



Full year results presentation

21 February 2017



Emerging from the cycle as a better business

- Vision : To be recognised as the best technical services company to work with, work for and invest in, with a relentless focus on excellence
- 2016 presented short term challenges and longer term positioning opportunities
- Objectives
 - Reorganising and simplifying to improve delivery
 - Generate sustainable cost savings
 - Develop our best talent
 - Invest organically in innovation and through acquisition
 - Create value for shareholders





2016 Financial results

David Kemp - CFO



Financial summary

Total Revenue

\$4.9_{bn}

▼ 16%

Total EBITA

\$363_m

▼ 23%

EBITA Margin

7.4%

▼ 0.6%

AEPS

64.1c

▼ 24%

Total Dividend

33.3 cents

▲ 10%

- Pressure on volumes and prices; impact mitigated by
 - management of utilisation (headcount down 18%)
 - overhead cost savings of \$96m
 - commercial close out on projects of \$29m
- Second successive year of 10% dividend growth, in line with previous intentions



Trading performance reflects continued flexibility

	2016 \$m	2015 \$m	Change %
Total revenue	4,934	5,852	(16)%
Total EBITA	363	470	(23)%
<i>EBITA margin</i>	<i>7.4%</i>	<i>8.0%</i>	<i>(0.6)%</i>
Amortisation	(104)	(109)	
Total operating profit pre exceptional items	259	361	(28)%
Net finance expense	(26)	(23)	
Profit before tax and exceptional items	233	338	(31)%
Taxation (before exceptional items)	(59)	(89)	
Profit before exceptional items	174	249	(30)%
Exceptional Items (net of tax) – restructuring & redundancy	(51)	-	
Exceptional Items (net of tax) – EthosEnergy impairment & restructuring	(89)	(159)	
Profit for the period	34	90	(62)%
Adjusted diluted EPS (AEPS)	64.1c	84.0c	(24)%
Dividend	33.3c	30.3c	10%



Mitigating the trading challenge



Asset Life Cycle Solutions – Western Region

(43% of Revenue and 44% of EBITA)

	2016 \$m	2015 \$m	Change %
Revenue	2,115	2,121	(0.3)%
EBITA	176	209	(15.8)%
Margin	8.3%	9.9%	(1.6)%
Headcount	10,900	13,800	(21.0)%

Operations & maintenance

(c.70% of revenue)

- Pricing and volume pressure offset by Kelchner and Infinity acquisitions
- Margin benefit from cost reductions
- Early signs of improvement in US onshore
- Ongoing hook up and commissioning scope on Hebron topsides

Projects & modifications

(c.30% of revenue)

- Flint Hills refinery project concluded
- Commenced Noble Leviathan, detailed work on Statoil Peregrino and BP South Pass
- Continuing on Anadarko Shenandoah, ETC Dakota access pipeline



Asset Life Cycle Solutions – Eastern Region

(47% of Revenue and 36% of EBITA)

	2016 \$m	2015 \$m	Change %
Revenue	2,331	3,145	(25.9)%
EBITA	143	217	(34.1)%
Margin	6.1%	6.9%	(0.8)%
Headcount	15,300	19,000	(19.5)%

Operations & maintenance

(c.60% of revenue)

- Renewed contracts in very challenging North Sea market
- Secured role as operator for CATS and SAGE systems
- Turbine Activity down on 2015, \$89m impairment of Ethos

Projects & modifications

(c.40% of revenue)

- Decline in UK brownfield modifications
- Significant awards in Baku and Iraq but pace slower than expected
- Growth in activity in Saudi Arabia with Aramco and in the Caspian with NCOG
- Completion of Ivar Aasen follow-on work



Specialist Technical Solutions

(10% of Revenue and 20% of EBITA)

	2016 \$m	2015 \$m	Change %
Revenue	488	586	(16.7)%
EBITA	79	92	(14.1)%
Margin	16.2%	15.7%	0.5%
Headcount	2,800	2,600	7.7%

Subsea & technology

(c.55% of revenue)

- Subdued market and reduced activity in subsea
- MSAs concluded with Statoil, Apache, BP & Chevron
- 2016 margin benefitted from one off items

Automation

(c.45% of revenue)

- Robust activity in automation, including ATG acquisition
- Commenced TCO automation project in Kazakhstan
- Awarded main automation services contract with Exxonmobil Chemical



Differentiated balance sheet strength

	2016 \$m	2015 \$m
Cash generated pre working capital (excl. JVs)	326	504
Working capital movements	(81)	59
Cash generated from operations	245	563
Cash conversion (% of equity accounted EBITDA)	68%	119%
Acquisitions and deferred consideration	(36)	(238)
Capex & intangible assets	(87)	(83)
Tax	(55)	(97)
Interest, dividends and other	(95)	(113)
Net (increase)/ decrease in net debt	(28)	33
Closing net debt (excl. JVs)	(322)	(294)
JV Net (debt)/ cash	(9)	4
Closing net debt (incl. JVs)	(331)	(290)
Net debt to EBITDA	0.8x	0.5x



Financial Summary

- Results in line with expectations
- Robust management of utilisation and decisive action on cost
- Cumulative overhead costs saving of \$244m largely sustainable
- One off contract close outs in 2016
- Balance sheet remains strong: net debt at 0.8x EBITDA
- Dividend increased by 10%, progressive policy going forward



2016 Final results – Operations

Robin Watson – Chief Executive



Our operational focus in 2016

- **Performing against 2016 objectives**
 - Delivering in line with guidance
 - Repositioned “One Wood Group” with good customer support
 - Cumulative, sustainable overhead cost reduction of \$244m
 - Investing organically
- **Well positioned but cautious on near term outlook**
 - Challenging oil & gas market in 2017
 - Modest recovery limited to certain markets
 - Competitive pricing environment
 - Renewals and awards demonstrate strong customer support



Improved visibility and connectivity

Asset Life Cycle Solutions (c 90% of Revenue)

West



- Projects & Modifications
- Operations & Maintenance
- Industrial services
- Pipeline services
- Decommissioning services

East



Specialist Technical Solutions (c 10% of Revenue)

- Subsea
- Asset integrity solutions
- Clean energy
- Digital Solutions
- Studies
- Automation



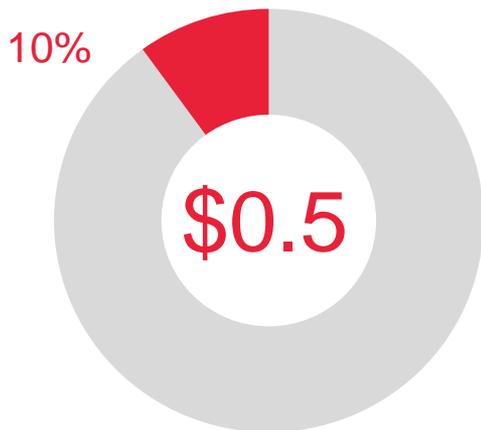
Strongly positioned with existing and emerging customers



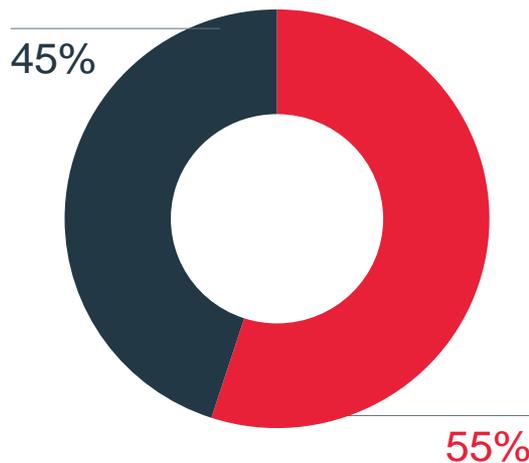
Specialist Technical Solutions - Innovation

- Solving complex technological challenges across the energy and industrial sectors
- Global delivery in specialist areas developing innovative solutions and new services to support our customers
- Subsea & Technology (Asset Integrity, Clean energy Digital Solutions, Studies), Automation & Control

10% of Group revenue: (\$bn)



Service breakdown



People:

2,800

● Subsea & technology
● Automation & control



Automation & Control

- Independent provider ensuring process and manufacturing control systems work together efficiently
- Manufacturing and process industries; oil & gas, chemicals and automotive sectors



- Acquisition of ATG accelerates strategy in the automotive sector
- \$700m main automation contractor scope on TengizChevroil



US shale – differentiated services & regional capability

- Simplifying customers' field activities through, Civils, Construction, Fabrication Pipeline, Operations & Maintenance
- Differentiated capability across Permian, Eagle Ford, Marcellus and Bakken regions
- Fragmented market with room to grow
- Current focus on construction of gathering facilities and pipelines work in Permian
- Rebuilding backlog in a competitive pricing environment
- Increased bidding levels in Permian not yet replicated in other regions



Summary

- **Performing against 2016 objectives**
 - Delivering in line with guidance
 - Repositioned “One Wood Group” with good customer support
 - Cumulative, sustainable overhead cost reduction of \$244m
 - Investing organically
- **Well positioned but cautious on near term outlook**
 - Challenging oil & gas market in 2017
 - Modest recovery limited to certain markets
 - Renewals and awards demonstrate strong customer support
 - Competitive pricing environment



Appendix



Reconciliation of operating profit (pre-exceptionals)

	2016 \$m	2015 \$m
Total operating profit before exceptional items per proportional consolidation	259	361
Tax and interest charges on JVs included within operating profit but not EBITA	(15)	(20)
Operating profit before exceptional items per Group income statement	244	341



Exceptional items

	2016 \$m	2015 \$m
EthosEnergy impairment & restructuring	89	159
Integration and restructuring	28	24
Onerous leases	38	12
Onerous contract	-	(14)
Provision release related to divested business	-	(10)
Total exceptional loss	155	171
Tax	(15)	(12)
Total exceptional loss after tax	140	159



“Like for like” revenue and EBITA

	2016 \$m		2015 \$m	
	Revenue	EBITA	Revenue	EBITA
ALCS West	2,115	176	2,525	240
ALCS East	2,331	143	2,916	200
Specialist Technical Solutions	476	78	607	94
Central costs	-	(35)		(44)
“Like for like”	4,922	362	6,048	490
Acquisitions	12	1	(460)	(41)
Constant currency			264	21
Total as reported	4,934	363	5,852	470



Amortisation

	2016 \$m	2015 \$m
Amortisation on software, development costs and licenses	54	55
Amortisation of intangible assets arising on acquisition	50	54
	104	109



Tax

	2016 \$m	2015 \$m
Profit from continuing operations before tax	233	338
Tax charge	59	88
Effective tax rate on continuing operations	25.3%	26.2%



Finance expense

	2016 \$m	2015 \$m
Interest on debt, arrangement fees and non-utilisation charges	14	13
Interest on US Private Placement debt	14	14
Total finance expense	28	27
Finance income	(2)	(4)
Net finance expense	26	23



Net debt and interest cover

	2016 \$m	2015 \$m
Closing net debt (incl JVs)	331	290
Net Debt:EBITDA	0.8x	0.5x
Interest cover	14.1x	20.3x



ROCE

	2016 \$m	2015 \$m
Net operating assets	2,539	2,711
Net borrowings	(331)	(290)
Net assets	2,208	2,421
Non controlling interests	(13)	(23)
Shareholders' funds	2,195	2,398
ROCE	13.0%	16.3%



Historic Financial Performance 2012 to 2016

	2012 (\$m)			2013 (\$m)			2014 (\$m)			2015 (\$m)			2016 (\$m)		
	Revenue	EBITA	Margin												
PSN Production Services	3,713	208	5.6%	3,996	265	6.6%	4,636	342	7.4%	3,448	258	7.5%	3,006	189	6.3%
Engineering	1,788	220	12.3%	1,986	247	12.4%	2,130	232	10.9%	1,728	215	12.4%	1,335	175	13.1%
Turbine Activities	1,327	85	6.4%	1,082	78	7.2%	850	33	3.9%	676	44	6.5%	593	34	5.7%
Central costs		(52)			(57)			(57)			(47)			(35)	
	6,828	461	6.8%	7,064	533	7.5%	7,616	550	7.2%	5,852	470	8.0%	4,934	363	7.4%
Asset Life Cycle Solutions West	2,166	200	9.3%	2,399	256	10.7%	2,798	270	9.6%	2,121	208	9.8%	2,115	176	8.3%
Asset Life Cycle Solutions East	4,011	213	5.3%	3,948	221	5.6%	4,099	221	5.4%	3,145	217	6.9%	2,331	143	6.1%
Specialist Technical Solutions	651	100	15.4%	717	113	15.8%	719	116	16.1%	586	92	15.7%	488	79	16.2%
Central costs		(52)			(57)			(57)			(47)			(35)	
Reported	6,828	461	6.8%	7,064	533	7.5%	7,616	550	7.2%	5,852	470	8.0%	4,934	363	7.4%



Footnotes

Footnotes

1. Total EBITA represents operating profit including JVs on a proportional basis of \$104.2m (2015: \$179.1m) before the deduction of amortisation of \$104.3m (2015: \$109.0m) and continuing exceptional expense of \$154.9m (2015: \$181.6m) 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 31 December 2016 and includes 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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