Wood is a global leader in the delivery of project, engineering and technical services in energy, industry, and the built environment. We operate in more than 60 countries, employing around 60,000 people, with revenues of around $11 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.
**Highlights**

### Financial summary

<table>
<thead>
<tr>
<th>Metric</th>
<th>Value</th>
<th>% Change</th>
<th>Proforma 2017</th>
<th>% Movement vs. proforma</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue including joint ventures</td>
<td>$11,036m</td>
<td>78.9%</td>
<td>$6,169m</td>
<td>11.7%</td>
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<tr>
<td>(Proforma 2017: $9,882m)</td>
<td></td>
<td></td>
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<tr>
<td>Adjusted EBITA</td>
<td>$630m</td>
<td>69.4%</td>
<td>$372m</td>
<td>5.4%</td>
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<td>(Proforma 2017: $598m)</td>
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<tr>
<td>Adjusted EBITA Margin</td>
<td>5.7%</td>
<td>0.3%</td>
<td>6.0%</td>
<td>0.3%</td>
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<td>(Proforma 2017: 6.0%)</td>
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<td>Revenue (statutory revenue which excludes joint ventures)</td>
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<td></td>
<td></td>
<td></td>
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<tr>
<td>Basic EPS</td>
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<td>(7.4) cents</td>
<td></td>
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<tr>
<td>Adjusted diluted EPS</td>
<td>57.4 cents</td>
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<td>34.3 cents</td>
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<tr>
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<td></td>
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<tr>
<td>Order book</td>
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<td></td>
<td></td>
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</tr>
</tbody>
</table>

### Financial performance

- Return to growth and ahead of 2018 consensus: Revenue including joint ventures up 12% and adjusted EBITA up 5% vs proforma 2017 reflecting good trading momentum and cost synergy delivery of $55m
- Operating profit before exceptional items increased by 68% to $357m (2017 proforma: $212m), after non-cash amortisation charges of $249m
- Loss for the period reduced to $7.6m (2017: $30.0m), after exceptional costs of $183m related to synergy delivery, restructuring, impairment of EthosEnergy and guaranteed minimum pensions
- Strong balance sheet: Net debt reduced to $1.5bn in line with guidance at December trading update. Total facilities headroom of $1.3bn. Net debt: adjusted EBITDA reduced to 2.2x (2017: 2.4x)
- Cash conversion, calculated as cash generated from operations (after exceptional items) as a percentage of adjusted EBITA (excluding JVs), improved significantly to 102% (proforma 2017: 14%), including $154m drawn down from our receivables facility
- Good progress on non core asset disposal programme; entered agreements to dispose of assets for consideration of over $50m to date
- AEPS of 57.4 cents up 8% and ahead of 2018 consensus
- Proposed final dividend of 23.7c up 2% in line with progressive dividend policy; dividend cover of 1.6x, $231m distributed to shareholders in 2018

### Operations and integration

- Higher activity levels across all business units:
  - Growth in ASA in power, downstream & chemicals and US shale
  - AS EAAA grew in operations solutions work in Asia Pacific and the Middle East
  - STS delivered increased activity in minerals processing, automation & control and nuclear
  - E&IS saw increased consultancy work with long standing customers in North America
- Well aligned operational cultures enabled integration ahead of schedule in 12 months
- Excellent progress on cost synergies: in year benefit of $55m in 2018 equating to an annualised run rate of $85m, three year target increased to $210m, up 24%
- Secured revenue synergies >$600m; strong pipeline of opportunities
- Enhanced risk management framework and project delivery governance embedded

### Outlook for 2019

- Well positioned for growth trends emerging across a broad range of energy and industrial markets
- Order book currently stands at $10.3bn, c60% of forecast 2019 revenue secured in line with expectations for this point in the year. Reimbursable work is the largest element: c70%
- Revenue growth in the region of 5% will deliver organic earnings growth which, together with the impact of cost synergies of around $60m, is expected to lead to growth in adjusted EBITA in line with market expectations
- Deleveraging to 1.5x Net debt to adjusted EBITDA will be more gradual than originally anticipated due to impact of slower sector recovery in oil & gas since completion, working capital commitments on the legacy Aegis contract and slower progress on non-core asset disposals due to our focus on value
- Confident in the strong free cashflow generation of our business. Further deleveraging primarily driven by earnings growth in 2019, delivering cash conversion after exceptional items at c80%-85%, retaining capital discipline and the timing of additional disposals

### Footnotes:

- See detailed footnotes on page 11
Wood is a global leader in the delivery of project, engineering and technical services in energy, industry and the built environment.

We provide performance-driven solutions across the asset life cycle, from concept to decommissioning across a broad range of industrial markets, including the upstream, midstream and downstream oil & gas; power & industrial; environment & infrastructure; clean energy; mining; nuclear and general industrial sectors.

Global business of skilled professionals
We operate in more than 60 countries, employing around 60,000 people across more than 400 offices.

Sector breakdown
- Oil & Gas: Upstream (29%) Downstream & chemicals (18%)
- Power & industrial
- Environment & infrastructure
- Minerals processing
- Automation

To find out more about our geographies visit: www.woodplc.com/geographies

To find out more about our sectors visit: www.woodplc.com/sectors

To find out more about our business: www.woodplc.com/ataglance
Our operating structure

Asset Solutions (AS)
Provides life cycle services ranging from initial feasibility and design, through construction, operation, maintenance and decommissioning. AS is split into two regional business groupings; Americas (ASA) and Europe, Africa, Asia & Australia (AS EAAA).

Specialist Technical Solutions (STS)
Provides a range of specialist services. Focused on solving complex technological challenges, such as systems integration, across a broad range of energy and industrial sectors.

Environment & Infrastructure Solutions (E&IS)
Provides consulting, engineering, project and construction management services. Covers a range of sectors including government, transport, energy, water and pharmaceuticals.

### Americas
- **Revenue including JV’s**
  - $3.8 bn

### EAAA
- **Revenue including JV’s**
  - $4.1 bn

### Key:
- 30%
- 70%

### Service breakdown:
- * Excluding Turbines

- 60%
- 40%

Investment services manages the company’s non-core activities and continues to operate as a separate business unit. It accounts for c2% of revenue including joint ventures.

Asset Solutions Americas
ASA is providing services to a world-class polymer facility.

Asset Solutions EAAA
Through a combination of capabilities from Wood Group and Amec Foster Wheeler (‘AFW’), AS EAAA secured a contract for asset management services on a gas-to-power project.

STS
STS is supplying programmable digital control technologies to a UK nuclear site.

E&IS
E&IS completed design and construction management for the reconstruction of vital sections of a tollway.
Our business model

Inputs

Project, engineering and technical capability throughout the asset life cycle and across broad industrial markets

Performance driven and innovative solutions

Talented, flexible and motivated workforce

Operating structure optimised for sustainability, agility and future growth

Flexible commercial model with a measured risk appetite

Core capabilities

Asset Solutions (AS)
Capital projects
Focused on new capital investments where there is either no existing infrastructure or a significant upgrade is planned to an existing site. We add value from concept to start-up through our management, commissioning and project services.

Operations solutions
Focused on supporting infrastructure that is already in place. Our services ensure safety, increase production, improve efficiency, reduce cost and extend asset life.

Specialist Technical Solutions (STS)
We provide a range of specialist services including:
- Automation & control
- Consulting
- Subsea & export systems
- Clean energy solutions
- Nuclear services
- Minerals processing

Environment & Infrastructure Solutions (E&IS)
We plan, design and engineer infrastructure and tackle complex environmental challenges. Our services range from assessments and planning through project management, construction management and monitoring.

Broad sector capabilities

Efficient capital structure and allocation

Talented, flexible and motivated workforce

Operating structure optimised for sustainability, agility and future growth

Flexible commercial model with a measured risk appetite

Underpinned by our culture
We are a diverse global business providing a huge range of services across different sectors. But common to everything we do are our values, which set out a simple, clear expectation to deliver a high standard of service with the right behaviours.

To find out more about our vision and values visit:
www.woodplc.com/values

Our vision
Inspire with ingenuity, partner with agility, create new possibilities...
Creating value through our differentiated model

Our differentiators:

Unrivalled capability & technical knowledge
Across our markets we have an extensive range of services and can deliver at every stage of the life cycle of our customers’ assets. We provide solutions to some of the world’s most complex projects and draw on our extensive expertise and know-how to bring new perspectives to the challenges that these projects present.

Execution excellence
We have a long track record of consistently delivering safe and best in class projects. Our know-how differentiates us and we maintain this by recruiting and retaining industry leading talent.

Technology enabled
We design and deploy leading edge technology that creates efficient and sustainable solutions for our customers.

Commercial discipline & versatility
We employ an asset light, flexible model allowing us to respond quickly to changes in market conditions. Our contracting structures are predominantly reimbursable although we offer a range of contracting structures to align with customer needs within our measured risk appetite.

Platform for sustainable growth
Our broad end market exposure means we are less exposed to volatility in individual markets and are aligned to global energy and industrial transitions. We have a good balance of exposure to opex and capex spending providing through-cycle stability. We are strongly cash generative allowing for a prudent long term capital structure.

Value outputs

For investors
• Strong shareholder returns and progressive dividend policy
• Reduced cyclicality through broad industry exposure

Total Dividend
35.0 cents per share

For employees
Rewarding careers and focus on retention

Employees
c.60,000+
(Read more on page 32)

For customers
• Delivery of predictable project outcomes
• Global reach with balanced portfolio of long term partner relationships with customers
• Leading technical services and smarter, more sustainable solutions
• Track record on industry leading projects

For communities
Significant contribution to local employment and communities

Employee fundraising matched
£300,000
(Read more on page 36)

Our values
Care
Commitment
Courage

Our behaviours
Listen up
Team up
Lift others up
Don’t give up
Stand up
Speak up
Key performance indicators

To help the Group assess its performance, our leadership team sets KPI targets and monitors and assesses performance against these targets on a regular basis. Financial KPIs include a full year contribution from AFW in 2018 and in 2017 include the contribution from AFW for the period 6 October to 31 December 2017.

Safety:

Total recordable case frequency (TRCF)
per 200,000 manhours

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>TRCF</td>
<td>0.28</td>
<td>0.27</td>
<td>0.25</td>
<td>0.18</td>
</tr>
</tbody>
</table>

We aim to deliver the highest standards of health and safety. Total recordable case frequency is the total of lost work cases, restricted work cases and medical treatment cases, per 200,000 man hours.

We achieved a 28% reduction in our TRCF and a 20% reduction in LWCF as a result of sustained focus on HSSE standards underpinned by leadership engagement to promote a strong safety culture, strengthening risk management in critical areas and embedding assurance processes.

Lost work case frequency measures lost work cases per 200,000 man hours.

Despite strong safety performance, regrettably there was one fatality related to pressure testing. As a result, a standard approach to work of this nature has been implemented to ensure a minimum standard of safety compliance.

Lost work case frequency (LWCF)
per 200,000 manhours

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>LWCF</td>
<td>0.06</td>
<td>0.06</td>
<td>0.05</td>
<td>0.04</td>
</tr>
</tbody>
</table>

Financial:

Adjusted EBITA margin
%

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Margin</td>
<td>8.0</td>
<td>7.4</td>
<td>6.0</td>
<td>5.7</td>
</tr>
</tbody>
</table>

Adjusted EBITA margin demonstrates our ability to convert revenue into profit.

Adjusted EBITA margin reduced in the year due to a continued competitive pricing environment and slower sector recovery in oil and gas and the positive impact of a contract dispute settlement in 2017, offset by strong cost synergy delivery.

Adjusted diluted EPS (AEPS)
cents

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>AEPS</td>
<td>84.0</td>
<td>64.1</td>
<td>53.3</td>
<td>57.4</td>
</tr>
</tbody>
</table>

Adjusted diluted EPS represents earnings before exceptional items and amortisation, net of tax, divided by the weighted average number of shares during the year.

AEPS increased in the year reflecting growth in earnings.

Dividend per ordinary share
cents

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividend</td>
<td>30.3</td>
<td>33.3</td>
<td>34.3</td>
<td>35.0</td>
</tr>
</tbody>
</table>

The share of AEPS distributed to shareholders. Dividend per share increased by 2% in line with our progressive dividend policy, taking into account cash flows and earnings.

Cash conversion
%

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>CC</td>
<td>119</td>
<td>68</td>
<td>69</td>
<td>102</td>
</tr>
</tbody>
</table>

The cash conversion ratio is post working capital cash flow divided by adjusted EBITDA.

Against the back drop of a growing business, cash conversion increased significantly to 102% reflecting improved working capital performance offset in part by the cash impact of exceptional items. Cash conversion before exceptional items was 126%.

The net debt: adjusted EBITDA ratio measures our ability to service our debt.

The net debt to adjusted EBITDA ratio reduced in the year as a result of growth in adjusted EBITDA, significantly improved working capital performance, cost synergy delivery, maintaining capital discipline and proceeds from non-core asset disposals.

We remain committed to a strong balance sheet foundation and achieving our target leverage policy of 1.5x net debt to adjusted EBITDA.

6 For more information on our business performance see pages 20-23
2018 was a year of significant progress for Wood that included the important milestone of the first anniversary of the completion of the AFW transaction. Under Robin’s leadership, the two companies have been brought together to create one leading business in project, engineering and technical services delivery, accelerating the Wood Group strategy to broaden its service, sector and end market portfolio.

At the start of the year a clear set of financial and operational objectives were established for Wood and Robin, together with his leadership team, have been focused on delivering against them. Integration and cost and revenue synergy delivery formed an important part of these objectives. With support from the Board integration has progressed at pace with the process completed in October. This clear focus has allowed the business to access cost synergies ahead of schedule and to capitalise on its broader capability set to realise significant revenue synergies and demonstrate the strength of the combined business.

Wood returned to growth in 2018 with good momentum in trading and a significant impact from cost synergy delivery. Results benefitted from relatively favourable conditions in the wide range of energy and industrial end markets Wood now operates in, despite a slower sector recovery in oil and gas. The quality of earnings is demonstrated by Wood’s cash generation performance in 2018 which has contributed to a reduction in net debt of $450m since completion and progress towards our deleveraging target. The Board is confident that as an integrated business Wood has a strong operational platform capable of delivering growth from a sustainable cash generative model.

Wood remains committed to its progressive dividend policy which takes into account future cashflows and earnings. This is a key foundation of the Wood investment case which has been sustained through the challenging conditions in our core markets through the downturn. There is no change to the policy going forward. The Board has recommended a final dividend of 23.7 cents per share, which makes a total distribution for the year of 35.0 cents, representing an increase of 2% on the total distribution for 2017. Dividend cover is strong at 1.6 times.

Looking ahead, there is a very positive medium term outlook for Wood’s broader end markets. The Board is confident that Wood is well placed to deliver good longer term growth both organically and by a return to acquisition led growth that aligns with our long term preferred capital structure.

Ian Marchant
Chair
Chief Executive review

“Wood delivered good organic growth in 2018. We completed the integration of AFW at pace, increased cost synergy targets by 24% and unlocked new opportunities across our broader range of capabilities and sectors to secure revenue synergies of over $600m. We have delivered strong operational cashflow which has supported both a reduction in net debt of $450m since completion of the acquisition of AFW, and the payment of $231m in dividends in 2018. We have built a unique platform and are in the early stages of what we can achieve. Our performance in 2018 has strengthened our conviction in Wood’s potential and we are excited about our prospects. We are confident of achieving further growth in 2019.”

Robin Watson
Chief Executive

Financial performance in 2018

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<tr>
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<th>Total dividend</th>
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<tr>
<td>(2017: 34.3 cents)</td>
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| Order book¹                               | $10,259m |

Robin Watson
Chief Executive

¹ Pro forma for 2018
² Includes the contribution of AFW from 1 April 2017
In October 2018, we completed the integration of AFW and celebrated our first anniversary as Wood. We have brought together the complementary capabilities and operational cultures of Wood Group and AFW and taken the best of both to create one leading business in project, engineering and technical services delivery in energy, industry and the built environment. We have a simple, effective delivery model with a multi sector, full service capability across a broad range of energy and industrial markets. In 2018 we focused on unlocking the anticipated deal opportunities, mitigating the well flagged risks and delivering against a clear set of operational and financial priorities.

**Returning to growth: revenue including joint ventures up 12%, adjusted EBITA up 5% vs 2017 proforma**

Wood returned to growth in 2018 and we saw good trading momentum throughout the year. Relatively favourable conditions in the wide range of energy and industrial end markets we now operate in have contributed to growth in 2018 across our business.

**Completing integration of AFW ahead of schedule**

Wood’s simplified organisational structure was established before Day 1 and we completed the integration in October 2018, twelve months after completion of the acquisition. Our actions during the year focused on establishing our organisational structure, high-grading management, integrating business development functions and merging bidding pipelines, implementing enhanced processes for management of contract risk and working capital, establishing common ERP systems, rationalising IT systems and consolidating real estate to co-locate offices in key hubs. The operational cultures of the legacy businesses were already well aligned allowing us to roll out our Vision, Values and Behaviours which are the foundations of our cultural framework, in the first quarter.

**Delivering increased costs synergies: 3 year target up 24% to $210m and $55m in-year benefit delivered**

Integration at pace enabled us to deliver cost synergies ahead of schedule and the in-year benefit of cost synergies was $55m in 2018. As integration progressed we identified opportunities for further savings and in August 2018 we increased our target for annualised synergies by the end of the third year following completion to at least $210m, up from at least $170m previously, with no increase in the c$200m anticipated costs to deliver synergies.

**Enhancing our risk management framework and project delivery governance**

Recognising the change in risk profile of the combined business, a key element of our integration process was a review of significant contracts with profit at risk. As we improved our understanding of some legacy AFW contracts, and in line with accounting requirements, we took a view of the likely outturn which led to a number of opening balance sheet adjustments, although the risk profile inherited was in line with our overall expectations. We identified opportunities to simplify the process for managing risk and enhanced our governance structures, project and tender review process and contracting policy as a result. We also took the decision not to pursue certain higher risk lump sum work in the legacy AFW business and have exited the Guam project in the Pacific in the E&IS business. Only one of these legacy contracts remains active and we have taken steps to ensure close monitoring of progress and active management of the contract.

**Securing >$600m in revenue synergies**

Our revenue synergies delivery programme is now embedded in a cross-selling culture across our entire business. To date we have secured multi year contracts worth over $600m that are clear examples of revenue synergies, reflective of our enhanced capability set and ability to deliver a wider range of services to our customers. Orders won include our engineering, procurement, construction and commissioning contract with Saudi Aramco and SABIC to support their integrated crude oils to chemicals complex. We are also seeing a number of awards that leverage our involvement in the earlier stages of projects, as well as our strong in-country presence and enhanced capabilities.

**Strong operational cashflow validating quality of earnings**

Against the backdrop of a growing business we have generated strong operational cashflows, having delivered significant improvements in working capital management. Cash conversion, calculated as cash generated from operations (after exceptional items) as a percentage of adjusted EBITDA, improved significantly to 102% (proforma 2017 14%). We are confident that we have an operational platform capable of delivering strong cash generation, validating the underlying quality of earnings and underpinning our long term investment case.

**Deleveraging: Net debt reduced by c$450m since completion**

We have reduced net debt from $2bn at completion of the AFW deal in October 2017 to $1.5bn (2.2x adjusted EBITDA) at 31 December 2018. In addition to generating growth in earnings, delivering strong cashflow from operations and maintaining our capital discipline, we also made progress on our non-core asset disposal programme.

**Retaining a progressive dividend: payments of $231m up 2%**

Growth in our earnings and strong operational cashflow enabled us to grow our dividend in 2018. There is no change to our progressive policy and the dividend is well covered at 1.6 times.

**Improved safety performance**

Our focus on safety is undiminished and throughout 2018 we focused on developing a consistent health and safety framework post the integration. Our safety performance has shown strong improvements, with total recordable case frequency (TRCF) and lost work case frequency (LWCF) down 28% and 20% respectively compared to 2017.

With integration complete, we have created an excellent operational platform across energy and industrial markets that positions us really well for future growth. The value added range of capabilities, variety of end markets and lack of customer concentration means we have an operational structure with the flexibility to continuously deploy human and financial capital in the most appropriate manner; leveraging our differentiated service offering to meet customer requirements. Our agile teams deliver exceptional execution, while remaining commercially astute, and utilise our technical advantage to create new and innovative solutions. We have a well established investment case underpinned by an asset light, cash generative model, a financially prudent approach and a measured risk appetite. I am excited by the next stage in our evolution as Wood as we realise this sustainable growth opportunity, unlocking our potential and delivering superior outcomes for our customers, our investors and our people.
Financial performance in 2018

Trading performance
Performance in 2018 was at the upper end of guidance and ahead of market expectations and reflects good organic growth led by our Asset Solutions Americas business and the benefit of in year cost synergies of $55m. We saw higher activity across all business units with revenue including joint ventures up 12% compared to proforma 2017. Revenue excluding joint ventures was up 8% compared to 2017 due to the inclusion of a full year contribution from AFW.

Adjusted EBITA and operating profit before exceptional items benefitted from cost synergy delivery helping to offset a continued competitive pricing environment and a slower than anticipated sector recovery in oil and gas.

Operating profit before exceptional items is stated after non cash amortisation charges of $249m (2017: $141m) which includes $126m (2017: $32m) in respect of amortisation of intangibles arising on the acquisition of AFW.

The loss for the period was impacted by exceptional costs of $183m net of tax. As anticipated, exceptional items include $42m of costs to deliver synergies of $24m in respect of redundancy and restructuring, $6m of charges relating to onerous leases, $26m in respect of support costs related to regulatory investigations and an arbitration settlement provision of $10m. Exceptional costs also include non cash items including an impairment in the carrying value of EthosEnergy of $41m, which was recorded in H1 2018, other write-offs related to EthosEnergy of $10m and a $32m charge related to guaranteed minimum pensions following a court ruling in October 2018 affecting defined benefit pension schemes.

Synergies
We delivered increased cost synergies with an in year benefit of $55m in 2018 equating to an exit run rate of $85m, the exit run rate being the annualised forward benefit. In year costs to deliver were c$65m, including c$23m of capex and intangibles spend. We expect to deliver synergies in FY 2019 with an in year benefit of around $60m and remain confident of delivering against our upgraded annualised cost synergy target of >$210m by the end of the third year following completion of the AFW acquisition in October 2017.

Net debt and cashflow
Strong operational cash generation contributed to a reduction in net debt to $1.5bn at 31 December 2018. The ratio of net debt to adjusted EBITDA of $694m reduced to 2.2x at 31 December 2018 (2.4x at 31 December 2017).

We have delivered a significantly improved working capital position compared to proforma 2017 having implemented a range of initiatives. Cash conversion, calculated as cash generated from operations after exceptional items as a percentage of adjusted EBITDA, improved significantly to 102% (2017 proforma: 14%). This includes the $154m impact of our receivables facility which provides working capital funding at a cost lower than our other facilities. Excluding the impact of exceptional costs, cash conversion was 126% (2017 proforma: 63%).

Cash exceptional items of $142m offset the strong cash generation from operations. Cash outflows in the year in respect of exceptional items include $42m of costs to deliver synergies and other redundancy and restructuring costs of $15m, $38m in respect of onerous leases, $14m in respect of transaction related costs, investigation support costs of $15m and arbitration related costs of $18m.

During the year we paid interest costs of $97m and dividends of $231m.

Capital structure and allocation
We remain committed to a strong balance sheet foundation and achieving our target leverage policy. Net debt to adjusted EBITDA reduced to 2.2x as at 31 December 2018 (31 December 2017: 2.4x). Based on 2018 adjusted EBITDA, committed facilities provide funding headroom of $0.9bn vs. covenants set at 3.5x. Total facilities headroom is $1.3bn.

We have reduced net debt by c$450m since completion in October 2017 and over the course of 2018 we delivered strong free cashflow. Deleveraging has been driven by adjusted EBITDA growth of c5%, significantly improved working capital performance (cash conversion after exceptional items is up from 14% to 102%), delivering cost synergies of $55m, maintaining our capital discipline and proceeds of $35m from non core asset disposals.

Debt reduction and maintaining our progressive dividend, which is covered 1.6x in 2018, remain our preferred use of free cashflow. Further deleveraging will be primarily driven by continued earnings growth in 2019, which is supported by strong revenue visibility, a further $60m of cost synergy delivery and delivering cash conversion after exceptional items of around 80%-85%. We will also retain our discipline on capital expenditure and expect exceptional items to reduce as we deliver the cost synergies.

Since completion, the pace of deleveraging has been adversely impacted by a slower sector recovery in oil and gas compared to that anticipated in our May 2017 prospectus, working capital commitments on the legacy AFW Aegis contract and slower progress on non-core assets disposals given our focus on value. As a result, while we are confident in the strong free cashflow generation of our business, deleveraging to our target of 1.5x net debt to adjusted EBITDA will be more gradual than originally anticipated.

In addition, the timing of further potential asset disposals identified following a strategic review of our portfolio will impact the pace of deleveraging. These will be governed by appropriately competitive sales processes and are expected to generate proceeds in the range of c$200m-$300m.

Financing
In December 2018 we took the opportunity to secure a $140m part-financing of our term loan from an existing US private placement debt provider which further diversifies our financing structure. This comprises a mix of eight and ten year redemption dates at a fixed rate of around 5% and was drawn in February 2019. In 2019, we expect to complete a full refinancing of our remaining term loan which is due to mature in 2020, which will further diversify our sources of long term finance at competitive rates.

Update on regulatory investigations
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 and provisions notes to the 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.
### Order book

<table>
<thead>
<tr>
<th></th>
<th>FY 2018</th>
<th>HY 2018</th>
<th>Change (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asset Solutions</td>
<td>3,016 $m</td>
<td>2,995 $m</td>
<td>0.7%</td>
</tr>
<tr>
<td>Americas</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Asset Solutions</td>
<td>4,926 $m</td>
<td>4,907 $m</td>
<td>0.4%</td>
</tr>
<tr>
<td>EAAA</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Specialist</td>
<td>1,017</td>
<td>1,290</td>
<td>(21.2)%</td>
</tr>
<tr>
<td>Technical</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Solutions</td>
<td>1,213</td>
<td>1,296</td>
<td>(6.4)%</td>
</tr>
<tr>
<td>Environment &amp;</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Infrastructure</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Solutions</td>
<td>87</td>
<td>119</td>
<td>(26.9)%</td>
</tr>
<tr>
<td>Investment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Services</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>10,259 $m</td>
<td>10,607 $m</td>
<td>(3.3)%</td>
</tr>
</tbody>
</table>

Our order book, comprising secured work and estimates of activity under long term agreements, currently stands at c$10.3bn, this is broadly in line with the position in June. We saw a reduction in STS order book as we progressed towards completion of the Gruyere Gold contract and the STS led scope on TCO, offset in part by awards across the broad STS business. In E&IS, the slight reduction reflects progression to completion of our waste disposal contract in Guernsey and our decision not to pursue certain overseas capital projects.

We take a conservative approach to order book recognition, only recording work that is supported by signed, enforceable contracts or anticipated work releases under frame agreements, and as such we have a high conversion rate of opportunities.

Wood’s business model operates on a relatively short cycle with much of our work being won and executed in the same period rather than relying on a flow of large multi year awards. Order book is consistent with our business model and also reflects the current stage in the oil and gas cycle in particular which is characterised by early stage awards and timing of renewals of long term contracts. Approximately 60% of 2019 forecast revenues are secured, in line with expectations at this point in the year, giving us confidence over continued revenue growth into 2019.

The shape of our order book reflects our measured risk approach; approximately 90% of our order book comprises reimbursable and <c$100m fixed price contracts (H1 2018: 89%). Reimbursable work is the largest element of this; c70%. Only c10% of our order book comprises fixed priced contracts over c$100m. This consists of ten contracts with an aggregate value remaining in order book of c$800m.

### Simplifying profit reporting in 2019

Wood will simplify its reporting for the reporting periods ending on 30 June 2019 onwards. These changes align Wood’s principal reporting metrics with IFRS measures and facilitate comparison across peers. There will be no reduction in the level of accounting disclosure at the Wood or business unit level.

At the Group level Wood’s primary reporting metrics, and the management discussion and analysis of these metrics in reporting, will align with IFRS definitions of revenue and profit, that is, operating profit (pre-exceptional items). Wood will no longer report proportionally consolidated results.

Adjusted EBITDA (pre-exceptional items, including joint ventures) will be adopted as an additional non-statutory/“non-GAAP” measure of profit. This will be presented at the Group and Business Unit level to report underlying financial performance and facilitate comparison with peers.

Adjusted EBITDA in 2018 was c$694m. As in previous years, Note 1 to the accounts includes details of adjusted EBITDA at the Wood and Business Unit level together with comparatives for 2017.

Adjusted Diluted EPS will also be presented, defined as “earnings before exceptional items and amortisation relating to acquisitions, net of tax, divided by the weighted average number of ordinary shares in issue during the period”. In contrast to previous reporting, the measure will be stated before amortisation arising from acquisitions only and not amortisation relating to other intangibles such as software costs. On the new basis, AEPS in 2018 was 46.6c.

### Adoption of IFRS 16

IFRS 16 Leases will be effective from 1 January 2019. The most significant change for Wood is the accounting for property leases. Rental charges which were previously recorded in operating costs in respect of these leases will now be replaced with depreciation and an interest charge. We have chosen to apply the modified retrospective approach on adoption of IFRS 16 and using this approach there is no restatement of 2018 comparatives in 2019. We anticipate that 2019 adjusted EBITDA will increase by c$170m and adjusted EBITA will increase by c$30m. In the balance sheet a lease liability of around c$764m. As in previous years, Note 1 to the accounts includes details of adjusted EBITDA at the Wood and Business Unit level together with comparatives for 2017.

### Footnotes

1. Pro forma 2017 results are unaudited. They include 12 months of AFW’s results 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 Inchean Bridge and interests in two Italian windfarms.

2. See detailed footnotes following the Financial Review. “Revenue including joint ventures” and “Adjusted EBITA” and “Adjusted EBITDA” are presented based on a proportionally consolidated basis and includes the contribution from joint ventures. A reconciliation to statutory numbers is provided in note 1 to the accounts.

3. Company compiled publicly available consensus 2019 Adjusted EBITA is c$624m and AEPS is 55c. Adjusted EBITA on a proportionally consolidated pre IFRS 16 adoption basis for 2019 is c$716m and AEPS is 67c. Consensus EBITDA on the same basis is estimated to be c$764m. (https://www.woodplc.com/investors/analyst-consensus-and-coverage)

4. Order book comprises work 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.

5. Operating profit before exceptional items is stated after non cash amortisation charges of c$49m, including c$52m of amortisation of intangibles arising on the acquisition of AFW.

6. Loss for the period is stated after exceptional costs net of tax of c$193m, including c$42m of costs to deliver synergies, c$30m relating to restructuring and onerous leases, c$46m relating to an impairment in the carrying value of EthosEnergy and c$30m of other write-offs related to EthosEnergy, investigation support costs of c$26m, c$10m relating to an arbitration settlement provision and c$32m defined benefit pension scheme charge related to guaranteed minimum pensions.

7. Our previously stated target net debt: Adjusted EBITDA range of 0.5 to 1.5x is based on an existing “frozen GAAP” basis prior to the adoption of IFRS 16 in 2019.
Segmental review

Asset Solutions Americas

ASA generated strong revenue and earnings growth from increased activity and the delivery of cost synergies. Revenue in 2018 increased by 18% on proforma 2017 due to increased activity on capital projects in power, downstream & chemicals and in US shale facilities and pipelines.

Markets:

<table>
<thead>
<tr>
<th>Market</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oil &amp; gas</td>
<td>65%</td>
</tr>
<tr>
<td>Industrial/other energy</td>
<td>35%</td>
</tr>
</tbody>
</table>

Revenue including joint ventures

$3,762m (2017: $2,387m)

% Movement vs. proforma: ▲ 18.1%

Adjusted EBITA

$205m (2017: $158m)

% Movement vs. proforma: ▲ 24.2%

Adjusted EBITA Margin

5.4% (2017: 6.6%)

% Movement vs. proforma: ▲ 0.2%

People

16,900 (2017: 16,800)

% Movement vs. proforma: ▲ 0.6%

Order book

$3,016m (2017: $2,995m)

% Movement vs. proforma: ▲ 0.7%

Outlook

We expect growth in ASA in 2019 weighted to the second half. In downstream and chemicals, work secured on our EPC scope for a Gulf Coast plastics manufacturing facility and the YCI methanol plant is expected to increase in 2019 and we remain well positioned for further opportunities. Momentum in US shale is also expected to continue with activity focused on facilities and pipelines in the Permian and Niobrara. We have retained our market leading position in offshore engineering and have improving visibility on early stage concept and FEED projects. We are encouraged by awards in early 2019 in power related to solar and wind projects, which are offsetting the completion of coal combustion residual treatment projects and will contribute to increased activity in H2. In operations solutions, activity levels are expected to remain broadly in line with 2018.
Asset Solutions Americas - Case study: 
**World-class polymer manufacturing facility**

In 2018 we were awarded a contract to provide engineering, procurement and construction ("EPC") services for a world-class polymer manufacturing facility along the US Gulf Coast. Our scope relates to key infrastructure to support the polymer production facility, which includes a world-class ethane cracker unit feeding a monoethylene glycol unit and two polyethylene units. The plant will produce materials used in the manufacture of clothing, plastic containers, packaging, agricultural film and building and construction materials. This is a significant contract for Asset Solutions Americas and reflects our best in class EPC services and our expertise in the chemicals sector.

"This is a significant contract for Asset Solutions Americas and reflects our best in class EPC services and our expertise in the chemicals sector."
Asset Solutions Europe, Africa, Asia & Australia

Revenue is up 9% on proforma 2017, largely led by growth in Operations Solutions which accounts for c45% of segment revenue. We are seeing strong growth in the Middle East due to increased activity in Iraq with Exxon and Basra Gas Co and in Asia Pacific with Exxon.

Capital Projects accounts for c60% of segment revenue and benefitted from increased activity levels including the ongoing work on the Antwerp Oil Refinery, 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.

EBITA is down on proforma 2017 due to the $70m positive impact of a contract dispute settlement in 2017 and currency devaluation in Angola in 2018, which offset margin improvements from positive trading momentum and the benefit of cost synergy delivery.

Turbine joint ventures account for c15% of revenue which is up on proforma 2017 with increased activity across each of the joint ventures. Despite improved trading performance in EthosEnergy in the second half of 2018 and relative strength in RWG, earnings are down on 2017.

Order book in AS EAAA is c$5.0bn, with c60% of expected 2019 revenue secured. Order book reflects the current stage in the oil and gas cycle with contract extensions being secured and also the timing of renewals for long term North Sea contracts. This is being offset by increased activity in Australia and Asia Pacific.

Outlook
We anticipate growth in AS EAAA in 2019. In Operations Services we see opportunities in the Middle East driven by Iraq and also in the Caspian while growth in Asia Pacific is expected to be focused on Papua New Guinea and Australia. We see a positive outlook for modifications work in the North Sea. Activity on the FEED and project management consultancy scope for Saudi Aramco on both the Marjan field and the integrated crude oils to chemicals complex is expected to contribute to growth in capital projects. Further cost synergy delivery will underpin earnings growth in 2019.
Asset Solutions EAAA - Case study: 
**Asset management services for deepwater gas-to-power project**

In 2018 Wood secured a six-year contract with Shell to provide asset management services to the Malampaya deep water gas-to-power project in the Philippines. This deepwater gas-to-power project was the start of the country’s natural gas industry supplying clean, natural gas to provide 3,200 megawatts of power to meet about 30-50% of the country’s power generation requirements. Our scope covers maintenance services, modifications and shutdown support for Shell’s onshore facilities in Batangas and offshore assets in the Malampaya field.

The contract is a strong example of a revenue synergy, achieved by the combination of AFW’s proven track record and local knowledge developed from working on these offshore assets and onshore gas plant and Wood Group’s strong global operations and maintenance expertise. The contract also grows our operations and maintenance business in the region and expands our footprint in South-East Asia creating new and enhanced opportunities for the local workforce.

“**This award is a powerful example of a revenue synergy achieved by the combination of AFW and Wood Group’s broad capabilities and depth of experience.**”

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<table>
<thead>
<tr>
<th>20+ years</th>
<th>Wood involvement on the project</th>
</tr>
</thead>
<tbody>
<tr>
<td>85%</td>
<td>of the asset workforce are Wood employees</td>
</tr>
<tr>
<td>30-50%</td>
<td>of the country’s power generation requirements supplied by the project</td>
</tr>
</tbody>
</table>
Specialist Technical Solutions

In 2018 we saw strong revenue growth led by increased volumes in minerals processing and automation & control, the largest contributors to STS revenue. Activity in subsea & export systems and technology & consulting remained robust.

**Markets:**

<table>
<thead>
<tr>
<th>Industry</th>
<th>% Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrial/other energy</td>
<td>c10%</td>
</tr>
<tr>
<td>Minerais processing</td>
<td>c30%</td>
</tr>
<tr>
<td>Nuclear</td>
<td>c15%</td>
</tr>
</tbody>
</table>

**Revenue including joint ventures**

- **$1,565m**
  - (2017: $756m)
  - (Proforma 2017: $1,320m)

**Adjusted EBITA**

- **$148m**
  - (2017: $82m)
  - (Proforma 2017: $134m)

**Adjusted EBITA Margin**

- **9.5%**
  - (2017: 10.8%)
  - (Proforma 2017: 10.1%)

**People**

- **7,800**
  - (2017: 7,600)
  - (Proforma 2017: 7,600)

**Order book**

- **$1,017m**
  - (2017: $1,290m)

EBITDA margin is down slightly on proforma 2017 due to the commercial close out of a minerals processing project in 2017.

In minerals processing we remain active 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. Growth in automation and control was led by procurement activity on the TCO project and a full year contribution from CEC, acquired in May 2017. Activity in nuclear improved and we were recently awarded system design work supporting projects and decommissioning at Sellafield. Subsea activity on early stage and tie back work remains steady.

Order book is approximately $1.0bn with c50% of expected 2019 revenues secured, consistent with the short cycle nature of contracts in STS. We saw a reduction in STS order book as we progressed towards completion on a number of mining contracts including Gruyere Gold and the STS led scope on TCO offset in part by recent awards across the business.

**Outlook**

We expect moderate revenue growth in 2019 as the Gruyere Gold contract in minerals processing and the STS led scope on the TCO project in automation & control reach an advanced stage of completion. Our technology and consulting business remains well positioned. 2019 earnings are expected to benefit from a focus on further margin improvements initiatives.
Specialist Technical Solutions - Case study: 
Supply of programmable digital control technologies to UK nuclear site

In 2018 we were awarded a $66 million contract to supply programmable digital control technologies to Sellafield Ltd, operator of the UK’s largest and most complex nuclear site. The contract is a good example of a revenue synergy and was secured by combining Wood Group’s best in class automation experience from the automotive and oil & gas sectors with AFW’s competence, stakeholder relations and site-specific knowledge in the nuclear sector.

Our scope covers all stages of system design, manufacture and assembly of equipment, obsolescence management and maintenance support to project work and decommissioning carried out by Sellafield Ltd. Delivery of the contract will draw on experience in our automation business of replacing control systems in the oil & gas sector and applying simulation and virtual commissioning environments in the automotive sector. Our nuclear business will draw on its track record as an internationally renowned centre of excellence for transferring nuclear codes from legacy control systems to modern equipment.

“The contract combines Wood Group’s best in class automation experience from the automotive and oil & gas sectors with AFW’s competence, stakeholder relations and site-specific knowledge in the nuclear sector.”
Environment & Infrastructure Solutions

2018 revenues are up 8% on proforma 2017 with increased consultancy activity in the US and Canada. EBITA benefitted from cost overruns on projects experienced in 2017 not repeating offset in part by a lower than expected benefit from contract completions.

E&IS saw good activity across environmental remediation consultancy and engineering & construction project management services predominantly in North America. Full year performance benefitted from increased activity as a result of US government and industrial spending.

Order book is $1.2bn, giving us good visibility over revenues for 2019 with c70% of expected revenues secured. Order book reflects the typical, short cycle nature of contracts in E&IS, the slight reduction compared to June 2018 reflects progress to completion of our waste disposal contract in Guernsey and our decision not to pursue certain overseas capital projects.

Outlook

We expect further growth in 2019. We see good opportunities as government and industrial spending increases in the US and Canada although the US government shutdown may impact the pace of awards in early 2019. Having taken the decision not to pursue certain higher risk lump sum contracts, we have exited the legacy US government capital project in the Pacific. As a result, the Aegis project is the only legacy contract of this nature remaining which is due to be operationally complete towards the end of 2019 and commercial close out expected in 2021. The full amount of the expected loss at completion of $75m has been recorded as a fair value adjustment.
Investment Services

A number of underperforming legacy activities in AFW are managed in Investment Services. This includes the activities of Industrial Power and Machinery business in addition to interests in a number of infrastructure projects. Operational performance in the Transmission and Distribution engineering business has been successfully improved and this business will be managed within Asset Solutions EAAA going forward. Investment services generated revenue including joint ventures of $252m in 2018 (2017 proforma: $374m) and adjusted EBITA of $32m (2017 proforma: $28m). During 2018, as part of our non-core asset disposal programme, Investment Services entered agreements to dispose of its interests in four joint ventures, Voreas S.r.l., RMS A13 Holdings Ltd, Power Machinery Ltd and Centro Energia Teverola S.r.l and Ferrara S.r.l for consideration of approximately $54m. Wood’s share 2019 EBITA from the four joint ventures was forecast to be c$8m.

Environment & Infrastructure Solutions - Case study:
Jane Addams Memorial Tollway, Chicago, United States

In 2018, Wood completed design and construction management services for the reconstruction of vital sections of the Jane Addams Memorial Tollway (I-90) in Chicago, United States. As part of our customer’s significant investment programme, we designed 5.5 miles of this heavily travelled urban interstate highway; managed the construction of a 10-mile segment; built, replaced or rehabilitated 35 bridges; improved access at 5 interchanges; added Flex Lanes with transit options and introduced SmartRoad, a roadway that actively manages traffic. Our scope was part of a project that is anticipated to deliver $440m of annual savings to drivers in fuel and productivity costs.

This was a complex project which presented various challenges such as tight confines, unique utility and environmental challenges and a short delivery schedule. With a clear focus on project delivery and understanding the customer’s vision, we utilised innovative methods to successfully design and manage the project and the Illinois Tollway rated our performance as Exceeding Expectations – a reflection of our customer-centered commitment and long standing relationship.

<table>
<thead>
<tr>
<th>30</th>
<th>construction contracts</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>coordinated over three years</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>35</th>
<th>bridges</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>built, replaced or rehabilitated under Wood’s construction management</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>5</th>
<th>interchanges</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>with improved access</td>
</tr>
</tbody>
</table>
"Financial performance in 2018 reflects good organic growth, with higher activity across all business units, and the benefit of cost synergy delivery."

David Kemp
Group CFO

Trading performance
Trading performance is presented based on proportionally consolidated numbers, which is the basis used by management to run the business. Revenue including joint ventures and adjusted EBITA include the contribution from joint ventures. The trends between these alternative performance measures and reported measures are similar. The balance sheet and cash flow information is presented on an equity accounted basis, consistent with the Financial Statements. A reconciliation to statutory measures of revenue and operating profit from continuing operations excluding joint ventures is included in note 1 to the financial statements.

Reconciliation to operating profit
The table below sets out a reconciliation of adjusted EBITA to operating profit per the Group income statement.

<table>
<thead>
<tr>
<th></th>
<th>2018 $m</th>
<th>2017 $m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusted EBITA</td>
<td>629.9</td>
<td>371.6</td>
</tr>
<tr>
<td>Amortisation</td>
<td>(248.8)</td>
<td>(141.3)</td>
</tr>
<tr>
<td>Adjusted EBIT</td>
<td>381.1</td>
<td>230.3</td>
</tr>
<tr>
<td>Exceptional items</td>
<td>(191.3)</td>
<td>(176.0)</td>
</tr>
<tr>
<td>Operating profit</td>
<td>165.3</td>
<td>36.4</td>
</tr>
</tbody>
</table>

Revenue including joint ventures and adjusted EBITA
The financial performance of the Group for 2018 and 2017 is presented below. The 2017 results are on a proforma basis and include AFW’s pre-acquisition results for the period from 1 January 2017 to 6 October 2017 but exclude the results of businesses disposed. The 2017 results are unaudited and are included to provide a better insight into the underlying business performance. The table below includes the results of joint ventures on a proportional basis.

<table>
<thead>
<tr>
<th></th>
<th>2018 $m</th>
<th>2017 $m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asset Solutions EAAA</td>
<td>4,072.0</td>
<td>3,722.7</td>
</tr>
<tr>
<td>Asset Solutions</td>
<td>3,761.6</td>
<td>3,186.5</td>
</tr>
<tr>
<td>Americas</td>
<td>1,564.9</td>
<td>1,320.0</td>
</tr>
<tr>
<td>Specialist Technical Solutions</td>
<td>1,385.1</td>
<td>1,279.0</td>
</tr>
<tr>
<td>Environment and Infrastructure Solutions</td>
<td>252.4</td>
<td>279.0</td>
</tr>
<tr>
<td>Investment Services</td>
<td>252.4</td>
<td>373.6</td>
</tr>
<tr>
<td>Centre (incl asbestos)</td>
<td>(77.1)</td>
<td>(84.3)</td>
</tr>
<tr>
<td>Total</td>
<td>11,036.0</td>
<td>9,881.8</td>
</tr>
</tbody>
</table>

EBITA margin 5.7% 6.0%
Amortisation

Total amortisation for 2018 of $248.8m (2017: $141.3m) includes $126.4m for AFW and $38.1m of amortisation relating to intangible assets arising from prior year acquisitions. Amortisation in respect of software and development costs was $84.3m (2017: $61.3m) and this largely relates to engineering software and ERP system development. Included in the amortisation charge for the year above is $2.5m (2017: $19m) in respect of joint ventures.

Net finance expense and debt

Net finance expense is analysed below.

<table>
<thead>
<tr>
<th>Description</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest on debt</td>
<td>67.8</td>
<td>20.8</td>
</tr>
<tr>
<td>Interest on US Private Placement debt</td>
<td>14.1</td>
<td>14.1</td>
</tr>
<tr>
<td>Finance expense relating to defined benefit</td>
<td>-</td>
<td>2.6</td>
</tr>
<tr>
<td>pension schemes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Discounting relating to asbestos, deferred</td>
<td>15.3</td>
<td>6.9</td>
</tr>
<tr>
<td>consideration and other liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other interest, fees and charges</td>
<td>19.9</td>
<td>7.9</td>
</tr>
<tr>
<td><strong>Total finance expense pre-exceptional items</strong></td>
<td>117.1</td>
<td>52.3</td>
</tr>
<tr>
<td>Finance income relating to defined benefit</td>
<td>(0.5)</td>
<td>-</td>
</tr>
<tr>
<td>pension schemes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other finance income</td>
<td>(4.8)</td>
<td>(2.8)</td>
</tr>
<tr>
<td><strong>Net finance expense pre-exceptional items</strong></td>
<td>111.8</td>
<td>49.5</td>
</tr>
</tbody>
</table>

Interest cover in 2018 (2017: 7.5 times).

The above table excludes net finance charges of $8.1m (2017: $3.4m) in respect of joint ventures.

The Group negotiated new bank facilities in order to complete the acquisition of AFW in 2017. The facilities comprised a $1.0bn term loan repayable in 2020 and a 5 year Revolving Credit Facility of $1.75bn repayable in 2022. The term loan has subsequently reduced to $0.9bn following repayments arising from the disposal of AFW's UK upstream oil and gas business.

At 31 December 2018 total borrowings under these facilities amounted to $1,542.3m with $1,091.4m undrawn. A further $162.2m of overdraft funding is available under the Group's other short-term facilities. The Group also has $375m of unsecured loan notes issued in the US private placement market which mature in 2021, 2024 and 2026. In December 2018, the Group took the opportunity to secure a $140m part refinancing of the term loan from an existing US private placement debt provider. As a result, a further $140m of US private placement debt, which matures in 2027 and 2029, was added in February 2019.

Net debt to adjusted EBITDA at 31 December was 2.2 times (2017: 2.4 times) against our covenant of 3.5 times. The Group remains committed to achieving its targeted leverage policy of net debt to adjusted EBITDA of 1.5 times.

Exceptional items

<table>
<thead>
<tr>
<th>Description</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisition costs</td>
<td>-</td>
<td>58.9</td>
</tr>
<tr>
<td>Redundancy, restructuring and integration costs</td>
<td>71.7</td>
<td>51.4</td>
</tr>
<tr>
<td>Arbitration settlement provision</td>
<td>10.4</td>
<td>19.2</td>
</tr>
<tr>
<td>EthosEnergy impairment and other write offs</td>
<td>51.0</td>
<td>38.3</td>
</tr>
<tr>
<td>Investigation support costs</td>
<td>26.3</td>
<td>8.2</td>
</tr>
<tr>
<td>Guaranteed Minimum Pension (“GMP”) equalisation</td>
<td>31.9</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total exceptional items</strong></td>
<td>191.3</td>
<td>176.0</td>
</tr>
</tbody>
</table>

Bank fees relating to AFW acquisition             | -      | 8.5    |

**Taxation**

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

<table>
<thead>
<tr>
<th>Description</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit from continuing operations before tax,</td>
<td>510.0</td>
<td>318.7</td>
</tr>
<tr>
<td>exceptional items and amortisation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tax charge (excluding tax on exceptional items</td>
<td>116.8</td>
<td>75.9</td>
</tr>
<tr>
<td>and amortisation)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Effective tax rate on continuing operations</td>
<td>22.9%</td>
<td>23.8%</td>
</tr>
<tr>
<td>(excluding tax on exceptional items and</td>
<td></td>
<td></td>
</tr>
<tr>
<td>amortisation)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The tax charge above includes $16.4m in relation to joint ventures (2017: $14.5m).
The effective tax rate reflects the rate of tax applicable in the jurisdictions in which the Group operates and is adjusted for permanent differences between accounting and taxable profit and the recognition of deferred tax assets. Key adjustments impacting on the rate in 2018 are restrictions on the deductibility of interest in the UK and US offset by increased deferred tax asset recognition, the release of provisions in relation to uncertain tax positions and branch and withholding taxes in excess of double tax relief. Despite challenges in relation to interest deductibility and the new US legislation around base erosion, we currently anticipate a rate in 2019 of in the region of 23%-24%.

In addition to the effective tax rate, the total tax charge in the income statement reflects the impact of exceptional items and amortisation which by their nature tend to be expenses that are more likely to be not deductible than those incurred in the ongoing trading profits. The income statement tax charge excludes tax in relation to joint ventures.

Our tax strategy is available at: www.woodplc.com/taxstrategy

Earnings per share
Adjusted diluted EPS for the year was 57.4 cents per share (2017: 53.3 cents). The average number of fully diluted shares used in the EPS calculation for the period was 683.0m (2017: 451.3m).

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 2018 would be 46.6 cents per share (2017: 42.9 cents).

Reconciliation of number of fully diluted shares (million) Closing Average
At start of year 677.7 677.7
Allocation of shares to employee share trusts 3.8 1.0
Shares held by employee share trusts (11.2) (9.1)
Basic number of shares for EPS 670.3 669.6
Effect of dilutive shares 12.0 13.4
Fully diluted number of shares for EPS 682.3 683.0

Basic EPS for the year was (1.3) cents per share (2017: (7.4) cents). The loss for the year attributable to owners of the parent of $8.9m is lower than the $32.4m loss reported in 2017 due to increased EBITA partly offset by higher amortisation, interest and tax.

Dividend
The progressive Wood dividend policy which takes into account cash flows and earnings, is a key element of our investment case and compares favourably against peers in the global engineering and construction sector. The Board has recommended a final dividend of 23.7 cents per share, which makes a total distribution for the year of 35.0 cents, an increase of 2%. The final dividend will be paid on 16 May 2019 to all shareholders on the register at the close of business on 26 April 2019.

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

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening net debt</td>
<td>(1,666.1)</td>
<td>(322.6)</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>693.8</td>
<td>423.1</td>
</tr>
<tr>
<td>Less JV EBITDA</td>
<td>(83.3)</td>
<td>(61.9)</td>
</tr>
<tr>
<td></td>
<td>610.5</td>
<td>361.2</td>
</tr>
<tr>
<td>Cash impact of current year exceptional items</td>
<td>(74.7)</td>
<td>(75.1)</td>
</tr>
<tr>
<td>Cash impact of prior year exceptional items</td>
<td>(67.3)</td>
<td>-</td>
</tr>
<tr>
<td>Decrease in provisions</td>
<td>(144.1)</td>
<td>(75.8)</td>
</tr>
<tr>
<td>Dividends from JV’s</td>
<td>38.5</td>
<td>32.0</td>
</tr>
<tr>
<td>FX and other</td>
<td>(28.8)</td>
<td>23.7</td>
</tr>
<tr>
<td>Cash generated from operations</td>
<td>334.1</td>
<td>266.0</td>
</tr>
</tbody>
</table>

Cash generated from operations

| Pre-working capital       | 291.2 | 16.0 |
| Cash generated from operations | 625.3 | 250.0 |
| Acquisitions              | (30.0) | (1,469.3) |
| Divestments               | 33.4  | 254.9 |
| Capex and intangibles     | (87.5) | (73.9) |
| Tax paid                  | (83.5) | (99.6) |
| Interest paid             | (96.7) | (50.2) |
| Dividends                 | (231.0) | (125.6) |
| Other                     | (32.1) | (9.8) |
| Decrease/(increase) in net debt | 97.9 | (1,323.5) |
| Closing net debt          | (1,548.2) | (1,646.1) |

Cash generated from operations pre-working capital increased by $68.1m to $334.1m and post-working capital increased by $375.3m to $625.3m as a result of improved working capital management.

Cash conversion, calculated as cash generated from operations as a percentage of adjusted EBITDA (less JV EBITDA), improved to 102% (2017: 69%) due to improved working capital performance partly offset by the cash impact of exceptional costs. Excluding the impact of exceptional costs cash conversion is 126%.

Expenditure on acquisitions largely relates to payments in respect of companies acquired in prior periods. Cash from divestments of $33.4m relates to the disposal of the Group’s interests in the Voreas wind farm and the Road Management Services (A13) joint venture.

Net payments for capex and intangible assets were $87.5m (2017: $73.9m) and included software development and expenditure on ERP systems across the Group. $24.0m of this amount related directly to the integration of AFW.

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 venture assets and liabilities.

<table>
<thead>
<tr>
<th></th>
<th>Dec 2018</th>
<th>Dec 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$m</td>
<td>$m</td>
</tr>
<tr>
<td>Non-current assets</td>
<td>7,720.6</td>
<td>8,157.6</td>
</tr>
<tr>
<td>Current assets</td>
<td>4,032.7</td>
<td>4,005.1</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>(3,870.1)</td>
<td>(3,185.2)</td>
</tr>
<tr>
<td>Net current assets</td>
<td>162.6</td>
<td>819.9</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td>(3,273.4)</td>
<td>(4,005.5)</td>
</tr>
<tr>
<td>Net assets</td>
<td>4,609.8</td>
<td>4,972.0</td>
</tr>
<tr>
<td>Equity attributable to owners of the parent</td>
<td>4,590.8</td>
<td>4,960.3</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>19.0</td>
<td>11.7</td>
</tr>
<tr>
<td>Total equity</td>
<td>4,609.8</td>
<td>4,972.0</td>
</tr>
</tbody>
</table>
The Group acquired AFW 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 $159.4m in provisions, $12.9m in trade and other receivables and $17.4m in trade and other payables. A $40.7m deferred tax asset and a $16.9m reduction to income tax liabilities have also been recorded in relation to these adjustments and $132.1m has been added to goodwill. The 2017 balance sheet has been restated accordingly. In total, $294.2m of fair value adjustments have been booked in relation to the acquisition around half of which relates to revised estimates of contract losses which existed at the date of acquisition. The balance relates to provisions for legal fees associated with legacy disputes, onerous property and amounts not considered recoverable.

A significant element of the fair value adjustment relates to the Aegis contract in Poland. This legacy AFW project involves the construction of various buildings to house the Aegis Ashore anti-missile defence facility for the United States Army Corps of Engineers. The project was around 65% complete by value at 31 December 2018 and is expected to be operationally complete towards the end of 2019. Management’s latest estimate is that the loss at completion will be $100m including liquidated damages and legal fees. The full amount of this loss has been included in provisions. In reaching its assessment of this loss, management have made certain estimates and assumptions around the date of completion, productivity of workers on site and the costs to complete.

Non-current assets includes $4,766.7m of goodwill and intangibles relating to the acquisition of AFW.

**Asbestos related obligations**

Largely as a result of the acquisition of AFW in 2017, 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 overwhelming majority of claims that have been made and are expected to be made are in the United States. At 31 December 2018, the Group has net asbestos related liabilities of $398.1m (2017: $430.0m).

The Group expects to have net cash outflows of $35.1m as a result of asbestos liability indemnity and defence payments in excess of insurance proceeds during 2019. The estimate assumes no additional settlements with insurance companies and the costs to complete. The Group has worked with its independent asbestos valuation experts to estimate the amount of asbestos related indemnity and defence costs at each year end based on a forecast to 2050.

The Group’s adjusted 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.

Full details of asbestos liabilities are provided in note 19 to the Group financial statements.

**Pensions**

The Group operates a number of defined benefit pension schemes in the UK and US and a number of defined contribution plans. At 31 December 2018, the schemes had a net surplus of $242.7m (2017: $167.7m). In assessing the potential liabilities, judgment is required to determine the assumptions around inflation, investment returns and member longevity. The assumptions at 31 December 2018 showed an increase in the discount rates which results in lower scheme liabilities and broadly similar inflation rates. Full details of pension assets and liabilities are provided in note 31 to the Group Financial Statements.

**Contingent liabilities**

Details of the Group’s contingent liabilities are set out in note 33 to the financial statements. During 2018, the contingent liability that existed at 31 December 2017 in relation to pollution at the Mount Polley dam in British Columbia in Canada was settled by the Group’s insurers.

**Divestments**

During 2018, the Group disposed of its 50% interest in the Voreas S.r.l wind farm for a cash consideration of $25.9m. In December 2018, the Group signed a sale and purchase agreement to dispose of its 25% interest in the Centro Energia Teverola S.r.l and Centro Energia Ferrara S.r.l wind farms. The disposal was completed on February 2019. In December 2018, the Group signed a sale and purchase agreement for the disposal of its 52% interest in the Amec Foster Wheeler Power Machinery Company Limited, a fabrication and manufacturing facility in China. This disposal was completed in March 2019. In January 2019, the Group sold its 41.65% share in the Centro Energia Teverola S.r.l and Centro Energia Ferrara S.r.l combined cycle gas power plants in Italy.

**New accounting standards**

The new accounting standard on revenue recognition, IFRS 15 became effective on 1 January 2018. No material changes resulted from the adoption of the standard. IFRS 16, the new standard on leases becomes effective on 1 January 2019. Under IFRS 16, the Group is required to recognise ‘right of use’ assets and lease liabilities in respect of its operating leases for property, vehicles, plant and equipment. For 2019, we currently anticipate recognising lease liabilities of around c€650m. In the income statement this will result in an increased depreciation charge of c€40m and higher financing costs of c€30m and reduced operating costs of around c€170m. As a result we anticipate that 2019 adjusted EBITDA will increase by c€170m and adjusted EBITA will increase by c€30m although we expect there will be no material impact on operating profit. We also expect net debt to increase by c€650m on recognition of the lease liabilities.

**Footnotes**

1. Adjusted EBITA represents operating profit including JVs on a proportional basis of £189.8m (2017: £54.3m) before the deduction of amortisation of £248.8m (2017: £141.3m) and continuing exceptional expense of £191.3m (2017: £176.0m) 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 (“AEP/S”) 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 31 December 2018 and includes joint ventures.

4. Interest cover is adjusted EBITA divided by the net finance expense.
Building a sustainable business

Our sustainability, or long term future as a successful business, relies upon our ability to balance economic, social and environmental issues in our decision-making processes, across our entire business. Our shared vision, values and behaviours underpin our approach to sustainability, setting a framework for decision making.

"We aim to make a tangible difference in the way that we operate that delivers benefits for Wood, our employees, our investors and wider society."

Robin Watson
Chief Executive

Non-financial information disclosures
The information required to be contained in the non-financial reporting statement under section 414CA and 414CB Companies Act 2006 is contained in the strategic report as set out in the table below:

<table>
<thead>
<tr>
<th>Category</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental matters</td>
<td>28-31</td>
</tr>
<tr>
<td>Employees</td>
<td>32-35</td>
</tr>
<tr>
<td>Human rights</td>
<td>27, 30 &amp; 34</td>
</tr>
<tr>
<td>Social matters</td>
<td>36-38</td>
</tr>
<tr>
<td>Anti-corruption &amp; anti-bribery</td>
<td>27 &amp; 30</td>
</tr>
</tbody>
</table>
Health, safety, security & ethics

At Wood we care about our people. Our expectation is that wherever we work the security, safety and health of our people is our top priority. Our health, safety, security and environment assurance (HSSEA) culture is defined by our values, strong leadership, personal accountability and a commitment to achieving excellence.

The acquisition of AFW in October 2017 increased the size of our workforce considerably and broadened our end markets to include oil and gas, power, clean energy, mining, nuclear, environment & infrastructure and general industrial sectors. We chose to revise our HSSE policy and launch new Safety Essentials and Life Saving Rules for Day 1 of the new organisation.

Throughout 2018, and as part of the integration process, we have focused on developing a consistent health, safety and environmental governance framework including standards, procedures, guidance and tools to underpin our Wood policy. We have taken the best practices from both organisations to develop a single Health, Safety & Environment (“HSE”) governance platform for Wood.

Our operational priorities during 2018 included:

**Strengthening risk management in critical areas**

Focusing on critical risk areas through the application of our “safety ladder” has been a key driver this year in Wood’s Stand up for Safety campaign. The safety ladder is a simple analysis tool we have used to review high potential incidents in order to identify focus areas. Concentrating on four focus areas – driving, process safety, working at height and dropped objects – we have strengthened risk management in these areas by providing consistent resources including training resources, toolkits and awareness materials. We have also made these a focus of our Wood HSSEA webinars which aims to share best practice amongst our employees.

**Promoting strong HSSEA culture across Wood**

Leadership engagement to promote a strong HSSEA culture has been essential in a year that has seen Wood transform through the integration. There have been many changes in our organisation, people and processes which could have impacted on safety performance. However, our leaders have ensured that all employees are clear that safety is our priority. Each business unit carried out a variety of leadership engagement activities, across all levels of management involving personal delivery of our safety messages. We believe that our leaders’ relentless focus on safety has helped us to achieve an improved performance this year.

**Embedding assurance process**

We recognise that having strong assurance processes in place is essential to driving excellence in our performance. This places a focus on identifying strengths and acting on weaknesses before they manifest as harm to people or our business. We have initiated a greater focus on this through the establishment of our Operations Assurance (OA) function within HSSEA. Assuring the safety of the work that we deliver to our customers is a key part of having a culture of execution excellence. Our Operations Assurance team have established an OA standard which defines our requirements for service delivery. Compliance with these requirements are assessed through our risk-based assurance programme. Senior management including the Chief Executive, Group CFO, HSSEA President, Commercial Director, Head of Internal Audit and Head of Operations Assurance participate in a quarterly review of key projects and select higher risk contracts for independent audit by the OA function. Additionally, performance data is continually assessed which is also used to direct OA activities.

We have focused on making sure that risk-based assurance plans exist throughout Wood’s operations. Our assurance processes are designed to ensure all findings and actions are robustly closed out and subsequent learnings widely shared. With the establishment of our Operations Assurance function we will continue to evolve our approach over the course of 2019.
Wood achieved a 28% reduction in our total recordable incident rate in 2018 – we are stronger and safer together.

Wood Safety Shield Initiative
We are committed to making sure that we prepare effectively to deliver safely every day. To do this we take care to engage with our people, making sure that everyone understands their safety leadership role. In Q1 2019 we rolled out Wood’s Safety Shield initiative. This is designed to combine our existing safety programmes into one standard that is simple; understandable across countries and cultures; and aligns with customer and industry standards. The Safety Shield builds on our values of care, commitment and courage and asks our employees to have the commitment to prepare correctly, the care to engage with the safety requirements of a task and the courage to intervene if they see something unsafe.

The Safety, Assurance and Business Ethics Committee (SABE) is responsible for overseeing Wood’s management of health, safety, security and environment (HSSE) and business ethics issues. This section of the report should be read in conjunction with the report from the SABE Chair on page 54. Wood operates in a number of countries with complex or challenging security risk environments.

Group Security form part of Group HSSEA and are responsible for providing both forward-looking strategic risk advice to leadership teams, as well as the security risk mitigation requirements for travellers, offices or projects in areas where crime, terrorism or political instability is a concern.

Our focus in 2018 was on restructuring the function to better support the business post integration. Each Business Unit is now partnered with a designated Security Director, who in turn is supported by a network of Regional Security Managers providing specific geographical expertise. The team’s aim is to enable the Company to operate safely all over the world and does so by focusing on four key areas of ongoing political risk monitoring; project and operational security advice, planning and assurance; travel security; and crisis management.

Travel security was an area of focus in 2018 and we implemented an enhanced travel assistance programme. This consists of a suite of tools for employees such as e-learning, to help personnel stay safe and healthy when travelling and smartphone apps that provide immediate access to medical, security and logistics experts, real-time alerts and up to date medical and security advice. In addition, the programme includes a new traveller tracking platform which enables us to account for and communicate with our employees whilst they are travelling for business. If the travel risk rating of the destination is high or above, then Group Security approval is required before any travel can be booked.

During the integration we placed a strong emphasis on ensuring that safe delivery remained our priority despite the many changes taking place. This emphasis together with a sustained focus on the key operational priorities described above resulted in Wood recording an improved performance in both key measures in 2018. We saw a 28% reduction in the total recordable case frequency rate and a 20% reduction in lost work case frequency.

<table>
<thead>
<tr>
<th>Lost work case frequency (LWCF)</th>
<th>0.06</th>
<th>0.06</th>
<th>0.06</th>
<th>0.05</th>
<th>0.04</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total recordable case frequency (TRCF)</td>
<td>0.23</td>
<td>0.28</td>
<td>0.27</td>
<td>0.25</td>
<td>0.18</td>
<td>2014</td>
<td>2015</td>
<td>2016</td>
<td>2017</td>
<td>2018</td>
</tr>
</tbody>
</table>

*Lost Work Case Frequency and Total Recordable Case Frequency based upon employee and subcontractor incidents and exposure hours for Wood on a proforma basis, with previous years restated to allow comparison. On integrating legacy safety performance data Wood has decided to base all frequency rates per 200,000 manhours opposed to 1,000,000 manhours as historically reported. The revised basis is in line with peer and Occupational Safety and Health Administration (OSHA) reporting.

There was regretfully a fatality in March at a construction site in the United States. An employee was undertaking a pressure test on a water pipe which failed and the pipe thrust upwards causing a fatal injury. The incident led to a thorough review of all pressure testing operations and the establishment of a standard approach which has been implemented across the company to ensure a minimum standard of safety compliance.

Building Responsibly
Wood is also a founding member of Building Responsibly, a group of leading engineering and construction companies working together to promote the rights and welfare of workers across the industry. In 2018, the group released its Worker Welfare Principles. Given differing local and national requirements, and external guidelines, these Principles establish a common, global baseline for the treatment of workers and ensure the fostering of a business environment that advances the safety, security, and welfare of all people - especially those working in the construction sector.

For more information on Building Responsibly visit: [www.building-responsibly.org](http://www.building-responsibly.org)
2019 will focus on the development of business unit incident management teams to ensure the business is positioned to plan and respond to risks at strategic, operational and tactical levels, further roll out of the Emergency Management Standard, and the development of business continuity guidance to ensure a consistent approach in response to incidents across the business.

Ethical conduct
Our leadership remains committed to improving and sustaining a strong ethical culture at Wood. In 2018, Wood launched a new vision statement and defined a new set of organisational values: Care, Commitment and Courage. Safety and integrity are both expressly mentioned as central to the Care value. These organisational values are supplemented by six behaviors that we expect our people to demonstrate:

- Listen Up, Lift Others Up, Stand Up, Team Up, Speak Up and Don’t Give Up.

Our values are reinforced by our new Wood Code of Conduct which provides our people with clear expectations when they are faced with ethical issues. Throughout 2018, we made a substantial effort to ensure the legacy Wood Group and AFW Code of Business Ethics and compliance programmes were integrated successfully and operating cohesively. As a result our Code of Conduct was launched in August, replacing the Wood Group Business Ethics Policy and the AFW Code of Business Conduct. The code is supported by our eight consolidated ethics and compliance policies: competition law; conflicts of interest; gifts and hospitality; business ethics reporting and anti-retaliation; intermediaries; anti-bribery and corruption; and sanctions export controls. Anyone who raises a concern is protected by our anti-retaliation policy.

We maintain an independent third-party, confidential, multi-lingual business ethics helpline where anyone, anywhere, anytime can raise a concern or report a suspected violation of our policies, procedures or the law. Violations and complaints are investigated and any necessary disciplinary and/or remediation action is taken as appropriate.

A register of reported matters is maintained by Wood’s Chief Ethics and Compliance Officer and the Board is provided with regular updates. During 2018, a total of 89 allegations were added to the Wood Business Ethics register. Further action was required to be taken on 30 of these entries and 21 resulted in disciplinary action, including termination of six personnel contracts.

In Q4 2018, Wood’s annual business ethics online and site-based training campaign focused on our Code of Conduct. The campaign was launched online to over 35,000 Wood office staff, who comprise approximately 60% of the workforce. Our completion rate for the online campaign is over 90%. Site-based employees, who comprise approximately 40% of the workforce, had access to face-to-face ethics training facilitated through group discussions.

Business ethics training

- **35,000+ employees covered by online training**
- **90%+ completion rate of online training**

We supplemented our annual training with targeted risk based training and communication campaigns. Our training and communications are fundamental in building a strong business ethics culture throughout Wood. We support and encourage our employees and third parties to speak up if they have a concern or they see something they believe is inconsistent with our values or policies. Anyone who raises a concern is protected by our anti-retaliation policy.

Throughout 2018 we continued to meet our ongoing commitments under our Administrative Agreement with the U.S. Department of the Interior, and U.S. Environmental Protection Agency, which resulted from regulatory settlements in Wood Group’s Gulf of Mexico business. This remains an integral focus of the compliance team including the implementation of improvement actions across the AFW business.

In addition, during 2018 we continued to cooperate with and assist the relevant authorities in relation to their investigations into the historical use of intermediaries and in relation to Wood, see note 33 to the Financial Statements. During the year we established a working group to drive compliance by intermediaries with our Commercial Intermediaries Policy.

During the year we undertook actions to ensure compliance with the General Data Protection Regulation (GDPR). More than 500 people attended specialist training sessions for their own areas and we commenced a roll-out of GDPR training to our employees more widely. In response to GDPR which became effective in May 2018, we published appropriate data protection policies and procedures. We also continually monitor potential incidents and comply with regulatory reporting obligations. As part of our commitment to speaking up we shared the lessons we learned from incidents with relevant business functions. While the focus for the year was on GDPR, legal protection of personal data and privacy is developing in countries across the world. We developed a Data Protection Ambassador network which crosses all Wood companies to share key messages on privacy and drive towards a global privacy approach. In November our new Group Data Protection Officer was appointed.

Ensuring we maintain a standard of business that complies with the law, respects the rights of others and protects human rights is crucial to the long term sustainability of our business and its operations. Wood is committed to the protection of human rights and respects and enforces the principles established in the Universal Declaration of Human Rights through our Human Rights policy. This policy is supported by our commitment to equal opportunities across the Group.

Our Supply Chain Code of Conduct is available at: www.woodplc.com/scm

Our Code of Conduct and information on our helpline is available at: www.woodplc.com/ethics
Environment

At Wood we aim to minimise our impact on the environment and seek to contribute positively towards the global sustainability of the planet we all share. Good environmental management is not only the right thing to do, but makes business sense in protecting our people, the business and locations we operate in. Managing our environmental risks is imperative to the sustainability of our business and the standards we set and maintain help shape the performance, profitability and the reputation of Wood.

Wood’s integrated HSSEA management system provides the framework for how we manage environmental risks and we align our business to ISO14001:2015, ensuring we monitor and deliver continuous improvement in our environmental performance.

Our environmental strategy, based upon the key risks associated with our operations, focuses on three key areas:

Managing environmental risk
Managing our environmental risks appropriately ensures the business can retain its social licence to operate and preserve our reputation as a business that operates responsibly.

Reducing our environmental impact
We strive to leave behind a positive legacy wherever we operate. We assess and manage our operations to help reduce, mitigate and minimise our impact on the environment.

Raising environmental awareness and competence amongst employees
It is vital that our employees understand why we care about the environment and why it is important to our business.

To demonstrate our commitment to tackling global climate change, Wood participates in the annual voluntary Carbon Disclosure Project (CDP) questionnaire. The CDP is an independent not-for-profit organisation and the largest published registry of corporate greenhouse gas (GHG) emissions in the world. Our involvement in the scheme allows us to demonstrate our resilience to climate related risk as well as benchmark our performance against that of our industry peers and global business community. In 2018 we submitted our first Wood CDP Climate Change report, building upon a long history of participation from both legacy businesses.

We support global efforts to tackle climate change, in particular the United Nations Paris Agreement on Climate Change, seeking to limit global temperature rise to below 2 degrees Celsius. We recognise the role Wood plays in helping to reduce global carbon emissions and a key integration priority in coming together as Wood was the implementation of a strategy to align our carbon reporting. Starting in October 2017, our three year strategy is to have fully aligned carbon reporting for scope 1, 2 and 3 emissions by 2020 which will then provide Wood with a baseline to allow the creation of Group wide reduction targets.

Building resilience
As well as looking at our own resilience to climate change, Wood also provides a range of services utilising our experience and expertise in climate resilience and infrastructure, helping global cities and communities become more resilient to ever growing social, environmental and economic challenges.

In 2018 we continued to partner with 100 Resilient Cities (100RC), a global programme aimed at providing urban centres around the world with access to innovative tools that allow them to better plan for potentially destructive weather events.

Further information on our environmental performance and ongoing strategy is contained in our annual sustainability report which is available at: www.woodplc.com/sustainability

Further information on CDP and access to our annual response is available from the CDP website at: www.cdp.net/en/scores

Tackling climate change
At Wood we recognise climate change as one of the greatest generational challenges faced by the world today.

We believe we have a vital role to play in both managing our own impact as well as working with our clients and supply chain to create positive change. Through innovative thinking and proactive challenge, we believe it is possible to achieve a low carbon future that strikes a balance between acceptable environmental parameters and commercial viability.
Harnessing power from the sun

Wood recently supported Egypt’s largest solar photovoltaic (PV) power plant to commercial operation. Located in Benban, the project is expected to produce over 110,000 MWh per year – enough electricity to power almost 69,000 homes. On completion, Benban Solar Park will become one of the world’s largest solar generation facilities.

This latest role builds on Wood’s already significant track record within the clean energy market. As a global leader in the delivery of project, engineering and technical services to energy and industrial markets, the company has worked on several significant projects including Shams Ma’an, one of the largest solar PV plants in Jordan.

Through our work with 100RC we have been able to provide numerous safe and sustainable project solutions around the globe that not only secure work contracts but provide a platform to best utilise our sustainability and climate resilience expertise.

As an example of this work, Wood developed a clean soil bank dashboard for the New York City Office of Recovery and Resilience to improve logistics and management of materials. This interactive technology allowed the city to reduce its carbon footprint and save over $3.3m in soil purchases. The services provided by Wood resulted in the following benefits:

- Reduced transportation impacts
- Reduced GHG emissions
- Improvements to air quality and noise impacts

<table>
<thead>
<tr>
<th>Reduced transportation impacts</th>
<th>6,140 miles</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduced GHG emissions</td>
<td>10 tonnes</td>
</tr>
<tr>
<td>per 1,000 tonnes of reused soil</td>
<td>per 1,000 tonnes of reused soil</td>
</tr>
</tbody>
</table>

This interactive technology allowed the city to reduce its carbon footprint and save over $3.3m in soil purchases. The services provided by Wood resulted in the following benefits:
Managing our footprint and raising awareness

We recognise that responsible energy management offers both environmental and economic benefits. Through reducing our consumption, we can realise reduced cost to our business, thereby promoting future profitability as well as reducing the impact of our operations on the environment.

As a global leader in the delivery of project, engineering and technical services to energy, industry and the built environment we take our global responsibilities seriously. In 2018 we renewed our commitment to the United Nations Global Compact corporate responsibility initiative and its principles in the areas of human rights, labour, the environment and anti-corruption.

We are committed to making the Global Compact and its principles part of our strategy, culture and day to day operations, and to engaging in collaborative projects which advance the broader development goals of the United Nations, particularly the Sustainable Development Goals. Our annual sustainability report describes our efforts to implement these principles and we are committed to measuring our performance against them in the sustainability report.

At Wood we believe communication is vital in helping to create and sustain an environmentally responsible culture. In 2018 we held our first global Sustainability Week celebrations, now an annual event in the Wood calendar that places a focus on local sustainable action, providing a platform to share and communicate across our workforce. As part of the event, we launched our Sustainability Commitments programme which includes three global planet objectives to prompt local actions around managing our carbon footprint, mitigating or reducing our use of disposable plastic and methods to reduce business mileage.

Sustainability Week will help to promote Wood’s commitment to the United Nations Global Compact and help relate our efforts to the global agenda and the part Wood plays in supporting global sustainability.

Total global GHG emissions data for Wood Group for the period 01 Oct 2017 to 30 Sept 2018:

21,795 tonnes of CO₂e

Total split as per the table below. No significant change in emissions reported, with only a slight decrease in 2017/18 due in part to ongoing consolidation activity across the Group.

<table>
<thead>
<tr>
<th>Emissions from:</th>
<th>2016/17</th>
<th>2017/18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope 1 - Direct GHG Emissions</td>
<td>19,907</td>
<td>19,621</td>
</tr>
<tr>
<td>Scope 2 - Indirect GHG Emissions</td>
<td>2,213</td>
<td>2,174</td>
</tr>
<tr>
<td>Company’s chosen intensity measurement: Emissions reported above normalised to per tonne of $100,000 revenue</td>
<td>0.47</td>
<td>0.41</td>
</tr>
</tbody>
</table>

GHG emissions methodology

Following the acquisition of AFW in 2017, our expanded portfolio resulted in an increase to our energy and GHG emissions reporting over the significance threshold and a recalculation of our base year emissions reporting. In this context, and in line with World Resource Institute GHG Protocol and our internal policies and integration efforts, we introduced several changes to our reporting methodology in 2017.

Change in reporting period – We changed our reporting period from calendar year to reporting period 1 October - 30 September in order to align with AFW internal emissions reporting. The chosen reporting period leaves the AFW acquisition out of the reporting requirement for this year. In this light, the corporate report is presented for both companies separately. As part of the integration process Wood will seek to create a joint emissions report starting with reporting period 1 October 2018 - 30 September 2019.

Reporting boundaries – Due to different data collection processes, both legacy companies will, within this report, present data within their own selected frameworks. Wood Group reports on a financial basis and AFW an operational basis. We will work towards an integrated approach to presenting our data in future corporate reports.

We have have reported on all of the emission sources required under the Quoted Companies Greenhouse Gas Emissions (Directors’ Reports) Regulations 2013.

We do not have responsibility for any emission sources that are not included in our consolidated statement and that we do not have managerial control over. This includes Scope 1 and Scope 2 emissions.

We have used the WRI GHG Protocol Corporate Accounting and Reporting Standard (revised edition), data gathered to fulfill our requirements under the CRC Energy Efficiency scheme, and emission factors from UK Government’s GHG Conversion Factors for Company Reporting 2018.

Total global GHG emissions data for AFW for the period 01 Oct 2017 to 30 Sept 2018:

435,612 tonnes of CO₂e

Total split as per the table below. AFW emissions include one owned power plant making up 87% of the total 2017/18 emissions. The reduction compared with the previous reporting period is mainly attributable to the sale of an owned power plant in Chile in the first quarter on the 2016/17 carbon year and a planned outage at our remaining power plant in 2018.

<table>
<thead>
<tr>
<th>Emissions from:</th>
<th>2016/17</th>
<th>2017/18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope 1 - Direct GHG Emissions</td>
<td>565,705</td>
<td>396,017</td>
</tr>
<tr>
<td>Scope 2 - Indirect GHG Emissions</td>
<td>50,132</td>
<td>39,595</td>
</tr>
<tr>
<td>Company’s chosen intensity measurement: Emissions reported above normalised to per tonne of $100,000 revenue</td>
<td>10.59</td>
<td>7.61</td>
</tr>
</tbody>
</table>
Strategic report

Governance

Financial statements

Environmental management in action

Advancing tidal energy
Wood is proud to be one of eight organisations collaborating on the €20 million flagship Enabling Future Arrays in Tidal (EnFAIT) project, led by Nova Innovation.

The European Union-backed tidal energy project aims to prove that the reliability and availability of tidal energy arrays can be significantly increased and that the cost of tidal energy can be reduced by at least 40%. The project builds on Nova’s existing operational tidal power station in Bluemull Sound off the Shetland Islands in Scotland, which was the world’s first grid-connected offshore array of tidal energy turbines.

As the independent technical and commercial expert on the project, Wood’s clean energy team is commissioned to verify each stage of the development process from project engineering design to operation in the tidal stream environment.

Over the next four years, the EnFAIT project will extend the Bluemull Sound array to six turbines and demonstrate that high array reliability and availability can be achieved using best practice maintenance regimes. The layout of the turbines will be adjusted to enable array interactions and optimisation to be studied for the very first time at an operational tidal energy site.

Strengthening community resilience
Tasked with identifying and analysing flood mitigation actions for the Government of the British Virgin Islands, Wood has helped to increase resilience to flooding in the community of Road Town, the islands’ capital, which was hit hardest by Hurricane Irma.

The study conducted by Wood advised on development control policy, emergency planning and community preparedness as well as designing infrastructure measures to improve flow conveyance and reduce flooding. The team at Wood created a flood model of Road Town including the drainage network to identify capacity pinch points and flood flow pathways. The team also delivered a detailed analysis of rainfall data to develop intensity-duration-frequency curves for storm events.

During this year’s Flood Protection Awareness Week, the team at Wood engaged with the community to enhance awareness of flood risk and to promote property-level resilience initiatives to reduce the direct impacts of flooding on residents and businesses.

Supporting onshore wind power
Wood is continuing to support Statkraft on Fosen Vind, the largest onshore wind power project in Europe.

The 1 GW project, which is located in central Norway on the peninsula of Fosen, comprises six onshore wind farms with the combined capacity to power up to 170,000 Norwegian households when complete.

Wood is helping to install 29 guyed lattice meteorological masts as well as performing data monitoring and analysis for the site calibration phase as part of a power performance testing (PPT) contract. The team will assist with the installation of power monitoring equipment fitted to a number of the wind turbine generators for the power curve test phase.

It is expected that the wind farms, which will generate 3.4 TWh power annually, will be completed and commissioned by 2020.
Society

Our people

During 2018 our main areas of focus were embedding our new Vision, Values and Behaviours (“VVB”) across the organisation and building on the processes established in 2017 for detailed employee engagement.

Developing Wood’s culture

From the outset we wanted our employees to be involved in establishing the Wood culture. Thanks to the contribution of over 6,000 employees around the world, in Q1 2018 we rolled out our Vision, Values and Behaviours (as set out on pages 4-5). These are the foundations of our cultural framework, providing a common set of principles for our organisation. After the roll-out we commenced the process to embed the culture throughout the organisation with employee engagement being key to this.

6,000 employees involved in establishing Wood’s culture

Employee engagement

We launched Wood’s first global employee engagement survey in July 2018, sponsored by Thomas Botts (non-executive director). We asked our people what they feel we do well and what they believe we should be doing better. More than 55% of our employees took part giving us broad and representative feedback on the sentiment across the business.

Our employees told us that our safety culture is good; that we work with integrity and genuinely value and respect each other; that people know how their work contributes to the overall business and feel empowered and that internal relationships are strong. They also told us that we need to provide more visibility on and support with career development opportunities and that we need to offer flexible working to improve work life balance.

"More than 55% of our employees took part in our employee engagement survey giving us broad and representative feedback on the sentiment across the business."

We set up 18 employee focus groups across 81 locations in 27 countries, made up of a broad range of our people to review the employee survey results in more depth to ensure that we focus on the right things moving forward.

The top recommendations were to:

Invest more in:
- Leadership development
- Simplifying processes and removing internal competition
- Education about our business and capabilities
- Technology and equipment

And to create:
- Visible career paths
- Increased employee involvement and recognition
- Transparency on terms and conditions, including flexible working

We are now acting on the feedback and recommendations and have undertaken a broad range of initiatives to address them.

Employee focus groups:

18 focus groups established

81 locations represented

27 countries covered

Responding to employee feedback

We are continuing to deliver and improve our Frontline Leaders programme to support our leaders’ development. We recognise that our leaders play a critical role in engaging our teams and we will place a focus on leadership coaching next year to support our leaders to have effective conversations with their teams about careers, development and performance.

In terms of simplifying our processes, we launched Oracle People in the UK in November. Oracle People is our new global human resources information system replacing over 66 other HR systems previously in use. This will bring efficiency and consistency to the way we manage our people processes and enable real time, accurate reporting allowing strategic decisions to be made in support of our business. The next phase of the roll out is in the US in early Q2 2019, with the rest of the world to follow.
In 2019 we will provide greater education about the breadth of our business and capabilities, our business style, how we engage employees and how we can create our ideal working environment.

In terms of technology, our IT team is currently migrating employees to one common IT platform. This is not a simple task due to the multiple IT systems across our legacy organisations, however, it is a significant step towards standardising our systems and processes, to help our employees carry out their roles more effectively. Also, in July we recruited a Chief Technology Officer to focus on driving technological innovation both in our internal operations and the services we deliver.

The long term health of the organisation depends on the strength of our people and our ability to identify, promote and mobilise them into the right roles at the right time. We believe everyone at Wood can grow their own career and we believe career development is facilitated through regular conversations with employees to ensure their aspirations are aligned with business needs and opportunities. Our new Wood Intranet, launched in December, has a dedicated ‘Developing Careers’ section. This contains a range of information and tools for developing our people such as career management and performance development toolkits.
In June we launched our new global recruitment system, iCIMS, which has aligned our recruitment process globally. iCIMS provides one global location for all Wood job vacancies and gives our global recruitment team access to cutting edge technology for engaging current and future employees. It provides a modern candidate experience and enables our people to gain access to all opportunities globally to support career development.

Our Listening Group Network (LGN) continues to be key to employee engagement. This is a two-way communication and feedback channel between groups of employees representing every location and the Executive Leadership Team (“ELT”). The LGN’s objective is to promote understanding of business priorities and knowledge sharing. In November 2018 three of our non-executive directors participated in the LGN calls, giving them the opportunity to gather the views of our workforce and strengthen the “employee voice” in the boardroom. In addition to this we also carry additional workforce engagement activities including Board involvement in hosting talent breakfasts and lunches and town halls; mentoring between non-executive directors and middle managers and global webinars updating leaders on full and interim year results.

In order to further increase employee involvement and facilitate open employee communications we launched Yammer across the business in December, which enables employees to reach out and collaborate with one another across the world. We are excited about the opportunities this will offer, including the development of global network groups for both operational areas, such as cross service line business development and technology development, and employee-related issues including mental health awareness and developing early careers.

To promote transparency in terms and conditions and to create a common culture across our global community of employees, we are harmonising employees’ benefits, policies and terms and conditions. This will be completed by the end of Q1 2019 in Australia, Canada, the UK and US with a view to covering all countries in which we have colleagues by the end of 2020. A part of this process will be implementing flexible working practices that support our business, clients and our people.

The key aims of this project are to ensure we are internally fair – colleagues in the same location, in aligned roles should have the same terms, conditions, benefits and policies; and externally competitive – we are taking the opportunity to rebalance our offerings against the market median in line with our remuneration philosophy.

We have also updated and published our global people policies: Human Rights, Equal Opportunities, Diversity & Inclusion and Anti-Slavery & Human Trafficking. In 2019 we will ensure we carry out due diligence processes in every location against these policies to ensure compliance and care for our people, as well as delivering a sustainable business.

Our Human Rights policy is available at: www.woodplc.com/humanrights

Our Equal Opportunities policy is available at: www.woodplc.com/equal

Our Modern Slavery policy is available at: www.woodplc.com/modernslavery

Diversity and inclusion

Diversity and inclusion remain critical to our success. At Wood our focus on diversity and inclusion is fundamental to our efforts in creating a great working environment and culture where:

- Our people feel involved, respected, valued, trusted, connected and empowered
- All of our people have opportunities for growth and development
- We create relationships of mutual trust and respect
- We respect and celebrate the variety of local cultures, people and ideas in Wood
- We support our people to be themselves and bring their ideas, backgrounds, values, and perspectives to the team, to our customers and to the business
- We leverage our differences and seek inclusive participation by individuals from different backgrounds and organisational levels to achieve better business results
- We are proud to work for Wood

We believe that making Wood a great place to work for everyone will not only benefit our people but all our stakeholders as well, by helping us to:

- Attract, engage and retain a high performing, diverse workforce that reflects the communities we operate in and the customers we work with
- Ensure we are fully valuing and leveraging the potential of all our people
- Create deep and responsive partnerships with our increasingly diverse customers
- Solve business problems efficiently and creatively through diversity of thought
- Work collaboratively and effectively regardless of location or background
- Demonstrate our commitment to our values as well as being a sustainable, ethical company

Ultimately, our success will come from a combination of delivering on this action plan and getting commitment from everyone in Wood to embed diversity and inclusion in all their actions and decisions. There are some great examples of diversity and inclusion activities already taking place in Wood which gives us a solid foundation to build on. We continue to empower business units and functions to take aligned, meaningful action on diversity and inclusion at a local level, taking into consideration the specific diversity challenges and cultural norms in their areas of operation and business priorities. Key achievements in 2018 include:

- Comprehensive discovery exercise completed to understand current practices and activities taking place across Wood
- Global Diversity and Inclusion policy published
- Employees meaningfully engaged in developing Wood’s global diversity and inclusion action plan through the Listening Group Network and Yammer
- Seven employee networks established and launched on Yammer (Armed Forces Network, Developing Professionals Network, Listening Group Network, Minerva - Gender Balance Network, Mental Health and Wellbeing, Pride and We Care)
- Early careers recruitment and selection guidelines developed ensuring diversity and inclusion is considered at each stage of the process by all stakeholders
We were also proud to demonstrate our support for the armed forces by signing up the Armed Forces Corporate Covenant. Wood recognises the value serving personnel, reservists, veterans and military families bring to our business and will seek to uphold the principles of the Armed Forces Covenant in several ways, including having an inclusive and active UK Armed Forces Network Group sponsored by senior leaders, seeking to support the employment of veterans and working with the Career Transition Partnership (CTP).

In 2019 our focus will be on the following key diversity and inclusion actions:

- Prioritising reviews on flexible working, talent identification, selection and development and family leave with a view to implementing changes to our processes to recognise the needs of our diverse workforce
- Utilising Oracle People to increase our capability to collect (on a voluntary basis) diversity data whilst also complying with legal requirements to improve our overall understanding of the diversity profile in Wood and how representative it is
- Expanding and embedding our employee networks globally ensuring each is sponsored by a member of our Executive Leadership Team
- Establishing a global diversity and inclusion community which will report on progress and provide feedback to the business
- Providing all leaders with awareness training on Wood’s expectations around diversity and inclusion

In 2018 we were pleased to participate in the Workforce Disclosure Initiative (WDI) report. The WDI is a collaborative project designed to help companies improve their workforce reporting. It provides a framework for investors and companies to work together to build understanding and improve policies and practices on a range of workforce-related topics. The long term goal of the WDI is to improve the quality of jobs in the operations and supply chains of listed companies across the world. As of June 2018 the WDI is supported by over 100 investor signatories with over $12 trillion in assets under management. Our 2018 disclosure score was 57%, in-line with the sector average, above the global average and just under the UK average. We were encouraged with our ratings regarding our workers’ rights, occupational health & wellbeing and supplier sourcing strategy.

We are committed to quarterly reviews of the gender make-up of our leadership and management teams, as well as the organisation overall. This allows us to focus on ensuring we have a broader succession plan in place, particularly in the technical and operations areas of Wood, and reflects our desire to ensure a broad range of backgrounds, experience and thought leadership. In 2019 our talent management and people development strategies will continue to support the enhancement of diversity within our operational leadership teams.

**Wood gender split at 31 Dec 2018**

<table>
<thead>
<tr>
<th>Overall</th>
<th>Board</th>
</tr>
</thead>
<tbody>
<tr>
<td>16%</td>
<td>40%</td>
</tr>
<tr>
<td>84%</td>
<td>60%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ELT</th>
<th>Leadership teams (incl. ELT)</th>
</tr>
</thead>
<tbody>
<tr>
<td>33%</td>
<td>31%</td>
</tr>
<tr>
<td>(3)</td>
<td>(468)</td>
</tr>
<tr>
<td>67%</td>
<td>69%</td>
</tr>
<tr>
<td>(6)</td>
<td>(1,019)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Functions leadership</th>
<th>Operations leadership</th>
</tr>
</thead>
<tbody>
<tr>
<td>44%</td>
<td>10%</td>
</tr>
<tr>
<td>(614)</td>
<td>(57)</td>
</tr>
<tr>
<td>56%</td>
<td>90%</td>
</tr>
<tr>
<td>(518)</td>
<td>(508)</td>
</tr>
</tbody>
</table>

**Key:**
- Male
- Female

**Note:**
- Functions leadership includes the three levels of leadership below ELT in Finance & Administration, Strategy & Development, People & Organisation and HSSEA.
- Operations leadership consists of the three levels of leadership below ELT not included in functions leadership.

**Gender pay**

Our gender pay report for 2018 has been simplified to report Wood on a combined basis, in 2017 separate figures were disclosed for Wood Group and Amec Foster Wheeler as they were separate entities at the time. We remain confident that we do not have equal pay issues in our business. The overall average pay gap for Wood is 14.3%. The gap is consistently related to gender distribution across occupations and job levels and are as a result of the types of roles males and females carry out across Wood. This is consistent with the trends seen across Wood’s UK entities, our industry peers and across the UK economy. Full details can be found on the Government website, categorised by industry sector as determined by Office of National Statistics (ONS), or on the company website. We remain committed to diversity and equality in areas which we can control as a business and will continue to strive to address the gaps by ensuring policies, practices and processes are fair and free from bias. We have also declared our commitment to implementing the real living wage across the UK during 2019 and to carry out a review of our vendors, with the aim of encouraging them to do likewise.

[Our Gender Pay Gap Report is available at: www.woodplc.com/genderpay](http://www.woodplc.com/genderpay)

**Disabled employees**

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a disabled person.

Where existing employees become disabled, it is the company policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training, career development and promotion to disabled employees wherever appropriate.

[Our Diversity policy is available at: www.woodplc.com/diversitypolicy](http://www.woodplc.com/diversitypolicy)
Community

Investing in our communities contributes to building a sustainable future that aims to address both local and global challenges. We aim to make a positive difference to the communities in which we operate and recognise our social responsibility to respect, nurture and empower the people and locations impacted by our business.

At Wood our approach to community investment centres around the actions of our employees, going beyond just our charitable giving but using our time, skills and resources to benefit the communities we share.

Upon coming together as Wood, we focused on uniting our employees under one community investment programme, enabling our people to demonstrate our values in action, showing commitment and courage to care about our shared communities.

We recognise that by actively supporting our local communities we:

- Develop closer ties between Wood, the community and our clients
- Bring long term sustainability to the locations where we do business
- Form lasting relationships with local communities

We have taken a three-tiered approach to community investment, supporting employee personal choice charities, uniting our business behind one global cause that demonstrates we are stronger together and finally volunteering to support our communities at a local level.

Our charitable giving and community investment efforts are overseen by the Global Community Investment Committee. The committee is chaired by the Executive President HSSEA and supported by a global sustainability champion from each of our internal business units, nominated by the business unit CEO.

Employee Matched Funding

In March, we introduced our Employee Matched Funding programme, matching employee fund raising in order to support a wide range of charities and organisations that are important to our people, their colleagues and their local area. This method of charitable funding engages the greatest number of people in a meaningful and tangible way which can be replicated across our global organisation.

Since its launch our Employee Matched Funding programme has spanned our global business. Over 250 applications were made within the first nine months, matching over £300,000 of employee fund raising efforts and in most cases matching 100% of employee contributions. From skydives to marathon running and community events; our people have gone above and beyond for the causes close to their hearts.

Ongoing efforts to publicise the programme over the course of the coming year will seek to increase participation and further support our global communities.

250 matched funding applications

£300,000 of employee fund raising efforts matched

Our Global Cause

As part of our commitment to help advance the United Nations Sustainable Development Goals (“SDGs”), we also united our business behind a single cause that will demonstrate our strength together and show a measurable impact on the communities we operate in. It also aligns our efforts to the global agenda on sustainable development.

Assessing the SDGs against our operations, we selected the four goals most relevant to our business. These were no poverty, good health and well-being, quality education and lastly sustainable cities and communities. Through a global survey of our employees and with over 40% of the votes cast, we selected quality education as our Wood Global Cause and each of our Business Units are now developing plans to support the global cause.
In March 2018, following a successful association with our charitable partner, Girls Academy in Australia, Wood signed a two-year extension to aid the charity’s mission to develop and empower Aboriginal high school girls. To date, Wood has offered opportunities to Indigenous girls including site tours of oil & gas facilities, career advice and coaching, provision of iPads and financial assistance of $60,000.

In the next chapter of our partnership, Wood’s goal is to help create and embed an environment within schools where Indigenous Australian girls receive the support needed to help them realise their full potential.

The Girls Academy develops and empowers Aboriginal girls through leadership training, mentoring, sport and extra-curricular programmes; all in support of the Girls Academy’s adage:

“Develop a girl, change a community.”

“Our continued commitment and support to a wide range of causes close to the hearts and minds of our employees truly demonstrates the difference we make to our shared communities.”
Volunteering

In September, graduates from our nuclear business successfully completed a community project at Tatton Park Farm, a popular National Trust attraction in Knutsford, Cheshire, UK.

Using a grant from the Heritage Lottery Fund, Tatton Park Farm requested support from Wood to promote science, technology, engineering and mathematics (STEM) subjects to a wide range of visitors to the farm. Under the theme of ‘Field to Fork’, one of the key services sought from Wood was advice on how to help children understand what engineering is, using simple interactive models.

Close links will be maintained with Tatton Park as the work progresses to maximise the community focus of this innovative project, with Wood maintaining its position as the largest STEM employer in the local community.

Each year Hexagon S.A., our Wood operating company in Equatorial Guinea, West Africa, participates in various social responsibility projects throughout the country. The Ministry of Mines and Hydrocarbons assigns selected locations and projects throughout the country based on the need for development of infrastructure and the advancement of social and economic welfare for citizens of Equatorial Guinea.

In December, Hexagon S.A., completed its most recent community project, the construction of a primary school in the community of Luba, located on the island of Bioko. The completion of the school means that children from the community, ranging in age from five to ten years old, have a clean, safe and comfortable environment to advance their educational curriculums.

As we continue to develop our community investment programme, statistics to support our volunteering efforts will be updated in our annual sustainability report. Improving how we capture sustainability data will be a key focus in 2019, as we seek to advance against our sustainability strategy.

Further details on our ongoing investment in our communities can be found in our sustainability report.

www.woodplc.com/sustainability

Sustainable Communities

At Wood we pride ourselves on how we respond to the needs of our communities, whether standing up at a time of need or providing future resilience to the devastating effects of natural disasters, our people show care for our communities through sustainable action.

In 2018 our people were in the path of yet another storm, Hurricane Florence, as it made landfall on the east coast of the U.S. Wood had approximately 700 people and 10 offices in the path of the storm, all of whom remained safe despite the storm leaving behind a wide stretch of destruction to homes, businesses and public infrastructure in its wake.

At Wood we support our customers in building resilience to extreme weather events by delivering solutions, such as flood risk modelling, mapping and mitigation that helps to reduce loss and improve asset protection. We are able to help communities become more resilient towards the effects of natural disasters as well as provide speedy recovery to mitigate the impact of such events on vulnerable locations.

Before Hurricane Florence made landfall, our technical specialists helped several municipal and state customers in North and South Carolina prepare for the effects of the storm to minimise the impact. Our teams updated several flood maps and watershed models and analysed the predicted amount of rainfall to identify flood risk areas and measure potential impacts.

As communities began to rebuild, we supported efforts to help our customers develop a clear path to recovery. Our transportation experts from our offices in Jacksonville, Knoxville and Nashville worked together to provide hydrologic and hydraulic analyses and field engineering services to help a rail transportation firm replace structures that were heavily damaged by flooding in some of the hardest hit areas of the Carolinas. Our emergency response team also provided inspection, engineering assessment and construction management services to support several facilities impacted by flood waters.

The commitment shown by our colleagues in 2018 truly demonstrates how much we care about our communities; our people have stepped up to support our co-workers, neighbours and wider communities, truly demonstrating our values in action. As we move into 2019, we will continue to build on the solid foundations set in 2018 and further promote the positive impact Wood can have on the communities we are a part of to ensure a sustainable future for us all.
Principal risks and uncertainties

The principal risks identified that face the Group are set out below. During the year the Board has carried out a robust assessment of these principal risks and monitored the Group’s risk management and internal control systems.

Risk management
The Board is responsible for:

• Identifying the nature and extent of the principal risks faced
• Determining the extent of those risks it is willing to take in achieving its strategic objectives (its “risk appetite”)
• Performing a robust assessment of those risks
• Monitoring and reviewing the risk management and internal control systems, and providing oversight of the processes that management follows

The Board is assisted in this assessment by the Audit Committee and the Safety, Assurance and Business Ethics Committee, who are delegated responsibility for various aspects of risk, internal control and assurance.

For more information on the effectiveness of internal control systems see page 47

Identification of principal risks
A bottom up and top down approach to identifying risks operates within the organisation.

Risk registers are developed at an individual contract or project level, escalated to the Business Grouping level and rolled up into Business Unit (BU) risk registers, which are reviewed by the BU Leadership Teams every quarter. The Chief Executive and the Group CFO subsequently review the BU risk registers as part of the quarterly BU Project and Risk Review meetings. Group level functional risk registers are also maintained with the functional leadership teams reviewing these risk registers twice a year.

During 2018, separate integration risk registers covering each of the major integration projects were maintained, with key risks aggregated into an overall integration risk register. Whilst the main changes to integrate the business were completed in October 2018, work on several projects will continue in 2019. These form our integration “PLUS” programme and the same approach to risk registers will be continued for the PLUS programme.

The aggregation of the individual risk registers into a Group risk register was reviewed twice during the year by the Group Risk Committee, which is attended by the full ELT, to ensure that the material risks for the Group are appropriately measured and managed. The focus of the Group Risk Committee meetings was on ensuring that all of the principal risks for Wood were identified and appropriately mitigated. After the Group Risk Committee review, the summary of principal risks is formally reviewed by the Board twice a year. Emerging risks are identified throughout the year via the BU and functional risk processes and escalated to the ELT as part of their monthly meetings, discussed during the Group Risk Committee and further escalated to the Board as required. Each of the non-executive directors provides their perception of emerging risks, and a cross-check against the emerging risks identified by Wood’s peer group is also undertaken, both of which inform the mid-year Board discussion on risk.

The principal risks considered by the Board in March 2019 are set out on pages 40 and 41.

Risk appetite
The Group’s risk appetite is defined by six broad risk appetite statements that cover the principal risks. These were revisited at the August Board meeting to ensure that the updated list of principal risks were adequately covered by the risk appetite statements.

The Group’s risk appetite is taken into account when setting the nature and extent of the key control mechanisms in place and the level of assurance activity required for each risk.

In addition, the ELT reviewed and endorsed a framework around the application of the Group’s risk appetite to contracting models. This was also approved by the Board. The framework sets out the risk appetite for certain fixed price or lump sum (and other high risk) contracts and outlines ten criteria to assess contract opportunities. The process for ongoing monitoring of fixed price and high risk contracts was enhanced through quarterly BU Project and Risk Review meetings attended by the Chief Executive and Group CFO.

Group risk management standard
During the year, a Group risk management standard was developed detailing the Wood risk management framework and process, which codifies existing practice.

The risk management standard is the formal overarching risk management process within Wood that complements current policies and processes across the Group. The purpose of the standard is to:

• Ensure there is a formal, structured and consistent risk management process across Wood
• Identify, mitigate, and manage risks that occur
• Provide visibility over business risks to inform leadership

Robust assessment of principal risks
The Board has carried out a robust assessment of the principal risks facing the business. To support this, the Board and its committees received regular reports from key functions such as safety, ethics & compliance, finance, legal, IT, internal audit and people & organisation (P&O), along with operational reports from the BUs, which include key risks, information on compliance with controls and reports on assurance activities where applicable.

This year, the Board continued to receive regular updates on the delivery of the integration of AFW to ensure visibility and rigour on the process, risks, and controls in place. Two of the non-executive directors, Jacqui Ferguson and Thomas Botts, provided additional governance and challenge to the integration team throughout the process.

The monitoring of the PLUS programme continues with reports to every Board meeting on progress and key risks, in addition to detailed reports on cost synergy delivery provided at each Audit Committee meeting.

Wood has regularly monitored and assessed the legal, financial, commercial and operational effects of Brexit before the planned exit on 29 March 2019. Brexit has not been perceived as a principal risk area for Wood. The majority of Wood’s business is external to the EU. UK / EU cross trade represents less than 1% of Group revenue and the majority of the Group’s revenue is non Sterling. A business impact assessment was used to identify localised areas potentially impacted by Brexit that are being managed throughout the Group. These include critical spare levels being increased on a small number of UK projects and external advice being obtained to assist in supporting the number of employees that are impacted. The Brexit risk was reviewed again by the ELT during the January 2019 Group Risk Committee and the Board in March 2019, and this reconfirmed that Brexit is not considered to be a principal risk.
## Analysis of principal risks

### Board assessment of change in risk from 2017:

- **Risk has increased since 2017**
- **Risk has decreased since 2017**
- **No change in risk since 2017**
- **Considered as part of viability assessment**
- **New**

### Strategic

#### Delivery of integration PLUS programme

**Risk Profile**

Failure to complete the remaining integration projects that form the PLUS programme accompanying delivering organisational change, integration projects and delivering cost synergy targets. The risk has decreased following the successful delivery of the main integration programme and related cost synergies during the first full year post-acquisition of AFW.

**Mitigation, monitoring and assurance**

- Continued integration steering committee to ensure adequate governance, led by the ELT with regular reporting to the Board; established PLUS steering committee to drive next phase
- Designated programme management structure, team and schedule
- Governance framework and risk registers developed to capture and manage each key integration project
- Prioritised and incorporated existing change programmes where required into the integration and integration PLUS programmes
- Robust cost synergy identification, verification, monitoring and tracking process

### Deleveraging

**Risk Profile**

With the acquisition of AFW the Group’s leverage is currently higher than our 0.5-1.5 times net debt: Adjusted EBITDA target. To reduce this it will be critical to generate cash to repay debt as well as grow profitability.

**Mitigation, monitoring and assurance**

- Target business cash performance and ongoing monitoring via a Group-wide cash campaign
- Monthly BU and ELT reviews of debt and cash performance and Board reviews
- Designated process for governance of capital expenditure on fixed assets and integration/integration PLUS programmes
- Established processes for monitoring of working capital
- Target improvement in day sales outstanding
- Credit policy in place with monthly reporting process
- Monthly monitoring and reporting of aged debt including any unbilled amounts
- Identification and sale of non-core assets

### Market expectations for growth

**Risk Profile**

Failure to deliver significant growth to meet market expectations. This is a new risk following the completion of the AFW acquisition and is related to delivery of significant revenue synergies and organic growth.

**Mitigation, monitoring and assurance**

- Deployment of win plan process and training across business development community to identify and align win themes, differentiators, and Wood value proposition to business development opportunities aligned across all of our BUs
- Continual review and trending of opportunity pipeline in consolidated CRM system
- Screening process to identify and review business development opportunities to prioritise the opportunities to pursue and to identify revenue synergies prior to receipt of the tender
- BU Strategy & Development Quarterly Review Meetings (QRMs) attended by the Chief Executive and Group CFO

### Health, Safety, Security & Environment (HSSE)

**Major incident**

Significant HSSE event leading to a major incident resulting in multiple loss of life, significant harm, damage to the environment and damage to our reputation.

**Mitigation, monitoring and assurance**

- Care is one of the Wood values underpinned by HSSE and integrity management systems which include standards for critical processes
- Safety Shield consolidates Wood’s HSSE processes and procedures to drive a simplistic and consistent message to the workforce around HSSE
- Life Saving Rules and safety essentials, included under the Safety Shield, set a minimum standard for critical work activities and safe behaviour across the Group
- Group Incident Review Panels for high potential and high severity incidents
- Group Operations Assurance team focused on Technical, Quality and HSSE areas and assurance against standards
- Review of safety performance by ELT and the Board

### Financial

**Cyber security**

**Risk Profile**

Loss of Wood or client data or disruption to Wood business operations through unauthorised access, cyber-attack and/or physical or environmental event.

**Mitigation, monitoring and assurance**

- Consolidation of Wood Group and AFW environments through a risk-based IT integration programme
- Consolidated IT security policy/standards and Acceptable Use policy
- Utilisation of next generation perimeter security and advance detection capability
- Improved cyber security incident & event management, including the roll out of a “phishing” alarm in the Group email system
- Security Operations Centre enabling 24/7 detect and respond capability
- Expansion of cyber awareness and education programme
- ELT monthly reporting and Board review
## Commercial and Operations

### Contracting

**Risk Profile**
Weaknesses in the contract bidding and award process, inappropriate pricing, misalignment of contract terms, or failure to comply with contractual conditions could lead to reputational damage, or poor financial performance. The risk has decreased following the implementation of increased governance over the contracts approvals process and the roll-out of a revised contracting policy.

**Mitigation, monitoring and assurance**
- Fully integrated contracting policy and associated approvals process
- Tender governance process including tender review committee
- Increased focus on fixed priced contracts, including new contracting policy for fixed price and other high risk contracts
- Board deep dive undertaken on contract management covering the controls above
- Consistent commercial team structure established across Group and all BUs reporting to CFO

### Project execution

**Risk Profile**
Ineffective project start up, new country entry or failure to successfully execute projects safely and to expected quality, on time and within budget.

**Mitigation, monitoring and assurance**
- Start up and execution plans for key projects supported by monitoring and reporting
- Group strategy & development team assist in start-up phase of key projects and embed learnings from previous projects
- Tender governance process including tender review committee at Group level
- Financial Management Framework in place to ensure governance over contract compliance, including variation orders
- Project governance process and associated project reviews including quarterly BU Project and Risk Review meetings attended by the Chief Executive and CFO

### Attract, retain and deploy critical staff

**Risk Profile**
Failure to attract, retain and deploy critical staff to key projects, which would lead to insufficient capability and leadership to deliver growth. This is a new risk due to the number of sectors and geographies that Wood needs to recruit from due to the increased scale and diversity of the business.

**Mitigation, monitoring and assurance**
- Roll out of end-to-end recruitment platform, iCIMS, across Wood to optimise internal and external recruitment activities
- Critical Position Resourcing reviews introduced at BU level to highlight key vacancies and establish pipelines for future demand
- Succession planning exercise carried out across the Group with development plans in place for high performing employees
- Employee engagement survey completed with follow-up focus groups and action plans developed to address key themes

### Compliance and Litigation

#### Major regulatory investigation

**Risk Profile**
Regulatory investigation or proceedings resulting from non-compliance with applicable legislation, including ongoing investigations into the historic use of agents and in relation to Unaoil, which could lead to consequences including financial exposure, penalties and reputational damage.

**Mitigation, monitoring and assurance**
- Suite of Wood policies that mandate compliance with applicable laws and policies
- Commercial Intermediaries policy and working group to drive compliance by intermediaries with the policy
- Business management system across functional teams ensuring compliance with external verification of the management systems
- Assurance framework across technical and non-technical business processes
- Group Legal and Compliance provides support and guidance to the business
- Group Litigation report provided to the ELT on a monthly basis and to the Board on a quarterly basis

#### Litigation

**Risk Profile**
Legal action can result from a major incident, a major regulatory investigation, contracting issues, or project execution. Failure to manage litigation can lead to increased claims, damages, fines and penalties.

**Mitigation, monitoring and assurance**
- Controls over major incident, major regulatory investigation, contracting, and project execution risks
- Policies for management of litigation
- Group Legal team with experience in litigation supported by external specialist lawyers where necessary
- Group Litigation report provided to the ELT on a monthly basis and to the Board on a quarterly basis
- Regular review of significant and pending litigation with the Board, Chief Executive, CFO, and BU leadership

### Data protection and privacy

**Risk Profile**
Potential breach of data protection laws or regulations, particularly the EU General Data Protection Regulation (GDPR). The risk has decreased with the ongoing delivery of the Group Data Privacy programme.

**Mitigation, monitoring and assurance**
- Ongoing Data Protection programme delivering improvements to enable the business to identify, assess and maintain compliance with GDPR and other international data privacy regulations
- Dedicated Data Privacy team with Group Data Protection Officer (DPO) in place supported by Data Privacy network across the Group
- Data Protection steering committee with representation from key functions
- Data protection management system designed to deliver compliance with global data privacy laws and regulations
Monitoring the risk management and internal control systems and processes
The Board received bi-annual updates on the key controls in place in relation to each of the principal risks, the level of assurance activity carried out, and management’s assessment of the adequacy of the assurance provided and the effectiveness of the controls. As part of this monitoring, the Board could ensure that corrective action was taken where necessary.

To ensure that responsibilities for risk and assurance were clear within the committee structure, each principal risk and area of risk is assigned to either the Board or one of the Board committees.

Overall the control environment was considered to be operating effectively. Ongoing improvements are planned in certain key areas in 2019 including a dedicated project to define best practice for project controls and a continued focus on aligning back office controls as financial shared services are further rolled out. Details of the status of financial and IT internal controls are included in the Audit Committee report on page 58.

Going concern
The Group’s business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 01 to 38. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Financial Review on pages 20 to 23. In addition, note 18 to the Group financial statements includes the Group’s objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities, and its exposures to credit risk and liquidity risk.

The Group has considerable financial resources together with the cash inflows generated from its existing activities as set out in notes 14, 16 and 28 to the Group financial statements. As a consequence, the directors believe that the Group is well placed to manage its principal risks successfully.

Having made the appropriate enquiries including a review of cash flow projections and key sensitivities, the directors consider, in accordance with provision C.1.3 of the UK Corporate Governance Code (the Governance Code), that the business is a going concern. The directors also considered it appropriate to prepare the financial statements on the going concern basis, as explained in the Basis of Preparation paragraph in the Accounting Policies.

Viability statement
In accordance with provision C.2.2 of the Governance Code the directors have assessed the Group’s viability over a three-year period to 31 December 2021.

The process of establishing the period over which the Group’s viability has been assessed is subjective and considers a range of factors, all of which are indicative of slightly different time frames.

In making their assessment the directors have considered these factors both individually and in aggregate and have decided that, on balance, three years was the most appropriate period.

The Group has in place a package of multi-currency revolving facilities incorporating a $1.75bn revolving credit facility (expiring in May 2022) and a $0.9bn term loan (expiring in October 2020). These are set out in note 16 to the Group financial statements.

In making their assessment of a three-year period the directors have assumed that the $0.9bn term loan, which expires within the 3-year period, is renewed or replaced and the other current committed financing which extends to February 2022 remains available. The directors believe that it is reasonable to assume that the term loan will be renewed or replaced either in full or in part, well in advance of the expiry date.

The committed long term financing together with factors such as the Group’s asset light and flexible business model, the Group’s planning cycle, the period over which the synergies from the AFW acquisition will be delivered and the viability of operational backlog led the directors to select a period of three years to assess the Group’s viability.

In order to make this assessment, the Board considered the current trading position and reviewed a number of future scenarios which stress-tested the viability of the business in severe but plausible scenarios. These scenarios considered the potential financial and operational impacts of the Group’s principal risks and uncertainties arising and the degree of effectiveness of mitigating actions. As indicated in the table on pages 40-41 these included, individually and in combination, failure to deliver the integration PLUS programme, failure to deliver the cost synergy and deleveraging targets; project execution and contracting risk; delivery of growth below market expectations; the impact of a catastrophic safety or cyber security incident; and the damage sustained by an ethical, regulatory or data breach or a substantial litigation settlement.

Based on the modelling performed, the Board’s assessment was that the strength of our balance sheet, the flexibility of our business model and the mitigating actions available meant that in all plausible scenarios considered the business would continue to be viable for at least three years.

Based on this assessment, the directors have a reasonable expectation that the Group will be able to continue in operation and meet all its liabilities as they fall due up to 31 December 2021.