Half year results 2018

August 21st 2018

woodplc.com

Our vision is to:

Inspire with ingenuity, partner with agility, create new possibilities

Our values are:

Care

Commitment

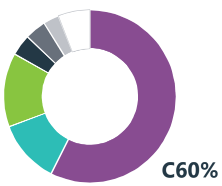
Courage

Key investment themes

flexible, asset light model

Strong cash generation

Lower sector volatility



Leading position in core oil & gas market

Commercially versatile with measured risk appetite

Blue chip customers and OECD weighting

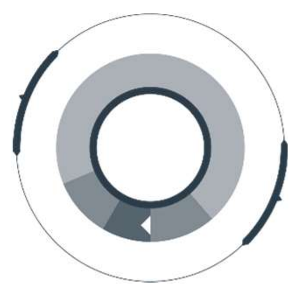
Balanced across opex and capex spending

Differentiated capability...

on a global scale...

...across a broad range of industrial markets

that is technology enabled...



...with full service capability across the asset life cycle.

Financial Performance

David Kemp, CFO

H1 performance ahead of guidance

	Trading update guidance	H1 2018
Revenue	$5.1bn - $5.2bn	**$5.4bn**
EBITA	$250-$260m	**$260m**
Net debt	$1.7bn	**$1.6bn**
3 year synergies target	>$170m	**>$210m**

Delivering strong revenue growth and cost synergies

Total Revenue	Total EBITA	EBITA Margin	AEPS	Interim Dividend
$5.4bn	$260m	4.8%	23.2c	11.3c
▲ 13.4% (proforma)	▼ 1.5% (proforma)	▼ 0.8% pts (proforma)	▲ 1.3%	▲ 2%

- Performance at top end of guidance range
- Strong organic revenue growth across our business
- Cost synergy delivery ahead of target
- Margin reflects oil & gas market conditions and fewer project close outs
- Dividend up 2% ; in line with progressive policy

Financial performance by business unit

	H1 2018 ($m)			H1 2017 ($m) (Proforma)		
	Revenue	**EBITA**	*Margin*	**Revenue**	**EBITA**	*Margin*
Asset Solutions Americas	**1,873**	**93**	***5.0%***	1,584	91	*5.7%*
Asset Solutions EAAA	**1,946**	**85**	***4.4%***	1,680	98	*5.8%*
Specialist Technical Solutions	**747**	**63**	***8.4%***	647	74	*11.4%*
Environment & Infrastructure Solutions	**653**	**33**	***5.1%***	646	40	*6.2%*
Investment Services	**163**	**13**	***8.0%***	187	15	*8.0%*
Central costs/asbestos/other		(28)			(54)	
Total	**5,382**	**260**	***4.8%***	4,744	264	*5.6%*

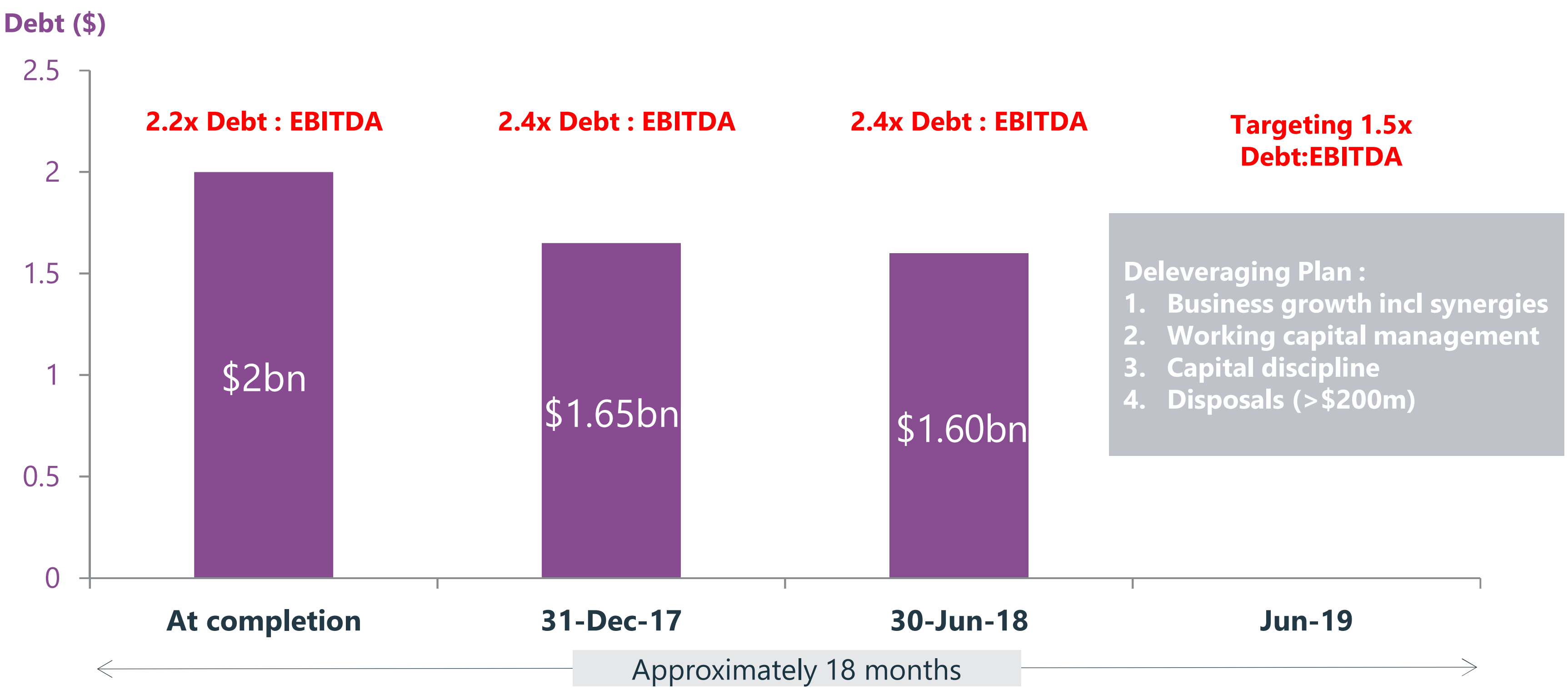
Continued top line growth and stronger margin in H2

	H1 18 EBITA Margin	FY 18 EBITA Margin (est.)	
Asset Solutions Americas	5.0%	**5.5% - 6.0%**	• Increased activity, particularly US shale • Phasing of capital projects • Cost synergy delivery
Asset Solutions EAAA	4.4%	**5.25% - 5.75%**	• Strong activity levels in Asia Pacific, Europe & ME • Phasing of capital projects • Cost synergy delivery • Improved turbine performance
Specialist Technical Solutions	8.4%	**c.9%**	• Progress on mining projects • Improved margins in subsea & automation • Non-synergy cost savings
Environment & Infrastructure Solutions	5.1%	**c.7%**	• Seasonality in US & Canada

Enduring improvements in working capital performance

	H1 2018 $m	H1 2017 Proforma $m
EBITA *(excl. joint ventures)*	**239**	**248**
Depreciation	**28**	**30**
EBITDA *(excl. joint venture)*	**267**	**278**
Non cash items/provisions	**(30)**	**(76)**
Dividends from JVs & other	**17**	**25**
Cash generated pre working capital (excl. JVs)	**254**	**226**
Working capital movements	163	(153)
Exceptional items	**(78)**	(79)
Cash generated from operations	**339**	**(5)**
Cash conversion (% of equity accounted EBITDA)	**127%**	**(2)%**
Acquisitions and deferred consideration	**(8)**	(85)
Capex & intangible assets	**(57)**	(53)
Tax	**(26)**	(49)
Interest, dividends and other	**(202)**	(175)
Net decrease/ (increase) in net debt	**46**	**(367)**
Closing net debt (excl. JVs)	**(1,600)**	

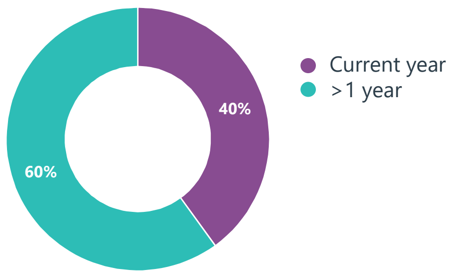
Delivering on our deleveraging plan



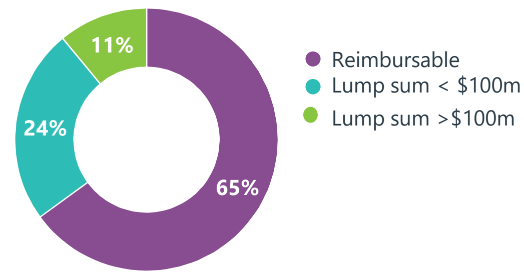
c85% of FY 2018 revenue delivered or secured

Order book by business unit ($m)

Order book phasing



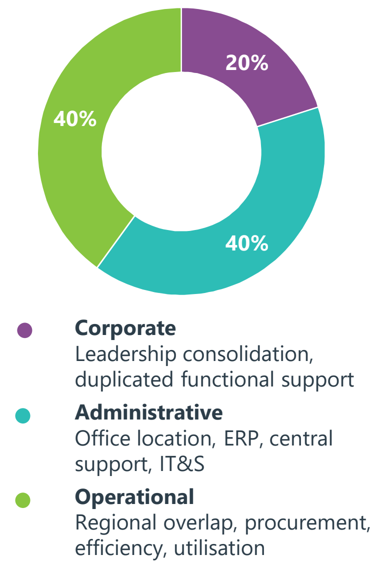
Order book by revenue type



- Order book reflects flexible, short cycle, lower risk technical services business
- Indicative of measured risk appetite : predominantly reimbursable
- Conservative approach to recognition

Cost synergy target increased 24%: costs to deliver unchanged

Revised Target : >$210m
Allocation by
type



Financial summary

H1 summary

- EBITA at top end of guidance
- Strong organic growth
- Strong operational cash generation: net debt $1.6bn (2.4x)
- 3 year cost synergy target up 24% to >$210m
- Dividend up 2% ; in line with progressive policy

Outlook

- FY 2018 outlook unchanged: on track to deliver growth in line with expectations
- c85% of 2018 revenue delivered or secured in order book
- Confident of stronger margins in H2
- Targeting net debt: EBITDA <1.5x approximately 18 months post completion

Business update

Robin Watson, Chief Executive

Our priorities and tactical focus

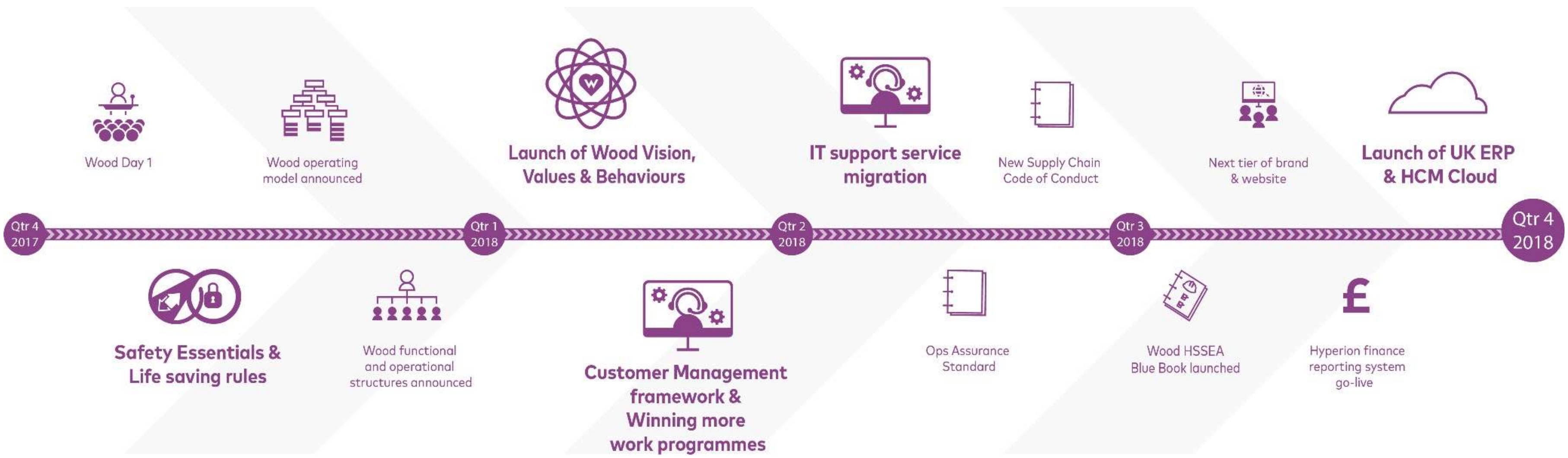
Near term

- Operational integration: delivering the deal
- Risk & governance
- Organic revenue & margin growth
- Cash generation supporting deleveraging
- Cost and revenue synergies delivery

Investment platform

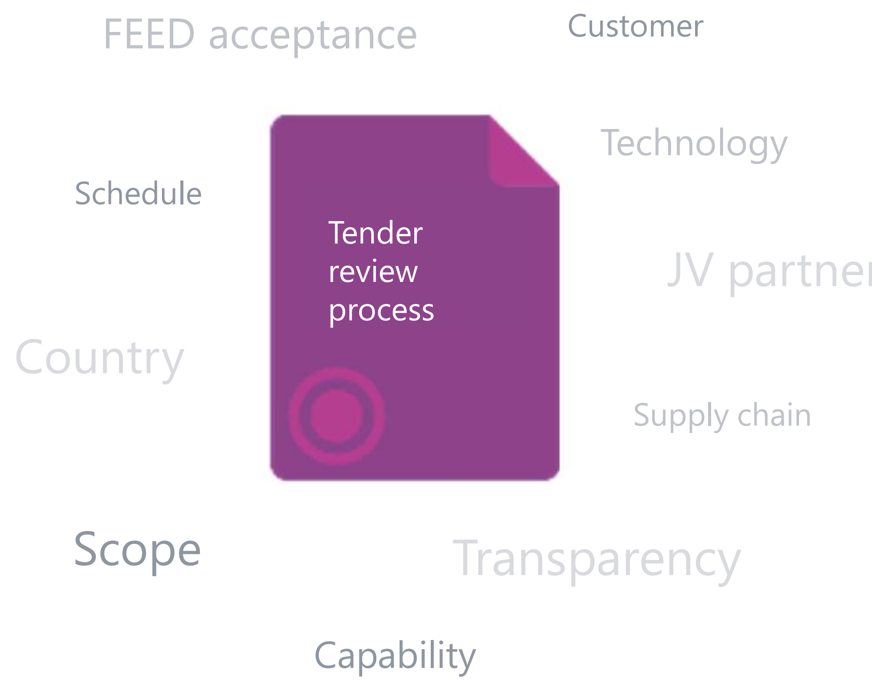
- Distinctive capabilities and technology enabled
- Organic and acquisition led growth
- Cash generation supporting growth and dividend
- Commercially versatile with a measured risk appetite

Wood Integration journey – Year One



Measured risk appetite through tender governance

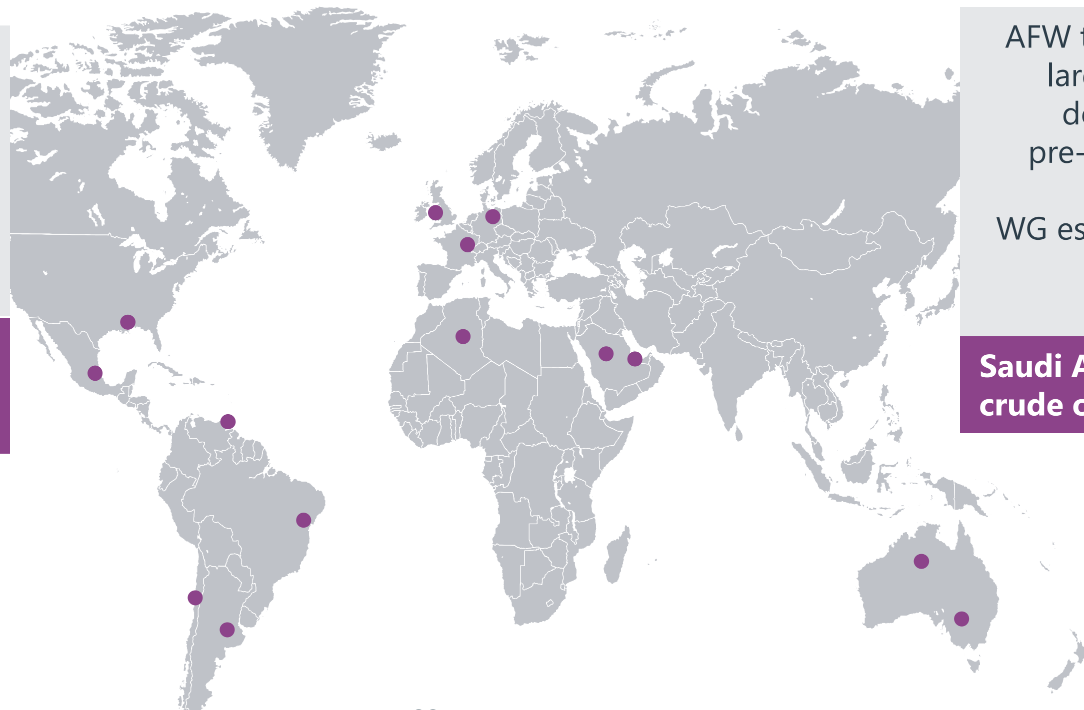
- Commercially versatile
- Predominantly reimbursable
- Alignment with customer needs
- Revised delegation of authority
- Robust tender governance



Broader capability set delivering revenue synergies >$400m

AFW EPC capability
+
WG operations solutions
&
in-country
execution presence
=

EPC, commissioning & operations for Trinidad upstream assets



AFW track record on large, complex downstream pre-FEED & FEED
+
WG established Saudi presence
=

Saudi Aramco/SABIC – crude oils to chemicals

Enhanced positioning, early engagement, differentiated capabilities, complementary customers

Macro support for enduring growth

Markets	Position / outlook	Rating
Oil & Gas Upstream	• Short term discipline in customer spending • Some easing in US onshore markets but with focus on efficiency • Pricing pressure & focus on supply chain efficiency to remain	
Oil & Gas Downstream	• Low commodity price & regional demand driving increase in large, integrated petrochemical projects • Clean fuels regulations (MARPOL) generating additional investment in refining	
Power and process	• Sector agnostic • Good opportunities across industrial markets	
Environment and infrastructure	• Increasing demand for environmental studies, permitting, and compliance services • Environmental liability requirements generating large-scale remediation projects • Investment in infrastructure driving growth in government projects	
Mining & minerals	• Higher commodity prices improving mining activity • Demand for battery minerals • Focus on reducing environmental impact & production time and increasing efficiency • Automation and digitisation are emerging themes	
Clean energy	• Good longer term fundamentals • Federal tariffs & incentives impact • Growing focus on decarbonisation by major oil companies	

Growth Static Decrease

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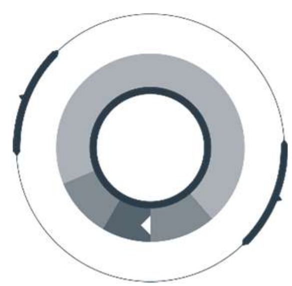

…with full service capability across the asset life cycle.

Summary

H1 2018 delivery

- Strong organic growth
- Strong operational cash generation
- Integration approaching completion
- Cost synergy target up 24% to $210m
- Delivering revenue synergies >$400m

Outlook

- FY 2018 outlook unchanged
- On track to deliver growth in line with expectations
- Strong order book
- Clear risk appetite & tender governance
- Supportive macro for growth

Appendix

Amortisation, interest, tax and exceptional items

Amortisation

$125m

▲ 145%

- AFW related amortisation $65m

Net finance expense

$53m

▲ 330%

- New debt facilities:
  - $1bn term loan
  - $1.75bn revolving facility

Taxation

$47m

▲ 83%

- Effective tax rate 22.8%

Exceptional items (post tax)

$109m

▲ 147%

- Includes:
  - Restructuring & integration $37m
  - Arbitration provision $10m
  - Impairment & other $41m
  - Investigation support costs $13m