



WorleyParsons

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ASX Media Release

WORLEYPARSONS LIMITED (ASX: WOR)

Acquisition of Jacobs ECR and Associated Capital Raising

Highlights

- Acquisition of Jacobs' ECR division for an enterprise value of US\$3.3 billion (A\$4.6 billion)¹
- Implied pro forma FY18 EBITDA multiple of 11.5x, reducing to 8.5x post A\$130m cost synergies²
- Creates a pre-eminent global player across Hydrocarbons, Chemicals and Minerals & Metals
- Delivers enhanced earnings diversification and resilience, with value upside
- Approximately 20% EPS accretion on an FY18 pro forma basis (pre-synergies)³
- Funded via A\$2.9 billion entitlement offer, A\$985 million stock issued to Jacobs and new debt

Acquisition of Jacobs' ECR division

WorleyParsons Limited ("WorleyParsons") (ASX:WOR) has entered into a binding agreement to acquire Jacobs Engineering Group Inc.'s ("Jacobs") Energy, Chemicals and Resources division ("Jacobs ECR") for a cash and debt free enterprise value of US\$3.3 billion (A\$4.6 billion) ("Acquisition").

The transaction is expected to deliver approximately 20% EPS accretion on an FY18 pro-forma basis (pre-synergies, transaction and integration costs and acquisition related amortization), increasing to approximately 50% post run-rate cost synergies. Pro forma net debt/FY18 EBITDA (pre synergies) is 2.1x, with expected pro forma leverage of approximately 1.9x at completion.^{4,5}

The transaction contains customary terms and conditions and is subject to regulatory approvals and certain pre completion restructuring activities within Jacobs. The transaction is expected to complete in the first half of 2019.

Jacobs ECR

Jacobs ECR is a leading global technical services provider across Hydrocarbons, Chemicals and Mining & Minerals. Jacobs ECR has a global footprint with long-term, blue-chip client relationships in key strategic markets, most notably the US, Canada, the Middle East and India. The business has more than 30,900 employees in 27 countries as of September 2018.

Jacobs ECR is ranked number one globally for its delivery of complex petrochemical and chemical projects, its maintenance, modifications and operations ("MMO") for hydrocarbons projects, including onshore and

¹ USD converted to AUD at the spot AUD/USD exchange rate of 0.71.

² Estimated run rate cost synergies of A\$130m p.a., converted to USD at the average AUD/USD exchange rate in FY18 of 0.78.

³ FY18 EPS accretion as if the ECR acquisition was effective from 1 July 2017, presented pre-synergies, transaction and integration costs and acquisition related amortisation. In accordance with AASB 133, WorleyParsons' standalone earnings per share has been adjusted to account for the bonus element of the Entitlement Offer.

⁴ Leverage (net debt / EBITDA) as defined for debt covenant calculations.

⁵ Future performance involves risks and uncertainties. Refer to the important notice and disclaimer in the Entitlement Offer Investor Presentation.

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offshore production facilities and integrated project delivery, construction and technical services. It is ranked number two for its work in the refining industry.⁶

Jacobs ECR had aggregated revenue⁷ and pro forma EBITDA of US\$3.4 billion and US\$286 million respectively in FY18.

Acquisition delivers WorleyParsons' strategic priorities

In combining two complementary organizations, WorleyParsons will:

- Create a pre-eminent global provider of professional project and asset services in resources and energy;
- Provide global sector leadership across Hydrocarbons, Chemicals and Minerals & Metals;
- Deliver enhanced earnings diversification and resilience, including greater exposure to more stable customer operational expenditure revenues; and
- Bring significant value upside through cost and revenue synergies.

WorleyParsons expects run rate cost synergies of approximately A\$130 million p.a., which are expected to be achieved within two years. One off cost synergy implementation costs are estimated to be approximately A\$160 million. It is also anticipated that further benefits will be achieved from optimization and revenue synergies. Optimization will be facilitated via a step change in low-cost delivery capability through increasing Indian Global Integrated Delivery ("GID") capacity by approximately 3,000 staff.

WorleyParsons CEO Andrew Wood said: "The acquisition of Jacobs ECR is important for our customers, shareholders and employees. We are excited to combine Jacobs ECR's world-class capabilities with our global platform to create a leader across our key focus sectors, with greater earnings diversification and resilience."

"The transaction will bring complementary capabilities in key business lines, including a best-in-class onshore and downstream MMO capability, allowing customers to benefit from an expanded integrated solutions offering. Shareholders will have exposure to material EPS accretion, a strong long-term growth outlook and a conservatively leveraged balance sheet, while our employees will have increased opportunity for development as part of the leading global project delivery provider in our sectors."

Funding

The Acquisition will be funded through an underwritten accelerated non-renounceable Entitlement Offer of A\$2.9 billion, the issuance of A\$985 million in WorleyParsons stock to Jacobs and additional debt of A\$895 million.

The stock issuance to Jacobs will be at a price of A\$16.92 per share, which is equal to the theoretical ex rights price ("TERP").⁸ Jacobs will own approximately 11% of the enlarged WorleyParsons post transaction and these shares will be held in escrow until the later of 6 months post completion and 31 August 2019. The additional debt will be funded via a bridge loan and will be replaced with longer term debt financing from banks and/or capital markets.

⁶ Global rankings based on ENR 2017 Top 500 Design firms sourcebook.

⁷ Aggregated revenue – calculated as pro forma revenue net of any pass-through revenues.

⁸ The theoretical ex-rights price ("TERP") is the theoretical price at which WorleyParsons shares should trade at immediately after the ex-date for the Entitlement Offer. The TERP is a theoretical calculation only and the actual price at which WorleyParsons shares trade immediately after the ex-date for the Entitlement Offer will depend on many factors and may not equal the TERP. TERP is calculated by reference to WorleyParsons' closing price of \$17.84 on 19 October 2018.

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WorleyParsons will retain an appropriate capital structure post transaction, with expected leverage of approximately 1.9x at completion.^{9,10}

Under the Entitlement Offer, eligible shareholders are invited to subscribe for 1 new WorleyParsons share ("New Shares") for every 1.47 existing WorleyParsons shares ("Entitlement") held at 7pm (AEDT) on Wednesday, 24 October 2018 ("Record date").

All shares offered under the Entitlement Offer will be issued at a price of \$15.56 per New Share, which represents a:

- 12.8% discount to the last close price of \$17.84 on Friday, 19 October 2018
- 8.0% discount to TERP of \$16.92

Approximately 187 million new WorleyParsons shares will be issued under the Entitlement Offer. Each New Share issued under the Entitlement Offer will rank equally with existing WorleyParsons shares on issue. WorleyParsons will, upon issue of the New Shares under the Entitlement Offer, seek quotation of the New Shares on the ASX.

John Grill, Chairman of WorleyParsons, has committed to participate in the Entitlement Offer for A\$100 million of his entitlements.

Dar Al-Handasah Consultants Shair and Partners Holdings ("Dar Group") is supportive of the transaction and intends to participate in the Entitlement Offer. Dar Group has committed to take up approximately A\$170 million of its entitlements through the Institutional Entitlement Offer. In relation to its remaining c.A\$490 million interest, Dar Group intends to participate in the Retail Entitlement Offer for a further amount which may be up to the full amount of its remaining interest.

The other Directors who are eligible have each confirmed their intention to participate in the raising.

Offer timetable

A timetable of key dates in relation to the Entitlement Offer is set out below. The timetable is indicative only and dates and times are subject to change without notice. All dates and times refer to AEDT.

Event	Date
Trading halt and announcement of accelerated non-renounceable entitlement offer	Monday, 22 October 2018
Institutional Entitlement Offer opens	Monday, 22 October 2018
Institutional Entitlement Offer closes	Tuesday, 23 October 2018
Announcement of results of Institutional Entitlement Offer	Wednesday, 24 October 2018
Shares recommence trading	Wednesday, 24 October 2018
Entitlement Offer record date	7:00pm Wednesday, 24 October 2018
Retail offer booklet despatched to Eligible Retail Shareholders	Monday, 29 October 2018

⁹ Leverage (net debt / EBITDA) as defined for debt covenant calculations.

¹⁰ Future performance involves risks and uncertainties. Refer to the important notice and disclaimer in the Entitlement Offer Investor Presentation.

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Event	Date
Retail Entitlement Offer opens	Monday, 29 October 2018
Settlement of New Shares issued under the Institutional Entitlement Offer	Tuesday, 30 October 2018
Issue and commencement of trading of New Shares under the Institutional Entitlement Offer	Wednesday, 31 October 2018
Retail Entitlement Offer closes	5pm Wednesday, 7 November 2018
Announcement of results of Retail Entitlement Offer	Monday, 12 November 2018
Settlement of New Shares issued under the Retail Entitlement Offer	Wednesday, 14 November 2018
Issue of New Shares under the Retail Entitlement Offer	Thursday, 15 November 2018
Commencement of trading of New Shares issued under the Retail Entitlement Offer	Friday, 16 November 2018
Holding statements sent to retail holders	Friday, 16 November 2018
Estimated completion	4 to 6 months from announcement, following regulatory approvals

Group Outlook

Driven by continued improvement in market conditions, our resources and energy customers are increasing early phase activity for the next cycle of investment. This is reflected in the recent level of contract awards and our growing backlog. By maintaining our focus and growing our position in the resources and energy markets we expect to deliver improved earnings in FY2019.

Our focus on costs will continue so that operating leverage is delivered as the business grows. We expect to continue to improve our balance sheet metrics in FY2019.

FY2019 results will be impacted by the Jacobs ECR transaction, including holding equity proceeds until closing.

We expect this year's interim dividend per share to be not less than last year's interim dividend.

Further information

Further details of the Acquisition and the Entitlement Offer are set out in the Investor Presentation also provided to the ASX today. The Investor Presentation contains important information including key risks and foreign selling restrictions with respect to the Entitlement Offer.

If you have any questions in relation to the Entitlement Offer, please contact the WorleyParsons Offer Information Line on 1300 113 257 (within Australia) or +61 3 9415 4067 (outside of Australia) between 8:30am and 5:00pm (AEDT) Monday to Friday. For other questions, you should consult your broker, solicitor, accountant, financial adviser, or other professional adviser.

UBS AG, Australia Branch is acting as sole financial adviser to WorleyParsons on the Acquisition and Joint Lead Manager with Macquarie Capital (Australia) Limited on the Entitlement Offer. Baker Botts is acting as Legal Adviser to WorleyParsons on the Acquisition, and Herbert Smith Freehills is acting as Issuers Counsel on the Entitlement Offer.

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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] Follow us on [Facebook](#), [Twitter](#), [LinkedIn](#) and [YouTube](#).

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This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or any other jurisdiction in which such an offer or solicitation would be illegal. Neither the Entitlements nor the New Shares have been, or will be, registered under the U.S. Securities Act of 1933, as amended (“U.S. Securities Act”) or the securities laws of any state or other jurisdiction of the United States. Accordingly, the Entitlements may not be exercised or taken up by, and the New Shares may not be offered or sold, directly or indirectly, to, persons in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any other applicable securities law of any state or other jurisdiction of the United States.

This announcement may not be released or distributed in the United States.

This announcement contains certain “forward-looking statements”, including but not limited to projections, guidance on future revenues, earnings, margin improvement, other potential synergies and estimates, the timing and outcome of the Acquisition, the outcome and effects of the Entitlement Offer and the use of proceeds, and the future performance of WorleyParsons post Acquisition. Forward-looking statements can generally be identified by the use of forward-looking words such as ‘expect’, ‘anticipate’, ‘likely’, ‘intend’, ‘should’, ‘could’, ‘may’, ‘predict’, ‘plan’, ‘propose’, ‘will’, ‘believe’, ‘forecast’, ‘estimate’, ‘target’, ‘outlook’, ‘guidance’, ‘potential’ and other similar expressions within the meaning of securities laws of applicable jurisdictions and include, but are not limited to, statements relating to the impact of the Acquisition, the future performance and financial position of WorleyParsons, estimated synergies, the outcome and effects of the Entitlement Offer and the use of proceeds. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements.

The forward-looking statements contained in this announcement are not guarantees or predictions of future performance and involve known and unknown risks and uncertainties and other factors, many of which are beyond the control of WorleyParsons, its Directors and management, and may involve significant elements of subjective judgment and assumptions as to future events which may or may not be correct. There can be no assurance that actual outcomes will not differ materially from these forward-looking statements. No representation or warranty, express or implied, is made as to the accuracy, likelihood of achievement or reasonableness of any forecasts, prospects, returns or statements in relation to future matters contained in this announcement. The forward-looking statements are based on information available to WorleyParsons as at the date of this announcement. To the maximum extent permitted by law, WorleyParsons and its Directors, officers, employees, advisers, agents and intermediaries disclaim any obligations or undertakings to release any updates or revisions to the information to reflect any changes in expectations or assumptions.

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