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# Merrill Lynch
## New York Conference

David Housego – Chief Financial Officer


20 September 2006

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# Agenda

- WorleyParsons 101
- 2006 Highlights
- Financial Performance
- Segment Performance
- Outlook
- Q&A

# Background

- Leading professional services provider to the Energy, Resource and Complex Process Industries
- Across all phases of projects

| IDENTIFY 1 | SELECT 2 | DEFINE 3 | EXECUTE 4 | OPERATE 5 |
| --- | --- | --- | --- | --- |
| Project Feasibility<br>Business Strategy | Development Optimise<br>Execution Strategy | Finalise Scope<br>Sanction Progress | Produce Asset | Operate Asset |

- 4 Customer Sector Groups

  Hydrocarbons | Power | Minerals & Metals | Infrastructure
- Acquisition of Parsons E&C October 2004
- Entered ASX100 in 2006

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# Global Reach


**14,300 project services personnel | 94 offices | 30 countries**

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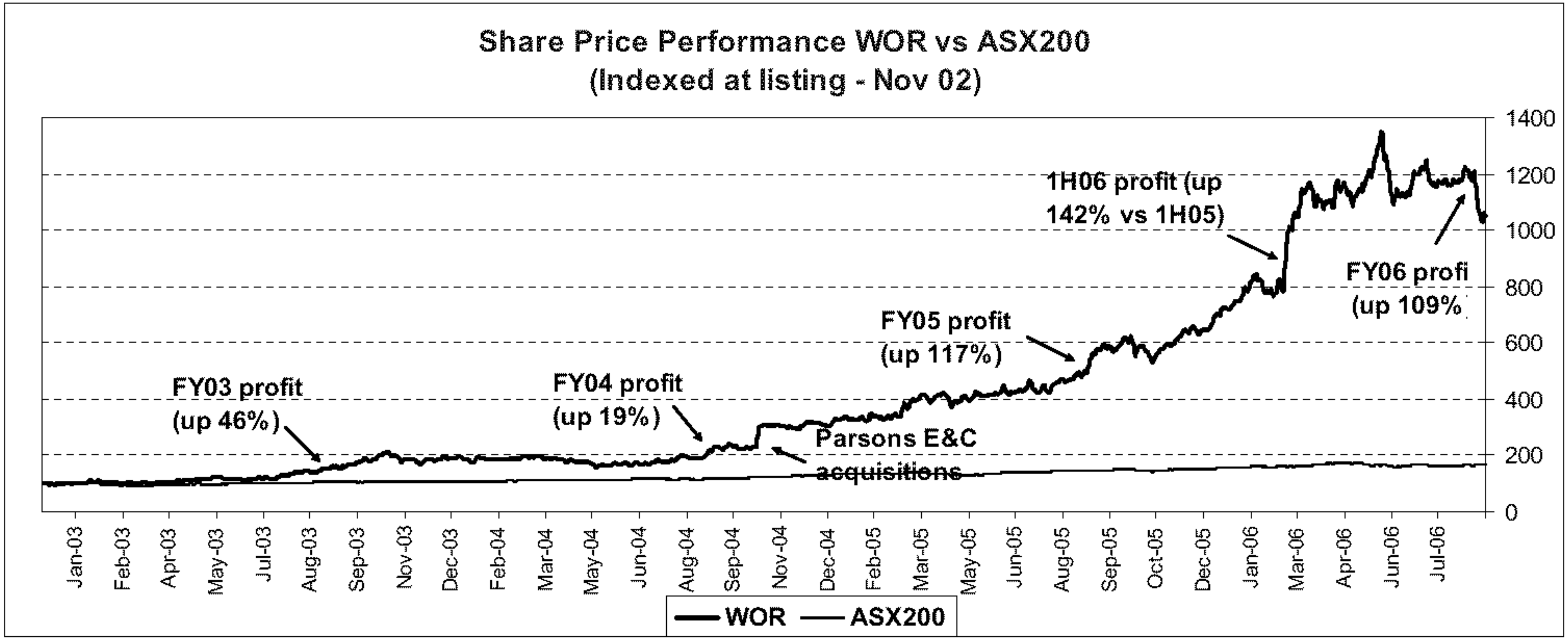
# Share price performance




FY05 / FY06 AIFRS

# Differentiators

- Committed, empowered and technically capable people
- Industry leadership in Health, Safety and Environment
- Outstanding corporate and operational performance
- Focus on long term contracts and asset services
- Success in project delivery-large and small
- Strengthen geographic presence and industry capability

# 2006 Highlights

# 2006 Highlights

- Record annual net profit of $139.1 million up 109.3%
- 2nd half net profit increase of 25.1% from 1st half result
- Full year EBIT growth of 95.0% to $199.5 million
- Underlying EBIT growth of 73%
- International operations contributing 64%
- EPS (before amortisation) up 87.2% to 68.5 cps
- Final dividend up 80.0% to 22.5 cps (2005: 12.5 cps)
- Positive outlook for 2007

# Organisational highlights

- Performance of the 14,300 people engaged in the WorleyParsons business
  - The performance of our exceptional people in the year has strengthened our client relationships and reputation in our market places
- Record number of new contract awards has lengthened revenue profile
  - 60% of revenue > 3 years
  - bidding activity remains at record levels
- Safety performance of 0.16 TICR under OSHA for 2006
- Operations built around
  - 8 global hubs
  - 94 offices in 30 countries

*Operate safely and deliver*

# Organisational highlights

- Expected benefits from the Parsons E&C acquisition and the other smaller acquisitions we have made recently continue to be realized
- Continue to evaluate opportunities to further extend the capability and reach of the company
  - Acquisitions and joint ventures
- The 2006 result reflects good operational performance at a time of buoyant conditions across our markets
- We are looking forward to similar conditions in 2007

*Operate safely and deliver*

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# Material Contract Announcements*

- Three-Year Service Contract with ExxonMobil Chemicals at Beaumont, Texas
- NCP Petrochemical Complex FEED, Houston and Saudi Arabia
- Program Management Services Contract for Kuwait Oil Company
- The Pilbara Infrastructure Project, Western Australia
- Project Management Contracts for GASCO and ADGAS, Abu Dhabi
- Services contract for new 600 mw coal station for Santee Cooper
- Change in Contract Structure for the Yuzhnoye-Khylchuyu Project
- Pluto LNG onshore and offshore FEED

*** Since February 2006 Half Year Results**

# Project Sample

**IDENTIFY** 1
Project Feasibility
Business Strategy

**SELECT** 2
Development Optimise
Execution Strategy

- Study for expansion of Olympic Dam facility for BHP Billiton
- Amine CO2 Removal Plant Installation Project - THUMSCO
- Future fuels siting study - United States
- Shell Oil UK strategic environmental cost benefit analysis

- Selected as consultant for feasibility study of Mochovce NPP units 3 & 4 in Bulgaria
- Dian Dian Alumina Study
- Study for ExxonMobil Chemicals in Singapore
- Power Pre Feasibility Study for Saudi Arabia Government

**DEFINE** 3
Finalise Scope
Sanction Progress

- Nuclear plant study - Slovakia
- FEED – Delta Afrik / WorleyParsons JV Nigeria
- Alliance Facilitator role Australian Navy Air Warfare Destroyer (AWD) Project

- FEED for first domestic Coal to Liquids plant US

- British Gas India Tapti Expansion

**EXECUTE** 4
Produce Asset

- New University UNSW Asia
- New Doha International Airport Infrastructure Project
- Nanshan Alumina in China
- Circle Line Stage 5 in Singapore
- Detailed Engineering Design contract for Mobil in Nigeria
- Environmental projects in Libya
- PM consultancy for Aromatics projects for Abu Dhabi Oil Refining Company

- PM contract for 400kV underground transmission circuit in Singapore
- Chevron Nigeria Olakola gas supply engineering services contract in Nigeria
- Dhabi Oil Refining Company
- BOO for Mindarie Resource Recovery Facility

- BOC Global Alliance for PM Services

**OPERATE** 5
Operate Asset

- Five new projects in Alaska for BP Alaska & ConocoPhillips
- West Coast US Refinery operations for Chevron
- Brunei Shell Contract retention
- Heavy Oil project in Oman

- ConocoPhillips Alpine Expansion
- Capital Plan Projects Alliance for Zinifex, Port Pirie
- Oxy Qatar Engineering & Project Management Services

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# Financial Performance

# Financial performance

| $M | 2005 | 2006 | Growth % |
|---|---|---|---|
| Aggregated Revenue | 1,379.5 | 2,464.4 | 78.6 |
| EBIT | 102.3 | 199.5 | 95.0 |
| EBIT margin | 7.4% | 8.1% | |
| Profit before tax | 98.6 | 196.9 | 99.8 |
| Net Profit | 66.5 | 139.1 | 109.3 |
| Net Margin | 4.8% | 5.6% | |
| EPS (before amortisation) cps | 36.6 | 68.5 | 87.2 |
| Operating Cash Flow | 91.1 | 115.7 | 27.0 |

# Financial Highlights

| $M | 2002 | 2003 | 2004 | 2005 | 2006 |
|---|---|---|---|---|---|
| Aggregated Revenue | 437.8 | 474.4 | 514.8 | 1,379.5 | 2,464.4 |
| EBIT | 25.9 | 32.1 | 40.4 | 102.3 | 199.5 |
| EBIT margin | 5.9% | 6.8% | 7.9% | 7.4% | 8.1% |
| Net profit | 17.7 | 25.9 | 30.7 | 66.5 | 139.1 |
| Net profit margin | 4.0% | 5.5% | 6.0% | 4.8% | 5.6% |
| CAGR* | | 46.3% | 31.7% | 55.5% | 67.4% |
| Basic EPS (cents per share) | 13.6 | 18.1 | 20.6 | 36.0 | 68.0 |

* CAGR (Compound annual growth rate) since 2002

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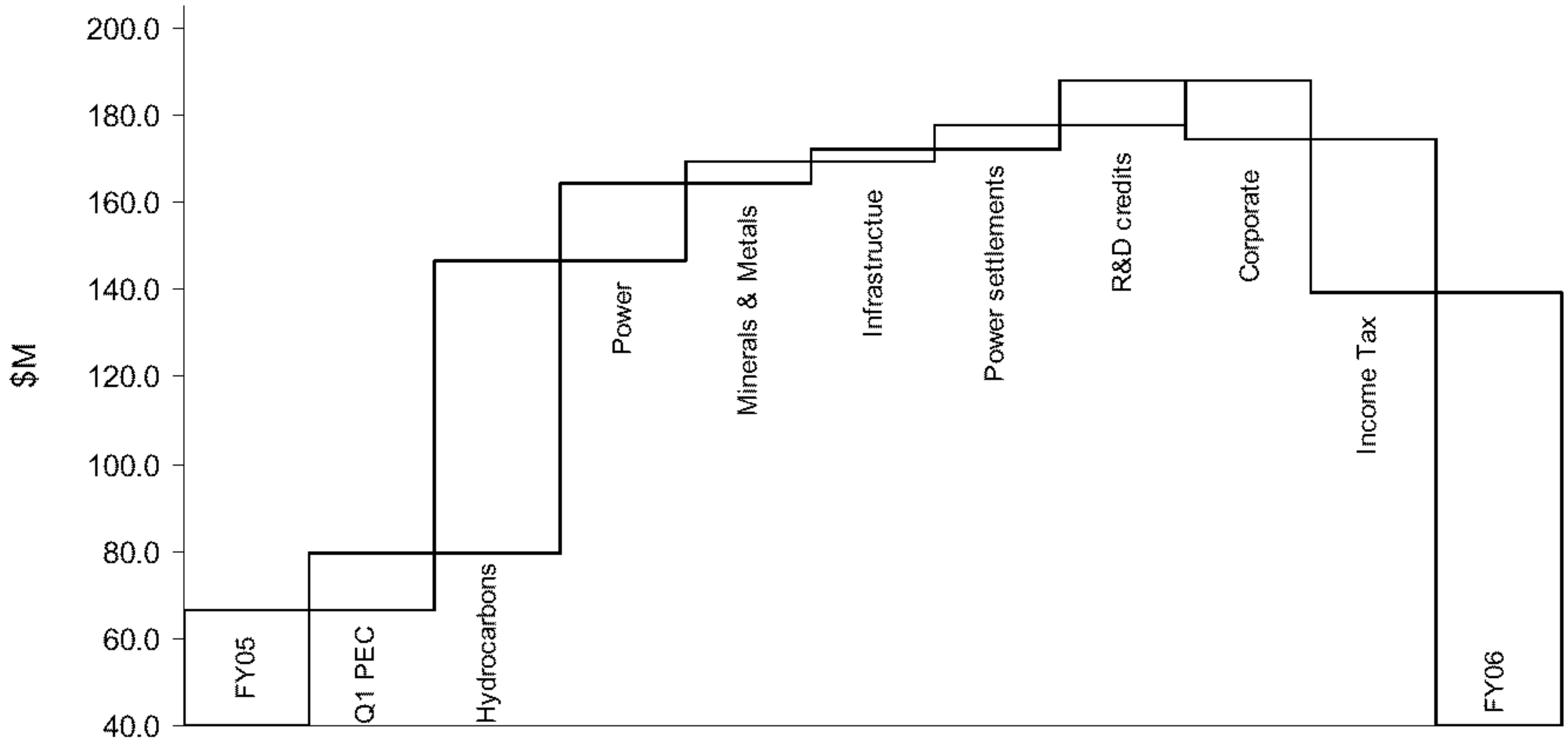
# Change in Net Profit




- Management estimate of $13.0m EBIT for Q1 2005 PEC
- Like on like EBIT growth 73.0%
- One off settlements - Power $4.1m USD

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# Financial ratios

| $M | 2005 | 2006 |
|---|---|---|
| Effective tax rate | 30.3% | 28.0% |
| Cash on hand | 64.0 | 70.3 |
| Total Assets | 839.3 | 1,162.4 |
| Equity | 390.4 | 475.3 |
| Return on Equity | 25.4% | 32.1% |
| Gearing (Net debt / Net debt + Equity) | 1.5% | 10.2% |
| EBITDA Interest cover | 16.3 | 27.6 |

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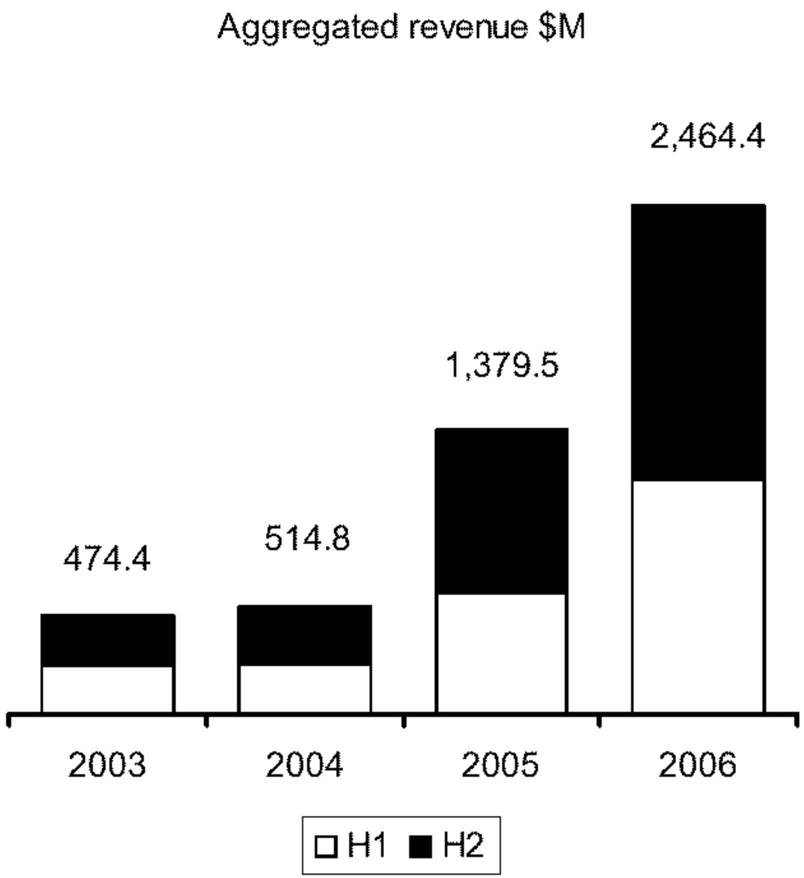
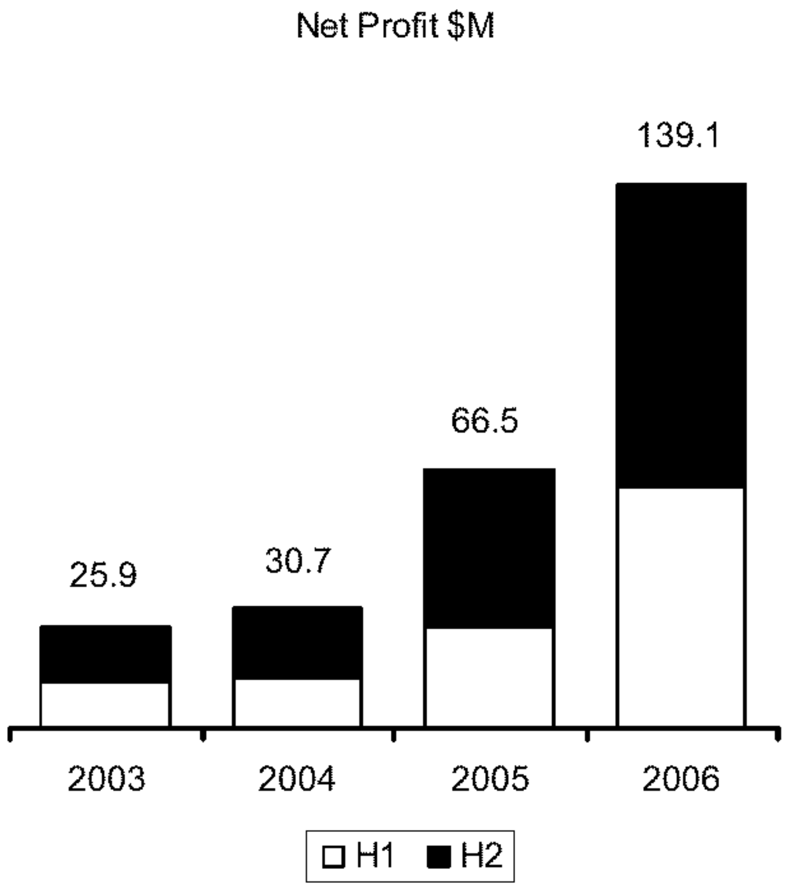
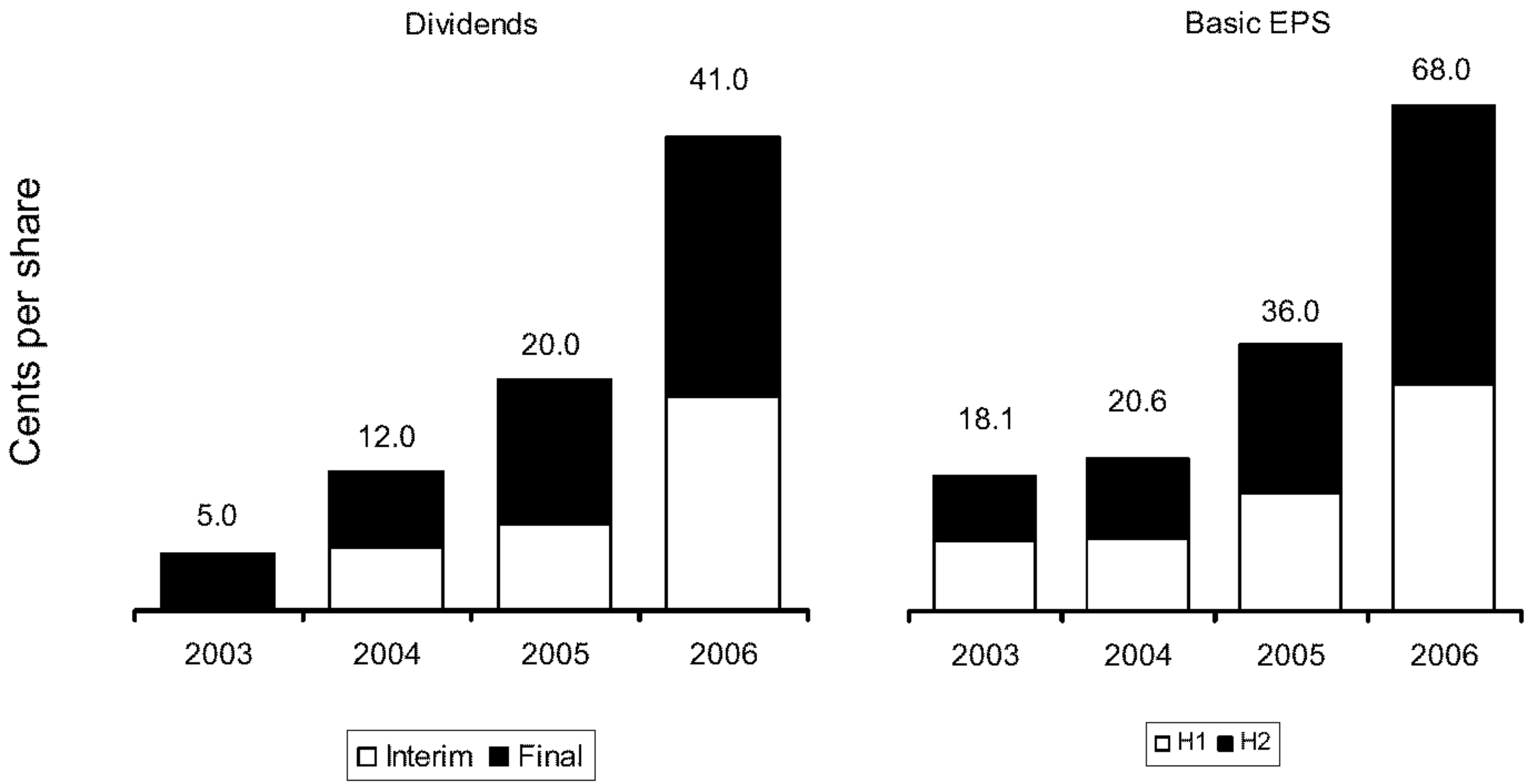
# Growth



# EPS and Dividends




- 2006 EPS up 88.9%
- Final dividend of 22.5 cps, payout ratio 60.4%

# Segment Performance

Drivers for WorleyParsons business in 2006

- Increased activity in downstream & petrochemical markets globally in 2006
- Increased capital spending on upstream, downstream and petrochemicals in the Middle East in 2006
- Project risk profile lower; all participants focused on initiating and completing projects
- Increased demand from National Oil Companies (NOC) for project and asset services support
  - In country project support and development of local staff
- Continued demand for upstream EPCM and PMC globally
- LNG demand, principally Australia
- Oil sands and heavy oil
- Asset integrity and minor upgrades for existing onshore and offshore facilities

# Hydrocarbons continued

- Continued strong performance in 2006
  - Aggregated revenue of $1,777.7m (72% of group total)
  - Up 79.9% from 2005
  - EBIT $158.7m (2005 $81.3m)
- Significant improvement in performance in Middle East
  - Saudi Arabia and Oman, Abu Dhabi expansion
- Africa operations expanded in 2006
  - Support local operations in Nigeria
  - Established operations in Angola
- UK operations
  - In country Kazakhstan and Russia
- Asian Operations
  - Continued strong performance in year

# Hydrocarbons continued

- Outstanding performance in US and Canada
- Downstream market expansion in 2006
  - NZRC clean fuels
  - Exxon Chemical Beaumont Texas services contract
  - FEED for NCP petrochemicals complex in Saudi Arabia
- Canadian operations
  - High activity levels in Oil Sands market
  - Project services, asset and environmental support
  - Integration of Komex Environmental, WorleyParsons MEG and HGE Limited
- Australian operations strong performance in 2006
- Major project execution
  - Angel Gas Development Woodside
  - PNG Highlands Gas Esso
  - LNG V Woodside
- Ongoing asset services contracts performed well in year

# Hydrocarbons continued

- The outlook for the Hydrocarbons business remains positive. Historically high oil prices, increasing demand for gas, the upturn in downstream refining and petrochemical activity together with the expected continued development of major FEED and EPCM projects and the ongoing capital expenditure associated with maintaining and upgrading major hydrocarbon facilities provide a strong basis for further growth.

  WorleyParsons' geographic coverage, together with its established client relationships and partnering strategies position it well for this market sector.

# Power

- Aggregated revenue of $367.8m
  - Revenue growth 113.3%
  - EBIT $47.8m, margin 13.0%
- Outstanding result in US operations and Europe
  - Clean coal projects
  - New 600 MW Coal project for Santee Cooper
  - TVA services contract
  - Bulgaria contracts for Belene Nuclear facility and Maritza thermal plant
- Singapore operations expanding into regional support
  - Performing ahead of expectation
  - Supercritical coal plant feasibility study for China
- Australian joint venture performed poorly

# Power continued

- The outlook for the Power business in 2007 remains positive. Continued demand for new coal and nuclear facilities, greenfield gas plants, air quality control systems on existing coal plants  and an increase in demand for power delivery services provides a solid base for continued growth in 2007.

# Minerals & Metals

- Aggregated revenue of $202.2m
  - Revenue increase 26.5%
  - EBIT $27.7m, margin 13.7%
- Major project activity included:
  - BHP Billiton Worsley
  - Orica Yarwun
  - Bemax mineral sands
  - Ma'aden Phosphate
- Long term alliance developed in 2006
  - Zinifex Port Pirie smelter
- Increased number of feasibility studies
  - Alumina, aluminium and base metals sector studies underway including involvement in BHP Billiton Olympic Dam study
  - Reflects increased capability
- WorleyParsons HGE performing well in Canada and US

# Minerals & Metals continued

- The outlook for the Minerals & Metals sector remains positive with the continued pressure and competition for resources being the major constraining factor in the sector.

  The focus for 2007 will be on the transition of current feasibility studies to project sanction, continued development of WorleyParsons' EPCM contracting capability, expansion of project alliances and further the development of the company's international operations.

# Infrastructure

- Aggregated revenue of $126.8m
  - 114.2% growth in 2006
  - EBIT $9.7m, margin 7.7%
- Transformation of Infrastructure business commenced in 2006
  - Acquisition of Calgary based Komex Environmental to develop environmental capability
- Strengthened management and exited underperforming business
- Continued support on infrastructure component of resource and energy developments, for example Pluto, Browse LNG
- Commenced two world scale infrastructure projects in 2006
  - Pilbara infrastructure project
  - Ma'aden phosphate project
- Development of asset services underway
- Rail capability enhanced with TMG group

# Outlook

# Outlook

"We expect the markets for WorleyParsons' services will continue to be strong. Our key markets and sectors are experiencing positive conditions and we are well positioned to respond to these opportunities. Subject to conditions remaining favourable in these markets we expect to achieve increased earnings in 2007.

"The company continues to evaluate opportunities for new business growth that will add to our existing capabilities and provide value for our shareholders."

# Any questions?

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