Half year results 2019

Robin Watson - Chief Executive
David Kemp - CFO

20^{th} August 2019

Strong trading performance and positive growth outlook

EBITDA up
Operating profit up

Financial Performance

David Kemp, CFO

Strong earnings growth & margin improvement

Revenue	Adjusted EBITDA[1]	Adjusted EBITDA Margin	Operating profit[1]	AEPS[1]
$4.8bn	$384m	8.0%	$168m	18.2c ▼ (1.1)%
▼ 2.6%	$314m ▲ 7.2%	6.6% ▲ 0.6%	$160m ▲ 28.0%	Interim dividend
				11.4c ▲ 1%

Revenue growth in E&IS offset by ASEAAA and STS

Like for like EBITDA adjusted for disposals up 12%

Earnings excl. IFRS 16 in line with guidance:

- Improved project mix
- Margin improvement in ASEAAA and E&IS; improved execution plus $30m cost synergies
- Dividend increase in line with progressive policy

1 As disclosed in March, Wood has moved to simplified profit reporting metrics for 2019 and has adopted IFRS 16. Further details in Appendix 1.

EBITDA growth and margin improvement led by ASEAAA

Asset Solutions Americas		

Like for like EBITDA up 12% with 90bps margin improvement

Asset Solutions Americas				
Asset Solutions EAAA				
Specialist Technical Solutions				
Environment & Infrastructure Solutions				
Investment Services				
Central costs/asbestos/other				
	20	0		

IFRS 16 impact by business unit

Asset Solutions Americas			105	(3.8)%
Asset Solutions EAAA			95	38.9%
Specialist Technical Solutions			68	0.0%
Environment & Infrastructure Solutions			36	27.8%
Investment Services			16	(12.5)%
Central costs/asbestos/other	(47)	(47)	(27)	74.1%
			293	7.2%

Working capital impacted by delayed cash receipts of $130m

	H1 2019* $m	H1 2018 $m	H1 2019 Commentary
Cash generated pre working capital	**198**	**254**	Includes $28m outflow on Aegis as anticipated
Working capital movements	(140)	163	Impacted by $130m delayed cash received early July Material benefit in 2018 from W.C. initiatives
Exceptional items	(30)	(78)	Significant reduction
Cash generated from operations	**28**	**339**	
Divestments	42	(8)	Includes TNT, Voreas, infrastructure assets
Capex & intangible assets	(59)	(57)	
Free cash flow	**11**	**274**	
Tax, interest, dividends and other	(270)	(233)	Includes $159m final dividend
Net (increase) / decrease in net debt	**(259)**	**41**	
Closing net debt (excluding lease liabilities)	**(1,773)**	**(1,555)**	Excludes lease liabilities of $616m in 2019

*Underlying, excluding the impact of IFRS 16

$4.3bn of order book to be
delivered in H2

ASA: Capital projects in downstream & chemicals and midstream

ASEAAA: Operations Solutions in Middle East and Asia Pacific

E&IS: built environment in Americas

Improved sales mix and execution

Project phasing

Typical H2 earnings weighting from seasonality

FY Revenue up c5%

FY EBITDA excluding IFRS 16 up c8%

IFRS 16 FY impact of +$143m

Unchanged outlook : modest debt reduction in FY 2019

In line with market expectations pre IFRS 16

Overall working capital inflow for full year
Outflow on Aegis (c$80m)
Material reduction in exceptionals (c$90-$100m)
Cash conversion vs pre IFRS 16 equity EBITDA ex JVs c80-85%

Retaining discipline (c$100m)

Net proceeds $42m (TNT, Voreas etc)

Capital allocation focused on a strong balance sheet foundation

Earnings growth including synergies

Strong working capital management

Capital discipline

Reducing cash exceptionals

Disposals

1. Debt reduction

(Target leverage pre-IFRS 16 : 1.5x Adjusted EBITDA)

2. Progressive dividend

3. Organic capex

4. Acquisitions

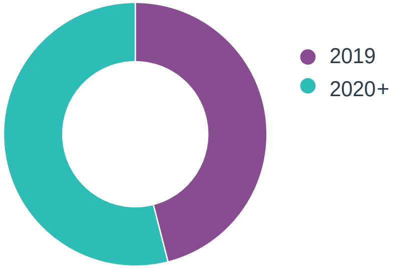
Financial summary & outlook

Earnings growth in line with guidance

Positioning for growth

Robin Watson, Chief Executive

Quality order book provides strong visibility on 2019 revenue



Order book reflective of embedded risk appetite and enhanced tender governance

Predominantly reimbursable; c75%

c87% of 2019 forecast revenue delivered or secured; typical of short cycle model

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Appendix

Amortisation, interest, tax and exceptional items

Amortisation

$119m

▼ 4.8%

AFW related amortisation $62m

Previous bolt-on acquisitions fully amortised

Net finance expense

$78m

▲ 47.2%

$15m impact of IFRS 16

Increase in base rates

Exceptional items (post tax)

$47m

▼ 56.9%

Includes:

- Integration $11m
- Investigation support costs $9m
- Loss on disposal $9m

Footnotes

Wood has simplified its reporting for the periods ending on 30 June 2019 onwards. These changes align Wood's principal reporting metrics with IFRS measures and facilitate comparison across peers. There is no reduction in the level of accounting disclosure at the Wood or business unit level. At the Group level, the results from joint ventures are accounted for in line with IFRS using the equity method and are no longer reported on a proportionally consolidated basis. Wood's primary reporting metrics are Revenue, aligned with the IFRS definition, and Operating Profit (pre-exceptional items).

- 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.
- 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". In contrast to previous reporting, the measure is stated before amortisation arising from acquisitions only and not amortisation relating to other intangibles such as software costs.
- Comparative figures for 2018 are shown on the same basis.

We have chosen to apply the modified retrospective approach to the adoption of IFRS 16 and as such there is no restatement of 2018 comparatives in 2019.

Net debt at 30 June 2019 is stated excluding liabilities related to leases. The adoption of IFRS 16 has resulted in an increase in net debt of $582 m due to the recognition of a lease liability on the balance sheet at 30 June 2019. Net debt : Adjusted EBITDA ratio is calculated on the existing basis prior to the adoption of IFRS 16 in 2019.

Order book disclosure in H1 2019 is aligned with the IFRS definition of revenue and no longer includes Wood's proportional share of joint venture order book. Order book for H1 2018 is presented on a like for like basis and no longer includes Wood's proportional share of joint venture order book and excludes businesses disposed.

Company compiled, publicly available consensus comprises seven analysts who have published estimates since our 2019 results announcement on 19 March 2019 that reflect both changes to our reporting metrics and the impact of IFRS 16. Consensus Adjusted EBITDA, includes and estimated impact of IFRS 16 of c$170m and is $919m (Range: $889m-$948m). Growth in consensus underlying EBITDA, excluding the impact of IFRS 16 is c8%. Consensus Operating Profit (pre exceptional items) is $447m (Range: $413m-$491m) and Consensus AEPS is 53.2c (Range 46.0c-64.5c).