Half-year results 2016

9 August 2016

Introduction

- 20 years at Halliburton
- Operational, business development, strategy and technology roles
- CEO since 1st June

This presentation contains forward-looking statements which are subject to risks and uncertainties because they relate to future events. These forward-looking statements include, without limitation, statements in relation to Amec Foster Wheeler's projected financial results of the 2016 financial year. Some of the factors which may cause actual results to differ from these forward-looking statements are discussed in the slide titled "Important information" in the appendix of this presentation.

Key topics for today

H1 financial review

- Benefit of diverse markets
  - Strong solar, E&I and UKNS performance
  - Challenging conditions continue across natural resources
- Further non cash impairment charges
- Outlook for 2016 trading result unchanged

Priorities

- My first impressions: strong underlying business
- Initial actions: initiated wide-ranging review
- Further details: investor event in November

Ian McHoul

Chief Financial Officer

Half-year results 2016
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Headline statutory numbers

- Mixed H1 trading performance
  - FY trading result guidance unchanged
- Statutory loss due to impairments, amortisation and restructuring costs
  - GPG, Oil & Gas Americas
- Net debt higher
  - Expected seasonal working capital outflow, Longview payment
  - £56m impact from weaker GBP

£ million	2016	2015
► Revenue	2,842	2,664
► (Loss)/profit before tax	(446)	73
► Reported EPS	(115.8)p	14.5p
► Dividend per share	7.4p	14.8p
► Net debt	1,084	957

Summary underlying numbers

- H1 trading mixed
- Order book reflects weak O&G market, and strong execution in solar since Q4 15

£ million	2016	2015	Headline	Underlying(4)
Revenue	**2,842**	2,664	*+7%*	*+4%*
Trading profit(1)	**177**	188	*-6%*	*-9%*
Trading margin(2)	**6.2%**	7.1%	*-90bps*	
Adjusted EPS(3)	**28.2p**	34.0p	*-17%*	
Dividend per share	**7.4p**	14.8p	*-50%*	
Order book	**6.2bn**	6.6bn	*-5%*	*-9%*

(1) Before exceptional items, amortisation and impairment and asbestos-related costs, but including joint venture trading profit

(2) Trading profit divided by revenue

(3) Diluted for continuing operations, before amortisation and impairment, exceptional items and asbestos-related costs

(4) Excluding the impact of currency movements

Revenue by business unit

- Strong performance, particularly in Americas Clean Energy
- Project scheduling points to H2 weaker than H1

£ million	2016	*Headline*	*Underlying*(1)
▶ Americas	**1,394**	*+10%*	*+7%*
▶ NECIS	**759**	*+3%*	*+3%*
▶ AMEASE	**505**	*-3%*	*-6%*
▶ GPG	**216**	*+11%*	*+6%*
▶ Centre and i/c eliminations	**(32)**		
	2,842	*+7%*	*+4%*

(1) Excluding the impact of currency movements

Revenue by market

- Value of diverse revenue base
  - Weakness in Oil & Gas and Mining
  - Strength in Clean Energy and E&I

£ million	2016	*Headline*	*Underlying*(1)
Oil & Gas	1,190	*-22%*	*-24%*
Mining	162	*-11%*	*-11%*
Clean Energy	1,158	*+67%*	*+61%*
E&C	942	*+88%*	*+83%*
GPG	216	*+11%*	*+6%*
Environment & Infrastructure	364	*+19%*	*+13%*
Centre and i/c eliminations	(32)		
	2,842	*+7%*	*+4%*

(1) Excluding the impact of currency movements

Trading margin

- Americas impacted by poor utilisation in O&G
- FY margin decline as previously guided (<100bp v FY15)

	2016	2015
► Americas	**4.6%**	6.5%
► NECIS	**7.3%**	9.5%
► AMEASE	**7.2%**	6.3%
► GPG	**15.4%**	10.6%
Group(1)	**6.2%**	7.1%

(1) After corporate costs

Order book

- O&G project deferrals
- Clean Energy spiked in Q4, with solar projects now in execution

£ billion	2016 HY	15FY	15HY
Americas	**1.7**	2.0	2.1
NECIS	**2.2**	2.4	2.3
AMEASE	**2.0**	1.8	1.8
GPG	**0.3**	0.4	0.4
	6.2	6.6	6.6

£ billion	2016 HY	15FY	15HY
Oil & Gas	**3.6**	3.7	4.0
Mining	**0.2**	0.2	0.3
Clean Energy(1)	**1.7**	2.0	1.8
E&I	**0.7**	0.6	0.6
	6.2	6.6	6.6

(1) Including GPG

Americas

- ▶ Clean Energy & E&I growth ahead of plan
- ▶ Low utilisation caused by project delays in O&G hit margin
- ▶ Non cash impairment charge £125m

£ million	**2016**	**2015**	***Underlying(1)***
▶ Revenue			
▶ Oil & Gas	**252**	563	*-56%*
▶ Mining	**115**	149	*-24%*
▶ Clean Energy	**769**	331	*+122%*
▶ Environment & Infrastructure	**258**	224	*+9%*
Total	**1,394**	1,267	*+7%*
▶ Trading profit	**64**	82	*-25%*
▶ Trading margin	**4.6%**	6.5%	*-190bps*

(1) Excluding the impact of currency movements

Northern Europe & CIS (NECIS)

- Record revenues in O&G, supported by hook-ups in UKNS, greenfield in Azerbaijan
- Dissolution of NMP in H1 will impact 2016 FY margin by c.100bp

£ million	2016	2015	*Underlying*[(1)]
► Revenue			
► Oil & Gas	**570**	552	*+4%*
► Mining	**-**	-	-
► Clean Energy	**168**	163	*+3%*
► Environment & Infrastructure	**21**	21	-
Total	**759**	736	*+3%*
► Trading profit	**55**	70	*-21%*
► Trading margin	**7.3%**	9.5%	*-220bps*

(1) Excluding the impact of currency movements

Asia, Middle East, Africa & S. Europe (AMEASE)

- Project deferrals in O&G in Middle East
- E&I growth from US Government spending in region

£ million	2016	2015	*Underlying*(1)
Revenue			
Oil & Gas	**368**	418	*-15%*
Mining	**47**	33	*+49%*
Clean Energy	**5**	6	*-19%*
Environment & Infrastructure	**85**	61	*+32%*
Total	**505**	518	*-6%*
Trading profit	**36**	33	*+4%*
Trading margin	**7.2%**	6.3%	*+90bps*

(1) Excluding the impact of currency movements

Global Power Group (GPG)

- ► Solid fuel power market remains challenged
- ► Order intake remains weak: limited progress on pipeline of US$500m of projects awaiting full notice to proceed
- ► £246m non-cash impairment charge, book value now £180m
- ► Disposal process ongoing, expected to conclude in H2

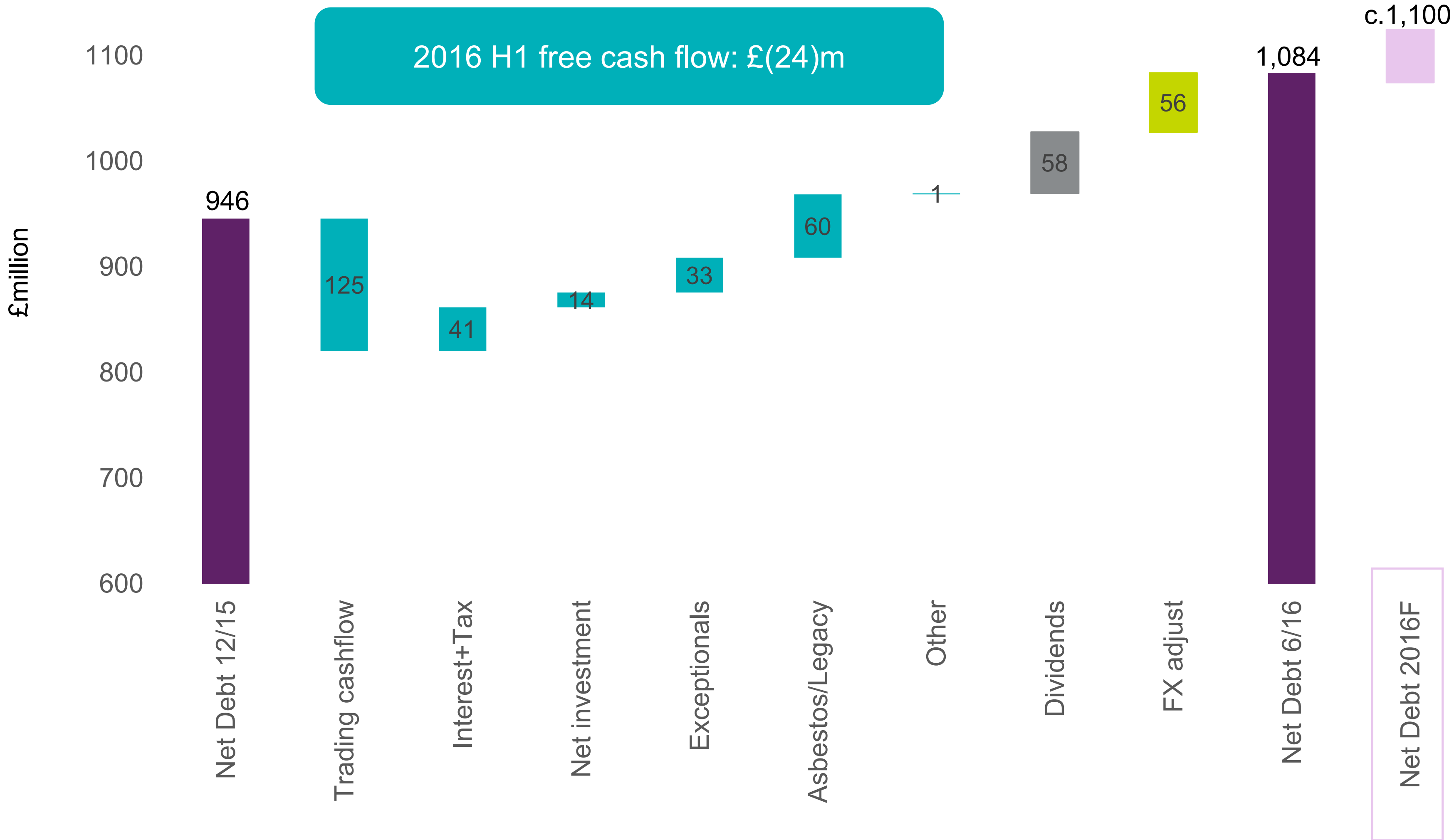
£ million	**2016**	**2015**	***Underlying[(1)]***
► Revenue	**216**	195	*+6%*
► Trading profit	**33**	21	*+53%*
► Trading margin	**15.4%**	10.6%	*+480bps*

(1) Excluding the impact of currency movements

Cost saving update

- On track to meet existing integration target of £130m savings per annum by 2017 (vs 2014PF cost base)
- Additional cost savings in Americas targeted in 2016
- Root and branch review of cost base to identify further savings
  - More details in November

Net debt bridge

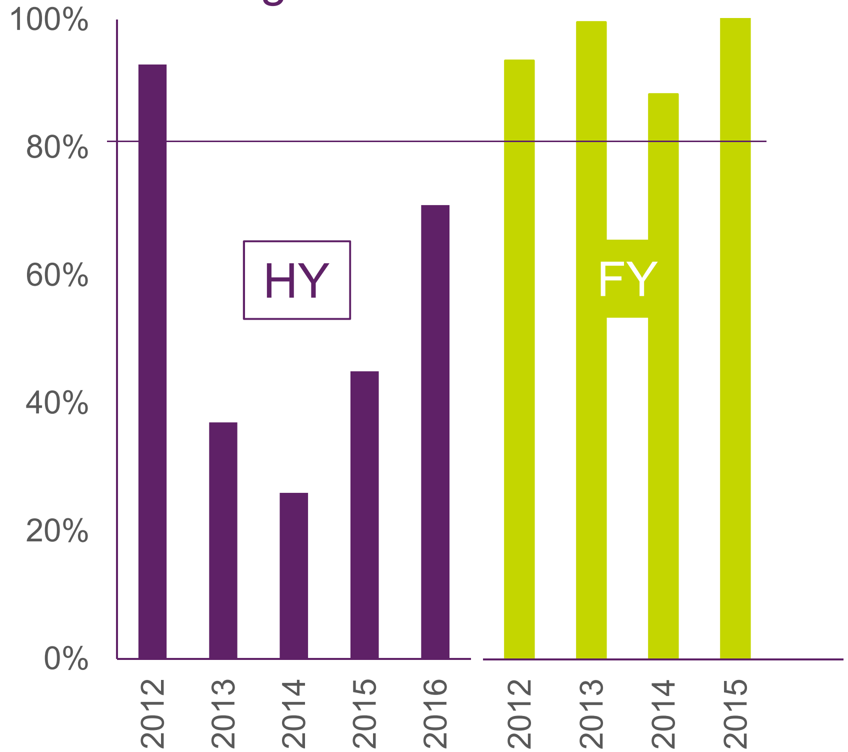


Trading cash flow

- Seasonally weaker H1, as usual
- FY conversion expected in line with recent trend

£ million	2016
▶ Trading profit	177
▶ JV trading profit	(13)
	164
▶ JV dividends received	27
▶ Non-cash items[1]	16
	207
▶ Working capital	(82)
▶ Trading cashflow[2]	125
▶ Trading cash conversion	71%

Trading Cash Conversion [3]



(1) Depreciation, share based payments and profit on disposal of PPE

(2) Trading cash flow excludes exceptional items, discontinued operations and legacy settlements, the difference between pension payments and amounts recognised in the income statement and certain foreign exchange movements, but includes dividends received from joint ventures

(3) 2012-2014 data for AMEC alone

Strengthening the balance sheet

- £1.7bn facility signed March 2016
  - £650m 3-year term
  - £1,050m 5-year term
- Leverage covenant
  - Net debt to EBITDA <3.75 for 2 years, then <3.5x
  - H1 16 = 3x(1)
- Target £500m of proceeds by June 2017
  - GPG
  - Shares in an infrastructure and 3 power generating assets
  - Other non-core businesses and assets

(1) Net debt : EBITDA calculation for covenant purposes excludes limited recourse project companies, the group's captive insurance company, the mark to market value of derivatives held as a hedge against debt and any deposits in sub investment grade banks

Financial items

- Interest
  - Post refinancing, blended interest rate for net debt of 5.25%
  - FY 16 charge c£70-75m
- Tax
  - P&L charge H1 21%; FY 21-22%
  - Targeting sustainable rate in the low-to-mid 20s

£ million	2016
Bank interest	(29)
Pension financing	-
Other interest(1)	(6)
Income statement	(35)
Joint ventures	(2)
Total	**(37)**

(1) Mainly interest on uncertain tax provisions and exchange movements

Impairments, amortisation and exceptionals

£ million		2016
GPG – intangibles and goodwill	(246)	
Americas – intangibles	(125)	
Assets held for sale	(35)	
ERP systems	(34)	
Impairment and write offs		(440)
Amortisation of intangible assets		(66)
Restructuring and integration costs		(55)
Asbestos related items[1]		(24)
Other		2
		(583)
Related tax		31
		(552)
Discontinued operations[2]		7
Total		**(545)**

(1) Impact of movements in the discount rate, £21m and unwind of the discounting, £3m
(2) Adjustments to existing provisions in respect of prior year business disposals

2016 outlook

- Customer spending decisions remain under pressure across natural resources markets
- Expectations for FY 2016 trading result unchanged
  - Including the translation benefit of weaker forecast GBP
  - H2 LFL revenue down double digit
  - H2 trading margin in line with H1
- Net debt at year-end now estimated to be c£1.1bn (pre disposals)
  - Assuming £/$ 1.30

Jon Lewis

Chief Executive Officer

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First impressions
Strengths

- Multiple sector-leading positions
  - World-class brands
  - Diverse revenue base
- Great people
- Strong customer relationships
- Industry leading technical, engineering, project management and consulting capabilities
- Portfolio of world-class projects

First impressions
Areas for improvement

- Growth has stalled
  - Tough markets and under-investment in BD
  - Americas O&G portfolio exposed to high-$ barrels
- Has been run as a "Group" of businesses
- Margins under pressure
  - Organisation needs delayering
  - Inefficient and complex back office systems
- Debt is too high
- Need sense of urgency

First impressions
Opportunities

- Strong underlying business

- Multi-market platform that can do much more

- Self-help actions can address challenges

- Organisation is ready for change

Actions taken in first 60 days

- Immediate action on costs
- Strengthen management team
- Focus on Americas Oil & Gas
- Initiated wide ranging review

Actions taken in first 60 days
Americas

- Americas operating units performing very differently
  - Clean Energy and E&I strong performance, ahead of plan
  - Mining weak, but on plan
- Oil & Gas business challenging
  - Too much focus on oil sands and offshore capex
  - Some key projects were delayed by market conditions
  - Operational performance on existing contracts mixed
- Inflated cost base
  - Very low utilisation in Houston
  - Significant overlap of support functions
- Non cash impairment charge of £125m on carrying value

Actions taken in first 60 days
Americas (cont)

- Initial leadership and organisation changes made
  - Several departures from O&G leadership team
  - John Pearson relocated from Aberdeen to Houston to run Americas
  - Consolidation of operating units and offices
- Complete review of pipeline by new management team
  - Reset of 2016 and 2017 forecasts
  - Cost base being realigned to lower levels of activity
- Investing in business development

Actions taken in first 60 days
Initiated wide ranging review

- Appointed Chief Transformation Officer and Chief Information Officer
- 3 key inter-related work-streams
  - Strategy refresh
  - Organisation/structure
  - Cost base

Delivering full potential
Expect more on 15 November

amec foster wheeler

Get closer to customers	▶ Key determinant in organisation review ▶ Solutions focused ▶ Increase ‘share of wallet’ on projects we know
Drive competitiveness	▶ Root and branch cost review ▶ Invest in systems ▶ Invest in business development
Improve project delivery	▶ Share best practice ▶ Drive discipline and consistency ▶ More proactive / entrepreneurial approach

Summary

- 2016 trading result guidance unchanged

- Amec Foster Wheeler is a solid platform
  - Requires stronger operational discipline
  - Significant cost saving opportunity; will require some investment too

- Initiated a wide ranging review
  - Reducing debt remains a key priority
  - Establish path to delivering full potential
  - Investor event on 15 November

Additional financial information

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Appendix
Foreign exchange

	2016F	2016 H1	2015 FY	2015 H1	16FY F / 15 FY	H1 16 / H1 15
Income statement						
► Cdn $	1.78	1.86	1.96	1.90	-9%	-2%
► US $	1.38	1.42	1.52	1.52	-9%	-7%
► Euro €	1.25	1.27	1.39	1.41	-10%	-10%
Balance sheet						
► Cdn $	1.70	1.74	2.05	1.96	1.76	-11%
► US $	1.30	1.34	1.47	1.57	1.66	-15%
► Euro €	1.20	1.20	1.36	1.41	1.20	-15%

As reported by Reuters

Appendix
Profit reconciliation

£ million	Per consol income statement	Joint[2] ventures	Per Presentation
Americas			64
NECIS			55
AMEASE			36
GPG			33
Investments Services			11
Corporate costs			(22)
Profit before net financing expense	164	13	177
Net financing expense	(35)	(2)	(37)
Share of joint ventures	8[1]	(8)	-
Profit before tax	137	3	140
Income tax	(26)	(3)	(29)
Profit after tax	111	-	111
Post-tax amortisation, impairment, exceptional items and discontinued operations	(552)	-	(552)
Loss for the period	(441)	-	(441)

(1) Share of joint venture results shown after tax in the consolidated income statement (under IFRS 11)

(2) Joint venture results disaggregated in the presentation

Appendix
H1 scope revenue reconciliation

£ million	2016	2015	2014PF
Americas	1,394	1,267	1,291
NECIS	759	736	782
AMEASE	505	518	544
GPG	216	195	230
Internal	(32)	(52)	(40)
Revenue	**2,842**	**2,664**	**2,807**
Trading profit	**177**	**188**	**243**
Trading margin	**6.2%**	**7.1%**	**8.6%**

Pass-through procurement	(142)	(83)	(194)
Scope Revenue	2,700	2,581	2,613
Margin (using scope revenue)	6.6%	7.3%	9.3%

Appendix
Tax rate[1]

£ million	Group companies	JVs	Total
Trading profit per presentation	164	13	177
Net financing income	(35)	(2)	(37)
	129	11	140
Tax	(26)	(3)	(29)
PAT per consolidated	103	8	111
Tax rate	20.5%	27.5%	21.1%

(1) Before amortisation and impairment, exceptional items and asbestos related items

Appendix
Cash flow

£ million	2016
▶ Trading cash flow	125
▶ Interest and tax(1)	(41)
▶ Net investment	(14)
▶ Exceptional items	(33)
▶ Asbestos and legacy settlements	(60)
▶ Other(2)	(1)
▶ **Free cashflow**	**(24)**
▶ Acquisitions and disposals	-
▶ Dividends	(58)
▶ **Net cash flow**	**(82)**
▶ Opening net debt	(946)
▶ Exchange movement on opening net debt	(56)
▶ Closing net debt	**(1,084)**

(1) Interest payments £(10)m in H1, due to timing of drawdown and payments on new facility

(2) The difference between pension payments and amounts recognised in the income statement, receipts on maturity of net investment hedges, amortisation of finance arrangement fees, cash received on net share movements and certain foreign exchange movements

Appendix
Modelling assumptions

	2016 guidance
Revenue	H2 LFL down double digits
Trading margin	H2 in line with H1, FY down on 2015
Trading cash conversion	80-100%
Net finance charge	£(70-75)m
Tax rate (based off PBTA inc JVs)	c.21-22%
Non trading cash charges	Capex £(30)m Asbestos £(20)m Legacy payments £(10)m Longview £(50)m paid in March 2016
FY Free cashflow	c.£0m
YE net debt	c. £(1.1)bn (pre disposals); assuming £/$ 1.30
Dividend	Declared: c21.6p =1/2 of 43.3p, split HY/FY 1/3rd 2/3rd Cash: £c(110)m, HY15:14.8+FY15:14.2 = 29.0p

Appendix
Market by market outlook

- Challenging market conditions set to continue
- Significant variation in outlook

Selected markets	2016 Rev	2016 commentary
Oil & Gas upstream	Down <10%	Backlog underpins 2016. Further impact in 2017
Oil & Gas – oil sands	Down >20%	Continued declines
Oil & Gas downstream	**Down >20%**	Project delays, especially in US
Mining	Down >10%	Generally weak
Clean Energy – nuclear	Flat	New work at Sellafield to replace old Tier 1 role
Clean Energy – solar/wind	Up >10%	2016 strong year, slower in 2017
Clean Energy – T&D	Up >10%	Project ramp up slower than expected
Clean Energy – GPG	**Up <10%**	Order intake remains very weak
E&I – Government	Up <10%	Strong performance in US, and US Gov't overseas

Highlighted text represents changed outlook since FY

Important information

This presentation contains “forward-looking statements” within the meaning of the US Private Securities Litigation Reform Act of 1995 with respect to Amec Foster Wheeler’s financial condition, results of operations and businesses and certain of Amec Foster Wheeler’s plans and objectives. In particular, such forward-looking statements include: the outlook and the statements relating to Amec Foster Wheeler’s future performance generally; expectations regarding global economic conditions or other macroeconomic developments in the geographic regions and markets in which Amec Foster Wheeler operates, including fluctuations in exchange rates; expectations regarding revenues, trading profits and other results of operations, and tax rates for the 2016 financial year; and expectations regarding the integration or performance of current and future investments, associates, joint ventures and newly acquired businesses, including Foster Wheeler.

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Further information

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