News Release

14 December 2016

Pre-close trading update for the year to 31 December 2016

"Financial performance in line with expectations"

Oil and gas markets remain challenging in 2016. Lower oil prices have endured and activity has fallen across the sector. In response, we have significantly reduced our cost base, worked alongside customers to improve efficiency and refined our operating structure to enhance customer delivery[1].

We anticipate full year 2016 financial performance in line with current market expectations[2]. Our balance sheet remains strong and our intention remains to increase the dividend for 2016 by a double digit percentage.

Looking ahead, the market continues to present significant challenges and although these are likely to persist during 2017, in selected markets we do see indications of modest recovery. We are confident that our focus on delivering value through our asset life cycle and specialist technical solutions, together with our customer relationships, global footprint and strong financial footing position us well.

Asset Life Cycle Solutions

Western Hemisphere
(c40% of Total Revenue)

Operations and Maintenance activity is up on 2015 due to the impact of Infinity and Kelchner acquired in 2015 more than offsetting lower underlying activity. Our US onshore shale business has been significantly impacted but remains the largest contributor to this service line in the West. We are encouraged by the positive rig count movement in the second half of 2016, although we have yet to see any significant improvement in activity. We are confident that our differentiated capability in the Permian, Eagle Ford, Marcellus & Utica and Bakken basins will benefit us as the market recovers. We are seeing a good contribution from our work in the Gulf coast petrochemical market following the acquisition of Infinity, and the US offshore business has been less affected than onshore. Performance in East Canada has grown; we continue to work on our hook up and commissioning scope on the Hebron topsides and we recently secured a five year contract on the Hibernia platform.

In our Projects and Modifications business, US onshore work including the ETC Dakota access pipeline, the Flint Hills refinery project and activity on process plants and transmission pipelines more generally, will be down on 2015. A number of these projects are concluding in 2016. Overall activity in greenfield offshore work has been robust. Major activity included the detailed design on Stampede for Hess and Peregrino 2 for Statoil, the FEED and detailed scope for Noble Leviathan and ongoing FEED activity for Anadarko Shenandoah. We also recently commenced detailed engineering for Kiewit on the BP South Pass Platform expansion project in the Gulf of Mexico, and we see further projects with the potential to proceed.

Eastern Hemisphere
(c50% of Total Revenue)

Our Operations & Maintenance activities faced a tough market in the North Sea for operations and maintenance work, which is down on 2015. We are maintaining our leading position, having renewed a majority of contracts over the last 18 months which secures access to work as volumes recover. We are well placed to partner with new entrants into the basin; our duty holder scope operating the CATS pipeline and terminal for Antin Infrastructure is progressing well, and we recently secured the operating partner role for Ancala Midstream on assets acquired from Apache. Elsewhere, activity levels have increased on our Exxon contracts in Papua New Guinea, and in Australia we recently renewed our contract with Melbourne Water. We also recently secured a five year managed services scope from Hess Malaysia for their offshore facilities in the North Malay basin.

In our turbine related Operations & Maintenance activity, we have seen weaker than expected performance in our EthosEnergy joint venture. It is likely that this will lead to a further non cash impairment of the carrying value of our investment in EthosEnergy at the year end and we are actively considering our longer term strategic options.

In Projects & Modifications work, we have now completed the later stage follow-on engineering and construction support scope on Det Norske's Ivar Aasen project. In the UK North Sea, we have seen a significant fall in brownfield modifications and upgrade activity under existing contracts. Activity on our Saudi Aramco contracts has grown and we renewed our General Engineering Services Plus frame agreement in October. Work on our recently secured contracts with Exxon in Iraq and BP in Azerbaijan is ongoing, although the pace of activity has been slower than anticipated. In Kazakhstan, we saw stronger activity on our work with NCOC. During the year we also benefitted from the commercial close out of projects.

Specialist Technical Solutions
(c 10% of Total Revenue)

We have seen significantly reduced Subsea services activity. We are working on a number of early stage, tie back and verification scopes, but there are minimal large projects coming to market. Relationships with our customers remain positive, evidenced by a number of master service agreements including Statoil, Apache, BP and Chevron. Within our technology offering, we saw growth in our smart asset integrity services.

Our Automation activity has seen growth in 2016. We were formally awarded the $700m main automation contractor scope for Chevron's Tengiz expansion project in 2016, and this was followed up with a $40m award from ExxonMobil Chemical to provide main automation contractor services for a Texas polyethylene plant following completion of the FEED work.

We anticipate full year 2016 financial performance in line with current market expectations[2]. Our balance sheet remains strong and our intention remains to increase the dividend for 2016 by a double digit percentage. Full year results will be announced on 21 February 2017.

Conference Call
A telephone conference call for analysts will be held at 8:30am today; participant dial-in details below:

UK: 01296 480 180

International: +44 1296 480 180

Passcode: 735112#

- ends -

<u>Notes to Editors:</u>

Wood Group is an international energy services company with around $6bn sales and operating in more than 50 countries. The Group designs, modifies, constructs and operates industrial facilities mainly for the oil & gas sector, right across the asset life cycle. We enhance this with a wide range of specialist technical solutions including our world leading subsea, automation and integrity solutions. Our real differentiator is our range of services, the quality of our delivery, the passion of our people, our culture and values. We are extending the scale and scope of our core services into adjacent industries. Visit Wood Group at www.woodgroup.com and connect with us on LinkedIn and Twitter.

[1] *As announced at the interim results, Wood Group has changed its reporting to align reportable segments with our new operating structure effective July 2016. Results for the year ended 31 December 2016 will comprise three reportable segments, being; Asset Life Cycle Solutions West, Asset Life Cycle Solutions East and Specialist Technical Solutions. A historical analysis of financial performance under our old and revised reportable segments from 2012 to H1 2016 was released on 30th November.*

(https://www.woodgroup.com/investors/financial-information/financial-and-regulatory-news/2016/revised-reportable-segments-historical-analysis)

[2] *Company compiled publicly available consensus 2016 EBITA on a proportionally consolidated basis is $370m and AEPS is 64.9c, last updated on 26th October 2016.*

(https://www.woodgroup.com/investors/investor-information/analyst-consensus)

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