

# Wood Group

## NEWS RELEASE

### **Wood Group Makes US\$140m Move In Canadian Oil Sands**

**ABERDEEN, November 16, 2007** —A subsidiary of John Wood Group PLC (“Wood Group”) has agreed to acquire IMV Corporation (“IMV”) for an initial cash consideration of C\$131m (US\$140m). The acquisition is expected to be completed by the end of November. There will be three further cash payments due in the period to 2014 based on the future performance of IMV. It is expected the acquisition will be earnings enhancing from 2008 onwards.

IMV, owned by its management and employees, provides engineering, procurement and construction management (“EPCM”) services to the Canadian oil and gas exploration and production sector, and is a market leader in EPCM services for in-situ oil sands developments. It has a workforce of around 650 people and is headquartered in Calgary, Alberta. Continuation of the existing management team, including founder and President Ivan Velez, is planned. IMV had profits before tax of C\$21.6m (US\$23.1m) for the year to August 2007.

The acquisition of IMV, one of Canada’s top three engineering companies for in-situ heavy oil production projects, is a key strategic move for Wood Group into the Canadian heavy oil market. Canada has over 180 billion barrels of proven oil reserves, making it the second largest source of oil reserves in the world. Over 173 billion barrels are heavy oil reserves in Alberta, production of which is expected to grow from an average 1.1 million

barrels per day in 2006 to 3.5 million barrels per day by 2020. It is estimated that over 80 percent of the heavy oil reserves are too deep to mine and will require in-situ development.

“This is a significant strategic step in developing a strong position in EPCM services for the Canadian heavy oil market,” said Mike Straughen, Group Director and Chief Executive of Wood Group’s Engineering activities. “IMV’s strong management team and proven track record of leading expertise for in-situ steam-assisted heavy oil developments are an excellent complement to Wood Group’s existing engineering businesses. IMV will continue to operate as a stand-alone business, satisfying the needs of its existing customers and building on its leading position for in-situ heavy oil projects. In addition, IMV will work closely with other Wood Group engineering companies, including Mustang and J P Kenny, to help grow the Group’s engineering activity in the heavy oil, Arctic, upgrading/downstream and trunkline sectors.”

Ivan Velez, IMV President, said “We are pleased to have this opportunity to join Wood Group, a company that shares our cultures and values. IMV has achieved strong growth over recent years, and we anticipate that the healthy heavy oil market, momentum in our business and the support of Wood Group will allow our growth to continue.”

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**Wood Group** is an international energy services company with more than \$4.0bn sales, employing 22,000 people worldwide and operating in 46 countries. The Group has three businesses - Engineering & Production Facilities, Well Support, and Gas Turbine Services - providing a range of engineering, production support, maintenance management and industrial gas turbine overhaul and repair services to the oil & gas, and power generation industries worldwide.

**IMV**, founded in 1999 and headquartered in Calgary, Alberta, has operations in western and northern Canada, the Atlantic coast of Canada and the Middle East. IMV's core expertise is in engineering and construction management, and the company provides hands-on experience and proven expertise for conventional and in-situ steam-assisted heavy oil developments, including steam-assisted gravity drainage (SAG-D), cyclic steam stimulation (CSS) and vapor extraction (VAPEX). Web site: [www.imvprojects.com](http://www.imvprojects.com)

Note on disclosures as required by The Listing Rules:

1. The three further cash payments will be based on the future performance of IMV up to a maximum of C\$180m (US\$193m) and, as a result, this a Class 2 transaction. For indicative purposes, if the further cash payments were based on the profit before taxation to August 2007, the total cash payments would amount to C\$56m (US\$60m);
2. Wood Group will assume net debt of approximately C\$2m (US\$2m) at completion;
3. IMV had gross assets of C\$36.6m (US\$39.2m) as at 31 August 2007;
4. An exchange rate of C\$1:US\$1.07 has been used.

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