



# Creating a global leader in project, engineering and technical services delivery

Presentation to Analysts and Investors

*13 March 2017*



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# Transaction Rationale - accelerating delivery of our strategy

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## Creating a global leader in project, engineering and technical services delivery

- An asset light, largely reimbursable business of greater scale and enhanced capability
- Diversified across oil & gas, chemicals, power, environment & infrastructure and mining
- Combined asset life cycle services across projects, engineering, modifications, construction, operations and maintenance activities
- Improved capability to capitalise on growth opportunities
- Significant pre-tax cost synergies of at least GBP 110m (\$134m) results in a leaner and more competitive business
- Compelling strategic and financial rationale



# An asset light, largely reimbursable business of greater scale

(Year ended December 2016)

<b>\$mm</b>			<b>Combined</b>
Revenue	4,934	7,370	<b>12,304</b>
EBITA	363	431	<b>794</b>
<i>Margin</i>	7.4%	5.8%	<b>6.5%</b>
Headcount	c29,000	c35,000	<b>c64,000</b>



# Financial impact, consideration, valuation & financing

- A recommended all-share transaction to acquire Amec Foster Wheeler
- Wood Group shareholders will own c56% of the combined entity
- Earnings enhancing to Wood Group and Amec Foster Wheeler shareholders in year 1
- Significantly earnings enhancing as synergies are delivered
- Deleveraging to targeted 0.5-1.5x Net debt: EBITDA range within 18 months post close
- Combined business will maintain Wood Group progressive dividend policy

## Combined Market Cap:

c£4.8bn

## Proforma net debt:

c\$1.6bn

(c1.9x Proforma 2016 pre-synergy EBITDA)

## All share consideration:

0.75

WG shares per Amec Foster Wheeler share

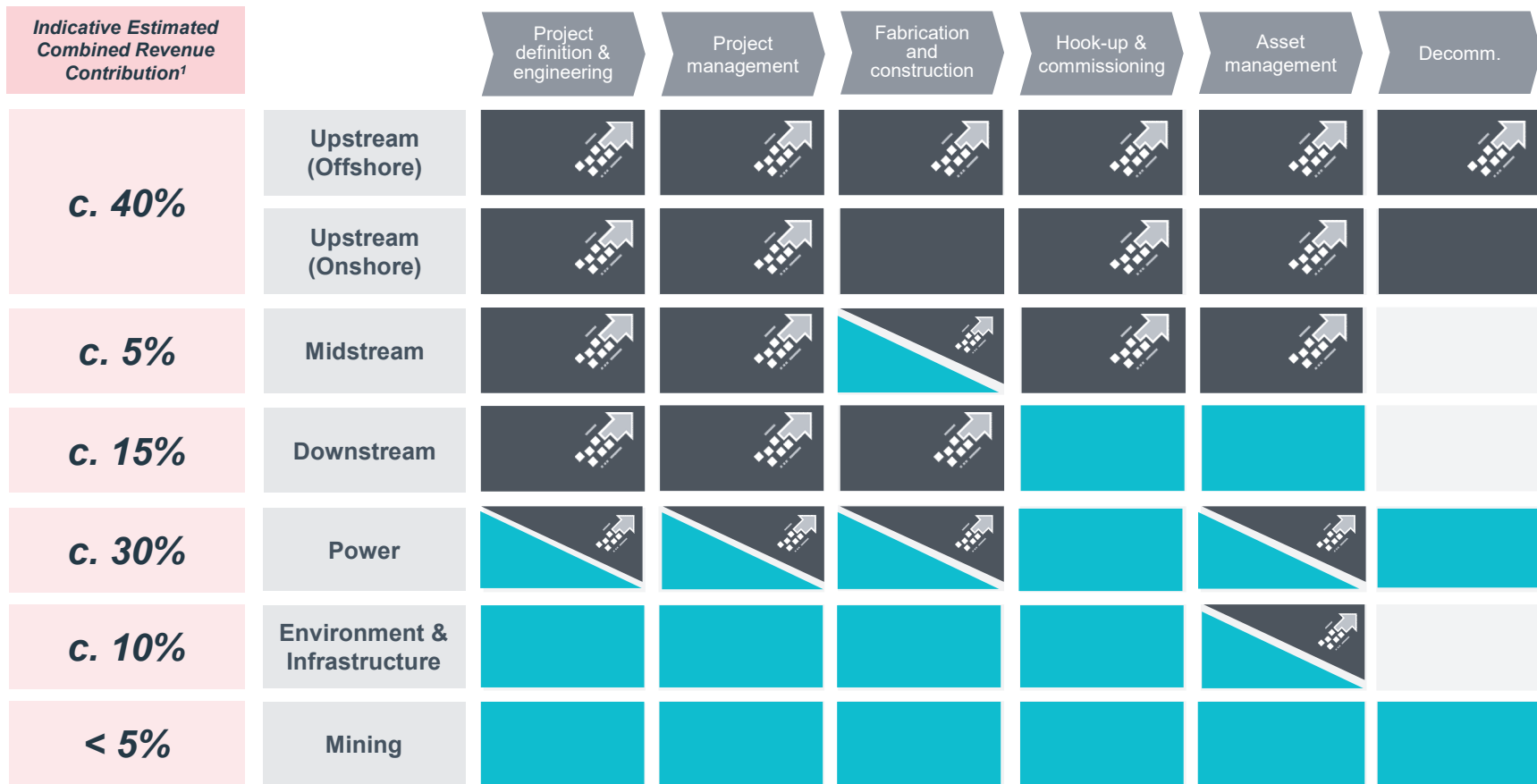
## Amec Foster Wheeler equity value:

c£2.2bn

(c15% premium)



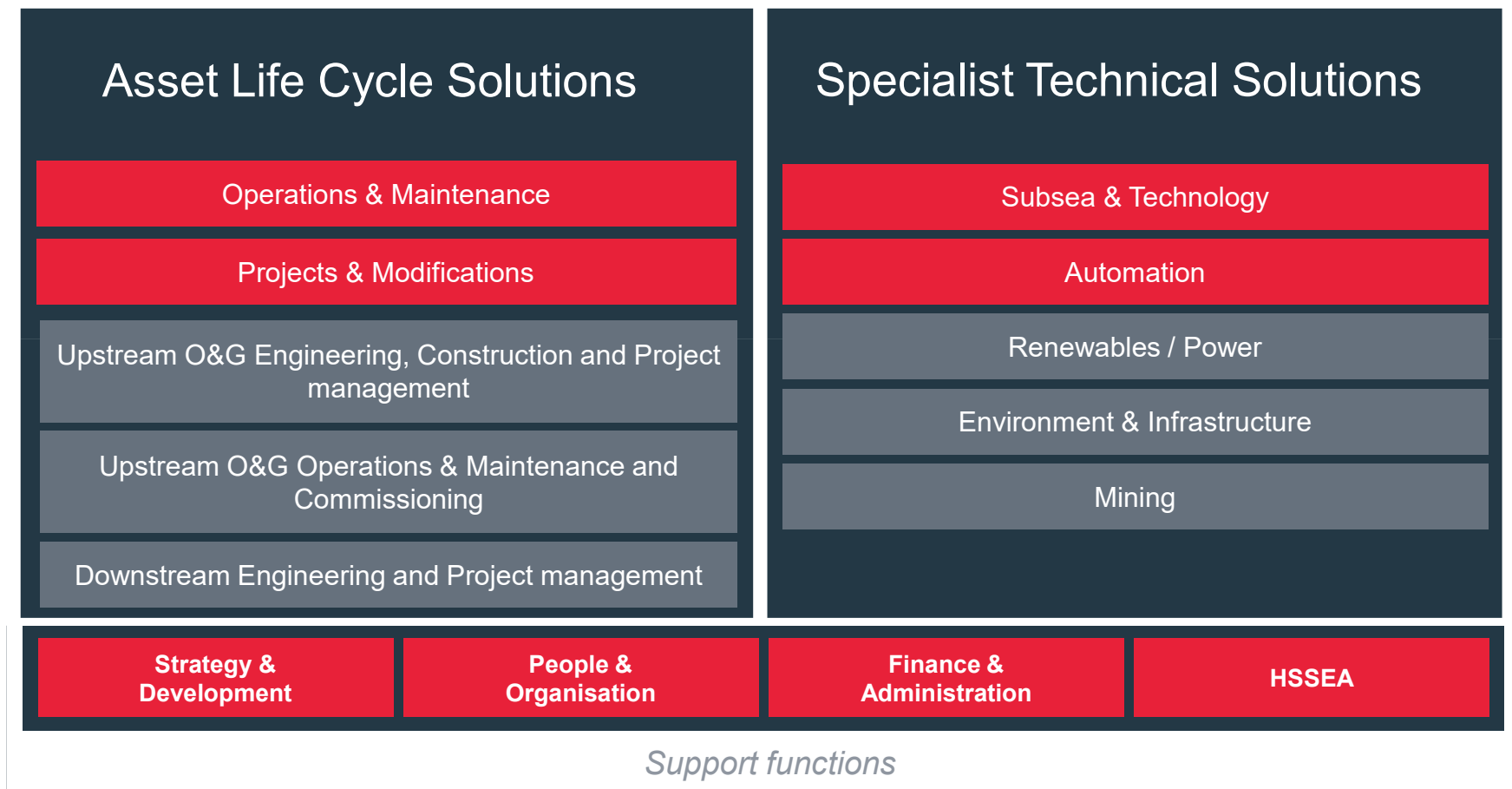
# Enhanced capability across diversified industrial markets



Existing position
 
↗
 Existing strengthened
  New position



# Indicative structure : service defined with functional support





# Significant integration benefits and synergies

Corporate (c 30%)	Administrative (c 30%)	Operational (c40%)
Leadership consolidation	Office location overlap	Regional overlap
Duplicated functional support	Central support functions	Efficiency & Utilisation
	ERP	Procurement
	IT&S	

**Run rate > \$134m per annum**

(costs to deliver of c \$231m)

Additional potential revenue synergies
Access to new customers
Cross selling
Enhanced service opportunities



## Proven track record of delivering significant cost reduction

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- Early and decisive action on cost generated \$244m cumulative overhead savings in two years to December 2016
- Reduction achieved sustainable in 2017
- Investment in ERP facilitated cost reduction
- Structural changes achieved through focus on efficiency and back office rationalisation including shared services and outsourcing
- Savings made across executive leadership, operations and functional support



# Governance and Leadership

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- Robin Watson (Chief Executive) and David Kemp (CFO) will lead the combined Group
- “Best-of-both” combination of people of Wood Group and Amec Foster Wheeler
- Board to be chaired by Ian Marchant with 4 directors of Amec Foster Wheeler joining the enlarged board
- Operational breadth, mix and structure will be the ultimate drivers of the longer term leadership team and non exec composition



# Transaction Rationale - accelerating delivery of our strategy

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# Appendix 1- Transaction summary

## Consideration, Financing & Valuation

- Consideration : 0.75 Wood Group shares per Amec Foster Wheeler share
- Implied consideration of GBP 5.64 per share
- Acquisition value c£2.2bn
- c15% premium
- All share transaction
- Wood Group shareholders will own c56% of the combined business

## Conditions and expected closing date

- H1 – Class 1 circular and scheme document published, Wood Group and Amec Foster Wheeler general meetings
- H2 – Completion subject to approvals (Shareholder, Antitrust and other regulatory)

## Synergies and Capital structure

- Potential cost synergies of at least \$134m anticipated by end of year 3 post Close
- Proforma Net Debt of c\$1.6bn
- Expect to reduce Debt:EBITDA to preferred range of 0.5x-1.5x within 18 months post close

## Governance & Leadership

- Robin Watson and David Kemp as CEO and CFO, respectively
- “Best of both” combination of the existing teams
- Ian Marchant will continue as Chairman of the Combined Group Board
- Four directors of Amec Foster Wheeler to join the enlarged board

