



KBR November 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.

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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

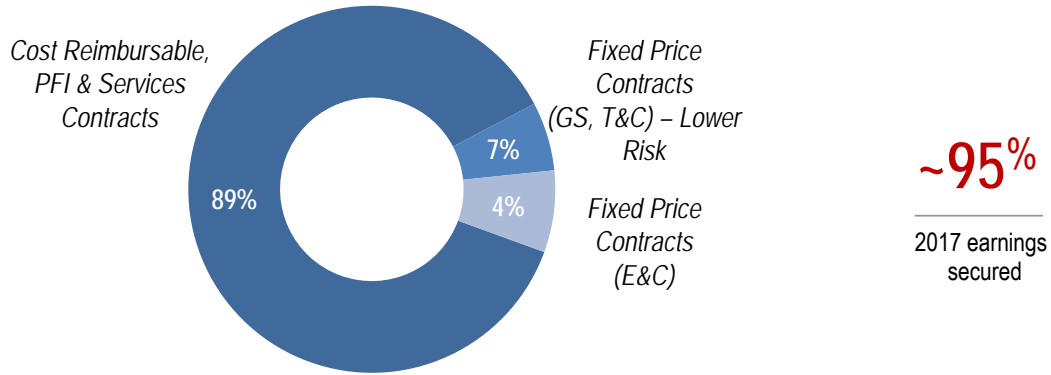


34,000+

People

KBR Today – Improved Risk Profile

Backlog by Contract Type

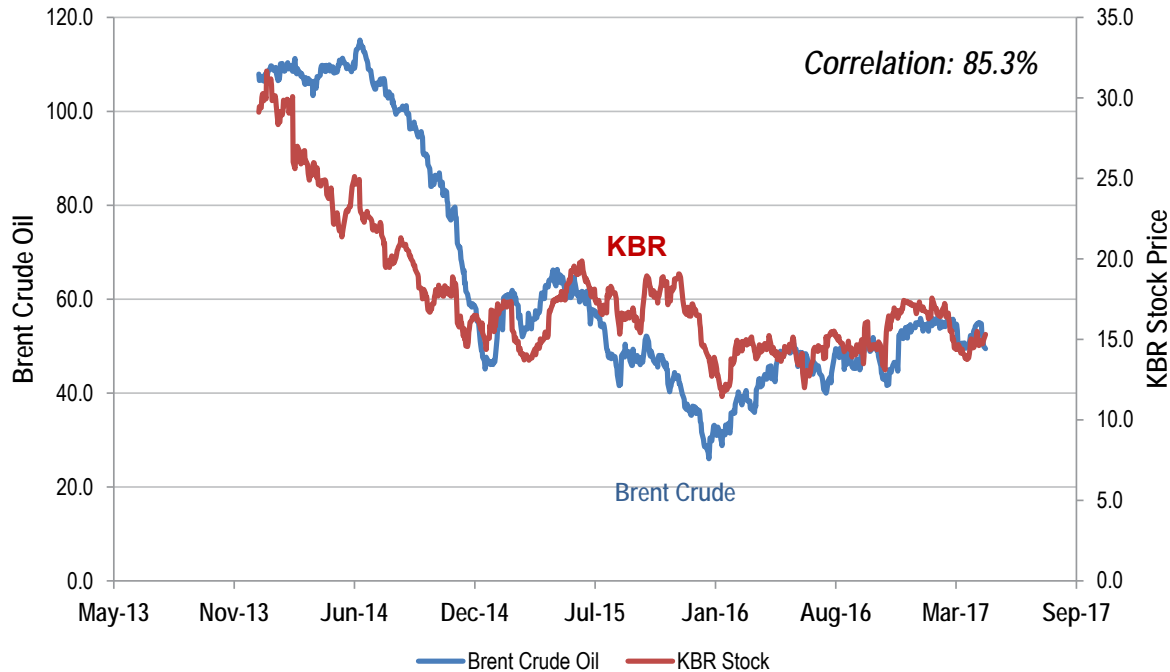


~95%
2017 earnings secured

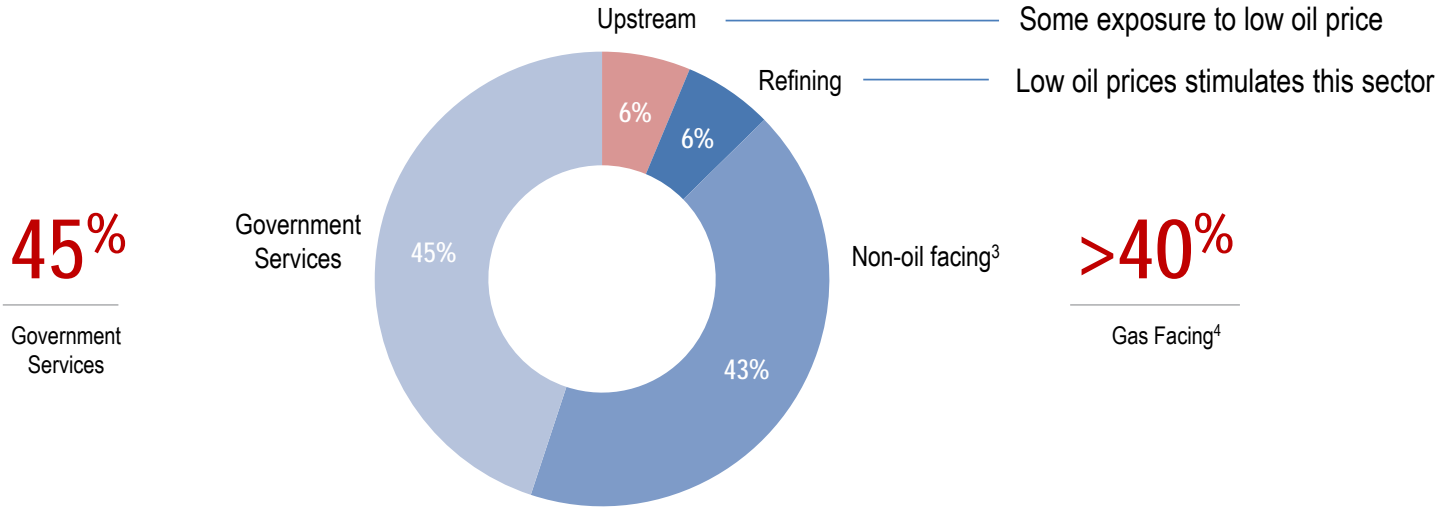
Total KBR Backlog
At 09/30/17:
\$10.3B + \$2.9B Options

**Includes KBR share of unconsolidated JVs*

An interesting observation...



Low oil prices have limited impact on KBR



45%



Government Services

>40%

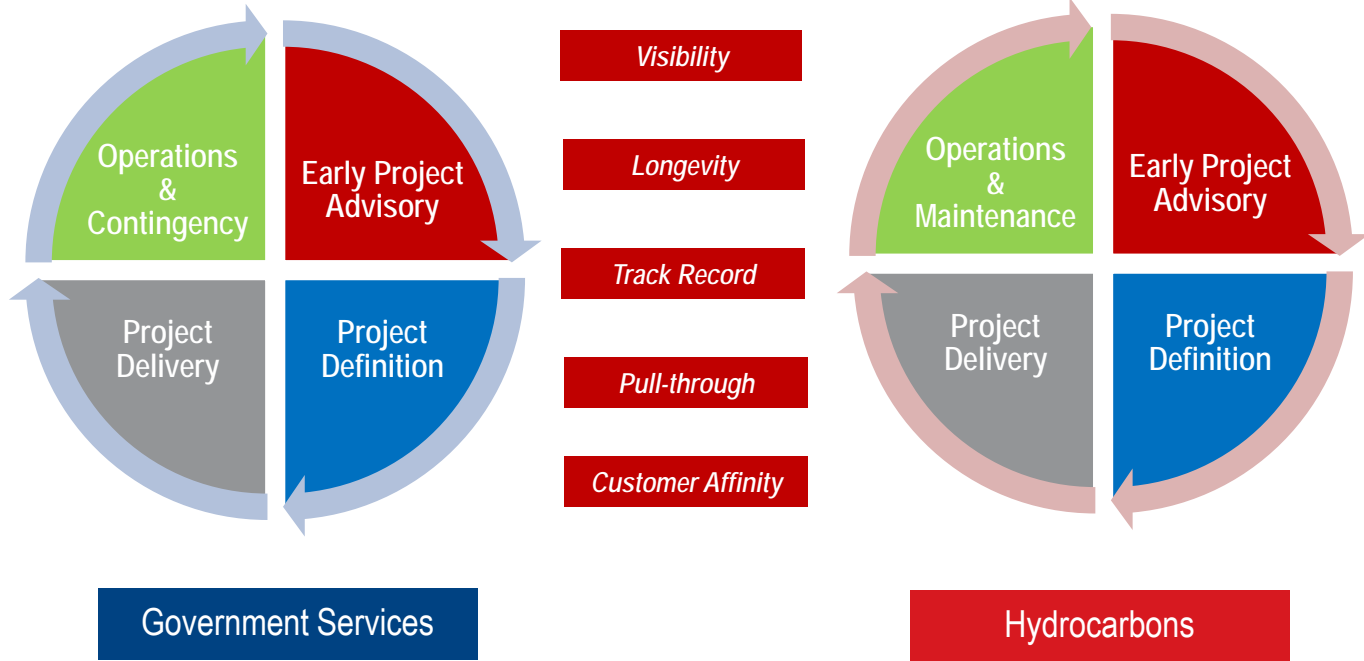
Gas Facing⁴

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

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

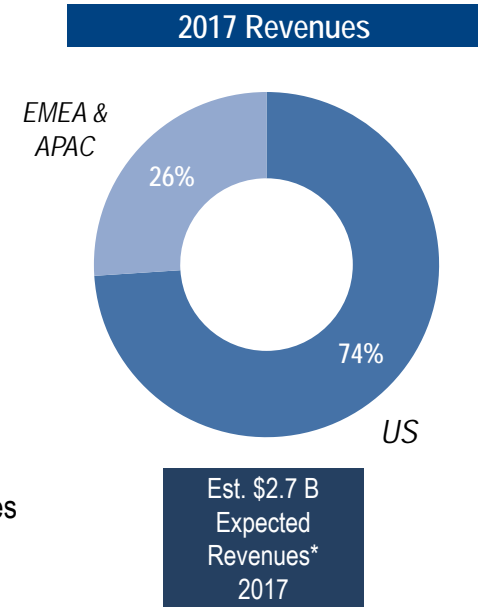
- Bring strategic and cultural alignment across integrated GS Segment
- Harmonize KPIs to improve performance, discipline, efficiency and common incentives

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:

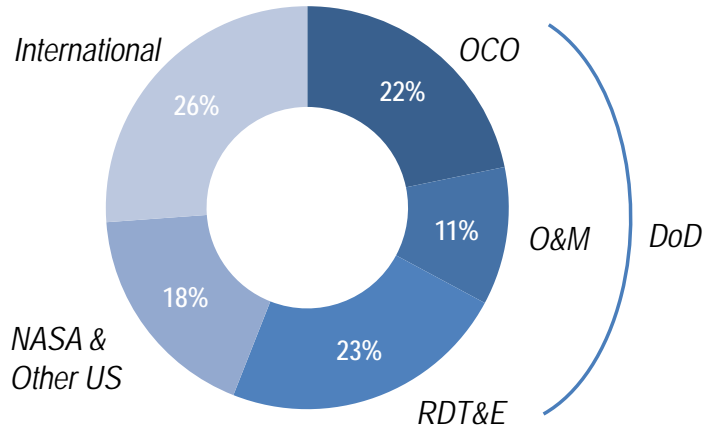
▪ US Department of Defense	▪ NATO
▪ UK Ministry of Defence	▪ NASA
▪ Australian Department of Defence	▪ Other government entities
- Diverse funding streams – RDT&E, O&M, OCO, NASA & International
- Over 90% prime contractor



**Includes KBR share of unconsolidated JVs*

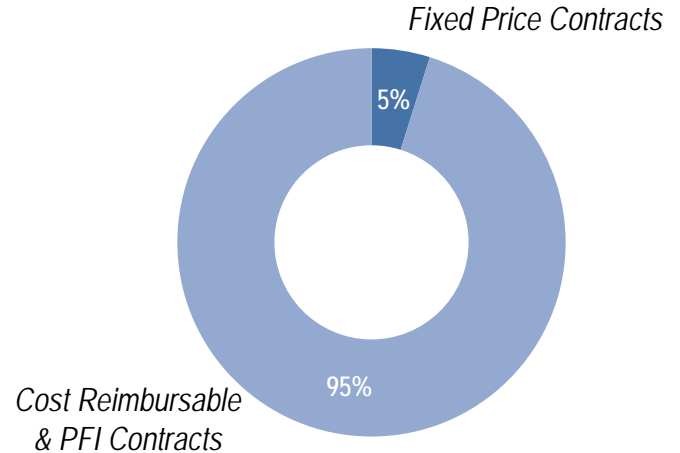
GS Today – Greater Balance

Revenue by Funding Streams



1. Expected 2017 revenues; includes KBR share of JVs

Backlog by Contract Type



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

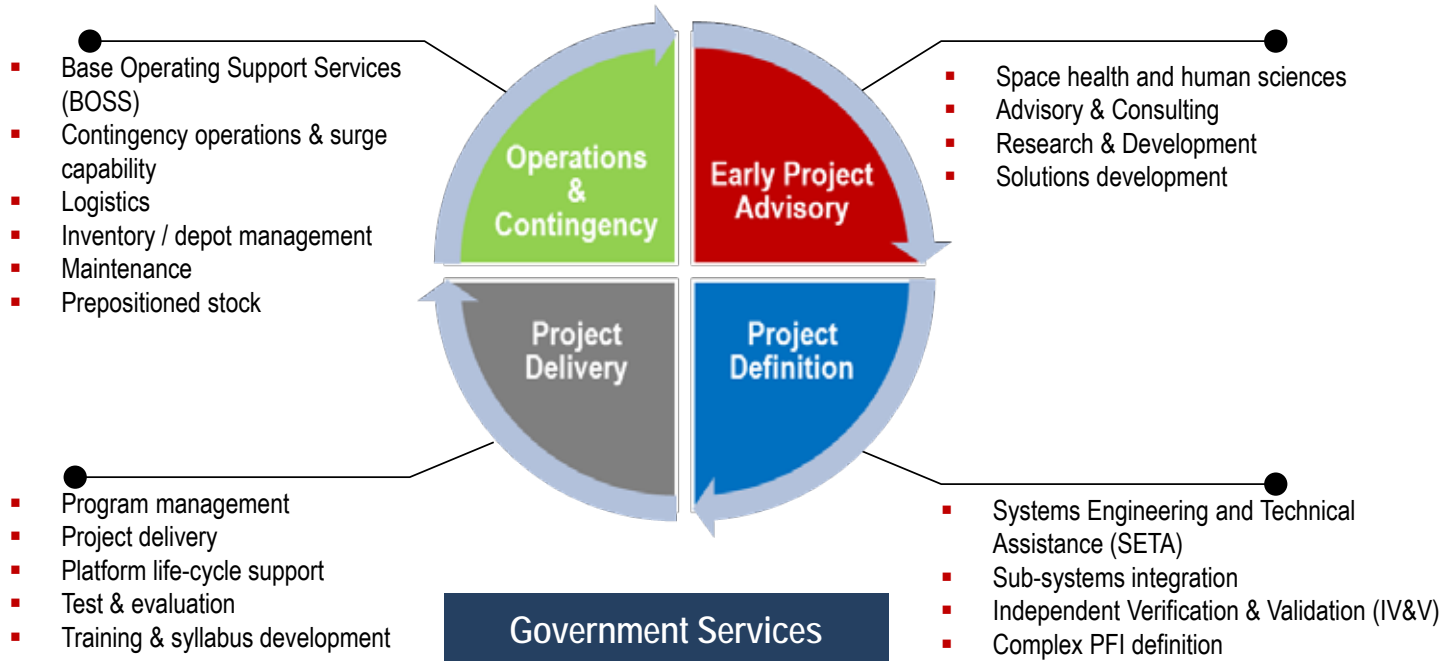


COMPLEX PFI

- 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



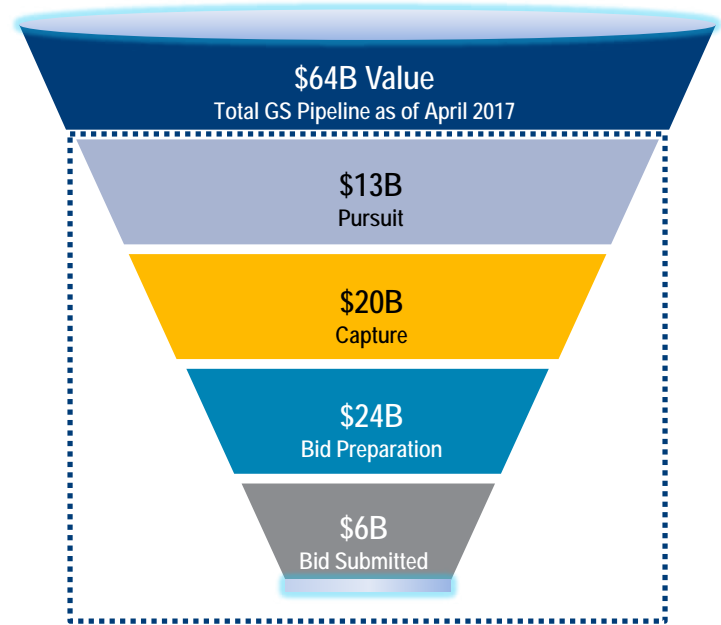
Leverage the combined capabilities and track record to increase win rates



Capture large contracts as a prime contractor



Cross-sell capabilities across geographies



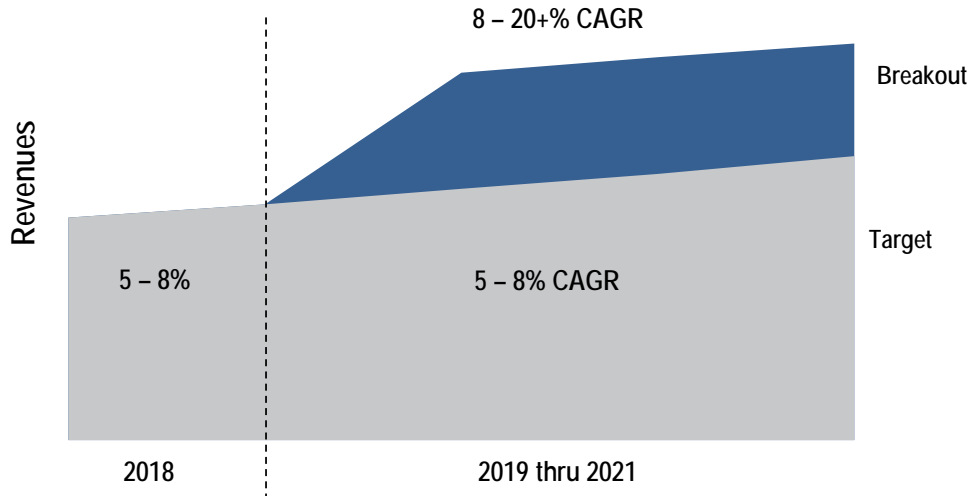
Strong customer relationships and additional capabilities across the life-cycle position GS to deliver topline synergies

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

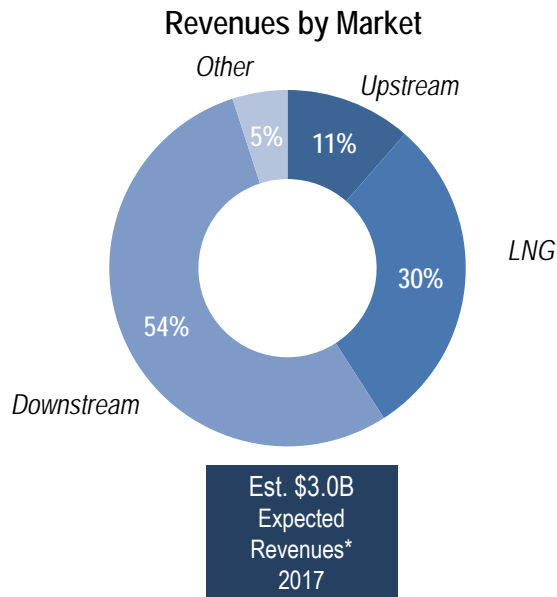
Build High Performance Culture

- 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

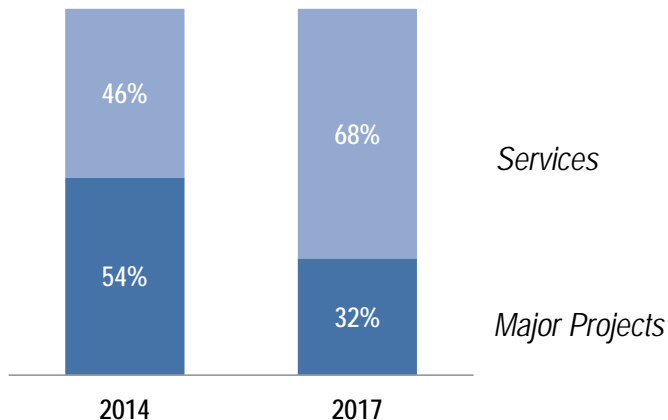
- One of the world's largest and comprehensive providers of professional services and projects to the Hydrocarbons industry
- Premier project management and major project delivery contractor
- Complete maintenance and industrial services through the Brown & Root brand
- Diverse customer base – Tier 1s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



*Includes KBR share of unconsolidated JVs

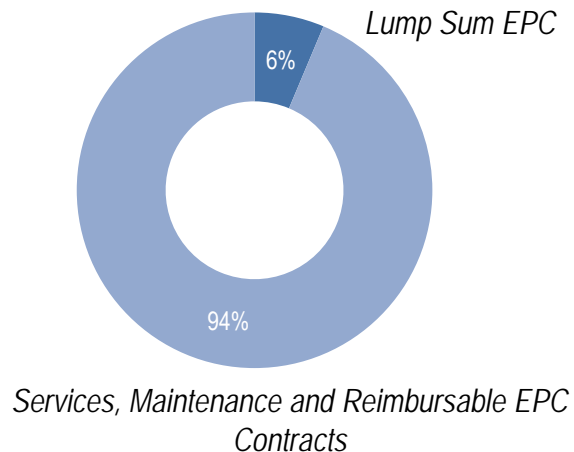
E&C Today – more services, more predictable

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

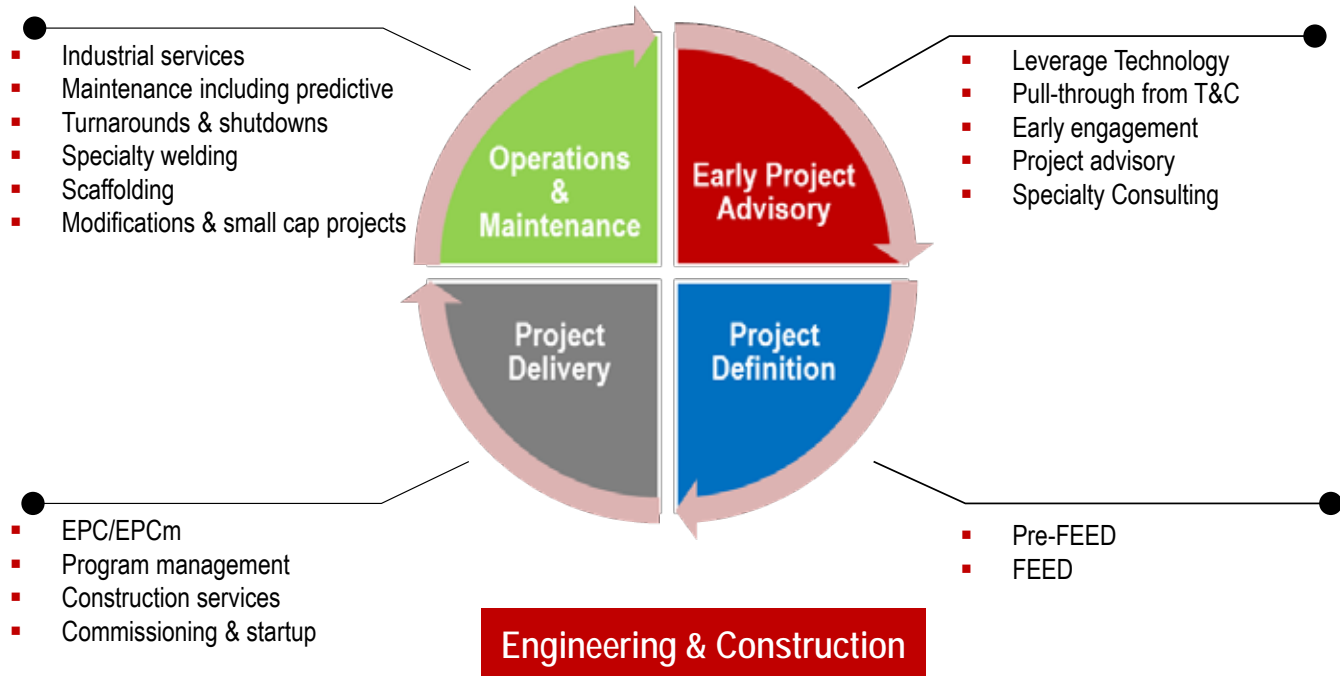


INDUSTRIAL SERVICES

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



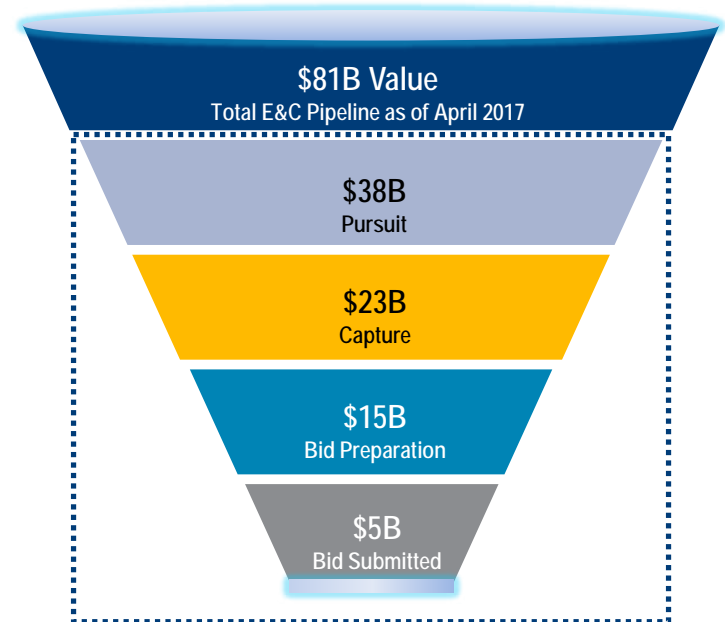
Cross selling between T&C, E&C and Industrial Services; capture government services expertise



Prospect selectivity & bid scrutiny



Customer intimacy



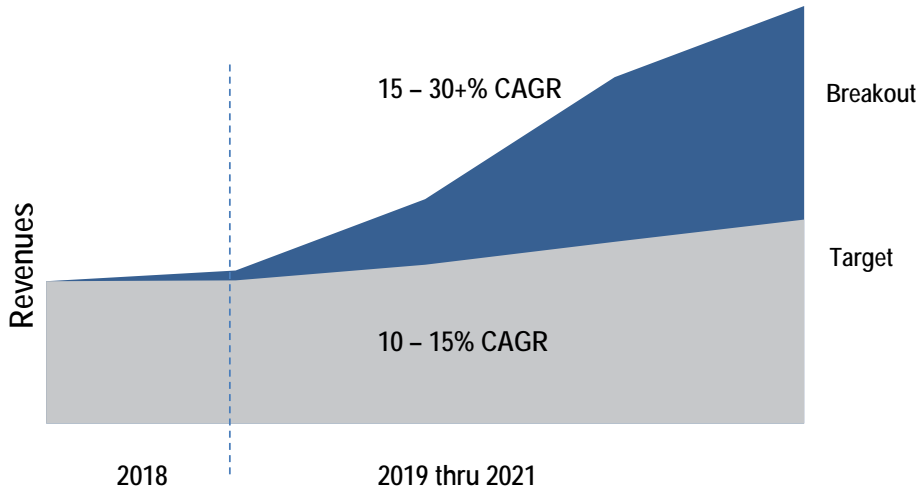
Good core customers, prospective new customers and a healthy pipeline

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

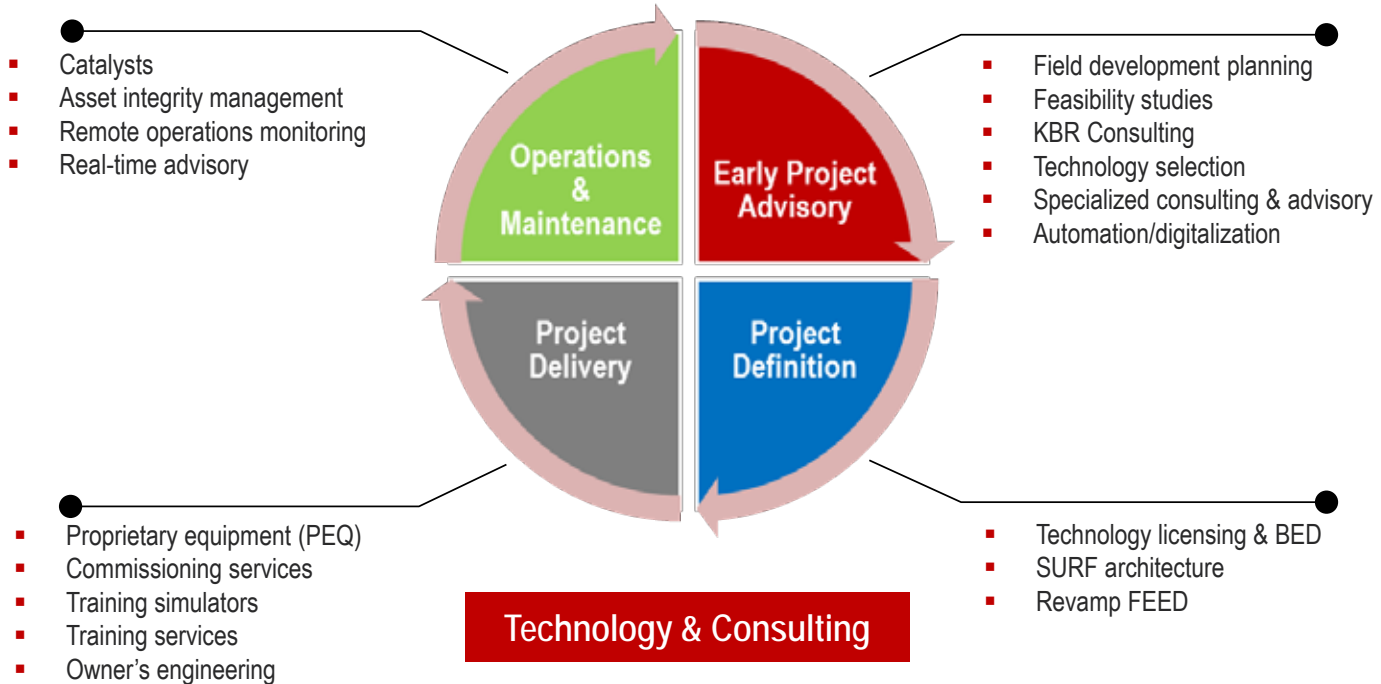
Grow Profits: Expand geographically

- 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

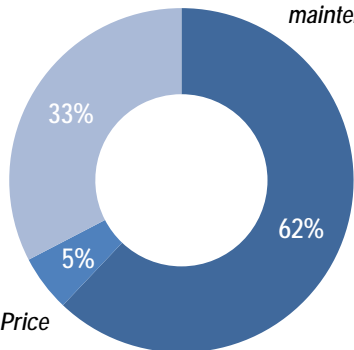
- Invest in growth markets
- Attractive regular dividend
- Maintain targeted leverage
- Synergistic, accretive M&A
- Buybacks with excess cash

Maximizing TSR for Shareholders

KBR Today

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

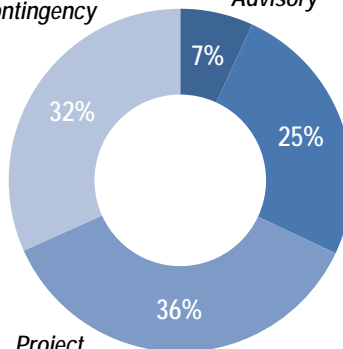
Fixed Price GS, T&C, E&C
- Lower risk



High proportion of low risk contracts

Cost-reimbursable E&P services incl. maintenance

Operations & Maintenance/Contingency



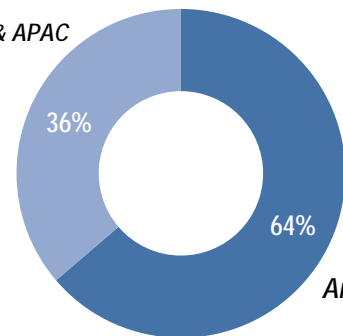
Project Delivery

Life-cycle strategy – No longer CAPEX or OCO dependent

Early Project Advisory

Project Definition

EMEA & APAC



Americas

Attractive international mix

1. 2017 estimated revenues; includes KBR share of JVs

Long-term Targets

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

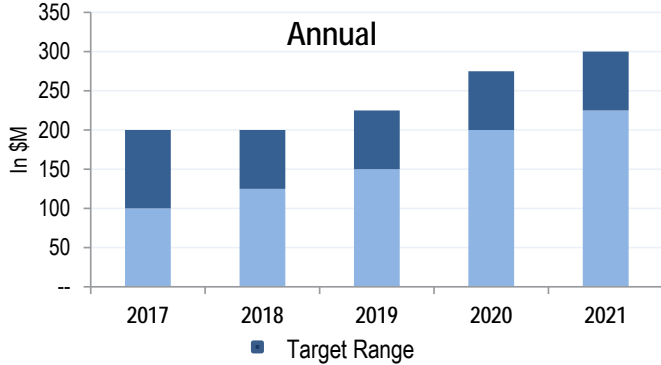
1. GAAP revenues

2. Legal legacy costs excluded

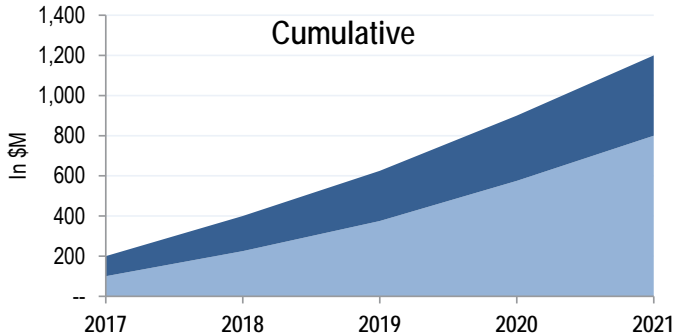
3. Growth over 2017 after adjusting for PEMEX gain in 2017

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

2017 Earnings Guidance

	Prior FY Guidance	Updated FY Guidance
Adjusted EPS , excluding legacy legal fees	\$1.25 - \$1.45	\$1.35 - \$1.50
<ul style="list-style-type: none"> Includes PEMEX settlement recorded in 2Q17 Includes \$22M or \$0.15 EPS in amortization Estimated legacy legal fees is \$13M or \$0.09 EPS 		
EBITDA range	\$300M - \$350M	\$320M - \$350M
Effective Tax Rate	23% - 25%	23% - 25%
Operating Cash Flow	\$120M - \$200M	\$120M - \$200M

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KBR
We Deliver