

Rotary
Club of
Charlotte



REPORTER

January 12, 2016

E. James Ferland
Babcock & Wilcox



What an “energetic” speaker we had at Rotary this week! David Tobin made the introduction to our speaker, E. James “Jim” Ferland, Chairman and CEO for Babcock & Wilcox (ejferland@babcock.com).

Being a 150 year old company B&W, Jim began with a background and history of B&W and explained that the company actually began by designing boilers. Of the 5,400 major steam powered combat and merchant vessels constructed in the U.S. during the WWII period, more than, 4,100 were equipped with boilers designed by B&W. 134 of 139 U.S. warships in Tokyo Bay were powered by B&W boilers. Today, their boilers are in power plants and about 40% of coal fired plants in the US are powered by B&W technology. Boilers are a growing piece of their business that is powered by natural gas and many of them are powered by renewables-waste to energy.



Image: Tokyo Bay on Surrender Day

Nuclear is the other half of the business. B&W nuclear boilers can be found in US aircraft carriers and submarines and are powered by B&W nuclear boilers. 100% of the ships in today’s fleet are powered by B&W.

Over the last decade B&W found these businesses are very different and began to focus on the navy business. As a publicly traded company, they found that they were really running two different businesses.

In 2015, the new “in” thing and all over the *Wall Street Journal* was for a company

to“spin.”

B&W, a publicly traded company, investors were struggling with how to value the business. They understood the traditional power business but the navy business looked like a pure play defense business. Investors had a challenging time figuring out which category to put B&W. So they picked an “E&C” Engineering and Construction category, which not only traded at a lower multiple, but also was not a good category fit since B&W did not do construction and they controlled their own technology so they decided to separate the business.

The day B&W announced they were going to “spin” they were trading at \$27 a share. Six month post “spin” the cost is up to \$42 per share today under the NYSE: BW.

Jim explained that they had activist investors involved and up to one point during the process they had up to five, one of which was an investment firm called Starboard (same firm that fought contested battle and took over board for Darden Restaurants). All-in-all, Jim said that their investors, helped to push management along-neutral to slightly positive experience, which may not always be the case.

Jim finally, talked about the power business itself. B&W continues to be an active service provider for coal units and environmental upgrades. Coal units will still need to be upgraded and serviced.

Traditionally what has been a North American business coal/renewable energy/natural gas and B&W has taken that technology worldwide in Europe and in Asia where they see the most growth. North America is still the biggest piece of their business, a little over 50% from a revenue perspective.

Why did B&W pick Charlotte?

When they “spun” the companies they relocated the navy side to, Lynchburg, VA, where the manufacturing hub is located, but the power side stayed in Charlotte. The reason they stayed in Charlotte, and it was intentional, was because of the many partnerships they have with local business, customers, the fact that Charlotte is a natural energy hub, and of course the great weather!

Babcock & Wilcox is a global leader in energy and environmental technologies and services for the power and industrial markets. They employ 6,000 employees in addition to 2,500 joint venture employees in 25 countries worldwide.

Speaker Write Up: Stephanie Hinrichs; Head Table: Jill Santuccio, Charlie Bones, Tom Bartholomy, David Tobin, John Nicolay, Ben Dobson; Invocation: Meg McElwain; Visitors & Guests: Meg McElwain; Song: Gray Langley; Health, Happiness & History: Chase Saunders; AV: Jessica Dupree; Photos: Bert Voswinkel

Club News

There is still an urgent need for someone to step up to be a host family for Radim (Myers Park High School student) from March 1 to May 31. Ed Wadsworth (ed@wadsworthgroup.net) is anxious to hear from you!

Judy Wishnek will chair the Charlotte Regional Partnership a year ahead of schedule (current chair promoted/moved); **Bob** and **Robert Freeman** will host their annual football Super Bowl bash February 7 at SMS Catering. Always FREE to Rotarians. Pre-game 4:00PM; game 6:30PM, RSVP info@smscater.com by February 3.

POSTED FOR MEMBERSHIP (comments to Rotary office by 1/19/16)

Vanessa S. Stolen
CPCC Foundation (Foundations, Community College)
Sponsor: Quincy Foil
Endorsed: Tony Zeiss, Amy Burkett

Andrew B. Dinkin
Coldwell Banker Commercial MECA (Real Estate, Commercial Brokerage)
Sponsor: Don Millen
Endorsed: Edwin Peacock, David Erdman

100 CLUB PROJECTS

Several projects were completed in 2015....Art for Arthritis, Airport Run, Autism Walk, Veterans Luncheon, Feed the Hungry, Habitat, Water collection, Classroom Central, Heart Walk, Mitchell Bays Turner Luncheon, Heart Math Tutoring, WTVI, Clothing drive for Crisis Assistance Ministry, Operation Christmas Child, Salvation Army bell ringing, Good Friends, and breakfast at Charlotte Rescue Mission.

Todd Lanham proposed a project to assist the Library for digital literacy training (no takers yet) and the next opportunity is January 16 or 28. Contact Todd: todd.lanham@att.com for information.

Today's paper talked about the need for platelet donations, which is an on-going project where 12 members have participated to date.

Everyone's help is needed to (1) volunteer and (2) recommend a project.

UPCOMING BIRTHDAYS (01/13/16 – 01/19/16)

01/13 Angela Mauldin
01/15 David Baker
01/17 Valerie Truesdale
01/18 Chuck Howard
01/19 Charlie Williams, Greg Reagan

UPCOMING ANNIVERSARIES (01/13/16 – 01/19/16)

01/17 Joan and Tom Wright
01/18 Catherine and Bill Browning

Visitors & Guests	10
Club Members	120
Total	130
Percentage	46%

MEMBERSHIP

06/30/2015	319
01/12/2016	312
Net Increase:	-7

New Members:

Resignations: Tom Hutchins, Jeff Jackson, Bob Denson, Frank Horan

Visitors: Oswald Thomas, Justine Tobin, Katie Moore, Peter Brunnick, Jonathan Donahue, Ross Danis, Doug Anderson, Alexandra Myrick, Parker Cains

UPCOMING LUNCHEONS (www.charlotterotary.org and click on the events tab)

01/19 – Ron Green, Jr. – A Journalist Look at the PGA Tour

01/26 – Brent Cagle, Director, Charlotte Mecklenburg Airport (**MYERS PARK C. CLUB**)

02/02 – Ann Clark, Superintendent, Charlotte Mecklenburg Schools

Photos from our luncheons and other events can be found on **Flickr** [Click here](#)

Holiday photos from the December 22 meeting are loaded on the Flickr account. Click the above link to view.







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