WorleyParsons
resources & energy

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ASX Announcement

WORLEYPARSONS LIMITED (ASX: WOR)

2005 ANNUAL GENERAL MEETING
ADDRESS OF THE CHIEF EXECUTIVE OFFICER

This year has been one of significant achievement for the merged WorleyParsons group.

We have successfully completed the transition to a truly global services provider with the capability to deliver projects in any region of the world through any of our 73 offices worldwide.

We continue to pursue our objective to build an increasingly diversified business operating safely with strength and depth in a range of sectors and markets.

The integration of the two businesses is progressing well and remains on track. In particular we have been pleased at the positive response to the merger we have received from both our people and clients.

The combination of these strong businesses has enabled WorleyParsons to generate new opportunities that would have been out of the reach of either company working alone.

WorleyParsons delivered an excellent performance in 2005 as a result of a significant contribution from the Parsons E&C acquisition, strong conditions in all key markets and a good operational performance.

We announced a record annual net profit of $57.7 million with earnings per share up 64% to 37.6 cents per share. Return on equity was 22%.

In a moment I will review the Company's operational performance over the last year.

Before I do this I would like to reiterate WorleyParsons' corporate objective of zero harm in health, safety and environment which we aim to achieve through the principles of leadership, no incidents and safe behaviour. The safety of our people remains our first priority and our safety performance in terms of lost time injuries and total recordable injuries continues to improve year on year.

As mentioned by Ron, WorleyParsons takes the issue of safety very seriously.

Although our lost time frequency and total recordable injury frequency figures for 2005 are greatly improved, we deeply regret the deaths of the two members of WorleyParsons GPX in October this year. Safety remains our top priority and we continue to focus on achieving our target of zero harm.

Work is ongoing to continually improve our safety performance and we recently jointly pioneered a significant national effort in this regard. Together with TAFE and Transfield Services we are establishing induction centres in Australia and New Zealand. The induction centres aim to eliminate injuries and harm through more effective awareness training and also to provide an enduring safety network across the major industries in Australia. They will also enhance current induction processes. Work to establish the centres is still in the development phase but progress to date has been extremely encouraging.

I would now like to move on to a review our business units during the year.

The hydrocarbons business continues to be WorleyParsons' largest customer sector group and for FY 2005 it accounted for 72% of group revenue. Revenue for the division increased by 177% to $988 million which reflects not only the size of the Parsons E&C business but also its better than expected performance coupled with WorleyParsons' existing strength in hydrocarbons.

We were pleased to announce a number of material contracts during the year which included;

- A WorleyParsons and KBR joint venture was selected by Esso Highlands Ltd to conduct Front End Engineering Design (FEED) studies for the Papua New Guinea gas project. The same joint venture was also awarded the FEED contract for the Angel Gas development, offshore Western Australia, for Woodside Energy Ltd.
- A joint venture between WorleyParsons, Transfield Services and TRAGS (a local Qatari contracting company) was selected to carry out a consolidated maintenance contract for the LNG facilities of RasGas Company Limited in Qatar which is valued at $110 million over five years.
- In addition, a joint venture between WorleyParsons and Foster Wheeler was awarded a major Engineering Procurement and Construction Management contract by Woodside Energy for its proposed Phase V LNG expansion project at its North West Shelf gas plant. This is a significant contract which greatly enhances our position in the rapidly growing global LNG business.

Other highlights in the hydrocarbons sector included the continued strong performance from the Australasian and South East Asian regions as well as a strong result from the Middle East.

Shareholders would be aware of WorleyParsons continuing work in Iraq where the Company holds two reconstruction contracts. The first is the PCO Oil North Project where WorleyParsons has an 85% interest. The second contract is as program manager for the upgrade of Iraq's power sector for the Project and Construction Office where WorleyParsons has a 50% interest.

This work is an important contributor to the rebuilding of Iraq's hydrocarbons and power industries and WorleyParsons continues to contract with local Iraqi businesses, creating local employment and providing economic benefits in the service economy.

As in all spheres of operation, the safety and security of our colleagues in Iraq is our priority and for that reason we prefer not to discuss these projects in any greater detail.

Looking ahead, we continue to see a strong basis for continued growth for the hydrocarbons sector with historically high oil prices, increasing demand for gas, the expected continued development of major FEED and EPCM projects and the ongoing capital expenditure associated with maintaining and upgrading major hydrocarbon facilities.

The second major business unit in terms of contribution to group earnings is power, which experienced rapid growth this year following the Parsons E&C acquisition, achieving aggregated revenue of $172 million, an increase of 513%.

The acquisition created the significant opportunity to transfer Parsons' global power capability into WorleyParsons locations.

In February we strengthened our capabilities with the acquisition of Singapore-based engineering and project services group Development Resources Pte Ltd from Singapore Power.

During the year the power business was also awarded a number of material contracts including;

- A contract for the provision of services as owner's engineer to the Belene nuclear power plant for NEK Bulgaria and a second material contract in Bulgaria as owner's engineer for Maritza East 2 thermal power plant.
- The Company was also awarded a four-year extension to the contract held by our joint venture company to support the Tennessee Valley Authority for various coal fired and hydroelectric facilities.
- In addition, a contract was awarded by Progress Energy of North Carolina for its clean smokestacks program at its Roxboro plant, which includes project management, engineering, procurement and site support services.

Going forward, the capability the group has acquired as a result of the Parsons E&C and DRPL acquisitions gives us a strong position in a number of key markets and a positive outlook for FY 2006.

The minerals and metals business again performed strongly during the year generating aggregated revenue of $160 million, an increase of 68% on the previous year.

Major projects undertaken in the year included the expansion of the Worsley alumina facility in Bunbury, Western Australia for BHP Billiton and the finalisation of the expansion of the Aughinish Alumina refinery in the Republic of Ireland.

Other projects included the upgrade of the Orica Yarwun 3 ammonium nitrate facility in Gladstone and the project management of a new mineral sands processing facility for Bemax in the Murray Basin.

Our focus in the coming year will be on the continued development of our EPCM contracting capability, alliance development and the evaluation of options for sustainable growth outside of the Australian market.

After a number of years of rapid growth in the minerals and metals sector we are expecting more modest growth in 2006, however the outlook for the sector remains positive.

Moving on to infrastructure, this business unit achieved revenue growth of 56% to $59 million for the year which was another pleasing performance.

We secured significant contracts in the transport and water sectors during the year, including engineering services for a major desalination plant in Perth, Western Australia and a three year contract to assist the Singapore Land Transport Authority.

Our extensive capability in feasibility and siting studies for major industrial projects was in high demand across a range of industries during the year.

The infrastructure business is an important component of the group as it gives us the ability to deliver a full range of capabilities to clients despite it being a small contributor to overall revenue.

That said, we also have a positive outlook for the infrastructure sector in 2006 due to the expected continued growth in non-residential construction in Australia, growth in key infrastructure sectors of water and transport and expanding international markets.

Since the year end I am pleased to report we have made a number of significant announcements relating to further acquisitions and material contract wins.

Our stated aim is to continue to evaluate opportunities for new business growth that will add to our existing capabilities and provide value for shareholders. We have previously announced an agreement to purchase the remaining 50% of the Company's Canadian joint venture partner WorleyParsons MEG Ltd.

WorleyParsons is pleased to announce today that it has signed an agreement to acquire a Canadian infrastructure company Komex Environmental Ltd.

Calgary based Komex provides a range of services to the Hydrocarbons, Minerals & Metals and Infrastructure sectors including water resource engineering, specialist geotechnical engineering and environmental consulting and engineering. Komex provide support to the resource sector from initial environmental impact assessments to environmental management planning, ongoing site monitoring and end of operational life site remediation. Komex is recognized as one of the world's leading groundwater consultants.

The company has operations in Canada, the USA and Europe and currently employs approximately 420 staff. Komex reported revenue of approximately USD $43.5m (A$59m) in 2004.

The acquisition price is approximately A$34m (C$30.1m). The effective date will be January 1, 2006.

WorleyParsons is also announcing today that it has purchased 100% of the shares in Canadian minerals and metals company HGE Ltd.

HGE is an engineering and project management business in the minerals and metals sector with operations in Toronto, Canada and Dallas, Texas. It is a recognized specialist in hydrometallurgy and gas cleaning technologies as well as bulk materials handling, machine design and advanced design analysis. They have long and established relationships with key clients in the minerals and metals sector.

HGE reported revenues of approximately $14.2m over the last year with around 140 employees. Effective date is September 1, 2005.

The acquisition of Komex and HGE together with our move to 100% ownership in WorleyParsons MEG establishes WorleyParsons as a significant player in the Canadian market.

WorleyParsons is also pleased to announce today that it has completed the purchase of the remaining 49% of the shares in the company's specialist aluminium services provider Jones & Jones Engineering Design Pty Ltd.

We have recently won a number of contracts within the hydrocarbons sector which further demonstrates the strength of the merged group.

In August the China National Offshore Oil Corporation awarded WorleyParsons a US$35 million contract to provide integrated project management team services for its world-scale grass roots refinery being built in the Guangdong Province of the People's Republic of China.

A joint venture between LUKOil, Russia's largest oil company, and the American oil major ConocoPhillips, has awarded a USD 90 million contract to the GWZ Consortium of which WorleyParsons has approximately a one third share. GWZ will provide front-end engineering design (FEED), detailed engineering, procurement, construction management, and commissioning services for grass roots production and transportation facilities for the Yuzhnoye Khylchuyu (YK) field located 120 kilometres northeast of Naryan-Mar, 2300 kilometres northeast of Moscow on the Barents Sea coast. The project represents an investment of USD 1.5 billion.

The Transfield Services and WorleyParsons Joint Venture (TW) was awarded a $A700 million engineering and maintenance services contract by Woodside Energy Ltd to follow on from the previous ten year contract.

Under the three-year contract, TW will be responsible for providing a range of engineering, project management, procurement, construction, maintenance and shutdown services for Woodside's Australian owned and operated assets.

This win builds on Transfield Services and WorleyParsons success in working together to provide integrated services under long term performance based contracts.

We have also been awarded a significant project for Iran which involves the front end design of South Pars 12 gas field. The project will be executed jointly by our offices in London and Kuala Lumpur. A great example of the synergy activities in the merged operations of WorleyParsons.

Looking forward, we expect the markets for WorleyParsons' services will continue to be strong. Our key markets and sectors continue to experience positive conditions, in particular hydrocarbons and power. As a result of the integration and exploitation of the synergies with Parsons E&C we are well positioned throughout the business to respond to these opportunities.

Further, our earnings in 2006 will be enhanced by an increased contribution from the existing operations and an additional three months contribution from the Parsons E&C operations plus a contribution from the acquisitions announced today.

We continue to see growth opportunities for the group and look forward to capitalising on these over the next year.

In closing I would like to sincerely thank all our shareholders for their continued support and confidence they have shown in WorleyParsons.

For further information please contact:

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