26 August 2015

ASX Media Release

WORLEYPARSONS LIMITED (ASX: WOR)

FULL YEAR 2015 RESULT

Resilient revenue in challenging market conditions, reshaping the Company has impacted margins, positioning for the future

Professional services company WorleyParsons Limited today announced a statutory loss after tax of $54.9 million, including the recognition of a non-cash impairment of goodwill of $198.6 million (approximately 10% of total goodwill). Underlying net profit after tax (NPAT) was $198.6 million for the 12 months to 30 June 2015, down 24.6% on the previous corresponding period*.

Chief Executive Officer of WorleyParsons, Andrew Wood, said: “Aggregated revenue has only modestly declined by 1.8%, against a backdrop of significant declines in market activity. Sustained low commodity prices and the fall in oil prices have resulted in our customers reducing capital and operating expenditure.

“We achieved increases in aggregated revenue in a number of our markets that partially offset the declines in our Improve business in Canada and our Services business in North America and Australia, demonstrating the benefits of our geographic diversity and the breadth of our service offerings.

“We have been taking action since 2013 to reshape the business to align it with market activity. These actions in Financial Year 2015 resulted in redundancy and onerous lease charges being recognized. When combined with increased competition and concessions negotiated with customers, this has led to a reduction in our margin.

“The further deterioration in our markets since May has resulted in us taking further action beyond those previously announced, the cost impact of which has been recorded in the Financial Year 2015 earnings. We now employ 31,400 people operating out of 148 offices across 46 countries, compared with 35,600 people across 157 offices at 30 June 2014.

“We have secured 105 significant awards this year compared with 90 in Financial Year 2014, including a recent significant long term contract with a confidential customer in the power industry in North America.

Positioning for the future

“On 21 May 2015 we announced our strategy which leverages our core differentiators of deep and broad technical capability and our diverse geographic presence. It strengthens the focus on front end capability, multiple project delivery capabilities through the execution phase of projects and on Improve to provide integrated offerings covering full asset management services.

“Our strategy is based around five strategic themes: building a world class consulting business; being the global PMC provider of choice; building a leading Improve business; being the smartest, most agile local services provider and leapfrogging the competition in the use of our global delivery center.

“The immediate focus has been on building a world class consulting business, Advisian. Advisian is now operating with over 3,000 consultants in 19 countries following the combination of our technical and management consulting capabilities. Advisian became a standalone business line from 1 July

* Underlying net profit after tax is defined as statutory net profit excluding impairment of goodwill, the Arkutun-Dagi project settlement costs (net of taxation) and tax arising on reorganization of the business in China. In FY2014 it excludes the net gain on revaluation of investments previously accounted for as equity accounted associates and restructuring costs (net of taxation).
2015. During the year, we completed the acquisition of MTG, a management consulting firm in the oil and gas, petrochemicals and chemicals sectors, as we invest to grow our newest business line.

“We are positioning the company to enable it to become the global PMC provider of choice and expanding our capability to be the leading *improve* business by offering a more integrated service in specific markets.

“Within our largest business line, Services, changes to simplify our processes continue to be rolled out to ensure we remain the smartest, most agile local service provider that combines the technical capability, both locally and globally, to successfully deliver for our customers.

“The development of our Global Delivery Center has progressed well with the continuing transfer of project execution activities to the center as we work with customers to lower the cost of delivery of their projects.

**Capital management**

“Our financial position remains sound with the Company’s gearing ratio at 30 June 2015 of 28.0%, near the middle of the target range of 25% to 35%. The Board has resolved to pay a final dividend of 22.0 cents per share, unfranked. The dividend will be paid on 30 September 2015 with a record date of 2 September 2015.

**Outlook**

“Our revenue has proven to be resilient through our strategy of sector and geographic diversification and our broad range of services. We remain focused on continuing to improve our delivery of services to our customers, taking costs out of the business, and improving returns to our shareholders as we adjust the business for the subdued market activity we expect in Financial Year 2016.

“We will continue to balance the long term sustainability of the business with the need to align our operations to market conditions in the short term as we deploy our recently announced strategy for growth in the medium to long term. WorleyParsons is well positioned to deliver on our strategy through Financial Year 2016 and beyond, so we can realize our future”, said Andrew Wood.

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Financial Outcomes (compared to the previous corresponding period)

**Statutory result**
- **Statutory Revenues** were down 8.6% to $8,757.5 million from $9,582.5 million
- **Statutory NPAT** declined to a loss of $54.9 million from $249.1 million profit including the impact of the impairment of goodwill of $198.6 million

**Underlying result**
- **Aggregated Revenues** were down 1.8% to $7,227.5 million from $7,363.7 million
- Underlying EBIT of $355.7 million was 21% lower than last year due primarily to the impact of redundancies, onerous lease charges and the resolution of issues with customers associated with legacy projects
- Associated underlying EBIT margin fell to 4.9% from 6.1%
- **Foreign exchange** differences had minimal impact on earnings as the change in exchange rates for the mix of currencies across the business offset each other
- **Underlying NPAT** declined 25% to $198.6 million from $263.4 million
- Underlying Basic EPS of 80.4 cents, down from 106.8 cents

**Other financial information**
- Operating cash flow of $251.3 million
- **Gearing** at the end of the period was at 28.0% up from 18.7% on a net debt to net debt plus equity basis
- The average cost of debt is down to 4.7% from 5.4%, with interest cover down to 6.4 times from 8.3 times
- The Board resolved to pay a final dividend of 22.0 cents per share, unfranked, taking the total dividend for the year to 56.0 cents per share. In Financial Year 2014 the final dividend was 51.0 cents per share, franked at 20.5%, taking the total dividend for that year to 85.0 cents per share.

Operating Outcomes

**Safety Performance**
The Total Recordable Case Frequency Rate for employees for the 12 months to 30 June 2015 was 0.12 (0.10 in FY2014). The Company is committed to progressing towards the goal of Zero Harm.

**Business Line Performance**

**Services**
The Services business line reported aggregated revenue of $5,501 million and EBIT of $439 million (FY2014: aggregated revenue of $5,618 million and EBIT $547 million). The EBIT margin declined to 8.0% from 9.7%.

Declines in earnings were experienced across all sectors. Declines in activity across our APAC (Australia, Pacific, Asia and China) and North America regions exceeded the improved performance in our other regions. WorleyParsonsCord delivered improved performance when compared with FY2014.

**Major Projects**
The Major Projects business line reported aggregated revenue of $923 million and EBIT of $46 million (FY2014: aggregated revenue of $863 million and EBIT $68 million). The EBIT margin declined to 5.0% from 7.8%.

Revenue increased due to the rise in low margin reimbursable expenses as several projects approached completion or transitioned to the field. EBIT margin declined due to project cancellations and the effect of revenue mix as the proportion of low margin reimbursable expenses increased relative to higher margin engineering services.

**Improve**
The Improve business line reported aggregated revenue of $649 million and EBIT of $37 million (FY2014: aggregated revenue of $786 million and EBIT of $48 million). The EBIT margin declined to 5.7% from 6.1%.
The decline in revenue in Improve was primarily due to cuts to sustaining capital expenditure of oil sands customers. Segment margins declined as a result of the lower project activity and the impact of concessions negotiated with customers.

Development
The Development business line, which included the newly formed business line of Advisian, reported aggregated revenue of $154 million and EBIT of $14.1 million (FY2014: aggregated revenue of $97 million and EBIT of $1.4 million).

The business line result included eight months contribution from the acquisition of MTG Limited. MTG Limited is a US based management consulting firm in the oil and gas, petrochemicals and chemicals industries with operations in North America, the United Kingdom and Australia.

Sector Performance
Hydrocarbons
The Hydrocarbons sector reported aggregated revenue of $5,332 million, and EBIT of $475 million, with a margin of 8.9% (FY2014: aggregated revenue $5,372 million, EBIT $517 million, margin 9.6%). Hydrocarbons’ contribution to the Group’s aggregated revenue was 74%, essentially the same as last year.

This represents a strong outcome against a backdrop of lower market activity, competitive pressures, concessions negotiated with customers and the absorption of $44.6 million in redundancy and onerous lease charges.

The increased contribution from the Major Projects business line and the Development Group (due primarily to the recent acquisition of MTG), partially offset the declines from the Services and Improve business lines.

The decline in Hydrocarbons earnings within the Services business line was primarily due to the APAC and North America regions. The APAC impact was due to the decline in LNG project activity in Australia as the various developments entered the latter stages of construction. In North America, the volume of new project opportunities has decreased with the sharp falls in oil price.

The Improve business line Hydrocarbon sector performance was impacted by customers in North America cutting back on sustaining capital expenditure.

Minerals, Metals & Chemicals
The Minerals, Metals & Chemicals sector reported aggregated revenue of $904 million, EBIT of $44 million with a margin of 4.9% (FY2014: aggregated revenue $1,066 million, EBIT $108 million, margin 10.1%). Minerals, Metals & Chemicals contributed approximately 12% to the Group’s aggregated revenue.

The Minerals & Metals contribution came under pressure within the Services business line, as project activity in this market segment continued to decline in line with the sustained lower commodity prices. This is in contrast to the growing contribution made by Chemicals with increased opportunities in North America, Middle East and Asia.

Within the Major Projects business line the decline in the contribution from this sector was primarily due to the completion of the Fairway project and the cancellation of the Kami Iron Ore project.

Infrastructure
The Infrastructure sector reported aggregated revenue of $992 million, EBIT of $17 million with a margin of 1.7% (FY2014: aggregated revenue $926 million, EBIT $39 million, margin 4.2%). Infrastructure’s contribution to the Group’s aggregated revenue was 14%.

Infrastructure revenue increased in the second half which combined with cost reduction initiatives improved the second half margin to 3.2% from the breakeven in the first half.

Strategy Update
The Company’s strategy enhances and leverages its core differentiators of deep and broad technical capability and its diverse geographic presence. It strengthens the focus on front end capability, multiple project delivery offerings through the execution phase of projects, and on Improve to provide
integrated offerings covering full asset management services and reimbursable EPC for sustaining capital projects.

During the second half, the Company combined its technical consulting capabilities of WorleyParsons Consulting, Select and INTECSEA with its existing strategic management consulting expertise to create its new business line of Advisian. Since 1 July 2015, Advisian has operated as a standalone business line with approximately 3,000 consultants operating in 19 countries.

The Company is strengthening the platform for its strategy to become the global PMC provider of choice, leveraging the success we have achieved within the EPCM project delivery market.

To meet the changing needs of customers, the Company is seeking to build the leading Improve business by offering a more integrated service in specific markets.

Meanwhile changes to simplify our processes are being rolled out to ensure we become the most agile local service provider that combines the technical capability locally and globally to successfully deliver for customers.

The development of the Global Delivery Center has progressed with the continuing transfer of project execution activities to India and China as the Company works with customers to lower the cost of delivery of their projects.

Sector Outlook

The recent fall in oil price has caused Hydrocarbons customers to maintain a cautious position with regard to investment plans in the near term. The Company anticipates the benefits of the restructuring actions already taken, and its continuing program of overhead reductions, will temper the effect of this on earnings.

Conditions in the Minerals and Metals sector remain depressed, with customers constraining capital expenditure on new developments, whilst focusing on operational improvements within existing mines and processing facilities. However, given the long term market remains underpinned by growth in the emerging economies and the associated trend of urbanisation, we remain confident in the medium to long term prospects for this sector.

The short to medium term investment plans of customers in the Chemicals sector remains sound. Outside the US, volatility in oil and gas prices will continue to defer investment decisions within the petrochemicals segment as feedstock supply and price implications are evaluated by our customers.

Trading conditions are expected to remain difficult in the resource Infrastructure market as both the Hydrocarbons and Minerals & Metals sectors re-evaluate new project viability in an era of low commodity prices. This decline in market activity will be partially offset as opportunities are secured in the non-resource or economic Infrastructure sector within the chosen markets of power generation, ports, passenger rail and water.

Group Outlook

Aggregated revenue has proven to be resilient through the Company’s strategy of sector and geographic diversification and its broad range of services. The Company remains focused on continuing to improve the delivery of services to its customers, taking costs out of the business and improving returns to shareholders as it adjusts the business for the subdued market activity expected in Financial Year 2016.

The Company will continue to balance the long term sustainability of the business with the need to align the business to market conditions in the short term as it deploys the recently announced strategy. WorleyParsons is well positioned to deliver its strategy through Financial Year 2016 and beyond so it can realize its future.

For further information please contact:

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**About WorleyParsons:** WorleyParsons delivers projects, provides expertise in engineering, procurement and construction and offers a wide range of consulting and advisory services. We cover the full lifecycle, from creating new assets to sustaining and enhancing operating assets, in the hydrocarbons, mineral, metals, chemicals and infrastructure sectors. Our resources and energy are focused on responding to and meeting the needs of our customers over the long term and thereby creating value for our shareholders.

WorleyParsons is listed on the Australian Securities Exchange [ASX:WOR]

**DISCLAIMER Important information**

The information in this presentation about the WorleyParsons Group and its activities is current as at 26 August 2015 and should be read in conjunction with the Company’s Appendix 4E and Annual Report for the full year ended 30 June 2015. It is in summary form and is not necessarily complete. The financial information contained in the Annual Report for the full year ended 30 June 2015 has been 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.

Nothing in this presentation should be construed as either an offer to sell or solicitation of an offer to buy or sell WorleyParsons Limited securities in any jurisdiction. The information in this presentation is not intended to be relied upon as advice to investors or potential investors and does not take into account your financial objectives, situation or needs. Investors should consult with their own legal, tax, business and/or financial advisors in connection with any investment decision.
Underlying net profit after tax is defined as statutory net profit excluding impairment of goodwill, the Arkutun-Dagi project settlement costs (net of taxation) and tax arising on reorganization of the business in China. In FY2014 it excludes the net gain on revaluation of investments previously accounted for as equity accounted associates and restructuring costs (net of taxation).

## Consolidated KEY FINANCIALS

<table>
<thead>
<tr>
<th></th>
<th>30 June 2015</th>
<th>30 June 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Change %</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>STATUTORY RESULT</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue and other income</td>
<td>(8.6)</td>
<td>8,757.5</td>
</tr>
<tr>
<td>Earnings before interest and income tax expense (EBIT)</td>
<td>(79.7)</td>
<td>87.1</td>
</tr>
<tr>
<td>Profit before income tax expense</td>
<td>(91.4)</td>
<td>31.7</td>
</tr>
<tr>
<td>(Loss)/profit after income tax expense attributable to members of WorleyParsons Limited</td>
<td>(122.0)</td>
<td>(54.9)</td>
</tr>
<tr>
<td>Basic (loss)/earnings per share (cents)</td>
<td>(122.0)</td>
<td>(22.2)</td>
</tr>
<tr>
<td>Diluted (loss)/earnings per share (cents)</td>
<td>(122.1)</td>
<td>(22.2)</td>
</tr>
</tbody>
</table>

## UNDERLYING RESULT

The underlying results are as follows:

<table>
<thead>
<tr>
<th></th>
<th>30 June 2015</th>
<th>30 June 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EBIT</strong></td>
<td>(21.3)</td>
<td>355.7</td>
</tr>
<tr>
<td><strong>EBIT margin on aggregated revenue</strong></td>
<td>(1.2)</td>
<td>4.9%</td>
</tr>
<tr>
<td>Profit after income tax expense attributable to members of WorleyParsons Limited</td>
<td>(24.6)</td>
<td>198.6</td>
</tr>
<tr>
<td>Basic earnings per share (cents)</td>
<td>(24.7)</td>
<td>80.4</td>
</tr>
<tr>
<td>Diluted earnings per share (cents)</td>
<td>(24.7)</td>
<td>79.9</td>
</tr>
</tbody>
</table>

Reconciliation of underlying profit after taxation to statutory profit after taxation is as follows:

<table>
<thead>
<tr>
<th></th>
<th>30 June 2015</th>
<th>30 June 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Underlying profit after income tax expense attributable to members of WorleyParsons Limited</td>
<td>(24.6)</td>
<td>198.6</td>
</tr>
<tr>
<td>Less: Impairment of goodwill</td>
<td>(198.6)</td>
<td>-</td>
</tr>
<tr>
<td>Less: Arkutun-Dagi project settlement costs</td>
<td>(70.0)</td>
<td>-</td>
</tr>
<tr>
<td>Add: Tax on Arkutun-Dagi project settlement costs</td>
<td>21.0</td>
<td>-</td>
</tr>
<tr>
<td>Less: Tax arising on reorganization of business in China</td>
<td>(5.9)</td>
<td>-</td>
</tr>
<tr>
<td>Less: Restructuring costs</td>
<td>-</td>
<td>(35.4)</td>
</tr>
<tr>
<td>Add: Tax on restructuring costs</td>
<td>-</td>
<td>9.7</td>
</tr>
<tr>
<td>Add: Net gain on revaluation of investments previously accounted for as equity accounted associates</td>
<td>-</td>
<td>11.4</td>
</tr>
<tr>
<td>(Loss)/profit after income tax expense attributable to members of WorleyParsons Limited</td>
<td>(122.0)</td>
<td>(54.9)</td>
</tr>
</tbody>
</table>

## AGGREGATED REVENUE RESULT

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.

<table>
<thead>
<tr>
<th></th>
<th>30 June 2015</th>
<th>30 June 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue and other income</td>
<td>8,757.5</td>
<td>9,582.5</td>
</tr>
<tr>
<td>Less: Procurement revenue at nil margin (including share of revenue from associates)</td>
<td>(2,038.0)</td>
<td>(2,726.1)</td>
</tr>
<tr>
<td>Revenue excluding procurement revenue at nil margin</td>
<td>6,719.5</td>
<td>6,856.4</td>
</tr>
<tr>
<td>Add: Share of revenue from associates</td>
<td>514.6</td>
<td>524.0</td>
</tr>
<tr>
<td>Less: Interest income</td>
<td>(6.6)</td>
<td>(5.3)</td>
</tr>
<tr>
<td>Less: Net gain on revaluation of investments previously accounted for as equity accounted associates</td>
<td>-</td>
<td>(11.4)</td>
</tr>
<tr>
<td>Aggregated revenue</td>
<td>(1.8)</td>
<td>7,227.5</td>
</tr>
</tbody>
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## OTHER KEY FINANCIAL METRICS

<table>
<thead>
<tr>
<th></th>
<th>Amount per share</th>
<th>Franked amount per share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating cash flow</td>
<td>(54.3)</td>
<td>251.3</td>
</tr>
<tr>
<td>Gearing ratio % (net debt to net debt plus equity)</td>
<td>28.0</td>
<td>18.7</td>
</tr>
</tbody>
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## DIVIDEND

<table>
<thead>
<tr>
<th></th>
<th>Amount per share</th>
<th>Franked amount per share</th>
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</thead>
<tbody>
<tr>
<td>Proposed final dividend (cents per share)</td>
<td>22.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Record date</td>
<td>2 Sept 2015</td>
<td></td>
</tr>
<tr>
<td>Proposed date dividend is to be paid</td>
<td>30 Sept 2015</td>
<td></td>
</tr>
</tbody>
</table>

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