



## June 23, 2021 Podcast Transcript

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**Announcer:** 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:** Hello, and welcome to HII Talking Points. I'm your host, Phoebe Richards, and with me today is HII President and CEO Mike Petters. As always, thanks for joining me.

**Mike Petters:** Thanks, Phoebe. It's great to be here again.

**Phoebe Richards:** Employees are seeing shifts in company operations and policies as HII and the nation continue to respond to COVID-19. I'd like to get your thoughts on the status of the business and what we can expect to see as we recover from the last 12-plus months. So to begin, I use the word recover when talking about our status in the pandemic. Would you consider HII to be in a recovery stage at this point?

**Mike Petters:** Oh yeah, for sure. I think we're shifting gears from response. We're going to go through recover pretty fast, and we're going to be in the, I mean, in my mind, the third phase is restore, and I think we're accelerating rapidly into that phase. The latest guidance on masks and vaccinations just accelerates all that. So pretty happy about that. It's going to get us there faster.

**Phoebe Richards:** I know. So looking from recovery to restore, how do vaccination efforts impact when we get to the restore side?

**Mike Petters:** Right. So restore means that you're just doing things the way you always did them. And actually, my view is you'll be doing them better than you always did them because you'll take what we learned during this crisis, the ways that we learned to do things faster and more efficiently and more effectively, we'll be applying that to the way we do business going forward. So that's kind of the restore part of this.

But getting the vaccine is what allows us to make that shift. We have employees who have gotten the vaccine, and under the guidelines, they are starting to really move and accelerate into their normal routines. We have other employees who haven't gotten the vaccine yet, and quite honestly, we've got to get that done. They've got to get their vaccines, because that'll help us accelerate into that last phase. And so that's kind of the way I see it. The more people that get their vaccine, the sooner we get into that last phase, the more value we create for our employees and our customers and our shareholders.

**Phoebe Richards:** And do you think vaccine misinformation is playing a role with that effort?

**Mike Petters:** Some. I actually give our employees a lot of credit. They're not typically fooled by someone telling them something that's not true. They're generally pretty savvy about separating truth from fiction. I think that when it comes to the vaccine, there's a lot of information out there, and sometimes you can just get bogged down with trying to sort out fact from fiction and that itself can be burdensome, right? And so we've tried to be very clear about all of that.

And so you set all that information aside, the vaccines make a difference. They are working in this country. And if you don't know that they're working or you want to just test that, look at the case rates. The national case rates now are as low, I mean, I don't think they've been this low in a year, and that's a function of having so many of our people across the country are getting the vaccine. That's what it is.

And so if you're in the mindset of maybe I don't think I want to get the vaccine, there could be a lot of reasons for that, and you could have a lot of different facts for that, but let me be clear about what this means. If you don't have the vaccine and you are exposed to this virus, you will get it. This idea that herd immunity can protect the people from not having to get their shots, well, what that means is the herd can kind of prevent the virus from spreading through the herd, because a lot of people have the vaccine. The truth is that even a herd that is immune will have members of the herd catch the virus if they're exposed to it. That's kind of basic.

What I have seen in the misinformation business is that people have used herd immunity in lots of really bad ways. The reality is that our kids can't get the vaccines right now. They're just starting to open that up for, I think 12-year-olds can get it, right?

**Phoebe Richards:** Yes.

**Mike Petters:** So if you take the population of children in this country, that's about 20% of our population. Any estimate for herd immunity says that 70 to 80% of the herd has to get the vaccination. Well, if 20% of them are children who can't get it, that means that every adult, in order to protect the children in our country, have to get the vaccine. That's the way I read it. And I think you can go and look at all kinds of information lots of different ways, but you end up in the same place. If you are an adult, do the adult thing, get a vaccine.

**Phoebe Richards:** Right. And so HII, at least at the shipyards, has been offering vaccinations. Taking a step back, how do you think the company is doing in terms of our vaccination efforts?

**Mike Petters:** It's hard to say. We've given out a lot of vaccines. What we don't know is how many of our employees have gotten vaccines from other sources. And we're tracking that down. We've asked our employees to report that to us, to let us know that you've gotten it. That's really about understanding what our statistical percentages are.

**Phoebe Richards:** What else do you think employees can expect as we come through the pandemic?

**Mike Petters:** Well, I think, interestingly, at our peak, only about 25% of our employees were working remote. So the vast majority of our employees have been onsite, have been doing their work, and have been watching this evolution from where we were in March of last year, to where we are now, to how

we're going to evolve going forward. I think most of the changes you're going to see are going to be really more along the policy and benefits side of it, as opposed to the precaution side of it, in terms of plexiglass or cleaning or any of those other things that we were doing. Some of those things made good sense for us to do, and we'll keep doing them.

But I think the policy changes are going to be the ones that will affect everybody. And the presumption is that, quite frankly, because we've made the vaccine available and it's available to everyone at this point, we're going to move away from some of the just raw flexibility we gave employees to deal with this until the vaccines became available. And that's going to happen here over, you know, in our shipyard, it's going to happen by June 1, and for the whole corporation, by the end of June.

So that, to me, I think will be the one that touches most of our people. Your particular job site may change a little bit, as you change from the precautions that you're taking to maybe taking advantage of some of the technology and some of the new practices, and moving forward, that could be different. But I think the vast majority of the folks are going to see the changes on the policy side more directly.

**Phoebe Richards:** Right. Yeah. That makes sense. Switching gears a little bit, HII recently released its first quarter earnings for this year. Can you give a quick summary and share how the company's COVID-19 efforts are continuing to influence the business?

**Mike Petters:** Well, we're performing pretty well in this environment, quite honestly. And I think that's just a tribute to the workforce and the team that we have. They've been able to, once we got a good understanding of what this was all about, we were able to put together the plans that have allowed us to operate very, very effectively. And so we don't see any reason to think that we're going to go backwards on that. If anything, again, the mantra is, let's accelerate out of this.

So first quarter was a step in the right direction. We did really well first quarter, and that's a tribute to the teams all over the company doing really well. Let's build on that and let's go forward and do even better throughout the rest of this year.

**Phoebe Richards:** Great, excellent. Well, Mr. Petters, thank you for sharing these updates, and thanks to our listeners for tuning in.

**Mike Petters:** Thanks, Phoebe. And again, if you're out there, do the adult thing, get a shot.

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**Announcer:** Thanks for listening to HII Talking Points. This podcast was produced by Huntington Ingalls Industries corporate communications team. We welcome your feedback and ideas for future podcasts at [www.huntingtoningalls.com/podcast](http://www.huntingtoningalls.com/podcast).

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