

Design the future.

Q1 trading update

9 May 2024

Delivering improved profitability

John Wood Group PLC ('Wood' or 'the Group') announces a trading update for the quarter ended 31 March 2024 ('Q1').

Ken Gilmartin, CEO, said:

"We are now in the second year of our growth strategy and are making good progress, with EBITDA growth, margin expansion and an order book 9% higher than a year ago. We continue to win exciting and complex work across energy and materials, with sustainable solutions representing 40% of our pipeline.

"We are progressing with our Simplification programme and have made some significant appointments this year including welcoming Arvind Balan as our new CFO. I am proud of the strong leadership team we have in place and confident that we will deliver on our significant potential. We are today reiterating our EBITDA guidance for 2024 and our outlook for 2025".

Group performance

Q1 adjusted EBITDA was up 4% with margin expansion across all of our business units offsetting lower revenue. This margin performance was helped by both improved pricing and our strategic focus on building a higher quality business, with our move away from EPC work.

Q1 revenue was \$1,356 million, down 6%¹ compared to \$1,463 million in Q1 2023, with growth in Operations offset by lower revenue in Projects, mainly reflecting lower pass-through activity and lower EPC revenue in line with our strategic shift.

Our **order book** at 31 March 2024 was \$6.2 billion, up 9% compared to March 2023.

Consulting

Consulting saw a higher margin in the first quarter despite revenue 2%² lower at \$170 million, with strong growth in digital consulting offset by the phasing of work in technical consulting and our energy asset development business.

Consulting's order book saw double-digit growth compared to a year ago which will support stronger revenue growth as the year progresses. Key wins in the quarter include being selected by Woodside Partners as the consultant for the Greater Sunrise development in Asia-Pacific, a blue-hydrogen ready unit in Europe and several digital consultancy scopes for BP and National Gas.

Projects

Q1 revenue was down 15%² to \$518 million, mainly reflecting lower pass-through revenue and the roll-off of EPC work. Excluding these, revenue was down 1.5% with good growth in oil and gas offset by weakness in the minerals market. The margin was higher than last year, reflecting the revenue mix.

Project's order book was lower than a year ago and is expected to recover in the second half of the year, with a healthy pipeline of opportunities due for award in the coming months. Key business wins in the period included a detailed engineering design scope for Woodside's Trion project in the Gulf of Mexico and an EPCm contract with Antofagasta for its Nueva Centinela copper project in Chile.

Operations

Q1 revenue was up 5%¹ to \$624 million, with higher activity levels across Europe and the Middle East. The margin was also higher, with strong business performance and our shift towards higher value services.

Operations' order book saw double-digit growth compared to a year ago, with both strong demand for our services and significant renewals secured towards the end of last year. Key business wins in the period included a decarbonisation contract with TotalEnergies for flare gas recovery in the UK North Sea and a contract to deliver maintenance and modifications for Equinor in Brazil.

Investment Services

Q1 revenue was down 32%² to \$44 million, mainly reflecting the expected run-down of activity in our facilities business as we exit this business.

Simplification programme progressing well

In March 2024, we launched our Simplification programme to drive higher margins over and above our pre-existing strategic plans. This programme consists of:

- **Phase one:** reducing central costs by putting greater ownership and accountability for functional activities into the business units, and reducing the number of central function roles
- **Phase two:** reducing complexity in our processes and procedures, and reducing external support costs

This programme is expected to generate total annualised savings of around \$60 million from 2025, with around \$10 million of savings in 2024. We have made good progress so far this year and have completed phase one, with a reduction in the number of central function roles. This phase will generate around \$25 million of annualised savings.

Full year outlook

We continue to expect high single digit growth in adjusted EBITDA, before the impact of disposals. Performance will be weighted to the second half, reflecting the typical seasonality of our business and the phasing of the in-year benefit of the Simplification programme.

Our operating cash flow performance is expected to continue to improve, partly through improved cash management across our business, especially given the second half weighted revenue profile of the Group this year. Exceptional cash flows will be in line with our previous guidance, and weighted to the first half.

Net debt at 31 December 2024 is expected to be at a similar level to 31 December 2023 after the proceeds from planned disposals, which are due to complete in the second half of this year.

2025 outlook

We continue to expect EBITDA growth in 2025 to exceed our medium-term target, with the annualised benefits from our Simplification programme of around \$60 million on top of growth consistent with our strategy. With this improving profitability and continued improvements in cash conversion, we expect to deliver significant free cash flow in 2025.

Conference call

A webcast and conference call will be held today at 8:00am (UK time) with Ken Gilmartin (CEO) and Arvind Balan (CFO). The webcast will be live at <https://edge.media-server.com/mmc/p/k5tz49xm>.

To join the conference call, and ask any questions, please register via:
<https://register.vevent.com/register/Bl468ec546a3194b55b8e97a2a6cdf38cf>.

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

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Notes

1. *Excluding the Gulf of Mexico labour operations sold in March 2023. It contributed \$21 million of revenue in Q1 2023.*
2. *Like-for-like growth adjusted for businesses moved within business units in the period: part of our Life Sciences business was transferred from Consulting to Projects, and our Power business in the UK was transferred from Projects to Investment Services.*

Appendix Profit Forecasts

1. Wood Profit Forecasts

On 26 March 2024, in its full year results announcement for the year ended 31 December 2023, Wood provided the following guidance, which for the purposes of the City Code on Takeovers and Mergers (the "**Code**") constitute a profit forecast (the "**Profit Forecasts**"):

"Simplification programme to drive efficiency

- *Targeting annualised savings of around \$60 million from 2025*
- *Initial focus on central costs, with benefit within FY24 expected to be around \$10 million*
- *Will improve both EBITDA and EBIT margins, and future cash generation*
- *Cash costs to complete of c. \$70 million over next 12 months, exceptional P&L charge in FY 24"*

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"Upgraded 2024 outlook - Adjusted EBITDA growth towards the top end of mid to high single digit target (before disposals)

- *Margin expansion driven by topline growth, evolving business mix and improved pricing, plus c. \$10 million in-year benefits of our simplification programme*
- *Performance will be weighted to the second half, reflecting the typical seasonality of our business and the phasing of the in-year benefit of the simplification programme"*

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"Upgraded medium-term outlook

- *The simplification programme is expected to add to our growth potential, leading to EBITDA growth in 2025 above our medium-term target*
- *We will continue to expand our EBITDA margin and that benefit will translate into our EBIT margins and support a significant increase in our earnings per share over the medium term*

Certain elements of the Profit Forecasts are referred to in this announcement.

2. Basis of preparation

The Profit Forecasts are based on the current internal forecasts for the remainder of the year ended 31 December 2024 and the period from and including 1 January 2024 to and including 31 December 2025 (as applicable) in respect of John Wood Group PLC and its subsidiaries (the "**Group**").

The basis of accounting used for the Profit Forecasts is consistent with the Group's existing accounting policies, which are in accordance with UK adopted International Accounting Standards, International Financial Reporting Standards ("**IFRS**") as adopted by the European Union and IFRS as issued by the International Accounting Standards Board, the accounting policies which were applied in the preparation of the Group's financial statements for the year

ended 31 December 2023 and the accounting policies which are expected to be applied in the preparation of the Group's financial statements for the year ending 31 December 2024.

The Profit Forecasts have been prepared on the basis referred to above and subject to the principal assumptions set out below. The Profit Forecasts are inherently uncertain and there can be no guarantee that any of the factors referred to under paragraph 3 (Principal Assumptions) will not occur and/or, if they do, their effect on the Group's results of operations, financial condition or financial performance, may be material. The Profit Forecasts should therefore be read in this context and construed accordingly.

3. Principal assumptions

In confirming the Profit Forecasts remain valid, the directors of Wood (the "**Wood Directors**") have made the following principal assumptions in respect of the remainder of the year ended 31 December 2024 and the period from and including 1 January 2024 to and including 31 December 2025:

Factors outside the influence or control of the Wood Directors:

- no material change to the Group's assumptions in the forecast period for growth of the Group's business;
- no material change to the Group's assumptions in the forecast period in relation to the Group's ability to access addressable markets through its capabilities, business locations and relationships with its key customers;
- no material change to the Group's assumptions in the forecast period in relation to the Group's current cost savings plan related to the Simplification programme;
- achieving anticipated annualised savings of around \$60 million from 2025, with around a \$10 million benefit in 2024;
- no material change to the Group's historic levels of performance, business improvement initiatives, and market positioning;
- no material adverse events which would have a significant impact on the operating results or financial position of the Group;
- no material change in market conditions over the forecast period in relation to the Group's customers or competitive environment;
- no change to average time taken by customers to pay the Group;
- no adverse change to current prevailing global macroeconomic and political conditions (including geopolitical tension, further escalation of conflict or war in or affecting areas where the Group operates or intends to operate (or any sanctions imposed in response to any such events)) which is material in the context of the Profit Forecasts;
- no change in legislation, taxation or regulatory requirements relating to the Group or the legislative or regulatory environment within which the Group operates;
- no change in general sentiment towards the Group and/or its operations which has an impact on its ability to attract customers and to operate its business;
- no business disruption affecting the Group, its customers or other stakeholders (including, but without limitation, any pandemic related lockdowns and restrictions or similar, natural disasters,

severe adverse weather, acts of terrorism, cyberattacks, workforce shortage or labour disputes);

- no litigation or contractual disputes which are material in the context of the Group, other than the ones already disclosed to the market and no material adverse outcome from any ongoing or future disputes with any customer, competitor, supplier, regulator or tax authority;
- no material movements in inflation, interest rates, tax rates and foreign exchange rates compared with the Group's estimates;
- no change in the Group's existing debt arrangements, or its ability to access external financing; and
- no change in the accounting standards or policies which were used for the Profit Forecasts.

Factors within the influence or control of the Wood Directors:

- no material change to the strategy, budget or operation of the Group's business;
- no material change to the Group's current cost savings plan related to the Simplification programme;
- no material change in the Group's relationship with its key customers;
- no material health and safety issues experienced by the Group;
- no major regulatory investigation into the Group;
- no material change in capital policies of the Group;
- no unplanned capital expenditure or significant acquisitions, disposals, developments, partnership or joint venture agreements being entered into by the Group which would have an adverse impact on the Group's income, expenditure or cashflow which is material in the context of the Profit Forecasts;
- no significant acquisition, disposals, developments, partnerships or joint venture agreements will be entered into by the Group and no existing partnerships or joint venture agreements will be terminated or amended, in each case, which would have an adverse impact on the Group's income, expenditure or cashflow which is material in the context of the Profit Forecasts;
- no material changes in key management of the Group; and
- consistent application of the Group's accounting policies in the period to 31 December 2025.

4. Directors' confirmation

The Wood Directors confirm that the Profit Forecasts remain valid and that they have been properly compiled on the basis of the principal assumptions stated above and that the basis of accounting used is consistent with Wood's accounting policies set out above.