John Wood Group PLC
Annual Report and Accounts 2018

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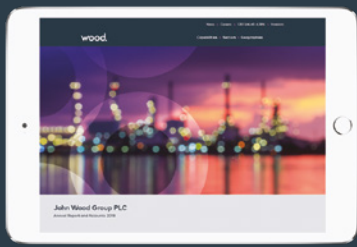


To view and download our Annual Report online:
www.woodplc.com/ar18

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.

www.woodplc.com

Highlights

Financial summary

Revenue including joint ventures[2]

$11,036m

(2017: $6,169m) ▲ 78.9%

(Proforma 2017[1]: $9,882m)
% Movement vs. proforma: ▲ 11.7%

Adjusted EBITA[2]

$630m

(2017: $372m) ▲ 69.4%

(Proforma 2017[1]: $598m)
% Movement vs. proforma: ▲ 5.4%

Adjusted EBITA Margin

5.7%

(2017: 6.0%) ▼ 0.3%

(Proforma 2017[1]: 6.0%)
% Movement vs. proforma: ▼ 0.3%

Revenue (statutory revenue which excludes joint ventures)

$10,014m

(2017: $5,394m) ▲ 85.7%

Operating Profit before exceptional items

$357m

(2017: $212m) ▲ 68.4%

(Loss) for the period

$(7.6)m

(2017: $(30.0)m) ▲ 74.7%

Basic EPS

(1.3) cents

(2017: (7.4) cents) ▲ 82.4%

Adjusted diluted EPS

57.4 cents

(2017: 53.3 cents) ▲ 7.7%

Total dividend

35.0 cents per share

(2017: 34.3 cents) ▲ 2.0%

Net debt

$1,548.2m

(2017: $1,646.1m) ▼ 5.9%

Order book[4]

$10,259m

Financial performance

- Return to growth and ahead of 2018 consensus: Revenue including joint ventures up 12% and adjusted EBITA up 5% vs proforma 2017 reflecting good trading momentum and cost synergy delivery of $55m
- Operating profit before exceptional items increased by 68% to $357m (2017 proforma: $212m), after non-cash amortisation charges of $249m[5]
- Loss for the period reduced to $7.6m (2017: $30.0m), after exceptional costs of $183m related to synergy delivery, restructuring, impairment of EthosEnergy and guaranteed minimum pensions[6]
- Strong balance sheet: Net debt reduced to $1.5bn in line with guidance at December trading update. Total facilities headroom of $1.3bn. Net debt : adjusted EBITDA reduced to 2.2x (2017: 2.4x)
- Cash conversion, calculated as cash generated from operations (after exceptional items) as a percentage of adjusted EBITDA (excluding JVs), improved significantly to 102% (proforma 2017: 14%), including $154m drawn down from our receivables facility
- Good progress on non core asset disposal programme; entered agreements to dispose of assets for consideration of over $50m to date
- AEPS of 57.4 cents up 8% and ahead of 2018 consensus[3]
- Proposed final dividend of 23.7c up 2% in line with progressive dividend policy; dividend cover of 1.6x, $231m distributed to shareholders in 2018

Operations and integration

- Higher activity levels across all business units:
  - Growth in ASA in power, downstream & chemicals and US shale
  - AS EAAA grew in operations solutions work in Asia Pacific and the Middle East
  - STS delivered increased activity in minerals processing, automation & control and nuclear
  - E&IS saw increased consultancy work with long standing customers in North America
- Well aligned operational cultures enabled integration ahead of schedule in 12 months
- Excellent progress on cost synergies: in year benefit of $55m in 2018 equating to an annualised run rate of $85m, three year target increased to $210m, up 24%
- Secured revenue synergies >$600m; strong pipeline of opportunities
- Enhanced risk management framework and project delivery governance embedded

Outlook for 2019

- Well positioned for growth trends emerging across a broad range of energy and industrial markets
- Order book currently stands at $10.3bn[4], c60% of forecast 2019 revenue secured in line with expectations for this point in the year. Reimbursable work is the largest element; c70%
- Revenue growth in the region of 5% will deliver organic earnings growth which, together with the impact of cost synergies of around $60m, is expected to lead to growth in adjusted EBITA in line with market expectations[3]
- Deleveraging to 1.5x Net debt to adjusted EBITDA[7] will be more gradual than originally anticipated due to impact of slower sector recovery in oil & gas since completion, working capital commitments on the legacy Aegis contract and slower progress on non-core asset disposals due to our focus on value
- Confident in the strong free cashflow generation of our business. Further deleveraging primarily driven by earnings growth in 2019, delivering cash conversion after exceptional items at c80%-85%, retaining capital discipline and the timing of additional disposals

Footnotes:
See detailed footnotes on page **11**

At a glance

Wood is a global leader in the delivery of project, engineering and technical services in energy, industry and the built environment.

We provide performance-driven solutions across the asset life cycle, from concept to decommissioning across a broad range of industrial markets, including the upstream, midstream and downstream oil & gas; power & industrial; environment & infrastructure; clean energy; mining; nuclear and general industrial sectors.

160+
year history

11bn+
revenue

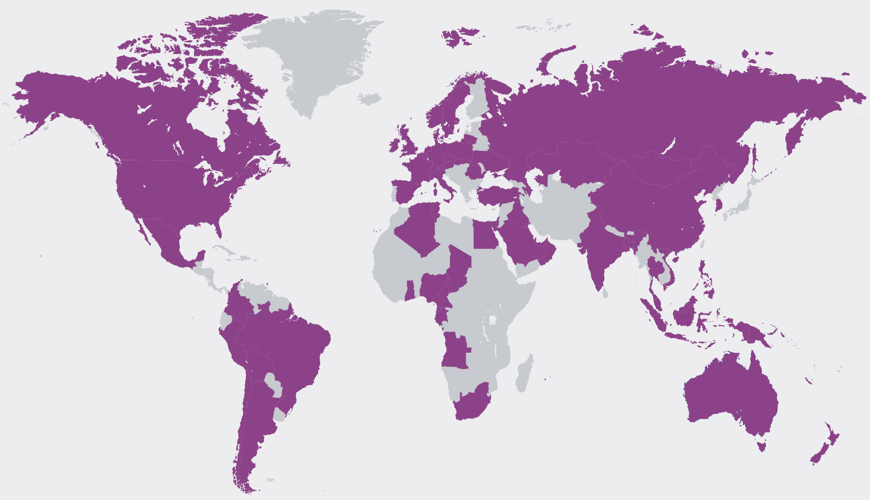
60,000+
employees

Global business of skilled professionals

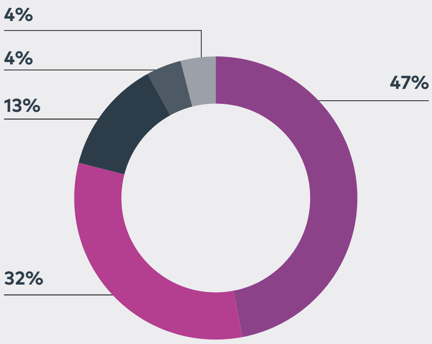
We operate in more than 60 countries, employing around 60,000 people across more than 400 offices.

60+
countries

400+
offices



Sector breakdown



- **Oil & Gas:**
  Upstream (29%)
  Downstream & chemicals (18%)
- **Power & industrial**
- **Environment & infrastructure**
- **Minerals processing**
- **Automation**

To find out more about our geographies visit:
www.woodplc.com/geographies

For a full list of our locations visit:
www.woodplc.com/our-locations

To find out more about our sectors visit:
www.woodplc.com/sectors

To find out more about our business:
www.woodplc.com/ataglance

Our operating structure

Asset Solutions (AS)

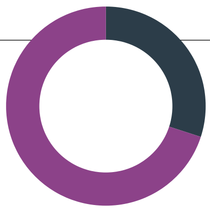
Provides life cycle services ranging from initial feasibility and design, through construction, operation, maintenance and decommissioning. AS is split into two regional business groupings; Americas (ASA) and Europe, Africa, Asia & Australia (AS EAAA).

Americas

Revenue including JV's

$3.8bn

Service breakdown:

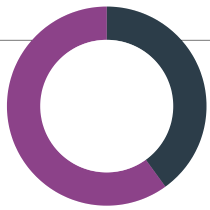
70%  30%

EAAA

Revenue including JV's

$4.1bn

Service breakdown:
* Excluding Turbines

60%  40%

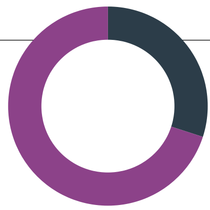
Specialist Technical Solutions (STS)

Provides a range of specialist services. Focused on solving complex technological challenges, such as systems integration, across a broad range of energy and industrial sectors.

Revenue including JV's

$1.6bn

Service breakdown:

70%  30%

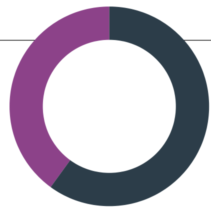
Environment & Infrastructure Solutions (E&IS)

Provides consulting, engineering, project and construction management services. Covers a range of sectors including government, transport, energy, water and pharmaceuticals.

Revenue including JV's

$1.4bn

Service breakdown:

40%  60%

Key: ● Customer capex driven capital projects ● Customer opex driven operations services

Investment services manages the company's non-core activities and continues to operate as a separate business unit. It accounts for c2% of revenue including joint ventures.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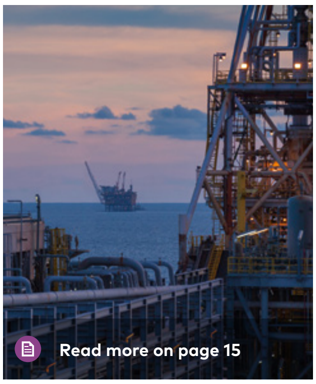
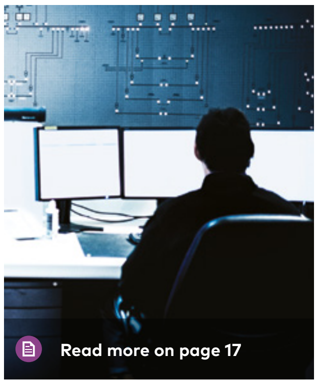
Asset Solutions Americas

ASA is providing services to a world-class polymer facility.


Read more on page 15

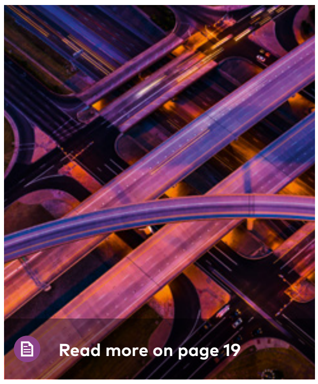
Asset Solutions EAAA

Through a combination of capabilities from Wood Group and Amec Foster Wheeler ("AFW"), AS EAAA secured a contract for asset management services on a gas-to-power project.


Read more on page 17

STS

STS is supplying programmable digital control technologies to a UK nuclear site.


Read more on page 19

E&IS

E&IS completed design and construction management for the reconstruction of vital sections of a tollway.

Our business model

Inputs

Project, engineering and technical capability throughout the asset life cycle and across broad industrial markets

Performance driven and innovative solutions

Talented, flexible and motivated workforce

Read more on page **32**

Operating structure optimised for sustainability, agility and future growth

Read more on page **3**

Flexible commercial model with a measured risk appetite

Efficient capital structure and allocation

Core capabilities

Asset Solutions (AS)

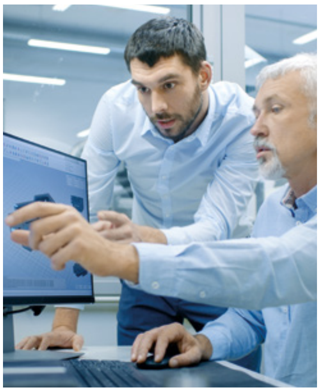
Capital projects

Focused on new capital investments where there is either no existing infrastructure or a significant upgrade is planned to an existing site. We add value from concept to start-up through our management, commissioning and project services.

Operations solutions

Focused on supporting infrastructure that is already in place. Our services ensure safety, increase production, improve efficiency, reduce cost and extend asset life.

Read more on pages **12-15**



Specialist Technical Solutions (STS)

We provide a range of specialist services including:

- Automation & control
- Consulting
- Subsea & export systems
- Clean energy solutions
- Nuclear services
- Minerals processing

Read more on pages **16-17**

Environment & Infrastructure Solutions (E&IS)

We plan, design and engineer infrastructure and tackle complex environmental challenges. Our services range from assessments and planning through project management, construction management and monitoring.

Read more on pages **18-19**

Broad sector capabilities

- Oil & gas
- Power & industrial
- Environment & infrastructure
- Minerals processing
- Automation

Underpinned by our culture

We are a diverse global business providing a huge range of services across different sectors. But common to everything we do are our values, which set out a simple, clear expectation to deliver a high standard of service with the right behaviours.

To find out more about our vision and values visit:
www.woodplc.com/values

Our vision

Inspire with ingenuity, partner with agility, create new possibilities...

Creating value through our differentiated model

Our differentiators:

Unrivalled capability & technical knowledge

Across our markets we have an extensive range of services and can deliver at every stage of the life cycle of our customers' assets. We provide solutions to some of the world's most complex projects and draw on our extensive expertise and know-how to bring new perspectives to the challenges that these projects present.

Execution excellence

We have a long track record of consistently delivering safe and best in class projects. Our know-how differentiates us and we maintain this by recruiting and retaining industry leading talent.

Technology enabled

We design and deploy leading edge technology that creates efficient and sustainable solutions for our customers.

Commercial discipline & versatility

We employ an asset light, flexible model allowing us to respond quickly to changes in market conditions. Our contracting structures are predominantly reimbursable although we offer a range of contracting structures to align with customer needs within our measured risk appetite.

Platform for sustainable growth

Our broad end market exposure means we are less exposed to volatility in individual markets and are aligned to global energy and industrial transitions. We have a good balance of exposure to opex and capex spending providing through-cycle stability. We are strongly cash generative allowing for a prudent long term capital structure.

Value outputs

For investors

- Strong shareholder returns and progressive dividend policy
- Reduced cyclicality through broad industry exposure

Total Dividend

35.0 cents per share

For employees

Rewarding careers and focus on retention

Employees

c60,000+

Read more on page **32**

For customers

- Delivery of predictable project outcomes
- Global reach with balanced portfolio of long term partner relationships with customers
- Leading technical services and smarter, more sustainable solutions
- Track record on industry leading projects

For communities

Significant contribution to local employment and communities

Employee fundraising matched

£300,000

Read more on page **36**

Our values

Care
Commitment
Courage

Our behaviours

Listen up	Team up
Lift others up	Don't give up
Stand up	Speak up

Key performance indicators

To help the Group assess its performance, our leadership team sets KPI targets and monitors and assesses performance against these targets on a regular basis. Financial KPIs include a full year contribution from AFW in 2018 and in 2017 include the contribution from AFW for the period 6 October to 31 December 2017.

Safety:

Total recordable case frequency (TRCF)
per 200,000 manhours

We aim to deliver the highest standards of health and safety. Total recordable case frequency is the total of lost work cases, restricted work cases and medical treatment cases, per 200,000 man hours.

We achieved a 28% reduction in our TRCF and a 20% reduction in LWCF as a result of sustained focus on HSSE standards underpinned by leadership engagement to promote a strong safety culture, strengthening risk management in critical areas and embedding assurance processes.

Lost work case frequency (LWCF)
per 200,000 manhours

Lost work case frequency measures lost work cases per 200,000 man hours.

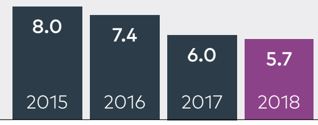
Despite strong safety performance, regrettably there was one fatality related to pressure testing. As a result, a standard approach to work of this nature has been implemented to ensure a minimum standard of safety compliance.

*TRCF and LWCF are calculated on a proforma basis for Wood with prior years restated for comparison

For more information on our safety performance see page **25**

Financial:

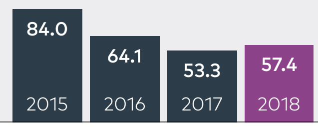
Adjusted EBITA margin
%



Adjusted EBITA margin demonstrates our ability to convert revenue into profit.

Adjusted EBITA margin reduced in the year due to a continued competitive pricing environment and slower sector recovery in oil and gas and the positive impact of a contract dispute settlement in 2017, offset by strong cost synergy delivery.

Adjusted diluted EPS (AEPS)
cents



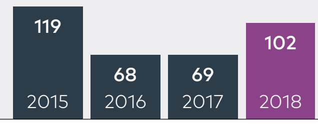
Adjusted diluted EPS represents earnings before exceptional items and amortisation, net of tax, divided by the weighted average number of shares during the year.

AEPS increased in the year reflecting growth in earnings.

Dividend per ordinary share
cents

The share of AEPS distributed to shareholders. Dividend per share increased by 2% in line with our progressive dividend policy, taking into account cash flows and earnings.

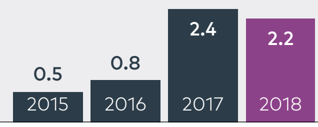
Cash conversion
%



The cash conversion ratio is post working capital cash flow divided by adjusted EBITDA.

Against the back drop of a growing business, cash conversion increased significantly to 102% reflecting improved working capital performance offset in part by the cash impact of exceptional items. Cash conversion before exceptional items was 126%.

Net debt: adjusted EBITDA ratio
times



The net debt: adjusted EBITDA ratio measures our ability to service our debt.

The net debt to adjusted EBITDA ratio reduced in the year as a result of growth in adjusted EBITDA, significantly improved working capital performance, cost synergy delivery, maintaining capital discipline and proceeds from non-core asset disposals.

We remain committed to a strong balance sheet foundation and achieving our target leverage policy of 1.5x net debt to adjusted EBITDA.

For more information on our financial performance see pages **20-23**

Chair's statement

Ian Marchant Chair

"2018 was a year of significant progress for Wood with the two companies being brought together to create one leading business in project, engineering and technical services delivery. The Board is confident that as an integrated business Wood has a strong operational platform capable of delivering growth from a sustainable cash generative model."

2018 was a year of significant progress for Wood that included the important milestone of the first anniversary of the completion of the AFW transaction. Under Robin's leadership, the two companies have been brought together to create one leading business in project, engineering and technical services delivery, accelerating the Wood Group strategy to broaden its service, sector and end market portfolio.

At the start of the year a clear set of financial and operational objectives were established for Wood and Robin, together with his leadership team, have been focused on delivering against them. Integration and cost and revenue synergy delivery formed an important part of these objectives. With support from the Board integration has progressed at pace with the process completed in October. This clear focus has allowed the business to access cost synergies ahead of schedule and to capitalise on its broader capability set to realise significant revenue synergies and demonstrate the strength of the combined business.

Wood returned to growth in 2018 with good momentum in trading and a significant impact from cost synergy delivery. Results benefitted from relatively favourable conditions in the wide range of energy and industrial end markets Wood now operates in, despite a slower sector recovery in oil and gas. The quality of earnings is demonstrated by Wood's cash generation performance in 2018 which has contributed to a reduction in net debt of $450m since completion and progress towards our deleveraging target. The Board is confident that as an integrated business Wood has a strong operational platform capable of delivering growth from a sustainable cash generative model.

Wood remains committed to its progressive dividend policy which takes into account future cashflows and earnings. This is a key foundation of the Wood investment case which has been sustained through the challenging conditions in our core markets through the downturn. There is no change to the policy going forward. The Board has recommended a final dividend of 23.7 cents per share, which makes a total distribution for the year of 35.0 cents, representing an increase of 2% on the total distribution for 2017. Dividend cover is strong at 1.6 times.

Looking ahead, there is a very positive medium term outlook for Wood's broader end markets. The Board is confident that Wood is well placed to deliver good longer term growth both organically and by a return to acquisition led growth that aligns with our long term preferred capital structure.

Ian Marchant
Chair

Chief Executive review

Robin Watson Chief Executive

"Wood delivered good organic growth in 2018. We completed the integration of AFW at pace, increased cost synergy targets by 24% and unlocked new opportunities across our broader range of capabilities and sectors to secure revenue synergies of over $600m. We have delivered strong operational cashflow which has supported both a reduction in net debt of $450m since completion of the acquisition of AFW, and the payment of $231m in dividends in 2018. We have built a unique platform and are in the early stages of what we can achieve. Our performance in 2018 has strengthened our conviction in Wood's potential and we are excited about our prospects. We are confident of achieving further growth in 2019."

Robin Watson
Chief Executive

Financial performance in 2018

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Net debt

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Order book[4]

$10,259m

In October 2018, we completed the integration of AFW and celebrated our first anniversary as Wood. We have brought together the complementary capabilities and operational cultures of Wood Group and AFW and taken the best of both to create one leading business in project, engineering and technical services delivery in energy, industry and the built environment. We have a simple, effective delivery model with a multi sector, full service capability across a broad range of energy and industrial markets. In 2018 we focused on unlocking the anticipated deal opportunities, mitigating the well flagged risks and delivering against a clear set of operational and financial priorities:

Returning to growth: revenue including joint ventures up 12%, adjusted EBITA up 5% vs 2017 proforma

Wood returned to growth in 2018 and we saw good trading momentum throughout the year. Relatively favourable conditions in the wide range of energy and industrial end markets we now operate in have contributed to growth in 2018 across our business.

Completing integration of AFW ahead of schedule

Wood's simplified organisational structure was established before Day 1 and we completed the integration in October 2018, twelve months after completion of the acquisition. Our actions during the year focused on establishing our organisational structure, high-grading management, integrating business development functions and merging bidding pipelines, implementing enhanced processes for management of contract risk and working capital, establishing common ERP systems, rationalising IT systems and consolidating real estate to co-locate offices in key hubs. The operational cultures of the legacy businesses were already well aligned allowing us to roll out our Vision, Values and Behaviours which are the foundations of our cultural framework, in the first quarter.

Delivering increased costs synergies: 3 year target up 24% to $210m and $55m in-year benefit delivered

Integration at pace enabled us to deliver cost synergies ahead of schedule and the in-year benefit of cost synergies was $55m in 2018. As integration progressed we identified opportunities for further savings and in August 2018 we increased our target for annualised synergies by the end of the third year following completion to at least $210m, up from at least $170m previously, with no increase in the c$200m anticipated costs to deliver synergies.

Enhancing our risk management framework and project delivery governance

Recognising the change in risk profile of the combined business, a key element of our integration process was a review of significant contracts with profit at risk. As we improved our understanding of some legacy AFW contracts, and in line with accounting requirements, we took a view of the likely outturn which led to a number of opening balance sheet adjustments, although the risk profile inherited was in line with our overall expectations. We identified opportunities to simplify the process for managing risk and enhanced our governance structures, project and tender review process and contracting policy as a result. We also took the decision not to pursue certain higher risk lump sum work in the legacy AFW business and have exited the Guam project in the Pacific in the E&IS business. Only one of these legacy contracts remains active and we have taken steps to ensure close monitoring of progress and active management of the contract.

Securing >$600m in revenue synergies

Our revenue synergies delivery programme is now embedded in a cross-selling culture across our entire business. To date we have secured multi year contracts worth over $600m that are clear examples of revenue synergies, reflective of our enhanced capability set and ability to deliver a wider range of services to our customers. Orders won include our engineering, procurement, construction and commissioning contract with Saudi Aramco and SABIC to support their integrated crude oils to chemicals complex. We are also seeing a number of awards that leverage our involvement in the earlier stages of projects, as well as our strong in-country presence and enhanced capabilities.

Strong operational cashflow validating quality of earnings

Against the backdrop of a growing business we have generated strong operational cashflows, having delivered significant improvements in working capital management. Cash conversion, calculated as cash generated from operations (after exceptional items) as a percentage of adjusted EBITDA, improved significantly to 102% (proforma 2017 14%). We are confident that we have an operational platform capable of delivering strong cash generation, validating the underlying quality of earnings and underpinning our long term investment case.

Deleveraging : Net debt reduced by c$450m since completion

We have reduced net debt from $2bn at completion of the AFW deal in October 2017 to $1.5bn (2.2x adjusted EBITDA) at 31 December 2018. In addition to generating growth in earnings, delivering strong cashflow from operations and maintaining our capital discipline, we also made progress on our non-core asset disposal programme.

Retaining a progressive dividend: payments of $231m up 2%

Growth in our earnings and strong operational cashflow enabled us to grow our dividend in 2018. There is no change to our progressive policy and the dividend is well covered at 1.6 times.

Improved safety performance

Our focus on safety is undiminished and throughout 2018 we focused on developing a consistent health and safety framework as part of the integration. Our safety performance has shown strong improvements, with total recordable case frequency (TRCF) and lost work case frequency (LWCF) down 28% and 20% respectively compared to 2017.

With integration complete, we have created an excellent operational platform across energy and industrial markets that positions us really well for future growth. The value added range of capabilities, variety of end markets and lack of customer concentration means we have an operational structure with the flexibility to continuously deploy human and financial capital in the most appropriate manner; leveraging our differentiated service offering to meet customer requirements. Our agile teams deliver exceptional execution, while remaining commercially astute, and utilise our technical advantage to create new and innovative solutions. We have a well established investment case underpinned by an asset light, cash generative model; a financially prudent approach and a measured risk appetite. I am excited by the next stage in our evolution as Wood as we realise this sustainable growth opportunity, unlocking our potential and delivering superior outcomes for our customers, our investors and our people.

Financial performance in 2018

Trading performance

Performance in 2018 was at the upper end of guidance and ahead of market expectations and reflects good organic growth led by our Asset Solutions Americas business and the benefit of in year cost synergies of $55m. We saw higher activity across all business units with revenue including joint ventures up 12% compared to proforma 2017. Revenue excluding joint ventures was up 86% compared to 2017 due to the inclusion of a full year contribution from AFW.

Adjusted EBITA and operating profit before exceptional items benefitted from cost synergy delivery helping to offset a continued competitive pricing environment and a slower than anticipated sector recovery in oil and gas.

Operating profit before exceptional items is stated after non cash amortisation charges of $249m (2017: $141m) which includes $126m (2017: $32m) in respect of amortisation of intangibles arising on the acquisition of AFW.

The loss for the period was impacted by exceptional costs of $183m net of tax. As anticipated, exceptional items include $42m of costs to deliver synergies, $24m in respect of redundancy and restructuring, $6m of charges relating to onerous leases, $26m in respect of support costs related to regulatory investigations and an arbitration settlement provision of $10m. Exceptional costs also include non cash items including an impairment in the carrying value of EthosEnergy of $41m, which was recorded in H1 2018, other write-offs related to EthosEnergy of $10m and a $32m charge related to guaranteed minimum pensions following a court ruling in October 2018 affecting defined benefit pension schemes.

Synergies

We delivered increased cost synergies with an in year benefit of $55m in 2018 equating to an exit run rate of $85m, the exit run rate being the annualised forward benefit. In year costs to deliver were c$65m, including c$23m of capex and intangibles spend. We expect to deliver synergies in FY 2019 with an in year benefit of around $60m and remain confident of delivering against our upgraded annualised cost synergy target of >$210m by the end of the third year following completion of the AFW acquisition in October 2017.

Net debt and cashflow

Strong operational cash generation contributed to a reduction in net debt to $1.5bn at 31 December 2018. The ratio of net debt to adjusted EBITDA of $694m reduced to 2.2x at 31 December 2018 (2.4x at 31 December 2017).

We have delivered a significantly improved working capital position compared to proforma 2017 having implemented a range of initiatives. Cash conversion, calculated as cash generated from operations after exceptional items as a percentage of adjusted EBITDA, improved significantly to 102% (2017 proforma: 14%). This includes the $154m impact of our receivables facility which provides working capital funding at a cost lower than our other facilities. Excluding the impact of exceptional costs, cash conversion was 126% (2017 proforma: 63%).

Cash exceptional items of $142m offset the strong cash generation from operations. Cash outflows in the year in respect of exceptional items include $42m of costs to deliver synergies and other redundancy and restructuring costs of $15m, $38m in respect of onerous leases, $14m in respect of transaction related costs, investigation support costs of $15m and arbitration related costs of $18m.

During the year we paid interest costs of $97m and dividends of $231m.

Capital structure and allocation

We remain committed to a strong balance sheet foundation and achieving our target leverage policy. Net debt to adjusted EBITDA reduced to 2.2x as at 31 December 2018 (31 December 2017: 2.4x). Based on 2018 adjusted EBITDA, committed facilities provide funding headroom of $0.9bn vs. covenants set at 3.5x. Total facilities headroom is $1.3bn.

We have reduced net debt by c$450m since completion in October 2017 and over the course of 2018 we delivered strong free cashflow. Deleveraging has been driven by adjusted EBITDA growth of c5%, significantly improved working capital performance (cash conversion after exceptional items is up from 14% to 102%), delivering cost synergies of $55m, maintaining our capital discipline and proceeds of $35m from non core asset disposals.

Debt reduction and maintaining our progressive dividend, which is covered 1.6x in 2018, remain our preferred use of free cashflow. Further deleveraging will be primarily driven by continued earnings growth in 2019, which is supported by strong revenue visibility; a further $60m of cost synergy delivery and delivering cash conversion after exceptional items of around 80%-85%. We will also retain our discipline on capital expenditure and expect exceptional items to reduce as we deliver the cost synergies.

Since completion, the pace of deleveraging has been adversely impacted by a slower sector recovery in oil and gas compared to that anticipated in our May 2017 prospectus, working capital commitments on the legacy AFW Aegis contract and slower progress on non-core assets disposals given our focus on value. As a result, while we are confident in the strong free cashflow generation of our business, deleveraging to our target of 1.5x net debt to adjusted EBITDA will be more gradual than originally anticipated.

In addition, the timing of further potential asset disposals identified following a strategic review of our portfolio will impact the pace of deleveraging. These will be governed by appropriately competitive sales processes and are expected to generate proceeds in the range of c$200m-$300m.

Financing

In December 2018 we took the opportunity to secure a $140m part-refinancing of our term loan from an existing US private placement debt provider which further diversifies our financing structure. This comprises a mix of eight and ten year redemption dates at a fixed rate of around 5% and was drawn in February 2019. In 2019, we expect to complete a full refinancing of our remaining term loan which is due to mature in 2020, which will further diversify our sources of long term finance at competitive rates.

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 and provisions notes to the Financial Statements. Wood continues to cooperate with and assist the relevant authorities in relation to their respective investigations into the historical use of agents and in relation to Unaoil.

Order book

	FY 2018 $m	HY 2018 $m	Change (%)
Asset Solutions Americas	**3,016**	2,995	0.7%
Asset Solutions EAAA	**4,926**	4,907	0.4%
Specialist Technical Solutions	**1,017**	1,290	(21.2)%
Environment & Infrastructure Solutions	**1,213**	1,296	(6.4)%
Investment Services	**87**	119	(26.9)%
Total	**10,259**	10,607	(3.3)%

Our order book, comprising secured work and estimates of activity under long term agreements, currently stands at c10.3bn[4], this is broadly in line with the position in June. We saw a reduction in STS order book as we progressed towards completion of the Gruyere Gold contract and the STS led scope on TCO, offset in part by awards across the broad STS business. In E&IS, the slight reduction reflects progress to completion of our waste disposal contract in Guernsey and our decision not to pursue certain overseas capital projects.

We take a conservative approach to order book recognition, only recording work that is supported by signed, enforceable contracts or anticipated work releases under frame agreements, and as such we have a high conversion rate of opportunities.

Wood's business model operates on a relatively short cycle with much of our work being won and executed in the same period rather than relying on a flow of large multi year awards. Order book is consistent with our business model and also reflects the current stage in the oil and gas cycle in particular which is characterised by early stage awards and timing of renewals of long term contracts. Approximately 60% of 2019 forecast revenues are secured, in line with expectations at this point in the year, giving us confidence over continued revenue growth into 2019.

The shape of our order book reflects our measured risk approach; approximately 90% of our order book comprises reimbursable and <$100m fixed price contracts (H1 2018: 89%). Reimbursable work is the largest element of this; c70%. Only c10% of our order book comprises fixed priced contracts over $100m. This consists of ten contracts with an aggregate value remaining in order book of c$800m.

Simplifying profit reporting in 2019

Wood will simplify its reporting for the reporting periods ending on 30 June 2019 onwards. These changes align Wood's principal reporting metrics with IFRS measures and facilitate comparison across peers. There will be no reduction in the level of accounting disclosure at the Wood or business unit level.

At the Group level Wood's primary reporting metrics, and the management discussion and analysis of those metrics in reporting, will align with IFRS definitions of revenue and profit, that is, operating profit (pre-exceptional items). Wood will no longer report proportionally consolidated results.

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

Adjusted EBITDA in 2018 was $694m. As in previous years, Note 1 to the accounts includes details of adjusted EBITDA at the Wood and Business Unit level together with comparatives for 2017.

Adjusted Diluted EPS will also be 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 will be stated before amortisation arising from acquisitions only and not amortisation relating to other intangibles such as software costs. On the new basis, AEPS in 2018 was 46.6c.

Adoption of IFRS 16

IFRS 16 Leases will be effective from 1 January 2019. The most significant change for Wood is the accounting for property leases. Rental charges which were previously recorded in operating costs in respect of these leases will now be replaced with depreciation and an interest charge. We have chosen to apply the modified retrospective approach on adoption of IFRS 16 and using this approach there is no restatement of 2018 comparatives in 2019. We anticipate that 2019 adjusted EBITDA will increase by c$170m and adjusted EBITA will increase by c$30m. In the balance sheet a lease liability of around $650m will be recognised and we expect no material impact on operating profit or our EPS measures. Our bank covenants are set on a frozen GAAP basis, so will not be impacted by the adoption of the standard.

Outlook for 2019

We are well positioned for growth trends emerging across a broad range of industrial markets and have good visibility with approximately 60% of forecast 2019 revenues secured in order book, typical for our predominantly short cycle business model.

Revenue growth in the region of 5% will deliver organic earnings growth which, together with the impact of cost synergies of around $60m, is expected to lead to growth in adjusted EBITA in line with market expectations, which are formed on a pre-IFRS 16 adoption basis[3].

Deleveraging will continue in 2019 and we expect cash conversion after exceptional items to be around 80%-85%. The timing of disposals will impact the pace of deleveraging. These will be governed by appropriately competitive sales processes and are expected to generate proceeds in the range of c$200m-$300m.

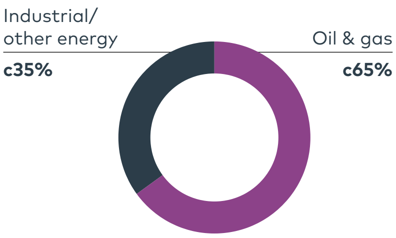
Footnotes

1. Proforma 2017 results are unaudited. They include 12 months of AFW's results but exclude the results of businesses disposed; principally the AFW North Sea upstream business, the AFW North American nuclear operations and the disposed elements of GPG. It also excludes the results of other, less material disposed interests including the Aquenta consultancy, an interest in Incheon Bridge and interests in two Italian windfarms.
2. See detailed footnotes following the Financial Review. 'Revenue including joint ventures', 'Adjusted EBITA' and 'Adjusted EBITDA' are presented based on a proportionally consolidated basis and includes the contribution from joint ventures. A reconciliation to statutory numbers is provided in note 1 to the accounts.
3. Company compiled publicly available consensus 2018 Adjusted EBITA is $624mm and AEPS is 55.9c. Adjusted EBITA on a proportionally consolidated pre IFRS 16 adoption basis for 2019 is $716m and AEPS is 67.6c. Consensus EBITDA on the same basis is estimated to be $764m. (https://www.woodplc.com/investors/analyst-consensus-and-coverage)
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 includes Wood's proportional share of joint venture order book.
5. Operating profit before exceptional items is stated after non cash amortisation charges of $249m, including $126m of amortisation of intangibles arising on the acquisition of AFW.
6. Loss for the period is stated after exceptional costs net of tax of $183m, including $42m of costs to deliver synergies, $30m relating to restructuring and onerous leases, $41m related to an impairment in the carrying value of EthosEnergy and $10m of other write-offs related to EthosEnergy, investigation support costs of $26m, $10m relating to an arbitration settlement provision and a $32m defined benefit pension scheme charge related to guaranteed minimum pensions.
7. Our previously stated target net debt : Adjusted EBITDA range of 0.5x to 1.5x is based on an existing "frozen GAAP" basis prior to the adoption of IFRS 16 in 2019.

Segmental review
Asset Solutions Americas

ASA generated strong revenue and earnings growth from increased activity and the delivery of cost synergies. Revenue in 2018 increased by 18% on proforma 2017 due to increased activity on capital projects in power, downstream & chemicals and in US shale facilities and pipelines.

Markets:



Revenue including joint ventures

$3,762m

(2017: $2,387m)

(Proforma 2017: $3,186m)

% Movement vs. proforma: ▲ 18.1%

Adjusted EBITA

$205m

(2017: $158m)

(Proforma 2017: $165m)

% Movement vs. proforma: ▲ 24.2%

Adjusted EBITA Margin

5.4%

(2017: 6.6%)

(Proforma 2017: 5.2%)

% Movement vs. proforma: ▲ 0.2%

People

16,900

(2017: 16,800)

(Proforma 2017: 16,800)

% Movement vs. proforma: ▲ 0.6%

Order book

$3,016m

(2017: $2,995m) ▲ 0.7%

This is more than offsetting a reduction in operations solutions following the completion of commissioning work on the Hebron project in the second half of 2017.

EBITA margin was up on proforma 2017, reflecting the growth in revenue whilst ensuring cost discipline and delivery of cost synergies partly offset by cost overruns in heavy civils and competitive pressures in the Gulf of Mexico. Proforma 2017 adjusted EBITA included the release of amounts previously provided in respect of prior year acquisitions in the legacy Wood Group business of c$13m.

Capital projects accounts for c70% of segment revenue. We have seen increased EPC activity on projects in power and in downstream & chemicals, and these are the largest contributors to capital projects revenue. Improvement in US shale continued, with significant growth in the Permian in infrastructure and pipeline work. In offshore upstream we remain active on a number of greenfield projects.

Our operations solutions work accounts for c30% of segment revenue. Challenging conditions in the Gulf of Mexico and the completion of commissioning work in 2017 have offset gains in US shale and improving modifications activity. In US shale, we are seeing an improvement in maintenance activity as expected. We have made good progress on revenue synergies, securing the engineering, procurement & construction, commissioning and operations scope for upstream assets in Trinidad.

Order book is approximately $3bn with c50% of 2019 revenue secured; reflecting the progress towards completion of a number of offshore projects and coal combustion residual treatment projects offset by new EPC awards in downstream & chemicals and early stage offshore engineering projects together with the benefit of EPC projects in power.

Outlook

We expect growth in ASA in 2019 weighted to the second half. In downstream and chemicals, work secured on our EPC scope for a Gulf Coast plastics manufacturing facility and the YCI methanol plant is expected to increase in 2019 and we remain well positioned for further opportunities. Momentum in US shale is also expected to continue with activity focused on facilities and pipelines in the Permian and Niobrara. We have retained our market leading position in offshore engineering and have improving visibility on early stage concept and FEED projects. We are encouraged by awards in early 2019 in power related to solar and wind projects, which are offsetting the completion of coal combustion residual treatment projects and will contribute to increased activity in H2. In operations solutions, activity levels are expected to remain broadly in line with 2018.

Asset Solutions Americas - Case study:
World-class polymer manufacturing facility

In 2018 we were awarded a contract to provide engineering, procurement and construction ("EPC") services for a world-class polymer manufacturing facility along the US Gulf Coast. Our scope relates to key infrastructure to support the polymer production facility, which includes a world-class ethane cracker unit feeding a monoethylene glycol unit and two polyethylene units. The plant will produce materials used in the manufacture of clothing, plastic containers, packaging, agricultural film and building and construction materials. This is a significant contract for Asset Solutions Americas and reflects our best in class EPC services and our expertise in the chemicals sector.

1,100 employees
deployed during peak construction

250,000 tonnes
of concrete used in construction

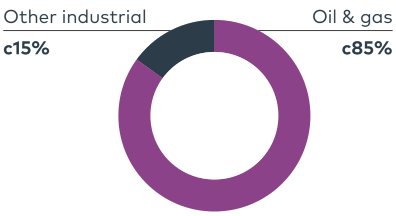
5 mile
heavy haul road under construction on site

"This is a significant contract for Asset Solutions Americas and reflects our best in class EPC services and our expertise in the chemicals sector."

Asset Solutions Europe, Africa, Asia & Australia

Revenue is up 9% on proforma 2017, largely led by growth in Operations Solutions which accounts for c45% of segment revenue. We are seeing strong growth in the Middle East due to increased activity in Iraq with Exxon and Basra Gas Co and in Asia Pacific with Exxon.

Markets:



Revenue including joint ventures

$4,072m

(2017: $2,617m)

(Proforma 2017: $3,723m)

% Movement vs. proforma: ▲ 9.4%

Adjusted EBITA

$231m

(2017: $140m)

(Proforma 2017: $283m)

% Movement vs. proforma: ▼ 18.4%

Adjusted EBITA Margin

5.7%

(2017: 5.3%)

(Proforma 2017: 7.6%)

% Movement vs. proforma: ▼ 1.9%

People

27,500

(2017: 25,700)

(Proforma 2017: 25,700)

% Movement vs. proforma: ▲ 7.0%

Order book

$4,926m

(2017: $4,907m) ▲ 0.4%

Capital Projects accounts for c40% of segment revenue and benefitted from increased activity levels including the ongoing work on the Antwerp Oil Refinery, PMC work in Kuwait, our engineering and project management scope on the Marjan field for Saudi Aramco and our rejuvenation project for Brunei Shell Petroleum. We are encouraged by recent wins including the Saudi Aramco/SABIC integrated crude oils to chemicals complex and the engineering, procurement and construction management scope for the TEVA biotech facility in Germany.

EBITA is down on proforma 2017 due to the $70m positive impact of a contract dispute settlement in 2017 and currency devaluation in Angola in 2018, which offset margin improvements from positive trading momentum and the benefit of cost synergy delivery.

Turbine joint ventures account for c15% of revenue which is up on proforma 2017 with increased activity across each of the joint ventures. Despite improved trading performance in EthosEnergy in the second half of 2018 and relative strength in RWG, earnings are down on 2017.

Order book in AS EAAA is c$5.0bn, with c60% of expected 2019 revenue secured. Order book reflects the current stage in the oil and gas cycle with contract extensions being secured and also the timing of renewals for long term North Sea contracts. This is being offset by increased activity in Australia and Asia Pacific.

Outlook

We anticipate growth in AS EAAA in 2019. In Operations Services we see opportunities in the Middle East driven by Iraq and also in the Caspian while growth in Asia Pacific is expected to be focused on Papua New Guinea and Australia. We see a positive outlook for modifications work in the North Sea. Activity on the FEED and project management consultancy scope for Saudi Aramco on both the Marjan field and the integrated crude oils to chemicals complex is expected to contribute to growth in capital projects. Further cost synergy delivery will underpin earnings growth in 2019.

Asset Solutions EAAA - Case study:
Asset management services for deepwater gas-to-power project

In 2018 Wood secured a six-year contract with Shell to provide asset management services to the Malampaya deep water gas-to-power project in the Philippines. This deepwater gas-to-power project was the start of the country's natural gas industry supplying clean, natural gas to provide 3,200 megawatts of power to meet about 30-50% of the country's power generation requirements. Our scope covers maintenance services, modifications and shutdown support for Shell's onshore facilities in Batangas and offshore assets in the Malampaya field.

The contract is a strong example of a revenue synergy, achieved by the combination of AFW's proven track record and local knowledge developed from working on these offshore assets and onshore gas plant and Wood Group's strong global operations and maintenance expertise. The contract also grows our operations and maintenance business in the region and expands our footprint in South-East Asia creating new and enhanced opportunities for the local workforce.

20+ years

Wood involvement on the project

85%

of the asset workforce are Wood employees

30-50%

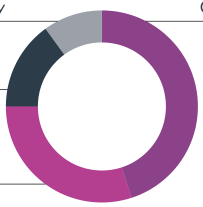
of the country's power generation requirements supplied by the project

"This award is a powerful example of a revenue synergy achieved by the combination of AFW and Wood Group's broad capabilities and depth of experience."

Specialist Technical Solutions

In 2018 we saw strong revenue growth led by increased volumes in minerals processing and automation & control, the largest contributors to STS revenue. Activity in subsea & export systems and technology & consulting remained robust.

Markets:



Revenue including joint ventures

$1,565m

(2017: $756m)

(Proforma 2017: $1,320m)

% Movement vs. proforma: ▲ 18.6%

Adjusted EBITA

$148m

(2017: $82m)

(Proforma 2017: $134m)

% Movement vs. proforma: ▲ 10.4%

Adjusted EBITA Margin

9.5%

(2017: 10.8%)

(Proforma 2017: 10.1%)

% Movement vs. proforma: ▼ 0.6%

People

7,800

(2017: 7,600)

(Proforma 2017: 7,600)

% Movement vs. proforma: ▲ 2.6%

Order book

$1,017m

(2017: $1,290m) ▼ 21.2%

EBITA margin is down slightly on proforma 2017 due to the commercial close out of a minerals processing project in 2017.

In minerals processing we remain active on work in South America and in Australia, including the Gruyere Gold EPC project, and are encouraged by recent wins including the Tasiast gold mine expansion project in Mauritania. Growth in automation and control was led by procurement activity on the TCO project and a full year contribution from CEC, acquired in May 2017. Activity in nuclear improved and we were recently awarded system design work supporting projects and decommissioning at Sellafield. Subsea activity on early stage and tie back work remains steady.

Order book is approximately $1.0bn with c50% of expected 2019 revenues secured, consistent with the short cycle nature of contracts in STS. We saw a reduction in STS order book as we progressed towards completion on a number of mining contracts including Gruyere Gold and the STS led scope on TCO offset in part by recent awards across the business.

Outlook

We expect moderate revenue growth in 2019 as the Gruyere Gold contract in minerals processing and the STS led scope of the TCO project in automation & control reach an advanced stage of completion. Our technology and consulting business remains well positioned. 2019 earnings are expected to benefit from a focus on further margin improvements initiatives.

Specialist Technical Solutions - Case study:

Supply of programmable digital control technologies to UK nuclear site

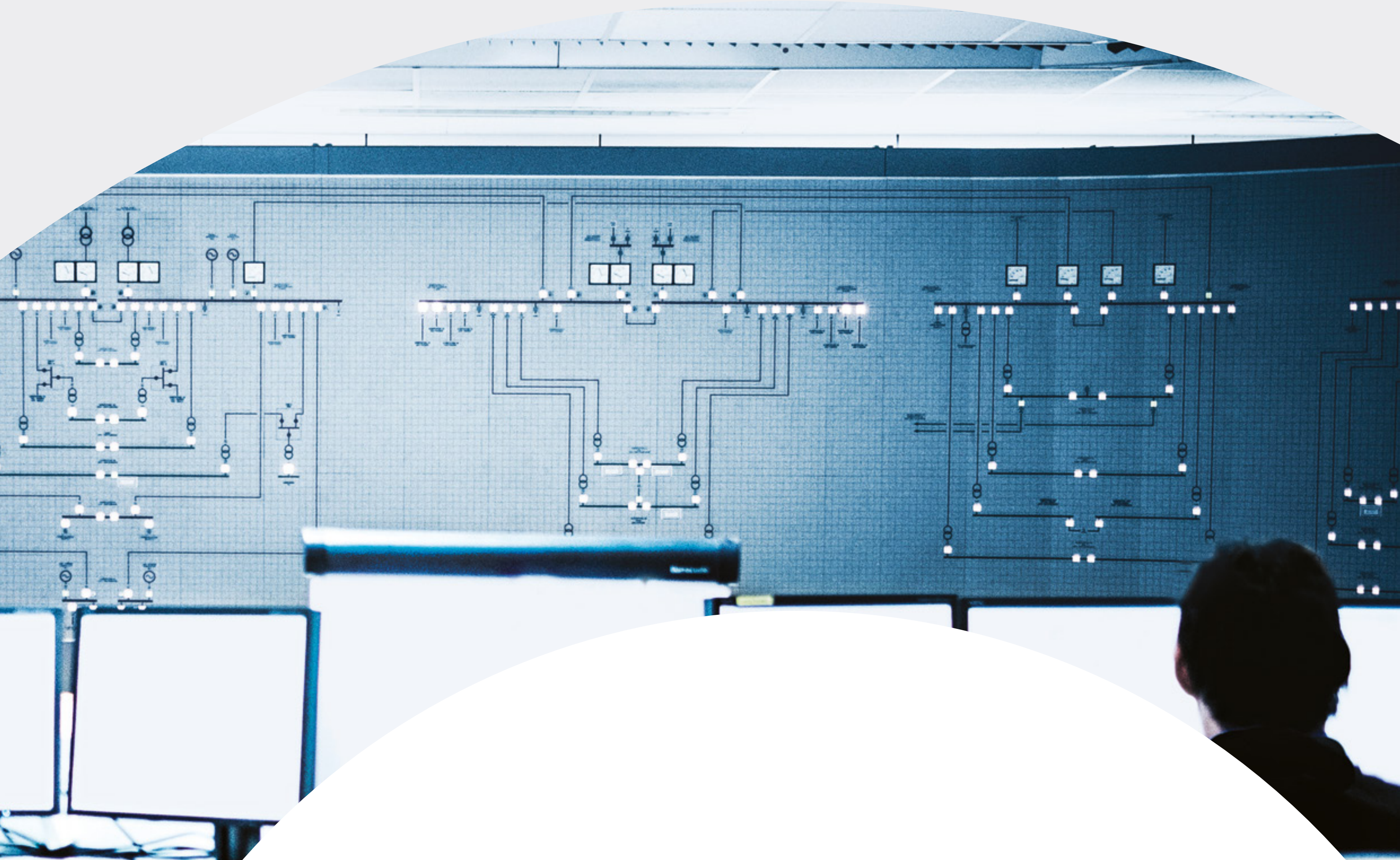
In 2018 we were awarded a $66 million contract to supply programmable digital control technologies to Sellafield Ltd, operator of the UK's largest and most complex nuclear site. The contract is a good example of a revenue synergy and was secured by combining Wood Group's best in class automation experience from the automotive and oil & gas sectors with AFW's competence, stakeholder relations and site-specific knowledge in the nuclear sector.

Our scope covers all stages of system design, manufacture and assembly of equipment, obsolescence management and maintenance support to project work and decommissioning carried out by Sellafield Ltd. Delivery of the contract will draw on experience in our automation business of replacing control systems in the oil & gas sector and applying simulation and virtual commissioning environments in the automotive sector. Our nuclear business will draw on its track record as an internationally renowned centre of excellence for transferring nuclear codes from legacy control systems to modern equipment.

$66 million
revenue

10 years
framework duration

50 year
customer relationship

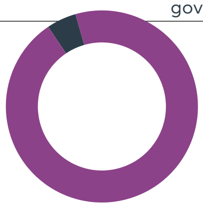


"The contract combines Wood Group's best in class automation experience from the automotive and oil & gas sectors with AFW's competence, stakeholder relations and site-specific knowledge in the nuclear sector."

Environment & Infrastructure Solutions

2018 revenues are up 8% on proforma 2017 with increased consultancy activity in the US and Canada. EBITA benefitted from cost overruns on projects experienced in 2017 not repeating offset in part by a lower than expected benefit from contract completions.

Markets:



Revenue including joint ventures

$1,385m

(2017: $321m)

(Proforma 2017: $1,279m)

% Movement vs. proforma: ▲ 8.3%

Adjusted EBITA

$91m

(2017: $25m)

(Proforma 2017: $72m)

% Movement vs. proforma: ▲ 26.4%

Adjusted EBITA Margin

6.6%

(2017: 7.8%)

(Proforma 2017: 5.6%)

% Movement vs. proforma: ▲ 1.0%

People

7,500

(2017: 7,300)

(Proforma 2017: 7,300)

% Movement vs. proforma: ▲ 2.7%

Order book

$1,213m

(2017: $1,296m) ▼ 6.4%

E&IS saw good activity across environmental remediation consultancy and engineering & construction project management services predominantly in North America. Full year performance benefitted from increased activity as a result of US government and industrial spending.

Order book is $1.2bn, giving us good visibility over revenues for 2019 with c70% of expected revenues secured. Order book reflects the typical, short cycle nature of contracts in E&IS, the slight reduction compared to June 2018 reflects progress to completion of our waste disposal contract in Guernsey and our decision not to pursue certain overseas capital projects.

Outlook

We expect further growth in 2019. We see good opportunities as government and industrial spending increases in the US and Canada although the US government shutdown may impact the pace of awards in early 2019. Having taken the decision not to pursue certain higher risk lump sum contracts, we have exited the legacy US government capital project in the Pacific. As a result, the Aegis project is the only legacy contract of this nature remaining which is due to be operationally complete towards the end of 2019 and commercial close out expected in 2021. The full amount of the expected loss at completion of $75m has been recorded as a fair value adjustment.

Environment & Infrastructure Solutions - Case study:
Jane Addams Memorial Tollway, Chicago, United States

In 2018, Wood completed design and construction management services for the reconstruction of vital sections of the Jane Addams Memorial Tollway (I-90) in Chicago, United States. As part of our customer's significant investment programme, we designed 5.5 miles of this heavily travelled urban interstate highway; managed the construction of a 10-mile segment; built, replaced or rehabilitated 35 bridges; improved access at 5 interchanges; added Flex Lanes with transit options and introduced SmartRoad, a roadway that actively manages traffic. Our scope was part of a project that is anticipated to deliver $440m of annual savings to drivers in fuel and productivity costs.

This was a complex project which presented various challenges such as tight confines, unique utility and environmental challenges and a short delivery schedule. With a clear focus on project delivery and understanding the customer's vision, we utilised innovative methods to successfully design and manage the project and the Illinois Tollway rated our performance as Exceeding Expectations – a reflection of our customer-centered commitment and long standing relationship.

30 construction contracts

coordinated over three years

35 bridges

built, replaced or rehabilitated under Wood's construction management

5 interchanges

with improved access

Investment Services

A number of underperforming legacy activities in AFW are managed in Investment Services. This includes the activities of Industrial Power and Machinery business in addition to interests in a number of infrastructure projects. Operational performance in the Transmission and Distribution engineering business has been successfully improved and this business will be managed within Asset Solutions EAAA going forward. Investment services generated revenue including joint ventures of $252m in 2018 (2017 proforma: $374m) and adjusted EBITA of $32m (2017 proforma: $28m). During 2018, as part of our non-core asset disposal programme, Investment Services entered agreements to dispose of its interests in four joint ventures, Voreas S.r.l., RMS A13 Holdings Ltd, Power Machinery Ltd and Centro Energia Teverola S.r.l and Ferrara S.r.l for consideration of approximately $54m. Wood's share 2019 EBITA from the four joint ventures was forecast to be c$8m.

Financial review

"Financial performance in 2018 reflects good organic growth, with higher activity across all business units, and the benefit of cost synergy delivery."

David Kemp
Group CFO

Trading performance

Trading performance is presented based on proportionally consolidated numbers, which is the basis used by management to run the business. Revenue including joint ventures and adjusted EBITA include the contribution from joint ventures. The trends between these alternative performance measures and reported measures are similar. The balance sheet and cash flow information is presented on an equity accounted basis, consistent with the Financial Statements. A reconciliation to statutory measures of revenue and operating profit from continuing operations excluding joint ventures is included in note 1 to the financial statements.

	2018 $m	2017 $m
Revenue including joint ventures	**11,036.0**	6,169.0
Revenue	**10,014.4**	5,394.4
Adjusted EBITA	**629.9**	371.6
Adjusted EBITA margin %	**5.7%**	6.0%
Amortisation - software and system development	**(84.3)**	(61.3)
Amortisation - intangible assets from acquisitions	**(164.5)**	(80.0)
Adjusted EBIT	**381.1**	230.3
Net finance expense (excluding exceptional items)	**(119.9)**	(52.9)
Profit before tax, exceptional and discontinued items	**261.2**	177.4
Taxation before exceptional items	**(86.0)**	(42.3)
Profit before exceptional items	**175.2**	135.1
Exceptional items, net of tax	**(182.8)**	(165.1)
Loss for the period	**(7.6)**	(30.0)
Basic EPS (cents)	**(1.3)c**	(7.4)c
Adjusted diluted EPS (cents)	**57.4c**	53.3c

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

Reconciliation to operating profit

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

	2018 $m	2017 $m
Adjusted EBITA	**629.9**	371.6
Amortisation	**(248.8)**	(141.3)
Adjusted EBIT	**381.1**	230.3
Tax and interest charges on joint ventures included within operating profit but not in Adjusted EBITA	**(24.5)**	(17.9)
Operating profit before exceptional items	**356.6**	212.4
Exceptional items	**(191.3)**	(176.0)
Operating profit	**165.3**	36.4

Revenue including joint ventures and adjusted EBITA

The financial performance of the Group for 2018 and 2017 is presented below. The 2017 results are on a proforma basis and include AFW's pre-acquisition results for the period from 1 January 2017 to 6 October 2017 but exclude the results of businesses disposed. The 2017 results are unaudited and are included to provide a better insight into the underlying business performance. The table below includes the results of joint ventures on a proportional basis.

Unaudited	2018 Revenue including JV's $m	2018 Adjusted EBITA $m	2017 Revenue including JV's $m	2017 Adjusted EBITA $m
Asset Solutions EAAA	**4,072.0**	**231.4**	3,722.7	283.5
Asset Solutions Americas	**3,761.6**	**204.8**	3,186.5	164.9
Specialist Technical Solutions	**1,564.9**	**148.2**	1,320.0	133.8
Environment and Infrastructure Solutions	**1,385.1**	**90.7**	1,279.0	71.9
Investment Services	**252.4**	**31.9**	373.6	27.9
Centre (incl asbestos)	**-**	**(77.1)**	-	(84.3)
Total	**11,036.0**	**629.9**	9,881.8	597.7
EBITA margin		**5.7%**		6.0%

Amortisation

Total amortisation for 2018 of $248.8m (2017: $141.3m) includes $126.4m for AFW and $38.1m of amortisation relating to intangible assets arising from prior year acquisitions. Amortisation in respect of software and development costs was $84.3m (2017: $61.3m) and this largely relates to engineering software and ERP system development. Included in the amortisation charge for the year above is $2.5m (2017: $1.9m) in respect of joint ventures.

Net finance expense and debt

Net finance expense is analysed below.

	2018 $m	2017 $m
Interest on debt	**67.8**	20.8
Interest on US Private Placement debt	**14.1**	14.1
Finance expense relating to defined benefit pension schemes	**-**	2.6
Discounting relating to asbestos, deferred consideration and other liabilities	**15.3**	6.9
Other interest, fees and charges	**19.9**	7.9
Total finance expense pre-exceptional items	**117.1**	52.3
Finance income relating to defined benefit pension schemes	**(0.5)**	-
Other finance income	**(4.8)**	(2.8)
Net finance expense pre-exceptional items	**111.8**	49.5

Interest cover[4] was 5.6 times (2017: 7.5 times).

The above table excludes net finance charges of $8.1m (2017: $3.4m) in respect of joint ventures.

The Group negotiated new bank facilities in order to complete the acquisition of AFW in 2017. The facilities comprised a $1.0bn term loan repayable in 2020 and a 5 year Revolving Credit Facility of $1.75bn repayable in 2022. The term loan has subsequently reduced to $0.9bn following repayments arising from the disposal of AFW's UK upstream oil and gas business.

At 31 December 2018 total borrowings under these facilities amounted to $1,542.3m with $1,091.4m undrawn. A further $162.2m of overdraft funding is available under the Group's other short-term facilities. The Group also has $375m of unsecured loan notes issued in the US private placement market which mature in 2021, 2024 and 2026. In December 2018, the Group took the opportunity to secure a $140m part refinancing of the term loan from an existing US private placement debt provider. As a result, a further $140m of US private placement debt, which matures in 2027 and 2029, was added in February 2019.

Net debt to adjusted EBITDA at 31 December was 2.2 times (2017: 2.4 times) against our covenant of 3.5 times. The Group remains committed to achieving its targeted leverage policy of net debt to adjusted EBITDA of 1.5 times.

Exceptional items

	2018 $m	2017 $m
Acquisition costs	**-**	58.9
Redundancy, restructuring and integration costs	**71.7**	51.4
Arbitration settlement provision	**10.4**	19.2
EthosEnergy impairment and other write offs	**51.0**	38.3
Investigation support costs	**26.3**	8.2
Guaranteed Minimum Pension ("GMP") equalisation	**31.9**	-
	191.3	176.0
Bank fees relating to AFW acquisition	**-**	8.5
	191.3	184.5
Tax on exceptional items	**(8.5)**	(19.4)
Continuing exceptional items, net of tax	**182.8**	165.1

Redundancy, restructuring and integration costs of $71.7m have been incurred during the year. The total includes $41.8m of integration costs in relation to the acquisition of AFW, $23.8m of redundancy and restructuring costs, and $6.1m of costs relating to onerous property leases.

A charge of $10.4m was recorded in relation to a legacy contract carried out by the Group's Gas Turbine Services business prior to the formation of EthosEnergy. An arbitration hearing was held in relation to a dispute between the Group and a former subcontractor and this amount represents the additional provision required to cover the settlement and related legal costs, $19.2m having already been provided in 2017.

Investigation support costs of $26.3m have been incurred during the year in relation to ongoing investigations by the relevant authorities into the historical use of agents and in relation to Unaoil. See note 33 for full details.

A court ruling passed in October 2018 provided clarity in respect of GMP equalisation in relation to UK defined benefit pension schemes. As a result, the Group has allowed for GMP equalisation in determining its UK defined benefit scheme liabilities with the increase in liabilities arising of $31.9m being recorded as an exceptional charge in the year.

In June 2018, the Group carried out an impairment review of its investment in the EthosEnergy joint venture. The recoverable amount of the investment, based on management's estimate of fair value less costs of disposal of $29.0m, is lower than the book value. An impairment charge of $41.4m along with $9.6m relating to the Group's share of exceptional items recorded by EthosEnergy during 2019 has been booked in the income statement (see note 11). A tax credit of $8.5m has been recorded against exceptional items.

Taxation

The effective tax rate on profit before tax, exceptional items and amortisation and including joint ventures on a proportionally consolidated basis is set out below.

	2018 $m	2017 $m
Profit from continuing operations before tax, exceptional items and amortisation	**510.0**	318.7
Tax charge (excluding tax on exceptional items and amortisation)	**116.8**	75.9
Effective tax rate on continuing operations (excluding tax on exceptional items and amortisation)	**22.9%**	23.8%

The tax charge above includes $16.4m in relation to joint ventures (2017: $14.5m).

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 2018 are restrictions on the deductibility of interest in the UK and US offset by increased deferred tax asset recognition, the release of provisions in relation to uncertain tax positions and branch and withholding taxes in excess of double tax relief. Despite challenges in relation to interest deductibility and the new US legislation around base erosion, we currently anticipate a rate in 2019 of in the region of 23%-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.

Our tax strategy is available at:
www.woodplc.com/taxstrategy

Earnings per share

Adjusted diluted EPS for the year was 57.4 cents per share (2017: 53.3 cents). The average number of fully diluted shares used in the EPS calculation for the period was 683.0m (2017: 451.3m).

Adjusted diluted EPS adds back all amortisation. If only the amortisation related to intangible assets arising on acquisition is adjusted and no adjustment is made for that relating to software and development costs, the figure for 2018 would be 46.6 cents per share (2017: 42.9 cents).

Reconciliation of number of fully diluted shares (million)	**Closing**	**Average**
At start of year	677.7	677.7
Allocation of shares to employee share trusts	3.8	1.0
	681.5	678.7
Shares held by employee share trusts	(11.2)	(9.1)
Basic number of shares for EPS	**670.3**	**669.6**
Effect of dilutive shares	12.0	13.4
Fully diluted number of shares for EPS	**682.3**	**683.0**

Basic EPS for the year was (1.3) cents per share (2017: (7.4) cents). The loss for the year attributable to owners of the parent of $8.9m is lower than the $32.4m loss reported in 2017 due to increased EBITA partly offset by higher amortisation, interest and tax.

Dividend

The progressive Wood dividend policy which takes into account cash flows and earnings, is a key element of our investment case and compares favourably against peers in the global engineering and construction sector. The Board has recommended a final dividend of 23.7 cents per share, which makes a total distribution for the year of 35.0 cents, an increase of 2%. The final dividend will be paid on 16 May 2019 to all shareholders on the register at the close of business on 26 April 2019.

Cash flow and net debt

The cash flow and net debt position set out below has been prepared using equity accounting and as such does not proportionally consolidate the assets and liabilities of joint ventures.

	2018 $m	**2017 $m**
Opening net debt	**(1,646.1)**	**(322.6)**
Adjusted EBITDA	**693.8**	**423.1**
Less JV EBITDA	(83.3)	(61.9)
	610.5	**361.2**
Cash impact of current year exceptional items	(74.7)	(75.1)
Cash impact of prior year exceptional items	(67.3)	-
Decrease in provisions	(144.1)	(75.8)
Dividends from JV's	38.5	32.0
FX and other	(28.8)	23.7
Cash generated from operations pre-working capital	**334.1**	**266.0**
Working capital movements	291.2	(16.0)
Cash generated from operations	**625.3**	**250.0**
Acquisitions	(30.0)	(1,469.3)
Divestments	33.4	254.9
Capex and intangibles	(87.5)	(73.9)
Tax paid	(83.5)	(99.6)
Interest paid	(96.7)	(50.2)
Dividends	(231.0)	(125.6)
Other	(32.1)	(9.8)
Decrease/(increase) in net debt	**97.9**	**(1,323.5)**
Closing net debt	**(1,548.2)**	**(1,646.1)**

Cash generated from operations pre-working capital increased by $68.1m to $334.1m and post-working capital increased by $375.3m to $625.3m as a result of improved working capital management.

Cash conversion, calculated as cash generated from operations as a percentage of adjusted EBITDA (less JV EBITDA), improved to 102% (2017: 69%) due to improved working capital performance partly offset by the cash impact of exceptional costs. Excluding the impact of exceptional costs cash conversion is 126%.

Expenditure on acquisitions largely relates to payments in respect of companies acquired in prior periods.

Cash from divestments of $33.4m relates to the disposal of the Group's interests in the Voreas wind farm and the Road Management Services (A13) joint venture.

Net payments for capex and intangible assets were $87.5m (2017: $73.9m) and included software development and expenditure on ERP systems across the Group. $24.0m of this amount related directly to the integration of AFW.

Summary Balance Sheet

The balance sheet below has been prepared using equity accounting for joint ventures, and as such does not proportionally consolidate the joint ventures assets and liabilities.

	Dec 2018 $m	**Dec 2017 $m**
Non-current assets	**7,720.6**	8,157.6
Current assets	**4,032.7**	4,005.1
Current liabilities	**(3,870.1)**	(3,185.2)
Net current assets	**162.6**	819.9
Non-current liabilities	**(3,273.4)**	(4,005.5)
Net assets	**4,609.8**	4,972.0
Equity attributable to owners of the parent	**4,590.8**	4,960.3
Non-controlling interests	**19.0**	11.7
Total equity	**4,609.8**	4,972.0

The Group acquired AFW on 6 October 2017. At 31 December 2017, the Group had not fully finalised its assessment of the fair value of certain AFW assets and liabilities and the 2017 financial statements reflected the provisional assessment of the fair values at the acquisition date. During 2018, the Group has reassessed those fair values as a result of new information obtained about facts and circumstances that existed at the acquisition date, and recorded measurement period adjustments of $159.4m in provisions, $12.9m in trade and other receivables and $17.4m in trade and other payables. A $40.7m deferred tax asset and a $16.9m reduction to income tax liabilities have also been recorded in relation to these adjustments and $132.1m has been added to goodwill. The 2017 balance sheet has been restated accordingly. In total, $294.2m of fair value adjustments have been booked in relation to the acquisition around half of which relates to revised estimates of contract losses which existed at the date of acquisition. The balance relates to provisions for legal fees associated with legacy disputes, onerous property and amounts not considered recoverable.

A significant element of the fair value adjustment relates to the Aegis contract in 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 65% complete by value at 31 December 2018 and is expected to be operationally complete towards the end of 2019. Management's latest estimate is that the loss at completion will be $100m including liquidated damages and legal fees. The full amount of this loss has been included in provisions. In reaching its assessment of this loss, management have made certain estimates and assumptions around the date of completion, productivity of workers on site and the costs to complete.

Non-current assets includes $4,766.7m of goodwill and intangibles relating to the acquisition of AFW.

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 1970's or earlier. The overwhelming majority of claims that have been made and are expected to be made are in the United States. At 31 December 2018, the Group has net asbestos related liabilities of $398.1m (2017: $430.0m).

The Group expects to have net cash outflows of $35.1m as a result of asbestos liability indemnity and defence payments in excess of insurance proceeds during 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 EBITA 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 19 to the Group 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 31 December 2018, the schemes had a net surplus of $242.7m (2017: $167.7m). In assessing the potential liabilities, judgment is required to determine the assumptions around inflation, investment returns and member longevity. The assumptions at 31 December 2018 showed an increase in the discount rates which results in lower scheme liabilities and broadly similar inflation rates. Full details of pension assets and liabilities are provided in note 31 to the Group Financial Statements.

Contingent liabilities

Details of the Group's contingent liabilities are set out in note 33 to the financial statements. During 2018, the contingent liability that existed at 31 December 2017 in relation to pollution at the Mount Polley dam in British Columbia in Canada was settled by the Group's insurers.

Divestments

During 2018, the Group disposed of its 50% interest in the Voreas S.r.l wind farm for a cash consideration of $25.9m. In December 2018, the Group signed a sale and purchase agreement to dispose of its 25% interest in Road Management Services (A13) Holdings Limited for $11.5m, $2.8m of which was deferred. At 31 December 2018, the disposal remained subject to minor conditions precedent with the deal being completed in February 2019.

In December 2018, the Group signed a sale and purchase agreement for the disposal of its 52% interest in the Amec Foster Wheeler Power Machinery Company Limited, a fabrication and manufacturing facility in China. This disposal was completed in March 2019. In January 2019, the Group sold its 41.65% share in the Centro Energia Teverola S.r.l and Centro Energia Ferrara S.r.l combined cycle gas power plants in Italy.

New accounting standards

The new accounting standard on revenue recognition, IFRS 15 became effective on 1 January 2018. No material changes resulted from the adoption of the standard. IFRS 16, the new standard on leases becomes 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. For 2019, we currently anticipate recognising lease liabilities of around c$650m. In the income statement this will result in an increased depreciation charge of c$140m and higher financing costs of c$30m and reduced operating costs of around $170m. As a result we anticipate that 2019 adjusted EBITDA will increase by c$170m and adjusted EBITA will increase by c$30m although we expect there will be no material impact on operating profit. We also expect net debt to increase by c$650m on recognition of the lease liabilities.

Footnotes

1. Adjusted EBITA represents operating profit including JVs on a proportional basis of $189.8m (2017: $54.3m) before the deduction of amortisation of $248.8m (2017: $141.3m) and continuing exceptional expense of $191.3m (2017: $176.0m) 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, net of tax, by the weighted average number of ordinary shares in issue during the period, excluding shares held by the Group's employee share ownership trusts and adjusted to assume conversion of all potentially dilutive ordinary shares.
3. Number of people includes both employees and contractors at 31 December 2018 and includes joint ventures.
4. Interest cover is adjusted EBITA divided by the net finance expense.

Building a sustainable business

Our sustainability, or long term future as a successful business, relies upon our ability to balance economic, social and environmental issues in our decision-making processes, across our entire business. Our shared vision, values and behaviours underpin our approach to sustainability, setting a framework for decision making.

Non-financial information disclosures

The information required to be contained in the non-financial reporting statement under section 414CA and 414CB Companies Act 2006 is contained in the strategic report as set out in the table below:

Environmental matters	**28-31**
Employees	**32-35**
Human rights	**27, 30 & 34**
Social matters	**36-38**
Anti-corruption & anti-bribery	**27 & 30**

"We aim to make a tangible difference in the way that we operate that delivers benefits for Wood, our employees, our investors and wider society."

Robin Watson
Chief Executive

Health, safety, security & ethics

At Wood we care about our people. Our expectation is that wherever we work the security, safety and health of our people is our top priority. Our health, safety, security and environment assurance (HSSEA) culture is defined by our values, strong leadership, personal accountability and a commitment to achieving excellence.

The acquisition of AFW in October 2017 increased the size of our workforce considerably and broadened our end markets to include oil and gas, power, clean energy, mining, nuclear, environment & infrastructure and general industrial sectors. We chose to revise our HSSE policy and launch new Safety Essentials and Life Saving Rules for Day 1 of the new organisation.

Throughout 2018, and as part of the integration process, we have focused on developing a consistent health, safety and environmental governance framework including standards, procedures, guidance and tools to underpin our Wood policy. We have taken the best practices from both organisations to develop a single Health, Safety & Environment ("HSE") governance platform for Wood.

Our HSSE policy is available at:
www.woodplc.com/hssepolicy

Our operational priorities during 2018 included:

Strengthening risk management in critical areas

Focusing on critical risk areas through the application of our "safety ladder" has been a key driver this year in Wood's Stand up for Safety campaign. The safety ladder is a simple analysis tool we have used to review high potential incidents in order to identify focus areas. Concentrating on four focus areas – driving, process safety, working at height and dropped objects – we have strengthened risk management in these areas by providing consistent resources including training resources, toolkits and awareness materials. We have also made these a focus of our Wood HSSEA webinars which aims to share best practice amongst our employees.

Promoting strong HSSEA culture across Wood

Leadership engagement to promote a strong HSSEA culture has been essential in a year that has seen Wood transform through the integration. There have been many changes in our organisation, people and processes which could have impacted on safety performance. However, our leaders have ensured that all employees are clear that safety is our priority. Each business unit carried out a variety of leadership engagement activities, across all levels of management involving personal delivery of our safety messages. We believe that our leaders' relentless focus on safety has helped us to achieve an improved performance this year.

Embedding assurance process

We recognise that having strong assurance processes in place is essential to driving excellence in our performance. This places a focus on identifying strengths and acting on weaknesses before they manifest as harm to people or our business. We have initiated a greater focus on this through the establishment of our Operations Assurance (OA) function within HSSEA. Assuring the safety of the work that we deliver to our customers is a key part of having a culture of execution excellence. Our Operations Assurance team have established an OA standard which defines our requirements for service delivery. Compliance with these requirements are assessed through our risk-based assurance programme. Senior management including the Chief Executive, Group CFO, HSSEA President, Commercial Director, Head of Internal Audit and Head of Operations Assurance participate in a quarterly review of key projects and select higher risk contracts for independent audit by the OA function. Additionally, performance data is continually assessed which is also used to direct OA activities.

We have focused on making sure that risk-based assurance plans exist throughout Wood's operations. Our assurance processes are designed to ensure all findings and actions are robustly closed out and subsequent learnings widely shared. With the establishment of our Operations Assurance function we will continue to evolve our approach over the course of 2019.

wood.

Safety Shield

Prepare. Engage. Intervene.

Wood Safety Shield Initiative

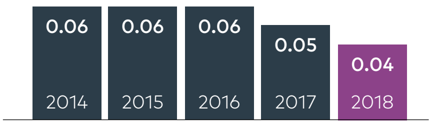
We are committed to making sure that we prepare effectively to deliver safely every day. To do this we take care to engage with our people, making sure that everyone understands their safety leadership role. In Q1 2019 we rolled out Wood's Safety Shield initiative. This is designed to combine our existing safety programmes into one standard that is simple; understandable across countries and cultures; and aligns with customer and industry standards. The Safety Shield builds on our values of care, commitment and courage and asks our employees to have the commitment to prepare correctly, the care to engage with the safety requirements of a task and the courage to intervene if they see something unsafe.

Wood achieved a 28% reduction in our total recordable incident rate in 2018 – we are stronger and safer together.

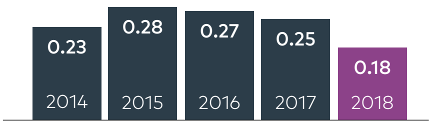
Read more about the Safety Shield at:
www.woodplc.com/safetyshield

During the integration we placed a strong emphasis on ensuring that safe delivery remained our priority despite the many changes taking place. This emphasis together with a sustained focus on the key operational priorities described above resulted in Wood recording an improved performance in both key measures in 2018. We saw a 28% reduction in the total recordable case frequency rate and a 20% reduction in lost work case frequency.

Lost work case frequency (LWCF)
(per 200,000 manhours)



Total recordable case frequency (TRCF)
(per 200,000 manhours)



*Lost Work Case Frequency and Total Recordable Case Frequency based upon employee and subcontractor incidents and exposure hours for Wood on a proforma basis, with previous years restated to allow comparison. On integrating legacy safety performance data Wood has decided to base all frequency rates per 200,000 manhours opposed to 1,000,000 manhours as historically reported. The revised basis is in line with peer and Occupational Safety and Health Administration (OSHA) reporting.

There was regrettably a fatality in March at a construction site in the United States. An employee was undertaking a pressure test on a water pipe which failed and the pipe thrust upwards causing a fatal injury. The incident led to a thorough review of all pressure testing operations and the establishment of a standard approach which has been implemented across the company to ensure a minimum standard of safety compliance.

Building Responsibly

Wood is also a founding member of Building Responsibly, a group of leading engineering and construction companies working together to promote the rights and welfare of workers across the industry. In 2018, the group released its Worker Welfare Principles. Given differing local and national requirements, and external guidelines, these Principles establish a common, global baseline for the treatment of workers and ensure the fostering of a business environment that advances the safety, security, and welfare of all people - especially those working in the construction sector.

For more information on Building Responsibly visit:
www.building-responsibly.org

The Safety, Assurance and Business Ethics Committee (SABE) is responsible for overseeing Wood's management of health, safety, security and environment (HSSE) and business ethics issues. This section of the report should be read in conjunction with the report from the SABE Chair on page 54. Wood operates in a number of countries with complex or challenging security risk environments.

Group Security form part of Group HSSEA and are responsible for providing both forward-looking strategic risk advice to leadership teams, as well as the security risk mitigation requirements for travellers, offices or projects in areas where crime, terrorism or political instability is a concern.

Our focus in 2018 was on restructuring the function to best support the business post integration. Each Business Unit is now partnered with a designated Security Director, who in turn is supported by a network of Regional Security Managers providing specific geographical expertise. The team's aim is to enable the Company to operate safely all over the world and does so by focusing on four key areas of ongoing political risk monitoring; project and operational security advice, planning and assurance; travel security; and crisis management.

Travel security was an area of focus in 2018 and we implemented an enhanced travel assistance programme. This consists of a suite of tools for employees such as e-learning, to help personnel stay safe and healthy when travelling and smartphone apps that provide immediate access to medical, security and logistics experts, real-time alerts and up to date medical and security advice. In addition, the programme includes a new traveller tracking platform which enables us to account for and communicate with our employees whilst they are travelling for business. If the travel risk rating of the destination is high or above, then Group Security approval is required before any travel can be booked.

Our crisis and emergency management programme sets the framework to govern how we prepare for and manage unforeseen events that may disrupt business and is integral to improving our resilience as a business. Group Security manage Wood's crisis and emergency management programme and the focus for 2018 has been the launch of a standard for the Group as well as training the crisis management team and carrying out exercises to test our response to such events.

2019 will focus on the development of business unit incident management teams to ensure the business is positioned to plan and respond to risks at strategic, operational and tactical levels, further roll out of the Emergency Management Standard, and the development of business continuity guidance to ensure a consistent approach in response to incidents across the business.

Ethical conduct

Our leadership remains committed to improving and sustaining a strong ethical culture at Wood. In 2018, Wood launched a new vision statement and defined a new set of organisational values: Care, Commitment and Courage. Safety and integrity are both expressly mentioned as central to the Care value.

These organisational values are supplemented by six behaviors that we expect our people to demonstrate:

Listen Up, Lift Others Up, Stand Up, Team Up, Speak Up and Don't Give Up.

Our values are reinforced by our new Wood Code of Conduct which provides our people with clear expectations when they are faced with ethical issues. Throughout 2018, we made a substantial effort to ensure the legacy Wood Group and AFW ethics and compliance programmes were integrated successfully and operating cohesively. As a result our Code of Conduct was launched in August, replacing the Wood Group Business Ethics Policy and the AFW Code of Business Conduct. The code is supported by our eight consolidated ethics and compliance polices: competition law; conflicts of interest; gifts and hospitality; business ethics reporting and anti-retaliation; ethics investigation process; commercial intermediaries; anti-bribery and corruption; and sanctions export controls and anti-boycott. Our policies underpin our commitment to deliver excellent work to our customers with an unwavering focus on ethical business conduct.

Compliance with the Wood Code and corresponding polices is mandatory for our directors, officers and employees as well as all contractors, consultants, representatives, intermediaries and agents retained by Wood.

Our Supply Chain Code of Conduct is available at:
www.woodplc.com/scm

In Q4 2018, Wood's annual business ethics online and site-based training campaign focused on our Code of Conduct. The campaign was launched online to over 35,000 Wood office staff, who comprise approximately 60% of the workforce. Our completion rate for the online campaign is over 90%. Site-based employees, who comprise approximately 40% of the workforce, had access to face-to-face ethics training facilitated through group discussions.

Business ethics training

35,000+

employees covered by online training

90%+

completion rate of online training

We supplemented our annual training with targeted risk based training and communication campaigns. Our training and communications are fundamental in building a strong business ethics culture throughout Wood. We support and encourage our employees and third parties to speak up if they have a concern or they see something they believe is inconsistent with our values or policies. Anyone who raises a concern is protected by our anti-retaliation policy.

We maintain an independent third-party, confidential, multi-lingual business ethics helpline where anyone, anywhere, anytime can raise a concern or report a suspected violation of our policies, procedures or the law. Violations and complaints are investigated and any necessary disciplinary and/or remediation action is taken as appropriate.

A register of reported matters is maintained by Wood's Chief Ethics and Compliance Officer and the Board is provided with regular updates. During 2018, a total of 89 allegations were added to the Wood Business Ethics register. Further action was required to be taken on 30 of these entries and 21 resulted in disciplinary action, including termination of six personnel contracts.

Throughout 2018 we continued to meet our ongoing commitments under our Administrative Agreement with the U.S. Department of the Interior, and U.S. Environmental Protection Agency, which resulted from regulatory settlements in Wood Group's Gulf of Mexico business. This remains an integral focus of the compliance team including the implementation of improvement actions across the AFW business.

In addition, during 2018 we continued to cooperate with and assist the relevant authorities in relation to their investigations into the historical use of agents and in relation to Unaoil, see note 33 to the Financial Statements. During the year we established a working group to drive compliance by intermediaries with our Commercial Intermediaries Policy.

During the year we undertook actions to ensure compliance with the General Data Protection Regulation (GDPR). More than 500 people attended specialist training sessions for their own areas and we commenced a roll-out of GDPR training to our employees more widely. In response to GDPR which became effective in May 2018, we published appropriate data protection policies and procedures. We also continually monitor potential incidents and comply with regulatory reporting obligations. As part of our commitment to speaking up we shared the lessons we learned from incidents with relevant business functions. While the focus for the year was on GDPR, legal protection of personal data and privacy is developing in countries across the world. We developed a Data Protection Ambassador network which crosses all Wood companies to share key messages on privacy and drive towards a global privacy approach. In November our new Group Data Protection Officer was appointed.

Ensuring we maintain a standard of business that complies with the law, respects the rights of others and protects human rights is crucial to the long term sustainability of our business and its operations. Wood is committed to the protection of human rights and respects and enforces the principles established in the Universal Declaration of Human Rights through our Human Rights policy. This policy is supported by our commitment to equal opportunities across the Group.

Our Code of Conduct and information on our helpline is available at:
www.woodplc.com/ethics

Environment

At Wood we aim to minimise our impact on the environment and seek to contribute positively towards the global sustainability of the planet we all share. Good environmental management is not only the right thing to do, but makes business sense in protecting our people, the business and locations we operate in. Managing our environmental risks is imperative to the sustainability of our business and the standards we set and maintain help shape the performance, profitability and the reputation of Wood.

Wood's integrated HSSEA management system provides the framework for how we manage environmental risks and we align our business to ISO14001:2015, ensuring we monitor and deliver continuous improvement in our environmental performance.

Our environmental strategy, based upon the key risks associated with our operations, focuses on three key areas:

Managing environmental risk
Managing our environmental risks appropriately ensures the business can retain its social licence to operate and preserve our reputation as a business that operates responsibly.

Reducing our environmental impact
We strive to leave behind a positive legacy wherever we operate. We assess and manage our operations to help reduce, mitigate and minimise our impact on the environment.

Raising environmental awareness and competence amongst employees
It is vital that our employees understand why we care about the environment and why it is important to our business.

Further information on our environmental performance and ongoing strategy is contained in our annual sustainability report which is available at:
www.woodplc.com/sustainability

Tackling climate change

At Wood we recognise climate change as one of the greatest generational challenges faced by the world today.

We believe we have a vital role to play in both managing our own impact as well as working with our clients and supply chain to create positive change. Through innovative thinking and proactive challenge, we believe it is possible to achieve a low carbon future that strikes a balance between acceptable environmental parameters and commercial viability.

To demonstrate our commitment to tackling global climate change, Wood participates in the annual voluntary Carbon Disclosure Project (CDP) questionnaire. The CDP is an independent not-for-profit organisation and the largest published registry of corporate greenhouse gas (GHG) emissions in the world. Our involvement in the scheme allows us to demonstrate our resilience to climate related risk as well as benchmark our performance against that of our industry peers and global business community. In 2018 we submitted our first Wood CDP Climate Change report, building upon a long history of participation from both legacy businesses.

We support global efforts to tackle climate change, in particular the United Nations Paris Agreement on Climate Change, seeking to limit global temperature rise to below 2 degrees Celsius. We recognise the role Wood plays in helping to reduce global carbon emissions and a key integration priority in coming together as Wood was the implementation of a strategy to align our carbon reporting. Starting in October 2017, our three year strategy is to have fully aligned carbon reporting for scope 1, 2 and 3 emissions by 2020 which will then provide Wood with a baseline to allow the creation of Group wide reduction targets.

Further information on CDP and access to our annual response is available from the CDP website at:
www.cdp.net/en/scores

Building resilience

As well as looking at our own resilience to climate change, Wood also provides a range of services utilising our experience and expertise in climate resilience and infrastructure, helping global cities and communities become more resilient to ever growing social, environmental and economic challenges.

In 2018 we continued to partner with 100 Resilient Cities (100RC), a global programme aimed at providing urban centres around the world with access to innovative tools that allow them to better plan for potentially destructive weather events.

Through our work with 100RC we have been able to provide numerous safe and sustainable project solutions around the globe that not only secure work contracts but provide a platform to best utilise our sustainability and climate resilience expertise.

As an example of this work, Wood developed a clean soil bank dashboard for the New York City Office of Recovery and Resilience to improve logistics and management of materials.

This interactive technology allowed the city to reduce its carbon footprint and save over $3.3m in soil purchases. The services provided by Wood resulted in the following benefits:

- Reduced transportation impacts
- Reduced GHG emissions
- Improvements to air quality and noise impacts

Reduced transportation impacts

6,140 miles

per 1,000 tonnes of reused soil

Reduced GHG emissions

10 tonnes

per 1,000 tonnes of reused soil

Harnessing power from the sun

Wood recently supported Egypt's largest solar photovoltaic (PV) power plant to commercial operation. Located in Benban, the project is expected to produce over 110,000 MWh per year – enough electricity to power almost 69,000 homes. On completion, Benban Solar Park will become one of the world's largest solar generation facilities.

This latest role builds on Wood's already significant track record within the clean energy market. As a global leader in the delivery of project, engineering and technical services to energy and industrial markets, the company has worked on several significant projects including Shams Ma'an, one of the largest solar PV plants in Jordan.

Managing our footprint and raising awareness

We recognise that responsible energy management offers both environmental and economic benefits. Through reducing our consumption, we can realise reduced cost to our business, thereby promoting future profitability as well as reducing the impact of our operations on the environment.

As a global leader in the delivery of project, engineering and technical services to energy, industry and the built environment we take our global responsibilities seriously. In 2018 we renewed our commitment to the United Nations Global Compact corporate responsibility initiative and its principles in the areas of human rights, labour, the environment and anti-corruption.

We are committed to making the Global Compact and its principles part of our strategy, culture and day to day operations, and to engaging in collaborative projects which advance the broader development goals of the United Nations, particularly the Sustainable Development Goals. Our annual sustainability report describes our efforts to implement these principles and we are committed to measuring our performance against them in the sustainability report.

At Wood we believe communication is vital in helping to create and sustain an environmentally responsible culture. In 2018 we held our first global Sustainability Week celebrations, now an annual event in the Wood calendar that places a focus on local sustainable action, providing a platform to share and communicate across our workforce. As part of the event, we launched our Sustainability Commitments programme which includes three global planet objectives to prompt local actions around managing our carbon footprint, mitigating or reducing our use of disposable plastic and methods to reduce business mileage.

Sustainability Week will help to promote Wood's commitment to the United Nations Global Compact and help relate our efforts to the global agenda and the part Wood plays in supporting global sustainability.

Total global GHG emissions data for Wood Group for the period 01 Oct 2017 to 30 Sept 2018:

21,795

tonnes of CO_2e

Total split as per the table below. No significant change in emissions reported, with only a slight decrease in 2017/18 due in part to ongoing consolidation activity across the Group.

Emissions from:	2016/17	2017/18
Scope 1 - Direct GHG Emissions	19,907	19,621
Scope 2 - Indirect GHG Emissions	2,213	2,174
Company's chosen intensity measurement: Emissions reported above normalised to per tonne of $100,000 revenue	0.47	0.41

Total global GHG emissions data for AFW for the period 01 Oct 2017 to 30 Sept 2018:

435,612

tonnes of CO_2e

Total split as per the table below. AFW emissions include one owned power plant making up 87% of the total 2017/18 emissions. The reduction compared with the previous reporting period is mainly attributable to the sale of an owned power plant in Chile in the first quarter on the 2016/17 carbon year and a planned outage at our remaining power plant in 2018.

Emissions from:	2016/17	2017/18
Scope 1 - Direct GHG Emissions	565,705	396,017
Scope 2 - Indirect GHG Emissions	50,132	39,595
Company's chosen intensity measurement: Emissions reported above normalised to per tonne of $100,000 revenue	10.59	7.61

GHG emissions methodology

Following the acquisition of AFW in 2017, our expanded portfolio resulted in an increase to our energy and GHG emissions reporting over the significance threshold and a recalculation of our base year emissions reporting. In this context, and in line with World Resource Institute GHG Protocol and our internal policies and integration efforts, we introduced several changes to our reporting methodology in 2017.

Change in reporting period – We changed our reporting period from calendar year to reporting period 1 October - 30 September in order to align with AFW internal emissions reporting. The chosen reporting period leaves the AFW acquisition out of the reporting requirement for this year. In this light, the corporate report is presented for both companies separately. As part of the integration process Wood will seek to create a joint emissions report starting with reporting period 1 October 2018 - 30 September 2019.

Reporting boundaries – Due to different data collection processes, both legacy companies will, within this report, present data within their own selected frameworks. Wood Group reports on a financial basis and AFW an operational basis. We will work towards an integrated approach to presenting our data in future corporate reports.

We have reported on all of the emission sources required under the Quoted Companies Greenhouse Gas Emissions (Directors' Reports) Regulations 2013.

We do not have responsibility for any emission sources that are not included in our consolidated statement and that we do not have managerial control over. This includes Scope 1 and Scope 2 emissions.

We have used the WRI GHG Protocol Corporate Accounting and Reporting Standard (revised edition), data gathered to fulfil our requirements under the CRC Energy Efficiency scheme, and emission factors from UK Government's GHG Conversion Factors for Company Reporting 2018.

Environmental management in action

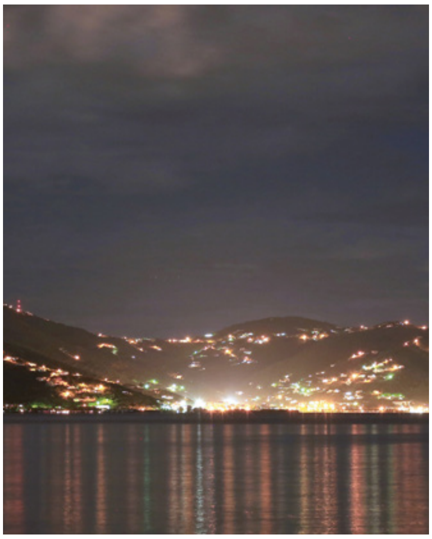
Advancing tidal energy

Wood is proud to be one of eight organisations collaborating on the €20 million flagship Enabling Future Arrays in Tidal (EnFAIT) project, led by Nova Innovation.

The European Union-backed tidal energy project aims to prove that the reliability and availability of tidal energy arrays can be significantly increased and that the cost of tidal energy can be reduced by at least 40%. The project builds on Nova's existing operational tidal power station in Bluemull Sound off the Shetland Islands in Scotland, which was the world's first grid-connected offshore array of tidal energy turbines.

As the independent technical and commercial expert on the project, Wood's clean energy team is commissioned to verify each stage of the development process from project engineering design to operation in the tidal stream environment.

Over the next four years, the EnFAIT project will extend the Bluemull Sound array to six turbines and demonstrate that high array reliability and availability can be achieved using best practice maintenance regimes. The layout of the turbines will be adjusted to enable array interactions and optimisation to be studied for the very first time at an operational tidal energy site.



Strengthening community resilience

Tasked with identifying and analysing flood mitigation actions for the Government of the British Virgin Islands, Wood has helped to increase resilience to flooding in the community of Road Town, the islands' capital, which was hit hardest by Hurricane Irma.

The study conducted by Wood advised on development control policy, emergency planning and community preparedness as well as designing infrastructure measures to improve flow conveyance and reduce flooding. The team at Wood created a flood model of Road Town including the drainage network to identify capacity pinch points and flood flow pathways. The team also delivered a detailed analysis of rainfall data to develop intensity-duration-frequency curves for storm events.

During this year's Flood Protection Awareness Week, the team at Wood engaged with the community to enhance awareness of flood risk and to promote property-level resilience initiatives to reduce the direct impacts of flooding on residents and businesses.

Supporting onshore wind power

Wood is continuing to support Statkraft on Fosen Vind, the largest onshore wind power project in Europe.

The 1 GW project, which is located in central Norway on the peninsula of Fosen, comprises six onshore wind farms with the combined capacity to power up to 170,000 Norwegian households when complete.

Wood is helping to install 29 guyed lattice meteorological masts as well as performing data monitoring and analysis for the site calibration phase as part of a power performance testing (PPT) contract. The team will assist with the installation of power monitoring equipment fitted to a number of the wind turbine generators for the power curve test phase.

It is expected that the wind farms, which will generate 3.4 TWh power annually, will be completed and commissioned by 2020.

Society

Our people

During 2018 our main areas of focus were embedding our new Vision, Values and Behaviours ("VVB") across the organisation and building on the processes established in 2017 for detailed employee engagement.

Developing Wood's culture

From the outset we wanted our employees to be involved in establishing the Wood culture. Thanks to the contribution of over 6,000 employees around the world, in Q1 2018 we rolled out our Vision, Values and Behaviours (as set out on pages 4-5). These are the foundations of our cultural framework, providing a common set of principles for our organisation. After the roll-out we commenced the process to embed the culture throughout the organisation with employee engagement being key to this.

6,000 employees

involved in establishing Wood's culture

Employee engagement

We launched Wood's first global employee engagement survey in July 2018, sponsored by Thomas Botts (non-executive director). We asked our people what they feel we do well and what they believe we should be doing better. More than 55% of our employees took part giving us broad and representative feedback on the sentiment across the business.

Our employees told us that our safety culture is good; that we work with integrity and genuinely value and respect each other; that people know how their work contributes to the overall business and feel empowered and that internal relationships are strong. They also told us that we need to provide more visibility on and support with career development opportunities and that we need to offer flexible working to improve work life balance.

"More than 55% of our employees took part in our employee engagement survey giving us broad and representative feedback on the sentiment across the business."

We set up 18 employee focus groups across 81 locations in 27 countries, made up of a broad range of our people to review the employee survey results in more depth to ensure that we focus on the right things moving forward.

The top recommendations were to:

Invest more in:

- Leadership development
- Simplifying processes and removing internal competition
- Education about our business and capabilities
- Technology and equipment

And to create:

- Visible career paths
- Increased employee involvement and recognition
- Transparency on terms and conditions, including flexible working

We are now acting on the feedback and recommendations and have undertaken a broad range of initiatives to address them.

Employee focus groups:

18

focus groups established

81

locations represented

27

countries covered

Responding to employee feedback

We are continuing to deliver and improve our Frontline Leaders programme to support our leaders' development. We recognise that our leaders play a critical role in engaging our teams and we will place a focus on leadership coaching next year to support our leaders to have effective conversations with their teams about careers, development and performance.

In terms of simplifying our processes, we launched Oracle People in the UK in November. Oracle People is our new global human resources information system replacing over 66 other HR systems previously in use. This will bring efficiency and consistency to the way we manage our people processes and enable real time, accurate reporting allowing strategic decisions to be made in support of our business. The next phase of the roll out is in the US in early Q2 2019, with the rest of the world to follow.

In 2019 we will provide greater education about the breadth of our business and capabilities, our business style, how we engage employees and how we can create our ideal working environment.

In terms of technology, our IT team is currently migrating employees to one common IT platform. This is not a simple task due to the multiple IT systems across our legacy organisations, however, it is a significant step towards standardising our systems and processes, to help our employees carry out their roles more effectively. Also, in July we recruited a Chief Technology Officer to focus on driving technological innovation both in our internal operations and the services we deliver.

The long term health of the organisation depends on the strength of our people and our ability to identify, promote and mobilise them into the right roles at the right time. We believe everyone at Wood can grow their own career and we believe career development is facilitated through regular conversations with employees to ensure their aspirations are aligned with business needs and opportunities. Our new Wood Intranet, launched in December, has a dedicated 'Developing Careers' section. This contains a range of information and tools for developing our people such as career management and performance development toolkits.

Developing Wood's culture - timeline

Jun **2017**

Discovery
Culture survey conducted prior to Day 1 - exploring legacy cultures.

Oct 9
Day 1

Engage on VVB
Conducted focus groups and developed initial target culture statements.

Jan 2018
Leadership endorsement of VVB

Roll out
VVB rolled out and employee survey designed based on cultural survey and VVB focus groups.

Jul 3 - Aug 14
Employee survey conducted

Validate & action plan
Exploring results and testing/refining target culture.

Jan 2019
Communicate actions and measure progress

In June we launched our new global recruitment system, iCIMS, which has aligned our recruitment process globally. iCIMS provides one global location for all Wood job vacancies and gives our global recruitment team access to cutting edge technology for engaging current and future employees. It provides a modern candidate experience and enables our people to gain access to all opportunities globally to support career development.

Our Listening Group Network (LGN) continues to be key to employee engagement. This is a two-way communication and feedback channel between groups of employees representing every location and the Executive Leadership Team ("ELT"). The LGN's objective is to promote understanding of business priorities and knowledge sharing. In November 2018 three of our non-executive directors participated in the LGN calls, giving them the opportunity to gather the views of our workforce and strengthen the "employee voice" in the boardroom. In addition to this we also carry additional workforce engagement activities including Board involvement in hosting talent breakfasts and lunches and town halls; mentoring between non-executive directors and middle managers and global webinars updating leaders on full and interim year results.

In order to further increase employee involvement and facilitate open employee communications we launched Yammer across the business in December, which enables employees to reach out and collaborate with one another across the world. We are excited about the opportunities this will offer, including the development of global network groups for both operational areas, such as cross service line business development and technology development, and employee-related issues including mental health awareness and developing early careers.

To promote transparency in terms and conditions and to create a common culture across our global community of employees, we are harmonising employees' benefits, policies and terms and conditions. This will be completed by the end of Q1 2019 in Australia, Canada, the UK and US with a view to covering all countries in which we have colleagues by the end of 2020. A part of this process will be implementing flexible working practices that support our business, clients and our people.

The key aims of this project are to ensure we are internally fair – colleagues in the same location, in aligned roles should have the same terms, conditions, benefits and policies; and externally competitive – we are taking the opportunity to rebalance our offerings against the market median in line with our remuneration philosophy.

We have also updated and published our global people policies: Human Rights, Equal Opportunities, Diversity & Inclusion and Anti-Slavery & Human Trafficking. In 2019 we will ensure we carry out due diligence processes in every location against these policies to ensure compliance and care for our people, as well as delivering a sustainable business.

Our Human Rights policy is available at:
www.woodplc.com/humanrights

Our Equal Opportunities policy is available at:
www.woodplc.com/equal

Our Modern Slavery policy is available at:
www.woodplc.com/modernslavery

Diversity and inclusion

Diversity and inclusion remain critical to our success. At Wood our focus on diversity and inclusion is fundamental to our efforts in creating a great working environment and culture where:

- Our people feel involved, respected, valued, trusted, connected and empowered
- All of our people have opportunities for growth and development
- We create relationships of mutual trust and respect
- We respect and celebrate the variety of local cultures, people and ideas in Wood
- We support our people to be themselves and bring their ideas, backgrounds, values, and perspectives to the team, to our customers and to the business
- We leverage our differences and seek inclusive participation by individuals from different backgrounds and organisational levels to achieve better business results
- We are proud to work for Wood

We believe that making Wood a great place to work for everyone will not only benefit our people but all our stakeholders as well, by helping us to:

- Attract, engage and retain a high performing, diverse workforce that reflects the communities we operate in and the customers we work with
- Ensure we are fully valuing and leveraging the potential of all our people
- Create deep and responsive partnerships with our increasingly diverse customers
- Solve business problems efficiently and creatively through diversity of thought
- Work collaboratively and effectively regardless of location or background
- Demonstrate our commitment to our values as well as being a sustainable, ethical company

Ultimately, our success will come from a combination of delivering on this action plan and getting commitment from everyone in Wood to embed diversity and inclusion in all their actions and decisions. There are some great examples of diversity and inclusion activities already taking place in Wood which gives us a solid foundation to build on. We continue to empower business units and functions to take aligned, meaningful action on diversity and inclusion at a local level, taking into consideration the specific diversity challenges and cultural norms in their areas of operation and business priorities. Key achievements in 2018 include:

- Comprehensive discovery exercise completed to understand current practices and activities taking place across Wood
- Global Diversity and Inclusion policy published
- Employees meaningfully engaged in developing Wood's global diversity and inclusion action plan through the Listening Group Network and Yammer
- Seven employee networks established and launched on Yammer (Armed Forces Network, Developing Professionals Network, Listening Group Network, Minerva - Gender Balance Network, Mental Health and Wellbeing, Pride and We Care)
- Early careers recruitment and selection guidelines developed ensuring diversity and inclusion is considered at each stage of the process by all stakeholders

We were also proud to demonstrate our support for the armed forces by signing up the Armed Forces Corporate Covenant. Wood recognises the value serving personnel, reservists, veterans and military families bring to our business and will seek to uphold the principles of the Armed Forces Covenant in several ways, including having an inclusive and active UK Armed Forces Network Group sponsored by senior leaders, seeking to support the employment of veterans and working with the Career Transition Partnership (CTP).

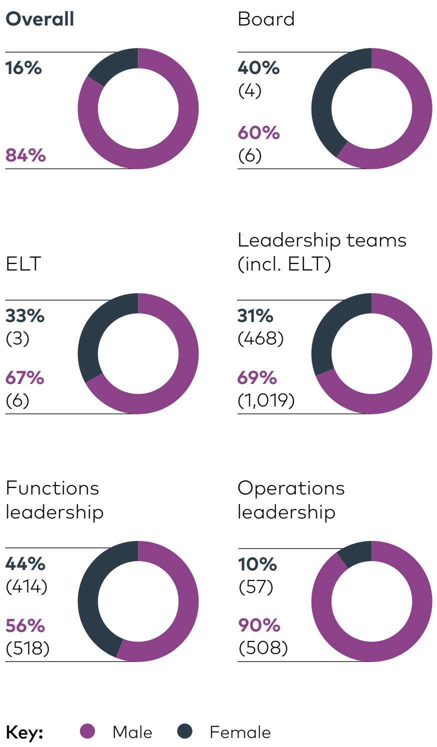
In 2019 our focus will be on the following key diversity and inclusion actions:

- Prioritising reviews on flexible working; talent identification, selection and development and family leave with a view to implementing changes to our processes to recognise the needs of our diverse workforce
- Utilising Oracle People to increase our capability to collect (on a voluntary basis) diversity data whilst also complying with legal requirements to improve our overall understanding of the diversity profile in Wood and how representative it is
- Expanding and embedding our employee networks globally ensuring each is sponsored by a member of our Executive Leadership Team
- Establishing a global diversity and inclusion community which will report on progress and provide feedback to the business
- Providing all leaders with awareness training on Wood's expectations around diversity and inclusion

In 2018 we were pleased to participate in the Workforce Disclosure Initiative (WDI) report. The WDI is a collaborative project designed to help companies improve their workforce reporting. It provides a framework for investors and companies to work together to build understanding and improve policies and practices on a range of workforce-related topics. The long term goal of the WDI is to improve the quality of jobs in the operations and supply chains of listed companies across the world. As of June 2018 the WDI is supported by over 100 investor signatories with over $12 trillion in assets under management. Our 2018 disclosure score was 57%, in-line with the sector average, above the global average and just under the UK average. We were encouraged with our ratings regarding our workers' rights, occupational health & wellbeing and supplier sourcing strategy.

We are committed to quarterly reviews of the gender make-up of our leadership and management teams, as well as the organisation overall. This allows us to focus on ensuring we have a broader succession plan in place, particularly in the technical and operations areas of Wood, and reflects our desire to ensure a broad range of backgrounds, experience and thought leadership. In 2019 our talent management and people development strategies will continue to support the enhancement of diversity within our operational leadership teams.

Wood gender split at 31 Dec 2018



Note:
Functions leadership includes the three levels of leadership below ELT in Finance & Administration, Strategy & Development, People & Organisation and HSSEA.
Operations leadership consists of the three levels of leadership below ELT not included in functions leadership.

Our Diversity policy is available at:
www.woodplc.com/diversitypolicy

Gender pay

Our gender pay report for 2018 has been simplified to report Wood on a combined basis, in 2017 separate figures were disclosed for Wood Group and Amec Foster Wheeler as they were separate entities at the time. We remain confident that we do not have equal pay issues in our business. The overall average pay gap for Wood is 14.3%. The gap is consistently related to gender distribution across occupations and job levels and are as a result of the types of roles males and females carry out across Wood. This is consistent with the trends seen across Wood's UK entities, our industry peers and across the UK economy. Full details can be found on the Government website, categorised by industry sector as determined by Office of National Statistics (ONS), or on the company website. We remain committed to diversity and equality in areas which we can control as a business and will continue to strive to address the gaps by ensuring policies, practices and processes are fair and free from bias. We have also declared our commitment to implementing the real living wage across the UK during 2019 and to carry out a review of our vendors, with the aim of encouraging them to do likewise.

Our Gender Pay Gap Report is available at:
www.woodplc.com/genderpay

Disabled employees

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a disabled person.

Where existing employees become disabled, it is the company policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training, career development and promotion to disabled employees wherever appropriate.

Community

Investing in our communities contributes to building a sustainable future that aims to address both local and global challenges. We aim to make a positive difference to the communities in which we operate and recognise our social responsibility to respect, nurture and empower the people and locations impacted by our business.

At Wood our approach to community investment centres around the actions of our employees, going beyond just our charitable giving but using our time, skills and resources to benefit the communities we share.

Upon coming together as Wood, we focused on uniting our employees under one community investment programme, enabling our people to demonstrate our values in action, showing commitment and courage to care about our shared communities.

We recognise that by actively supporting our local communities we:

- Develop closer ties between Wood, the community and our clients
- Bring long term sustainability to the locations where we do business
- Form lasting relationships with local communities

We have taken a three-tiered approach to community investment, supporting employee personal choice charities, uniting our business behind one global cause that demonstrates we are stronger together and finally volunteering to support our communities at a local level.

Our charitable giving and community investment efforts are overseen by the Global Community Investment Committee. The committee is chaired by the Executive President HSSEA and supported by a global sustainability champion from each of our internal business units, nominated by the business unit CEO.

Employee Matched Funding

In March, we introduced our Employee Matched Funding programme, matching employee fund raising in order to support a wide range of charities and organisations that are important to our people, their colleagues and their local area. This method of charitable funding engages the greatest number of people in a meaningful and tangible way which can be replicated across our global organisation.

Since its launch our Employee Matched Funding programme has spanned our global business. Over 250 applications were made within the first nine months, matching over £300,000 of employee fund raising efforts and in most cases matching 100% of employee contributions. From skydives to marathon running and community events; our people have gone above and beyond for the causes close to their hearts.

Ongoing efforts to publicise the programme over the course of the coming year will seek to increase participation and further support our global communities.

250

matched funding applications

£300,000

of employee fund raising efforts matched

Our Global Cause

As part of our commitment to help advance the United Nations Sustainable Development Goals ("SDGs"), we also united our business behind a single cause that will demonstrate our strength together and show a measurable impact on the communities we operate in. It also aligns our efforts to the global agenda on sustainable development.

Assessing the SDGs against our operations, we selected the four goals most relevant to our business. These were no poverty, good health and well-being, quality education and lastly sustainable cities and communities. Through a global survey of our employees and with over 40% of the votes cast, we selected quality education as our Wood Global Cause and each of our Business Units are now developing plans to support the global cause.

In March 2018, following a successful association with our charitable partner, Girls Academy in Australia, Wood signed a two-year extension to aid the charity's mission to develop and empower Aboriginal high school girls. To date, Wood has offered opportunities to Indigenous girls including site tours of oil & gas facilities, career advice and coaching, provision of iPads and financial assistance of $60,000.

In the next chapter of our partnership, Wood's goal is to help create and embed an environment within schools where Indigenous Australian girls receive the support needed to help them realise their full potential.

The Girls Academy develops and empowers Aboriginal girls through leadership training, mentoring, sport and extra-curricular programmes; all in support of the Girls Academy's adage:

"Develop a girl, change a community."

"Our continued commitment and support to a wide range of causes close to the hearts and minds of our employees truly demonstrates the difference we make to our shared communities."

Volunteering

In September, graduates from our nuclear business successfully completed a community project at Tatton Park Farm, a popular National Trust attraction in Knutsford, Cheshire, UK.

Using a grant from the Heritage Lottery Fund, Tatton Park Farm requested support from Wood to promote science, technology, engineering and mathematics (STEM) subjects to a wide range of visitors to the farm. Under the theme of 'Field to Fork', one of the key services sought from Wood was advice on how to help children understand what engineering is, using simple interactive models.

Close links will be maintained with Tatton Park as the work progresses to maximise the community focus of this innovative project, with Wood maintaining its position as the largest STEM employer in the local community.

Each year Hexagon S.A., our Wood operating company in Equatorial Guinea, West Africa, participates in various social responsibility projects throughout the country. The Ministry of Mines and Hydrocarbons assigns selected locations and projects throughout the country based on the need for development of infrastructure and the advancement of social and economic welfare for citizens of Equatorial Guinea.

In December, Hexagon S.A., completed its most recent community project, the construction of a primary school in the community of Luba, located on the island of Bioko. The completion of the school means that children from the community, ranging in age from five to ten years old, have a clean, safe and comfortable environment to advance their educational curriculums.

As we continue to develop our community investment programme, statistics to support our volunteering efforts will be updated in our annual sustainability report. Improving how we capture sustainability data will be a key focus in 2019, as we seek to advance against our sustainability strategy.

Further details on our ongoing investment in our communities can be found in our sustainability report.
www.woodplc.com/sustainability

Sustainable Communities

At Wood we pride ourselves on how we respond to the needs of our communities, whether standing up at a time of need or providing future resilience to the devastating effects of natural disasters, our people show care for our communities through sustainable action.

In 2018 our people were in the path of yet another storm, Hurricane Florence, as it made landfall on the east coast of the U.S. Wood had approximately 700 people and 10 offices in the path of the storm, all of whom remained safe despite the storm leaving behind a wide stretch of destruction to homes, businesses and public infrastructure in its wake.

At Wood we support our customers in building resilience to extreme weather events by delivering solutions, such as flood risk modelling, mapping and mitigation that helps to reduce loss and improve asset protection. We are able to help communities become more resilient towards the effects of natural disasters as well as provide speedy recovery to mitigate the impact of such events on vulnerable locations.

Before Hurricane Florence made landfall, our technical specialists helped several municipal and state customers in North and South Carolina prepare for the effects of the storm to minimise the impact. Our teams updated several flood maps and watershed models and analysed the predicted amount of rainfall to identify flood risk areas and measure potential impacts.

As communities began to rebuild, we supported efforts to help our customers develop a clear path to recovery. Our transportation experts from our offices in Jacksonville, Knoxville and Nashville worked together to provide hydrologic and hydraulic analyses and field engineering services to help a rail transportation firm replace structures that were heavily damaged by flooding in some of the hardest hit areas of the Carolinas. Our emergency response team also provided inspection, engineering assessment and construction management services to support several facilities impacted by flood waters.

The commitment shown by our colleagues in 2018 truly demonstrates how much we care about our communities; our people have stepped up to support our co-workers, neighbours and wider communities, truly demonstrating our values in action. As we move into 2019, we will continue to build on the solid foundations set in 2018 and further promote the positive impact Wood can have on the communities we are a part of to ensure a sustainable future for us all.

Principal risks and uncertainties

The principal risks identified that face the Group are set out below. During the year the Board has carried out a robust assessment of these principal risks and monitored the Group's risk management and internal control systems.

Risk management

The Board is responsible for:

- Identifying the nature and extent of the principal risks faced
- Determining the extent of those risks it is willing to take in achieving its strategic objectives (its "risk appetite")
- Performing a robust assessment of those risks
- Monitoring and reviewing the risk management and internal control systems, and providing oversight of the processes that management follows

The Board is assisted in this assessment by the Audit Committee and the Safety, Assurance and Business Ethics Committee, who are delegated responsibility for various aspects of risk, internal control and assurance.

For more information on the effectiveness of internal control systems see page **47**

Identification of principal risks

A bottom up and top down approach to identifying risks operates within the organisation.

Risk registers are developed at an individual contract or project level, escalated to the Business Grouping level and rolled up into Business Unit (BU) risk registers, which are reviewed by the BU Leadership Teams every quarter. The Chief Executive and the Group CFO subsequently review the BU risk registers as part of the quarterly BU Project and Risk Review meetings. Group level functional risk registers are also maintained with the functional leadership teams reviewing these risk registers twice a year.

During 2018, separate integration risk registers covering each of the major integration projects were maintained, with key risks aggregated into an overall integration risk register. Whilst the main changes to integrate the business were completed in October 2018, work on several projects will continue in 2019. These form our integration "PLUS" programme and the same approach to risk registers will be continued for the PLUS programme.

The aggregation of the individual risk registers into a Group risk register was reviewed twice during the year by the Group Risk Committee, which is attended by the full ELT, to ensure that the material risks for the Group are appropriately measured and managed. The focus of the Group Risk Committee meetings was on ensuring that all of the principal risks for Wood were identified and appropriately mitigated. After the Group Risk Committee review, the summary of principal risks is formally reviewed by the Board twice a year. Emerging risks are identified throughout the year via the BU and functional risk processes and escalated to the ELT as part of their monthly meetings, discussed during the Group Risk Committee and further escalated to the Board as required. Each of the non-executive directors provides their perception of emerging risks, and a cross-check against the emerging risks identified by Wood's peer group is also undertaken, both of which inform the mid-year Board discussion on risk.

The principal risks considered by the Board in March 2019 are set out on pages 40 and 41.

Risk appetite

The Group's risk appetite is defined by six broad risk appetite statements that cover the principal risks. These were revisited at the August Board meeting to ensure that the updated list of principal risks were adequately covered by the risk appetite statements.

The Group's risk appetite is taken into account when setting the nature and extent of the key control mechanisms in place and the level of assurance activity required for each risk.

In addition, the ELT reviewed and endorsed a framework around the application of the Group's risk appetite to contracting models. This was also approved by the Board. The framework sets out the risk appetite for certain fixed price or lump sum (and other high risk) contracts and outlines ten criteria to assess contract opportunities. The process for ongoing monitoring of fixed price and high risk contracts was enhanced through quarterly BU Project and Risk Review meetings attended by the Chief Executive and Group CFO.

Group risk management standard

During the year, a Group risk management standard was developed detailing the Wood risk management framework and process, which codifies existing practice.

The risk management standard is the formal overarching risk management process within Wood that complements current policies and processes across the Group. The purpose of the standard is to:

- Ensure there is a formal, structured and consistent risk management process across Wood
- Identify, mitigate, and manage risks that occur
- Provide visibility over business risks to inform leadership

Robust assessment of principal risks

The Board has carried out a robust assessment of the principal risks facing the business. To support this, the Board and its committees received regular reports from key functions such as safety, ethics & compliance, finance, legal, IT, internal audit and people & organisation (P&O), along with operational reports from the BUs, which include key risks, information on compliance with controls and reports on assurance activities where applicable.

This year, the Board continued to receive regular updates on the delivery of the integration of AFW to ensure visibility and rigour on the process, risks, and controls in place. Two of the non-executive directors, Jacqui Ferguson and Thomas Botts, provided additional governance and challenge to the integration team throughout the process. The monitoring of the PLUS programme continues with reports to every Board meeting on progress and key risks, in addition to detailed reports on cost synergy delivery provided at each Audit Committee meeting.

Wood has regularly monitored and assessed the legal, financial, commercial and operational effects of Brexit before the planned exit on 29 March 2019. Brexit has not been perceived as a principal risk area for Wood. The majority of Wood's business is external to the EU. UK / EU cross trade represents less than 1% of Group revenue and the majority of the Group's revenue is non Sterling. A business impact assessment was used to identify localised areas potentially impacted by Brexit that are being managed throughout the Group. These include critical spare levels being increased on a small number of UK projects and external advice being obtained to assist in supporting the small number of employees that are impacted. The Brexit risk was reviewed again by the ELT during the January 2019 Group Risk Committee and the Board in March 2019, and this reconfirmed that Brexit is not considered to be a principal risk.

Analysis of principal risks

Board assessment of change in risk from 2017:

▲ Risk has increased since 2017 ▶ No change in risk since 2017 ▼ Risk has decreased since 2017 Ⓥ Considered as part of viability assessment ✪ New

Strategic

Delivery of integration PLUS programme
Ⓥ ▼

Risk Profile

Failure to complete the remaining integration projects that form the PLUS programme accompanying delivering organisational change, integration projects and delivering cost synergy targets. The risk has decreased following the successful delivery of the main integration programme and related cost synergies during the first full year post-acquisition of AFW.

Mitigation, monitoring and assurance

- Continued integration steering committee to ensure adequate governance, led by the ELT with regular reporting to the Board; established PLUS steering committee to drive next phase
- Designated programme management structure, team and schedule
- Governance framework and risk registers developed to capture and manage each key integration project
- Prioritised and incorporated existing change programmes where required into the integration and integration PLUS programmes
- Robust cost synergy identification, verification, monitoring and tracking process

Deleveraging
Ⓥ ▶

Risk Profile

With the acquisition of AFW the Group's leverage is currently higher than our 0.5-1.5 times net debt: Adjusted EBITDA target. To reduce this it will be critical to generate cash to repay debt as well as grow profitability.

Mitigation, monitoring and assurance

- Target business cash performance and ongoing monitoring via a Group-wide cash campaign
- Monthly BU and ELT reviews of debt and cash performance and Board reviews
- Designated process for governance of capital expenditure on fixed assets and integration/integration PLUS programmes
- Established processes for monitoring of working capital
- Target improvement in day sales outstanding
- Credit policy in place with monthly reporting process
- Monthly monitoring and reporting of aged debt including any unbilled amounts
- Identification and sale of non-core assets

Market expectations for growth
Ⓥ ✪

Risk Profile

Failure to deliver significant growth to meet market expectations. This is a new risk following the completion of the AFW acquisition and is related to delivery of significant revenue synergies and organic growth.

Mitigation, monitoring and assurance

- Deployment of win plan process and training across business development community to identify and align win themes, differentiators, and Wood value proposition to business development opportunities aligned across all of our BUs
- Continual review and trending of opportunity pipeline in consolidated CRM system
- Screening process to identify and review business development opportunities to prioritise the opportunities to pursue and to identify revenue synergies prior to receipt of the tender
- BU Strategy & Development Quarterly Review Meetings (QRMs) attended by the Chief Executive and Group CFO

Health, Safety, Security & Environment (HSSE)

Major incident
Ⓥ ▶

Risk Profile

Significant HSSE event leading to a major incident resulting in multiple loss of life, significant harm, damage to the environment and damage to our reputation.

Mitigation, monitoring and assurance

- Care is one of the Wood values underpinned by HSSE and integrity management systems which include standards for critical processes
- Safety Shield consolidates Wood's HSSE processes and procedures to drive a simplistic and consistent message to the workforce around HSSE
- Life Saving Rules and safety essentials, included under the Safety Shield, set a minimum standard for critical work activities and safe behaviour across the Group
- Group Incident Review Panels for high potential and high severity incidents
- Group Operations Assurance team focused on Technical, Quality and HSSE areas and assurance against standards
- Review of safety performance by ELT and the Board

Financial

Cyber security
Ⓥ ▶

Risk Profile

Loss of Wood or client data or disruption to Wood business operations through unauthorised access, cyber-attack and/or physical or environmental event.

Mitigation, monitoring and assurance

- Consolidation of Wood Group and AFW environments through a risk-based IT integration programme
- Consolidated IT security policy/standards and Acceptable Use policy
- Utilisation of next generation perimeter security and advance detection capability
- Improved cyber security incident & event management, including the roll out of a "phishing" alarm in the Group email system
- Security Operations Centre enabling 24/7 detect and respond capability
- Expansion of cyber awareness and education programme
- ELT monthly reporting and Board review

Commercial and Operations

Contracting

Risk Profile	Mitigation, monitoring and assurance
Weaknesses in the contract bidding and award process, inappropriate pricing, misalignment of contract terms, or failure to comply with contractual conditions could lead to reputational damage, or poor financial performance. The risk has decreased following the implementation of increased governance over the contracts approvals process and the roll-out of a revised contracting policy.	• Fully integrated contracting policy and associated approvals process • Tender governance process including tender review committee • Increased focus on fixed priced contracts, including new contracting policy for fixed price and other high risk contracts • Board deep dive undertaken on contract management covering the controls above • Consistent commercial team structure established across Group and all BUs reporting to CFO

Project execution

Risk Profile	Mitigation, monitoring and assurance
Ineffective project start up, new country entry or failure to successfully execute projects safely and to expected quality, on time and within budget.	• Start up and execution plans for key projects supported by monitoring and reporting • Group strategy & development team assist in start-up phase of key projects and embed learnings from previous projects • Tender governance process including tender review committee at Group level • Financial Management Framework in place to ensure governance over contract compliance, including variation orders • Project governance process and associated project reviews including quarterly BU Project and Risk Review meetings attended by the Chief Executive and CFO

Attract, retain and deploy critical staff

Risk Profile	Mitigation, monitoring and assurance
Failure to attract, retain and deploy critical staff to key projects, which would lead to insufficient capability and leadership to deliver growth. This is a new risk due to the number of sectors and geographies that Wood needs to recruit from due to the increased scale and diversity of the business.	• Roll out of end-to-end recruitment platform, iCIMS, across Wood to optimise internal and external recruitment activities • Critical Position Resourcing reviews introduced at BU level to highlight key vacancies and establish pipelines for future demand • Succession planning exercise carried out across the Group with development plans in place for high performing employees • Employee engagement survey completed with follow-up focus groups and action plans developed to address key themes

Compliance and Litigation

Major regulatory investigation

Risk Profile	Mitigation, monitoring and assurance
Regulatory investigation or proceedings resulting from non-compliance with applicable legislation, including ongoing investigations into the historic use of agents and in relation to Unaoil, which could lead to consequences including financial exposure, penalties and reputational damage.	• Suite of Wood policies that mandate compliance with applicable laws and policies • Commercial Intermediaries policy and working group to drive compliance by intermediaries with the policy • Business management system across functional teams ensuring compliance with external verification of the management systems • Assurance framework across technical and non-technical business processes • Group Legal and Compliance provides support and guidance to the business • Group Litigation report provided to the ELT on a monthly basis and to the Board on a quarterly basis

Litigation

Risk Profile	Mitigation, monitoring and assurance
Legal action can result from a major incident, a major regulatory investigation, contracting issues, or project execution. Failure to manage litigation can lead to increased claims, damages, fines and penalties.	• Controls over major incident, major regulatory investigation, contracting, and project execution risks • Policies for management of litigation • Group Legal team with experience in litigation supported by external specialist lawyers where necessary • Group Litigation report provided to the ELT on a monthly basis and to the Board on a quarterly basis • Regular review of significant and pending litigation with the Board, Chief Executive, CFO, and BU leadership

Data protection and privacy

Risk Profile	Mitigation, monitoring and assurance
Potential breach of data protection laws or regulations, particularly the EU General Data Protection Regulation (GDPR). The risk has decreased with the ongoing delivery of the Group Data Privacy programme.	• Ongoing Data Protection programme delivering improvements to enable the business to identify, assess and maintain compliance with GDPR and other international data privacy regulations • Dedicated Data Privacy team with Group Data Protection Officer (DPO) in place supported by Data Privacy network across the Group • Data Protection steering committee with representation from key functions • Data protection management system designed to deliver compliance with global data privacy laws and regulations

Monitoring the risk management and internal control systems and processes

The Board received bi-annual updates on the key controls in place in relation to each of the principal risks, the level of assurance activity carried out, and management's assessment of the adequacy of the assurance provided and the effectiveness of the controls. As part of this monitoring, the Board could ensure that corrective action was taken where necessary.

To ensure that responsibilities for risk and assurance were clear within the committee structure, each principal risk and area of risk is assigned to either the Board or one of the Board committees.

Overall the control environment was considered to be operating effectively. Ongoing improvements are planned in certain key areas in 2019 including a dedicated project to define best practice for project controls and a continued focus on aligning back office controls as financial shared services are further rolled out. Details of the status of financial and IT internal controls are included in the Audit Committee report on page 58.

For more information on the internal control environment see page **47**

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 01 to 38. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Financial Review on pages 20 to 23. In addition, note 18 to the Group financial statements includes the Group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities, and its exposures to credit risk and liquidity risk.

The Group has considerable financial resources together with the cash inflows generated from its existing activities as set out in notes 14, 16 and 28 to the Group financial statements. As a consequence, the directors believe that the Group is well placed to manage its principal risks successfully.

Having made the appropriate enquiries including a review of cash flow projections and key sensitivities, the directors consider, in accordance with provision C.1.3 of the UK Corporate Governance Code (the Governance Code), that the business is a going concern. The directors also considered it appropriate to prepare the financial statements on the going concern basis, as explained in the Basis of Preparation paragraph in the Accounting Policies.

Viability statement

In accordance with provision C.2.2 of the Governance Code the directors have assessed the Group's viability over a three-year period to 31 December 2021.

The process of establishing the period over which the Group's viability has been assessed is subjective and considers a range of factors, all of which are indicative of slightly different time frames.

In making their assessment the directors have considered these factors both individually and in aggregate and have decided that, on balance, three years was the most appropriate period.

The Group has in place a package of multi-currency revolving facilities incorporating a $1.75bn revolving credit facility (expiring in May 2022) and a $0.9bn term loan (expiring in October 2020). These are set out in note 16 to the Group financial statements.

In making their assessment of a three-year period the directors have assumed that the $0.9bn term loan, which expires within the 3-year period, is renewed or replaced and the other current committed financing which extends to February 2022 remains available. The directors believe that it is reasonable to assume that the term loan will be renewed or replaced either in full or in part, well in advance of the expiry date.

The committed long term financing together with factors such as the Group's asset light and flexible business model, the Group's planning cycle, the period over which the synergies from the AFW acquisition will be delivered and the visibility of operational backlog led the directors to select a period of three years to assess the Group's viability.

In order to make this assessment, the Board considered the current trading position and reviewed a number of future scenarios which stress-tested the viability of the business in severe but plausible scenarios. These scenarios considered the potential financial and operational impacts of the Group's principal risks and uncertainties arising and the degree of effectiveness of mitigating actions. As indicated in the table on pages 40-41 these included, individually and in combination, failure to deliver the integration PLUS programme, failure to deliver the cost synergy and deleveraging targets; project execution and contracting risk; delivery of growth below market expectations; the impact of a catastrophic safety or cyber security incident; and the damage sustained by an ethical, regulatory or data breach or a substantial litigation settlement. Based on the modelling performed, the Board's assessment was that the strength of our balance sheet, the flexibility of our business model and the mitigating actions available meant that in all plausible scenarios considered the business would continue to be viable for at least three years.

Based on this assessment, the directors have a reasonable expectation that the Group will be able to continue in operation and meet all its liabilities as they fall due up to 31 December 2021.

Governance

Our approach to corporate governance and how we have applied this in 2018

Letter from the Chair of the Board

Ian Marchant Chair

"In 2018 the Board's focus was primarily on integration, having devoted considerable time to supporting and challenging the executive leadership team throughout the AFW acquisition in 2017. Integration is now largely complete, with no interruption to business continuity or safety performance and members of the Board have undertaken employee engagement activities to reinforce their understanding of Wood's corporate culture."

Dear shareholder

In 2018 Robin and his executive leadership team were successful in delivering against a clear set of operational and financial objectives around the integration of Amec Foster Wheeler, growth, synergy delivery, deleveraging and dividends.

The Board devoted considerable time to supporting and challenging the executive leadership team throughout the AFW acquisition process in 2017. In 2018, the Board's focus was primarily on integration which progressed well under the sponsorship of Thomas Botts at the Board level. Integration is now largely complete, with no interruption to business continuity or safety performance. Overall, the pace of integration has been a key enabler of synergy delivery ahead of schedule. Now in the post-integration phase, the Board will continue to receive quarterly reports on progress of the integration PLUS programme.

The Board continues to recognise risk management as an essential element of good corporate governance; improving decision making and enhancing outcomes and accountability. During the year, the Board discussed the adoption of a new risk management standard to be applied across the entire business. The purpose of this standard is to ensure the Group makes informed decisions with respect to the activities that it undertakes by appropriately considering risks and opportunities and assuring material risks to the Group are being managed appropriately and in accordance with the UK Corporate Governance Code.

In 2018, our focus on safety helped to ensure the safe delivery of the AFW integration and an improved safety performance in the business overall. The Safety, Assurance and Business Ethics Committee continued monitoring compliance with the administrative agreement entered into in respect of events in the Gulf of Mexico in prior years. The Committee also focused on monitoring the ongoing investigations into the historical use of agents. The Committee also provided oversight around the integration of ethics and compliance programmes of the legacy businesses resulting in a new Code of Conduct which was rolled out in August.

The Nomination Committee focused on the effectiveness and independence of the Board in 2018. The appointment of a number of former AFW directors on completion of the AFW transaction helped to ensure diversity in terms of background, experience and thought leadership as well as maintaining a minimum of one third of our board being female. Two non-executive directors resigned during the year; Richard Howson in January and Ian McHoul in April 2018. Jann Brown has indicated her intention to resign as a director and as Chair of the Audit Committee. Jann has been non-executive director and Chair of the Audit Committee since May 2014. She is resigning due to commitments to other executive responsibilities. The Board intends to appoint an additional non-executive director to replace Jann as Chair of the Audit Committee and has commenced a process to identify a suitable candidate. Jann will remain as a director and Chair of the Audit Committee until her successor has been appointed, which is expected to be within the next six months. Linda Adamany has also given notice of her intention to resign, for personal reasons, as a director with effect from 1 May 2019. Linda was appointed as a director of Wood in October 2017, following the acquisition of AFW. Prior to that, she had been a director of AFW since October 2012. In line with its previously-stated intention to reduce the size of the Board following the AFW acquisition, the Board does not intend to appoint a replacement for Linda. The Board and I would like to thank both Jann and Linda for their dedication to Wood. They have provided invaluable support to Wood at a time of significant development.

The UK Corporate Governance Code published by the FRC in July 2018 states that the Chair should not remain in post beyond nine years from the date of their first appointment to the Board other than for a limited time to facilitate succession planning and the development of a diverse board. I was first appointed to the Board in 2006 and as such I have indicated to the Board that it is my intention to resign as a director within the next 12 months. To ensure an orderly transition, I will remain as a director and Chair of the Board until a successor is appointed. A process to identify a successor is underway.

During the year, the Audit Committee focused on the Group's application of accounting policies and on the areas of judgement and estimation as well as adoption of IFRS 15 "Revenue form contracts with customers". The primary areas of judgement and estimation considered by the committee included finalisation of the accounting for the AFW transaction, impairment reviews, tax balances, significant fixed price or lump sum contracts and provisions. KPMG were appointed as auditor at the 2017 AGM for the financial year ending 31 December 2018. After a full audit tender process, the Committee decided that KPMG's proposal demonstrated the greatest understanding of the Group's culture and strategy, industry knowledge and proposed an innovative and effective audit approach which would provide a high level of challenge to management.

The Board participated in a Board evaluation process externally facilitated by Lintstock. The output from that process was reviewed at the March 2019 Board meeting with certain recommendations for improvement noted, which the Board is considering.

During the year, the Board also considered the impact of changes to incoming regulations impacting governance. The 2018 UK Corporate Governance Code ("the Code") and The Companies (Miscellaneous Reporting) Regulations 2018 ("the Regulations") come into effect for financial years beginning on or after 1 January 2019. There is a degree of overlap between the governance principles set out by the Code and the disclosure requirements of the Regulations around areas such as employee and broader stakeholder engagement and remuneration. The Board intends to fully comply with the requirements of both for the 2019 annual report.

The Remuneration Committee has continued to pay close attention to the executive remuneration environment including changes to the corporate governance code ensuring we consider the impact for Wood, whilst continuing to make remuneration decisions that reflect the needs of the business and which remain in line with our remuneration principles. In 2018 we enhanced our engagement activities with leadership and the wider workforce to ensure our people policies, practices and processes are fair and support diversity and equality.

Members of the Board participated in the global Listening Group Network calls for the first time, giving them the opportunity to gather the views of our workforce and strengthen the "employee voice" in the boardroom. The process also provided a good reinforcement of the Board's understanding of Wood's corporate culture. We participated in the Workforce Disclosure Initiative for the first time, giving us the opportunity to build greater understanding with our investors and improve policies and practices on a range of workforce related topics.

In 2019 we will undertake the review of our remuneration policy and will proactively engage with key investors to ensure alignment to shareholder value creation, simplification of our remuneration framework and support for any proposals.

Your Board recognises the excellent work of Robin, David and the Executive Leadership Team in delivering the integration of AFW and overseeing Wood's return to growth in 2018. Looking ahead, I feel confident that the Board ensures the appropriate skills for effective decision making in the long term best interests of Wood.

Ian Marchant
Chair

Directors' report

The directors submit their report together with the audited financial statements of the Group for the year ended 31 December 2018.

The Group consolidated income statement for the year is set out on page 86. In respect of the year ended 31 December 2018 an interim dividend of 11.3 cents per share was paid on 27 September 2018 and the directors have proposed a final dividend of 23.7 cents per share to be paid on 16 May 2019.

The full year dividend will therefore be 35.0 cents per share.

Further reading

Information relevant to and forming part of the report of the directors is to be found in the following sections of the annual report:

Pages

Statement of directors' responsibilities

The directors are responsible for preparing the annual report, the Directors' Remuneration Report and the financial statements of the Group and John Wood Group PLC (the Company) in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. The directors have prepared the Group financial statements in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union. The Company financial statements are prepared in accordance with FRS 101 "Reduced Disclosure Framework". The Group and Company financial statements are required by law to give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing those financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and estimates that are reasonable and prudent
- Assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern
- Use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so
- State that the Group financial statements comply with IFRSs as issued by the IASB and as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

The directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each of the directors, whose names and functions are listed on pages 48 and 49, confirms that, to the best of their knowledge:

- The Group financial statements, which have been prepared in accordance with IFRS as issued by the IASB and as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and
- The strategic report and directors' report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the significant risks and uncertainties that it faces.

So far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware.

Relevant information is defined as 'information needed by the Company's auditors in connection with preparing their report'. Each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Governance Code compliance

The Board remains fully committed to maintaining high standards of corporate governance and believes that this is key to overall performance and integrity, consistent with our shared values.

The Board also believes that good corporate governance extends beyond regulatory compliance and consistently monitors developments in best practice, including guidance published by investor groups.

This section of the annual report explains how the Group has applied the main principles of Leadership, Effectiveness, Accountability, Remuneration and Relations with shareholders outlined in the UK Corporate Governance Code issued in April 2016 (the Governance Code) which applies to the year ended 31 December 2018. A copy of the Governance Code is available at www. frc.org.uk. The directors consider that the Group has, throughout 2018, fully complied with the provisions of the Governance Code. The Board recognises that the 2018 UK Corporate Governance Code comes into effect for financial periods beginning on or after 1 January 2019 and will be applicable for the year ended 31 December 2019 onwards.

Fair, balanced and understandable

The Board considers that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position, performance, business model and strategy.

In reaching this assessment, the Board was assisted by the Chair and the Chair of the Audit Committee who engaged directly with company management during the planning, drafting and review stages of the annual report and were provided with draft materials for review and comment as the document progressed. This facilitated a good level of understanding of the process of compilation and assurance over the information contained within the annual report. The Board subsequently considered the annual report and accounts as a whole and discussed the report's tone, balance, and language at the March 2019 Board meeting.

Risk management and internal control

The Board has overall responsibility for the Group's systems of internal control and risk management which is fundamental to the achievement of the Group's strategic objectives.

Risk management

The Board has established an ongoing process for identifying, evaluating and managing the principal risks faced by the Group that has been in place for the year under review and up to the date of approval of this annual report. The process is regularly reviewed by the Board and is in accordance with the April 2016 edition of the Governance Code. The Group, for the purposes of applying the Code, comprises John Wood Group PLC and its subsidiaries[1]. A new Group risk management standard was developed to codify existing risk management practice and to drive consistency across the Group. For further details on these changes and on the principal risks and uncertainties faced by the Group along with associated mitigations, monitoring and assurance please refer to pages 39 to 41.

Any system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The key elements of the ongoing procedures, which the directors have established to review the effectiveness of the system of internal control on an annual basis, are listed below.

As a result of these ongoing procedures the Board's assessment was that the overall internal control environment was operating effectively, with some areas for improvement noted.

- **Internal control structure**

The Group has a clear organisational structure for the control and monitoring of its businesses, including defined lines of responsibility through the organisation up to board level and delegations of authority in place. The Group has issued policies which define the standards of business conduct and include Accounting; Contract Risk Management and Review; Health, Safety, Security and Environment; and Business Ethics. A Group Business Ethics helpline, operated by an independent third party, is in place to enable staff and third parties to raise concerns in confidence about possible non- compliance with the Group's Business Ethics Policy.

For more information on Business Ethics see page **27**

- **Ongoing monitoring of internal control systems**

The Board has agreed certain reporting procedures to monitor key risk areas on an ongoing basis, including safety, legal and financial matters. The Audit Committee has been delegated the responsibility to review the effectiveness of the financial and IT internal control systems implemented by management. The Safety, Assurance and Business Ethics Committee has been delegated responsibility for the effectiveness of the Group's safety policies and systems and has responsibility for ethical and compliance issues.

The Board and its committees are assisted by the internal audit function, the HSSEA function (including ethics & compliance) and, where appropriate, the external auditors. Where the internal or external auditors identify any significant deficiencies in the financial or IT internal control systems, a plan of action is agreed to remedy these and progress against them is tracked and reported with updates provided to the Audit Committee as necessary.

The Audit Committee receives regular updates concerning ongoing audits. Details of audit updates received by the Committee in 2018 are set out on page 58.

The Chairs of the Audit and Safety, Assurance and Business Ethics Committees report regularly to the Board on their discussions.

- **Information and communication**

The Group has a comprehensive system for reporting performance to the Board. This includes monthly and quarterly reports. The quarterly reports include a detailed financial review against budgets and latest forecasts. The ELT also receives detailed monthly financial reports and meets on a monthly basis to discuss financial performance and other operational matters. In addition, each BU holds Quarterly Review Meetings (QRMs) and Quarterly Project & Risk Review Meetings, both of which involve the Chief Executive and the CFO.

Statutory disclosures

Listing rule 9.8.4R

Disclosures in relation to listing rule LR 9.8.4R where applicable are included in note 21 to the financial statements in relation to Long Term Incentive Plans.

Political donations

Neither the Company nor any of its subsidiaries made any politial donations or incurred any political expenditure during the year.

Indemnity of officers

Under Article 135 of the Articles, the Company may indemnify any Director or former director against any liability, subject to the provisions of the Companies Acts. Under the authority conferred by Article 135, the Company has granted indemnities to the Directors of the Company. The indemnities do not apply to any claim which arises out of fraud, default, negligence or breach of fiduciary duty or trust by the indemnified person. In addition, the Company may purchase and maintain for any Director or other officer, insurance against any liability. The Company maintains appropriate insurance cover against legal action brought against its Directors and officers and the Directors and officers of its subsidiaries.

Approval of the Directors' report

The strategic report set out on pages 01 to 42 and the Directors' report set out on pages 46-47 were approved by the Board on 14 March 2019 and have been signed by the Company Secretary on behalf of the Board.

Martin McIntyre
Company Secretary

Footnotes

1. Subsidiaries are those entities which are under Group management and control as detailed in note 37 to the Financial Statements.

Board of Directors

Chair

Ian Marchant
Chair

Key experience: Public company boards, power sector, finance and public capital markets, government and regulation

Appointed: 2006
Chair since 2014. Ian is currently Independent Chair of Thames Water; Chairman of Nova, the tidal energy company; non-executive director of Aggreko plc and Honorary President of the Royal Zoological Society of Scotland. He was previously Chief Executive of SSE plc, a leading UK energy utility company; Chair of Infinis Energy plc and President of the Energy Institute.

Executive directors

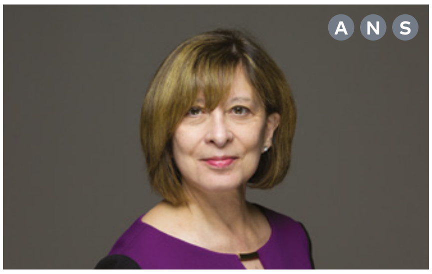
Robin Watson
Chief Executive

Appointed: 2013
Group Chief Executive since January 2016. He was formerly Chief Operating Officer from April 2015, CEO of Wood Group PSN and Managing Director of Wood Group PSN in the UK, having joined Wood Group in 2010. Prior to joining Wood Group, Robin served in a variety of leadership and management positions with Petrofac and Mobil. He is actively engaged with various industry and Governmental representative bodies, including the Scottish Business Board, a cross-industry advisory group to the UK Government. Robin was previously a board member of Oil & Gas UK and work group co-chair on the Step Change in Safety Leadership Team.

David Kemp
Chief Financial Officer

Appointed: 2015
Group Chief Financial Officer (CFO) since May 2015, previously CFO of Wood Group PSN having joined Wood Group in 2013. Prior to joining Wood Group, David served in executive roles at Trap Oil Group, Technip, Simmons & Company International and Hess Corporation, working across Finance, M&A and Operations. He is a member of SCDI North East and of the Institute of Chartered Accountants of Scotland and is also a director and governor of Albyn School.

Non-executive directors



Linda Adamany
Non-executive Director

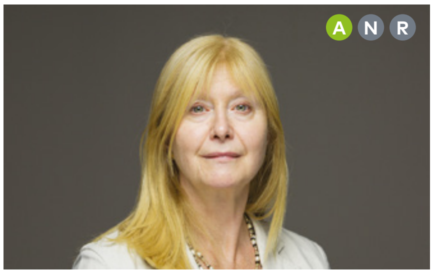
Key experience: Public company boards, international oil & gas, petrochemicals

Appointed: 2017
Linda is currently a non-executive director of Jefferies Financial Group Inc, and Coeur Mining Inc and is a non-executive board member of BlackRock Institutional Trust Company. She was previously a non-executive director of Amec Foster Wheeler plc. Prior to that she worked for BP for 27 years in the UK and US during which time she held various roles in refining & marketing, exploration & production and petrochemicals including Chief Executive of BP Shipping and Group Vice President and Commercial Director of BP Refining & Marketing.

Thomas Botts
Non-executive Director

Key experience: International oil & gas (including North America, Europe, South America, Middle East and downstream)

Appointed: 2013
Thomas is a non-executive director of EnPro Industries, is co-chair of the Governor's Task Force at the University of Wyoming, a director of the University of Wyoming Foundation and is a long-standing member of the Society of Petroleum Engineers. He was formerly with Shell for 35 years, latterly as global head of Shell's manufacturing business.

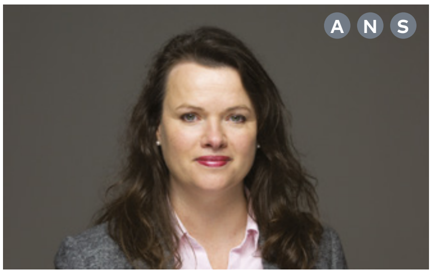


Jann Brown
Non-executive Director

Key experience: International oil & gas, public company boards, finance and public capital markets

Appointed: 2014
Jann is currently Managing Director and CFO of SOCO International plc. She spent her career in the accounting profession before moving into the oil industry, latterly as Managing Director and CFO of Cairn Energy plc. She is a past-president of the Institute of Chartered Accountants of Scotland (ICAS) and Audit Committee Chair of Troy Income and Growth Trust and of the Scottish Ballet.

Non-executive directors



Jacqui Ferguson

Non-executive Director

Key experience: Technology sector specialising in cloud security, telecommunications, financial services, travel and transportation, energy and government

Appointed: 2016
Jacqui is currently a non-executive director of Tesco Bank and Croda International plc. She is a Trustee of Engineering UK, a not for profit organisation focused on developing engineering and technology skills in the UK and a member of the Scottish First Minister's Advisory Board for Women and Girls. She was previously Senior Vice President and General Manager of Hewlett Packard Enterprise Services in the UK and Ireland and Middle East, Mediterranean and Africa and prior to this she held a number of senior roles within the technology sector in Europe, the Middle East, Africa, Asia and North America.

Roy Franklin

Senior Independent Director

Key experience: Public company boards, international oil & gas, mergers and acquisitions

Appointed: 2017
Roy is currently chairman of Premier Oil plc and deputy chairman of Equinor ASA. He is also a member of the advisory board of Kerogen Capital LLC and Chairman of privately-held companies Cuadrilla Resources Ltd and Energean Israel Ltd. He spent 18 years at BP, latterly as Head of M&A, BP Exploration, after which he was Group MD of Clyde Petroleum and then CEO of Paladin Resources until 2005. Roy has served on a number of international energy boards in non-executive roles including Amec Foster Wheeler plc.

Key to Committee membership

- A Audit
- N Nomination
- R Remuneration
- S Safety, Assurance & Business Ethics
- Chair

Previous directors

Ian McHoul

Appointed: 2017
Non-executive director and member of the Nomination Committee. Resigned April 2018.

Richard Howson

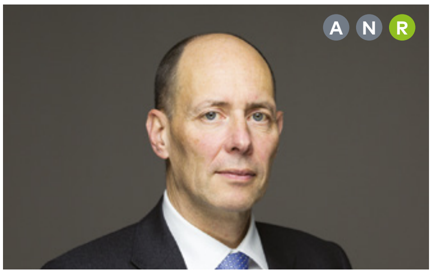
Appointed: 2016
Non-executive director and member of the Safety, Assurance & Business Ethics and Nomination Committees. Resigned January 2018.

Mary Shafer-Malicki

Non-executive Director

Key experience: Public company boards, international oil & gas (including Europe, Asia and Africa)

Appointed: 2012
Mary is currently a non-executive director of McDermott International Inc, an independent director of QEP Resources Inc and is a former non-executive director of Ausenco Limited. She is a member of industry councils at Oklahoma State University and the University of Wyoming. Mary worked for Amoco and BP for 26 years, latterly as Senior Vice President and CEO for BP Angola, with previous appointments in Vietnam, Aberdeen, Holland and the US, principally in upstream activities.



Jeremy Wilson

Non-executive Director

Key experience: Public company boards, finance and public capital markets

Appointed: 2011
Jeremy is a non-executive director of Tullow Oil plc. He is Chair of The Lakeland Climbing Centre and Lead Trustee of The Lakeland Climbing Foundation. He spent his career at J.P.Morgan, which he joined in 1987, until retiring in October 2013. He held a series of senior level positions there including Head of the European Mergers and Acquisitions Group, global co-head of the Natural Resources and Diversified Industrials Group and latterly Vice Chair of the Energy Group and was involved in a number of major oil & gas mergers over the years.

Corporate governance

Role of the Board and Committees

Board

The Board focuses its time and energy on strategy, significant acquisitions, the annual budget and performance against it, monitoring the performance of the management team and risk management, specifically focusing on principal risks and the overall system of internal control. The Board has delegated some of its responsibilities to the Executive Leadership Team (ELT) and the Board Committees – the Safety, Assurance & Business Ethics Committee, the Nomination Committee, the Audit Committee and the Remuneration Committee.

Safety, Assurance & Business Ethics Committee

Responsible for the Group's safety strategy and performance and for ensuring compliance with laws and regulations including business ethics.

Read more on page **54**

Nomination Committee

Monitors and reviews the structure, size and composition of the Board, makes recommendations with regard to any changes and ensures Board succession plans are in place.

Read more on page **55**

Audit Committee

Responsible for compliance with financial reporting standards, consideration of the internal financial and IT control environment and the relationship with the external auditor.

Read more on page **56**

Remuneration Committee

Advises the Board on executive remuneration and sets the packages of each of the executive directors within the approved Remuneration Policy.

Read more on page **62**

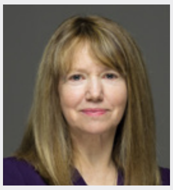
Executive Leadership Team

The ELT operates under the authority of the Chief Executive and comprises the Group CFO plus the CEOs of our four BUs and the leaders of our other key functional areas: HSSEA; People & Organisation; Strategy & Development. They are responsible for delivering against the strategy approved by the Board.

Find out more about the ELT at:
www.woodplc.com/leaders

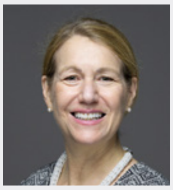
Dave Stewart
CEO
Asset Solutions
EAAA

Andrew Stewart
CEO
Asset Solutions
Americas



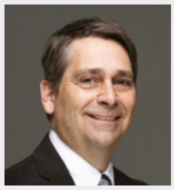
Ann Massey
CEO
Environment & Infrastructure Solutions

Bob MacDonald
CEO
Specialist Technical Solutions



Sue MacDonald
Executive President
People & Organisation

Nina Schofield
Executive President
HSSEA



Joe Sczurko
Executive President
Strategy & Development

Investigations Oversight Committee

In addition to the Committees above, the Board has established a separate, dedicated Investigations Oversight Committee to oversee and report to the Board on the investigations referred to in note 33 to the financial statements. The Committee is chaired by Thomas Botts and is attended by Roy Franklin and Linda Adamany.

Previous ELT members:

Steve Wayman, Executive President Integration

Having overseen the integration through to effective completion in October 2018, Steve Wayman retired on 31 December 2018. Whilst the main changes to integrate the business are complete, work on several projects will continue in 2019 and these form our integration PLUS programme. Sponsorship of the PLUS programme level by Executive President People & Organisation and CEO Specialist Technical Solutions ensures that the ELT retains oversight over the process.

Board composition

The Board comprised ten directors for the majority of the year. Two directors resigned during the course of the year; Richard Howson in January and Ian McHoul in April. Non-executive directors comprised a majority of the Board (excluding the Chair) as recommended by the Governance Code.

A clear separation of the roles of the Chair and the Chief Executive has been agreed by the Board, in compliance with the Governance Code. The Chair is responsible for leadership of the Board and creating the conditions for overall Board and individual director effectiveness. He chairs the Board meetings, having set the agenda, and ensures effective communication with shareholders and other stakeholders and ensures that the members of the Board are made aware of the views of major investors.

The Chief Executive is responsible for the day to day management of the Group and implementation of the Group's strategy. He develops proposals for Board approval, and ensures that the flow of information to the Chair and to the Board is accurate, timely and clear. Members of the Executive Leadership Team report directly to the Chief Executive.

For brief biographies of the directors see pages **48-49**

Board independence

After careful consideration, the Board considers all of its non-executive directors to be independent in character and judgement and that there are no relationships or circumstances which are likely to affect, or could appear to affect, their judgement.

Board re-election

Linda Adamany has given notice of her intention to resign as a director with effect from 1 May 2019. In addition, Jann Brown and Ian Marchant have indicated their intention to step down within six and twelve months respectively. In order to ensure an orderly transition, they both intend to remain in office until their respective successors have been identified and shall seek re-election at the AGM. Therefore all directors, other than Linda Adamany, are expected to seek re-election at this year's AGM.

Conflicts of interest

The Board requires directors to declare any appointments or other situations which would amount to a possible conflict of interest.

The Board has procedures in place to deal with and, if necessary, approve any such conflicts.

Board development

The training needs of directors are periodically discussed at Board meetings and briefings provided on issues relating to corporate governance. Arrangements are in place for newly appointed directors to undertake an induction process designed to develop their knowledge and understanding of the Group's business. This includes briefing sessions during regular Board meetings, visits to operating sites and discussion of relevant business issues.

Upon their appointment, directors are advised of their legal and other duties and their obligations as directors of a listed company and under the Companies Act 2006.

There is a procedure for any director to take independent professional advice at the Group's expense and all directors have access to the services of the Company Secretary, who is responsible for ensuring that the Board's procedures are followed.

Engagement with shareholders

Our investor relations activities are led by the Chief Executive and Group CFO, supported by the investor relations (IR) team and other members of senior management as appropriate. We provide the opportunity for significant shareholders to meet with the Chief Executive and Group CFO at least twice a year around the interim and final results announcements and with the Chair around the Annual General Meeting. In 2018 we gave presentations on two of our BUs, Environment & Infrastructure Solutions and Asset Solutions Americas. The purpose of these sessions was to provide investors and analysts with a deeper understanding of the service offerings, capabilities, competitive landscape and key projects for the two BUs.

Major shareholdings

The Company has been notified, in accordance with DTR 5, of the following major shareholdings in the Company as of 31 December 2018:

Shareholders	No of shares	% of shares
BlackRock, Inc.	**44,662,986**	**6.55%**
Standard Life Aberdeen plc (formerly Aberdeen Asset Management)	**41,038,067**	**6.02%**
FIL Limited	**39,717,408**	**5.83%**
Mondrian Investment Partners Limited	**34,380,848**	**5.04%**
Artisan Partners Limited Partnership	**33,601,505**	**4.93%**
Kiltearn Partners LLP	**23,028,390**	**3.37%**
APG Asset Management N.V	**21,000,000**	**3.08%**

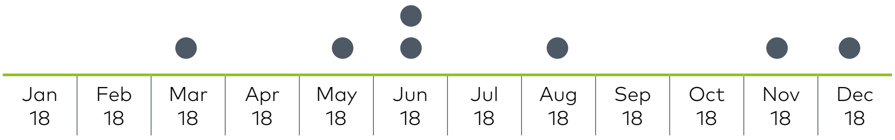
The following changes in the interests disclosed to the Company have been notified between 31 December 2018 and 18 March 2019:

- On 15 February 2019 Ameriprise Financial disclosed that their percentage interest in the ordinary share capital of the Company was 4.92% (33,549,841 ordinary shares).

Board and Committee attendance 2018

The Charters of the Board's Committees are available on Wood's website. Attendance by directors at the meetings of the Board and its Committees is summarised in the table below. The dates of future Board meetings have now been agreed until the end of 2020.

Read the Charters of the Board's Committees at:
www.woodplc.com/charters



	Board	Safety, Assurance & Business Ethics Committee	Nomination Committee	Audit Committee	Remuneration Committee
Robin Watson	**7/7**				
David Kemp	**7/7**				
Thomas Botts[3]	**7/7**	**3/4**	**2/2**		
Jann Brown[1]	**6/7**		**2/2**	**5/5**	**3/3**
Jacqui Ferguson	**7/7**	**4/4**	**2/2**	**5/5**	
Ian Marchant	**7/7**		**2/2**		
Mary Shafer-Malicki	**7/7**		**2/2**		**3/3**
Jeremy Wilson	**7/7**		**2/2**	**5/5**	**3/3**
Linda Adamany[2,3]	**6/7**	**3/4**	**2/2**	**5/5**	
Ian McHoul**	**1/1**		**1/1**		
Roy Franklin	**7/7**	**4/4**	**2/2**	**5/5**	
Richard Howson*					

* Richard Howson resigned on 17 January 2018 and therefore did not attend any Board meetings.
** Resigned 5 April 2018

1. Jann Brown was unable to attend a Board meeting in June arranged at short notice due to a conflicting engagement.
2. Linda Adamany was unable to attend the December Board meeting due to a long standing commitment that was set prior to her appointment to the Wood Board.
3. Linda Adamany and Thomas Botts were unable to attend the Safety, Assurance & Business Ethics Committee meetings in May and August respectively due to travel disruption.

Board programme & agenda

The Board typically schedules four face to face meetings and two calls on an annual basis. Within the face to face meetings, the following are covered as standing agenda items:

- Review of Governance and reports from the Safety, Assurance & Business Ethics, Audit, and Remuneration Committees, and the Chief Executive report
- Operations updates and functional updates HSSEA, P&O, Strategy & Development and Finance & Administration (including Investor Relations, IT, Legal, Tax & Treasury and Commercial)

The Board also receives presentations from management and discusses other matters arising which are set out in the table opposite.

Topic	Activity	Outcome/Progress
Strategy	• Reviewed and discussed draft Wood strategy presented by the Chief Executive and senior management • Received updates on and provided input into the integration of AFW into the Group	• The Board received presentations on the proposed strategy at its November board meeting • Integration effectively completed in October 2018. Work on several projects ongoing into 2019 which form the integration PLUS programme • The Board held its March meeting at the offices of AS EAAA Capital Projects in Reading, UK, and its November meeting at the offices of E&IS in Atlanta in the US. Both meetings provided the opportunity for meetings with local management
Safety, Assurance and Business Ethics	• Updates were received at each meeting on the activities of the Safety, Assurance & Business Ethics Committee • Reports were received directly from the Chief Executive and senior management at each meeting on specific compliance related matters • Continued oversight of the legacy investigations referred to in note 33 to the financial statements through receipt of reports from the dedicated Investigations Oversight Committee • Received reports and challenged management on implementation of GDPR compliance programme	• Continued monitoring of the Gulf of Mexico regulatory compliance plan and actions to ensure compliance with the administrative agreement and prevent recurrence • Integration of ethics and compliance programmes of legacy organisations, resulting in issue of new code of conduct in August 2018 • Consolidation of existing safety initiatives into a new Safety Shield programme launched in January 2019 • Completed implementation of GDPR compliance programme
Review of financial results	• Review of monthly management accounts, preliminary results statement, annual report and half year report • Review of debt and cash performance	• Reports reviewed, challenged and approved for release • Debt and cash performance challenged
Risk management and internal control	• Review of Group's risk management and internal control systems, including the Group's register, principal risks and associated controls and assurance provision • Review and challenge of management's conclusions on the effectiveness of internal controls • Review of governance and management of risks related to commercial projects	• Updated principal risks included in annual and half year reports • Adoption of Group-wide risk management standard and risk appetite principles updated • Appointment of Group Risk Director. During 2018 the focus of this role was on risk management matters across the BUs and functions relating to integration • Internal controls agreed to have operated effectively during the year
Governance	• Board received training from the Group's external lawyers on its responsibilities under the UK Takeover Code • Reviewed and approved updates to the Chief Executive's Delegation of Authority and Matters Reserved to the Board • The Board participated in an externally-facilitated Board evaluation process and reviewed the output from that process at the March 2019 meeting • Reviewed impact of changes to Governance Code	• Updated Chief Executive's Delegation of Authority and Matters Reserved to the Board approved • Updated Committee charters published • The Board is considering recommendations for improvement noted from the Board evaluation process • In accordance with requirements related to the tenure of the Chair under the Governance Code, the Chair has indicated his intention to resign within the next 12 months. He will remain as a director and Chair of the Board until a successor is appointed
People and succession planning	• Reviewed succession plans in place for the ELT and other key positions in the Group • Conducted a review of culture, including a presentation on Group-wide employee engagement survey	• The Board noted improvement in the succession planning process for senior executives, and key areas where succession plans require to be strengthened • New cultural framework rolled out consisting of vision, values and behaviours • Further employee engagement through implementation of a Listening Group Network
Board engagement with shareholders	• The Board seeks to understand the views of shareholders and take these into account where appropriate • Regular reports received from the Group CFO on IR activities, supplemented by analysis provided by our brokers • The Chair, Senior Independent Director and the Chair of the Remuneration Committee make themselves available to meet with key shareholders	• We provide the opportunity for significant shareholders to meet with the Chief Executive and Group CFO at least twice a year around the interim and final results announcements • During the year the opportunity to meet with the Chair was offered to significant shareholders. The Chair and the Chair of the Remuneration Committee also consulted with significant shareholders on proposals for the changes to executive remuneration

Safety, Assurance & Business Ethics Committee

Thomas Botts Chair, Safety, Assurance & Business Ethics Committee

"The primary focus of the Committee is to ensure that risks associated with HSSE and business ethics are understood and managed."

Membership and responsibilities

In 2018 the Committee attendees comprised Thomas Botts, Chair, Roy Franklin, Linda Adamany and Jacqui Ferguson. The Chief Executive, Executive President of HSSEA and the Chief Ethics and Compliance Officer were also in attendance.

The Committee meets four times a year and has written terms of reference (which are available on the Group's website) setting out its responsibilities.

Read the Safety, Assurance & Business Ethics Committee charter at:
www.woodplc.com/sabecommittee

Main responsibilities:

- HSSE, Assurance and Business Ethics strategy and performance
- Effectiveness of the Group's policies and systems and evidence of a prevalent safety and ethical culture
- HSSE and Business Ethics leadership development throughout the Group, particularly in frontline operations
- Quality and integrity of the Group's internal and external reporting of HSSE and Business Ethics performance and issues
- Preparedness for response to a major HSSE incident or ethics non compliance
- The process for and outcomes of investigations into major HSSE and Business Ethics incidents and the effectiveness with which recommendations are assimilated throughout the Group
- The expertise and appropriateness of the structure of the HSSEA and Compliance function throughout the Group
- Oversight of any ongoing Regulatory investigations and the associated case management

Committee meetings in 2018

Jan 18	Feb 18	Mar 18	Apr 18	May 18	Jun 18	Jul 18	Aug 18	Sep 18	Oct 18	Nov 18	Dec 18
		●		●			●			●	

The Safety, Assurance and Business Ethics Committee is responsible for overseeing the Group's management of Health, Safety, Security, Environmental (HSSE) and regulatory compliance & Business ethics matters, in line with the Group's policies and values commitment.

The primary focus of the committee is to ensure that risks associated with issues relating to HSSE and Business Ethics are understood and managed and oversight is provided to systems and assurance activities that are in place to minimise the occurrence of major events.

In 2018, the Committee was also focused on any additional HSSE or Business Ethics Risks associated with the integration of Wood. This included having oversight of new policies or programmes such as the integrated Code of Conduct, the Commercial Intermediaries project and the Safety Shield. During the year, the Committee was also joined by the CEOs from each of the four Business Units who provided an overview on the key risks, mitigations and HSSEA improvement plans in their respective areas.

The Committee ensures a higher level of governance for any matters concerning major regulatory investigations or significant breaches of a compliance nature. In 2017, the company entered into an Administrative Agreement with the U.S. Department of the Interior and U.S. Environmental Protection Agency, which resulted from regulatory settlements in Wood Group's Gulf of Mexico business. A key focus of the Committee is assuring compliance with the requirements of the agreement through scrutiny of the arrangements and actions taken and oversight of the associated performance dashboard and metrics. In 2018, a key focus of the Committee was reviewing implementation of the Agreement actions as they extended to the AFW businesses. An independent Monitor has been appointed to assess and report on compliance with the agreement. In March 2018, the independent Monitor attended the SABE Committee as part of their compliance review process.

In addition to the normal routine SABE review of ongoing investigations an Investigation Oversight Committee was established in May 2017. This was put in place to provide additional governance on any matters that have the potential to incur serious criminal sanctions or cause significant and lasting reputational harm to Wood. The Investigation Oversight Committee, chaired by Thomas Botts, in particular provides independent oversight of the risk analysis, mitigation and response of the business in connection with the ongoing investigations by the relevant authorities into the historical use of agents.

Internal controls over project execution were recognised as an area for improvement and 2018 saw the formation of an Operations Assurance function to review project and contract compliance with HSSE, Technical and Quality policies and standards, as well as customer specific, legal and regulatory requirements. The Committee provided oversight of the programme, the organisational learnings identified and the timely close out of remedial actions.

Nomination Committee


Ian Marchant Chair, Nomination Committee

"The Committee focused on the effectiveness and independence of the Board. The appointment of a number of former AFW directors on completion of the AFW transaction helped to ensure diversity in terms of background, experience and thought leadership as well as gender diversity."

Membership and responsibilities

The Nomination Committee comprises the Chair and all of the independent non-executive directors. Ian McHoul stepped down from the Committee in April 2018 following his resignation as non-executive director.

The Committee meets at least once a year. It operates within a written charter setting out its roles and responsibilities.

Read the Nomination Committee charter at:
www.woodplc.com/nomcommittee

Main responsibilities:

- Reviewing Board structure, size and composition
- Making recommendations to the Board with regard to any changes
- Identifying and nominating candidates for the approval of the Board
- Filling Board vacancies
- Ensuring succession plans are in place

Committee meetings in 2018

Jan 18	Feb 18	Mar 18	Apr 18	May 18	Jun 18	Jul 18	Aug 18	Sep 18	Oct 18	Nov 18	Dec 18
●										●	

The Nomination Committee monitors and reviews the structure, size and composition of the Board, makes recommendations with regard to any changes and ensures Board succession plans are in place.

In 2018, the Committee focused on the effectiveness and independence of the Board. The appointment of a number of former AFW directors on completion of the AFW transaction helped to ensure diversity in terms of background, experience and thought leadership as a well as maintaining a minimum of one third of our Board being female. Two non-executive directors resigned during the year; Richard Howson in January 2018 and Ian McHoul in April 2018.

The Committee met in January 2018 to confirm the composition of various Board committees following the resignation of Richard Howson.

The Committee met in November 2018 to discuss Board succession and Board effectiveness. The Committee also considered the reappointment of Mary Shafer-Malicki as a non-executive director, having completed her second term of three years. Given that this was Mary's second term a rigorous review of her independence was carried out focusing on her contributions to Board discussions, challenges of management, experience of the oil and gas industry and the overall mix of experience of the Board. It was agreed that she continued to be independent. It was unanimously agreed that her term be renewed for a further three years, subject to annual reappointment at the AGM.

In March 2019, it was announced that Jann Brown has indicated her intention to resign as a director and as Chair of the Audit Committee. Jann has been non-executive director and Chair of the Audit Committee since May 2014. She is resigning due to commitments to other executive responsibilities. The Board intends to appoint an additional non-executive director to replace Jann as Chair of the Audit Committee and has commenced a process to identify a suitable candidate. Jann will remain as a director and Chair of the Audit Committee until her successor has been appointed, which is expected to be within the next six months. The Committee has discussed the key skills and experience required for the role and has appointed Korn Ferry as search consultants. Korn Ferry is a global organisational consulting firm with whom we have worked in the past on recruitment for senior positions. However, it provides no other services to Wood and we consider it independent. It was also announced in March 2019, that Linda Adamany has given notice of her intention to resign, for personal reasons, as a director with effect from 1 May 2019. Linda was appointed as a director of Wood in October 2017, following the acquisition of Amec Foster Wheeler plc. Prior to that, she had been a director of Amec Foster Wheeler plc since October 2012. In line with its previously-stated intention to reduce the size of the Board following the Amec Foster Wheeler acquisition, Wood does not intend to appoint a replacement for Linda.

It was also announced that Ian Marchant has indicated his intention to resign as director and Chair within the next 12 months. The Committee has also commenced a process to identify a suitable replacement for Ian and has again appointed Korn Ferry as search consultants.

Diversity

The Committee is cognisant of the Governance Code's requirement to pay due regard to the benefits of diversity, including gender, when considering appointments to the Board. Wood is committed to remaining an equal opportunities employer.

Audit Committee

Jann Brown Chair, Audit Committee

"In 2018 significant progress has been made on integration and standardisation of financial processes and controls and the Committee has been focused on ensuring a high level of financial governance."

Membership and responsibilities

Throughout 2018 the Audit Committee comprised Jann Brown (Chair, recent and relevant financial expertise), Jeremy Wilson and Jacqui Ferguson. In January 2018 Linda Adamany and Roy Franklin joined the Audit Committee and Thomas Botts stood down.

The Chair of the Committee reports to each Board meeting on the activity of the Committee.

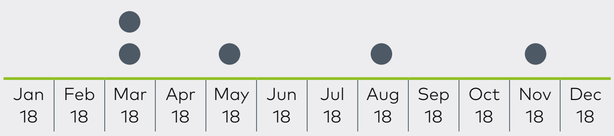
The Committee has a written charter of responsibilities which is reviewed on an annual basis, setting out its roles and responsibilities.

Read the Audit Committee Charter at:
www.woodplc.com/auditcommittee

Main responsibilities:

- Compliance with financial reporting standards and relevant financial reporting requirements
- Consideration of the financial and IT internal control environment
- Consideration of the internal audit programme and results
- Review of the external audit relationship and provision of non-audit services

Committee meetings in 2018



The Committee met five times in 2018, including an extra meeting in March 2018 to discuss the year end accounting issues and audit of the Group following the acquisition of AFW.

In addition to the members of the Committee, the Group Chair, the Group CFO, Group Financial Controller, Group Head of Internal Audit & Risk and the external auditors attended all Audit Committee meetings.

During the year other relevant people from the business presented to the Committee on the topics as noted below.

The Group Head of Internal Audit & Risk and the external auditors have the right of direct access to the Chair of the Committee at all times and to meet the Committee without management present.

The committee oversaw the transition from PwC to KPMG as Group Auditors during 2018. PwC's last engagement was for the audit of the financial statements for the year ended 31 December 2017. KPMG's services then commenced with the performance of the half year review for the period ended 30 June 2018 and the audit of the year ended 31 December 2018.

During the year the following areas were discussed at the Committee meetings.

March (two meetings)

- Review of the 2017 Group financial statements including the acquisition accounting for AFW, key areas of accounting judgements, Going Concern, Fair, Balanced & Understandable review and the Viability Statement
- Review of PwC's 2017 external audit, including discussion of the findings of the external audit and the key judgmental areas
- Review and approval of the 2017 Audit Committee Corporate Governance Report
- Review of internal audit reports and status, in addition to the 2017 annual summary
- Approval of the combined Wood Internal Audit plan for 2018
- Assessment of external audit effectiveness

May

- Update on the transition to KPMG as Group auditors including review of a preliminary audit plan for 2018
- Effectiveness review of internal audit
- Presentation on the Group's IT security status and plans
- Review of internal audit reports and status
- Approval of the IT internal audit plan for 2018
- Integration and synergy update

August

- Review of the 2018 Group interim financial statements including Going Concern and IFRS 15 implementation
- Update on KPMG's 2017 interim financial statements external review and discussion of key judgmental areas and findings
- Presentation by Group Tax & Treasury on strategy and risk management
- Review of internal audit reports and status
- Integration and synergy update

November

- Review of upcoming year end accounting judgements and issues
- Presentation by KPMG tax partner on key tax risks
- Review of final 2018 external audit plan and approval of audit fees
- Review and approval of 2019 Internal Audit Plan
- Review of output from Audit Committee evaluation process
- Review of internal audit reports and status
- Integration and synergy update
- Reviewed proposed changes to reporting metrics for 2019

During the year the Committee focused on the following areas:

Financial reporting and significant accounting issues

The Committee focused on the application of our accounting policies and on the areas of judgement and estimation, as well as adoption of IFRS 15 'Revenue from contracts with customers'.

The Group adopted IFRS 15 from 1 January 2018. As expected, the adoption did not have a material impact on our reported results, although some additional disclosures have been added. The processes for accounting under IFRS 15, including fixed price contracts, have been satisfactorily embedded.

The Committee also reviewed and agreed with management's conclusion that the impact of the adoption of IFRS 9 'Financial Instruments' is immaterial.

The Group will adopt IFRS 16 'Leases' from 1 January 2019 and the company has performed an initial assessment of the impact as set out in the Accounting Policies section of the financial statements. The Audit Committee will review the implementation of this standard in 2019.

The primary areas of judgement and estimation considered by the Committee in relation to the 2018 financial statements and how they were addressed are outlined below.

Finalisation of the accounting for the AFW acquisition

The AFW acquisition completed in October 2017, and provisional fair values were assigned to the assets and liabilities acquired and the value of the resulting goodwill. Under IFRS 3 'Business Combinations' these fair values may be reassessed in the year following acquisition and any changes reflected in the value of goodwill.

Further information became available during this period about certain legacy AFW fixed price contracts, claims and litigation and onerous leases and the revised fair values have been reflected in the acquisition balance sheet.

The Committee was satisfied that these updates reflected circumstances that existed at the time of the acquisition, had been accounted for correctly and received reports on the audit work done by KPMG in this area.

Impairment reviews

At both the half year and the year end, the Committee considered whether indicators of impairment existed and the results of any related impairment reviews. Annual reviews are carried out in relation to goodwill and material joint ventures, with the Committee's role being primarily to challenge the significant assumptions and estimates made to ensure that they are appropriate.

The Committee was satisfied with the assumptions and the results of the reviews.

Current and deferred tax balances

The Group operates in a number of different tax regimes and a range of judgements underpin the calculations for both current and deferred tax, including uncertain tax positions.

In the Income Statement, these can have an impact on both the tax charge and the operating profit. The Committee receives a detailed written report on taxation matters at each meeting, which included AFW tax matters from the date of acquisition onwards. The impact of the changes in legislation on the Group's uncertain tax provisions and the overall approach to tax planning were specifically considered at the November 2018 meeting.

Where necessary, the Committee considers advice received from professional advisory firms and concluded that the positions taken were appropriate. This was also recognised by KPMG as an area of higher audit risk and the Committee received updates on related work undertaken by them during the year.

Review of significant contracts

As a result of the AFW acquisition, and to a lesser extent in the legacy Wood Group business, the Group executes a number of contracts on a fixed price or lump sum basis. Such contracts inherently involve a greater degree of estimation and judgement than is typically the case in reimbursable contracts. The Committee reviewed and was satisfied with the accounting for significant lump sum projects in progress at the year-end and the material judgements taken by management in recognising profit or the quantification of known losses where these are probable.

The external auditors assessed this as an area of focus and the Committee received updates on related work undertaken by KPMG.

Review of provisions

The Committee considers the appropriateness, adequacy and consistency of approach to provisioning at each meeting. All material provisions, including those made against uninsured legal claims, asbestos litigation, pensions and doubtful debts, are discussed and challenged. Given the continued uncertain economic climate for the oil and gas companies which form the core customer base of the Group, there was a continued focus on the recoverability of receivables.

The Committee concluded that the positions taken by management were appropriate.

Reporting measures

The Committee received a presentation from management at the November meeting with a proposal to simplify our principal reporting measures to align more fully with IFRS definitions of revenue and profit. The Committee requested that feedback be sought from key shareholders and analysts, and this was carried out in Q1 2019. As a result, for reporting periods ending on 30 June 2019 onwards Wood's primary reporting measure will be operating profit. We will also have two additional, non-statutory measures; Adjusted EBITDA (including joint venture profit) and Adjusted Diluted EPS (adjusted for amortisation from acquisitions only).

Synergies

Throughout the year the Audit Committee received regular reports on the status of the integration programme and progress against our synergy targets. This included a presentation from the F&A Integration Director at the May meeting where the process for tracking, collecting and reporting synergy numbers along with the key risks to delivery were discussed.

Internal financial control

The Board is ultimately responsible for the Group's system of internal control and for reviewing its effectiveness. The Audit Committee has been given the responsibility to review the effectiveness of the financial and IT internal control systems implemented by management. This work is informed by regular updates from the Group Head of Internal Audit & Risk and the results of various self-assessment processes undertaken across the Group. External audit also provide feedback on areas of financial or IT control which they wish to bring to the Committee's attention.

The Board's assessment of the Group's internal financial and IT control environment, as informed by internal audit, is effective, with some areas where improvement is needed. Particular areas for focus are the controls around the continued transition of processes into shared service centres, the Group's maturity with respect to data protection regulations and the monitoring and project controls over a small number of fixed price contracts. These areas are being prioritised by the Group. Work was completed during the year to bring all areas of the business onto the same platform for financial reporting, with this project being covered by an internal audit. The project to establish a shared ERP and IT platform has made good progress but there is still significant work to be done before this will complete.

IT security review

The responsibility for reviewing IT security is delegated to the Audit Committee. During 2018, the Committee received a presentation from the Group Chief Information Officer and Chief Information Security Officer. This brought together the results of individual cyber security maturity assessments that had been carried out by Wood Group and AFW. An updated assessment was carried out at the end of 2018 for Wood by Internal Audit and the maturity level had increased from 2017 against a landscape of increasing cyber risk.

Internal audit

Monitoring the activity of the Group Internal Audit function is an agenda item at each Committee meeting. The Group Head of Internal Audit & Risk attended all meetings. Each year, the Committee agrees the plan to be carried out and receives regular updates on progress against this plan, including a summary of the key findings from each of its reviews, an update on the status of actions agreed with management and a note of any themes or emerging risk areas to be considered by the Committee.

During 2018, the Committee received regular updates on the integration of the Wood internal audit team. This involved bringing together the Wood Group and AFW teams to be based in a small number of strategic locations, developing 'best of both' processes and procedures and merging the internal audit methodology and plans. The individual Wood Group and AFW plans were followed until the combined Wood internal audit plan was approved by the Committee in the March 2018 meeting.

The Group Head of Internal Audit & Risk is also responsible for the corporate risk management process. The Committee does not consider this to give rise to any conflict of interest and are satisfied with the safeguards in place.

The Chair of the Committee and other Committee members hold private discussions with the Group Head of Internal Audit & Risk as necessary during the year outside the formal Committee process.

External audit

In compliance with the provisions of the UK Competition & Markets Authority (CMA) Order the Audit Committee decided to conduct a tender for the audit during 2016.

To allow a transition of non-audit services currently performed by firms tendering for the audit, and to coincide with the planned lead partner rotation, it was agreed that the appointment would take effect for the audit of the year ending 31 December 2018.

After a full audit tender process, the Committee decided that on balance KPMG's proposal demonstrated the greatest understanding of the Group's culture and strategy, industry knowledge and proposed an innovative and effective audit approach which would provide a high level of challenge to management.

KPMG shadowed PwC through the 2017 year end audit process, attended the audit committee and other close out meetings and had an opportunity to contribute to the discussions to help with a smoother transition.

In early 2018 KPMG prepared an audit plan identifying their assessment of key audit risks. These risks were discussed during the year with input from management and the Group Head of Internal Audit & Risk as necessary, providing the Committee with an opportunity to understand, challenge and ultimately agree with the auditors which areas should be covered. This was monitored and updated throughout the year as appropriate.

The Committee assessed the effectiveness of the audit process through consideration of the reporting received from KPMG at the half year and the year end, the robustness of the external auditors' handling of key judgmental areas and the quality of the external auditors' interaction with, and reporting to, the Committee.

The Committee also reviews the standing, experience and tenure of the external audit lead partner, the arrangements for ensuring the independence and objectivity of the external auditors and the nature and level of non-audit services provided.

In addition, an annual exercise to seek feedback from around the Group on the effectiveness of the external audit process will be performed.

Appointment and independence

The Committee has overall responsibility for ensuring that the external auditors' independence and objectivity is not compromised.

The Committee considers the appointment of the external auditor each year and assesses their independence on an ongoing basis.

In 2018, due to the transition of the external auditor, this included assessing the independence of both PwC as the principal Group auditor signing an opinion on the 2017 Annual Report and KPMG as the incoming Group auditor. During the year the Committee received confirmation from the external auditors regarding their independence.

In accordance with UK regulations and to help ensure independence, the auditors adhere to a rotation policy based on Auditing Practices Board standards that require the Group audit partner to rotate every five years. As this is KPMG's first year as external auditor it is also the first year that Catherine Burnet of KPMG, the current lead audit partner, has been involved in the audit of the Group.

The Board approved the Committee's recommendation that KPMG be reappointed for the 2019 audit.

Accordingly, a resolution proposing the appointment of KPMG as the Group's external auditor will be put to shareholders at the 2019 AGM. There are no contractual obligations that restrict the Group's choice of external auditors.

The company confirms that it complied with the provisions of the CMA Order for the financial year under review.

Non-audit services

One of the key risks to external auditor independence is the provision of non-audit services by the external auditor. The Group's policy in this area, which is set out in the Audit Committee's terms of reference, is clear.

The Committee considers and approves fees in respect of non-audit services provided by the external auditors in accordance with policy and the cost of non-audit services provided in 2018 is reported in note 4 to the financial statements.

In the opinion of the Committee, the provision of these non-audit services did not impair KPMG's independence.

During the year our previous auditor PwC's 2017 year-end audit file was selected for a quality review by their external regulator, the Financial Reporting Council (FRC). The Committee received a summary of the results of the review from the FRC, and this was also shared with our current auditor, KPMG. The points for improvement raised by the FRC were discussed with the lead PwC audit partner and the committee also used these to challenge KPMG and ensure that they had incorporated the points raised in their audit process this year. The committee received assurances that the items identified in the review have been considered and addressed by KPMG in their first year audit.

Committee evaluation

The Committee's activities formed part of the review of Board and Committee effectiveness performed in the year.

Overall the Committee was considered to be operating effectively. The Committee performed a review on cyber security in 2018 which was one of the points raised in feedback in 2017. It was agreed that some additional deep dives into relevant areas should be scheduled for 2019 agenda.

Directors' Remuneration Report
Board's Report

Jeremy Wilson Chair, Remuneration Committee

The Directors' Remuneration Report (DRR) is the Board's report to shareholders on directors' remuneration for the year ending December 2018 and is in three main sections:

Contents

* Audited
Unless otherwise noted, the remaining sections of the Directors' Remuneration Report are not subject to audit.

Letter from the Chair

Dear Shareholder

I am pleased to present the Directors' Remuneration Report for the year ending 31 December 2018, on behalf of the Board and as Chair of the Remuneration Committee. The purpose of this report is to set out the remuneration of executive directors and demonstrate alignment to creating shareholder value while delivering the short and long-term strategic business objectives of the company.

The report is fully compliant with all corporate governance requirements and aims to detail clearly remuneration outcomes for 2018 and the future application of the Remuneration Policy in 2019.

2018 overview

In 2018 Wood delivered against a clear set of operational and financial objectives around the integration of AFW, growth and synergy delivery. The Committee and I are proud of the business transformation led by our executives and the wider leadership team during 2018. The executive directors led key integration activities including, in the area of employees and remuneration:

- Embedding the new Wood culture, values, vision and behaviours and carrying out an employee engagement survey, with more than 55% of our global workforce participating
- Implementation of an integrated IT platform
- Harmonisation of employee terms, conditions, benefits and policies in every country by the end of 2020; this will be completed in Australia, Canada, UK and USA by the end of Q1 2019
- An enhanced employee share plan to over 39,000 employees in 17 countries; for every two shares purchased, employees will now receive one "match" share from the company (previously one match for every three shares purchased)
- One annual bonus and one long-term incentive plan for Wood key leaders and a global annual salary review in April 2018

The Committee has continued to pay close attention to the executive remuneration environment, including changes to the Corporate Governance Code, ensuring we consider the impact for Wood, whilst continuing to make remuneration decisions that reflect the needs of the business and which remain in line with our remuneration principles:

- Alignment with strategy, culture and delivery of shareholder value
- Simplicity and balance
- Internally fair, externally competitive
- Proactive shareholder engagement

In 2018 the Committee has enhanced our engagement activities with leadership and the wider workforce to ensure our people policies, practices and processes are fair, support diversity and equality and our approach remains considered and proactive. In November, members of the Board participated in the global Listening Group Network calls for the first time, giving them the opportunity to gather the views of our workforce and strengthen the "employee voice" in the boardroom. We have also been pleased to host some talent forums and provide mentoring support to future leaders and middle managers.

We participated in the Workforce Disclosure Initiative for the first time, giving us the opportunity to build greater understanding with our investors and improve policies and practices on a range of workforce related topics; our focus in 2019 will be to further enhance our global reporting capability, increase public disclosure and demonstrate due diligence with our global people policies. We will continue to enhance engagement during 2019 and beyond as referred to in our People section.

We also carried out a full review of the remuneration policy and the Committee's charter against the requirements of the Corporate Governance Code. As a result, we have made minor amendments to the charter to ensure we take into account global remuneration trends across the workforce and the alignment of incentives and rewards with our culture. Any updates required to the policy will take place during 2019 for application in 2020 as part of the 2020 policy.

We were pleased to receive overwhelming support from you for the remuneration resolutions, receiving 96.46% votes in favour at the annual general meeting in May 2018.

Remuneration and performance outcomes for 2018

2018 proved to be another challenging year due to market conditions in the oil and gas sector, in addition to wider political and economic uncertainty. Against this backdrop, Wood returned to growth in 2018 and financial performance was in line with expectations.

Annual bonus

As in previous years, bonus measures were split between financial, HSSE and non-financial measures with a balance of 60%, 10% and 30% respectively.

Financial measures for 2018 included a measure of profit (EBITA), cost synergies and cash generation, in line with the remuneration policy. The Group delivered EBITA of $630m, ahead of expectations, achieving 103% of target, resulting in partial payment. Cash generation was significantly better than budget, achieving the maximum, driven by improved working capital performance and cost control. Annualised cost synergies of $85m were delivered, achieving the maximum score, with the 3-year target increased to $210m, as announced at the half-year results. HSSE improvements were also targeted and achieved.

Although two of the three HSSEA performance indicators, assurance actions and leadership engagement, achieved maximum outcomes, as a result of the fatality in March 2018, the executive directors and members of the executive leadership team have determined to forgo the TRCF improvement element of the bonus, resulting in a bonus contribution of 6.6% out of a total opportunity of 10%.

As a Committee, we focused on establishing stretching non-financial objectives, with tangible performance outcomes focused on the delivery of short-term strategic plans. Delivery against team and personal objectives achieved 95%; detailed disclosure of the achievements can be found on page 65 within section 2 of the report.

In summary, annual bonuses of 88% of maximum are being awarded to the executive directors.

LTIP

The Committee wants to support our high calibre executive directors and other senior leaders and incentivise them to deliver our business objectives safely; we remain focused on ensuring the targets are stretching and deliver shareholder value.

Performance measures for LTIP performance period 2016-2018 were based on relative Total Shareholder Return (TSR) and Adjusted Earnings Per Share (AEPS) weighted 50% for each measure. The AEPS target was set at 80.0 cents at threshold and 100.0 cents at maximum; AEPS achievement of 57.4c was up 7.7% on 2017, but did not meet threshold performance, resulting in zero award for this measure. The TSR performance was below 50th percentile resulting in zero award for this measure. This has resulted in no award being realised for the executive directors.

The fact that the LTIP did not pay out in 2018 is disappointing to the Committee, especially given all the hard work and delivered success over the 3-year period. The key challenge is that when the targets were set back in 2015, especially AEPS, we misjudged the length and depth of the downturn in the oil and gas cycle. It is especially important during these challenging times that the management team feel motivated and rewarded for their endeavours. The Committee debated at length whether we should use discretion to alter the mathematical outcome of the LTIP measures but ultimately, we understand the shareholder resistance to such actions. However, we will be extra vigilant going forward and cognisant that it is in the best interests of the company and its shareholders to attract and retain top talent through a fair and balanced remuneration programme in whatever external environment the company finds itself.

Proposed policy application for 2019

The following section details the changes that we plan to make in implementing our policy in 2019. We continue to incorporate significant focus on delivery of our cost synergy targets, in line with our business strategy.

Base salary

Last year we informed you of our decision to temper the proposed salary increase for Robin Watson and David Kemp based on shareholder views that increases should be paced with longer term delivery of the benefits of the AFW transaction. We advised you of our intention to review salaries again in 2019 considering business and individual performance, market analysis and remuneration decisions in the wider workforce. We determined to increase salaries to the amounts we had considered for 2018, as previously communicated to you last year, and to apply a further 2.4% which is the standard UK cost of living increase being given to our onshore office-based UK workforce in 2019; this would have increased Robin Watson's salary from £690,000 to £768,000 and David Kemp's from £450,000 to £486,400. Both executive directors decided to defer the 2.4% increase, and as a result, we have increased salaries from 1 January 2019 to £750,000 for Robin Watson and £475,000 for David Kemp. Any salary increases proposed for 2020 will be based on the 2019 base salary, including the deferred 2.4%. The Committee and Board have every confidence in their ability to continue to deliver and want to ensure their remuneration is commensurate with the size, scope and complexity of their roles.

Details of the variable elements of remuneration are detailed below:

Annual Bonus Plan – we will continue to pay out 50% at target for financial measures. Maximum bonus opportunity for the Chief Executive will remain as 175% of salary and 150% for the CFO. Full details of the personal objectives, which account for 30% of the annual bonus opportunity, are contained in section 2.10. The other performance measures will be a measure of profit, accounting for 20% of the annual bonus opportunity; cash generation, also accounting for 20%; HSSEA at 10%; and delivery of cost synergies at 20%.

Long Term Plan – after careful consideration, the Committee has determined to increase the maximum opportunity for the Chief Executive from 200% to 250% of salary and for the CFO from 175% to 200%. This will only apply for the performance period 2019-2021. We have decided to apply this exceptional participation level to the Chief Executive in recognition of the fact that we set targets in previous years which failed to accurately predict the length and depth of the downturn in the oil and gas sector; this has resulted in zero vesting for the 2016-2018 performance period, and is predicted to result in zero outcome again for the 2017-2019 performance period despite the positive strategic and operational progress achieved to date. The decision to apply this one-off increase has not been taken lightly, but we want to continue to motivate our executive directors and drive the right behaviours to deliver shareholder value. As in previous years, no portion of these awards is released until five years from grant in line with our focus on creating value for shareholders over the long term by linking a significant portion of executive directors' remuneration to long term performance.

For the performance period commencing 2019 the performance measures will be relative TSR at 50% weighting; gross margin improvement, at 25% weighting; and overhead improvement, also at 25% weighting. Full details of the threshold and maximum targets can be found on page 76. The Committee considers these measures are well aligned to our strategy and shareholders' interest and focused on delivering substantial value.

In 2019 we will undertake the review of our Remuneration Policy, due for renewal in 2020, and will proactively engage with key investors to ensure long term alignment with shareholders. This review will also include our response to the updated UK Corporate Governance Code, including executive pensions, post-employment shareholding requirements, and the use of discretion over incentive outcomes.

I trust that in the report for 2018 we have clearly explained our application and intentions regarding future implementation of the Directors' Remuneration Policy, and I look forward to your support on the relevant resolution.

Signed on behalf of the Board and as Chair of the Remuneration Committee.

Jeremy Wilson
Chair, Remuneration Committee

Remuneration Committee

The Remuneration Committee advises the Board on executive remuneration and sets the remuneration packages of each of the executive directors within the approved policy. The Committee has a written charter, which is reviewed annually and is publicly available on the company website. The Committee Charter has been updated for 2019 with minor updates to formally reflect the role of the Committee in executive leadership team (ELT) and company secretary remuneration arrangements, and to draw out the role of the Committee monitoring the ongoing appropriateness and relevance of the Remuneration Policy and its application ensuring alignment of incentives and rewards with the wider workforce and culture at Wood.

Read the Remuneration Committee Charter at:
www.woodplc.com/remcommittee

During 2018, the Remuneration Committee comprised the following independent non-executive directors: Jeremy Wilson (Chair), Mary Shafer-Malicki and Jann Brown. Where appropriate, the Committee receives input from the Chair of the Board, Chief Executive, CFO, Executive President of People & Organisation and the Head of Compensation & Benefits, who also acts as Secretary to the Committee.

The aim of the Committee is to establish an overall remuneration structure which:

- Promotes the long-term success of the Group and delivers the strategy
- Reflects a balance of fixed and variable pay, with the intent of creating a competitive total remuneration package that supports the attraction and retention of executive directors
- Ensures appropriate alignment between incentivised performance and the interests of shareholders
- Takes into account global remuneration trends across the workforce, ensuring alignment of incentives and rewards with culture and the broader setting of pay conditions elsewhere within the company

In setting remuneration policy, the Committee considers the relevant provisions of the UK Corporate Governance Code, relevant regulations enacted under the Companies Act 2006 and shareholder views through consultation.

During the year, the Committee took advice from Deloitte LLP, who was retained as external advisor to the Committee. Deloitte adhere to the Remuneration Consultants Groups' Code of Conduct. Deloitte received £44,550 for the provision of services to the Committee during the year. These fees consisted of core services (where the cost was agreed in advance) and additional services (which were charged on a time and materials basis). As well as advising the Remuneration Committee, Deloitte provided other services in 2018, predominately related to tax compliance and advisory, integration activities related to the acquisition of AFW, systems consultancy and immigration advice. The Committee has reviewed the remuneration advice provided by Deloitte during the year and is comfortable that it has been objective and independent. The Committee has reviewed the potential for conflicts of interest and judged that there were appropriate safeguards against such conflicts.

Committee meetings in 2018

Jan 18	Feb 18	Mar 18	Apr 18	May 18	Jun 18	Jul 18	Aug 18	Sep 18	Oct 18	Nov 18	Dec 18
		●		●						●	

During 2018, the Committee met three times to discuss remuneration issues and the operation of the Directors' Remuneration Policy. There was full Committee attendance at each of these meetings. The Committee has a regular schedule of agenda items in addition to other matters. The following matters were considered during the year:

March

- Target setting for ABP 2018 and LTIP performance period 2018- 2020
- Agreed final outcomes for ABP 2017, 2018 arrangements and deferred payments from 2015
- Agreed LTIP outcomes for 2015-2017 performance period, 2018-2020 arrangements and deferred awards from performance period 2013-2015
- Approved 2017 Directors' Remuneration Policy and Report
- Additional items: executive director remuneration review following AFW transaction; reviewed gender pay gap report; reviewed employee share plan report; approval of the Chair of the Board's expenses

May

- Annual bonus Q1 performance update
- AGM preparation
- Additional items: considered UK Corporate Governance Code update

November

- Considered proposed 2019 remuneration and policy application for executive directors
- Reviewed ABP projected outcomes for 2018 and agreed process for determining achievement against 2018 objectives
- Considered ABP arrangements for 2019 and process for determining executive directors' objectives
- Reviewed estimated LTIP performance for 2016-2018 and considered arrangements for 2019-2021 performance period
- Completed Committee performance evaluation against 2018 objectives and agreed proposed 2019 objectives
- Agreed approach to DRR for 2018 FY
- Additional items: determined Wood's approach to UK Corporate Governance Code changes; agreed minor changes to the Committee's Charter

Statement of shareholder voting

The Committee encourages shareholder engagement. Where there are a substantial number of votes against any resolution on directors' remuneration, the Committee would seek to understand the reasons for any such vote and will detail here any actions in response to it. In line with the Corporate Governance Code, where there are 20% or more votes against remuneration resolutions, the Committee will support the Board in consultation and actions to understand shareholder views.

The following table sets out the 2018 AGM voting in respect of our remuneration matters:

Item	For [a]	Against	Number of Abstentions [b]
Advisory vote on the 2017 annual report on Remuneration (2018 AGM)	526,114,381 (96.46%)	19,316,645 (3.54%)	1,461,100

Notes to the Statement of shareholding voting

a. Discretionary votes have been added to "For" votes.

b. A vote abstained is not a vote in law and is not counted in the calculation of the percentage of votes "For" or "Against" a resolution.

Part 1: Policy Report

This part of the Directors' Remuneration Report contains the Directors' Remuneration Policy. This Policy was approved by shareholders at the 2017 AGM and took effect from that date. The objective of the Remuneration Policy is to set all components of remuneration, maximum awards and performance measurement, which provide a compensation package promoting the long-term success of the company and supports the strategy. It does this through a balance of fixed and variable pay, with the intent of creating a competitive total remuneration package which attracts and retains executives while creating an appropriate alignment between incentivising executive performance and the interests of shareholders.

As detailed in the letter from the Chair, the Policy will be reviewed during 2019, including consideration of the changes to the UK Corporate Governance Code, with an updated version put to shareholders no later than the 2020 AGM.

The Directors' Remuneration Policy with updated scenario charts can be found at:
www.woodplc.com/rempolicy

Part 2: Annual Statement on Remuneration

2.1 Single figure of remuneration for each executive director

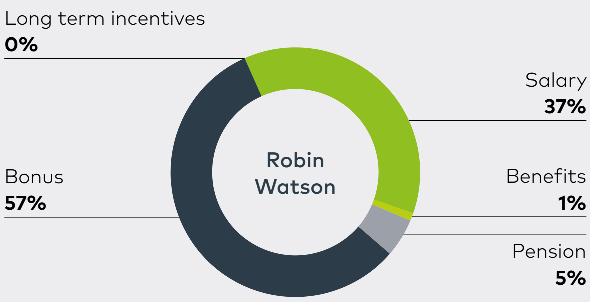
The following table sets out the single figure of remuneration for each of the executive directors:

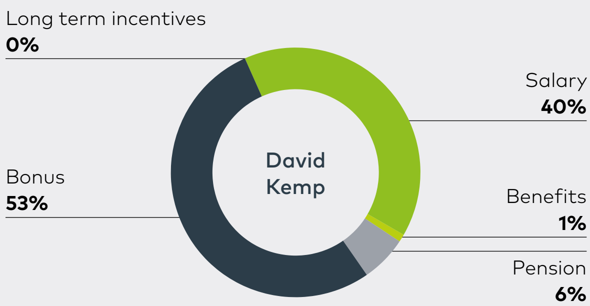
Executive directors - UK based (£'000)	Year	Salary [a]	Benefits [b]	Bonus [c]	Long term incentives [d]	Pension related benefits [e]	Total [f]
Robin Watson	**2018**	**£690**	**£14**	**£1,068**	**£0**	**£103**	**£1,875**
Robin Watson	2017	£600	£14	£623	£93	£90	£1,420
David Kemp	**2018**	**£450**	**£14**	**£597**	**£0**	**£68**	**£1,129**
David Kemp	2017	£390	£14	£324	£58	£59	£844

Notes to the single figure of remuneration (executive directors)

a. Salary received during the year.
b. Taxable benefits received during the year. These include car allowance, private medical, dental and contributory health and welfare cover as applicable.
c. Bonus awarded in relation to the year, inclusive of all amounts subject to further deferral.
d. The value of long-term incentives which vested in respect of performance periods ended 31 December 2018, inclusive of all amounts subject to further deferral. The figures for 2017 have been calculated using the number of share options that vested multiplied by £6.50, the closing mid-market share price on 29 December 2017. LTIP performance periods accrue dividends from the commencement of the performance period, which are paid as additional share options; 80% is paid following the end of the performance period and 20% deferred for two years. The deferred element may continue to attract dividends which will be reported in the period in which they are received.
e. Pension figure reflects cash value of defined contribution pension contribution or cash alternative. Further detail in relation to individual pension arrangements is provided in section 2.2.
f. The single figure of remuneration, being the sum of columns (a) to (e) inclusive.

Single figure remuneration % of total 2018





Single figure remuneration for Chair of the Board and non-executive directors

The following table sets out the single figure of remuneration for the Chair and each of the non-executive directors. Further details on the non-executive director fee structure are set out on page 76.

Chair & non-executive directors single figure of remuneration (£'000)

	Year	Total Fees
Ian Marchant	**2018**	**£275.0**
	2017	£275.0
Linda Adamany [(a)]	**2018**	**£72.6**
	2017	£17.2
Thomas Botts	**2018**	**£60.5**
	2017	£60.5
Jann Brown	**2018**	**£60.5**
	2017	£64.3
Jaqueline Ferguson	**2018**	**£55.5**
	2017	£55.5
Roy Franklin [(b)]	**2018**	**£60.5**
	2017	£14.3
Richard Howson [(c)]	**2018**	**£2.6**
	2017	£55.5
Mary Shafer-Malicki	**2018**	**£55.5**
	2017	£55.5
Ian McHoul [(d)]	**2018**	**£14.6**
	2017	£13.1
Jeremy Wilson	**2018**	**£60.5**
	2017	£60.5

Notes to the single figure of remuneration (Chair & non-executive directors)

a. Linda Adamany was appointed to the Board 6 October 2017; fees for 2017 are pro rata. Fees include an uplift as a non-UK based non-executive director, as part of the AFW transaction.

b. Roy Franklin was appointed to the Board on 6 October 2017; 2017 fees are pro rata.

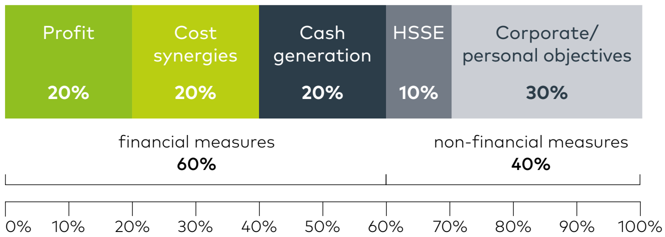
c. Richard Howson resigned 17 January 2018; 2018 fees are pro rata.

d. Ian McHoul was appointed to the Board on 6 October 2017 and resigned 5 April 2018; 2017 and 2018 fees are pro rata.

Bonus

For 2018, the maximum bonus opportunity for the executives was 175% of base salary for the Chief Executive and 150% for the CFO. Bonus measures were split between financial, HSSE and non-financial measures with a balance of 60%, 10% and 30% respectively. Financial measures are further split into three measures - a measure of profit; a cost synergy target and a measure of cash generation - equally weighted at 20% as illustrated in the chart below:

Relative weighting (% of bonus opportunity)

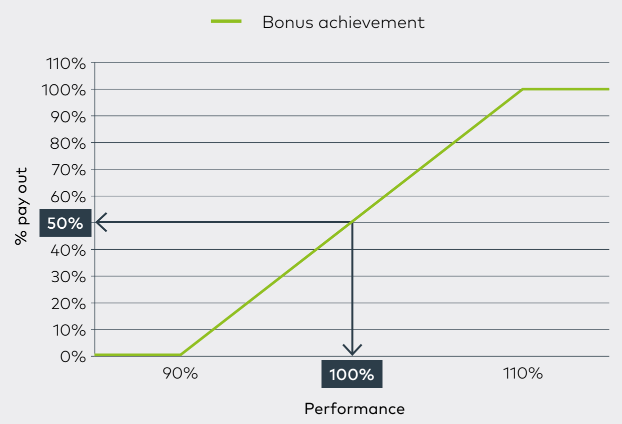


Financial measures and outcomes

Financial measures consisted of EBITA as a measure of profit, a 2018 cost synergy target and a cash generation measure. For EBITA and cost synergy measures, threshold performance is 90% of the target set, and maximum bonus is achieved when results exceed 110% of target. For the cash generation measure, threshold, target and maximum performance were adjusted from 90% at threshold and 110% at maximum to a more challenging position based on the anticipated growth and the stretch to achieve a neutral working capital position.

Threshold performance must be met before any of that element of the award is paid; if target performance is met, 50% of the potential bonus opportunity is paid; 100% is payable for reaching maximum performance. Performance between threshold and target and between target and maximum will result in a proportionate award calculated on a straight-line basis as illustrated in the following graph:

Financial performance and bonus achievement



For awards made in 2018, 75% of any award will be paid in cash in the March following the end of the performance year, with the remaining 25% deferred into nil cost share options for a further two years with continued employment a requirement to receive the deferred payment, other than for those classified as good leavers.

A summary of the financial targets for the bonus year ended 31 December 2018, and the extent to which they were achieved, are described and set out in the table below.

- EBITA (Earnings Before Interest, Taxes and Amortisation) was the measure of profit; this achieved 103% to target, resulting in a pay out of 66.4% of maximum.
- The cost synergy target was based on an annualised run rate, and for the purposes of ABP calculation was calculated with reference to the consolidated business unit budgeted cost savings for 2018; this target assumed the exclusion of any negative synergies, and as such the achieved number has been calculated on the same basis. The target set for 2018 was $75.0m; $85.0m was achieved resulting in maximum pay out for this measure.
- The cash generation target was based on pre-tax cash flows before exceptional items. Threshold was selected as the achievement of the 2018 Group cash flow budget, with maximum performance set as the point at which the Group achieved a neutral working capital position. The cash generation achieved 162% of target resulting in maximum pay out for this measure.

Measures	Threshold	Target	Maximum	Achieved	% pay out on measure
EBITA	$549m	$610m	$671m	$630m	66.4%
Cost synergy	$67.5	$75.0m	$82.5m	$85.0m	100.0%
Cash generation	$342m	$378m	$478m	$612.6m	100.0%

Non-financial performance measures and outcomes

HSSE: HSSE measures total 10% of bonus opportunity and relate directly to three KPI's, equally weighted - HSSE improvement targets, measured using Total Recordable Case Frequency (TRCF), close out of assurance actions and leadership engagement sessions. Performance is tracked via the HSSEA global dashboard. Performance achievement is considered and approved by the Safety, Assurance and Business Ethics Committee (SABE). Although all three KPIs were achieved across Wood, as a result of the fatality in March 2018, the executive directors and members of the ELT determined to forgo the TRCF improvement element of the HSSE measure.

Corporate and personal objectives and performance:

Objectives relating to corporate and personal objectives are considered stretching objectives focused on the delivery of strategic plans. Achievement of objectives is considered by the Chair of the Board and the Remuneration Committee as part of the annual review process. Measurement against each of the objectives is based on tangible performance outcomes and demonstrable evidence of achievement during the year.

Overall achievement of corporate and personal objectives as agreed by the Committee for the bonus year ended 31 December 2018 is 95% and is summarised in the following tables:

Corporate objectives	Achievements
ELT Integration programme delivery and positioning for through-cycle growth	Integration has been a significant success positioning Wood for future growth. Key positives include: • Safety performance has not been adversely impacted • Risks continue to be well managed • Business continuity has been largely maintained • All major financial targets have been achieved and costs have been contained • Strong employee engagement and development of the Wood culture
Develop and deliver deleveraging plan	Deleveraging plan was developed with scenarios clearly identified and actions in place, with a focus on cash conversion, working capital and disposals. Regular tracking of the plan and updates to the Board are provided.
ELT leadership effectiveness and mitigate the likelihood and effect of any down-side risk/unexpected event	ELT inter-relationships fully developed, with ongoing coaching in place for the team and individuals. The first Wood leadership conference took place in January bringing together the top 200 leaders. Risk overviews were completed in the first 100 days of acquisition, with new delegation of authority, commercial process, case management, compliance programme and additional quality assurance to prevent and mitigate inherited risk.

Personal objectives		
Executive director	**Objectives**	**Achievements**
Robin Watson	Organisational transition: Fully embed the new organisation and complete the integration in 2018	Integration ahead of plan. Delivered new organisation which has been simplified into four functions and four business units.
	Customers & stakeholders: Actively engage core stakeholder groups and key customers	Customer engagement structure implemented through strategic, global and key accounts. Personal engagement with all strategic account relationships – Shell, ExxonMobil, BP, Saudi Aramco and UK government. Active engagement in all investor relations matters, including re-tendering of broker and PR relationships.
	Corporate affairs: Positioning and engagement programme	Selection, assessment and recruitment of a head of marketing and communications. Active engagement with our corporate partners, including governments. Enduring corporate affairs programme in place with active management. Delivery of first sustainability report.
	Mature our tactical decisions and delivery, from our strategy: Provide mechanisms for delivering against the strategy and demonstrate continued tactical progress	Implemented new functional blueprints and delivered: • enhanced customer relationships, growing and creating revenue synergies and backlog • organisational integration/succession; cultural improvement; employee engagement; and terms, conditions, benefits and policies harmonisation • broadening of HSSEA functional remit; active case management; ethics & compliance and sustainability & performance improvement • clear financial metrics and programme to deliver, with commercial risk management improvement and active case management
	Active safety and ethics leadership: Provide a programme of active leadership and delivery in the safety and ethics arena	SABE roles and responsibilities enhanced: improved performance in combined business delivered in a short time frame; enhanced risk programme and focus, with Investigations Oversight Committee in place. SFO case load management with clear priorities and risk mitigation.
David Kemp	Deliver 2018 synergy budget for Finance & Administration	Finance & Administration 2018 synergy budget delivered, with effective tracking in place throughout integration.
	Develop and communicate long term deleveraging plan and deliver 2018 element	Deleveraging plan developed, communicated and approved by Board, with ongoing reporting and tracking. Cashflow performance significantly better than budgeted, driven by improved working capital performance and cost control. Improved working capital driven by cash campaign and receivables financing.
	Develop and deliver financing plan for Wood	Plan agreed with the Board and initial opportunistic financing in December 2018 raised $140m.
	Deliver and govern an active cash management programme across the company	Successful cash campaign developed to bring focus across all of business. Leadership calls, CFO meetings and broader engagement focused on the importance of cash and has delivered a better-than-budget outcome.
	Deliver functional integration plan delivering simpler and consistent operating model to Wood	Function is aligned to the new structure and working towards our target operating model. Simplification of policies, procedures and processes has enhanced governance and mitigated risk. ERP/shared services implementation across AFW UK Capital Projects, Saudi Arabia, Malaysia, Clean Energy, Chennai, Manila, Elkhorn and Infinity.
	Provide thorough governance leadership, assessment of progress and reporting to Board	Significant governance investment and improvement during 2018, with robust QRMs, risk reviews in place and progress reported regularly to the Board.
	Develop and deliver Wood investor engagement programme	Detailed programme delivered with investor roadshows in the UK and US. In 2018 presentations on our Environment & Infrastructure Services and Asset Solutions Americas businesses provided investors and analysts with a deeper understanding of the service offerings, capabilities, competitive landscape and key projects.

Bonus award achievement summary:

The table below provides a summary of overall bonus achievement for each of the executive directors as described above:

	Financial award - 60%		Non-financial award - 40%					
Executive director	**% achieved**	**Payment**	**Corporate & Personal % achieved**	**HSE % achieved**	**Payment**	**Total award as % of max bonus opportunity**	**Total bonus payment**	**Total award as % of salary**
Robin Watson	88.8%	£643,340	95.0%	6.6%	£424,638	88.4%	£1,067,978	154.8%
David Kemp	88.8%	£359,631	95.0%	6.6%	£237,375	88.4%	£597,006	132.7%

Long term incentives – Long Term Incentive Plan (LTIP)

The figures set out in the single figure of remuneration table are related to awards under LTIP 2016-2018, which vested at 31 December 2018. Maximum awards and LTIP measures under the performance period were as per the table below:

	Participation Level	Performance Measures split	
Name		TSR	AEPS
Robin Watson	150%	50%	50%
David Kemp	125%	50%	50%

TSR is "Total Shareholder Return" and is a measure of the growth in John Wood Group PLC (JWG) share price plus dividends and other shareholder returns over the period; performance is measured relative to a peer group of comparative companies. Each company is ranked and JWG's position in this group is taken as a measure of success. On reaching the threshold, or 50th percentile for TSR, 25% of the relevant measure becomes payable; and on reaching the maximum, or 75th percentile for TSR, 100% of the relevant measure becomes payable. For achievement between threshold and maximum, the allocation is on a straight-line basis.

The TSR peer group for 2016-2018 LTIP performance period comprised the following companies – Aker Solutions, Amec Foster Wheeler, Cape, Chicago Bridge & Iron Company, Fluor, Hunting, Jacobs Engineering, KBR, McDermott, Petrofac, Saipem, SBM Offshore, Technip, The Weir Group, Worley Parsons and WS Atkins.

The TSR peer group was considered by the Committee as a result of acquisition activity within the peer group with the following rationale applied: if a company has been in for more than half the performance period then this company will be retained in the peer group, adjusting to the end of the period for the movement in the acquiror's share price. If a company has not been in for half of the performance period, then it will be removed and not replaced. As a result, Amec Foster Wheeler and Chicago Bridge & Iron Company were retained and adjusted; Cape and WS Atkins were removed.

AEPS is defined as "earnings before exceptional items and amortisation, net of tax, divided by the weighted average number of ordinary shares in issue during the period." Earnings are stated post tax, interest and minority interests, and consistent with EBITA all amortisation is added back. AEPS is determined using actual foreign exchange rates. No adjustment is made to reflect changes in currency from the date the targets are set.

For all participants, 80% is paid following the end of the performance period and 20% of the share options awarded is deferred for a further two years. All vestings were made as nil cost options. For executive directors, 100% of all awards granted from 2017 will be subject to a further two-year deferral period following the end of the performance period.

The LTIP award accrues dividends from the commencement of the performance period, which are paid as additional share options. The deferred element may continue to attract dividends which will be reported in the relevant period.

The targets for LTIP 2016-2018, and the extent to which they were achieved, are set out in the table below.

Financial measures	Threshold	Maximum	Achieved	Award %
TSR	50th percentile	75th percentile	Below 50th percentile	nil
AEPS	80.0 cents	100.0 cents	57.4 cents	nil

Details relating to 2017 bonus and long term incentive awards can be found in the 2017 Annual Report:
www.woodplc.com/ar17

2.2 Pension related benefits

In line with the Directors' Remuneration Policy, the executive directors can choose to participate in the relevant local defined contribution pension arrangement or receive a cash allowance in lieu of pension, or a combination thereof. Payment may be up to 15% of base salary, with Company contributions to the relevant local defined contribution pension arrangement being restricted to the limit for tax relief in place at the time. This compares with 9% or 10% for onshore, office-based employees in the UK during 2018; from April 2019 the maximum employer pension contributions for onshore office-based employees will be 9%.

Normal retirement age specified in the pension scheme rules is 65 years. There are no additional benefits that become receivable in the event of early retirement.

Life assurance cover is provided for the Chief Executive up to the greater of £2,500,000 or four times annual base salary; where cover of four times salary exceeds the maximum free cover limit, medical underwriting will be required, and cover will be subject to insurer acceptance. All other executives are provided with life assurance cover of four times annual base salary, up to the maximum free cover limit as specified in the life assurance policy.

2.3 Long Term Incentive Plan interests awarded during the year

The following table sets out the awards made to each of the executive directors under the company's share based long term incentive arrangements for the performance period 2018-2020. Performance measures are based on relative TSR and a strategic measure weighted equally at 50%.

Share incentive plan interests awarded during the year

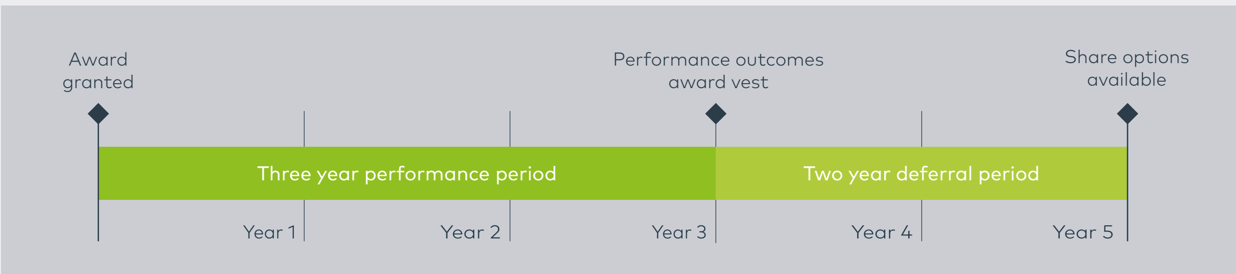
Executive director	Type of award	Participation Level	Salary relevant to performance cycle	Face value of the award [a]	Percentage vesting at threshold	Performance period	Holding period for 100% of award	Targets
Robin Watson	Conditional award of shares awarded under the LTP	200%	£690,000	£1,380,000	25%	1 Jan 2018 – 31 Dec 2020	Two years from vesting	TSR threshold is set at 50^{th} percentile with maximum at 75^{th} percentile; the strategic measure for the performance period 2018-2020 is to achieve the three-year cost synergy target of $170m; threshold is set as $160m and maximum is set at $200m; 25% becomes payable on reaching threshold; 100% becomes payable on reaching maximum.
David Kemp		175%	£450,000	£787,500				

Notes to share incentive plan interests awarded during the year

a. The awards above were granted based on base salary multiplied by participation level, calculated using the 20 days trading average of £6.671 as at 1 January 2018 for the relevant performance period.

Performance is measured over a period of three financial years and for awards granted from 2017 onwards, 100% of any award is deferred for a period of two years following the end of the performance period. Malus and clawback will apply as detailed in the remuneration policy. This timeline is demonstrated below:

LTIP timeline



2.4 Payments to past directors

For the year ending December 2018, there were no payments made to past directors which require disclosure and have not already been disclosed in previous Directors' Remuneration Reports.

2.5 Payments for loss of office

There were no payments made for loss of office to any director during 2018.

2.6 Statement of directors' shareholding and share interests

Shareholding guidelines were reviewed during the 2016 Directors' Remuneration Policy review and approved by shareholders at the 2017 AGM. The policy requires the Chief Executive to hold shares valued at 200% of base salary and the other executive directors to hold shares valued at 100% of base salary. The holding will be built up from after tax share awards which are not subject to any further performance or other conditions, such as continued employment. The holding does not include shares held by connected persons.

The interests of the directors in shares of the company are stated as at 31 December 2018. Changes in the interest of directors between 31 December 2018 and 18 March 2019 is related to permitted purchases under the Wood Employee Share Plan. Robin Watson and David Kemp acquired an additional 2,263 and 1,163 shares respectively.

The extent to which each director met the shareholding guidelines is shown in the table below:

Executive director	Shareholding at 31 December 2018 (not including connected persons)	Value of shares held as a % of salary (a)	Shareholding guideline met at 31 December 2018
Robin Watson	247,615	181.7%	Accumulating
David Kemp	40,802	45.9%	Accumulating

Notes to shareholding guidelines achievement

a. Calculated using the closing mid-market share price on 31 December 2018 of £5.062 and base salary levels at the same date.

A summary of directors' share interests and incentive plan interests are provided in the following two tables. The first table details directors' interests in the ordinary shares of the company at 31 December 2018 with and without performance conditions; declaration includes shares held by connected persons as defined for the purposes of section 96B (2) of the Financial Services and Markets Act 2000. The second table details directors' interests in long term incentive plans at 31 December 2018.

Directors' interests in the ordinary shares of the company at 31 December 2018.

Beneficial interest	Shares owned outright as at 1 January 2018	Shares owned outright as at 31 December 2018	Interests in share incentive plans, awarded without performance conditions at 31 December 2018	Interests in share incentive plans, awarded subject to performance conditions at 31 December 2018
Executive directors				
Robin Watson	203,346	252,809	48,478	501,981
David Kemp	23,891	40,802	27,922	274,858
Non-executive directors				
Ian Marchant	22,777	22,777	–	–
Linda Adamany	2,325	2,325	–	–
Thomas Botts	8,500	8,500	–	–
Jann Brown	12,575	17,764	–	–
Jacqueline Ferguson	–	552	–	–
Roy Franklin	–	6,000	–	–
Richard Howson (a)	–	–	–	–
Mary Shafer-Malicki	3,450	3,450	–	–
Ian McHoul (b)	389,225	–	–	–
Jeremy Wilson	10,000	10,000	–	–

Notes to share interests

a. Richard Howson resigned from the board 17 January 2018

b. Ian McHoul was appointed to the board 6 October 2017 and resigned 5 April 2018. His previous role was CFO of AFW and the number of shares owned outright relates to the treatment of AFW shares which vested at the point of change of control.

None of the executive directors had a material interest in any contract, other than a service contract, with the company or any of its subsidiary undertakings. Where applicable the December 2018 figures include interest in retained long term plan awards.

Details of directors' interests in long term incentive and bonus plans at 31 December 2018; all interests are awarded as share options:

	Date of award/ performance period	Performance conditions Y/N	Earliest exercise date	Exercise price per share	Market value at date of exercise per share £	Number as at 1 Jan 2018	Granted in 2018	Exercised in 2018	Lapsed in 2018	Dividends awarded as additional share options [(a)]	Number as at 31 December 2018
Robin Watson											
LTP	2013 - 2015	N	March 2016	0	5.61	1,870	-	2,004	-	134	0
LTP	2014 - 2016	N	March 2017	0	-	3,556	-	-	-	-	3,556
LTP	2015 - 2017	N	March 2018	0	5.61	118,048	-	11,432	105,137	1,378	2,857
LTP	2016 - 2018	Y	March 2019	0	-	154,593	-	-	-	-	154,593
LTP	2017 - 2019	Y	March 2022	0	-	140,523	-	-	-	-	140,523
LTP	2018 - 2020	Y	March 2023	0	-	-	206,865	-	-	-	206,865
ABP 2015	01 March 2016	N	March 2018	0	5.61	19,287	-	20,677	-	1,390	0
ABP 2016	01 March 2017	N	March 2019	0	-	18,709	-	-	-	-	18,709
ABP 2017	01 March 2018	N	March 2020	0	-	-	23,356	-	-	-	23,356
					Total	**456,586**	**230,221**	**34,113**	**105,137**	**2,902**	**550,459**
David Kemp											
LTP	2013 - 2015	N	March 2016	0	6.38	1,056	-	1,132	-	76	0
LTP	2014 - 2016	N	March 2017	0	-	1,837	-	-	-	-	1,837
LTP	2015 - 2017	N	March 2018	0	6.36	63,009	-	7,119	54,969	858	1,779
LTP	2016 - 2018	Y	March 2019	0	-	83,738	-	-	-	-	83,738
LTP	2017 - 2019	Y	March 2022	0	-	73,072	-	-	-	-	73,072
LTP	2018 - 2020	Y	March 2023	0	-	-	118,048	-	-	-	118,048
ABP 2015	01 March 2016	N	March 2018	0	6.36	13,730	-	14,720	-	990	0
ABP 2016	01 March 2017	N	March 2019	0	-	12,161	-	-	-	-	12,161
ABP 2017	01 March 2018	N	March 2020	0	-	-	12,145	-	-	-	12,145
					Total	**248,603**	**130,193**	**22,971**	**54,969**	**1,924**	**302,780**
Total for all executive directors						**705,189**	**360,414**	**57,084**	**160,106**	**4,826**	**853,239**

Notes to incentive plan interests

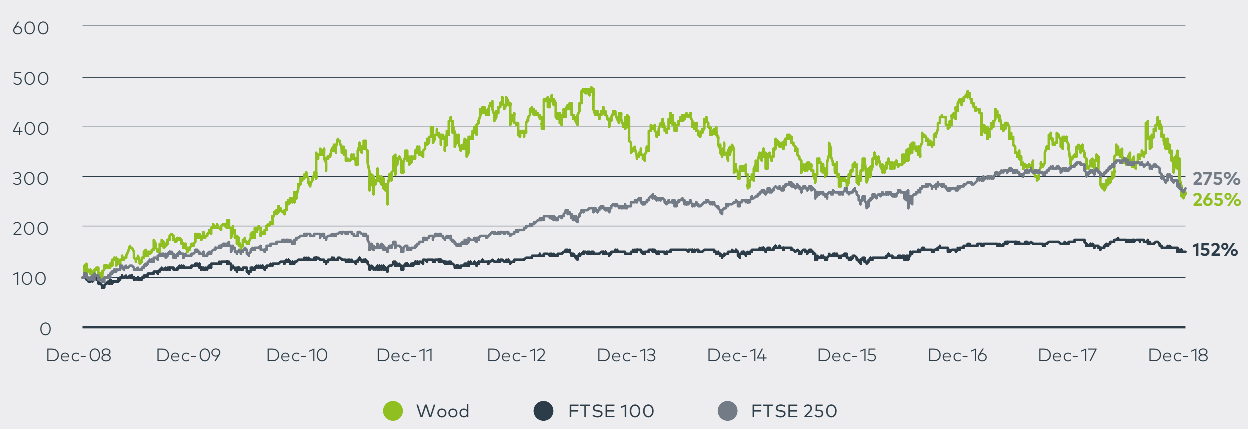
a. For performance periods commencing 2013 onwards, dividend accrues on 100% of award; 80% is paid in March following the end of the performance period and 20% is deferred for two years. The deferred element may continue to attract dividends which will be reported in the relevant period. For performance periods commencing 2017, 100% of the award vests and is available to exercise after a two-year deferral period; dividend accrues on 100% of the final award.

2.7 TSR performance summary & Chief Executive remuneration

TSR performance summary

In accordance with the reporting regulations the TSR performance summary will be built up until a 10 year period is disclosed, and will be maintained at a 10 year disclosure period.

As the company is included in the UK FTSE 250 index but has been included in the FTSE 100 index for part of the period under review, both the UK FTSE 250 and UK FTSE 100 indices are shown, by way of providing a reasonable TSR comparison. The graph below compares the TSR on a holding of shares in John Wood Group PLC with the TSR on a holding of shares in the companies in the UK FTSE 250 and 100 indices for the last ten financial years, 2010 to 2018.



Chief Executive remuneration

The total remuneration for the Chief Executive over the same period as the TSR performance graph detailed is listed in the following table. This table includes details of the annual bonus received in each year as a percentage of the maximum opportunity that was available, as well as the long-term incentives which vested in each year as a percentage of the maximum number of shares that could have been received.

Chief Executive remuneration (£000)

Year	2010	2011	2012	2012	2013	2014	2015	2016	2017	2018
Chief Executive	Allister Langlands	Allister Langlands	Allister Langlands (a)	Bob Keiller (b)	Bob Keiller	Bob Keiller	Bob Keiller	Robin Watson (c)	Robin Watson	Robin Watson
Chief Executive single figure of total remuneration (£'000)	£1,314	£3,338	£2,276	£199	£1,624	£1,330	£1,147	£1,179	£1,420	£1,875
Annual bonus award as a % of maximum opportunity	84%	87%	76%	75%	60%	48%	37%	43%	59%	88%
Long term incentive vesting rates as a % of maximum opportunity	23%	100%	100%	25%	79%	51%	16%	25%	11%	0%

Notes to Chief Executive remuneration table

a. Allister Langlands was appointed Chair on 1 November 2012. His remuneration for 2012 related to his time as Group CEO only.

b. Bob Keiller was appointed Group CEO on 1 November 2012. His remuneration for 2012 reflected his remuneration from appointment as Group CEO only. Long term incentives vesting during the year were awarded during his time as Wood Group PSN CEO and vested based on performance targets linked to performance of that division.

c. Robin Watson was appointed as Chief Executive on 1 January 2016. Long term incentives vesting during the year were awarded during his time as Wood Group PSN CEO and vested based on performance targets linked to performance of that division.

Pay Ratio of Chief Executive

In previous reporting years Wood has reported the ratio of Chief Executive salary with a UK comparator group using two scenarios; one comparing base salary, and the other comparing base salary, overtime, cash allowances and bonuses paid via payroll. The UK Corporate Governance Code will introduce mandatory reporting from 2019 financial year. The Committee will continue to take a proactive approach in this area demonstrating our consideration of pay in the wider workforce.

For 2018 reporting, in line with the legislative requirements, the table below sets out the Chief Executive pay ratio at the 25th, 50th and 75th percentiles for total pay and benefits using method C.

The calculation is based on full time equivalent (FTE) salary as at 31 December 2018 for all UK based employees in our integrated systems. UK employees in integrated systems represent 64% of the overall UK workforce which we believe is a good representation. During 2019, our systems integration strategy will increase the overall percentage of UK employees in integrated systems, and for 2020 reporting our calculations will include all UK employees.

FTE is calculated as salary divided by contractual hours then multiplied by standard full time hours and includes all fixed allowances that make up base pay. The data was ranked and three representative employees reflecting 25th, 50th and 75th percentile identified; total pay and benefits were calculated on the same basis as the single figure table for the purposes of pay ratio calculation, which includes taxable benefits (medical, car allowance), bonus and LTIP payment and employer pension contribution (up to a maximum 10% employer contribution) as set out in the tables below:

Financial Year		P25	P50	P75
2018	Salary ratio	20:1	14:1	11:1
	Total Pay ratio	50:1	35:1	26:1

Pay	CEO	P25	P50	P75
Salary (000's)	£690.0	£34.4	£48.5	£63.7
Total Pay (000's)	£1,875.2	£37.6	£53.3	£71.4

2.8 Percentage change in Chief Executive remuneration

The following table provides a summary of the increases in remuneration for the Chief Executive as compared with the average increase for all other UK based employees in the company. Given the wide variation in inflation rates across the various geographies in which the company operates, the comparator group used is UK based employees. UK based employees constituted approximately 21% of the overall global workforce.

	% change between 2017 and 2018		
	Salary (a)	Benefits (b)	Bonus (c)
Chief Executive	15.0%	-0.11%	71.0%
Average of all other UK employees	2.0%	-0.18%	89.6%

Notes to the percentage change in Chief Executive remuneration

a. Salary increase is the average increase received by UK based employees during the formal annual salary review process in 2018.

b. Benefits are based on a sample employee receiving taxable employee benefits including car allowance, private family medical and dental insurance.

c. The bonus increase is based on average bonus award as a percentage of salary for those participating in the annual bonus plan.

2.9 Relative importance of spend on pay

The table below is provided to assist shareholders in assessing the relative importance of the company's spend on pay. It contains details of the remuneration paid to or received by all employees of the company as well as the value of distributions to shareholders by way of dividend and share buyback over the previous two years. 2018 data reflects a full year of remuneration following the AFW transaction reflected in the significant percentage change from 2017.

Item	2017 ($m)	2018 ($m)	Difference ($m)	% change
Remuneration paid to or received by all employees of the Group	2,741.6	4,558.2	1,816.6	66.3%
Distributions to shareholders by way of dividend and share buyback	125.6	231.0	105.4	83.9%

2.10 Statement of implementation of remuneration policy in the following financial year

The Directors' Remuneration Policy was approved at the 2017 AGM. This section provides an overview of how the Committee will implement the Remuneration Policy in 2019 which is subject to an advisory vote at the 2018 AGM. There are no proposed changes to Policy for 2019.

Base salary

As described in the letter from the Chair of the Committee, the Chief Executive's base salary will increase to £750,000 and the CFO to £475,000 effective from 1 January 2019. We had proposed to apply a further 2.4% which is the standard UK increase being given to our onshore office-based UK workforce in 2019; this would have increased Robin Watson's salary from £690,000 to £768,000 and David Kemp's from £450,000 to £486,400. Both executive directors decided to defer the 2.4% increase until 2020.

Executive	2018 annual base salary	2019 annual base salary	% increase
Robin Watson	£690,000	£750,000	8.7
David Kemp	£450,000	£475,000	5.6

Benefits

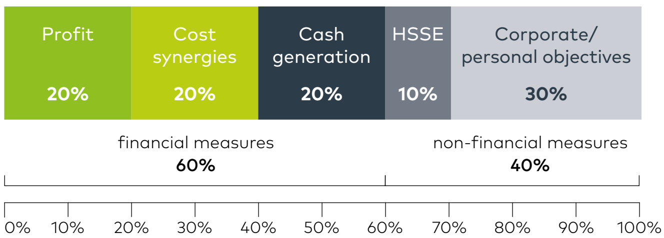
The executive directors will continue to participate in existing benefit arrangements in line with the agreed Remuneration Policy.

Bonus

The 2019 annual bonus opportunities for the executive directors will remain as 175% for the Chief Executive and 150% for the CFO.

Consistent with previous years, bonus measures will be split between financial, HSSE and non-financial measures with a balance of 60%, 10% and 30% respectively as illustrated in the chart below.

Relative weighting (% of bonus opportunity)



Financial measures

For 2019, the financial measures and the weighting will be:

- A measure of profit, weighted at 20%
- 2019 cost synergy target, weighted at 20%
- Cash generation measure, weighted at 20%

For profit and cost synergy measures, threshold performance will be 90% of the target set, and maximum bonus is achieved when results exceed 110% of target. Targets for cost synergies will reflect the overall objectives built into the strategy.

Threshold performance must be met before any of that element of the award is paid; if target performance is met, 50% of the potential bonus opportunity is paid; 100% is payable for reaching maximum performance. Performance between threshold and target and between target and maximum will result in a proportionate award calculated on a straight-line basis.

For awards made in 2019, 75% of any award will be paid in cash in the March following the end of the performance year, with the remaining 25% deferred into nil cost share options for a further two years.

The Committee has set the targets for the annual bonus plan for the year ending 31 December 2019 at its meeting in March 2019. It is the opinion of the Committee that these are commercially sensitive and in line with previous practice, the details of annual bonus targets and the extent to which the targets are met will be disclosed retrospectively in next year's report.

Non-financial measures

HSSE measures

HSSE measures total 10% of bonus opportunity and relate directly to three KPI's, equally weighted - HSSE improvement targets, measured using Total Recordable Case Frequency (TRCF), close out of assurance actions and leadership engagement sessions. Performance is tracked via the HSSEA global dashboard.

Corporate / personal objectives

Non-financial measures relating to corporate/personal objectives, weighted as 30% of bonus opportunity are summarised in the tables below. These are considered stretching objectives, with tangible performance outcomes focused on the delivery of strategic plans. Detailed disclosure of performance against objectives will be contained in next year's Directors' Remuneration Report.

Corporate objectives
Positioning Wood for sustainable growth and delivering phase 2 of integration. Overall business positioning for 2020 budget earnings to be greater than the 2019 out-turn earnings.
Deliver deleveraging plan to take Wood within 0.5 – 1.5 (net debt to adjusted EBITDA) range within 2019. Continue to strengthen the balance sheet through 2019, compared to 2018 year-end position.
Continue to enhance leadership effectiveness, not only of the ELT, but throughout Wood. Demonstrate continuous improvement through ELT development programme.

Personal objectives	
Robin Watson	Organisational transition: develop the organisation structure to reflect emerging themes, opportunities and challenges of the new competitive business environment. Ensure active management of succession plans, including identification and development of high potential talent across the Group.
	Provide mechanisms for delivering against the Group strategy and demonstrate continued tactical progress. This will include delivery against the BU and functional tactical programmes.
	Active and strategic engagement across our key customer grouping and significant investors: fully embed the customer relationship management tools and maintain the opportunity pipeline; sustain the opportunity pipeline at circa 12 months work (or more) through 2019; actively engage with the investor community; and complete a capital markets day/business deep dives in 2019, aligned to the investor relations plan.
	Consolidation of marketing and communications strategy and delivery of 2019 corporate affairs programme, including active engagement of partners in our communities, business networks, media and governments.
	Lead a programme of active leadership and delivery in the safety and ethics arena. Deliver the Group risk management programme and maintain SABE and Investigations Oversight Committee effectiveness; this will be measured by Board feedback process.
	Champion digitalisation and technology enhancement strategy across Wood.
David Kemp	Lead Group focus on balance sheet strengthening and deleveraging: control, monitor, review and amend as necessary the Wood plans, focusing on cost control, working capital management and asset disposal.
	Refinance $1bn term loan which expires Oct 2020.
	Deliver 2019 F&A integration plan and associated synergies, including ERP and shared services. Monitor and drive achievement of Wood 2019 synergies.
	Enhance investor understanding by completing further deep dives; developing Wood investment case and strategy; position and execute beyond deleveraging strategy; and ensure alignment with Wood's market positioning.
	Leadership of the ongoing regulatory investigations, with a focus on appropriate & timely functional advice; project management; cost containment; and cost efficiency to achieve an appropriate outcome for the business. Progress to be assessed at Board level.

Long Term Incentive Plan – LTIP

As described in the letter from the Chair of the Committee, the maximum award for the 2019-2021 performance period will be will increased to 250% of salary for the Chief Executive and 200% of salary for the CFO. Their normal LTIP awards for any future awards will remain 200% and 175% of salary respectively. We have decided to apply this exceptional participation level to the Chief Executive in recognition of the fact that we set targets in previous years which failed to accurately predict the length and depth of the downturn in the oil and gas sector. This has resulted in zero vesting for the 2016-2018 performance period and is predicted to result in zero outcome again for the 2017-2019 performance period despite the positive strategic and operational progress achieved to date. The decision to apply this one-off increase has not been taken lightly, but we want to continue to motivate our executive directors and drive the right behaviours to delivery shareholder value. As in previous years, no portion of these awards is released until five years from grant in line with our focus on creating value for shareholders over the long term by linking a significant portion of executive directors' remuneration to long term performance.

For the performance period commencing 2019, the performance measures will be relative TSR, gross margin improvement and overhead percentage improvement. The Committee considers these measures are well aligned to our strategy. Margin growth and costs are key strategic priorities for us and are aligned with value generation for our shareholders. The weightings and targets for each of these measures are as follows:

Performance Measure	Weighting %	Targets	
		Threshold	Maximum
TSR	50%	50th percentile	75th percentile
Gross Margin Improvement (growth from 2018 to 2021)	25%	9%	19%
Overhead Percentage Improvement (reduction from 12.7% in 2018)	25%	2021 performance of 12.3%	2021 performance of 11.9%

No award will be made for less than threshold performance; 25% becomes payable on reaching threshold and 100% is payable on reaching maximum performance.

The TSR peer group was reviewed by the Committee and remains unchanged from last year. The peer group for 2019 will be as follows: Aecom, Aker Solutions, Fluor, Hunting, Jacobs Engineering, KBR, McDermott, Petrofac, Saipem, SBM Offshore, SNC Lavalin, Stantec, Technip FMC, Tetratech, The Weir Group, Worley Parsons and WSP.

Pension and life assurance benefits

The executive directors will continue to participate in existing pension and life assurance arrangements in line with the Policy. Any new executive directors will participate in pension arrangements aligned to their country of employment. This will be a maximum of 9% employer contributions in the UK from April 2019 for onshore office-based employees.

Shareholding requirements

The shareholding requirements will remain as 200% for the Chief Executive and 100% for all other executives.

Post-employment shareholding requirements will be considered as part of the 2020 policy update.

Chair of the Board and non-executive director (NED) remuneration

The Chair and NED fee structure for 2019 is set out below. A competitive review was carried out during 2018 and the Board has determined to increase non-executive fees and committee chair fees accordingly to reflect the increased time commitment of committee responsibilities and ensure we continue to attract and retain from a diverse range of backgrounds.

	2019 fees per annum
Chair of the Board remuneration	£280,000
Annual non-executive director fee inclusive of all committee attendance	£57,000
Additional fee for senior independent director	£10,000
Additional fee for Audit / Remuneration / Safety, Assurance & Business Ethics Chairs	£10,000

Financial statements

Group financial statements

The audited financial statements of Wood for the year ended 31 December 2018

Company financial statements

Independent auditors' report

to the members of John Wood Group PLC

1. Our opinion is unmodified

We have audited the financial statements of John Wood Group PLC ("the Company") for the year ended 31 December 2018 which comprise the Consolidated income statement, the Consolidated statement of comprehensive income / expense, the Consolidated balance sheet, the Consolidated statement of changes in equity, the Consolidated cash flow statement, the Company balance sheet, the Company statement of changes in equity, and the related notes, including the accounting policies of pages 91 to 98 and 162 to 163.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2018 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union;
- the parent Company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

We were first appointed as auditor by the shareholders on 11 May 2018. The financial year ended 31 December 2018 is our first year as auditor. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

Overview	
Materiality: group financial statements as a whole	$50m 0.5% of revenue
Coverage	79% of group revenue
Key audit matters	
Event driven	The impact of uncertainties due to the UK exiting the European Union on our audit
Recurring risks	Revenue recognition on fixed price contracts
	Goodwill impairment
	Litigation, investigations and contingent liabilities
	Uncertain tax positions
	US asbestos related claims provision
	Gross defined benefit pension liability
Event driven	Amec Foster Wheeler Plc acquisition measurement period adjustments
Parent Company recurring risk	Recoverability of Parent Company's investment in subsidiaries

2. Key audit matters: including our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

	The risk	Our response
The impact of uncertainties due to the UK exiting the European Union on our audit *Refer to page 39 (principal risks), and page 42 (viability statement).*	**Unprecedented levels of uncertainty:** All audits assess and challenge the reasonableness of estimates, in particular as described in goodwill impairment below, and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the group's future prospects and performance. In addition, we are required to consider the other information presented in the Annual Report including the principal risks disclosure and the viability statement and to consider the directors' statement that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy. 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.	We developed a standardised firm-wide approach to the consideration of the uncertainties arising from Brexit in planning and performing our audits. Our procedures included: • **Our Brexit knowledge:** We considered the directors' assessment of Brexit-related sources of risk for the Group's business and financial resources compared with our own understanding of the risks. We considered the directors' plans to take action to mitigate the risks. • **Sensitivity analysis:** When addressing goodwill impairment and other areas that depend on forecasts, we compared the directors' analysis to our assessment of the full range of reasonably possible scenarios resulting from Brexit uncertainty and, where forecast cash flows are required to be discounted, considered adjustments to discount rates for the level of remaining uncertainty. • **Assessing transparency:** As well as assessing individual disclosures as part of our procedures on goodwill impairment we considered all of the Brexit related disclosures together, including those in the strategic report, comparing the overall picture against our understanding of the risks. **Our results** • As reported under goodwill impairment, we found the resulting estimates and related disclosures of goodwill impairment and disclosures in relation to going concern to be acceptable. However, no audit should 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.
Revenue recognition on fixed price contracts (Revenue from lump sum contracts – $3,252.8 million) *Refer to page 57 (Audit Committee Report), page 93 (accounting policy) and page 101 (financial disclosures).*	**Subjective estimate:** Long-term, fixed price contracts can include both complex technical and commercial requirements and last for a number of years. At each balance sheet date, estimates and assumptions involving a high degree of estimation uncertainty are required to: • estimate the forecast costs to complete the contract, as revenue is recognised with reference to the percentage of costs incurred relative to total forecast costs on the contract; • incorporate an allowance for technical and commercial risks or customer claims or contract penalties; and • estimate the likelihood of the approval of contract variations for additional compensation. The effect of these matters is that, as part of our risk assessment, we determined that revenue from fixed price contracts has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. The financial statements (note 2) disclose the sensitivity estimated by the Group.	Our procedures included: • **Personnel interviews:** we obtained an understanding of the performance and status of a sample of contracts through discussion with operational and finance contract project teams to ensure all relevant information was included in cost forecasts. • **Test of detail:** for a sample of contracts, we analysed correspondence with customers around variations and claims to challenge the estimates of claims and variations included in the forecast. • **Test of detail:** inspected a sample of contracts for key financial clauses and correspondence with customers. We compared these to assumptions in the forecasts and challenged variances. • **Test of detail:** for a sample of contracts analysed the revenue and cost forecasts on contracts including allowances tested and challenged the estimates within the forecasts by considering the forecast value of the amount of work still to be delivered and against programme run rates, and any contingency held. **Our results** • We considered the amount of revenue on fixed price contracts to be acceptable.

	The risk	Our response
Goodwill impairment (Goodwill - $5,398.5 million) *Refer to page 57 (Audit Committee Report), page 92 (accounting policy) and pages 109-110 (financial disclosures).*	**Forecast-based valuation:** The Group estimates recoverable amounts based on value in use which requires significant estimation in forecasting future cash flows and determining discount rates. There was only limited headroom in the goodwill impairment tests for the Asset Solutions EAAA and the Environment & Infrastructure Solutions Cash Generating Units making their impairment risk very sensitive to changes in key assumptions. The effect of these matters is that, as part of our risk assessment, we determined that the value in use of goodwill has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount. The financial statements (note 9) disclose the sensitivity estimated by the Group.	Our procedures included: • **Assessing methodology:** we assessed whether the principles and integrity of the cash flow model is in accordance with relevant accounting standards. • **Sensitivity analysis:** we performed our own sensitivity analysis including a reasonably possible reduction in forecast cash flows and an alternative discount rate assumption to assess level of sensitivity to these. • **Our sector experience:** we considered the most sensitive assumptions in determining the cash flows and growth assumptions applied with reference to the accuracy of historical forecasts and wider macro-environment conditions. • **Our valuation expertise:** we challenged the assumptions used by the Group in the calculation of the discount rates, including comparisons with external data sources and by involving our own valuation specialist to assist us in assessing the discount rate assumptions applied. • **Benchmarking assumptions:** we compared the Group's assumptions to externally derived data in relation to key inputs such as discount rates. • **Assessing transparency:** we assessed whether the Group's disclosures about the sensitivity of the outcome of the impairment assessment to a reasonably possible change in the discount rate and cash flows reflected the risks inherent in the valuation of goodwill. **Our results** • As a result of our work, we found the Group's resulting estimate of the recoverable amount of goodwill to be acceptable.
Litigation, investigations and contingent liabilities (Certain amounts forming part of project related provisions – $301.9 million) *Refer to page 57 (Audit Committee Report), page 93 (accounting policy) and pages 122, 125 and 143 (financial disclosures).*	**Dispute outcome:** A number of significant claims are being litigated where the potential exposure could be high. We consider those with a with potential exposure greater than $25 million to be the most significant. The outcome of any such litigations is uncertain and any position taken by management involves significant judgements and estimates. The Group has made a number of disclosures to the US Securities and Exchange Commission (SEC), the US Department of Justice (DoJ), the UK Serious Fraud Office (SFO), the Crown Office and Procurator Fiscal Service (COPFS) in Scotland and the Brazilian Federal Prosecution Service and Office of the Comptroller General, and other regulators in relation to historic business practices and agreements with commercial intermediaries including Unaoil and possible bribery and corruption related offences. The effect of these matters is that, as part of our risk assessment, we determined that the provisions and contingent liabilities for litigations and investigations has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount. The financial statements (notes 19 and 33) disclose the range estimated by the Group.	Our procedures included: • **Enquiry of lawyers:** on all significant legal cases and investigations, where available, we assessed correspondence with the Group's external lawyers in order to corroborate our understanding of these matters, accompanied by discussions with external counsel in relation to investigations. • **Personnel interviews:** on all significant matters subject to litigation / adversarial proceedings, we discussed the status of those matters with internal counsel and considered the documentation available to support the assessment as to whether the matter should be provided for or disclosed as a contingent liability. • **Assessing provisions:** where provisions were required we considered the documentation available, evaluated the assumptions used in determining the likely economic outflow and assessed the basis of management's estimate. • **Our compliance expertise:** we used our own forensic specialists to analyse correspondence with regulators to assess the status of investigations in relation to historic business practices and agreements with commercial intermediaries including Unaoil and possible bribery and corruption related offences. • **Assessing transparency:** we assessed whether the Group's disclosures detailing significant legal proceedings and investigations adequately disclose the potential liabilities of the Group. **Our results** • From the evidence obtained, we considered the level of provisioning and contingent liability disclosures for litigations and investigations to be acceptable.

<table>
<tr><th></th><th>The risk</th><th>Our response</th></tr>
<tr><td>Uncertain tax positions

($176.9 million)

Refer to page 57 (Audit Committee Report), page 92 (accounting policy) and page 106 (financial disclosures).</td><td>Subjective estimate:

The Group operates in a number of territories worldwide with complex local and international tax legislation. There are significant uncertainties in the estimates of provisions due to potential exposures arising from past tax planning arrangements and tax audits. Tax provisioning for uncertain tax positions is judgmental and requires estimates to be made in relation to existing and potential tax matters.

The effect of these matters is that, as part of our risk assessment, we determined that provision for uncertain tax positions has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. The financial statements (note 6) disclose the range estimated by the Group.</td><td>Our procedures included:

• Our tax expertise: we used our own tax specialists from the UK and overseas to perform an assessment of the Group's tax positions through the review of correspondence with the relevant tax authorities and discussions with the Group. We challenged the assumptions applied using our own expectations based on our knowledge of the Group and considered relevant judgements passed by authorities.
• Assessing transparency: we assessed the adequacy of the Group's disclosure in respect of tax and uncertain tax positions.

Our results
• We considered the level of provisioning for uncertain tax positions to be acceptable.</td></tr>
<tr><td>US asbestos related claims provision

($453.4 million)

Refer to page 57 (Audit Committee Report), page 93 (accounting policy) and pages 122-124 (financial disclosures).</td><td>Subjective estimate:

The amount of the US asbestos related litigation provision depends on a number of estimates, including the forecast number of open and future claims, the average cost per claim, the number of claims that result in no settlement and the discount rate applied to the forecast.

There is a considerable amount of judgement required in setting the above assumptions and a small change in the assumptions and estimates may have a significant impact on the US asbestos related claims provision.

The effect of these matters is that, as part of our risk assessment, we determined that estimate of the US asbestos related claims provision has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount. The financial statements (note 19) disclose the sensitivity estimated by the Group.</td><td>Our procedures included:

• Our actuarial expertise: we used our own US actuarial specialists to challenge key assumptions and estimates used in the calculation of the US asbestos related claims provision. The key assumptions and estimates we tested included the forecast number of open and future claims, the average cost per claim, the number of claims that result in no settlement and the discount rate.
• Benchmarking assumptions: we performed a comparison of key assumptions against our own benchmark ranges which are derived from externally-available data.
• Methodology choice: we used our own US actuarial specialists to assess the appropriateness and selection of the model used in the valuation.
• Test of detail: we evaluated the assumption for the average costs per claim against the recent history of claims settled.
• Assessing valuer's credentials: we assessed the directors' external valuer's competence and independence.
• Assessing transparency: we considered the adequacy of the Group's disclosure in respect of the US asbestos related claims provision and the assumptions used, which are set out in note 19 to the financial statements.

Our results
• We found the US asbestos related claims provision recognised to be acceptable.</td></tr>
</table>

	The risk	Our response
Gross defined benefit pension liability ($3,808.1 million) *Refer to page 57 (Audit Committee Report), page 92 (accounting policy) and pages 138-142 (financial disclosures).*	**Subjective valuation:** The valuation of the gross defined benefit pension liability depends on a number of estimates, including the discount rates used to calculate the current value of the future payments the Group expects to pay pensioners, the rate of inflation that must be incorporated in the estimate of the future pension payments, the GMP equalisation adjustment and the life expectancy of pension scheme members. There is a considerable amount of judgement required in setting the above assumptions and a small change in the assumptions and estimates may have a significant impact on the retirement benefit obligations. The effect of these matters is that, as part of our risk assessment, we determined that the gross defined benefit pension obligations has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount. The financial statements (note 31) disclose the sensitivity estimated by the Group.	Our procedures included: • **Our actuarial expertise:** we used our own actuarial specialists to challenge key assumptions and estimates used in the calculation of the pension deficit. • **Methodology assessment:** we used our own actuarial specialists to assess the appropriateness and consistency of the methodology applied by management in setting the key assumptions. • **Benchmarking assumptions:** we performed a comparison of key assumptions against our own benchmark ranges which are derived from externally-available data as well as comparing against those used by other companies reporting on the same period. • **Assessing valuer's credentials:** we assessed the directors' external valuer's competence and independence. • **Assessing transparency:** we considered the adequacy of the Group's disclosure in respect of retirement benefits, in particular the gross defined benefit obligation and the assumptions used, which are set out in note 31 to the financial statements. **Our results** • We found the resulting estimate of the gross defined benefit liability to be acceptable.
Amec Foster Wheeler Plc acquisition measurement period adjustments ($132.1 million) *Refer to page 57 (Audit Committee Report), page 92 (accounting policy) and pages 109-110 (financial disclosures).*	**Accounting treatment:** Following the acquisition of Amec Foster Wheeler Plc in October 2017, the Group completed a Purchase Price Allocation exercise to provisionally account for the acquisition by estimating the fair value of assets acquired and liabilities taken on. From the date of acquisition, the Group has a twelve month 'measurement period' to update this initial valuation for any new information that becomes available relating to circumstances and conditions at the October 2017 acquisition date. Measurement period adjustments are recorded against goodwill. There is a risk that the facts and circumstances behind measurement period adjustments arose subsequent to the acquisition and the amount should be recognised in profit and loss.	Our procedures included: • **Accounting analysis:** we assessed the directors' analysis of each measurement period adjustment against the relevant accounting standard with our component audit teams. • **Testing application:** for a sample of measurement period adjustments we challenged the Group's assessment of whether the facts and circumstances resulting in the adjustment existed at October 2017 and new information resulting in their re-measurement was obtained in the measurement period, based on enquiries with operational and finance project teams and inspection of documents supporting their assessment. We challenged the Group's consistency for recording measurement period adjustments, rather than income and expenses for the period. **Our results** • We found the Group's identification and treatment of Amec Foster Wheeler acquisition measurement period adjustments to be acceptable.
Parent Company risk: **Recoverability of parent company's investment in subsidiaries** (Investment in subsidiaries - $4,568.9 million) *Refer to page 57 (Audit Committee Report), page 162 (accounting policy) and page 164 (financial disclosures).*	**Low risk, high value:** The carrying amount of the Parent Company's investments in subsidiaries represents 59% of the Company's total assets. Their recoverability is not at a high risk of significant misstatement or subject to significant judgement. However, due to their materiality in the context of the Parent Company financial statements, this is considered to be the area that had the greatest effect on our overall Parent Company audit.	Our procedures included: • **Test of detail:** compared the carrying amount of all investments with the relevant subsidiaries' draft balance sheet to identify whether their net assets, being an approximation of their minimum recoverable amount, were in excess of their carrying amount. • **Comparing valuations:** for two investments where the carrying amount exceeded the net asset value, we compared the carrying amount of the investment with the expected value of the business based on a cash flow model. **Our results** • We found the Company's assessment of the recoverability of the investment in subsidiaries to be acceptable.

3. Our application of materiality and an overview of the scope of our audit

Materiality for the group financial statements as a whole was set at $50 million, determined with reference to a benchmark of Group revenue, of $10,014.4 million, of which it represents 0.5%. We consider Group revenue to be the most appropriate benchmark as it provides a more stable measure year on year than Group profit before tax.

Materiality for the Parent Company financial statements as a whole was set at $20 million, determined with reference to a benchmark of Company total assets, of which it represents 0.3%.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding $2 million, in addition to other identified misstatements that warranted reporting on qualitative grounds.

We subjected 24 reporting components to full scope audits for group purposes and 7 to specified risk-focused audit procedures over cash (6 components); revenue, cost of sales, trade receivables, trade payables (5 components); accruals (4 components); provisions (3 components); intangible assets (2 components); and administrative expenses (1 component). The latter were not individually financially significant enough to require a full scope audit but were included in the scope of our group reporting work in order to provide further coverage over the Group's results.

The Group operates shared service centres, the outputs of which are included in the financial information of the reporting components they service and therefore they are not separate reporting components. Two shared service centres were subject to specified risk-focused audit procedures, predominantly the testing of transaction processing controls. Additional procedures were performed at certain reporting components to address the audit risks not covered by the work performed over the shared service centres.

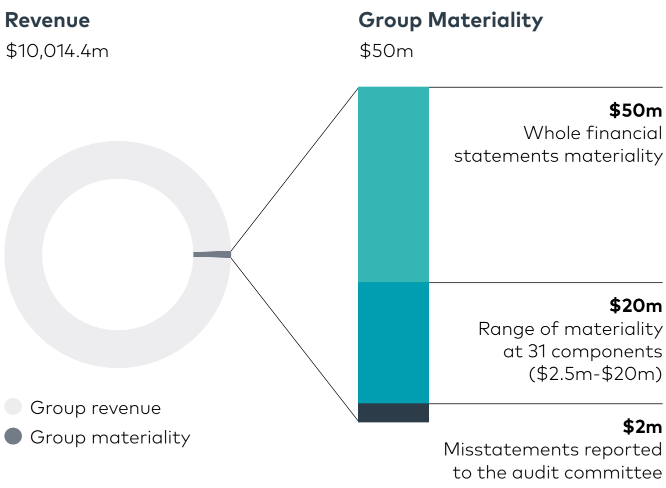
The components within the scope of our work accounted for the percentages illustrated opposite.

For the residual components, we performed analysis at an aggregated group level to re-examine our assessment that there were no significant risks of material misstatement within these.

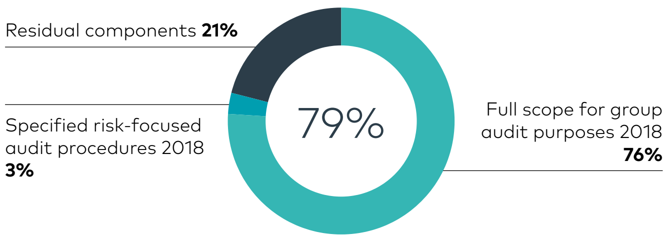
The Group team instructed component auditors in fourteen locations, as to the significant areas to be covered, including the relevant risks detailed above and the information to be reported back.

The Group team approved the component materialities, which ranged from $2.5 million to $20 million, having regard to the mix of size and risk profile of the Group across the components. The work on 29 of the 31 reporting components was performed by component auditors and the rest, including the audit of the parent company, was performed by the Group team.

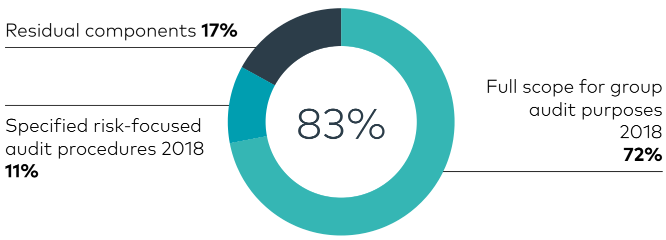
The Group team visited 9 of 14 component locations in the United States, United Kingdom, Canada, United Arab Emirates and Italy, to assess the audit risk and strategy. Telephone conference meetings were also held with these component auditors and all others that were not physically visited. At these visits and meetings, the findings reported to the Group team were discussed in more detail, and any further work required by the Group team was then performed by the component auditor.



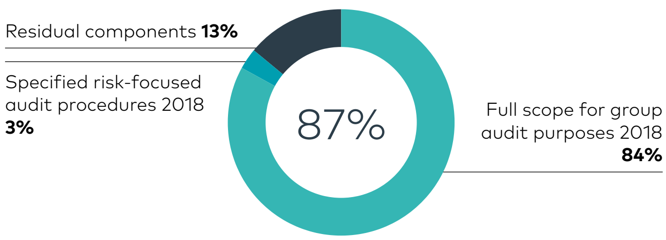
Group revenue



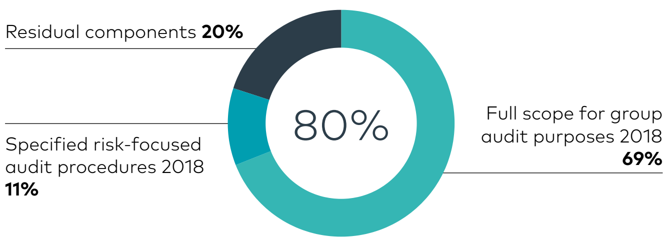
Group profit and losses that made up profit before tax



Group total assets



Group profit and losses that made up profit before exceptional items, interest and tax



4. We have nothing to report on going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or the Group or to cease their operations, and as they have concluded that the Company's and the Group's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

Our responsibility is to conclude on the appropriateness of the directors' conclusions and, had there been a material uncertainty related to going concern, to make reference to that in this audit report. However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Group and the Company will continue in operation.

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Group's and Company's business model and analysed how those risks might affect the Group's and Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Group's and Company's available financial resources over this period were:

- Project execution of the major complex contracts;
- The achievement of forecast Adjusted EBITA growth;
- An adverse outcome of regulatory investigations;
- An adverse outcome on uncertain tax position; and
- The impact from a material litigation.

As these were risks that could potentially cast significant doubt on the Group's and the Company's ability to continue as a going concern, we considered sensitivities over the level of available financial resources indicated by the Group's financial forecasts taking account of reasonably possible (but not unrealistic) adverse effects that could arise from these risks individually and collectively and evaluated the achievability of the actions the Directors consider they would take to improve the position should the risks materialise. We also considered less predictable but realistic second order impacts, such as the impact of Brexit which could result in delay or reduction of investments in to the UK and lower growth in UK businesses.

Based on this work, we are required to report to you if:

- we have anything material to add or draw attention to in relation to the directors' statement on Page 91 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Company's use of that basis for a period of at least twelve months from the date of approval of the financial statements; or
- the related statement under the Listing Rules set out on page 42 is materially inconsistent with our audit knowledge.

We have nothing to report in these respects, and we did not identify going concern as a key audit matter.

5. We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Directors' remuneration report

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Disclosures of principal risks and longer-term viability

Based on the knowledge we acquired during our financial statements audit, we have nothing material to add or draw attention to in relation to:

- the directors' confirmation within the Principal Risks and Uncertainties page 39 that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;
- the Analysis of Principal Risks disclosures describing these risks and explaining how they are being managed and mitigated; and
- the directors' explanation in the Principal Risks and Uncertainties of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Under the Listing Rules we are required to review the Principal Risks and Uncertainties. We have nothing to report in this respect.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgments that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's and Company's longer-term viability.

Corporate governance disclosures

We are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our financial statements audit and the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy; or
- the section of the annual report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.

We are required to report to you if the Corporate Governance Statement does not properly disclose a departure from the eleven provisions of the UK Corporate Governance Code specified by the Listing Rules for our review.

We have nothing to report in these respects.

6. We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

7. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 46, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or other irregularities (see below), or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud, other irregularities or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Irregularities – ability to detect

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards), from inspection of the Group's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of Group's licence to operate. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, and employment law recognising the financial nature of the Group's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Through these procedures, we became aware of actual or suspected non-compliance and considered the effect as part of our procedures on the related financial statement items. Further detail is set out in the key audit matter disclosures in section 2 of this report.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

8. The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's 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 and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Catherine Burnet (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
37 Albyn Place
Aberdeen, AB10 1JB
18 March 2019

Consolidated income statement

for the year to 31 December 2018

	Note	2018 Pre-exceptional items $m	2018 Exceptional items $m	2018 Total $m	2017 Pre-exceptional items $m	2017 Exceptional items $m	2017 Total $m
Revenue from continuing operations	1,2	10,014.4	-	10,014.4	5,394.4	-	5,394.4
Cost of sales		(8,820.6)	-	(8,820.6)	(4,714.4)	-	(4,714.4)
Gross profit		1,193.8	-	1,193.8	680.0	-	680.0
Administrative expenses	5	(881.2)	(140.3)	(1,021.5)	(500.0)	(146.9)	(646.9)
Impairment of investment in joint ventures	5,11	-	(41.4)	(41.4)	-	(28.0)	(28.0)
Share of post-tax profit/(loss) from joint ventures	5,11	44.0	(9.6)	34.4	32.4	(1.1)	31.3
Operating profit	1	356.6	(191.3)	165.3	212.4	(176.0)	36.4
Finance income	3	5.3	-	5.3	2.8	-	2.8
Finance expense	3	(117.1)	-	(117.1)	(52.3)	(8.5)	(60.8)
Profit/(loss) before taxation from continuing operations	4,5	244.8	(191.3)	53.5	162.9	(184.5)	(21.6)
Taxation	5,6	(69.6)	8.5	(61.1)	(27.8)	19.4	(8.4)
Profit/(loss) for the year from continuing operations		175.2	(182.8)	(7.6)	135.1	(165.1)	(30.0)
Profit/(loss) attributable to							
Owners of the parent		173.9	(182.8)	(8.9)	132.7	(165.1)	(32.4)
Non-controlling interests	27	1.3	-	1.3	2.4	-	2.4
		175.2	(182.8)	(7.6)	135.1	(165.1)	(30.0)
Earnings per share (expressed in cents per share)							
Basic	8			(1.3)			(7.4)
Diluted	8			(1.3)			(7.4)

The notes on pages 91 to 158 are an integral part of these consolidated financial statements.

The Group has applied IFRS 15 and IFRS 9 for the first time from 1 January 2018. Under the transition methods chosen, comparative information is not restated. See notes to the financial statements.

Consolidated statement of comprehensive income/expense

for the year to 31 December 2018

	Note	2018 $m	2017 $m
Loss for the year		**(7.6)**	(30.0)
Other comprehensive income/(expense)			
Items that will not be reclassified to profit or loss			
Re-measurement gains/(losses) on retirement benefit obligations	**31**	**118.0**	(1.2)
Movement in deferred tax relating to retirement benefit obligations	**6**	**(20.5)**	0.7
Total items that will not be reclassified to profit or loss		**97.5**	(0.5)
Items that may be reclassified subsequently to profit or loss			
Cash flow hedges	**26**	**(4.7)**	1.3
Tax on derivative financial instruments	**6**	**0.6**	-
Exchange movements on retranslation of foreign operations	**26,27**	**(237.7)**	119.2
Total items that may be reclassified subsequently to profit or loss		**(241.8)**	120.5
Other comprehensive (expense)/income for the year, net of tax		**(144.3)**	120.0
Total comprehensive (expense)/income for the year		**(151.9)**	90.0
Total comprehensive (expense)/income for the year is attributable to:			
Owners of the parent		**(152.0)**	87.6
Non-controlling interests		**0.1**	2.4
		(151.9)	90.0

Total comprehensive (expense)/income for the year is attributable to continuing operations.

Exchange movements on the retranslation of net assets could be subsequently reclassified to profit or loss in the event of the disposal of a business.

The Group has applied IFRS 15 and IFRS 9 for the first time from 1 January 2018. Under the transition methods chosen, comparative information is not restated. See notes to the financial statements.

The notes on pages 91 to 158 are an integral part of these consolidated financial statements.

Consolidated balance sheet

as at 31 December 2018

	Note	2018 $m	Restated* 2017 $m
Assets			
Non-current assets			
Goodwill and other intangible assets	**9**	**6,656.7**	7,002.9
Property plant and equipment	**10**	**198.5**	233.5
Investment in joint ventures	**11**	**168.2**	239.9
Other investments	**11**	**76.4**	83.8
Long term receivables	**13**	**128.1**	157.5
Retirement benefit scheme surplus	**31**	**404.9**	331.5
Deferred tax assets	**20**	**87.8**	108.5
		7,720.6	8,157.6
Current assets			
Inventories	**12**	**13.7**	14.2
Trade and other receivables	**13**	**2,555.7**	2,584.2
Financial assets	**13**	**14.3**	88.2
Income tax receivable		**37.4**	93.0
Assets held for sale	**29**	**58.9**	-
Cash and cash equivalents	**14**	**1,352.7**	1,225.5
		4,032.7	4,005.1
Total assets		**11,753.3**	12,162.7
Liabilities			
Current liabilities			
Borrowings	**16**	**984.5**	543.2
Trade and other payables	**15**	**2,526.1**	2,302.4
Income tax liabilities		**197.9**	235.8
Provisions	**19**	**134.3**	103.8
Liabilities held for sale	**29**	**27.3**	-
		3,870.1	3,185.2
Net current assets		**162.6**	819.9
Non-current liabilities			
Borrowings	**16**	**1,917.3**	2,336.1
Deferred tax liabilities	**20**	**112.6**	140.8
Retirement benefit scheme deficit	**31**	**162.2**	163.8
Other non-current liabilities	**17**	**224.4**	312.3
Provisions	**19**	**856.9**	1,052.5
		3,273.4	4,005.5
Total liabilities		**7,143.5**	7,190.7
Net assets		**4,609.8**	4,972.0
Equity attributable to owners of the parent			
Share capital	**22**	**40.7**	40.5
Share premium	**23**	**63.9**	63.9
Retained earnings	**24**	**1,806.7**	1,935.2
Merger reserve	**25**	**2,790.8**	2,790.8
Other reserves	**26**	**(111.3)**	129.9
Total equity attributable to owners of the parent		**4,590.8**	4,960.3
Non-controlling interests	**27**	**19.0**	11.7
Total equity		**4,609.8**	4,972.0

The financial statements on pages 86 to 158 were approved by the board of directors on 18 March 2019 and signed on its behalf by:

Robin Watson, Director

David Kemp, Director

The Group has applied IFRS 15 and IFRS 9 for the first time from 1 January 2018. Under the transition methods chosen, comparative information is not restated. See notes to the financial statements.

*the December 2017 balance sheet has been restated to take account of the finalisation of the acquisition accounting in respect of Amec Foster Wheeler. In addition, the Group has reviewed the classification of provisions and made adjustments to align the treatment of balances between legacy Amec Foster Wheeler and legacy Wood Group as well as adjusting for the immaterial classification impact of certain balances following the adoption of IFRS 15. See the table and accompanying notes on page 91.

The notes on pages 91 to 158 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

for the year to 31 December 2018

	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 2017		**23.9**	**63.9**	**2,098.0**	**-**	**9.4**	**2,195.2**	**13.0**	**2,208.2**
(Loss)/profit for the year		-	-	(32.4)	-	-	**(32.4)**	2.4	**(30.0)**
Other comprehensive income/(expense):									
Re-measurement losses on retirement benefit scheme	**31**	-	-	(1.2)	-	-	**(1.2)**	-	**(1.2)**
Movement in deferred tax relating to retirement benefit scheme	**6**	-	-	0.7	-	-	**0.7**	-	**0.7**
Cash flow hedges	**26**	-	-	-	-	1.3	**1.3**	-	**1.3**
Net exchange movements on retranslation of foreign operations	**26/27**	-	-	-	-	119.2	**119.2**	-	**119.2**
Total comprehensive (expense)/income for the year		**-**	**-**	**(32.9)**	**-**	**120.5**	**87.6**	**2.4**	**90.0**
Transactions with owners:									
Dividends paid	**7/27**	-	-	(125.6)	-	-	**(125.6)**	(4.5)	**(130.1)**
Issue of shares in relation to acquisition of Amec Foster Wheeler		16.5	-	-	2,790.8	-	**2,807.3**	-	**2,807.3**
Share based charges attributable to purchase consideration		-	-	2.1	-	-	**2.1**	-	**2.1**
Non-controlling interests acquired on Amec Foster Wheeler acquisition		-	-	-	-	-	**-**	1.2	**1.2**
Credit relating to share based charges	**21**	-	-	10.2	-	-	**10.2**	-	**10.2**
Tax relating to share option schemes	**6**	-	-	(4.0)	-	-	**(4.0)**	-	**(4.0)**
Deferred tax impact of rate change in equity	**20**	-	-	(4.2)	-	-	**(4.2)**	-	**(4.2)**
Shares allocated to employee share trusts	**24**	0.1	-	(0.1)	-	-	**-**	-	**-**
Shares issued by employee share trusts to satisfy option exercises	**24**	-	-	2.4	-	-	**2.4**	-	**2.4**
Gain on sale of shares sold by employee share trusts	**24**	-	-	3.2	-	-	**3.2**	-	**3.2**
Exchange movements in respect of shares held by employee share trusts	**24**	-	-	(9.9)	-	-	**(9.9)**	-	**(9.9)**
Transactions with non-controlling interests	**24/27**	-	-	(4.0)	-	-	**(4.0)**	(0.4)	**(4.4)**
At 31 December 2017		**40.5**	**63.9**	**1,935.2**	**2,790.8**	**129.9**	**4,960.3**	**11.7**	**4,972.0**
(Loss)/profit for the year		-	-	(8.9)	-	-	**(8.9)**	1.3	**(7.6)**
Other comprehensive income/(expense):									
Re-measurement gains on retirement benefit scheme	**31**	-	-	118.0	-	-	**118.0**	-	**118.0**
Movement in deferred tax relating to retirement benefit scheme	**6**	-	-	(20.5)	-	-	**(20.5)**	-	**(20.5)**
Cash flow hedges	**26**	-	-	-	-	(4.7)	**(4.7)**	-	**(4.7)**
Tax on derivative financial instruments	**6**	-	-	0.6	-	-	**0.6**	-	**0.6**
Net exchange movements on retranslation of foreign operations	**26/27**	-	-	-	-	(236.5)	**(236.5)**	(1.2)	**(237.7)**
Total comprehensive income/(expense) for the year		-	-	89.2	-	(241.2)	**(152.0)**	0.1	**(151.9)**
Transactions with owners:									
Dividends paid	**7/27**	-	-	(231.0)	-	-	**(231.0)**	(5.9)	**(236.9)**
Credit relating to share based charges	**21**	-	-	18.7	-	-	**18.7**	-	**18.7**
Tax relating to share option schemes	**6**	-	-	(0.7)	-	-	**(0.7)**	-	**(0.7)**
Deferred tax impact of rate change in equity	**6**	-	-	1.8	-	-	**1.8**	-	**1.8**
Shares allocated to employee share trusts	**24**	0.2	-	(0.2)	-	-	**-**	-	**-**
Shares issued by employee share trusts to satisfy option exercises	**24**	-	-	1.7	-	-	**1.7**	-	**1.7**
Exchange movements in respect of shares held by employee share trusts	**24**	-	-	6.5	-	-	**6.5**	-	**6.5**
Transactions with non-controlling interests	**24/27**	-	-	(14.5)	-	-	**(14.5)**	13.1	**(1.4)**
At 31 December 2018		**40.7**	**63.9**	**1,806.7**	**2,790.8**	**(111.3)**	**4,590.8**	**19.0**	**4,609.8**

The notes on 91 to 158 are an integral part of these consolidated financial statements.

Consolidated cash flow statement

for the year to 31 December 2018

	Note	2018 $m	2017 $m
Cash generated from operations	**28**	**625.3**	250.0
Tax paid		**(83.5)**	(99.6)
Net cash generated from operating activities		**541.8**	150.4
Cash flows from investing activities			
Acquisition of subsidiaries (cash acquired less consideration paid)	**29**	**(30.0)**	359.8
Disposal of businesses (net of cash disposed)	**29**	**33.4**	254.9
Purchase of property plant and equipment	**10**	**(34.2)**	(22.1)
Proceeds from sale of property plant and equipment		**5.0**	5.2
Purchase of intangible assets	**9**	**(58.3)**	(57.0)
Interest received		**4.8**	3.1
Cash from short term investments and restricted cash	**28**	**45.4**	-
Investment in joint ventures	**11**	**(3.2)**	-
(Loans to)/repayment of loans from joint ventures		**(5.2)**	20.8
Net cash (used in)/from investing activities		**(42.3)**	564.7
Cash flows from financing activities			
Proceeds from short-term borrowings	**28**	**448.9**	108.2
Repayment of/(proceeds from) long-term borrowings	**28**	**(407.8)**	1,831.0
Borrowings acquired and repaid on acquisition of subsidiaries		**-**	(1,809.7)
(Repayment of)/proceeds from finance leases	**28**	**(14.7)**	0.5
Settlement of derivative financial instruments on acquisition		**-**	(21.3)
Proceeds from disposal of shares by employee share trusts	**24**	**1.7**	5.6
Interest paid		**(101.5)**	(53.3)
Dividends paid to shareholders	**7**	**(231.0)**	(125.6)
Dividends paid to non-controlling interests	**27**	**(5.9)**	(4.5)
Acquisition of non-controlling interests	**27**	**(0.2)**	(3.9)
Net cash used in financing activities		**(310.5)**	(73.0)
Net increase in cash and cash equivalents	**28**	**189.0**	642.1
Effect of exchange rate changes on cash and cash equivalents	**28**	**(37.6)**	3.9
Opening cash and cash equivalents		**1,225.5**	579.5
Closing cash and cash equivalents	**14**	**1,376.9**	1,225.5

Closing cash and cash equivalents includes $24.2m presented in assets held for sale on the Group balance sheet (see note 29).

The notes on pages 91 to 158 are an integral part of these consolidated financial statements.

Notes to the financial statements

for the year to 31 December 2018

General information

John Wood Group PLC, its subsidiaries and joint ventures, ('the Group') delivers comprehensive services to support its customers across the complete life cycle of their assets, from concept to decommissioning, across a range of energy, industrial and utility markets. Details of the Group's activities during the year are provided in the Strategic Report. John Wood Group PLC is a public limited company, incorporated and domiciled in the United Kingdom and listed on the London Stock Exchange. Copies of the Group financial statements are available from the Company's registered office at 15 Justice Mill Lane, Aberdeen AB11 6EQ.

Accounting Policies

Basis of preparation

These financial statements have been prepared in accordance with IFRS and IFRIC interpretations adopted by the European Union ('EU') and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements are also in compliance with IFRS as issued by the International Accounting Standards Board. The Group financial statements have been prepared on a going concern basis under the historical cost convention as modified by the revaluation of financial assets and liabilities at fair value through the income statement. This is the first set of the Group's financial statements in which IFRS 15 'Revenue from Contracts with Customers' and IFRS 9 'Financial Instruments' have been applied. The impact of the application of these standards is set out on pages 97 and 98.

Going concern

The Directors have a reasonable expectation that the Group will be able to operate within the level of available bank facilities for the foreseeable future and accordingly believe that it is appropriate to prepare the consolidated financial statements on a going concern basis. In assessing the basis of preparation of these financial statements, 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, taking account of the Group's latest financial forecasts. In order to satisfy themselves that the Group has adequate resources for the foreseeable 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 31 December 2018, the Group's principal debt facilities comprised a $0.9bn term loan repayable in 2020, a $1.75bn revolving credit facility maturing in 2022 and $375m of US private placement debt repayable in 2021, 2024 and 2026. The Group had headroom of $1,091m under these facilities and in addition had $162m of other undrawn borrowing facilities. In undertaking their review the Directors have considered the latest forecasts which provide financial projections through to 2020.

Restatement of December 2017 balance sheet

The Group finalised the accounting for the Amec Foster Wheeler ('AFW') acquisition during 2018 and as a result the December 2017 balance sheet has been restated. In addition, the Group has reviewed the classification of provisions and made adjustments to align the treatment of balances between legacy AFW and legacy Wood Group, as well as adjusting for the immaterial classification impact of certain balances following the adoption of IFRS 15. The table below reconciles the amounts on the reported balance sheet to the restated figures now included as comparatives.

	Reported Dec-17 $m	Re-measurement of fair value adjustments $m	Provisions reclassification $m	Reclassification of US SERP $m	Restated Dec-17 $m
Goodwill	5,359.2	175.3	-	-	5,534.5
Other intangible assets	1,511.6	(43.2)	-	-	1,468.4
Other investments	-	-	-	83.8	83.8
Long term receivables	241.3	-	-	(83.8)	157.5
Total non-current assets	**8,025.5**	**132.1**	**-**	**-**	**8,157.6**
Trade and other receivables	2,628.7	(12.9)	(31.6)	-	2,584.2
Current assets	**4,049.6**	**(12.9)**	**(31.6)**	**-**	**4,005.1**
Trade and other payables	(2,447.6)	(17.4)	162.6	-	(2,302.4)
Income tax liabilities	(252.7)	16.9	-	-	(235.8)
Current provisions	-	-	(103.8)	-	(103.8)
Total current liabilities	**(3,243.5)**	**(0.5)**	**58.8**	**-**	**(3,185.2)**
Net current assets	**806.1**	**(13.4)**	**27.2**	**-**	**819.9**
Deferred tax liabilities	(181.5)	40.7	-	-	(140.8)
Non-current provisions	(865.9)	(159.4)	(27.2)	-	(1,052.5)
Non-current liabilities	**(3,859.6)**	**(118.7)**	**(27.2)**	**-**	**(4,005.5)**
Net assets	**4,972.0**	**-**	**-**	**-**	**4,972.0**

The Group acquired Amec Foster Wheeler on 6 October 2017. At 31 December 2017, the Group had not finalised its assessment of the fair value of certain AFW assets and liabilities and the 2017 financial statements reflected the provisional assessment of the fair values at the acquisition date. During 2018, the Group has reassessed those fair values as a result of new information obtained about facts and circumstances that existed at the acquisition date, and recorded measurement period adjustments of $159.4m in provisions (see note 19), $12.9m in trade and other receivables and $17.4m in trade and other payables. A $40.7m deferred tax asset and a $16.9m reduction to income tax liabilities has also been recorded in relation to these adjustments and $132.1m has been added to goodwill.

After completing the assessment of the valuation of the brands intangible assets, $43.2m of the $727.1m brand intangible asset recognised on acquisition of AFW has been reallocated to goodwill to better allocate the consideration paid to assets acquired.

Following the acquisition of AFW, the Group has reviewed the classification of provisions and made adjustments to align the treatment of balances between legacy AFW and legacy Wood Group, as well as adjusting for the immaterial classification impact of certain balances following the adoption of IFRS 15. A net amount of $131.0m has been reclassified to provisions with trade and other payables being reduced by $162.6m and trade and other receivables being reduced by $31.6m.

The assets held by the US SERP that were previously presented in long term receivables in now disclosed in other investments (see note 11).

Significant accounting policies

The Group's significant accounting policies adopted in the preparation of these financial statements are set out below. With the exception of the application of IFRS 15 'Revenue from contracts with customers' and IFRS 9 'Financial instruments', which have been applied from 1 January 2018, these policies have been consistently applied to all the years presented.

Critical accounting judgements and estimates

The preparation of the financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. These estimates and judgements are based on management's best knowledge of the amount, event or actions and actual results ultimately may differ from those estimates. Group management believe that the estimates and assumptions listed below have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities.

(a) Impairment of goodwill (estimate)

The Group carries out impairment reviews whenever events or changes in circumstance indicate that the carrying value of goodwill may not be recoverable. In addition, the Group carries out an annual impairment review. An impairment loss is recognised when the recoverable amount of goodwill is less than the carrying amount. The impairment tests are carried out by CGU ('Cash Generating Unit') and reflect the latest Group budgets and forecasts as approved by the Board. The budgets and forecasts are based on various assumptions relating to the Group's businesses including assumptions relating to market outlook, resource utilisation, contract awards and contract margins. The outlook for the Group is discussed in the Chief Executive Review.

Pre-tax discount rates of between 11.4% and 11.8% have been used to discount the CGU cash flows and a terminal value is applied using long term growth rates of between 2% and 3%. A sensitivity analysis has been performed allowing for possible changes to the discount rate, the long-term growth rate and the short term EBITA growth rate. The headroom in relation to the Asset Solutions EAAA business is $274.0m, however a 1% increase in the discount rate or a 1% reduction in the long-term growth rate would result in impairments of $97.0m and $79.0m respectively. The headroom in relation to the Environment and Infrastructure Solutions business is $79.0m, however a 1% increase in the discount rate or a 1% reduction in the long-term growth rate would result in impairments of $54.0m and $47.0m respectively. See note 9 for further details.

(b) Accounting for acquisition of Amec Foster Wheeler plc (judgement)

The Group acquired Amec Foster Wheeler ('AFW') on 6 October 2017 for a total consideration of $2,809.4m. The acquisition accounting for the transaction was completed in 2018. Management made judgements relating to the fair value of the assets and liabilities acquired. $104.5m of fair value adjustments were recorded at December 2017 and a further $189.7m has been recorded on finalisation of the acquisition accounting in 2018. $49.4m of tax provisions were recorded at December 2017, the tax impact of the 2018 adjustments resulted in a reduction in tax of $57.6m. These adjustments are as a result of new information obtained about facts and circumstances that existed at the acquisition date. Judgement was required in assessing the amount of future costs incurred on certain contracts and in assessing the outcome of disputes and litigation.

(c) Income taxes (estimate)

The Group is subject to income taxes in numerous jurisdictions and judgement is required in determining the provision for income taxes. The Group provides for uncertain tax positions based on the best estimate of the most likely outcome in respect of the relevant issue. Tax provisioning for uncertain tax positions is judgemental and requires estimates to be made in respect of existing and potential tax matters. Where the final outcome on uncertain tax positions is different from the amounts initially recorded, the difference will have an impact on the Group's tax charge. See notes 6 and 20 for further details.

(d) Retirement benefit schemes (estimate)

The Group operates a number of defined benefit pension schemes which are largely closed to future accrual. The value of the Group's retirement benefit schemes surplus/deficit is determined on an actuarial basis using a number of assumptions. Changes in these assumptions will impact the carrying value of the surplus/deficit. A sensitivity analysis showing the impact of changes to these assumptions is provided in note 31. The principal assumptions that impact the carrying value are the discount rate, the inflation rate and life expectancy. The Group determines the appropriate assumptions to be used in the actuarial valuations at the end of each financial year following consultation with the retirement benefit schemes' actuaries. In determining the discount rate, consideration is given to the interest rates of high quality corporate bonds in the currency in which the benefits will be paid and that have terms to maturity similar to those of the related retirement benefit obligation. The inflation rate is derived from the yield curve used in deriving the discount rate and adjusted by an agreed risk premium. Assumptions regarding future mortality are based on published statistics and the latest available mortality tables. See note 31 for further details.

(e) Provisions and contingent liabilities (judgement and estimate)

The Group records provisions where it has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the obligation can be made. Where the outcome is less than probable, but more than remote, or a reliable estimate cannot be made, no provision is recorded but a contingent liability is disclosed in the financial statements, if material. The recording of provisions is an area which requires the exercise of management judgement relating to the nature, timing and probability of the liability and typically the Group's balance sheet includes contract provisions and provisions for pending legal issues.

As a result of the acquisition of Amec Foster Wheeler in 2017, the Group has acquired a significant asbestos related liability. Some of AFW's legacy US and UK subsidiaries are defendants in asbestos related lawsuits and there are out of court informal claims pending in both jurisdictions. Plaintiffs claim damages for personal injury alleged to have arisen from exposure to the use of asbestos in connection with work allegedly performed by subsidiary companies in the 1970's and earlier. The provision for asbestos liabilities is the Group's best estimate of the obligation required to settle claims up until 2050. Group policy is to record annual changes to the underlying gross estimates where they move by more than 5%. Further details of the asbestos liabilities are provided in note 19 including a sensitivity analysis showing the impact of changes to the key assumptions.

(f) Revenue recognition on fixed price and long-term contracts (estimate)

The Group has a significant number of fixed price long term contracts which are accounted for in accordance with IFRS 15 and require estimates to be made for contract revenue. Contract revenues are affected by uncertainties that depend on the outcome of future events. Uncertainties include the estimation of forecast costs to complete the contract, timing and recoverability of unagreed income from variations to the contract scope and claims. Estimates are updated regularly and significant changes are highlighted through established internal review procedures. The contract reviews focus on the timing and recognition of revenue including income from incentive payments, scope variations and claims.

Basis of consolidation

The Group financial statements are the result of the consolidation of the financial statements of the Group's subsidiary undertakings from the date of acquisition or up until the date of divestment as appropriate. Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. All Group companies apply the Group's accounting policies and prepare financial statements to 31 December. Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated.

Joint ventures and joint operations

A joint venture is a type of joint arrangement where the parties to the arrangement share rights to its net assets. Joint control is the contractually agreed arrangement which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The considerations made in determining joint control are similar to those necessary to determine control over subsidiaries.

The Group's interests in joint ventures are accounted for using equity accounting. Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture from the acquisition date. The results of the joint ventures are included in the consolidated financial statements from the date the joint control commences until the date that it ceases. The Group includes its share of joint venture profit on the line 'Share of post-tax profit from joint ventures' in the Group income statement and its share of joint venture net assets in the 'investment in joint ventures' line in the Group balance sheet.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. The Group accounts for joint operations by recognising the appropriate proportional share of revenue, expenses, assets and liabilities.

Presentational currency

The Group's earnings stream is primarily US dollars and the Group therefore uses the US dollar as its presentational currency.

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

	2018	2017
Average rate £1 = $	**1.3345**	1.2886
Closing rate £1 = $	**1.2736**	1.3528

Foreign currencies

In each individual entity, transactions in foreign currencies are translated into the relevant functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rates ruling at the balance sheet date. Any exchange differences are taken to the income statement.

Income statements of entities whose functional currency is not the US dollar are translated into US dollars at average rates of exchange for the period and assets and liabilities are translated into US dollars at the rates of exchange ruling at the balance sheet date. Exchange differences arising on translation of net assets in such entities held at the beginning of the year, together with those differences resulting from the restatement of profits and losses from average to year end rates, are taken to the currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the exchange rate ruling at the balance sheet date with any exchange differences taken to the currency translation reserve.

The directors consider it appropriate to record sterling denominated equity share capital in the financial statements of John Wood Group PLC at the exchange rate ruling on the date it was raised.

Revenue recognition

Revenue comprises the fair value of the consideration specified in a contract with a customer and is stated net of sales taxes (such as VAT) and discounts. The Group recognises revenue when it transfers control over a good or service to a customer.

Cost reimbursable projects
Revenue is recognised over time as the services are provided based on contractual rates per man hour in respect of multi-year service contracts. The amount of variable revenue related to the achievement of key performance indicators (KPI's) is estimated at the start of the contract, but any revenue recognised is constrained to the extent that it is highly probable there will not be a significant reversal in future periods.

Lump sum or fixed price contacts
Revenue on fixed price or lump sum contracts for services, construction contracts and fixed price long-term service agreements is recognised over time according to the stage of completion reached in the contract by measuring the proportion of costs incurred for work performed to total estimated costs.

Revenue in respect of variations is recognised when the variation is approved by both parties to the contract. To the extent that a change in scope has been agreed but the corresponding change in price has not been agreed then revenue is recognised only to the extent that that it is highly probable that a significant reversal of revenue will not occur.

A claim is an amount that the contractor seeks to collect from the customer as reimbursement for costs whose inclusion in the contract price is disputed, and may arise from, for example, delays caused by the customer, errors in specification or design and disputed variations in contract work. Claims are also a source of variable consideration and are included in contract revenue only to the extent that it is highly probable that a significant reversal of revenue will not occur. Appropriate legal advice is taken in advance of any revenue being recognised in respect of claims.

The related contract costs are recognised in the income statement when incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised immediately.

Details of the services provided by the Group are provided under the 'Segmental Reporting' heading.

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. Transactions which may give rise to material exceptional items include gains and losses on divestment of businesses, write downs or impairments of assets including goodwill, restructuring or regulatory costs or provisions, litigation settlements, tax provisions or payments, provisions for onerous contracts and acquisition and divestment costs. The tax impact on these transactions is shown separately in the exceptional items note to the financial statements (note 5).

Finance expense/income
Interest income and expense is recorded in the income statement in the period to which it relates. Arrangement fees and expenses in respect of the Group's debt facilities are amortised over the period which the Group expects the facility to be in place. Interest relating to the unwinding of discount on deferred and contingent consideration and asbestos liabilities is included in finance expense. Interest expense and interest income on scheme assets relating to the Group's retirement benefit schemes are also included in finance income/expense. See note 3 for further details.

Dividends payable
Dividends to the Group's shareholders are recognised as a liability in the period in which the dividends are approved by shareholders. Interim dividends are recognised when paid. See note 7 for further details.

Business combinations
The Group accounts for business combinations using the acquisition method of accounting when control is transferred to the Group. The consideration transferred is measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Intangible assets arising on business combinations are tested for impairment when indicators of impairment exist. Acquisition costs are expensed and included in administrative expenses in the income statement.

Goodwill
Goodwill represents the excess of the cost of an acquisition over the fair value of the net assets acquired. Goodwill is carried at cost less accumulated impairment losses. Goodwill is not amortised.

Intangible assets
Intangible assets are carried at cost less accumulated amortisation. Intangible assets are recognised if it is probable that there will be future economic benefits attributable to the asset, the cost of the asset can be measured reliably, the asset is separately identifiable and there is control over the use of the asset. Where the Group acquires a business, intangible assets on acquisition are identified and evaluated to determine the carrying value on the acquisition balance sheet. Intangible assets are amortised over their estimated useful lives on a straight-line basis, as follows:

Software	3-5 years
Development costs and licenses	3-5 years
Intangible assets on acquisition	
• Customer contracts and relationships	5-13 years
• Order backlog	2-5 years
• Brands	20 years

Property plant and equipment
Property plant and equipment (PP&E) is stated at cost less accumulated depreciation and impairment. No depreciation is charged with respect to freehold land and assets in the course of construction.

Depreciation is calculated using the straight-line method over the following estimated useful lives of the assets:

Freehold and long leasehold buildings	25-50 years
Short leasehold buildings	period of lease
Plant and equipment	3-10 years

When estimating the useful life of an asset group, the principal factors the Group takes into account are the durability of the assets, the intensity at which the assets are expected to be used and the expected rate of technological developments. Asset lives and residual values are assessed at each balance sheet date.

Impairment

The Group performs impairment reviews in respect of PP&E, investment in joint ventures and intangible assets whenever events or changes in circumstance indicate that the carrying amount may not be recoverable. In addition, the Group carries out annual impairment reviews in respect of goodwill. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than its carrying amount.

For the purposes of impairment testing, goodwill is allocated to the appropriate cash generating unit ('CGU'). The CGUs are aligned to the structure the Group uses to manage its business. Cash flows are discounted in determining the value in use.

See note 9 for further details of goodwill impairment testing and note 11 for details of impairment of investment in joint ventures.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and other short-term bank deposits with original maturities of three months or less. Bank overdrafts are included within borrowings in current liabilities. The Group presents balances that are part of a pooling arrangement on a gross basis in both cash and short-term borrowings.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

The Group recognises loss allowances for Expected Credit Losses ('ECLs') on trade receivables and gross amounts due from customers, measured at an amount equal to lifetime ECLs. ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes a customer being in significant financial difficulty or a breach of contract such as a default. The gross carrying amount of a financial asset is written off when the Group has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery.

The Group has a non-recourse financing arrangement with one of its banks in which funds are received in relation to trade receivable balances before the due date for payment. Trade receivables are derecognised on receipt of the payment from the bank. See note 13 for further details.

Asbestos related receivables

Asbestos related receivables represents management's best estimate of insurance recoveries relating to liabilities for pending and estimated future asbestos claims through to 2050. They are only recognised when it is virtually certain that the claim will be paid. Asbestos related assets under executed settlement agreements with insurers due in the next 12 months are recorded within Trade & other receivables and beyond 12 months are recorded within Long term receivables. The Group's asbestos related assets have been discounted using an appropriate rate of interest.

Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost.

Deferred and contingent consideration

Where deferred or contingent consideration is payable on the acquisition of a business based on an earn out arrangement, an estimate of the amount payable is made at the date of acquisition and reviewed regularly thereafter, with any change in the estimated liability being reflected in the income statement. Where the change in liability is considered material, it is disclosed as an exceptional item in the income statement. Where deferred consideration is payable after more than one year the estimated liability is discounted using an appropriate rate of interest. Deferred consideration is initially recognised at fair value and subsequently measured at amortised cost. Contingent consideration is recognised at fair value.

Taxation

The tax charge represents the sum of tax currently payable and deferred tax. Tax currently payable is based on the taxable profit for the year. Taxable profit differs from the profit reported in the income statement due to items that are not taxable or deductible in any period and also due to items that are taxable or deductible in a different period. The Group's liability for current tax is calculated using tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax is provided, using the full liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. The principal temporary differences arise from depreciation on PP&E, tax losses carried forward and, in relation to acquisitions, the difference between the fair values of the net assets acquired and their tax base. Tax rates enacted, or substantively enacted, at the balance sheet date are used to determine deferred tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Accounting for derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date the contract is entered into and are subsequently re-measured at fair value.

Where hedging is to be undertaken, the Group documents the relationship between the hedging instrument and the hedged item at the inception of the transaction, as well as the risk management objective and strategy for undertaking the hedge transaction. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of the hedged items.

Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk. A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable outputs and minimise the use of unobservable outputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The fair value of interest rate swaps is calculated as the present value of their estimated future cash flows. The fair value of forward foreign exchange contracts is determined using forward foreign exchange market rates at the balance sheet date. The fair values of all derivative financial instruments are verified by comparison to valuations provided by financial institutions.

The carrying values of trade receivables and payables approximate to their fair values.

The fair value of financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

Operating leases

Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease period.

Finance leases

A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease. Finance leases are capitalised at the commencement of the lease at the present value of the minimum lease payments. Lease payments are apportioned between finance expense and a reduction of the lease liability so as to achieve a constant rate of interest on the outstanding balance. Leased assets are depreciated over their estimated useful life.

Retirement benefit scheme surplus/deficit

The Group operates a number of defined benefit and defined contribution pension schemes. The surplus or deficit recognised in respect of the defined benefit schemes represents the difference between the present value of the defined benefit obligations and the fair value of the scheme assets.

The assets of these schemes are held in separate trustee administered funds. The schemes are largely closed to future accrual.

The defined benefit schemes assets are measured using fair values. Pension scheme liabilities are measured annually by an independent actuary using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The increase in the present value of the liabilities of the Group's defined benefit schemes expected to arise from employee service in the period is charged to operating profit. The interest income on scheme assets and the increase during the period in the present value of the scheme's liabilities arising from the passage of time are netted and included in finance income/expense. Re-measurement gains and losses are recognised in the statement of comprehensive income in full in the period in which they occur. The defined benefit schemes surplus or deficit is recognised in full and presented on the face of the Group balance sheet.

The Group consider it is appropriate to recognise the IAS 19 surplus in both the John Wood Group PLC Retirement Benefit Scheme and the Amec Foster Wheeler Pension Plan as the rules governing these schemes provide an unconditional right to a refund assuming the gradual settlement of the scheme's liabilities over time until all members have left the schemes.

The Group's contributions to defined contribution schemes are charged to the income statement in the period to which the contributions relate.

The Group operates a SERP pension arrangement in the US for certain employees. Contributions are paid into a separate investment vehicle and invested in a portfolio of US funds that are recognised by the Group in other investments with a corresponding liability in other non-current liabilities. Investments are carried at fair value. The fair value of listed equity investments and mutual funds is based on quoted market prices and so the fair value measurement can be categorised in Level 1 of the fair value hierarchy.

Provisions

Provisions are recognised where the Group is deemed to have a legal or constructive obligation, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate of the obligation can be made. Where amounts provided are payable after more than one year the estimated liability is discounted using an appropriate rate of interest.

The Group has taken internal and external advice in considering known and reasonably likely legal claims made by or against the Group. It carefully assesses the likelihood of success of a claim or action. Appropriate provisions are made for legal claims or actions against the Group on the basis of likely outcome, but no provisions are made for those which, in the view of management, are unlikely to succeed.

See note 19 for further details.

Possible but not probable liabilities are disclosed as contingent liabilities in note 33.

Share based charges relating to employee share schemes

The Group has recorded share based charges in relation to a number of employee share schemes.

Charges are recorded in the income statement as an employee benefit expense for the fair value of share options (as at the grant date) expected to be exercised under the Executive Share Option Schemes ('ESOS') and the Long Term Retention Plan ('LTRP'). Amounts are accrued over the vesting period with the corresponding credit recorded in retained earnings.

Options are also awarded under the Group's Long Term Plan ('LTP') which is the incentive scheme in place for executive directors and certain senior executives. The charge for options awarded under the LTP is based on the fair value of those options at the grant date, spread over the vesting period. The corresponding credit is recorded in retained earnings. For awards that have a market related performance measure, the fair value of the market related element is calculated using a Monte Carlo simulation model.

The Group has an Employee Share Plan under which employees contribute regular monthly amounts which are used to purchase shares over a one year period. At the end of the year the participating employees are awarded one free share for every two shares purchased providing they remain in employment for a further year. A charge is calculated for the award of free shares and accrued over the vesting period with the corresponding credit taken to retained earnings.

For further details of these schemes, please see note 21 and the Directors Remuneration Report.

Share capital

John Wood Group PLC has one class of ordinary shares and these are classified as equity. Dividends on ordinary shares are not recognised as a liability or charged to equity until they have been approved by shareholders.

The Group is deemed to have control of the assets, liabilities, income and costs of its employee share trusts, therefore they have been consolidated in the financial statements of the Group. Shares acquired by and disposed of by the employee share trusts are recorded at cost. The cost of shares held by the employee share trusts is deducted from equity.

Segmental reporting

The Group has determined that its operating segments are based on management reports reviewed by the Chief Operating Decision Maker ('CODM'), the Group's Chief Executive. The Group's reportable segments are Asset Solutions Europe, Africa, Asia, Australia ('Asset Solutions EAAA'), Assets Solutions Americas ('AS Americas'), Specialist Technical Solutions ('STS'), Environment and Infrastructure Solutions ('E&IS') and Investment Services.

Asset Solutions is focused on increasing production, improving efficiency, reducing cost and extending asset life across energy and industrial markets and provides initial design, construction, operations, maintenance and decommissioning services. STS provides a range of specialist, largely technology related services focused on solving complex technological challenges across a broad range of energy and industrial sectors. E&IS provides consulting, engineering, project and construction management services to a range of sectors including government, water, transport, energy and pharmaceuticals. Investment Services manages a range of legacy or non-core businesses and investments with a view to generating value via remediation and restructuring prior to their eventual disposal.

The Chief Executive measures the operating performance of these segments using 'Adjusted EBITA' (Earnings before interest, tax and amortisation). Operating segments are reported in a manner consistent with the internal management reports provided to the Chief Executive who is responsible for allocating resources and assessing performance of the operating segments.

Assets and liabilities held for sale

Disposal groups are classified as assets and liabilities held for sale if it is highly probable that they will be recovered primarily through sale rather than continuing use. Disposal groups are measured at the lower of carrying value and fair value less costs to sell and their assets and liabilities are presented separately from other assets and liabilities on the balance sheet.

Research and development government credits

The Group claims research and development government credits in the UK, US and Canada. These credits are similar in nature to grants and are offset against the related expenditure category in the income statement. The credits are recognised when there is reasonable assurance that they will be received, which in some cases can be some time after the original expense is incurred.

Disclosure of impact of new and future accounting standards

(a) Amended standards and interpretations

The following standards and interpretations apply for the first time to accounting periods commencing on or after 1 January 2018:

- IFRS 15 'Revenue from contracts with customers' has replaced IAS 18 'Revenue' and IAS 11 'Construction Contracts' and establishes a framework for determining how much and when revenue is recognised. The impact of the application of IFRS 15 on the Group's financial statements is not material as set out below.
- IFRS 9 'Financial 'instruments' has replaced IAS 39 'Financial Instruments: Recognition and Measurement' and sets out the requirements for recognising and measuring financial assets and financial liabilities. The impact of the application of IFRS 9 on the Group's financial statements is not material as set out below.

Impact of application of IFRS 15

The Group has adopted IFRS 15 using the cumulative effect method from 1 January 2018. Accordingly, the information presented for 2017 has not been restated and is presented as previously reported under IAS 18, IAS 11 and related interpretations.

The Group reviewed its revenue recognition processes from a sample of contracts in both legacy Wood Group and legacy Amec Foster Wheeler businesses. The main areas of focus and judgement are listed below but, in summary, no material changes have resulted from the adoption of the new standard.

- The Group has a number of contracts that include engineering man-hours and procurement activity where the engineering and procurement elements were previously accounted for separately. In the majority of cases, these are now accounted for as a single performance obligation under IFRS 15, however the differences arising from this change are immaterial and have not been adjusted in the financial statements.

- The Group carries out low margin procurement activity on certain contracts for customers. As part of the IFRS 15 transition, these contracts were reviewed to assess whether the Group was acting as 'principal' or 'agent'. Where the Group controls the goods before title passes to the customer then the Group is acting as principal and the related revenue is recognised. The review did not identify any instances where the conclusion reached in its principal versus agent assessment was incorrect.
- The Group has a number of contracts that give the right to profit based on achievement of key performance indicators (KPI's). Under IFRS 15, an estimate of variable consideration must be made at the start of the contract although any revenue and profit recognised is constrained to the extent that it is highly probable there will not be a significant reversal in future periods. Historically, the Group's approach to recognising KPI revenue has been to recognise revenue only when the contract is sufficiently far advanced, it is probable that the performance targets have been achieved and payment can be measured reliably. Consequently, the application of IFRS 15 did not result in a material change to revenue and profit recognised in the period.
- The Group carries out fixed price or lump sum contracts for services and construction contracts. These contracts were reviewed to determine the appropriate method to measure the Group's performance over time and recognise revenue in accordance with IFRS 15. The Group continues to recognise revenue according to the stage of completion reached in the contract by measuring the proportion of costs incurred for work performed to date to estimated total contract costs. No IFRS 15 differences were identified.

The Group has updated its revenue recognition processes and accounting policies for these areas to ensure that it is in compliance with IFRS 15.

Impact of application of IFRS 9

IFRS 9 sets out the requirements for recognising and measuring financial assets and financial liabilities. The application of IFRS 9 has had no material impact on the Group's financial statements. Credit losses incurred in the three years to 31 December 2017 amounted to around 0.05% of revenue. Credit losses in the year to 31 December 2018 amounted to $3.1m, which represents 0.02% of revenue. There were no material areas of judgement in reaching this conclusion.

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

The following standard has been published and is mandatory for the Group's accounting periods beginning on 1 January 2019, but the Group has not early adopted it:

IFRS 16

IFRS 16 'Leases' is effective for accounting periods beginning on or after 1 January 2019. 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 estimated impact that the initial application of IFRS 16 will have on its consolidated financial statements, as described below. The actual impact of adopting the standard on 1 January 2019 may change and the new accounting policies are subject to change until the Group presents its first financial statements that include the date of initial application.

Transition

The Group will apply IFRS 16 initially on 1 January 2019, using the modified retrospective approach. The cumulative effect of adopting IFRS 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparative information. The Group will recognise new assets and liabilities for its operating leases of property, vehicles and other assets. The nature of expenses related to those leases will now change because the Group will recognise 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. No significant impact is expected for the Group's finance leases.

Based on the information currently available, the Group estimates that it will recognise additional lease liabilities of around $650m at 1 January 2019. Depreciation and interest in 2019 are expected to increase by circa $140m and $30m respectively with operating lease rentals reducing by a corresponding amount. Consequently, adjusted EBITA is expected to increase by around $30m and adjusted EBITDA by $170m.

All other amendments not yet effective and not included above are not material or applicable to the Group.

1 Segmental reporting

The Group operates through five segments, Asset Solutions EAAA, Asset Solutions Americas, Specialist Technical Solutions, Environment & Infrastructure Solutions and Investment Services.

Under IFRS 11 'Joint arrangements', the Group is required to account for joint ventures using equity accounting, however for management reporting the Group uses proportional consolidation, hence the inclusion of the proportional presentation in this note.

The segment information provided to the Group's Chief Executive for the operating segments for the year ended 31 December 2018 includes the following:

Operating Segments	Revenue		Adjusted EBITDA[1]		Adjusted EBITA[1]		Operating profit	
	Year ended 31 Dec 2018 $m	Year ended 31 Dec 2017 $m	**Year ended 31 Dec 2018 $m**	Year ended 31 Dec 2017 $m	**Year ended 31 Dec 2018 $m**	Year ended 31 Dec 2017 $m	**Year ended 31 Dec 2018 $m**	Year ended 31 Dec 2017 $m
Asset Solutions EAAA	**4,072.0**	2,619.2	**257.1**	162.6	**231.4**	139.8	**74.0**	57.1
Asset Solutions Americas	**3,761.6**	2,387.2	**226.9**	179.8	**204.8**	157.7	**100.9**	69.0
Specialist Technical Solutions	**1,564.9**	755.9	**152.3**	85.8	**148.2**	82.1	**113.7**	61.9
Environment & Infrastructure Solutions	**1,385.1**	321.3	**96.2**	26.0	**90.7**	24.7	**55.5**	12.1
Investment Services	**252.4**	85.4	**36.3**	5.3	**31.9**	5.3	**24.1**	1.2
Central costs[2]	**-**	-	**(75.0)**	(36.4)	**(77.1)**	(38.0)	**(178.4)**	(147.0)
Total including joint ventures	**11,036.0**	6,169.0	**693.8**	423.1	**629.9**	371.6	**189.8**	54.3
Remove share of joint ventures	**(1,021.6)**	(774.6)	**(83.3)**	(61.9)	**(71.0)**	(52.2)	**(58.9)**	(49.2)
Total	**10,014.4**	5,394.4	**610.5**	361.2	**558.9**	319.4	**130.9**	5.1
Share of post-tax profit from joint ventures							**34.4**	31.3
Operating profit							**165.3**	36.4
Finance income							**5.3**	2.8
Finance expense							**(117.1)**	(60.8)
Profit before taxation from continuing operations							**53.5**	(21.6)
Taxation							**(61.1)**	(8.4)
Loss for the year from continuing operations							**(7.6)**	(30.0)

Notes

1. A reconciliation from Operating profit (before exceptional items) to Adjusted EBITA and Adjusted EBITDA is provided in the table below. Adjusted EBITDA represents Adjusted EBITA before depreciation of property plant and equipment of $63.9m (2017 : $51.5m). Adjusted EBITA and Adjusted EBITDA are provided as they are units of measurement used by the Group in the management of its business.
2. Central costs include 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.

Reconciliation of Operating profit to Adjusted EBITA and Adjusted EBITDA	**2018 $m**	2017 $m
Operating profit per income statement	**165.3**	36.4
Share of joint venture finance expense	**8.1**	3.4
Share of joint venture tax	**16.4**	14.5
Operating profit (including share of joint ventures)	**189.8**	54.3
Continuing exceptional items (including joint ventures)	**191.3**	176.0
Adjusted EBIT	**381.1**	230.3
Amortisation (note 9)	**246.3**	139.4
Amortisation (joint ventures)	**2.5**	1.9
Adjusted EBITA	**629.9**	371.6
Depreciation (note 10)	**51.6**	41.8
Depreciation (joint ventures)	**12.3**	9.7
Adjusted EBITDA	**693.8**	423.1

1 Segmental Reporting (continued)

Other segment items

At 31 December 2018	Asset Solutions EAAA $m	Asset Solutions Americas $m	Specialist Technical Solutions $m	Environment and Infrastructure Solutions $m	Investment Services $m	Unallocated $m	Total $m
Capital expenditure							
PP&E	**13.6**	**15.6**	**2.1**	**3.7**	**0.5**	**1.5**	**37.0**
Intangible assets	**28.4**	**11.4**	**3.9**	**0.4**	**-**	**14.2**	**58.3**
Non-cash expense							
Depreciation	**16.2**	**22.0**	**4.1**	**5.5**	**1.7**	**2.1**	**51.6**
Amortisation	**85.9**	**92.0**	**26.5**	**32.6**	**-**	**9.3**	**246.3**
Exceptional items	**44.6**	**11.2**	**3.6**	**0.4**	**6.8**	**40.4**	**107.0**
At 31 December 2017							
Capital expenditure							
PP&E	9.1	9.1	2.6	0.4	0.1	0.8	22.1
Intangible assets	20.1	24.7	4.8	0.1	-	7.3	57.0
Non-cash expense							
Depreciation	13.3	21.9	3.7	1.3	-	1.6	41.8
Amortisation	33.5	80.3	16.2	8.1	0.9	0.4	139.4
Exceptional items	42.9	3.7	2.3	3.4	2.4	45.1	99.8

The figures in the tables above are prepared on an equity accounting basis and therefore exclude the share of joint ventures.

Depreciation in respect of joint ventures totals $12.3m (2017: $9.7m) and joint venture amortisation amounts to $2.5m (2017: $1.9m).

Geographical segments

	Non-current assets		Continuing revenue	
	2018 $m	2017 $m	**2018 $m**	2017 $m
United Kingdom	**1,226.7**	1,269.6	**1,327.2**	900.5
United States of America	**3,557.3**	3,725.2	**4,286.8**	2,253.0
Canada	**769.9**	887.0	**679.6**	373.6
Australia	**135.5**	170.2	**500.2**	303.9
Kuwait	**164.7**	172.4	**339.9**	113.2
Kazakhstan	**26.1**	27.8	**249.8**	164.1
Saudi Arabia	**84.7**	87.2	**193.2**	103.2
Rest of the world	**1,134.9**	1,220.7	**2,437.7**	1,182.9
	7,099.8	7,560.1	**10,014.4**	5,394.4

Non-current assets includes goodwill and other intangible assets, property plant and equipment, investment in joint ventures and other investments.

Revenue by geographical segment is based on the location of the ultimate project. Revenue is attributable to the provision of services.

2 Revenue

In the following table, revenue is disaggregated by primary geographical market and major service line. The tables provided below analyse total revenue including the Group's share of joint venture revenue.

Primary geographical market	AS EAAA 2018 $m	AS EAAA 2017 $m	AS Americas 2018 $m	AS Americas 2017 $m	STS 2018 $m	STS 2017 $m	E&IS 2018 $m	E&IS 2017 $m	Investment Services 2018 $m	Investment Services 2017 $m	Total 2018 $m	Total 2017 $m
USA	**293.4**	298.6	**3,073.4**	1,854.2	**252.9**	187.2	**894.1**	174.1	**64.1**	25.8	**4,577.9**	2,539.9
Europe	**1,608.6**	1,078.6	**5.6**	0.5	**753.1**	392.1	**194.8**	63.7	**130.7**	42.5	**2,692.8**	1,577.4
Rest of the world	**2,170.0**	1,242.0	**682.6**	532.5	**558.9**	176.6	**296.2**	83.5	**57.6**	17.1	**3,765.3**	2,051.7
Revenue including joint ventures	**4,072.0**	2,619.2	**3,761.6**	2,387.2	**1,564.9**	755.9	**1,385.1**	321.3	**252.4**	85.4	**11,036.0**	6,169.0
Major service lines												
Capital Projects	**1,477.5**	428.3	**1,670.9**	1,418.2	**-**	-	**129.2**	35.7	**-**	-	**3,277.6**	1,882.2
Operations Services	**1,738.5**	1,325.0	**1,124.5**	932.0	**-**	-	**-**	-	**-**	-	**2,863.0**	2,257.0
Automation and Control	**-**	-	**-**	-	**414.0**	335.2	**-**	-	**-**	-	**414.0**	335.2
Subsea and Export Systems	**-**	-	**-**	-	**114.5**	109.8	**-**	-	**-**	-	**114.5**	109.8
Nuclear	**-**	-	**-**	-	**283.7**	65.6	**-**	-	**-**	-	**283.7**	65.6
Mining & Minerals	**-**	-	**-**	-	**456.7**	79.1	**-**	-	**-**	-	**456.7**	79.1
Technology and Consulting	**-**	-	**-**	-	**296.0**	166.2	**-**	-	**-**	-	**296.0**	166.2
Environment & Infrastructure	**14.1**	16.5	**-**	-	**-**	-	**1,255.9**	285.6	**-**	-	**1,270.0**	302.1
Turbines	**672.1**	638.0	**-**	-	**-**	-	**-**	-	**-**	-	**672.1**	638.0
Industrial Power and Manufacturing	**86.8**	72.7	**927.6**	26.1	**-**	-	**-**	-	**136.8**	43.9	**1,151.2**	142.7
Other	**83.0**	138.7	**38.6**	10.9	**-**	-	**-**	-	**115.6**	41.5	**237.2**	191.1
Revenue including joint ventures	**4,072.0**	2,619.2	**3,761.6**	2,387.2	**1,564.9**	755.9	**1,385.1**	321.3	**252.4**	85.4	**11,036.0**	6,169.0

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

Revenue (including joint ventures) in 2018 included $7,557.0m (or 68%) from reimbursable contracts and $3,479.0m (32%) from lump sum contracts. The equivalent figures for revenue from continuing operations, which excludes joint venture revenue, are $6,761.6m (68%) from reimbursable contracts and $3,252.8m (32%) from lump sum contracts. Revenue from lump sum contracts is calculated based on an estimate and the amount recognised could increase or decrease.

Contract assets and liabilities

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

	2018 $m	2017 $m
Trade receivables	**1,287.1**	1,426.8
Gross amounts due from customers	**935.1**	804.8
Gross amounts due to customers	**(407.5)**	(450.8)
	1,814.7	1,780.8

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

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

2 Revenue (continued)

Restatement of balances at 31 December 2017

Unbilled income of $278.3m that was included as Trade receivables in the December 2017 balance sheet was reallocated to Gross amounts due from customers in the Group's 2018 interim accounts. This reclassification was booked to ensure consistency in presentation between similar balances in legacy Wood Group and legacy AFW.

The reclassification referred to on page 92 has resulted in the reclassification of $31.6m to gross amounts due from customers and $14.9m to gross amounts due to customers at 31 December 2017. $12.9m of gross amounts due from customers at 31 December 2017 was also written down as a measurement period fair value adjustment in relation to the acquisition of Amec Foster Wheeler.

These reclassifications do not affect net assets.

3 Finance expense/(income)

	2018 $m	2017 $m
Interest payable on senior loan notes	**14.1**	14.1
Interest payable on borrowings	**67.8**	20.8
Amortisation of bank facility fees	**3.9**	1.6
Interest expense – retirement benefit obligations (note 31)	**-**	2.6
Unwinding of discount on deferred and contingent consideration liabilities	**1.0**	2.3
Unwinding of discount on asbestos provision	**9.7**	4.0
Unwinding of discount on other liabilities	**4.6**	0.6
Other interest expense	**16.0**	6.3
Finance expense – pre-exceptional items	**117.1**	52.3
Bank fees relating to Amec Foster Wheeler acquisition	**-**	8.5
Finance expense – continuing operations	**117.1**	60.8
Interest receivable	**(4.8)**	(2.8)
Interest income – retirement benefit obligations (note 31)	**(0.5)**	-
Finance income	**(5.3)**	(2.8)
Finance expense – continuing operations – net	**111.8**	58.0

Net interest expense of $8.1m (2017: $3.4m) has been deducted in arriving at the share of post-tax profit from joint ventures.

The unwinding of discount on the asbestos provision comprises $10.8m per note 19 less $1.1m relating to the unwinding of discount on long term asbestos receivables.

4 Profit before taxation

	2018 $m	2017 $m
The following items have been charged/(credited) in arriving at profit before taxation:		
Employee benefits expense (note 30)	**4,558.2**	2,741.6
Depreciation of property plant and equipment (note 10)	**51.6**	41.8
Amortisation of intangible assets (note 9)	**246.3**	139.4
Loss/(gain) on disposal of property plant and equipment	**1.4**	(1.3)
Other operating lease rentals payable:		
- Plant and machinery	**35.5**	22.9
- Property	**178.0**	110.7
Foreign exchange (gains)/losses	**(11.7)**	0.7

Depreciation of property plant and equipment is included in cost of sales or administrative expenses in the income statement. Amortisation of intangible assets is included in administrative expenses in the income statement.

Services provided by the Group's auditors and associate firms

During the year the Group obtained the following services from its auditors, KPMG and associate firms at costs as detailed below:

	2018 $m
Fees payable to the Group's auditors and its associate firms for -	
Audit of parent company and consolidated financial statements	**4.0**
Audit of financial statements of subsidiaries of the company	**3.0**
Audit related assurance services	**0.3**
Tax and other services	**0.1**
	7.4

The ratio of audit related services to other non-audit services is 1.00 : 0.01.

In 2017, Group obtained the following services from the previous auditors, PwC and associate firms at costs as detailed below:

	2017 $m
Fees payable to the Group's auditors and its associate firms for -	
Audit of parent company and consolidated financial statements	1.0
Audit of financial statements of subsidiaries of the company	2.9
Reporting accountant and due diligence services in relation to AFW acquisition	2.5
Tax and other services	0.2
	6.6

5 Exceptional items

	2018 $m	2017 $m
Exceptional items included in continuing operations		
Acquisition costs in respect of the acquisition of Amec Foster Wheeler	**-**	58.9
Redundancy, restructuring and integration costs	**71.7**	51.4
Arbitration settlement provision	**10.4**	19.2
Investigation support costs	**26.3**	8.2
GMP equalisation	**31.9**	-
Impairment of investment in EthosEnergy	**41.4**	28.0
Impairments recorded by EthosEnergy	**9.6**	1.1
Other write offs relating to EthosEnergy	**-**	9.2
	191.3	176.0
Bank fees relating to Amec Foster Wheeler acquisition	**-**	8.5
	191.3	184.5
Tax credit	**(8.5)**	(19.4)
Continuing operations exceptional items, net of tax	**182.8**	165.1

Redundancy, restructuring and integration costs of $71.7m (2017: $51.4m) have been incurred during the year. The total includes $41.8m (2017: $14.1m) of integration costs and $23.8m (2017: $28.1m) of redundancy and restructuring costs in relation to the acquisition of Amec Foster Wheeler as well as $6.1m (2017: $9.2m) of costs relating to onerous property leases.

A charge of $10.4m was recorded in relation to a legacy contract carried out by the Group's Gas Turbine Services business prior to the formation of EthosEnergy. An arbitration hearing was held in relation to a dispute between the Group and a former subcontractor and this amount represents the additional provision required to cover the settlement and related legal costs, $19.2m having already been provided in 2017.

Investigation support costs of $26.3m (2017: $8.2m) have been incurred during the year in relation to ongoing investigations by the US Securities and Exchange Commission, the US Department of Justice and UK Serious Fraud Office. See note 33 for full details.

A court ruling passed in October 2018 provided clarity in respect of Guaranteed Minimum Pension ('GMP') equalisation in relation to UK defined benefit pension schemes. As a result, the Group has allowed for GMP equalisation in determining its UK defined benefit scheme liabilities with the increase in liabilities arising of $31.9m being recorded as an exceptional charge in the year.

In June 2018, the Group carried out an impairment review of its investment in the EthosEnergy joint venture. The recoverable amount of the investment, based on management's estimate of fair value less costs of disposal of $29.0m, is lower than the book value and an impairment charge of $41.4m has been booked in the income statement (see note 11). An impairment charge of $28.0m was recorded in 2017. The Group's share of EthosEnergy's exceptional write offs in 2018 was $9.6m (2017: $1.1m) and this included restructuring and redundancy costs and write downs in relation to its Power Solutions business.

In 2017, the Group incurred acquisition costs of $58.9m in relation to the acquisition of Amec Foster Wheeler. These costs included broker fees and legal fees as well as other advisory and regulatory fees. In addition, $8.5m of bank fees were expensed in respect of the borrowing facility required to fund the acquisition.

The allocation of continuing exceptionals of $191.3m by segment is as follows – AS EAAA $69.0m, AS Americas $11.9m, STS $8.0m, E&IS $2.6m, Investment Services $7.8m and Central $92.0m.

A tax credit of $8.5m (2017: $19.4m) has been recorded against exceptional items.

6 Taxation

	2018 $m	2017 $m
Current tax		
Current year	**120.4**	87.8
Adjustment in respect of prior years	**(11.9)**	(21.3)
	108.5	66.5
Deferred tax		
Origination and reversal of temporary differences	**(40.7)**	(55.3)
Adjustment in respect of prior years	**(6.7)**	(2.8)
	(47.4)	(58.1)
Total tax charge	**61.1**	8.4
Comprising		
Tax on continuing operations before exceptional items	**69.6**	27.8
Tax on exceptional items in continuing operations	**(8.5)**	(19.4)
Total tax charge	**61.1**	8.4

Tax charged/(credited) to equity	2018 $m	2017 $m
Deferred tax movement on retirement benefit liabilities	**20.5**	(0.7)
Deferred tax relating to share option schemes	**1.1**	5.8
Current tax relating to share option schemes	**(0.4)**	(1.8)
Deferred tax impact of rate change	**(1.8)**	4.2
Tax on derivative financial instruments	**(0.6)**	-
Total charged to equity	**18.8**	7.5

Tax payments differ from the current tax charge primarily due to the time lag between tax charge and payments in most jurisdictions and movements in uncertain tax provisions differing from the timing of any related payments.

6 Taxation (continued)

Reconciliation of applicable tax charge/(credit) at statutory rates to tax charge/(credit)	2018 $m	2017 $m
Profit/(loss) before taxation from continuing operations (excluding profits from and impairment of joint ventures)	**60.5**	(24.9)
Applicable tax charge/(credit) at statutory rates	**10.5**	(16.7)
Effects of:		
Non-deductible expenses	**10.3**	6.9
Non-taxable income	**(1.9)**	(5.0)
Non-deductible expenses - exceptional	**2.2**	18.7
Non-taxable income - exceptional	**(1.0)**	-
Benefit of financing structure	**(10.8)**	(14.3)
Deferred tax recognition:		
Utilisation of deferred tax assets not previously recognised	**-**	(5.4)
Recognition of deferred tax assets not previously recognised	**(1.4)**	(9.4)
Current year deferred tax assets not recognised	**40.4**	45.4
Write off of previously recognised deferred tax assets	**0.1**	3.1
Irrecoverable withholding tax	**29.0**	16.2
Additional US taxes	**5.0**	-
CFC charges	**4.1**	1.1
Uncertain tax provisions	**(5.8)**	6.7
Uncertain tax provisions – prior year adjustments	**(25.5)**	(1.7)
Uncertain tax provisions – prior year adjustments - exceptional	**(2.7)**	(14.9)
Prior year adjustments	**(4.3)**	(7.2)
Prior year adjustments - exceptional	**13.9**	(0.3)
One off impact of tax reform	**-**	(15.7)
Impact of change in rates on deferred tax	**(1.0)**	0.9
Total tax charge	**61.1**	8.4

The weighted average of statutory tax rates was 17.4% in 2018 (2017: 67.1%).

The adjustment in respect of prior years is largely due to the release of uncertain tax provisions as the final outcome on certain issues was agreed with tax authorities during the year or the statute of limitations for audit by the tax authorities expired without challenge.

The one-off impact of tax reform in 2017 was as a result of a reduction in the US tax rate from 1 January 2018, reducing the Group's deferred tax liability, as well as changes in loss utilisation rules in the UK allowing losses that would not otherwise have been accessible to be utilised against future profits.

Net income tax liabilities in the Group balance sheet include $176.9m (2017: $207.4m) relating to uncertain tax positions where management has had to exercise judgement in determining the most likely outcome in respect of the relevant issue. The larger amounts relate to recoverability of withholding taxes ($54.7m, 2017: $61.3m), Group financing ($38.3m, of which $13.8m relates to deferred tax, 2017: $49.7m) and transfer pricing and tax residence ($26.5m, 2017: $36.7m). Where the final outcome on these issues differs to the amounts provided, the Group's tax charge will be impacted.

Of the uncertain tax positions, $81.8m are currently under audit by tax authorities and the provision reflects the maximum potential liability. The outcome of the audits will determine if there is a credit to taxation in 2019. Of the balance, $10.9m will become statute barred for tax authority audit during 2019 if the tax authorities do not commence an audit.

Amounts are netted in the Group balance sheet where corporate tax assets and liabilities are in the same jurisdictions and to the extent there is a legal right of offset.

6 Taxation (continued)

Factors affecting the tax charge in future years

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

As a result of legislation changes following the OECD Base Erosion and Profit Shifting actions as well as US tax reform, the future tax rate is likely to be affected by the following:

- Inter-company financing structures giving rise to a rate benefit have been unwound and as such the rate benefit will not recur. However, this may be partly offset by the deferral of interest deductions which have not been recognised in full in the current year.
- The US has introduced a charge in relation to transactions with group companies. In the current year this charge has been relatively low reflecting the disallowance of interest but it is expected to increase in future years as the tax rate changes from 5% to 10%.
- As part of the US tax reform, a new charge on the profits of overseas subsidiaries of US entities was created, which resulted in a tax charge in the current year. It is anticipated that the charge will reduce in future years reflecting the transfer of subsidiaries out from under US entities in 2018 and 2019 and future relief for foreign tax credits.
- In 2017 and 2018 the Group has accrued tax in relation to a change in tax law in Papua New Guinea resulting in profits of a branch being subject to withholding tax at 15%. In late 2018, the Group received clearance to transfer the business to a separate legal entity in Papua New Guinea with a resulting reduction in the tax charge.

Tax Policy

The Group is committed to complying with all relevant tax laws, rules, regulations and reporting and disclosure requirements wherever it operates. All tax planning undertaken is consistent with the Group's overall strategy and approach to risk. The Group aims to use incentives and reliefs to minimise the tax cost of conducting business but will not use them for purposes which are knowingly contradictory to the intent of the legislation. A full copy of the Group's tax strategy can be found on the Group's website at www.woodplc.com

7 Dividends

	2018 $m	2017 $m
Dividends on ordinary shares		
Final 2017 dividend paid: 23.2 cents per share (Final 2016: 22.5 cents)	**155.3**	83.9
Interim 2018 dividend paid: 11.3 cents per share (Interim 2017: 11.1 cents)	**75.7**	41.7
	231.0	125.6

The directors are proposing a final dividend in respect of the financial year ended 31 December 2018 of 23.7 cents per share. The final dividend will be paid on 16 May 2019 to shareholders who are on the register of members on 26 April 2019. The financial statements do not reflect the final dividend, the payment of which will result in an estimated $158.9m reduction in equity attributable to owners of the parent.

8 Earnings per share

	2018			2017		
	Earnings/(losses) attributable to owners of the parent $m	**Number of shares m**	**Earnings per share cents**	Earnings (losses) attributable to owners of the parent $m	Number of shares m	Earnings per share cents
Basic pre-exceptional	**173.9**	**669.6**	**26.0**	132.7	440.0	30.1
Exceptional items, net of tax	**(182.8)**	**-**	**(27.3)**	(165.1)	-	(37.5)
Basic	**(8.9)**	**669.6**	**(1.3)**	(32.4)	440.0	(7.4)
Effect of dilutive ordinary shares	**-**	**-**	**-**	-	-	-
Diluted	**(8.9)**	**669.6**	**(1.3)**	(32.4)	440.0	(7.4)
Adjusted diluted earnings per share calculation						
Basic	**(8.9)**	**669.6**	**(1.3)**	(32.4)	440.0	(7.4)
Effect of dilutive ordinary shares	**-**	**13.4**	**-**	-	11.3	0.2
	(8.9)	**683.0**	**(1.3)**	(32.4)	451.3	(7.2)
Exceptional items, net of tax	**182.8**	**-**	**26.8**	165.1	-	36.6
Amortisation, net of tax	**218.0**	**-**	**31.9**	107.7	-	23.9
Adjusted diluted	**391.9**	**683.0**	**57.4**	240.4	451.3	53.3
Adjusted basic	**391.9**	**669.6**	**58.5**	240.4	440.0	54.6

As the Group has reported a basic loss per ordinary share, any potential ordinary shares are anti-dilutive and are excluded from the calculation of diluted loss per share. These options could potentially dilute earnings per share in future periods. As adjusted diluted earnings per share is a non-GAAP measure, the potential ordinary shares have not been excluded from this calculation.

The calculation of basic earnings per share is based on the earnings attributable to owners of the parent divided by the weighted average number of ordinary shares in issue during the year excluding shares held by the Group's employee share trusts. For the calculation of adjusted diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of dilutive potential ordinary shares. 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 amortisation, net of tax.

9 Goodwill and other intangible assets

	Goodwill $m	Software and development costs $m	Customer contracts and relationships $m	Order backlog $m	Brands $m	Total $m
Cost						
At 1 January 2018 as reported	5,360.0	358.2	894.6	184.7	730.6	7,528.1
Fair value adjustments in relation to acquisition of Amec Foster Wheeler	132.1	-	-	-	-	132.1
Reallocation	43.2	-	-	-	(43.2)	-
At 1 January as restated	5,535.3	358.2	894.6	184.7	687.4	7,660.2
Exchange movements	(139.8)	(20.2)	(26.8)	(2.5)	(13.2)	(202.5)
Additions	-	58.3	-	-	-	58.3
Acquisitions (note 29)	3.8	-	-	-	-	3.8
Disposals	-	(97.9)	-	-	-	(97.9)
Reclassification	-	5.3	-	-	-	5.3
At 31 December 2018	**5,399.3**	**303.7**	**867.8**	**182.2**	**674.2**	**7,427.2**
Amortisation and impairment						
At 1 January 2018	0.8	245.6	389.1	12.7	9.1	657.3
Exchange movements	-	(16.7)	(17.3)	(0.7)	(0.5)	(35.2)
Amortisation charge	-	81.8	80.4	50.5	33.6	246.3
Disposals	-	(97.9)	-	-	-	(97.9)
At 31 December 2018	**0.8**	**212.8**	**452.2**	**62.5**	**42.2**	**770.5**
Net book value at 31 December 2018	**5,398.5**	**90.9**	**415.6**	**119.7**	**632.0**	**6,656.7**
Cost						
At 1 January 2017	1,706.0	256.8	432.6	-	-	2,395.4
Exchange movements	99.4	16.3	17.4	0.5	3.5	137.1
Additions	-	57.0	-	-	-	57.0
Acquisitions	3,729.9	35.1	444.6	184.2	683.9	5,077.7
Disposals	-	(7.0)	-	-	-	(7.0)
At 31 December 2017	**5,535.3**	**358.2**	**894.6**	**184.7**	**687.4**	**7,660.2**
Amortisation and impairment						
At 1 January 2017	0.8	182.1	318.0	-	-	500.9
Exchange movements	-	11.2	12.6	0.1	0.1	24.0
Amortisation charge	-	59.3	58.5	12.6	9.0	139.4
Disposals	-	(7.0)	-	-	-	(7.0)
At 31 December 2017	**0.8**	**245.6**	**389.1**	**12.7**	**9.1**	**657.3**
Net book value at 31 December 2017	**5,534.5**	**112.6**	**505.5**	**172.0**	**678.3**	**7,002.9**

The carrying value of software held under deferred payment arrangements, which are similar to finance leases, at 31 December 2018 was $7.3m (2017: $14.7m). There were no additions to software held under deferred payment arrangements during the year (2017: $nil).

9 Goodwill and other intangible assets (continued)

The Group acquired Amec Foster Wheeler on 6 October 2017. At 31 December 2017, the Group had not fully finalised its assessment of the fair value of certain AFW assets and liabilities and the 2017 financial statements reflected the provisional assessment of the fair values at the acquisition date. During 2018, the Group has reassessed those fair values as a result of new information obtained about facts and circumstances that existed at the acquisition date, and recorded measurement period adjustments of $159.4m in provisions, $12.9m in trade and other receivables and $17.4m in trade and other payables offset by a $40.7m reduction in deferred tax and a $16.9m reduction in income tax liabilities. These adjustments have increased the goodwill on the transaction by $132.1m.

After completing the assessment of the valuation of the brands intangible assets, $43.2m of the $727.1m brand intangible asset recognised on acquisition of AFW has been reallocated to goodwill to better allocate the consideration paid to assets acquired. The December 2017 balance sheet has been restated accordingly.

In accordance with IAS 36 'Impairment of assets', goodwill was tested for impairment during the year. The impairment tests were carried out by Cash Generating Unit ('CGU'). The Group has five reportable segments and Goodwill is monitored by management at CGU level (there is no goodwill attributable to the Investment Services business). The allocation of Goodwill by CGU is shown in the table below.

Value-in-use calculations have been prepared for each CGU using the cash flow projections included in the financial budgets prepared by management and approved by the Board for 2019. The budget is based on various assumptions including market outlook, resource utilisation, contract backlog, contract margins and assumed contract awards. Adjusted EBITA growth assumed in the 2019 business unit budgets ranges from 8% to 19%. For 2020 a further 2% to 12% adjusted EBITA growth has been assumed. Growth rates of 3% per annum have been assumed from 2021 for Asset Solutions EAAA and Specialist Technical Solutions and 2% per annum for Asset Solutions Americas and Environment and Infrastructure Solutions. The growth rates assumed from 2021 have also been used in the calculation of the terminal value. The growth rates used do not exceed the long-term average growth rates for the regions in which the CGUs operate. The cash flows have been discounted using discount rates appropriate for each CGU, and these are reviewed annually. The pre-tax rates used for the 2018 review are as follows – 11.4% for Asset Solutions EAAA, 11.6% for Asset Solutions Americas, 11.8% for Specialist Technical Solutions and 11.4% for Environment and Infrastructure Solutions (the equivalent post-tax rates are 9.5%, 9.5%, 10.0% and 9.25% respectively).

The carrying value of the goodwill for each CGU is shown in the table below. No goodwill has been written off during the current or prior year.

Cash Generating Unit	Goodwill carrying value ($m)
Asset Solutions EAAA	2,068.5
Asset Solutions Americas	1,796.5
Specialist Technical Solutions	933.7
Environment and Infrastructure Solutions	599.8

The headroom on Asset Solutions EAAA based on the assumptions above was $274.0m. A sensitivity analysis has been performed assuming a 1% reduction in the long-term growth rate and a 1% increase in the discount rate in order to assess the impact of reasonable possible changes to the assumptions used in the impairment review. A 1% reduction in the long-term growth rate would result in an impairment of $79.0m and a 1% increase in the discount rate would result in an impairment of $97.0m. If the adjusted EBITA growth assumed for 2020 and future periods did not materialise then an impairment could result.

The headroom on Environment and Infrastructure Solutions based on the assumptions above was $79.0m. A sensitivity analysis has been performed assuming a 1% reduction in the long-term growth rate and a 1% increase in the discount rate in order to assess the impact of reasonable possible changes to the assumptions used in the impairment review. A 1% reduction in the long-term growth rate would result in an impairment of $47.0m and a 1% increase in the discount rate would result in an impairment of $54.0m. If the adjusted EBITA growth assumed for 2020 and future periods did not materialise then an impairment could result.

The sensitivity analysis did not identify any potential impairments other than those mentioned above for Asset Solutions EAAA and Environment and Infrastructure Solutions.

Intangible assets arising on acquisition include the valuation of customer contracts and relationships, order backlog and brands recognised on business combinations. As part of the annual impairment review, Group management has assessed whether there were any impairment triggers and none were identified.

Customer relationships relate mainly to the acquisition of Amec Foster Wheeler in 2017 and are being amortised over periods of 5 to 13 years. Order backlog relates entirely to the acquisition of AFW and is being amortised over periods of 2 to 5 years. Brands recognised relate entirely to the acquisition of AFW and are being amortised over a 20 year period.

Software and development costs includes internally generated assets with a net book value of $18.0m at 31 December 2018. $6.5m of internally generated intangibles is included in additions in the year.

The software disposals in 2018 relate to the write off of fully depreciated assets that are no longer in use.

10 Property plant and equipment

	Land and Buildings $m	Plant and equipment $m	Total $m
Cost			
At 1 January 2018	123.6	266.4	390.0
Exchange movements	(4.6)	(15.4)	(20.0)
Additions	6.9	30.1	37.0
Acquisitions (note 29)	-	0.6	0.6
Disposals	(8.9)	(36.9)	(45.8)
Reclassifications	(4.5)	4.5	-
Transferred to held for sale (note 29)	(8.1)	(8.2)	(16.3)
At 31 December 2018	**104.4**	**241.1**	**345.5**
Accumulated depreciation and impairment			
At 1 January 2018	37.1	119.4	156.5
Exchange movements	(2.9)	(12.0)	(14.9)
Charge for the year	13.6	38.0	51.6
Disposals	(7.0)	(32.4)	(39.4)
Impairment	0.7	-	0.7
Transferred to held for sale (note 29)	(4.0)	(3.5)	(7.5)
At 31 December 2018	**37.5**	**109.5**	**147.0**
Net book value at 31 December 2018	**66.9**	**131.6**	**198.5**
Cost			
At 1 January 2017	80.7	208.3	289.0
Exchange movements	5.6	13.1	18.7
Additions	1.2	20.9	22.1
Acquisitions	41.9	41.9	83.8
Disposals	(5.8)	(23.6)	(29.4)
Reclassifications	-	5.8	5.8
At 31 December 2017	**123.6**	**266.4**	**390.0**
Accumulated depreciation and impairment			
At 1 January 2017	33.2	84.7	117.9
Exchange movements	1.2	14.0	15.2
Charge for the year	7.9	33.9	41.8
Disposals	(5.6)	(19.9)	(25.5)
Impairment	0.4	2.3	2.7
Reclassifications	-	4.4	4.4
At 31 December 2017	**37.1**	**119.4**	**156.5**
Net book value at 31 December 2017	**86.5**	**147.0**	**233.5**

The net book value of Land and Buildings includes $41.3m (2017: $53.6m) of Long Leasehold and Freehold property and $25.6m (2017: $32.9m) of Short Leasehold property. There were no material amounts in assets under construction at 31 December 2018. There was no material land and buildings or plant and equipment held under finance leases at 31 December 2018 or 2017.

11 Investment in joint ventures

The Group operates a number of joint ventures companies, the most significant of which are its turbine JV's, EthosEnergy Group Limited and RWG (Repair & Overhauls) Limited. The Group has a 51% shareholding in EthosEnergy, a provider of rotating equipment services and solutions to the power, oil and gas and industrial markets. EthosEnergy is based in Aberdeen, Scotland. The Group has a 50% shareholding in RWG, a provider of repair and overhaul services to the oil and gas, power generation and marine propulsion industries. RWG is based in Aberdeen, Scotland.

The assets, liabilities, income and expenses of the EthosEnergy and RWG are shown below. The financial information below has been extracted from the management accounts for these entities.

	EthosEnergy (100%)		RWG (100%)	
	2018 $m	2017 $m	**2018 $m**	2017 $m
Non-current assets	**180.2**	162.1	**42.8**	37.9
Current assets	**631.2**	723.9	**137.5**	126.0
Current liabilities	**(355.7)**	(310.2)	**(63.6)**	(40.9)
Non-current liabilities	**(29.4)**	(114.8)	**(3.1)**	(2.9)
Net assets	**426.3**	461.0	**113.6**	120.1
Wood Group share	**217.4**	235.1	**56.8**	60.1
Impairments and other adjustments	**(188.4)**	(158.1)	**-**	-
Wood Group investment	**29.0**	77.0	**56.8**	60.1
Revenue	**904.5**	842.2	**222.8**	206.0
Cost of sales	**(794.6)**	(722.5)	**(158.7)**	(147.7)
Administrative expenses	**(95.6)**	(93.6)	**(33.0)**	(29.7)
Exceptional items	**(19.0)**	(2.2)	**-**	-
Operating(loss)/profit	**(4.7)**	23.9	**31.1**	28.6
Net finance (expense)/income	**(5.7)**	(5.5)	**0.2**	-
(Loss)/profit before tax	**(10.4)**	18.4	**31.3**	28.6
Tax	**(2.3)**	(8.6)	**(6.4)**	(6.9)
Post-tax (loss)/profit from joint ventures	**(12.7)**	9.8	**24.9**	21.7
Wood Group share	**(6.5)**	5.0	**12.5**	10.9

The Group carried out an impairment review on the valuation of its EthosEnergy joint venture during 2018. Management's estimate of fair value less costs of disposal was $29.0m which was lower than the book value and an impairment charge of $41.4m was recorded in the income statement. The fair value is supported by third party market data. If fair value less costs of disposal are ultimately less than $29.0m then a further impairment will be required. At 31 December 2018, the Group does not believe it is likely that it will dispose of EthosEnergy within the next 12 months and it has not therefore been classified as held for sale.

EthosEnergy's net borrowings, including parent company loans, at 31 December 2018 amounted to $110.6m (2017: $92.6m)

RWG had net borrowings at 31 December 2018 of $2.4m (2017: net cash $9.2m)

The aggregate carrying amount of the Group's other equity accounted joint ventures, which individually are not material, amounted to $82.4m at 31 December 2018 (2017: $102.8m).

11 Investment in joint ventures (continued)

The Group's share of its joint venture income and expenses is shown below.

	2018 $m	2017 $m
Revenue	**1,021.6**	774.6
Cost of sales	**(873.3)**	(650.7)
Administrative expenses	**(79.8)**	(73.6)
Exceptional expense	**(9.6)**	(1.1)
Operating profit	**58.9**	49.2
Net finance expense	**(8.1)**	(3.4)
Profit before tax	**50.8**	45.8
Tax	**(16.4)**	(14.5)
Share of post-tax profit from joint ventures	**34.4**	31.3

The movement in investment in joint ventures is shown below.

	$m
At 1 January 2018	239.9
Exchange movements on retranslation of net assets	(8.5)
Additional investment in joint ventures	3.2
Disposals (note 29)	(20.9)
Share of net liabilities disposed on conversion to subsidiary (note 29)	1.1
Share of profit after tax	34.4
Impairment of investments	(41.4)
Dividends received	(38.5)
Transferred to assets held for sale (note 29)	(1.1)
At 31 December 2018	**168.2**

During 2018, the Group disposed of its interests in two of its equity joint ventures – Voreas S.r.l, and Road Management Services (A13) Holdings Limited. The interests were recorded at $20.9m at the date of disposal. See note 29 for further details of these disposals.

In addition, the Group increased its shareholding in Amec Foster Wheeler Energy and Partners Engineering Company and this company is now accounted for as a subsidiary. The fair value of the investment disposed was $1.1m.

The Group invested an additional $3.2m in Lewis Wind Power Holdings Ltd during the year.

The joint ventures have no significant contingent liabilities to which the Group is exposed, nor has the Group any significant contingent liabilities in relation to its interest in the joint ventures.

A full list of subsidiary and joint venture entities is included in note 37.

Other investments

Other investments include $76.4m (2017: $83.8m) relating to the US SERP referred to in note 31. The SERP invests in a mixture of equities, bonds and money market funds as part of a pension arrangement for US based employees. The liabilities of the SERP are included in non-current liabilities (see note 17).

12 Inventories

	2018 $m	2017 $m
Materials	**4.3**	7.8
Work in progress	**3.7**	2.1
Finished goods and goods for resale	**5.7**	4.3
	13.7	14.2

13 Trade and other receivables

	2018 $m	Restated 2017 $m
Trade receivables	**1,391.9**	1,519.8
Less: provision for impairment of trade receivables	**(104.8)**	(93.0)
Trade receivables – net	**1,287.1**	1,426.8
Gross amounts due from customers	**935.1**	804.8
Prepayments	**157.2**	131.6
Amounts due from joint ventures	**97.2**	131.2
Asbestos related insurance recoveries	**16.3**	18.0
Other receivables	**62.8**	71.8
Trade and other receivables – current	**2,555.7**	2,584.2
Long term receivables – asbestos related insurance recoveries	**90.2**	114.4
Long term receivables - other	**37.9**	43.1
Total receivables	**2,683.8**	2,741.7

Unbilled income of $278.3m that was included as Trade receivables at 31 December 2017 was reallocated to the Gross amounts due from customers line in the Group's 2018 interim accounts. This reclassification was booked to ensure consistency in presentation between similar balances in legacy Wood Group and legacy AFW.

The adjustment referred to on page 92 has resulted in the reclassification of $31.6m to gross amounts due from customers at 31 December 2017. $12.9m of gross amounts due from customers at 31 December 2017 was also written down as a fair value adjustment in relation to the acquisition of Amec Foster Wheeler.

As at 31 December 2018 the Group had received $153.5m (2017: nil) 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.

Financial assets	2018 $m	2017 $m
Bank deposits (more than three months)	**-**	31.2
Restricted cash	**11.7**	26.5
Derivative financial instruments (note 18)	**2.6**	30.5
	14.3	88.2

The restricted cash of $11.7m (2017: $26.5m) is cash that is subject to an attachment order. Management believe it is appropriate to include the restricted cash balance in the Group's net debt figure (see note 28).

Bank deposits of more than three months at 31st December 2017 were short term instruments held by the Group's insurance captives.

13 Trade and other receivables (continued)

The Group's trade receivables balance is shown in the table below.

31 December 2018	Trade receivables - Gross $m	Provision for impairment $m	Trade receivables – Net $m	Receivable days
Asset Solutions EAAA	**470.4**	**(50.3)**	**420.1**	**62**
Asset Solutions Americas	**396.1**	**(21.9)**	**374.2**	**44**
Specialist Technical Solutions	**197.7**	**(9.1)**	**188.6**	**72**
Environment and Infrastructure Solutions	**263.8**	**(6.2)**	**257.6**	**96**
Investment Services	**63.9**	**(17.3)**	**46.6**	**150**
Total Group	**1,391.9**	**(104.8)**	**1,287.1**	**64**
31 December 2017				
Asset Solutions EAAA	493.8	(48.7)	445.1	76
Asset Solutions Americas	526.8	(24.7)	502.1	52
Specialist Technical Solutions	186.6	(12.5)	174.1	78
Environment and Infrastructure Solutions	242.8	(4.5)	238.3	109
Investment Services	69.8	(2.6)	67.2	64
Total Group	1,519.8	(93.0)	1,426.8	71

Receivable days are calculated by allocating the closing trade receivables balance to current and prior period revenue. A receivable days calculation of 64 indicates that closing trade receivables represent the most recent 64 days of revenue.

A provision for the impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the terms of the original receivables.

The ageing of the provision for impairment of trade receivables is as follows:

	2018 $m	2017 $m
Up to 3 months	**2.1**	1.1
Over 3 months	**102.7**	91.9
	104.8	93.0

The movement on the provision for impairment of trade receivables is as follows:

2018	Asset Solutions EAAA $m	Asset Solutions Americas $m	Specialist Technical Solutions $m	Environment & Infrastructure Solutions $m	Investment Services $m	Total $m
At 1 January	**48.7**	**24.7**	**12.5**	**4.5**	**2.6**	**93.0**
Exchange movements	**(2.5)**	**-**	**-**	**-**	**-**	**(2.5)**
Provided during year	**4.9**	**6.3**	**2.6**	**1.8**	**17.7**	**33.3**
Released during year	**(0.8)**	**(9.1)**	**(6.0)**	**-**	**(3.1)**	**(19.0)**
At 31 December	**50.3**	**21.9**	**9.1**	**6.3**	**17.2**	**104.8**
2017						
At 1 January	12.1	11.9	0.7	-	-	24.7
Exchange movements	1.4	-	0.1	-	-	1.5
Acquisitions	39.0	19.5	15.7	4.3	2.5	81.0
Provided during year	0.7	0.1	0.9	0.6	0.2	2.5
Released during year	(4.5)	(6.8)	(4.9)	(0.4)	(0.1)	(16.7)
At 31 December	48.7	24.7	12.5	4.5	2.6	93.0

The other classes within trade and other receivables do not contain impaired assets.

13 Trade and other receivables (continued)

Included within gross trade receivables of $1,391.9m above (2017: $1,519.8m) are receivables of $449.6m (2017: $581.0m) which were past due but not impaired. These relate to customers for whom there is no recent history or expectation of default. The ageing analysis of these trade receivables is as follows:

	2018 $m	2017 $m
Up to 3 months overdue	**197.9**	365.3
Over 3 months overdue	**251.7**	215.7
	449.6	581.0

The above analysis excludes retentions relating to contracts in progress of $104.5m (2016: $118.5m).

14 Cash and cash equivalents

	2018 $m	2017 $m
Cash at bank and in hand	**1,335.2**	1,205.5
Short-term bank deposits	**17.5**	20.0
	1,352.7	1,225.5

Cash at bank and in hand at 31 December 2018 includes $942.0m (2017: $533.4m) that is part of the Group's cash pooling arrangements and both cash and borrowings are grossed up by this amount in the financial statements.

Cash of $24.2m is included in assets held for sale (see note 29).

The effective interest rate on short-term deposits at 31 December 2018 was 3.2% and these deposits have an average maturity of 59 days.

15 Trade and other payables

	2018 $m	Restated 2017 $m
Trade payables	**1,050.3**	782.7
Gross amounts due to customers	**407.5**	450.8
Other tax and social security payable	**71.8**	74.5
Accruals and deferred income	**567.4**	569.0
Deferred and contingent consideration (note 18)	**21.8**	36.8
Finance leases (note 34)	**9.8**	18.6
Derivative financial instruments	**7.2**	11.8
Amounts due to joint ventures	**3.1**	14.3
Asbestos related payables	**51.2**	50.8
Other payables	**336.0**	293.1
	2,526.1	2,302.4

Gross amounts due to customers included above represent payments on account received in excess of amounts due from customers on fixed price contracts.

The adjustment referred to on page 92 has resulted in the reclassification of trade and other payables to provisions at 31 December 2017. A total of $162.6m has been reclassified, $9.9m from trade payables, $14.9m from amounts due to customers, $62.7m from accruals and $75.1m from other payables. As a result of the remeasurement adjustments recorded in respect of the acquisition of AFW, accruals at 31 December 2017 have been increased by $19.6m and other creditors reduced by $2.2m.

Accruals and deferred income includes amounts due to suppliers and sub-contractors that have not yet been invoiced, unpaid wages, salaries and bonuses.

Deferred and contingent consideration represents amounts payable on acquisitions made by the Group. The amount included in the table above is expected to be paid within one year from the balance sheet date.

16 Borrowings

	2018 $m	2017 $m
Bank loans and overdrafts due within one year or on demand		
Unsecured	**984.5**	543.2
Non-current bank loans		
Unsecured	**1,542.3**	1,961.1
Senior loan notes		
Unsecured	**375.0**	375.0
Total non-current borrowings	**1,917.3**	2,336.1

Borrowings of $942.0m (2017: $533.4m) that are part of the Group's cash pooling arrangements and are netted against cash for internal reporting purposes are grossed up in the short-term borrowings figure above.

Bank overdrafts are denominated in a number of currencies and bear interest based on LIBOR or the relevant foreign currency equivalent.

Total facilities comprise a 5 year $1.75bn revolving credit facility and a $0.9bn 3 year term loan.

The Group has $375.0m of unsecured senior loan notes issued in the US private placement market. The notes mature in 2021, 2024 and 2026 and interest is payable at an average fixed rate of 3.74%. Of the total non-current borrowings of $1,917.3m, $268.3m is denominated in sterling with the balance in US dollars.

The effective interest rates on the Group's bank loans and overdrafts at the balance sheet date were as follows:

	2018 %	2017 %
US dollar	**3.57**	2.58
Sterling	**2.09**	1.80
Euro	**1.15**	1.15
Australian dollar	**2.36**	2.38
Norwegian kroner	**1.34**	1.08

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	2018 $m	2017 $m
US Dollar	**2,177.2**	2,284.9
Sterling	**625.9**	478.1
Euro	**51.0**	8.1
Australian dollar	**35.8**	88.2
Norwegian kroner	**6.7**	14.6
Other	**5.2**	5.4
	2,901.8	2,879.3

The Group is required to issue tender bonds, performance bonds, retention bonds, advance payment bonds and standby letters of credit to certain customers. At 31 December 2018, the Group's bank facilities relating to the issue of bonds, guarantees and letters of credit amounted to $1,720.7m (2017: $1,831.3m). At 31 December 2018, these facilities were 55% utilised (2017: 54%).

Borrowing facilities

The Group has the following undrawn borrowing facilities available at 31 December:

	2018 $m	2017 $m
Expiring within one year	**162.2**	143.5
Expiring between two and five years	**1,091.4**	692.0
	1,253.6	835.5

All undrawn borrowing facilities are floating rate facilities. The facilities expiring within one year are annual facilities subject to review at various dates during 2019. Total facilities comprise a 5 year $1.75bn revolving credit facility expiring in May 2022 and a $0.9bn 3 year term loan expiring in October 2020. The Group was in compliance with its bank covenants throughout the year.

17 Other non-current liabilities

	2018 $m	2017 $m
Deferred and contingent consideration (note 18)	**4.8**	24.4
Finance leases (note 34)	**25.2**	31.4
Other payables	**194.4**	256.5
	224.4	312.3

Deferred and contingent consideration represents amounts payable on acquisitions made by the Group. The amount included in the table above is expected to be paid between one and three years from the balance sheet date.

Other payables include $76.4m (2017: $83.8m) relating to the US SERP pension arrangement referred to in note 31 and unfavourable leases of $70.7m (2017: $115.0m). Unfavourable leases recognised on acquisition are initially measured at fair value, are amortised over the life of the lease and are presented as other payables.

18 Financial instruments

The Group's activities give rise to a variety of financial risks: market risk (including foreign exchange risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management strategy is to hedge exposures wherever practicable in order to minimise any potential adverse impact on the Group's financial performance.

Risk management is carried out by the Group Treasury department in line with the Group's Treasury policies. Group Treasury, together with the Group's business units identify, evaluate and where appropriate, hedge financial risks. The Group's Treasury policies cover specific areas, such as foreign exchange risk, interest rate risk, use of derivative financial instruments and investment of excess cash.

Where the Board considers that a material element of the Group's profits and net assets are exposed to a country in which there is significant geo-political uncertainty a strategy is agreed to ensure that the risk is minimised.

(a) Market risk

(i) Foreign exchange risk

The Group is exposed to foreign exchange risk arising from various currencies. The Group has subsidiary companies whose revenue and expenses are denominated in currencies other than the US dollar. Where possible, the Group's policy is to eliminate all significant currency exposures at the time of the transaction by using financial instruments such as forward currency contracts. Changes in the forward contract fair values are booked through the income statement, except where hedge accounting is used in which case the change in fair value is recorded in equity.

Hedging of foreign currency exchange risk – cash flow hedges

The notional contract amount, carrying amount and fair values of forward contracts and currency swaps designated as cash flow hedges at the balance sheet date are shown in the table below.

	2018 Notional contract amount $m	**2017 Notional contract amount $m**	**2018 Carrying amount and fair value $m**	**2017 Carrying amount and fair value $m**
Current assets	**37.7**	157.9	**0.5**	5.4
Current liabilities	**(50.3)**	(36.4)	**(2.0)**	(0.9)

A net foreign exchange loss of $1.4m (2017: gain $0.7m) was recognised in the hedging reserve as a result of fair value movements on forward contract and currency swaps designated as cash flow hedges.

18 Financial instruments (continued)

Hedging of foreign currency exchange risk – fair value through income statement

The notional contract amount, carrying amount and fair value of all other forward contracts and currency swaps at the balance sheet date are shown in the table below.

	2018 Notional contract amount $m	2017 Notional contract amount $m	2018 Carrying amount and fair value $m	2017 Carrying amount and fair value $m
Current assets	**236.4**	973.8	**2.1**	24.5
Current liabilities	**(160.4)**	(651.7)	**(1.9)**	(10.9)

The Group's largest foreign exchange risk relates to movements in the sterling/US dollar exchange rate. Movements in the sterling/US dollar rate impact the translation of sterling profit earned in the UK and the translation of sterling denominated net assets. The potential impact of changes in the sterling/US dollar exchange rate is summarised in the table below. As the Group reports in US dollars a weakening of the pound has a negative impact on translation of its sterling companies' profits and net assets.

	2018 $m	2017 $m
Impact of 10% increase to average £/$ exchange rate on profit after tax	**(2.4)**	(4.0)
Impact of 10% increase to closing £/$ exchange rate on equity	**134.2**	178.1

10% has been used in these calculations as it represents a reasonable possible change in the sterling/US dollar exchange rate. The Group also has foreign exchange risk in relation a number of other currencies, such as the Australian dollar, the Canadian dollar and the Euro.

(ii) Interest rate risk

The Group finances its operations through a mixture of retained profits and debt. The Group borrows in the desired currencies at a mixture of fixed and floating rates of interest and then uses interest rate swaps to generate the desired interest profile and to manage the Group's exposure to interest rate fluctuations. At 31 December 2018, 21% (2017: 15%) of the Group's borrowings were at fixed rates after taking account of interest rate swaps. The Group is also exposed to interest rate risk on cash held on deposit. The Group's policy is to maximise the return on cash deposits and where possible, deposit cash with a financial institution with a credit rating of 'A' or better.

Hedging of interest rate risk – cash flow hedges

The notional contract amount, carrying amount and fair value of interest rate swaps designated as cash flow hedges at the balance sheet date are shown in the table below.

	2018 Hedged amount $m	2017 Hedged amount $m	2018 Carrying amount and fair value $m	2017 Carrying amount and fair value $m
Interest rate swaps	**250.0**	60.0	**(3.3)**	0.6

A net foreign exchange loss of $3.3m (2017: gain $0.6m) was recognised in the hedging reserve as a result of fair value movements on interest rate swaps designated as cash flow hedges.

If average interest rates had been 1% higher or lower during 2018 (2017: 1%), post-tax profit for the year would have been $13.9m lower or higher respectively (2017: $4.5m). 1% has been used in this calculation as it represents a reasonable possible change in interest rates.

(iii) Price risk

The Group is not exposed to any significant price risk in relation to its financial instruments.

18 Financial instruments (continued)

(b) Credit risk

The Group's credit risk primarily relates to its trade receivables. Responsibility for managing credit risk lies within the businesses with support being provided by Group and divisional management where appropriate.

The credit risk associated with customers is considered as part of each tender review process and is addressed initially through contract payment terms. Trade finance instruments such as letters of credit, bonds, guarantees and credit insurance are used to manage credit risk where appropriate. Credit control practices are applied thereafter during the project execution phase. A right to interest and suspension is normally sought in all contracts. There is significant management focus on customers that are classified as high risk in the current challenging market although the Group had no material write offs in the year.

The Group's major customers are typically large companies which have strong credit ratings assigned by international credit rating agencies. Where a customer does not have sufficiently strong credit ratings, alternative forms of security such as the trade finance instruments referred to above may be obtained.

The Group has a broad customer base and management believe that no further credit risk provision is required in excess of the provision for impairment of trade receivables.

Management review trade receivables across the Group based on receivable days calculations to assess performance. A table showing trade receivables and receivable days is provided in note 13. Receivable days calculations are not provided on non-trade receivables as management do not believe that this information is a relevant metric.

The maximum credit risk exposure on cash and cash equivalents and bank deposits (more than three months) at 31 December 2018 was $1,388.6m (2017: $1,283.2m). The Group treasury department monitors counterparty exposure on a global basis to avoid any over exposure to any one counterparty.

The Group's policy is to deposit cash at institutions with a credit rating of 'A' or better where possible. 100% of cash held on deposit at 31 December 2018 was held with such institutions.

(c) Liquidity risk

The Group's policy is to ensure the availability of an appropriate amount of funding to meet both current and future forecast requirements consistent with the Group's budget and strategic plans. The Group will finance operations and growth from its existing cash resources and the $1,253.6m undrawn portion of the Group's committed banking facilities. At 31 December 2018, 100% (2017: 100%) of the Group's principal borrowing facilities (including senior loan notes) were due to mature in more than one year. Based on the Group's latest forecasts the Group has sufficient funding in place to meet its future obligations.

Total facilities comprise a 5 year $1.75bn revolving credit facility and a $0.9bn 3 year term loan.

The Group has $375m of unsecured senior loan notes issued in the US private placement market. The notes mature in 2021, 2024 and 2026.

(d) Capital risk

The Group seeks to maintain an optimal capital structure by monitoring its ratio of net debt to EBITDA, its interest cover and its gearing ratio.

The ratio of net debt to EBITDA at 31 December 2018 was 2.2 times (2017: 2.4 times). This ratio is calculated in accordance with the methodology prescribed in the Group's bank facility agreement. Net debt and EBITDA are adjusted to exclude the cash and profits of the Group's insurance captives and EBITDA is adjusted to add back share-based charges, to exclude the results of businesses disposed of during the year and to include the results of businesses acquired during the year as if they were acquired on 1 January.

Interest cover is calculated by dividing adjusted EBITA by net finance expense and was 6.4 times for the year ended 31 December 2018 (2017: 5.9 times). This ratio is also calculated in accordance with the methodology prescribed in the bank facility agreement. EBITA is adjusted to exclude the profits of the Group's insurance captives, to add back share-based charges, to exclude the results of businesses disposed of during the year and to include the results of businesses acquired during the year as if they were acquired on 1 January. Interest is adjusted to excluded non-cash interest charges in relation to pensions and discounting of liabilities.

Gearing is calculated by dividing net debt by equity attributable to owners of the parent. Gearing at 31 December 2018 was 33.7% (2017: 33.2%).

Deferred and contingent consideration

Deferred and contingent consideration is payable on the acquisition of businesses based on earn out arrangements and is initially recognised at fair value. The amount payable is dependent 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 based on the relevant Acquisition Approval Paper submitted to the Group Board. Where actual profits are higher or lower than the Group's estimate and the amount of contingent consideration payable is consequently different to the amount estimated then the variance is charged or credited to the income statement. Where deferred and contingent consideration is payable after more than one year the estimated liability is discounted using an appropriate rate of interest. The fair value of contingent consideration is not based on observable market data and as such the valuation method is classified as level 3. The process for valuation is consistently applied to all acquisitions.

18 Financial instruments (continued)

The table below presents the changes in level 3 financial instruments during the year:

Contingent consideration arising from business combinations	2018 $m	2017 $m
At 1 January	**61.2**	92.7
Exchange movements	**(1.0)**	1.8
Amounts provided in relation to new acquisitions	**-**	14.0
Interest relating to discounting of contingent consideration	**1.0**	2.3
Payments during the year	**(36.8)**	(32.1)
Amounts charged/(released) to the income statement	**2.2**	(17.5)
At 31 December	**26.6**	61.2

Financial liabilities

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

At 31 December 2018	Less than 1 year $m	Between 1 and 2 years $m	Between 2 and 5 years $m	Over 5 years $m
Borrowings	**1,053.7**	**958.2**	**805.6**	**316.2**
Trade and other payables	**2,454.3**	**-**	**-**	**-**
Other non-current liabilities	**-**	**150.9**	**76.4**	**-**
At 31 December 2017				
Borrowings	607.8	64.6	2,162.1	327.6
Trade and other payables	2,227.9	-	-	-
Other non-current liabilities	-	224.5	88.8	-

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, financial assets, 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.

The fair value of the US Private Placement debt at 31 December 2018 was $366.9m (book value $375.0m).

Fair values (excluding the fair value of assets and liabilities classified as held for sale) are determined using observable market prices (level 2 as defined by IFRS 13 'Fair Value Measurement') as follows:

- The fair value of forward foreign exchange contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate.
- The fair value of interest rate swaps is estimated by discounting estimated future cash flows based on the terms and maturity of each contract and using market rates.

All derivative fair values are verified by comparison to valuations provided by the derivative counterparty banks.

The Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. During the year ended 31 December 2018 and 31 December 2017, there were no transfers into or out of level 2 fair value measurements.

19 Provisions

	Asbestos related litigation $m	Project related provisions $m	Obligations relating to disposed businesses $m	Other provisions $m	Total $m
At 1 January 2018 as reported	511.6	148.7	101.1	104.5	865.9
Fair value adjustments in relation to the acquisition of Amec Foster Wheeler	-	131.8	-	27.6	159.4
Reclassification (see page 91)	-	92.1	15.1	23.8	131.0
At 1 January 2018 as restated	511.6	372.6	116.2	155.9	1,156.3
Exchange movements	(4.1)	(1.3)	(5.1)	(5.7)	(16.2)
Utilised	(48.1)	(69.3)	(2.9)	(50.4)	(170.7)
Charge to income statement	-	-	-	26.2	26.2
Released to income statement	(7.8)	(5.1)	(12.1)	-	(25.0)
Change in discount rate	(9.0)	-	-	-	(9.0)
Unwinding of discount	10.8	-	-	-	10.8
Reclassifications	-	5.0	-	13.8	18.8
At 31 December 2018	**453.4**	**301.9**	**96.1**	**139.8**	**991.2**
Presented as					
Current	-	104.7	6.5	23.1	134.3
Non-current	453.4	197.2	89.6	116.7	856.9

At 31 December 2017, the Group had not fully finalised its assessment of the fair value of certain AFW assets and liabilities and the 2017 financial statements reflected the provisional assessment of the fair values at the acquisition date. During 2018, the Group has reassessed those fair values as a result of new information obtained about facts and circumstances that existed at the acquisition date, and recorded measurement period adjustments of $159.4m in provisions.

Following the acquisition of AFW, the Group has reviewed the classification of provisions and made adjustments to align the treatment of balances between legacy AFW and legacy Wood Group as well as adjusting for the immaterial classification impact of certain balances following the adoption of IFRS 15. A net amount of $131.0m has been reclassified to provisions with trade and other payables being reduced by $162.6m and trade and other receivables being reduced by $31.6m.

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.

19 Provisions (continued)

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

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

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

The total liability recorded in the Group's balance sheet at 31 December 2018 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.

Asbestos related liabilities and assets recognised on the Group's balance sheet are as follows:

	2018			2017		
	US $m	UK $m	Total $m	US $m	UK $m	Total $m
Asbestos related provision						
Gross provision	**543.3**	**61.7**	**605.0**	589.0	73.2	662.2
Effect of discounting	**(100.4)**	**-**	**(100.4)**	(99.8)	-	(99.8)
Net provision	**442.9**	**61.7**	**504.6**	489.2	73.2	562.4
Insurance recoveries						
Gross recoveries	**(52.2)**	**(57.2)**	**(109.4)**	(66.8)	(68.5)	(135.3)
Effect of discounting	**2.9**	**-**	**2.9**	2.9	-	2.9
Net recoveries	**(49.3)**	**(57.2)**	**(106.5)**	(63.9)	(68.5)	(132.4)
Net asbestos related liabilities	**393.6**	**4.5**	**398.1**	425.3	4.7	430.0
Presented in accounts as follows						
Provisions – non-current			**453.4**			511.6
Trade and other payables			**51.2**			50.8
Trade and other receivables			**(16.3)**			(18.0)
Long term receivables			**(90.2)**			(114.4)
			398.1			430.0

In connection with updating the estimated asbestos liability and related assets, a net interest charge of $9.7m for the time value of money and a yield curve credit of $9.0m for increases in the US Federal funds rate in 2018 have been recorded.

A summary of the Group's US asbestos claim activity is shown in the table below:

Number of open claims	2018 Number	2017 Number
At 1 January	**70,120**	81,720
New claims	**2,700**	3,200
Claims resolved	**(8,450)**	(14,800)
At 31 December	**64,370**	70,120
Claims not valued in liability	**(50,160)**	(54,750)
Open claims valued in liability at 31 December	**14,210**	15,370

Claims not valued in the liability include claims on certain inactive court dockets, claims over six years old that are considered abandoned and certain other items.

19 Provisions (continued)

Based on its review of 2018 activity, the Group's advisors recommended no material changes to the current forecast other than adjustments for payments made in 2018 and the present value of interest. In 2018, the liability for asbestos indemnity and defence costs to 2050 was calculated at gross nominal amount of $543.3m (present value $442.9m), which brought the liability to a level consistent with our advisor's reasonable best estimate. The total asbestos-related liabilities are comprised of estimates for liabilities relating to open (outstanding) claims being valued and the liability for future unasserted claims to 2050.

The estimate takes account of the following information and/or assumptions:

- number of open claims
- forecasted number of future claims
- estimated average cost per claim by disease type – mesothelioma, lung cancer and non-malignancies

The total estimated liability, which has been discounted for the time value of money, includes both the estimate of forecasted indemnity amounts and forecasted defence costs. Total defence costs and indemnity liability payments are estimated to be incurred through to 2050. The Group believes that it is likely that there will be some claims filed after 2050, however these are projected to be minimal.

In the period from 2009 to 2018, the average combined indemnity and defence cost per resolved claim has been approximately $5k. The average cost per resolved claim is increasing and management believe it will continue to increase in the future. A sensitivity analysis on average indemnity settlement and defence costs is included in the table below.

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 following table sets out the sensitivities associated with a change in certain estimates used in relation to the US asbestos-related liabilities:

Assumption	**Impact on asbestos liabilities (range) $m**
25% change in average indemnity settlement amount	60-70
25% change in forecasted number of new claims	50-60
25% change in estimated defence costs	40-50

In addition to the above, the impact on the income statement in the year is sensitive to changes in the discount rate used to calculate the time value of money. A change of 0.1% in the 10 year US federal funds rate would give rise to a change to the income statement charge/credit of approximately $3m.

The Group's subsidiaries have been effective in managing the asbestos litigation, in part, because the Group has access to historical project documents and other business records going back more than 50 years, allowing it to defend itself by determining if the claimants were present at the location of the alleged asbestos exposure and, if so, the timing and extent of their presence. In addition, the Group has identified and validated insurance policies issued since 1952 and has consistently and vigorously defended claims that are without merit and settled meritorious claims for reasonable amounts.

The table below summarises the US asbestos-related net cash impact for indemnity and defence costs and collection of insurance proceeds:

	2018 $m	2017 $m
Asbestos litigation, defence and case resolution payments	**46.6**	50.6
Insurance proceeds	**(14.6)**	(16.4)
Net asbestos related payments	**32.0**	34.2

The Group expects to have a net cash outflow of $35.1m as a result of asbestos liability indemnity and defence payments in excess of insurance proceeds during 2019. This estimate assumes no settlements with insurance companies and no elections by the Group to fund additional payments. As the Group continues to collect cash from insurance settlements, the asbestos-related insurance receivable recorded on our consolidated balance sheet will continue to decrease.

The Group has discounted the expected future cash flows with respect to the asbestos related liabilities and the expected insurance recoveries using discount rates determined by reference to appropriate risk free market interest rates.

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.

19 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 65% complete by value at 31 December 2018 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 representing the expected cost to complete less estimated revenue to be earned. The full amount of this loss has been included in provisions. 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 million above the alleged estimate and that the subsidiary's delays have caused it to suffer continuing monthly damages of $25 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 percent of the contract price (or approximately $100 million). Amec Foster Wheeler has denied the claims and intend 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 $67.0m as at 31 December 2018 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 31 December 2018, the Group held provisions totalling $36.1m 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.

Obligations related to disposed businesses
As described in note 33, 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 31 December 2018, the Group recognised indemnity provisions totalling $96.1m (2017: $116.2m). Indemnity provisions principally relate to businesses that were sold by Amec Foster Wheeler prior to its acquisition by the Group.

Other provisions
At 31 December 2018, other provisions of $139.8m (2017: $155.9m) 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.

20 Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using the tax rate applicable to the territory in which the asset or liability has arisen. The UK rate of corporation tax, currently 19%, will reduce to 17% in April 2020. The Group has provided deferred tax in relation to UK companies at 18% (2017: 18%). The movement on the deferred tax account is shown below:

(Asset)/liability	As at 1 January 2018 $m	Income statement $m	OCI $m	Other $m	As at 31 December 2018 $m
Accelerated capital allowances	10.7	2.2	1.2	0.1	14.2
Intangibles	307.7	(16.5)	(6.2)	(0.4)	284.6
Pension	52.3	(1.1)	15.5	0.1	66.8
Share based charges	(13.6)	(3.3)	1.3	1.9	(13.7)
Other temporary differences	7.8	5.0	(5.5)	1.9	9.2
Provisions	(213.1)	12.0	4.1	(1.8)	(198.8)
Unremitted earnings	48.1	(3.5)	(2.1)	-	42.5
Tax credits	(27.2)	0.5	0.1	25.1	(1.5)
Deferred interest deduction	(0.3)	(17.2)	0.5	-	(17.0)
Losses	(140.1)	(25.5)	4.1	-	(161.5)
Total	**32.3**	**(47.4)**	**13.0**	**26.9**	**24.8**

	As at 1 January 2017 $m	Acquisitions $m	Income statement $m	OCI $m	Other $m	As reported at 31 December 2017 $m	Remeasurement of fair value adjustments $m	Restated as at 31 December 2017 $m
Accelerated capital allowances	41.4	(25.8)	(8.2)	(0.3)	3.6	10.7	-	10.7
Intangibles	13.0	396.6	(114.2)	5.2	(2.6)	298.0	9.7	307.7
Pension	(1.4)	48.0	2.0	4.9	(1.2)	52.3	-	52.3
Share based charges	(17.3)	(3.9)	2.2	5.6	(0.2)	(13.6)	-	(13.6)
Other temporary differences	(9.0)	21.3	30.0	(3.8)	(30.7)	7.8	-	7.8
Provisions	(76.5)	(157.6)	55.6	(0.6)	(2.7)	(181.8)	(31.3)	(213.1)
Unremitted earnings	9.8	51.0	(13.2)	-	0.5	48.1	-	48.1
Tax credits	-	(51.3)	0.4	-	23.7	(27.2)	-	(27.2)
Deferred interest deduction	(10.7)	-	10.4	-	-	(0.3)	-	(0.3)
Losses	(35.9)	(58.6)	(23.1)	(1.7)	(1.7)	(121.0)	(19.1)	(140.1)
Total	**(86.6)**	**219.7**	**(58.1)**	**9.3**	**(11.3)**	**73.0**	**(40.7)**	**32.3**

Deferred tax is presented in the financial statements as follows:

	2018 $m	Restated 2017 $m
Deferred tax assets	**(87.8)**	(108.5)
Deferred tax liabilities	**112.6**	140.8
Net deferred tax liability	**24.8**	32.3

20 Deferred tax (continued)

No deferred tax liability has been recognised in respect of $22,052.9m of unremitted earnings of subsidiaries because the Group is in a position to control the timing of the reversal of the temporary difference and it is not probable that such differences will reverse in the foreseeable future. The amount of unrecognised deferred tax liabilities in respect of these unremitted earnings is estimated to be $22.7m.

Under current legislation, earnings remitted to the UK from subsidiaries located in EEA countries are exempt from tax. Uncertainty over the outcome of Brexit could result in existing tax treaty rates being applied which would result in an estimated increase to the unrecognised deferred tax liability of $7.8m.

Recognition of $65.8m of deferred tax assets in relation to the US tax group is based on forecast profits of the US businesses.

Deferred tax assets and liabilities are only offset where there is a legally enforceable right of offset and there is an intention to settle the balances net.

The deferred tax balance at 31 December 2017 has been restated to reflect the finalisation of the acquisition accounting in relation to Amec Foster Wheeler as described on page 110.

The deferred tax balances are analysed below:-

31 December 2018

	Accelerated capital allowances $m	Intangibles $m	Pension $m	Share based charges $m	Other temporary differences $m	Provisions $m	Unremitted earnings $m	Tax credits $m	Deferred interest deduction $m	Losses $m	Netting $m	Total $m
Deferred tax assets	(30.2)	(129.6)	(6.7)	(13.7)	(12.4)	(198.8)	-	(1.5)	(17.0)	(161.5)	483.6	(87.8)
Deferred tax liabilities	44.4	414.2	73.5	-	21.6	-	42.5	-	-	-	(483.6)	112.6
Net	**14.2**	**284.6**	**66.8**	**(13.7)**	**9.2**	**(198.8)**	**42.5**	**(1.5)**	**(17.0)**	**(161.5)**	**-**	**24.8**

31 December 2017 (restated)

	Accelerated capital allowances $m	Intangibles $m	Pension $m	Share based charges $m	Other temporary differences $m	Provisions $m	Unremitted earnings $m	Tax credits $m	Deferred interest deduction $m	Losses $m	Netting $m	Total $m
Deferred tax assets	(34.5)	(150.1)	(6.7)	(13.6)	(35.3)	(213.1)	-	(27.2)	(0.3)	(140.1)	512.4	(108.5)
Deferred tax liabilities	45.2	457.8	59.0	-	43.1	-	48.1	-	-	-	(512.4)	140.8
Net	**10.7**	**307.7**	**52.3**	**(13.6)**	**7.8**	**(213.1)**	**48.1**	**(27.2)**	**(0.3)**	**(140.1)**	**-**	**32.3**

At 31 December 2018, the expiry dates of unrecognised gross deferred tax assets carried forward are as follows:

	Tax losses $m	Deductible temporary differences $m	Total $m
Expiring within 5 years	1,795.3	101.2	1,896.5
Expiring within 6-10 years	-	85.7	85.7
Expiring within 11-20 years	358.8	-	358.8
Unlimited	2,554.9	875.7	3,430.6
	4,709.0	**1,062.6**	**5,771.6**

21 Share based charges

The Group currently has a number of share schemes that give rise to equity settled share based charges. These are the Executive Share Option Scheme ('ESOS'), the Long Term Retention Plan ('LTRP'), the Long Term Plan ('LTP') and the Employee Share Plan. The charge to operating profit for these schemes for the year amounted to $18.7m (2017: $10.2m) and is included in administrative expenses with the corresponding credit included in retained earnings.

The assumptions made in arriving at the charge for each scheme are detailed below.

ESOS and LTRP

For the purposes of calculating the fair value of the share options, a Black-Scholes option pricing model has been used. Based on past experience, it has been assumed that options will be exercised, on average, six months after the earliest exercise date, which is four years after grant date, and there will be a lapse rate of 25% for ESOS and 20% for LTRP. The share price volatility used in the calculation of 40% is based on the actual volatility of the Group's shares as well as that of comparable companies. The risk free rate of return is based on the implied yield available on zero coupon gilts with a term remaining equal to the expected lifetime of the options at the date of grant.

Long Term Plan

The Group's Long Term Plan ('LTP') was introduced in 2013. There are two distinct awards made under the LTP. Nil value share options are awarded on the same basis as awards under the LTRP (see above). In addition, awards to senior management are made based on achievement of performance measures, these being total shareholder return, adjusted diluted earnings per share and synergies. Participants may be granted conditional share awards or nil cost options at the start of the cycle. Performance is measured over a three year period and up to 80% of an award may vest based on the performance over that period. The vesting of at least 20% of any award is normally deferred for a further period of at least two years.

Performance based awards

Details of the LTP awards are set out in the table below. The charge for market related performance targets has been calculated using a Monte Carlo simulation model taking account of share price volatility against peer group companies, risk free rate of return, dividend yield and the expected lifetime of the award. Further details of the LTP are provided in the Directors' Remuneration Report.

Cycle	6	7	8	9	10	11
Performance period	2013-15	2014-16	2015-17	2016-18	2017-19	2018-20
Fair value of awards	£7.53	£7.26	£5.95	£5.82	£8.54	£6.67
Type of award	Options	Options	Options	Options	Options	Options
Outstanding at 31/12/18	3,136	93,275	79,594	2,543,147	2,004,407	4,427,002

In addition to the awards above, 846,106 (2017: 960,633) options are outstanding at 31 December 2018 in respect of awards made under the Amec Foster Wheeler Long Term Incentive Plan. These awards were converted to Wood Group awards following the acquisition of Amec Foster Wheeler on 6 October 2017. The fair value of these awards is £7.00.

21 Share based charges (continued)

The awards outstanding under cycles 6, 7 and 8 represent 20% of the award at vesting which is deferred for two years.

Further details on the LTP are provided in the Directors' Remuneration Report.

Share options

A summary of the basis for the charge for ESOS, LTRP and LTP options is set out below together with the number of options granted, exercised and lapsed during the year.

	ESOS		LTRP		LTP	
	2018	2017	**2018**	2017	**2018**	2017
Number of participants	**113**	493	**-**	23	**104**	247
Lapse rate	**25%**	25%	**N/A**	20%	**10-20%**	10-20%
Risk free rate of return on grants during year	**N/A**	N/A	**N/A**	N/A	**0.71%-1.05%**	0.07%-0.34%
Share price volatility	**40%**	40%	**N/A**	40%	**40%**	40%
Dividend yield on grants during year	**N/A**	N/A	**N/A**	N/A	**3.91%**	3.60%
Fair value of options granted during year	**N/A**	N/A	**N/A**	N/A	**£4.59-£6.32**	£4.73-£6.81
Weighted average remaining contractual life	**3.8 years**	4.7 years	**N/A**	0.3 years	**2.7 years**	2.5 years
Options outstanding 1 January	**3,026,273**	3,850,154	**73,947**	482,062	**2,036,053**	1,800,364
Options granted during the year	**-**	-	**-**	-	**506,206**	728,736
Options exercised during the year	**(263,922)**	(487,873)	**(70,160)**	(395,739)	**(864,278)**	(355,906)
Options lapsed during the year	**(157,491)**	(336,008)	**(3,787)**	(12,376)	**(35,394)**	(159,621)
Dividends accrued on options	**-**	-	**-**	-	**16,947**	22,480
Options outstanding 31 December	**2,604,860**	3,026,273	**-**	73,947	**1,659,534**	2,036,053
No. of options exercisable at 31 December	**2,604,860**	2,189,367	-	73,947	**85,108**	50,502
Weighted average share price of options exercised during year	**£6.79**	£8.14	**£5.72**	£7.52	**£6.44**	£7.30

Executive Share Option Schemes

The following options to subscribe for new or existing shares were outstanding at 31 December:

Year of Grant	Number of ordinary shares under option 2018	2017	Exercise price (per share)	Exercise period
2008	**-**	25,000	381¾p	2012-2018
2009	**137,250**	178,750	222p	2013-2019
2010	**179,953**	247,114	377½p	2014-2020
2011	**234,135**	325,440	529½p	2015-2021
2012	**459,803**	508,446	680½p	2016-2022
2013	**823,500**	904,617	845⅓p	2017-2023
2014	**770,219**	836,906	767⅔p	2018-2024
	2,604,860	3,026,273		

Share options are granted at an exercise price equal to the average mid-market price of the shares on the three days prior to the date of grant.

Long Term Retention Plan

The following options granted under the Group's LTRP were outstanding at 31 December:

Year of Grant	Number of ordinary shares under option 2018	2017	Exercise price (per share)	Exercise period
2013	**-**	73,947	$4^2/_7$p	2017-2018
	-	73,947		

Options are granted under the Group's LTRP at par value. There are no performance criteria attached to the exercise of options under the LTRP.

21 Share based charges (continued)

Nil value share options

The following options granted under the Group's LTP were outstanding at 31 December:

Year of Grant	Number of ordinary shares under option 2018	2017	Exercise price (per share)	Exercise period
2013	**-**	7,500	0.00p	2017-2018
2014	**74,242**	639,292	0.00p	2018-2019
2015	**-**	43,002	0.00p	2017-2018
2015	**140,000**	163,645	0.00p	2019-2020
2016	**10,866**	235,228	0.00p	2018-2019
2016	**225,000**	237,083	0.00p	2020-2021
2017	**190,303**	190,303	0.00p	2019-2020
2017	**512,917**	520,000	0.00p	2021-2022
2018	**221,236**	-	0.00p	2020-2021
2018	**284,970**	-	0.00p	2022-2023
	1,659,534	2,036,053		

Options are granted under the Group's LTP at nil value. There are performance criteria relating to the creation of the pool available but none relating to the exercise of the options. Further details on the LTP are provided in the Directors' Remuneration Report.

Employee share plan

The Group introduced an Employee Share Plan in 2016. Under the plan employees contribute regular monthly amounts which are used to purchase shares over a one year period. At the end of the year, the participating employees are awarded one free share for every three shares purchased, providing they remain in employment for a further year. During 2018, 157,148 shares were awarded in relation to the first year of the plan and it is anticipated that 225,464 shares in relation to the second year will be awarded in March 2019.

Amec Foster Wheeler also had an Employee Share Plan. Awards under this scheme were converted to Wood Group awards following the acquisition on 6 October 2017. At 31 December 2018, 551,274 (2017: 1,099,016) options were outstanding under this scheme.

22 Share capital

Ordinary shares of $4^2/_7$ pence each (2017: $4^2/_7$ pence) **Issued and fully paid**	**2018** **shares**	**2018** **$m**	2017 shares	2017 $m
At 1 January	**677,692,296**	**40.5**	381,025,384	23.9
Allocation of new shares to employee share trusts	**3,800,000**	**0.2**	2,150,000	0.1
Shares issued in relation to acquisition of Amec Foster Wheeler	**-**	**-**	294,510,217	16.5
Shares issued to satisfy option exercises	**47,073**	**-**	6,695	-
At 31 December	**681,539,369**	**40.7**	677,692,296	40.5

Holders of ordinary shares are entitled to receive any dividends declared by the Company and are entitled to vote at general meetings of the Company.

23 Share premium

	2018 **$m**	2017 $m
At 1 January and 31 December	**63.9**	63.9

The shares allocated to the trust during the year were issued at $4^2/_7$ pence (2017: $4^2/_7$ pence).

24 Retained earnings

	2018 $m	2017 $m
At 1 January	**1,935.2**	2,098.0
Loss for the year attributable to owners of the parent	**(8.9)**	(32.4)
Dividends paid (note 7)	**(231.0)**	(125.6)
Credit relating to share based charges (note 21)	**18.7**	10.2
Share based charges allocated to AFW purchase consideration	**-**	2.1
Re-measurement gain/(loss) on retirement benefit liabilities (note 31)	**118.0**	(1.2)
Movement in deferred tax relating to retirement benefit liabilities	**(20.5)**	0.7
Shares allocated to employee share trusts	**(0.2)**	(0.1)
Shares disposed of by employee share trusts	**1.7**	2.4
Gain on sale of shares sold by employee share trusts	**-**	3.2
Tax relating to share option schemes	**(0.7)**	(4.2)
Deferred tax impact of rate change in equity	**1.8**	(4.0)
Tax on derivative financial instruments	**0.6**	-
Exchange movements in respect of shares held by employee share trusts	**6.5**	(9.9)
Transactions with non-controlling interests (note 27)	**(14.5)**	(4.0)
At 31 December	**1,806.7**	1,935.2

Retained earnings are stated after deducting the investment in own shares held by employee share trusts. No options have been granted over shares held by the employee share trusts (2017: nil).

	2018		2017	
Shares held by employee share trusts	**Shares**	**$m**	Shares	$m
Balance 1 January	**9,107,787**	**113.1**	9,097,352	105.5
New shares allocated	**3,800,000**	**0.2**	2,150,000	0.1
Shares issued to satisfy option exercises	**(1,198,360)**	**(1.7)**	(1,239,518)	(2.3)
Shares issued to satisfy awards under Long Term Incentive Plan	**(345,067)**	**-**	(478,611)	-
Shares issued to satisfy awards under Employee Share Plan	**(163,961)**	**-**	(436)	-
Shares issued to satisfy awards under AFW schemes	**(3,005)**	**-**	-	-
Sale of shares by JWG Trustees Ltd	**-**	**-**	(421,000)	(0.1)
Exchange movement	**-**	**(6.5)**	-	9.9
Balance 31 December	**11,197,394**	**105.1**	9,107,787	113.1

Shares acquired by the employee share trusts are purchased in the open market using funds provided by John Wood Group PLC to meet obligations under the Employee Share Option Schemes, LTRP and LTP. Shares are allocated to the employee share trusts in order to satisfy future option exercises at various prices.

The costs of funding and administering the trusts are charged to the income statement in the period to which they relate. The market value of the shares at 31 December 2018 was $72.2m (2017: $80.1m) based on the closing share price of £5.06 (2017: £6.50). The employee share trusts have waived their rights to receipt of dividends on ordinary shares.

The amount of John Wood Group PLC's reserves that are considered distributable is disclosed in note 13 to the Company Financial Statements.

25 Merger reserve

	2018 $m	2017 $m
At 1 January	**2,790.8**	-
Shares issued in relation to acquisition of Amec Foster Wheeler	**-**	2,790.8
At 31 December	**2,790.8**	2,790.8

On 6 October 2017, 294,510,217 new shares were issued in relation to the acquisition of Amec Foster Wheeler. As the acquisition resulted in the Group securing 90% of Amec Foster Wheeler's share capital, the acquisition qualifies for merger relief under section 612 of the Companies Act 2006 and the premium arising on the issue of the shares is credited to a merger reserve rather than the share premium account. The total value of the consideration for Amec Foster Wheeler was $2,809.4m with $16.5m being credited to share capital, $2,790.8m to the merger reserve and $2.1m to retained earnings.

26 Other reserves

	Capital reduction reserve $m	Capital redemption reserve $m	Currency translation reserve $m	Hedging reserve $m	Total $m
At 1 January 2017	88.1	439.7	(517.4)	(1.0)	9.4
Cash flow hedges	-	-	-	1.3	1.3
Exchange movement on retranslation of foreign operations	-	-	119.2	-	119.2
At 31 December 2017	**88.1**	**439.7**	**(398.2)**	**0.3**	**129.9**
Cash flow hedges	-	-	-	(4.7)	(4.7)
Exchange movement on retranslation of foreign operations	-	-	(236.5)	-	(236.5)
At 31 December 2018	**88.1**	**439.7**	**(634.7)**	**(4.4)**	**(111.3)**

The capital reduction reserve was created subsequent to the Group's IPO in 2002 and is a distributable reserve.

The capital redemption reserve was created following a share issue that formed part of the return of cash to shareholders in 2011. This is not a distributable reserve.

The currency translation reserve relates to the retranslation of foreign currency net assets on consolidation. This was reset to zero on transition to IFRS at 1 January 2004. The movement during the year relates to the retranslation of foreign operations, including goodwill and intangible assets recognised on acquisition.

The hedging reserve relates to the accounting for derivative financial instruments under IFRS 9. Fair value gains and losses in respect of effective cash flow hedges are recognised in the hedging reserve.

27 Non-controlling interests

	2018 $m	2017 $m
At 1 January	**11.7**	13.0
Exchange movements	**(1.2)**	-
Share of profit for the year	**1.3**	2.4
Dividends paid to non-controlling interests	**(5.9)**	(4.5)
Transactions with non-controlling interests	**13.1**	0.8
At 31 December	**19.0**	11.7

The Group acquired minority shareholdings during the year for $0.2m. Transactions with non-controlling interests includes $14.3m representing the share of net liabilities acquired with $14.5m being recorded against retained earnings. The remaining balance in transactions with non-controlling interests includes the acquisition of an additional shareholding in Amec Foster Wheeler Energy and Partners Engineering Company. See note 29 for more details.

28 Cash generated from operations

	Note	2018 $m	2017 $m
Reconciliation of operating profit to cash generated from operations:			
Operating profit from continuing operations		**165.3**	36.4
Less share of post-tax profit from joint ventures		**(34.4)**	(31.3)
		130.9	5.1
Adjustments for:			
Depreciation	**10**	**51.6**	41.8
Loss/(gain) on disposal of property plant and equipment	**4**	**1.4**	(1.3)
Gain on disposal of investment in joint ventures	**29**	**(15.3)**	-
Impairment of property plant and equipment	**10**	**0.7**	2.7
Amortisation of intangible assets	**9**	**246.3**	139.4
Share based charges	**21**	**18.7**	10.2
Decrease in provisions	**19**	**(182.8)**	(75.8)
Dividends from joint ventures	**11**	**38.5**	32.0
Exceptional items – non-cash impact	**1,5**	**107.0**	99.8
Changes in working capital (excluding effect of acquisition and divestment of subsidiaries)			
Decrease/(increase) in inventories		**0.1**	(0.4)
Decrease in receivables		**88.9**	287.3
Decrease/(increase) in payables		**173.6**	(302.9)
Exchange movements		**(34.3)**	12.1
Cash generated from operations		**625.3**	250.0

Analysis of net debt

	At 1 January 2018 $m	Cash flow $m	Exchange movements $m	Other changes $m	At 31 December 2018 $m
Short-term borrowings (note 16)	(543.2)	(448.9)	7.6	-	(984.5)
Finance leases (note 34)	(50.0)	14.7	0.3	-	(35.0)
Long-term borrowings (note 16)	(2,336.1)	407.8	0.4	10.6	(1,917.3)
	(2,929.3)	**(26.4)**	**8.3**	**10.6**	**(2,936.8)**
Cash and cash equivalents (note 14)	1,225.5	164.8	(37.6)	-	1,352.7
Cash included in assets held for sale (note 29)	-	24.2	-	-	24.2
Restricted cash (note 13)	26.5	(14.8)	-	-	11.7
Bank deposits (more than three months) (note 13)	31.2	(30.6)	(0.6)	-	-
Net debt	**(1,646.1)**	**117.2**	**(29.9)**	**10.6**	**(1,548.2)**

29 Acquisitions and divestments

Acquisitions

In September 2018, the Group paid $2.1m to acquire an additional 25% shareholding in Amec Foster Wheeler Energy and Partners Engineering Company. The results of this entity, which was previously accounted for as an equity joint venture, are fully consolidated from the date the additional shareholding was acquired. The assets and liabilities acquired are set out below:

	$m
Assets and liabilities acquired	
Property, plant and equipment	0.6
Trade and other receivables	15.1
Cash and cash equivalents	8.9
Trade and other payables	(28.3)
	(3.7)
Fair value of investments disposed	1.1
Non-controlling interests	0.9
Net liabilities acquired	**(1.7)**
Consideration paid	2.1
Goodwill	**3.8**

The outflow of cash and cash equivalents in respect of acquisitions is analysed as follows:

	$m
Cash consideration for acquisitions in year	(2.1)
Cash consideration relating to acquisitions in prior periods	(36.8)
Cash acquired	8.9
Net cash outflow	**(30.0)**

Contingent consideration payments of $36.8m were made during the year in respect of acquisitions made in prior periods. Total deferred and contingent consideration outstanding at 31 December 2018 amounted to $26.6m (2017: $61.2m). See note 18 for further details.

The Group acquired Amec Foster Wheeler on 6 October 2017 for a total consideration of $2,809.4m. The acquisition accounting at 31 December 2017 reflected the provisional fair values of the assets and liabilities acquired. During 2018, the Group has reassessed the fair values as a result of new information obtained about facts and circumstances that existed at the acquisition date and recorded measurement period adjustments of $159.4m in provisions (see note 19), $12.9m in trade and other receivables and $17.4m in trade and other payables. A $40.7m deferred tax asset and a $16.9m reduction to income tax liabilities has also been recorded in relation to these adjustments and $132.1m has been added to goodwill.

After completing the assessment of the valuation of the brands intangible assets, $43.2m of the $727.1m brand intangible asset recognised on acquisition of AFW has been reallocated to goodwill to better allocate the consideration paid to assets acquired.

29 Acquisitions and divestments (continued)

The assets and liabilities acquired are set out in the table below:

	As per 2017 accounts $m	2018 adjustments $m	Final $m
Property plant and equipment	83.4	-	**83.4**
Intangible assets recognised	1,343.6	(43.2)	**1,300.4**
Other intangible assets	35.1	-	**35.1**
Investment in joint ventures	55.5	-	**55.5**
Retirement benefit scheme surplus	147.3	-	**147.3**
Long term receivables	167.3	-	**167.3**
Inventories	6.7	-	**6.7**
Trade and other receivables	1,861.4	(12.9)	**1,848.5**
Assets held for sale	582.6	-	**582.6**
Bank deposits (more than three months)	30.1	-	**30.1**
Cash and cash equivalents	443.7	-	**443.7**
Borrowings	(1,809.7)	-	**(1,809.7)**
Finance leases	(49.5)	-	**(49.5)**
Trade and other payables	(1,902.8)	(17.4)	**(1,920.2)**
Liabilities held for sale	(326.2)	-	**(326.2)**
Current tax liabilities	(149.1)	16.9	**(132.2)**
Deferred tax	(219.7)	40.7	**(179.0)**
Provisions	(822.4)	(159.4)	**(981.8)**
Non-current liabilities	(181.2)	-	**(181.2)**
	(703.9)	(175.3)	**(879.2)**
Non-controlling interests	(1.2)	-	**(1.2)**
	(705.1)	(175.3)	**(880.4)**
Goodwill	3,514.5	175.3	**3,689.8**
Consideration	2,809.4	-	**2,809.4**

The proforma results of the Group, on the basis that Amec Foster Wheeler was acquired on 1 January 2017 are presented in the Financial Review in the Group's Annual Report. The figures for the pre-acquisition period have been extracted from the management accounts of Amec Foster Wheeler, are unaudited and show Group revenue of $9,881.8m and EBITA of $597.7m for the year ended 31 December 2017.

29 Acquisitions and divestments (continued)

Divestments

During 2018, the Group disposed of its 50% interest in the Voreas S.r.l wind farm for a cash consideration of $25.9m. In December 2018, the Group signed a sale and purchase agreement to dispose of its 25% interest in Road Management Services (A13) Holdings Limited for $11.5m, $2.8m of which was deferred. At 31 December 2018, the disposal remained subject to minor conditions precedent with the deal being completed in February 2019. These investments were part of the Group's Investment Services business unit.

The accounting for the disposals is shown below:

	$m
Gross proceeds received	34.6
Deferred consideration	2.8
Total consideration	**37.4**
Net assets disposed	
Investment in joint ventures	(20.9)
Gross gain	16.5
Disposal costs	(1.2)
Net gain	**15.3**

The cash inflow in respect of these disposals is analysed below.

	$m
Gross proceeds received	34.6
Disposal costs paid	(1.2)
Cash inflow	**33.4**

Assets and liabilities held for sale

Amounts categorised as held for sale at 31st December include the assets and liabilities of Amec Foster Wheeler Power Machinery Company Limited (which is part of the Investment Services reportable segment) and the assets and liabilities of the Group's minerals conveyer business which is part of STS. The composition of the amounts included in the Group balance sheet is set out below.

	$m
Assets held for sale	
Property plant and equipment	8.8
Investment in joint ventures	1.1
Trade and other receivables	23.6
Income tax receivable	1.2
Cash and cash equivalents	24.2
	58.9
Liabilities held for sale	
Trade and other payables	**27.3**
Net assets held for sale	**31.6**

30 Employees and directors

Employee benefits expense	2018 $m	2017 $m
Wages and salaries	**4,032.6**	2,458.0
Social security costs	**358.5**	197.1
Pension costs – defined benefit schemes (note 31)	**1.5**	0.2
Pension costs – defined contribution schemes (note 31)	**146.9**	76.1
Share based charges (note 21)	**18.7**	10.2
	4,558.2	2,741.6

Average monthly number of employees (including executive directors)	2018 No.	2017 No.
By geographical area:		
UK	**10,538**	6,972
US	**18,682**	11,350
Rest of the World	**20,824**	10,709
	50,044	29,031

The average number of employees excludes contractors and employees of joint venture companies. The 2017 comparatives include employees of Amec Foster Wheeler for the last three months of the year.

Key management compensation	2018 $m	2017 $m
Salaries and short-term employee benefits	**8.5**	7.5
Amounts receivable under long-term incentive schemes	**2.1**	1.3
Social security costs	**1.2**	1.0
Post-employment benefits	**0.2**	0.2
Share based charges	**2.9**	1.7
	14.9	11.7

Key management compensation represents the charge to the income statement in respect of the remuneration of the Group board and Group Executive Leadership Team ('ELT') members. At 31 December 2018, key management held 0.1% of the voting rights of the company.

Directors	2018 $m	2017 $m
Aggregate emoluments	**3.5**	2.9
Aggregate amounts receivable under long-term incentive schemes	**0.8**	0.6
Aggregate gains made on the exercise of share options	**0.4**	0.7
Share based charges	**1.1**	0.6
	5.8	4.8

At 31 December 2018, two directors (2017: two) had retirement benefits accruing under a defined contribution pension plan and no directors (2017: none) had benefits accruing under a defined benefit pension scheme. Further details of directors' emoluments are provided in the Directors' Remuneration Report on pages 64 to 71.

31 Retirement benefit schemes

The Group operates a number of defined benefit pension schemes. The assets of the defined benefits schemes are held separately from those of the Group, being invested with independent investment companies in trustee administered funds. The trustees of the pension schemes are required by law to act in the best interests of the scheme participants and are responsible for setting certain policies (such as investment, contribution and indexation policies) for the schemes. These schemes are largely closed to future accrual.

At 31 December 2017, the three largest schemes were the Amec Foster Wheeler Pension Plan ('AFW Pension Plan') and the John Wood Group PLC Retirement Benefit Scheme ('JWG RBS') in the UK and the Foster Wheeler Inc Pension Plan in the US. During 2018, the Foster Wheeler Inc Pension Plan (now known as the FW Inc SERP) was restructured with an element of the defined benefit obligation being transferred into a new scheme, the Foster Wheeler Inc Pension Plan for Certain Employees (FW Inc PPCE).

The valuations used are based on the valuation of Amec Foster Wheeler Pension Plan as at 31 March 2017, the valuation of the John Wood Group PLC Retirement Benefit Scheme as at 5 April 2016 and the valuation of the Foster Wheeler Inc SERP/PPCE as at 1 January 2017. The scheme valuations have been updated by the schemes' actuaries for the requirement to assess the present value of the liabilities of the schemes as at 31 December 2018. The assets of the schemes are stated at their aggregate market value as at 31 December 2018.

Group management have considered the requirements of IFRIC 14, 'The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction' and consider it is appropriate to recognise the IAS 19 surplus in both the Amec Foster Wheeler Pension Plan and the John Wood Group PLC Retirement Benefit Scheme as the rules governing these schemes provide an unconditional right to a refund assuming the gradual settlement of the scheme's liabilities over time until all members have left the schemes.

Scheme membership at the balance sheet date was as follows:

	2018 JWG PLC RBS	**2018 AFW Pension Plan**	**2018 FW Inc SERP**	**2018 FW Inc PPCE**	**2017 JWG PLC RBS**	**2017 AFW Pension Plan**	**2017 FW Inc Pension Plan**
Deferred members	**640**	**8,812**	**639**	**740**	689	9,766	1,570
Pensioner members	**441**	**9,689**	**2,453**	**777**	419	9,546	3,234

The principal assumptions made by the actuaries at the balance sheet date were:

	2018 JWG PLC RBS %	**2018 AFW Pension Plan %**	**2018 FW Inc SERP %**	**2018 FW Inc PPCE %**	**2017 JWG PLC RBS %**	**2017 AFW Pension Plan %**	**2017 FW Inc Pension Plan %**
Discount rate	**2.9**	**2.9**	**4.1**	**4.1**	2.5	2.5	3.4
Rate of increase in pensions in payment and deferred pensions	**3.0**	**2.8**	**N/A**	**N/A**	3.2	2.7	N/A
Rate of retail price index inflation	**3.1**	**3.1**	**N/A**	**N/A**	3.3	3.1	N/A
Rate of consumer price index inflation	**2.1**	**N/A**	**N/A**	**N/A**	2.3	N/A	N/A

The mortality assumptions used to determine pension liabilities in the main schemes at 31 December 2018 were as follows:

Scheme	**Mortality assumption**
JWG PLC RBS	S2NA mortality tables with CMI 2017 projections and a long-term rate of improvement of 1.25% pa
AFW Pension Plan	Scheme specific table with CMI 2017 projections and a long-term rate of improvement of 1.25% pa
FW Inc SERP and FW Inc PPCE	RP-2014 Employee and Annuitant tables for males and females with generational projection using scale MMP-2018 with no collar adjustments

The mortality tables use data appropriate to each of the Group's schemes adjusted to allow for expected future improvements in mortality using the latest projections.

31 Retirement benefit schemes (continued)

For the schemes referred to above the assumed life expectancies are shown in the following table:

	2018 JWG PLC RBS	2018 AFW Pension Plan	2018 FW Inc SERP	2018 FW Inc PPCE	2017 JWG PLC RBS	2017 AFW Pension Plan	2017 FW Inc Pension Plan
Life expectancy at age 65 of male aged 45	**23.6**	**23.9**	**22.2**	**21.8**	24.3	24.4	21.9
Life expectancy at age 65 of male aged 65	**22.2**	**22.6**	**20.6**	**20.5**	22.5	22.6	20.5
Life expectancy at age 65 of female aged 45	**25.7**	**25.6**	**24.1**	**23.6**	26.6	26.3	23.7
Life expectancy at age 65 of female aged 65	**24.2**	**24.1**	**22.5**	**22.4**	24.7	24.3	22.4

The amounts recognised in the income statement are as follows:

	2018 $m	2017 $m
Current service cost	**1.5**	0.2
Past service cost	**25.2**	-
Total included within operating profit	**26.7**	0.2
Interest cost	**109.4**	36.2
Interest income on scheme assets	**(109.9)**	(33.6)
Total included within finance (income)/expense	**(0.5)**	2.6

The amounts recognised in the balance sheet are determined as follows:

	2018 $m	2017 $m
Present value of funded obligations	**(3,808.1)**	(4,354.9)
Fair value of scheme assets	**4,050.8**	4,522.6
Net surplus	**242.7**	167.7

Changes in the present value of the defined benefit liability are as follows:

	2018 $m	2017 $m
Present value of funded obligations at 1 January	**4,354.9**	246.3
Acquired	**-**	3,882.3
Current service cost	**1.5**	0.2
Past service cost	**25.2**	-
Interest cost	**109.4**	36.2
Contributions	**2.1**	-
Re-measurements:		
- actuarial (gains)/losses arising from changes in financial assumptions	**(234.0)**	90.3
- actuarial (gains)/losses arising from changes in demographic assumptions	**(21.6)**	15.3
- actuarial losses arising from changes in experience	**12.6**	15.4
Benefits paid	**(227.5)**	(83.1)
Settlement of unfunded liability	**-**	(8.5)
Exchange movements	**(214.5)**	160.5
Present value of funded obligations at 31 December	**3,808.1**	4,354.9

31 Retirement benefit schemes (continued)

Changes in the fair value of scheme assets are as follows:

	2018 $m	2017 $m
Fair value of scheme assets at 1 January	**4,522.6**	239.3
Acquired	**-**	4,029.6
Interest income on scheme assets	**109.9**	33.6
Contributions	**14.5**	14.9
Benefits paid	**(226.3)**	(80.9)
Re-measurement (loss)/gain on scheme assets	**(125.0)**	115.8
Actuarial movement arising from changes in financial assumptions	**-**	4.0
Expenses paid	**(6.2)**	(2.4)
Exchange movements	**(238.7)**	168.7
Fair value of scheme assets at 31 December	**4,050.8**	4,522.6

Analysis of the movement in the balance sheet surplus/(deficit):

	2018 $m	2017 $m
Surplus/(deficit) at 1 January	**167.7**	(7.0)
Acquired	**-**	147.3
Current service cost	**(1.5)**	(0.2)
Past service cost	**(25.2)**	-
Finance income/(cost)	**0.5**	(2.6)
Contributions	**12.4**	14.9
Re-measurement gains/(losses) recognised in the year	**118.0**	(1.2)
Benefits paid	**1.2**	2.2
Expenses paid	**(6.2)**	(2.4)
Settlement of unfunded liability	**-**	8.5
Exchange movements	**(24.2)**	8.2
Surplus at 31 December	**242.7**	167.7

The past service cost comprises $31.9m relating to the impact of GMP equalisation on the JWG PLC Retirement Benefit Scheme and the AFW Pension Plan less a $6.7m past service credit in respect of the Foster Wheeler Inc Pension Plan.

The net surplus/(deficit) at 31 December is presented in the Group balance sheet as follows:

	2018 $m	2017 $m
JWG PLC Retirement Benefit Scheme	**35.5**	22.9
AFW Pension Plan	**369.4**	308.6
Retirement benefit scheme surplus	**404.9**	331.5
Foster Wheeler Inc SERP/PPCE	**(25.9)**	(80.6)
All other schemes	**(136.3)**	(83.2)
Retirement benefit scheme deficit	**(162.2)**	(163.8)
Net surplus	**242.7**	167.7

31 Retirement benefit schemes (continued)

For the principal schemes the defined benefit obligation can be allocated to the plan participants as follows:

	2018 JWG PLC RBS %	2018 AFW Pension Plan %	2018 FW Inc SERP %	2018 FW Inc PPCE %	2017 JWG PLC RBS %	2017 AFW Pension Plan %	2017 FW Inc Pension Plan %
Deferred members of the scheme	**74.0**	**45.1**	**22.0**	**24.5**	75.3	48.0	24.7
Pensioner members of the scheme	**26.0**	**54.9**	**78.0**	**75.6**	24.7	52.0	75.3

The weighted average duration of the defined benefit obligation is as follows:

	2018 JWG PLC RBS years	2018 AFW Pension Plan years	2018 FW Inc SERP years	2018 FW Inc PPCE years	2017 JWG PLC RBS years	2017 AFW Pension Plan years	2017 FW Inc Pension Plan years
Duration of defined benefit obligation	**19.4**	**17.2**	**8.7**	**9.0**	20.0	17.8	9.7

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2018 JWG PLC RBS %	2018 AFW Pension Plan %	2018 FW Inc SERP %	2018 FW Inc PPCE %	2017 JWG PLC RBS %	2017 AFW Pension Plan %	2017 FW Inc Pension Plan %
Equities	**62.9**	**12.7**	**60.0**	**60.0**	66.9	34.3	60.0
Property	**8.0**	**8.4**	**-**	**-**	7.1	7.9	-
Bonds (including gilts)	**11.3**	**75.4**	**40.0**	**40.0**	10.9	52.7	40.0
Liability driven investments	**11.9**	**-**	**-**	**-**	11.3	-	-
Cash	**3.6**	**3.0**	**-**	**-**	1.5	4.1	-
Other	**2.3**	**0.5**	**-**	**-**	2.3	1.0	-
	100.0	**100.0**	**100.0**	**100.0**	100.0	100.0	100.0

A large proportion of equities, bonds, cash and liability driven investments have quoted prices in active markets.

The Group seeks to fund its pension plans to ensure that all benefits can be paid as and when they fall due. It has agreed schedules of contributions with the UK plans' trustees and the amounts payable are dependent on the funding level of the respective plans. The US plans are funded to ensure that statutory obligations are met and contributions are generally payable to at least minimum funding requirements.

Scheme risks

The retirement benefit schemes are exposed to a number of risks, the most significant of which are:

Volatility
The defined benefit obligation is measured with reference to corporate bond yields and if scheme assets underperform relative to this yield, this will create a deficit, all other things being equal. The scheme investments are well diversified such that the failure of a single investment would not have a material impact on the overall level of assets.

Changes in bond yields
A decrease in corporate bond yields will increase the defined benefit obligation. This would however be offset to some extent by a corresponding increase in the value of the scheme's bond asset holdings.

Inflation risk
The majority of benefits in deferment and in payment are linked to price inflation so higher actual inflation and higher assumed inflation will increase the defined benefit obligation.

Life expectancy
The defined benefit obligation is generally made up of benefits payable for life and so increases to members' life expectancies will increase the defined benefit obligation, all other things being equal.

The JWG PLC RBS holds a small allocation of liability driven investments, the objective of which is to make use of derivatives to help the assets match the movement in the value of the liabilities caused by changes in the outlook for long-term interest rates and inflation, providing some protection against these risks.

31 Retirement benefit schemes (continued)

Sensitivity of the retirement benefit obligation

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

Approximate impact on scheme liabilities	**JWG PLC RBS $m**	**AFW Pension Plan $m**	**FW Inc SERP $m**	**FW Inc PPCE $m**
Discount rate				
Plus 0.1%	**(3.8)**	**(53.7)**	**(0.9)**	**(1.8)**
Minus 0.1%	**4.0**	**55.0**	**0.9**	**1.9**
Inflation				
Plus 0.1%	**3.0**	**32.2**	**N/A**	**N/A**
Minus 0.1%	**(2.9)**	**(31.9)**	**N/A**	**N/A**
Life expectancy				
Plus 1 year	**5.4**	**112.1**	**3.7**	**7.5**
Minus 1 year	**(5.5)**	**(111.2)**	**(3.7)**	**(7.5)**

The sensitivity analysis covering the impact of increases in pensions is included in the inflation sensitivity in the above table.

The contributions expected to be paid during the financial year ending 31 December 2019 amount to $17.8m.

Defined contribution plans

Pension costs for defined contribution plans were as follows:

	2018 $m	2017 $m
Defined contribution plans	**146.9**	76.1

There were no material contributions outstanding at 31 December 2018 in respect of defined contribution plans.

The Group operates a SERP pension arrangement in the US for certain employees. During the year, the Group made contributions of $0.4m (2017: $0.6m) to the arrangement. Contributions are invested in a portfolio of US funds and the fair value of the funds at the balance sheet date are recognised by the Group in other investments. Investments held by the Group at 31 December amounted to $76.4m (2017: $83.8m) and will be used to pay benefits when employees retire. The corresponding liability is recorded in other non-current liabilities.

32 Operating lease commitments – minimum lease payments

	2018 $m	2017 $m
Amounts payable under non-cancellable operating leases due:		
Within one year	**160.1**	176.4
Later than one year and less than five years	**420.3**	461.1
After five years	**172.3**	225.8
	752.7	863.3

The Group leases various offices, facilities, vehicle and plant & equipment under non-cancellable operating lease agreements. The leases have various terms, escalation clauses and renewal rights. The new accounting standard for leases, IFRS 16 is effective for accounting periods beginning on or after 1 January 2019. The impact of IFRS 16 on the Group financial statements is explained in 'Accounting policies' under the heading 'Disclosure of impact of new and future accounting standards'.

33 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, including the application of National Insurance Contributions to workers in the UK Continental Shelf. 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 Wood 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, in April 2017, in connection with the SFO's investigation into Unaoil, the SFO 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. The Group understands that COPFS and the SFO commenced a process to determine which authority would be responsible for the matter going forward, in line with the memorandum of understanding between them. This process has now completed, resulting in a decision that COPFS has jurisdiction. The Group intends to engage in a cooperative manner with COPFS regarding this matter.

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, if any, that may arise in relation to any of those matters and therefore no provision has been made for them in the financial statements.

Tax planning

The Group undertakes tax planning which is compliant with current legislation and accepted practice. 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 has challenged the UK Controlled Foreign Companies (CFC) rules in relation to an exemption for certain financing income. Based on the Group's current assessment of such issues including increased uncertainties around the UK's exit from the European Union, it is too early to speculate on the likelihood of liabilities arising, and as a result, 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 $66m.

Mount Polley

During 2018, the contingent liability that existed at 31 December 2017 in relation to pollution at the Mount Polley dam in British Columbia in Canada was settled by the Group's insurers.

34 Capital and other financial commitments

	2018 $m	2017 $m
Contracts placed for future capital expenditure not provided in the financial statements	**8.3**	18.5

The capital expenditure above relates to property plant and equipment.

Finance lease and hire purchase commitments

The Group has finance leases and hire purchase contracts for various items of property and deferred payment arrangements which are similar to finance leases for software. These leases have terms of renewal, but no purchase options or escalation clauses. Renewals are at the option of the specific entity that holds the lease.

Future minimum lease payments under finance leases and hire purchase contracts together with the present value of future minimum lease payments are as follows:

	2018 Minimum payments $m	2018 Present value of payments $m	2017 Minimum payments $m	2017 Present value of payments $m
Payments due:				
Within one year	**11.7**	**9.8**	20.9	18.6
Later than one year and less than five years	**27.8**	**25.2**	34.5	31.4
Total minimum lease payments	**39.5**	**35.0**	55.4	50.0
Less amounts representing finance charges	**(4.5)**	**-**	(5.4)	-
Present value of minimum lease payments	**35.0**	**35.0**	50.0	50.0

35 Related party transactions

The following transactions were carried out with the Group's joint ventures. These transactions comprise sales and purchases of goods and services and funding provided in the ordinary course of business. The receivables include loans to joint venture companies.

	2018 $m	2017 $m
Sale of goods and services to joint ventures	**60.5**	9.5
Purchase of goods and services from joint ventures	**13.5**	8.1
Receivables from joint ventures	**97.2**	131.2
Payables to joint ventures	**3.1**	14.3

In addition, the Group made $15.2m (2017: $47.7m) 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 trade independently.

Key management compensation is disclosed in note 30.

The Group currently pays an annual fee of £15,000 (2017: £15,000) 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.

36 Post balance sheet events

In December 2018, the Group signed a sale and purchase agreement for the disposal of its 52% interest in the Amec Foster Wheeler Power Machinery Company Limited, a fabrication and manufacturing facility in China. This disposal was completed in March 2019. In January 2019, the Group sold its 41.65% share in the Centro Energia Teverola S.r.l and Centro Energia Ferrara S.r.l combined cycle gas power plants in Italy. The businesses referred to in this note are part of the Investment Services business unit.

37 Subsidiaries and joint ventures

The Group's subsidiary and joint venture undertakings at 31 December 2018 are listed below. All subsidiaries are fully consolidated in the financial statements. Ownership interests noted in the table reflect holdings of ordinary shares.

Subsidiaries

Company name	Registered Address	Ownership Interest %
Algeria		
SARL Wood Group Algeria	Cite Zone Industrielle BP 504, Hassi Messaoud, Algeria	100
Wood Group Somias SPA	PO Box 67, Elmalaha Road (Route des Salines), Elbouni, Annaba, Algeria	55
Angola		
Production Services Network Angola Limited	RuaKima Kienda, Edificio SGEP, 2nd Floor, Apartment 16, Boavista District, Ingombota, Luanda, Angola	49*
Wood Group Kianda Limitada	No 201, Rua Engenheiro Armindo de Andrade,Bairro Miramar, Simbizanga, Luanda, Angola	41*
Argentina		
AGRA Argentina S.A.	25 de Mayo 596, piso 8º, C1002ABL, Buenos Aires, Argentina	100
Foster Wheeler E&C Argentina S.A.	Paraguay 1866, Buenos Aires, Argentina	100
ISI Mustang (Argentina) S.A.	Pedro Molina 714, Provincia de Mendoza, Ciudad de Mendoza, Argentina	100
Australia		
Altablue Australia Pty Ltd	Wood Group House, Level 1, 432 Murray Street, Perth, WA 6000, Australia	100
AMEC Australia Finance Company Pty Ltd	Level 7, 197 St Georges Terrace, Perth, WA, 6000, Australia	100
Amec Foster Wheeler Australia Holding Company Pty Ltd	Level 7, 197 St Georges Terrace, Perth, WA, 6000, Australia	100
Amec Foster Wheeler Australia Pty Ltd	Level 7, 197 St Georges Terrace, Perth, WA, 6000, Australia	100
Amec Foster Wheeler BG Holdings Pty Ltd	Level 7, 197 St Georges Terrace, Perth, WA, 6000, Australia	100
Amec Foster Wheeler Engineering Holdings Pty Ltd	Level 7, 197 St Georges Terrace, Perth, WA, 6000, Australia	100
Amec Foster Wheeler Engineering Pty Ltd	Level 7, 197 St Georges Terrace, Perth, WA, 6000, Australia	100
Amec Foster Wheeler Zektin Architecture Pty Ltd	Level 7, 197 St Georges Terrace, Perth, WA, 6000, Australia	100
AMEC Zektin Group Pty Ltd	Level 7, 197 St Georges Terrace, Perth, WA, 6000, Australia	100
Aus-Ops Pty Ltd	Wood Group House, Level 1, 432 Murray Street, Perth, WA 6000, Australia	100
Foster Wheeler (WA) Pty Ltd	Level 7, 197 St Georges Terrace, Perth, WA, 6000, Australia	100
GRD Asia Holdings Pty Ltd	Level 7, 197 St Georges Terrace, Perth, WA, 6000, Australia	100
GRD Investments Pty Ltd	Level 7, 197 St Georges Terrace, Perth, WA, 6000, Australia	100
GRD New Zealand Pty Ltd	Level 7, 197 St Georges Terrace, Perth, WA, 6000, Australia	100
GRD Pty Limited	Level 7, 197 St Georges Terrace, Perth, WA, 6000, Australia	100
GRD Renewables Pty Ltd	Level 7, 197 St Georges Terrace, Perth, WA, 6000, Australia	100
Innofield Services Pty Ltd	Wood Group House, 432 Murray Street, Perth, WA 6000, Australia	100
Minproc Technology Pty Ltd	Level 7, 197 St Georges Terrace, Perth, WA, 6000, Australia	100
Mustang Engineering Pty. Ltd.	Wood Group House, Level 6, 432 Murray Street, Perth, WA 6000, Australia	100
ODL Pty Ltd	Wood Group House, Level 6, 432 Murray Street, Perth, WA 6000, Australia	100
Qedi Completions & Commissioning Pty Ltd	Level 7, 197 St Georges Terrace, Perth, WA, 6000, Australia	100
Rider Hunt International (WA) Pty Ltd	Level 7, 197 St Georges Terrace, Perth, WA, 6000, Australia	100
S2V Consulting Pty Ltd	Level 7, 197 St Georges Terrace, Perth, WA, 6000, Australia	100
SVT Holdings Pty Ltd	Wood Group House, Level 6, 432 Murray Street, Perth, WA 6000, Australia	100
Terra Nova Technologies Australia Pty Ltd	Level 7, 197 St Georges Terrace, Perth, WA, 6000, Australia	100
WGPSN Queensland Pty Ltd	Level 20, 127 Creek Street, Brisbane, Queensland, 4000, Australia	100
Wood Group Australia PTY Ltd	Wood Group House, Level 6, 432 Murray Street, Perth, WA 6000, Australia	100
Wood Group Kenny Australia Pty Ltd	Wood Group House, Level 6, 432 Murray Street, Perth, WA 6000, Australia	100
Wood Group PSN Australia Pty Ltd	Level 3 , 171 Collins Street ,Melbourne, VIC, 3000, Australia	100
Azerbaijan		
AMEC Limited Liability Company	37 Khojali Street, Baku, AZ1025, Azerbaijan	100
Wood Group PSN Azerbaijan LLC	Khojali Avenue,Building 37, Khatal District, Baku, AZ1025, Azerbaijan	100
Bahamas		
Montreal Engineering (Overseas) Limited	c/o 2020 Winston Park Drive, Suite 7000, Oakville, Ontario, Canada	100
Bermuda		
AMEC (Bermuda) Limited	Canon's Court, 22 Victoria Street, (PO Box HM 1179), Hamilton, HM EX, Bermuda	100
Atlantic Services Limited	Canon's Court, 22 Victoria Street, (PO Box HM 1179), Hamilton, HM EX, Bermuda	100
Foster Wheeler Ltd.	Clarendon House, 2 Church Street, Hamilton, HM-11, Bermuda	100
FW Management Operations, Ltd.	Clarendon House, 2 Church Street, P.O. Box HM 1022, Hamilton HM CX, Bermuda	100
Production Services Network International Limited	Canon's Court, 22 Victoria Street, Hamilton, HM12, Bermuda	100
Bolivia		
ISI Mustang Bolivia S.R.L.	Avenida San Martin Calle 6, Este, Equipetrol No. 5, Barrio, Santa Cruz, Bolivia	100

Brazil		
AMEC do Brasil Participações Ltda.	Rua Quitanda 50, 15th floor, Centro, Rio de Janeiro, CEP 20011-030, Brazil	100
Amec Foster Wheeler America Latina, Ltda.	Centro Empresarial Ribeirao Office Tower, Av. Braz Olaia Acosta, 727 - 18 andar - Sl. 1810, Cep. 14026-404 - Jd. California, Ribeirao Preto, Sao Paulo, Brazil	100
Amec Foster Wheeler Brasil S.A.	R. Nilo Peçanha, n.º 50, Sala 2912, Centro, Rio de Janeiro, 20020-100, Brazil	100
AMEC Petroleo e Gas Ltda.	Rua Quitanda 50, 15th floor, Centro, Rio de Janeiro, CEP 20011-030, Brazil	100
AMEC Projetos e Consultoria Ltda	Rua Professor Moraes No. 476, Loja 5, Sobreloja, Bairro Funcionarios, Belo Horizonte, Minas Gerais, 30150-370, Brazil	100
FW Industrial Power Brazil Ltda	Alameda Santos, 1293, Room 63, Cerqueira César, Sao Paulo, 01419-002, Brazil	100
Santos Barbosa Tecnica Comercio e Servicos Ltda.	Estrada Sao Jose do Mutum, 301 - Imboassica, Cidade de Macae, Rio de Janeiro, CEP 27973-030, Brazil	100
Wood Group Engineering and Production Facilities Brasil Ltda.	Rua Ministro Salgado Filho,119, Cavaleiros, Cidade de Macae,CEP 27920-210, Estado do Rio de Janeiro	100
Wood Group Kenny do Brasil Servicos de Engenharia Ltda.	Rua Sete de Setembro, 54 - 4 andares, Centro, Rio de Janeiro - RJ, CEP 20050-009, Brazil	100
British Virgin Islands		
MDM Engineering Group Limited	Commerce House, Wickhams Cay 1, P.O. Box 3140, Road Town, Tortola, British Virgin Islands	100
Wood Group Engineering (Colombia) Ltd.	Geneva Place, 2nd Floor, 333 Waterfront Drive, PO Box 3339, Road Town, Tortola, British Virgin Islands	100
Wood Group PDE Limited	Geneva Place, 2nd Floor, 333 Waterfront Drive, PO Box 3339, Road Town, Tortola, British Virgin Islands	100
Brunei Darussalam		
Amec Foster Wheeler (B) SDN BHD	Unit No.s 406A-410A, Wisma Jaya, Jalan Pemancha, Bandar Seri Begawan BS8811, Brunei Darussalam	99
Bulgaria		
AMEC Minproc Bulgaria EOOD	7th Floor, 9-11 Maria Louisa Blvd, Vazrazhdane District, Sofia 1301, Bulgaria	100
Cameroon		
Amec Foster Wheeler Cameroon SARL	Cap Limboh, Limbe, BP1280, Cameroon	100
Canada		
AFW Canada Investments Limited	Suite 2400, 745 Thurlow Street, Vancouver, BC, V6E 0C5	100
AFW Canadian Holdco Inc.	Suite 2400, 745 Thurlow Street, Vancouver, BC, V6E 0C5	100
AMEC BDR Limited	900 AMEC Place, 801-6th Avenue S.W., Calgary, AB, T2P 3W3, Canada	100
AMEC Canada Holdings Inc.	Suite 2400, 745 Thurlow Street, Vancouver, BC, V6E 0C5	100
AMEC Earth & Environmental Limited	801, 900, 6th Avenue S.W., Calgary, AB, T2P 3W3, Canada	100
Amec Foster Wheeler Canada Ltd.	900 AMEC Place, 801-6th Avenue S.W., Calgary, AB, T2P 3W3, Canada	100
Amec Foster Wheeler Inc.	2020 Winston Park Drive, Suite 700, Oakville, ON, L6H 6X7, Canada	100
AMEC South America Limited	2020 Winston Park Drive, Suite 700, Oakville, ON, L6H 6X7, Canada	100
MASA Ventures Limited	900 AMEC Place, 801-6th Avenue S.W., Calgary, AB, T2P 3W3, Canada	100
QEDI Commissioning and Completions (Canada) Limited	Suite 2400, 745 Thurlow Street, Vancouver, BC, V6E 0C5	100
Rider Hunt International (Alberta) Inc.	900 AMEC Place, 801-6th Avenue S.W., Calgary, AB, T2P 3W3, Canada	100
Wood Architectural Services Ltd.	133 Crosbie Road, St. John's, NL, A1B 1H3, Canada	0*
Wood Canada Limited	2020 Winston Park Drive, Suite 700, Oakville, ON, L6H 6X7, Canada	100
Wood Geomatics Limited	900 AMEC Place, 801-6th Avenue S.W., Calgary, AB, T2P 3W3, Canada	100
Wood Group Asset Integrity Solutions, Inc.	Borden Ladner Gervais LLP, Centennial Place, East Tower, 1900, 520 - 3rd Ave. S.W., Calgary, AB, T2P 0R3, Canada	100
Wood Group Canada, Inc	Borden Ladner Gervais LLP, Centennial Place, East Tower, 1900, 520 - 3rd Ave. S.W., Calgary, AB, T2P 0R3, Canada	100
Wood Group E&PF (Canada) Limited	Borden Ladner GVervais LLP, Centennial Place, East Tower, 1900, 520 - 3rd Ave. S.W., Calgary, AB, T2P 0R3, Canada	100
Wood Group Kenny Canada Ltd.	Borden Ladner Gervais LLP, Centennial Place, East Tower, 1900, 520 - 3rd Ave. S.W., Calgary, AB, T2P 0R3, Canada	100
Wood Group Mustang (Canada) Construction Management Inc.	Borden Ladner Gervais LLP, Centennial Place, East Tower, 1900, 520 - 3rd Ave. S.W., Calgary, Alberta, T2P 0R3	100
Cayman Islands		
FW Chile Holdings Ltd.	Codan Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, PO Box 2681, George Town, KY1-1111	100
Wood Group O&M International, Ltd.	Sterling Trust (Cayman) Limited, Whitehall House, 238 North Church Street, George Town, KY1-1102, Cayman Islands	100
Wood Group OTS International Inc.	Sterling Trust (Cayman) Limited, Whitehall House, 238 North Church Street, George Town, KY1-1102, Cayman Islands	100
Chile		
AMEC CADE Ingeniería y Desarrollo De Proyectos Limitada	Av. Jose Domingo, Canas No 2640, Nunoa, Santiago, 7750164, Chile	100
AMEC Chile Ingeniería y Construcción Limitada	Av. Jose Domingo, Canas No 2640, Nunoa, Santiago, 7750164, Chile	100
Amec Foster Wheeler Iberia, Agencia en Chile	Evaristo Lillo 112, 3rd Floor, Las Condes, Santiago, Chile	100
Amec Foster Wheeler International Ingenieria y Construcción Limitada	Av. Apoquindo 3846, piso 15, Las Condes, Santiago, 7550123, Chile	100
Amec Foster Wheeler Talcahuano, Operaciones y Mantenciones Limitada	Camino A Ramuntcho 3230, Sector 4 Esquinas, Talcahuano, Chile	100
ISI Mustang Chile SpA	Calle Providencia 337, off. 7, Comuna de Providencia, Santiago, Chile	100
Terra Nova Technologies Chile Limitada	Av. Apoquindo 3846, piso 15, Las Condes, Santiago, 7550123, Chile	100

China		
AG Offshore Engineering (China) Ltd	Room A25, 3rd Floor,No 473 West Fute 1st Road, Shanghai, China	100
Amec Foster Wheeler Engineering & Construction Design (Shanghai) Co., Ltd.	Room 401, Floor 4, No, 120 Qixia Road, Pudong New Area, Shanghai, China	100
Amec Foster Wheeler Engineering & Consulting (Shanghai) Co., Ltd	Room 204, Building 1, No. 1287, Shangcheng Road, Pudong New District, Shanghai	100
Amec Foster Wheeler Power Machinery Company Limited	No.1, Fuhui Road, Xinhui District, Jiangmen City, Guangdong Province, China	52
Feng Neng Sgurr (Beijing) Renewable Energy Technology Co. Ltd	1217, No 5 Dongzhimen South Avenue, Dongcheng, China	100
Grenland Group (China) Limited	Room D2, 6th Floor,No 2446, Jin Qiao Road, Shanghai, Pudong, China	100
Colombia		
Amec Foster Wheeler Colombia SAS	Calle 110 No. 9-25, Offices 515 and 516, Bogotá, Colombia	100
Procesos y Disenos Energeticos S.A.S.	Carrera 11 A No. 96-51 5th floor, Bogota D.C., Colombia	100
Curaçao		
Harwat International Finance Corporation N.V.	Curado Trust, Penstraat 35, P.O. Box 4888, Curacao	100
Cyprus		
AMEC Overseas (Cyprus) Limited	1, Lampousas Street, 1095 Nicosia, Cyprus	100
J P Kenny Overseas Limited	Themistokli Dervi, 5, Elenion Building, 2nd Floor, P.C. 1005, Nicosia, Cyprus	100
WG International Services Limited	Elenion Building, 2nd Floor, 5 Themistocles Street, CY-1066 Nicosia,CY-1310 Nicosia, PO Box 25549, Cyprus	100
WGPS International Limited	Elenion Building, 2nd Floor, 5 Themistocles Street, CY-1066 Nicosia,CY-1310 Nicosia, PO Box 25549, Cyprus	100
Wood Group Angola Limited	Elenion Building, 2nd Floor, 5 Themistocles Street, CY-1066 Nicosia,CY-1310 Nicosia, PO Box 25549, Cyprus	100
Wood Group Engineering Services (North Africa) Limited	Elenion Building, 2nd Floor, 5 Themistocles Street, CY-1066 Nicosia,CY-1310 Nicosia, PO Box 25549, Cyprus	100
Wood Group Equatorial Guinea Limited	Elenion Building, 2nd Floor, 5 Themistocles Street, CY-1066 Nicosia,CY-1310 Nicosia, PO Box 25549, Cyprus	100
Czech Republic		
Amec Foster Wheeler s.r.o.	Krenova 58, Brno, 60200, Czech Republic	100
Democratic Republic of Congo		
MDM Engineering SPRL	32 Avenue 3Z, Commune de Kasuku, Ville de Kindu, Democratic Republic of Congo	100
Egypt		
Foster Wheeler Petroleum Services S.A.E.	Al-Amerya General Free Zone, Alexandria, Egypt	100
Equatorial Guinea		
Baker Energy International Equatorial Guinea S.A.	Bioko, Island Region, Malabo	65
Hexagon Sociedad Anonima con Consejo de Administracion	c/o Solege, Calle Kenia S/N, Malabo, Equatorial Guinea	65
France		
Amec Foster Wheeler France S.A.	14, Place de la Coupole, Charenton-le-Pont, France, 94220	100
Wood Group Engineering Services (France) SAS	6Pl de la Madeleine, 75008, Paris, France	100
Wood Group France SAS	60 rue de La Chaussee d'Antin, 75009, Paris, France	100
Wood Nuclear France SAS	Immeuble Horizon Sainte Victoire, Bâtiment A, 970 rue René Descartes, 13857 Aix-en-Provence cedex 3, France	100
Gabon		
Production Services Network Gabon SARL	Place of Independence, En face de la BVMAC, Libreville, BP 922, Gabon	100
Germany		
Amec Foster Wheeler E & I GmbH	Weserstrasse 4, Frankfurt am Main, 60329, Germany	100
Bauunternehmung Kittelberger GmbH i.L.	Liebigstr. 1-3, Kaiserslautern, 67661, Germany	100
KIG Immobilien Beteiligungsgesellschaft mbH	Hammstrasse 6, 04129 Leipzig, Germany	100
KIG Immobiliengesellschaft mbH & Co. KG	Hammstrasse 6, 04129 Leipzig, Germany	100
Ghana		
Amec Foster Wheeler Operations Ghana Limited	3rd Floor Teachers Hall Complex, Education Loop, Off Barnes Road, PO Box 1632, Accra, Ghana	100
MDM Projects - Ghana Limited	2nd Floor Cedar House, 13 Samora Machel Road, Asylum Down, Accram, Ghana	100
Wood & BBS Ghana Limited	No 4 Momotsa Avenue, Behind All Saints Anglican Church, Adabraka, Accra, Ghana	80
Wood Group Ghana Limited	20 Jones Nelson Road, Adabraka, Accra, Ghana	49*
Gibraltar		
Foster Wheeler (Gibraltar) Holdings Limited	Suite 1, Burns House, 19 Town Range, Gibraltar	100
Greece		
Amec Foster Wheeler Hellas Engineering and Construction Societe Anonyme	21 Elvetias Street, (First Floor), Agia Paraskevi, 153 42, Greece	100
Guatemala		
AMEC Guatemala Engineering and Consulting, Sociedad Anonima	Ciudad Guatemala, Guatemala	100
Guernsey		
AMEC Operations Limited	22 Havilland Street, St Peter Port, GY1 2QB, Guernsey	100
Garlan Insurance Limited	PO Box 33, Maison Trinity, Trinity Square, St Peter Port, GY1 4AT, Guernsey	100
Wood Group Offshore Services Limited	PO Box 119 Martello Court, Admiral Park, St Peter Port, Guernsey, GY1 3HB, Guernsey	100
Wood USA Holdings Limited	22 Havilland Street, St Peter Port, GY1 2QB, Guernsey	100

Hong Kong		
AMEC Asia Pacific Limited	5008, 50th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong	100
AMEC Engineering Limited	5008, 50th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong	100
SgurrEnergy Hong Kong Limited	26/F Beautiful Group Tower, 77 Connaught Road Central, Hong Kong	100
Hungary		
FW Hungary Licensing Limited Liability Company	Krisztina korut 2-4. I. em. 17, Budapest, Hungary, 1122	100
India		
Amec Foster Wheeler India Private Limited	6th Floor, Zenith Building, Ascendas IT Park, CSIR Road, Taramani, Chennai 600 113, India	100
Ingenious Process Solutions Private Limited	307, Atlanta Estate, 3rd Floor, Hanuman Tekdil Road Vitbhatti, Off. W.E. Highway, Goregaon (East) Mumbai MH 400063	100
Mustang Engineering India Private Limited	R9, F -3 RD W: B, P-214, B- Wing, Laxmikant Apartment,Sitaram Keer Marg, Mahim, Mumbai, 400016, India	100
Wood Group Kenny India Private Limited	15th Floor Tower-B, Building No. 5, DLF Cyber City, ,HR, Phase III Gurgaon Gurgaon, 122002, India	100
Wood Group PSN India Private Limited	Floor 15, Building No 5, Tower B, Cyber Terraces, DLF Cyber City, Phase III,Haryana, Gurgaon - 122002, India	100
Indonesia		
PT AGRA Monenco	c/o 2020 Winston Park Drive, Suite 700, Oakville, ON, L6H 6X7, Canada	100
PT Amec Foster Wheeler Indonesia	Perkantoran Pulo mas Blok VII No. 2, Jl Perintis Kemerdekaan, Pulo Gadung, Jakarta, Timur, Indonesia	85
PT Australian Skills Training	Green Town Warehouse No. 2, Bengkong-Batam-Indonesia, Indonesia	95
PT Foster Wheeler O&G Indonesia	Perkantoran Pulo mas Blok VII No.2, Jl. Perintis Kemerdekaan, Pulo Gadung, Jakarta Timur 13260, Indonesia	90
PT Harding Lawson Indonesia	c/o 2020 Winston Park Drive, Suite 700, Oakville, ON, L6H 6X7, Canada	100
PT Simons International Indonesia	c/o 2020 Winston Park Drive, Suite 7000, Oakville, Ontario, Canada	100
PT Wood Group Indonesia	Office 88 Tower, 20th - H Floor, Jl. Casablanca Kav 88, South Jakarta, Jakarta, 12870, Indonesia	90
Iran		
Wood Group Iran - Qeshm Company (pjs)	No 2564, Hafez Street, Toola Industrial Park,Qeshm Island, Annaba, Iran	97
Foster Wheeler Adibi Engineering	9th Floor Aluminumm Building, Avenue Shah, Tehran	45
Iraq		
Ghabet El Iraq for General Contracting and Engineering Services, Engineering Consultancy (LLC)	Suite 24, Building 106,St 19, Sec 213, Al-Kindi St, Al-Haritheeya Qts, Baghdad, Iraq	100
Touchstone General Contracting, Engineering Consultancy and Project Management LLC	Flat no. 23A, 3rd Floor, near Kahramana Square Anbar Building, District no. 903, Hay Al Karada, Baghdad, Iraq	100
Wood Group, LLC	Shoresh, Hadid and Khashab St., Kurdistan, Erbil, Iraq	100
Ireland		
JWG Ireland CAD Unlimited Company	Second Floor, Blocks 4 and 5, Galway Technology Park, Parkmore, Galway, Ireland	100
JWG Ireland NOK Unlimited Company	Second Floor, Blocks 4 and 5,Galway Technology Park, Parkmore, Galway, Ireland	100
JWG Ireland USD 2 Unlimited Company	Second Floor, Blocks 4 and 5, Galway Technology Park, Parkmore, Galway, Ireland	100
JWG Ireland USD 3 Unlimited Company	Second Floor, Blocks 4 and 5, Galway Technology Park, Parkmore, Galway, Ireland	100
JWG Ireland USD Unlimited Company	Second Floor, Blocks 4 and 5, Galway Technology Park, Parkmore, Galway, Ireland	100
Wood Group Kenny Ireland Limited	c/o Matheson Ormsby Prentice, 70 Sir John Rogerson's Quay, Dublin 2, Ireland	100
Italy		
Amec Foster Wheeler Italiana S.r.l.	Via S. Caboto 15, Corsico, 20094, Italy	100
FW TURNA S.r.l.	Via S. Caboto 15, Corsico (Milano), 20094, Italy	100
Jamaica		
Monenco Jamaica Limited	c/o 2020 Winston Park Drive, Suite 700, Oakville, ON, L6H 6X7, Canada	100
Japan		
Amec Foster Wheeler Asia K.K.	Shiba International Law Offices, 1-3-4-5F Atago, Minatoku, Tokyo, 105-0002, Japan	100
Jersey		
AltaBlue Limited	28 Esplanade, St Helier, JE2 3QA, Jersey	100
AMEC Nuclear Consultants International Limited	95/97 Halkett Place, St Helier, JE1 1BX, Jersey	100
GTS Power Solutions Limited	28 Esplanade, St Helier, JE2 3QA, Jersey	100
Wood Group Engineering Services (Middle East) Limited	28 Esplanade, St Helier, JE2 3QA, Jersey	100
Wood Group Production Facilities Limited	28 Esplanade, St Helier, JE2 3QA, Jersey	100
Kazakhstan		
AMEC Limited Liability Partnership	46 Satpayev St., Atyrau City, Atyrau Oblast, 060011, Kazakhstan	100
Foster Wheeler Kazakhstan LLP	app. 27, h. 64, Bostandykskiy district, Abaya Ave., Almaty City, Kazakhstan	100
QED International (Kazakhstan) Limited Liability Partnership	46 Satpayev St., Atyrau City, Atyrau Oblast, 060011, Kazakhstan	100
Wood Group Kazakhstan LLP	55 Ablai Khan Ave., Room #112/114, Almaty, 050004, Kazakhstan	100
Yeskertkish Kyzmet Kazakhstan LLP	Building 70A, Street No12, microdistrict Samal, Atyrau city, 060011, Kazakhstan	100
Kuwait		
AMEC Kuwait Project Management and Contracting Company W.L.L.	2nd Floor, Al Mutawa Building, Ahmed Al Jaber Street, Sharq, Kuwait City	49*
Liberia		
Amec Foster Wheeler Liberia Inc	King Plaza, 2nd-4th Floors, Broad Street, Monrovia 10, Liberia	100
Luxembourg		
AFW Luxembourg 1 S.a.r.l.	5, rue Guillaume Kroll, Luxembourg, L-1882	100
AFW Luxembourg 2 S.a.r.l.	5, rue Guillaume Kroll, Luxembourg, L-1882	100
Financial Services S.à r.l.	15, Boulevard Friedrich Wilhelm Raiffeisen, L-2411, Luxembourg	100
FW Investment Holdings S.à r.l.	5, rue Guillaume Kroll, Luxembourg, L-1882	100

Malaysia		
AMEC (Malaysia) Sdn Bhd	Suite 1005, 10th Floor, Wisma Hamzah-Kwong Hing, No. 1, Leboh Ampang, Kuala Lumpur, 50100, Malaysia	100
Amec Foster Wheeler OPE Sdn Bhd	12th Floor, West Block, Wisma Selangor Dredging, 142-C Jalan Ampang, Kuala Lumpur, 50450, Malaysia	100
AMEC Holdings (Malaysia) Sdn Bhd	Suite 1005, 10th Floor, Wisma Hamzah-Kwong Hing, No. 1, Leboh Ampang, Kuala Lumpur, 50100, Malaysia	100
AMEC Oil Gas and Process Sdn Bhd	Suite 1005, 10th Floor, Wisma Hamzah-Kwong Hing, No. 1, Leboh Ampang, Kuala Lumpur, 50100, Malaysia	100
AMEC Process & Energy Sdn Bhd	Suite 1005, 10th Floor, Wisma Hamzah-Kwong Hing, No. 1, Leboh Ampang, Kuala Lumpur, 50100, Malaysia	100
BMA Engineering SDN. BHD.	Unit C-12-4, Level 12, Block C, Megan Avenue II, Wilayah Persekutuan,Wilayah Persekutuan, Kuala Lumpur, 50450, Malaysia	100
Foster Wheeler (Malaysia) Sdn. Bhd.	Suite 1005, 10th Floor, Wisma Hamzah-Kwong Hing, No. 1, Leboh Ampang, Kuala Lumpur, 50100, Malaysia	100
Foster Wheeler E&C (Malaysia) Sdn. Bhd.	Suite 1005, 10th Floor, Wisma Hamzah-Kwong Hing, No. 1, Leboh Ampang, Kuala Lumpur, 50100, Malaysia	70
Mustang Malaysia Sdn. Bhd.	Level 7, Menara Milenium,Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights,Wilayah Persekutuan,Wilayah Persekutuan, Kuala Lumpur, 50490, Malaysia	100
Rider Hunt International (Malaysia) Sdn Bhd	Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, Kuala Lumpur, 50490, Malaysia	100
Wood Group Engineering Sdn. Bhd	Level 7, Menara Milenium,Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights,Wilayah Persekutuan,Wilayah Persekutuan, Kuala Lumpur, 50490, Malaysia	0*
Wood Group Kenny Sdn Bhd	c/o Securities Services (Holdings) Sdn Bhd, level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, ,Kuala Lumpur, Damansara Town Centre, Damansa, 50490, Malaysia	0*
Wood Group Mustang (M) Sdn. Bhd.	Level 7, Menara Milenium,Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights,Wilayah Persekutuan,Wilayah Persekutuan, Kuala Lumpur, 50490, Malaysia	100
Wood Group Production Facilities (Malaysia) Sdn. Bhd.	Lot 1-3, Level 5, Block G (South), Pusat Bandar Damansara, 50490 Kuala Lumpur, Kuala Lumpur, Malaysia	48*
Mauritius		
MDM Engineering Investments Ltd	1st Floor, Felix House, 24 Dr Joseph Street, Port Louis, Mauritius	100
MDM Engineering Projects Ltd	1st Floor, Felix House, 24 Dr Joseph Street, Port Louis, Mauritius	100
P.E. Consultants, Inc.	St James Court-Suite 308, St Denis Street, Port Louis, Mauritius	100
QED International Ltd	c/o Estera Management (Mauritius) Ltd, 11th Floor, Medine Mews, La Chaussée Street, Port Louis, Mauritius	100
Mexico		
AGRA Ambiental S.A. de C.V.	c/o 2020 Winston Park Drive, Suite 700, Oakville, ON, L6H 6X7, Canada	100
Amec Foster Wheeler Energia Mexico S. de R.L. de C.V.	Av. Vasconcelos 453, Colonia del Valle 66220 Nuevo Leon, Monterrey (Estados Unidos de México), Mexico	100
Amec Foster Wheeler Mexico, S.A. de C.V.	c/o Carlos Salazar, 2333 Oriente, Col. Obrera, Monterrrey, Nuevo Leon, 64010, Mexico	100
AYMEC de Mexico S.A. de C.V.	453 Planta Alta Del Valle, San Pedro Garza Garcia, Nuevo Leon 66220, Mexico	100
CEC Controls Automatizacion S. de R.L. de C.V.	Libramiento Carr. Silao-León #201, Esq. Prolongación Bailleres, Col. Progreso Silao, Guanajuato, CP. 36135, Mexico	100
Exergy Engineering Services, S.A. de C.V.	David Alfaro Siqueiros 104 piso 2, Col. Valle Oriente, San Pedro Garza Garcia, Nuevo Leon, CP. 66269, Mexico	100
Exergy Engineering, S.A. de C.V.	David Alfaro Siqueiros 104 piso 2, Col. Valle Oriente, San Pedro Garza Garcia, Nuevo Leon, CP. 66269, Mexico	100
Foster Wheeler Constructors de Mexico, S de R.L. de C.V.	699 15th Street, 6th Avenue, Agua Prieta, Sonora, Mexico	100
Global Mining Projects and Engineering, S.A. de C.V.	Calle Coronado 124, Zona Centro, Chihuahau, Chihuahau, 31000, Mexico	100
Harding Lawson de Mexico S.A. de C.V.	Edificio Omega, Campos Eliseos 345, floors 2, 3 & 11, Chapultepec Polanco 11560 Mexico, D.F.	100
ISI Mustang Servicios de Ingenieria de Mexico, S de R.L. De C.V.	HOMERO 1804 PISO 11,COL. LOS MORALES - DELEGACION MIGUEL HIDALGO, Distrito Federal, Mexico City, C.P. 11540, Mexico	100
Wood Group de Mexico S.A. de C.V.	Blvd. Manuel Avila Camacho 40 - 1801, Lomas de Cahpultepec, Delgacion Miguel Hidalgo, Mexico, D.F. 11000	100
Wood Group Management Services de Mexico, S.A. de C.V.	Blvd. Manuel Avila Camacho 40 - 1801, Lomas de Cahpultepec, Delgacion Miguel Hidalgo, Mexico, D.F. 11000	100
Mongolia		
AMEC LLC	Suite 403, 4th Floor New Century Plaza, Chinggis Avenue, Sukhbaatar District, Ulaanbaatar, Mongolia	100
Mozambique		
Amec Foster Wheeler Mozambique Limitada	Mocambique, Maputo Cidade, Distrito Urbano 1, Bairro Sommerschield II, Av. Julius Nyerere, nº 3412, Maputo, Mozambique	100
Wood Group Mozambique, Limitada	73 Rua Jose Sidumo, Bairro da Polana, Maputo, Mozambique	100
Netherlands		
AMEC GRD SA B.V.	Meander 251, Arnhem, 6825 MC, Netherlands	100
AMEC Holland B.V.	Prins Bernhardplein 200, 1097 JB, Amsterdam, Netherlands	100
AMEC Investments B.V.	Prins Bernhardplein 200, 1097 JB, Amsterdam, Netherlands	100
Foster Wheeler Continental B.V.	Naritaweg 165, 1043 BW Amsterdam, Netherlands	100
Foster Wheeler Europe B.V.	Naritaweg 165, 1043 BW Amsterdam, Netherlands	100
John Wood Group B.V.	C/O Centralis Netherlands BV, Zuidplein 126, WTC, Toren H 15e, Amsterdam, 1077XV, Netherlands	100
John Wood Group Holdings B.V.	C/O Centralis Netherlands BV, Zuidplein 126, WTC, Toren H 15e, Amsterdam, 1077XV, Netherlands	100

New Zealand		
AMEC New Zealand Limited	c/o KPMG, 18 Viaduct Harbour Avenue, Maritime Square, Auckland, New Zealand	100
M&O Pacific Limited	28 Manadon Street, New Plymouth, New Zealand	100
Nicaragua		
MACTEC Engineering and Consulting, Sociedad Anonima (Nicaragua)	Del Hospital Militar, 1 Cuadra al Lago, Managua, Nicaragua	98
Nigeria		
AMEC Contractors (W/A) Limited	13A AJ Marinho Drive, Victoria Island, Lagos, Nigeria	100
AMEC King Wilkinson (Nigeria) Limited	No 3, Hospital Road, PO Box 9289, Lagos, Nigeria	100
AMEC Offshore (Nigeria) Limited	18th Floor, Western House, 8/10 Broad street, Lagos, Nigeria	75
Foster Wheeler (Nigeria) Limited	1 Murtala Muhammed Drive, (Formerly Bank Road), Ikoyi, Lagos, Nigeria	100
Foster Wheeler Environmental Company Nigeria Limited	c/o Nwokedi & Co., 21 Ajasa Street, Onikan, Nigeria	87
JWG Nigeria Limited	13 Sumbo Jibowu Street, Ikoyi, Lagos, Nigeria	49*
Monenco Nigeria Limited	Ebani House (Marina side), 62 Marina, Lagos, Nigeria	60
Overseas Technical Services Nigeria Limited	No 13 Sumbo Jibowu Street, Ikoyi, Lagos, Nigeria	93
Norway		
Erbus AS	Fokserodveien 12, Sandefjord, 3241, Norway	100
Wood Group Kenny Norge AS	Lkkeveien 99, Stavanger, 4008, Norway	100
Wood Group Norway AS	Fokserodveien 12, Sandefjord, 3241, Norway	100
Wood Group Norway Holdings AS	Fokserodveien 12, Sandefjord, 3241, Norway	100
Wood Group Norway Operations AS	Kanalsletta 2, 4033 Stavanger, Norway	100
Oman		
Amec Foster Wheeler Engineering Consultancy LLC	PO Box 1469, Postal Code 133, Al-Khuwair, Sultanate of Oman	60
Wood LLC	Bldg No. 89, Way No. 6605, Al Oman Street, Ghala Industrial Area, P.O. Box 293, Al Khuwair, PC 133, Oman	70*
Panama		
MACTEC Engineering and Consulting, Corp.	Brisas del Golf, Street 17, House 4-E Panama City, Panama	0*
Papua New Guinea		
Wood Group PNG Limited	Dentons PNG, Level 5, Bsp Haus, Harbour City, Port Moreseby,Papau New Guinea, National Capital District, Papua New Guinea	100
Peru		
Amec Foster Wheeler Perú S.A.	Calle Las Begonias 441, Piso 8, San Isidro, Lima, 27, Peru	100
ISI Mustang Peru S.A.C.	Calle Martir Olaya 201, off. 801 Miraflores, Lima, Peru	100
Wood Group Peru S.A.C.	Av. de la Floresta 407, 5th Floor, San Borja, Lima, Peru	100
Philippines		
Foster Wheeler (Philippines) Corporation	U-7A, 7/F PDCP Bank Centre,V.A. Rufino St. Corner L.P. Leviste St., Salcedo Village, Makati City, PH, 1227	100
Production Services Network Holdings Corp.	585 ME National Road HW, Barangay Alangilan, Batangas City, Batangas, Philippines	100
PSN Production Services Network Philippines Corp	12th Floor, Net One Center,26th Street Corner, 3rd Avenue, Crescent Park West,Taguig, Metro Manilla, Bonifacio Global City, 1634, Philippines	40*
Poland		
Amec Foster Wheeler Consulting Poland Sp. z o.o.	ul. Chmielna 132/134, Warsaw, 00-805, Poland	100
Portugal		
Amec Foster Wheeler (Portugal) Lda	Avenida Barbosa du Bocage 113-4, Lisboa, 1050-031, Portugal	100
Puerto Rico		
AMEC E&E Caribe, LLP	14th Floor, 250 Munoz Rivera Avenue, American International Plaza, San Juan, 00918, Puerto Rico	98
MACTEC Engineering and Consulting - Caribe, P.S.C.	BBVA Tower Suite P1, 254 Munoz Rivera Ave., San Juan, 00918, Puerto Rico	0*
Qatar		
Production Services Network Qatar LLC	PO Box 2515, Doha, Qatar	49*
Romania		
AMEC Environment & Infrastructure SRL	Piata Charles de Gaulle, nr 15, Et. 3, Charles de Gaulle Plaza, Sector 1, Bucharest, Romania	100
AMEC Operations S.R.L	Rooms 1 and 2, 2nd Floor, No. 59 Strada Grigore Alexandrescu, Sector 1, Bucharest 010623, Romania	100
CEC Controls Company S.R.L.	Bulevardul Tudor Vladimirescu No. 22, Bldg. Greengate Office, 5th Floor, Room 516, Campus 02, District 5, Bucharest, Romania	100
Russia		
AMEC Eurasia Limited	Novy Arbat, 11 bld., 1 Moscow, Russian Federation	100
OOO Amec Foster Wheeler	Office E-100, Park Place, 113/1, Leninsky Prospekt, 117198, Moscow, Russian Federation	100
Production Services Network Eurasia LLC	Tverskaya St. 16/3, Moscow, Moscow, 125009, Russian Federation	50*
Production Services Network Sakhalin LLC	2-6 Floors,88 Amurskaya, Yuzhno-Sakhalinsk, 693020, Russian Federation	50*
Sakhalin Technical Services Network LLC	Suite 417, Kommunistichesy Prospekt 32, Yuzhno-Sakhalinsk, Sakhalin, Russian Federation	40*
Saudi Arabia		
Amec Foster Wheeler Energy and Partners Engineering Company	Karawan Towers, South Block, King Faisal Road, Al-Khobar, Saudi Arabia	75
Mustang and Faisal Jamil Al-Hejailan Consulting Engineering Company	PO Box 9175, Riyadh, 11413, Saudi Arabia	70
Mustang Saudi Arabia Co. Ltd.	P.O. Box 17411, Riyadh, 11484, Saudi Arabia	100
Wood Group ESP Saudi Arabia Limited	PO Box 1280, Al-Khobar	51

Singapore		
Amec Foster Wheeler Asia Pacific Pte. Ltd.	One Marina Boulevard #28-00, Singapore, 018989, Singapore	100
AMEC Global Resources Pte Limited	991E Alexandra Road, #01 - 25, 119973, Singapore	100
AMEC Global Services Pte Ltd	991E Alexandra Road, #01 - 25, 119973, Singapore	100
Australian Skills Training Pte. Ltd.	991E, Alexandra Road, #01-25, Singapore, 119973, Singapore	100
Foster Wheeler Eastern Private Limited	1 Marina Boulevard, #28-00, Singapore 018989	100
OPE O&G Asia Pacific Pte. Ltd.	1 Marina Boulevard, #28-00, One Marina Boulevard, 018989, Singapore	100
Rider Hunt International (Singapore) Pte Limited	24 Raffles Place, #24-03 Clifford Centre, Singapore, 048621	100
Simons Pacific Services Pte Ltd.	#27-01 Millenia Tower, 1 Temasek Ave, Singapore, 039192	100
Wood Group Engineering Pte. Limited	Shaw Tower #28-09, 100 Beach Road, Singapore, 189702	100
Wood Group International Services Pte. Ltd.	Shaw Tower #28-09, 100 Beach Road, Singapore, 189702	100
Slovakia		
The Automated Technology Group (Slovakia) s.r.o.	Hviezdoslavovo namestie 13, Mestska cast Stare Mesto, Bratislava, 811 02, Slovakia	100
Wood Nuclear Slovakia s.r.o.	Piestanska 3, Trnava, 917 01, Slovakia	100
South Africa		
Amec Foster Wheeler Properties (Pty) Limited	Second Road, Halfway House, P. O. Box 76, Midrand 1685, South Africa	100
AMEC Minproc (Proprietary) Limited	2 Eglin Road, Sunninghill, 2157, South Africa	100
MDM Technical Africa (Pty) Ltd	Zeelie Office Park, 381 Ontdekkers Road, Floida Park Ext 3, Roodepoort, 1709, South Africa	100
Mossel Bay Energy IPP (proprietary) Limited (RF)	2nd Road Halfway House, Midrand, South Africa	90
Nuclear Consultants International (Proprietary) Limited	Nr 5, 5th Ave, Melkbos Strand, Cape Town, 7441, South Africa	100
Wood BEE Holdings (Proprietary) Ltd	88, 2nd Street, Halfway House, Midrand, Gauteng, 1685, South Africa	58
Wood Group (South Africa) Pty Ltd	25 Frederick Street, Observatory Ext, Gauteng, Johannesburg, 2198, South Africa	48*
Wood South Africa (PTY) Ltd	88, 2nd Street, Halfway House, Midrand, Gauteng, 1685, South Africa	70
South Korea		
AMEC Korea Limited	KT Building 11F, 14 Yeouidaero, Youngdeungpo-gu, Seoul 07320	100
Spain		
Amec Foster Wheeler Energia, S.L.U.	Calle Gabriel Garcia Marquez, no 2, Parque Empresarial Madrid, Las Rozas, 28232 Las Rozas, Madrid, Spain	100
Amec Foster Wheeler Iberia S.L.U.	Calle Gabriel Garcia Marquez, no 2, Parque Empresarial Madrid - Las Rozas, 28230 Las Rozas, Madrid, Spain	100
Conequip, S.A.	Calle Gabriel Garcia Marquez, no 2, Parque Empresarial Madrid-Las Rozas, 28230 Las Rozas, Madrid, Spain	100
Switzerland		
A-FW International Investments GmbH	c/o Intertrust Services (Schweiz) AG, Alpenstrasse 15, 6300, Zug, Zug, Switzerland	100
Amec Foster Wheeler Engineering AG	Lohweg 6, 4054 Basel, Switzerland	100
FW Financial Holdings GmbH	c/o BDS Consulting AG, Freier Platz 10, Schaffhausen, 8200, Switzerland	100
Tanzania		
MDM Projects-Tanzania Limited	Plot No. 18, Rukwa Street, Masaki Kinondoni Municipality, PO Box 38192, Dar es Salaam, Tanzania	100
Thailand		
Amec Foster Wheeler Holding (Thailand) Limited	1st Floor Talaythong Tower, 53 Moo 9, Sukhumvit Road, Thungsukla, Sriracha, Chonburi, 20230, Thailand	100
Foster Wheeler (Thailand) Limited	53 Talaythong Tower, 1st Floor, Moo 9, Sukhumvit Road, Tambol Tungsukhla, Amphur Sriracha, Chonburi, 20230, Thailand	100
SIE Siam Limited	91/17 Soi Wattananivet 4, Suthisarnvinijchai Road, Khwaeng Samsennok, Khet Huaykwang, Bangkok Metropolis, Thailand	100
Simons International Engineering Ltd.	91/17 Soi Wattananivet 4, Suthisarnvinijchai Road, Khwaeng Samsennok, Khet Huaykwang, Bangkok Metropolis, Thailand	100
Trinidad and Tobago		
Wood Group Trinidad & Tobago Limited	18 Scott Bushe Street, Port of Spain, Trinidad and Tobago	100
Turkey		
Amec Foster Wheeler Bimas Birlesik Insaat ve Muhendislik A.S.	Kucukbakkalkoy Mah, Çardak Sok, No.1A Plaza, 34750 Atasehir, Istanbul, Turkey	100
Uganda		
Wood Group PSN Uganda Limited	KAA House, Plot 41,Nakasero Road, PO Box 9566, Kampala, Uganda	100
United Arab Emirates		
AMEC Growth Regions Support FZ LLC	Dubai Internet City, Building One, Office 315, Dubai, United Arab Emirates	100
PSN Overseas Holding Company Limited	The MAZE Tower, 15th Floor, Sheikh Zayed Road, PO Box 9275, Dubai, United Arab Emirates	100
QED International FZ LLC	Knowledge Village, Alsufouh Road, Dubai, United Arab Emirates	100
Production Services Network Emirates LLC	Floor 5, International Tower,Capital Centre, 24th (Karama) Street, P.O. Box 105828, Abu Dhabi, United Arab Emirates	49*

United Kingdom		
AFW E&C Holdings Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AFW Finance 2 Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AFW Finance 3 Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AFW Hungary Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AFW Investments Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC (AGL) Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC (BCS) Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC (F.C.G.) Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC (MH1992) Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC (MHL) Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC (WSL) Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC BKW Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC Bravo Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC Building Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC Canada Limited	KPMG LLP, 15 Canada Square, Canary Wharf, London, E14 5GL	100
AMEC Capital Projects Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC Civil Engineering Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC Construction Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC Engineering Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC Facilities Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Amec Foster Wheeler (Holdings) Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Amec Foster Wheeler Earth and Environmental (UK) Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Amec Foster Wheeler Energy Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Amec Foster Wheeler Finance Asia Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Amec Foster Wheeler Finance Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Amec Foster Wheeler Group Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Amec Foster Wheeler International Holdings Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Amec Foster Wheeler International Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Amec Foster Wheeler Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Amec Foster Wheeler Nuclear International Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Amec Foster Wheeler Property and Overseas Investments Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC Investments Europe Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC Kazakhstan Holdings Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC Manufacturing and Services Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC Mechanical and Electrical Services Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC Mining Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC Nominees Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC Nuclear M & O Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC Nuclear Overseas Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC Offshore Developments Limited	Ground Floor, 15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland	100
AMEC Offshore Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC Process and Energy Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC Project Investments Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC Services Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC Trustees Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC USA Finance Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC USA Holdings Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC USA Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC Utilities Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC Wind Developments Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Applied Environmental Research Centre Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Attric Ltd	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Automated Technology Group Holdings Limited	Compass Point,79-87 Kingston Road, Staines, TW18 1DT, England, United Kingdom	100
East Mediterranean Energy Services Limited	c/o Ledingham Chalmers LLP, 3rd Floor, 68-70 George Street, Edinburgh, EH2 2LR, United Kingdom	100
Energy, Safety and Risk Consultants (UK) Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Entec Holdings Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Entec Investments Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Foster Wheeler (G.B.) Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Foster Wheeler (London) Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Foster Wheeler (Process Plants) Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Foster Wheeler E&C Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Foster Wheeler Environmental (UK) Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Foster Wheeler Europe	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Foster Wheeler Management Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Foster Wheeler World Services Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
FW Chile Holdings 2 Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100

FW Investments Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
HFA Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	100
Integrated Maintenance Services Limited	Compass Point,79-87 Kingston Road, Staines, TW18 1DT, England, United Kingdom	100
JWG Trustees Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	100
James Scott Engineering Group Limited	Ground Floor, 15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland	100
James Scott Limited	Ground Floor, 15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland	100
John Wood Group US Company	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	100
JWG Investments Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	100
JWGUSA Holdings Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	100
Kelwat Investments Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	100
MDM UK Finance Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Metal and Pipeline Endurance Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Mustang Engineering Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	100
National Nuclear Corporation Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Offshore Design Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	100
Press Construction Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Process Industries Agency Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Process Plants Suppliers Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Production Services Network (UK) Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	100
Production Services Network Bangladesh Limited	Compass Point,79-87 Kingston Road, Staines, TW18 1DT, England, United Kingdom	100
PSJ Fabrications Ltd	Compass Point,79-87 Kingston Road, Staines, TW18 1DT, England, United Kingdom	100
PSN (Angola) Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	100
PSN (Philippines) Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	100
PSN Asia Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	100
PSN Overseas Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	100
Pyeroy Limited	Compass Point,79-87 Kingston Road, Staines, TW18 1DT, England, United Kingdom	100
QED International (UK) Limited	Ground Floor, 15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland	100
Rider Hunt International Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Sandiway Solutions (No 3) Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
SD FortyFive Limited	Compass Point,79-87 Kingston Road, Staines, TW18 1DT, England, United Kingdom	100
SgurrEnergy Limited	St Vincent Plaza, 319 St Vincent Street, Glasgow, G2 5LP, Scotland, United Kingdom	100
SgurrControl Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	51
Sigma 2 AFW Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Sigma Financial Facilities Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
The Automated Technology Group Limited	Compass Point,79-87 Kingston Road, Staines, TW18 1DT, England, United Kingdom	100
WG Intetech Holdings Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	100
WGD023 Limited	Ground Floor, 15 Justice Mill Lane, Aberdeen, AB11 6EQ, United Kingdom	100
WGD028 Limited	Ground Floor, 15 Justice Mill Lane, Aberdeen, AB11 6EQ, United Kingdom	100
WGPSN (Holdings) Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	100
WGPSN Eurasia Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	50
Wood Environment & Infrastructure Solutions UK Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Wood Group Algeria Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	100
Wood Group Algiers Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	100
Wood Group Annaba Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	100
Wood Group Arzew Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	100
Wood Group Engineering & Operations Support Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	100
Wood Group Engineering (North Sea) Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	100
Wood Group Engineering Contractors Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	100
Wood Group Gas Turbine Services Holdings Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	100
Wood Group Hassi Messaoud Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	100
Wood Group Holdings (International) Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	100
Wood Group Industrial Services Limited	Compass Point,79-87 Kingston Road, Staines, TW18 1DT, England, United Kingdom	100
Wood Group Intetech Limited	Compass Point,79-87 Kingston Road, Staines, TW18 1DT, England, United Kingdom	100
Wood Group Investments Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	100
Wood Group Kenny Corporate Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	100
Wood Group Kenny Limited	Compass Point,79-87 Kingston Road, Staines, TW18 1DT, England, United Kingdom	100
Wood Group Kenny UK Limited	Compass Point,79-87 Kingston Road, Staines, TW18 1DT, England, United Kingdom	100
Wood Group Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	100
Wood Group Management Services Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	100
Wood Group Power Investments Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	100
Wood Group Production Services UK Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	100
Wood Group Properties Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	100
Wood Group UK Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	100
Wood Group/OTS Limited	Compass Point,79-87 Kingston Road, Staines, TW18 1DT, England, United Kingdom	100
Wood International Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	100
Wood Nuclear Holdings Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Wood Nuclear Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Wood Pensions Trustee Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100

United States		
4900 Singleton, L.P.	400 North St. Paul, Dallas, TX, 75201	100
AGRA Foundations, Inc.	United Agent Group Inc., 3411 Silverside Road Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States	100
AGRA Holdings, Inc.	701 S. Carson Street, Suite 200, Carson City, NV, 89701, United States	100
Altablue Inc.	United Agent Group Inc., 8275 South Eastern Av., #200, Las Vegas, NV, 89123, United States	100
AMEC Architectural, Inc.	511 Congress Street, Ste. 200, Portland, ME, 04101, United States	100
AMEC Construction Management, Inc.	United Agent Group Inc., 3411 Silverside Road Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States	100
AMEC Developments, Inc.	1209, Orange Street, Wilmington, DE, 19801, United States	100
AMEC E&C Services 1, PC	2 Office Park Court, Suite 103, Columbia, SC, 29223, United States	0*
AMEC E&E, P.C.	600 N 2nd Street, Suite 401, Harrisburg, PA, 17101-1071, United States	0*
AMEC Earth & Environmental LLP	1209, Orange Street, Wilmington, DE, 19801, United States	100
AMEC Engineering and Consulting of Michigan, Inc.	46850 Magellan, Suite 190, Novi, MI, 48377, United States	100
Amec Foster Wheeler Arabia Ltd.	c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801	100
Amec Foster Wheeler Constructors, Inc.	United Agent Group Inc., 3260 N. Hayden Road #210, Scottsdale, AZ, 85251	100
Amec Foster Wheeler Design, LLC	1075 Big Shanty Rd NW, Ste. 100, Kennesaw, GA, 30144, United States	0*
Amec Foster Wheeler E&C Services, Inc.	1979 Lakeside Parkway, Suite 400, Tucker, GA, 30084, United States	100
Amec Foster Wheeler Environmental Equipment Company, Inc.	Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle, DE, 19801	100
Amec Foster Wheeler Industrial Power Company, Inc.	Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle, DE, 19801	100
Amec Foster Wheeler Kamtech, Inc.	1979 Lakeside Parkway, Suite 400, Tucker, GA, 30084, United States	100
Amec Foster Wheeler Martinez, Inc.	c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801	100
Amec Foster Wheeler North America Corp.	United Agent Group Inc., 3411 Silverside Road, Tatnall Bldg. #104, Wilmington, DE, 19810, United States	100
Amec Foster Wheeler Oil & Gas, Inc.	17325 Park Row, Houston, TX, 77084, United States	100
Amec Foster Wheeler Power Systems, Inc.	c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801	100
Amec Foster Wheeler Programs, Inc.	2475 Northwinds Parkway, #200-260, Alpharetta, GA, 30009, United States	100
Amec Foster Wheeler USA Corporation	United Agent Group Inc., 3411 Silverside Road, Tatnall Bldg. #104, Wilmington, DE, 19810, United States	100
Amec Foster Wheeler Ventures, Inc.	1979 Lakeside Parkway, Suite 400, Tucker, GA, 30084, United States	100
AMEC Holdings, Inc.	United Agent Group Inc., 3411 Silverside Road Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States	100
AMEC Industrial Programs, LLC	1105 Lakewood Parkway, Suite 300, Alpharetta, GA, 30009, United States	100
AMEC Massachusetts, Inc.	Suite 700, 155 Federal Street, Boston, MA, 02110, United States	100
AMEC Michigan, Inc.	40600 Ann Arbor Road E, Suite 201, Plymouth, MI, 48170-4675, United States	100
AMEC Newco LLC	1209, Orange Street, Wilmington, DE, 19801, United States	100
AMEC North Carolina, Inc.	225, Hillsborough Street, Raleigh, NC, 27603, United States	100
AMEC Oil & Gas World Services, Inc.	1209, Orange Street, Wilmington, DE, 19801, United States	100
AMEC USA Holdco LLC	1209, Orange Street, Wilmington, DE, 19801, United States	100
AMEC USA Holdings, Inc.	United Agent Group Inc., 3260 N. Hayden Road #210, Scottsdale, AZ, 85251	100
AMEC USA Investments LLC	1209, Orange Street, Wilmington, DE, 19801, United States	100
Barsotti's Inc.	Perryville Corporate Park, 53 Frontage Road, PO Box 9000, Hampton, NJ, 08827-90000	100
BMA Solutions Inc.	United Agent Group Inc., 3411 Silverside Road, Tatnall Bldg. #104, Wilmington, DE, 19810, United States	100
C E C Controls Company, Inc.	United Agent Group Inc., 28175 Haggerty RoadD, Novi, MI, 48377, United States	100
Camden County Energy Recovery Corp.	c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801	100
Cape Software, Inc.	25211 Grogans Mill Road, Suite 313, The Woodlands, TX, 77380, United States	100
Energia Holdings, LLC	The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801	100
Equipment Consultants, Inc.	Corporation Trust Company, 1209 Orange Street, Wilmington, DE, 19801	100
Foster Wheeler Andes, Inc.	c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801	100
Foster Wheeler Asia Limited	c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801	100
Foster Wheeler Avon, Inc.	c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801	100
Foster Wheeler Development Corporation	c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801	100
Foster Wheeler Energy Corporation	c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801	100
Foster Wheeler Energy Manufacturing, Inc.	Perryville Corporate Park, 53 Frontage Road, PO Box 9000, Hampton, NJ, 08827-9000, United States	100
Foster Wheeler Environmental Corporation	1999 Bryan Street, Ste. 900, Dallas, TX, 75201-3136, United States	100
Foster Wheeler Hydrox, Inc.	c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801	100
Foster Wheeler Inc.	United Agent Group Inc., 3411 Silverside Road, Tatnall Bldg. #104, Wilmington, DE, 19810, United States	100
Foster Wheeler Intercontinental Corporation	c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801	100
Foster Wheeler International LLC	c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801	100

Foster Wheeler LLC	United Agent Group Inc., 3411 Silverside Road, Tatnall Bldg. #104, Wilmington, DE, 19810, United States	100
Foster Wheeler Maintenance, Inc.	c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801	100
Foster Wheeler Operations, Inc.	c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801	100
Foster Wheeler Real Estate Development Corp.	c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801	100
Foster Wheeler Realty Services, Inc.	c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801	100
Foster Wheeler Santiago, Inc.	c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801	100
Foster Wheeler US Power Group Inc.	The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801	100
Foster Wheeler Zack, Inc.	United Agent Group Inc., 3260 N. Hayden Road #210, Scottsdale, AZ, 85251	100
FWPS Specialty Products, Inc.	c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801	100
Global Performance, LLC	United Agent Group Inc., 6650 Rivers Avenue, North Charleston, SC, 29406, United States	100
Ingenious Inc.	United Agent Group, 2425 W Loop South #200, Houston, TX, 77027, United States	100
ISI Group, L.L.C.	United Agent Group, 2425 W Loop South #200, Houston, TX, 77027, United States	100
JWGUSA Holdings, Inc.	17325 Park Row, Suite 500, Houston, TX, 77084, United States	100
Kelchner, Inc.	United Agent Group Inc., 119 E. Court Street, Cincinnati, OH, 45202, United States	100
MACTEC E&C International, Inc.	1105 Lakewood Parkway, Suite 300, Alpharetta, GA, 30009, United States	100
MACTEC Engineering and Geology, P.C.	7 Southside Drive, Suite 201, Clifton Park, NY, 12065, United States	0*
MACTEC Environmental Consultants, Inc.	1105 Lakewood Parkway, Suite 300, Alpharetta, GA, 30009, United States	100
Martinez Cogen Limited Partnership	Perryville Corporate Park, 53 Frontage Road, PO Box 9000, Hampton, NJ, 08827-9000	99
MASA Ventures, Inc.	1675, 1200, Broadway, Denver, CO, 80202, United States	100
McCullough Associates Inc.	2020 Winston Park Drive, Suite 700, Oakville, ON, L6H 6X7, Canada	100
MDIC Inc.	2730, Suite 100, Gateway Oaks Drive, Sacramento, Sacramento, CA, 95833, United States	100
Mustang Engineering (North Carolina) PC	United States Corporation Company, 327 Hillsborough Street, Raleigh, NC, 27603, United States	0*
Mustang Engineering Florida, Inc.	United Agent Group Inc. ,11380 Prosperity Farms Road #221E, Palm Beach Gardens, FL, 33410, United States	100
Mustang International, Inc.	United Agent Group, 2425 W Loop South #200, Houston, TX, 77027, United States	100
Mustang of New Jersey, Inc.	Corporation Service Company, 830 Bear Tavern Road, West Trenton, NJ, 08628, United States	100
Mustang Process and Industrial Inc.	United Agent Group Inc., 6650 Rivers Avenue, North Charleston, SC, 29406, United States	100
NDT Systems, Inc.	United Agent Group, 2425 W Loop South #200, Houston, TX, 77027, United States	100
Onshore Pipeline Engineering D.P.C.	Sarah B. Biser, Esq., McCarter & English, LLP, 245 Park Avenue, New York, NY, 10167, United States	0*
Operations Analysis, Inc.	300 East Pine Street, Seattle, WA, 98122, United States	100
Perryville Corporate Park Condominium Association, Inc.	Corporation Service Company, 830 Bear Tavern Road, West Trenton, Mercer, NJ, 08628	67
Process Consultants, Inc.	c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801	100
QED International LLC	1999 Bryan Street, Ste. 900, Dallas, TX, 75201-3136, United States	100
Rider Hunt International (USA) Inc.	1999 Bryan Street, Ste. 900, Dallas, TX, 75201-3136, United States	100
Sehold, Inc.	1979 Lakeside Parkway, Suite 400, Tucker, GA, 30084, United States	100
Swaggart Brothers, Inc.	United Agent Group Inc., 5708 S.E. 136th Avenue, #2, Portland, OR, 97236, United States	100
Swaggart Logging & Excavation LLC	United Agent Group Inc., 5708 S.E. 136th Avenue, #2, Portland, OR, 97236, United States	100
Terra Nova Technologies, Inc.	818 West Seventh Street, Ste. 930, Los Angeles, CA, 90017, United States	100
Thelco Co.	c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801	100
Tray, Inc.	c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801	100
Wood Environment & Infrastructure Solutions, Inc.	1105 Lakewood Parkway, Suite 300, Alpharetta, GA, 30009, United States	100
Wood Group Alaska, LLC	Corporation Service Company, 251 Little Falls Drive, Wilmington, DE, 19808, United States	100
Wood Group E & PF Holdings, Inc.	United Agent Group Inc., 3411 Silverside Road, Tatnall Bldg. #104, Wilmington, DE, 19810, United States	100
Wood Group PSN, Inc.	United Agent Group Inc., 8275 South Eastern Av., #200, Las Vegas, NV, 89123, United States	100
Wood Group Support Services, Inc.	United Agent Group Inc., 8275 South Eastern Av., #200, Las Vegas, NV, 89123, United States	100
Wood Group US Holdings, Inc.	United Agent Group Inc., 8275 South Eastern Av., #200, Las Vegas, NV, 89123, United States	100
Wood Group US International, Inc.	United Agent Group Inc., 8275 South Eastern Av., #200, Las Vegas, NV, 89123, United States	100
Wood Group USA, Inc.	United Agent Group, 2425 W Loop South #200, Houston, Harris County, TX, 77027, United States	100
Vanuatu		
O.T.S. Finance and Management Limited	Law Partners House, Rue Pasteur, Port Vila, Vanuatu	100
Overseas Technical Service International Limited	Law Partners House, Rue Pasteur, Port Vila, Vanuatu	100
Venezuela		
Amec Foster Wheeler Venezuela, C.A.	Avenida Francisco de Miranda, Torre Cavendes, Piso 9, Ofic 903, Caracas, Venezuela	100

*Companies consolidated for accounting purposes as subsidiaries on the basis of control. There is no material impact on the financial statements of the judgements applied in assessing the basis of control for these entities.

Joint Ventures		
Company name	**Registered Address**	**Ownership Interest %**
Australia		
Clough AMEC Pty Ltd[1]	Level 2, 18-32 Parliament Place, West Perth, WA, WA 6005, Australia	50
Azerbaijan		
Socar-Foster Wheeler Engineering LLC	88A Zardaby Avenue,Baku, Azerbaijan	35
Brazil		
COPEL-AMEC S/C Ltda[1]	Rua Carneiro Lobo, No. 468, conjuntos 1301 a 1303, Centro Empresarial Champs Elysees, Curitiba, State of Parana, Brazil	48
Canada		
ABV Consultants Ltd[1]	Suite 2300, Bentall 5, 550 Burrard Street, Vancouver, BC, V6C 2B5, Canada	50
AMEC Black & McDonald Limited[1]	11 Frazee Avenue, Dartmouth, NS, B3B 1Z4, Canada	50
ODL Canada Limited	689 Water Street, Newfoundland, St. John's, NL, A1E 1B5, Canada	50
SSBV Consultants Inc.	1200 Waterfront Centre, 200 Burrard Street, Vancouver, BC, V6C 3L6, Canada	33
Teshmont Consultants Inc.	1190 Waverley Street, Winnipeg, MB, R3T 0P4, Canada	50
TransCanada Turbines Limited	TransCanada PipeLines Tower, 111 Fifth Avenue S.W., P.O. Box 1000, Station M, Calgary, AB, T2P 4KE, Canada	50
Vista Mustang JV	Suite B12, 6020 2nd Street S. E., Calgary, AB, T2H 2L8, Canada	50
Chile		
CEJV Ingeniería y Construcción Limitada	Av. Isidora Goyenechea 2800, Floor 32, Las Condes, Santiago, 7550647, Chile	50
Consorcio AMEC CADE / PSI Consultores Limitada	Av. Jose Domingo, Canas No 2640, Nunoa, Santiago, 7750164, Chile	50
Consorcio Consultor Cade Zañartu Limitada	Seminario 714, Ñuñoa, Santiago Chile	50
Consorcio Consultor Systra / Cade Idepe / Geoconsult Limitada	Av. Jose Domingo, Canas No 2640, Nunoa, Santiago, 7750164, Chile	40
Consorcio de Ingenieria Geoconsult Cade Idepe Limitada	Av. Jose Domingo, Canas No 2640, Nunoa, Santiago, 7750164, Chile	50
Consorcio de Ingeniería Systra Cade Limitada	Av. Jose Domingo, Canas No 2640, Nunoa, Santiago, 7750164, Chile	50
Consorcio de Ingenieria Transporte Systra Cade Idepe Consultores Limitada	Jose Domingo Cañas 2640, Ñuñoa, Santiago Chile	50
Consorcio TNT Vial y Vives D Chile Limitada	Ave. Santa Maria 2810, Providencia, Santiago, Chile	50
Construcciòn e Ingenierìa Chile FI Limitada	Avenida Andrés Bello 2711, Piso 22 - Comuna Las Condens, Santiago, Chile	50
Construcciòn e Ingenieria FIM Chile,Limitada	Avenida Santa Maria 2810, Comuna de Providencia, Santiago, Chile	33
China		
Foster Wheeler (Hebei) Engineering Design Co., Ltd.	CEFOC Information Mansion, Zhongshan West Road No. 356, Shijiazhuang, China	49
SZPE Amec Foster Wheeler Engineering Co., Ltd	No. 143 Jinyi Road, Jinshan District, Shanghai, 200540, China	50
Cyprus		
Wood Group - CCC Limited	Elenion Building, 2nd Floor, 5 Themistocles Street, CY-1066 Nicosia,CY-1310 Nicosia, PO Box 25549, Cyprus	50
France		
Momentum SNC	70 Boulevard de Courcelles, 75017 Paris, France	33
India		
SgurrEnergy India Pvt. Ltd	2 Kausar Baugh, Off NIBM Road, Kondhwa, Maharashtra, Pune, 411048, India	50
Italy		
Centro Energia Ferrara S.r.l.	Via Andrea Doria 41/G, Rome, 00192, Italy	42
Centro Energia Teverola S.r.l.	Via Andrea Doria 41/G, Roma, 00192, Italy	42
Kazakhstan		
PSN KazStroy JSC	Satpayev str. 46, Atyrau, 060011, Kazakhstan	50
Malaysia		
AMEC Larastia Sdn. Bhd.	No.8.03, 8th Floor, Plaza First Nationwide, 161, Jalan Tun H.S.Lee, 50000 Kuala Lumpur, Malaysia	49
Mexico		
AFWA DUBA Salina Cruz, S. de R.L. de C.V.	Carlos Salazar, #2333, Colonia Obrera, Monterrey, Nuevo Leon, Mexico	50
Grupo Industrial de Ingenieria Ecologica III HLA & Iconsa S.A. de C.V.	Edificio Omega, Campos Eliseos 345, floors 2, 3 & 11, Chapultepec Polanco 11560 Mexico, D.F.	51
Mustang Diavaz, S.A.P.I. de C.V.	Av. Revolucion 468, Col. San Pedro de los Pinos Mexico, D.F., 03800, Mexico	50
Northam Conip Consorcio, S.A. de C.V.	David Alfaro Siqueiros 104 piso 2, Col. Valle Oriente, San Pedro Garza Garcia, Nuevo Leon, CP. 66269, Mexico	50
Netherlands		
AJS v.o.f.	Verkeerstorenweg 3, 1786 PN Den Helder, Netherlands	50
Wood Group Azerbaijan B.V.	C/O Centralis Netherlands BV, Zuidplein 126, WTC, Toren H 15e, Amsterdam, 1077XV, Netherlands	51
New Zealand		
Beca AMEC Limited	Ground Floor, Beca House, 21 Pitt Street, Auckland, 1010, New Zealand	50
Qatar		
AMEC Black Cat LLC	5th Floor Al Aqaria Tower, Building No. 34, Museum Street, Old Salata Area, Street 970, Zone 18, P.O Box No. 24523 Doha, Qatar	49
Saudi Arabia		
AMEC BKW Arabia Limited[1]	Al Rushaid Petroleum Investment Co. Building, Prince Hamoud Street, PO Box 31685 – Al Khobar 31952, Saudi Arabia	50

South Korea		
AMEC Partners Korea Limited[1]	KT Building 11F, 14 Yeouidaero, Youngdeungpo-gu, Seoul 07320, Korea, Republic of	54
Spain		
Isolux Monenco Medio Ambiente S.A.	Calle Juan Bravo, 3-C, Madrid, 28006, Spain	49
Trinidad and Tobago		
Massy Wood Group Ltd.	4th Floor, 6A Queens Park West, Victoria Avenue, Port of Spain, Trinidad and Tobago	50
United Arab Emirates		
Foster Wheeler Kentz Energy Services DMCC	PO Box 26593, Unit 3601, Tiffany Tower, Cluster W, Jumeirah Lakes Towers, Dubai, United Arab Emirates	50
Foster Wheeler Kentz Oil & Gas Services DMCC	Unit No: 2H-05-230 Jewellery & Gemplex 2, Plot No: DMCC-PH2-J&GPlexS Jewellery & Gemplex, Dubai, United Arab Emirates	50
United Kingdom		
ACM Health Solutions Limited	Crown House Birch Street, Wolverhampton, WV1 4JX, England	33
EthosEnergy Group Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	51
F. & N.E. Limited	Croft Road, Crossflatts, Bingley, West Yorkshire, BD16 2UA	50
F.& N.E. (1990) Limited	Croft Road, Crossflatts, Bingley, West Yorkshire, BD16 2UA	50
Lewis Wind Power Holdings Limited	EDF Energy, GSO Business Park, East Kilbride, G74 5PG, Scotland	50
Fast Reactor Technology Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	51
Nuclear Management Partners Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	36
PWR Power Projects Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	50
RWG (Repair & Overhauls) Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	50
Ship Support Services Limited	Drayton Hall, Church Road, West Drayton, UB7 7PS, England, United Kingdom	50
South Kensington Developments Limited	Portland House, Bickenhill Lane, Solihull, Birmingham, B37 7BQ, England, United Kingdom	50
Stornoway Wind Farm Limited	EDF Energy, GSO Business Park, East Kilbride, G74 5PG, Scotland	50
Sulzer Wood Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	49
Uisenis Power Limited	EDF Energy, GSO Business Park, East Kilbride, G74 5PG, Scotland	50
UK Nuclear Restoration Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	50
United States		
AMEC - SAI Joint Venture, LLC[1]	701 S. Carson Street, Suite 200, Carson City, NV, 89701, United States	50
Boldt AMEC LLC[1]	2525 North Roemer Road, Appleton, WI, 54912, United States	40
Core Tech LLC[1]	Suite 180, 751 Arbor Way, Blue Bell, PA, 19422-1951, United States	50
Energy Logistics, Inc.	818 Town & Country Blvd, Suite 200, Houston, TX 77024, United States	33
Flour AMEC II, LLC	100 Fluor Daniel Drive, Greenville, SC, 29607-2770, United States	45
Fluor AMEC, LLC[1]	1105 Lakewood Parkway, Suite 300, Alpharetta, GA, 30009, United States	49
Nan - Amec Foster Wheeler, LLC	98-1238 Kaahumanu St., Suite 400, Pearl City, HI, 96782, United States	50
Venezuela		
OTEPI FW, S.A.	Zona Rental Universidad Metropolitana, Edificio Otepi, Terrazas del Avila, Caracas 1070, Edo Miranda, VE	50

[1]Entities are consolidated as joint operations on the basis of control.

Associates		
Company Name	**Registered Address**	**Ownership Interest %**
Canada		
Teshmont Consultants LP	1190 Waverley Street, Winnipeg, MB, R3T 0P4, Canada	**30**
Teshmont GP Inc.	1190 Waverley Street, Winnipeg, Manitoba, R3T 0P4, Canada	**30**
Oman		
AMEC Al Turki LLC	c/o Al Alawi, Mansoor Jamal & Co., Barristers & Legal Consultants, Muscat International Centre, Mezzanine Floor, Muttrah Business District, P.O. Box 686 Ruwi, Oman	**35**

In addition to the subsidiaries listed above, the Group has a number of overseas branches.

Details of the direct subsidiaries of John Wood Group PLC are provided in note 1 to the parent company financial statements.

The Group will be exempting the following companies from an audit in 2018 under Section 479A of the Companies Act 2006. All of these companies are fully consolidated in the Group Financial Statements.

AFW E&C Holdings Limited (Registered number 9861564)
AFW Hungary Limited (Registered number 9861581)
AFW Investments Limited (Registered number 9861566)
Amec Foster Wheeler Finance Asia Limited (Registered number 6205760)
Amec Foster Wheeler Property and Overseas Investments Limited (Registered number 01580678)
Amec Kazakhstan Holdings Limited (Registered number 4530056)
Amec Nuclear M&O Limited (Registered number 5664844)
Amec USA Finance Limited (Registered number 5299446)
Amec USA Holdings Limited (Registered number 4041261)
Amec USA Limited (Registered number 4044800)
Amec Wind Developments Limited (Registered number 8781332)
Automated Technology Group Holdings Limited (Registered number 07871655)
Entec Holdings Limited (Registered number 5447706)
FW Chile Holdings 2 Limited (Registered number 9861563)
FW Investments Limited (Registered number 6933416)
HFA Limited (Registered number SC129298)
JWG Investments Limited (Registered number SC484872)
JWGUSA Holdings Limited (Registered number SC178512)
Kelwat Investments Limited (Registered number SC203212)
Production Services Network Bangladesh Limited (Registered number 02214332)
PSN (Angola) Limited (Registered number SC311500)
PSN Asia Limited (Registered number SC317111)
PSN (Philippines) Limited (Registered number SC345547)
PSN Overseas Limited (Registered number SC319469)
Sandiway Solutions (No 3) Limited (Registered number 5318249)
SD FortyFive Limited (Registered number 2342469)
Sigma Financial Facilities Limited (Registered number 3863449)
Sigma 2 AFW Limited (Registered number 9925112)
WGPSN Eurasia Limited (Registered number SC470501)
Wood Group Engineering and Operations Support Limited (Registered number SC159149)
Wood Group Engineering Contractors Limited (Registered number SC056559)
Wood Group Engineering (North Sea) Limited (Registered number SC030715)
Wood Group Investments Limited (Registered number SC301983)
Wood Group Kenny Corporate Limited (Registered number SC147353)
Wood Group Management Services Limited (Registered number SC178510)
Wood Group Properties Limited (Registered number SC178511)
Wood Group/OTS Limited (Registered number 1579234)

Company financial statements

Company financial statements

Company balance sheet

as at 31 December 2018

	Note	2018 $m	Restated* 2017 $m
Non-current assets			
Investments	1	**4,568.9**	5,944.8
Long term receivables	2	**1,538.6**	1,538.6
Retirement benefit scheme surplus	3	**35.5**	22.9
Deferred tax	4	**0.9**	4.4
		6,143.9	7,510.7
Current assets			
Trade and other receivables	5	**1,278.7**	584.8
Income tax receivable		**15.3**	33.8
Cash and cash equivalents	6	**289.1**	30.0
		1,583.1	648.6
Current liabilities			
Borrowings	7	**605.7**	69.3
Trade and other payables	8	**865.2**	746.0
		1,470.9	815.3
Net current assets/(liabilities)		**112.2**	(166.7)
Non-current liabilities			
Borrowings	7	**1,322.3**	2,336.1
Other non-current liabilities	9	**1,151.4**	1,091.9
		2,473.7	3,428.0
Net assets		**3,782.4**	3,916.0
Equity			
Share capital	11	**40.7**	40.5
Share premium	12	**63.9**	63.9
Merger reserve	14	**2,790.8**	2,790.8
Other reserves	15	**538.2**	538.2
Retained earnings	13		
At 1 January		**482.6**	819.2
Profit/(loss) for the year		**59.6**	(233.6)
Other changes in retained earnings		**(193.4)**	(103.0)
		348.8	482.6
Total equity		**3,782.4**	3,916.0

*The comparative balance sheet has been restated to reclassify an intercompany loan from trade and other receivables to long term receivables. See note 2 for further details.

The financial statements on pages 160 to 170 were approved by the board of directors on 18 March 2019, and signed on its behalf by:

Robin Watson, Director

David Kemp, Director

Statement of changes in equity

for the year to 31 December 2018

	Share capital $m	Share premium $m	Retained earnings $m	Merger reserve $m	Other reserves $m	Total equity $m
At 1 January 2017	**23.9**	**63.9**	**819.2**	**-**	**537.6**	**1,444.6**
Loss for the year	-	-	(233.6)	-	-	(233.6)
Dividends paid	-	-	(125.6)	-	-	(125.6)
Credit relating to share based charges	-	-	10.2	-	-	10.2
Share based charges allocated to AFW purchase consideration	-	-	2.1	-	-	2.1
Fair value gains	-	-	-	-	0.6	0.6
Re-measurement gain on retirement benefit scheme	-	-	18.7	-	-	18.7
Movement in deferred tax relating to retirement benefit scheme	-	-	(3.7)	-	-	(3.7)
Shares issued in relation to Amec Foster Wheeler acquisition	16.5	-	-	2,790.8	-	2,807.3
Shares disposed of by employee share trusts	-	-	2.6	-	-	2.6
Shares allocated to employee share trusts	0.1	-	(0.1)	-	-	-
Other exchange movements	-	-	(7.2)	-	-	(7.2)
At 31 December 2017	**40.5**	**63.9**	**482.6**	**2,790.8**	**538.2**	**3,916.0**
Profit for the year	-	-	59.6	-	-	59.6
Dividends paid	-	-	(231.0)	-	-	(231.0)
Credit relating to share based charges	-	-	18.7		-	18.7
Re-measurement gain on retirement benefit scheme	-	-	16.8	-	-	16.8
Movement in deferred tax relating to retirement benefit scheme	-	-	(3.0)	-	-	(3.0)
Shares disposed of by employee share trusts	-	-	1.7	-	-	1.7
Shares allocated to employee share trusts	0.2	-	(0.2)	-	-	-
Other exchange movements	-	-	3.6	-	-	3.6
At 31 December 2018	**40.7**	**63.9**	**348.8**	**2,790.8**	**538.2**	**3,782.4**

Other comprehensive income comprises the profit/(loss) for the year and the re-measurement gains and losses relating to the retirement benefit scheme together with the related deferred tax. The total other comprehensive income for the year amounts to $73.4m (2017: expense $218.6m).

Notes to the Company financial statements

for the year to 31 December 2018

General information

John Wood Group PLC is a public limited company, incorporated and domiciled in the United Kingdom and listed on the London Stock Exchange. The Company's registered address is 15 Justice Mill Lane, Aberdeen AB11 6EQ.

Summary of significant accounting policies

The principal accounting policies, which have been applied in the preparation of the Company financial statements, are set out below. These policies have been consistently applied to all the years presented with the exception of IFRS 9 'Financial instruments' which is applied from 1 January 2018. The application of IFRS 9 has not had a material impact on the Company's financial statements.

Basis of preparation

The financial statements of the Company have been prepared in accordance with United Kingdom Accounting Standards - in particular FRS 101 - and the Companies Act 2006 ("the Act"). FRS 101 sets out a reduced disclosure framework for a "qualifying entity", as defined in the Standard, which addressed the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted International Financial Reporting Standards ("IFRSs").

The Company is a qualifying entity for the purposes of FRS 101.

The application of FRS 101 has enabled the Company to take advantage of certain disclosure exemptions that would have been required had the Company adopted International Financial Reporting Standards in full. The only such exemptions that the directors consider to be significant are:

- no detailed disclosures in relation to financial instruments;
- no cash flow statement;
- no disclosure of related party transactions with subsidiaries;
- no statement regarding the potential impact of forthcoming changes in financial reporting standards;
- no disclosure of "key management compensation" for key management other than the directors, and
- no disclosures relating to the Company's policy on capital management.

The Company has notified its shareholders in writing about, and they do not object to, the use of the disclosure exemptions used by the Company in these financial statements.

The financial statements are presented in US dollars and all values are rounded to the nearest $0.1m except where otherwise indicated.

The financial position of the Company is shown in the balance sheet on page 160. Note 10 includes the Company's objectives, policies and processes for managing its financial risks and details of its financial instruments and hedging activities, and its exposures to interest rate risk and liquidity risk. The Company adopts the going concern basis of accounting in preparing these financial statements.

Reporting currency

The Company's transactions are primarily US dollar denominated and the functional currency is the US dollar.

The following sterling to US dollar exchange rates have been used in the preparation of these financial statements:-

	2018	2017
	£1 = $	£1 = $
Average rate	**1.3345**	1.2886
Closing rate	**1.2736**	1.3528

Investments in subsidiaries

Investments are measured initially at cost, including transaction costs, less any provision for impairment.

Impairment of assets

At each balance sheet date, the Company reviews the carrying amounts of its investments to assess whether there is an indication that those assets may be impaired. If any such indication exists, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of it's fair value less costs to sell and its value in use.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods. A reversal of an impairment loss is recognised immediately in the income statement.

Foreign currencies

Transactions in foreign currencies are translated at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rates ruling at the balance sheet dates or at a contractual rate, if applicable, and any exchange differences are taken to the income statement.

The directors consider it appropriate to record sterling denominated equity share capital in the financial statements of John Wood Group PLC at the exchange rate ruling on the date it was raised.

Financial instruments

The accounting policy for financial instruments is consistent with the Group accounting policy as presented in the notes to the Group financial statements. The Company's financial risk management policy is consistent with the Group's financial risk management policy outlined in note 18 to the Group financial statements.

Employee share trusts

The Company is deemed to have control of the assets, liabilities, income and costs of its employee share trusts. They have therefore been included in the financial statements of the Company. The cost of shares held by the employee share trusts is deducted from equity.

Share based charges

The Company has a number of share schemes as detailed in the Group accounting policies and note 21 to the Group financial statements. Details relating to the calculation of share based charges are provided in note 21 to the Group financial statements. In respect of the Company, the charge is shown as an increase in the Company's investments, as the employees to which the charge relates are employed by subsidiary companies.

Dividends

Dividends to the Group's shareholders are recognised as a liability in the period in which the dividends are approved by shareholders. Dividend income is credited to the income statement when the dividend has been approved by the board of directors of the subsidiary company making the payment.

Trade receivables

Trade receivables are recognised initially at fair value less an allowance for any amounts estimated to be uncollectable. An estimate for doubtful debts is made when there is objective evidence that the collection of the debt is no longer probable.

Interest-bearing loans and borrowings

All interest-bearing loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. Borrowing costs are expensed through the income statement.

De-recognition of financial assets and liabilities

A financial asset is derecognised where the rights to receive cash flows from the asset have expired. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Taxation

The tax expense in the income statement represents the sum of taxes currently payable and deferred taxes. The tax currently payable is based on taxable profit for the year and the Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible.

Deferred tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised only to the extent that it is probable that a taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised. Deferred tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates and tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are offset, only if a legally enforceable right exists to set off current tax assets against current tax liabilities, the deferred taxes relate to the same taxation authority and that authority permits the Company to make a single net payment.

Tax is charged or credited directly to equity if it relates to items that are credited or charged to equity. Otherwise, tax is recognised in the income statement.

Retirement benefit scheme surplus/deficit

The Company is the sponsoring entity for the John Wood Group PLC's Retirement Benefit Scheme. The surplus or deficit recognised in respect of the defined benefit scheme represents the difference between the present value of the defined benefit obligations and the fair value of the scheme assets. The assets of this scheme are held in separate trustee administered funds. The scheme was closed to future accrual on 30 June 2014. See note 31 to the Group financial statements for full details.

Judgements and key sources of estimation or uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of investments and receivables from group companies

The Company assesses whether there are any indicators of impairment of investments or receivables from group companies at each reporting date. Investments and receivables from group companies are tested for impairment when there are indicators that the carrying amounts may not be recoverable. Details of impairments recorded during the year and the carrying value of investments are contained in note 1.

Retirement benefit scheme surplus/deficit

The Company is the sponsoring entity for John Wood Group PLC's Retirement Benefit Scheme which was closed to future accrual on 30 June 2014. The value of the retirement benefit scheme surplus/deficit is determined on an actuarial basis using a number of assumptions. Changes in these assumptions will impact the carrying value of the surplus/deficit. The Company determines the appropriate discount rate to be used in the actuarial valuation at the end of each financial year following consultation with the retirement benefit scheme actuary. In determining the rate used, consideration is given to the interest rates of high quality corporate bonds in the currency in which the benefits will be paid and that have terms to maturity similar to those of the related retirement benefit obligation. See note 31 of the Group financial statements for further details.

1 Investments

	2018 $m	2017 $m
Cost		
At 1 January	**6,146.0**	3,512.1
Additions	**258.2**	2,825.4
Disposals	**(239.6)**	(191.5)
At 31 December	**6,164.6**	6,146.0
Amounts provided		
At 1 January	**201.2**	277.0
Provided during year	**1,394.5**	23.0
Disposals	**-**	(98.8)
At 31 December	**1,595.7**	201.2
Net book value		
At 31 December	**4,568.9**	5,944.8

The additions and disposals during the year include $239.6m relating to the acquisition of shares in Wood Group Holdings (International) Limited in exchange for shares in JWG USA Holdings Inc.

In 2018, the Company commenced the process of winding up its Irish subsidiaries, JWG Ireland USD, JWG Ireland USD 2 and JWG Ireland USD 3. As part of that process, dividends were paid up from these entities and the investments were subsequently impaired. $1,347.6m was provided in respect of this impairment in 2018.

An impairment charge of $46.9m (2017: $23.0m) was recorded in relation to the Company's investment in Wood Group Power Investments Limited which holds the Group's investment in EthosEnergy Limited. The impairment was recorded following the Group's decision to impair its investment in EthosEnergy and reflects the underlying carrying value of the business. See note 11 of the Group financial statements for additional information.

The directors believe that the carrying value of the investments is supported by their underlying net assets.

1 Investments (continued)

The Company's direct subsidiaries at 31 December 2018 are listed below. Ownership interests reflect holdings of ordinary shares. Details of other related undertakings are provided in note 37 to the Group financial statements.

Name of subsidiary	Country of incorporation or registration	Registered address
JWGUSA Holdings Limited	UK	15 Justice Mill Lane, Aberdeen
Wood Group Investments Limited	UK	15 Justice Mill Lane, Aberdeen
Wood Group Power Investments Limited	UK	15 Justice Mill Lane, Aberdeen
Wood Group Holdings (International) Limited	UK	15 Justice Mill Lane, Aberdeen
Wood Group Management Services Limited	UK	15 Justice Mill Lane, Aberdeen
Wood Group Properties Limited	UK	15 Justice Mill Lane, Aberdeen
Wood Group Gas Turbine Services Holdings Limited	UK	15 Justice Mill Lane, Aberdeen
JWG Trustees Limited	UK	15 Justice Mill Lane, Aberdeen
Kelwat Investments Limited	UK	15 Justice Mill Lane, Aberdeen
WGD023 Limited	UK	15 Justice Mill Lane, Aberdeen
Wood Group Engineering Contractors Limited	UK	15 Justice Mill Lane, Aberdeen
Wood Group Gas Turbine Services Limited	UK	15 Justice Mill Lane, Aberdeen
Wood Group Limited	UK	15 Justice Mill Lane, Aberdeen
Wood International Limited	UK	15 Justice Mill Lane, Aberdeen
Wood Group Engineering Services (Middle East) Limited	Jersey	28 Esplanade, St Helier JE2 3QA, Jersey
Alta Blue Limited	Jersey	28 Esplanade, St Helier JE2 3QA, Jersey
GTS Power Solutions Limited	Jersey	28 Esplanade, St Helier JE2 3QA, Jersey
Wood Group Production Facilities Limited	Jersey	28 Esplanade, St Helier JE2 3QA, Jersey
JWG Ireland USD	Ireland	Blocks 4&5, Galway Technology Park, Parkmore, Galway
JWG Ireland USD 2	Ireland	Blocks 4&5, Galway Technology Park, Parkmore, Galway
JWG Ireland USD 3	Ireland	Blocks 4&5, Galway Technology Park, Parkmore, Galway
John Wood Group Holdings BV	The Netherlands	Zuidplein 126, WTC, Tower H 15e, Amsterdam 1077XV
John Wood Group BV	The Netherlands	Zuidplein 126, WTC, Tower H 15e, Amsterdam 1077XV
Amec Foster Wheeler Group Limited	UK	Booths Park, Chelford Road, Knutsford, Cheshire WA16 8QZ

The Company owns 100% of all of the subsidiaries listed above.

2 Long term receivables

	2018 $m	Restated 2017 $m
Loans to Group companies	**1,538.6**	1,538.6

The balance sheet at 31 December 2017 has been restated to reclassify a $1,538.6m loan to a Group company from trade and other receivables to long term receivables.

The loan is repayable in 2020 and interest is charged at market rates.

3 Retirement benefit scheme surplus

	2018 $m	2017 $m
Surplus/(deficit) at 1 January	**22.9**	(7.0)
Finance income/(expense)	**0.5**	(0.1)
Contributions	**(1.1)**	2.2
Re-measurement gain	**16.8**	18.7
Scheme expenses	**(0.4)**	(0.2)
Past service cost	**(1.3)**	-
Settlement of unfunded liability	**-**	8.5
Exchange movements	**(1.9)**	0.8
Surplus at 31 December	**35.5**	22.9

The retirement benefit scheme referred to in this note is the JWG PLC RBS. Disclosures in relation to the JWG PLC RBS are provided in note 31 to the Group financial statements.

4 Deferred tax

The deferred tax balance comprises:

	2018 $m	2017 $m
Deferred tax relating to retirement benefit scheme surplus	**(6.4)**	(4.1)
Short term timing differences	**7.3**	8.5
	0.9	4.4

The movement in the deferred tax asset is shown below.

	2018 $m	2017 $m
At 1 January	**4.4**	9.6
Movement relating to retirement benefit scheme	**(2.3)**	(4.1)
Charge to income statement	**(1.2)**	(1.1)
At 31 December	**0.9**	4.4

The deferred tax asset recognised on short term timing differences relates to the provision for impairment in note 5.

5 Trade and other receivables

	2018 $m	Restated 2017 $m
Loans to Group companies	**1,163.0**	497.1
Trade receivables – Group companies	**110.3**	69.8
Other receivables	**4.8**	17.3
Prepayments and accrued income	**0.6**	0.6
	1,278.7	584.8

The balance sheet at 31 December 2017 has been restated to reclassify a $1,538.6m loan to a Group company from trade and other receivables to long term receivables.

Interest on loans to Group companies is charged at market rates.

At 31 December 2018, $46.2m (2017: $40.3m) of the amounts owed by Group companies were impaired. These amounts relate to balances due from Group companies from whom there is no expectation of payment.

The ageing of these amounts is as follows:

	2018 $m	2017 $m
Over 3 months	**46.2**	40.3

The movement on the provision for impairment is as follows:

	2018 $m	2017 $m
At 1 January	**40.3**	48.6
Exchange movements	**-**	0.2
Provided/(released) during the year	**5.9**	(8.5)
At 31 December	**46.2**	40.3

The Company had no outstanding balances that were past due but not impaired at either 31 December 2018 or 31 December 2017. The other classes within receivables do not contain impaired assets.

6 Cash and cash equivalents

	2018 $m	2017 $m
Cash and cash equivalents	**289.1**	30.0

7 Borrowings

	2018 $m	2017 $m
Borrowings repayable on demand		
Bank overdrafts	**605.7**	69.3
Non-current borrowings		
Bank loans	**947.3**	1,961.1
Senior loan notes	**375.0**	375.0
	1,322.3	2,336.1

The bank overdrafts relate to the Group's cash pooling arrangements and are largely denominated in US dollars and pounds sterling. At 31 December 2018 interest on US dollar overdrafts was payable at 3.65% (2017: 2.48%) and on sterling overdrafts at 1.90% (2017: 1.65%).

Bank loans are unsecured and bear interest based on LIBOR rates. At 31 December 2018, bank loans included $679.0m of US dollar loans and $268.3m of sterling loans. Interest was payable at 3.88% (2017: 2.15%) on the US dollar loans and 2.23% (2017: 1.98%) on the sterling loans.

The Company entered into new banking facilities on the acquisition of Amec Foster Wheeler in 2017. Total facilities comprise a 5 year $1.75bn revolving credit facility and a $0.9bn 3 year term loan.

The Company also has $375m of unsecured senior notes in the US private placement market at a mix of 7, 10 and 12 year maturities and at an average fixed rate of 3.74%. These notes are all US dollar denominated and mature in 2021, 2024 and 2026.

8 Trade and other payables

	2018 $m	2017 $m
Loans from Group companies	**846.4**	717.4
Other creditors	**9.2**	2.2
Accruals and deferred income	**9.6**	26.4
	865.2	746.0

Interest on loans from Group companies is payable at market rates.

9 Other non-current liabilities

	2018 $m	2017 $m
Amounts due to Group undertakings	**1,151.4**	1,091.9

The amounts due to Group undertakings are inter-company loans. Interest on these loans is charged at market rates.

10 Financial instruments

Financial risk factors

The Company's activities give rise to a variety of financial risks: market risk (including foreign exchange risk and cash flow interest rate risk), credit risk and liquidity risk. The Company's overall risk management strategy is to hedge exposures wherever practicable in order to minimise any potential adverse impact on the Company's financial performance.

Risk management is carried out by the Group Treasury department in line with the Group's Treasury policies which are approved by the Board of Directors. Group Treasury identify, evaluate and where appropriate hedge financial risks. The Group Treasury policies cover specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and investment of excess cash.

(a) Market risk

(i) Foreign exchange risk

The Company is exposed to foreign exchange risk arising from various currencies. Where possible the Company's policy is to eliminate all significant currency exposures at the time of the transaction by using financial instruments such as forward currency contracts. Changes in the forward contract fair values are recorded in the income statement.

(ii) Interest rate risk

The Company finances its operations through a mixture of retained profits and debt. The Company borrows in the desired currencies at a mixture of fixed and floating rates of interest and then uses interest rate swaps as cash flow hedges to generate the desired interest profile and to manage the Company's exposure to interest rate fluctuations. At 31 December 2018, 32% (2017: 18%) of the Company's borrowings were at fixed rates after taking account of interest rate swaps.

The Company is also exposed to interest rate risk on cash held on deposit. The Company's policy is to maximise the return on cash deposits whilst ensuring that cash is deposited with a financial institution with a credit rating of 'A' or better, where possible.

(iii) Price risk

The Company is not exposed to any significant price risk in relation to its financial instruments.

(b) Credit risk

The Company's credit risk primarily relates to its inter-company loans and inter-company receivables. Management believe that no further risk provision is required in excess of the current provision for impairment.

The Company also has credit risk in relation to cash balances or cash held on deposit. The Company's policy is to deposit cash at institutions with an 'A' rating or better where possible.

(c) Liquidity risk

With regard to liquidity, the Group's policy is to ensure continuity of funding. At 31 December 2018, 69% (2017: 97%) of the Company's borrowings (including bank overdrafts) were due to mature in more than one year. Based on the current outlook the Company has sufficient funding in place to meet its future obligations.

(d) Capital risk

The Company's capital risk is determined by that of the Group. See note 18 to the Group financial statements.

11 Share capital

	2018 $m	2017 $m
Issued and fully paid		
681,539,369 (2017: 677,692,296) ordinary shares of $4^2/_7$p each	**40.7**	40.5

The additional information required in relation to share capital is given in note 22 to the Group financial statements.

12 Share premium

	2018 $m	2017 $m
At 1 January and 31 December	**63.9**	63.9

The shares allocated to the trust during the year were issued at par value, $4^2/_7$ pence (2017: $4^2/_7$ pence) and consequently there was no credit to the share premium account.

13 Retained earnings

Retained earnings are stated after deducting the investment in own shares held by employee share trusts. Investments in own shares represents the cost of 11,197,394 (2017: 9,107,787) of the Company's ordinary shares totalling $105.1m (2017: $113.1m).

The profit for the financial year for the Company was $59.6m (2017: loss $233.6m). The directors have taken advantage of the exemption available under Section 408 of the Companies Act 2006 and not presented a profit and loss account for the Company.

The Company does not have any employees other than the directors of the Company. Details of the directors' remuneration is provided in the Directors' Remuneration Report in the Group financial statements. The profit for the financial year is stated after charging audit fees of $64,000 (2017: $72,000). Details of dividends paid and proposed are provided in note 7 to the Group financial statements. Further details of share based charges are provided in note 21 to the Group financial statements.

At 31 December 2018, $253.8m of the retained earnings balance is considered distributable. In addition, the capital reduction reserve of $88.1m per note 15 is also a distributable reserve.

14 Merger reserve

	2018 $m	2017 $m
At 1 January	**2,790.8**	-
Shares issued in relation to acquisition of Amec Foster Wheeler	**-**	2,790.8
At 31 December	**2,790.8**	2,790.8

On 6 October 2017, 294,510,217 new shares were issued in relation to the acquisition of Amec Foster Wheeler. The total value of the consideration for Amec Foster Wheeler was $2,809.4m with $16.5m being credited to share capital, $2,790.8m credited to the merger reserve and $2.1m of share based charges attributable to the consideration being credited to retained earnings.

15 Other reserves

	Capital reduction reserve $m	Capital redemption reserve $m	Hedging reserve $m	Total $m
At 1 January 2017	88.1	439.7	9.8	537.6
Fair value gains	-	-	0.6	0.6
At 31 December 2017 and 31 December 2018	**88.1**	**439.7**	**10.4**	**538.2**

Five year summary (unaudited)

	2018 $m	2017 $m	2016 $m	2015 $m	2014 $m
Revenue including joint ventures	**11,036.0**	**6,169.0**	**4,934.0**	**5,852.4**	**7,616.4**
Adjusted EBITA	**629.9**	**371.6**	**363.4**	**469.7**	**549.6**
Amortisation (including joint ventures)	(248.8)	(141.3)	(104.3)	(109.0)	(101.2)
Non-recurring items (including joint ventures)	(191.3)	(184.5)	(154.9)	(171.2)	37.6
Net finance expense (including joint ventures)	(119.9)	(52.9)	(25.8)	(23.1)	(24.2)
Profit/(loss) before taxation (including joint ventures)	**69.9**	**(7.1)**	**78.4**	**166.4**	**461.8**
Taxation (including joint ventures)	(77.5)	(22.9)	(44.0)	(76.3)	(125.5)
(Loss)/profit for the year	**(7.6)**	**(30.0)**	**34.4**	**90.1**	**336.3**
Attributable to:					
Owners of the parent	(8.9)	(32.4)	27.8	79.0	322.0
Non-controlling interests	1.3	2.4	6.6	11.1	14.3
	(7.6)	**(30.0)**	**34.4**	**90.1**	**336.3**
Equity attributable to owners of the parent	**4,590.8**	**4,960.3**	**2,195.2**	**2,398.3**	**2,546.2**
Net borrowings	**1,548.2**	**1,646.1**	**331.4**	**290.3**	**295.7**
Gearing ratio	**33.7%**	**33.2%**	**15.1%**	**12.1%**	**11.6%**
Interest cover	**6.4**	**5.9**	**14.1**	**20.3**	**22.7**
Diluted earnings per share (cents)	**(1.3)**	**(7.4)**	**7.3**	**20.8**	**85.8**
Adjusted diluted earnings per share (cents)	**57.4**	**53.3**	**64.1**	**84.0**	**99.6**
Dividend per share (cents)	**35.0**	**34.3**	**33.3**	**30.3**	**27.5**
Dividend cover	**1.6**	**1.6**	**1.9**	**2.8**	**3.6**

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 US 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. UK 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 26 April 2019 as published in the Financial Times on 27 April 2019.

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Financial calendar

Results announced	19 March 2019
Ex-dividend date	25 April 2019
Dividend record date	26 April 2019
Annual General Meeting	9 May 2019
Dividend payment date	16 May 2019

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

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Paper from responsible sources
FSC® C022913

Designed and produced by Wood Creative Services team.

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