



J U N E  
2017  
Investor Presentation

## 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.

# Vision

A leading global provider of full life-cycle professional services, project delivery and technologies supporting the Government Services and Hydrocarbons markets, creating exceptional value for customers, employees and shareholders.



# Vision

Stable, balanced & sustainable growth

Attractive, consistent cash flows

Breakout growth potential

Differentiation	Operational Excellence	Customer Success	Financial Strength
Technology	Selective	Recognized dependable partner	Two end markets at global scale
Domain expertise	Disciplined	Long-term engagements	Strong balance sheet
Program management	Risk management	Global and Regional Majors	Cash flow focused
Project delivery	Human capital	US, UK and Australian Governments	Disciplined capital allocation
Life-cycle strategy	High performance culture		

# Journey thus far

2014

Centralized operations; inconsistent global strategy;

16 business units; numerous end markets; excessive overhead

OCO dependent in Government Services

CAPEX dependent; LNG biased; significant oil price exposure in Hydrocarbons

Significant legal contingent liabilities

Culture – lacking accountability, energy and cohesion

Today

- ✓ Regionalized management with appropriate corporate governance (KBR Way) and clear global strategy
- ✓ Focus on two end markets through 3 segments; exited all non-strategic businesses; lean cost structure; \$200M+ savings
- ✓ Wyle and HTSI acquisitions for full life-cycle professional services under one global brand KBRwyle
- ✓ Pivoted to gas-facing hydrocarbons; established Brown & Root IS JV for recurring, O&M profits; select technology M&A
- ✓ Resolved several outstanding disputes; favorable settlement of PEMEX
- ✓ Driving to high performance culture – One KBR

# KBR Today



Life-cycle  
Professional Services



Disciplined Project  
Delivery



Technical  
Differentiation



Attractive Domestic  
and International Mix



Enduring  
Customer Base



Industry-leading  
Safety Record

**60%**

Recurring  
Revenues

**75%**

Non-Cyclical



**40+**

Countries

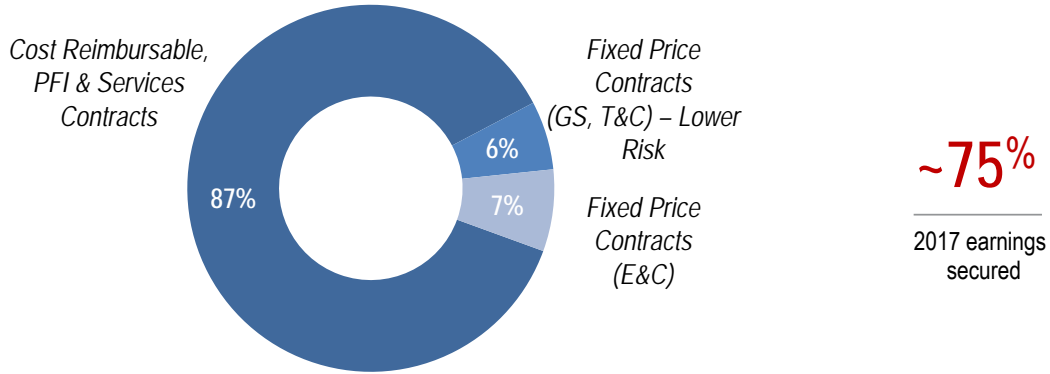


**34,000+**

People

# KBR Today – Improved Risk Profile

## Backlog by Contract Type



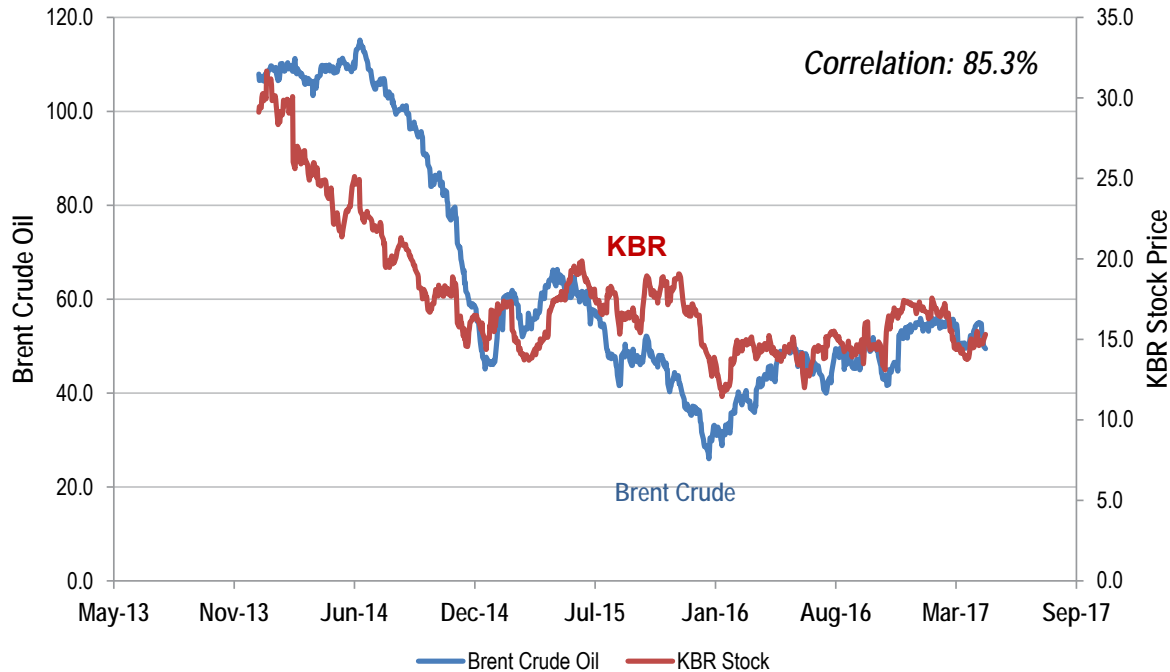
**~75%**

2017 earnings secured

**Total KBR Backlog**  
At 03/31/17:  
\$10.6B + \$2.2B Options

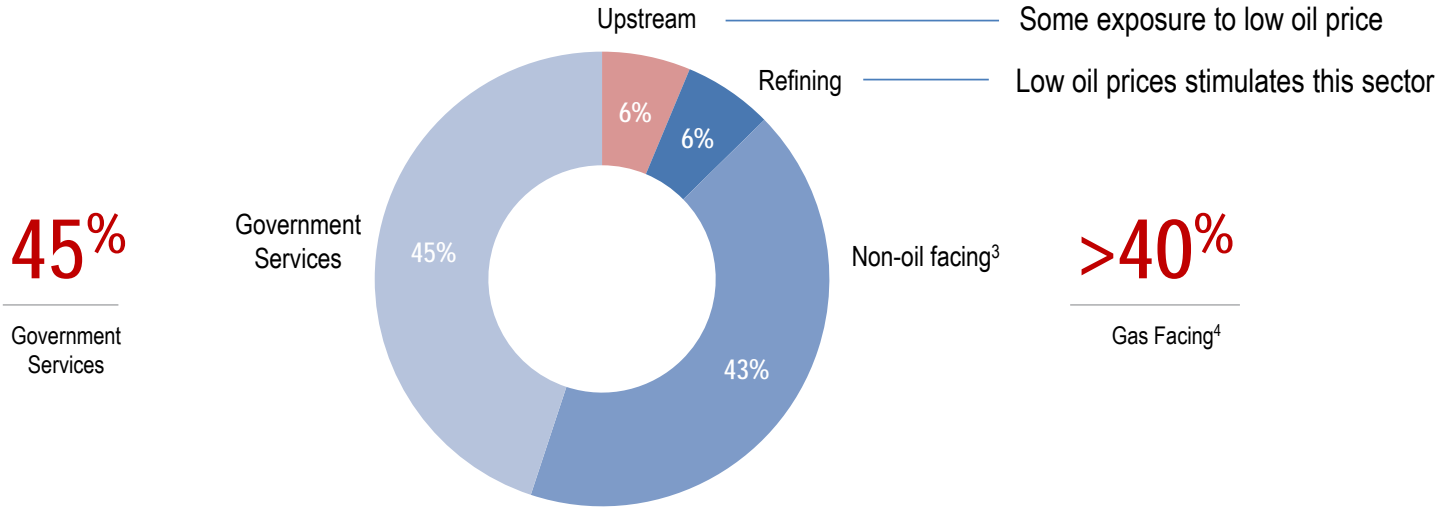
*\*Includes KBR share of unconsolidated JVs*

# An interesting observation...





# Low oil prices have limited impact on KBR



**45%**



Government Services

**>40%**

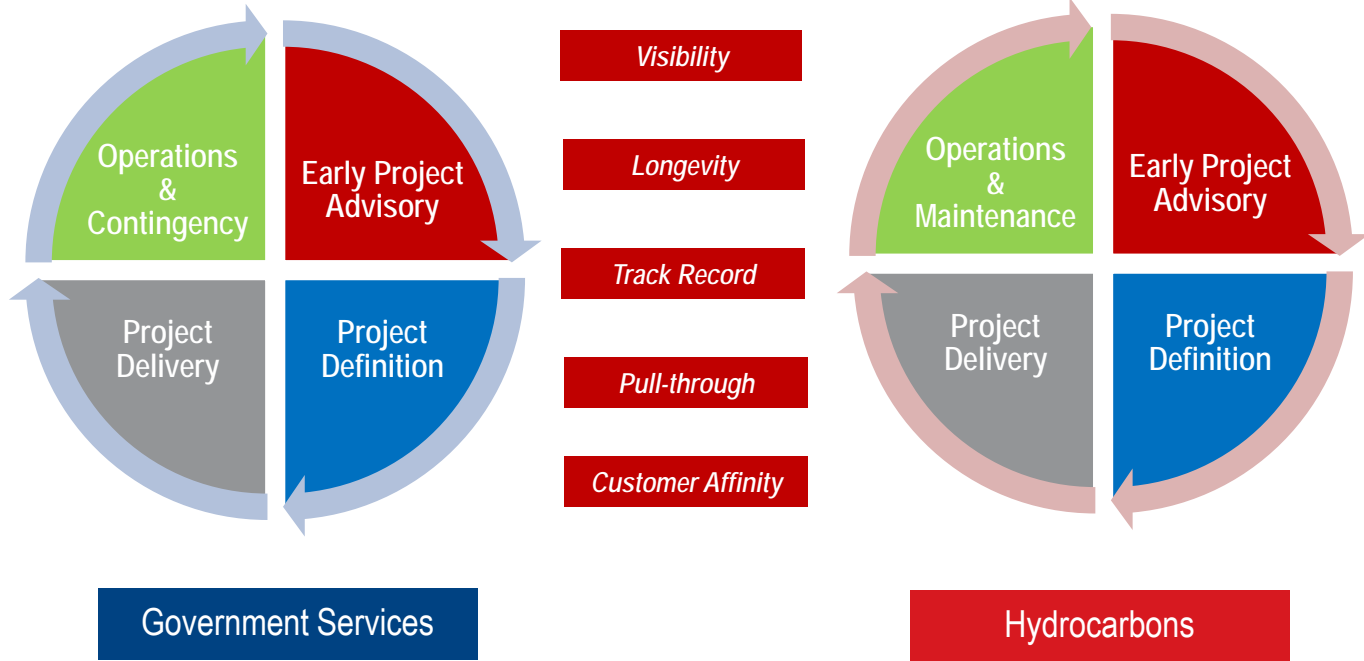
Gas Facing<sup>4</sup>

1. Shown as a % of expected revenues in 2017
2. Includes KBR share of JVs
3. Non oil-facing Includes LNG, Petrochemicals, Fertilizers, Industrial Services and other sectors
4. Gas-facing sectors include LNG, Petrochemicals, Fertilizers & Industrial Services

# Core Capabilities across Verticals

	Government Services	Hydrocarbons
		
Technology	<ul style="list-style-type: none"> <li>Science &amp; Space</li> <li>Engineering</li> <li>Consultancy &amp; Advisory</li> </ul>	<ul style="list-style-type: none"> <li>Licensed technology portfolio</li> <li>Proprietary equipment</li> <li>Consulting &amp; Advisory</li> </ul>
Program Management	<ul style="list-style-type: none"> <li>Major programs e.g. Deployed operations, PFIs</li> </ul>	<ul style="list-style-type: none"> <li>Major programs e.g. LNG, Petrochemicals</li> </ul>
Project Delivery	<ul style="list-style-type: none"> <li>Logistics/Theater opening capability</li> <li>Platform &amp; Mission Support</li> <li>Security Solutions</li> </ul>	<ul style="list-style-type: none"> <li>Logistics</li> <li>FEED &amp; detailed design</li> <li>Differentiated EPC/EPCm</li> </ul>
Operations & Maintenance	<ul style="list-style-type: none"> <li>Base Operations Support Services</li> <li>Facilities management integrator</li> <li>Satellites and prepositioned stock</li> </ul>	<ul style="list-style-type: none"> <li>Plant operations and reliability</li> <li>Predictive &amp; proactive maintenance</li> <li>Turnarounds &amp; Shutdowns</li> </ul>

# Life-Cycle Strategy





**GOVERNMENT SERVICES OVERVIEW**

# GS Vision & Strategy

## Grow Profits

- Integrate Wyle and HTSI under single global brand
- Take market share
- Increase profits via larger contracts and select FFP

## Strengthen Business Acumen

- Rigorous BD and capture system – improve sales effectiveness
- Manage to competitive rates - highly scalable infrastructure
- Relentless focus on business efficiency

## Build High Performance Culture

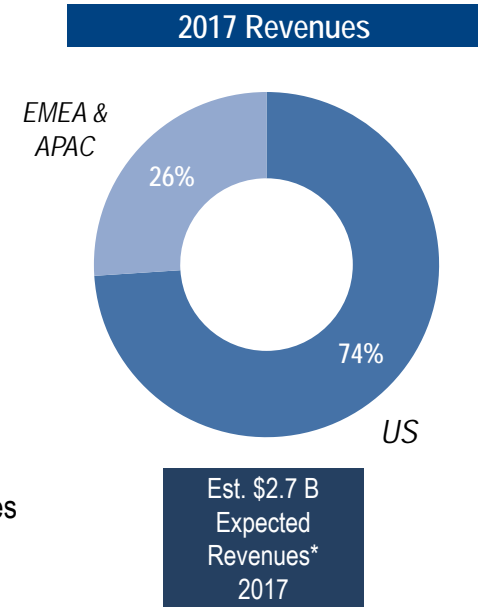
- Bring strategic and cultural alignment across integrated GS Segment
- Harmonize KPIs to improve performance, discipline, efficiency and common incentives

Leading provider of full life-cycle professional and technical services to the  
Government Services Industry

# Business Overview

- Global scale through over 60 domestic and over 40 international locations
- Highly technical and professional services from Wyle and HTSI heritage
- Mission support and logistics from the KBR heritage and HTSI heritage
- Critical differentiators:
  - Domain expertise
  - Mission critical services
  - Large scale & complex environments
  - Dedicated client delivery model
- Diverse customer base with multi-decade relationships:
 

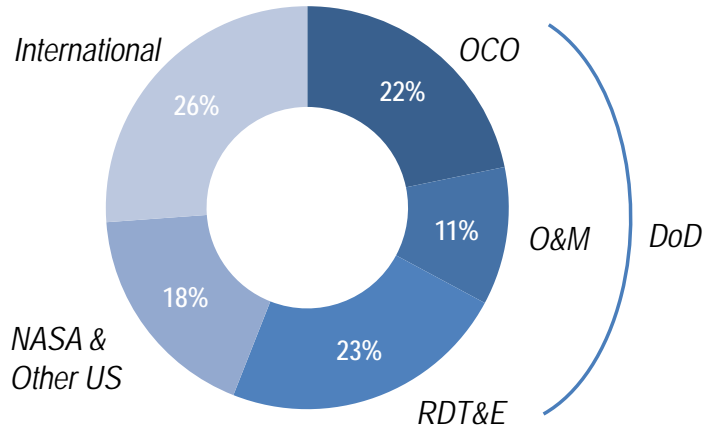
▪ US Department of Defense	▪ NATO
▪ UK Ministry of Defence	▪ NASA
▪ Australian Department of Defence	▪ Other government entities
- Diverse funding streams – RDT&E, O&M, OCO, NASA & International
- Over 90% prime contractor



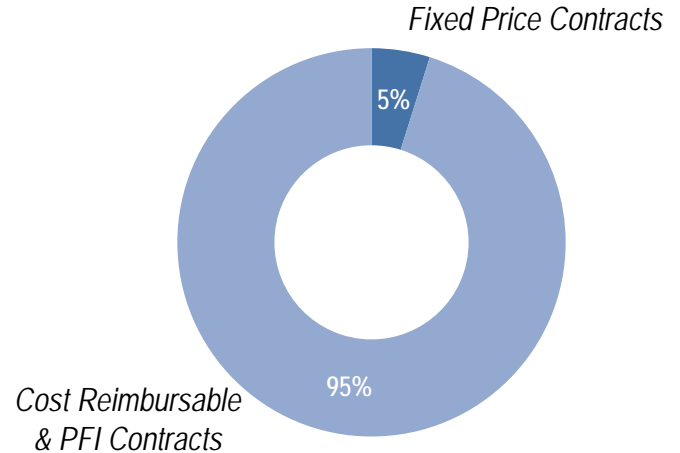
*\*Includes KBR share of unconsolidated JVs*

# GS Today – Greater Balance

Revenue by Funding Streams



Backlog by Contract Type



1. Expected 2017 revenues; includes KBR share of JVs

Highly technical and professional services across multiple customers, diverse funding streams, across the life-cycle and primarily through long-term reimbursable contracts

# GS Capabilities



GLOBAL LOGISTICS & MISSION SUPPORT

- Recognized leader in mission operations and logistics for the world's most challenging environments
- Leading maintenance provider of prepositioned stock for U.S. Army and U.S. Marine Corps
- 20+ years as a leading provider of expeditionary support services



ENGINEERING

- Leading Systems Engineering and Technical Assistance (SETA) provider to US Army Aviation and US Navy
- 35+ years of Advisory & Assistance Services to US Army Missile Defense programs and US Navy aviation platforms
- Largest independent flight test organization in the US



SCIENCE & SPACE

- Leading life sciences provider to NASA; Supported every U.S. Astronaut since 1968
- 65+ years of pioneering space engineering and operations
- Key provider of ground systems support & mission operations to NASA, USAF & NOAA



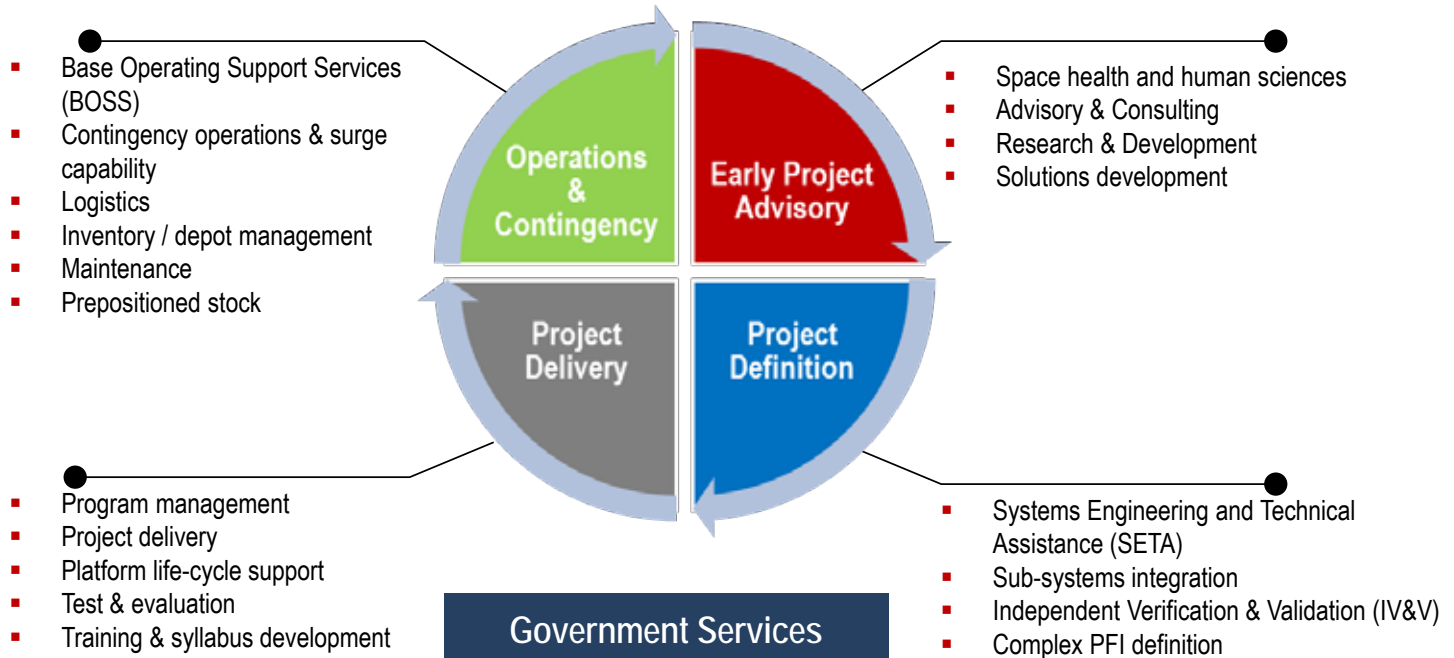
COMPLEX PFI

- UK Army – largest ever UK MoD PFI contract (Allenby Connaught), contract through 2041, including Army 2020
- UK RAF groundbreaking complex, 18-year PFI (MFTS) – awarded in 2016; provision of 38 new training aircraft
- UK Army HET 23-year PFI contract including sponsored reserves, contract through 2024





# Life-Cycle Strategy



# Business Development Priorities and Pipeline



Re-compete focus for the base business



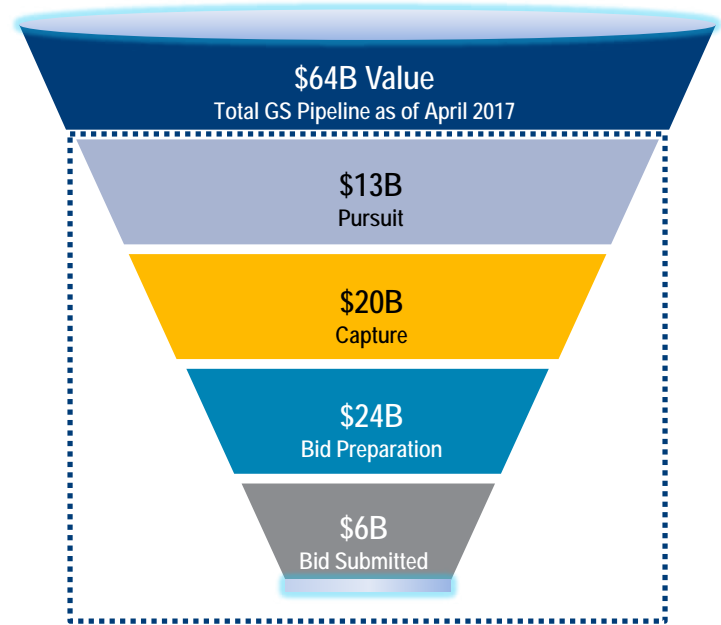
Leverage the combined capabilities and track record to increase win rates



Capture large contracts as a prime contractor



Cross-sell capabilities across geographies



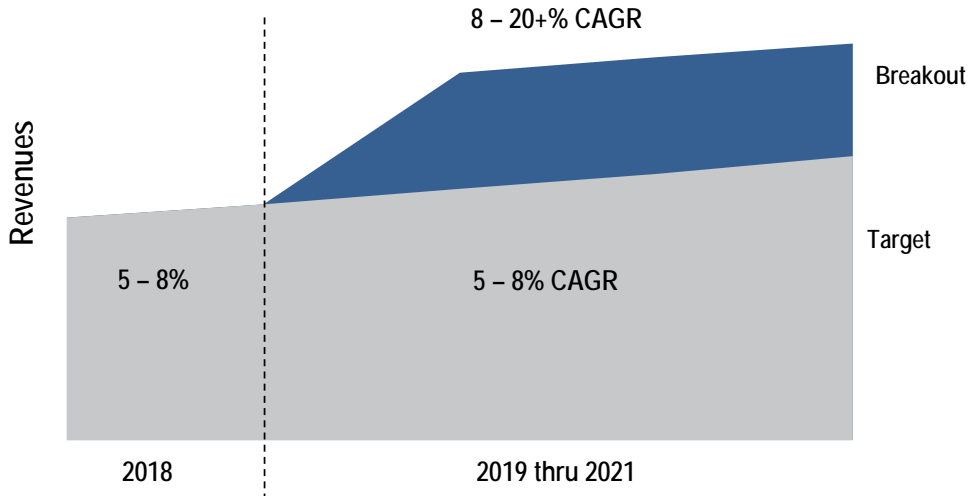
Strong customer relationships and additional capabilities across the life-cycle position GS to deliver topline synergies

## Segment Financial Targets

	2018 thru 2021
Revenue CAGR	5 – 8%
GP+EE Margins	Upper single digits %
Segment Operating Income Margins	Upper single digits %
Segment Operating Cash Flow Conversion	90 – 110% of Net Income
Revenue Synergies	\$300M+ annual run rate by 2020

Target reflects stable and consistent base business

# Breakout Growth Potential



## Opportunities for Breakout Scenarios

- Increased global deployment tempo driving OCO spend
- Humanitarian or disaster relief support needs

Breakout potential can increase exponentially if surge support demands



## ENGINEERING & CONSTRUCTION OVERVIEW

## E&C Vision & Strategy

### Grow Profits

- Grow core markets: LNG, Fertilizers, Petrochem & IS
- Capture under-penetrated markets: Chemicals & global OPEX facing markets
- Grow in mid-size projects (\$500M – \$1B)

### Strengthen Business Acumen

- Pursue differentiated EPC projects with lower risk profile
- Revitalize sales/ BD to exercise selectivity and discipline
- Enhance bid, partner and execution scrutiny

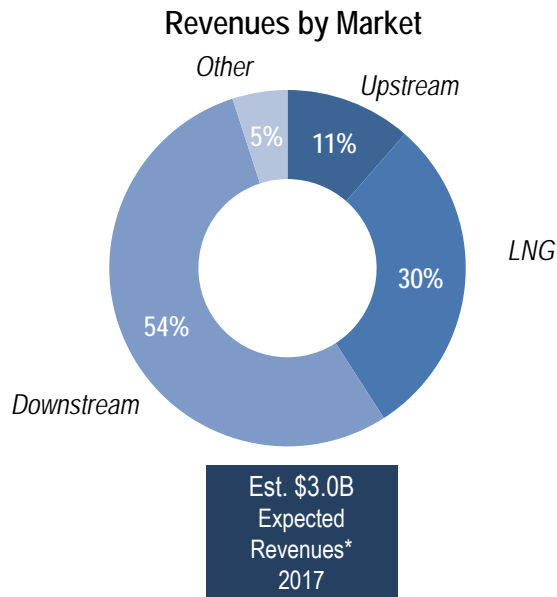
### Build High Performance Culture

- Strengthen leadership and supervision
- Build a culture of commitment among employees, subcontractors and partners
- Learn from the past

Leading global provider of full life-cycle professional services and project delivery to the Hydrocarbons sector generating attractive and sustainable returns

# Business Overview

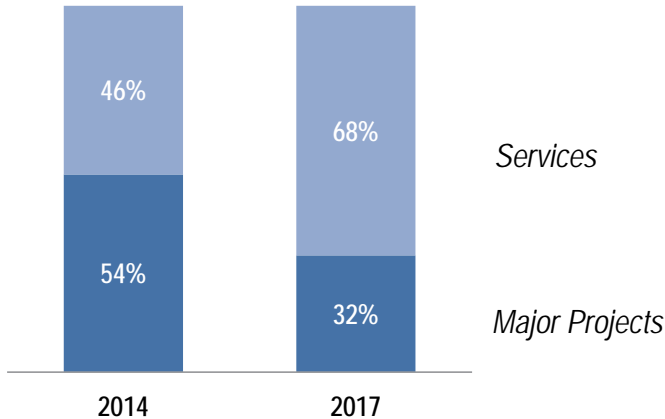
- One of the world's largest and comprehensive providers of professional services and projects to the Hydrocarbons industry
- Premier project management and major project delivery contractor
- Complete maintenance and industrial services through the Brown & Root brand
- Diverse customer base – Tier 1s
- Predominantly gas facing including a leading position in Olefins, Ammonia, LNG, Petrochemicals & Chemicals



\*Includes KBR share of unconsolidated JVs

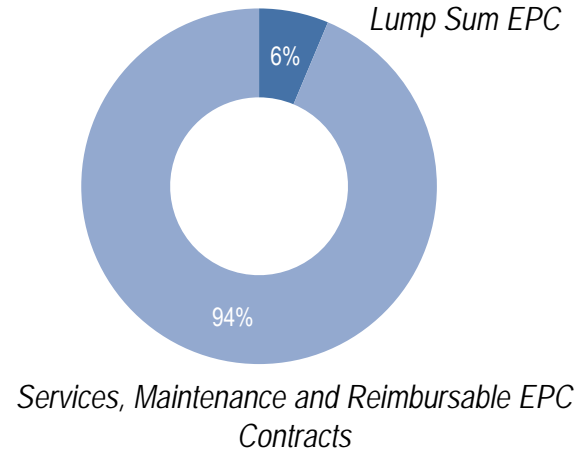
# E&C Today – more services, more predictable

## Revenue Distribution by Contract Size



1. Expected 2017 revenues; includes KBR share of JVs

## Backlog by Contract Type



Growing proportion of contracts in professional services through cost-reimbursable and long-term contracts providing stability in revenues and consistency of earnings



# E&C Capabilities



## UPSTREAM

Fixed Platforms  
 Floating Platforms  
 Hulls, Moorings & Risers  
 SURF  
 Onshore  
 Shale

*Leading provider of know-how, services and projects for the world's most challenging oil & gas environments*



## LNG

Liquefaction  
 Regasification  
 FLNG  
 FSRU

*Recognized leader in LNG with over 50 years of continuous experience with access to all the leading LNG technologies*



## DOWNSTREAM

Refining  
 Petrochemicals  
 Chemicals & Specialty Chemicals  
 Ammonia & Fertilizers

*Delivered world-class solutions in downstream including more than 65 grassroots refineries, 35% of world's Ammonia plants and 20% of world's Olefins*

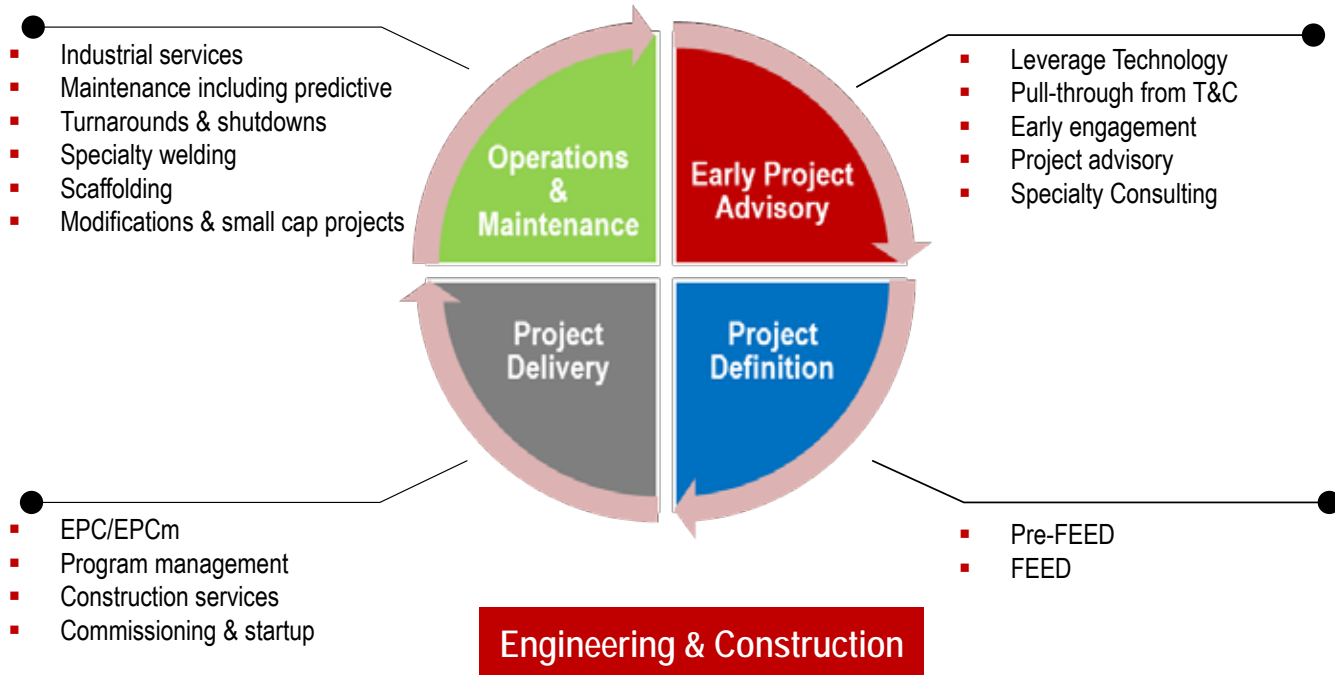


## INDUSTRIAL SERVICES

Maintenance  
 Modifications  
 Asset Integrity  
 Specialty Welding  
 Turnarounds & Shutdowns  
 Scaffolding

*Full service capability in North America, Europe, Russia and Middle East, with an average tenure of over 18 years, and tenure on some sites for more than 40 years*

# Life-Cycle Strategy



# Business Development Priorities and Pipeline



Global & regional account focus



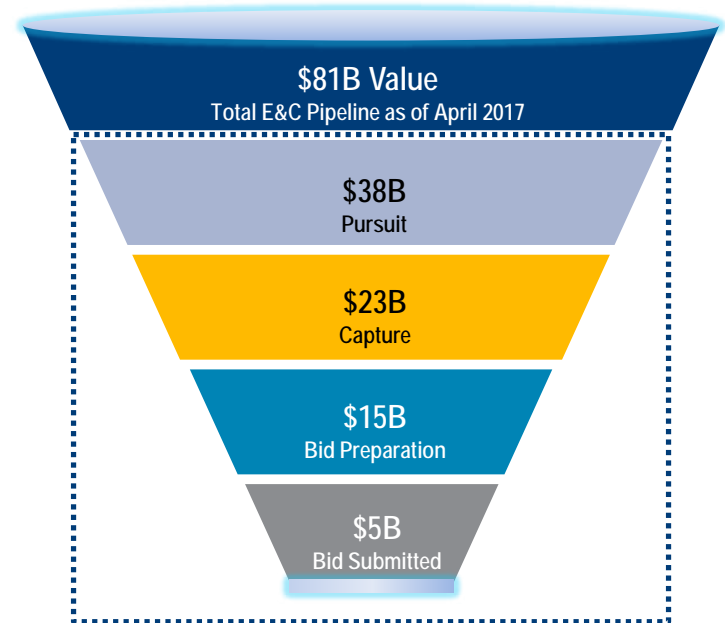
Cross selling between T&C, E&C and Industrial Services; capture government services expertise



Prospect selectivity & bid scrutiny



Customer intimacy



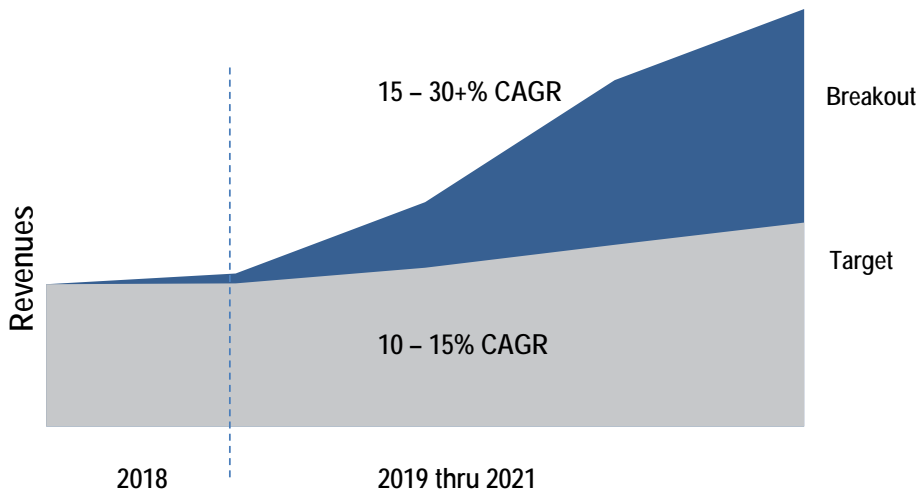
Good core customers, prospective new customers and a healthy pipeline

## Segment Financial Targets

	2018	2019 thru 2021
Revenue CAGR	Flat to low single digits	10 – 15%
GP + EE Margins	Upper single digits %	
Segment Operating Income Margins	Mid to upper single digits %	
Segment Operating Cash Flow Conversion	80 – 110% of Net Income	

Growing base business, breakout growth opportunities represent significant upside potential

# Breakout Growth Potential



## Breakout Growth Drivers

- Second North American downstream wave (embryonic)
- Feedstock advantage driving LNG export in North America (ongoing)
- National government requirements for program management for complex projects (US and Middle East infrastructure)
- Quicker CAPEX spending recovery



## TECHNOLOGY & CONSULTING OVERVIEW

# Business Overview

## Broad Range of Technologies and Solutions from Wellhead to Specialty Chemicals

### Proprietary Technologies

#### *Upstream*

Semi-submersible hull design  
Monohull vessels

#### *Downstream*

Olefins (SCORE™, K-COT™)  
Ammonia (KRES™, Purifier™)  
Chemicals (Phenol, BPA, PC, Acetic Acid, PVC, Nitric Acid, AN & UAN)  
Acid Treatment, Evaporation & Crystallization  
Refining (VCC™, ROSE®, FCC, K-SAAT™, MAX-ISOM™)  
Coal Gasification

### Consulting and Services

#### *Upstream*

Field development planning  
Project assurance  
Integrity management  
Structural analysis  
SURF

#### *LNG*

Concept Development  
Technology Selection  
Project Permitting & Approvals  
Constructability & Feasibility

#### *Downstream*

Master planning  
Feasibility and revamp studies  
PEQ & Catalysts  
Technical services  
Automation

*Specialty Consulting Services*

# T&C Vision & Strategy

## Grow Profits: Expand Technology Portfolio

- Alkylation
- Isomerization
- Polycarbonate
- Mega Nitric Acid
- Mega Ammonia
- GVA 10000

## Grow Profits: Increase Scope of Offerings

- Brownfields & revamps
- PEQ, catalysts and solvents
- Advanced automation and digitalization
- Technical services
- KBR Consulting

## Grow Profits: Expand geographically

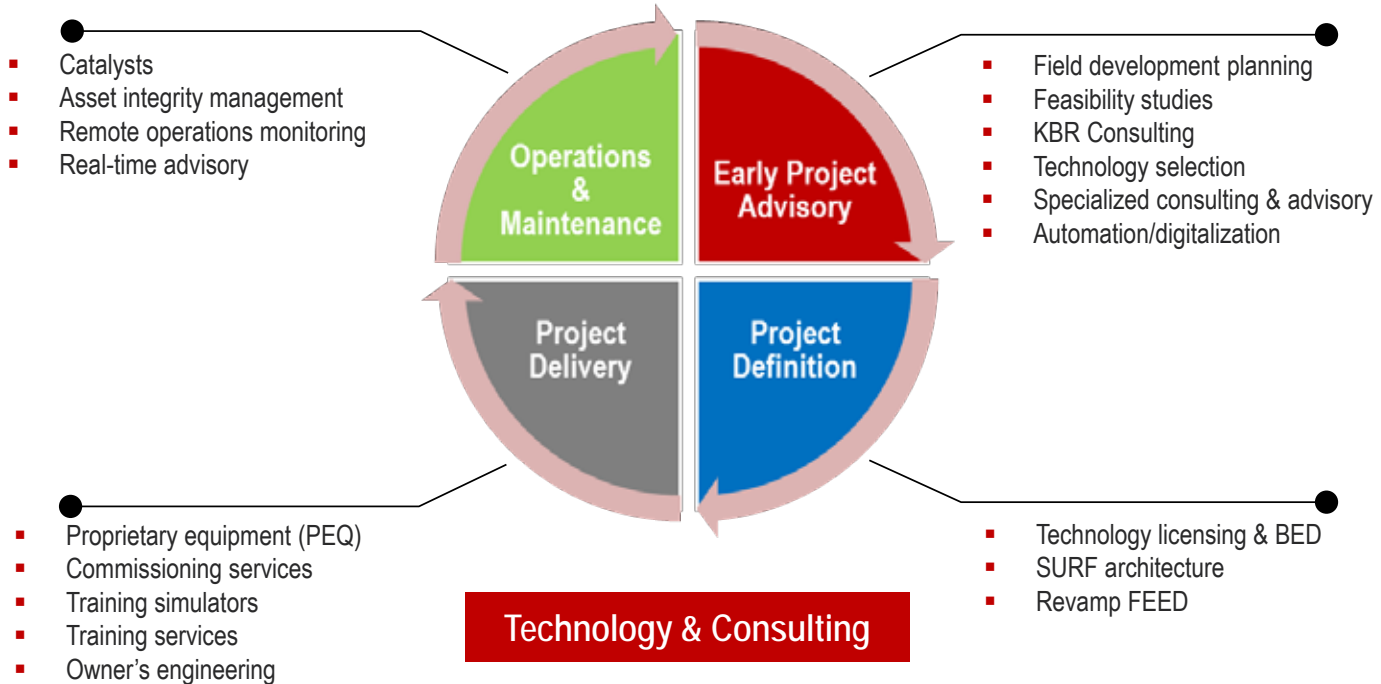
- Prioritize sales efforts in growth markets (Russia, China, Middle East)
- Expand consulting presence in Middle East and Asia

Selected pull-through opportunities for integrated EPC

Preferred supplier of Technologies and Consulting Services to the Hydrocarbons Industry



# Life-Cycle Strategy



## Segment Financial Targets

	2018 thru 2021
Revenue CAGR	7 – 10%
GP+EE Margins	Low 20s
Segment Operating Income Margins	High teens
Segment Operating Cash Flow Conversion	90 – 110% of Net Income
Pull-through Potential	\$500M / year

T&C delivers growth and balance in earnings at relatively low risk; with potential for selective E&C pull-through



**FINANCE STRATEGY, TARGETS AND CAPITAL ALLOCATION**

# Financial Strategy

## Grow Profits

- Promote growth/scale
- Lean back office/heavy BD
- Evolve to higher margin work
- Commercial discipline & selectivity in Hydrocarbons

## Strengthen Business Acumen

- 'Cash is King' mindset
- Maintain low cap intensity
- Cash flow-focused contracts
- Incentives & accountability

## Emphasize Financial Discipline

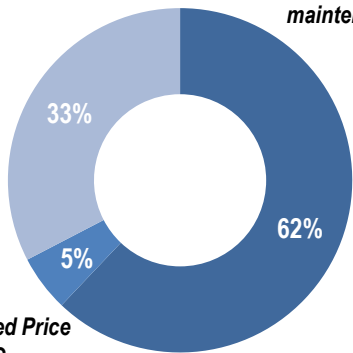
- Invest in growth markets
- Attractive regular dividend
- Maintain targeted leverage
- Synergistic, accretive M&A
- Buybacks with excess cash

Maximizing TSR for Shareholders

# KBR Today

Strategic actions have reduced our risk profile while enhancing our position for breakout opportunities

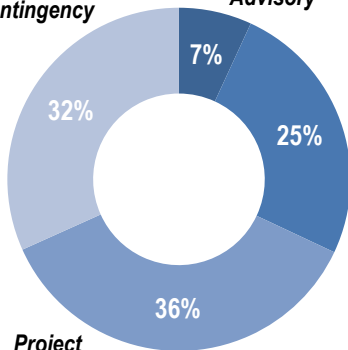
**Fixed Price GS, T&C, E&C**  
– Lower risk



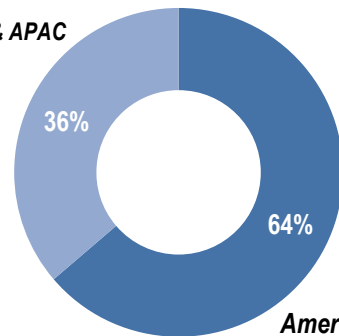
**Cost-reimbursable E&P services incl. maintenance**

**Operations & Maintenance/Maintenance/Contingency**

**Early Project Advisory**



**EMEA & APAC**



**Fixed Price EPC**  
– Higher risk

**Project Delivery**

**Project Definition**

**Americas**

High proportion of low risk contracts

Life-cycle strategy – No longer CAPEX or OCO dependent

Attractive international mix

1. 2017 estimated revenues; includes KBR share of JVs

## Long-term Targets

	2018	2019 thru 2021
Revenue <sup>1</sup> Growth Rate	3 – 5%	5 – 10% CAGR
Net Income Growth Rate <sup>2</sup>	7 – 10% <sup>3</sup>	10 – 15% CAGR
Operating Cash Flow Conversion ratio <sup>4</sup>	90 – 110%	90 – 110%

1. GAAP revenues
2. Legal legacy costs excluded
3. Growth over 2017 after adjusting for PEMEX gain in 2017
4. Conversion ratio defined by Operating Cash Flow divided by Net Income attributable to KBR

## Breakout Potential

	2018	2019 thru 2021
Revenue <sup>1</sup> Growth Rate	3 – 5%	10 – 25+% CAGR
Net Income Growth Rate <sup>2</sup>	7 – 10% <sup>3</sup>	15 – 35% CAGR
Operating Cash Flow Conversion ratio <sup>4</sup>	90 – 110%	90 – 110%

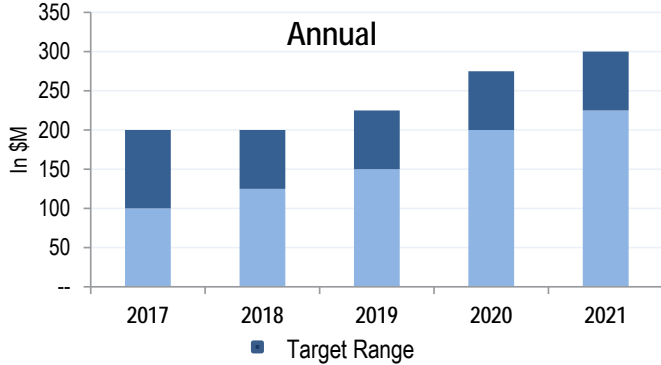
1. GAAP revenues

2. Legal legacy costs excluded

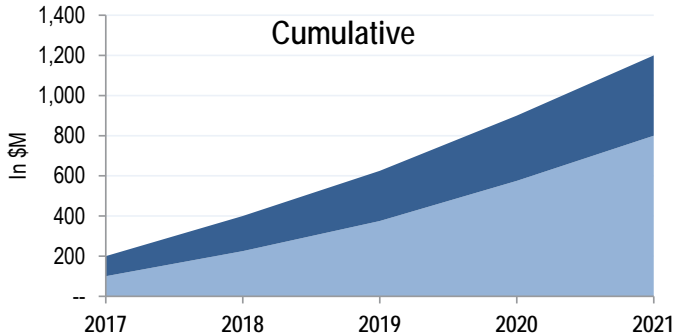
3. Growth over 2017 after adjusting for PEMEX gain in 2017

4. Conversion ratio defined by Operating Cash Flow divided by Net Income attributable to KBR

# Targeted Operating Cash Flow (OCF)



**\$100 – 200M / year growing to  
\$200 – 300M / year**



**~\$800M to 1B+ Deployable  
Operating Cash Flow**

**\$50 – 100M of CAPEX**



## Capital Allocation Strategy

### First Order

- Capex for profitable organic pursuits/projects
- Maintain attractive dividend
- Maintain gross debt leverage <2.75x EBITDA

### Strategic & Opportunistic

- Accretive and synergistic M&A
- Buybacks with excess cash

\$800M+ Targeted cumulative deployable cash by 2021

# Strategy and Summary

## Grow Profits

- Leverage full life-cycle offerings
- Expand OPEX facing business globally
- Undertake strategic accretive M&A

*Customer Affinity & Growth*

## Strengthen Business Acumen

- Be selective / manage risk
- Focus on bottom line and cash
- Strategically allocate capital

*Predictable & Balanced*

## Build High Performance Culture

- Lean cost structure
- KBR Way: schedule, cost, quality & safety – Accountability
- Human capital and shared values

*Profitability & Cash Flow*

**Customer, Employee and Shareholder Success**

# Notes:

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**KBR Headquarters**  
601 Jefferson Street  
Houston, Texas 77002, USA  
+1 713 753-2000

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**KBR**  
*We Deliver*