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Half year results 2022

23 August 2022

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What we will cover

- 1 Overview
- 2 Financial performance
- 3 Observations
- 4 Look ahead



Overview of H1 performance

Order book
up 5%, helped
by key wins

Strong
Projects order
book growth,
continued de-
risking

Group
revenue flat,
EBITDA down
5%

Negative free
cash flow,
priority focus
area

Sale of Built
Environment
expected to
complete
around end of
Q3

Building a higher quality contract portfolio

Reducing LSTK¹ in our revenue mix

Continue to move away from high-risk revenues

More selective in our pipeline

c.\$2bn of LSTK opportunities taken out in early 2022

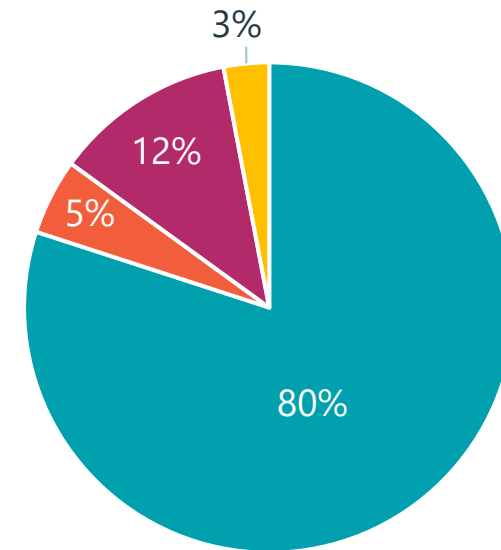
Improved discipline on where to bid

Clearer policies and procedures to evaluate future opportunities

Addressing legacy issues

Aegis, contract losses, Enterprise litigation

Split of HY22 revenue by contract type^{2,3}



■ Cost reimbursable

■ Consulting fixed price

■ Lump sum E/EP/EPCm/P

■ LSTK

1. Lump sum turnkey contracts.

2. Excludes Built Environment Consulting.

3. Lump sum includes engineering design (E), engineering and procurement (EP), project management for EPC (EPCm), and procurement management (P).

Wood.

Unlocking solutions to critical challenges

3 business
units

2 end
markets

FULL
lifecycle
solutions

Consulting | Projects | Operations

Energy | Materials

Oil & gas

Power

Hydrogen

Carbon capture

Chemicals &
refining

Minerals processing

Life sciences

**Consult > design > deliver >
operate > repurpose**

Well positioned for significant market growth

Energy growth drivers:

Energy security



Reducing carbon intensity



Energy transition



Materials growth drivers:

Rising demand for chemicals



Minerals for energy transition



Life sciences



Winning work across markets

Energy

Energy security



- **Chevron:** 10-year global agreement for solutions across all business units
- **QatarEnergy:** FEED to extend life and reduce emissions of two fields
- **bp:** 5-year contract to maintain assets in the UK and Trinidad & Tobago

Energy transition / decarbonisation

Pakistan Refinery Limited and Wood sign FEED contract for strategic expansion and upgrade of PRL Refinery



- **Pakistan Refinery Ltd:** upgrading asset to increase production & sustainability
- **Total Eren:** concept design to produce ammonia from green hydrogen
- **ConocoPhillips:** pre-FEED for oil refinery's carbon capture

Materials

Chemicals



- **INEOS:** 4-year EPCm for chemical plant in Europe
- **Esseco:** 5-year contract to improve operational reliability and production at a UK chemical plant

Minerals processing



- **Enter Engineering:** advisory and project delivery solutions for copper concentrator project in Uzbekistan

Life sciences



- **Confidential:** design to expand and modernise large-scale biologics and drug substance plant in USA
- **Confidential:** masterplan, design and construction assistance for cell and gene therapy start-up

Our Consulting business

What we do

- Strategic planning and advisory services
- Optimisation and enhancement solutions throughout asset lifecycle
- Combine data, digital and asset knowledge

Market drivers

- Energy security
- Decarbonisation
- Energy transition (hydrogen, carbon capture, sustainable fuels)
- Modernisation, automation and digitalisation of industrial assets

Examples of key work we are doing

- **Energy security** – partner for major gas development in Turkey
- **Energy security** – complex flow assurance solution for a new FPSO in West Africa
- **Decarbonisation** – steam methane reformer technology upgrade in Equatorial Guinea
- **Chemicals** – feasibility study for chemicals derivative facility in Abu Dhabi



12%
of Group HY22 revenue

3,700+
employees

+16%
Order book YoY growth

Our Projects business

What we do

- Design and deliver capital investment solutions
- Complex engineering and project management services
- Global delivery model and speciality centres of excellence

Market drivers

- Energy security and reactivation of client investment programmes
- Decarbonisation
- Minerals to support energy transition
- Growth in life sciences

Examples of key work we are doing

- **Energy security** – FEED for Safaniyah & Manifa offshore developments in Saudi Arabia
- **Decarbonisation** – EPC for solar farm to decarbonise oil & gas production in Texas
- **Mineral processing** – FEED for concentrator at world's largest copper mine in Uzbekistan
- **Life sciences** – EPCm for large scale biotech facility in Germany



39%
of Group HY22 revenue

13,100+
employees

+24%
Order book YoY growth

Our Operations business

What we do

- Operate and optimise critical infrastructure using intelligent technology
- Asset maintenance, modifications and repurposing
- Solutions to increase efficiency, extend asset life and reduce carbon intensity

Market drivers

- Energy security
- Decarbonisation
- Shift to digital and remote operations

Examples of key work we are doing

- **Energy security:** full operational responsibility for over 25% of the UK's gas supply
- **Decarbonisation:** reducing carbon intensity through the electrification of assets
- **Decarbonisation:** flare gas capture and repurposing aging assets in Middle East



46%
of Group HY22 revenue

15,800+
employees

-6%
Order book YoY growth

Focused on sustainability

Engineering for a low carbon world

- **Reducing carbon intensity** – Chevron
- **Delivering cleaner fuels** – REG
- **Supporting EV revolution** – bp

Delivering our own sustainability goals

- **Improved gender balance** – senior leadership now 34% female
- **Pay equity reporting** – expanding beyond gender to ethnicity
- **Worker welfare** – 'Building Responsibly' principles embedded in supply chain pre-qualification stage





Financial review

David Kemp, Chief Financial Officer

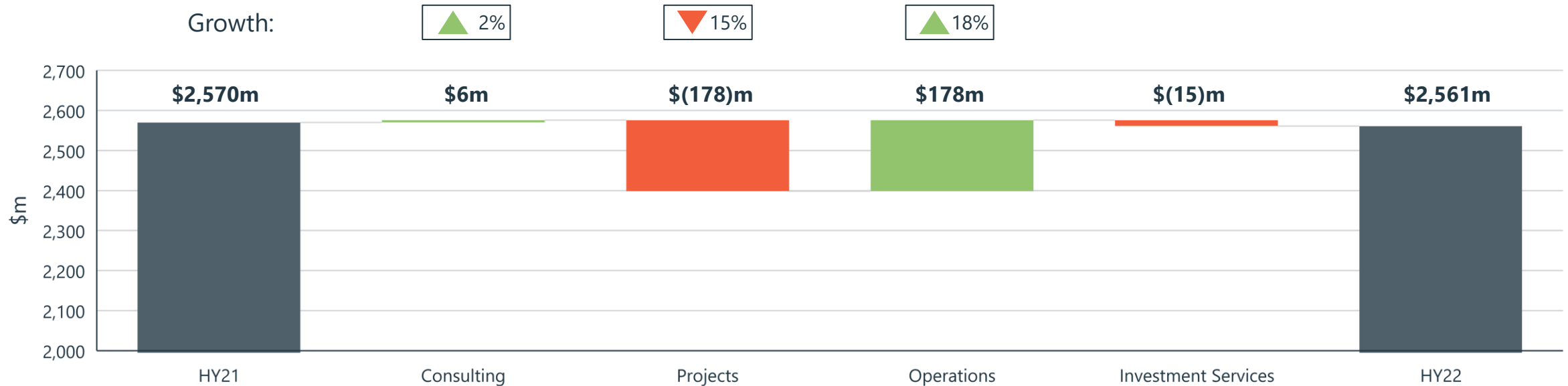
Underlying financial results overview

See note 1 for accounting treatment:

	HY22	HY21
Order book <i>Continuing operations</i>	\$6,424m	\$6,134m
Revenue <i>Continuing operations</i>	\$2,561m	\$2,570m
Adjusted EBITDA <i>Continuing operations</i>	\$185m	\$195m
Adjusted EBITDA margin <i>Continuing operations</i>	7.2%	7.6%
Adjusted diluted EPS <i>Continuing and discontinued operations</i>	5.7c	8.9c
Free cash flow <i>Continuing and discontinued operations</i>	\$(363)m	\$(280)m
Net debt excluding leases <i>Continuing and discontinued operations</i>	\$1,756m	\$1,275m
Net debt / EBITDA (excluding leases) <i>Continuing and discontinued operations</i>	4.2x	2.9x

- **Order book up 5%**
- **Revenue flat**
 - Growth in Operations (+18%) and Consulting (+2%) offset by a decline in Projects (-15%)
- **Adjusted EBITDA down 5%**
 - Robust performance in Consulting offset by a decline in Projects and Operations
- **Adjusted EBITDA margin down to 7.2%**
 - Lower margin in Operations and Consulting
 - Higher margin in Projects
- **Negative free cash flow, net debt increased to \$1,756m**
 - WC outflow of \$208m
 - Exceptional cash costs \$102m

Revenue bridge



- **Consulting:** growth across energy, including conventional and energy transition solutions
- **Projects:** subdued market for large-scale investment, impact of our move away from large-scale fixed price work
- **Operations:** stronger market conditions across conventional energy, especially Europe, the Middle East and Asia Pacific

Adjusted EBITDA bridge



Exceptional items

<i>For continuing operations¹:</i>	HY22 \$m	HY21 \$m
Gain on disposals	-	(15)
Restructuring costs	36	38
Investigation insurance receipts	(3)	-
Asbestos yield curve credit	(22)	(8)
Total charge (pre interest and tax)	11	15
Various tax and interest items	(2)	12
Recognition of deferred tax	(59)	-
Total (credit) / charge	(50)	27

- **Restructuring costs:**

- Further restructuring to simplify Group structure and reduce central costs, and close of Future Fit programme
- Costs of exiting businesses announced in 2021

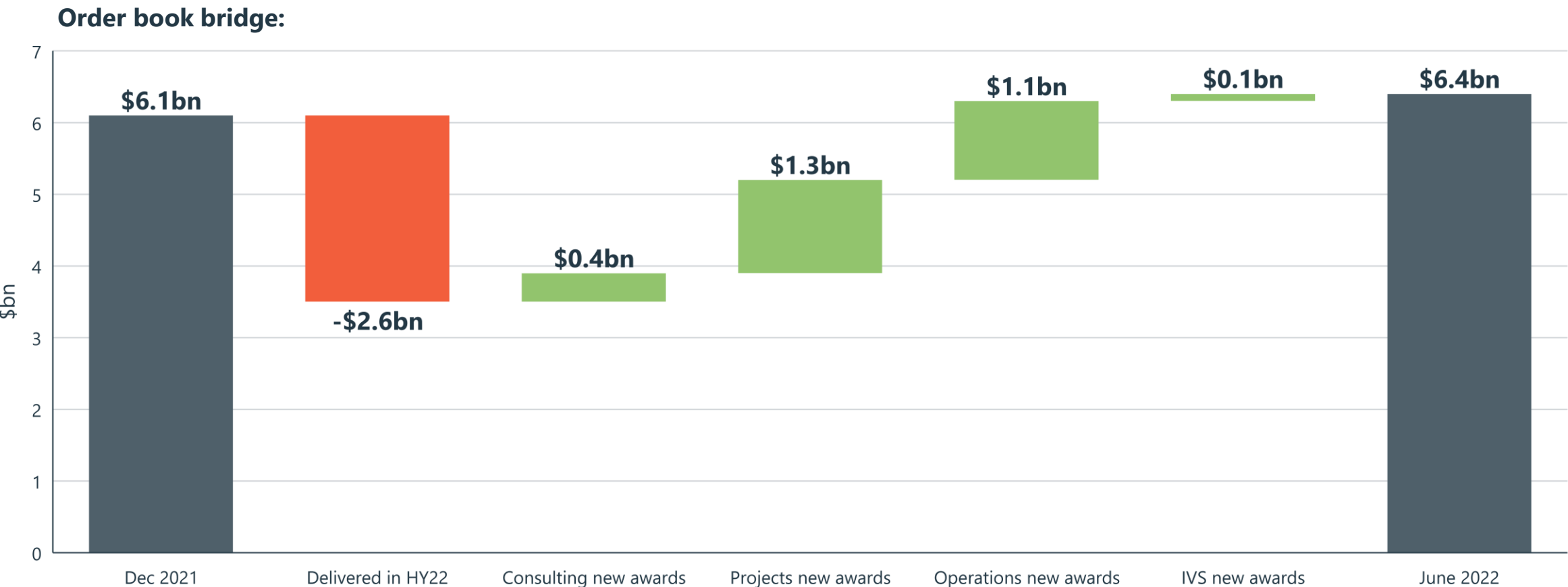
- **Asbestos:**

- All movements treated as exceptional as do not relate to trading performance

- **Tax:**

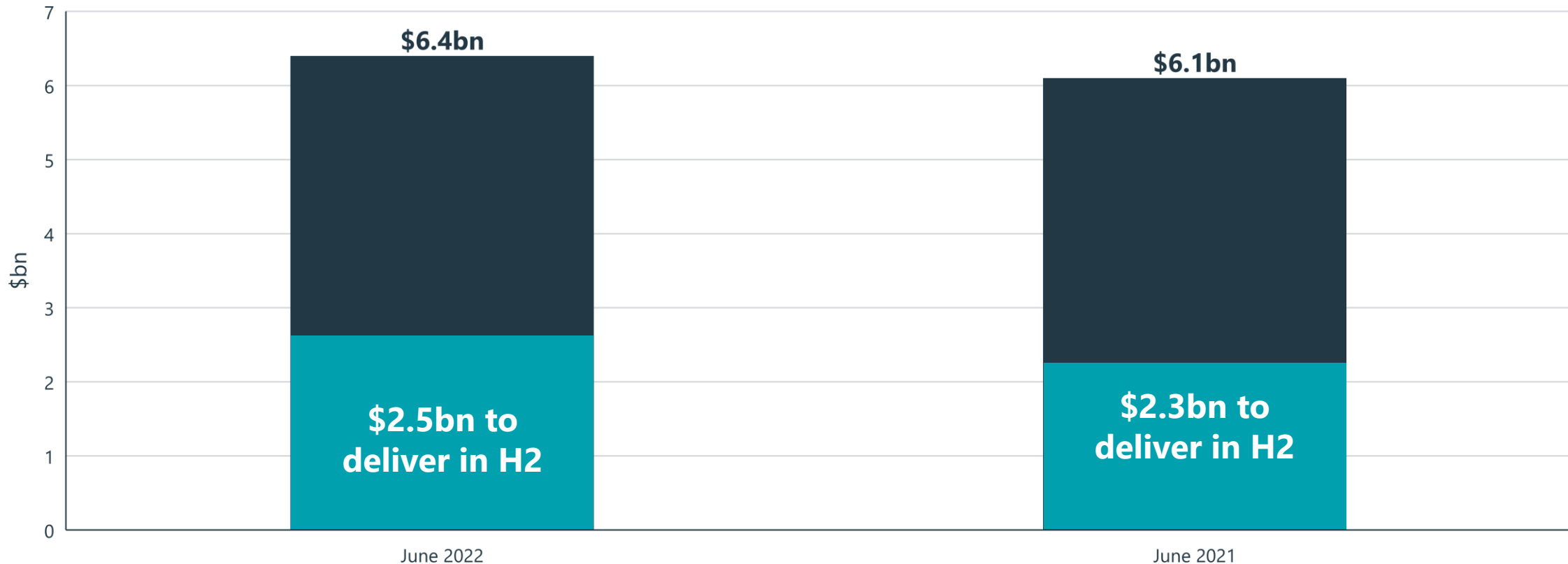
- Deferred tax asset recognised on UK pension actuarial movements

Order book up 5%



Current year revenue visibility up 9% YoY

Order book coverage:



BU performance: Consulting

See note 1 for accounting treatment:

	HY22	HY21
Revenue	\$303m	\$297m
Adjusted EBITDA ²	\$39m	\$39m
Adjusted EBITDA margin	12.9%	13.1%
Order book	\$555m	\$480m
Headcount	3,700	3,000



- **Revenue up 2%:** strong growth across energy solutions, both conventional and energy transition
- **Adjusted EBITDA flat:** lower margin
- **Margin slightly lower:** exit from Russia, weaker performance in Applied Intelligence; margins in Energy robust
- **Order book up 16%:** led by energy, including over \$50m of energy transition and decarbonisation wins
- **Outlook for FY22:** strong revenue growth

BU performance: Projects

	HY22	HY21
Revenue	\$990m	\$1,168m
Adjusted EBITDA ¹	\$81m	\$88m
Adjusted EBITDA margin	8.2%	7.5%
Order book	\$2,128m	\$1,712m
Headcount	13,100	11,800



- **Revenue down 15%:** subdued market for large investment, impact of our move away from large-scale fixed price work
- **Adjusted EBITDA down 8%:** lower revenue and higher margin
- **Margin up 0.7ppts:** improved performance across contract portfolio, low level of losses in renewables EPC work
- **Order book up 24%:** growth driven by conventional energy and chemicals
- **Outlook for FY22:** revenue growth in H2

BU performance: Operations

	HY22	HY21
Revenue	\$1,177m	\$999m
Adjusted EBITDA ¹	\$94m	\$107m
Adjusted EBITDA margin	8.0%	10.7%
Order book	\$3,584m	\$3,812m
Headcount	15,800	15,500



- **Revenue up 18%:** higher activity levels from stronger market conditions, esp. Europe, Middle East and Asia-Pacific
- **Adjusted EBITDA down 12%:** reflects the lower margin
- **Margin lower:** lower level of contract close outs, higher pass-through revenue, lower contribution from Turbine JVs due to supply chain challenges
- **Order book down 6%:** reflects phasing of awards
- **Outlook for FY22:** revenue growth, stronger EBITDA performance in H2 supported by Turbines JVs

Free cash flow

Continuing and discontinued:

	HY22 \$m	HY21 \$m	Commentary
Adjusted EBITDA (continuing operations)	185	195	
Add: adjusted EBITDA from discontinued operations	65	67	• Adding back adjusted EBITDA from Built Environment Consulting
Less: IFRS 16 benefit	(61)	(67)	
Less: JV element of EBITDA	(20)	(21)	
Add: JV dividends	16	8	
Adjusted EBITDA excl. IFRS 16 and JVs	185	182	
Provisions	(74)	(59)	• Includes asbestos, loss-making contracts and insurance utilisation
Other	15	8	
Working capital	(208)	(237)	• Seasonal working capital outflow, Projects de-risking
Operating cash flow	(82)	(106)	
Capex and intangibles	(57)	(41)	• Increase reflects reduced levels in HY21
Interest paid	(51)	(35)	• Increase reflects higher debt levels and interest rates
Tax paid	(29)	(41)	• Decrease reflects timing
Other	(42)	(10)	• Includes higher accrued interest costs (included in net debt but not yet paid)
Free cash flow pre-exceptionals	(261)	(233)	
Exceptionals	(102)	(47)	• HY22 includes investigation settlements (\$38m), Aegis (\$14m) and restructuring
Free cash flow	(363)	(280)	

Net debt movement

<i>Continuing and discontinued:</i>	HY22 \$m	HY21 \$m	Commentary
Free cash flow	(363)	(280)	
Disposals	-	19	• HY21 relates to disposal proceeds for JV interest in Sulzer Wood
Movement in net debt	(363)	(261)	
Net debt excluding leases	(1,756)	(1,275)	
Net debt / EBITDA (excluding leases)	4.2x	2.9x	• Below debt covenant levels (4.5x for June 2022 and Dec 2022 measurements)
Leases	(400)	(500)	
Net debt including leases	(2,156)	(1,775)	

Note: net cash proceeds of c.\$1.6bn from sale of Built Environment Consulting expected around the end of Q3

Update on expected cash outflows

	FY21	HY22	FY22 (est.)	Commentary
Aegis Poland contract	\$44m	\$14m	c.\$45m	<ul style="list-style-type: none"> • Project completing in H2 2022 • Treated as exceptional cash flow in FY22
Asbestos (provisions)	\$29m	\$20m	c.\$40m	<ul style="list-style-type: none"> • Long term profile • Gradually reducing over time
SFO settlement	\$75m	\$38m	\$38m	<ul style="list-style-type: none"> • 2022 payment made in HY22 • Further c.\$40m payable in both 2023 and 2024
Restructuring costs	\$50m	c.\$25m	c.\$30m	<ul style="list-style-type: none"> • Cash costs incurred in HY22
Onerous leases	\$29m	\$13m	c.\$25m	<ul style="list-style-type: none"> • Reducing to nil by 2024
Enterprise litigation	Nil	Nil	Unknown	<ul style="list-style-type: none"> • Court decision expected by end of 2022 • Potential appeals

Addressing our legacy issues

Debt level too high

Built Environment sale proceeds will reduce debt

SFO settlement payments

Sale proceeds provide an option to pay upfront

Asbestos liability

Sale proceeds provide an option to remove this liability

Aegis Poland contract

Operational completion due in H2

Losses in LSTK¹ contract portfolio

Continued reduction in losses; de-risking portfolio

Litigation claims

Enterprise court decision expected by end of 2022

FY22 outlook



- As stated previously, we expect higher revenue across our business this year and an improved performance in the second half, helped by an improvement in our Turbines joint ventures
- The completion of the sale of Built Environment Consulting will transform our net debt position
- **Our guidance for FY22 is:**

	Min	Max
Revenue	\$5.2bn	\$5.5bn
Adjusted EBITDA	\$370m	\$400m



Observations and look ahead

Ken Gilmartin, Chief Executive Officer

Strong platform to build on

**Outstanding
talent**

**Complex
work in
critical
industries**

**Long-term
client
relationships**

**In the right
markets for
growth**

**Pipeline de-
risked**

Our priorities in the near term

Areas to address:

Insufficient discipline in project selection

High levels of restructuring

Legacy issues

Our priorities:

1. **Complete the sale** of Built Environment Consulting
2. **Strengthen our balance sheet** and restore financial flexibility
3. **Focus on our culture** and energise our people
4. **Define our priority markets** and growth areas
5. **Improve operational delivery** and consistency
6. **Address legacy issues**



Our vision for a stronger Wood.

- Well-placed for end market growth
- Long-term client partnerships
- Talent to win
- Selective portfolio, de-risked pipeline
- Consistent performance
- Sustainable free cash flow

...will outline in detail at our Capital Markets Day (29th Nov)

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Q&A

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Appendix

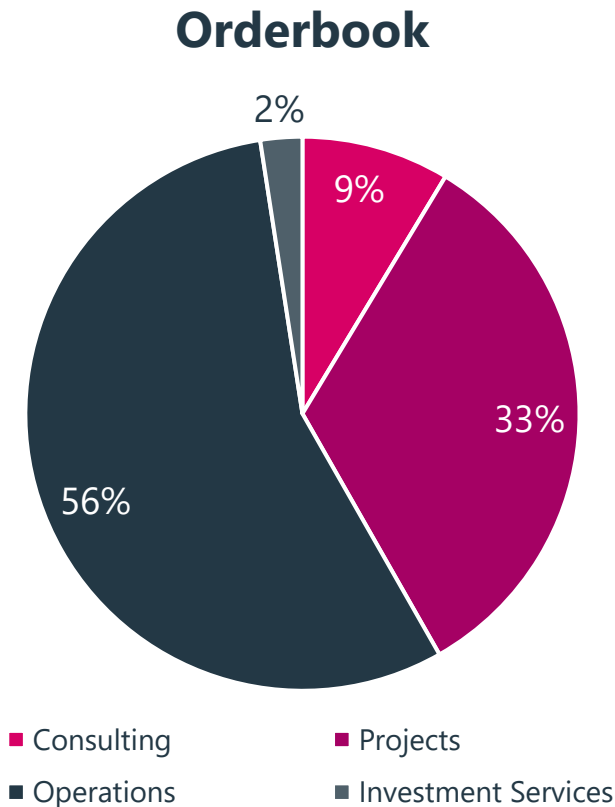
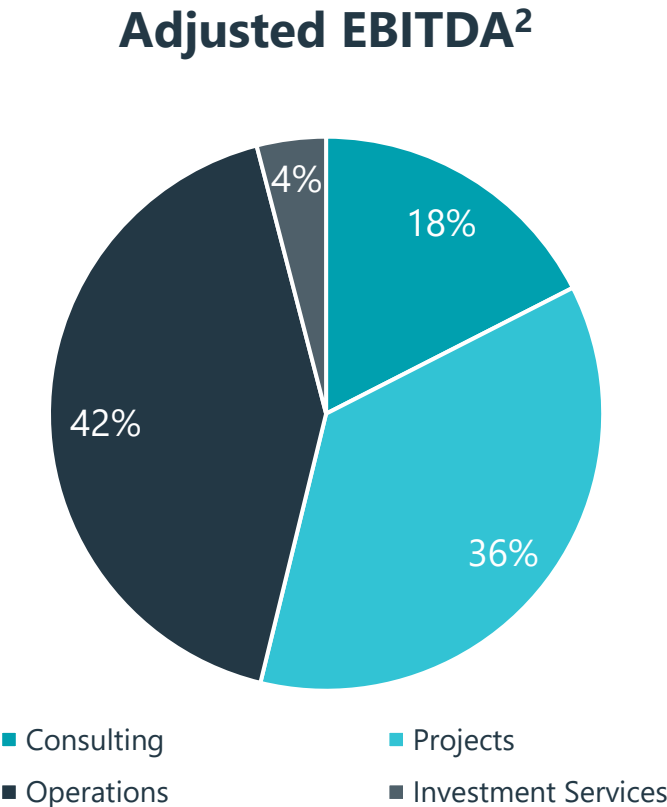
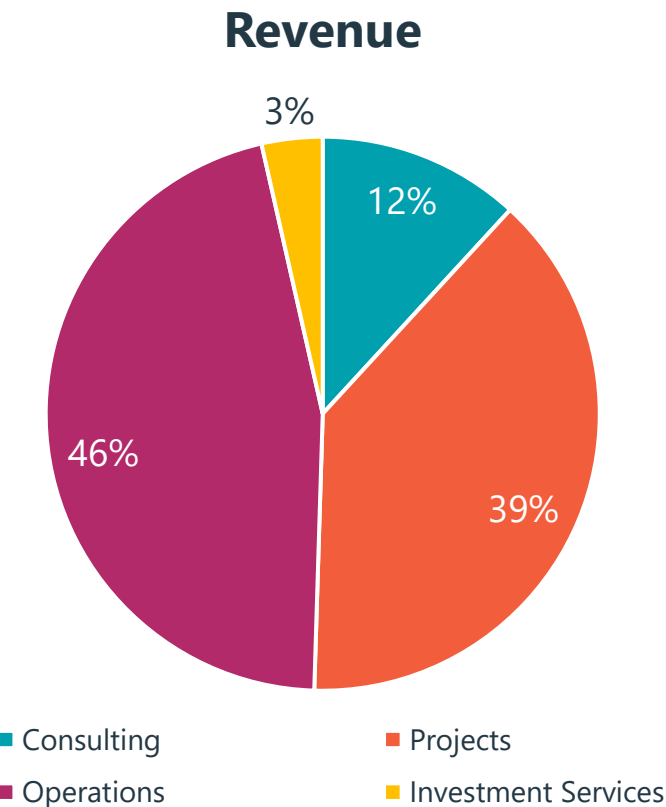
Restated income statement (1/2)

	HY22	HY21	FY21
Consulting	302.7	296.7	599.2
Projects	990.0	1,167.8	2,339.8
Operations	1,176.9	998.5	2,098.1
Investment Services	91.3	106.7	200.6
Total revenue	2,560.9	2,569.7	5,237.7
Consulting	39.1	39.3	77.2
Projects	81.3	88.3	167.7
Operations	94.0	107.1	225.1
Investment Services	8.6	(7.6)	10.9
Central costs	(38.2)	(32.2)	(76.6)
Total adjusted EBITDA	184.8	194.9	404.3
<i>Consulting</i>	<i>12.9%</i>	<i>13.2%</i>	<i>12.9%</i>
<i>Projects</i>	<i>8.2%</i>	<i>7.6%</i>	<i>7.2%</i>
<i>Operations</i>	<i>8.0%</i>	<i>10.7%</i>	<i>10.7%</i>
<i>Investment Services</i>	<i>9.4%</i>	<i>(7.1)%</i>	<i>5.4%</i>
Total adjusted EBITDA margin %	7.2%	7.6%	7.7%
Depreciation (PPE)	(14.2)	(17.3)	(35.1)
Depreciation (right of use asset)	(43.6)	(43.4)	(85.9)
Impairment of PPE and right of use assets	(0.4)	-	(5.3)
Amortisation - software and system development	(45.7)	(44.8)	(90.8)
Amortisation - intangible assets from acquisitions	(35.0)	(39.5)	(78.3)
Total adjusted EBIT	45.9	49.9	108.9

Restated income statement (2/2)

	HY22	HY21	FY21
Tax and interest charges on JVs	(5.2)	(4.9)	(15.3)
Operating profit before exceptional items	40.8	45.0	93.6
Exceptional items	(11.0)	(15.3)	(155.7)
Operating profit/(loss)	29.7	29.7	(62.1)
Net finance expense	(53.7)	(38.9)	(92.2)
Interest charge on lease liability	(7.5)	(9.2)	(17.7)
Profit/(loss) before tax	(31.5)	(18.4)	(172.0)
Tax	32.0	(23.8)	(41.5)
Profit/(loss) from discontinued operations	88.4	30.8	78.0
Profit/(loss) for the period	88.9	(11.4)	(135.5)
Non-controlling interest	(0.4)	(0.4)	(4.0)
Profit/(loss) attributable to owners of the parent	88.5	(11.8)	(139.5)
Adjustments to calculate adjusted EPS:			
Exceptional items, net of tax	(81.3)	29.9	175.1
Amortisation related to acquisitions, net of tax	33.2	41.5	82.7
Adjusted profit attributable to owners of the parent	40.4	59.6	118.3
Number of shares (m) – diluted	706.1	673.9	675.6
Adjusted diluted EPS (cents)	5.7	8.9	17.5

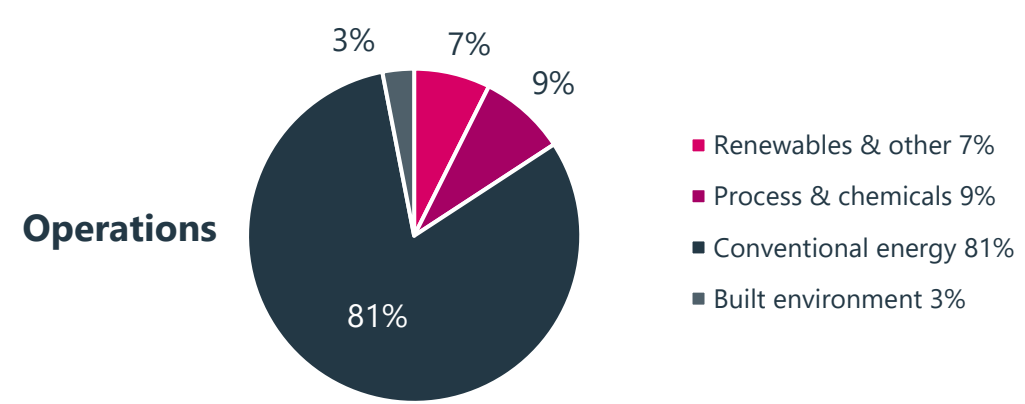
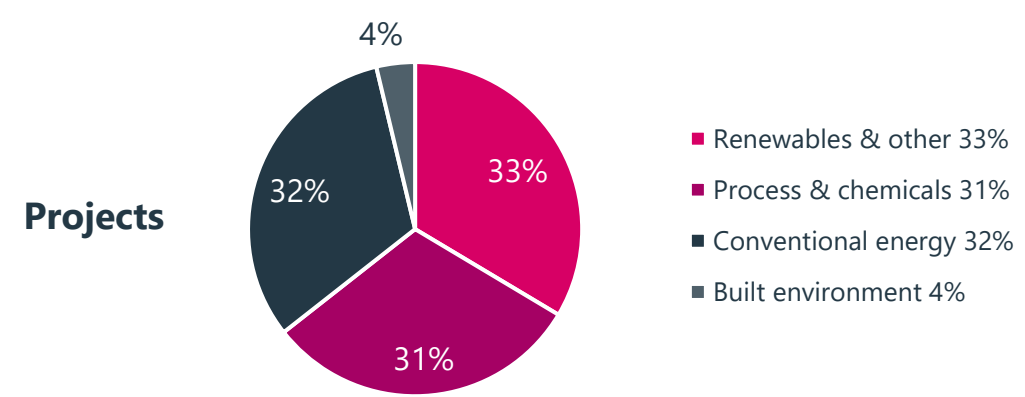
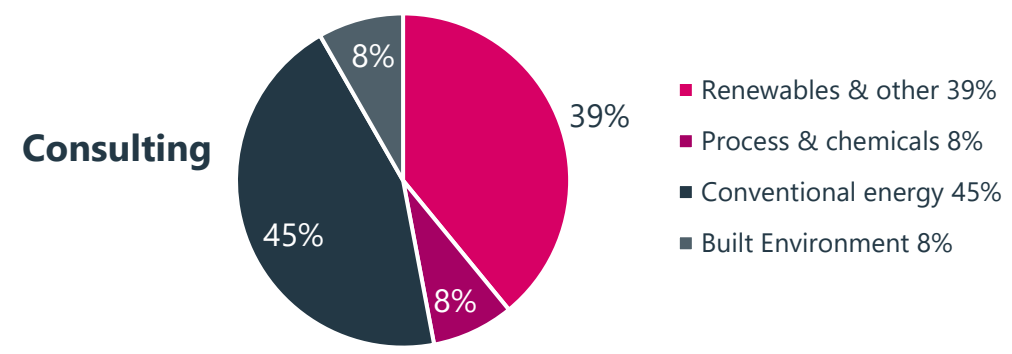
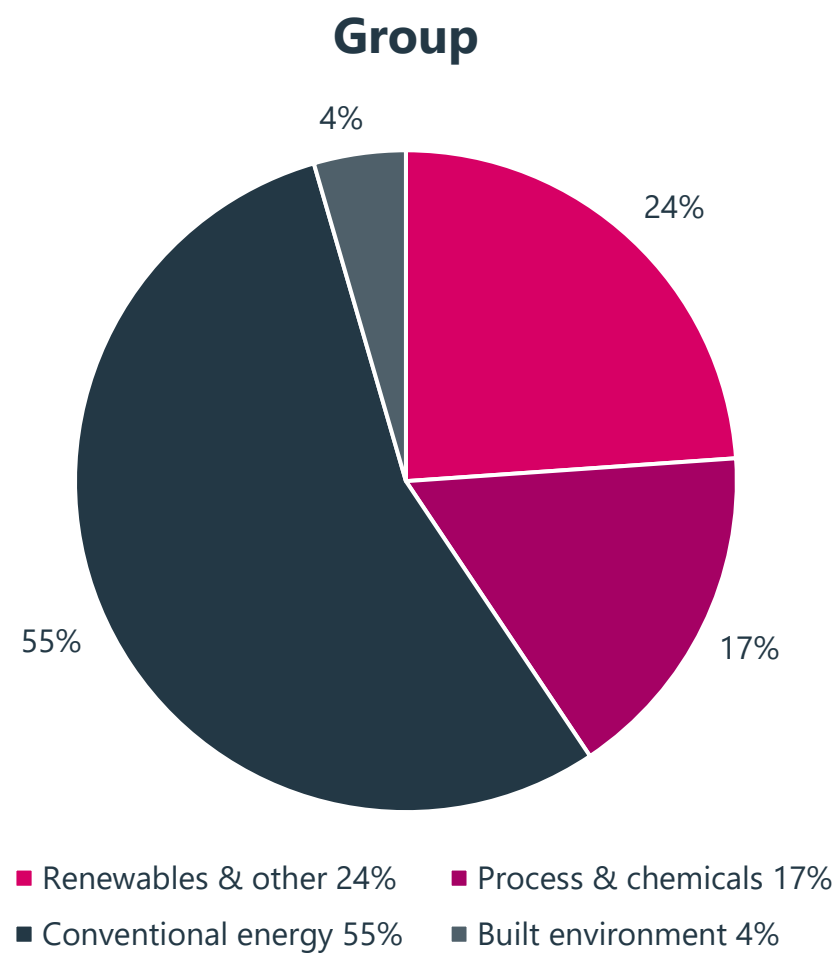
Group split by business unit



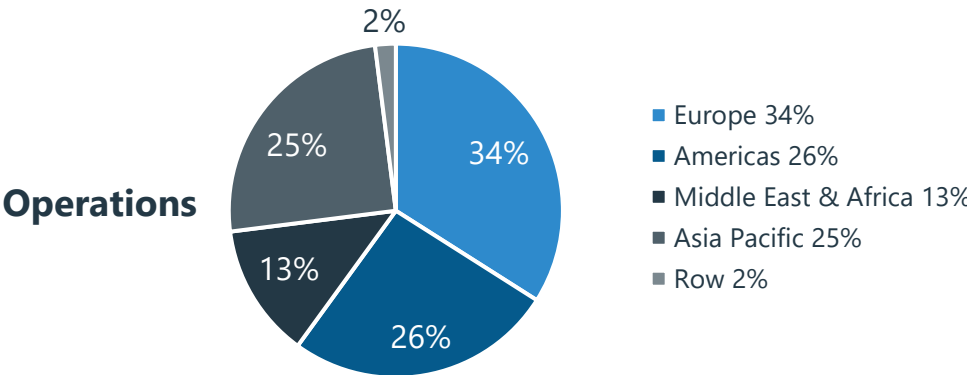
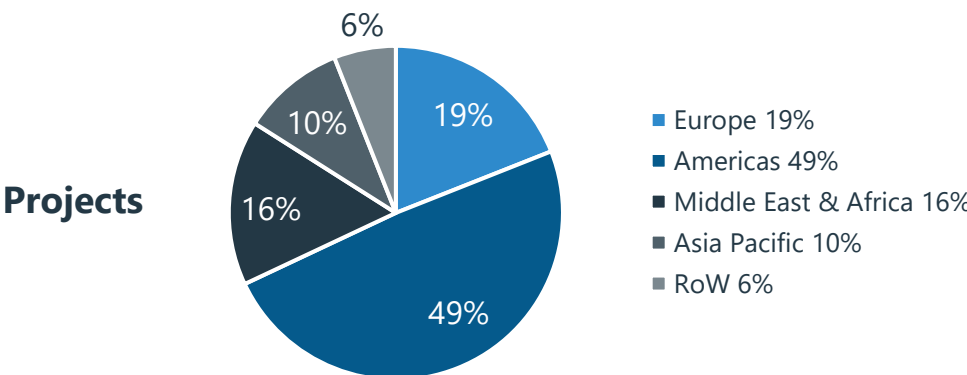
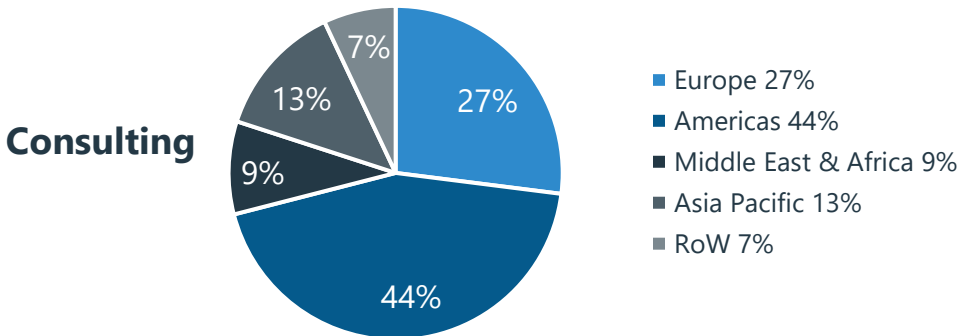
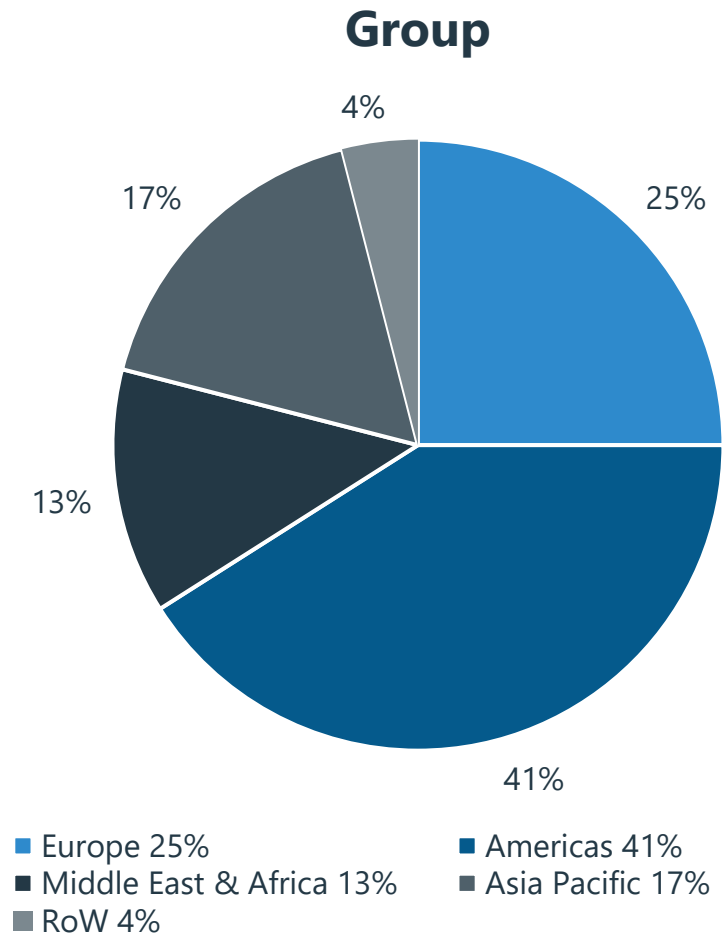
Revenue & adjusted EBITDA by market

	HY22						HY21					
	Consulting	Projects	Operations	Investment Services	Central	Total	Consulting	Projects	Operations	Investment Services	Central	Total
Revenue:												
Renewables & other	118	332	87	75		612	110	435	129	88		762
Process & chemicals	25	305	98	-		428	37	413	113	-		563
Conventional energy	135	315	956	-		1,406	132	260	757	-		1,149
Built environment	25	38	36	16		115	18	60	-	18		96
Total	303	990	1,177	91		2,561	297	1,168	999	106		2,570
Adj. EBITDA	39	81	94	9	(38)	185	39	88	107	(7)	(32)	195
Adj. EBITDA margin	12.9%	8.2%	8.0%	9.4%		7.2%	13.1%	7.5%	10.7%	-7.1%		7.6%

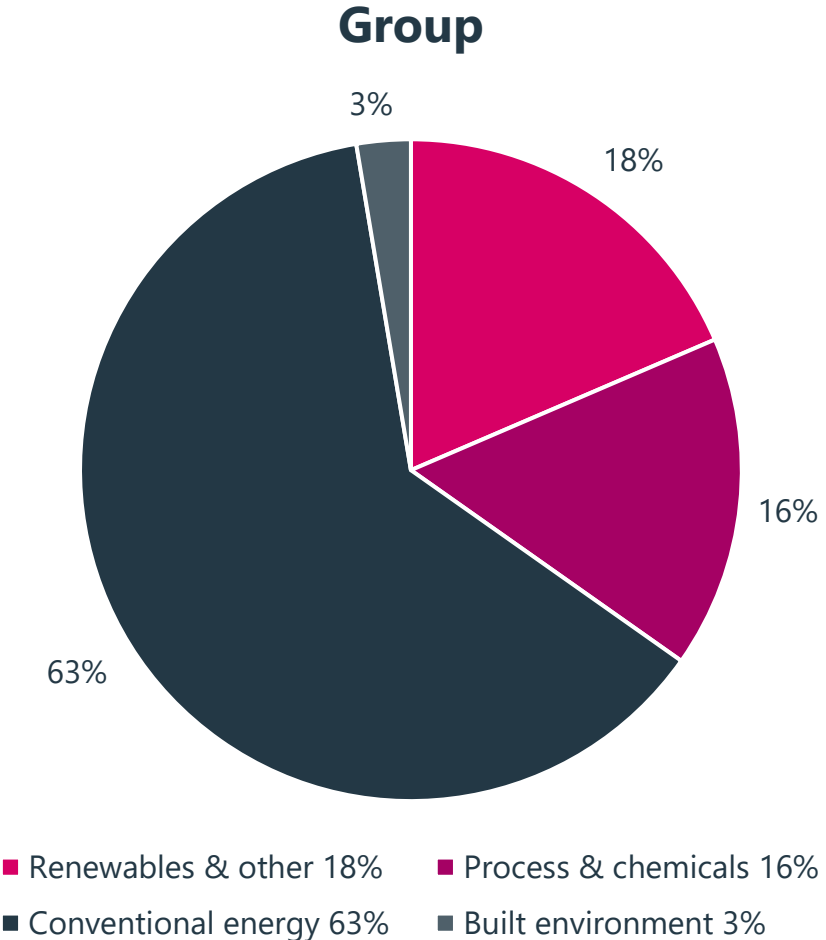
HY22 revenue by market



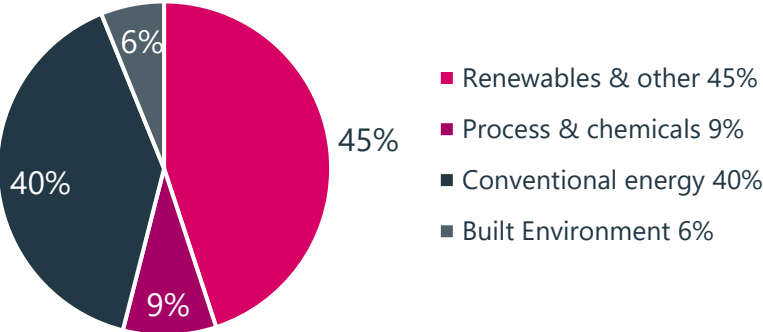
HY22 revenue by region



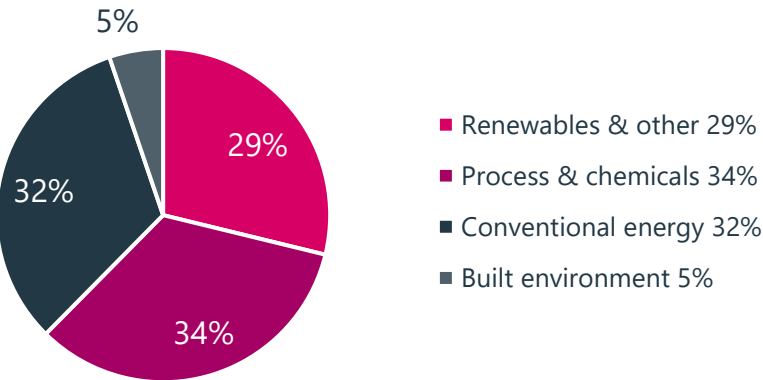
Orderbook (Jun 22) by market



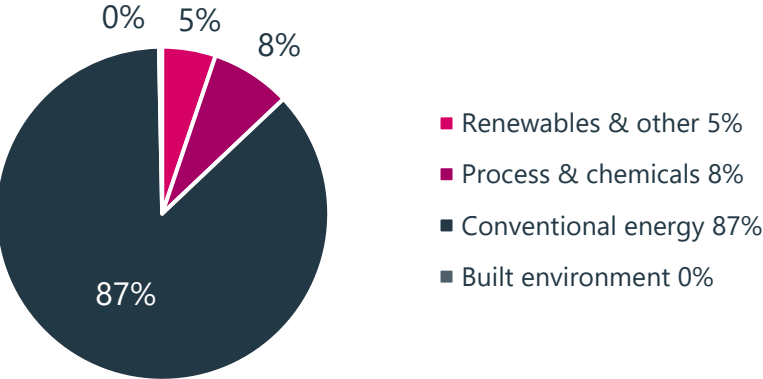
Consulting



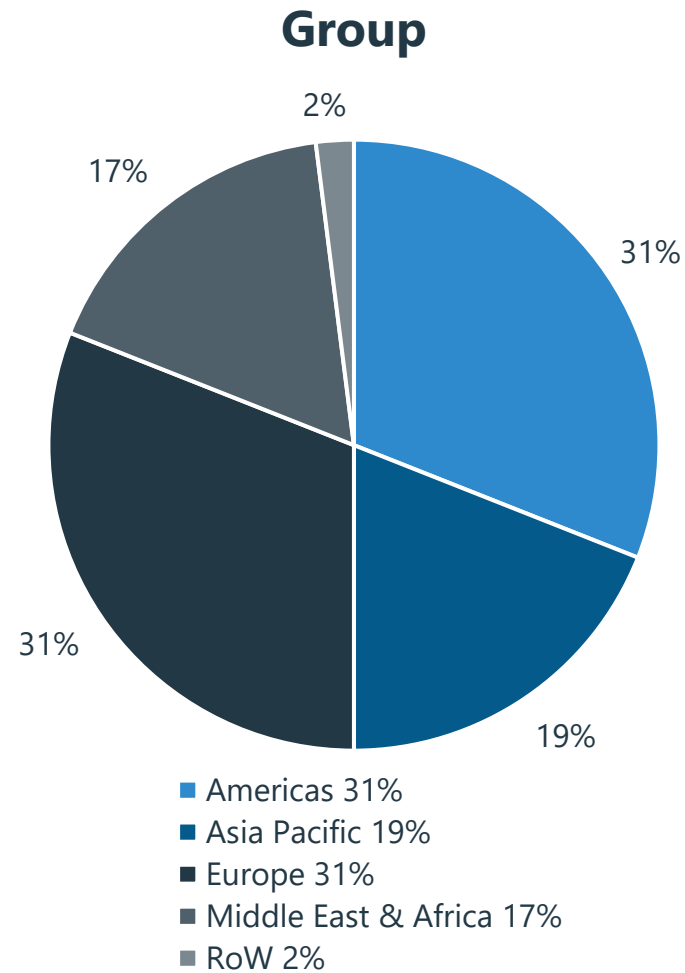
Projects



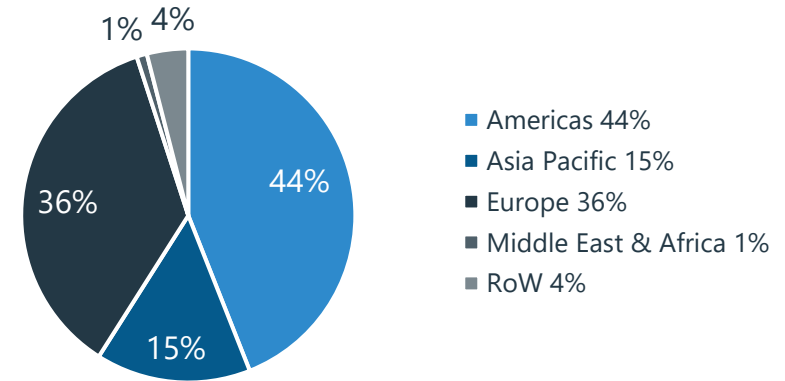
Operations



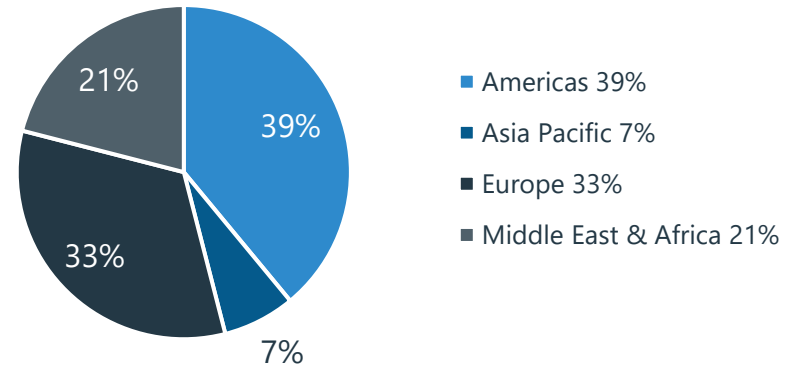
Orderbook (Jun 22) by region



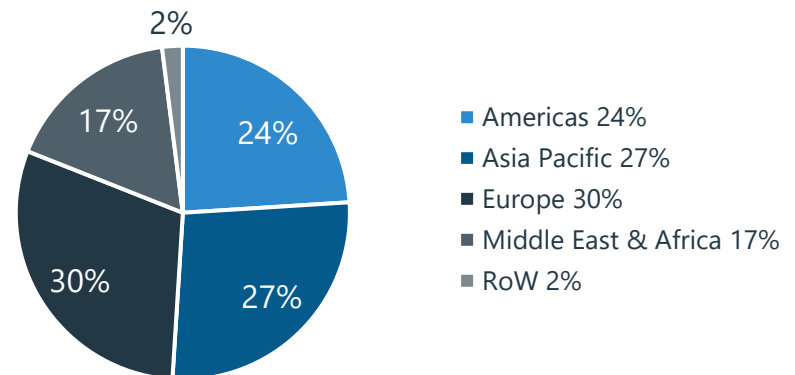
Consulting



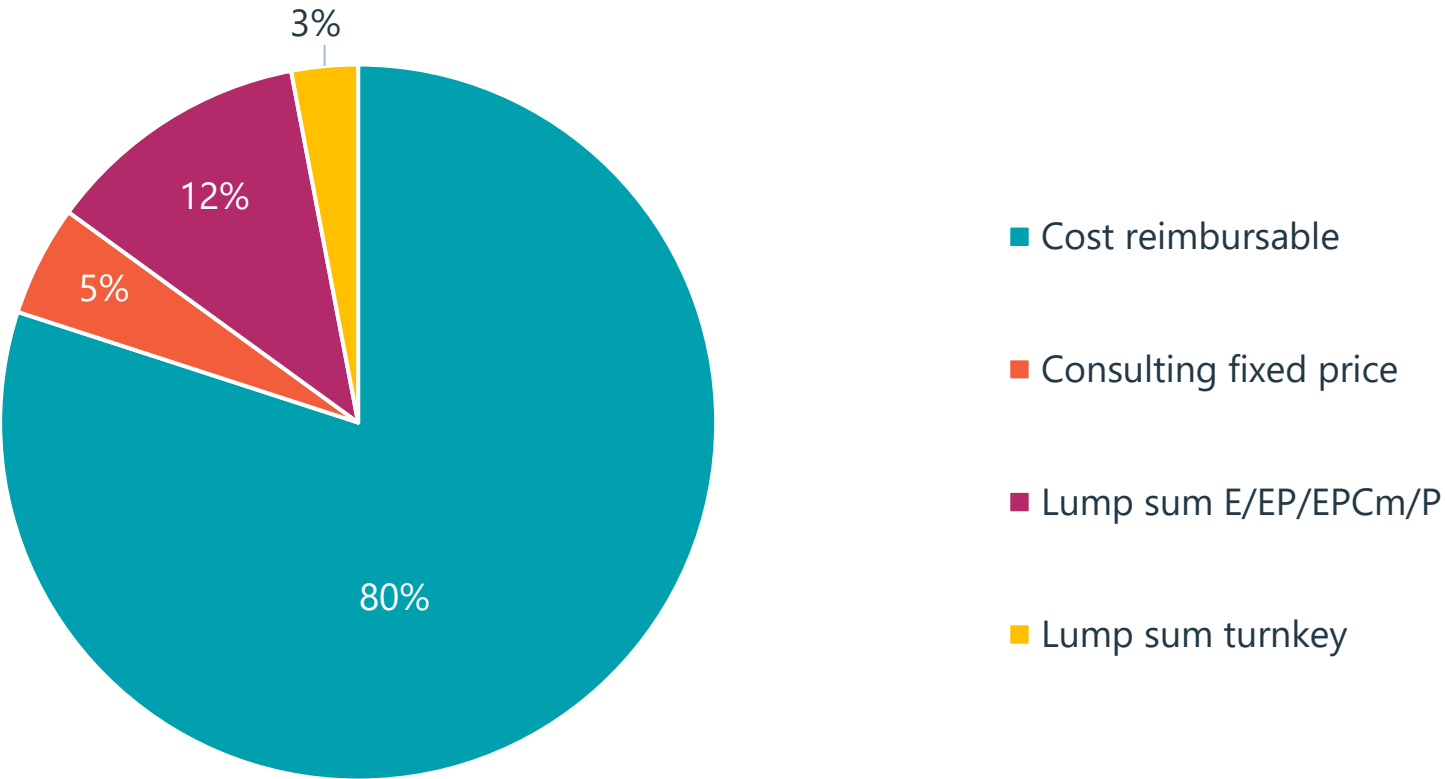
Projects



Operations



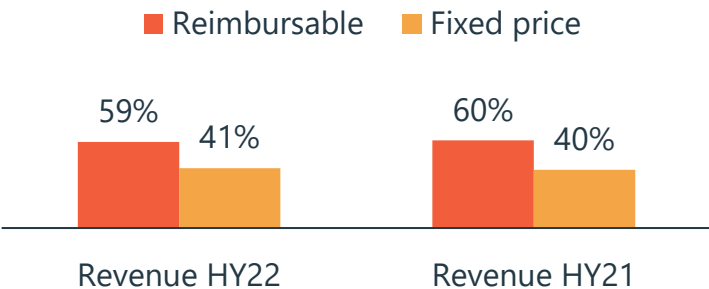
HY22 revenue by contract type



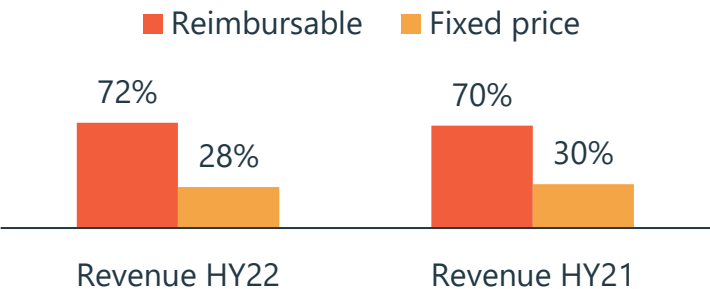
Contract splits across BUs

HY22 revenue: reimbursable vs fixed price

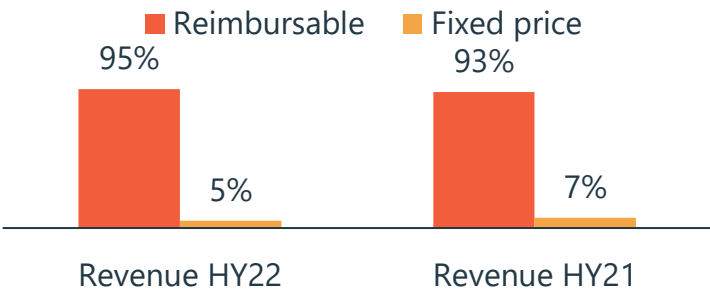
Consulting



Projects

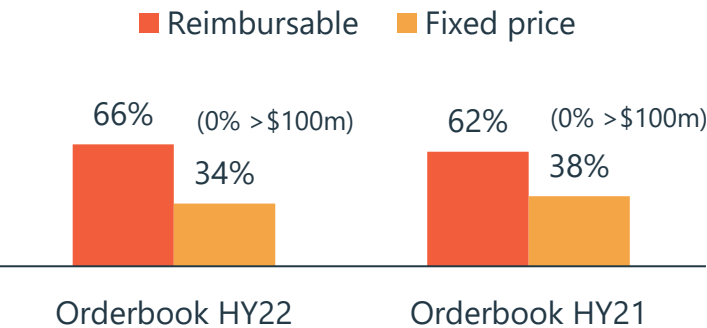


Operations

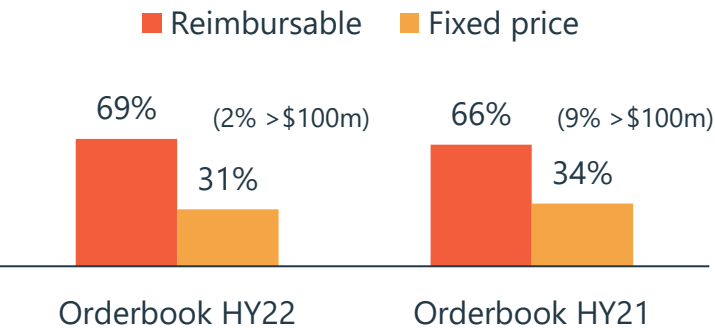


Order book at June 2022: reimbursable vs fixed price

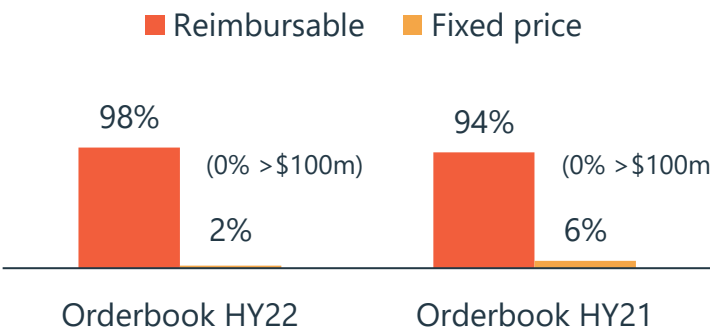
Consulting



Projects



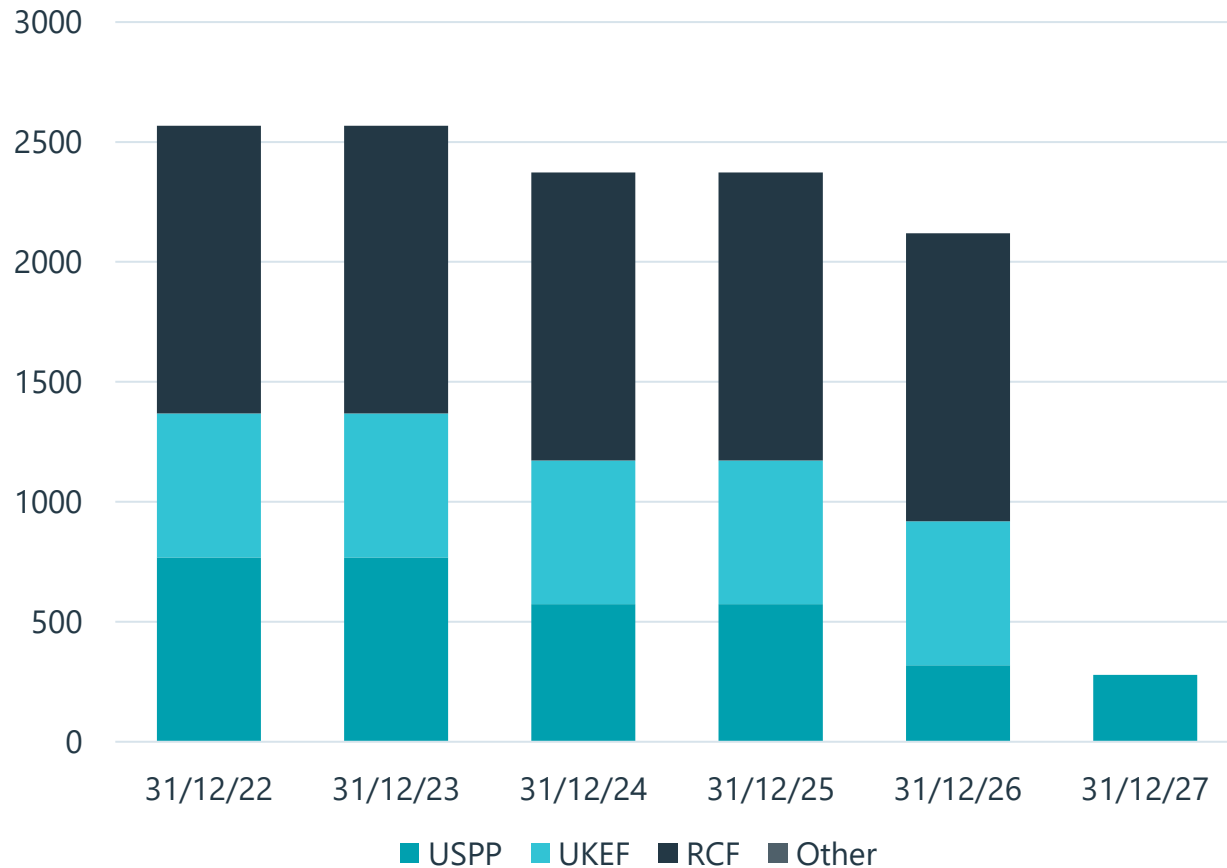
Operations



Free cash flow reconciliation

Pre-IFRS 16 to post-IFRS 16 free cash flow reconciliation	HY22			HY21		
	Excluding leases	Leases	Half year	Excluding leases	Leases	Half year
Adjusted EBITDA (continuing and discontinued)	190	61	250	194	67	262
Less: JV element of EBITDA	(20)	(3)	(22)	(21)	(3)	(24)
Add: JV dividend	16	-	16	9	-	9
Adjusted EBITDA excl. IFRS 16 and JVs	186	58	244	182	64	246
Provisions	(74)	-	(74)	(59)	-	(59)
Other	14	1	15	8	-	8
Working capital	(208)	-	(208)	(237)	-	(237)
Operating cash flow	(82)	59	(23)	(107)	64	(43)
Net capex	(57)	-	(57)	(41)	-	(41)
Interest paid	(51)	-	(51)	(35)	-	(35)
Tax paid	(29)	-	(29)	(41)	-	(41)
Other	(42)	-	(42)	(10)	8	(2)
Non-cash movement in leases	-	(17)	(17)	-	(40)	(40)
Free cash flow pre-exceptionals	(261)	42	(219)	(234)	32	(202)
Exceptionals	(102)	8	(94)	(47)	10	(36)
Free cash flow	(363)	50	(313)	(280)	42	(238)
Divestments	-	-	-	19	-	19
(Increase)/decrease in net debt	(363)	50	(313)	(261)	42	(219)

Liquidity



- **\$2.6bn** of total available borrowings and facilities
- **USPP:** long term profile with maturity dates to 2031, weighted to later dates
- **UKEF:** \$600m backed term loan maturing July 2026
- **RCF:** \$1.2bn, maturing October 2026
- **Financial covenants:**
 - Net debt to EBITDA < 4.5x¹
 - Interest cover: adjusted EBITA > 3.5x interest

Provisions detail

	June 2022 \$m	Dec 2021 \$m
Asbestos	303	342
Insurance and property	74	88
Litigation	86	93
Project provisions	65	112
Total at period end	528	635

Future Events



Completion of Built Environment sale

Around end of
Q3 2022
(estimated)



Capital Markets Day

29th November
2022



FY22 results

March 2023 (TBC)

wood.