KBR, Inc. (KBR)

Updated May 23rd, 2026, by Sure Dividend Analyst

Key Metrics

Current Price:	$33	**5 Year Annual Expected Total Return:**	25.5%	**Market Cap:**	$4.2 B
Fair Value Price:	$68	**5 Year Growth Estimate:**	8.0%	**Ex-Dividend Date[1]:**	06/15/26
% Fair Value:	49%	**5 Year Valuation Multiple Estimate:**	15.2%	**Dividend Payment Date[1]:**	07/15/26
Dividend Yield:	2.0%	**5 Year Price Target**	$100	**Years Of Dividend Growth:**	6
Dividend Risk Score:	B	**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 28 countries and employs approximately 35,000 people. The firm generated $7.79 billion in revenue in 2025 and was incorporated in 2006 following its spin-off from Halliburton.

On May 5th, 2026, KBR, Inc. announced its first-quarter fiscal 2026 financial results for the period ending April 3rd, 2026. The company reported net income of $102 million for Q1 2026, down from $116 million in Q1 2025, primarily driven by lower revenues associated with the expected EUCOM contingency runoff, partially offset by lower interest expense and disciplined execution. Adjusted earnings per share (EPS) declined to $0.96, compared to $1.01 in the prior-year quarter.

Quarterly revenues reached $1.923 billion, down 5% year-over-year due primarily to the expected runoff of EUCOM contingency scope. The Mission Technology Solutions (MTS) segment reported revenues of $1.296 billion, down 6% year-over-year, reflecting declines in U.S. Defense and Intelligence work from EUCOM runoff and funding restrictions at NASA, partially offset by growth in international defense programs. The Sustainable Technology Solutions (STS) segment posted revenues of $627 million, down 2% year-over-year, primarily due to U.S. projects nearing completion, partially offset by ramp-up activity in the Middle East from recent awards. Adjusted EBITDA totaled $251 million, up 1% from $248 million a year ago, with an adjusted EBITDA margin of 13.1%, up from 12.3%, reflecting margin expansion of 80 basis points.

Looking ahead, management reaffirmed fiscal 2026 guidance projecting revenue between $7.90 billion and $8.36 billion, with a midpoint of $8.13 billion. Adjusted EBITDA is expected in the range of $980 million to $1.04 billion, with a midpoint of $1.01 billion. Adjusted EPS is projected between $3.87 and $4.22, with a midpoint of $4.05. Adjusted operating cash flow is expected to be between $560 million and $600 million, while capital expenditures are forecast at approximately $40 million to $50 million. Growth in 2026 is expected to be supported by strong backlog coverage, improving award momentum, defense and space program expansion, and continued demand for energy security and sustainable technology solutions.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$1.41	$1.53	$1.75	$1.65	$2.01	$2.37	$2.81	$2.91	$3.34	$3.93	***$4.00***	***$5.88***
DPS	$0.32	$0.32	$0.32	$0.32	$0.40	$0.44	$0.48	$0.54	$0.60	$0.66	***$0.66***	***$0.97***
Shares[2]	140	138	137	136	135	134	136	135	134	127	***127***	***125***

The company has grown earnings by 12.1% per year in the last decade and 11.0% over the past five years. We expect earnings to grow on average by 8% per year for the next five years. The company has been able to increase its dividend

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[1] Estimated date

[2] In millions.

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

for six consecutive years. Over the last five years, the average annual dividend growth rate is 8.4%. In February 2025, the company increased its quarterly dividend by 10% from $0.15 to $0.165 per share. As of April 3rd, 2026, the company had approximately $427 million remaining under its share repurchase authorization.

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	35.5	38.9	8.7	18.5	15.4	20.1	18.8	19.0	17.3	12.6	***8.4***	***17.0***
Avg. Yld.	1.9%	1.6%	2.1%	1.1%	1.3%	0.9%	0.9%	1.0%	1.0%	1.6%	***2.0%***	***1.0%***

During the past decade KBR shares have traded with an average price-to-earnings ratio of about 20.5 and today it stands at 8.4. We are using 17 times earnings as a fair value baseline, implying the potential for a valuation tailwind. The company's dividend yield of 2.0% is above the average yield of 1.3% over the past decade.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	23%	21%	18%	19%	20%	19%	17%	19%	18%	17%	***17%***	***17%***

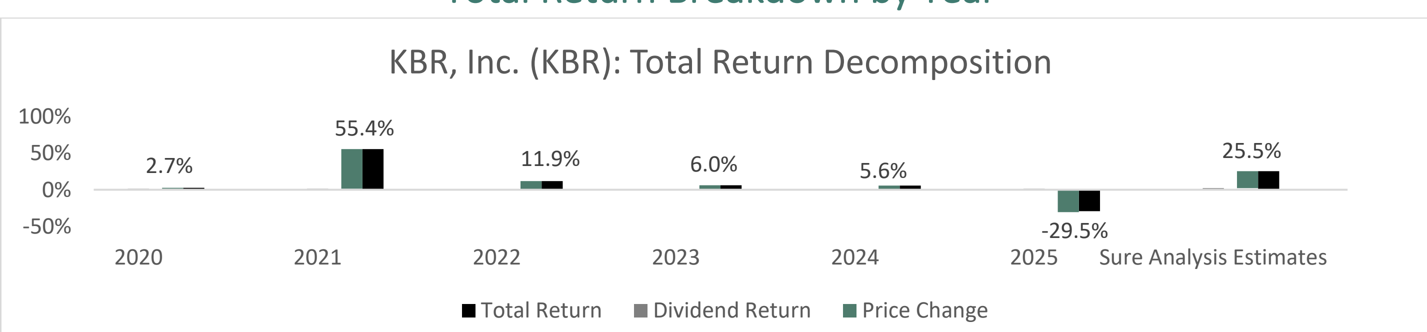
During the past five years, the company's dividend payout ratio has averaged around 18%. KBR's dividend is comfortably covered by earnings. Given the expected earnings growth, there is room for the dividend to continue to grow at least at the same pace and keep the payout ratio around the same levels which is safe.

KBR operates a technology-driven business model focused on mission-critical solutions for defense, aerospace, and energy security markets. Its Mission Technology Solutions (MTS) segment provides defense, intelligence, space, cyber, and mission support services, while Sustainable Technology Solutions (STS) specializes in proprietary technologies, digital engineering, energy transition solutions, and advanced industrial services. Strengths include a $23.2 billion backlog and options, supported by a 1.1x quarterly book-to-bill ratio, $18.5 billion in MTS backlog and options, $4.7 billion in STS backlog, strong visibility from work under contract, and recurring revenue streams from technology licensing and long-term services agreements. Approximately 91% of MTS and 67% of STS revenue required to achieve FY2026 guidance is already under contract, providing meaningful revenue visibility. Attention items include interest expense pressures associated with unconsolidated joint ventures, contract execution challenges, procurement timing and funding restrictions within government programs, bid protest activity, and broader geopolitical uncertainties. With durable demand trends across defense modernization, space programs, energy security, and digital transformation initiatives, KBR remains well positioned for growth while advancing its planned Mission Technology Solutions spin-off.

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 contract. KBR's growing exposure to energy security, digital solutions, and defense modernization supports its long-term growth outlook. We estimate total return potential of 25.5% per year for the stock over the next five years based on an 8% earnings-per-share growth, the dividend yield of 2.0%, and a valuation tailwind. Shares earn a buy rating.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	4,268	4,171	4,913	5,639	5,767	7,339	6,564	6,956	7,742	7,786
Gross Profit	112	439	584	653	666	806	828	977	1,103	1,150
Gross Margin	2.6%	10.5%	11.9%	11.6%	11.5%	11.0%	12.6%	14.0%	14.2%	14.8%
SG&A Exp.	133	244	294	341	335	393	420	488	544	578
D&A Exp.	45	48	63	104	115	146	137	141	156	169
Operating Profit	(21)	195	290	312	331	399	404	485	548	782
Op. Margin	-0.5%	4.7%	5.9%	5.5%	5.7%	5.4%	6.2%	7.0%	7.1%	10.0%
Net Profit	(61)	432	281	202	(72)	27	190	(265)	375	457
Net Margin	-1.4%	10.4%	5.7%	3.6%	-1.2%	0.4%	2.9%	-3.8%	4.8%	5.9%
Free Cash Flow	50	185	148	236	347	248	325	251	385	482
Income Tax	84	(193)	86	59	26	111	92	95	130	156

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	4,144	3,674	5,052	5,360	5,705	6,204	5,566	5,565	6,663	6,584
Cash & Equivalents	480	378	421	452	285	254	282	172	231	500
Acc. Receivable	592	510	927	938	899	1,411	942	981	1,071	1,086
Goodwill & Int.	1,207	1,207	1,781	1,760	2,444	2,768	2,732	2,727	3,393	3,404
Total Liabilities	3,399	2,453	3,334	3,507	4,096	4,521	3,934	4,171	5,196	5,072
Accounts Payable	582	380	579	613	596	1,039	637	593	777	712
Long-Term Debt	693	508	1,275	1,228	1,603	1,891	1,740	1,832	2,569	2,832
Total Equity	757	1,229	1,698	1,839	1,580	1,669	1,620	1,383	1,453	1,503
LTD/E Ratio	0.92	0.41	0.75	0.67	1.01	1.13	1.07	1.32	1.77	1.92

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	-1.6%	11.1%	6.4%	3.9%	-1.3%	0.5%	3.2%	-4.8%	6.1%	6.9%
Return on Equity	-6.8%	43.9%	19.1%	11.3%	-4.2%	1.6%	11.5%	-17.5%	26.2%	30.7%
ROIC	-4.8%	27.3%	11.9%	6.7%	-2.3%	0.8%	5.5%	-8.0%	10.3%	10.5%
Shares Out.	140	138	137	136	135	134	136	135	134	129
Revenue/Share	30.06	29.58	34.84	39.71	40.61	52.05	42.08	51.53	57.78	60.36
FCF/Share	0.35	1.31	1.05	1.66	2.44	1.76	2.08	1.86	2.87	3.74

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