

Company: BWX Technologies	Ticker: \$BWXT	Price: 200.39	Industry: Aerospace & Defense / Industrials	
Target Price: \$195 Stop Loss: \$140 52 Week H/L: \$215.01.11/\$84.21	TTM P/E: 58.14x Forward P/E: 51.27x EPS (LTM): \$3.21	Beta (5Y): 0.77 Credit Rating: BB (Fitch)	Market Cap: 17.059B Avg. Volume: 1,171,732 Div. Yield: .54%	

Company Background:

BWX Technologies, Inc. (BWXT) is a leading supplier of nuclear components and services with a unique position as the sole manufacturer of naval nuclear reactors for the U.S. Navy. The company operates across two primary segments: Government Operations, which accounts for the majority of revenue through long-term contracts tied to submarine and aircraft carrier propulsion systems, and Commercial Operations, which focuses on medical isotopes, commercial nuclear fuel, and advanced reactor technologies such as TRISO. BWXT’s durable backlog, supported by multi-decade government programs, provides strong visibility into future earnings and cash flows while its commercial initiatives offer exposure to emerging growth opportunities in nuclear medicine and next-generation energy.

Industry Outlook:

The nuclear sector is experiencing renewed momentum, driven by energy security concerns, decarbonization mandates, and increased government support for advanced nuclear technologies. In the defense space, sustained U.S. Navy procurement of Virginia and Columbia class submarines underpins long-term demand for BWXT’s reactors and components. On the commercial side, global interest in small modular reactors (SMRs), microreactors, and medical isotopes is expanding at a rapid pace, creating new opportunities for specialized suppliers. Market forecasts suggest the nuclear power industry could grow at a mid-single-digit CAGR through 2030, while medical isotopes such as Mo-99 and Ac-225 are expected to see double-digit growth as demand for diagnostic imaging and targeted cancer therapies accelerates.

Competitive Analysis:

BWXT occupies a defensible niche with significant barriers to entry, reinforced by decades of experience, proprietary manufacturing capabilities, and regulatory approvals that are difficult to replicate. In government contracting, BWXT effectively faces no direct competition for U.S. Navy nuclear propulsion systems, ensuring stable, recurring revenue streams. In the commercial segment, competitors include global engineering and nuclear fuel providers such as Framatome, Cameco, and Westinghouse, though BWXT differentiates itself through its focus on highly specialized isotopes and TRISO fuel. Its position as both a critical defense supplier and an innovator in commercial nuclear applications allows it to balance stability with growth, giving it an edge over more narrowly focused peer.

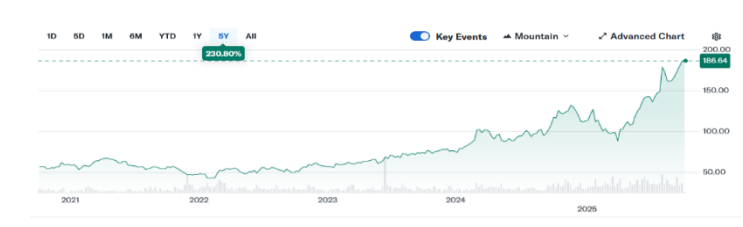
Investment Thesis:

BWXT is a compelling investment given its irreplaceable role in U.S. national defense, supplying nuclear propulsion systems under long-term government contracts that provide stability and visibility. The company is also positioned to capture growth from rising global nuclear power demand through TRISO fuel, SMRs, and medical isotopes. With resilient financial performance, consistent cash generation, and a steady dividend, BWXT offers a rare combination of defense-backed stability and commercial nuclear growth.

Investment Risks:

- Revenue Concentration: 80% of revenue is tied to government contracts
- Defense spending: Demand for services is tied to government defense budget
- Regulatory environment: Strict regulations exist around the handling and supplying of nuclear components and fuel
- Safety Risk: Nature of company operations can involve safety risks in the event of nuclear disasters

Stock Performance – 5yr:



ESG:

Total ESG Risk Score <b>33.0</b> Severe	Environmental Risk Score <b>12.5</b>
Social Risk Score <b>16.0</b>	Governance Risk Score <b>4.5</b>

Valuation:

Terminal valuation - perpetuity method		Year 1 Multiples		Terminal valuation - EBITDA multiple method	
WACC	8.7%	Perpetuity	EBITDA	WACC	8.7%
Terminal growth rate	4.0%	EV/Revenue	5.0x	EBITDA multiple	25.0x
Terminal value in 2030	21,511	EV/EBITDA	21.6x	Terminal value in 2031	27,991
Present value of terminal value	11,997	EV/EBIT	35.0x	Present value of terminal value	15,610
Present value of future cash flows	3,662			Present value of future cash flows	3,662
Enterprise value	15,658			Enterprise value	19,272
(+) Cash & equity investments	37			(+) Cash & equity investments	37
(-) Debt	1,532			(-) Debt	1,532
(-) Total Minority Interest	0			(-) Total Minority Interest	0
Equity Value	17,228			Equity Value	20,841
Shares outstanding	91			Shares outstanding	91
Equity value per share	\$188.49			Equity value per share	\$228.02
Weight	50%	Current Share Price		Weight	50%
		Current Share Price	\$186.64		
		Implied Share Price	\$208.25		
		Margin of Safety	11.58%		

Blended implied share price					
Perpetuity growth rate					
3.0%      3.5%      4.0%      4.5%      5.0%					
WACC	9.7%	\$180.09	\$183.76	\$188.08	\$193.22
	9.2%	\$187.64	\$192.08	\$197.37	\$203.78
	8.7%	\$196.22	\$201.66	\$208.25	\$216.42
	8.2%	\$206.10	\$212.88	\$221.28	\$231.94
	7.7%	\$217.67	\$226.30	\$237.27	\$251.66