






**Stuart Bradie,** President and CEO
**Mark Sopp,** Executive VP and CFO
**Jamie DuBray**, 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 ongoing conflict between Russia and Ukraine and the related impacts on our business as we wind down our business operations in Russia; 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. This presentation contains the financial measures “EBITDA,” “Adjusted EBITDA,” “Adjusted EPS,” “Adjusted Operating Cash Flow” and “Adjusted Free Cash Flow,” which are not calculated in accordance with U.S. GAAP. A reconciliation of non-GAAP financial measures to the most directly comparable GAAP financial measure has been provided in the Appendix.



# 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

# SHARING A PURPOSE, CHANGING THE WORLD

## 2021 SUSTAINABILITY REPORT




## ZERO HARM DAYS

ZERO HARM

**89%**

**ZERO HARM ACHIEVED IN 2021**

(324 days)

★ Industry Leading

## HSS INCIDENT RATE

**0.11**

**TOTAL RECORDABLE INCIDENT RATE**

across the globe

★ Industry Leading

## CARBON NEUTRALITY

**3**

**CONSECUTIVE YEARS OF CARBON NEUTRALITY**

★ Industry Leading

## KBR'S REVENUE POINTED AT SUSTAINABILITY

**34%**

**REVENUE FOCUSED ON SUSTAINABILITY IN 2021**

**$1.9B**

**ENVIRONMENTAL IMPACT**

## NET ZERO

Committed to Science Based Targets initiative aligned with

**1.5 °C**

**AMBITION AND NET ZERO EMISSIONS**

## STRONG LEADERSHIP AND GOVERNANCE

**9 of 10**

**INDEPENDENT DIRECTORS**

including chair

**30%**

**FEMALE BOARD OF DIRECTORS**

**6 years**

**AVERAGE DIRECTOR TENURE**

**25%**

**FEMALE EXECUTIVE LEADERSHIP**

**Extensive**

**ENERGY TRANSITION, DECARBONIZATION, SPACE AND TECHNOLOGY EXPERIENCE, NATIONAL SECURITY**

# STRONG 3rd QUARTER RESULTS; CONTINUED MOMENTUM TOWARD 2025 TARGETS

- Delivered strong margins and earnings momentum in Q3'22
- Strong operating cash flow and free cash conversion
- Awarded $2.7B of bookings and options in highly strategic areas underscoring strength in accelerating end markets
- Balanced capital deployment; closed on VIMA acquisition and repurchased shares of $50M in Q3'22
- Raising FY 2022 guidance for earnings and operating cash flow



# MARKET OUTLOOK **SUSTAINABLE TECHNOLOGY SOLUTIONS**

## MARKET DRIVERS & OUTLOOK

- **Global supply demand reconfiguration** stemming from Ukraine/Russia War 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
- On August 16, 2022, the President signed the **Inflation Reduction Act** into law, which includes provisions to **incentivize investments to combat climate change and accelerate energy transition**

## TRENDS, WINS & MOMENTUM

**92%**
**2022 Work Under Contract**

**$4.0B**
**3Q22 Backlog**

- Won a technology contract for a **low-carbon blue ammonia project** for OCI NV in the United States; KBR will provide its innovative proprietary technology, basic engineering design, proprietary equipment and catalyst
- Won a technology contract for a **Hydro-PRT® plastics circularity project** for GS Caltex to convert waste plastics back into raw material feedstocks to create new plastics, **achieving total circularity**
- Awarded a study to develop a **carbon-neutral, green ammonia-based power system**, collaborating with Odfjell, Equinor and Wärtsilä to assess conversion of diesel generators on board drilling units to ammonia-fueled generators
- Entered into a **master license and engineering agreement** with Giammarco-Vertrocoke S.R.L. for KBR to license its **carbon capture technology globally**

# MARKET OUTLOOK **GOVERNMENT SOLUTIONS**

## MARKET DRIVERS & OUTLOOK

- 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, AI, directed energy, hypersonics, and biotechnologies
- The President's **FY 2023 budget request** includes $813B in defense spending and $785B in non-defense spending, an **increase of 4% and 8% over FY 2022**, respectively
- The U.S. continuing resolution is not expected to impact operations or financial results

## TRENDS, WINS & MOMENTUM

**99%**
**2022 Work Under Contract**

**$15.8B**
**3Q22 Backlog & Options**

- Won a ***new* $150+ million 5-year IAC-MAC task order** to modernize, upgrade and digitize an analog DOD platform with a **digital modular open system architecture solution**
- Won a *new* contract to **lead research and development for self-defending, self-recovering cyber defense concepts** in support of the U.K. Ministry of Defence
- As part of the Axiom team, won the first task order totaling $229 million on **NASA's 10-year xEVAS program to build the next generation astronaut spacesuits to support the Artemis lunar missions**
- Xandar LLC, a KBR joint venture, was awarded a *new* $4.8 billion ceiling multiple-award for the National Air and Space Intelligence Center to support **research and development of new and existing hardware, systems and software capabilities enabling scientific and technical intelligence production** through 2033



# Mark Sopp

Executive Vice President and Chief Financial Officer

# 3rd QUARTER 2022 RESULTS | KBR DELIVERS CONTINUED GROWTH

**+11%** REVENUES *ex OAW*

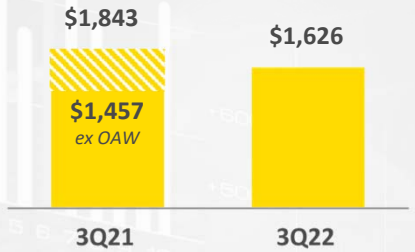
**+173** ADJ. EBITDA[1] *bps expansion*

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

**+17%** ADJ. OCF[1] YTD

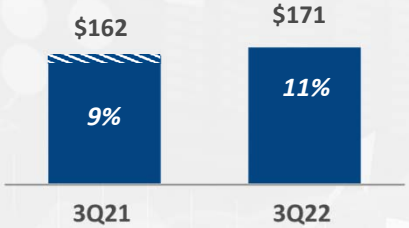
*Year over year % change*

## REVENUES

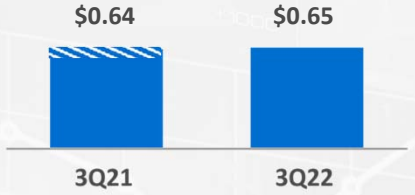



## ADJ. EBITDA[1]

*Margin %*




## ADJ. EPS[1]




## ADJ. OCF[1]

*YTD*




**$547**
3Q'22 YTD Deployable Free Cash Generated

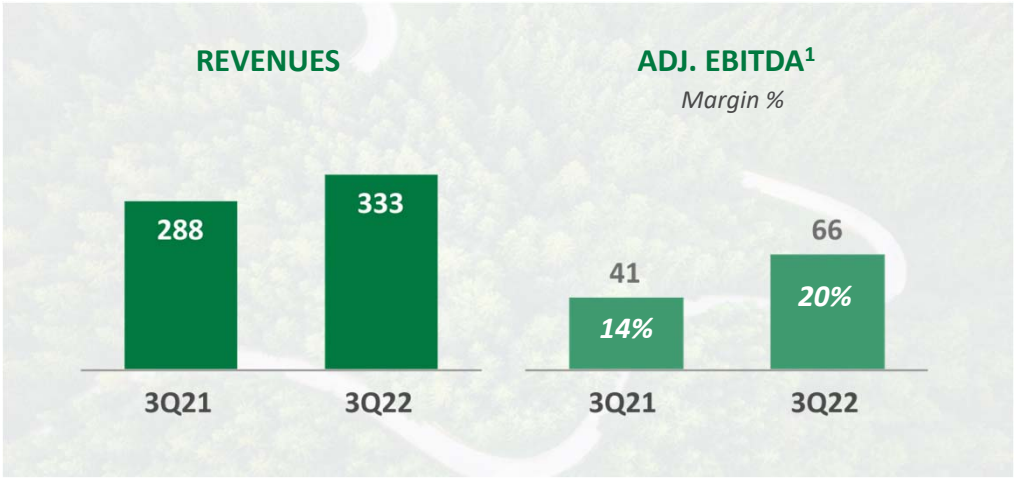
*Amounts in $millions except share data; amounts are for the three months ended September 30, unless stated otherwise.* *Shaded portion reflects Operation Allies Welcome (OAW) revenue, adj. EBITDA, and adj. EPS contribution in 3Q'21.*



[1] *See Appendix for reconciliation of Adj. EBITDA, Adj. EPS, Adj. Operating Cash Flow, Free Cash Flow, and Deployable Free Cash Flow*

# SEGMENT RESULTS DEMONSTRATE MISSION FOCUS, RESILIENCE AND AGILITY

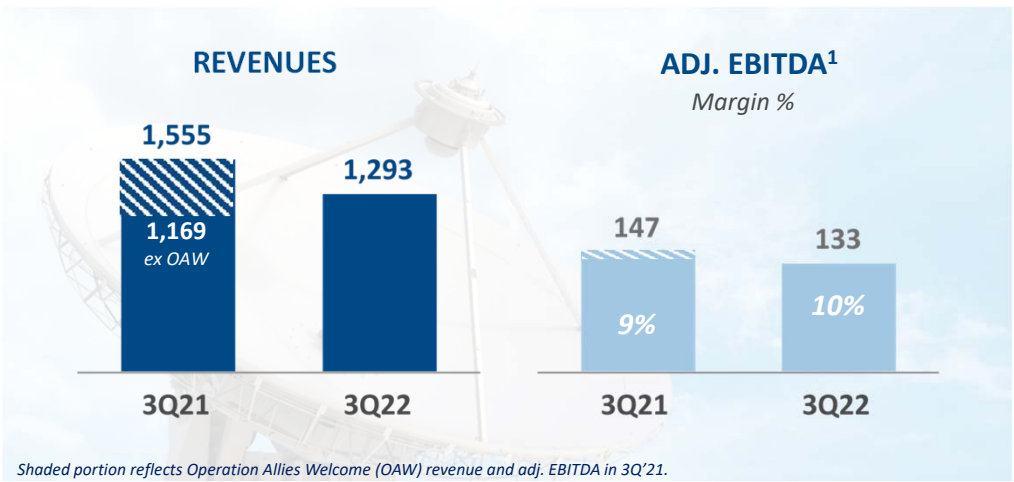
## SUSTAINABLE TECHNOLOGY SOLUTIONS




**61%**
**ADJ. EBITDA[1] GROWTH**

- STS revenue **growth of 16%** over 3Q'21 driven by increased engineering services and technology licensing
- Strong EBITDA margins attributable to favorable revenue mix, achievement of certain licensing milestones, and commencement of a LNG project
- STS ahead of pace to achieve 2025 EBITDA targets of $300M+ and upper teen margins

## GOVERNMENT SOLUTIONS




*Shaded portion reflects Operation Allies Welcome (OAW) revenue and adj. EBITDA in 3Q'21.*

**10%**
**REVENUE GROWTH**
(ex OAW)

- GS revenue **growth ex OAW of 10%** over 3Q'21 driven by increased activity in the European Command and the acquisition of Frazer Nash and VIMA
- GS margins continue to benefit from favorable mix, strong project execution, excellent performance scores
- Strong operating performance substantially offset impact of strengthening dollar on international operations

*Amounts in $millions; amounts are for the three months ended September 30.*



[1] *See Appendix for reconciliation of Adj. EBITDA*

# STRATEGIC, ACCRETIVE AND BALANCED CAPITAL DEPLOYMENT

**1.9x**
Net Leverage as of September 30, 2022

**$75M**
Acquisition of U.K.-based VIMA Group

**$67M**
Capital returned to shareholders in the quarter[1]

**$500M**
Replenished and raised share repurchase authorization[2]

## CAPITAL DEPLOYMENT PRIORITIES

Fund Organic Growth

Maintain Attractive Dividend

Maintain Responsible Leverage

Strategic M&A

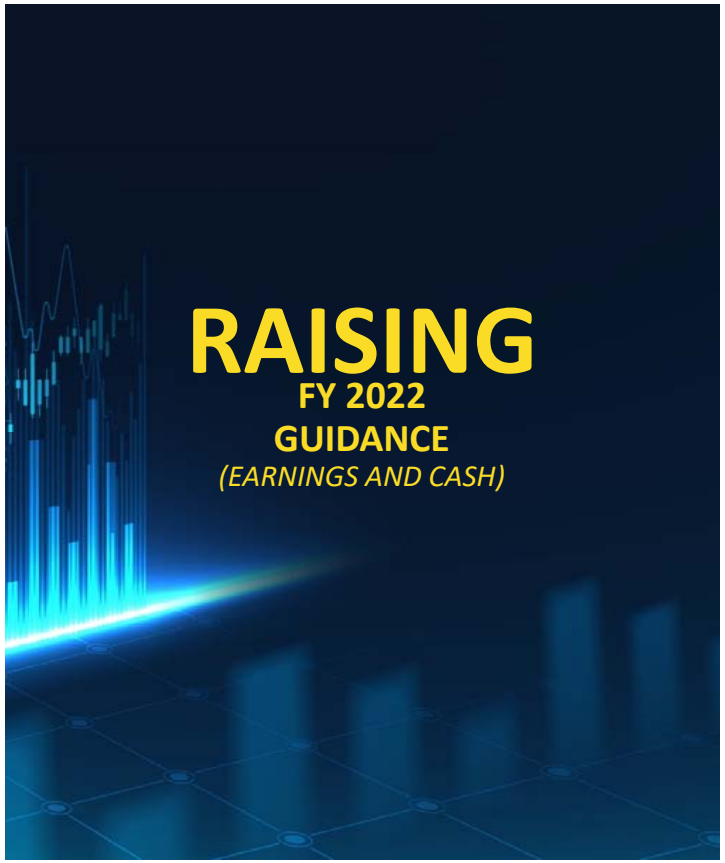
Share Repurchases

***Our capital deployment strategy facilitates sustainable, long-term growth and prudent return of capital to shareholders***



[1] *Includes quarterly dividends, discretionary repurchases and repurchases to satisfy requirements of equity comp plans in 3Q'22* [2] *Board authorized restoration and raise of total share repurchase ceiling to $500M.*

# RAISING FY 2022 GUIDANCE TO REFLECT MARKET AND BUSINESS MOMENTUM




| | KBR, Inc. FY 2022 Guidance |
|---|---|
| **REVENUE** *(Narrowed)* | **$6.5B - $6.7B**<br>v. $6.4B - $6.8B |
| **ADJ. EBITDA[1] MARGIN** | **~10%** |
| **ADJ. EPS[1]** *(Raised midpoint)* | **$2.60 - $2.65**<br>v. $2.53 - $2.65 |
| **EFFECTIVE TAX RATE** *(Lowered)* | **23% - 24%[2]**<br>vs. 24% - 25% |
| **ADJ. OPERATING CASH FLOW[1]** *(Raised midpoint)* | **$375M - $400M**<br>v. $360M - $400M |



[1] *See Appendix for reconciliation of Adj. EBITDA, Adj. EPS, and Adj. Operating Cash Flow* [2] *Updated to reflect potential favorable discrete tax benefits that will reduce the calculated tax rate*

# IN SUMMARY

- Thematic long-term trends favor KBR capabilities and technology
  - Accelerating end-market momentum in areas of global importance; growing opportunities pipeline
    - Generating value through strategic, balanced capital deployment
      - Significant multi-year visibility in backlog enabling strong confidence in 2025 targets
        - A strong business growth outlook; raising FY 2022 guidance



# Q & A


Consulting
KBR
+6000
+5000
+4000
+3000
+2000
+1000
4k
3k
2k
1k
0
JAN
FEB
MAR
25%
COMPLETED
IMPACT – ITCe
2022

# *Appendices*





# NON-GAAP RECONCILIATIONS

## Adjusted EPS

| | 3Q21[1] | 3Q22 | FY2022 Guidance | |
|---|---|---|---|---|
| **Diluted EPS** | **$0.38** | **$0.49** | **$1.11** | **$1.16** |
| | | | | |
| Adjustments: | | | | |
| Amortization related to acquisitions | $0.07 | $0.05 | $0.19 | |
| Ichthys interest and commercial dispute costs | $0.10 | $0.05 | $1.05 | |
| Acquisition, integration and restructuring | $0.03 | $0.01 | $0.02 | |
| Impact of new convert accounting and bond hedge | $0.03 | $0.03 | $0.06 | |
| Legacy legal fees | $0.02 | $0.02 | $0.10 | |
| Non-cash loss (gain) on legal entity rationalization | $0.01 | — | TBD | |
| Provisions related to exit from Russian commercial projects | — | — | $0.16 | |
| Appreciation in fair value of investments | — | — | $(0.09) | |
| **Adjusted EPS[2]** | **$0.64** | **$0.65** | **$2.60** | **$2.65** |

## Revenue and Adjusted EPS ex OAW

| | 3Q21[1] | 3Q22 | Growth |
|---|---|---|---|
| **Revenue (as reported)** | **$1,843** | **$1,626** | |
| Revenue attributable to OAW | 386 | 4 | |
| **Revenue ex OAW** | **$1,457** | **$1,622** | **11%** |
| | | | |
| **GS Revenue (as reported)** | **$1,555** | **$1,293** | |
| Revenue attributable to OAW | 386 | 4 | |
| **GS Revenue ex OAW** | **$1,169** | **$1,289** | **10%** |
| | | | |
| **Adjusted EPS[2] (as reported)** | **$0.64** | **$0.65** | |
| Adjusted EPS attributable to OAW | $0.06 | — | |
| **Adjusted EPS ex OAW** | **$0.58** | **$0.65** | **12%** |

[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 156 million and 154 million for the three month periods ended September 30, 2022 and September 30, 2021 respectively. Adjusted EPS is calculated using a share count of 142 million and 140 million for the three month periods ended September 30, 2022 and September 30, 2021, respectively. Diluted and Adjusted FY 2022 EPS guidance is calculated using a share count of 156 million and 142 million, respectively

# NON-GAAP RECONCILIATIONS

## Adjusted Operating, Free Cash, and Deployable Free Cash Flow

| | 3Q21[1] | 3Q22 | 2021 YTD | 2022 YTD | FY2022 Guidance | |
|---|---|---|---|---|---|---|
| **Cash flows provided by operating activities** | **$122** | **$122** | **$276** | **$336** | **$345** | **$370** |
| | | | | | | |
| Adjustments: | | | | | | |
| Add back: Major project advance work-off | — | — | 11 | — | — | |
| Adjust: CARES Act temporary tax repayment (relief) | — | — | — | — | 30 | |
| **Adjusted cash flows provided by operating activities** | **$122** | **$122** | **$287** | **$336** | **$375** | **$400** |
| | | | | | | |
| Less: Capital expenditures | (6) | (20) | (22) | (39) | | |
| **Adjusted free cash flows** | **$116** | **$102** | **$265** | **$297** | | |
| | | | | | | |
| Proceeds from sale of assets or investments | — | — | — | 60 | | |
| Receipt of proceeds from subcontractor settlement | — | — | — | 190 | | |
| **Deployable free cash flows** | **$116** | **$102** | **$265** | **$547** | | |
| | | | | | | |
| Adjusted free cash flow per share[2] | $0.83 | $0.72 | $1.88 | $2.09 | | |
| Adjusted EPS[2] | $0.64 | $0.65 | $1.71 | $2.03 | | |
| **Free cash flow conversion** | **130%** | **111%** | **110%** | **103%** | | |

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

[2] Adjusted free cash flow per share and adjusted EPS are calculated using a share count of 142 million shares outstanding for the three- and nine-month periods ended September 30, 2022 and using a share count of 140 million and 141 million shares outstanding for the three- and nine-month periods ended September 30, 2021, respectively.

# NON-GAAP RECONCILIATIONS

## Adjusted EBITDA

| | 1Q21[1] | 2Q21[1] | 3Q21[1] | 4Q21[1] | 1Q22 | 2Q22 | 3Q22 |
|---|---|---|---|---|---|---|---|
| **Net income (loss) attributable to KBR** | **$49** | **$(149)** | **$57** | **$70** | **$(71)** | **$94** | **$74** |
| | | | | | | | |
| Adjustments: | | | | | | | |
| Interest expense | 19 | 20 | 20 | 21 | 20 | 21 | 23 |
| Provision (benefit) for income taxes | 17 | 40 | 20 | 34 | 19 | 33 | 27 |
| Other non-operating (income) expense | 3 | (2) | 1 | 7 | — | (5) | 2 |
| Depreciation and amortization | 38 | 38 | 38 | 32 | 33 | 33 | 33 |
| **EBITDA** | **$126** | **$(53)** | **$136** | **$164** | **$1** | **$176** | **$159** |
| | | | | | | | |
| Adjustments: | | | | | | | |
| Acquisition, integration, and restructuring | 1 | 5 | 4 | 5 | 1 | 2 | 2 |
| Non-cash loss on legal entity rationalization | 1 | 2 | 1 | 3 | — | — | — |
| Ichthys commercial dispute cost | 3 | 198 | 17 | — | 132 | 8 | 7 |
| Legacy legal fees | 4 | 4 | 4 | 4 | 4 | 4 | 3 |
| Appreciation in fair value of investments | — | — | — | (4) | 0 | (16) | — |
| Provisions related to exit from Russian commercial projects | — | — | — | — | 16 | 12 | — |
| **Adjusted EBITDA** | **$135** | **$156** | **$162** | **$172** | **$154** | **$186** | **$171** |

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

# NON-GAAP RECONCILIATIONS

## Adjusted EBITDA - Segment

| | FY20[1] | 1Q21[1] | 2Q21[1] | 3Q21[1] | 4Q21[1] | 1Q22 | 2Q22 | 3Q22 |
|---|---|---|---|---|---|---|---|---|
| **Pretax income attributable to GS** | **$351** | **$74** | **$90** | **$112** | **$133** | **$114** | **$124** | **$96** |
| Interest expense | 1 | 1 | 1 | 1 | (1) | 1 | — | 2 |
| Other non-operating (income) expense | 2 | — | (1) | 1 | 3 | — | 8 | 9 |
| Depreciation and amortization | 60 | 25 | 32 | 29 | 22 | 24 | 23 | 23 |
| **EBITDA - GS** | **$414** | **$100** | **$122** | **$143** | **$157** | **$139** | **$155** | **$130** |
| Adjustments: | | | | | | | | |
| Acquisition, integration, and restructuring | 5 | — | — | — | — | — | — | — |
| Legacy legal fees | 8 | 4 | 4 | 4 | 4 | 4 | 4 | 3 |
| **Adjusted EBITDA - GS** | **$427** | **$104** | **$126** | **$147** | **$161** | **$143** | **$159** | **$133** |
| | | | | | | | | |
| **Pretax income (loss) attributable to STS** | **$(99)** | **$42** | **$(139)** | **$20** | **$40** | **$(107)** | **$48** | **$57** |
| Interest expense | — | — | — | — | — | — | 1 | — |
| Other non-operating (income) expense | 3 | — | (1) | — | 2 | — | (2) | (2) |
| Depreciation and amortization | 26 | 4 | 4 | 4 | 4 | 3 | 4 | 4 |
| **EBITDA - STS** | **$(70)** | **$46** | **$(136)** | **$24** | **$46** | **$(104)** | **$51** | **$59** |
| Adjustments: | | | | | | | | |
| Acquisition, integration, and restructuring | 179 | — | (1) | — | (2) | (1) | — | — |
| Non-cash loss (gain) on legal entity rationalization | (7) | — | 0 | — | — | — | — | — |
| Ichthys commercial dispute cost | 9 | 3 | 198 | 17 | — | 132 | 8 | 7 |
| Appreciation in fair value of investments | — | — | 0 | — | (4) | — | (16) | — |
| Provisions related to exit from Russian commercial projects | — | — | 0 | — | — | 16 | 12 | — |
| **Adjusted EBITDA - STS** | **$111** | **$49** | **$61** | **$41** | **$40** | **$43** | **$55** | **$66** |
| | | | | | | | | |
| **Adjusted EBITDA - Corporate** | **$(60)** | **$(18)** | **$(31)** | **$(26)** | **$(29)** | **$(32)** | **$(28)** | **$(28)** |
| | | | | | | | | |
| **Adjusted EBITDA - KBR** | **$478** | **$135** | **$156** | **$162** | **$172** | **$154** | **$186** | **$171** |

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

# NON-GAAP RECONCILIATIONS

## Reconciliation of Operating Income to Adj. EBITDA

**Quarter ended September 30, 2022**

| | GS | STS | Corporate | KBR |
|---|---|---|---|---|
| **Operating income** | **$105** | **$56** | **$(36)** | **$125** |
| | | | | |
| Noncontrolling interest | 2 | (1) | — | 1 |
| Depreciation and amortization | 23 | 4 | 6 | 33 |
| **EBITDA** | **$130** | **$59** | **$(30)** | **$159** |
| | | | | |
| Adjustment: | | | | |
| Acquisition, integration, and restructuring | — | — | 2 | 2 |
| Ichthys commercial dispute cost | — | 7 | — | 7 |
| Legacy legal fees | 3 | — | — | 3 |
| **Adjusted EBITDA** | **$133** | **$66** | **$(28)** | **$171** |