WorleyParsons

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Company Announcements Office
ASX Limited
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Dear Sir/Madam

WORLEYPARSONS LIMITED (ASX: WOR)

ANNUAL GENERAL MEETING 2015

Please find attached the addresses to be delivered at today's Annual General Meeting by our Chairman – Mr John Grill; Chief Executive Officer – Mr Andrew Wood; and Remuneration Committee Chairman – Mr John M Green.

Yours faithfully

Peter Janu
Company Secretary

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.

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2015 ANNUAL GENERAL MEETING

CHAIRMAN'S ADDRESS

I will now turn to my formal Chairman's address.

The 2015 financial year was a difficult year for WorleyParsons as our customers faced challenging market conditions leading to reduced activity levels across the resources and energy sectors. While WorleyParsons is affected by these reductions in our customers' capital and operating expenditure, the combination of our broad range of services, our customer base and geographic spread underpins our business. Our customers include companies such as BASF, BP, Chevron, CNOOC, ConocoPhillips, ExxonMobil, PetroChina, Saudi Electric Company, Shell and Woodside Petroleum.

We recognize our share price has been affected throughout this period. The Board and management appreciate the loyalty of our shareholders.

At our core we have a strong business. We are making the necessary adjustments to shape the business to align with market shifts while ensuring we have a sustainable business for the longer term.

The business line structure we established last year has provided a platform to deliver on the recently deployed company strategy to Realize our Future. The strategy has three elements and aims to:

- strengthen the focus on our front end capability,
- increase our ability to provide multiple project delivery offerings through the execution phase of projects, and
- builds on our *Improve* business to provide integrated offerings covering full asset management services and reimbursable EPC for sustaining capital projects.

The Company's CEO Andrew Wood will provide further detail in his address.

The Group reported aggregated revenue for financial year 2015 of $7.227 billion, down 1.8% on financial year 2014.

Underlying net profit after tax was $198.6 million excluding one off items such as impairment, the Arkutun-Dagi settlement and tax associated with the China business restructure. This result was down 18% on the previous financial year.

Operating cash flow of $251.3 million was encouraging. This provided the Board the flexibility to pay a total dividend of 56 cents per share, partially franked.

I mentioned earlier the company has been adjusting the business to align it to market conditions. These adjustments have been made at all levels within the business and across most regions. We have made tough decisions and we will continue to balance the need to maintain sufficient technical strength and local presence to support our customers with the longer-term interests of our shareholders.

As a professional services business, our employees are our most important asset. It has been a difficult year for our people, as we adapted to the changing needs of our customers and the dynamics of our markets.

As of September 2015 we employed 30,500 people, providing services to customers across the globe.

We welcomed two new Executives during the year: Dennis Finn and Filippo Abba. Dennis leads the Advisian business line while Filippo leads the *Improve* and Major Projects business lines.

Randy Karren, who previously lead the *Improve* business, retired after 27 years' service with WorleyParsons and its legacy companies. On behalf of the Board and the senior management team, we thank Randy for his substantial contribution to the growth and development of Cord, Colt and WorleyParsons.

The Company is undertaking a process of Board renewal with some changes ahead of us in financial years 2016 and 2017 as some of our longer serving Directors retire.

As part of our renewal plan, we appointed Jagjeet (Jeet) Bindra as a director of the Company with effect from 1 July 2015. Jeet is with us today and you will have an opportunity to meet with him after the meeting.

Jeet brings to the Board over 35 years' experience in the global resources and energy industry including 32 years in senior leadership roles with the Chevron Group of companies. We welcome Jeet to the Board and as a member of the Remuneration and Nominations Committees.

WorleyParsons participates in over 148 communities in over 46 countries around the globe and we remain committed to contributing to the development of these local communities. In financial year 2015 we increased our activity, across more countries, involving more of our people than in previous years.

We reached a number of corporate responsibility milestones during the year, including:

- expansion of the WorleyParsons Foundation promoting skilled volunteering opportunities for our people
- the launch of a new diversity and inclusion program, supported by a set of key expectations, and introduced gender diversity targets for the Board, executive leadership teams and our organization in general
- setting and implementing an environmental carbon emissions reduction program
- the delivery of sustainability-enhancing services to the Group's customers through the Group's advisory service offering
- the fulfillment of the Group's obligations, for the third year, as a signatory to the United Nations Global Compact.

In conclusion, I believe the implementation of the Company's strategy will help it to withstand the ongoing difficult market conditions and position it for when the markets improve.

I thank our people, our Leadership Team and the Board of Directors for their contribution over the past year. And I thank you, our shareholders, for the confidence you have placed in our company.

I would now like to pass to our Chief Executive Officer, Andrew Wood

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2015 ANNUAL GENERAL MEETING

CHIEF EXECUTIVE OFFICER'S ADDRESS

Thank you John. Good afternoon ladies and gentlemen.

As John just outlined, financial year 2015 proved to be a difficult year for our customers and hence for WorleyParsons.

We have taken significant measures to transform the company so that it is positioned appropriately for the present and the future. We have taken action to adjust our business for the shorter-term impact of these market conditions while also looking to the future to determine the type of business structure and strategy we need to succeed.

We started a transformation journey in November 2013 driven by the challenges we saw ahead. In April 2014, before the fall in oil prices, we restructured the business, refreshed the leadership team, reduced our overhead costs and initiated programs to enable our staff to deliver better customer satisfaction.

Some of the decisions we have taken have not been easy, but they have been necessary to keep the company on a sustainable business footing.

We have created the business lines of Services, Major Projects and *Improve* transferring direct accountability for performance to the leaders of those business lines. More recently we introduced a fourth business line, our advisory business, Advisian.

The transformation is delivering improved service for our customers. This has been recognized by a number of them through awards and positive survey feedback for our efforts to become more customer aligned and deliver more value in the services we provide.

The adjustments we are making will continue as we recalibrate the business, and seek to optimize the performance of the business under the prevailing market conditions.

Taking appropriate actions focused on elements within our control, combined with the development of a focused strategy, will position the Company to take advantage of the upturn in the market when it occurs.

In May this year we presented to the market a comprehensive strategy to drive our business forward and I'd like to talk with you today about that strategy and its development. Our strategy is founded on five strategic themes, which leverage our core differentiators of deep and broad technical capability combined with diverse geographic presence.

The five strategic themes are:

- to build a world class advisory and consulting business
- to be the global project management consultant of choice
- to build a leading *Improve* business
- to be the smartest most agile local service provider, and

- to be the company that leapfrogs the competition in the use of our global delivery center and applies digital technology to revolutionize the delivery of our services.

We have made progress in the deployment of each of these themes. Today I would like to briefly mention a couple of these.

First, the Advisian concept started as a step out strategy within our New Ventures group in 2014 and was nurtured until it became a stand-alone business this year. Advisian brings together our management consulting expertise from Evans & Peck and the newly acquired MTG with our technical consulting expertise from WorleyParsons' Consulting, Select and INTECSEA to form our newest business line with approximately 3,000 consultants operating in 19 countries. We continue to look for further opportunities to deliver greater value for our customers including the recent establishment of a strategic relationship with KBC Advanced Technologies to bring software solutions and technical advice to both downstream and upstream customers. We believe the combination of management and technical consulting on the global scale offered by our company is without peer.

Secondly, increasing our competitiveness and the simplification of our delivery processes are the drivers behind the development of our Global Delivery Centre. The transfer of project execution activities to India and China locations is meeting the urgent need of customers seeking a step change in the cost of delivery of their projects. We are now in the implementation phase for the transfer of two of our delivery processes, being document control and 3D modelling.

The power of the strategy is in the combination and interconnectedness between the business lines and the strategic themes. Each business line is focused on their specific customer needs with the ability to draw on expertise from the wider organization in delivering successful outcomes for our customers and in turn creating opportunities for our other business lines throughout the phases of a project.

I would like to take a moment to provide some more detail on the results achieved in financial year 2015 and the market outlook in each sector.

The Hydrocarbons sector reported aggregated revenue of $5,332 million, a slight decline on the prior year, and EBIT of $475 million, with a margin of 8.9%. 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 most recent fall in oil price has caused Hydrocarbons customers to maintain cautious positions 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 on earnings.

The Minerals, Metals & Chemicals sector reported aggregated revenue of $904 million, EBIT of $44 million with a margin of 4.9%. Minerals, Metals & Chemicals contributed approximately 12% to the Group's aggregated revenue.

The Minerals & Metals contribution came under pressure as project activity in this market segment continued to decline in line with the sustained lower commodity prices. This is in contrast to the increased contribution made by Chemicals.

We expect conditions in the Minerals and Metals sector to 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 remain robust, particularly in the US.

The Infrastructure sector reported aggregated revenue of $992 million, EBIT of $17 million with a margin of 1.7%. Infrastructure's contribution to the Group's aggregated revenue was 14%.

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

We expect trading conditions 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 targeted markets of power generation, ports, passenger rail and water.

Looking ahead, we expect market conditions for our customers to remain uncertain for at least the remainder of financial year 2016.

Like our industry peers, we are being impacted by subdued market conditions and we will continue to adjust our business to meet the competitive landscape. To this end, we are continuing to reduce costs.

We are continuing to flatten the business structure by taking out overhead and consolidating from our current five regions into three regions world wide – being Asia-Pacific, the Americas and Europe Africa and Middle East (EAME).

We are continuing to right size the Major Projects and *Improve* businesses in response to market conditions and share overhead roles with the Services business where possible.

We are consolidating back office functions in Services locations while reviewing the profitability of non-core and smaller offices.

We are accelerating the delivery of critical technical support functions through our Global Delivery Centre to lower the cost of delivering value to our customers.

I strongly believe we will come out of this period of lower activity with a stronger and strategically well positioned business.

In summary, we remain focused on continuing to improve our delivery of services to our customers, taking costs out of the business, and on returns to our shareholders as we adjust the business for the subdued market activity we expect at least for the remainder of Financial Year 2016. These adjustments will require redundancy and related costs of $20 to $30 million in the first half of the financial year, with the offsetting benefits of these changes flowing through in the second half.

Our objective is to focus on areas which are within our control: to build a financially, technically and strategically strong business able to quickly take advantage of improved market activity and new opportunities as they arise.

I would like to thank the Board of Directors, my leadership team and the people of WorleyParsons for their efforts through what has been a difficult year.

Finally, I wish to thank you, our shareholders, for your ongoing support as we seek to return the Company to satisfactory levels of total shareholder returns.

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2015 ANNUAL GENERAL MEETING

REMUNERATION COMMITTEE CHAIRMAN'S ADDRESS

Thank you, John, and good afternoon, ladies and gentlemen. My name is John M. Green and I am the Chairman of the Board's Remuneration Committee.

Today, I will cover how the 2015 financial results translated into Executive pay, mention the adjustments we're making to Executive remuneration, and update you on non-executive directors' fees and changes to the Remuneration Committee.

On Executive pay and performance, our consistent core intent has been to attract and retain good people, to foster a performance culture, to be transparent, and to build Executive share ownership to better align their interests with shareholders.

Financial year 2015 was the third year in a row where our results fell short of the triggers for paying out rewards under both our short-term Combined Incentive Plan and our Long Term Incentive Plan.

Those outcomes for Executives certainly reflect our disappointing shareholder outcomes, yet the Board believes they don't adequately recognize the dramatic effects on our business and our business planning of the extremely volatile market conditions we operate in.

So while your Board is absolutely committed to our Company's financial success remaining the driving force in setting incentives, we also believe these repeated zero outcomes insufficiently acknowledge the crucial strategic and tactical work our Executives continue doing in the face of changing market conditions to adapt, reposition and grow the Company.

So for financial year 2016, we are fine-tuning our Remuneration structure to help redress this.

Fixed Pay

First, our philosophy is to give increasing emphasis to variable pay. So we have decided to freeze our Executives' Fixed Pay for financial year 2016. In our CEO's case, Andrew asked for his own Fixed Pay to be reduced by 10% from 1 July 2015.

Long Term Incentive (LTI) Plan

Our LTI Plan is designed to award shares to Executives if our Company's performance satisfies two hurdles, Relative Total Shareholder Return (RTSR) and growth in Earnings Per Share (EPS).

We've made no changes to our LTI Plan, but we do plan to review it during the year. If we decide to make any changes, they would not take effect before financial year 2017 and we would outline them in next year's Remuneration Report and at the AGM.

Combined Incentive (CI) Plan

We are making some changes to our shorter-term CI Plan.

We set out and explained those changes in my Remuneration Committee Chairman's letter to shareholders at pages 52-53 of our Annual Report and also in our Notice for this Annual General Meeting at pages 8-11 concerning Resolution 4 on today's Agenda, so I won't take up your time today by repeating that material.

What I will say is that the Board introduced Share Price Performance Rights (SPPRs) into our shorter-term plan to help bring the Company's remuneration practices closer to our global peers, with a greater weighting to incentive pay. In particular, SPPRs are designed to give our Executives' incentives a clearer link to our Company's share price – more closely aligning their interests with those of shareholders.

And regarding the changes we've made to the gateopeners for our shorter-term incentives and their gradation, Group NPAT remains a key financial KPI along with business line EBIT targets and cash collection, and non-financial KPIs will focus on strategic imperatives.

That said, let me stress that your Board retains rigorous oversight of our Executives' KPIs and will ensure they retain stretch and appropriate thresholds.

Non-Executive Directors

For the fourth consecutive year, we have decided to freeze non-executive directors' fees, and I remind you that our non-executive directors do not receive any performance-based pay.

Changes to the Remuneration Committee

I welcome our newest independent non-executive director, Mr Jagjeet Bindra, as a member of the Remuneration Committee from 24 August 2015. We propose that during the course of the next year Jeet will succeed me as Committee chair.

This is therefore my last address to you.

It's a privilege serving shareholders in this capacity. I thank shareholders for the helpful comments and thoughtful feedback many have given me over the years, and ask that you please continue.

Thank you.