



News Release

10 March 2020

Full year results for the year ended 31 December 2019

Earnings growth, margin improvement and strong cash generation

Portfolio optimisation supports strategic positioning for opportunities in energy transition and sustainable infrastructure

Wood, the global engineering and consultancy company, today announces its results for the year ended 31 December 2019:

Year ended 31 December	2019 \$m	2018 \$m	Movement %
Revenue ¹	9,890	10,014	(1.2)%
Adjusted EBITDA ^{1,2}	855	694	n/a ²
Adjusted EBITDA Margin	8.6%	6.9%	n/a ²
Adjusted EBITDA (on a like-for-like basis) ³	704	668	5.4%
Adjusted EBITDA (on a like-for-like basis) Margin ³	7.1%	6.7%	0.4%
Operating profit before exceptional items ¹	411	357	15.1%
Operating profit	303	165	83.6%
Profit/(loss) for the period	73	(8)	n/a
Basic EPS	10.7c	(1.3)c	n/a
Adjusted diluted EPS ¹	46.0c	46.6c	(1.3)%
Total Dividend	35.3c	35.0c	0.9%
Net debt excluding leases ⁴	1,424	1,513	(5.9)%
Order book ⁵	7,898	8,524	(7.3)%

"In 2019 we delivered earnings growth, margin improvement and strong cash generation which resulted in a reduction in net debt. Our strategy has driven decisive action to align Wood with the significant growth opportunities in energy transition and sustainable infrastructure and we made good progress on portfolio optimisation and the repositioning of our consulting, project and operations service offering in 2019. The disposal of our nuclear and industrial services businesses generated proceeds of c\$430m in Q1 2020 and accelerated progress to target leverage. We are confident that from this foundation we are building a differentiated, premium, higher margin business, supported by a continued focus on margin improvement, execution excellence and portfolio optimisation."

- Robin Watson, Chief Executive

FY 2019 financial performance

- Revenue of \$9.9bn reflects generally robust activity across energy and built environment markets

- Adjusted EBITDA of \$855m and operating profit before exceptionals of \$411m in line with guidance and expectations
- Growth in like for like adjusted EBITDA³ of 5%; led by ASEAAA and E&IS and the delivery of cost synergies of c\$60m
- Profit for the period of \$73m benefitting from significant reduction in exceptional items (net of tax) from \$183m to \$127m. Exceptional costs include a \$46m provision in respect of certain regulatory investigation settlements
- Adjusted diluted earnings per share (AEPS) of 46.0c down 1.3%
- Strong cash conversion of 96% reduced net debt excluding leases to \$1.42bn (2018: \$1.51bn). (Net debt excluding leases : adjusted EBITDA pre IFRS 16 of 2.0x⁶)
- Disposal of nuclear and industrial services businesses completed in Q1 2020 generated proceeds of c\$430m delivering target leverage of 1.5x on a proforma basis⁶
- Proposed final dividend of 23.9c, total dividend of 35.3c up 1% in line with progressive dividend policy

Outlook for 2020

- Order book of \$7.9bn⁵ reflects our short cycle model, the work off of legacy fixed price work as the portfolio is de-risked and enhanced tender governance. Current visibility typical for this point in the year with c60% of forecast revenue covered by order book, of which c75% is reimbursable
- Existing forecasts and order book support modest underlying revenue growth and growth in underlying EBITDA, underpinned by margin improvements, as set out in our January trading update
- Existing forecast for cash generation in 2020 anticipates lower provisions movements, and reductions in known exceptional items and capex. Timing of any settlement of regulatory items is uncertain although it is possible that it could be in 2020. Benefit of maintained focus on working capital management likely to be more than offset by current expectation of an unwind of advances on EPC projects received in 2019
- Recent impacts of Covid-19, the substantial reduction in oil price and actions we will take to mitigate not reflected in existing forecasts; too early to quantify. No material impact to date from Covid-19. Proven track record of leveraging our flexible, asset light model in response to changing market conditions and over the last 5 years we have diversified end markets; upstream/midstream oil and gas represents only 35% of revenue
- Looking further ahead, well positioned for growth opportunities presented by trends in energy transition and sustainable infrastructure, with a unique range of capabilities and breadth of customers and markets

Notes:

1. *Wood's primary reporting metrics are revenue, aligned with the IFRS definition, and operating profit (pre-exceptional items) which is closely aligned with the IFRS definition but excludes the impact of exceptional items which by their nature are non-recurring items that might otherwise distort underlying operating profit.*

Adjusted EBITDA (pre-exceptional items, including Wood's share of joint venture EBITDA) is adopted as an additional non-statutory /'non-GAAP' measure of profit. This is presented at the Group and Business Unit level to report underlying financial performance and facilitate comparison with peers. 2019 adjusted EBITDA includes adjusted EBITDA from our nuclear business and our industrial services business, the disposals of which completed in Q1 2020. Adjusted EBITDA includes the impact of IFRS 16 Leases (see note 2).

Adjusted Diluted EPS is also presented, defined as "earnings before exceptional items and amortisation relating to acquisitions, net of tax, divided by the weighted average number of ordinary shares in issue during the period".

2. *Adjusted EBITDA includes the impact of IFRS 16 Leases, which became effective on 1 January 2019. The most significant change for Wood is the accounting for property leases. Rental charges that were previously recorded in operating costs in respect of these leases are now replaced with depreciation and an interest charge. We have chosen to apply the modified retrospective approach on adoption of IFRS 16 and, using this approach, there is no restatement of 2018 comparatives in 2019. The movements between 2019 metrics and 2018 comparatives that have not been restated are shown as not applicable (n/a).*

The adoption of IFRS 16 increases 2019 adjusted EBITDA by \$151m. A lease liability of \$574m is recorded on the balance sheet at 31 December 2019. All financing covenants are set on a frozen GAAP basis and are not impacted by the adoption of the standard.

3. *Adjusted EBITDA on a like for like basis is calculated as adjusted EBITDA less the adjusted EBITDA from disposals executed in the current year, and is presented as a measure of underlying business performance excluding businesses disposed. In 2019 executed disposals consisted of Terra Nova Technologies, the legacy AFW power machinery businesses, our joint venture interests in Voreas and other infrastructure assets. These disposals accounted for \$20m of revenue in 2019 (2018: \$76m) and Adjusted EBITDA of \$nil (2018: \$26m). As IFRS 16 has been adopted with no restatement of 2018 comparatives, adjusted EBITDA on a like for like basis also excludes the impact of IFRS 16 in 2019. A reconciliation of adjusted EBITDA and adjusted EBITDA on a like for like basis to operating profit (pre-exceptional items) is shown in note 1 to the financial statements.*
4. *Net debt excluding leases is total group borrowings, offset by cash and cash equivalents. Borrowings comprise loans drawn on the Group's revolving credit facility, term loans, overdrafts and unsecured senior loan notes issued in the US private placement market. Borrowings do not include obligations relating to leases. Cash and cash equivalents include cash at bank and in hand and short term bank deposits. Borrowings, cash and cash equivalents contained within assets classified as held for sale are also included in net debt. Net debt excluding leases is presented as it is closely aligned to the measure used in our financing covenants.*
5. *Order book comprises revenue that is supported by a signed contract or written purchase order for work secured under a single contract award or frame agreements. Work under multi-year agreements is recognised in order book according to anticipated activity supported by purchase orders, customer plans or management estimates. Where contracts have optional extension periods, only the confirmed term is included. Order book disclosure is aligned with the IFRS definition of revenue and does not include Wood's proportional share of joint venture order book. Order book at 31 December 2019 excludes the order book of the nuclear and industrial services businesses disposed. For comparability, the order book at 31 December 2018 has been restated to exclude the order book of the nuclear and industrial services businesses as well as the TNT and AFW power machinery businesses disposed in 2019. Order book is presented as an indicator of the visibility of future revenue.*

6. *The net debt: adjusted EBITDA ratio is calculated on the existing basis prior to the adoption of IFRS 16 in 2019 and is based on net debt excluding leases. References to the ratio on a proforma basis deduct the proceeds from the disposal of the nuclear and industrial services of c\$430m from net debt and also deducts from adjusted EBITDA the 2019 adjusted EBITDA attributable to those businesses of \$49m. The proforma basis is considered to be a useful additional indication of the underlying financial leverage in the business.*
7. *Company compiled, publicly available consensus comprises 10 analysts who have published estimates since our January 2020 trading update and includes forecasts that reflect both changes to our reporting metrics and the impact of IFRS 16: Credit Suisse, Exane BNP Paribas, Canaccord Genuity, Goldman Sachs, Bank of America Merrill Lynch, Morgan Stanley, Citigroup, Kepler Cheuvreux, Numis and HSBC.*

Consensus 2019 adjusted EBITDA is \$854m (range: \$847m-\$860m), consensus operating profit (pre-exceptional items) is \$426m (range: \$382m-\$496m) and consensus AEPS is 47.0c (range: 40.0c-51.9c).

Consensus 2020 adjusted EBITDA is \$895m (range: \$854m-\$925m), consensus operating profit (pre-exceptional items) is \$475m (range: \$440m-\$511m) and consensus AEPS is 55.1c (range: 51.8c-58.2c). It should be noted that the impact of the disposal of the industrial services business announced in February is not fully reflected in 2020 consensus.

Wood is a global leader in consulting, projects and operations solutions in energy and the built environment. We operate in more than 60 countries, employing around 55,000 people, with revenues of around \$10 billion. www.woodplc.com

Wood

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There will be an analyst and investor presentation at the London Stock Exchange, 10 Paternoster Square, EC4M 7LS at 09.00. Early registration is advised from 08.30. A live webcast of the presentation will be available from <https://www.woodplc.com/investors/financial-events-calendar>. Replay facilities will be available later in the day.

Chair's statement

Wood began the new strategic cycle in 2019 with a strong operational platform positioned with the right capabilities and end market exposures. The Board oversaw the development of a strategy which will run to 2023 to unlock and deliver longer term growth from a premium, differentiated, higher margin business aligned with the emerging trends in energy transition and sustainable infrastructure. The strategy was rolled out in the fourth quarter through extensive internal communication and a capital markets event.

During the year the Board supported the executive and leadership team as they delivered against the commitment to further deleverage the business. Significant work was also undertaken to optimise Wood's operating model, creating a dedicated consulting offering in TCS and agreeing the disposal of Wood's nuclear and industrial services activities both of which completed in the first quarter of 2020.

The full year results reflect the strong operational and financial focus of the leadership team. Adjusted EBITDA grew 5% on a like for like basis. Strong operational cash generation delivered a reduction in net debt and supported a small increase in the dividend.

Wood remains committed to its progressive dividend policy which takes into account future cashflows and earnings. This is a key foundation of the Wood investment case which has been sustained through the challenging conditions in our core markets over the last few years. The Board has recommended a final dividend of 23.9 cents per share, which makes a total distribution for the year of 35.3 cents, representing an increase of 1% on the total distribution for 2018.

In a world where environmental concerns have moved swiftly to the top of the global agenda, the future will be very different from the past. Wood's sustainability strategy is fundamental to the long-term success of the business and is aligned to the UN Sustainable Development Goals. In addition, decisive action taken over recent years has ensured Wood is well placed to be part of the solution to these challenges with a business strategy focused on helping to secure the energy transition and deliver sustainable infrastructure solutions. This will be supported by a continued focus on margin improvement, execution excellence and portfolio optimisation in 2020. Looking further ahead, there is a positive medium term outlook for Wood's end markets and the Board is confident in the leadership teams' ability to deliver organic and acquisition led growth.

Roy Franklin, Chair

Chief Executive Review

Overview

During 2019 we retained our strong strategic and financial focus. This is reflected in the progress made on optimising our operating platform while delivering earnings growth, EBITDA margin improvement and strong cash generation. We also outlined a strategy to create a premium, differentiated, higher margin business with an enduring market position aligned to the opportunities presented by energy transition and sustainable infrastructure. This strategy will run to 2023 and builds on actions taken over the last four years to position Wood as a flexible, asset light business with the right mix of capability and end market exposure ahead of a significant generational change. We have already made good progress against our strategic objectives with the delivery of margin improvement, progress on portfolio optimisation and a reduction in our project risk profile whilst also taking steps to deliver further efficiency savings. We are entering 2020 with a unique range of capabilities and an optimal service offering in consulting, projects and operations in energy and the built environment.

Financial delivery: earnings growth, margin improvement and cash generation

In the last strategic cycle we laid strong financial foundations as we improved project risk governance, delivered synergies, reduced the level of exceptional costs and structurally improved working capital management.

Our 2019 full year results reflect this focus and agility, demonstrating adjusted EBITDA growth of 5% and 40 bps adjusted EBITDA margin improvement, both on a like for like basis, good growth in operating profit which is up 15% and strong operational cash generation.

We increased the dividend by 1.0% in line with our progressive dividend policy and delivered a reduction in net debt excluding leases of \$89m, further strengthening our balance sheet.

Future Ready Now: creating a premium, differentiated, higher margin business

We have redefined the shape of our business for the opportunities presented by the emerging trends in energy transition and sustainable infrastructure.

In the fourth quarter of 2019, we brought together the capabilities of STS and E&IS into a more efficient, global, industry leading consulting offering. Technical Consulting Solutions ("TCS") is a premium EBITDA margin business with significant cross selling opportunities and delivers consulting-led solutions against a backdrop of increasing environmental focus, the evolving energy transition, and public demand for sustainable infrastructure. The combination will also deliver operational efficiencies of over \$30m within 2 years of the formation of TCS.

The disposals of our nuclear and industrial services activities, completed in early 2020, reflect our focus on differentiated, higher margin activities with compelling structural growth potential. Net proceeds of c\$430m were received in Q1 and accelerate our progress towards our target leverage. Net debt excluding leases to adjusted EBITDA pre IFRS 16 is c1.5x on a proforma basis.

Improved safety performance and focus on sustainability

Our focus on safety is paramount and we maintained our strong performance in 2019, with Total Recordable Case Frequency (TRCF) and Lost Work Case Frequency (LWCF) both in line with 2018.

Sustainability is at the heart of our approach to running our business and executing our projects. We are a signatory to the U.N's Sustainable Development Goals (SDGs), actively tracking our performance against them

and consider our strategy and service offering as an important enabler for the energy transition and to meet the UN's targets on climate change.

Priorities for 2020: Margin improvement, execution excellence, portfolio optimisation & sustainability strategy

My leadership team has four principal areas of focus in 2020 aligned with our strategic priorities:

Portfolio optimisation: We will continue to refine our operating model and dispose of activities which do not meet our benchmarks on profitability or strategic fit. This process will support future investment as we look to rebuild our bolt-on M&A opportunity pipeline in 2020 with a principal focus on our consulting activities in the built environment.

Margin improvement: To achieve our strategic goal of 100bps margin improvement by 2023, compared to the 2019 margin of 8.6%, we are working on a number of initiatives. These include further efficiency and cost reduction measures including synergies relating to the formation of TCS, continued emphasis on risk governance to secure work at the right margin, remaining commercially versatile whilst also better leveraging our differentiation and technological advantage to ensure we are appropriately rewarded for the value we create.

Execution excellence: Achieving consistent, predictable, best in class delivery across all projects is key to maintaining long term business and delivering lower earnings volatility. We start from a strong position in a number of areas with an opportunity to replicate delivery excellence across our business. Our unique heritage gives us broad capabilities and a strong track record. Building on this by working with our technology partners to create the best support eco-system whilst further differentiating our offering will also support our margin improvement strategy.

Sustainability strategy: We have identified clear areas of focus including safety performance, environmental improvements and maintaining appropriate governance standards. Aligned to these areas we are working towards a number of objectives to deliver measurable improvements in our sustainability performance including reducing high potential safety incidents, reducing carbon emissions, ensuring a leading position in working conditions and delivering active diversity and inclusion programmes.

In summary, we have an enduring and differentiated investment platform based on an asset light, cash generative model which is supported by a commercially versatile approach and a measured risk appetite. The flexibility in our operating model enables us to react quickly to changing market conditions. We have experienced no material impact to date from Covid-19 and the broader impact of this, and the substantial reduction in oil price, on customers' existing and new projects is as yet uncertain. As such, it is too early to quantify the potential impacts and also actions we will take to mitigate them. We have proven track record of leveraging our flexible, asset light model in response to changing market conditions. In addition, over the last 5 years the Group has diversified its end markets such that upstream/midstream oil and gas represents only 35% of revenue.

We are strategically positioned for a new future with the capabilities to help secure the energy transition and deliver sustainable infrastructure solutions. We have leading market positions that enable us to deliver the solutions necessary to solve some of the world's biggest challenges. With this model we are able to attract premium work, at the right margin, allowing us to enhance our profitability and grow; making for an even more attractive investment proposition.

Robin Watson, Chief Executive

Business Review

Year ended 31 December	2019 \$m	2018 \$m	Movement	%
Revenue ¹	9,890	10,014	(1.2)%	
Adjusted EBITDA ^{1,2}	855	694	n/a ²	
<i>Adjusted EBITDA Margin</i>	8.6%	6.9%	n/a ²	
Adjusted EBITDA (on a like-for-like basis) ³	704	668	5.4%	
<i>Adjusted EBITDA Margin (on a like-for-like basis)³</i>	7.1%	6.7%	0.4%	
Operating profit before exceptional items ¹	411	357	15.1%	
Operating profit	303	165	83.6%	
Profit/(loss) for the period	73	(8)	n/a	
Basic EPS	10.7c	(1.3)c	n/a	
Adjusted diluted EPS ¹	46.0c	46.6c	(1.3)%	
Total Dividend	35.3c	35.0c	0.9%	
Net debt excluding leases ⁴	1,424	1,513	(5.9)%	
Order book ⁵	7,898	8,524	(7.3)%	

Trading performance

Our 2019 full year results demonstrate earnings growth, adjusted EBITDA margin improvement and strong operational cash generation, resulting in a reduction in net debt.

Revenue of \$9.9bn reflected generally robust activity across energy and built environment markets with growth in ASA and solid activity levels in built environment markets in E&IS within TCS offset by lower revenues in ASEAAA and reduced STS activity in TCS.

Adjusted EBITDA of \$855m includes the positive impact of \$151m from the adoption of IFRS 16 in 2019. Like for like adjusted EBITDA³, adjusted for disposals executed in 2019, was up 5.4% from \$668m to \$704m. This included the delivery of cost synergies of \$60m and organic growth of around \$55m led by ASEAAA and E&IS. This was partly offset by cost overruns of \$53m on projects in ASA and increased costs of \$26m relating to asbestos and foreign exchange.

Operating profit before exceptional items of \$411m is stated after depreciation of \$182m of which \$128m relates to the adoption of IFRS 16, and amortisation of \$244m (2018: \$249m).

Profit for the period of \$73m includes the impact of significantly reduced exceptional costs net of tax of \$127m (2018: \$183m). These include \$42m of restructuring and integration costs and a \$46m provision in respect of regulatory investigation settlements.

Final dividend

Our progressive dividend policy takes into account future cashflows and earnings. The Board has recommended a final dividend of 23.9 cents per share, which makes a total distribution for the year of 35.3 cents, representing an increase of 1% on the total distribution for 2018. Dividend cover is 1.3 times (2018: 1.3x) and we expect to build dividend cover over the medium term.

Net debt and cashflow

Net debt excluding leases reduced to \$1.42bn at 31 December 2019. This compares to net debt excluding leases at 31 December 2018 of \$1.51bn and \$1.77bn at 30 June 2019. The ratio of net debt excluding leases to adjusted EBITDA (pre IFRS 16) at 31 December 2019 was 2.0x (31 December 2018: 2.2x).

Our strong focus on operating cashflow delivered better than anticipated cash generation in the second half of the year despite significant expenditure on legacy projects. A working capital inflow in 2019 of \$204m (2018: \$291m), together with a reduction in exceptional costs to \$74m (2018: \$142m) contributed to cash generation from operations (excluding the impact of leases) of \$591m. Cash conversion, calculated as cash generated from operations (excluding the impact of leases) as a percentage of adjusted EBITDA (excluding JVs), was 96%, significantly ahead of our guidance of 80-85%. This includes the impact of improved cash collection \$156m, a \$128m cash inflow from advanced payments primarily relating to the Americas and the effect of the receivables facility which was drawn at \$198m (30 June 2019: \$192m and 31 December 2018: \$154m).

We have made excellent progress with our portfolio optimisation strategy as we focus on premium, differentiated, higher margin activities. In Q1 2020 we completed the disposals of our industrial services and nuclear businesses, generating c\$430m in proceeds. This follows other recent successful asset disposals including the TNT materials handling business in May 2019 for a consideration of \$43m. We are active on other sales processes. The disposals have accelerated our progress towards our target leverage. Adjusting for the disposals, on a proforma, pre-IFRS 16 basis we have now achieved our target leverage of 1.5x adjusted EBITDA.

Order book

We have made significant progress on improving the quality of our order book and consistently applying our measured risk appetite. Order book at 31 December 2019 was \$7.9bn (December 2018: \$8.5bn), this excludes amounts related to the industrial services and nuclear businesses disposed in Q1 2020. Order book at 31 December 2018 has been restated on the same basis and also excludes amounts related to TNT and the AFW power machinery businesses, both disposed in 2019. Around 75% of order book is reimbursable (December 2018: 71%).

The reduction in order book of 7% reflects the work off of legacy fixed price contracts as we de-risk our portfolio, our enhanced tender governance and our short cycle model. This reduction is most evident in Asset Solutions Americas where we are working off larger downstream & chemicals projects.

With c\$5.8bn of order book to be delivered in 2020, c60% of forecast 2020 revenues are secured. This is typical for our short cycle business model, is slightly ahead of prior year.

Update on regulatory investigations

Discussions concerning possible resolutions of the investigations by the authorities in the US, Brazil and Scotland have progressed to the point where the Group believes that it is likely to be able to settle the relevant matters with these authorities at an aggregate cost of approximately \$46m. This amount is reflected as a provision in the financial statements as described in note 20. The Group could also face further potential civil and criminal consequences in relation to the investigation by the SFO.

Outlook for 2020

Current visibility is typical for this point in the year with 60% of 2020 forecast revenue supported by order book. Existing forecasts and order book support modest underlying revenue growth and growth in underlying EBITDA, underpinned by margin improvements, as set out in our January trading update.

The recent impacts of Covid-19, the substantial reduction in oil price and actions we will take to mitigate are not reflected in existing forecasts as it is too early to quantify. We have experienced no material impact to date from Covid-19. We have proven track record of leveraging our flexible, asset light model in response to changing market conditions. In addition, over the last 5 years the Group has diversified its end markets such that upstream/midstream oil and gas represents only 35% of revenue.

Our existing forecast for cash generation in 2020 anticipates lower provisions movements, and reductions in known exceptional items and capex. The timing of any settlement of regulatory items is uncertain although it is possible that it could be in 2020. The benefit of our maintained focus on working capital management is likely to be more than offset by our current expectation of an unwind of advances on EPC projects received in 2019. These forecasts do not reflect the recent impacts of Covid-19, the substantial reduction in oil price and actions we will take to mitigate.

Looking further ahead, with a unique range of capabilities and breadth of customers and markets, we are well positioned for growth opportunities presented by trends in energy transition and sustainable infrastructure.

Asset Solutions Americas ("ASA") (c40% of Revenue)

(End markets: Upstream/midstream (c55%), Downstream & Chemicals (c30%), Other Energy (c10%) Built Environment (c5%))

	2019 \$m	2018 \$m	%
Revenue ¹	3,894	3,668	6.2%
Adjusted EBITDA ^{1,2}	238	227	n/a
<i>Adjusted EBITDA Margin</i>	6.1%	6.2%	n/a
Adjusted EBITDA (on a like for like basis) ³	199	227	(12.3)%
<i>Adjusted EBITDA (on a like for like basis) Margin</i>	5.1%	6.2%	(1.1%)
People	16,300	16,900	(3.6)%
Order book ⁵	2,468	2,915	(15.3)%

Revenue was up on 2018, benefitting from increased capital projects activity in midstream and downstream & chemicals, which offset by lower activity in renewables/other energy.

Adjusted EBITDA of \$238m includes a \$39m impact from the adoption of IFRS 16. Adjusted EBITDA on a like for like basis was down 12%. Strong earnings growth in downstream & chemicals capital projects and the benefit of final close out on a number of projects was more than offset by cost overruns of \$53m and a slowdown in activity in US shale in H2.

Outlook

Order book is \$2.5bn with c60% of 2020 revenue secured. Order book is down 15% compared to December 2018 reflecting the work off of larger downstream & chemicals capital projects and the application of our more measured risk appetite on new bids.

Our existing forecasts, which do not reflect the impacts of Covid-19, the recent fall in oil price and actions we will take to mitigate, anticipate capital discipline remaining evident in the Americas across onshore, midstream and offshore. Activity in downstream & chemicals is expected to remain robust while the outlook for solar and wind is positive. Margin improvement initiatives including our focus on improved execution to address cost overruns experienced in 2019, will benefit adjusted EBITDA.

Asset Solutions Europe, Africa, Asia and Australia ("ASEAAA") (c30% of Revenue)

(End markets: Upstream/midstream (c45%), Downstream & Chemicals (c30%), Other Energy (c20%) Built Environment (c5%))

	2019 \$m	2018 \$m	%
Revenue ¹	3,148	3,283	(4.1)%
Adjusted EBITDA ^{1,2}	353	258	n/a
<i>Adjusted EBITDA Margin</i>	11.2%	7.9%	n/a
Adjusted EBITDA (on a like for like basis) ³	294	258	14.0%
<i>Adjusted EBITDA (on a like for like basis) Margin</i>	9.3%	7.9%	1.4%
People	23,900	24,400	(2.0)%
Order book ⁵	3,709	3,729	(0.5)%

Revenue was down around 4%. We saw growth in operations solutions work in Asia Pacific and the Middle East, and relatively robust activity in Europe. This was offset by lower procurement revenues in capital projects.

Adjusted EBITDA of \$353m includes a \$59m impact from the adoption of IFRS 16. Strong growth in adjusted EBITDA on a like for like basis of 14% reflects excellent execution across the portfolio and growth in operations work in Asia Pacific and the Middle East. Capital projects remained robust, with reduced levels of low margin procurement activity contributing to higher achieved margins. Adjusted EBITDA on a like for like basis in Turbine Joint ventures also improved.

Outlook

Order book of \$3.7bn excludes the contribution from the industrial services business disposed in February 2020. Around 60% of 2020 revenue is secured. Order book reflects work off in operations solutions work in the Middle East, offset by new downstream & chemicals project awards in Asia Pacific. The industrial services business, disposed in Q1 2020, generated c\$175m revenue and contributed adjusted EBITDA (including IFRS 16) of c\$15m in 2019.

Our existing forecasts, which do not reflect the impacts of Covid-19, the recent fall in oil price and actions we will take to mitigate, anticipate increased activity in 2020 led by capital projects; driven by early stage FEED work and increased downstream & chemicals work in Asia Pacific. We also expect increased operations activity in the Middle East with customers including Exxon and BP, and also in the UK as upstream spending increases from low levels.

Technical Consulting Solutions ("TCS") (c30% of Revenue)

(End markets: Upstream/midstream (c15%), Downstream & Chemicals (c5%), Other Energy (c30%) Built Environment (c50%))

	2019 \$m	2018 \$m	%
Revenue ¹	2,779	2,913	(4.6)%
Adjusted EBITDA ^{1,2}	300	248	n/a
<i>Adjusted EBITDA Margin</i>	10.8%	8.5%	n/a
Adjusted EBITDA (on a like for like basis) ³	246	241	2.1%
<i>Adjusted EBITDA (on a like for like basis) Margin</i>	8.9%	8.5%	0.4%
People	15,400	15,300	0.7%
Order book ⁵	1,640	1,803	(9.0)%

The formation of TCS in the fourth quarter brought together the capabilities of Specialist Technical Solutions ("STS") and Environment and Infrastructure Solutions ("E&IS") into a more efficient global and industry leading consulting offering.

Revenue in E&IS was in line with 2018. In STS, revenue was down on 2018 reflecting lower volumes in the automation service line.

Adjusted EBITDA includes a \$53m impact from the adoption of IFRS 16. Adjusted EBITDA margin on a like for like basis for TCS is up 0.6% on 2018, benefitting from improved execution in E&IS, margin improvement initiatives and changes in sales mix as the TCO automation contract rolls off.

Outlook

Order book of \$1.6bn excludes the contribution to order book from the nuclear business disposed in March 2020 and TNT disposed in 2019. Around 55% of 2020 revenue is secured. Order book is down 9% on prior year reflecting the work off of the TCO automation contract and a number of larger contracts in E&IS. The nuclear business, disposed in March 2020, generated revenue of c\$300m and contributed adjusted EBITDA (including IFRS 16) of c\$30m in 2019.

Whilst our existing forecasts do not reflect the impacts of Covid-19, the recent fall in oil price and actions we will take to mitigate, TCS has a broad end market exposure with only c15% in upstream/midstream oil and gas. Existing forecasts anticipate the impact of the change in sales mix in automation towards lower volume higher margin work as the TCO project rolls off and the benefit of margin improvement initiatives including synergies from the formation of TCS.

Investment Services

A number of legacy AFW activities and liabilities are managed in Investment Services including activities of the Industrial Power and Machinery business. Investment Services generated revenue of \$69m (2018: \$150m) and adjusted EBITDA of \$36m (2018: \$36m). On a like for like basis, revenue was \$67m (2018: \$136m). Adjusted EBITDA on a like for like basis was \$36m (2018: \$17m), which includes the close out of a number of legacy liabilities.

Financial Review

Trading performance

Trading performance is presented based on the basis used by management to run the business with adjusted EBITDA including the contribution from joint ventures. A reconciliation of operating profit to adjusted EBITDA is included in note 1 to the financial statements.

	Full Year 2019 \$m	Full Year 2018 \$m
Revenue	9,890.4	10,014.4
Adjusted EBITDA	855.4	693.8
Adjusted EBITDA margin %	8.6%	6.9%
Depreciation (pre-IFRS 16)	(53.6)	(63.9)
Depreciation (IFRS 16)	(128.4)	-
Amortisation - software and system development	(99.5)	(84.3)
Amortisation - intangible assets from acquisitions	(144.2)	(164.5)
Adjusted EBIT	429.7	381.1
Tax and interest charges on joint ventures included within operating profit but not in adjusted EBITDA	(18.7)	(24.5)
Operating profit before exceptional items	411.0	356.6
Exceptional items	(107.6)	(191.3)
Operating profit	303.4	165.3
Net finance expense	(126.5)	(111.8)
IFRS 16 interest charge	(28.2)	-
Profit before tax	148.7	53.5
Taxation	(75.9)	(61.1)
Profit/(loss) for the period	72.8	(7.6)
Basic EPS (cents)	10.7c	(1.3)c
Adjusted diluted EPS (cents)	46.0c	46.6c

In the table above depreciation, amortisation and exceptional items include the contribution from joint ventures.

The increase in Adjusted EBITDA of \$161.6m to \$855.4m is largely the result of the transition to IFRS 16 on 1 January 2019, which has resulted in rental costs totalling \$151.0m being replaced by depreciation expense of \$128.4m and interest of \$28.9m (of which \$0.7m is reflected within tax and interest charges on joint ventures) and improved trading.

The review of our trading performance is contained within the Chief Executive Review.

Amortisation

Total amortisation for 2019 of \$243.7m (2018: \$248.8m) includes \$123.4m for Amec Foster Wheeler ("AFW") (2018: \$126.4m) and \$20.8m (2018: \$38.1m) of amortisation relating to intangible assets arising from prior year acquisitions. Amortisation in respect of software and development costs was \$99.5m (2018: \$84.3m) and this largely relates to engineering software and ERP system development. Included in the amortisation charge for the year above is \$1.3m (2018: \$2.5m) in respect of joint ventures.

Net finance expense and debt

Net finance expense is analysed below.

	Full year 2019 \$m	Full year 2018 \$m
Interest on bank borrowings	63.0	67.8
Interest on US Private Placement debt	28.5	14.1
Discounting relating to asbestos, deferred consideration and other liabilities	12.3	15.3
IFRS 16 Interest	28.2	-
Other interest, fees and charges	32.3	19.9
Net finance charges in respect of joint ventures	5.9	8.1
Total finance expense including joint ventures	170.2	125.2
Finance income relating to defined benefit pension schemes	(5.7)	(0.5)
Other finance income	(3.9)	(4.8)
Net finance expense including joint ventures	160.6	119.9

Interest cover⁴ was 5.6 times (2018: 6.2 times).

At 31 December 2019 total bank borrowings amounted to \$997.6m, including term loans of \$397.6m and \$600.0m of drawdowns under the Group's \$1.75bn Revolving Credit Facility. A further \$235.8m of funding is available under the Group's other short-term facilities. In total the Group has undrawn facilities of \$1,386.0m at 31 December. \$297.6m of the term loan is repayable in October 2020 and \$100.0m in May 2022. The \$297.6m term loan repayable in October 2020 was repaid in February 2020 following the proceeds raised by the disposal of the Industrial Services business and the receipt of the new bilateral loan facilities. These subsequent events are disclosed in note 36 to the financial statements.

The Group also has \$879.9m of unsecured loan notes issued in the US private placement market which mature at varying dates between 2021 and 2031. Interest is payable at an average rate of 4.31% on these loan notes.

Following transition to IFRS 16, the Group recognised interest costs of \$28.2m in 2019, which relates to the unwinding of discount on the IFRS 16 lease liability.

Net debt excluding leases to adjusted EBITDA (excluding impact of IFRS 16) at 31 December was 2.0 times (2018: 2.2 times) against our covenant of 3.5 times. The Group remains committed to achieving its targeted leverage policy of net debt to adjusted EBITDA of 1.5 times.

Exceptional items

	Full Year 2018 \$m	Full year 2017 \$m
Loss on divestment of business	9.4	-
Redundancy, restructuring and integration costs	41.7	71.7
Arbitration settlement provision	-	10.4
EthosEnergy impairment and other write offs	-	51.0
Investigation support costs and provisions	56.5	26.3
Guaranteed Minimum Pension equalisation	-	31.9
	107.6	191.3
Tax on exceptional items	19.5	(8.5)
Continuing exceptional items, net of tax	127.1	182.8

In 2019, the Group disposed of Terra Nova Technologies and the net loss on sale (after allocating goodwill) of \$9.4m has been included in exceptional items.

Redundancy, restructuring and integration costs of \$41.7m (2018: \$71.7m) have been incurred during the year. The total includes \$11.8m (2018: \$41.8m) of integration costs in relation to the acquisition of Amec Foster Wheeler and are incurred in order to generate efficiency savings with the enlarged business and are expected to largely cease in 2020. In addition, \$26.1m (2018: \$23.8m) of redundancy and restructuring costs were incurred, mainly in relation to the formation of TCS and \$5.8m (2018: \$6.1m) of costs relating to onerous property contracts, of which \$2.8m has been recognised as an impairment charge against the IFRS 16 right of use asset. The total also includes \$1.3m of charges related to joint ventures and a \$3.3m gain with respect to the assignation of a lease contract to an external party.

Investigation support costs of \$10.5m (2018: \$26.3m) have been incurred during the year in relation to ongoing investigations by the US Securities and Exchange Commission, the US Department of Justice and UK Serious Fraud Office. During the year discussions concerning possible resolutions of the investigations by the authorities in the US, Brazil and Scotland have progressed to the point where the Group believes that it is likely to be able to settle the relevant matters with these authorities at an aggregate cost of \$46.0m, which is reflected as a provision in the financial statements as described in note 20. As set out in note 33, Amec Foster Wheeler made a disclosure to the UK Serious Fraud Office ("SFO") about these matters and, since April 2017, in connection with the SFO's investigation into UnaOil, the SFO has required Amec Foster Wheeler to produce information relating to any relationship of Amec Foster Wheeler with UnaOil and certain other third parties. As it is not possible to make a reliable estimate of the liability that may arise, no provision has been made for this element of the investigation. See note 33 for full details.

An exceptional tax charge of \$19.5m has been recorded in 2019 reflecting the write off of irrecoverable tax balances relating to joint ventures.

Taxation

The effective tax rate on profit before tax, exceptional items and amortisation and including Wood's share of joint venture profit on a proportionally consolidated basis is set out below, together with a reconciliation to the tax charge in the income statement.

	Full year 2019 \$m	Full year 2018 \$m
Profit from continuing operations before tax, exceptional items and amortisation	512.8	510.0
Effective tax rate on continuing operations (excluding tax on exceptional items and amortisation)	23.89%	22.90%
Tax charge (excluding tax on exceptional items and amortisation)	122.5	116.8
Tax charge in relation to joint ventures	(12.8)	(16.4)
Tax charge/(credit) in relation to exceptional items	19.5	(8.5)
Tax credit in relation to amortisation	(53.3)	(30.8)
Tax charge per income statement	75.9	61.1

The effective tax rate reflects the rate of tax applicable in the jurisdictions in which the Group operates and is adjusted for permanent differences between accounting and taxable profit and the recognition of deferred tax assets. Key adjustments impacting on the rate in 2019 are restrictions on the deductibility of interest in the UK and branch and withholding tax in excess of double tax relief, offset by increased deferred tax asset recognition, primarily in the US, and the release of provisions in relation to uncertain tax positions. Despite challenges in relation to interest deductibility and the US legislation around base erosion, we currently anticipate a rate of 23-24% in 2020.

In addition to the effective tax rate, the total tax charge in the income statement reflects the impact of exceptional items and amortisation which by their nature tend to be expenses that are more likely to be not deductible than those incurred in ongoing trading profits. The income statement tax charge excludes tax in relation to joint ventures.

Earnings per share

The calculation of basic earnings per share is based on the earnings attributable to owners of the parent divided by the weighted average number of ordinary shares in issue during the year excluding shares held by the Group's employee share trusts. For the calculation of adjusted diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of dilutive potential ordinary shares. Adjusted diluted earnings per share is disclosed to show the results excluding the impact of exceptional items and amortisation related to acquisitions, net of tax.

	2019			2018		
	Earnings attributable to owners of the parent \$m	Number of shares m	Earnings per share cents	Earnings/(losses) attributable to owners of the parent \$m	Number of shares m	Earnings per share cents
Basic	72.0	670.9	10.7	(8.9)	669.6	(1.3)
Effect of dilutive ordinary shares		15.8	(0.2)	-	13.4	-
Diluted	72.0	686.7	10.5	(8.9)	683.0	(1.3)
Exceptional items, net of tax	127.1	-	18.5	182.8	-	26.8
Amortisation related to acquisitions, net of tax	117.1	-	17.0	144.1	-	21.1
Adjusted diluted	316.2	686.7	46.0	318.0	683.0	46.6

Basic EPS for the year was 10.7 cents per share (2018: (1.3) cents). The profit for the year attributable to owners of the parent of \$72.0m is higher than the \$8.9m loss reported in 2018 due to increased operating profit partially offset by higher interest costs.

Dividend

The Wood progressive dividend policy is a key element of our investment case. Progressive means that the interim and final dividend will increase each year in absolute terms, taking into account future cash flows and earnings. Given that the rate of dividend increase in recent years has been higher than the growth in profit, it is anticipated that the rate in growth of dividend in the medium term will be modest and lower than the rate of growth of profits.

The recommendation to pay a dividend is discussed at the main Board twice a year and in March 2020 the Board recommended a final dividend of 23.9 cents per share, which makes a total distribution for the year of 35.3 cents, an increase of 1%. The final dividend will be paid on 15 May 2020 to all shareholders on the register at the close of business on 17 April 2020. When determining the level of dividend the Board considers the amount of currently distributable reserves as well as the Group's ability to generate cash, the optimal leverage, planned disposals or acquisitions, commitments to other stakeholders such as lenders, pension schemes and tax authorities, and the size of non-operating outflows such as restructuring costs or legal settlements.

At 31 December the Group's parent company John Wood Group PLC has distributable reserves which would be sufficient to cover the 2019 full year dividend approximately 1.7 times. As previously stated our preferred level of leverage is a net debt to EBITDA of around 1.5 times. At 31 December 2019 our actual net debt to EBITDA was 2.0 times.

The key risks associated with the dividend are the ability of the group to continue to generate sufficient cash which could be negatively impacted by the crystallisation of one or more of the Group's principal risks. To the extent that these result in a material unexpected cash outflow, and take the Group to an unacceptable level of leverage, the Board may decide to reduce or suspend the dividend.

Cash flow and net debt

The cash flow for the year is set out below:

	Full year 2019 \$m	Leases 2019 \$m	Excluding leases 2019 \$m	Full year 2018 \$m
Adjusted EBITDA	855.4	151.0	704.4	693.8
Less JV EBITDA and add back JV dividends	(37.7)	(6.1)	(31.6)	(44.8)
Decrease in provisions	(216.1)	-	(216.1)	(144.1)
Other	3.9	-	3.9	(28.8)
Cash flow generated from operations pre working capital	605.5	144.9	460.6	476.1
Decrease in receivables	200.2	-	200.2	88.9
(Decrease)/increase in payables	(132.5)	(11.5)	(121.0)	248.7
Increase/(decrease) in advance payments	127.9	-	127.9	(46.5)
(Increase)/decrease in inventory	(2.8)	-	(2.8)	0.1
Working capital movements	192.8	(11.5)	204.3	291.2
Cash exceptional	(52.1)	22.3	(74.4)	(142.0)
Cash generated from operations	746.2	155.7	590.5	625.3
Divestments/acquisitions	43.1	-	43.1	3.4
Capex and intangibles	(127.2)	-	(127.2)	(87.5)
Free cash flow	662.1	155.7	506.4	541.2
Tax, interest, dividends and other	(407.2)	10.0	(417.2)	(443.3)
Non-cash movement in leases	(136.0)	(136.0)	-	-
Decrease in net debt	118.9	29.7	89.2	97.9
Opening net debt	(2,117.2)	(604.0)	(1,513.2)	(1,646.1)
Leases	-	-	-	35.0
Closing net debt	(1,998.3)	(574.3)	(1,424.0)	(1,513.2)

Closing net debt at 31 December 2019 including leases was \$1,998.3m (2018: \$1,548.2m). The \$604.0m opening lease liability included in the table above, includes the lease liability of \$569.0m recognised on transition to IFRS 16 and existing finance leases of \$35.0m. Net debt excluding leases at 31 December 2019 was \$1,424.0m (2018: \$1,513.2m) which excluded the impact of the adoption of IFRS 16.

Cash generated from operations pre-working capital increased by \$129.4m to \$605.5m primarily as a result of the transition to IFRS 16, whereby rental cash flows have now been reclassified to financing activities and improved trading, partially offset by an increase in provisions movements.

Working capital movements reduced by \$98.4m to \$192.8m and is primarily due to the timing of payments to suppliers in 2019 compared with 2018. The cash inflow from payables in 2018 was \$248.7m and arose due to a change in the payment terms to 60 days, which aligns with the payment terms of our customers. The cash inflow from trade receivables was driven by improvement in DSO to 56 days compared with 64 days in 2018 and increased utilisation of the receivables financing facility by \$44m to \$198m. In addition, the Group received a significant advance from a customer in the Americas.

Payments for capex and intangible assets were \$127.2m (2018: \$87.5m) and included software licences and expenditure on ERP systems across the Group. The increase is mainly due to additional software licenses that were purchased by the Group and the timing of certain capex payments.

Cash from divestments of \$43.1m mainly relates to the disposal of the Group's interests in Terra Nova Technologies.

Cash conversion, calculated as cash generated from operations as a percentage of adjusted EBITDA (less JV EBITDA) reduced slightly to 96% (2018: 102%).

Sources and uses of cash

The increase in cash generated from operations in 2019 to \$746.2m from \$625.3m was primarily due to the transition to IFRS 16, whereby the cash outflows associated with rental costs are now shown in financing activities, and improved trading. The Group also had lower cash outflows associated with exceptional items as the integration costs associated with the Amec Foster Wheeler reduced in 2019. These favourable variances were partially offset by a lower working capital inflow in 2019 compared with 2018.

There are a number of risks associated with net cash flow from operations, including:

- Market risks, such as variability in commodity prices which impacts on activities by our customers;
- Project risks, which include delays and disputes which can influence our ability to collect cash from our customers; and
- Other risks, including the actions of governments and other third parties which can affect our ability to service our increasingly global customer base.

The Group remain committed to a strong balance sheet. Our uses of cash include:

- Servicing and repayment of our debt facilities;
- Maintenance of our progressive dividend policy;
- Organic capex; and
- Acquisitions.

Summary Balance Sheet

	Dec 2019 \$m	Dec 2018 \$m
Goodwill and intangible assets	6,299.0	6,656.7
Right of use assets	417.9	-
Other non-current assets	964.8	1,063.9
Trade and other receivables	2,306.0	2,555.7
Net held for sale assets and liabilities	412.9	31.6
Trade and other payables	(2,619.6)	(2,526.1)
Net debt excluding leases	(1,424.0)	(1,513.2)
Lease liabilities	(574.3)	(35.0)
Provisions	(792.2)	(991.2)
Other net liabilities	(544.9)	(632.6)
Net assets	4,445.6	4,609.8
 Net current (liabilities)/assets	 (242.0)	 162.6

At 31 December 2019, the Group had net current liabilities of \$242.0m and this is largely due to term loans of \$297.6m falling due in October 2020 and which are, therefore, classed as current liabilities. In February 2020, the Group completed the disposal of the Industrial Services business which reduced short term debt by \$111.0m and secured additional bilateral loan facilities of \$200.0m which mature between September 2021 and May 2022. These subsequent events are disclosed in note 36 to the financial statements and confirmed that the net current liability position shown above was a temporary situation.

Goodwill and intangible assets include \$4,645.0m (2018: \$4,766.7m) of goodwill and intangibles relating to the acquisition of Amec Foster Wheeler. This has decreased during the year primarily because of the classification of the nuclear business as held for sale during 2019 and the amortisation of intangible assets.

Right of use assets and lease liabilities were recognised as a result of the adoption of IFRS 16 and amount to \$417.9m and \$540.9m respectively. Lease liabilities also include \$33.4m of leases previously classified as finance leases.

The reduction in trade receivables is due to improved cash collection during the year and reduced activity in December 2019 compared with December 2018.

Net held for sale assets and liabilities includes \$518.9m of assets held for sale (including cash of \$54.9m) and current liabilities include \$106.0m of liabilities held for sale in respect of the nuclear and WGIS businesses and a non-core joint venture. The Group completed the disposals of the nuclear business in March 2020 and the Industrial Services business in February 2020. The disposal of the non-core joint venture is expected to happen during the first half of 2020.

Trade and other payables has increased by \$93.5m since 2018 and this is partly due to an increase in gross amounts due to customers of \$73m which has increased due to a significant advance received in respect of a major contract which was ongoing during the year.

The provisions balance reduced by \$199.0m to \$792.2m. The reduction in provisions was driven by utilisations and releases totalling \$282.6m and was offset by an income statement charge of \$106.6m. Provisions utilised during the year amounted to \$181.5m, which mainly related to asbestos and Aegis. Provisions released to the income statement amounted to \$101.1m and was mainly related to a number of historic project related provisions. The income statement charge of \$106.6m mainly related to investigations by the authorities in the US, Brazil and Scotland and have progressed to the point where the Group believes that it is likely to be able to settle the relevant matters with these authorities at an aggregate cost of \$46.0m and this is reflected as a

provision at 31 December 2019. Achieving resolution of the relevant matters will involve negotiations with five authorities in three separate jurisdictions, and accordingly there is no certainty that resolution will be reached with any or all of those authorities or that the aggregate settlement amount will not exceed the amount of the provision. The expected movement related to provisions in 2020 is approximately \$100m.

Contract assets and liabilities

	Dec 2019 \$m	Dec 2018 \$m
Trade receivables	943.5	1,287.1
Amounts due from customers	962.8	935.1
Amounts due to customers	(480.5)	(407.5)
	1,425.8	1,814.7

The reduction in trade receivables is due to improved cash collection during the year and reduced activity in December 2019 compared with December 2018. The movement in gross amounts due to customers is mainly explained by a significant advance received in respect of a major contract which was ongoing during the year.

Transaction price allocated to the remaining performance obligations

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2019 was as follows:

\$m	Year 1	Year 2	Total
Revenue	3,791.9	2,300.0	6,091.9

The order book reported on page 1 of \$7.9bn includes contracted work under multi-year arrangements and is recognised according to anticipated activity supported by customer activity and management estimates. The \$6.1bn reported above has been adjusted to reflect contracted work supported by a contract and approved purchase order.

Asbestos related obligations

Largely as a result of the acquisition of AFW, the Group is subject to claims by individuals who allege that they have suffered personal injury from exposure to asbestos primarily in connection with equipment allegedly manufactured by certain subsidiaries during the 1970s or earlier. The overwhelming majority of claims that have been made and are expected to be made are in the United States. At 31 December 2019, the Group has net asbestos related liabilities of \$379.6m (2018: \$398.1m).

The Group expects to have net cash outflows of around \$36m as a result of asbestos liability indemnity and defence payments in excess of insurance proceeds during 2020. The estimate assumes no additional settlements with insurance companies and no elections to fund additional payments. The Group has worked with its independent asbestos valuation experts to estimate the amount of asbestos related indemnity and defence costs at each year end based on a forecast to 2050.

The Group's EBITDA is stated after deducting costs relating to asbestos including administration costs, movements in the liability as a result of changes in assumptions and changes in the discount rate.

Full details of asbestos liabilities are provided in note 20 to the Group financial statements.

Pensions

The Group operates a number of defined benefit pension schemes in the UK and US and a number of defined contribution plans. At 31 December 2019, the schemes had a net surplus of \$241.0m (2018: \$242.7m). In assessing the potential liabilities, judgement is required to determine the assumptions for inflation, discount rate and member longevity. The assumptions at 31 December 2019 showed a reduction in the discount rate which results in higher scheme liabilities and lower RPI inflation rates. Full details of pension assets and liabilities are provided in note 32 to the Group financial statements.

At 31 December 2018, the largest schemes were the Amec Foster Wheeler Pension Plan ('AFW Pension Plan') and the John Wood Group PLC Retirement Benefit Scheme ('JWG PLC RBS') in the UK and the Foster Wheeler Inc SERP and the Foster Wheeler Inc Pension Plan for Certain Employees (FW Inc PPCE) in the US. In March 2019, the JWG RBS merged with the AFW Pension Plan (now known as the Wood Pension Plan ('WPP')).

Contingent liabilities

Details of the Group's contingent liabilities are set out in note 33 to the financial statements.

Divestments

During 2019, the Group disposed of its investments Terra Nova Technologies ('TNT'). TNT was part of the STS business unit (which is now part of the TCS business unit) and the loss on the disposal is disclosed in exceptional items.

At 31 December 2019, the Group has treated the assets and liabilities of its nuclear business and Wood Group Industrial Services Limited as held for sale as these businesses were sold in the first quarter of 2020. In addition, the Group's investment in a non-core joint venture is included in assets held for sale as the Group expects to dispose of its investment in the first half of 2020.

New accounting standards

The new accounting standard on leases, IFRS 16 became effective on 1 January 2019. Under IFRS 16, the Group is required to recognise 'right of use' assets and lease liabilities in respect of its operating leases for property, vehicles, plant and equipment. The application of IFRS 16 has resulted in an increased depreciation charge and higher financing costs in the income statement with an overall increase in operating profit.

A summary of the impact of IFRS 16 on the financial statements is set out below:

On transition	\$m
Right of use asset recognised	450.6
Deferred tax asset recognised	5.2
Lease liabilities recognised	(569.0)
Onerous lease provisions adjustment	17.7
Onerous lease liabilities (included within other non-current liabilities)	61.2
Trade and other payables – accruals	8.3
Trade and other receivables – prepayments	(7.9)
Opening reduction to retained earnings	(33.9)

2019 income statement impact (excluding joint ventures)

Reduction in operating lease costs	144.9
Increased depreciation	(123.0)
Increased interest expense	(28.2)
Reduced interest on discounting of onerous lease provision	2.2
Reduction in profit before tax	(4.1)

The financial information set out above does not constitute the Company's statutory accounts for the years ended 31 December 2019 or 2018 but is derived from those accounts. Statutory accounts for 2018 have been delivered to the registrar of companies, and those for 2019 will be delivered in due course. The auditor has reported on those accounts; their reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

Footnotes

1. *Adjusted EBITDA represents operating profit of \$303.4m (2018: \$165.3m) before the deduction of depreciation of \$182.0m (2018: \$63.9m), amortisation of \$243.7m (2018: \$248.8m), exceptional items of \$107.6m (2018: \$191.3m) and joint venture interest and tax of \$18.7m (2018: \$24.5m) and is provided as it is a key unit of measurement used by the Group in the management of its business.*
2. *Adjusted diluted earnings per share ("AEPS") is calculated by dividing earnings before exceptional items and amortisation relating to acquisitions, net of tax, by the weighted average number of ordinary shares in issue during the period, excluding shares held by the Group's employee share ownership trusts and adjusted to assume conversion of all potentially dilutive ordinary shares.*
3. *Number of people includes both employees and contractors at 31 December 2019.*
4. *Interest cover is adjusted EBITDA excluding IFRS 16 of \$704.4m (2018: \$693.8m) divided by the net finance expense, which excludes net finance expense from joint ventures of \$5.9m (2018: \$8.1m) and the impact of IFRS 16 of \$28.2m*

JOHN WOOD GROUP PLC

GROUP FINANCIAL STATEMENTS

FOR THE YEAR TO 31st DECEMBER 2019

Company Registration Number SC 36219

Consolidated income statement

for the year to 31 December 2019

	Note	2019			2018		
		Pre-exceptional items \$m	Exceptional items \$m	Total \$m	Pre-exceptional items \$m	Exceptional items \$m	Total \$m
Revenue from continuing operations	1,2	9,890.4	-	9,890.4	10,014.4	-	10,014.4
Cost of sales		(8,768.5)	-	(8,768.5)	(8,820.6)	-	(8,820.6)
Gross profit		1,121.9	-	1,121.9	1,193.8	-	1,193.8
Administrative expenses	5	(760.4)	(106.3)	(866.7)	(881.2)	(140.3)	(1,021.5)
Impairment of investment in joint ventures	5,12	-	-	-	-	(41.4)	(41.4)
Share of post-tax profit/(loss) from joint ventures	5,12	49.5	(1.3)	48.2	44.0	(9.6)	34.4
Operating profit	1	411.0	(107.6)	303.4	356.6	(191.3)	165.3
Finance income	3	9.6	-	9.6	5.3	-	5.3
Finance expense	3	(164.3)	-	(164.3)	(117.1)	-	(117.1)
Profit/(loss) before taxation from continuing operations	4,5	256.3	(107.6)	148.7	244.8	(191.3)	53.5
Taxation	5,6	(56.4)	(19.5)	(75.9)	(69.6)	8.5	(61.1)
Profit/(loss) for the year from continuing operations		199.9	(127.1)	72.8	175.2	(182.8)	(7.6)
Profit/(loss) attributable to							
Owners of the parent		199.1	(127.1)	72.0	173.9	(182.8)	(8.9)
Non-controlling interests	28	0.8	-	0.8	1.3	-	1.3
		199.9	(127.1)	72.8	175.2	(182.8)	(7.6)
Earnings per share (expressed in cents per share)							
Basic	8			10.7			(1.3)
Diluted	8			10.5			(1.3)

The notes on pages 32 to 114 are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income/expense

for the year to 31 December 2019

	Note	2019 \$m	2018 \$m
Profit/(loss) for the year		72.8	(7.6)
Other comprehensive (expense)/income			
<i>Items that will not be reclassified to profit or loss</i>			
Re-measurement (losses)/gains on retirement benefit obligations	32	(56.1)	118.0
Movement in deferred tax relating to retirement benefit obligations	6	6.8	(20.5)
Total items that will not be reclassified to profit or loss		(49.3)	97.5
<i>Items that may be reclassified subsequently to profit or loss</i>			
Cash flow hedges	27	(5.3)	(4.7)
Tax on derivative financial instruments	6	1.4	0.6
Exchange movements on retranslation of foreign operations	27,28	83.4	(237.7)
Total items that may be reclassified subsequently to profit or loss		79.5	(241.8)
Other comprehensive income/(expense) for the year, net of tax		30.2	(144.3)
Total comprehensive income/(expense) for the year		103.0	(151.9)
Total comprehensive income/(expense) for the year is attributable to:			
Owners of the parent		102.2	(152.0)
Non-controlling interests		0.8	0.1
		103.0	(151.9)

Total comprehensive income/(expense) for the year is attributable to continuing operations.

Exchange movements on the retranslation of foreign operations could be subsequently reclassified to profit or loss in the event of the disposal of a business.

The notes on pages 32 to 114 are an integral part of these consolidated financial statements.

Consolidated balance sheet

as at 31 December 2019

	Note	2019 \$m	2018 \$m
Assets			
Non-current assets			
Goodwill and other intangible assets	9	6,299.0	6,656.7
Property plant and equipment	10	164.3	198.5
Right of use assets	11	417.9	-
Investment in joint ventures	12	168.3	168.2
Other investments	12	81.4	76.4
Long term receivables	14	95.7	128.1
Retirement benefit scheme surplus	32	368.0	404.9
Deferred tax assets	21	87.1	87.8
		7,681.7	7,720.6
Current assets			
Inventories	13	14.5	13.7
Trade and other receivables	14	2,306.0	2,555.7
Financial assets	14	10.1	14.3
Income tax receivable		39.8	37.4
Assets held for sale	30	518.9	58.9
Cash and cash equivalents	15	1,847.0	1,352.7
		4,736.3	4,032.7
Total assets		12,418.0	11,753.3
Liabilities			
Current liabilities			
Borrowings	17	1,752.7	984.5
Trade and other payables	16	2,619.6	2,526.1
Income tax liabilities		199.5	197.9
Lease liabilities	11	159.9	-
Provisions	20	140.6	134.3
Liabilities held for sale	30	106.0	27.3
		4,978.3	3,870.1
Net current (liabilities)/assets		(242.0)	162.6
Non-current liabilities			
Borrowings	17	1,573.2	1,917.3
Deferred tax liabilities	21	88.4	112.6
Retirement benefit scheme deficit	32	127.0	162.2
Lease liabilities	11	414.4	-
Other non-current liabilities	18	139.5	224.4
Provisions	20	651.6	856.9
		2,994.1	3,273.4
Total liabilities		7,972.4	7,143.5
Net assets		4,445.6	4,609.8
Equity attributable to owners of the parent			
Share capital	23	40.9	40.7
Share premium	24	63.9	63.9
Retained earnings	25	1,827.7	1,806.7
Merger reserve	26	2,540.8	2,790.8
Other reserves	27	(33.2)	(111.3)
Total equity attributable to owners of the parent		4,440.1	4,590.8
Non-controlling interests	28	5.5	19.0
Total equity		4,445.6	4,609.8

The financial statements on pages 27 to 114 were approved by the board of directors on 9 March 2020 and signed on its behalf by:

Robin Watson, Director

David Kemp, Director

The notes on pages 32 to 114 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

for the year to 31 December 2019

	Note	Share capital \$m	Share premium \$m	Retained earnings \$m	Merger reserve \$m	Other reserves \$m	Equity attributable to owners of the parent \$m	Non-controlling interests \$m	Total equity \$m
At 1 January 2018		40.5	63.9	1,935.2	2,790.8	129.9	4,960.3	11.7	4,972.0
(Loss)/profit for the year		-	-	(8.9)	-	-	(8.9)	1.3	(7.6)
Other comprehensive income/(expense):									
Re-measurement gains on retirement benefit scheme	32	-	-	118.0	-	-	118.0	-	118.0
Movement in deferred tax relating to retirement benefit scheme	6	-	-	(20.5)	-	-	(20.5)	-	(20.5)
Cash flow hedges	27	-	-	-	-	(4.7)	(4.7)	-	(4.7)
Tax on derivative financial instruments	6	-	-	0.6	-	-	0.6	-	0.6
Net exchange movements on retranslation of foreign operations	27/28	-	-	-	-	(236.5)	(236.5)	(1.2)	(237.7)
Total comprehensive income/(expense) for the year		-	-	89.2	-	(241.2)	(152.0)	0.1	(151.9)
Transactions with owners:									
Dividends paid	7/28	-	-	(231.0)	-	-	(231.0)	(5.9)	(236.9)
Credit relating to share based charges	22	-	-	18.7	-	-	18.7	-	18.7
Tax relating to share option schemes	6	-	-	(0.7)	-	-	(0.7)	-	(0.7)
Deferred tax impact of rate change in equity	6	-	-	1.8	-	-	1.8	-	1.8
Shares allocated to employee share trusts	25	0.2	-	(0.2)	-	-	-	-	-
Shares issued by employee share trusts to satisfy option exercises	25	-	-	1.7	-	-	1.7	-	1.7
Exchange movements in respect of shares held by employee share trusts	25	-	-	6.5	-	-	6.5	-	6.5
Transactions with non-controlling interests	25/28	-	-	(14.5)	-	-	(14.5)	13.1	(1.4)
At 31 December 2018		40.7	63.9	1,806.7	2,790.8	(111.3)	4,590.8	19.0	4,609.8
Adjustment on initial application of IFRS 16 (net of tax)		-	-	(33.9)	-	-	(33.9)	-	(33.9)
Adjusted balance at 1 January 2019		40.7	63.9	1,772.8	2,790.8	(111.3)	4,556.9	19.0	4,575.9
Profit for the year		-	-	72.0	-	-	72.0	0.8	72.8
Other comprehensive income/(expense):									
Re-measurement losses on retirement benefit scheme	32	-	-	(56.1)	-	-	(56.1)	-	(56.1)
Movement in deferred tax relating to retirement benefit scheme	6	-	-	6.8	-	-	6.8	-	6.8
Cash flow hedges	27	-	-	-	-	(5.3)	(5.3)	-	(5.3)
Tax on derivative financial instruments	6	-	-	1.4	-	-	1.4	-	1.4
Net exchange movements on retranslation of foreign operations	27/28	-	-	-	-	83.4	83.4	-	83.4
Total comprehensive income/(expense) for the year		-	-	24.1	-	78.1	102.2	0.8	103.0
Transactions with owners:									
Dividends paid	7/28	-	-	(235.5)	-	-	(235.5)	(1.2)	(236.7)
Credit relating to share based charges	22	-	-	23.4	-	-	23.4	-	23.4
Tax relating to share option schemes	6	-	-	(4.1)	-	-	(4.1)	-	(4.1)
Deferred tax impact of rate change in equity	6	-	-	0.3	-	-	0.3	-	0.3
Other tax movements in equity	6	-	-	0.7	-	-	0.7	-	0.7
Shares allocated to employee share trusts	25	0.2	-	(0.2)	-	-	-	-	-
Shares issued by employee share trusts to satisfy option exercises	25	-	-	0.4	-	-	0.4	-	0.4
Exchange movements in respect of shares held by employee share trusts	25	-	-	(4.2)	-	-	(4.2)	-	(4.2)
Transactions with non-controlling interests	25/28	-	-	-	-	-	-	(13.1)	(13.1)
Transfer from merger reserve to retained earnings	26	-	-	250.0	(250.0)	-	-	-	-
At 31 December 2019		40.9	63.9	1,827.7	2,540.8	(33.2)	4,440.1	5.5	4,445.6

The notes on pages 32 to 114 are an integral part of these consolidated financial statements.

Consolidated cash flow statement

for the year to 31 December 2019

	Note	2019 \$m	2018 \$m
Cash generated from operations			
Tax paid		(84.3)	(83.5)
Net cash generated from operating activities		661.9	541.8
Cash flows from investing activities			
Acquisition of subsidiaries (cash acquired less consideration paid)	30	(5.6)	(30.0)
Disposal of businesses (net of cash disposed)	30	43.1	33.4
Purchase of property plant and equipment	10	(52.0)	(34.2)
Proceeds from sale of property plant and equipment		19.4	5.0
Purchase of intangible assets	9	(94.6)	(58.3)
Interest received		3.9	4.8
Cash from short term investments and restricted cash	29	11.7	45.4
Investment in joint ventures	12	(0.8)	(3.2)
Repayment of loans from/(amounts advanced to) joint ventures		30.0	(5.2)
Net cash used in investing activities		(44.9)	(42.3)
Cash flows from financing activities			
Proceeds from short-term borrowings	29	770.9	448.9
Repayment of long-term borrowings	29	(348.2)	(407.8)
Payment of lease liabilities (2018: repayment of finance leases)	29	(165.6)	(14.7)
Proceeds from disposal of shares by employee share trusts	25	0.4	1.7
Interest paid		(121.2)	(101.5)
Dividends paid to shareholders	7	(235.5)	(231.0)
Dividends paid to non-controlling interests	28	(1.2)	(5.9)
Acquisition of non-controlling interests	28	-	(0.2)
Net cash used in financing activities		(100.4)	(310.5)
Net increase in cash and cash equivalents	29	516.6	189.0
Effect of exchange rate changes on cash and cash equivalents	29	8.4	(37.6)
Opening cash and cash equivalents		1,376.9	1,225.5
Closing cash and cash equivalents	15	1,901.9	1,376.9

Closing cash and cash equivalents includes \$54.9m (2018: \$24.2m) presented in assets held for sale on the Group balance sheet (see note 30).

The repayment of long-term borrowings of \$348.2m includes \$953.1m of repayments offset by proceeds from unsecured loan notes issued in the US Private Placement debt market of \$504.9m and \$100.0m of new bilateral loan facilities.

The notes on pages 32 to 114 are an integral part of these consolidated financial statements.

General information

John Wood Group PLC, its subsidiaries and joint ventures, ('the Group') delivers comprehensive services to support its customers across the complete lifecycle of their assets, from concept to decommissioning, across a range of energy, industrial and utility markets. Details of the Group's activities during the year are provided in the Strategic Report. John Wood Group PLC is a public limited company, incorporated and domiciled in the United Kingdom and listed on the London Stock Exchange. Copies of the Group financial statements are available from the Company's registered office at 15 Justice Mill Lane, Aberdeen AB11 6EQ.

Accounting Policies

Basis of preparation

These financial statements have been prepared in accordance with IFRS and IFRIC interpretations adopted by the European Union ('EU') and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements are also in compliance with IFRS as issued by the International Accounting Standards Board. The Group financial statements have been prepared on a going concern basis under the historical cost convention as modified by the revaluation of financial assets and liabilities at fair value through the income statement. This is the first set of the Group's financial statements in which IFRS 16 'Leases' has been applied. The impact of the application of this standard is set out on page 42.

Going concern

The Directors have a reasonable expectation that the Group will be able to operate within the level of available facilities and cash for the foreseeable future and accordingly believe that it is appropriate to prepare the financial statements on a going concern basis. In assessing the basis of preparation of the financial statements for the year ended 31 December 2019, the Directors have considered the principles of the Financial Reporting Council's 'The UK Corporate Governance Code 2018', provision 30; namely assessing the applicability of the going concern basis, the review period and disclosures.

The Directors have undertaken a rigorous assessment of going concern and liquidity including financial forecasts, for a period of 12 months from the date of approval of these financial statements, that reflect reasonable possible downsides. In order to satisfy themselves that the Group has adequate resources for the future, the Directors have reviewed the existing debt levels, the committed funding and liquidity positions under debt covenants, and the Group's ability to generate cash from trading activities. The Group's principal debt facilities comprise a \$297.6m term loan repayable in October 2020, a \$1,750.0m revolving credit facility maturing in 2022, \$300.0m of bilateral term loans maturing between September 2021 and May 2022 (of which \$200.0m was put in place in February 2020) and \$879.9m of US private placement debt repayable in various tranches between 2021 and 2031.

At 31 December 2019, the Group had net current liabilities of \$242.0m and this is largely due to term loans of \$297.6m falling due in October 2020 being classed as current liabilities. The cash flow forecasts show that the Group will have sufficient funds to meet its liabilities as they fall due. The \$297.6m term loan repayable in October 2020 was reduced by \$111.0m following the disposal of the Industrial Services business in February 2020 and the remaining balance was repaid following receipt of the new \$200.0m bilateral loan facilities entered into in February 2020. The nuclear disposal will generate an additional cash inflow of around £241m (\$319m) and the proceeds will be used to repay the term loan and other borrowings.

At 31 December 2019, the Group had headroom of \$1,156.7m under its main facilities and in addition had \$229.3m of other undrawn borrowing facilities. In undertaking their going concern review the Directors have considered the business plans which provide financial projections through to the end of March 2021.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Significant accounting policies

The Group's significant accounting policies adopted in the preparation of these financial statements are set out below. With the exception of the application of IFRS 16 'Leases', which has been applied from 1 January 2019, these policies have been consistently applied to all the years presented.

Accounting Policies (continued)

Critical accounting judgements and estimates

The preparation of the financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. These estimates and judgements are based on management's best knowledge of the amount, event or actions and actual results ultimately may differ from those estimates. Group management believe that the estimates and assumptions listed below have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities.

(a) *Impairment of goodwill (estimate)*

The Group carries out impairment reviews whenever events or changes in circumstance indicate that the carrying value of goodwill may not be recoverable. In addition, the Group carries out an annual impairment review. An impairment loss is recognised when the recoverable amount of goodwill is less than the carrying amount. The impairment tests are carried out by CGU ('Cash Generating Unit') and reflect the latest Group budgets and forecasts as approved by the Board. The budgets and forecasts are based on various assumptions relating to the Group's businesses including assumptions relating to market outlook, resource utilisation, contract awards and contract margins. The outlook for the Group is discussed in the Chief Executive's Review. Pre-tax discount rates of between 11.3% and 12.1% have been used to discount the CGU cash flows and a terminal value is applied using long term growth rates of between 2% and 3%. A sensitivity analysis has been performed allowing for possible changes to the discount rate, the long-term growth rate and the short-term EBITDA growth rate.

The headroom on Asset Solutions EAAA based on the assumptions above was \$386.0m. A sensitivity analysis has been performed assuming the impact of reasonably possible changes to the assumptions used in the impairment review, which did not result in an impairment. A 1.3% reduction in the long-term growth rate would result in a reduction of the headroom to \$nil and a 1.2% increase in the discount rate would result in headroom of \$nil. A reasonably possible change in the short-term EBITDA growth rate did not result in an impairment.

The headroom on Asset Solutions Americas based on the assumptions above was \$353.0m. A sensitivity analysis has been performed assuming the impact of reasonably possible changes to the assumptions used in the impairment review, which did not result in an impairment. A 1.5% reduction in the long-term growth rate would result in a reduction of the headroom to \$nil and a 1.3% increase in the discount rate would result in headroom of \$nil. A reasonably possible change in the short-term EBITDA growth rate did not result in an impairment.

See note 9 for further details.

(b) *Income taxes (estimate)*

Tax provisions are based on management's interpretation of country specific tax law and the likelihood of settlement. This involves a significant amount of judgement as tax legislation can be complex and open to different interpretation. Management uses in-house tax experts, professional firms and previous experience when assessing tax risks. When actual liabilities differ from the provisions, adjustments are made which can have a material impact on the Group's tax charge for the year.

Deferred tax asset recognition is based on two factors. Firstly, deferred tax liabilities in the same jurisdiction as assets that are legally capable of being offset and the timing of the reversal of the asset and liability would enable the deduction from the asset to be utilised against the taxable income from the liability. Secondly, forecast profits support the recognition of deferred tax assets not otherwise supported by deferred tax liabilities. Management uses in-house tax experts to determine the forecast period to support recognition, this is considered by jurisdiction or entity dependent on the tax laws of the jurisdiction. If actual results differ from the forecasts the impact of not being able to utilise the expected amount of deferred tax assets can have a material impact on the Group's tax charge for the year.

See note 6 and 21 for details.

(c) *Retirement benefit schemes (estimate)*

The Group operates a number of defined benefit pension schemes which are largely closed to future accrual. The value of the Group's retirement benefit schemes surplus/deficit is determined on an actuarial basis using a number of assumptions. Changes in these assumptions will impact the carrying value of the surplus/deficit. A sensitivity analysis showing the impact of changes to these assumptions is provided in note 32. The principal assumptions that impact the carrying value are the discount rate, the inflation rate and life expectancy. The Group determines the appropriate assumptions to be used in the actuarial valuations at the end of each financial year following consultation with the retirement benefit schemes' actuaries. In determining the discount rate, consideration is given to the interest rates of high quality corporate bonds in the currency in which the benefits will be paid and that have terms to maturity similar to those of the related retirement benefit obligation. The inflation rate is derived from the yield curve used in deriving the discount rate and adjusted by an agreed risk premium. Assumptions regarding future mortality are based on published statistics and the latest available mortality tables. See note 32 for further details.

Accounting Policies (continued)

(d) Provisions and contingent liabilities (judgement and estimate)

The Group records provisions where it has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the obligation can be made. Where the outcome is less than probable, but more than remote, or a reliable estimate cannot be made, no provision is recorded but a contingent liability is disclosed in the financial statements, if material. The recording of provisions is an area which requires the exercise of management judgement relating to the nature, timing and probability of the liability and typically the Group's balance sheet includes contract provisions and provisions for pending legal issues.

As a result of the acquisition of Amec Foster Wheeler ("AFW") in 2017, the Group has acquired a significant asbestos related liability. Some of AFW's legacy US and UK subsidiaries are defendants in asbestos related lawsuits and there are out of court informal claims pending in both jurisdictions. Plaintiffs claim damages for personal injury alleged to have arisen from exposure to the use of asbestos in connection with work allegedly performed by subsidiary companies in the 1970s and earlier. The provision for asbestos liabilities is the Group's best estimate of the obligation required to settle claims up until 2050. Group policy is to record annual changes to the underlying gross estimates where they move by more than 5%. Further details of the asbestos liabilities are provided in note 20 including a sensitivity analysis showing the impact of changes to the key assumptions.

Discussions concerning possible resolutions of the investigations by the authorities in the US, Brazil and Scotland have progressed to the point where the Group believes that it is likely to be able to settle the relevant matters with these authorities at an aggregate cost of \$46.0m and this is reflected as a provision at 31 December 2019. Achieving resolution of the relevant matters will involve negotiations with five authorities in three separate jurisdictions, and accordingly there is no certainty that resolution will be reached with any or all of those authorities or that the aggregate settlement amount will not exceed the amount of the provision.

This legacy AFW project involves the construction of various buildings to house the Aegis Ashore anti-missile defence facility for the United States Army Corps of Engineers. The project was around 80% complete by value at 31 December 2019 and 90% complete by physical progress and is expected to be operationally complete during the second half of 2020. Management's latest estimate is that the loss at completion will be \$113m representing the expected loss to complete less estimated revenue to be earned. A charge of \$10m was made to the income statement during 2019 in relation to this project and the full amount of this loss has been recognised to date. During the year provisions of \$41m were utilized and \$25m remains on the balance sheet at 31 December 2019. In reaching its assessment of this loss, management have made certain estimates and assumptions relating to the date of completion, productivity of workers on site and the costs to complete. If the actual outcome differs from these estimates and assumptions, the ultimate loss will be different. In addition, the Group's assessment of the ultimate loss includes change orders which have not been agreed with the customer and management's assessment of liquidated damages and the current estimate is that these will not be settled until 2021 at the earliest. If the amounts agreed are different to the assumptions made, then the ultimate loss could be materially different.

The balance of project related provisions relates to a number of project provisions which are not individually material or significant.

(e) Revenue recognition on fixed price and long-term contracts (estimate)

The Group has a number of fixed price long-term contracts which are accounted for in accordance with IFRS 15 and require estimates to be made for contract revenue. Contract revenues are affected by uncertainties that depend on the outcome of future events.

Uncertainties include the estimation of:

Forecast costs to complete the contract

At the end of the reporting period the Group is required to estimate costs to complete on lump sum or fixed price contracts based on the work to be performed after the reporting date, which may span more than one reporting period. This involves an objective evaluation of project progress against the delivery schedule, evaluation of the work to be performed and the associated costs to fully deliver the contract to the customer and contingencies. These factors are affected by a variety of uncertainties that depend on the outcome of future events, and so often need to be revised as events unfold, and therefore it is not practically possible to present these sensitivities. The estimate could have a possible material impact on revenue, cost of sales, gross amounts due to customers and gross amounts due from customers.

Recognition of revenue from variation orders ("VOs")

Management assess the value of revenue to be recognised at contract inception such that it is considered highly probable that a significant reversal in the amount of cumulative revenue recognised to date will not occur when the uncertainty associated with the VO is subsequently resolved. This initial assessment is reconsidered at each reporting date. The assessment is based on discussions with the customer and a range of factors, including prior experience of the customer and of similar contracts with other customers.

Liquidated damages ("LDs")

Management make an assessment of the value of LDs to be provided at contract inception such that it is considered highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the LD is subsequently resolved. This initial assessment is reconsidered at each reporting date. The assessment is based on a probabilistic

Notes to the financial statements

For the year ended 31 December 2019

Accounting Policies (continued)

estimate of the monetary amount of LDs payable which involves a number of management assumptions and judgements including discussions with the customer, prior experience of the customer, prior experience of similar contracts with other customers and other forms of documentary evidence. At 31 December 2019, the amount provided for Aegis LDs was \$16.0m (2018: \$15.0m) and this is included within provisions on the balance sheet. See note 20 for further details.

Estimates are updated regularly and significant changes are highlighted through established internal review procedures. The contract reviews focus on the timing and recognition of revenue including income from incentive payments, scope variations and claims.

See note 2 for further details.

(f) Lease liability (judgement)

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that includes renewal options. Management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or terminated).

For leases of property, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate);
- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate);
- Otherwise the Group considers other factors including historical lease durations, the costs and business disruption to replace the leased asset.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonably certainty is only revised if a significant event or change in circumstances occurs, which affects this assessment and that is within the control of the lessee.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the Group's incremental borrowing rate ("IBR") is used. The IBR is obtained from various external financing sources and makes adjustments to reflect the terms of the lease and the type of asset leased.

Basis of consolidation

The Group financial statements are the result of the consolidation of the financial statements of the Group's subsidiary undertakings from the date of acquisition or up until the date of divestment as appropriate. Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. All Group companies apply the Group's accounting policies and prepare financial statements to 31 December. Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated.

Joint ventures and joint operations

A joint venture is a type of joint arrangement where the parties to the arrangement share rights to its net assets. A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is the contractually agreed arrangement which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The considerations made in determining joint control are similar to those necessary to determine control over subsidiaries.

The Group's interests in joint ventures are accounted for using equity accounting. Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture from the acquisition date. The results of the joint ventures are included in the consolidated financial statements from the date the joint control commences until the date that it ceases. The Group includes its share of joint venture profit on the line 'Share of post-tax profit from joint ventures' in the Group income statement and its share of joint venture net assets in the 'investment in joint ventures' line in the Group balance sheet.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. The Group accounts for joint operations by recognising the appropriate proportional share of revenue, expenses, assets and liabilities.

Notes to the financial statements

For the year ended 31 December 2019

Accounting Policies (continued)

Presentational currency

The Group's earnings stream is primarily US dollars and the Group therefore uses the US dollar as its presentational currency.

The following exchange rates have been used in the preparation of these financial statements:

	2019	2018
Average rate £1 = \$	1.2773	1.3345
Closing rate £1 = \$	1.3247	1.2736

Foreign currencies

In each individual entity, transactions in foreign currencies are translated into the relevant functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rates ruling at the balance sheet date. Any exchange differences are taken to the income statement.

Income statements of entities whose functional currency is not the US dollar are translated into US dollars at average rates of exchange for the period and assets and liabilities are translated into US dollars at the rates of exchange ruling at the balance sheet date. Exchange differences arising on translation of net assets in such entities held at the beginning of the year, together with those differences resulting from the restatement of profits and losses from average to year end rates, are taken to the currency translation reserve.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the exchange rate ruling at the balance sheet date with any exchange differences taken to the currency translation reserve.

Foreign currency differences are recognised in Other Comprehensive Income ("OCI") and accumulated in the translation reserve, except to the extent that the translation difference is allocated to Non-Controlling Interests ("NCI").

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to the foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss. The directors consider it appropriate to record sterling denominated equity share capital in the financial statements of John Wood Group PLC at the exchange rate ruling on the date it was raised.

Revenue recognition

Revenue comprises the fair value of the consideration specified in a contract with a customer and is stated net of sales taxes (such as VAT) and discounts. The Group recognises revenue when it transfers control over a good or service to a customer.

With regard to cost reimbursable projects and lump sum projects, further detail is provided below about the nature and timing of the satisfaction of performance obligations in contracts with customers, including payment terms and the related revenue recognition policies.

Cost reimbursable projects

Revenue is recognised over time as the services are provided based on contractual rates per man hour in respect of multi-year service contracts. The amount of variable revenue related to the achievement of key performance indicators (KPIs) is estimated at the start of the contract, but any revenue recognised is constrained to the extent that it is highly probable there will not be a significant reversal in future periods.

Lump sum or fixed price contracts

Revenue on fixed price or lump sum contracts for services, construction contracts and fixed price long-term service agreements is recognised over time according to the stage of completion reached in the contract by measuring the proportion of costs incurred for work performed to total estimated costs.

Revenue in respect of variations is recognised when the variation is approved by both parties to the contract. To the extent that a change in scope has been agreed but the corresponding change in price has not been agreed then revenue is recognised only to the extent that that it is highly probable that a significant reversal of revenue will not occur.

A claim is an amount that the contractor seeks to collect from the customer as reimbursement for costs whose inclusion in the contract price is disputed, and may arise from, for example, delays caused by the customer, errors in specification or design and disputed variations in contract work. Claims are also a source of variable consideration and are included in contract revenue only to the extent

Accounting Policies (continued)

that it is highly probable that a significant reversal of revenue will not occur. Appropriate legal advice is taken in advance of any material revenue being recognised in respect of claims.

The related contract costs are recognised in the income statement when incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised immediately.

The Group's payment terms state that all invoices are generally payable within 30 days.

Details of the services provided by the Group are provided under the 'Segmental Reporting' heading.

Exceptional items

Exceptional items are those significant items which are separately disclosed by virtue of their size or incidence to enable a full understanding of the Group's financial performance. Transactions which may give rise to material exceptional items include gains and losses on divestment of businesses, write downs or impairments of assets including goodwill, restructuring or regulatory costs or provisions, litigation settlements, tax provisions or payments, provisions for onerous contracts and acquisition and divestment costs. The tax impact on these transactions is shown separately in the exceptional items note to the financial statements (note 5).

Finance expense/income

Interest income and expense is recorded in the income statement in the period to which it relates. Arrangement fees and expenses in respect of the Group's debt facilities are amortised over the period which the Group expects the facility to be in place. Interest relating to the unwinding of discount on deferred and contingent consideration, IFRS 16 lease liabilities and asbestos liabilities is included in finance expense. Interest expense and interest income on scheme assets relating to the Group's retirement benefit schemes are also included in finance income/expense. See note 3 for further details.

Interest income or expense is recognised using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- The gross carrying amount of the financial asset; or
- The amortised cost of the financial liability.

Dividends payable

Dividends to the Group's shareholders are recognised as a liability in the period in which the dividends are approved by shareholders. Interim dividends are recognised when paid. See note 7 for further details.

Business combinations

The Group accounts for business combinations using the acquisition method of accounting when control is transferred to the Group. The consideration transferred is measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Intangible assets arising on business combinations are tested for impairment when indicators of impairment exist. Acquisition costs are expensed and included in administrative expenses in the income statement.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the net assets acquired. Goodwill is carried at cost less accumulated impairment losses. Goodwill is not amortised.

Intangible assets

Intangible assets are carried at cost less accumulated amortisation. Intangible assets are recognised if it is probable that there will be future economic benefits attributable to the asset, the cost of the asset can be measured reliably, the asset is separately identifiable and there is control over the use of the asset. Where the Group acquires a business, intangible assets on acquisition are identified and evaluated to determine the carrying value on the acquisition balance sheet. Intangible assets are amortised over their estimated useful lives on a straight-line basis, as follows:

Software	3-5 years
Development costs and licenses	3-5 years
Intangible assets on acquisition	
- Customer contracts and relationships	5-13 years
- Order backlog	2-5 years
- Brands	20 years

Notes to the financial statements

For the year ended 31 December 2019

Accounting Policies (continued)

Property plant and equipment

Property plant and equipment (PP&E) is stated at cost less accumulated depreciation and impairment. No depreciation is charged with respect to freehold land and assets in the course of construction.

Depreciation is calculated using the straight-line method over the following estimated useful lives of the assets:

Freehold buildings	25-50 years
Leasehold improvements	period of lease
Plant and equipment	3-10 years

When estimating the useful life of an asset group, the principal factors the Group takes into account are the durability of the assets, the intensity at which the assets are expected to be used and the expected rate of technological developments. Asset lives and residual values are assessed at each balance sheet date.

Refer to the Leases policy for the Group's policy with respect to the Right of use assets.

Impairment

The Group performs impairment reviews in respect of PP&E, investment in joint ventures and intangible assets whenever events or changes in circumstance indicate that the carrying amount may not be recoverable. In addition, the Group carries out annual impairment reviews in respect of goodwill. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than its carrying amount.

Impairment losses are recognised in profit or loss. They are allocated to first reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro-rata basis.

For the purposes of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units ("CGUs"). Goodwill arising from a business combination is allocated to the appropriate CGU or groups of CGUs that are expected to benefit from the synergies of the combination. The CGUs are aligned to the structure the Group uses to manage its business. Cash flows are discounted in determining the value in use.

See note 9 for further details of goodwill impairment testing and note 12 for details of impairment of investment in joint ventures.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and other short-term bank deposits with original maturities of three months or less. Bank overdrafts are included within borrowings in current liabilities. The Group presents balances that are part of a pooling arrangement on a gross basis in both cash and short-term borrowings.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are typically classified as Held to Collect.

The Group recognises loss allowances for Expected Credit Losses ('ECLs') on trade receivables and gross amounts due from customers, measured at an amount equal to lifetime ECLs. ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes a customer being in significant financial difficulty or a breach of contract such as a default. The gross carrying amount of a financial asset is written off when the Group has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery.

The Group has a non-recourse financing arrangement with one of its banks in which funds are received in relation to trade receivable balances before the due date for payment. Trade receivables are derecognised on receipt of the payment from the bank. See note 14 for further details.

Accounting Policies (continued)

Asbestos related receivables

Asbestos related receivables represents management's best estimate of insurance recoveries relating to liabilities for pending and estimated future asbestos claims through to 2050. They are only recognised when it is virtually certain that the claim will be paid. Asbestos related assets under executed settlement agreements with insurers due in the next 12 months are recorded within Trade and other receivables and beyond 12 months are recorded within Long term receivables. The Group's asbestos related assets have been discounted using an appropriate rate of interest.

Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest method.

Deferred and contingent consideration

Where deferred or contingent consideration is payable on the acquisition of a business based on an earn out arrangement, an estimate of the amount payable is made at the date of acquisition and reviewed regularly thereafter, with any change in the estimated liability being reflected in the income statement. Where the change in liability is considered material, it is disclosed as an exceptional item in the income statement. Where deferred consideration is payable after more than one year, the estimated liability is discounted using an appropriate rate of interest. Deferred consideration is initially recognised at fair value and subsequently measured at amortised cost. Contingent consideration is recognised at fair value.

Taxation

The tax charge represents the sum of tax currently payable and deferred tax. Tax currently payable is based on the taxable profit for the year. Taxable profit differs from the profit reported in the income statement due to items that are not taxable or deductible in any period and also due to items that are taxable or deductible in a different period. The Group's liability for current tax is calculated using tax rates enacted or substantively enacted at the balance sheet date.

Tax is recognised in the income statement except to the extent that it relates to items recognised in other comprehensive income or equity, in which case it is recognised in other comprehensive income or equity as appropriate.

A current tax provision is recognised when the Group has a present obligation as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. In line with IFRIC 23, depending on the circumstances, the provision is either the single most likely outcome, or a probability weighted average of all potential outcomes. The provision incorporates tax and penalties where appropriate. Separate provisions for interest are also recorded. Interest in respect of the tax provisions is not included in the tax charge, but disclosed within profit before tax.

Deferred tax is provided, using the full liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. The principal temporary differences arise from depreciation on PP&E, tax losses carried forward and, in relation to acquisitions, the difference between the fair values of the net assets acquired and their tax base. Tax rates enacted, or substantively enacted, at the balance sheet date are used to determine deferred tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and it is intended that they will be settled on a net basis.

Accounting for derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date the contract is entered into and are subsequently re-measured at fair value. Where hedging is to be undertaken, the Group documents the relationship between the hedging instrument and the hedged item at the inception of the transaction, as well as the risk management objective and strategy for undertaking the hedge transaction. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of the hedged items.

Accounting Policies (continued)

Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk. A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable outputs and minimise the use of unobservable outputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The fair value of interest rate swaps is calculated as the present value of their estimated future cash flows. The fair value of forward foreign exchange contracts is determined using forward foreign exchange market rates at the balance sheet date. The fair values of all derivative financial instruments are verified by comparison to valuations provided by financial institutions.

The carrying values of trade receivables and payables approximate to their fair values.

The fair value of financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control or use an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an asset, the Group uses the definition of a lease in IFRS 16.

This policy is applied to contracts entered into, on or after 1 January 2019. The Group recognises a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability.

The right of use asset is subsequently depreciated using the straight line method from the commencement date to the end of the lease term. The right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group's incremental borrowing rate ("IBR") and is subsequently increased by the interest cost on the lease liability and reduced by the lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the assessment of whether an extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that includes renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which may significantly affect the amount of lease liabilities and right of use assets recognised.

The Group has elected not to recognise right of use assets and lease liabilities for leases of low value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Retirement benefit scheme surplus/deficit

The Group operates a number of defined benefit and defined contribution pension schemes. The surplus or deficit recognised in respect of the defined benefit schemes represents the difference between the present value of the defined benefit obligations and the fair value of the scheme assets. The assets of these schemes are held in separate trustee administered funds. The schemes are largely closed to future accrual.

The defined benefit schemes assets are measured using fair values. Pension scheme liabilities are measured annually by an independent actuary using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The increase in the present value of the liabilities of the Group's defined benefit schemes expected to arise from employee service in the period is charged to operating profit. The interest income on scheme assets and the increase during the period in the present value of the scheme's liabilities arising from the passage of time are netted and included in finance income/expense. Re-measurement gains and losses are recognised in the statement of comprehensive income in full in the period in which they occur. The defined benefit schemes surplus or deficit is recognised in full and presented on the face of the Group balance sheet.

Group management consider it appropriate to recognise the IAS 19 surplus in the Wood Pension Plan. The scheme trustees do not have unilateral power to wind up the scheme, therefore it is within the Group's control to gradually settle the scheme liabilities as per IFRIC 14.11 (b) until there are no members left. On a winding up scenario, any surplus would be returned to the Group.

Accounting Policies (continued)

The Group's contributions to defined contribution schemes are charged to the income statement in the period to which the contributions relate.

The Group operates a SERP pension arrangement in the US for certain employees. Contributions are paid into a separate investment vehicle and invested in a portfolio of US funds that are recognised by the Group in other investments with a corresponding liability in other non-current liabilities. Investments are carried at fair value. The fair value of listed equity investments and mutual funds is based on quoted market prices and so the fair value measurement can be categorised in Level 1 of the fair value hierarchy.

Provisions

Provisions are recognised where the Group is deemed to have a legal or constructive obligation, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate of the obligation can be made. Where amounts provided are payable after more than one year the estimated liability is discounted using an appropriate rate of interest.

The Group has taken internal and external advice in considering known and reasonably likely legal claims made by or against the Group. It carefully assesses the likelihood of success of a claim or action. Appropriate provisions are made for legal claims or actions against the Group on the basis of likely outcome, but no provisions are made for those which, in the view of management, are unlikely to succeed.

See note 20 for further details.

Possible but not probable liabilities are disclosed as contingent liabilities in note 33.

Share based charges relating to employee share schemes

The Group has recorded share based charges in relation to a number of employee share schemes.

Charges are recorded in the income statement as an employee benefit expense for the fair value of share options (as at the grant date) expected to be exercised under the Executive Share Option Schemes ('ESOS'). Amounts are accrued over the vesting period with the corresponding credit recorded in retained earnings.

Options are also awarded under the Group's Long Term Plan ('LTP') which is the incentive scheme in place for executive directors and certain senior executives. The charge for options awarded under the LTP is based on the fair value of those options at the grant date, spread over the vesting period. The corresponding credit is recorded in retained earnings. For awards that have a market related performance measure, the fair value of the market related element is calculated using a Monte Carlo simulation model.

The Group has an Employee Share Plan under which employees contribute regular monthly amounts which are used to purchase shares over a one year period. At the end of the year the participating employees are awarded one free share for every two shares purchased providing they remain in employment for a further year. A charge is calculated for the award of free shares and accrued over the vesting period with the corresponding credit taken to retained earnings.

Share capital

John Wood Group PLC has one class of ordinary shares and these are classified as equity. Dividends on ordinary shares are not recognised as a liability or charged to equity until they have been approved by shareholders.

The Group is deemed to have control of the assets, liabilities, income and costs of its employee share trusts, therefore they have been consolidated in the financial statements of the Group. Shares acquired by and disposed of by the employee share trusts are recorded at cost. The cost of shares held by the employee share trusts is deducted from equity.

Merger reserve

Where an acquisition qualifies for merger relief under Section 612 of the Companies Act 2006, the premium arising on the issue of shares to fund the acquisition is credited to a merger reserve. See note 26 for further information.

Segmental reporting

The Group has determined that its operating segments are based on management reports reviewed by the Chief Operating Decision Maker ('CODM'), the Group's Chief Executive. The Group's reportable segments are Asset Solutions Europe, Africa, Asia, Australia ('AS EAAA'), Assets Solutions Americas ('AS Americas'), Technical Consulting Solutions ("TCS") and Investment Services ("IS").

Asset Solutions is focused on increasing production, improving efficiency, reducing cost and extending asset life across industrial markets and provides initial design, construction, operations, maintenance and decommissioning services. TCS was formed from the combination of the Group's Specialist Technical Solutions ("STS") and Environmental and Infrastructure Solutions ("E&IS") business units on 1 October 2019. TCS is a single global, multi-sector specialist technical consultancy providing innovative thinking needed to maximise value at every stage of the asset life cycle. Investment Services manages a range of legacy or non-core businesses and investments with a view to generating value via remediation and restructuring prior to their eventual disposal.

Accounting Policies (continued)

The Chief Executive measures the operating performance of these segments using 'Adjusted EBITDA' (Earnings before interest, tax, depreciation and amortisation). Operating segments are reported in a manner consistent with the internal management reports provided to the Chief Executive who is responsible for allocating resources and assessing performance of the operating segments.

Assets and liabilities held for sale

Disposal groups are classified as assets and liabilities held for sale if it is highly probable that they will be recovered primarily through sale rather than continuing use. Disposal groups are measured at the lower of carrying value and fair value less costs to sell and their assets and liabilities are presented separately from other assets and liabilities on the balance sheet.

Research and development government credits

The Group claims research and development government credits in the UK, US and Canada. These credits are similar in nature to grants and are offset against the related expenditure category in the income statement. The credits are recognised when there is reasonable assurance that they will be received, which in some cases can be some time after the original expense is incurred.

Disclosure of impact of new and future accounting standards

(a) Amended standards and interpretations

The following standards and interpretations apply for the first time to accounting periods commencing on or after 1 January 2019:

IFRS 16

Impact of application of IFRS 16

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right of use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The Group has assessed the impact that the initial application of IFRS 16 has on its consolidated financial statements, as described below.

The Group adopted IFRS 16 on 1 January 2019, using the modified retrospective approach. The cumulative effect of adopting IFRS 16 is recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparative information. The Group has recognised new assets and liabilities for its operating leases of property, vehicles and other assets. The nature of expenses related to those leases has changed because the Group now recognises a depreciation charge for right of use assets and interest expense on lease liabilities. Previously, the Group recognised operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised. In addition, the Group will no longer recognise provisions for operating leases that it assesses to be onerous, and instead performs an impairment test on the right of use assets.

On transition to IFRS 16, the Group recognised additional right of use assets and additional liabilities, recognising the difference in retained earnings. The impact is summarised below:

At 1 January 2019	\$m
Right of use assets recognised	450.6
Deferred tax asset recognised	5.2
Lease liabilities recognised	(569.0)
Onerous lease provisions adjustment	17.7
Onerous lease liabilities (included within other non-current liabilities)	61.2
Trade and other payables – accruals	8.3
Trade and other receivables – prepayments	(7.9)
Opening reduction to retained earnings	(33.9)

Onerous lease provisions and liabilities as at 31 December 2018 were eliminated against right of use assets recognised on transition to IFRS 16 in line with the practical expedients noted below.

Depreciation and interest in 2019 have increased by \$128.4m (including joint venture depreciation of \$5.4m) and \$28.9m (including joint venture interest of \$0.7m) respectively, which is offset by a reduction in operating lease costs of \$151.0m (including joint venture operating lease costs of \$6.1m) and an unwinding of discounting charge of \$2.2m. Adjusted EBITDA has increased by \$151.0m (including joint venture EBITDA benefit of \$6.1m) and there is a reduction of \$4.1m in profit before tax.

When measuring liabilities for leases that were classified as operating leases, the Group discounted payments using its incremental borrowing rate as at 1 January 2019. The weighted average rate applied is 5.2%. Right of use assets were measured at their carrying amount as if IFRS 16 had been applied since commencement date, discounted at the Group's incremental borrowing rate at the date of initial application.

Accounting Policies (continued)

Reconciliation of lease liabilities recognised at 1 January 2019	\$m
Operating lease commitment at 31 December 2018 as disclosed in the Group's consolidated financial statements	752.7
Impact of discounting	(123.3)
Commitment discounted using the incremental borrowing rate at 1 January 2019	629.4
Recognition exemption for leases of low value and short term assets	(35.9)
Recognition exemption for leases with less than 12 months of lease term at transition	(26.5)
Extension options reasonably expected to be exercised	2.0
Lease liabilities recognised at 1 January 2019	569.0

The Group used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- The Group has applied the exemption not to recognise right of use assets and liabilities for property leases with less than 12 months of lease term;
- The Group has applied the exemption not to recognise right of use assets and liabilities for long-term operating leases with a remaining lease term of 12 months as at 1 January 2019;
- The Group applies a single discount rate to a portfolio of leases with reasonably similar characteristics;
- The Group relies on previous assessments on whether leases are onerous;
- The Group has applied the exemption not to recognise right of use assets and liabilities for low value assets;
- The Group has excluded initial direct costs in measuring the right of use asset at the date of initial application; and
- The Group has used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

Impact of application of IFRIC 23

The Group has adopted IFRIC 23 Uncertainty over Income Tax Treatments for the first time in 2019 which gives guidance on the accounting for uncertain tax provisions. The adoption of IFRIC 23 has not resulted in a material change in relation to provisions for tax uncertainties held by the Group.

All other amendments not yet effective and not included above are not material or applicable to the Group.

Notes to the financial statements

For the year ended 31 December 2019

1 Segmental reporting

The Group operates through four segments, Asset Solutions EAAA ('AS EAAA'), Asset Solutions Americas ('AS Americas'), Technical Consulting Solutions ('TCS') and Investment Services ('IS'). TCS was launched on 1 October 2019 and is a combination of Wood's Specialist Technical Solutions ('STS') and Environmental and Infrastructure Solutions ('E&IS') business units. The 2018 comparatives for TCS are the sum of the STS and E&IS segmental results. Under IFRS 11 'Joint arrangements', the Group is required to account for joint ventures using equity accounting.

Adjusted EBITDA as shown in the table below includes our share of joint venture profits and excludes exceptional items, which is consistent with the way management review the performance of the business units. From January 2019, revenue is reported on an equity accounting basis and consequently the 2018 revenue comparatives have been restated to exclude joint venture revenue.

The segment information provided to the Group's Chief Executive for the operating segments for the year ended 31 December 2019 includes the following:

Operating Segments	Revenue		Adjusted EBITDA(1)		Operating profit before exceptions	
	Year ended	Year ended	Year ended	Year ended	Year ended	Year ended
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
	\$m	\$m	\$m	\$m	\$m	\$m
Asset Solutions EAAA	3,147.6	3,283.1	352.7	257.7	164.7	129.6
Asset Solutions Americas	3,894.5	3,668.2	238.0	226.8	107.5	108.9
Technical Consulting Solutions	2,779.1	2,913.2	299.6	248.5	183.8	179.3
Investment Services	69.2	149.9	36.3	35.8	35.5	25.2
Central costs (3)	-	-	(71.2)	(75.0)	(80.5)	(86.4)
Total	9,890.4	10,014.4	855.4	693.8	411.0	356.6
Exceptional items					(107.6)	(191.3)
Operating profit					303.4	165.3
Finance income					9.6	5.3
Finance expense					(164.3)	(117.1)
Profit before taxation from continuing operations					148.7	53.5
Taxation					(75.9)	(61.1)
Profit/(loss) for the year from continuing operations					72.8	(7.6)

Notes

1. A reconciliation of operating profit to Adjusted EBITDA is provided in the table below. Adjusted EBITDA is provided as it is a unit of measurement used by the Group in the management of its business. Adjusted EBITDA is stated before exceptional items (see note 5).
2. Joint venture depreciation of \$12.5m (2018: \$12.3m) includes IFRS 16 depreciation of \$5.4m (2018: \$nil).
3. Central includes the costs of certain management personnel in both the UK and the US, along with an element of Group infrastructure costs.
4. Revenue arising from sales between segments is not material.
5. Following adoption of IFRS 16, Adjusted EBITDA and Operating profit before exceptions have increased by \$144.9m (\$151.0m including joint ventures) and \$21.9m (\$22.6m including joint ventures) respectively due to a change in classification of costs.

1 Segmental reporting (continued)

Reconciliation of Alternative Performance Measures

	2019	2018
	\$m	\$m
Operating profit per income statement	303.4	165.3
Exceptional items (note 5)	107.6	191.3
Operating profit before exceptionals	411.0	356.6
Operating profit per income statement	303.4	165.3
Share of joint venture finance expense and tax (note 12)	18.7	24.5
Exceptional items (note 5)	107.6	191.3
Amortisation	243.7	248.8
Depreciation	53.6	63.9
IFRS 16 depreciation on right of use asset	128.4	-
Adjusted EBITDA	855.4	693.8
IAS 17 rental expense	(151.0)	-
EBITDA of disposed businesses	-	(26.0)
Adjusted EBITDA (on a like for like basis)	704.4	667.8

Analysis of joint venture profits by segment	Adjusted EBITDA(1)		Operating profit	
	Year ended 31 Dec 2019	Year ended 31 Dec 2018	Year ended 31 Dec 2019	Year ended 31 Dec 2018
	\$m	\$m	\$m	\$m
Asset Solutions EAAA	74.7	54.5	60.1	32.8
Asset Solutions Americas	9.2	13.2	8.7	13.2
Technical Consulting Solutions	0.9	1.8	0.9	1.7
Investment Services	(2.8)	13.8	(2.8)	11.2
Total	82.0	83.3	66.9	58.9

1 Segmental reporting (continued)

Other segment items

	Asset Solutions EAAA \$m	Asset Solutions Americas \$m	Technical Consulting Solutions \$m	Investment Services \$m	Unallocated \$m	Total \$m
At 31 December 2019						
Capital expenditure						
PP&E	22.0	26.8	9.9	-	-	58.7
Intangible assets	52.3	32.0	11.2	-	1.7	97.2
Non-cash expense						
Depreciation	14.5	20.2	9.2	0.3	2.3	46.5
IFRS 16 depreciation on right of use asset	44.2	30.4	47.5	0.5	0.4	123.0
Amortisation	100.0	76.9	58.9	-	6.6	242.4
Exceptional items (non-cash element)	5.0	2.9	15.3	-	46.7	69.9
At 31 December 2018						
Capital expenditure						
PP&E	13.6	15.6	5.8	0.5	1.5	37.0
Intangible assets	28.4	11.4	4.3	-	14.2	58.3
Non-cash expense						
Depreciation	16.2	22.0	9.6	1.7	2.1	51.6
Amortisation	85.9	92.0	59.1	-	9.3	246.3
Exceptional items (non-cash element)	44.6	11.2	4.0	6.8	40.4	107.0

The figures in the tables above are prepared on an equity accounting basis and therefore exclude the share of joint ventures.

Depreciation in respect of joint ventures totals \$7.1m (2018: \$12.3m), depreciation in respect of joint venture IFRS 16 right of use assets totals \$5.4m (2018: \$nil) and joint venture amortisation amounts to \$1.3m (2018: \$2.5m).

Geographical segments	Non-current assets		Continuing revenue	
	2019 \$m	2018 \$m	2019 \$m	2018 \$m
United Kingdom	1,136.1	1,226.7	1,156.2	1,327.2
United States of America	3,639.1	3,557.3	4,602.5	4,293.8
Canada	754.9	769.9	638.6	679.6
Australia	162.8	135.5	491.6	500.2
Kuwait	166.9	164.7	273.1	339.9
Kazakhstan	32.5	26.1	163.6	249.8
Saudi Arabia	98.8	84.7	235.7	193.2
Rest of the world	1,139.8	1,134.9	2,329.1	2,430.7
	7,130.9	7,099.8	9,890.4	10,014.4

Non-current assets includes goodwill and other intangible assets, property plant and equipment, right of use assets, investment in joint ventures and other investments.

Revenue by geographical segment is based on the location of the ultimate project. Revenue is attributable to the provision of services.

Notes to the financial statements

For the year ended 31 December 2019

2 Revenue

In the following table, revenue is disaggregated by primary geographical market and major service line. The tables provided below analyse total revenue. The 2018 comparatives have been adjusted to exclude joint venture revenue and reflect minor changes in the Group structure.

Primary geographical market	AS EAAA		AS Americas		TCS		IS		Total 2019	Total 2018
	2019 \$m	2018 \$m	2019 \$m	2018 \$m	2019 \$m	2018 \$m	2019 \$m	2018 \$m	\$m	\$m
USA	-	-	3,403.6	3,079.1	1,180.9	1,150.6	18.0	64.1	4,602.5	4,293.8
Europe	1,194.4	1,385.7	-	-	640.8	732.2	25.9	34.1	1,861.1	2,152.0
Rest of the world	1,953.2	1,897.4	490.9	589.1	957.4	1,030.4	25.3	51.7	3,426.8	3,568.6
Revenue	3,147.6	3,283.1	3,894.5	3,668.2	2,779.1	2,913.2	69.2	149.9	9,890.4	10,014.4
Major service lines										
Upstream/midstream	1,663.8	1,658.3	1,688.2	1,519.4	411.2	440.6	-	-	3,763.2	3,618.3
Downstream	935.4	1,116.6	1,197.1	904.1	138.7	150.5	-	-	2,271.2	2,171.2
Built Environment	-	-	-	-	1,394.4	1,405.8	-	-	1,394.4	1,405.8
Other energy	548.4	508.2	1,009.2	1,244.7	834.8	916.3	69.2	149.9	2,461.6	2,819.1
Revenue	3,147.6	3,283.1	3,894.5	3,668.2	2,779.1	2,913.2	69.2	149.9	9,890.4	10,014.4

The Group's revenue is largely derived from the provision of services over time.

Revenue in 2019 included \$6,967.5m (70%) (2018: \$6,761.6m, 68%) from reimbursable contracts and \$2,922.9m (30%) (2018: \$3,252.8m, 32%) from lump sum contracts. The calculation of revenue from lump sum contracts is based on estimates and the amount recognised could increase or decrease.

Contract assets and liabilities

The following table provides a summary of contract assets and liabilities arising from the Group's contracts with customers.

	2019 \$m	2018 \$m
Trade receivables	943.5	1,287.1
Gross amounts due from customers	962.8	935.1
Gross amounts due to customers	(480.5)	(407.5)
	1,425.8	1,814.7

The contract asset balances include amounts the Group has invoiced to customers (trade receivables) as well as amounts where the Group has the right to receive consideration for work completed which has not been billed at the reporting date (gross amounts due from customers). Gross amounts due from customers are transferred to trade receivables when the rights become unconditional which usually occurs when the customer is invoiced. Gross amounts due to customers primarily relates to advance consideration received from customers, for which revenue is recognised over time.

The reduction in trade receivables is due to improved cash collection during the year and reduced activity in December 2019 compared with December 2018. The increase in gross amounts due to customers is due to a significant advance received in respect of a major contract which was ongoing during 2019.

Trade receivables and gross amounts due from customers are included within the 'Trade and other receivables' heading in the Group balance sheet. Gross amounts due to customers is included within the 'Trade and other payables' heading in the Group balance sheet.

Revenue recognised in 2019 which was included in gross amounts due to customers at the beginning of the year of \$401.3m represents amounts included within contract liabilities at 1 January 2019. Revenue recognised from performance obligations satisfied in previous periods of \$24.9m represents revenue recognised in 2019 for performance obligations which were considered operationally complete at 31 December 2018.

Notes to the financial statements

For the year ended 31 December 2019

2 Revenue (continued)

Transaction price allocated to the remaining performance obligations

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2019 was as follows:

\$m	Year 1	Year 2	Total
Revenue	3,791.9	2,300.0	6,091.9

The Group has not adopted the practical expedients permitted by IFRS 15, therefore all contracts which have an original expected duration of one year or less have been included in the table above. The estimate of the transaction price does not include any amounts of variable consideration which are constrained.

3 Finance expense/(income)

	2019 \$m	2018 \$m
Interest payable on senior loan notes	28.5	14.1
Interest payable on borrowings	63.0	67.8
Amortisation of bank facility fees	3.9	3.9
Unwinding of discount on deferred and contingent consideration liabilities (note 19)	0.4	1.0
Unwinding of discount on asbestos provision	9.7	9.7
Unwinding of discount on other liabilities	2.2	4.6
IFRS 16 interest (note 11)	28.2	-
Other interest expense	28.4	16.0
 Finance expense – continuing operations	 164.3	 117.1
Interest receivable	(3.9)	(4.8)
Interest income – retirement benefit obligations (note 32)	(5.7)	(0.5)
 Finance income	 (9.6)	 (5.3)
 Finance expense – continuing operations – net	 154.7	 111.8

Net interest expense of \$5.9m (2018: \$8.1m) has been deducted in arriving at the share of post-tax profit from joint ventures.

The unwinding of discount on the asbestos provision is \$9.7m per note 20 and includes the unwinding of discount on long-term asbestos receivables.

Notes to the financial statements

For the year ended 31 December 2019

4 Profit before taxation

	2019 \$m	2018 \$m
The following items have been charged/(credited) in arriving at profit before taxation :		
Employee benefits expense (note 31)	4,441.9	4,558.2
Amortisation of intangible assets (note 9)	242.4	246.3
Depreciation of property plant and equipment (note 10)	46.5	51.6
Depreciation of right of use assets (note 11)	123.0	-
(Gain)/loss on disposal of property plant and equipment	(1.9)	1.4
Foreign exchange losses/(gains)	0.7	(11.7)

Depreciation of property plant and equipment is included in cost of sales or administrative expenses in the income statement.
Amortisation of intangible assets is included in administrative expenses in the income statement.

Services provided by the Group's auditors and associate firms

During the year the Group obtained the following services from its auditors, KPMG and associate firms at costs as detailed below:

	2019 \$m	2018 \$m
Fees payable to the Group's auditors and its associate firms for		
Audit of parent company and consolidated financial statements	4.4	4.0
Audit of financial statements of subsidiaries of the company	2.3	3.0
Audit related assurance services	0.4	0.3
Tax and other services	0.1	0.1
	7.2	7.4

The ratio of audit related services to other non-audit services is 1.00 : 0.01.

Notes to the financial statements

For the year ended 31 December 2019

5 Exceptional items

	2019 \$m	2018 \$m
Exceptional items included in continuing operations		
Loss on sale of core business (see note 30)	9.4	-
Redundancy, restructuring and integration costs	41.7	71.7
Arbitration settlement provision	-	10.4
Investigation support costs and provisions	56.5	26.3
GMP equalisation	-	31.9
Impairment of investment in EthosEnergy	-	41.4
Impairments recorded by EthosEnergy	-	9.6
	107.6	191.3
Tax charge/(credit)	19.5	(8.5)
Continuing operations exceptional items, net of tax	127.1	182.8

In the first half of 2019, the Group disposed of Terra Nova Technologies and the net loss on sale (after allocating goodwill) of \$9.4m has been included in exceptional items.

Redundancy, restructuring and integration costs of \$41.7m (2018: \$71.7m) have been incurred during the year. The total includes \$11.8m (2018: \$41.8m) of integration costs in relation to the acquisition of Amec Foster Wheeler and were incurred in order to generate efficiency savings with the enlarged business. These costs are expected to largely cease in 2020. In addition, \$26.1m (2018: \$23.8m) of additional redundancy and restructuring costs were incurred, mainly in relation to the formation of TCS and \$5.8m (2018: \$6.1m) of costs related to onerous property contracts, of which \$2.8m has been recognised as an impairment charge against the IFRS 16 right of use asset. The total also includes \$1.3m of charges relating to joint ventures and a \$3.3m gain with respect to the assignation of a lease contract to an external party.

Investigation support costs of \$10.5m (2018: \$26.3m) have been incurred during the year in relation to ongoing investigations by the US Securities and Exchange Commission, the US Department of Justice and UK Serious Fraud Office. During the year discussions concerning possible resolutions of the investigations by the authorities in the US, Brazil and Scotland have progressed to the point where the Group believes that it is likely to be able to settle the relevant matters with these authorities at an aggregate cost of \$46.0m, which is reflected as a provision in the financial statements as described in note 20. As set out in note 33, Amec Foster Wheeler made a disclosure to the UK Serious Fraud Office ("SFO") about these matters and, since April 2017, in connection with the SFO's investigation into UnaOil, the SFO has required Amec Foster Wheeler to produce information relating to any relationship of Amec Foster Wheeler with UnaOil and certain other third parties. As it is not possible to make a reliable estimate of the liability that may arise, no provision has been made for this element of the investigation. See note 33 for full details

In 2018, a charge of \$10.4m was recorded in relation to a legacy contract carried out by the Group's Gas Turbine Services business prior to the formation of EthosEnergy. An arbitration hearing was held in relation to a dispute between the Group and a former subcontractor and this amount represents the additional provision required to cover the settlement and related legal costs, \$19.2m having been provided in prior years.

A court ruling passed in October 2018 provided clarity in respect of Guaranteed Minimum Pension ('GMP') equalisation in relation to UK defined benefit pension schemes. As a result, the Group allowed for GMP equalisation in determining its UK defined benefit scheme liabilities with the increase in liabilities arising of \$31.9m being recorded as an exceptional charge in 2018.

In 2018, the Group carried out an impairment review of its investment in the EthosEnergy joint venture. The recoverable amount of the investment, based on management's estimate of fair value less costs of disposal was lower than the book value and an impairment charge of \$41.4m was recorded in the income statement. During 2018, there was also an impairment recorded by EthosEnergy of \$9.6m and this included restructuring and redundancy costs and write downs in relation to one of its businesses.

An exceptional tax charge of \$19.5m has been recorded in 2019 reflecting the write off of irrecoverable tax balances relating to joint ventures.

The allocation of continuing exceptional items of \$107.6m by segment is as follows – AS EAAA \$12.5m, AS Americas \$7.8m, TCS \$22.6m, Central \$65.5m, partially offset by a small credit in Investment Services of \$0.8m.

6 Taxation

	2019 \$m	2018 \$m
Current tax		
Current year	100.4	120.4
Adjustment in respect of prior years	(11.3)	(11.9)
	89.1	108.5
Deferred tax		
Origination and reversal of temporary differences	(25.6)	(40.7)
Adjustment in respect of prior years	12.4	(6.7)
	(13.2)	(47.4)
Total tax charge	75.9	61.1
Comprising		
Tax on continuing operations before exceptional items	56.4	69.6
Tax on exceptional items in continuing operations	19.5	(8.5)
Total tax charge	75.9	61.1
Tax (credited)/charged to other comprehensive income/expense	2019 \$m	2018 \$m
Deferred tax movement on retirement benefit liabilities	(6.8)	20.5
Tax on derivative financial instruments	(1.4)	(0.6)
Total (credited)/charged to other comprehensive income/expense	(8.2)	19.9
Tax charged/(credited) to equity	2019 \$m	2018 \$m
Deferred tax relating to share option schemes	4.1	1.1
Current tax relating to share option schemes	-	(0.4)
Deferred tax impact of rate change	(0.3)	(1.8)
Other	(0.7)	-
Total charged/(credited) to equity	3.1	(1.1)

Tax payments differ from the current tax charge primarily due to the time lag between tax charge and payments in most jurisdictions and movements in uncertain tax provisions differing from the timing of any related payments.

Notes to the financial statements

For the year ended 31 December 2019

6 Taxation (continued)

	2019 \$m	2018 \$m
Reconciliation of applicable tax charge at statutory rates to tax charge		
Profit before taxation from continuing operations (excluding profits from and impairment of joint ventures)	100.5	60.5
 Applicable tax charge at statutory rates		
Effects of:		
Non-deductible expenses	12.7	10.3
Non-taxable income	(2.1)	(1.9)
Non-deductible expenses - exceptional	27.9	2.2
Non-taxable income - exceptional	(1.5)	(1.0)
Benefit of financing structure	-	(10.8)
Deferred tax recognition:		
Recognition of deferred tax assets not previously recognised	(16.5)	(1.4)
Utilisation of tax assets not previously recognised	(29.7)	-
Current year deferred tax assets not recognised	31.9	40.4
Write off of previously recognised deferred tax assets	0.8	0.1
Irrecoverable withholding tax	18.7	29.0
Additional US taxes	9.8	5.0
CFC charges	2.2	4.1
Uncertain tax provisions	5.0	(5.8)
Uncertain tax provisions – prior year adjustments	(22.6)	(25.5)
Uncertain tax provisions – prior year adjustments - exceptional	(1.5)	(2.7)
Prior year adjustments	4.2	(4.3)
Prior year adjustments - exceptional	21.0	13.9
Impact of change in rates on deferred tax	0.5	(1.0)
 Total tax charge	75.9	61.1

The weighted average of statutory tax rates was 15.0% in 2019 (2018: 17.4%).

The adjustments in respect of prior years' largely relates to the release of uncertain tax positions as the final outcome on certain issues was agreed with tax authorities during the year or the statute of limitations for audit by the tax authorities expiring without challenge.

Net income tax liabilities in the Group balance sheet include \$149.7m (2018: \$176.9m) relating to uncertain tax positions where management has had to exercise judgement in determining the most likely outcome in respect of the relevant issue. The larger amounts relate to recoverability of withholding taxes (\$51.9m, 2018: \$54.7m), group financing (\$33.0m, of which \$11.6m relates to deferred tax, 2018: \$38.3m) and transfer pricing and tax residence (\$22.2m, 2018: \$26.5m). Where the final outcome on these issues differs to the amounts provided, the Group's tax charge will be impacted.

Of the uncertain tax positions, \$71.2m are currently under audit by tax authorities and the provision reflects the maximum potential liability. The outcome of the audits will determine if there is a credit to taxation in 2020. Of the balance, \$12.4m will become statute barred for tax authority audit during 2020 if the tax authorities do not commence an audit.

6 Taxation (continued)

Factors affecting the tax charge in future years

There are a number of factors that may affect the Group's future tax charge including the resolution of open issues with the tax authorities, corporate acquisitions and disposals, the use of brought forward losses and changes in tax legislation and rates. The following outline key factors that may impact on future tax charges:

From 1 January 2018 the US has introduced a charge in relation to transactions with group companies (Base Erosion Anti-abuse Tax "BEAT"). The rate of BEAT is currently 10%, from 1 January 2026 it will increase to 12.5%. In December 2019 the IRS issued proposed regulations which included the option of disclaiming for Federal tax purposes the expenses which give rise to the BEAT charge. We are assessing whether this would be a beneficial election factoring in the impact on Federal and state taxes.

As part of the US tax reform, a new charge on the profits of overseas subsidiaries of US entities was created called Global Intangible Low-Taxed Income tax (GILTI). This resulted in a tax charge in the current year. The Group is currently utilising brought forward tax losses against taxable income, as these losses are required to be used in advance of foreign tax credits. Once these losses are extinguished, the GILTI charge will no longer apply as there will be a Federal income tax charge on the profits of overseas subsidiaries which will be offset by foreign tax credits.

The UK Government included in their election manifesto the reversal of the enacted change in the UK corporation tax rate from 19% to 17% from 1 April 2020. UK deferred tax is currently calculated using the 17% rate. If the 2020 Finance Act changes the rate back to 19% from 1 April, the change in rate will be reflected in the 2020 financial statements.

Tax Policy

The Group is committed to complying with all relevant tax laws, rules, regulations and reporting and disclosure requirements wherever it operates. All tax planning undertaken is consistent with the Group's overall strategy and approach to risk. The Group aims to use incentives and reliefs to minimise the tax cost of conducting business but will not use them for purposes which are knowingly contradictory to the intent of the legislation. A full copy of the Group's tax strategy can be found on the Group's website at www.woodplc.com

7 Dividends

	2019 \$m	2018 \$m
Dividends on ordinary shares		
Final 2018 dividend paid: 23.7 cents per share (Final 2017: 23.2 cents)	159.0	155.3
Interim 2019 dividend paid: 11.4 cents per share (Interim 2018: 11.3 cents)	76.5	75.7
	235.5	231.0

The directors are proposing a final dividend in respect of the financial year ended 31 December 2019 of 23.9 cents per share. The final dividend will be paid on 15 May 2020 to shareholders who are on the register of members on 17 April 2020. The financial statements do not reflect the final dividend until approved by the shareholders, the payment of which will result in an estimated \$160.4m reduction in equity attributable to owners of the parent.

8 Earnings per share

	2019			2018		
	Earnings/(losses) attributable to owners of the parent \$m	Number of shares m	Earnings per share cents	Earnings/(losses) attributable to owners of the parent \$m	Number of shares m	Earnings per share cents
Basic pre-exceptional	199.1	670.9	29.7	173.9	669.6	26.0
Exceptional items, net of tax	(127.1)	-	(19.0)	(182.8)	-	(27.3)
Basic	72.0	670.9	10.7	(8.9)	669.6	(1.3)
Effect of dilutive ordinary shares	-	15.8	(0.2)	-	-	-
Diluted	72.0	686.7	10.5	(8.9)	669.6	(1.3)
Adjusted diluted earnings per share calculation						
Basic	72.0	670.9	10.7	(8.9)	669.6	(1.3)
Effect of dilutive ordinary shares	-	15.8	(0.2)	-	13.4	-
	72.0	686.7	10.5	(8.9)	683.0	(1.3)
Exceptional items, net of tax	127.1	-	18.5	182.8	-	26.8
Amortisation related to acquisitions, net of tax	117.1	-	17.0	144.1	-	21.1
Adjusted diluted	316.2	686.7	46.0	318.0	683.0	46.6
Adjusted basic	316.2	670.9	47.1	318.0	669.6	47.5

As the Group has reported a basic earnings (2018: loss) per ordinary share, any potential ordinary shares that are anti-dilutive are included (2018: excluded) in the calculation of diluted earnings per share. These options could potentially dilute earnings per share in future periods. As adjusted diluted earnings per share is a non-GAAP measure, the potential ordinary shares have not been excluded from this calculation.

The calculation of basic earnings per share is based on the earnings attributable to owners of the parent divided by the weighted average number of ordinary shares in issue during the year excluding shares held by the Group's employee share trusts. For the calculation of adjusted diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of dilutive potential ordinary shares. The Group's dilutive ordinary shares comprise share options granted to employees under Executive Share Option Schemes, shares and share options awarded under the Group's Long-Term Plan and shares awarded under the Group's Employee Share Plan. Adjusted basic and adjusted diluted earnings per share are disclosed to show the results excluding the impact of exceptional items and amortisation related to acquisitions, net of tax. The 2018 comparatives were amended as previously the add back in relation to amortisation included all intangibles, whereas now only includes amortisation related to acquisitions.

9 Goodwill and other intangible assets

	Goodwill \$m	Software and development costs \$m	Customer contracts and relationships \$m	Order backlog \$m	Brands \$m	Total \$m
Cost						
At 1 January	5,399.3	303.7	867.8	182.2	674.2	7,427.2
Exchange movements	54.4	14.2	9.7	0.9	6.4	85.6
Additions	-	97.2	-	-	-	97.2
Disposals	-	(115.8)	(23.2)	-	-	(139.0)
Businesses divested (note 30)	(33.1)	(0.6)	-	-	(7.0)	(40.7)
Reclassified as held for sale (note 30)	(210.9)	(3.0)	(39.8)	-	(15.2)	(268.9)
Reclassification	-	7.8	-	-	-	7.8
At 31 December 2019	5,209.7	303.5	814.5	183.1	658.4	7,169.2
Amortisation and impairment						
At 1 January 2019	0.8	212.8	452.2	62.5	42.2	770.5
Exchange movements	-	10.6	7.2	(0.1)	0.5	18.2
Amortisation charge	-	98.2	62.9	47.4	33.9	242.4
Disposals	-	(115.8)	(23.2)	-	-	(139.0)
Businesses divested (note 30)	-	(0.5)	-	-	(0.5)	(1.0)
Reclassified as held for sale (note 30)	-	(2.1)	(17.5)	-	(1.3)	(20.9)
At 31 December 2019	0.8	203.2	481.6	109.8	74.8	870.2
Net book value at 31 December 2019	5,208.9	100.3	332.9	73.3	583.6	6,299.0
Cost						
At 1 January 2018	5,535.3	358.2	894.6	184.7	687.4	7,660.2
Exchange movements	(139.8)	(20.2)	(26.8)	(2.5)	(13.2)	(202.5)
Additions	-	58.3	-	-	-	58.3
Acquisitions	3.8	-	-	-	-	3.8
Disposals	-	(97.9)	-	-	-	(97.9)
Reclassification	-	5.3	-	-	-	5.3
At 31 December 2018	5,399.3	303.7	867.8	182.2	674.2	7,427.2
Amortisation and impairment						
At 1 January 2018	0.8	245.6	389.1	12.7	9.1	657.3
Exchange movements	-	(16.7)	(17.3)	(0.7)	(0.5)	(35.2)
Amortisation charge	-	81.8	80.4	50.5	33.6	246.3
Disposals	-	(97.9)	-	-	-	(97.9)
At 31 December 2018	0.8	212.8	452.2	62.5	42.2	770.5
Net book value at 31 December 2018	5,398.5	90.9	415.6	119.7	632.0	6,656.7

The carrying value of software held under deferred payment arrangements at 31 December 2019 was \$3.8m (2018: \$7.3m). There were no additions to software held under deferred payment arrangements during the year (2018: \$nil).

Notes to the financial statements

For the year ended 31 December 2019

9 Goodwill and other intangible assets (continued)

In accordance with IAS 36 'Impairment of assets', goodwill was tested for impairment during the year. The impairment tests were carried out by Cash Generating Unit ('CGU') as at 1 October 2019 (the "test date"). The Group has four CGUs and Goodwill is monitored by management at CGU level (there is no goodwill attributable to the Investment Services business). The allocation of Goodwill by CGU as at the test date is shown in the table below. Goodwill and other intangible assets in respect of the nuclear and industrial services businesses have been classified as held for sale and so have been tested for impairment separately.

Value-in-use calculations have been prepared for each CGU using the cash flow projections included in the financial budgets prepared by management and approved by the Board for 2020. The budget is based on various assumptions including market outlook, resource utilisation, contract backlog, contract margins and assumed contract awards. The short-term EBITDA growth rate assumptions used in the 2019 impairment test were in the range of 7% to 15% in (2018: 2% to 19%).

The growth rates assumed from 2022 have also been used in the calculation of the terminal value. The growth rates used do not exceed the long-term average growth rates for the regions in which the CGUs operate and are 3% for EAAA (2018: 3%); 2% for ASA (2018: 2%); and 2.4% (2018: 2% - 3%) for TCS.

The cash flows have been discounted using discount rates appropriate for each CGU, and these rates are reviewed annually. The pre-tax rates used for the 2019 review are as follows : 11.3% for Asset Solutions EAAA (2018: 11.4%), 11.5% for Asset Solutions Americas (2018: 11.6%) and 12.1% (2018: 11.4% - 11.8%) for Technical Consulting Solutions (the equivalent post-tax rates are 9.4%, 9.4%, 10.0% respectively) (2018: 9.5%, 9.5% and 9.25% -10% respectively) and were derived from the Group WACC calculation with specific adjustments for CGU specific risks including country risk premiums.

The carrying value of the goodwill for each CGU as at the test date is shown in the table below. No goodwill has been written off during the current or prior year.

Cash Generating Unit	Goodwill carrying value (\$m)
Asset Solutions EAAA	2,005.3
Asset Solutions Americas	1,800.6
Technical Consulting Solutions	1,308.9

The headroom on Asset Solutions EAAA based on the assumptions above was \$386m. A sensitivity analysis has been performed assuming the impact of reasonably possible changes to the assumptions used in the impairment review, which did not result in an impairment. A 1.3% reduction in the long-term growth rate would result in a reduction of the headroom to \$nil and a 1.2% increase in the discount rate would result in headroom of \$nil. A reasonably possible change in the short-term EBITDA growth rate did not result in an impairment.

The headroom on Asset Solutions Americas based on the assumptions above was \$353m. A sensitivity analysis has been performed assuming the impact of reasonably possible changes to the assumptions used in the impairment review, which did not result in an impairment. A 1.5% reduction in the long-term growth rate would result in a reduction of the headroom to \$nil and a 1.3% increase in the discount rate would result in headroom of \$nil. A reasonably possible change in the short-term EBITDA growth rate did not result in an impairment.

Reasonably possible changes in the critical assumptions did not identify any potential impairments.

Intangible assets arising on acquisition include the valuation of customer contracts and relationships, order backlog and brands recognised on business combinations. As part of the annual impairment review, Group management has assessed whether there were any impairment triggers and none were identified.

Customer relationships relate mainly to the acquisition of Amec Foster Wheeler in 2017 and are being amortised over periods of 5 to 13 years. Order backlog relates entirely to the acquisition of AFW and is being amortised over periods of 2 to 5 years. Brands recognised relate entirely to the acquisition of AFW and are being amortised over a 20 year period.

Software and development costs includes internally generated assets with a net book value of \$18.2m at 31 December 2019 (2018: \$18.0m). \$10.4m (2018: \$6.5m) of internally generated intangibles is included in additions in the year.

The software disposals relate to the write off of fully depreciated assets that are no longer in use.

Goodwill of \$244.0m was allocated to businesses disposed of during the year (\$33.1m) and businesses classified as held for sale at the year end (\$210.9m). Other intangibles with a total book value of \$43.7m were allocated to the businesses disposed of during the year (\$6.6m) and businesses classified as held for sale (\$37.1m).

10 Property plant and equipment

	Land and Buildings \$m	Plant and equipment \$m	Total \$m
Cost			
At 1 January 2019	104.4	241.1	345.5
Exchange movements	1.9	4.6	6.5
Additions	7.9	50.8	58.7
Disposals	(15.7)	(48.5)	(64.2)
Transferred to held for sale (note 30)	(0.9)	(66.9)	(67.8)
Reclassifications	(6.4)	6.4	-
At 31 December 2019	91.2	187.5	278.7
Accumulated depreciation and impairment			
At 1 January 2019	37.5	109.5	147.0
Exchange movements	2.0	4.0	6.0
Charge for the year	10.5	36.0	46.5
Disposals	(13.3)	(33.4)	(46.7)
Transferred to held for sale (note 30)	(0.9)	(37.5)	(38.4)
Reclassifications	0.9	(0.9)	-
At 31 December 2019	36.7	77.7	114.4
Net book value at 31 December 2019	54.5	109.8	164.3
Cost			
At 1 January 2018	123.6	266.4	390.0
Exchange movements	(4.6)	(15.4)	(20.0)
Additions	6.9	30.1	37.0
Acquisitions	-	0.6	0.6
Disposals	(8.9)	(36.9)	(45.8)
Reclassifications	(4.5)	4.5	-
Transferred to held for sale	(8.1)	(8.2)	(16.3)
At 31 December 2018	104.4	241.1	345.5
Accumulated depreciation and impairment			
At 1 January 2018	37.1	119.4	156.5
Exchange movements	(2.9)	(12.0)	(14.9)
Charge for the year	13.6	38.0	51.6
Disposals	(7.0)	(32.4)	(39.4)
Impairment	0.7	-	0.7
Transferred to held for sale	(4.0)	(3.5)	(7.5)
At 31 December 2018	37.5	109.5	147.0
Net book value at 31 December 2018	66.9	131.6	198.5

The net book value of Land and Buildings includes \$30.6m (2018: \$41.3m) of Long Leasehold and Freehold property and \$23.9m (2018: \$25.6m) of Short Leasehold property. There were no material amounts in assets under construction at 31 December 2019.

11 Leases

Right of use assets	Land and Buildings \$m	Plant and equipment \$m	Total \$m
Net book value			
At 1 January 2019	427.5	23.1	450.6
Exchange movements	1.4	0.1	1.5
Additions	103.2	17.4	120.6
Incentives received	(9.0)	-	(9.0)
Disposals	(12.3)	-	(12.3)
Classification as held for sale (note 30)	(7.7)	-	(7.7)
Impairment	(2.8)	-	(2.8)
Depreciation of right of use assets	(101.1)	(21.9)	(123.0)
At 31 December 2019	399.2	18.7	417.9
Lease liabilities			
At 1 January 2019	545.9	23.1	569.0
Exchange movements	1.4	0.1	1.5
Additions	103.2	17.4	120.6
Disposals	(15.6)	-	(15.6)
Classification as held for sale (note 30)	(7.2)	-	(7.2)
Interest expense related to lease liabilities	26.6	1.6	28.2
Repayment of lease liabilities	(134.4)	(21.2)	(155.6)
At 31 December 2019	519.9	21.0	540.9

The Group has finance leases liabilities totalling \$33.4m in addition to the IFRS 16 lease liabilities in respect of leases previously classified as operating leases under IAS 17. A maturity analysis of the Group's total lease liability is shown below:

	\$m
Current lease liability	159.9
Non-current lease liability	414.4
At 31 December 2019	574.3

The following table shows the breakdown of lease expense between amounts charged to operating profit and amounts charged to finance costs.

	\$m
Depreciation charge for right of use assets	
Property	101.1
Plant and equipment	21.9
Short term and low value lease expense	10.7
Charged to operating profit	133.7
Interest expense related to lease liabilities	28.2
Charge to profit/(loss) before taxation for leases	161.9

The short term and low value lease expense of \$10.7m has been included in cash flow from operating activities. The Group leases various properties, plant and equipment throughout the world. The majority of the lease liability relates to properties with leases generally entered into for fixed periods of up to three years, unless of strategic importance to the Group. Some leases have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets are not used as security for borrowing purposes. Previously, leases of property, plant and equipment were classified as either

11 Leases (continued)

finance or operating leases. From 1 January 2019, leases are recognised as a right of use asset and corresponding liability, once the asset is available for use by the Group.

The Group recognises a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group's incremental borrowing rate ("IBR").

The lease liability is subsequently increased by the interest cost on the lease liability and reduced by the lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the assessment of whether an extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that includes renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which may significantly affect the amount of lease liabilities and right of use assets recognised.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the Group's IBR is used. The IBR is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right of use asset in a similar economic environment with similar terms, security and conditions.

Notes to the financial statements

For the year ended 31 December 2019

12 Investment in joint ventures

The Group operates a number of joint ventures companies, the most significant of which are its turbine JV's, EthosEnergy Group Limited and RWG (Repair & Overhauls) Limited. The Group has a 51% shareholding in EthosEnergy, a provider of rotating equipment services and solutions to the power, oil and gas and industrial markets. EthosEnergy is based in Aberdeen, Scotland. The Group has a 50% shareholding in RWG, a provider of repair and overhaul services to the oil and gas, power generation and marine propulsion industries. RWG is based in Aberdeen, Scotland.

The assets, liabilities, income and expenses of the EthosEnergy and RWG are shown below. The financial information below has been extracted from the management accounts for these entities.

	EthosEnergy (100%)		RWG (100%)	
	2019 \$m	2018 \$m	2019 \$m	2018 \$m
Non-current assets	138.7	180.2	53.4	42.8
Current assets	548.9	631.2	123.4	137.5
Current liabilities	(334.3)	(355.7)	(61.1)	(63.6)
Non-current liabilities	(93.0)	(29.4)	(3.3)	(3.1)
Net assets	260.3	426.3	112.4	113.6
Wood Group share	132.8	217.4	56.2	56.8
Impairments and other adjustments	(94.4)	(188.4)	-	-
Wood Group investment	38.4	29.0	56.2	56.8
Revenue	946.3	904.5	215.1	222.8
Cost of sales	(810.1)	(794.6)	(153.7)	(158.7)
Administrative expenses	(102.2)	(95.6)	(31.0)	(33.0)
Exceptional items	(2.6)	(19.0)	-	-
Operating profit/(loss)	31.4	(4.7)	30.4	31.1
Finance (expense)/income	(10.8)	(5.7)	(0.4)	0.2
Profit/(loss) before tax	20.6	(10.4)	30.0	31.3
Tax	(2.2)	(2.3)	(6.0)	(6.4)
Post-tax profit/(loss) from joint ventures	18.4	(12.7)	24.0	24.9
Wood Group share	9.4	(6.5)	12.0	12.5

Cash and cash equivalents amounted to \$63.0m (2018: \$50.2m) and \$1.7m (2018: \$2.2m) for EthosEnergy and RWG respectively.

Depreciation amounted to \$4.6m (2018: \$11.4m) and \$2.0m (2018: \$1.3m) for EthosEnergy and RWG respectively.

Amortisation amounted to \$nil (2018: \$1.5m) and \$2.6m (2018: \$2.6m) for EthosEnergy and RWG respectively.

EthosEnergy's net borrowings, at 31 December 2019 amounted to \$92.7m (2018: \$110.6m)

RWG had net borrowings at 31 December 2019 of \$4.3m (2017: \$2.4m)

The aggregate carrying amount of the Group's other equity accounted joint ventures, which individually are not material, amounted to \$73.7m at 31 December 2019 (2018: \$82.4m).

The Group's share of its joint venture income and expenses is shown below.

12 Investment in joint ventures (continued)

	2019	2018
Revenue	1,106.8	1,021.6
Cost of sales	(947.4)	(873.3)
Administrative expenses	(91.2)	(79.8)
Exceptional items	(1.3)	(9.6)
Operating profit	66.9	58.9
Net finance expense	(5.9)	(8.1)
Profit before tax	61.0	50.8
Tax	(12.8)	(16.4)
Share of post-tax profit from joint ventures	48.2	34.4

The movement in investment in joint ventures is shown below.

	\$m
At 1 January 2019	168.2
Exchange movements on retranslation of net assets	2.7
Additional investment in joint ventures	0.8
Share of profit after tax	48.2
Impairment of investments	(1.3)
Dividends received	(43.0)
Reclassification of amounts due from joint ventures	54.5
Transferred to assets held for sale (note 30)	(61.8)
At 31 December 2019	168.3

The Group is in the process of disposing of an investment in a non-core joint venture and as a result the investment balance at 31 December 2019 of \$61.8m has been transferred to assets held for sale as the Group expects to dispose of its investment in the first half of 2020.

The joint ventures have no significant contingent liabilities to which the Group is exposed, nor has the Group any significant contingent liabilities in relation to its interest in the joint ventures.

The \$54.5m reclassified in the table above relates to the offset of a credit balance in investment in joint ventures against amounts that had previously been recognised as receivable from joint ventures. The reclassification has no impact on the income statement or the cash flow statement and no effect on net assets.

A full list of subsidiary and joint venture entities is included in note 37.

Other investments

Other investments include \$81.4m (2018: \$76.4m) relating to the US SERP referred to in note 32. The SERP invests in a mixture of equities, bonds and money market funds as part of a pension arrangement for US based employees. The liabilities of the SERP are included in non-current liabilities (see note 18).

Notes to the financial statements

For the year ended 31 December 2019

13 Inventories

	2019 \$m	2018 \$m
Materials	3.5	4.3
Work in progress	1.4	3.7
Finished goods and goods for resale	9.6	5.7
	14.5	13.7

14 Trade and other receivables

	2019 \$m	2018 \$m
Trade receivables	1,034.6	1,391.9
Less: provision for impairment of trade receivables	(91.1)	(104.8)
Trade receivables – net	943.5	1,287.1
Gross amounts due from customers	962.8	935.1
Prepayments	161.1	157.2
Amounts due from joint ventures	26.9	97.2
Asbestos related insurance recoveries	16.2	16.3
Research and development credits	94.1	-
Other receivables	101.4	62.8
Trade and other receivables – current	2,306.0	2,555.7
Long term receivables – asbestos related insurance recoveries	75.1	90.2
Long term receivables – other	20.6	37.9
Total receivables	2,401.7	2,683.8

As at 31 December 2019 the Group had received \$198.4m (2018: \$153.5m) of cash relating to a non-recourse financing arrangement with one of its banks. An equivalent amount of trade receivables was derecognised on receipt of the cash.

Research and development credits are presented separately at 31 December 2019. In previous periods, R&D credits were presented in a combination of tax receivable, prepayments and other receivable accounts.

Financial assets

	2019 \$m	2018 \$m
Restricted cash	-	11.7
Derivative financial instruments (note 19)	10.1	2.6
	10.1	14.3

The restricted cash held at 31 December 2018 was cash that was subject to an attachment order. The restricted cash balance was included in the Group's net debt figure (see note 29).

14 Trade and other receivables (continued)

The Group's trade receivables balance is shown in the table below.

31 December 2019	Trade receivables - Gross \$m	Provision for impairment \$m	Trade receivables - Net \$m	Receivable days
Asset Solutions EAAA	349.9	(41.6)	308.3	70
Asset Solutions Americas	282.6	(14.8)	267.8	22
Technical Consulting Solutions	361.8	(15.9)	345.9	82
Investment Services	40.3	(18.8)	21.5	87
Total Group	1,034.6	(91.1)	943.5	56

31 December 2018	Trade receivables - Gross \$m	Provision for impairment \$m	Trade receivables - Net \$m	Receivable days
Asset Solutions EAAA	470.4	(50.3)	420.1	67
Asset Solutions Americas	396.1	(21.9)	374.2	45
Technical Consulting Solutions	461.5	(15.3)	446.2	78
Investment Services	63.9	(17.3)	46.6	177
Total Group	1,391.9	(104.8)	1,287.1	64

Receivable days are calculated by allocating the closing trade receivables balance to current and prior period revenue. A receivable days calculation of 56 indicates that closing trade receivables represent the most recent 56 days of revenue.

A provision for the impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the terms of the original receivables.

The ageing of the provision for impairment of trade receivables is as follows:

	2019	2018
	\$m	\$m
Up to 3 months	1.4	2.1
Over 3 months	89.7	102.7
	91.1	104.8

14 Trade and other receivables (continued)

The movement on the provision for impairment of trade receivables is as follows:

2019	Asset Solutions		Asset Solutions Americas	Technical Consulting		Total \$m
	EAAA	\$m		Solutions	\$m	
At 1 January	50.3		21.9	15.4	17.2	104.8
Exchange movements	(0.3)		0.2	0.2	-	0.1
Provided during year	3.4		10.3	5.9	10.8	30.4
Utilised during year	(5.7)		(9.6)	(4.2)	-	(19.5)
Released during year	(5.1)		(8.0)	(1.3)	(9.2)	(23.6)
Reclassified to held for sale	(1.0)		-	(0.1)	-	(1.1)
At 31 December	41.6		14.8	15.9	18.8	91.1
2018						
At 1 January	48.7		24.7	17.0	2.6	93.0
Exchange movements	(2.5)		-	-	-	(2.5)
Provided during year	4.9		6.3	4.4	17.7	33.3
Released during year	(0.8)		(9.1)	(6.0)	(3.1)	(19.0)
At 31 December	50.3		21.9	15.4	17.2	104.8

The other classes within trade and other receivables do not contain impaired assets.

Included within gross trade receivables of \$1,034.6m above (2018: \$1,391.9m) and gross amounts due from customers of \$962.8m (2018: \$935.1m) are contract assets of \$300.8m (2018: \$449.6m) which were past due. These relate to customers for whom there is no recent history or expectation of default. The ageing analysis of these contract assets is as follows:

	2019 \$m	2018 \$m
Up to 3 months overdue	153.3	197.9
Over 3 months overdue	147.5	251.7
	300.8	449.6

The above analysis excludes retentions relating to contracts in progress of \$121.8m (2018: \$104.5m).

15 Cash and cash equivalents

	2019 \$m	2018 \$m
Cash at bank and in hand	1,836.9	1,335.2
Short-term bank deposits	10.1	17.5
	1,847.0	1,352.7

Cash at bank and in hand at 31 December 2019 includes \$1,448.6m (2018: \$942.0m) that is part of the Group's cash pooling arrangements and both cash and borrowings are grossed up by this amount in the financial statements.

Cash of \$54.9m is included in assets held for sale (see note 30).

The effective interest rate on short-term deposits at 31 December 2019 was 1.5% and these deposits have an average maturity of 6 days.

16 Trade and other payables

	2019 \$m	2018 \$m
Trade payables	1,016.5	1,050.3
Gross amounts due to customers	480.5	407.5
Other tax and social security payable	53.6	71.8
Accruals	642.9	567.4
Deferred and contingent consideration (note 19)	20.0	21.8
Finance leases	-	9.8
Derivative financial instruments	3.9	7.2
Amounts due to joint ventures	4.4	3.1
Asbestos related payables	52.0	51.2
Other payables	345.8	336.0
	2,619.6	2,526.1

Gross amounts due to customers included above represent payments on account received in excess of amounts due from customers on fixed price contracts. The increase in gross amounts due to customers is mainly explained by a significant advance received in respect of a major contract which was ongoing during 2019.

Accruals includes amounts due to suppliers and sub-contractors that have not yet been invoiced, unpaid wages, salaries and bonuses.

Deferred and contingent consideration represents amounts payable on acquisitions made by the Group. The amount included in the table above is expected to be paid within one year from the balance sheet date.

Finance leases are now included in the leases liability (note 11).

Other payables includes project related and other liabilities.

17 Borrowings

	2019 \$m	2018 \$m
Bank loans and overdrafts due within one year or on demand		
Unsecured	1,752.7	984.5
Non-current bank loans		
Unsecured	693.3	1,542.3
Senior loan notes		
Unsecured	879.9	375.0
Total non-current borrowings	1,573.2	1,917.3

Borrowings of \$1,448.6m (2018: \$942.0m) that are part of the Group's cash pooling arrangements and are netted against cash for internal reporting purposes are grossed up in the short-term borrowings figure above. The increase in these borrowings and the \$297.6m term loan now falling due in October 2020 are the principal causes of the increase in current borrowings.

Bank overdrafts are denominated in a number of currencies and bear interest based on LIBOR or the relevant foreign currency equivalent.

The Group had total facilities of \$3,263.3m as at 31 December 2019, which comprised a 5 year \$1,750.0m revolving credit facility maturing in May 2022, \$879.9m of senior loan notes in the US private placement market with varying maturities, a \$297.6m 3 year term loan maturing in October 2020, \$235.8m of other banking facilities and a new \$100.0m bilateral term loan maturing in May 2022.

In February 2020, the Group negotiated a further \$200.0m of bilateral term loans, which will be used to partially settle the 3 year term loan maturing in October 2020.

Of the non-current borrowings of \$1,573.2m, \$19.9m is denominated in sterling with the balance in US dollars.

17 Borrowings (continued)

The Group's principal borrowing facilities at 31 December 2019 are set out in the table below.

Facility	Total available \$m	Drawn at 31 December 2019		Undrawn at 31 December 2019 \$m	Repayable
		Drawn at 31 December 2019 \$m	Undrawn at 31 December 2019 \$m		
Term loan	297.6	297.6	-	-	October 2020
Term loan	100.0	100.0	-	-	May 2022
Bilateral facility	1,750.0	600.0	1,150.0	-	May 2022
Senior loan notes	879.9	879.9	-	-	Various dates
Other facilities	235.8	6.5	229.3	-	Various dates
Unamortised fees	-	(6.7)	6.7	-	N/A
	3,263.3	1,877.3	1,386.0		

The above table excludes borrowings of \$1,448.6m that are part of the Group's cash pooling arrangements.

The Group has \$879.9m (2018: \$375.0m) of unsecured senior loan notes issued in the US private placement market. The notes mature at varying dates between 2021 and 2031 as shown in the table below. Interest is payable at an average rate of 4.31% (2018: 3.74%).

Repayable	2019 \$m	2018 \$m
August 2021	30.0	30.0
November 2021	47.0	47.0
July 2022	35.0	-
July 2024	25.0	-
August 2024	120.0	120.0
November 2024	50.0	50.0
July 2026	126.9	-
August 2026	128.0	128.0
February 2027	40.0	-
February 2029	100.0	-
July 2029	129.5	-
July 2031	48.5	-
	879.9	375.0

The effective interest rates on the Group's bank loans and overdrafts at the balance sheet date were as follows:

	2019 %	2018 %
US dollar	2.60	3.57
Sterling	2.24	2.09
Euro	1.15	1.15
Australian dollar	1.70	2.36

17 Borrowings (continued)

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	2019 \$m	2018 \$m
US Dollar	2,655.9	2,177.2
Sterling	505.7	625.9
Euro	20.4	51.0
Australian dollar	127.0	35.8
Other	16.9	11.9
	3,325.9	2,901.8

The Group is required to issue tender bonds, performance bonds, retention bonds, advance payment bonds and standby letters of credit to certain customers. At 31 December 2019, the Group's bank facilities relating to the issue of bonds, guarantees and letters of credit amounted to \$1,921.4m (2018: \$1,901.4m). At 31 December 2019, these facilities were 55% utilised (2018: 46%).

Borrowing facilities

The Group has the following undrawn borrowing facilities available at 31 December:

	2019 \$m	2018 \$m
Expiring within one year	229.3	162.2
Expiring between two and five years	1,156.7	1,091.4
	1,386.0	1,253.6

All undrawn borrowing facilities are floating rate facilities. The facilities expiring within one year are annual facilities subject to review at various dates during 2020. The Group was in compliance with its bank covenants throughout the year.

18 Other non-current liabilities

	2019 \$m	2018 \$m
Deferred and contingent consideration (note 19)	-	4.8
Finance leases	-	25.2
Derivative financial instruments	10.5	-
Other payables	129.0	194.4
	139.5	224.4

Deferred and contingent consideration represents amounts payable on acquisitions made by the Group.

Other payables include \$81.4m (2018: \$76.4m) relating to the US SERP pension arrangement referred to in note 32 and unfavourable leases of \$9.8m (2018: \$70.7m). Prior to 2019, unfavourable leases were initially measured at fair value and were amortised over the life of the lease and presented as other payables. At 1 January 2019 unfavourable lease liabilities were offset against the right of use asset recognised on transition to IFRS 16. Unfavourable lease liabilities at 31 December 2019 represent non-lease components, such as facilities costs which are not included within the IFRS 16 lease liability.

Notes to the financial statements

For the year ended 31 December 2019

19 Financial instruments

The Group's activities give rise to a variety of financial risks: market risk (including foreign exchange risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management strategy is to hedge exposures wherever practicable in order to minimise any potential adverse impact on the Group's financial performance.

Risk management is carried out by the Group Treasury department in line with the Group's Treasury policies. Group Treasury, together with the Group's business units identify, evaluate and where appropriate, hedge financial risks. The Group's Treasury policies cover specific areas, such as foreign exchange risk, interest rate risk, use of derivative financial instruments and investment of excess cash.

Where the Board considers that a material element of the Group's profits and net assets are exposed to a country in which there is significant geo-political uncertainty a strategy is agreed to ensure that the risk is minimised.

(a) *Market risk*

(i) Foreign exchange risk

The Group is exposed to foreign exchange risk arising from various currencies. The Group has subsidiary companies whose revenue and expenses are denominated in currencies other than the US dollar. Where possible, the Group's policy is to eliminate all significant currency exposures at the time of the transaction by using financial instruments such as forward currency contracts. Changes in the forward contract fair values are booked through the income statement, except where hedge accounting is used in which case the change in fair value is recorded in equity.

Hedging of foreign currency exchange risk – cash flow hedges

The notional contract amount, carrying amount and fair values of forward contracts and currency swaps designated as cash flow hedges at the balance sheet date are shown in the table below.

	2019 Notional contract amount \$m	2018 Notional contract amount \$m	2019 Carrying amount and fair value \$m	2018 Carrying amount and fair value \$m
Current assets	117.5	37.7	3.6	0.5
Current liabilities	(47.0)	(50.3)	(0.8)	(2.0)

A net foreign exchange gain of \$1.9m (2018: loss \$1.4m) was recognised in the hedging reserve as a result of fair value movements on forward contracts and currency swaps designated as cash flow hedges.

Hedging of foreign currency exchange risk – fair value through income statement

The notional contract amount, carrying amount and fair value of all other forward contracts and currency swaps at the balance sheet date are shown in the table below.

	2019 Notional contract amount \$m	2018 Notional contract amount \$m	2019 Carrying amount and fair value \$m	2018 Carrying amount and fair value \$m
Current assets	654.2	236.4	6.5	2.1
Current liabilities	(196.1)	(160.4)	(3.1)	(1.9)

The Group's largest foreign exchange risk relates to movements in the sterling/US dollar exchange rate. Movements in the sterling/US dollar rate can impact the translation of sterling profit earned in the UK and the translation of sterling denominated net assets. A weakening of the pound has a negative impact on translation of UK companies' profits and net assets. Sterling denominated trading profits in the UK are offset by the Group's corporate overhead and a 10% change in the sterling/dollar rate would result in a change to Adjusted EBITDA of less than 1%. A 10% change in the sterling/dollar rate would impact net assets by less than 5%. 10% has been used in these calculations as it represents a reasonable possible change in the sterling/US dollar exchange rate. The Group also has foreign exchange risk in relation to a number of other currencies, such as the Australian dollar, the Canadian dollar and the Euro.

Notes to the financial statements

For the year ended 31 December 2019

19 Financial instruments (continued)

(ii) Interest rate risk

The Group finances its operations through a mixture of retained profits and debt. The Group borrows in the desired currencies at a mixture of fixed and floating rates of interest and then uses interest rate swaps to generate the desired interest profile and to manage the Group's exposure to interest rate fluctuations. At 31 December 2019, 34% (2018: 21%) of the Group's borrowings were at fixed rates after taking account of interest rate swaps. The Group is also exposed to interest rate risk on cash held on deposit. The Group's policy is to maximise the return on cash deposits and where possible, deposit cash with a financial institution with a credit rating of 'A' or better.

Hedging of interest rate risk – cash flow hedges

The notional contract amount, carrying amount and fair value of interest rate swaps designated as cash flow hedges at the balance sheet date are shown in the table below.

	2019 Hedged amount \$m	2018 Hedged amount \$m	2019 Carrying amount and fair value \$m	2018 Carrying amount and fair value \$m
Interest rate swaps	250.0	250.0	(10.5)	(3.3)

A net foreign exchange loss of \$7.2m (2018: \$3.3m) was recognised in the hedging reserve as a result of fair value movements on interest rate swaps designated as cash flow hedges.

If average interest rates had been 1% higher or lower during 2019 (2018: 1%), post-tax profit for the year would have been \$10.6m lower or higher respectively (2018: \$13.9m). 1% has been used in this calculation as it represents a reasonable possible change in interest rates.

(iii) Price risk

The Group is not exposed to any significant price risk in relation to its financial instruments.

(b) Credit risk

The Group's credit risk primarily relates to its trade receivables. Responsibility for managing credit risk lies within the businesses with support being provided by Group and divisional management where appropriate.

The credit risk associated with customers is considered as part of each tender review process and is addressed initially through contract payment terms. Trade finance instruments such as letters of credit, bonds, guarantees and credit insurance are used to manage credit risk where appropriate. Credit control practices are applied thereafter during the project execution phase. A right to interest and suspension is normally sought in all contracts. There is significant management focus on customers that are classified as high risk in the current challenging market although the Group had no material write offs in the year.

The Group's major customers are typically large companies which have strong credit ratings assigned by international credit rating agencies. Where a customer does not have sufficiently strong credit ratings, alternative forms of security such as the trade finance instruments referred to above may be obtained.

The Group has a broad customer base and management believe that no further credit risk provision is required in excess of the provision for impairment of trade receivables.

Management review trade receivables based on receivable days calculations to assess performance. A table showing trade receivables and receivable days is provided in note 14. Receivable days calculations are not provided on non-trade receivables as management do not believe that this information is a relevant metric.

The maximum credit risk exposure on cash and cash equivalents and bank deposits (more than three months) at 31 December 2019 was \$1,901.9m (2018: \$1,388.6m). The Group treasury department monitors counterparty exposure on a global basis to avoid any over exposure to any one counterparty.

The Group's policy is to deposit cash at institutions with a credit rating of 'A' or better where possible. 100% of cash held on deposit at 31 December 2019 was held with such institutions.

(c) Liquidity risk

The Group's policy is to ensure the availability of an appropriate amount of funding to meet both current and future forecast requirements consistent with the Group's budget and strategic plans. The Group will finance operations and growth from its existing cash resources and the \$1,386.0m undrawn portion of the Group's committed banking facilities. The 2019 average net debt (excluding leases) was \$1,932.3m.

19 Financial instruments (continued)

The cash balance and undrawn portion of the Group's committed banking facilities can fluctuate throughout the year. The final 2018 dividend of \$159.0m was paid to shareholders in May 2019 and the 2019 interim dividend of \$76.5m was paid in September 2019 and these typically represent the Group's peak drawdown months. At both these points the Group was within its committed facility levels. Around the covenant remeasurement dates of 30 June and 31 December the Group's net debt is typically lower than these peaks due to a combination of factors including a strong focus on collection of receipts from customers and the timing of payments to suppliers. Although revenue is typically weighted towards the second half of the year it is usually higher in June than in December, which means the level of working capital required is typically higher at the end of June and net debt is typically lower by the end of December.

At 31 December 2019, 90% (2018: 100%) of the Group's principal borrowing facilities (including senior loan notes) were due to mature in more than one year. Based on the Group's latest forecasts the Group has sufficient funding in place to meet its future obligations.

The Group's total bank facilities comprise a 5 year \$1,750.0m revolving credit facility maturing in May 2022, a \$297.6m 3 year term loan maturing in October 2020 and a new \$100.0m bilateral term loan maturing in May 2022. The \$297.6m term loan repayable in October 2020 was reduced by \$111.0m following the disposal of the Industrial Services business in February 2020 and the remaining balance was repaid following receipt of the new \$200.0m bilateral loan facilities entered into in February 2020. The nuclear disposal, which completed in March 2020 generated an additional cash inflow of around \$319.0m.

The Group has \$879.9m of unsecured senior loan notes issued in the US private placement market. The notes mature in various tranches between August 2021 and 2031.

(d) Capital risk

The Group seeks to maintain an optimal capital structure by monitoring its ratio of net debt to EBITDA, its interest cover and its gearing ratio.

The ratio of net debt to Adjusted EBITDA at 31 December 2019 was 2.0 times (2018: 2.2 times). This ratio is calculated by dividing net debt before leases by Adjusted EBITDA, excluding the impact of IFRS 16.

Interest cover is calculated by dividing adjusted EBITDA, excluding the impact of IFRS 16, by net finance expense and was 5.6 times for the year ended 31 December 2019 (2018: 6.2 times).

Gearing is calculated by dividing net debt, before leases, by equity attributable to owners of the parent. Gearing at 31 December 2019 was 32.1% (2018: 33.0%).

Deferred and contingent consideration

Deferred and contingent consideration is payable on the acquisition of businesses based on earn out arrangements and is initially recognised at fair value. The amount payable is dependent on the post-acquisition profits of the acquired entities and the provision made is based on the Group's estimate of the likely profits of those entities based on the relevant Acquisition Approval Paper submitted to the Group Board. Where actual profits are higher or lower than the Group's estimate and the amount of contingent consideration payable is consequently different to the amount estimated then the variance is charged or credited to the income statement. Where deferred and contingent consideration is payable after more than one year the estimated liability is discounted using an appropriate rate of interest. The fair value of contingent consideration is not based on observable market data and as such the valuation method is classified as level 3 in the fair value hierarchy. The process for valuation is consistently applied to all acquisitions.

The table below presents the changes in level 3 financial instruments during the year:

	2019	2018
	\$m	\$m
Contingent consideration arising from business combinations		
At 1 January	26.6	61.2
Exchange movements	0.5	(1.0)
Interest relating to discounting of contingent consideration	0.4	1.0
Payments during the year	(5.6)	(36.8)
Amounts (released)/charged to the income statement	(1.9)	2.2
 At 31 December	 20.0	 26.6

19 Financial instruments (continued)

Financial liabilities

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

At 31 December 2019	Less than 1 year \$m	Between 1 and 2 years \$m	Between 2 and 5 years \$m	Over 5 years \$m
Borrowings	1,821.3	137.9	1,039.9	659.4
Trade and other payables	2,566.0	-	-	-
Lease liabilities	161.0	131.2	204.3	122.4
Other non-current liabilities	-	47.6	91.9	-
At 31 December 2018				
Borrowings	1,053.7	958.2	805.6	316.2
Trade and other payables	2,454.3	-	-	-
Other non-current liabilities	-	150.9	76.4	-

Fair value of non-derivative financial assets and financial liabilities

The fair value of short-term borrowings, trade and other payables, trade and other receivables, financial assets, short-term deposits and cash at bank and in hand approximates to the carrying amount because of the short maturity of interest rates in respect of these instruments.

The fair value of non-current bank borrowings as at 31 December 2019 was \$689.4m (book value \$693.3m) (2018: \$1,560.7m, book value \$1,542.3m). The fair value of the US Private Placement debt at 31 December 2019 was \$883.7m (book value \$879.9m) (2018: \$366.9m, book value \$375.0m).

Fair values (excluding the fair value of assets and liabilities classified as held for sale) are determined using observable market prices (level 2 as defined by IFRS 13 'Fair Value Measurement') as follows:

- The fair value of forward foreign exchange contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate.
- The fair value of interest rate swaps is estimated by discounting estimated future cash flows based on the terms and maturity of each contract and using market rates.

All derivative fair values are verified by comparison to valuations provided by the derivative counterparty banks.

The Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. During the year ended 31 December 2019 and 31 December 2018, there were no transfers into or out of level 2 fair value measurements.

Notes to the financial statements

For the year ended 31 December 2019

20 Provisions

	Asbestos related litigation \$m	Insurance and property \$m	Litigation related provisions \$m	Project related provisions \$m	Total \$m
At 1 January 2019	453.4	71.2	91.1	375.5	991.2
Adjustment on initial application of IFRS 16	-	(17.7)	-	-	(17.7)
Adjusted opening balance	453.4	53.5	91.1	375.5	973.5
Reclassifications	-	65.8	(4.0)	(69.1)	(7.3)
Utilised	(49.9)	(10.9)	(11.2)	(109.5)	(181.5)
Charge to income statement	18.3	14.7	46.0	27.6	106.6
Released to income statement	(4.9)	(14.4)	(10.1)	(71.7)	(101.1)
Reclassified to held for sale	-	-	-	(3.0)	(3.0)
Exchange movements	2.0	1.5	-	1.5	5.0
At 31 December 2019	418.9	110.2	111.8	151.3	792.2
Presented as					
Current	-	11.3	57.0	72.3	140.6
Non-current	418.9	98.9	54.8	79.0	651.6

The opening insurance and property provision balance has been restated to reflect onerous lease provisions of \$17.7m which were set against the opening right of use asset recognised on transition to IFRS 16.

Asbestos related litigation

The Group assumed the majority of its asbestos-related liabilities when it acquired Amec Foster Wheeler in October 2017. Whilst some of the asbestos claims have been and are expected to be made in the United Kingdom, the overwhelming majority have been and are expected to be made in the United States.

Amec Foster Wheeler's US subsidiaries are defendants in numerous asbestos-related lawsuits and out-of-court informal claims pending. Plaintiffs claim damages for personal injury alleged to have arisen from exposure to, or use of, asbestos in connection with work allegedly performed during the 1970s and earlier. The estimates and averages presented have been calculated on the basis of the historical US asbestos claims since the initiation of claims filed against these entities.

The number and cost of current and future asbestos claims in the US could be substantially higher than estimated and the timing of payment of claims could be sooner than estimated, which could adversely affect the Group's financial position, its results and its cash flows.

Some of Amec Foster Wheeler US subsidiaries are named as defendants in numerous lawsuits and out-of-court administrative claims pending in the US in which the plaintiffs claim damages for alleged bodily injury or death arising from exposure to asbestos in connection with work performed, or heat exchange devices assembled, installed and/or sold, by these entities. The Group expects these subsidiaries to be named as defendants in similar suits and that new claims will be filed in the future. For purposes of these financial statements, management have estimated the indemnity and defence costs to be incurred in resolving pending and forecasted claims through to 2050. Although we believe that these estimates are reasonable, the actual number of future claims brought against the Group and the cost of resolving these claims could be higher.

Some of the factors that may result in the costs of asbestos claims being higher than the current estimates include:

- an increase in the rate at which new claims are filed and an increase in the number of new claimants
- increases in legal fees or other defence costs associated with asbestos claims
- increases in indemnity payments, decreases in the proportion of claims dismissed with zero payment and payments being required to be made sooner than expected

20 Provisions (continued)

The Group has worked with its advisors with respect to projecting asbestos liabilities and to estimate the amount of asbestos-related indemnity and defence costs at each year-end through to 2050. Each year the Group records its estimated asbestos liability at a level consistent with the advisors' reasonable best estimate. The Group's advisors perform a quarterly and annual review of asbestos indemnity payments, defence costs and claims activity and compare them to the forecast prepared at the previous year-end. Based on its review, they may recommend that the assumptions used to estimate future asbestos liabilities are updated, as appropriate.

The total liability recorded in the Group's balance sheet at 31 December 2019 is based on estimated indemnity and defence costs expected to be incurred to 2050. Management believe that any new claims filed after 2050 will be minimal.

Asbestos related liabilities and assets recognised on the Group's balance sheet are as follows:

	2019			2018		
	US \$m	UK \$m	Total \$m	US \$m	UK \$m	Total \$m
Asbestos related provision						
Gross provision	485.8	59.2	545.0	543.3	61.7	605.0
Effect of discounting	(74.1)	-	(74.1)	(100.4)	-	(100.4)
Net provision	411.7	59.2	470.9	442.9	61.7	504.6
Insurance recoveries						
Gross recoveries	(38.4)	(54.5)	(92.9)	(52.2)	(57.2)	(109.4)
Effect of discounting	1.6	-	1.6	2.9	-	2.9
Net recoveries	(36.8)	(54.5)	(91.3)	(49.3)	(57.2)	(106.5)
Net asbestos related liabilities	374.9	4.7	379.6	393.6	4.5	398.1
<i>Presented in accounts as follows</i>						
Provisions – non-current			418.9			453.4
Trade and other payables			52.0			51.2
Trade and other receivables			(16.2)			(16.3)
Long term receivables			(75.1)			(90.2)
			379.6			398.1

In connection with updating the estimated asbestos liability and related assets, a net interest charge of \$9.7m for the time value of money and a yield curve charge in EBITDA of \$8.9m for a reduction in the US Federal funds rate in 2019 have been recorded.

A summary of the Group's US asbestos claim activity is shown in the table below:

	2019	2018
	Number	Number
Number of open claims		
At 1 January	64,370	70,120
New claims	2,760	2,700
Claims resolved	(5,060)	(8,450)
At 31 December	62,070	64,370
Claims not valued in liability	(47,280)	(50,160)
Open claims valued in liability at 31 December	14,790	14,210

Claims not valued in the liability include claims on certain inactive court dockets, claims over six years old that are considered abandoned and certain other items.

Notes to the financial statements

For the year ended 31 December 2019

20 Provisions (continued)

Based on its review of 2019 activity, the Group's advisors recommended changes to the current forecast to include adjustments for payments made in 2019 (\$49.9m), adjustments to update risk premium assumptions and adjustments to reflect the impact of discounting. In 2019, the liability for asbestos indemnity and defence costs to 2050 was calculated at gross nominal amount of \$545.0m (present value \$470.9m), which brought the liability to a level consistent with our advisor's reasonable best estimate. The total asbestos-related liabilities are comprised of estimates for liabilities relating to open (outstanding) claims being valued and the liability for future unasserted claims to 2050.

The estimate takes account of the following information and/or assumptions:

- number of open claims
- forecasted number of future claims
- estimated average cost per claim by disease type – mesothelioma, lung cancer and non-malignancies

The total estimated liability, which has been discounted for the time value of money, includes both the estimate of forecasted indemnity amounts and forecasted defence costs. Total defence costs and indemnity liability payments are estimated to be incurred through to 2050. The Group believes that it is likely that there will be some claims filed after 2050, however these are projected to be minimal.

In the period from 2009 to 2019, the average combined indemnity and defence cost per resolved claim has been approximately \$5k. The average cost per resolved claim is increasing and management believe it will continue to increase in the future. A sensitivity analysis on average indemnity settlement and defence costs is included in the table below.

Asbestos related receivables represents management's best estimate of insurance recoveries relating to liabilities for pending and estimated future asbestos claims through to 2050. The receivables are only recognised when it is virtually certain that the claim will be paid. The Group's asbestos-related assets have been discounted at an appropriate rate of interest.

The following table sets out the sensitivities associated with a change in certain estimates used in relation to the US asbestos-related liabilities:

Assumption	Impact on asbestos liabilities (range) \$m
25% change in average indemnity settlement amount	60-70
25% change in forecasted number of new claims	55-65
25% change in estimated defence costs	40-50

In addition to the above, the impact on the income statement in the year is sensitive to changes in the discount rate used to calculate the time value of money.

The Group has used the 30 year US Treasury Bond rate to discount its asbestos liabilities. The table below sets out the annual charge associated with a 30 year rate alongside the charge that would have arisen had a 10 or a 20 year rate been used.

Duration	Rate as at 31 December 2019	Annual charge to EBITDA \$m
10 year	1.92%	22.5
20 year	2.25%	12.9
30 year	2.39%	8.9

A change of 0.1% in the 30 year US federal funds rate would give rise to a change to the income statement charge/credit of approximately \$3m.

The Group's subsidiaries have been effective in managing the asbestos litigation, in part, because the Group has access to historical project documents and other business records going back more than 50 years, allowing it to defend itself by determining if the claimants were present at the location of the alleged asbestos exposure and, if so, the timing and extent of their presence. In addition, the Group has identified and validated insurance policies issued since 1952 and has consistently and vigorously defended claims that are without merit and settled meritorious claims for reasonable amounts.

Notes to the financial statements

For the year ended 31 December 2019

20 Provisions (continued)

The table below summarises the US asbestos-related net cash impact for indemnity and defence costs and collection of insurance proceeds:

	2019	2018
	\$m	\$m
Asbestos litigation, defence and case resolution payments	49.9	46.6
Insurance proceeds	(14.3)	(14.6)
Net asbestos related payments	35.6	32.0

The Group expects to have a net cash outflow of around \$36.0m as a result of asbestos liability indemnity and defence payments in excess of insurance proceeds during 2020. This estimate assumes no settlements with insurance companies and no elections by the Group to fund additional payments. As the Group continues to collect cash from insurance settlements, the asbestos-related insurance receivable recorded on our consolidated balance sheet will continue to decrease.

The Group has discounted the expected future cash flows with respect to the asbestos related liabilities and the expected insurance recoveries using discount rates determined by reference to appropriate risk free market interest rates.

Insurance and property provisions

The Group has liabilities in relation to its captive insurance companies and for property dilapidations.

The Group currently has two captive insurance companies, Garlan Insurance Limited which is active and is based in Guernsey and Atlantic Services Limited which is dormant and is based in Bermuda. These companies provide or provided insurance solely to other Group companies and do not provide any insurance to third parties. The provisions recorded by the insurance captives represent amounts payable to external parties in respect of claims, the value of which is based on actuarial reports which assess the likelihood and value of these claims. These are reassessed annually, with movements in claim reserves being recorded in the income statement.

In prior years the provisions relating to Garlan Insurance Limited were included in accruals and they have been moved to provisions during 2019 to ensure consistency of treatment.

Property dilapidations relate to the cost of restoring leased property back into its original, pre-let condition.

Litigation related provisions

The Group is party to litigation involving clients and sub-contractors arising from its contracting activities. Management has taken internal and external legal advice in considering known or reasonably likely legal claims and actions by and against the Group. Where a known or likely claim or action is identified, management carefully assesses the likelihood of success of the claim or action. A provision is recognised only in respect of those claims or actions where management consider it is probable that a settlement will be required.

Provision is made for management's best estimate of the likely settlement costs and/or damages to be awarded for those claims and actions that management considers are likely to be successful. Due to the inherent commercial, legal and technical uncertainties in estimating project claims, the amounts ultimately paid or realised by the Group could differ materially from the amounts that are recognised in the financial statements. Litigation related provisions include contingent liabilities acquired with Amec Foster Wheeler, which were originally measured at fair value on acquisition. These liabilities continue to be recognised until the liability is settled, cancelled or expired at the higher of the fair value initially recorded or the amount recognised in accordance with IAS 37.

Chemical Plant Litigation in the United States

In 2013, one of Amec Foster Wheeler plc's subsidiaries contracted to engineer, procure and construct a chemical plant for a client in Texas. In December 2015 the client partially terminated the contract and in September 2016, terminated the remainder of the contract and commenced a lawsuit in Texas against the subsidiary and also Amec Foster Wheeler plc, seeking damages for breach of contract and warranty, gross negligence, and fraud. The claim amount is unspecified but the client alleges that the projected cost for the assigned scope of work is approximately \$800 million above the alleged estimate and that the subsidiary's delays have caused it to suffer continuing monthly damages of \$25 million due to the alleged late completion of the facility and resultant delay to the client's ability to sell the expected products from the facility. We understand that the facility was completed mechanically in late 2017 and began commercial operation in early 2018. The client seeks recovery of actual and punitive damages, as well as the disgorgement of the full project fixed fee paid to the subsidiary (approximately \$66.5 million).

The Group believes that the claims lack legal and factual merit but provided for an amount representing the fair value of the exposure upon acquisition of Amec Foster Wheeler. The estimate that the subsidiary provided was in connection with the client's initial request for a lump sum bid and highly conditioned. The contract that was ultimately signed, and which governs the dispute, is a reimbursable cost plus fixed fee contract, with no guaranteed price or schedule, wherein the client assumed joint responsibility for management of the work and development of the project schedule. Liability for consequential damages is barred, except in the case of wilful misconduct. Except for gross negligence, wilful misconduct, and warranty claims, overall liability is capped at 10 percent of the

20 Provisions (continued)

contract price (or approximately \$100 million). The Group has denied the claims and intend to vigorously defend the lawsuit. It has also interposed a counterclaim in an amount to be determined. The lawsuit is in the early stages of proceedings and it would be premature to predict the ultimate outcome of the matter. As at 31 December 2019 the Group has a provision of \$56m (2018: \$67m). This includes \$29m included as a fair value adjustment on the acquisition of Amec Foster Wheeler.

Investigations

The Group has received voluntary requests for information from, and continues to cooperate with, the US Securities and Exchange Commission ("SEC") and the US Department of Justice ("DOJ") in connection with their ongoing investigations into Amec Foster Wheeler in relation to UnaOil and the historical use of agents and certain other business counterparties by Amec Foster Wheeler and its legacy companies in various jurisdictions.

Independently, the Group has conducted an internal investigation into the historical engagement of UnaOil by legacy Wood Group companies, reviewing information available to the Group in this context. This internal investigation confirmed that a legacy Wood Group joint venture engaged UnaOil and that the joint venture made payments to UnaOil under agency agreements. In September 2017, the Group informed the Crown Office and Procurator Fiscal Service ("COPFS"), the relevant authority in Scotland, of the findings of this internal investigation. The Group has since taken steps to conclude its investigation of these matters and has now submitted its report on possible bribery and corruption offences to the COPFS. These matters are now being considered by Scotland's Civil Recovery Unit as part of the self-reporting initiative applicable to Scotland.

Discussions concerning possible resolutions of the investigations by the authorities in the US, Brazil and Scotland have progressed to the point where the Group believes that it is likely to be able to settle the relevant matters with these authorities at an aggregate cost of \$46.0m and this is reflected as a provision at 31 December 2019. Achieving resolution of the relevant matters will involve negotiations with five authorities in three separate jurisdictions, and accordingly there is no certainty that resolution will be reached with any or all of those authorities or that the aggregate settlement amount will not exceed the amount of the provision.

As set out in note 33, Amec Foster Wheeler made a disclosure to the UK Serious Fraud Office ("SFO") about these matters and, since April 2017, in connection with the SFO's investigation into UnaOil, the SFO has required Amec Foster Wheeler to produce information relating to any relationship of Amec Foster Wheeler with UnaOil and certain other third parties. As it is not possible to make a reliable estimate of the liability that may arise, no provision has been made for this element of the investigation.

Project related provisions

The Group has numerous provisions relating to the projects it undertakes for its customers. The value of these provisions relies on specific judgements in areas such as the estimate of future costs or the outcome of disputes and litigation. Whether or not each of these provisions will be required, the exact amount that will require to be paid and the timing of any payment will depend on the actual outcomes. During the year \$69.1m of project accruals were reclassified to accruals which the Group considered to be a more appropriate classification as the level of uncertainty over timing and amount is less uncertain than for a provision.

Aegis Poland

This legacy AFW project involves the construction of various buildings to house the Aegis Ashore anti-missile defence facility for the United States Army Corps of Engineers. The project was around 80% complete by value at 31 December 2019 and 90% complete by physical progress and is expected to be operationally complete during the second half of 2020. Management's latest estimate is that the loss at completion will be \$113m representing the expected loss to complete less estimated revenue to be earned. A charge of \$10m was made to the income statement during 2019 in relation to this project and the full amount of this loss has been recognised to date. During the year provisions of \$41m were utilised and \$25m remains on the balance sheet at 31 December 2019. In reaching its assessment of this loss, management have made certain estimates and assumptions relating to the date of completion, productivity of workers on site and the costs to complete. If the actual outcome differs from these estimates and assumptions, the ultimate loss will be different. In addition, the Group's assessment of the ultimate loss includes change orders which have not been agreed with the customer and management's assessment of liquidated damages and the current estimate is that these will not be settled until 2021 at the earliest. If the amounts agreed are different to the assumptions made, then the ultimate loss could be materially different.

The balance of project related provisions relates to a number of provisions which are not individually material or significant.

Other project related provisions

Certain of the jurisdictions in which the Group operates, in particular the US and the EU, have environmental laws under which current and past owners or operators of property may be jointly and severally liable for the costs of removal or remediation of toxic or hazardous substances on or under their property, regardless of whether such materials were released in violation of law and whether the operator or owner knew of, or was responsible for, the presence of such substances. Largely as a consequence of the acquisition of Amec Foster Wheeler, the Group currently owns and operates, or owned and operated, industrial facilities. It is likely that, as a result of the Group's current or former operations, hazardous substances have affected the property on which those facilities are or were situated.

20 Provisions (continued)

The Group has also received and may continue to receive claims pursuant to indemnity obligations from the present owners of facilities we have transferred, which may require us to incur costs for investigation and/or remediation. As at 31 December 2019, the Group held provisions totaling \$29m for the estimated future environmental clean-up costs in relation to industrial facilities that it no longer operates. Whilst the timing of the related cash flows is typically uncertain, the Group expects that certain of its remediation obligations may continue for up to 60 years.

As described in note 33, the Group agreed to indemnify certain third parties relating to businesses and/or assets that were previously owned by the Group and were sold to them. These principally relate to businesses that were sold by Amec Foster Wheeler prior to its acquisition by the Group. The Group had recognised legacy provisions which comprised many individually immaterial provisions relating to a large number of contracts and exposures. The Group manages its exposure to these liabilities within Investment Services. During the year legacy provisions were utilised or released as claims were closed out or due to the expiry of indemnity time periods where no claims had been received, meaning that the likelihood of an outflow was no longer probable.

21 Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using the tax rate applicable to the territory in which the asset or liability has arisen. The UK rate of corporation tax, currently 19%, will reduce to 17% in April 2020. The Group has provided deferred tax in relation to UK companies at 17% (2018: 18%). The movement on the deferred tax account is shown below:

(Asset)/liability

	As at 1 January 2019 As restated \$m	Income statement \$m	OCI \$m	Other \$m	As at 31 December 2019 \$m
Accelerated capital allowances	14.2	(11.2)	(0.8)	2.3	4.5
Intangibles	284.6	(6.7)	2.4	(6.9)	273.4
Pension	66.8	(1.1)	(4.6)	-	61.1
Share based charges	(13.7)	3.5	4.0	-	(6.2)
Other temporary differences	4.0	0.3	(0.4)	(1.0)	2.9
Provisions	(198.8)	71.0	(0.1)	(4.9)	(132.8)
Unremitted earnings	42.5	(1.7)	1.0	-	41.8
Tax credits	(1.5)	1.5	-	0.8	0.8
Deferred interest deduction	(17.0)	(24.8)	(0.9)	-	(42.7)
Losses	(161.5)	(44.0)	(1.5)	5.5	(201.5)
Total	19.6	(13.2)	(0.9)	(4.2)	1.3

Other temporary differences include the \$5.2m deferred tax asset that was recognised on transition to IFRS 16. The \$4.2m other movement includes the \$4.0m that was reclassified to held for sale.

	As at 1 January 2018 \$m	Income statement \$m	OCI \$m	Other \$m	As at 31 December 2018 \$m
Accelerated capital allowances	10.7	2.2	1.2	0.1	14.2
Intangibles	307.7	(16.5)	(6.2)	(0.4)	284.6
Pension	52.3	(1.1)	15.5	0.1	66.8
Share based charges	(13.6)	(3.3)	1.3	1.9	(13.7)
Other temporary differences	7.8	5.0	(5.5)	1.9	9.2
Provisions	(213.1)	12.0	4.1	(1.8)	(198.8)
Unremitted earnings	48.1	(3.5)	(2.1)	-	42.5
Tax credits	(27.2)	0.5	0.1	25.1	(1.5)
Deferred interest deduction	(0.3)	(17.2)	0.5	-	(17.0)
Losses	(140.1)	(25.5)	4.1	-	(161.5)
Total	32.3	(47.4)	13.0	26.9	24.8

Deferred tax is presented in the financial statements as follows:

	2019 \$m	2018 \$m
Deferred tax assets	(87.1)	(87.8)
Deferred tax liabilities	88.4	112.6
Net deferred tax liability	1.3	24.8

21 Deferred tax (continued)

No deferred tax liability has been recognised in respect of \$20,543.5m (2018: \$22,052.9m) of unremitting reserves of subsidiaries because the Group is in a position to control the timing of the reversal of the temporary difference and it is not probable that such differences will reverse in the foreseeable future. The amount of unrecognised deferred tax liabilities in respect of these unremitting reserves is estimated to be \$28.3m (2018: \$22.7m).

Under current legislation, earnings remitted to the UK from subsidiaries located in EEA countries are exempt from tax. Uncertainty over the outcome of Brexit could result in existing tax treaty rates being applied which would result in an estimated increase to the unrecognised deferred tax liability of \$5.0m.

The deferred tax balances are analysed below.

31 December 2019

	Accelerated capital allowances	Intangibles	Pension	Share based charges	Other temporary differences	Provisions	Unremitted earnings	Tax credits deduction	Deferred interest	Losses	Netting	Total
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Deferred tax assets	(36.6)	(105.8)	(1.4)	(6.2)	(16.3)	(132.8)	-	-	(42.7)	(201.5)	456.2	(87.1)
Deferred tax liabilities	41.1	379.2	62.5	-	19.2	-	41.8	0.8	-	-	(456.2)	88.4
Net	4.5	273.4	61.1	(6.2)	2.9	(132.8)	41.8	0.8	(42.7)	(201.5)	-	1.3

31 December 2018

	Accelerated capital allowances	Intangibles	Pension	Share based charges	Other temporary differences	Provisions	Unremitted earnings	Tax credits deduction	Deferred interest	Losses	Netting	Total
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Deferred tax assets	(30.2)	(129.6)	(6.7)	(13.7)	(12.4)	(198.8)	-	(1.5)	(17.0)	(161.5)	483.6	(87.8)
Deferred tax liabilities	44.4	414.2	73.5	-	21.6	-	42.5	-	-	-	(483.6)	112.6
Net	14.2	284.6	66.8	(13.7)	9.2	(198.8)	42.5	(1.5)	(17.0)	(161.5)	-	24.8

The expiry dates of unrecognised gross deferred tax assets carried forward are as follows:

31 December 2019	Tax losses \$m	Deductible temporary differences \$m	Total \$m
Expiring within 5 years	1,867.4	100.2	1,967.6
Expiring within 6-10 years	19.1	86.1	105.2
Expiring within 11-20 years	31.0	-	31.0
Unlimited	5,481.6	1,213.1	6,694.7
	7,399.1	1,399.4	8,798.5

31 December 2018	Tax losses \$m	Deductible temporary differences \$m	Total \$m
Expiring within 5 years	1,795.3	101.2	1,896.5
Expiring within 6-10 years	19.1	85.7	104.8
Expiring within 11-20 years	30.9	-	30.9
Unlimited	5,904.5	893.6	6,798.1
	7,749.8	1,080.5	8,830.3

Notes to the financial statements

For the year ended 31 December 2019

22 Share based charges

The Group currently has a number of share schemes that give rise to equity settled share based charges. These are the Executive Share Option Scheme ('ESOS'), the Long Term Plan ('LTP') and the Employee Share Plan. The charge to operating profit for these schemes for the year amounted to \$23.4m (2018: \$18.7m) and is included in administrative expenses with the corresponding credit included in retained earnings.

Long Term Plan

The Group's Long Term Plan ('LTP') was introduced in 2013. There are two distinct awards made under the LTP. Awards to senior management are made based on achievement of performance measures, these being total shareholder return, adjusted diluted earnings per share, synergies, gross margin and overhead improvement. Participants may be granted conditional share awards or nil cost options at the start of the cycle. Performance is measured over a three year period and up to 80% of an award may vest based on the performance over that period. The vesting of at least 20% of any award is normally deferred for a further period of at least two years. Nil value share options may also be awarded under the LTP.

Performance based awards

Details of the LTP awards are set out in the table below. The charge for market related performance targets has been calculated using a Monte Carlo simulation model taking account of share price volatility against peer group companies, risk free rate of return, dividend yield and the expected lifetime of the award. Further details of the LTP are provided in the Directors' Remuneration Report.

Cycle	Performance period	Fair value of award	Awards outstanding 31 December 2019	Awards outstanding 31 December 2018
6	2013-15	£7.53	-	3,136
7	2014-16	£7.26	20,028	93,275
8	2015-17	£5.95	43,215	79,594
9	2016-18	£5.82	-	2,543,147
10	2017-19	£8.54	1,826,743	2,004,407
11	2018-20	£6.67	3,914,888	4,427,002
12	2019-21	£5.69	6,148,563	-
			11,953,437	9,150,561

6,368,176 awards were made during the year, 6,751 awards accrued in respect of dividends, 114,024 awards were exercised during the year and 3,458,027 awards lapsed or were cancelled due to performance targets not being achieved.

In addition to the awards above, 765,227 (2018: 846,106) options are outstanding at 31 December 2019 in respect of awards made under the Amec Foster Wheeler Long Term Incentive Plan. These awards were converted to Wood Group awards following the acquisition of Amec Foster Wheeler on 6 October 2017. The fair value of these awards is £7.00.

The awards outstanding under cycles 7 and 8 represent 20% of the award at vesting which is deferred for two years.

Further details on the LTP are provided in the Directors' Remuneration Report.

ESOS

For the purposes of calculating the fair value of the share options, a Black-Scholes option pricing model has been used. Based on past experience, it has been assumed that options will be exercised, on average, six months after the earliest exercise date, which is four years after grant date, and a lapse rate of 25% has been assumed. The share price volatility used in the calculation of 40% is based on the actual volatility of the Group's shares as well as that of comparable companies. The risk-free rate of return is based on the implied yield available on zero coupon gilts with a term remaining equal to the expected lifetime of the options at the date of grant.

Notes to the financial statements

For the year ended 31 December 2019

22 Share based charges (continued)

Share options

A summary of the basis for the charge for ESOS and LTP options is set out below together with the number of options granted, exercised and lapsed during the year.

	ESOS		LTP	
	2019	2018	2019	2018
Number of participants	400	438	374	104
Lapse rate	25%	25%	10-20%	10-20%
Risk free rate of return on grants during year	N/A	N/A	0.32%-0.70%	0.71%-1.05%
Share price volatility	40%	40%	40%	40%
Dividend yield on grants during year	N/A	N/A	5.23%-7.16%	3.91%
Fair value of options granted during year	N/A	N/A	£3.12-£5.05	£4.59-£6.32
Weighted average remaining contractual life	3.0 years	3.8 years	2.1 years	2.7 years
Options outstanding 1 January	2,604,860	3,026,273	1,659,534	2,036,053
Options granted during the year	-	-	1,067,183	506,206
Options exercised during the year	(113,650)	(263,922)	(490,050)	(864,278)
Options lapsed during the year	(174,145)	(157,491)	(150,028)	(35,394)
Dividends accrued on options	-	-	13,561	16,947
Options outstanding 31 December	2,317,065	2,604,860	2,100,200	1,659,534
No. of options exercisable at 31 December	2,317,065	2,604,860	21,868	85,108
Weighted average share price of options exercised during year	£5.35	£6.79	£4.38	£6.44

Executive Share Option Schemes

The following options to subscribe for new or existing shares were outstanding at 31 December:

Year of Grant	Number of ordinary shares under option		Exercise price (per share)	Exercise period
	2019	2018		
2009	-	137,250	222p	2013-2019
2010	178,053	179,953	377½p	2014-2020
2011	229,135	234,135	529½p	2015-2021
2012	437,377	459,803	680½p	2016-2022
2013	758,500	823,500	845½p	2017-2023
2014	714,000	770,219	767½p	2018-2024
	2,317,065	2,604,860		

Share options are granted at an exercise price equal to the average mid-market price of the shares on the three days prior to the date of grant.

Notes to the financial statements

For the year ended 31 December 2019

22 Share based charges (continued)

Nil value share options

The following options granted under the Group's LTP were outstanding at 31 December:

Year of Grant	Number of ordinary shares under option		Exercise price (per share)	Exercise period
	2019	2018		
2014	-	74,242	0.00p	2018-2019
2015	15,000	140,000	0.00p	2019-2020
2016	-	10,866	0.00p	2018-2019
2016	170,000	225,000	0.00p	2020-2021
2017	6,868	190,303	0.00p	2019-2020
2017	434,374	512,917	0.00p	2021-2022
2018	201,742	221,236	0.00p	2020-2021
2018	254,970	284,970	0.00p	2022-2023
2019	354,161	-	0.00p	2020-2021
2019	653,085	-	0.00p	2021-2022
2019	10,000	-	0.00p	2023-2024
	2,100,200	1,659,534		

Options are granted under the Group's LTP at nil value. There are no performance criteria relating to the exercise of the options. Further details on the LTP are provided in the Directors' Remuneration Report.

Employee share plan

The Group introduced an Employee Share Plan in 2016. Under the plan employees contribute regular monthly amounts which are used to purchase shares over a one year period. At the end of the year, the participating employees are awarded one free share for every two shares purchased, providing they remain in employment for a further year. During 2019, 182,820 shares were awarded in relation to the second year of the plan and it is anticipated that 406,970 shares in relation to the third year will be awarded in April 2020.

Amec Foster Wheeler also had an Employee Share Plan. Awards under this scheme were converted to Wood Group awards following the acquisition on 6 October 2017. At 31 December 2019, 396 (2018: 551,274) options were outstanding under this scheme.

Notes to the financial statements

For the year ended 31 December 2019

23 Share capital

Ordinary shares of 4 ² / ₇ pence each (2018: 4 ² / ₇ pence) Issued and fully paid	shares	2019 \$m	shares	2018 \$m
At 1 January	681,539,369	40.7	677,692,296	40.5
Allocation of new shares to employee share trusts	3,400,000	0.2	3,800,000	0.2
Shares issued to satisfy option exercises	-	-	47,073	-
At 31 December	684,939,369	40.9	681,539,369	40.7

Holders of ordinary shares are entitled to receive any dividends declared by the Company and are entitled to vote at general meetings of the Company.

24 Share premium

	2019 \$m	2018 \$m
At 1 January and 31 December	63.9	63.9

The shares allocated to the trust during the year were issued at 4²/₇ pence (2018: 4²/₇ pence).

25 Retained earnings

	2019 \$m	2018 \$m
At 1 January	1,806.7	1,935.2
Adjustment on initial application of IFRS 16 (net of tax)	(33.9)	-
Adjusted opening balance	1,772.8	1,935.2
Profit/(loss) for the year attributable to owners of the parent	72.0	(8.9)
Dividends paid (note 7)	(235.5)	(231.0)
Credit relating to share based charges (note 22)	23.4	18.7
Re-measurement (loss)/gain on retirement benefit liabilities (note 32)	(56.1)	118.0
Movement in deferred tax relating to retirement benefit liabilities	6.8	(20.5)
Shares allocated to employee share trusts	(0.2)	(0.2)
Shares disposed of by employee share trusts	0.4	1.7
Tax relating to share option schemes	(4.1)	(0.7)
Deferred tax impact of rate change in equity	0.3	1.8
Tax on derivative financial instruments	1.4	0.6
Other tax movements in equity	0.7	-
Exchange movements in respect of shares held by employee share trusts	(4.2)	6.5
Transactions with non-controlling interests (note 28)	-	(14.5)
Transfer from merger reserve (note 26)	250.0	-
At 31 December	1,827.7	1,806.7

Retained earnings are stated after deducting the investment in own shares held by employee share trusts. No options have been granted over shares held by the employee share trusts (2018: nil).

Refer to the IFRS 16 transition note in Accounting Policies for further detail on the \$33.9m opening adjustment to the retained earnings balance.

25 Retained earnings (continued)

Shares held by employee share trusts

	2019		2018	
	Shares	\$m	Shares	\$m
Balance 1 January	11,197,394	105.1	9,107,787	113.1
New shares allocated	3,400,000	0.2	3,800,000	0.2
Shares issued to satisfy option exercises	(603,700)	(0.4)	(1,198,360)	(1.7)
Shares issued to satisfy awards under Long Term Incentive Plan	(114,024)	-	(345,067)	-
Shares issued to satisfy awards under Employee Share Plan	(182,820)	-	(163,961)	-
Other share transactions	(17,936)	-	(3,005)	-
Exchange movement	-	4.2	-	(6.5)
Balance 31 December	13,678,914	109.1	11,197,394	105.1

Shares acquired by the employee share trusts are purchased in the open market using funds provided by John Wood Group PLC to meet obligations under the Employee Share Option Schemes and LTP. Shares are allocated to the employee share trusts in order to satisfy future option exercises at various prices.

The costs of funding and administering the trusts are charged to the income statement in the period to which they relate. The market value of the shares at 31 December 2019 was \$72.2m (2018: \$72.2m) based on the closing share price of £3.98 (2018: £5.06) and closing exchange rate of 1.3247 (2018: 1.2736). The employee share trusts have waived their rights to receipt of dividends on ordinary shares.

26 Merger reserve

	2019 \$m	2018 \$m
At 1 January	2,790.8	2,790.8
Transfer to retained earnings	(250.0)	-
At 31 December	2,540.8	2,790.8

On 6 October 2017, 294,510,217 new shares were issued in relation to the acquisition of Amec Foster Wheeler Group. As the acquisition resulted in the Group securing 90% of Amec Foster Wheeler's share capital, the acquisition qualified for merger relief under section 612 of the Companies Act 2006 and the premium arising on the issue of the shares was credited to a merger reserve rather than the share premium account.

In November 2019, John Wood Group PLC (the Company) sold its investment in Amec Foster Wheeler Limited and other subsidiaries to another subsidiary company, John Wood Group Holdings Limited for \$2,815.2m in exchange for a promissory note. To the extent that the promissory note is settled by qualifying consideration, the related portion of the merger reserve is considered realised. In December 2019, John Wood Group Holdings Limited paid \$250.0m to the Company in partial settlement of the promissory note. The repayment represents qualifying consideration and as a result the Company transferred an equivalent portion of the merger reserve to retained earnings.

27 Other reserves

	Capital reduction reserve \$m	Capital redemption reserve \$m	Currency translation reserve \$m	Hedging reserve \$m	Total \$m
At 1 January 2018	88.1	439.7	(398.2)	0.3	129.9
Cash flow hedges	-	-	-	(4.7)	(4.7)
Exchange movement on retranslation of foreign operations	-	-	(236.5)	-	(236.5)
At 31 December 2018	88.1	439.7	(634.7)	(4.4)	(111.3)
Cash flow hedges	-	-	-	(5.3)	(5.3)
Exchange movement on retranslation of foreign operations	-	-	83.4	-	83.4
At 31 December 2019	88.1	439.7	(551.3)	(9.7)	(33.2)

The capital reduction reserve was created subsequent to the Group's IPO in 2002 and is a distributable reserve.

The capital redemption reserve was created following a share issue that formed part of a return of cash to shareholders in 2011. This is not a distributable reserve.

The currency translation reserve relates to the retranslation of foreign currency net assets on consolidation. This was reset to zero on transition to IFRS at 1 January 2004. The movement during the year relates to the retranslation of foreign operations, including goodwill and intangible assets recognised on acquisition.

The hedging reserve relates to the accounting for derivative financial instruments under IFRS 9. Fair value gains and losses in respect of effective cash flow hedges are recognised in the hedging reserve.

28 Non-controlling interests

	2019 \$m	2018 \$m
At 1 January	19.0	11.7
Exchange movements	-	(1.2)
Share of profit for the year	0.8	1.3
Dividends paid to non-controlling interests	(1.2)	(5.9)
Transactions with non-controlling interests	(13.1)	13.1
At 31 December	5.5	19.0

Transactions with non-controlling interests largely relate to the disposal of Amec Foster Wheeler Power Machinery Company Limited (see note 30).

Notes to the financial statements

For the year ended 31 December 2019

29 Cash generated from operations

	Note	2019 \$m	2018 \$m
Reconciliation of operating profit to cash generated from operations:			
Operating profit from continuing operations		303.4	165.3
Less share of post-tax profit from joint ventures		(48.2)	(34.4)
		255.2	130.9
Adjustments for:			
Depreciation	10	46.5	51.6
Depreciation on right of use assets	11	123.0	-
(Gain)/loss on disposal of property plant and equipment	4	(1.9)	1.4
Gain on disposal of investment in joint ventures	30	(3.6)	(15.3)
Impairment of property plant and equipment	10	-	0.7
Amortisation of intangible assets	9	242.4	246.3
Share based charges	22	23.4	18.7
Decrease in provisions	20	(216.1)	(182.8)
Dividends from joint ventures	12	43.0	38.5
Exceptional items – non-cash impact	1	69.9	107.0
Changes in working capital (excluding effect of acquisition and divestment of subsidiaries)			
(Increase)/decrease in inventories		(2.8)	0.1
Decrease in receivables		200.2	88.9
(Decrease)/increase in payables		(19.1)	173.6
Exchange movements		(13.9)	(34.3)
Cash generated from operations		746.2	625.3

Analysis of net debt

	At 1 January 2019	Cash flow	Other	Exchange	At 31 December 2019
				movements	
2019		\$m	\$m	\$m	\$m
Short term borrowings	(984.5)	(770.9)	-	2.7	(1,752.7)
Long term borrowings	(1,917.3)	348.2	(3.9)	(0.2)	(1,573.2)
	(2,901.8)	(422.7)	(3.9)	2.5	(3,325.9)
Cash and cash equivalents	1,352.7	485.9	-	8.4	1,847.0
Cash included in assets held for sale (see note 30)	24.2	30.7	-	-	54.9
Restricted cash	11.7	(11.7)	-	-	-
Net debt excluding leases	(1,513.2)	82.2	(3.9)	10.9	(1,424.0)
Leases	(604.0)	165.6	(136.0)	0.1	(574.3)
Net debt including leases	(2,117.2)	247.8	(139.9)	11.0	(1,998.3)

The opening lease liability of \$604.0m reflects the IFRS 16 liability recognised on transition of \$569.0m and leases previously classified as finance leases of \$35.0m. The cash outflow of \$165.6m in respect of leases includes lease rentals in respect of IFRS 16 leases of \$155.6m (note 11) and \$10.0m in respect of existing finance leases.

29 Cash generated from operations (continued)

The increase in amounts drawn under the cash pools and the \$297.6m term loan now falling due in October 2020 are the principal causes of the increase in current borrowings.

2018	At 1 January	Cash flow \$m	Exchange movements \$m	Other changes \$m	At 31
	2018 \$m				December 2018 \$m
Short-term borrowings	(543.2)	(448.9)	7.6	-	(984.5)
Long-term borrowings	(2,336.1)	407.8	0.4	10.6	(1,917.3)
	(2,879.3)	(41.1)	8.0	10.6	(2,901.8)
Cash and cash equivalents	1,225.5	164.8	(37.6)	-	1,352.7
Cash included in assets held for sale (note 30)	-	24.2	-	-	24.2
Restricted cash	26.5	(14.8)	-	-	11.7
Bank deposits (more than three months)	31.2	(30.6)	(0.6)	-	-
Net debt excluding leases	(1,596.1)	102.5	(30.2)	10.6	(1,513.2)
Leases	(50.0)	14.7	0.3	-	(35.0)
Net debt including leases	(1,646.1)	117.2	(29.9)	10.6	(1,548.2)

30 Acquisitions and divestments

Contingent consideration payments of \$5.6m were made during the year in respect of acquisitions made in prior periods. Total deferred and contingent consideration outstanding at 31 December 2019 amounted to \$20.0m (2018: \$26.6m). See note 19 for further details.

Divestments

During 2019 the Group disposed of Terra Nova Technologies. The assets and liabilities disposed of are set out in the table below:

	\$m
Intangible assets	39.7
Investment in joint ventures	1.5
Trade and other receivables	22.1
Trade and other payables	(16.1)
Net assets disposed	47.2
Cash received	(44.4)
Disposal costs	6.6
Loss on disposal (see note 5)	9.4

During the first half of 2019, the Group also disposed of its investments in the Amec Foster Wheeler Power Machinery Company Limited, Centro Energia Teverola S.r.l and Centro Energia Ferrara S.r.l. Disposal proceeds for these divestments, net of cash disposed amounted to \$0.4m and a gain on sale of \$3.6m was recorded in the income statement. The net profit on these disposals is included in the Group's operating profit before exceptional items, as the Group considers the restructuring and subsequent sale of non-core businesses within Investment Services to be part of its normal activities.

30 Acquisitions and divestments (continued)

The cash inflow in respect of these disposals is analysed below.

	\$m
Gross proceeds received	44.8
Disposal costs paid	(1.7)
Cash inflow	43.1

Assets and liabilities held for sale

Amounts categorised as held for sale include the assets and liabilities of TCS's nuclear business, the assets and liabilities of Wood Group Industrial Services and the Group's investment in a non-core joint venture.

In March 2020, the Group completed the sale of its nuclear business to a subsidiary of Jacobs for a net cash consideration of around £241m (\$319m). The transaction was announced in August 2019 and therefore the assets and liabilities of the nuclear business are included as held for sale as at 31 December 2019.

At 31 December 2019, the Group were in advanced discussions to dispose of Wood Group Industrial Services Limited. In February 2020, the Group announced the disposal for an initial consideration of £84m (\$111m) and the assets and liabilities of that business are also included as held for sale at 31 December 2019.

The Group is also in the process of disposing of its 50% shareholding in non-core joint venture and its investment at 31 December 2019 has been included in assets held for sale.

The composition of assets and liabilities held for sale on the balance sheet is set out below.

Assets held for sale	\$m
Intangible assets	248.0
Property, plant and equipment	29.4
Right of use assets	7.7
Investment in joint ventures	61.8
Inventories	0.6
Trade and other receivables	116.5
Cash and cash equivalents	54.9
	518.9

Liabilities held for sale	\$m
Trade and other payables	91.7
Income tax liabilities	0.1
Deferred tax	4.0
Lease liabilities	7.2
Provisions	3.0
	106.0

The 2019 results for the businesses classified as held for sale are summarised in the table below:

	\$m
Revenue	475.9
Operating profit	44.3
Profit before tax	39.5
Profit after tax	37.6

Notes to the financial statements

For the year ended 31 December 2019

31 Employees and directors

	2019 \$m	2018 \$m
Employee benefits expense		
Wages and salaries	3,959.2	4,032.6
Social security costs	317.1	358.5
Pension costs – defined benefit schemes (note 32)	1.0	1.5
Pension costs – defined contribution schemes (note 32)	141.2	146.9
Share based charges (note 22)	23.4	18.7
	4,441.9	4,558.2

	2019 No.	2018 No.
Average monthly number of employees (including executive directors)		
By geographical area:		
UK	10,106	10,538
US	17,586	18,682
Rest of the World	23,250	20,824
	50,942	50,044

The average number of employees excludes contractors and employees of joint venture companies.

	2019 \$m	2018 \$m
Key management compensation		
Salaries and short-term employee benefits	9.7	8.5
Amounts receivable under long-term incentive schemes	1.1	2.1
Social security costs	1.2	1.2
Post-employment benefits	0.1	0.2
Share based charges	3.7	2.9
	15.8	14.9

Key management compensation represents the charge to the income statement in respect of the remuneration of the Group board and Group Executive Leadership Team ('ELT') members. At 31 December 2019, key management held 0.1% of the voting rights of the company.

	2019 \$m	2018 \$m
Directors		
Aggregate emoluments	3.8	3.5
Aggregate amounts receivable under long-term incentive schemes	0.4	0.8
Aggregate gains made on the exercise of share options	0.2	0.4
Share based charges	1.3	1.1
	5.7	5.8

At 31 December 2019, two directors (2018: two) had retirement benefits accruing under a defined contribution pension plan and no directors (2018: none) had benefits accruing under a defined benefit pension scheme. Further details of directors' emoluments are provided in the Directors' Remuneration Report.

Notes to the financial statements

For the year ended 31 December 2019

32 Retirement benefit schemes

The Group operates a number of defined benefit pension schemes. The assets of the defined benefits schemes are held separately from those of the Group, being invested with independent investment companies in trustee administered funds. The trustees of the pension schemes are required by law to act in the best interests of the scheme participants and are responsible for setting certain policies (such as investment, contribution and indexation policies) for the schemes. These schemes are largely closed to future accrual.

At 31 December 2018, the largest schemes were the Amec Foster Wheeler Pension Plan ('AFW Pension Plan') and the John Wood Group PLC Retirement Benefit Scheme ('JWG PLC RBS') in the UK and the Foster Wheeler Inc SERP and the Foster Wheeler Inc Pension Plan for Certain Employees (FW Inc PPCE) in the US. In March 2019, the JWG PLC RBS merged with the AFW Pension Plan (now known as the Wood Pension Plan ('WPP')).

The scheme valuations used are based on the valuation of Amec Foster Wheeler Pension Plan as at 31 March 2017, the valuation of the John Wood Group PLC Retirement Benefit Scheme as at 5 April 2016 and the valuation of the Foster Wheeler Inc SERP/PPCE as at 1 January 2017. The scheme valuations have been updated by the schemes' actuaries for the requirement to assess the present value of the liabilities of the schemes as at 31 December 2019. The assets of the schemes are stated at their aggregate market value as at 31 December 2019.

Group management have considered the requirements of IFRIC 14, 'The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction' and consider it is appropriate to recognise the IAS 19 surplus in the Wood Pension Plan as the rules governing these schemes provide an unconditional right to a refund assuming the gradual settlement of the scheme's liabilities over time until all members have left the schemes.

Scheme membership at the date of the most recent scheme census was as follows –

	2019 Wood Pension Plan	2019 FW Inc SERP	2019 FW Inc PPCE	2018 JWG PLC RBS	2018 AFW Pension Plan	2018 FW Inc SERP	2018 FW Inc PPCE
Active members	1,741	69	59	-	1,741	90	81
Deferred members	8,787	528	718	762	8,025	549	740
Pensioner members	9,922	2,403	812	376	9,546	2,453	777

Active members includes deferred members still employed but not actively contributing to the scheme.

The principal assumptions made by the actuaries at the balance sheet date were:

	2019 Wood Pension Plan %	2019 FW Inc SERP %	2019 FW Inc PPCE %	2018 JWG PLC RBS %	2018 AFW Pension Plan %	2018 FW Inc SERP %	2018 FW Inc PPCE %
Discount rate	2.1	3.0	3.0	2.9	2.9	4.1	4.1
Rate of increase in pensions in payment and deferred pensions	2.6	N/A	N/A	3.0	2.8	N/A	N/A
Rate of retail price index inflation	2.7	N/A	N/A	3.1	3.1	N/A	N/A
Rate of consumer price index inflation	2.2	N/A	N/A	2.1	N/A	N/A	N/A

As a result of the Chancellor of the Exchequer announcing plans to bring RPI in line with CPIH (CPI with an allowance for housing) between 2025 and 2030, the basis for the RPI assumption has changed at 31 December 2019. The expectation is that the gap between CPI and RPI will close in the future and that is reflected in the 2019 assumption.

Notes to the financial statements

For the year ended 31 December 2019

32 Retirement benefit schemes (continued)

The mortality assumptions used to determine pension liabilities in the main schemes at 31 December 2019 were as follows –

Scheme	Mortality assumption
Wood Pension Plan	Scheme specific table with CMI 2018 projections and a long-term rate of improvement of 1.25% pa
FW Inc SERP and FW Inc PPCE	Pri-2012 Employee and Annuitant tables for males and females with generational projection using Scale MMP-2019 with no collar adjustments

The mortality tables use data appropriate to each of the Group's schemes adjusted to allow for expected future improvements in mortality using the latest projections.

For the schemes referred to above the assumed life expectancies are shown in the following table:

	2019 Wood Pension Plan	2019 FW Inc SERP	2019 FW Inc PPCE	2018 JWG PLC RBS	2018 AFW Pension Plan	2018 FW Inc SERP	2018 FW Inc PPCE
Life expectancy at age 65 of male aged 45	23.7	21.6	21.6	23.6	23.9	22.2	21.8
Life expectancy at age 65 of male aged 65	22.4	20.4	20.4	22.2	22.6	20.6	20.5
Life expectancy at age 65 of female aged 45	25.4	23.5	23.5	25.7	25.6	24.1	23.6
Life expectancy at age 65 of female aged 65	23.9	22.3	22.3	24.2	24.1	22.5	22.4

The amounts recognised in the income statement are as follows:

	2019 \$m	2018 \$m
Current service cost	1.0	1.5
Past service (credit)/cost	(22.8)	25.2
Total (income)/expense included within operating profit	(21.8)	26.7
Interest cost	112.0	109.4
Interest income on scheme assets	(117.7)	(109.9)
Total included within finance income	(5.7)	(0.5)

The amounts recognised in the balance sheet are determined as follows:

	2019 \$m	2018 \$m
Present value of funded obligations	(4,233.7)	(3,808.1)
Fair value of scheme assets	4,474.7	4,050.8
Net surplus	241.0	242.7

32 Retirement benefit schemes (continued)

Changes in the present value of the defined benefit liability are as follows:

	2019 \$m	2018 \$m
Present value of funded obligations at 1 January	3,808.1	4,354.9
Current service cost	1.0	1.5
Past service (credit)/cost	(22.8)	25.2
Interest cost	112.0	109.4
Contributions	-	2.1
Re-measurements:		
- actuarial losses/(gains) arising from changes in financial assumptions	415.8	(234.0)
- actuarial gains arising from changes in demographic assumptions	(35.4)	(21.6)
- actuarial losses arising from changes in experience	4.0	12.6
Benefits paid	(192.8)	(227.5)
Exchange movements	143.8	(214.5)
Present value of funded obligations at 31 December	4,233.7	3,808.1

Changes in the fair value of scheme assets are as follows:

	2019 \$m	2018 \$m
Fair value of scheme assets at 1 January	4,050.8	4,522.6
Interest income on scheme assets	117.7	109.9
Contributions	16.9	14.5
Benefits paid	(192.8)	(226.3)
Re-measurement gain/(loss) on scheme assets	328.3	(125.0)
Expenses paid	(9.3)	(6.2)
Exchange movements	163.1	(238.7)
Fair value of scheme assets at 31 December	4,474.7	4,050.8

Analysis of the movement in the balance sheet surplus:

	2019 \$m	2018 \$m
Surplus at 1 January	242.7	167.7
Current service cost	(1.0)	(1.5)
Past service credit/(cost)	22.8	(25.2)
Finance income	5.7	0.5
Contributions	16.9	12.4
Re-measurement (losses)/gains recognised in the year	(56.1)	118.0
Benefits paid	-	1.2
Expenses paid	(9.3)	(6.2)
Exchange movements	19.3	(24.2)
Surplus at 31 December	241.0	242.7

Notes to the financial statements

For the year ended 31 December 2019

32 Retirement benefit schemes (continued)

The past service credit in 2019 relates to the Foster Wheeler Inc Post Retirement Health and Life Insurance Plan, a defined benefit scheme which the Group acquired as part of the AFW acquisition in 2017.

The past service cost in 2018 included \$31.9m relating to the impact of GMP equalisation on the JWG PLC Retirement Benefit Scheme and the AFW Pension Plan less a \$6.7m past service credit in respect of the Foster Wheeler Inc Pension Plan.

The net surplus/(deficit) at 31 December is presented in the Group balance sheet as follows –

	2019 \$m	2018 \$m
JWG PLC Retirement Benefit Scheme	-	35.5
Wood Pension Plan	368.0	369.4
Retirement benefit scheme surplus	368.0	404.9
Foster Wheeler Inc SERP/PPCE	(86.0)	(91.9)
All other schemes	(41.0)	(70.3)
Retirement benefit scheme deficit	(127.0)	(162.2)
Net surplus	241.0	242.7

For the principal schemes the defined benefit obligation can be allocated to the plan participants as follows:

	2019 Wood Pension Plan %	2019 FW Inc SERP %	2019 FW Inc PPCE %	2018 JWG PLC RBS %	2018 AFW Pension Plan %	2018 FW Inc SERP %	2018 FW Inc PPCE %
Active members	13.3	5.2	3.4	-	12.6	5.8	4.9
Deferred members	38.6	18.1	19.4	74.0	32.5	16.2	19.5
Pensioner members	48.1	76.7	77.2	26.0	54.9	78.0	75.6

The weighted average duration of the defined benefit obligation is as follows:

	2019 Wood Pension Plan years	2019 FW Inc years	2019 FW Inc years	2018 JWG PLC years	2018 AFW Pension Plan years	2018 FW Inc years	2018 FW Inc years
Duration of defined benefit obligation	16.9	9.1	9.3	19.4	17.2	8.7	9.0

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2019 Wood Pension Plan %	2019 FW Inc SERP %	2019 FW Inc PPCE %	2018 JWG PLC RBS %	2018 AFW Pension Plan %	2018 FW Inc SERP %	2018 FW Inc PPCE %
Equities	14.3	60.0	60.0	62.9	12.7	60.0	60.0
Property	7.5	-	-	8.0	8.4	-	-
Bonds (including gilts)	73.0	40.0	40.0	11.3	75.4	40.0	40.0
Liability driven investments	-	-	-	11.9	-	-	-
Cash	4.4	-	-	3.6	3.0	-	-
Other	0.8	-	-	2.3	0.5	-	-
	100.0	100.0	100.0	100.0	100.0	100.0	100.0

32 Retirement benefit schemes (continued)

A large proportion of equities, bonds, cash and liability driven investments have quoted prices in active markets.

The Group seeks to fund its pension plans to ensure that all benefits can be paid as and when they fall due. It has agreed schedules of contributions with the UK plans' trustees and the amounts payable are dependent on the funding level of the respective plans. The US plans are funded to ensure that statutory obligations are met and contributions are generally payable to at least minimum funding requirements.

Scheme risks

The retirement benefit schemes are exposed to a number of risks, the most significant of which are –

Volatility

The defined benefit obligation is measured with reference to corporate bond yields and if scheme assets underperform relative to this yield, this will create a deficit, all other things being equal. The scheme investments are well diversified such that the failure of a single investment would not have a material impact on the overall level of assets.

Changes in bond yields

A decrease in corporate bond yields will increase the defined benefit obligation. This would however be offset to some extent by a corresponding increase in the value of the scheme's bond asset holdings.

Inflation risk

The majority of benefits in deferment and in payment are linked to price inflation so higher actual inflation and higher assumed inflation will increase the defined benefit obligation.

Life expectancy

The defined benefit obligation is generally made up of benefits payable for life and so increases to members' life expectancies will increase the defined benefit obligation, all other things being equal.

Sensitivity of the retirement benefit obligation

The impact of changes to the key assumptions on the retirement benefit obligation is shown below. The sensitivity is based on a change in an assumption whilst holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method has been applied as when calculating the pension obligation recognised in the Group balance sheet.

Approximate impact on scheme liabilities	Wood Pension Plan 2019 \$m	JWG PLC RBS 2018 \$m	AFW Pension Plan 2018 \$m	FW Inc SERP 2019 \$m	FW Inc SERP 2018 \$m	FW Inc PPCE 2019 \$m	FW Inc PPCE 2018 \$m
Discount rate							
Plus 0.1%	(63.1)	(3.8)	(53.7)	(0.9)	(0.9)	(2.0)	(1.8)
Minus 0.1%	64.7	4.0	55.0	0.9	0.9	2.0	1.9
Inflation							
Plus 0.1%	37.9	3.0	32.2	N/A	N/A	N/A	N/A
Minus 0.1%	(37.4)	(2.9)	(31.9)	N/A	N/A	N/A	N/A
Life expectancy							
Plus 1 year	154.4	5.4	112.1	4.1	3.7	8.7	7.5
Minus 1 year	(152.0)	(5.5)	(111.2)	(4.1)	(3.7)	(8.7)	(7.5)

The sensitivity analysis covering the impact of increases in pensions is included in the inflation sensitivity in the above table.

The contributions expected to be paid during the financial year ending 31 December 2020 amount to \$34.9m (2018: \$17.8m).

32 Retirement benefit schemes (continued)

Defined contribution plans

Pension costs for defined contribution plans were as follows:

	2019 \$m	2018 \$m
Defined contribution plans	141.2	146.9

There were no material contributions outstanding at 31 December 2019 in respect of defined contribution plans.

The Group operates a SERP pension arrangement in the US for certain employees. During the year, the Group made contributions of \$0.4m (2018: \$0.4m) to the arrangement. Contributions are invested in a portfolio of US funds and the fair value of the funds at the balance sheet date are recognised by the Group in other investments. Investments held by the Group at 31 December amounted to \$81.4m (2018: \$76.4m) and will be used to pay benefits when employees retire. The corresponding liability is recorded in other non-current liabilities.

33 Contingent liabilities

Cross guarantees

At the balance sheet date, the Group had cross guarantees without limit extended to its principal bankers in respect of sums advanced to subsidiaries.

Legal Claims

From time to time, the Group is notified of claims in respect of work carried out. For a number of these claims the potential exposure is material. Where management believes we are in a strong position to defend these claims no provision is made. At any point in time there are a number of claims where it is too early to assess the merit of the claim, and hence it is not possible to make a reliable estimate of the potential financial impact.

Employment claims

The Group is aware of challenges to historic employment practices which may have an impact on the Group. This includes a challenge by HMRC into the historic application of employer's National Insurance Contributions to workers on the UK Continental Shelf. We believe that we are in a strong position to defend this challenge and that our technical position is robust, therefore as a result we do not expect that it is probable that a liability will arise and no provision has been made. The maximum potential exposure to the Group in relation to tax and interest should we be unsuccessful in our position, is around \$27.0m.

Indemnities and retained obligations

The Group has agreed to indemnify certain third parties relating to businesses and/or assets that were previously owned by the Group and were sold to them. Such indemnifications relate primarily to breach of covenants, breach of representations and warranties, as well as potential exposure for retained liabilities, environmental matters and third party claims for activities conducted by the Group prior to the sale of such businesses and/or assets. We have established provisions for those indemnities in respect of which we consider it probable that there will be a successful claim. We do not expect indemnities or retained obligations for which a provision has not been established to have a material impact on the Group's financial position, results of operations or cash flows.

Investigations

The Group has received voluntary requests for information from, and continues to cooperate with, the US Securities and Exchange Commission ("SEC") and the US Department of Justice ("DOJ") in connection with their ongoing investigations into Amec Foster Wheeler in relation to UnaOil and the historical use of agents and certain other business counterparties by Amec Foster Wheeler and its legacy companies in various jurisdictions.

Amec Foster Wheeler made a disclosure to the UK Serious Fraud Office ("SFO") about these matters and, since April 2017, in connection with the SFO's investigation into UnaOil, the SFO has required Amec Foster Wheeler to produce information relating to any relationship of Amec Foster Wheeler with UnaOil and certain other third parties.

In July 2017, the SFO opened an investigation into Amec Foster Wheeler predecessor companies and associated persons. The investigation focuses on the historical use of agents and certain other business counterparties and possible bribery and corruption and related offences in various jurisdictions. The Group is co-operating with and assisting the SFO in relation to this investigation. Notifications of certain matters within the above investigations have also been made to the relevant authorities in Brazil (namely, the Federal Prosecution Service and the Office of the Comptroller General).

33 Contingent liabilities (continued)

Independently, the Group has conducted an internal investigation into the historical engagement of UnaOil by legacy Wood Group companies, reviewing information available to the Group in this context. This internal investigation confirmed that a legacy Wood Group joint venture engaged UnaOil and that the joint venture made payments to UnaOil under agency agreements. In September 2017, the Group informed the Crown Office and Procurator Fiscal Service ("COPFS"), the relevant authority in Scotland, of the findings of this internal investigation. The Group has since taken steps to conclude its investigation of these matters and has submitted its report on possible bribery and corruption offences to COPFS. These matters are now being considered by Scotland's Civil Recovery Unit as part of the self-reporting initiative applicable to Scotland.

Discussions concerning possible resolutions of the investigations by the authorities in the US, Brazil and Scotland have progressed to the point where the Group believes that it is likely to be able to settle the relevant matters with these authorities at an aggregate cost of approximately \$46.0m, which is reflected as a provision in the financial statements as described in note 20. Achieving resolution of the relevant investigations will involve negotiations with five authorities in three separate jurisdictions, and accordingly there is no certainty that resolution will be reached with any or all of those authorities or that the aggregate settlement amount will not exceed the amount of the provision.

The Group could also face further potential civil and criminal consequences in relation to the investigation by the SFO described above. At this time, it is not possible to make a reliable estimate of the expected financial effect that may arise in relation to the SFO's investigation, and therefore no provision has been made for it in the financial statements.

In addition, depending on the outcome of the various investigations described above, it is possible that there may be other adverse consequences for the Group's business (including financial penalties and restrictions from participating in public contracts). At this time, these cannot be reliably estimated, and therefore no provision has made in respect of them in the financial statements.

Tax planning

Recent changes to the tax environment, including the OECD's project around Base Erosion and Profit Shifting have brought into question tax planning previously undertaken by multinational entities. There have been several recent high profile tax cases against tax authorities and large groups. The European Commission continues formal investigations to examine whether decisions by the tax authorities in certain European countries comply with European Union rules and has issued judgements in some cases which are being contested by the groups and the countries affected. The Group is monitoring the outcome of these cases in order to understand whether there is any risk to the Group.

Specifically, the EC issued its decision regarding the UK Controlled Foreign Companies (CFC) rules and whether a financing exemption constituted state aid in April. The decision found that in certain circumstances the financing exemption constituted state aid. This is being contested by the UK Government and a number of groups as to whether the technical basis for the decision is correct. The application of the decision is also judgemental and there is no consensus regarding how it should be applied. Based on the Group's current assessment of such issues and the Group's specific circumstances, it is not currently considered probable that there will be an outflow in respect of these issues and no provision has been made in the financial statements. The maximum potential exposure to the Group of the EC CFC challenge, including interest, is around \$66.0m.

34 Capital and other financial commitments

	2019 \$m	2018 \$m
Contracts placed for future capital expenditure not provided in the financial statements	1.7	8.3

The capital expenditure above relates to property plant and equipment.

35 Related party transactions

The following transactions were carried out with the Group's joint ventures. These transactions comprise sales and purchases of goods and services and funding provided in the ordinary course of business. The receivables include loans to joint venture companies.

	2019 \$m	2018 \$m
Sale of goods and services to joint ventures	43.1	60.5
Purchase of goods and services from joint ventures	8.8	13.5
Receivables from joint ventures	26.9	97.2
Payables to joint ventures	4.4	3.1

In addition, the Group made \$17.1m (2018: \$15.2m) of sales to a joint venture which acts only as a transactional entity between the Group and the Group's end customer (at nil gain or loss) and does not trade independently.

Key management compensation is disclosed in note 31.

The Group paid a fee of £15,000 per annum to Dunelm Energy, a company in which Ian Marchant, the former Group Chairman, had an interest, during the period in which he was in office.

36 Post balance sheet events

In February 2020, the Group secured an additional \$200.0m of bilateral term loans, \$100.0m of which matures in September 2021 (the bank has the option to extend until May 2022) and \$100.0m of which matures in May 2022.

In February 2020, the Group disposed of Wood Group Industrial Services for an initial consideration of £84.0m (\$111.0m). The accounting for the disposal will be presented in the 2020 interim financial statements. The proceeds received were used to part repay the term loan that matures in October 2020.

In March 2020, the Group disposed of the nuclear business for net proceeds of around £241m (\$319.0m) which will be used to repay the term loan and other borrowings.

Notes to the financial statements

For the year ended 31 December 2019

37 Subsidiaries and joint ventures

The Group's subsidiary and joint venture undertakings at 31 December 2019 are listed below. All subsidiaries are fully consolidated in the financial statements. Ownership interests noted in the table reflect holdings of ordinary shares.

Subsidiaries	Registered Address	Ownership Interest %
Company Name	Registered Address	Ownership Interest %
Algeria		
SARL Wood Group Algeria	Cite Zone Industrielle BP 504, Hassi Messaoud, Algeria	100
Wood Group Somias SPA	PO Box 67, Elmalaha Road (Route des Salines), Elbouni, Annaba, Algeria	55
Angola		
Production Services Network Angola Limited	RuaKima Kienda, Edificio SGEP, 2nd Floor, Apartment 16, Boavista District, Ingombota, Luanda, Angola	49*
Wood Group Kianda Limitada	No 201, Rua Engenheiro Armindo de Andrade, Bairro Miramar, Simbizanga, Luanda, Angola	41*
Argentina		
AGRA Argentina S.A.	25 de Mayo 596, piso 8º, C1002ABL, Buenos Aires, Argentina	100
Foster Wheeler E&C Argentina S.A.	Paraguay 1866, Buenos Aires, Argentina	100
ISI Mustang (Argentina) S.A.	Pedro Molina 714, Provincia de Mendoza, Ciudad de Mendoza, Argentina	100
Wood Solar Argentina S.A.U.	Tucuman 1 Floor 4, Buenos Aires, Argentina	100
Wood Wind Argentina S.A.U.	Tucuman 1 Floor 4, Buenos Aires, Argentina	100
Australia		
AMEC Australia Finance Company Pty Ltd	Level 7, 197 St Georges Terrace, Perth, WA, 6000, Australia	100
Amec Foster Wheeler Australia Holding Company Pty Ltd	Level 7, 197 St Georges Terrace, Perth, WA, 6000, Australia	100
Amec Foster Wheeler Australia Pty Ltd	Level 7, 197 St Georges Terrace, Perth, WA, 6000, Australia	100
Amec Foster Wheeler Engineering Holdings Pty Ltd	Level 7, 197 St Georges Terrace, Perth, WA, 6000, Australia	100
Amec Foster Wheeler Engineering Pty Ltd	Level 7, 197 St Georges Terrace, Perth, WA, 6000, Australia	100
Amec Foster Wheeler Zektin Architecture Pty Ltd	Level 7, 197 St Georges Terrace, Perth, WA, 6000, Australia	100
Aus-Ops Pty Ltd	Wood Group House, Level 1, 432 Murray Street, Perth, WA 6000, Australia	100
GRD Investments Pty Ltd	Level 7, 197 St Georges Terrace, Perth, WA, 6000, Australia	100
GRD Pty Limited	Level 7, 197 St Georges Terrace, Perth, WA, 6000, Australia	100
Innofield Services Pty Ltd	Wood Group House, 432 Murray Street, Perth, WA 6000, Australia	100
Mustang Engineering Pty. Ltd.	Wood Group House, Level 6, 432 Murray Street, Perth, WA 6000, Australia	100
Rider Hunt International (Australia) pty Ltd	Wood Group House, Level 1, 432 Murray Street, Perth, WA 6000, Australia	100
S2V Consulting Pty Ltd	Level 7, 197 St Georges Terrace, Perth, WA, 6000, Australia	100
SVT Holdings Pty Ltd	Wood Group House, Level 6, 432 Murray Street, Perth, WA 6000, Australia	100
WGPSN Queensland Pty Ltd	Level 20, 127 Creek Street, Brisbane, Queensland, 4000, Australia	100
Wood Group Australia PTY Ltd	Wood Group House, Level 6, 432 Murray Street, Perth, WA 6000, Australia	100
Wood Group Kenny Australia Pty Ltd	Wood Group House, Level 6, 432 Murray Street, Perth, WA 6000, Australia	100
Wood Australia Pty Ltd	Level 3, 171 Collins Street, Melbourne, VIC, 3000, Australia	100
Wood Mineral Conveyors Pty Ltd	Level 7, 197 St Georges Terrace, Perth, WA, 6000, Australia	100
Azerbaijan		
AMEC Limited Liability Company	37 Khojali Street, Baku, AZ1025, Azerbaijan	100
Wood Group PSN Azerbaijan LLC	Khojali Avenue, Building 37, Khatal District, Baku, AZ1025, Azerbaijan	100
Bahamas		
Montreal Engineering (Overseas) Limited	c/o 2020 Winston Park Drive, Suite 7000, Oakville, Ontario, Canada	100
Bermuda		
AMEC (Bermuda) Limited	Canon's Court, 22 Victoria Street, (PO Box HM 1179), Hamilton, HM EX, Bermuda	100
Atlantic Services Limited	Canon's Court, 22 Victoria Street, (PO Box HM 1179), Hamilton, HM EX, Bermuda	100

John Wood Group PLC

Notes to the financial statements

For the year ended 31 December 2019

Foster Wheeler Ltd.	Clarendon House, 2 Church Street, Hamilton, HM-11, Bermuda	100
FW Management Operations, Ltd.	Clarendon House, 2 Church Street, P.O. Box HM 1022, Hamilton HM CX, Bermuda	100
Brazil		
AMEC do Brasil Participações Ltda.	Rua Quitanda 50, 15th floor, Centro, Rio de Janeiro, CEP 20011-030, Brazil	100
Amec Foster Wheeler America Latina, Ltda.	Centro Empresarial Ribeirao Office Tower, Av. Braz Olaia Acosta, 727 - 18 andar - Sl. 1810, Cep. 14026-404 - Jd. California, Ribeirao Preto, Sao Paulo, Brazil	100
Amec Foster Wheeler Brasil S.A.	R. Nilo Peçanha, n.º 50, Sala 2912, Centro, Rio de Janeiro, 20020-100, Brazil	100
AMEC Petroleo e Gas Ltda.	Rua Quitanda 50, 15th floor, Centro, Rio de Janeiro, CEP 20011-030, Brazil	100
AMEC Projetos e Consultoria Ltda	Rua Professor Moraes No. 476, Loja 5, Sobreloja, Bairro Funcionarios, Belo Horizonte, Minas Gerais, 30150-370, Brazil	100
FW Industrial Power Brazil Ltda	Alameda Santos, 1293, Room 63, Cerqueira César, Sao Paulo, 01419-002, Brazil	100
Santos Barbosa Tencica Comercio e Servicos Ltda.	Estrada Sao Jose do Mutum, 301 - Imboassica, Cidade de Macae, Rio de Janeiro, CEP 27973-030, Brazil	100
Wood Group Engineering and Production Facilities Brasil Ltda.	Rua Ministro Salgado Filho,119, Cavaleiros, Cidade de Macae, CEP 27920-210, Estado do Rio de Janeiro	100
Wood Group Kenny do Brasil Servicos de Engenharia Ltda.	Rua Sete de Setembro, 54 - 4 andares, Centro, Rio de Janeiro - RJ, CEP 20050-009, Brazil	100
British Virgin Islands		
MDM Engineering Group Limited	Commerce House, Wickhams Cay 1, P.O. Box 3140, Road Town, Tortola, British Virgin Islands	100
Wood Group PDE Limited	Geneva Place, 2nd Floor, 333 Waterfront Drive, PO Box 3339, Road Town, Tortola, British Virgin Islands	100
Brunei Darussalam		
Amec Foster Wheeler (B) SDN BHD	Unit No.s 406A-410A, Wisma Jaya, Jalan Pemancha, Bandar Seri Begawan BS8811, Brunei Darussalam	99
Bulgaria		
AMEC Minproc Bulgaria EOOD	7th Floor, 9-11 Maria Louisa Blvd, Vazrazhdane District, Sofia 1301, Bulgaria	100
Cameroon		
Amec Foster Wheeler Cameroon SARL	Cap Limboh, Limbe, BP1280, Cameroon	100
Canada		
Amec Foster Wheeler Canada Ltd.	900 AMEC Place, 801-6th Avenue S.W., Calgary, AB, T2P 3W3, Canada	100
AMEC South America Limited	2020 Winston Park Drive, Suite 700, Oakville, ON, L6H 6X7, Canada	100
MASA Ventures Limited	900 AMEC Place, 801-6th Avenue S.W., Calgary, AB, T2P 3W3, Canada	100
Rider Hunt International (Alberta) Inc.	900 AMEC Place, 801-6th Avenue S.W., Calgary, AB, T2P 3W3, Canada	100
Wood Architectural Services Ltd.	133 Crosbie Road, St. John's, NL, A1B 1H3, Canada	0*
Wood Canada Limited	2020 Winston Park Drive, Suite 700, Oakville, ON, L6H 6X7, Canada	100
Wood Geomatics Limited	900 AMEC Place, 801-6th Avenue S.W., Calgary, AB, T2P 3W3, Canada	100
Wood Group Asset Integrity Solutions, Inc.	Borden Ladner Gervais LLP, Centennial Place, East Tower, 1900, 520 - 3rd Ave. S.W., Calgary, AB, T2P 0R3, Canada	100
Wood Group Canada, Inc	Borden Ladner Gervais LLP, Centennial Place, East Tower, 1900, 520 - 3rd Ave. S.W., Calgary, AB, T2P 0R3, Canada	100
Wood Group Kenny Canada Ltd.	Borden Ladner Gervais LLP, Centennial Place, East Tower, 1900, 520 - 3rd Ave. S.W., Calgary, AB, T2P 0R3, Canada	100
Cayman Islands		
FW Chile Holdings Ltd.	Codan Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, PO Box 2681, George Town, KY1-1111	100
Wood Group O&M International, Ltd.	Sterling Trust (Cayman) Limited, Whitehall House, 238 North Church Street, George Town, KY1-1102, Cayman Islands	100
Chile		
AMEC CADE Ingeniería y Desarrollo De Proyectos Limitada	Av. Jose Domingo, Canas No 2640, Nunoa, Santiago, 7750164, Chile	100
Amec Foster Wheeler International Ingenieria y Construcción Limitada	Av. Apoquindo 3846, piso 15, Las Condes, Santiago, 7550123, Chile	100

John Wood Group PLC

Notes to the financial statements

For the year ended 31 December 2019

Amec Foster Wheeler Talcahuano, Operaciones y Mantenciones Limitada	Camino A Ramuntcho 3230, Sector 4 Esquinas, Talcahuano, Chile	100
ISI Mustang Chile Spa	Calle Providencia 337, off. 7, Comuna de Providencia, Santiago, Chile	100
China		
Amec Foster Wheeler Engineering & Construction Design (Shanghai) Co., Ltd.	Room 401, Floor 4, No, 120 Qixia Road, Pudong New Area, Shanghai, China	100
Amec Foster Wheeler Engineering & Consulting (Shanghai) Co., Ltd	Room 204, Building 1, No. 1287, Shangcheng Road, Pudong New District, Shanghai	100
Feng Neng Sgurr (Beijing) Renewable Energy Technology Co. Ltd	1217, No 5 Dongzhimen South Avenue, Dongcheng, China	100
Grenland Group (China) Limited	Room D2, 6th Floor, No 2446, Jin Qiao Road, Shanghai, Pudong, China	100
Colombia		
Procesos y Disenos Energeticos S.A.S.	Carrera 11 A No. 96-51 5th floor, Bogota D.C., Colombia	100
Curaçao		
Harwat International Finance Corporation N.V.	Curado Trust, Penstraat 35, P.O. Box 4888, Curacao	100
Cyprus		
AMEC Overseas (Cyprus) Limited	1, Lampousas Street, 1095 Nicosia, Cyprus	100
J P Kenny Overseas Limited	Themistokli Dervi, 5, Elenion Building, 2nd Floor, P.C. 1005, Nicosia, Cyprus	100
WGPS International Limited	Elenion Building, 2nd Floor, 5 Themistocles Street, CY-1066 Nicosia, CY-1310 Nicosia, PO Box 25549, Cyprus	100
Wood Group Angola Limited	Elenion Building, 2nd Floor, 5 Themistocles Street, CY-1066 Nicosia, CY-1310 Nicosia, PO Box 25549, Cyprus	100
Wood Group Equatorial Guinea Limited	Elenion Building, 2nd Floor, 5 Themistocles Street, CY-1066 Nicosia, CY-1310 Nicosia, PO Box 25549, Cyprus	100
Czech Republic		
Amec Foster Wheeler s.r.o.	Krenova 58, Brno, 60200, Czech Republic	100
Democratic Republic of Congo		
MDM Engineering SPRL	32 Avenue 3Z, Commune de Kasuku, Ville de Kindu, Democratic Republic of Congo	100
Egypt		
Foster Wheeler Petroleum Services S.A.E.	Al-Amerya General Free Zone, Alexandria, Egypt	100
Equatorial Guinea		
Baker Energy International Equatorial Guinea S.A.	Bioko, Island Region, Malabo	65
Hexagon Sociedad Anonima con Consejo de Administracion	c/o Solege, Calle Kenia S/N, Malabo, Equatorial Guinea	65
France		
Amec Foster Wheeler France S.A.	14, Place de la Coupole, Charenton-le-Pont, France, 94220	100
Wood Group Engineering Services (France) SAS	6Pl de la Madeleine, 75008, Paris, France	100
Wood Group France SAS	60 rue de La Chaussee d'Antin, 75009, Paris, France	100
Wood Nuclear France SAS	Immeuble Horizon Sainte Victoire, Bâtiment A, 970 rue René Descartes, 13857 Aix-en-Provence cedex 3, France	100
Gabon		
Production Services Network Gabon SARL	Place of Independence, En face de la BVMAC, Libreville, BP 922, Gabon	100
Germany		
Bauunternehmung Kittelberger GmbH i.L.	Liebigstr. 1-3, Kaiserslautern, 67661, Germany	100
KIG Immobilien Beteiligungsgesellschaft mbH	Hammstrasse 6, 04129 Leipzig, Germany	100
KIG Immobiliengesellschaft mbH & Co. KG	Hammstrasse 6, 04129 Leipzig, Germany	100
Wood E&IS GmbH	Weserstrasse 4, Frankfurt am Main, 60329, Germany	100
Ghana		
Amec Foster Wheeler Operations Ghana Limited	3rd Floor Teachers Hall Complex, Education Loop, Off Barnes Road, PO Box 1632, Accra, Ghana	100
MDM Projects - Ghana Limited	2nd Floor Cedar House, 13 Samora Machel Road, Asylum Down, Accram, Ghana	100
Wood & BBS Ghana Limited	No 4 Momotsa Avenue, Behind All Saints Anglican Church, Adabraka, Accra, Ghana	80
Wood Group Ghana Limited	20 Jones Nelson Road, Adabraka, Accra, Ghana	49*

John Wood Group PLC

Notes to the financial statements

For the year ended 31 December 2019

Gibraltar		
Foster Wheeler (Gibraltar) Holdings Limited	Suite 1, Burns House, 19 Town Range, Gibraltar	100
Greece		
Amec Foster Wheeler Hellas Engineering and Construction Societe Anonyme	21 Elvetias Street, (First Floor), Agia Paraskevi, 153 42, Greece	100
Guatemala		
AMEC Guatemala Engineering and Consulting, Sociedad Anonima	Ciudad Guatemala, Guatemala	100
Guernsey		
AMEC Operations Limited	22 Havilland Street, St Peter Port, GY1 2QB, Guernsey	100
Garlan Insurance Limited	PO Box 33, Maison Trinity, Trinity Square, St Peter Port, GY1 4AT, Guernsey	100
Wood Group Offshore Services Limited	PO Box 119 Martello Court, Admiral Park, St Peter Port, Guernsey, GY1 3HB, Guernsey	100
Wood USA Holdings Limited	22 Havilland Street, St Peter Port, GY1 2QB, Guernsey	100
Hong Kong		
AMEC Asia Pacific Limited	5008, 50th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong	100
AMEC Engineering Limited	5008, 50th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong	100
SgurrEnergy Hong Kong Limited	26/F Beautiful Group Tower, 77 Connaught Road Central, Hong Kong	100
Hungary		
FW Hungary Licensing Limited Liability Company	Krisztina korut 2-4. I. em. 17, Budapest, Hungary, 1122	100
India		
Amec Foster Wheeler India Private Limited	6th Floor, Zenith Building, Ascendas IT Park, CSIR Road, Taramani, Chennai 600 113, India	100
Ingenious Process Solutions Private Limited	307, Atlanta Estate, 3rd Floor, Hanuman Tekdi Road Vitbhatti, Off. W.E. Highway, Goregaon (East) Mumbai MH 400063	100
Mustang Engineering India Private Limited	R9, F -3 RD W: B, P-214, B- Wing, Laxmikant Apartment,Sitaram Keer Marg, Mahim, Mumbai, 400016, India	100
Wood Group Kenny India Private Limited	15th Floor Tower-B, Building No. 5, DLF Cyber City, ,HR, Phase III Gurgaon Gurgaon, 122002, India	100
Wood Group PSN India Private Limited	Floor 15, Building No 5, Tower B, Cyber Terraces, DLF Cyber City, Phase III,Haryana, Gurgaon - 122002, India	100
Indonesia		
PT AGRA Monenco	c/o 2020 Winston Park Drive, Suite 700, Oakville, ON, L6H 6X7, Canada	100
PT Amec Foster Wheeler Indonesia	Perkantoran Pulo mas Blok VII No. 2, Jl Perintis Kemerdekaan, Pulo Gadung, Jakarta, Timur, Indonesia	85
PT Australian Skills Training	Green Town Warehouse No. 2, Bengkong-Batam-Indonesia, Indonesia	95
PT Foster Wheeler O&G Indonesia	Perkantoran Pulo mas Blok VII No.2, Jl. Perintis Kemerdekaan, Pulo Gadung, Jakarta Timur 13260, Indonesia	90
PT Harding Lawson Indonesia	c/o 2020 Winston Park Drive, Suite 700, Oakville, ON, L6H 6X7, Canada	100
PT Simons International Indonesia	c/o 2020 Winston Park Drive, Suite 7000, Oakville, Ontario, Canada	100
PT Wood Group Indonesia	Office 88 Tower, 20th - H Floor, Jl. Casablanca Kav 88, South Jakarta, Jakarta, 12870, Indonesia	90
Iran		
Foster Wheeler Adibi Engineering	9th Floor Aluminumm Building, Avenue Shah, Tehran	45
Wood Group Iran - Qeshm Company (pjs)	No 2564, Hafez Street, Toola Industrial Park,Qeshm Island, Annaba, Iran	97
Iraq		
Ghabet El Iraq for General Contracting and Engineering Services, Engineering Consultancy (LLC)	Suite 24, Building 106,St 19, Sec 213, Al-Kindi St, Al-Haritheeya Qts, Baghdad, Iraq	100
Touchstone General Contracting, Engineering Consultancy and Project Management LLC	Flat no. 23A, 3rd Floor, near Kahramana Square Anbar Building, District no. 903, Hay Al Karada, Baghdad, Iraq	100
Wood Group, LLC	Shoresh, Hadid and Khashab St, Kurdistan, Erbil, Iraq	100
Ireland		
JWG Ireland CAD Unlimited Company	Second Floor, Blocks 4 and 5, Galway Technology Park, Parkmore, Galway, Ireland	100
JWG Ireland NOK Unlimited Company	Second Floor, Blocks 4 and 5, Galway Technology Park, Parkmore, Galway, Ireland	100

John Wood Group PLC

Notes to the financial statements

For the year ended 31 December 2019

JWG Ireland USD 2 Unlimited Company	Second Floor, Blocks 4 and 5, Galway Technology Park, Parkmore, Galway, Ireland	100
JWG Ireland USD 3 Unlimited Company	Second Floor, Blocks 4 and 5, Galway Technology Park, Parkmore, Galway, Ireland	100
JWG Ireland USD Unlimited Company	Second Floor, Blocks 4 and 5, Galway Technology Park, Parkmore, Galway, Ireland	100
Wood Group Kenny Ireland Limited	c/o Matheson Ormsby Prentice, 70 Sir John Rogerson's Quay, Dublin 2, Ireland	100
Italy		
Amec Foster Wheeler Italiana S.r.l.	Via S. Caboto 15, Corsico, 20094, Italy	100
FW TURNA S.r.l.	Via S. Caboto 15, Corsico (Milano), 20094, Italy	100
Metora S.r.l.	Via S. Caboto 15, Corsico, Milan, 20094, Italy	100
Wood Elico Italia S.r.l.	Via S. Caboto 15, Corsico, Milan, 20094, Italy	100
Wood Solare Italia S.r.l.	Via S. Caboto 15, Corsico, Milan, 20094, Italy	100
Jamaica		
Monenco Jamaica Limited	c/o 2020 Winston Park Drive, Suite 700, Oakville, ON, L6H 6X7, Canada	100
Japan		
Amec Foster Wheeler Asia K.K.	Shiba International Law Offices, 1-3-4-5F Atago, Minatoku, Tokyo, 105-0002, Japan	100
Jersey		
AMEC Nuclear Consultants International Limited	95/97 Halkett Place, St Helier, JE1 1BX, Jersey	100
GTS Power Solutions Limited	28 Esplanade, St Helier, JE2 3QA, Jersey	100
RHI Talent UK Limited	28 Esplanade, St Helier, JE2 3QA, Jersey	100
Wood Group Engineering Services (Middle East) Limited	28 Esplanade, St Helier, JE2 3QA, Jersey	100
Wood Group Production Facilities Limited	28 Esplanade, St Helier, JE2 3QA, Jersey	100
Kazakhstan		
AMEC Limited Liability Partnership	46 Satpayev St., Atyrau City, Atyrau Oblast, 060011, Kazakhstan	100
Foster Wheeler Kazakhstan LLP	app. 27, h. 64, Bostandykskiy district, Abaya Ave., Almaty City, Kazakhstan	100
QED International (Kazakhstan) Limited Liability Partnership	46 Satpayev St., Atyrau City, Atyrau Oblast, 060011, Kazakhstan	100
Wood Group Kazakhstan LLP	55 Ablai Khan Ave., Room #112/114, Almaty, 050004, Kazakhstan	100
Yeskertkish Kyzmet Kazakhstan LLP	Building 70A, Street No12, microdistrict Samal, Atyrau city, 060011, Kazakhstan	100
Kuwait		
AMEC Kuwait Project Management and Contracting Company W.L.L.	2nd Floor, Al Mutawa Building, Ahmed Al Jaber Street, Sharq, Kuwait City	49*
Liberia		
Amec Foster Wheeler Liberia Inc	King Plaza, 2nd-4th Floors, Broad Street, Monrovia 10, Liberia	100
Luxembourg		
AFW Luxembourg 1 S.a.r.l.	5, rue Guillaume Kroll, Luxembourg, L-1882	100
AFW Luxembourg 2 S.a.r.l.	5, rue Guillaume Kroll, Luxembourg, L-1882	100
Financial Services S.à r.l.	15, Boulevard Friedrich Wilhelm Raiffeisen, L-2411, Luxembourg	100
FW Investment Holdings S.à r.l.	5, rue Guillaume Kroll, Luxembourg, L-1882	100
Malaysia		
AMEC (Malaysia) Sdn Bhd	Suite 1005, 10th Floor, Wisma Hamzah-Kwong Hing, No. 1, Leboh Ampang, Kuala Lumpur, 50100, Malaysia	100
Amec Foster Wheeler OPE Sdn Bhd	12th Floor, West Block, Wisma Selangor Dredging, 142-C Jalan Ampang, Kuala Lumpur, 50450, Malaysia	100
AMEC Holdings (Malaysia) Sdn Bhd	Suite 1005, 10th Floor, Wisma Hamzah-Kwong Hing, No. 1, Leboh Ampang, Kuala Lumpur, 50100, Malaysia	100
AMEC Oil Gas and Process Sdn Bhd	Suite 1005, 10th Floor, Wisma Hamzah-Kwong Hing, No. 1, Leboh Ampang, Kuala Lumpur, 50100, Malaysia	100
AMEC Process & Energy Sdn Bhd	Suite 1005, 10th Floor, Wisma Hamzah-Kwong Hing, No. 1, Leboh Ampang, Kuala Lumpur, 50100, Malaysia	100
BMA Engineering SDN. BHD.	Unit C-12-4, Level 12, Block C, Megan Avenue II, Wilayah Persekutuan, Wilayah Persekutuan, Kuala Lumpur, 50450, Malaysia	100

John Wood Group PLC

Notes to the financial statements

For the year ended 31 December 2019

Foster Wheeler (Malaysia) Sdn. Bhd.	Suite 1005, 10th Floor, Wisma Hamzah-Kwong Hing, No. 1, Leboh Ampang, Kuala Lumpur, 50100, Malaysia	100
Foster Wheeler E&C (Malaysia) Sdn. Bhd.	Suite 1005, 10th Floor, Wisma Hamzah-Kwong Hing, No. 1, Leboh Ampang, Kuala Lumpur, 50100, Malaysia	70
Mustang Malaysia Sdn. Bhd.	Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, Wilayah Persekutuan, Wilayah Persekutuan, Kuala Lumpur, 50490, Malaysia	100
Rider Hunt International (Malaysia) Sdn Bhd	Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, Kuala Lumpur, 50490, Malaysia	100
Wood Group Engineering Sdn. Bhd	Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, Wilayah Persekutuan, Wilayah Persekutuan, Kuala Lumpur, 50490, Malaysia	0*
Wood Group Kenny Sdn Bhd	c/o Securities Services (Holdings) Sdn Bhd, level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, Kuala Lumpur, Damansara Town Centre, Damansara, 50490, Malaysia	0*
Wood Group Mustang (M) Sdn. Bhd.	Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, Wilayah Persekutuan, Wilayah Persekutuan, Kuala Lumpur, 50490, Malaysia	100
Wood Group Production Facilities (Malaysia) Sdn. Bhd.	Lot 1-3, Level 5, Block G (South), Pusat Bandar Damansara, 50490 Kuala Lumpur, Kuala Lumpur, Malaysia	48*
Mauritius		
MDM Engineering Investments Ltd	1st Floor, Felix House, 24 Dr Joseph Street, Port Louis, Mauritius	100
MDM Engineering Projects Ltd	1st Floor, Felix House, 24 Dr Joseph Street, Port Louis, Mauritius	100
P.E. Consultants, Inc.	St James Court-Suite 308, St Denis Street, Port Louis, Mauritius	100
QED International Ltd	c/o Esteria Management (Mauritius) Ltd, 11th Floor, Medine Mews, La Chaussée Street, Port Louis, Mauritius	100
Mexico		
AGRA Ambiental S.A. de C.V.	c/o 2020 Winston Park Drive, Suite 700, Oakville, ON, L6H 6X7, Canada	100
Amec Foster Wheeler Energia Mexico S. de R.L. de C.V.	Av. Vasconcelos 453, Colonia del Valle 66220 Nuevo Leon, Monterrey (Estados Unidos de México), Mexico	100
Amec Foster Wheeler Mexico, S.A. de C.V.	c/o Carlos Salazar, 2333 Oriente, Col. Obrera, Monterrey, Nuevo Leon, 64010, Mexico	100
AYMEC de Mexico S.A. de C.V.	453 Planta Alta Del Valle, San Pedro Garza Garcia, Nuevo Leon 66220, Mexico	100
CEC Controls Automatizacion S. de R.L. de C.V.	Libramiento Carr. Silao-León #201, Esq. Prolongación Bailleres, Col. Progreso Silao, Guanajuato, CP. 36135, Mexico	100
Exergy Engineering Services, S.A. de C.V.	David Alfaro Siqueiros 104 piso 2, Col. Valle Oriente, San Pedro Garza Garcia, Nuevo Leon, CP. 66269, Mexico	100
Exergy Engineering, S.A. de C.V.	David Alfaro Siqueiros 104 piso 2, Col. Valle Oriente, San Pedro Garza Garcia, Nuevo Leon, CP. 66269, Mexico	100
Foster Wheeler Constructors de Mexico, S de R.L. de C.V.	699 15th Street, 6th Avenue, Agua Prieta, Sonora, Mexico	100
Global Mining Projects and Engineering, S.A. de C.V.	Calle Coronado 124, Zona Centro, Chihuahua, Chihuahua, 31000, Mexico	100
Harding Lawson de Mexico S.A. de C.V.	Edificio Omega, Campos Eliseos 345, floors 2, 3 & 11, Chapultepec Polanco 11560 Mexico, D.F.	100
ISI Mustang Servicios de Ingenieria de Mexico, S de R.L. De C.V.	HOMERO 1804 PISO 11, COL. LOS MORALES - DELEGACION MIGUEL HIDALGO, Distrito Federal, Mexico City, C.P. 11540, Mexico	100
Wood Group de Mexico S.A. de C.V.	Blvd. Manuel Avila Camacho 40 - 1801, Lomas de Cahpultepec, Delgacion Miguel Hidalgo, Mexico, D.F. 11000	100
Wood Group Management Services de Mexico, S.A. de C.V.	Blvd. Manuel Avila Camacho 40 - 1801, Lomas de Cahpultepec, Delgacion Miguel Hidalgo, Mexico, D.F. 11000	100
Mongolia		
AMEC LLC	Suite 403, 4th Floor New Century Plaza, Chinggis Avenue, Sukhbaatar District, Ulaanbaatar, Mongolia	100
Mozambique		
Amec Foster Wheeler Mozambique Limitada	Mocambique, Maputo Cidade, Distrito Urbano 1, Bairro Sommerschield II, Av. Julius Nyerere, n° 3412, Maputo, Mozambique	100
Wood Group Mozambique, Limitada	73 Rua Jose Sidumo, Bairro da Polana, Maputo, Mozambique	100
Netherlands		

John Wood Group PLC

Notes to the financial statements

For the year ended 31 December 2019

AMEC GRD SA B.V.	Meander 251, Arnhem, 6825 MC, Netherlands	100
AMEC Holland B.V.	Prins Bernhardplein 200, 1097 JB, Amsterdam, Netherlands	100
AMEC Investments B.V.	Prins Bernhardplein 200, 1097 JB, Amsterdam, Netherlands	100
Foster Wheeler Continental B.V.	Naritaweg 165, 1043 BW Amsterdam, Netherlands	100
Foster Wheeler Europe B.V.	Naritaweg 165, 1043 BW Amsterdam, Netherlands	100
John Wood Group B.V.	C/O Centralis Netherlands BV, Zuidplein 126, WTC, Toren H 15e, Amsterdam, 1077XV, Netherlands	100
John Wood Group Holdings B.V.	C/O Centralis Netherlands BV, Zuidplein 126, WTC, Toren H 15e, Amsterdam, 1077XV, Netherlands	100
New Zealand		
M&O Pacific Limited	28 Manadon Street, New Plymouth, New Zealand	100
Nigeria		
AMEC Contractors (W/A) Limited	13A AJ Marinho Drive, Victoria Island, Lagos, Nigeria	100
AMEC King Wilkinson (Nigeria) Limited	No 3, Hospital Road, PO Box 9289, Lagos, Nigeria	100
AMEC Offshore (Nigeria) Limited	18th Floor, Western House, 8/10 Broad street, Lagos, Nigeria	75
Foster Wheeler (Nigeria) Limited	1 Murtala Muhammed Drive, (Formerly Bank Road), Ikoyi, Lagos, Nigeria	100
Foster Wheeler Environmental Company Nigeria Limited	c/o Nwokedi & Co., 21 Ajasa Street, Onikan, Nigeria	87
JWG Nigeria Limited	13 Sumbo Jibowu Street, Ikoyi, Lagos, Nigeria	49*
Monenco Nigeria Limited	Ebani House (Marina side), 62 Marina, Lagos, Nigeria	60
Overseas Technical Services Nigeria Limited	No 13 Sumbo Jibowu Street, Ikoyi, Lagos, Nigeria	93
Norway		
Erbus AS	Fokserodveien 12, Sandefjord, 3241, Norway	100
Wood Group Kenny Norge AS	Lkkeveien 99, Stavanger, 4008, Norway	100
Wood Group Norway AS	Fokserodveien 12, Sandefjord, 3241, Norway	100
Wood Group Norway Holdings AS	Fokserodveien 12, Sandefjord, 3241, Norway	100
Wood Group Norway Operations AS	Kanalsletta 2, 4033 Stavanger, Norway	100
Oman		
Amec Foster Wheeler Engineering Consultancy LLC	PO Box 1469, Postal Code 133, Al-Khuwair, Sultanate of Oman	60
Wood LLC	Bldg No. 89, Way No. 6605, Al Oman Street, Ghala Industrial Area, P.O. Box 293, Al Khuwair, PC 133, Oman	70*
Panama		
MACTEC Engineering and Consulting, Corp.	Brisas del Golf, Street 17, House 4-E Panama City, Panama	0*
Papua New Guinea		
Wood Engineering PNG Ltd	Deloitte Touche Tohmatsu, Level 9, Deloitte Haus, Macgregor Street, Section 8, Allotment 19, Port Moresby, National Capital District, Papua New Guinea	100
Wood Group PNG Limited	Dentons PNG, Level 5, Bsp Haus, Harbour City, Port Moresby, Papua New Guinea, National Capital District, Papua New Guinea	100
Peru		
Amec Foster Wheeler Perú S.A.	Calle Las Begonias 441, Piso 8, San Isidro, Lima, 27, Peru	100
ISI Mustang Peru S.A.C.	Calle Martir Olaya 201, off. 801 Miraflores, Lima, Peru	100
Wood Group Peru S.A.C.	Av. de la Floresta 407, 5th Floor, San Borja, Lima, Peru	100
Philippines		
Foster Wheeler (Philippines) Corporation	U-7A, 7/F PDCP Bank Centre, V.A. Rufino St. Corner L.P. Leviste St., Salcedo Village, Makati City, PH, 1227	100
Production Services Network Holdings Corp.	585 ME National Road HW, Barangay Alangilan, Batangas City, Batangas, Philippines	100
PSN Production Services Network Philippines Corp	12th Floor, Net One Center, 26th Street Corner, 3rd Avenue, Crescent Park West, Taguig, Metro Manila, Bonifacio Global City, 1634, Philippines	40*
Poland		
Amec Foster Wheeler Consulting Poland Sp. z o.o.	ul. Chmielna 132/134, Warsaw, 00-805, Poland	100
Portugal		
Amec Foster Wheeler (Portugal) Lda	Avenida Barbosa du Bocage 113-4, Lisboa, 1050-031, Portugal	100
Puerto Rico		

John Wood Group PLC

Notes to the financial statements

For the year ended 31 December 2019

MACTEC Engineering and Consulting - Caribe, P.S.C.	BBVA Tower Suite P1, 254 Munoz Rivera Ave., San Juan, 00918, Puerto Rico	0*
Qatar		
Production Services Network Qatar LLC	PO Box 2515, Doha, Qatar	49*
Romania		
AMEC Operations S.R.L	Rooms 1 and 2, 2nd Floor, No. 59 Strada Grigore Alexandrescu, Sector 1, Bucharest 010623, Romania	100
CEC Controls Company S.R.L.	Bulevardul Tudor Vladimirescu No. 22, Bldg. Greengate Office, 5th Floor, Room 516, Campus 02, District 5, Bucharest, Romania	100
Russia		
OOO Amec Foster Wheeler	Office E-100, Park Place, 113/1, Leninsky Prospekt, 117198, Moscow, Russian Federation	100
Production Services Network Eurasia LLC	Tverskaya St. 16/3, Moscow, Moscow, 125009, Russian Federation	50*
Production Services Network Sakhalin LLC	2-6 Floors, 88 Amurskaya, Yuzhno-Sakhalinsk, 693020, Russian Federation	50*
Sakhalin Technical Services Network LLC	Suite 417, Kommunistichesky Prospekt 32, Yuzhno-Sakhalinsk, Sakhalin, Russian Federation	40*
Saudi Arabia		
Amec Foster Wheeler Energy and Partners Engineering Company	Karawan Towers, South Block, King Faisal Road, Al-Khobar, Saudi Arabia	75
Mustang and Faisal Jamil Al-Hejailan Consulting Engineering Company	PO Box 9175, Riyadh, 11413, Saudi Arabia	70
Mustang Saudi Arabia Co. Ltd.	P.O. Box 17411, Riyadh, 11484, Saudi Arabia	100
Wood Group ESP Saudi Arabia Limited	PO Box 1280, Al-Khobar	51
Singapore		
Amec Foster Wheeler Asia Pacific Pte. Ltd.	One Marina Boulevard #28-00, Singapore, 018989, Singapore	100
AMEC Global Resources Pte Limited	991E Alexandra Road, #01 - 25, 119973, Singapore	100
AMEC Global Services Pte Ltd	991E Alexandra Road, #01 - 25, 119973, Singapore	100
Australian Skills Training Pte. Ltd.	991E, Alexandra Road, #01-25, Singapore, 119973, Singapore	100
Foster Wheeler Eastern Private Limited	1 Marina Boulevard, #28-00, Singapore 018989	100
OPE O&G Asia Pacific Pte. Ltd.	1 Marina Boulevard, #28-00, One Marina Boulevard, 018989, Singapore	100
Rider Hunt International (Singapore) Pte Limited	24 Raffles Place, #24-03 Clifford Centre, Singapore, 048621	100
Simons Pacific Services Pte Ltd.	#27-01 Millenia Tower, 1 Temasek Ave, Singapore, 039192	100
Wood Group International Services Pte. Ltd.	Shaw Tower #28-09, 100 Beach Road, Singapore, 189702	100
Slovakia		
The Automated Technology Group (Slovakia) s.r.o.	Hviezdoslavovo namestie 13, Mestska cast Stare Mesto, Bratislava, 811 02, Slovakia	100
Wood Nuclear Slovakia s.r.o.	Piestanska 3, Trnava, 917 01, Slovakia	100
South Africa		
Amec Foster Wheeler Properties (Pty) Limited	Second Road, Halfway House, P. O. Box 76, Midrand 1685, South Africa	100
AMEC Minproc (Proprietary) Limited	2 Eglin Road, Sunninghill, 2157, South Africa	100
Mossel Bay Energy IPP (Proprietary) Limited (RF)	2nd Road Halfway House, Midrand, South Africa	90
Nuclear Consultants International (Proprietary) Limited	Nr 5, 5th Ave, Melkbos Strand, Cape Town, 7441, South Africa	100
Rider Hunt International South Africa (Pty) Ltd	25 Frederick Street, Observatory Ext, Gauteng, Johannesburg, 2198, South Africa	48*
Wood BEE Holdings (Proprietary) Ltd	88, 2nd Street, Halfway House, Midrand, Gauteng, 1685, South Africa	58
Wood Mining South Africa (Pty) Ltd	Zeelie Office Park, 381 Ontdekkers Road, Floida Park Ext 3, Roodepoort, 1709, South Africa	100
Wood South Africa (PTY) Ltd	88, 2nd Street, Halfway House, Midrand, Gauteng, 1685, South Africa	70
South Korea		
AMEC Korea Limited	KT Building 11F, 14 Yeouidaero, Youngdeungpo-gu, Seoul 07320	100
Spain		
Amec Foster Wheeler Energia, S.L.U.	Calle Gabriel Garcia Marquez, no 2, Parque Empresarial Madrid, Las Rozas, 28232 Las Rozas, Madrid, Spain	100
Amec Foster Wheeler Iberia S.L.U.	Calle Gabriel Garcia Marquez, no 2, Parque Empresarial Madrid - Las Rozas, 28230 Las Rozas, Madrid, Spain	100
Switzerland		

Notes to the financial statements

For the year ended 31 December 2019

A-FW International Investments GmbH	c/o Intertrust Services (Schweiz) AG, Alpenstrasse 15, 6300, Zug, Zug, Switzerland	100
Amec Foster Wheeler Engineering AG	Lohweg 6, 4054 Basel, Switzerland	100
Tanzania		
MDM Projects-Tanzania Limited	Plot No. 18, Rukwa Street, Masaki Kinondoni Municipality, PO Box 38192, Dar es Salaam, Tanzania	100
Thailand		
Amec Foster Wheeler Holding (Thailand) Limited	1st Floor Talaythong Tower, 53 Moo 9, Sukhumvit Road, Thungsukla, Sriracha, Chonburi, 20230, Thailand	100
Foster Wheeler (Thailand) Limited	53 Talaythong Tower, 1st Floor, Moo 9, Sukhumvit Road, Tambol Tungsukhla, Amphur Sriracha, Chonburi, 20230, Thailand	100
SIE Siam Limited	91/17 Soi Wattananivet 4, Suthisarnvinijchai Road, Khwaeng Samsennok, Khet Huaykwang, Bangkok Metropolis, Thailand	100
Simons International Engineering Ltd.	91/17 Soi Wattananivet 4, Suthisarnvinijchai Road, Khwaeng Samsennok, Khet Huaykwang, Bangkok Metropolis, Thailand	100
Trinidad and Tobago		
Wood Group Trinidad & Tobago Limited	18 Scott Bushe Street, Port of Spain, Trinidad and Tobago	100
Turkey		
Amec Foster Wheeler Bimas Birlesik Insaat ve Muhendislik A.S.	Kucukbakkalkoy Mah, Çardak Sok, No.1A Plaza, 34750 Atasehir, Istanbul, Turkey	100
Uganda		
Wood Group PSN Uganda Limited	KAA House, Plot 41, Nakasero Road, PO Box 9566, Kampala, Uganda	100
Ukraine		
Wood Ukraine LLC	Room 398, Building 26, Obolonsky Avenue, Kyiv City, 04205, Ukraine	100
United Arab Emirates		
Production Services Network Emirates LLC	Floor 5, International Tower, Capital Centre, 24th (Karama) Street, P.O. Box 105828, Abu Dhabi, United Arab Emirates	49*
PSN Overseas Holding Company Limited	The MAZE Tower, 15th Floor, Sheikh Zayed Road, PO Box 9275, Dubai, United Arab Emirates	100
United Kingdom		
AFW E&C Holdings Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AFW Finance 2 Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AFW Hungary Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AFW Investments Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC (AGL) Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC (BCS) Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC (F.C.G.) Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC (MH1992) Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC (MHL) Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC (WSL) Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC BKW Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC Bravo Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC Building Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC Capital Projects Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC Civil Engineering Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC Construction Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC Engineering Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC Facilities Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Amec Foster Wheeler (Holdings) Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Amec Foster Wheeler Earth and Environmental (UK) Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Amec Foster Wheeler Energy Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Amec Foster Wheeler Finance Asia Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Amec Foster Wheeler Finance Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Amec Foster Wheeler Group Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100

Notes to the financial statements

For the year ended 31 December 2019

Amec Foster Wheeler International Holdings Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Amec Foster Wheeler International Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Amec Foster Wheeler Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Amec Foster Wheeler Nuclear International Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Amec Foster Wheeler Property and Overseas Investments Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC Investments Europe Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC Kazakhstan Holdings Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC Manufacturing and Services Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC Mechanical and Electrical Services Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC Mining Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC Nominees Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC Nuclear Overseas Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC Offshore Developments Limited	Ground Floor, 15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland	100
AMEC Offshore Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC Process and Energy Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC Project Investments Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC Services Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC Trustees Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC USA Finance Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC USA Holdings Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC USA Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC Utilities Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC Wind Developments Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Applied Environmental Research Centre Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Attric Ltd	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Automated Technology Group Holdings Limited	Compass Point, 79-87 Kingston Road, Staines, TW18 1DT, England, United Kingdom	100
East Mediterranean Energy Services Limited	c/o Ledingham Chalmers LLP, 3rd Floor, 68-70 George Street, Edinburgh, EH2 2LR, United Kingdom	100
Energy, Safety and Risk Consultants (UK) Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Entec Holdings Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Foster Wheeler (G.B.) Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Foster Wheeler (London) Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Foster Wheeler (Process Plants) Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Foster Wheeler E&C Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Foster Wheeler Environmental (UK) Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Foster Wheeler Europe	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Foster Wheeler UK Investments Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland	100
Foster Wheeler World Services Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
FW Chile Holdings 2 Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
FW Investments Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
HFA Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	100
Integrated Maintenance Services Limited	Compass Point, 79-87 Kingston Road, Staines, TW18 1DT, England, United Kingdom	100
JWG Trustees Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	100
James Scott Engineering Group Limited	Ground Floor, 15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland	100
James Scott Limited	Ground Floor, 15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland	100
John Wood Group Holdings Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland	100
JWG Investments Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	100
JWGUSA Holdings Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	100
Kelwat Investments Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	100
MDM UK Finance Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100

Notes to the financial statements

For the year ended 31 December 2019

Metal and Pipeline Endurance Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Mustang Engineering Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	100
National Nuclear Corporation Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Offshore Design Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	100
Press Construction Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Process Plants Suppliers Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Production Services Network (UK) Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	100
Production Services Network Bangladesh Limited	Compass Point, 79-87 Kingston Road, Staines, TW18 1DT, England, United Kingdom	100
PSJ Fabrications Ltd	Compass Point, 79-87 Kingston Road, Staines, TW18 1DT, England, United Kingdom	100
PSN (Angola) Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	100
PSN (Philippines) Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	100
PSN Asia Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	100
PSN Overseas Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	100
Pyeroy Limited	Compass Point, 79-87 Kingston Road, Staines, TW18 1DT, England, United Kingdom	100
QED International (UK) Limited	Ground Floor, 15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland	100
Rider Hunt International Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Sandway Solutions (No 3) Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
SD FortyFive Limited	Compass Point, 79-87 Kingston Road, Staines, TW18 1DT, England, United Kingdom	100
SgurrEnergy Limited	St Vincent Plaza, 319 St Vincent Street, Glasgow, G2 5LP, Scotland, United Kingdom	100
SgurrControl Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	100
Sigma Financial Facilities Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
The Automated Technology Group Limited	Compass Point, 79-87 Kingston Road, Staines, TW18 1DT, England, United Kingdom	100
WGD028 Limited	Ground Floor, 15 Justice Mill Lane, Aberdeen, AB11 6EQ, United Kingdom	100
WGPSN (Holdings) Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	100
WGPSN Eurasia Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	50
Wood Environment & Infrastructure Solutions UK Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Wood Group Algeria Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	100
Wood Group Algiers Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	100
Wood Group Annaba Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	100
Wood Group Arzew Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	100
Wood Group Engineering & Operations Support Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	100
Wood Group Engineering (North Sea) Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	100
Wood Group Engineering Contractors Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	100
Wood Group Gas Turbine Services Holdings Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	100
Wood Group Hassi Messaoud Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	100
Wood Group Holdings (International) Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	100
Wood Group Industrial Services Limited	Compass Point, 79-87 Kingston Road, Staines, TW18 1DT, England, United Kingdom	100
Wood Group Intetech Limited	Compass Point, 79-87 Kingston Road, Staines, TW18 1DT, England, United Kingdom	100
Wood Group Investments Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	100
Wood Group Kenny Corporate Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	100
Wood Group Kenny Limited	Compass Point, 79-87 Kingston Road, Staines, TW18 1DT, England, United Kingdom	100
Wood Group Kenny UK Limited	Compass Point, 79-87 Kingston Road, Staines, TW18 1DT, England, United Kingdom	100
Wood Group Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	100
Wood Group Management Services Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	100

Notes to the financial statements

For the year ended 31 December 2019

Wood Group Power Investments Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	100
Wood Group Production Services UK Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	100
Wood Group UK Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	100
Wood Group/OTS Limited	Compass Point, 79-87 Kingston Road, Staines, TW18 1DT, England, United Kingdom	100
Wood International Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	100
Wood Nuclear Holdings Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Wood Nuclear Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Wood Pensions Trustee Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Wood Transmission and Distribution Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England, United Kingdom	100
United States		
4900 Singleton, L.P.	400 North St. Paul, Dallas, TX, 75201	100
AMEC Architectural, Inc.	511 Congress Street, Ste. 200, Portland, ME, 04101, United States	100
AMEC Construction Management, Inc.	United Agent Group Inc., 3411 Silverside Road Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States	100
AMEC Developments, Inc.	1209, Orange Street, Wilmington, DE, 19801, United States	100
AMEC E&E, P.C.	600 N 2nd Street, Suite 401, Harrisburg, PA, 17101-1071, United States	0*
AMEC Engineering and Consulting of Michigan, Inc.	46850 Magellan, Suite 190, Novi, MI, 48377, United States	100
Amec Foster Wheeler Arabia Ltd.	c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801	100
Amec Foster Wheeler Design, LLC	1075 Big Shanty Rd NW, Ste. 100, Kennesaw, GA, 30144, United States	0*
Amec Foster Wheeler Environmental Equipment Company, Inc.	Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle, DE, 19801	100
Amec Foster Wheeler Industrial Power Company, Inc.	Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle, DE, 19801	100
Amec Foster Wheeler Kamtech, Inc.	1979 Lakeside Parkway, Suite 400, Tucker, GA, 30084, United States	100
Amec Foster Wheeler Martinez, Inc.	c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801	100
Amec Foster Wheeler North America Corp.	United Agent Group Inc., 3411 Silverside Road, Tatnall Bldg. #104, Wilmington, DE, 19810, United States	100
Amec Foster Wheeler Power Systems, Inc.	c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801	100
Amec Foster Wheeler USA Corporation	United Agent Group Inc., 3411 Silverside Road, Tatnall Bldg. #104, Wilmington, DE, 19810, United States	100
Amec Foster Wheeler Ventures, Inc.	1979 Lakeside Parkway, Suite 400, Tucker, GA, 30084, United States	100
AMEC Holdings, Inc.	United Agent Group Inc., 3411 Silverside Road Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States	100
AMEC Industrial Programs, LLC	1105 Lakewood Parkway, Suite 300, Alpharetta, GA, 30009, United States	100
AMEC Michigan, Inc.	40600 Ann Arbor Road E, Suite 201, Plymouth, MI, 48170-4675, United States	100
AMEC Newco LLC	1209, Orange Street, Wilmington, DE, 19801, United States	100
AMEC North Carolina, Inc.	225, Hillsborough Street, Raleigh, NC, 27603, United States	100
AMEC Oil & Gas World Services, Inc.	1209, Orange Street, Wilmington, DE, 19801, United States	100
Barsotti's Inc.	Perryville Corporate Park, 53 Frontage Road, PO Box 9000, Hampton, NJ, 08827-90000	100
BMA Solutions Inc.	United Agent Group Inc., 3411 Silverside Road, Tatnall Bldg. #104, Wilmington, DE, 19810, United States	100
C E C Controls Company, Inc.	United Agent Group Inc., 28175 Haggerty RoadD, Novi, MI, 48377, United States	100
Camden County Energy Recovery Corp.	c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801	100
Cape Software, Inc.	25211 Grogans Mill Road, Suite 313, The Woodlands, TX, 77380, United States	100
Energia Holdings, LLC	The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801	100
Equipment Consultants, Inc.	Corporation Trust Company, 1209 Orange Street, Wilmington, DE, 19801	100

John Wood Group PLC

Notes to the financial statements

For the year ended 31 December 2019

Foster Wheeler Asia Limited	c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801	100
Foster Wheeler Energy Corporation	c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801	100
Foster Wheeler Environmental Corporation	1999 Bryan Street, Ste. 900, Dallas, TX, 75201-3136, United States	100
Foster Wheeler Hydrox, Inc.	c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801	100
Foster Wheeler Inc.	United Agent Group Inc., 3411 Silverside Road, Tatnall Bldg. #104, Wilmington, DE, 19810, United States	100
Foster Wheeler Intercontinental Corporation	c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801	100
Foster Wheeler International LLC	c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801	100
Foster Wheeler LLC	United Agent Group Inc., 3411 Silverside Road, Tatnall Bldg. #104, Wilmington, DE, 19810, United States	100
Foster Wheeler Realty Services, Inc.	c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801	100
Ingenious Inc.	United Agent Group, 2425 W Loop South #200, Houston, TX, 77027, United States	100
ISI Group, L.L.C.	United Agent Group, 2425 W Loop South #200, Houston, TX, 77027, United States	100
JWGUSA Holdings, Inc.	17325 Park Row, Suite 500, Houston, TX, 77084, United States	100
Kelchner, Inc.	United Agent Group Inc., 119 E. Court Street, Cincinnati, OH, 45202, United States	100
MACTEC E&C International, Inc.	1105 Lakewood Parkway, Suite 300, Alpharetta, GA, 30009, United States	100
MACTEC Engineering and Geology, P.C.	7 Southside Drive, Suite 201, Clifton Park, NY, 12065, United States	0*
MACTEC Environmental Consultants, Inc.	1105 Lakewood Parkway, Suite 300, Alpharetta, GA, 30009, United States	100
Martinez Cogen Limited Partnership	Perryville Corporate Park, 53 Frontage Road, PO Box 9000, Hampton, NJ, 08827-9000	99
MASA Ventures, Inc.	1675, 1200, Broadway, Denver, CO, 80202, United States	100
MDIC Inc.	2730, Suite 100, Gateway Oaks Drive, Sacramento, Sacramento, CA, 95833, United States	100
Mustang International, Inc.	United Agent Group, 2425 W Loop South #200, Houston, TX, 77027, United States	100
NDT Systems, Inc.	United Agent Group, 2425 W Loop South #200, Houston, TX, 77027, United States	100
Onshore Pipeline Engineering D.P.C.	Sarah B. Biser, Esq., McCarter & English, LLP, 245 Park Avenue, New York, NY, 10167, United States	0*
Perryville Corporate Park Condominium Association, Inc.	Corporation Service Company, 830 Bear Tavern Road, West Trenton, Mercer, NJ, 08628	67
Process Consultants, Inc.	c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801	100
QED International LLC	1999 Bryan Street, Ste. 900, Dallas, TX, 75201-3136, United States	100
RHI Talent, Inc.	United Agent Group Inc., 8275 South Eastern Av., #200, Las Vegas, NV, 89123, United States	100
Rider Hunt International (USA) Inc.	1999 Bryan Street, Ste. 900, Dallas, TX, 75201-3136, United States	100
Swaggart Brothers, Inc.	United Agent Group Inc., 5708 S.E. 136th Avenue, #2, Portland, OR, 97236, United States	100
Swaggart Logging & Excavation LLC	United Agent Group Inc., 5708 S.E. 136th Avenue, #2, Portland, OR, 97236, United States	100
Thelco Co.	c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801	100
Tray, Inc.	c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801	100
Wood Environment & Infrastructure Solutions, Inc.	1105 Lakewood Parkway, Suite 300, Alpharetta, GA, 30009, United States	100
Wood Group Alaska, LLC	Corporation Service Company, 251 Little Falls Drive, Wilmington, DE, 19808, United States	100

John Wood Group PLC

Notes to the financial statements

For the year ended 31 December 2019

Wood Group E & PF Holdings, Inc.	United Agent Group Inc., 3411 Silverside Road, Tatnall Bldg. #104, Wilmington, DE, 19810, United States	100
Wood Group PSN, Inc.	United Agent Group Inc., 8275 South Eastern Av., #200, Las Vegas, NV, 89123, United States	100
Wood Group Support Services, Inc.	United Agent Group Inc., 8275 South Eastern Av., #200, Las Vegas, NV, 89123, United States	100
Wood Group US Holdings, Inc.	United Agent Group Inc., 8275 South Eastern Av., #200, Las Vegas, NV, 89123, United States	100
Wood Group US International, Inc.	United Agent Group Inc., 8275 South Eastern Av., #200, Las Vegas, NV, 89123, United States	100
Wood Group USA, Inc.	United Agent Group, 2425 W Loop South #200, Houston, Harris County, TX, 77027, United States	100
Wood Massachusetts, Inc.	Suite 700, 155 Federal Street, Boston, MA, 02110, United States	100
Wood Minerals Conveyors, Inc.	818 West Seventh Street, Ste. 930, Los Angeles, CA, 90017, United States	100
Wood Programs, Inc.	2475 Northwinds Parkway, #200-260, Alpharetta, GA, 30009, United States	100
Vanuatu		
O.T.S. Finance and Management Limited	Law Partners House, Rue Pasteur, Port Vila, Vanuatu	100
Overseas Technical Service International Limited	Law Partners House, Rue Pasteur, Port Vila, Vanuatu	100
Venezuela⁷		
Amec Foster Wheeler Venezuela, C.A.	Avenida Francisco de Miranda, Torre Cavendes, Piso 9, Ofic 903, Caracas, Venezuela	100

*Companies consolidated for accounting purposes as subsidiaries on the basis of control. There is no material impact on the financial statements of the judgements applied in assessing the basis of control for these entities.

In addition to the subsidiaries listed above, the Group has a number of overseas branches.

Details of the direct subsidiaries of John Wood Group PLC are provided in note 1 to the parent company financial statements.

John Wood Group PLC

Notes to the financial statements

For the year ended 31 December 2019

Joint Ventures		
Company Name	Registered Address	Ownership Interest %
Australia		
Clough AMEC Pty Ltd ¹	Level 2, 18-32 Parliament Place, West Perth, WA, WA 6005, Australia	50
Azerbaijan		
Socar-Foster Wheeler Engineering LLC	88A Zardaby Avenue, Baku, Azerbaijan	35
Brazil		
COPEL-AMEC S/C Ltda ¹	Rua Carneiro Lobo, No. 468, conjuntos 1301 a 1303, Centro Empresarial Champs Elysees, Curitiba, State of Parana, Brazil	48
Canada		
ABV Consultants Ltd ¹	Suite 2300, Bentall 5, 550 Burrard Street, Vancouver, BC, V6C 2B5, Canada	50
AMEC Black & McDonald Limited ¹	11 Frazee Avenue, Dartmouth, NS, B3B 1Z4, Canada	50
ODL Canada Limited	689 Water Street, Newfoundland, St. John's, NL, A1E 1B5, Canada	50
SSBV Consultants Inc.	1200 Waterfront Centre, 200 Burrard Street, Vancouver, BC, V6C 3L6, Canada	33
Teshmont Consultants Inc.	1190 Waverley Street, Winnipeg, MB, R3T 0P4, Canada	50
TransCanada Turbines Limited	TransCanada PipeLines Tower, 111 Fifth Avenue S.W., P.O. Box 1000, Station M, Calgary, AB, T2P 4KE, Canada	50
Vista Mustang JV	Suite B12, 6020 2nd Street S.E., Calgary, AB, T2H 2L8, Canada	50
Chile		
CEJV Ingeniería y Construcción Limitada	Av. Isidora Goyenechea 2800, Floor 32, Las Condes, Santiago, 7550647, Chile	50
Consorcio AMEC CADE / PSI Consultores Limitada	Av. Jose Domingo, Canas No 2640, Nunoa, Santiago, 7750164, Chile	50
Consorcio Consultor Cade Zañartu Limitada	Seminario 714, Ñuñoa, Santiago Chile	50
Consorcio Consultor Systra / Cade Idepe / Geoconsult Limitada	Av. Jose Domingo, Canas No 2640, Nunoa, Santiago, 7750164, Chile	40
Consorcio de Ingeniería Geoconsult Cade Idepe Limitada	Av. Jose Domingo, Canas No 2640, Nunoa, Santiago, 7750164, Chile	50
Consorcio de Ingeniería Systra Cade Limitada	Av. Jose Domingo, Canas No 2640, Nunoa, Santiago, 7750164, Chile	50
Consorcio de Ingeniería Transporte Systra Cade Idepe Consultores Limitada	Jose Domingo Cañas 2640, Ñuñoa, Santiago Chile	50
Construcción e Ingeniería Chile FI Limitada	Avenida Andrés Bello 2711, Piso 22 - Comuna Las Condens, Santiago, Chile	50
Construcción e Ingeniería FIM Chile, Limitada	Avenida Santa María 2810, Comuna de Providencia, Santiago, Chile	33
China		
Foster Wheeler (Hebei) Engineering Design Co., Ltd.	CEFOC Information Mansion, Zhongshan West Road No. 356, Shijiazhuang, China	49
SZPE Amec Foster Wheeler Engineering Co., Ltd	No. 143 Jinyi Road, Jinshan District, Shanghai, 200540, China	50
Cyprus		
Wood Group - CCC Limited	Elenion Building, 2nd Floor, 5 Themistocles Street, CY-1066 Nicosia, CY-1310 Nicosia, PO Box 25549, Cyprus	50
France		
Momentum SNC	70 Boulevard de Courcelles, 75017 Paris, France	33
India		
SgurrEnergy India Pvt. Ltd	2 Kausar Baugh, Off NIBM Road, Kondhwa, Maharashtra, Pune, 411048, India	50
Kazakhstan		
PSN Kazstroy JSC	Satpayev str. 46, Atyrau, 060011, Kazakhstan	50
Malaysia		
AMEC Larastia Sdn. Bhd.	No.8.03, 8th Floor, Plaza First Nationwide, 161, Jalan Tun H.S.Lee, 50000 Kuala Lumpur, Malaysia	49
Mexico		
AFWA DUBA Salina Cruz, S. de R.L. de C.V.	Carlos Salazar, #2333, Colonia Obrera, Monterrey, Nuevo Leon, Mexico	50
Grupo Industrial de Ingeniería Ecologica III HLA & Iconsa S.A. de C.V.	Edificio Omega, Campos Eliseos 345, floors 2, 3 & 11, Chapultepec Polanco 11560 Mexico, D.F.	51
Mustang Diavaz, S.A.P.I. de C.V.	Av. Revolucion 468, Col. San Pedro de los Pinos Mexico, D.F., 03800, Mexico	50

John Wood Group PLC

Notes to the financial statements

For the year ended 31 December 2019

Northam Conip Consorcio, S.A. de C.V.	David Alfaro Siqueiros 104 piso 2, Col. Valle Oriente, San Pedro Garza Garcia, Nuevo Leon, CP. 66269, Mexico	50
Netherlands		
Wood Group Azerbaijan B.V.	C/O Centralis Netherlands BV, Zuidplein 126, WTC, Toren H 15e, Amsterdam, 1077XV, Netherlands	51
New Zealand		
Beca AMEC Limited	Ground Floor, Beca House, 21 Pitt Street, Auckland, 1010, New Zealand	50
Oman		
AMEC Al Turki LLC	c/o Al Alawi, Mansoor Jamal & Co., Barristers & Legal Consultants, Muscat International Centre, Mezzanine Floor, Muttrah Business District, P.O. Box 686 Ruwi, Oman	35
Qatar		
AMEC Black Cat LLC	5th Floor Al Aqaria Tower, Building No. 34, Museum Street, Old Salata Area, Street 970, Zone 18, P.O Box No. 24523 Doha, Qatar	49
Saudi Arabia		
AMEC BKW Arabia Limited ¹	Al Rushaid Petroleum Investment Co. Building, Prince Hamoud Street, PO Box 31685 – Al Khobar 31952, Saudi Arabia	50
Spain		
Isolux Monenco Medio Ambiente S.A.	Calle Juan Bravo, 3-C, Madrid, 28006, Spain	49
Trinidad and Tobago		
Massy Wood Group Ltd.	4th Floor, 6A Queens Park West, Victoria Avenue, Port of Spain, Trinidad and Tobago	50
United Arab Emirates		
Foster Wheeler Kentz Energy Services DMCC	PO Box 26593, Unit 3601, Tiffany Tower, Cluster W, Jumeirah Lakes Towers, Dubai, United Arab Emirates	50
Foster Wheeler Kentz Oil & Gas Services DMCC	Unit No: 2H-05-230 Jewellery & Gemplex 2, Plot No: DMCC-PH2-J&GPlexS Jewellery & Gemplex, Dubai, United Arab Emirates	50
United Kingdom		
ACM Health Solutions Limited	Crown House Birch Street, Wolverhampton, WV1 4JX, England	33
EthosEnergy Group Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	51
Fast Reactor Technology Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	51
Lewis Wind Power Holdings Limited	EDF Energy, GSO Business Park, East Kilbride, G74 5PG, Scotland	50
Nuclear Management Partners Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	36
PWR Power Projects Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	50
RWG (Repair & Overhauls) Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	50
Ship Support Services Limited	Drayton Hall, Church Road, West Drayton, UB7 7PS, England, United Kingdom	50
South Kensington Developments Limited	Portland House, Bickenhill Lane, Solihull, Birmingham, B37 7BQ, England, United Kingdom	50
Stornoway Wind Farm Limited	EDF Energy, GSO Business Park, East Kilbride, G74 5PG, Scotland	50
Sulzer Wood Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	49
UK Nuclear Restoration Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	50
United States		
AMEC - SAI Joint Venture, LLC ¹	701 S. Carson Street, Suite 200, Carson City, NV, 89701, United States	50
Flour AMEC II, LLC	100 Fluor Daniel Drive, Greenville, SC, 29607-2770, United States	45

¹Entities are consolidated as joint operations on the basis of control.

Notes to the financial statements

For the year ended 31 December 2019

The Group will be exempting the following companies from an audit in 2019 under Section 479A of the Companies Act 2006. All of these companies are fully consolidated in the Group Financial Statements.

AFW Finance 2 Limited (Registered number 09861575)
AMEC Bravo Limited (Registered number 6206015)
Amec Foster Wheeler (Holdings) Limited (Registered number 00163609)
Amec Foster Wheeler Finance Asia Limited (Registered number 6205760)
Amec Foster Wheeler Finance Limited (Registered number 1332332)
Amec Foster Wheeler International Holdings Limited (Registered number 10517856)
Amec Foster Wheeler International Limited (Registered number 3203966)
Amec Foster Wheeler Property and Overseas Investments Limited (Registered number 01580678)
AMEC Investments Europe Limited (Registered number 3704533)
Amec Kazakhstan Holdings Limited (Registered number 4530056)
AMEC Nominees Limited (Registered number 374498)
AMEC Nuclear Overseas Limited (Registered number 04037762)
AMEC Project Investments Limited (Registered number 2619408)
Amec Services Limited (Registered number 2804093)
Amec USA Holdings Limited (Registered number 4041261)
Amec Wind Developments Limited (Registered number 8781332)
Automated Technology Group Holdings Limited (Registered number 07871655)
East Mediterranean Energy Services Limited (Registered number SC505318)
Foster Wheeler (G.B.) Limited (Registered number 745470)
Foster Wheeler (London) Limited (Registered number 887857)
Foster Wheeler E&C Limited (Registered number 2247293)
Foster Wheeler Europe (Registered number 04127813)
Foster Wheeler World Services Limited (Registered number 1439353)
FW Chile Holdings 2 Limited (Registered number 9861563)
FW Investments Limited (Registered number 6933416)
HFA Limited (Registered number SC129298)
JWG Investments Limited (Registered number SC484872)
JWGUSA Holdings Limited (Registered number SC178512)
Kelwat Investments Limited (Registered number SC203212)
Process Plants Suppliers Limited (Registered number 957881)
Production Services Network (UK) Limited (Registered number SC293004)
Production Services Network Bangladesh Limited (Registered number 02214332)
PSN (Angola) Limited (Registered number SC311500)
PSN (Philippines) Limited (Registered number SC345547)
PSN Asia Limited (Registered number SC317111)
PSN Overseas Limited (Registered number SC319469)
Sandiway Solutions (No 3) Limited (Registered number 5318249)
SD FortyFive Limited (Registered number 2342469)
SgurrEnergy Limited (Registered number SC245814)
Sigma Financial Facilities Limited (Registered number 3863449)
WGD028 Limited (Registered number SC136216)
WGPSN (Holdings) Limited (Registered number SC288570)
WGPSN Eurasia Limited (Registered number SC470501)
Wood Group Engineering and Operations Support Limited (Registered number SC159149)
Wood Group Engineering (North Sea) Limited (Registered number SC030715)
Wood Group Investments Limited (Registered number SC301983)
Wood Group Kenny Corporate Limited (Registered number SC147353)
Wood Group Kenny Limited (Registered number 1398385)
Wood Group Kenny UK Limited (Registered number 2331383)
Wood Group Limited (Registered number SC278251)
Wood Group Management Services Limited (Registered number SC178510)
Wood Group Power Investments Limited (Registered number SC454342)
Wood Group Production Services UK Limited (Registered number SC278252)
Wood Group/OTS Limited (Registered number 1579234)
Wood Nuclear Holdings Limited (Registered number 03725076)

Shareholder information

Payment of dividends

The Company declares its dividends in US dollars. As a result of the shareholders being mainly UK based, dividends will be paid in sterling, but if you would like to receive your dividend in US dollars please contact the Registrars at the address below. All shareholders will receive dividends in sterling unless requested. If you are a UK based shareholder, the Company encourages you to have your dividends paid through the BACS (Banker's Automated Clearing Services) system. The benefit of the BACS payment method is that the Registrars post the tax vouchers directly to the shareholders, whilst the dividend is credited on the payment date to the shareholder's Bank or Building Society account. UK shareholders who have not yet arranged for their dividends to be paid direct to their Bank or Building Society account and wish to benefit from this service should contact the Registrars at the address below. Sterling dividends will be translated at the closing mid-point spot rate on 17 April 2020 as published in the Financial Times on 18 April 2020.

Officers and advisers

Secretary and Registered Office

M McIntyre
John Wood Group PLC
15 Justice Mill Lane
Aberdeen
AB11 6EQ

Registrars

Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex
BN99 6DA

Stockbrokers

JPMorgan Cazenove Limited
Morgan Stanley

Independent Auditors

KPMG LLP
Chartered Accountants and Statutory Auditors
37 Albyn Place
Aberdeen

Company Solicitors

Slaughter and May

Financial calendar

Results announced	10 March 2020
Ex-dividend date	16 April 2020
Dividend record date	17 April 2020
Annual General Meeting	7 May 2020
Dividend payment date	15 May 2020

The Group's Investor Relations website can be accessed at www.woodplc.com