KBR, INC.

FORM 8-K
(CURRENT REPORT FILING)

Filed 05/12/17 for the Period Ending 05/12/17

Address 601 JEFFERSON STREET
SUITE 3400
HOUSTON, TX, 77002

Telephone (713) 753-2000
CIK 0001357615
Symbol KBR
SIC Code 1600 - Heavy Construction Other Than Bldg Const - Contractors
Industry Construction & Engineering
Sector Industrials
Fiscal Year 12/31
FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 12, 2017

KBR, Inc.
(Exact name of registrant as specified in its charter)

Delaware 1-33146 20-4536774
(State or other jurisdiction of incorporation) (Commission File Number) (I.R.S. Employer Identification No.)

601 Jefferson Street
Suite 3400
Houston, Texas 77002
(Address of principal executive offices)

Registrant's telephone number including area code: (713) 753-3011

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐
Item 7.01 Regulation FD Disclosure

On May 12, 2017, KBR, Inc. will hold an Investor Day presentation at the New York Stock Exchange, beginning at 9:30 a.m. EDT. The event will also be webcast at investors.kbr.com. The presentation materials are available on KBR’s website at investors.kbr.com and are furnished with this Form 8-K and incorporated herein by reference.

Individual investors can listen to the webcast at investors.kbr.com. A replay of the webcast will be available on KBR’s website for seven days after the call; and, may also be accessed by telephone at +1.719.457.0820, passcode 7288199.

The information disclosed in this Item 7.01 is being furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the Exchange Act), or otherwise subject to the liabilities under that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act except as expressly set forth by specific reference in such filing.

Cautionary Note on Forward Looking Statements

This Current Report on Form 8-K (including the Exhibits 99.1 hereto) contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based on the current beliefs and expectations of the Company’s management and are subject to significant risks and uncertainties. Actual results may differ from those set forth in the forward-looking statements. Factors that could cause the Company’s actual results to differ materially from those described in the forward-looking statements can be found in KBR’s Annual Report on Form 10-K for the year ended December 31, 2016 filed with the Securities and Exchange Commission (“SEC”) and in other filings that the Company makes with the SEC from time to time. KBR does not undertake to update the forward-looking statements to reflect the impact of circumstances or events that may arise after the date of the forward-looking statements.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

99.1 KBR 2017 Investor Day at NYSE

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

KBR, INC.

May 12, 2017

/s/ Beth Ann Dranguet

Beth Ann Dranguet
Assistant Corporate Secretary
KBR 2017 Investor Day at NYSE
<table>
<thead>
<tr>
<th>Time</th>
<th>Agenda</th>
<th>Speaker</th>
</tr>
</thead>
<tbody>
<tr>
<td>9:00 am – 9:30 am</td>
<td>Registration &amp; Breakfast</td>
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<tr>
<td>9:30 am – 10:50 am</td>
<td>Welcome</td>
<td>Nelson Rowe, SVP, Investor Relations</td>
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<tr>
<td></td>
<td>Welcome Keynote</td>
<td>Stuart Bradie, President &amp; CEO</td>
</tr>
<tr>
<td></td>
<td>Market &amp; Strategy Overview</td>
<td>Graham Hill, EVP, Global Business Development &amp; Strategy</td>
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<tr>
<td></td>
<td>People, Values &amp; Culture</td>
<td>Ian Mackey, Chief Corporate Officer</td>
</tr>
<tr>
<td></td>
<td>Government Services Overview</td>
<td>Byron Bright, President, KBRwyle</td>
</tr>
<tr>
<td>10:50 am – 11:00 am</td>
<td>Break</td>
<td></td>
</tr>
<tr>
<td>11:00 am – 12:15 pm</td>
<td>Engineering &amp; Construction Overview</td>
<td>Jay Ibrahim, President, EMEA</td>
</tr>
<tr>
<td></td>
<td>Technology &amp; Consulting Overview</td>
<td>Graham Hill, EVP, Global Business Development &amp; Strategy</td>
</tr>
<tr>
<td></td>
<td>Business Discipline / Risk Mgmt.</td>
<td>Eileen Akerson, EVP &amp; General Counsel</td>
</tr>
<tr>
<td></td>
<td>Financial Targets and Capital Allocation</td>
<td>Mark Sopp, EVP and CFO</td>
</tr>
<tr>
<td></td>
<td>Closing Remarks</td>
<td>Stuart Bradie, President &amp; CEO</td>
</tr>
<tr>
<td>12:15 pm – 12:30 pm</td>
<td>Break / Box Lunches</td>
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</tr>
<tr>
<td>12:30 pm – 1:30 pm</td>
<td>Q&amp;A Session/Lunch</td>
<td>KBR Executive Leadership Team</td>
</tr>
</tbody>
</table>
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 contains the financial measure “EBITDA,” which is not calculated in accordance with generally accepted accounting principles in the U.S. (“GAAP”). A reconciliation of the non-GAAP financial measure EBITDA to the most directly comparable GAAP financial measure has been provided in the Appendix to this presentation.
WELCOME KEYNOTE
Journey to Zero Harm – Day by Day

- Zero Harm Not Achieved
- Zero Harm Achieved

2012: 48%
2013: 46%
2014: 52%
2015: 62%
2016: 70%
2017: 73%
- Our Vision
- Journey thus far
- KBR Today
- Corporate Strategy
- Long-term Financial Targets
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

- Breakout growth potential
- Attractive, consistent cash flows
- Stable, balanced & sustainable growth

### BUSINESS OVERVIEW

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

- Technology
- Domain expertise
- Program management
- Project delivery
- Life-cycle strategy

- Selective
- Disciplined
- Risk management
- Human capital
- High performance culture

- Recognized dependable partner
- Disciplined
- Long-term engagements
- Global and Regional Majors
- US, UK and Australian Governments

- Two end markets at global scale
- Strong balance sheet
- Cash flow focused
- Disciplined capital allocation
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
Accountability

- Challenges:
  - Power project
  - Downstream EPC
  - Ichthys LNG
  - Legacy legal/commercial disputes

- Lessons learned

- Restructured organization: regionalization, empowerment, appropriate level of corporate governance

- Status:
  - Power project – done
  - Downstream EPC – on track
  - Ichthys LNG – managing
  - Legacy legal disputes – significant progress made
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

- Cost Reimbursable, PFI & Services Contracts: 87%
- Fixed Price Contracts (GS, T&C) – Higher Risk: 6%
- Fixed Price Contracts (E&C): 7%

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

~75% of 2017 earnings secured

*Includes KBR share of unconsolidated JVs
## Core Capabilities across Verticals

### Government Services
- Science & Space
- Engineering
- Consultancy & Advisory

### Hydrocarbons
- Licensed technology portfolio
- Proprietary equipment
- Consulting & Advisory

<table>
<thead>
<tr>
<th>Technology</th>
<th>Government Services</th>
<th>Hydrocarbons</th>
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<tr>
<td>Major programs e.g. Deployed operations, PFI</td>
<td>Logistics/Theater opening capability</td>
<td>Logistics</td>
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<tr>
<td>Engineering</td>
<td>Platform &amp; Mission Support</td>
<td>FEED &amp; detailed design</td>
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<td>Consultancy &amp; Advisory</td>
<td>Security Solutions</td>
<td>Differentiated EPC/EPCm</td>
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<tr>
<th>Operations &amp; Maintenance</th>
<th>Government Services</th>
<th>Hydrocarbons</th>
</tr>
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<tbody>
<tr>
<td>Base Operations Support Services</td>
<td>Platform &amp; Mission Support</td>
<td>Plant operations and reliability</td>
</tr>
<tr>
<td>Facilities management/integrator</td>
<td>Security Solutions</td>
<td>Predictive &amp; proactive maintenance</td>
</tr>
<tr>
<td>Satellites and prepositioned stock</td>
<td>Security Solutions</td>
<td>Turnarounds &amp; Shutdowns</td>
</tr>
</tbody>
</table>
Corporate Strategy

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

**Strengthen Business Acumen**
- Be selective / manage risk
- Focus on bottom line and cash
- Strategically allocate capital

**Build High Performance Culture**
- Lean cost structure
- KBR Way: schedule, cost, quality & safety – Accountability
- Human capital and shared values

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**Customer Affinity & Growth**

**Predictable & Balanced**

**Profitability & Cash Flow**

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Customer, Employee and Shareholder Success
Financial Targets

- **Target**
  - 3 – 5% Revenue CAGR
  - 7 – 10%¹ NI CAGR
  - 90 – 110% Cash Flow Conversion

- **Target**
  - 5 – 10% Revenue CAGR
  - 10 – 15% NI CAGR
  - 90 – 110% Cash Flow Conversion

- **Breakout Potential**
  - 10 – 25+% Revenue CAGR
  - 15 – 35% NI CAGR
  - 90 – 110% Cash Flow Conversion

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¹ After adjusting for PEMEX gain in 2017

² NI – Net Income attributed to KBR
- Market Overview
  - Government Services & Hydrocarbons
- Our Market Priorities
- 2017 Strategic Initiatives
- Acquisition Strategy
- Business Development Effectiveness
- KBR Way
## Key Takeaways

<table>
<thead>
<tr>
<th>Positive outlook in Government Services driven by <strong>strong US/Europe defense &amp; security focus and international government outsourcing</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Positive outlook in Hydrocarbons driven by <strong>feedstock advantaged</strong> shale gas in the US, LNG supply-demand <strong>re-balance in the mid-term</strong> and recovering <strong>oil prices</strong></td>
</tr>
<tr>
<td><strong>Well positioned</strong> to capitalize on growth opportunities in Government Services sector and LNG and downstream Hydrocarbons sector in the US and Middle East with <strong>significant upside</strong></td>
</tr>
<tr>
<td><strong>Strategic culture</strong> through the organization improves our market response, differentiation, competitive positioning and M&amp;A focus</td>
</tr>
</tbody>
</table>
### Market Overview – Government Services

<table>
<thead>
<tr>
<th>Market / Funding Streams</th>
<th>Addressable Market</th>
<th>Projected Growth Rate</th>
<th>Market Drivers</th>
</tr>
</thead>
<tbody>
<tr>
<td>RDT&amp;E</td>
<td>$14B</td>
<td>2 – 3%</td>
<td>Large effort associated with new generation platforms and other domain specific technologies</td>
</tr>
<tr>
<td>Engineering &amp; Program Management</td>
<td>$17B</td>
<td>1 – 2%</td>
<td>On-going platform upgrades</td>
</tr>
<tr>
<td>Platform Support / MRO</td>
<td>$9B</td>
<td>2 – 3%</td>
<td>Life extension and upgrades to aging fleets</td>
</tr>
<tr>
<td>Logistics &amp; Facilities</td>
<td>$25B</td>
<td>Potential Breakout</td>
<td>Continued geo-political threats; increasing troop deployment</td>
</tr>
<tr>
<td>Defence &amp; Security</td>
<td>$60B</td>
<td>2 – 3%</td>
<td>Geopolitical threats and mass migration challenges</td>
</tr>
<tr>
<td>Civil Govts &amp; Govt Sponsored Entities</td>
<td>$35B</td>
<td>4%</td>
<td>Increase in outsourcing for non-core and specialist services</td>
</tr>
</tbody>
</table>

**Source:** Arena, KBR Analysis

**Annual Spend:** Time frame: 2017 thru 2020

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**US**

**EMEA & APAC**

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**KBR Investor Day | 2017 | NYSE**
<table>
<thead>
<tr>
<th>Market</th>
<th>Addressable Market</th>
<th>Projected Growth Rate</th>
<th>Market Drivers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upstream</td>
<td>$33B</td>
<td>11%</td>
<td>Replacement of declining production to meet growing demand, Leading to life extension &amp; brownfield – standardization and cost efficiency</td>
</tr>
<tr>
<td>LNG Liquefaction</td>
<td>$20B</td>
<td>2%</td>
<td>LNG continues to find new markets and importing countries, Increasing demand for low carbon emission fuels globally</td>
</tr>
<tr>
<td>Refining</td>
<td>$14B</td>
<td>1 - 1.5%</td>
<td>Clean fuels, asset modernization, domestic crude &amp; higher margin push – Revamps</td>
</tr>
<tr>
<td>Petrochemicals</td>
<td>$21B</td>
<td>3.5%</td>
<td>Feedstock advantage, Old &amp; smaller plants – revamps &amp; efficiency improvements</td>
</tr>
<tr>
<td>Fertilizers</td>
<td>$9B</td>
<td>4%</td>
<td>Low cost natural gas, 55% capacity &gt;30 years old plants – modernization</td>
</tr>
<tr>
<td>Operations &amp; Maintenance</td>
<td>$66B</td>
<td>3%</td>
<td>Reliability, predictive maintenance and remote operations, Outsourcing &amp; optimization</td>
</tr>
</tbody>
</table>

Source: Rystad, IHS, Fertecon, KBR Analysis

Annual Spend; Time frame: 2017 thru 2020

Growth rates in KBR focus markets:
US – 15%
Middle East – 10%
Market Overview – Hydrocarbons

Oil Price Forecast

- Rebound in oil prices provides spur for global upstream spending
- Approx. $55-60/bbl required to meet 2020 demand
- American shale to act as a “governor” on oil prices in the medium term

Gas Price Forecast

- Henry Hub prices stabilized at $3/MMBTU
- Provides US gas feedstock advantage for the medium to long-term – very positive for US Downstream Industry
- Europe LNG prices set by marginal cost of US gas export
- Asia LNG prices are hybrid – oil indexation and Henry Hub

Source: IHS & Rystad
## KBR Priorities by Market

### Hydrocarbons

#### Upstream
- Brownfields
- Shale oil & gas
- Selective Offshore & Onshore
  - Gulf of Mexico (offshore)
  - Texas (shale)
  - North Sea
  - Caspian region (offshore)
  - West Africa
  - Middle East
  - SE Asia – New Malaysia JV

#### LNG
- LNG
- FLNG
  - US Gulf Coast
  - Western Canada
  - Australia (brownfields)
  - Russia
  - East Africa (long-term)
  - Caspian (long-term)

#### Downstream
- Refining
- Petrochemicals
- Ammonia & Fertilizers
- Specialty Chemicals
  - US
  - Middle East
  - CIS & Russia
  - SE Asia

### Government Services

#### US
- Defense
  - Logistics – Sustainment
  - Engineering – Platform Support
- Space

#### EMEA
- Defense & Security
- Civil Governments
- Government Sponsored Entities
  - Program Management
  - Operational Support
  - Facilities Management Integrator

#### APAC
- Defense & Security
  - Platform Acquisition
  - Platform Sustainment
  - Platform Training
## 2017 Strategic Initiatives... on target

<table>
<thead>
<tr>
<th>Grow Profits</th>
<th>Strengthen Business Acumen</th>
<th>Build High Performance Culture</th>
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<tbody>
<tr>
<td>- Deliver organic growth and realize synergies in Government Services</td>
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<tr>
<td>- Broaden T&amp;C portfolio and pull through to E&amp;C</td>
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<tr>
<td>- Expand life-cycle services model globally (Brown &amp; Root Industrial Services)</td>
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<tr>
<td>- Improve business discipline in Hydrocarbons</td>
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<tr>
<td>- Digitalization and Innovation</td>
<td></td>
<td></td>
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<tr>
<td>- Next-Gen technology commercialization</td>
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</tbody>
</table>
KBR M&A Philosophy

Technologies

Life-cycle capabilities

Access to markets or geographies

Portfolio optimization

Acquisition Strategy

Acquisition Characteristics
- Differentiation
- Revenue synergies
- Attractive cash flow

Technology Acquisitions

Wyle and HTSI

B&R IS Acquisitions
Wyle and HTSI – Philosophy in Action

KBRwyle – Fully global integrated life-cycle professional government services business

Legacy KBR
- OCO funded
- Logistics & support
- O&M – BOSS
- Outside USA
- Lower margin
- Blue collar
- Volatile
- UK & APAC business

Legacy HTSI
- O&M funded
- Pre-positioned stock
- OEM support
- NASA satellites
- Honeywell contract
- Cyber security services

Legacy Wyle
- RDT&E and Fed Civ funded
- Professional & technical services
- Domestic USA
- Deep customer relationships
- Higher margins
- Reimbursable contracts
- Stable

KBR Strategic Objectives in GS: Move up the value chain
Business Development Effectiveness

Pipeline
- Robust pipeline
- Early engagement
- Accountability
- Maintain 2-3 year visibility

People
- Right leadership
- Trained sales personnel
- Deep market knowledge
- Close to customers – regional

Process
- Pursuit & proposal reviews
- Partner/Win strategies & process
- Terms & Conditions / pricing reviews
- As-Bid and As-Sold quality assurance
- Win/loss reviews (lessons learned)

Policies & Procedures
- Transaction Approval Matrix (TAM)
- Appropriate corporate governance
- State-of-the-art CRM tools:
  - Global account management
  - Regional account management

Comprehensive, thorough and disciplined
KBR Way

**Right Deal**

**Business Development**
- Client account management
- Sales process, tools & platforms
- Selective opportunities
- Sound estimating
- Competitive pricing / Return
- Realistic schedules

**Project Execution**
- Right leadership
- Cost & schedule control
- Lessons learned implementation
- Productivity & wage risks
- Claims management
- Vendor & subcontract management
- Self-perform, subcontract or JV

**Corporate Alignment**
- Dynamic team
- Executable strategy
- Low corporate overhead
- Supportive functional departments
- Balanced risk profile
- Achievable results
- Safety in all

**Right Support**

- 📈 Customer success
- 🎇 Employee satisfaction
- 📈 Shareholder returns
An interesting observation…

Correlation: 85.3%

MARKET & STRATEGY OVERVIEW

KBR

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KBR

Brent Crude Oil

KBR Stock

Brent Crude
Low oil prices have limited impact on KBR

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
• People
• Values & Culture
## Human Capital Strategy Aligned to Business Strategy

### Attract
- Focus on global/regional/local recruitment
- Expand in-house talent agency
- Leverage off legacy brands
- Focus on domain-specific knowledge and skills

### Develop
- Global talent review and succession management
- Leadership development programs for multiple levels
- Global communities focused on development
  - IMPACT – early career development
  - ASPIRE – diversity & inclusion

### Retain
- Structured job families and career paths
- Industry benchmarked compensation and benefits
- Global/regional/local workforce planning and mobility
- Mentor and coaching system for talent

---

**Grow profits, strengthen business acumen and build high performance culture**
KBR - A Global Employer

- KBR focuses on leaving a lasting legacy everywhere we work, improving local employment, supply chains, and communities.
- Setting succession strategies, including planning, assessment, training needs analysis, management/personal development and coaching.
- Diverse employee base is a strength.

HUMAN CAPITAL

<table>
<thead>
<tr>
<th>Region</th>
<th>Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Americas</td>
<td>21,000+</td>
</tr>
<tr>
<td>EMEA</td>
<td>11,000+</td>
</tr>
<tr>
<td>APAC</td>
<td>2,000+</td>
</tr>
<tr>
<td>Subcontractors</td>
<td>70,000+</td>
</tr>
</tbody>
</table>
Building a High Performance Culture

**Zero Harm**
- Uncompromising commitment to health, safety and environment
- Courage to care

**Integrity**
- Honesty, trust, prudence and tenacity
- Corporate social responsibility
- Ethics, governance and compliance

**Mutual Trust & Respect**
- Inclusive and diverse
- People-centric

**Quality**
- Passion to produce quality work
- Value our customer success

**Accountability**
- Empower employees
- Responsibility to stakeholders
- Business acumen

**Leadership**
- Lead by example
- Shared values & purpose
- Strategic alignment

---

HUMAN CAPITAL
- Key Takeaways
- GS Vision & Strategy
- Business Overview
- Project Highlights
- Business Development Priorities and Pipeline
- Long-term Financial Targets
- Breakout Growth Potential
Key Takeaways

Transformational Wyle and HTSI acquisitions create a global-scale provider of full **life-cycle professional and technical services**

Dedicated delivery model, under one global brand — KBRwyle generating **predictable and sustainable returns**

**Expanded sales capacity** and deep domain expertise allow KBRwyle to take **market share** and capitalize on **breakout growth potential opportunities**
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
  - UK Ministry of Defence
  - Australian Department of Defence
  - UK Ministry of Defence
  - US Department of Defense
  - NATO
  - NASA
  - Other government entities
- Diverse funding streams – RDT&E, O&M, OCO, NASA & International
- Over 90% prime contractor

2017 Revenues

- US: 74%
- EMEA & APAC: 26%

Est. $2.7 B
Expected
Revenues*
2017

*Includes KBR share of unconsolidated JVs
GS Today – Greater Balance

Revenue by Funding Streams

- International: 26%
- OCO: 22%
- O&M: 11%
- DoD: 23%
- NASA & Other US: 18%
- RDT&E: 23%

Backlog by Contract Type

- Fixed Price Contracts: 5%
- Cost Reimbursable & PFI Contracts: 95%

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.
<table>
<thead>
<tr>
<th>GS Overview</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GS Capabilities</strong></td>
</tr>
<tr>
<td>▪ Recognized leader in mission operations and logistics for the world’s most challenging environments</td>
</tr>
<tr>
<td>▪ Leading maintenance provider of prepositioned stock for U.S. Army and U.S. Marine Corps</td>
</tr>
<tr>
<td>▪ 20+ years as a leading provider of expeditionary support services</td>
</tr>
<tr>
<td>▪ Leading Systems Engineering and Technical Assistance (SETA) provider to US Army Aviation and US Navy</td>
</tr>
<tr>
<td>▪ 35+ years of Advisory &amp; Assistance Services to US Army Missile Defense programs and US Navy aviation platforms</td>
</tr>
<tr>
<td>▪ Largest independent flight test organization in the US</td>
</tr>
<tr>
<td>▪ Leading life sciences provider to NASA; Supported every U.S. Astronaut since 1968</td>
</tr>
<tr>
<td>▪ 65+ years of pioneering space engineering and operations</td>
</tr>
<tr>
<td>▪ Key provider of ground systems support &amp; mission operations to NASA, USAF &amp; NOAA</td>
</tr>
<tr>
<td>▪ UK Army – largest ever UK MoD PFI contract (Allenby Connaught), contract through 2041, including Army 2020</td>
</tr>
<tr>
<td>▪ UK RAF groundbreaking complex, 18-year PFI (MFTS) – awarded in 2016, provision of 36 new training aircraft</td>
</tr>
<tr>
<td>▪ UK Army HET 23-year PFI contract including sponsored reserves, contract through 2024</td>
</tr>
</tbody>
</table>
Life-Cycle Strategy

- Base Operating Support Services (BOSS)
- Contingency operations & surge capability
- Logistics
- Inventory / depot management
- Maintenance
- Prepositioned stock

- Operations & Contingency
- Early Project Advisory
- Project Delivery
- Project Definition

- Government Services
- Space health and human sciences
- Advisory & Consulting
- Research & Development
- Solutions development
- Systems Engineering and Technical Assistance (SETA)
- Sub-systems integration
- Independent Verification & Validation (IV&V)
- Complex PFI definition

- Program management
- Project delivery
- Platform life-cycle support
- Test & evaluation
- Training & syllabus development

- Logistics
- Inventory / depot management
- Maintenance
- Prepositioned stock

- Government Services
### Project Highlights

<table>
<thead>
<tr>
<th>Human Health &amp; Performance</th>
<th>NAVAIR: F/A-18</th>
<th>Project Allenby Connaught</th>
<th>LOGCAP IV</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NASA; $1.4B; PoP through 2025</strong></td>
<td><strong>Naval Air Systems Command; $65m; PoP thru 2020</strong></td>
<td><strong>UK MoD; $11.2B; PoP thru 2041</strong></td>
<td><strong>US Army Sustainment Command; $3.1B; PoP thru 2018</strong></td>
</tr>
<tr>
<td>- Management and integration of NASA Human Research Program</td>
<td>- Over 40 years of incumbency on the F/A-18 program providing engineering &amp; technical support</td>
<td>- Full life sustainment and support for over 20% of the UK Army</td>
<td>- Theater-opening capabilities for major U.S. Military operations</td>
</tr>
<tr>
<td>- Successful astronaut health &amp; performance</td>
<td>- Currently leading Service Life Extension Program</td>
<td>- 530 buildings refurbished or built in first 7 years – ahead of schedule</td>
<td>- Key support to Operation Inherent Resolve (Iraq) and Atlantic Resolve (Eastern Europe)</td>
</tr>
<tr>
<td>- Supported: 197 months of continuous International Space Station presence</td>
<td>- Sole source provider of support to foreign F/A-18 customers (Swiss/Kuwait/Finland/Australia)</td>
<td>- Contract expansion in 2017 to provide accommodation and support for 3,000 additional troops – Army 2020</td>
<td>- Unmatched responsiveness to dynamic battlefield requirements – provide all logistics and life support sustainment</td>
</tr>
<tr>
<td>- Leading research, operations and engineering in human space exploration</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Project Advisory  
Project Definition  
Project Delivery  
Operations & Contingency
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

$64B Value
Total GS Pipeline as of April 2017

$13B Pursuit
$20B Capture
$24B Bid Preparation
$6B Bid Submitted
## Capture Revenue Synergies

### US
- Leverage SETA expertise into system life cycle sustainment
- Expand facility and infrastructure asset management across market segments
- Grow Life Sciences to soldier human performance

### EMEA
- Take FMI and large scale Program Management Expertise into ME government services market
- Capture complex and unique programs through differentiated PM offerings

### APAC
- Exploit KBRwyle System Engineering principals to prove domain knowledge in variety of defense programs
- Cyber, Sensors, Training, Aerospace and Asset Sustainment
- Platform support / US foreign military sales
### Segment Financial Targets

<table>
<thead>
<tr>
<th></th>
<th>2018 thru 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue CAGR</td>
<td>5 – 8%</td>
</tr>
<tr>
<td>GP+EE Margins</td>
<td>Upper single digits %</td>
</tr>
<tr>
<td>Segment Operating Income Margins</td>
<td>Upper single digits %</td>
</tr>
<tr>
<td>Segment Operating Cash Flow Conversion</td>
<td>90 – 110% of Net Income</td>
</tr>
<tr>
<td>Revenue Synergies</td>
<td>$300M+ annual run rate by 2020</td>
</tr>
</tbody>
</table>

Target reflects stable and consistent base business; breakout represents upside potential.
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
- Key Takeaways
- E&C Vision & Strategy
- Business Overview
- Project Highlights
- Business Development Priorities and Pipeline
- Long-term Financial Targets
- Breakout Growth Potential
Key Takeaways

E&C has a balanced risk profile with growing proportion of revenues and earnings from services, in cost-reimbursable and long-term contracts through full life-cycle offerings.

E&C focuses strategically on gas and downstream projects together with brownfields and OPEX facing services positioning for pull-through across the life-cycle.

With a growing base business, E&C remains well positioned to selectively capture differentiated EPC projects and appropriate breakout growth opportunities when they arise.
<table>
<thead>
<tr>
<th>Grow Profits</th>
<th>Strengthen Business Acumen</th>
<th>Build High Performance Culture</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grow core markets: LNG, Fertilizers, Petrochem &amp; IS</td>
<td>Pursue differentiated EPC projects with lower risk profile</td>
<td>Strengthen leadership and supervision</td>
</tr>
<tr>
<td>Capture under-penetrated markets: Chemicals &amp; global OPEX facing markets</td>
<td>Revitalize sales/BD to exercise selectivity and discipline</td>
<td>Build a culture of commitment among employees, subcontractors and partners</td>
</tr>
<tr>
<td>Grow in mid-size projects ($500M – $1B)</td>
<td>Enhance bid, partner and execution scrutiny</td>
<td>Learn from the past</td>
</tr>
</tbody>
</table>

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

Chart: Revenues by Market

- LNG: 30%
- Downstream: 54%
- Upstream: 11%
- Other: 5%

Est. $3.0B Expected Revenues* 2017

*Includes KBR share of unconsolidated JVs
E&C Today – more services, more predictable

Revenue Distribution by Contract Size

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Services</td>
<td>46%</td>
<td>68%</td>
</tr>
<tr>
<td>Major Projects</td>
<td>54%</td>
<td>32%</td>
</tr>
</tbody>
</table>

1. Expected 2017 revenues; includes KBR share of JVs

Backlog by Contract Type

- Lump Sum EPC: 6%
- Services, Maintenance and Reimbursable EPC Contracts: 94%

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 55 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

- Industrial services
- Maintenance including predictive
- Turnarounds & shutdowns
- Specialty welding
- Scaffolding
- Modifications & small cap projects

- Leverage Technology
- Pull-through from T&C
- Early engagement
- Project advisory
- Specialty Consulting

- Operations & Maintenance
- Early Project Advisory
- Project Delivery
- Project Definition

- EPC/EPCm
- Program management
- Construction services
- Commissioning & startup

- Pre-FEED
- FEED

- Engineering & Construction
E&C OVERVIEW

Operational Excellence Model

- Zero Harm
- Plan
- Execute
- Control
- Operational Excellence
- Cost & Schedule
- Quality

- Accountability
- Lessons learned
- Continuous improvement mindset
- Training

- Strong leadership
- Effective team design
- Focus on project set-up
- Efficient processes & tools
- Rigorous selection of partners, vendors & subcontractors
- Estimating knowledge

- Vendor & subcontractor management
- Scope management
- Design and safety management
- Materials and construction management
- Personnel management & productivity

- Cost & schedule control
- Early warning system
- Quality management

58  KBR Investor Day | 2017 | NYSE
Project Highlights

BP Tortue
- BP
- Gas Monetization Project
- Offshore Mauritania
- Field Development Planning + Conceptual Engineering
- Ongoing Pre-FEED/FEED
- Potential EPC Pull through

SADARA Chemical Project
- JV between Saudi Aramco and Dow Chemical
- Al-Jubail, KSA
- Pre-FEED + FEED + Program Management (including C&SU Support)
- 500M construction manhours
- TRIR 0.033
- 8.5M KBR program management manhours
- World's largest petrochemical complex ever built in a single phase
Project Highlights

Magnolia LNG

- Lake Charles Louisiana
- FEED and EPC of Greenfield
- 4 Train x 2.0 Mt/a facility
- has all required FERC and DoE permits and approvals
- Shovel Ready
- First mid-scale in the USGC

Sumatra Oilfield Services

- Chevron Indonesia
- Minas, Duri and Dumai fields, Sumatra
- Just awarded
- 5 year engineering, program and construction management services contract
- International Brown & Root Industrial Services
- Consortium with local firm

EPC
Pull Through
Project Delivery
O&M
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

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019 thru 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue CAGR</td>
<td>Flat to low single digits</td>
<td>10 – 15%</td>
</tr>
<tr>
<td>GP + EE Margins</td>
<td></td>
<td>Upper single digits %</td>
</tr>
<tr>
<td>Segment Operating Income Margins</td>
<td></td>
<td>Mid to upper single digits %</td>
</tr>
<tr>
<td>Segment Operating Cash Flow Conversion</td>
<td></td>
<td>80 – 110% of Net Income</td>
</tr>
</tbody>
</table>

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

10 – 15% CAGR
15 – 30+% CAGR

2018
2019 thru 2021
- Key Takeaways
- Business Overview
- Project Highlights
- T&C Vision & Strategy
- Long-term Financial Targets
Key Takeaways

T&C is a higher growth, high margin business with low risk profile providing key Technologies & Consulting services in the Hydrocarbons sector.

T&C’s differentiated technologies and early customer engagement provide selective pull-through opportunities for Engineering & Construction (E&C).

T&C brings key life-cycle capabilities in Hydrocarbons through Early Project Advisory, Licensing, PEQ and Integrity Management.
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 has consistently delivered high growth and high earnings.

**Business Track Record & Key Differentiators**

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenues</th>
<th>Operating Margins</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2011</td>
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<td>2012</td>
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<td>2014</td>
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<td>2015</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Key Differentiators**

- T&C capability mix fits well with the needs of emerging markets
- Dynamic and dedicated global sales team & platform – pull-through “watch list”
- High value execution centers – engineering & procurement; and dedicated revamp focus
- Early customer engagement; global marketing platform; investment in KBR Consulting
<table>
<thead>
<tr>
<th>Grow Profits: Expand Technology Portfolio</th>
<th>Grow Profits: Increase Scope of Offerings</th>
<th>Grow Profits: Expand geographically</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alkylation</td>
<td>Brownfields &amp; revamps</td>
<td>Prioritize sales efforts in growth markets (Russia, China, Middle East)</td>
</tr>
<tr>
<td>Isomerization</td>
<td>PEQ, catalysts and solvents</td>
<td>Expand consulting presence in Middle East and Asia</td>
</tr>
<tr>
<td>Polycarbonate</td>
<td>Advanced automation and digitalization</td>
<td></td>
</tr>
<tr>
<td>Mega Nitric Acid</td>
<td>Technical services</td>
<td></td>
</tr>
<tr>
<td>Mega Ammonia</td>
<td>KBR Consulting</td>
<td></td>
</tr>
<tr>
<td>GVA 10000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Selected pull-through opportunities for integrated EPC

Preferred supplier of Technologies and Consulting Services to the Hydrocarbons Industry
Life-Cycle Strategy

- Catalysts
- Asset integrity management
- Remote operations monitoring
- Real-time advisory

- Proprietary equipment (PEQ)
- Commissioning services
- Training simulators
- Training services
- Owner’s engineering

Operations & Maintenance

- Field development planning
- Feasibility studies
- KBR Consulting
- Technology selection
- Specialized consulting & advisory
- Automation/digitalization

Early Project Advisory

- Technology licensing & BED
- SURF architecture
- Revamp FEED

Project Definition

Project Delivery

Technology & Consulting
Technology Portfolio Growth Model

1. Identify
   - Market/Customer feedback
   - Strategic portfolio review
   - Technology chain gaps
2. Develop
   - In-house
   - Alliance
   - Acquire
3. Commercialize
   - Advanced chemical engineering
   - Sales & marketing platform
4. Enhance
   - PEQ
   - Catalysts
   - Technical services
   - Licensing

Go to Market Channels
- Direct to Customer
- Through KBR in Integrated EPC offering
- Through other EPC providers
Project Highlights

- **Haike Rullin K-SAAT™**
  - License + BED + PEQ + Catalyst
  - First reference for KBR’s solid acid alkylation technology
  - Expected online by mid-2017
  - China

- **Dyno Nobel Ammonia**
  - License + BED + EPC + Remote Operations Monitoring
  - One of the first ammonia plants to be built in the US over the past 20 years
  - Plant started up in Oct 2016
  - US

- **Lotte Chemical Titan K-COT™**
  - License + BED + PEQ + Proprietary Catalyst
  - First of a kind catalytic cracker for improving site profitability
  - 5-yr Catalyst sales
  - Malaysia
Project Highlights

Maersk Culzean
- Concept + FEED + DED for topsides facilities + support at the Singapore shipyard during fabrication
- Ultra-high pressure and high temperature
- First gas expected in 2019
- UK

Hyundai Oilbank ROSE®
- License + BED + Equipment + Equipment + Largest supercritical SDA designed – in FEED phase
- 58th KBR ROSE® licensee
- Expected online by end of 2018
- Daesan, S. Korea

Eurochem Ammonia Plant
- License + BED + PEQ + Catalyst + Automation Consulting + Asset Integrity
- One of the largest producers in Russia
- Russia

Early Engagement Engineering Pull-through Proprietary Technology Life-cycle Strategy
## Segment Financial Targets

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

T&C delivers growth and balance in earnings at relatively low risk; with potential for selective E&C pull-through
- Business Discipline
  - Global Ethics Compliance Program
  - Project Execution Risk Management
Global Ethics Compliance Program

Common Set of Ethics and Legal Principles
- Applicable to all employees, supervisors, directors and all third parties acting on behalf of KBR

Culture of Accountability
- Employees empowered to report any suspected violations of COBC

Training
- Company mandated training to the Code of Business Conduct (COBC)

Legal and Ethical Compliance
- In compliance with all applicable laws
- KBR does not condone any illegal or unethical actions

Personal Responsibility
- High standards
- Act honestly and ethically
- Open communication
- Guidance and feedback

Ethics Hotline
- For guidance when in doubt
- For reporting suspected violations of COBC

KBR is committed to conducting its business honestly, with integrity, and in compliance with all applicable laws. We do not tolerate illegal or unethical practices by our employees or others working on behalf of the Company.
Project Execution Risk Management

- Leveraging lessons learned to improve commercial performance of projects
- Adhering to enhanced governance processes in the areas of transaction approval and project oversight to ensure informed risk-based decision making.
- Consistent and rigorous application of fit-for-purpose risk processes in particular related to estimating costs, schedule and funding for contractual liabilities.
- Increasing and strengthening our commercial risk management teams across all of our business segments.
- Training to improve the commercial acumen of our pursuit and project teams with the commitment and energy of our successful Zero Harm initiative.
Reference Project – Ichthys LNG

Project status: First train start-up targeted end of 2017
JKC Joint Venture = JGC, Chiyoda, & KBR (30%)

<table>
<thead>
<tr>
<th>Re-Measurable</th>
<th>Lump-Sum</th>
<th>Reimbursable</th>
</tr>
</thead>
<tbody>
<tr>
<td>12% of Project</td>
<td>43% of Project</td>
<td>45% of Project</td>
</tr>
</tbody>
</table>

- **Complete**

<table>
<thead>
<tr>
<th>1. Power plant (89% complete): JKC now managing directly with new subcontract labor</th>
</tr>
</thead>
<tbody>
<tr>
<td>2. LNG/LPG tanks (88% complete): KHI standing behind their commitments</td>
</tr>
<tr>
<td>3. Remaining work complete ✓</td>
</tr>
</tbody>
</table>

1. Site-based mechanical, electrical, and other work at Darwin in progress

Change orders & entitlement claims being negotiated. JKC has strong commercial, legal, and funding positions.
Key Takeaways

- Robust corporate risk management framework utilizing enhanced, fit-for-purpose policies, processes, tools, training.
- Global corporate compliance program to prevent, identify and respond to risks.
- Improved commercial performance via accountability and informed decision making based on lessons learned.
- Driving a commercially astute culture – shift from “We deliver” to “We win and deliver profitable projects” for KBR.
- Key Takeaways
- Overview
- Financial Strategy
- Long-term Financial Targets
- Capital Allocation Strategy
Key Takeaways

Professional services and technology oriented – low risk, low capital intensity business generates predictable and attractive cash flows

Net Income growth targeted to outpace revenue growth through scale, selectivity, differentiation, lean cost structure & low capital intensity

Targeting $800M+ of cumulative cash flow over 2017-2021 for deployment actions for enhanced shareholder value creation
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
  - 62%
  - 33%
  - 5%

- Cost-reimbursable E&P services incl. maintenance
  - Operations & Maintenance/Contingency
    - Early Project Advisory
      - 25%
      - 7%
  - Project Definition
    - Project Delivery
      - 36%

- Fixed Price EPC - Higher risk
  - 64%

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
**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
Financial Targets – Drivers and Assumptions

- Market outlook:
  - Moderate growth in government spending in US and UK markets
    - Above market growth in GS contingency operations support
  - Stable to improving hydrocarbons commodity conditions
    - Modest CAPEX spending recovery in 2018/2019
- Targets reflect current portfolio of KBR; excludes potential M&A
- No episodic gains or losses assumed
- Annual guidance and long-term targets to be updated beginning each fiscal year
Reaffirming Guidance

- EPS, excluding legacy legal fees, now expected above mid-point of $1.10 – $1.40 range
  - Reflects gain on Pemex settlement to be recorded in 2Q17
  - Reflects organic growth for GS, T&C and OpEx projects in E&C, contraction in CapEx projects in E&C, and target margins for all segments
  - Includes $22M, or $0.15 EPS, in amortization
  - Estimate for legacy legal fees is $9M or $0.07 EPS

- EBITDA range: $300M – $350M

- Effective Tax Rate: 25% – 27%

- Operating Cash Flow: $100M – $200M
Adjusted Baseline for 2017

<table>
<thead>
<tr>
<th>In $Millions</th>
<th>Net Income Range</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Low</td>
</tr>
<tr>
<td>2017 Street Consensus</td>
<td></td>
</tr>
<tr>
<td>KBR 2017 Guidance/Implied</td>
<td>$179</td>
</tr>
<tr>
<td>Pemex Gain 2017</td>
<td>($26)</td>
</tr>
<tr>
<td>Adj. Baseline for 2017</td>
<td>$153</td>
</tr>
</tbody>
</table>
## Long-term Targets

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019 thru 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue(^1) Growth Rate</strong></td>
<td>3 – 5%</td>
<td>5 – 10% CAGR</td>
</tr>
<tr>
<td><strong>Net Income Growth Rate(^2)</strong></td>
<td>7 – 10(^{,%3} )</td>
<td>10 – 15% CAGR</td>
</tr>
<tr>
<td><strong>Operating Cash Flow Conversion ratio(^4)</strong></td>
<td>90 – 110%</td>
<td>90 – 110%</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019 thru 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue(^1) Growth Rate</td>
<td>3 – 5%</td>
<td>10 – 25+% CAGR</td>
</tr>
<tr>
<td>Net Income Growth Rate(^2)</td>
<td>7 – 10%(^3)</td>
<td>15 – 35% CAGR</td>
</tr>
<tr>
<td>Operating Cash Flow Conversion ratio(^4)</td>
<td>90 – 110%</td>
<td>90 – 110%</td>
</tr>
</tbody>
</table>

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

$50 – 100M of CAPEX

~$800M to 1B+ Deployable Operating Cash Flow
FINANCIAL OVERVIEW

Actual Capital Deployed, 2014 – 2016

Back to shareholders 25%

<table>
<thead>
<tr>
<th>Category</th>
<th>Total</th>
<th>% Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capex</td>
<td>$74</td>
<td>6%</td>
</tr>
<tr>
<td>Dividends</td>
<td>$140</td>
<td>11%</td>
</tr>
<tr>
<td>Buybacks</td>
<td>$172</td>
<td>14%</td>
</tr>
<tr>
<td>M&amp;A and Divestitures</td>
<td>$859</td>
<td>69%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$1,245</td>
<td>100%</td>
</tr>
</tbody>
</table>
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
Stuart Bradie | President & Chief Executive Officer

CLOSING REMARKS
Vision

Breakout growth potential

Attractive, consistent cash flows

Stable, balanced & sustainable growth
What you can expect

Leverage our full life-cycle professional services, project delivery and technologies to grow profitably.

Drive high performance culture through business discipline, operational & delivery excellence and accountability.

Capture profitable breakout opportunities by leveraging our differentiated capabilities.

Strategically allocate capital with a focus to improve shareholder return.
This is the team that is accountable to deliver
Glossary of Acronyms

AN – Ammonium Nitrate
APAC – Asia Pacific
bbl – Barrel of Oil
BD – Business Development
BED – Basic Engineering Design
BPA – Biophenol-A
C&S – Construction & Start-up
CAGR – Compound average growth rate
CAPEX – Capital Expenses
CIS – Commonwealth of Independent States
DED – Detailed Engineering Design
DoD – Department of Defense
DoE – Department of Energy
E&C – Engineering & Construction
EMEA – Europe, the Middle East and Africa
EPC – Engineering, Procurement and Construction
EPCm – Engineering, Procurement and Construction management
EPS – Earnings Per Share
FCC – Fluid Catalytic Cracking Technology
FEED – Front End Engineering Design
FERC – Federal Energy Regulatory Commission
FFP – Firm Fixed Price
FLNG – Floating LNG
FSRU – Floating Storage Regasification Unit
GAAP – Generally Accepted Accounting Principles
GDP – Gross Domestic Product
GS – Government Services
IS – Industrial Services
JV – Joint Venture
KCATM – KBR Catalytic Olefins Technology
KPI – Key Performance Indicators
KRES – KBR’s Re-Engineering System
K-SAATM – KBR’s Solid Acid Aftylization Technology
LNG – Liquefied Natural Gas
LOGCAP – Logistics Civil Augmentation Program
LPG – Liquid Petroleum Gas
M&A – Mergers & Acquisitions
Mbpd – Million Barrels per Day
ME – The Middle East
MMBTU – Million British Thermal Units
MoD – Ministry of Defence
MRO – Maintenance, Repair and Overhaul
MTPA – Million Tonnnes Per Year
NATO – North Atlantic Treaty Organization
NI – Net Income attributed to KBR
O&M – Operations & Maintenance
OCO – Overseas Contingency Operations
OEM – Original Equipment Manufacturer
OPEX – Operating Expenses
PC – Polycarbonate
PEQ – Proprietary Equipment
PFI – Private Financing Initiative
PoP – Period of Performance
PVC – Polyvinyl Chloride
RDT&E – Research & Development and Testing & Evaluation
SCORET – Selective Cracking Optimum Recovery
SDA – Solvent Deasphalters
SE Asia – South East Asia
SETA – Systems Engineering and Technical Assistance
SURF – Subsea, Umbilicals, Risers and Flowlines
T&C – Technology & Consulting
TRIR – Total Recordable Incident Rate
UAN – Urea Ammonium Nitrate
USD - US Dollar
USGC – US Gulf Coast
VCC – Veba Combi Cracking Technology