News release

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Half year results for the six months ended 30 June 2023
22 August 2023

This announcement contains inside information

Clear strategic progress, strong growth and increasing full year guidance

		Notes	HY23 $m	HY22 restated $m	Movement %	At constant currency %
HEADLINE RESULTS		1,2,3				
Revenue (pre-exceptional)	*Continuing*	4	2,986	2,571	*16.2%*	*19.7%*
Adjusted EBITDA	*Continuing*	5	202	186	*8.5%*	*12.3%*
Adjusted EBITDA margin	*Continuing*	6	*6.8%*	*7.2%*	*(0.4)ppts*	*(0.4)ppts*
Adjusted EBIT	*Continuing*	7	89	82	*9.2%*	
Adjusted EBIT margin	*Continuing*	8	*3.0%*	*3.2%*	*(0.2)ppts*	
Adjusted diluted EPS	*Total group*	9	1.1c	5.7c	*(80.7)%*	
Adjusted operating cash flow	*Total group*	10	39	(82)	*n/a*	
Free cash flow	*Total group*	11	(219)	(352)	*(37.8)%*	
Net debt including leases	*Total group*		980	2,156	*54.5%*	
Net debt excluding leases	*Total group*		654	1,756	*62.8%*	
Net debt / adjusted EBITDA	*Continuing*	12	2.0x	4.0x	*n/a*	
Order book	*Continuing*	13	5,991	6,424	*(6.7)%*	*(4.3)%*
Headcount	*Continuing*	14	35,636	34,079	*4.7%*	
STATUTORY RESULTS						
Revenue	*Continuing*	4	2,986	2,563	*16.5%*	
Operating profit	*Continuing*		23	31	*(25.7)%*	
(Loss) / profit for the period	*Total group*		(27)	89	*n/a*	
Basic EPS	*Total group*		(4.3)c	13.0c	*n/a*	
Cash flow from operating activities	*Total group*		(7)	(117)	*93.9%*	

Built Environment Consulting (sold in September 2022) is treated as a discontinued operation and its results are included within the "Total group" measures. Continuing results exclude its results. HY22 results have been restated to include Built Environment Saudi Arabia. See notes on page 4.

Ken Gilmartin, CEO, said:

"When we announced our growth strategy in November last year, we set out a plan for Wood to deliver on its significant potential, and I am delighted that our results show the clear progress we are making. We have made a good start to the year, delivering growth in revenue, EBITDA, headcount and our pipeline, all while furthering our inspiring culture, as evidenced by our highest-ever employee net promoter score.

"As we look ahead, we are confident that our actions, the business model we have implemented and the market growth opportunities to which we have aligned, support the momentum we are building in our business. As such, we are increasing our full year guidance for the year for revenue and EBITDA."

Delivering on our profitable growth strategy

- **Well-positioned for growth across energy and materials**
  - Market growth opportunity of c.5% CAGR with addressable market of c.$235bn in 2025
  - Double-digit revenue and pipeline growth in HY23 across majority of our key markets
  - Excellent growth across Carbon Capture and Hydrogen
  - Order book of $6 billion, up 5% compared to December 2022 (at constant currency and excluding the divested Gulf of Mexico labour operations business)
  - Significant contract wins across energy and materials
- **Growing and improving our pipeline**
  - Right business model in place, predominantly services-based cost reimbursable business
  - Double-digit growth in the 24-month factored pipeline versus December 2022, following strategic clean up last year that removed lump sum turnkey (LSTK) and largescale lump sum EPC work
  - This pipeline growth reflects the strength of our markets and our client offering
  - Positive trends in pipeline gross margin reflecting selectivity of our bidding, and market conditions
- **Engaged and energised people**
  - Headcount up 5% to around 36,000 people
  - Highest recorded employee net promoter score scores to date
- **Growing our sustainable business (see note 15)**
  - Over $600 million of sustainable solutions revenue in HY23, up 20% on last year
  - Represented 20% of Group revenue
  - 33% of sales pipeline from sustainable solutions, up from 31% at year end

Headline financial highlights

- Revenue and adjusted EBITDA ahead of expectations set out in HY23 trading update on 13 July
- **Revenue of $3.0 billion** was up 16% (+20% at constant currency) with growth in all business units
  - c.$160 million increase in pass-through revenue, which generates only a small or nil margin
  - This increase in pass-through revenue represented around a third of the revenue growth
- **Adjusted EBITDA of $202 million** was up 9% on last year (+12% at constant currency)
- **Adjusted EBITDA margin** of 6.8%, down 0.4ppts on last year, reflecting increased low margin pass-through revenue and our previously guided opex investments across the Group to deliver future growth
- **Adjusted EBIT** up 9% to $89 million following the EBITDA growth
- **Adjusted diluted EPS** of 1.1c was down 81% on last year, mainly reflecting the absence of Built Environment Consulting (sold in 2022) which contributed $57 million of adjusted profit after tax in HY22
- **Adjusted operating cash flow** of $39 million was significantly improved on last year, with improved working capital and lower utilisation of provisions more than offsetting the sale of Built Environment Consulting
- **Free cash flow of $(219) million** reflects phasing of exceptional cash outflows ($99 million vs. c.$140 million expected for FY23) as well as the typical working capital seasonality of our business
- **Net debt (excl. leases)** at 30 June 2023 was $654 million, significantly down on last year following the reset of our business, but higher than December 2022 ($393 million) given the free cash outflow and the payment of $62 million of tax on the sale of Built Environment Consulting

Statutory results

- **Operating profit** of $23 million was down 26%, mainly reflecting exceptional items of $31 million which include around $5 million of Apollo-related costs and a $20 million receivables write-down in the Power and Industrial EPC business which was closed in 2022
- **Loss for the period** of $27 million reflects the lower level of profit from discontinued operations (Built Environment Consulting), the exceptional items and the tax charge in the period
- **Basic EPS** of (4.3)c reflects the loss in the period

Full year guidance

- **Revenue** is expected to continue to grow in the second half, albeit at a lower rate than the first half, which included the benefits of higher pass-through activity and a weak 2022 comparator. Overall, revenue for FY23 is now expected to be around $6 billion
- Our **adjusted EBITDA margin** is expected to be flat in the nearer term at around 7%, partly reflecting investments being made in the business and the level of low margin pass-through revenue activity
- As such, **adjusted EBITDA** for FY23 is expected to be ahead of our previous expectations and within our medium-term target of mid to high single digit growth
- **Free cash flow** is expected to be positive in the second half, with no change to our expectations for net debt at the end of the year and no change to legacy liability cash outflows, which mostly end in 2024

CFO succession

We announced today that David Kemp, Chief Financial Officer (CFO), has advised the Board of his intention to retire as CFO. The process to appoint his successor is now underway and David will remain in his role until a successful candidate is in place.

Presentation

A virtual meeting for investors and analysts will be held today at 8:00am (UK time) with Ken Gilmartin (CEO) and David Kemp (CFO). The webcast will be live at https://edge.media-server.com/mmc/p/ynic2uvs.

To join the conference call, and ask any questions, please register via:
https://register.vevent.com/register/BI45bf1976d92d431483dd798b9be6d546.

The webcast and transcript will be available after the event at www.woodplc.com/investors.

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The person responsible for arranging the release of this announcement on behalf of Wood is Martin McIntyre, Group General Counsel and Company Secretary.

NOTES

Adjustments between statutory and underlying information

The Group uses various alternative performance measures (APMs) to enable users to better understand the performance of the Group. The Directors believe the APMs provide a consistent measure of business performance year-to-year and they are used by management to measure operating performance and for forecasting and decision-making. The Group believes they are used by investors in analysing business performance. These APMs are not defined by IFRS and there is a level of judgement involved in identifying the adjustments required to calculate them. As the APMs used are not defined under IFRS, they may not be comparable to similar measures used by other companies. They are not a substitute for measures defined under IFRS.

***Note 1:** HY22 results are restated to include the results of Built Environment Consulting Saudi Arabia, which was previously classified as held for sale. For HY22, this business contributed $10 million of revenue and $1 million of adjusted EBITDA. For FY22, this business contributed $27 million of revenue and $3 million of adjusted EBITDA.*

***Note 2**: Percentage growth rates are calculated on actuals and not the rounded figures shown throughout this statement. Growth rates shown at constant currency are calculated by comparing HY23 to HY22 restated at HY23 currency rates.*

***Note 3:** Built Environment Consulting (sold in September 2022) is treated as a discontinued operation and its results are included within the "Total group" measures. Continuing results exclude its results.*

***Note 4:** Revenue includes an exceptional item in HY22 of $(8.0) million related to contract losses in respect of the closure of the Power and Industrials EPC business. Revenue (pre-exceptional items) is an APM that is used throughout this Report as the Group believes it provides a more useful measure of performance.*

***Note 5:** A reconciliation of adjusted EBITDA to operating profit is shown in note 2 to the financial statements.*

***Note 6:** Adjusted EBITDA margin is adjusted EBITDA shown as a percentage of revenue. This measure is used by management to measure the performance of business, and is one of our medium term targets.*

***Note 7:** Adjusted EBIT shows the Group's adjusted EBITDA after depreciation and amortisation. This measure excludes amortisation of acquired intangibles and is therefore aligned with our measure of adjusted EPS. A reconciliation of adjusted EBIT to operating profit/loss is shown in the Financial Review on page 12.*

***Note 8:** Adjusted EBIT margin is adjusted EBIT shown as a percentage of revenue. This measure is used by management to measure the performance of business.*

***Note 9:** A reconciliation of adjusted diluted EPS to basic EPS is shown in note 7 of the financial statements.*

***Note 10**: Adjusted operating cash flow refers to adjusted cash generated from operations excluding leases, as shown on page 19 of the Financial Review.*

***Note 11:** Free cash flow is defined as all cash flows before acquisitions, disposals and dividends. It includes all mandatory payments the Group makes such as interest and tax, and all exceptional cash flows. It excludes the impacts of IFRS 16 (Leases) accounting and FX. A reconciliation of free cash flow to our statutory cash flow statement is shown on page 19.*

***Note 12:** Net debt / adjusted EBITDA ratio (covenant basis) is calculated on the existing basis prior to the adoption of IFRS 16 in 2019 and is based on net debt excluding leases. It includes a series of covenant adjustments to both net debt and EBITDA. The calculation is shown in the Financial Review on page 23.*

***Note 13:** Order book comprises revenue 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 disclosure is aligned with the IFRS definition of revenue and does not include Wood's proportional share of joint venture order book. Order book is presented as an indicator of the visibility of future revenue.*

***Note 14**: Headcount is a measure of total employees working for Wood, including Wood employees and contractors. This measure excludes employees in our joint ventures.*

***Note 15**: Estimated share of revenue as defined by Wood. This figure is referred to across this document. Sustainable solutions consist of activities related to: renewable energy, hydrogen, carbon capture & storage, electrification and electricity transmission & distribution, LNG, waste to energy, sustainable fuels & feedstocks and recycling, processing of energy transition minerals, life sciences, and decarbonisation in oil & gas, refining & chemicals, minerals processing and other industrial processes. In the case of mixed scopes including a decarbonisation element, these are only included in decarbonisation if 75% or more of the scope relates to that element, in which case the total revenue is recorded in decarbonisation.*

CEO STATEMENT

We made a good start to the year, with growth in revenue and EBITDA, and clear momentum across our business. We grew our headcount and our pipeline, and have made great progress in building our inspiring culture. The cash performance in the half reflects the turnaround journey we are on, and we remain on track to be free cash flow positive in the second half of this year, and in 2024 as a whole.

Good financial performance in the first half

Revenue growth across all businesses

Group revenue of $3.0 billion was up 16% on last year (up 20% at constant currency) with good growth across all of our business units and demonstrating that our strategy is delivering. Revenue growth benefited from increased low margin pass-through activity. This increase in pass-through revenue represented around a third of the revenue growth.

Profitability in line with expectations

Our adjusted EBITDA of $202 million was up 9% on last year, and up 12% at constant currency. This reflects the strong revenue growth combined with a lower margin, partly reflecting increased low margin pass-through revenue but also reflecting the opex investments we are making in our business.

Our adjusted EBIT was up 9% on last year at $89 million, reflecting the growth in EBITDA. Our adjusted diluted EPS was 1.1 cents, down 81% on last year. This mainly reflects the absence of Built Environment Consulting which was sold in September 2022 and contributed $57 million of adjusted profit after tax in the first half of 2022. Our adjusted diluted EPS also reflects a high adjusted tax rate, covered in detail in the Financial Review.

Statutory results

Our operating profit was down 26% to $23 million with the reduction mainly reflecting two exceptional items in the period. Firstly, we incurred around $5 million of costs related to unsolicited bids from Apollo Management Holdings, L.P which ultimately ended with its decision to not move forward. Secondly, we recognised a non-cash receivable impairment of $20 million in relation to one large Power and Industrial EPC contract, a business area we was closed in 2022.

The loss for the period was $27 million and reflects the exceptional items and the high tax charge in the period. Given this, our basic loss per share was 4.3 cents.

Cash performance reflects our turnaround

We saw a significant improvement in our adjusted operating cash flow, generating $39 million, despite a typical seasonal working capital outflow in our business. We expect our adjusted operating cash flow to be stronger in the second half.

Our free cash outflow of $219 million includes $99 million of outflows related to legacy liabilities. The movement in net debt also includes an adverse FX movement and the payment of $62 million of tax on the sale of the Built Environment business.

Looking ahead, the cash outflows from legacy liabilities will continue to reduce as previously described, and we expect positive free cash flow in the second half of this year, and into 2024 as a whole.

Delivering on our profitable growth strategy

We set out our profitable growth strategy in November 2022 and we are delivering on each of the three pillars: inspired culture, performance excellence, and profitable growth.

Engaged and energised people
We are very pleased that employee engagement continues to increase, with our employee net promoter score (NPS) now at its highest recorded level. Our headcount at June 2023 was around 36,000 people, up 5% on last year. This is an important growth metric with our focus on a services-led business model and we expect to continue growing into the second half. We also continue to grow our Global Execution Centres, with more than 3,000 skilled employees in India and Colombia.

Well-positioned for growth across energy and materials
Wood holds an exciting position across our key markets, with a total addressable market of around $235 billion in 2025 and a market growth opportunity that remains at around a 5% CAGR, that we expect to outperform. We saw double-digit revenue growth in HY23 across the majority of our key markets, with excellent growth across Carbon Capture and Hydrogen (together around 1.5% of Group revenue). Wood is a leading global player in both of these areas, having performed over 175 carbon capture studies and designed over 130 hydrogen plants.

Growing our pipeline and improving commercial focus
In line with our strategy, in 2022 we cleaned up our pipeline of opportunities to remove LSTK and large EPC work. Since then, we have seen consistent pipeline growth, with the 24-month factored pipeline up over 20% at June 2023 compared to December 2022. Encouragingly, we are seeing positive trends in pipeline gross margin reflecting our new selectivity around our bidding process, as well as improved market conditions.

Growing our sustainable business
Wood is an enabler of net zero, providing solutions across decarbonisation, energy transition, and materials for a net zero world. In addition, our life sciences solutions are aligned to the UN Sustainable Development goal of ensuring good health and well-being. Wood has an AA MSCI rating, in the top quartile of peers.

We had over $600 million of sustainable solutions revenue in HY23, up 20% on last year and representing around 20% of Group revenue. Furthermore, 33% of our sales pipeline is now from sustainable solutions, up from 31% at December 2022.

Right business model in place
We are now a services-led business with the majority of our contracts cost reimbursable (c.80% of revenue, c.85% of order book), with the remainder mostly fixed price services (c.20% of revenue, c.15% of order book).

This contract mix represents our risk-appetite following our strategic move away from LSTK activity (now only around 3% of revenue and around 1% of our order book).

Optimising our portfolio
As outlined in March 2023, we are evaluating our portfolio and have identified underperforming businesses that do not fit with our focused strategy and generate negative margin, representing around 4% of Group revenue. We continue to consider options in respect of these businesses.

In March 2023, we completed the sale of the Gulf of Mexico labour operations business for a cash consideration of $17 million.

Momentum across our business

The first half continued the positive momentum we saw at the end of 2022, including strong trading across both quarters. Our order book at June 2023 was around $6 billion, up 5% compared to December 2022 at constant currency and excluding the Gulf of Mexico labour operations business which was sold in the period.

Significant contract wins across **Energy** in the year included:

- c.$250 million contract extension in Southeast Asia for operations and brownfield engineering services
- New global framework agreement with Shell for Wood to deploy our expertise in decarbonisation, digitalisation and asset life extension to enhance Shell's assets worldwide
- Pre-FEED for blue ammonia and carbon capture for a confidential client in the Middle East

Significant contract wins in the year in **Materials** included:

- Large engineering services contract with Euro Manganese for sustainable mineral processing
- c.$50 million life sciences engineering contract in the USA with GSK
- FEED and EPCm contract for Clean Planet Energy's plastics recycling facilities across the USA

Full year guidance ahead of previous expectations

Revenue is expected to continue to grow in the second half, albeit at a lower rate than the first half, which included the benefits of higher pass-through activity and a weak 2022 comparator. Overall, revenue for FY23 is now expected to be around $6 billion.

Our adjusted EBITDA margin is expected to be flat in the nearer term at around 7%, partly reflecting investments being made in the business and the level of low margin pass-through revenue activity. As such, adjusted EBITDA for FY23 is expected to be ahead of our previous expectations and within our medium-term target of mid to high single digit growth.

Free cash flow is expected to be positive in the second half, with no change to our expectations for net debt at the end of the year, and no change to legacy liability cash outflows, which we expect to mostly end in 2024.

On track for our medium-term targets: margin expansion and stronger cash flow

When we announced our profitable growth strategy in November 2022, we set out our medium financial targets:

- **Adjusted EBITDA margins to be flat in the nearer term**, partly as we reinvest in the business to secure growth. In the medium term, we see opportunity for margin improvement
- **Adjusted EBITDA to grow at mid to high single digit CAGR over the medium term**, with momentum building over time as our strategy delivers
- **Return to positive free cash flow from 2024** as strong underlying cash flows offset reducing legacy liabilities

We expect to **expand our margin in the medium term**, supported by:

- Improved pricing expectations across our markets, reflecting the selectivity of work undertaken and the significant demand for our services
- The continued shift to our services-led model
- Addressing the small remaining number of underperforming businesses in our portfolio
- Delivering on the IT and property savings previously announced:
    - **Annualised property savings** of $15 million to $20 million by the end of 2025, with benefits accruing from 2024. EBIT will benefit by $10 million to $15 million per year
    - **IT cost savings** of $10 million to $15 million from licence rationalisation and other efficiency measures, with material benefit accruing from 2024 onwards

BUSINESS REVIEWS
CONSULTING

Our Consulting business provides technical consulting, digital consulting, energy asset and technology solutions. It also provides a range of decarbonisation solutions and opens opportunities across our other business units.

Financial review

	HY23 $m	HY22 Restated[1] $m	*Movement %*	*At constant currency %*
Revenue	**356**	312	*13.9%*	*17.3%*
Adjusted EBITDA[2]	**38**	40	*(5.6)%*	*(3.3)%*
Adjusted EBITDA margin	***10.6%***	*12.8%*	*(2.2)ppts*	*(2.3)ppts*
Adjusted EBIT	**28**	27	*3.0%*	
Adjusted EBIT margin	***7.8%***	*8.7%*	*(0.9)ppts*	
Order book	**584**	554	*5.4%*	*8.1%*
Headcount	**3,938**	3,637	*8.3%*	

1. Restated to include the Built Environment Consulting Saudi Arabia business, see note on page 4.
2. Adjusted EBITDA includes $nil from JVs (HY22: $nil). Revenue does not include any contribution from JVs.

Revenue of $356 million was 14% higher than last year, with growth led by technical consulting across energy and continued growth in digital consulting. We continue to see high growth across hydrogen and carbon capture.

Adjusted EBITDA of $38 million was 6% lower than last year and 3% lower on a constant currency basis, reflecting the revenue growth offset by a lower margin. This lower margin of 10.6% partly reflects the exit of high-margin work in Russia in 2022, as well as the opex investments we have made to secure future growth. In addition to this, the performance of our energy assets development business within Consulting is weighted to the second half in 2023.

The order book at 30 June 2023 was $584 million, up 5% on last year and up 8% at constant currency.

Operational review

Following the sale of the Built Environment business, the business unit completed an internal restructure in the period to better align with the growth trends across technical consulting, digital consulting and decarbonisation.

Business growth was led by energy, with solutions addressing both energy security and energy transition, as well as growth across digital consulting. Encouragingly, we continue to see significant increases in demand for our consulting offering across hydrogen, carbon capture and other decarbonisation activities. Key awards in the period across Consulting included:

- Digital consulting services for National Grid in the UK
- Supporting Chevron Renewable Energy Group's Biorefinery
- Feasibility, FEED and supply of Coking Technology for a SOCAR refinery expansion

Sustainable solutions revenue was c.$90 million, up 21% and representing around 24% of Consulting revenue.

Outlook for 2023

We expect to see continued revenue growth in the second half and a stronger margin, helped by the performance of the energy assets development business.

PROJECTS

Our Projects business mainly provides complex engineering design and project management across energy and materials markets including oil and gas, chemicals, metals and minerals and life sciences.

Financial review

	HY23 $m	HY22 $m	*Movement %*	*At constant currency %*
Revenue[1]	**1,245**	990	*25.8%*	*29.6%*
Adjusted EBITDA[2]	**92**	81	*12.6%*	*21.6%*
Adjusted EBITDA margin	***7.4%***	*8.2%*	*(0.8)ppts*	*(0.4)ppts*
Adjusted EBIT	**47**	35	*36.5%*	
Adjusted EBIT margin	***3.8%***	*3.5%*	*0.3ppts*	
Order book	**2,131**	2,128	*0.1%*	*2.4%*
Headcount	**14,138**	13,097	*7.9%*	

1. Pass-through revenue, which generates only a small or nil margin, increased from c.$90 million in HY22 to c.$220 million in HY23.
2. Adjusted EBITDA includes $2 million from JVs (HY22: $2 million). Revenue does not include any contribution from JVs.

Revenue of $1,245 million was 26% higher than last year, and 30% higher on a constant currency basis, with strong growth across oil and gas and chemicals offsetting the run-down of our LSTK activities. Around half of the revenue growth came from the increase in pass-through revenue from higher activity on certain contracts. Revenue growth also reflects the recovery in the business, especially compared to a weak first half in 2022.

Adjusted EBITDA of $92 million was 13% higher than last year, and 22% higher on a constant currency basis. This reflected the revenue increase combined with a lower margin, which decreased to 7.4%. The main driver for this lower margin was the increased low-margin pass-through revenue, combined with higher operating expenses as we invest for growth. The margin also benefited from the gradual roll-off of our LSTK portfolio.

In addition to these headline results, a $20 million exceptional charge was taken in relation to the impairment of a receivable from one large EPC Power and Industrial contract, see details in the Financial Review.

The order book at 30 June 2023 was $2,131 million, flat on last year and up 2% at constant currency.

Operational review

The strategic move away from large lump sum work is now mostly complete. The business continues to make excellent progress in growing across our services-led business model including expanding our presence across metals and minerals, and life sciences.

Business growth was balanced across both energy and materials market. Key awards in the period included:

- Large engineering services contract with Euro Manganese for sustainable mineral processing
- Significant life sciences engineering contract in the USA with GSK worth c.$50 million

Sustainable solutions revenue was c.$350 million, up 16% and representing c.30% of Projects revenue.

Outlook for 2023

We continue to expect strong growth for the year, though growth in the second half is expected to be at a significantly lower level, mainly reflecting the strong comparator in 2022. Revenue growth will also be subject to the level of low margin pass-through activity. The adjusted EBITDA margin is expected to be broadly similar in the second half.

OPERATIONS

Our Operations business manages and optimises our customers' assets including decarbonisation, maintenance, modifications, brownfield engineering, and asset management through to decommissioning.

Financial review

	HY23 $m	HY22 $m	*Movement %*	*At constant currency %*
Revenue[1,2]	**1,244**	1,177	*5.7%*	*9.2%*
Adjusted EBITDA[3]	**77**	76	*1.0%*	*2.8%*
Adjusted EBITDA margin	***6.2%***	*6.4%*	*(0.2)ppts*	*(0.3)ppts*
Adjusted EBIT	**49**	48	*3.4%*	
Adjusted EBIT margin	***3.9%***	*4.0%*	*(0.1)ppts*	
Order book	**3,129**	3,584	*(12.7)%*	*(10.2)%*
Headcount	**15,135**	15,836	*(4.4)%*	

1. Pass-through revenue, which generates only a small or nil margin, increased from c.$250 million in HY22 to c.$280 million in HY23.
2. Includes the results of the Gulf of Mexico labour operations business that was sold in March 2022. In HY23, this business contributed $21 million of revenue (HY22: $49 million) and $2 million of adjusted EBITDA (HY22: $2 million).
3. Adjusted EBITDA includes $6 million from JVs (HY22: $7 million). Revenue does not include any contribution from JVs.

Revenue of $1,244 million was 6% higher than last year, and 9% higher at constant currency. This reflects continued increases in activity levels in oil and gas across our geographies. Revenue growth also includes an increased level of pass-through revenue and the impact of the sale of the Gulf of Mexico labour operations business in the period.

Adjusted EBITDA of $77 million was 1% higher than last year, and 3% higher at constant currency, reflecting the revenue growth and a reduction in margin to 6.2%. This lower margin mainly reflects the increased pass-through revenue.

The order book at 30 June 2023 was $3,129 million, 13% lower than last year. Excluding the Gulf of Mexico offshore labour operations business, the order book was down 7% at constant currency, reflecting the phasing of large multi-year awards.

Operational review

The Operations business continued to benefit from higher activity levels across geographies. Key awards in the period included:

- c.$250 million contract extension in SE Asia for operations and brownfield engineering services
- Renewal of brownfield engineering contract with BP in Iraq
- Brownfield EPCm contract with Woodside in Australia

Sustainable solutions revenue was c.$140 million, up 29% and representing around 11% of Operations revenue.

Outlook for 2023

We expect continued growth in the second half of the year combined with an improved margin, driven by lower pass-through revenue and good operational performance.

INVESTMENT SERVICES

Our Investment Services business unit manages a number of legacy activities and includes our Turbines joint ventures. The most notable areas are activities in industrial power and heavy civil engineering.

Financial review

	HY23 $m	HY22 $m	*Movement %*	*At constant currency %*
Revenue	**141**	91	*54.2%*	*54.9%*
Adjusted EBITDA[1]	**26**	27	*(2.6)%*	*(3.2)%*
Adjusted EBITDA margin	***18.5%***	*29.3%*	*(10.8)ppts*	*(11.1)ppts*
Adjusted EBIT	**15**	24	*(37.2)%*	
Adjusted EBIT margin	***10.7%***	*26.2%*	*(15.5)ppts*	
Order book	**148**	157	*(6.1)%*	*(6.1)%*
Headcount	**845**	500	*69.0%*	

1. Includes results from our two Turbines joint ventures. Adjusted EBITDA from these JVs was $25 million in HY23 and $18 million in HY22. Revenue does not include any contribution from JVs.

Revenue of $141 million was 54% higher than last year, and 55% higher at constant currency. This growth primarily reflects strong activity growth in our heavy civils business and the transfer of a facilities business into Investment Services in 2023 from Projects.

Adjusted EBITDA of $26 million almost entirely represents the share of results from our Turbines joint ventures of $25 million, up significantly on last year with a strong performance across both Ethos and RWG. Excluding these Turbine JVs, adjusted EBITDA was down significantly due to contract provisions taken.

The order book at 30 June 2023 was $148 million, down 6% on last year.

Outlook for 2023

As is typical, performance in our Turbines joint ventures is weighted to the second half of the year.

CENTRAL COSTS

	HY23 $m	HY22 $m	*Movement %*	*At constant currency %*
Adjusted EBITDA	**(31)**	(38)	*(19.8)%*	*(15.4)%*
Adjusted EBIT	**(50)**	(51)	*(2.7)%*	

Central costs, not allocated to business units, decreased to $31 million, partly reflecting the benefits of our cost reduction programme in 2022.

Outlook for 2023

We expect central costs included within adjusted EBITDA for FY23 to be higher than the level in FY22 ($74 million) due in part to inflationary pressures on salaries and costs. The phasing between the first and second half includes the phasing of bonus and share-based payments charges.

FINANCIAL REVIEW

Trading performance

Trading performance is presented on the basis used by management to run the business with adjusted EBITDA including the contribution from joint ventures. A reconciliation of operating profit to adjusted EBITDA is included in note 2 to the financial statements. A calculation of adjusted diluted EPS is shown on page 42.

	HY23 $m	HY22 (restated) $m	FY22 (restated) $m
Continuing operations			
Revenue (pre-exceptionals)	**2,986.2**	2,570.7	5,469.3
Adjusted EBITDA[1]	**201.7**	185.8	388.2
Adjusted EBITDA margin %	***6.8%***	*7.2%*	*7.1%*
Depreciation (PPE)	**(15.1)**	(14.2)	(29.3)
Depreciation on right of use asset (IFRS 16)	**(44.8)**	(43.6)	(90.5)
Impairment of joint venture investments and property, plant and equipment	**(0.4)**	(0.4)	(2.4)
Amortisation - software and system development	**(52.0)**	(45.7)	(89.0)
Adjusted EBIT	**89.4**	81.9	177.0
Amortisation – intangible assets from acquisitions	**(27.2)**	(35.0)	(64.4)
Tax and interest charges on joint ventures	**(8.3)**	(5.2)	(14.3)
Exceptional items	**(31.1)**	(11.0)	(121.2)
Impairment of goodwill and intangible assets	**-**	-	(542.3)
Operating profit/(loss)	**22.8**	30.7	(565.2)
Net finance expense	**(40.3)**	(53.7)	(109.8)
Interest charge on lease liability	**(8.5)**	(7.5)	(16.4)
Loss before taxation from continuing operations	**(26.0)**	(30.5)	(691.4)
Tax (charge)/credit	**(30.4)**	32.0	(10.9)
(Loss)/profit for the period from continuing operations	**(56.4)**	1.5	(702.3)
Profit from discontinued operations, net of tax	**29.4**	87.4	350.6
(Loss)/profit for the period	**(27.0)**	88.9	(351.7)
Non-controlling interest	**(2.3)**	(0.4)	(4.6)
(Loss)/profit attributable to owners of parent	**(29.3)**	88.5	(356.3)
Number of shares (basic)	**684.9**	678.8	680.4
Basic (loss)/earnings per share (cents)	**(4.3)**	13.0	(52.4)

In the table above depreciation and amortisation include the contribution from joint ventures. The comparative information has been restated due to the reclassification of Built Environment Consulting Saudi Arabia from discontinued into continuing operations. This relates to the sale of a subsidiary, previously classified as held for sale, which did not complete during the first half of 2023 and will now be retained by the Group. The revenue of this business for the period to 30 June 2022 was $9.8 million (December 2022: $27.1 million) and Adjusted EBITDA was $1.0 million (December 2022: $3.1 million).

Revenue for periods to June 2022 and December 2022 includes an exceptional item of $(8.0) million related to contract losses in respect of the closure of the Power and Industrials EPC business. Revenue (pre-exceptional items) is an APM that is used throughout this Report as the Group believes it provides a more useful measure of performance. There are no exceptional revenue items during the first half of 2023.

During the period, Adjusted EBITDA increased by $15.9 million to $201.7 million primarily due to increased activity levels. Adjusted EBITDA margin decreased from 7.2% to 6.8% due in part to increased low margin pass-through revenue in Projects. Operating profit of $22.8 million (June 2022: $30.7 million) has reduced mainly due to higher exceptional items of $31.1 million (June 2022: $11.0 million). The $29.4 million profit from discontinued operations, net of tax includes the final proceeds from the Built Environment Consulting business following agreement of the completion balance sheet between the Group and WSP. The increase in the tax charge to $30.4 million (June 2022: $32.0 million credit) is primarily driven by actuarial movements in the UK pension scheme and largely explains the loss for the period of $27.0 million, compared with a profit of $88.9 million in the period to 30 June 2022.

The review of our trading performance is contained on pages 5 to 7.

Reconciliation of Adjusted EBIT to Adjusted diluted EPS

	HY23	HY22	FY22
		(restated)	(restated)
	$m	$m	$m
Adjusted EBIT	**89.4**	81.9	177.0
Tax and interest charges on joint ventures	**(8.3)**	(5.2)	(14.3)
Adjusted net finance expense	**(34.8)**	(50.9)	(103.9)
Interest charge on lease liability	**(8.5)**	(7.5)	(16.4)
Adjusted profit before tax	**37.8**	18.3	42.4
Adjusted tax charge	**(28.3)**	(34.0)	(59.2)
Adjusted profit from discontinued operations, net of tax	**-**	56.5	60.2
Adjusted profit for the period	**9.5**	40.8	43.4
Non-controlling interest	**(2.3)**	(0.4)	(4.6)
Adjusted earnings	**7.2**	40.4	38.8
Number of shares (m) – diluted	**684.9**	706.1	680.4
Adjusted diluted EPS (cents)[2]	**1.1**	5.7	5.7

See notes on page 24

Reconciliation to GAAP measures

	HY23	HY22	FY22
		(restated)	(restated)
	$m	$m	$m
Loss before tax from continuing operations	**(26.0)**	(30.5)	(691.4)
Impairment of goodwill and intangible assets	**-**	-	542.3
Exceptional items	**31.1**	11.0	121.2
Exceptional items – net finance expense	**5.5**	2.8	5.9
Amortisation - intangible assets from acquisitions	**27.2**	35.0	64.4
Adjusted profit before tax	**37.8**	18.3	42.4
Tax charge/(credit)	**30.4**	(32.0)	10.9
Tax in relation to acquisition amortisation	**2.5**	1.8	11.9
Tax on exceptional items	**(4.6)**	64.2	36.4
Adjusted tax charge	**28.3**	34.0	59.2
Profit from discontinued operations, net of tax	**29.4**	87.4	350.6
Discontinued operations, gain on disposal	**(29.4)**	-	(297.1)
Discontinued items, exceptional items	**-**	(30.9)	6.7
Adjusted profit from discontinued operations, net of tax	**-**	56.5	60.2

The reconciliation from Adjusted EBIT of $89.4 million (June 2022: $81.9 million) to Adjusted earnings of $7.2 million (June 2022: $40.4 million) has been provided to show a clear reconciliation to Adjusted diluted EPS, which is a key performance measure of the Group. The reconciliation to GAAP measures highlights that the adjusted

measures remove exceptional items, including impairment charges against goodwill and intangible assets, the exceptional items on discontinued operations and the associated tax charges on the basis that these are disclosed separately due to their size and nature to enable a full understanding of the Group's performance. Please refer to commentary on exceptional items and associated tax charges on pages 15 and 16. In addition, amortisation on intangible assets from acquisitions and the associated tax credit has been excluded to allow a more useful comparison to Wood's peer group.

Amortisation, depreciation and other impairments for continuing operations

Total amortisation for the first half of 2023 of $79.2 million (June 2022: $80.7 million) includes $27.2 million of amortisation of intangibles recognised on the acquisition of Amec Foster Wheeler ("AFW") (June 2022: $35.0 million). Amortisation in respect of software and development costs was $52.0 million (June 2022: $45.7 million) and this largely relates to engineering software and ERP system development. Included in the amortisation charge for the year is $0.7 million (June 2022: $0.8 million) in respect of joint ventures.

The total depreciation charge in the first half of 2023 amounted to $59.9 million (June 2022: $57.8 million) and includes depreciation on right of use assets of $44.8 million (June 2022: $43.6 million). Included in the depreciation charge for the period is $5.4 million (June 2022: $5.5 million) in respect of joint ventures.

Net finance expense and debt

	HY23 $m	HY22 $m	FY22 $m
Interest on bank borrowings	**27.5**	22.9	47.2
Interest on US Private Placement debt	**8.2**	26.1	40.3
Discounting relating to asbestos, deferred consideration and other liabilities	**6.9**	3.6	6.8
Other interest, fees and charges	**11.0**	4.0	22.4
Total finance expense excluding joint ventures and interest charge on lease liability	**53.6**	56.6	116.7
Finance income relating to defined benefit pension schemes	**(9.7)**	(0.4)	(2.4)
Other finance income	**(3.6)**	(2.5)	(4.5)
Net finance expense	**40.3**	53.7	109.8
Interest charge on lease liability	**8.5**	7.5	16.4
Net finance charges in respect of joint ventures	**3.5**	2.1	4.4
Net finance expense including joint ventures, continuing Group	**52.3**	63.3	130.6

Interest on bank borrowings of $27.5 million (June 2022: $22.9 million) primarily relates to interest charged on borrowings under the $1.2 billion Revolving Credit Facility ('RCF') which matures in October 2026 and the United Kingdom Export Facility ('UKEF') term loan which is now expected to be repaid in September 2024. Despite the reduction in average net debt during the period, there was a $4.6 million increase in interest on bank borrowings. The increase in the interest expense is driven by higher interest rates due to a combination of higher margin and higher floating interest rates. The higher margin, which is driven by the net debt excluding leases to adjusted EBITDA (excluding leases) ratio, was in effect throughout the first quarter of the year until the year-end covenant certificate was submitted.

The interest charge on US Private Placement debt decreased by $17.9 million to $8.2 million primarily due to the total repayment of around $450 million to the USPP noteholders during the second half of 2022, which was comprised of the early settlement of notes following the disposal of the Built Environment Consulting business and the $35 million tranche which fell due in July 2022. The Group had $352.5 million (December 2022: $352.0 million) of unsecured loan notes outstanding at 30 June 2023, maturing between 2024 and 2031 with around 75% due in 2025 or later.

Other interest, fees and charges amount to $11.0 million (June 2022: $4.0 million) and principally relates to the interest on bank overdrafts and interest on the receivables factoring facilities totalling $9.1 million and amortisation of bank facility costs of $1.9 million (June 2022: $2.1 million). The increase in interest on other facilities is driven by an increase in floating rates.

In total, the Group had undrawn facilities of $1,040.1 million as at 30 June 2023, of which $899.1 million related to the revolving credit facility.

The Group recognised interest costs in relation to lease liabilities of $8.5 million (June 2022: $7.5 million) which relates to the unwinding of discount on the lease liability.

Included within the discounting balance of $6.9 million (June 2022: $3.6 million) is the unwinding of discount on the asbestos provision of $5.5 million (June 2022: $2.8 million).

Net debt excluding leases to adjusted EBITDA (excluding the impact of IFRS 16) at 30 June was 2.0 times on a covenant basis (December 2022: 1.3 times) against our covenants of 3.5 times. This is calculated pre IFRS 16 as our covenants are calculated on a frozen GAAP basis, see note 4 on page 23.

Interest cover (see note 5 on page 24) was 4.3 times on a covenant basis (December 2022: 4.2 times) against our covenant of 3.5 times.

Exceptional items

	HY23 $m	HY22 $m	FY22 $m
Power and Industrial EPC losses (revenue)	**-**	8.0	8.0
Power and Industrial EPC losses (cost of sales)	**1.2**	12.3	17.0
Impairment of Power and Industrial EPC receivables	**20.0**	-	-
Impairment of goodwill and intangible assets	**-**	-	542.3
Apollo related costs	**4.6**	-	-
Redundancy, restructuring and integration costs	**-**	15.3	30.1
Investigation support costs and provisions	**-**	(2.8)	(4.2)
Enterprise settlement	**-**	-	35.6
Asbestos yield curve and costs	**5.3**	(21.8)	21.5
Russia exit costs and charges	**-**	-	13.2
Exceptional items included in continuing operations, before interest and tax	**31.1**	11.0	663.5
Unwinding of discount on asbestos provision	**5.5**	2.8	5.9
Tax (credit)/charge in relation to exceptional items	**(5.2)**	(4.6)	5.2
Release of uncertain tax provision	**(7.4)**	-	-
Recognition of deferred tax assets due to UK pension actuarial movements	**17.2**	(59.6)	(41.6)
Exceptional items included in continuing operations, net of interest and tax	**41.2**	(50.4)	633.0

Exceptional items are those significant items which are separately disclosed by virtue of their size or incidence to enable a full understanding of the Group's financial performance.

Power and Industrial EPC losses

Additional costs on a fixed price EPC contract of $1.2 million were recorded as an exceptional charge through cost of sales on the basis that the Group no longer operates within this sector. This follows previous write downs made during 2022 following the strategic decision to exit this market.

Impairment of Power and Industrial EPC receivables

The non-cash charge of $20.0 million relates to a write down of receivable balances arising from a fixed price contract in the Power and Industrial EPC business. The Group had expected to recover these balances but these have since been disputed by the client and will likely progress to a legal or commercial negotiation. By virtue of its size and nature of these projects being within a sector that the Group no longer operates, this was recorded as an exceptional charge through impairment losses on trade receivables in the income statement.

Apollo related costs

During the period to 30 June 2023, $4.6 million was incurred in relation to legal and advisor costs incurred in relation to Apollo's preliminary approach to potentially acquire the ordinary share capital of the Group, which did not ultimately lead to an offer.

Asbestos

All asbestos costs have been treated as exceptional on the basis that movements in the provision are non-trading and can be large and driven by market conditions which are out with the Group's control. Excluding these charges from the trading results improves the understandability of the underlying trading performance of the Group.

The charge before interest and tax of $5.3 million (June 2022: $21.8 million credit) in 2023 comprises of a $2.0 million yield curve charge (June 2022: $23.8 million credit) and $3.3 million (June 2022: $2.0 million) of costs in relation to managing the claims. The 30-year US Treasury rate has decreased to 3.85% from 3.97% at the end of December 2022, and led to the income statement charge.

$5.5 million of interest costs which relate to the unwinding of discount on the asbestos provision over time are shown as exceptional (June 2022: $2.8 million).

Tax

An exceptional tax charge of $4.6 million (June 2022: $64.2 million credit) has been recorded during the period. It consists of a $5.2 million tax credit on exceptional items (June 2022: $4.6 million credit), a $7.4 million credit in relation to the release of an uncertain tax provision created through exceptional items on the disposal of the Well Support business in 2011, offset by an exceptional charge of $17.2 million recognised due to the actuarial loss in relation to the UK defined benefit pension scheme. As deferred tax liabilities support the recognition of deferred tax assets, the reduction of $17.2 million of deferred tax assets has been charged through exceptional items based on its size.

Taxation

The effective tax rate on profit before tax, exceptional items and amortisation and including Wood's share of joint venture profit on a proportionally consolidated basis is set out below, together with a reconciliation to the tax charge in the income statement.

	HY23	HY22 (restated)	FY22 (restated)
	$m	$m	$m
Loss from continuing operations before tax	**(26.0)**	(30.5)	(691.4)
Profit from discontinued operations, net of tax and before exceptional items	**-**	56.5	60.2
Tax charge in relation to joint ventures	**4.8**	3.1	9.9
Amortisation (note 11)	**78.5**	79.9	151.9
Exceptional items (continuing operations)	**36.6**	13.8	669.4
Tax charge in relation to discontinued operations	**-**	6.5	7.9
Profit before tax, exceptional items and amortisation	**93.9**	129.3	207.9
Effective tax rate on continuing operations (excluding tax on exceptional items and amortisation)	**36.00%**	33.70%	36.84%
Tax charge (excluding tax on exceptional items and amortisation)	**33.8**	43.6	76.6
Tax charge in relation to joint ventures	**(4.8)**	(3.1)	(9.9)
Tax (credit)/charge in relation to exceptional items (continuing operations)	**(12.6)**	(4.6)	5.2
Derecognition/(recognition) of deferred tax assets due to UK pension actuarial movements	**17.2**	(59.6)	(41.6)
Tax credit in relation to amortisation	**(3.2)**	(1.8)	(11.5)
Tax charge on discontinued operations	**-**	(6.5)	(7.9)
Tax charge/(credit) from continuing operations per the income statement	**30.4**	(32.0)	10.9

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 2023 are withholding taxes suffered on which full double tax relief is not available, controlled foreign company charges and the impact of the accounting expense for share based payments being in excess of the tax deduction, less the release of uncertain tax provisions reflecting the positive outcomes in relation to specific risks.

We anticipate that the tax rate on profit before exceptional items and amortisation will be 34% to 36% going forward reflecting the tax rates of the countries the Group operates in along with the withholding taxes in excess of double tax relief. There are factors that would impact on this on an annual basis such as changes in deferred tax asset recognition and uncertain tax provisions.

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 ongoing trading profits. The income statement tax charge excludes tax in relation to joint ventures. The increase in the tax charge for the first half of 2023 when compared to June 2022 is largely a result of the exceptional tax charge of $17.2 million (June 2022: $59.6 million credit) on deferred tax assets as a result of actuarial movements on the UK pension scheme.

Earnings per share

The calculation of basic earnings per share is based on the earnings attributable to owners of the parent divided by the weighted average number of ordinary shares in issue during the year excluding shares held by the Group's employee share trusts. For the calculation of adjusted diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of dilutive potential ordinary shares, only when there is a profit per share. Adjusted diluted earnings per share is disclosed to show the results excluding the impact of exceptional items and amortisation related to acquisitions, net of tax.

For the period ended 30 June 2023, the Group reported a basic loss (December 2022: loss) per ordinary share, therefore the effect of dilutive ordinary shares are excluded (December 2022: excluded) in the calculation of diluted earnings per share. Where profits have been made when disaggregating discontinued and continuing operations, the calculation of diluted earnings per share was performed on the same basis as the whole Group.

	HY23			HY22			FY22		
	Continuing operations	**Dis-continued operations**	**Total**	Continuing operations (restated)	Discontinued operations (restated)	Total	Continuing operations (restated)	Discontinued operations (restated)	Total
	$m	**$m**	**$m**	$m	$m	$m	$m	$m	$m
(Losses)/earnings attributable to equity shareholders (basic pre-exceptional)	**(17.5)**	**-**	**(17.5)**	(49.3)	56.5	7.2	(73.9)	60.2	(13.7)
Exceptional items, net of tax	**(41.2)**	**29.4**	**(11.8)**	50.4	30.9	81.3	(633.0)	290.4	(342.6)
(Losses)/earnings attributable to equity shareholders (basic)	**(58.7)**	**29.4**	**(29.3)**	1.1	87.4	88.5	(706.9)	350.6	(356.3)
Number of shares (basic)	**684.9**	**684.9**	**684.9**	678.8	678.8	678.8	680.4	680.4	680.4
Number of shares (diluted)	**684.9**	**684.9**	**684.9**	706.1	706.1	706.1	680.4	680.4	680.4
Basic (losses)/earnings per share (cents)	**(8.6)**	**4.3**	**(4.3)**	0.0	13.0	13.0	(103.9)	51.5	(52.4)
Diluted (losses)/earnings per share (cents)	**(8.6)**	**4.3**	**(4.3)**	0.0	12.5	12.5	(103.9)	51.5	(52.4)
(Losses)/earnings attributable to equity shareholders (diluted)	**(58.7)**	**29.4**	**(29.3)**	1.1	87.4	88.5	(706.9)	350.6	(356.3)
Exceptional items, net of tax	**41.2**	**(29.4)**	**11.8**	(50.4)	(30.9)	(81.3)	633.0	(290.4)	342.6
Amortisation of intangibles on acquisition, net of tax	**24.7**	**-**	**24.7**	33.2	-	33.2	52.5	-	52.5
Earnings/(losses) attributable to equity shareholders (adjusted diluted)	**7.2**	**-**	**7.2**	(16.1)	56.5	40.4	(21.4)	60.2	38.8
Earnings/(losses) attributable to equity shareholders (adjusted basic)	**7.2**	**-**	**7.2**	(16.1)	56.5	40.4	(21.4)	60.2	38.8
Number of shares (diluted)	**684.9**	**684.9**	**684.9**	706.1	706.1	706.1	680.4	680.4	680.4
Number of shares (basic)	**684.9**	**684.9**	**684.9**	678.8	678.8	678.8	680.4	680.4	680.4
Adjusted diluted (cents)	**1.1**	**-**	**1.1**	(2.3)	8.0	5.7	(3.1)	8.8	5.7
Adjusted basic (cents)	**1.1**	**-**	**1.1**	(2.4)	8.4	6.0	(3.1)	8.8	5.7

Basic loss per share for the year was (4.3) cents (June 2022: earnings 13.0 cents). The reduction in earnings per share is driven by the increase in exceptional items, the higher tax charge in the period and the reduction in profit from discontinued operations, net of tax to $29.4 million as a result of the disposal completing during the second half of 2022.

Capital allocation

Our capital allocation policy remains unchanged and starts with having a strong balance sheet. We look to manage our target leverage over the medium term within a range of around 0.5 to 1.5 times net debt (excluding leases) to adjusted EBITDA (pre-IFRS 16). Beyond this, we consider how best to create value for our shareholders from dividends, share buybacks or attractive acquisitions.

Given the free cash outflow in the period, the Board decided not to recommend any dividends in relation to the period.

Cash flow and net debt

The cash flow for the year is set out below and includes both continuing and discontinued operations:

	Excluding leases HY23 $m	**Impact of Leases HY23 $m**	**Total HY23 $m**	Excluding leases HY22 $m	Impact of Leases HY22 $m	Total HY22 $m	Total FY22 $m
Adjusted EBITDA	**151.3**	**50.4**	**201.7**	**189.5**	**60.5**	**250.0**	**458.0**
Less JV EBITDA	(25.2)	(3.6)	(28.8)	(19.5)	(2.9)	(22.4)	(58.5)
JV Dividends	8.0	-	8.0	15.6	-	15.6	30.1
Adjusted decrease in provisions (note 6)	(11.9)	-	(11.9)	(73.7)	-	(73.7)	(43.7)
Other	10.8	-	10.8	14.6	1.2	15.8	28.1
Cash flow generated from operations pre working capital	**133.0**	**46.8**	**179.8**	**126.5**	**58.8**	**185.3**	**414.0**
Increase in receivables	(164.4)	-	(164.4)	(31.7)	-	(31.7)	(97.5)
Adjusted increase/(decrease) in payables	68.7	-	68.7	(169.6)	-	(169.6)	(267.6)
Decrease/(increase) in inventory	1.9	-	1.9	(6.9)	-	(6.9)	(1.6)
Adjusted working capital movements	**(93.8)**	**-**	**(93.8)**	**(208.2)**	**-**	**(208.2)**	**(366.7)**
Adjusted cash generated /(outflow) from operations (note 6)	**39.2**	**46.8**	**86.0**	**(81.7)**	**58.8**	**(22.9)**	**47.3**
Purchase of property, plant and equipment	(9.2)	-	(9.2)	(9.5)	-	(9.5)	(27.6)
Proceeds from sale of property, plant and equipment	1.4	-	1.4	1.4	-	1.4	7.1
Purchase of intangible assets	(68.0)	-	(68.0)	(49.1)	-	(49.1)	(109.2)
Interest received	3.6	-	3.6	2.5	-	2.5	4.5
Interest paid	(44.8)	-	(44.8)	(53.3)	-	(53.3)	(98.1)
Adjusted tax paid	(43.0)	-	(43.0)	(29.2)	-	(29.2)	(81.9)
Non-cash movement in leases	-	(27.7)	(27.7)	-	(40.7)	(40.7)	(14.7)
Other	0.2	-	0.2	(30.2)	-	(30.2)	(20.4)
Free cash flow (excluding exceptionals)	**(120.6)**	**19.1**	**(101.5)**	**(249.1)**	**18.1**	**(231.0)**	**(293.0)**
Cash exceptionals	(98.7)	5.6	(93.1)	(102.4)	8.0	(94.4)	(304.2)
Free cash flow	**(219.3)**	**24.7**	**(194.6)**	**(351.5)**	**26.1**	**(325.4)**	**(597.2)**
FX movements on cash and debt facilities	(21.9)	(7.5)	(29.4)	(11.8)	24.1	12.3	(25.5)
Divestments	(19.8)	-	(19.8)	-	-	-	1,729.4
(Increase)/decrease in net debt	**(261.0)**	**17.2**	**(243.8)**	**(363.3)**	**50.2**	**(313.1)**	**1,106.7**
Opening net debt	**(393.2)**	**(342.9)**	**(736.1)**	**(1,393.0)**	**(449.8)**	**(1,842.8)**	**(1,842.8)**
Closing net debt	**(654.2)**	**(325.7)**	**(979.9)**	**(1,756.3)**	**(399.6)**	**(2,155.9)**	**(736.1)**

Closing net debt at 30 June 2023 including leases was $979.9 million (December 2022: $736.1 million). Included within closing net debt is the IFRS 16 lease liability which is the net present value of the lease payments that are not paid at the commencement date of the lease and subsequently increased by the interest cost and reduced by the lease payment made. The lease liability as at 30 June 2023 was $325.7 million (December 2022: $342.9 million). All covenants on the debt facilities are measured on a pre-IFRS 16 basis.

Closing net debt excluding leases as at 30 June 2023 was $654.2 million (December 2022: $393.2 million). The monthly average net debt excluding leases in H1 2023 was $820.9 million (December 2022: $1,489.1 million). The cash balance and undrawn portion of the Group's committed banking facilities can fluctuate throughout

the year. Around the covenant remeasurement dates of 30 June and 31 December the Group's net debt excluding leases is typically lower than the monthly averages due mainly to a strong focus on collection of receipts from customers.

Cash generated from operations pre-working capital reduced by $5.5 million to $179.8 million from $185.3 million in the period to June 2022. The movement in provisions in 2023 includes utilisations of the provision of around $15 million partially offset by the net non-cash charge to EBITDA compared to a credit in 2022. The net non-cash charge of around $3 million in 2023 is driven by the Group recognising some additional project related provisions. The other movement of $10.8 million (June 2022: $15.8 million) is principally comprised of non-cash movements through EBITDA including share-based charges of $9.8 million (June 2022: $8.5 million), FX movements of $2.8 million (June 2022: $6.3 million), partially offset by a gain on disposal of the Gulf of Mexico business of $1.9 million.

There was a working capital outflow of $93.8 million (June 2022: $208.2 million). The outflow in receivables of $164.4 million was driven by an increase to revenue in the first half of 2023 and higher closing DSO. The adverse movement in receivables was partially offset by an inflow in the year due to payables of $68.7 million. The payables inflow is driven by increasing activity levels during 2023 following the normalisation of payables in December 2022.

The Group has receivables financing facilities totalling $200.0 million. The amount utilised at 30 June 2023 was $200.0 million (June 2022: $198.4 million, December 2022: $200.0 million). The facilities are non-recourse to the Group and are not included in our net debt.

Cash exceptionals of $93.1 million are broadly in line with the first half of 2022 and mainly relates to the settlement of known legal claims and asbestos payments, including the historic SFO investigation payments of around $38 million which were provided for in FY20 and asbestos payments of around $28 million. The remaining cash exceptional mainly relates to the legacy Aegis contract of $15 million and other legacy contracts of around $10 million.

The free cash outflow of $194.6 million (June 2022: $325.4 million) has reduced by $130.8 million, largely due to the $108.9 million improvement in adjusted cash generated from operations. The remaining movement of $21.9 million in free cash flow is mainly explained by:

- Other net debt movements reduced by $30.4 million to a $0.2 million inflow mainly due to movements on prepaid debt fees and accrued interest charges totalling $0.2 million (June 2022: $30.0 million).
- An increase of $18.9 million related to the purchase of intangible assets, including software and investment in ERP improvements throughout the Group.
- An increase in tax payments during 2023 of $13.8 million which was mainly due to the settlement of various withholding tax liabilities and uncertain tax provisions ("UTPs"), which had been provided for in previous periods.
- A reduction in cash interest paid of $8.5 million due to lower average net debt during the period.
- A reduction in the non-cash movement in leases totalling $13.0 million due to continued rationalisation of the lease portfolio.

Net cash from divestments of $19.8 million includes final proceeds from the disposal of the Built Environment Consulting ($23 million) and proceeds from the sale of the Gulf of Mexico business ($17 million). These are offset by taxes paid on the Built Environment Consulting disposal.

Cash conversion, calculated as cash generated from operations as a percentage of adjusted EBITDA (less JV EBITDA) increased to 49.7% (June 2022: -10.1%, December 2022: 11.8%) primarily due improved working capital performance.

Summary balance sheet

	HY23 **$m**	HY22 $m	FY22 $m
Goodwill and intangible assets	**4,356.7**	4,905.7	4,309.1
Right of use assets	**258.4**	282.0	276.0
Other non-current assets	**890.3**	1,047.1	918.0
Trade and other receivables	**1,699.6**	1,490.2	1,545.0
Net held for sale assets and liabilities (excluding cash)	**-**	1,099.3	0.4
Trade and other payables	**(1,797.6)**	(1,630.2)	(1,687.6)
Net debt excluding leases	**(654.2)**	(1,756.3)	(393.2)
Lease liabilities	**(325.7)**	(339.5)	(342.9)
Asbestos related litigation	**(302.2)**	(302.7)	(311.4)
Provisions	**(129.2)**	(225.0)	(148.3)
Other net liabilities	**(295.1)**	(383.0)	(435.6)
Net assets	**3,701.0**	4,187.6	3,729.5
Net current (liabilities) / assets	**(111.7)**	801.2	(235.0)

At 30 June 2023, the Group had net current liabilities of $111.7 million (June 2022: $801.2 million assets). The net current asset position in June 2022 was impacted by the classification of the total assets and liabilities of the Built Environment Consulting business to held for sale. Following the sale, the proceeds received have been used to repay long term debt.

Goodwill and intangible assets include $2,514.5 million (December 2022: $2,523.5 million) of goodwill and intangibles relating to the acquisition of Amec Foster Wheeler. The reduction of $9.0 million is principally related to the amortisation charge of $27.2 million offset by FX movements of $18.2 million.

Right of use assets and lease liabilities amount to $258.4 million (December 2022: $276.0 million) and $325.7 million (December 2022: $342.9 million) respectively.

Trade and other receivables increased to $1,699.6 million partially reflecting the increased revenues in H1'23 compared with H1'22 and higher DSO. Trade and other payables increased to $1,797.6 million reflecting the increasing activity levels and follows the normalisation of the balance as at December 2022.

Largely as a result of the acquisition of AFW, 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 1970s or earlier. The overwhelming majority of claims that have been made and are expected to be made are in the USA. The asbestos related litigation provision amounts to $302.2 million (December 2022: $311.4 million).

The net asbestos liability at 30 June 2023 amounted to $317.3m (December 2022: $335.4m) and comprised $302.2m in provisions (December 2022: $311.4m) and $49.6m in trade and other payables (December 2022: $59.5m) less $25.5m in long term receivables (December 2022: $24.4m) and $9.0m in trade and other receivables (December 2022: $11.1m).

The Group expects to have net cash outflows of around $38 million as a result of asbestos liability indemnity and defence payments in excess of insurance proceeds during 2023. 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.

Other provisions as at June 2023 were $129.2 million (December 2022: $148.3 million) and comprise of project related provisions of $57.3 million (December 2022: $63.3 million), insurance provisions of $43.0 million (December 2022: $46.2 million), property provisions of $26.7 million (December 2022: $26.0 million) and litigation related provisions of $2.2 million (December 2022: $12.8 million).

Full details of provisions are provided in note 12 to the Group financial statements.

Pensions

The Group operates a number of defined benefit pension schemes in the UK and US, alongside a number of defined contribution plans. At 30 June 2023, the UK defined benefit pension plan had a surplus of $393.1 million (December 2022: $432.4 million) and other schemes had deficits totalling $70.4 million (December 2022: $73.2 million).

The Group's largest pension scheme, the UK Pension Plan, has total scheme assets of $2,697.5 million (December 2022: $2,690.1 million) and pension scheme obligations of $2,304.4 million (December 2022: $2,257.7 million) and is therefore 117% (December 2022: 119%) funded on an IAS 19 basis. There was a reduction in scheme liabilities arising from a higher discount rate used in the actuarial assumptions, however this was offset by a larger foreign exchange movement.

In assessing the potential liabilities, judgement is required to determine the assumptions for inflation, discount rate and member longevity. The assumptions at 30 June 2023 showed an increase in the discount rate which results in lower scheme liabilities. However, this was outweighed by poor investment performance on scheme assets resulting in an overall decrease to the surplus compared to December 2022. Full details of pension assets and liabilities are provided in note 9 to the Group financial statements.

The UK defined benefit pension plan is estimated to have a surplus on a Technical Provisions basis at 31 March 2023, subject to finalisation of the scheme accounts during 2023 and consistent with the assumptions used at the last triennial actuarial valuation. The Group is currently working closely with the Trustee to agree a preferred direction regarding the future of the plan. Options being assessed include moving to a buy-in insured basis and eventual buy-out with a third party as soon as is reasonably practical, or to continue to run the WPP on for a limited number of years to potentially generate further surplus. Any surplus could benefit both the Group and pension members, ensuring that appropriate safeguards for both the funding position and members' interests are taken into account at all times.

Contingent liabilities

Details of the Group's contingent liabilities are set out in note 18 to the financial statements.

Divestments

The final proceeds from the disposal of the Built Environmental Consulting business were agreed during the first half of 2023 upon agreement of the completion balance sheet between the Group and WSP. This has resulted in an additional gain of $34.6 million, comprising largely of $23.1 million of cash proceeds being and the release of completion accruals, being recognised in discontinued operations.

Notes

1. A reconciliation of operating profit/(loss) to adjusted EBITDA is presented in table below and is a key unit of measurement used by the Group in the management of its business.

	HY23	HY22	FY22
		(restated)	(restated)
	$m	$m	$m
Operating profit/(loss) per income statement	**22.8**	30.7	(565.2)
Share of joint venture finance expense and tax	**8.3**	5.2	14.3
Exceptional items (note 4)	**31.1**	11.0	663.5
Amortisation (including joint ventures)	**79.2**	80.7	153.4
Depreciation (including joint ventures)	**15.1**	14.2	29.3
Depreciation of right of use assets	**44.8**	43.6	90.5
Impairment of PP&E and right of use assets	**0.4**	0.4	2.4
Adjusted EBITDA (continuing operations)	**201.7**	185.8	388.2
Discontinued operation			
Operating profit (discontinued)	**-**	42.1	63.1
Exceptional items (note 6)	**-**	22.1	6.7
Adjusted EBITDA (discontinued operation)	**-**	64.2	69.8
Total Group Adjusted EBITDA	**201.7**	250.0	458.0

2. Adjusted diluted earnings per share ("AEPS") is calculated by dividing earnings attributable to owners before exceptional items and amortisation relating to acquisitions, 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 is adjusted to assume conversion of all potentially dilutive ordinary shares. In the period to 30 June 2023, AEPS was not adjusted to assume conversion of all potentially dilutive ordinary shares because the unadjusted result is a loss.
3. Number of people includes both employees and contractors at 30 June 2023.
4. Net Debt to Adjusted EBITDA cover on a covenant basis is presented in the table below:

	HY23	HY22	FY22
	$m	$m	$m
Net debt excluding lease liabilities (reported basis) (note 14)	**654.2**	1,756.3	393.2
Covenant adjustments	**15.7**	11.9	16.2
Net debt (covenant basis)	**669.9**	1,768.2	409.4
Adjusted EBITDA (covenant basis)	**329.4**	445.8	315.1
Net debt to Adjusted EBITDA (covenant basis) – times	**2.03**	3.97	1.30

Adjusted EBITDA (covenant basis) is on a rolling 12 month period and excludes Adjusted EBITDA from the discontinued operation and the impact of applying IFRS 16. The funding agreements require that covenants are calculated by applying IAS 17 rather than IFRS 16. The covenant adjustment to net debt relates to finance leases which would be on the balance sheet if applying IAS 17. Note: the covenant basis shown above refers to the measure as calculated for our RCF. The measure used for our USPP and UKEF is not materially different from the covenant measure shown above.

5. Interest cover on a covenant basis is presented in the table below:

	HY23	HY22	FY22
	$m	$m	$m
Net finance expense	**96.4**	107.4	109.8
Covenant adjustments	**(5.2)**	(6.5)	(4.4)
Non-recurring net finance expense	**(21.7)**	-	(37.5)
Net finance expense (covenant basis)	**69.5**	100.9	67.9
Adjusted EBITA (covenant basis)	**299.9**	412.2	285.9
Interest cover (covenant basis) - times	**4.3**	4.1	4.2

The difference between Adjusted EBITDA (covenant basis) and Adjusted EBITA (covenant basis) is $29.5 million (June 2022: $33.6 million) and is mainly explained by 12-month rolling pre-IFRS 16 depreciation charges of $30.2 million (June 2022: $32.0 million).

6. Reconciliation to GAAP measures between consolidated cash flow statement and cash flow and net debt reconciliation

	HY23	HY22	FY22
	$m	$m	$m
Decrease in provisions	**(11.9)**	(73.7)	(123.1)
Prior year cash exceptionals	**-**	-	79.4
Adjusted movement in provisions	**(11.9)**	(73.7)	(43.7)
Decrease in payables	**(19.3)**	(235.4)	(398.9)
Prior year cash exceptionals	**88.0**	65.8	131.3
Adjusted increase/(decrease) in payables	**68.7**	(169.6)	(267.6)
Tax paid	**(105.1)**	(29.2)	(103.9)
Tax paid on disposal of business	**62.1**	-	22.0
Adjusted tax paid	**(43.0)**	(29.2)	(81.9)
Disposal of businesses (net of cash disposed)	**42.3**	-	1,751.4
Tax paid on disposal of business	**(62.1)**	-	(22.0)
Divestments	**(19.8)**	-	1,729.4
Adjusted cash generated/(outflow) from operations	**86.0**	(22.9)	47.3
Cash exceptionals	**(93.1)**	(94.4)	(304.2)
Cash outflow from operations	**(7.1)**	(117.3)	(256.9)
Purchase of property, plant and equipment	**(9.2)**	(9.5)	(27.6)
Proceeds from sale of property, plant and equipment	**1.4**	1.4	7.1
Purchase of intangible assets	**(68.0)**	(49.1)	(109.2)
Interest received	**3.6**	2.5	4.5
Interest paid	**(44.8)**	(53.3)	(98.1)
Adjusted tax paid	**(43.0)**	(29.2)	(81.9)
Non-cash movement in leases	**(27.7)**	(40.7)	(14.7)
Other	**0.2**	(30.2)	(20.4)
Free cash flow	**(194.6)**	(325.4)	(597.2)

Decreases in provisions and payables, cash generated from operations and tax paid have been adjusted to show exceptional items separately, in order to present significant items separately from the rest of the cash flow either by virtue of size or nature and reflects how the Group evaluates cash performance of the business.

Prior year cash exceptionals is defined as cash payments made in the current period in respect of amounts provided for in prior periods.

John Wood Group PLC

Interim Financial Statements 2023

Group income statement

for the six month period to 30 June 2023

		Unaudited Interim June 2023			Unaudited Interim June 2022 (restated*)			Audited Full Year December 2022 (restated*)		
	Note	**Pre-exceptional items $m**	**Exceptional items (note 4) $m**	**Total $m**	Pre-exceptional items $m	Exceptional items (note 4) $m	Total $m	Pre-exceptional items $m	Exceptional items (note 4) $m	Total $m
Continuing operations										
Revenue	**2,3**	**2,986.2**	**-**	**2,986.2**	2,570.7	(8.0)	2,562.7	5,469.3	(8.0)	5,461.3
Cost of sales		**(2,639.5)**	**(1.2)**	**(2,640.7)**	(2,266.8)	(12.3)	(2,279.1)	(4,800.6)	(17.0)	(4,817.6)
Gross profit		**346.7**	**(1.2)**	**345.5**	303.9	(20.3)	283.6	668.7	(25.0)	643.7
Administrative expenses		**(300.2)**	**(9.9)**	**(310.1)**	(273.2)	9.3	(263.9)	(600.8)	(96.2)	(697.0)
Impairment loss on trade receivables and contract assets	**4**	**(7.0)**	**(20.0)**	**(27.0)**	-	-	-	-	-	-
Impairment of goodwill and intangible assets		**-**	**-**	**-**	-	-	-	-	(542.3)	(542.3)
Share of post-tax profit from joint ventures		**14.4**	**-**	**14.4**	11.0	-	11.0	30.4	-	30.4
Operating profit/(loss)	**2**	**53.9**	**(31.1)**	**22.8**	41.7	(11.0)	30.7	98.3	(663.5)	(565.2)
Finance income		**13.3**	**-**	**13.3**	2.9	-	2.9	6.9	-	6.9
Finance expense		**(56.6)**	**(5.5)**	**(62.1)**	(61.3)	(2.8)	(64.1)	(127.2)	(5.9)	(133.1)
Profit/(loss) before tax from continuing operations		**10.6**	**(36.6)**	**(26.0)**	(16.7)	(13.8)	(30.5)	(22.0)	(669.4)	(691.4)
Taxation	**8**	**(25.8)**	**(4.6)**	**(30.4)**	(32.2)	64.2	32.0	(47.3)	36.4	(10.9)
(Loss)/profit from continuing operations		**(15.2)**	**(41.2)**	**(56.4)**	(48.9)	50.4	1.5	(69.3)	(633.0)	(702.3)
Discontinued operation										
Profit from discontinued operations, net of tax	**6**	**-**	**29.4**	**29.4**	56.5	30.9	87.4	60.2	290.4	350.6
(Loss)/profit for the period		**(15.2)**	**(11.8)**	**(27.0)**	7.6	81.3	88.9	(9.1)	(342.6)	(351.7)
(Loss)/profit attributable to:										
Owners of the parent		**(17.5)**	**(11.8)**	**(29.3)**	7.2	81.3	88.5	(13.7)	(342.6)	(356.3)
Non-controlling interests		**2.3**	**-**	**2.3**	0.4	-	0.4	4.6	-	4.6
		(15.2)	**(11.8)**	**(27.0)**	7.6	81.3	88.9	(9.1)	(342.6)	(351.7)
Earnings per share (expressed in cents per share)										
Basic	**7**			**(4.3)**			13.0			(52.4)
Diluted	**7**			**(4.3)**			12.5			(52.4)
Earnings per share – continuing operations (expressed in cents per share)										
Basic	**7**			**(8.6)**			0.0			(103.9)
Diluted	**7**			**(8.6)**			0.0			(103.9)

The notes on pages 33 to 54 are an integral part of the interim financial statements.

* The comparative information has been restated in line with the requirements of IFRS 5, paragraph 36, due to the reclassification of Built Environment Consulting Saudi Arabia from discontinued into continuing operations following a decision not to dispose of that business (note 6).

Group statement of comprehensive income

for the six month period to 30 June 2023

	Unaudited Interim June 2023	Unaudited Interim June 2022	Audited Full Year December 2022
	$m	$m	$m
(Loss)/profit for the period	**(27.0)**	88.9	(351.7)
Other comprehensive (expense)/income from continuing operations			
Items that will not be reclassified to profit or loss			
Re-measurement (losses)/gains on retirement benefit schemes	**(65.5)**	231.9	168.0
Movement in deferred tax relating to retirement benefit schemes	**17.2**	(57.9)	(41.6)
Total items that will not be reclassified to profit or loss	**(48.3)**	174.0	126.4
Items that may be reclassified subsequently to profit or loss			
Cash flow hedges	**(0.1)**	8.4	5.1
Tax on derivative financial instruments	**-**	(2.0)	(1.7)
Exchange movements on retranslation of foreign operations	**36.7**	(158.8)	(165.1)
Total items that may be reclassified subsequently to profit or loss	**36.6**	(152.4)	(161.7)
Other comprehensive (expense)/income from continuing operations for the period, net of tax	**(11.7)**	21.6	(35.3)
Other comprehensive (expense)/income from discontinued operations			
Re-measurement (losses)/gains on retirement benefit schemes	**-**	(1.1)	2.9
Movement in deferred tax relating to retirement benefit schemes	**-**	5.3	-
Exchange movements on retranslation of foreign operations	**-**	(32.2)	(57.9)
Other comprehensive expense from discontinued operations for the period, net of tax	**-**	(28.0)	(55.0)
Total comprehensive (expense)/income for the period	**(38.7)**	82.5	(442.0)
Total comprehensive (expense)/income for the period is attributable to:			
Owners of the parent	**(41.0)**	82.1	(446.6)
Non-controlling interests	**2.3**	0.4	4.6
	(38.7)	82.5	(442.0)

Exchange movements on the retranslation of foreign currency net assets would only be subsequently reclassified through profit or loss in the event of the disposal of a business.

The notes on pages 33 to 54 are an integral part of the interim financial statements.

Group balance sheet

as at 30 June 2023

	Note	**Unaudited Interim June 2023 $m**	Unaudited Interim June 2022 $m	Audited Full Year December 2022 $m
Assets				
Non-current assets				
Goodwill and other intangible assets	**11**	**4,356.7**	4,905.7	4,309.1
Property plant and equipment		**79.6**	82.6	82.4
Right of use assets		**258.4**	282.0	276.0
Investment in joint ventures		**166.9**	154.2	156.5
Other investments		**52.8**	62.6	56.0
Long term receivables		**155.8**	111.8	129.5
Retirement benefit scheme surplus	**9**	**393.1**	474.8	432.4
Deferred tax assets		**42.1**	161.1	61.2
		5,505.4	6,234.8	5,503.1
Current assets				
Inventories		**15.7**	21.0	11.1
Trade and other receivables		**1,699.6**	1,490.2	1,545.0
Financial assets		**1.2**	5.8	10.8
Income tax receivable		**56.9**	66.3	40.7
Assets held for sale		**-**	1,420.8	21.0
Cash and cash equivalents	**14**	**450.2**	404.5	536.7
		2,223.6	3,408.6	2,165.3
Total assets		**7,729.0**	9,643.4	7,668.4
Liabilities				
Current liabilities				
Borrowings	**14**	**261.2**	321.5	345.9
Trade and other payables		**1,797.6**	1,630.2	1,687.6
Income tax liabilities		**149.5**	224.3	218.1
Lease liabilities	**14**	**90.8**	88.2	83.2
Provisions	**12**	**36.2**	30.2	44.9
Liabilities held for sale		**-**	313.0	20.6
		2,335.3	2,607.4	2,400.3
Net current (liabilities)/assets		**(111.7)**	801.2	(235.0)
Non-current liabilities				
Borrowings	**14**	**843.2**	1,847.8	584.0
Deferred tax liabilities		**75.5**	57.0	100.1
Retirement benefit scheme deficit	**9**	**70.4**	76.8	73.2
Lease liabilities	**14**	**234.9**	251.3	259.7
Other non-current liabilities	**10**	**73.5**	118.0	106.8
Asbestos related litigation	**12**	**302.2**	302.7	311.4
Provisions	**12**	**93.0**	194.8	103.4
		1,692.7	2,848.4	1,538.6
Total liabilities		**4,028.0**	5,455.8	3,938.9
Net assets		**3,701.0**	4,187.6	3,729.5
Equity attributable to owners of the parent				
Share capital		**41.3**	41.3	41.3
Share premium		**63.9**	63.9	63.9
Retained earnings		**1,407.4**	1,701.8	1,224.4
Merger reserve		**2,290.8**	2,540.8	2,540.8
Other reserves		**(105.8)**	(163.6)	(142.4)
		3,697.6	4,184.2	3,728.0
Non-controlling interests		**3.4**	3.4	1.5
Total equity		**3,701.0**	4,187.6	3,729.5

The notes on pages 33 to 54 are an integral part of the interim financial statements.

Group statement of changes in equity

for the six month period to 30 June 2023

	Note	Share Capital $m	Share Premium $m	Retained Earnings $m	Merger Reserve $m	Other reserves $m	Equity attributable to owners of the parent $m	Non-controlling interests $m	Total equity $m
At 1 January 2022		41.3	63.9	1,415.0	2,540.8	21.0	**4,082.0**	3.3	**4,085.3**
Profit for the period		-	-	88.5	-	-	**88.5**	0.4	**88.9**
Other comprehensive income/(expense):									
Re-measurement gains on retirement benefit schemes		-	-	231.9	-	-	**231.9**	-	**231.9**
Movement in deferred tax relating to retirement benefit schemes		-	-	(57.9)	-	-	**(57.9)**		**(57.9)**
Re-measurement losses on retirement benefit schemes (discontinued)		-	-	(1.1)	-	-	**(1.1)**	-	**(1.1)**
Movement in deferred tax relating to retirement benefit schemes (discontinued)		-	-	5.3	-	-	**5.3**	-	**5.3**
Cash flow hedges		-	-	-	-	8.4	**8.4**	-	**8.4**
Tax on derivative financial instruments		-	-	-	-	(2.0)	**(2.0)**	-	**(2.0)**
Net exchange movements on retranslation of foreign currency operations		-	-	-	-	(158.8)	**(158.8)**	-	**(158.8)**
Net exchange movements on retranslation of foreign currency operations (discontinued)		-	-	-	-	(32.2)	**(32.2)**	-	**(32.2)**
Total comprehensive income/(expense)		**-**	-	266.7	-	(184.6)	**82.1**	0.4	**82.5**
Transactions with owners:									
Dividends paid	**5**	-	-	-	-	-	**-**	(0.8)	**(0.8)**
Share based charges	**15**	-	-	8.5	-	-	**8.5**	-	**8.5**
Purchase of company shares by Employee Share Trust for the Share Incentive Plan (SIP)	**15**	-	-	0.6	-	-	**0.6**	-	**0.6**
Exchange movements in respect of shares held by employee share trusts		-	-	11.0	-	-	**11.0**	-	**11.0**
Transactions with non-controlling interests		-	-	-	-	-	**-**	0.5	**0.5**
At 30 June 2022		41.3	63.9	1,701.8	2,540.8	(163.6)	**4,184.2**	3.4	**4,187.6**
At 1 January 2023		41.3	63.9	1,224.4	2,540.8	(142.4)	**3,728.0**	1.5	**3,729.5**
(Loss)/profit for the period		-	-	(29.3)	-	-	**(29.3)**	2.3	**(27.0)**
Other comprehensive income/(expense):									
Re-measurement losses on retirement benefit schemes		-	-	(65.5)	-	-	**(65.5)**	-	**(65.5)**
Movement in deferred tax relating to retirement benefit schemes		-	-	17.2	-	-	**17.2**	-	**17.2**
Cash flow hedges		-	-	-	-	(0.1)	**(0.1)**	-	**(0.1)**
Tax on derivative financial instruments		-	-	-	-	-	**-**	-	**-**
Net exchange movements on retranslation of foreign currency operations		-	-	-	-	36.7	**36.7**	-	**36.7**
Total comprehensive (expense)/income		**-**	-	(77.6)	-	36.6	**(41.0)**	2.3	**(38.7)**
Transactions with owners:									
Dividends paid	**5**	-	-	-	-	-	**-**	(0.8)	**(0.8)**
Share based charges	**15**	-	-	9.8	-	-	**9.8**	-	**9.8**
Purchase of company shares by Employee Share Trust for the Share Incentive Plan (SIP)	**15**	-	-	0.8	-	-	**0.8**	-	**0.8**
Transfer from merger reserve to retained earnings		-	-	250.0	(250.0)	-	**-**	-	**-**
Transactions with non-controlling interests		-	-	-	-	-	**-**	0.4	**0.4**
At 30 June 2023		**41.3**	**63.9**	**1,407.4**	**2,290.8**	**(105.8)**	**3,697.6**	**3.4**	**3,701.0**

The figures presented in the above tables are unaudited.

In June 2023, John Wood Group Holdings Limited paid $250.0m to John Wood Group PLC in a partial settlement of the promissory note, which was put in place during 2019. The repayment represented qualifying consideration and as a result the Company transferred an equivalent portion of the merger reserve to retained earnings.

Other reserves include the capital redemption reserve, capital reduction reserve, currency translation reserve and the hedging reserve.
The notes on pages 33 to 54 are an integral part of the interim financial statements.

Group cash flow statement

for the six month period to 30 June 2023

	Note	**Unaudited Interim June 2023 $m**	Unaudited Interim June 2022 $m	Audited Full Year Dec 2022 $m
Reconciliation of loss before tax to cash used in operating activities:				
(Loss)/profit for the period		**(27.0)**	88.9	(351.7)
Adjustments (excluding share of joint ventures)				
Depreciation		**13.6**	12.1	25.2
Depreciation on the right of use assets		**40.9**	40.2	82.3
Loss/(gain) on disposal of property plant and equipment		**0.1**	0.9	(1.6)
Impairment of goodwill and intangible assets		**-**	-	542.3
Impairment of property plant and equipment		**0.4**	0.4	0.4
Impairment of joint ventures		**-**	-	2.0
Amortisation of intangible assets	**11**	**78.5**	79.9	151.9
Share of post-tax profit from joint ventures		**(14.4)**	(11.0)	(30.4)
Gain on disposal of business		**(36.5)**	-	(514.5)
Net finance costs		**48.8**	62.4	127.9
Share based charges	**15**	**9.8**	8.5	20.7
Decrease in provisions		**(11.9)**	(73.7)	(123.1)
Dividends from joint ventures		**8.0**	15.6	30.1
Other exceptional items – non-cash impact		**26.0**	4.7	35.3
Tax charge/(credit)	**8**	**35.6**	(78.5)	236.2
Changes in working capital (excluding effect of acquisition and divestment of subsidiaries)				
Decrease/(increase) in inventories		**1.9**	(6.9)	(1.6)
Increase in receivables		**(164.4)**	(31.7)	(97.5)
Decrease in payables		**(19.3)**	(235.4)	(398.9)
Exchange movements		**2.8**	6.3	8.1
Cash outflow from operating activities		**(7.1)**	(117.3)	(256.9)
Tax paid		**(105.1)**	(29.2)	(103.9)
Net cash used in operating activities		**(112.2)**	(146.5)	(360.8)
Cash flows from investing activities				
Disposal of businesses (net of cash disposed)		**42.3**	-	1,751.4
Purchase of property plant and equipment		**(9.2)**	(9.5)	(27.6)
Proceeds from sale of property plant and equipment		**1.4**	1.4	7.1
Purchase of intangible assets		**(68.0)**	(49.1)	(109.2)
Interest received		**3.6**	2.5	4.5
Net cash used in investing activities		**(29.9)**	(54.7)	1,626.2

Group cash flow statement (continued)

for the six month period to 30 June 2023

Cash flows from financing activities				
Repayment of short-term borrowings	**14**	**(105.5)**	12.9	(35.0)
Proceeds from short-term borrowings		**-**	-	88.0
Proceeds from long-term borrowings	**14**	**257.0**	231.4	-
Repayment of long-term borrowings		**-**	-	(1,039.1)
Payment of lease liabilities	**14**	**(52.4)**	(66.8)	(121.6)
Proceeds from SIP shares		**0.8**	0.6	1.7
Interest paid		**(44.8)**	(53.3)	(98.1)
Dividends paid to non-controlling interests		**(0.8)**	(0.8)	(1.1)
Net cash generated from/(used in) financing activities		**54.3**	124.0	(1,205.2)
Net (decrease)/increase in cash and cash equivalents	**14**	**(87.8)**	(77.2)	60.2
Effect of exchange rate changes on cash and cash equivalents	**14**	**1.3**	(12.8)	(26.5)
Opening cash and cash equivalents		**536.7**	503.0	503.0
Closing cash and cash equivalents		**450.2**	413.0	536.7

Cash at bank and in hand at 30 June 2023 includes $243.5m (December 2022: $328.4m) that is part of the Group's cash pooling arrangements. For internal reporting and for the purposes of the calculation of interest by the bank, this amount is netted with short-term overdrafts. However, in preparing these financial statements, the Group is required to gross up both its cash and short-term borrowings figures by this amount. Movement in short-term overdrafts are presented as part of the cash flows from financing activities as the overdraft facilities form part of the Group's financing.

The proceeds of long-term borrowings of $257.0m includes additional borrowings under the Revolving Credit Facility.

Payment of lease liabilities includes the cash payments for the principal portion of lease payments of $43.9m (June 2022: $58.2m) and for the interest portion of $8.5m (June 2022: $8.6m). The classification of interest paid within financing activities is in line with the Group accounting policy.

The Group has elected to present a cash flow statement that includes an analysis of all cash flows in total, including both continuing and discontinued operations. Amounts related to the discontinued operation by operating, investing and financing activities are disclosed in note 6.

The cash and cash equivalents balance of $413.0m at 30 June 2022 included cash held for sale of $8.5m.

The notes on pages 33 to 54 are an integral part of the interim financial statements.

Notes to the interim financial statements
for the six month period to 30 June 2023

1. Basis of preparation

This condensed set of financial statements for the six months ended 30 June 2023 have been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted for use in the UK. The interim report and condensed consolidated financial statements should be read in conjunction with the Group's 2022 Annual Report and Accounts which have been prepared in accordance with UK-adopted international accounting standards and delivered to the Registrar of Companies. The audit opinion contained within the 2022 financial statements is unqualified.

As required by the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority, the interim report and condensed consolidated financial statements have been prepared applying the accounting policies that were applied in the preparation of the Group's Annual Report and Accounts for the year ended 31 December 2022. The interim report and condensed consolidated financial statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. The results for the six months to 30 June 2023 and the comparative results for the six months to 30 June 2022 are unaudited. The comparative figures for the year ended 31 December 2022 do not constitute the statutory financial statements for that year.

The interim condensed financial statements were approved by the board of directors on 21 August 2023.

Going concern

The directors have undertaken a rigorous assessment of going concern and liquidity over a period of at least 12 months from the date of approval of these interim financial statements (the going concern period), which includes financial forecasts up to the end of 2024 including severe, but plausible scenarios. The directors have considered as part of this assessment the impact of the events that happened post balance sheet date and up to the date of issue of these financial statements.

In order to satisfy themselves that they have adequate resources for the going concern assessment period, the directors have reviewed the Group's existing debt levels, the forecast compliance with debt covenants and the Group's ability to generate cash from trading activities. As of 30 June 2023, the Group's principal debt facilities comprise a $1,200.0m revolving credit facility maturing in October 2026; a $200.0m term loan which is now expected to be repaid in September 2024 following agreement with UKEF, but subject to final agreement on repayment terms with the syndicate, and $352.5m of US private placement debt repayable in various tranches between July 2024 and July 2031, with around 75% due in 2025 or later. At 30 June 2023, the Group had headroom of $899.1m under its principal debt facilities and a further $141.0m of other undrawn borrowing facilities. The Group also expect to have sufficient levels of headroom in the severe but plausible downside scenario modelled.

At 30 June 2023, the Group had net current liabilities of $111.7m (June 2022: $801.2m assets). The net current asset position in June 2022 was impacted by the classification of the total assets and liabilities of the Bult Environment Consulting business to held for sale. Following the sale, the proceeds received have been used to repay long term debt.

The directors have considered a range of scenarios on the Group's future financial performance and cash flows. These scenarios reflect our outlook for the broad range of end markets that the Group operates in, whilst also considering the order book visibility and the financial strength of the Group's balance sheet. The Group anticipates growth in priority markets and geographies including conventional energy, which the directors have increased confidence in due to the current market focus on energy security. In addition, the process and chemicals business have strong growth drivers including decarbonisation of facilities and population growth, which facilitates increased demand for chemicals products. The performance during the first half of 2023 and order book as at 30 June 2023 together provide 90% revenue coverage of the 2023 base board approved scenario and give the directors confidence in achieving the underlying forecasts.

The directors have also considered severe, but plausible downside scenarios which reflect material reductions in H2 2023 and 2024 revenue of between 4% and 10% and material reductions of between 0.5% and 1% in gross margin percentage from the base board approved scenario. This could result from a worsening economic climate which could lead to deferrals or cancellations of contracts by our clients. In the severe, but plausible downside scenario the interest cover ratio has lower headroom at the June and December 2024 test dates with a ratio closer to the covenant limit of 3.5 times. There are mitigations available to management due to the asset light model to respond to adverse changes in activity levels of the Group, which could protect cash flow and profitability. In addition, the directors considered a further extreme downside sensitivity which assumes the removal of the receivables financing facilities (which are not committed) of $200m and adverse movements in working capital. The Group still had sufficient liquidity headroom to meet its liabilities as they fall due, even with these additional sensitivities.

Consequently, the directors are confident that the Group and company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Significant accounting policies

The Group's significant accounting policies adopted in the preparation of these financial statements are set out in the Group's 2022 Annual Report. Updates since the 2022 Annual Report are noted below. These policies have been consistently applied to all the periods presented.

Notes to the interim financial statements
for the six month period to 30 June 2023

Discontinued operations

The Group classified its Built Environment Consulting business as a discontinued operation for the reporting period ending 30 June 2022. A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographic area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

During 2022 a separate management team and reporting structure was put in place to manage the Built Environment Consulting business and financial information showing the performance of the Built Environment Consulting business was shared with the directors on a monthly basis. The Built Environment Consulting business was therefore considered a separate, major line of business which was disposed of during 2022 and therefore met the definition of a discontinued operation.

As per the terms of the agreement, the Group had a residual element of the transaction classified as held for sale in the 2022 Annual Report. The sale of the remaining underlying subsidiary, residing in Saudi Arabia, did not complete during the first half of 2023 and will now be retained by the Group. The results in the comparative periods arising from discontinued operations have been restated in note 6, with the performance of this subsidiary now showing within the Group income statement as part of continuing operations.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets criteria to be classified as held for sale. When an operation is classified as a discontinued operation, the comparative income statement and statement of comprehensive income are presented as if the operation had been discontinued from the start of the comparative period.

Taxation

The tax charged in relation to pre-exceptional profits for the six months ended 30 June 2023 has been calculated by applying the effective rate of tax which is expected to apply to the Group for the year ending 31 December 2023, using rates substantively enacted by 30 June 2023 as required by IAS 34 'Interim Financial Reporting'. Tax in relation to exceptional items and movements through Other Comprehensive Income is calculated based on the actual results for the six months ended 30 June 2023. Policies in relation to tax are applied consistently with those outlined in the 2022 Group Annual Report and Accounts when calculating the effective tax rate and exceptional tax charge.

The Group has applied the exception in the Amendments to IAS 12 issued in May 2023 and has neither recognised nor disclosed information about deferred tax assets or liabilities relating to Pillar Two income taxes.

Judgements and Estimates

In preparing these interim condensed financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty are the same as those applied to the consolidated financial statements for the year ended 31 December 2022.

Functional currency

The Group's earnings stream is primarily US dollars and the principal functional currency is the US dollar, being the most representative currency of the Group. The Group's financial statements are therefore prepared in US dollars.

The following exchange rates have been used in the preparation of these accounts:

	June 2023	June 2022	December 2022
Average rate £1 = $	**1.2327**	1.2952	1.2324
Closing rate £1 = $	**1.2713**	1.2145	1.2029

Disclosure of impact of new and future accounting standards

The Group is required to comply with the requirements of IFRS 17 *Insurance Contracts* for reporting periods beginning on or after 1 January 2023. The new accounting standard sets out the requirements that the Group should apply in reporting information about insurance contracts it issues and reinsurance contracts it holds. The Group has undertaken an assessment of its insurance contracts including those held under its captive insurance company, Garlan Insurance Limited. The impact of the accounting standard does not have any material impact on the Group financial statements.

The Group has early adopted the amendments to IAS 1 – Classification of Liabilities as Current or Non-current *and Non-current Liabilities with Covenants* which are required to be effective from 01 January 2024. The impact of the amendments does not have any material impact on the Group financial statements.

Amendments to other existing standards do not have a material impact on the financial statements.

2. Segmental reporting

The Group monitors activity and performance through four operating segments; Projects, Operations, Consulting, Investment Services ('IVS') plus the legacy Built Environment Consulting segment (divested in September 2022).

Under IFRS 11 'Joint arrangements', the Group is required to account for joint ventures using equity accounting. Adjusted EBITDA as shown in the table below includes our share of joint venture profits and excludes exceptional items, which is consistent with the way management review the performance of the business units.

The segment information provided to the Group's Chief Executive for the reportable operating segments for the period included the following:

Reportable operating segments

	Revenue			Adjusted EBITDA [1]			Operating profit/(loss)		
	Unaudited Interim June 2023 $m	Unaudited Interim June 2022 $m	Audited Full Year 2022 $m	**Unaudited Interim June 2023 $m**	Unaudited Interim June 2022 $m	Audited Full Year 2022 $m	**Unaudited Interim June 2023 $m**	Unaudited Interim June 2022 $m	Audited Full Year 2022 $m
Projects	**1,245.3**	990.0	2,211.2	**91.6**	81.3	168.7	**11.4**	(5.1)	(125.3)
Operations	**1,244.3**	1,176.9	2,406.9	**76.7**	76.0	147.6	**33.3**	47.6	(344.3)
Consulting [4]	**355.8**	312.5	652.4	**37.8**	40.1	76.2	**23.4**	20.6	(3.1)
Built Environment Consulting (discontinued) [4]	**-**	586.5	854.0	**-**	64.2	69.8	**-**	42.1	63.1
Investment Services	**140.8**	91.3	198.8	**26.2**	26.6	69.3	**8.3**	5.1	46.2
Central costs [2]	**-**	-	-	**(30.6)**	(38.2)	(73.6)	**(53.6)**	(37.5)	(138.7)
Total Group	**2,986.2**	3,157.2	6,323.3	**201.7**	250.0	458.0	**22.8**	72.8	(502.1)
Elimination of discontinued operation [4]	**-**	(586.5)	(854.0)	**-**	(64.2)	(69.8)	**-**	(42.1)	(63.1)
Total (continuing operations)	**2,986.2**	2,570.7	5,469.3	**201.7**	185.8	388.2	**22.8**	30.7	(565.2)
Finance income							**13.3**	2.9	6.9
Finance expense							**(62.1)**	(64.1)	(133.1)
Loss before taxation from continuing operations							**(26.0)**	(30.5)	(691.4)
Taxation							**(30.4)**	32.0	(10.9)
(Loss)/profit for the period from continuing operations							**(56.4)**	1.5	(702.3)
Profit from discontinued operation, net of tax							**29.4**	87.4	350.6
(Loss)/profit for the period							**(27.0)**	88.9	(351.7)

Notes

1. A reconciliation of operating profit/(loss) to Adjusted EBITDA is provided in the table below. Adjusted EBITDA is provided as it is a unit of measurement used by the Group in the management of its business. Adjusted EBITDA is stated before exceptional items (see note 4).
2. Central includes the costs of certain Group management personnel, along with an element of Group infrastructure costs.
3. Revenue arising from sales between segments is not material and does not include the impact of the exceptional item disclosed on the face of the income statement of $nil (December 2022: $8.0m) which is in respect of revenue for the Projects operating segment.
4. The comparative periods have been restated due to a reclassification of a business operation from discontinued into continuing operations for the period ending 30 June 2023 (see note 6). The revenue of this business for the period to 30 June 2022 was $9.8m (December 2022: $27.1m) and Adjusted EBITDA was $1.0m (December 2022: $3.1m).

Notes to the interim financial statements
for the six month period to 30 June 2023

2. Segmental reporting (continued)

Reconciliation of Alternative Performance Measures

	Unaudited Interim June 2023	Unaudited Interim June 2022 (restated)	Audited Full Year December 2022 (restated)
	$m	$m	$m
Operating profit/(loss) per income statement	**22.8**	30.7	(565.2)
Share of joint venture finance expense and tax	**8.3**	5.2	14.3
Exceptional items (note 4)	**31.1**	11.0	663.5
Amortisation (including joint ventures)	**79.2**	80.7	153.4
Depreciation (including joint ventures)	**15.1**	14.2	29.3
Depreciation of right of use assets	**44.8**	43.6	90.5
Impairment of joint venture investments, PP&E and right of use assets	**0.4**	0.4	2.4
Adjusted EBITDA (continuing operations)	**201.7**	185.8	388.2
Discontinued operation			
Operating profit (discontinued)	**-**	42.1	63.1
Exceptional items (note 6)	**-**	22.1	6.7
Adjusted EBITDA (discontinued operation)	**-**	64.2	69.8
Total Group Adjusted EBITDA	**201.7**	250.0	458.0

Depreciation in respect of joint ventures totals $1.5m (June 2022: $2.1m), depreciation in respect of joint venture right of use assets totals $3.9m (June 2022: $3.4m) and joint venture amortisation amounts to $0.7m (June 2022: $0.8m).

Analysis of joint venture profits by segment	**Adjusted EBITDA**			**Operating profit**		
	Unaudited Interim June 2023	Unaudited Interim June 2022	Audited Full Year 2022	**Unaudited Interim June 2023**	Unaudited Interim June 2022	Audited Full Year 2022
	$m	$m	$m	**$m**	$m	$m
Projects	**1.8**	2.2	3.9	**1.6**	2.0	3.5
Operations	**6.2**	6.6	15.2	**5.4**	6.0	13.0
Investment Services	**20.8**	13.6	39.4	**15.7**	8.1	28.2
Total	**28.8**	22.4	58.5	**22.7**	16.1	44.7

The turbines business was reclassified during 2022 to be reported under Investment Services.

Notes to the interim financial statements
for the six month period to 30 June 2023

3. Revenue

In the following table, revenue is disaggregated by primary geographical market and major service line. The tables provided below analyses total revenue excluding our share of joint venture revenue.

	Projects	Projects	**Operations**	Operations	**Consulting**	Consulting	**Built Environment Consulting (discontinued)**	Built Environment Consulting (discontinued)	**IVS**	IVS	**Total**	Total
Primary geographical market	**Unaudited Interim June 2023**	Unaudited Interim June 2022	**Unaudited Interim June 2023**	Unaudited Interim June 2022	**Unaudited Interim June 2023**	Unaudited Interim June 2022 (restated)	**Unaudited Interim June 2023**	Unaudited Interim June 2022 (restated)	**Unaudited Interim June 2023**	Unaudited Interim June 2022	**Unaudited Interim June 2023**	Unaudited Interim June 2022
	$m	$m	**$m**	$m	**$m**	$m	**$m**	$m	**$m**	$m	**$m**	$m
US	**292.8**	261.6	**209.9**	223.1	**138.1**	116.5	**-**	369.9	**118.8**	124.9	**759.6**	1,096.0
Europe	**206.4**	193.0	**424.0**	410.4	**92.5**	83.4	**-**	54.3	**2.4**	(44.0)	**725.3**	697.1
Rest of the world	**746.1**	535.4	**610.4**	543.4	**125.2**	112.6	**-**	162.3	**19.6**	10.4	**1,501.3**	1,364.1
Total revenue	**1,245.3**	990.0	**1,244.3**	1,176.9	**355.8**	312.5	**-**	586.5	**140.8**	91.3	**2,986.2**	3,157.2
Major service lines												
Energy												
Oil & Gas	**423.4**	331.0	**1,050.5**	952.0	**176.6**	167.6	**-**	-	**16.0**	-	**1,666.5**	1,450.6
Power, Renewables, Hydrogen and Carbon Capture	**75.6**	99.3	**64.8**	63.5	**45.9**	35.6	**-**	-	**25.8**	18.5	**212.1**	216.9
Materials												
Refining & Chemicals	**467.6**	343.8	**108.8**	110.4	**44.0**	32.2	**-**	-	**-**	0.1	**620.4**	486.5
Minerals, Processing and Life Sciences	**188.4**	193.9	**10.1**	9.7	**15.5**	20.0	**-**	-	**15.5**	14.5	**229.5**	238.1
Other												
Built Environment	**3.6**	2.5	**6.7**	35.9	**26.2**	7.0	**-**	586.5	**67.8**	58.2	**104.3**	690.1
Industrial Processes	**86.7**	19.5	**3.4**	5.4	**46.6**	47.1	**-**	-	**15.7**	-	**152.4**	72.0
Other	**-**	-	**-**	-	**1.0**	3.0	**-**	-	**-**	-	**1.0**	3.0
Total revenue	**1,245.3**	990.0	**1,244.3**	1,176.9	**355.8**	312.5	**-**	586.5	**140.8**	91.3	**2,986.2**	3,157.2
Sustainable solutions	**350.1**	301.1	**138.7**	107.6	**86.3**	71.5	**-**	n/a	**25.7**	18.5	**600.8**	498.7

Notes to the interim financial statements
for the six month period to 30 June 2023

3. Revenue (continued)

Sustainable solutions consist of activities related to renewable energy, hydrogen, carbon capture & storage, electrification and electricity transmission & distribution, LNG, waste to energy, sustainable fuels & feedstocks and recycling, processing of energy transition minerals, life sciences, decarbonisation in oil & gas, refining & chemicals, minerals processing and other industrial processes. In the case of mixed scopes including a decarbonisation element, these are only included in decarbonisation if 75% or more of the scope relates to that element, in which case the total revenue is recorded in decarbonisation. Sustainable solutions with respect to the discontinued operation has not been captured.

The Group's revenue is largely derived from the provision of services over time.

For the 6 months to 30 June 2023, 78% (June 2022: 78%) of the Group's total revenue (including discontinued operations) came from reimbursable contracts and 22% (June 2022: 22%) from lump sum contracts. The calculation of revenue from lump sum contracts is based on estimates and the amount recognised could increase or decrease.

	Continuing operations			**Discontinued operations**			**Total**		
	Unaudited Interim June 2023	Unaudited Interim June 2022 (restated)	Audited Full Year 2022 (restated)	**Unaudited Interim June 2023**	Unaudited Interim June 2022 (restated)	Audited Full Year 2022 (restated)	**Unaudited Interim June 2023**	Unaudited Interim June 2022	Audited Full Year 2022
	$m	$m	$m	**$m**	$m	$m	**$m**	$m	$m
Total revenue	**2,986.2**	2,570.7	5,469.3	**-**	586.5	854.0	**2,986.2**	3,157.2	6,323.3

Total revenue at June 2022 and December 2022 does not reflect the $8.0m exceptional item as disclosed on the Income Statement. This exceptional item is relating to the Projects business unit.

Contract assets and liabilities

The following table provides a summary of receivables, contract assets and contract liabilities arising from the Group's contracts with customers, which are not held for sale at 30 June 2023:

	Unaudited Interim June 2023	Unaudited Interim June 2022	Audited Full Year December 2022
	$m	$m	$m
Trade receivables	**754.7**	594.1	679.6
Non-current contract assets	**121.2**	74.6	97.0
Gross amounts due from customers	**593.0**	489.8	556.9
Gross amounts due to customers	**(136.6)**	(115.2)	(113.0)
	1,332.3	1,043.3	1,220.5

The contract asset balances include amounts the Group has invoiced to customers (trade receivables) as well as amounts where the Group has the right to receive consideration for work completed which has not been billed at the reporting date (gross amounts due from customers). Gross amounts due from customers are transferred to trade receivables when the rights become unconditional which usually occurs when the customer is invoiced. Gross amounts due to customers primarily relates to advance consideration received from customers, for which revenue is recognised over time.

Trade receivables increased by $75.1m since December 2022 and this is primarily due to the increasing activity levels during the first half of 2023 and higher closing DSO. Gross amounts due from customers has increased by $36.1m to $593.0m. The increase is largely explained by the increase in activity levels during the first half of 2023.

Non-current contract assets of $121.2m (December 2022: $97.0m) includes $82.0m of gross amounts due from customers and $16.5m of trade receivables, both of which are in relation to the Aegis contract. Refer to note 12 for further details.

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for the six month period to 30 June 2023

3. Revenue (continued)

Trade receivables and gross amounts due from customers are included within the 'Trade and other receivables' heading in the Group balance sheet. Gross amounts due to customers and deferred income is included within the 'Trade and other payables' heading in the Group balance sheet.

Revenue recognised in 2023 which was included in gross amounts due to customers and deferred income at the beginning of the year of $117.5m represents amounts included within contract liabilities, including $20.6m previously disclosed within held for sale liabilities, at 1 January 2023. Revenue recognised from performance obligations satisfied in previous periods of $5.6m (June 2022: $10.6m) represents revenue recognised in 2023 for performance obligations which were considered operationally complete at 31 December 2022.

As at 30 June 2023, the Group had received $200.0m (June 2022: $198.4m) of cash relating to non-recourse financing arrangements with its banks. An equivalent amount of trade receivables was derecognised on receipt of the cash.

Transaction price allocated to the remaining performance obligations

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 30 June 2023 was as follows:

$m	Year 1	Year 2	Year 3	**Total**
Revenue (continuing operations)	2,027.6	2,013.2	1,020.6	**5,061.4**

The Group has not adopted the practical expedients permitted by IFRS 15, therefore all contracts which have an original expected duration of one year or less have been included in the table above. The estimate of the transaction price does not include any amounts of variable consideration which are constrained. Amounts disclosed above include continuing operations only.

4. Exceptional items

Exceptional items are those significant items which are separately disclosed by virtue of their size or incidence to enable a full understanding of the Group's financial performance.

	Unaudited Interim June 2023	Unaudited Interim June 2022	Audited Full Year December 2022
	$m	$m	$m
Exceptional items included in continuing operations			
Power and Industrial EPC losses (revenue)	**-**	8.0	8.0
Power and Industrial EPC losses (cost of sales)	**1.2**	12.3	17.0
Impairment of Power and Industrial EPC receivables	**20.0**	-	-
Impairment of goodwill and intangible assets	**-**	-	542.3
Apollo related costs	**4.6**	-	-
Redundancy, restructuring and integration costs	**-**	15.3	30.1
Investigation support costs and provisions	**-**	(2.8)	(4.2)
Enterprise settlement	**-**	-	35.6
Asbestos yield curve and costs	**5.3**	(21.8)	21.5
Russia exit costs and charges	**-**	-	13.2
Exceptional items included in continuing operations, before interest and tax	**31.1**	11.0	663.5
Unwinding of discount on asbestos provision	**5.5**	2.8	5.9
Tax (credit)/charge in relation to exceptional items	**(5.2)**	(4.6)	5.2
Release of uncertain tax provision	**(7.4)**	-	-
Recognition of deferred tax assets due to UK pension actuarial movements	**17.2**	(59.6)	(41.6)
Exceptional items included in continuing operations, net of interest and tax	**41.2**	(50.4)	633.0

4. Exceptional items (continued)

Power and Industrial EPC losses

Additional costs on a fixed price EPC contract of $1.2m were recorded as an exceptional charge through cost of sales on the basis that the Group no longer operates within this sector. This follows previous write downs made during 2022 following the strategic decision to exit this market.

Impairment of Power and Industrial EPC receivables

The non-cash charge of $20.0m relates to a write down of receivable balances arising from a fixed price contract in the Power and Industrial EPC business. The Group had expected to recover these balances but these have since been disputed by the client and will likely progress to a legal or commercial negotiation. By virtue of its size and nature of these projects being within a sector that the Group no longer operates, this was recorded as an exceptional charge through impairment losses on trade receivables in the income statement.

Apollo related costs

During the period to 30 June 2023, $4.6m was incurred in relation to legal and advisor costs incurred in relation to Apollo's preliminary approach to potentially acquire the ordinary share capital of the Group, which did not ultimately lead to an offer.

Asbestos

All asbestos costs have been treated as exceptional on the basis that movements in the provision are non-trading and can be large and driven by market conditions which are out with the Group's control. Excluding these charges from the trading results improves the understandability of the underlying trading performance of the Group. The charge of $5.3m (June 2022: $21.8m credit) in 2023 comprises of a $2.0m yield curve charge (June 2022: $23.8m credit) and $3.3m (June 2022: $2.0m) of costs in relation to managing the claims. The 30-year US Treasury rate has decreased to 3.85% from 3.97% at the end of December 2022, and led to the income statement charge. $5.5m of interest costs which relate to the unwinding of the discount on the asbestos provision over time are shown as exceptional.

Tax

An exceptional tax charge of $4.6m (June 2022: $64.2m credit) has been recorded during the period. It consists of a tax credit of $5.2m on exceptional items (June 2022: $4.6m), a $7.4m credit in relation to the release of an uncertain tax provision created through exceptional items on the disposal of the Well Support business in 2011, offset by an exceptional charge of $17.2m recognised due to the actuarial loss in relation to the UK defined benefit pension scheme. As deferred tax liabilities support the recognition of deferred tax assets, the reduction of $17.2m of deferred tax assets have been recognised through exceptional items based on its size.

5. Dividends

Our capital allocation policy remains unchanged and starts with having a strong balance sheet. We look to manage our target leverage over the medium term within a range of around 0.5 to 1.5 times net debt (excluding leases) to adjusted EBITDA (pre-IFRS 16). Beyond this, we consider how best to create value for our shareholders from dividends, share buybacks or attractive acquisitions.

6. Discontinued operation

In September 2022, the Group announced it had completed an agreement to sell the Built Environment Consulting business, which is included within the Built Environment Consulting operating segment. The Built Environment Consulting business was classified as a discontinued operation from 1 January 2022, at which point the conditions under IFRS 5 were met. The Group income statement and statement of comprehensive income were restated to show the discontinued operation separately from continuing operations.

Notes to the interim financial statements
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6. Discontinued operation (continued)

As per the terms of the agreement, the Group had a residual element of the transaction classified as held for sale in the 2022 Annual Report. The sale of the remaining underlying subsidiary, residing in Saudi Arabia, did not complete during the first half of 2023 and will now be retained by the Group. The results in the comparative periods arising from discontinued operations have been restated in the table below, with the performance of this subsidiary now showing within the Group income statement as part of continuing operations. This restatement is in accordance with the requirements of IFRS 5 paragraph 36.

(i) Results of discontinued operation

	Note	**Unaudited Interim June 2023 $m**	Unaudited Interim June 2022 (restated) $m	Audited Full Year December 2022 (restated) $m
External revenue		-	586.5	854.0
Cost of sales		-	(494.8)	(735.8)
Gross profit		-	91.7	118.2
Administrative expenses		-	(27.5)	(48.4)
Exceptional items – administrative expenses		-	(22.1)	(6.7)
Operating profit		-	42.1	63.1
Finance expense		-	(1.2)	(1.7)
Profit before tax		-	40.9	61.4
Taxation		-	(6.5)	(7.9)
Exceptional items – taxation		-	53.0	-
Results from operating activities, net of tax		-	87.4	53.5
Gain on sale of discontinued operation		**34.6**	-	514.5
Income tax on gain on sale of discontinued operation (exceptional)		**(5.2)**	-	(217.4)
Profit from discontinued operation, net of tax		**29.4**	87.4	350.6
Earnings per share (cents)				
Basic	**7**	**4.3**	13.0	51.5
Diluted	**7**	**4.3**	12.5	51.5

The profit from the discontinued operation, net of tax of $29.4m (June 2022: $87.4m) is attributable entirely to the owners of the Company.

The final proceeds from the disposal of the Built Environmental Consulting business were agreed during the first half of 2023 upon agreement of the completion balance sheet between the Group and WSP. This has resulted in an additional gain of $34.6m, comprising $23.1m of cash proceeds and the release of completion accruals, being recognised in discontinued operations.

(ii) Cash flows from / (used in) discontinued operation

	Note	**Unaudited Interim June 2023 $m**	Unaudited Interim June 2022 $m	Audited Full Year December 2022 $m
Net cash used in operating activities		**(62.1)**	(6.2)	(6.0)
Net cash generated from/(used in) investing activities		**23.1**	(3.3)	1,748.4
Net cash flows for the period		**(39.0)**	(9.5)	1,742.4

The net cash used in operating activities for the period to June 2023 includes $62.1m of tax paid on the sale of the Built Environment Consulting business which completed in September 2022.

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7. Earnings per share

	Unaudited Interim June 2023			Unaudited Interim June 2022			Audited Full Year December 2022		
	(Losses)/ earnings attributable to equity shareholders ($m)	**Number of shares (millions)**	**Earnings per share (cents)**	Earnings /(losses) attributable to equity shareholders ($m)	Number of shares (millions)	Earnings per share (cents)	(Losses)/ earnings attributable to equity shareholders ($m)	Number of shares (millions)	Earnings per share (cents)
Basic pre-exceptional	**(17.5)**	**684.9**	**(2.6)**	7.2	678.8	1.1	(13.7)	680.4	(2.0)
Exceptional items, net of tax	**(11.8)**	**-**	**(1.7)**	81.3	-	11.9	(342.6)	-	(50.4)
Basic	**(29.3)**	**684.9**	**(4.3)**	88.5	678.8	13.0	(356.3)	680.4	(52.4)
Effect of dilutive ordinary shares	**-**	**-**	**-**	-	27.3	(0.5)	-	-	-
Diluted	**(29.3)**	**684.9**	**(4.3)**	88.5	706.1	12.5	(356.3)	680.4	(52.4)
Adjusted diluted earnings per share calculation									
Basic	**(29.3)**	**684.9**	**(4.3)**	88.5	678.8	13.0	(356.3)	680.4	(52.4)
Effect of dilutive ordinary shares	**-**	**-**	**-**	-	27.3	(0.5)	-	-	-
Diluted	**(29.3)**	**684.9**	**(4.3)**	88.5	706.1	12.5	(356.3)	680.4	(52.4)
Exceptional items, net of tax	**11.8**	**-**	**1.8**	(81.3)	-	(11.5)	342.6	-	50.4
Amortisation of intangibles on acquisition, net of tax	**24.7**	**-**	**3.6**	33.2	-	4.7	52.5	-	7.7
Adjusted diluted	**7.2**	**684.9**	**1.1**	40.4	706.1	5.7	38.8	680.4	5.7
Adjusted basic	**7.2**	**684.9**	**1.1**	40.4	678.8	6.0	38.8	680.4	5.7

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7. Earnings per share (continued)

i) (Losses)/earnings attributable to equity shareholders

	Unaudited Interim June 2023			Unaudited Interim June 2022			Audited Full Year December 2022		
	Continuing operations $m	**Discontinued operations $m**	**Total $m**	Continuing operations (restated) $m	Discontinued operations (restated) $m	Total $m	Continuing operations (restated) $m	Discontinued operations (restated) $m	Total $m
Earnings/(losses) attributable to equity shareholders (basic pre-exceptional)	**(17.5)**	**-**	**(17.5)**	(49.3)	56.5	7.2	(73.9)	60.2	(13.7)
Exceptional items, net of tax	**(41.2)**	**29.4**	**(11.8)**	50.4	30.9	81.3	(633.0)	290.4	(342.6)
Earnings/(losses) attributable to equity shareholders	**(58.7)**	**29.4**	**(29.3)**	1.1	87.4	88.5	(706.9)	350.6	(356.3)
Number of shares (basic)	**684.9**	**684.9**	**684.9**	678.8	678.8	678.8	680.4	680.4	680.4
Number of shares (diluted)	**684.9**	**684.9**	**684.9**	706.1	706.1	706.1	680.4	680.4	680.4
Basic earnings per share (cents)	**(8.6)**	**4.3**	**(4.3)**	0.0	13.0	13.0	(103.9)	51.5	(52.4)
Diluted earnings per share (cents)	**(8.6)**	**4.3**	**(4.3)**	0.0	12.5	12.5	(103.9)	51.5	(52.4)
Earnings/(losses) attributable to equity shareholders (diluted)	**(58.7)**	**29.4**	**(29.3)**	1.1	87.4	88.5	(706.9)	350.6	(356.3)
Exceptional items, net of tax	**41.2**	**(29.4)**	**11.8**	(50.4)	(30.9)	(81.3)	633.0	(290.4)	342.6
Amortisation of intangibles on acquisition, net of tax	**24.7**	**-**	**24.7**	33.2	-	33.2	52.5	-	52.5
Earnings/(losses) attributable to equity shareholders (adjusted diluted)	**7.2**	**-**	**7.2**	(16.1)	56.5	40.4	(21.4)	60.2	38.8
Earnings/(losses) attributable to equity shareholders (adjusted basic)	**7.2**	**-**	**7.2**	(16.1)	56.5	40.4	(21.4)	60.2	38.8
Number of shares (diluted)	**684.9**	**684.9**	**684.9**	706.1	706.1	706.1	680.4	680.4	680.4
Number of shares (basic)	**684.9**	**684.9**	**684.9**	678.8	678.8	678.8	680.4	680.4	680.4
Adjusted diluted (cents)	**1.1**	**-**	**1.1**	(2.3)	8.0	5.7	(3.1)	8.8	5.7
Adjusted basic (cents)	**1.1**	**-**	**1.1**	(2.4)	8.4	6.0	(3.1)	8.8	5.7

The calculation of basic earnings per share is based on the earnings attributable to owners of the parent divided by the weighted average number of ordinary shares in issue during the year excluding shares held by the Group's employee share trusts. For the calculation of diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of dilutive potential ordinary shares, only when there is a profit per share. The Group's dilutive ordinary shares comprise share options granted to employees under Executive Share Option Schemes and the Long Term Retention Plan, shares and share options awarded under the Group's Long Term Plan and shares awarded under the Group's Employee Share Plan. Adjusted basic and adjusted diluted earnings per share are disclosed to show the results excluding the impact of exceptional items and acquisition related amortisation, net of tax.

For the period ended 30 June 2023, the Group reported a basic loss (December 2022: loss) per ordinary share, therefore the effect of dilutive ordinary shares are excluded (December 2022: excluded) in the calculation of diluted earnings per share. Where profits have been made when disaggregating discontinued and continuing operations, the calculation of diluted earnings per share was performed on the same basis as the whole Group. Had the result been a profit, an additional 17.6m of dilutive potential shares would have been used in the calculation of diluted EPS metrics, which would have reduced the adjusted diluted EPS by 0.1 cents.

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8. Taxation

Reconciliation of applicable tax charge at statutory rates to tax charge	**Unaudited Interim June 2023 $m**	Unaudited Interim June 2022 (restated) $m	Audited Full Year December 2022 (restated) $m
Loss before taxation from continuing operations	**(26.0)**	(30.5)	(691.4)
Profit before taxation from discontinued operations (note 6)	**-**	40.9	61.4
Gain on sale of discontinued operation (note 6)	**34.6**	-	514.5
Less: Share of post-tax profit from joint ventures	**(14.4)**	(11.0)	(30.4)
Loss before taxation from total operations (excluding profits from joint ventures)	**(5.8)**	(0.6)	(145.9)
Applicable tax charge at statutory rates	**2.1**	6.3	36.5
Effects of:			
Non-deductible expenses	**2.4**	3.2	8.2
Non-taxable income	**(0.4)**	(1.5)	(1.0)
Non-deductible expenses - exceptional	**-**	3.0	332.8
Non-taxable income - exceptional	**0.3**	-	(0.3)
Deferred tax recognition:			
Recognition of deferred tax assets not previously recognised	**(0.7)**	(55.0)	(4.3)
Utilisation of tax assets not previously recognised	**(2.1)**	(5.2)	(12.4)
Current year deferred tax assets not recognised	**17.9**	22.0	37.7
Write off of previously recognised deferred tax assets	**-**	0.1	5.2
Recognition due to UK pension actuarial loss/(gain)	**17.2**	(59.6)	(41.6)
Utilisation of unrecognised deferred tax assets due to the Built Environment Consulting disposal	**-**	-	(145.5)
Irrecoverable withholding tax	**6.5**	6.7	20.4
US Base Erosion and Anti-abuse Tax	**-**	-	6.7
CFC charges	**1.1**	0.5	2.3
Uncertain tax provisions	**(0.5)**	0.8	7.5
Uncertain tax provisions prior year adjustments	**(0.7)**	(1.0)	(26.7)
Uncertain tax provisions prior year adjustments – exceptional	**(7.4)**	-	1.5
Prior year adjustments	**(0.9)**	-	7.7
Prior year adjustments - exceptional	**-**	-	2.5
Impact of change in rates on deferred tax	**0.8**	1.2	(1.0)
Total tax charge/(credit)	**35.6**	(78.5)	236.2
Comprising			
Tax charge/(credit) on continuing operations	**30.4**	(32.0)	10.9
Tax charge/(credit) on discontinued operations	**5.2**	(46.5)	225.3
Total tax charge/(credit)	**35.6**	(78.5)	236.2

Factors affecting the current tax charge

The weighted average of statutory tax rates is (36.2%) in 2023. The negative tax rate reflects the overall profit before tax being a small loss, and the geographical split resulting in tax on profits exceeding credits on losses.

The actuarial loss in relation to the UK defined benefit pension scheme has resulted in a decrease in deferred tax liabilities of $17.2m through Other Comprehensive Income. As deferred tax liabilities support the recognition of deferred tax assets, a reduction of $17.2m of deferred tax assets recognition has been recognised through exceptional items in the Income Statement. A credit of $41.6m (June 2022: $59.6m) of the same nature as a result of an actuarial gain was included within exceptional items in 2022.

8. Taxation (continued)

Additional deferred tax has been recognised in the period reflecting forecast profits of the US business for one year in excess of assets supported by deferred tax liabilities. The impact on the half year results of the additional recognition of $3.1m. The US business is expected to be profitable in 2023, but for the disposal of the Built Environment business it has been loss making in recent years.

Factors affecting future tax charges

There are a number of factors that may affect the Group's future tax charge including the resolution of open issues with the tax authorities, corporate acquisitions and disposals, the use of brought forward losses and changes in tax legislation and rates. The following outlines key factors that may impact on future tax charges.

On 20 June 2023 the UK Finance Bill was substantively enacted in the UK, including legislation to implement the OECD Pillar Two income taxes for periods beginning on or after 1 January 2024. The Group has applied the exception in the Amendments to IAS 12 issued in May 2023 and has neither recognised nor disclosed information about deferred tax assets or liabilities relating to Pillar Two income taxes. Based on forecast profits for 2023 we anticipate an additional tax charge of $2.1m for future years as a result of the minimum 15% tax rate applicable under Pillar 2.

Actuarial valuations of the UK defined benefit pension scheme create volatility in the tax charge due to revaluations of the net pension asset impacting on the related deferred tax liability. This is because the movement in the deferred tax liability in respect of the pension surplus is taken to Other Comprehensive Income whilst the corresponding movement in deferred tax asset recognition is taken to the income statement.

9. Retirement benefit obligations

The Group operates a number of defined benefit pension schemes which are largely closed to future accrual. The surplus or deficit recognised in respect of each scheme represents the difference between the present value of the defined benefit obligations and the fair value of the scheme assets. The assets of these schemes are held in separate trustee administered funds. As at 30 June 2023, 97.2% (December 2022: 113.7%) of total scheme assets in the principal schemes have quoted prices in active markets.

At 30 June 2023, the largest schemes were the Wood Pension Plan ('WPP'), the Foster Wheeler Inc Salaried Employees Pension Plan ('FW Inc SEPP') and the Foster Wheeler Inc Pension Plan for Certain Employees ('FW Inc PPCE'). An interim revaluation of these schemes has been carried out at 30 June 2023 and the related actuarial losses of $65.5m (June 2022: gains $230.8m) are recorded in the Group statement of comprehensive income. The losses are largely as result of a reduction in the market value of assets outweighing the increase in the discount rate in the period. The discount rate is outlined in the table below. The discount rate is determined by the scheme actuaries and reflects the return on high quality corporate bonds. An increase in the discount rate will decrease the defined benefit obligation.

No changes to future contribution levels have been agreed for the Wood Pension Plan.

The principal assumptions used in calculating the Group's defined benefit pension schemes are as follows:

	June 2023 Wood Pension Plan %	**June 2023 FW Inc SEPP %**	**June 2023 FW Inc PPCE %**	June 2022 Wood Pension Plan %	June 2022 FW Inc SEPP %	June 2022 FW Inc PPCE %	December 2022 Wood Pension Plan %	December 2022 FW Inc SEPP %	December 2022 FW Inc PPCE %
Discount rate	**5.3**	**5.1**	**5.1**	3.8	4.6	4.6	5.0	5.2	5.2
Rate of retail price index inflation	**3.2**	**N/A**	**N/A**	3.1	N/A	N/A	3.1	N/A	N/A
Rate of consumer price index inflation	**2.7**	**N/A**	**N/A**	2.6	N/A	N/A	2.6	N/A	N/A

Sensitivity to discount rate and inflation rate

The impact of changes to the key assumptions on the retirement benefit obligation is shown below. The sensitivity is based on a change in an assumption whilst holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method has been applied as when calculating the pension obligation recognised in the Group balance sheet.

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9. Retirement benefit obligations (continued)

	June 2023 Wood Pension Plan $m	**June 2023 FW Inc SEPP $m**	**June 2023 FW Inc PPCE $m**	June 2022 Wood Pension Plan $m	June 2022 FW Inc SEPP $m	June 2022 FW Inc PPCE $m	December 2022 Wood Pension Plan $m	December 2022 FW Inc SEPP $m	December 2022 FW Inc PPCE $m
Discount rate									
Plus 0.5%	**(129.6)**	**(3.3)**	**(5.4)**	(184.6)	(3.3)	(6.4)	(134.0)	(3.2)	(5.4)
Minus 0.5%	**143.9**	**3.5**	**5.7**	206.4	3.6	6.9	151.5	3.5	5.7
Inflation									
Plus 0.1%	**13.3**	**N/A**	**N/A**	22.8	N/A	N/A	13.3	N/A	N/A
Minus 0.1%	**(13.3)**	**N/A**	**N/A**	(22.6)	N/A	N/A	(13.2)	N/A	N/A

10. Other non-current liabilities

	Unaudited Interim June 2023 $m	Unaudited Interim June 2022 $m	Audited Full Year December 2022 $m
Other payables	**73.5**	118.0	106.8
Other non-current liabilities	**73.5**	118.0	106.8

Other payables mainly relate to the US SERP pension arrangement and amount to $52.7m (December 2022: $55.6m). At December 2022, other payables also included $33.6m relating to penalties agreed and payable after 1 year to the various authorities as described in note 12.

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11. Goodwill and other intangible assets

	Goodwill	Software and development costs	Customer contracts and relationships	Order backlog	Brands	Total
	$m	$m	$m	$m	$m	$m
Cost						
At 1 January 2023	4,277.4	343.2	656.1	157.0	479.4	5,913.1
Exchange movements	35.3	22.5	2.6	1.0	4.5	65.9
Additions	-	100.6	-	-	-	100.6
Disposals	(15.0)	(1.0)	-	-	-	(16.0)
At 30 June 2023	**4,297.7**	**465.3**	**658.7**	**158.0**	**483.9**	**6,063.6**
Amortisation and impairment						
At 1 January 2023	488.8	239.4	547.7	157.0	171.1	1,604.0
Exchange movements	5.3	16.8	0.9	1.0	1.4	25.4
Amortisation charge	-	51.3	13.1	-	14.1	78.5
Disposals	-	(1.0)	-	-	-	(1.0)
At 30 June 2023	**494.1**	**306.5**	**561.7**	**158.0**	**186.6**	**1,706.9**
Net book value at 30 June 2023	**3,803.6**	**158.8**	**97.0**	**-**	**297.3**	**4,356.7**

	Goodwill	Software and development costs	Customer contracts and relationships	Order backlog	Brands	Total
	$m	$m	$m	$m	$m	$m
Cost						
At 1 January 2022	5,226.2	288.8	815.7	183.9	661.0	7,175.6
Exchange movements	(138.5)	(39.2)	(13.3)	(2.3)	(10.6)	(203.9)
Additions	-	83.0	-	-	-	83.0
Disposals	-	(0.8)	-	-	-	(0.8)
Reclassification to assets held for sale	(792.2)	(17.5)	(127.9)	(25.6)	(178.6)	(1,141.8)
At 30 June 2022	**4,295.5**	**314.3**	**674.5**	**156.0**	**471.8**	**5,912.1**
Amortisation and impairment						
At 1 January 2022	0.8	205.7	581.2	171.7	140.9	1,100.3
Exchange movements	-	(32.2)	(8.2)	(2.2)	(2.4)	(45.0)
Amortisation charge	-	44.9	10.6	8.0	16.4	79.9
Reclassification to assets held for sale	-	(16.6)	(47.8)	(25.6)	(38.0)	(128.0)
Disposals	-	(0.8)	-	-	-	(0.8)
At 30 June 2022	**0.8**	**201.0**	**535.8**	**151.9**	**116.9**	**1,006.4**
Net book value at 30 June 2022	**4,294.7**	**113.3**	**138.7**	**4.1**	**354.9**	**4,905.7**

In accordance with IAS 36 'Impairment of assets,' goodwill and other non-current assets were reviewed for indicators of impairment at 30 June 2023. The Group has five CGUs (December 2022: five) and goodwill is monitored by management at the CGU level. The impairment testing that was performed at December 2022 highlighted that a reasonable change in assumptions would have resulted in an additional impairment for the Projects and Operations CGUs, as well as the central Group test. The key assumptions used in the impairment model for these CGUs were discount rate, long-term growth rate and revenue growth.

11. Goodwill and other intangible assets (continued)

During the first half of 2023, the Group completed the mid-year forecast ("MYF") update, which highlighted that revenues and EBITDA were expected to remain in line with or above the original budget. Trading performance in the first half of 2023 is also ahead of budget. The medium-term forecasts also remain supported by a strengthening pipeline since the year end and good momentum in work won and so the Group's view of the markets remain unchanged. Therefore, the Group remain confident in the cash flow forecasts that underpinned the impairment testing performed at year end.

Management considered the impact of market volatility on the discount rates used in the impairment test. An increase in the discount rates, particularly for the Projects and Operations CGUs and the overall Group position could lead to further impairment charges. The discount rates remain broadly unchanged since the year end impairment test and reflects that the risks within the medium term forecasts have not changed significantly since the year end.

Management also considered the impact of the revocation of the conditional offer made by Apollo during the first half of 2023, which did not significantly change the market capitalisation of the Group as at 31 December compared with 30 June. The Group is performing in line with the forecasts underpinning the 2022 impairment test; 2023 year to date performance is ahead of the budget; and the latest MYF highlights that 2023 revenue and EBITDA performance is expected to be in line or above the original budget. Hence, combined with broadly unchanged discount rates this indicates that a full impairment review would not be required at this time, and that no impairment charge should be recognised at June 2023.

The disposal of $15.0m of goodwill relates to the Gulf of Mexico business that completed during the first half of 2023.

12. Provisions

2023	Asbestos related litigation $m	Insurance $m	Property $m	Litigation related provisions $m	Project related provisions $m	Total $m
At 1 January 2023	311.4	46.2	26.0	12.8	63.3	459.7
Reclassifications	10.5	1.2	(0.2)	(0.2)	(1.7)	9.6
Utilised	(37.9)	-	(0.3)	(10.9)	(10.4)	(59.5)
Charge to income statement	17.5	6.5	0.8	0.2	13.7	38.7
Released to income statement	(0.4)	(10.9)	(0.1)	-	(7.8)	(19.2)
Exchange movements	1.1	-	0.5	0.3	0.2	2.1
At 30 June 2023	**302.2**	**43.0**	**26.7**	**2.2**	**57.3**	**431.4**
Presented as						
Current	-	-	2.4	0.2	33.6	36.2
Non-current	302.2	43.0	24.3	2.0	23.7	395.2

2022	Asbestos related litigation $m	Insurance $m	Property $m	Litigation related provisions $m	Project related provisions $m	Total $m
At 1 January 2022	342.1	55.3	32.3	93.3	112.2	635.2
Reclassifications	10.3	-	0.2	-	1.3	11.8
Utilised	(23.5)	(3.1)	(1.1)	(7.0)	(34.9)	(69.6)
Charge to income statement	2.9	-	(0.1)	0.1	3.3	6.2
Released to income statement	(25.4)	(8.1)	(0.3)	-	(14.1)	(47.9)
Exchange movements	(3.7)	-	(1.0)	(0.1)	(3.2)	(8.0)
At 30 June 2022	**302.7**	**44.1**	**30.0**	**86.3**	**64.6**	**527.7**
Presented as						
Current	-	-	5.0	0.3	24.9	30.2
Non-current	302.7	44.1	25.0	86.0	39.7	497.5

12 Provisions (continued)

Asbestos related litigation

The Group assumed the majority of its asbestos-related liabilities when it acquired Amec Foster Wheeler in October 2017. Whilst some of the asbestos claims have been and are expected to be made in the United Kingdom, the overwhelming majority have been and are expected to be made in the United States.

Some of Amec Foster Wheeler's US subsidiaries are defendants in numerous asbestos-related lawsuits and out-of-court informal claims pending. Plaintiffs claim damages for personal injury alleged to have arisen from exposure to, or use of, asbestos in connection with work allegedly performed during the 1970s and earlier. The estimates and averages presented have been calculated on the basis of the historical US asbestos claims since the initiation of claims filed against these entities.

The number and cost of current and future asbestos claims in the US could be substantially higher than estimated and the timing of payment of claims could be sooner than estimated, which could adversely affect the Group's financial position, its results and its cash flows.

The Group expects these subsidiaries to be named as defendants in similar suits and that new claims will be filed in the future. For purposes of these financial statements, management have estimated the indemnity and defence costs to be incurred in resolving pending and forecasted claims through to 2050. Although we believe that these estimates are reasonable, the actual number of future claims brought against these subsidiaries and the cost of resolving these claims could be higher.

Some of the factors that may result in the costs of asbestos claims being higher than the current estimates include:

- an increase in the rate at which new claims are filed and an increase in the number of new claimants;
- increases in legal fees or other defence costs associated with asbestos claims; and
- increases in indemnity payments, decreases in the proportion of claims dismissed with zero payment and payments being required to be made sooner than expected.

The Group has worked with its advisors with respect to projecting asbestos liabilities and to estimate the amount of asbestos-related indemnity and defence costs at each year-end through to 2050. Each year the Group records its estimated asbestos liability at a level consistent with the advisors' reasonable best estimate. The Group's advisors perform a quarterly and annual review of asbestos indemnity payments, defence costs and claims activity and compare them to the forecast prepared at the previous year-end. Based on its review, they may recommend that the assumptions used to estimate future asbestos liabilities are updated, as appropriate.

The total liability recorded in the Group's balance sheet at 30 June 2023 is based on estimated indemnity and defence costs expected to be incurred to 2050. Management believe that any new claims filed after 2050 will be minimal.

A net interest charge of $5.5m for the time value of money (June 2022: $2.8m) and a yield curve charge of $2.0m (June 2022: $23.8m credit), which is driven by the reduction in the 30-year US Treasury Bond rate in the first half of 2023, is included within exceptional items on the basis that movements in the provision are non-trading and driven by market conditions out with the Group's control. An additional $10.0m increase in the provision, offset by a corresponding increase in the insurance receivable has been recorded to reflect amounts receivable in the first half of the year from insurance providers. Asbestos related receivables represents management's best estimate of insurance recoveries relating to liabilities for pending and estimated future asbestos claims through to 2050. The receivables are only recognised when it is virtually certain that the claim will be paid. The Group's asbestos-related assets have been discounted at an appropriate rate of interest.

The net asbestos liability at 30 June 2023 amounted to $317.3m (December 2022: $335.4m) and comprised $302.2m in provisions (December 2022: $311.4m) and $49.6m in trade and other payables (December 2022: $59.5m) less $25.5m in long term receivables (December 2022: $24.4m) and $9.0m in trade and other receivables (December 2022: $11.1m).

Insurance provisions

The Group has liabilities in relation to its captive insurance companies of $43.0m (December 2022: $46.2m).

The Group currently has one captive insurance company, Garlan Insurance Limited, which is active and is based in Guernsey. The company provides insurance solely to other Group companies and does not provide any insurance to third parties. The provisions recorded represent amounts payable to external parties in respect of claims, the value of which is based on actuarial reports which assess the likelihood and value of these claims. These are reassessed annually, with movements in claim reserves being recorded in the income statement.

Property provisions

Property provisions total $26.7m (December 2022: $26.0m). Property provisions mainly comprise of dilapidations relating to the cost of restoring leased property back into its original, pre-let condition. The estimate of costs is the greatest area of uncertainty and the timing of future cash outflows is linked to the term dates of numerous individual leases.

12 Provisions (continued)

Litigation related provisions

The Group is party to litigation involving clients and sub-contractors arising from its contracting activities. Management has taken internal and external legal advice in considering known or reasonably likely legal claims and actions by and against the Group. Where a known or likely claim or action is identified, management carefully assesses the likelihood of success of the claim or action. A provision is recognised only in respect of those claims or actions where management consider it is probable that a cash outflow will be required.

Provision is made for management's best estimate of the likely settlement costs and/or damages to be awarded for those claims and actions that management considers are likely to be successful. Due to the inherent commercial, legal and technical uncertainties in estimating project claims, the amounts ultimately paid or realised by the Group could differ from the amounts that are recognised in the financial statements.

Investigations

Under the terms of the investigation resolutions concluded in 2021, the Group paid approximately $38m in compensation, disgorgement and prejudgment interest, fines and penalties in instalments, including its final payment to the Crown Office and Procurator Fiscal Service in Scotland in the first half of 2023. The Group will pay the remaining amounts due to the SFO in 2024.

At 30 June 2023, the Group continues to recognise the final instalment of outstanding penalties of $35.3m (December 2022: $37.3m) within Trade and other payables. The non-current portion at 30 June 2023 is now $nil (December 2022: $33.6m).

Other litigations

Other items relating to litigation are included within the overall provision, none of which are individually material.

Project related provisions

The Group has numerous provisions relating to the projects it undertakes for its customers. The value of these provisions relies on specific judgements in areas such as the estimate of future costs or the outcome of disputes and litigation. Whether or not each of these provisions will be required, the exact amount that will require to be paid and the timing of any payment will depend on the actual outcomes.

Aegis 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 ("USACE"). Wood's construction scope is now complete and has been formally handed over to USACE. There has been no change in management's assessment of the loss at completion which remains at $222m. The full amount of this loss has been recognised to date.

The Group's assessment of the ultimate loss includes change orders which have not been approved by the customer. They are estimated based on the amount that is deemed to be highly probable to be recovered. That estimation is made considering the risks and likelihood of recovery of change orders. The Group's assessment of liquidated damages involves an expectation of relief from possible obligations linked to delays on the contract. These liquidated damages and relief assumptions are estimates prepared in conjunction with the change orders estimates noted above. The range of possible outcomes in respect to the change orders that are highly likely to be recoverable and the liquidated damages for which a relief will be obtained is material. The Group has classified the receivable balances as non-current due to the element of uncertainty surrounding the timing of the receipt of these balances. The ultimate loss also includes the Group's assessment of the total legal costs necessary to achieve recovery of the amounts believed to be recoverable and defend our position on liquidated damages. At this point in time this is an estimate based on a weighted average of several possible outcomes and the actual costs could be materially higher or lower depending on actual route to settlement.

If the amounts agreed are different to the assumptions made, then the ultimate loss could be materially different. At 30 June 2023, provisions of $8.8m (December 2022: $15.6m) are recognised which represent the element of the full contract loss which has been recognised through the income statement to date but for which revenue has not yet been recognised or costs incurred. In reaching its assessment of the ultimate loss, management have made certain estimates and assumptions relating to the recovery of costs from USACE and the final costs to complete. If the actual outcome differs from these estimates and assumptions, the ultimate loss will be different.

Other project related provisions

Certain of the jurisdictions in which the Group operates, in particular the US and the EU, have environmental laws under which current and past owners or operators of property may be jointly and severally liable for the costs of removal or remediation of toxic or hazardous substances on or under their property, regardless of whether such materials were released in violation of law and whether the operator or owner knew of, or was responsible for, the presence of such substances. Largely as a consequence of the acquisition of Amec Foster Wheeler, the Group currently owns and operates, or owned and operated, industrial facilities. It is likely that, as a result of the Group's current or former operations, hazardous substances have affected the property on which those facilities are or were situated.

12 Provisions (continued)

In the past the Group has received and may continue to receive claims pursuant to indemnity obligations from the present owners of facilities we have transferred, which may require us to incur costs for investigation, remediation and monitoring. As at 30 June 2023, the Group has a $0.2m provision (December 2022: $6.9m) for the currently understood cost of monitoring and estimated environmental clean-up costs in relation to industrial facilities that it no longer operates.

As described in note 18, the Group agreed to indemnify certain third parties relating to businesses and/or assets that were previously owned by the Group and were sold to them. These principally relate to businesses that were sold by Amec Foster Wheeler prior to its acquisition by the Group. The Group had recognised legacy provisions which comprised many individually immaterial provisions relating to a large number of contracts and exposures. The Group manages its exposure to these liabilities within Investment Services and the provision was increased during the first half of 2023 based on our latest assessment of the probable outflow required to settle the exposures.

The balance of project related provisions relates to a number of provisions which are not individually material or significant.

13. Related party transactions

The following transactions were carried out with the Group's joint ventures in the six months to 30 June. These transactions comprise sales and purchase of goods and services in the ordinary course of business. The receivables include loans to certain joint venture companies.

	Unaudited Interim June 2023 $m	Unaudited Interim June 2022 $m	Audited Full Year December 2022 $m
Sales of goods and services to joint ventures	**0.4**	7.3	12.2
Purchase of goods and services from joint ventures	**1.8**	0.1	4.3
Receivables from joint ventures	**7.6**	9.9	8.9
Payables to joint ventures	**0.1**	1.3	0.3

The Group operates a number of defined benefit pension arrangements and seeks to fund these arrangements to ensure that all benefits can be paid as and when they fall due. The Group has an agreed schedule of contributions with the UK plan's trustees where amounts payable by the Group are dependent on the funding level of the respective scheme. The US plans are funded to ensure that statutory obligations are met and contributions are generally payable to at least minimum funding requirements. Note 9 sets out details of the Group's pension obligations under these arrangements.

14. Analysis of net debt

	At 1 January 2023	Cash flow	Other	Exchange movements	**Unaudited at 30 June 2023**
	$m	$m	$m	$m	**$m**
Short term borrowings	(345.9)	105.5	2.1	(22.9)	**(261.2)**
Long term borrowings	(584.0)	(257.0)	(1.9)	(0.3)	**(843.2)**
	(929.9)	(151.5)	0.2	(23.2)	**(1,104.4)**
Cash and cash equivalents	536.7	(87.8)	-	1.3	**450.2**
Net debt before leases	**(393.2)**	**(239.3)**	**0.2**	**(21.9)**	**(654.2)**
Leases	(342.9)	52.4	(27.7)	(7.5)	(325.7)
Net debt including leases	**(736.1)**	**(186.9)**	**(27.5)**	**(29.4)**	**(979.9)**

	At 1 January 2022	Cash flow	Other	Exchange movements	**Unaudited at 30 June 2022**
	$m	$m	$m	$m	**$m**
Short term borrowings	(281.9)	(12.9)	(27.9)	1.2	**(321.5)**
Long term borrowings	(1,614.1)	(231.4)	(2.1)	(0.2)	**(1,847.8)**
	(1,896.0)	(244.3)	(30.0)	1.0	**(2,169.3)**
Cash and cash equivalents	503.0	(85.7)	-	(12.8)	**404.5**
Cash and cash equivalents included in assets held for sale	-	8.5	-	-	**8.5**
Net debt before leases	**(1,393.0)**	**(321.5)**	**(30.0)**	**(11.8)**	**(1,756.3)**
Leases	(449.8)	66.8	(40.7)	24.1	(399.6)
Net debt including leases	**(1,842.8)**	**(254.7)**	**(70.7)**	**12.3**	**(2,155.9)**

Cash at bank and in hand at 30 June 2023 includes $243.5m (December 2022: $328.4m) that is part of the Group's cash pooling arrangements. For internal reporting and the calculation of interest, this amount is netted with short-term overdrafts and is presented as a net figure on the Group's balance sheet. In preparing these financial statements, the Group is required to gross up both its cash and short-term borrowings figures by this amount.

The cash and cash equivalents balance includes amounts classified as restricted cash totalling $11.5m (June 2022: $18.0m and December 2022: $15.0m). $9.3m of the balance represents cash held in jurisdictions where there is insufficient liquidity in the local market to allow for immediate repatriation (December 2022: $10.0m). The remaining $2.3m (June 2022: $7.6m and December 2022: $5.0m) relates to balances held within Russia that are potentially exposed to the sanctions associated with Russia's invasion of Ukraine but are expected to be used to settle in-country liabilities. Management considers it appropriate to include the restricted cash balance in the Group's net debt figure on the basis that it meets the definition of cash, albeit is not readily available to the Group.

The lease liability at 30 June is made up of long term leases of $234.9m (June 2022: $251.3m) short term leases of $90.8m (June 2022: $88.2m) and held for sale lease liabilities of $nil (June 2022: $60.1m).

The other movement of $27.5m (June 2022: $70.7m) in the above table represents new leases entered into of $23.1m (June 2022: $32.1m) and disposals of $3.9m (June 2022: $nil) during the first half, interest expense of $8.5m (June 2022: $8.6m), amortisation of bank facility fees of $1.9m (June 2022: $2.1m) partially offset by a reduction in accrued interest on short-term borrowings of $2.1m (June 2022: $27.9m increase).

As at 30 June 2023, the Group had received $200.0m (December 2022: $200.0m) of cash relating to non-recourse financing arrangements. An equivalent amount of trade receivables was derecognised on receipt of the cash. At 30 June 2023, $76.1m (December 2022: $113.6m) had been received from customers in the normal course of business in relation to the same amounts received from the factors. This $76.1m (December 2022: $113.6m) is due to be paid over to the factors and is included in trade payables. The impact of both the cash received from the facility and the cash received from customers is included within cash generated from operations.

15. Share based payment arrangements

Share based charges for the period of $9.8m (June 2022: $8.5m) relate to options granted under the Group's executive share option schemes and awards under the Long-Term Plan. The charge is included in administrative expenses in the income statement.

For the period to 30 June 2023, $0.8m (June 2022: $0.6m) of shares have been acquired by employee share trusts in the open market using funds provided by the Group to meet obligations under the Share Incentive Plan ('SIP').

16. Financial risk management and financial instruments

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange and cash flow interest rate risk), credit risk and liquidity risk. The condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements and should be read in conjunction with the Group's 2022 Annual Report and Accounts.

There have been no material changes in the risk management function or in any risk management policies since 31 December 2022.

Fair value of non-derivative financial assets and financial liabilities

The fair value of short-term borrowings, trade and other payables, trade and other receivables, short-term deposits and cash at bank and in hand approximates to the carrying amount because of the short maturity of interest rates in respect of these instruments.

Derivative financial assets and liabilities

The Group enters into forward contracts to hedge foreign exchange exposures arising in the normal course of business. The Group also hedges against changes in interest rates by entering into interest rate swaps. The fair values of these derivative financial instruments are included in financial assets and trade and other payables in the Group balance sheet. The fair values at 30 June 2023 are not significant.

17. Capital commitments

At 30 June 2023, the Group has entered into contracts for future capital expenditure amounting to $53.8m relating to property plant and equipment and intangible assets. These capital commitments mainly relate to various existing software packages which are subsequently amortised over their useful lives. These capital commitments have not been provided for in the financial statements.

18. Contingent liabilities

Cross guarantees
At the balance sheet date, the Group had cross guarantees without limit extended to its principal bankers in respect of sums advanced to subsidiaries.

Legal Claims
From time to time, the Group is notified of claims in respect of work carried out. For a number of these claims the potential exposure is material. Where management believes we are in a strong position to defend these claims no provision is made. This includes a civil administrative determination, made by the Contraloría General de la República de Colombia against two Amec Foster Wheeler subsidiaries, along with 22 others, in relation to work carried out for Refineria de Cartagena, S.A ("Reficar") between 2009 and 2016. We are continuing to vigorously challenge this determination and we are confident in our ability to prevail.

At any point in time there are a number of claims where it is too early to assess the merit of the claim, and hence it is not possible to make a reliable estimate of the potential financial impact.

The group carries insurance coverage and in the event of future economic outflow arising with respect to any of these contingencies, an element of reimbursement may occur, subject to any excess or other policy restrictions and limits.

Investigations
Following the settlement of the various regulatory investigations in 2021, it remains possible that there may be other adverse consequences for the Group's business including actions by authorities in other jurisdictions. At this time, however, these consequences and likelihood of potential further investigations cannot be reliably estimated, and therefore no provision has been made in respect of them in the financial statements.

Employment claims

The Group received assessments from HMRC into the historical application of employer's National Insurance Contributions to workers on the UK Continental Shelf. The assessments have been appealed and our case is stayed pending the outcome of a similar case with another Group. We believe it is more likely than not that we will be able to defend this challenge and therefore as a result do not expect that it is probable a liability will arise. The maximum potential exposure to the Group in relation to tax and interest should we be unsuccessful in our position is approximately $30m.

Indemnities and retained obligations

The Group has agreed to indemnify certain third parties relating to businesses and/or assets that were previously owned by the Group and were sold to them. Such indemnifications relate primarily to breach of covenants, breach of representations and warranties, as well as potential exposure for retained liabilities, environmental matters and third party claims for activities conducted by the Group prior to the sale of such businesses and/or assets. We have established provisions for those indemnities in respect of which we consider it probable that there will be a successful claim, to the extent such claim is quantifiable. The Group sold its Built Environment Consulting business to WSP in late 2022 and the share purchase agreement provided an indemnity for losses on three specified contracts. No provisions were considered necessary for these contracts as at 30 June 2023.

Tax planning

HMRC have challenged the deductibility of certain interest expenses previously considered as part of the EU State Aid investigation into the UK controlled foreign company regime. HMRC are currently at the information gathering stage. We believe that the interest deductions have been appropriately taken in line with tax legislation and guidance and therefore do not expect any outflow as a result, however we continue to monitor case law in the area and will consider the challenges of HMRC when raised. The maximum potential exposure to the Group including interest in relation to the interest deductions is approximately $39m and in the event of any amount ultimately being payable there is no prospect of any reimbursement.

19. Post balance sheet events

The directors have reviewed the position of the Group, up to the date authorised for issue of these financial statements and have not identified any events arising after the reporting period which require disclosure.

Statement of directors’ responsibilities

for the six month period to 30 June 2023

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 ‘Interim Financial Reporting’ as adopted for use in the UK;
- the interim management report includes a fair review of the information required by:

a) DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

b) DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

The directors of John Wood Group PLC are listed in the Group’s 2022 Annual Report and Accounts.

K Gilmartin

Chief Executive

D Kemp

Chief Financial Officer

21 August 2023

Independent review report to John Wood Group PLC

Conclusion

We have been engaged by John Wood Group plc ("the Company") to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2023 which comprises the Group income statement, the Group statement of comprehensive income, the Group balance sheet, the Group statement of changes in equity, the Group cash flow statement and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2023 is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting* as adopted for use in the UK and the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA").

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity ("ISRE (UK) 2410")* issued for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the half-yearly financial report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis of conclusion section of this report, nothing has come to our attention that causes us to believe that the directors have inappropriately adopted the going concern basis of accounting, or that the directors have identified material uncertainties relating to going concern that have not been appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410. However, future events or conditions may cause the group to cease to continue as a going concern, and the above conclusions are not a guarantee that the group will continue in operation.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with UK-adopted international accounting standards.

The directors are responsible for preparing the condensed set of financial statements included in the half-yearly financial report in accordance with IAS 34 as adopted for use in the UK.

In preparing the condensed set of financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review. Our conclusion, including our conclusions relating to going concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion section of this report.

The purpose of our review work and to whom we owe our responsibilities

This report is made solely to the company in accordance with the terms of our engagement to assist the company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

Paul Glendenning
for and on behalf of KPMG LLP
Chartered Accountants
1 Marischal Square
Aberdeen
AB10 1DD

21 August 2023

Shareholder information

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The Group's Investor Relations website can be accessed at **www.woodplc.com**.