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News Release

Full year trading update
12 January 2023

2022 Trading In Line With Expectations

John Wood Group PLC ('**Wood**' or '**the Group**') announces a trading update for the year ended 31 December 2022 ('**FY22**'), including the headline draft financial results.

Highlights

- ***Delivering financial returns***
  - Results for FY22 in line with guidance for revenue, adjusted EBITDA and net debt
  - Strong underlying revenue growth in 2022, led by Operations and Consulting with a return to growth in H2 in Projects
- ***Transformed the Group***
  - Financial strength restored following the sale of Built Environment business in September 2022
  - Legacy issues addressed including Enterprise litigation settled in November 2022
  - Business de-risked with minimal lump sum turnkey (LSTK) work remaining
- ***Well-positioned for market growth***
  - Order book of c.$6 billion including strong growth in Projects
  - Around 22% of Group revenue from sustainable solutions[1]

FY22 financial highlights

- **Revenue around $5.4 billion**: underlying revenue growth at constant currency of around 8%. Reported revenue up 3%, including an adverse impact of around $275 million from foreign exchange rate movements. Growth in Consulting and Operations was offset by the expected full year decline in Projects
- **Adjusted EBITDA around $375 million to $385 million**: in line with guidance and includes an adverse impact of around $15 million from foreign exchange rate movements
- **Adjusted EBITDA margin around 7.1%** compared to 7.7% last year. This includes the impact of the previously guided lower margin in Operations, and a lower margin in Consulting that partly reflects the impact from exiting work in Russia
- **Net debt (excl. leases) at 31 December 2022 around $350 million to $400 million[2,3]** – within our guided range
- **Order book** at 31 December 2022 of around $6 billion with the order book for delivery in 2023 up by around mid to high single digit percentage on the position a year ago

Outlook for FY23

As usual, we will give financial guidance for FY23 alongside our full year results on 28 March 2023. We expect guidance for FY23 to be in line with our medium-term financial targets of adjusted EBITDA growth at mid to high single digit CAGR, with momentum building as our strategy delivers.

As previously set out, we anticipate a material improvement in underlying operating cash flows in 2023 which will be outweighed in the short term by defined payments on legacy liabilities, before a return to positive free cash flow in 2024.

Ken Gilmartin, CEO, said:
"We are pleased to have delivered a result for 2022 in line with our expectations at the half year, including a return to revenue growth and a balance sheet position that reflects the strengthened Group.

"We are focused on growth in energy and materials, both with structural growth drivers – energy security, energy transition, net zero and the circular economy – which create long term growth opportunities for Wood. Our leading positions in these markets, long-term client relationships and expertise in decarbonisation and digitalisation is enabling us to win additional market share.

"Significant contracts won in the second half of the year include a five-year engineering services contract renewal with bp, a three-year contract renewal with Shell in the UK North Sea, and a four-year contract with INEOS to deliver a state-of-the-art petrochemicals complex in Belgium.

"This is a new Wood, led by a new team, and the strategy we recently shared at our Capital Markets Day will enable us to deliver sustainable returns. We have attractive growth prospects in our core markets, we are trusted by our clients, and we have the talent and solutions to enable a net-zero future. We're focused on designing a strong future for Wood and enter this New Year with positive momentum."

Trading across businesses

Consulting saw revenue growth of around 4% to around $0.6 billion with continued growth in our solutions across both conventional energy and energy transition.

Adjusted EBITDA was around 9% lower at around $70 million. This reflects a lower margin of c.11.3% compared to c.13% last year, reflecting a weaker performance in Applied Intelligence, the impact of exiting high-margin work in Russia and some cost pressures from staff retention and recruitment.

Projects saw a decline in revenue of around 7% over the year to around $2.2 billion. The business returned to revenue growth in the second half of the year, with growth coming from our services-led approach following our strategic decision to move away from riskier LSTK work.

Adjusted EBITDA was slightly higher at around $170 million with a strong margin improvement of c.0.7 percentage points as overall project performance improved.

Operations saw revenue growth of around 14% to around $2.4 billion, partly reflecting continued higher activity from stronger market conditions in conventional energy, especially in Europe and the Middle East. Revenue growth was also helped by an increased level of passthrough revenue.

As expected, adjusted EBITDA was lower year-on-year, down around 12% to around $150 million, given a lower level of contract close-out benefits in the year.

Investment Services revenue of around $200 million was broadly flat compared to last year, with adjusted EBITDA (now including our Turbines joint ventures in all periods[4]) slightly higher at around $70 million.

As expected, **central costs** were broadly flat year-on-year at around $75 million.

Other financial information

The sale of the Built Environment Consulting business resulted in a significant exceptional gain on sale of around $600 million in the period.

As guided at our Capital Markets Day in November 2022, there is an impairment risk around goodwill and intangibles on our balance sheet given the sale of Built Environment Consulting and movement in discount rates. Our impairment review will conclude for the full year results.

FURTHER DETAILS

Conference call

A webcast and conference call will be held today at 8:00am (UK time) with Ken Gilmartin (CEO) and David Kemp (CFO). The webcast will be live at https://edge.media-server.com/mmc/p/3vcwn9b2.

To join the conference call, and to ask any questions, please register via: https://register.vevent.com/register/BI5c6decc0dabf4babb86e8cdb242af650

The webcast and transcript will be available after the event on our website, www.woodplc.com/investors.

Full year results

We will publish our full year results in full on 28 March 2023.

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Notes

1. *Estimated share of FY22 revenue related to sustainable solutions, as defined by Wood. Sustainable solutions consist of activities related to: renewable energy, hydrogen, carbon capture & storage, electrification and electricity transmission & distribution, LNG, waste to energy, sustainable fuels & feedstocks and recycling, processing of energy transition minerals, life sciences, and decarbonisation in oil & gas, refining & chemicals, minerals processing and other industrial processes. In the case of mixed scopes including a decarbonisation element, these are only included in decarbonisation if 75% or more of the scope relates to that element, in which case the total revenue is recorded in decarbonisation.*
2. *The Group uses a receivables financing facility of $200 million. The amount utilised at 31 December 2022 was $200 million (31 December 2021: $200 million). This facility is non-recourse to the Group and, as such is not included in our net debt.*
3. *Net debt / EBITDA (excluding leases) at 31 December 2022 c.1.3 times. Net debt / EBITDA ratio calculated on the basis prior to the adoption of IFRS 16, using net debt excluding leases and EBITDA including IFRS 16 depreciation. This measure is closely aligned to the measure used in our debt covenants.*
4. *The results of Turbines joint ventures now included in Investment Services where they were previously included within Operations. The adjusted EBITDA from these JVs was $48 million in FY22 and $54 million in FY21.*