

UBS Best of Americas Conference



September
2016

Forward-Looking Statements

This presentation contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements include statements regarding our plans, objectives, goals, strategies, future events, future financial performance and backlog information and other information that is not historical information. When used in this presentation, the words “estimates,” “expects,” “anticipates,” “projects,” “plans,” “intends,” “believes,” “forecasts” or future or conditional verbs such as “will,” “should,” “could,” or “may,” and variations of such words or similar expressions are intended to identify forward-looking statements. All forward-looking statements are based upon our current expectations and various assumptions. Our expectations, beliefs, and projections are expressed in good faith, and we believe there is a reasonable basis for them. However, there can be no assurance that management’s expectations, beliefs, and projections will be achieved.

There are numerous risks and uncertainties, many of which are beyond our control, that could cause actual results to differ materially from the forward-looking statements contained in this presentation. These risks and uncertainties include, but are not limited to: current or future economic conditions; our ability to obtain and perform under contracts from existing and new customers, including the U.S. Government; exposure to cost overruns, operating cost inflation and potential liability claims and contract disputes; access to trained engineers and other skilled workers; risks relating to operating through joint ventures and partnerships; risks inherent in doing business internationally; potential tax liabilities; maritime risks; changes in the demand for our services and increased competition; protection of intellectual property rights; risks associated with possible future acquisitions; risks related to our information technology systems; impairment of goodwill and/or intangible assets; reduction or reversal of previously recorded revenues; risks relating to audits and investigations, including by governments; compliance with laws and regulations, and changes thereto, including those relating to the environment, trade, exports and bribery; our creditworthiness and ability to comply with the financial covenants in our credit agreement; and other risk factors discussed in our most recently filed Form 10-K, any subsequent Form 10-Qs and 8-Ks, and other Securities and Exchange Commission filings.

All forward-looking statements attributable to us, or persons acting on our behalf, apply only as of the date made and are expressly qualified in their entirety by the cautionary statements in this presentation. Except as required by law, we undertake no obligation to revise or update forward-looking statements to reflect events or circumstances that arise after the date made or to reflect the occurrence of unanticipated events.

This presentation refers to the financial measure “EBITDA,” which is not calculated in accordance with generally accepted accounting principles in the U.S. (“GAAP”).

Company Overview

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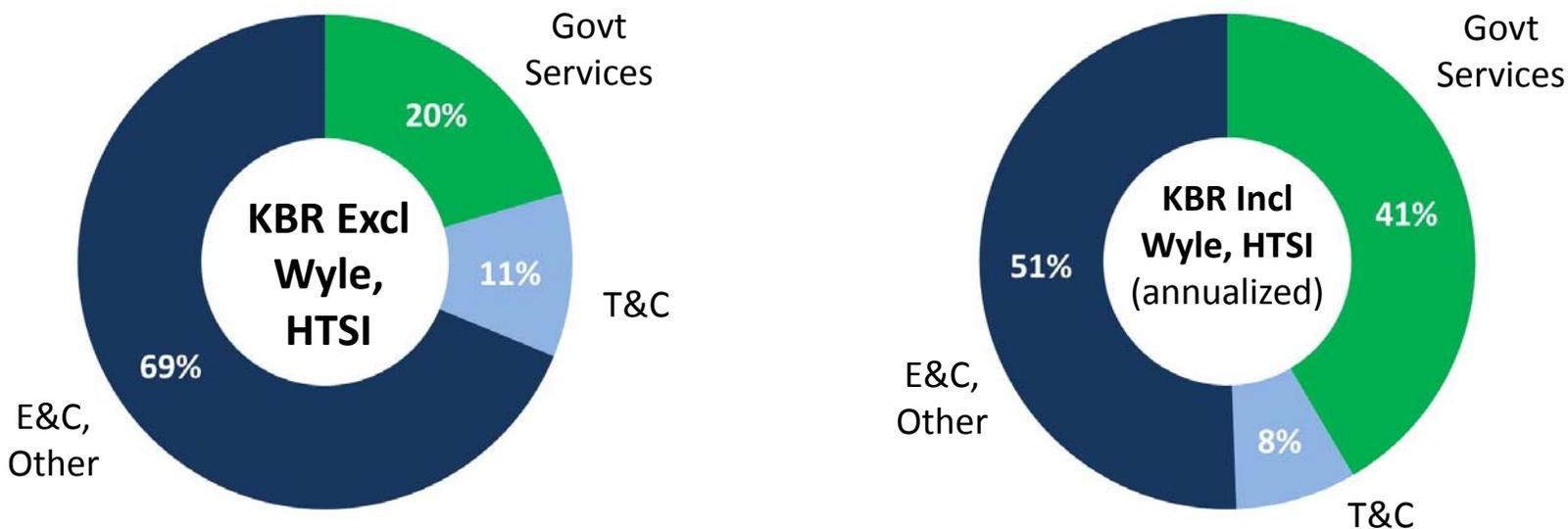
KBR is a global provider of differentiated, professional services and technologies across the asset and program life cycle within the hydrocarbons and government services industries.

- \$5+ billion in services revenue via three business segments:
 - Technology & Consulting
 - Engineering & Construction
 - Government Services
- Small and large/mega-project delivery capability
- Global footprint serving Clients in over 80 countries
- Over 24,000 highly skilled employees (many with security clearances)
- Industry-leading commitment to employee safety
- Financially sound

KBR Transformation: Balanced Portfolio

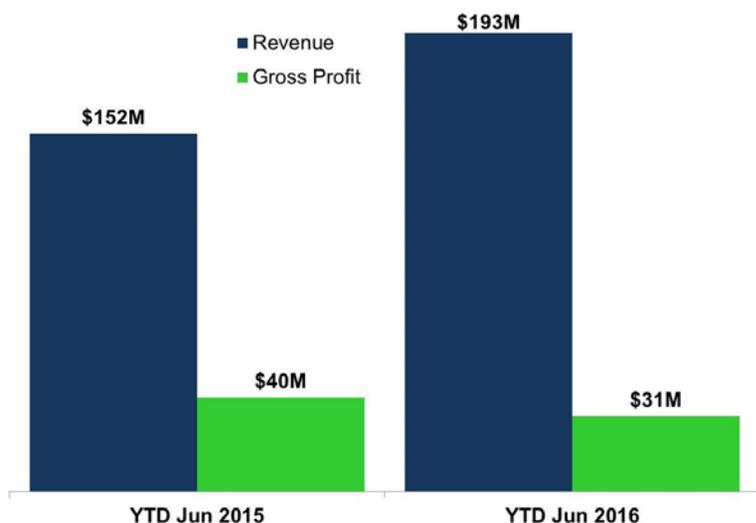
In 2016, KBR made two strategic acquisitions to expand our Government Services capabilities: Wyle Inc. (closed in July 2016) and Honeywell Technology Solutions, Inc. (“HTSI” expected to close by October 2016).

Share of 2016 Pro Forma Revenue



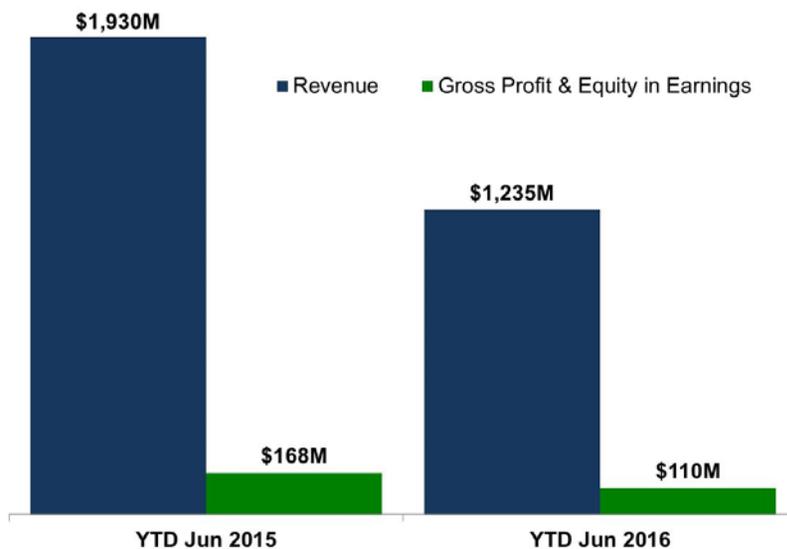
High proportion of earnings driven by smaller, recurring and annuity-type contracts across all business segments

Technology & Consulting



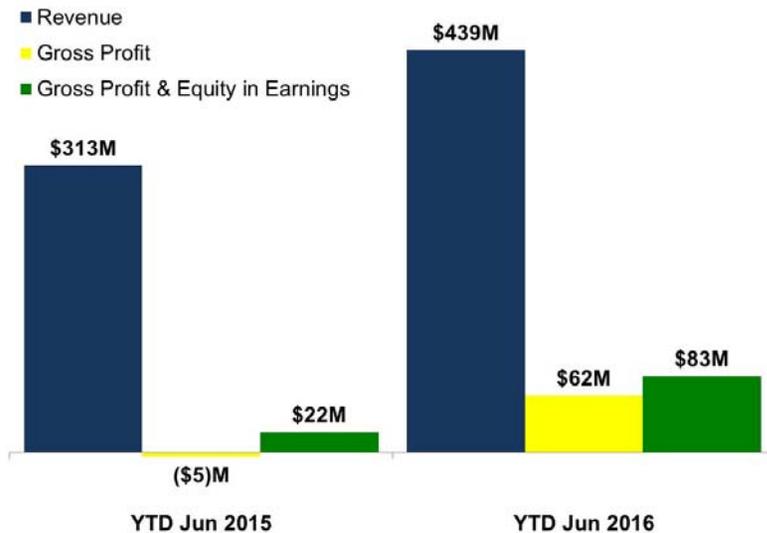
- Broad range of technologies and solutions from wellhead to specialty chemicals
- Low risk, high-margin business with pull-through opportunities for E&C segment through early customer engagement
- Smaller projects executed globally with limited liability

Engineering & Construction



- Provides a full-service offering in LNG / GTL, Onshore, Offshore and industrial services through operations & maintenance contracts, small projects and mega-projects
- Focus on exceptional project delivery through key fundamentals: safety, good execution, technical know-how, strong risk and financial management

Government Services



- Highly-specialized engineering services and mission & logistics support solutions provide full life-cycle support for governmental agencies in US, UK and Australia
- With recent acquisitions, KBR's GS business is expected to execute ~\$2.5B of contracts annually in a growing market
- Majority of contracts are cost reimbursable with no deliverable, no liabilities, no warranty exposure and low risk profile

GS: Customer Expansion & Diversification

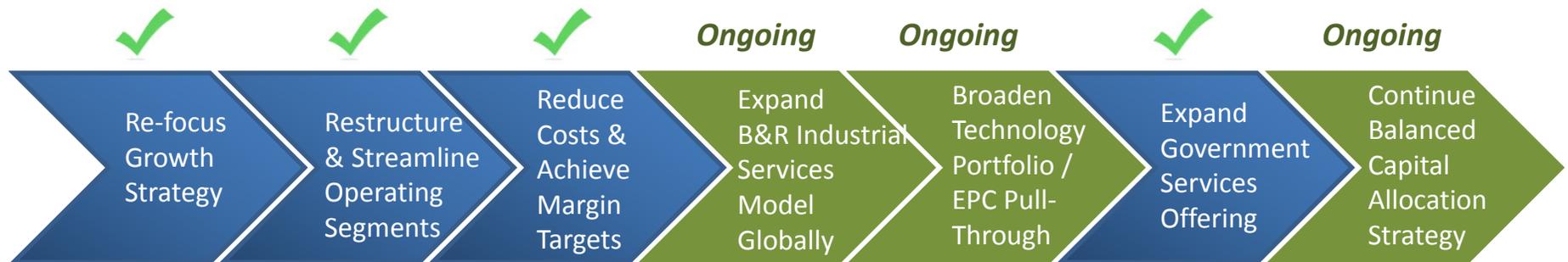
- In July 2016, KBR acquired Wyle, Inc. and in August 2016, we announced the acquisition of Honeywell Technology Solutions, Inc. (HTSI).
- These acquisitions provide the following benefits to KBR's existing Government Services franchise:
 - Provides immediate scale and credibility and moves KBR towards technology-driven services with greater differentiation and margins
 - Improves overall risk profile through lower risk, long-term annuity type revenue streams that complement “opportunistic” large E&C EPC contracts
 - Opens up new funding sources (RDT&E and O&M vs OCO Funds)
 - Expands offering across the Armed Forces, classified work and other government agencies while growing existing global capabilities
 - Expected to deliver almost \$300 million in revenue synergies to KBR's government business by 2021

GS: Customer Expansion & Diversification

	KBR GS Americas	KBRwyle	HTSI
	✓		
	✓		
	✓		
	✓	✓	✓
	✓	✓	✓
	✓	✓	✓
		✓	✓
		✓	✓

- US Federal Budget environment is significant, stable and growing: FY16 showed \$25 billion increase in defense and discretionary spending; \$15 billion increase in FY17
- KBRwyle and HTSI extend KBR's legacy footprint with US government agencies and allow for the full-spectrum of service offerings for future awards

KBR Executing on Strategy



- Solid foundation for earnings growth – ability to grow bottom line even during periods with challenging market conditions
- Disciplined management team with track record of delivering on commitments
- \$200 million cost savings plan achieved with reductions identified and actioned and additional reductions underway

Balanced Capital Allocation Strategy

Business Options:

Invest in Ongoing Business & Organic Growth

- Focus on working capital / cash flow
- Selective non-capital intensive expansions underway (Middle East and Australia)
- Divested / exiting under-performing businesses (EPC power)

Make Strategic Acquisitions

- Areas of focus:
 - Hydrocarbon technologies
 - High-end government services
 - Industrial services
- Strategic geographical expansion
- Long-term / predictable earnings
- Moving to a more efficient capital structure

Shareholder Options:

Pay Dividends

- Current dividend is \$0.08/share ~2.2% p.a.
- Highest-yielding dividend among U.S. peers
- Returned \$309M to shareholders via dividends since 2007 spin

Buyback Shares

- \$208M remaining under \$350M share repurchase program
- \$795M in share repurchases completed since 2007 spin
- Continue to make repurchase decisions on an opportunistic basis



Financial Highlights

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First Half 2016 Highlights

(\$ in millions, except EPS)	Quarter Ending	
	Jun 30, 2016	Mar 31, 2016
New Awards	\$ 331	\$ 792
Backlog of Unfilled Orders	\$ 11,032	\$ 12,019
Revenues	\$ 1,009	\$ 996
Gross Profit	\$ 74	\$ 68
Equity in Earnings	\$ 33	\$ 29
Gross Profit & Equity in Earnings	\$ 107	\$ 97
General & Administrative Expenses	(\$34)	(\$34)
Restructuring Charges	(\$12)	(\$2)
Gain on Disposition of Assets	\$ 2	\$ 4
Provision for Income Taxes	(\$23)	(\$15)
Net income attributable to KBR	\$ 47	\$ 42
EPS (diluted)	\$ 0.32	\$ 0.30
EBITDA*	\$ 80	\$ 67

3Q16 & 4Q16 results will include Wyle and are expected to be accretive to earnings; 4Q16 will include HTSI assuming a 3Q16 close and should be accretive in 2017.

Key Balance Sheet Highlights

Cash Balance at June 30, 2016	\$804M
Wyle Purchase Price (Cash Paid) on July 1, 2016*	\$(200)M
	<hr/>
Cash Balance Post-Wyle Transaction	\$604M
Debt: Revolver Usage to Fund Wyle and HTSI Purchase Prices*	\$700M

**Long-term financing process underway in connection
with the \$400M Wyle borrowing and expected
to be completed by year-end 2016**

* Purchase prices exclude any transaction costs and other deal adjustments

KBR: Outlook for 2017

- Higher proportion of earnings driven by high end, professional services from Government Services and Technology & Consulting. Moving towards greater balance between Hydrocarbons and Government Services revenues
- Full-year impact of expected 2016 U.K. Army 2020 contract award (booking expected to be \$500+ million)
- In Hydrocarbons markets, focus on industrial / maintenance services, debottlenecking and revamping existing LNG, ammonia and petrochemicals facilities, as well as ethylene opportunities
- Expect lower E&C margins offset by larger impact from cost reductions (full-year impact and fully implemented cost actions)
- Expanding capabilities and executing on growth plans in Middle East (hydrocarbons) and Americas (government services)
- Added additional earnings power with long-term and stable earnings streams via announced acquisitions with potential to do more

Conclusion

- Focused business strategy: global provider of high end, differentiated, professional services and technologies serving the hydrocarbons and government services industries with strong synergies between segments
- Differentiated offerings covering entire life cycle of projects via specialized consulting, proprietary technologies and strong global engineering / technical expertise
- Reducing risk profile via reimbursable annuity-type professional / technical services for government clients
- Global presence with a competitive cost structure
- Balanced capital allocation strategy and efficient capital structure

Appendix

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We deliver

delivers



EBITDA Reconciliation: GAAP to Non-GAAP

(\$ in millions)	Quarter Ending	
	Jun 30, 2016	Mar 30, 2016
Net income attributable to KBR	\$ 47	\$ 42
Add back:		
Interest expense	\$0	\$1
Provision for income taxes	\$23	\$15
Depreciation & amortization	\$10	\$9
EBITDA	\$80	\$67