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Q3 trading update

7 November 2024

This announcement contains inside information

Full year guidance confirmed

John Wood Group PLC ('Wood' or 'the Group') announces a trading update for the quarter ended 30 September 2024 ('Q3').

Ken Gilmartin, CEO, said:

"We continue to make progress on our turnaround, building a simpler, higher quality Wood. Our Simplification programme is on-track to deliver annualised savings of c.\$60 million, and we completed the sale of CEC Controls and agreed the sale of EthosEnergy in the period. The increasing quality of our business is evidenced by higher pricing, expanded margins and a higher share of our pipeline from sustainable solutions.

"It was, however, a mixed quarter for group performance. We saw strong year-on-year growth in Operations and margin expansion in Consulting. Our Projects business delivered a disappointing quarter, impacted by delayed awards in our chemicals business and our continued weakness in minerals and life sciences. As such, we continue to take actions to redress this underperformance.

"We have reiterated our full year guidance of high single digit growth in EBITDA and net debt to be broadly flat compared to last year, assuming the sale of EthosEnergy completes by year end."

Group performance

Group Q3 revenue was \$1,486 million, representing growth of 1% compared to \$1,477 million in Q3 2023, with strong growth in Operations offsetting lower revenue in Consulting and Projects.

Group revenue for the first nine months of the year (YTD) was \$4,330 million, around 3% lower than the same period last year, mainly reflecting lower revenue in our Projects business following our shift away from large-scale EPC work and lower pass-through activity.

Group adjusted EBITDA for Q3 was lower than last year, with growth in Consulting and Operations more than offset by a decline in our Projects business.

Group adjusted EBITDA YTD was up 4% with very strong growth in Operations and modest growth in Consulting partly offset by the weakness in Projects. The group's adjusted EBITDA margin was up YTD, with higher margins across both Consulting and Operations.

HY24 results and independent review

Following the exceptional contract write-offs relating to the exit from lump sum turnkey and large-scale EPC reported at the half year 2024 results¹, and in conjunction with the auditor's ongoing work, the Board, in response to dialogue with its auditor, has agreed to commission an independent review to be performed by Deloitte.

This review will focus on reported positions on contracts in Projects, accounting, governance and controls, including whether any prior year restatement may be required. An update will be provided as appropriate following its conclusion.

The results presented in this trading update, and our full year outlook, are before any potential impacts from the independent review.

Performance across businesses

Consulting continues to expand its margins. Q3 revenue was down 9%² to \$163 million with YTD revenue down 3%² to \$505 million, with lower activity levels in our technical consultancy business partly due to client hesitancy around political and regulatory outcomes.

Consulting YTD EBITDA was slightly higher than last year, with a higher margin driven by enhanced business mix and improved pricing.

Projects performance was impacted by weaker end markets. Q3 revenue was down 2% to \$584 million, with YTD revenue down 9% to \$1,669 million, reflecting in part the move away from large-scale EPC work and lower pass-through activity, as well as ongoing weakness in our minerals, life sciences and chemicals businesses.

Projects YTD EBITDA was lower than last year, following a significant reduction in Q3. This reflects ongoing weakness across minerals and life sciences, plus delays in awards across our chemicals business. This topline weakness, combined with elevated overheads, was the main driver of the lower adjusted EBITDA in the quarter. We continue to take actions to redress this underperformance in Projects.

Operations continues to see strong momentum. Q3 revenue was up 9% to \$652 million, with YTD revenue up 8% to \$1,954 million. The revenue growth reflects higher activity levels, particularly in Europe and the Middle East. We are also seeing diversified market growth with the first major LNG win of scale won by the Operations team in Australia.

Operations YTD EBITDA was higher than last year, helped by good operational performance.

Investment Services Q3 revenue was down 12% to \$86 million, with YTD revenue down 31% to \$202 million. This mainly reflects the run-down of our facilities business as planned.

Order book

Our **order book** at 30 September 2024 was around \$5.4 billion, down 8%² compared to September 2023 and lower than the \$6.1 billion position at June 2024³. This reflects the phasing of large awards in our Operations business and ongoing weakness in Projects across minerals and life sciences, as well as delays in awards across chemicals.

We expect the fourth quarter order book to reflect large work being awarded in Operations and Projects.

Business wins in the period

We continue to develop our pipeline, particularly across sustainable solutions which now represent 46% of our pipeline, up from 39% at the half year.

Significant contract wins in the period included:

- Six-year contract with Shell for the world's largest floating offshore LNG facility in Australia
- Three-year contract to operate the Freepoint Eco-Systems advanced recycling facility
- \$40 million engineering design for a sustainable packaging production plant in Singapore

- Seven-year master service agreement worth c.\$200 million with BC Hydro, a Canadian electric utility corporation, to modernise and expand the electric grid in British Columbia
- Appointed lead specialist consultant for the Greater Sunrise Development

In October, we secured a significant engineering contract with Aramco to provide a range of services including pre-FEED, FEED and EPC contracting support for gas facilities in Saudi Arabia.

Disposals

In August 2024, we announced two disposals that together are expected to generate net cash proceeds of around \$125 million in 2024, plus loan notes due to Wood of c.\$40 million.

The sale of CEC Controls, an industrial and process control systems business, completed in the quarter for net cash proceeds of \$30 million.

The sale of EthosEnergy, a joint venture focused on rotating equipment, was agreed in August 2024 and is expected to generate net cash proceeds of around \$95 million, plus loan notes of c.\$40 million that mature in around five years.

Regulatory approvals for the sale of EthosEnergy are ongoing. While we aim to complete by the end of this calendar year, there is a potential for regulatory delay and for the sale not to complete this financial year.

FY24 outlook confirmed

Our full year outlook remains unchanged:

- **High single digit growth in adjusted EBITDA, before the impact of disposals**, helped by an expected strong performance in the fourth quarter
- **Net debt (excluding leases) at 31 December 2024 expected to be at a similar level to 31 December 2023 (\$694 million)** after disposal proceeds. This is subject to the sale of EthosEnergy completing by the end of the year

FY25 free cash flow

While mindful of the weakness in our Projects business, we remain confident in the continued improvement in the cash trajectory of the Group, with improving operating cash flow and reducing exceptional drags. Our intention is to provide free cash flow guidance for FY25 at our full year results.

Conference call

A conference call will be held today at 8:00am (UK time) with Ken Gilmartin (CEO) and Arvind Balan (CFO). The webcast will be live at <https://edge.media-server.com/mmc/p/p6ob7524>.

To join the conference call, and ask any questions, please register via:

<https://register.event.com/register/B1c6c584d6469f4ef880d8a3193f2599e4>.

The webcast and transcript will be available after the event at www.woodplc.com/investors.

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The person responsible for arranging the release of this announcement on behalf of Wood is Michael Rasmussen, Group General Counsel and Company Secretary.

Notes

1. *The results for the six months to 30 June 2024 were unaudited and have not been reviewed by auditors. The comparative results for the six months to 30 June 2023 were unaudited and have been reviewed by auditors.*
2. *Excluding CEC Controls, the sale of which completed on 30 August 2024. This business generated \$9 million of revenue and \$1 million of adjusted EBITDA in Q3 2024 compared to \$16 million of revenue and \$2 million of adjusted EBITDA in Q3 2023.*
3. *The Group order book at 30 June 2024 was \$6,112 million. This is restated from the previously reported \$6,209 million following a downward revision in Projects of \$97 million.*