October 23, 2024

# QUARTERLY EARNINGS Q3 | 2024


Stuart Bradie, President and CEO

Mark Sopp, Executive VP and CFO

Jamie DuBray, VP of Investor Relations

# FORWARD-LOOKING STATEMENTS

The statements in this presentation 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 and backlog, program activity, our business strategy, business opportunities, interest expense, and our plans for raising and deploying capital and paying dividends, 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; developments and changes in government laws, regulations and policies that may require us to pause, delay or abandon new and existing projects; the ongoing conflict between Russia and Ukraine and in the Middle East and the related impacts on our business; 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; investment decisions by project owners; 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

## Environmental Impact

## Social Impact

# FY23 | SUSTAINABILITY HIGHLIGHTS

## STRONG LEADERSHIP AND GOVERNANCE

8 of 9
**INDEPENDENT DIRECTORS**
INCLUDING CHAIR

33%
**FEMALE BOARD OF DIRECTORS**

8 years
**AVERAGE DIRECTOR TENURE**

22%
**FEMALE EXECUTIVE LEADERSHIP**

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

## ZERO HARM DAYS

ZERO HARM
COURAGE TO CARE

93%
**ZERO HARM ACHIEVED IN 2023**
(338 DAYS)

★ Industry Leading

## HSS INCIDENT RATE

0.064
**TOTAL RECORDABLE INCIDENT RATE**
ACROSS THE GLOBE

★ Industry Leading

## KBR'S REVENUE POINTED AT SUSTAINABILITY

37%
**REVENUE FOCUSED ON SUSTAINABILITY IN 2023**

$2.55B
**ENVIRONMENTAL IMPACT**

## COMMITTED TO SCIENCE-BASED TARGETS:

NEAR-TERM NET-ZERO 2030
NET-ZERO 2050

ALIGNED WITH
1.5 °C
AMBITION

## KEY KBR RECOGNITIONS

MSCI ESG RATINGS AAA
QUALITYSCORE ENVIRONMENTAL SOCIAL GOVERNANCE 1 — HIGHEST RANKED BY ISS ESG
ecovadis GOLD 2023 Sustainability Rating
FORTUNE World's Most Admired Companies
USA TODAY America's Climate Leaders 2023
Best Workplaces for Women UK 2023
Great Place To Work Certified AUG 2023-AUG 2024 (AUS, AZE, CANADA, CHN, DE, INDIA, IDN, MALAYSIA, MEXICO, KSA, SG, CH, THA, UAE, UK, USA)

## KEY PARTNERSHIPS

CEO ACTION FOR DIVERSITY & INCLUSION
AMIE
CATALYST
Disability:IN
WISE Women in Science and Engineering
PRIDE IN VETERANS STANDARD — FIGHTING WITH PRIDE
HIRING OUR HEROES — U.S. CHAMBER OF COMMERCE FOUNDATION
WOMEN IN DEFENCE CHARTER

# 3Q'24 | KBR PERFORMANCE

## FINANCIAL PERFORMANCE

- $1.9B Revenue, up 10% yoy
- $219M Adj. EBITDA[2], up 18% yoy
- 11.2% Adj. EBITDA margin[2], up 74 bps
- $422M YTD Adj. OCF[2], 129% YTD conversion
- Raising guidance for Revenue, Adj. EBITDA[3] and Adj. EPS[3]

## BUSINESS GROWTH

- 1.2x QTD and 1.1x TTM Book-To-Bill[1]
- $3.3B of bookings and options[1] in highly strategic areas
- Ending backlog and options of $22.1B
- ~95% work under contract (WUC) for 2024
- Strong bookings momentum

[1] *Trailing-twelve-months book-to-bill (TTM BTB). BTB and bookings & options exclude long-term UK PFIs and the Plaquemines LNG project.*

[2] *See Appendix for reconciliation of non-GAAP financial measures Adj. EBITDA, Adj. OCF and conversion to the nearest GAAP measures. Adj. EBITDA margin calculated as Adj. EBITDA / Revenues.* [3] *See guidance slide for more information about FY 2024 guidance and related disclaimers for non-GAAP financial measures guidance.*

# 3Q'24| KEY AWARDS

## SUSTAINABLE TECHNOLOGY SOLUTIONS

**1.0x** QTD BTB[1]

**$3.8B** Backlog

**1.1x** TTM BTB[1]

- KBR will coordinate project management consulting (PMC) services for the largest world scale liquid to chemical (LTC) program.
- KTJV, a KBR and Technip Energies joint venture, selected by Lake Charles LNG Export Company, a subsidiary of Energy Transfer LP, for its 16.45 metric tons per annum of LNG export project in Louisiana.
- PureSAF℠ technology, exclusively licensed by KBR worldwide, selected by Avina Clean Hydrogen Inc. for its facility in the US that will produce 120 million gallons of sustainable aviation fuel per year.
- Awarded an engineering and procurement services contract for the Beachfield Manatee upgrade, the onshore portion of Shell's Manatee gas field project located in the East Coast Marine Area of Trinidad and Tobago.

## GOVERNMENT SOLUTIONS

**1.3x** QTD BTB[1]

**$18.4B** Backlog & Options

**1.1x** TTM BTB[1]

- Awarded an estimated $199 million cost-plus-fixed-fee contract supporting the Naval Information Warfare Center Pacific Program Executive Office Digital and Enterprise Services Technical Director's Office.
- Awarded the follow-on Space Science Instruments and Experimental Payloads (SSIEP) 3 contract by the U.S. Navy for continued development of space science instrument systems at the Naval Research Lab (NRL) in Washington, D.C. This award maintains KBR's presence at NRL where it has supported SSIEP 1 and 2 since 2015.
- Since closing, LinQuest has won 2 new business opportunities under Small Business Innovation Research Phase 3 vehicle. The first was a 5 year, $37 million effort for the Air Force Nuclear Warfare Center to support Digital Materiel Management & Multi-Criteria Decision-Making Services. The second was a 3 year, $35 million effort to support Air Force Global Strike Command creating a presence at this important Air Force command.

[1] *Trailing-twelve-months book-to-bill (TTM BTB). BTB excludes long-term UK PFIs and the Plaquemines LNG project.*

# Mark Sopp

Executive Vice President and Chief Financial Officer

# 3Q'24 | KBR CONTINUES TO DELIVER PROFITABLE GROWTH

**+10%** REVENUES

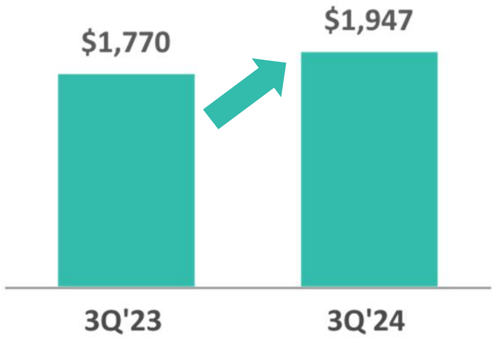
**+18%** ADJ. EBITDA[1]

**+12%** ADJ. EPS[1]

**129%** ADJ. OCF[1] YTD Conversion

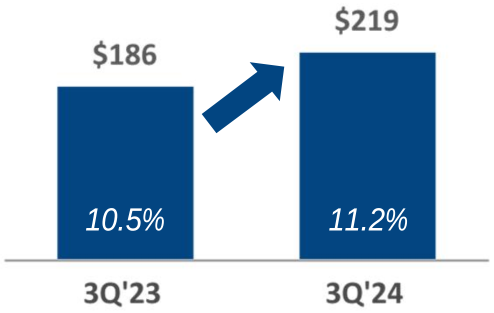
*Year over year % change unless stated otherwise*

## REVENUES

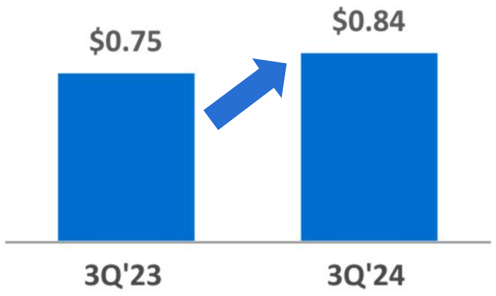



## ADJ. EBITDA[1]

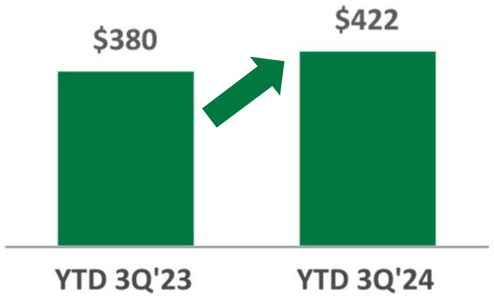
*Margin[1]*




## ADJ. EPS[1]




## ADJ. OCF[1]

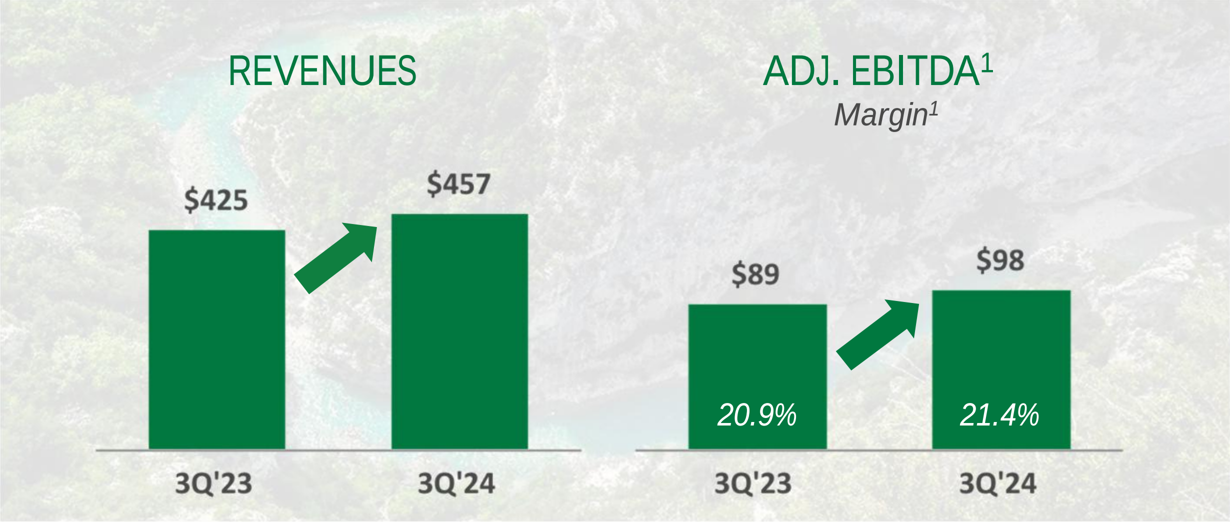



*Amounts in $ millions except share data; amounts are for the Three Months Ended September 27, 2024 and Three Months Ended September 29, 2023 unless stated otherwise.*

*[1] See Appendix for reconciliation of non-GAAP financial measures Adj. EBITDA, Adj. EPS, Adj. OCF and Adj. OCF conversion to the nearest GAAP measures. Adj. EBITDA margin calculated as Adj. EBITDA / Revenues.*

# 3Q'24 | SEGMENT RESULTS DEMONSTRATE DELIVERY FOCUS

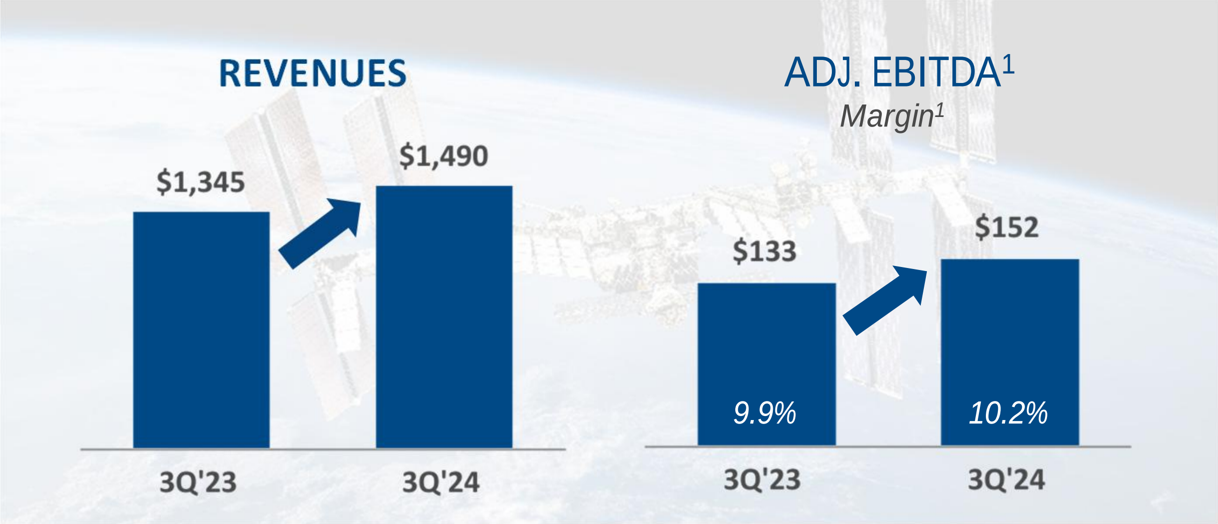
## SUSTAINABLE TECHNOLOGY SOLUTIONS




**10%**
ADJ. EBITDA[1] GROWTH

- STS revenue growth of 8% over 3Q'23 driven by growing demand in sustainable services and technology
- Continued Adj. EBITDA[1] margin of ~20% due to favorable revenue mix, achievement of certain licensing milestones and joint venture performance

## GOVERNMENT SOLUTIONS




**14%**
ADJ. EBITDA[1] GROWTH

- GS revenue growth of 11% over 3Q'23 driven by new and on-contract growth across all business units
  - Intl. up 13%
  - R&S up 9%
  - D&I up 15% (up 5% organic)
  - S&S up 5%
- Continued Adj. EBITDA[1] margin of ~10% due to excellent award fees and strong project execution

*Amounts in $ millions; amounts are for the Three Months Ended September 27, 2024 and Three Months Ended September 29, 2023 unless stated otherwise.*

*[1] See Appendix for reconciliation of non-GAAP financial measure Adj. EBITDA to the nearest GAAP measure. Adj. EBITDA margin calculated as Adj. EBITDA / Revenues.*

# STRATEGIC, ACCRETIVE AND BALANCED CAPITAL DEPLOYMENT

YTD 3Q'24

**129%**

ADJ. OCF[1] CONVERSION

YTD 3Q'24

**$226M**

CAPITAL RETURNED TO SHAREHOLDERS[2]

3Q'24

**2.6x**

NET LEVERAGE RATIO

3Q'24

**$739M**

ACQUISITION OF LINQUEST COMPLETED

## CAPITAL DEPLOYMENT PRIORITIES

- 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] *See Appendix for reconciliation of non-GAAP financial measure Adj. OCF conversion to the nearest GAAP measure.* [2] *Includes quarterly dividends, discretionary repurchases and repurchases to satisfy requirements of equity compensation plans.*

# RAISING FY 2024 GUIDANCE

| | KBR, Inc.<br>FY 2024 Guidance |
|---|---|
| REVENUE | $7.5B - $7.7B<br>*v. $7.4B - $7.7B* |
| ADJ. EBITDA | $840M - $870M<br>*v. $825M - $850M* |
| ADJ. EPS[1] | $3.20 - $3.30<br>*v. $3.15 - $3.30* |
| OPERATING CASH FLOW | $460M - $480M |

*The company does not provide a reconciliation of Adj. EBITDA to the most comparable GAAP financial measure 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.*

[1] *See Appendix for reconciliation of non-GAAP financial measure Adj. EPS to the nearest GAAP measure.*

# KEY TAKEAWAYS

- Outstanding 3Q performance with double digit year-over-year growth across revenue, profit and operating cash flows
- LinQuest delivering strong operational results and bookings since close and integration progressing well
- Raising FY 2024 guidance on Revenue, Adj. EBITDA[1] and Adj. EPS[1] due to strong year-to-date performance and LinQuest acquisition
- Strong 3Q bookings with 1.2x QTD Book-To-Bill[2] drives confidence in remainder of 2024 and into 2025


[1] See guidance slide for more information about FY 2024 guidance and related disclaimers for non-GAAP financial measures guidance. [2] Trailing-twelve-months book-to-bill (TTM BTB). BTB excludes long-term UK PFIs and the Plaquemines LNG project.

# Q & A

# Appendix

# NON-GAAP RECONCILIATION

## Adjusted EPS

| | 3Q'23 | 3Q'24 | 2023 YTD | 2024 YTD | FY2024 Guidance | |
|---|---|---|---|---|---|---|
| Diluted EPS | $(0.16) | $0.75 | $(2.10) | $2.22 | $2.91 | $3.01 |
| Adjustments: | | | | | | |
| Amortization related to acquisitions | 0.04 | 0.06 | 0.12 | 0.14 | 0.21 | |
| Ichthys commercial dispute costs | 0.03 | (0.01) | 0.04 | 0.01 | 0.01 | |
| Acquisition, integration and restructuring | 0.01 | 0.04 | 0.03 | 0.08 | 0.09 | |
| Impact of convert accounting and Diluted EPS share count[1] | — | — | 0.05 | — | — | |
| Legacy legal fees and settlements | 0.01 | — | 1.01 | (0.01) | (0.02) | |
| (Benefits) Provisions related to exit from Russian commercial projects | — | — | (0.05) | — | — | |
| Charges associated with Convertible Notes | 0.82 | — | 3.08 | — | — | |
| Adjusted EPS | $0.75 | $0.84 | $2.18 | $2.44 | $3.20 | $3.30 |
| | | | | | | |
| *Diluted weighted average common shares outstanding* | *135* | *133* | *136* | *134* | *135* | |
| *Adjusted weighted average common shares outstanding* | *139* | *133* | *139* | *134* | *135* | |

*[1] For the nine months ended September 29, 2023, adjusted share count includes anti-dilutive shares excluded from Diluted EPS share count.*

# NON-GAAP RECONCILIATION

## Adjusted Operating and Free Cash Flow

| | 3Q'23 | 3Q'24 | 2023 YTD | 2024 YTD |
|---|---|---|---|---|
| Cash flows provided by operating activities | $(40) | $161 | $248 | $422 |
| Adjustments: | | | | |
| Adjust: CARES Act temporary tax repayment | — | — | — | — |
| Add: Legacy legal settlement (after tax) | 132 | — | 132 | — |
| Adjusted cash flows provided by operating activities | $92 | $161 | $380 | $422 |
| | | | | |
| Less: Capital expenditures | (22) | (19) | (60) | (54) |
| Adjusted free cash flows | $70 | $142 | $320 | $368 |
| | | | | |
| Adjusted operating cash flow per share | $0.66 | $1.21 | $2.73 | $3.15 |
| Adjusted operating cash flow conversion | 88% | 144% | 125% | 129% |
| | | | | |
| Adjusted free cash flow per share | $0.50 | $1.07 | $2.30 | $2.75 |
| Adjusted EPS | $0.75 | $0.84 | $2.18 | $2.44 |
| Adjusted free cash flow conversion | 67% | 127% | 106% | 113% |
| | | | | |
| *Diluted weighted average common shares outstanding* | *135* | *133* | *136* | *134* |
| *Adjusted weighted average common shares outstanding* | *139* | *133* | *139* | *134* |

# NON-GAAP RECONCILIATION

## Adjusted EBITDA

| | 1Q'23 | 2Q'23 | 3Q'23 | 4Q'23 | 1Q'24 | 2Q'24 | 3Q'24 | TTM |
|---|---|---|---|---|---|---|---|---|
| Net income (loss) attributable to KBR | $86 | $(351) | $(21) | $21 | $93 | $106 | $100 | $320 |
| Adjustments: | | | | | | | | |
| Interest expense | 26 | 29 | 30 | 30 | 31 | 32 | 37 | 130 |
| Accretion of Convertible Notes debt discounts | — | 128 | 114 | 40 | — | — | — | 40 |
| Other non-operating (income) expense | 2 | 1 | (2) | 4 | 6 | 2 | 2 | 14 |
| Provision for income taxes | 30 | 16 | 23 | 26 | 35 | 40 | 32 | 133 |
| Depreciation and amortization | 36 | 34 | 34 | 37 | 36 | 35 | 41 | 149 |
| EBITDA | $180 | $(143) | $178 | $158 | $201 | $215 | $212 | $786 |
| | | | | | | | | |
| Adjustments: | | | | | | | | |
| Acquisition, integration and restructuring | 1 | 2 | 3 | 4 | 1 | 5 | 9 | 19 |
| Ichthys commercial dispute cost | 2 | — | 4 | (5) | 4 | (1) | (2) | (4) |
| Legacy legal fees and settlements | 5 | 148 | 1 | 1 | 1 | (3) | — | (1) |
| (Benefits) provisions related to exit from Russian commercial projects | (6) | (2) | — | 4 | — | — | — | 4 |
| Loss on derivative bifurcation | — | 104 | — | — | — | — | — | — |
| Loss on debt extinguishment | — | 70 | — | — | — | — | — | — |
| Loss on settlement of warrants | — | 12 | — | 26 | — | — | — | 26 |
| Adjusted EBITDA | $182 | $191 | $186 | $188 | $207 | $216 | $219 | $830 |

# NON-GAAP RECONCILIATION

## Adjusted EBITDA - Segment

| | 1Q'23 | 2Q'23 | 3Q'23 | 4Q'23 | 1Q'24 | 2Q'24 | 3Q'24 | TTM |
|---|---|---|---|---|---|---|---|---|
| Pretax income attributable to GS | $101 | $(33) | $106 | $102 | $114 | $122 | $119 | $457 |
| Interest expense | 2 | 4 | 2 | 3 | 2 | 3 | 3 | 11 |
| Other non-operating (income) expense | (1) | 1 | — | (2) | (1) | (1) | 1 | (3) |
| Depreciation and amortization | 25 | 23 | 24 | 24 | 24 | 24 | 26 | 98 |
| EBITDA - GS | $127 | $(5) | $132 | $127 | $139 | $148 | $149 | $563 |
| Adjustments: | | | | | | | | |
| Acquisition, integration and restructuring | — | — | — | — | — | — | 3 | 3 |
| Legacy legal fees and settlements | 5 | 148 | 1 | 1 | 1 | (3) | 0 | (1) |
| Adjusted EBITDA - GS | $132 | $143 | $133 | $128 | $140 | $145 | $152 | $565 |
| Pretax income (loss) attributable to STS | $82 | $76 | $82 | $82 | $86 | $94 | $94 | $356 |
| Interest expense | — | — | 1 | — | — | — | — | — |
| Other non-operating (income) expense | — | — | (2) | (1) | (1) | 1 | (1) | (2) |
| Depreciation and amortization | 4 | 6 | 4 | 5 | 5 | 4 | 7 | 21 |
| EBITDA - STS | $86 | $82 | $85 | $86 | $90 | $99 | $100 | $375 |
| Adjustments: | | | | | | | | |
| Ichthys commercial dispute cost | 2 | — | 4 | (5) | 4 | (1) | (2) | (4) |
| (Benefits) provisions related to exit from Russian commercial projects | (6) | (2) | — | 4 | — | — | — | 4 |
| Adjusted EBITDA - STS | $82 | $80 | $89 | $85 | $94 | $98 | $98 | $375 |
| Adjusted EBITDA - Corporate | $(32) | $(32) | $(36) | $(25) | $(27) | $(27) | $(31) | $(110) |
| Adjusted EBITDA - KBR | $182 | $191 | $186 | $188 | $207 | $216 | $219 | $830 |

# NON-GAAP RECONCILIATION

## Reconciliation of Operating Income to Adjusted EBITDA

Three Months Ended September 27, 2024

| | GS | STS | Corporate | KBR |
|---|---|---|---|---|
| Operating income | $123 | $95 | $(45) | $173 |
| Noncontrolling interest | — | (2) | — | (2) |
| Depreciation and amortization | 26 | 7 | 8 | 41 |
| EBITDA | $149 | $100 | $(37) | $212 |
| | | | | |
| Adjustment: | | | | |
| Acquisition, integration and restructuring | 3 | — | 6 | 9 |
| Ichthys commercial dispute cost | — | (2) | — | (2) |
| Adjusted EBITDA | $152 | $98 | $(31) | $219 |

# SUPPLEMENTAL RECONCILIATION

## Reconciliation of Adjusted EBITDA to Adjusted EPS

Three Months Ended September 27, 2024

| | KBR |
|---|---|
| Adjusted EBITDA | $219 |
| Interest expense | (37) |
| Other non-operating income (expense) | (2) |
| Provision for income taxes | (32) |
| Depreciation and amortization | (41) |
| | |
| EPS adjustments: | |
| Amortization related to acquisitions (after tax) | 8 |
| Tax effect of EBITDA adjustments | (3) |
| Adjusted Net Income Attributable to KBR | $112 |
| *Adjusted weighted average common shares outstanding* | *133* |
| Adjusted EPS | $0.84 |