27 August 2014

ASX Media Release

WORLEYPARSONS LIMITED

(ASX: WOR)

FY2014 RESULT IN LINE WITH GUIDANCE, STRONG CASH FLOW

Financial Highlights

- Statutory revenue $9,583 million, up 9%. Aggregated revenue $7,364 million, down 3%
- Statutory NPAT of $249 million, down 23%. Underlying* NPAT of $263 million, down 18% and in line with guidance given in November 2013
- Improvement in EBIT margin in second half to a three-year high
- Operating cash flow of $550 million; up 24%
- Business reorganization completed with a reduction of 1,200 overhead roles in the second half
- Final dividend 51.0 cents per share, partially franked at 20.5%, for a total dividend of 85.0 cents per share compared with 92.5 cents per share for last year.

Overview

Professional services company WorleyParsons Limited today announced a statutory net profit after tax (NPAT) of $249 million. Underlying NPAT was $263 million for the 12 months to 30 June 2014, down 18% on the previous corresponding period.

Chief Executive Officer of WorleyParsons, Andrew Wood, said: “The Company today reports earnings for the 12 months to 30 June 2014 in line with guidance we gave in November 2013 excluding the impact of costs of the organizational restructure.

“Aggregated revenue and NPAT were down when compared to FY2013 primarily due to the downturn in the Australian business, previously the major contributor to the Company’s earnings, and additional project costs in WorleyParsonsCord experienced in the first half. WorleyParsonsCord’s performance in the second half improved significantly with these legacy project issues having had no further impact on its results.

“The reorganization we announced in April is essentially complete and we are significantly progressed in achieving the objectives we set ourselves – that is to simplify the corporate structure, reduce overhead costs and enable our staff to deliver greater customer satisfaction. We have refocused our strategy to more aggressively leverage our broad and deep technical capabilities and our diverse geographic presence,” Mr Wood said.

Approximately 1,200 overhead roles were removed in the second half as part of the organizational restructure announced in April 2014. As foreshadowed, this resulted in a reorganisation charge of $35.4 million before tax. This is in addition to the previously announced reduction of 500 overhead roles in the first half.

The Company now employs 35,600 people operating out of 157 offices across 46 countries, down from 39,800 people at the same time last year.

We are pleased that operating cash flow for the period increased to $550 million, compared to $444 million in the previous corresponding period. The Company’s gearing ratio at 30 June 2014 was 19.5%.

*The underlying result for FY2014 excludes the net fair value gain on acquisition of associates of $11.4m and restructuring costs of $35.4m before tax.

Dividend

The directors have resolved to pay a final dividend of 51.0 cents per share, 20.5% franked. This takes the full year dividend to a total of 85.0 cents per share and a total payout ratio of 79.6% of underlying NPAT. The dividend will be paid on 30 September 2014 with a record date of 5 September 2014.

Safety Performance

The Total Recordable Case Frequency Rate for our personnel for FY2014 was 0.10 (0.13 in FY2013) and the Lost Workday Case Frequency Rate was 0.03 (0.03 in FY2013). We continue to progress towards our goal of Zero Harm.

Sector Performance

Hydrocarbons

The Hydrocarbons sector reported aggregated revenue of $5,372 million and EBIT of $627 million, lower than the previous corresponding period (FY2013: aggregated revenue of $5,493 million and EBIT $654 million). The Hydrocarbons sector delivered reduced earnings in all regions except for Europe, where earnings increased through the full year contribution from Rosenberg WorleyParsons in Norway, and Sub-Saharan Africa due to a major project in that region. The Australian market continued to contract due to a reduction in project activity. Despite the improvement in performance of the WorleyParsonsCord business in the second half, full-year earnings declined compared with the prior year due to lower project activity and the poor commercial performance of a project in the first half.

Professional services EBIT margins were maintained but the construction and fabrication EBIT margin declined by 0.7%. The overall Hydrocarbons EBIT margin declined by 0.2%.

Minerals, Metals & Chemicals

The Minerals, Metals & Chemicals sector reported aggregated revenue of $1,066 million and EBIT of $131 million, lower than the previous corresponding period (FY2013: aggregated revenue $1,097 million, EBIT $143 million). The EBIT margin declined by 0.7%.

Minerals and metals customers continued to limit capital expenditure and focus on productivity improvements. Capital expenditure in this industry has reduced significantly (down nearly 30% from the 2012 peak) with the investment focus shifting largely to brownfield projects.

The result was particularly impacted by the decline in earnings from the Australian and Latin American businesses. The chemicals subsector continued to grow, reinforcing our diversification strategy in this sector.

Infrastructure

The Infrastructure sector reported aggregated revenue of $926 million and EBIT of $64 million, lower than the previous corresponding period (FY2013: aggregated revenue $1,038 million, EBIT $107 million, including a one off gain from the sale of power contracts to Transfield Worley Power Services joint venture). EBIT margins declined by 3.4%.

Infrastructure was impacted by the downturn in resource project activity in the Australian business. The European business suffered from a cancellation of a nuclear project in the first half. In addition, full-year earnings declined in the European and Middle East Infrastructure businesses due to lower project activity.

Strategy Update

Overall, our key markets continue to present challenges, including increasing competition and customers delaying the making of commitments to new developments. We believe we have taken appropriate steps during FY2014 to realign and position the Group to address market conditions.

Strategically, our immediate focus is on getting better at what we do and prudently managing costs. We are more aggressively pursuing growth from our core, both into new geographies and new service

WorleyParsons
resources & energy

offerings. In addition we are developing new ventures aligned with and complementary to our existing business. Two new ventures are being developed - our advisory business, Advisian, and Digital Enterprise. We will invest to accelerate the growth of these new ventures and are actively progressing acquisition opportunities.

Sector Outlook

We expect global capital expenditure levels in Hydrocarbons for FY2015 to be flat compared with FY2014, with capital largely being directed to completing projects already underway. We believe our customers will need to initiate new projects in the medium term to maintain production, providing growth opportunities for WorleyParsons. We have recently been awarded three significant contracts, which for confidentiality reasons we are not yet able to announce, that underpin our confidence in our outlook.

We expect the trend of decreasing Minerals and Metals capital expenditure to continue for the next 12 months, but expect a recovery in the medium term. Chemicals industry capital expenditure is expected to remain strong within the US and we expect fertilizer demand will continue to provide increasing opportunities globally.

The outlook for resource-related infrastructure capital expenditure is linked to the outlook for the Hydrocarbons and Minerals, Metals & Chemicals sectors. Capital investment in non-resource infrastructure has a stronger outlook where WorleyParsons' expertise, particularly in environmental services, water and power generation and transmission, is being deployed to capture the opportunities in this market.

Group Outlook

Mr Wood said: "We have taken decisive action to improve margins and ensure the business is responding to market conditions and our customers' needs. We are focused on realizing our objective of providing our shareholders a satisfactory return on their investments. We are confident in our prospects based on our competitive position, our diversified operations and our strong financial capacity."

For further information please contact:

Analysts & Investors
Fran van Reyk
Investor Relations
Ph: +61 2 8456 7256
www.worleyparsons.com
investor.relations@worleyparsons.com

Media
Geoff Fowlstone
Fowlstone Communications
Ph: +61 2 9955 9899
Mob: +61 413 746 949
geoff@fowlstone.com.au

WorleyParsons
resources & energy

APPENDIX 4E
PRELIMINARY FINAL REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

RESULTS FOR ANNOUNCEMENT TO THE MARKET[1]

		Consolidated	
	change	2014	2013
	%	$'M	$'M
STATUTORY RESULT			
Revenue and other income	8.5	9,582.5	8,831.5
Earnings before interest and income tax expense (EBIT)	(18.7)	428.2	527.0
Profit before income tax expense	(22.2)	368.6	473.6
Profit attributable to members of WorleyParsons Limited	(22.7)	249.1	322.1
EBIT margin on aggregated revenue	(1.1)	5.8%	6.9%
Basic earnings per share (cents)	(22.8)	101.0	130.8
Diluted earnings per share (cents)	(22.8)	100.3	129.9

AGGREGATED REVENUE

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 believe the disclosure of the revenue attributable to associates provides additional information in relation to the financial performance of the Group.

Revenue and other income		9,582.5	8,831.5
Less: Procurement revenue at nil margin (including share of revenue from associates)		(2,726.1)	(1,747.7)
Revenue excluding procurement revenue at nil margin		6,856.4	7,083.8
Add: Share of revenue from associates		524.0	549.2
Less: Interest income		(5.3)	(6.0)
Less: Net gain on revaluation of investments previously accounted for as equity accounted associates		(11.4)	-
Aggregated revenue	**(3.5)**	**7,363.7**	**7,627.0**

UNDERLYING RESULT

During the year, the Group acquired an additional net interest in entities which had previously been accounted for as equity accounted associates, resulting in the change in the classification of the investments from equity accounted associates to subsidiary of the Group. This resulted in a net gain on revaluation of investments previously accounted for as equity accounted associates of $11.4 million being recorded in other income in the Statement of Financial Performance. On 9 April 2014, the Group announced a business reorganization. Restructuring costs of $35.4 million before tax ($25.7 million after tax) have been recorded in the Statement of Financial Performance. No such transactions occurred during the year ended 30 June 2013.

The underlying results which exclude the net gain on revaluation of investments previously accounted for as equity accounted associates and restructuring costs, are as follows:

EBIT	(14.2)	452.2	527.0
EBIT margin on aggregated revenue	(0.8)	6.1%	6.9%
Profit after income tax expense attributable to members of WorleyParsons Limited	(18.2)	263.4	322.1
Basic earnings per share (cents)	(18.3)	106.8	130.8

resources & energy

APPENDIX 4E
PRELIMINARY FINAL REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

		Consolidated	
	change	2014	2013
	%	$'M	$'M
Reconciliation of underlying net profit after taxation to statutory profit after taxation is as follows:			
Underlying profit after tax expense attributable to members of WorleyParsons Limited	(18.2)	263.4	322.1
Less: Restructuring costs		(35.4)	-
Add: Tax on restructuring costs		9.7	-
Add: Net gain on revaluation of investments previously accounted for as equity accounted associates		11.4	-
Profit after income tax expense attributable to members of WorleyParsons Limited	(22.7)	249.1	322.1

	Amount per share	Franked amount per share
DIVIDEND		
Interim dividend (cents per share)	34.0	8.5
Proposed final dividend (cents per share)	51.0	10.5
Record date for determining entitlement to final dividend		5 September 2014
Date dividend is to be paid		30 September 2014

The unfranked portion of the dividend represents conduit foreign income.

	Consolidated	
	2014	2013
	$	$
NET ASSETS PER SHARE		
Net assets per share	8.86	8.90
Net tangible assets per share	0.63	0.58

Additional Appendix 4E disclosure requirements can be found in the 2014 Annual Report issued 27 August 2014 accompanying this report.

[1]The International Financial Reporting Standards financial information contained within this announcement has been audited by Ernst & Young. However this announcement has not been audited.