News release

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Half year results for the six months ended 30 June 2024
20 August 2024

Delivering a higher quality business and reconfirming outlook

	HY24 $m	HY23 $m	*Movement %*
HEADLINE RESULTS			
Order book[1]	6,209	5,991	*3.6%*
Revenue	2,844	2,986	*(4.8)%*
Adjusted EBITDA[2]	219	202	*8.5%*
Adjusted EBITDA margin	*7.7%*	*6.8%*	*0.9ppts*
Adjusted EBIT[3]	102	89	*14.2%*
Adjusted diluted EPS[4]	2.5c	1.1c	*127.3%*
Adjusted operating cash flow[5]	51	39	*29.3%*
Free cash flow[6]	(168)	(219)	*23.4%*
Net debt excluding leases	876	654	*33.9%*
STATUTORY RESULTS			
Operating (loss) / profit	(899)	23	*n/m*
Loss for the period	(983)	(27)	*n/m*
Basic loss per share	(142.9)c	(4.3)c	*n/m*
Cash flow from operating activities	31	(7)	*n/m*

See notes on page 4. Full headline results are shown on pages 13, 14 and 20

Ken Gilmartin, CEO, said:

"These results demonstrate continued progress on our turnaround. Our strategy continues to deliver higher EBITDA and a larger order book, and we are improving the quality of our business with better pricing and higher margins. Our Simplification programme is progressing at pace, with nearly half of the annualised $60 million savings from next year already secured. I am also pleased that we have achieved all of this while recording our highest level of employee satisfaction ever, putting Wood in the top quartile of all our peers and demonstrating that our team is focused and energised on driving Wood to its full potential.

"We have finalised our views on our exit from lump sum turnkey and large-scale EPC work and have reflected this in our results today, though crucially this has not changed our cash guidance. We have also recognised a non-cash goodwill impairment in our Projects business, which relates to legacy acquisitions.

"Generating sustainable, strong free cash flow continues to be an important focus for the delivery of our turnaround. Our adjusted operating cash flow was up in the period, and we continue to anticipate reducing cash drags going forward. We welcomed Arvind Balan as our new CFO in April and he has brought a renewed cash focus across the business.

"As we look ahead, we remain confident that our strategy, actions we are taking and growth potential across our markets will deliver significant value for our shareholders. We are pleased to reconfirm our outlook today, both for 2024 and 2025, including generating significant free cash flow in 2025."

We are delivering a higher quality business

- **Our growth strategy is delivering**
  - Adjusted EBITDA up 8.5% to $219 million
  - Order book up 3.6% to $6.2 billion
- **We are improving profitability**
  - Adjusted EBITDA margin expanded to 7.7%
  - Continuation of improved pricing across our pipeline and order book
- **Our Simplification programme is moving at pace**
  - Already secured $25 million of the targeted $60 million annualised savings from 2025 onwards, with the in-year benefit in 2024 confirmed to be around $10 million
- **Finalised our views on exit from LSTK and large-scale EPC**
  - $140 million exceptional charge, consisting of $53 million write-off of receivable balances, $61 million of new provisions, and $26 million of final settlements (see pages 16-17)
  - Anticipated cash impacts spread over many years
  - No change to our cash guidance
- **We continue to win exciting and complex work**
  - 6-year contract with Shell for the world's largest floating offshore LNG facility in Australia
  - Completed FEED for the first phase of Aramco's carbon capture project in Saudi Arabia
- **Significant sustainable solutions business**[7]
  - Sustainable solutions revenue of c.$600 million represents 21% of Group revenue
  - Around 40% of factored sales pipeline now in sustainable solutions
- **We continue to evolve our portfolio in line with our strategic priorities**
  - CEC Controls sale agreed, net proceeds of c.$30 million expected in the second half
  - Disposal of Ethos Energy JV progressing well, expected to complete in the second half

We are focused on cash delivery

- **We have made significant progress on our turnaround to date**
  - Delivered EBITDA growth above targets
  - Expanded our margins and will continue to do so
  - Now a higher quality business with no lump sum turnkey work remaining in our order book
- **The next stage of our turnaround is to deliver cash**
  - Operating cash flow continues to improve
  - Working capital focus year-round, with a clear plan to make significant improvements
  - Cash drags will continue to reduce as outlined previously
- **We are nearing the inflection point in our cash journey in 2025**
  - Underlying business is highly cash generative
  - Pathway to significant free cash flow from 2025 onwards

Reconfirmed 2024 outlook

- **High single digit growth in adjusted EBITDA, before the impact of disposals**
- **Performance will be weighted to the second half**, reflecting the typical seasonality of our business and the phasing of the in-year benefit of the Simplification programme
- **Operating cash flow to continue to improve**, partly through improved cash management across our business, especially given the second half weighted revenue profile of the Group this year. Exceptional cash outflows will be around $125 million, of which c.$50 million relate to our Simplification programme to deliver around $60 million of savings from 2025, and now include c.$6 million of Sidara-related costs
- **Net debt at 31 December 2024 is expected to be at a similar level to 31 December 2023** after the proceeds from planned disposals, which are due to complete in the second half of this year

Reconfirmed 2025 outlook

- **Adjusted EBITDA growth in 2025 above our medium-term targets**, with the c.$60 million of annualised Simplification benefits on top of the originally targeted mid to high single digit growth
- We expect to generate **significant free cash flow in 2025**

HY24 financial highlights

- **Revenue of $2.8 billion** was down 5% with growth in Operations offset by lower revenue in Projects given lower pass-through activity, our strategic shift away from EPC and weakness in our minerals business
- **Pass-through revenue** in the period was $405 million compared to $506 million in HY23, with all the reduction in our Projects business. Excluding pass-through, Group revenue was down 2%
- **Adjusted EBITDA of $219 million** was up 8.5% with margin expansion more than offsetting the revenue performance, reflecting our shift to a higher quality business
- **Adjusted EBITDA margin of 7.7% compared to 6.8% last year**, helped by improved pricing and lower EPC and pass-through work in Projects
- **Adjusted EBIT** up 14.2% to $102 million
- **Adjusted diluted EPS** up 127.3% to 2.5c, reflects the EBIT growth and a lower tax charge
- **Free cash flow of $(168) million** includes the typical seasonality of our working capital profile and the expected phasing of exceptional cash flows ($75 million in the first half)
- As a result, **net debt (excluding leases) was $876 million** at 30 June 2024

HY24 statutory results

- **Operating loss of $899 million** reflects the exceptional items in the period
- **Exceptional items of $966 million (pre-tax)**
  - $815 million impairment of goodwill and intangibles (see page 17 for details)
  - $140 million losses related to our exit from LSTK and large-scale EPC work
  - $12 million of Simplification costs
  - $6 million of costs related to Sidara's takeover proposals in the period
- **Loss for the period of $983 million**
- **Basic loss per share of 142.9c**
- **Cash flow from operating activities** of $31 million was significantly improved on last year

Presentation

A presentation with Ken Gilmartin (CEO), Arvind Balan (CFO) and Jennifer Richmond (CSO) will be webcast at 8:00am (UK time) today, followed by a Q&A session. The webcast is available at: https://edge.media-server.com/mmc/p/jjv68c9f.

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

For further information:

Simon McGough, President, Investor Relations	+44 (0)7850 978 741
Vikas Gujadhur, Senior Manager, Investor Relations	+44 (0)7855 987 399
Alex Le May / Ariadna Peretz, FTI Consulting	+44 (0)20 3727 1340

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.

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 HY24 to HY23 restated at HY24 currency rates.

Note 1: *Order book comprises work that is supported by a signed contract or written purchase order for work secured under a single contract award or frame agreements. Multi-year agreements are recognised 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 JV order book. Order book is presented as an indicator of the visibility of future revenue.*

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

Note 3: *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 13.*

Note 4: *A reconciliation of adjusted diluted EPS to basic EPS is shown in note 6 of the financial statements.*

Note 5*: Adjusted operating cash flow refers to adjusted cash generated from operations, as shown on page 20 of the Financial Review. This is a metric used by management to monitor business performance throughout the year.*

Note 6: *Free cash flow, a key measure of shareholder value creation, is defined as all cash flows before M&A and dividends. It includes all mandatory payments the Group makes such as interest, tax, and exceptional items. It excludes the impacts of IFRS 16 (Leases) accounting and FX. A reconciliation of free cash flow to statutory cash flow statement is shown on pages 25-26.*

Note 7*: 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 that include a decarbonisation element, for our pipeline disclosure we include the proportion of the opportunity that is related to those decarbonisation elements. For our revenue disclosure, we only include revenue if directly within sustainable solutions, with mixed scopes only included if 75% or more of the scope relates to decarbonisation.*

Note 8*: Various businesses have been transferred between business units in the period:*

- *(i) Part of Life Sciences business was transferred from Consulting to Projects*
- *(ii) Power business in the UK was transferred from Projects to Investment Services*
- *(iii) Industrial Boilers business moved from Investment Services to Operations*
- *(iv) Downstream & Chemicals operations business moved from Operations to Investment Services*

The results for our Business Units (as shown on pages 8 to 11 have been restated for these changes. There is no impact on the Group's total results. A summary of changes is shown on page 12.

CEO STATEMENT

We continue to make good progress on our strategy as we deliver a higher quality business. The first half of this year saw continued growth in adjusted EBITDA, with a significant expansion in our margin, and a higher order book. Our Simplification programme is moving at pace, on track to deliver c.$60 million of annualised savings from 2025. We also agreed the disposal of CEC Controls as part of the evolution of our portfolio in line with our strategic priorities, with the sale of our Ethos Energy JV progressing well.

Financial results

Revenue reflects the shift in our business

Group revenue of $2.8 billion was down 5% with good growth in Operations offset by lower revenue in Projects given lower pass-through activity, our strategic shift away from EPC work and weakness in our minerals business. Excluding pass-through revenue, Group revenue was down 2%.

Improved profitability

Our adjusted EBITDA of $219 million was up 9% on last year. This reflects a significant expansion in our adjusted EBITDA margin from 6.8% to 7.7%. This reflects both improved pricing and the change in revenue mix, with less pass-through activity and large-scale EPC work.

Our adjusted EBIT was up 14% to $102 million, reflecting the growth in EBITDA, while our adjusted diluted EPS increased by 127% to 2.5 cents.

Statutory results

We made an operating loss in the period of $899 million. This primarily reflects an impairment of goodwill of $815 million and $140 million of charges related to the exit of LSTK and large-scale EPC business.

The goodwill impairment relates to legacy acquisitions and reflects both higher discount rates, due in part to increased market volatility, and a more prudent view on growth assumptions, partly reflecting the geo-political environment in our markets.

We made the strategic decision to exit the lump sum turnkey and large-scale EPC work in 2022. The exit from this type of work has taken time, with multiple contracts being wound down. We have now finalised our view on the exit from such work, including a detailed review of contract positions, an assessment of the current material exposure and risks on remaining EPC contracts, and an assessment of the recoverability of outstanding receivable balances.

As a result of these updated views, we have recognised a $140 million exceptional charge, consisting of $53 million write-off of receivable balances, $61 million of new provisions, and $26 million related to final settlements. The anticipated cash impacts of these charges are spread over many years and are included in our unchanged cash guidance.

Cash performance in line with our expectations

We continue to see significant improvements in our adjusted operating cash flow, generating $51 million in the period despite the typical first half 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 $168 million includes $75 million of exceptional cash costs. We expect exceptional cash costs for the full year to be around $125 million.

Sidara takeover proposals

During the period, Dar Al-Handasah Consultants Shair and Partners Holdings Ltd ("Sidara") made four unsolicited proposals to acquire Wood. On 5 August 2024, after an extended period of detailed engagement, Sidara announced that it did not intend to make an offer for Wood in light of rising geopolitical risks and financial market uncertainty.

We do not believe that those geopolitical risks pose a material risk to Wood, nor the long-term value of the Group.

We expect to incur around $11 million of costs related to these proposals, which will be partially reimbursed by Sidara under an agreement for external costs coverage. The amount of $5.5 million was recognised as an exceptional item in the period, with cash costs in the first half of $1 million. The net cash costs in the second half are expected to be around $5 million.

We are delivering a higher quality business

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. Highlights in the first half of the year include:

- ***Delivering an inspired culture*** – a record high employee net promoter score of +34, an improvement of 19 points since the beginning of our strategic journey and moving Wood from the bottom quartile to the top quartile amongst our peers.
- ***Delivering performance excellence*** – our order book continues to grow and crucially we continue to see a higher gross margin coming through the work we are winning.
- ***Delivering profitable growth*** – expanding our adjusted EBITDA margin to 7.7% through improved pricing and business mix.

We continue to win exciting and complex work across our markets. Highlights in the first half included:

- 6-year contract with Shell for the world's largest floating offshore LNG facility in Australia
- Contracts with TotalEnergies for flare gas recovery in the UK North Sea and Iraq
- EPCm contract with Antofagasta for its Nueva Centinela copper project in Chile

We also completed the FEED for the first phase of Aramco's carbon capture project in Saudi Arabia, which is expected to be the world's largest carbon capture and sequestration hub upon completion.

A significant sustainable solutions business

Wood is an enabler of net zero, providing solutions across decarbonisation, energy transition and materials for a net zero world. We generated around $600 million of sustainable solutions revenue in the first half of this year, broadly the same as last year despite the move away from large-scale EPC work. Sustainable solutions now represent 21% of revenue and 39% of our factored sales pipeline.

Our Simplification programme is moving at pace

We set out a Simplification programme in March 2024 to help us deliver higher margins while remaining focused on business growth. This programme will simplify the way we work by reducing complexity in our functional structure, processes and procedures to ultimately create a more efficient and agile Wood. The programme will also reduce central function costs, deliver IT savings and reduce property costs.

In total, the programme is expected to generate annualised savings of around $60 million from 2025, with a benefit in FY24 of around $10 million. The cash costs to achieve this programme are expected to be around $70 million, with around $50 million in FY24 and around $20 million in FY25.

We are moving at pace in rolling out this programme, with the first phase of right-sizing central functions now complete. We have already secured $25 million annualised savings of the targeted $60 million annualised savings from 2025, and cash costs of $10 million were incurred in the first half of this year.

We continue to evolve our portfolio

In August 2024, we signed an agreement to sell CEC Controls for a cash consideration of $30 million. CEC Controls is an industrial and process control systems business within our Consulting business, and generated $66 million of revenue and $6 million of adjusted EBITDA in 2023.

The sale of our Ethos Energy joint venture is progressing well and is expected to complete in the second half.

We are focused on cash delivery

We have made great progress on our turnaround, with EBITDA growth ahead of our targets and significant improvements in the quality of our business. We are focused on cash delivery to secure the final stage of our turnaround, delivering significant free cash flow.

We continue to expect to grow operating cash. To accelerate this further, we have launched a cash plan to improve our working capital across the Group year-round. This plan includes measures such as enhancing our management information, increasing the frequency of reviews, improving receivables collection and reviewing changes to incentive mechanisms for our employees.

The continued progress in operating cash flow, combined with reducing capital expenditure and the reducing drag from exceptional cash outflows, is expected to lead to significant free cash flow generation from 2025 onwards.

Reconfirmed 2024 outlook

We expect high single digit growth in adjusted EBITDA, before the impact of disposals.

Performance will be weighted to the second half, reflecting the typical seasonality of our business and the phasing of the in-year benefit of the Simplification programme.

Operating cash flow will continue to improve, partly through improved cash management across our business, especially given the second half weighted revenue profile of the Group this year. Exceptional cash outflows will be in line with our previous guidance of around $125 million, of which c.$50 million relate to our Simplification programme to deliver around $60 million of savings from 2025, and now include c.$6 million of Sidara-related costs.

Net debt at 31 December 2024 is expected to be at a similar level to 31 December 2023 after the proceeds from planned disposals, which are due to complete in the second half of this year.

Reconfirmed 2025 outlook

Adjusted EBITDA growth in 2025 is expected to be above our medium-term targets, with the c.$60 million of annualised Simplification benefits on top of the originally targeted mid to high single digit growth.

We expect to generate significant free cash flow in 2025.

Refinancing the Group's debt facilities

The majority of the Group's debt facilities mature in October 2026. The Group recognises the increasing financing risks associated with the global macroeconomic and geo-political landscape and will be looking to start the refinancing of our debt facilities in the second half of 2024, working with the Group's relationship banks and the public and private debt markets.

BUSINESS REVIEWS
CONSULTING

Our Consulting business provides technical consulting, digital consulting, and energy asset development. It specialises in decarbonisation and digital solutions that open opportunities across our other business units.

Financial review

	HY24 **$m**	HY23 Restated[1] $m	*Movement* %	*At constant currency* %
Revenue	**342**	344	*(0.5)%*	*(0.9)%*
Adjusted EBITDA[2]	**39**	40	*(0.7)%*	*(0.7)%*
Adjusted EBITDA margin	***11.5%***	*11.5%*	-	-
Adjusted EBIT	**30**	30	*0.8%*	
Adjusted EBIT margin	***8.9%***	*8.8%*	*0.1ppts*	
Order book	**532**	579	*(8.1)%*	*(9.0)%*
Headcount	**3,924**	3,806	*3.1%*	

1. Restated for the transfer of Life Sciences from Consulting to Projects in HY24, see page 12.
2. Adjusted EBITDA includes $nil from JVs (HY23: $nil). Revenue does not include any contribution from JVs.

Revenue of $342 million was broadly in line with last year, with strong growth in digital consulting offset by lower activity across technical consulting and the phasing of work in our energy asset development business.

Adjusted EBITDA of $39 million was broadly flat compared to last year, with a stable margin reflecting the early benefits of improved pricing offset by higher overhead costs.

The order book at 30 June 2024 was $532 million, down 8% on last year due to the phasing of some large client programmes and general market hesitancy in some of our key markets as clients wait for more certainty on political and regulatory outcomes.

Operational review

Business growth in the period was led by our digital consulting business, helped by the growing demand across our clients for help in their digital transformation journeys. Technical consulting had a slower start to the year, with lower activity across materials and modest growth across energy. We expect to see activity levels pick up in the second half, helped by new business wins, enhanced contribution from key hires and a focus on optimising overhead costs.

Sustainable solutions revenue was c.$100 million, representing around 30% of Consulting revenue.

Key awards in the period across Consulting included:

- Appointed digital transformation partner for two major energy companies in the Middle East
- Carbon Advisory work with Kuwait National Petroleum Company
- Appointed lead specialist consultant for Sunrise JV’s Greater Sunrise Development, located between Timor-Leste and Australia’s Northern Territory

Outlook for 2024

We expect strong growth in adjusted EBITDA in 2024, all weighted to the second half as performance and pricing benefits ramp up and overhead cost control improves margin.

PROJECTS

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

Financial review

	HY24 **$m**	HY23 Restated[1] $m	*Movement* *%*	*At constant currency* *%*
Revenue[1]	**1,084**	1,239	*(12.5)%*	*(12.5)%*
Adjusted EBITDA[2]	**96**	93	*2.5%*	*2.6%*
Adjusted EBITDA margin	***8.8%***	*7.5%*	*1.3ppts*	*1.3ppts*
Adjusted EBIT	**47**	49	*(3.4)%*	
Adjusted EBIT margin	***4.3%***	*3.9%*	*0.4ppts*	
Order book	**2,074**	2,110	*(1.7)%*	*(1.7)%*
Headcount	**13,855**	14,144	*(2.0)%*	

1. Restated for the transfers of Life Sciences from Consulting to Projects, and Power UK from Projects to IVS, in HY24. See page 12.
2. Pass-through revenue, which generates only a small or nil margin, was around $110 million (HY23: c.$220 million).
2. Adjusted EBITDA includes $1 million from JVs (HY23: $2 million). Revenue does not include any contribution from JVs.

Revenue of $1,084 million was 13% lower than last year mainly reflecting lower pass-through revenue and the roll-off of EPC work in line with our strategic shift away from this type of work. Excluding these, revenue was down 1% with continued good growth in oil and gas offset by weakness in our minerals business.

Adjusted EBITDA of $96 million was 3% higher than last year, with good growth in oil and gas offsetting weakness in our minerals and life sciences businesses. Our adjusted EBITDA margin increased to 8.8%, helped by an improved revenue mix with less pass-through and EPC work. In addition to these adjusted results, $140 million of contract losses were recognised as exceptional items, see details in the Financial Review.

The order book at 30 June 2024 was $2,074 million, down 2% compared to last year with good growth across energy offset by weakness across minerals and life sciences.

Operational review

The strategic shift in our Projects business away from LSTK and large-scale EPC is now complete.

Business growth in the period was mixed with strong growth across energy and weakness in our minerals business. This reflects both a weak end market and our relative small market presence today, and we expect a recovery in the second half as new orders come through.

Key awards in the period included:

- Detailed engineering design scope for Woodside's Trion project in the Gulf of Mexico
- EPCm contract with Antofagasta for its Nueva Centinela copper project in Chile

Sustainable solutions revenue was c.$260 million, representing c.25% of Projects revenue.

Outlook for 2024

We continue to expect adjusted EBITDA growth for the year, weighted to the second half. This will be helped by an anticipated improvement in our minerals business and a reduction in our overall cost base. Revenue is expected to be lower than the prior year given our shift away from LSTK and large-scale EPC work, pass-through activity levels and the first half weakness in minerals.

OPERATIONS

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

Financial review

	HY24 **$m**	HY23 Restated[1] $m	*Movement* *%*	*At constant currency* *%*
Revenue[2,3]	**1,302**	1,206	*7.9%*	*7.9%*
Adjusted EBITDA[3,4]	**91**	80	*13.0%*	*13.0%*
Adjusted EBITDA margin	***7.0%***	*6.7%*	*0.3ppts*	*0.3ppts*
Adjusted EBIT	**63**	53	*18.3%*	
Adjusted EBIT margin	***4.8%***	*4.4%*	*0.4ppts*	
Order book	**3,267**	3,078	*6.2%*	*6.0%*
Headcount	**16,120**	14,498	*11.2%*	

1. Restated for the transfers of Industrial Boilers from Investment Services to Operations, and Downstream & Chemicals from Operations to Investment Services, in HY24. See page 12.
2. Pass-through revenue, which generates only a small or nil margin, was around $280 million (HY23: c.$280 million).
3. HY23 includes the Gulf of Mexico labour operations business that was sold in March 2023. In HY23, this business contributed $21 million of revenue and $2 million of adjusted EBITDA.
4. Adjusted EBITDA includes $6 million from JVs (HY23: $6 million). Revenue does not include any contribution from JVs.

Revenue of $1,302 million was 8% higher than last year with higher activity levels across Europe and the Middle East.

Adjusted EBITDA of $91 million was 13% higher than last year reflecting the revenue growth, strong business performance and our shift towards higher value services. This was reflected in the adjusted EBITDA margin expanding to 7.0%.

The order book at 30 June 2024 was $3,267 million, 6% higher than last year and reflecting good growth across the business including the Shell Prelude FLNG contract secured in June 2024.

Operational review

The Operations business has continued to benefit from higher activity levels across geographies driven by increasing demand for energy and the importance placed on energy security. On top of this strong market backdrop, the business continues to win significant pieces of work with both existing and new clients.

Sustainable solutions revenue was c.$200 million, representing around 15% of Operations revenue.

Key awards in the period included:

- 6-year contract with Shell for the world's largest floating offshore LNG facility in Australia
- Contracts with TotalEnergies for flare gas recovery in the UK North Sea and Iraq
- Contract for the redevelopment of the UK's Rough field in readiness for future hydrogen storage

Outlook for 2024

We expect strong revenue and adjusted EBITDA growth throughout the year, helped by a continued focus on improved pricing.

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

	HY24 **$m**	HY23 Restated[1] $m	*Movement* %	*At constant currency* %
Revenue	**116**	197	*(41.3)%*	*(41.4)%*
Adjusted EBITDA[1]	**24**	19	*22.0%*	*22.5%*
Adjusted EBITDA margin	***20.4%***	*9.8%*	*10.6ppts*	*10.6ppts*
Adjusted EBIT	**12**	7	*60.2%*	
Adjusted EBIT margin	***10.2%***	*3.6%*	*6.6ppts*	
Order book	**336**	225	*49.4%*	*49.4%*
Headcount	**1,420**	1,638	*(13.3)%*	

1. Restated for the transfers of Power UK and Downstream & Chemicals to Investment Services, and Industrial Boilers from Investment Services to Operations, in HY24. See page 12.
2. Includes results from our two Turbines joint ventures. Adjusted EBITDA from these JVs was $26 million in HY24 and $25 million in HY23. Revenue does not include any contribution from JVs.

Revenue of $116 million was 41% lower than last year, mainly reflecting the run-down of our facilities business in line with our business plans. This is also reflected in the lower headcount.

Adjusted EBITDA of $24 million was up 22% compared to last year, and this includes a broadly flat contribution from our Turbine joint ventures of $26 million in the period. Excluding these, performance was up year-on-year due to improved overall profitability across businesses.

The order book at 30 June 2024 was $336 million, up 49% on last year, helped by a 5-year contract renewal in the Downstream & Chemicals business and a new framework agreement in the Power UK business.

Outlook for 2024

We expect the contribution from our Turbine JVs (before the impact of the planned disposal of Ethos Energy) to be broadly flat in 2024, with the performance of weighted to the second half as is typical in these businesses.

CENTRAL COSTS

	HY24 **$m**	HY23 $m	*Movement* %	*At constant currency %*
Adjusted EBITDA	**(31)**	(31)	*(1.0)%*	*(2.7)%*
Adjusted EBIT	**(50)**	(51)	*(0.8)%*	

Central costs, not allocated to business units, was flat at $31 million in the period, with cost reductions offset by pay rises at the start of the year.

Outlook for 2024

We expect to see a reduction in central costs of around $10 million from the benefits of our Simplification programme.

RESTATEMENT FOR BUSINESS TRANSFERS

During the period, various businesses have been transferred between business units:

- Part of Life Sciences business was transferred from Consulting to Projects
- Power business in the UK was transferred from Projects to Investment Services
- Industrial Boilers business moved from Investment Services to Operations
- Downstream & Chemicals operations business moved from Operations to Investment Services

	HY23 reported $m	Life Sciences	Power UK	Industrial Boilers	Downstream & Chemicals	HY23 restated $m
Consulting						
Revenue	**356**	(12)				**344**
Adjusted EBITDA	**38**	2				**40**
Order book	**584**	(4)				**579**
Headcount	**3,938**	(132)				**3,806**
Projects						
Revenue	**1,245**	12	(18)			**1,239**
Adjusted EBITDA	**92**	(2)	4			**93**
Order book	**2,131**	4	(26)			**2,110**
Headcount	**14,138**	132	(156)			**14,114**
Operations						
Revenue	**1,244**			23	(61)	**1,206**
Adjusted EBITDA	**77**			1	3	**80**
Order book	**3,129**			40	(91)	**3,078**
Headcount	**15,135**			114	(751)	**14,498**
IVS						
Revenue	**141**		18	(23)	61	**197**
Adjusted EBITDA	**27**		(4)	(1)	(3)	**19**
Order book	**148**		26	(40)	91	**225**
Headcount	**845**		156	(114)	751	**1,638**

The results for our Business Units have been restated for these changes and there is no impact on the Group's total results.

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 19.

	HY24 $m	HY23 $m	FY23 $m
Continuing operations			
Revenue (pre-exceptionals)	**2,844.0**	2,986.2	5,900.7
Adjusted EBITDA[1]	**218.7**	201.7	422.7
Adjusted EBITDA margin %	***7.7%***	*6.8%*	*7.2%*
Depreciation (PPE)	**(13.9)**	(15.1)	(26.2)
Depreciation on right of use asset (IFRS 16)	**(44.5)**	(44.8)	(103.1)
Impairment of joint venture investments and property, plant and equipment	**-**	(0.4)	(1.8)
Amortisation - software and system development	**(58.2)**	(52.0)	(106.6)
Adjusted EBIT	**102.1**	89.4	185.0
Adjusted EBIT margin %	***3.6%***	*3.0%*	*3.1%*
Amortisation – intangible assets from acquisitions	**(26.3)**	(27.2)	(54.5)
Tax and interest charges on joint ventures	**(9.0)**	(8.3)	(16.3)
Exceptional items	**(150.8)**	(31.1)	(76.7)
Impairment of goodwill	**(815.0)**	-	-
Operating (loss)/profit	**(899.0)**	22.8	37.5
Net finance expense	**(52.5)**	(40.3)	(81.5)
Interest charge on lease liability	**(10.2)**	(8.5)	(18.7)
Loss before taxation from continuing operations	**(961.7)**	(26.0)	(62.7)
Tax charge	**(21.6)**	(30.4)	(65.0)
Loss for the period from continuing operations	**(983.3)**	(56.4)	(127.7)
Profit from discontinued operations, net of tax	**-**	29.4	22.5
Loss for the period	**(983.3)**	(27.0)	(105.2)
Non-controlling interest	**(1.4)**	(2.3)	(5.5)
Loss attributable to owners of parent	**(984.7)**	(29.3)	(110.7)
Number of shares (basic)	**689.3**	684.9	685.9
Basic loss per share (cents)	**(142.9)**	(4.3)	(16.1)

In the table above depreciation and amortisation include the contribution from joint ventures.

In HY24 adjusted EBITDA increased by $17.0 million to $218.7 million primarily due to improved margin. Adjusted EBITDA margin increased from 6.8% to 7.7% due in part to reduced low margin pass-through revenue in Projects. Operating loss of $899.0 million (June 2023: profit $22.8 million) has increased mainly due to higher exceptional items of $150.8 million (June 2023: $31.1 million) and an impairment charge of $815 million against goodwill. The reduction in the tax charge to $21.6 million (June 2023: $30.4 million) is primarily driven by a reduction in tax on actuarial movements on the UK pension scheme.

The review of our trading performance is contained on pages 8 to 11.

Reconciliation of Adjusted EBIT to Adjusted diluted EPS

	HY24 $m	HY23 $m	FY23 $m
Adjusted EBIT	**102.1**	89.4	185.0
Tax and interest charges on joint ventures	**(9.0)**	(8.3)	(16.3)
Adjusted net finance expense	**(48.1)**	(34.8)	(70.4)
Interest charge on lease liability	**(10.2)**	(8.5)	(18.7)
Adjusted profit before tax	**34.8**	37.8	79.6
Adjusted tax charge	**(16.5)**	(28.3)	(58.3)
Adjusted profit from discontinued operations, net of tax	**-**	-	(10.2)
Adjusted profit for the period	**18.3**	9.5	11.1
Non-controlling interest	**(1.4)**	(2.3)	(5.5)
Adjusted earnings	**16.9**	7.2	5.6
Number of shares (m) – diluted	**689.3**	684.9	685.9
Adjusted diluted EPS (cents)[2]	**2.5**	1.1	0.8

See notes on page 24

Reconciliation to GAAP measures

	HY24 $m	HY23 $m	FY23 $m
Loss before tax from continuing operations	**(961.7)**	(26.0)	(62.7)
Impairment of goodwill	**815.0**	-	-
Exceptional items	**150.8**	31.1	76.7
Exceptional items – net finance expense	**4.4**	5.5	11.1
Amortisation - intangible assets from acquisitions	**26.3**	27.2	54.5
Adjusted profit before tax	**34.8**	37.8	79.6
Tax charge	**21.6**	30.4	65.0
Tax in relation to acquisition amortisation	**1.7**	2.5	3.7
Tax on exceptional items	**(6.8)**	(4.6)	(10.4)
Adjusted tax charge	**16.5**	28.3	58.3
Profit from discontinued operations, net of tax	**-**	29.4	22.5
Discontinued operations, gain on disposal	**-**	(29.4)	(37.7)
Discontinued items, exceptional items	**-**	-	5.0
Adjusted loss from discontinued operations, net of tax	**-**	**-**	**(10.2)**

The reconciliation from adjusted EBIT of $102.1 million (June 2023: $89.4 million) to adjusted earnings of $16.9 million (June 2023: $7.2 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, 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 16-18. 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 2024 of $84.5 million (June 2023: $79.2 million) includes $26.3 million of amortisation of intangibles recognised on the acquisition of Amec Foster Wheeler ("AFW") (June 2023: $27.2 million). Amortisation in respect of software and development costs was $58.2 million (June 2023: $52.0 million) and this largely relates to engineering software and ERP system development. Included in the amortisation charge for the period is $0.9 million (June 2023: $0.7 million) in respect of joint ventures.

The total depreciation charge in the first half of 2024 amounted to $58.4 million (June 2023: $59.9 million) and includes depreciation on right of use assets of $44.5 million (June 2023: $44.8 million). Included in the depreciation charge for the period is $7.0 million (June 2023: $5.4 million) in respect of joint ventures.

The impairment charge recognised against goodwill amounts to $815 million and is recorded within exceptional items by virtue of its size and nature. The impairment charge was triggered by higher discount rates and an increase in the risk factors applied to the value in use model, to reflect more closely market observed multiples. The higher discount rates are driven by market volatility and increases to the cost of debt. The directors have observed that the market capitalisation of the Group has remained low for several years and the levels of goodwill that arose from large historical acquisitions were no longer supported by the expected future cash flows.

Net finance expense and debt

	HY24 $m	HY23 $m	FY23 $m
Interest on bank borrowings	**37.7**	27.5	59.4
Interest on US Private Placement debt	**8.0**	8.2	16.6
Discounting relating to asbestos, deferred consideration and other liabilities	**5.9**	6.9	12.3
Other interest, fees and charges	**8.8**	11.0	12.6
Total finance expense excluding joint ventures and interest charge on lease liability	**60.4**	53.6	100.9
Finance income relating to defined benefit pension schemes	**(7.1)**	(9.7)	(18.3)
Other finance income	**(0.8)**	(3.6)	(1.1)
Net finance expense	**52.5**	40.3	81.5
Interest charge on lease liability	**10.2**	8.5	18.7
Net finance charges in respect of joint ventures	**3.8**	3.5	6.5
Net finance expense including joint ventures, continuing Group	**66.5**	52.3	106.7

Interest on bank borrowings of $37.7 million (June 2023: $27.5 million) primarily relates to interest charged on borrowings under the $1.2 billion Revolving Credit Facility ('RCF') which matures in October 2026 and the $200.0 million term loan which also matures in October 2026. The increase in interest on bank borrowings of $10.2 million is explained by the higher drawings throughout the first half of 2024, compared with the same period in 2023.

The interest charge on US Private Placement debt is broadly in line with the same period in 2023. The Group had $352.5 million (December 2023: $352.5 million) of unsecured loan notes outstanding at 30 June 2024, maturing between 2024 and 2031 with around 75% due in 2025 or later.

Other interest, fees and charges amount to $8.8 million (June 2023: $11.0 million) and principally relates to the interest on the receivables factoring facilities totalling $5.9 million and amortisation of bank facility costs of $1.3 million (June 2023: $1.9 million).

In total, the Group had undrawn facilities of $686.8 million as at 30 June 2024, of which $602.8 million related to the revolving credit facility.

The Group recognised interest costs in relation to lease liabilities of $10.2 million (June 2023: $8.5 million) which relates to the unwinding of discount on the lease liability.

Included within the discounting balance of $5.9 million (June 2023: $6.9 million) is the unwinding of discount on the asbestos provision of $4.4 million (June 2023: $5.5 million).

Net debt excluding leases to adjusted EBITDA (excluding the impact of IFRS 16) at 30 June was 2.48 times on a covenant basis (December 2023: 2.08 times) against our covenants of less than 3.5 times. This is calculated pre IFRS 16 as our covenants are calculated on a frozen GAAP basis, see note 4 on page 24.

Interest cover (see note 5 on page 25) was 3.9 times on a covenant basis (December 2023: 4.0 times) against our covenant of no less than 3.5 times.

The majority of the Group's debt facilities mature in October 2026. The Group recognises the increasing financing risks associated with the global macroeconomic and geo-political landscape and will be looking to start the refinancing of our debt facilities in the second half of 2024, working with the Group's relationship banks and the public and private debt markets.

Exceptional items

	HY24 $m	HY23 $m	FY23 $m
LSTK and large-scale EPC	**140.0**	21.2	45.1
Redundancy and restructuring costs	**12.1**	-	-
Asbestos yield curve and costs	**(6.8)**	5.3	29.4
Impairment of goodwill	**815.0**	-	-
Takeover related costs	**5.5**	4.6	4.8
Investigation support costs and provisions	**-**	-	(2.6)
Exceptional items included in continuing operations, before interest and tax	**965.8**	31.1	76.7
Unwinding of discount on asbestos provision	**4.4**	5.5	11.1
Tax credit in relation to exceptional items	**(0.8)**	(5.2)	(0.2)
Release of uncertain tax provision	**-**	(7.4)	(7.4)
Derecognition of deferred tax assets due to UK pension actuarial movements	**7.6**	17.2	18.0
Exceptional items included in continuing operations, net of interest and tax	**977.0**	41.2	98.2

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.

LSTK and large-scale EPC

The Group made a strategic decision in 2022 to exit certain business segments and following that decision, we ceased to operate in the large-scale EPC or lump sum turnkey ("LSTK") business segment. In recent years, the Group has wound down the remaining contracts, however we continue to have a significant balance sheet position and claims exposure across some legacy contracts. The closure of these businesses, has reduced our leverage to negotiate commercial close outs and the staff involved have now all been exited from the business, making claims recovery or defence of litigation considerably more challenging. Accordingly, the Group has carried out a detailed review of the contract positions, including an assessment of the current material exposures and risks on remaining LSTK EPC contracts; an assessment of the recoverability of outstanding receivables balances; a review of the Projects risk register and legal watch lists of all material cases. This review was conducted by the appropriate levels of senior management within the Group and business units.

Following this review, an exceptional charge of $140 million was taken to the income statement and is composed of $53 million of provisions against trade and other receivables, $61 million of provisions for additional claims and $26 million of final settlements. These charges were recorded within exceptional items by virtue of their size and nature. The provisions of $53 million recorded against trade and other receivables have been taken in the first half of 2024 following engagement with certain of our clients in the EPC business where the clients are disputing the settlement of the receivables. The additional claims provision represents managements best estimate to close out the remaining claims within the LSTK and large-scale EPC business. The final settlement charge represents the additional cost to close out a series of solar EPC contracts on which we negotiated a full and final settlement agreement with the client.

Redundancy, restructuring and integration costs

The Group announced the Simplification programme in March 2024 which was set out to help the Group deliver higher margins while remaining focussed on business growth. This programme led to a reduction in the number of central functional roles by placing greater ownership and accountability for functional activities into the business units. As of 30 June 2024, this phase of work was largely complete. The subsequent phases of the Simplification programme aims to deliver IT savings, save property costs and reduce complexity in the Group's functional structure. We will also expand our shared services model. These phases will be largely complete by the first half of 2025.

The costs incurred in relation to Simplification amount to $12.1 million and primarily relate to costs associated with the headcount reductions in the central functions. The total cost of Simplification is around $70 million, with around $50 million of costs expected to be incurred in 2024 and the balance in 2025. The majority of these remaining costs relate to the exit of certain IT contracts; the notice to terminate was served in July 2024 and therefore does not meet the criteria for recognition in the interim financial statements.

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 outside the Group's control. Excluding these amounts from the trading results improves the understandability of the underlying trading performance of the Group.

The $6.8 million credit (June 2023: charge $5.3 million) principally comprises a $8.2 million yield curve credit (June 2023: charge $2.0 million) and charges of $1.4 million (June 2023: $3.3 million) of costs in relation to managing the claims. The yield curve credit recognised in 2024 is principally due to an increase in the 27 year blended yield curve rate to 4.6% (Dec 2023: 3.64%).

In addition, $4.4 million of interest costs which relate to the unwinding of discount on the asbestos provision are shown as exceptional (June 2023: $5.5 million).

Impairment of goodwill

The impairment charge recognised against goodwill amounts to $815 million and is recorded within exceptional items by virtue of its size and nature. The impairment charge was triggered by higher discount rates and an increase in the risk factors applied to the value in use model, to reflect more closely market observed multiples. The higher discount rates are driven by market volatility and increases to the cost of debt. The directors have observed that the market capitalisation of the Group has remained low for several years and the levels of goodwill that arose mostly from large historical acquisitions were no longer supported by the expected future cash flows.

Takeover related costs

During the period, Dar Al-Handasah Consultants Shair and Partners Holdings Limited ("Sidara") made four unsolicited proposals to acquire Wood. On 5 August 2024, after an extended period of detailed engagement, Sidara announced that it did not intend to make an offer for Wood in light of rising geopolitical risks and financial market uncertainty.

We incurred $5.5 million of costs related to these proposals in the period to 30 June 2024. The cash costs in the second half are expected to be around $5 million, taking the total expected gross cost to be around

$11 million. This total expected gross cost will be partially reimbursed by Sidara under an agreement for external costs coverage.

Tax

An exceptional tax charge of $6.8 million (June 2023: $4.6 million) has been recorded during the period. It consists of a $0.8 million tax credit on exceptional items (June 2023: $5.2 million), no movement in relation to uncertain tax provisions, offset by an exceptional charge of $7.6 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 $7.6 million of deferred tax assets has been charged through exceptional items consistent with the treatment in prior periods.

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.

	HY24 $m	HY23 $m	FY23 $m
Loss from continuing operations before tax	**(961.7)**	(26.0)	(62.7)
Profit from discontinued operations, net of tax and before exceptional items	**-**	-	(10.2)
Tax charge in relation to joint ventures	**5.2**	4.8	9.8
Amortisation (note 10)	**83.6**	78.5	159.7
Exceptional items (continuing operations)	**970.2**	36.6	87.8
Profit before tax, exceptional items and amortisation	**97.3**	93.9	184.4
Effective tax rate on continuing operations (excluding tax on exceptional items and amortisation)	**32.2%**	36.0%	35.6%
Tax charge (excluding tax on exceptional items and amortisation)	**31.4**	33.8	65.7
Tax charge in relation to joint ventures	**(5.2)**	(4.8)	(9.8)
Tax credit in relation to exceptional items (continuing operations)	**(0.8)**	(12.6)	(7.6)
Derecognition of deferred tax assets due to UK pension actuarial movements	**7.6**	17.2	18.0
Tax credit in relation to amortisation	**(11.4)**	(3.2)	(1.3)
Tax charge from continuing operations per the income statement	**21.6**	30.4	65.0

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 2024 are withholding taxes suffered on which full double tax relief is not available and controlled foreign company charges, less the impact of the utilisation of unrecognised deferred tax assets, primarily in the UK, recognising forecasts of improved profitability.

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 decrease in the effective tax rate for the first half of 2024 when compared to June 2023 is largely a result of the impact of forecast profits for the UK resulting in utilisation of previously unrecognised deferred tax assets.

Adjusted tax charge

As noted on page 14 our adjusted tax charge was $16.5 million (June 2023: $28.3 million), representing an adjusted effective tax rate of 47.4% (June 2023: 74.9%). The lower adjusted rate of 47.4% in 2024 is principally due to some improvements in the forecast geographical mix of profits, particularly in the UK. Our adjusted tax rate remained relatively high however, representing a range of factors including the geographical mix of profits and losses across the Group, restrictions on the deductibility of interest, withholding taxes on income in certain jurisdictions and limits on the recognition of deferred tax assets in the US due to losses.

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 2024, the Group reported a basic loss (June 2023: loss) per ordinary share, therefore the effect of dilutive ordinary shares are excluded (June 2023: 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.

	HY24 Total $m	HY23 Total $m	FY23 Total $m
(Losses)/earnings attributable to equity shareholders (basic pre-exceptional)	**(7.7)**	(17.5)	(45.2)
Exceptional items, net of tax	**(977.0)**	(11.8)	(65.5)
(Losses)/earnings attributable to equity shareholders (basic)	**(984.7)**	(29.3)	(110.7)
Number of shares (basic)	**689.3**	684.9	685.9
Number of shares (diluted)	**689.3**	684.9	685.9
Basic losses per share (cents)	**(142.9)**	(4.3)	(16.1)
Diluted losses per share (cents)	**(142.9)**	(4.3)	(16.1)
Losses attributable to equity shareholders	**(984.7)**	(29.3)	(110.7)
Exceptional items, net of tax	**977.0**	11.8	65.5
Amortisation of intangibles on acquisition, net of tax	**24.6**	24.7	50.8
Earnings attributable to equity shareholders (adjusted diluted)	**16.9**	7.2	5.6
Earnings attributable to equity shareholders (adjusted basic)	**16.9**	7.2	5.6
Number of shares (diluted)	**689.3**	684.9	685.9
Number of shares (basic)	**689.3**	684.9	685.9
Adjusted diluted (cents)	**2.5**	1.1	0.8
Adjusted basic (cents)	**2.5**	1.1	0.8

Basic loss per share for the period was 142.9 cents (June 2023: 4.3 cents). The increase in losses per share is driven by the exceptional items, which includes the goodwill impairment and LSTK and large-scale EPC additional claims provisions and receivable write downs.

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.

Cash flow and net debt

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

	Excluding leases HY24 $m	Impact of leases HY24 $m	**Total HY24 $m**	Excluding leases HY23 $m	Impact of leases HY23 $m	Total HY23 $m	Total FY23 $m
Adjusted EBITDA	**166.2**	**52.5**	**218.7**	**151.3**	**50.4**	**201.7**	**412.5**
Less JV EBITDA	(25.8)	(3.5)	(29.3)	(25.2)	(3.6)	(28.8)	(73.6)
JV Dividends	13.7	-	13.7	8.0	-	8.0	15.6
Adjusted decrease in provisions (note 6)	(9.1)	-	(9.1)	(11.9)	-	(11.9)	(22.1)
Other	8.3	-	8.3	10.8	-	10.8	17.0
Cash flow generated from operations pre working capital	**153.3**	**49.0**	**202.3**	**133.0**	**46.8**	**179.8**	**349.4**
Increase in receivables	(68.1)	-	(68.1)	(164.4)	-	(164.4)	(67.7)
Adjusted (decrease)/increase in payables (note 6)	(34.9)	6.0	(28.9)	68.7	-	68.7	12.7
Decrease in inventory	0.4	-	0.4	1.9	-	1.9	1.5
Adjusted working capital movements	**(102.6)**	**6.0**	**(96.6)**	**(93.8)**	**-**	**(93.8)**	**(53.5)**
Adjusted cash generated from operations (note 6)	**50.7**	**55.0**	**105.7**	**39.2**	**46.8**	**86.0**	**295.9**
Purchase of property, plant and equipment	(8.5)	-	(8.5)	(9.2)	-	(9.2)	(18.8)
Proceeds from sale of property, plant and equipment	2.7	-	2.7	1.4	-	1.4	8.2
Purchase of intangible assets	(41.8)	-	(41.8)	(68.0)	-	(68.0)	(126.4)
Interest received	0.8	-	0.8	3.6	-	3.6	1.1
Interest paid	(54.6)	-	(54.6)	(44.8)	-	(44.8)	(81.7)
Adjusted tax paid	(38.4)	-	(38.4)	(43.0)	-	(43.0)	(97.7)
Non-cash movement in leases	-	(46.9)	(46.9)	-	(27.7)	(27.7)	(160.9)
Other	(3.6)	-	(3.6)	0.2	-	0.2	1.4
Free cash flow (excluding exceptionals)	**(92.7)**	**8.1**	**(84.6)**	**(120.6)**	**19.1**	**(101.5)**	**(178.9)**
Cash exceptionals	(75.2)	-	(75.2)	(98.7)	5.6	(93.1)	(133.9)
Free cash flow	**(167.9)**	**8.1**	**(159.8)**	**(219.3)**	**24.7**	**(194.6)**	**(312.8)**
FX movements on cash and debt facilities	(14.7)	4.7	(10.0)	(21.9)	(7.5)	(29.4)	(22.9)
Divestments	-	-	-	(19.8)	-	(19.8)	(22.5)
(Increase)/decrease in net debt	**(182.6)**	**12.8**	**(169.8)**	**(261.0)**	**17.2**	**(243.8)**	**(358.2)**
Opening net debt	**(693.5)**	**(400.8)**	**(1,094.3)**	**(393.2)**	**(342.9)**	**(736.1)**	**(736.1)**
Closing net debt	**(876.1)**	**(388.0)**	**(1,264.1)**	**(654.2)**	**(325.7)**	**(979.9)**	**(1,094.3)**

Closing net debt at 30 June 2024 including leases was $1,264.1 million (December 2023: $1,094.3 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 2024 was $388.0 million (December 2023: $400.8 million). All covenants on the debt facilities are measured on a pre-IFRS 16 basis.

Closing net debt excluding leases as at 30 June 2024 was $876.1 million (December 2024: $693.5 million). The monthly average net debt excluding leases in H1 2024 was $1,043.3 million (December 2023: $846.4 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 increased by $22.5 million to $202.3 million from $179.8 million in the period to June 2023 and is mainly due to an increase in EBITDA of $17.0 million and dividends received from joint ventures. The other movement of $8.3 million (June 2023: $10.8 million) is principally comprised of non-cash movements through EBITDA including share-based charges of $8.8 million (June 2023: $9.8 million).

There was a working capital outflow of $96.6 million (June 2023: $93.8 million) and is principally comprised of an outflow in receivables of $68.1 million which was driven by higher closing DSO.

The Group has utilised receivables financing facilities of $197.2 million at 30 June 2024 (June 2023: $200.0 million, December 2023: $198.2 million). The facilities are non-recourse to the Group and are not included in our net debt.

Cash exceptionals of $75.2 million mainly relates to the settlement of known legal claims and asbestos payments, including the historic SFO investigation payments of around $36 million which were provided for in FY20 and asbestos payments of around $27 million. The remaining cash exceptional includes $10 million in relation to Simplification programme.

The free cash outflow of $159.8 million (June 2023: $194.6 million) has reduced by $34.8 million and is mainly due to lower cash exceptionals of around $18 million and higher adjusted cash generated from operations of around $20 million.

Cash conversion, calculated as cash generated from operations as a percentage of adjusted EBITDA (less JV EBITDA) increased to 55.8% (June 2023: 49.7%, December 2023: 87.3%) primarily due to higher cash generated from operations pre working capital.

Summary balance sheet

	HY24 $m	HY23 $m	FY23 $m
Goodwill and intangible assets	**3,446.3**	4,356.7	4,319.0
Right of use assets	**346.9**	258.4	355.9
Other non-current assets	**832.3**	890.3	913.9
Trade and other receivables	**1,643.6**	1,699.6	1,554.4
Net held for sale assets and liabilities (excluding cash)	**72.0**	-	-
Trade and other payables	**(1,730.8)**	(1,797.6)	(1,706.7)
Net debt excluding leases	**(876.1)**	(654.2)	(693.5)
Lease liabilities	**(388.0)**	(325.7)	(400.8)
Asbestos related litigation	**(281.5)**	(302.2)	(306.5)
Provisions	**(194.6)**	(129.2)	(135.3)
Other net liabilities	**(269.2)**	(295.1)	(258.5)
Net assets	**2,600.9**	3,701.0	3,641.9
Net current liabilities	**(41.9)**	(111.7)	(207.0)

At 30 June 2024, the Group had net current liabilities of $41.9 million (June 2023: $111.7 million).

Goodwill and intangible assets amount to $3,446.3 million (December 2023: $4,319.0 million) and principally comprises of goodwill and intangibles relating to acquisitions. The reduction of $872.7 million comprises of goodwill impairment charges of $815.0 million, FX movements of $33.6 million and amortisation charges of $83.6 million partially offset by software additions of $59.5 million.

Right of use assets and lease liabilities amount to $346.9 million (December 2023: $355.9 million) and $388.0 million (December 2023: $400.8 million) respectively.

Trade and other receivables increased to $1,643.6 million partially reflecting higher DSO. Trade and other payables were broadly in line with the FY23 position.

Net held for sale assets and liabilities relates to the carrying value of our investment in Ethos Energy. The directors expect to complete a sale of the joint venture within 12 months of the balance sheet date.

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 $281.5 million (December 2023: $306.5 million).

The net asbestos liability at 30 June 2024 amounted to $299.9 million (December 2023: $328.1 million) and comprised $281.5 million in provisions (December 2023: $306.5 million) and $46.2 million in trade and other payables (December 2023: $50.4 million) less $22.4 million in long term receivables (December 2023: $23.2 million) and $5.4 million in trade and other receivables (December 2023: $5.6 million).

The Group expects to have net cash outflows of around $35 million as a result of asbestos liability indemnity and defence payments in excess of insurance proceeds during 2024. 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 2024 were $194.6 million (December 2023: $135.3 million) and comprise of project related provisions of $66.8 million (December 2023: $42.2 million), insurance provisions of $38.7

million (December 2023: $40.7 million), property provisions of $20.8 million (December 2023: $27.4 million) and litigation related provisions of $68.3 million (December 2023: $25.0 million). The net increase in provisions of $59.3 million includes the $86.5 million of charges to the income statement, of which $61 million relates to probable additional claims with respect to LSTK and large-scale EPC losses, partially offset by $7.6 million of utilisations of the provision and $16.3 million of provision releases.

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 2024, the UK defined benefit pension plan had a surplus of $366.0 million (December 2023: $391.9 million) and other schemes had deficits totalling $78.7 million (December 2023: $80.1 million).

The Group's largest pension scheme, the UK Pension Plan, has total scheme assets of $2,628.5 million (December 2023: $2,822.5 million) and pension scheme obligations of $2,262.9 million (December 2023: $2,430.6 million) and is therefore 116% (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 2024 showed an increase in the discount rate which results in lower scheme liabilities. However, this was outweighed by lower investment performance on scheme assets resulting in an overall decrease to the surplus compared to December 2023. Full details of pension assets and liabilities are provided in note 8 to the Group financial statements.

The latest triennial valuation of the WPP was approved by the Company and the Trustees in June 2024. As the plan was in surplus no recovery plan or deficit reduction contributions are required.

Contingent liabilities

Details of the Group's contingent liabilities are set out in note 19 to the financial statements.

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.

	HY24	HY23	FY23
	$m	$m	$m
Operating (loss)/profit per income statement	**(899.0)**	**22.8**	37.5
Share of joint venture finance expense and tax	**9.0**	**8.3**	16.3
Exceptional items (note 4)	**965.8**	**31.1**	76.7
Amortisation (including joint ventures)	**84.5**	**79.2**	161.1
Depreciation (including joint ventures)	**13.9**	**15.1**	26.2
Depreciation of right of use assets	**44.5**	**44.8**	103.1
Impairment of PP&E and right of use assets	**-**	**0.4**	1.8
Adjusted EBITDA (continuing operations)	**218.7**	**201.7**	422.7
Discontinued operation			
Operating loss (discontinued)	**-**	**-**	(15.2)
Exceptional items	**-**	**-**	5.0
Adjusted EBITDA (discontinued operation)	**-**	**-**	(10.2)
Total Group Adjusted EBITDA	**218.7**	**201.7**	412.5

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 2024, 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 2024.
4. Net Debt to Adjusted EBITDA cover on a covenant basis is presented in the table below:

	HY24	HY23	FY23
	$m	$m	$m
Net debt excluding lease liabilities (reported basis) (note 15)	**876.1**	654.2	693.5
Covenant adjustments	**16.9**	15.7	17.7
Net debt (covenant basis)	**893.5**	669.9	711.2
Adjusted EBITDA (covenant basis)	**359.9**	329.4	341.2
Net debt to Adjusted EBITDA (covenant basis) – times	**2.48**	2.03	2.08

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 is not materially different from the covenant measure shown above.

The HY24 and HY23 adjusted EBITDA (covenant basis) is calculated on a rolling 12 month basis.

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

	HY24	HY23	FY23
	$m	$m	$m
Net finance expense	**93.7**	96.4	81.5
Covenant adjustments	**(6.7)**	(5.2)	(1.2)
Non-recurring net finance expense	**-**	(21.7)	(1.9)
Net finance expense (covenant basis)	**87.0**	69.5	78.4
Adjusted EBITA (covenant basis)	**335.0**	299.9	315.0
Interest cover (covenant basis) – times	**3.9**	4.3	4.0

The difference between Adjusted EBITDA (covenant basis) and Adjusted EBITA (covenant basis) is $24.9 million (June 2023: $29.5 million) and is mainly explained by 12-month rolling pre-IFRS 16 depreciation charges of $25.0 million (June 2023: $30.2 million).

The HY24 and HY23 net finance expense (covenant basis) and adjusted EBITA (covenant basis) is calculated on a rolling 12 month basis.

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

	HY24	HY23	FY23
	$m	$m	$m
Decrease in provisions	**(33.7)**	(11.9)	(91.0)
Prior year cash exceptionals	**24.6**	-	68.9
Adjusted movement in provisions	**(9.1)**	(11.9)	(22.1)
Increase in receivables	**(68.1)**	(164.4)	(77.5)
Carrying value of business disposed (operating activity)	**-**	-	9.8
Adjusted increase in receivables	**(68.1)**	(164.4)	(67.7)
Decrease in payables	**(67.0)**	(19.3)	(54.4)
Prior year cash exceptionals	**38.1**	88.0	67.1
Adjusted (decrease)/increase in payables	**(28.9)**	68.7	12.7
Tax paid	**(38.4)**	(105.1)	(97.7)
Tax paid on disposal of business	**-**	62.1	-
Adjusted tax paid	**(38.4)**	(43.0)	(97.7)
Disposal of businesses (net of cash disposed and tax paid)	**-**	42.3	(22.5)
Tax paid on disposal of business	**-**	(62.1)	-
Divestments	**-**	(19.8)	(22.5)
Adjusted cash generated from operations	**105.7**	86.0	295.9
Cash exceptionals	**(75.2)**	(93.1)	(133.9)
Proceeds on disposal of business (operating activity)	**-**	-	(15.9)
Cash inflow/(outflow) from operations	**30.5**	(7.1)	146.1
Proceeds on disposal of business (operating activity)	**-**	-	15.9
Purchase of property, plant and equipment	**(8.5)**	(9.2)	(18.8)
Proceeds from sale of property, plant and equipment	**2.7**	1.4	8.2
Purchase of intangible assets	**(41.8)**	(68.0)	(126.4)
Interest received	**0.8**	3.6	1.1
Interest paid	**(54.6)**	(44.8)	(81.7)
Adjusted tax paid	**(38.4)**	(43.0)	(97.7)
Non-cash movement in leases	**(46.9)**	(27.7)	(160.9)

Other	**(3.6)**	0.2	1.4
Free cash flow	**(159.8)**	(194.6)	(312.8)

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

30 June 2024

Group income statement

for the six month period to 30 June 2024

		Unaudited Interim June 2024			Unaudited Interim June 2023			Audited Full Year December 2023		
	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**	**2,844.0**	**(24.0)**	**2,820.0**	2,986.2	-	2,986.2	5,900.7	-	5,900.7
Cost of sales		**(2,423.5)**	**(116.0)**	**(2,539.5)**	(2,639.5)	(1.2)	(2,640.7)	(5,191.1)	(24.7)	(5,215.8)
Gross profit		**420.5**	**(140.0)**	**280.5**	346.7	(1.2)	345.5	709.6	(24.7)	684.9
Administrative expenses		**(361.3)**	**(10.8)**	**(372.1)**	(300.2)	(9.9)	(310.1)	(614.4)	(31.6)	(646.0)
Impairment loss on trade receivables and contract assets		**(4.8)**	**-**	**(4.8)**	(7.0)	(20.0)	(27.0)	(23.8)	(20.4)	(44.2)
Impairment of goodwill	**4**	**-**	**(815.0)**	**(815.0)**	-	-	-	-	-	-
Share of post-tax profit from joint ventures		**12.4**	**-**	**12.4**	14.4	-	14.4	42.8	-	42.8
Operating profit/(loss)	**2**	**66.8**	**(965.8)**	**(899.0)**	53.9	(31.1)	22.8	114.2	(76.7)	37.5
Finance income		**7.9**	**-**	**7.9**	13.3	-	13.3	19.4	-	19.4
Finance expense		**(66.2)**	**(4.4)**	**(70.6)**	(56.6)	(5.5)	(62.1)	(108.5)	(11.1)	(119.6)
Profit/(loss)before tax from continuing operations		**8.5**	**(970.2)**	**(961.7)**	10.6	(36.6)	(26.0)	25.1	(87.8)	(62.7)
Taxation	**7**	**(14.8)**	**(6.8)**	**(21.6)**	(25.8)	(4.6)	(30.4)	(54.6)	(10.4)	(65.0)
Loss from continuing operations		**(6.3)**	**(977.0)**	**(983.3)**	(15.2)	(41.2)	(56.4)	(29.5)	(98.2)	(127.7)
Discontinued operations										
Profit/(loss) from discontinued operations, net of tax		**-**	**-**	**-**	-	29.4	29.4	(10.2)	32.7	22.5
Loss for the period		**(6.3)**	**(977.0)**	**(983.3)**	(15.2)	(11.8)	(27.0)	(39.7)	(65.5)	(105.2)
(Loss)/profit attributable to:										
Owners of the parent		**(7.7)**	**(977.0)**	**(984.7)**	(17.5)	(11.8)	(29.3)	(45.2)	(65.5)	(110.7)
Non-controlling interests		**1.4**	**-**	**1.4**	2.3	-	2.3	5.5	-	5.5
		(6.3)	**(977.0)**	**(983.3)**	(15.2)	(11.8)	(27.0)	(39.7)	(65.5)	(105.2)
Earnings per share (expressed in cents per share)										
Basic	**6**			**(142.9)**			(4.3)			(16.1)
Diluted	**6**			**(142.9)**			(4.3)			(16.1)
Earnings per share – continuing operations (expressed in cents per share)										
Basic				**(142.9)**			(8.6)			(19.4)
Diluted				**(142.9)**			(8.6)			(19.4)

The notes on pages 34 to 56 are an integral part of the interim financial statements.

Group statement of comprehensive income

for the six month period to 30 June 2024

	Unaudited Interim June 2024	Unaudited Interim June 2023	Audited Full Year December 2023
	$m	$m	$m
Loss for the period	**(983.3)**	(27.0)	(105.2)
Other comprehensive (expense)/income from continuing operations			
Items that will not be reclassified to profit or loss			
Re-measurement losses on retirement benefit schemes	**(24.8)**	(65.5)	(82.2)
Movement in deferred tax relating to retirement benefit schemes	**7.6**	17.2	18.0
Total items that will not be reclassified to profit or loss	**(17.2)**	(48.3)	(64.2)
Items that may be reclassified subsequently to profit or loss			
Cash flow hedges	**(1.3)**	(0.1)	3.8
Tax on derivative financial instruments	**-**	-	(0.4)
Exchange movements on retranslation of foreign operations	**(47.6)**	36.7	58.2
Total items that may be reclassified subsequently to profit or loss	**(48.9)**	36.6	61.6
Other comprehensive expense from continuing operations for the period, net of tax	**(66.1)**	(11.7)	(2.6)
Total comprehensive expense for the period	**(1,049.4)**	(38.7)	(107.8)
Total comprehensive (expense)/income for the period is attributable to:			
Owners of the parent	**(1,050.8)**	(41.0)	(113.3)
Non-controlling interests	**1.4**	2.3	5.5
	(1,049.4)	(38.7)	(107.8)

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 34 to 56 are an integral part of the interim financial statements.

Group balance sheet

as at 30 June 2024

	Note	**Unaudited Interim June 2024 $m**	Unaudited Interim June 2023 $m	Audited Full Year December 2023 $m
Assets				
Non-current assets				
Goodwill and other intangible assets	**10**	**3,446.3**	4,356.7	4,319.0
Property plant and equipment		**61.9**	79.6	65.3
Right of use assets		**346.9**	258.4	355.9
Investment in joint ventures		**103.5**	166.9	178.1
Other investments		**50.5**	52.8	51.3
Long term receivables		**202.3**	155.8	184.2
Retirement benefit scheme surplus	**8**	**366.0**	393.1	391.9
Deferred tax assets		**48.1**	42.1	43.1
		4,625.5	5,505.4	5,588.8
Current assets				
Inventories		**14.8**	15.7	16.3
Trade and other receivables		**1,643.6**	1,699.6	1,554.4
Financial assets		**3.0**	1.2	9.2
Income tax receivable		**54.9**	56.9	57.9
Assets held for sale	**13**	**72.0**	-	-
Cash and cash equivalents	**15**	**472.4**	450.2	434.0
		2,260.7	2,223.6	2,071.8
Total assets		**6,886.2**	7,729.0	7,660.6
Liabilities				
Current liabilities				
Borrowings	**15**	**297.1**	261.2	315.3
Trade and other payables		**1,730.8**	1,797.6	1,706.7
Income tax liabilities		**109.3**	149.5	115.8
Lease liabilities	**15**	**76.0**	90.8	83.4
Provisions	**12**	**89.4**	36.2	57.6
		2,302.6	2,335.3	2,278.8
Net current liabilities		**(41.9)**	(111.7)	(207.0)
Non-current liabilities				
Borrowings	**15**	**1,051.4**	843.2	812.2
Deferred tax liabilities		**65.2**	75.5	76.6
Retirement benefit scheme deficit	**8**	**78.7**	70.4	80.1
Lease liabilities	**15**	**312.0**	234.9	317.4
Other non-current liabilities	**9**	**88.7**	73.5	69.4
Asbestos related litigation	**11**	**281.5**	302.2	306.5
Provisions	**12**	**105.2**	93.0	77.7
		1,982.7	1,692.7	1,739.9
Total liabilities		**4,285.3**	4,028.0	4,018.7
Net assets		**2,600.9**	3,701.0	3,641.9
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		**318.2**	1,407.4	1,312.9
Merger reserve		**2,298.8**	2,290.8	2,298.8
Other reserves		**(129.3)**	(105.8)	(80.4)
		2,592.9	3,697.6	3,636.5
Non-controlling interests		**8.0**	3.4	5.4
Total equity		**2,600.9**	3,701.0	3,641.9

The notes on pages 34 to 56 are an integral part of the interim financial statements.

Group statement of changes in equity

for the six month period to 30 June 2024

	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 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)**
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	**16**	-	-	9.8	-	-	**9.8**	-	**9.8**
Purchase of company shares by Employee Share Trust for the Share Incentive Plan (SIP)	**16**	-	-	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**
At 1 January 2024		41.3	63.9	1,312.9	2,298.8	(80.4)	**3,636.5**	5.4	**3,641.9**
(Loss)/profit for the period		-	-	(984.7)	-	-	**(984.7)**	1.4	**(983.3)**
Other comprehensive income/(expense):									
Re-measurement losses on retirement benefit schemes		-	-	(24.8)	-	-	**(24.8)**	-	**(24.8)**
Movement in deferred tax relating to retirement benefit schemes		-	-	7.6	-	-	**7.6**	-	**7.6**
Cash flow hedges		-	-	-	-	(1.3)	**(1.3)**	-	**(1.3)**
Net exchange movements on retranslation of foreign currency operations		-	-	-	-	(47.6)	**(47.6)**	-	**(47.6)**
Total comprehensive (expense)/income		**-**	-	(1,001.9)	-	(48.9)	**(1,050.8)**	1.4	**(1,049.4)**
Transactions with owners:									
Dividends paid	**5**	-	-	-	-	-	**-**	(0.4)	**(0.4)**
Share based charges	**16**	-	-	8.8	-	-	**8.8**	-	**8.8**
Purchase of company shares by Employee Share Trust for the Share Incentive Plan (SIP)		-	-	(1.6)	-	-	**(1.6)**	-	**(1.6)**
Transactions with non-controlling interests		-	-	-	-	-	**-**	1.6	**1.6**
At 30 June 2024		**41.3**	**63.9**	**318.2**	**2,298.8**	**(129.3)**	**2,592.9**	**8.0**	**2,600.9**

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 34 to 56 are an integral part of the interim financial statements.

Group cash flow statement

for the six month period to 30 June 2024

	Note	**Unaudited Interim June 2024 $m**	Unaudited Interim June 2023 $m	Audited Full Year Dec 2023 $m
Reconciliation of loss to cash generated used in operations:				
Loss for the period		**(983.3)**	(27.0)	(105.2)
Adjustments:				
Depreciation		**10.4**	13.6	21.0
Depreciation on right of use assets		**41.0**	40.9	95.2
Gain on disposal of leases		**-**	-	(1.7)
Loss/(gain) on disposal of property plant and equipment		**-**	0.1	(2.6)
Impairment of goodwill	**10**	**815.0**	-	-
Impairment of property, plant and equipment		**-**	0.4	1.8
Gain on disposal of investment in joint ventures		**-**	-	(6.2)
Amortisation of intangible assets	**10**	**83.6**	78.5	159.7
Share of post-tax profit from joint ventures		**(12.4)**	(14.4)	(42.8)
Gain on disposal of business		**-**	(36.5)	(33.0)
Net finance costs		**62.7**	48.8	100.2
Share based charges	**16**	**8.8**	9.8	19.6
Decrease in provisions and employee benefits		**(33.7)**	(11.9)	(91.0)
Dividends from joint ventures		**13.7**	8.0	15.6
Other exceptional items – non-cash impact		**137.9**	26.0	84.5
Tax charge	**7**	**21.6**	35.6	58.3
Changes in working capital (excluding effect of acquisition and divestment of subsidiaries)				
Decrease in inventories		**0.4**	1.9	1.5
Increase in receivables		**(68.1)**	(164.4)	(77.5)
Decrease in payables		**(67.0)**	(19.3)	(54.4)
Exchange movements		**(0.1)**	2.8	3.1
Cash generated from/(used in) operations		**30.5**	(7.1)	146.1
Tax paid		**(38.4)**	(105.1)	(97.7)
Net cash (used in)/generated from operating activities		**(7.9)**	(112.2)	48.4
Cash flows from investing activities				
Disposal of businesses (net of cash disposed and tax paid)		**-**	42.3	(22.5)
Proceeds from disposal of investment in joint ventures		**-**	-	15.9
Purchase of property plant and equipment		**(8.5)**	(9.2)	(18.8)
Proceeds from sale of property plant and equipment		**2.7**	1.4	8.2
Purchase of intangible assets		**(41.8)**	(68.0)	(126.4)
Interest received		**0.8**	3.6	1.1
Net cash used in investing activities		**(46.8)**	(29.9)	(142.5)

Group cash flow statement (continued)

for the six month period to 30 June 2024

Cash flows from financing activities				
Repayment of short-term borrowings	**15**	**(28.0)**	(105.5)	(133.5)
Proceeds from long-term borrowings	**15**	**235.5**	257.0	515.0
Repayment of long-term borrowings		**-**	-	(200.0)
Payment of lease liabilities	**15**	**(55.0)**	(52.4)	(113.3)
Proceeds from SIP shares		**-**	0.8	1.6
Transactions with Employee Share Trust		**(1.6)**	-	-
Interest paid		**(54.6)**	(44.8)	(81.7)
Dividends paid to non-controlling interests		**(0.4)**	(0.8)	(1.6)
Net cash generated from/(used in) financing activities		**95.9**	54.3	(13.5)
Net increase/(decrease) in cash and cash equivalents	**15**	**41.2**	(87.8)	(107.6)
Effect of exchange rate changes on cash and cash equivalents	**15**	**(2.8)**	1.3	4.9
Opening cash and cash equivalents		**434.0**	536.7	536.7
Closing cash and cash equivalents		**472.4**	450.2	434.0

Cash at bank and in hand at 30 June 2024 includes $150.8m (December 2023: $127.7m) 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 $235.5m includes additional borrowings under the Revolving Credit Facility.

Payment of lease liabilities includes the cash payments for the principal portion of lease payments of $44.8m (June 2023: $43.9m) and for the interest portion of $10.2m (June 2023: $8.5m). The classification of interest paid within financing activities is in line with the Group accounting policy.

The notes on pages 34 to 56 are an integral part of the interim financial statements.

Notes to the interim financial statements
for the six month period to 30 June 2024

1. Basis of preparation

This condensed set of financial statements for the six months ended 30 June 2024 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 2023 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 2023 financial statements was 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 2023. 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 2024 and the comparative results for the six months to 30 June 2023 are unaudited and have not been reviewed by the auditors. The comparative figures for the year ended 31 December 2023 do not constitute the statutory financial statements for that year.

The interim condensed financial statements were approved by the board of directors on 19 August 2024.

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 condensed financial statements (the going concern period), which includes financial forecasts up to the end of 2025 to reflect 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 condensed financial statements.

To satisfy themselves that the Group 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 2024, the Group's principal debt facilities comprise a $1,200.0m revolving credit facility maturing in October 2026; a $200.0m term loan which matures in October 2026 and $352.5m of US private placement debt repayable in various tranches between July 2024 and July 2031, with around 75% due after the end of 2025. At 30 June 2024, the Group had headroom of $602.8m under its principal debt facilities and a further $84.0m of other undrawn borrowing facilities. The Group also expects to have sufficient levels of headroom in the severe but plausible downside scenario modelled.

At 30 June 2024, the Group had net current liabilities of $41.9m (December 2023: $207.0m).

The directors have considered the impact of a range of scenarios on the Group's future financial performance and cash flows. These scenarios reflect our outlook for the energy and materials end markets. Energy includes oil and gas and the Group forecast growth in this area underpinned by increased focus on energy security and decarbonisation of operations. Materials includes minerals, chemicals and life sciences which are underpinned by growing populations and global net zero ambitions. The order book gives 92% and 31% coverage over 2024 and 2025 revenues respectively. Further, the order book is 83% reimbursable which results in a lower risk profile of the Group's forecast cash flows over the going concern period.

The directors have also considered severe, but plausible, downside scenarios which reflect material reductions in H2 2024 and 2025 revenue of 5% and 10% and a reduction of 0.5% and 1% in gross margin percentage from the base, board approved, scenario respectively. The directors have concluded that there are adequate levels of contingency in the base forecasts and given that backlog covers 92% and 31% of 2024 and 2025 revenues respectively, the downside scenario modelled was considered severe, but plausible. Material reductions in revenue from the base forecast could arise from a worsening economic climate, potentially leading to unexpected deferrals or cancellations of contracts by our clients. A number of mitigations are available to management to offset any reductions in profitability against the forecast, including material reductions in discretionary bonus awards.

In each of the scenarios modelled, the financial covenants were passed with facility headroom remaining available. The directors included the impact of the removal of the receivables financing facilities (which are not committed) of $200m in the base scenario and the impact of additional adverse movements in working capital as additional, more severe, downside scenarios. The Group still had sufficient headroom to meet its liabilities as they fall due 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.

Notes to the interim financial statements
for the six month period to 30 June 2024

Significant accounting policies

The Group's significant accounting policies adopted in the preparation of these financial statements are set out in the Group's 2023 Annual Report. Updates since the 2023 Annual Report are noted below. These policies have been consistently applied to all the periods presented.

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 2023.

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 2024	June 2023	December 2023
Average rate £1 = $	**1.2649**	1.2327	1.2425
Closing rate £1 = $	**1.2641**	1.2713	1.2749

Disclosure of impact of new and future accounting standards

No new standards became effective in the period.

Notes to the interim financial statements
for the six month period to 30 June 2024

2. Segmental reporting
The Group monitors activity and performance through four operating segments; Projects, Operations, Consulting and 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. Joint venture results are reported on an equity accounting basis and therefore revenue figures exclude joint venture revenue.

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**		
	Unaudited	Unaudited	Audited	**Unaudited**	Unaudited	Audited	**Unaudited**	Unaudited	Audited
	Interim	Interim	Full	**Interim**	Interim	Full	**Interim**	Interim	Full
	June	June (re-presented)	Year (re-presented)	**June**	June (re-presented)	Year (re-presented)	**June**	June (re-presented)	Year (re-presented)
	2024	2023	2023	**2024**	2023	2023	**2024**	2023	2023
	$m	$m	$m	**$m**	$m	$m	**$m**	$m	$m
Projects	**1,084.3**	1,239.0	2,401.2	**95.7**	93.4	177.2	**(922.2)**	13.2	11.2
Operations	**1,301.9**	1,206.4	2,412.2	**90.7**	80.3	172.2	**53.4**	36.9	95.0
Consulting	**342.0**	343.8	717.1	**39.3**	39.6	81.5	**25.8**	25.2	52.4
Built Environment Consulting (discontinued)	**-**	-	-	**-**	-	(10.2)	**-**	-	(15.2)
Investment Services	**115.8**	197.0	370.2	**23.6**	19.3	68.1	**4.0**	1.4	14.0
Central costs [2]	**-**	-	-	**(30.6)**	(30.9)	(76.3)	**(60.0)**	(53.9)	(135.1)
Total Group	**2,844.0**	2,986.2	5,900.7	**218.7**	201.7	412.5	**(899.0)**	22.8	22.3
Elimination of discontinued operation	**-**	-	-	**-**	-	10.2	**-**	-	15.2
Total (continuing operations)	**2,844.0**	2,986.2	5,900.7	**218.7**	201.7	422.7	**(899.0)**	22.8	37.5
Finance income							**7.9**	13.3	19.4
Finance expense							**(70.6)**	(62.1)	(119.6)
Loss before taxation from continuing operations							**(961.7)**	(26.0)	(62.7)
Taxation							**(21.6)**	(30.4)	(65.0)
Loss for the period from continuing operations							**(983.3)**	(56.4)	(127.7)
Profit from discontinued operation, net of tax							**-**	29.4	22.5
Loss for the period							**(983.3)**	(27.0)	(105.2)

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.
4. Revenue excludes exceptional items of $24.0m (June 2023: $nil)
5. The comparative periods have been re-presented due to transfers of business groups between the four operating segments on 1 January 2024.

2. Segmental reporting (continued)

Reconciliation of Alternative Performance Measures

	Unaudited Interim June 2024	Unaudited Interim June 2023	Audited Full Year December 2023
	$m	$m	$m
Operating (loss)/profit per income statement	**(899.0)**	22.8	37.5
Share of joint venture finance expense and tax	**9.0**	8.3	16.3
Exceptional items (note 4)	**965.8**	31.1	76.7
Amortisation (including joint ventures)	**84.5**	79.2	161.1
Depreciation (including joint ventures)	**13.9**	15.1	26.2
Depreciation of right of use assets (including joint ventures)	**44.5**	44.8	103.1
Impairment of joint venture investments and PP&E	**-**	0.4	1.8
Adjusted EBITDA (continuing operations)	**218.7**	201.7	422.7
Discontinued operation			
Operating profit (discontinued)	**-**	-	(15.2)
Exceptional items	**-**	-	5.0
Adjusted EBITDA (discontinued operation)	**-**	-	(10.2)
Total Group Adjusted EBITDA	**218.7**	201.7	412.5

Depreciation in respect of joint ventures totals $3.5m (June 2023: $1.5m), depreciation in respect of joint venture right of use assets totals $3.5m (June 2023: $3.9m) and joint venture amortisation amounts to $0.9m (June 2023: $0.7m).

Analysis of joint venture profits by segment	**Adjusted EBITDA**			**Operating profit**		
	Unaudited Interim June 2024	Unaudited Interim June 2023	Audited Full Year 2023	**Unaudited Interim June 2024**	Unaudited Interim June 2023	Audited Full Year 2023
	$m	$m	$m	**$m**	$m	$m
Projects	**1.0**	1.8	3.4	**0.8**	1.6	3.1
Operations	**6.0**	6.2	13.0	**5.4**	5.4	11.3
Investment Services	**22.3**	20.8	57.2	**15.2**	15.7	44.7
Total	**29.3**	28.8	73.6	**21.4**	22.7	59.1

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 and exceptional items of $24.0m (June 2023: $nil).

	Projects	Projects	**Operations**	Operations	**Consulting**	Consulting	**IVS**	IVS	**Total**	Total
Primary geographical market	**Unaudited Interim June 2024**	Unaudited Interim June 2023 (re-presented)	**Unaudited Interim June 2024**	Unaudited Interim June 2023 (re-presented)	**Unaudited Interim June 2024**	Unaudited Interim June 2023 (re-presented)	**Unaudited Interim June 2024**	Unaudited Interim June 2023 (re-presented)	**Unaudited Interim June 2024**	Unaudited Interim June 2023
	$m	$m	**$m**	$m	**$m**	$m	**$m**	$m	**$m**	$m
US	**291.4**	292.8	**166.6**	150.9	**145.4**	138.1	**89.0**	177.8	**692.4**	759.6
Europe	**202.1**	199.8	**466.5**	425.7	**94.4**	80.6	**26.8**	19.2	**789.8**	725.3
Rest of the world	**590.8**	746.4	**668.8**	629.8	**102.2**	125.1	**-**	-	**1,361.8**	1,501.3
Revenue	**1,084.3**	1,239.0	**1,301.9**	1,206.4	**342.0**	343.8	**115.8**	197.0	**2,844.0**	2,986.2
Major service lines										
Energy										
Oil & Gas	**450.7**	423.4	**1,114.0**	1,050.5	**185.4**	176.6	**2.2**	16.0	**1,752.3**	1,666.5
Power, Renewables, Hydrogen and Carbon Capture	**65.4**	57.2	**47.1**	88.3	**76.9**	45.9	**34.6**	20.6	**224.0**	212.0
Materials										
Refining & Chemicals	**411.7**	467.6	**119.3**	48.2	**29.3**	44.0	**20.2**	60.7	**580.5**	620.5
Minerals, Processing and Life Sciences	**129.2**	200.3	**8.4**	10.1	**1.5**	3.6	**-**	15.5	**139.1**	229.5
Other										
Built Environment	**-**	3.6	**7.1**	6.7	**-**	26.2	**58.8**	67.8	**65.9**	104.3
Industrial Processes and other	**27.3**	86.9	**6.0**	2.6	**48.9**	47.5	**-**	16.4	**82.2**	153.4
Revenue	**1,084.3**	1,239.0	**1,301.9**	1,206.4	**342.0**	343.8	**115.8**	197.0	**2,844.0**	2,986.2
Sustainable solutions	**264.4**	343.5	**197.2**	162.3	**100.5**	74.4	**34.6**	20.6	**596.7**	600.8

3. Revenue (continued)

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

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 sustainable solutions if 75% or more of the scope relates to that element, in which case the total revenue is recorded in sustainable solutions.

For the 6 months to 30 June 2024, 80% (June 2023: 78%) of the Group's total revenue came from reimbursable contracts and 20% (June 2023: 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.

Contract balances

The following table provides a summary of receivables, contract assets and liabilities arising from the Group's contracts with customers:

	Unaudited Interim June 2024	Unaudited Interim June 2023	Audited Full Year December 2023
	$m	$m	$m
Trade receivables	**674.2**	754.7	729.5
Non-current contract assets	**172.4**	121.2	153.7
Gross amounts due from customers	**562.0**	593.0	522.9
Gross amounts due to customers	**(129.4)**	(136.6)	(99.0)
	1,279.2	1,332.3	1,307.1

The contract 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 reduced by $55.3m since December 2023 and this is primarily due to reduced activity levels during the first half of 2024, partially offset by the impact of higher closing DSO. Gross amounts due from customers has increased by $39.1m to $562.0m. The increase is largely explained by the increase in higher average DSO during the period.

Non-current contract assets of $172.4m (December 2023: $153.7m) includes $83.9m of gross amounts due from customers and $15.9m of trade receivables, both of which are in relation to the Aegis contract. The increase in the non-current contract assets is mainly as a result of reclassifications from current to non-current and the Aegis contract completion in 2023. The Group has classified certain receivable balances, including Aegis as non-current due to the element of uncertainty surrounding the timing of receipt of these balances. Provisions held in relation to Aegis are not material.

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 2024 which was included in gross amounts due to customers and deferred income at the beginning of the year of $66.5m represents amounts included within contract liabilities at 1 January 2024. Revenue recognised from performance obligations satisfied in previous periods of $4.4m (June 2023: $5.6m) represents revenue recognised in 2023 for performance obligations which were considered operationally complete at 31 December 2023.

As at 30 June 2024, the Group had received $197.2m (June 2023: $200.0m) of cash relating to non-recourse financing arrangements with its banks. An equivalent amount of trade receivables was derecognised on receipt of the cash.

3. Revenue (continued)

Aegis Poland

This legacy AFW project involved 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 the facilities were formally handed over to USACE in July 2023. The corresponding warranty period for facilities ended at various points through July 2024. 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. As at 31 December 2023, $186m of certified claims had been submitted to our client, and we continue to progress further claims which could be material. The revenue recognised is 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 also 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. Disclosure of the value of liquidated damages included in the loss at completion is not disclosed as the directors believe that this would be seriously prejudicial while commercial settlement negotiations are ongoing. 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. In reaching its assessment of this loss, management have made certain estimates and assumptions relating to the date of completion and recovery of costs from USACE. If the actual outcome differs from these estimates and assumptions, the ultimate loss will be different.

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 2024 was as follows:

$m	Year 1	Year 2	Year 3	**Total**
Revenue	2,541.4	2,028.9	1,468.6	**6,038.9**

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 represents contractually agreed backlog and does not include any amounts of variable consideration which are constrained. The Group continues to move into a reimbursable contract model, moving away from and no longer bidding for lump sum turnkey ("LSTK") contracts which are inherently riskier. 85% of future performance obligations relate to reimbursable contracts and the remainder to fixed price.

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 2024 $m	Unaudited Interim June 2023 $m	Audited Full Year December 2023 $m
Redundancy and restructuring costs	**12.1**	-	-
LSTK and large-scale EPC	**140.0**	21.2	45.1
Impairment of goodwill	**815.0**	-	-
Takeover related costs	**5.5**	4.6	4.8
Investigation support costs and provisions	**-**	-	(2.6)
Asbestos yield curve and costs	**(6.8)**	5.3	29.4
Exceptional items included in continuing operations, before interest and tax	**965.8**	31.1	76.7
Unwinding of discount on asbestos provision	**4.4**	5.5	11.1
Tax credit in relation to exceptional items	**(0.8)**	(5.2)	(0.2)
Release of uncertain tax provision	**-**	(7.4)	(7.4)
Derecognition of deferred tax assets due to UK pension actuarial movements	**7.6**	17.2	18.0
Exceptional items included in continuing operations, net of interest and tax	**977.0**	41.2	98.2

Redundancy and restructuring costs

The Group announced the Simplification programme in March 2024 which was set out to help the Group deliver higher margins while remaining focused on business growth. This programme led to a reduction in the number of central functional roles by placing greater ownership and accountability for functional activities into the business units. As of 30 June 2024, this phase of work was largely complete. The subsequent phases of the simplification programme aims to deliver IT savings, save property costs and reduce complexity in the Group's functional structure. We will also expand our shared services model. These phases will be largely complete by the first half of 2025.

The costs incurred in relation to Simplification amount to $12.1m and primarily relate to costs associated with the headcount reductions in the central functions. The total cost of Simplification is around $70m, with around $50m of costs expected to be incurred in 2024 and the balance in 2025. The majority of these remaining costs relate to the exit of certain IT contracts; the notice to terminate was served in July 2024 and therefore does not meet the criteria for recognition in the interim financial statements.

LSTK and large-scale EPC

The Group made a strategic decision in 2022 to exit certain business segments and following that decision, we ceased to operate in the large-scale EPC or lump sum turnkey ("LSTK") business segment. In recent years, the Group has wound down the remaining contracts, however we continue to have a significant balance sheet position and claims exposure across some legacy contracts. The closure of these businesses has reduced our leverage to negotiate commercial close outs and the staff involved have now all been exited from the business, making claims recovery or defence of litigation considerably more challenging. Accordingly, the Group has carried out a detailed review of the contract positions, including an assessment of the current material exposures and risks on remaining LSTK and large-scale EPC contracts; an assessment of the recoverability of outstanding receivables balances; a review of the Projects risk register and legal watch lists of all material cases. This review was conducted by the appropriate levels of senior management within the Group and business units.

Following this review, an exceptional charge of $140m was taken to the income statement and is composed of $53m of provisions against trade and other receivables, $61m of provisions for additional claims and $26m of final settlements. These charges were recorded within exceptional items by virtue of their size and nature. The provisions of $53m recorded against trade and other receivables have been taken in the first half of 2024 following engagement with certain of our clients in the EPC business where the clients are disputing the settlement of the receivables. The additional claims provision represents managements best estimate to close out the remaining claims within the LSTK and large-scale EPC business. The final settlement charge represents the additional cost to close out a series of solar EPC contracts on which we negotiated a full and final settlement agreement with the client.

4. Exceptional items (continued)

Impairment of goodwill

The impairment charge recognised against goodwill amounts to $815.0m and is recorded within exceptional items by virtue of its size and nature. The impairment charge was triggered by higher discount rates and an increase is the risk factors applied to the value in use model, to reflect more closely market observed multiples. The higher discount rates are driven by market volatility and increases to the cost of debt. The directors have observed that the market capitalisation of the Group has remained low for several years and the levels of goodwill that arose mostly from large historical acquisitions were no longer supported by the expected future cash flows.

Takeover related costs

During the period, Dar Al-Handasah Consultants Shair and Partners Holdings Limited ("Sidara") made four unsolicited proposals to acquire Wood. On 5 August 2024, after an extended period of detailed engagement, Sidara announced that it did not intend to make an offer for Wood in light of rising geopolitical risks and financial market uncertainty.

We incurred $5.5m of costs related to these proposals in the period to 30 June 2024. The cash costs in the second half are expected to be around $5m, taking the total expected gross cost to be around $11m. This total expected gross cost will be partially reimbursed by Sidara under an agreement for external costs coverage.

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 outside the Group's control. Excluding these amounts from the trading results improves the understandability of the underlying trading performance of the Group.

The $6.8m credit (June 2023: charge $5.3m) principally comprises a $8.2m yield curve credit (June 2023: charge $2.0m) and charges of $1.4m (June 2023: $3.3m) of costs in relation to managing the claims. The yield curve credit recognised in 2024 is principally due to an increase in the 27-year blended yield curve rate to 4.6% (Dec 2023: 3.64%).

In addition, $4.4m of interest costs which relate to the unwinding of discount on the asbestos provision are shown as exceptional (June 2023: $5.5m).

Tax

An exceptional tax charge of $6.8 million (June 2023: $4.6 million) has been recorded during the period. It consists of a $0.8 million tax credit on exceptional items (June 2023: $5.2 million), no movement in relation to uncertain tax provisions, offset by an exceptional charge of $7.6 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 $7.6 million of deferred tax assets has been charged through exceptional items consistent with the treatment in prior periods.

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 will consider how best to create value for our shareholders from dividends, share buybacks or attractive acquisitions.

6. Earnings per share

	Unaudited Interim June 2024			Unaudited Interim June 2023			Audited Full Year December 2023		
	(Losses)/ earnings 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)	(Losses)/ earnings attributable to equity shareholders ($m)	Number of shares (millions)	Earnings per share (cents)
Basic pre-exceptional	**(7.7)**	**689.3**	**(1.1)**	(17.5)	684.9	(2.6)	(45.2)	685.9	(6.6)
Exceptional items, net of tax	**(977.0)**	**-**	**(141.7)**	(11.8)	-	(1.7)	(65.5)	-	(9.5)
Basic	**(984.7)**	**689.3**	**(142.9)**	(29.3)	684.9	(4.3)	(110.7)	685.9	(16.1)
Effect of dilutive ordinary shares	**-**	**-**	**-**	-	-	-	-	-	-
Diluted	**(984.7)**	**689.3**	**(142.9)**	(29.3)	684.9	(4.3)	(110.7)	685.9	(16.1)
Adjusted diluted earnings per share calculation									
Basic	**(984.7)**	**689.3**	**(142.9)**	(29.3)	684.9	(4.3)	(110.7)	685.9	(16.1)
Effect of dilutive ordinary shares	**-**	**-**	**-**	-	-	-	-	-	-
Diluted	**(984.7)**	**689.3**	**(142.9)**	(29.3)	684.9	(4.3)	(110.7)	685.9	(16.1)
Exceptional items, net of tax	**977.0**	**-**	**141.7**	11.8	-	1.8	65.5	-	9.5
Amortisation of intangibles on acquisition, net of tax	**24.6**	**-**	**3.6**	24.7	-	3.6	50.8	-	7.4
Adjusted diluted	**16.9**	**689.3**	**2.5**	7.2	684.9	1.1	5.6	685.9	0.8
Adjusted basic	**16.9**	**689.3**	**2.5**	7.2	684.9	1.1	5.6	685.9	0.8

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, shares and share options awarded under the Group's Long-Term Plan and shares awarded under the Group's Employee Share Plan and Share Incentive Plan. Adjusted basic and adjusted diluted earnings per share are 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 2024, the Group reported a basic loss (December 2023: loss) per ordinary share, therefore the effect of dilutive ordinary shares are excluded (December 2023: excluded) in the calculation of diluted earnings per share. Had the result been a profit, an additional 26.1m of dilutive potential shares would have been used in the calculation of diluted EPS metrics, which would have reduced the adjusted diluted loss per share by 0.1 cents.

7. Taxation

Reconciliation of applicable tax charge at statutory rates to tax charge	**Unaudited Interim June 2024 $m**	Unaudited Interim June 2023 $m	Audited Full Year December 2023 $m
Loss before taxation from continuing operations	**(961.7)**	(26.0)	(62.7)
Loss before taxation from discontinued operations	**-**	-	(15.2)
Gain on sale of discontinued operation	**-**	34.6	31.0
Less: Share of post-tax profit from joint ventures	**(12.4)**	(14.4)	(42.8)
Loss before taxation from total operations (excluding profits from joint ventures)	**(974.1)**	(5.8)	(89.7)
Applicable tax charge at statutory rates	**(240.8)**	2.1	(1.4)
Effects of:			
Non-deductible expenses	**4.4**	2.4	18.7
Non-taxable income	**-**	(0.4)	-
Non-deductible expenses - exceptional	**204.7**	-	4.1
Non-taxable income - exceptional	**-**	0.3	(9.9)
Deferred tax recognition:			
Recognition of deferred tax assets not previously recognised	**(0.4)**	(0.7)	(5.5)
Utilisation of tax assets not previously recognised	**(8.4)**	(2.1)	(3.4)
Current year deferred tax assets not recognised	**42.6**	17.9	62.0
Write off of previously recognised deferred tax assets	**5.1**	-	2.2
Derecognition due to UK pension actuarial movements	**7.6**	17.2	18.0
Irrecoverable withholding tax	**4.1**	6.5	14.3
CFC charges	**1.3**	1.1	5.7
Uncertain tax provisions	**-**	(0.5)	(0.4)
Uncertain tax provisions – exceptional	**(0.1)**	-	0.6
Uncertain tax provisions prior year adjustments	**(0.2)**	(0.7)	(10.6)
Uncertain tax provisions prior year adjustments – exceptional	**-**	(7.4)	(7.4)
Prior year adjustments	**0.1**	(0.9)	(14.4)
Prior year adjustments - exceptional	**-**	-	(11.2)
Impact of change in rates on deferred tax	**0.8**	0.8	(3.1)
Pillar II charge	**0.8**	-	-
Total tax charge	**21.6**	35.6	58.3

Comprising			
Tax charge on continuing operations:			
Pillar II tax charge	**0.8**	-	-
Corporation tax charge	**20.8**	30.4	65.0
Tax charge/(credit) on discontinued operations	**-**	5.2	(6.7)
Total tax charge	**21.6**	35.6	58.3

7. Taxation (continued)

Factors affecting the current tax charge

The weighted average of statutory tax rates is 24.7% in 2024. This represents the profits and losses by jurisdiction at the tax rate applicable for the jurisdiction. Non-deductible expenses - exceptional primarily relates to goodwill impairment. Of the current year deferred tax assets not recognised, $37.2m relates to exceptional items predominately relating to the LSTK and large-scale EPC losses as described in note 4.

The actuarial loss in relation to the UK defined benefit pension scheme has resulted in a decrease in deferred tax liabilities of $7.6m through Other Comprehensive Income. As deferred tax liabilities support the recognition of deferred tax assets, a reduction of $7.6m of deferred tax asset recognition has been recognised through exceptional items in the Income Statement. A charge of $18.0m (June 2023: $17.2m) of the same nature was included within exceptional items in 2023.

Due to forecast profits in the UK deferred tax assets previously not recognised are forecast to be utilised in 2024. The impact on the half year results is a reduction in the tax charge of $8.4m.

There have been no material movements in the facts and circumstances relating to uncertain tax positions during the period, as a result there is no change in our judgement in relation to the calculation of the level of provision required.

Pillar II

The Group is within the scope of the OECD Pillar Two model rules. John Wood Group plc is incorporated and tax resident in the UK, as a result the rules apply following the UK implementation from 1 January 2024.

A tax charge of $0.8m is estimated for the first half of 2024 primarily reflecting profits of the Groups Guernsey incorporated captive insurance company. There is uncertainty over the treatment of UK losses used against profits of the captive insurance company to the extent they are attributable to the Guernsey permanent establishment of the entity, and whether the loss utilisation counts as a tax charge for the permanent establishment. When there is clarity in relation to the technical uncertainty, the Pillar Two charge may reduce reflecting none of the profits of the captive insurance company are subject to the charge.

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.

The forecast tax charge includes a credit for the utilisation of unrecognised deferred tax assets related to the UK. If the geographic split of actual profits for the year differs from the forecast this will impact on the utilisation of unrecognised assets and impact on the tax charge. The actual geographical split and forecasts for future years will also impact on whether or not further deferred tax assets may be recognised.

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.

8. 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 2024, 98.6% (December 2023: 108.2%) of total scheme assets in the principal schemes have quoted prices in active markets.

At 30 June 2024, 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 2024 and the related actuarial losses of $24.8m (June 2023: $65.5m) 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.

The latest triennial valuation of the WPP was approved by the Company and the Trustees in June 2024. As the plan was in surplus no recovery plan or deficit reduction contributions are required.

In June 2023, the High Court handed down a decision in the case of Virgin Media Limited v NTL Pension Trustees II Limited and others relating to the validity of certain historical pension changes due to the lack of actuarial confirmation required by law. In July 2024, the Court of Appeal dismissed the appeal brought by Virgin Media Ltd against aspects of the June 2023 decision. The conclusions reached by the court in this case may have implications for other UK defined benefit plans. The Company and pension trustees are currently considering the implications of the case for the Wood Pension Plan. The defined benefit obligation has been calculated on the basis of the pension benefits currently being administered, and at this stage the directors do not consider it necessary to make any adjustments as a result of the Virgin Media case.

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

	June 2024 Wood Pension Plan %	**June 2024 FW Inc SEPP %**	**June 2024 FW Inc PPCE %**	June 2023 Wood Pension Plan %	June 2023 FW Inc SEPP %	June 2023 FW Inc PPCE %	December 2023 Wood Pension Plan %	December 2023 FW Inc SEPP %	December 2023 FW Inc PPCE %
Discount rate	**5.3**	**5.4**	**5.4**	5.3	5.1	5.1	4.8	4.9	4.9
Rate of retail price index inflation	**3.1**	**N/A**	**N/A**	3.2	N/A	N/A	3.0	N/A	N/A
Rate of consumer price index inflation	**2.8**	**N/A**	**N/A**	2.7	N/A	N/A	2.6	N/A	N/A

The assumptions on the FW Inc SEPP and FW Inc PPCE in the above table are not applicable since there are no post-retirement increases or cost of living adjustments provided in these plans. With no cost of living adjustments, there are no underlying retail price index or consumer price index assumptions to consider.

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.

8. Retirement benefit obligations (continued)

	June 2024 Wood Pension Plan $m	**June 2024 FW Inc SEPP $m**	**June 2024 FW Inc PPCE $m**	June 2023 Wood Pension Plan $m	June 2023 FW Inc SEPP $m	June 2023 FW Inc PPCE $m	December 2023 Wood Pension Plan $m	December 2023 FW Inc SEPP $m	December 2023 FW Inc PPCE $m
Discount rate									
Plus 0.5%	**(129.1)**	**(2.9)**	**(4.8)**	(129.6)	(3.3)	(5.4)	(146.6)	(3.2)	(5.2)
Minus 0.5%	**142.8**	**3.1**	**5.1**	143.9	3.5	5.7	163.0	3.5	5.6
Inflation									
Plus 0.1%	**13.1**	**N/A**	**N/A**	13.3	N/A	N/A	15.0	N/A	N/A
Minus 0.1%	**(13.0)**	**N/A**	**N/A**	(13.3)	N/A	N/A	(14.9)	N/A	N/A

9. Other non-current liabilities

	Unaudited Interim June 2024 $m	Unaudited Interim June 2023 $m	Audited Full Year December 2023 $m
Other payables	**88.7**	73.5	69.4
Other non-current liabilities	**88.7**	73.5	69.4

Other payables mainly relate to the US SERP pension arrangement and amount to $52.4m (December 2023: $51.3m).

10. Goodwill and other intangible assets

	Goodwill $m	**Software and development costs $m**	**Customer contracts and relationships $m**	**Order backlog $m**	**Brands $m**	**Total $m**
Cost						
At 1 January 2024	4,311.8	496.2	660.9	158.2	484.8	6,111.9
Exchange movements	(32.6)	(5.4)	(4.0)	(0.9)	(3.3)	(46.2)
Additions	-	59.5	-	-	-	59.5
Disposals	-	(5.3)	-	-	-	(5.3)
At 30 June 2024	**4,279.2**	**545.0**	**656.9**	**157.3**	**481.5**	**6,119.9**
Amortisation and impairment						
At 1 January 2024	495.3	361.5	576.8	158.2	201.1	1,792.9
Exchange movements	(2.6)	(4.7)	(3.3)	(0.9)	(1.1)	(12.6)
Impairment charge	815.0	-	-	-	-	815.0
Amortisation charge	-	57.3	12.2	-	14.1	83.6
Disposals	-	(5.3)	-	-	-	(5.3)
At 30 June 2024	**1,307.7**	**408.8**	**585.7**	**157.3**	**214.1**	**2,673.6**
Net book value at 30 June 2024	**2,971.5**	**136.2**	**71.2**	**-**	**267.4**	**3,446.3**

10. Goodwill and other intangible assets (continued)

	Goodwill $m	Software and development costs $m	Customer contracts and relationships $m	Order backlog $m	Brands $m	Total $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**

General

In accordance with IAS 36 'Impairment of assets', goodwill and other non-current assets were reviewed for indicators of impairment at 30 June 2024. The Group has five CGUs and Goodwill is monitored by management at CGU level. The impairment testing that was performed as at 31 December 2023 highlighted that a reasonable change in the critical assumptions would have resulted in an impairment for the Projects CGU as well as the overall Group test. The critical assumptions used in the impairment model for Projects and Group were discount rate, long term growth rate and revenue growth. Following the review for indicators of impairment the directors noted that increases to the discount rate and the continued low market capitalisation of the Group were indicators of impairment for the Projects CGU and the Group.

No indicators of impairment were identified for the other CGUs given the large amounts of headroom noted at 31 December 2023 and reasonable possible changes in the critical assumptions did not result in an impairment.

Basis for determining recoverable amount

The recoverable amount at the year-end was determined by preparing value-in-use calculations prepared for each CGU using the cash flow projections included in the financial forecasts prepared by management and approved by the Board for the period 2024 through to 2028. During the first half of 2024, the Group completed the mid-year forecast ("MYF") update. The MYF highlighted a slight reduction in revenue for the Group, primarily driven by softness in the Metals and Minerals business. EBITDA remains broadly in line, due to the expected and already delivered full year benefits of Simplification.

The key market drivers, within energy, include energy security and supporting energy transition in our focus markets. Our materials growth drivers are also underpinned by transition to net zero, as well as increased consumer demand driven by population growth and higher standards of living. The projected growth in the Projects CGU is underpinned by the Group's strategy to fully capitalise on our engineering capabilities to help our clients move to net zero through energy transition and decarbonisation. The Group have also considered that there are risks associated with energy transition, including energy transition and industrial decarbonisation markets not generating sufficient revenues to meet targets, which may also impact the Group's ability to attract or retain the appropriately skilled workforce which could prevent the Group from competing for work in this space. However, offsetting this risk is the large near-term addressable market focused on energy security within oil and gas along with the desire of those clients to pursue net-zero and decarbonization efforts. These projects are supporting the energy security agenda as major economies aim to reduce their dependency on Russian oil and gas, whilst also ensuring affordable energy for consumers.

Critical assumptions

During the first half of 2024 the Group has observed that the market capitalisation of the Group remained low and the goodwill balance, which primarily related to historic acquisitions, was no longer supported by the level of profitability in the business, particularly within the Projects CGU. Adjustments were made to risk adjust the value-in-use calculations for the Projects CGU and better reflect external peer multiples. Following these risk adjustments taken, the risk adjusted CAGR for the Group was reduced to 8.8% (December 2023: 9.7%).

10. Goodwill and other intangible assets (continued)

The Projects revenue CAGR includes growth from its Middle East region, process and chemicals, minerals and processing and life sciences. Projects is expected to leverage from its existing engineering capabilities and client relationships to grow its market share in the minerals sectors and life sciences sectors, whilst population growth is expected to underpin growth in the process and chemicals sector. The Projects Middle East business is underpinned by the Group's deep history in that region.

During the year, there was a change in approach to allocating intangible capital expenditure that is incurred centrally to each of the CGUs. The annual amortisation charge was previously allocated to each of the CGUs on the basis of headcount however following a review of the financial performance of each of the CGUs and the Group as a whole, the amortisation charge is now allocated according to usage of the various software packages and that this change should drive improved recovery of these costs. This has no impact on the Group position but reduces the Projects CGU value in use, increasing Operations and Consulting.

The terminal growth rates assumed from 2028 do not exceed the long-term average historical growth rates for the regions and sectors in which the CGUs operate. The Group is well placed to benefit from the significant long-term growth opportunities from Energy Transition, which has been considered in determining long-term growth rates. Management reviewed independent forecasts which set out the long-term investment required in order to achieve net zero. This long-term annual growth was then applied to each of the CGUs based on current activity levels. Accordingly, the long-term growth rates assumed in the model are 2.1% for Projects (2023: 2.4%), with the reduction in the long-term growth rates reflecting reducing levels of inflation.

The cash flows have been discounted using discount rates appropriate for each CGU, and these rates are reviewed for each impairment review performed. The discount rate is a critical assumption in the impairment test and the significant volatility in financial markets has led to an increase in the discount rate. The Group have considered the additional specific risks related to each business such as country risk and forecasting risk. The Group have considered the ongoing conflict in Israel on its operations in the Middle East as part of its assessment of country risk premium. The discount rates have increased since the year end reflecting the market volatility and the market capitalisation of the Group. The Projects post tax discount rate was increased to 11.3% (2023: 10.3%) and the pre-tax discount rate was increased to 13.94% (2023: 12.3%). The Group post tax discount rate was increased to 10.7% (2023: 9.6%) and the pre-tax discount rate was increased to 12.9% (2023: 11.2%).

Impairment test

The carrying value of goodwill for the Projects business at 30 June 2024 was $2,285.0m (December 2023: $2,280.8m). The recoverable amount for the Projects CGU was $1,470m at the test date which was driven by the critical assumptions described above and this led to an impairment charge of $815m in the first half. The post tax discount rate would need to be 3.05% lower in Projects to reduce the impairment charge to $nil. Reasonably possible changes in future impairment tests could result in further impairment charges as described below:

- A 1.5% increase in the post-tax discount rate would increase the impairment charge to $981m
- A 1% reduction in the long-term growth rate would increase the impairment charge to $871m
- A 1% reduction in the Projects CAGR would increase the impairment charge to $841m.

The Group post-tax discount rate was 10.7% and, following the impairment noted above, the recoverable amount was $3,938m which provided sufficient headroom over goodwill and intangible assets. A 0.8% increase in the discount rate at the Group level would result in a reduction of headroom to $nil. A 1.25% reduction in the terminal growth rate would result in a reduction of headroom to $nil.

11. Asbestos related litigation

2024	$m
At 1 January 2024	306.5
Reclassifications	4.1
Utilised	(24.6)
Charge to income statement	4.4
Release of provisions	(8.7)
Exchange movements	(0.2)
At 30 June 2024	**281.5**
Presented as	
Current	-
Non-current	281.5

2023	
At 1 January 2023	311.4
Reclassifications	10.5
Utilised	(37.9)
Charge to income statement	17.5
Release of provisions	(0.4)
Exchange movements	1.1
At 30 June 2023	**302.2**
Presented as	
Current	-
Non-current	302.2

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

11. Asbestos related litigation (continued)

- 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 2024 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 $4.4m for the time value of money (June 2023: $5.5m) and a yield curve credit of $8.2m (June 2023: charge $2.0m), which is driven by the increase in rates used to discount its asbestos liabilities in the first half of 2024, 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. The Group has used a 27-year blended yield curve rate (June 2023: 30-year US Treasury Bond rate), based on US Treasury strip rates, to discount its asbestos liabilities. 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 2024 amounted to $299.9m (December 2023: $328.1m) and comprised $281.5m in provisions (December 2023: $306.5m) and $46.2m in trade and other payables (December 2023: $50.4m) less $22.4m in long term receivables (December 2023: $23.2m) and $5.4m in trade and other receivables (December 2023: $5.6m).

12. Provisions

2024	**Insurance $m**	**Property $m**	**Litigation related provisions $m**	**Project related provisions $m**	**Total $m**
At 1 January 2024	40.7	27.4	25.0	42.2	135.3
Reclassifications	-	-	(0.4)	(1.8)	(2.2)
Utilised	-	(0.2)	-	(7.4)	(7.6)
Charge to income statement	4.5	0.9	44.0	37.1	86.5
Released to income statement	(6.5)	(6.9)	-	(2.9)	(16.3)
Exchange movements	-	(0.4)	(0.3)	(0.4)	(1.1)
At 30 June 2024	**38.7**	**20.8**	**68.3**	**66.8**	**194.6**
Presented as					
Current	-	2.4	43.0	44.0	89.4
Non-current	38.7	18.4	25.3	22.8	105.2

12 Provisions (continued)

2023	Insurance $m	Property $m	Litigation related provisions $m	Project related provisions $m	Total $m
At 1 January 2023	46.2	26.0	12.8	63.3	148.3
Reclassifications	1.2	(0.2)	(0.2)	(1.7)	(0.9)
Utilised	-	(0.3)	(10.9)	(10.4)	(21.6)
Charge to income statement	6.5	0.8	0.2	13.7	21.2
Released to income statement	(10.9)	(0.1)	-	(7.8)	(18.8)
Exchange movements	-	0.5	0.3	0.2	1.0
At 30 June 2023	**43.0**	**26.7**	**2.2**	**57.3**	**129.2**
Presented as					
Current	-	2.4	0.2	33.6	36.2
Non-current	43.0	24.3	2.0	23.7	93.0

Insurance provisions

The Group has liabilities in relation to its captive insurance companies of $38.7m (December 2023: $40.7m).

The Group currently has one captive insurance company, Garlan Insurance Limited, which is active and is registered in Guernsey with tax domicile in the UK. 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 $20.8m (December 2023: $27.4m). 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.

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.

The charge of $44.0m recognised in the first half of 2024 includes additional provisions made in respect of claims made against the Group.

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. The balance is made up of a large number of provisions, which are not individually material or significant.

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)

The charge of $37.1m recognised in the first half of 2024 includes provisions made in respect of LSTK and large-scale EPC contracts as described in note 4.

As described in note 19, 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.

13. Disposal Group held for sale

As at 30 June 2024, the Group had a sales process ongoing in relation to its investment in the EthosEnergy joint venture. The investment balance of $72.0m, representing the Group's 51% shareholding, has been classified as held for sale in the Group's Balance Sheet as at 30 June 2024.

14. 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 2024	Unaudited Interim June 2023	Audited Full Year December 2023
	$m	$m	$m
Sales of goods and services to joint ventures	**0.3**	0.4	3.6
Purchase of goods and services from joint ventures	**0.2**	1.8	0.6
Receivables from joint ventures	**11.1**	7.6	9.8
Payables to joint ventures	**0.8**	0.1	12.1

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 US plans are funded to ensure that statutory obligations are met and contributions are generally payable to at least minimum funding requirements. Note 8 sets out details of the Group's pension obligations under these arrangements.

15. Analysis of net debt

	At 1 January 2024	Cash flow	Other	Exchange movements	**Unaudited at 30 June 2024**
	$m	$m	$m	$m	**$m**
Short term borrowings	(315.3)	28.0	(0.4)	(9.4)	**(297.1)**
Long term borrowings	(812.2)	(235.5)	(1.2)	(2.5)	**(1,051.4)**
	(1,127.5)	(207.5)	(1.6)	(11.9)	**(1,348.5)**
Cash and cash equivalents	434.0	41.2	-	(2.8)	**472.4**
Net debt before leases	**(693.5)**	**(166.3)**	**(1.6)**	**(14.7)**	**(876.1)**
Leases	(400.8)	55.0	(46.9)	4.7	(388.0)
Net debt including leases	**(1,094.3)**	**(111.3)**	**(48.5)**	**(10.0)**	**(1,264.1)**

15. Analysis of net debt (continued)

	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)**

Cash at bank and in hand at 30 June 2024 includes $150.8m (December 2023: $127.7m) 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.

Cash and cash equivalents of $472.4m (June 2023: $450.2m and December 2023: $434.0m) includes restricted cash of $45.1m (June 2023: $11.5m and December 2023: $49.4m). The restricted cash balance comprises $41.0m (June 2023: not considered restricted and December 2023: $38.1m) of cash held in Equatorial Guinea where the Group are seeking Central Bank approval in order to repatriate cash from a subsidiary via dividends or intercompany loans. A further $2.4m (June and December 2023: $9.3m) of cash is held in jurisdictions where there is insufficient liquidity in the local market to allow for immediate repatriation. The remaining $1.7m (June 2023: $2.3m and December 2023: $2.0m) relates to balances held within Russia that are impacted by the sanctions associated with Russia's invasion of Ukraine. 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 2024 is made up of long term leases of $312.0m (June 2023: $234.9m) and short term leases of $76.0m (June 2023: $90.8m).

The other movement of $48.5m (June 2023: $27.5m) in the above table represents new leases entered into of $37.2m (June 2023: $23.1m) and disposals of $0.5m (June 2023: $3.9m) during the first half, interest expense of $10.2m (June 2023: $8.5m), amortisation of bank facility fees of $1.2m (June 2023: $1.9m) and an increase in accrued interest on short-term borrowings of $0.4m (June 2023: $2.1m reduction).

As at 30 June 2024, the Group had received $197.2m (December 2023: $198.2m) of cash relating to non-recourse financing arrangements. An equivalent amount of trade receivables was derecognised on receipt of the cash. At 30 June 2024, $81.1m (December 2023: $111.7m) had been received from customers in the normal course of business in relation to the same amounts received from the factors. This $81.1m (December 2023: $111.7m) 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.

16. Share based payment arrangements

Share based charges for the period of $8.8m (June 2023: $9.8m) 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.

17. Financial risk management and financial instruments

Financial risk factors

The Group's activities give rise 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 2023 Annual Report and Accounts.

There have been no material changes in the risk management function or in any risk management policies since 31 December 2023.

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 2024 are not significant.

18. Capital commitments

At 30 June 2024, the Group has entered into contracts for future capital expenditure amounting to $105.2m 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.

19. Contingent liabilities

General
A contingent liability is a potentially material present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Cross guarantees
At the balance sheet date, the Group had cross guarantees extended to its principal bankers and surety providers in respect of sums advanced to subsidiaries and certain joint ventures. A liability will only occur in the event of a default by a subsidiary or certain joint ventures on its obligations.

Legal Claims
From time to time, the Group is notified of claims in respect of work carried out on customer projects or as a subcontractor to others. 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, such that no economic outflow is probable. 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. This also includes commercial disputes which arise predominantly within our Projects business, some of which may evolve within the next 12 months and these will be reassessed in future periods as the Group engages in defences to the claims.

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. In performing this assessment, the directors considered the nature of existing litigations or claims, the progress of matters, existing law and precedent, the opinions and views of legal counsel and other advisors, the Group's experience in similar cases (where applicable) and other facts available to the Group at the time of assessment. The director's assessment of these factors may change over time as individual litigations or claims progress.

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, these consequences appear unlikely and therefore no provision has made in respect of them in the financial statements.

19. Contingent liabilities (continued)

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 for a fixed period. 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 $33.1m.

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 2024.

Tax planning
HMRC have challenged the deductibility of certain interest expenses in relation to loans from Irish resident finance companies to the UK. The tax treatment of the Irish finance companies under the UK controlled foreign company regime was previously considered as part of the EU State Aid challenge, but no state aid was found to apply. A significant amount of contemporaneous documentation has been provided to HMRC regarding the transition from a previous finance company structure in the Netherlands, and subsequent funding of acquisitions via the Irish companies. HMRC continue with their enquiries. 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 $39.7m and in the event of any amount ultimately being payable there is no prospect of any reimbursement.

20. 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 2024

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 2023 Annual Report and Accounts.

K Gilmartin

Chief Executive

A Balan

Chief Financial Officer

19 August 2024

Shareholder information

Officers and advisers

Secretary and Registered Office
M Rasmuson
John Wood Group PLC
Sir Ian Wood House
Hareness Road
Altens Industrial Estate
Aberdeen
AB12 3LE

Tel: 01224 851000

Registrars
Equiniti
Aspect House
Spencer Road
Lancing
West Sussex
BN99 6DA

Tel: 0371 384 2649

Stockbrokers
JPMorgan Cazenove Limited
Morgan Stanley

Company solicitors
Slaughter and May

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