WOOD GROUP

2013 Final Results
18 February 2014

Safety
& Assurance

Relationships

Social
Responsibility

People

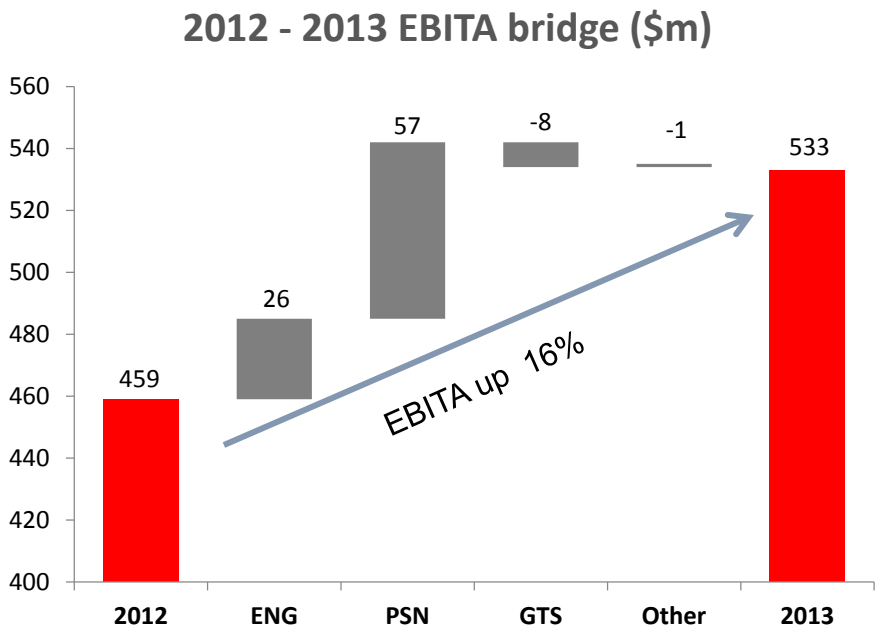
Innovation

Financial
Responsibility

Integrity

Financial highlights

- Total revenue up 3% and Total EBITA[1] up 16% to $533m
- Adjusted diluted EPS[2] of 98.6 cents up 16%
- Engineering: growth in Upstream, Subsea & pipeline and Downstream
- PSN: Strong North Sea and US shale performance
- GTS: fall in Power Solutions partly offset by growth in Maintenance



Good growth in 2013 and performance in line with expectations

See footnotes on slide 18

CEO review: risk, performance and fit

- **Risk**: Reduced fixed price exposure (<10% of revenue)
- **Performance** : GTS:Siemens JV, PSN, Oman
- **Fit**: Remain a lower risk , reimbursable business
  - Focus on oil & gas market with strong fundamentals
  - Leading positions in upstream , subsea and production support
  - Balance of opex and capex

Strategy remains sound and positions us well

CEO review: M&A, capital structure, collaboration

- **M&A** : $276m invested in 2013 including $215m on Elkhorn
- **Capital Structure**
  - Debt:EBITDA typically < 1.0x
  - Reinvest cashflow in organic and acquisitive growth
  - Progressive dividend policy; up 29% in 2013 and 25% increase planned in 2014
- **Collaboration** : rebranding to improve customer awareness

2013 Final Results – Financial review
Alan Semple - CFO

Financial results

	2013 $m	2012 $m	Change %
Total revenue	**7,064**	**6,828**	**3%**
Total EBITA	**533**	**459**	**16%**
EBITA margin	*7.5%*	*6.7%*	*0.8pts*
Amortisation	(102)	(86)	
Exceptional items	1	1	
Total operating profit	**432**	**374**	**15%**
Net finance expense	(19)	(13)	
Profit before tax	**413**	**361**	**14%**
Taxation	(112)	(103)	
Profit for the period	**301**	**258**	**16%**
Adjusted diluted EPS (AEPS)	**98.6c**	**85.2c**	**16%**
Dividend	**22.0c**	**17.0c**	**29%**

EBITA and AEPS up 16%; dividend up 29%

Pro forma financial results

	2013 $m			2012 $m		
	Revenue	EBITA	*Margin*	Revenue	EBITA	*Margin*
Wood Group Engineering	1,981	244	*12.3%*	1,767	217	*12.3%*
Wood Group PSN	3,887	255	*6.6%*	3,724	223	*6.0%*
Wood Group GTS	1,083	81	*7.5%*	1,339	88	*6.6%*
Wood Group GTS – divested				7	(2)	
Central costs		(56)			(52)	
Pro forma[3]	**6,951**	**524**	***7.5%***	**6,837**	**474**	***6.9%***
Growth	*2%*	*11%*				
Acquisitions	113	9		(100)	(22)	
Constant currency	-	-		91	7	
Total as reported	**7,064**	**533**	***7.5%***	**6,828**	**459**	***6.7%***

11% EBITA growth on a pro forma basis

See footnotes on slide 18

Exceptional items

	2013 $m	2012 $m
Integration, restructuring, acquisition and JV formation charges	(26)	(14)
Onerous contract in Oman	(28)	-
Lease termination income	15	-
Bad debt recoveries/(write off)	6	(10)
Business divested in prior years	34	27
Impairment of goodwill	-	(2)
Total exceptional items	**1**	**1**
Tax	1	-
Total exceptional items after tax	**2**	**1**

Tax

	2013 $m	2012 $m
Profit before tax	413	361
Tax charge	**112**	**103**
Effective tax rate	**27.5%**	**28.6%**

Forecasting effective tax rate of c27.5%

Cash flow

	2013 $m	2012 $m
Cash generated pre working capital	**598**	**521**
Working capital movements	(62)	(193)
Cash generated from operations	**536**	**328**
Acquisitions & deferred consideration	(290)	(189)
Capex & intangible assets	(142)	(127)
Disposal of subsidiaries	-	41
Interest, tax, dividends & other	(259)	(204)
Net increase in net debt	**(155)**	**(151)**
Closing net debt	**(310)**	**(155)**

Strong cash flow and key strategic acquisitions

Balance sheet

	December 2013 $m	December 2012 $m
Net operating assets	**2,726**	**2,390**
Net borrowings	(310)	(155)
Net assets	**2,416**	**2,235**
Non controlling interests	(9)	(8)
Shareholders' funds	**2,407**	**2,227**
ROCE[4]	19.4%	19.3%
Average gross debt[5]	436	357
Average net debt[5]	258	141
Closing gross debt	493	327
Closing net debt	310	155
Net Debt:EBITDA	0.5x	0.3x

Expect Net Debt:EBITDA typically <1.0x

See footnotes on slide 18

2013 Final Results – Operational review
Bob Keiller - CEO

Wood Group Engineering

	2013 $m	2012 $m	Change %
Revenue	**1,985**	1,787	11%
EBITA	**246**	220	12%
Margin	**12.4%**	12.3%	0.1pts
Headcount[6]	**10,700**	10,200	5%

Upstream (c40% of revenue)

- good contribution from Mafumeira Sul and Ichthys
- active on offshore projects but slower pace of new awards
- weak upstream oil sands market in Western Canada

Subsea & Pipelines (c40% of revenue)

- strong subsea activity particularly in the US
- brownfield subsea market in Australia developing
- onshore pipelines benefitting from US shale

Downstream, process & industrial (c20% of revenue)

- up on 2012 but market remains competitive

Delivered growth in all three segments in 2013

Wood Group PSN

	2013 $m	2012 $m	Change %
Revenue	**3,996**	3,691	8%
EBITA	**262**	205	28%
Margin	**6.6%**	5.6%	1.0pt
Headcount	**31,100**	29,200	10%

Americas (c30% of revenue)

- good growth led by US onshore shale business
- Acquisition of Elkhorn, Wyoming based construction services provider

North Sea (c40% of revenue)

- contract renewals maintain leading position and provide visibility
- acquisition of Pyeroy expands range of services

International (c30% of revenue)

- performance held back by PDO contract in Oman; jointly agreed transition plan with customer to exit
- progress in Europe, Africa and Asia Pacific

Strong growth includes full year contribution from US shale acquisitions

Wood Group GTS

	2013 $m	2012 $m	Change %
Revenue	**1,083**	1,343	(19)%
EBITA	**81**	89	(9)%
Margin	**7.5%**	6.6%	0.9pts
Headcount	**3,500**	3,400	3%

Maintenance

- strength in power plant services; deferrals in aero derivative activities

Power Solutions

- final settlement on GWF; good contribution from NRG and Pasadena
- Dorad profitable overall but loss making in 2013; completion expected in Q1

Siemens JV (signed October)

- 51%:49% Wood Group:Siemens
- complementary customers, geographies and access to OEM knowhow
- net synergies to Wood Group of c$15m by year three
- all gas turbine activities to be reported in Wood Group PSN from completion in H1

Siemens JV to improve future prospects of gas turbine activities

Summary and outlook

- Good growth in 2013; EBITA and AEPS up 16%
- Strategy remains sound and positions us well for the longer term
- $276m on strategic acquisitions with further M&A anticipated
- GTS:Siemens JV to address underperformance
- Overall outlook for 2014 remains unchanged:
  - Wood Group Engineering - continue to anticipate reduced EBITA in 2014
    - growth in Subsea & Pipelines but reduction in Upstream
    - good long term market but slower pace of significant offshore awards
  - Wood Group PSN – positioned to deliver good growth in 2014 led by US shale
    - strength in US shale and North Sea
    - gas turbine related activities expected to be broadly flat
  - Overall, mix of opex and capex activities and contribution of acquisitions expected to lead to growth

Continue to anticipate further growth in 2014

Footnotes

Footnotes

1. Total EBITA includes continuing and discontinued operations and represents total operating profit of $431.4m (2012: $374.3m) before exceptional income of $0.5m (2012: $0.7m) and the deduction of amortisation of $102.1m (2012: $85.5m) and is provided as it is a key unit of measurement used by the Group in the management of its business. Total operating profit for the year comprises operating profit from continuing operations of $365.6m (2012 $335.0m) and operating profit from discontinued operations of $65.8m (2012: $39.3m).

2. Adjusted diluted earnings per share is calculated by dividing earnings before exceptional items and amortisation, net of tax, by the weighted average number of ordinary shares in issue during the period, excluding shares held by the Group's employee ownership trusts and adjusted to assume conversion of all potentially dilutive ordinary shares.

3. Pro forma performance restates the 2012 results to include the results of acquisitions made in 2012 as if they had been acquired on 1 January 2012 and also to apply the average exchange rates used to translate the 2013 results. The 2013 results exclude the post-acquisition results of the Pyeroy, Elkhorn and Intetech acquisitions made during 2013.

4. Return of Capital Employed (ROCE) is Total EBITA divided by average capital employed.

5. Average net and average gross debt is based on the average of the net and gross debt balances respectively at the end of each month.

6. Headcount includes all personnel; staff and contractors at 31 December.

Appendix

Amortisation

	2013 $m	2012 $m
Amortisation on software, development costs and licenses	44	28
Amortisation of intangible assets arising on acquisition		
- PSN	39	46
- Other	19	11
	102	**85**

- Total amortisation charge for 2014 is anticipated to be around $110m.

Finance expense

	2013 $m	2012 $m
Interest on debt	9	10
Other fees and charges	11	5
Total finance expense	**20**	**15**
Finance income	(1)	(2)
Net finance expense	**19**	**13**

Share numbers

	Weighted average
Ordinary shares	**374**
Shares held by employee trusts	(11)
Basic shares for EPS purposes	**363**
Effect of dilutive shares	10
Fully diluted shares for EPS purposes	**374**

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