News release

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FY23 trading update

12 January 2024

Full year trading in line with expectations

John Wood Group PLC ('**Wood**' or '**the Group**') announces a trading update for the year ended 31 December 2023 ('**FY23**').

Ken Gilmartin, CEO, said:
"We are now one year into our strategic growth journey and our results continue to show clear progress. We have delivered strong revenue and EBITDA growth, improved our underlying cash generation, grown our order book, and continue to see an acceleration in the proportion of sustainable solutions within our pipeline.

"We are confident that our actions, business model and strategy are delivering and look forward to giving a further update in March."

Highlights

- **Trading in line with expectations**
  - FY23 revenue around $6 billion, up 9% with good growth across all business units
  - FY23 adjusted EBITDA slightly ahead of guidance at $420 million to $425 million, up 9%
  - Adjusted EBITDA margin slightly above 7% including opex investments in the year
- **Further momentum in strategic delivery**
  - Significant contract wins across energy and materials
  - Order book of around $6.1 billion was up 4% on a comparable basis[1] and supports our growth expectations for 2024
  - Over 40% of bidding pipeline now from sustainable solutions[2]
  - Started the sales process for our stake in the EthosEnergy joint venture[3]
- **Continued improvement in underlying cash flows**
  - Operating cash flow of c.$210 million, a significant improvement on FY22 ($66 million outflow), with around $175 million operating cash flow generated in the second half
  - Net debt excluding leases at 31 December 2023 was c.$680 million, including exceptional cash outflows in line with our guidance of c.$140 million and an FX impact of c.$15 million
  - Net debt was slightly above our expectations due to FX and the timing of customer receipts in December, as flagged in our Q3 trading update
  - On track to deliver positive free cash flow in 2024, as previously guided

FY23 trading across businesses

Consulting saw strong revenue growth of c.13% to c.$0.7 billion with continued growth in our solutions across energy security, energy transition and digital consulting.

Adjusted EBITDA was c.4% higher at c.$80 million, with revenue growth partly offset by a lower margin of c.11% compared to 11.7% last year, reflecting opex investments to support future growth.

Projects saw strong revenue growth of c.10% to c.$2.5 billion, with very strong growth across oil, gas and chemicals.

Adjusted EBITDA was c.8% higher at c.$185 million with a margin around 7.5% (FY22: 7.6%), partly reflecting the impact of pass-through revenue.

Operations saw like-for-like revenue growth[4] of around 7% to c.$2.5 billion. This growth reflects higher activity levels across the business, particularly in Europe and the Middle East.

Adjusted EBITDA was around 11% higher at c.$165 million, with an improved margin of around 6.5% (FY22: 6.1%) helped by good operational performance.

Investment Services revenue was up around 35% to c.$0.3 billion, reflecting higher activity in our heavy civils business, and the facilities business transferred from Projects at the start of the year.

Adjusted EBITDA was c.$70 million (FY22: $69 million), including a contribution of around $65 million from the two Turbines joint ventures (FY22: $48 million).

Central costs were around $75 million (FY22: $74 million) with cost savings mitigating inflationary pressures.

Significant contract wins

Significant contract wins in the fourth quarter included:

- Detailed engineering design for Woodside's Trion project, the deepest semi-submersible facility in the Gulf of Mexico
- Brownfield engineering contract in Europe, helping to produce active pharmaceutical ingredients for medicines
- Supporting one of the world's largest offshore clean power projects in Germany
- Appointed owners' engineer for world-leading green hydrogen project in Spain
- Delivering engineering, procurement, construction and commissioning services on a cost reimbursable basis for brownfield modifications for bp's Murlach development in the North Sea
- Two-year operations contract extension with Equinor in the Mariner field in the North Sea

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/xv29crc6.

To join the conference call, and ask any questions, please register via:
https://register.vevent.com/register/BIe00865c7243640928f313b3a839cdb9e.

The webcast and transcript will be available after the event at www.woodplc.com/investors.

Full year results

We will publish our full year results in full on 26 March 2024.

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Notes

1. *Excluding the Gulf of Mexico labour operations business that was sold in March 2023. It had an order book of $117 million at December 2022.*
2. *Estimated share of pipeline related to sustainable solutions: 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 that include a sustainable solutions element, we include the proportion of the contract that is related to those sustainable elements.*
3. *Wood owns a 51% share in EthosEnergy, a turbines services business that serves gas turbines, steam turbines, generators, compressors and transformers. In FY23, our share of adjusted EBITDA was around $30 million.*
4. *Excluding the Gulf of Mexico labour operations business that was sold in March 2023. It contributed $21 million of revenue and $1 million of adjusted EBITDA in FY23 up to its disposal. It contributed $99 million of revenue and $5 million of adjusted EBITDA in FY22.*