

QUARTERLY EARNINGS Q4 | 2022

Delivering Solutions, Changing the World.℠

February 16, 2023



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 our expectations for our future financial performance, effective tax rate, operating cash flows, contract revenues, our business strategy, and our plans for raising and deploying capital, paying dividends and setting our convertible notes at maturity, 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 potential adverse economic and market conditions, such as interest rate and currency exchange rate fluctuations, including as a result of pandemics such as COVID-19; 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 "Revenue ex OAW," "EBITDA," "Adjusted EBITDA," "Adjusted EBITDA Margin," "Adjusted EPS," "Adjusted EPS ex OAW," "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

2022 | HSSE HIGHLIGHTS

HSS INCIDENT RATE

0.079

TOTAL RECORDABLE INCIDENT RATE 2022
(per 200,000 work hours)

★ Industry Leading

ZERO HARM DAYS

91%

ZERO HARM ACHIEVED IN 2022
(365 days)

★ Industry Leading

PLAN · ORGANIZE · DIRECT · CONTROL

ZERO HARM



NOVEMBER 2022
LOGOCAP V
EUCOM POLAND

ACHIEVES
5 YEARS & 5.3 MILLION
WORK HOURS
WITHOUT A RECORDABLE INJURY/ILLNESS.

AUGUST 2022
GS EMEA ASPIRE PROJECT

RECEIVES 9TH CONSECUTIVE
RoSPA GOLD AWARD

RoSPA IS THE ROYAL SOCIETY FOR THE PREVENTION OF ACCIDENTS.

JULY 2022
SATORP PROJECT

AWARDED 8TH CONSECUTIVE
SATORP CONTRACTOR SAFETY AWARD
A CULMINATION OF 6 YEARS AND OVER 5 MILLION INJURY FREE HOURS

JUNE 2022
HUMAN EXPLORATION DIVISION
AT JOHNSON SPACE CENTER

RECOGNIZED BY NASA WITH COVETED
SUPER NOVA AWARD
THE SUPER NOVA AWARD IS THE MOST PRESTIGIOUS OF THE SAFETY & HEALTH EXCELLENCE AWARDS

APRIL 2022
EUCOM TEAM

ACHIEVES OVER
3.2 MILLION
WORK HOURS
WITH ZERO RECORDABLE INJURIES/ILLNESSES

2022 | KBR BUSINESS HEALTH

PEOPLE

- Headcount **increased 8%** year-over-year
- 82% of employees say KBR is a **Great Place to Work**
- I&D progress in both gender and ethnicity
- Multiple external recognition and awards

ZERO HARM

- Recorded **91% Zero Harm Days** & 0.079 TRIR[1]
- 96% of employees say KBR is a **Safe Place to Work**
- ~40% earnings in sustainable technologies and environmental solutions
- Continued progress on **2030 operational net-zero carbon target**



BUSINESS GROWTH

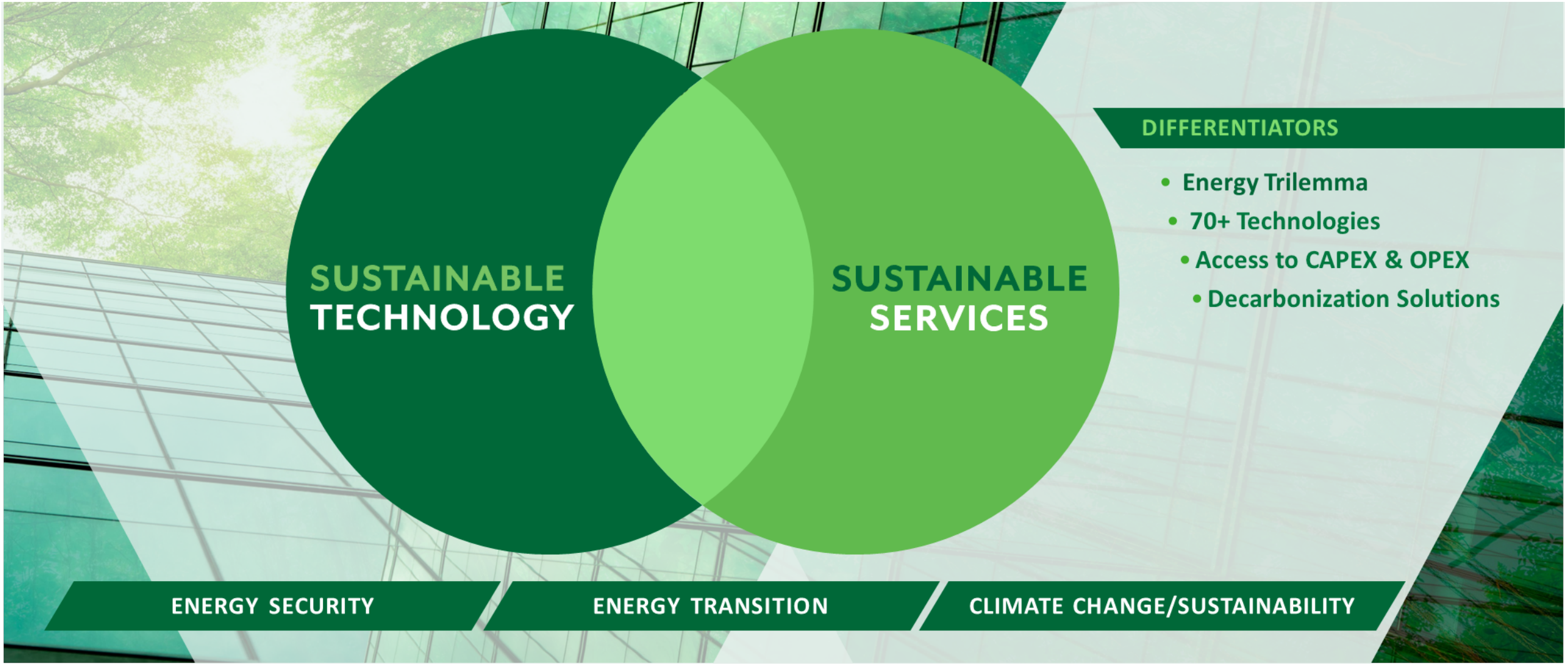
- Awarded **$8.2B of bookings and options** in highly strategic areas in 2022 - **1.2x TTM Book-To-Bill**
- Backlog and options of $19.8B
- Pipeline visible and strong across all segments
  - ~$10B awaiting award - up double digit y/y
- **Over 70% WUC** for 2023

FINANCIAL

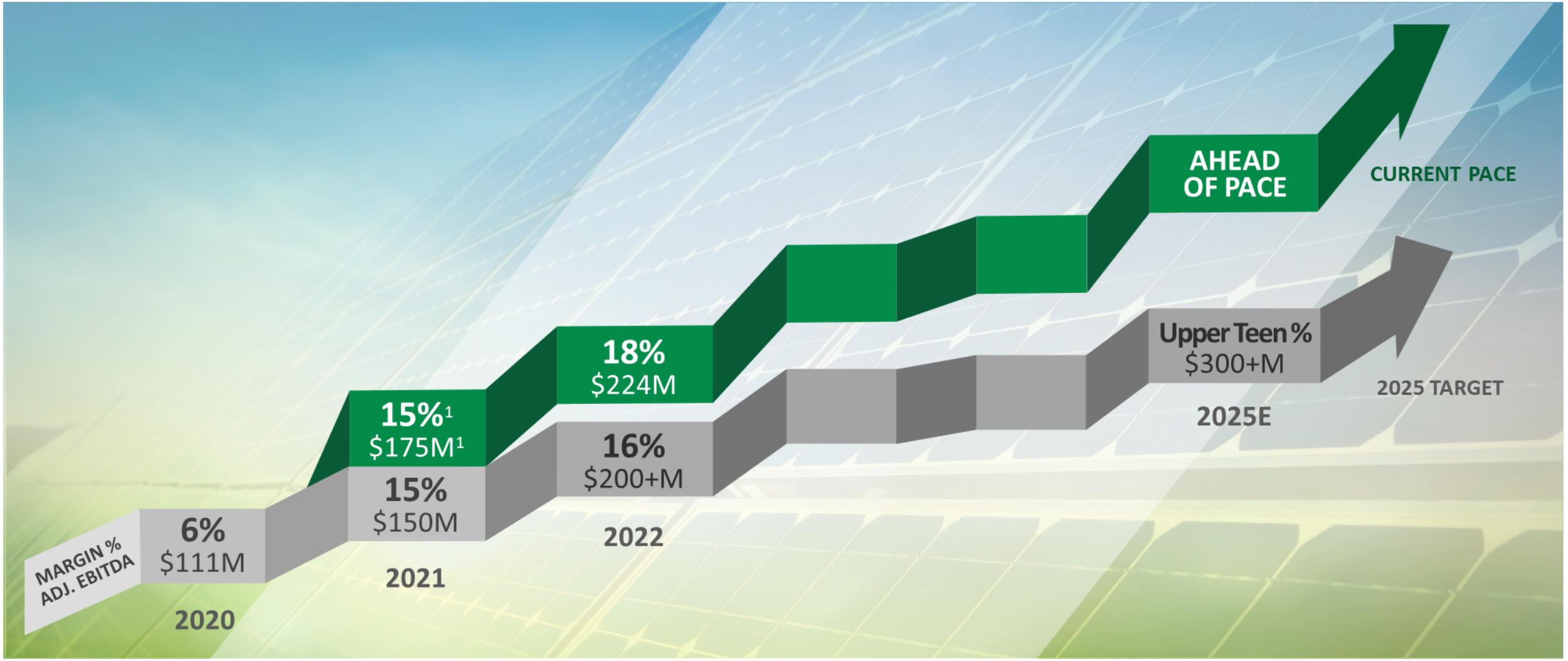
- 9% Revenue growth ex OAW[2], **10% Adj. EBITDA[2] margins (up 166 bps y/y)**
- Adj. OCF[2] conversion of 110%
- **Returned $269M to shareholders** via dividends and share repurchases and **deployed $73M via strategic M&A**
- Ahead of pace for 2025 Adj. EBITDA targets

[1] Total Recordable Incident Rate (TRIR) [2] See Appendix for reconciliation of non-GAAP financial measures Revenue ex OAW, Adj. EBITDA and Adj. Operating Cash Flow conversion to the nearest GAAP measures.

STS | HIGH MARGIN/HIGH GROWTH LEADER



STS | EARNINGS GROWTH AND MARGIN ACCELERATOR



[1] *Normalized Adj. EBITDA and Adj. EBITDA margin % exclude the impact of close-out items in FY21. As reported, STS Adj. EBITDA was $191 million in FY21.*

2025 | MULTIPLE ROUTES TO SUCCESS



2025 Adjusted EPS reflects deployment of 50% of aggregate available capital based on 3.0x net leverage



Mark Sopp

Executive Vice President and Chief Financial Officer

2022 | KBR DELIVERS CONTINUED GROWTH

+9% REVENUES *ex OAW [1]*

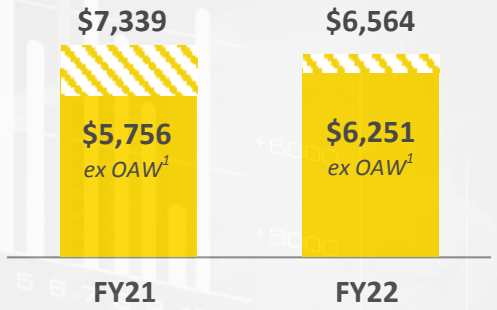
+166 ADJ. EBITDA[1] *bps expansion*

+28% ADJ. EPS[1] *ex OAW*

+33% ADJ. OCF[1]

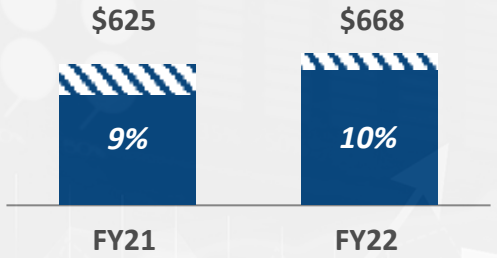
Year over year % change

REVENUES

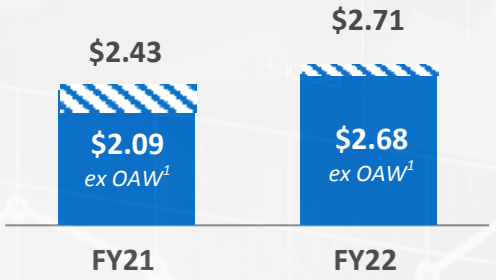


ADJ. EBITDA[1]

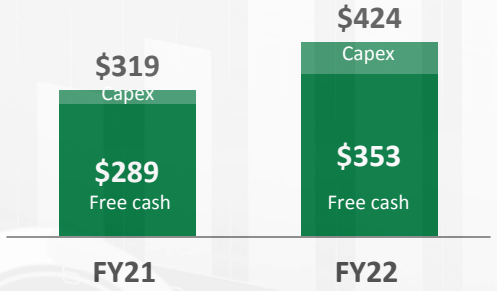
Margin %



ADJ. EPS[1]



ADJ. OCF[1]



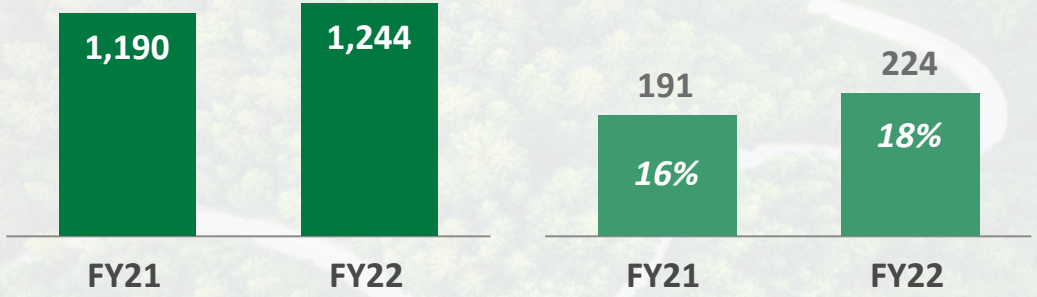
Amounts in $millions except share data; amounts are for the twelve months ended December 31, unless stated otherwise.

Shaded portion reflects Operation Allies Welcome (OAW) revenue and Adj. EPS contribution in FY21 & FY22.

[1] *See Appendix for reconciliation of non-GAAP financial measures Adj. EBITDA, Adj. EPS, Adj. Operating Cash Flow, Revenue ex OAW, Adj. EPS ex OAW, and Free Cash Flow to the nearest GAAP measures.*

SEGMENT RESULTS DEMONSTRATE MISSION FOCUS, RESILIENCE AND AGILITY

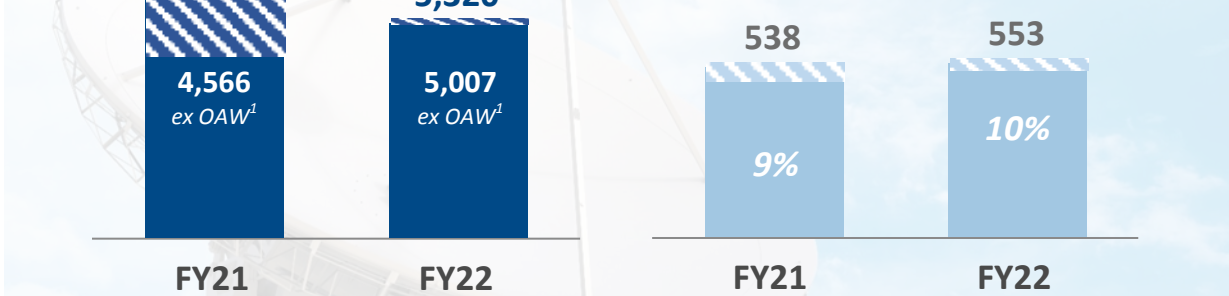
SUSTAINABLE TECHNOLOGY SOLUTIONS



17%
ADJ. EBITDA[1] GROWTH

- STS Adj. EBITDA[1] **growth of 17%** over FY21 driven by increased engineering services and technology licensing
- Strong Adj. EBITDA[1] margins attributable to favorable revenue mix, achievement of certain licensing milestones, and commencement of an LNG project
- STS ahead of pace to achieve 2025 Adj. EBITDA targets of $300M+ and upper teen margins

GOVERNMENT SOLUTIONS



10%
REVENUE GROWTH
ex OAW[1]

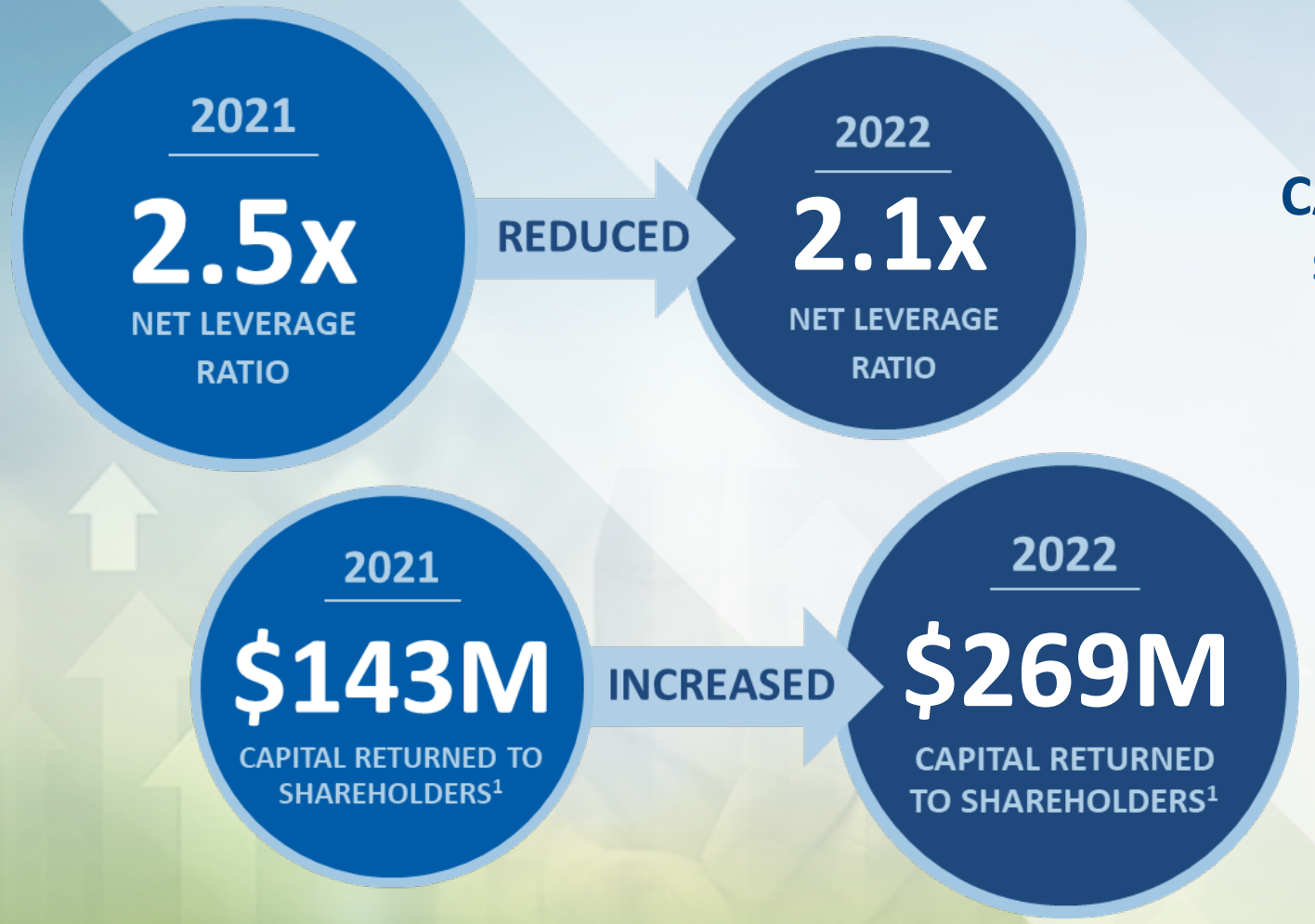
- GS revenue **growth ex OAW[1] of 10%** over FY21 driven by increased activity in the European Command
- GS margins continue to benefit from favorable mix, strong project execution, excellent performance scores, and net gains from sales of investments completed in 2022

Amounts in $millions; amounts are for the twelve months ended December 31.

Shaded portion reflects Operation Allies Welcome (OAW) revenue and Adj. EBITDA in FY21 & FY22.

[1] *See Appendix for reconciliation of non-GAAP financial measures Adj. EBITDA and Revenue ex OAW to the nearest GAAP measures.*

STRATEGIC, ACCRETIVE AND BALANCED CAPITAL DEPLOYMENT



CAPITAL DEPLOYMENT PRIORITIES

- Settle Convertible Debt in 2023; Avoid Dilution
- Fund Organic Growth
- Maintain Attractive Dividend
- Maintain Responsible Leverage
- Strategic M&A
- Share Repurchases

[1] *Includes quarterly dividends, discretionary repurchases and repurchases to satisfy requirements of equity comp plans in FY21 & FY22.*

FOUR CONSECUTIVE YEARS OF DIVIDEND INCREASES



On February 10, 2023, Board of Directors declared a regular quarterly dividend of $0.135 per share on the company's common stock to be paid on April 14, 2023, to stockholders of record on March 15, 2023.

INITIATING 2023 GUIDANCE



KBR, Inc. FY 2023 Guidance	
REVENUE	$6.9B - $7.1B
ADJ. EBITDA	$715M - $745M
ADJ. EPS	$2.76 - $2.96
EFFECTIVE TAX RATE	24% - 25%
OPERATING CASH FLOW	$425M - $460M

The company does not provide reconciliations of Adjusted EBITDA 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.

KEY TAKEAWAYS

- **Our commitment to make KBR a great place to work** for all is unwavering; we made good progress advancing our people agenda in 2022
  - **We delivered in 2022** – doing what we said we would do; we outperformed in STS, earnings and cash
    - **Multiple strategic pathways to achieve growth targets** as we head into 2023 with 70%+ WUC
      - **We returned more capital to shareholders** in 2022 and this is expected to increase in 2023 and through 2025
        - **Increasingly confident** in delivering 2025 Adj. EPS target of $4.75



Q & A



Appendices





NON-GAAP RECONCILIATIONS

Adjusted EPS

	FY2021[1]	FY2022	FY2023 Guidance	
Diluted EPS	**$0.19**	**$1.26**	**$2.32**	**$2.52**
Adjustments:				
Amortization related to acquisitions	0.28	0.19	0.17	
Ichthys interest and commercial dispute costs	1.64	1.02	0.01	
Acquisition, integration and restructuring	0.08	0.04	—	
Impact of new convert accounting and bond hedge	0.00	0.07	0.20	
Legacy legal fees	0.08	0.08	0.06	
Non-cash loss (gain) on legal entity rationalization	0.04	—	—	
Provisions related to exit from Russian commercial projects	—	0.14	—	
Non-cash impact of increase in future UK statutory tax rate	0.14	—	—	
Appreciation in fair value of investments	(0.02)	(0.09)	—	
Adjusted EPS[2]	**$2.43**	**$2.71**	**$2.76**	**$2.96**

Revenue and Adjusted EPS ex OAW

	FY2021[1]	FY2022	Growth
Revenue (as reported)	**$7,339**	**6,564**	
Revenue attributable to OAW	1,583	313	
Revenue ex OAW	**$5,756**	**$6,251**	**9%**
GS Revenue (as reported)	**$6,149**	**$5,320**	
Revenue attributable to OAW	1,583	313	
GS Revenue ex OAW	**$4,566**	**$5,007**	**10%**
Adjusted EPS[2] (as reported)	**$2.43**	**$2.71**	
Adjusted EPS[2] attributable to OAW	0.34	0.03	
Adjusted EPS[2] ex OAW	**$2.09**	**$2.68**	**28%**

[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 141 million for the twelve month periods ended December 31, 2022 and December 31, 2021 respectively. Adjusted EPS is calculated using a share count of 142 million and 141 million for the twelve month periods ended December 31, 2022 and December 31, 2021, respectively. Diluted and Adjusted FY 2023 EPS guidance is calculated using a share count of 152 million and 138 million, respectively

NON-GAAP RECONCILIATIONS

Adjusted Operating and Free Cash Flow

	FY2021[1]	FY2022
Cash flows provided by operating activities	**$278**	**$396**
Adjustments:		
Add back: Major project advance work-off	11	—
Adjust: CARES Act temporary tax repayment (relief)	30	28
Adjusted cash flows provided by operating activities	**$319**	**$424**
Less: Capital expenditures	(30)	(71)
Adjusted free cash flows	**$289**	**$353**
Adjusted operating cash flow per share[2]	$2.26	$2.99
Adjusted operating cash flow conversion	**93%**	**110%**
Adjusted free cash flow per share[2]	$2.05	$2.49
Adjusted EPS[2]	$2.43	$2.71
Free cash flow conversion	**84%**	**92%**

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

[2] Adjusted operating cash flow per share, adjusted free cash flow per share, and adjusted EPS are calculated using a share count of 140 million and 142 million shares outstanding for the three- and twelve-month periods ended December 31, 2022 and using a share count of 141 million and 141 million shares outstanding for the three- and twelve-month periods ended December 31, 2021, respectively.

NON-GAAP RECONCILIATIONS

Adjusted EBITDA

	1Q21[1]	2Q21[1]	3Q21[1]	4Q21[1]	1Q22	2Q22	3Q22	4Q22
Net income (loss) attributable to KBR	**$49**	**$(149)**	**$57**	**$70**	**$(71)**	**$94**	**$74**	**$93**
Adjustments:								
Interest expense	19	20	20	21	20	21	23	23
Provision (benefit) for income taxes	17	40	20	34	19	33	27	13
Other non-operating (income) expense	3	(2)	1	7	—	(5)	2	(9)
Depreciation and amortization	38	38	38	32	33	33	33	38
EBITDA	**$126**	**$(53)**	**$136**	**$164**	**$1**	**$176**	**$159**	**$158**
Adjustments:								
Acquisition, integration, and restructuring	1	5	4	5	1	2	2	2
Non-cash loss on legal entity rationalization	1	2	1	3	—	—	—	—
Ichthys commercial dispute cost	3	198	17	—	132	8	7	(4)
Legacy legal fees	4	4	4	4	4	4	3	4
Appreciation in fair value of investments	—	—	—	(4)	—	(16)	—	—
Provisions related to exit from Russian commercial projects	—	—	—	—	16	12	—	(3)
Adjusted EBITDA	**$135**	**$156**	**$162**	**$172**	**$154**	**$186**	**$171**	**$157**

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

NON-GAAP RECONCILIATIONS

Adjusted EBITDA - Segment

	1Q21[1]	2Q21[1]	3Q21[1]	4Q21[1]	1Q22	2Q22	3Q22	4Q22
Pretax income attributable to GS	**$74**	**$90**	**$112**	**$133**	**$114**	**$124**	**$96**	**$106**
Interest expense	1	1	1	(1)	1	—	2	1
Other non-operating (income) expense	—	(1)	1	3	—	8	9	(18)
Depreciation and amortization	25	32	29	22	24	23	23	25
EBITDA - GS	**$100**	**$122**	**$143**	**$157**	**$139**	**$155**	**$130**	**$114**
Adjustments:								
Legacy legal fees	4	4	4	4	4	4	3	4
Adjusted EBITDA - GS	**$104**	**$126**	**$147**	**$161**	**$143**	**$159**	**$133**	**$118**
Pretax income (loss) attributable to STS	**$42**	**$(139)**	**$20**	**$40**	**$(107)**	**$48**	**$57**	**$64**
Interest expense	—	—	—	—	—	1	—	
Other non-operating (income) expense	—	(1)	—	2	—	(2)	(2)	0
Depreciation and amortization	4	4	4	4	3	4	4	3
EBITDA - STS	**$46**	**$(136)**	**$24**	**$46**	**$(104)**	**$51**	**$59**	**$67**
Adjustments:								
Acquisition, integration, and restructuring	—	(1)	—	(2)	(1)	—	—	—
Ichthys commercial dispute cost	3	198	17	—	132	8	7	(4)
Appreciation in fair value of investments	—	—	—	(4)	—	(16)	—	—
Provisions related to exit from Russian commercial projects	—	—	—	—	16	12	—	(3)
Adjusted EBITDA - STS	**$49**	**$61**	**$41**	**$40**	**$43**	**$55**	**$66**	**$60**
Adjusted EBITDA - Corporate	**$(18)**	**$(31)**	**$(26)**	**$(29)**	**$(32)**	**$(28)**	**$(28)**	**$(21)**
Adjusted EBITDA - KBR	**$135**	**$156**	**$162**	**$172**	**$154**	**$186**	**$171**	**$157**

[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

Twelve months ended December 31, 2022

	GS	STS	Corporate	KBR
Operating income	**$441**	**$47**	**$(145)**	**$343**
Noncontrolling interest	2	(4)	—	(2)
Unrealized gain on cost method investment	—	16	—	16
Depreciation and amortization	95	14	28	137
EBITDA	**$538**	**$73**	**$(117)**	**$494**
Adjustment:				
Acquisition, integration, and restructuring	—	(1)	8	7
Ichthys commercial dispute cost	—	143	—	143
Legacy legal fees	15	—	—	15
Appreciation in fair value of investments	—	(16)	—	(16)
Provisions related to exit from Russian commercial projects	—	25	—	25
Adjusted EBITDA	**$553**	**$224**	**$(109)**	**$668**