

# News Release

21 August 2018

## Half year results for the six months ended 30 June 2018

*“Performance in the first half is at the upper end of our guidance range, reflecting continued momentum in trading and delivery of cost and revenue synergies. Integration is ahead of schedule and we are increasing our three year cost synergy target from at least \$170m to at least \$210m. Wood is delivering strong operational cashflows which underpin our deleveraging plan. We have good revenue visibility and remain confident of delivering a stronger second half. Our full year outlook is unchanged; we are seeing recovery in our core oil & gas market and good contract awards in broader industrial sectors. We remain on track to deliver growth in 2018 in line with previous guidance and market expectations.”*  
*Robin Watson, Chief Executive*

|   | Interim Jun<br>2018<br>\$m | Interim Jun<br>2017<br>\$m | Proforma<br>Interim Jun<br>2017<br>\$m <sup>1</sup> | %<br>Movement vs.<br>proforma |
|---|----------------------------|----------------------------|---|-------------------------------|
| <b>Financial Summary</b>                                  |                            |                            |   |                               |
| Total Revenue <sup>2</sup>                                | 5,382                      | 2,277                      | 4,744   | 13.4%                         |
| Total EBITA <sup>2</sup>                                  | 260                        | 127                        | 264   | (1.5)%                        |
| Total EBITA Margin  | 4.8%                       | 5.6%                       | 5.6%  | (0.8)%                        |
| Revenue (statutory revenue which excludes joint ventures) | 4,916                      | 1,944                      |   |                               |
| Operating Profit before exceptional items                 | 125                        | 72                         |   |                               |
| (Loss)/profit for the period                              | (52)                       | 6                          |   |                               |
| Basic EPS   | (7.9)c                     | 1.1c                       |   |                               |
| Adjusted diluted EPS                                      | 23.2c                      | 22.9c                      |   |                               |
| Interim Dividend  | 11.3c                      | 11.1c                      |   |                               |
| Net debt (excluding JV's)                                 | 1,600                      | 481                        |   |                               |
| Order book <sup>3</sup>                                   | 10,607                     |                            |   |                               |

*Note: Total Revenue, Total EBITA & Total EBITA margin are presented on proportionally consolidated basis. Total EBITA & Total EBITA margin are stated before exceptional items.*

### Financial performance:

- Strong organic growth. Total Revenue up 13%.
- H1 Total EBITA at upper end of \$250m-\$260m guidance range; reflecting continued momentum in trading and delivery of cost and revenue synergies.
- Loss for the period impacted by non cash amortisation charges of \$125m and exceptional costs of \$101m including anticipated costs to deliver synergies and a non cash impairment charge relating to EthosEnergy.
- Net debt of \$1.6bn reflects strong operational cash generation and working capital management. Cash conversion of 127% (proforma H1 2017 (2)%).
- Deleveraging plan underpinned by strong cash conversion, growth outlook, synergies delivery and planned disposal of non core assets of at least \$200m.
- Progressive dividend maintained. Interim dividend of 11.3c up 2%.

### Integration & synergy delivery:

- Integration programme ahead of schedule:
  - Excellent progress on cost synergy delivery. c\$20m delivered in H1 2018, expect to deliver >\$50m for the full year.
  - Upgraded 3 year annualised costs synergy target from at least \$170m to at least \$210m. No change to costs to realise synergies of c\$200m.
  - Secured revenue synergies worth >\$400m, up c30% since May and strong pipeline of opportunities.

### Outlook:

- Confident of stronger H2 due to visibility on revenues, cost synergies and phasing of projects and market recovery.
- Strong order book currently stands at c \$10.6bn<sup>3</sup>, comprising secured work and estimates of activity under long term agreements. c85% of FY2018 revenue delivered or secured.

- Full year outlook unchanged. On track to deliver growth in 2018 in line with previous guidance and market expectations<sup>4</sup>.

**Notes:**

- 1 *Proforma results as presented include 6 months of AFW's results for the period ended 30 June 2017 (prepared in accordance with Wood's accounting policies) but exclude the results of businesses disposed; principally the AFW North Sea upstream business, the AFW North American nuclear operations and the disposed elements of GPG. It also excludes the results of other, less material disposed interests including the Aquenta consultancy, an interest in Incheon Bridge and interests in two Italian windfarms.*
- 2 *See detailed footnotes following the Financial Review. Total Revenue and Total EBITA are presented based on proportionally consolidated numbers, which is the basis used by management to run the business and includes the contribution from joint ventures. Total EBITA is stated before exceptional items. A reconciliation to statutory numbers is provided in note 4 to the Interim Financial Statements.*
- 3 *Order book comprises revenue that is supported by a signed contract or written purchase order for work secured under a single contract award or frame agreements. Work under multi-year agreements is recognised in order book according to anticipated activity supported by purchase orders, customer plans or management estimates. Where contracts have optional extension periods, only the confirmed term is included. Order book includes Wood's proportional share of joint venture order book.*
- 4 *As at 8 August 2018 company compiled publicly available consensus 2018 Total EBITA on a proportionally consolidated basis is \$632m and the range is \$611m to \$644m. Consensus AEPS is 60.0c and the range is 53.8c to 65.4c. Consensus comprises 15 sell side analyst estimates published since Wood's full year results announcement on 20 March 2018, further details are available here: <https://www.woodplc.com/investors/analyst-consensus-and-coverage>*

Wood is a global leader in the delivery of project, engineering and technical services to energy and industrial markets. We operate in more than 60 countries, employing around 60,000 people, with revenues of over \$10 billion. We provide performance-driven solutions throughout the asset life-cycle, from concept to decommissioning across a broad range of industrial markets including the upstream, midstream and downstream oil & gas, power & process, environment and infrastructure, clean energy, mining, nuclear and general industrial sectors. [www.woodplc.com](http://www.woodplc.com)

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There will be an analyst and investor presentation at the Lincoln Centre, 18 Lincoln's Inn Fields, WC2A 3ED at 09.00. Early registration is advised from 08.30.

A live webcast of the presentation will be available from <https://www.woodplc.com/investors/financial-events-calendar>  
Replay facilities will be available later in the day.

## Business review

|   | Interim Jun<br>2018<br>\$m | Interim Jun<br>2017<br>\$m | Proforma<br>Interim Jun<br>2017<br>\$m <sup>1</sup> | %<br>Movement vs.<br>proforma |
|---|----------------------------|----------------------------|---|-------------------------------|
| <b>Financial Summary</b>                                  |                            |                            |   |                               |
| Total Revenue <sup>2</sup>                                | <b>5,382</b>               | 2,277                      | 4,744   | 13.4%                         |
| Total EBITA <sup>2</sup>                                  | <b>260</b>                 | 127                        | 264   | (1.5)%                        |
| Total EBITA Margin  | <b>4.8%</b>                | 5.6%                       | 5.6%  | (0.8)%                        |
| Revenue (statutory revenue which excludes joint ventures) | <b>4,916</b>               | 1,944                      |   |                               |
| Operating Profit before exceptional items                 | <b>125</b>                 | 72                         |   |                               |
| (Loss)/profit for the period                              | <b>(52)</b>                | 6                          |   |                               |
| Basic EPS   | <b>(7.9)c</b>              | 1.1c                       |   |                               |
| Adjusted diluted EPS                                      | <b>23.2c</b>               | 22.9c                      |   |                               |
| Interim Dividend  | <b>11.3c</b>               | 11.1c                      |   |                               |
| Net debt (excluding JV's)                                 | <b>1,600</b>               | 481                        |   |                               |
| Order book <sup>3</sup>                                   | <b>10,607</b>              |                            |   |                               |

*Note: The commentary below on trading performance is presented based on proportionally consolidated numbers, which is the basis used by management to run the business and includes the contribution from joint ventures. Total EBITA & Total EBITA margin are stated before exceptional items.*

## Trading performance

Performance in the first half of 2018 reflects continued momentum in trading and delivery of cost and revenue synergies. We are seeing higher activity across our business and Total Revenue of \$5.4bn is up over 13% on Proforma H1 2017. The largest contributors to revenue growth are the Asset Solutions businesses, including increased capital projects activity in power, downstream & chemicals and US shale in AS Americas and higher activity in Asia Pacific and the Middle East in AS EAAA. We are also seeing increased volumes in minerals processing, nuclear and automation & control in STS. Total EBITA margin of 4.8% reflects the benefit of cost synergy delivery, a competitive environment in oil and gas markets and the impact of fewer project close outs in H1 2018. Central costs reflect progress on cost synergies and a positive impact from movements in the underlying assumptions around inherited asbestos liabilities principally due to discount rates.

Operating profit before exceptional items is stated after non cash amortisation charges of \$125m (H1 2017: \$51m) which includes \$65m in respect of amortisation of intangibles arising on the acquisition of AFW.

The loss for the period was impacted by cash exceptional costs of \$33m. As anticipated, these include \$23m of costs to deliver synergies, \$4m in respect of redundancy, restructuring and charges relating to onerous leases and \$6m in respect of investigation support costs. Exceptional costs also include non cash items of \$68m including a further impairment in the carrying value of EthosEnergy of \$41m and an additional provision of \$10m in relation to the outcome of an arbitration settlement on a subcontractor dispute on the Dorad contract completed prior to the formation of EthosEnergy.

## Integration & synergies

Our integration programme remains ahead of schedule in all aspects; organisational structure, governance and risk management, delivery of cost synergies and identifying and securing significant revenue synergy opportunities for the combined business.

We have delivered c\$20m of cost synergies in the first half, with the majority recognised in the Asset Solutions business. We expect to deliver >\$50m for the full year and an exit run rate of >\$80m, with costs to deliver of c\$65m. We are making excellent progress on cost synergy delivery and are upgrading our 3 year annualised costs synergy target from at least \$170m to at least \$210m, having identified further synergies and derisked previously identified opportunities. There is no increase in our projected costs to deliver synergies, which remains at c\$200m.

The broader capability set and enhanced positioning of Wood has already delivered revenue synergies on multi-year contracts worth >\$400m and we have a strong pipeline of further opportunities. Orders won include our engineering, procurement, construction and commissioning contract with Saudi Aramco and SABIC to support their integrated crude

oils to chemicals complex. This combines AFW's strong downstream capabilities with Wood Group's established in-Kingdom presence. Also, through a combination of AFW's EPC capability and Wood Group's track record in operations services we secured an EPC, commissioning, start-up and operations support scope for upstream assets in Trinidad. We are also seeing a number of awards that leverage involvement in earlier stages of projects, strong in-country presence and enhanced capabilities including a maintenance scope with an IOC in Qatar. At this stage the majority of opportunities we have categorised as revenue synergies – that is, where our combined capability has been instrumental in securing the work - are in the core Oil & Gas business and we continue to see good opportunities to combine the relative strengths in EPCM and operations services in the legacy business. We have also secured our first opportunity for our automation offering in the Mining sector.

## Update on Unaoil

There have been no material developments in the previously disclosed investigations in the UK and US, details of which are included in the contingent liabilities note to the Interim Financial Statements. Wood continues to cooperate with and assist the relevant authorities in relation to their respective investigations into the historical use of agents and in relation to Unaoil.

## Net debt, deleveraging and cash flow

Our ability to generate strong operational cashflow is evident in the H1 results. Net debt at the end of June was \$1.6bn, compared to \$1.65bn at the end of December 2017 which reflects improved operational cash generation. On a proforma basis we have delivered a significantly improved working capital position compared to H1 2017. Cash conversion, calculated as cash generated from operations as a percentage of EBITDA, improved significantly to 127% (2017 proforma: (2)%) due to improved working capital management partly offset by the cash impact of exceptional costs. Our recently established receivables facility has accelerated cash of \$53m as at 30 June. The facility provides working capital funding at a cost lower than our existing facilities and can be drawn for up to \$200m. Excluding the impact of exceptional costs, cash conversion was 156% (H1 2017 proforma: 33%). The payment of the 2017 final dividend in May of \$155m, capex, tax, and interest costs and a number of expected cash exceptional items offset the strong cash generation from operations.

Our policy of a prudent long term capital structure is unchanged and deleveraging to within our preferred range of 0.5x to 1.5x within approximately 18 months post completion remains a key priority. Net debt to EBITDA at 30 June was 2.4x We anticipate that net debt will reduce and our net debt to EBITDA ratio will improve in the second half as we grow the business, continue our focus on working capital management, retain our capital discipline and deliver further cost synergies.

We remain confident of achieving >\$200m of asset disposals although progress to date has been slower than anticipated. We have recently signed an agreement to dispose of our wind farm interests in the Voreas S.r.l. wind farm joint venture for a consideration of c\$27m, although weak trading performance in EthosEnergy has impacted our ability to secure a disposal of our interest in that business at an appropriate value to date. We will remain disciplined in our approach to disposals.

## Interim dividend

We have declared an interim dividend of 11.3 cents per share which will be paid on 27 September 2018 to shareholders on the register on 31 August 2018. This is an increase of 2% in line with our progressive dividend policy.

## Order book

|  | Total |
|--|-------|
| Asset Solutions Americas               | 2,995 |
| Asset Solutions EAAA                   | 4,907 |
| Specialist Technical Solutions         | 1,290 |
| Environment & Infrastructure Solutions | 1,296 |
| Investment Services                    | 119   |

Our order book, comprising secured work and estimates of activity under long term agreements, currently stands at c\$10.6bn<sup>3</sup> and approximately 40% will be delivered in 2018. This gives us good visibility over future revenues appropriate to our asset light, flexible and short cycle commercial model. We take a conservative approach to order book recognition, only recording work that is supported by signed, enforceable contracts or work releases under frame agreements, and as such we have a high conversion rate of opportunities. Reflecting our measured risk appetite, c65% of order book relates to reimbursable contracts; lump sum contracts >\$100m comprise only a small proportion of the total, c10%. Our order book gives us confidence over continued trading momentum in H2 2018 with c85% of forecast revenues either delivered or secured.

## Outlook

We remain confident of delivering a stronger second half due to higher activity, our typical second half bias, cost synergy delivery and the phasing of projects and market recovery. We have good visibility on H2 revenues. Our full year outlook is unchanged and we are confident of delivering FY 2018 Total EBITA in line with guidance and market expectations<sup>4</sup>.

Looking to 2019, we see good prospects and improving conditions across energy and industrial markets. In our core oil & gas market which accounts for c60% of revenue, we're encouraged by the recent relative stability in oil prices and expect to see further momentum in activity including growth in international upstream spending. We are seeing good growth indicators in power and we remain optimistic on activity in solar projects going forward. Higher commodity prices for precious metals and battery ions are driving increased activity levels in minerals processing and we continue to believe that increased US industrial investment will be supportive for the E&I business in North America. As a result, we expect 2019 to reflect higher activity levels and the delivery of increased synergies leading to further earnings growth.

## Asset Solutions Americas

Markets: c65% Oil & gas, c35% Industrial/other energy

|                                 | Interim Jun 2018<br>\$m | Interim<br>Jun 2017<br>\$m | Proforma<br>Interim<br>Jun 2017<br>\$m | Change vs.<br>proforma (%) |
|---------------------------------|-------------------------|----------------------------|--|----------------------------|
| Total Revenue <sup>2</sup>      | 1,873                   | 1,025                      | 1,584                                  | 18.2%                      |
| Total EBITA <sup>2</sup>        | 93                      | 81                         | 91                                     | 2.2%                       |
| Total EBITA Margin <sup>2</sup> | 5.0%                    | 7.9%                       | 5.7%                                   | (0.7)%                     |
| People                          | 17,500                  | 11,000                     | N/a                                    | N/a                        |

Revenue in 2018 is up 18% due to increased activity on capital projects in power, downstream & chemicals and in US shale. This is more than offsetting a reduction in operations services following the completion of commissioning work on the Hebron project in the second half of 2017. EBITA margin reflects the benefit of cost synergy delivery and improving margins in downstream & chemicals offset by continuing challenging conditions in the Gulf of Mexico. Proforma H1 2017 EBITA included the release of amounts previously provided in respect of prior year acquisitions in the legacy Wood Group business of c\$13m.

Capital projects accounts for c85% of segment revenue. We have seen increased EPC activity on projects in power and in downstream & chemicals, and these are the largest contributors to capital projects revenue. Improvement in US shale is continuing, with significant growth in Permian activity. In offshore upstream we remain active on a number of greenfield projects.

Our operations solutions work accounts for c15% of segment revenue. Challenging conditions in the Gulf of Mexico and the completion of commissioning work in 2017 have resulted in weaker performance in H1 2018. In US shale, we are seeing an improvement in maintenance activity as expected. We have made good progress on revenue synergies, securing the engineering, procurement & construction, commissioning and operations scope for upstream assets in Trinidad.

We have good visibility on H2 revenues; order book is approximately \$3bn with c85% of expected 2018 revenues secured.

### Outlook

We expect strong earnings growth in 2018 with momentum in US shale expected to continue. We are confident of delivering stronger EBITA in the second half due to increased activity, cost synergy delivery and the phasing of contracts on power related capital projects. Full year EBITA margin is anticipated to be in the range of 5.5% to 6.0%.

Looking further ahead, we are well positioned for opportunities in US across all the major basins. We also see good opportunities in downstream, chemicals and power.

## Asset Solutions Europe, Africa, Asia and Australia

Markets: c85% Oil & gas, c15% Other Industrial

|                                 | Interim Jun 2018<br>\$m | Interim<br>Jun 2017<br>\$m | Proforma<br>Interim<br>Jun 2017<br>\$m | Change vs.<br>proforma (%) |
|---------------------------------|-------------------------|----------------------------|--|----------------------------|
| Total Revenue <sup>2</sup>      | 1,946                   | 980                        | 1,680                                  | 15.8%                      |
| Total EBITA <sup>2</sup>        | 85                      | 36                         | 98                                     | (13.3)%                    |
| Total EBITA Margin <sup>2</sup> | 4.4%                    | 3.7%                       | 5.8%                                   | (1.4)%                     |
| People                          | 26,200                  | 15,600                     | N/a                                    | N/a                        |

First half revenue is up c16% led by growth in Operations Solutions, particularly in Asia Pacific from activity with Exxon in Australia, Papua New Guinea and Malaysia. Operations Solutions revenue from the Middle East is also up due to increased activity in Iraq with Exxon and Basra Gas Co while Capital Projects revenue is benefitting from ongoing work on the Antwerp oil refinery project. EBITA margins are down due to currency devaluation in Angola and poor performance in EthosEnergy in H1 2018 and the impact of project completions in Capital Projects in the first half of 2017, despite good trading momentum and the benefit of cost synergy delivery.

Capital Projects accounts for c40% of segment revenue. Activity remains robust on projects including PMC work in Kuwait, our engineering and project management scope on the Marjan field for Saudi Aramco and our rejuvenation project for Brunei Shell Petroleum. We are encouraged by recent wins including the Saudi Aramco/SABIC integrated crude oils to chemicals complex and the engineering, procurement and construction management scope for the TEVA biotech facility in Germany.

Operations Solutions activity accounts for c45% of segment revenue. We are seeing strong growth in the Middle East and in Asia Pacific. North Sea activity is showing moderate growth on 2017 albeit from a low base.

Turbine joint ventures accounts for c15% of revenue and performance is down on H1 2017. Relative strength in RWG is more than offset by poor trading in EthosEnergy.

Order book in AS EAAA is \$4.9bn, with c90% of 2018 expected revenue secured.

### Outlook

Full year performance will be down on 2017 with good underlying growth being offset by the impact of the India Oil dispute settlement of c\$70m which benefitted EBITA in H2 2017. The second half of 2018 will benefit from continued momentum in Capital Projects in Asia Pacific and Europe and further ramp up in Operations Solutions activity led by the Middle East contracts and improved turbine performance. We also expect moderate growth in North Sea activity to continue into H2. Margins will benefit from the delivery of cost synergies weighted to the second half and we expect full year margin to be 5.25% to 5.75%.

Looking ahead we see good opportunities for both Capital Projects and Operations Solutions in the Middle East and Asia Pacific. We are well positioned with broader capabilities for continuing improvements in the North Sea.

## Specialist Technical Solutions

Markets: c40% Oil & Gas, c30% Minerals processing, c15% Nuclear, c15% Industrial/other energy

|                                 | Interim Jun 2018<br>\$m | Interim<br>Jun 2017<br>\$m | Proforma<br>Interim<br>Jun 2017<br>\$m | Change vs.<br>proforma (%) |
|---------------------------------|-------------------------|----------------------------|--|----------------------------|
| Total Revenue <sup>2</sup>      | 747                     | 271                        | 647                                    | 15.5%                      |
| Total EBITA <sup>2</sup>        | 63                      | 27                         | 74                                     | (14.9)%                    |
| Total EBITA Margin <sup>2</sup> | 8.4%                    | 10.0%                      | 11.4%                                  | (3.0)%                     |
| People                          | 7,900                   | 3,100                      | N/a                                    | N/a                        |

Revenue in the first half has benefited from increased volumes in minerals processing, nuclear and subsea and in automation & control which includes a full six months contribution from CEC, acquired in May 2017. EBITA margin is down 3% due to lower margins in subsea and automation & control and the commercial close out of a mining project in H1 2017.

In minerals processing we have good visibility on work in South America and in Australia, including the Gruyere gold EPC project, and are encouraged by recent wins including the Tasiast gold mine expansion project in Mauritania. Volume in automation and control is up with the TCO project a significant contributor. Activity in nuclear is improving and subsea has grown from 2017.

Order book of \$1.3bn gives us confidence over H2 revenues and beyond, with c85% of anticipated 2018 revenue secured.

### Outlook

We continue to expect STS to deliver strong EBITA growth in 2018, with anticipated full year margin c9%. Activity on existing projects in mining and recent technology & consulting contract awards, such as our scope on the Duqm refinery, will contribute to revenue growth in the second half, as activity levels on the TCO project begin to level off. We expect activity levels in nuclear and subsea to remain steady in H2. Second half margins will benefit from non-synergy related cost savings initiatives and improved margins in automation & control and subsea.

## Environment and Infrastructure Solutions

Markets: c95% Industrial/government, c5% Oil & Gas

|                                 | Interim Jun 2018<br>\$m | Interim<br>Jun 2017<br>\$m | Proforma<br>Interim<br>Jun 2017<br>\$m | Change vs.<br>proforma (%) |
|---------------------------------|-------------------------|----------------------------|--|----------------------------|
| Total Revenue <sup>2</sup>      | 653                     | n/a                        | 646                                    | 1.1%                       |
| Total EBITA <sup>2</sup>        | 33                      | n/a                        | 40                                     | (17.5)%                    |
| Total EBITA Margin <sup>2</sup> | 5.1%                    | n/a                        | 6.2%                                   | (0.9)%                     |
| People                          | 7,600                   | n/a                        | N/a                                    | N/a                        |

Activity levels in the first half of 2018 are in line with the prior year, with increased consultancy activity in the US and Canada offsetting a reduction in capital projects following our decision not to undertake certain fixed price contracts. EBITA margin is down due to the reversal of profits previously booked on capital projects.

E&IS is seeing good activity across environmental remediation consultancy and engineering & construction project management services predominantly in North America. Full year performance will benefit from increased activity as a result of US government and industrial spending and the cost overruns on projects experienced in 2017 not repeating.

Order book is \$1.3bn, giving us good visibility over revenues for the second half of 2018, with c80% of expected full year revenues secured.

### Outlook

E&IS is anticipated to deliver strong earnings growth in 2018 and full year EBITA margin is expected to be c7%. Activity is anticipated to be broadly in line with the prior year with remediation consultancy activity in North America and Canada continuing to perform robustly. Seasonally higher activity in the US and Canada will deliver a significantly stronger EBITA in H2. We see good opportunities as government and industrial spending increases in the US and Canada and we are encouraged by recent contract awards for environment remediation work in the oil and gas sector.

## Investment Services

A number of potentially non-core legacy activities in AFW are managed in Investment Services. This includes the activities of the UK Transmission and Distribution business and the Industrial Power and Machinery business in addition to interests in a number of infrastructure projects. Investment services generated Total Revenue of \$163m in H1 2018 (proforma H1 2017: \$187m) and Total EBITA of \$13m (proforma H1 2017: \$15m).

## Financial Review

### Trading performance

Trading performance is presented on a proportionally consolidated basis used by management to run the business and includes the contribution from joint ventures. Total EBITA and adjusted diluted EPS are the Group's principal profit measures and Total EBITA is stated after costs relating to asbestos. The trends between these alternative performance measures and reported measures are similar. The balance sheet and cashflow information is presented on an equity accounted basis, consistent with the Interim Financial Statements.

A reconciliation to statutory measures of revenue and operating profit from continuing operations excluding joint ventures is included in note 4 to the interim financial statements.

|  | Interim<br>Jun 2018<br>\$m | Interim<br>Jun 2017<br>\$m | Full Year<br>Dec 2017<br>\$m |
|--|----------------------------|----------------------------|------------------------------|
| <b>Total Revenue</b>                               | <b>5,381.7</b>             | 2,276.6                    | 6,169.0                      |
| <b>Total EBITA</b>                                 | <b>260.2</b>               | 127.2                      | 371.6                        |
| <b>Total EBITA margin %</b>                        | <b>4.8%</b>                | 5.6%                       | 6.0%                         |
| Amortisation - software and system development     | (40.4)                     | (25.6)                     | (61.3)                       |
| Amortisation - intangible assets from acquisitions | (84.9)                     | (25.1)                     | (80.0)                       |
| <b>Total EBIT before exceptional items</b>         | <b>134.9</b>               | 76.5                       | 230.3                        |
| Net finance expense (excluding exceptional items)  | (52.9)                     | (12.3)                     | (52.9)                       |
| <b>Profit before tax and exceptional items</b>     | <b>82.0</b>                | 64.2                       | 177.4                        |
| Taxation before exceptional items                  | (24.4)                     | (14.4)                     | (42.3)                       |
| <b>Profit before exceptional items</b>             | <b>57.6</b>                | 49.8                       | 135.1                        |
| Exceptional items, net of tax                      | (109.4)                    | (44.3)                     | (165.1)                      |
| <b>(Loss)/profit for the period</b>                | <b>(51.8)</b>              | 5.5                        | (30.0)                       |
| Basic EPS (cents)                                  | (7.9)c                     | 1.1c                       | (7.4)c                       |
| Adjusted diluted EPS (cents)                       | 23.2c                      | 22.9c                      | 53.3c                        |

The review of our trading performance is contained within the Business Review.

### Reconciliation to operating profit

The table below reconciles Total EBITA to operating profit per the group income statement before exceptional items. Operating profit on a post exceptional basis by segment is included in note 4 to the Interim Financial Statements.

|  | Interim<br>Jun 2018<br>\$m | Interim<br>Jun 2017<br>\$m | Full Year<br>Dec 2017<br>\$m |
|--|----------------------------|----------------------------|------------------------------|
| <b>Total EBITA</b>   | <b>260.2</b>               | 127.2                      | 371.6                        |
| Amortisation (including JVs)   | (125.3)                    | (50.7)                     | (141.3)                      |
|  | <b>134.9</b>               | 76.5                       | 230.3                        |
| Tax and interest charges on joint ventures included within operating profit but not in Total EBITA | (10.0)                     | (4.2)                      | (17.9)                       |
| <b>Operating profit before exceptional items</b>   | <b>124.9</b>               | 72.3                       | 212.4                        |

## Pro-forma Total Revenue and Total EBITA

The financial performance of the Group for June 2018 and 2017, adjusting the 2017 financial performance for the acquisition of AFW and on a pro-forma basis, is shown below. Pro-forma results are unaudited and are included to provide better insight into the underlying, continuing business performance and establish the base level for Wood for comparability going forward.

|  | Proforma                                       |  |  |  |
|--|--|--|--|--|
|  | Interim<br>Jun 2018<br>Total<br>Revenue<br>\$m | Interim<br>Jun 2018<br>Total<br>EBITA<br>\$m | Interim<br>Jun 2017<br>Total<br>Revenue<br>\$m | Interim<br>Jun 2017<br>Total<br>EBITA<br>\$m |
| Asset Solutions Americas                 | 1,872.9  | 93.4   | 1,584.0  | 91.0   |
| Asset Solutions EAAA                     | 1,945.5  | 85.2   | 1,680.0  | 98.0   |
| Specialist Technical Solutions           | 747.3  | 63.2   | 647.0  | 74.0   |
| Environment and Infrastructure Solutions | 653.2  | 33.3   | 646.0  | 40.0   |
| Investment Services                      | 162.8  | 12.9   | 187.0  | 15.0   |
| Centre (incl asbestos)                   | -  | (27.8)                                       | -  | (54.0)                                       |
| <b>Total</b>                             | <b>5,381.7</b>                                 | <b>260.2</b>                                 | <b>4,744.0</b>                                 | <b>264.0</b>                                 |

## Amortisation

Total amortisation charge for the half year of \$125.3m (June 2017: \$50.7m) includes \$65.0m related to the intangible assets arising from the AFW acquisition and \$19.9m of amortisation relating to prior year acquisitions. Amortisation in respect of software and development costs was \$40.4m (June 2017: \$25.6m) and this largely relates to engineering software and ERP system development. Included in the amortisation charge for the period above is \$1.1m (June 2017: \$0.9m) in respect of joint ventures.

## Net finance expense and debt

Net finance expense is analysed below.

|   | Interim<br>Jun 2018<br>\$m | Interim<br>Jun 2017<br>\$m | Full year<br>Dec 2017<br>\$m |
|---|----------------------------|----------------------------|------------------------------|
| Interest on debt  | 31.4                       | 2.6                        | 20.8                         |
| Interest on US Private Placement debt                       | 7.1                        | 7.1                        | 14.1                         |
| Finance expense relating to defined benefit pension schemes | 0.1                        | -                          | 2.6                          |
| Discounting relating to asbestos and deferred consideration | 4.9                        | -                          | 6.3                          |
| JV net interest expense                                     | 3.8                        | 1.1                        | 3.4                          |
| Other interest, fees and charges                            | 7.7                        | 2.5                        | 8.5                          |
| <b>Total finance expense pre-exceptional items</b>          | <b>55.0</b>                | <b>13.3</b>                | <b>55.7</b>                  |
| Finance income  | (2.1)                      | (1.0)                      | (2.8)                        |
| <b>Net finance expense pre-exceptional items</b>            | <b>52.9</b>                | <b>12.3</b>                | <b>52.9</b>                  |

Interest cover<sup>4</sup> was 4.9 times (June 2017: 10.3 times).

The Group negotiated new bank facilities in order to complete the acquisition of AFW. The facilities comprised a \$1bn term loan repayable in 2020 and a 5 year Revolving Credit Facility of \$1.75bn repayable in 2022. At 30 June 2018, the term loan was \$0.9bn and total borrowings under the facilities amounted to \$1,688m with \$949m undrawn. A further \$137m of overdraft funding is available under the Group's other short term facilities.

Net debt to pro-forma Total EBITDA at 30 June was 2.4 times (June 2017: 1.2 times) against our covenant of 3.5 times. The Group's target is to reduce the net debt to Total EBITDA ratio to 1.5 times within approximately 18 months of the AFW acquisition.

## Exceptional items

Exceptional items are those significant items which are separately disclosed by virtue of their size or incidence to enable a full understanding of the Group's financial performance.

|   | Interim<br>Jun 2018<br>\$m | Interim<br>Jun 2017<br>\$m | Full year<br>Dec 2017<br>\$m |
|---|----------------------------|----------------------------|------------------------------|
| Acquisition costs                               | -                          | 19.7                       | 58.9                         |
| Redundancy, restructuring and integration costs | 36.6                       | 6.5                        | 52.5                         |
| Arbitration settlement provision                | 10.4                       | 15.9                       | 19.2                         |
| EthosEnergy impairment and other write offs     | 41.4                       | -                          | 37.2                         |
| Investigation support costs                     | 12.7                       | -                          | 8.2                          |
|   | 101.1                      | 42.1                       | 176.0                        |
| Bank fees relating to AFW acquisition           | -                          | 5.5                        | 8.5                          |
|   | 101.1                      | 47.6                       | 184.5                        |
| Tax charge/(credit) on exceptional items        | 8.3                        | (3.3)                      | (19.4)                       |
| <b>Exceptional items, net of tax</b>            | <b>109.4</b>               | <b>44.3</b>                | <b>165.1</b>                 |

Redundancy, restructuring and integration costs of \$36.6m have been incurred during the period. The total includes \$13.7m of redundancy, restructuring costs and charges relating to onerous property leases and \$22.9m of integration costs in relation to the acquisition of Amec Foster Wheeler.

A charge of \$10.4m has been recorded in relation to a legacy contract carried out by our Gas Turbine Services business prior to the formation of EthosEnergy. An arbitration hearing was held in 2017 and the Group was informed of the outcome of the arbitration process in July 2018. The payment due to the subcontractor is more than the Group provided at 31 December 2017 and the charge to the income statement for the period reflects the additional settlement and associated legal costs.

Investigation support costs of \$12.7m have been incurred during the period in relation to ongoing investigations by the US Securities and Exchange Commission, the US Department of Justice and UK Serious Fraud Office.

At 30 June 2018, the Group carried out an impairment review of its investment in the EthosEnergy joint venture. The recoverable amount of the investment, based on management's estimate of fair value of \$30.1m, was lower than the book value and an impairment charge of \$41.4m has been booked in the income statement.

A tax charge of \$8.3m has been recorded against exceptional items. A charge of \$16.7m has been recorded in respect of a balance relating to the establishment of the EthosEnergy joint venture and this is partly offset by a credit of \$8.4m in relation to exceptional items recorded in the period.

## Taxation

The effective tax rate on profit before tax, amortisation and exceptional items and including joint ventures on a proportionally consolidated basis is set out below.

|   | Interim<br>Jun 2018<br>\$m | Interim<br>Jun 2017<br>\$m | Full year<br>Dec 2017<br>\$m |
|---|----------------------------|----------------------------|------------------------------|
| Profit before tax amortisation and exceptional items (including share of joint ventures)    | 207.3                      | 114.9                      | 318.7                        |
| Tax charge excluding amortisation and exceptional items (including share of joint ventures) | 47.2                       | 25.8                       | 75.9                         |
| <b>Effective tax rate</b>   | <b>22.8%</b>               | <b>22.5%</b>               | <b>23.8%</b>                 |

The tax charge above includes \$6.2m in relation to joint ventures (June 2017: \$3.1m).

## Earnings per share

Adjusted diluted EPS for the six months to 30 June 2018 was 23.2 cents per share (June 2017: 22.9 cents). The average number of fully diluted shares used in the EPS calculation for the period was 683.5m (June 2017: 384.2m).

Adjusted diluted EPS adds back all amortisation. If only the amortisation related to intangible assets arising on acquisition is adjusted and no adjustment is made for that relating to software and development costs, the figure for June 2018 would be 18.4 cents per share (June 2017: 17.7 cents).

| <b>Reconciliation of number of fully diluted shares (million)</b> | <b>Closing</b> | <b>Average</b> |
|---|----------------|----------------|
| At start of year  | 677.7          | 677.7          |
| Shares held by employee share trusts                              | (8.0)          | (8.5)          |
| <b>Basic number of shares for EPS</b>                             | <b>669.7</b>   | <b>669.2</b>   |
| Effect of dilutive shares   | 12.9           | 14.3           |
| <b>Fully diluted number of shares for EPS</b>                     | <b>682.6</b>   | <b>683.5</b>   |

## Dividend

Taking account of cash flows and earnings, the progressive Wood dividend policy is a key element of our investment case and compares favourably against peers in the global engineering and construction sector.

An interim dividend of 11.3 cents per share (June 2017: 11.1 cents) has been declared which will be paid on 27 September 2018 to shareholders on the register on 31 August 2018. This represents an increase of 2%.

## Cash flow and net debt

The cash flow and net debt position below has been prepared using equity accounting for joint ventures, and as such does not proportionally consolidate the assets and liabilities of joint ventures.

|   | <b>Interim<br/>Jun 2018<br/>\$m</b> | <b>Interim<br/>Jun 2017<br/>\$m</b> | <b>Full year<br/>Dec 2017<br/>\$m</b> |
|---|-------------------------------------|-------------------------------------|---------------------------------------|
| <b>Opening net debt (excluding JV's)</b>                  | <b>(1,646.1)</b>                    | (322.6)                             | (322.6)                               |
| <b>Total EBITDA</b>                                       | <b>292.9</b>                        | 152.3                               | 423.1                                 |
| Less JV EBITDA  | (25.5)                              | (16.1)                              | (61.9)                                |
|   | <b>267.4</b>                        | 136.2                               | 361.2                                 |
| Exceptional items – cash impact                           | (77.9)                              | (9.5)                               | (75.1)                                |
| Decrease in provisions                                    | (30.5)                              | (31.7)                              | (75.8)                                |
| Dividends from JV's and other                             | 17.3                                | 21.9                                | 55.7                                  |
| <b>Cash generated from operations pre-working capital</b> | <b>176.3</b>                        | 116.9                               | 266.0                                 |
| Working capital movements                                 | 163.1                               | (50.0)                              | (16.0)                                |
| <b>Cash generated from operations</b>                     | <b>339.4</b>                        | 66.9                                | 250.0                                 |
| Acquisitions  | (8.3)                               | (85.0)                              | (1,469.3)                             |
| Divestments   | -                                   | -                                   | 254.9                                 |
| Capex and intangibles                                     | (57.4)                              | (46.7)                              | (79.1)                                |
| Tax paid  | (26.3)                              | (18.0)                              | (99.6)                                |
| Interest, dividends and other                             | (201.4)                             | (75.7)                              | (180.4)                               |
| <b>Decrease/(Increase) in net debt</b>                    | <b>46.0</b>                         | (158.5)                             | (1,323.5)                             |
| <b>Closing net debt (excluding JV's)</b>                  | <b>(1,600.1)</b>                    | (481.1)                             | (1,646.1)                             |

Cash generated from operations pre-working capital increased by \$59.4m to \$176.3m and post-working capital increased by \$272.5m to \$339.4m mainly as a result of improvements in the management of working capital.

Cash conversion, calculated as cash generated from operations as a percentage of EBITDA (excluding JVs), improved to 127% (June 2017: 49%) due to improved working capital performance partly offset by the cash impact of exceptional

costs, primarily related to the integration of AFW. Excluding the impact of exceptional costs cash conversion is 156%.

Payments for capex and intangible assets amounted to \$57.4m (June 2017: \$46.7m) and included software development and expenditure on ERP systems across the Group.

### **Summary Balance Sheet**

The balance sheet below has been prepared using equity accounting for joint ventures, and as such does not proportionally consolidate the joint ventures assets and liabilities.

|   | Interim<br>Jun 2018<br>\$m | Interim<br>Jun 2017<br>\$m | Full year<br>Dec 2017<br>(restated)<br>\$m |
|---|----------------------------|----------------------------|--|
| Non-current assets                          | 7,971.2                    | 2,532.7                    | 8,091.3                                    |
| Current assets                              | 4,673.4                    | 1,507.1                    | 4,049.6                                    |
| Current liabilities                         | (4,317.5)                  | (1,012.8)                  | (3,270.4)                                  |
| <b>Net current assets</b>                   | <b>355.9</b>               | 494.3                      | 779.2                                      |
| Non-current liabilities                     | (3,469.6)                  | (827.8)                    | (3,898.5)                                  |
| <b>Net assets</b>                           | <b>4,857.5</b>             | 2,199.2                    | 4,972.0                                    |
| Equity attributable to owners of the parent | 4,848.9                    | 2,185.2                    | 4,960.3                                    |
| Non-controlling interests                   | 8.6                        | 14.0                       | 11.7                                       |
| <b>Total equity</b>                         | <b>4,857.5</b>             | 2,199.2                    | 4,972.0                                    |

Non-current assets include \$6,769.6m (June 2017: \$1,976.2m) of goodwill and intangible assets, \$4,810.9m of which relates to the acquisition of AFW. The Group's balance sheet has changed significantly as a result of the AFW acquisition with significant increases in current assets, current liabilities and non-current liabilities.

The valuation of certain assets and liabilities acquired as part of the AFW acquisition have been re-measured within the 12 month post-acquisition period in which the acquisition accounting is finalised. The adjustments are recorded against goodwill and total \$65.8m and have arisen as a result of better estimates of fair values of these assets and liabilities at the acquisition date. The December 2017 comparatives have been revised accordingly.

### **Asbestos related obligations**

As a result of the acquisition of AFW, the Group is subject to claims by individuals who allege that they have suffered personal injury from exposure to asbestos primarily in connection with equipment allegedly manufactured by certain subsidiaries during the 1970's or earlier. The majority of the asbestos related liabilities arise as a result of Amec's acquisition of Foster Wheeler in 2014. The overwhelming majority of claims that have been made and are expected to be made are in the United States.

The Group's Total EBITA is stated after deducting costs relating to asbestos including administration costs, movements in the liability as a result of changes in assumptions and changes in the discount rate. The unwinding on the discount over time is included in finance expense.

### **Pensions**

The Group operates a number of defined benefit pension schemes in the UK and US and a number of defined contribution plans. At 30 June 2018, the defined benefit schemes had a net surplus of \$399.0m. In assessing the potential liabilities, judgment is required to determine the assumptions around inflation, investment returns and member longevity. The assumptions at 30 June 2018 include an increase in the discount rate which results in lower scheme liabilities and contributes to the actuarial gain recognised in the period.

### **Principal risks and uncertainties**

The principal risks and uncertainties facing the Group in the second half of 2018 that could lead to a significant loss of reputation or could impact on the performance of the Group, along with our approach to managing, mitigating and monitoring these risks, remain broadly unchanged from those described in the Group's 2017 Annual Report. The key risks

are in the following categories:

- Strategic
- Health, Safety Security & Environment
- Commercial & Operations
- Financial
- Compliance & Litigation

The mitigating factors are designed to reduce, but cannot be relied upon to eliminate, the risk areas identified. For further details on the management of risk and the principal risks and uncertainties see pages 32 to 34 of the Group's 2017 Annual Report.

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## Footnotes

1. Total EBITA represents operating profit including JVs on a proportional basis of \$33.8m (June 2017: \$34.4m) before the deduction of amortisation of \$125.3m (June 2017: \$50.7m) and continuing exceptional expense of \$101.1m (June 2017: \$42.1m) and is provided as it is a key unit of measurement used by the Group in the management of its business.
2. Adjusted diluted earnings per share ("AEPS") is calculated by dividing earnings before exceptional items and amortisation, net of tax, by the weighted average number of ordinary shares in issue during the period, excluding shares held by the Group's employee share ownership trusts and adjusted to assume conversion of all potentially dilutive ordinary shares.
3. Number of people includes both employees and contractors at 30 June 2018 and includes joint ventures.
4. Interest cover is reported Total EBITA divided by the net finance expense (excluding exceptional items).

**John Wood Group PLC**

**Interim Financial Statements 2018**

# John Wood Group PLC

## Group income statement

for the six month period to 30 June 2018

Unaudited Interim June 2018

Unaudited Interim June 2017

Audited Full Year December 2017

|  |            | Pre- exceptional<br>items | Exceptional<br>items (note 6) | Total          | Pre- exceptional<br>items | Exceptional items<br>(note 6) | Total     | Pre- exceptional<br>items | Exceptional items<br>(note 6) | Total     |
|--|------------|---------------------------|-------------------------------|----------------|---------------------------|-------------------------------|-----------|---------------------------|-------------------------------|-----------|
|  | Note       | \$m                       | \$m                           | \$m            | \$m                       | \$m                           | \$m       | \$m                       | \$m                           | \$m       |
| <b>Revenue</b>   | <b>4,5</b> | <b>4,916.4</b>            | -                             | <b>4,916.4</b> | 1,944.2                   | -                             | 1,944.2   | 5,394.4                   | -                             | 5,394.4   |
| Cost of sales  |            | (4,369.5)                 | -                             | (4,369.5)      | (1,695.6)                 | -                             | (1,695.6) | (4,714.4)                 | -                             | (4,714.4) |
| <b>Gross profit</b>                                      |            | <b>546.9</b>              | -                             | <b>546.9</b>   | 248.6                     | -                             | 248.6     | 680.0                     | -                             | 680.0     |
| Administrative expenses                                  |            | (431.8)                   | (58.2)                        | (490.0)        | (182.3)                   | (42.1)                        | (224.4)   | (500.0)                   | (146.9)                       | (646.9)   |
| Impairment of investment in joint ventures               |            | -                         | (41.4)                        | (41.4)         | -                         | -                             | -         | -                         | (28.0)                        | (28.0)    |
| Share of post-tax profit from joint ventures             |            | 9.8                       | (1.5)                         | 8.3            | 6.0                       | -                             | 6.0       | 32.4                      | (1.1)                         | 31.3      |
| <b>Operating profit</b>                                  | <b>4</b>   | <b>124.9</b>              | <b>(101.1)</b>                | <b>23.8</b>    | 72.3                      | (42.1)                        | 30.2      | 212.4                     | (176.0)                       | 36.4      |
| Finance income   |            | 2.1                       | -                             | 2.1            | 1.0                       | -                             | 1.0       | 2.8                       | -                             | 2.8       |
| Finance expense  |            | (51.2)                    | -                             | (51.2)         | (12.2)                    | (5.5)                         | (17.7)    | (52.3)                    | (8.5)                         | (60.8)    |
| <b>Profit/(loss) before tax</b>                          |            | <b>75.8</b>               | <b>(101.1)</b>                | <b>(25.3)</b>  | 61.1                      | (47.6)                        | 13.5      | 162.9                     | (184.5)                       | (21.6)    |
| Taxation   | <b>10</b>  | (18.2)                    | (8.3)                         | (26.5)         | (11.3)                    | 3.3                           | (8.0)     | (27.8)                    | 19.4                          | (8.4)     |
| <b>Profit/(loss) for the period</b>                      |            | <b>57.6</b>               | <b>(109.4)</b>                | <b>(51.8)</b>  | 49.8                      | (44.3)                        | 5.5       | 135.1                     | (165.1)                       | (30.0)    |
| <b>Profit/(loss) attributable to:</b>                    |            |                           |                               |                |                           |                               |           |                           |                               |           |
| Owners of the parent                                     |            | 56.2                      | (109.4)                       | (53.2)         | 48.5                      | (44.3)                        | 4.2       | 132.7                     | (165.1)                       | (32.4)    |
| Non-controlling interests                                |            | 1.4                       | -                             | 1.4            | 1.3                       | -                             | 1.3       | 2.4                       | -                             | 2.4       |
|  |            | 57.6                      | (109.4)                       | (51.8)         | 49.8                      | (44.3)                        | 5.5       | 135.1                     | (165.1)                       | (30.0)    |
| <b>Earnings per share (expressed in cents per share)</b> |            |                           |                               |                |                           |                               |           |                           |                               |           |
| Basic  | <b>9</b>   |                           |                               | (7.9)          |                           |                               | 1.1       |                           |                               | (7.4)     |
| Diluted  | <b>9</b>   |                           |                               | (7.9)          |                           |                               | 1.1       |                           |                               | (7.4)     |

The Group has applied IFRS 15 and IFRS 9 for the first time from 1 January 2018. Under the transition methods chosen, comparative information is not restated. See notes 2 and 3.

The notes on pages 6 to 19 are an integral part of the interim financial statements.

## John Wood Group PLC

# Group statement of comprehensive income

for the six month period to 30 June 2018

|  | Unaudited<br>Interim<br>June<br>2018<br>\$m | Unaudited<br>Interim<br>June<br>2017<br>\$m | Audited<br>Full Year<br>December<br>2017<br>\$m |
|--|---|---|---|
| <b>(Loss)/profit for the period</b>  | <b>(51.8)</b>                               | 5.5   | (30.0)  |
| <b>Other comprehensive income/(expense)</b>                                |   |   |   |
| <i>Items that will not be reclassified to profit or loss</i>               |   |   |   |
| Re-measurement gains/(losses) on retirement benefit obligations            | <b>238.8</b>                                | -   | (1.2)   |
| Movement in deferred tax relating to retirement benefit obligations        | <b>(43.6)</b>                               | -   | 0.7   |
| <b>Total items that will not be reclassified to profit or loss</b>         | <b>195.2</b>                                | -   | (0.5)   |
| <i>Items that may be reclassified subsequently to profit or loss</i>       |   |   |   |
| Cash flow hedges   | <b>(4.1)</b>                                | 0.3   | 1.3   |
| Exchange movements on retranslation of foreign currency net assets         | <b>(108.8)</b>                              | 71.7  | 119.2   |
| <b>Total items that may be reclassified subsequently to profit or loss</b> | <b>(112.9)</b>                              | 72.0  | 120.5   |
| <b>Other comprehensive income for the period, net of tax</b>               | <b>82.3</b>                                 | 72.0  | 120.0   |
| <b>Total comprehensive income for the period</b>                           | <b>30.5</b>                                 | 77.5  | 90.0  |
| <b>Total comprehensive income for the period is attributable to:</b>       |   |   |   |
| Owners of the parent   | <b>29.6</b>                                 | 76.1  | 87.6  |
| Non-controlling interests  | <b>0.9</b>                                  | 1.4   | 2.4   |
|  | <b>30.5</b>                                 | 77.5  | 90.0  |

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 Group has applied IFRS 15 and IFRS 9 for the first time from 1 January 2018. Under the transition methods chosen, comparative information is not restated. See notes 2 and 3.

*The notes on pages 6 to 19 are an integral part of the interim financial statements.*

# John Wood Group PLC

## Group balance sheet

as at 30 June 2018

|  | Note | Unaudited<br>Interim<br>June<br>2018<br>\$m | Unaudited<br>Interim<br>June<br>2017<br>\$m | Restated*<br>Audited<br>Full Year<br>December<br>2017<br>\$m |
|--|------|---|---|--|
| <b>Assets</b>                                      |      |   |   |  |
| <b>Non-current assets</b>                          |      |   |   |  |
| Goodwill and other intangible assets               | 12   | 6,769.6                                     | 1,976.2                                     | 6,936.6  |
| Property plant and equipment                       |      | 222.1                                       | 163.3                                       | 233.5  |
| Investment in joint ventures                       |      | 133.1                                       | 213.3                                       | 239.9  |
| Other investments                                  |      | 83.4  | 81.0  | 83.8   |
| Long term receivables                              |      | 146.5                                       | 8.7   | 157.5  |
| Retirement benefit scheme surplus                  | 11   | 547.1                                       | -   | 331.5  |
| Deferred tax assets                                |      | 69.4  | 90.2  | 108.5  |
|  |      | <b>7,971.2</b>                              | <b>2,532.7</b>                              | <b>8,091.3</b>   |
| <b>Current assets</b>                              |      |   |   |  |
| Inventories  |      | 11.7  | 11.0  | 14.2   |
| Trade and other receivables                        |      | 2,634.6                                     | 957.6                                       | 2,628.7  |
| Financial assets                                   |      | 37.5  | 28.7  | 88.2   |
| Income tax receivable                              |      | 84.1  | 18.1  | 93.0   |
| Assets held for sale                               | 14   | 215.5                                       | -   | -  |
| Cash and cash equivalents                          | 17   | 1,690.0                                     | 491.7                                       | 1,225.5  |
|  |      | <b>4,673.4</b>                              | <b>1,507.1</b>                              | <b>4,049.6</b>   |
| <b>Total assets</b>                                |      | <b>12,644.6</b>                             | <b>4,039.8</b>                              | <b>12,140.9</b>  |
| <b>Liabilities</b>                                 |      |   |   |  |
| <b>Current liabilities</b>                         |      |   |   |  |
| Borrowings   | 17   | 1,227.5                                     | 373.8                                       | 543.2  |
| Trade and other payables                           |      | 2,630.9                                     | 604.8                                       | 2,452.5  |
| Income tax liabilities                             |      | 280.2                                       | 34.2  | 252.7  |
| Provisions   | 13   | 66.1  | -   | 22.0   |
| Liabilities held for sale                          | 14   | 112.8                                       | -   | -  |
|  |      | <b>4,317.5</b>                              | <b>1,012.8</b>                              | <b>3,270.4</b>   |
| <b>Net current assets</b>                          |      | <b>355.9</b>                                | <b>494.3</b>                                | <b>779.2</b>   |
| <b>Non-current liabilities</b>                     |      |   |   |  |
| Borrowings   | 17   | 2,062.5                                     | 625.5                                       | 2,336.1  |
| Deferred tax liabilities                           |      | 157.0                                       | 4.4   | 187.5  |
| Retirement benefit scheme deficit                  | 11   | 148.1                                       | 6.3   | 163.8  |
| Other non-current liabilities                      |      | 268.2                                       | 138.0                                       | 312.3  |
| Provisions   | 13   | 833.8                                       | 53.6  | 898.8  |
|  |      | <b>3,469.6</b>                              | <b>827.8</b>                                | <b>3,898.5</b>   |
| <b>Total liabilities</b>                           |      | <b>7,787.1</b>                              | <b>1,840.6</b>                              | <b>7,168.9</b>   |
| <b>Net assets</b>                                  |      | <b>4,857.5</b>                              | <b>2,199.2</b>                              | <b>4,972.0</b>   |
| <b>Equity attributable to owners of the parent</b> |      |   |   |  |
| Share capital                                      |      | 40.5  | 24.0  | 40.5   |
| Share premium                                      |      | 63.9  | 63.9  | 63.9   |
| Retained earnings                                  |      | 1,936.2                                     | 2,016.0                                     | 1,935.2  |
| Merger reserve                                     |      | 2,790.8                                     | -   | 2,790.8  |
| Other reserves                                     |      | 17.5  | 81.3  | 129.9  |
|  |      | <b>4,848.9</b>                              | <b>2,185.2</b>                              | <b>4,960.3</b>   |
| Non-controlling interests                          |      | 8.6   | 14.0  | 11.7   |
| <b>Total equity</b>                                |      | <b>4,857.5</b>                              | <b>2,199.2</b>                              | <b>4,972.0</b>   |

The Group has applied IFRS 15 and IFRS 9 for the first time from 1 January 2018. Under the transition methods chosen, comparative information is not restated. See notes 2 and 3.

\*Refer to note 1

The notes on pages 6 to 19 are an integral part of the interim financial statements.

# John Wood Group PLC

## Group statement of changes in equity

for the six month period to 30 June 2018

|  | Note | Share capital<br>\$m | Share premium<br>\$m | Retained earnings<br>\$m | Merger Reserve<br>\$m | Other reserves<br>\$m | Equity attributable to owners of the parent<br>\$m | Non-controlling interests<br>\$m | Total equity<br>\$m |
|--|------|----------------------|----------------------|--------------------------|-----------------------|-----------------------|--|----------------------------------|---------------------|
| <b>At 1 January 2017</b>   |      | 23.9                 | 63.9                 | 2,098.0                  | -                     | 9.4                   | 2,195.2  | 13.0                             | 2,208.2             |
| Profit for the period  |      | -                    | -                    | 4.2                      | -                     | -                     | 4.2  | 1.3                              | 5.5                 |
| <b>Other comprehensive income:</b>                                     |      |                      |                      |                          |                       |                       |  |                                  |                     |
| Cash flow hedges   |      | -                    | -                    | -                        | -                     | 0.3                   | 0.3  | -                                | 0.3                 |
| Net exchange movements on retranslation of foreign currency net assets |      | -                    | -                    | -                        | -                     | 71.6                  | 71.6   | 0.1                              | 71.7                |
| <b>Total comprehensive income for the period</b>                       |      | -                    | -                    | 4.2                      | -                     | 71.9                  | 76.1   | 1.4                              | 77.5                |
| <b>Transactions with owners:</b>                                       |      |                      |                      |                          |                       |                       |  |                                  |                     |
| Dividends paid   | 7    | -                    | -                    | (83.9)                   | -                     | -                     | (83.9)   | -                                | (83.9)              |
| Credit relating to share based charges                                 | 18   | -                    | -                    | 5.0                      | -                     | -                     | 5.0  | -                                | 5.0                 |
| Shares allocated to employee share trusts                              |      | 0.1                  | -                    | (0.1)                    | -                     | -                     | -  | -                                | -                   |
| Shares disposed of by employee share trusts                            |      | -                    | -                    | 2.2                      | -                     | -                     | 2.2  | -                                | 2.2                 |
| Exchange movements in respect of shares held by employee share trusts  |      | -                    | -                    | (5.3)                    | -                     | -                     | (5.3)  | -                                | (5.3)               |
| Transactions with non-controlling interests                            |      | -                    | -                    | (4.1)                    | -                     | -                     | (4.1)  | (0.4)                            | (4.5)               |
| <b>At 30 June 2017</b>   |      | 24.0                 | 63.9                 | 2,016.0                  | -                     | 81.3                  | 2,185.2  | 14.0                             | 2,199.2             |
| <b>At 1 January 2018</b>   |      | 40.5                 | 63.9                 | 1,935.2                  | 2,790.8               | 129.9                 | 4,960.3  | 11.7                             | 4,972.0             |
| (Loss)/profit for the period   |      | -                    | -                    | (53.2)                   | -                     | -                     | (53.2)   | 1.4                              | (51.8)              |
| <b>Other comprehensive income/(expense):</b>                           |      |                      |                      |                          |                       |                       |  |                                  |                     |
| Re-measurement gains on retirement benefit schemes                     |      | -                    | -                    | 238.8                    | -                     | -                     | 238.8  | -                                | 238.8               |
| Movement in deferred tax relating to retirement benefit schemes        |      | -                    | -                    | (43.6)                   | -                     | -                     | (43.6)   | -                                | (43.6)              |
| Cash flow hedges   |      | -                    | -                    | -                        | -                     | (4.1)                 | (4.1)  | -                                | (4.1)               |
| Net exchange movements on retranslation of foreign currency net assets |      | -                    | -                    | -                        | -                     | (108.3)               | (108.3)  | (0.5)                            | (108.8)             |
| <b>Total comprehensive income/(expense) for the period</b>             |      | -                    | -                    | 142.0                    | -                     | (112.4)               | 29.6   | 0.9                              | 30.5                |
| <b>Transactions with owners:</b>                                       |      |                      |                      |                          |                       |                       |  |                                  |                     |
| Dividends paid   | 7    | -                    | -                    | (155.3)                  | -                     | -                     | (155.3)  | (2.4)                            | (157.7)             |
| Credit relating to share based charges                                 | 18   | -                    | -                    | 9.4                      | -                     | -                     | 9.4  | -                                | 9.4                 |
| Tax in equity  |      | -                    | -                    | 0.2                      | -                     | -                     | 0.2  | -                                | 0.2                 |
| Shares disposed of by employee share trusts                            |      | -                    | -                    | 0.8                      | -                     | -                     | 0.8  | -                                | 0.8                 |
| Exchange movements in respect of shares held by employee share trusts  |      | -                    | -                    | 2.7                      | -                     | -                     | 2.7  | -                                | 2.7                 |
| Transactions with non-controlling interests                            |      | -                    | -                    | 1.2                      | -                     | -                     | 1.2  | (1.6)                            | (0.4)               |
| <b>At 30 June 2018</b>   |      | 40.5                 | 63.9                 | 1,936.2                  | 2,790.8               | 17.5                  | 4,848.9  | 8.6                              | 4,857.5             |

The figures presented in the above tables are unaudited.

Other reserves include the capital redemption reserve, capital reduction reserve, currency translation reserve and the hedging reserve.

The Group has applied IFRS 15 and IFRS 9 for the first time from 1 January 2018. Under the transition methods chosen, comparative information is not restated. See notes 2 and 3.

The notes on pages 6 to 19 are an integral part of the interim financial statements.

# John Wood Group PLC

## Group cash flow statement

for the six month period to 30 June 2018

|   | Note      | Unaudited<br>Interim<br>June 2018<br>\$m | Unaudited<br>Interim<br>June 2017<br>\$m | Audited<br>Full Year<br>Dec 2017<br>\$m |
|---|-----------|--|--|---|
| <b>Cash generated from operations</b>                               | <b>16</b> | <b>339.4</b>                             | 66.9                                     | 250.0                                   |
| Tax paid  |           | (26.3)                                   | (18.0)                                   | (99.6)                                  |
| <b>Net cash from operating activities</b>                           |           | <b>313.1</b>                             | 48.9                                     | 150.4                                   |
| <b>Cash flows from investing activities</b>                         |           |  |  |   |
| Acquisition of subsidiaries (consideration paid less cash acquired) | 8         | (8.3)                                    | (81.1)                                   | 359.8                                   |
| Disposal of subsidiaries  |           | -  | -  | 254.9                                   |
| Purchase of property plant and equipment                            |           | (19.8)                                   | (11.7)                                   | (22.1)                                  |
| Proceeds from sale of property plant and equipment                  |           | 4.5                                      | 2.5                                      | 5.2                                     |
| Purchase of intangible assets                                       | 12        | (37.6)                                   | (35.0)                                   | (57.0)                                  |
| Interest received   |           | 2.2                                      | 0.4                                      | 3.1                                     |
| Investment in joint ventures  |           | (2.2)                                    | -  | -                                       |
| Repayment of loans from joint ventures                              |           | -  | 20.8                                     | 20.8                                    |
| <b>Net cash (used in)/from investing activities</b>                 |           | <b>(61.2)</b>                            | (104.1)                                  | 564.7                                   |
| <b>Cash flows from financing activities</b>                         |           |  |  |   |
| Proceeds from bank loans and overdrafts                             | 17        | 421.0                                    | 67.5                                     | 1,939.2                                 |
| Borrowings acquired on acquisition of subsidiaries                  |           | -  | -  | (1,809.7)                               |
| (Repayment of)/proceeds from finance leases                         | 17        | (4.6)                                    | -  | 0.5                                     |
| Settlement of derivative financial instruments on AFW acquisition   |           | -  | -  | (21.3)                                  |
| Cash from short term investments                                    | 17        | 24.7                                     | -  | -                                       |
| Disposal of shares by employee share trusts                         |           | 0.8                                      | 2.2                                      | 5.6                                     |
| Interest paid   |           | (44.9)                                   | (15.8)                                   | (53.3)                                  |
| Dividends paid to shareholders                                      | 7         | (155.3)                                  | (83.9)                                   | (125.6)                                 |
| Dividends paid to non-controlling interests                         |           | (2.4)                                    | -  | (4.5)                                   |
| Acquisition of non-controlling interests                            |           | (0.4)                                    | (3.9)                                    | (3.9)                                   |
| <b>Net cash from/(used in) financing activities</b>                 |           | <b>238.9</b>                             | (33.9)                                   | (73.0)                                  |
| <b>Net increase/(decrease) in cash and cash equivalents</b>         |           | <b>490.8</b>                             | (89.1)                                   | 642.1                                   |
| Effect of exchange rate changes on cash and cash equivalents        |           | (14.2)                                   | 1.3                                      | 3.9                                     |
| Opening cash and cash equivalents                                   |           | 1,225.5                                  | 579.5                                    | 579.5                                   |
| <b>Closing cash and cash equivalents</b>                            |           | <b>1,702.1</b>                           | 491.7                                    | 1,225.5                                 |

Closing cash and cash equivalents includes \$12.1m presented in assets held for sale on the Group balance sheet (see note 14).

The notes on pages 6 to 19 are an integral part of the interim financial statements.

# John Wood Group PLC

## Notes to the interim financial statements

for the six month period to 30 June 2018

### 1. Basis of preparation

The interim report and condensed consolidated financial statements for the six months ended 30 June 2018 have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and in accordance with IAS 34 'Interim financial reporting' as adopted by the European Union. The interim report and condensed financial statements should be read in conjunction with the Group's 2017 Annual Report and Accounts which have been prepared in accordance with IFRSs as adopted by the European Union. The financial statements are also in compliance with IFRS as issued by the International Accounting Standards Board.

The interim report and condensed consolidated financial statements have been prepared on the basis of the accounting policies set out in the Group's 2017 Annual Report and Accounts and those new standards discussed below which are applicable from 1 January 2018. The interim report and condensed consolidated financial statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. The interim condensed financial statements were approved by the Board of Directors on 20 August 2018. The results for the six months to 30 June 2018 and the comparative results for six months to 30 June 2017 are unaudited. The comparative figures for the year ended 31 December 2017 do not constitute the statutory financial statements for that year. Those financial statements have been delivered to the Registrar of Companies and include the auditor's report which was unqualified and did not contain any statement under Section 498 of the Companies Act 2006.

#### Going concern

The Directors have a reasonable expectation that the Group will be able to operate within the level of available facilities and cash for the foreseeable future and accordingly believe that it is appropriate to prepare the consolidated condensed financial statements on a going concern basis. In assessing the basis of preparation of the financial statements for the six months ended 30 June 2018, the Directors have considered the principles of the Financial Reporting Council's 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting 2014', namely assessing the applicability of the going concern basis, the review period and disclosures.

The Directors have undertaken a rigorous assessment of going concern and liquidity, taking into account financial forecasts. In order to satisfy themselves that they have adequate resources for the future, the Directors have reviewed the Group's existing debt levels, the committed funding and liquidity positions under debt covenants, and the Group's ability to generate cash from trading activities. The Group's principal debt facilities comprise a \$886m term loan repayable in 2020, a \$1.75bn revolving credit facility maturing in 2022 and \$375m of US private placement debt repayable in 2021, 2024 and 2026. At 30 June 2018, the Group had headroom of \$949m under these facilities and in addition had \$137m of other undrawn borrowing facilities. In undertaking this review the Directors have considered the latest forecasts which provide financial projections through to the end of 2019.

#### Judgements and estimates

In preparing these interim condensed financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 December 2017 except for new judgments in relation to the application of IFRS 15 and IFRS 9.

The value of the Group's retirement benefit scheme surplus has increased significantly since 31 December 2017 as a result of the increase in the discount rate used in the actuarial valuations. The Group determines the discount rate to be used in conjunction with the scheme actuaries. An increase in the discount rate reduces the defined benefit obligations. The Directors believe it is appropriate to recognise the pension scheme asset as the scheme rules give the employers the right to any surplus on the winding up of the pension schemes.

#### Restatement of December 2017 balance sheet

The table below reconciles the amounts on the reported balance sheet to the restated figures now included as comparatives.

|                                  | Reported         | Re-measurement | Reclassification | Reclassification | Restated         |
|----------------------------------|------------------|----------------|------------------|------------------|------------------|
|                                  | Dec-17           | of fair value  | of non-current   | of               | Dec-17           |
|                                  | \$m              | \$m            | provisions       | US SERP          | \$m              |
| Goodwill                         | 5,359.2          | 109.0          | -                | -                | 5,468.2          |
| Other intangible assets          | 1,511.6          | (43.2)         | -                | -                | 1,468.4          |
| Other investments                | -                | -              | -                | 83.8             | 83.8             |
| Long term receivables            | 241.3            | -              | -                | (83.8)           | 157.5            |
| <b>Total non-current assets</b>  | <b>8,025.5</b>   | <b>65.8</b>    | -                | -                | <b>8,091.3</b>   |
| <b>Current assets</b>            | <b>4,049.6</b>   | -              | -                | -                | <b>4,049.6</b>   |
| Trade and other payables         | (2,447.6)        | (4.9)          | -                | -                | (2,452.5)        |
| Current provisions               | -                | -              | (22.0)           | -                | (22.0)           |
| <b>Total current liabilities</b> | <b>(3,243.5)</b> | <b>(4.9)</b>   | <b>(22.0)</b>    | -                | <b>(3,270.4)</b> |
| <b>Net current assets</b>        | <b>806.1</b>     | <b>(4.9)</b>   | <b>(22.0)</b>    | -                | <b>779.2</b>     |
| Deferred tax liabilities         | (181.5)          | (6.0)          | -                | -                | (187.5)          |
| Non-current provisions           | (865.9)          | (54.9)         | 22.0             | -                | (898.8)          |
| <b>Non-current liabilities</b>   | <b>(3,859.6)</b> | <b>(60.9)</b>  | <b>22.0</b>      | -                | <b>(3,898.5)</b> |
| <b>Net assets</b>                | <b>4,972.0</b>   | -              | -                | -                | <b>4,972.0</b>   |

The Group acquired Amec Foster Wheeler on 6 October 2017. At 31 December 2017, the Group had not fully finalised its assessment of the fair value of certain AFW assets and liabilities and the 2017 financial statements reflected the provisional assessment of the fair values at the acquisition date. During 2018, the Group has reassessed those fair values as a result of new information obtained about facts and circumstances that existed at the acquisition date, and recorded measurement period adjustments of \$54.9m in provisions (see note 13) and \$4.9m in trade and other payables. After completing the assessment of the valuation of the brands intangible assets, \$43.2m of the \$727.1m brand intangible asset recognised on acquisition of AFW has been reallocated to goodwill to better allocate the consideration paid to assets acquired. A deferred tax adjustment of \$6.0m has also been recorded in relation to the recognition of intangible assets on acquisition. The December 2017 balance sheet has been restated accordingly.

The balance sheet has also been restated to present the element of provisions that is expected to be settled in less than one year within current liabilities and the assets held by the US SERP in other investments. These assets were previously presented in long term receivables.

# John Wood Group PLC

## Notes to the interim financial statements

for the six month period to 30 June 2018

### 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 2018 | June 2017 |
|----------------------|-----------|-----------|
| Average rate £1 = \$ | 1.3740    | 1.2590    |
| Closing rate £1 = \$ | 1.3203    | 1.2990    |

### Disclosure of impact of new and future accounting standards

#### (a) Amended standards and interpretations

The following standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2018.

- IFRS 15 'Revenue from contracts with customers' has replaced IAS 18 'Revenue' and IAS 11 'Construction Contracts' and established a framework for determining how much and when revenue is recognised. The impact of the application of IFRS 15 on the Group's financial statements is not material as set out in note 2.
- IFRS 9 'Financial instruments' has replaced IAS 39 'Financial Instruments: Recognition and Measurement' and sets out the requirements for recognising and measuring financial assets and financial liabilities. The impact of the application of IFRS 9 on the Group's financial statements is not material as set out in note 3.

#### (b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

The following standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2019, but the Group has not adopted them early:

- IFRS 16 'Leases' is effective for accounting periods beginning on or after 1 January 2019. The Group is in the process of assessing the likely impact of this standard on the financial statements. Under IFRS 16, all operating leases will be brought onto the balance sheet and will increase non-current assets and non-current liabilities as well as impacting operating profit, finance expense and EBITDA.

## 2. Impact of application of IFRS 15

The Group has adopted IFRS 15 using the cumulative effect method from 1 January 2018. Accordingly, the information presented for 2017 has not been restated and is presented as previously reported under IAS 18, IAS 11 and related interpretations.

The Group reviewed its revenue recognition processes from a sample of contracts in both legacy Wood Group and legacy Amec Foster Wheeler businesses. The review was completed in the first half of 2018. The main areas of focus and judgement are listed below but in summary no material changes have resulted from the adoption of the new standard.

- The Group has a number of contracts that include engineering man-hours and procurement activity where the engineering and procurement elements were previously accounted for separately. In the majority of cases, these are now accounted for as a single performance obligation under IFRS 15, however the differences arising from this change are immaterial and have not been adjusted in the interim financial statements.
- The Group carries out low margin procurement activity on certain contracts for customers. As part of the IFRS 15 transition these contracts were reviewed to assess whether the Group was acting as 'principal' or 'agent' Where the Group controls the goods before title passes to the customer then the Group is acting as principal and the related revenue is recognised. The review did not identify any instances where revenue was being incorrectly recognised.
- The Group has a number of contracts that give the right to profit based on achievement of key performance indicators (KPI's). Under IFRS 15, an estimate of variable consideration must be made at the start of the contract although any revenue and profit recognised is constrained to the extent that it is highly probable there will not be a significant reversal in future periods. Historically, the Group's approach to recognising KPI revenue has been to recognise revenue only when the contract is sufficiently far advanced, it is probable that the performance targets have been achieved and payment can be measured reliably. Consequently, the Group does not believe the application of IFRS 15 will result in a material change to revenue and profit recognised in the period.
- The Group carries out fixed price or lump sum contracts for services and construction contracts. These contracts were reviewed to determine the appropriate method to measure the Group's performance over time and recognise revenue in accordance with IFRS 15. The Group continues to recognise revenue according to the stage of completion reached in the contract by measuring the proportion of costs incurred for work performed to date to estimated total contract costs. No IFRS 15 differences were identified.

The Group has updated its revenue recognition processes and accounting policies for these areas to ensure that it is in compliance with IFRS 15.

## 3. Impact of application of IFRS 9

IFRS 9 sets out the requirements for recognising and measuring financial assets and financial liabilities. The application of IFRS 9 has had no material impact on the Group's financial statements. Credit losses incurred in the three years to 31 December 2017 amounted to around 0.05% of revenue. Credit losses in the period to 30 June 2018 amounted to \$1.0m, which represents 0.02% of revenue. There were no material areas of judgement in reaching this conclusion.

# John Wood Group PLC

## Notes to the interim financial statements

for the six month period to 30 June 2018

### 4. Segmental reporting

Following the acquisition of Amec Foster Wheeler in October 2017, the Group now operates through five segments, Asset Solutions EAAA ('AS EAAA'), Asset Solutions Americas ('AS Americas'), Specialist Technical Solutions ('STS'), Environment and Infrastructure Solutions ('E&IS') and Investment Services.

Under IFRS 11 'Joint arrangements', the Group is required to account for joint ventures using equity accounting, however for management reporting the Group continues to use proportional consolidation, hence the inclusion of the proportional presentation in this note.

The segment information provided to the Group's Chief Executive for the reportable operating segments for the period included the following:

#### Reportable operating segments

|  | Revenue        |                |                | EBITDA (1)   |              |              | EBITA (1)    |              |              | Operating profit |             |               |
|--|----------------|----------------|----------------|--------------|--------------|--------------|--------------|--------------|--------------|------------------|-------------|---------------|
|  | Unaudited      | Unaudited      | Audited        | Unaudited    | Unaudited    | Audited      | Unaudited    | Unaudited    | Audited      | Unaudited        | Unaudited   | Audited       |
|  | Interim        | Interim        | Full           | Interim      | Interim      | Full         | Interim      | Interim      | Full         | Interim          | Interim     | Full          |
|  | June           | June           | Year           | June         | June         | Year         | June         | June         | Year         | June             | June        | Year          |
|  | 2018           | 2017           | 2017           | 2018         | 2017         | 2017         | 2018         | 2017         | 2017         | 2018             | 2017        | 2017          |
|  | \$m            | \$m            | \$m            | \$m          | \$m          | \$m          | \$m          | \$m          | \$m          | \$m              | \$m         | \$m           |
| Asset Solutions EAAA                         | 1,945.5        | 980.0          | 2,617.0        | 97.4         | 46.6         | 162.6        | 85.2         | 35.8         | 139.8        | (10.5)           | 23.8        | 57.1          |
| Asset Solutions Americas                     | 1,872.9        | 1,025.3        | 2,387.2        | 104.8        | 91.3         | 179.8        | 93.4         | 80.9         | 157.7        | 40.4             | 43.0        | 69.0          |
| Specialist Technical Solutions               | 747.3          | 271.3          | 755.9          | 67.8         | 29.7         | 85.8         | 63.2         | 27.0         | 82.1         | 46.3             | 20.4        | 61.9          |
| Environment & Infrastructure Solutions       | 653.2          | -              | 321.3          | 36.0         | -            | 26.0         | 33.3         | -            | 24.7         | 15.6             | -           | 12.1          |
| Investment Services                          | 162.8          | -              | 85.4           | 13.9         | -            | 5.3          | 12.9         | -            | 5.3          | 7.1              | -           | 1.2           |
| Central (2)                                  | -              | -              | 2.2            | (27.0)       | (15.3)       | (36.4)       | (27.8)       | (16.5)       | (38.0)       | (65.1)           | (52.8)      | (147.0)       |
| <b>Total</b>                                 | <b>5,381.7</b> | <b>2,276.6</b> | <b>6,169.0</b> | <b>292.9</b> | <b>152.3</b> | <b>423.1</b> | <b>260.2</b> | <b>127.2</b> | <b>371.6</b> | <b>33.8</b>      | <b>34.4</b> | <b>54.3</b>   |
| Remove share of joint ventures               | (465.3)        | (332.4)        | (774.6)        | (25.5)       | (16.1)       | (61.9)       | (20.9)       | (11.1)       | (52.2)       | (18.3)           | (10.2)      | (49.2)        |
| <b>Total excluding joint ventures</b>        | <b>4,916.4</b> | <b>1,944.2</b> | <b>5,394.4</b> | <b>267.4</b> | <b>136.2</b> | <b>361.2</b> | <b>239.3</b> | <b>116.1</b> | <b>319.4</b> | <b>15.5</b>      | <b>24.2</b> | <b>5.1</b>    |
| Share of post-tax profit from joint ventures |                |                |                |              |              |              |              |              |              | 8.3              | 6.0         | 31.3          |
| <b>Operating profit</b>                      |                |                |                |              |              |              |              |              |              | <b>23.8</b>      | <b>30.2</b> | <b>36.4</b>   |
| Finance income                               |                |                |                |              |              |              |              |              |              | 2.1              | 1.0         | 2.8           |
| Finance expense                              |                |                |                |              |              |              |              |              |              | (51.2)           | (17.7)      | (60.8)        |
| <b>(Loss)/profit before taxation</b>         |                |                |                |              |              |              |              |              |              | <b>(25.3)</b>    | <b>13.5</b> | <b>(21.6)</b> |
| Taxation                                     |                |                |                |              |              |              |              |              |              | (26.5)           | (8.0)       | (8.4)         |
| <b>(Loss)/profit for the period</b>          |                |                |                |              |              |              |              |              |              | <b>(51.8)</b>    | <b>5.5</b>  | <b>(30.0)</b> |

#### Notes

1. A reconciliation of operating profit to Total EBITA is provided in the table below. Total EBITDA represents Total EBITA before depreciation of property, plant and equipment of \$32.7m (June 2017: \$25.1m). Total EBITA and Total EBITDA are provided as they are the units of measurement used by the Group in the management of its business. Total EBITDA and Total EBITA are stated before exceptional items (see note 6).
2. Central include the costs of certain management personnel in both the UK and the US, along with an element of Group infrastructure costs.
3. Revenue arising from sales between segments is not material.

# John Wood Group PLC

## Notes to the interim financial statements

for the six month period to 30 June 2018

### 4. Segmental reporting (continued)

#### Reconciliation of Operating profit to Total EBITA and Total EBITDA

|  | Unaudited<br>Interim<br>June 2018<br>\$m | Unaudited<br>Interim<br>June 2017<br>\$m | Audited<br>Full Year<br>December 2017<br>\$m |
|--|--|--|--|
| <b>Operating profit per income statement</b>                       | <b>23.8</b>                              | 30.2                                     | 36.4   |
| Share of joint venture finance expense                             | 3.8                                      | 1.1                                      | 3.4  |
| Share of joint venture tax   | 6.2                                      | 3.1                                      | 14.5   |
| <b>Operating profit (excluding joint venture interest and tax)</b> | <b>33.8</b>                              | 34.4                                     | 54.3   |
| Exceptional items (note 6)   | 101.1                                    | 42.1                                     | 176.0  |
| Amortisation (including joint venture amortisation)                | 125.3                                    | 50.7                                     | 141.3  |
| <b>Total EBITA</b>   | <b>260.2</b>                             | 127.2                                    | 371.6  |
| Depreciation (including joint venture depreciation)                | 32.7                                     | 25.1                                     | 51.5   |
| <b>Total EBITDA</b>  | <b>292.9</b>                             | 152.3                                    | 423.1  |

|  | Unaudited<br>Interim<br>June 2018<br>\$m | Unaudited<br>Interim<br>June 2017<br>\$m | Restated<br>Audited<br>Full Year<br>December 2017<br>\$m |
|--|--|--|--|
| <b>Segment assets</b>                  |  |  |  |
| Asset Solutions EAAA                   | 3,157.5                                  | 1,059.2                                  | 3,272.9  |
| Asset Solutions Americas               | 3,630.9                                  | 1,864.4                                  | 3,651.9  |
| Specialist Technical Solutions         | 1,593.3                                  | 378.4                                    | 1,579.6  |
| Environment & Infrastructure Solutions | 1,353.2                                  | -  | 1,374.9  |
| Investment Services                    | 274.9                                    | -  | 227.6  |
| Unallocated                            | 2,634.8                                  | 737.8                                    | 2,034.0  |
|  | <b>12,644.6</b>                          | 4,039.8                                  | 12,140.9   |

The valuation of certain assets and liabilities acquired as part of the AFW acquisition have been re-measured within the 12 month post-acquisition period in which the acquisition accounting is finalised. The adjustments recorded total \$65.8m and have arisen as a result of better estimates of fair values of these assets and liabilities at the acquisition date. The December 2017 comparatives have been restated accordingly.

In addition, there has been a reallocation of goodwill and intangible assets between business units.

Unallocated segment assets include cash, income tax and deferred tax balances and the retirement benefit scheme surplus.

# John Wood Group PLC

## Notes to the interim financial statements

for the six month period to 30 June 2018

### 5. Revenue

In the following table, revenue is disaggregated by primary geographical market and major service line. The tables provided below analyse total revenue including our share of joint venture revenue.

|                                    | AS             |              | AS             |                | STS          | STS          | E&IS         | E&IS     | Investment   |          |
|------------------------------------|----------------|--------------|----------------|----------------|--------------|--------------|--------------|----------|--------------|----------|
|                                    | EAAA           | EAAA         | Americas       | Americas       |              |              |              |          | Services     | Services |
|                                    | Jun-18         | Jun-17       | Jun-18         | Jun-17         |              |              |              |          | Jun-18       | Jun-17   |
| <b>Primary geographical market</b> | \$m            | \$m          | \$m            | \$m            | \$m          | \$m          | \$m          | \$m      | \$m          | \$m      |
| US                                 | 172.9          | 162.4        | 1,712.9        | 926.4          | 274.8        | 82.4         | 508.0        | -        | 52.4         | -        |
| Europe                             | 708.3          | 382.4        | 5.0            | 0.2            | 129.7        | 56.9         | 108.6        | -        | 74.8         | -        |
| Rest of the world                  | 1,064.3        | 435.2        | 155.0          | 98.7           | 342.8        | 132.0        | 36.6         | -        | 35.6         | -        |
| <b>Total Revenue</b>               | <b>1,945.5</b> | <b>980.0</b> | <b>1,872.9</b> | <b>1,025.3</b> | <b>747.3</b> | <b>271.3</b> | <b>653.2</b> | <b>-</b> | <b>162.8</b> | <b>-</b> |
| <b>Major service lines</b>         |                |              |                |                |              |              |              |          |              |          |
| Capital Projects                   | 730.2          | 2.8          | 1,590.8        | 638.9          | -            | -            | 87.0         | -        | -            | -        |
| Operations Services                | 902.2          | 691.0        | 282.1          | 386.4          | -            | -            | -            | -        | -            | -        |
| Automation and Control             | -              | -            | -              | -              | 203.9        | 153.0        | -            | -        | -            | -        |
| Subsea and Export Systems          | -              | -            | -              | -              | 60.6         | 55.7         | -            | -        | -            | -        |
| Nuclear                            | -              | -            | -              | -              | 139.0        | -            | -            | -        | -            | -        |
| Mining & Minerals                  | -              | -            | -              | -              | 205.9        | -            | -            | -        | -            | -        |
| Environment & Infrastructure       | -              | -            | -              | -              | -            | -            | 566.2        | -        | -            | -        |
| Turbines                           | 313.1          | 286.2        | -              | -              | -            | -            | -            | -        | -            | -        |
| Other                              | -              | -            | -              | -              | 137.9        | 62.6         | -            | -        | 162.8        | -        |
| <b>Total Revenue</b>               | <b>1,945.5</b> | <b>980.0</b> | <b>1,872.9</b> | <b>1,025.3</b> | <b>747.3</b> | <b>271.3</b> | <b>653.2</b> | <b>-</b> | <b>162.8</b> | <b>-</b> |

The Group's revenue is largely derived from the provision of services over time.

For the 6 months to 30 June 2018, 65% of the Group's revenue came from reimbursable contracts and 35% from lump sum contracts.

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

| <b>Trade receivables and contract balances</b> | <b>Unaudited<br/>Interim<br/>June 2018<br/>\$m</b> | <b>Unaudited<br/>1 January 2018<br/>\$m</b> |
|--|--|---|
| Trade receivables                              | 1,332.4  | 1,426.8                                     |
| Gross amounts due from customers               | 934.7  | 849.3                                       |
| Gross amounts due to customers                 | (378.7)  | (465.7)                                     |
|  | <b>1,888.4</b>                                     | <b>1,810.4</b>                              |

The contract asset balances primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer. The contract liabilities primarily relate to the advance consideration received from customers, for which revenue is recognised over time.

Trade receivables and Gross amounts due from customers are included within the 'Trade and other receivables' heading in the Group balance sheet. Gross amounts due to customers is included within the 'Trade and other payables' heading in the Group balance sheet. Unbilled income of \$278.3m that was included as Trade receivables in the December 2017 balance sheet has been included in Gross amounts due from customers above.

In June 2018, the Group received \$53.1m of cash relating to a non-recourse financing arrangement with one of its banks. An equivalent amount of trade receivables was derecognised on receipt of the cash.

# John Wood Group PLC

## Notes to the interim financial statements

for the six month period to 30 June 2018

### 6. Exceptional items

Exceptional items are those significant items which are separately disclosed by virtue of their size or incidence to enable a full understanding of the Group's financial performance.

|  | <b>Unaudited<br/>Interim<br/>June 2018</b> | Unaudited<br>Interim<br>June 2017 | Audited<br>Full Year<br>December 2017 |
|--|--|-----------------------------------|---------------------------------------|
|  | \$m  | \$m                               | \$m                                   |
| Acquisition costs  | -  | 19.7                              | 58.9                                  |
| Redundancy, restructuring and integration costs                      | <b>36.6</b>                                | 6.5                               | 52.5                                  |
| Arbitration settlement provision                                     | <b>10.4</b>                                | 15.9                              | 19.2                                  |
| Investigation support costs  | <b>12.7</b>                                | -                                 | 8.2                                   |
| Impairment of investment in EthosEnergy joint venture                | <b>41.4</b>                                | -                                 | 28.0                                  |
| Impairment of Group receivables in relation to EthosEnergy           | -  | -                                 | 9.2                                   |
|  | <b>101.1</b>                               | 42.1                              | 176.0                                 |
| Bank fees in relation to proposed acquisition of Amec Foster Wheeler | -  | 5.5                               | 8.5                                   |
|  | <b>101.1</b>                               | 47.6                              | 184.5                                 |
| Tax charge/(credit)  | <b>8.3</b>                                 | (3.3)                             | (19.4)                                |
| <b>Exceptional items, net of tax</b>                                 | <b>109.4</b>                               | 44.3                              | 165.1                                 |

Redundancy, restructuring and integration costs of \$36.6m have been incurred during the period. The total includes redundancy and restructuring costs, integration costs in relation to the acquisition of Amec Foster Wheeler and charges relating to onerous property leases.

A charge of \$10.4m has been recorded in relation to a legacy contract carried out by our Gas Turbine Services business prior to the formation of EthosEnergy. An arbitration hearing was held in 2017 and the Group was informed of the outcome of the arbitration process in July 2018. The payment due to the subcontractor is more than the Group provided at 31 December 2017 and the charge to the income statement for the period reflects the additional settlement and associated legal costs.

Investigation support costs of \$12.7m have been incurred during the period in relation to ongoing investigations by the US Securities and Exchange Commission, the US Department of Justice and UK Serious Fraud Office. See note 21 for full details

At 30 June 2018, the Group carried out an impairment review of its investment in the EthosEnergy joint venture. The recoverable amount of the investment, based on management's estimate of fair value of \$30.1m, was lower than the book value and an impairment charge of \$41.4m has been booked in the income statement.

A tax charge of \$8.3m has been recorded against exceptional items. A charge of \$16.7m has been booked in respect of the write off of a balance relating to the establishment of the EthosEnergy joint venture and this is partly offset by a credit of \$8.4m in relation to expenses incurred in the period.

For further details of the 2017 exceptional items please refer to the 2017 Annual Report and Accounts.

### 7. Dividends

|                                     | <b>Unaudited<br/>Interim<br/>June 2018</b> | Unaudited<br>Interim<br>June 2017 | Audited<br>Full Year<br>December 2017 |
|-------------------------------------|--|-----------------------------------|---------------------------------------|
|                                     | \$m  | \$m                               | \$m                                   |
| <b>Dividends on ordinary shares</b> |  |                                   |                                       |
| Final paid                          | <b>155.3</b>                               | 83.9                              | 83.9                                  |
| Interim paid                        | -  | -                                 | 41.7                                  |
| <b>Total dividends</b>              | <b>155.3</b>                               | 83.9                              | 125.6                                 |

After the balance sheet date, the directors declared an interim dividend of 11.3 cents per share (2017: 11.1 cents) which will be paid on 27 September 2018. The interim financial statements do not reflect the interim dividend, which will result in an estimated reduction of \$75.7m in equity attributable to owners of the parent. This will be shown as an appropriation of retained earnings in the financial statements for the year ended 31 December 2018.

### 8. Acquisitions

The valuation of certain assets and liabilities acquired as part of the AFW acquisition have been re-measured within the 12 month post-acquisition period in which the acquisition accounting is finalised. The adjustments recorded total \$65.8m and have arisen as a result of better estimates of fair values of these assets and liabilities at the acquisition date.

Contingent consideration payments amounting to \$8.3m were made during the period in relation to acquisitions completed in previous years. Estimated contingent consideration liabilities at 30 June 2018 amounted to \$53.2m (June 2017: \$70.9m) and are payable over the next two years. The amount of contingent consideration payable is dependent, in part, on the post-acquisition profits of the acquired entities and the provision made is based on the Group's estimate of the likely profits of those entities. Where deferred consideration is payable after more than one year the estimated liability is discounted using an appropriate rate of interest. \$0.2m was charged to the income statement in relation to an increase in the estimate of contingent consideration payable in the six months to 30 June 2018.

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## Notes to the interim financial statements

for the six month period to 30 June 2018

### 9. Earnings per share

|   | Unaudited Interim<br>June 2018   |                                      |                                  | Unaudited Interim<br>June 2017                                 |                                   |                                  | Audited Full Year<br>December 2017   |                                   |                                  |
|---|--|--------------------------------------|----------------------------------|--|-----------------------------------|----------------------------------|--|-----------------------------------|----------------------------------|
|   | Earnings<br>(losses)<br>attributable<br>to equity<br>shareholders<br>(\$m) | Number<br>of<br>shares<br>(millions) | Earnings<br>per share<br>(cents) | Earnings<br>attributable<br>to equity<br>shareholders<br>(\$m) | Number<br>of shares<br>(millions) | Earnings<br>per share<br>(cents) | Earnings<br>(losses)<br>attributable<br>to equity<br>shareholders<br>(\$m) | Number<br>of shares<br>(millions) | Earnings<br>per share<br>(cents) |
| <b>Basic pre-exceptional</b>                                  | <b>56.2</b>  | <b>669.2</b>                         | <b>8.4</b>                       | 48.5   | 372.7                             | 13.0                             | 132.7  | 440.0                             | 30.1                             |
| Exceptional items, net of tax                                 | (109.4)  | -                                    | (16.3)                           | (44.3)   | -                                 | (11.9)                           | (165.1)  | -                                 | (37.5)                           |
| <b>Basic</b>  | <b>(53.2)</b>  | <b>669.2</b>                         | <b>(7.9)</b>                     | 4.2  | 372.7                             | 1.1                              | (32.4)   | 440.0                             | (7.4)                            |
| Effect of dilutive ordinary shares                            | -  | -                                    | -                                | -  | 11.5                              | -                                | -  | -                                 | -                                |
| <b>Diluted</b>  | <b>(53.2)</b>  | <b>669.2</b>                         | <b>(7.9)</b>                     | 4.2  | 384.2                             | 1.1                              | (32.4)   | 440.0                             | (7.4)                            |
| <b><u>Adjusted diluted earnings per share calculation</u></b> |  |                                      |                                  |  |                                   |                                  |  |                                   |                                  |
| <b>Basic</b>  | <b>(53.2)</b>  | <b>669.2</b>                         | <b>(7.9)</b>                     | 4.2  | 372.7                             | 1.1                              | (32.4)   | 440.0                             | (7.4)                            |
| Effect of dilutive ordinary shares                            | -  | 14.3                                 | 0.1                              | -  | 11.5                              | -                                | -  | 11.3                              | 0.2                              |
|   | <b>(53.2)</b>  | <b>683.5</b>                         | <b>(7.8)</b>                     | 4.2  | 384.2                             | 1.1                              | (32.4)   | 451.3                             | (7.2)                            |
| Exceptional items, net of tax                                 | 109.4  | -                                    | 16.0                             | 44.3   | -                                 | 11.5                             | 165.1  | -                                 | 36.6                             |
| Amortisation, net of tax                                      | 102.5  | -                                    | 15.0                             | 39.3   | -                                 | 10.3                             | 107.7  | -                                 | 23.9                             |
| <b>Adjusted diluted</b>                                       | <b>158.7</b>   | <b>683.5</b>                         | <b>23.2</b>                      | 87.8   | 384.2                             | 22.9                             | 240.4  | 451.3                             | 53.3                             |
| Adjusted basic  | 158.7  | 669.2                                | 23.7                             | 87.8   | 372.7                             | 23.6                             | 240.4  | 440.0                             | 54.6                             |

The calculation of basic earnings per share is based on the earnings attributable to owners of the parent divided by the weighted average number of ordinary shares in issue during the year excluding shares held by the Group's employee share trusts. For the calculation of diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of dilutive potential ordinary shares. The Group's dilutive ordinary shares comprise share options granted to employees under Executive Share Option Schemes and the Long Term Retention Plan, shares and share options awarded under the Group's Long Term Plan and shares awarded under the Group's Employee Share Plan. Adjusted basic and adjusted diluted earnings per share are disclosed to show the results excluding the impact of exceptional items and amortisation, net of tax.

As the Group has reported a basic loss per ordinary share, any potential ordinary shares are anti-dilutive and are excluded from the calculation of diluted loss per share. These options could potentially dilute earnings per share in future periods. As adjusted diluted earnings per share is a non-GAAP measure, the potential ordinary shares have not been excluded from this calculation.

# John Wood Group PLC

## Notes to the interim financial statements

for the six month period to 30 June 2018

### 10. Taxation

The taxation charge, recognising the profits from joint ventures on a proportional basis, for the six months ended 30 June 2018 is 22.8% (June 2017: 22.5%) which is the anticipated effective rate on profit before taxation, exceptional items and amortisation for the year ending 31 December 2018. The table below shows how these rates reconcile to the amounts presented in the income statement.

|  | Unaudited<br>Interim<br>June 2018<br>\$m | Unaudited<br>Interim<br>June 2017<br>\$m | Audited<br>Full Year<br>December<br>2017<br>\$m |
|--|--|--|---|
| Profit before tax and exceptional items per the income statement                                   | 75.8                                     | 61.1                                     | 162.9   |
| Joint venture tax  | 6.2                                      | 3.1                                      | 14.5  |
| Amortisation   | 125.3                                    | 50.7                                     | 141.3   |
| <b>Profit before tax amortisation and exceptional items (including share of joint ventures)</b>    | <b>207.3</b>                             | 114.9                                    | 318.7   |
| Tax charge excluding exceptional items per the income statement                                    | 18.2                                     | 11.3                                     | 27.8  |
| Joint venture tax  | 6.2                                      | 3.1                                      | 14.5  |
| Tax credit on amortisation   | 22.8                                     | 11.4                                     | 33.6  |
| <b>Tax charge excluding amortisation and exceptional items (including share of joint ventures)</b> | <b>47.2</b>                              | 25.8                                     | 75.9  |
| <b>Effective tax rate</b>  | <b>22.8%</b>                             | 22.5%                                    | 23.8%   |

The standard effective tax rate, calculated by dividing the total tax charge per the income statement by total profit before tax is 104.7% (June 2017: 59.3%).

### 11. Retirement benefit obligations

The Group's defined benefit schemes are closed to future accrual. For the material schemes, interim revaluations of the Group's pension assets and liabilities have been carried out at 30 June 2018 and the related actuarial gains of \$238.8m have been recorded in the Group statement of comprehensive income. The gains are largely a result of an increase in the discount rate in the period. The discount rate is determined by the scheme actuaries and reflects the return on high quality corporate bonds at the balance sheet date. An increase in the discount rate will reduce the defined benefit obligation.

### 12. Intangible assets

|  | Goodwill<br>\$m | Software and<br>development costs<br>\$m | Customer<br>contracts and<br>relationships<br>\$m | Order<br>backlog<br>\$m | Brands<br>\$m | Total<br>\$m   |
|--|-----------------|--|---|-------------------------|---------------|----------------|
| <b>Cost</b>  |                 |  |   |                         |               |                |
| At 1 January 2018 as reported  | 5,360.0         | 358.2                                    | 894.6   | 184.7                   | 730.6         | 7,528.1        |
| Fair value adjustments in relation to acquisition of Amec Foster Wheeler | 65.8            | -  | -   | -                       | -             | 65.8           |
| Reallocation   | 43.2            | -  | -   | -                       | (43.2)        | -              |
| At 1 January as restated   | 5,469.0         | 358.2                                    | 894.6   | 184.7                   | 687.4         | 7,593.9        |
| Exchange movements   | (64.1)          | (10.0)                                   | (13.2)  | (1.3)                   | (6.9)         | (95.5)         |
| Additions  | -               | 37.6                                     | -   | -                       | -             | 37.6           |
| Disposals  | -               | (2.8)                                    | -   | -                       | -             | (2.8)          |
| <b>At 30 June 2018</b>   | <b>5,404.9</b>  | <b>383.0</b>                             | <b>881.4</b>                                      | <b>183.4</b>            | <b>680.5</b>  | <b>7,533.2</b> |
| <b>Amortisation and impairment</b>                                       |                 |  |   |                         |               |                |
| At 1 January 2018  | 0.8             | 245.6                                    | 389.1   | 12.7                    | 9.1           | 657.3          |
| Exchange movements   | -               | (6.5)                                    | (8.1)   | (0.2)                   | (0.3)         | (15.1)         |
| Amortisation charge  | -               | 39.3                                     | 41.3  | 25.3                    | 18.3          | 124.2          |
| Disposals  | -               | (2.8)                                    | -   | -                       | -             | (2.8)          |
| <b>At 30 June 2018</b>   | <b>0.8</b>      | <b>275.6</b>                             | <b>422.3</b>                                      | <b>37.8</b>             | <b>27.1</b>   | <b>763.6</b>   |
| <b>Net book value at 30 June 2018</b>                                    | <b>5,404.1</b>  | <b>107.4</b>                             | <b>459.1</b>                                      | <b>145.6</b>            | <b>653.4</b>  | <b>6,769.6</b> |

The valuation of certain assets and liabilities acquired as part of the AFW acquisition have been re-measured within the 12 month post-acquisition period in which the acquisition accounting is finalised. The adjustments recorded total \$65.8m and have arisen as a result of better estimates of fair values of the assets and liabilities at the acquisition date. The December 2017 comparatives have been restated accordingly.

# John Wood Group PLC

## Notes to the interim financial statements

for the six month period to 30 June 2018

### 12. Intangible assets (continued)

The initial accounting for the Amec Foster Wheeler acquisition on 6 October 2017 has been reassessed during the period and \$43.2m that was initially allocated to brands in Investment Services as part of the Purchase Price Allocation exercise has been reallocated to goodwill. There is now no separately identifiable intangible asset relating to the Investment Services BU.

### 13. Provisions

|  | Asbestos related<br>litigation<br>\$m | Project and<br>environmental<br>litigation<br>\$m | Obligations<br>relating to<br>disposed<br>businesses<br>\$m | Other provisions<br>\$m | Total<br>\$m |
|--|---------------------------------------|---|---|-------------------------|--------------|
| At 1 January 2018  | 511.6                                 | 148.7   | 101.1   | 104.5                   | 865.9        |
| Fair value adjustments in relation to acquisition of Amec Foster Wheeler | -                                     | -   | -   | 54.9                    | 54.9         |
| At 1 January as restated   | 511.6                                 | 148.7   | 101.1   | 159.4                   | 920.8        |
| Exchange movements   | (1.7)                                 | (0.5)   | (2.1)   | (2.2)                   | (6.5)        |
| Utilised   | (22.5)                                | (0.8)   | (0.6)   | (2.2)                   | (26.1)       |
| Charge to income statement   | 0.5                                   | -   | -   | 16.9                    | 17.4         |
| Change in discount rate  | (12.5)                                | -   | -   | -                       | (12.5)       |
| Unwinding of discount  | 4.7                                   | -   | -   | -                       | 4.7          |
| Reclassifications  | 2.9                                   | (56.6)  | -   | 55.8                    | 2.1          |
| <b>At 30 June 2018</b>   | <b>483.0</b>                          | <b>90.8</b>                                       | <b>98.4</b>   | <b>227.7</b>            | <b>899.9</b> |
| <b>Presented as</b>  |                                       |   |   |                         |              |
| Current  | 2.5                                   | 0.9   | 4.6   | 58.1                    | 66.1         |
| Non-current  | 480.5                                 | 89.9  | 93.8  | 169.6                   | 833.8        |

The valuation of certain assets and liabilities acquired as part of the AFW acquisition have been re-measured within the 12 month post-acquisition period in which the acquisition accounting is finalised. The adjustments recorded include \$54.9m of additional provisions and have arisen as a result of better estimates of fair values of these liabilities at the acquisition date. The December 2017 comparatives have been revised accordingly.

Reclassifications include reallocations between categories and also a reclassification from trade and other payables.

#### Asbestos related litigation

Certain of the Group's US and UK subsidiaries are defendants in a number of asbestos related lawsuits and out of court informal claims pending in both countries. Plaintiffs claim damages for personal injury alleged to have arisen from exposure to asbestos primarily in connection with equipment allegedly manufactured by certain Group companies in the 1970's or earlier. It is expected that these subsidiaries will be named as defendants in additional and/or similar suits and that new claims will be filed in the future. Whilst some of these claims have been and are expected to be made in the UK, the overwhelming majority have been and are expected to be made in the US.

The Group's asbestos related liabilities were assumed on the acquisition of Amec Foster Wheeler. Management has worked with independent asbestos valuation experts to measure the asbestos related liabilities assumed. Asbestos related liabilities recognised by the Group include estimates of indemnity amounts and defence costs expected to be incurred in each year in the period to 2050, beyond which time management expects that there will no longer be a significant number of open claims. Management's estimates are based on the following information and assumptions - the number of open claims, the forecasted number of future claims, the estimated average cost per claim by disease type (mesothelioma, lung cancer and non-malignancies), claim filings which result in no monetary payments (the 'zero pay rate') as well as other factors.

In recent years, certain of the Group's subsidiaries have entered into settlement agreements calling for insurers to make lump sum payments, as well as payments over time, for use by our subsidiaries to fund asbestos-related indemnity and defence costs, and, in certain cases, for reimbursement for portions of out of pocket costs incurred. Asbestos related insurance recoveries under executed settlement agreements are recognised in trade and other receivables together with management's best

estimate of actual and probable insurance recoveries relating to the Group's liability for pending and estimated future asbestos claims in the period to 2050. The Group's actual insurance recoveries may be limited by future insolvencies among its insurers. The Group does not recognise insurance recoveries due from currently insolvent insurers unless they are subject to court approved settlement in liquidation proceedings.

The Group has discounted the expected future cash flows with respect to the asbestos related liabilities and the expected insurance recoveries using discount rates determined by reference to appropriate risk free market interest rates.

Estimation of asbestos related liabilities and insurance recoveries is subject to a number of uncertainties that may result in significant changes to the current estimates. Among these are uncertainties as to the ultimate number and type of claims filed, the amounts of claim costs, the impact of bankruptcies of other companies with asbestos claims, uncertainties surrounding the litigation process from jurisdiction to jurisdiction and from case to case, as well as potential legislative changes. Fluctuations in market interest rates and the uncertainties noted above could cause significant changes in the discounted amount of the asbestos related liabilities and insurance recoveries.

#### Project and environmental litigation

The Group is party to litigation involving clients and sub-contractors arising out of project contracts. Management has taken internal and external legal advice in considering known or reasonably likely legal claims and actions by and against the Group. Where a known or likely claim or action is identified, management carefully assesses the likelihood of success of the claim or action. Generally, a provision is recognised only in respect of those claims or actions where management consider it is probable that a settlement will be required. Additionally, however, the Group recognises provisions for known or likely claims against an acquired business if, at the acquisition date, it is possible that the claim or action will be successful and its amount can be reliably estimated.

Provision is made for management's best estimate of the likely settlement costs and/or damages to be awarded for those claims and actions that management considers are likely to be successful. Due to the inherent commercial, legal and technical uncertainties in estimating project claims, the amounts ultimately paid or realised by the Group could differ materially from the amounts that are recognised in the financial statements. An estimate of future legal costs is included only in the litigation provision acquired from Amec Foster Wheeler as on a fair value basis it is reasonable to include this as it reflects what would be paid by a third party to assume the liability.

# John Wood Group PLC

## Notes to the interim financial statements

for the six month period to 30 June 2018

### 13. Provisions (continued)

#### Chemical Plant Litigation in the United States

In 2013, one of Amec Foster Wheeler plc's subsidiaries contracted to engineer, procure and construct a chemical plant for a client in Texas. In December 2015 the client partially terminated the contract and in September 2016, terminated the remainder of the contract and commenced a lawsuit in Texas against the subsidiary and also Amec Foster Wheeler plc, seeking damages for breach of contract and warranty, gross negligence, and fraud. The claim amount is unspecified but the client alleges that the projected cost for the assigned scope of work is approximately \$700 million above the alleged estimate and that the subsidiary's delays have caused it to suffer continuing monthly damages of \$25 million due to the fact that the facility is not complete and it is not able to sell the expected products from the facility. The client seeks recovery of actual and punitive damages, as well as the disgorgement of the full project fixed fee paid to the subsidiary (approximately \$66.5 million).

The Group believes that the claims lack legal and factual merit. The estimate that the subsidiary provided was in connection with the client's initial request for a lump sum bid and highly conditioned. The contract that was ultimately signed, and which governs the dispute, is a reimbursable cost plus fixed fee contract, with no guaranteed price or schedule, wherein the client assumed joint responsibility for management of the work and development of the project schedule. Liability for consequential damages is barred, except in the case of wilful misconduct. Except for gross negligence, wilful misconduct, and warranty claims, overall liability is capped at 10 percent of the contract price (or approximately \$100 million). Amec Foster Wheeler has denied the claims and intend to vigorously defend the lawsuit. The lawsuit is in the early stages of proceedings and it would be premature to predict the ultimate outcome of the matter. The Group has a provision of \$79.0m as at 30 June 2018 on this project against disallowed costs and warranties, which includes \$35.5m of estimated legal fees included as a fair value adjustment on the acquisition of Amec Foster Wheeler.

#### Environmental litigation

Certain of the jurisdictions in which the Group operates, in particular the US and the EU, have environmental laws under which current and past owners or operators of property may be jointly and severally liable for the costs of removal or remediation of toxic or hazardous substances on or under their property, regardless of whether such materials were released in violation of law and whether the operator or owner knew of, or was responsible for, the presence of such substances. Largely as a consequence of the acquisition of Amec Foster Wheeler, the Group currently owns and operates, or owned and operated, industrial facilities. It is likely that, as a result of the Group's current or former operations, hazardous substances have affected the property on which those facilities are or were situated. The Group has also received and may continue to receive claims pursuant to indemnity obligations from the present owners of facilities we have transferred, which may require us to incur costs for investigation and/or remediation. As at 30 June 2018, the Group held provisions totalling \$35.2m for the estimated future environmental clean-up costs in relation to industrial facilities that it no longer operates. Whilst the timing of the related cash flows is typically uncertain, the Group expects that certain of its remediation obligations may continue for up to 60 years.

#### Obligations related to disposed businesses

As described in note 21, the Group agreed to indemnify certain third parties relating to businesses and/or assets that were previously owned by the Group and were sold to them. As at 30 June 2018, the Group recognised indemnity provisions totalling \$98.4m. Indemnity provisions principally relate to businesses that were sold by Amec Foster Wheeler prior to its acquisition by the Group.

#### Other provisions

At 30 June 2018, other provisions of \$227.7m have been recognised. This amount includes warranty provisions in respect of guarantees provided in the normal course of business relating to contract performance. It is expected that any payment required in respect of these provisions would be made within two years.

### 14. Assets and liabilities held for sale

Amounts categorised as held for sale include the assets and liabilities of the non-core IPM business, its investment in the Voreas and A13 joint ventures, all of which are part of the Investment Services business unit and the Group's investment in the EthosEnergy joint venture. The composition of the amounts shown on the balance sheet is set out below.

| Assets held for sale          | \$m          |
|-------------------------------|--------------|
| Investment in joint ventures  | 48.8         |
| Deferred tax assets           | 1.1          |
| Inventory                     | 1.8          |
| Trade and other receivables   | 52.8         |
| Cash                          | 12.1         |
| Loan receivable               | 98.8         |
|                               | <b>215.5</b> |
| Liabilities held for sale     | \$m          |
| Trade and other payables      | 86.0         |
| Other non-current liabilities | 1.6          |
| Provisions                    | 0.5          |
| Loan payable                  | 24.7         |
|                               | <b>112.8</b> |

# John Wood Group PLC

## Notes to the interim financial statements

for the six month period to 30 June 2018

### 15. Related party transactions

The following transactions were carried out with the Group's joint ventures in the six months to 30 June. These transactions comprise sales and purchase of goods and services in the ordinary course of business. The receivables include loans to certain joint venture companies.

|  | <b>Unaudited<br/>Interim<br/>June 2018</b> | Unaudited<br>Interim<br>June 2017 | Audited<br>Full Year<br>December 2017 |
|--|--|-----------------------------------|---------------------------------------|
|  | \$m  | \$m                               | \$m                                   |
| Sales of goods and services to joint ventures      | 12.9                                       | 2.6                               | 9.5                                   |
| Purchase of goods and services from joint ventures | 4.8  | 3.9                               | 8.1                                   |
| Receivables from joint ventures                    | 118.9                                      | 86.5                              | 131.2                                 |
| Payables to joint ventures                         | 15.9                                       | 8.2                               | 14.3                                  |

In addition, the Group made \$9.5m (2017:\$33.8m) of sales to a joint venture which acts only as a transactional entity between the Group and the Group's end customer (at nil gain or loss) and does not independently trade.

The Group currently pays an annual fee to Dunelm Energy, a company in which Ian Marchant, the Group Chairman, has an interest, for secretarial and administration services and the provision of office space. £7,500 was charged in the six month period to 30<sup>th</sup> June.

### 16. Cash generated from operations

|  | <b>Unaudited<br/>Interim<br/>June 2018</b> | Unaudited<br>Interim<br>June 2017 | Audited<br>Full Year<br>December 2017 |
|--|--|-----------------------------------|---------------------------------------|
|  | \$m  | \$m                               | \$m                                   |
| <b>Reconciliation of operating profit to cash generated from operations:</b>                       |  |                                   |                                       |
| Operating profit   | 23.8                                       | 30.2                              | 36.4                                  |
| Less share of post-tax profit from joint ventures  | (8.3)                                      | (6.0)                             | (31.3)                                |
|  | 15.5                                       | 24.2                              | 5.1                                   |
| <b>Adjustments (excluding share of joint ventures)</b>   |  |                                   |                                       |
| Depreciation   | 28.1                                       | 20.1                              | 41.8                                  |
| Gain on disposal of property plant and equipment   | (1.8)                                      | -                                 | (1.3)                                 |
| Impairment of property plant and equipment   | -  | -                                 | 2.7                                   |
| Amortisation of intangible assets  | 124.2                                      | 49.8                              | 139.4                                 |
| Share based charges  | 9.4  | 5.0                               | 10.2                                  |
| Decrease in provisions   | (30.5)                                     | (31.7)                            | (75.8)                                |
| Dividends from joint ventures  | 21.5                                       | 10.2                              | 32.0                                  |
| Exceptional items – non-cash impact  | 67.9                                       | 32.6                              | 99.8                                  |
| <b>Changes in working capital (excluding effect of acquisition and divestment of subsidiaries)</b> |  |                                   |                                       |
| Decrease/(increase) in inventories   | 0.5  | (3.8)                             | (0.4)                                 |
| (Increase)/decrease in receivables   | (136.4)                                    | 0.8                               | 287.3                                 |
| Increase/(decrease) in payables  | 252.8                                      | (47.0)                            | (302.9)                               |
| Exchange movements   | (11.8)                                     | 6.7                               | 12.1                                  |
| <b>Cash generated from operations</b>  | <b>339.4</b>                               | <b>66.9</b>                       | <b>250.0</b>                          |

The non-cash impact of exceptionals includes \$9.7m in respect of redundancy, restructuring and integration costs, \$10.2m in relation to the arbitration settlement provision, \$6.6m of investigation support costs and the \$41.4m impairment of the EthosEnergy investment.

# John Wood Group PLC

## Notes to the interim financial statements

for the six month period to 30 June 2018

### 17. Reconciliation of cash flow to movement in net debt

|                                       | At 1 January<br>2018<br>\$m | Cash<br>flow<br>\$m | Exchange<br>movements<br>\$m | At 30 June<br>2018<br>\$m |
|---------------------------------------|-----------------------------|---------------------|------------------------------|---------------------------|
| Short term borrowings                 | (543.2)                     | (684.3)             | -                            | (1,227.5)                 |
| Long term borrowings                  | (2,336.1)                   | 263.3               | 10.3                         | (2,062.5)                 |
| Finance leases                        | (50.0)                      | 4.6                 | -                            | (45.4)                    |
|                                       | (2,929.3)                   | (416.4)             | 10.3                         | (3,335.4)                 |
| Cash and cash equivalents             | 1,225.5                     | 478.7               | (14.2)                       | 1,690.0                   |
| Cash included in assets held for sale | -                           | 12.1                | -                            | 12.1                      |
| Restricted cash                       | 26.5                        | -                   | -                            | 26.5                      |
| Bank deposits (more than 3 months)    | 31.2                        | (24.7)              | 0.2                          | 6.7                       |
| <b>Net debt</b>                       | <b>(1,646.1)</b>            | <b>49.7</b>         | <b>(3.7)</b>                 | <b>(1,600.1)</b>          |

The restricted cash of \$26.5m (2017:\$26.5m) is cash that is subject to an attachment order. The Group cannot access this cash until it receives a release letter from the Courts and as a result the cash balance is presented in receivables. Management believe it is appropriate to include the restricted cash balance in the Group's net debt figure. Restricted cash and bank deposits (more than 3 months) are included in Financial assets in the Group balance sheet.

Cash at bank and in hand at 30 June 2018 includes \$1,220.6m that is part of the Group's cash pooling arrangements. For internal reporting this amount is netted with short-term overdrafts and presented as a net figure on the Group's balance sheet. However, in preparing these financial statements, the Group has grossed up both its cash and short-term borrowings figures by this amount.

### 18. Share based charges

Share based charges for the period of \$9.4m (2017: \$5.0m) relate to options granted under the Group's executive share option schemes and awards under the Long Term Plan. The charge is included in administrative expenses in the income statement.

### 19. Financial risk management and financial instruments

#### Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange and cash flow interest rate risk), credit risk and liquidity risk. The condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements and should be read in conjunction with the Group's 2017 Annual Report and Accounts.

There have been no material changes in the risk management function or in any risk management policies since the year end.

#### Fair value of non-derivative financial assets and financial liabilities

The fair value of short-term borrowings, trade and other payables, trade and other receivables, short-term deposits and cash at bank and in hand approximates to the carrying amount because of the short maturity of interest rates in respect of these instruments. Drawdowns under long-term bank facilities are for periods of three months or less and as a result, book value and fair value are considered to be the same.

#### Derivative financial assets and liabilities

The Group enters into forward contracts to hedge foreign exchange exposures arising in the normal course of business. The Group also hedges against changes in interest rates by entering into interest rate swaps. The fair values of these derivative financial instruments are included in financial assets and trade and other payables in the Group balance sheet. The fair values at 30<sup>th</sup> June 2018 are not significant.

### 20. Capital commitments

At 30 June 2018 the Group had entered into contracts for future capital expenditure amounting to \$7.0m. The expenditure relates to property plant and equipment and intangible assets and has not been provided in the financial statements. In addition, joint venture entities have commitments totalling \$2.1m.

### 21. Contingent liabilities

#### Cross guarantees

At the balance sheet date, the Group had cross guarantees without limit extended to its principal bankers in respect of sums advanced to subsidiaries.

#### Legal Claims

From time to time, the Group is notified of claims in respect of work carried out. Where management believes we are in a strong position to defend these claims no provision is made.

#### Employment claims

The Group is aware of challenges to historic employment practices which may have an impact on the Group, including the application of National Insurance Contributions to workers in the UK Continental Shelf. In addition, previous court cases have challenged the UK's historic interpretation of EU legislation relating to holiday pay and this may have an impact on all companies who have employees in the UK, including the Group. At this point, we do not believe that it is probable that a liability, if any, will arise from any of these claims and therefore no provision has been made.

#### Indemnities and retained obligations

The Group has agreed to indemnify certain third parties relating to businesses and/or assets that were previously owned by the Group and were sold to them. Such indemnifications relate primarily to breach of covenants, breach of representations and warranties, as well as potential exposure for retained liabilities, environmental matters and third party claims for activities conducted by the Group prior to the sale of such businesses and/or assets. We have established provisions for those indemnities in respect of which we consider it probable that there will be a successful claim. We do not expect indemnities or retained obligations for which a provision has not been established to have a material impact on the Group's financial position, results of operations or cash flows.

# John Wood Group PLC

## Notes to the interim financial statements

for the six month period to 30 June 2018

### 21. Contingent liabilities (continued)

#### Guarantees

In 2016, one of the Group's subsidiaries disposed of a refinery/electricity generation plant located in Chile. A condition of the disposal was that the subsidiary was required to sign an operation and maintenance contract with the purchaser. This has resulted in a number of performance obligations with respect to refinery output and electricity generation by the plant.

#### Mount Polley

The Mount Polley mine is owned and operated by Mount Polley Mining Corporation, a subsidiary of Imperial Metals Corporation, and is located near the town of Likely, British Columbia, Canada. On 4 August 2014, a tailings pond facility at the mine failed releasing large quantities of water and mine tailings into the local environment. The dam was in the process of being raised (as part of its annual raise) at the time of the failure. One of Amec Foster Wheeler's subsidiaries, along with other parties, had various design and quality assurance responsibilities associated with the development of this facility. Amec Foster Wheeler's subsidiary was providing engineering services at the time of the breach, but did not perform the original design.

An independent review panel, appointed by the government of British Columbia, issued a report on 30 January 2015 concluding that the cause of failure was shearing along a zone of weak soil along with other contributory factors. On 17 December 2015, the chief inspector of mines for British Columbia issued a report that for the most part agreed with the conclusions of the independent review panel. Whilst the chief inspector concluded that there were failings in the required standard of care of all of the engineers, he concluded that the responsibility for the breach lies primarily with the mine owner, Mount Polley Mining Corporation. He also concluded that there was no evidence of any significant contravention of regulatory requirements.

On 4 July 2016, Mount Polley Mining Corporation and Imperial Metals Corporation filed a suit against Amec Foster Wheeler's subsidiary and others. The claim seeks C\$3 million in costs payable to government agencies and unspecified damages for loss of profit, reconstruction costs and environmental remediation. Subsequent to this filing, several tourist operators and First Nations also filed suit alleging that they suffered damages as a result of the tailings facility failure. It is Amec Foster Wheeler management's opinion that its employees performed in a professional manner consistent with the standard of care for a competent engineer on a project of this nature in British Columbia. In addition, the contracts between Amec Foster Wheeler's subsidiary and Mount Polley Mining Corporation contain limitation of liability provisions that exclude claims for consequential damages and limit the subsidiary's liability to Mount Polley Mining Corporation to the amount of professional fees charged, which were less than C\$1 million.

The Group has retained outside counsel and filed a response to Mount Polley Mining Corporation's civil claim on 23 September 2016. It is difficult to predict the likely outcome of this proceeding. Mindful of the foregoing caveat, it is management's opinion that it is probable that there will be an outflow in respect of this issue (with liability shared with the other parties), but it is probable that if there is an outflow to Mount Polley Mining Corporation, it will be limited to the prescribed contractual limitation of liability referenced above. Mount Polley Mining Corporation is disputing that the contractual limitations of liability cap the Group's liability.

#### Chemical Plant Litigation in the United States

The amount provided in relation to this claim per note 13 relates to disallowed costs and warranties and estimated legal fees. No amount has been provided in respect of the claim made against the company as the litigation is in the early stages of proceedings and it would be premature to predict the ultimate outcome of the matter.

#### Investigations

Amec Foster Wheeler has received voluntary requests for information from, and continues to cooperate with, the US Securities and Exchange Commission ("SEC") and the US Department of Justice ("DOJ") in connection with their ongoing investigations into Amec Foster Wheeler in relation to Unaoil and in relation to historical use of agents and certain other business counterparties by Amec Foster Wheeler and its legacy companies primarily in the Middle East. In addition, Amec Foster Wheeler has provided information relating to the historical use of third parties by legacy Amec Foster Wheeler companies in certain other regions to the SEC and DOJ.

Amec Foster Wheeler made a disclosure to the UK Serious Fraud Office ("SFO") about these matters and, in April 2017, in connection with the SFO's investigation into Unaoil, the SFO required Amec Foster Wheeler to produce information relating to any relationship of Amec Foster Wheeler with Unaoil or certain other third parties. In July 2017, the SFO opened an investigation into Amec Foster Wheeler, predecessor companies and associated persons. The investigation focuses on the past use of third parties and possible bribery and corruption and related offences and relates to various jurisdictions. The Group is co-operating with and assisting the SFO in relation to this investigation.

Notifications of certain matters within the above investigations have also been made to the relevant authority in Brazil (namely, the Federal Prosecution Service).

Independently, the Group has conducted an internal investigation into the historical engagement of Unaoil by legacy Wood Group companies, reviewing information available to the Group in this context. This internal investigation confirmed that a legacy Wood Group joint venture engaged Unaoil and that the joint venture made payments to Unaoil under agency agreements. The Group has informed the Crown Office and Procurator Fiscal Service ("COPFS"), the relevant authority in Scotland, of the findings of the internal investigation. The Group understands that COPFS and the SFO are, in line with the memorandum of understanding between them, liaising to consider which authority will be responsible for the matter going forward. The Group is co-operating with and assisting the authorities in connection with this matter.

At this time it is not possible to make a reliable estimate of the liability, if any, that may arise in relation to any of the above matters and therefore no provision has been made for them in the financial statements.

#### Tax planning

The Group undertakes tax planning which is compliant with current legislation and accepted practice. Recent changes to the tax environment, including the OECDs project around Base Erosion and Profit Shifting have brought into question tax planning previously undertaken by multinational entities. There have been several recent high profile tax cases against tax authorities and large groups. The European Commission continues formal investigations to examine whether decisions by the tax authorities in certain European countries comply with European Union rules, and has issued judgements in some cases which are being contested by the groups and the countries effected. The Group is monitoring the outcome of these cases in order to understand whether there is any risk to the Group. Specifically the EC has challenged the UK Controlled Foreign Companies (CFC) rules in relation to an exemption for certain financing income. Based on the Group's current assessment of such issues, it is too early to speculate on the likelihood of liabilities arising, and as a result, it is not currently considered probable that there will be an outflow in respect of these issues.

# **John Wood Group PLC**

## **Notes to the interim financial statements**

*for the six month period to 30 June 2018*

### **22. Subsequent events**

In August 2018, the Group entered into an agreement to dispose of its investment in the Voreas s.r.l wind farm joint venture for a consideration of around \$27m. The investment is included in 'assets held for sale' at the balance sheet date. The deal is expected to complete in the last quarter of the year.

# Statement of directors' responsibilities

*for the six month period to 30 June 2018*

We confirm that to the best of our knowledge:

- the interim condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting' as issued by the IASB and adopted by the EU;
- the interim management report includes a fair review of the information required by:
  - a) DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
  - b) DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

The directors of John Wood Group PLC are listed in the Group's 2017 Annual Report and Accounts. On 4 April 2018, I McHoul resigned from the Board.

R Watson  
Chief Executive

D Kemp  
Chief Financial Officer

20 August 2018

# ***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 months ended 30 June 2018 which comprises the Group income statement, the Group statement of comprehensive income, the Group balance sheet, the Group statement of changes in equity, the Group cash flow statement and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2018 is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU and the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA").

## **Scope of review**

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the half-yearly financial report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## **Directors' responsibilities**

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards as adopted by the EU. The directors are responsible for preparing the condensed set of financial statements included in the half-yearly financial report in accordance with IAS 34 as adopted by the EU.

## **Our responsibility**

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

## **The purpose of our review work and to whom we owe our responsibilities**

This report is made solely to the company in accordance with the terms of our engagement to assist the company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

Catherine Burnet

**for and on behalf of KPMG LLP**

*Chartered Accountants*  
37 Albyn Place  
Aberdeen  
AB10 1JB

20 August 2018

# John Wood Group PLC

## Shareholder information

### Payment of dividends

The Company declares its dividends in US dollars. As a result of the shareholders being mainly UK based, dividends will be paid in sterling, but if you would like to receive your dividend in dollars please contact the Registrars at the address below. All shareholders will receive dividends in sterling unless requested. If you are a UK based shareholder, the Company encourages you to have your dividends paid through the BACS (Banker's Automated Clearing Services) system. The benefit of the BACS payment method is that the Registrars post the tax vouchers directly to the shareholders, whilst the dividend is credited on the payment date to the shareholder's Bank or Building Society account. Shareholders who have not yet arranged for their dividends to be paid direct to their Bank or Building Society account and wish to benefit from this service should contact the Registrars at the address below. Sterling dividends will be translated at the closing mid-point spot rate on 31 August 2018 as published in the Financial Times on 1 September 2018.

### Officers and advisers

#### *Secretary and Registered Office*

M McIntyre  
John Wood Group PLC  
15 Justice Mill Lane  
Aberdeen  
AB11 6EQ

Tel: 01224 851000

#### *Registrars*

Equiniti  
Aspect House  
Spencer Road  
Lancing  
West Sussex  
BN99 6DA

Tel: 0871 384 2649

#### *Stockbrokers*

JPMorgan Cazenove Limited  
Morgan Stanley

#### *Company solicitors*

Slaughter and May

#### *Independent Auditor*

KPMG LLP  
Chartered Accountants and Statutory Auditors  
37 Albyn Place  
Aberdeen  
AB10 1JB

### *Financial calendar*

|                        | <b>6 months ended<br/>30 June 2018</b> | <b>Year ending<br/>31 December 2018</b> |
|------------------------|--|---|
| Results announced      | 21 August 2018                         | March 2019                              |
| Ex-dividend date       | 30 August 2018                         | April 2019                              |
| Dividend record date   | 31 August 2018                         | April 2019                              |
| Dividend payment date  | 27 September 2018                      | May 2019                                |
| Annual General Meeting |  | May 2019                                |

The Group's Investor Relations website can be accessed at [www.woodplc.com](http://www.woodplc.com).