

Corporate Profile

Huntington Ingalls Industries is America's largest military shipbuilding company and a provider of professional services to partners in government and industry. For more than a century, HII's Newport News and Ingalls shipbuilding divisions in Virginia and Mississippi have built more ships in more ship classes than any other U.S. naval shipbuilder. HII's Technical Solutions division provides a wide range of professional services through its Fleet Support, Integrated Missions Solutions, Nuclear and Environmental, and Oil and Gas operations. Headquartered in Newport News, Virginia, HII employs nearly 39,000 people operating both domestically and internationally. For more information, visit www.huntingtoningalls.com



Newport News Shipbuilding recently installed the first section of the aircraft carrier flight deck on aircraft carrier *John F. Kennedy* (CVN 79). Photo by Matt Hildreth/HII

Segment Strategy

Newport News Shipbuilding

- Continue solid performance in core Navy programs including CVN 79, CVN 80, VCS Blocks IV and V and CVN 73 RCOH
- Grow core and adjacent Navy business including *Columbia*-class and *Nimitz*-class inactivation

Ingalls Shipbuilding

- Leverage core product lines and capabilities and evaluate complementary product lines and markets
- Compete for future programs by investing to create a competitive advantage in a dynamic environment

Technical Solutions

- Grow organically and inorganically to increase market share and customer base
- Cross-sell capabilities across existing customer base and up-sell capabilities to new customers

Cash Deployment Highlights

- Invested \$73 million in the business during the quarter
- Returned \$198 million to shareholders in the quarter
 - Repurchased 674 thousand shares at a cost of \$166 million
 - Paid \$0.72 per share or \$32 million in dividends

Key Figures

<i>\$ in millions, except EPS</i>	Q1 2018	2017	2016
Operating Metric			
Revenues	\$1,874	\$7,441	\$7,068
Operating Income	\$191	\$865	\$858
Operating Margin	10.2%	11.6%	12.1%
Adjusted Diluted EPS ⁽¹⁾	\$3.48	\$12.14	\$12.14
Shares Outstanding	44.8 mn	45.8 mn	47.2 mn
Free Cash Flow ⁽²⁾	\$47	\$453	\$537

Capital Structure as of March 31, 2018

Cash	\$528
Revolving Credit Facility (\$1.235B Avail)	\$0
Senior Notes due 2025	600
Senior Notes due 2027	600
Other Debt	80
Total Debt	\$1,280

⁽¹⁾Non-GAAP measure that excludes the tax-effected expense for early extinguishment of debt in 2017, the tax expense associated with the 2017 Tax Act and the tax expense related to discretionary pension contributions in 2017.

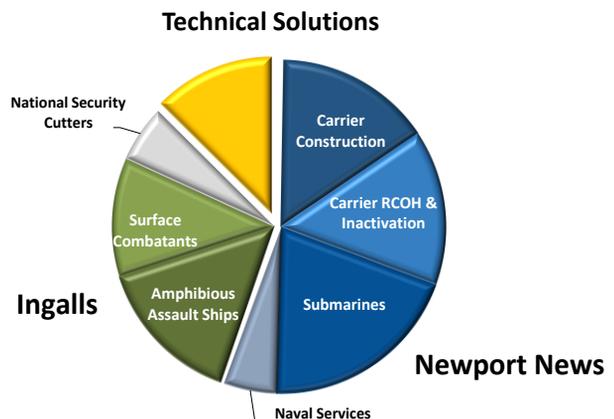
⁽²⁾Non-U.S. GAAP measure. See below for the reconciliation:

	Q1 2018	FY 2016	FY 2016
Net cash provided by (used in) operating activities	\$120	\$814	\$822
Less capital expenditures	(75)	(382)	(285)
<u>Grant proceeds for capital expenditures</u>	<u>2</u>	<u>21</u>	<u>0</u>
Free cash flow	\$47	\$453	\$537

Credit Ratings

	S&P	Moody's	Fitch
Corporate Credit Rating	BBB-	Baa3	BBB-
Senior Secured Rating	BBB-	Baa3	BBB-
Senior Unsecured Rating	BBB-	Baa3	BBB-

Revenues by Segment – 2017 (\$7.44 billion)



Recent Operational Highlights

- Achieved approximately 75% structural completion on the aircraft carrier *John F. Kennedy* (CVN 79)
- Completed the inactivation of the aircraft carrier *Enterprise* (CVN 65)
- Awarded a \$94 million advanced procurement contract for a 10th National Security Cutter
- Awarded a \$1.43 billion construction contract for amphibious transport dock LPD 29
- Naval Shipbuilding Institute (NSI), a joint venture between divisions of HII and KBR, awarded a contract to establish and manage Australia's new Naval Shipbuilding College
- N3B, a joint venture led by SN3, part of HII's Technical Solutions division, with partner BWX Technologies completed transition efforts for the Los Alamos Legacy Cleanup Contract



HII rendering of LPD 29, the 13th amphibious transport dock of the *San Antonio* (LPD 17) class.

Leadership

Board of Directors

Thomas B. Fargo	Chairman
Mike Petters	President, CEO and Director
Philip M. Bilden	Director
Augustus Leon Collins	Director
Kirkland H. Donald	Director
Victoria D. Harker	Director
Anastasia Kelly	Director
Tom Schievelbein	Director
John K. Welch	Director
Stephen R. Wilson	Director

Management

Mike Petters, Chief Executive Officer
 Chris Kastner, Chief Financial Officer
 Jennifer Boykin, President, Newport News Shipbuilding
 Brian Cuccias, President, Ingalls Shipbuilding
 Andy Green, President, Technical Solutions

Contact Us

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HII Shipbuilding Capabilities

	2016 Force Structure Assessment (FSA)	HII % Participation
Aircraft Carriers		
Aircraft Carriers	12	100%
Aircraft Carrier RCOH		
Aircraft Carrier Inactivation		
Submarines		
Virginia-Class Submarines	66	50%
Cruise Missile Submarines	4 to 0	Capability
Ballistic Missile Submarines	12	~25%
Surface Combatants		
Large Surface Combatants (DDG-51)	104	~50%
Small Surface Combatants	52	Capability
Amphibious Ships		
Amphibious Ships LHA	38	100%
Amphibious Ships LPD		
Amphibious Ships LXR		Capability
Auxiliaries		
Combat Logistics	32	Capability
Support Vessels	39	Capability
TOTAL FLEET	355	

Source: U.S. Navy FY 2016 30-year Force Structure Assessment (FSA) Plan.

The Spin-Off

General Information: The spin-off was a series of transactions by which HII separated from Northrop Grumman Corporation. To complete the spin-off, Northrop Grumman distributed to its stockholders all of the shares of HII common stock. Following the spin-off, HII is a separate company from Northrop Grumman, and Northrop Grumman does not retain any ownership interest in HII.

The Mechanics: The spin-off was completed by way of a pro rata distribution of HII common stock to Northrop Grumman stockholders of record as of 5:00 p.m., Eastern time, on March 30, 2011, the spin-off record date. Each Northrop Grumman stockholder received one share of HII common stock for every six shares of Northrop Grumman common stock held by such stockholder on the record date. No fractional shares of HII common stock were issued.

Transaction Date: March 31, 2011

Where to Find More Information: Find information related to the spin-off at: <http://investor.northropgrumman.com/phoenix.zhtml?c=112386&p=irol-HIISpin-off> or contact Huntington Ingalls Investor Relations.

HII Share Information

Total diluted shares (weighted-average for Q1 2018): 44.8 million
 Stock Performance (quarter ended 3/31/2018):
 Close on 3/29/2018: \$257.76
 High during Q1 2018: \$276.69
 Low during Q1 2018: \$221.71

For questions about your stock certificate/account, change of address or transferring stock, please contact Huntington Ingalls Industries' transfer agent:

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