Safe Harbor / 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; 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.
# Speakers and Agenda

<table>
<thead>
<tr>
<th>Time</th>
<th>Session</th>
<th>Speakers</th>
</tr>
</thead>
<tbody>
<tr>
<td>8:00 am</td>
<td>Opening Remarks &amp; Operational Review</td>
<td>Mike Petters</td>
</tr>
<tr>
<td></td>
<td>Washington Update</td>
<td>Mitch Waldman</td>
</tr>
<tr>
<td></td>
<td>Newport News Shipbuilding</td>
<td>Jennifer Boykin</td>
</tr>
<tr>
<td></td>
<td>Ingalls Shipbuilding</td>
<td>Brian Cuccias</td>
</tr>
<tr>
<td></td>
<td>Technical Solutions</td>
<td>Andy Green</td>
</tr>
<tr>
<td>9:45 am</td>
<td>BREAK</td>
<td></td>
</tr>
<tr>
<td>9:45 am</td>
<td>Financial Update</td>
<td>Chris Kastner</td>
</tr>
<tr>
<td></td>
<td>Closing Remarks</td>
<td>Mike Petters</td>
</tr>
<tr>
<td></td>
<td>Q&amp;A Panel</td>
<td></td>
</tr>
</tbody>
</table>
| 11:30 am | Lunch                                        | Mike Petters | Chris Kastner

Mike Petters  
President & Chief Executive Officer

Mitch Waldman  
EVP Govt. & Customer Relations

Jennifer Boykin  
EVP & President Newport News Shipbuilding

Brian Cuccias  
EVP & President Ingalls Shipbuilding

Andy Green  
EVP & President Technical Solutions

Chris Kastner  
EVP & Chief Financial Officer
Opening Remarks and Operational Review

Huntington Ingalls Industries Investor Day
February 18, 2020

Mike Petters
President and Chief Executive Officer
Key Messages for Today

- We have established the foundation for shipbuilding success over the next decade

- We are aligning our portfolio with customer requirements that will drive higher revenue and earnings growth

- We have the financial flexibility to pursue critical growth opportunities and return cash to shareholders
HII at a Glance

America’s premier military shipbuilder and U.S. Navy’s mission critical partner

- Sole source for nuclear-powered aircraft carrier construction, refueling and inactivation
- One of two builders of Virginia class (VCS) nuclear-powered submarines
- Subcontractor for construction of Columbia class nuclear-powered submarines
- Builder of LPD & LHA-class amphibious ships and National Security Cutters (NSC)
- One of two builders of Arleigh Burke guided missile destroyers (DDG)

**Key provider of unmanned systems, defense and federal solutions, nuclear and environmental services, as well as fleet sustainment**

- Unmanned systems development, production, operations and sustainment
- Next-generation IT and C5ISR capabilities
- Nuclear and environmental program management services
- Fleet modernization, training and readiness

**Company Snapshot**

<table>
<thead>
<tr>
<th>FY 2019 Revenues:</th>
<th>~$8.9B</th>
<th>Employees:</th>
<th>~42,000</th>
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<td>FY 2019 Operating Margin:</td>
<td>8.3%</td>
<td>Engineers / Designers:</td>
<td>~6,800</td>
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<td>FY 2019 Cash from Ops.:</td>
<td>$896M</td>
<td>Headquarters:</td>
<td>Newport News, VA</td>
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<td>Current Backlog:</td>
<td>~$46B</td>
<td>History:</td>
<td>134 years</td>
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## Markets, Products & Customers

<table>
<thead>
<tr>
<th>Markets</th>
<th>Products</th>
<th>Primary Customers</th>
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<tbody>
<tr>
<td>Shipbuilding</td>
<td>- Construction</td>
<td>- United States</td>
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<tr>
<td></td>
<td>- RCOH</td>
<td>Navy</td>
</tr>
<tr>
<td>Fleet Sustainment</td>
<td>- Maintenance</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Modernization</td>
<td></td>
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<tr>
<td>Unmanned Maritime Systems</td>
<td>- Platforms</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Systems</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Services</td>
<td></td>
</tr>
<tr>
<td>Defense &amp; Federal Solutions</td>
<td>- Training &amp; Simulation</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Advanced Cyber &amp; Engineering</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Next-Gen IT &amp; C5ISR</td>
<td></td>
</tr>
<tr>
<td>Nuclear &amp; Environmental Services</td>
<td>- Site management</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Environmental remediation</td>
<td></td>
</tr>
</tbody>
</table>

Shipbuilding is the core of the business; Technical Solutions customers and platforms create opportunities for growth.
Commitments Made, Commitments Kept

2011 – 2015 Commitments & Results

✓ Improved operations and achieved benefits of serial production at Ingalls and captured new business
✓ Right-sized Ingalls footprint for success
✓ Protected and strengthened Newport News Shipbuilding market position – consistent strong performance and new business capture
✓ Achieved 9% shipbuilding operating margin target ahead of schedule

Path to 2020 Commitments & Results

✓ Generational investment in shipyards
✓ Optimize and expand portfolio with disciplined M&A framework
✓ Return substantially all free cash flow to shareholders
  o Distributed ~100% of FCF generated

HII has a strong track record of meeting commitments
Backlog Provides Unmatched Stability and Visibility

- Focused effort led to capture of key contract awards in a challenging budget environment

- Long-term visibility allows for resource planning optimization

- Generational investment in shipyards enables efficient execution of backlog

Record backlog with highly productive shipyards and the world’s best shipbuilders
HII Operating System Tenets…the Key to Execution

- Ensuring right people in right place at right time
- Utilizing capital investments to improve efficiency and affordability
- Capturing and leveraging lessons learned
- Ensuring contract pricing consistent with margin expectations
- Management and sustainment of critical suppliers
- Weekly cross-program discussions and program caucus structure, content and metrics
- Driving transformation initiatives and continuous improvement across programs
- On-going customer engagement

Safety, quality, cost and schedule serve as operational pillars for success
Investing Strategically to Meet Customer Needs

Evolving Customer Requirements

- National Defense Strategy
- Long-Range Force Projection
- Fleet Expansion / Modernization
- Assured C5ISR
- Undersea Dominance
- Distributed Maritime Operations
- National Intelligence Strategy
- Enhanced Force Readiness
- National Security Strategy
- Coast Guard Capital Investment Plan
- DOE NNSA Strategic Vision
- CSAF Focus Area (MDC2)
- SECNAV Vectors
- CNO Fragmentary Order
- Commandant’s Planning Guidance
- Integrated Naval Force Structure Assessment
- 30-year Shipbuilding Plan
- 30-year Ship Maintenance Plan
- National Intelligence Strategy
- National Defense Strategy

Recent HII Investments

- Shipbuilding
  - ~$1.9B CAPEX Program
- Unmanned Systems
- Next Gen IT / C5ISR / Training and Simulation
- Nuclear and Environmental Services

Investing via CAPEX and M&A to meet and shape future customer requirements

Pending close of acquisition.
Potential M&A Focus Areas

- **Unmanned Systems**
  - Growing and evolving market
  - Hydroid acquisition closes gaps

- **Next-Gen IT, C5ISR, Training & Simulation**
  - Growing market where critical mass adds to success
  - Customer requirements appearing in shipbuilding contracts
  - Expanding capabilities will serve broader customer set

- **Nuclear & Environmental Services**
  - Direct alignment with HII core competencies
  - Continue to leverage joint ventures and partnerships

<table>
<thead>
<tr>
<th>Required Characteristics</th>
<th>Capabilities</th>
<th>Customer Access</th>
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<tbody>
<tr>
<td>Shipbuilding</td>
<td></td>
<td></td>
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<tr>
<td>Fleet Sustainment</td>
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<tr>
<td>Unmanned Systems</td>
<td>✓</td>
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<tr>
<td>Defense &amp; Federal Solutions (Next-Gen IT, C5ISR, Training &amp; Sim)</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Nuclear &amp; Environmental Services</td>
<td>✓</td>
<td></td>
</tr>
</tbody>
</table>

- **Potential M&A Focus**
  - No Gaps
  - Discrete Gaps
  - Gaps

Expanded portfolio in these areas offer the best opportunity for higher revenue and earnings growth.
Market Leadership in Unmanned is Critical

- HII and Hydroid to provide leading end-to-end unmanned system solutions across the market spectrum
- Hydroid expands HII’s capabilities, technologies across the UxV life cycle
- Hydroid adds market positions in small and medium, complements HII position in large and XL

<table>
<thead>
<tr>
<th>Capability</th>
<th>Hydroid</th>
<th>HII</th>
<th>Combined</th>
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</thead>
<tbody>
<tr>
<td>Small UUV</td>
<td>✓</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Medium UUV</td>
<td>✓</td>
<td></td>
<td>✓</td>
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<tr>
<td>Large UUV</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
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<tr>
<td>XLUUV</td>
<td>✓</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Small USV</td>
<td>✓</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Large USV</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>

UUV – unmanned undersea vehicle
USV – unmanned surface vehicle

HII is a market leader and Hydroid adds significant capability and scale to our growing unmanned efforts
2020-2024 Strategic Focus

Backlog provides stability & flexibility to pursue critical growth opportunities and return excess cash.

**Value Creation**
- **Strengthen & Grow Shipbuilding**
- **Grow & Shape Portfolio**
- **Return Excess Cash**
- **Operational Stability**
- **Strategic Optionality**
- **Financial Flexibility**

**$45B+ Backlog**

**Driving Growth**
- Consistent, predictable long-term shipbuilding growth with repair/maintenance upside opportunities
- Disciplined pursuit of opportunities in high-growth end markets

**Managing Risk**
- Experienced management team laser-focused on efficient execution of backlog
- Backlog insulates business from DoD budget dynamics
- More mature ship designs reduce execution risk

**Generating Strong Returns**
- Generate ~$3B of free cash flow FY20-FY24
- Strategic and disciplined M&A to enhance value
- Return excess cash to shareholders
HII Investment Thesis

1. Unparalleled visibility created by historic backlog and strong competitive posture

2. Consistent and predictable shipbuilding revenue growth profile

3. Portfolio shaping aligned with growing and evolving customer requirements

4. Improving operational performance that supports significant, sustainable free cash flow generation

5. Capital structure that supports strategic optionality and returning cash to shareholders
Government & Customer Relations

Huntington Ingalls Industries Investor Day
February 18, 2020

Mitch Waldman
Executive Vice President
Government and Customer Relations
Customer Strategy & Investment

National Security Strategy
(Pillar 3: Preserve Peace Through Strength)

- Modernize and grow a resilient global force
- Field a ready and trained force
- Modernize a safe and effective strategic nuclear triad
- Sustain a healthy defense industrial base
Modernize and Grow a Resilient Global Force

Navy/Marine Corps
- At least 355 ships by 2030 – an evolving mix
  - Undersea dominance
  - Unmanned, “minimally” manned, autonomous
  - Enhanced lethality
- Resilient networks & sensors

Air Force/Army/Intelligence Community
- C5ISR
- Resilient networks & sensors

More Agile – More Lethal – More Networked
Field a Ready and Trained Force

Navy/Marine Corps
- Ship & depot maintenance
- Experimentation
- Fleet exercises & wargames

Air Force
- Synthetic Training
- Force exercises & wargames

Overmatch the Threat – Deliver Decisive Force
Modernize a Safe and Effective Strategic Nuclear Triad

Navy
- Columbia (SSBN-826) Class Ballistic Missile Submarine

DoE
- Modernization & recapitalization of the nuclear security enterprise
- Acceleration of environmental management

High Complexity – Strategic Importance
Sustain a Healthy Defense Industrial Base

- Executive Order 13806 – Strengthening the Manufacturing and Defense Industrial Base
- DoD comprehensive study on defense industrial base
  - Sequestration impact
  - Significant decline in manufacturing capacity
  - Complexity of government procurement practices
  - Sustainment of critical capability
  - Focus on U.S. STEM and trade skills

Critical Element of US Power & Innovation
## Budget Summary

<table>
<thead>
<tr>
<th>Funding ($ millions)</th>
<th>FY2015 Enacted</th>
<th>FY2020 Enacted</th>
<th>FY2021 Requested</th>
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<tbody>
<tr>
<td><strong>Department of Defense</strong></td>
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<tr>
<td>Shipbuilding</td>
<td>15,995</td>
<td>23,975</td>
<td>19,900</td>
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<td>Ship Depot Maintenance</td>
<td>8,544</td>
<td>10,052</td>
<td>11,200</td>
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<tr>
<td>Unmanned (UUV/USV)</td>
<td>41</td>
<td>645</td>
<td>698</td>
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<tr>
<td>C4I</td>
<td>6,600</td>
<td>10,200</td>
<td>11,900</td>
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<td><strong>Department of Homeland Security</strong></td>
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<tr>
<td>USCG Ships</td>
<td>824</td>
<td>994</td>
<td>1,280</td>
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<tr>
<td><strong>Department of Energy</strong></td>
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<td></td>
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<tr>
<td>NNSA</td>
<td>11,399</td>
<td>16,705</td>
<td>19,771</td>
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<tr>
<td>Defense Environmental Management</td>
<td>6,024</td>
<td>6,255</td>
<td>4,983</td>
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</table>
Legislative Posture - Observations

- Bi-partisan Budget Act provides defense and non-defense discretionary topline for FY2021
  - Budget sequestration ends in FY2021
- Strong support of fleet capability & capacity
  - 10 USC 5062
  - SHIPS Act of 2018 (part of the FY2018 NDAA)
  - SHIPS Implementation Act introduced
- Preference for predictable and stable requirements & funding
- Industrial base stability & development
- Acquisition reform
Newport News Shipbuilding

Huntington Ingalls Industries Investor Day
February 18, 2020

Jennifer Boykin
Executive Vice President and
President, Newport News Shipbuilding
Newport News Shipbuilding at a Glance

- **Newport News Shipbuilding** is the sole designer, builder and refueler of U.S. Navy aircraft carriers and one of two providers of U.S. Navy submarines. We design, build, maintain and inactivate the most advanced ships in the world using our expertise in nuclear propulsion, naval design and manufacturing.

- With approximately **$5 billion in revenues**, a **$34.8 billion backlog** and more than 25,000 employees, we are the largest industrial employer in Virginia and the largest shipbuilding company in the United States.

---

**Newport News Shipbuilding**

- More Than 550 Acres
- 2.5 Miles of Waterfront on James River

- Founded in 1886 as Chesapeake Dry Dock and Construction Company

- Built More Than 800 Ships, Both Naval and Commercial

- 25,000 Shipbuilders On Site
- Many Third, Fourth and Fifth Generation Shipbuilders
- 1000 Master Shipbuilders
- Over 3,700 Military Veterans

- More Than 550 Acres
- 2.5 Miles of Waterfront on James River

- 2,500 Supplier Businesses
- From Across All 50 States
- Many Support All Program Product Lines

**Huntington Ingalls Industries**

- **2019 Sales**
  - $5.2B
- **25% Services**
- **~29% Aircraft Carriers**
- **~19% Refueling & Complex Overhauls (RCOH)**
- **~27% Submarines**
Historic Backlog Provides Unmatched Revenue Visibility and Opportunity for Value Creation Through Strong Execution

- Historic backlog of ~$35B
- Backlog will continue fueling growth at a moderate pace
- Margin returning to more normalized levels

Non-GAAP financial measure. See appendix for definitions and reconciliations to GAAP.
Our Execution Focus:
Expertise Aligns with Navy’s Requirements and the National Defense Strategy

Aircraft Carriers  
Refuelings & Inactivations  
Submarines  
Investing in our Future Facilities, Technology, People

Defined Standards Enabling Execution with Governance to Check, Verify and Improve
# Aircraft Carriers: Ford Class

**CVN 78**
- USS Gerald R. Ford
- Designed in a 3-D Product Model
- New Technologies, Including 2.5X Power Generation
- $4 Billion Life of Each Ship Cost Reduction
- Delivered May 2017

**CVN 79**
- John F. Kennedy
- Leverage 3-D for Greater Build Efficiency
- 69% Complete Overall
- Launched 2 Months Early
- Fewer Manhours than CVN 78 to date

**CVN 80 & 81**
- Enterprise & Doris Miller
- Two-Ship Contract Reduces Cost
- Provides Stable Work Through 2032
- CVN 80: First Digital Aircraft Carrier

**Facility Investments**
- New Facilities for Complex Manufacturing
- Pier Enhancements for Future Ford-class Life Cycle Work
- Rolling Weather Covers to Improve Workforce Safety and Efficiency

---

**Design it Differently**

**Build it Differently**

**Buy it Differently**
Aircraft Carriers: Refueling & Complex Overhauls (RCOH) and Carrier Inactivations

“The Refueling and Complex Overhaul of a nuclear-powered aircraft carrier is one of the most challenging engineering and industrial tasks undertaken anywhere by any organization.”
- Rand Corporation

- Recapitalizes Centerpiece of Navy’s Fleet for 25 More Years
- Completed 5 of 10 Nimitz-Class Carriers with 6th ~ 68% Complete
- Remaining Nimitz-class RCOHs Scheduled Through 2032
- Planning and Execution Value: ~ $3.5 Billion Per Ship

- Finished First Nuclear Aircraft Carrier Inactivation in 2018 for Enterprise (CVN 65)
- First of 10 Nimitz-Class Inactivations Begins in 2025
- Nimitz-Class Inactivations Completed Over ~ 40-Year Period
- Planning and Execution Value: ~ $1 Billion Per Ship

- New 315-Metric-Ton Gantry Crane Installed and Being Tested to Replace 50-Year Old Crane
- Facility Enhancements to Support Heel-Toe Nimitz RCOH and Inactivation Requirements
Aircraft Carrier Life Cycle

USS Doris Miller (CVN 81)

- 2018: Planning, Construction
- 2054: RCOH Planning
- 2057: RCOH Execution
- 2087: Inactivation Planning, Inactivation

- ~ $8 Billion Value
  (2020 dollars)
- ~ $3.5 Billion Value
  (2020 dollars)
- ~ $1 Billion Value
  (2020 dollars)
Submarines: New Construction and Design

- **Virginia**
  - 18 Boats Delivered
  - 19 Boats Under Contract Through 2029

- **Columbia**
  - 12 Boats Planned – 70% of U.S. Nuclear Triad
  - Digital from Inception
  - Construction Started 2019
  - Lead Ship Delivers 2027

- **SSN(X)**
  - Design Studies in Support of Navy’s Next Generation Fast Attack Submarine

- **Facility Investments**
  - New State-of-the-Art Facilities to Increase Capacity
  - New Automation to Increase Efficiency
  - Facility Extension and Upgrades for Length and 2/Y Pace
  - Upgrades to Enable Concurrent Deliveries
  - Foundry Upgrades to Increase Castings’ Capacity
Investing in our Future Through Our Facility

Significant Investments in Physical Plant Infrastructure Since 2016

- Machine Shop, Foundry & Steel Fabrication Improvements
- Submarine Facility Extension
- 310-Ton Crane Replacement
- New Automation to Increase Efficiency
- Joint Manufacturing & Assembly Facility (VCS/Columbia/CVN)
- Digital Infrastructure
  - Yardwide Access Points
- iDS Mobile Experience Trailer

HUNTINGTON INGALLS INDUSTRIES
Investing in our Future Through Technology

Current Integrated Digital Shipbuilding (iDS) Efforts

Design and Planning  
Build Management  
Work Execution

Technology Enablers

Additive Manufacturing  
Laser Scanning/Reality Capture  
Augmented Reality  
5G Shipyard  
Data Analytics

Enables Efficiency, Mobility, Agility and Innovation
Investing in our Future Through People

Ongoing Training for Current Workforce:
Modern Training Tools, Methods and Curriculum for Current Employees

Leadership Development for Current Workforce:
The Apprentice School
Future Leader Development
Tuition Reimbursement

College Programs:
250 interns from 67 Universities
University Partnerships
Diversity Conferences

Pre-K, Elementary Programs:
Future CVN 81 and Columbia-Class Shipbuilders
Employee Volunteer Programs

Middle School Programs:
Future CVN 80 and Columbia Shipbuilders
Programs with Local School Systems

High School Programs:
Incoming Workforce
Teacher Internship Programs
School Partnerships
Pre-Apprenticeship Programs
Summary

- Historic $34.8 billion backlog
- Intensely Focused on the Safety and Well-being of our Workforce
- Growing the Talent of our Skilled and Proud Workforce
- Aggressively Driving Cost Reduction and Continuous Improvement Opportunities
- Investing in our People, Facilities, Technologies

Inflection Point for Long-Term Business: Structured to Generate Long-Term Value
Ingalls Shipbuilding

Huntington Ingalls Industries Investor Day
February 18, 2020

Brian Cuccias
Executive Vice President and
President, Ingalls Shipbuilding
Ingalls Shipbuilding at a Glance

- Currently building four classes...13 hulls under construction
- Sole builder of LHA 6 *America* class large deck amphibious assault ships, LPD 17 *San Antonio* class amphibious transport dock ships and *Legend* class National Security Cutters (NSC)
- One of two builders of record of DDG 51 *Arleigh Burke* class of Aegis guided missile destroyers
- Comprehensive life-cycle services for CG 47, LPD 17 and LCS class ships
- Largest manufacturing employer in Mississippi

### Ingalls Shipbuilding Snapshot

<table>
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<th>FY 2019 Revenues:</th>
<th>~$2.6B</th>
<th>Employees:</th>
<th>~11,000</th>
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<td>FY 2019 Segment Operating Income:</td>
<td>$235M</td>
<td>Engineers / Designers:</td>
<td>~1,400</td>
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<tr>
<td>FY 2019 Segment Operating Margin:</td>
<td>9.2%</td>
<td>Headquarters:</td>
<td>Pascagoula, MS</td>
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<tr>
<td>Current Backlog:</td>
<td>~$10.8B</td>
<td>History:</td>
<td>81 years</td>
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</table>

2019 SALES
$2.6B
Ingalls – Financial Update

- Current backlog of $10.8B
  - Over 4x FY19 revenue

- Significant Contract Awards
  - FY18 - LPD 29, DDG MYP (6 ships), NSC 10 & NSC 11
  - FY19 - LPD 30, CG PYS & LCS PYS

- Backlog will continue fueling growth
- Stable growth in FY20 and beyond

- FY16-FY18 benefitted from one-time events and serial production
- Solid 9% in FY19 and beyond

Backlog provides revenue visibility and opportunity for value creation through strong execution

\[1\] Non-GAAP financial measure. See appendix for definitions and reconciliations to GAAP.
Amphibious Assault Ships – LHA Program

LHA 6 *America* Class
- Cornerstone of amphibious ready groups
- Transports and lands marine expeditionary units
- Built for the Joint Strike Fighter F35B

Length 844 feet
Displacement 44,850 tons

14 large deck amphibious assault ships delivered
- LHA 1 – 5
- LHD 1 – 8
- LHA 6

Two ship backlog
- LHA 7
- LHA 8

Sole provider of large deck amphibious ships
Amphibious Landing Platform/Dock Ships – LPD Program

LPD 17 San Antonio Class
- Transports marines, equipment and supplies
- Expeditionary warfare missions
- Humanitarian assistance and disaster relief missions

Length: 684 feet
Displacement: 24,900 tons

11 amphibious landing platform / dock ships delivered
- LPD 17 – 27

Three ship backlog
- LPD 28
- LPD 29
- LPD 30 (Flight II)

Versatile hull form for multiple platforms
Surface Combatants – DDG Program

**DDG 51 Arleigh Burke Class**
- Multi-mission, guided missile destroyers
- Anti-air, anti-submarine, and anti-surface warfare
- 100,000 total shaft horsepower

Length: 509.5 feet
Displacement: 9,300 tons

31 guided missile destroyers delivered
- DDG 51 – 71 Flight I
- DDG 72 – 78 Flight II
- DDG 79 – 117 Flight IIA

Serial production in a competitive environment

Ten ship backlog
- DDG 119
- DDG 121
- DDG 123
- DDG 125 (Flight III)
- DDG 128
- DDG 129
- DDG 131
- DDG 133
- DDG 135
- DDG 137

31 guided missile destroyers delivered

Serial production in a competitive environment
National Security Cutters – NSC Program

Legend Class National Security Cutter (NSC)
- Centerpiece of the U. S. Coast Guard’s fleet
- Largest, most technologically advanced cutters

Length 418 feet
Displacement 4,600 tons

Eight national security cutters delivered
- NSC 1 – 8

Three ship backlog
NSC 9
NSC 10
NSC 11

Achieving benefits of serial production with minimal design change
Planning Yard and Fleet Services

Fleet Services

- Comprehensive life-cycle services for CG 47, LPD 17 and LCS class
  - Restricted availability services
  - Naval architecture and marine engineering
  - Ship system assessments
  - Maintenance engineering
  - Logistics services
- Locations nationwide and overseas

CG 47 Class Planning Yard

- USS *Ticonderoga* Class post-delivery life-cycle support services
- 35+ years as the Class provider
- Provides support to 22 ships

LPD 17 Class Planning Yard

- USS *San Antonio* Class Life Cycle Engineering & Support (LCE&S), including Class planning yard services
- 15+ years as the Class provider
- Provides support to 11 delivered ships

LCS Class Planning Yard

- USS *Freedom* and USS *Independence* Class post-delivery life-cycle support services
- Open competition contract awarded in May 2019
- Provides support to the 19 delivered ships to date
- Includes options over a six-year period

Supporting the customer by providing worldwide services
Investing for the Future (Shipyard of the Future)

- Increased Capacity
- Improved Product Flow
- Manufacturing Optimization
- Increased Utilization

Investment in People, Processes and Facilities
Ingalls’ New Ship Construction Competitive Wins

LHA 8-14
7 Ships

DDG 125-145+
10-13 Ships

LPD 28-29
2 Ships

LPD FLT II
13 Ships

NSC 9-11
3 Ships

FFG 1-20
20 Ships

SSC/LSC
10+ Ships

DDG Program of Record
10-13 Ships

LPD 28-29
15 Ships

LHA 8-14
7 Ships

NSC 9-11
3 Ships

FFG 1-20
20 Ships

LPD FLT II 1-13
15 Ships

DDG Continuation
10+ Ships

SSC/LSC
10+ Ships

HUNTINGTON INGALLS INDUSTRIES
Shipyard of the Future Facility (2015)

West Bank

- Flow was not optimized
- Significant work outside
- 2019 summer months averaged over 95º heat index (128º peak)
- Last three years averaged over 80 rain days

East Bank
Shipyard of the Future Facility (2020)

- Final stages of completion
- Improved product flow
- Increased utilization
- Added 1,000,000 sq. ft. of cover
Shipyard of the Future Projects

- Rolling Covers – Bay 1
- Rolling Covers – Track 6
- CSA III
- East Bank Revitalization
- Thin Panel Line
- Dry Dock

**Increased Cover**

**Increased Capacity & Cover**

**Improved Flow & Utilization**
Shipbuilder of the Future – Innovating Workforce Development

Partnering with Local High Schools
Talent Development Labs

Early Education
K-4 development
Discovery days
STEM

Veterans
Veterans offer leadership qualities of successful individuals in shipbuilding

Adult Education
Educational training program for the unemployed and underemployed

Shipbuilder Academy
Program for high school seniors to develop a career pathway in the maritime industry

Maritime Training Academy
State of the art apprentice school

Hiring Events
Changing the way we outreach to the community – on-site/on-the-spot offers

Women in Construction
Pre-apprenticeship job training program designed to train women

50 HUNTINGTON INGALLS INDUSTRIES
Shipbuilder of the Future – High School Partnerships

- State of the art facilities and equipment to meet industry standards
- Superior technical training
- Trade leadership mentoring students

Soft Skills Curriculum

- Decision Making
- Grit
- Determination
- Ownership
- Perseverance
- Employability
- Financial Responsibility
- Communication

NEVER GIVE UP

Work Ethic

Be humble. Be hungry, and always be the hardest working person in the room.
Summary

- Ingalls has the talent, experience and capacity to meet the nation’s needs today and in the future
- Shipyard of the Future investments are essentially complete and in operation today
- Workforce development initiatives are revolutionizing the pipeline for future shipbuilders
- Recent competitive wins have created a steady, long term backlog and have positioned Ingalls for future growth opportunities
Technical Solutions

Huntington Ingalls Industries Investor Day
February 18, 2020

Andy Green
Executive Vice President and
President, Technical Solutions Division
Technical Solutions at a Glance

Professional services provider for government and commercial partners, supporting national security missions around the globe.

~ 6,000 employees located in 45 states and 16 countries

20% with 10+ years of service 53% with security clearances  ~ 1,000 engineers and scientists

Broad capabilities portfolio:

- Unmanned Systems
- Defense & Federal Solutions
- Nuclear & Environmental Services
- Fleet Sustainment

Customers include:

- U.S. Department of Defense
- Federal civilian agencies
- Australian Department of Defence
- Other commercial organizations

Contract vehicles include:

- OASIS
- SeaPort-e
- SAF/CDM
- SWMS
- DHS Eagle II
- GSA Alliant II
- TSA III
- DIA SIA 3

2019 SALES $1.3B
Financial Update

- Strong backlog of $973M with awards of $1.4B for 2019
- Book-to-bill: 1.1x

- Historic revenue levels, exceeding $1.3B in 2019

- Segment operating income dips in 2019 due primarily to goodwill impairment

Historic revenue in 2019; well-positioned for growth with strong backlog

---

1 Non-GAAP financial measures. See appendix for definitions and reconciliations to GAAP.
History of Technical Solutions

Pending ship repair partnership with Titan

Pending Hydroid acquisition strengthens HII’s position as a leader in unmanned maritime systems

Fulcrum acquired, providing intelligence, engineering, software development, ISR operations

G2 acquired, providing high-end cybersecurity capabilities

Boeing partnership to develop Navy’s XLUUV, establishes HII as a leader in unmanned maritime systems

Camber acquired; Technical Solutions division formed

Huntington Ingalls Industries formed

S.M. Stoller acquired, providing nuclear and environmental services

Leveraging HII capabilities in the energy market

Engineering Solutions Division of The Columbia Group acquired, establishing deep HII expertise in unmanned undersea vehicles

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### Technical Solutions Overview

<table>
<thead>
<tr>
<th>Market</th>
<th>Expertise</th>
<th>Differentiator</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Unmanned Systems</strong></td>
<td>- Design, engineering, fabrication and operation of UUVs</td>
<td>- Long history of undersea system and platform development for USN</td>
</tr>
<tr>
<td></td>
<td>- UUV platform sustainment and maintenance</td>
<td>- Strong positions on key unmanned programs</td>
</tr>
<tr>
<td></td>
<td>- Autonomy software engineering</td>
<td></td>
</tr>
<tr>
<td><strong>Defense &amp; Federal Solutions</strong></td>
<td>- Next-generation IT</td>
<td>- Strong past performance and deep relationships</td>
</tr>
<tr>
<td></td>
<td>- C5ISR</td>
<td>- Access to key GWAC/MACs contract vehicles</td>
</tr>
<tr>
<td></td>
<td>- Military training and simulation</td>
<td>- Unique technical capabilities</td>
</tr>
<tr>
<td></td>
<td>- Mission support services</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Logistics management</td>
<td></td>
</tr>
<tr>
<td><strong>Nuclear &amp; Environmental Services</strong></td>
<td>- Management and operations of Department of Energy nuclear sites</td>
<td>- Disciplined nuclear operations capability</td>
</tr>
<tr>
<td></td>
<td>- Execution of complex environmental remediation projects</td>
<td>- Decades of excellence in the most complex operations</td>
</tr>
<tr>
<td></td>
<td>- Decommissioning commercial nuclear sites</td>
<td></td>
</tr>
<tr>
<td><strong>Fleet Sustainment</strong></td>
<td>- Shipboard maintenance and modernization teams</td>
<td>- Decades of excellent performance on long-term contracts</td>
</tr>
<tr>
<td></td>
<td>- Advanced naval supply logistics and warehousing services</td>
<td>- Perform work on over 80% of fleet each year</td>
</tr>
<tr>
<td></td>
<td>- Naval operational training and support</td>
<td></td>
</tr>
</tbody>
</table>
# Strategic Growth and Sustainment

<table>
<thead>
<tr>
<th>Unmanned Maritime Systems:</th>
<th>Defense &amp; Intelligence</th>
<th>Nuclear &amp; Environmental</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Essential to Navy’s distributed maritime operations concept</td>
<td>- C5ISR Services: Multi-domain ISR (including ISR as-a-Service); joint planning and operations</td>
<td>- Department of Energy: Nuclear lab operations, site management, decontamination</td>
</tr>
<tr>
<td>- Undersea, surface vessels, and payloads</td>
<td>- Contractor-owned/operated UAVs and sensors; U-2 ISR mission planning; support in all six geographic combatant commands</td>
<td>- Operate LANL, SRNL, and NNSS; current cleanup at LANL</td>
</tr>
<tr>
<td>- Expected to complement manned fleet to address growing threats</td>
<td>- Next-Generation IT: Cyber operations; advanced platforms and analytics; scalability, security, and resiliency</td>
<td>- Commercial Nuclear: Domestic commercial nuclear power plant sites require decommissioning</td>
</tr>
<tr>
<td>✓ Leading position on multiple critical UUV programs</td>
<td>✓ Joint defensive platform development; analytics for DoD information network; wrote federal cyber standards</td>
<td>✓ One of only a few companies worldwide positioned to compete</td>
</tr>
<tr>
<td></td>
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</tbody>
</table>

**Training & Simulation:**
- Blended reality, distributed training, and secure training architectures
- Simulation center operations; simulator development and modernization
HII Capabilities: Intelligence Lifecycle Support

Intelligence Analysis
Real-time data analytics, reporting, training support

IT & Cyber
Satellite operations, systems infrastructure, integration, security

ISR Support
Mission planning, platform and sensor operations

Unmanned Systems
Design, manufacture, operate, maintain systems and infrastructure

Integrated DoD Intelligence Operations

Well-positioned to secure large prime opportunities

1 Pending close of transaction.
HII Capabilities: Leveraging NNS and Stoller Across DOE

Strong DoE presence with significant growth potential
Pipeline for Sustainment and Growth

- **Qualified Opportunities**: $10.7B
- **Submissions**: $1.6B
- **Awards**: $1.4B
- **Total Backlog**: $973M

**YoY revenue organic growth rate**: 12.4%
- **New work win rate**: 46%
- **Re-compete win rate**: 78%
- **Book to Bill Ratio**: 1.1x

1 2019 YoY revenue growth rate excluding acquisitions of G2 and Fulcrum
Summary

✓ Well-positioned to capitalize on strong growth opportunities in unmanned systems, C5ISR, training and simulation, and nuclear services.

✓ Unique blend of technical capabilities, customer relationships, and program execution expertise.

✓ Organic growth will be augmented by disciplined acquisitions, providing additional capability, and improving overall competitive position.

✓ Execution and sustainment of the base business remains a top priority.
Financial Review

Huntington Ingalls Industries Investor Day
February 18, 2020

Chris Kastner
Executive Vice President and
Chief Financial Officer
Fiscal 2019 Results

- Revenue growth of 8.8%
  - Shipbuilding grew 5.6% YoY
  - Technical Solutions grew 32.5% YoY; 12.4% organically
- 8.1% shipbuilding operating margin\(^2\) exceeded mid-point of target
- Generated $460M of free cash flow\(^2\)
  - Distributed $363M via dividends and share repurchases\(^1\)
- Ended the year with $46B in backlog

\(^1\) Share repurchases at cost, excludes $48 million purchased in 2018 but not settled for cash until 2019.
\(^2\) Non-GAAP financial measure. See appendix for definition and reconciliation to GAAP.
Successfully Executing the Path to 2020 Strategy

Commitments Made

- Invest ~$1.9B in shipyards 2016-20
- Return substantially all free cash flow to shareholders
  - Minimum 10% annual dividend increase
  - Execute share repurchase program
- Optimize and expand services portfolio with disciplined framework

Results to Date (FY16-19)

- ~$1.5B invested to date; complete investment in FY20
- Returned ~100% of free cash flow generated
  - Annual dividend increases have averaged ~20%
  - $1.5B in share repurchases completed
- Actively shaping Technical Solutions portfolio

FY16-19 Free Cash Flow\(^1\) Generation & Deployment ($M)

\(^1\) Non-GAAP financial measure. See appendix for definition and reconciliation to GAAP.
Generational Capital Investment Cycle Concludes in FY20

Facilities fully modernized for the future….declining expenditures drive higher free cash flow
Sharpening our Strategic Focus

Capabilities Added

- Nuclear & Environmental Services
- Unmanned Maritime Systems
- Defense & Federal Solutions
  - Training & Simulation
  - Next-gen IT
  - Cyber operations
  - C5ISR services
  - Next-gen IT

Resulting Strategic Benefits

- Enabled key DoE wins
- Established HII in critical emerging naval market
- Enhanced HII position in multiple high-growth focus areas
- Added additional capabilities to cyber offerings
- Added additional capabilities to C5ISR offerings
- Expanding capabilities and scale in critical naval market
- Optimizing ownership structure for all stakeholders
- Refocusing strategy; exiting oil & gas business

Strengthening core capabilities and enhancing positioning through strategic partnerships and acquisitions

1 Pending close of transaction.
The Future: Key Financial Considerations

- Unprecedented visibility in revenue and growth profile
- Improving segment operating margins
- Expanding free cash flow driven by growth, improving margins and lower capital expenditures
- Strong balance sheet supports:
  - Customer requirements
  - Shareholder distributions
  - Strategic flexibility

Business is well positioned for future value creation
Record Backlog Provides Significant Visibility and Stability

Over 85% of expected FY20 to FY24 shipbuilding revenue already under contract\(^1\)

\(^1\) Assumes first Columbia contract (2 boats) and LPD 31 are under contract within FY20 to FY24 timeframe
Technical Solutions

Focused on higher growth and higher margin markets

Unmanned Systems
- FY201-FY24 Revenue CAGR: 7-8%

Defense & Federal Solutions
- FY201-FY24 Revenue CAGR: 5-6%

Fleet Sustainment
- FY201-FY24 Revenue CAGR: ~2%

Technical Solutions
- FY201-FY24 Revenue CAGR: 4-5%

Post strategic actions
- Technical Solutions generates revenues of ~$1B in FY20
- 7-9% EBITDA margin expands to 8-10% by FY24
- 5-7% return on sales expands to 6-8% by FY24

Technical Solutions will continue to grow organically and through M&A

1 FY20 revenue baseline excludes UniversalPegasus International and San Diego Shipyard results and assumes the closing of the Hydroid acquisition in the first quarter of 2020.
Segment Operating Income Poised to Grow

- Shipbuilding Revenue Growth
- Shipbuilding Portfolio Maturity
- TS Growth and Focus

HII segment operating income\(^1\) CAGR of 4-6% through 2024

\(^1\) Non-GAAP financial measure. See appendix for definition and reconciliation to GAAP.
\(^2\) Adjusted Segment Operating Income, which excludes the impact of 2019 goodwill impairment
Free Cash Flow Ramps

Notional Annual Free Cash Flow\(^1\) Generation

($M)

- **FY20**: Last year of elevated CAPEX
- **FY21**: Net pension cash begins to moderate
- **FY22**: Revenue growth, operating margin improvement and lower CAPEX drive FCF improvement
- **FY23**
- **FY24**: ~$3B Cumulative FCF FY20-FY24

Robust free cash flow growth

---

\(^1\) Non-GAAP financial measure. See appendix for definition and reconciliation to GAAP.
We can execute all capital allocation priorities
FY20-24 Outlook

- Significant revenue stability and visibility
  - Over 85% of expected shipbuilding revenue is under contract
  - Long-term shipbuilding revenue CAGR of 3% with opportunity for near-term upside (3-5% YoY growth in 2020)
  - Technical Solutions revenue CAGR of 4-5%

- Margin stability
  - Segment operating income\(^1\) CAGR of 4-6%
  - Shipbuilding operating margin\(^1\) of 9% in 2020, averaging 9% thereafter

- Free cash flow\(^1\) generation of ~$3B
  - Weighted toward latter years with USS George Washington (CVN 73) re-delivery & John F. Kennedy (CVN 79) delivery

- Strong balance sheet

- Value creating capital allocation
  - Supports strategic optionality and returning excess cash

Poised for long-term value creation

\(^1\) Non-GAAP financial measure. See appendix for definition and reconciliation to GAAP.
Closing Remarks

Huntington Ingalls Industries Investor Day
February 18, 2020

Mike Petters
President and Chief Executive Officer
Closing Thoughts – We are Focused on Value Creation

We have established the foundation for shipbuilding success over the next decade

- $46B Backlog
- 3% Revenue growth w/near-term upside
- Improving operational performance

We are aligning our portfolio with customer requirements that will drive higher revenue and earnings growth

- Acquisition of Hydroid
- Repositioning of San Diego Shipyard
- Exiting Oil & Gas

We have the financial flexibility to pursue critical growth opportunities and return cash to shareholders

- Strong balance sheet
- CAPEX back to 2.5% of sales in 2021
- ~$3B FCF generated from 2020-2024

HII is poised to drive growth and generate strong returns while prudently managing risk
Appendix
Acronyms

- C5ISR - Command, Control, Communications, Computers, Combat systems, Intelligence, Surveillance and Reconnaissance
- CNO - Chief of Naval Operations
- CSAF - Chief of Staff of the Air Force
- CG - Hull classification symbol for guided missile cruiser
- CVN - Hull classification symbol for nuclear powered aircraft carrier
- DDG - Hull classification symbol for guided missile destroyer
- DOD - Department of Defense
- DOE - Department of Energy
- GWAC/MACs - Government-wide acquisition contracts/Multi-agency contracts
- iDS - Integrated digital shipbuilding
- LANL - Los Alamos National Laboratory
- LCS - Littoral combat ship
- LHA - Hull classification symbol for landing helicopter assault ship
- LHD - Hull classification symbol for landing helicopter dock ship
- LPD - Hull classification symbol for landing platform dock
- NNS - Newport News Shipbuilding
- NNSA - National Nuclear Security Administration
- NNSS - Nevada National Security Site
- NSC - National Security Cutters
- RCOH - Refueling and Complex Overhaul
- ROS - Return on Sales
- SECNAV - Secretary of the Navy
- SRNL - Savannah River National Laboratory
- TS - Technical Solutions
- USV - Unmanned Surface Vehicles
- UUV - Unmanned Underwater Vehicles
- VCS - Virginia-class submarine
- XLUUV - Extra large unmanned undersea vehicle
Non-GAAP Measures Definitions

We make reference to “segment operating income,” “segment operating margin,” “adjusted segment operating income,” “shipbuilding operating 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.

Adjusted segment operating income is not a measure recognized under GAAP. It should be considered supplemental to and not a substitute for financial information prepared in accordance with GAAP. We believe this measure is useful to investors because it excludes items that do not reflect our core operating performance. It may not be comparable to similarly titled measures of other companies.

Shipbuilding operating margin is not a measure recognized under GAAP. It should be considered supplemental to and not a substitute for financial information prepared in accordance with GAAP. It 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.
Non-GAAP Measures Definitions Cont’d

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.

Adjusted segment operating income is defined as segment operating income adjusted for the impact of the goodwill impairment in the fourth quarter of 2019.

Shipbuilding operating margin is defined as the combined segment operating margin of our Newport News Shipbuilding segment and Ingalls Shipbuilding segment as a percentage of combined sales and service revenues from our Newport News Shipbuilding segment and Ingalls Shipbuilding segment.

Free cash flow is defined as net cash provided by (used in) operating activities less capital expenditures net of related grant proceeds.
Non-GAAP Reconciliations – Segment Operating Income & Segment Operating Margin

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<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Ingalls revenues</td>
<td>$2,555</td>
<td>$2,607</td>
<td>$2,420</td>
<td>$2,389</td>
</tr>
<tr>
<td>Newport News revenues</td>
<td>5,186</td>
<td>4,722</td>
<td>4,164</td>
<td>4,089</td>
</tr>
<tr>
<td>Technical Solutions revenues</td>
<td>1,309</td>
<td>988</td>
<td>952</td>
<td>691</td>
</tr>
<tr>
<td>Intersegment eliminations</td>
<td>(151)</td>
<td>(141)</td>
<td>(95)</td>
<td>(101)</td>
</tr>
<tr>
<td>Sales and Service Revenues</td>
<td>8,899</td>
<td>8,176</td>
<td>7,441</td>
<td>7,068</td>
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<tr>
<td>Operating Income</td>
<td>736</td>
<td>951</td>
<td>881</td>
<td>876</td>
</tr>
<tr>
<td>Operating FAS/CAS Adjustment</td>
<td>(124)</td>
<td>(290)</td>
<td>(205)</td>
<td>(163)</td>
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<tr>
<td>Non-current state income taxes</td>
<td>19</td>
<td>2</td>
<td>12</td>
<td>2</td>
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<tr>
<td>Segment Operating Income</td>
<td>631</td>
<td>663</td>
<td>688</td>
<td>715</td>
</tr>
<tr>
<td>As a percentage of sales and service revenues</td>
<td>7.1 %</td>
<td>8.1 %</td>
<td>9.2 %</td>
<td>10.1 %</td>
</tr>
<tr>
<td>Ingalls segment operating income</td>
<td>235</td>
<td>313</td>
<td>313</td>
<td>321</td>
</tr>
<tr>
<td>As a percentage of Ingalls revenues</td>
<td>9.2 %</td>
<td>12.0 %</td>
<td>12.9 %</td>
<td>13.4 %</td>
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<tr>
<td>Newport News segment operating income</td>
<td>390</td>
<td>318</td>
<td>354</td>
<td>386</td>
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<tr>
<td>As a percentage of Newport News revenues</td>
<td>7.5 %</td>
<td>6.7 %</td>
<td>8.5 %</td>
<td>9.4 %</td>
</tr>
<tr>
<td>Technical Solutions segment operating income</td>
<td>6</td>
<td>32</td>
<td>21</td>
<td>8</td>
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<tr>
<td>As a percentage of Technical Solutions revenues</td>
<td>0.5 %</td>
<td>3.2 %</td>
<td>2.2 %</td>
<td>1.2 %</td>
</tr>
</tbody>
</table>
## Non-GAAP Reconciliations – Adjusted Segment Operating Income

<table>
<thead>
<tr>
<th>($ in millions)</th>
<th>Three Months Ended</th>
<th>Year Ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>December 31</td>
<td>December 31</td>
</tr>
<tr>
<td></td>
<td>2019</td>
<td>2018</td>
</tr>
<tr>
<td>Operating income</td>
<td>186</td>
<td>213</td>
</tr>
<tr>
<td>As a percentage of sales and service revenues</td>
<td>7.7 %</td>
<td>9.7 %</td>
</tr>
<tr>
<td>Non-segment factors affecting operating income:</td>
<td></td>
<td></td>
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<tr>
<td>Operating FAS/CAS adjustment</td>
<td>(30)</td>
<td>(72)</td>
</tr>
<tr>
<td>Non-current state income taxes</td>
<td>17</td>
<td>7</td>
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<tr>
<td>Segment Operating Income</td>
<td>173</td>
<td>148</td>
</tr>
<tr>
<td>As a percentage of sales and service revenues</td>
<td>7.2 %</td>
<td>6.7 %</td>
</tr>
<tr>
<td>Ingalls segment operating income</td>
<td>59</td>
<td>84</td>
</tr>
<tr>
<td>As a percentage of Ingalls revenues</td>
<td>8.4 %</td>
<td>12.0 %</td>
</tr>
<tr>
<td>Newport News segment operating income</td>
<td>133</td>
<td>57</td>
</tr>
<tr>
<td>As a percentage of Newport News revenues</td>
<td>9.6 %</td>
<td>4.5 %</td>
</tr>
<tr>
<td>Technical Solutions segment operating Income (loss)</td>
<td>(19)</td>
<td>7.0</td>
</tr>
<tr>
<td>Adjustment for goodwill impairment</td>
<td>29</td>
<td>-</td>
</tr>
<tr>
<td>Adjusted Technical Solutions segment operating Income (loss)</td>
<td>10</td>
<td>7</td>
</tr>
<tr>
<td>As a percentage of Technical Solutions revenues</td>
<td>2.7 %</td>
<td>2.6 %</td>
</tr>
<tr>
<td>Adjusted Segment Operating Income</td>
<td>202</td>
<td>148</td>
</tr>
</tbody>
</table>
## Non-GAAP Reconciliations – Shipbuilding Operating Margin

<table>
<thead>
<tr>
<th></th>
<th>March 31 2019</th>
<th>June 30 2019</th>
<th>September 30 2019</th>
<th>December 31 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales and service revenues</td>
<td>2,080</td>
<td>2,188</td>
<td>2,219</td>
<td>2,412</td>
</tr>
<tr>
<td>Less Technical Solutions revenues</td>
<td>257</td>
<td>336</td>
<td>347</td>
<td>369</td>
</tr>
<tr>
<td>Intersegment eliminations</td>
<td>26</td>
<td>37</td>
<td>39</td>
<td>49</td>
</tr>
<tr>
<td><strong>Shipbuilding Revenues</strong></td>
<td><strong>1,849</strong></td>
<td><strong>1,889</strong></td>
<td><strong>1,911</strong></td>
<td><strong>2,092</strong></td>
</tr>
<tr>
<td><strong>Operating Income</strong></td>
<td>161</td>
<td>175</td>
<td>214</td>
<td>186</td>
</tr>
<tr>
<td>Operating FAS/CAS Adjustment</td>
<td>(34)</td>
<td>(37)</td>
<td>(23)</td>
<td>(30)</td>
</tr>
<tr>
<td>Non-current state income taxes</td>
<td>2</td>
<td>-</td>
<td>-</td>
<td>17</td>
</tr>
<tr>
<td><strong>Segment Operating Income</strong></td>
<td>129</td>
<td>138</td>
<td>191</td>
<td>173</td>
</tr>
<tr>
<td>Less Technical Solutions Segment Operating Income (Loss)</td>
<td>5</td>
<td>(1)</td>
<td>21</td>
<td>(19)</td>
</tr>
<tr>
<td><strong>Shipbuilding Operating Income</strong></td>
<td><strong>124</strong></td>
<td><strong>139</strong></td>
<td><strong>170</strong></td>
<td><strong>192</strong></td>
</tr>
<tr>
<td>As a percentage of Shipbuilding revenues</td>
<td>6.7%</td>
<td>7.4%</td>
<td>8.9%</td>
<td>9.2%</td>
</tr>
</tbody>
</table>
## Non-GAAP Reconciliations – Free Cash Flow

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cash provided by (used in) operating activities</td>
<td>896</td>
<td>914</td>
<td>814</td>
<td>822</td>
</tr>
<tr>
<td>Less capital expenditures:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital expenditure additions</td>
<td>(530)</td>
<td>(463)</td>
<td>(382)</td>
<td>(285)</td>
</tr>
<tr>
<td>Grant proceeds for capital expenditures</td>
<td>94</td>
<td>61</td>
<td>21</td>
<td>-</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>460</td>
<td>512</td>
<td>453</td>
<td>537</td>
</tr>
</tbody>
</table>