

QUARTERLY EARNINGS Q1 | 2022

Delivering Solutions, Changing the World.℠

April 28, 2022



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

FORWARD-LOOKING STATEMENT

The statements in this presentation that are not historical statements, including statements regarding future financial performance, 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 significant adverse impacts on economic and market conditions of the COVID-19 pandemic and the company's ability to respond to the resulting challenges and business disruption; 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

KBR

Delivering Solutions, Changing the World.[SM]

QUARTERLY EARNINGS Q1 | 2022

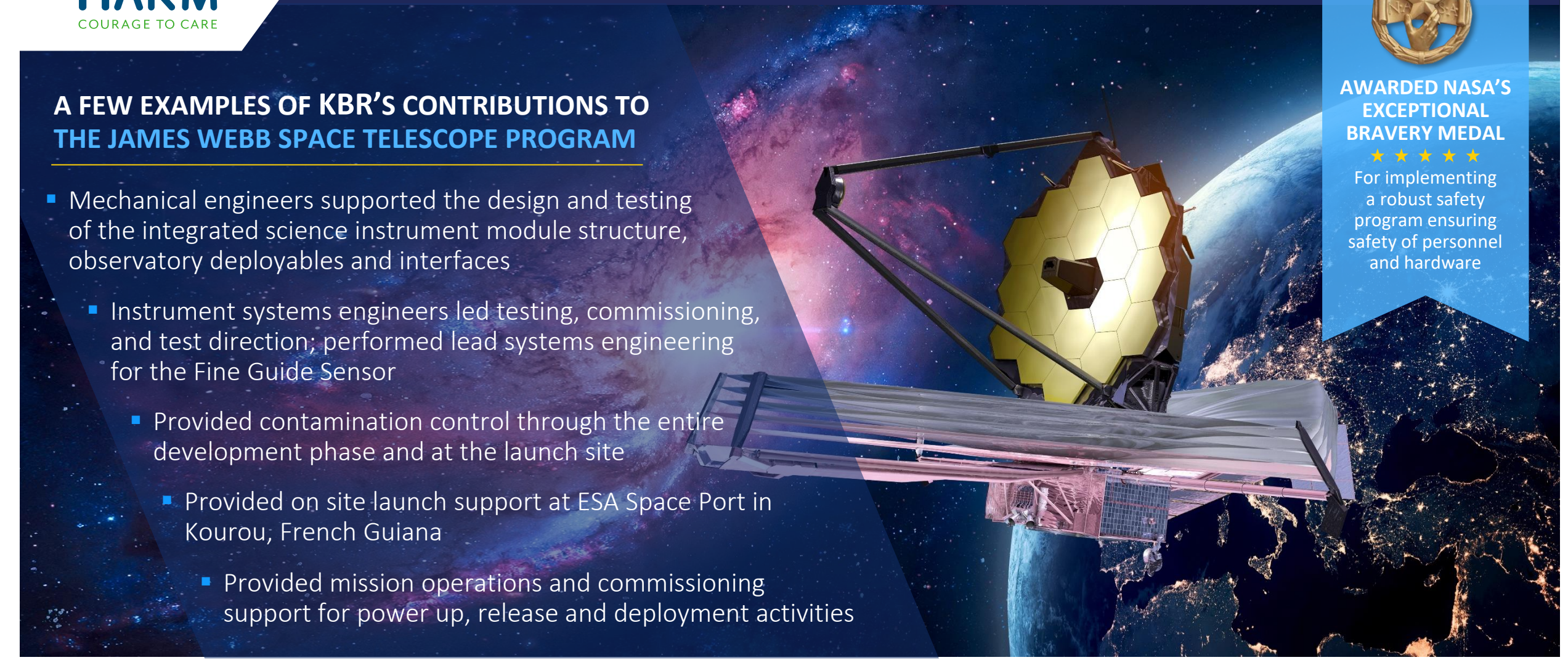

RECYCLE/
REUSE
EFFICIENT
ENERGY
SUSTAINABLE
TRAVEL
SUPPLY
PARTNERS
CLIMATE
CHANGE
ZERO 24/7
HARM
COURAGE TO CARE
HEALTH, SAFETY
& SECURITY
GOVERNANCE
INCLUSION &
DIVERSITY
COMMUNITY
ENGAGEMENT
RISK
MANAGEMENT

ZERO 24/7 HARM
COURAGE TO CARE

Delivering knowledge, science and discovery

A FEW EXAMPLES OF KBR'S CONTRIBUTIONS TO THE JAMES WEBB SPACE TELESCOPE PROGRAM

- Mechanical engineers supported the design and testing of the integrated science instrument module structure, observatory deployables and interfaces
  - Instrument systems engineers led testing, commissioning, and test direction; performed lead systems engineering for the Fine Guide Sensor
    - Provided contamination control through the entire development phase and at the launch site
      - Provided on site launch support at ESA Space Port in Kourou, French Guiana
        - Provided mission operations and commissioning support for power up, release and deployment activities





AWARDED NASA'S EXCEPTIONAL BRAVERY MEDAL

★ ★ ★ ★ ★

For implementing a robust safety program ensuring safety of personnel and hardware

EXCELLENT 1ST QUARTER RESULTS; STRONG MOMENTUM TOWARD 2025 TARGETS

- Delivered **17%** revenue growth and **29%** adj. EPS growth; another quarter of strong cash performance
- Growing platform of long-term, resilient, mission critical programs enables excellent **visibility** in volatile times
- **$1.2B** of bookings and options in highly strategic areas
- Settlement of legacy matters expands **deployment flexibility** and reduces future uncertainty
- **Raising** FY 2022 guidance for revenue, earnings, and operating cash flow



MARKET OUTLOOK **GOVERNMENT SOLUTIONS**

MARKET DRIVERS & OUTLOOK

- U.S. Consolidated Appropriations Act of 2022
  - Authorizes **$782 billion for defense spending**, up 6% from 2021, including $742 million for the Department of Defense; and
  - Authorizes **$24 billion for NASA**, up 3%.
- 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.
- Increased spending towards **emerging technologies**, including cyber-science and technologies, AI, directed energy, hypersonics, and biotechnologies.

TRENDS, WINS & MOMENTUM

90%
FY22 Work Under Contract

$16.1B
1Q22 Backlog & Options

- Awarded an expanded task order to support prototyping and fielding of systems **to apply national space capabilities at the tactical level**; awarded a task order to continue modernization and upgrade of a **global array of sophisticated ground stations** supporting the Air Force Satellite Control Network.
- Awarded a $110 million task order to continue providing **human performance and behavioral health** services to the U.S. Special Operations Command to support its Preservation of the Force and Family mission.
- Awarded a $640 million ceiling, 5-year **ground systems and mission operations** contract to support more than 10 NASA missions, including continued efforts on the James Webb Space Telescope (not yet booked into backlog).

MARKET OUTLOOK **SUSTAINABLE TECHNOLOGY SOLUTIONS**

MARKET DRIVERS & OUTLOOK

- **Global supply reconfiguration** stemming from Russian sanctions expected to drive near- and mid-term investments to enable energy, chemical, and food production security.
- Accelerating momentum toward **net-zero carbon** drives client investments in **technology, digital and engineering solutions** to enable decarbonization; carbon-free energy, including blue and green ammonia; CCUS; and circular economy.
- Aging industrial asset base drives demand for modernization, decarbonization, energy efficiency, smart operations, and digital data-enabled maintenance solutions.

TRENDS, WINS & MOMENTUM

1.3x
1Q22 Book-to-Bill

$2.4B
1Q22 Backlog

- Awarded a contract to provide license and engineering to a leading midstream company **for a world-scale olefins production facility** to be built on the U.S. Gulf Coast.
- Awarded a **7-year contract** with a 3-year option to provide **preventive, predictive, corrective, and shutdown maintenance services** with a focus on continuous improvement and sustainable asset performance for a major refining and petrochemical complex in the Middle East.
- Awarded **over 10 'green' projects** spanning plastics recycling, blue ammonia, green ammonia, CCUS, hydrogen, biofuels and renewables.









Mark Sopp

Executive Vice President and Chief Financial Officer

KBR

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QUARTERLY EARNINGS Q1 | 2022

1ST QUARTER 2022 RESULTS | KBR DELIVERS OUTSTANDING GROWTH

+17% REVENUES

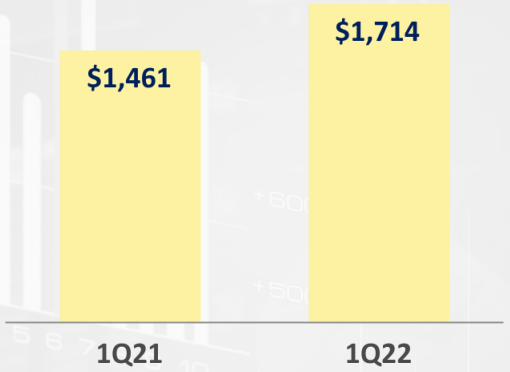
+14% ADJ. EBITDA

+29% ADJ. EPS

+56% ADJ. OCF

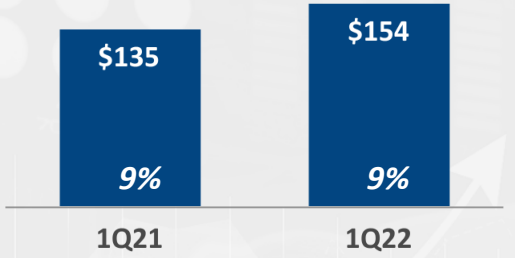
Year over year % change

REVENUES

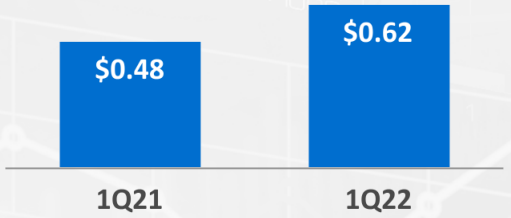


ADJ. EBITDA

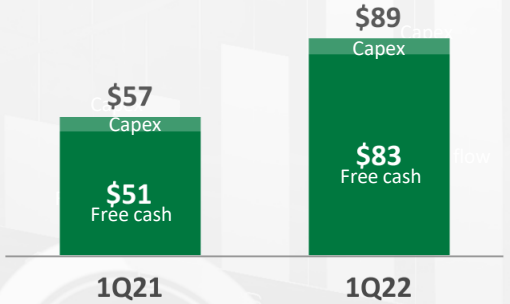
Margin %



ADJ. EPS



ADJ. OCF

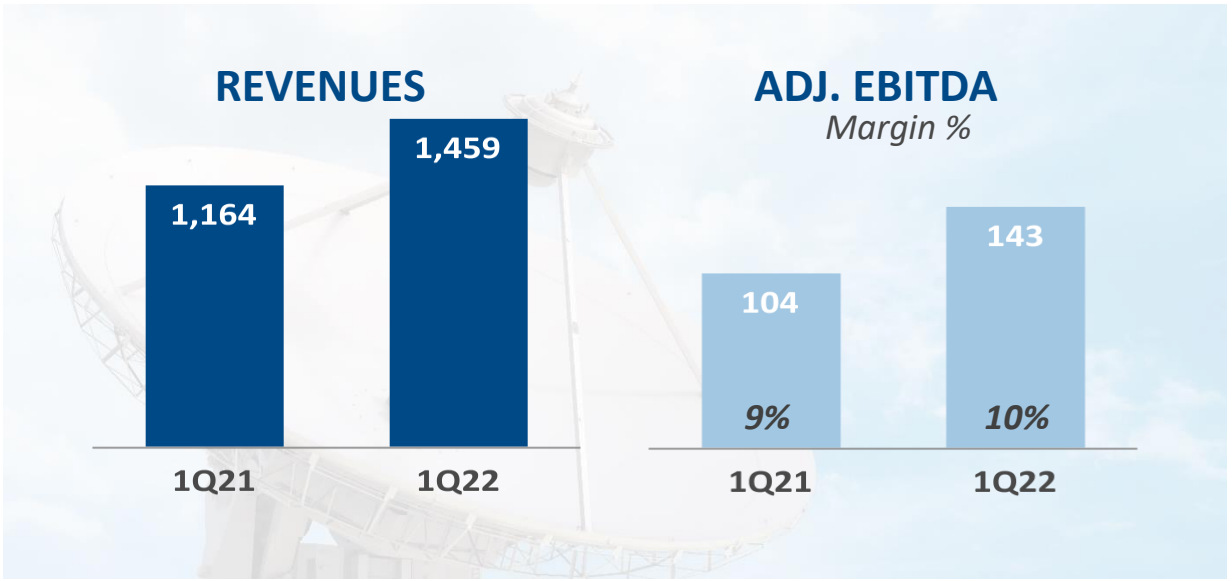


Amounts in $millions except share data

See Appendix for reconciliation of Adj. EBITDA, Adj. EPS, Adj. Operating Cash Flow, and Free Cash Flow

SEGMENT RESULTS DEMONSTRATE MISSION FOCUS, RESILIENCE AND AGILITY

GOVERNMENT SOLUTIONS

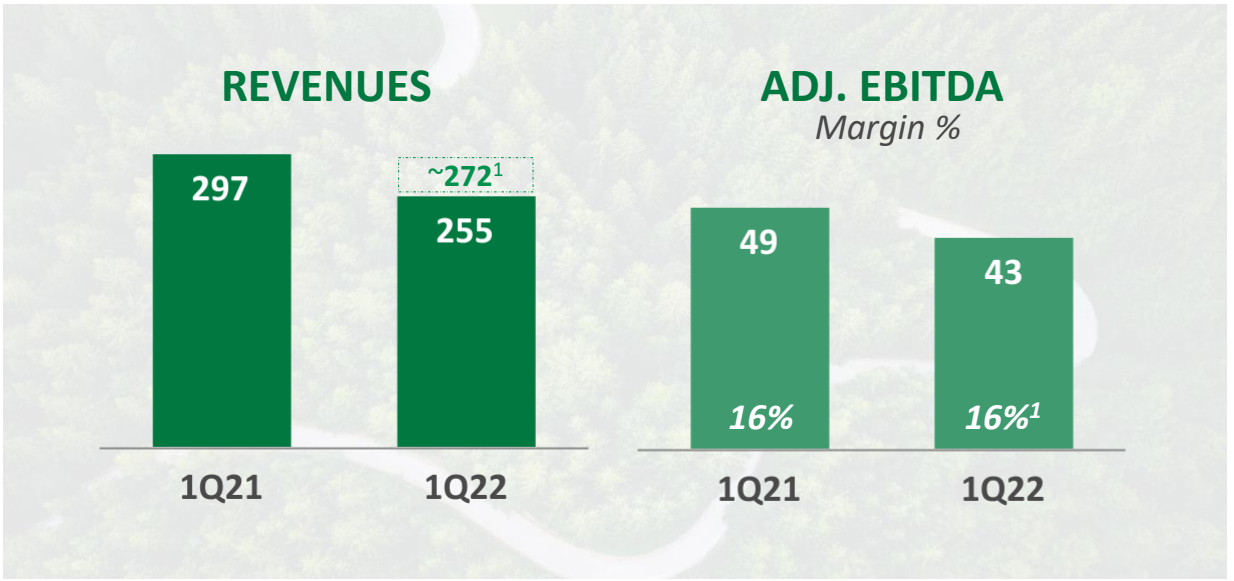


38%
ADJ. EBITDA GROWTH

GS revenue **growth of 25%** over 1Q21, **21% organic**

- Defense & Intel growth of 8% (11% sequential)
- Science & Space growth of 2% (10% sequential)
- Readiness & Sustainment growth of 62%
- International growth of 24% (14% sequential)

SUSTAINABLE TECHNOLOGY SOLUTIONS



Mid-teen%
ADJ. EBITDA MARGIN %[1]

- Adj. EBITDA margins reflect favorable mix of high margin services and technology
- Reached CCPP settlement; expect to receive net cash proceeds of ~$271 million
- All lines of business are performing well

[1] We recorded a $16M charge associated with our exit from commercial activities in Russia, including a $17M reduction in revenue and a $1M net benefit in expenses. We have excluded the impact of these items from Adjusted EBITDA and Adjusted EBITDA margin.

Amounts in $millions

See Appendix for reconciliation of Adj. EBITDA

HEALTHY LIQUIDITY PROFILE AND ATTRACTIVE CAPITAL DEPLOYMENT OPTIONALITY

CAPITAL DEPLOYMENT PRIORITIES

- Fund Organic Growth
- Maintain Attractive Dividend
- Maintain Responsible Leverage
- Strategic M&A
- Share Repurchases

$48M
Capital returned to shareholders in the quarter[1]

2.3x
Net Leverage as of March 31, 2022

Settlement of legacy matters and sale of non-core assets provides expanded deployment flexibility.

[1] *Includes share repurchases to satisfy requirements of equity compensation plans*

UPDATING FY 2022 GUIDANCE TO REFLECT MARKET AND BUSINESS MOMENTUM

RAISING
FY 2022 FINANCIAL GUIDANCE

85%+
FY 2022 WORK UNDER CONTRACT



KBR, Inc. FY 2022 Guidance	
REVENUE	**$6.4B - $6.8B** *vs. $6.3B - $6.8B previously*
ADJ. EBITDA MARGIN	~10%
ADJ. EPS	**$2.53 - $2.65** *vs. $2.45 - $2.60 previously*
EFFECTIVE TAX RATE	24% - 25%
ADJ. OPERATING CASH FLOW	**$360M - $400M** *vs. $350M - $400M previously*

See Appendix for reconciliation of Adj. EBITDA, Adj. EPS, and Adj. Operating Cash Flow

IN SUMMARY

- Delivering double-digit growth across key financial metrics – revenue, earnings, and cash flow
- Strong end-market tailwinds in areas of global importance that favor KBR capabilities and technologies
- Winning highly strategic work to secure the future
- Expanding deployment flexibility by resolving legacy matters
- Raising financial guidance; well positioned for growth and value creation over the near- and long-term horizons



Q & A


Consulting
KBR
+6000
+5000
+4000
+3000
+2000
+1000
4k
3k
2k
1k
0
JAN
FEB
MAR
25%
COMPLETED
Reduce Plastic
Plant Trees
Go Green
Management Talks
IMPACT – ITCg
At a glance
Donate
Help the needy
Yoga
2022
ZERO HARM

APPENDICES





NON-GAAP RECONCILIATIONS

Adjusted EPS

	1Q21[1]	1Q22	FY2022 Guidance[4]	
EPS (Diluted)[2]	**$0.33**	**$(0.51)**	**$1.02**	**$1.14**
Adjustments:				
Amortization related to acquisitions	0.07	0.05	0.19	
Ichthys interest and commercial dispute costs	0.04	0.96	1.02	
Acquisition, integration and restructuring	0.00	0.00	0.02	
Impact of new convert accounting and bond hedge	0.02	0.01	0.09	
Legacy legal fees	0.02	0.02	0.10	
Provisions related to exit from Russian commercial projects	0.00	0.09	0.09	
Non-cash loss (gain) on legal entity rationalization	0.00	0.00	TBD	
Appreciation in fair value of investments	0.00	0.00	TBD	
Adjusted EPS[3]	**$0.48**	**$0.62**	**$2.53**	**$2.65**

Adjusted Operating and Free Cash Flow

	1Q21	1Q22	FY2022 Guidance	
Cash flows provided by operating activities	**$50**	**$89**	**$330**	**$370**
Adjustments:				
Add back: Major project advance work-off	7	0		
Adjust: CARES Act temporary tax repayment (relief)	0	0	30	
Adjusted cash flows provided by operating activities	**$57**	**$89**	**$360**	**$400**
Less: Capital expenditures	(6)	(6)		
Adjusted free cash flows	**$51**	**$83**		
Adjusted free cash flow per share	$0.36	$0.58		
Adjusted EPS[3]	$0.48	$0.62		
Free cash flow conversion	**75%**	**94%**		

[1] As adjusted for the adoption of ASU 2020-06 using the full retrospective method.
[2] Diluted EPS is calculated using a share count of 155 m and 140 m for the quarters ended March 31, 2021 and 2022, respectively.
[3] Adjusted EPS is calculated using a share count of 141 m and 143 m for the quarters ended March 31, 2021 and 2022, respectively.
[4] Diluted and Adjusted FY 2022 EPS guidance is calculated using a share count of 156 m and 142 m, respectively.

NON-GAAP RECONCILIATIONS

Adjusted EBITDA

	1Q21[1]	2Q21[1]	3Q21[1]	4Q21[1]	1Q22	TTM[1]
Net income (loss) attributable to KBR	**$49**	**$(150)**	**$57**	**$70**	**$(71)**	**$(94)**
Adjustments:						
Interest expense	19	20	20	21	20	81
Provision for income taxes	17	41	20	34	19	114
Other non-operating (income) expense	3	(2)	1	3	0	2
Depreciation and amortization	38	38	38	32	33	141
EBITDA	**$126**	**$(53)**	**$136**	**$160**	**$1**	**$244**
Adjustments:						
Acquisition, integration, and restructuring	1	5	4	5	1	15
Non-cash loss (gain) on legal entity rationalization	1	2	1	3	0	6
Ichthys commercial dispute cost	3	198	17	0	132	347
Legacy legal fees	4	4	4	4	4	16
Provisions related to exit from Russian commercial projects	0	0	0	0	16	16
Adjusted EBITDA	**$135**	**$156**	**$162**	**$172**	**$154**	**$644**

[1] As adjusted for the adoption of ASU 2020-06 using the full retrospective method.

NON-GAAP RECONCILIATIONS

Government Solutions Adjusted EBITDA

	1Q21	2Q21	3Q21	4Q21	1Q22	TTM
Pretax income (loss) attributable to GS	**$74**	**$90**	**$112**	**$133**	**$114**	**$449**
Interest expense	1	1	1	(1)	1	2
Other non-operating (income) expense	0	(1)	1	3	0	3
Depreciation and amortization	25	32	29	22	24	107
EBITDA - GS	**$100**	**$122**	**$143**	**$157**	**$139**	**$561**
Adjustments:						
Legacy legal fees	4	4	4	4	4	16
Adjusted EBITDA - GS	**$104**	**$126**	**$147**	**$161**	**$143**	**$577**

Sustainable Technology Solutions Adjusted EBITDA

	1Q21	2Q21	3Q21	4Q21	1Q22	TTM
Pretax income (loss) attributable to STS	**$42**	**$(139)**	**$20**	**$40**	**$(107)**	**$(186)**
Other non-operating (income) expense	0	(1)	0	(2)	0	(3)
Depreciation and amortization	4	4	4	4	3	15
EBITDA - STS	**$46**	**$(136)**	**$24**	**$42**	**$(104)**	**$(174)**
Adjustments:						
Acquisition, integration, and restructuring	0	(1)	0	(2)	(1)	(4)
Ichthys commercial dispute cost	3	198	17	0	132	347
Provisions related to exit from Russian commercial projects	0	0	0	0	16	16
Adjusted EBITDA - STS	**$49**	**$61**	**$41**	**$40**	**$43**	**$185**
Adjusted EBITDA - Corporate	**$(18)**	**$(31)**	**$(26)**	**$(29)**	**$(32)**	**$(118)**
Adjusted EBITDA - KBR	**$135**	**$156**	**$162**	**$172**	**$154**	**$644**

NON-GAAP RECONCILIATIONS

Reconciliation of Operating Income to Adj. EBITDA

Three months ended March 31, 2022

	GS	STS	Corporate	KBR
Operating income	**$115**	**$(106)**	**$(40)**	**$(31)**
Noncontrolling interest	0	(1)	0	(1)
Depreciation and amortization	24	3	6	33
EBITDA	**$139**	**$(104)**	**$(34)**	**$1**
Adjustment:				
Acquisition, integration, and restructuring	0	(1)	2	1
Ichthys commercial dispute cost	0	132	0	132
Legacy legal fees	4	0	0	4
Provisions related to exit from Russian commercial projects	0	16	0	16
Adjusted EBITDA	**$143**	**$43**	**$(32)**	**$154**