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KBR, INC.
Form 10-Q
August 04, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

ý Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended June 30, 2015

OR
.. Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition
period from to
Commission File Number: 1-33146

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

20-4536774
(I.R.S. Employer Identification No.)

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

77002
(Zip Code)

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ý No ..

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ý No ..

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ý Accelerated filer ..
Non-accelerated filer .. (Do not check if a smaller reporting company) Smaller reporting company ..

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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes No

As of July 14, 2015, there were 144,345,972 shares of KBR, Inc. Common Stock, par value \$0.001 per share, outstanding.

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Forward-Looking and Cautionary Statements

This report contains certain statements that are, or may be deemed to be, “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The Private Securities Litigation Reform Act of 1995 provides safe harbor provisions for forward-looking information. Some of the statements contained in this quarterly report are forward-looking statements. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. The words “believe,” “may,” “estimate,” “continue,” “anticipate,” “intend,” “plan,” “expect” and similar expressions are intended to identify forward-looking statements. Forward-looking statements include information concerning our possible or assumed future financial performance and results of operations.

We have based these statements on our assumptions and analyses in light of our experience and perception of historical trends, current conditions, expected future developments and other factors we believe are appropriate in the circumstances. Forward-looking statements by their nature involve substantial risks and uncertainties that could significantly affect expected results, and actual future results could differ materially from those described in such statements. While it is not possible to identify all factors, factors that could cause actual future results to differ materially include the risks and uncertainties disclosed in our 2014 Annual Report on Form 10-K contained in Part I under “Risk Factors.”

Many of these factors are beyond our ability to control or predict. Any of these factors, or a combination of these factors, could materially and adversely affect our future financial condition or results of operations and the ultimate accuracy of the forward-looking statements. These forward-looking statements are not guarantees of our future performance, and our actual results and future developments may differ materially and adversely from those projected in the forward-looking statements. We caution against putting undue reliance on forward-looking statements or projecting any future results based on such statements or on present or prior earnings levels. In addition, each forward-looking statement speaks only as of the date of the particular statement, and we undertake no obligation to publicly update or revise any forward-looking statement.

PART I. FINANCIAL INFORMATION

Item 1. Financial Information

KBR, Inc.

Condensed Consolidated Statements of Operations

(In millions, except for per share data)

(Unaudited)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2015	2014	2015	2014
Revenues	\$1,381	\$1,659	\$2,817	\$3,292
Cost of revenues	(1,307)	(1,631)	(2,673)	(3,225)
Gross profit	74	28	144	67
Equity in earnings of unconsolidated affiliates	53	49	88	80
General and administrative expenses	(42)	(60)	(81)	(120)
Asset impairment and restructuring charges	(17)	—	(19)	—
Gain on disposition of assets	28	8	28	8
Operating income	96	25	160	35
Other non-operating income (expenses)	(5)	(7)	1	(16)
Income before income taxes and noncontrolling interests	91	18	161	19
Provision for income taxes	(23)	(10)	(42)	(31)
Net income (loss)	68	8	119	(12)
Net income attributable to noncontrolling interests	(6)	(16)	(13)	(39)
Net income (loss) attributable to KBR	\$62	\$(8)	\$106	\$(51)
Net income (loss) attributable to KBR per share:				
Basic	\$0.43	\$(0.06)	\$0.73	\$(0.35)
Diluted	\$0.43	\$(0.06)	\$0.73	\$(0.35)
Basic weighted average common shares outstanding	144	145	144	146
Diluted weighted average common shares outstanding	144	145	144	146
Cash dividends declared per share	\$0.08	\$0.08	\$0.16	\$0.16

See accompanying notes to condensed consolidated financial statements.

KBR, Inc.

Condensed Consolidated Statements of Comprehensive Income (Loss)

(In millions)

(Unaudited)

	Three Months Ended		Six Months Ended		
	June 30,		June 30,		
	2015	2014	2015	2014	
Net income (loss)	\$68	\$8	\$119	\$(12)
Other comprehensive income (loss), net of tax:					
Foreign currency translation adjustments:					
Foreign currency translation adjustments, net of tax	(3) 13	(61) 22	
Reclassification adjustment included in net income	—	1	—	1	
Foreign currency translation adjustments, net of taxes of \$(1), \$2, \$(1) and \$5	(3) 14	(61) 23	
Pension and post-retirement benefits, net of tax:					
Actuarial losses, net of tax	—				