



# Company Overview

February 2016



# Safe Harbor Statement

**Forward-looking statements.** Babcock & Wilcox Enterprises, Inc. (“B&W”) cautions that this presentation contains forward-looking statements, including, without limitation, statements relating to backlog, to the extent it may be viewed as an indicator of future revenues; management’s expectations regarding the industries in which we operate; our guidance and forecasts for 2016; our projected operating margin improvements, savings and restructuring costs; growth through acquisitions; and our plans for stock repurchases. These forward-looking statements are based on management’s current expectations and involve a number of risks and uncertainties, including, among other things, disruptions experienced with customers and suppliers; the inability to successfully operate independently after the spin-off; the inability to retain key personnel; adverse changes in the industries in which we operate; changes or termination of contracts in backlog; the timing and amount of repurchases of our common stock, if any; and the inability to grow and diversify through acquisitions. If one or more of these risks or other risks materialize, actual results may vary materially from those expressed. For a more complete discussion of these and other risk factors, see B&W’s filings with the Securities and Exchange Commission, including the our annual report on Form 10-K and subsequent quarterly reports on Form 10-Q. B&W cautions not to place undue reliance on these forward-looking statements, which speak only as of the date of this presentation, and undertake no obligation to update or revise any forward-looking statement, except to the extent required by applicable law.

**Non-GAAP financial information.** This presentation includes Adjusted Operating Income and Adjusted Earnings per Share as non-GAAP financial measures. A reconciliation of Adjusted Operating Income and Adjusted Earnings per Share to the most directly comparable GAAP measures is included at the end of this presentation. These measures should be considered in addition to results prepared in accordance with GAAP, but are not a substitute for GAAP results.



# Company Profile



**Headquarters:** Charlotte, NC

**Incorporation:** Delaware

**Ownership:** Public (NYSE:BW)

**Revenue:** ~\$1.8B

**Chairman & CEO:** E. James Ferland

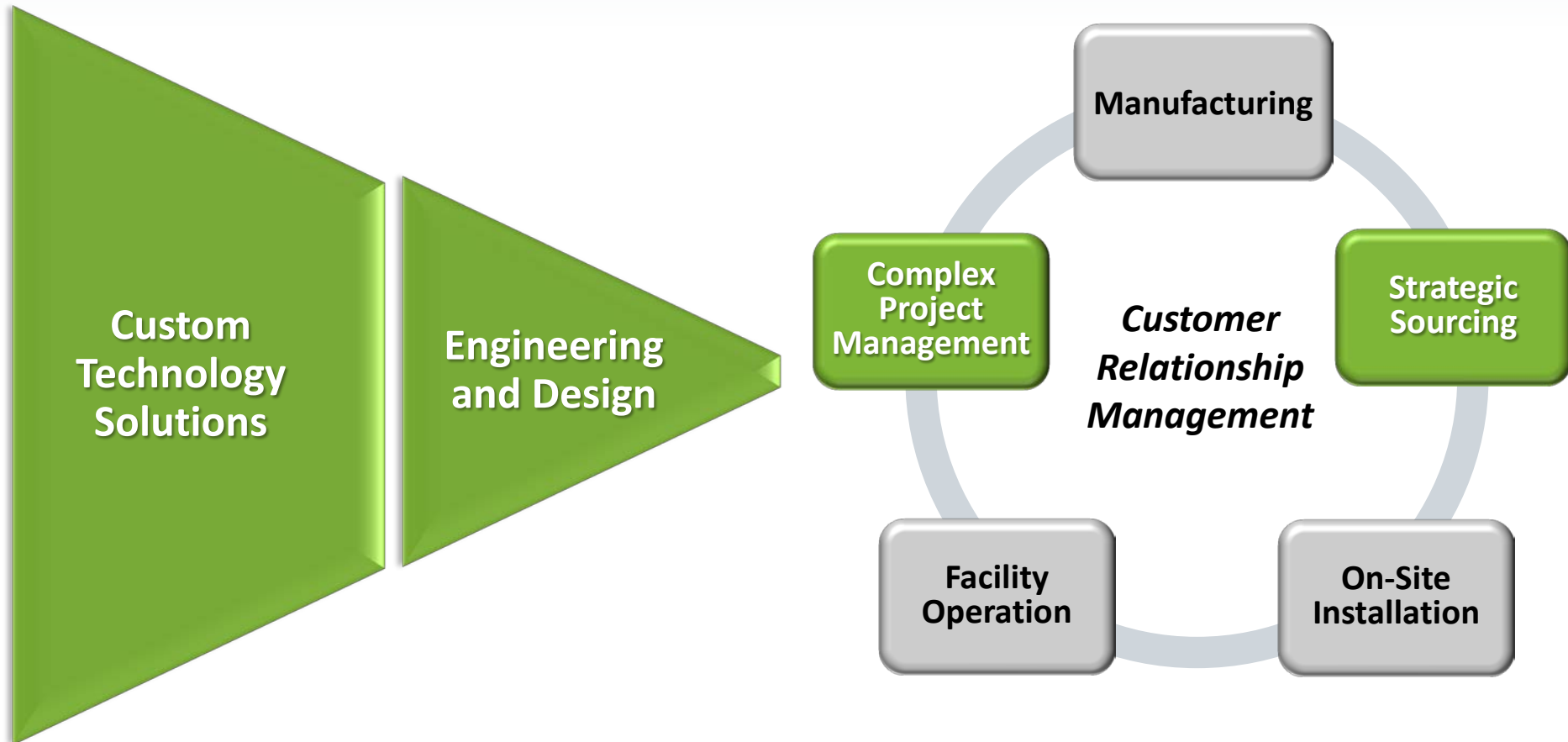
**Employees:** Approximately 5,700 employees,  
in addition to 2,500 joint venture  
employees worldwide

- Global leader in energy and environmental technologies and services for the power and industrial markets
- Installed electricity generation capacity of more than 300,000 MW in more than 90 countries
- Ability to service a broad range of OEM technologies
- Pioneered environmental equipment in the 1970s with most comprehensive suite of products available
- Employees in 25 countries



# Business Model Delivers Maximum Customer Value

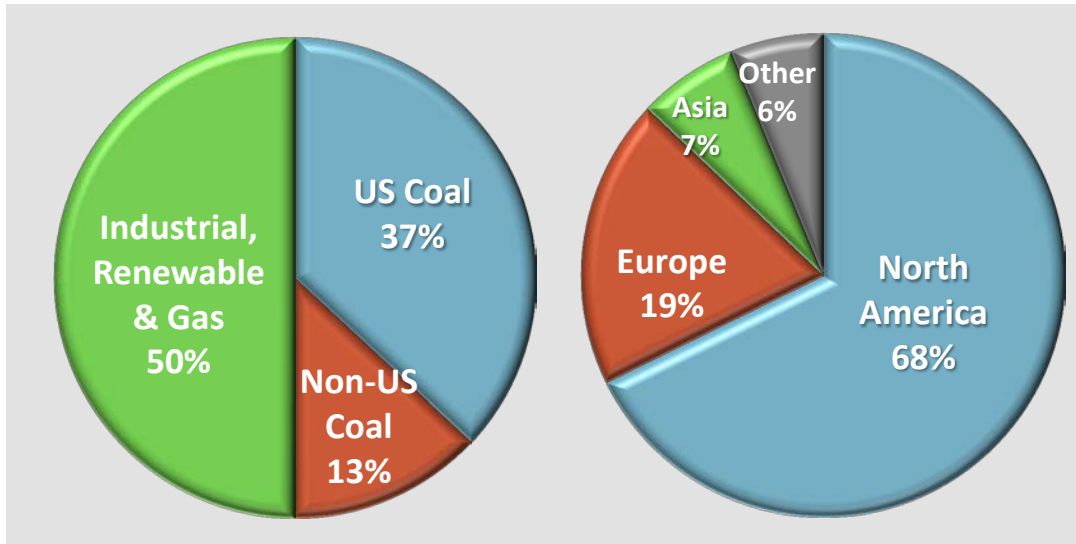
**B&W engineers custom solutions that are difficult to replicate and are fundamental to reliable operations and regulatory compliance**



**Each new installation provides attractive aftermarket opportunities**

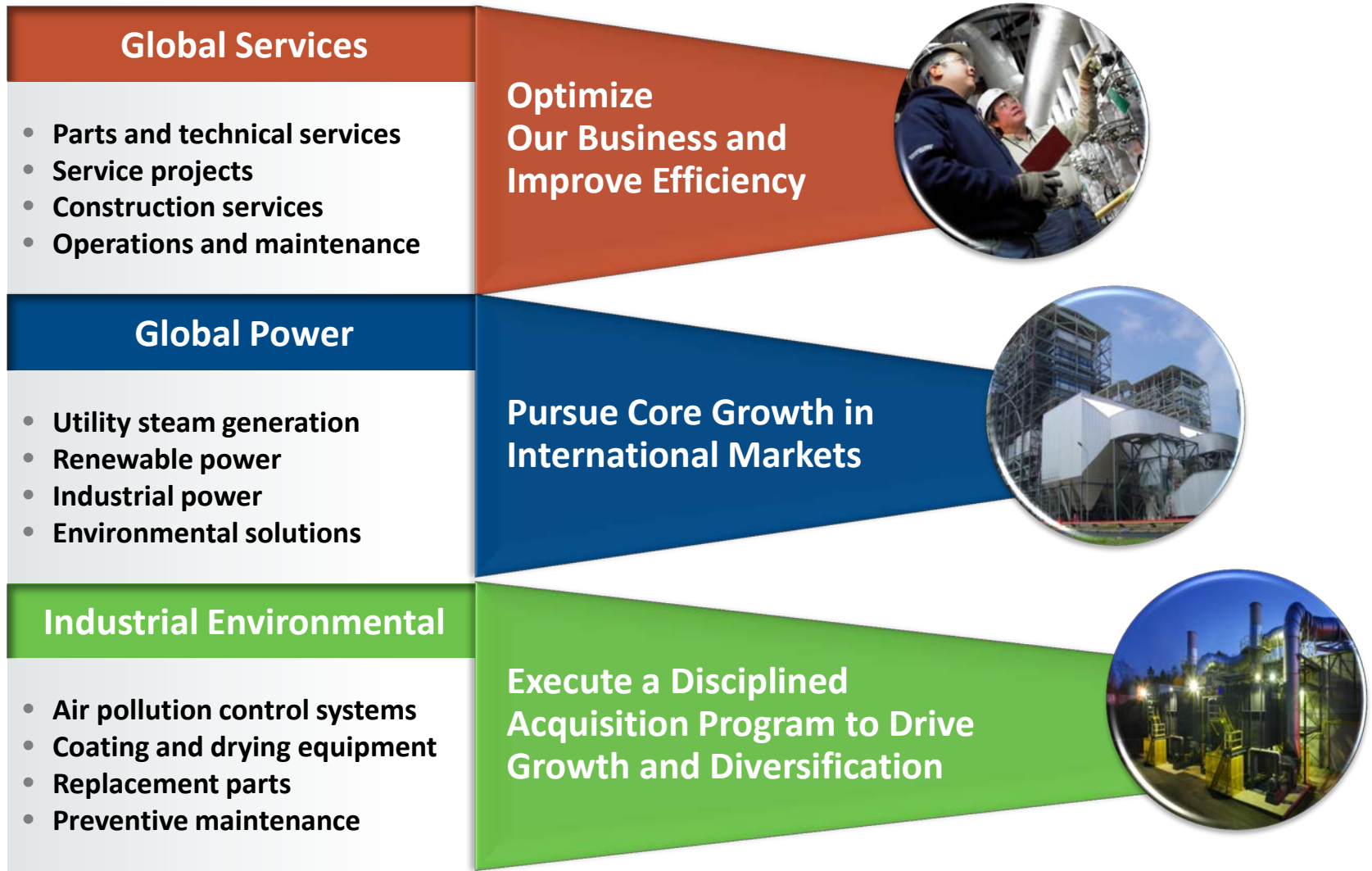
# Consolidated Revenue Overview

## 2015 B&W Revenue Breakdown



**Aftermarket coal in the U.S. will be a solid base for the business while our strategy drives growth and diversification**

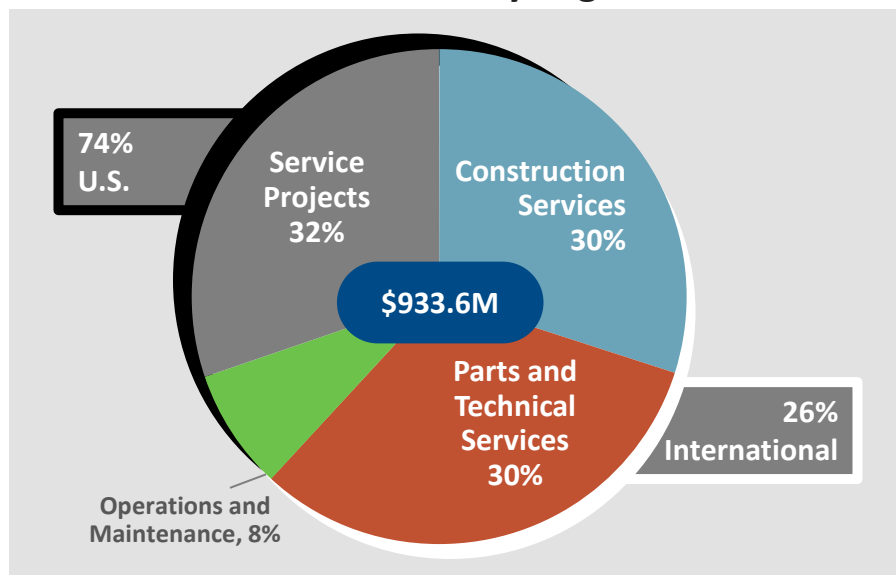
# Business Segments Align with Growth Strategy





# Global Services Overview

## 2015 Revenue by Segment



- Aftermarket products and services for steam generating equipment and associated environmental and auxiliary equipment
- Servicing B&W installed electricity generation capacity of approximately 300,000 MW in more than 90 countries plus competitor equipment
- Supports general industry and renewable boilers, including waste-to-energy and pulp & paper
- Extensive network of regionally located service centers, technical support personnel and global sourcing capabilities



**Parts and Technical Services**



**Service Projects**



**Construction Services**

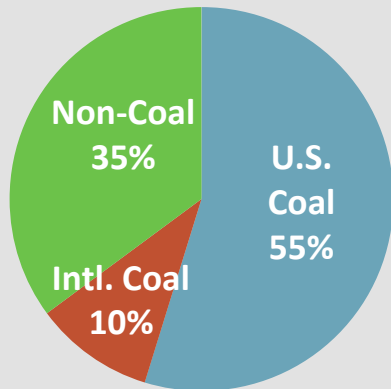


**Operations and Maintenance**

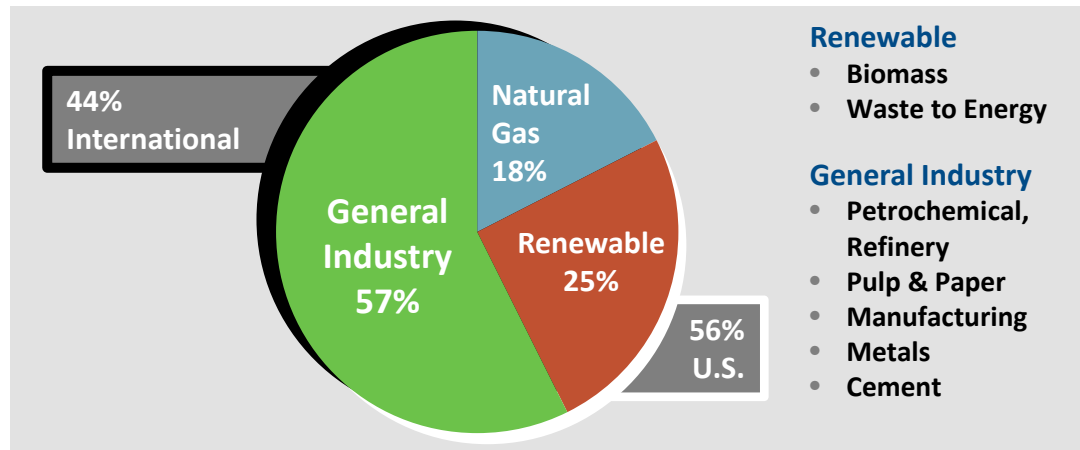
**Optimize Our Business and Improve Efficiency**

# Market Opportunity

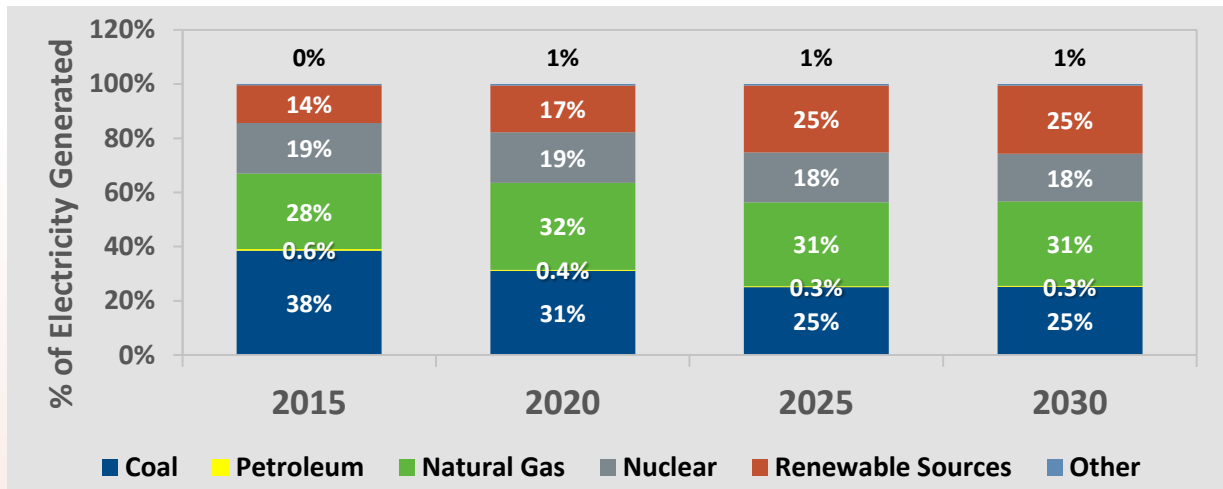
2015 Total Revenue Breakdown



2015 Non-Coal Revenue Breakdown



Total Electricity Generation in U.S. by Fuel with EPA Clean Power Plan<sup>(1)</sup>



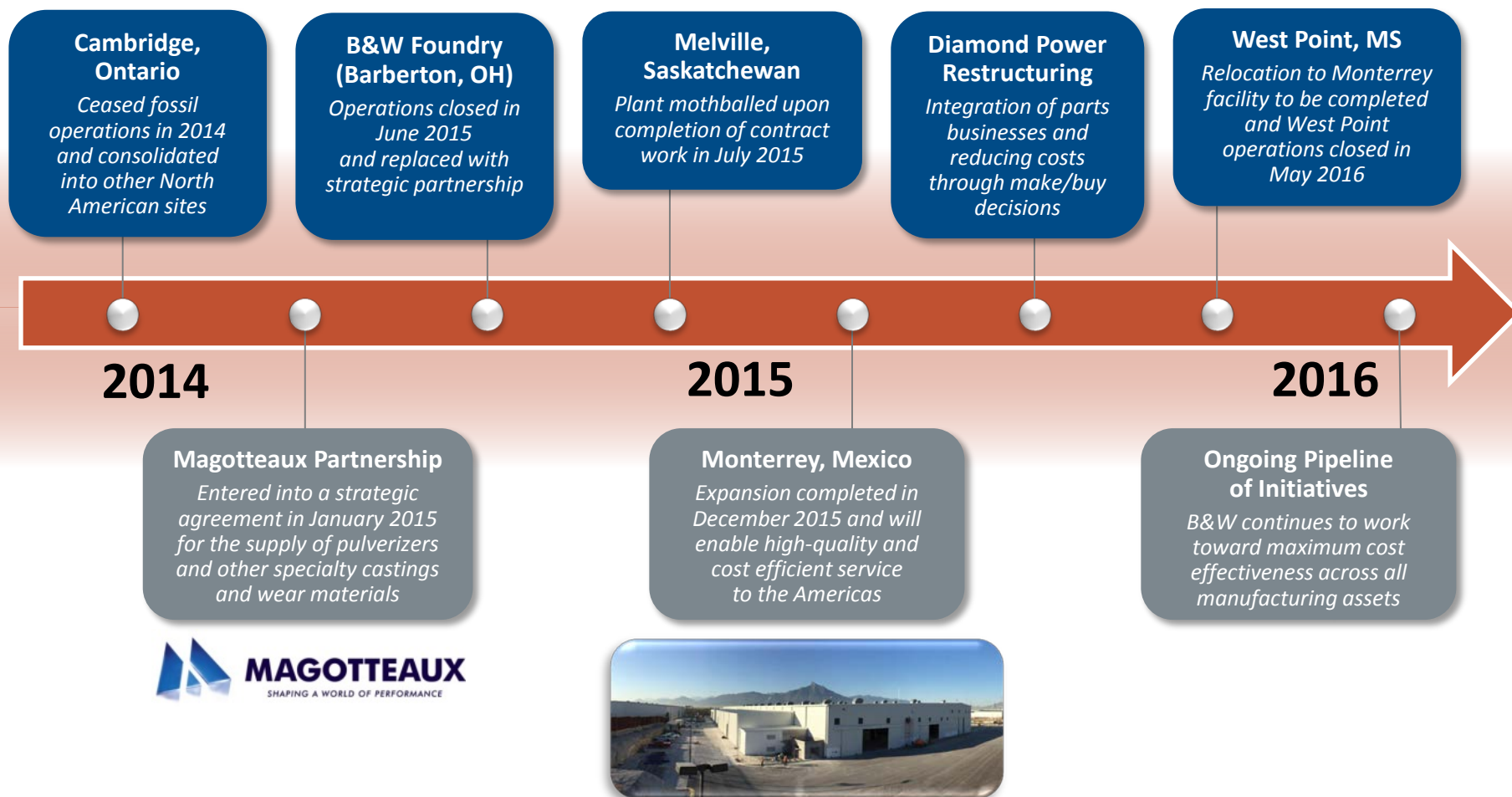
- Coal will continue to be a significant part of the U.S. electricity generation mix
- B&W's non-coal business represents a diverse customer base

Source: Analysis of the impacts of the Clean Power Plan, Energy Information Administration (EIA)

Footnote: (1) Base case normalized to %



# Ongoing Rationalization of Operations



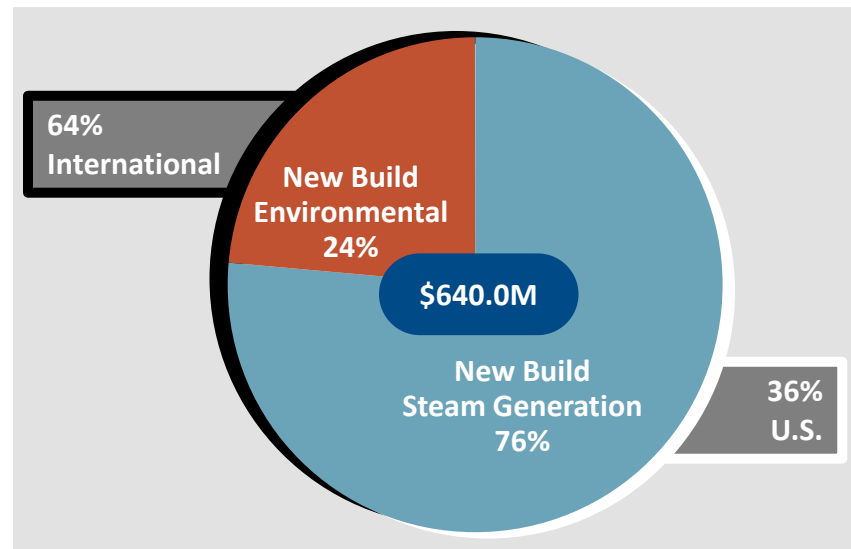
Through a critical but balanced evaluation approach,  
B&W is reducing fixed overhead and improving margins



# Global Power Overview

- Steam generating systems for fossil fuels and renewable energy conversion for power generation and industrial uses
- Environmental solutions include emissions control products and related equipment
- Complex project execution from design through commissioning, offering predictable installation of reliable equipment

2015 Revenue by Segment



Utility Steam Generation



Renewable Power



Industrial Power

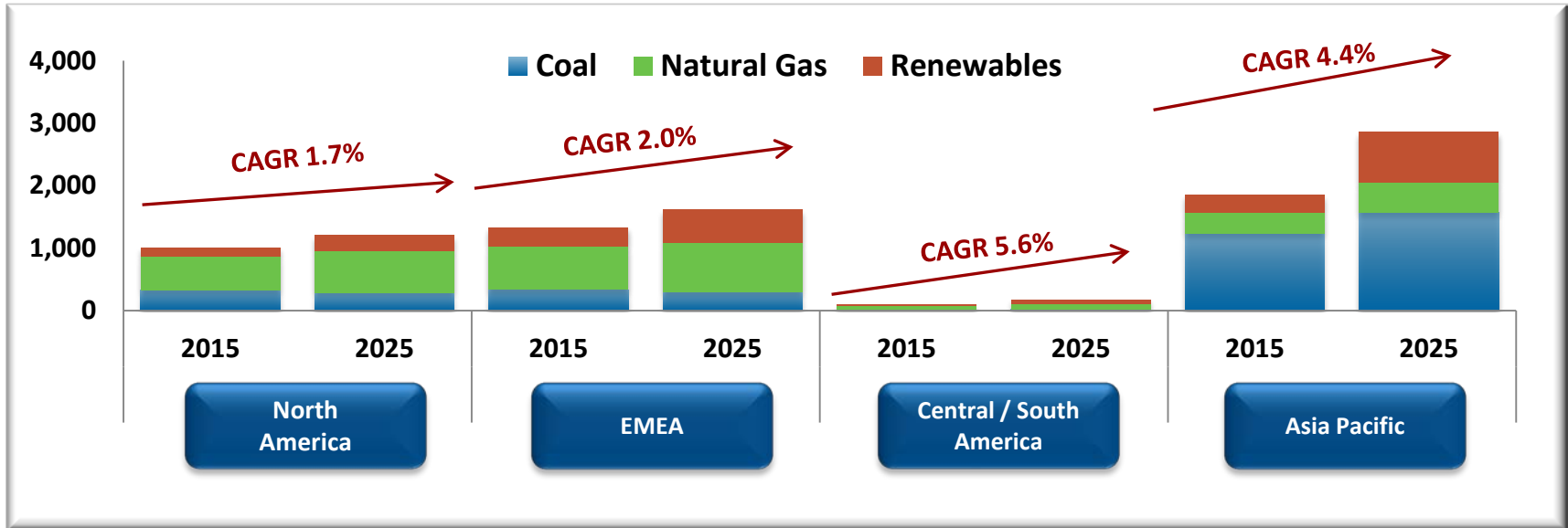


Environmental Solutions

**Pursue Core Growth in International Markets**

# Market Opportunity

Select Fuels Generating Capacity (GWe) by Region



Source: IHS Energy Scenarios (Rivalry), July 2015

- Global capital spending on power generation is and will continue to be robust
- Energy policy and natural resource availability will drive technology selection
- B&W possesses a strong brand and technology foundation
- B&W is well-positioned globally to capitalize on our diverse product portfolio

# Recent Project Awards Demonstrate Global Expansion is Underway

## Waste-to-Energy Power Plant in England

January 2016 – >\$90M



## Biomass Power Plant in England

September 2015 – >\$190M



## Emissions Control Project in Colorado

March 2015 – \$40.3M



## Biomass Power Plant in England

March 2015 – >\$220M



## Biomass Power Plant in Wales

January 2015 – >\$200M



## Supercritical Coal-Fire Boiler and SCR System in Vietnam

January 2015



## Waste-to-Energy Power Plant in Scotland

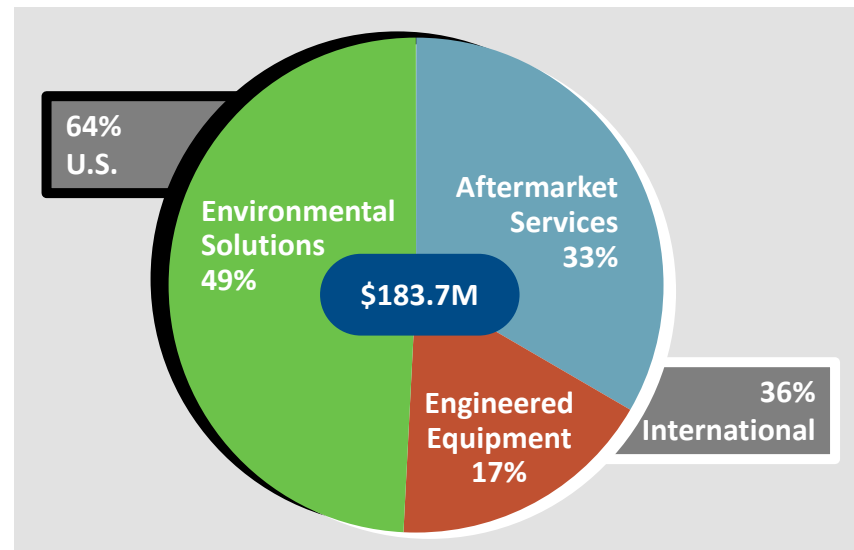
December 2014 – \$230M



# Industrial Environmental Overview

- B&W acquired MEGTEC Holdings, Inc. on June 20, 2014
  - 40+ year history with ~600 employees across 12 offices globally
  - Asset-light flexible manufacturing platform
  - Significantly expanded B&W's industrial environmental capabilities and provides additional channels to market
- Design, engineer, manufacture and service industrial equipment for process industries worldwide
  - Specific technologies for industrial air pollution abatement and recovery
  - Coating and drying equipment for various end markets (including energy storage)
  - Recurring aftermarket business

## 2015 Revenue by Segment



**Air Pollution  
Control Systems**



**Coating and  
Drying Equipment**



**Replacement Parts**

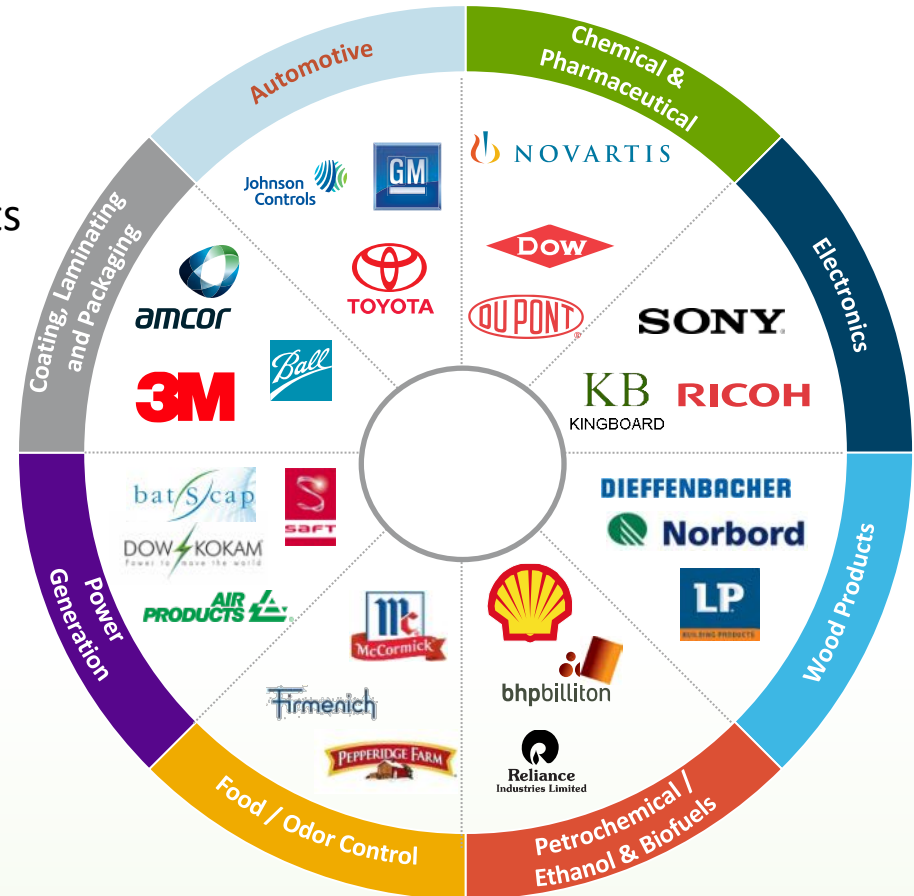


**Preventive  
Maintenance**

**Execute a Disciplined Acquisition Program to Drive Growth and Diversification**

# Market Opportunity

- Industrial environmental business provides engineered solutions to a wide range of problems and processes in diverse and naturally growing end markets  
**5% projected annual market growth**
- Broad customer base includes ~3,100 businesses stretching across six continents and over 60 countries
- Steady stream of repeat aftermarket orders from customers over a long equipment lifecycle promotes a strong relationship and recurring business over time

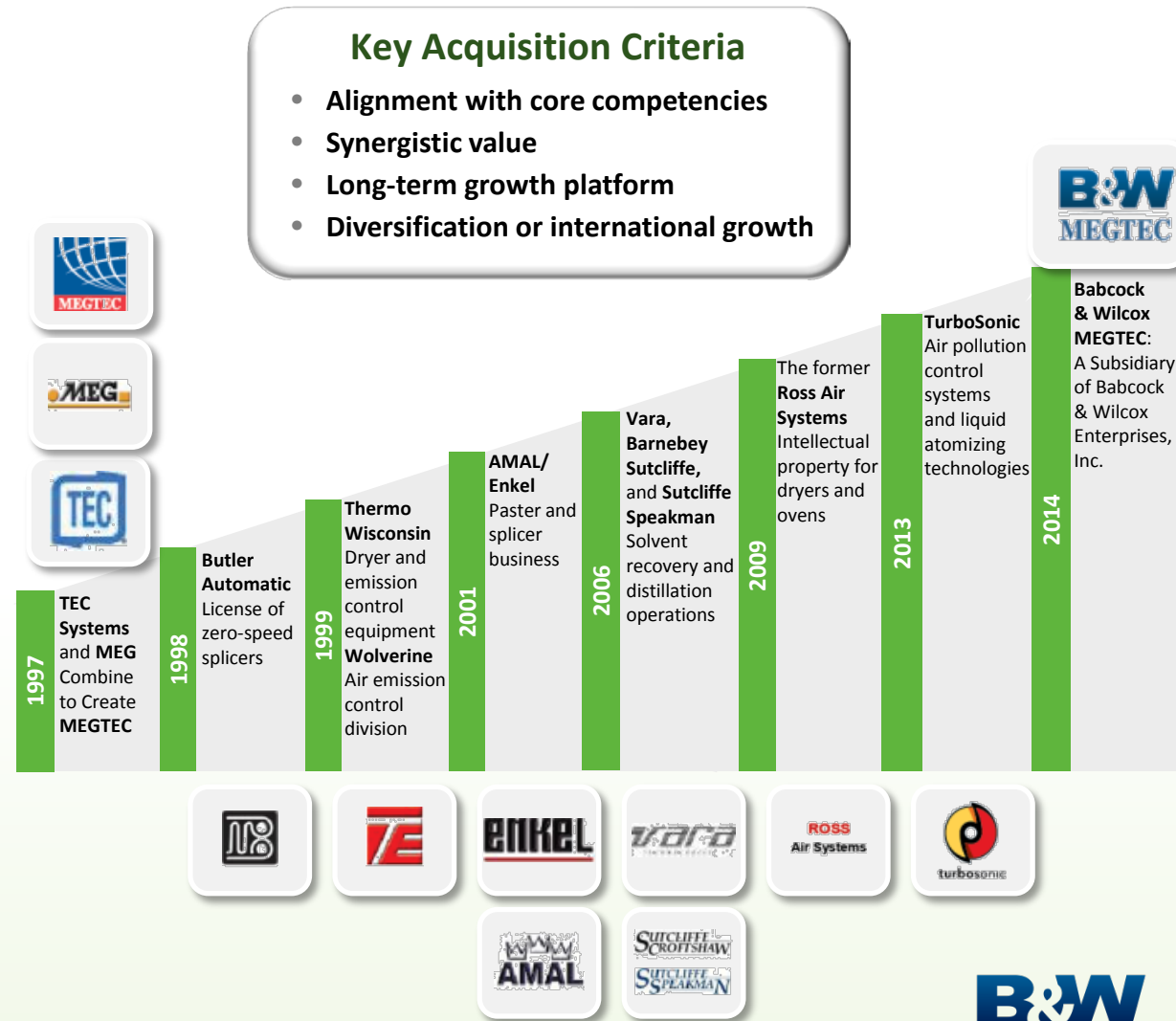


Footnote: Trademarks are the property of their respective owners.



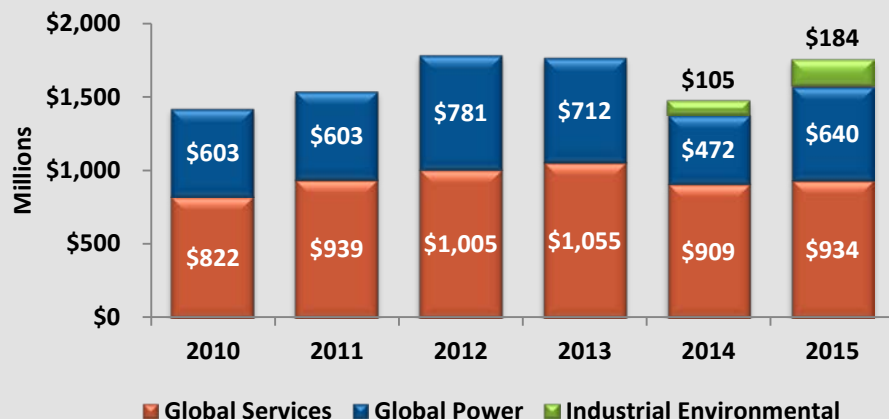
# Strategy to Perform Operationally and Grow via Acquisition

- MEGTEC acquisition is highly complementary to B&W's core competencies
- History of acquisitions and opportunity for further synergistic consolidation in the fragmented industrial environmental market
- B&W will continue to evaluate and execute strategic acquisitions that focus on expanding our existing capabilities as well as entering new, adjacent markets



# Segment Profitability Characteristics

## Segment Revenue



### Global Services

- Flat revenue
- Mix impacts average margin
- Top priority is driving margin

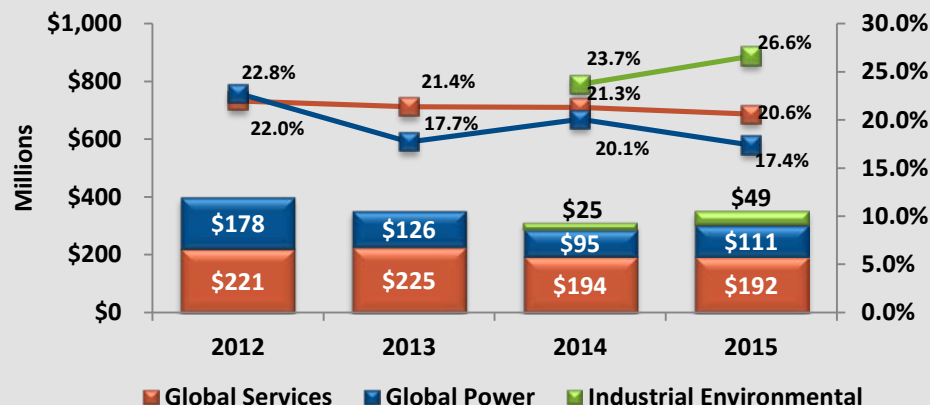
### Global Power

- Revenue growth driven by international projects
- Stable margins
- Good project execution provides margin upside

### Industrial Environmental

- Revenue growth in line with market growth
- Consistent mix of new equipment and aftermarket services
- Stable margins

## Segment Gross Profit and Gross Margin



# Summary Historical Financial Information

<i>\$ in millions, except per share amounts</i>	Fourth Quarter 2015	Fourth Quarter 2014	FY 2015	FY 2014
<b>Revenues</b>	\$502.7	\$444.6	\$1,757.3	\$1,486.0
<b>GAAP Operating Income</b>	(10.0)	(71.2)	21.9	(38.0)
<b>Adjusted Operating Income<sup>(1)</sup></b>	39.5	38.1	103.8	90.2
<b>GAAP Earnings per Share, Diluted</b>	(0.10)	(0.63)	0.30	(0.23)
<b>Adjusted Earnings per Share, Diluted<sup>(1)</sup></b>	0.47	0.66	1.25	1.28 <sup>(2)</sup>

(1) See Appendix for reconciliation of adjusted, non-GAAP items.

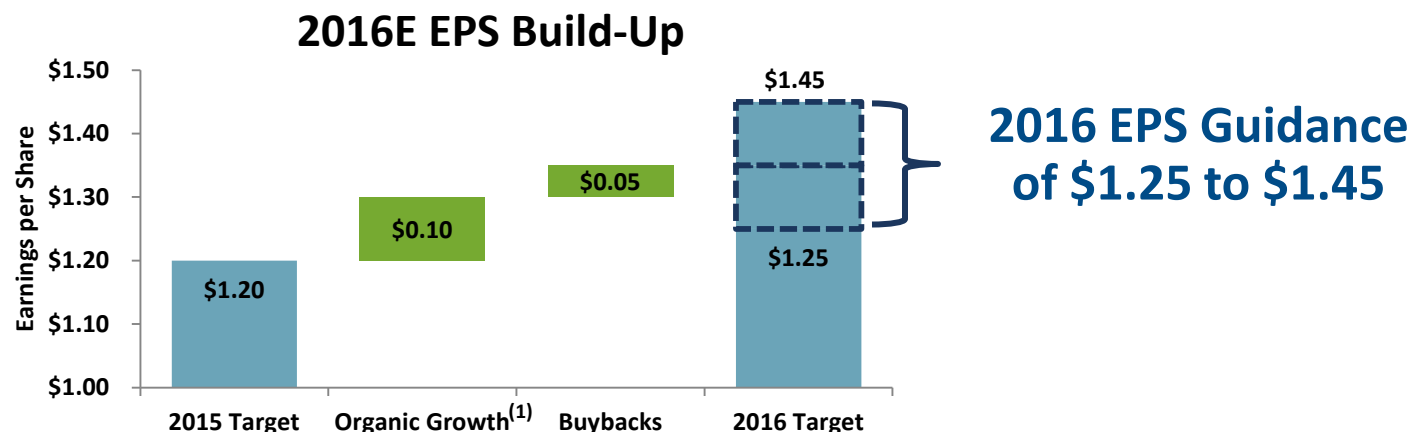
(2) 2014 tax rate was unusually low. Using 2015's adjusted tax rate, 2014 adjusted EPS would have been \$1.10.



# FY 2016 Guidance

## Highlights

- Revenue is expected to increase to \$1.8B based on mid-single digit growth in our Global Power and Industrial Environmental business units while Global Services is expected to remain flat
- Full year adjusted EPS in a range of \$1.25 to \$1.45
  - Adjusted tax rate for 2016 is expected to be in the range of 31% to 33%
  - Revenue and earnings are expected to start low in Q1 and improve through the year due to project timing
  - EPS estimates exclude any mark-to-market adjustment for pension and post-retirement benefits or restructuring charges
  - Does not include incremental benefit from acquisitions or additional share repurchases beyond our initial share repurchase program that is expected to conclude by the end of Q1 2016
- Free cash flow conversion is expected to be between 75% and 100% of net income



Footnote:

(1) Growth estimates are based on \$1.20 midpoint of our 2015 EPS estimate range



# Investment Highlights



## *Strong Foundation*



**Great Brand Associated with Quality, Reliable Delivery and Innovation**



**Customer and Strategic Partner Relationships**



**Experienced Management Team**



**Recurring Aftermarket Services Business**

## *Significant Earnings Upside*



**Three-Pronged Growth Strategy Aligned with Businesses**



**Technology Leader in Global Power Generation**



**Established Platform in Industrial Environmental Market**



**Strong Balance Sheet Enables Strategy Execution**

# Appendix



# Skilled Management Team



Chairman and  
Chief Executive Officer

**Jim Ferland**



Investor Relations  
and Communications

**Leslie Kass**  
Vice President



Finance

**Jenny Apker**  
Senior Vice President  
& Chief Financial Officer



Global Power  
Division

**Paul Scavuzzo**  
Senior Vice President



Industrial  
Environmental Division

**Ken Zak**  
Senior Vice President



Global Services  
Division

**Mark Low**  
Senior Vice President



Corporate Development  
and Treasury

**Mark Carano**  
Senior Vice President  
& Treasurer



Business Development

**Elias Gedeon**  
Senior Vice President & Chief  
Business Development Officer



Operations

**Pete Goumas**  
Senior Vice President



Legal

**André Hall**  
Senior Vice President  
& General Counsel



Human Resources

**Wendy Radtke**  
Senior Vice President



EMEA Strategy  
and Growth

**Maurice Barr**  
Vice President



# Experienced Board of Directors



**Jim Ferland**  
Chairman and  
Chief Executive Officer



**Thomas A. Christopher**

Former Vice Chairman of AREVA, Mr. Christopher also served as its President and CEO from 2000 to 2009. Before that, he held a number of positions at Westinghouse, including Vice President and General Manager, Westinghouse Power Services.



**Cynthia S. Dubin**

Ms. Dubin served as Finance Director for JKN Oil & Gas, an LSE-listed oil and gas exploration and production company, from November 2011 through January 2016. From 2006-2011 she was co-founder and CFO of Canamens, a pan European oil and gas company. She was with Edison Mission Energy from 1993-2005, latterly as VP and CFO for EMEA.



**Brian K. Ferraioli**

Mr. Ferraioli is the Executive Vice President and Chief Financial Officer for KBR, a global technology, engineering, procurement and construction company. He was formerly Executive Vice President and CFO of The Shaw Group, which was acquired by CB&I in February 2013.



**Stephen G. Hanks**

From November 2007 until his retirement in January 2008, Mr. Hanks served as President of the Washington Division of URS Corporation, an engineering, construction and technical services company, as well as a member of the Board of Directors. From June 2001 to November 2007, he was President and CEO of Washington Group Intl.



**Anne R. Pramaggiore**

Ms. Pramaggiore is President and CEO of ComEd, an electric utility company delivering electricity to 3.8 million customers in Chicago and Northern Illinois. Ms. Pramaggiore also serves as a board member of Chicago Federal Reserve Board, Motorola Solutions, and several civic and community organizations.



**Larry L. Weyers**

Prior to his retirement in March 2010, Mr. Weyers served as Chairman of Integrys Energy Group, Inc., a holding company with operations providing products and services in regulated and non-regulated energy markets. From 2010-2015, he served as VP and Lead Director of the Board of Directors of Green Bay Packers, Inc., on which he served beginning in 2003.

# Reconciliation of Adjusted, Non-GAAP Items

(In millions, except per share amounts and percentages)

Three Months Ended December 31, 2015

	GAAP	Pension & OPEB MTM (Gain) / Loss	Impairments	Restructuring	Spin Costs	Non-GAAP
Operating income (loss)	\$ (10.0)	\$ 40.2	\$ 5.6	\$ 3.0	\$ 0.7	\$ 39.5
Other income (expense)	—	—	—	—	—	—
Income tax (expense) benefit	4.7	(16.0)	(2.1)	(1.0)	(0.3)	(14.7)
Net income (loss)	\$ (5.2)	\$ 24.2	\$ 3.4	\$ 1.9	\$ 0.4	\$ 24.8
Net loss attributable to non-controlling interest	—	—	—	—	—	—
Net income (loss) attributable to B&W shareholders	\$ (5.2)	\$ 24.2	\$ 3.4	\$ 1.9	\$ 0.4	\$ 24.8
Diluted earnings (loss) per common share	\$ (0.10)	\$ 0.45	\$ 0.06	\$ 0.04	\$ 0.01	\$ 0.47
Income tax rate	47.4%					37.3%

(In millions, except per share amounts and percentages)

Three Months Ended December 31, 2014

	GAAP	Pension & OPEB MTM (Gain) / Loss	Restructuring	NE Sgmt Allocation	MEGTEC Acquisition Costs	Non-GAAP
Operating income (loss)	\$ (71.2)	\$ 99.3	\$ 8.4	\$ 1.3	\$ 0.2	\$ 38.1
Other income (expense)	(0.8)	—	—	—	—	(0.8)
Income tax (expense) benefit	38.5	(37.0)	(3.2)	(0.1)	(0.1)	(1.9)
Net income (loss)	\$ (33.5)	\$ 62.3	\$ 5.3	\$ 1.2	\$ 0.1	\$ 35.4
Net loss attributable to non-controlling interest	(0.1)	—	—	—	—	(0.1)
Net income (loss) attributable to B&W shareholders	\$ (33.7)	\$ 62.3	\$ 5.3	\$ 1.2	\$ 0.1	\$ 35.3
Diluted earnings (loss) per common share	\$ (0.63)	\$ 1.17	\$ 0.10	\$ 0.02	—	\$ 0.66
Income tax rate	53.4%					5.1%

Note: Tables may not foot due to rounding.



# Reconciliation of Adjusted, Non-GAAP Items

(In millions, except per share amounts and percentages)

Twelve Months Ended December 31, 2015

	GAAP	Pension & OPEB MTM (Gain) / Loss	Impairments	Restructuring	Litigation Settlement	NE Sgmt Allocation	Spin Costs	Non- GAAP
Operating income (loss)	\$ 21.9	\$ 40.2	\$ 14.6	\$ 11.7	\$ 9.6	\$ 2.7	\$ 3.3	\$ 103.8
Other income (expense)	(1.7)	—	—	—	—	—	—	(1.7)
Income tax (expense) benefit	(3.7)	(16.0)	(5.6)	(4.2)	(3.7)	(0.7)	(1.2)	(35.1)
Net income (loss)	\$ 16.5	\$ 24.2	\$ 9.0	\$ 7.5	\$ 5.8	\$ 2.0	\$ 2.0	\$ 67.1
Net loss attributable to non-controlling interest	(0.2)	—	—	—	—	—	—	(0.2)
Net income (loss) attributable to B&W shareholders	\$ 16.3	\$ 24.2	\$ 9.0	\$ 7.5	\$ 5.8	\$ 2.0	\$ 2.0	\$ 66.9
Diluted earnings (loss) per common share	\$ 0.30	\$ 0.45	\$ 0.17	\$ 0.14	\$ 0.11	\$ 0.04	\$ 0.04	\$ 1.25
Income tax rate	18.2%							34.3%

(In millions, except per share amounts and percentages)

Twelve Months Ended December 31, 2014

	GAAP	Pension & OPEB MTM (Gain) / Loss	Restructuring	NE Sgmt Allocation	MEGTEC Acquisition Costs	Non-GAAP
Operating income (loss)	\$ (38.0)	\$ 101.3	\$ 20.2	\$ 5.3	\$ 1.4	\$ 90.2
Other income (expense)	1.4	—	—	—	—	1.4
Income tax (expense) benefit	24.7	(37.5)	(7.2)	(1.4)	(0.5)	(21.8)
Net income (loss)	\$ (11.9)	\$ 63.9	\$ 13.0	\$ 3.9	\$ 0.9	\$ 69.7
Net loss attributable to non-controlling interest	(0.4)	—	—	—	—	(0.4)
Net income (loss) attributable to B&W shareholders	\$ (12.3)	\$ 63.9	\$ 13.0	\$ 3.9	\$ 0.9	\$ 69.3
Diluted earnings (loss) per common share	\$ (0.23)	\$ 1.18	\$ 0.24	\$ 0.07	\$ 0.02	\$ 1.28
Income tax rate	67.5%					23.9%

Note: Tables may not foot due to rounding.



