February 24, 2025

# QUARTERLY EARNINGS 4Q | 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, 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 regulatory requirements and policies that may require us to pause, delay or abandon new and existing projects; changes in the priorities, focus, authority and budgets of government agencies under the new administration that may impact our existing projects and/or our ability to win new contracts; the ongoing conflict between Russia and Ukraine and volatility and continued unrest 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; 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 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.

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# Stuart Bradie

President and Chief Executive Officer



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# Zero Harm Moment: Delivering on our Commitment





Mura is a global pioneer of **Hydro-PRT®**, a next generation **advanced plastic recycling technology.**

KBR is proud to be Mura's exclusive global licensing partner, preferred engineering partner and investor in the Hydro-PRT® process.

- **3 world-scale facilities** being built with combined 60ktpa operating capacity: UK, Korea, and Japan
- Final commissioning at **UK and Korea** facilities
- Key customers with **Dow Chemicals and Neste**

Excited about what this means for **our planet, for the circular economy, and for KBR.**




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# Key Messages

| 4Q 2024 | FY 2024 |
|---|---|
| **$2.1B** Revenues growth of 23% YoY | **$7.7B** Revenues growth of 11% YoY |
| **$228M** Adj. EBITDA[1] growth of 21% YoY | **$870M** Adj. EBITDA[1] growth of 16% YoY |
| **10.7%** Adj. EBITDA margin[1] | **11.2%** Adj. EBITDA margin[1] Expansion of ~50 bps |

1. **Delivered** strong 4Q and FY 2024 performance, exceeding expectations

2. **Advanced Strategy Execution**
   - Strong project execution and exciting new contract wins
   - LinQuest integration progressing well
   - Announced segment realignment and leadership updates

3. **Highlighting** differentiated business model and alignment with strong secular growth trends

4. **Issuing** FY 2025 guidance; continued strength supports achievement of FY 2027 targets

[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.

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# Advancing Strategy through Key Contract Execution and Wins

## Key Contract Updates

- **HomeSafe** - following successful test moves in 4Q, the ramp increased markedly in January and continues to increase
- **Plaquemines LNG** - after producing first LNG in December, work is progressing well to bring on more capacity through 2025 and into 2026
- **Lake Charles LNG** - ban has been lifted by Executive Order; offtakes progressing positively with limited notice to proceed expected mid year and FID late 2025

| 1.1x | 1.0x | $21.2B |
|---|---|---|
| TTM Book-to-Bill[1] | QTD Book-to-Bill[1] | Backlog & Options |

## New Contract Wins

- $445M contract win for DoD Joint Mission Environment Test Capability Program and $88M contract win for Rapid Prototyping
  - Demonstrates expertise in systems design, test and interoperability
- KBR's ammonia technology selected for two new projects (Angola and Kazakhstan) in 4Q
  - Demonstrates market leadership
- KBR engineering and procurement services chosen for Shell Manatee LNG Project, Oman LNG Project, Saudi Aramco's Shaybah Project, as well as signed a global agreement with BP for PMC
  - Demonstrates differentiated energy security capabilities and extensive global presence

[1] Book-to-Bill (BTB) excludes long-term UK PFIs and the Plaquemines LNG project.

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# Delivering on Our Strategy

## THRIVE and EXPAND
### in Core Markets and New Geographies

**Capture Breakout Growth**

- Secured $10B+ Lake Charles LNG project with our partner Technip
- Won $1.5B+ of work through the Information Analysis Centers Multiple Award Contract (IAC MAC) vehicle
- Won work with new customers in Defense Health Agency and Dept. of State
- Increased GS bid volume by 55%+ as committed in Investor Day

## DELIVER
### Technical, Digital, Process Innovation

**Create Customer Intimacy**

- Added PureLi℠ Technology, a higher efficiency process for lithium extraction
- Expanded capabilities across Naval Information Warfare Center Digital PEO
- Connected multi-site secure digital labs, creating on-contract growth across Army, Navy, and Intel customers

## DRIVE
### Operational Excellence Globally

**Achieve Industry-leading Margins**

- ~50 bps Adj. EBITDA margin[1] expansion year-over-year
- Finalized segment realignment; aligning capabilities to end markets, increasing pipeline opportunities and delivering $30M in annual cost savings
- Renamed Government Solutions to Mission Technology Solutions to better reflect delivery of high-end technology services and solutions to mission essential government programs

## DEPLOY
### Capital Effectively

**Generate Strong Returns**

- Returned ~$300M to shareholders through share repurchases and dividends
- Increased annual dividend by 10%; 6th consecutive year of increases
- Closed LinQuest acquisition in Q3; integration progressing well due to strategic fit and cultural alignment
- LinQuest's portfolio of direct-award contracts provides over $2B of available ceiling value over the next 4+ years

[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.

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# KBR Offers a Differentiated Business Model

## Agile Enterprise Leadership

Multiple paths to market provide **portfolio resilience**
Leverage synergies and shared services to apply **best practices**

### Customer-centric Multi-National Operations
*Geographic Focus*

- Leverage leadership values and local empowerment to become a **trusted partner**
- Build customer intimacy to **expand addressable market**

### Elevated Technology Positioning
*Capability Focus*

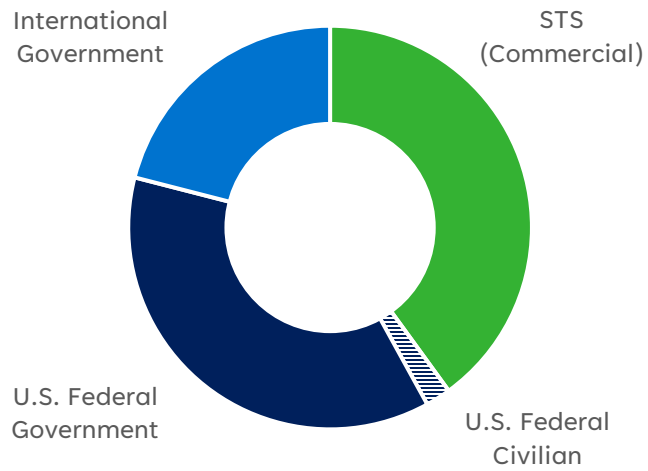
- Apply domain expertise to unlock **technology innovation**
- Technological step changes driven by **strategic customer investment**

Capital light, **strong cash flows**
Cost discipline supports **margin expansion**

**Resilient Financial Performance Enabled by Operational Focus**

## Diversified Mix

**2024 Adj. EBITDA by Customer**




**~2%**

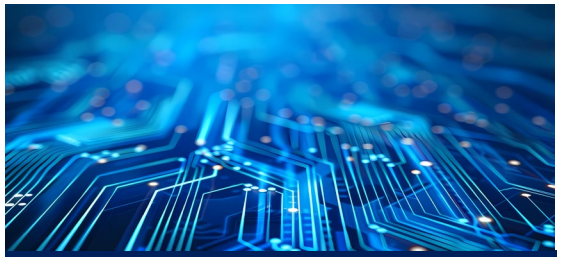
**U.S. Federal Civilian**
(excluding NASA)

# KBR Aligned to Strong Secular Growth Trends



## U.S. Defense

- Need for technological superiority through defense modernization
- Space domain emergence transformed intelligence, navigation and interoperability
- Digital decision models to execute “at speed”
- Increased investment in space exploration



## International Defense

- Geopolitical tensions increase defense spending
- Nations strive for unique sovereign defense capabilities and independence
- Increased collaboration between defense, civil and commercial stakeholders



## Energy

- Geopolitical dynamics impact need for energy security
- Resurgence of energy investment in US
- Increasing demand for LNG
- Ongoing demand for ammonia
- Sustainable (low-carbon) technologies, such as hydrogen and circular economies



## Infrastructure

- Middle east, oil-centric economies need to diversify
- Middle east is broadening its industrial base
- Transformation of the energy grid
- Population growth & urbanization driving strong public sector funding for infrastructure

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# Mark Sopp

Executive Vice President and
Chief Financial Officer



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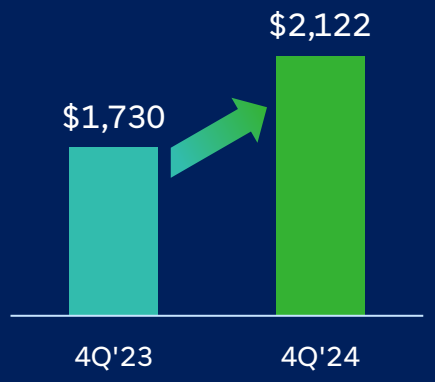
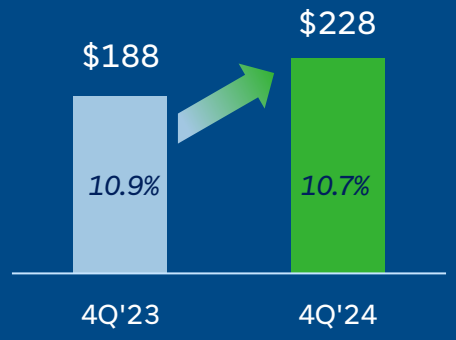
# 4Q 2024 | KBR Delivers Continued Growth

## Revenues
**+23%**




- GS: High-end defense engineering, classified intel, readiness and international programs
- STS: Technology sales and increased volume in sustainable solutions
- Organic growth ~15%

## Adj. EBITDA[1]
**+21%**




- Growth in line with Revenues

## Adj. EPS[1]
**+32%**




- Exceeds Adj. EBITDA[1] growth due to favorable tax management and lower adjusted share count, partially offset by higher interest expense due to the LinQuest acquisition

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

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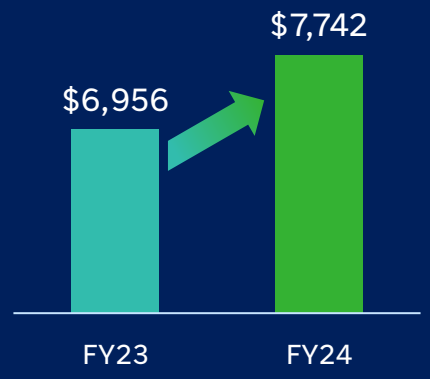
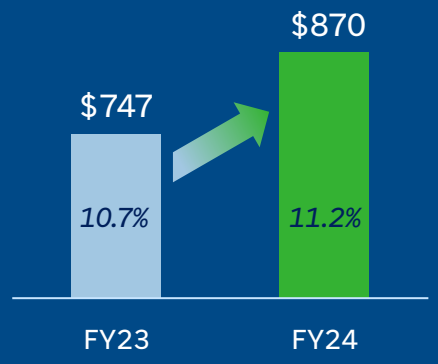
# FY 2024 | KBR Delivers Continued Growth

## Revenues
**+11%**



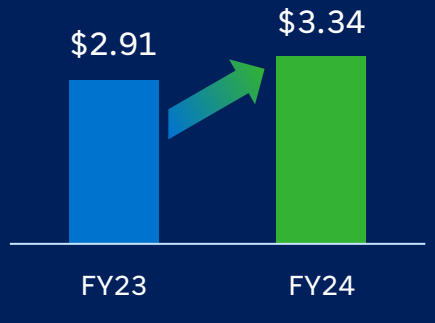

- GS: High-end defense engineering, classified intel and international programs
- STS: Increased volume in sustainable solutions
- Organic growth ~9%

## Adj. EBITDA[1]
**+16%**



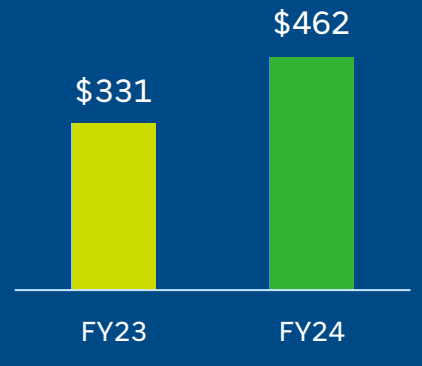

- Growth in line with Revenues
- ~50 bps margin expansion driven by mix, including the LinQuest acquisition

## Adj. EPS[1]
**+15%**




- Growth in line with Adj. EBITDA[1], partially offset by higher interest expense due to the LinQuest acquisition

## OCF
**103%**
conversion[1]




- Strong cash conversion
- Current year reflects an advanced pension payment ($21M); reduces pension funding obligation in fiscal year 2025

[1] See Appendix for reconciliation of non-GAAP financial measures Adj. EBITDA and Adj. EPS to the nearest GAAP measures. Adj. EBITDA margin calculated as Adj. EBITDA / Revenues. Conversion calculated as (OCF / Adjusted diluted share count ) / Adj. EPS.

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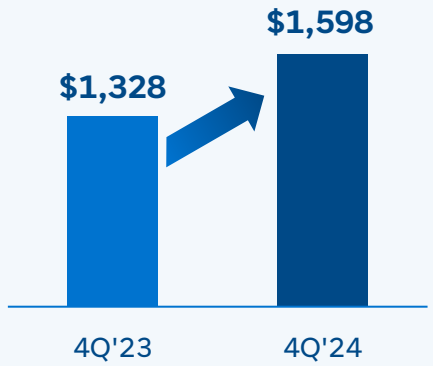
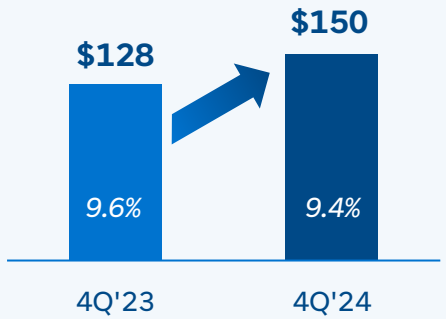
# GS Delivers Double-digit Revenue and Adj. EBITDA Growth, Supported by Growth Across All Businesses

## 4Q 2024

### Revenues
**+20%**




### Adj. EBITDA[1]
**+17%**

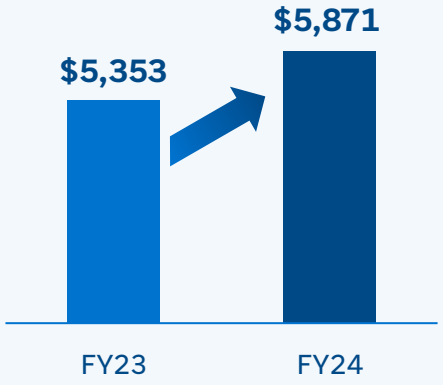



**0.9x**
**QTD Book-to-Bill[2]**

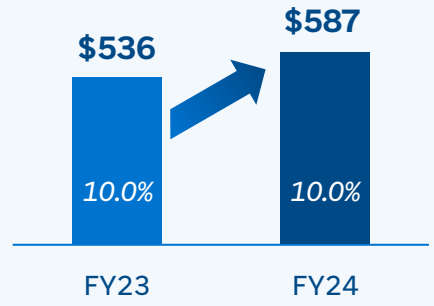
Revenues:
- Science & Space up 9%
- Defense & Intel up 33%
- Readiness & Sustainment up 13%
- International up 20%

## FY 2024

### Revenues
**+10%**




### Adj. EBITDA[1]
**+10%**




**1.1x**
**TTM Book-to-Bill[2]**

Revenues:
- Science & Space up 5%
- Defense & Intel up 17%
- Readiness & Sustainment up 1%
- International up 14%

[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.
[2] Book-to-Bill (BTB) excludes long-term UK PFIs and the Plaquemines LNG project.

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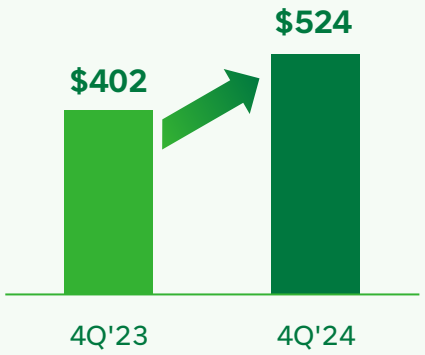
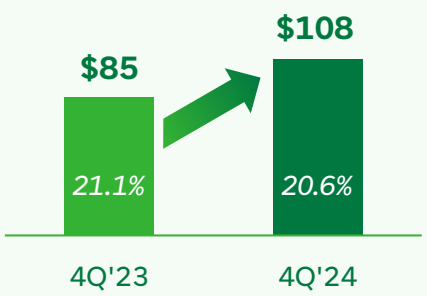
# STS Achieves Double-digit Adj. EBITDA Growth for 3rd Consecutive Year

## 4Q 2024

**Revenues**
**+30%**




**Adj. EBITDA[1]**
**+27%**

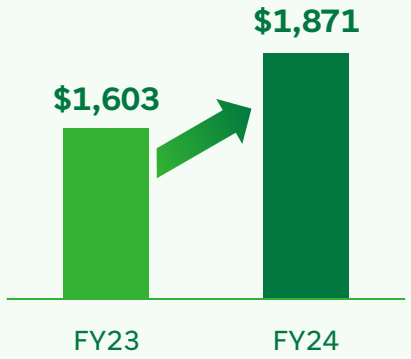



**1.3x**
**QTD Book-to-Bill[2]**

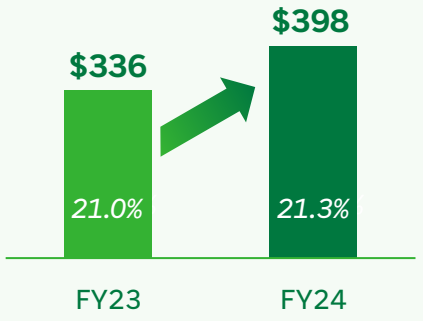
- Growth in Revenues driven by increased project volume in Sustainable Solutions (particularly in the Middle East, Europe, and the U.S.) and increased demand in Sustainable Technologies

## FY 2024

**Revenues**
**+17%**




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




**1.1x**
**TTM Book-to-Bill[2]**

- Growth in Revenues driven by increased project volume in Sustainable Solutions (particularly in the Middle East), including progress from Plaquemines LNG

[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.
[2] Book-to-Bill (BTB) excludes long-term UK PFIs and the Plaquemines LNG project.

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# Balance Sheet and Capital Allocation

| Liquidity and Leverage | 1/3/25 |
|---|---|
| Total debt (before issuance costs) | 2,594 |
| Net debt | 2,244 |
| Net debt / Adj. EBITDA[1] | 2.6x |

| Free Cash Flow | FY 2024 |
|---|---|
| Operating cash flow | 462 |
| Capital expenditures | 77 |
| Free cash flow | 385 |

| Return of Capital | FY 2024 |
|---|---|
| Share repurchases | 218 |
| Dividends | 79 |
| Available share repurchase program | 750 |

## Balanced Capital Allocation Priorities

### Organic Growth

- Innovation, digital solutions and engineering, secure facilities

### Strategic M&A

- Disciplined approach to accretive, strategic bolt-on acquisitions

### Reduce Leverage

- Targeting leverage <2.5x by year-end fiscal 2025 via Adjusted EBITDA growth

### Return Capital to Shareholders

- Opportunistic share repurchases; new $750M board-approved authorization
- Attractive dividend that grows with earnings

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

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# Issuing FY 2025 Guidance

| | FY 2025 Guidance | *Midpoint Growth* |
|---|---|---|
| Revenues | $8.7B - $9.1B | *↑15%* |
| Adj. EBITDA[1] | $950M - $990M | *↑11%* |
| Adj. EPS[1] | $3.71 - $3.95 | *↑15%* |
| Operating Cash Flow | $500M - $550M | *↑14%* |

## Financial Modeling Assumptions

- Capex: ~$50 - 65M
- Effective tax rate: 25% - 27%
- Adj. EPS phasing: ~47% 1H / ~53% 2H
- Adjusted diluted share count: ~133M
- Depreciation & amortization: ~$165M (includes ~$45M purchased intangibles amortization)

[1] The company does not provide reconciliations of Adj. EBITDA and Adj. EPS 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.

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# Key Takeaways

- **Strong fourth quarter and fiscal year 2024 results** with double-digit growth across Revenues, Adj. EBITDA, and Adj. EPS; TTM Book-to-Bill[1] of 1.1x
- **Delivered on our strategy in fiscal year 2024** to move up-market and position in areas of differentiation; segment realignment and leadership announcements ensure focused operational oversight
- **Diversified portfolio and resilient business model** with more than 60% of Adj. EBITDA contribution[2] from non-U.S. government customers
- **Confident fiscal year 2025 outlook with double-digit growth** at the midpoint across all metrics; entering 2025 with 75+% work under contract
- **Lt. General Wendy M. Masiello unanimously elected as Lead Independent Director**, effective in May 2025







[1] Book-to-Bill (BTB) excludes long-term UK PFIs and the Plaquemines LNG project.
[2] Adj. EBITDA contribution based on FY 2024 financial results.

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# Q & A



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# KBR Investment Thesis

1. Multi-year transformation into a **leading provider of differentiated, innovative, up-market** science, technology, and engineering **solutions** with **large scale, global reach**

2. Serving **diverse, attractive end markets** aligned with secular growth trends including global security, sustainability, and digitalization

3. **Top talent** combining **deep domain expertise, proprietary technologies,** and an **unwavering focus on execution**, **with a specialization in complex, mission critical work**

4. **Excellent partners** operating in dynamic teams to **solve our customers' most complex challenges,** which has resulted in recurring, long-term engagements and $21B+ in backlog and options[1]

5. Diversification, low capital intensity, and disciplined capital allocation generate stable, **predictable cash flows and long-term shareholder returns**, with growth and margin expansion plans in flight

[1] As of fiscal year end, January 3, 2025

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# Appendix




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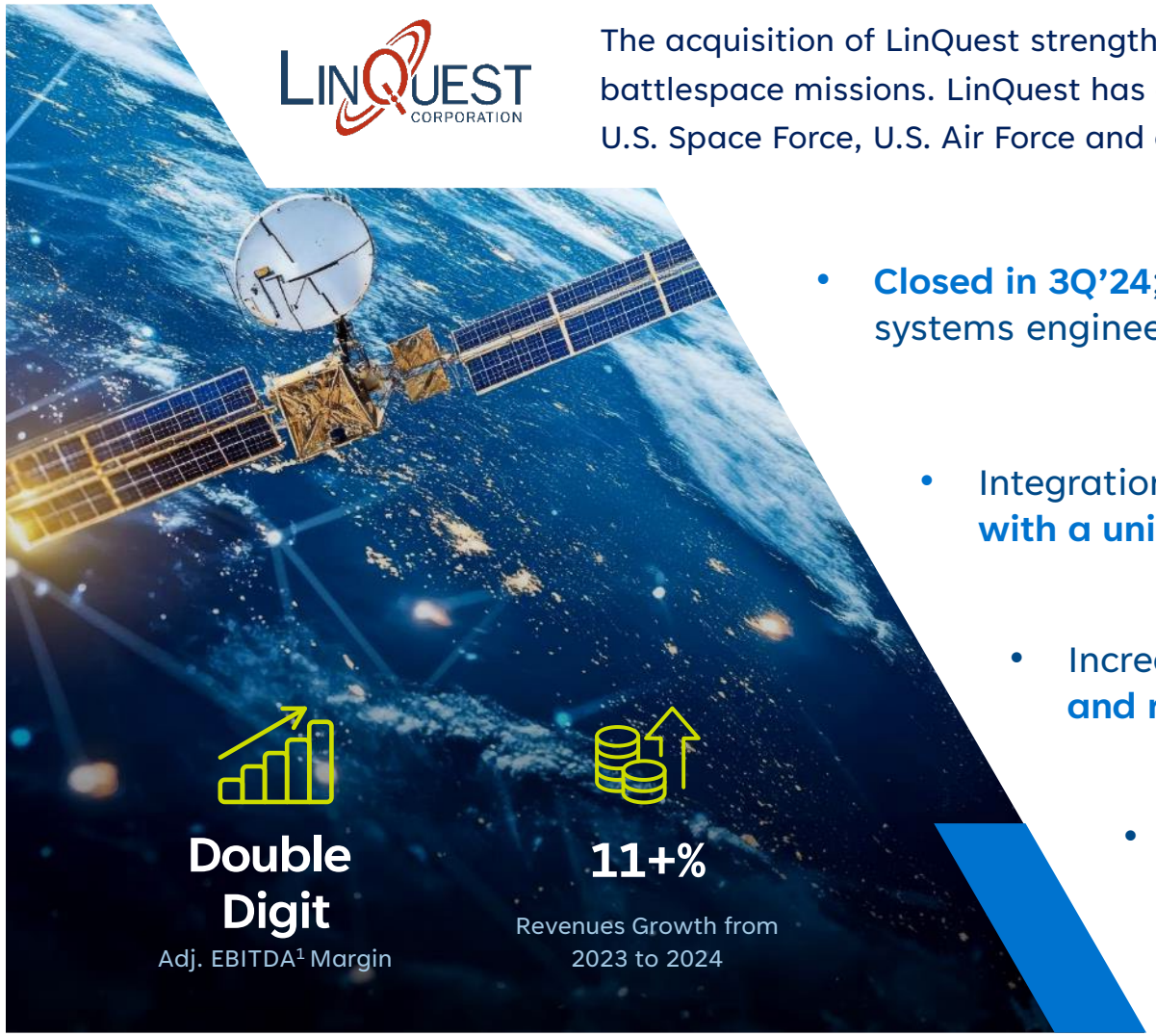
# Realizing Synergies through LinQuest Integration




The acquisition of LinQuest strengthens KBR's capabilities across space, air dominance and connected battlespace missions. LinQuest has a heritage of serving important U.S. government customers including the U.S. Space Force, U.S. Air Force and other U.S. Department of Defense and intelligence agencies.

- **Closed in 3Q'24**; enhances capabilities in digital engineering, model-based systems engineering and advanced data analytics
- Integration progressing well with **high talent retention; going to market with a unified, differentiated team**
- Increases KBR's revenue with double-digit margins, **delivering cost and revenue synergies**
- Expands mission expertise, particularly in the military space domain; LinQuest **adds over $7 billion to our pipeline of opportunities**

[1] Adj. EBITDA margin calculated as Adj. EBITDA / Revenues.

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# NON-GAAP RECONCILIATION

## Adjusted EBITDA

| | 4Q'23 | 4Q'24 | FY2023 | FY2024 |
|---|---|---|---|---|
| **Net income (loss) attributable to KBR** | **$21** | **$76** | **$(265)** | **$375** |
| Interest expense | 30 | 44 | 115 | 144 |
| Accretion of Convertible Notes debt discounts | 40 | — | 282 | — |
| Other non-operating (income) expense | 4 | (3) | 5 | 7 |
| Provision for income taxes | 26 | 23 | 95 | 130 |
| Depreciation and amortization | 37 | 44 | 141 | 156 |
| Acquisition, integration and restructuring | 4 | 8 | 10 | 23 |
| Ichthys commercial dispute cost | (5) | 10 | 1 | 11 |
| Legacy legal fees and settlements | 1 | 26 | 155 | 24 |
| (Benefits) provisions related to exit from Russian commercial projects | 4 | — | (4) | — |
| Loss on derivative bifurcation | — | — | 104 | — |
| Loss on debt extinguishment | — | — | 70 | — |
| Loss on settlement of warrants | 26 | — | 38 | — |
| **Adjusted EBITDA** | **$188** | **$228** | **$747** | **$870** |

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# NON-GAAP RECONCILIATION

## Adjusted EBITDA

| | 4Q'23 | 4Q'24 | FY2023 | FY2024 |
|---|---|---|---|---|
| **Operating income - GS** | **103** | **91** | **285** | **453** |
| Depreciation and amortization | 24 | 31 | 96 | 105 |
| Acquisition, integration and restructuring | — | 2 | — | 5 |
| Legacy legal fee and settlements | 1 | 26 | 155 | 24 |
| **Adjusted EBITDA - GS** | **128** | **150** | **536** | **587** |
| | | | | |
| **Operating income - STS** | **81** | **93** | **324** | **370** |
| Noncontrolling interest | — | (2) | (4) | (6) |
| Depreciation and amortization | 5 | 5 | 19 | 21 |
| Acquisition, integration and restructuring | — | 2 | — | 2 |
| Ichthys commercial dispute cost | (5) | 10 | 1 | 11 |
| (Benefits) provisions related to exit from Russian commercial projects | 4 | — | (4) | — |
| **Adjusted EBITDA - STS** | **85** | **108** | **336** | **398** |

*Continued on next slide*

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# NON-GAAP RECONCILIATION

## Adjusted EBITDA

| | 4Q'23 | 4Q'24 | FY2023 | FY2024 |
|---|---|---|---|---|
| **Operating income - Corporate** | **(37)** | **(42)** | **(161)** | **(161)** |
| Depreciation and amortization | 8 | 8 | 26 | 30 |
| Acquisition, integration and restructuring | 4 | 4 | 10 | 16 |
| **Adjusted EBITDA - Corporate** | **(25)** | **(30)** | **(125)** | **(115)** |
| | | | | |
| **Operating income - KBR** | **147** | **142** | **448** | **662** |
| Noncontrolling interest | — | (2) | (4) | (6) |
| Depreciation and amortization | 37 | 44 | 141 | 156 |
| Acquisition, integration and restructuring | 4 | 8 | 10 | 23 |
| Legacy legal fee and settlements | 1 | 26 | 155 | 24 |
| Ichthys commercial dispute cost | (5) | 10 | 1 | 11 |
| (Benefits) provisions related to exit from Russian commercial projects | 4 | — | (4) | — |
| **Adjusted EBITDA - KBR** | **188** | **228** | **747** | **870** |

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# NON-GAAP RECONCILIATION

## Adjusted EPS

| | 4Q'23 | 4Q'24 | FY2023 | FY2024 |
|---|---|---|---|---|
| **Diluted EPS** | **$0.15** | **$0.57** | **$(1.96)** | **$2.79** |
| Adjustments: | | | | |
| Amortization related to acquisitions | 0.04 | 0.07 | 0.17 | 0.20 |
| Ichthys commercial dispute costs | (0.03) | 0.08 | 0.01 | 0.09 |
| Acquisition, integration and restructuring | 0.02 | 0.05 | 0.06 | 0.13 |
| Impact of convert accounting and Diluted EPS share count[1] | — | — | 0.01 | — |
| Legacy legal fees and settlements | — | 0.14 | 1.03 | 0.13 |
| (Benefits) Provisions related to exit from Russian commercial projects | 0.02 | — | (0.03) | — |
| Charges associated with Convertible Notes | 0.49 | — | 3.62 | — |
| **Adjusted EPS** | **$0.69** | **$0.91** | **$2.91** | **$3.34** |
| | | | | |
| *Diluted weighted average common shares outstanding* | *137* | *133* | *135* | *134* |
| *Adjusted weighted average common shares outstanding* | *135* | *133* | *136* | *134* |

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

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# NON-GAAP RECONCILIATION

## Adjusted Operating Cash Flow

| | 4Q'23 | 4Q'24 | FY2023 | FY2024 |
|---|---|---|---|---|
| **Cash flows provided by operating activities** | **$83** | **$40** | **$331** | **$462** |
| Adjustments: | | | | |
| Add: Legacy legal settlement (after tax) | — | — | 132 | — |
| **Adjusted cash flows provided by operating activities** | **$83** | **$40** | **$463** | **$462** |
| | | | | |
| Operating cash flow per share | $0.61 | $0.30 | $2.43 | $3.45 |
| Adjusted Operating cash flow per share | $0.61 | $0.30 | $3.40 | $3.45 |
| Adjusted EPS | $0.69 | $0.91 | $2.91 | $3.34 |
| | | | | |
| **Operating cash flow conversion** | **88%** | **33%** | **84%** | **103%** |
| **Adjusted operating cash flow conversion** | **88%** | **33%** | **117%** | **103%** |
| | | | | |
| *Diluted weighted average common shares outstanding* | *137* | *133* | *135* | *134* |
| *Adjusted weighted average common shares outstanding* | *135* | *133* | *136* | *134* |

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# SUPPLEMENTAL RECONCILIATION

## Reconciliation of Adjusted EBITDA to Adjusted EPS

**Twelve months ended January 03, 2025**

| | KBR |
|---|---|
| **Adjusted EBITDA** | **$870** |
| Interest expense | (144) |
| Other non-operating income (expense) | (7) |
| Provision for income taxes | (130) |
| Depreciation and amortization | (156) |
| | |
| EPS adjustments: | |
| Amortization related to acquisitions (after tax) | 27 |
| Tax effect of EBITDA adjustments | (12) |
| **Adjusted Net Income Attributable to KBR** | **$448** |
| *Adjusted weighted average common shares outstanding* | *134* |
| **Adjusted EPS** | **$3.34** |

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