



July 24, 2024

# QUARTERLY **Q2 | 2024** EARNINGS

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, award activity and backlog, program activity, our business strategy, interest expense, our plans for raising and deploying capital and paying dividends, and the timing and ability to close the proposed acquisition of LinQuest and the expected benefits and opportunities of the proposed transaction to the company, 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: uncertainty, delays or reductions in government funding, appropriations and payments, including as a result of continuing resolution funding mechanisms, government shutdowns or changing budget priorities; developments and changes in government laws, regulations and policies that may require us to pause, delay or abandon new and existing projects; the ongoing conflict between Russia and Ukraine and in the Middle East and the related impacts on our business; potential adverse economic and market conditions, such as interest rate and currency exchange rate fluctuations, 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, including the possibility that the closing conditions for the proposed acquisition of LinQuest may not be satisfied on the anticipated schedule, or at all, and the possibility that anticipated benefits of the proposed acquisition may not be realized or may take longer to realize than expected; 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.

A portrait of Stuart Bradie, a middle-aged man with a beard and mustache, smiling. He is wearing a dark blue checkered blazer over a light blue checkered button-down shirt. The background is a blurred office setting. The image is partially overlaid by a white banner on the left and a blue banner at the bottom.

## Stuart Bradie

President and Chief Executive Officer



# 2024 KBR People Perspectives Survey

**ZERO<sup>247</sup>  
HARM**

**10%**  
INCREASE  
IN PARTICIPATION  
YEAR ON YEAR.

**85%**  
FEEL THEY CAN BE  
THEMSELVES

**84%**  
OF EMPLOYEES AND  
PROJECT HIRES BELIEVE  
KBR IS A GREAT PLACE  
TO WORK.

**80%**  
WANT TO  
WORK AT KBR  
LONG TERM.

**81%**  
SAID THEY WOULD  
ENDORSE THE COMPANY  
TO FRIENDS OR  
FAMILY.

EARNED GREAT  
PLACE TO WORK-  
CERTIFICATION® IN  
**13**  
COUNTRIES.



**2024 People Perspectives Survey**



# 2Q'24 | KBR PERFORMANCE



## FINANCIAL PERFORMANCE

- \$1.9B Revenue, up 6% yoy
- \$216M Adj. EBITDA<sup>2</sup>, up 13% yoy
- 11.6% Adj. EBITDA margin<sup>2</sup>, up 75 bps
- \$261M YTD Adj. OCF<sup>2</sup>, 121% conversion
- Raising Adj. EBITDA<sup>3</sup>, Adj. EPS<sup>3</sup> and OCF guidance for 2024



## BUSINESS GROWTH

- 1.0x TTM Book-To-Bill<sup>1</sup> reflects continued award momentum
- \$2.1B of bookings and options in 2024 in highly strategic areas
- Ending backlog and options of \$20.1B
- ~92% work under contract (WUC) for 2024
- Bids submitted and awaiting award continue to grow



<sup>1</sup> Trailing-twelve-months book-to-bill (TTM BTB). Consistent with our practice, BTB excludes long-term UK PFIs. <sup>2</sup> See Appendix for reconciliation of non-GAAP financial measures Adj. EBITDA, Adj. OCF and conversion to the nearest GAAP measures. Adj. EBITDA margin calculated as Adj. EBITDA / Revenues.

<sup>3</sup> See guidance slide for more information about FY 2024 guidance and related disclaimers for non-GAAP financial measures guidance.

# 2Q'24 | KEY AWARDS



## SUSTAINABLE TECHNOLOGY SOLUTIONS

**0.8x**  
TTM BTB<sup>1</sup>

**\$3.9B**  
2Q'24  
Backlog

- KBR's green ammonia technology, K-GreeN®, selected by OCIOR Energy for its plant located in Odisha's Gopalpur region, India. This will be the 10th KBR-licensed green ammonia plant globally and the first to be located in India.
- KBR's proprietary digital solutions were selected by OCI Global for their 3,000 metric tonnes per day Blue Clean Ammonia facility in Texas. Our customizable, scenario-based operator training simulator will help maximize ammonia yield and improve energy and production efficiency.
- Awarded a five-year contract, with options, to provide advisory and consultancy services to support the Iraqi government's visionary infrastructure and future energy ambitions, including megaprojects and sustainable development.



## GOVERNMENT SOLUTIONS

**1.2x**  
TTM BTB<sup>1</sup>

**\$16.2B**  
2Q'24  
Backlog & Options

- Selected as one of 11 awardees under the Medical Q Coded Support and Services (MQS2) Next Generation contract, which contains a ceiling of \$43 billion, to bid on task orders to provide health and wellness support for military personnel and their families. This contract is a continuation of KBR's five decades of vital health services support to individuals who perform in complex and multifaceted positions.
- Awarded an \$82 million cost-plus-fixed-fee task order under an IAC MAC contract by the United States Air Force for the Air Force Life Cycle Management Center, which continues to support the B-52 System Program Office.
- Selected as one of the awardees under the Global Contingency Services Multiple Award Contract III, which contains a ceiling of \$2 billion, to bid on task orders to provide short-term facility support services for natural disasters, humanitarian efforts, and military actions.

<sup>1</sup> Trailing-twelve-months book-to-bill (TTM BTB). Consistent with our practice, BTB excludes long-term UK PFIs.



# Mark Sopp

Executive Vice President and Chief Financial Officer



# 2Q'24 | KBR CONTINUES TO DELIVER PROFITABLE GROWTH

**+6%** REVENUES

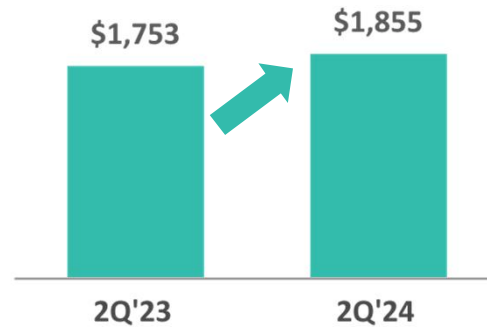
**+13%** ADJ. EBITDA<sup>1</sup>

**+12%** ADJ. EPS<sup>1</sup>

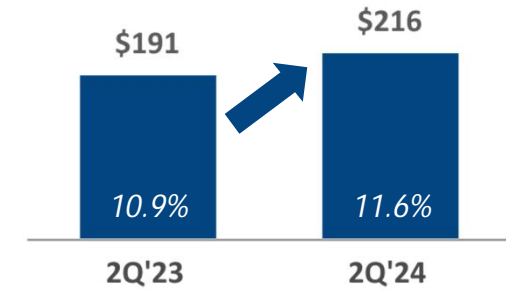
**121%** ADJ. OCF<sup>1</sup> YTD Conversion

*Year over year % change unless stated otherwise*

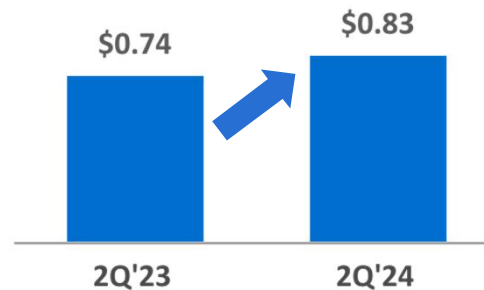
## REVENUES



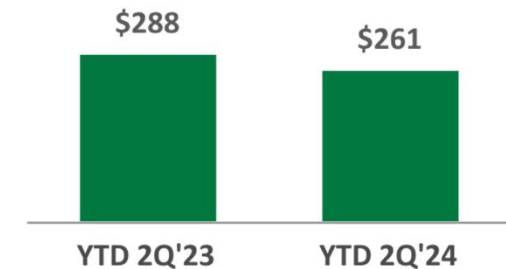
## ADJ. EBITDA<sup>1</sup> Margin<sup>1</sup>



## ADJ. EPS<sup>1</sup>



## ADJ. OCF<sup>1</sup>



*Amounts in \$ millions except share data; amounts are for the Three Months Ended June 28, 2024 and Three Months Ended June 30, 2023 unless stated otherwise.*

<sup>1</sup> See Appendix for reconciliation of non-GAAP financial measures Adj. EBITDA, Adj. EPS, Adj. OCF and Adj. OCF conversion to the nearest GAAP measures. Adj. EBITDA margin calculated as Adj. EBITDA / Revenues.

# 2Q'24 | SEGMENT RESULTS DEMONSTRATE DELIVERY FOCUS

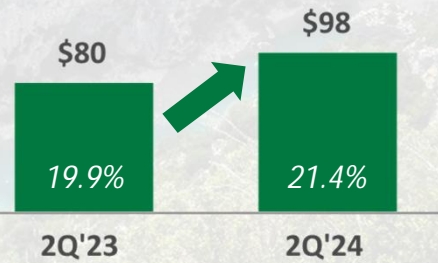


## SUSTAINABLE TECHNOLOGY SOLUTIONS

### REVENUES



### ADJ. EBITDA<sup>1</sup> Margin<sup>1</sup>



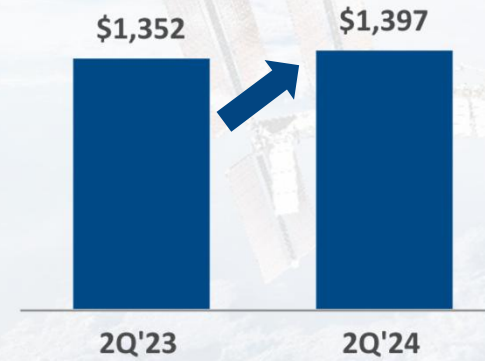
**23%**  
ADJ. EBITDA<sup>1</sup>  
GROWTH

- STS revenue growth of 14% over 2Q'23 driven by growing demand in sustainable services and technology
- Strong Adj. EBITDA<sup>1</sup> growth and margin attributable to favorable revenue mix, achievement of certain licensing milestones and joint venture performance



## GOVERNMENT SOLUTIONS

### REVENUES



### ADJ. EBITDA<sup>1</sup> Margin<sup>1</sup>



**1%**  
ADJ. EBITDA<sup>1</sup>  
GROWTH

- GS revenue growth of 3% over 2Q'23 driven by new and on-contract growth across International, D&I, and S&S, partially offset by contraction in R&S due to Ukraine activity
- Continued Adj. EBITDA<sup>1</sup> margin of ~10% due to favorable international mix, excellent award fees and strong project execution

Amounts in \$ millions; amounts are for the Three Months Ended June 28, 2024 and Three Months Ended June 30, 2023 unless stated otherwise.

<sup>1</sup> See Appendix for reconciliation of non-GAAP financial measure Adj. EBITDA to the nearest GAAP measure. Adj. EBITDA margin calculated as Adj. EBITDA / Revenues.

# STRATEGIC, ACCRETIVE AND BALANCED CAPITAL DEPLOYMENT

YTD 2Q'24

121%

ADJ. OCF<sup>1</sup>  
CONVERSION

YTD 2Q'24

\$197M

CAPITAL RETURNED  
TO SHAREHOLDERS<sup>2</sup>

2Q'24

1.9x

NET LEVERAGE  
RATIO

## 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.*

<sup>1</sup> See Appendix for reconciliation of non-GAAP financial measure Adj. OCF conversion to the nearest GAAP measure. <sup>2</sup> Includes quarterly dividends, discretionary repurchases and repurchases to satisfy requirements of equity compensation plans.

# RAISING FY 2024 PROFIT & CASH GUIDANCE

## KBR, Inc. FY 2024 Guidance

REVENUE	\$7.4B - \$7.7B
ADJ. EBITDA	\$825M - \$850M <i>v. \$810M - \$850M</i>
ADJ. EPS <sup>1</sup>	\$3.15 - \$3.30 <i>v. \$3.10 - \$3.30</i>
OPERATING CASH FLOW	\$460M - \$480M <i>v. \$450M - \$480M</i>

*The company does not provide a reconciliation of Adj. EBITDA to the most comparable GAAP financial measure 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.*

<sup>1</sup> See Appendix for reconciliation of non-GAAP financial measure Adj. EPS to the nearest GAAP measure.

# ANTICIPATED ACQUISITION OF LINQUEST

## ACQUISITION THESIS

- Aligns with KBR's strategy to position into high-end, technically differentiated markets
- Expands KBR's digital engineering, data analytics and Model Based Systems Engineering (MBSE) capabilities
- Expands KBR's relationship with priority customers in high growth and well funded areas

## REVENUE SYNERGIES

- Apply LinQuest's leading Digital Transformation capabilities across KBR customers by delivering advanced analytic solutions, proprietary algorithms and models
- Combination creates a Tier 1 contractor supporting priority U.S. Space Force missions and DoD's JADC2 mission objectives
- Brings prime positions on attractive contracts, such as MILSATCOM Systems Engineering & Integration
- Opportunity for international expansion in space domain awareness

## TRANSACTION SUMMARY

- Purchase price \$737M, inclusive of tax benefits (~11x 2025E FY Adj. EBITDA<sup>1</sup>)
- Accretive to Adj. EPS<sup>1</sup>
- Expected closing in Q3 or Q4 2024
- Combined into Defense & Intel Business Unit
- Pro-forma, expected net leverage ratio post closing is ~2.7x
- Cash transaction, funding through existing cash and debt capacity

<sup>1</sup> See Appendix for definition of non-GAAP financial measures Adj. EBITDA and Adj. EPS.

# KEY TAKEAWAYS

- Strong 2Q and 1H 2024 performance across key metrics and thus raising guidance on Adj. EBITDA<sup>1</sup>, Adj. EPS<sup>1</sup> and OCF
- 92% work under contract — continued booking momentum and proposal pipeline and submissions at historically high levels
- Anticipated LinQuest acquisition enhances franchise with Air Force & Space Force — moving KBR increasingly up the technical and digital differentiation curve
- Business realignment with a capability and market focus to achieve vision and deliver synergies — to be effected beginning in FY 2025



<sup>1</sup> See guidance slide for more information about FY 2024 guidance and related disclaimers for non-GAAP financial measures guidance.



# Q & A

A photograph of two men in an office setting. The man on the left is wearing a blue shirt and glasses, leaning over the desk. The man on the right is wearing a grey hoodie and looking at a computer monitor. The background shows other office desks and monitors.

# Appendix



# NON-GAAP RECONCILIATION

	Adjusted EPS					
	2Q'23	2Q'24	2023 YTD	2024 YTD	FY2024 Guidance	
Diluted EPS	\$(2.60)	\$0.79	\$(1.95)	\$1.47	\$2.94	\$3.09
Adjustments:						
Amortization related to acquisitions	0.03	0.04	0.08	0.08	0.15	
Ichthys commercial dispute costs	—	(0.01)	0.01	0.02	0.02	
Acquisition, integration and restructuring	0.01	0.03	0.02	0.04	0.06	
Impact of convert accounting and Diluted EPS share count <sup>1</sup>	0.06	—	0.04	—	—	
Legacy legal fees and settlements	0.98	(0.02)	1.00	(0.02)	(0.02)	
(Benefits) Provisions related to exit from Russian commercial projects	(0.02)	—	(0.05)	—	—	
Charges associated with Convertible Notes	2.28	—	2.26	—	—	
Adjusted EPS	\$0.74	\$0.83	\$1.41	\$1.59	\$3.15	\$3.30
<i>Diluted weighted average common shares outstanding</i>	135	134	136	135	135	
<i>Adjusted weighted average common shares outstanding</i>	138	134	139	135	135	

<sup>1</sup> For the three-and-six months ended June 30, 2023, adjusted share count includes anti-dilutive shares excluded from Diluted EPS share count.

# NON-GAAP RECONCILIATION

## Adjusted Operating and Free Cash Flow

	20'23	20'24	2023 YTD	2024 YTD
Cash flows provided by operating activities	\$253	\$170	\$288	\$261
Adjustments:				
Adjust: CARES Act temporary tax repayment	—	—	—	—
Add: Legacy legal settlement (after tax)	—	—	—	—
Adjusted cash flows provided by operating activities	\$253	\$170	\$288	\$261
Less: Capital expenditures	(19)	(10)	(38)	(35)
Adjusted free cash flows	\$234	\$160	\$250	\$226
Adjusted operating cash flow per share	\$1.83	\$1.27	\$2.07	\$1.93
Adjusted operating cash flow conversion	247%	153%	147%	121%
Adjusted free cash flow per share	\$1.70	\$1.19	\$1.80	\$1.67
Adjusted EPS	\$0.74	\$0.83	\$1.41	\$1.59
Adjusted free cash flow conversion	230%	143%	128%	105%
<i>Diluted weighted average common shares outstanding</i>	<i>135</i>	<i>134</i>	<i>136</i>	<i>135</i>
<i>Adjusted weighted average common shares outstanding</i>	<i>138</i>	<i>134</i>	<i>139</i>	<i>135</i>

# NON-GAAP RECONCILIATION

	Adjusted EBITDA						
	1Q'23	2Q'23	3Q'23	4Q'23	1Q'24	2Q'24	TTM
Net income (loss) attributable to KBR	\$86	\$(351)	\$(21)	\$21	\$93	\$106	\$199
Adjustments:							
Interest expense	26	29	30	30	31	32	123
Accretion of Convertible Notes debt discounts	—	128	114	40	—	—	154
Other non-operating (income) expense	2	1	(2)	4	6	2	10
Provision for income taxes	30	16	23	26	35	40	124
Depreciation and amortization	36	34	34	37	36	35	142
EBITDA	\$180	\$(143)	\$178	\$158	\$201	\$215	\$752
Adjustments:							
Acquisition, integration and restructuring	1	2	3	4	1	5	13
Ichthys commercial dispute cost	2	—	4	(5)	4	(1)	2
Legacy legal fees and settlements	5	148	1	1	1	(3)	—
(Benefits) provisions related to exit from Russian commercial projects	(6)	(2)	—	4	—	—	4
Loss on derivative bifurcation	—	104	—	—	—	—	—
Loss on debt extinguishment	—	70	—	—	—	—	—
Loss on settlement of warrants	—	12	—	26	—	—	26
Adjusted EBITDA	\$182	\$191	\$186	\$188	\$207	\$216	\$797

# NON-GAAP RECONCILIATION

## Adjusted EBITDA - Segment

	1Q'23	2Q'23	3Q'23	4Q'23	1Q'24	2Q'24	TTM
Pretax income attributable to GS	\$101	\$(33)	\$106	\$102	\$114	\$122	\$444
Interest expense	2	4	2	3	2	3	10
Other non-operating (income) expense	(1)	1	—	(2)	(1)	(1)	(4)
Depreciation and amortization	25	23	24	24	24	24	96
EBITDA - GS	\$127	\$(5)	\$132	\$127	\$139	\$148	\$546
Adjustments:							
Legacy legal fees and settlements	5	148	1	1	1	(3)	—
Adjusted EBITDA - GS	\$132	\$143	\$133	\$128	\$140	\$145	\$546
Pretax income (loss) attributable to STS	\$82	\$76	\$82	\$82	\$86	\$94	\$344
Interest expense	—	—	1	—	—	—	1
Other non-operating (income) expense	—	—	(2)	(1)	(1)	1	(3)
Depreciation and amortization	4	6	4	5	5	4	18
EBITDA - STS	\$86	\$82	\$85	\$86	\$90	\$99	\$360
Adjustments:							
Ichthys commercial dispute cost	2	—	4	(5)	4	(1)	2
(Benefits) provisions related to exit from Russian commercial projects	(6)	(2)	—	4	—	—	4
Adjusted EBITDA - STS	\$82	\$80	\$89	\$85	\$94	\$98	\$366
Adjusted EBITDA - Corporate	\$(32)	\$(32)	\$(36)	\$(25)	\$(27)	\$(27)	\$(115)
Adjusted EBITDA - KBR	\$182	\$191	\$186	\$188	\$207	\$216	\$797

# NON-GAAP RECONCILIATION

## Reconciliation of Operating Income to Adjusted EBITDA Three Months Ended June 28, 2024

	GS	STS	Corporate	KBR
Operating income	\$124	\$96	\$(39)	\$181
Noncontrolling interest	—	(1)	—	(1)
Depreciation and amortization	24	4	7	35
EBITDA	\$148	\$99	\$(32)	\$215
Adjustment:				
Acquisition, integration and restructuring	—	—	5	5
Ichthys commercial dispute cost	—	(1)	—	(1)
Legacy legal fees and settlements	(3)	—	—	(3)
Adjusted EBITDA	\$145	\$98	\$(27)	\$216

# SUPPLEMENTAL RECONCILIATION

## Reconciliation of Adjusted EBITDA to Adjusted EPS Three Months Ended June 28, 2024

	KBR
Adjusted EBITDA	\$216
Interest expense	(32)
Other non-operating income (expense)	(2)
Provision for income taxes	(40)
Depreciation and amortization	(35)
EPS adjustments:	
Amortization related to acquisitions (after tax)	5
Tax effect of EBITDA adjustments	(1)
Adjusted Net Income Attributable to KBR	\$111
<i>Adjusted weighted average common shares outstanding</i>	134
Adjusted EPS	\$0.83