KBR, Inc. (KBR)

Updated November 11th, 2025, by Sure Dividend Analyst

Key Metrics

Current Price:	$42	**5 Year Annual Expected Total Return:**	20.8%	**Market Cap:**	$5.4 B
Fair Value Price:	$65	**5 Year Growth Estimate:**	10.0%	**Ex-Dividend Date[1]:**	12/15/25
% Fair Value:	65%	**5 Year Valuation Multiple Estimate:**	8.9%	**Dividend Payment Date[1]:**	01/15/26
Dividend Yield:	1.6%	**5 Year Price Target**	$104	**Years Of Dividend Growth:**	6
Dividend Risk Score:	A	**Sector:**	Industrials	**Rating:**	Buy

Overview & Current Events

KBR, Inc. (KBR), formerly Kellogg Brown & Root, is a global technology and engineering solutions provider specializing in mission-critical defense, aerospace, and sustainable energy projects. The company operates in two segments: Mission Technology Solutions, which provides defense, intelligence, space, and classified mission support for government agencies, and Sustainable Technology Solutions, which focuses on clean energy, digital solutions, and advanced engineering services. KBR operates in over 29 countries and employs approximately 35,000 people. The firm generated $7.7 billion in revenue in 2024, and was incorporated in 2006 following its spin-off from Halliburton.

On October 30th, 2025, KBR, Inc. announced its third-quarter 2025 financial results for the period ending October 3rd, 2025. The company reported net income of $115 million for Q3 2025, up from $100 million in Q3 2024, primarily driven by strong project execution, particularly in the LNG segment, and improved profitability across both business segments. Diluted earnings per share (EPS) rose to $0.90, compared to $0.75 in the prior-year quarter.

Quarterly net sales reached $1.93 billion, flat year-over-year. The Mission Technology Solutions (MTS) segment reported revenues of $1.406 billion, unchanged from Q3 2024, supported by strength in defense and intelligence, offset by EUCOM reductions and NASA funding delays. The Sustainable Technology Solutions (STS) segment posted revenues of $525 million, down 1%, due to delays in new awards. Adjusted EBITDA totaled $240 million, up 10% from $219 million a year ago, with an adjusted EBITDA margin of 12.4%, up from 11.3%.

Management now expects full-year 2025 revenue between $7.75 billion and $7.85 billion, revised down from the prior $7.9 billion to $8.1 billion range, compared to $7.7 billion in 2024. If revenue reaches the upper end of guidance, 2025 would still mark a new all-time high.

Adjusted EPS is projected between $3.78 and $3.88, with a midpoint of $3.83, representing a 14.7% increase from $3.34 in 2024. Adjusted EBITDA is forecasted at $960 million to $980 million, up 14% year-over-year, while operating cash flow is expected to grow to $500 million–$550 million. Capital expenditures are expected in the range of $30 million to $40 million, supporting technology investments. Growth in 2025 will be driven by higher contract volumes, defense and space expansion, and rising demand for clean energy solutions, with a substantial portion of projected revenue already under contract.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	$1.29	$1.41	$1.53	$1.75	$1.65	$2.01	$2.37	$2.81	$2.91	$3.34	***$3.80***	***$6.12***
DPS	$0.32	$0.32	$0.32	$0.32	$0.32	$0.40	$0.44	$0.48	$0.54	$0.60	***$0.66***	***$1.06***
Shares[2]	142	140	138	137	136	135	134	136	135	134	***128***	***125***

The company has grown earnings by 11.1% per year in the last decade and 13.6% over the past five years. We expect earnings to grow on average by 10% per year for the next five years. The company has been able to increase its dividend for six consecutive years. Over the last five years, the average annual dividend growth rate is 10.5%. In February 2025,

[1] Estimated date
[2] In millions.

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the company increased its quarterly dividend by 10% from $0.15 to $0.165 per share. KBR repurchased $304 million of its shares year-to-date through Q3 2025, with $452 million remaining in its buyback authorization.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	18.9	35.5	38.9	8.7	18.5	15.4	20.1	18.8	19.0	17.3	***11.1***	***17.0***
Avg. Yld.	1.9%	1.9%	1.6%	2.1%	1.1%	1.3%	0.9%	0.9%	1.0%	1.0%	***1.6%***	***1.0%***

During the past decade KBR shares have traded with an average price-to-earnings ratio of about 21.1 and today, it stands at 11.1. We are using 17 times earnings as a fair value baseline, implying the potential for a valuation tailwind. The company's dividend yield of 1.6% is above the average yield of 1.4% over the past decade.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	25%	23%	21%	18%	19%	20%	19%	17%	19%	18%	***17%***	***17%***

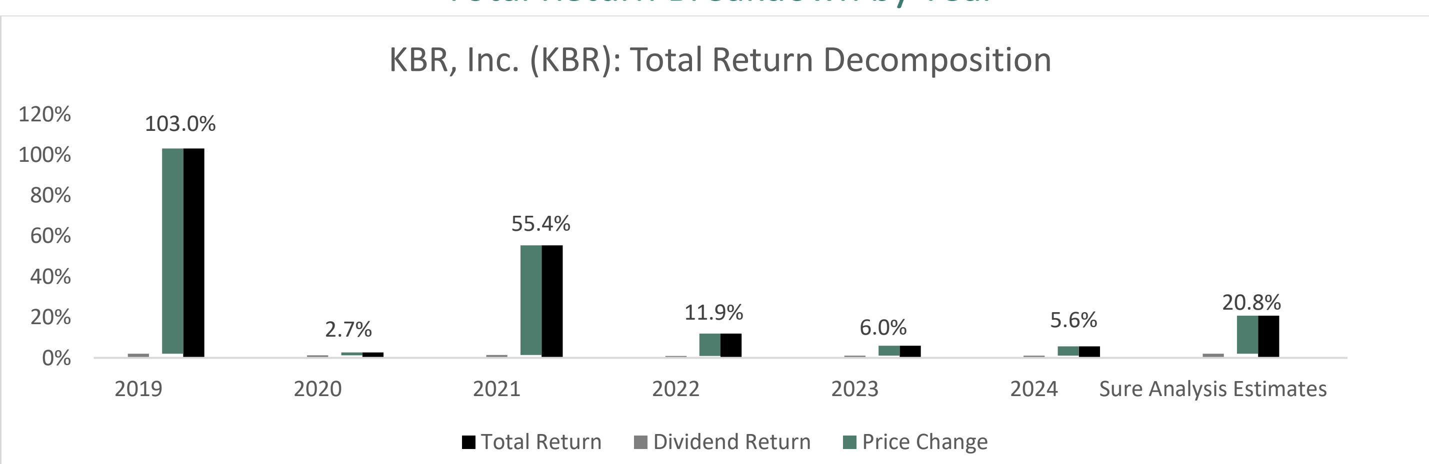
During the past five years, the company's dividend payout ratio has averaged around 17%. KBR's dividend is comfortably covered by earnings. Given the expected earnings growth, there is room for the dividend to continue to grow at least at the same pace and keep the payout ratio around the same levels which is safe.

KBR operates a technology-driven business model focused on mission-critical solutions for defense, aerospace, and sustainable energy markets. Its Mission Technology Solutions (MTS) segment provides classified defense, space, and intelligence services, while Sustainable Technology Solutions (STS) specializes in clean energy, digital engineering, and industrial services. Strengths include a $23.4 billion backlog and options (excluding long-term UK PFIs and the HomeSafe Alliance JV), supported by a strong 1.4x book-to-bill ratio in Q3 2025, high-margin government contracts, and recurring revenue streams from technology licensing. Attention items include interest rate risks, contract execution challenges, and geopolitical uncertainties. With a substantial portion of 2025 revenue already under contract, KBR remains well-positioned for growth, driven by defense spending, clean energy demand, and continued digital transformation.

Final Thoughts & Recommendation

KBR is a leading provider of mission-critical defense, aerospace, and sustainable technology solutions, supported by a strong backlog and recurring government contracts. The company's expansion in clean energy and digital services positions it for long-term growth. Managing interest costs, contract execution, and geopolitical risks will be key priorities while capitalizing on defense and energy transition opportunities. We estimate total return potential of 20.8% per year for the stock over the next five years based on a 10% earnings-per-share growth, the dividend yield of 1.6%, and a valuation tailwind. Shares earn a buy rating.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	5,096	4,268	4,171	4,913	5,639	5,767	7,339	6,564	6,956	7,742
Gross Profit	325	112	439	584	653	666	806	828	977	1,103
Gross Margin	6.4%	2.6%	10.5%	11.9%	11.6%	11.5%	11.0%	12.6%	14.0%	14.2%
SG&A Exp.	155	133	244	294	341	335	393	420	488	544
D&A Exp.	39	45	48	63	104	115	146	137	141	156
Operating Profit	170	(21)	195	290	312	331	399	404	485	548
Op. Margin	3.3%	-0.5%	4.7%	5.9%	5.5%	5.7%	5.4%	6.2%	7.0%	7.1%
Net Profit	203	(61)	432	281	202	(72)	27	190	(265)	375
Net Margin	4.0%	-1.4%	10.4%	5.7%	3.6%	-1.2%	0.4%	2.9%	-3.8%	4.8%
Free Cash Flow	37	50	185	148	236	347	248	325	251	385
Income Tax	86	84	(193)	86	59	26	111	92	95	130

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	3,412	4,144	3,674	5,052	5,360	5,705	6,204	5,566	5,565	6,663
Cash & Equivalents	830	480	378	421	452	285	254	282	172	231
Acc. Receivable	628	592	510	927	938	899	1,411	942	981	1,071
Goodwill & Int.	359	1,207	1,207	1,781	1,760	2,444	2,768	2,732	2,727	3,393
Total Liabilities	2,360	3,399	2,453	3,334	3,507	4,096	4,521	3,934	4,171	5,196
Accounts Payable	487	582	380	579	613	596	1,039	637	593	777
Long-Term Debt	61	693	508	1,275	1,228	1,603	1,891	1,740	1,832	2,569
Total Equity	1,065	757	1,229	1,698	1,839	1,580	1,669	1,620	1,383	1,453
LTD/E Ratio	0.06	0.92	0.41	0.75	0.67	1.01	1.13	1.07	1.32	1.77

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	5.4%	-1.6%	11.1%	6.4%	3.9%	-1.3%	0.5%	3.2%	-4.8%	6.1%
Return on Equity	20.4%	-6.8%	43.9%	19.1%	11.3%	-4.2%	1.6%	11.5%	-17.5%	26.2%
ROIC	19.1%	-4.8%	27.3%	11.9%	6.7%	-2.3%	0.8%	5.5%	-8.0%	10.3%
Shares Out.	142	140	138	137	136	135	134	136	135	134
Revenue/Share	35.39	30.06	29.58	34.84	39.71	40.61	52.05	42.08	51.53	57.78
FCF/Share	0.26	0.35	1.31	1.05	1.66	2.44	1.76	2.08	1.86	2.87

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.