QUARTERLY EARNINGS Q1 | 2021



DELIVERING SOLUTIONS, CHANGING THE WORLD.

Stuart Bradie, President and CEO
Mark Sopp, Executive VP and CFO
Alison Vasquez, VP of Investor Relations

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FORWARD-LOOKING STATEMENT



This presentation contains forward-looking statements regarding our plans, objectives, goals, strategies, future events, future financial performance and backlog information and other information that is not historical. When used in this presentation, the words “estimates,” “expects,” “anticipates,” “projects,” “plans,” “intends,” “believes,” “forecasts” or future or conditional verbs such as “will,” “should,” “could,” or “may,” and variations of such words or similar expressions are intended to identify forward-looking statements. Such statements are based upon our current expectations and various assumptions, which are made in good faith, and we believe there is a reasonable basis for them. However, because forward-looking statements relate to the future, they are subject to inherent risks, uncertainties and other factors that are difficult to predict and which could cause actual results to differ materially from the forward-looking statements contained in this presentation.

Additional information about potential risk factors that could affect our business and financial results is included in our Form 10-K filed on February 25, 2021, and any subsequent Forms 10-Q and 8-K. We caution you not to place undue reliance on the forward-looking statements included in this presentation, which speak only as of the date hereof. We disclaim any intent or obligation, except as required by law, to revise or update this information to reflect new information or future events or circumstances. This presentation contains the financial measures “EBITDA,” “Adjusted EBITDA,” “Adjusted EPS” and “Adjusted Operating Cash Flow” which are not calculated in accordance with U.S. GAAP. A reconciliation of the non-GAAP financial measures EBITDA, Adjusted EBITDA, Adjusted EPS and Adjusted Operating Cash Flow to the most directly comparable GAAP financial measure has been provided in the Appendix to this presentation.

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// Stuart Bradie

President and Chief Executive Officer

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KBR'S PROPRIETARY TECHNOLOGIES ENABLE A CIRCULAR ECONOMY

KBR's state-of-the-art recycling process technologies enable…

- The recovery and reuse of **valuable materials, chemicals and water** in circular processing and in the broader circular economy
  - Sustainable fibers
  - Plastics, including single use
  - Lithium and valuable minerals
  - Acids and chemicals
- Clients to meet production targets and quality specifications **safely, reliably and efficiently**



1ST QUARTER HIGHLIGHTS

- Strong execution across the business to deliver results in line with the 2021 plan
  - $1.5 billion KBR revenue and 9% Adj. EBITDA margins
  - Strong free cash generation; 109% net income conversion
  - Reaffirming full-year guidance
- Attractive bookings that underscore momentum in strategic areas; recorded $1.6 billion of backlog and options in the quarter
- Benefitted from favorable market megatrends in areas highly aligned with KBR technology and capabilities
  - National security priorities
  - Climate change
  - Digitalization



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MARKET OUTLOOK **GOVERNMENT SOLUTIONS**

MARKET DRIVERS AND OUTLOOK

The U.S. fiscal 2022 defense budget proposal prioritizes near-peer threats and investment in advanced, next-gen and emerging tech, such as AI/ML, cyber warfare, trusted microelectronics, directed energy, etc.

The U.S. fiscal 2022 fed/civ spending proposal includes a 16% increase in funding (including a 6.5% increase for NASA) and prioritizes the ongoing pandemic, climate change and social justice.

The American Jobs Plan (the infrastructure plan) calls for meaningful investment in R&D for emerging technologies and investment to secure the domestic supply chain for critical assets and components.

The U.K. government has committed to a 14% increase in defense spending over the next four years, prioritizing investment in areas such as AI/ML, cyber and space superiority.

RECENT TRENDS AND WINS

- Won a new $195 million ceiling, five-year IDIQ contract to provide trusted microelectronics solutions.
- Won a new contract with the Space Rapid Capabilities Office to support the acquisition and development of new military space capabilities and modernization of existing assets and infrastructure.
- A KBR joint venture won a new $470 million, five-year contract to provide technology-led and data-driven facilities management to the U.K. Royal Navy.
- Won a new contract to assist in the development and management of the navigation training system for the Royal Australian Navy's premier maritime warfare training establishment.

MARKET OUTLOOK **SUSTAINABLE TECHNOLOGY SOLUTIONS**

MARKET DRIVERS AND OUTLOOK



Growing number of countries and companies targeting reduction in carbon footprint is driving demand for energy transition advisory and sustainable technology.



Global population growth and expanding middle class is increasing demand for fertilizers for food production, non-single-use plastics for commercial development, and other specialty chemicals.



Clients continue to invest to improve product diversification, reduce emissions and improve cost efficiency.



Aging industrial asset base drives demand for modernization and smart opex.

RECENT TRENDS AND WINS

- Won a contract to provide KBR's proprietary K-COT™ catalytic olefins technology. K-COT produces larger volumes of high demand propylene at a significantly lower capex and opex cost and with a more attractive environmental footprint v. competing technologies.
- Won a contract to provide KBR's proprietary K-PRO™ propane dehydrogenation technology that converts propane to propylene. K-PRO, a new technology, is a disruptive alternative enabling clients to measurably reduce cost and improve environmental footprint.
- Awarded a new contract to provide engineering, test and evaluation services to advance the National Renewable Energy Laboratory's R&D in the areas of renewable energy, energy efficiency and energy systems integration.
- Awarded multiple green ammonia, energy transition and hydrogen future feasibility, consultancy and advisory projects.
- Won a new contract to provide reliability-based maintenance services for a European ammonia client and extended a contract to provide reliability-based engineering and predictive and preventative maintenance for a European industrial client.

ROBUST PIPELINE UNDERPINS GROWTH MOMENTUM

KBR Pursuit Pipeline



$1.6B
Q1 2021 AWARDS AND OPTIONS

95%+
GS RECOMPETE WIN RATE

150+
PURSUITS > $100 MILLION

10+
PURSUITS > $1 BILLION

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// Mark Sopp

Executive Vice President &
Chief Financial Officer

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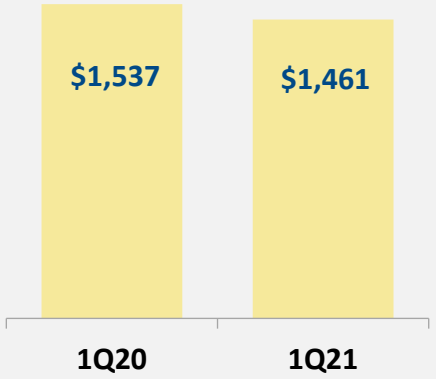
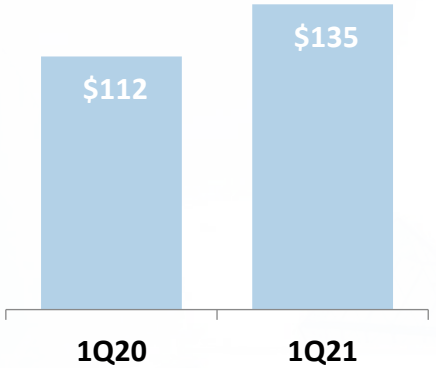
Q1 21 FINANCIAL SNAPSHOT

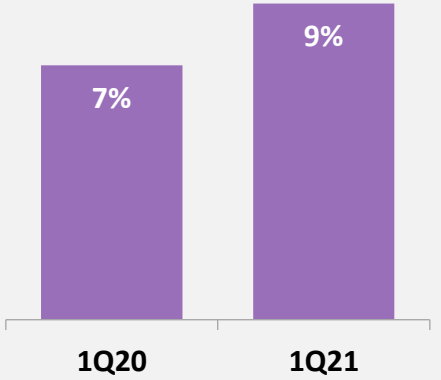
Revenues



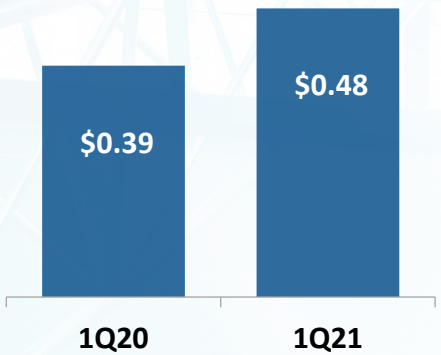
Adj. EBITDA[1]



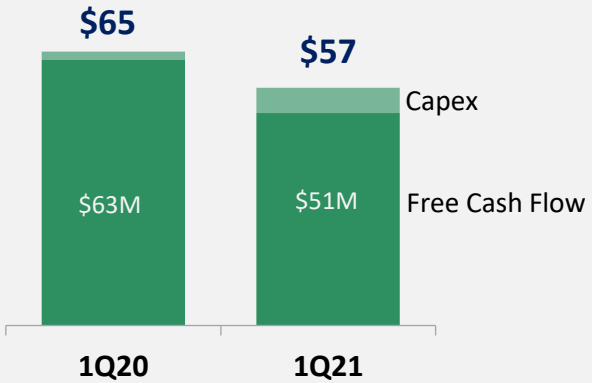
Adj. EBITDA[1] Margin



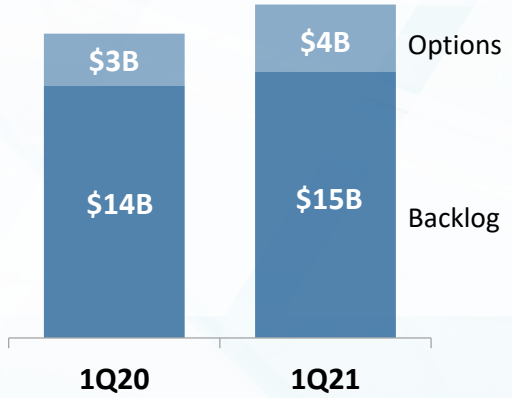
Adj. EPS[1]



Adj. Op. Cash Flow[1]



Backlog



[1]*See Appendix for reconciliation of Adjusted EBITDA, Adjusted EPS and Adjusted Operating Cash Flow*

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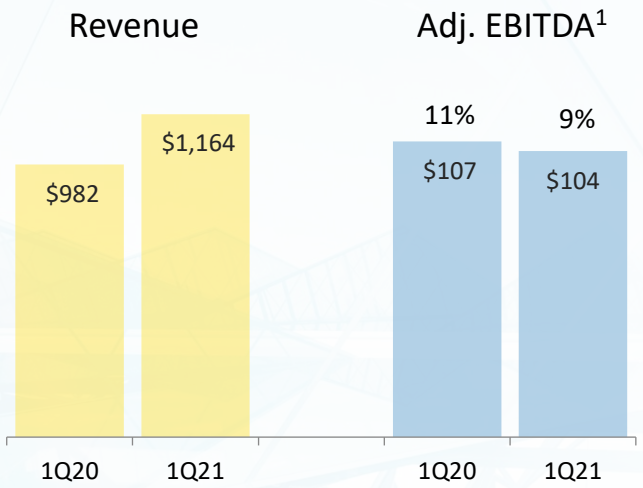
Q1 2021 SEGMENT RESULTS

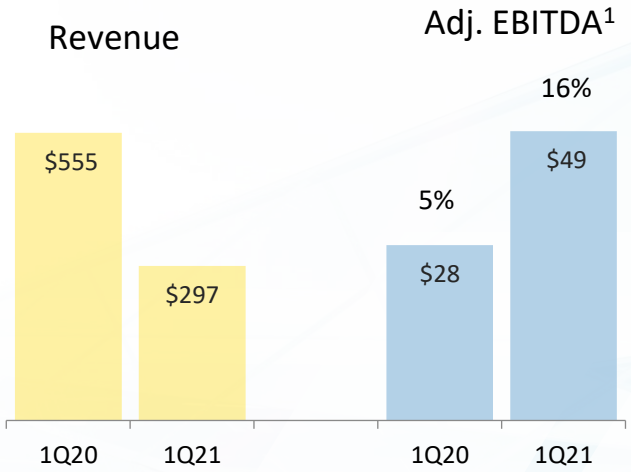
GOVERNMENT SOLUTIONS



Revenue by GS Business Unit	1Q20	1Q21
Defense & Intel	205	351
Science & Space	237	247
Readiness & Sust.	286	329
International	254	237
Total	982	1,164

- $1.2 billion GS revenue, in line with plan; 19% growth, 5% organic
  - D&I growth of 71%, 5% organic
  - R&S growth of 15%, all organic
  - S&S growth of 4%, all organic
- Adj. EBITDA[1] margins primarily impacted by timing and provisions taken for legal items in the quarter; expect full-year margins to be ~10%

SUSTAINABLE TECHNOLOGY SOLUTIONS



- Revenue in line with plan; reflects exit from non-core businesses
- Adj. EBITDA[1] benefited by strong execution and pull-forward of favorable upsides; full-year Adj. EBITDA[1] expected to be mid-teen %
- All lines of business are performing well

In millions

[1] See Appendix for reconciliation of Adjusted EBITDA

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CAPITAL DEPLOYMENT PRIORITIES

- Fund Organic Growth
- Maintain Attractive Dividend
- Maintain Responsible Leverage
- Strategic M&A and/or Share Repurchase

HEALTHY LIQUIDITY PROFILE

NET LEVERAGE

2.3X

AS OF MARCH 31, 2021

LEVERAGE TARGET

2.5x to 3.0x

TARGET RANGE

Net Leverage Target

- Target net leverage of 2.5x to 3.0x
- Reflects cash-generative characteristics of the company's sustaining, differentiated portfolio

Near-Term Deployable Capital

- Healthy balance sheet capacity
- Attractive free cash generator with low capital intensity business model

Attractive Dividend

- $0.11 per share quarterly dividend
- 10% increase over 2020

NOTE: Net Leverage represents total debt less cash divided by adjusted pro forma EBITDA

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REAFFIRMING FY 2021 GUIDANCE

	FY 2021 Guidance
Consolidated Revenue *4% growth from 2020 at the midpoint*	$5.8 billion to $6.2 billion
Adjusted EBITDA Margin *~70 bps expansion from 2020*	~9%
Adjusted EPS[1] *>20% growth from 2020 at the midpoint* *Expect 45%/55% phasing 1H/2H* ***(updated)***	$2.00 to $2.20
Effective tax rate	25% to 26%
Adjusted operating cash flow[1]	$280 million to $320 million



[1]*See Appendix for reconciliation of Adjusted EPS and Adjusted Operating Cash Flow*

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IN SUMMARY

DOING WHAT WE SAID WE WOULD DO

- Executing on growth strategy aligned with accelerating market dynamics and spending outlook
- Winning attractive new work
- Delivering strong financial results
- Maintaining healthy liquidity profile
- Reaffirming full-year guidance



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ROADMAP TO 2025

Q&A

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APPENDICES



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Non-GAAP Reconciliations: Adj EPS and Adj OCF

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Adjusted EPS

	1Q20 Actual	1Q21 Actual	2021 Guidance	
EPS (Diluted)	**$(0.73)**	**$0.33**	**$1.39**	**$1.59**
Add Back:				
Amortization related to acquisitions	0.02	0.07	0.25	
Ichthys interest and commercial dispute cost	0.05	0.04	0.17	
Acquisition, integration and restructuring	1.08	0.00	0.09	
Non-cash imputed interest on conversion option	0.01	0.02	0.06[1]	
Legacy legal fees	0.01	0.02	0.04	
Non-cash gain (loss) on legal entity rationalization	(0.05)	0.00	TBD	
Adjusted EPS	**$0.39**	**$0.48**	**$2.00**	**$2.20**

[1]Conversion option will be calculated and adjusted quarterly based on KBR trading price

Adjusted Operating Cash Flow and Adjusted Free Cash Flow

	1Q20 Actual	1Q21 Actual	2021 Guidance	
Cash flows provided by operating activities	**$41**	**$50**	**$243**	**$283**
Adjustments:				
Add back: Major project advance work-off	24	7	7	
Remove: CARES act temporary tax payment relief	-	-	30	
Adjusted Cash flows provided by operating activities	**$65**	**$57**	**$280**	**$320**
Less: Capital Expenditures	(2)	(6)		
Adjusted fee cash flows	**$63**	**$51**		

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Non – GAAP Reconciliation: Adj EBITDA

QUARTERLY EARNINGS Q1 | 2021

Adjusted EBITDA

	1Q20	2Q20	3Q20	4Q20	1Q21	TTM
Net income (loss) attributable to KBR	**($104)**	**($39)**	**$52**	**$19**	**$47**	**$79**
Add Back:						
Interest Expense	23	19	18	23	22	82
Provision (benefit) for income taxes	(1)	6	19	2	16	43
Other non-operating (income) expense	(7)	2	4	0	3	9
Depreciation & amortization	27	21	26	41	38	126
EBITDA	**($62)**	**$9**	**$119**	**$85**	**$126**	**$339**
Add Back:						
Restructuring and impairment charges, net of NCI	173	96	1	38	0	135
Non-cash loss (gain) on legal entity rationalization	(8)	1	0	0	1	2
Ichthys commercial dispute cost	7	(2)	1	3	3	5
Legacy legal fees	2	2	2	2	4	10
Acquisition and integration related expenses	0	0	2	7	1	10
Adjusted EBITDA	**$112**	**$106**	**$125**	**$135**	**$135**	**$501**
Centauri Pro Forma EBITDA	$9	$12	$14			$26
Pro Forma Adjusted EBITDA[1]	**$121**	**$118**	**$139**	**$135**	**$135**	**$527**

[1]Pro Forma EBITDA includes full-year impact of Centauri acquisition and is used for net debt leverage ratio

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Non – GAAP Reconciliations: Segment Adj EBITDA

QUARTERLY Q1 | 2021 EARNINGS

Government Solutions Adjusted EBITDA

	1Q20	2Q20	3Q20	4Q20	1Q21
Net income (loss) attributable to GS	**$90**	**$93**	**$97**	**$71**	**$74**
Add Back:					
Interest Expense	0	0	0	1	1
Other non-operating (income) expense	0	1	0	1	0
Depreciation & amortization	12	12	10	26	25
EBITDA - GS	**$102**	**$106**	**$107**	**$99**	**$100**
Add Back:					
Restructuring and impairment charges, net of NCI	3	0	0	2	0
Legacy legal fees	2	2	2	2	4
Adjusted EBITDA - GS	**$107**	**$108**	**$109**	**$103**	**$104**

Sustainable Technology Solutions Adjusted EBITDA

	1Q20	2Q20	3Q20	4Q20	1Q21
Net income (loss) attributable to STS	**($90)**	**($56)**	**$22**	**$25**	**$42**
Add Back:					
Interest Expense	0	0	0	0	0
Other non-operating (income) expense	1	1	1	0	0
Depreciation & amortization	7	5	9	5	4
EBITDA - STS	**($82)**	**($50)**	**$32**	**$30**	**$46**
Add Back:					
Restructuring and impairment charges, net of NCI	111	69	1	(2)	0
Non-cash loss (gain) on legal entity rationalization	(8)	1	0	0	0
Ichthys commercial dispute cost	7	(2)	1	3	3
Adjusted EBITDA - STS	**$28**	**$18**	**$34**	**$31**	**$49**

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Selected Recast 2020 Income Statement Information

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The following 2020 quarterly and annual unaudited, condensed income statement information reflects the historical impact of the 2021 segment realignment to three segments: Government Solutions, Sustainable Technology Solutions and Corporate/Other.

	Unaudited				
	1Q20	2Q20	3Q20	4Q20	FY20
Revenues:					
Government Solutions	$ 982	$ 953	$ 1,013	$ 1,107	$ 4,055
Sustainable Technology Solutions	555	432	366	359	1,712
Total revenues	$ 1,537	$ 1,385	$ 1,379	$ 1,466	$ 5,767
Gross Profit:					
Government Solutions	$ 129	$ 117	$ 131	$ 116	$ 493
Sustainable Technology Solutions	57	25	41	50	173
Total gross profit	$ 186	$ 142	$ 172	$ 166	$ 666
Equity in earnings of unconsolidated affiliates:					
Government Solutions	$ 5	$ 7	$ 11	$ 5	$ 28
Sustainable Technology Solutions	(4)	9	2	(5)	2
Total equity in earnings of unconsolidated affiliates:	$ 1	$ 16	$ 13	$ -	$ 30
Selling, general and administrative expenses:					
Government Solutions	$ (41)	$ (30)	$ (45)	$ (47)	$ (163)
Sustainable Technology Solutions	(24)	(19)	(20)	(20)	(83)
Other	(32)	(24)	(24)	(9)	(89)
Total selling, general and administrative expenses:	$ (97)	$ (73)	$ (89)	$ (76)	$ (335)
Acquisition and integration costs	-	-	(2)	(7)	(9)
Goodwill impairment	(62)	(37)	-	-	(99)
Restructuring charges and asset impairments	(116)	(59)	(1)	(38)	(214)
Gain (loss) on disposition of assets	19	(1)	-	-	18
Operating income (loss)	**$ (69)**	**$ (12)**	**$ 93**	**$ 45**	**$ 57**

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