

21 August 2019

ASX Media Release
WORLEYPARSONS LIMITED (ASX: WOR)
FULL YEAR 2019 RESULT

The results include 12 months of WorleyParsons and two months of the Jacobs ECR business

- Aggregated revenue up 36% to \$6,439.1 million
- Underlying EBITA up 32% to \$412.8 million
- Underlying NPATA up 43% to \$259.8 million
- Operating cash flow down \$23.4 million to \$236.3 million
- Backlog up 10% to \$18 billion from \$16.4 billion (proforma)
- Leverage reduced to 1.9x from 2.1x at 31 December 2018
- Statutory result - revenue up 43% to \$6,924.3 million and NPATA up 137% to \$172.3 million
- Completed the acquisition of Jacobs' Energy, Chemicals and Resources division ("ECR")
- Board has resolved to pay a final dividend of 15.0 cents per share

All comparisons above are to FY2018 unless noted otherwise.

WorleyParsons Limited (Worley), a leading global professional services company, today announced a statutory net profit after tax excluding the post-tax impact of amortization of intangible assets acquired through business combinations (NPATA) of \$172.3 million for the year ended 30 June 2019. This is an increase of 137% on the result for the prior corresponding period of \$72.8 million. On an underlying basis, NPATA was \$259.8 million, up 42.7% on the prior corresponding period. Aggregated revenue increased 35.6% to \$6,439.1 million, on improved market conditions and the inclusion of the ECR business from late April 2019.

Chief Executive Officer Andrew Wood said "Our business has been through one of the most transformative and dynamic periods in our history. By bringing together WorleyParsons and ECR to create Worley, we have created an organization of 58,100 people supporting the delivery of vital energy, chemicals and resources infrastructure to communities in 51 countries around the world. We are an Australian company that has the resources and technical and financial strength to help our customers succeed in this time of rapid change in these markets.

"We continue to grow through a combination of our focus on the energy, chemicals and resources sectors, cost control delivering operating leverage and improved market conditions. In addition to the contribution from ECR, our aggregated revenue has now increased for the fifth consecutive six-month period.

"Cash flow from operations was \$236.3 million, down from \$259.7 million for the prior corresponding period. After completing the ECR acquisition including the capital raise and debt refinancing, net debt to EBITDA has reduced to 1.9x and gearing is at 20.9%, delivering a stronger balance sheet.

"Our contract backlog increased to \$18 billion as at 30 June 2019, representing a pro forma increase of 10% in the period.

"In April 2019 we completed the acquisition of Jacobs Engineering Group Inc.'s Energy, Chemicals and Resources division ("ECR") for a total consideration of US\$3.2 billion (A\$4.55 billion), funded by A\$2.9 billion entitlement offer, 11.1% of Worley stock issued to Jacobs and additional debt.

“The transition is progressing to plan. The cost synergy target has increased from the pre-acquisition estimates of \$130 million to \$150 million. These are anticipated to be delivered within two years, with further benefits expected to be achieved from the application of global integrated delivery (“GID”), shared services and revenue synergies.

“In February 2019, the Group refinanced its core syndicated debt facility. The new multi-currency facility consists of a US\$500 million revolving credit facility and a US\$800 million term loan. The facility matures in February 2024.

“Our business is operating well with our key metrics within target ranges. Our customers are telling us that they are pleased with our expanded capabilities. We are well positioned to capture future market upside as an industry leader in energy, chemicals and resources,” Mr. Wood said.

The Board resolved to pay a final dividend of 15.0 cents per share, unfranked. The dividend will be paid on 25 September 2019 with a record date of 28 August 2019.

Group Outlook

The energy, chemicals and resources market indicators and growth in backlog provide evidence of continued improvement in market conditions. However, our markets are being tempered by macroeconomic global uncertainty.

As a result of the ECR acquisition, we have enhanced the diversity and resilience of our earnings. Worley has the global technical and financial strength to support its Energy, Chemicals and Resource customers as they navigate a changing world.

In FY2020 we expect to deliver the benefits of the acquisition of ECR including the realization of cost, margin and revenue synergies.

For further information, please contact:

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Financial Outcomes (Compared to the previous corresponding period, unless noted otherwise)**Statutory result**

- **Statutory Revenue** was up 43.2% to \$6,924.3 million from \$4,835.8 million
- **Statutory NPATA** was up 137% to \$172.3 million up from \$72.8 million

Underlying result

- **Aggregated revenue** was up 35.6% to \$6,439.1 million from \$4,749.2 million
- Underlying **EBITA** was up 31.9% to \$412.8 million from \$313.0 million
- Underlying **NPATA** up 42.7% to \$259.8 million from \$182.0 million
- Underlying **NPATA margin** was up 0.2pp to 4.0% from 3.8%
- Underlying basic earnings per share (**EPS**) on NPATA of 62.2 cents down from 66.2 cents

Other financial information

- **Operating cash flow** was a net inflow of \$236.3 million, down slightly from \$259.7 million
- **Gearing** was at 20.9%, down from 25.7% (net of proceeds from ECR capital raising) from 31 December 2018 on a net debt to net debt plus equity basis
- **Net debt to EBITDA** (as defined under debt covenants) at 1.9 times, down from 2.1 times (net of proceeds from ECR capital raising) at 31 December 2018
- The average **cost of debt** in the half remained at 4.5%, with **interest cover** at 11.9 times, up from 6.2 times at 31 December 2018
- The Board resolved to pay a final dividend of 15.0 cents per share, unfranked.

Operating Outcomes**Safety Performance**

The Total Recordable Case Frequency Rate for employees for the 12 months to 30 June 2019 improved to 0.11 (per 200,000 man-hours) compared to 0.12 at 30 June 2018. The target remains zero harm and all our people remain committed to that goal.

Backlog

Backlog at 30 June 2019 increased 10% to \$18 billion from \$16.4 billion (proforma) at 30 June 2018.

Operating Segment Performance**Energy & Chemicals Services**

The Energy and Chemicals Services line of business reported aggregated revenue of \$2,854.2 million and segment result of \$278.8 million (FY2018: aggregated revenue of \$2,218.7 million and segment result of \$227 million). The segment margin decreased to 9.8% from 10.2%. Aggregated revenue increased through the acquisition of ECR, combined with growth in North America and the Middle East.

Mining, Minerals & Metals Services

The Mining, Minerals & Metals Services line of business reported aggregated revenue of \$286.2 million and segment result of \$31.0 million (FY2018: aggregated revenue of \$151.7 million and segment result of \$9.2 million). The segment margin improved to 10.8% from 6.1%.

Significant projects within Australia and Mongolia have driven aggregated revenue growth in FY2019.

Major Projects and Integrated Solutions

The Major Projects and Integrated Solutions line of business reported aggregated revenue of \$2,745 million and segment result of \$231.7 million (FY2018: aggregated revenue of \$1,866.6 million and segment result of \$172.4 million). The segment margin declined to 8.4% from 9.2%.

Aggregated revenue increased with the acquisition of ECR, increased procurement revenue in the UK Integrated Solutions business in the North Sea and an upturn in the Norway business.

Advisian

Advisian reported aggregated revenue of \$553.7 million and segment result of \$35.0 million (FY2018: aggregated revenue of \$512.2 million and segment result of \$17.5 million). The segment margin improved to 6.3% from 3.4%, as a result of improved performance in the Americas. The increase in aggregated revenue was driven by growth in IntecSea.

Sector Performance (Customer sector groups in financial statements)

Energy

The Energy sector, comprising upstream and midstream hydrocarbons as well as power, reported aggregated revenue of \$4,480.1 million and segment result of \$437.1 million with a margin of 9.8% (FY2018: aggregated revenue of \$3,720.1 million, segment result of \$347.7 million and segment margin of 9.3%). Energy's contribution to the Group's aggregated revenue was 70%, decreasing from last year as the increased exposure from Chemicals and Resources flows through from ECR.

The increase in aggregated revenue is a result of the ECR acquisition, increased project revenue from a key international oil company customer and increased project work in Saudi Arabia. Strong growth in Canada, Oman and Qatar have supported the increase to aggregated revenue in FY2019.

Chemicals

The Chemicals sector, comprising downstream hydrocarbons, petrochemicals and chemicals, reported aggregated revenue of \$1,326.6 million and segment result of \$94.3 million with a margin of 7.1% (FY2018: aggregated revenue of \$599.0 million, segment result of \$43.0 million and segment margin of 7.2%). Chemicals contributed 21% to the Group's aggregated revenue, increasing from last year.

The Chemicals contribution to the group aggregated revenue increased with the acquisition of ECR. The sector saw continued growth in the North American and Europe markets.

Resources

The Resources sector, comprising mining, minerals and metals as well as infrastructure, reported aggregated revenue of \$632.4 million and segment result of \$45.1 million with a margin of 7.1% (FY2018: aggregated revenue of \$430.1 million, segment result of \$35.4 million and segment margin of 8.2%). Resources' contribution to the Group's aggregated revenue increased to 10%.

The increase in aggregated revenue was a combination of the acquisition of ECR combined with revenue generated by a major project in Australia.

Strategy

The acquisition of the ECR business has been an important strategic step for Worley, doubling the size of the company and positioning it as the leader in the dynamic and growing energy, chemicals and resources sector. The acquisition has delivered a stronger balance sheet and, with the delivering of synergies, potential EPS accretion. Shareholders will have exposure to a strong long-term outlook and a conservatively leveraged balance sheet while our people will have increased opportunities across the combined organization.

Our immediate focus is to complete the integration of ECR and realize the cost, margin and revenue synergies. A transformation strategy is being developed for Worley which will enhance the company's leadership position in

energy, chemicals and resources, capture the opportunities presented by the global energy transition, and change the way the company operates by leveraging automation and the use of digital products.

Group Outlook

The energy, chemicals and resources market indicators and growth in backlog provide evidence of continued improvement in market conditions. However, our markets are being tempered by macroeconomic global uncertainty.

As a result of the ECR acquisition, we have enhanced the diversity and resilience of our earnings. Worley has the global technical and financial strength to support its Energy, Chemicals and Resource customers as they navigate a changing world.

In FY2020 we expect to deliver the benefits of the acquisition of ECR including the realization of cost, margin and revenue synergies.

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About Worley: Worley 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, mining, minerals, metals, chemicals, power 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 Limited is listed on the Australian Securities Exchange [ASX:WOR]

	Consolidated		
KEY FINANCIALS	Change %	30 Jun 2019 \$'M	30 Jun 2018 \$'M
STATUTORY RESULT			
Revenue and other income	43.2%	6,924.3	4,835.8
Earnings before amortization, interest and income tax expense (EBITA)	10.8%	308.1	278.0
Profit before income tax expense	19.5%	245.4	205.4
Profit after income tax expense attributable to members of WorleyParsons Limited	n/m	151.9	62.2
Basic earnings per share (cents)		36.4	22.6
Diluted earnings per share (cents)		36.2	22.5
UNDERLYING RESULT			
The underlying results are as follows:			
EBITA		412.8	313.0
EBITA margin on aggregated revenue		6.4%	6.6%
Profit before amortization and after income tax expense attributable to members of WorleyParsons Limited (NPATA)		259.8	182.0
Basic earnings per share (cents)		62.2	66.2
Reconciliation of statutory profit after taxation to underlying profit after taxation is as follows:			
Profit after income tax expense attributable to members of WorleyParsons Limited		151.9	62.2
Add: amortization of acquired intangibles net of taxation		20.4	10.6
Add: impact of acquisitions, comprised of:			
<i>Acquisition costs</i>		50.6	5.9
<i>Transition costs</i>		35.0	-
<i>Onerous lease contracts</i>		8.9	-
<i>Bridging facility fee</i>		4.2	-
<i>Interest income on term deposits, net of capitalized costs written off</i>		(27.4)	-
<i>Foreign exchange gain on term deposits</i>		(3.4)	-
<i>US FTC write off due to acquisition of ECR</i>		14.3	-
Add: Impact of arbitration award		8.7	-
Add: Onerous lease (non-acquisition related)		-	12.2
Add: Restructuring costs		0.7	14.2
Add: Impairment of associate intangible asset		-	2.7
Add / (less): Net tax expense		(7.5)	(7.5)
Add: Tax from changes in tax legislation		3.4	81.7
Underlying profit before amortization and after income tax expense (NPATA) attributable to members of WorleyParsons Limited		259.8	182.0
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, pass-through revenue at nil margin and interest income.			
Revenue and other income		6,924.3	4,835.8
Less: Procurement revenue at nil margin (including share of revenue from associates)		(608.0)	(94.4)
Less: Pass-through revenue at nil-margin		(32.4)	(157.3)
Revenue excluding procurement revenue at nil margin		6,283.9	4,584.1
Add: Impact of arbitration award		8.7	-
Add: Share of revenue from associates		183.0	170.6
Less: Interest income		(36.5)	(5.5)
Aggregated revenue		6,439.1	4,749.2
CASH FLOW			
Operating cash inflow		236.3	259.7

OTHER KEY FINANCIAL METRICS	30 June 2019	31 Dec 2018**
Gearing ratio % (net debt to net debt plus equity)	20.9%	25.7%
Leverage ratio (net debt to EBITDA)*	1.9 times	2.1 times
EBITDA interest cover*	11.9 times	6.2 times

* Debt covenant calculations (December 2018: debt covenant calculations and excluding the impact of the proceeds from the capital raise)

** Balance sheet metrics exclude the impact of the proceeds of the ECR capital raising

DISCLAIMER Important information

The information in this presentation about WorleyParsons Limited and its activities is current as at 21 August 2019 and should be read in conjunction with the Company's Appendix 4E and Annual Report for the full year ended 30 June 2019. 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 2019 has been audited by the external auditors of WorleyParsons Limited.

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