

QUARTERLY EARNINGS Q2 | 2022

Delivering Solutions, Changing the World.℠

August 2, 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 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

Turning the tide on plastic waste

Recognizing a global crisis

- **~390M tons of CO2** created from fossil resource-produced plastics
- **$120B per year** lost through plastic waste



Delivering breakthrough advanced plastics recycling technology

MURA TECHNOLOGY

Hydro-PRT®
Plastics Recycling Technology

- Scalable
- Wide plastic scope
- High product yields
- Energy and water efficient
- Modular deployment



KBR'S ADDITIONAL $100M INVESTMENT

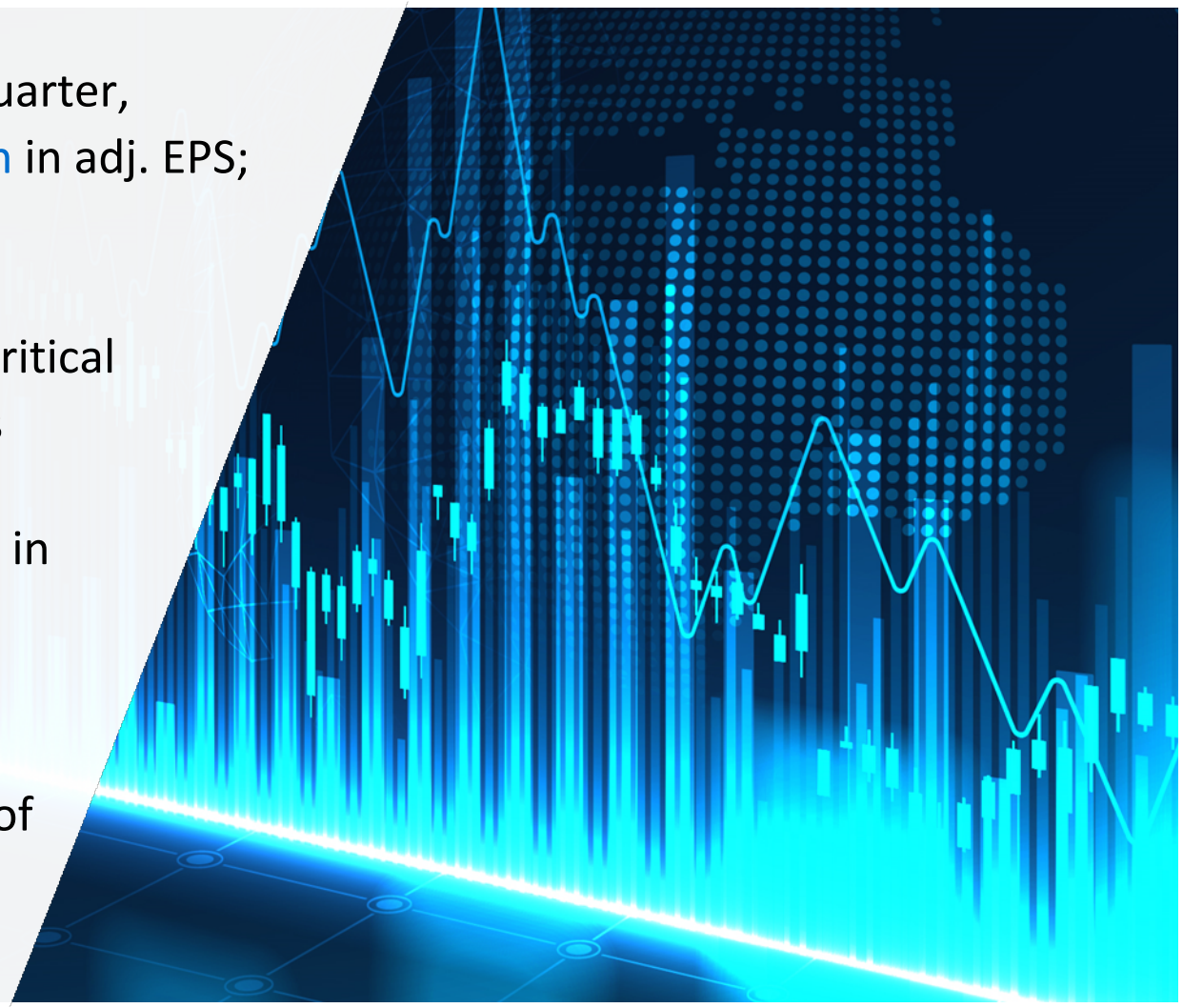
Exclusive licensing alliance	Preferred services provider for Mura-led projects	Up to 18.5% aggregate ownership

Advancing the circular economy by delivering an efficient, commercially viable recycling solution for a wide range of plastics.

The New Plastic Economy: Catalysing Action – The Ellen McArthur Foundation (2017); World Economic Forum (2018)

EXCELLENT 2nd QUARTER RESULTS; STRONG MOMENTUM TOWARD 2025 TARGETS

- Delivered growth across all key metrics during the quarter, including 19% growth in adj. EBITDA and 31% growth in adj. EPS; generated $125M of operating cash flow
- Expanding platform of long-term, resilient, mission critical programs enables excellent visibility in volatile times
- 2.1x Book-to-Bill[1] and $2.9B of bookings and options in highly strategic areas
- Advancing long-term strategy through an expanded investment in Mura Technology and the acquisition of VIMA Group



[1] Consistent with our practice, book-to-bill excludes long-term U.K. PFIs

MARKET OUTLOOK **GOVERNMENT SOLUTIONS**

MARKET DRIVERS & OUTLOOK

- U.S. Consolidated Appropriations Act of 2022 authorizes **$782B for defense spending**, up 6% from 2021, including $742B for the Department of Defense and **$24B for NASA**, up 3%
- 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 2021**, respectively; both the House and Senate are requesting incremental increases
- The U.K. commits to an **increase in defense spending of 25%** (from 2% to 2.5% of GDP) by the end of 2030
- 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

94%
2022 Work Under Contract

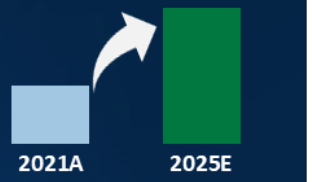
$15.5B
2Q22 Backlog & Options

- Won a **new $69 million ceiling, 5-year best value takeaway** to provide R&D for manned reconnaissance aircraft intelligence, surveillance, reconnaissance, and targeting systems for Naval Surface Warfare Center Crane; includes systems engineering, technology improvements, integration, test & evaluation, and training
- Won a **$95 million, 5-year expanded recompete** to develop tools to manage maintenance data, monitor trends, and conduct prognostic analysis using DEVSECOPS to improve readiness of naval aircraft; this award is double the predecessor contract
- Won a $640 million ceiling, **5-year ground systems and mission operations** recompete contract to support more than 10 NASA missions, as announced in the first quarter
- Awarded a position on NASA's $3.5 billion IDIQ, **10-year xEVAS program to advance next generation spacesuit** and spacewalk systems to prepare for human missions to Mars as a major team member on the Axiom Space team

GS|GROWING OUR INTERNATIONAL FOOTPRINT

REVENUE

10% CAGR[1]



ADJ. EBITDA MARGIN %

TEENS

GLOBAL LOCATIONS

35

Extending Our Reach

- **NOVEMBER 2017** — sigma bravo
- **APRIL 2020** — SMA
- **JULY 2021** — harmonic
- **OCTOBER 2021** — FRAZER-NASH CONSULTANCY, A KBR COMPANY
- **AUGUST 2022** — VIMA GROUP

- Developing **high-end, innovative systems, engineering, and technology solutions** to make lives safe, sustainable and affordable
- Advising governments and commercial customers on their **digital transformation journeys**
- Delivering best-in-class integrated platform solutions, systems engineering, security & resilience solutions, data science, advanced training solutions and more

[1] *Compound annual growth rate (CAGR) calculated from 2021 to 2025*

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

TRENDS, WINS & MOMENTUM

85%
2022 Work Under Contract

$3.7B
2Q22 Backlog

- Won a contract to provide **green ammonia technology** licensing and basic engineering for a Japanese national research and development agency taking steps towards **decarbonization**
- Won an engineering contract for BP Exploration to **reduce carbon footprint** and provide a **robust, long-term, high-availability power supply** from the KBR-designed Shah Deniz Bravo platform
- Won a $1.5 billion award representing KBR's share of its non-majority JV's booking of the notice to proceed with **Phase 1 of Plaquemines LNG**, a project to deliver **lower carbon energy**

STS | EARNINGS GROWTH AND MARGIN ACCELERATION

TRAILING 12 MONTHS BTB

1.8x

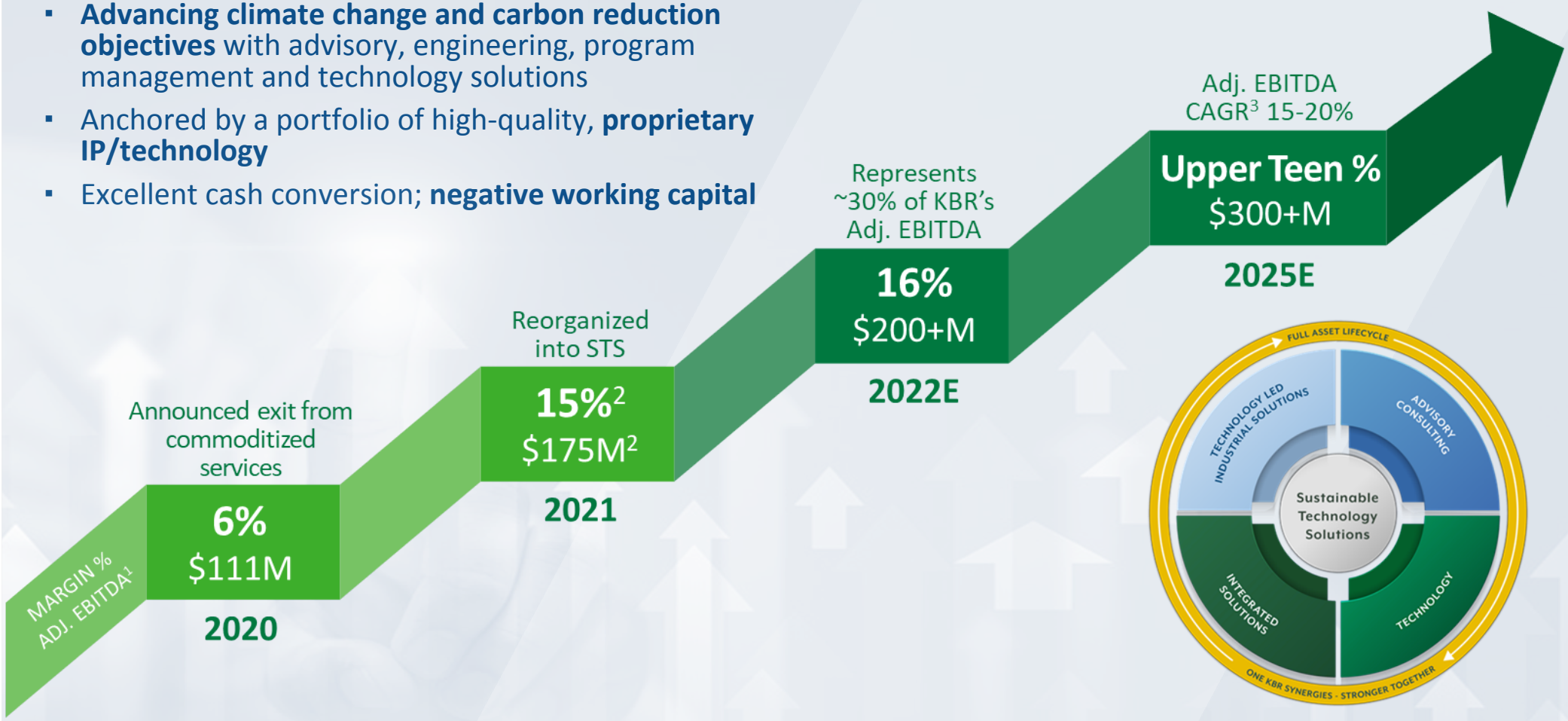
TRACKING TOWARD UPPER-TEEN EBITDA % BY 2025

AHEAD OF PACE

DIFFERENTIATED PROPRIETARY TECHNOLOGY

70+

- **Advancing climate change and carbon reduction objectives** with advisory, engineering, program management and technology solutions
- Anchored by a portfolio of high-quality, **proprietary IP/technology**
- Excellent cash conversion; **negative working capital**



[1] See Appendix for reconciliation of Adj. EBITDA [2] Normalized margin % excludes the impact of close-out items in FY21 [3] Compound annual growth rate (CAGR) calculated from 2021 to 2025



Mark Sopp

Executive Vice President and Chief Financial Officer

2nd QUARTER 2022 RESULTS | KBR DELIVERS OUTSTANDING GROWTH

+5% REVENUES

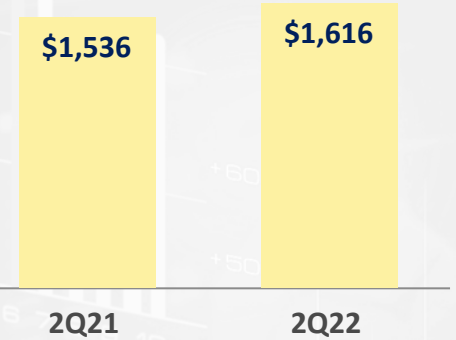
+19% ADJ. EBITDA

+31% ADJ. EPS

+16% ADJ. OCF

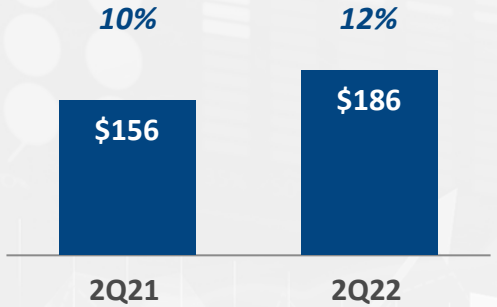
Year over year % change

REVENUES

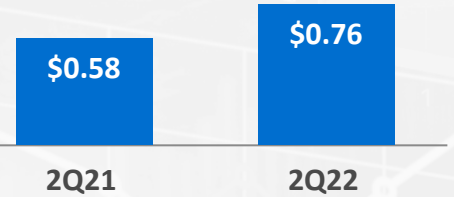


ADJ. EBITDA

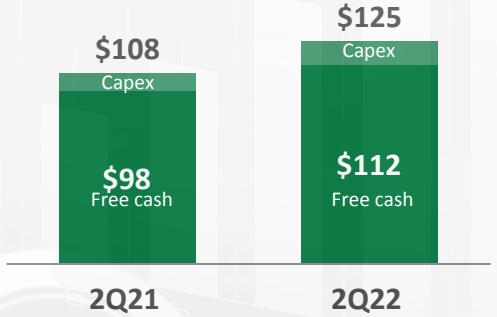
Margin %



ADJ. EPS



ADJ. OCF



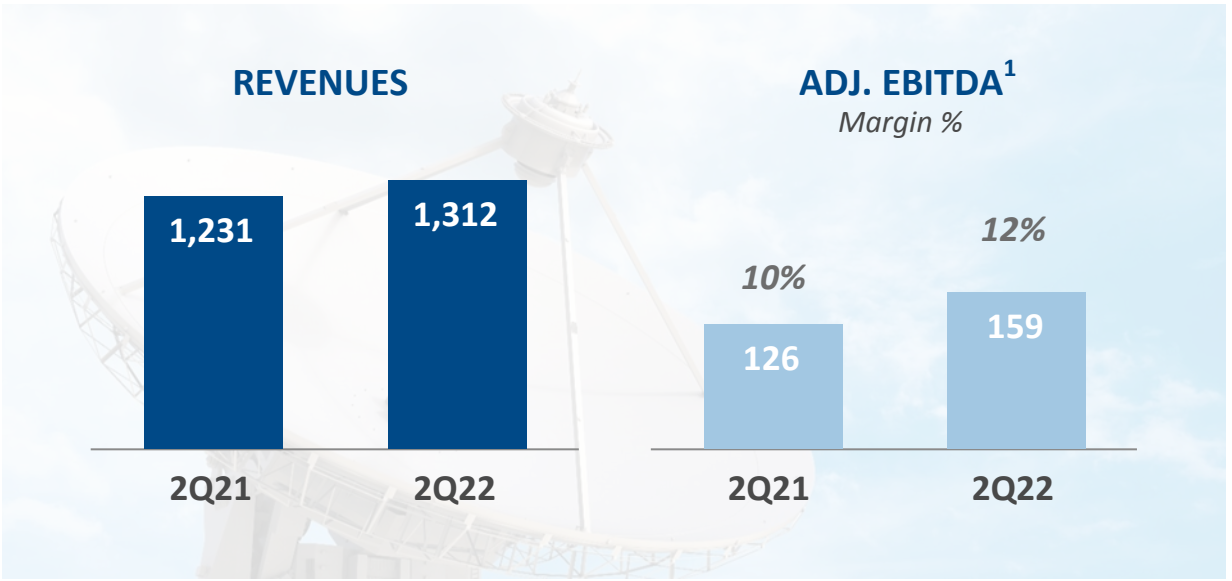
$344
Deployable FCF[1] generated in 2Q22

Amounts in $millions except share data; amounts are for the three months ended June 30.

See Appendix for reconciliation of Adj. EBITDA, Adj. EPS, Adj. Operating Cash Flow, Free Cash Flow and Deployable FCF [1] *Includes proceeds from sale of non-core assets of $42M and receipt of proceeds from subcontractor settlement of $190M*

SEGMENT RESULTS DEMONSTRATE MISSION FOCUS, RESILIENCE AND AGILITY

GOVERNMENT SOLUTIONS

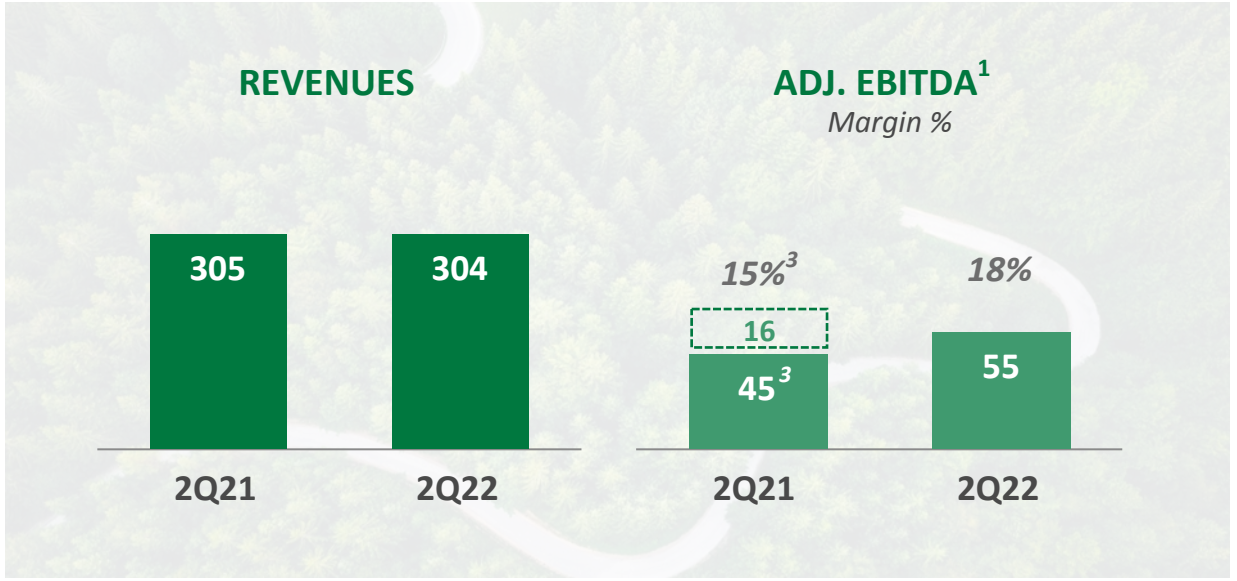


9%

ADJ. EBITDA GROWTH[2]
(NORMALIZED)

- GS revenue growth of 7% over 2Q'21
- All GS businesses improved profit contribution over 2Q'21
- 2Q'22 adj. EBITDA and margin % benefited from gains on the sale of non-core assets of $22M (~165 bps)
- Favorable project closeouts in 2Q'22 and effective hedging strategy mitigated impact of GBP FX risk

SUSTAINABLE TECHNOLOGY SOLUTIONS



22%

ADJ. EBITDA GROWTH[3]
(NORMALIZED)

- STS ahead of pace to deliver upper teen adj. EBITDA margin % by 2025
- 2Q'22 adj. EBITDA reflects favorable impact of project close out benefits and other timing items (~160 bps)
- 2Q'21 adj. EBITDA of $61M reflects $16M of benefits associated with the favorable resolution of historical matters

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

[1] See Appendix for reconciliation of Adj. EBITDA [2] Normalized Adj. EBITDA yoy growth excludes the gains on the sale of non-core assets in 2Q'22 [3] Normalized Adj. EBITDA, margin %, and yoy growth rates exclude the favorable resolution of historical matters in 2Q'21

STRATEGIC, ACCRETIVE AND BALANCED CAPITAL DEPLOYMENT

1.9x
Net Leverage
as of June 30, 2022

$100M
Additional Investment in Mura Technology

$73M
Acquisition of U.K.-based VIMA Group[1]

$98M
Debt repayments during the quarter ended June 30, 2022

$58M
Capital returned to shareholders in the quarter[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] *Reflects cash paid at closing, excluding deferred and contingent consideration* [2] *Includes quarterly dividends, discretionary repurchases and repurchases to satisfy requirements of equity comp plans in 2Q'22*

REAFFIRM FY 2022 GUIDANCE TO REFLECT MARKET AND BUSINESS MOMENTUM

REAFFIRM

FY 2022 FINANCIAL GUIDANCE

90%+

FY 2022 WORK UNDER CONTRACT

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

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

IN SUMMARY

- Delivered outstanding results across all key metrics
  - Strong end-market tailwinds in areas of global importance that favor KBR capabilities and technologies
    - Winning highly strategic work to secure the future
      - Generating value through strategic, balanced capital deployment
        - A strong earnings growth outlook; reaffirming FY 2022 guidance



Q & A



Appendices





NON-GAAP RECONCILIATIONS

Adjusted EPS

	2Q21[1]	2Q22	FY2022 Guidance	
Diluted EPS	**$(1.06)**	**$0.61**	**$1.09**	**$1.21**
Adjustments:				
Amortization related to acquisitions	$0.07	$0.05	$0.19	
Ichthys interest and commercial dispute costs	$1.46	$0.04	$1.00	
Acquisition, integration and restructuring	$0.03	$0.01	$0.02	
Impact of new convert accounting and bond hedge	$0.00	$0.05	$0.06	
Legacy legal fees	$0.02	$0.02	$0.10	
Provisions related to exit from Russian commercial projects	$0.00	$0.07	$0.16	
Non-cash loss (gain) on legal entity rationalization	$0.01	$0.00	TBD	
Appreciation in fair value of investments	$0.00	$(0.09)	$(0.09)	
Non-cash impact of increase in future UK statutory tax rate	$0.05	$0.00	TBD	
Adjusted EPS[2]	**$0.58**	**$0.76**	**$2.53**	**$2.65**

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

	2Q21[1]	2Q22	FY2022 Guidance	
Cash flows provided by operating activities	**$104**	**$125**	**$330**	**$370**
Adjustments:				
Add back: Major project advance work-off	4	0	0	
Adjust: CARES Act temporary tax repayment (relief)	0	0	30	
Adjusted cash flows provided by operating activities	**$108**	**$125**	**$360**	**$400**
Less: Capital expenditures	(10)	(13)		
Adjusted free cash flows	**$98**	**$112**		
Proceeds from sale of assets or investments	$0	$42		
Receipt of proceeds from subcontractor settlement	$0	$190		
Deployable free cash flows	**$98**	**$344**		
Adjusted free cash flow per share[2]	$0.70	$0.79		
Adjusted EPS[2]	$0.58	$0.76		
Free cash flow conversion	**121%**	**104%**		

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

[2] Share count of 141m used for 2Q21, 142m used for 2Q22, and 142m used for FY2022 Guidance

NON-GAAP RECONCILIATIONS

Adjusted EBITDA

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

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

NON-GAAP RECONCILIATIONS

Adjusted EBITDA - Segment

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

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

NON-GAAP RECONCILIATIONS

Reconciliation of Operating Income to Adjusted EBITDA

Quarter ended June 30, 2022

	GS	STS	Corporate	KBR
Operating income	**$131**	**$32**	**$(36)**	**$127**
Noncontrolling interest	1	(1)	0	0
Unrealized gain on cost method investment	0	16	0	16
Depreciation and amortization	23	4	6	33
EBITDA	**$155**	**$51**	**$(30)**	**$176**
Adjustment:				
Acquisition, integration, and restructuring	0	0	2	2
Ichthys commercial dispute cost	0	8	0	8
Legacy legal fees	4	0	0	4
Appreciation in fair value of investments	0	(16)	0	(16)
Provisions related to exit from Russian commercial projects	0	12	0	12
Adjusted EBITDA	**$159**	**$55**	**$(28)**	**$186**