

# Full year results presentation

21 February 2017

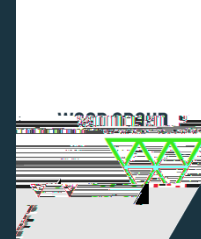


# Emerging from the cycle as a better business

---

- Vision : To be recognised as the best technical services company to work with, work for and invest in, with a relentless focus on excellence
- 2016 presented short term challenges and longer term positioning opportunities
- Objectives
  - Reorganising and simplifying to improve delivery
  - Generate sustainable cost savings
  - Develop our best talent
  - Invest organically in innovation and through acquisition
  - Create value for shareholders





# 2016 Financial results

David Kemp - CFO



# Financial summary

Total Revenue

**\$4.9<sub>bn</sub>**

▼ 16%

Total EBITA

**\$363<sub>m</sub>**

▼ 23%

EBITA Margin

**7.4%**

▼ 0.6%

AEPS

**64.1c**

▼ 24%

Total Dividend

**33.3 cents**

▲ 10%

- Pressure on volumes and prices; impact mitigated by
  - management of utilisation (headcount down 18%)
  - overhead cost savings of \$96m
  - commercial close out on projects of \$29m
- Second successive year of 10% dividend growth, in line with previous intentions



# Trading performance reflects continued flexibility

	2016 \$m	2015 \$m	Change %
<b>Total revenue</b>	<b>4,934</b>	<b>5,852</b>	<b>(16)%</b>
<b>Total EBITA</b>	<b>363</b>	<b>470</b>	<b>(23)%</b>
<i>EBITA margin</i>	<i>7.4%</i>	<i>8.0%</i>	<i>(0.6)%</i>
Amortisation	(104)	(109)	
<b>Total operating profit pre exceptional items</b>	<b>259</b>	<b>361</b>	<b>(28)%</b>
Net finance expense	(26)	(23)	
<b>Profit before tax and exceptional items</b>	<b>233</b>	<b>338</b>	<b>(31)%</b>
Taxation (before exceptional items)	(59)	(89)	
<b>Profit before exceptional items</b>	<b>174</b>	<b>249</b>	<b>(30)%</b>
Exceptional Items (net of tax) – restructuring & redundancy	(51)	-	
Exceptional Items (net of tax) – EthosEnergy impairment & restructuring	(89)	(159)	
<b>Profit for the period</b>	<b>34</b>	<b>90</b>	<b>(62)%</b>
<b>Adjusted diluted EPS (AEPS)</b>	<b>64.1c</b>	<b>84.0c</b>	<b>(24)%</b>
<b>Dividend</b>	<b>33.3c</b>	<b>30.3c</b>	<b>10%</b>





# Asset Life Cycle Solutions – Western Region

	2016 \$m	2017 \$m	Change %
Revenue	2,115	2,104	(0.3)%
EBITA	176	150	(15.8)%
Margin	8.3%	7.1%	(1.6)%
Headcount	10,900	8,500	(21.0)%

**Projects & modifications**  
(c.30%)



# Asset Life Cycle Solutions – Eastern Region

(47% of Revenue and 36% of EBITA)

	2016 \$m	2015 \$m	Change %
Revenue	2,331	3,145	(25.9)%
EBITA	143	217	(34.1)%
Margin	6.1%	6.9%	(0.8)%
Headcount	15,300	19,000	(19.5)%

## Operations & maintenance

(c.60% of revenue)

- Renewed contracts in very challenging North Sea market
- Secured role as operator for CATS and SAGE systems
- Turbine Activity down on 2015, \$89m impairment of Ethos

## Projects & modifications

(c.40% of revenue)

- Decline in UK brownfield modifications
- Significant awards in Baku and Iraq but pace slower than expected
- Growth in activity in Saudi Arabia with Aramco and in the Caspian with NCOG
- Completion of Ivar Aasen follow-on work







# Differentiated balance sheet strength

	2016 \$m	2015 \$m
<b>Cash generated pre working capital (excl. JVs)</b>	<b>326</b>	<b>504</b>
Working capital movements	(81)	59
<b>Cash generated from operations</b>	<b>245</b>	<b>563</b>
<b>Cash conversion (% of equity accounted EBITDA)</b>	<b>68%</b>	<b>119%</b>
Acquisitions and deferred consideration	(36)	(238)
Capex & intangible assets	(87)	(83)
Tax	(55)	(97)
Interest, dividends and other	(95)	(113)
<b>Net (increase)/ decrease in net debt</b>	<b>(28)</b>	<b>33</b>
<b>Closing net debt (excl. JVs)</b>	<b>(322)</b>	<b>(294)</b>
JV Net (debt)/ cash	(9)	4
<b>Closing net debt (incl. JVs)</b>	<b>(331)</b>	<b>(290)</b>
<b>Net debt to EBITDA</b>	<b>0.8x</b>	<b>0.5x</b>



- 
- Results in line with expectations
  - Robust management of utilisation and decisive action on cost
  - Cumulative overhead costs saving of \$244m largely sustainable



# 2016 Final results – Operations

Robin Watson – Chief Executive













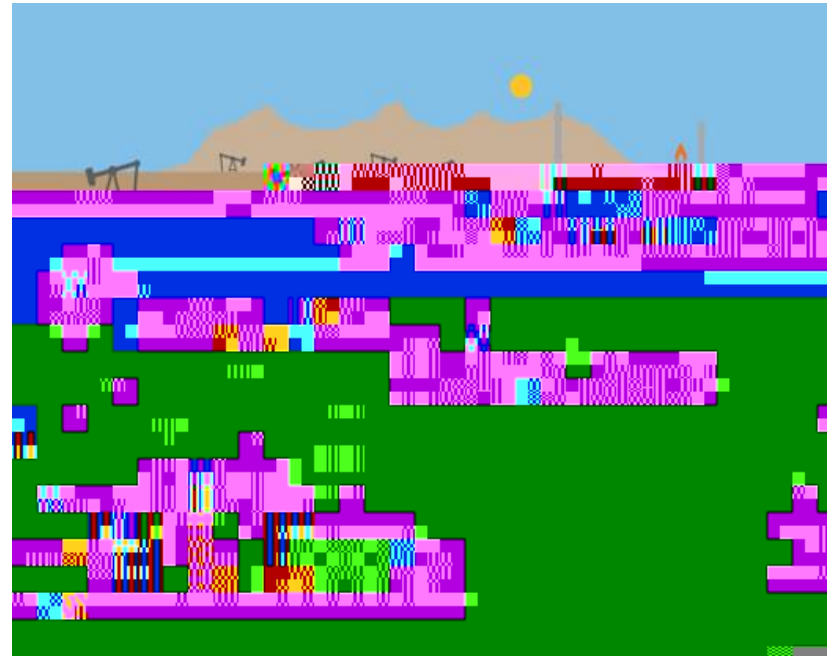
# Automation & Control

---

# US shale – differentiated services & regional capability

---

- Simplifying customers' field activities through, Civils, Construction, Fabrication Pipeline, Operations & Maintenance
- Differentiated capability across Permian, Eagle Ford, Marcellus and Bakken regions
- Fragmented market with room to grow
- Current focus on construction of gathering facilities and pipelines work in Permian
- Rebuilding backlog in a competitive pricing environment
- Increased bidding levels in Permian not yet replicated in other regions



# Summary

---

- **Performing against 2016 objectives**
  - Delivering in line with guidance
  - Repositioned “One Wood Group” with good customer support
  - Cumulative, sustainable overhead cost reduction of \$244m
  - Investing organically
- **Well positioned but cautious on near term outlook**
  - Challenging oil & gas market in 2017
  - Modest recovery limited to certain markets
  - Renewals and awards demonstrate strong customer support
  - Competitive pricing environment



# Appendix

---





# Exceptional items

---

	2016 \$m	2015 \$m
EthosEnergy impairment & restructuring	89	



# “Like for like” revenue and EBITA

	2016 \$m		2015 \$m	
	Revenue	EBITA	Revenue	EBITA
ALCS West	2,115	176	2,525	240
ALCS East	2,331	143	2,916	200
Specialist Technical Solutions	476	78	607	94
Central costs	-	(35)		(44)
<b>“Like for like”</b>	<b>4,922</b>	<b>362</b>	<b>6,048</b>	<b>490</b>







# Tax

---

	2016 \$m	2015 \$m
Profit from continuing operations before tax	233	338
Tax charge	59	88
Effective tax rate on continuing operations	25.3%	26.2%



# Finance expense

	2016 \$m	2015 \$m
Interest on debt, arrangement fees and non-utilisation charges	14	13
Interest on US Private Placement debt	14	14
<b>Total finance expense</b>	<b>28</b>	<b>27</b>
Finance income	(2)	(4)
<b>Net finance expense</b>	<b>26</b>	<b>23</b>



# Net debt and interest cover






	2016 \$m	2015 \$m
Closing net debt (incl JVs)	331	290
Net Debt:EBITDA	0.8x	0.5x
Interest cover	14.1x	20.3x





# Historic Financial Performance 2012 to 2016

---

				
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
=====	=====	=====	=====	=====



---

## Footnotes

1. Total EBITA represents operating profit including JVs on a proportional basis of \$104.2m (2015: \$179.1m) before the deduction of amortisation of \$104.3m (2015: \$109.0m) and



---

This document has been prepared by John Wood Group PLC (the **Company**) solely for use at presentations held in connection with the full year results announcement of 21 February 2017. Neither the information in this document nor any statement made at, or in conjunction with, those presentations have been independently verified, and no representation or warranty, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or opinions contained herein or at the presentations. None of the Company or any of its affiliates, advisors or representatives shall have any liability whatsoever (in negligence or otherwise) for any loss whatsoever arising from any use of this document, or its contents, or otherwise arising in connection with this document or the presentations. However, nothing in this disclaimer shall serve to exclude liability to the extent that such liability results from fraud including fraudulent misrepresentation.

This document does not constitute or form part of any offer or invitation to sell, or any solicitation of any offer to purchase any shares in the Company, nor shall it or any part of it or the fact of its distribution form the basis of, or be relied on in connection with, any contract or commitment or investment decisions relating thereto, nor does it constitute a recommendation regarding the shares of the Company.

Certain statements in this presentation are forward looking. By their nature, forward looking statements involve a number of risks, uncertainties or assumptions that could cause actual results or events to differ materially from those expressed or implied by those forward looking statements.

