John Wood Group PLC
Half Year Report 2019

Contents

Wood is a global leader in the delivery of project, engineering and technical services in energy, industry, and the built environment. We operate in more than 60 countries, employing around 60,000 people, with revenues of around $11 billion. We provide performance-driven solutions throughout the asset life cycle, from concept to decommissioning across a broad range of industrial markets, including the upstream, midstream and downstream oil & gas; power & process; environment and infrastructure; clean energy; mining; nuclear and general industrial sectors.

woodplc.com

Revenue[1]
$4,788m
(2018: $4,916m)
% movement: ▼ **2.6%**

Adjusted EBITDA (excluding impact of IFRS 16)[1]
$314m
(2018: $293m)
% movement: ▲ **7.2%**

Adjusted EBITDA margin (excluding impact of IFRS 16)
6.6%
(2018: 6.0%)
% movement: ▲ **0.6%**

Like for like adjusted EBITDA (excluding impact of IFRS 16)
$314m
(2018: $280m)
% movement: ▲ **12.1%**

Operating profit before exceptional items (excluding impact of IFRS 16)[1]
$160m
(2018: $125m)
% movement: ▲ **28.0%**

Adjusted EBITDA[1,2]
$384m
(2018: $293m)
% movement: **n/a[2]**

Adjusted EBITDA margin
8.0%
(2018: 6.0%)
% movement: **n/a[2]**

Operating profit before exceptional items[1]
$168m
(2018: $125m)
% movement: **n/a[2]**

Operating profit
$139m
(2018: $24m)
% movement: ▲ **479.2%**

Profit/(loss) for the period
$13m
(2018: $(52)m)
% movement: **n/a**

Basic EPS
2.1 cents
(2018: (7.9) cents)
% movement: **n/a**

Adjusted diluted EPS[1]
18.2 cents
(2018: 18.4 cents)
% movement: ▼ **1.1%**

Interim dividend
11.4 cents
(2018: 11.3 cents)
% movement: ▲ **0.9%**

Net debt excluding leases[3]
$1,773m
(2018: $1,555m)
% movement: ▲ **14.0%**

Order book[4]
$9,188m
(2018: $9,408m)
% movement: ▼ **2.3%**

Highlights

Financial performance

- Revenue of $4.8bn reflects relatively robust activity levels with growth in built environment activity in E&IS offset by lower revenues in ASEAAA and STS
- Strong EBITDA and operating profit growth. In line with guidance, pre-IFRS 16 adjusted EBITDA increased by 7% and pre-IFRS 16 operating profit before exceptionals by 28%
- Pre IFRS 16 adjusted EBITDA margin improved to 6.6%, driven by improved execution, sales mix and cost synergies of c$30m
- On a like for like basis, adjusting for disposals executed in 2019, pre IFRS 16 adjusted EBITDA of $314m was up 12% and adjusted EBITDA margin was up 90 basis points
- The positive impact of the adoption of IFRS 16 on adjusted EBITDA was $70m, lower than originally anticipated
- Operating profit before exceptionals (including the impact of IFRS 16) was $168m after amortisation charges of $119m, depreciation of $88m and interest and tax on joint ventures of $9m
- Profit for the period of $13m includes the impact of post tax exceptional costs of $47m ($29m pre-tax), related to cost synergy delivery, investigation support costs and loss on disposal of TNT
- Agreed sale of nuclear business for c$305m (c12.4x 2018 EBITDA). Closing anticipated in Q1 2020 will accelerate progress to target leverage
- Net debt at 30 June of $1.77bn was adversely impacted by two cash receipts totalling $130m anticipated in June but received in early July (Net debt : adjusted EBITDA pre IFRS 16 of 2.5x[5]). No change to full year expectations on cash generation
- Proposed interim dividend of 11.4c, up 1% in line with progressive dividend policy

Operations

- From revenue of $4.8bn, delivered significant growth in adjusted EBITDA and operating profit with improved margins across energy and built environment markets, driven by:
  - Increased upstream oil & gas activities in energy markets and improved delivery and sales mix in ASEAAA
  - Improved Turbine JV performance in ASEAAA
  - Higher activity and good delivery in the built environment market in the Americas for E&IS
  - Further cost synergies of c$30m

Outlook for FY 2019

- Full year outlook is unchanged
- Order book of $9.2bn up on December 2018 of $9.1bn on a like for like basis. Good visibility over forecast 2019 revenues with 87% delivered or secured
- Growth in FY 2019 revenue in the region of 5% driven by:
  - Capital projects activity in downstream & chemicals and onshore midstream in ASA
  - Operations solutions work in the Middle East and Asia Pacific
  - Continued strength in built environment activity in the Americas
- Anticipated revenue growth together with cost synergies of c$60m, improved sales mix and delivery, and our typical H2 earnings weighting is expected to deliver full year adjusted EBITDA in line with market expectations of adjusted EBITDA growth of c8% (excluding the impact of IFRS 16)[6]
- The positive impact of the adoption of IFRS 16 on adjusted EBITDA for the full year is now expected to be $143m. This is a reduction of $27m from our previous estimate of c$170m. There is no change to our expectations for underlying earnings growth
- Expect strong full year cash conversion to deliver modest reduction in net debt from the 31 December 2018 position
- Disposal of nuclear business to reduce net debt on a proforma basis close to 1.5x net debt : adjusted EBITDA pre-IFRS 16 target leverage on closing, in Q1 2020

Notes:

1. As disclosed at the full year results in March, Wood has simplified its reporting for the periods ending on 30 June 2019 onwards. These changes align Wood's principal reporting metrics with IFRS measures and facilitate comparison across peers. There is no reduction in the level of accounting disclosure at the Wood or business unit level. At the Group level, the results from joint ventures are accounted for in line with IFRS using the equity method and are no longer reported on a proportionally consolidated basis. Wood's primary reporting metrics are Revenue, aligned with the IFRS definition, and Operating Profit (pre-exceptional items).

   Adjusted EBITDA (pre-exceptional items, including Wood's share of joint venture EBITDA) is adopted as an additional non-statutory /'non-GAAP' measure of profit. This is presented at the Group and Business Unit level to report underlying financial performance and facilitate comparison with peers.

   Adjusted Diluted EPS is also presented, defined as "earnings before exceptional items and amortisation relating to acquisitions, net of tax, divided by the weighted average number of ordinary shares in issue during the period". In contrast to previous reporting, the measure is stated before amortisation arising from acquisitions only and not amortisation relating to other intangibles such as software costs.

   Comparative figures for 2018 are shown on the same basis.
2. We have chosen to apply the modified retrospective approach to the adoption of IFRS 16 and as such there is no restatement of 2018 comparatives in 2019. The movements between 2019 metrics and 2018 comparatives that have not been restated are shown as not applicable (n/a).
3. Net debt at 30 June 2019 is stated excluding liabilities related to leases. The adoption of IFRS 16 has resulted in an increase in net debt at 30 June 2019 due to the recognition of a lease liability on the balance sheet of $582m.
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 in H1 2019 is aligned with the IFRS definition of revenue and no longer includes Wood's proportional share of joint venture order book. Order book for H1 2018 is presented on a like for like basis and no longer includes Wood's proportional share of joint venture order book and excludes businesses disposed. Order book at 31 December 2018 on this basis was $9.1bn.
5. Net debt : adjusted EBITDA ratio is calculated on the existing basis prior to the adoption of IFRS 16 in 2019.
6. Company compiled, publicly available consensus comprises ten analysts who have published estimates since our 2018 results announcement on 19 March 2019 that reflect both changes to our reporting metrics and the impact of IFRS 16: JP Morgan Cazenove, Barclays, Goldman Sachs, RBC, Bank of America Merrill Lynch, Morgan Stanley, UBS, Redburn, Jefferies and HSBC.

   Consensus adjusted EBITDA, includes an estimated impact of IFRS 16 of c$170m and is $919m (Range: $889m-$948m). Growth in consensus underlying adjusted EBITDA, excluding the impact of IFRS 16, is c8%. Consensus operating profit (pre exceptional items) is $447m (Range: $413m-$491m) and Consensus AEPS is 53.2c (Range 46.0c-64.5c).

   www.woodplc.com/investors/analyst-consensus-and-coverage

Business review

Robin Watson Chief Executive

"Strong margin improvement and profit growth in the first half was led by activities in energy markets in the eastern hemisphere and our environment and infrastructure operations in North America, together with cost synergies. We also made substantial progress on our non core asset disposal programme and have agreed the sale of our nuclear business for c$305m, with completion anticipated in Q1 2020. This will result in significant deleveraging and bring us close to our target leverage. With 87% of 2019 revenues delivered or secured we remain confident in our full year outlook and guidance is unchanged. Looking further ahead, we remain well positioned for growth across the energy and built environment markets."

Robin Watson
Chief Executive

Trading performance

Our activities address four main markets; upstream & midstream (c40%), downstream & chemicals (c20%), renewables, other energy & industrial (c25%) and the built environment (c15%). Revenue of $4.8bn was down 2.6% and reflects relatively robust activity levels with growth in E&IS being offset by lower revenues in ASEAAA and STS.

Growth in adjusted EBITDA and operating profit before exceptional items has been led by ASEAAA where we have seen improved delivery and revenue mix, together with stronger performance in our turbine joint ventures. Elsewhere, we benefitted from higher activity and good delivery in the built environment market in the Americas for E&IS. We also delivered further cost synergies of $30m.

Adjusted EBITDA of $384m includes the positive impact of $70m from the adoption of IFRS 16. Adjusted EBITDA excluding the impact of IFRS 16 was up 7.2% and reflects significant underlying margin improvement.

Operating profit before exceptional items of $168m includes an $8m positive impact from the adoption of IFRS 16. Excluding this impact, operating profit before exceptional items increased 28% driven by strong growth in EBITDA together with a reduction in depreciation (pre-IFRS 16) and amortisation of $12m. The reduction in amortisation of $6m reflects the full amortisation of goodwill and intangibles on previous bolt on acquisitions in the Americas, partly offset by higher software amortisation.

Growth in adjusted EBITDA and operating profit before exceptional items has been achieved despite the impact of completed disposals which generated adjusted EBITDA of $13m in H1 2018 and made nil contribution in H1 2019. We also saw a net increase in central costs, driven by fluctuations in the discount rate applicable to asbestos liabilities. Central costs benefitted from a c$10m asbestos net credit in H1 2018 compared to a c$7m net cost in H1 2019.

It is important to note the strength of our EBITDA growth and margin improvement in our business on a like-for-like basis. Excluding revenue of $20m (H1 2018: $19m) from the TNT and legacy AFW power machinery businesses disposed, and EBITDA of those entities together with the EBITDA impact of our joint venture interests in Voreas and other infrastructure assets disposed totalling nil (H1 2018: $13m), pre-IFRS 16 adjusted EBITDA was up 12% and pre IFRS 16 adjusted EBITDA margin was up 90 basis points.

Profit for the period of $13m includes the impact of exceptional costs of $29m before tax. As anticipated, these comprise $11m of costs to deliver synergies, $9m in respect of investigation support costs and a loss on disposal of $9m.

Interim dividend

We have declared an interim dividend of 11.4 cents per share which will be paid on 26 September 2019 to shareholders on the register on 30 August 2019. This is an increase of 1% in line with our progressive dividend policy.

Net debt and cashflow

Net debt (excluding liabilities related to leases) at the end of June was $1.77bn. The first half working capital movement was impacted by a delay in two cash receipts in ASA totalling c$130m. These receipts were expected at the end of June but were received in early July and contributed to a net working capital outflow in H1 of $140m. The working capital movement includes the impact of the receivables facility, drawn at $192m at 30 June 2019. This resulted in cash generated from operations excluding the impact of IFRS 16 of $28m (including IFRS 16: $107m). Net debt (excluding liabilities related to leases) at 30 June reflects the final dividend payment of $159m in May, exceptional items of $30m, cash outflows on Aegis of $28m and capex, tax and interest costs.

The ratio of net debt (excluding the impact of IFRS 16) to trailing twelve month adjusted EBITDA pre IFRS 16 at 30 June 2019 was 2.5x (H1 2018: 2.4x).

There is no change to our expectations on cash conversion. We continue to expect strong full year cash conversion after exceptional items in the region of 80-85% (on a pre-IFRS 16 basis). Operational cash generation will be weighted to H2 in line with our earnings, and exceptional costs and settlement of provisions are expected to continue to roll off on a straight line basis. We also anticipate an overall working capital inflow for the full year. Full year cash performance is expected to deliver a modest reduction in net debt compared to the 31 December 2018 position.

Looking further ahead we expect combined cash outflows on exceptional costs and Aegis to reduce significantly to around $60m in total in 2020. The agreed sale of our nuclear business, due to complete in Q1 2020, will bring us very close to our target leverage.

We remain committed to a strong balance sheet and achieving our target leverage of 1.5x net debt to adjusted EBITDA on a pre-IFRS 16 basis. Debt reduction and the maintenance of our progressive dividend policy remain our preferred uses of cash.

Financing

Following a part refinancing of our existing term loan facility due to mature in October 2020 of $140m in Q1 2019, we secured $364m from US private placement providers in June which was drawn down in July. This extends the maturity of our debt profile with the majority comprising a mix of seven to 12 year redemption dates at a fixed rate of around 5%. The part refinancing has no material impact on our expectations for the full year interest expense.

Disposals

As announced in the full year results, following a strategic view of our portfolio we identified a number of potential disposals expected to generate between $200m and $300m in proceeds. On 20 August 2019 we announced the sale of our nuclear business for a consideration of c$305m, representing a multiple of c12.4x 2018 EBITDA. Closing is subject to competition approvals and other conditions precedent typical for a transaction of this nature and is currently anticipated by Q1 2020. The disposal marks a significant step towards achieving our target leverage and is expected to reduce net debt on a proforma basis close to our target of 1.5x Net Debt: adjusted EBITDA pre-IFRS 16. This follows other recent successful asset disposals including the TNT materials handling business in May 2019 for a consideration of $41m. We continue to strategically review our portfolio.

Order book

Our order book comprises secured work and estimates of activity under long term agreements. To align with our reporting metric for revenue, our order book disclosure is now presented excluding joint ventures. Order book at 30 June 2019 excluding joint ventures was $9.2bn, slightly up on the like for like position (excluding joint ventures and businesses disposed) at December 2018 which was $9.1bn. The reduction of 2.3% compared to 30 June 2018 reflects the early stage and smaller scale work coming to market in oil & gas, the completion of larger coal combustion projects in Asset Solutions Americas and certain capital projects in Environment and Infrastructure Solutions being worked off including Space Fence, which completed during 2018.

With c$4.3bn of order book to be delivered in 2019, 87% of 2019 forecast revenues are delivered or secured, giving us confidence in delivering revenue growth in the region of 5% in 2019.

The shape of our order book reflects the nature of our short cycle business and our measured risk approach; with reimbursable work being the largest element at c75%.

Adoption of IFRS 16

IFRS 16 Leases became effective on 1 January 2019. The most significant change for Wood is the accounting for property leases. Rental charges that were previously recorded in operating costs in respect of these leases will now be replaced with depreciation and an interest charge. We have applied a modified retrospective approach on adoption of IFRS 16 and there is no restatement of 2018 comparatives in 2019. In the first half, adjusted EBITDA increased by $70m due to these accounting changes. We currently expect the full year impact to be $143m which is a reduction of $27m from our previous estimate of c$170m. Operating profit for the full year is expected to increase by c$19m. A lease liability has been recognised on the balance sheet at 30 June 2019 of $582m. All financing covenants are set on a frozen GAAP basis and are not impacted by the adoption of the standard.

Update on regulatory investigations

There have been no material developments in the previously disclosed investigations in the UK and US, details of which are included in the contingent liabilities note to the Interim Financial Statements. Wood continues to cooperate with and assist the relevant authorities in relation to their respective investigations.

Outlook for 2019

Our full year outlook is unchanged. We have good top line visibility with 87% of forecast 2019 revenues delivered or secured which gives us confidence in our full year outlook.

Growth in FY 2019 revenue in the region of 5% will be driven by ASA where we expect growth in Capital Projects activity in downstream & chemicals and onshore midstream. We also expect growth in ASEAAA, driven by Operations Solutions work in the Middle East and Asia Pacific. E&IS revenues are also expected to be up on 2019, benefitting from continued strength in built environment activity in the Americas.

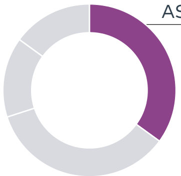
We expect to deliver EBITDA growth in all business units in 2019. The earnings impact of revenue growth together with cost synergies of around $60m, improved sales mix, project phasing and our typical H2 earnings weighting is expected to deliver full year adjusted EBITDA in line with market expectations of EBITDA growth of c8% (excluding the impact of IFRS 16).

The positive impact of the adoption of IFRS 16 on adjusted EBITDA for the full year is now expected to be $143m which is a reduction of $27m from our previous estimate of c$170m.

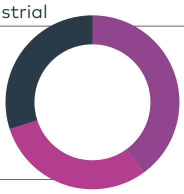
Asset Solutions Americas

Revenue was in line with H1 2018. We saw increased Capital Projects activity in midstream and chemicals & downstream offsetting lower activity in renewables/other energy.

% of Revenue:



Markets:



Adjusted EBITDA excluding the impact of IFRS 16 was down slightly as strong performance in upstream/midstream and downstream & chemicals was offset by cost overruns in heavy civils and pipeline work related to weather delays and execution issues in the first quarter. Adjusted EBITDA includes a $20m impact from the adoption of IFRS 16.

Capital Projects accounts for c65% of revenue. We saw increased activity in downstream & chemicals including our EPC scopes for a Gulf Coast plastics manufacturing facility and for the YCI methanol plant. There was a good level of activity in onshore US markets, particularly in midstream. In renewables/other energy we saw lower revenues in H1 as we completed coal combustion projects. Offshore upstream activity currently comprises early stage concept and FEED work.

Our Operations Solutions work accounts for c35% of revenue. Activity levels in upstream both onshore and offshore in the US are in line with H1 2018.

Outlook

Order book is $2.6bn with c83% of 2019 revenue delivered or secured. Order book is down compared to June 2018 due to the completion of larger coal combustion projects which are being offset in part by the recognition of the early stage work on solar and wind awards secured in H1 2019. We expect growth in revenue and EBITDA in 2019.

Revenue growth is expected to be led by capital projects activity in downstream & chemicals and onshore midstream. In downstream & chemicals, work on gulf coast projects and on the YCI methanol plant is expected to increase through 2019. Good activity in onshore US shale is expected to continue in the second half with activity focused on facilities and pipelines. In renewables and other energy, we have good visibility on new solar and wind project work to be executed in H2 which is partly recognised in order book. Full year EBITDA will benefit from cost overruns in heavy civils and pipeline work in the first half not repeating and the weighting of profit recognition in downstream & chemicals work to H2 driven by contract phasing.

Revenue

$1,845m

(2018: $1,827m) % movement: ▲ **1.0%**

Adjusted EBITDA (excluding impact of IFRS 16)

$101m

(2018: $105m) % movement: ▼ **3.8%**

Adjusted EBITDA margin (excluding impact of IFRS 16)

5.5%

(2018: 5.7%) % movement: ▼ **0.2%**

Adjusted EBITDA

$121m

(2018: $105m) % movement: **n/a**

Adjusted EBITDA margin

6.6%

(2018: 5.7%) % movement: **n/a**

People

16,200

(2018: 17,500) % movement: ▼ **7.4%**

Order book

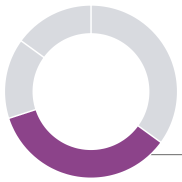
$2,600m

(2018: $2,842m) % movement: ▼ **8.5%**

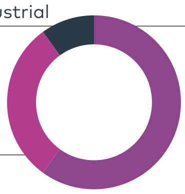
Asset Solutions Europe, Africa, Asia & Australia

Revenue was down around 7% on H1 2018. We saw growth in Operations Solutions work in Asia Pacific and relatively robust activity in Europe, Middle East, Russia and Caspian. This was offset by lower revenues in Capital Projects due to phasing of work including lower margin procurement scopes.

% of Revenue:



Markets:



Adjusted EBITDA excluding the impact of IFRS 16 reflects strong margin improvement benefitting from good execution particularly in the Middle East and improved revenue mix. Margins also benefitted from stronger performance in turbine joint ventures and cost synergy delivery. Adjusted EBITDA includes a $26m impact from the adoption of IFRS 16.

Capital Projects accounted for c35% of revenue. H1 saw lower procurement activity but benefitted from work on the FEED and project management consultancy scopes for Aramco, on both the Marjan field and the integrated crude oils to chemicals complex.

Operations Solutions accounted for c65% of revenue. We saw growth in Asia Pacific, from Papua New Guinea and Australia, which is expected to continue. Activity levels in the Middle East, driven by Iraq, and in the Caspian also remained robust. We also delivered stronger performance in our turbine joint ventures including EthosEnergy.

Outlook

Order book is up on H1 2018 at $4.2bn, with c90% of expected 2019 revenue delivered or secured. We expect growth in revenue and EBITDA in 2019.

Growth in 2019 will be led by Operations Solutions, where we expect increased activity in Iraq with customers including Basra Gas, and in Papua New Guinea and Australia with Exxon.

Capital Projects activity will be down slightly on 2018. However we will see higher activity in H2 over H1 driven by increased activity with Aramco on both the Marjan field and the integrated crude oils to chemicals complex together with procurement and construction management activity on the TEVA biotech facility in Germany. We also see good prospects in the downstream & chemicals work in Asia Pacific which will contribute to activity in H2.

Revenue

$1,485m

(2018: $1,592m) % movement: ▼ **6.7%**

Adjusted EBITDA (excluding impact of IFRS 16)

$132m

(2018: $95m) % movement: ▲ **38.9%**

Adjusted EBITDA margin (excluding impact of IFRS 16)

8.9%

(2018: 6.0%) % movement: ▲ **2.9%**

Adjusted EBITDA

$158m

(2018: $95m) % movement: **n/a**

Adjusted EBITDA margin

10.6%

(2018: 6.0%) % movement: **n/a**

People

25,000

(2018: 23,100) % movement: ▲ **8.2%**

Order book

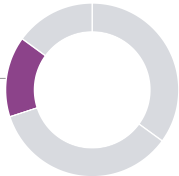
$4,202m

(2018: $4,080m) % movement: ▲ **3.0%**

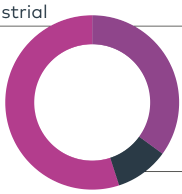
Specialist Technical Solutions

Revenue was broadly in line with H1 2018. We saw good growth in technology, consulting & subsea activity. This was offset by lower activity in automation due to project management and lower margin procurement activity on the STS-led scope of the TCO automation project reducing as expected.

% of Revenue:



Markets:



Adjusted EBITDA excluding the impact of IFRS 16 was flat with improved margins, up 0.2%. Adjusted EBITDA includes a $12m impact from the adoption of IFRS 16.

Outlook

Order book is c$1.1bn, with c84% of expected 2019 revenue delivered or secured. Order book is up on H1 2018 due to a number of awards in technology, consulting & subsea and automation and longer term work secured in nuclear.

We expect a slight reduction in revenue in 2019 overall, principally due to the disposal of TNT in May which accounted for c$60m of revenue in 2018. We expect growth in technology, consulting & subsea to continue. In automation, reducing activity on TCO will be partly offset by a number of new projects secured on order book. EBITDA will be up on 2018 due to the change in sales mix in automation towards lower volume but higher margin work as TCO rolls off, together with margin improvement initiatives across STS.

Revenue

$720m

(2018: $736m) % movement: ▼ **2.2%**

Adjusted EBITDA (excluding impact of IFRS 16)

$68m

(2018: $68m) % movement: ▶ **0.0%**

Adjusted EBITDA margin (excluding impact of IFRS 16)

9.4%

(2018: 9.2%) % movement: ▲ **0.2%**

Adjusted EBITDA

$80m

(2018: $68m) % movement: **n/a**

Adjusted EBITDA margin

11.1%

(2018: 9.2%) % movement: **n/a**

People

8,100

(2018: 7,900) % movement: ▲ **2.5%**

Order book

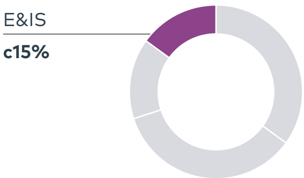
$1,127m

(2018: $1,059m) % movement: ▲ **6.4%**

Environment & Infrastructure Solutions

E&IS delivered good growth in revenue in the first half, benefitting from government and industrial spending increases in the US built environment market.

% of Revenue:



Markets:

Adjusted EBITDA excluding the impact of IFRS 16 was up over 25%, benefitting from higher activity and good delivery in Capital Projects and our decision not to pursue certain higher risk, fixed price contracts. Adjusted EBITDA includes a $12m impact from the adoption of IFRS 16.

Outlook

Order book is c$1.2bn, with c95% of expected 2019 revenue delivered or secured. We are also encouraged by awards secured early in H2 which are offsetting the impact on order book of certain legacy Capital Projects being worked off.

Government and industrial spending increases in the US and Canada will continue to support activity in the second half. In line with seasonal trends earnings will be weighted to H2 and will deliver a significantly stronger EBITDA in H2. We expect the Aegis project to be substantially complete around the end of 2019 with commercial close out expected in 2021.

Revenue

$705m

(2018: $654m) % movement: ▲ **7.8%**

Adjusted EBITDA (excluding impact of IFRS 16)

$46m

(2018: $36m) % movement: ▲ **27.8%**

Adjusted EBITDA margin (excluding impact of IFRS 16)

6.5%

(2018: 5.5%) % movement: ▲ **1.0%**

Adjusted EBITDA

$58m

(2018: $36m) % movement: **n/a**

Adjusted EBITDA margin

8.2%

(2018: 5.5%) % movement: **n/a**

People

7,500

(2018: 7,600) % movement: ▼ **1.3%**

Order book

$1,192m

(2018: $1,323m) % movement: ▼ **9.9%**

Investment Services

A number of legacy activities in AFW are managed in Investment Services including activities of the Industrial Power and Machinery business. Investment Services generated revenue of $33m (H1 2018: $107m) and adjusted EBITDA of $15m (H1 2018: $16m).

Financial review

Trading performance

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

	Interim June 2019 $m	Interim June 2018 $m	Full Year 2018 $m
Revenue	**4,788.2**	4,916.4	10,014.4
Adjusted EBITDA	**384.1**	292.9	693.8
Adjusted EBITDA margin %	***8.0%***	*6.0%*	*6.9%*
Depreciation (pre IFRS 16)	**(26.5)**	(32.7)	(63.9)
Depreciation (IFRS 16)	**(61.9)**	-	-
Amortisation - software and system development	**(47.2)**	(40.4)	(84.3)
Amortisation - intangible assets from acquisitions	**(72.1)**	(84.9)	(164.5)
Adjusted EBIT	**176.4**	134.9	381.1
Net finance expense	**(63.5)**	(52.9)	(119.9)
IFRS 16 interest charge	**(14.9)**	-	-
Profit before tax and exceptional items	**98.0**	82.0	261.2
Taxation before exceptional items	**(37.7)**	(24.4)	(86.0)
Profit before exceptional items	**60.3**	57.6	175.2
Exceptional items, net of tax	**(47.2)**	(109.4)	(182.8)
Profit/(loss) for the period	**13.1**	(51.8)	(7.6)
Basic EPS (cents)	**2.1c**	(7.9)c	(1.3)c
Adjusted diluted EPS (cents)	**18.2c**	18.4c	46.6c

In the table above depreciation, amortisation, net finance expense and taxation before exceptional items include the contribution from joint ventures.

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

Reconciliation to operating profit

The table below sets out a reconciliation of adjusted EBITDA to operating profit per the group income statement.

	Interim June 2019 $m	Interim June 2018 $m	Full Year 2018 $m
Adjusted EBITDA	**384.1**	292.9	693.8
Depreciation	**(88.4)**	(32.7)	(63.9)
Amortisation	**(119.3)**	(125.3)	(248.8)
Adjusted EBIT	**176.4**	134.9	381.1
Tax and interest charges on joint ventures included within operating profit but not in adjusted EBITDA	**(8.7)**	(10.0)	(24.5)
Operating profit before exceptional items	**167.7**	124.9	356.6
Exceptional items	**(28.9)**	(101.1)	(191.3)
Operating profit	**138.8**	23.8	165.3

Amortisation

Total amortisation for the first half of 2019 of $119.3m (June 2018: $125.3m) includes $61.8m of amortisation recognised on the acquisition of Amec Foster Wheeler (AFW) and $10.3m of amortisation relating to intangible assets arising from acquisitions in previous years. Amortisation in respect of software and development costs was $47.2m (June 2018: $40.4m) and this largely relates to engineering software and ERP system development. Included in the amortisation charge for the period above is $0.7m (June 2018: $1.1m) in respect of joint ventures.

Net finance expense and debt

Net finance expense is analysed below.

	Interim June 2019 $m	Interim June 2018 $m	Full Year 2018 $m
Interest on bank borrowings	**35.5**	31.4	67.8
Interest on US private placement debt	**9.7**	7.1	14.1
Discounting relating to asbestos, deferred consideration and other liabilities	**5.8**	4.9	15.3
IFRS 16 interest	**14.9**	-	-
Other interest, fees and charges	**14.1**	7.8	19.9
Total finance expense	**80.0**	51.2	117.1
Finance income relating to defined benefit pension schemes	**(1.0)**	-	(0.5)
Other finance income	**(2.4)**	(2.1)	(4.8)
Net finance expense	**76.6**	49.1	111.8

Interest cover[4] was 5.0 times (June 2018: 6.0 times).

The above table excludes net finance charges of $1.8m (June 2018: $3.8m) in respect of joint ventures.

At 30 June 2019 total borrowings under the Group's bank facilities amounted to $1,552.7m, including a term loan of $754.2m, which is repayable in October 2020, and $777.3m of drawdowns under the Group's $1.75bn Revolving Credit Facility. A further $164.4m of overdraft funding is available under the Group's other short-term facilities. In total the Group has undrawn facilities of $1,137.2m at 30 June. The Group also has $515m of unsecured loan notes issued in the US private placement market which mature at varying dates between 2021 and 2029. In June 2019, the Group secured a $364m part refinancing of the term loan by arranging unsecured loan notes from the US private placement market which were drawn down in July. The loan notes mature between 2022 and 2031.

Net debt to adjusted EBITDA at 30 June was 2.5 times (proforma June 2018: 2.4 times). The Group remains committed to achieving its target leverage policy of net debt to adjusted EBITDA of 1.5 times.

Exceptional items

	Interim June 2019 $m	Interim June 2018 $m	Full Year 2018 $m
Loss on divestment of business	**8.9**	-	-
Redundancy, restructuring and integration costs	**11.2**	36.6	71.7
Investigation support costs	**8.8**	12.7	26.3
Arbitration settlement provision	**-**	10.4	10.4
EthosEnergy impairment and other write offs	**-**	41.4	51.0
Guaranteed Minimum Pension equalisation	**-**	-	31.9
	28.9	101.1	191.3
Exceptional tax charge/(credit)	**18.3**	8.3	(8.5)
Exceptional items including tax	**47.2**	109.4	182.8

In the first half of 2019, the Group disposed of Terra Nova Technologies and the net loss on sale (after allocating goodwill) of $8.9m has been included in exceptional items.

Redundancy, restructuring and integration costs of $11.2m have been incurred in the period. This is made up of continuing restructuring, redundancy and integration costs associated with the acquisition of AFW in October 2017.

Investigation support costs of $8.8m have been incurred during the period in relation to ongoing investigations by the relevant authorities into the historical use of agents. Further details are set out in note 19 to the financial statements.

An exceptional tax charge of $18.3m has been recorded in the period including the non cash write off of irrecoverable tax balances related to joint ventures.

Taxation

The effective tax rate on profit before tax, exceptional items and amortisation and including Wood's share of joint venture profit is set out below.

	Interim June 2019 $m	Interim June 2018 $m	Full Year 2018 $m
Profit from continuing operations before tax, exceptional items and amortisation	**217.3**	207.3	510.0
Tax charge (excluding tax on exceptional items and amortisation)	**50.8**	47.2	116.8
Effective tax rate on continuing operations (excluding tax on exceptional items and amortisation)	**23.4%**	22.8%	22.9%

The tax charge above includes $6.9m in relation to joint ventures (June 2018: $6.2m).

The effective tax rate reflects the rate of tax applicable in the jurisdictions in which the group operates and is adjusted for permanent differences between accounting and taxable profit and the recognition of deferred tax assets. Key adjustments impacting on the rate in 2019 are restrictions on the deductibility of interest in the UK and branch and withholding tax in excess of double tax relief, offset by increased deferred tax asset recognition, primarily in the US, and the release of provisions in relation to uncertain tax positions. Despite challenges in relation to interest deductibility and the new US legislation around base erosion, we currently anticipate a rate for the full year of between 23% and 24%.

In addition to the effective tax rate, the total tax charge in the income statement reflects the impact of exceptional items and amortisation which by their nature tend to be expenses that are more likely to be not deductible than those incurred in the ongoing trading profits. The income statement tax charge excludes tax in relation to joint ventures.

Earnings per share

Adjusted diluted EPS for the period was 18.2 cents per share (June 2018: 18.4 cents). The average number of fully diluted shares used in the EPS calculation for the period was 686.8m (June 2018: 683.5m).

Reconciliation of number of fully diluted shares (million)	Closing	Average
At start of year	681.5	681.5
Shares held by employee share trusts	(10.5)	(10.6)
Basic number of shares for EPS	**671.0**	**670.9**
Effect of dilutive shares	15.5	15.9
Fully diluted number of shares for EPS	**686.5**	**686.8**

Basic EPS for the period was 2.1 cents per share (June 2018: (7.9) cents). The profit for the period attributable to owners of the parent of $13.8m is higher than the $53.2m loss reported in 2018 due to increased adjusted EBITDA and lower exceptional items partly offset by higher interest and tax.

Adjusted diluted earnings per share 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. In contrast to the way this was previously reported, the measure is stated before amortisation arising from acquisitions only and not amortisation relating to other intangible assets such as software costs.

Dividend

Taking account of cash flows and earnings, the progressive Wood dividend policy is a key element of our investment case. The Board has recommended an interim dividend of 11.4 cents per share, an increase of 1%. The interim dividend will be paid on 26 September 2019 to all shareholders on the register at the close of business on 30 August 2019.

Cash flow and net debt

The cash flow and net debt position set out below has been prepared using equity accounting for joint ventures.

	Interim June 2019 $m	Interim June 2018 $m	Full Year 2018 $m
Opening net debt including leases	**(2,117.2)**	**(1,646.1)**	**(1,646.1)**
Adjusted EBITDA	**384.1**	**292.9**	**693.8**
Less JV EBITDA	(33.7)	(25.5)	(83.3)
	350.4	**267.4**	**610.5**
Cash impact of current period exceptional items	(6.6)	(31.7)	(74.7)
Cash impact of prior year exceptional items	(11.9)	(46.2)	(67.3)
Decrease in provisions	(115.7)	(30.5)	(144.1)
Dividends from JV's	25.8	21.5	38.5
FX and other	5.3	(4.2)	(28.8)
Cash generated from operations pre-working capital	**247.3**	**176.3**	**334.1**
Working capital movements	(140.0)	163.1	291.2
Cash generated from operations	**107.3**	**339.4**	**625.3**
Acquisitions	-	(8.3)	(30.0)
Divestments	41.8	-	33.4
Capex and intangibles	(58.7)	(52.9)	(87.5)
New leases	(82.3)	-	-
Tax paid	(52.2)	(26.3)	(83.5)
Interest paid	(56.9)	(42.7)	(96.7)
Dividends paid	(159.0)	(155.3)	(231.0)
Other	(11.3)	(7.9)	(32.1)
(Increase)/decrease in net debt	**(271.3)**	**46.0**	**97.9**
Closing net debt including leases	**(2,388.5)**	**(1,600.1)**	**(1,548.2)**

Closing net debt at 30 June 2019 including leases was $2,388.5m. Net debt excluding leases at 30 June 2019 was $1,773.0m (June 2018: $1,554.7m) which excludes the $582.0m impact in respect of the adoption of IFRS 16 and $33.5m in respect of existing finance leases.

Cash generated from operations pre-working capital increased by $71.0m to $247.3m and post-working capital reduced by $232.1m to $107.3m. The working capital outflow in the period was impacted by two cash receipts totalling $130m expected in June but received early in July. Adjusting for these, the working capital would have been in line with expectations with a small outflow in the first half.

Cash from divestments of $41.8m mainly relates to the disposal of the Group's interests in Terra Nova Technologies.

Payments for capex and intangible assets were $58.7m (June 2018: $52.9m) and included software development and expenditure on ERP systems across the Group.

Summary Balance Sheet

	Interim June 2019 $m	Interim June 2018 $m	Full Year 2018 $m
Non-current assets	**7,747.8**	7,971.2	7,720.6
Current assets	**4,187.4**	4,673.4	4,032.7
Current liabilities	**(3,970.1)**	(4,317.5)	(3,870.1)
Net current assets	**217.3**	355.9	162.6
Non-current liabilities	**(3,616.5)**	(3,469.6)	(3,273.4)
Net assets	**4,348.6**	4,857.5	4,609.8
Equity attributable to owners of the parent	**4,343.5**	4,848.9	4,590.8
Non-controlling interests	**5.1**	8.6	19.0
Total equity	**4,348.6**	4,857.5	4,609.8

Non-current assets include $4,722.8m of goodwill and intangibles relating to the acquisition of AFW. Non-current assets also includes $475.7m right of use assets recognised largely as a result of the adoption of IFRS 16 and liabilities include $615.5m of lease liabilities ($445.5m non-current, $163.0m current and $7.0m held for sale). Current assets include $331.0m of assets held for sale and current liabilities include $71.4m of liabilities held for sale in respect of the Nuclear business which the Group has entered into an agreement to dispose of, with completion expected in the first quarter of 2020.

Asbestos related obligations

Largely as a result of the acquisition of AFW in 2017, 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 2019, the Group has net asbestos related liabilities of $386.2m (June 2018: $421.8m).

The Group expects to have net cash outflows of around $16m as a result of asbestos liability indemnity and defence payments in excess of insurance proceeds in the second half of 2019. 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.

The Group's adjusted EBITDA is stated after deducting costs relating to asbestos including administration costs, movements in the liability as a result of changes in assumptions and changes in the discount rate.

Full details of asbestos liabilities are provided in note 11 to the Interim Financial Statements.

Pensions

The Group operates a number of defined benefit pension schemes in the UK and US and a number of defined contribution plans. At 30 June 2019, the schemes had a net surplus of $115.0m. In assessing the potential liabilities, judgement is required to determine the assumptions around inflation, investment returns and member longevity. The assumptions at 30 June 2019 showed a reduction in the discount rate which results in higher scheme liabilities and broadly similar inflation rates.

In April 2019, the two main UK schemes, the Amec Foster Wheeler Pension Plan and the John Wood Group PLC Retirement Benefit Scheme were merged. The merged scheme holds all of the pension assets in a separately administered fund and is governed by employment laws in the UK.

Contingent liabilities

Details of the Group's contingent liabilities are set out in note 19 to the Interim Financial Statements.

Divestments

During the first half of 2019, the Group disposed of its investments in the Amec Foster Wheeler Power Machinery Company Limited, Centro Energia Teverola S.r.l, Centro Energia Ferrara S.r.l and Terra Nova Technologies ('TNT'). The first three disposals were part of the Investment Services business unit and as such the gains and losses on these transactions are included in adjusted EBITDA. TNT was part of the STS business unit and the loss on the disposal is disclosed in exceptional items.

New accounting standards

The new accounting standard on leases, IFRS 16, became effective on 1 January 2019. Under IFRS 16, the Group is required to recognise 'right of use' assets and lease liabilities in respect of its operating leases for property, vehicles, plant and equipment. This has resulted in an increased depreciation charge, higher financing costs and lower administrative expenses in the income statement with an overall increase in operating profit.

A summary of the impact of IFRS 16 on the interim financial statements is set out below:

On transition at 1 January 2019	**$m**
Right of use asset recognised	450.6
Onerous lease liabilities derecognised	78.9
Derecognition of operating lease prepayments and accruals	0.4
Recognition of deferred tax asset	10.6
Lease liability recognised	(569.0)
Reduction in shareholders' funds	**(28.5)**
Income statement impact for the six months to 30 June 2019	
Reduction in operating lease costs	70.1
Increased depreciation	(61.9)
Increased interest expense	(14.9)
Reduced interest on discounting of onerous lease provision	1.1
Reduction in profit before tax	**(5.6)**

Principal risks and uncertainties

The principal risks and uncertainties facing the Group in the second half of 2019 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 2018 Annual Report. The key risks are in the following categories:

- Strategic
- Health, Safety Security & Environment
- Financial
- Commercial & Operations
- Compliance & 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 39 to 42 of the Group's 2018 Annual Report.

Footnotes

1. Adjusted EBITDA represents operating profit of $138.8m (June 2018: $23.8m) before the deduction of depreciation of $88.4m (June 2018: $32.7m), amortisation of $119.3m (June 2018: $125.3m) and exceptional items of $28.9m (June 2018: $101.1m) and joint venture interest and tax of $8.7m (June 2018: $10.0m) and is provided as it is a key unit of measurement used by the Group in the management of its business.
2. Adjusted diluted earnings per share ("AEPS") is calculated by dividing earnings before exceptional items and amortisation 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. Number of people includes both employees and contractors at 30 June 2019.
4. Interest cover is adjusted EBITDA divided by the net finance expense.

Group income statement

for the six month period to 30 June 2019

		Unaudited Interim June 2019			Unaudited Interim June 2018			Audited Full Year December 2018		
	Note	**Pre-exceptional items $m**	**Exceptional items (note 4) $m**	**Total $m**	Pre-exceptional items $m	Exceptional items (note 4) $m	Total $m	Pre-exceptional items $m	Exceptional items (note 4) $m	Total $m
Revenue	**2,3**	**4,788.2**	**-**	**4,788.2**	4,916.4	-	4,916.4	10,014.4	-	10,014.4
Cost of sales		**(4,233.4)**	**-**	**(4,233.4)**	(4,369.5)	-	(4,369.5)	(8,820.6)	-	(8,820.6)
Gross profit		**554.8**	**-**	**554.8**	546.9	-	546.9	1,193.8	-	1,193.8
Administrative expenses		**(407.8)**	**(20.0)**	**(427.8)**	(431.8)	(58.2)	(490.0)	(881.2)	(140.3)	(1,021.5)
Loss on sale of business	**4,12**	**-**	**(8.9)**	**(8.9)**	-	-	-	-	-	-
Impairment of investment in joint ventures		**-**	**-**	**-**	-	(41.4)	(41.4)	-	(41.4)	(41.4)
Share of post-tax profit from joint ventures		**20.7**	**-**	**20.7**	9.8	(1.5)	8.3	44.0	(9.6)	34.4
Operating profit	**2**	**167.7**	**(28.9)**	**138.8**	124.9	(101.1)	23.8	356.6	(191.3)	165.3
Finance income		**3.4**	**-**	**3.4**	2.1	-	2.1	5.3	-	5.3
Finance expense		**(80.0)**	**-**	**(80.0)**	(51.2)	-	(51.2)	(117.1)	-	(117.1)
Profit/(loss) before tax		**91.1**	**(28.9)**	**62.2**	75.8	(101.1)	(25.3)	244.8	(191.3)	53.5
Taxation	**8**	**(30.8)**	**(18.3)**	**(49.1)**	(18.2)	(8.3)	(26.5)	(69.6)	8.5	(61.1)
Profit/(loss) for period		**60.3**	**(47.2)**	**13.1**	57.6	(109.4)	(51.8)	175.2	(182.8)	(7.6)
Profit/(loss) attributable to:										
Owners of the parent		**61.0**	**(47.2)**	**13.8**	56.2	(109.4)	(53.2)	173.9	(182.8)	(8.9)
Non-controlling interests		**(0.7)**	**-**	**(0.7)**	1.4	-	1.4	1.3	-	1.3
		60.3	**(47.2)**	**13.1**	57.6	(109.4)	(51.8)	175.2	(182.8)	(7.6)
Earnings per share (expressed in cents per share)										
Basic	**7**			**2.1**			(7.9)			(1.3)
Diluted	**7**			**2.0**			(7.9)			(1.3)

The notes on pages 17 to 33 are an integral part of the interim financial statements.

Group statement of comprehensive income

for the six month period to 30 June 2019

	Unaudited Interim June 2019 $m	Unaudited Interim June 2018 $m	Audited Full Year December 2018 $m
Profit/(loss) for the period	**13.1**	(51.8)	(7.6)
Other comprehensive (expense)/income			
Items that will not be reclassified to profit or loss			
Re-measurement (losses)/gains on retirement benefit obligations	**(133.6)**	238.8	118.0
Movement in deferred tax relating to retirement benefit obligations	**21.9**	(43.6)	(20.5)
Total items that will not be reclassified to profit or loss	**(111.7)**	195.2	97.5
Items that may be reclassified subsequently to profit or loss			
Cash flow hedges	**(7.3)**	(4.1)	(4.7)
Tax on derivative financial instruments	**1.4**	-	0.6
Exchange movements on retranslation of foreign operations	**31.3**	(108.8)	(237.7)
Total items that may be reclassified subsequently to profit or loss	**25.4**	(112.9)	(241.8)
Other comprehensive (expense)/income for the period, net of tax	**(86.3)**	82.3	(144.3)
Total comprehensive (expense)/income for the period	**(73.2)**	30.5	(151.9)
Total comprehensive (expense)/income for the period is attributable to:			
Owners of the parent	**(72.6)**	29.6	(152.0)
Non-controlling interests	**(0.6)**	0.9	0.1
	(73.2)	30.5	(151.9)

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 17 to 33 are an integral part of the interim financial statements.

Group balance sheet

as at 30 June 2019

	Note	**Unaudited Interim June 2019 $m**	Unaudited Interim June 2018 $m	Audited Full Year December 2018 $m
Assets				
Non-current assets				
Goodwill and other intangible assets	**10**	**6,364.5**	6,769.6	6,656.7
Property plant and equipment		**173.0**	222.1	198.5
Right of use assets		**475.7**	-	-
Investment in joint ventures		**160.7**	133.1	168.2
Other investments		**78.0**	83.4	76.4
Long term receivables		**122.2**	146.5	128.1
Retirement benefit scheme surplus	**9**	**284.3**	547.1	404.9
Deferred tax assets		**89.4**	69.4	87.8
		7,747.8	7,971.2	7,720.6
Current assets				
Inventories		**12.2**	11.7	13.7
Trade and other receivables		**2,635.4**	2,634.6	2,555.7
Financial assets		**2.8**	37.5	14.3
Income tax receivable		**49.3**	84.1	37.4
Assets held for sale	**12**	**331.0**	215.5	58.9
Cash and cash equivalents	**15**	**1,156.7**	1,690.0	1,352.7
		4,187.4	4,673.4	4,032.7
Total assets		**11,935.2**	12,644.6	11,753.3
Liabilities				
Current liabilities				
Borrowings	**15**	**892.4**	1,227.5	984.5
Trade and other payables		**2,539.8**	2,630.9	2,526.1
Income tax liabilities		**201.2**	280.2	197.9
Lease liabilities	**15**	**163.0**	-	-
Provisions	**11**	**102.3**	66.1	134.3
Liabilities held for sale	**12**	**71.4**	112.8	27.3
		3,970.1	4,317.5	3,870.1
Net current assets		**217.3**	355.9	162.6
Non-current liabilities				
Borrowings	**15**	**2,067.7**	2,062.5	1,917.3
Deferred tax liabilities		**60.0**	157.0	112.6
Retirement benefit scheme deficit	**9**	**169.3**	148.1	162.2
Lease liabilities	**15**	**445.5**	-	-
Other non-current liabilities		**123.5**	268.2	224.4
Provisions	**11**	**750.5**	833.8	856.9
		3,616.5	3,469.6	3,273.4
Total liabilities		**7,586.6**	7,787.1	7,143.5
Net assets		**4,348.6**	4,857.5	4,609.8
Equity attributable to owners of the parent				
Share capital		**40.7**	40.5	40.7
Share premium		**63.9**	63.9	63.9
Retained earnings		**1,534.1**	1,936.2	1,806.7
Merger reserve		**2,790.8**	2,790.8	2,790.8
Other reserves		**(86.0)**	17.5	(111.3)
		4,343.5	4,848.9	4,590.8
Non-controlling interests		**5.1**	8.6	19.0
Total equity		**4,348.6**	4,857.5	4,609.8

The notes on pages 17 to 33 are an integral part of the interim financial statements.

Group statement of changes in equity

for the six month period to 30 June 2019

	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 2018		40.5	63.9	1,935.2	2,790.8	129.9	**4,960.3**	11.7	**4,972.0**
(Loss)/profit for the period		-	-	(53.2)	-	-	**(53.2)**	1.4	**(51.8)**
Other comprehensive income/(expense):									
Re-measurement gains on retirement benefit schemes		-	-	238.8	-	-	**238.8**	-	**238.8**
Movement in deferred tax relating to retirement benefit schemes		-	-	(43.6)	-	-	**(43.6)**	-	**(43.6)**
Cash flow hedges		-	-	-	-	(4.1)	**(4.1)**	-	**(4.1)**
Net exchange movements on retranslation of foreign currency operations		-	-	-	-	(108.3)	**(108.3)**	(0.5)	**(108.8)**
Total comprehensive income/(expense) for the period		-	-	142.0	-	(112.4)	**29.6**	0.9	**30.5**
Transactions with owners:									
Dividends paid	**5**	-	-	(155.3)	-	-	**(155.3)**	(2.4)	**(157.7)**
Credit relating to share based charges	**16**	-	-	9.4	-	-	**9.4**	-	**9.4**
Tax relating to share option schemes		-	-	0.2	-	-	**0.2**	-	**0.2**
Shares disposed of by employee share trusts		-	-	0.8	-	-	**0.8**	-	**0.8**
Exchange movements in respect of shares held by employee share trusts		-	-	2.7	-	-	**2.7**	-	**2.7**
Transactions with non-controlling interests		-	-	1.2	-	-	**1.2**	(1.6)	**(0.4)**
At 30 June 2018		40.5	63.9	1,936.2	2,790.8	17.5	**4,848.9**	8.6	**4,857.5**
At 1 January 2019		40.7	63.9	1,806.7	2,790.8	(111.3)	**4,590.8**	19.0	**4,609.8**
Adjustment on initial application of IFRS 16 (net of tax)	**1**	-	-	(28.5)	-	-	**(28.5)**	-	**(28.5)**
Adjusted balance at 1 January 2019		40.7	63.9	1,778.2	2,790.8	(111.3)	**4,562.3**	19.0	**4,581.3**
Profit/(loss) for the period		-	-	13.8	-	-	**13.8**	(0.7)	**13.1**
Other comprehensive income/(expense):									
Re-measurement losses on retirement benefit schemes		-	-	(133.6)	-	-	**(133.6)**	-	**(133.6)**
Movement in deferred tax relating to retirement benefit schemes		-	-	21.9	-	-	**21.9**	-	**21.9**
Cash flow hedges		-	-	-	-	(7.3)	**(7.3)**	-	**(7.3)**
Tax on derivative financial instruments		-	-	-	-	1.4	**1.4**	-	**1.4**
Net exchange movements on retranslation of foreign currency operations		-	-	-	-	31.2	**31.2**	0.1	**31.3**
Total comprehensive (expense)/income for the period		-	-	(97.9)	-	25.3	**(72.6)**	(0.6)	**(73.2)**
Transactions with owners:									
Dividends paid	**5**	-	-	(159.0)	-	-	**(159.0)**	-	**(159.0)**
Credit relating to share based charges	**16**	-	-	12.3	-	-	**12.3**	-	**12.3**
Shares disposed of by employee share trusts		-	-	0.4	-	-	**0.4**	-	**0.4**
Exchange movements in respect of shares held by employee share trusts		-	-	0.1	-	-	**0.1**	-	**0.1**
Transactions with non-controlling interests		-	-	-	-	-	**-**	(13.3)	**(13.3)**
At 30 June 2019		**40.7**	**63.9**	**1,534.1**	**2,790.8**	**(86.0)**	4,343.5	**5.1**	4,348.6

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 17 to 33 are an integral part of the interim financial statements.

Group cash flow statement

for the six month period to 30 June 2019

	Note	**Unaudited Interim June 2019 $m**	Unaudited Interim June 2018 $m	Audited Full Year December 2018 $m
Cash generated from operations	**14**	**107.3**	339.4	625.3
Tax paid		**(52.2)**	(26.3)	(83.5)
Net cash from operating activities		**55.1**	313.1	541.8
Cash flows from investing activities				
Acquisition of subsidiaries (consideration paid less cash acquired)	**6**	**-**	(8.3)	(30.0)
Disposal of businesses (net of cash disposed)	**12**	**41.8**	-	33.4
Purchase of property plant and equipment		**(14.0)**	(19.8)	(34.2)
Proceeds from sale of property plant and equipment		**2.6**	4.5	5.0
Purchase of intangible assets	**10**	**(52.4)**	(37.6)	(58.3)
Interest received		**2.5**	2.2	4.8
Cash from short term investments and restricted cash	**15**	**11.7**	24.7	45.4
Investment in joint ventures		**-**	(2.2)	(3.2)
Repayment of loans from joint ventures		**-**	-	(5.2)
Net cash used in investing activities		**(7.8)**	(36.5)	(42.3)
Cash flows from financing activities				
(Repayment of)/proceeds from bank loans and overdrafts	**15**	**(92.1)**	684.3	448.9
Proceeds from/(repayment of) long-term borrowings	**15**	**148.5**	(263.3)	(407.8)
Payment of lease liabilities (2018: repayment of finance leases)	**15**	**(80.6)**	(4.6)	(14.7)
Proceeds from disposal of shares by employee share trusts		**0.4**	0.8	1.7
Interest paid		**(59.4)**	(44.9)	(101.5)
Dividends paid to shareholders	**5**	**(159.0)**	(155.3)	(231.0)
Dividends paid to non-controlling interests		**-**	(2.4)	(5.9)
Acquisition of non-controlling interests		**-**	(0.4)	(0.2)
Net cash (used in)/from financing activities		**(242.2)**	214.2	(310.5)
Net (decrease)/increase in cash and cash equivalents		**(194.9)**	490.8	189.0
Effect of exchange rate changes on cash and cash equivalents		**5.1**	(14.2)	(37.6)
Opening cash and cash equivalents		**1,376.9**	1,225.5	1,225.5
Closing cash and cash equivalents		**1,187.1**	1,702.1	1,376.9

Closing cash and cash equivalents includes $30.4m (June 2018: $12.1m and December 2018: $24.2m) presented in assets held for sale on the Group balance sheet (see note 12).

The notes on pages 17 to 33 are an integral part of the interim financial statements.

Notes to the interim financial statements

for the six month period to 30 June 2019

1 Basis of preparation

The interim report and condensed consolidated financial statements for the six months ended 30 June 2019 have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and in accordance with IAS 34 'Interim financial reporting' as adopted by the European Union. The interim report and condensed financial statements should be read in conjunction with the Group's 2018 Annual Report and Accounts which have been prepared in accordance with IFRSs as adopted by the European Union.

The interim report and condensed consolidated financial statements have been prepared on the basis of the accounting policies set out in the Group's 2018 Annual Report and Accounts and those new standards discussed below which are applicable from 1 January 2019. The interim report and condensed consolidated financial statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. The interim condensed financial statements were approved by the Board of Directors on 19 August 2019. The results for the six months to 30 June 2019 and the comparative results for six months to 30 June 2018 are unaudited. The comparative figures for the year ended 31 December 2018 do not constitute the statutory financial statements for that year. Those financial statements have been delivered to the Registrar of Companies and include the auditor's report which was unqualified and did not contain any statement under Section 498 of the Companies Act 2006.

Going concern

The Directors have a reasonable expectation that the Group will be able to operate within the level of available facilities and cash for the foreseeable future and accordingly believe that it is appropriate to prepare the financial statements on a going concern basis. In assessing the basis of preparation of the financial statements for the six months ended 30 June 2019, 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.

The Directors have undertaken a rigorous assessment of going concern and liquidity, including financial forecasts for a period of 12 months from the date of approval of these financial statements, that reflect reasonable possible downsides. 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. At the date of signing these accounts, the Group's principal debt facilities comprise a $0.4bn term loan repayable in October 2020, a $1.75bn revolving credit facility maturing in 2022 and $0.9bn of US private placement debt repayable in various tranches between 2021 and 2031.

The cash flow forecasts show that the Group will have sufficient funds to meet its liabilities as they fall due. With regard to the $0.4bn term loan repayable in October 2020, management intend to refinance this through a combination of non-core asset disposals and, if necessary, refinancing of the revolving credit facility which matures in 2022 or by taking out a new term loan. As highlighted in note 12, management have reclassified the Nuclear business as held for sale given that it expects a deal to sell this business to be concluded within 12 months of the balance sheet date. The expected proceeds of circa $305m will be used to pay down the term loan. Management have held preliminary discussions with the banking syndicate on refinancing the revolving credit facility, or providing a further term loan and this is likely to be completed in advance of the October 2020 maturity.

At 30 June 2019, the Group had headroom of $972.7m under these facilities and in addition had $164.5m of other undrawn borrowing facilities. In undertaking their review the Directors have considered the business plans which provide financial projections through to the end of August 2020.

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 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 were the same as those applied to the consolidated financial statements for the year ended 31 December 2018 except for new judgements in relation to the application of IFRS 16 and new estimates related to the retirement benefit schemes.

The value of the Group's retirement benefit scheme surplus has reduced since 31 December 2018 as a result of the reduction in the discount rate used in the actuarial valuations. The Group determines the discount rate to be used in conjunction with the scheme actuaries. A reduction in the discount rate increases the defined benefit obligations. The Directors believe it is appropriate to recognise the pension scheme asset as the scheme rules give the employers the right to any surplus on the winding up of the pension schemes.

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 2019	June 2018
Average rate £1 = $	**1.2927**	1.3740
Closing rate £1 = $	**1.2728**	1.3203

Disclosure of impact of new and future accounting standards

(a) Amended standards and interpretations

The following standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2019.

Impact of application of IFRS 16

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right of use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The Group has assessed the impact that the initial application of IFRS 16 has on its consolidated financial statements, as described below.

The Group adopted IFRS 16 on 1 January 2019, using the modified retrospective approach. The cumulative effect of adopting IFRS 16 is recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparative information. The Group has recognised new assets and liabilities for its operating leases of property, vehicles and other assets. The nature of expenses related to those leases has changed because the Group now recognises a depreciation charge for right of use assets and interest expense on lease liabilities. Previously, the Group recognised operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised. In addition, the Group will no longer recognise provisions for operating leases that it assesses to be onerous, and instead will perform an impairment test on the right of use assets.

On transition to IFRS 16, the Group recognised additional right of use assets and additional liabilities, recognising the difference in retained earnings. The impact is summarised below:

At 1 January 2019	**$m**
Right of use assets	450.6
Deferred tax asset	10.6
Lease liabilities	(569.0)
Onerous lease provisions adjustment	17.7
Onerous lease liabilities (included within other non-current liabilities)	61.2
Trade and other payables - accruals	8.3
Trade and other receivables - prepayments	(7.9)
Opening reduction to retained earnings	(28.5)

Depreciation and interest in the first half of 2019 have increased by $61.9m and $14.9m respectively, which is offset by a reduction in operating lease costs of $70.1m and an unwinding of discounting charge of $1.1m. Adjusted EBITDA and adjusted EBITA have increased by $70.1m and $8.2m respectively and there is a reduction of $5.6m on profit before tax.

When measuring liabilities for leases that were classified as operating leases, the Group discounted payments using its incremental borrowing rate as at 1 January 2019. The weighted average rate applied is 5.2%. Right of use assets were measured at their carrying amount as if IFRS 16 had been applied since commencement date, discounted at the Group's incremental borrowing rate at the date of initial application.

1 Basis of preparation (continued)

Disclosure of impact of new and future accounting standards (continued)

Reconciliation of lease liabilities recognised at 1 January 2019	$m
Operating lease commitment at 31 December 2018 as disclosed in the Group's consolidated financial statements	752.7
Impact of discounting	(123.3)
Commitment discounted using the incremental borrowing rate at 1 January 2019	629.4
Recognition exemption for leases of low value assets	(35.9)
Recognition exemption for leases with less than 12 months of lease term at transition	(26.5)
Extension options reasonably expected to be exercised	2.0
Lease liabilities recognised at 1 January 2019	569.0

The Group used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- Applied the exemption not to recognise right of use assets and liabilities for property leases with less than 12 months of lease term;
- The use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Reliance on previous assessments on whether leases are onerous;
- Applied the exemption not to recognise right of use assets and liabilities for low value assets;
- Excluded initial direct costs from measuring the right of use asset at the date of initial application; and
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

Significant accounting policies

The Group recognises a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group's incremental borrowing rate.

The lease liability is subsequently increased by the interest cost on the lease liability and reduced by the lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the assessment of whether an extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that includes renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which may significantly affect the amount of lease liabilities and right of use assets recognised.

Impact of application of IFRIC 23

The Group has adopted IFRIC 23 Uncertainty over Income Tax Treatments for the first time in 2019 which gives guidance on the accounting for uncertain tax positions. The adoption of IFRIC 23 has not resulted in a material change in relation to the provisions for tax uncertainties held by the Group. The change in methodology has not resulted in a material change to the uncertain tax position.

(b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

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 2020.

2 Segmental reporting

The Group operates through five segments, Asset Solutions EAAA ('AS EAAA'), Asset Solutions Americas ('AS Americas'), Specialist Technical Solutions ('STS'), Environment and Infrastructure Solutions ('E&IS') and Investment Services ('IS'). Under IFRS 11 'Joint arrangements', the Group is required to account for joint ventures using equity accounting. Adjusted EBITA and adjusted EBITDA as shown in the table below include share of joint venture profits, which is consistent with the way management review the performance of the business units. From January 2019, revenue is reported on an equity accounting basis and consequently the 2018 revenue comparatives have been restated to exclude joint venture revenue.

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

Reportable operating segments

	Revenue			**Adjusted EBITDA (1)**			**Adjusted EBITA (1)**			**Operating profit**		
	Unaudited Interim June 2019	Unaudited Interim June 2018	Audited Full Year 2018	**Unaudited Interim June 2019**	Unaudited Interim June 2018	Audited Full Year 2018	**Unaudited Interim June 2019**	Unaudited Interim June 2018	Audited Full Year 2018	**Unaudited Interim June 2019**	Unaudited Interim June 2018	Audited Full Year 2018
	$m	$m	$m	**$m**	$m	$m	**$m**	$m	$m	**$m**	$m	$m
Asset Solutions EAAA	**1,484.6**	1,592.5	3,283.1	**157.6**	95.2	257.7	**124.8**	82.7	231.5	**72.8**	(13.0)	74.1
Asset Solutions Americas	**1,845.4**	1,826.9	3,668.2	**120.7**	104.5	226.8	**95.3**	93.1	204.7	**54.9**	40.1	100.8
Specialist Technical Solutions	**720.3**	736.4	1,530.4	**79.7**	67.8	152.3	**65.6**	63.2	148.2	**41.2**	46.3	113.7
Environment & Infrastructure Solutions	**704.7**	653.7	1,382.8	**58.5**	36.0	96.2	**44.7**	33.3	90.7	**28.3**	15.6	55.5
Investment Services	**33.2**	106.9	149.9	**14.8**	16.4	35.8	**14.0**	15.7	31.9	**12.1**	9.9	24.1
Central (2)	**-**	-	-	**(47.2)**	(27.0)	(75.0)	**(48.7)**	(27.8)	(77.1)	**(61.8)**	(65.1)	(178.4)
Total	**4,788.2**	4,916.4	10,014.4	**384.1**	292.9	693.8	**295.7**	260.2	629.9	**147.5**	33.8	189.8
Remove share of joint ventures	**-**	-	-	**(33.7)**	(25.5)	(83.3)	**(30.1)**	(20.9)	(71.0)	**(29.4)**	(18.3)	(58.9)
Total excluding joint ventures	**4,788.2**	4,916.4	10,014.4	**350.4**	267.4	610.5	**265.6**	239.3	558.9	**118.1**	15.5	130.9
Share of post-tax profit from joint ventures										**20.7**	8.3	34.4
Operating profit										**138.8**	23.8	165.3
Finance income										**3.4**	2.1	5.3
Finance expense										**(80.0)**	(51.2)	(117.1)
Profit/(loss) before taxation										**62.2**	(25.3)	53.5
Taxation										**(49.1)**	(26.5)	(61.1)
Profit/(loss) for the period										**13.1**	(51.8)	(7.6)

Notes

1. A reconciliation of operating profit to Adjusted EBITDA is provided in the table below. Adjusted EBITDA represents Adjusted EBITA before depreciation of property, plant and equipment of $88.4m (June 2018: $32.7m). Depreciation for the six months to June 2019 includes an additional charge of $61.9m in relation to the right of use assets recognised under IFRS 16. Adjusted EBITDA and Adjusted EBITA are provided as they are the units of measurement used by the Group in the management of its business. Adjusted EBITDA and Adjusted EBITA are 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.
4. Following adoption of IFRS 16, Adjusted EBITDA and Operating profit have increased by $70.1m and $8.2m respectively due to a change in classification of costs.

2 Segmental reporting (continued)

Reconciliation of Alternative Performance Measures	Unaudited Interim June 2019 $m	Unaudited Interim June 2018 $m	Audited Full Year December 2018 $m
Operating profit per income statement	**138.8**	23.8	165.3
Exceptional items (note 4)	**28.9**	101.1	191.3
Operating profit before exceptionals	**167.7**	124.9	356.6
IAS 17 rental expense	**(70.1)**	-	-
IFRS 16 depreciation on right of use asset	**61.9**	-	-
Operating profit before exceptionals (excluding impact of IFRS 16)	**159.5**	124.9	356.6
Operating profit per income statement	**138.8**	23.8	165.3
Share of joint venture finance expense and tax	**8.7**	10.0	24.5
Exceptional items (note 4)	**28.9**	101.1	191.3
Amortisation	**119.3**	125.3	248.8
Depreciation	**88.4**	32.7	63.9
Adjusted EBITDA	**384.1**	292.9	693.8
IAS 17 rental expense	**(70.1)**	-	-
Adjusted EBITDA (excluding impact of IFRS 16)	**314.0**	292.9	693.8

Amortisation and depreciation expense includes amounts relating to joint ventures of $0.7m and $3.6m respectively (June 2018: $1.1m and $4.6m respectively).

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. The 2018 comparatives have been adjusted to exclude joint venture revenue and to reflect minor changes in the Group structure.

Primary geographical market	AS EAAA Jun-19 $m	AS EAAA Jun-18 $m	AS Americas Jun-19 $m	AS Americas Jun-18 $m	STS Jun-19 $m	STS Jun-18 $m	E&IS Jun-19 $m	E&IS Jun-18 $m	IS Jun-19 $m	IS Jun-18 $m	Total Jun-19 $m	Total Jun-18 $m
US	**-**	-	**1,592.6**	1,520.5	**125.3**	240.9	**504.4**	396.4	**3.9**	52.2	**2,226.2**	2,210.0
Europe	**634.8**	700.3	**0.7**	5.0	**238.4**	129.7	**53.8**	108.6	**17.1**	20.8	**944.8**	964.4
Rest of the world	**849.8**	892.2	**252.1**	301.4	**356.6**	365.8	**146.5**	148.7	**12.2**	33.9	**1,617.2**	1,742.0
Total Revenue	**1,484.6**	1,592.5	**1,845.4**	1,826.9	**720.3**	736.4	**704.7**	653.7	**33.2**	106.9	**4,788.2**	4,916.4
Major service lines												
Capital Projects	**536.0**	673.3	**1,215.6**	1,250.8	**-**	-	**123.2**	84.6	**-**	-	**1,874.8**	2,008.7
Operations Services	**852.9**	755.9	**557.9**	504.1	**-**	-	**-**	-	**-**	-	**1,410.8**	1,260.0
Automation and Control	**-**	-	**-**	-	**171.6**	201.7	**-**	-	**-**	-	**171.6**	201.7
Subsea and Export Systems	**-**	-	**-**	-	**64.5**	62.9	**-**	-	**-**	-	**64.5**	62.9
Nuclear	**-**	-	**-**	-	**147.8**	139.4	**-**	-	**-**	-	**147.8**	139.4
Mining & Minerals	**-**	-	**-**	-	**181.5**	195.5	**-**	-	**-**	-	**181.5**	195.5
Technology and Consulting	**-**	-	**-**	-	**154.6**	136.5	**-**	-	**-**	-	**154.6**	136.5
Transmission & Distribution	**17.9**	83.9	**-**	-	**-**	-	**-**	-	**1.4**	-	**19.3**	83.9
Environment & Infrastructure	**4.9**	6.4	**20.6**	19.8	**-**	-	**581.5**	569.1	**-**	-	**607.0**	595.3
Industrial Power and Manufacturing	**25.2**	34.6	**51.3**	52.2	**-**	-	**-**	-	**29.9**	92.4	**106.4**	179.2
Other	**47.7**	38.4	**-**	-	**0.3**	0.4	**-**	-	**1.9**	14.5	**49.9**	53.3
Total Revenue	**1,484.6**	1,592.5	**1,845.4**	1,826.9	**720.3**	736.4	**704.7**	653.7	**33.2**	106.9	**4,788.2**	4,916.4

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

For the 6 months to 30 June 2019, 69% (June 2018: 65%) of the Group's revenue came from reimbursable contracts and 31% (June 2018: 35%) from lump sum contracts.

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

Trade receivables and contract balances	**Unaudited Interim June 2019 $m**	Unaudited Interim June 2018 $m	Audited Full Year December 2018 $m
Trade receivables	**1,320.1**	1,332.4	1,287.1
Gross amounts due from customers	**976.4**	934.7	935.1
Gross amounts due to customers	**(520.0)**	(378.7)	(407.5)
	1,776.5	1,888.4	1,814.7

The contract asset balances (gross amounts due from customers) primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date. The contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer. The contract liabilities (gross amounts due to customers) primarily relate to advance consideration received from customers, for which revenue is recognised over time.

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 are included within the 'Trade and other payables' heading in the Group balance sheet.

As at 30 June 2019, the Group had received $191.5m (June 2018: $53.1m) 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.

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 2019 $m	Unaudited Interim June 2018 $m	Audited Full Year December 2018 $m
Loss on sale of business (see note 12)	**8.9**	-	-
Redundancy, restructuring and integration costs	**11.2**	36.6	71.7
Investigation support costs	**8.8**	12.7	26.3
Arbitration settlement provision	**-**	10.4	10.4
GMP equalisation	**-**	-	31.9
Impairment of investment in EthosEnergy	**-**	41.4	41.4
Impairments recorded by EthosEnergy	**-**	-	9.6
	28.9	101.1	191.3
Tax charge/(credit)	**18.3**	8.3	(8.5)
Exceptional items including tax	**47.2**	109.4	182.8

In the first half of 2019, the Group disposed of Terra Nova Technologies and the net loss on sale (after allocating goodwill) of $8.9m has been included in exceptional items.

Redundancy, restructuring and integration costs of $11.2m have been incurred in the period. This is made up of continuing restructuring, redundancy and integration costs associated with the acquisition of Amec Foster Wheeler in October 2017.

Investigation support costs of $8.8m have been incurred during the period in relation to ongoing investigations by the relevant authorities into the historical use of agents in relation to Unaoil.

An exceptional tax charge of $18.3m has been recorded in the period reflecting the write off of irrecoverable tax balances related to joint ventures.

5 Dividends

	Unaudited Interim June 2019 $m	Unaudited Interim June 2018 $m	Audited Full Year December 2018 $m
Dividends on ordinary shares			
Final paid	**159.0**	155.3	155.3
Interim paid	**-**	-	75.7
Total dividends	**159.0**	155.3	231.0

After the balance sheet date, the directors declared an interim dividend of 11.4 cents per share (2018: 11.3 cents) which will be paid on 26 September 2019. The interim financial statements do not reflect the interim dividend, which will result in an estimated reduction of $76.5m in equity attributable to owners of the parent. This will be shown as an appropriation of retained earnings in the financial statements for the year ended 31 December 2019.

6 Acquisitions

Estimated contingent consideration liabilities at 30 June 2019 amounted to $24.2m (June 2018: $53.2m) and are expected to be paid over the next year. The amount of contingent consideration payable is dependent, in part, on the post-acquisition profits of the acquired entities and the provision made is based on the Group's estimate of the likely profits of those entities. Where deferred consideration is payable after more than one year the estimated liability is discounted using an appropriate rate of interest. $2.5m was credited to the income statement in relation to a reduction in the estimate of contingent consideration payable in the six months to 30 June 2019.

7 Earnings per share

	Unaudited Interim June 2019			Unaudited Interim June 2018			Audited Full Year December 2018		
	Earnings attributable to equity shareholders ($m)	**Number of shares (millions)**	**Earnings per share (cents)**	Earnings/ (losses) attributable to equity shareholders ($m)	Number of shares (millions)	Earnings per share (cents)	Earnings/ (losses) attributable to equity shareholders ($m)	Number of shares (millions)	Earnings per share (cents)
Basic pre-exceptional	**61.0**	**670.9**	**9.1**	56.2	669.2	8.4	173.9	669.6	26.0
Exceptional items, net of tax	**(47.2)**	**-**	**(7.0)**	(109.4)	-	(16.3)	(182.8)	-	(27.3)
Basic	**13.8**	**670.9**	**2.1**	(53.2)	669.2	(7.9)	(8.9)	669.6	(1.3)
Effect of dilutive ordinary shares	**-**	**15.9**	**(0.1)**	-	-	-	-	-	-
Diluted	**13.8**	**686.8**	**2.0**	(53.2)	669.2	(7.9)	(8.9)	669.6	(1.3)
Adjusted diluted earnings per share calculation									
Basic	**13.8**	**670.9**	**2.1**	(53.2)	669.2	(7.9)	(8.9)	669.6	(1.3)
Effect of dilutive ordinary shares	**-**	**15.9**	**(0.1)**	-	14.3	0.1	-	13.4	-
	13.8	**686.8**	**2.0**	(53.2)	683.5	(7.8)	(8.9)	683.0	(1.3)
Exceptional items, net of tax	**47.2**	**-**	**6.9**	109.4	-	16.0	182.8	-	26.8
Amortisation of intangibles on acquisition, net of tax	**64.1**	**-**	**9.3**	69.5	-	10.2	144.1	-	21.1
Adjusted diluted	**125.1**	**686.8**	**18.2**	125.7	683.5	18.4	318.0	683.0	46.6
Adjusted basic	**125.1**	**670.9**	**18.6**	125.7	669.2	18.8	318.0	669.6	47.5

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. 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 comparative periods, the Group reported a basic loss per ordinary share, therefore any potential ordinary shares are anti-dilutive and are excluded from the calculation of diluted loss per share. As adjusted diluted earnings per share is a non-GAAP measure, the potential ordinary shares were not excluded from this calculation.

The comparative figures in respect of the calculation of adjusted diluted and adjusted basic EPS have been amended to add back only acquisition related amortisation, net of tax.

8 Taxation

The taxation charge, including profits from joint ventures, for the six months ended 30 June 2019 is 23.4% (June 2018: 22.8%) which is the anticipated effective rate on profit before taxation, exceptional items and amortisation for the year ending 31 December 2019. The table below shows how these rates reconcile to the amounts presented in the income statement.

	Unaudited Interim June 2019 $m	Unaudited Interim June 2018 $m	Audited Full Year December 2018 $m
Profit before tax and exceptional items per the income statement	**91.1**	75.8	244.8
Joint venture tax	**6.9**	6.2	16.4
Amortisation (including joint venture amortisation)	**119.3**	125.3	248.8
Profit before tax, amortisation and exceptional items (including share of joint ventures)	**217.3**	207.3	510.0
Tax charge excluding exceptional items per the income statement	**30.8**	18.2	69.6
Joint venture tax	**6.9**	6.2	16.4
Tax credit on amortisation	**13.1**	22.8	30.8
Tax charge excluding amortisation and exceptional items (including share of joint ventures)	**50.8**	47.2	116.8
Effective tax rate	**23.4%**	22.8%	22.9%

The standard effective tax rate, calculated by dividing the total tax charge per the income statement by total profit before tax is 78.9% (June 2018: 104.7%).

9 Retirement benefit obligations

In April 2019, the two main UK schemes, the Amec Foster Wheeler Pension Plan and the John Wood Group PLC Retirement Benefit Scheme were merged. The merged scheme holds all of the pension assets in a separately administered fund and is governed by employment laws in the UK. The Group has a number of other smaller schemes outside the UK.

The Group's defined benefit schemes are largely closed to future accrual. For the main UK scheme an interim revaluation of the Group's pension assets and liabilities has been carried out at 30 June 2019 and the related actuarial losses of $133.6m (June 2018: $238.8m gains) have been recorded in the Group statement of comprehensive income. The losses are largely a result of a decrease 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 at the balance sheet date. A decrease in the discount rate will increase the defined benefit obligation.

10 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 2019	5,399.3	303.7	867.8	182.2	674.2	7,427.2
Exchange movements	19.5	1.2	4.6	0.6	4.0	29.9
Additions	-	52.4	-	-	-	52.4
Disposals	-	(15.8)	-	-	-	(15.8)
Businesses divested (see note 12)	(33.1)	(0.6)	-	-	(7.0)	(40.7)
Reclassed as held for sale (see note 12)	(183.8)	(3.0)	(26.5)	-	(15.2)	(228.5)
Reclass from current assets	-	8.1	-	-	-	8.1
At 30 June 2019	**5,201.9**	**346.0**	**845.9**	**182.8**	**656.0**	**7,232.6**
Amortisation and impairment						
At 1 January 2019	0.8	212.8	452.2	62.5	42.2	770.5
Exchange movements	-	(0.6)	4.1	(0.3)	0.2	3.4
Amortisation charge	-	46.5	31.5	23.7	16.9	118.6
Disposals	-	(15.8)	-	-	-	(15.8)
Businesses divested (see note 12)	-	(0.5)	-	-	(0.5)	(1.0)
Reclassed as held for sale (see note 12)	-	(2.1)	(4.2)	-	(1.3)	(7.6)
At 30 June 2019	**0.8**	**240.3**	**483.6**	**85.9**	**57.5**	**868.1**
Net book value at 30 June 2019	**5,201.1**	**105.7**	**362.3**	**96.9**	**598.5**	**6,364.5**

11 Provisions

	Asbestos related litigation $m	Project related provisions $m	Obligations relating to disposed businesses $m	Other provisions $m	Total $m
At 1 January 2019	453.4	301.9	96.1	139.8	991.2
IFRS 16 transition adjustment (see note 1)	-	-	-	(17.7)	(17.7)
Exchange movements	(0.1)	1.8	0.2	(3.6)	(1.7)
Utilised	(24.1)	(66.7)	(7.6)	(7.6)	(106.0)
(Credit)/charge to income statement	(0.1)	2.1	(14.3)	(7.5)	(19.8)
Change in discount rate	5.8	-	-	-	5.8
Unwinding of discount	5.3	-	-	-	5.3
Businesses divested (note 12)	-	-	4.5	-	4.5
Reclassified to held for sale (note 12)	-	-	-	(2.6)	(2.6)
Reclassification to liabilities	(1.7)	(4.3)	-	(0.2)	(6.2)
At 30 June 2019	**438.5**	**234.8**	**78.9**	**100.6**	**852.8**
Presented as					
Current	-	71.7	5.1	25.5	102.3
Non-current	438.5	163.1	73.8	75.1	750.5

11 **Provisions** (continued)

Asbestos related litigation

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

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.

Some Amec Foster Wheeler US subsidiaries are named as defendants in numerous lawsuits and out-of-court administrative claims pending in the US in which the plaintiffs claim damages for alleged bodily injury or death arising from exposure to asbestos in connection with work performed, or heat exchange devices assembled, installed and/or sold, by these entities. 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 the Group and the cost of resolving these claims could be higher.

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

- an increase in the rate at which new claims are filed and an increase in the number of new claimants
- increases in legal fees or other defence costs associated with asbestos claims
- 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 the future asbestos liability are updated, as appropriate.

The total liability recorded in the Group's balance sheet at 30 June 2019 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.

In connection with updating the estimated asbestos liability and related assets, a net interest charge of $5.3m for the time value of money (June 2018: $4.7m charge) and a yield curve charge of $5.8m (June 2018: $12.5m credit) for changes in the US Federal funds rate in the first half of 2019 have been recorded.

In 2019, the basis used to apply the discount rate to the asbestos liability was changed and the Group now uses the 30-year US treasury yield curve, which more closely matches the duration of the liabilities than the 10-year treasury yield curve used in prior years. Although rates are currently at historic lows, the 30-year rate of 2.52% is marginally lower than the 10-year rate of 2.66% applied at 31 December 2018. Had the Group continued to use the ten-year rate, which was 2.0% at 30 June 2019, the discounting charge would have been $15.0m higher.

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 2019 amounted to $386.2m (June 2018: $421.8m) and comprised $438.5m in provisions (June 2018: $483.0m) and $52.9m in trade and other payables (June 2018: $48.1m) less $88.9m in long term receivables (June 2018: $92.5m) and $16.3m in trade and other receivables (June 2018: $16.8m).

Project related provisions

The Group has numerous provisions relating to the projects it undertakes for its customers. The value of these provisions rely on project specific judgements and estimates 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.

11 **Provisions** (continued)

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 77% complete by value at 30 June 2019 and is expected to be operationally complete towards the end of 2019. Management's latest estimate is that the loss at completion will be $100.0m which is unchanged from 31 December 2018 and represents the expected loss to complete less estimated revenue to be earned.

The full amount of this estimated loss has been previously recognised in the financial statements. 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. In addition, the Group's assessment of the ultimate loss includes change orders which have not been agreed with the customer and management's assessment of liquidated damages and the current estimate is that these will not be settled until 2021. If the amounts agreed are different to the assumptions made then the ultimate loss will be different.

Chemical Plant Litigation in the United States

In 2013, one of Amec Foster Wheeler plc's subsidiaries contracted to engineer, procure and construct a chemical plant for a client in Texas. In December 2015 the client partially terminated the contract and in September 2016, terminated the remainder of the contract and commenced a lawsuit in Texas against the subsidiary and also Amec Foster Wheeler plc, seeking damages for breach of contract and warranty, gross negligence, and fraud. The claim amount is unspecified but the client alleges that the projected cost for the assigned scope of work is approximately $800.0 million above the alleged estimate and that the subsidiary's delays caused it to suffer continuing monthly damages of $25.0 million due to the alleged late completion of the facility and resultant delay to the client's ability to sell the expected products from the facility. We understand that the facility was completed mechanically in late 2017 and began commercial operation in early 2018. The client seeks recovery of actual and punitive damages, as well as the disgorgement of the full project fixed fee paid to the subsidiary (approximately $66.5 million).

The Group believes that the claims lack legal and factual merit but have 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 which 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% of the contract price (or approximately $100.0 million). Amec Foster Wheeler has denied the claims and intends to vigorously defend the lawsuit. It has also interposed a counterclaim in an amount to be determined. The lawsuit is in the early stages of proceedings and it would be premature to predict the ultimate outcome of the matter. The Group has a provision of $68.0m as at 30 June 2019 on this project against disallowed costs and warranties, which includes $29.0m included as a fair value adjustment on the acquisition of Amec Foster Wheeler.

Environmental obligations

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 2019, the Group held provisions totalling $34.4m (June 2018: $35.2m) 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 60 years.

Project and environmental litigation

The Group is party to litigation involving clients and sub-contractors arising out of project contracts. 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. Generally, a provision is recognised only in respect of those claims or actions where management consider it is probable that a settlement will be required. Additionally, however, the Group recognises provisions for known or likely claims against an acquired business if, at the acquisition date, it is possible that the claim or action will be successful and its amount can be reliably estimated.

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. An estimate of future legal costs is included only in the litigation provision acquired from Amec Foster Wheeler as on a fair value basis it is reasonable to include this as it reflects what would be paid by a third party to assume the liability.

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

11 Provisions (continued)

Obligations related to disposed businesses

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. As at 30 June 2019, the Group recognised indemnity provisions totalling $78.9m (June 2018: $98.4m). Indemnity provisions principally relate to businesses that were sold by Amec Foster Wheeler prior to its acquisition by the Group.

Other provisions

At 30 June 2019, other provisions of $100.6m have been recognised. This amount includes warranty provisions in respect of guarantees provided in the normal course of business relating to contract performance, property related provisions and amounts provided by the Group's insurance captives.

12 Divestments and assets and liabilities held for sale

Divestments

During the first half of 2019 the Group disposed of Terra Nova Technologies. The assets and liabilities disposed of are set out in the table below:

	$m
Intangible assets	39.7
Investment in joint ventures	1.5
Trade and other receivables	22.1
Trade and other payables	(16.1)
Net assets disposed	**47.2**
Cash received and receivable	44.4
Disposal costs (including warranty provision $4.5m)	(6.1)
Loss on disposal (see note 4)	**(8.9)**

Of the $44.4m cash received and receivable, $41.4m was received in the period.

During the first half of 2019, the Group also disposed of its investments in the Amec Foster Wheeler Power Machinery Company Limited, Centro Energia Teverola S.r.l and Centro Energia Ferrara S.r.l. Disposal proceeds for these divestments, net of cash disposed amounted to $0.4m and a gain on sale of $3.6m was recorded in the income statement. The net profit on these disposals is included in the Group's operating profit before exceptional items, as the Group considers the restructuring and subsequent sale of non-core businesses within Investment Services to be part of its normal activities.

Held for sale

Amounts categorised as held for sale include the assets and liabilities of STS's Nuclear business. The composition of the amounts shown on the balance sheet is set out below.

Assets held for sale	$m
Intangible assets	220.9
Property, plant and equipment	6.7
Right of use assets	6.9
Trade and other receivables	66.1
Cash and cash equivalents	30.4
	331.0

Liabilities held for sale	$m
Trade and other payables	56.7
Income tax liabilities	0.6
Deferred tax	4.5
Lease liabilities	7.0
Provisions	2.6
	71.4

13 Related party transactions

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

	Unaudited Interim June 2019 $m	Unaudited Interim June 2018 $m	Audited Full Year December 2018 $m
Sales of goods and services to joint ventures	**24.4**	12.9	60.5
Purchase of goods and services from joint ventures	**4.9**	4.8	13.5
Receivables from joint ventures	**87.3**	118.9	97.2
Payables to joint ventures	**3.4**	15.9	3.1

In addition, the Group made $9.7m (June 2018: $9.5m) of sales to a joint venture which acts only as a transactional entity between the Group and the Group's end customer (at nil gain or loss) and does not independently trade.

The Group currently pays an annual fee to Dunelm Energy, a company in which Ian Marchant, the Group Chairman, has an interest, for secretarial and administration services and the provision of office space. £7,500 (June 2018: £7,500) was charged in the six month period to 30 June.

14 Cash generated from operations

	Unaudited Interim June 2019 $m	Unaudited Interim June 2018 $m	Audited Full Year December 2018 $m
Reconciliation of operating profit to cash generated from operations:			
Operating profit	**138.8**	23.8	165.3
Less share of post-tax profit from joint ventures	**(20.7)**	(8.3)	(34.4)
	118.1	15.5	130.9
Adjustments (excluding share of joint ventures)			
Depreciation	**84.8**	28.1	51.6
Loss/(gain) on disposal of property plant and equipment	**1.5**	(1.8)	1.4
Impairment of property plant and equipment	**-**	-	0.7
Gain on disposal of investment in joint ventures	**-**	-	(15.3)
Gain on disposal of subsidiaries	**(3.6)**	-	-
Amortisation of intangible assets	**118.6**	124.2	246.3
Share based charges	**12.3**	9.4	18.7
Decrease in provisions	**(115.7)**	(30.5)	(182.8)
Dividends from joint ventures	**25.8**	21.5	38.5
Exceptional items – non-cash impact	**22.3**	67.9	107.0
Changes in working capital (excluding effect of acquisition and divestment of subsidiaries)			
Decrease/(increase) in inventories	**0.1**	0.5	0.1
(Increase)/decrease in receivables	**(68.3)**	(136.4)	88.9
(Decrease)/increase in payables	**(83.7)**	252.8	173.6
Exchange movements	**(4.9)**	(11.8)	(34.3)
Cash generated from operations	**107.3**	339.4	625.3

15 Reconciliation of cash flow to movement in net debt

	At 1 January 2019 $m	Cash flow $m	Other $m	Exchange movements $m	**At 30 June 2019 $m**
Short term borrowings	(984.5)	92.1	-	-	**(892.4)**
Long term borrowings	(1,917.3)	(148.5)	(1.9)	-	**(2,067.7)**
	(2,901.8)	(56.4)	(1.9)	-	**(2,960.1)**
Cash and cash equivalents	1,352.7	(201.1)	-	5.1	**1,156.7**
Cash included in assets held for sale (see note 12)	24.2	6.2	-	-	**30.4**
Restricted cash	11.7	(11.7)	-	-	**-**
Net debt before leases	**(1,513.2)**	**(263.0)**	**(1.9)**	**5.1**	**(1,773.0)**
Leases	(604.0)	80.6	(92.1)	-	(615.5)
Net debt including leases	**(2,117.2)**	**(182.4)**	**(94.0)**	**5.1**	**(2,388.5)**

Cash at bank and in hand at 30 June 2019 includes $828.8m (December 2018: $942.0m) that is part of the Group's cash pooling arrangements. For internal reporting this amount is netted with short-term overdrafts and presented as a net figure on the Group's balance sheet. However, in preparing these financial statements, the Group has grossed 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 $445.5m, short term leases of $163.0m and $7.0m which has been classified as held for sale (see note 12).

The other movement of $94.0m in the above table represents new IFRS 16 leases entered into of $77.2m during the first half, interest expense of $14.9m and amortisation of bank facility fees of $1.9m.

16 Share based charges

Share based charges for the period of $12.3m (June 2018: $9.4m) 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 2018 Annual Report and Accounts.

There have been no material changes in the risk management function or in any risk management policies since 31 December 2018.

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 2019 are not significant.

18 Capital commitments

At 30 June 2019 the Group had entered into contracts for future capital expenditure amounting to $12.9m. The expenditure relates to property plant and equipment and intangible assets and has 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 historic employment practices which may have an impact on the Group. This includes a challenge by HMRC into the historic application of employer's National Insurance Contributions to workers on the UK Continental Shelf. We believe that we are in a strong position to defend this challenge and that our technical position is robust, therefore as a result we do not expect that it is probable that a liability will arise and no provision has been made. The maximum potential exposure to the Group should we be unsuccessful in our position, including interest, is around $27.0m.

In addition, previous court cases have challenged the UK's historic interpretation of EU legislation relating to holiday pay and this may have an impact on all companies who have employees in the UK, including the Group. At this point, we do not believe that it is possible to make a reliable estimate of the potential liability, if any, that may arise from these challenges and therefore no provision has been made.

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. 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.

Investigations

The Group has received voluntary requests for information from, and continues to cooperate with, the US Securities and Exchange Commission ("SEC") and the US Department of Justice ("DOJ") in connection with their ongoing investigations into Amec Foster Wheeler in relation to Unaoil and in relation to historical use of agents and certain other business counterparties by Amec Foster Wheeler and its legacy companies in various jurisdictions.

Amec Foster Wheeler made a disclosure to the UK Serious Fraud Office ("SFO") about these matters and, since April 2017, in connection with the SFO's investigation into Unaoil, the SFO has required Amec Foster Wheeler to produce information relating to any relationship of Amec Foster Wheeler with Unaoil or certain other third parties.

In July 2017, the SFO opened an investigation into Amec Foster Wheeler, predecessor companies and associated persons. The investigation focuses on the past use of third parties and possible bribery and corruption and related offences and relates to various jurisdictions. The Group is co-operating with and assisting the SFO in relation to this investigation. Notifications of certain matters within the above investigations have also been made to the relevant authorities in Brazil (namely, the Federal Prosecution Service and the Office of the Comptroller General).

Independently, the Group has conducted an internal investigation into the historical engagement of Unaoil by legacy Wood Group companies, reviewing information available to the Group in this context. This internal investigation confirmed that a legacy Wood Group joint venture engaged Unaoil and that the joint venture made payments to Unaoil under agency agreements. In September 2017, the Group informed the Crown Office and Procurator Fiscal Service ("COPFS"), the relevant authority in Scotland, of the findings of the internal investigation. It has been agreed between the SFO and COPFS that COPFS has jurisdiction in respect of this investigation. With the consent of COPFS, the Group has taken steps to conclude its investigations and intends to engage in a transparent and cooperative manner with COPFS regarding matters within COPFS' jurisdiction.

Depending on the outcome of the above matters, the Group could face potential civil and criminal consequences, as well as other adverse consequences for its operations and business including financial penalties and restrictions from participating in public contracts. At this time, however, it is not possible to make a reliable estimate of the expected financial effect that may arise in relation to any of those matters and therefore no provision has been made for them in the financial statements.

19 Contingent liabilities (continued)

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.

Specifically, the EC issued its decision regarding the UK Controlled Foreign Companies (CFC) rules and whether a financing exemption constituted state aid in April. The decision found that in certain circumstances the financing exemption constituted state aid. This is being contested by the UK Government and a number of groups as to whether the technical basis for the decision is correct. The application of the decision is also judgemental and there is no consensus regarding how it should be applied. Based on the Group's current assessment of such issues and the Group's specific circumstances, it is not currently considered probable that there will be an outflow in respect of these issues and no provision has been made in the financial statements. The maximum potential exposure to the Group of the EC CFC challenge, including interest, is around $66.0m.

20 Subsequent events

On 20 August 2019 the Group announced the sale of its Nuclear business for a cash consideration of around $305 million (£250 million). Closing is conditional upon, amongst other things, obtaining anti-trust clearance from the Competition and Markets Authority ("CMA") and is currently anticipated before the end of Q1 2020. As set out in note 12, this business was classified as held for sale at 30 June 2019.

Statement of directors' responsibilities

for the six month period to 30 June 2019

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 by the EU;
- 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 2018 Annual Report and Accounts. On 1 May 2019, Linda Adamany resigned from the Board and on 10 May 2019, Adrian Marsh was appointed to the Board.

R Watson Chief Executive	D Kemp Chief Financial Officer

19 August 2019

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 2019 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 2019 is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting as adopted by the EU 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.

The impact of uncertainties due to the UK exiting the European Union on our review

Uncertainties related to the effects of Brexit are relevant to understanding our review of the condensed financial statements. Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. An interim review cannot be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Directors' responsibilities

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

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards as adopted by the EU. 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 by the EU.

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
37 Albyn Place
Aberdeen
AB10 1JB

19 August 2019

Information for shareholders

Payment of dividends

The Company declares its dividends in US dollars. As a result of the shareholders being mainly UK based, dividends will be paid in sterling, but if you would like to receive your dividend in dollars please contact the Registrars at the address below. All shareholders will receive dividends in sterling unless requested. If you are a UK based shareholder, the Company encourages you to have your dividends paid through the BACS (Banker's Automated Clearing Services) system. The benefit of the BACS payment method is that the Registrars post the tax vouchers directly to the shareholders, whilst the dividend is credited on the payment date to the shareholder's Bank or Building Society account. Shareholders who have not yet arranged for their dividends to be paid direct to their Bank or Building Society account and wish to benefit from this service should contact the Registrars at the address below. Sterling dividends will be translated at the closing mid-point spot rate on 30 August 2019 as published in the Financial Times on 31 August 2019.

Officers and advisers

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Morgan Stanley

Company Solicitors
Slaughter and May

Independent Auditors
KPMG LLP
Chartered Accountants and Statutory Auditors
37 Albyn Place
Aberdeen
AB10 1JB

Financial calendar

	6 months ended 30 June 2019	**Year ending 31 December 2019**
Results announced	20 August 2019	March 2020
Ex-dividend date	29 August 2019	April 2020
Dividend record date	30 August 2019	April 2020
Dividend payment date	26 September 2019	May 2020
Annual General Meeting		May 2020

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

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