



## Future Ready Now

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David Kemp – CFO  
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[woodplc.com](http://woodplc.com)



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**FUTURE**



READY



ENGINEER-  
EXCELLENCE  
TRANSPORT AM  
ON  
D AP  
LD BA  
TRA  
BIC PRO  
ACT FOR NEW  
WATER-SECURE  
VE DROP AT A TIME  
ATED PROGRAM TR  
PORTATION  
RK IN GEOR  
GROWTH  
NEW CONTRA  
TRACT TO SIM  
EUROPEAN TID  
ADVANCE AI IN  
NE PERFORMA  
WOOD APPOINT  
RY THE WO  
TRANSPORT RES  
EN BAL  
NS  
WOOD AWARDED ENGINE  
UNLOCKING  
BY SABIC FOR NEW TECH  
WOOD AT



# Our Strategic Objective

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## ***Strategic Objective:***

Premium, differentiated and higher margin business.

With a relevant and enduring market position consistent  
with rapid evolution to a healthier planet;  
established from a **secure and cleaner** energy footprint,  
**sustainable infrastructure** and  
**digitally enabled solutions.**

# Our focus for today - strategic priorities to 2023

## FUTURE

Positioning for emerging trends in Energy and Built Environment markets

## READY

Operational model designed to unlock growth opportunities, differentiated by:

- Unique range of capabilities & position amongst peers
- Commercial versatility & risk appetite
- Cross-selling ability
- Breadth of markets & customers

## NOW

2023 strategic focus on higher margin project management, operations & consulting business supported by:

- Near term priorities aligned to emerging market trends
- Strategy for sustainable cash generation, margin improvement & revenue growth



A stylized globe composed of a grid of dots, set against a dark blue background. The globe is positioned on the right side of the frame, with its surface made of a dense pattern of small white dots. The background is a solid dark blue color.

# FUTURE

Preparing for a new world reality...

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We are well positioned for growth opportunities presented  
by **Energy Security & Transition** and **Sustainable  
Infrastructure Development** across;

**Energy** and the **Built Environment Markets**

With our strong track record of successful evolution

We are....

**Future Ready Now**



# Well positioned for growth trends in energy and the built environment



Wood solutions will be an enabler across the mega trends



# Guiding the energy transition towards a low carbon future

**2017**

**7.6bn** 



**32Gt**



**2050**

 **9.8bn**



**1/3 ↑**

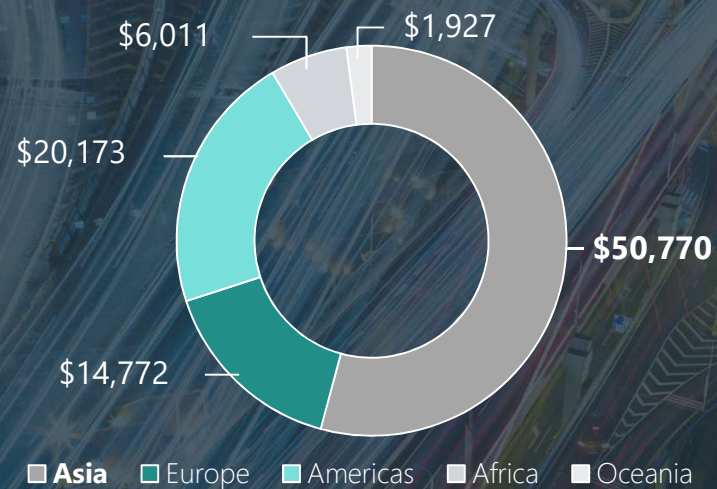


**18.4Gt**



# Finding the solutions in sustainable infrastructure development

Regional infrastructure investment needs 2016-2040 (\$ billion)



Source: World Bank August 2017

# The data tsunami is changing everything

Industry 1.0



1784

Industry 2.0



1870

Industry 3.0



1969

Industry 4.0



Today

*Global internet traffic*

1987 - 2TB ( $10^{12}$  bytes)

1997 - 60PB ( $10^{15}$  bytes)

2007 - 54EB ( $10^{18}$  bytes)

Source: Nature News





# READY

The background of the slide is a teal-colored collage. On the left, there is a large, semi-circular graphic element. The main background image is a composite of two scenes: on the left, an offshore oil rig with a large crane; on the right, a landscape with several wind turbines. The entire image has a teal tint.

# We are positioned for success...

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**Optimal** service offering for the next **strategic phase**



**Service defined** business model with **leading** market positions

**Differentiated** by:

- Unique range of capabilities & position amongst peers
  - Commercial versatility & risk appetite
    - Cross-selling ability
  - Breadth of markets & customers

**Future Ready Now**

# Agile positioning ahead of market transitions

Strategic actions in diversified end markets:					
Acquired capability in <b>US shale</b> <b>Reduced reliance on North Sea</b>	Acquired capabilities in <b>Petrochemicals</b> and <b>Automation</b>	<b>Simplified operating structure</b> defined by service & back office efficiency	AFW provides <b>Petrochemicals</b> & <b>Built environment</b> end markets & <b>project management</b> capability	Strategic review of business. Accelerated <b>integration</b> & <b>revenue synergies</b>	Portfolio rationalisation, <b>Nuclear</b> and <b>infrastructure assets</b> disposed
Continued focus on cost, efficiency & margins:					
	<b>\$148m</b> cost savings delivered	<b>\$96m</b> cost savings delivered	<b>c\$40m</b> synergies delivered	<b>c\$55m</b> synergies delivered	<b>c\$60m</b> synergies expected
2012 - 2014	2015	2016	2017	2018	2019
Falling oil price & reduced E&P spend			Oil price volatility & flat E&P spend		
 <b>c90%</b> Upstream Oil & Gas			<b>c30%</b> Upstream Oil & gas 		
2 Service Lines: Engineering, Operations/MMO			3 Service Lines: Projects, Operations, Consulting		



# Our enduring and differentiated investment platform

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Flexible, asset light model



Strong cash generation



Strategic market positioning



Leading position  
in core markets



Commercially versatile  
with measured risk  
appetite



Blue chip  
customers and  
OECD weighting

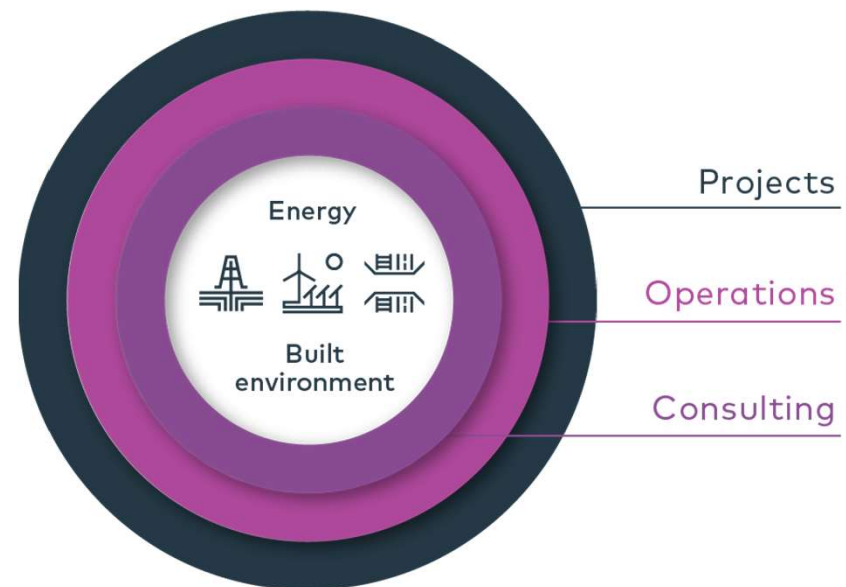


Balanced across  
spending

# An optimal service offering for the next strategic phase

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Wood is a global leader in the delivery of project management, engineering, consulting and technical services to energy and built environment customers.



## A service oriented structure that makes sense to our customers

3 Service lines	Projects	Operations	Consulting
	<div>Project Management &amp; Delivery</div> <div>Engineering Design</div> <div>Construction</div>	<div>Asset optimisation</div> <div>Modifications</div> <div>Maintenance</div>	<div>Specialist engineering</div> <div>Infrastructure development</div> <div>Environmental consulting</div>
2 End markets	c95% Energy / c5% Built Environment		c50% Energy / c50% Built Environment
Reportable segments	<b>Asset Solutions</b> (c70% of revenue)		<b>Technical Consulting Solutions</b> (c.30% of revenue)



# Creating Technical Consulting Solutions (TCS)

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**Combining STS and E&IS into TCS better positions Wood and our premium margin high value consulting offering to support sustainable growth**

Delivering consulting-led solutions against a backdrop of increasing environmental focus, the evolving energy transition, and public demand for sustainable infrastructure

**c\$2.5bn**

Combined Revenue\*

**c13,000**

People\*

**c10%**

EBITDA Margin  
(post IFRS 16)

**>\$30m**

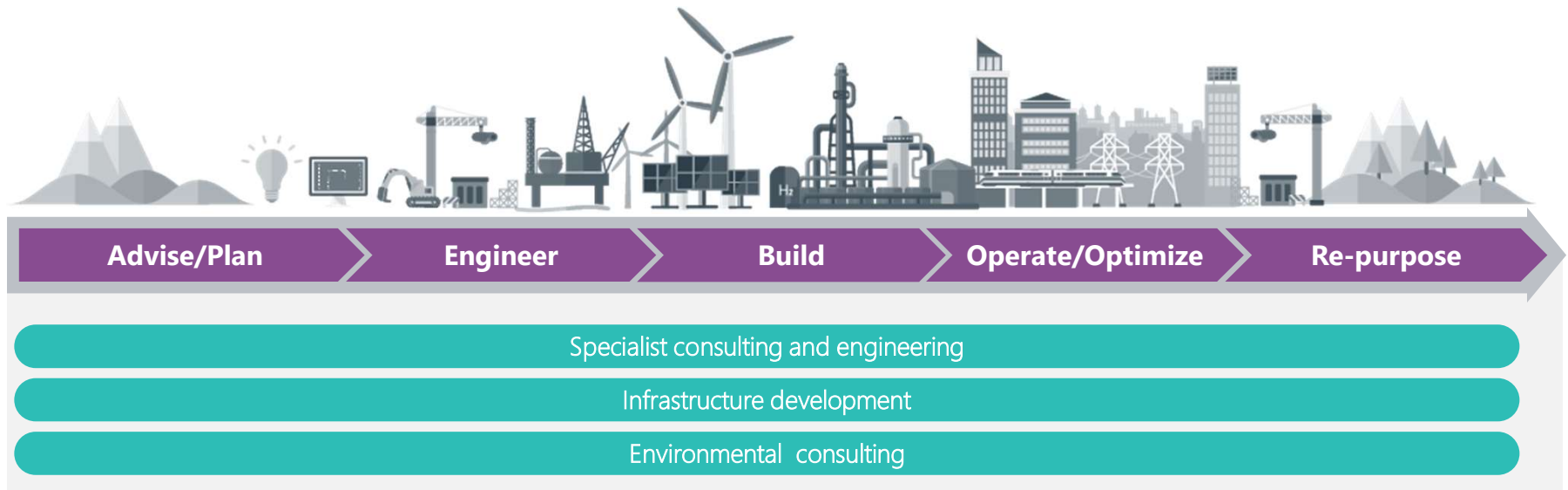
Operational  
efficiency synergies

\*Excluding nuclear business, disposal of which is expected to complete Q1 2020

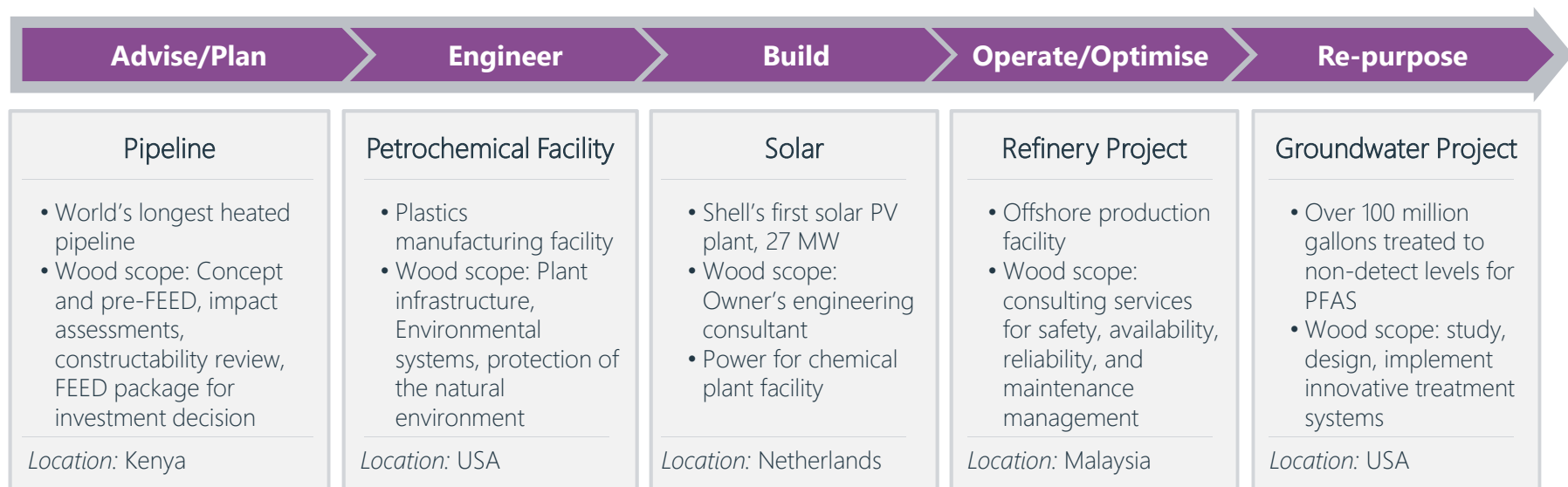


# TCS: Full lifecycle consulting solutions

Multi-sector specialist consultant providing innovative solutions needed to solve customers' biggest challenges and maximising value at every stage of the life cycle



# TCS: Delivering specialist capabilities to diverse customers



# Leading positions aligned to current and future markets



## #1 overall Top 225 International Design

- #1 Petroleum
- #7 Power
- #5 Hazardous Waste
- #9 Water
- #3 Manufacturing
- #1 International in US, Latin America, Canada
- #5 International in Europe

## #10 overall Top Environmental Firm

- #5 Environmental Science
- #5 Environmental Consulting / Studies
- #8 US Federal for Environmental
- #8 Hazardous Waste

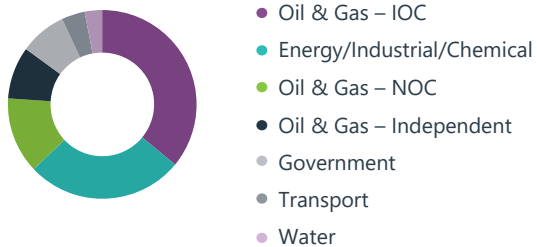
## #6 overall Top 500 Design Firms

- #1 Offshore and underwater facilities
- #1 Pipelines
- #2 Petroleum Maintenance
- #2 Manufacturing
- #2 Auto plants
- #2 Clean air compliance
- #4 Petroleum
- #4 Refineries and petrochemical plants
- #4 Industrial Process
- #5 Site assessment and compliance
- #6 Solar
- #6 Co-generation
- #6 Hydro plants
- #6 Chemical plants
- #8 Airports
- #9 Dams & Reservoirs
- #10 Chemical and soil remediation



# Differentiated by breadth of customers and markets

Revenue by Customer (Top 20)



**TOP 20** **EQUALS**  
**40%**

Low customer dependency



Strategic market  
positioning

**c90%**

Repeat business

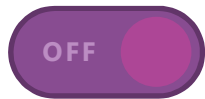
**UNIQUE**

Projects, operations and  
consulting services



Cross sell & pull through

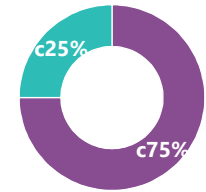
## Differentiated by commercial versatility and measured risk appetite



Switched off high  
risk revenue streams



Revised DOA and  
tender governance



● Reimbursable  
● Fixed price

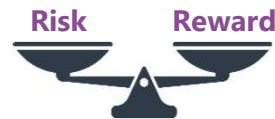
Order book by  
revenue type

**Long bid list**  
=  
**No bid**

Discerning contractor



Commercially versatile  
with measured risk  
appetite



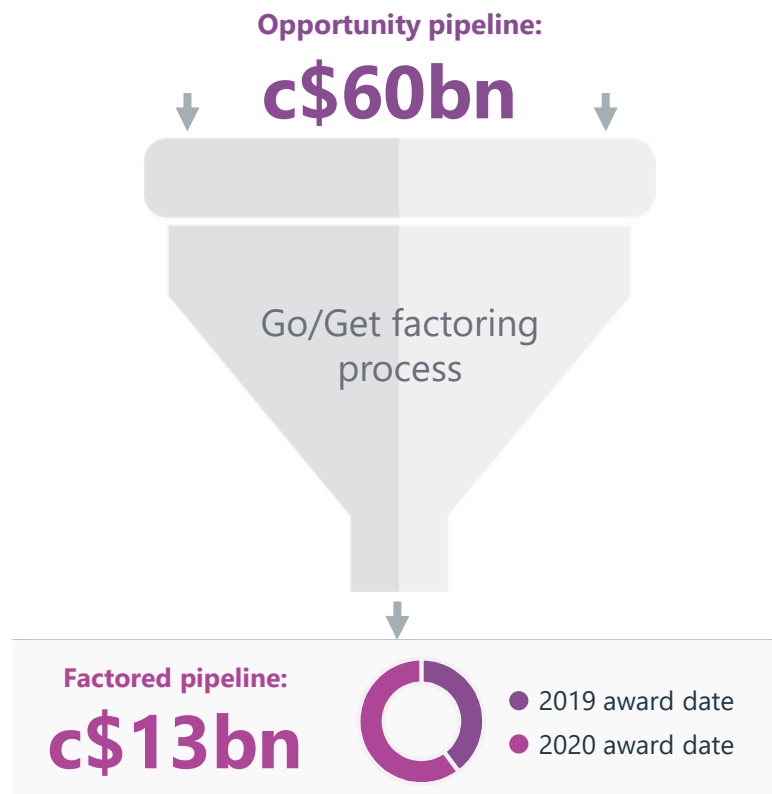
Focus on Margin:  
PMC/EPCM  
contract types  
preferred

**4** out of **5**

largest contracts are  
**reimbursable**



## Strong opportunity pipeline over a broad customer base



- Significant opportunity pipeline of **c\$60bn**
- Factored opportunity pipeline reflective of:
  - embedded risk appetite
  - enhanced tender governance
  - discerning contractor approach



**NOW**

Delivering the 2023 vision

Robin Watson – Chief Executive

# Clearly defined strategic priorities

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**Strategy** to create a **higher margin** project management, engineering, consulting and technical services company.

**Underpinned** by:

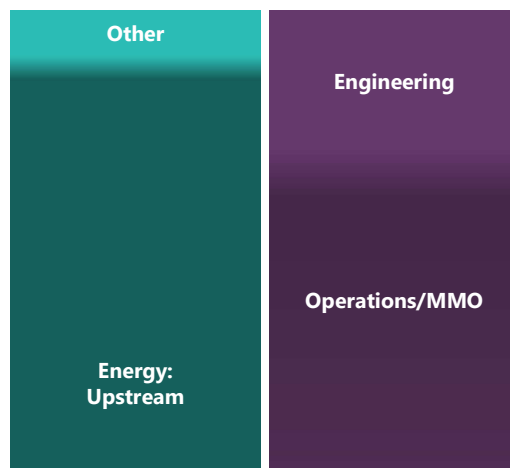
- Business priorities supported by market fundamentals
  - Clear strategic priorities & tactical plans
- Strategy for revenue growth, margin improvement and sustainable cash flows

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# Active business portfolio management aligned to market changes

- Highly levered to upstream oil and gas
- Engineering and operations focus

**2014**

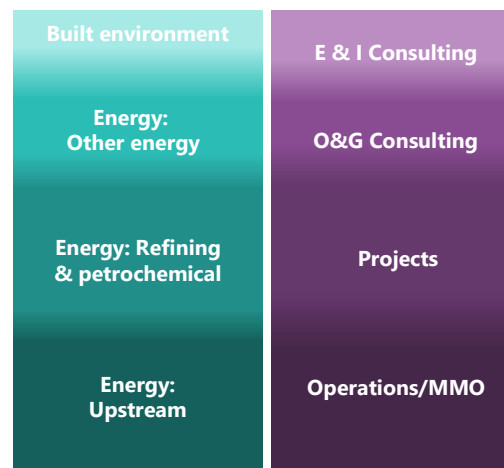


Markets

Services

- Simplified service lines and creation of consulting offering
- Exposure across broader energy markets and built environment

**2017**

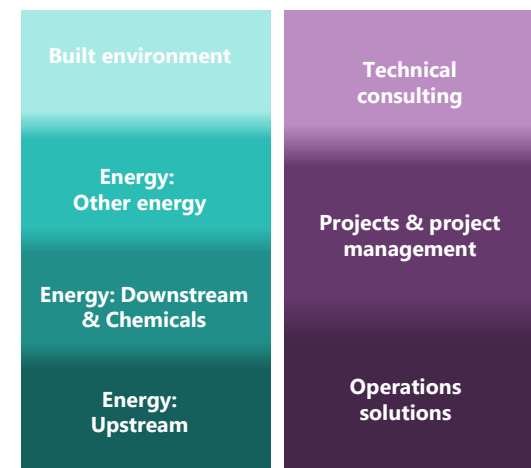


Markets

Services

- Levered to growth broader energy & built environment markets
- Growth in higher margin consulting offering

**2019-2023**



Markets

Services

# Medium term strategic priorities

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Levered to structural growth  
**in Energy Security & Transition** and **Sustainable Infrastructure**



Sector/geographic tactics  
aligned with trends : **US shale, speciality chemicals and built environment expansion**



**Targeting margin improvement** to  
accelerate growth

**OPTIMISE & STANDARDISE**

**Service delivery model** to  
achieve Exceptional Execution

**RATIONALISE PORTFOLIO**

**Refine** operating model,  
**dispose** non core assets,  
**Invest in** consulting platform



**Technology differentiation**  
through internal R&D,  
strategic partnerships and  
scalable solutions

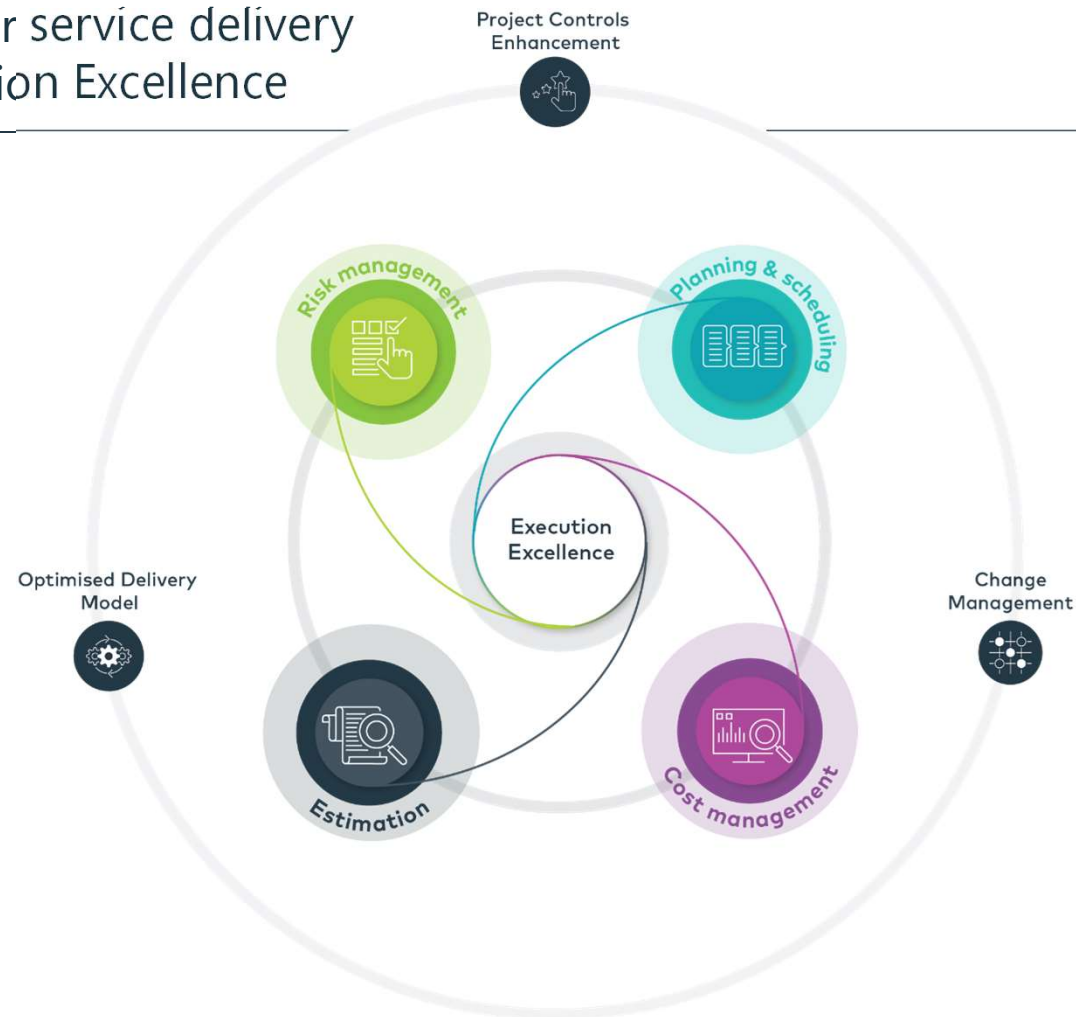


**Improved risk/reward on contracts** in line with  
balanced risk appetite



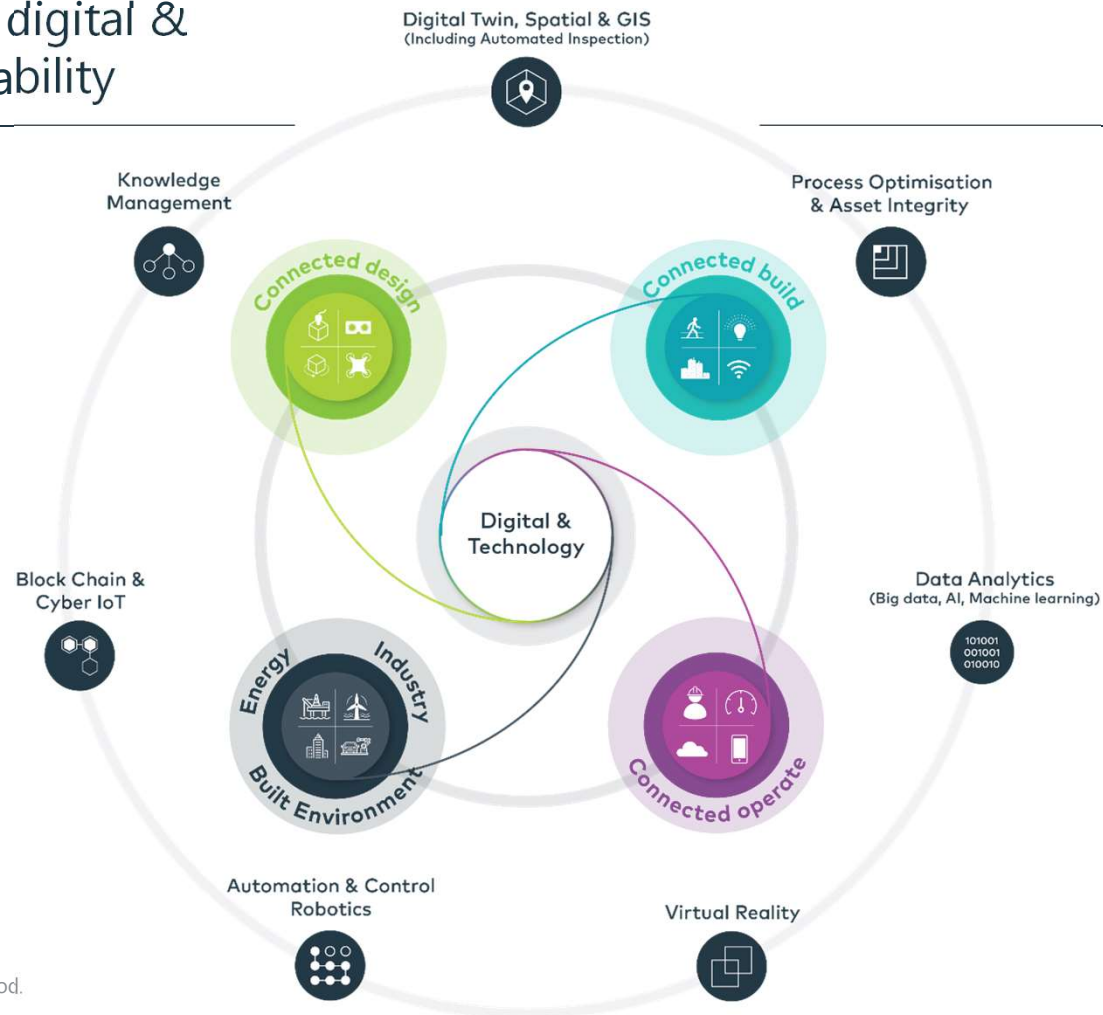
**Deliver shareholder value**

## Optimising our service delivery model: Execution Excellence

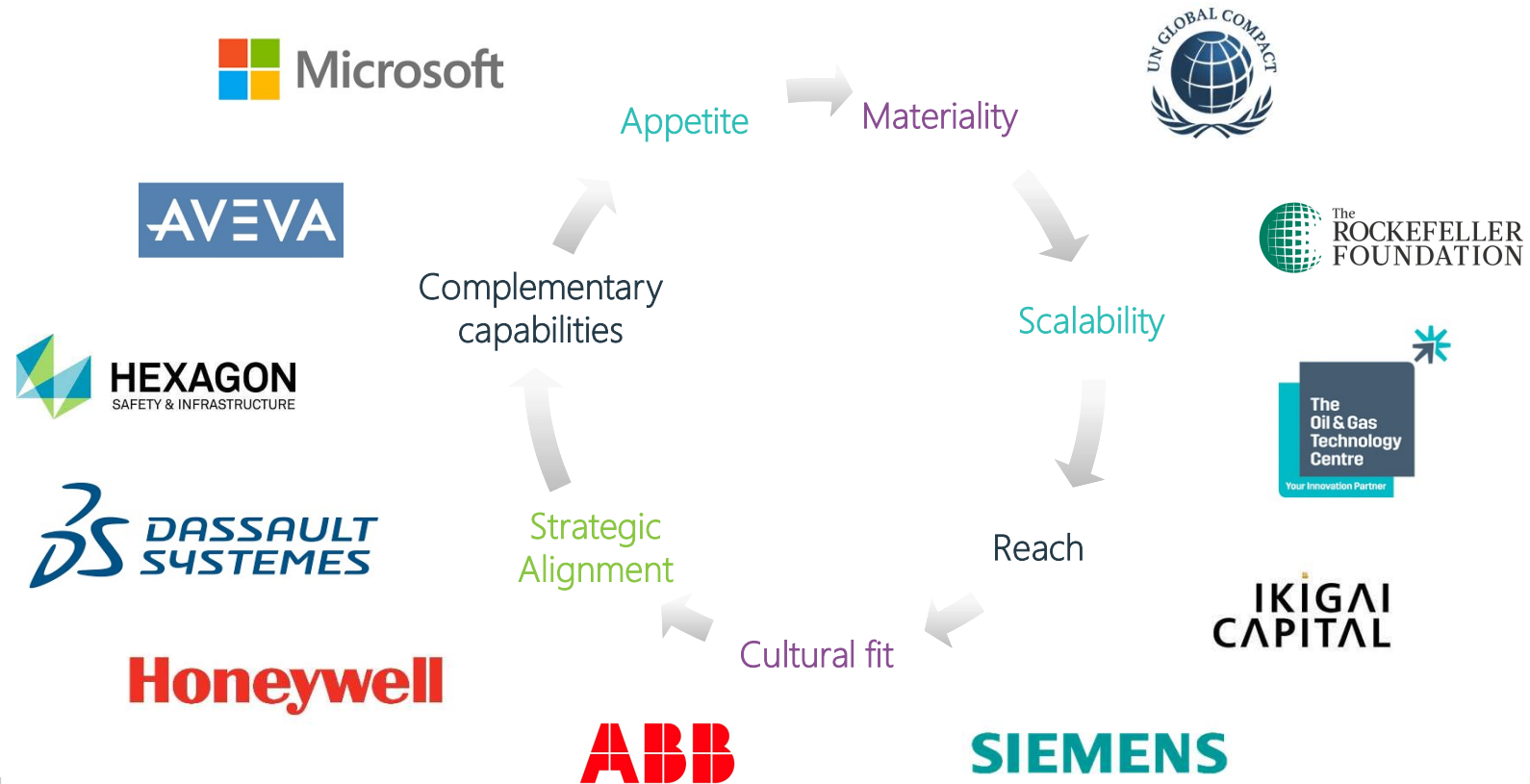










# Developing our digital & technology capability



# Forming strategic digital & technology partnerships

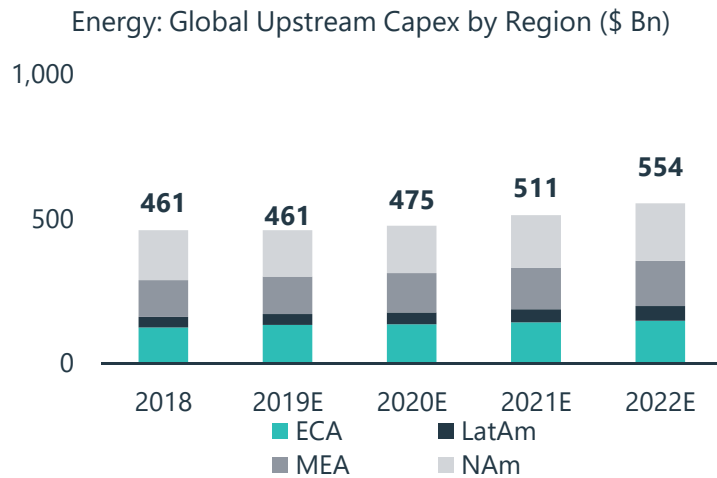


# Asset Solutions: Tactical plans

<h2>Service Broadening</h2> <ul style="list-style-type: none"> <li>Expand MMO in Middle East</li> <li>Expand EPC capability into US shale to align with entry of Big Oil customers</li> </ul> 	<h2>Sector Diversification</h2> <ul style="list-style-type: none"> <li>Expand further into chemicals/specialty chemicals as market opportunities arise</li> <li>Expand and grow market share in US solar</li> </ul> 	<h2>Geographic Expansion</h2> <ul style="list-style-type: none"> <li>Enter Qatar to deliver engineering, PMC and EPCM phase services</li> <li>Continue to broaden Gulf Coast expansion to encompass services in downstream and chemicals</li> </ul> 
<h2>Cost Optimisation</h2> <ul style="list-style-type: none"> <li>Maximise resource utilisation through shared service centres and HVEC locations</li> <li>Rationalise technical applications and management systems</li> </ul> 	<h2>Process Tools &amp; Innovation</h2> <ul style="list-style-type: none"> <li>Enhance operational excellence through the further consolidation &amp; deployment of our project execution ecosystem</li> <li>Further develop Cloud Engineering and digitisation of standard work processes</li> </ul> 	<h2>Commercial Agility</h2> <ul style="list-style-type: none"> <li>Establish new commercial models in line with outcome-based contracting</li> <li>Leverage Wood's domain knowledge and commercialize through technology enabled solutions</li> </ul> 

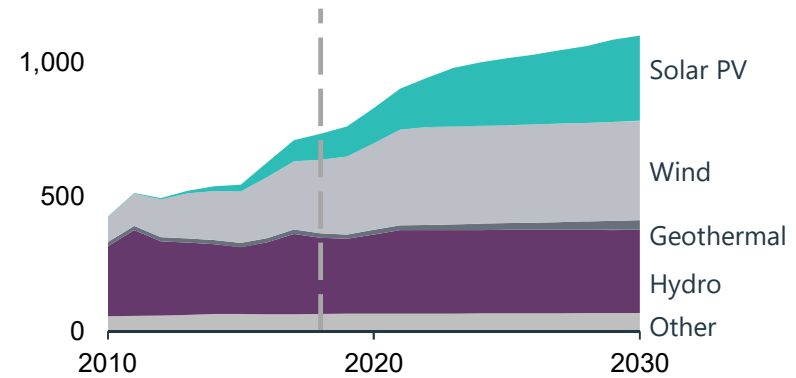


# Asset Solutions: Targeting specific regional upstream markets & growth opportunity in US solar



Source: MSER, Wood Mackenzie, IHS

US total renewable electricity generation billion kilowatthours



Source: U.S. Energy Information Administration's Annual Energy Outlook 2019

Single digit spending growth:  
Upstream c6% 2019-2022  
Capital discipline remains

Focused in significant low cost regions:

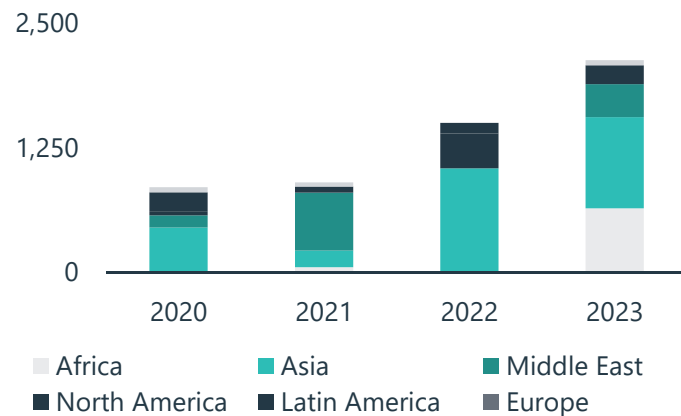
- US shale
- Middle East

Solar to account for most new capacity additions in the US, doubling from 2019 to 2023

Costs of solar generation in the US to fall below other sources

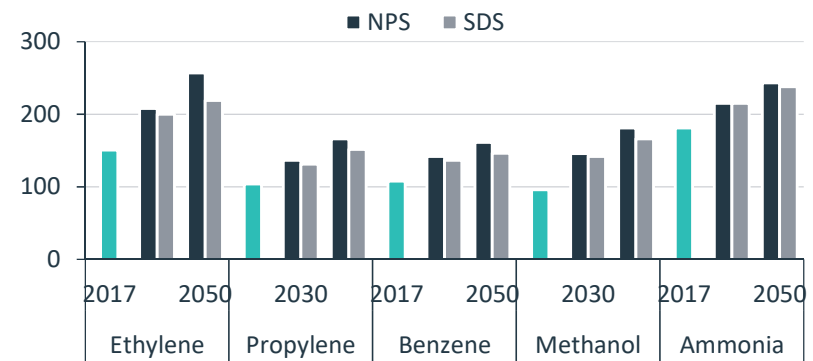
## Asset Solutions: Macro supportive of significant opportunity in downstream, refining and chemicals

Energy: Refining Capacity Additions:  
Expansion and Greenfield Projects (kb/d)



Source: IHS

Energy: Global primary chemical production by scenario



Source: International Energy Agency (IEA), The Future of Petrochemicals (October 2019), New Policies Scenario (NPS) is equivalent to Reference Technology Scenario (RTS), Sustainable Development Scenario (SDS) is equivalent to Clean Technology Scenario (CTS)

Expected capex investment to 2050: \$433bn

Petrochemical demand expected to continue to grow strongly driven by move away from fossil fuels

# TCS: Tactical plans

## Process and Technology Consulting for the Energy Transition

- Leverage consulting capability in energy transition services
- Digital technology linkage: Connected Design, Build and Operate/Optimize
- Leverage Strategic Partnerships



## Sustainable Infrastructure Development

- Further grow infrastructure consulting & engineering services
- Expand water practice and environmental resiliency services
- Expand program management capability across all aspects of infrastructure development



## Environmental Remediation

- Further enhance environmental remediation services
- Expand decommissioning consulting across energy and built environment markets



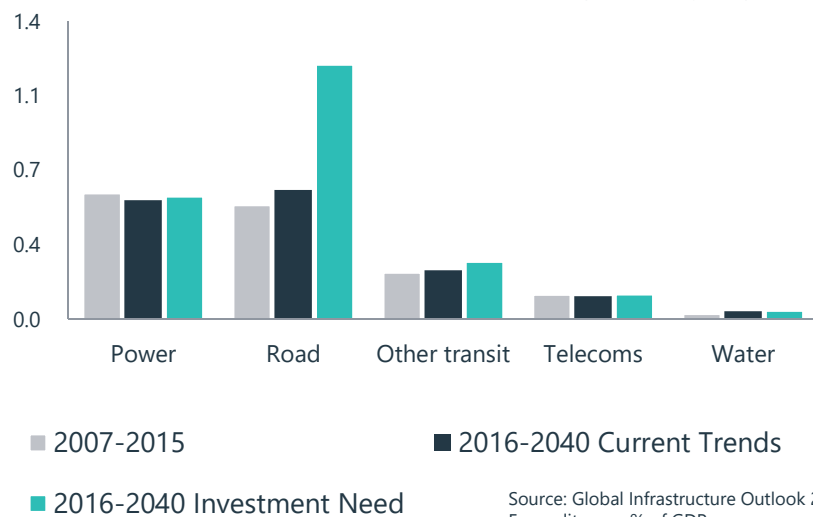
## Operational effectiveness

- Deliver efficient TCS operating platform
- Standardise customer relationship management, commercial, delivery models
- Targeting synergy cost savings of >\$30m



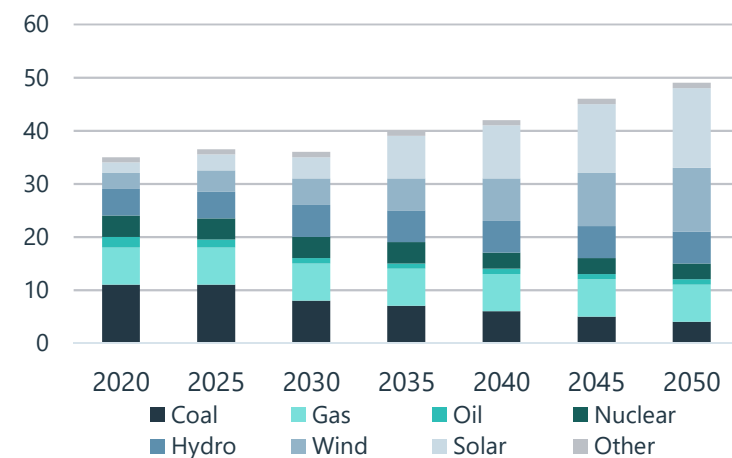
## TCS: uniquely positioned for trends in built environment & energy transition

Built Environment: US infrastructure growth by segment



Significant growth in spending in US, particularly in roads plus significant environmental spend

Global power generation, thousand terawatt hours



Wind & solar expected to account for c.50% of global energy generation by 2050

## Aligned with Energy Security & Transition and Sustainable Infrastructure

### Oil and Gas Climate Initiative

Combined cycle power station & carbon capture, UK



**Assessing** viability of a combined cycle gas power plant with fully integrated carbon capture

- **Key partner** in 1st project of its kind in the UK
- **90% +** carbon emissions capture
- **13** oil major participating in the initiative

### Heathrow airport

Runway 3, UK



**Analysing** environmental impacts of a new runway at one of the world's busiest airports

- **Largest** environmental project in the UK
- **1,000** individual locations for environmental assessment
- **£211bn** estimated economic benefit

### Consumers Energy

Fossil unit separation & decommissioning, Michigan



**Enabling** coal fired power plant decommissioning & repurposing

- **2** fossil units separated from remaining gas units
- **3** previous coal fired plant shut down projects led to this award
- **2030** expected date for remaining plant retirement



# Wide range of capabilities to deliver new solutions

## Duke Energy

Natural gas pipeline, North Carolina



**Combining** onshore pipeline capability with permitting & geotechnical consulting

- **1<sup>st</sup>** Wood project under Engineer of Choice framework
- **Fast** growing pipeline demand across Carolinas and Tennessee
- One Wood approach delivered significant cost reduction to customer

## Conoco Phillips

Upstream facility, Alaska



**Supporting** a major greenfield development with a range of projects, operations and consulting services

- **1<sup>st</sup>** major oilfield development on North slope in a decade
- **EPCM** led to broader Customised service mix tailored to project
- Lowest bid not successful

## Metrolinx

Toronto commuter rail system improvements, Canada



**Designing** improvements for a major commuter rail infrastructure

- **69 million** annual users
- **20km** rail extension



# NOW

Financial strategy underpinning 2023 vision

David Kemp - CFO

# Financial strategy for value creation

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Clear **financial strategy** for the next cycle

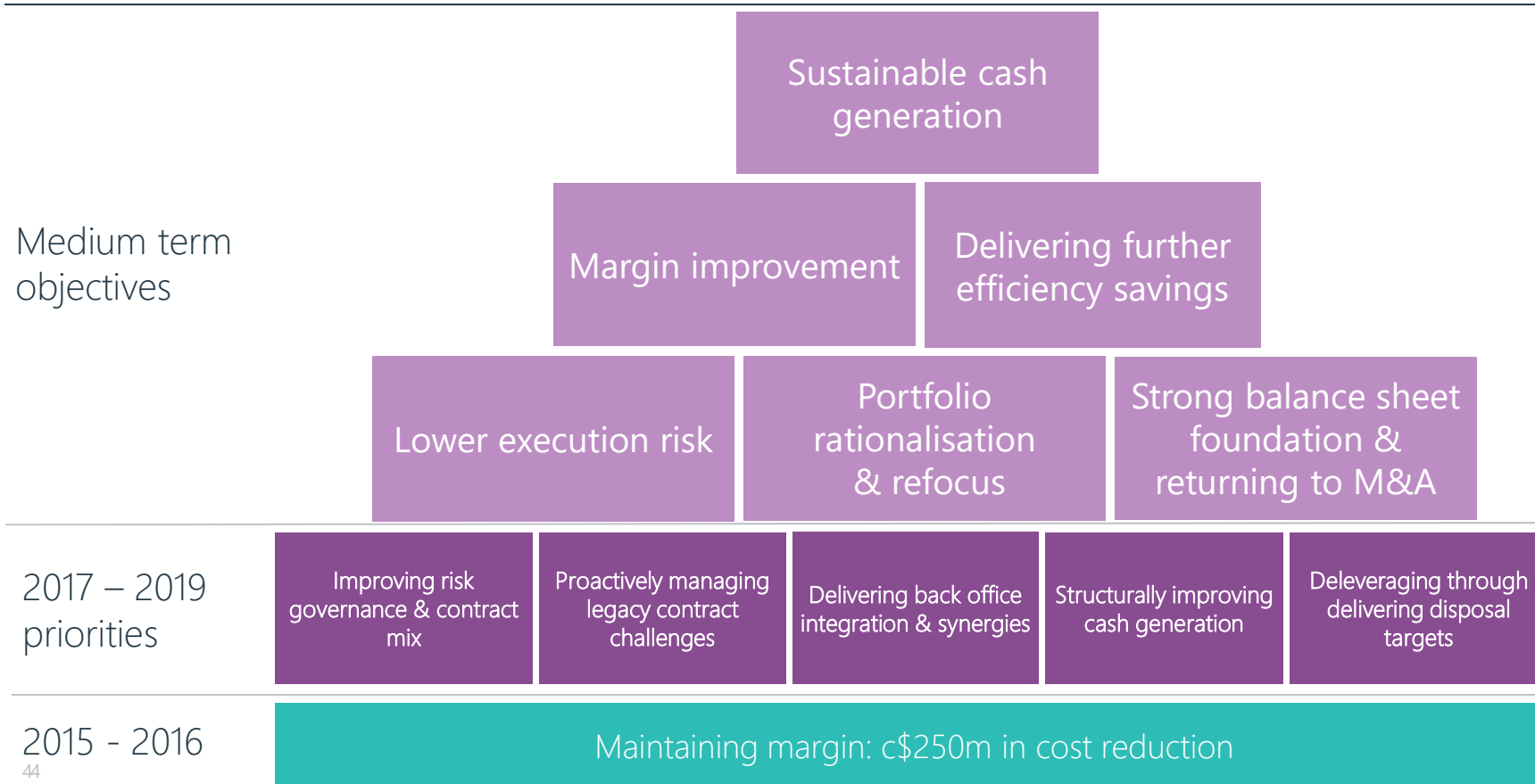
Built on **strong foundations** to deliver:

- Sustainable cash generation
- Margin improvement
- Revenue growth

Enabling **capital allocation** priorities

**Future Ready Now**

## Laying the foundations of sustainable earnings growth and cash generation



## AFW integration : recognising and addressing the challenges

### Achievements



- Accelerated and increased cost synergies (>\$210m)
- Improved risk governance framework
- Back office integration
- Delivering legacy contracts & exiting underperforming contracts
- Focus on cash & working capital
- Revenue synergies >\$600m delivered

### Challenges



- Slower market post deal
- Legacy contract issues larger & longer than anticipated
- Retaining benefits of improved cash generation

# Operational and financial strategy drives value creation in next phase

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## Revenue growth

- Aligning with megatrends and targeting:
  - Attractive end markets
  - Geographies
  - Customers

## Margin improvement

- Efficiency and cost reduction
- Improved risk /reward
- Execution excellence
- Leveraging differentiation
- Technological advantage
- Active portfolio management

## Sustainable cash flows







- Reducing exceptional costs
- Reducing provision outflows
- Working capital management
- Capital discipline



## Capital allocation

- Target leverage policy
- Progressive dividend
- Organic capex
- Acquisitions

## Well positioned for revenue growth in key markets

	Core markets	Contract type	Revenue drivers
AS EAAA	 <p>Upstream/midstream <b>c60%</b> Downstream &amp; chemicals <b>c30%</b> Other energy <b>c5%</b> Built environment <b>c5%</b></p>	 <p>Reimbursable <b>c85%</b> Fixed price <b>c15%</b></p>	<ul style="list-style-type: none"> <li>Upstream growth in Middle East, Asia Pacific &amp; Caspian</li> <li>Petrochemical capacity additions in Middle East</li> </ul>
AS Americas	 <p>Upstream/midstream <b>c40%</b> Downstream &amp; chemicals <b>c30%</b> Other energy <b>c30%</b></p>	 <p>Reimbursable <b>c65%</b> Fixed price <b>c35%</b></p>	<ul style="list-style-type: none"> <li>Demand for unconventional oil &amp; gas</li> <li>Petrochemical capacity additions on the Gulf Coast</li> <li>Solar capacity additions</li> </ul>
TCS	 <p>Upstream/midstream <b>c20%</b> Downstream &amp; chemicals <b>c5%</b> Other energy <b>c25%</b> Built environment <b>c50%</b></p>	 <p>Reimbursable <b>c65%</b> Fixed price <b>c35%</b></p>	<ul style="list-style-type: none"> <li>Government infrastructure investment</li> <li>Industrial investment in infrastructure &amp; automation</li> </ul>

# Embedded strategy to deliver medium term margin improvement

## Earnings and margin objective

Create a premium and differentiated business with:

**100bps+**

Margin improvement vs 2019



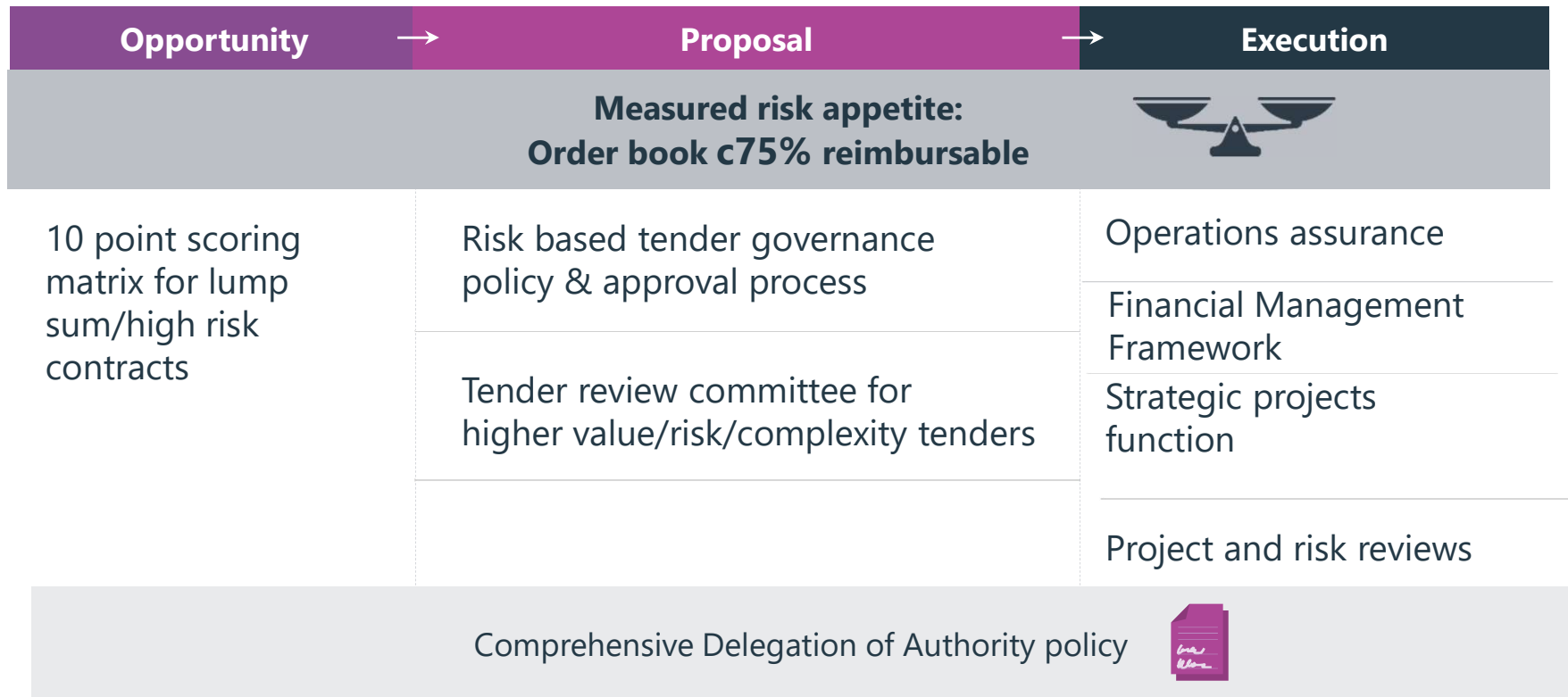
## Levers to improve margin

### Controlling what we can control:

- Delivering
  - Exceptional execution
  - Efficiency and cost reduction including TCS
  - Commercial acumen
- Winning
  - Discerning Bidder
  - Risk appetite and governance
  - Differentiation & competitive advantage
- Positioning
  - Active portfolio management



## Robust risk governance process underpinned by measured risk appetite



## Driving sustainability in cash generation

	Cash flow driver	Target/outlook
<b>Working capital management</b>	<ul style="list-style-type: none"><li>• Receivables</li><li>• Payables</li><li>• Advances</li></ul>	<ul style="list-style-type: none"><li>• Average DSO 70-80 days</li><li>• 60 day payment terms</li><li>• Build/unwind linked to EPC activity</li></ul>
<b>Capital expenditure</b>	<ul style="list-style-type: none"><li>• ERP implementation</li><li>• Engineering software</li><li>• Property, plant &amp; equipment</li></ul>	<ul style="list-style-type: none"><li>• c\$100m per year</li></ul>
<b>Exceptional costs</b>	<ul style="list-style-type: none"><li>• AFW synergy delivery</li><li>• Investigation support/other</li><li>• Onerous leases</li></ul>	<ul style="list-style-type: none"><li>• Rolling off in 2020</li><li>• Linked to activity, expected to reduce in 2019/2020 vs. 2018</li><li>• c\$25m in 2020</li></ul>
<b>Other</b>	<ul style="list-style-type: none"><li>• Tax</li></ul>	<ul style="list-style-type: none"><li>• c\$100m per year</li></ul>

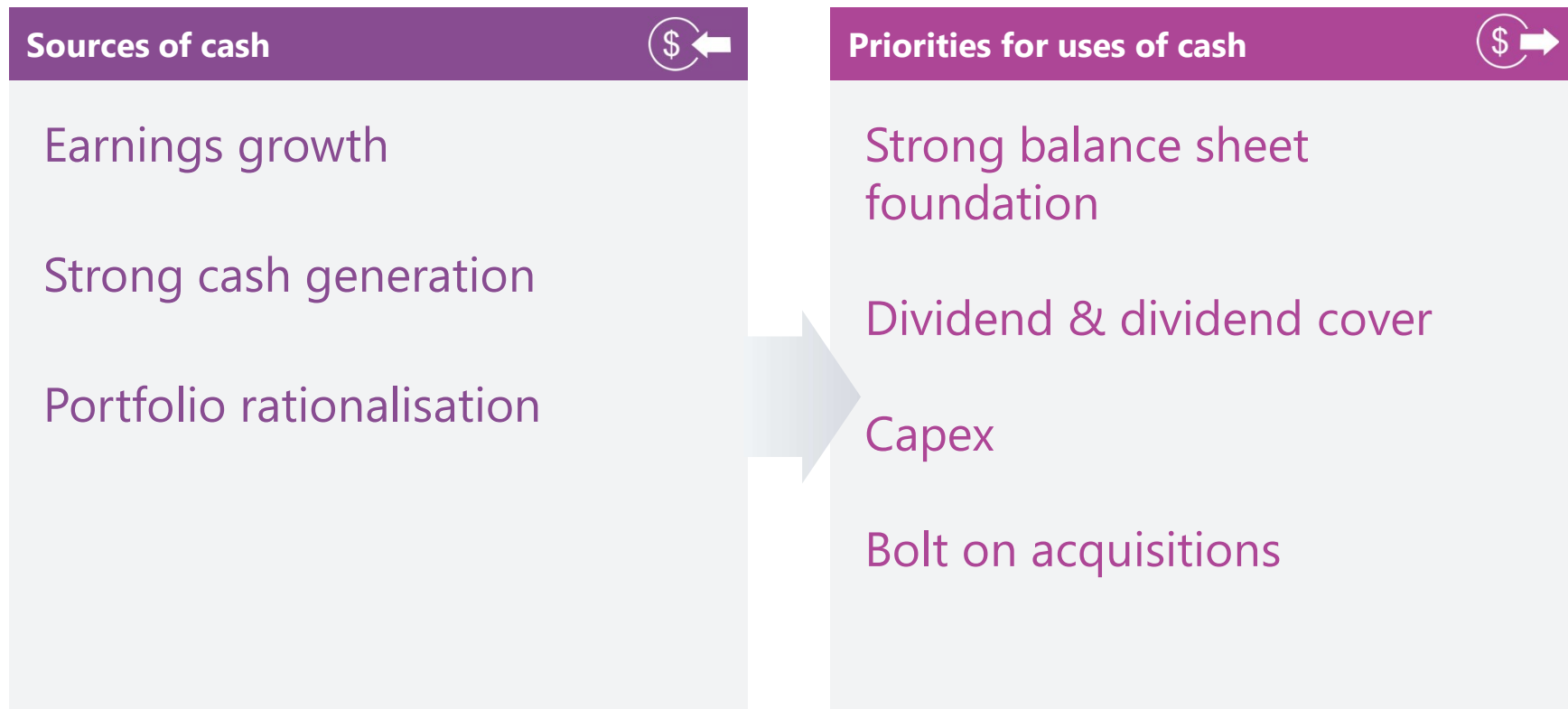
## Future cashflows to benefit from significant reduction in provision outflows

	H1 19 cash impact	FY 19 cash impact (est.)	Outlook
<b>Asbestos</b> <ul style="list-style-type: none"> <li>Historic asbestos exposure personal injury claims</li> </ul>	\$22m	c\$35m	c\$35m in 2020, reducing thereafter Annual P&L cost impacted by c\$3.5m per 10bps change in bond rates
<b>Project related</b> <ul style="list-style-type: none"> <li>Estimated future cost/claims including Aegis</li> <li>Large number of smaller provisions reflective of our business model</li> </ul>	\$64m	c\$135m	c\$40m in 2020, reducing further in 2021
<b>Related to disposed businesses</b> <ul style="list-style-type: none"> <li>Indemnities provided by business now disposed</li> </ul>	\$8m	c\$10m	<ul style="list-style-type: none"> <li>Indemnities expiring</li> <li>Immaterial outflows</li> </ul>
<b>Other</b> <ul style="list-style-type: none"> <li>Onerous leases</li> <li>Contract warranties</li> </ul>	Onerous leases: <b>\$15m</b> (included in exceptionals)	Onerous leases: <b>c\$30m</b>	Onerous leases: <b>c\$25m</b> in 2020, reducing to nil by 2024

# Building strong medium term free cash flow



# Capital allocation focused on a strong balance sheet foundation





# Driving value creation

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## Clearly defined financial strategy built on strong foundations:



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# Summary

## Delivering the vision sustainably

Robin Watson – Chief Executive

# Our Strategic Objective

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## ***Strategic Objective:***

Premium, differentiated and higher margin business.

With a relevant and enduring market position consistent  
with rapid evolution to a healthier planet;  
established from a **secure and cleaner** energy footprint,  
**sustainable infrastructure** and  
**digitally enabled solutions.**

# Where we are headed & who we are

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## **Our vision:**

Inspire with ingenuity  
Partner with agility  
Create new possibilities...

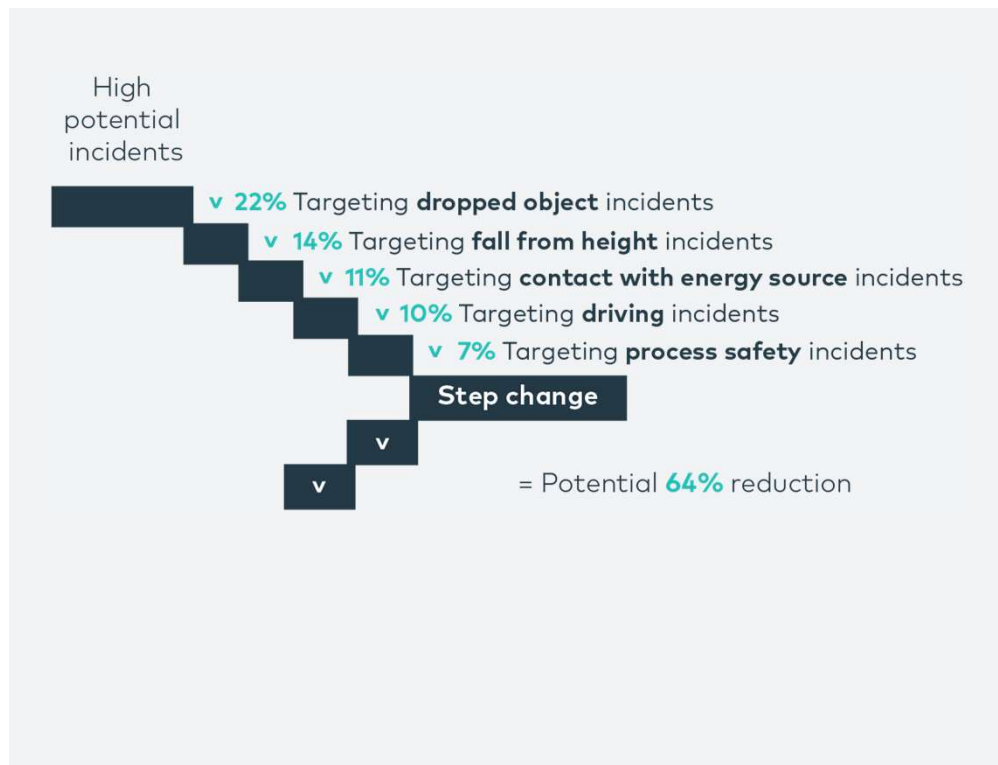
## **Our values:**

Care  
Courage  
Commitment

## **Our behaviours:**

Listen up | Lift others up | Stand up | Team up | Speak up | Don't give up

# Safety Shield : Safety Ladder Analysis



- Analysis of our high potential incidents
- Identification of safety critical areas

## Focus in on 4 key areas:

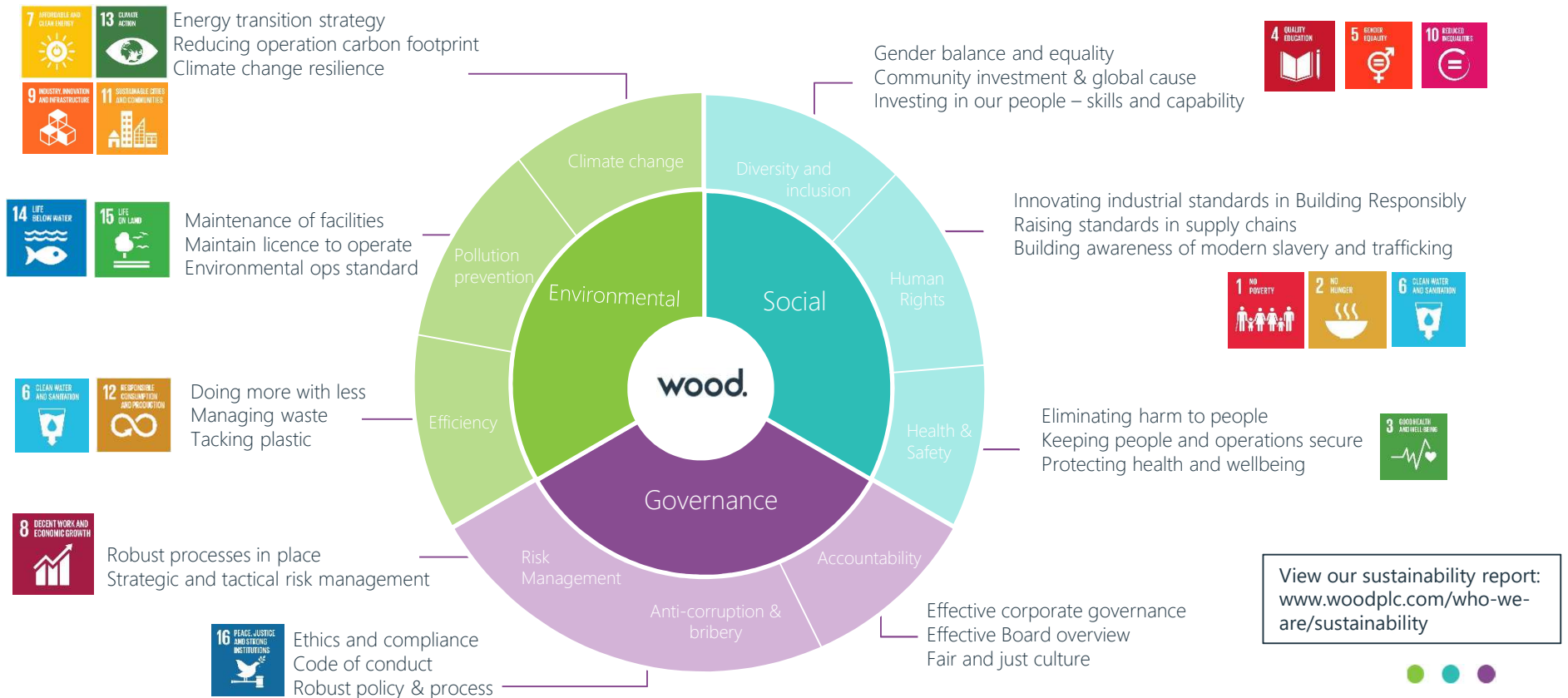
- Driving
- Dropped objects
- Working at Heights
- Process Safety



**wood.**  
**Safety Shield**  
Prepare. Engage. Intervene.



# Sustainability strategy aligned with UN goals



# Summary - Strategic priorities to 2023

## FUTURE

Positioning for emerging trends in Energy and Built Environment markets

## READY

Operational model designed to unlock growth opportunities, differentiated by:

- Unique range of capabilities & position amongst peers
- Commercial versatility & risk appetite
- Breadth of markets & customers
- Cross-selling ability

## NOW

2023 strategic focus on higher margin project management, operations & consulting business supported by:

- Near term priorities aligned to emerging market trends
- Strategy for sustainable cash generation, margin improvement & revenue growth