



BWX Technologies, Inc.

BWXT

EQUITY RESEARCH REPORT

October 23, 2026

BWX Technologies, Inc. (BWXT)

Report Date: 2026-10-23

Analyst: Moschovakis Capital Research

AUTHORITATIVE CURRENT PRICE: \$123.20 USD / €109.94 EUR

EXECUTIVE SUMMARY

Metric | Value

Recommendation | HOLD

Current Price | \$123.20 (€109.94)

Fair Value (Base Case) | \$122.00

Margin of Safety | -1.0%

Target Entry (HOLD) | \$109.80

Return Profile | Value

Dividend Yield | 0.9%

Expected Dividend Growth | 8.0% (assumed, base)

Expected Price Appreciation | 7.2% CAGR

Total Expected Return (Base) | 8.4% CAGR

Bear Case Total Return | 2.3% CAGR

Bull Case Total Return | 14.8% CAGR

Probability-Weighted Return | 8.5% CAGR

Risk Assessment | Value

Wealth Preservation Score | 60 / 100

Downside Protection Score | 55 / 100

Quality Score | 55 / 100

Risk Level | MODERATE

Probability of >50% Loss | <10%

Recession Profile | SENSITIVE (unverified from provided data; government concentration suggests some stability)

One-Line Thesis:

BWXT owns the only qualified U.S. Navy nuclear reactor supply chain, producing decades of visible government demand and a growing commercial backlog, but at 26 times forward earnings the current price leaves too little margin of safety for a wealth preservation mandate.

INVESTMENT THESIS

BWXT supplies nuclear reactors, fuel, and precision components to the U.S. Naval Nuclear Propulsion Program. No competitor can replace this franchise. The plants took decades to certify. The customer cannot switch. You own a regulatory monopoly when you hold this stock, not simply a wide-moat industrial. Government Operations provides demand visibility measured in decades. Commercial Operations adds nuclear services, medical

isotopes, and advanced reactor work. Revenue grew from \$2,124 million in 2021 to \$3,198 million in 2025, an annual growth rate near 11%. The company reports a backlog between \$7.4 billion and \$8.4 billion depending on source. Book-to-bill prints between 1.7 and 2.6. The latest quarter produced \$901.62 million of revenue, up 18% year over year. Free cash flow turned structurally positive after 2022. Fitch assigned a BBB investment grade rating in September 2026. This is a quality business.

The problem sits in the price. At \$123.20, you pay roughly 26 times forward earnings, 25 to 30 times trailing earnings, 25 times EV/EBITDA, and 42 times free cash flow. Sector averages run near 16.5 times earnings, 11.3 times EBIT, and 12.3 times free cash flow. You pay two to three times the sector multiple. This conflicts with a capital preservation mandate. A high-quality franchise can justify a premium. It cannot justify unlimited premium. The current price already embeds high-teens revenue growth, commercial acceleration, and successful margin expansion toward management's 2030 target of roughly 20% adjusted EBITDA margin. If management delivers, the investment works. If management slips, the multiple compresses quickly. The stock already showed this pattern. It fell from a 2025 print near \$172.84 to the current \$123.20, with a one-month decline of 10.45% noted in one source. Insider sales occurred at prices between \$171 and \$207 in 2025 and 2026.

My base case assumes fiscal 2026 EPS of \$4.75, consistent with consensus and the top of management guidance. I grow EPS 9% annually for ten years. I apply a terminal P/E of 22, below the current forward multiple. The 2036 price target is \$247.30. Price appreciation runs 7.2% annually. Add a 0.9% dividend yield growing 8% and the base total return reaches 8.4% CAGR. That clears the 7% hurdle. A bear case with 4% EPS growth and a 20x terminal multiple produces a 2.3% CAGR total return. A severe stress case with flat EPS and a 16x sector multiple produces a 38% drawdown. The severe case carries maybe 10% to 15% probability. That is too much for a purchase when the margin of safety is negative 1%.

I place BWXT on HOLD. The business franchise is excellent. The current price is not protective. You need a 10% margin of safety before buying for wealth preservation. My target entry is \$109.80. At that price the forward multiple falls near 23 times fiscal 2026 EPS and the base total return rises toward 9.5%. A lower entry also reduces the severe stress drawdown. I would not sell a long-term holding at \$123.20 because the monopoly and backlog support the shares. I would not add here either because the margin of safety is absent.

1. BUSINESS QUALITY ASSESSMENT

BWXT operates as a specialty nuclear manufacturer and service provider. The core business supplies reactor components, fuel, and engineering services to the U.S. Naval Nuclear Propulsion Program. The qualification process for this work took decades. The U.S. Navy cannot replace BWXT without a multi-decade recertification effort. One third-party commentary grades the moat an A. I agree with the qualitative conclusion. The moat is regulatory, technical, and relationship-based. Demand visibility extends across program lifetimes measured in decades, not quarters. The company also serves commercial nuclear power, medical isotopes, and advanced nuclear technologies. These units are earlier-stage and less predictable.

The revenue base compounds. Revenue increased from \$2,124 million in fiscal 2021 to \$2,233 million in 2022, \$2,496 million in 2023, \$2,704 million in 2024, and \$3,198 million in 2025. The fiscal 2025 figure sums from the quarterly 10-K disclosures. Growth accelerated from 5.1% in 2022 to 11.8% in 2023, 8.3% in 2024, and 18.3% in 2025. This is not a melting ice cube. The backlog supports continuation. One source reports \$7.4 billion of backlog as of November 3, 2025 and a 2.6 book-to-bill ratio. Another source reports \$8.4 billion of contracted backlog at 1.7 times book-to-bill, with \$4.5 billion converting to revenue by the end of 2027. The sources conflict. The direction is not in dispute. Demand exceeds current capacity.

Margins tell a more complicated story. Gross margin declined from 25.9% in 2021 to 22.9% in 2025. Operating margin fell from 14.5% to 10.2% over the same period. Net margin dropped from 14.4% to 10.3%. This is the

opposite of a business demonstrating operating leverage. Management targets roughly 20% adjusted EBITDA margins by 2030. The current adjusted EBITDA margin sits near 17.8% on fiscal 2025 guidance of \$570 million. The gap between the historical operating margin and the 20% target is roughly 570 basis points. Some of the margin decline reflects mix shifts toward lower-margin commercial work. Some reflects growth investment. The trend requires monitoring.

Capital efficiency is adequate but deteriorating. StockStory reports a five-year average ROIC of 13.5%, above most industrial companies. The same source notes ROIC declining about 1.2 percentage points per year. A declining ROIC combined with falling operating margin suggests growth is diluting returns. The company also reports 723 total patents according to one source. Another source lists only 29 patents. This discrepancy prevents a definitive intellectual property assessment. The core naval qualification matters more than patent count.

The business model depends on large contracts. A small number of projects can represent a significant portion of operations. This concentration is both strength and weakness. The strength is visibility. The weakness is that a single program delay or cancellation alters the revenue profile. The company discloses dependence on Canadian nuclear plant refurbishment in Ontario. That geography introduces a single-policy risk. For wealth preservation, the business quality earns an above-average mark. The naval monopoly is durable. The commercial and advanced nuclear units introduce execution risk that the government business does not carry.

2. FINANCIAL FORTRESS ANALYSIS

The balance sheet presents a mixed capital preservation picture. Total debt from the Yahoo Finance snapshot is \$2.02 billion. Cash is \$608.2 million. Net debt is about \$1.41 billion. CSIMarket reports debt to equity of 1.49. That exceeds the framework threshold of 1.0 for industrial companies. The peer table shows General Electric at 0.39, RTX at 0.70, Parker Hannifin at 0.65, Lockheed Martin at 2.92, and Boeing at 22.01. BWXT is not the most leveraged peer, but it is far from a fortress balance sheet on the D/E metric.

Cash relative to total debt is about 30.1%. That passes the preferred 20% threshold. The company also carries a Fitch BBB investment grade rating, confirmed in a press release dated September 23, 2026. The rating agency ties the rating to BWXT's ability to execute its strategy and maintain its financial profile. This is a strategy-contingent rating, not a guarantee. Credit access remains available through a Second Amended and Restated Credit Agreement dated November 10, 2025, with Wells Fargo as administrative agent. An indenture and supplemental indenture dated November 10, 2025 also appear in the exhibit index. The research packet does not provide interest coverage, current ratio, or debt maturity schedule. That gap prevents a complete solvency assessment.

Free cash flow has improved dramatically. Fiscal 2022 implied FCF was about \$46.4 million. Fiscal 2023 FCF rose to \$212.4 million. Fiscal 2024 FCF reached \$255 million. Fiscal 2025 FCF is guided to approximately \$285 million. FCF margin expanded from an implied 2.1% in 2022 to 8.5% in 2023, 9.4% in 2024, and roughly 8.9% guided for 2025. The business generates positive cash flow in four of the last five years shown. The 2021 FCF is not provided. This improvement is a genuine capital preservation marker. Cash generation supports the dividend, debt service, and strategic investments.

A severe recession stress test must consider a 30% revenue decline. Using trailing revenue near \$3.51 billion, a 30% decline takes revenue to about \$2.46 billion. EBITDA would compress meaningfully. The current EBITDA is listed near \$476.49 million on one Yahoo snapshot and \$552 million on Trefis. The company-adjusted EBITDA guidance for 2025 is approximately \$570 million. A 30% revenue decline with variable margins could push EBITDA toward \$300 million or lower. Net debt of \$1.41 billion divided by stressed EBITDA is roughly 4.7 times. That is manageable but not comfortable. Government contract cost recovery helps. Commercial cyclicalities hurts.

The company would likely remain solvent. It might need to slow growth investments. I rate solvency ADEQUATE, not FORTRESS, because the debt load is moderately elevated and interest coverage is unverified.

The company also carries an underfunded defined benefit pension and postretirement obligation of approximately \$153.3 million as of December 31, 2025. A substantial portion of postretirement costs is recoverable on U.S. Government contracts. That recovery depends on continued government cost allowability. This is a modest liability relative to the balance sheet, but it deserves monitoring.

3. DIVIDEND ANALYSIS

BWXT pays a dividend. The Q1 2026 10-Q shows dividends declared of \$0.27 per share. This implies an annual dividend near \$1.08 per share. Against the authoritative price of \$123.20, the current yield is 0.9%. The dividend is small. It will not satisfy an income-oriented account. It does provide a real cash return.

Payout metrics are healthy. Fiscal 2025 GAAP diluted EPS was \$3.59. A \$1.08 dividend represents a 30% payout ratio. Using the Yahoo Finance TTM EPS of \$3.86, the payout is 28%. The dividend is well covered. The FCF payout ratio is also low. The company guided to approximately \$285 million of FCF in 2025. A \$1.08 dividend across roughly 92 to 105 million shares costs about \$100 to \$113 million. The FCF payout ratio sits near 35% to 40%. Coverage exceeds 2.5 times. The dividend does not depend on debt issuance.

Dividend growth history is not provided in the research packet. I cannot verify the five-year growth rate, consecutive years paid, or whether the company maintained the dividend through 2008 and 2020. BWXT became a standalone company in 2015 after separating from Babcock & Wilcox. The dividend history as an independent entity is shorter than the framework preference for 15 years. Given the low payout and strong FCF coverage, the dividend is highly sustainable. I rate dividend sustainability ROCK SOLID on coverage, with the qualification that the yield is too small to provide meaningful downside cushion.

The dividend does not meet the wealth preservation sweet spot of 1.5% to 5% yield. It is a token return. Total return depends almost entirely on EPS growth and multiple. This increases downside sensitivity. A dividend cut would be an extreme negative signal, but the probability is low unless severe stress hits. The dividend is a small bonus, not a reason to own the stock.

4. VALUATION ANALYSIS

The research packet lists a trailing P/E of 36.74, forward P/E of 26.95, EV/EBITDA of 24.74, P/B of 9.74, P/S of 3.71, and P/FCF of 41.6. At the authoritative price of \$123.20 and the packet's TTM EPS of \$3.86, the simple trailing multiple is 31.9. The difference reflects source timing and EPS definition. I use \$123.20 and forward EPS of \$4.75 for all valuation conclusions. The forward multiple is 25.9 times. This is the relevant multiple for a growth company with fiscal 2026 consensus established.

The premium versus the sector is large. Trefis sector averages are P/E 16.5, P/S 1.7, P/EBIT 11.3, and P/FCF 12.3. BWXT trades at 2.25 times sector P/E, 2.18 times sector P/S, 2.51 times sector P/EBIT, and 3.38 times sector P/FCF. These are not incidental premiums. The market is paying for a nuclear buildout thesis, a naval monopoly, and commercial acceleration. Any disappointment in those narratives punishes the multiple before it punishes the business.

Against its own history, the stock is not cheap. Trefis annual P/E figures run 17.0 in 2022, 31.5 in 2023, 36.9 in 2024, and 51.6 in 2025. The simple four-year average is 34.25. The current trailing P/E of 31.9 sits below that average. P/S of 3.7 sits slightly above the four-year average of 3.58. P/FCF of 41.6 sits below the four-year average of 56.8. This is an average valuation on trailing metrics, not a discounted one. The de-rating from mid-2026 is substantial. P/E fell from 51.91 at June 30, 2026 to the current level. EV/EBITDA fell from 34.00 to 24.74. P/B fell from 13.93 to 9.74. The market has already removed some premium. The question is whether it

has removed enough.

Analyst targets are optimistic. Yahoo Finance shows a low target of \$150.00, an average of \$209.44, and a high of \$290.00. JP Morgan maintained Overweight on October 13, 2026 and lowered its target from \$230 to \$190. Even the low target sits 21.8% above the current price of \$123.20. The average target sits 70.0% above the current price. Sell-side enthusiasm does not create margin of safety. It creates expectation risk.

My base fair value is \$122.00. I derive it by discounting the base-case 2036 terminal value of \$247.30 plus projected dividends at an 8% required return. At \$123.20 the margin of safety is negative 1.0%. A 10% margin of safety requires an entry near \$109.80. This is the difference between a great company and a great investment. At \$109.80 the forward P/E on \$4.75 EPS is 23.1, still above the sector average but more defensible for the monopoly.

5. SCENARIO ANALYSIS

I model three weighted scenarios to 2036. The base case receives 50% weight, the bear case 25%, and the bull case 25%. I also describe a severe stress case that sits outside the weighted distribution.

Base case assumptions start with fiscal 2026 EPS of \$4.75. I grow EPS 9% annually for ten years. This is below the 13.4% to 14.7% near-term revenue growth consensus, below management's low-double-digit 2030 revenue plan, and below the 18.3% revenue growth printed in 2025. I deliberately use a conservative growth rate because operating margins are not expanding yet. The 2036 EPS is \$11.24. I apply a terminal P/E of 22, down from the current forward 26. The 2036 price is \$247.30. Price appreciation runs 7.2% annually. Dividends contribute about 1.2% annually. The base total return is 8.4% CAGR. This clears the 7% hurdle.

Bear case assumes a recession or prolonged slowdown. Revenue growth slows to 4% annually. Operating margin stays near 9%, below the current 10.2%. EPS grows 4% from \$4.75 to \$7.03 in 2036. The market compresses the multiple to 20 times. The 2036 price is \$140.60. Price appreciation runs 1.3% annually. Dividends growing 4% annually contribute about 1.0%. Total return is 2.3% CAGR. This beats a 4% HYSA on a total return basis only if the terminal multiple holds at 20. It assumes the market continues to pay a premium over the sector for the naval monopoly. That is a real assumption, not a certainty.

Bull case assumes execution of the 2030 plan. Revenue grows toward \$5.5 to \$6.0 billion. Operating margin expands to 20%. EPS grows 14% annually. The 2036 EPS is \$17.61. A terminal P/E of 25 yields a 2036 price of \$440.30. Price appreciation runs 13.6% annually. Dividends growing 14% add about 1.6% annually. Total return is 14.8% CAGR.

The probability-weighted expected return is 8.5% CAGR. That meets the mandate. It does not provide enough excess above the hurdle to compensate for the severe tail.

Severe stress case: defense budgets shift, commercial nuclear stalls, and the market reprices the stock to the sector P/E of 16. If EPS stays flat at \$4.75, the terminal price is \$76.00. That is a 38% drawdown from \$123.20. Dividends do not offset the capital loss. The annualized total return is negative. I assign this case a 10% to 15% probability. A wealth preservation portfolio cannot accept a material probability of negative returns alongside a negative margin of safety. This single tail is the reason I withhold a buy at the current price.

Scenario	2036 EPS	Terminal P/E	2036 Price	Price CAGR	Dividend Contribution	Total CAGR	Weight
Bear	\$7.03	20	\$140.60	1.3%	1.0%	2.3%	25%
Base	\$11.24	22	\$247.30	7.2%	1.2%	8.4%	50%
Bull	\$17.61	25	\$440.30	13.6%	1.6%	14.8%	25%

Probability-Weighted | | | | 8.5% | 100%

6. RISK ASSESSMENT

The dominant risk is U.S. government concentration. Trefis lists heavy reliance on U.S. government contracts as the first key risk. BWXT's largest revenue base depends on Navy procurement, defense budget priorities, and program timing. A shift in any of these directly affects the company. Fiscal year 2026 military budget dynamics appear as a near-term catalyst. The same force cuts both ways. Budget delays or priority changes would compress the backlog conversion assumptions embedded in the stock.

Backlog is contractually fragile. The company's forward-looking language flags delays, changes, or termination of contracts in backlog. The backlog figure is not guaranteed revenue. It is a schedule of expected work. Government customers can cancel or defer. This matters more when the market pays a premium multiple. A single major program change could trigger a de-rating.

Canada concentration adds a second-geography dependency. The 10-K states that future business prospects in Canada depend on continued operation of Canadian nuclear plants and refurbishment of the majority of Ontario plants. Competition, government policy, or execution issues could defer or cancel these projects. Canada is a single-customer, single-province dependency. It does not threaten solvency. It does threaten the commercial growth narrative.

Execution risk rises with the growth plan. The company targets \$6 billion of revenue by 2030. It operates with about 10,400 employees and is pursuing the Kinectrics acquisition expected to complete in 2026. Rapid capacity expansion creates financial strain. The operating margin decline from 14.5% in 2021 to 10.2% in 2025 shows that growth has not yet produced operating leverage. If the margin misses headline, the stock reaction ties directly to the premium valuation.

Valuation risk is the highest-priority capital preservation concern. The equity already embeds high expectations. Trefis identifies a high stock valuation as a key risk. The stock's 52-week gain exceeded 63% before the recent drawdown. That momentum creates sensitivity to any execution slippage. The one-month decline of 10.45% in one source demonstrates the volatility.

Regulatory and environmental liabilities exist. Trefis notes substantial regulatory and environmental liabilities from nuclear operations. The 10-K references changes in regulatory requirements affecting capital market access. The research packet does not quantify remediation liabilities or enforcement actions. The absence of detail prevents sizing the exposure.

Legal proceedings are disclosed generically. The 10-K states that the company is involved in a number of legal proceedings and cannot predict outcomes. The packet names no specific case, plaintiff, claim amount, or date. This is a known unknown. It does not appear likely to cause permanent capital loss for a company of this size.

The pension underfunding of \$153.3 million is modest relative to the balance sheet. Cost recovery on government contracts reduces the economic risk. The macro sensitivity includes interest rates and credit availability. Fitch's rating language ties the BBB rating to strategy execution. A downgrade would increase financing costs and pressure the stock.

For wealth preservation, the risk level is moderate. The monopoly and investment grade balance sheet protect against permanent loss. The premium valuation and operational ramp protect less. I estimate the probability of a greater than 50% permanent loss below 10%. The probability of a meaningful drawdown is higher. The severe stress case produces a 38% decline with 10% to 15% probability. That is the capital preservation problem.

7. MANAGEMENT & GOVERNANCE

The research packet provides limited direct management evaluation. Rex D. Geveden serves as CEO. Michael Thomas Fitzgerald serves as CFO. Ronald Owen Whitford Jr. serves as General Counsel. The company files as a large accelerated filer incorporated in Delaware. The fiscal year ends December 31. The company changed its name from Babcock & Wilcox Co in 2015. No controlling shareholder is disclosed.

Insider activity shows sales, not open-market purchases. CEO Geveden sold \$1,979,005 at \$195.08 to \$199.37 on November 12, 2025, \$2,048,124 at \$203.78 to \$207.13 on May 12, 2026, and \$1,725,007 at \$171.21 to \$174.22 on August 12, 2026. CFO Fitzgerald sold \$505,757 at \$209.25 on May 11, 2026. General Counsel Whitford sold \$371,192 at \$177.43 on August 11, 2025. Director Melvin sold \$106,959 at \$178.26 on August 11, 2025. Officer Meguid sold \$406,618 at \$179.84 on August 6, 2025. These sales occurred at prices above the current \$123.20. Insider selling is not automatically a red flag, especially when concentrated at higher prices. It does not improve conviction.

Capital allocation history is partially visible. The company acquired BHI Energy in 2022 to expand commercial services. It is pursuing the Kinectrics acquisition expected to close in 2026. The 10-K states that BWXT is exploring strategic investments and acquisitions and may fund them with debt or equity. This is a growth posture, not a shareholder-return posture. One third-party YouTube commentary grades capital allocation B+, citing Connectrics and precision components. That grade is not independently verifiable and carries no sourcing details.

I cannot assess CEO tenure, compensation structure, insider ownership, buyback history, or board independence from the provided data. The 10-K exhibit index includes an Executive Incentive Compensation Plan amended January 1, 2024 and a Supplemental Executive Retirement Plan amended July 1, 2015. The exhibits exist but the packet does not include their terms. The absence of a full compensation history is a limitation. For a wealth preservation mandate, management quality is not verifiable. I assign a rating of ADEQUATE but note the grade depends on future execution of the 2030 margin and FCF targets.

8. PEER COMPARISON

The peer set includes General Electric, RTX, Boeing, Lockheed Martin, and Parker Hannifin. The available comparative data are narrow. CSIMarket provides debt-to-equity and size context. One source provides the industry average P/E of 28.4.

Metric | BWXT | General Electric | RTX | Boeing | Lockheed Martin | Parker Hannifin

Debt/Equity | 1.49 | 0.39 | 0.70 | 22.01 | 2.92 | 0.65

P/E | 35.0 | n/a | n/a | n/a | n/a | n/a

Industry Avg P/E | 28.4 | | | | |

On the only capital preservation metric supplied, General Electric screens best at 0.39. Parker Hannifin follows at 0.65, RTX at 0.70. BWXT at 1.49 sits mid-pack, better than Lockheed Martin at 2.92 and Boeing at 22.01. A full capital preservation ranking cannot be confirmed because the packet does not supply dividend yields, payout ratios, FCF margins, ROIC, interest coverage, or dilution for peers.

Size context underscores the differences. General Electric has market cap of \$325.9 billion and revenue of \$50.6 billion. BWXT has market cap near \$12.5 billion and revenue near \$3.5 billion. BWXT is a small-cap or mid-cap defense contractor. Its P/E of 35.0 sits above the industry average of 28.4. The premium reflects the naval nuclear monopoly and the nuclear buildout theme. From a wealth preservation standpoint, BWXT offers the strongest franchise durability among this set for its specific niche. It does not offer the best balance sheet. That combination argues for patience on entry price rather than avoidance.

9. KEY METRICS SUMMARY

Metric | Value

Revenue FY2021-FY2025 | \$2,124M / \$2,233M / \$2,496M / \$2,704M / \$3,198M

FY2025 Revenue Growth | +18.3%

Gross Margin FY2025 | 22.9%

Operating Margin FY2025 | 10.2%

Net Margin FY2025 | 10.3%

Diluted EPS FY2025 | \$3.59

TTM Diluted EPS | \$3.86

FY2026 Consensus EPS | \$4.75

FY2026 Guidance | \$4.70-\$4.80

FCF 2023/2024/2025E | \$212.4M / \$255M / ~\$285M

Total Debt | \$2.02B

Cash | \$608.2M

Net Debt | ~\$1.41B

Debt/Equity | 1.49

Pension Underfunding | \$153.3M

Fitch Rating | BBB

Dividend | \$0.27/quarter, ~\$1.08 annual

Dividend Yield | 0.9%

Payout Ratio | ~30%

ROIC 5Y Avg | 13.5%, declining ~1.2 pp/year

Trailing P/E | ~31.9 (live price) / 36.74 (packet)

Forward P/E | 25.9

EV/EBITDA | 24.74

P/FCF | 41.6

Backlog | \$7.4B to \$8.4B depending on source

Book-to-Bill | 1.7 to 2.6

10. MONITORING CHECKLIST

Item | Threshold | Frequency

Q3 2026 EPS | >= \$1.19 | Nov 2, 2026

Q3 2026 Revenue | >= ~\$850M | Nov 2, 2026

FY2026 EPS Guidance | Hold \$4.70-\$4.80 | Quarterly

Book-to-Bill | >1.5x | Quarterly

Backlog Conversion | \$4.5B by end-2027 | Quarterly

Operating Margin | >12% by 2027 | Quarterly

FCF Margin | >8% | Quarterly

Kinectrics Close | Complete in 2026 | Event

Fitch Rating | Maintain BBB | Annual/Event

Insider Selling | No further CEO/CFO sales at lower prices | Quarterly

Price vs Target Entry | Buy if \$109.80 or lower | Daily/Weekly

11. MARKET EXPECTATIONS & CONSENSUS

The current stock price implies high expectations. Forward P/E at \$123.20 and fiscal 2026 EPS of \$4.75 is 25.9. The sector average P/E is 16.5. The market is paying for roughly 9% to 10% annual earnings growth plus a durable premium. The research packet does not provide a reverse DCF or explicit implied growth rate. Sell-side revenue growth expectations run 13.4% to 14.7% over the next twelve months. A \$209 average price target embeds even higher growth or multiple expansion. The YouTube source mentions \$230 supported by 17% projected revenue growth. The price at \$123.20 is below that. The market has already marked down some expectation.

Consensus bull case focuses on the impenetrable Navy monopoly, a backlog set to expand, commercial AI-related nuclear demand, and 2035 enrichment projects. The commercial operations revenue grew 95% in Q4 2025 and 63% for the full year according to one source. The bull case treats these rates as durable. The bear case in the packet is not well developed. The generic bear case is that a miss on estimates moves the stock lower because growth slowing compresses the premium multiple. The Yahoo Finance piece titled "Profit Margin Miss Reinforces Concerns Over Premium Valuation" identifies margin as the recent negative surprise. That is the key.

Short interest and days-to-cover are not provided in the research packet. Analyst consensus is Moderate Buy, with a Zacks Rank #2 Buy. The latest rating shown is JP Morgan Overweight with a \$190 target, lowered from \$230 on October 13, 2026. The average target is \$209.44. At \$123.20, the market prices the stock below the sell-side low target of \$150. That is unusual. It signals either a buying opportunity or a market doubt about the consensus. For wealth preservation, I treat the low analyst target as a sentiment floor, not a valuation anchor.

Forward Valuation:

Metric | Value | vs. Sector Avg | Assessment

Fwd P/E | 25.9 | 16.5 | Expensive

PEG | Not provided | n/a | Cannot evaluate

EV/EBITDA | 24.74 | n/a | Expensive

Beta | Not provided | n/a | Cannot evaluate

What would validate consensus: FY2026 EPS at or above \$4.75 and within guidance, quarterly revenue growth near 18%, commercial segment growth sustaining high rates, and conversion of the backlog.

What would disappoint: FY EPS below \$4.70, quarterly revenue below consensus, commercial growth decelerating sharply, backlog conversion delays, or negative estimate revisions.

12. KEY BUSINESS DRIVERS

Driver 1: Backlog and book-to-bill

Why it matters: It measures demand visibility and future revenue conversion.

Current level: \$7.4B to \$8.4B backlog; book-to-bill 1.7 to 2.6.

Bull threshold: Book-to-bill above 1.5 with backlog above \$7B.

Bear threshold: Book-to-bill below 1.0 or backlog declining two consecutive quarters.

Next data point: Q3 2026 earnings release near November 2, 2026.

Driver 2: Revenue growth

Why it matters: It validates the premium multiple and the 2030 revenue plan.

Current level: FY2025 revenue growth +18.3%; TTM revenue \$3.51B.

Bull threshold: Next-twelve-month revenue growth above 13%.

Bear threshold: Revenue growth below 8% and slowing from the current pace.

Next data point: Q3 2026 revenue print.

Driver 3: Operating margin expansion

Why it matters: This is the widest gap between current economics and the 2030 target.

Current level: Operating margin 10.2%; 5-year average 14.3%; 2030 target ~20% adjusted EBITDA.

Bull threshold: Operating margin above 12% by 2027 or adjusted EBITDA margin above 18%.

Bear threshold: Operating margin stays below 10% or adjusted EBITDA margin declines.

Next data point: Quarterly earnings commentary.

Driver 4: Free cash flow

Why it matters: It funds the dividend, debt paydown, and strategic growth without diluting shareholders.

Current level: ~\$285M guided for 2025; FCF margin near 9%.

Bull threshold: FCF above \$350M in 2026 or margin above 10%.

Bear threshold: FCF margin below 8% or guidance cut.

Next data point: FY2026 guidance and quarterly cash flow.

Driver 5: Unit throughput and capacity

Why it matters: It determines whether the company can absorb the backlog without margin dilution.

Current level: Generator output moved from 1.0 unit per month to over 1.5 units per month.

Bull threshold: Throughput holds above 1.5 units per month while margins expand.

Bear threshold: Throughput stalls and backlog conversion slips.

Next data point: Management updates on capacity expansion.

13. PROXY TRACKERS & LEADING INDICATORS

Proxy | Ticker/Symbol | Relationship | Signal

iShares US Aerospace & Defense ETF | ITA | Leads defense contractor sentiment | Bullish if ITA holds above 200-day MA; bearish if it breaks below 50-day MA

Global X Uranium ETF | URA | Correlates with nuclear theme sentiment | Bullish if URA makes new highs; bearish if it breaks below 50-day MA

Lockheed Martin | LMT | Correlates with defense budget expectations | Bullish if LMT rises on budget news; bearish if LMT warns on defense spending

General Electric | GE | Peer with nuclear and defense exposure | Bullish if GE outperforms industrials; bearish if GE weakens on margin concerns

Monitoring rule: If ITA breaks below its 50-day moving average alongside LMT, re-evaluate BWXT within five days. If URA rallies while BWXT does not, the market is discounting the nuclear theme. If GE signals margin pressure, expect BWXT's margin narrative to face scrutiny.

EXIT TRIGGERS

- Price drops to \$109.80 or below with the thesis intact: upgrade to BUY.
- Q3 2026 EPS below \$1.15 or revenue below \$850 million: re-evaluate the FY2026 guidance and the premium multiple.
- FY2026 EPS guidance cut below \$4.70: reduce or avoid.
- Book-to-bill falls below 1.0 or backlog declines two consecutive quarters: reduce or avoid.
- FCF margin falls below 8% or the Kinectrics acquisition causes a material integration charge: re-evaluate.
- Dividend cut: avoid, as it signals severe stress.
- Fitch downgrade below investment grade: avoid.
- Price rallies above \$150 without corresponding operating margin expansion: remain HOLD, do not chase.

FINAL RECOMMENDATION

RECOMMENDATION: HOLD

Current Price: \$123.20

Target Entry: \$109.80

Fair Value (Base Case): \$122.00

Margin of Safety: -1.0%

BWXT is a high-quality nuclear monopoly with durable naval demand, a growing commercial backlog, positive free cash flow, and an investment grade balance sheet. The current price does not provide the margin of safety required by a wealth preservation mandate. The base case clears the hurdle with an 8.4% total return. The severe stress case produces a 38% drawdown. The current margin of safety is negative 1%. Wait for a price near \$110 or evidence of margin expansion before committing capital.

ANALYST NOTES

Key Assumptions: Fiscal 2026 EPS of \$4.75; 10-year EPS CAGR of 9% base, 4% bear, 14% bull; terminal P/E of 22 base, 20 bear, 25 bull; annual dividend \$1.08 growing with EPS; 8% required return.

Limitations: The research packet omits interest coverage, current ratio, debt maturity schedule, dividend growth history, short interest, beta, and institutional ownership. Segment-level revenue concentration is not quantified. Peer comparison is limited to debt-to-equity and size. The backlog and book-to-bill figures conflict across sources. Analyst targets reflect sell-side optimism and are not independent valuation anchors.

Confidence Level: MEDIUM. The qualitative moat is clear and the balance sheet is investment grade. The quantitative downside is uncertain because multiple premium and execution risk dominate. The recommendation could change with one quarter of margin expansion or a price decline to the target entry.

Report prepared for Moschovakis Capital. This analysis is for informational purposes only.

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For the execution of positions discussed in our research, we use the following platforms for their regulatory standing, liquidity and reliability.

eToro	Equity execution — regulated, social trading infrastructure
Revolut	Multi-currency banking and FX
Interactive Brokers	Institutional-grade brokerage
Vantage	MT4/MT5 execution
Binance	Digital asset infrastructure
Hostinger	Web infrastructure

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