



**WorleyParsons**

resources & energy

# JPMorgan

## Australasian Investment Conference 2006

John Grill – Chief Executive Officer & Managing Director





- 
- ▶ WorleyParsons overview
  - ▶ 2006 Highlights
  - ▶ Financial Performance
  - ▶ Segment Performance
  - ▶ Outlook
  - ▶ Q&A



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

<b>IDENTIFY</b> 1 Project Feasibility Business Strategy	<b>SELECT</b> 2 Development Optimise Execution Strategy	<b>DEFINE</b> 3 Finalise Scope Sanction Progress	<b>EXECUTE</b> 4 Produce Asset	<b>OPERATE</b> 5 Operate Asset
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- ▶ 4 Customer Sector Groups  
Hydrocarbons | Power | Minerals & Metals | Infrastructure
- ▶ Acquisition of Parsons E&C October 2004
- ▶ Entered ASX100 in 2006



# WorleyParsons

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# Global Reach



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

when experience counts



- ▶ 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



- ▶ Record annual net profit of \$139.1 million up 109.3%
- ▶ 2<sup>nd</sup> half net profit increase of 25.1% from 1<sup>st</sup> 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



- ▶ 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*



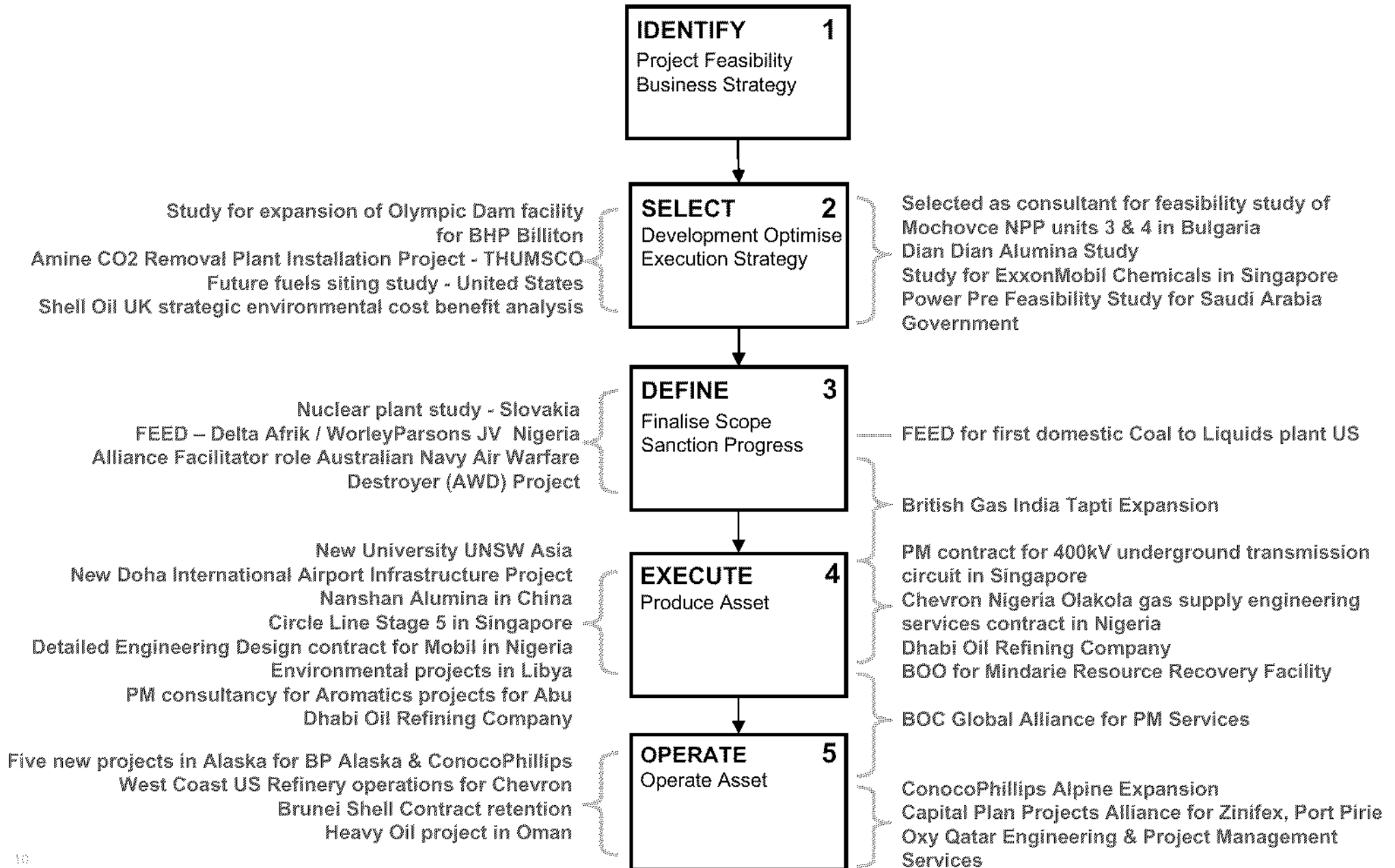
- ▶ Expected benefits from the Parsons E&C acquisition and the other smaller acquisitions we have made recently continue to be realized
- ▶ Continue to evaluate opportunities to further extend the capability and reach of the company
  - Acquisitions and joint ventures
- ▶ The 2006 result reflects good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

*Operate safely and deliver*



- ▶ 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





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



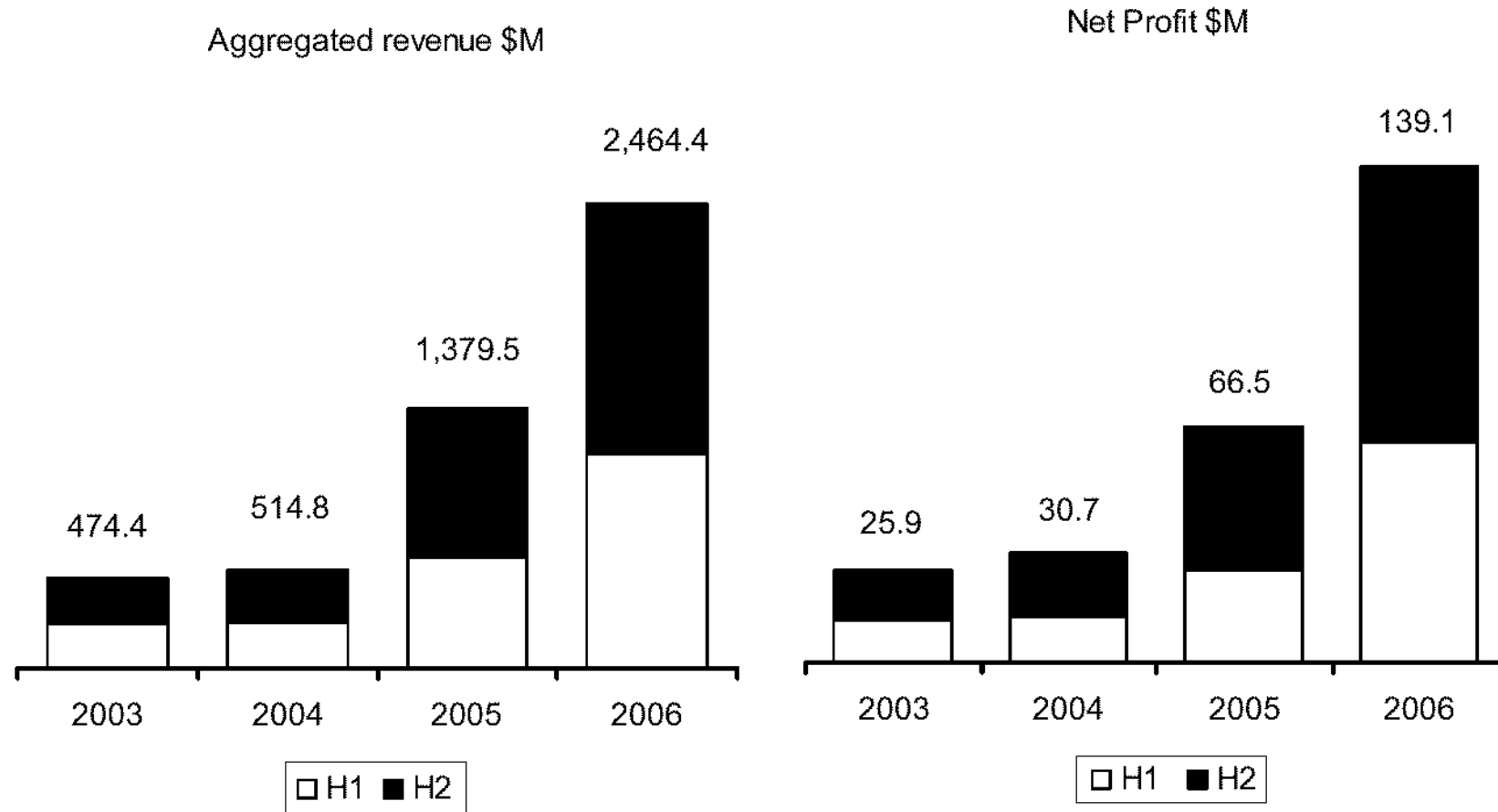
<b>\$M</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
<b>Aggregated Revenue</b>	<b>437.8</b>	<b>474.4</b>	<b>514.8</b>	<b>1,379.5</b>	<b>2,464.4</b>
<b>EBIT</b>	<b>25.9</b>	<b>32.1</b>	<b>40.4</b>	<b>102.3</b>	<b>199.5</b>
<b>EBIT margin</b>	<b>5.9%</b>	<b>6.8%</b>	<b>7.9%</b>	<b>7.4%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

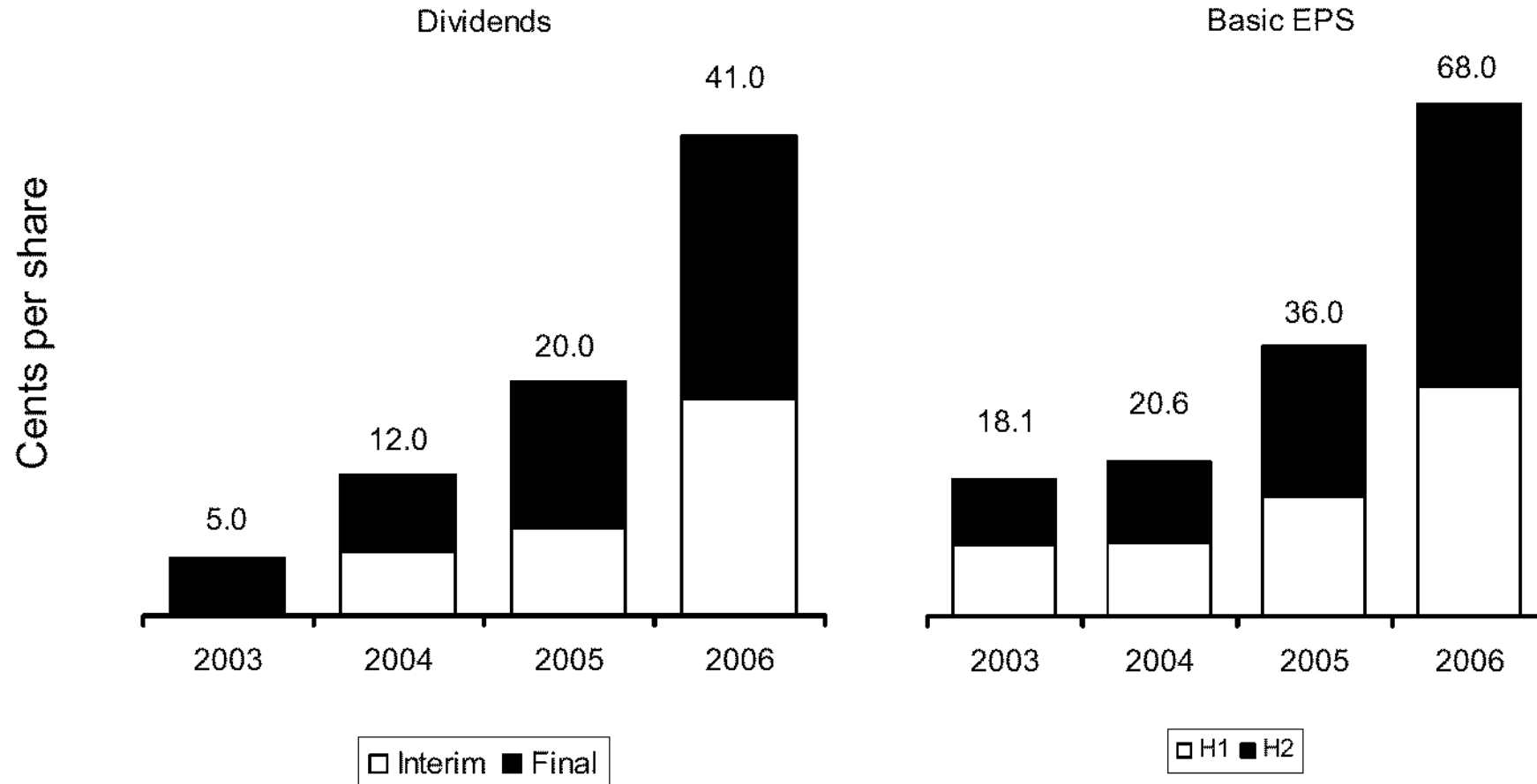
\* CAGR (Compound annual growth rate) since 2002



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





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



### 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



- ▶ 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



- ▶ 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



- ▶ 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.



- ▶ 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



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- ▶ 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.



- ▶ Aggregated revenue of \$202.2m
  - Revenue increase 26.5%
  - EBIT \$27.7m, margin 13.7%
- ▶ Major project activity included:
  - BHP Billiton Worsley – Bemax mineral sands
  - Orica Yarwun – 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



- ▶ 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.



- ▶ 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



- ▶ Underlying demand in the Infrastructure market remains strong in most markets in which the company operates. The increased size and capability of the Infrastructure group leaves it well positioned to respond to this demand.



- ▶ Developments activities expanded in 2006
- ▶ Esperance Energy project in line with expectations
- ▶ Exmouth Energy project on line Q1 2007
  - Cost overruns on project; \$1.9m impairment charge
  - Contribute \$6.3m equity on completion of project
- ▶ United Utilities and WorleyParsons relationship to pursue development projects in the industrial water market in Australia
- ▶ Targeting municipal solid waste projects
- ▶ Good pipeline of development opportunities for 2007



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“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.”



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