

QUARTERLY EARNINGS Q2 | 2023

Delivering Solutions, Changing the World.℠

July 27, 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, interest expense, 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: uncertainty, delays or reductions in government funding, appropriations and payments, including as a result of continuing resolution funding mechanisms, government shutdowns or changing budget priorities; 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; 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

ZERO HARM
COURAGE TO CARE

One Team One Vision

ZERO HARM DAYS

91.23%

ZERO HARM ACHIEVED IN 2022
(333 DAYS)

★ Industry Leading

HSS INCIDENT RATE

0.079

TOTAL RECORDABLE INCIDENT RATE
ACROSS THE GLOBE

★ Industry Leading

CARBON NEUTRALITY

4

CONSECUTIVE YEARS OF CARBON NEUTRALITY

★ Industry Leading

KBR'S REVENUE POINTED AT SUSTAINABILITY

34%

REVENUE FOCUSED ON SUSTAINABILITY IN 2022

$2.2B

ENVIRONMENTAL IMPACT

NET ZERO

COMMITTED TO SCIENCE BASED TARGETS INITIATIVE ALIGNED WITH

1.5 °C

AMBITION AND OPERATIONAL NET-ZERO EMISSIONS BY 2030

STRONG LEADERSHIP AND GOVERNANCE

9 of 10
INDEPENDENT DIRECTORS
INCLUDING CHAIR

30%
FEMALE BOARD OF DIRECTORS

7 years
AVERAGE DIRECTOR TENURE

25%
FEMALE EXECUTIVE LEADERSHIP

Extensive
GOVERNMENT, ENERGY TRANSITION, DECARBONIZATION, SPACE AND TECHNOLOGY EXPERIENCE

MSCI ESG RATINGS — AAA

CCC	B	BB	BBB	A	AA	AAA

USA TODAY AMERICA'S CLIMATE LEADERS 2023 statista

GOLD 2023 ecovadis Sustainability Rating

FORTUNE WORLD'S MOST ADMIRED COMPANIES 2023

THE WALL STREET JOURNAL. BEST-MANAGED COMPANIES 2022

Forbes 2022 WORLD'S TOP FEMALE FRIENDLY COMPANIES POWERED BY STATISTA

2Q23 | KBR BUSINESS HEALTH

PEOPLE

- Headcount **increased 18%** since 2Q22
- KBR sources future talent through partnerships with over 150 universities across the globe
  - Annual graduate interns of 250+ from STEM fields
  - More than 75% of interns offered FT positions
  - Funds academic research and partners with minority serving institutions to foster inclusion

ZERO HARM

- Recorded **92% Zero Harm Days** & 0.064 TRIR[1]
- Commitment to ESG permeates everything we do at KBR - both internally and for our clients globally
  - Visit KBR's sustainability website to read the complete 2022 report



BUSINESS GROWTH

- **1.1x TTM Book-To-Bill**[3] reflects continued award momentum
- **$2.2B of bookings and options** in highly strategic areas with ending backlog and options $21.1B
- Pipeline visible and strong across all segments
- **90%+ WUC** for 2023

FINANCIAL

- 8% Revenue growth, **16% Adj. EBITDA[2] growth** ex-Gains on sale of non-core assets
- Robust cash performance, **147% YTD conversion**
- Returned $172M to shareholders via dividends and share repurchases
- **Retired legacy uncertainty and risk**
- Outstanding 1H23; **raising Adj. EBITDA guidance**

Work Under Contract (WUC)

Conversion reflects Adj. OCF Conversion (Adjusted operating cash flow per share / Adjusted EPS)

[1] Total Recordable Incident Rate (TRIR) [2] See Appendix for reconciliation of non-GAAP financial measure Adj. EBITDA ex- Gains 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

1.4x
TTM BTB[1]

$5.1B
2Q23 Backlog

- Signed a joint development agreement with ISU Chemical Co. Ltd. for the design of a commercial scale lithium sulfide (Li2S) unit for next generation battery technology
- Selected by Avina Clean Hydrogen for its green ammonia project in the U.S. to use KBR's K-GreeN® technology
- Awarded a contract by Hindustan Petroleum Corporation Limited to implement market-leading ROSE® technology at a Mumbai Refinery

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

0.9x
TTM BTB[1]

$16.0B
2Q23 Backlog & Options

- Awarded IMOC III worth up to $1.9B for the continued support of NASA's human spaceflight programs (not yet been booked into backlog)
- Expanded base operations supports services in Indo-Pacific region for support of two key communication sites in Japan
- Received prestigious Dwight D. Eisenhower Award for Excellence in Small Business Utilization, Advocacy

[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

2Q23 RESULTS | KBR DELIVERS CONTINUED GROWTH

+8% REVENUES

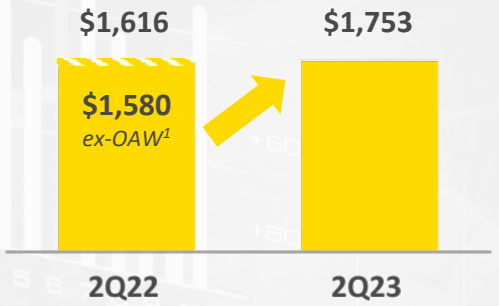
+16% ADJ. EBITDA *ex-Gains[1]*

+16% ADJ. EPS *ex-Gains[1]*

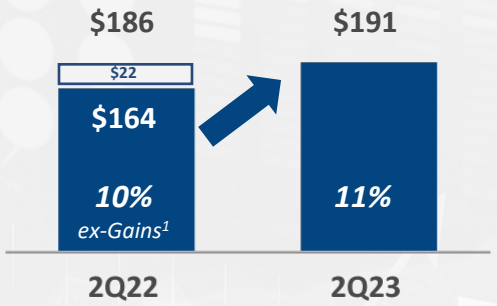
+35% ADJ. OCF *YTD*

Year over year % change

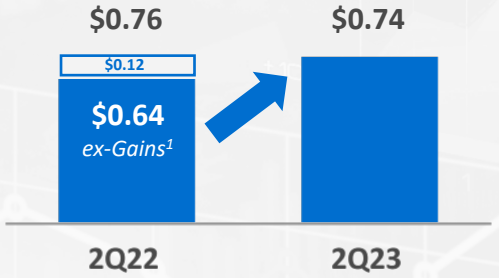
REVENUES



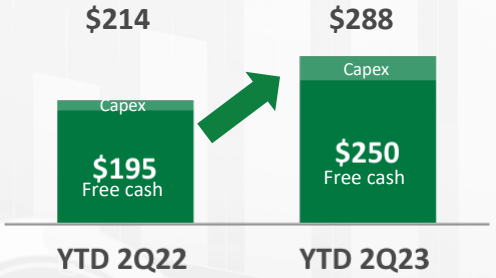
ADJ. EBITDA
Margin %



ADJ. EPS



ADJ. OCF
YTD



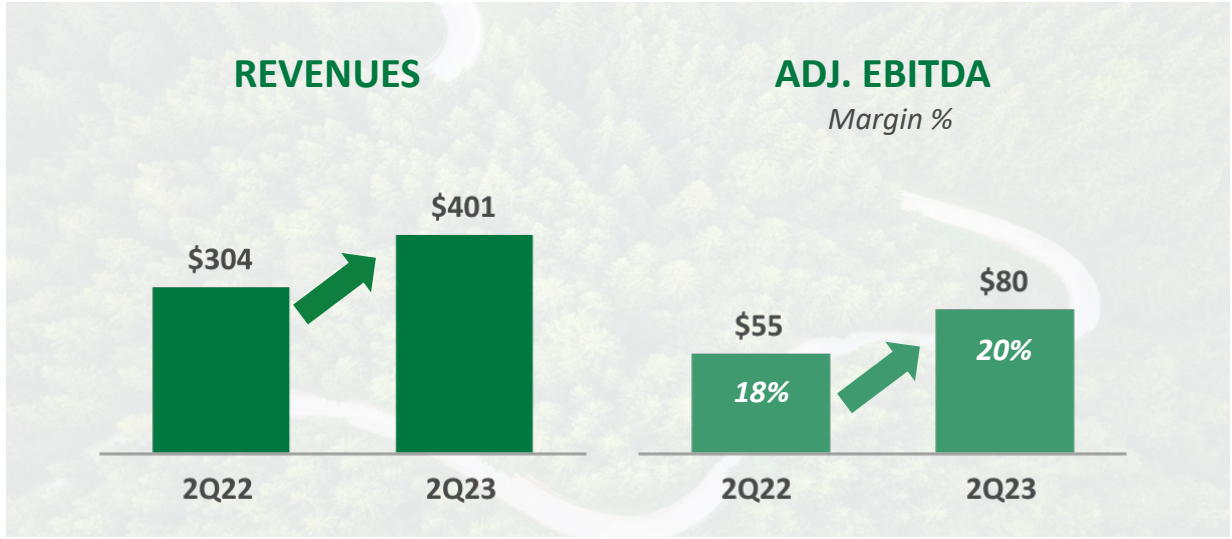
Amounts in $millions except share data; amounts are for the Three Months Ended June 30, unless stated otherwise.

Shaded portion reflects Operation Allies Welcome (OAW) Revenue in 2Q22. Hollow portion reflects gains on sale of non-core assets in 2Q22.

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

SEGMENT RESULTS DEMONSTRATE MISSION FOCUS, RESILIENCE AND AGILITY

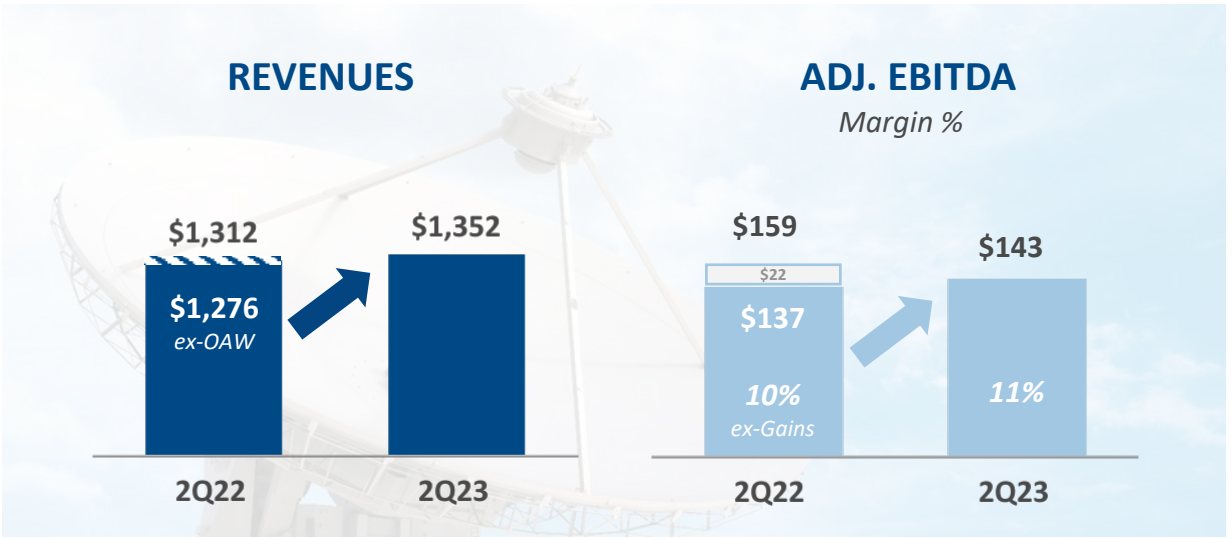
SUSTAINABLE TECHNOLOGY SOLUTIONS



45%
ADJ. EBITDA[1] GROWTH

- STS Revenue **growth of 32%** over 2Q22 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, joint venture performance and increased demand

GOVERNMENT SOLUTIONS



6%
REVENUE GROWTH
(ex-OAW)

- GS **Revenue growth ex-OAW[1]** of 6% over 2Q22 driven by increased activity in Readiness & Sustainment, Defense and Science & Space
- 2Q22 Adj. EBITDA and margin benefited from gains on the sale of non-core assets of $22M
- GS delivers **Adj. EBITDA[1] margin of 11%** due to favorable international mix, excellent award fees and strong project execution

Amounts in $millions; amounts are for the Three Months Ended June 30, unless stated otherwise.

Shaded portion reflects Operation Allies Welcome (OAW) Revenue in 2Q22. Hollow portion reflects gains on sale of non-core assets in 2Q22.

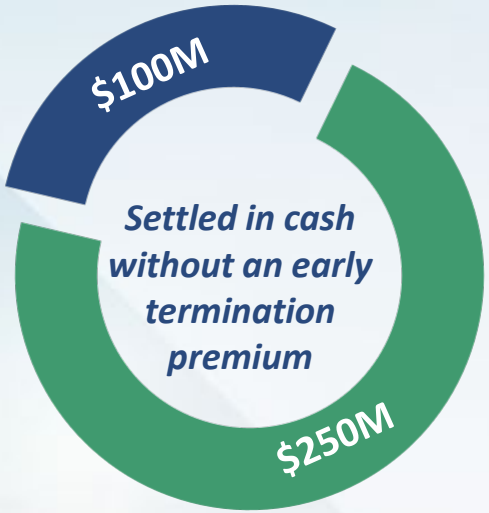
[1] *See Appendix for reconciliation of non-GAAP financial measures Adj. EBITDA, Revenue ex-OAW, and Adj. EBITDA ex-Gains to the nearest GAAP measures.*

STRATEGIC, ACCRETIVE AND BALANCED CAPITAL DEPLOYMENT

2Q23

$100M

CONVERTIBLE NOTES EARLY SETTLED



CAPITAL DEPLOYMENT PRIORITIES

- Settle Convertible Notes 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

YTD 2Q23

$172M

CAPITAL RETURNED TO SHAREHOLDERS[1]

2Q23

2.0x

NET LEVERAGE RATIO[2]

[1] *Includes quarterly dividends, discretionary repurchases, and repurchases to satisfy requirements of equity compensation plans.* [2] *Gross debt as calculated in net leverage calculation is based on historical accounting treatment prior to adoption of ASU 2020-06.*

RAISING 2023 ADJ. EBITDA GUIDANCE



KBR, Inc. FY 2023 Guidance	
REVENUE	$6.9B - $7.1B
ADJ. EBITDA	$730M - $750M v. $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.

Work Under Contract (WUC)

KEY TAKEAWAYS



- **Outstanding 1H23 and raising FY23 Adj. EBITDA guidance -** better business mix and margin performance offset increased interest
- TTM BTB of 1.1x **- reinforces end market buoyancy and KBR's resiliency** - with strong Q3 bookings outlook
- **90%+ WUC as of 1H23** - strong visibility for the second half of the year and focus on delivering for our customers and cash generation
- **MSCI AAA rating** - reflects continued ESG progress and KBR's committment to sustainability
- **Continued confidence** in delivering 2025 Adj. EPS target of $4.75

Q & A



Appendices





NON-GAAP RECONCILIATIONS

Adjusted EPS

	2Q22	2Q23	FY2023 Guidance	
Diluted EPS	**$0.61**	**$(2.60)**	**$(1.85)**	**$(1.65)**
Adjustments:				
Amortization related to acquisitions	0.05	0.03	0.17	
Ichthys interest and commercial dispute costs	0.04	—	0.01	
Acquisition, integration and restructuring	0.01	0.01	0.04	
Impact of convert accounting and Diluted EPS share count[1]	0.05	0.06	0.04	
Legacy legal fees and settlements	0.02	0.98	1.02	
(Benefits) Provisions related to exit from Russian commercial projects	0.07	(0.02)	(0.05)	
Charges associated with Convertible Notes	—	2.28	3.38	
Appreciation in fair value of investments	(0.09)	—	—	
Adjusted EPS	**$0.76**	**$0.74**	**$2.76**	**$2.96**
Diluted weighted average common shares outstanding	156	135	135	
Adjusted weighted average common shares outstanding	142	138	138	

Revenue ex-OAW; Adj. EBITDA & Adj. EPS ex-Gains

	2Q22	2Q23	Growth
Revenue (as reported)	**1,616**	**1,753**	
Revenue attributable to OAW	36	—	
Revenue ex-OAW	**$1,580**	**$1,753**	**11%**
GS Revenue (as reported)	**1,312**	**1,352**	
Revenue attributable to OAW	36	—	
GS Revenue ex-OAW	**$1,276**	**$1,352**	**6%**
Adj. EBITDA (as reported)	**186**	**191**	
Gains on sale of non-core assets	22	—	
Adj. EBITDA ex-Gains	**$164**	**$191**	**16%**
GS Adj. EBITDA (as reported)	**159**	**143**	
Gains on sale of non-core assets	22	—	
GS Adj. EBITDA ex-Gains	**$137**	**$143**	**4%**
Adjusted EPS (as reported)	**0.76**	**0.74**	
Adjusted EPS attributable to gains on sale of non-core assets	0.12	—	
Adjusted EPS ex-Gains	**$0.64**	**$0.74**	**16%**

[1] For the three- and six-months ended June 30, 2023 and for FY2023 guidance, adjusted share count includes anti-dilutive shares excluded from Diluted EPS share count.

NON-GAAP RECONCILIATIONS

Adjusted Operating and Free Cash Flow

	2Q22	2Q23	2022 YTD	2023 YTD	FY2023 Guidance	
Cash flows provided by operating activities	**$125**	**$253**	**$214**	**$288**	**$293**	**$328**
Adjustments:						
Add: Legacy legal settlement					132	
Adjusted cash flows provided by operating activities	**$125**	**$253**	**$214**	**$288**	**$425**	**$460**
Less: Capital expenditures	(13)	(19)	(19)	(38)		
Adjusted free cash flows	**$112**	**$234**	**$195**	**$250**		
Adjusted operating cash flow per share	$0.88	$1.83	$1.51	$2.07		
Adjusted operating cash flow conversion	**116%**	**247%**	**109%**	**147%**		
Adjusted free cash flow per share[1]	$0.79	$1.70	$1.37	$1.80		
Adjusted EPS	$0.76	$0.74	$1.38	$1.41		
Adjusted free cash flow conversion	**104%**	**230%**	**99%**	**128%**		
Diluted weighted average common shares outstanding	156	135	156	136		
Adjusted weighted average common shares outstanding	142	138	142	139		

NON-GAAP RECONCILIATIONS

Adjusted EBITDA

	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	TTM
Net income (loss) attributable to KBR	**$(71)**	**$94**	**$74**	**$93**	**$86**	**$(351)**	**$(98)**
Adjustments:							
Interest expense	20	21	23	23	26	29	101
Charges associated with Convertible Notes	—	0	0	0	—	314	314
Other non-operating (income) expense	—	(5)	2	(9)	2	1	(4)
Provision (benefit) for income taxes	19	33	27	13	30	16	86
Depreciation and amortization	33	33	33	38	36	34	141
EBITDA	**$1**	**$176**	**$159**	**$158**	**$180**	**$43**	**$540**
Adjustments:							
Acquisition, integration, and restructuring	1	2	2	2	1	2	7
Ichthys commercial dispute cost	132	8	7	(4)	2	—	5
Legacy legal fees and settlements	4	4	3	4	5	148	160
Appreciation in fair value of investments	—	(16)	—	—	—	—	—
(Benefits) Provisions related to exit from Russian commercial projects	16	12	—	(3)	(6)	(2)	(11)
Adjusted EBITDA	**$154**	**$186**	**$171**	**$157**	**$182**	**$191**	**$701**

NON-GAAP RECONCILIATIONS

Adjusted EBITDA - Segment

	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	TTM
Pretax income attributable to GS	**$114**	**$124**	**$96**	**$106**	**$101**	**$(33)**	**$270**
Interest expense	1	—	2	1	2	4	9
Other non-operating (income) expense	—	8	9	(18)	(1)	1	(9)
Depreciation and amortization	24	23	23	25	25	23	96
EBITDA - GS	**$139**	**$155**	**$130**	**$114**	**$127**	**$(5)**	**$366**
Adjustments:							
Legacy legal fees and settlements	4	4	3	4	5	148	160
Adjusted EBITDA - GS	**$143**	**$159**	**$133**	**$118**	**$132**	**$143**	**$526**
Pretax income (loss) attributable to STS	**$(107)**	**$48**	**$57**	**$64**	**$82**	**$76**	**$279**
Interest expense	—	1	—	—	—	—	—
Other non-operating (income) expense	—	(2)	(2)	—	—	—	(2)
Depreciation and amortization	3	4	4	3	4	6	17
EBITDA - STS	**$(104)**	**$51**	**$59**	**$67**	**$86**	**$82**	**$294**
Adjustments:							
Acquisition, integration, and restructuring	(1)	—	—	—	—	—	—
Ichthys commercial dispute cost	132	8	7	(4)	2	—	5
Appreciation in fair value of investments	—	(16)	—	—	—	—	—
(Benefits) Provisions related to exit from Russian commercial projects	16	12	—	(3)	(6)	(2)	(11)
Adjusted EBITDA - STS	**$43**	**$55**	**$66**	**$60**	**$82**	**$80**	**$288**
Adjusted EBITDA - Corporate	**$(32)**	**$(28)**	**$(28)**	**$(21)**	**$(32)**	**$(32)**	**$(113)**
Adjusted EBITDA - KBR	**$154**	**$186**	**$171**	**$157**	**$182**	**$191**	**$701**

NON-GAAP RECONCILIATIONS

Reconciliation of Operating Income to Adj. EBITDA

Three Months Ended June 30, 2023

	GS	STS	Corporate	KBR
Operating income	**$(28)**	**$77**	**$(39)**	**$10**
Noncontrolling interest	—	(1)	—	(1)
Depreciation and amortization	23	6	5	34
EBITDA	**$(5)**	**$82**	**$(34)**	**$43**
Adjustment:				
Acquisition, integration, and restructuring	—	—	2	2
Legacy legal fees and settlements	148	—	—	148
(Benefits) provisions related to exit from Russian commercial projects	—	(2)	—	(2)
Adjusted EBITDA	**$143**	**$80**	**$(32)**	**$191**