



**HII**

# Q4 2023 Earnings

February 1, 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," 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); significant delays in appropriations for our programs and U.S. government funding more broadly; 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 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; 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, 2023 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 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 Full-Year 2023 Highlights

↑ Record 2023 revenues of \$11.5B, up 7.3% YoY

- MT \$2.7B, up 13.1%
- Shipbuilding \$8.9B, up 5.5%

↑ Operating Income of \$781M, up 38.2% YoY

↑ Diluted EPS of \$17.07, up 18.2% YoY

↑ Year-end backlog of \$48B, up 2.1% YoY

↑ Free cash flow<sup>1</sup> of \$692 million, up 40.1% YoY

Results exceeded guidance for Revenue, Margin and Free Cash Flow



<sup>1</sup> Non-GAAP measure. See appendix for definitions and reconciliations.

# HII Q4 and FY 2023 Financial Highlights

<i>\$ In Millions, Except EPS</i>	<u>Q4 2023</u>	<u>Δ Q3 2023</u>	<u>Δ Q4 2022</u>	<u>2023</u>	<u>Δ 2022</u>
Revenue	\$ 3,177	↑ 12.8%	↑ 13.0%	\$ 11,454	↑ 7.3%
Operating Income	312	↑ 81.4%	↑ 197.1%	781	↑ 38.2%
Operating Margin	9.8%	↑ 371 bps	↑ 609 bps	6.8%	↑ 153 bps
Net Income	274	↑ 85.1%	↑ 122.8%	681	↑ 17.6%
Diluted EPS	6.90	↑ 86.5%	↑ 124.8%	17.07	↑ 18.2%
Total Backlog				\$ 48,121	↑ 2.1%
Free Cash Flow <sup>1</sup>	434	↑ 48.1%	↓ -14.6%	692	↑ 40.1%



<sup>1</sup> Non-GAAP measure. See appendix for definitions and reconciliations.

# HII 2023 Segment Results YoY

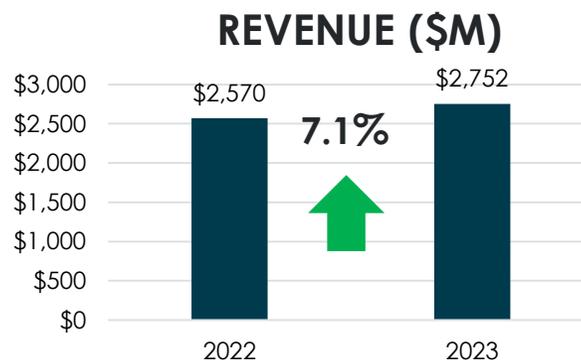
## Ingalls Shipbuilding

### Revenue

- + Surface combatants and amphibious assault ships
- National security cutter

### Operating Income

- + Sale of court judgment
- Lower risk retirement on LPD 28 and LPD 30



## SEGMENT OPERATING INCOME<sup>1</sup> (\$M) & MARGIN %<sup>1</sup>



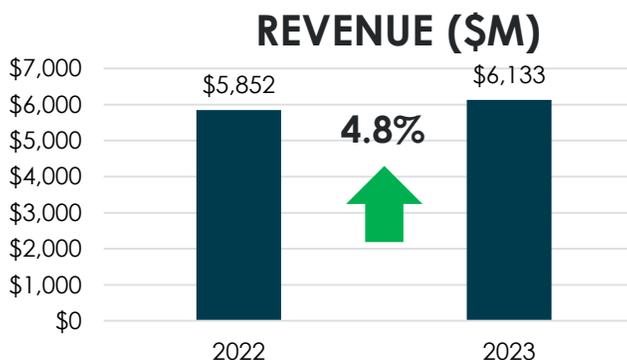
## Newport News Shipbuilding

### Revenue

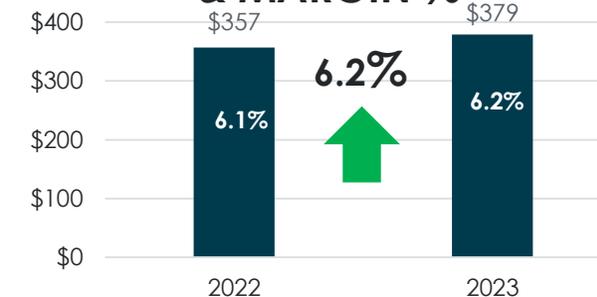
- + Aircraft carrier construction and engineering and submarines
- RCOH and naval nuclear services

### Operating Income

- + Volumes increases stated above and revenue adjustment on CVN 73
- Prior year incentives on *Columbia* class



## SEGMENT OPERATING INCOME<sup>1</sup> (\$M) & MARGIN %<sup>1</sup>



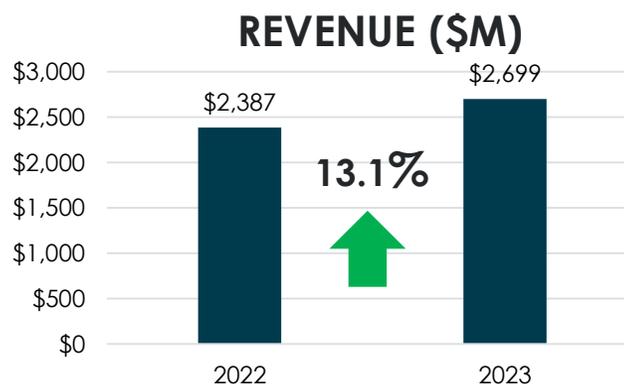
## Mission Technologies

### Revenue

- + C5ISR and CEW&S contract volume

### Operating Income

- + Settlement of insurance claim
- Contract loss and lower equity income due to disposition of investment in JV



## SEGMENT OPERATING INCOME<sup>1</sup> (\$M) & MARGIN %<sup>1</sup>



<sup>1</sup> Non-GAAP measures. See appendix for definitions and reconciliations.

# Upcoming Shipbuilding Milestones<sup>1</sup>

## 2024

### ○ Ingalls

- Launch DDG 129 (*Jeremiah Denton*)
- Complete sea trials and deliver LPD 29 (*Richard M. McCool Jr.*)\*
- Launch LPD 30 (*Harrisburg*)

### ○ Newport News

- Re-deliver SSN 794 (*USS Montana*)
- Deliver SSN 796 (*New Jersey*)\*
- Float off SSN 798 (*Massachusetts*)\*
- Deliver SSN 798 (*Massachusetts*)
- Float off SSN 800 (*Arkansas*)
- Ship final module of SSN 801 (*Utah*)

## 2025

### ○ Ingalls

- Deliver DDG 128 (*Ted Stevens*)
- Deliver LHA 8 (*Bougainville*)
- DDG 1000 (*USS Zumwalt*) Sea Trials

### ○ Newport News

- Deliver CVN 79 (*Kennedy*)
- Deliver SSN 800 (*Arkansas*)



\*denotes milestone moved from 2023

# HII Outlook<sup>1</sup>

HII mid to long term<sup>5</sup> revenue growth 4%+

- Shipbuilding mid to long term<sup>5</sup> revenue<sup>2</sup> growth ~ 4%
- Mission Technologies mid to long term<sup>5</sup> revenue growth ~ 5%

## Q1 2024 Expectations

- Shipbuilding revenue<sup>2</sup> of ~\$2.2B and shipbuilding operating margin<sup>2</sup> of ~7%
- Mission Technologies revenue of ~\$650M and Mission Technologies segment operating margin<sup>2</sup> of ~2.5%
- Free cash flow<sup>2,4</sup> of ~(\$200M)

## FY24 OUTLOOK<sup>1</sup>

	FY24 Outlook
Shipbuilding Revenue <sup>2</sup>	\$8.8B - \$9.1B
Shipbuilding Operating Margin <sup>2</sup>	7.6% - 7.8%
Mission Technologies Revenue	\$2.7B - \$2.75B
Mission Technologies Segment Operating Margin <sup>2</sup>	3.0% - 3.5%
Mission Technologies EBITDA Margin <sup>2</sup>	8.0% - 8.5%
Operating FAS/CAS Adjustment	(\$63M)
Non-current State Income Tax Benefit <sup>3</sup>	\$0M
Interest Expense	(\$90M)
Non-operating Retirement Benefit	\$178M
Effective Tax Rate	~21%
Depreciation & Amortization	~\$350M
Capital Expenditures	~5.3% of Sales
Free Cash Flow <sup>2,4</sup>	\$600M - \$700M

<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> 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.

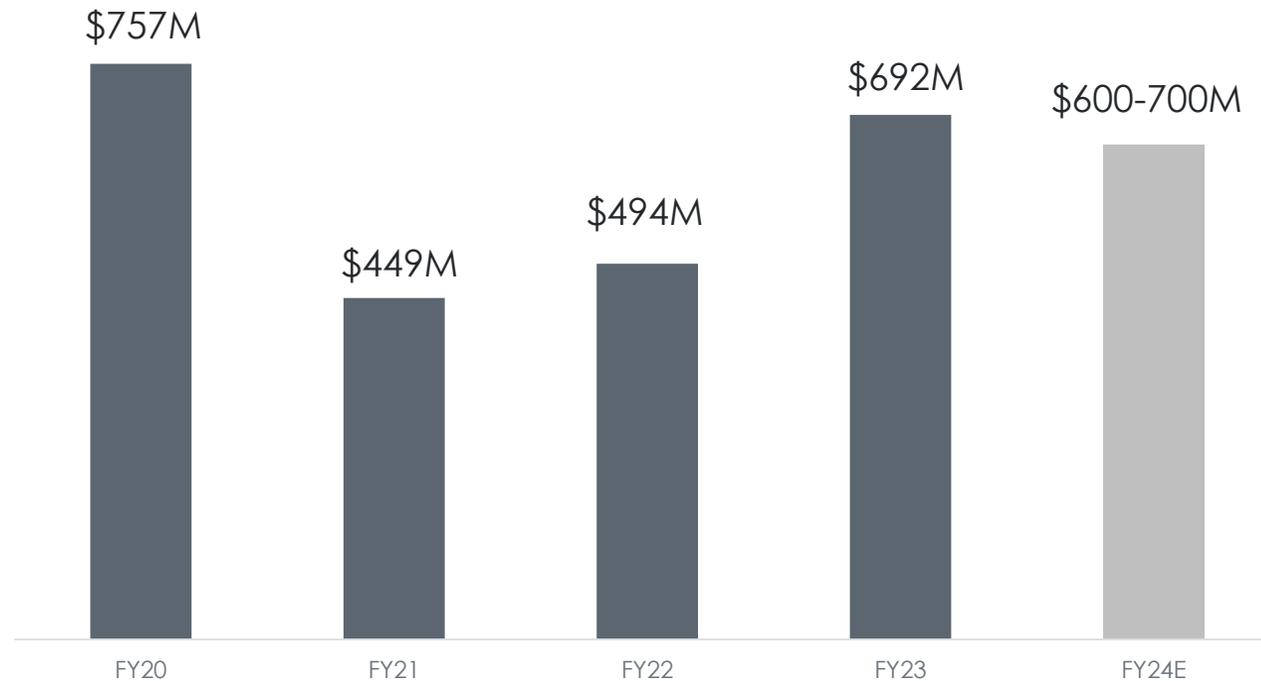
<sup>4</sup> Outlook is based on current tax law and assumes the requirement to capitalize R&D expenditures for tax purposes is not deferred or repealed.

<sup>5</sup> Mid to long term growth represents our expected compound annual growth rate over five to ten years.

# HII Free Cash Flow<sup>1,2,3</sup>

## FREE CASH FLOW<sup>1,2</sup> FY20-24

~\$3.0B over 5 years  
(prior outlook ~\$2.9B)



**FREE  
CASH  
FLOW<sup>1,2,3</sup>  
FY24-28**

**~\$3.6B**

<sup>1</sup> 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.

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

<sup>3</sup> 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.

# HII Capital Allocation Prioritization<sup>1</sup>

## Balanced Capital Allocation Priorities - Supports All Stakeholders

- Expect debt repayment of \$229M in 2024
  - ✓ \$145M remaining term loan repaid Jan-24
  - \$84M Miss. Econ. Dev. bond due May-24
- Expect to return \$500M of free cash flow<sup>2</sup> to shareholders in 2024
- Share repurchase authorization extended and increased (through 2028; \$1.5B available)



<sup>1</sup>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.

<sup>2</sup>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.



# INVESTMENT THESIS

POSITIONED FOR  
SUCCESS

FOCUSED ON  
EXECUTION &  
GROWTH

Historic backlog and positioning provide strong visibility

Consistent (Increased) long-term shipbuilding growth profile

Mission Technologies portfolio aligned with evolving customer needs in high growth markets

Projected sustainable free cash flow<sup>1</sup> of \$3.6B over next 5 years<sup>2</sup>

Expect to return \$500M of free cash flow<sup>1</sup> to shareholders in 2024

<sup>1</sup> 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.

<sup>2</sup> 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



# Appendix



# HII FY 2023 Operational Highlights

## Ingalls Shipbuilding 2023 Highlights

- Delivered guided missile destroyer *Jack H. Lucas* (DDG 125)
- Delivered National Security Cutter *Calhoun* (NSC 10)
- Launched and christened amphibious assault ship *Bougainville* (LHA 8)
- Launched and christened guided missile destroyer *Ted Stevens* (DDG 128)
- Awarded the construction contract for LPD 32
- Awarded contracts for seven *Arleigh Burke*-class (DDG 51) destroyers



## Newport News Shipbuilding 2023 Highlights

- Re-delivered *USS George Washington* (CVN 73)
- Awarded \$568 million subcontract modification to provide long-lead-time material and advance construction activities for *Columbia*-class submarines
- Awarded \$528 million contract to support maintenance of nuclear-powered aircraft carriers ported in San Diego



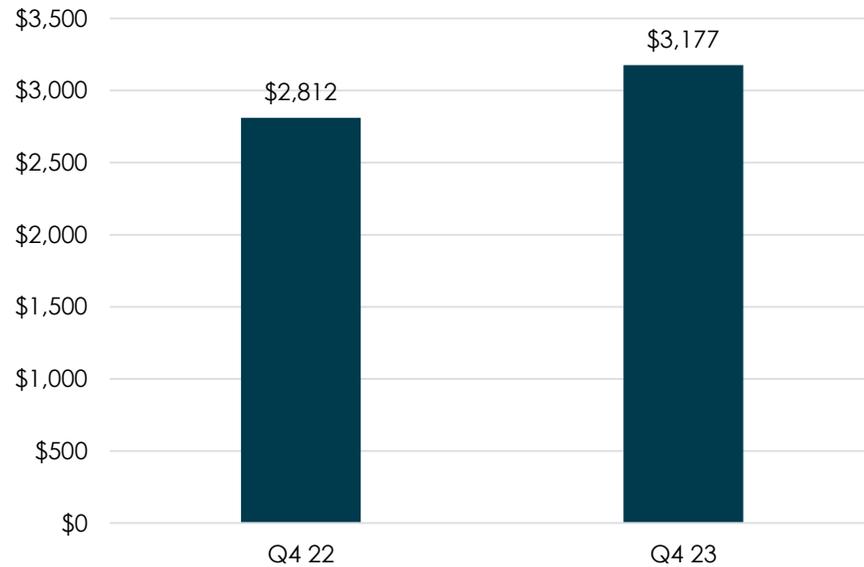
## Mission Technologies 2023 Highlights

- Awarded \$1.4 billion joint network engineering and emerging operations task order
- Awarded \$347 million contract for Lionfish Small Unmanned Undersea Vehicle
- Awarded \$244 million task order to integrate Minotaur software products into maritime platforms



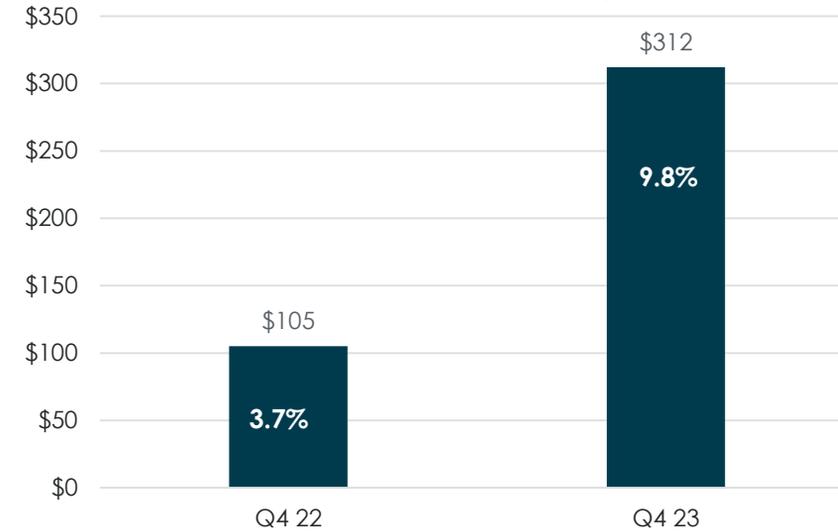
# HII Q4 2023 Consolidated Results

## CONSOLIDATED REVENUE (\$M)



- Revenue grew \$365M or 13% YoY driven by growth at all three segments: Mission Technologies, Ingalls Shipbuilding and Newport News Shipbuilding

## OPERATING INCOME (\$M) & MARGIN %



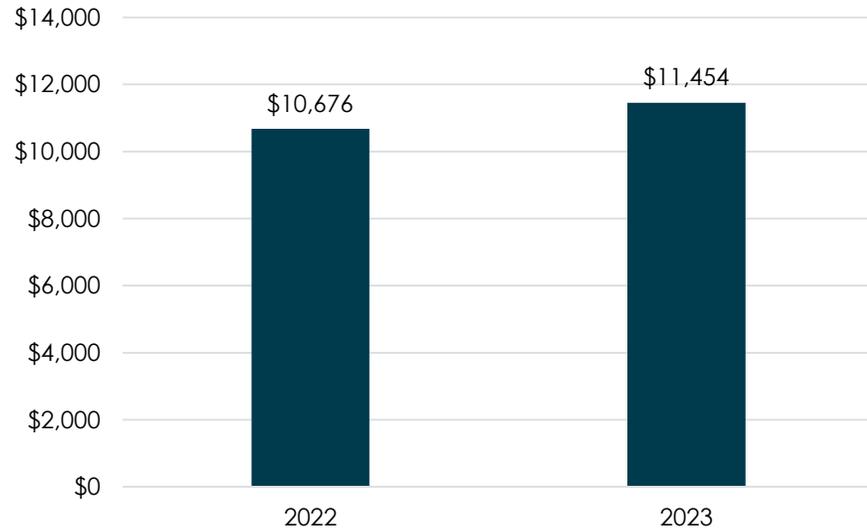
- Operating income increased \$207M YoY primarily due to higher segment operating income<sup>1</sup>, favorable operating FAS/CAS adjustment



<sup>1</sup> Non-GAAP measure. See appendix for definitions and reconciliations.

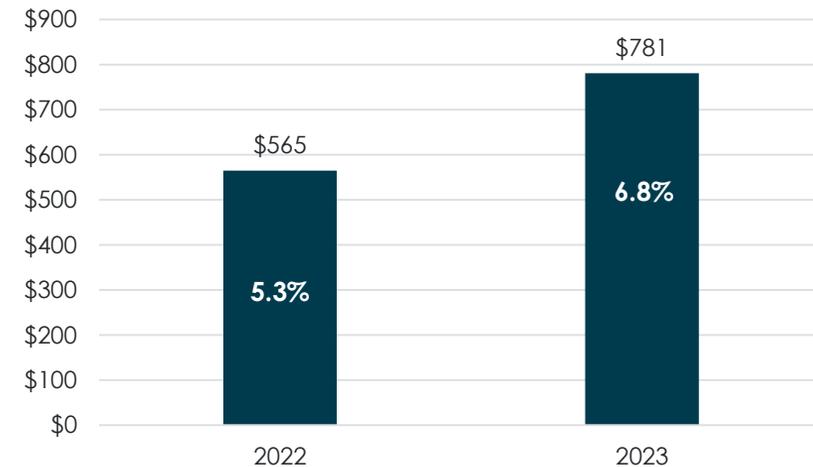
# HII FY 2023 Consolidated Results

## CONSOLIDATED REVENUE (\$M)



- Revenue grew \$778M or 7.3% YoY driven by growth at all three segments: Mission Technologies, Newport News Shipbuilding and Ingalls Shipbuilding

## OPERATING INCOME (\$M) & MARGIN %

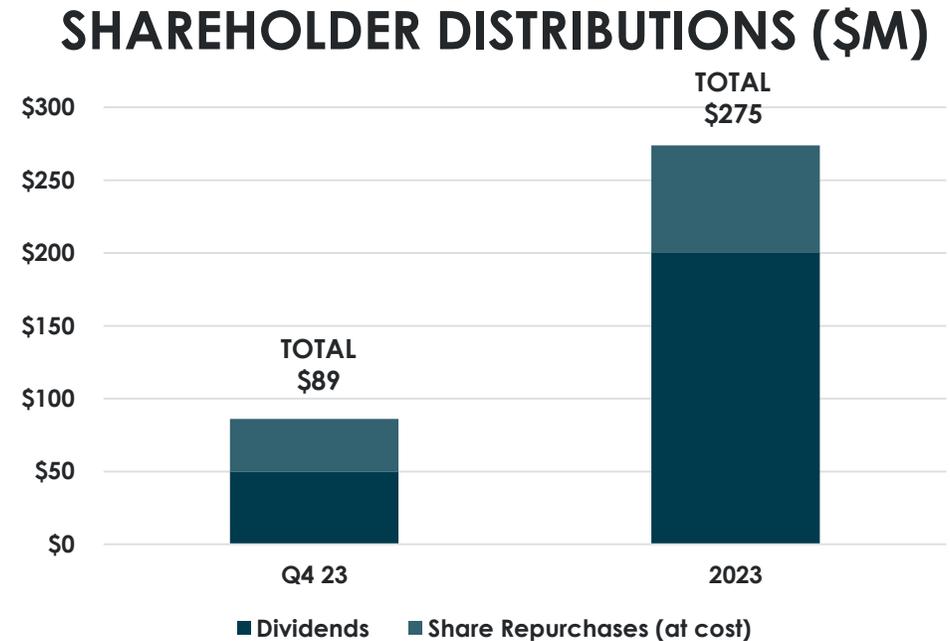
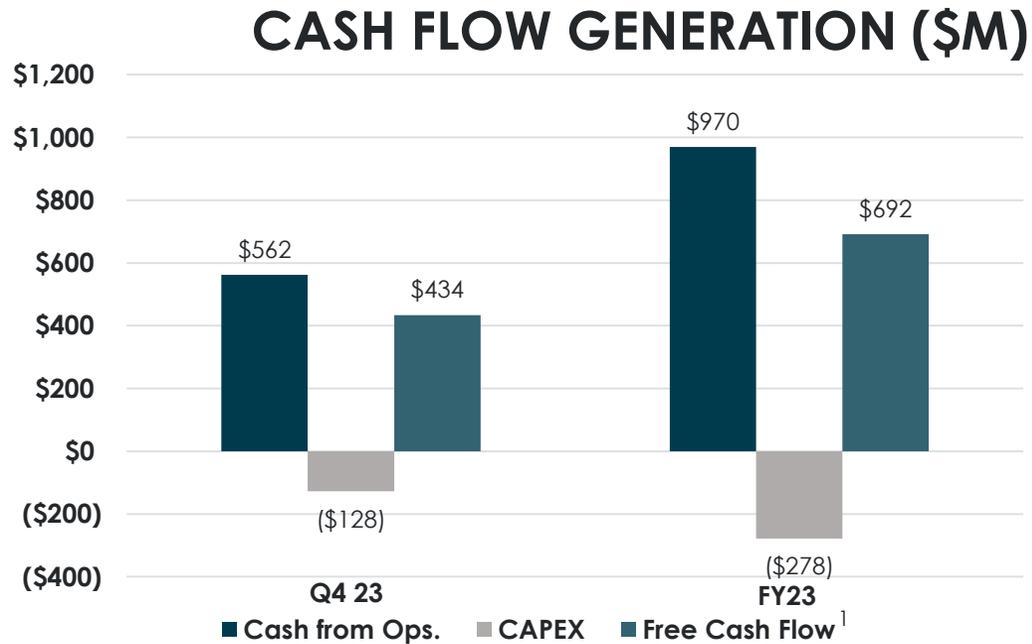


- Operating income increased \$216M YoY primarily due to higher segment operating income<sup>1</sup>, favorable operating FAS/CAS adjustment, and favorable change in non-current state income taxes



<sup>1</sup> Non-GAAP measure. See appendix for definitions and reconciliations.

# HII Q4 & FY 2023 Capital Deployment



- Cash balance of \$430 million and liquidity of \$1.9 billion at year end
- Net capital expenditures were 2.4% of revenues in 2023
- Cash contributions to pension and other postretirement benefit plans of \$44 million in 2023
- \$275 million distributed to shareholders in 2023
  - Paid dividends totaling \$200 million
  - Repurchased 337 thousand shares at an aggregate cost of \$75 million



<sup>1</sup> Non-GAAP measure. See appendix for definition and reconciliation.

# Pension Outlook<sup>1</sup>

(\$ in millions)	2023 (Actual)	2024	2025	2026	2027	2028
Pension Discount Rate	5.47% Change from prior est. N/A	5.28% (81)Bps	5.28% (19)Bps	5.28% (19)Bps	5.28% (19)Bps	5.28%
Expected Long-Term Return on Assets	8.00% N/A	8.00% N/A	8.00% N/A	8.00% N/A	8.00% N/A	8.00%
Actual Return on Assets	12.3% 7.7%	N/A	N/A	N/A	N/A	N/A
CAS Recoveries Over/(Under) Cash Contributions <sup>2,3</sup>	\$2 (\$2)	\$3 N/A	\$2 N/A	(\$1) (\$1)	- (\$1)	(\$1)
FAS Benefit/(Expense) <sup>3</sup>	\$30 (\$1)	\$65 \$18	\$84 \$26	\$96 \$27	\$109 \$30	\$122
CAS Expense <sup>3</sup>	\$46 (\$2)	\$50 N/A	\$50 (\$2)	\$50 N/A	\$51 N/A	\$49
FAS/CAS Adjustment <sup>3</sup>	\$76 (\$3)	\$115 \$18	\$134 \$24	\$146 \$27	\$160 \$30	\$171
Operating FAS/CAS Adjustment <sup>3</sup>	(\$72) (\$2)	(\$63) (\$13)	(\$63) (\$3)	(\$58) \$1	(\$54) \$1	(\$51)
Non-Operating Retirement (Expense)/Income <sup>3</sup>	\$148 (\$2)	\$178 \$31	\$197 \$27	\$204 \$26	\$214 \$29	\$222
Pension and Postretirement Benefits Cash Contributions <sup>2</sup>	\$44 (\$1)	\$47 N/A	\$48 (\$2)	\$51 \$1	\$51 (\$1)	\$50

<sup>1</sup> 2024-2028 projected and subject to change.

<sup>2</sup> 2023 cash contributions of \$44 million included \$12 million of discretionary pension contributions (<\$1 million qualified; \$12 million non-qualified) and \$32 million of postretirement benefits contributions.

2024 projected cash contributions of \$47 million include \$15 million of discretionary pension contributions (<\$1 million qualified; \$15 million non-qualified) and \$35 million of postretirement benefits contributions.

<sup>3</sup> Includes pension & other postretirement benefits.

# 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

<i>(\$ in millions)</i>	Three Months Ended		Year Ended	
	December 31		December 31	
	2023	2022	2023	2022
Ingalls revenues	800	658	2,752	2,570
Newport News revenues	1,665	1,584	6,133	5,852
Mission Technologies revenues	745	602	2,699	2,387
Intersegment eliminations	(33)	(32)	(130)	(133)
<b>Sales and Service Revenues</b>	<b>3,177</b>	<b>2,812</b>	<b>11,454</b>	<b>10,676</b>
<b>Operating Income</b>	<b>312</b>	<b>105</b>	<b>781</b>	<b>565</b>
Operating FAS/CAS Adjustment	17	37	72	145
Non-current state income taxes	1	3	(11)	2
<b>Segment Operating Income</b>	<b>330</b>	<b>145</b>	<b>842</b>	<b>712</b>
<i>As a percentage of sales and service revenues</i>	10.4 %	5.2 %	7.4 %	6.7 %
Ingalls segment operating income	169	50	362	292
<i>As a percentage of Ingalls revenues</i>	21.1 %	7.6 %	13.2 %	11.4 %
Newport News segment operating income	110	80	379	357
<i>As a percentage of Newport News revenues</i>	6.6 %	5.1 %	6.2 %	6.1 %
Mission Technologies segment operating income	51	15	101	63
<i>As a percentage of Mission Technologies revenues</i>	6.8 %	2.5 %	3.7 %	2.6 %



# Non-GAAP Reconciliations

## Shipbuilding Revenues & Margin

(\$ in millions)	Three Months Ended		Year Ended	
	December 31		December 31	
	2023	2022	2023	2022
<b>Sales and service revenues</b>	3,177	2,812	11,454	10,676
Mission Technologies	(745)	(602)	(2,699)	(2,387)
Intersegment eliminations	33	32	130	133
<b>Shipbuilding Revenues</b>	<b>2,465</b>	<b>2,242</b>	<b>8,885</b>	<b>8,422</b>
<b>Operating Income</b>	<b>312</b>	<b>105</b>	<b>781</b>	<b>565</b>
Operating FAS/CAS Adjustment	17	37	72	145
Non-current state income taxes	1	3	(11)	2
<b>Segment Operating Income</b>	<b>330</b>	<b>145</b>	<b>842</b>	<b>712</b>
Mission Technologies	(51)	(15)	(101)	(63)
Shipbuilding Operating Income	<b>279</b>	<b>130</b>	<b>741</b>	<b>649</b>
As a percentage of shipbuilding revenues	11.3 %	5.8 %	8.3 %	7.7 %



# Non-GAAP Reconciliations

## Free Cash Flow

<i>(\$ in millions)</i>	Three Months		Year Ended			
	Ended December 31		December 31			
	2023	2022	2023	2022	2021	2020
Net cash provided by operating activities	562	601	970	766	760	1,093
Less capital expenditures:						
Capital expenditures additions	(128)	(105)	(292)	(284)	(331)	(353)
Grant proceeds for capital expenditures	-	12	14	12	20	17
<b>Free cash flow</b>	<b>434</b>	<b>508</b>	<b>692</b>	<b>494</b>	<b>449</b>	<b>757</b>



# Non-GAAP Reconciliations

## Mission Technologies EBITDA & EBITDA Margin

(\$ in millions)	Three Months Ended		Year Ended	
	December 31		December 31	
	2023	2022	2023	2022
Mission Technologies sales and service revenues	745	602	2,699	2,387
Mission Technologies segment operating income	51	15	101	63
Mission Technologies depreciation expense	3	2	11	10
Mission Technologies amortization expense	27	30	109	120
Mission Technologies state tax expense	2	(7)	11	2
<b>Mission Technologies EBITDA</b>	<b>83</b>	<b>40</b>	<b>232</b>	<b>195</b>
<b>Mission Technologies EBITDA margin</b>	<b>11.1 %</b>	<b>6.6 %</b>	<b>8.6 %</b>	<b>8.2 %</b>



