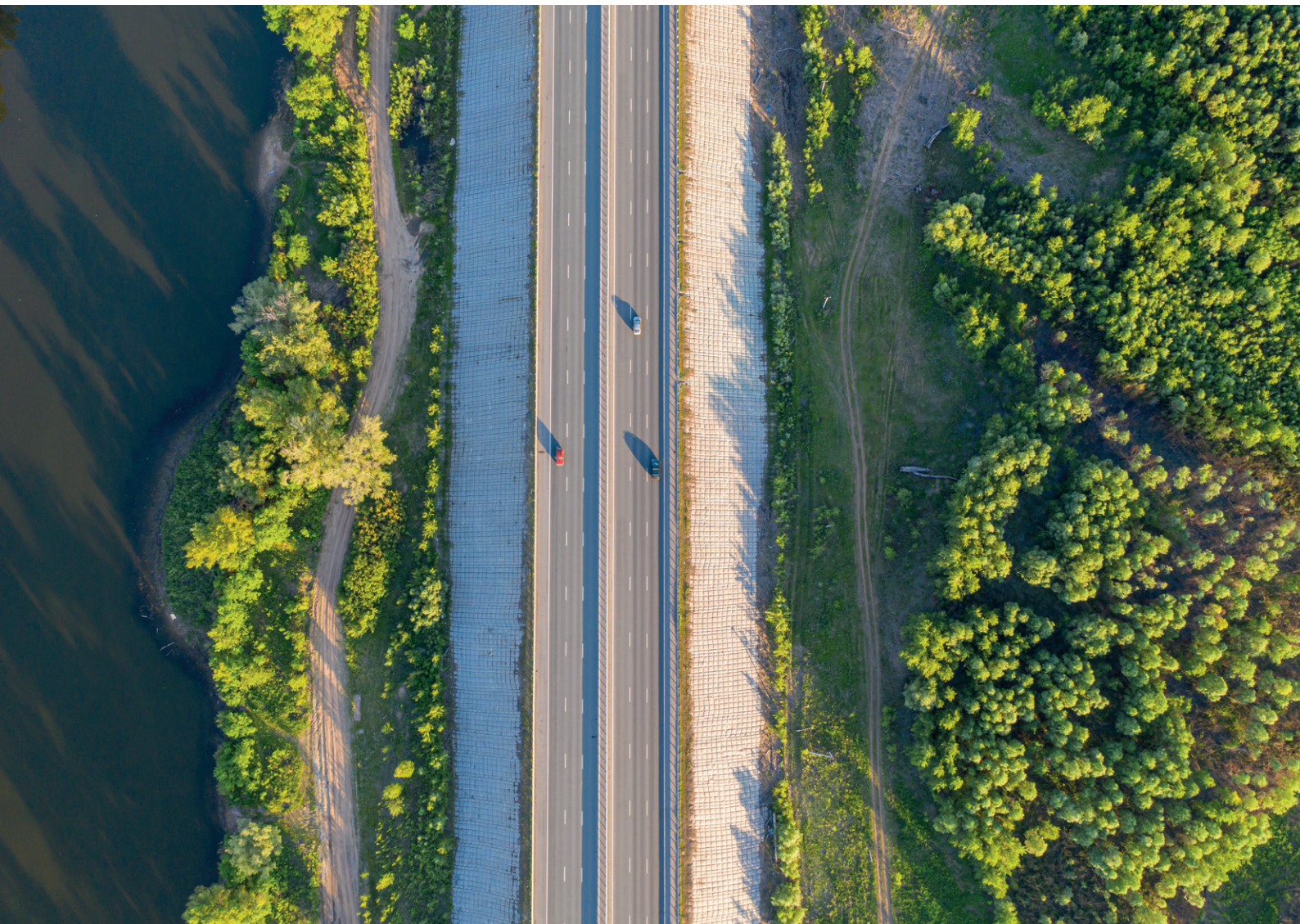


John Wood Group PLC
Half Year Report 2021

Unlocking solutions to the world's most critical challenges.



Wood is a global leader in consulting, projects and operations solutions in energy and the built environment.



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Revenue

\$3,150m (2020: \$4,085m)
▼ 22.9%

Adjusted EBITDA¹

\$262m (2020: \$305m)
▼ 14.1%

Adjusted EBITDA margin

8.3% (2020: 7.5%)
▲ 0.8%

Operating profit before exceptional items

\$86m (2020: \$101m)
▼ 14.9%

Operating profit

\$68m (2020: \$66m)
▲ 3.0%

Loss for the period

\$(11)m (2020: \$(11)m)
movement: 0.0%

Basic EPS

(1.7) cents (2020: (2.2) cents)
▲ 22.7%

Adjusted diluted EPS²

8.9 cents (2020: 10.4 cents)
▼ 14.4%

Net debt excluding leases³

\$1,275m (2020: \$1,216m)
▲ 4.9%

Order book⁴

\$7,687m (2020: \$7,045m)
▲ 9.1%

Highlights

First half earnings in line with guidance, reflecting improving momentum in Q2. Strong margin improvement as delivery of efficiencies and improved project execution more than offset lower activity.

Good growth in order book, up c18% year-to-date, underpinning confidence of a return to growth and the delivery of a stronger H2.

First half highlights

Revenue reflects improving momentum in activity in Q2 and benefit of broad end market exposure

- Good activity levels in built environment, relatively robust renewables activity and improving demand in conventional energy markets, partly offsetting lower activity in process & chemicals, as larger projects reached completion
- Revenue of \$3.2bn down 22.9%; primarily reflecting the impact of Covid-19 and including a \$74m reduction in revenue from disposed businesses
- Improving momentum in activity in Q2; growth in Consulting and Operations compared to Q2 2020
- Order book at June of \$7.7bn, up c18% compared to December 2020:
 - strong order intake in H1 with orders of \$3.2bn
 - continued momentum in Consulting across built environment and energy
 - excellent growth in Operations, including recent awards of multi-year contract renewals
 - encouraging signs of markets recovering in Projects, c12% order book growth month on month in June

Strong margin improvement: increased margins in all business units and positive evolution of business mix

- Adjusted EBITDA margin up 80 bps on H1 2020; driven by increased margins in all business units including significantly improved margins in Projects, up 220 bps
- Maintenance of high utilisation levels, successful delivery of efficiencies including Future Fit, improving project execution and greater weighting of high margin Consultancy revenue more than offsetting lower activity
- Adjusted EBITDA of \$262m and operating profit before exceptionals of \$86m in line with guidance

Net debt increase reflects timing of working capital movements

- Net debt excluding leases of \$1.28bn at 30 June 2021 (30 June 2020: \$1.22bn and 31 December 2020: \$1.01bn). Increase driven by a working capital outflow of \$237m including unwind of advance payments as major projects completed
- c\$100m higher than anticipated due to increased net working capital outflows largely related to timing of receipts expected in H1 but actually received in H2
- Net debt excluding leases : adjusted EBITDA (excluding IFRS 16) 2.9x³ (30 June 2020: 2.0x and 31 December 2020: 2.1x)

FY 2021 outlook

Improving activity levels and strong order book growth underpin our confidence in growth in H2 2021

- Full year revenue in the range of \$6.6bn to \$6.8bn underpinned by trading momentum and strong order book growth, with \$3.0bn for delivery in H2 2021
- Further improvement in full year EBITDA margin to 8.7% to 8.9%, reflecting progress towards our medium-term target of 9.6%
- Confidence in a stronger H2, returning to growth relative to both H1 2021 and H2 2020, whilst also laying strong foundations for 2022
- Full year outlook unchanged. Increased activity in Consulting and growth in Operations expected to partly offset lower activity in Projects
- Expect net debt reduction in H2 from increased profitability and working capital inflows. Net debt : EBITDA ratio will also reduce from increased profitability in H2

Future Fit

Strong early progress accelerating our strategy at pace

- Future Fit programme being delivered at pace: c\$20m efficiencies delivered in H1, further c\$20m expected in H2
- Optimised organisational design complete
- Operational Excellence programmes launched to deliver exceptional and consistent execution and drive efficiencies in the way we work
- Investing in digital capabilities and solutions
- Strategic growth plans in place in all business units, with a focus on building on our strong positions in energy transition and decarbonisation

Sustainability

Leadership through strategic action

- Strategy aligned with the delivery of engineering solutions for a net-zero future and enabling sustainable and resilient living, harnessing our significant technical expertise and breadth of capabilities to develop a global approach to energy transition & decarbonisation
- Demonstrating our commitment to the delivery of affordable and clean energy:
 - steering member of the Hydrogen Council
 - supporting the delivery of UN Sustainable Development Goal 7, utilising our resources and engaging with stakeholders to deliver the goal of affordable and clean energy
- Forming strategic partnerships to develop solutions to accelerate energy transition:
 - partnering with Honeywell to develop renewable diesel and sustainable aviation fuel

Business review



"The first half of 2021 reflects improving momentum in activity in Q2 and a strong margin improvement, with increased margins in all business units and a greater weighting of high margin Consulting activity. Trading momentum and good growth in our order book, which is up c18% year-to-date, underpin our confidence in delivering a stronger second half which will reflect a return to growth compared to both H1 2021 and H2 2020, and further growth in our full year adjusted EBITDA margin."

Robin Watson
Chief Executive

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H1 trading performance: improving momentum and strong progress towards our margin improvement target

Improving momentum in activity in Q2 and benefit of broad end market exposure

In the first half of 2021, we continued to benefit from our strategic actions to broaden our end market exposure across diverse energy and built environment markets. Against the backdrop of challenging market conditions due to the ongoing impacts of Covid-19, we have seen strength in the built environment which accounts for c20% of our revenue. In renewables & other energy which is c25% of revenue we have seen relatively robust activity in renewables. Market conditions in conventional energy, which accounts for c35% of our revenue, are improving, particularly in Operations, whilst activity in process & chemicals, which is c20% of revenue, reduced significantly as larger projects reached completion.

Revenue in the first half of 2021 was in line with guidance at \$3.2bn, down 22.9% on H1 2020. The reduction in revenue largely reflects the impact of Covid-19 on activity but also includes a \$74m impact from the disposals of our nuclear and industrial services businesses in Q1 2020. Following a steady start in Q1 2021, we have seen improving momentum in activity in Q2 with growth in Consulting and Operations compared to Q2 2020. Overall H1 revenue reflected robust activity in Consulting and relative resilience in Operations, partly offsetting lower activity in Projects, as anticipated, due to the completion of larger process & chemicals contracts.

Strong margin improvement: increased margins in all business units and positive evolution of business mix

We delivered a strong margin improvement in H1 2021. Adjusted EBITDA margin of 8.3% is up 80 bps compared to the prior period, reflecting good progress towards our medium-term margin target of 9.6%. Our focus on maintaining high utilisation, the successful delivery of efficiencies under our Future Fit programme and improving project execution have driven improved margins across all business units, but most significantly in Projects which is up by 220 basis points. In addition, margins are benefitting from our evolving business mix with a greater proportion of revenue from higher margin Consulting activity. Overall, these positive trends are more than offsetting the impact of lower activity.

Adjusted EBITDA was \$262m, in line with guidance, and down 14.1% on H1 2020 reflecting the impact of reduced activity levels and a \$9m impact related to disposals, offset by our focus on efficiencies and operational excellence.

Operating profit before exceptional items of \$86m was in line with guidance and benefitted from reduced depreciation and amortisation charges as a result of our actions to rationalise our property portfolio and reduce capital expenditure during 2020, and the full amortisation of certain previous acquisitions. Operating profit before exceptional items is stated after depreciation of \$75m and amortisation of \$96m.

Operating profit benefitting from lower exceptional costs of \$18m

Operating profit of \$68m is up c3%, benefitting from lower exceptional costs of \$18m (H1 2020: \$35m). These consist of restructuring, redundancy and reorganisation costs of \$41m, including \$17m related to the delivery of efficiencies under our Future Fit programme and costs related to the closure of our Paris office, offset by a gain on disposal of our joint venture interest in Sulzer Wood of \$15m and an \$8m non-cash movement related to the unwind of the discount on the asbestos provision. Further details of exceptional items, including asbestos, are included in the Financial Review.

Future Fit: Strong early progress accelerating our strategy at pace

We have made strong early progress in the delivery of our 18-month long Future Fit programme. With a focus on accelerating our strategic priorities to unlock stronger medium-term growth, deliver efficiency and create value, in H1 2021 we have successfully delivered:

An organisational design optimised for growth: Our service-defined operating model is optimised to unlock growth opportunities by leveraging global client relationships across the entire "green-to-green" asset life cycle of Consulting, Projects and Operations. The move to three global business units simplifies our offering and creates the right platform to harness our resources collaboratively across the organisation, giving us the agility to respond to our clients' needs. The effectiveness of our new organisational design is evident in recent contract awards including our engagement in the consulting phase to assess the feasibility of the supply of solar power for a mining project which enabled us to leverage the client relationship and our strong track record in project delivery to secure the EPC scope for the design and installation of the 120 MW solar facility.

The launch of Operational Excellence programmes to transform the way we work:

We have launched a range of Operational Excellence programmes to enhance core skills and competencies, ensure consistently exceptional delivery for our clients' projects and to accelerate our readiness for future skills requirements. These include the development of a common delivery framework to standardise the way we work and increased use of our High Value Engineering Centres for project execution and shared service centres for back-office support functions. We are also initiating actions to transform our supply chain through focusing on optimising external spend, leveraging strategic supplier relationships and delivering value through economies of scale.

Solutions to create value: We are investing in digital solutions for competitive advantage and have created a Digital Factory to harness Wood's digital skills and develop agile digital solutions in support of client needs. We are also digitalising the way we work to improve efficiency, predictability and performance, and to reduce risk. We are partnering with Microsoft to roll out our Connected Worker solution to c7,000 field employees, enabling them to access real-time data and artificial intelligence (AI)-powered data science solutions. This will streamline working practices, reduce the need for site mobilisations and enhance team collaboration which will in turn reduce risk and deliver value. We are also investing in our Digital Control Tower to standardise and automate the reporting of critical information, building a leading full asset lifecycle offering for Digital Twins across energy and the built environment and creating Automated Design solutions to unlock competitive pricing models.

Our strong progress on our Future Fit programme delivered efficiency savings in the first half of c\$20m, and we expect to deliver a further c\$20m in H2 2021. It has also created a platform for the development of strategic growth plans for each of our business units that are focused on:

- Growing our leading position in industrial decarbonisation and sustainable infrastructure within our Consulting business
- Establishing our Projects business as the leading partner on energy transition, decarbonisation and renewable energy projects and positioning for growth as we enter the next capex cycle
- Leveraging our strong Operations track record in conventional energy to benefit from improving demand with a growing focus on cost optimisation, emissions reduction, digital solutions, late life management and decommissioning

Interim dividend

We remain committed to ensuring balance sheet strength. Whilst we are encouraged by improving momentum in activity and early signs of markets recovering, performance in the first half of 2021 reflects the ongoing impacts of Covid-19. As such, the Board considers it prudent not to pay an interim 2021 dividend. The Board recognises the importance of dividends to shareholders and is committed to reviewing the future policy as certainty over the rate of recovery in our markets increases.

Cashflow, net debt and liquidity

In 2020, against the backdrop of unprecedented trading conditions we delivered a significant reduction in net debt to \$1.01bn at 31 December 2020. Net debt at 30 June 2021 increased to \$1.28bn driven by:

- A net working capital outflow of \$237m. In addition, to our normal H1 outflow, this included the impact of timing of receipts around the period end and the expected unwinding of advance payments as large EPC contracts complete
- Net debt at 30 June 2021 was higher than expected largely due to the timing of receipts, expected in H1 but actually received in H2, reflected in the working capital outflow
- Exceptional costs of \$47m including costs to deliver our Future Fit programme and payments of \$9m in the first half related to the settlement of legacy investigations
- Capital expenditure of \$41m as we resume our ERP programme and invest in digital and technology as part of our Future Fit programme

We expect a reduction in net debt in H2, with further payments of c\$60m related to the settlement of legacy investigations being more than offset by improved profitability and working capital inflows, including our typical H2 inflow, the impact of timing of receipts reversing in H2 and the expected build in advance payments in line with order book build in Projects.

The ratio of net debt excluding leases to adjusted EBITDA (pre-IFRS 16) is 2.9x at 30 June 2021 (31 December 2020: 2.1x and 30 June 2020: 2.0x). The ratio is expected to reduce in H2 driven by a reduction in net debt in the second half and increased profitability driven by the weighting of our earnings to H2 as improving momentum in market conditions continues in the second half of 2021. We retain considerable levels of financial headroom. Undrawn facilities are around \$1.6bn and covenants are set at 3.5x pre-IFRS 16 EBITDA.

In July 2021, bilateral term loans of \$300m with a maturity date of May 2022 were repaid. We also secured a \$600m loan facility with existing lenders backed by UK Export Finance (UKEF), HM Government's UK export credit agency. Our success in securing this facility is a strong endorsement of our strategy and approach to sustainability, with KPIs being linked to growing export of our skills in the energy transition and sustainable infrastructure, and reductions in scope 1 and 2 carbon emissions. The five-year facility, effective from July, also extends the maturity profile of our debt facilities.

Sustainability leadership through strategic action

Sustainability is core to our purpose and strategy which are aligned to delivering innovative solutions for a net-zero future and enabling sustainable and resilient living. We are already delivering a wide range of energy transition projects, c20% of our renewables & other energy revenue is from renewable energy projects such as solar, wind and hydrogen and c5% related to activities which reduce the carbon intensity of existing energy and industrial assets through scopes including the supply of green energy, carbon capture and storage and asset optimisation.

We are committed to maintaining our position as leaders in our field on ESG matters and, in addition to the solutions we are already delivering, we are harnessing our significant technical expertise and breadth of capabilities to inform the development of a unified global approach to the energy transition and decarbonisation.

We have pledged our commitment to the development of affordable and clean energy through our sponsorship of the UN Sustainable Development Goal 7, utilising our resources and engaging with stakeholders to deliver the goal of affordable and clean energy. In addition, we recently joined the Hydrogen Council as a steering member. The Council is a CEO-led initiative to accelerate the energy transition through hydrogen solutions. Our work in the built environment has also positioned us as a leader in addressing the climate resilience of urban areas and the transition to lower carbon infrastructure. As part of our engagement around the 2021 United Nations Climate Change Conference (COP 26) we have partnered with AIG and the University of Strathclyde to collaborate on a series of events in Glasgow, to explore how the city can integrate plans to effectively mitigate climate risk as part of its energy transition and resilience strategies.

We continue to focus on developing solutions to accelerate the energy transition and in the first half of 2021 we entered an exciting strategic partnership with Honeywell to develop solutions to produce renewable diesel and sustainable aviation fuel. By using hydrogen in the production process, utilising our proprietary Steam Methane Reformer technology, it is possible to produce fuels that have significantly lower carbon intensity than existing fuels and we are excited by the opportunities this strategic partnership will bring as the demand for carbon neutral fuel grows.

Full year outlook: Improving activity levels and strong order book growth underpin our confidence in growth in H2 2021

Strong order book growth reflecting improving market conditions

Order book at the end of June of \$7.7bn is up c18% compared to December 2020 (up 9.1% on June 2020), with positive momentum across Consulting, Projects and Operations. We have seen continued momentum in Consulting across energy and built environment markets. Good growth in Operations order book reflects recent awards of multi-year contract renewals. In Projects, we are seeing encouraging signs of markets recovering with increased bidding and opportunities and a c12% month on month increase in order book in June compared to May 2021. These factors are driving a recovery in Projects order book which is now down only c3% year to date, with recent awards reflecting a bias towards EPC scopes which are in line with our measured risk appetite but generally provide scope for advance payments.

Returning to growth in H2 and progressing towards our margin improvement target of 9.6%

Our outlook for the full year is unchanged, and we continue to expect lower activity overall. Increased activity in Consulting will be driven by continued strength in built environment activity. Lower activity in Projects will be driven by larger contracts in process & chemicals completing and the impact of new awards in process & chemicals and conventional energy having been limited to smaller, early stage scopes. Growth in Operations will be driven by a recovery in demand in conventional energy.

Improving activity levels in Q2 2021 and strong order book growth underpin our confidence in the delivery of a stronger second half and are also laying strong foundations for 2022. With around \$3.0bn of order book due to be delivered in H2 2021 we expect a return to growth in H2 relative to both H1 2021 and H2 2020.

Adjusted EBITDA margin will reflect progress towards our medium-term target of 9.6%. Margin improvement will be driven by maintained high utilisation, improved project execution, efficiency improvements including c\$40m of savings from our Future Fit programme, and our business mix weighted more towards higher margin Consulting.

Our full year guidance for 2021 is as follows:

Wood

Revenue: \$6.6bn - \$6.8bn*

EBITDA margin: 8.7% - 8.9%

Consulting

Revenue: \$1.85bn - \$1.95bn

EBITDA margin: 12.8% - 13.0%

Projects

Revenue: \$2.4bn - \$2.5bn

EBITDA margin: 7.4% - 7.6%

Operations

Revenue: \$2.05bn - \$2.15bn

EBITDA margin: 10.8% - 11.0%

*Includes Investment Services revenue anticipated to be c\$0.15bn - \$0.2bn

Well positioned to accelerate strategy to unlock medium-term growth through Future Fit delivery

With our focus on utilising our technical expertise and capabilities to inform the global approach for a net-zero future and forming strategic partnerships to develop sustainable solutions, we are well positioned for medium-term growth opportunities from the energy transition and drive for sustainable infrastructure.

In our energy markets we expect growing investment in renewable and new energies, including hydrogen and biofuels, and a focus on decarbonisation to generate strong growth opportunities in the medium-term. In the built environment, growth will be driven by increased infrastructure investment as a result of fiscal stimulus.

The benefit of our strategic positioning for these medium-term growth trends is evident in the breadth of our recent awards. These include pre-FEED work to support ADNOC's world-scale blue ammonia facility, a scope to develop a road-map for a net-zero transit network, pre-FEED work for a CO2 pipeline network for a North American carbon capture and transportation project, and a framework agreement with NEL Hydrogen for services to support the delivery of large-scale green hydrogen production plants. We have also recently secured an EPC scope for a solar plant to decarbonise a mining facility and an engineering procurement and construction management (EPCM) scope for a chemical plant utilising digital solutions to reduce cost and energy and wastewater intensity.

The delivery of our Future Fit programme will help us to accelerate our strategic priorities and we are confident of unlocking stronger medium-term growth from these opportunities while delivering efficiency and creating value.

Consulting

Revenue

\$877m

(2020: \$974m) ▼ 10%

Revenue (on a like for like basis)⁵

\$877m

(2020: \$913m) ▼ 3.9%

Adjusted EBITDA

\$106m

(2020: \$107m) ▼ 0.9%

Adjusted EBITDA margin

12.1%

(2020: 11.0%) ▲ 1.1%

Adjusted EBITDA (on a like for like basis)⁵

\$106m

(2020: \$102m) ▲ 3.9%

Adjusted EBITDA margin (on a like for like basis)

12.1%

(2020: 11.1%) ▲ 1.0%

People

10,300

(2020: 10,900) ▼ 5.5%

Order book⁴

\$2,033m

(Dec 2020: \$1,771m) ▲ 14.8%

(Jun 2020: \$1,449m) ▲ 40.3%

Revenue of \$0.9bn was down 10% on H1 2020. Adjusting for the disposal of the nuclear business in Q1 2020, revenue was down only 3.9% driven by strength in built environment activity and relatively robust energy activity and reflecting improving trading momentum in Q2 2021, with growth compared to Q2 2020.

Adjusted EBITDA of \$106m was broadly in line with H1 2020 and on a like for like basis, was up 3.9%. Robust activity levels, maintenance of utilisation at high levels and efficiency improvements, including Future Fit, delivered a strong adjusted EBITDA margin improvement, up 100 basis points on a like for like basis.

H1 operational highlights:

- Partnering with Honeywell to jointly create a solution utilising hydrogen to produce renewable diesel and carbon neutral aviation fuel
- Key appointments in strategic growth areas including VP of Hydrogen, Global Director of Decarbonisation and SVP of Sustainability Solutions
- Partnering with Resilience Shift, applying our expertise in complex environmental and infrastructure solutions to influence climate and economic policy to ensure the development of critical infrastructure that is resilient to the challenges of climate change and rapid urbanisation
- Securing new work with our proprietary digital solutions such as our zero emissions simulator tool

Order book progression:

Order book is up 15% on December 2020, driven by momentum in energy and built environment awards.

Order book due for delivery in H2 2021:

c\$1.0bn, providing revenue coverage of over 90%, typical for this point in the year.

2021 full year outlook:

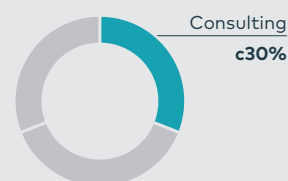
- Revenue of c\$1.85bn-\$1.95bn, up c4% on 2020.
- Adjusted EBITDA margin improvement to c12.8%-13.0%, up c60 bps on 2020 driven by increased activity, efficiency improvements and an increase in utilisation levels in H2 as is typical in Consulting.

Looking further ahead, we are well positioned for growth with recent awards demonstrating our strategic positioning for growth opportunities from the energy transition and drive for sustainable infrastructure including:

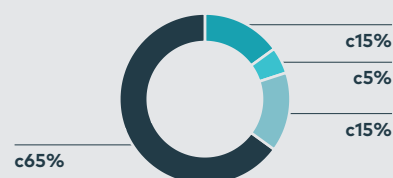
- Owner's engineer scope for Europe's largest single-site onshore windfarm
- Pre-Front End Engineering Design (Pre-FEED) work to support ADNOC's plans to advance a world-scale blue ammonia facility for low-carbon fuel production
- A scope to develop a road-map for a net-zero transit network in Canada

We expect opportunities from the US Infrastructure Bill and other fiscal stimulus packages to have a positive impact on our order book during 2022 and beyond.

% of Revenue:



Markets:



Energy: c35%

- Renewables & other energy c15%
- Process & chemicals c5%
- Conventional energy c15%

Built environment:

- Sustainable infrastructure c65%

Projects

Revenue

\$1,168m

(2020: \$1,954m) ▼ 40.2%

Adjusted EBITDA

\$88m

(2020: \$103m) ▼ 14.6%

Adjusted EBITDA margin

7.5%

(2020: 5.3%) ▲ 2.2%

People

12,300

(2020: 15,900) ▼ 22.6%

Order book⁴

\$1,712m

(Dec 2020: \$1,769m) ▼ 3.2%

(Jun 2020: \$2,786m) ▼ 38.5%

Revenue of \$1.2bn was down 40.2% on H1 2020 as a result of lower activity driven by larger engineering, procurement and construction (EPC) contracts completing as expected and new awards in process & chemicals and conventional energy being limited to smaller, early-stage scopes.

While adjusted EBITDA was down by 14.6% we have delivered significant margin improvement, up 220 basis points to 7.5%. This reflects improved project execution, delivery of efficiencies including overhead reductions and cost savings from our Future Fit programme and maintenance of utilisation at high levels, offsetting the impact of lower activity.

H1 operational highlights:

- Successful completion of the EPC scope for YCI's methanol plant
- Completion of five renewable (solar & wind) projects, generating a combined capacity of over 520 MW
- Delivering EPCm project in Europe to convert a traditional diesel production unit to bio-diesel

Order book progression:

Order book is down 3% on December 2020. Following an increase in bidding and opportunities, order book reflects encouraging signs of growth with a c12% month on month increase in June compared to May 2021.

Order book due for delivery in H2 2021:

c\$1.0bn, and we anticipate positive momentum in awards and increases in scope of existing projects in H2.

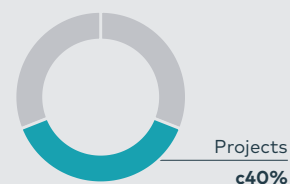
2021 full year outlook:

- Revenue of c\$2.4bn-c\$2.5bn down c30% on 2020, reflecting the completion of larger contracts in process & chemicals.
- Adjusted EBITDA margin improvement to c7.4%-7.6% up c180 bps on 2020, driven by improved execution, maintenance of utilisation at high levels and efficiency improvements offsetting lower activity.

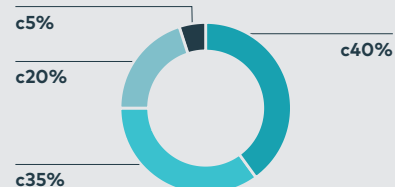
Looking further ahead, we expect recent momentum in order book to continue throughout the remainder of the year as markets recover which, due to start-up lead times, will have a positive impact in 2022 onwards. In addition, recent awards reflect our strategy of broadening the business to benefit from growth opportunities across diverse energy markets and include:

- Pre-FEED analysis on a CO2 pipeline network for a carbon capture, transportation and sequestration project connecting a number of locations across North America
- An EPC services contract with Sinopec to expand its refinery development in China
- An EPC contract for the design and installation of a 120MW solar plant for the decarbonisation of a mining facility
- An engineering procurement and construction management (EPCM) scope for a chemical plant deploying digital solutions to reduce cost, energy consumption and wastewater volumes

% of Revenue:



Markets:



Energy: 95%

- Renewables & other energy c40%
- Process & chemicals c35%
- Conventional energy c20%

Built environment:

- Sustainable infrastructure c5%

Operations

Revenue

\$999m

(2020: \$1,093m) ▼ 8.6%

Revenue (on a like for like basis)⁵

\$999m

(2020: \$1,080m) ▼ 7.5%

Adjusted EBITDA

\$107m

(2020: \$111m) ▼ 3.6%

Adjusted EBITDA margin

10.7%

(2020: 10.2%) ▲ 0.5%

Adjusted EBITDA (on a like for like basis)⁵

\$107m

(2020: \$108m) ▼ 0.9%

Adjusted EBITDA margin (on a like for like basis)

10.7%

(2020: 10.0%) ▲ 0.7%

People

15,500

(2020: 16,400) ▼ 5.5%

Order book⁴

\$3,812m

(Dec 2020: \$2,848m) ▲ 33.8%

(Jun 2020: \$2,715m) ▲ 40.4%

Revenue of \$1.0bn was relatively robust on a like for like basis, down 7.5% compared to H1 2020 after adjusting for the disposal of our industrial services business in Q1 2020. This reflects the impact of lower Q1 2021 activity due to the impacts of Covid-19 and oil price volatility, particularly in conventional energy largely offset by an improved Q2 2021 compared to the prior year as markets recovered.

Adjusted EBITDA of \$107m was in line with H1 2020. We delivered a 70 basis points improvement in margin, on a like for like basis, to 10.7% reflecting efficiencies from our Future Fit programme and good execution.

H1 operational highlights:

- Solidified our market leading position and strong customer partnerships through securing significant contract renewals
- Supporting bp in the deployment of Electric Vehicle Charging infrastructure across UK and Europe

Order book progression:

Order book is up 34% on December 2020 reflecting a recovery in demand in conventional energy, including recent multi-year contract renewals.

Order book due for delivery in H2 2021:

c\$1.0bn

2021 full year outlook:

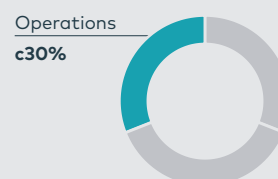
- Revenue of c\$2.05bn-\$2.15bn up c3% on 2020 reflecting improving activity levels in conventional energy.
- EBITDA margin c10.8%-11.0%, down c170 bps on 2020 largely reflecting the disposal of TCT in Q4 2020 and lower impact of contract completions.

As market conditions continue to improve we are well positioned for growth opportunities in the medium-term as a result of our broad energy end market exposure and our strong customer relationships, particularly in conventional energy.

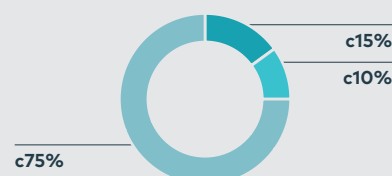
This is reflected in recent awards including:

- A five-year integrated facilities services agreement with TAQA in the North Sea to optimise operations and extend production life
- EPC solutions for a hydrothermal recycling facility
- A framework agreement with NEL Hydrogen for engineering and project management services to support the delivery of large-scale green hydrogen production plants
- A two-year contract extension with Brunei Shell Petroleum in Brunei for asset support, FEED studies and EPC work scopes, including asset integrity and decarbonisation studies

% of Revenue:



Markets:



Energy: c100%

- Renewables & other energy c15%
- Process & chemicals c10%
- Conventional energy c75%

Built environment:

- Sustainable infrastructure

Investment Services

A number of legacy activities and liabilities are managed in Investment Services, including the legacy Aegis project. Revenue in Investment Services was \$107m (H1 2020: \$64m). Adjusted EBITDA was \$(8)m (H1 2020: \$15m) reflecting additional costs to complete a legacy project in 2021 and the benefits of closing out legacy issues in 2020.

Financial review

Trading performance

Trading performance is presented in line with how it is 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.

	Interim June 2021 \$m	Interim June 2020 \$m	Full Year 2020 \$m
Revenue	3,150.4	4,084.7	7,564.3
Adjusted EBITDA¹	261.6	304.9	630.4
Adjusted EBITDA margin %	8.3%	7.5%	8.3%
Depreciation (pre-IFRS 16)	(23.4)	(23.7)	(45.4)
Depreciation on right of use asset (IFRS 16)	(51.5)	(59.4)	(134.6)
Amortisation - software and system development	(44.8)	(53.1)	(102.0)
Amortisation - intangible assets from acquisitions	(50.8)	(62.1)	(125.7)
Adjusted EBIT	91.1	106.6	222.7
Tax and interest charges on joint ventures included within operating profit but not in adjusted EBITDA	(4.9)	(5.8)	(8.3)
Operating profit before exceptional items	86.2	100.8	214.4
Exceptional items	(18.0)	(35.2)	(247.3)
Operating profit/(loss)	68.2	65.6	(32.9)
Net finance expense	(39.2)	(52.1)	(86.7)
IFRS 16 interest charge	(10.6)	(12.6)	(29.0)
Profit/(loss) before tax	18.4	0.9	(148.6)
Taxation	(29.8)	(11.4)	(79.5)
Loss for the period	(11.4)	(10.5)	(228.1)
Basic EPS (cents)	(1.7)c	(2.2)c	(34.1c)
Adjusted diluted EPS (cents)²	8.9c	10.4c	23.2c

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

The Group delivered margin improvement during the first half of 2021 to 8.3% (June 2020: 7.5%) reflecting a greater weighting of revenue from higher margin Consulting activities, the successful delivery of efficiencies under the Future Fit Programme and improving project execution.

The review of our trading performance is contained within the Business Review.

Amortisation and depreciation

Total amortisation for the first half of 2021 of \$95.6m (June 2020: \$115.2m) includes \$49.1m of amortisation of intangibles recognised on the acquisition of Amec Foster Wheeler ("AFW") (June 2020: \$52.8m) and \$1.7m (June 2020: \$9.3m) of amortisation relating to intangible assets arising from prior year acquisitions. Amortisation in respect of software and development costs was \$44.8m (June 2020: \$53.1m) largely relating to engineering software and ERP system development. Included in the amortisation charge for the year above is \$0.9m (June 2020: \$1.1m) in respect of joint ventures.

The total depreciation charge in the first half of 2021 amounted to \$74.9m (June 2020: \$83.1m) and includes depreciation on right of use assets of \$51.5m (June 2020: \$59.4m).

Net finance expense and debt

Net finance expense is analysed below.

	Interim June 2021 \$m	Interim June 2020 \$m	Full Year 2020 \$m
Interest on bank borrowings	14.1	20.8	33.3
Interest on US Private Placement debt	18.1	19.0	38.0
Discounting relating to asbestos, deferred consideration and other liabilities	3.2	7.6	8.6
Interest charge on lease liability	10.6	12.6	30.1
Other interest, fees and charges	9.6	9.8	19.1
Net finance charges in respect of joint ventures	1.8	1.7	3.5
Total finance expense including joint ventures	57.4	71.5	132.6
Finance income relating to defined benefit pension schemes	(0.3)	(1.9)	(3.8)
Interest on uncertain tax provisions	-	-	(4.9)
Other finance income	(5.5)	(3.2)	(3.6)
Lease interest on lease investment	-	-	(1.1)
Net finance expense including joint ventures	51.6	66.4	119.2

Interest cover⁷ was 6.0 times (June 2020: 5.3 times).

Net finance expense of \$39.2m (June 2020: \$52.1m) is made up of net finance expense including joint ventures of \$51.6m (June 2020: \$66.4m) excluding the net interest charge on leases of \$10.6m (June 2020: \$12.6m) and joint venture interest of \$1.8m (June 2020: \$1.7m). The reduction in net finance expense is primarily due to the reduction in interest on bank borrowings because of lower rates.

At 30 June 2021 total bank borrowings amounted to \$622.0m, including \$322.0m of drawdowns under the Group's \$1.75bn Revolving Credit Facility and term loans of \$300.0m, which were repaid in July 2021. The Revolving Credit Facility comprises of \$236.0m maturing in May 2022 and the remaining \$1,514.0m matures in May 2023. A further \$243.6m of funding has been drawn under the Group's cash pooling arrangements.

In July 2021, the Group entered into a \$600m borrowing facility with existing lenders backed by UK Export Finance ('UKEF'). The five-year facility is effective from July 2021 and extends the maturity profile of the Group's debt facilities.

The Group also has \$880.7m of unsecured loan notes issued in the US private placement market which mature at varying dates between 2021 and 2031, of which \$30m, \$47m and \$35m matures in August 2021, November 2021 and July 2022 respectively with the remainder weighted to later dates beyond 2022. Interest is payable at an average rate of 4.0% on these loan notes.

In total the Group has undrawn facilities of \$1,589.6m at 30 June.

The Group recognised interest costs in relation to lease liabilities of \$10.6m (June 2020: \$12.6m) which relates to the unwinding of discount on the IFRS 16 lease liability.

Exceptional items

	Interim June 2021 \$m	Interim June 2020 \$m	Full Year 2020 \$m
Gain on divestment of business	(14.6)	(55.8)	(59.1)
Impairment losses on non-core business	-	19.0	20.1
Redundancy, restructuring and integration costs	41.0	40.5	100.8
Investigation support costs and provisions	-	5.9	161.6
Asbestos yield curve and costs	(8.4)	25.6	19.8
Guaranteed Minimum Pension equalisation	-	-	4.1
Continuing exceptional items, net of interest and tax	18.0	35.2	247.3
Unwinding of discount on asbestos provision	2.8	-	8.0
Tax (credit)/charge in relation to exceptional items	(1.8)	(2.1)	0.7
Impact of change in UK rate on prior year exceptional deferred tax	10.9	-	-
Derecognition of deferred tax assets due to UK pension actuarial loss	-	-	27.3
Continuing exceptional items, net of tax	29.9	33.1	283.3

The gain on divestment of business relates to the disposal of the Group's interest in Sulzer Wood Limited for a consideration of \$19.2m.

During the period to 30 June 2021, \$41.0m was incurred in relation to redundancy, restructuring and integration. \$20m of these costs relate to the closure of an office, which was approved during 2021 and has been loss making for a number of years. The costs mainly relate to redundancy of staff, which are estimated in line with local regulations. All staff have been notified and payments will start to be made during the second half. The remaining costs mainly relate to the 18-month Future Fit Programme which has been set up to accelerate the Group's strategic priorities to unlock growth, deliver efficiency and create value. The costs incurred to date mainly related to severance and the cost of running the programme. The programme has delivered annualised efficiency savings of c\$20m during the first half.

Since the acquisition of AFW, asbestos related costs have not always been treated as exceptional items, with a judgement made on individual elements based on materiality. From H2 2020, 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 outwith the Group's control. Excluding these charges from the trading results improves the understandability of the underlying trading performance of the Group. The credit of \$8.4m in 2021 relates to a \$9.6m yield curve credit (2020: \$25.6m charge) and \$1.2m of costs in relation to managing the claims. The 30-year US Treasury rate, has increased to 2.41% from 1.65% at the end of December 2020 and led to the income statement credit. The costs of managing the claims during the comparative half period of \$1.0m in 2020 were shown in EBITDA. \$2.8m of interest costs which relate to the unwinding of discount on the asbestos provision are shown as exceptional in line with the change in policy implemented in the second half of 2020. The interest cost of \$3.8m in June 2020 was shown in finance expense pre-exceptional items.

An exceptional tax charge of \$9.1m (June 2020: \$2.1m credit) has been recorded in the period and consists of a \$1.8m tax credit on exceptional items (June 2020: \$2.1m) and a \$10.9m tax charge relating to the change of the UK tax rate impacting on deferred tax balances created in prior years through exceptionals (June 2020: \$nil).

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.

	Interim June 2021 \$m	Interim June 2020 \$m	Full Year 2020 \$m
Profit from continuing operations before tax, exceptional items and amortisation	137.9	155.4	339.2
Effective tax rate on continuing operations (excluding tax on exceptional items and amortisation)	24.0%	23.5%	23.5%
Tax charge (excluding tax on exceptional items and amortisation)	33.1	36.5	79.8
Tax charge in relation to joint ventures	(3.1)	(4.1)	(4.8)
Tax (credit)/charge in relation to exceptional items	(1.8)	(2.1)	0.7
Impact of change in UK rate on prior year exceptional deferred tax	10.9	-	-
Derecognition of deferred tax assets due to UK pension actuarial loss	-	-	27.3
Tax credit in relation to amortisation	(9.3)	(18.9)	(23.5)
Tax charge per income statement	29.8	11.4	79.5

The taxation charge, including profits from joint ventures, for the six months ended 30 June 2021 is 24.0% (June 2020: 23.5%) which is the anticipated effective rate on profit before taxation, exceptional items and amortisation for the year ending 31 December 2021. The key factors driving the rate which may result in the rate differing at the year-end are the profits for the US business, both current year and forecast, and the impact of actuarial adjustments to the UK pension scheme increasing or reducing the deferred tax liabilities which support deferred tax asset recognition.

It is anticipated as a result of the increase in the UK tax rate and proposed increase in the US tax rate along with additional tax reform, that the Groups effective tax rate will increase in future years.

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.

	Interim June 2021			Interim June 2020			Full Year 2020		
	Earnings / (losses) attributable to equity shareholders (\$m)	Number of shares (millions)	Earnings per share (cents)	Earnings /(losses) attributable to equity shareholders (\$m)	Number of shares (millions)	Earnings per share (cents)*	Earnings /(losses) attributable to equity shareholders (\$m)	Number of shares (millions)	Earnings per share (cents)
Basic	(11.8)	673.9	(1.7)	(14.9)	671.7	(2.2)	(229.5)	672.5	(34.1)
Effect of dilutive ordinary shares	-	-	-	-	-	-	-	-	-
Diluted	(11.8)	673.9	(1.7)	(14.9)	671.7	(2.2)	(229.5)	672.5	(34.1)
Exceptional items, net of tax	29.9	-	4.4	33.1	-	4.9	283.3	-	42.1
Amortisation of intangibles on acquisition, net of tax	41.5	-	6.2	51.9	-	7.7	102.2	-	15.2
Adjusted diluted	59.6	673.9	8.9	70.1	671.7	10.4	156.0	672.5	23.2

*Adjusted diluted earnings per share was restated as 10.4c per share from 10.1c per share as a result of removing the effect of dilutive ordinary shares due to the Group incurring a loss in the first half of 2020.

Basic and diluted loss per share for the period was 1.7 cents per share (June 2020: 2.2 cents). The marginal reduction in basic loss per share is due to a reduction in exceptional items.

Dividend

We remain committed to ensuring balance sheet strength. Whilst we are encouraged by improving momentum in activity and early signs of markets recovering, performance in the first half of 2021 reflects the ongoing impacts of Covid-19. As such, the Board considers it prudent not to pay an interim 2021 dividend. The Board recognises the importance of dividends to shareholders and is committed to reviewing the future policy as certainty over the rate of recovery in our markets increases.

Cash flow and net debt

The cash flow for the year is set out below:

	Excluding leases June 2021 \$m	Leases \$m	Interim June 2021 \$m	Interim June 2020 \$m	Full Year December 2020 \$m
Adjusted EBITDA	194.2	67.4	261.6	304.9	630.4
Less JV EBITDA and add back JV dividends	(12.2)	(3.3)	(15.5)	(25.8)	(38.2)
Decrease in provisions	(59.3)	-	(59.3)	(74.7)	(45.4)
Other	7.7	-	7.7	2.5	6.7
Cash flow generated from operations pre working capital	130.4	64.1	194.5	206.9	553.5
(Increase)/decrease in receivables	(66.6)	-	(66.6)	178.0	504.2
Decrease in payables	(107.8)	-	(107.8)	(95.8)	(342.3)
Decrease in amounts due to customers and advance payments	(61.1)	-	(61.1)	(134.0)	(276.8)
(Increase)/decrease in inventories	(1.6)	-	(1.6)	(9.0)	0.9
Working capital movements	(237.1)	-	(237.1)	(60.8)	(114.0)
Cash exceptionals	(46.5)	10.4	(36.1)	(61.6)	(93.3)
Cash (used in)/generated from operations	(153.2)	74.5	(78.7)	84.5	346.2
Divestments/acquisitions	19.2	-	19.2	372.0	455.2
Capex and intangibles	(40.6)	-	(40.6)	(57.0)	(81.6)
Free cash flow	(174.6)	74.5	(100.1)	399.5	719.8
Tax, interest, dividends and other	(86.4)	7.8	(78.6)	(101.0)	(121.7)
Non-cash movement in leases	-	(40.4)	(40.4)	(23.2)	(146.5)
(Increase)/decrease in net debt	(261.0)	41.9	(219.1)	275.3	451.6
Opening net debt	(1,014.3)	(541.4)	(1,555.7)	(2,007.3)	(2,007.3)
Closing net debt	(1,275.3)	(499.5)	(1,774.8)	(1,732.0)	(1,555.7)

Closing net debt at 30 June 2021 including leases was \$1,774.8m (December 2020: \$1,555.7m). The increased net debt is largely as a result of the adverse movements in working capital during the period.

Included within the closing net debt is the IFRS 16 lease liability which is the present value of the lease payments that are not paid at the commencement date and subsequently increased by the interest cost and reduced by the lease payment made. The lease liability, as at 30 June 2021 was \$499.5m (December 2020: \$541.4m).

All covenants on the debt facilities are measured on a frozen GAAP basis and therefore exclude the impact of IFRS 16. Net debt excluding leases at 30 June 2021 was \$1,275.3m (December 2020: \$1,014.3m). Net debt excluding leases to rolling 12-month adjusted EBITDA (excluding impact of IFRS 16) at 30 June was 2.9 times (December 2020: 2.1 times) against our covenant of 3.5 times.

Cash generated from operations pre working capital of \$194.5m has reduced from \$206.9m and is due to a reduction in EBITDA, partially offset by lower non-cash charges through the P&L, principally included within provisions.

The working capital outflow increased by \$176.3m to \$237.1m. During the first half there was an increase in receivables which led to a cash outflow of \$66.6m in the period and is caused by the late receipt of certain receivable balances. In addition, there were outflows in relation to lower payables of \$107.8m due to lower levels of activity in the first half of 2021 compared with the second half of 2020, particularly within the Projects business. Gross amounts due to customers, including advance payments have unwound as contracts have been completed in the Projects business and led to an outflow of \$61.1m in H1 2021.

Cash exceptionals have reduced from \$61.6m in H1 2020 to \$36.1m primarily due to the higher redundancy spend incurred during the first half of 2020 compared with 2021. The first half of 2021 includes \$21.7m in relation to redundancy and restructuring, which includes the costs of the future fit initiative, \$8.8m in relation to legal fees and penalties paid in respect of the investigations provision that was recognised in 2020 and \$5.6m of costs in relation to onerous lease contracts.

Payments for capex and intangible assets were \$40.6m (June 2020: \$57.0m) and included software licences and expenditure on ERP systems across the Group.

The main driver for the decrease in 'tax, interest, dividends and other' mainly arises due to the FX movements on net debt which has reduced to \$5.7m from \$30.9m in H1 2020. In addition, net interest payments reduced to \$35.3m from \$45.0m as a result of lower interest rates, however this was partly offset by an increase in tax paid to \$41.1m from \$25.0m mainly as a result of a catch up in tax payments deferred from the prior year.

Cash from divestments/acquisitions of \$19.2m relates to the disposal of the Group's interest in Sulzer Wood Limited for a consideration of \$19.2m.

Sources and uses of cash

Cash used in operations in 2021 amounted to \$78.7m and compares to an inflow of \$84.5m in H1 2020 and is primarily due to the H1 2021 outflow from increased working capital.

There are a number of risks associated with net cash flow from operations, including:

- Market risks, such as variability in commodity prices which impacts on activities by our customers;
- Project risks, which include delays and disputes which can influence our ability to collect cash from our customers; and
- Other risks, including the actions of governments and other third parties which can affect our ability to service our increasingly global customer base.

The Group remain committed to a strong balance sheet. Our uses of cash include:

- Servicing and repayment of our debt facilities;
- Dividends at the point the Board considers appropriate;
- Organic capex; and
- Future acquisitions.

Summary Balance Sheet

	Interim June 2021 \$m	Interim June 2020 \$m	Full Year 2020 \$m
Goodwill and intangible assets	6,193.9	6,117.5	6,216.2
Right of use assets	389.2	383.0	408.9
Other non-current assets	919.2	860.7	831.1
Trade and other receivables	1,771.7	2,067.4	1,698.6
Net held for sale assets and liabilities	-	63.4	-
Trade and other payables	(2,038.7)	(2,297.9)	(2,019.7)
Net debt excluding leases	(1,275.3)	(1,215.9)	(1,014.3)
Lease liabilities	(499.5)	(516.1)	(541.4)
Provisions	(702.3)	(761.9)	(942.6)
Other net liabilities	(492.7)	(468.2)	(464.0)
Net assets	4,265.5	4,232.0	4,172.8
Net current liabilities	(782.5)	(226.4)	(457.3)

At 30 June 2021, the Group had net current liabilities of \$782.5m (December 2020: \$457.3m) which has increased due to the increase in short-term borrowings which is mainly as a result of the reclassification of the \$300m bilateral facilities from long-term borrowings, following repayment in July 2021.

Goodwill and intangible assets include \$4,310.2m (December 2020: \$4,372.7m) of goodwill and intangibles relating to the acquisition of Amec Foster Wheeler. The balance has decreased during the year primarily because of amortisation of intangible assets.

Right of use assets and lease liabilities amount to \$389.2m (December 2020: \$408.9m) and \$499.5m (December 2020: \$541.4m) respectively.

The increase in trade receivables is primarily due to the late receipt of certain receivable balances. There have been no instances of material default by our customers as a result of the current market conditions.

Net held for sale assets and liabilities as at June 2020 mainly related to the disposal of TransCanada Turbines which was completed in the second half of 2020.

Trade and other payables have increased by a net \$19.0m since December 2020 and this is mainly due to the reclassification of the current portion of the investigations provision amounting to \$105.5m offset by reductions in advance payments, trade payables and accruals. Gross amounts due to customers and deferred income have reduced by \$56.5m which is driven by contracts completing in the Projects business and as a result of generally lower activity in the first half of 2021 compared with 2020. There have been reductions in trade payables and other accruals totalling \$30.0m.

The provisions balance reduced by \$240.3m to \$702.3m since December 2020. The reduction in provisions was primarily due to reclassifications totalling \$192.9m and utilisations of \$45.4m. Releases of \$37.6m to the income statement were mostly offset by charges to the income statement of \$34.7m and foreign exchange movements of \$0.9m.

The reclassifications primarily relate to the investigations provision which was recognised in full as at December 2020 and has been subsequently reclassified to trade and other payables following agreement with the authorities, with the non-current portion being reflected in other net liabilities.

Contract assets and liabilities

	Interim June 2021 \$m	Interim June 2020 \$m	Full Year 2020 \$m
Trade receivables	666.4	849.8	646.9
Non-current contract assets	128.3	-	111.3
Amounts due from customers	685.5	802.9	638.6
Amounts due to customers	(121.7)	(345.0)	(203.2)
Deferred income	(94.7)	(74.1)	(69.7)
	1,263.8	1,233.6	1,123.9

The increase in trade receivables is primarily due to the late receipt of certain receivable balances and the increase in gross amounts due from customers since the year end reflects progress on ongoing contracts. There have been no instances of material default by our customers as a result of the current market conditions. The reduction in gross amounts due to customers and deferred income totals \$56.5m and relates to the completion of contracts in the Projects business during the first half of 2021 and is included within the \$61.1m cash outflow from amounts due from customers and advance payments.

Asbestos related obligations

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 United States. At 30 June 2021, the Group has net asbestos related liabilities of \$356.3m (December 2020: \$380.9m).

The Group expects to have net cash outflows of around \$37m as a result of asbestos liability indemnity and defence payments in excess of insurance proceeds during 2022. The estimate assumes no additional settlements with insurance companies and no elections to fund additional payments. 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.

Costs relating to asbestos including movements in the liability as a result of changes in assumptions, changes in the discount rate and administration costs, are classified as exceptional on the basis that movements in the provision are non-trading and driven by market conditions outwith the Group's control. The 30 year US Treasury rate, which closely matches the duration of the liabilities has increased to 2.41% from 1.65% at the end of December 2020. This has resulted in a credit of \$9.6m being recognised through the income statement.

Full details of asbestos liabilities 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 2021, the schemes had a net surplus of \$189.4m (December 2020: \$64.4m). In assessing the potential liabilities, judgement is required to determine the assumptions for inflation, discount rate and member longevity. The assumptions at 30 June 2021 showed an increase in the discount rate which results in lower scheme liabilities, thereby increasing the value of the net surplus position.

Contingent liabilities

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

Divestments

During 2021, the Group completed the divestments of its interest in Sulzer Wood Limited for a consideration of \$19.2m.

Principal risks and uncertainties

The principal risks and uncertainties facing the Group in the second half of 2021 that could lead to a significant loss of reputation or could impact on the performance of the Group, along with our approach to managing, mitigating and monitoring these risks, remain broadly unchanged from those described in the Group's 2020 Annual Report, with the addition of a principal risk that recognises the potential HSSE, financial and business disruption risks of the continuing impact of Covid-19. The key risks are in the following categories:

- Strategic
- Health, Safety Security & Environment
- Financial
- Technology
- Commercial and Operations
- Compliance and Litigation

The mitigating factors are designed to reduce, but cannot be relied upon to eliminate, the risk areas identified. For further details on the management of risk and the principal risks and uncertainties see pages 58 to 64 of the Group's 2020 Annual Report.

Footnotes

1. A reconciliation of adjusted EBITDA to operating profit (pre-exceptional items) is shown in note 2 to the interim financial statements. Adjusted EBITDA represents operating profit of \$68.2m (June 2020: \$65.6m) before the deduction of depreciation of \$74.9m (June 2020: \$83.1m), amortisation of \$95.6m (June 2020: \$115.2m), exceptional items of \$18.0m (June 2020: \$35.2m) and joint venture interest and tax of \$4.9m (June 2020: \$5.8m) and is provided as it is a key unit of measurement used by the Group in the management of its business.
2. A reconciliation of adjusted diluted earnings per share to basic earnings per share is shown in note 7 to the financial statements. Adjusted diluted earnings per share ("AEPS") is calculated by dividing earnings 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 adjusted to assume conversion of all potentially dilutive ordinary shares.
3. Net debt excluding leases is total group borrowings, offset by cash and cash equivalents. Borrowings comprise loans drawn on the Group's revolving credit facility, term loans, overdrafts and unsecured senior loan notes issued in the US private placement market. Borrowings do not include obligations relating to leases. Cash and cash equivalents include cash at bank and in hand and short-term bank deposits. Borrowings, cash and cash equivalents contained within assets classified as held for sale are also included in net debt. The net debt: adjusted EBITDA ratio is calculated on the existing basis prior to the adoption of IFRS 16 in 2019 and is based on net debt excluding leases. These measures are presented as they closely aligned to the measure used in our financing covenants. A reconciliation of net debt excluding leases to net debt including leases is shown in note 15 to the financial statements.
4. Order book comprises revenue that is supported by a signed contract or written purchase order for work secured under a single contract award or frame agreements. Work under multi-year agreements is recognised in order book according to anticipated activity supported by purchase orders, customer plans or management estimates. Where contracts have optional extension periods, only the confirmed term is included. Order book disclosure is aligned with the IFRS definition of revenue and does not include Wood's proportional share of joint venture order book. Order book is presented as an indicator of the visibility of future revenue. Order book as at 31 December 2020 recalculated for the new operating model is shown below for illustration purposes:

	Consulting	Projects	Operations	IVS	Total
Order book (\$m)	1,771	1,769	2,848	136	6,524

5. Revenue on a like for like basis is calculated as revenue less revenue from disposals executed in the first half of 2021 and adjusted EBITDA on a like for like basis is calculated as adjusted EBITDA less the adjusted EBITDA from those disposals. These amounts are presented as a measure of underlying business performance excluding businesses disposed. In H1 2021 executed disposals consisted of our joint venture interest in Sulzer Wood. Comparative figures also exclude revenue and adjusted EBITDA from the disposals of our nuclear and industrial services businesses, YKK and our joint venture interest in TransCanada Turbines completed in 2020. These disposals accounted for \$nil revenue in H1 2021 (H1 2020: \$74m) and adjusted EBITDA of \$nil (H1 2020: \$9m).
6. Company compiled, publicly available consensus comprises 11 analysts who have published estimates since our Full Year Results for the year ended 31 December 2020 issued on 16 March 2021. Consensus includes: JP Morgan Cazenove, Barclays, RBC, Bank of America Merrill Lynch, Morgan Stanley, Berenberg, UBS, Citigroup, HSBC, Kepler Cheuvreux and Jefferies. Consensus 2021 revenue is \$6.9bn (range: \$6.7bn to \$7.2bn), consensus adjusted EBITDA is \$599m (range: \$576m-\$615m), consensus operating profit (pre-exceptional items) is \$229m (Range: \$187m-\$267m) and consensus AEPS is 24.1c (Range: 16.8c-30.5c). (www.woodplc.com/investors/analyst-consensus-and-coverage)
7. Interest cover is adjusted EBITDA excluding IFRS 16, divided by the net finance expense, which excludes net finance expense from joint ventures of \$1.8m (June 2020: \$1.7m) and the impact of IFRS 16 of \$10.6m (June 2020: \$12.6m).

Group income statement

for the six month period to 30 June 2021

	Note	Unaudited Interim June 2021			Unaudited Interim June 2020			Audited Full Year December 2020		
		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
Revenue	2,3	3,150.4	-	3,150.4	4,084.7	-	4,084.7	7,564.3	-	7,564.3
Cost of sales		(2,783.8)	-	(2,783.8)	(3,647.3)	-	(3,647.3)	(6,836.6)	-	(6,836.6)
Gross profit		366.6	-	366.6	437.4	-	437.4	727.7	-	727.7
Administrative expenses		(292.4)	(18.0)	(310.4)	(352.6)	(31.4)	(384.0)	(554.9)	(239.3)	(794.2)
Share of post-tax profit from joint ventures		12.0	-	12.0	16.0	(3.8)	12.2	41.6	(8.0)	33.6
Operating profit (loss)	2	86.2	(18.0)	68.2	100.8	(35.2)	65.6	214.4	(247.3)	(32.9)
Finance income		5.8	-	5.8	3.2	-	3.2	13.4	-	13.4
Finance expense		(52.8)	(2.8)	(55.6)	(67.9)	-	(67.9)	(121.1)	(8.0)	(129.1)
Profit/(loss) before tax		39.2	(20.8)	18.4	36.1	(35.2)	0.9	106.7	(255.3)	(148.6)
Taxation	8	(20.7)	(9.1)	(29.8)	(13.5)	2.1	(11.4)	(51.5)	(28.0)	(79.5)
Profit/(loss) for period		18.5	(29.9)	(11.4)	22.6	(33.1)	(10.5)	55.2	(283.3)	(228.1)
Profit/(loss) attributable to:										
Owners of the parent		18.1	(29.9)	(11.8)	18.2	(33.1)	(14.9)	53.8	(283.3)	(229.5)
Non-controlling interests		0.4	-	0.4	4.4	-	4.4	1.4	-	1.4
		18.5	(29.9)	(11.4)	22.6	(33.1)	(10.5)	55.2	(283.3)	(228.1)
Earnings per share (expressed in cents per share)										
Basic	7			(1.7)			(2.2)			(34.1)
Diluted	7			(1.7)			(2.2)			(34.1)

The notes on pages 21 to 35 are an integral part of the interim financial statements.

Group statement of comprehensive income

for the six month period to 30 June 2021

	Unaudited Interim June 2021 \$m	Unaudited Interim June 2020 \$m	Audited Full Year December 2020 \$m
Loss for the period	(11.4)	(10.5)	(228.1)
Other comprehensive income/(expense)			
Items that will not be reclassified to profit or loss			
Re-measurement gains/(losses) on retirement benefit obligations	100.5	(73.7)	(178.7)
Movement in deferred tax relating to tax rate change on retirement benefit obligations	7.6	-	-
Movement in deferred tax relating to retirement benefit obligations	(18.4)	9.9	36.8
Total items that will not be reclassified to profit or loss	89.7	(63.8)	(141.9)
Items that may be reclassified subsequently to profit or loss			
Cash flow hedges	3.0	(7.1)	(8.0)
Tax on derivative financial instruments	(0.5)	1.4	1.6
Exchange movements on retranslation of foreign operations	6.4	(136.5)	92.9
Total items that may be reclassified subsequently to profit or loss	8.9	(142.2)	86.5
Other comprehensive income/(expense) for the period, net of tax	98.6	(206.0)	(55.4)
Total comprehensive income/(expense) for the period	87.2	(216.5)	(283.5)
Total comprehensive income/(expense) for the period is attributable to:			
Owners of the parent	86.8	(220.9)	(284.9)
Non-controlling interests	0.4	4.4	1.4
	87.2	(216.5)	(283.5)

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 21 to 35 are an integral part of the interim financial statements.

Group balance sheet

as at 30 June 2021

	Note	Unaudited Interim June 2021 \$m	Unaudited Interim June 2020 \$m	Audited Full Year December 2020 \$m
Assets				
Non-current assets				
Goodwill and other intangible assets	11	6,193.9	6,117.5	6,216.2
Property plant and equipment		115.5	136.5	126.4
Right of use assets		389.2	383.0	408.9
Investment in joint ventures		168.8	171.5	168.7
Other investments		81.6	75.2	79.8
Long term receivables		198.4	83.7	187.0
Retirement benefit scheme surplus	9	267.7	297.8	188.8
Deferred tax assets		87.2	96.0	80.4
		7,502.3	7,361.2	7,456.2
Current assets				
Inventories		13.6	20.8	11.9
Trade and other receivables		1,771.7	2,067.4	1,698.6
Financial assets		16.1	15.7	20.7
Income tax receivable		60.7	48.9	50.6
Assets held for sale		-	64.2	-
Cash and cash equivalents	15	461.3	661.9	585.0
		2,323.4	2,878.9	2,366.8
Total assets		9,825.7	10,240.1	9,823.0
Liabilities				
Current liabilities				
Borrowings	15	672.2	381.1	315.3
Trade and other payables		2,038.7	2,297.9	2,019.7
Income tax liabilities		185.6	199.3	183.2
Lease liabilities	15	125.5	115.4	133.4
Provisions	12	83.9	110.8	172.5
Liabilities held for sale		-	0.8	-
		3,105.9	3,105.3	2,824.1
Net current liabilities		(782.5)	(226.4)	(457.3)
Non-current liabilities				
Borrowings	15	1,076.9	1,498.1	1,296.5
Deferred tax liabilities		102.5	61.1	89.0
Retirement benefit scheme deficit	9	78.3	151.2	124.4
Lease liabilities	15	374.0	400.7	408.0
Other non-current liabilities	10	204.2	140.6	138.1
Provisions	12	618.4	651.1	770.1
		2,454.3	2,902.8	2,826.1
Total liabilities		5,560.2	6,008.1	5,650.2
Net assets		4,265.5	4,232.0	4,172.8
Equity attributable to owners of the parent				
Share capital		41.1	40.9	41.1
Share premium		63.9	63.9	63.9
Retained earnings		1,539.6	1,737.3	1,455.2
Merger reserve		2,540.8	2,540.8	2,540.8
Other reserves		77.9	(158.1)	69.0
		4,263.3	4,224.8	4,170.0
Non-controlling interests		2.2	7.2	2.8
Total equity		4,265.5	4,232.0	4,172.8

The notes on pages 21 to 35 are an integral part of the interim financial statements.

Group statement of changes in equity

for the six month period to 30 June 2021

	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 2020		40.9	63.9	1,806.4	2,540.8	(33.2)	4,418.8	5.5	4,424.3
(Loss)/profit for the period		-	-	(14.9)	-	-	(14.9)	4.4	(10.5)
Other comprehensive income/(expense):									
Re-measurement losses on retirement benefit schemes		-	-	(73.7)	-	-	(73.7)	-	(73.7)
Movement in deferred tax relating to retirement benefit schemes		-	-	9.9	-	-	9.9	-	9.9
Cash flow hedges		-	-	-	-	(7.1)	(7.1)	-	(7.1)
Tax on derivative financial instruments		-	-	-	-	1.4	1.4	-	1.4
Net exchange movements on retranslation of foreign currency operations		-	-	-	-	(136.5)	(136.5)	-	(136.5)
Total comprehensive (expense)/income for the period		-	-	(78.7)	-	(142.2)	(220.9)	4.4	(216.5)
Transactions with owners:									
Dividends paid	5	-	-	-	-	-	-	(2.0)	(2.0)
Share based charges	16	-	-	9.6	-	-	9.6	-	9.6
Net exchange movements on disposal of foreign currency operations		-	-	-	-	17.3	17.3	-	17.3
Transactions with non-controlling interests		-	-	-	-	-	-	(0.7)	(0.7)
At 30 June 2020		40.9	63.9	1,737.3	2,540.8	(158.1)	4,224.8	7.2	4,232.0
At 1 January 2021		41.1	63.9	1,455.2	2,540.8	69.0	4,170.0	2.8	4,172.8
(Loss)/profit for the period		-	-	(11.8)	-	-	(11.8)	0.4	(11.4)
Other comprehensive income/(expense):									
Re-measurement gains on retirement benefit schemes		-	-	100.5	-	-	100.5	-	100.5
Movement in deferred tax relating to retirement benefit schemes		-	-	(18.4)	-	-	(18.4)	-	(18.4)
Movement in deferred tax relating to tax rate change on retirement benefit obligations		-	-	7.6	-	-	7.6	-	7.6
Cash flow hedges		-	-	-	-	3.0	3.0	-	3.0
Tax on derivative financial instruments		-	-	-	-	(0.5)	(0.5)	-	(0.5)
Net exchange movements on retranslation of foreign currency operations		-	-	-	-	6.4	6.4	-	6.4
Total comprehensive income for the period		-	-	77.9	-	8.9	86.8	0.4	87.2
Transactions with owners:									
Dividends paid	5	-	-	-	-	-	-	(0.2)	(0.2)
Share based charges	16	-	-	6.0	-	-	6.0	-	6.0
Purchase of company shares by Employee Share Trust for the Share Incentive Plan (SIP)		-	-	0.5	-	-	0.5	-	0.5
Transactions with non-controlling interests		-	-	-	-	-	-	(0.8)	(0.8)
At 30 June 2021		41.1	63.9	1,539.6	2,540.8	77.9	4,263.3	2.2	4,265.5

The figures presented in the above tables are unaudited.

Other reserves include the capital redemption reserve, capital reduction reserve, currency translation reserve and the hedging reserve.

The notes on pages 21 to 35 are an integral part of the interim financial statements.

Group cash flow statement

for the six month period to 30 June 2021

	Note	Unaudited Interim June 2021 \$m	Unaudited Interim June 2020 \$m	Audited Full Year Dec 2020 \$m
Cash (used in)/generated from operations	15	(78.7)	84.5	346.2
Tax paid		(41.1)	(25.0)	(43.2)
Net cash (used in)/from operating activities		(119.8)	59.5	303.0
Cash flows from investing activities				
Acquisition of subsidiaries (consideration paid less cash acquired)		-	(17.3)	(21.0)
Disposal of businesses (net of cash disposed)	13	19.2	389.3	455.2
Purchase of property plant and equipment		(8.5)	(7.0)	(15.0)
Proceeds from sale of property plant and equipment		2.9	1.0	6.8
Purchase of intangible assets	11	(35.0)	(51.0)	(73.4)
Interest received		5.8	3.2	3.6
Cash from short term investments and restricted cash	15	-	-	(12.5)
Repayment of loans from joint ventures		5.1	3.9	4.5
Net cash (used in)/generated from investing activities		(10.5)	322.1	348.2
Cash flows from financing activities				
Proceeds from/(repayment of) bank loans and overdrafts	15	357.3	(1,377.1)	(1,438.4)
Repayment of long-term borrowings	15	(221.3)	(78.4)	(277.5)
Payment of lease liabilities	15	(82.3)	(90.4)	(188.4)
Proceeds from SIP shares		0.5	-	-
Interest paid		(41.1)	(48.2)	(86.5)
Dividends paid to non-controlling interests		(0.2)	(2.0)	(4.9)
Net cash from/(used in) financing activities		12.9	(1,596.1)	(1,995.7)
Net decrease in cash and cash equivalents		(117.4)	(1,214.5)	(1,344.5)
Effect of exchange rate changes on cash and cash equivalents		(6.3)	(24.1)	27.6
Opening cash and cash equivalents		585.0	1,901.9	1,901.9
Closing cash and cash equivalents		461.3	663.3	585.0

Cash at bank and in hand at 30 June 2021 includes \$243.6m (December 2020: \$234.9m) 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.

The notes on pages 21 to 35 are an integral part of the interim financial statements.

Notes to the interim financial statements

for the six month period to 30 June 2021

1 Basis of preparation

This condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted for use in the UK.

The annual financial statements of the Group for the year ended 31 December 2021 will be prepared in accordance with UK-adopted international accounting standards. As required by the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority, the condensed set of financial statements has been prepared applying the accounting policies and presentation that were applied in the preparation of the company's published consolidated financial statements for the year ended 31 December 2020 which were prepared in accordance with International Financial Reporting Standards (IFRSs) adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union and in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

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 financial statements (the going concern period), as well as preparing financial forecasts up to the end of 2022 to reflect severe, but plausible downside scenarios.

The directors did not declare a final 2020 or interim 2021 dividend in order to protect cashflows and preserve long term value. No dividends have been included in the going concern assessment. Any decision to resume payment of a dividend will consider the Group's future profitability and cash requirements.

In assessing the basis of preparation of the financial statements for the period ended 30 June 2021, the directors have considered the principles of the Financial Reporting Council's 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting, 2014'; namely assessing the applicability of the going concern basis, the review period and disclosures.

In order to satisfy themselves that they have adequate resources for the future, the directors have reviewed the Group's existing debt levels, the committed funding and liquidity positions under debt covenants and the Group's ability to generate cash from trading activities. As of 30 June 2021, the Group's principal debt facilities comprise a \$1,750.0m revolving credit facility of which \$236.0m matures in May 2022 and the remaining \$1,514.0m in May 2023; \$300.0m of bilateral term loans which were repaid on 30 July 2021 and \$880.7m of US private placement debt repayable in various tranches between August 2021 and July 2031, with over 85% due in 2023 or later. At 30 June 2021, the Group had headroom of \$1,428.0m under its main facilities and a further \$156.5m of other undrawn borrowing facilities. In July 2021, the Group entered into a \$600.0m loan agreement with lenders supported by UK Export Finance ('UKEF'). The five-year facility is effective from July 2021 and extends the maturity profile of the Group's debt facilities. The Group's key financial covenants are set at a ratio of 3.5x for both net debt/ maximum rolling 12-month EBITDA and minimum interest cover. These covenants are measured on a semi-annual basis and exclude the impact of IFRS 16. There are no indications from the scenarios modelled that any of these covenants will be breached in the period assessed.

At 30 June 2021, the Group had net current liabilities of \$782.5m which increased from \$457.3m at December 2020. The increase in net current liabilities largely reflects the increase in short term borrowings which is mainly as a result of the reclassification of the \$300.0m bilateral facilities from long-term borrowings, following the repayment in July 2021.

The directors have considered a range of scenarios on the Group's future financial performance and cash flows. These scenarios reflect our outlook for the broad range of end markets that the Group operates in, whilst also considering the growth in the order book during the first half of 2021 and an improved outlook for activity across Projects, Operations and Consulting. Approximately 65% of the Group's revenues are driven by Renewables and Other Energy; Process and Chemicals and the Built Environment. The Group anticipates growth opportunities due to the post covid recovery in industrial activity. Additionally, there are growth opportunities in the built environment due to fiscal stimulus measures adopted by governments across the world in response to the pandemic and longer-term demand supported by changing attitudes to infrastructure spending to provide climate and economic resilience. The conventional energy business, which makes up around 35% of revenue is supported by the global recovery in energy demand and improved commodity prices. This backdrop of strong order book growth in H1 2021 and improved activity levels in Q2 2021 gives the directors improved confidence around the 2021 forecast and the growth assumptions for 2022.

The directors have considered severe, but plausible downside scenarios. The most severe of these reflect further material reductions in revenue and EBITDA from the base scenario, which is the Board approved forecast, the basis of which is described above. This could result from a worsening economic climate or a significantly reduced oil price. In each of the scenarios modelled, the financial covenants were comfortably met with significant facility headroom remaining available.

Consequently, the directors are confident that the 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 interim condensed financial statements and therefore have prepared the financial statements on a going concern basis.

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 2020.

1 Basis of preparation (continued)

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 2021	June 2020
Average rate £1 = \$	1.3868	1.2920
Closing rate £1 = \$	1.3814	1.2356

Disclosure of impact of new and future accounting standards

There have been no new standards that have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2021. Amendments to existing standards do not have a material impact on the financial statements.

2 Segmental reporting

The Group monitors activity and performance through four operating segments; Projects, Operations, Consulting and Investment Services ('IVS'). This new operating model has been effective from 1 January 2021; comparatives in the table below have been restated to reflect the new operating model. Comparatives under the old structure are contained within our 2020 Annual Report.

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

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

Reportable operating segments

	Revenue			Adjusted EBITDA ¹			Operating profit before exceptionals		
	Unaudited Interim June 2021	Unaudited Interim June 2020	Audited Full Year 2020	Unaudited Interim June 2021	Unaudited Interim June 2020	Audited Full Year 2020	Unaudited Interim June 2021	Unaudited Interim June 2020	Audited Full Year 2020
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Projects	1,167.8	1,953.7	3,569.3	88.3	103.2	205.4	16.1	7.3	34.9
Operations	998.5	1,093.4	2,033.2	107.1	111.2	256.1	53.3	52.5	117.0
Consulting	877.4	973.6	1,823.2	106.0	107.0	224.3	61.0	64.3	132.8
Investment Services	106.7	64.0	138.6	(7.6)	14.7	12.8	(9.8)	10.3	7.7
Central costs ²	-	-	-	(32.2)	(31.2)	(68.2)	(34.4)	(33.6)	(78.0)
Total	3,150.4	4,084.7	7,564.3	261.6	304.9	630.4	86.2	100.8	214.4
Exceptional items							(18.0)	(35.2)	(247.3)
Operating profit/(loss)							68.2	65.6	(32.9)
Finance income							5.8	3.2	13.4
Finance expense							(55.6)	(67.9)	(129.1)
Profit/(loss) before taxation from continuing operations							18.4	0.9	(148.6)
Taxation							(29.8)	(11.4)	(79.5)
Loss for the period from continuing operations							(11.4)	(10.5)	(228.1)

Notes

1. A reconciliation of operating profit 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 management personnel in both the UK and the US, along with an element of Group infrastructure costs.
3. Revenue arising from sales between segments is not material.

2 Segmental reporting (continued)

Reconciliation of Alternative Performance Measures

	Unaudited Interim June 2021 \$m	Unaudited Interim June 2020 \$m	Audited Full Year December 2020 \$m
Operating profit/(loss) per income statement	68.2	65.6	(32.9)
Exceptional items (note 4)	18.0	35.2	247.3
Operating profit before exceptionals	86.2	100.8	214.4
Operating profit/(loss) per income statement	68.2	65.6	(32.9)
Share of joint venture finance expense and tax	4.9	5.8	8.3
Exceptional items (note 4)	18.0	35.2	247.3
Amortisation	95.6	115.2	227.7
Depreciation	23.4	23.7	45.4
IFRS 16 depreciation on right of use asset	51.5	59.4	134.6
Adjusted EBITDA	261.6	304.9	630.4

Amortisation and depreciation expense includes amounts relating to joint ventures of \$0.9m and \$6.2m respectively (June 2020: \$1.1m and \$6.1m respectively).

Analysis of joint venture profits by segment

	Adjusted EBITDA ¹			Operating profit		
	Unaudited Interim June 2021 \$m	Unaudited Interim June 2020 \$m	Audited Full Year 2020 \$m	Unaudited Interim June 2021 \$m	Unaudited Interim June 2020 \$m	Audited Full Year 2020 \$m
Projects	0.7	0.7	2.8	0.6	0.5	2.4
Operations	23.1	29.1	65.0	16.1	17.5	39.5
Consulting	0.2	-	-	0.2	-	-
Total	24.0	29.8	67.8	16.9	18.0	41.9

3 Revenue

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

	Projects June 2021 \$m	Projects June 2020 \$m	Operations June 2021 \$m	Operations June 2020 \$m	Consulting June 2021 \$m	Consulting June 2020 \$m	IVS June 2021 \$m	IVS June 2020 \$m	Total June 2021 \$m	Total June 2020 \$m
Primary geographical market										
US	466.8	1,139.2	228.8	312.2	475.2	517.3	60.6	16.0	1,231.4	1,984.7
Europe	171.1	158.8	353.3	297.1	136.9	190.3	29.4	34.4	690.7	680.6
Rest of the world	529.9	655.7	416.4	484.1	265.3	266.0	16.7	13.6	1,228.3	1,419.4
Revenue	1,167.8	1,953.7	998.5	1,093.4	877.4	973.6	106.7	64.0	3,150.4	4,084.7

Major service lines

Conventional Energy	260.2	375.6	757.1	854.2	132.7	162.4	-	-	1,150.0	1,392.2
Process and Chemicals	412.8	789.8	113.0	149.4	37.4	46.6	-	-	563.2	985.8
Built Environment	59.9	57.2	-	29.3	591.7	582.2	18.3	3.6	669.9	672.3
Renewables and other energy	434.9	731.1	128.4	60.5	115.6	182.4	88.4	60.4	767.3	1,034.4
Revenue	1,167.8	1,953.7	998.5	1,093.4	877.4	973.6	106.7	64.0	3,150.4	4,084.7

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

For the 6 months to 30 June 2021, 73% (June 2020: 68%) of the Group's revenue came from reimbursable contracts and 27% (June 2020: 32%) 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 assets and liabilities

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

	Unaudited Interim June 2021 \$m	Unaudited Interim June 2020 \$m	Audited Full Year December 2020 \$m
Trade receivables	666.4	849.8	646.9
Non-current contract assets	128.3	-	111.3
Gross amounts due from customers	685.5	802.9	638.6
Gross amounts due to customers	(121.7)	(345.0)	(203.2)
Deferred income	(94.7)	(74.1)	(69.7)
	1,263.8	1,233.6	1,123.9

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

The increase in trade receivables is primarily due to the late receipt of certain receivable balances and the increase in gross amounts due from customers since the year end reflects progress on ongoing contracts. There have been no instances of material default by our customers as a result of the current market conditions. The reduction in gross amounts due to customers and deferred income totals \$56.5m and relates to the completion of contracts in the Projects business during the first half of 2021.

Non-current contract assets of \$128.3m (December 2020: \$111.3m) includes \$109.7m of gross amounts due from customers and \$18.6m of trade receivables, both of which are in relation to the Aegis contract. Refer to note 12 for further details.

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 2021 which was included in gross amounts due to customers at the beginning of the year of \$162.2m represents amounts included within contract liabilities at 1 January 2021. The amount of revenue recognised in the current period from performance obligations satisfied (or partially satisfied) in previous periods was \$55.9m (June 2020: \$26.8m).

As at 30 June 2021, the Group had received \$198.4m (June 2020: \$200.0m) of cash relating to a non-recourse financing arrangement with one of its banks. An equivalent amount of trade receivables was derecognised on receipt of the cash.

3 Revenue (continued)

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 2021 was as follows:

\$m	Year 1	Year 2	Year 3	Total
Revenue	2,627.7	2,295.8	1,807.8	6,731.3

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

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 2021 \$m	Unaudited Interim June 2020 \$m	Audited Full Year December 2020 \$m
Exceptional items included in continuing operations			
Gain on divestment of business	(14.6)	(55.8)	(59.1)
Impairment losses on non-core business	-	19.0	20.1
Redundancy, restructuring and integration costs	41.0	40.5	100.8
Investigation support costs (note 12)	-	5.9	161.6
Asbestos yield curve and costs	(8.4)	25.6	19.8
GMP equalisation	-	-	4.1
Continuing operations exceptional items, before interest and tax	18.0	35.2	247.3
Unwinding of discount on asbestos provision	2.8	-	8.0
Tax (credit)/charge in relation to exceptional items	(1.8)	(2.1)	0.7
Impact of change in UK rate on prior year exceptional deferred tax	10.9	-	-
Derecognition of deferred tax assets due to UK pension actuarial loss	-	-	27.3
Exceptional items including tax	29.9	33.1	283.3

The gain on divestment of business relates to the disposal of the Group's interest in Sulzer Wood Limited for a consideration of \$19.2m.

During the period to 30 June 2021, \$41.0m was incurred in relation to redundancy, restructuring and integration. \$20.0m of these costs relate to the closure of an office, which was approved during 2021 and has been loss making for a number of years. The costs mainly relate to redundancy of staff, which are estimated in line with local regulations. All staff have been notified and payments will start to be made during the second half. The remaining costs mainly relate to the 18-month Future Fit Programme which has been set up to accelerate the Group's strategic priorities to unlock growth, deliver efficiency and create value. The costs incurred to date mainly related to severance and the cost of running the programme. The programme has delivered annualised efficiency savings of c\$20m during the first half.

Since the acquisition of AFW, asbestos related costs have not always been treated as exceptional items, with a judgement made on individual elements based on materiality. From H2 2020, all asbestos costs have been treated as exceptional on the basis that movements in the provision are non-trading and can be large and driven by market conditions which are out with the Group's control. Excluding these charges from the trading results improves the understandability of the underlying trading performance of the Group. The credit of \$8.4m in 2021 relates to a \$9.6m yield curve credit (2020: \$25.6m charge) and \$1.2m of costs in relation to managing the claims. The 30-year US Treasury rate, has increased to 2.41% from 1.65% at the end of December 2020 and led to the income statement credit. The costs of managing the claims during the comparative half period of \$1.0m in 2020 were shown in EBITDA. \$2.8m of interest costs which relate to the unwinding of discount on the asbestos provision are shown as exceptional in line with the change in policy implemented in the second half of 2020. The interest cost of \$3.8m in June 2020 was shown in finance expense pre-exceptional items.

An exceptional tax charge of \$9.1m (June 2020: \$2.1m credit) has been recorded in the period and consists of a \$1.8m tax credit on exceptional items (June 2020: \$2.1m) and a \$10.9m tax charge relating to the change of the UK tax rate impacting on deferred tax balances created in prior years through exceptionals (June 2020: \$nil).

5 Dividends

No decision has been taken to resume the dividend and this will be kept under review by the directors. Any decision to resume payment of a dividend will consider the Group's future profitability and cash requirements.

6 Acquisitions

Estimated contingent consideration liabilities at 30 June 2021 amounted to \$nil (December 2020: \$nil).

7 Earnings per share

	Unaudited Interim June 2021			Unaudited Interim June 2020			Audited Full Year December 2020		
	Earnings / (losses) attributable to equity shareholders (\$m)	Number of shares (millions)	Earnings per share (cents)	Earnings /(losses) attributable to equity shareholders (\$m)	Number of shares (millions)	Earnings per share (cents)	Earnings /(losses) attributable to equity shareholders (\$m)	Number of shares (millions)	Earnings per share (cents)
Basic pre-exceptional	18.1	673.9	2.7	18.2	671.7	2.7	53.8	672.5	8.0
Exceptional items, net of tax	(29.9)	-	(4.4)	(33.1)	-	(4.9)	(283.3)	-	(42.1)
Basic	(11.8)	673.9	(1.7)	(14.9)	671.7	(2.2)	(229.5)	672.5	(34.1)
Effect of dilutive ordinary shares	-	-	-	-	-	-	-	-	-
Diluted	(11.8)	673.9	(1.7)	(14.9)	671.7	(2.2)	(229.5)	672.5	(34.1)
Adjusted diluted earnings per share calculation									
Diluted	(11.8)	673.9	(1.7)	(14.9)	671.7	(2.2)	(229.5)	672.5	(34.1)
Exceptional items, net of tax	29.9	-	4.4	33.1	-	4.9	283.3	-	42.1
Amortisation of intangibles on acquisition, net of tax	41.5	-	6.2	51.9	-	7.7	102.2	-	15.2
Adjusted diluted	59.6	673.9	8.9	70.1	671.7	10.4	156.0	672.5	23.2
Adjusted basic	59.6	673.9	8.9	70.1	671.7	10.4	156.0	672.5	23.2

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

In the current and comparative periods, the Group reported a basic loss per ordinary share, therefore the effect of dilutive ordinary shares are excluded in the calculation of diluted earnings per share.

8 Taxation

The taxation charge, including profits from joint ventures, for the six months ended 30 June 2021 is 24.0% (June 2020: 23.5%) which is the anticipated effective rate on profit before taxation, exceptional items and amortisation for the year ending 31 December 2021. A reconciliation from the effective tax rate of 24.0% (June 2020: 23.5%) to the tax charge of \$29.8m (June 2020: \$11.4m) is provided in the Finance Review.

The key factors driving the rate which may result in the rate differing at the year-end are: the profits for the US business, both current year and forecast, and the impact of actuarial adjustments to the UK pension scheme reducing the deferred tax liabilities which support deferred tax asset recognition.

The table below shows how these rates reconcile to the amounts presented in the income statement.

	Unaudited Interim June 2021 \$m	Unaudited Interim June 2020 \$m	Audited Full Year December 2020 \$m
Profit before tax and exceptional items per the income statement	39.2	36.1	106.7
Joint venture tax	3.1	4.1	4.8
Amortisation (including joint venture amortisation)	95.6	115.2	227.7
Profit before tax, amortisation and exceptional items (including share of joint ventures)	137.9	155.4	339.2
Tax charge excluding exceptional items per the income statement	20.7	13.5	51.5
Tax (credit)/charge in relation to exceptional items	(1.8)	(2.1)	0.7
Impact of change in UK tax rate on prior year exceptional deferred tax	10.9	-	-
Derecognition of deferred tax assets due to UK pension actuarial loss	-	-	27.3
Tax charge excluding amortisation and exceptional items (including share of joint ventures)	29.8	11.4	79.5
Effective tax rate	24.0%	23.5%	23.5%

9 Retirement benefit obligations

The Group operates a number of defined benefit pension schemes which are largely closed to future accrual. The surplus or deficit recognised in respect of each scheme represents the difference between the present value of the defined benefit obligations and the fair value of the scheme assets. The assets of these schemes are held in separate trustee administered funds. As at 30 June 2021, 97.3% (December 2020: 94.1%) of total scheme assets in the principal schemes have quoted prices in active markets.

At 30 June 2021, 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 2021 and the related actuarial gains of \$100.5m (June 2020: losses \$73.7m) are recorded in the Group statement of comprehensive income. The gains are largely a result of an increase in the discount rate in the period. 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 Coronavirus Aid, Relief and Economic Security (CARES) Act, allowed for the deferral of 2020 contribution requirements until 2021. Contributions of \$17.3m delayed due to the CARES Act were paid in the first half of the year. Under the American Rescue Plan Act of 2021 (ARPA), signed into US law in March 2021, the Group has obtained further long-term funding relief through changes in the assumptions used to determine the ongoing Required Minimum Contributions. This relief has eliminated \$10.3m of remaining 2021 cash contributions and is expected to reduce 2022 cash contributions by an additional \$12m-\$14m as a result of contributions already made which, subject to interpretation of US Treasury guidance recently issued, are likely to be permitted for offsetting against future requirements.

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

9 Retirement benefit obligations (continued)

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

	Jun-21 Wood Pension Plan %	Jun-21 FW Inc SEPP %	Jun-21 FW Inc PPCE %	Jun-20 Wood Pension Plan %	Jun-20 FW Inc SEPP %	Jun-20 FW Inc PPCE %	Dec-20 Wood Pension Plan %	Dec-20 FW Inc SEPP %	Dec-20 FW Inc PPCE %
Discount rate	1.9	2.4	2.4	1.6	2.3	2.3	1.4	2.1	2.1
Rate of retail price index inflation	3.2	N/A	N/A	2.8	N/A	N/A	2.9	N/A	N/A
Rate of consumer price index inflation	2.7	N/A	N/A	2.3	N/A	N/A	2.4	N/A	N/A

Sensitivity to discount rate and inflation rate

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

	June 2021 Wood Pension Plan \$m	June 2021 FW Inc SERP \$m	June 2021 FW Inc PPCE \$m	December 2020 Wood Pension Plan \$m	December 2020 FW Inc SERP \$m	December 2020 FW Inc PPCE \$m
Discount rate						
Plus 0.1%	(66.7)	(0.9)	(2.0)	(73.2)	(1.0)	(2.2)
Minus 0.1%	68.5	0.9	2.0	75.2	1.0	2.2
Inflation						
Plus 0.1%	40.9	N/A	N/A	44.6	N/A	N/A
Minus 0.1%	(40.6)	N/A	N/A	(44.5)	N/A	N/A

10 Other non-current liabilities

	Unaudited Interim June 2021 \$m	Unaudited Interim June 2020 \$m	Audited Full Year December 2020 \$m
Other payables	197.6	120.1	121.2
Derivative financial instruments	6.6	20.5	16.9
Other non-current liabilities	204.2	140.6	138.1

Other payables include \$83.9m (December 2020: \$nil) relating to penalties agreed and payable after 1 year to the various authorities as described in note 12. In addition, other payables include \$80.0m (December 2020: \$79.8m) relating to the US SERP pension arrangement and unfavourable leases of \$11.1m (December 2020: \$17.3m). Unfavourable lease liabilities represent non-lease components, such as facilities costs which are not included within the IFRS 16 lease liability.

11 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 2021	5,266.4	323.6	822.2	184.9	664.4	7,261.5
Exchange movements	6.6	3.1	0.8	0.1	1.3	11.9
Additions	-	62.9	-	-	-	62.9
Disposals	-	(0.6)	-	-	-	(0.6)
Reclasses	-	0.4	-	-	-	0.4
At 30 June 2021	5,273.0	389.4	823.0	185.0	665.7	7,336.1
Amortisation and impairment						
At 1 January 2021	0.8	245.3	542.5	148.3	108.4	1,045.3
Exchange movements	-	2.1	0.3	0.2	0.2	2.8
Amortisation charge	-	43.9	22.1	12.1	16.6	94.7
Disposals	-	(0.6)	-	-	-	(0.6)
At 30 June 2021	0.8	290.7	564.9	160.6	125.2	1,142.2
Net book value at 30 June 2021	5,272.2	98.7	258.1	24.4	540.5	6,193.9

12 Provisions

	Asbestos related litigation \$m	Insurance and property \$m	Litigation related provisions \$m	Project related provisions \$m	Total \$m
2021					
At 1 January 2021	403.7	105.0	333.0	100.9	942.6
Reclassifications	(0.7)	(0.1)	(196.7)	4.6	(192.9)
Utilised	(18.6)	(0.1)	(21.5)	(5.2)	(45.4)
Charge to income statement	2.8	2.9	0.1	28.9	34.7
Released to income statement	(9.6)	(8.8)	(6.5)	(12.7)	(37.6)
Exchange movements	0.5	0.2	0.4	(0.2)	0.9
At 30 June 2021	378.1	99.1	108.8	116.3	702.3
Presented as					
Current	-	10.1	19.6	54.2	83.9
Non-current	378.1	89.0	89.2	62.1	618.4

Asbestos related litigation

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

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

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

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

12 Provisions (continued)

The Covid-19 pandemic has significantly reduced settlements and payments made during 2020, continuing throughout the first half of 2021. Management believes these reductions are temporary deferrals until after the effects of the pandemic subside and the various courts resume normal operations.

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
- 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 2021 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 \$2.8m for the time value of money (June 2020: \$3.8m charge) and a yield curve credit of \$9.6m (June 2020: \$25.6m charge), which is driven by the increase in the 30-year US Treasury Bond rate in the first half of 2021 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.

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 2021 amounted to \$356.3m (June 2020: \$390.2m) and comprised \$378.1m in provisions (June 2020: \$426.5m) and \$55.4m in trade and other payables (June 2020: \$49.4m) less \$60.6m in long-term receivables (June 2020: \$66.7m) and \$16.6m in trade and other receivables (June 2020: \$19.0m).

Insurance and property provisions

The Group has liabilities in relation to its captive insurance companies of \$68.6m (December 2020: \$71.0m) and for property dilapidations of \$30.5m (December 2020: \$34.0m).

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

Property dilapidations relate 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 materially from the amounts that are recognised in the financial statements. Litigation related provisions include estimated balances related to exposures acquired with Amec Foster Wheeler, which were originally measured at fair value on acquisition as required by IFRS 3 even though the relating possible cash outflow was not deemed to be probable. These liabilities continue to be recognised until the liability is settled, cancelled or expired at the higher of the fair value initially recorded or the amount recognised in accordance with IAS 37.

12 Provisions (continued)

Investigations

In March 2021, a subsidiary of the Company reached a civil settlement with Scotland's Civil Recovery Unit in relation to the historical engagement of Unaoil by a legacy joint venture and potential unlawful conduct. The civil settlement relates to conduct in Kazakhstan in the period between 2008 and 2010. The settlement concludes the issue which started after the Group self-reported, having conducted a thorough internal investigation, before cooperating fully with the Crown Office and Procurator Fiscal Service ("COPFS") and the Civil Recovery Unit throughout their investigation. Under the terms of the settlement, Wood has agreed to pay approximately \$9m to the COPFS, of which around \$3m was paid during the first half of 2021 and the balance will be payable in instalments in 2022 and 2023.

In June and July 2021, the Group entered into agreements with authorities in the UK, the US, and Brazil to resolve their respective bribery and corruption investigations into the past use of third parties in the legacy Amec Foster Wheeler business. Under the terms of the agreements, the Group will pay compensation, disgorgement and prejudgment interest, fines and penalties of approximately \$189m, of which around \$62m was paid during July 2021 and the remaining balance will be paid in instalments in 2022, 2023 and 2024.

In the UK, the Company's subsidiary, Amec Foster Wheeler Energy Limited ("AFWEL") entered into a three-year deferred prosecution agreement with the Serious Fraud Office ("SFO") relating to the historical use of third-party agents for bribery and corruption in Nigeria, Saudi Arabia, Malaysia, India and Brazil over the period 1996 to 2014. The agreement, which was approved on 1 July 2021 by Lord Justice Edis sitting at the Royal Courts of Justice, only relates to the potential criminal liability of AFWEL and does not address whether liability of any sort attaches to any employee, agent, former employee or former agent of AFWEL.

In the US, AFWEL entered into a three-year deferred prosecution agreement with the Department of Justice ("DOJ") and another subsidiary of the Company, Amec Foster Wheeler Limited ("AFWL") entered into a Cease and Desist Order with the Securities and Exchange Commission ("SEC"). In Brazil, AFWEL and Amec Foster Wheeler Americana Limitada entered into 18 month leniency agreements with the Ministério Público Federal ("MPF"), the Comptroller General's Office ("CGU") and the Solicitor General ("AGU"). The agreements in the US and Brazil all related to the historical use of third-party agents for bribery and corruption in connection with the award of a project in Brazil.

In light of the above, the Group has now reclassified the provision recognised during 2020 to Trade and other payables of which the current portion is \$105.5m and the non-current portion of \$83.9m is included in other non-current liabilities (note 10).

Other litigations

In 2013, one of Amec Foster Wheeler plc's subsidiaries was contracted to engineer, procure and construct a chemical plant for a client in Texas. The cost of the project exceeded the client's budget which led to the client partially terminating the contract in December 2015, before terminating the remainder of the contract and commencing a lawsuit in Texas against the subsidiary and also Amec Foster Wheeler plc in September 2016. The client seeks recovery of actual damages, plus punitive damages, interest and attorney's fees for breach of contract and warranty, gross negligence and fraud. The alleged actual damages total \$761.8m, which include an alleged \$317m in lost revenue from delayed commercial operation.

The Group believes that the claims lack legal and factual merit but provided for an amount representing the fair value of the exposure upon acquisition of Amec Foster Wheeler. The estimate that the subsidiary provided was in connection with the client's initial request for a lump sum bid and highly conditioned. The contract that was ultimately signed, and that governs the dispute, is a reimbursable cost plus fixed fee contract, with no guaranteed price or schedule, wherein the client assumed joint responsibility for management of the work and development of the project schedule. Liability for consequential damages is barred, except in the case of wilful misconduct. Except for gross negligence, wilful misconduct, and warranty claims, overall liability is capped at 10 percent of the contract price (or approximately \$100 million).

The Group has denied the claims and intend to vigorously defend the lawsuit. The lawsuit is in the discovery stage and it would be premature to predict the ultimate outcome of the matter.

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

Project related provisions

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

Aegis Poland

This legacy AFW project involves the construction of various buildings to house the Aegis Ashore anti-missile defence facility for the United States Army Corps of Engineers. The project was around 88% complete by value at 30 June 2021 and 92% complete by physical progress and is expected to be operationally complete by mid-2022. Management's latest estimate is that the loss at completion will be \$133m representing the expected loss to complete less estimated revenue to be earned. A charge of \$9m was made to the income statement during the first half of 2021 in relation to this project and the full amount of this loss has been recognised to date.

12 Provisions (continued)

The Group's assessment of the ultimate loss includes change orders which have not been approved by the customer. They are estimated based on the amount that is deemed to be highly probable to be recovered. That estimation is made considering the risks and likelihood of recovery of change orders. The Group's assessment of liquidated damages involves an expectation of relief from possible obligations linked to delays on the contract. These liquidated damages and relief assumptions are estimates prepared in conjunction with the change orders estimates noted above. The range of possible outcomes in respect to the change orders that are highly likely to be recoverable and the liquidated damages for which a relief will be obtained is material. The current estimate is that these will not be settled until 2023 at the earliest. If the amounts agreed are different to the assumptions made, then the ultimate loss could be materially different. At 30 June 2021, provisions of \$14.0m and non-current contract assets of \$128.3m are included in the balance sheet.

In reaching its assessment of this loss, management have made certain estimates and assumptions relating to the date of completion, productivity of workers on site and the costs to complete. If the actual outcome differs from these estimates and assumptions, the ultimate loss will be different.

Other project related provisions

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

The Group has also received and may continue to receive claims pursuant to indemnity obligations from the present owners of facilities we have transferred, which may require us to incur costs for investigation and/or remediation. As at 30 June 2021, the Group held provisions totaling \$17.6m (December 2020: \$20.5m) for the estimated future environmental clean-up costs in relation to industrial facilities that it no longer operates. Whilst the timing of the related cash flows is typically uncertain, the Group expects that certain of its remediation obligations may continue for up to 100 years.

During the period the Group reassessed the provisions created on prior period acquisitions and to the extent that they do not meet the criteria for exceptional items set out in our accounting policies, the resulting debits or credits are recorded in EBITDA.

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. The Group had recognised legacy provisions which comprised many individually immaterial provisions relating to a large number of contracts and exposures. The Group manages its exposure to these liabilities within Investment Services. During the year, legacy provisions were utilised or released as claims were closed out or due to the expiry of indemnity time periods where no claims had been received, meaning that the likelihood of an outflow was no longer probable.

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

13 Divestments

During the first half of 2021 the Group disposed of its joint venture interest in Sulzer Wood Limited. The assets and liabilities disposed of are set out in the table below:

	Unaudited Interim June 2021 \$m
Investment	4.6
Net assets disposed	4.6
Cash received	19.2
Gain on disposal (see note 4)	14.6

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 2021 \$m	Unaudited Interim June 2020 \$m	Audited Full Year December 2020 \$m
Sales of goods and services to joint ventures	11.4	19.0	37.5
Purchase of goods and services from joint ventures	0.5	0.3	1.8
Receivables from joint ventures	13.4	24.9	18.0
Payables to joint ventures	0.3	3.8	1.2

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

15 Cash generated from operations

	Unaudited Interim June 2021 \$m	Unaudited Interim June 2020 \$m	Audited Full Year December 2020 \$m
Reconciliation of operating profit to cash generated from operations:			
Operating profit/(loss)	68.2	65.6	(32.9)
Less share of post-tax profit from joint ventures	(12.0)	(12.2)	(33.6)
	56.2	53.4	(66.5)
Adjustments (excluding share of joint ventures)			
Depreciation	17.2	16.9	38.9
Depreciation on right of use assets	51.5	59.4	125.4
Loss on disposal of property plant and equipment	1.1	-	8.0
Gain on disposal of businesses	-	(55.8)	(58.4)
Gain on disposal of investment in joint ventures	(14.6)	-	(0.7)
Impairment charges	-	19.0	-
Amortisation of intangible assets	94.7	114.1	225.5
Share based charges	6.0	9.6	24.3
Decrease in provisions	(59.3)	(74.7)	(45.4)
Dividends from joint ventures	8.5	4.0	29.6
Exceptional items – non-cash impact	6.4	6.6	205.1
Changes in working capital (excluding effect of acquisition and divestment of subsidiaries)			
(Increase)/decrease in inventories	(1.6)	(9.0)	0.9
(Increase)/decrease in receivables	(66.6)	178.0	504.2
Decrease in payables	(179.9)	(229.8)	(627.1)
Exchange movements	1.7	(7.2)	(17.6)
Cash (used in)/generated from operations	(78.7)	84.5	346.2

15 Cash generated from operations (continued)

Reconciliation of cash flow to movement in net debt

	At 1 January 2021 \$m	Cash flow \$m	Other \$m	Exchange movements \$m	Unaudited at 30 June 2021 \$m
Short term borrowings	(315.3)	(357.3)	-	0.4	(672.2)
Long term borrowings	(1,296.5)	221.3	(1.9)	0.2	(1,076.9)
	(1,611.8)	(136.0)	(1.9)	0.6	(1,749.1)
Cash and cash equivalents	585.0	(117.4)	-	(6.3)	461.3
Restricted cash	12.5	-	-	-	12.5
Net debt before leases	(1,014.3)	(253.4)	(1.9)	(5.7)	(1,275.3)
Leases	(541.4)	82.3	(41.4)	1.0	(499.5)
Net debt including leases	(1,555.7)	(171.1)	(43.3)	(4.7)	(1,774.8)

	At 1 January 2020 \$m	Cash flow \$m	Other \$m	Exchange movements \$m	Unaudited at 30 June 2020 \$m
Short term borrowings	(1,752.7)	1,377.1	-	(5.5)	(381.1)
Long term borrowings	(1,573.2)	78.4	(2.0)	(1.3)	(1,498.1)
	(3,325.9)	1,455.5	(2.0)	(6.8)	(1,879.2)
Cash and cash equivalents	1,847.0	(1,161.0)	-	(24.1)	661.9
Cash included in assets held for sale	54.9	(53.5)	-	-	1.4
Net debt before leases	(1,424.0)	241.0	(2.0)	(30.9)	(1,215.9)
Leases	(583.3)	90.4	(42.6)	19.4	(516.1)
Net debt including leases	(2,007.3)	331.4	(44.6)	(11.5)	(1,732.0)

Cash at bank and in hand at 30 June 2021 includes \$243.6m (December 2020: \$234.9m) that is part of the Group's cash pooling arrangements. For internal reporting and the calculation of interest, this amount is netted with short-term overdrafts and is presented as a net figure on the Group's balance sheet. In preparing these financial statements, the Group is required to gross up both its cash and short-term borrowings figures by this amount.

The lease liability at 30 June is made up of long-term leases of \$374.0m and short-term leases of \$125.5m.

The other movement of \$43.3m in the above table represents new leases entered into of \$30.8m during H1, interest expense of \$10.6m and amortisation of bank facility fees of \$1.9m.

Net debt of \$1,275.3m includes restricted cash of \$12.5m (December 2020: \$12.5m) due to subsidiary in-country currency restrictions.

16 Share based charges

Share based charges for the period of \$6.0m (June 2020: \$9.6m) 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 expose it to a variety of financial risks: market risk (including foreign exchange and cash flow interest rate risk), credit risk and liquidity risk. The condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements and should be read in conjunction with the Group's 2020 Annual Report and Accounts.

There have been no material changes in the risk management function or in any risk management policies since 31 December 2020.

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 2021 are not significant.

18 Capital commitments

At 30 June 2021 the Group had entered into contracts for future capital expenditure amounting to \$0.7m relating to property plant and equipment. In addition, the Group had entered into contracts for future capital expenditure amounting to \$102.1m relating to intangible assets. These capital commitments 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

Cross guarantees

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

Legal Claims

From time to time, the Group is notified of claims in respect of work carried out. For a number of these claims the potential exposure is material. Where management believes we are in a strong position to defend these claims no provision is made. 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.

Employment claims

The Group is aware of challenges to historical employment practices which may have an impact on the Group. This includes a challenge by HMRC into the historical application of employer's National Insurance Contributions to workers on the UK Continental Shelf. We believe we are in a strong position 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 \$30.8m.

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. We do not expect indemnities or retained obligations for which a provision has not been established to have a material impact on the Group's financial position, results of operations or cash flows.

Tax planning

Recent changes to the tax environment, including the OECD's project around Base Erosion and Profit Shifting have brought into question tax planning previously undertaken by multinational entities. There have been several recent high profile tax cases against tax authorities and large groups. The European Commission continues formal investigations to examine whether decisions by the tax authorities in certain European countries comply with European Union rules and has issued judgements in some cases which are being contested by the groups and the countries affected. The Group is monitoring the outcome of these cases in order to understand whether there is any risk to the Group.

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 other than we have entered into a \$600m, 5 year loan agreement with lenders supported by UKEF.

On 30 July 2021, the Group settled the \$300m of bilateral loans, which were originally due to mature in May 2022.

Statement of directors' responsibilities

for the six month period to 30 June 2021

We confirm that to the best of our knowledge:

- the interim condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting' as issued by the IASB and adopted for use in the UK;
- the interim condensed set of financial statements has been prepared in accordance with ASB's 2007 Statement Half-Yearly Reports
- 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 2020 Annual Report and Accounts. Susan Steele and Brenda Reichelderfer were appointed to the Board on 31 March 2021. Mary Shafer-Malicki resigned as non-executive director on 13 May 2021.

R Watson
Chief Executive

D Kemp
Chief Financial Officer

23 August 2021

Independent review report to John Wood Group PLC

Conclusion

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2021 which comprises the Group income statement, the Group statement of comprehensive income, the Group balance sheet, the Group statement of changes in equity, the Group cash flow statement and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2021 is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting as adopted for use in the UK and the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA").

Scope of review

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

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

Directors' responsibilities

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

As disclosed in note 1, the latest annual financial statements of the Group were prepared in accordance with International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union and in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and the next annual financial statements will be prepared in accordance with UK-adopted international accounting standards. The directors are responsible for preparing the condensed set of financial statements included in the half-yearly financial report in accordance with IAS 34 as adopted for use in the UK.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

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

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

Catherine Burnet
for and on behalf of KPMG LLP

Chartered Accountants

1 Marischal Square
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23 August 2021

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