Introduction to Wood Group

March 2023

Design the future.

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Highlights from latest results

Delivered results in line.

- Strong revenue growth
- FY23 performance expected to be in line with CMD targets

Delivering on our strategy.

- Transformed the Group
- Addressed legacy issues
- De-risked business - focus on cost reimbursable work
- Taking steps to optimise our portfolio

Momentum across our business.

- Order book for delivery in 2023 increased by 10%
- Improving underlying operating cash flow
- Headcount increased by 8%

What Wood does

History of the Group

1981 – Oilfield services business splits from family fishing business

2002 – Wood Group listed on London Stock Exchange

2011 – PSN business acquired

2017 – Acquisition of Amec Foster Wheeler

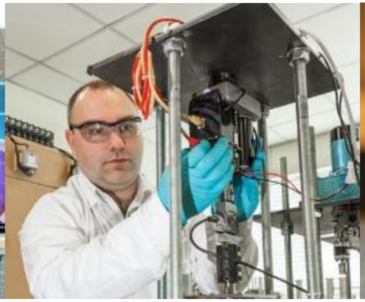
2020 – Sale of Nuclear business

July 2022 – Ken Gilmartin took over as CEO

Sept 2022 – Sale of Built Environment Consulting business







We are now a leading engineering and consultancy company operating across Energy and Materials markets

Executive Leadership Team (ELT)

Chief Executive
Ken Gilmartin

Joined ELT Aug 2021
CEO from July 2022

Chief Financial Officer
David Kemp

Joined ELT
May 2015

Executive President, Strategy & Development
Jennifer Richmond

Joined ELT
April 2022

Executive President, Business Sustainability & Assurance
Mike Collins

Joined ELT
October 2020

Executive President, People & Organisation
Lesley Birse

Joined ELT
Nov 2021

Group General Counsel & Company Secretary
Martin McIntyre

Joined ELT
Jan 2022

Executive President, Consulting
Azad Hessamodini

Joined ELT
June 2022

Executive President, Projects
Craig Shanaghey

Joined ELT
July 2022

Executive President, Operations
Steve Nicol

Joined ELT
Feb 2023

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What we do

Advise

- Feasibility studies
- Concept design
- Pre-FEED
- Strategy planning

Design

- FEED
- Detailed design
- Owner's engineer

Deliver

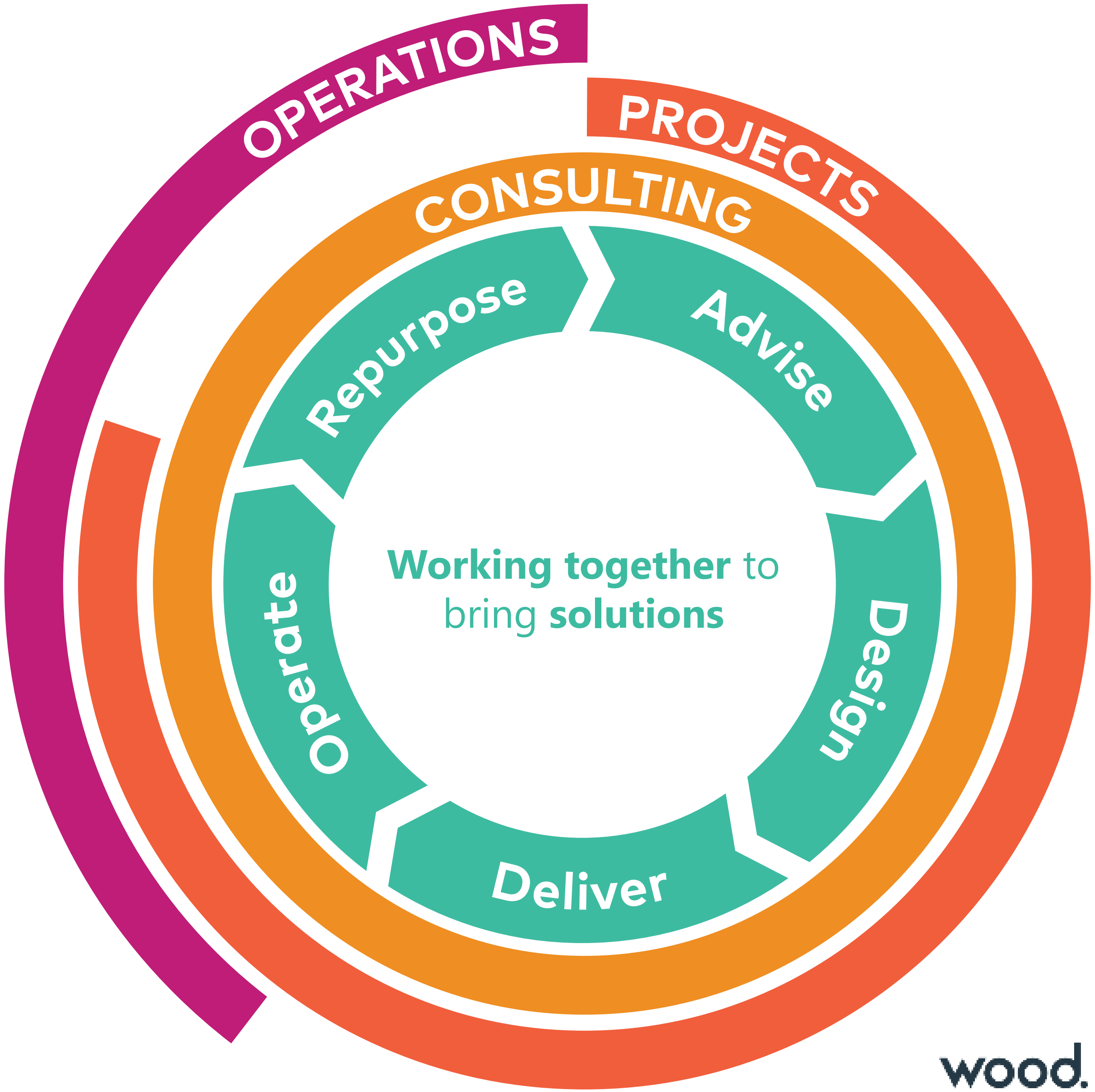
- PMC
- EPCm
- Commissioning

Operate

- Maintenance
- Modifications
- Brownfield engineering
- Asset management
- Asset optimisation

Repurpose

- Life extension
- Asset repositioning
- Decommissioning



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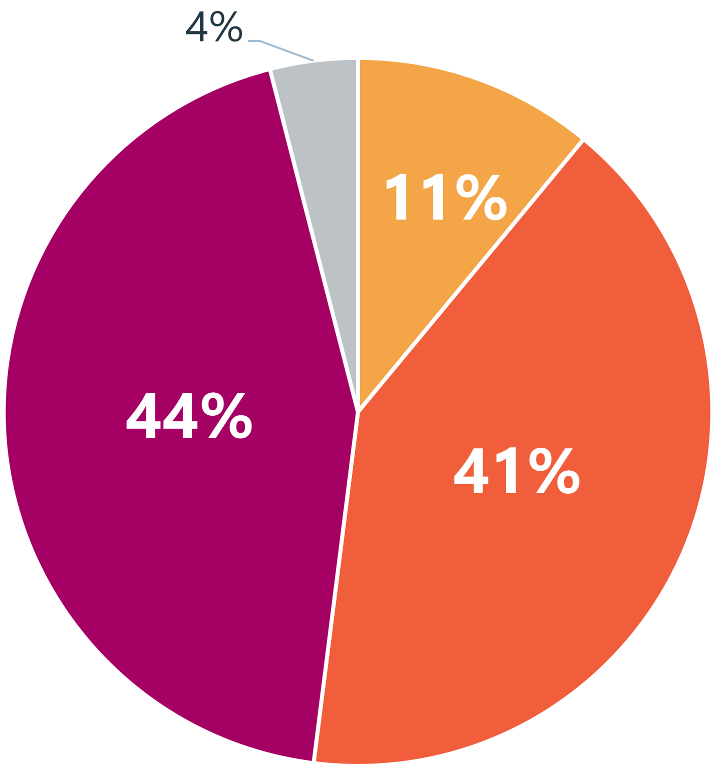
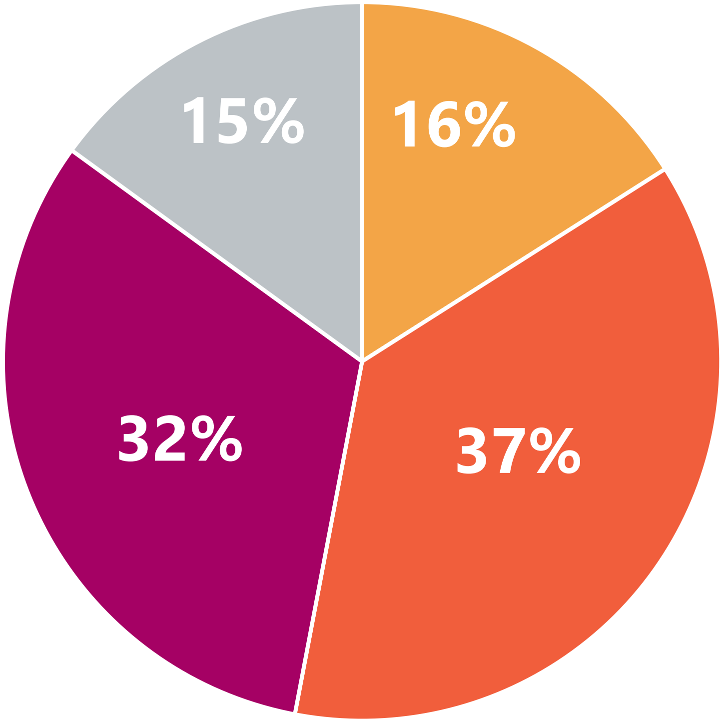
Split of the Group across our business units

Split of revenue (FY22)



Split of adjusted EBITDA (FY22)[1]



Consulting | Projects | Operations | Investment services (incl. Turbines JVs)

1. Based on EBITDA excluding corporate costs

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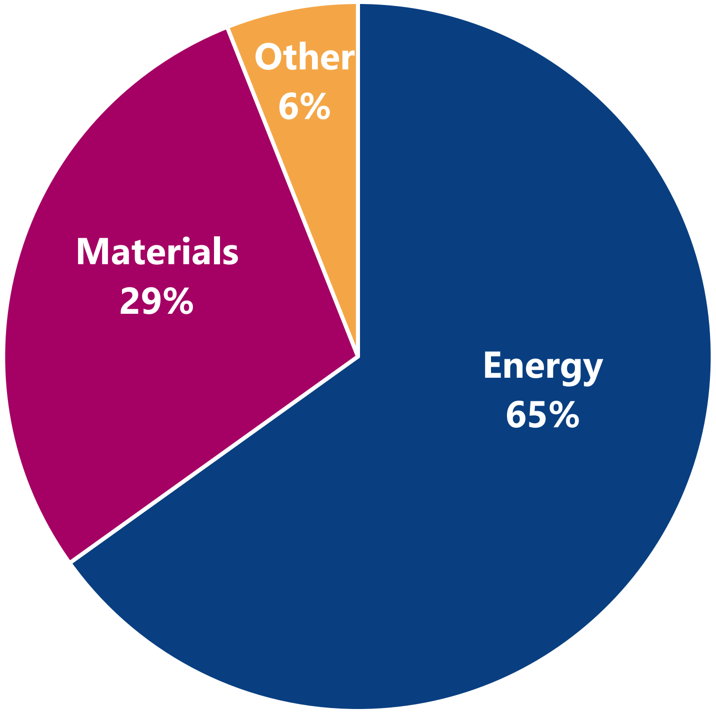
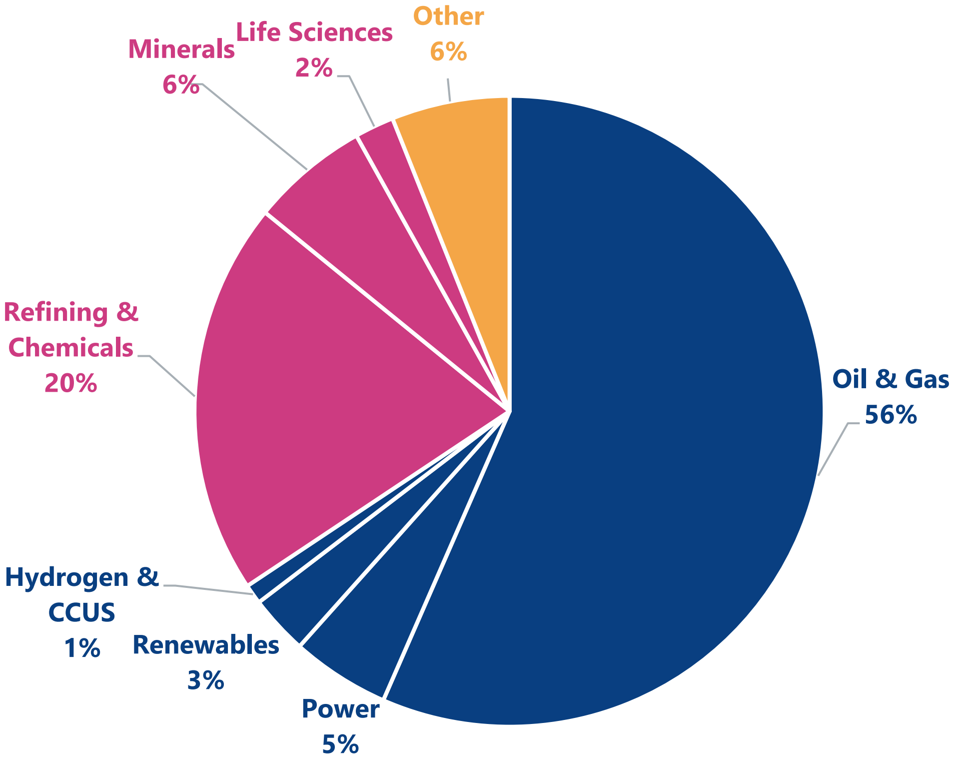
Split of Group revenue by market





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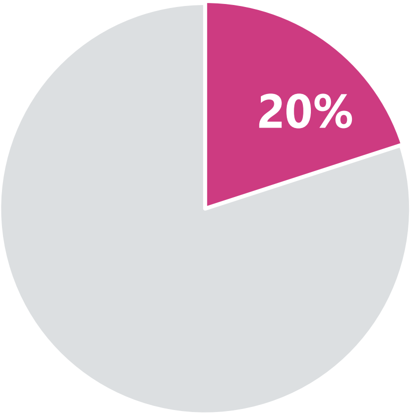
Over 20% from sustainable solutions today

Revenue split, FY22[1]



The majority of the work we do across our businesses reduces the carbon intensity of our clients', so this figure is a conservative view

Our sustainable solutions

Energy

- Renewable energy
- Hydrogen
- Carbon capture & storage
- Power & electrification
- Battery storage
- LNG

Materials

- Waste-to-energy
- Sustainable fuels/feedstocks
- Materials recycling
- Circular economy
- Energy transition minerals
- Life sciences

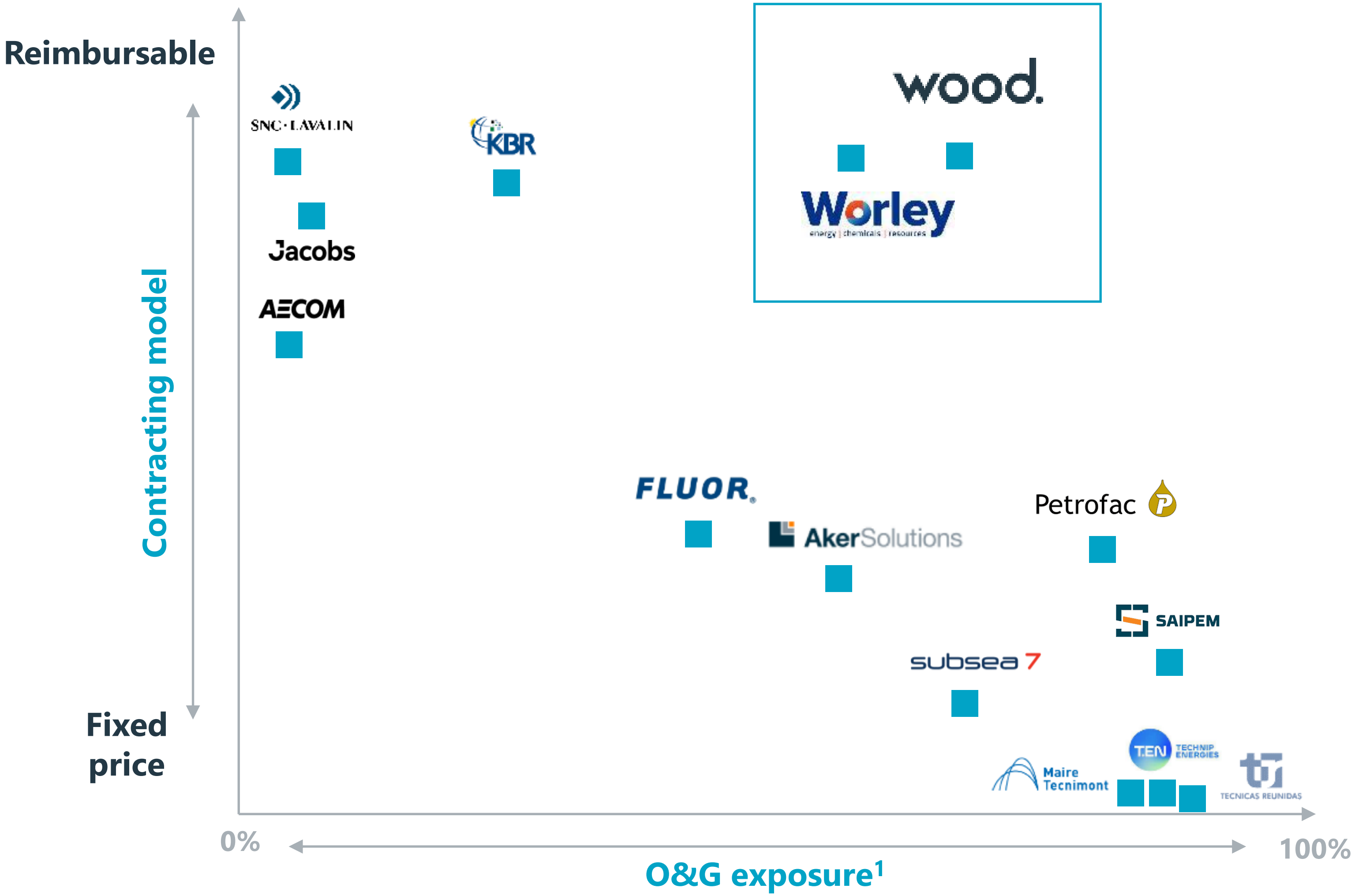
← **Decarbonisation** →

- Carbon reduction activities
- Asset optimisation / efficiency improvements
- Late life asset solutions / decommissioning

1. Sustainable solutions consists of activities related to those shown on this slide. 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

Competitive landscape and differentiators

Differentiated from the competition



Outstanding technical expertise

Complex work in critical industries

Long-term client relationships

Highly valued by our clients

Predominantly reimbursable services

Wood analysis based on published company reports and statements. Illustrative chart only, not to scale

1. O&G exposure includes upstream, midstream and downstream / chemicals. Wood shown as 74% which includes oil & gas (54%) and refining & chemicals (20%)

Wood is highly valued by our clients

NPS 20% higher than market average.

Our clients rate us highly in energy, with NPS 20% higher than market average and key competitors

1st among **9** closest peers

Top three engineering firm.

ENR Sourcebook lists Wood in the top three engineering firms across key industries:

- Oil & gas
- Refineries & petrochemicals
- Specialty chemical plants
- Mining

Strong differentiators.

1. SMEs & world experts
2. Long-term partnership potential
3. Product & solution range
4. Commitment to safety
5. Global scale
6. Technical expertise
7. Advanced technology

Source: Wood Core Industries Survey (N=250) and Key Markets Survey (N=250). Expert interviews conducted by independent consultant

Consulting's differentiators

1. **Deep domain expertise** combined with technical knowledge
2. **Trusted partnerships** with long-term global clients
3. Ability to leverage **integrated Wood offering**
4. Innovative **carbon reduction solutions** to help enable net zero
5. **Global footprint** across our digital advisory business
6. Industry-leading **digitalisation solutions**
7. **Leading systems integrator** with technology agnostic solutions

Main competitors

Technical consulting

- Worley (Advisian)
- Technip Energies (Genesis)
- KBR
- Exponent

Digital advisory & implementation

- Baker Hughes
- Worley
- Accenture
- Cognizant

Projects' differentiators

1. **Excellent track record** of managing complexity
2. **World's leading project delivery professionals** with the ability to scale through regional hubs of expertise
3. **Strategic, long-term client partnerships**
4. Engineering solutions to **reduce carbon at the outset** of every project
5. Cutting-edge **digital strategies** that deliver sustainable value to clients
6. Deep experience in **optimising cost and schedule** for clients
7. Ability to leverage **integrated Wood offering**

Main competitors

Energy

- Worley
- Aker Solutions
- Fluor
- KBR
- Technip Energies

Materials

- Worley
- Fluor
- Bechtel
- Hatch
- Ausenco

Operations' differentiators

1. An **outstanding track record** delivering world-class operations solutions
2. **Long-term relationships** with clients who rely on us as partners
3. **Global expertise** - we are where our clients are, mobilising skilled & experienced teams quickly
4. Our **digitally-enabled solutions** create shared value through efficiency and innovation
5. Assess, measure and deliver practical **decarbonisation solutions**
6. Ability to **seamlessly integrate** experts from wider Wood business to enhance offering and bring specialist solutions to clients

Main competitors

EMEA

- Worley
- Aker Solutions
- Petrofac
- Fluor

APAC

- Worley
- McDermott
- Technip FMC

Americas

- Worley
- Danos
- DNZ
- Turner Industries

Business model across our BUs

	Consulting	Projects	Operations
Number of employees (Dec 2022)	c.4,000	c.14,000	c.16,000
Average contract length	5 months	12 months	3 years
Average contract size	c.$0.1m	c.$10m	c.$90m
Contract mix:			
- Cost reimbursable	c.60%	c.70%	c.95%
- Fixed price services	c.40%	c.22%	c.5%
- Lump sum turnkey	Nil	c.8%	Nil
Level of repeat business	c.85%	c.90%	c.95%
Capex/opex exposure	Both	Capex-led	Opex-led
Margins (FY22)	11.7%	7.6%	6.1%
Operating cash conversion profile	> 90%	> 90% by 2024	> 90%

Our strategy

A clear strategic direction

Profitable growth.

Performance excellence.

Inspired culture.

Energy.

Oil & Gas | Hydrogen | Carbon Capture

Energy security:
delivering safe, reliable and affordable energy

Energy transition:
enabling a low carbon energy future

Materials.

Minerals | Chemicals | Life Sciences

Raw materials demand:
sustainably deliver key minerals and chemicals

Life sciences growth:
advanced, scalable manufacturing post-pandemic

Decarbonisation

Digitalisation

The opportunity: well-positioned for market growth

c.$230bn

2025 total addressable market in core geographies[1]

Large markets with solid growth.

Oil & Gas
Delivering energy security

Chemicals
Rising global demand

Small markets with substantial growth.

Hydrogen
Enabling energy transition

Carbon Capture
Enabling energy transition

Large markets where we will significantly grow our share.

Minerals
Minerals for net zero

Life sciences
Rising global demand

1. Addressable market sizes estimated using secondary sources, details available in our Capital Markets Day presentation (Nov 2022)

Focused on markets with good growth potential

	Energy			Materials		
Focus markets[1]	Oil & Gas	Hydrogen	Carbon capture	Mineral processing	Chemicals	Life sciences
Market drivers	• Energy security • Net zero agenda • High commodity prices	• Energy transition • Supportive policy • Technology	• Net zero agenda • Improving economics • Supportive policy	• Transition to net zero • Supportive policy • Technology advancement	• Consumer demand • Circular initiatives • Net zero agenda	• Consumer demand • Onshoring commitments • Aging populations
Addressable market (2025)[2]	$124bn	$4bn	$4bn	$21bn	$50bn	$26bn
Market CAGR 2022-2025[3]	6%	67%	29%	7%	1%	6%
Market CAGR 2022-2030[3]	2%	31%	15%	7%	2%	6%
Wood share today	High	Low	Low	High	Medium	Low
Market share growth						

1. Oil & Gas refers to upstream and midstream. Chemicals excludes refining
2. Addressable market sizes estimated using secondary sources, details available in our Capital Markets Day presentation (Nov 2022)
3. Market CAGR assumptions shown are nominal growth rates based on a range of global inflation assumptions from 0% to 2.5%

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Our capital allocation policy

Strong balance sheet	• Medium term target leverage range around 0.5x to 1.5x (pre-IFRS 16)
Invest in our business	• Invest in the business to secure growth
Legacy issue payments	• Schedule of payments related to legacy issues, reducing each year to only asbestos from 2025
Ordinary dividends / **Share buybacks** / **M&A**	• Potential for share buybacks and ordinary dividend once we have sustainable free cash flow • Potential selective M&A in medium term

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A transformed group

Reducing exceptional cash (no change from CMD)

All cash outflows	FY23e	FY24e	FY25e	Commentary
Aegis Poland contract	c.$20m	Nil	Nil	• Moving to commercial settlement process
Asbestos (provisions)	c.$35m	c.$30m	c.$30m	• Long term profile to 2050 • Gradually reducing over time
SFO settlement	c.$35m	c.$30m	Nil	• Final payment in early 2024
Restructuring costs	n/m	n/m	n/m	• No significant restructuring expected
Onerous leases	c.$20m	c.$5m	Nil	• Reduce to nil beyond 2024
Enterprise litigation	Nil	Nil	Nil	• Settled for $115m in November 2022
LSTK losses / working capital	c.$25m	Nil	Nil	• Exiting LSTK, unwind of advances
Total:	**c.$135m**	**c.$65m**	**c.$30m**	

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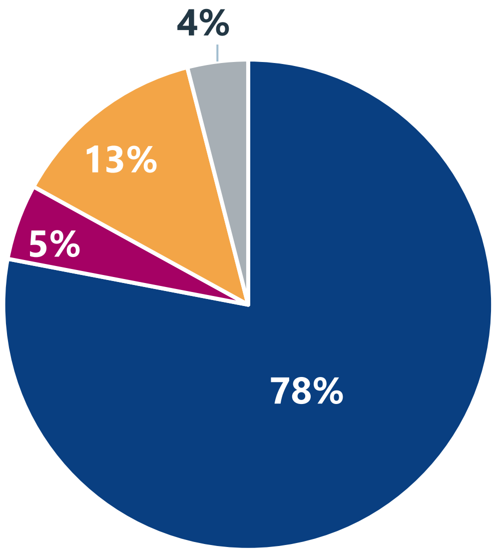
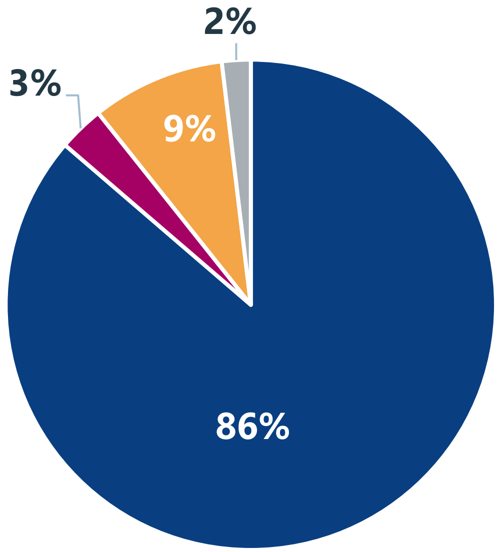
Contract portfolio de-risked

Revenue split (FY22)



Order book split (Dec 2022)



Cost reimbursable
Fixed price services
Consulting fixed price
LSTK[1]

Predominantly reimbursable services

Selective in our pipeline

Improved discipline on where to bid

Shift in mix improves cash conversion in Projects

1. Lump sum turnkey contracts.

Latest results

Results in line with expectations

See note 1 for accounting treatment:	FY22	FY21	*Movement*	*Constant currency*
Revenue *Continuing operations*	$5,442m	$5,238m	*3.9%*	*8.3%*
Adj EBITDA *Continuing operations*	$385m	$404m	*(4.7)%*	*0.3%*
Adj EBITDA margin *Continuing operations*	7.1%	7.7%	*(0.6)ppts*	
Net debt excl. leases *Continuing and discontinued operations*	$393m	$1,393m	*(71.8)%*	
Order book *Continuing operations*	$6,016bn	$6,047bn	*(0.5)%*	*4.2%*

- **Revenue up 8% at constant currency**
  - Growth in Operations and Consulting, decline in Projects
  - Return to growth in Projects in H2
- **Adjusted EBITDA at top end of January guidance**
  - Growth in Projects, decline in Operations as expected
  - FX impact of c.$20m
- **Adjusted EBITDA margin**
  - Higher in Projects, lower in Operations and Consulting
- **Net debt in line with guidance**
  - Sale of BE, WC normalisation and litigation settlement
  - Strong underlying operating cash flow in H2
- **Order book up 4% at constant currency**
  - Revenue in order book for FY23 up 10% on last year

1. Built Environment Consulting shown as discontinued operation. We have adjusted our underlying results to reflect this, including restating comparatives. Net debt measures include continuing and discontinued operations.

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Medium term actions to support margins and cash

We continue to target cost savings in two key areas to support our targets – continued rationalisation of our property portfolio and IT cost savings

Rationalisation of property

- As our leases expire and reflecting post-Covid working patterns
- **Annualised savings of $15m to $20m** by the end of 2025, with benefits accruing from 2024
- EBIT will benefit by $10m to $15m per year

IT cost savings

- Licence rationalisation and other efficiency measures
- **Targeting savings of $10m to $15m** per year
- Material benefit accruing from 2024 onwards

UK pension scheme

- As at 31 Dec 2022, main UK defined benefit scheme now fully funded: surplus of **$432m** (IAS 19 basis)
- Estimated surplus of around **$130m** on more prudent Technical Provisions basis at 31 March 2023
- Working with trustee to agree a preferred direction regarding future of plan

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Outlook for 2023 unchanged

- While mindful of the uncertain economic outlook, our **expectations for 2023 remain unchanged**
- **Adjusted EBITDA margins** to be flat in the nearer term, partly as we reinvest in the business to secure growth. In the medium term, we continue to see opportunity for margin improvement
- **Adjusted EBITDA** to grow at mid to high single digit CAGR over the medium term, with momentum building over time as our strategy delivers
- As is typical for our business, performance will be **weighted** to the second half of the year
- We expect a material improvement in cash flow in FY23 with a significant improvement in **operating cash flow**, reflecting a much-improved working capital performance
- As previously guided, we expect significantly lower exceptional cash flows in FY23 of around $135 million. This, plus the remaining tax payable on the sale of Built Environment Consulting of around $60 million, partially offset by disposal proceeds of around $25 million, will lead to higher **net debt** in FY23
- The exceptional cash outflows in FY23 are **weighted** to the first half of the year, and the tax payable on the sale of Built Environment will be paid in the first half of the year
- The improved operating cash flow performance of the Group, along with a continued reduction in exceptional cash outflows, will enable a return to **positive free cash flow (after exceptionals) in FY24**

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Conclusion

Building momentum towards 2025

2022

- Built Environment sale completed
- New leadership team in place
- Launched new strategy
- Addressed legacy issues
- De-risked business model
- Revenue growth in H2

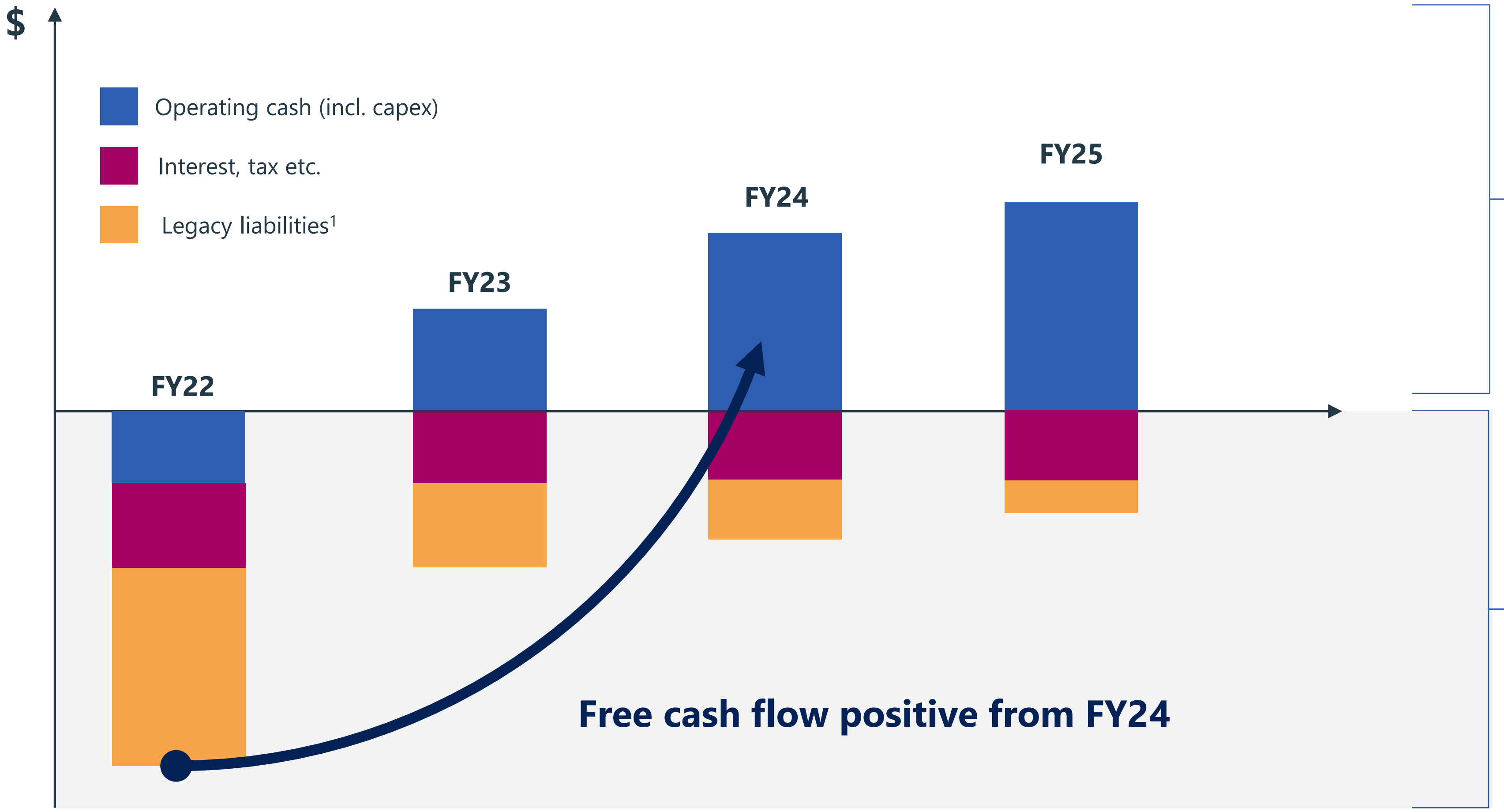
2023

- Strategic KPIs in place to realise strategy
- Measuring results quarterly
- Momentum in core markets
- High quality pipeline reflects focus and selectivity
- Improvement in operating cash flow
- Improvement in employee engagement
- Strong safety performance

to 2025

- Free cash flow growth
- Top quartile employee engagement
- Further increase Global Execution Centre utilisation to increase competitiveness
- Achieve zero FPI target for safety
- Leadership diversity on track to achieve 2030 target

Clear pathway to sustainable free cash flow



Growing operating cash flow

Reducing cash drags from legacy liabilities

Note: chart not to scale
1. Includes asbestos, SFO payments, onerous leases and LSTK working capital. FY22 includes restructuring costs and the $115m Enterprise settlement

Future events for 2023

Q1 trading update
11th May

Decarbonisation webinar & Milan site visit
June (date TBC)

HY23 trading update
13th July

HY23 results
22nd August

Q3 trading update
9th November

Digitalisation webinar & Houston site visit
November (date TBC)

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