

# Design the future.

## HY24 trading update

11 July 2024

### Improved profitability and reconfirmed full year outlook

John Wood Group PLC ('Wood' or 'the Group') announces a trading update for the half year ended 30 June 2024 ('HY24').

#### HY24 highlights

- **Adjusted EBITDA of c.\$210 million was up around 4%** with margin expansion more than offsetting expected lower revenue
- **Adjusted EBITDA margin of c.7.4% compared to 6.8% last year** helped by improved pricing, lower pass-through activity and a very strong performance in Operations
- **Revenue of c.\$2.8 billion was down around 6%** with good growth in Operations offset by expected lower revenue in Projects given our strategic shift away from EPC work, lower pass-through activity and ongoing weakness in our minerals business
- **Order book of c.\$6.1 billion was up 2%** compared to June 2023, with sustainable solutions over 40% of our pipeline
- **Simplification programme moving at pace** with around \$25 million of annualised savings already secured of the total annualised savings target of around \$60 million from 2025

#### Ken Gilmartin, CEO, said:

*"Our growth strategy continues to deliver, with further growth in EBITDA and order book. Crucially, we are now seeing the improving quality of our business coming through with margin expansion as we focus on engineering services and consulting and move away from EPC work.*

*"As we look ahead, we remain focused on delivering our potential, including generating significant free cash flow next year. We are winning exciting and complex work across our businesses whilst progressing both our Simplification and disposal programmes. We are pleased to reconfirm our outlooks for both this year and 2025".*

#### Reconfirmed full year outlook

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

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

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

### **2025 outlook reiterated**

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

### **Half year results**

We will publish our half year results in full on 20 August 2024.

### **Note**

As announced on 3 July 2024, Dar Al-Handasah Consultants Shair and Partners Holdings Ltd ("Sidara") is required either to announce a firm intention to make an offer for Wood or to announce that it does not intend to make an offer by no later than 31 July 2024. Further announcements will be made as appropriate.

### **For further information:**

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## **Appendix Profit Forecasts**

### **1. Wood Profit Forecasts**

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

#### ***"Simplification programme to drive efficiency***

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

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

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

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#### ***"Upgraded medium-term outlook***

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

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

### **2. Basis of preparation**

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

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

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

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

### 3. Principal assumptions

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

*Factors outside the influence or control of the Wood Directors:*

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

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

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

*Factors within the influence or control of the Wood Directors:*

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

#### **4. Directors' confirmation**

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