



# HII Weekly News Digest

Nov. 1, 2024

HII's Weekly News Digest is compiled every Friday by the Corporate Communications team to summarize and highlight news stories of significance to the company.

**HII Reports Third Quarter Earnings:** The Wall Street Journal reported on Thursday that HII posted third quarter net earnings of \$101 million and revenue of \$2.75 billion. Company leaders told participants during a quarterly earnings call that shipbuilding revenue for 2024 will come in at \$8.8 billion. Breaking Defense reported on Thursday that supply chain problems, COVID-era contract terms and lagging contract negotiations continue to affect operations. HII had expected to reach an agreement with the Navy about *Virginia*- and *Columbia*-class submarines in the second half of this year, but uncertainty about that timing emerged this fall. "The long-term value equation for HII has not changed. There's unprecedented demand for our products and services," CEO Chris Kastner told investors during the earnings call. "We remain confident in our mid- to long-term guidance of 9% to 10% shipbuilding margins, and we firmly believe the actions we are taking will enable us to stabilize performance as we continue to work through these shifts." HII's third quarter earnings results can be found [here](#), on HII.com.

**HII Wins LOGIX Task Order With Potential \$3 Billion Value:** GovCon Wire reported on Thursday that HII's Mission Technologies division has received a potential \$3 billion task order from the Department of Defense to provide logistics and intelligence, surveillance and reconnaissance, or ISR, support to help improve joint force capabilities. The Logistics Services, ISR Operations and Next-Gen Technology, or LOGIX, task order aligns with DOD's Joint All-Domain Command and Control, or JADC2, strategy to provide warfighters with information and decision advantage needed to improve U.S. national security.

**Lawmakers Back SAWS Proposal To Close Submarine Funding Deficit:** Inside Defense reported on Friday, Oct. 25, that a bipartisan group of senators is endorsing a Navy proposal aiming to combat submarine delays and cost overruns by restructuring how the vessels are paid for. Seven lawmakers including Senate Armed Services seapower subcommittee chairman Tim Kaine, D-Va., sent a letter to White House Office of Management and Budget Director Shalanda Young encouraging the careful assessment of the Shipbuilder Accountability and Workforce Support (SAWS) proposal. The lawmakers say SAWS is a "promising" proposal aimed at ensuring the U.S. submarine industrial base "rises to the occasion" and accelerates production. According to previous reporting from USNI News, SAWS is intended to help shipbuilders contend with widespread labor shortages by offering more competitive wages to their workers. The proposal would allow the Navy to take funding already appropriated for submarines that have yet to begin construction and use it to boost shipyard wages. CQ Roll Call reported on Oct. 25 that the *Virginia*-class submarine program will experience a \$17 billion deficit over the next six years if changes to the way the program is funded are not made. Sens. Ken Calvert, R-Calif.; Jeanne Shaheen, D-N.H.; Angus King, I-Maine; Kevin Cramer, R-N.D.; and Mark Warner, D-Va., also signed the letter.

**Pentagon Lays Out National Defense Industrial Strategy:** Stars and Stripes reported on Tuesday that the Pentagon has identified six areas of focus necessary to implement its initial industrial defense strategy meant to strengthen shipbuilding efforts and weapons production to keep pace with military competitors. The implementation plan released Tuesday, builds on a strategy published this January,

which described how the Pentagon wants to revitalize the defense industrial base. The six initiatives require senior leaders to focus on deterrence in the Indo-Pacific region, production and supply chains, industrial collaboration with allied partners, modernization of capabilities and infrastructure, the pursuit of new capabilities via flexible paths, and intellectual property and data analysis. The plan will be funded by an estimated \$38 billion outlined in the proposed White House's 2025 fiscal year budget. Breaking Defense reported on Tuesday that about \$4 billion of that FY2025 funding will be used toward strengthening the submarine industrial base. Inside Defense reported on Tuesday that the plan will be updated annually after each presidential budget submission and "will serve as a guiding framework for resourcing decisions and investments in the coming years," according to a foreword written by Pentagon acquisition chief Bill LaPlante.

### Social Media Highlight Of The Week

Posted Friday on HII's Facebook page:

"While we're building the next 100 years of aircraft carriers, the accomplishments of the ships that have served in our navy, both past and present, deserve a celebration.

November is National U.S. Navy #AircraftCarrierMonth, and as the sole designer, builder and refueler of nuclear-powered aircraft carriers, HII is honored to celebrate the brave men and women who serve on our ships and all of our employees who are vital in supporting our mission to deliver the advantage to our national defense customers.



Join us during this month-long celebration as we highlight these mighty vessels built by our shipbuilders and their role in defending the freedom of the United States."

**BAE's Nuclear Submarine Yard Sustains Fire Damage:** The BBC reported on Wednesday that a "significant fire" broke out at the BAE Systems nuclear submarine shipyard in Barrow-in-Furness, about 50 miles north of Liverpool. Local police said there was "no nuclear risk," because of the fire although two people were treated at a local hospital and nearby residents were urged to take precautionary measures. An investigation into the cause of the fire is under way. The fire was located in the shipyard's Devonshire Dock Hall, which is second-largest indoor shipbuilding complex of its kind in Europe. The craft built there include the four *Vanguard*-class submarines that make up the United Kingdom's *Trident* nuclear program. Four new nuclear submarines from the *Dreadnought* class are currently being built at the site and are due to replace the *Vanguards* in the early 2030s. The last of the Royal Navy's seven new nuclear-powered submarines, part of the *Astute* class, is also being built at the site. The Sydney Morning Herald reported on Wednesday that the fire may cause major delays to the rollout of trilateral AUKUS deal because the site is where the first SSN-AUKUS boats will be designed and built. The Australian

Department of Defence is monitoring early reports of the blaze and seeking further information, according to the article.

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*HII's Weekly News Digest is produced by HII's Corporate Communications team and posted to Homeport every Friday.*

*Please note: Social media is blocked on HII computers for most employees. Employees are encouraged to visit HII's Facebook page and other social media sites on personal time and from non-work devices.*

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