



WorleyParsons

resources & energy

24 August 2009

ASX/Media Release

WORLEYPARSONS LIMITED

(ASX: WOR)

WorleyParsons announces record profit

Highlights

- Net profit after tax up 13.6% to \$390.5 million
- Revenue growth of 27.0% to \$6,225.1 million
- EBITDA growth of 18.1% to \$693.2 million
- Operating cash flow up 174.8% to \$546.4 million
- Final dividend increased to 55 cents per share, fully franked
- Strong performance in mega-projects and long-term contracts
- Strengthened balance sheet achieved with no equity dilution
- Significant financial capacity to pursue further growth opportunities

Professional services company WorleyParsons Limited (the company) today announced a net profit after tax for the 12 months to 30 June 2009 of \$390.5 million, an increase of 13.6% on the \$343.9 million net profit reported for the same period to 30 June 2008.

The result was earned on aggregated revenue of \$6,225.1 million, an increase of 27.0% on the \$4,900.7 million reported in the previous corresponding period.

EBITDA for the period was \$693.2 million, an increase of 18.1% on the prior corresponding period. The EBITDA margin for the group was 11.1%.

Basic earnings per share (EPS) were 161.1 cents, an increase of 13.0% from the 142.5 cents per share reported in 2008.

The result was underpinned by a strengthened balance sheet, with operating cash flow of \$546.4 million (2008: \$198.8 million), gearing of 25.5% (2008: 31.4%), a 0.7% reduction in average cost of debt to 5.5% and increased total available debt facilities of \$1,376.1 million.

The profit performance achieved in the year and underlying quality of assets utilized in the business have resulted in an increase in return on equity, that is, net profit after tax to shareholders funds, to 25.4% (2008: 24.6%).

The company's strong financial performance has been achieved without the need to raise additional equity during the year. WorleyParsons continues to be well-positioned to pursue further growth opportunities.



Dividend declaration

The Directors have declared a final dividend of 55 cents per share; fully franked (2008: 47.5 cents per share, franked at 71.0%). Combined with the half year dividend, the company will make total dividend payments of 93 cents per share for the year. (2008: 85.5 cents per share) The dividend will be paid on 28 September 2009 for shareholders on the register as at midnight (Australian Eastern Standard Time) on 3 September 2009.

Results

	CONSOLIDATED		
	INCREASE %	2009 \$'M	2008 \$'M
Revenue	25.3%	5,851.8	4,670.1
Earnings before interest, income tax expense, depreciation and amortisation (EBITDA)	18.1%	693.2	587.0
Earnings before interest and income tax expense (EBIT)	16.4%	605.3	520.0
Profit before income tax expense	15.0%	561.7	488.3
Profit attributable to members of WorleyParsons Limited	13.6%	390.5	343.9
Basic earnings per share (cents)	13.0%	161.1	142.5
Diluted earnings per share (cents)	13.2%	159.4	140.8
Revenue		5,851.8	4,670.1
Procurement services revenue		(288.7)	(196.1)
Share of revenue from associates		812.9	855.9
Procurement services revenue of associates		(106.8)	(392.7)
Share of net profits of associates		(44.1)	(36.5)
Aggregated revenue ¹	27.0%	6,225.1	4,900.7

¹ Aggregated revenue is defined as statutory revenue and other income plus share of revenue from associates less procurement services revenue at nil margin. The Directors of WorleyParsons Limited believe the disclosure of revenue attributable to associates provides additional information in relation to the financial performance of the WorleyParsons Limited Group.

Finance

The company's gearing ratio at 30 June 2009 (calculated on a net debt to net debt + equity basis) was 25.5% compared with 31.4% at 30 June 2008. Cash interest cover (EBITDA to total interest expense) was 14.1 times (2008: 11.7 times). The company's cash position at 30 June 2009 was \$178.3 million (2008: \$86.0 million).

The company has increased its available committed debt facilities during the year from \$1,094.0 million to \$1,376.1 million. The committed debt facilities have an average maturity of 4.1 years (2008: 4.6



years), with \$368.9 million (27%) maturing within one year, \$426.2 million (31%) between one and four years and \$581.0 million (42%) beyond four years. Facility utilization at 30 June 2009 was 54%. In addition the company increased its bank guarantees and letter of credit facilities by \$230.6 million to \$452.5 million with utilization on these facilities at 30 June of 54.2%.

Operating cash flow for the period was \$546.4 million, compared to \$198.8 million in the previous corresponding period. Working capital utilized in the group decreased during the period primarily due to a significant decrease in trade receivables, with days sales outstanding down from 87.4 days in 2008 to 67.8 days in 2009.

The effective tax rate for the company for the year ending 30 June 2009 was 28.6%, consistent with the 2008 rate of 28.9%.

The results have been favorably impacted by exchange rate movements in the year to 30 June 2009 compared to 2008. The net profit translation impact is approximately \$29 million. The majority of this is due to movement in the USD against the AUD from an average of 89.63 cents in the year ended 30 June 2008 to an average of 74.92 cents in the year ended 30 June 2009.

Chief Executive's Comments

Commenting on the performance for the year, the Chief Executive Officer of WorleyParsons, Mr John Grill, said:

"Despite the backdrop of the particularly challenging global economic environment, we have delivered a good financial performance for the 2009 financial year. The result reflects the diversity of the group's operations and the fact that we took early action to appropriately position the company for the volatile and challenging conditions.

"In some markets in which WorleyParsons operates, particularly in oil sands in Canada and minerals and metals in Australia, the 2009 financial year was challenging. However in the United States, Europe, the Middle East, and other markets in Canada and Australia we have continued to experience strong operating conditions. Over the past twelve months we have made significant progress towards consolidating our position in mega-project execution and management, with world-class systems and demonstrated experience in harsh and remote climates. We are currently involved in 57 multi-billion dollar mega-projects. We are also actively tracking a large number of potential new mega-projects and anticipate a significant pool of new work will be released as the global economic recovery translates into new capital investments in our markets.

"WorleyParsons' performance has been underpinned by our extensive long-term contracting base which has proven to be an area of resilience. Over the past twelve months we secured 23 new long-term contracts and renewed 9 contracts. We provide engineering and project services to over 150 customers around the world through these long-term collaborative contracts and we continue to invest in our systems and processes in this area.

"Our investment in all areas of sustainability continues to be well received by customers, leading to numerous projects and opportunities with a significant EcoNomics™ component. We are the first in our peer group to fully embed and integrate sustainability into our core business and project management processes. A range of EcoNomics™ tools are used by customers across the world to address issues such as renewable energy, water and carbon management.

"This year also saw the initiation of Carbon EcoNomics™ our integrated approach to carbon capture and sequestration, energy efficiency, advanced coal, and renewable energy services.



“Our EcoNomics™ service offering positions us particularly well to increase our presence in the public sector as governments globally focus on renewable energy targets.

“The management team reacted quickly to the dramatic shift in market conditions we experienced in Australia and Canada where capital investment in the minerals and metals and oil sands markets respectively were particularly affected in the year. Our other operations were less affected and we were pleased with our ability to support their continued growth and development.

“In response to the shift in market conditions we have ensured that our personnel numbers and costs are in line with demand and reviewed all internal costs and investments”.

Safety Performance

WorleyParsons applies the US OSHA (United States Occupational Safety and Health Administration) reporting requirements for Total Recordable Case Frequency Rate (TRCFR) and Lost Workday Case Frequency Rate (LWCFR).

WorleyParsons' safety performance for our personnel as reported under OSHA was a TRCFR of 0.11 for the 2009 financial year, an improved performance against the 0.14 reported in the 2008 financial year. Our LWCFR rate was 0.02, which is in line with the performance for the previous year.

Last year we announced a new safety initiative focussed on our own people and the many contractors with whom we engage, sharing our goal of Zero Harm. We are currently implementing management systems to support this initiative.

We received several safety-related awards and achieved a number of safety performance contract milestones.

In summary, while progress in the area of safety performance has been pleasing, this remains a major focus for our business.

People

Twelve months ago we were being challenged to meet customers' expectations in an over-heated contracting market. The achievements of the WorleyParsons team in subsequently adjusting their focus and adapting to the new and volatile market conditions have been exceptional.

At the end of July 2009 we had approximately 28,800 personnel in some 37 countries. In our half year report we predicted reduced personnel numbers in Canada and Australia due to likely project deferrals, and we have subsequently reduced our staff numbers in those regions.

An increasing number of projects require multiple offices to work together to integrate the expertise and deliver the cost effectiveness sought by customers. This was particularly the case in 2009, with over 4 million workshare hours completed across the global network.

As a part of the cost reduction initiative undertaken in 2009 the three executive directors and the managing directors of Canada and Australia and New Zealand have undertaken reductions in base salary of between 10% and 15%. Non-executive directors fees have also remained fixed for the third consecutive year. Although the financial performance of the company is strong and it is in excellent financial health, these moves are appropriate given the impact the global economic crisis has had on our customers and our people.

To provide appropriate stretch targets for the company's growth over the next three years, the EPS growth hurdles for the FY2010 Performance Rights have been set at the same levels as Performance



Rights issued prior to 2008 (compound EPS growth of CPI + 8% for 3 years is required for 100% vesting) rather than at the levels for the FY2008 and FY2009 grants. The EPS growth hurdles of prior grants are unchanged.

Segment Performance

Hydrocarbons

The Hydrocarbons business reported aggregated revenue of \$4,749 million for the twelve months to 30 June 2009 representing an increase of 31% from the previous corresponding period. Hydrocarbons contribution to the group's total aggregated revenue was 76%. Segment EBITDA was \$555.1 million with a reported segment margin of 11.7% (2008: EBITDA \$438.5 million; margin 12.1%).

In a restrained hydrocarbons market, WorleyParsons' capabilities in program management, gas and LNG, long-term collaborative service agreements and new field developments (both onshore and offshore) were consistently recognised by customers as attractive.

Key awards for projects and mega projects included:

- Shell's Kashagan full field oil development FEED
- Support services for ExxonMobil's LNG development in Papua New Guinea
- ConocoPhillips' Jasmine gas-condensate field FEED
- Front end engineering for Husky Oil's Liwan 3 China offshore development
- Support services for TransCanada's Keystone pipeline expansion
- Engineering and management services for the Tacaamol integrated chemical complex project in Abu Dhabi (previously ChemaWEyaat)
- SAMREF's reimbursable EPC Clean Fuels Project in Saudi Arabia
- FEED for Polimerica's Jose Olefins complex in Venezuela
- Program Management Contracts for the Integrated Gas Development in Abu Dhabi

We have also secured a number of new long-term contracts including:

- A four year global contract with BP for the provision of engineering and project management services
- Two strategic contractor relationships with Chevron for EPC contracts and pipelines and terminals
- Frame agreements with CNOOC and CNPC in China
- Regional agreements with ConocoPhillips Australia for services to the Bayu Undan facility and the Darwin LNG plant, ExxonMobil in Malaysia, ConocoPhillips in Indonesia, and AGIP KCO in Kazakhstan

We have renewed our contracts with customers representing two of our longest relationships, the CoSyn and Upstream contracts with Syncrude and Imperial Oil in Canada. Other contracts being renewed included Shell in Brunei, Shell Martinez and Deer Park in the US, Chevron in Angola and, across Canada, our agreements with Shell and Suncor.

The TransfieldWorley joint venture is currently renegotiating its contracts for maintenance and project implementation for Woodside for the North West Shelf venture on a sole source basis.



Our deepwater and subsea specialist business, INTECSEA, has secured over 120 small to medium sized projects, reflecting a strong endorsement from the market.

Outlook for Hydrocarbons

Our expectation for Hydrocarbons in 2010 is a result similar to that reported in 2009, with expected growth in the Middle East and United States, offset by the anticipated foreign exchange impact of a higher Australian dollar, a decline in earnings in Australia due to the completion of a number of major gas projects, and a rebuilding of demand in the Canadian market.

Power

The Power business reported aggregated revenue of \$547.7 million, an increase of 17.0% on the previous corresponding period. Segment EBITDA was \$66.5 million with a reported segment margin of 12.1% (2008: EBITDA \$65.4 million; margin 13.9%).

The current economic crisis is affecting both demand and capital availability in the Power sector. Uncertainties around fuel choice and cost, technology selection, carbon policy and fuel security remain significant issues for our customers. However, we are continuing to see opportunities for growth in the sector.

The governments of the United States and Australia have provided early direction of their energy policies, showing increased support for growth in renewable technology and advanced coal.

Key project awards in 2009 include:

- Power plant upgrade and infrastructure projects across the United States, Saudi Arabia, Singapore, Canada and Peru
- Project management consultancy and engineering services for Vietnam Electricity's Vung Ang 1 coal fired thermal power plant in Vietnam
- Owner's engineering role for plants in Canada the United States, Bulgaria, Mexico and Vietnam

Our long-term contracts with major power utilities remain a key element of our Power business. Over the past twelve months we secured agreements with major American customers, including Pacific Gas & Electric, Tennessee Valley Authority, Public Services Enterprise Group, APS, Allegheny, Contra Cost Electric, Con-Edison and Enmax in Canada.

We are continuing to develop our relationships with selected original equipment manufacturers. We are working with GE on projects in all our regions across multiple technologies, including combustion turbines, aero-derivatives, wind, gasification and nuclear. WorleyParsons and Siemens have also created an alliance to deliver gas turbine projects around the world with the award of a 400 megawatt gas turbine/combined cycle power plant located in Belgium.

We have made excellent progress in the renewables market in 2009. We believe we are the world's largest provider of engineering services for utilities-scale solar power. We are currently supporting solar projects in 11 countries, including the world's first solar tower in Spain.

Another proposed carbon reduction solution is to increase reliance on nuclear energy as a major source of power. We are currently experiencing a significant increase in work for both operating and new-build nuclear plants. On the back of our role supporting the development of the 2,000 megawatt Belene facility in Bulgaria, we have been awarded similar contracts in Egypt and Armenia. A ten year schedule is often associated with these developments as they move through approval processes, optimising contracting strategies to safe operations and start up.



Operating licence renewal is a critical element of the US nuclear industry. Our STARS License Renewal Project supports seven nuclear plants in performing the comprehensive analyses and licencing submissions for plant life extension. We are seeking to extend our project relationships across the fleet of fossil plants to the owners' nuclear portfolios.

Outlook for Power

Key drivers in the Power sector in 2010 will be continued good performance in our US operations, our regional development in Europe, nuclear and renewable; such as solar and wind. National and international carbon emissions policies have the potential, when implemented, to further encourage investment in the power market.

Notwithstanding the likely negative anticipated foreign exchange impact of a higher Australian dollar we would expect growth in earnings in the Power sector in 2010.

Minerals & Metals

WorleyParsons Minerals & Metals business increased aggregated revenue by 25% during the period to \$589.2 million. Segment EBITDA was \$85.6 million with a reported segment margin of 14.5% (2008: EBITDA \$85.3 million; margin 18.1%).

Despite the rapid slowdown in a number of markets in the second half of 2009, the result was supported by a strong first half and ongoing major project work in the Middle East.

Our continuing role on EMAL, the world's largest single site aluminum smelter in Abu Dhabi, has been supported by 8 offices and has achieved an excellent safety record to date of 10 million hours without a lost time injury.

Our role as EPCM contractor on the Ma'aden Phosphate project in Saudi Arabia continued in 2009. As a result of experience gained on this project we were commissioned to support major project developments for EgyPhos in Egypt, Legend Phosphate in Australia and Foskor's project in South Africa.

We were pleased to be awarded contracts in 2009 for:

- Facilities integration at Southern Peru Copper's Tia Maria copper mine in Peru
- Execution planning and EPCM services for the Vale Serra Sul iron ore project in Brazil
- A lead smelter pre-feasibility study for Nystar Port Pirie in Australia
- A major coal expansion study for Sasol, South Africa

In response to the change in market conditions many producers shifted their near-term focus to improvement and optimization of existing assets, providing a solid base of work in the *Improve* sector. Over the past twelve months we have secured the following long-term *Improve* contracts:

- Goro Nickel in New Caledonia
- Kazakhmys in Kazakhstan
- OZ Minerals in Australia

OneSteel in Newcastle, one of our highest performing long-term contracts, was extended to include the Whyalla steelworks. The team was also awarded the One Steel Safety Excellence Award. The *Improve* team at Worsley Alumina was assessed as 'Top Quintile' by BHP Billiton with the contract rated as best practice in three key areas.



Outlook for Minerals & Metals

As confidence continues to grow in the sector on the back of some recovery and stabilization in commodity prices, there is renewed interest and activity in the progression of a number of previously deferred or stalled projects. While the rate of new project development is likely to be subdued in 2010, our early-phase study and feasibility work should ensure we are well positioned when these projects recommence. We are also encouraged by the continuing spend in the asset services sector.

However, at this stage we expect earnings in this sector for 2010 to be materially below those reported for 2009.

Infrastructure & Environment

The Infrastructure & Environment business delivered aggregated revenue for the year of \$367.6 million, an increase of 7.0% from the \$342.6 million reported in 2008. Segment EBITDA was \$35.0 million with a margin of 9.5% (2008: EBITDA \$49.4 million; margin 14.4%).

The Infrastructure & Environment sector has been affected by the contraction in the resources sector however, major projects with secured funding are continuing.

We have successfully completed our role with the Fortescue Metals Group's (FMG) iron ore development in Western Australia. The effort of the team to deliver this project at a time of an over-heated global construction market is worthy of particular mention.

WorleyParsons' "Pit to Port" program management offering, which consolidates and resolves the complex infrastructure requirements to bring product from mine to the wharf via a rail link, has been well supported by customers. We first developed the concept on FMG's development and are currently developing the project execution strategy for Karara Iron Ore and Oakajee Port and Rail in Western Australia.

Our rail capability is becoming increasingly international, with a major award for an underground station in Singapore and program management services for the high speed rail between Mecca, Medina and Jeddah in Saudi Arabia.

Our site and master planning capability resulted in the award of the Ibom Industrial City project in Nigeria, Sasol's coal to liquids site in South Africa and a Coca-Cola facility site study in Beijing.

Our environmental capability is required in nearly every project we perform, to assess the impact on water, wastewater, air quality and community sustainability.

Outlook for Infrastructure & Environment

The outlook for the Infrastructure & Environment sector is improving in 2010. Solid demand in water and wastewater management, desalination, remediation services and carbon advisory services, in conjunction with the nascent recovery in major resource sector projects should result in increased demand for our services.

We currently expect an improvement in earnings in this segment in 2010.



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Outlook for WorleyParsons Group

Commenting on the outlook for the WorleyParsons Group, Mr John Grill said:

“Many of our key markets remain robust and we are encouraged by the evidence of some improvement in a number of the markets most affected in 2009 and by the continued award of significant contracts.

“However, the effects of extensive project deferrals and delays experienced through the second half of 2009 are expected to continue into 2010. Earnings will also be affected by ongoing pressure on margins and the likely negative impact of a higher Australian dollar.

“At this stage, the continuing uncertain market conditions make it unlikely that we can repeat this year’s result in the 2010 financial year. We expect, therefore, to report a modest decrease in earnings in 2010, with earnings weighted to the second half of the financial year.

“We are confident that our medium-term and long-term prospects remain very positive based on our competitive position and our strong financial capacity. The company continues to evaluate opportunities for new business growth that will add to our existing capabilities and provide value for our shareholders.”

David Housego
Chief Financial Officer
Ph: +61 2 8923 6866

Geoff Fowlstone
Fowlstone Communications
Ph: +61 2 9955 9899
Mob: +61(0) 413 746 949