24 August 2021

John Wood Group PLC ('Company')
LEI: 549300PLYY6I10B6S323

Half year results for the six months ended 30 June 2021

First half earnings in line with guidance, reflecting improving momentum in Q2. Strong margin improvement as delivery of efficiencies and improved project execution more than offset lower activity.

Good growth in order book, up c18% year-to-date, underpinning confidence of a return to growth and the delivery of a stronger H2.

Wood, the global consulting and engineering company, announces its results for the six months ended 30 June 2021:

Six months ended 30 June	**Interim 2021 $m**	Interim 2020 $m	Movement %
Revenue	**3,150**	4,085	*(22.9)%*
Adjusted EBITDA[1]	**262**	305	*(14.1)%*
Adjusted EBITDA Margin	***8.3%***	*7.5%*	*0.8%*
Operating profit before exceptional items	**86**	101	*(14.9)%*
Operating profit	**68**	66	*3.0%*
Loss for the period	**(11)**	(11)	*0.0%*
Basic EPS	**(1.7)c**	(2.2)c	*22.7%*
Adjusted diluted EPS[2]	**8.9c**	10.4c	*(14.4)%*
Interim dividend	**nil**	nil	*n/a*
Net debt excluding leases [3]	**1,275**	1,216	*4.9%*
Order book[4]	**7,687**	7,045	*9.1%*

"The first half of 2021 reflects improving momentum in activity in Q2 and a strong margin improvement, with increased margins in all business units and a greater weighting of high margin Consulting activity. Trading momentum and good growth in our order book, which is up c18% year-to-date, underpin our confidence in delivering a stronger second half which will reflect a return to growth compared to both H1 2021 and H2 2020, and further growth in our full year adjusted EBITDA margin."

- Robin Watson, Chief Executive

5. *Revenue on a like for like basis is calculated as revenue less revenue from disposals executed in the first half of 2021 and adjusted EBITDA on a like for like basis is calculated as adjusted EBITDA less the adjusted EBITDA from those disposals. These amounts are presented as a measure of underlying business performance excluding businesses disposed. In H1 2021 executed disposals consisted of our joint venture interest in Sulzer Wood. Comparative figures also exclude revenue and adjusted EBITDA from the disposals of our nuclear and industrial services businesses, YKK and our joint venture interest in TransCanada Turbines completed in 2020. These disposals accounted for $nil revenue in H1 2021 (H1 2020: $74m) and adjusted EBITDA of $nil (H1 2020: $9m).*

6. *Company compiled, publicly available consensus comprises 11 analysts who have published estimates since our Full Year Results for the year ended 31 December 2020 issued on 16 March 2021. Consensus includes: JP Morgan Cazenove, Barclays, RBC, Bank of America Merrill Lynch, Morgan Stanley, Berenberg, UBS, Citigroup, HSBC, Kepler Cheuvreux and Jefferies.*

   Consensus 2021 revenue is $6.9bn (range: $6.7bn to $7.2bn), consensus adjusted EBITDA is $599m (range: $576m-$615m), consensus operating profit (pre-exceptional items) is $229m (Range: $187m-$267m) and consensus AEPS is 24.1c (Range: 16.8c-30.5c).

   (www.woodplc.com/investors/analyst-consensus-and-coverage)

Wood is a global leader in consulting and engineering across energy and the built environment, helping to unlock solutions to some of the world's most critical challenges. We provide consulting, projects and operations solutions in more than 60 countries, employing around 40,000 people.
www.woodplc.com

Wood

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Chris Barrie

There will be an analyst and investor presentation webcast today at 9:00am, immediately followed by a live Q&A conference call. Replay facilities will be available later in the day. The webcast can be accessed using thy ᵀ ε ĩ ± s

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Operating profit	**68**	66	*3.0%*
Loss for the period	**(11)**	(11)	*0.0%*
Basic EPS	**(1.7)c**		

reduce risk and deliver value. We are also investing in our Digital Control Tower to standardise and automate the reporting of critical information, building a leading full

Full year outlook: Improving activity levels and strong order book growth underpin our confidence in growth in H2 2021

Strong order book growth reflecting improving market conditions

Order book at the end of June of $7.7bn is up c18% compared to December 2020 (up 9.1% on June 2020), with positive momentum across Consulting, Projects and Operations. We have seen continued momentum in Consulting across energy and built environment markets. Good growth in Operations order book reflects recent awards of multi-year contract renewals. In Projects, we are seeing encouraging signs of markets recovering with increased bidding and opportunities and a c12% month on month increase in order book in June compared to May 2021. These factors are driving a recovery in Projects order book which is now down only c3% year to date, with recent awards reflecting a bias towards EPC scopes which are in line with our measured risk appetite but generally provide scope for advance payments.

Returning to growth in H2 and progressing towards our margin improvement target of 9.6%

Our outlook for the full year is unchanged, and we continue to expect lower activity overall. Increased activity in Consulting will be driven by continued strength in built environment activity. Lower activity in Projects will be driven by larger contracts in process & chemicals completing an

Consulting *(c30% of H1 Revenue)*

Looking further ahead, we are well positioned for growth with recent awards demonstrating our strategic positioning for growth opportunities from the energy transition and drive for sustainable infrastructure including:

- Owner's engineer scope for Europe's largest single-site onshore windfarm
- Pre-Front End Engineering Design (Pre-FEED) work to support ADNOC's plans to advance a world-scale blue ammonia facility for low-carbon fuel production
- A scope to develop a road-map for a net-zero transit network in Canada

We expect opportunities from the US Infrastructure Bill and other fiscal stimulus packages to have a positive impact on our order book during 2022 and beyond.

Projects *(c40% of H1 Revenue)*

(End markets: Renewables & other energy c40%, process & chemicals c35%, conventional energy c20%, built environment c5%)

	Interim 2021 $m	Interim 2020 $m	*Movement %*
Revenue	**1,168**	1,954	*(40.2)%*
Adjusted EBITDA	**88**	103	*(14.6)%*

Ad

- Pre-FEED analysis on a CO_2 pipeline network for a carbon capture, transportation and sequestration project connecting a number of locations across North America
- An EPC services contract with Sinopec to expand its refinery development in China
-

Operations *(c30% of H1 Revenue)*

(End markets: Renewables & other energy c15%, process & chemicals c10%, conventional energy c75%)

	Interim 2021 $m	Interim 2020 $m	*Movement %*
Revenue	**999**	1,093	*(8.6)%*
Revenue (on a like for like basis)[5]	**999**	1,080	*(7.5)%*
Adjusted EBITDA	**107**	111	*(3.6)%*

Ad

- A five-year integrated facilities services agreement with TAQA in the North Sea to optimise operations and extend production life
- EPC solutions for a hydrothermal recycling facility
- A framework agreement with NEL Hydrogen for engineering and project management services to support the delivery of large-scale green hydrogen production plants
- A two-year contract extension with Brunei Shell Petroleum in Br

Amortisation and depreciation

Total amortisation for the first half of 2021 of $95.6m (June 2020: $115.2m) includes $49.1m of amortisation of intangibles recognised on the acquisition of Amec Foster Wheeler ("AFW") (June 2020: $52.8m) and $1.7m (June 2020: $9.3m) of amortisation relating to intangible assets arising from prior year acquisitions. Amortisation in respect of software and development costs was $44.8m (June 2020: $53.1m) largely relating to engineering software and ERP system development. Included in the amortisation charge for the year above is $0.9m (June 2020: $1.1m)

November 2021 and July 2022 respectively with the remainder weighted to later dates beyond 2022. Interest is payable at an average rate of 4.0% on these loan notes.

In total the Group has undrawn facilities of $1,589.6m at 30 June.

The Group recognised interest costs in relation to lease liabilities of $10.6m (June 2020: $12.6m) which relates to the unwinding of discount on the IFRS 16 lease liability.

Exceptional items

	Interim June 2021 $m	Interim June 2020 $m	Full year 2020 $m
Gain on divestment of business	**(14.6)**	(55.8)	(59.1)
Impairment losses on non-core business	**-**	19.0	20.1
Redundancy, restructuring and integration costs	**41.0**	40.5	100.8
Investigation support costs and provisions	**-**	5.9	161.6
Asbestos yield curve and costs	**(8.4)**	25.6	19.8
Guaranteed Minimum Pension equalisation	**-**	-	4.1
Continuing exceptional items, net of interest and tax	**18.0**	35.2	247.3
Unwinding of discount on [illegible]	[illegible]	[illegible]	[illegible]

[illegible]

to the unwinding of discount on the asbestos provision are show

Cash flow and net debt

The cash flow for the year is set out below:

	Excluding leases June 2021 $m	Leases $m	Interim June 2021 $m	Interim June 2020 $m	Full year December 2020 $m
Adjusted EBITDA	**194.2**	**67.4**	**261.6**	**304.9**	**630.4**
Less JV EBITDA and add back JV dividends	(12.2)	(3.3)	(15.5)	(25.8)	(38.2)
Decrease in provisions	(59.3)	-	(59.3)	(74.7)	(45.4)
Other	7.7	-	7.7	2.5	6.7
Cash flow generated from operations pre working capital	**130.4**	**64.1**	**194.5**	**206.9**	**553.5**
(Increase)/decrease in receivables	(66.6)	-	(66.6)	178.0	504.2
Decrease in payables	(107.8)	-	(107.8)	(95.8)	(342.3)
Decrease in amounts due to customers and advance payments	(61.1)	-	(61.1)	(134.0)	(276.8)
(Increase)/decrease in inventories	(1.6)	-	(1.6)	(9.0)	0.9
Working capital movements	**(237.1)**	**-**	**(237.1)**	**(60.8)**	**(114.0)**
Cash exceptionals	(46.5)	10.4	(36.1)	(61.6)	(93.3)
Cash (used in)/generated from operations	**(153.2)**	**74.5**	**(78.7)**	**84.5**	**346.2**
Divestments/acquisitions	19.2	-	19.2	372.0	455.2
Capex and intangibles	(40.6)	-	(40.6)	(57.0)	(81.6)
Free cash flow	**(174.6)**	**74.5**	**(100.1)**	**399.5**	**719.8**
Tax, interest, dividends and other	(86.4)	7.8	(78.6)	(101.0)	(121.7)
Non-cash movement in leases	-	(40.4)	(40.4)	(23.2)	(146.5)
(Increase)/decrease in net debt	**(261.0)**	**41.9**	**(219.1)**	**275.3**	**451.6**
Opening net debt	**(1,014.3)**	**(541.4)**	**(1,555.7)**	**(2,007.3)**	**(2,007.3)**
Closing net debt	**(1,275.3)**	**(499.5)**	**(1,774.8)**	**(1,732.0)**	**(1,555.7)**

Closing net debt at 30 June 2021 including leases was $1,774.8m (December 2020: $1,555.7m). The increased net debt is largely as a result of the adverse movements in working capital during the period.

Included within the closing net debt is the IFRS 16 lease liability which is the present value of the lease payments that are not paid at the commencement date and subsequently increased by the interest cost and reduced by the lease payment made. The lease liability, as at 30 June 2021 was $499.5m (December 2020: $541.4m).

All covenants on the debt facilities are measured on a frozen GAAP basis and therefore exclude the impact of IFRS 16. Net debt excluding leases at 30 June 2021 was $1,275.3m (December 2020: $1,014.3m). Net debt excluding leases to rolling 12-month adjusted EBITDA (excluding impact of IFRS 16) at 30 June was 2.9 times (December 2020: 2.1 times) against our covenant of 3.5 times.

Cash generated from operations pre working capital of $194.5m has reduced from $206.9m and is due to a reduction in EBITDA, partially offset by lower non-cash charges through the P&L, principally included within provisions.

The working capital outflow increased by $176.3m to $237.1m. During the first half there was an increase in receivables which led to a cash outflow of $66.6m in the period and is caused by the late receipt of certain receivable balances. In addition, there were outflows in relation to lower payables of $107.8m due to lower levels of activity in the first half of 2021 compared with the second half of 2020, particularly within the Projects business. Gross amounts due to customers, including advance payments have unwound as

Summary Balance Sheet

	Interim June 2021 $m	Interim June 2020 $m	Full year 2020 $m
Goodwill and intangible assets	**6,193.9**	6,117.5	6,216.2
Right of use assets	**389.2**	383.0	408.9
Other non-current assets	**919.2**	860.7	831.1
Trade and other receivables	**1,771.7**	2,067.4	1,698.6
Net held for sale assets and liabilities	-	63.4	-
Trade and other payables	**(2,038.7)**	(2,297.9)	(2,019.7)
Net debt excluding leases	**(1,275.3)**	(1,215.9)	(1,014.3)
Lease liabilities	**(499.5)**	(516.1)	(541.4)
Provisions	**(702.3)**	(761.9)	(942.6)
Other net liabilities	**(492.7)**	(468.2)	(464.0)
Net assets	**4,265.5**	4,232.0	4,172.8
Net current liabilities	**(782.5)**	(226.4)	(457.3)

At 30 June 2021, the Group had net current liabilities of $782.5m (December 2020: $457.3m) which has increased due to the increase in short term borrowings which is mainly as a result of the reclassification of the $300m bilateral facilities from long term borrowings, following repayment in July 2021.

Goodwill and intangible assets include $4,310.2m (December 2020: $4,372.7m) of goodwill and intangibles relating to the acquisition of Amec Foster Wheeler. The balance has decreased during the year primarily because of amortisation of intangible assets.

Right of use assets and lease liabilities amount to $389.2m (December 2020: $408.9m) and $499.5m (December 2020: $541.4m) respectively.

The increase in trade receivables is primarily due to the late receipt of certain receivable balances. There have been no instances of material default by our customers as a result of the current market conditions.

Net held for sale assets and liabilities as at June 2020 mainly related to the disposal of TransCanada Turbines which was completed in the second half of 2020.

Trade and other payables have increased by a net $19.0m since December 2020 and this is mainly due to the reclassification of the current portion of the investigations provision amounting to $105.5m offset by reductions in advance payments, trade payables and accruals. Gross amounts due to customers and deferred income have reduced by $56.5m which is driven by contracts completing in the Projects business and as a result of generally lower activity in the first half of 2021 compared with 2020. There have been reductions in trade payables and other accruals totalling $30.0m.

The provisions balance reduced by $240.3m to $702.3m since December 2020. The reduction in provisions was primarily due to reclassifications totalling $192.9m and utilisations of $45.4m. Releases of $37.6m to the income statement were mostly offset by charges to the income statement of $34.7m and foreign exchange movements of $0.9m.

The reclassifications primarily r

Pensions

The Group operates a number of defined benefit pension schemes in the UK and US, alongside a number of defined contribution plans. At 30 June 2021, the schemes had a net surplus of $189.4m (December 2020:

3. *Interest cover is adjusted EBITDA excluding IFRS 16, divided by the net finance expense, which excludes net finance expense from joint ventures of $1.8m (June 2020: $1.7m) and the impact of IFRS 16 of $10.6m (June 2020: $12.6m).*

John Wood Group PLC

Interim Financial Statements 2021

Group income statement

Group statement of comprehensive income

for the six month period to 30 June 2021

	Unaudited Interim June 2021 $m	Unaudited Interim June 2020 $m	Audited Full Year December 2020 $m
Loss for the period	**(11.4)**	(10.5)	(228.1)
Other comprehensive income/(expense)			
Items that will not be reclassified to profit or loss			
Re-measurement gains/(losses) on retirement benefit obligations	**100.5**	(73.7)	(178.7)
Movement in deferred tax relating to tax rate change on retirement benefit obligations	**7.6**	-	-
Movement in deferred tax relating to retirement benefit obligations	**(18.4)**	9.9	36.8
Total items that will not be reclassified to profit or loss	**89.7**	(63.8)	(141.9)
Items that may be reclassified subsequently to profit or loss			
Cash flow hedges	**3.0**	(7.1)	(8.0)
Tax on derivative financial instruments	**(0.5)**	1.4	1.6
Exchange movements on retranslation of foreign operations	**6.4**	(136.5)	92.9
Total items that may be reclassified subsequently to profit or loss	**8.9**	(142.2)	86.5
Other comprehensive income/(expense) for the period, net of tax	**98.6**	(206.0)	(55.4)
Total comprehensive income/(expense) for the period	**87.2**	(216.5)	(283.5)
Total comprehensive income/(expense) for the period is attributable to:			
Owners of the parent	**86.8**	(220.9)	(284.9)
Non-controlling interests	**0.4**	4.4	1.4
	87.2	(216.5)	(283.5)

Exchange movements on the retranslation of foreign currency net assets would only be subsequently reclassified through profit or loss in the event of the disposal of a business.

The notes on pages 34 to 49 are an integral part of the interim financial statements.

Group balance sheet

as at 30 June 2021

	Note	**Unaudited Interim June 2021 $m**	Unaudited Interim June 2020 $m	Audited Full Year December 2020 $m
Assets				
Non-current assets				
Goodwill and other intangible assets	**11**	**6,193.9**	6,117.5	6,216.2
Property plant and equipment		**115.5**	136.5	126.4
Right of use assets		**389.2**	383.0	408.9
Investment in joint ventures		**168.8**	171.5	168.7
Other investments		**81.6**	75.2	79.8
Long term receivables		**198.4**	83.7	187.0

Group statement of changes in equity

Notes to the interim financial statements

for the six month period to 30 June 2021

1. Basis of preparation

This condensed set of financial statements has been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted for use in the UK.

The annual financial statements of the Group for the year ended 31 December 2021 will be prepared in accordance with UK-adopted international accounting standards. As required by the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority, the condensed set of financial statements has been prepared applying the accounting policies and presentation that were applied in the preparation of the company's published consolidated financial statements for the year ended 31 December 2020 which were prepared in accordance with International Financial Reporting Standards (IFRSs) adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union and in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

Going concern

The directors have undertaken a rigorous assessment of going concern and liquidity over a period of at least 12 months from the date of approval of these financial statements (the going concern perio

Judgements and Estimates

In preparing these interim condensed financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty are the same as those applied to the consolidated financial statements for the year ended 31 December 2020.

Functional currency

The Group's earnings stream is primarily US dollars and the principal functional currency is the US dollar, being the most representative currency of the Group. The Group's financial statements are therefore prepared in US dollars.

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

	June 2021	June 2020
Average rate £1 = $	**1.3868**	1.2920
Closing rate £1 = $	**1.3814**	1.2356

Disclosure of impact of new and future accounting standards

There have been no new standards that have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2021. Amendments to existing standards do not have a material impact on the financial statements.

2. Segmental reporting (continued)

Reconciliation of Alternative Performance Measures

	Unaudited Interim June 2021	Unaudited Interim June 2020	Audited Full Year December 2020
	$m	$m	$m
Operating profit/(loss) per income statement	**68.2**	65.6	(32.9)
Exceptional items (note 4)	**18.0**	35.2	247.3
Operating profit before exceptionals	**86.2**	100.8	214.4
Operating profit/(loss) per income statement	**68.2**	65.6	(32.9)
Share of joint venture finance expense and tax	**4.9**	5.8	8.3
Exceptional items (note 4)	**18.0**	35.2	247.3
Amortisation	**95.6**	115.2	227.7
Depreciation	**23.4**	23.7	45.4
IFRS 16 depreciation on right of use asset	**51.5**	59.4	134.6
Adjusted EBITDA	**261.6**	304.9	630.4

Amortisation and depreciation expense includes amounts relating to joint ventures of $0.9m and $6.2m respectively (June 2020: $1.1m and $6.1m respectively).

Analysis of joint venture profits by segment	**Adjusted EBITDA(1)**			**Operating profit**		
	Unaudited Interim June 2021	Unaudited Interim June 2020	Audited Full Year 2020	**Unaudited Interim June 2021**	Unaudited Interim June 2020	Audited Full Year 2020
	$m	$m	$m	**$m**	$m	$m
Projects	**0.7**	0.7	2.8	**0.6**	0.5	2.4
Operations	**23.1**	29.1	65.0	**16.1**	17.5	39.5
Consulting	**0.2**	-	-	**0.2**	-	-
Total	**24.0**	29.8	67.8	**16.9**	18.0	41.9

Notes to the interim financial statements

3. Revenue (continued)

4. Exceptional items (continued)

Since the acquisition of AFW, asbestos related costs have not always been treated as exceptional items, with a judgement made on individual elements based on materiality. From H2 2020, all asbestos costs have been treated as exceptional on the basis that movements in the provision are non-trading and can be large and driven by market conditions which are out with the Group's control. Excluding these charges from the trading results improves the understandability of the underlying trading performance of the Group. The credit of $8.4m in 2021 relates to a $9.6m yield curve credit (2020: $25.6m charge) and $1.2m of costs in relation to managing the claims. The 30-year US Treasury rate, has increased to 2.41% from 1.65% at the end of December 2020 and led to the income statement credit. The costs of managing the claims during the comparative half period of $1.0m in 2020 were shown in EBITDA. $2.8m of interest costs which relate to the unwinding of discount on the asbestos provision are shown as exceptional in line with the change in policy implemented in the second half of 2020. The interest cost of $3.8m in June 2020 was shown in finance expense pre-exceptional items.

An exceptional tax charge of $9.1m (June 2020: $2.1m credit) has been recorded in the period and consists of a $1.8m tax credit on

8. Taxation

The taxation charge, including profits from joint ventures, for the six months ended 30 June 2021 is 24.0% (June 2020: 23.5%) which is the anticipated effective rate on profit before taxation, exceptional items and amortisation for the year ending 31 December 2021. A reconciliation from the effective tax rate of 24.0% (June 2020: 23.5%) to the tax charge of $29.8m (June 2020: $11.4m) is provided in the Finance Review.

The key factors driving the rate which may result in the rate differing at the year-end are: the profits for the US business, both current year and forecast, and the impact of actuarial adjustments to the UK pen

Notes to the interim financial statements

for the six month period to 30 June 2021

9. Retirement benefit obligations (continued)

The principal assumptions used in calculating the Group's defined benefit pension schemes are as follows:

Q.1	June 2021 Wood Pension Plan %	June 2021 FW Inc SEPP %	June 2021 FW Inc PPCE %	June 2020 Wood Pension Plan %	June 2020 FW Inc SEPP %	June 2020 FW Inc PPCE %	December 2020 Wood Pension Plan %	December 2020 FW Inc SEPP %	December 2020 FW Inc PPCE %
Discount rate	**1.9**	**2.4**	**2.4**	1.6	2.3	2.3	1.4	2.1	2.1
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Notes to the interim financial statements
for the six month period to 30 June 2021

11. Goodwill and other intangible assets

	Goodwill	Software and development costs	Customer contracts and relationships	Order backlog	Brands	Total
	$m	$m	$m	$m	$m	$m
Cost						
At 1 January 2021	5,266.4	323.6	822.2	184.9	664.4	7,261.5
Exchange movements	6.6	3.1	0.8	0.1	1.3	11.9
Additions	-	62.9	-	-	-	62.9
Disposals	-	(0.6)	-	-	-	(0.6)
Reclasses	-	0.4	-	-	-	0.4
At 30 June 2021	**5,273.0**	**389.4**	**823.0**	**185.0**	**665.7**	**7,336.1**
Amortisation and impairment						
At 1 January 2021	0.8	245.3	542.5	148.3	108.4	1,045.3
Exchange movements	-	2.1	0.3	0.2	0.2	2.8
Amortisation charge	-	43.9	22.1	12.1	16.6	94.7
Disposals	-	(0.6)	-	-	-	(0. [illegible]

12 Provisions (continued)

Statement of directors’ responsibilities

for the six month period to 30 June 2021

We confirm that to the best of our knowledge:

Independent review report to John Wood Group PLC

Conclusion

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six