KBR, Inc. (KBR)

Updated August 11th, 2026, by Sure Dividend Analyst

Key Metrics

Current Price:	$38	**5 Year Annual Expected Total Return:**	22.1%	**Market Cap:**	$4.8 B
Fair Value Price:	$68	**5 Year Growth Estimate:**	8.0%	**Ex-Dividend Date[1]:**	09/15/26
% Fair Value:	56%	**5 Year Valuation Multiple Estimate:**	12.2%	**Dividend Payment Date[1]:**	10/15/26
Dividend Yield:	1.7%	**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 July 30th, 2026, KBR, Inc. announced its second-quarter fiscal 2026 financial results for the period ending July 3rd, 2026. The company reported net income attributable to KBR of $96 million for Q2 2026, up 32% from $73 million in Q2 2025, reflecting higher gross profit, lower selling, general and administrative expenses, lower interest expense and the absence of prior-year losses from discontinued operations associated with the HomeSafe contract termination, partially offset by one-time spin-off costs and other charges related to the planned separation. Adjusted earnings per share (EPS) increased to $0.99, compared to $0.91 in the prior-year quarter, representing growth of 9%.

Quarterly revenues reached $1.984 billion, up 2% year-over-year, driven by continued ramp-up of recently awarded projects within Sustainable Technology Solutions and growth in Mission Technology Solutions across International Government Clients, partially offset by the expected EUCOM contingency runoff. The Mission Technology Solutions (MTS) segment reported revenues of $1.308 billion, down 2% year-over-year, as continued expansion in Australia and the United Kingdom was more than offset by lower EUCOM contingency-related activity and reduced activity within U.S. Government Federal Civilian Clients; excluding the EUCOM runoff, revenues increased year-over-year. The Sustainable Technology Solutions (STS) segment posted revenues of $676 million, up 10% year-over-year, driven by continued execution of previously awarded work and ramp-up of newer project awards, particularly in the Middle East and Latin America, with additional growth in Australia and Asia, partially offset by U.S. projects nearing completion. Adjusted EBITDA totaled $258 million, up 7% from $242 million a year ago, with an adjusted EBITDA margin of 13.0%, up from 12.4%, reflecting strong project execution, favorable portfolio mix, and continued cost discipline.

Looking ahead, management reaffirmed fiscal 2026 guidance projecting revenue between $7.90 billion and $8.36 billion, with a midpoint of $8.13 billion. Growth in 2026 is expected to be supported by healthy demand across core markets, strong customer relationships, disciplined execution, record STS backlog, continued international government demand and growing visibility from awarded MTS work.

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***

[1] Estimated date

[2] In millions.

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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 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 July 3rd, 2026, the company had approximately $402 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	***9.6***	***17.0***
Avg. Yld.	1.9%	1.6%	2.1%	1.1%	1.3%	0.9%	0.9%	1.0%	1.0%	1.6%	***1.7%***	***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 9.6. We are using 17 times earnings as a fair value baseline, implying the potential for a valuation tailwind. The company's dividend yield of 1.7% is above the average yield of 1.3% over the past decade.

Safety, Quality, Competitive Advantage, & Recession Resiliency

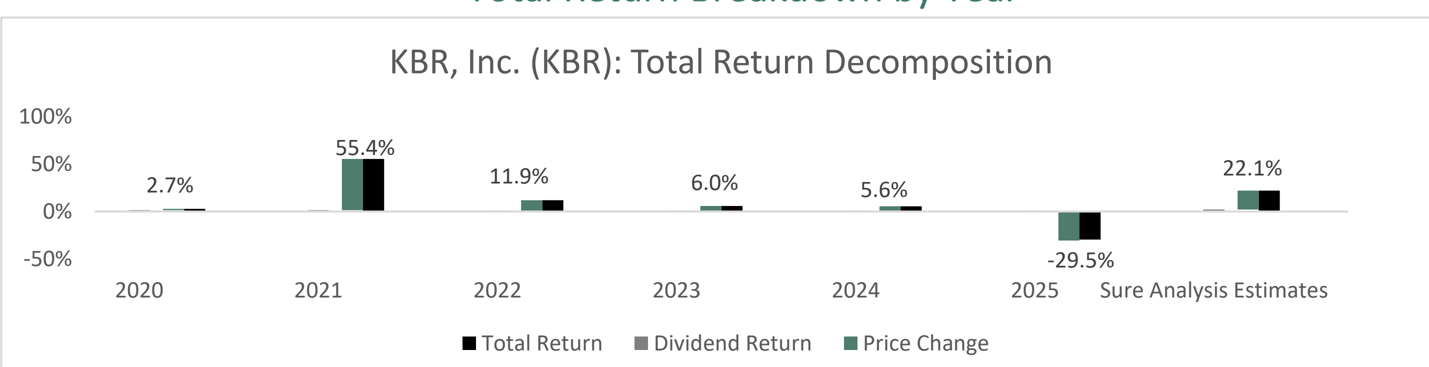
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	23%	21%	18%	19%	20%	19%	17%	19%	18%	17%	***17%***	***17%***

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) provides proprietary technologies, engineering, and energy solutions. Strengths include $23.0 billion in backlog and options, a 1.1x quarterly book-to-bill ratio, and record STS backlog of $5.5 billion. Approximately 94% of MTS and 80% of STS revenue required to achieve FY2026 guidance is under contract, providing strong visibility. Attention items include government funding constraints, bid protests, project execution and procurement timing, geopolitical uncertainty, and risks related to the planned MTS spin-off. KBR remains well positioned to benefit from demand across defense, space, energy security, and technology markets.

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. KBR's growing exposure to energy security, digital solutions, and defense modernization supports its long-term growth outlook. We estimate total return potential of 22.1% per year for the stock over the next five years based on an 8% earnings-per-share growth, the dividend yield of 1.7%, 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.