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Welcome to HII Talking Points, a Huntington Ingalls Industries podcast. Twice a quarter, we'll sit down with HII leaders to discuss topics of interest in our company and industry.

Phoebe Richards: My name is Phoebe Richards, and today I'm talking with Chris Kastner about his role as HII's Chief Financial Officer and Executive Vice President of Business Management. Chris, welcome to Talking Points. Thanks for joining.

Chris Kastner: Thanks, Phoebe.

Phoebe Richards: So you've served as CFO for three years now, correct?

Chris Kastner: I have.

Phoebe Richards: So during this time, the company has seen expansion in new contracts, and now we're looking to further transform the business as we move forward. I'd like to talk about your role as CFO and head of business management and how you contribute to this movement. So let's get started.

So first off, what do you do as CFO? Tell us about your organization and what it brings to the table.

Chris Kastner: Well, great question, Phoebe. As CFO, you're essentially responsible for the finances of the organization. That, coupled with strategy that I'm responsible for as well in helping Mike guide HII's strategy. And then even some other interesting things like cyber – cybersecurity. That also reports up through me. So I've got a very large organization that takes care of a lot of that work, but at the end of the day, I sign the financials for the corporation.

Phoebe Richards: So how do you work with Mr. Petters and the rest of the senior executive team to direct the business strategy?

Chris Kastner: Yeah, so direct the business strategy, that's an interesting question. What you need to understand about HII is our strategy is very long-term and we look through all of our important decisions through the lens of what's good for the customer, the employees and the nation on a long-term basis. So every decision we make consistent with our strategy is for the long-term health of the business.

Phoebe Richards: So in this role, what challenges do you face?

Chris Kastner: The biggest challenge for me is not really internal. It's mostly external in getting our message across to the various constituents that we have – shareholders, analysts – and getting them to understand that we're really a long-term business. It takes five to seven years to build all of our products, and so we're never – really never going to make short-term decisions for the benefit of short-term financial measures. We're always going to make long-term decisions.

Phoebe Richards: So what kind of value does HII create for the shareholders, employees, customers, communities?

Chris Kastner: It's an amazing amount of stability. We have generational shipbuilders. We have people with fathers and grandfathers and mothers and grandmothers that have worked here. So when you think about long-term value and long-term stability, that's what we bring to all our constituents – customers, employees and shareholders.

Phoebe Richards: How do you hope to transform HII through business management?

Chris Kastner: Business management is interesting and somewhat boring, I guess, from a transformation standpoint, but we have some incredible young, energetic people that are looking to transform our business management function. And for us, it's transparency, it's agility and it's quickness, getting stuff done on a more efficient basis. So we're implementing a new accounting system this year which will be consistent with the Newport News and Ingalls accounting system, which will make everybody's job a lot easier and a lot more transparent, a lot more agile, and I think it's consistent with Scott [Stabler's] goals for transformation to be really a cultural phenomenon, a grassroots phenomenon, not something that comes from the top down.

Phoebe Richards: So in your opinion, what makes HII different from other companies?

Chris Kastner: Like I said before, Phoebe, it's all about our long-term perspective. We just signed a two-aircraft carrier contract. That second ship will be delivered in 2032, and it's just no other company has the assets that we have and the long-term nature of our strategy. When you walk down the halls of Ingalls or Newport News and you see the pictures of the legacy ships and the legacy people that have been involved in them, you can't help but get goosebumps, so that's what's special about our value proposition.

Phoebe Richards: And that's somewhat different than what investors typically hear from other companies?

Chris Kastner: Yes, so we don't give guidance. And financial guidance is what you're going to do the next quarter, the next year. We just don't do that because we don't want people focused on the next quarter or the next year. We want people focused on the next five years and the next ten years.

Phoebe Richards: So switching gears a little bit, have you always wanted to be a CFO?

Chris Kastner: Not really. It just kind of evolved. I've always kind of wanted to do high-impact important things, and it just – my background, I have an MBA from Pepperdine, so I kind of got it always, I could connect the dots financially, but it just evolved. I just got more important assignments, and the next opportunity was – led me to the CFO path. I had a really good mentor in Barb Niland, the ex-CFO, and she believed in me and Mike believed in me, so it was just a natural progression.

Phoebe Richards: And you've been at both Newport News and Ingalls in the past, correct.

Chris Kastner: I have. You know, Ingalls is really a special place in my heart because I was there two weeks after Katrina. I spent the night on the ex-CFO's couch, and the amount of loyalty that the people down at Ingalls have to their shipyard and the amount of community they have down there to get that shipyard back up and running and become really – I could say this at the time, the greatest shipyard in

America at the time. I really think they've gotten it back and up and running to over the last few years being an amazing place.

Phoebe Richards: So 2018 year-end earnings came out recently. What were your key takeaways for our listeners?

Chris Kastner: Well, we grew definitely. We grew at about 10 percent from the previous year. I would characterize 2018 as solid, not blown out of the park, but not disappointing either. And 2018 and 2019 are definitely years of transition within the organization, really at both shipyards. We're getting a number of ships under contract. Our backlog will significantly increase, potentially double over – from '18 to '19, so we have an amazing opportunity to execute within shipbuilding. If we can execute these new contracts consistent with the budgets that we've established for them, I think we have very fair contracts. We have every opportunity to do very well.

I also like to talk about [Technical Solutions] a little bit. We just closed on a deal for G2, which is a really interesting company in the cyber and intel space, and we signed a contract, or signed a purchase agreement with Fulcrum, which is also a cyber and intel company. So [Andy Green's] portfolio is really being rounded out, and that could be between \$1.2 billion and \$1.3 billion this year, and the investments that we have established within unmanned, within the DOE space are really paying off. They've won some very interesting contracts in the DOE space and they transitioned into those contracts, so I really have high hopes for TS as we move into '19 and into the '20 years. So all in all, '18 was a pretty solid year and '19 is also a year of transition to these new contracts, but I think we're really kind of hitting on all cylinders. Now it's all up to us to execute.

Phoebe Richards: Nice. So what are some of the most rewarding parts of your job as CFO?

Chris Kastner: Well, I get to talk about the company externally. I get to represent HII to shareholders, to analysts, even to media from time to time. And then whenever I can do that and convey how special this place is, it's always a wonderful opportunity.

Phoebe Richards: So this last question is a little different. What's important to you outside of work?

Chris Kastner: I actually have my youngest son, Brendan, is going to college this year, so he as well as my daughter, Natalie, who's at University of Michigan, I'm going to have no kids at the house starting in August, so we're trying to figure that out. I guess I'll become a little bit better golfer, but I am also in a couple nonprofits. EVMS, the Eastern Virginia Medical School in Norfolk, and then WHRO, which is a public media station in Norfolk. So we're still trying to figure that out, but I'm sure I'll get some other interests to take the place of chasing my kids around.

Phoebe Richards: Very nice. Well, Chris, thank you for sharing with our listeners today.

Chris Kastner: Thank you.

Thanks for listening to HII Talking Points. This Podcast was produced by Huntington Ingalls Industries Corporate Communication's Team. We welcome your feedback and ideas for future Podcasts at www.huntingtoningalls.com/podcast.

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