

KBR, Inc.
Consolidated Statements of Operations and Comprehensive Income
(In millions, except for per share data)

	Years ended December 31,		
	2019	2018	2017
Revenues	\$ 5,639	\$ 4,913	\$ 4,171
Cost of revenues	(4,986)	(4,329)	(3,732)
Gross profit	653	584	439
Equity in earnings of unconsolidated affiliates	35	79	70
Selling, general and administrative expenses	(341)	(294)	(244)
Acquisition and integration related costs	(2)	(7)	—
Asset impairment and restructuring charges	—	—	(6)
(Gain) loss on disposition of assets	17	(2)	5
Gain on consolidation of Aspire subcontracting entities	—	108	—
Operating income	362	468	264
Interest expense	(99)	(66)	(21)
Other non-operating income (loss)	5	(6)	4
Income before income taxes and noncontrolling interests	268	396	247
(Provision) benefit for income taxes	(59)	(86)	193
Net income	209	310	440
Net income attributable to noncontrolling interests	(7)	(29)	(8)
Net income attributable to KBR	\$ 202	\$ 281	\$ 432
Net income attributable to KBR per share:			
Basic	\$ 1.42	\$ 1.99	\$ 3.05
Diluted	\$ 1.41	\$ 1.99	\$ 3.05
Basic weighted average common shares outstanding	141	140	141
Diluted weighted average common shares outstanding	142	141	141
Cash dividends declared per share	\$ 0.32	\$ 0.32	\$ 0.32
Net income	\$ 209	\$ 310	\$ 440
Other comprehensive income (loss), net of tax:			
Foreign currency translation adjustments, net of taxes of \$1, \$(2) and \$6	(11)	(45)	2
Pension and post-retirement benefits, net of taxes of \$11, \$(14) and \$(27)	(62)	68	125
Changes in fair value of derivatives, net of taxes of \$2, \$3 and \$0	(4)	(11)	—
Total other comprehensive income (loss)	(77)	12	127
Comprehensive income	132	322	567
Less: Comprehensive income attributable to noncontrolling interests	(7)	(29)	(7)
Comprehensive income attributable to KBR	\$ 125	\$ 293	\$ 560

See accompanying notes to consolidated financial statements.

KBR, Inc.
Consolidated Balance Sheets
(In millions, except share data)

	December 31,	
	2019	2018
Assets		
Current assets:		
Cash and equivalents	\$ 712	\$ 739
Accounts receivable, net of allowance for doubtful accounts of \$14 and \$9	938	927
Contract assets	215	185
Other current assets	146	108
Total current assets	2,011	1,959
Claims receivable	59	98
Property, plant, and equipment, net of accumulated depreciation of \$386 and \$355 (including net PPE of \$29 and \$35 owned by a variable interest entity)	130	121
Operating lease right-of-use assets	175	—
Goodwill	1,265	1,265
Intangible assets, net of accumulated amortization of \$184 and \$151	495	516
Equity in and advances to unconsolidated affiliates	850	724
Deferred income taxes	236	222
Other assets	143	147
Total assets	\$ 5,364	\$ 5,052
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	\$ 572	\$ 546
Contract liabilities	484	463
Accrued salaries, wages and benefits	209	221
Nonrecourse project debt	11	10
Operating lease liabilities	39	—
Other current liabilities	186	179
Total current liabilities	1,501	1,419
Pension obligations	277	250
Employee compensation and benefits	115	109
Income tax payable	92	84
Deferred income taxes	16	27
Nonrecourse project debt	7	17
Long term debt	1,183	1,226
Operating lease liabilities	192	—
Other liabilities	124	202
Total liabilities	3,507	3,334
KBR shareholders' equity:		
Preferred stock, \$0.001 par value, 50,000,000 shares authorized, none issued	—	—
Common stock, \$0.001 par value 300,000,000 shares authorized, 178,330,201 and 177,383,302 shares issued, and 141,819,148 and 140,900,032 shares outstanding, respectively	—	—
PIC	2,206	2,190
Retained earnings	1,441	1,235
Treasury stock, 36,511,053 shares and 36,483,270 shares, at cost, respectively	(817)	(817)
AOCL	(987)	(910)
Total KBR shareholders' equity	1,843	1,698
Noncontrolling interests	14	20
Total shareholders' equity	1,857	1,718
Total liabilities and shareholders' equity	\$ 5,364	\$ 5,052

See accompanying notes to consolidated financial statements.

KBR, Inc.
Consolidated Statements of Cash Flows
(In millions)

	Years ended December 31,		
	2019	2018	2017
Cash flows from operating activities:			
Net income	\$ 209	\$ 310	\$ 440
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	104	63	48
Equity in earnings of unconsolidated affiliates	(35)	(79)	(70)
Deferred income tax (benefit) expense	(14)	26	(322)
Loss (gain) on disposition of assets	(17)	2	(5)
Gain on consolidation of Aspire subcontracting entities	—	(108)	—
Other	34	24	29
Changes in operating assets and liabilities, net of acquired businesses:			
Accounts receivable, net of allowance for doubtful accounts	(16)	(203)	92
Contract assets	(31)	25	40
Claims receivable	39	3	430
Accounts payable	23	112	(193)
Contract liabilities	19	(60)	(198)
Accrued salaries, wages and benefits	(9)	11	14
Payments from (advances to) unconsolidated affiliates, net	10	12	11
Distributions of earnings from unconsolidated affiliates	69	75	62
Pension funding	(45)	(41)	(37)
Other assets and liabilities	(84)	(7)	(148)
Total cash flows provided by operating activities	256	165	193
Cash flows from investing activities:			
Purchases of property, plant and equipment	(20)	(17)	(8)
Investments in equity method joint ventures	(146)	(344)	—
Proceeds from sale of assets or investments	9	25	2
Acquisitions of businesses, net of cash acquired	—	(354)	(4)
Adjustments to cash due to consolidation of Aspire entities	—	197	—
Other	(1)	2	(2)
Total cash flows used in investing activities	\$ (158)	\$ (491)	\$ (12)