

**wood.**

# **Introduction to Wood Group**

June 2023



**Design the future.**

# Disclaimer

This document has been prepared by John Wood Group PLC ("Wood" or "the Company") solely for use for background. For the purposes of this notice, the presentation that follows (the "Presentation") shall mean and include the slides that follow, the presentation of the slides by the Company, any question and answer session that follows that presentation, hard copies of this document and any materials distributed at, or in connection with, that presentation. In this Presentation, "Group" means the Company and its subsidiaries.

The Presentation does not constitute or form part of and should not be construed as, an offer to sell or issue, or the solicitation of an offer to buy or acquire, securities of the Company in any jurisdiction or an inducement to enter into investment activity. No part of this Presentation, nor the fact of its distribution, should form the basis of, or be relied on in connection with, any contract or commitment or investment decision whatsoever.

Statements in this Presentation, including those regarding the possible or assumed future or other performance of the Company or its industry or other trend projections, as well as statements about the Company's or its management's beliefs or expectations, may constitute forward-looking statements. By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors, many of which are beyond Wood's control. These risks, uncertainties and factors may cause actual results, performance or developments to differ materially from those expressed or implied by such forward-looking statements. Accordingly, no representation is made that any of the forward-looking statements will come to pass or that any forecast results will be achieved. Forward looking statements in the Presentation regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. They speak only as at the date of this Presentation and the Company undertakes no obligation to update these forward-looking statements.

The information and opinions contained in this Presentation do not purport to be comprehensive, are provided as at the date of the Presentation and are subject to change without notice. The Company is not under any obligation to update or keep current the information contained herein.

In no circumstances, to the fullest extent permitted by law, will the Company, or any of its respective subsidiaries, shareholders, affiliates, representatives, partners, directors, officers, employees or advisers be responsible or liable for any direct, indirect or consequential loss or loss of profit arising from or in connection with the use of this Presentation, its contents, any omissions or any reliance placed upon it.

# Highlights from latest full year 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%

The background of the image consists of a series of diagonal stripes in various shades of yellow and green, creating a sense of movement and depth. The stripes are arranged in a way that they appear to be receding into the distance.

# What Wood does



# History of the Group



**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

# What we do

## Advise

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

## Design

- FEED
- Detailed design
- Owner's engineer

## Deliver

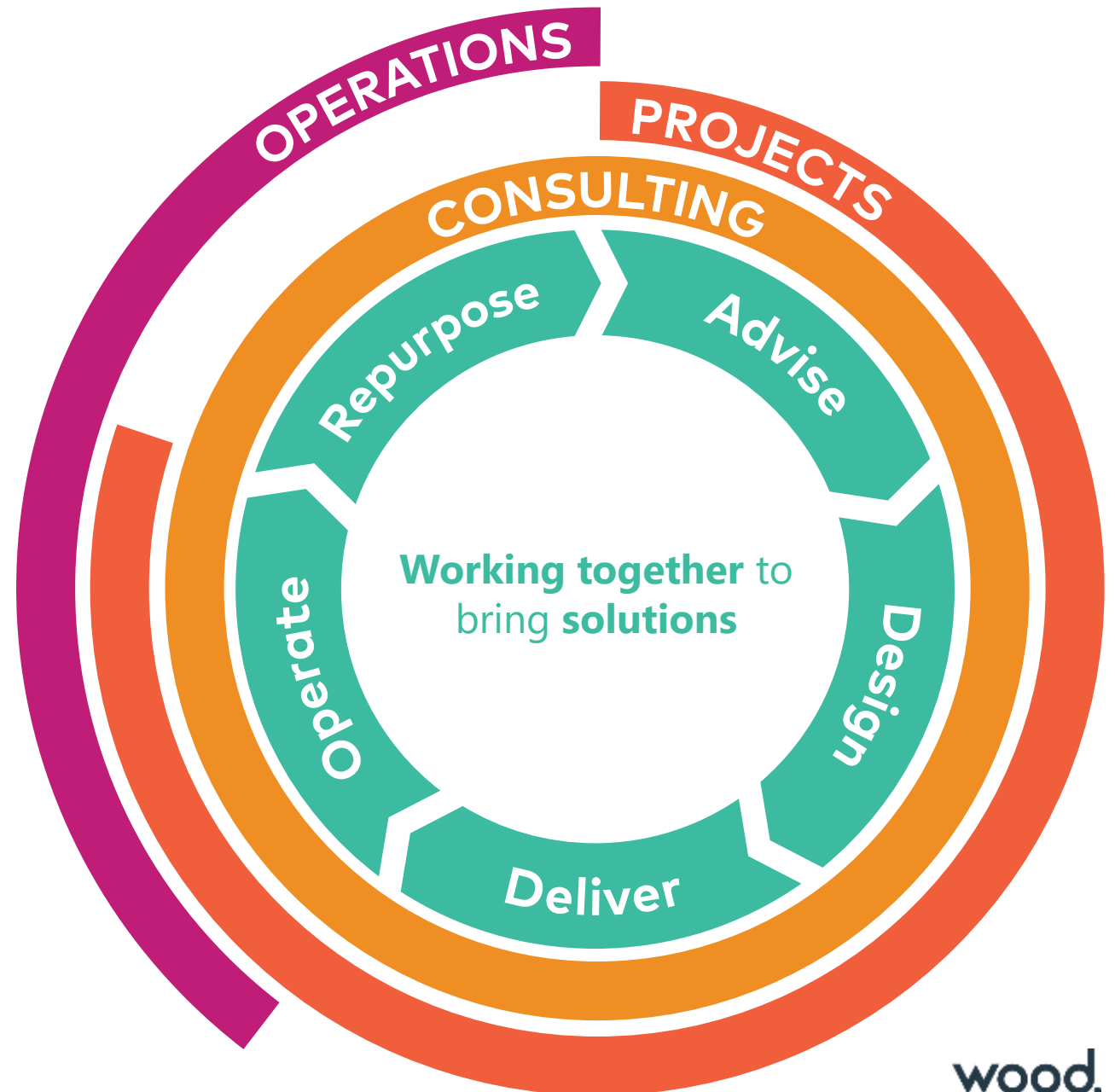
- PMC
- EPCm
- Commissioning

## Operate

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

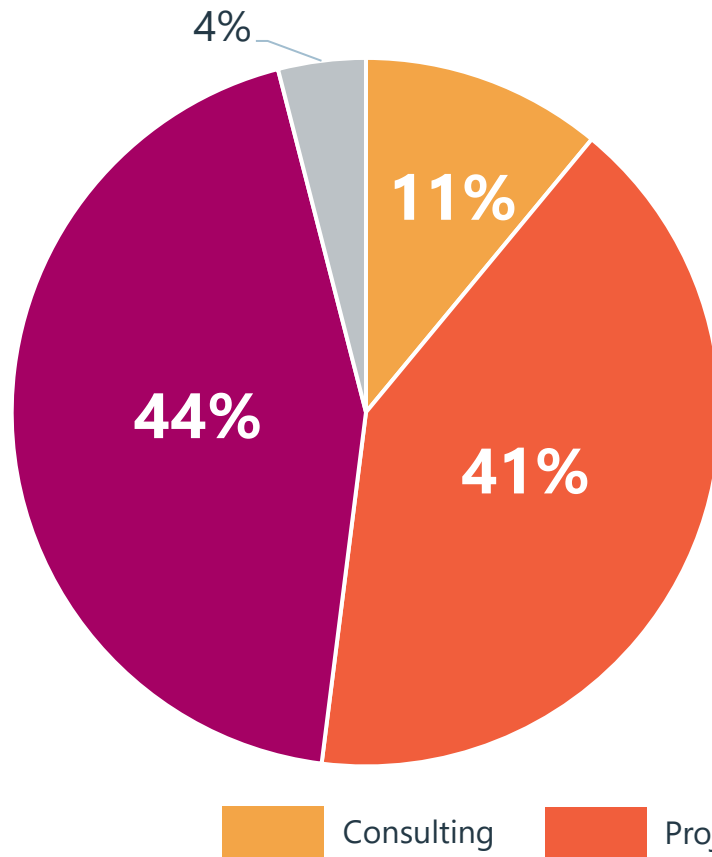
## Repurpose

- Life extension
- Asset repositioning
- Decommissioning

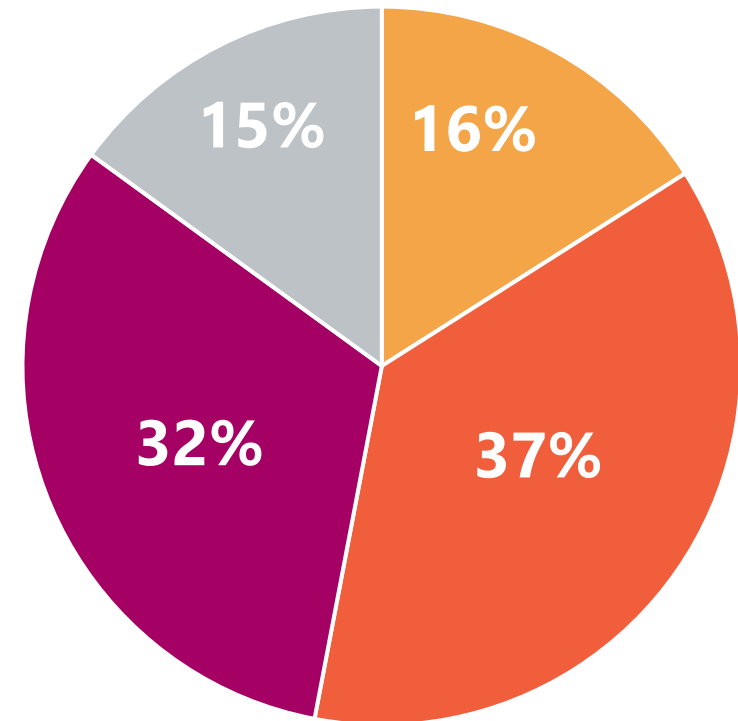


# Split of the Group across our business units

Split of revenue (FY22)



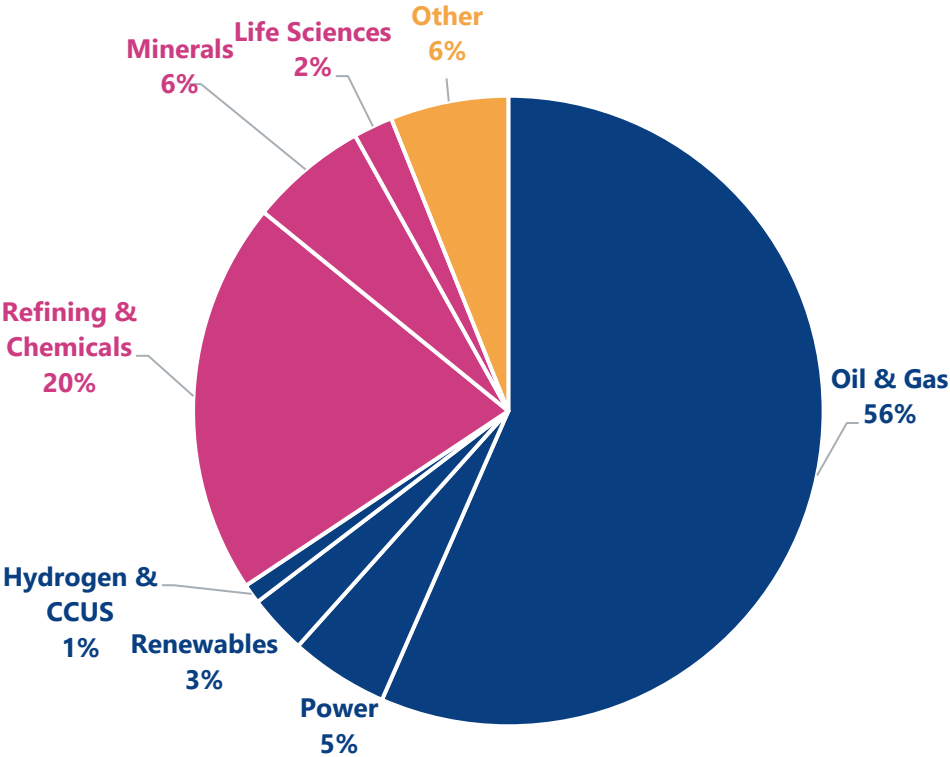
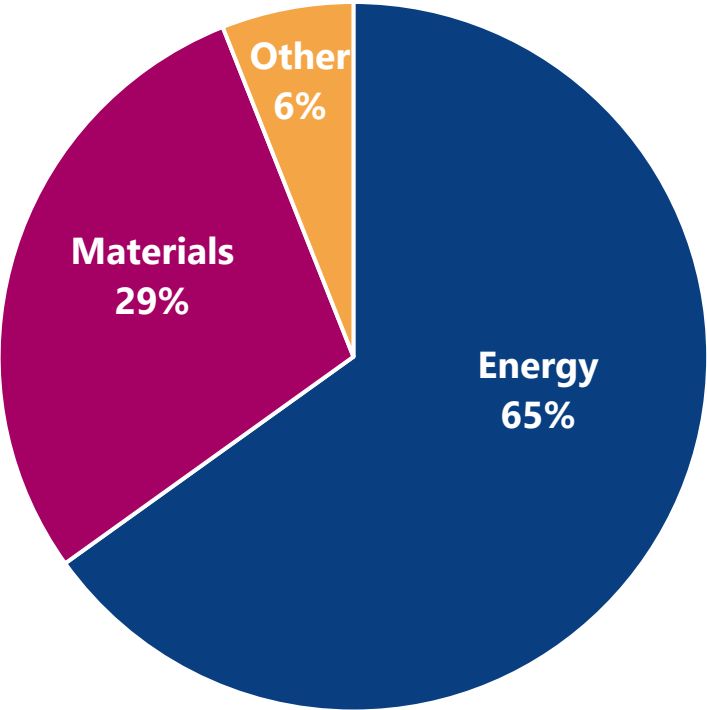
Split of adjusted EBITDA (FY22)<sup>1</sup>



Consulting Projects Operations Investment services (incl. Turbines JVs)

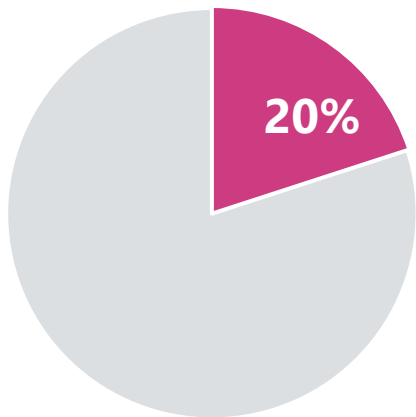


# Split of Group revenue by market (FY22)



# Over 20% from sustainable solutions today

Revenue split, FY22<sup>1</sup>



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 →

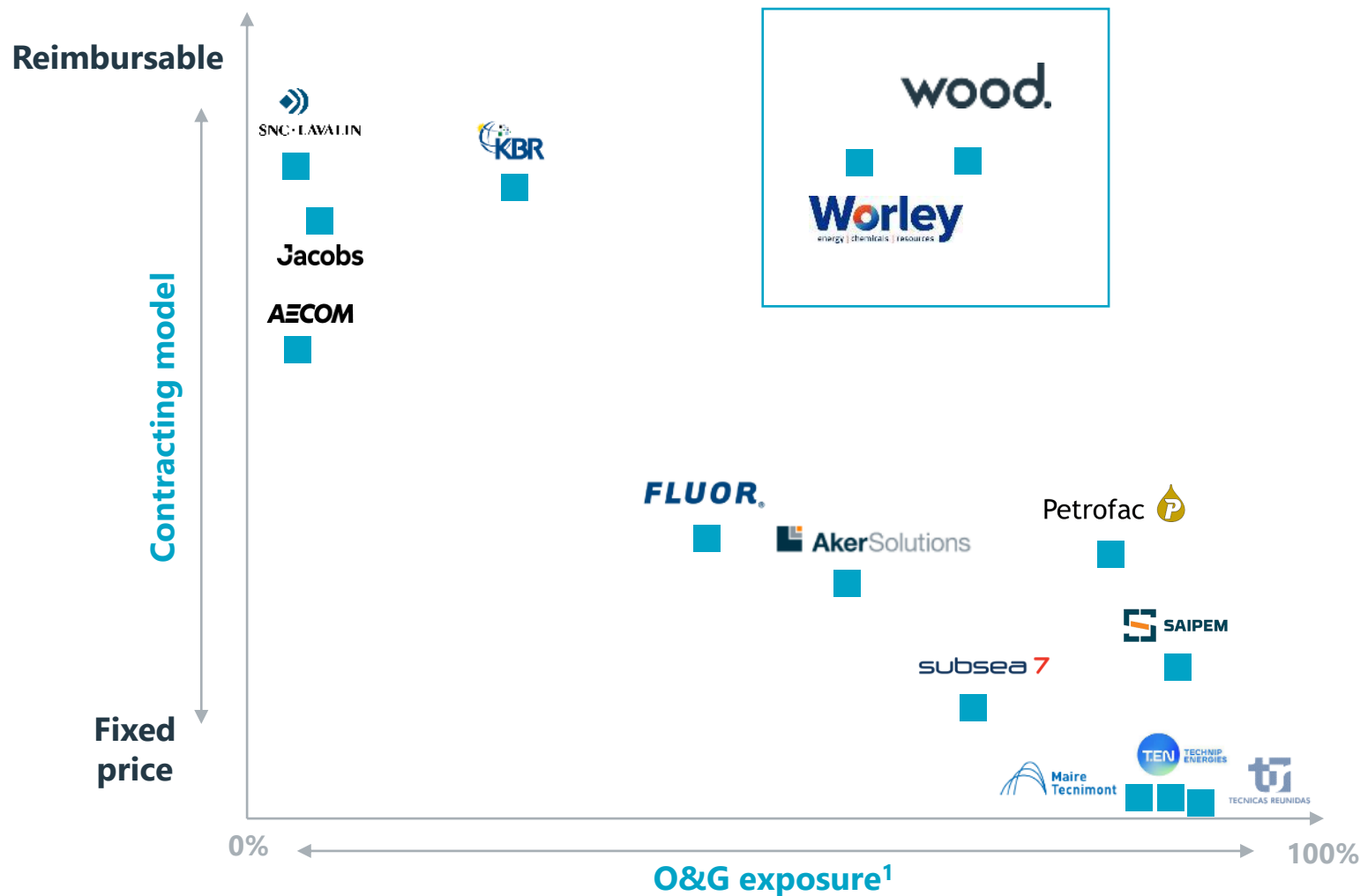
- Carbon reduction activities
- Asset optimisation / efficiency improvements
- Late life asset solutions / decommissioning

Creating  
a better  
tomorrow.

# 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 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

**1<sup>st</sup>** 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



# 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.

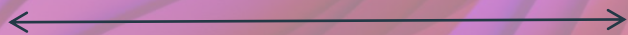
**Minerals | Chemicals | Life Sciences**

### **Raw materials demand:**

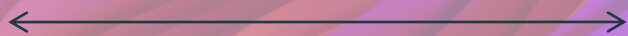
sustainably deliver key minerals and chemicals

### **Life sciences growth:**

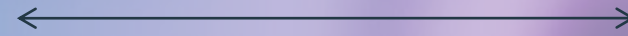
advanced, scalable manufacturing post-pandemic



**Decarbonisation**



**Digitalisation**



# The opportunity: well-positioned for market growth

**c.\$230bn**

2025 total addressable market in core geographies<sup>1</sup>

**Large markets with solid growth.**



**Oil & Gas**

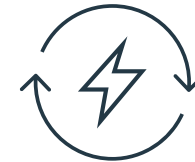
Delivering energy security



**Chemicals**

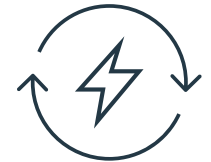
Rising global demand

**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

# Focused on markets with good growth potential

	Energy			Materials		
Focus markets <sup>1</sup>	 <b>Oil &amp; Gas</b>	 <b>Hydrogen</b>	 <b>Carbon capture</b>	 <b>Mineral processing</b>	 <b>Chemicals</b>	 <b>Life sciences</b>
Market drivers	<ul style="list-style-type: none"> <li>• Energy security</li> <li>• Net zero agenda</li> <li>• High commodity prices</li> </ul>	<ul style="list-style-type: none"> <li>• Energy transition</li> <li>• Supportive policy</li> <li>• Technology</li> </ul>	<ul style="list-style-type: none"> <li>• Net zero agenda</li> <li>• Improving economics</li> <li>• Supportive policy</li> </ul>	<ul style="list-style-type: none"> <li>• Transition to net zero</li> <li>• Supportive policy</li> <li>• Technology advancement</li> </ul>	<ul style="list-style-type: none"> <li>• Consumer demand</li> <li>• Circular initiatives</li> <li>• Net zero agenda</li> </ul>	<ul style="list-style-type: none"> <li>• Consumer demand</li> <li>• Onshoring commitments</li> <li>• Aging populations</li> </ul>
Addressable market (2025) <sup>2</sup>	<b>\$124bn</b>	<b>\$4bn</b>	<b>\$4bn</b>	<b>\$21bn</b>	<b>\$50bn</b>	<b>\$26bn</b>
Market CAGR 2022-2025 <sup>3</sup>	<b>6%</b>	<b>67%</b>	<b>29%</b>	<b>7%</b>	<b>1%</b>	<b>6%</b>
Market CAGR 2022-2030 <sup>3</sup>	<b>2%</b>	<b>31%</b>	<b>15%</b>	<b>7%</b>	<b>2%</b>	<b>6%</b>
Wood share today	<b>High</b>	<b>Low</b>	<b>Low</b>	<b>High</b>	<b>Medium</b>	<b>Low</b>
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%

# 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





**A transformed group**

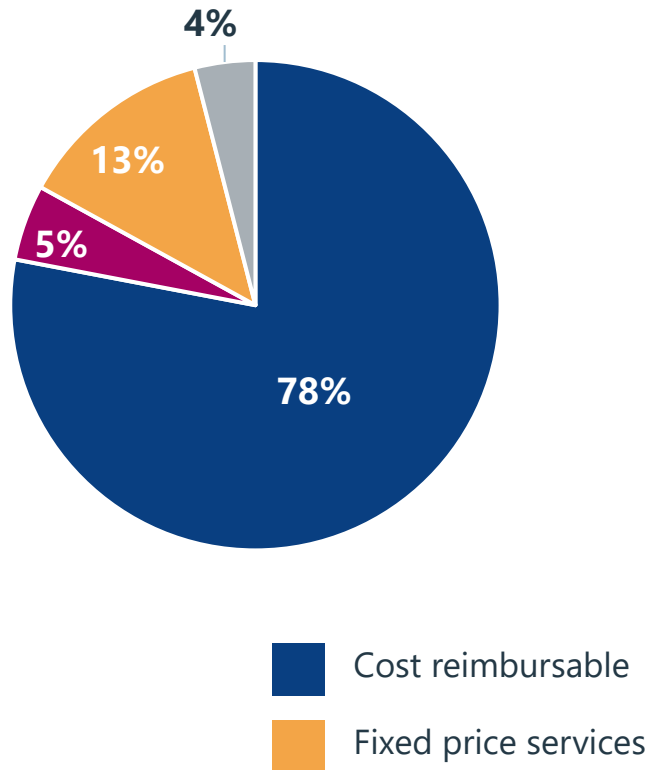


# Reducing exceptional cash (no change from CMD)

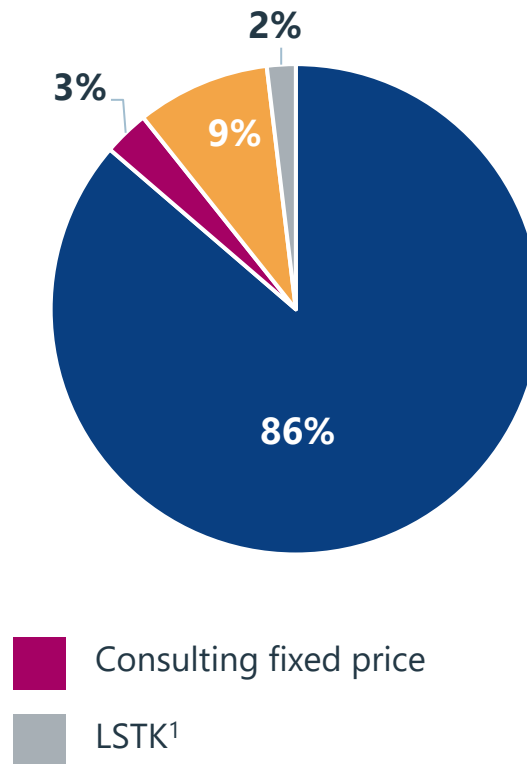
<i>All cash outflows</i>	FY23e	FY24e	FY25e	Commentary
<b>Aegis Poland contract</b>	c.\$20m	Nil	Nil	<ul style="list-style-type: none"> <li>Moving to commercial settlement process</li> </ul>
<b>Asbestos (provisions)</b>	c.\$35m	c.\$30m	c.\$30m	<ul style="list-style-type: none"> <li>Long term profile to 2050</li> <li>Gradually reducing over time</li> </ul>
<b>SFO settlement</b>	c.\$35m	c.\$30m	Nil	<ul style="list-style-type: none"> <li>Final payment in early 2024</li> </ul>
<b>Restructuring costs</b>	n/m	n/m	n/m	<ul style="list-style-type: none"> <li>No significant restructuring expected</li> </ul>
<b>Onerous leases</b>	c.\$20m	c.\$5m	Nil	<ul style="list-style-type: none"> <li>Reduce to nil beyond 2024</li> </ul>
<b>Enterprise litigation</b>	Nil	Nil	Nil	<ul style="list-style-type: none"> <li>Settled for \$115m in November 2022</li> </ul>
<b>LSTK losses / working capital</b>	c.\$25m	Nil	Nil	<ul style="list-style-type: none"> <li>Exiting LSTK, unwind of advances</li> </ul>
<b>Total:</b>	<b>c.\$135m</b>	<b>c.\$65m</b>	<b>c.\$30m</b>	

# Contract portfolio de-risked

## Revenue split (FY22)



## Order book split (Dec 2022)



Predominantly reimbursable services

Selective in our pipeline

Improved discipline on where to bid

Shift in mix improves cash conversion in Projects

wood.



# Latest full year results

# Results in line with expectations

See note 1 for accounting treatment:

	FY22	FY21	Movement	Constant currency
Revenue <i>Continuing operations</i>	\$5,442m	\$5,238m	3.9%	8.3%
Adj EBITDA <i>Continuing operations</i>	\$385m	\$404m	(4.7)%	0.3%
Adj EBITDA margin <i>Continuing operations</i>	7.1%	7.7%	(0.6)ppts	
Net debt excl. leases <i>Continuing and discontinued operations</i>	\$393m	\$1,393m	(71.8)%	
Order book <i>Continuing operations</i>	\$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

# 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



# 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**

# 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

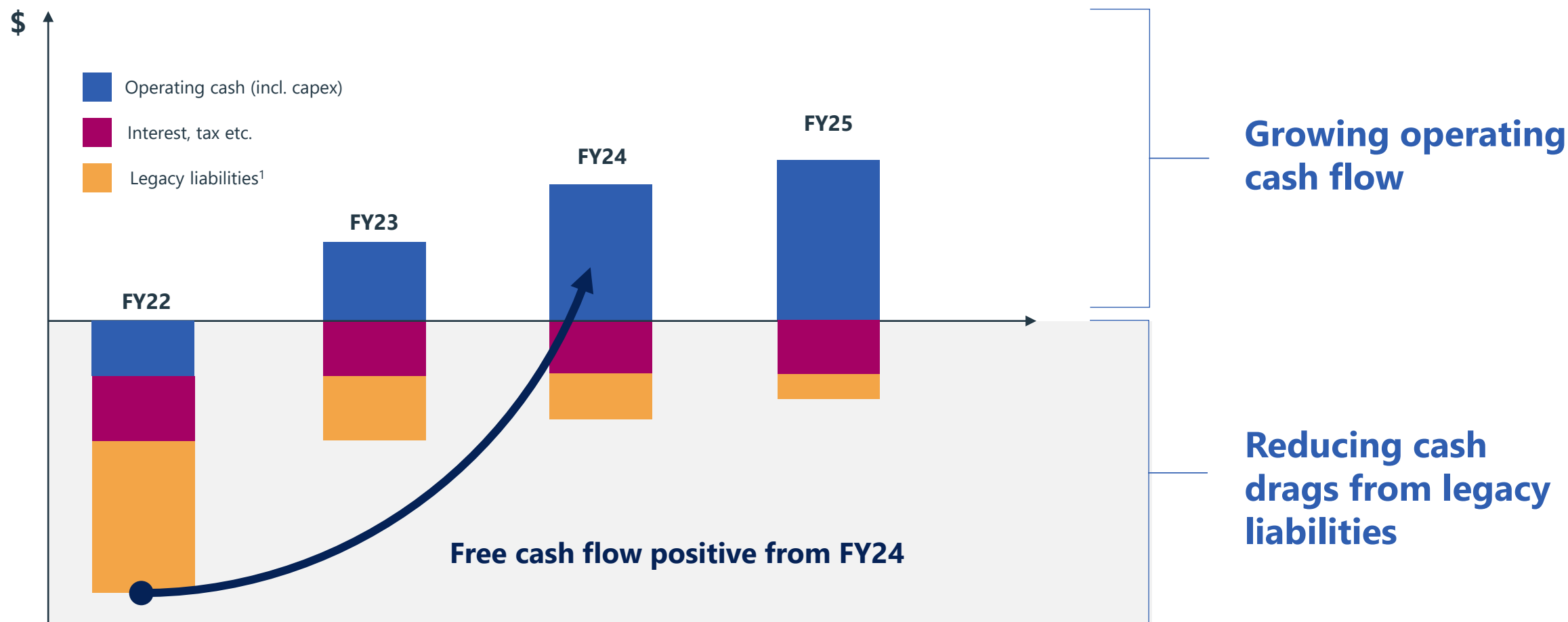
2023

- 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



**wood.**