

John Wood Group (Trading Update)
October 31, 2025

Corporate Speakers:

- Iain Torrens; Wood Group; Interim Chief Financial Officer

Participants:

- Alexander Paterson; Peel Hunt; Analyst

PRESENTATION

Operator: Good day. And thank you for standing by. Welcome to the Wood Group Half Year Results Call. Please be advised today's conference is being recorded. I would now like to hand the conference over to your first speaker today, Iain Torrens, group CFO. Please go ahead.

Iain Torrens: Thank you. And good morning, everybody. And welcome to the Wood Group half year '25 announcement. So just to begin, this past year has been one of significant challenge and transition for the group. That said, we are pleased to have published our full year 2024 Annual Report and accounts and H1 2025 interim results, together with the supplementary circular to the Sidara acquisition.

I would like to thank our shareholders, employees and clients for their continued support and patience during what has been an extremely difficult period. I also believe yesterday represented an important milestone for Wood in moving forward, providing stability for the business and delivering some value for shareholders through the proposed Sidara acquisition.

The preparation of the financial statements and the subsequent completion of the audit process has taken longer than anticipated, reflecting the complexity of the issues identified and the extensive work required to ensure the integrity of the financial statements and appropriate safeguarding their preparation. Due to the passage of time the departure of key personnel and the inherent limitations in applying retrospective knowledge to historic events.

It was not possible to determine with precision the appropriate financial periods for certain adjustments. Accordingly, our focus in the first instance has been to ensure that the 31 December 2024 balance sheet reflects an accurate and reliable position with allocations to financial periods undertaken on an estimated basis. This approach provides a clear and definitive starting point of the group as it moves forward. It also satisfies certain of exceptional conditions related to the Sidara offer, enabling us to move forward with the shareholder vote for the Sidara acquisition.

In response to these challenges, we have taken and are continuing to take decisive action to reinforce governance and financial discipline. This has included leadership changes within the finance function, the engagement of external technical accounting experts and the implementation of enhanced controls.

Whilst the restatement of prior year results and the adjustments identified through our auditor's challenge and the Independent Review have been significant, they represent an important step in restoring confidence ensuring compliance with accounting standards and maintaining the integrity of the group's financial records on financial statements.

Against this backdrop, I will today provide some high-level context in the financial statements and take any questions at the end, you may have, recognizing that the full detail, including the impact of restatements as set out in the published documents.

Looking ahead, now that the financial statements have been published, our focus is on bedding in these improvements, strengthening our operating model and delivering sustainable value for the business. We are also seeking the readmission of shares as soon as possible to the resumption of trading.

If we look first at 2024, revenue of \$5.5 billion in 2024 was down 1% compared to 2023, with growth in operations offset by a significant decline in consulting and a small decline in projects. Adjusted EBIT of \$81 million in 2024 was 52% lower than 2023, despite benefiting from the cancellation of the year's employee annual bonus originally planned to be \$36 million.

Included within adjusted EBIT of \$55 million of Independent Review charges that will not repeat in future periods. To help explain our results, we have shown this as a separate line item.

Even excluding this, we saw an underlying decline in profitability across all business units. Consulting saw a 68% reduction in adjusted EBIT to \$20 million. This mostly relates to \$22 million of losses on one contract in our system integration business within Digital Consulting, where we recognized a \$16 million loss provision and derecognized \$6 million of revenue.

In Projects, we saw an adjusted EBIT of \$38 million, though this includes \$46 million of charges related to the Independent Review. Excluding this, adjusted EBIT for Projects was \$84 million and up 19% compared to last year, an improvement driven by the completion of a number of contracts and cost savings we have made.

Operations saw revenue growth but a reduction in adjusted EBIT to \$94 million as revenue growth and some improved pricing was offset by \$24 million of charges recognised across three contracts. The largest loss here relates to one contract where our client trades under Chapter 11 and is currently going through a complex sale process. We expect to

recover some of these losses in the future as we establish a relationship with the new owner.

Group performance was lower than previously reported in our trading update on the 14th of February 2025, with actual 2024 adjusted EBIT of \$81 million versus previously reported \$205 million to \$215 million. And this difference was driven by \$55 million of non-exceptional Independent Review charges, \$46 million of losses related to the Consulting and Operations, in part due to the extended timeline of the results process which led to further assessment of contracts in 2025, and a revised assessment of the classification of some charges between exceptional and adjusted results.

Whilst operating cash flow improved, we saw a free cash outflow of \$153 million in the year despite the benefit of actively managing working capital at the year-end. Net debt excluding leases remained broadly flat after business disposals and at 31 December 2024 was \$683 million. The prior year was \$694 million, after combined disposal proceeds in 2024 of \$170 million.

However average net debt, excluding leases, was around \$1 billion throughout the year and the prior year was about \$800 million. Our statutory results show a loss of \$2.8 billion with the largest impact being \$267 million reflecting revised revenue recognition on a legacy AFW Project, reflecting the stringent requirements of IFRS 15, \$158 million of other exceptional items included in continuing operations related to further charges related to LSTK and large-scale EPC contracts, asbestos-related charges, the cost of our Simplification programme costs related to implementing the SaaS ERP system and charges related to the Independent Review.

And finally, a \$2.2 billion impairment of goodwill and intangible assets, reflecting the impact of higher discount rates and an increase in the risk factors, particularly around the Projects business unit, leading to significant downward revisions to forecast used.

Turning to the H1 2025 results. Our results for the first half of 2025 reflected the challenges we have faced. Whilst our order book grew overall, helped by some large EPCm opportunities in Projects and big renewals in Operations, revenue was down 13% compared to last year at \$2.4 billion. Adjusted EBIT of \$63 million was 38% lower than the last [half] year when we exclude Independent Review charges. We faced some delays in key client programmes in Projects and a slower-than-expected ramp-up in Operations.

Our trading was also impacted by the difficult situation we faced, with a backdrop of uncertainty related to the Independent Review. The delays of publication of our 2024 audited accounts and the tightening of liquidity as the period progressed, [meant] that we had to postpone our planned refinancing. In particular, access to our uncommitted financing facilities was restricted including bonding and receivable facilities making it more difficult for us to win new business and begin work on new projects we had previously won, as well as creating a significant working capital unwind.

Our trading in this period was reflective of these pressures. However, despite these challenges, our clients continued to award us significant work during this period, and this is a testament to the excellent work our people do every day of our deep technical expertise.

Given the continued uncertainty at this point, we are not providing financial guidance, having previously removed our profit forecast in the Sidara scheme document published in September 2025.

Wood remains well placed to benefit from significant long-term growth drivers across the energy and material markets, supported by our technical expertise and long-term client relationships. The company has continued over the last 18 months to receive strong support including new awards from our client base with business wins during the year including from BP, Shell Total Energies, Woodside's Trion project, OMV, Petron and [inaudible].

Our order book at the 30th of June 2025 was around \$6.5 billion, significantly improved in the \$5.8 billion position at 31st December 2024. The publication of our financial statements yesterday satisfies certain of the conditions relating to Sidara's offer. And a supplementary circular to the scheme document has been sent to shareholders. The Sidara offer represents the best through this difficult period and provides a clear pathway to secure the long-term future of the company to ensure -- to enable us to continue serving our clients around the world.

The Board of Wood continues to recommend the shareholders book in favor of the transaction. To ensure shareholders have sufficient time with the supplementary circular prior to the vote, we have delayed the shareholder vote to 17 November 2025 at 3:00pm. Shareholder approval of the transaction will enable the extension of our debt facilities to 2028 to become effective and facilitate the receipt of the initial \$250 million capital injection from Sidara, which will significantly reduce uncertainty and improve our liquidity position, creating a path to stability for the business our clients and our employees.

Subject to the approval of our shareholders, the transaction is expected to complete in the first half of 2026. I would like to thank the employees of Wood for working tirelessly through 2025, continuing to deliver for our clients and for helping us to deliver on the audit of times. As previously announced, Ken Gilmartin will step down the shareholder vote on the Sidara acquisition, and I will take over as Group CEO.

Since joining Wood, I have developed a strong belief in the underlying strength of the business, our client relationships and the quality of our people. We are now focused on improving the execution of the company's strategy for our clients and employees while delivering an outcome that delivers some value for our shareholders. I appreciate that there is a huge amount to digest across yesterday's announcements.

I will be happy to take any questions. Thank you very much.

QUESTIONS AND ANSWERS

Operator: We will now take our first question. This is from Alex Paterson, Peel Hunt. Please go ahead.

Alexander Paterson: Good morning everyone. Well congratulations on getting the results out anyway, but it's an enormous relief. I've got lots of questions, which apologies, very basic because, obviously so many things have changed, and there's been so much going on, I'm slightly lost track of where we are on some of them. If I give you sort of maybe three or four at the start, and then we'll see if anybody else wants to ask any questions. But I was just going to say from the point of view of the listing, have you actually applied to restart trading now? And how long do you expect it to take before you do? On the Sidara transaction, sorry. Sorry, do you want to answer them in between? Or what's the easiest way do you think?

Iain Torrens: There was a slightly technical glitch at our end there... So in the first -- I heard the first question, Alex. And then it may be that's helpful if you repeat the others. But in terms of readmission for trading, we've made the application. My expectation is that we will hear back from the FCA early next week.

Alexander Paterson: That's great. And then can you just remind me of the outstanding conditions from Sidara and the process to deal completion? It sounds like you've got the 2024 balance sheet to meet those exceptional conditions. Shareholder votes is on the 17th of November. What are the other phases are the hurdles that you need to clear, please?

Iain Torrens: Yes. So I mean in essence, we are into normal regulatory approvals. So as you say from today, the next big event, shareholder vote on the 17th of November. Following that, we then receive the capital injection, the first \$250 million from Sidara and our amend and extend with the bank facilities and the noteholders will go live with that simultaneous. And you'll see in the Annual Report that gives us access to \$200 million of bonding lines, which is incredibly important when we're looking at the commercial side of this business.

We're then into normal regulatory approvals. All the regulatory filings have been made. So a normal cycle through to completion some time in H1 2026. But there are no other specific Sidara conditions, we are back into the normal regulatory-type cycle.

Alexander Paterson: So yes, so all the Sidara exceptional conditions have been met?

Iain Torrens: That's correct. The exceptional conditions related to delivery of accounts by the 31st of October, and a clean balance sheet opinion have been met.

Alexander Paterson: Thank you. You removed your profit forecast from the Sidara scheme document and you've not given any financial guidance. What has changed to mean that you've done that, please?

Iain Torrens: Well I think if you look at both -- if you look at the interim results that were published yesterday, I think we illustrate a very complex world we're working in. It's both complex from an external perspective with our clients going through, in many cases, substantial internal change. But clearly, from a Wood perspective, we've had our own unique issues, and that's made it incredibly difficult to forecast outturn for the current year, when do clients, for example, starts -- when does work ramp up versus when we might expect the work to have ramped up.

So, we withdrew the forecast on the basis of really the ability to predict what would happen for the balance of the year. Quite normal in a public company takeover as you're aware, not to provide profit guidance.

Alexander Paterson: Absolutely. And the -- just in terms of the legacy contracts, what remains to be completed? And the -- what's outstanding? If I remember correctly that you were basically had done everything other than Aegis. Is that the case? Or are there other things that are likely to need further work?

Iain Torrens: Well I don't think there's -- all of the legacy, when we look back to the legacy contracts, they have all now been completed, or from our perspective, complete. We have a tail of contractual disputes is probably one word you might use, which we're working through. We settled one of those. It was a very large one, just at the... and it's reflected in the end of last year's results. So we're working through, I would say, the tail of contractual disputes, but there's no physical work taking place on the ground.

What we have seen, and I'm sure Simon will be happy to take you through the bridge of it, as we work through Independent Review findings, the accounting treatment for some of these matters is very complex. And it's fair to say, it doesn't always follow where you expect the commercial outturn to land their apartments around IFRS 15, in particular, and recognizing revenue need 85% certainty when you talk about highly probable that revenue won't reverse.

So, I think that's probably something it's worth maybe a session with Simon just to walk through how that all trues up into the balance sheet. But it's in the Annual Report in some detail.

Alexander Paterson: Understood. Yes, forgive me, I've not been able to read all of that.

Iain Torrens: It's not really a bed time reading.

Alexander Paterson: I've never done so many searches for specific things, I think, in the document in such a short period of time. And then just finally, the -- just on the Aegis contract that obviously you've made a substantial increase to the provision there. And am I right in understanding that this is -- it's going to proceed to a trial? And if so, what are the sort of dates around that, please?

Iain Torrens: I think a couple of things going on. I think, firstly, it falls squarely into that camp of accounting and looking at - what information do you currently have and how do you get over that highly probable threshold. Now there's a significant amount of disclosure on it in a number of different places in the Annual Report. I think it's probably worth reading.

Sitting here today, there is one of the paths through is to - ultimately, trial. That is a probably three- to five-year time horizon. The alternative, of course, is that we are able to reach a commercial settlement with the customer, which is the U.S. government. At this point, it's too early to determine which route becomes more likely. And there's -- I'd say, I'll have a look at the description and then having a follow-on session because it's fairly complicated.

Alexander Paterson: Understood. Well that's great from my side. I've got obviously a lot of reading to do.

Iain Torrens: Thank you very much.

Operator: There are no further questions coming through at the moment. So I will hand back to the speakers. Thank you.

Iain Torrens: Thank you, everybody. And again, maybe going back to the start. I think having joined Wood earlier this year, it's at the heart, a fantastic business here. And I'd like to thank you all for your support. I know it hasn't been easy. And I appreciate the fact that we have delivered both the FY 2024, but the interim statement later than would normally be expected. By all means, if you've got any further questions, please reach out to Simon. And we'll be very happy to help you going forward. Thank you.