

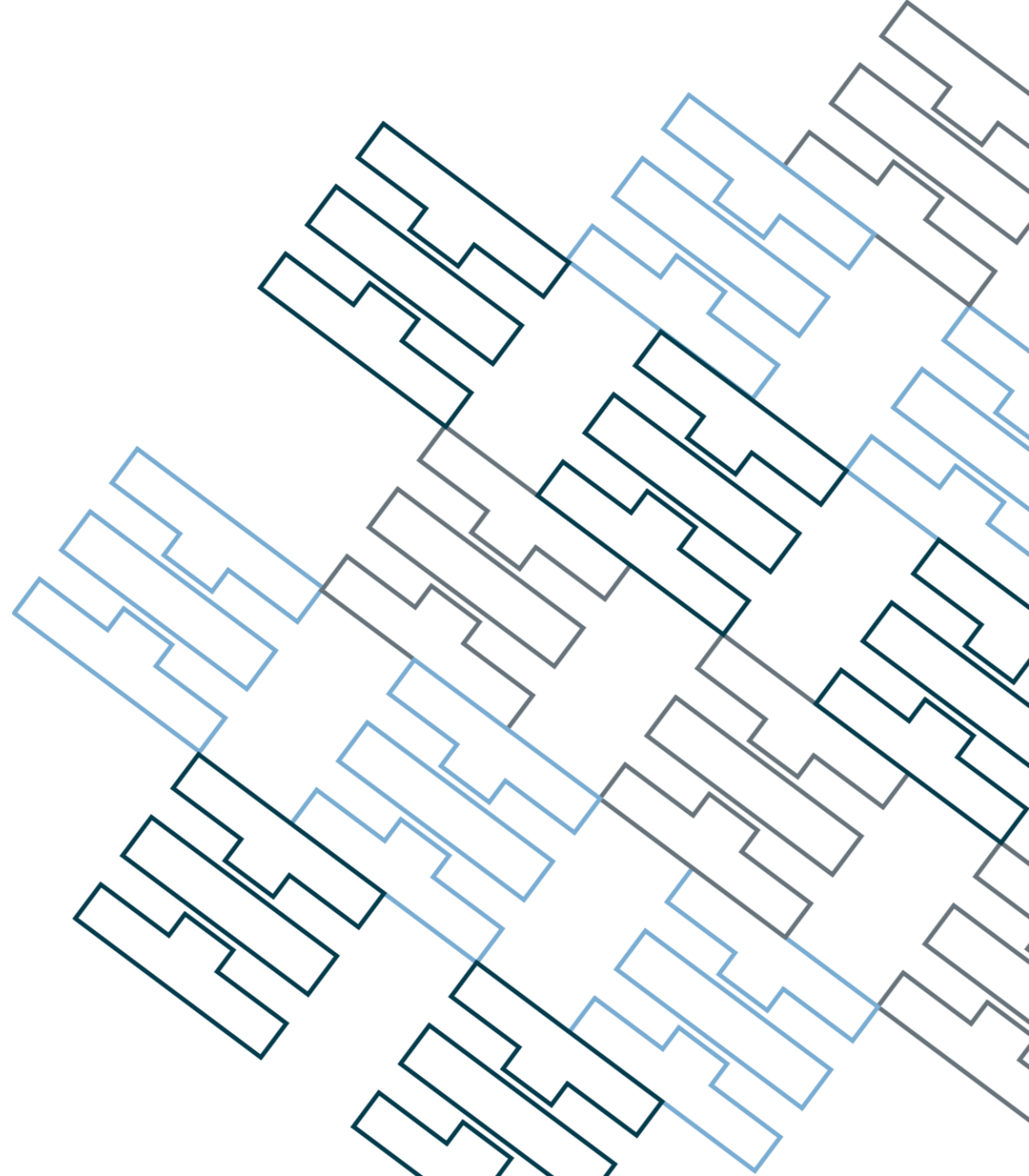
HII

Q1 2023 Earnings

May 4, 2023

Chris Kastner
President and Chief Executive
Officer

Tom Stiehle
Executive Vice President and
Chief Financial Officer



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. You can generally identify forward-looking statements by words such as “may,” “will,” “should,” “expects,” “intends,” “plans,” “anticipates,” “believes,” “estimates,” “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: 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, 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; our ability to attract, train and retain a qualified workforce; disruptions impacting global supply, including those attributable to ongoing public health issues and the ongoing conflict between Russia and Ukraine; 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 Annual Report on Form 10-K for the year ended December 31, 2022 and our other 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 2023 Highlights

- Record first quarter revenues of \$2.7 billion, up 3.8% YoY
- Diluted EPS of \$3.23 in the quarter
- Reaffirming FY23 guidance expectations¹

Ingalls Shipbuilding Highlights

- Awarded \$1.3 billion detail design & construction contract for LPD 32 (unnamed)
- Awarded \$10.5 million modernization planning contract for *Zumwalt*-class guided missile destroyers, USS *Zumwalt* (DDG 1000) and USS *Michael Monsoor* (DDG 1001)

Newport News Shipbuilding Highlights

- Broke ground on a new multi-class submarine production facility to support the construction and delivery of *Columbia* and *Virginia*-class submarines

Mission Technologies Highlights

- Awarded a \$1.3 billion task order for U.S. Africa Command (USAFRICOM) Personnel Recovery Enterprise Services and Solutions (PRESS)

	Q1 2023	Change from Q1 2022
Shipbuilding Revenue ¹	\$2.1B	↑ 3.1%
Mission Technologies Revenue	\$624M	↑ 5.8%



Ingalls Shipbuilding received a \$1.3 billion modification to a previously awarded contract from the U.S. Navy for the detail design and construction of LPD 32. The resulting fixed-price-incentive contract totals \$1.54 billion.

¹ The financial outlook, expectations and other forward looking statements provided by the company for 2023 and beyond reflect the company's judgement based on information available at the time of this presentation.

Upcoming Shipbuilding Milestones¹

2023

○ Ingalls

- Complete sea trials and deliver DDG 125 (*Jack H. Lucas*)
- Launch DDG 128 (*Ted Stevens*)
- Launch LHA 8 (*Bougainville*)
- Complete sea trials and deliver LPD 29 (*Richard M. McCool Jr.*)
- Complete sea trials and deliver NSC 10 (*Calhoun*)

○ Newport News

- Re-deliver CVN 73 (*USS George Washington*)
- **Crew move aboard CVN 79 (*John F. Kennedy*)***
- Deliver SSN 796 (*New Jersey*)
- Float off SSN 798 (*Massachusetts*)
- Ship final module of SSN 801 (*Utah*)

2024

○ Ingalls

- Complete sea trials and deliver DDG 128 (*Ted Stevens*)
- Launch DDG 129 (*Jeremiah Denton*)
- Launch LPD 30 (*Harrisburg*)

○ Newport News

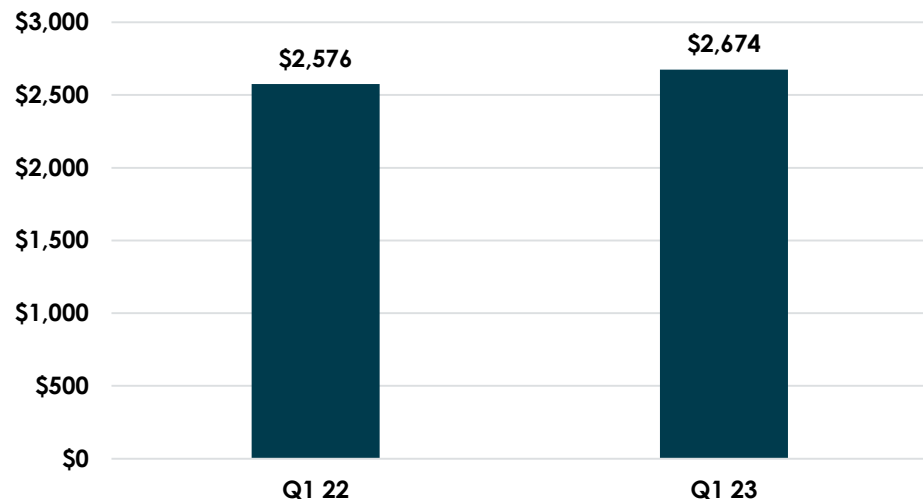
- **Deliver CVN 79 (*John F. Kennedy*)***
- Deliver SSN 798 (*Massachusetts*)
- Float off SSN 800 (*Arkansas*)

*** In active discussion with U.S. Navy on optimization of CVN 79 (*John F. Kennedy*) delivery; will update milestones, including delivery date, when finalized**



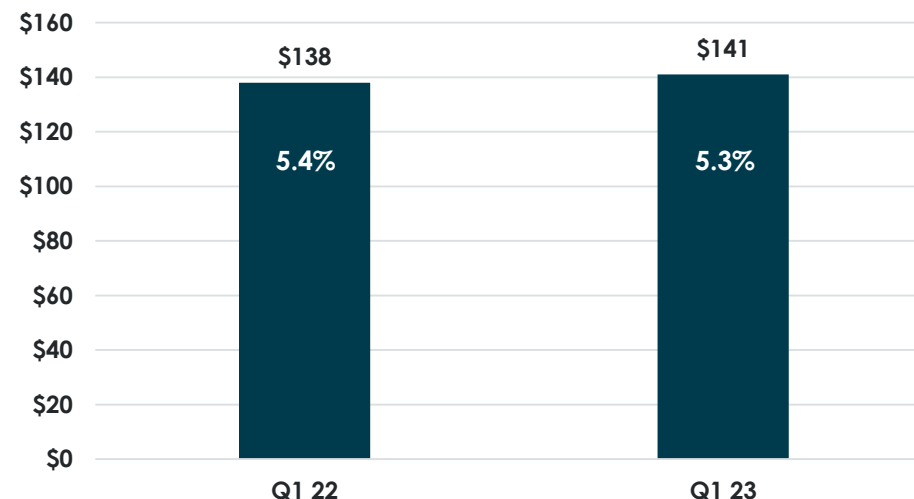
Q1 2023 Consolidated Results

CONSOLIDATED REVENUE (\$M)



- Revenue grew \$98M or 3.8% YoY driven by growth at Newport News Shipbuilding and Mission Technologies

OPERATING INCOME (\$M) & MARGIN



- Operating income increased \$3M or 2.2% YoY due primarily to favorable changes to operating FAS/CAS adjustment and non-current state income taxes compared to the prior year

Q1 2023 Segment Results YoY

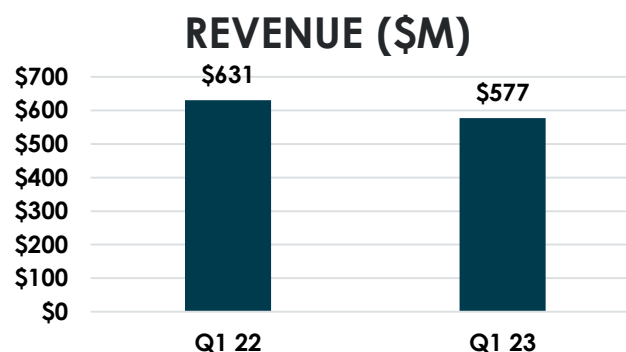
Ingalls Shipbuilding

Revenue

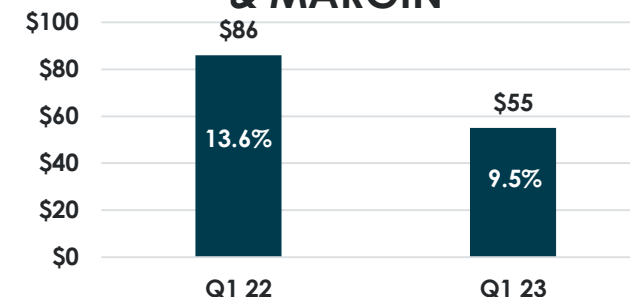
- Amphibs and NSC
- + DDG

Operating Income

- Amphib risk retirement (LPD 28 delivery in 2022)



SEGMENT OPERATING INCOME (\$M) & MARGIN¹



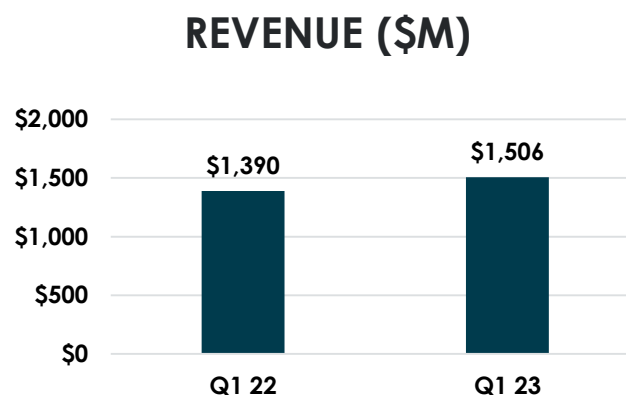
Newport News Shipbuilding

Revenue

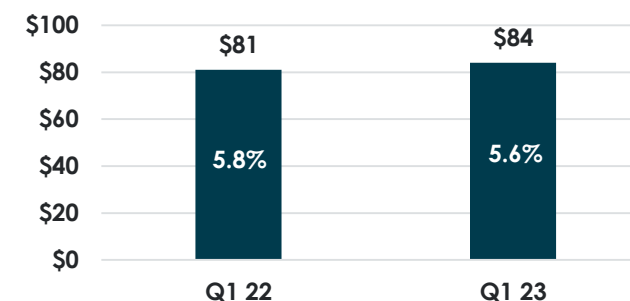
- + Aircraft carriers and submarines
- Aircraft carrier fleet support

Operating Income

- + Higher volumes across all programs
- Lower *Enterprise* (CVN 80) risk retirement



SEGMENT OPERATING INCOME (\$M) & MARGIN¹



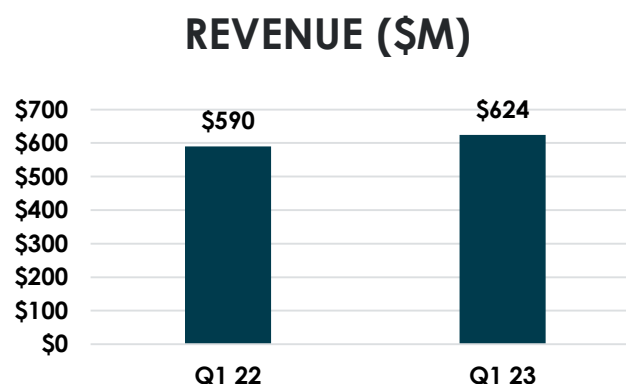
Mission Technologies

Revenue

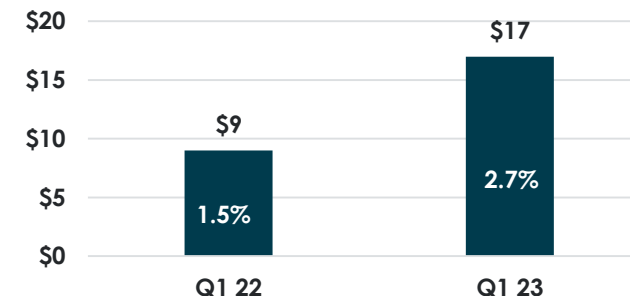
- + Mission Based Solutions and Fleet Sustainment

Operating Income

- + Mission Based Solutions performance
- + Unmanned Systems performance
- + Higher Nuclear and Environment equity income
- Fleet Sustainment performance

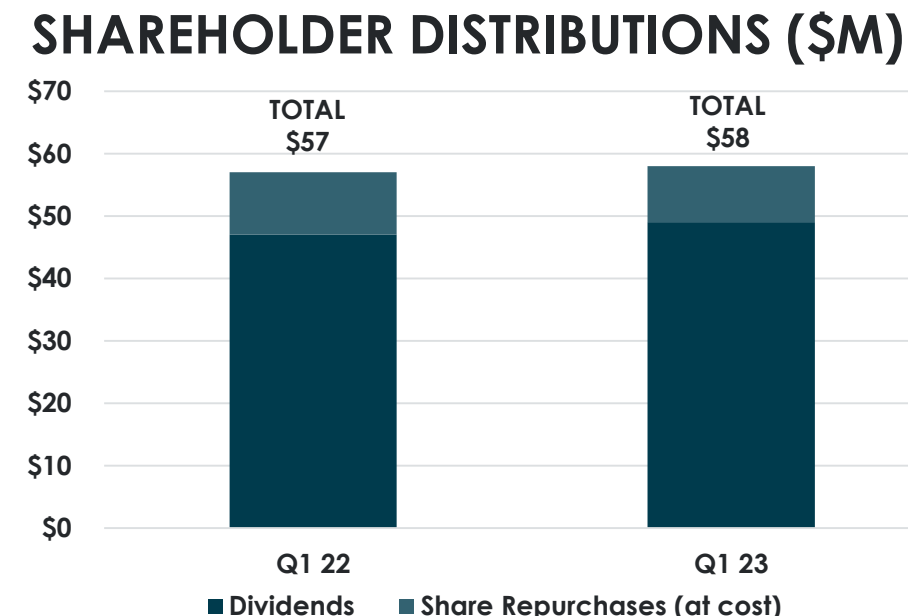
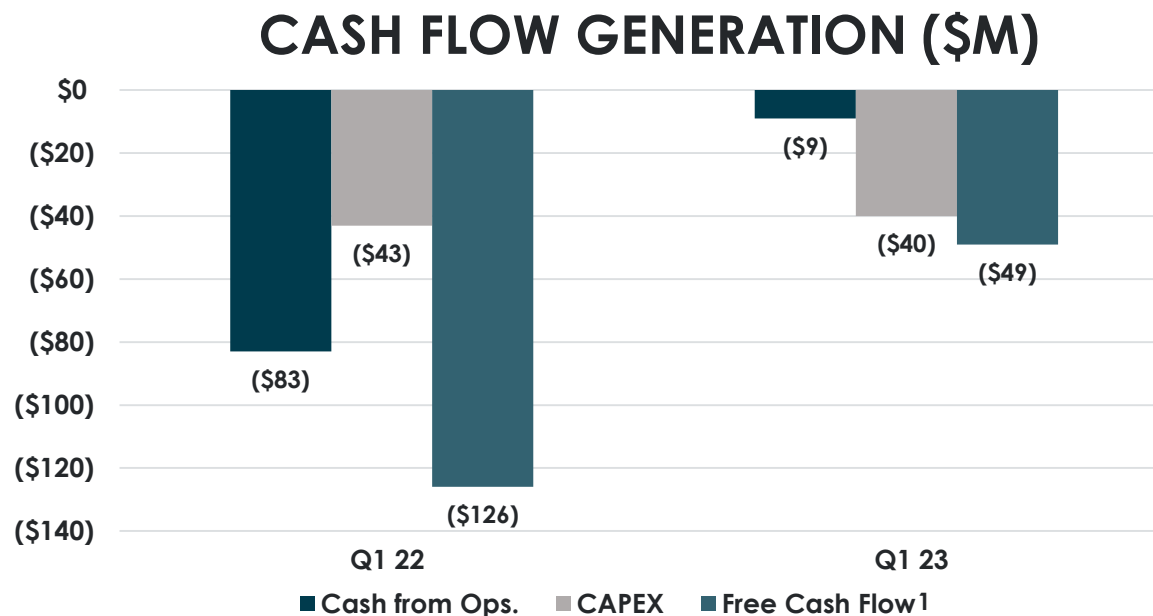


SEGMENT OPERATING INCOME (\$M) & MARGIN¹



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

Capital Deployment



- Cash balance of \$318 million and liquidity of \$1.8 billion at quarter end
- Net capital expenditures were 1.5% of revenues in the quarter
- Cash contributions to pension and other postretirement benefit plans of \$10 million
- \$58 million distributed to shareholders in the quarter
 - Repurchased 39 thousand shares at an aggregate cost of \$9 million
 - Paid dividends totaling \$49 million

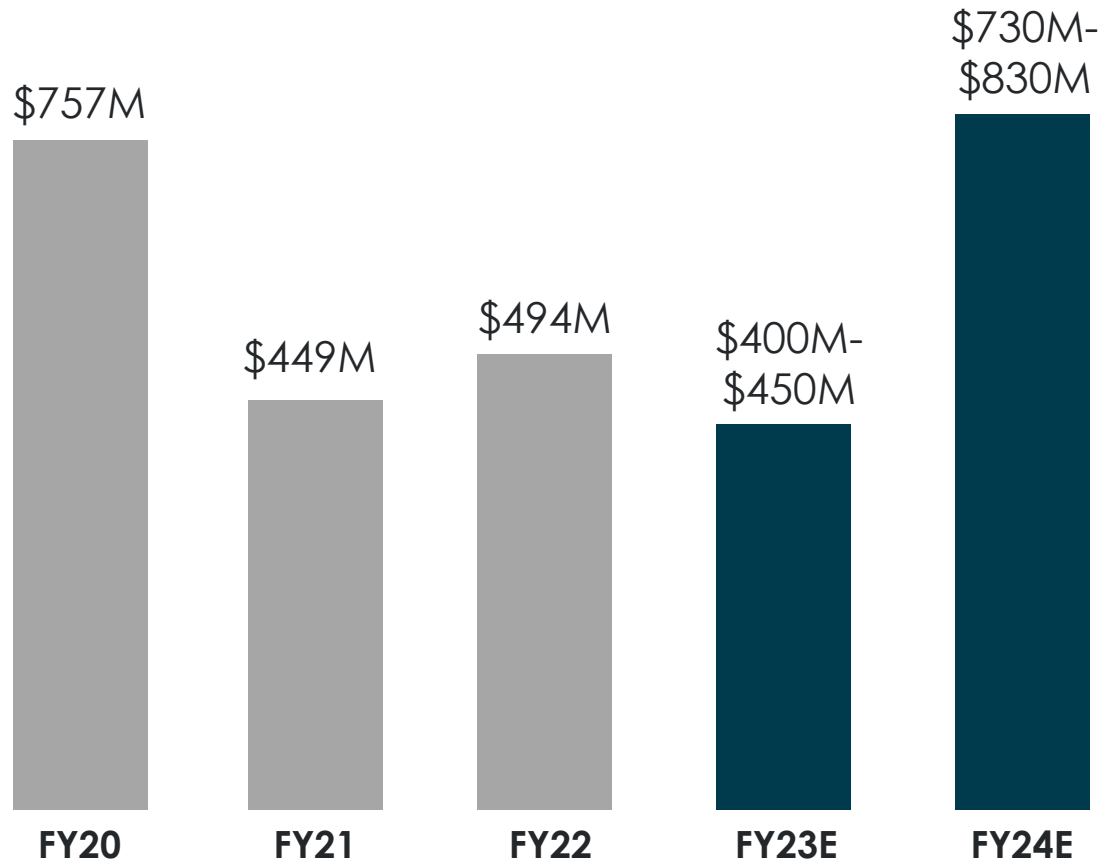


¹ Non-GAAP measure. See appendix for definition and reconciliation.

Free Cash Flow^{1,2} & Capital Allocation³

FREE CASH FLOW¹ FY20-24

(assumes Sec. 174 is not deferred or repealed)



- Committed to investment grade rating; Targeting $\leq 2x$ Debt/EBITDA¹ by year-end 2024
- Continued dividend growth at a low to mid-single digit growth rate
- Balanced share repurchases; \$1.0B authorization remaining through 2024
- Continue to evaluate targeted M&A; No significant capability gaps today
- Target ~\$300M cash balance
- Committed to return substantially all 2023 - 2024 free cash flow¹, after planned debt repayment, to shareholders
 - \$318M cash balance at Q1 2023 quarter end
 - \$400M senior notes due 2023
 - Remaining \$215M term loan due 2024
 - \$84M Miss. Econ. Dev. bond due 2024

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

² Free cash flow outlook assumes the requirement to capitalize R&D expenditures for tax purposes is not deferred or repealed.

³ The financial outlook, expectations and other forward looking statements provided by the company for 2023 and beyond reflect the company's judgment based on the information available at the time of this presentation.

2023 Outlook Unchanged

FY23 OUTLOOK¹

- Reaffirming our FY23 outlook

Q2 2023 Expectations

- Shipbuilding revenue² flat sequentially from Q1
- Shipbuilding operating margin² ~7%
- Mission Technologies revenue of ~\$600M
- Mission Technologies segment operating margin² ~2.5%
- Free Cash Flow² of ~(\$150M)

	FY23 Outlook
Shipbuilding Revenue ²	\$8.4B - \$8.6B
Shipbuilding Operating Margin ²	7.7% - 8.0%
Mission Technologies Revenue	~\$2.5B
Mission Technologies Segment Operating Margin ²	2.5% - 3.0%
Mission Technologies EBITDA Margin ²	8.0% - 8.5%
Operating FAS/CAS Adjustment	(\$68M)
Non-current State Income Tax Expense ³	~\$0M
Interest Expense	(\$105M)
Non-operating Retirement Benefit	\$149M
Effective Tax Rate	~21%
Depreciation & Amortization	~\$365M
Capital Expenditures	~3.0% of Sales
Free Cash Flow ^{2,4}	\$400M - \$450M

¹ The financial outlook, expectations and other forward looking statements provided by the company for 2023 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.



INVESTMENT THESIS

**POSITIONED FOR
SUCCESS;
FOCUSED ON
EXECUTION**

Historic backlog and positioning provide strong visibility

Consistent long-term shipbuilding growth profile

Reshaped Mission Technologies portfolio to address evolving customer needs in high growth markets

Nearing sustainable free cash flow inflection point

Commitment to return substantially all free cash flow, after planned debt repayment, to shareholders 2023 - 2024

Appendix

Non-GAAP Information

We make reference to "segment operating income," "segment operating margin," "shipbuilding revenue," "shipbuilding operating margin," "Mission Technologies EBITDA," "Mission Technologies EBITDA margin," "Debt/EBITDA" 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, 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.

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.

The Debt/EBITDA ratio is not a measure recognized under GAAP. We believe the Debt/EBITDA ratio is useful to management, investors and other users of our financial information in evaluating the total amount of leverage in our capital structure. When analyzing our operating performance, investors should use Debt/EBITDA in addition to, and not as alternative for, operating income, current portion of long-term debt and long term debt or any other performance measure presented in accordance with GAAP.

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

Debt/EBITDA is defined as gross debt divided by net earnings before interest expense, income taxes, depreciation and amortization.

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.

We present financial measures 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	
	March 31	
	2023	2022
Ingalls revenues	577	631
Newport News revenues	1,506	1,390
Mission Technologies revenues	624	590
Intersegment eliminations	(33)	(35)
Sales and Service Revenues	2,674	2,576
Operating Income	141	138
Operating FAS/CAS Adjustment	19	37
Non-current state income taxes	(4)	1
Segment Operating Income	156	176
<i>As a percentage of sales and service revenues</i>	5.8 %	6.8 %
Ingalls segment operating income	55	86
<i>As a percentage of Ingalls revenues</i>	9.5 %	13.6 %
Newport News segment operating income	84	81
<i>As a percentage of Newport News revenues</i>	5.6 %	5.8 %
Mission Technologies operating income	17	9
<i>As a percentage of Mission Technologies revenues</i>	2.7 %	1.5 %

Non-GAAP Reconciliations

Shipbuilding Revenues & Operating Margin

(\$ in millions)	Three Months Ended	
	March 31	
	2023	2022
Sales and service revenues	2,674	2,576
Mission Technologies	(624)	(590)
Intersegment eliminations	33	35
Shipbuilding Revenues	2,083	2,021
Operating Income	141	138
Operating FAS/CAS Adjustment	19	37
Non-current state income taxes	(4)	1
Segment Operating Income	156	176
Mission Technologies	(17)	(9)
Shipbuilding Operating Income	139	167
As a percentage of Shipbuilding Revenues	6.7 %	8.3 %

NON-GAAP Reconciliations

Free Cash Flow

(\$ in millions)	Three Months Ended March 31		Year Ended December 31		
	2023	2022	2022	2021	2020
Net cash used in operating activities	(9)	(83)	766	760	1,093
Less capital expenditures:					
Capital expenditure additions	(43)	(43)	(284)	(331)	(353)
Grant proceeds for capital expenditures	3	—	12	20	17
Free cash flow	(49)	(126)	494	449	757

Non-GAAP Reconciliations

Mission Technologies EBITDA & EBITDA Margin

(\$ in millions)	Three Months Ended	
	March 31	
	2023	2022
Mission Technologies sales and service revenues	624	590
Mission Technologies segment operating income	17	9
Mission Technologies depreciation expense	3	2
Mission Technologies amortization expense	27	30
Mission Technologies state tax expense	3	2
Mission Technologies EBITDA	50	43
Mission Technologies EBITDA margin	8.0 %	7.3 %

