John Wood Group PLC (‘Wood’ or ‘the Group’) is today holding a capital markets day to outline its refreshed strategy, including new medium-term targets. A short trading update is also provided.

Ken Gilmartin, CEO, said:

“Today is an important moment for Wood as we set out our refreshed strategy. There is huge potential in Wood – we have over 35,000 highly skilled colleagues, long-term client relationships and leading engineering and consulting capabilities. We are now taking a more focused approach to growth, targeting specific priority markets across energy and materials that best match our competitive strengths. This tighter focus will help ensure we can grow both profitably and sustainably.

“Our turnaround is progressing well, accelerated by the sale of Built Environment Consulting and helped by the work done to focus the Group on lower risk, reimbursable work. We have addressed legacy issues and our strong balance sheet will allow us to deal with the defined schedule of resulting cash outflows.

“Our strategy will deliver returns for our shareholders and today we have set out new financial targets, including to grow EBITDA by mid to high single digit CAGR over the medium term, with momentum building over time as our strategy delivers. Most importantly, based on the highly cash generative nature of our underlying businesses, we expect positive free cash flow (after the impact of legacy cash outflows) from 2024 onwards.”

Trading update for the 2022 financial year
Trading in the first ten months of the year was in line with our expectations and we confirm our full year guidance. We expect revenue to be between $5.2 billion and $5.5 billion, and adjusted EBITDA to be broadly around the middle of our guidance range of $370 million and $400 million. This is after the negative impact from recent exchange rate movements, which has had a c.$200 million revenue and c.$10 million EBITDA impact.

Capital Markets Day
The Capital Markets Day will be held in London from 2:00pm (UK time) today and will include presentations from the Wood CEO, CFO, head of strategy and each of the divisional leaders. The event will be available online at https://cmd.woodplc.com/ with a short registration process required and will subsequently be made available to watch on demand at www.woodplc.com/investors.

The key messages from the presentations are:

We have transformed the Group
• **The sale of Built Environment Consulting has restored our financial strength.**
• **This is a new Wood.** A new leadership team has addressed the reasons for historical underperformance, most notably by improving project discipline and selectively focusing on reimbursable and low-risk contract work. Our focused growth strategy will target attractive opportunities best matching Wood’s competitive strengths.
• **We have addressed our legacy issues.** Our strong balance sheet will allow us to address a defined schedule of cash outflows relating to legacy liabilities.

**We are well-positioned for growth**
- **Our markets provide attractive opportunities for growth.** The Energy and Materials markets offer significant growth opportunities for Wood.
- **Wood is a global leader in its markets.** We have outstanding talent providing complex solutions in critical industries. We have long term relationships with clients who value us ahead of our peers.
- **Wood is an enabler of net zero.** We provide solutions across decarbonisation, energy transition, and materials for a net zero world. Already, approximately 22% of our revenue today is from these solutions¹.

**Medium term financial targets**
We are focused on attractive end markets where we are differentiated:
- Large markets with solid growth – Oil & Gas and Chemicals
- Small markets today with substantial growth potential – Hydrogen and Carbon Capture
- Large markets where we will significantly grow our share – Minerals and Life Sciences

The combination of these should result in **Wood’s revenue outperforming the combined market CAGR of around 5% over the medium term².**

We expect **adjusted EBITDA margins to be flat in the nearer term**, partly as we reinvest in the business to secure growth. In the medium term, we see opportunity for some margin improvement.

We expect **adjusted EBITDA to grow at mid to high single digit CAGR over the medium term**, with momentum building over time as our strategy delivers.

Our businesses generate strong underlying cash flows and we expect these to continue to grow over the medium term. This, combined with the reducing legacy liabilities, will result in a **return to positive free cash flow from FY24 onwards.**

**Balance sheet**
We have a strong balance sheet and will look to continue to manage the leverage of the Group to retain material headroom to our financial covenants to ensure suitable financial flexibility to deliver our strategy, while managing our defined schedule of legacy liability cash outflows.

We will look to manage our target leverage over the medium term within a range of around 0.5 to 1.5 times net debt (excluding leases) to EBITDA (pre-IFRS 16)³, with banking covenants set at 3.5x.

We expect net debt (excluding leases) to be around $350 million to $400 million at 31 December 2022. This includes the recent settlement of the Enterprise litigation case for $115 million and the normalisation of our working capital.

**For further information:**
Simon McGough, President, Investor Relations +44 (0)7850 978 741
Kevin Smith, Citigate Dewe Rogerson +44 (0)20 7638 9571

**Notes**
1. Estimated share of FY22 revenue related to sustainable solutions, as defined by Wood. Sustainable solutions consist of activities related to: renewable energy, hydrogen, carbon capture & storage, electrification and electricity transmission & distribution, LNG, waste to energy, sustainable fuels & feedstocks and recycling, processing of energy transition minerals, life sciences, and decarbonisation in oil & gas, refining & chemicals, minerals processing and other industrial
processes. In the case of mixed scopes including a decarbonisation element, these are only included in decarbonisation if 75% or more of the scope relates to that element, in which case the total revenue is recorded in decarbonisation.

2. Estimated total growth rate across our addressable markets in Energy and Materials from 2022 to 2025.

3. Net debt / EBITDA ratio calculated on the basis prior to the adoption of IFRS 16, using net debt excluding leases and EBITDA including IFRS 16 depreciation. This measure is closely aligned to the measure used in our debt covenants.