

QUARTERLY EARNINGS Q1 | 2023

Delivering Solutions, Changing the World.℠

May 1, 2023



Stuart Bradie, President and CEO
Mark Sopp, Executive VP and CFO
Jamie DuBray, VP of Investor Relations

FORWARD-LOOKING STATEMENT

The statements in this press release that are not historical statements, including statements regarding our expectations for our future financial performance, effective tax rate, operating cash flows, contract revenues, award activity, our business strategy, and our plans for raising and deploying capital, paying dividends and settling our convertible notes at maturity, are forward-looking statements within the meaning of the federal securities laws. These statements are subject to numerous risks and uncertainties, many of which are beyond the company's control that could cause actual results to differ materially from the results expressed or implied by the statements. These risks and uncertainties include, but are not limited to: the ongoing conflict between Russia and Ukraine and the related impacts on our business as we continue to carry out efforts to wind down operations in Russia; potential adverse economic and market conditions, such as interest rate and currency exchange rate fluctuations, including as a result of pandemics such as COVID-19; the recent dislocation of the global energy market; the company's ability to manage its liquidity; the outcome of and the publicity surrounding audits and investigations by domestic and foreign government agencies and legislative bodies; potential adverse proceedings by such agencies and potential adverse results and consequences from such proceedings; changes in capital spending by the company's customers; the company's ability to obtain contracts from existing and new customers and perform under those contracts; structural changes in the industries in which the company operates; escalating costs associated with and the performance of fixed-fee projects and the company's ability to control its cost under its contracts; claims negotiations and contract disputes with the company's customers; changes in the demand for or price of oil and/or natural gas; protection of intellectual property rights; compliance with environmental laws; changes in government regulations and regulatory requirements; compliance with laws related to income taxes; unsettled political conditions, war and the effects of terrorism; foreign operations and foreign exchange rates and controls; the development and installation of financial systems; the possibility of cyber and malware attacks; increased competition for employees; the ability to successfully complete and integrate acquisitions; and operations of joint ventures, including joint ventures that are not controlled by the company.

The company's most recently filed Annual Report on Form 10-K, any subsequent Form 10-Qs and 8-Ks, and other U.S. Securities and Exchange Commission filings discuss some of the important risk factors that the company has identified that may affect its business, results of operations and financial condition. Except as required by law, the company undertakes no obligation to revise or update publicly any forward-looking statements for any reason.







Stuart Bradie

President and Chief Executive Officer


RECYCLE/
REUSE
EFFICIENT
ENERGY
SUSTAINABLE
TRAVEL
SUPPLY
PARTNERS
CLIMATE
CHANGE
ZERO 24/7 HARM
COURAGE TO CARE
HEALTH, SAFETY
& SECURITY
GOVERNANCE
INCLUSION &
DIVERSITY
COMMUNITY
ENGAGEMENT
RISK
MANAGEMENT

KBR's Eighth Annual Zero Harm Day

















PLAN · ORGANIZE · DIRECT · CONTROL

ZERO HARM 24/7

A Day of Recognition, Reflection and Focus









1Q23 | KBR BUSINESS HEALTH

PEOPLE

- Headcount **increased 7%** since year-end to 32,000
- **> 82% of cleared personnel** in Defense & Intel
- **ONE KBR Technical Fellows program** advances technical capabilities and a culture of collaboration



ZERO HARM

- Recorded **89% Zero Harm Days** & 0.093 TRIR[1]
- KBR is at the **forefront of delivering cleaner solutions** and helping our **clients achieve their ESG goals**
  - Awarded 3 green ammonia projects in the quarter
  - Selected to drive BP's global hydrogen project portfolio

BUSINESS GROWTH

- **1.4x TTM Book-To-Bill**[3] reflects strong award momentum
- **$3.1B of bookings and options** in highly strategic areas with ending backlog and options of $20.9B
- Pipeline visible and strong across all segments
- **85% WUC** for 2023

FINANCIAL

- 18% Revenue growth ex-OAW[2], **11% Adj. EBITDA**[2] **margins (up 170 bps y/y)**
- **Returned $77M to shareholders** via dividends and share repurchases
- **Outstanding quarter results**; well-positioned to deliver FY23 guidance

[1] Total Recordable Incident Rate (TRIR) [2] See Appendix for reconciliation of non-GAAP financial measures Revenue ex-OAW and Adj. EBITDA to the nearest GAAP measures. [3] Trailing-twelve-months book-to-bill (TTM BTB). Consistent with our practice, BTB excludes long-term UK PFIs.

MARKETS AND AWARDS

SUSTAINABLE TECHNOLOGY SOLUTIONS

- Leveraging the **energy trilemma**: the challenge of meeting demands for security, sustainability and cost effectiveness
- Aging industrial asset base drives demand for modernization, decarbonization, energy efficiency, smart operations, and digital data-enabled maintenance solutions

1.9x
TTM BTB[1]

$4.9B
1Q23 Backlog

- Awarded **Phase 2 of Plaquemines LNG**
- Signed a contract with Hyundai Engineering Company (HEC) Ltd to supply proprietary equipment for the **first modular plant** for its leading **advanced plastics recycling technology Hydro-PRT®**

GOVERNMENT SOLUTIONS

- U.S. budget growth expected to fuel **award activity** including increased spending towards **emerging technologies**, including cyber-science, AI, directed energy, hypersonics, and space superiority
- Continued prioritization by the U.S., U.K., Australian and allied governments of **national security, cyber, and military space superiority**; Ukraine conflict elevates these priorities

1.0x
TTM BTB[1]

$16.0B
1Q23 Backlog & Options

- **Multiple awards** across all business units
- Delivered demonstration N**ext Gen Spacesuit**
- **Won NASA's Super Nova Award**, the highest safety and excellence award from the Contractor Safety Forum

[1] *Trailing-twelve-months book-to-bill (TTM BTB). Consistent with our practice, BTB excludes long-term UK PFIs.*



Mark Sopp

Executive Vice President and Chief Financial Officer

1Q23 RESULTS | KBR DELIVERS CONTINUED GROWTH

+18% REVENUES *ex OAW*

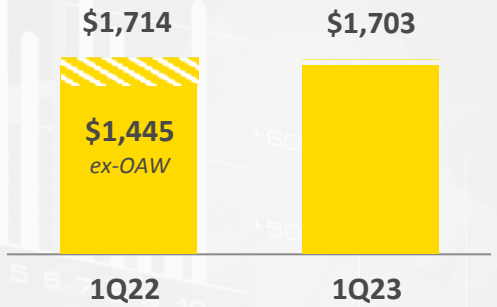
+18% ADJ. EBITDA[1]

+170 ADJ. EBITDA[1] *bps expansion*

+22% ADJ. EPS[1] *ex OAW*

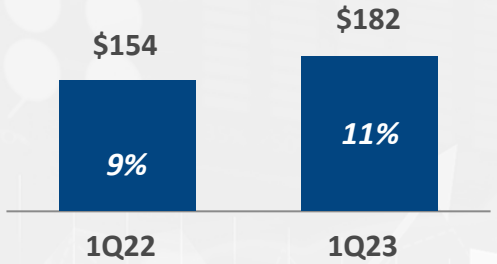
Year over year % change

REVENUES

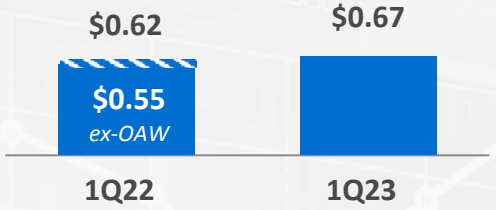


ADJ. EBITDA[1]

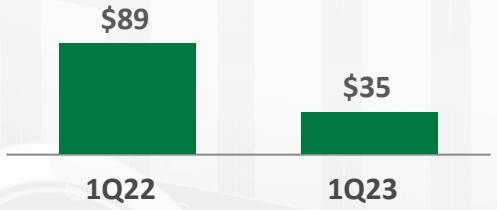
Margin %



ADJ. EPS[1]



ADJ. OCF[1]



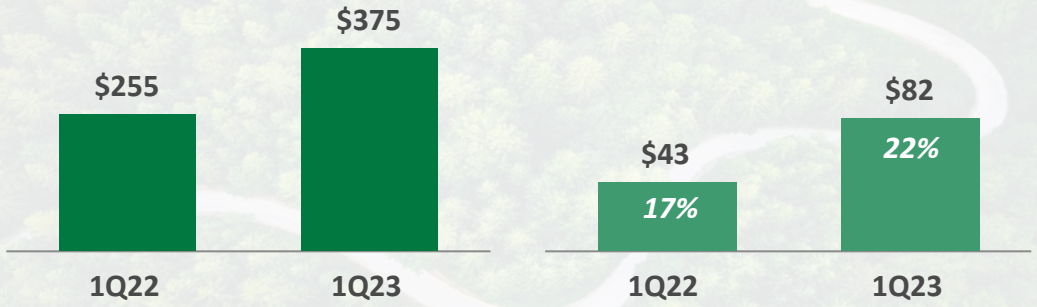
Amounts in $millions except share data; amounts are for the Three Months Ended March 31, unless stated otherwise.

Shaded portion reflects Operation Allies Welcome (OAW) Revenue and Adj. EPS contribution in 1Q22.

[1] *See Appendix for reconciliation of non-GAAP financial measures Adj. EBITDA, Adj. EPS, Adj. Operating Cash Flow, Revenue ex-OAW and Adj. EPS ex-OAW to the nearest GAAP measures.*

SEGMENT RESULTS DEMONSTRATE MISSION FOCUS, RESILIENCE AND AGILITY

SUSTAINABLE TECHNOLOGY SOLUTIONS

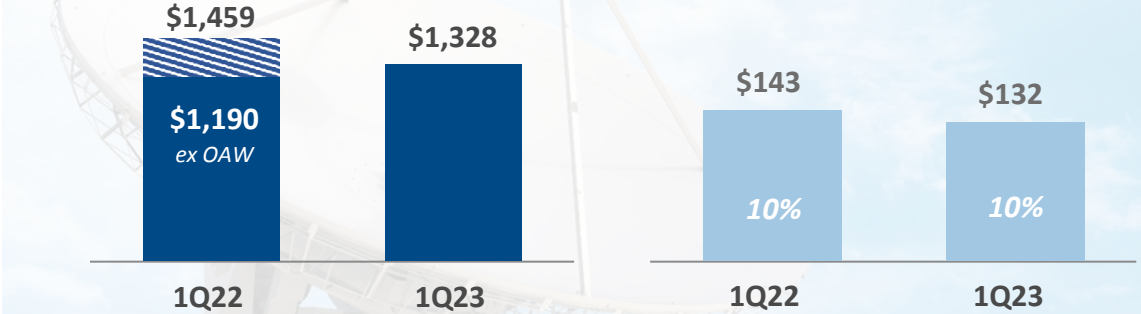


91%

ADJ. EBITDA[1] GROWTH

- STS Revenue **growth of 47%** over 1Q22 driven by both increased sustainable services and technology
- **Strong Adj. EBITDA[1] growth** and margins attributable to favorable revenue mix, achievement of certain licensing milestones, and the acceleration of certain project close-outs

GOVERNMENT SOLUTIONS



12%

REVENUE GROWTH
(ex-OAW)

- GS revenue **growth ex-OAW[1] of 12%** over 1Q22 driven by increased activity in Readiness & Sustainment, Defense and Science & Space
- GS continues to deliver **Adj. EBITDA margin of 10%** due to favorable international mix, excellent award fees and strong project execution

Amounts in $millions; amounts are for the Three Months Ended March 31, unless stated otherwise.

Shaded portion reflects Operation Allies Welcome (OAW) Revenue and Adj. EBITDA in 1Q22.

[1] *See Appendix for reconciliation of non-GAAP financial measures Adj. EBITDA and Revenue ex-OAW to the nearest GAAP measures.*

STRATEGIC, ACCRETIVE AND BALANCED CAPITAL DEPLOYMENT

1Q23
$77M
CASH RETURNED TO SHAREHOLDERS[1]

1Q23
1.9x
NET LEVERAGE RATIO

4Q22
72% / 28%
FIXED TO FLOAT MIX[2]

INCREASED SWAPS

1Q23
91% / 9%
FIXED TO FLOAT MIX[2]

CAPITAL DEPLOYMENT PRIORITIES

Settle Convertible Debt in 2023; Avoid Dilution

Fund Organic Growth

Maintain Attractive Dividend

Maintain Responsible Leverage

Strategic M&A

Share Repurchases

Our capital deployment strategy facilitates sustainable, long term growth and prudent return of capital to shareholders

[1] *Includes quarterly dividends, discretionary repurchases, and repurchases to satisfy requirements of equity compensation plans.* [2] *Includes effects of interest rate swaps.*

REAFFIRMING 2023 GUIDANCE



KBR, Inc. FY 2023 Guidance	
REVENUE	$6.9B - $7.1B
ADJ. EBITDA	$715M - $745M
ADJ. EPS	$2.76 - $2.96
EFFECTIVE TAX RATE	24% - 25%
ADJ. OPERATING CASH FLOW	$425M - $460M

The company does not provide reconciliations of Adjusted EBITDA to the most comparable GAAP financial measures on a forward-looking basis because the company is unable to predict with reasonable certainty the ultimate outcome of legal proceedings, unusual gains and losses, and acquisition-related expenses without unreasonable effort, which could be material to the company's results computed in accordance with GAAP.

KEY TAKEAWAYS

- **Outstanding start to 2023** - sequential growth in all business units, Adj. EBITDA margin expansion, and Adj. EPS ahead of pace
- **Strong bookings momentum in highly strategic areas** across both segments - driving TTM BTB of 1.4x
- **85% WUC as of quarter end** - increasing visibility for remainder of the year
- **Well-positioned in attractive markets of the future** - with recent wins demonstrating this
- **KBR remains committed to delivering our 2025 targets**



Q & A



Appendices





NON-GAAP RECONCILIATIONS

Adjusted EPS

	1Q22	1Q23	FY2023 Guidance	
Diluted EPS[1]	**$(0.51)**	**$0.56**	**$2.31**	**$2.51**
Adjustments:				
Amortization related to acquisitions	0.05	0.05	0.17	
Ichthys interest and commercial dispute costs	0.96	0.01	0.01	
Acquisition, integration and restructuring	—	0.01	0.04	
Impact of new convert accounting and bond hedge	0.01	0.05	0.20	
Legacy legal fees	0.02	0.02	0.06	
(Benefits) provisions related to exit from Russian commercial projects	0.09	(0.03)	(0.03)	
Adjusted EPS[1]	**$0.62**	**$0.67**	**$2.76**	**$2.96**

Revenue and Adjusted EPS ex-OAW

	1Q22	1Q23	Growth
Revenue (as reported)	**$1,714**	**1,703**	
Revenue attributable to OAW	269	—	
Revenue ex-OAW	**$1,445**	**$1,703**	**18%**
GS Revenue (as reported)	**$1,459**	**$1,328**	
Revenue attributable to OAW	269	—	
GS Revenue ex-OAW	**$1,190**	**$1,328**	**12%**
Adjusted EPS[1] (as reported)	**$0.62**	**$0.67**	
Adjusted EPS[1] attributable to OAW	0.07	—	
Adjusted EPS[1] ex-OAW	**$0.55**	**$0.67**	**22%**

[1] Diluted EPS is calculated using a share count of 154 million and 140 million for the three month periods ended March 31, 2023 and March 31, 2022 respectively. Adjusted EPS is calculated using a share count of 140 million and 143 million for the three month periods ended March 31, 2023 and March 31, 2022, respectively. Diluted and Adjusted FY 2023 EPS guidance is calculated using a share count of 152 million and 138 million, respectively

NON-GAAP RECONCILIATIONS

Adjusted Operating and Free Cash Flow

	1Q22	1Q23	FY2023 Guidance	
Cash flows provided by operating activities	**$89**	**$35**	**$425**	**$460**
Adjustments:				
Adjust: CARES Act temporary tax repayment (relief)	—	—	—	
Adjusted cash flows provided by operating activities	**$89**	**$35**	**$425**	**$460**
Less: Capital expenditures	(6)	(19)		
Adjusted free cash flows	**$83**	**$16**		
Adjusted operating cash flow per share[1]	$0.62	$0.25		
Adjusted operating cash flow conversion	**100%**	**37%**		
Adjusted free cash flow per share[1]	$0.58	$0.11		
Adjusted EPS[1]	$0.62	$0.67		
Adjusted free cash flow conversion	**94%**	**16%**		

[1] Adjusted operating cash flow per share, adjusted free cash flow per share, and adjusted EPS are calculated using a share count of 140 million and 143 million shares outstanding for the three month periods ended March 31, 2023 and March 31, 2022, respectively.

NON-GAAP RECONCILIATIONS

Adjusted EBITDA

	1Q22	2Q22	3Q22	4Q22	1Q23	TTM
Net income (loss) attributable to KBR	**$(71)**	**$94**	**$74**	**$93**	**$86**	**$347**
Adjustments:						
Interest expense	20	21	23	23	26	93
Other non-operating (income) expense	—	(5)	2	(9)	2	(10)
Provision (benefit) for income taxes	19	33	27	13	30	103
Depreciation and amortization	33	33	33	38	36	140
EBITDA	**$1**	**$176**	**$159**	**$158**	**$180**	**$673**
Adjustments:						
Acquisition, integration, and restructuring	1	2	2	2	1	7
Ichthys commercial dispute cost	132	8	7	(4)	2	13
Legacy legal fees	4	4	3	4	5	16
Appreciation in fair value of investments	—	(16)	—	—	—	(16)
(Benefits) provisions related to exit from Russian commercial projects	16	12	—	(3)	(6)	3
Adjusted EBITDA	**$154**	**$186**	**$171**	**$157**	**$182**	**$696**

NON-GAAP RECONCILIATIONS

Adjusted EBITDA - Segment

	1Q22	2Q22	3Q22	4Q22	1Q23	TTM
Pretax income attributable to GS	**$114**	**$124**	**$96**	**$106**	**$101**	**$427**
Interest expense	1	—	2	1	2	5
Other non-operating (income) expense	—	8	9	(18)	(1)	(2)
Depreciation and amortization	24	23	23	25	25	96
EBITDA - GS	**$139**	**$155**	**$130**	**$114**	**$127**	**$526**
Adjustments:						
Legacy legal fees	4	4	3	4	5	16
Adjusted EBITDA - GS	**$143**	**$159**	**$133**	**$118**	**$132**	**$542**
Pretax income (loss) attributable to STS	**$(107)**	**$48**	**$57**	**$64**	**$82**	**$251**
Interest expense	—	1	—	—	—	1
Other non-operating (income) expense	—	(2)	(2)	—	—	(4)
Depreciation and amortization	3	4	4	3	4	15
EBITDA - STS	**$(104)**	**$51**	**$59**	**$67**	**$86**	**$263**
Adjustments:						
Acquisition, integration, and restructuring	(1)	—	—	—	—	—
Ichthys commercial dispute cost	132	8	7	(4)	2	13
Appreciation in fair value of investments	—	(16)	—	—	—	(16)
(Benefits) provisions related to exit from Russian commercial projects	16	12	—	(3)	(6)	3
Adjusted EBITDA - STS	**$43**	**$55**	**$66**	**$60**	**$82**	**$263**
Adjusted EBITDA - Corporate	**$(32)**	**$(28)**	**$(28)**	**$(21)**	**$(32)**	**$(109)**
Adjusted EBITDA - KBR	**$154**	**$186**	**$171**	**$157**	**$182**	**$696**

NON-GAAP RECONCILIATIONS

Reconciliation of Operating Income to Adjusted EBITDA

Three months ended March 31, 2023

	GS	STS	Corporate	KBR
Operating income	**$102**	**$82**	**$(40)**	**$144**
Noncontrolling interest	—	—	—	—
Depreciation and amortization	25	4	7	36
EBITDA	**$127**	**$86**	**$(33)**	**$180**
Adjustment:				
Acquisition, integration, and restructuring	—	—	1	1
Ichthys commercial dispute cost	—	2	—	2
Legacy legal fees	5	—	—	5
(Benefits) related to exit from Russian commercial projects	—	(6)	—	(6)
Adjusted EBITDA	**$132**	**$82**	**$(32)**	**$182**