# NYSE:BW Q2 2026 Earnings Call Transcript

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### Krisalyn | Operator:

Good afternoon. Thank you for attending the Babcock & Wilcox Enterprises' second quarter 2026 conference call. All lines will be muted during the presentation portion for the call, with an opportunity for questions and answers at the end. I would now like to turn the conference over to your host, Sharon Brooks, B&W's Director of Communications. Thank you. You may proceed, Ms. Brooks.

### Sharon Brooks | Director of Communications:

Thank you, Krisalyn, and thanks to everyone for joining us on Babcock & Wilcox Enterprises' second quarter 2026 earnings conference call. I'm Sharon Brooks, Director of Communications. Joining the call today are Kenny Young, B&W's Chairman and Chief Executive Officer, and Cameron Frymyer, Chief Financial Officer, to discuss our second quarter results. During this call, certain statements we make will be forward-looking. These statements are subject to risks and uncertainties, including those set forth in our Safe Harbor provision for forward-looking statements that can be found at the end of our earnings press release and in our quarterly report on Form 10-Q that was filed with the SEC earlier today. Additionally, except as required by law, we undertake no obligation to update any forward-looking statement. We also provide non-GAAP information regarding certain historical and targeted results to supplement the results provided in accordance with GAAP. This information, which includes a discussion of adjusted EBITDA and adjusted net income, should not be considered superior to or a substitute for the comparable GAAP measures. A reconciliation of historical non-GAAP measures can be found in our second quarter 2026 earnings release published earlier today and in our company overview presentation filed on Form 8-K, which is posted on the investor relations section of our website at babcock.com. Please also see our second quarter 2026 earnings release published on August 10th, 2026 for further information regarding our bookings and backlog. I will now turn the call over to Kenny.

### Kenny Young | Chairman and Chief Executive Officer:

Thanks, Sharon. Well, good afternoon, everyone, and thanks for joining us on our second quarter 2026 earnings call. We are pleased to report another strong quarter highlighted by robust financial results and active project development and continued operational momentum. and our core business and further strategic debt reduction and stock repurchase. During the second quarter, Babcock & Wilcox continued to benefit from the growing need for reliable electrical generation from all sources of power consumption, including utilities, industrial and data center customers. These tailwinds drove strong operating results during the quarter and led us to raise our full-year 2026 adjusted EBITDA target range from 80 to 105 million. As excited as we are about the increasing opportunities in new utility, industrial and AI and data center power generation project opportunities, we're equally excited about the strong results in our core projects as well as our parts and services businesses. These businesses have and continue to be strong cash generators for the company and continue to deliver Our quarterly financial results were highlighted by revenue, net income and adjusted EBITDA, all of which exceeded both company and consensus expectations. In the second quarter of 2026, our pipeline, bookings and backlog saw significant development as well. Our total pipeline is now over 14 billion, including four to six gigawatts worth of power generation opportunities. Our bookings and backlog surged year over year, fueled by our core business growth and continued development of our base Electron project in North Dakota. In the first half of 2026, we had bookings of 2.7 billion, which was an increase of more than 1,058% compared to the first half of 2025. Additionally, our backlog was $2.6 billion in the second quarter of 2026, which was a 533% increase compared to the second quarter of 2025. Strong global demand

for B&W's technologies, together with increasing investment in power generation, continues to reinforce our positive outlook. We are focused on executing our strategic priorities, delivering on our current pipeline, in maintaining the operational and financial flexibility needed to capitalize on future growth opportunities. Turning to our core business, our parts and services continue to excel with demand for reliable baseload power growing across North America and global markets as well. This accelerating demand is encouraging utilities to invest in the refurbishment, recommissioning, and continued operation of existing cold-fire generation assets to support grid reliability and meet future load growth. This development serves as a catalyst for B&W's continued growth, positioning us to play a critical role in supporting AI data center expansion and meeting increased baseload generation needs in the years ahead. Our initial data center project with Base Electron is progressing ahead of expectations and on budget. Manufacturing of the boilers, steam turbines, and other long lead time components continues to advance quickly and efficiently, helping to deliver reliable high capacity energy generation on the fast track timeline required by AI data center customers. Base Electron has submitted its conditional use permit application, and we are planning for most of the on-site construction, including civil and mechanical, to start in the first part of 2027 and turbines and boiler components delivered after construction begins. The growth of AI-driven data centers is creating significant opportunities for BW with more than 4 to 6 gigawatts in new opportunities added from hyperscalers, developers, and utility customers in our pipeline. We remain in active discussions with multiple AI data center customers utilizing coal and natural gas, and we expect a second data center project to move in full notice to proceed this year. In anticipation of this next data center project, B&W has secured the manufacturing reservation rights for an additional one gigawatt of steam turbines from Siemens Energy. A total of 50 megawatt steam turbines will be produced with the first generator sets being delivered within 12 to 14 months thereafter and additional deliveries to follow on a regular basis. This will help accelerate deployments for future B&W data center projects. As B&W continues to expand, we are increasing our workforce to support the growth in our hiring and our engineering project and business development organizations while increasing the availability of qualified skilled welders, and electricians. As the global power demand continues its climb, availability of highly skilled labor, especially in the United States, is in short supply. Specifically, this negatively impacted efficiencies and resulted in higher direct costs on a specific construction project for B&W during the second quarter. We took immediate action in working with the unions to immediately increase qualified labor availability through incentives, rehires, and delayed retirements to ensure qualified skilled labor is available going forward. Despite these U.S. industry-wide issues, we successfully navigated these labor impacts while still delivering robust top-line results and strong EBITDA growth as well. We don't expect labor shortages to be persistent issues as our near-term focus within our construction business has shifted Our Bright Loop initiatives continue to move forward as we advance the commercialization of our technologies to enable cost-effective energy production. The commercial scale demonstration of Bright Loop at our Massillon, Ohio project site remains a strategic priority We are continuing fabrication of major components for the facility while we prepare the site for major construction activities to begin yet this year. We have included a few photos of the various Brightloop reactors in the fabrication process in our company overview presentation on our website. The operation of Maslin in late 2027 will position Brightloop as a commercially available option for energy production as the demand for new generation assets continues to grow. We believe these efforts will strengthen B&W's leadership in low-carbon energy solutions and support our long-term growth. I'll now turn the call over to Cameron to discuss the financial details of the second quarter for 2026.

## Cameron Frymyer | Chief Financial Officer:

Cameron? Thanks, Kenny. I am pleased to review our second quarter 2026 financial results, further details of which can be found in the 10-Q that was filed with the SEC this afternoon. Our second quarter of 2026 consolidated revenues were $319.7 million, which is a 130% increase compared to the second quarter of 2025. Net income was $14.3 million for the second quarter, a $72.8 million increase compared to the second quarter of 2025. Finally, adjusted EBITDA was $21.8 million for the second quarter, a $7.9 million increase compared to the second quarter of 2025. These top line metrics Capture the recent growth we've seen across our businesses and illustrate B&W's positive trajectory moving forward. In the first half of 2026, revenues

were $534.1 million, which is a significant increase compared to the revenue of $287.5 million in the first half of 2025. This is primarily driven by an increase in large project volume, including $131.7 million from base electron, and the growing need for electricity from fossil fuels driven by demand from AI, data centers and expanding economies. Our core parts and services continue to perform well during the first half of the year. Net loss in the first half of 2026 was $62.7 million compared to a net loss of $80.5 million in the first half of 2025. Net loss in the first half of 2026 is attributed to $77.4 million of non-cash warrants and other stock-related costs that were recorded this year due to the increase in our stock performance. Excluding the impact of these specific warrants and other stock-related costs, B&W reported adjusted net income of $14.7 million in the first half of 2026. Adjusted EBITDA was $37.8 million in the first half of 2026, compared to $17.9 million in the first half of 2025. I'll now turn to the balance sheet cash flow and liquidity. Total debt at June 30th, 2026 was $276.8 million, which includes unamortized fees and unamortized gains from our bond swap in 2025. The company had a cash, cash equivalents, and restricted cash balance of $382.8 million. In the second quarter of 2026, we announced the repurchase of the remaining $61.8 million in outstanding December 2026 bonds. In addition, BMW's Board of Directors in July of 2026 authorized a share repurchase program for up to $50 million. The combination of our bond payments and the launch of the share repurchase program illustrates BMW's disciplined approach to debt repayment while reflecting the confidence in our balance sheet and strategic approach to building shareholder value. With that, I'll now turn the call back over to Kenny.

### Kenny Young | Chairman and Chief Executive Officer:

Thanks, Cameron. Well, in closing, we are encouraged by the progress that we have seen across the first half of 2026, which along with our visibility for continued strong demand in the second half helped drive our improved 2026 full-year adjusted EBITDA target range. Our core business continues to see sustained opportunities fueled by growing demand for reliable baseload power and a continued focus on energy security and we believe B&W is uniquely positioned to capitalize on these trends. We continue to move forward with base electron projects and see additional data center opportunities emerging and our pipeline now exceeds well over $14 billion in project opportunities and our bookings and backlog continue to convert at a strong pace. We are encouraged by momentum we are seeing across our core markets and the opportunities to not only support the growing need for reliable baseload generation, but also to play a key role in advancing energy security and supporting the global energy transition. I will close by recognizing our talented and dedicated employees worldwide whose commitment and expertise continue to drive B&W's success. We are grateful for their ongoing contributions as well as their continued support of our customers, suppliers, and partners around the world. We are optimistic about the opportunities ahead and look forward to further demonstrating BMW's role as a leader and innovator in delivering advanced power generation and environmental solutions that support reliable power and strengthen energy security and shape the future of the global energy landscape. With that, I'll turn it back over to Chrislyn, and we have time for just one or two questions. So, Chrislyn, I'll turn it over to you.

### Krisalyn | Operator:

We will now begin the question and answer session. If you would like to ask a question, please press star 1 to raise your hand. To withdraw your question, press star 1 again. We ask that you pick up your handset when asking a question to allow for optimum sound quality. If you are muted locally, please remember to unmute your device. Please stand by while we compile the Q&A roster. Your first question comes from the line of Rob Brown with Lake Street Capital Markets. Your line is open. Please go ahead.

### Rob Brown | Analyst at Lake Street Capital Markets:

Hi, Kitty. Hi, Cameron. Congratulations on all the progress.

### Kenny Young | Chairman and Chief Executive Officer:

Hey, Rob.

### Rob Brown | Analyst at Lake Street Capital Markets:

Thanks. First question on the Base Electron project. You recognized a fair amount of revenue in the quarter. Could you give us kind of a layout of how that project's developing and flowing through the... The income statement, really how the project kind of steps forward over the next few quarters.

### Kenny Young | Chairman and Chief Executive Officer:

Yeah, so we were able to recognize a little bit more revenue in the first part than we anticipated, obviously from the production aspect and the manufacturing aspect of various milestones that have been reached, which is exciting for us because we're ahead of expectations right now on that project and on budget. On that standpoint, I think where the real bulk of the revenues pick up is as we move into the construction phase and we begin shipping materials on site, which will have significant milestones. Obviously, that'll start early next year on a particular site location. And as mentioned, BASIS filed their initial permit application for the site, and they're working through all of those details and we're supporting them heavily on that and we're excited about getting to the construction phase which again will start next year. We'll keep an eye out on the revenue aspect and if we think we can pull in more revenue in EBIT obviously we'll take a look at that in the coming quarters and make any adjustments accordingly on that standpoint. And that's one of the reasons amongst others that we decided to increase the EBIT range as well too. We'll see how the milestones shake out, but I think we'll see significantly more revenue going into the early part of next year.

### Rob Brown | Analyst at Lake Street Capital Markets:

Okay, great. And then on the pipeline, I think you talked about 4 to 6 gigawatts of potential pipeline there. Could you Kind of elaborate on how you see those projects developing and maybe how they compare to the base Electron kind of project in terms of the numbers of projects that you're going after.

### Kenny Young | Chairman and Chief Executive Officer:

Yeah, no, happy to. So, you know, we're involved in a number of them now, you know, in discussions and obviously negotiations on a few. I think these will evolve, as we've stated publicly before, these will evolve with some sort of an initial LNTP of various sizes up front and then we'll move into full NTP or full notice to proceed on those projects. We're obviously confident and excited about one or two that are developing that we went ahead and placed reservation rights for the cement turbines associated with that. In this particular case, instead of the larger boilers, we're using 50 megawatt boilers and steam turbines in an enhanced combined cycle fashion where we can actually install the boiler and the turbine ahead of the combustion turbine and we're able to add a combustion turbine at a later date. But the customer can realize the full power of the 50 megawatt units that will provide initially one gigawatt worth of power, 50 times 20. When the combustion turbine is available, it'll basically, on the same plot of land, double the output from one gigawatt to two gigawatts. So it's a real nice advantage for one or two of our customers, and we're in discussions, you know, continuing discussions with them. We're also, and I think this is unique, in discussions around potential

other large project opportunities. Some of those are coal-related, which I Realize many people will have a difficult time believing, but even outside the TerraSpark project that we announced and we're working on the feed study associated with that project, we're in discussions on other potential coal-related projects, obviously backed by the current administration, but to be used either in a grid connection associated with a data center or a direct connect through a data center. at a particular site. And these are larger projects as well, too. So there are several that we're involved in outside of the coal opportunities. But I want to reference that because we think those are unique. And it's also uniquely positioned as BMW is probably one of the only few companies that actually support those projects today.

### Rob Brown | Analyst at Lake Street Capital Markets:

Okay, great. And then I got a lot of questions on sort of the customer response to, I think you have a quicker time to market with your product and an overall kind of comparable cost structure for your system versus others. But what's sort of the need in the marketplace for time to market and how is that resonating with the customer base?

### Kenny Young | Chairman and Chief Executive Officer:

Well, customers always want to go faster and faster for sure, right? We understand that pressure and we're working to respond to that. That's one of the reasons we're moving quicker on these Siemens turbines to be ready in a 12 to 14 month period to get initial shipments on that to match with the boiler opportunity out there. Overall, but from a capital, you know, our focus has always been on the total cost of levelized or the levelized cost of electricity. So looking at total cost of ownership, but the levelized cost of electricity, when you look at that category, or if you want to look at heat rate, when you leverage the enhanced combined cycle plant structure that we're doing, where we're taking the boiler and the turbine and matching it up with a combustion turbine at a later date, the combination of all three of those puts us on a heat rate that's not much worse, if you will, than a combined cycle plant. So when you look at the overall efficiency aspect of those, we're pretty in line or pretty close, but we're providing power three to five years faster on those sites than a combustion turbine alone. I think the other key factor is We don't talk about this enough, but if it's just a standard combustion turbine with a HERSIG and a steam turbine under a combined cycle concept, the reliability of that is a little bit less. One, it's well-known combustion turbines are not quite as reliable as steam. The second aspect of it is if the combustion turbine goes out of service, that entire amount of electricity is gone. When you have, in our case, where we're taking a standard steam boiler, converting that into a combination of a Herzogen boiler where it can accept the waste heat from a combustion turbine in the future, then we're able to generate power both from the combustion turbine as well as from the boiler slash steam turbine. So if one or the other goes down, you still have One of the units operating. So combined, they'll be producing, let's say in this case, 100 megawatts. So a 50 megawatt combustion turbine and a 50 megawatt steam and boiler slash HIRS-Sib would be creating 100 megawatts. When one goes out, you still have 50 operating. In a normal combined cycle world, when that combustion turbine goes down for maintenance, you've lost the entire amount of electricity being produced. You gain much more reliability. You gain three to five years faster to market on a speed standpoint from a power standpoint. And like I said, the efficiency and heat rate from a levelized cost of electricity is pretty close. So a lot of advantages there on that. Having said that, our customers continue to put pressure on us to go faster and faster. And we continually analyze ways and technologies and options to make that happen. and we'll continue to do so. But, you know, we're excited about where we are and obviously, you know, getting a few of these projects across the goal line is important to us and we continue to work on those.

### Rob Brown | Analyst at Lake Street Capital Markets:

All right. Thank you. I'll turn it over.

### Krisalyn | Operator:

Your next question comes from the line of Aaron Spichalla with Craig Hallam Capital Group. Your line is open. Please go ahead.

### Aaron Spichalla | Analyst at Craig Hallum Capital Group:

Yeah. Hi, Kenny and Cameron. Thanks for taking the questions. You know, maybe first for us, just on supply chain, can you just kind of speak to, you know, confidence in, you know, your ability to meet the growth that you're seeing from this first project and kind of additional projects? You talked a little bit about labor and obviously kind of ordering some of these turbines. Can you just kind of talk about, you know, any investments needed there and just confidence in that growth?

### Kenny Young | Chairman and Chief Executive Officer:

Yeah, so we do continue to work. As we mentioned previously, when we look at the various opportunities, we have different manufacturing. I'll just talk about the boiler for a second. We have different manufacturers and manufacturing processes that we rely on. Some of that's internal to ourselves. Some of that is third-party related as well, where we can shift different boiler sizes into different manufacturing facilities. So it gives us the ability to take on More and more project work. B&W has been doing that for quite some time and that's not any different as it relates to these opportunities. So we're, you know, we feel like that we have that kind of flexibility and capacity on these and, you know, we'll continue working with those manufacturers to increase the output and also the, not only the volume, but the speed too as well, because obviously speed to getting this on site is really, really important. On Base Electron's case, as mentioned, we're ahead of where we planned and all of our manufacturing on the large, long lead time items are producing on schedule and so that project's on track overall with them. As we mentioned, the biggest component You can show that we have access to, besides the boilers, steam turbine, especially for these initial projects where the combustion turbine would be added at a later date. And we obviously have a very close relationship with Siemens and continue to do so there. And we wanted to move ahead and invest in these next gigawatt worth of steam turbines. And so that reservation has been secured. on that and ready to ship in the next 12 to 14 months on those turbine units. And the relationship there is good not only from a supply chain standpoint, but from payment terms standpoint on the financial side as well. So it's very positive in that relationship. And we continue to work with them on the evolution of the turbine and other aspects where we might improve Overall efficiencies from an output standpoint, but also efficiencies from a time-to-market standpoint. So those are two characteristics that we're focused on. That's on those two major areas. When you look at the other aspect you mentioned is on labor, and that's an area that we would continually keep a very close eye on, on the availability of, I would say, highly skilled labor. It's one, to have a workforce. Two, that workforce has to be highly skilled, especially in these high-pressure wells and those particular areas. And we're working very close with the various unions on that front, as well as our customers on that front, to make sure that we're aligned and have the availability that we need when we need it. In particular, on base, as we move into construction next year, we have been working very close with the unions to be ready to have welders available as we start those projects and a ramp rate, if you will, to increase the supply of quality welders and moving them through our various safety and other training programs to ensure that they're ready to go to work on those particular projects. So we'll continue a focus there. We'll continue to invest in that recruiting and training efforts along with the various unions. and I will say that the unions have been extremely cooperative and supportive of this as well too. They see that importance and they know the demand is out there, right? So it's a good time in the industry, but anytime you have this massive amount of growth in the

marketplace, especially here in the United States, it puts pressure to make sure that we're planning on those resources equally as well as the manufacturing side as well too. So we're staying on top of it. and I feel like we've accomplished a lot over the last quarter and have put us in a good direction going into next year.

### Aaron Spichalla | Analyst at Craig Hallum Capital Group:

Got it. Thanks for the color. And then you kind of referenced a seed study at a coal plant announcement here this past quarter. Can you just give a little bit more detail on what that pipeline, you know, what that opportunity, what the kind of pipeline looks like, any thoughts on kind of timing and next steps there?

### Kenny Young | Chairman and Chief Executive Officer:

Yeah, we're working close on the feed stuff. Obviously, the feed is going through the whole, you know, front-end engineering design aspect of the plant flows, project, you know, power flows, everything else associated with that, you know, normal course on that particular piece. There's a lot of involvement with the DOE on that particular project and, you know, we're working very close with them as well, too. So, it's going through its process and, you know, TerraSpark is working through This approach on the process and, you know, looking at different options on how to structure the boiler and other pieces to support their long-term goals on that piece. But we're excited to be a part of that. I can tell you from an employee perspective, we've got a lot of employees that never thought they would see the light of day of building a coal plant here in the U.S. So a lot of our engineers that have been around these, you know, critical, subcritical or supercritical plants are excited to be a part of it. and we are as well too. So we're supporting her efforts and obviously TerraSpark's got lead on this but a lot of discussions with them and working with them on getting this done. So it's too soon to anticipate quite yet how we'd forecast out revenues associated with that project and when past the FEED study but it's actively involved and engaged and we'll just have to see how it goes from here.

### Aaron Spichalla | Analyst at Craig Hallum Capital Group:

Okay, thanks for that. And then maybe one last one for me, just on Climate Bright, you kind of mentioned, I think 2027, you know, can you just kind of talk about next steps there and maybe what that pipeline looks like as we think about growth and getting that project up and running?

### Kenny Young | Chairman and Chief Executive Officer:

Yeah, so, well, first on the Maslin project, and I haven't had, I assume our presentation's up by now, but on the Maslin project, you'll see some pictures of fabrication of the fuel reactors on Bright Loop. That'll be going in that location. On the commercial aspect of that, there's, we've got a lot of, you know, interest from hyperscalers and others, you know, even oil companies. As it relates to Brightloop and that commercial demonstration of that particular project. So, you know, we've obviously accomplished, I think, for the most part, all of the funding necessary to get that in the ground. And so we'll begin construction on site a few years later in the fall, but that will begin. And obviously our anticipation still is to have The fuel reactor and hydrogen reactor in initial phase operational, you know, sometime by latter part of 2027 on that location. You know, Brightloop is, as we've talked about, can do hydrogen, but it can also just do steam. And so we've got a lot of interest right now in the concept of that commercial demonstration showing that the fuel reactor at that scale up is important to move it into a higher scale and when we look at both the West Virginia project as well as the Wyoming project a lot of interest right now given you know the current environment is to produce steam from coal with the CO2 being isolated and used for enhanced methane recovery or enhanced oil recovery at those two locations so getting this commercially in the ground as important steps as it relates to those two projects. And obviously, we're in close discussions with both those customers as it relates to the Maslin project itself. So the concept of that, I think still, you know, our opinion is still has the high growth capabilities.

And if we had, you know, honestly, I'll just make the statement, if we had Maslin in the ground, you know, two, three years ago, four years ago, on it, which was an impractical aspect. But if we had that commercial project done and moving on to larger projects, I think there's a lot of hyperscalers today that would be in discussions about utilizing Brightloop for power generation because of its CO2 treatment capabilities, whether it's captured CO2 and sequestered or whether it's used for other enhanced purposes. But in the long run, the hyperscalers still want A pathway and a check the box that there could be at some future point in time some sort of carbon capture associated with these data centers and AI infrastructure. So, you know, we're obviously still in a good position. You know, we don't see an end to the power generation demands coming from AI and data centers despite what the public markets have been stating. The demand continues not only here but worldwide. and I think we're hopefully poised with the company to leverage that once we get this up and going by the end of 27. So, you know, we'll be looking at bookings in 28, 29, 30, you know, as we previously discussed, Bright Loop, as well as, you know, other Climate Bright applications such as our oxycombustion or post-combustion technologies as well.

### Aaron Spichalla | Analyst at Craig Hallum Capital Group:

Sure. Seems like it. Thanks for taking the questions. I'll turn it over.

### Krisalyn | Operator:

Thank you for joining us.

### Sharon Brooks | Director of Communications:

This concludes our conference call. A replay will be available for a limited time on our website later today.

### Krisalyn | Operator:

This concludes today's call. Thank you for attending. You may now disconnect.