Half year results presentation

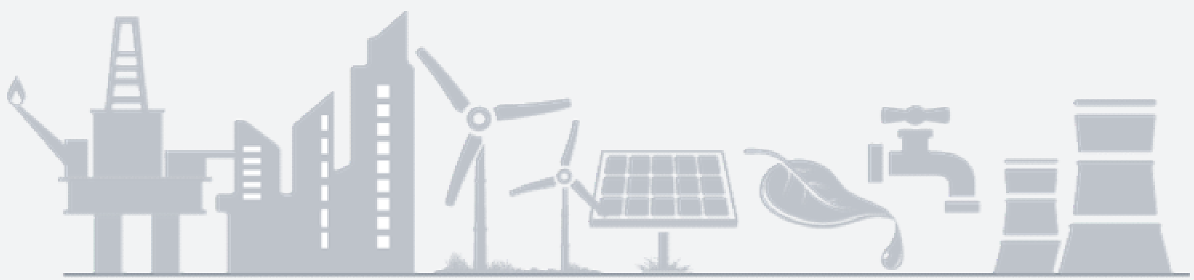
22 August 2017

Focussed on operational delivery and accelerating our strategy

OPERATIONAL DELIVERY

Mad Dog 2 | **Hebron** | **CATS** | **TCO**

ACCELERATING OUR STRATEGY



Project, engineering and technical services delivery
Broader exposure across energy and industrial markets
Stronger life cycle offering across upstream, midstream and downstream

H1 2017 - financial results

David Kemp - CFO

Relative resilient performance in a challenging market

Total Revenue	Total EBITA	EBITA Margin	AEPS	Total Dividend
$2.3bn	$127m	5.6%	22.9c	11.1 c
▼ 11%	▼ 23%	▼ 0.9%	▼ 20%	▲ 3%

- Recovery in certain areas
- Maintaining position in volatile market
- Tough pricing environment in 2016 impacting H1 2017 margins
- Continued focus on utilisation management and overhead cost reduction
- Commitment to progressive dividend policy

Exceptional items include costs in respect of AFW

	1H 2017 $m	1H 2016 $m	Change %
Total revenue	**2,227**	**2,559**	*(11)%*
Total EBITA	**127**	**166**	(23)%
EBITA margin	*5.6%*	*6.5%*	*(0.9)%*
Amortisation	(51)	(54)	
Total operating profit pre exceptional items	**76**	**112**	(32)%
Net finance expense	(12)	(12)	
Profit before tax and exceptional items	**64**	**100**	(36)%
Taxation (before exceptional items)	(14)	(26)	
Profit before exceptional items	**50**	**74**	(32)%
Exceptional Items (net of tax) – acquisition costs	(24)	-	
Exceptional Items (net of tax) – arbitration settlement provision	(16)	-	
Exceptional Items (net of tax) – efficiency and reorganisation	(4)	(30)	
Profit for the period	**6**	**44**	(86)%
Adjusted diluted EPS (AEPS)	**22.9c**	**28.7c**	(20)%
Dividend	**11.1c**	**10.8c**	*3%*

Cost reduction has been key to margin protection

Asset Life Cycle Solutions – West

(45% of Revenue and 56% of EBITA)

	1H 2017 $m	1H 2016 $m	Change %
Revenue	**1,025**	1,051	*(2.5)%*
EBITA	**81**	78	*3.8%*
Margin	**7.9%**	7.4%	*0.5%*
Headcount	**11,000**	11,700	*(6.0)%*

Projects & modifications
(c.30% of revenue)

- Nobel Leviathan, BP Mad Dog 2 and Husky White Rose
- ETC Dakota access pipeline project rolling off
- Continuing on Noble Leviathan, Statoil Peregrino 2, BP South Pass and Suncor SAGD

Operations & maintenance
(c.70% of revenue)

- Increased activity on Hebron hook up and commissioning and Hibernia
- Modest improvement in US onshore
- Civil infrastructure project with Sofidel
- Margin benefit from further cost savings and deferred consideration

Growth in on offshore projects, US onshore and commissioning

Asset Life Cycle Solutions – East

(43% of Revenue and 25% of EBITA)

	1H 2017 $m	1H 2016 $m	Change %
Revenue	**980**	1,251	*(21.7)%*
EBITA	**36**	71	*(49.3)%*
Margin	**3.7%**	5.7%	*(2.0)%*
Headcount	**15,600**	17,500	*(10.8)%*

Projects & modifications
(c.30% of revenue)

- Reductions in North Sea brownfield modifications and Kazakhstan
- Extended scope with Sakhalin Energy Investment company
- Ongoing General Engineering Services Plus and OMP scopes in Saudi Arabia

Operations & maintenance
(c.70% of revenue)

- Decline in North Sea activity, robust performance in Middle East and Asia Pacific
- Operator scopes for CATS and SAGE systems progressing
- Industrial services work for the Royal Navy
- Turbine Activity in line with H1 2016

International growth opportunities & maintaining North Sea position

Specialist Technical Solutions

(12% of Revenue and 19% of EBITA)

	1H 2017 $m	1H 2016 $m	Change %
Revenue	**271**	257	*5.4%*
EBITA	**27**	33	*(18.2)%*
Margin	**10.0%**	12.8%	*(2.8)%*
Headcount	**3,100**	3,000	*3.3%*

Automation
(c.55% of revenue)

- Increased activity in automation - TCO and ExxonMobil polyethelene plant
- Enhanced industrial process and control capability through acquisition of CEC

Subsea & technology
(c.45% of revenue)

- Subsea activity limited to smaller scope, brownfield or early stage work
- Ongoing projects for Mad Dog 2, Greater Western Flank and Snorre
- Robust activity in asset integrity solutions and clean energy businesses

Good growth in Automation

Strong financial platform to support growth

	1H 2017 $m	1H 2016 $m
Cash generated pre working capital (excl. JVs)	**117**	**149**
Working capital movements:		
(Increase) in inventories	(4)	(2)
Decrease in receivables	1	54
Decrease in payables	(47)	(77)
Cash generated from operations	**67**	**124**
Cash conversion (% of equity accounted EBITDA)	**49%**	**73%**
Acquisitions and deferred consideration	**(85)**	(19)
Capex & intangible assets	**(47)**	(55)
Tax	**(18)**	(43)
Interest, dividends and other	**(76)**	(64)
Net increase in net debt	**(159)**	**(57)**
Closing net debt (excl. JVs)	**(481)**	**(351)**
JV Net (debt)/ cash	**(9)**	**0**
Closing net debt (incl. JVs)	**(490)**	**(351)**
Net debt to EBITDA	**1.2x**	**0.7x**

Full year outlook unchanged: stronger H2 performance

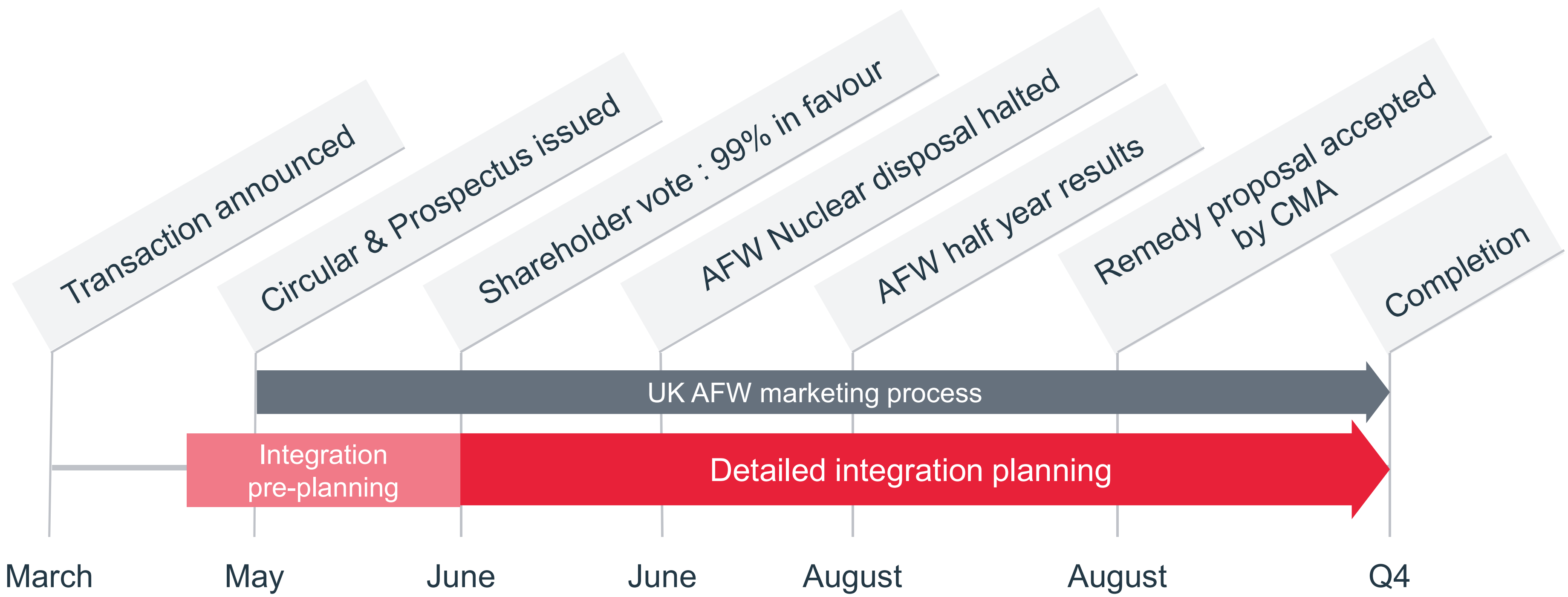
- Recovery in certain areas
- Pricing environment in 2016 impacting H1 2017 margins
- Sustainable overhead savings
- AFW transaction to deliver cost synergies of at least $170m
- No change to preferred net debt to EBITDA range or progressive dividend policy
- Outlook unchanged : anticipate stronger performance in H2

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

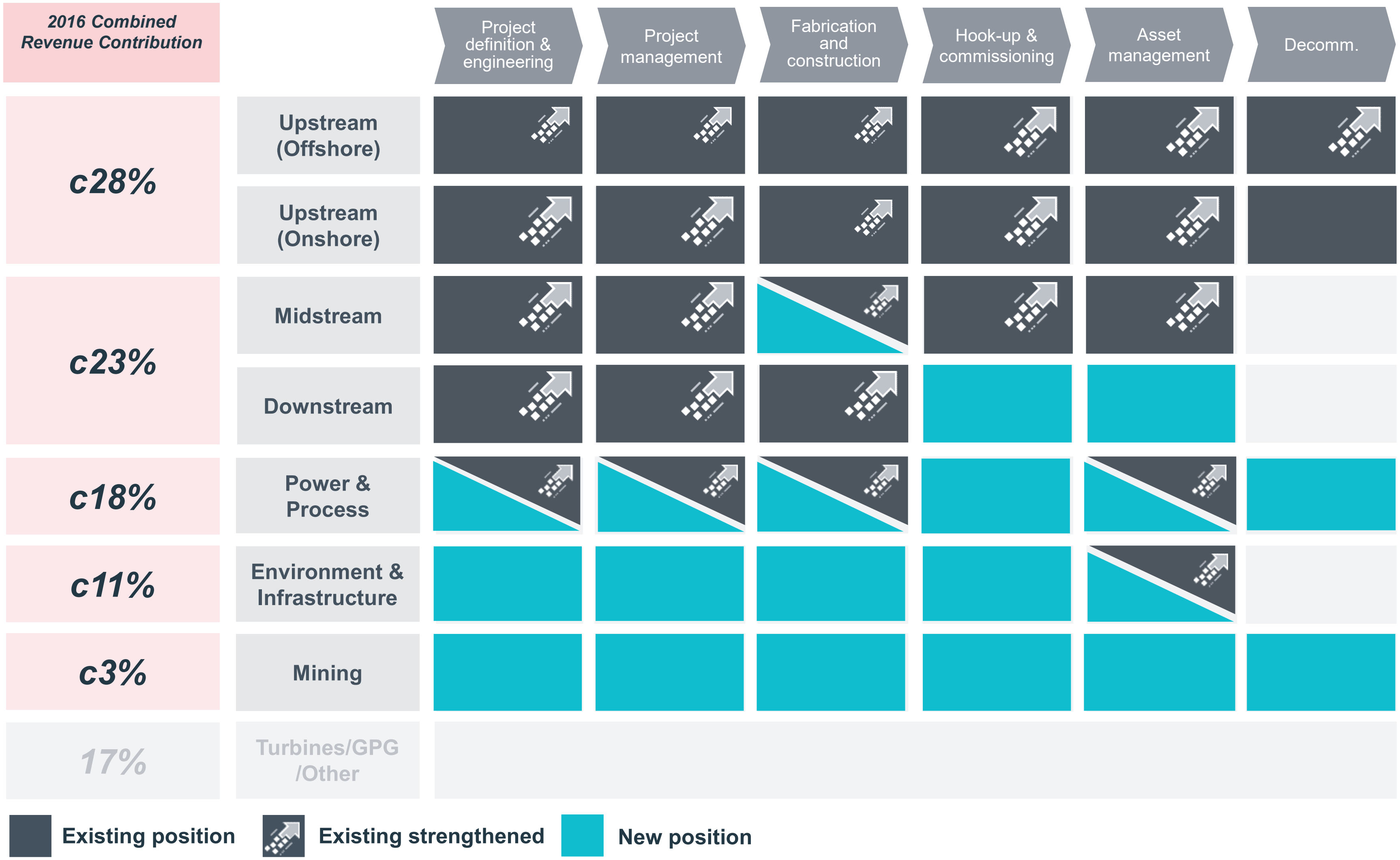
Robin Watson – Chief Executive

A unique combination to accelerate delivery of our strategy

Transformational acquisition on track to complete in Q4

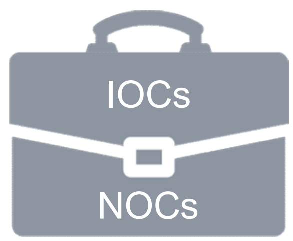


Broadening across complementary capabilities and end markets



Creating a stronger, complementary life cycle offering in oil & gas

Balanced exposure across upstream midstream & downstream



Comprehensive customer portfolio

Broader “packaged” service offering

Full service capability for blue chip customers across broader end markets

Full service offering across Power & Process, Environment & Infrastructure, Mining

Organisational structure provides foundation for successful integration

BUSINESS UNITS	ALCS EASTERN REGION **DAVE STEWART**	ALCS WESTERN REGION **ANDREW STEWART**	SPECIALIST TECHNICAL **BOB MACDONALD**	ENVIRONMENTAL & INFRASTRUCTURE **ANN MASSEY**
FUNCTIONS	FINANCE & ADMINISTRATION **DAVID KEMP**	PEOPLE & ORGANISATION **SUE MACDONALD**	HSSEA **NINA SCHOFIELD**	STRATEGY & DEVELOPMENT **JEFF REILLY**
	INTEGRATION **STEVE WAYMAN**			

Focussed on operational delivery and accelerating our strategy

OPERATIONAL DELIVERY

- Strong operational delivery
- Recovery in certain areas
- Continued focus on cost and efficiency
- Outlook unchanged : anticipate stronger performance in H2

ACCELERATING OUR STRATEGY

- Project, engineering and technical services delivery
- Broader exposure across energy and industrial markets
- Stronger life cycle offering across upstream, midstream and downstream

Appendix

Reconciliation of operating profit (pre-exceptionals)

	1H 2017 $m	1H 2016 $m
Total operating profit before exceptional items per proportional consolidation	**76**	**112**
Tax and interest charges on JVs included within operating profit but not EBITA	(4)	(6)
Operating profit before exceptional items per Group income statement	**72**	**106**

Exceptional items

	1H 2017 $m	1H 2016 $m
Acquisition costs	25	-
Efficiency and reorganisation	6	36
Arbitration settlement provision	16	-
Total exceptional costs	**47**	**36**
Tax	(3)	(6)
Total exceptional costs after tax	**44**	**30**

"Like for like" revenue and EBITA

	1H 2017 $m		1H 2016 $m	
	Revenue	EBITA	Revenue	EBITA
ALCS West	1,025	81	1,052	78
ALCS East	980	35	1,190	68
Specialist Technical Solutions	259	24	251	32
Central costs	-	(16)		(16)
"Like for like"	**2,264**	**124**	**2,493**	**162**
Acquisitions	12	3	(4)	-
Constant currency	-	-	70	4
Total as reported	**2,276**	**127**	**2,559**	**166**

Amortisation

	1H 2017 $m	1H 2016 $m
Amortisation on software, development costs and licenses	26	29
Amortisation of intangible assets arising on acquisition	25	25
	51	**54**

Tax

	1H 2017 $m	1H 2016 $m
Profit from continuing operations before tax	64	101
Tax charge	**14**	**26**
Effective tax rate on continuing operations	**22.4%**	**26.1%**

Finance expense

	1H 2017 $m	1H 2016 $m
Interest on debt, arrangement fees and non-utilisation charges	6	6
Interest on US Private Placement debt	7	7
Total finance expense	**13**	**13**
Finance income	(1)	(1)
Net finance expense	**12**	**12**

Net debt and interest cover

	1H 2017 $m	1H 2016 $m
Closing net debt (incl JVs)	490	351
Net Debt:EBITDA	1.2x	0.7x
Interest cover	10.3x	14.0x

ROCE

	1H 2017 $m	1H 2016 $m
Net operating assets	**2,689**	**2,688**
Net borrowings	(490)	(351)
Net assets	**2,199**	**2,337**
Non controlling interests	(14)	(14)
Shareholders' funds	**2,185**	**2,323**
ROCE	9.6%	11.7%

Footnotes

Footnotes

1. Total EBITA represents operating profit including JVs on a proportional basis of $34.4m (2016: $76.4m) before the deduction of amortisation of $50.7m (2016: $53.8m) and exceptional costs of $42.1m (2016: $36.2m) and is provided as it is a key unit of measurement used by the Group in the management of its business.

2. Adjusted diluted earnings per share (“AEPS”) is calculated by dividing earnings before exceptional items and amortisation, net of tax, by the weighted average number of ordinary shares in issue during the period, excluding shares held by the Group's employee share ownership trusts and adjusted to assume conversion of all potentially dilutive ordinary shares.

3. Number of people includes both employees and contractors at 30 June 2017 and includes our proportional share of headcount in joint ventures.

4. Interest cover is EBITA divided by the net finance expense.

5. Return of Capital Employed (“ROCE”) is EBITA divided by average capital employed.

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