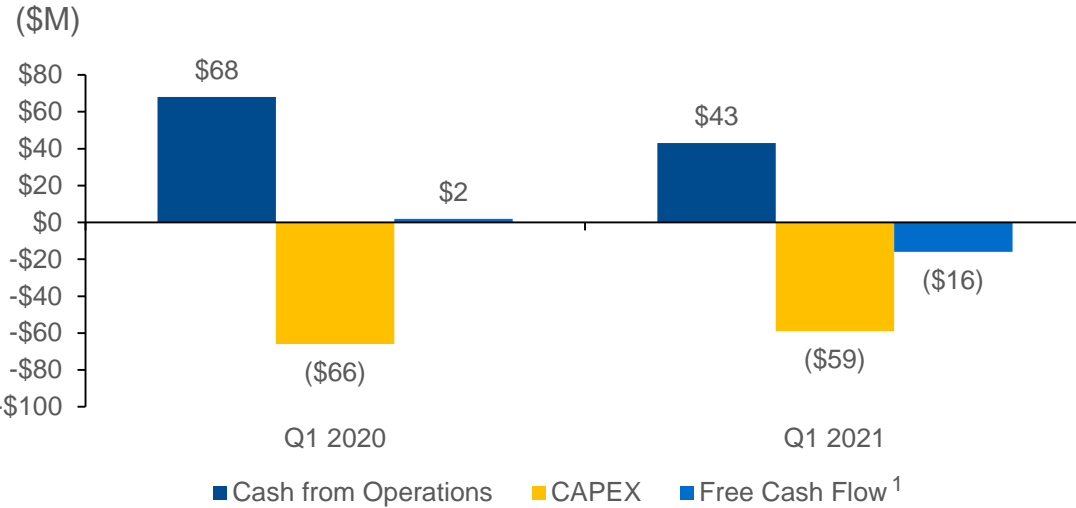


- Revenues improved YoY due primarily to growth at Newport News and Ingalls Shipbuilding, largely offset by a decline at Technical Solutions due to the divestitures of UPI and San Diego Shipyard
- Operating income declined YoY due to a less favorable operating FAS/CAS adjustment, partially offset by stronger segment operating income

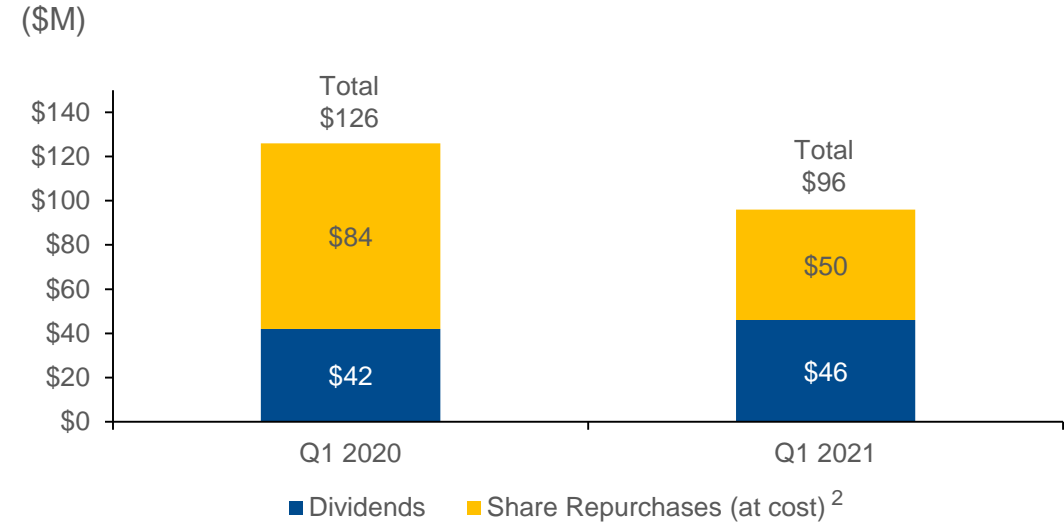


Capital Deployment

Cash Flow Generation



Shareholder Distributions



- Cash balance of \$407 million and liquidity of \$1.6 billion at quarter-end
- Capital expenditures were 2.6% of revenues
- Cash contributions to pension and other postretirement benefit plans were \$72 million
 - \$60 million were discretionary contributions to our qualified pension plans
- Distributed \$96 million to shareholders in the quarter
 - Repurchased 292 thousand shares at a cost of \$50 million²
 - Paid dividends of \$46 million

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

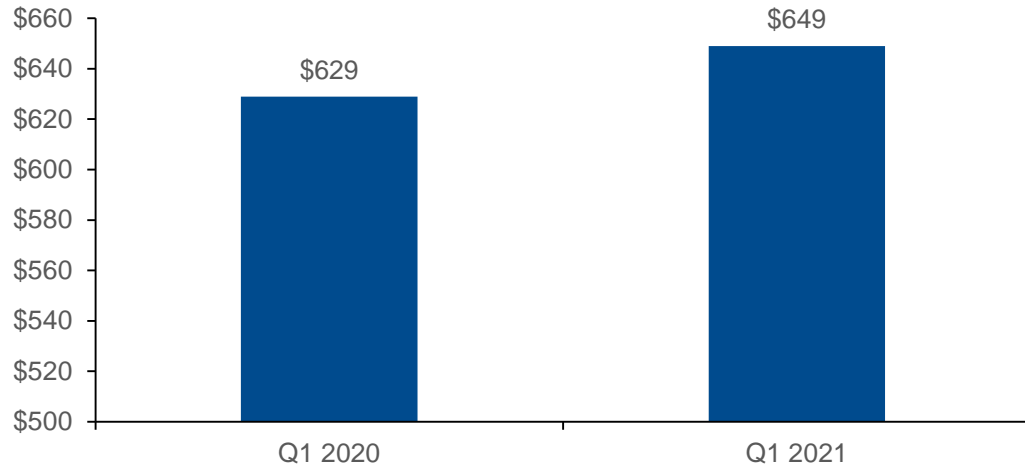
²Includes \$1 million for share repurchases not settled as of Mar. 31, 2021.



Ingalls Shipbuilding Q1 2021 Results

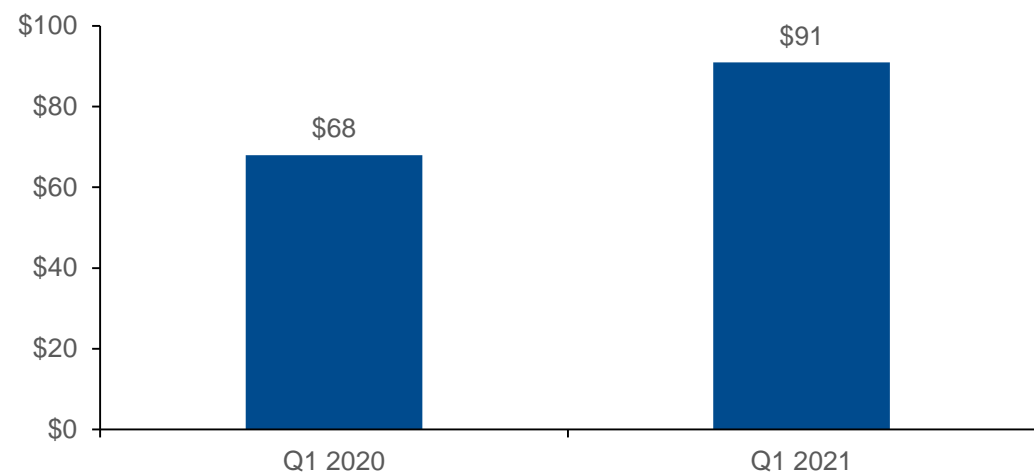
Revenues

(\$M)

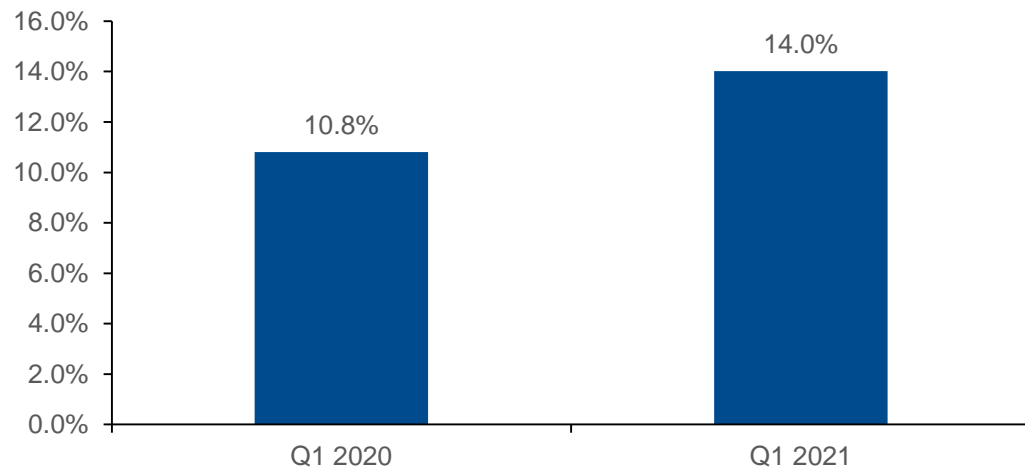


Segment Operating Income¹

(\$M)



Segment Operating Margin¹



- Revenues improved YoY due primarily to growth on the DDG program
- Segment operating income and segment operating margin improved YoY primarily due to higher risk retirement on the LHA program

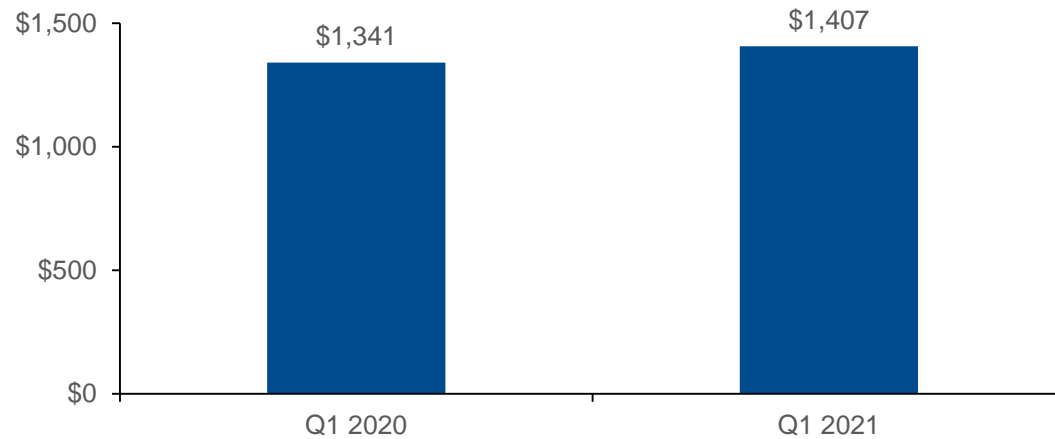
¹Non-GAAP measure. See appendix for definition and reconciliation.



Newport News Shipbuilding Q1 2021 Results

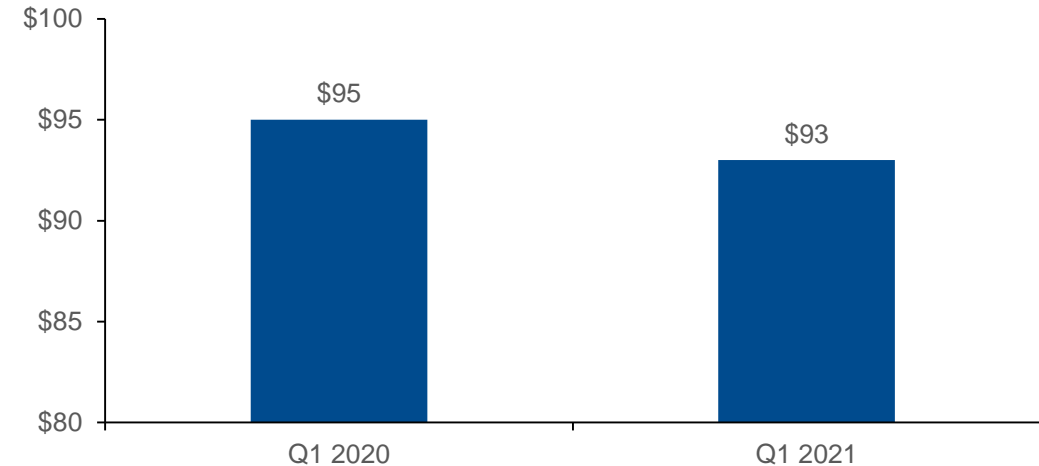
Revenues

(\$M)

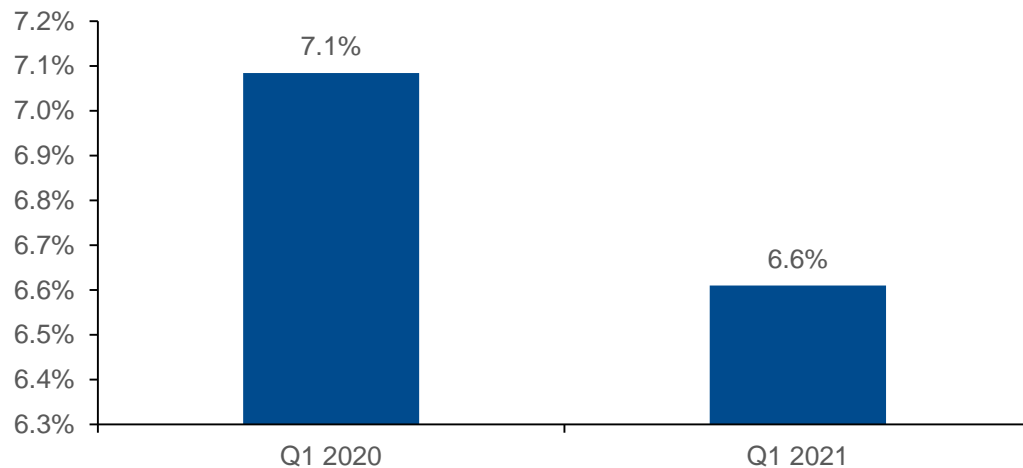


Segment Operating Income¹

(\$M)



Segment Operating Margin¹



- Revenues improved YoY due to growth in aircraft carriers, fleet support services and submarine construction
- Segment operating income and segment operating margin declined YoY primarily due to lower risk retirement for the refueling and complex overhaul of CVN 73, partially offset by higher risk retirement on Block IV boats of the *Virginia*-class submarine program

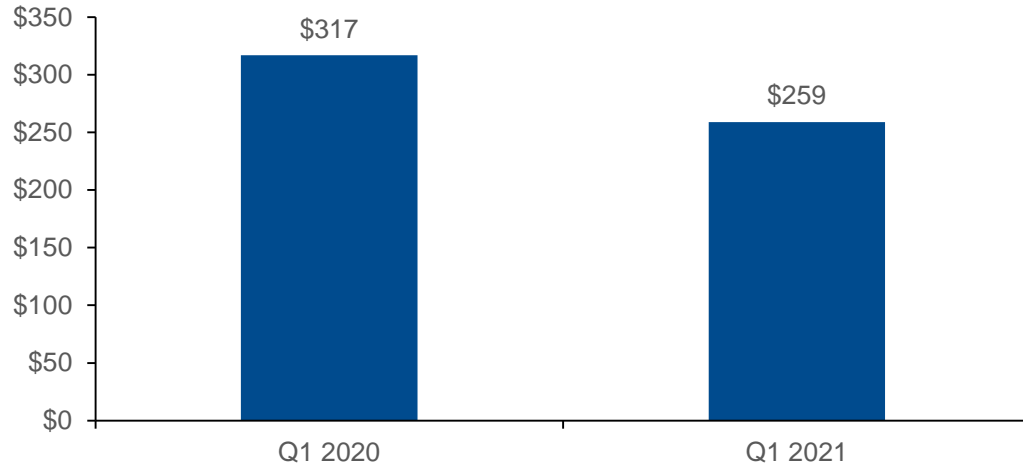
¹Non-GAAP measure. See appendix for definition and reconciliation.



Technical Solutions Q1 2021 Results

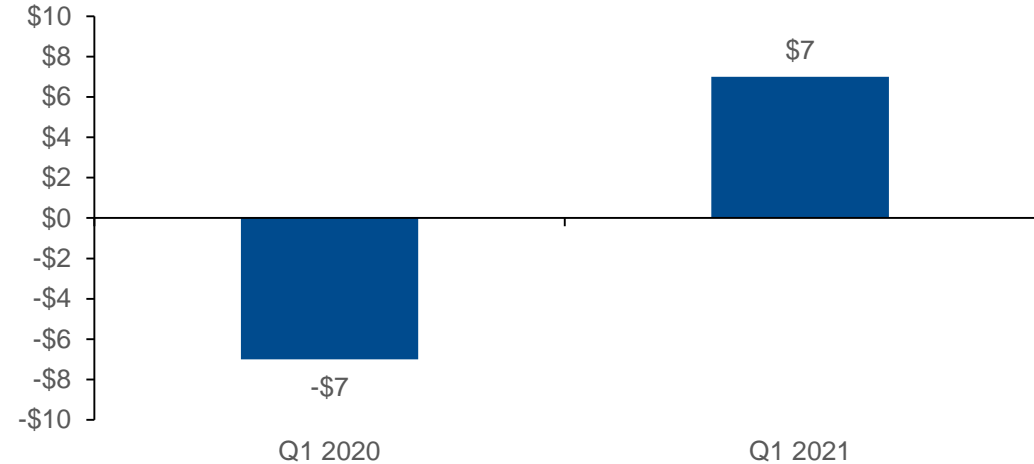
Revenues

(\$M)

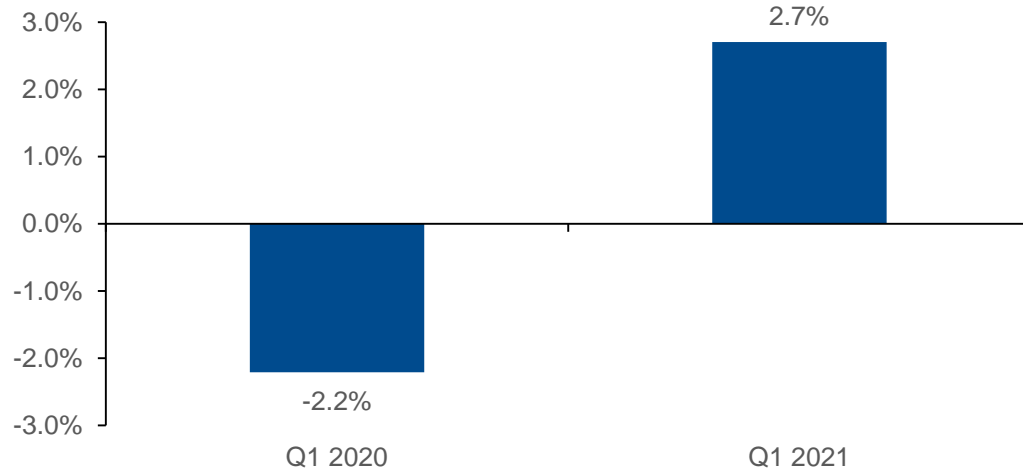


Segment Operating Income¹

(\$M)



Segment Operating Margin¹



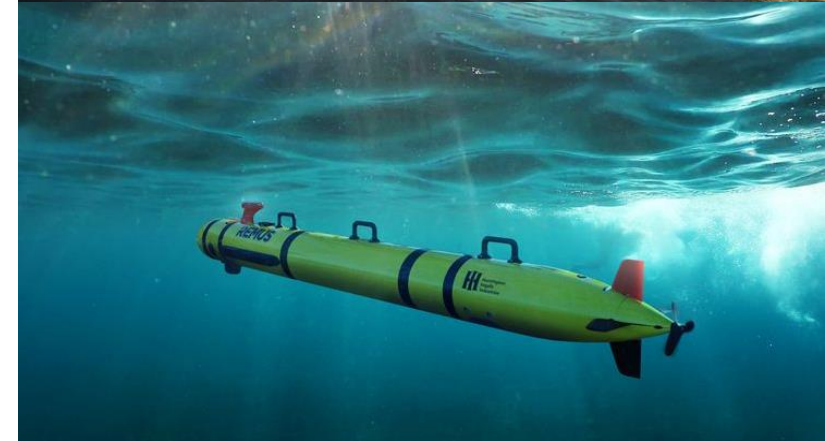
- Revenues declined YoY due primarily to the divestitures of our oil and gas business and the San Diego Shipyard in the quarter, partially offset by the acquisition of Hydroid
- Segment operating income and segment operating margin improved YoY due to stronger performance in Defense & Federal Solutions and Nuclear & Environmental Services, as well as a gain related to the sale of our oil and gas business



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

2021 Outlook

- Prior 2021 guidance ranges for Shipbuilding and Technical Solutions remain appropriate
 - Shipbuilding revenue¹ between \$8.2 - \$8.4 billion
 - Technical Solutions revenue of ~\$1 billion
 - Shipbuilding operating margin¹ between 7% and 8%
 - Expect shipbuilding margin for the first half of 2021 to be around the mid-point of our annual guidance range
 - Significant remaining risk retirement events are weighted towards the end of the year
 - Technical Solutions segment operating margin¹ between 3% and 5%, Technical Solutions EBITDA margin¹ between 7% and 9%
- No change to free cash flow¹ outlook of between \$150 - \$250 million
- No change to long-term pension outlook
- Revising 2021 effective tax rate guidance from ~22% to ~18%



¹Non-GAAP measure. See appendix for definition.

Appendix

Non-GAAP Measures Definitions

We make reference to “segment operating income,” “segment operating margin,” “pension adjusted diluted earnings per share,” “shipbuilding revenue,” “shipbuilding operating margin,” “Technical Solutions EBITDA margin” and “free cash flow.”

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 an additional way 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, Technical Solutions EBITDA margin and pension adjusted diluted earnings per share are not measures recognized under GAAP. They should be considered supplemental to and not a substitute for financial information prepared in accordance with GAAP. They 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, analysis of our results as reported under GAAP. 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.

Reconciliations of forward-looking non-GAAP measures are not provided because we are unable to provide such reconciliations without unreasonable effort due to the uncertainty and inherent difficulty of predicting the occurrence and financial impact of certain items.



Non-GAAP Measures Definitions Cont'd

Segment operating income (loss) is defined as operating income (loss) 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 (loss) 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.

Technical Solutions EBITDA margin is defined as Technical Solutions segment operating income before interest expense, income taxes, depreciation, and amortization as a percentage of Technical Solutions revenues.

Pension adjusted diluted earnings per share is defined as diluted earnings per share excluding the impacts of the FAS/CAS adjustment.

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.



Non-GAAP Reconciliations – Segment Operating Income & Segment Operating Margin

(\$ in millions)	Three Months Ended	
	March 31	
	2021	2020
Ingalls revenues	649	629
Newport News revenues	1,407	1,341
Technical Solutions revenues	259	317
Intersegment eliminations	(37)	(24)
Sales and Service Revenues	2,278	2,263
Operating Income	147	215
Operating FAS/CAS Adjustment	40	(63)
Non-current state income taxes	4	4
Segment Operating Income	191	156
<i>As a percentage of sales and service revenues</i>	8.4 %	6.9 %
Ingalls segment operating income	91	68
<i>As a percentage of Ingalls revenues</i>	14.0 %	10.8 %
Newport News segment operating income	93	95
<i>As a percentage of Newport News revenues</i>	6.6 %	7.1 %
Technical Solutions segment operating income	7	(7)
<i>As a percentage of Technical Solutions revenues</i>	2.7 %	(2.2)%



Non-GAAP Reconciliations – Shipbuilding Revenues & Operating Margin

(\$ in millions)	Three Months Ended	
	March 31	
	2021	2020
Sales and service revenues	2,278	2,263
Technical Solutions	(259)	(317)
Intersegment eliminations	37	24
Shipbuilding Revenues	2,056	1,970
Operating Income	147	215
Operating FAS/CAS Adjustment	40	(63)
Non-current state income taxes	4	4
Segment Operating Income	191	156
Technical Solutions	(7)	7
Shipbuilding Operating Income	184	163
<i>As a percentage of Shipbuilding revenues</i>	8.9 %	8.3 %



Non-GAAP Reconciliations – Pension Adjusted Diluted Earnings per Share

<i>(in millions, except shares outstanding and per share amounts)</i>	Three Months Ended	
	March 31	
	2021	2020
Pension Adjusted Net Earnings		
Net earnings	148	172
After-tax FAS/CAS adjustment ⁽¹⁾	(5)	(73)
Pension Adjusted Net Earnings	143	99
Pension Adjusted Diluted EPS		
Diluted earnings per share	\$ 3.68	\$ 4.23
After-tax FAS/CAS adjustment ⁽¹⁾	\$ (0.12)	\$ (1.79)
Pension Adjusted Diluted EPS	\$ 3.56	\$ 2.43
(1) FAS/CAS Adjustment	(6)	(93)
Tax effect*	(1)	(20)
After-tax effect	(5)	(73)
Weighted-Average Diluted Shares Outstanding	40.2	40.7
Per share impact**	\$ (0.12)	\$ (1.79)

*The income tax impact is calculated using the tax rate in effect for the relevant non-GAAP adjustment.

**Amounts may not recalculate exactly due to rounding.

Non-GAAP Reconciliations – Free Cash Flow

<i>(\$ in millions)</i>	Three Months Ended March 31	
	2021	2020
Net cash provided by (used in) operating activities	43	68
Less capital expenditures:		
Capital expenditure additions	(60)	(71)
Grant proceeds for capital expenditures	1	5
Free cash flow	(16)	2



