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resources & energy

Half year results 2015

Andrew Wood

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Overview



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Performed well despite increasingly volatile conditions

- ▶ 3.6% underlying NPAT growth
- ▶ Margin improvement achieved as promised
- ▶ MTG and ANI acquisitions completed
- ▶ “Getting better at what we do”
- ▶ Low crude price has minimal impact on HY2015 results
- ▶ Interim dividend of 34.0 cents per share

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Financial snapshot



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- ▶ Aggregated revenue¹ of \$3,614m, down 4.7%²
- ▶ Minimal revenue benefit from FX
- ▶ Underlying NPAT³ of \$104.3m, up 3.6%²
- ▶ Underlying EBIT margin up to 5.0%
- ▶ Operating cash flow down to \$78m
- ▶ Gearing at the bottom of target range

¹ Refer to slide 35 in the Supplementary slides for the definition of Aggregated Revenue.

² Versus previous corresponding period.

³ The underlying result for HY2014 excludes the net fair value gain on acquisition of associates of \$11.4m.



OneWay™ to Zero Harm



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Performance Improving

- > Total Recordable Case Frequency Rate (TRCFR) for HY2015 is 0.09 (HY2014: 0.12)

Update on Zero Harm Initiatives

- > Continued focus on land transport
- > Implementing step change in field HSE

HSE Awards

- > WorleyParsons Cord - Awarded the Gold Vice-President Safety Award for site-service work for TransCanada
- > NANA WorleyParsons - Awarded the 2014 HSE Excellence Award from ConocoPhillips Alaska

OneWay™
to Zero Harm



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Group Financial Profile



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Improved margin and earnings growth

	HY2015	HY2014	vs. HY2014	
Aggregated revenue ¹ (\$m)	3,613.7	3,792.6	↓	(4.7%)
Underlying EBIT ² (\$m)	180.8	178.2	↑	1.5%
<i>Underlying EBIT margin</i>	5.0%	4.7%	↑	0.3%
Underlying Net Profit After Tax ² (\$m)	104.3	100.7	↑	3.6%
<i>Underlying NPAT margin</i>	2.9%	2.7%	↑	0.2%
Underlying basic EPS (cps)	42.2	40.8	↑	3.4%
Operating cash flow	78.0	229.6	↓	(66.0%)
Interim dividend (cps)	34.0	34.0	↔	-

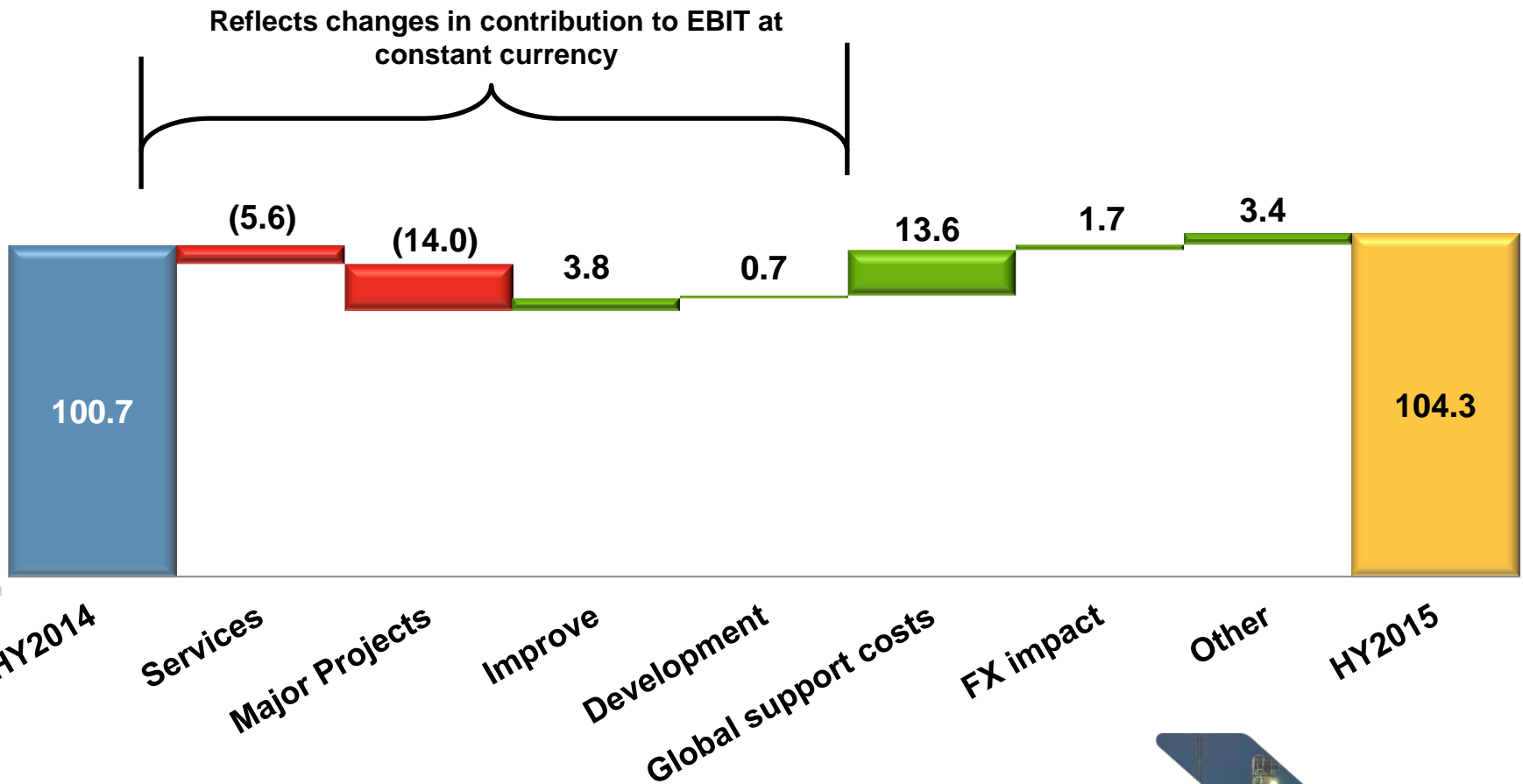
¹ Refer to slide 35 of the Supplementary slides for the definition of Aggregated revenue.

² The underlying result for HY2014 excludes the net fair value gain on acquisition of associates of \$11.4m.

Underlying NPAT (\$m)



By business line



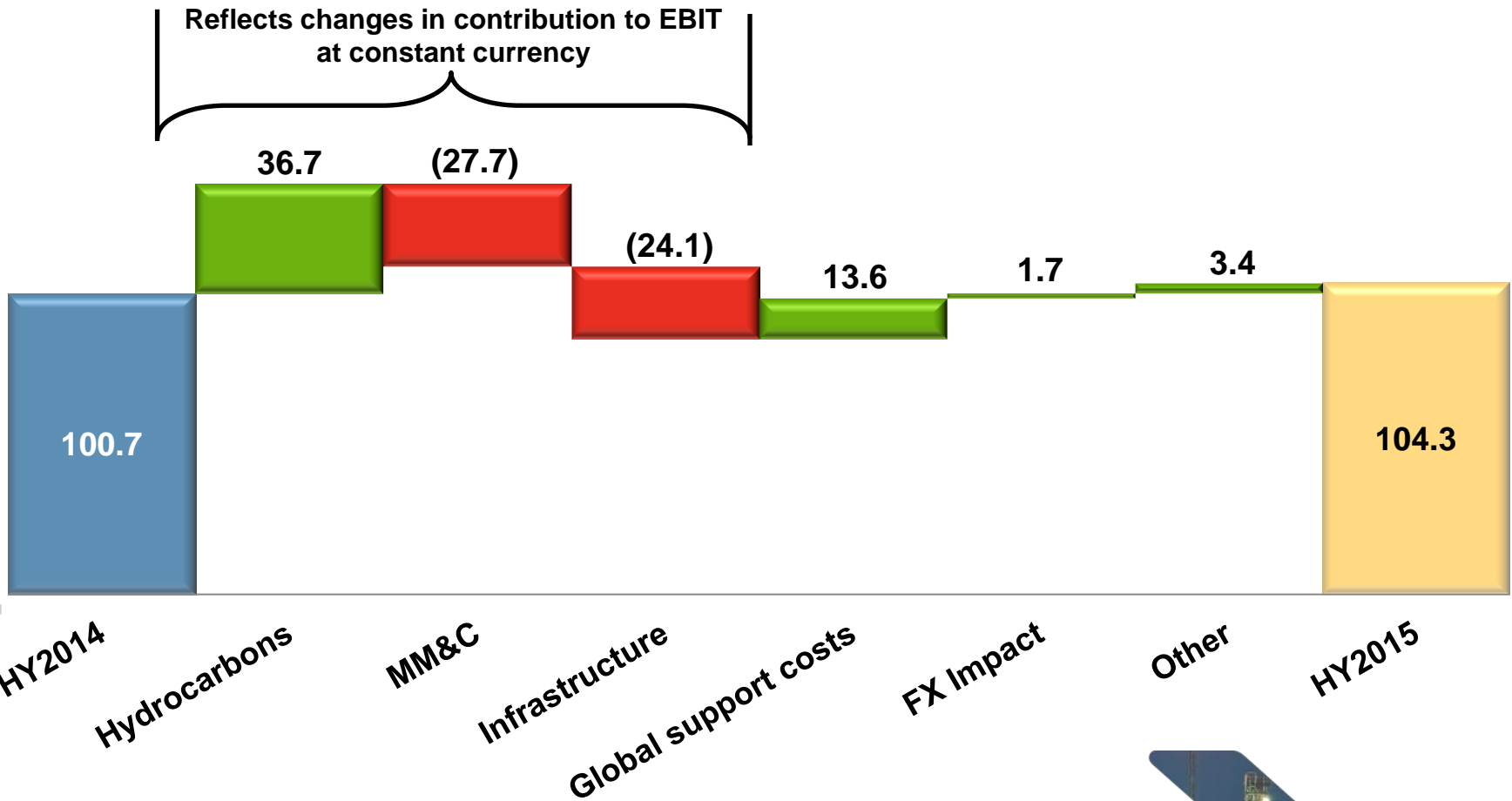
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Underlying NPAT (\$m)



By sector



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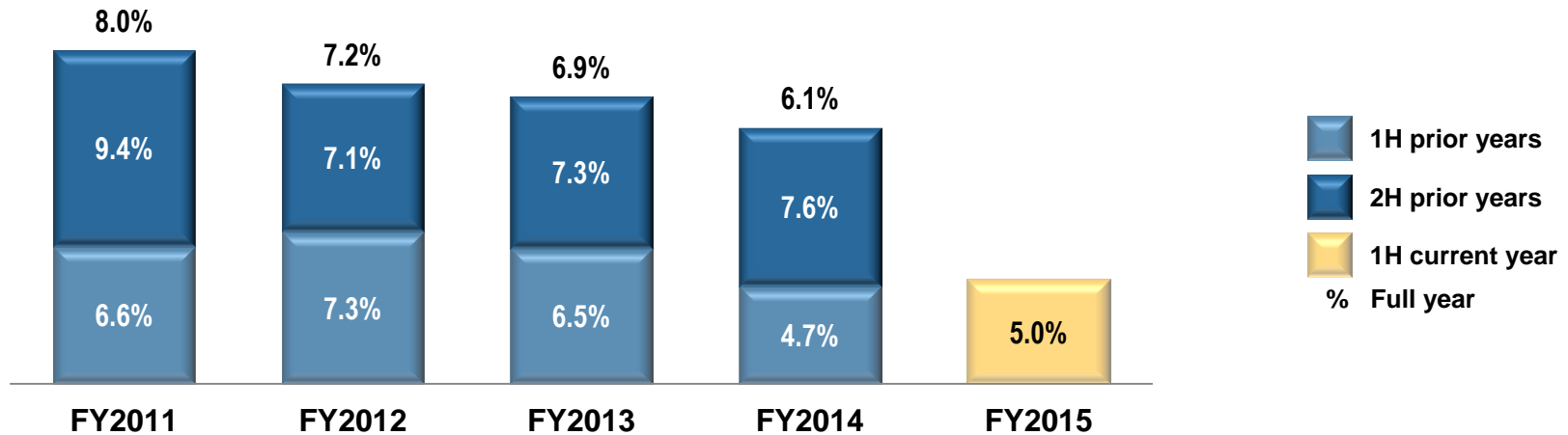


Margin profile

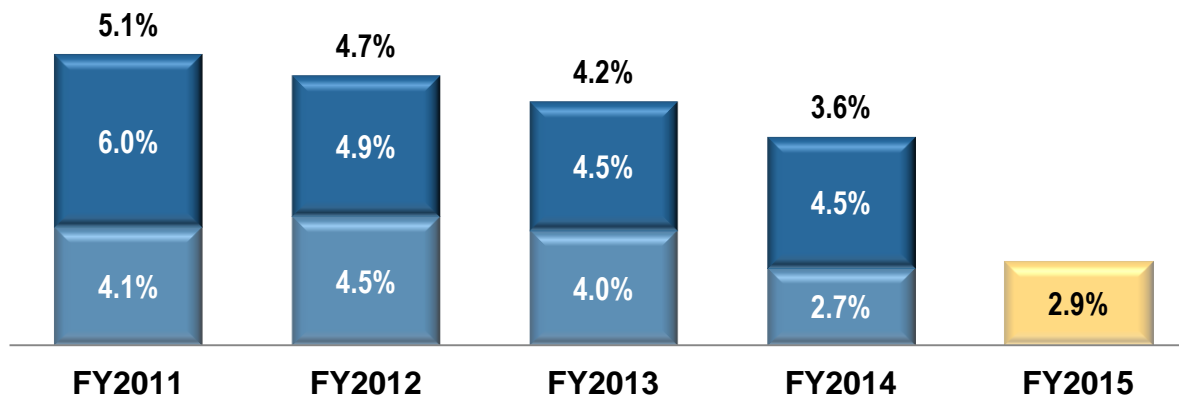


Improved EBIT and NPAT margins

Group Underlying EBIT Margin %



Group Underlying NPAT Margin %





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Segment results

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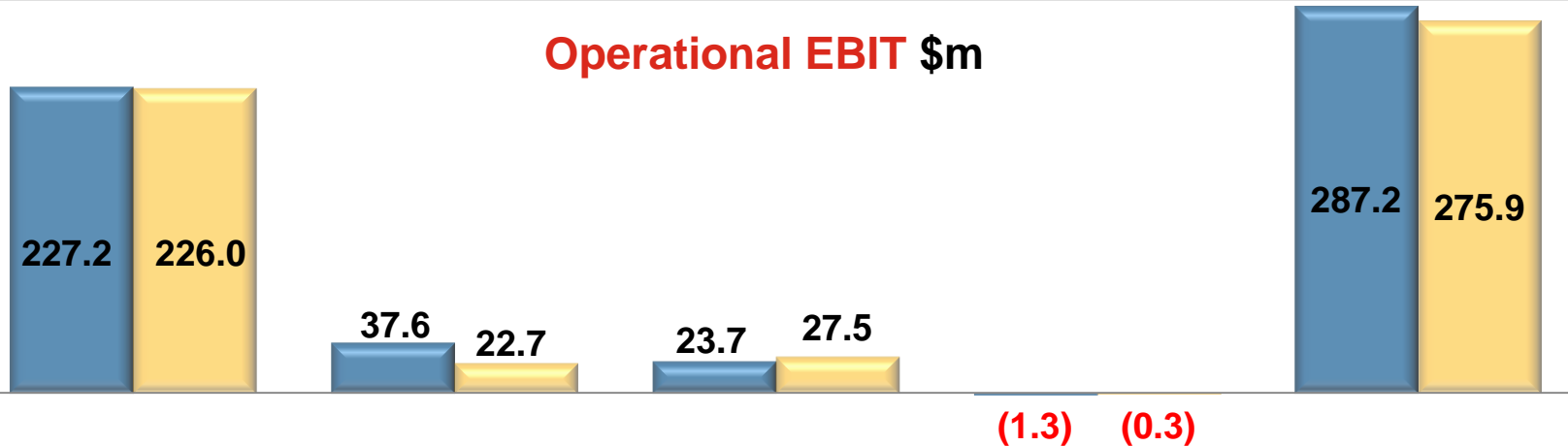
Operational EBIT



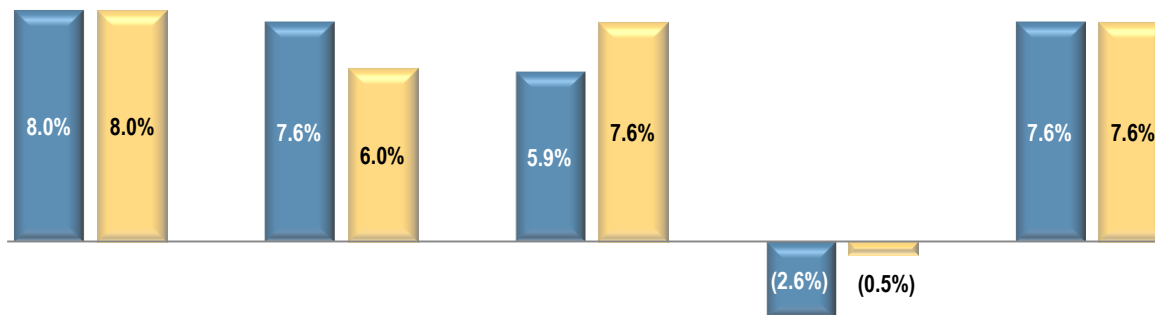
Business Line earnings

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Operational EBIT \$m



Operational EBIT margin by Business Line %



■ 1H FY2014
■ 1H FY2015



Services

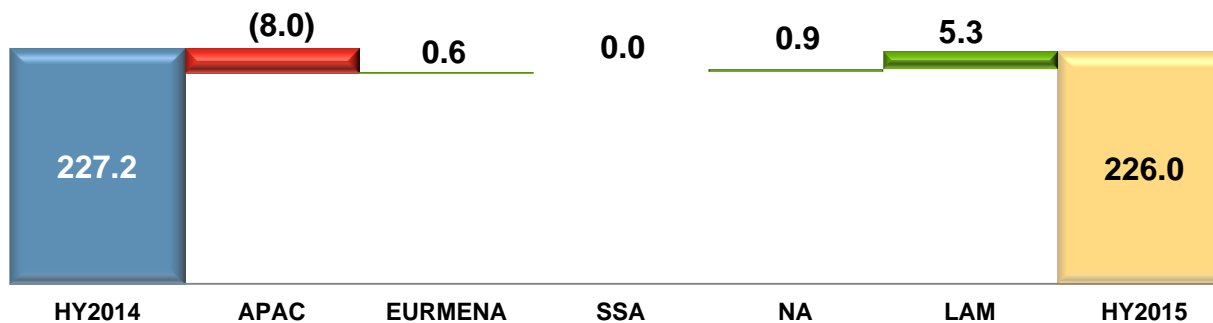


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	HY2015	HY2014	vs. HY2014	
Aggregated revenue \$m	2,808.0	2,843.7	↓	(1%)
Professional services \$m	2,209.7	2,243.0	↓	(1%)
Construction and fabrication \$m	438.9	482.3	↓	(9%)
Procurement revenue with margin \$m	157.9	114.0	↑	39%
Other income \$m	1.5	4.4	↓	(66%)
Segment result \$m	226.0	227.2	↓	(1%)
<i>Segment margin %</i>	8.0%	8.0%	↔	-

- ▶ Revenue flat in a difficult market
- ▶ Margins unchanged at 8.0%
- ▶ *Improve* relationships account for about 15% of Aggregated revenue

Sector Operational EBIT HY2015 vs HY2014 \$m



Major Projects



	HY2015	HY2014	vs. HY2014	
Aggregated revenue \$m	377.6	496.9	↓	(24%)
Professional services \$m	360.4	479.7	↓	(25%)
Procurement revenue with margin \$m	17.2	17.2	↔	0%
Segment result \$m	22.7	37.6	↓	(40%)
<i>Segment margin %</i>	6.0%	7.6%	↓	(1.6%)

- ▶ Revenue declined 24%
- ▶ Margin compression as overhead reductions lagged activity decline
- ▶ Top 5 projects contribute 2/3 of the gross margin



Improve



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	HY2015	HY2014	vs. HY2014	
Aggregated revenue \$m	363.4	402.8	↓	(10%)
Professional services \$m	361.6	397.5	↓	(9%)
Procurement revenue with margin \$m	1.8	5.3	↓	(66%)
Segment result \$m	27.5	23.7	↑	16%
<i>Segment margin %</i>	7.6%	5.9%	↑	1.7%

- ▶ Heavy oil sands customers reduced their sustaining capex spend
- ▶ Margin improvement due to benefit of overhead reductions
- ▶ Top 5 projects represent about 36% of gross margin



EcoNomics

Development



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	HY2015	HY2014	vs. HY2014	
Aggregated revenue \$m	64.7	49.2	↑	32%
Professional services \$m	59.4	46.8	↑	27%
Procurement revenue with margin \$m	5.3	2.4	↑	121%
Segment result \$m	(0.3)	(1.3)	↑	77%
<i>Segment margin %</i>	(0.5%)	(2.6%)	↑	2.1%

- ▶ Acquisition of MTG completed
- ▶ Advisian contributed almost 97% of Aggregated revenue in HY2015 and \$3.1m to the segment result



Operational EBIT by Sector



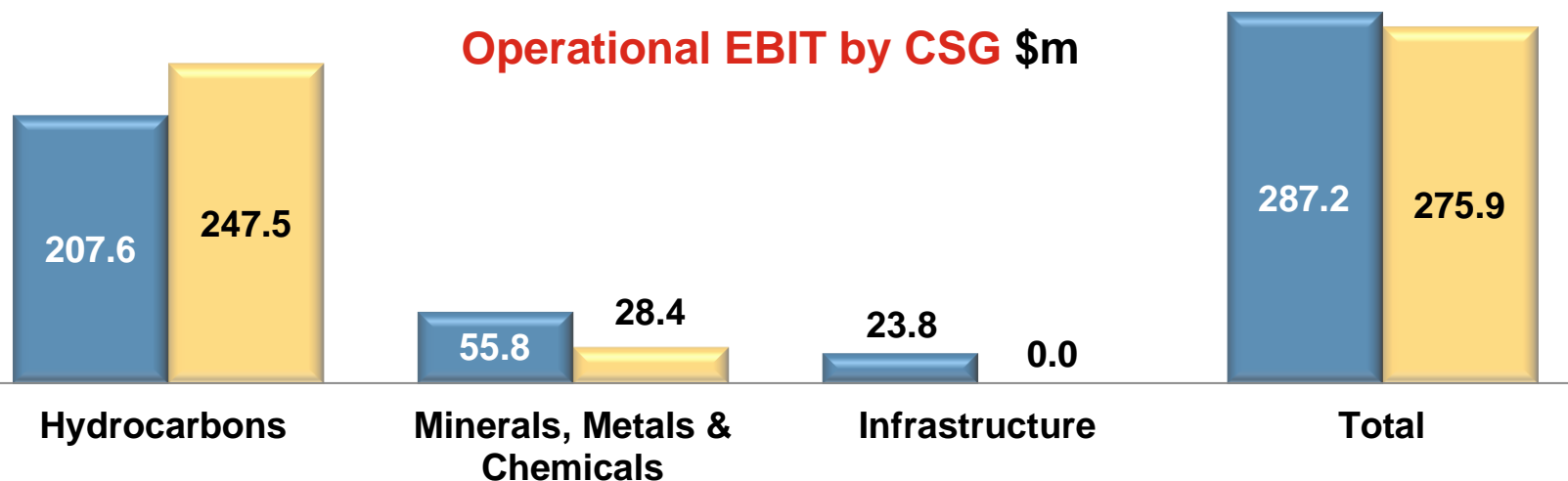
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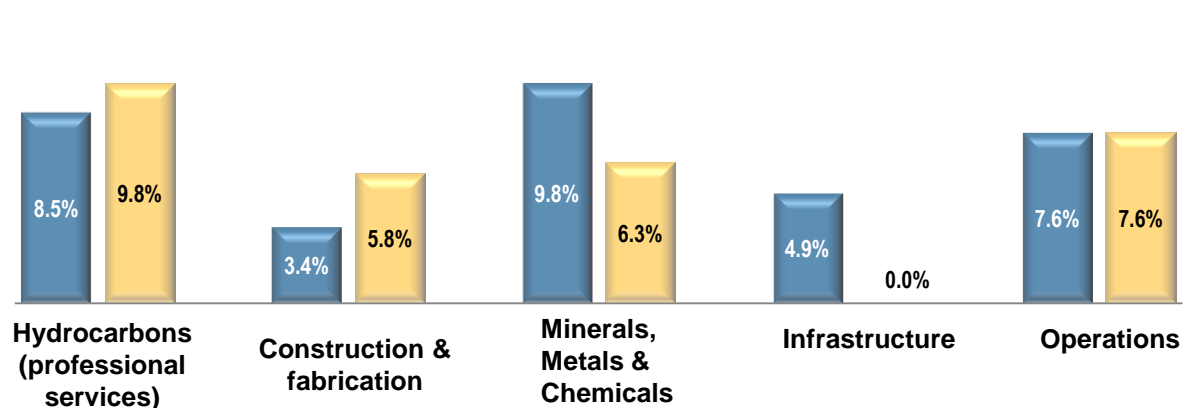
Hydrocarbons EBIT improvement

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Operational EBIT by CSG \$m



Operational EBIT margin by CSG %



 1H FY2014
 1H FY2015



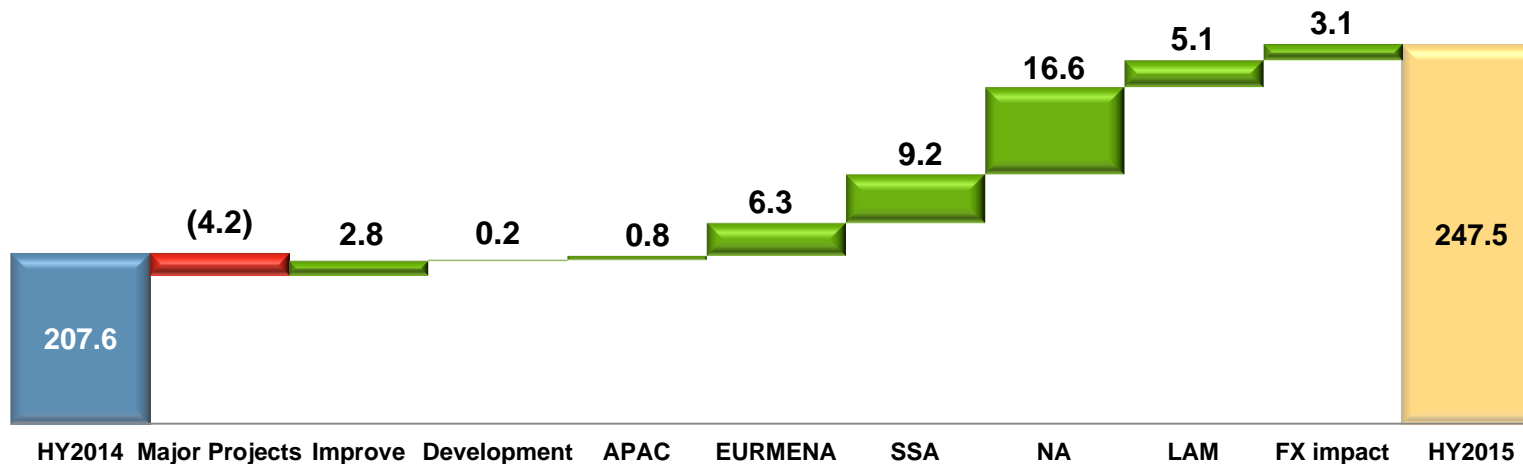
Hydrocarbons



	HY2015	HY2014
Aggregated revenue \$m	2,696.9	2,731.1
Professional services \$m	2,118.8	2,151.0
Construction and fabrication \$m	438.9	482.3
Procurement revenue with margin \$m	138.9	96.8
Other income \$m	0.3	1.0
Segment result \$m	247.5	207.6
<i>Segment margin %</i>	9.2%	7.6%

- ▶ Sector margin recovery across Major Projects, Services and *Improve*
- ▶ Decline in Major Projects contribution due to decline in project activity

Sector Operational EBIT HY2015 vs HY2014 \$m



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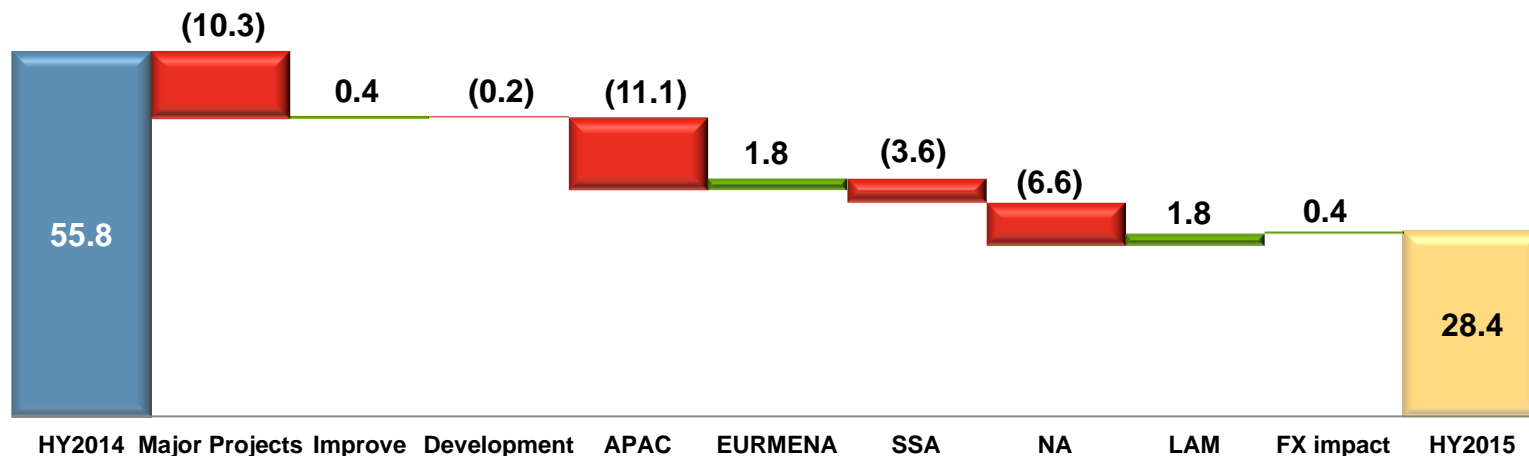
Minerals, Metals & Chemicals



	HY2015	HY2014
Aggregated revenue \$m	447.4	571.1
Professional services \$m	441.5	556.4
Procurement revenue with margin \$m	5.8	14.6
Other income \$m	0.1	0.1
Segment result \$m	28.4	55.8
<i>Segment margin %</i>	6.3%	9.8%

- ▶ Overall sector margins under pressure
- ▶ Margins and project activity declined across Major Projects and Services

Sector Operational EBIT HY2015 vs HY2014 \$m



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Infrastructure

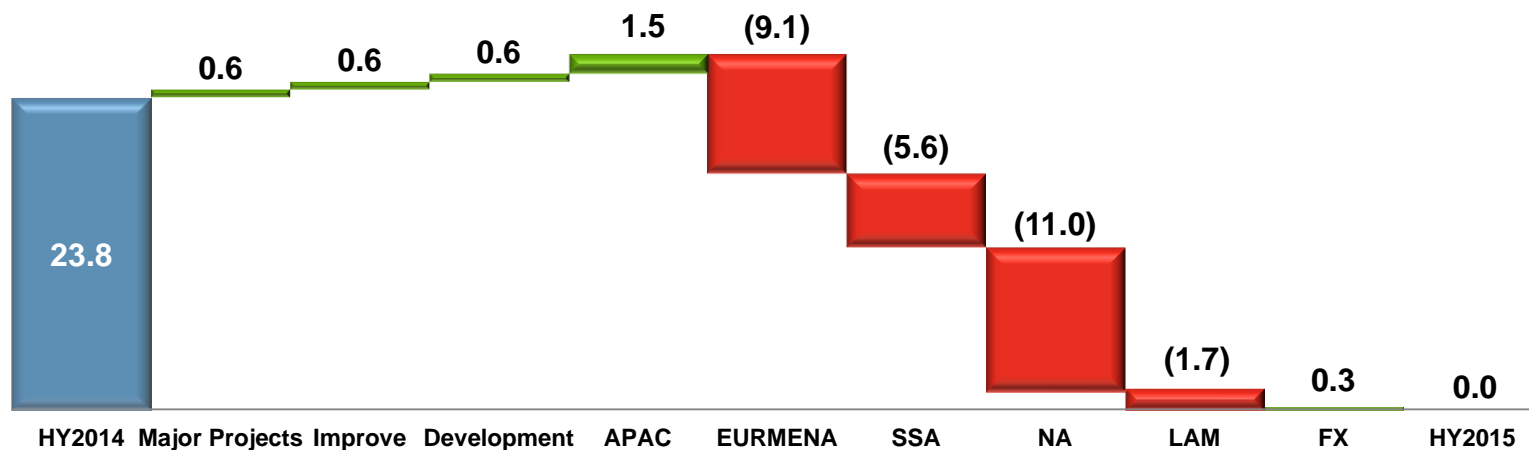


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	HY2015	HY2014
Aggregated revenue \$m	469.4	490.4
Professional services \$m	430.8	459.6
Procurement revenue with margin \$m	37.5	27.5
Other income \$m	1.1	3.3
Segment result \$m	0.0	23.8
<i>Segment margin %</i>	<i>0.0%</i>	<i>4.9%</i>

- ▶ Break even result due to poor performance in Services
- ▶ Gross margin declined across all Services regions except APAC

Sector Operational EBIT HY2015 vs HY2014 \$m



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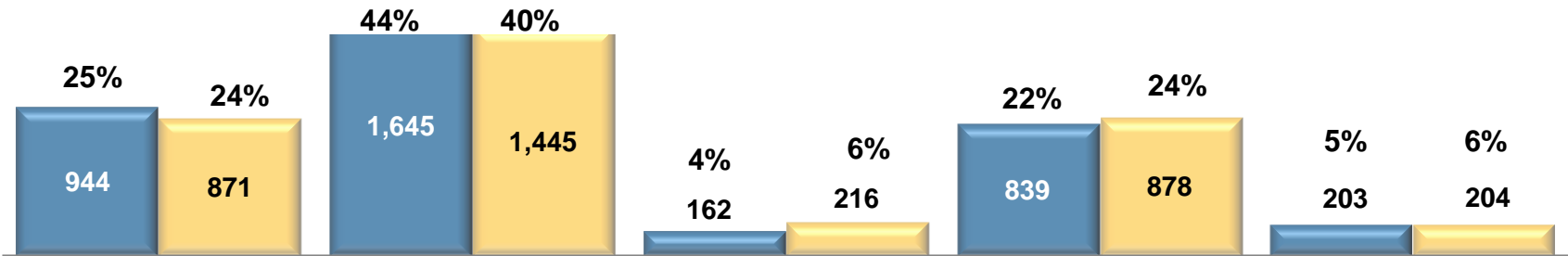
Group revenue and EBIT



By region

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Aggregated revenue \$m



APAC

NA

LAM

EURMENA

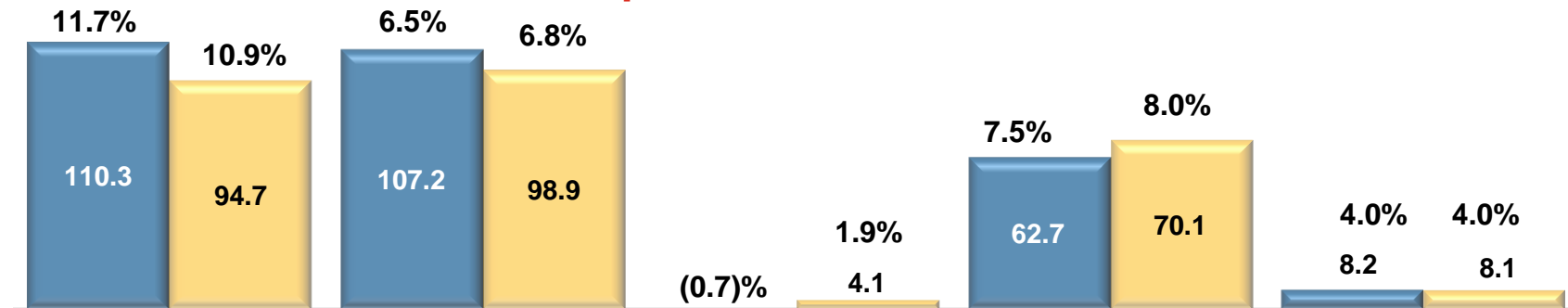
SSA

■ HY2014

■ HY2015

% of total aggregated revenue

Operational EBIT \$m



APAC

NA

LAM

EURMENA

SSA

■ HY2014

■ HY2015

% Operational EBIT margin



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Half year results 2015

Capital Management



Cash flow



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Fair cash flow generation

\$m	HY2015	HY2014
Underlying EBIT	181	178
Depreciation and amortization	53	54
Interest and tax paid	(104)	(54)
Working capital/other	(52)	52
Net cash inflow from operating activities	78	230

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Gearing metrics



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Gearing **within target range**

	HY2015	HY2014
Gearing ratio %	26.9%	24.6%
Facility utilization ¹ %	62.7%	53.9%
Average cost of debt %	4.8%	5.5%
Average maturity (years)	3.9	4.2
Interest cover ² (times)	8.7x	8.6x
Net Debt/EBITDA (times)	1.6x	1.3x

¹ Loans, finance lease and overdrafts

² Rolling 12 month calculation



Liquidity



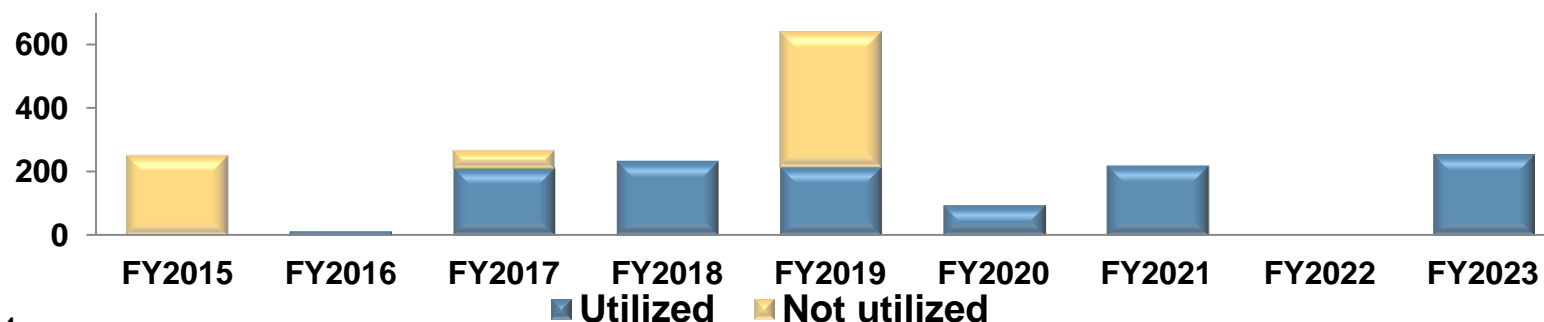
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Financial capacity to support growth

Liquidity summary	HY2015	FY2014
Loan, finance lease & overdraft facilities (\$m)	1,988	1,783
Less: facilities utilized* (\$m)	(1,247)	(897)
Available facilities (\$m)	741	886
Plus: cash (\$m)	422	369
Total liquidity (\$m)	1,163	1,255
Bonding facilities (\$m)	1,144	979
Total bonding facilities liquidity (\$m)	812	705
Bonding facility utilization (%)	71%	72%

Debt facility utilization profile \$m



* Excludes capitalised borrowing costs.

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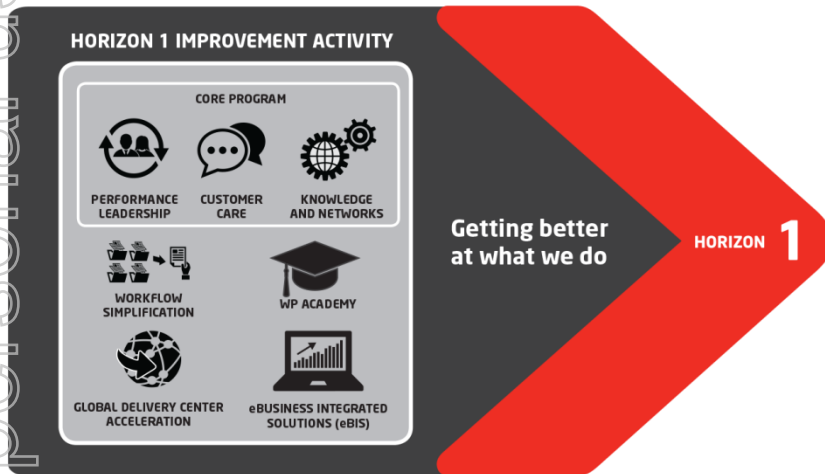
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Getting better at what we do



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What we delivered

- ✓ Core Program on track
- ✓ Workflow simplification well underway
- ✓ WorleyParsons Academy, Houston Campus opened
- ✓ eBis integrated solutions moving into implementation phase
- ✓ Global Delivery Center Acceleration Program elevated to Group Leadership Team leadership

Step outs



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What we delivered

- ✓ Dennis Finn appointed to lead Advisian from September 2014
- ✓ MTG Acquisition completed in October 2014
- ✓ Advisian to be established as standalone business line
- ✓ Digital Enterprises key wins

Group Leadership Team



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CEO

Andrew Wood



DEVELOPMENT & GLOBAL
DELIVERY CENTERS

Ian Wilkinson



FINANCE

Simon Holt



STRATEGY

Gerard Dyson
Infrastructure



Mark Southey
Minerals, Metals &
Chemicals



Andy Cole
Hydrocarbons



Marian McLean
Assurance



Peter Janu
Company Secretary



BUSINESS LINES

Dennis Finn
Advisian



Chris Parker
Major Projects



David Steele
Services



Randy Karren
Improve



Retires 1 April 2015

Filippo Abba
Improve



From 1 April 2015



► Services

- Opportunities in North America
- Core activity levels remain high
- APAC supported by long term contracts in Australia and Chemicals in China
- Activity levels growing in the Middle East, Europe stabilizing
- MM&C weak outlook for SSA, Nigeria activity underpins the region
- LAM underpinned by Hydrocarbons in Colombia and opportunities in Mexico, MM&C outlook weak

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Business line outlook



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- ▶ Major Projects – long duration projects
 - 2 recent awards in Alaska
 - Expect oil related projects to be subject to additional review
 - Global framework agreements, such as BASF underpin pursuits
 - Pursuing opportunities across all sectors
- ▶ *Improve* – long term contracts
 - Mix of capex and opex related activities
 - Recently awarded 2 BP global framework agreements
 - Assets under construction moving into operations phase
 - Some customers looking to outsource more
- ▶ Development – Advisian growing
 - MTG contribution coming through



EcoNomics

Sector outlook



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HYDROCARBONS

- Customers reconsidering investment plans in the near term
- Modest declines expected in revenue and gross margin
- Benefits of actions taken and further overhead reductions expected to temper effect on earnings

MINERALS, METALS & CHEMICALS

- Conditions in Minerals and Metals sector remain flat
- Chemicals sector evaluating geographic implications, some projects likely to be delayed
- Short to medium term investment plans for Chemicals customers remain strong

INFRASTRUCTURE

- Trading conditions remain difficult in resources infrastructure
- Opportunities emerging in non-resource infrastructure in water, transport and power

Group outlook



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Having taken decisive action to ensure the business responds to market conditions and customer needs, the company is well positioned to manage through declines in market activity expected in the near term. Management will continue to balance the long-term sustainability of the business with the need to adjust our operations by reducing overheads. As in past years, the Company expects earnings to have a bias towards the second half.

The Company is positioned to take advantage of opportunities that may arise in the market.



EcoNomics



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Q&A

Half year results 2015





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Supplementary information

Half year results 2015



Revenue reconciliation



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\$m	HY2015	HY2014
Revenue and other income	4,418.9	4,822.9
Procurement services at nil margin	(1,057.3)	(1,306.4)
Share of revenue from associates	255.4	289.5
Net gain on revaluation of investments	-	(11.4)
Interest income	(3.3)	(2.0)
Aggregated revenue*	3,613.7	3,792.6

*Aggregated revenue is defined as statutory revenue and other income plus share of revenue from associates, less procurement revenue at nil margin, interest income and net gain on revaluation of investments previously accounted for as equity accounted associates. The Directors of WorleyParsons Limited believe the disclosure of the share of revenue from associates provides additional information in relation to the financial performance of WorleyParsons Limited Group.



Aggregated revenue by type



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\$m	HY2015	HY2014	vs. HY2014
Aggregated revenue	3,613.7	3,792.6	↓ (5%)
Professional services	2,991.1	3,167.0	↓ (6%)
Construction and fabrication	438.9	482.3	↓ (9%)
Procurement revenue at margin	182.2	138.9	↑ 31%
Other income	1.5	4.4	↓ (66%)



Reconciliation



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\$m	HY2015	HY2014
EBIT	180.8	189.6
Less net gain on revaluation of investments previously accounted for as equity accounted associates	-	(11.4)
Underlying EBIT	180.8	178.2
NPAT	113.1	119.8
Less non-controlling interests	(8.8)	(7.7)
Less net gain on revaluation of investments previously accounted for as equity accounted associates	-	(11.4)
Underlying NPAT	104.3	100.7

Dividend history



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Interim dividend of 34.0 cps (HY2014: 34.0 cps)

	FY2011	FY2012	FY2013	FY2014	HY2015
Interim dividend (cps)	36.0	40.0	41.5	34.0	34.0
Franked %	100%	79%	100%	25%	7.9%
\$m total	88.6	98.3	102.4	83.9	84.1
Final dividend (cps)	50.0	51.0	51.0	51.0	
Franked %	26%	61%	0%	21%	
\$m total	122.8	125.3	125.7	125.7	
Total (cps)	86.0	91.0	92.5	85.0	
\$m total	211.4	223.6	228.1	209.6	
Payout ratio %	70.8%	64.7%	70.8%	79.6%	80.6%

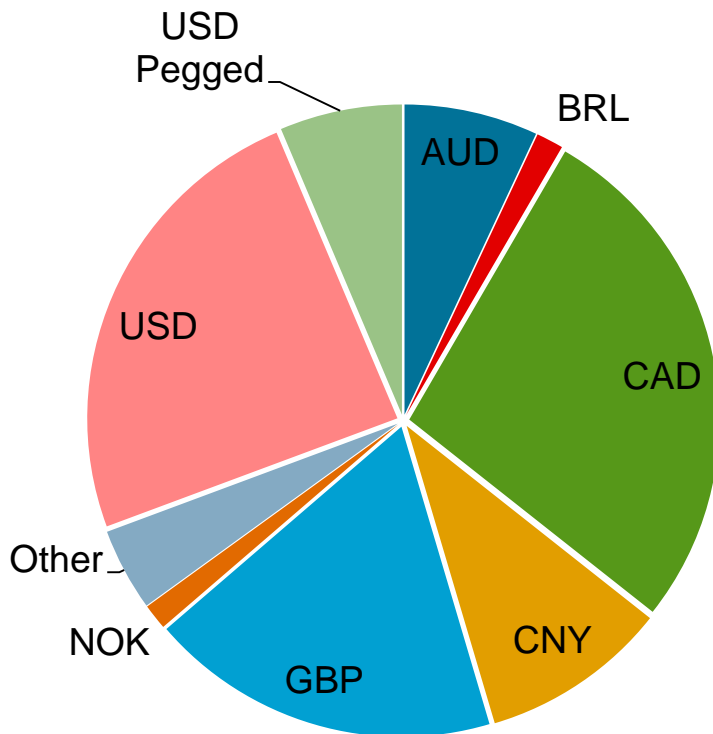
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Foreign Exchange



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Total EBIT



Currency	Average exchange rate movement	Spot exchange rate movement
BRL	↑ 1.78%	↑ 5.97%
CAD	↑ 2.76%	↓ (6.41%)
CNY	↓ (2.59%)	↓ (13.91%)
GBP	↓ (6.09%)	↓ (5.55%)
NOK	↑ 4.90%	↑ 4.41%
USD	↓ (3.35%)	↓ (13.97%)

FX translation impact

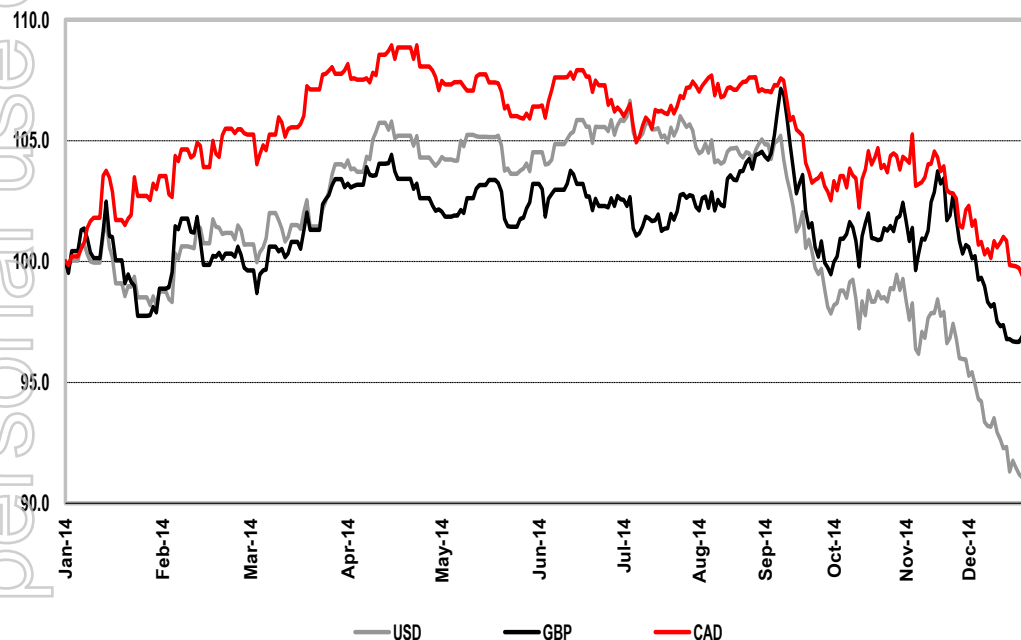


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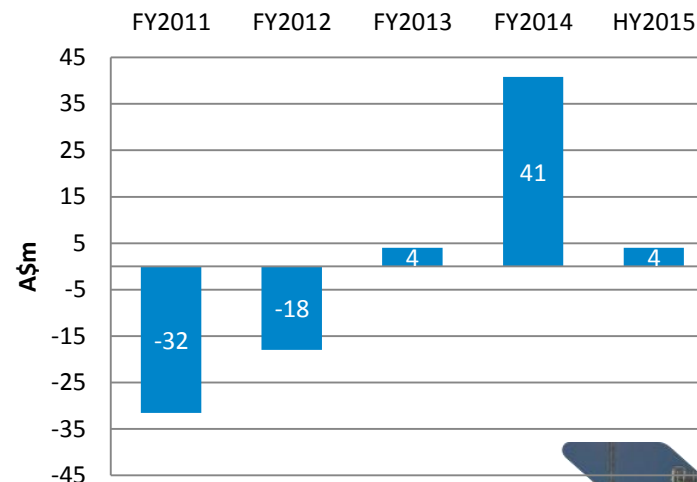
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Movement in major currencies



Group EBIT FX Impact Since FY2011



Currency	Annualized AUD \$m NPAT translation impact of 1c Δ
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AUD:USD	0.3
AUD:GBP	0.6
AUD:CAD	0.2

Currency	HY15	HY14	HYΔ
----------	------	------	-----

AUD:USD	89.2	92.3	(3.4%)
AUD:GBP	54.7	58.3	(6.1%)
AUD:CAD	98.9	96.3	2.8%

Strength in diversification



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35,100

people

157

offices

46

countries



Diversification in earnings



- ▶ Top 10 customers deliver 33% of the gross margin
- ▶ Top 10 projects deliver 15% of the gross margin
- ▶ Top 10 locations deliver 68% of the operating EBIT
- ▶ ASX announcements through FY2014 and HY2015 accounted for only 17% of revenue

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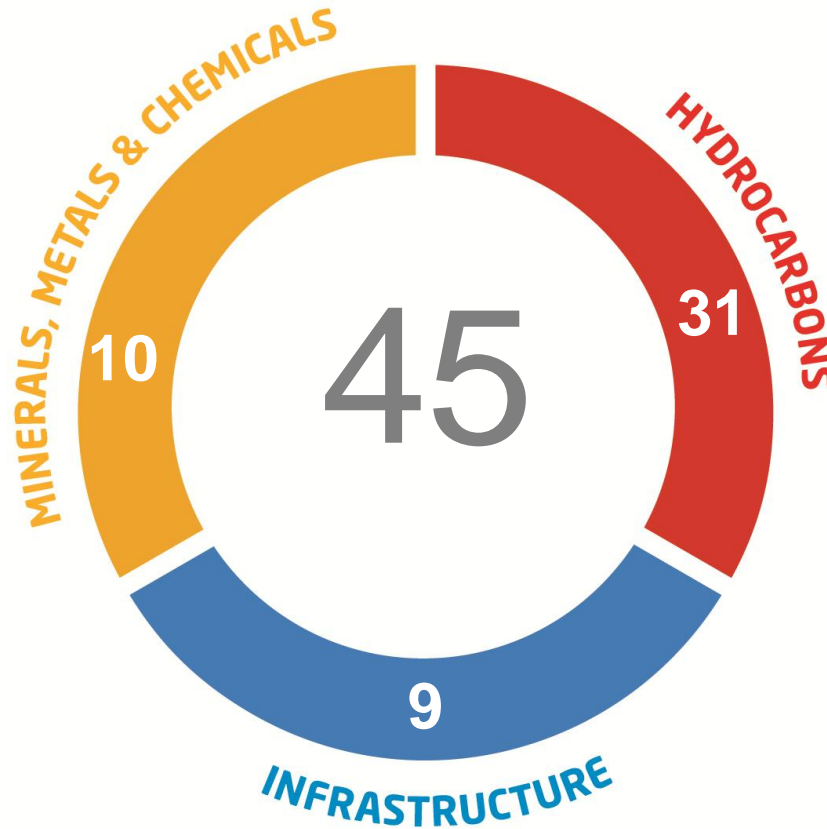


Significant awards



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Revenue
\$145+ million



Revenue
\$1.5+ billion

Revenue
\$150+ million

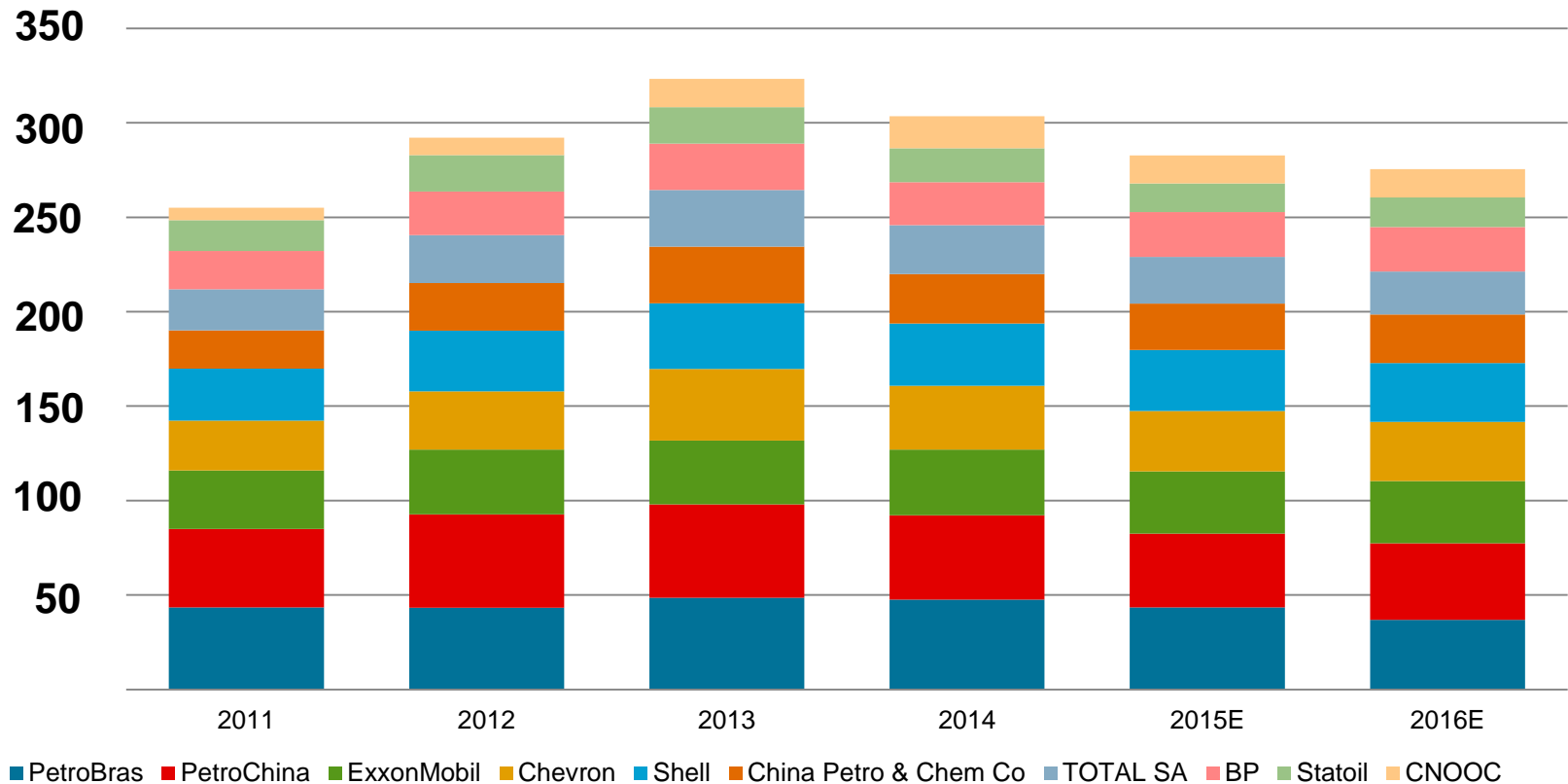
IOC Capital Expenditure



Modest capex declines

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CAPEX of Top 10 Oil Majors (\$B)
Aggregate Totals



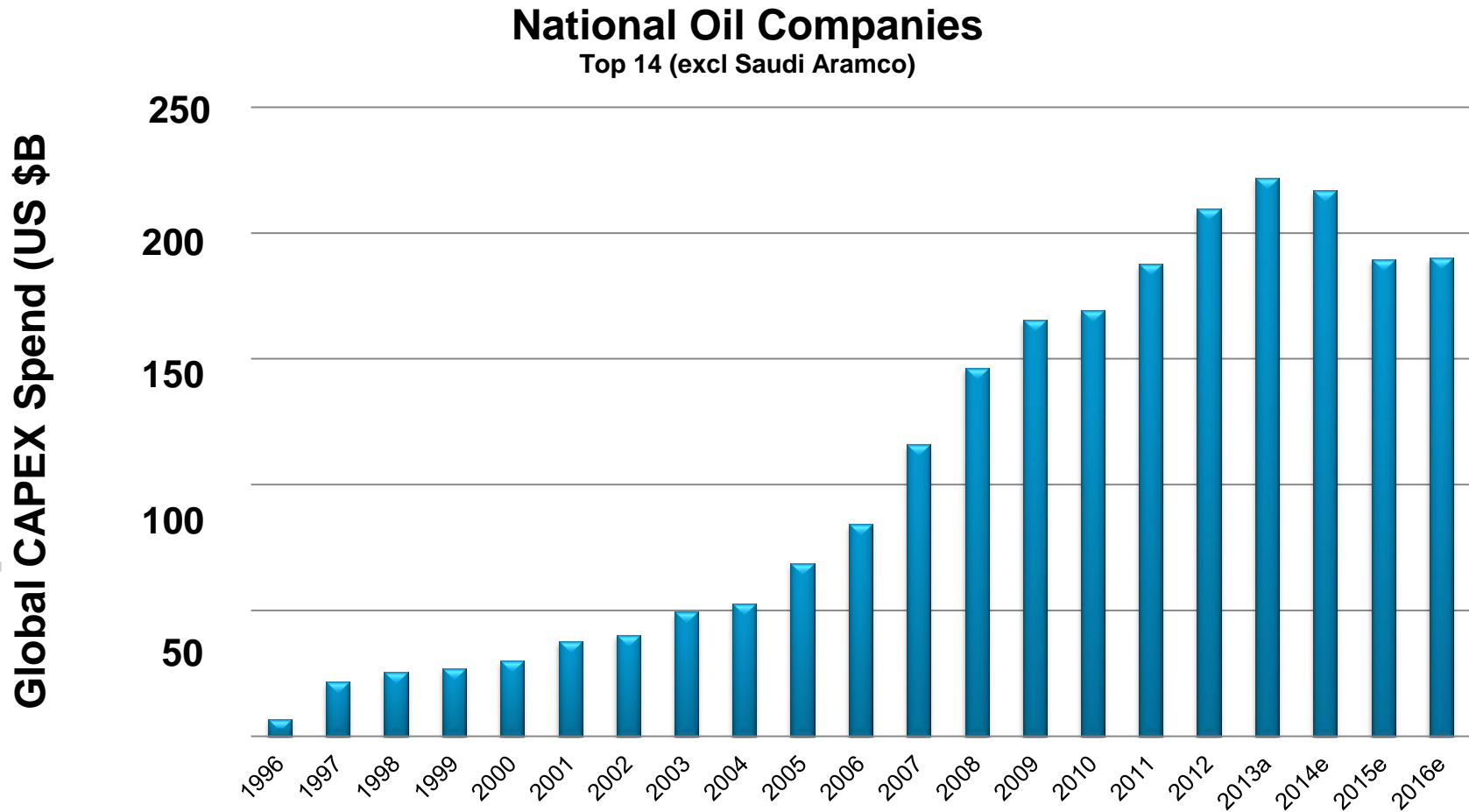
Source: UBS Oil & Gas Capex Outlook 15 January 2015

NOC Capital Expenditure



Modest capex declines

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Source: Macquarie Capital Markets

Contractual acronyms



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CY	–	Calendar year
EDS	–	Engineering and Design Services
E&P	–	Engineering and Procurement
EPC	–	Engineering, Procurement and Construction
EPCM	–	Engineering, Procurement and Construction Management
ESA	–	Engineering Services Agreement
ESP	–	Engineering Services Provider
FEED	–	Front End Engineering Design
FEL	–	Front End Loading
GSA	–	General Services Agreement
GTL	–	Gas to Liquids
I&E	–	Infrastructure & Environment
IPMT	–	Integrated Project Management Team
LNG	–	Liquefied Natural Gas
MM&C	–	Minerals, Metals & Chemicals
MSA	–	Master Service Agreement
O&M	–	Operations and Maintenance
PCM	–	Procurement and Construction Management
PMC	–	Project Management Consultancy

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Disclaimer



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The information in this presentation about the WorleyParsons Group and its activities is current as at 25 February 2015 and should be read in conjunction with the Company's Appendix 4D and Interim Financial Report for the half year ended 31 December 2014. It is in summary form and is not necessarily complete. The financial information contained in the Interim Financial Report for the half year ended 31 December 2014 has been reviewed, but not audited by the Group's external auditors.

This presentation contains forward looking statements. These forward looking statements should not be relied upon as a representation or warranty, express or implied, as to future matters. Prospective financial information has been based on current expectations about future events and is, however, subject to risks, uncertainties, contingencies and assumptions that could cause actual results to differ materially from the expectations described in such prospective financial information. The WorleyParsons Group undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date of the release of this presentation, subject to disclosure requirements applicable to the Group.

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