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ASX/Media Release

WORLEYPARSONS LIMITED

(ASX: WOR)

WorleyParsons delivers result in line with guidance

Expects increased earnings for the full year

Overview

- Net profit after tax of \$128.6 million (decrease of 6.8%)
- EBITDA of \$249.2 million (decrease of 1.2%); margin 8.5%
- Strong second quarter revenue growth
- Major upstream hydrocarbon awards are building momentum
- Canadian operations continue to grow
- Numerous 'pit to port' feasibility studies
- Increasing number of global client relationships
- US operations performance lagging
- Interim dividend of 36.0 cents per share, fully franked
- Solid growth expected in second half of 2011

Professional services company WorleyParsons Limited (the company) today announced a net profit after tax for the six months to 31 December 2010 of \$128.6 million, in line with guidance, and a decrease of 6.8% on the \$138.0 million net profit reported for the previous corresponding period.

For the six months to 31 December 2010, the stronger Australian dollar had a negative translation impact of \$14.1 million compared to the previous corresponding period.

The result was earned on aggregated revenue of \$2,916.4 million, an increase of 14.5% and EBITDA of \$249.2 million. The EBITDA margin for the company was 8.5%, down from 9.9% in the previous corresponding period due primarily to lower margins in our US operations and the negative impact of foreign exchange. The effective corporate tax rate was 24.4% contributing to a net margin of 4.4% compared to 5.4% in the previous corresponding period.

Basic earnings per share (EPS) were 52.4 cents, a decrease of 7.7% from the 56.8 cents per share reported in the previous corresponding period.

Dividend declaration

The Directors have declared an interim dividend of 36.0 cents per share; fully franked (interim dividend 2010: 35.5 cents per share, fully franked). The dividend will be paid on 29 March 2011 for shareholders on the register at the record date of 4 March 2011.



Financial Results

	CONSOLIDATED		
	CHANGE %	31 DEC 2010 \$'M	31 DEC 2009 \$'M
Revenue and other income	12.1	2,799.5	2,496.6
Earnings before interest, income tax expense, depreciation and amortization (EBITDA)	(1.2)	249.2	252.2
Profit before income tax expense	(5.0)	182.7	192.4
Profit attributable to members of WorleyParsons Limited	(6.8)	128.6	138.0
Basic earnings per share (cents)	(7.7)	52.4	56.8
Diluted earnings per share (cents)	(7.3)	52.2	56.3

Aggregated revenue

Revenue and other income		2,799.5	2,496.6
Procurement services revenue at nil margin		(273.0)	(286.8)
Share of revenue from associates		393.0	340.1
Interest income		(3.1)	(1.8)
Aggregated revenue ¹	14.5	2,916.4	2,548.1
EBITDA margin on aggregated revenue		8.5%	9.9%

¹ Aggregated revenue is defined as statutory revenue and other income plus share of revenue from associates less procurement services revenue at nil margin and interest income. The Directors of WorleyParsons Limited believe the disclosure of revenue attributable to associates provides additional information in relation to the financial performance of the WorleyParsons Limited Group.

Finance

Operating cash flow for the period was \$124.7 million compared to \$147.5 million in the previous corresponding period. This included a \$71.7 million decrease in tax paid compared to the previous corresponding period and a \$5.2 million reduction in borrowing costs. Working capital increased as the business increased headcount in the second quarter.

The company invested \$23.6 million for the six months to 31 December 2010 (December 2009: \$51.0 million) including \$20.8 million invested in the acquisition of an additional shareholding in the Chinese entities MaisonWorleyParsons (\$18.9 million) and the remaining 50% of WorleyParsons SA (Proprietary) Limited in South Africa (\$1.9 million). Cash of \$12.2 million was acquired in these entities. In addition \$15.0 million was spent on property, plant & equipment, systems and software. The acquisitions of the additional shareholding in the Chinese entities and WorleyParsons SA (Proprietary) Limited resulted in a change in the nature of the investments from equity accounted associates to



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subsidiaries of the company. In line with accounting standards, the original investments held were re-measured to fair value and a net fair value gain of \$9.4 million was recognized in the six months to 31 December 2010.

The company's gearing ratio at 31 December 2010 (calculated on a net debt to net debt + equity basis) was 23.8% (June 2010: 25.8%) with twelve months cash interest cover (EBITDA to total interest expense) of 12.1 times (June 2010: 13.3 times). The company's cash position at 31 December 2010 was \$170.0 million (June 2010: \$140.5 million). The average cost of debt for the period was 5.0%.

The committed debt facilities have an average maturity of 3.5 years (June 2010: 3.8 years), with \$165.5 million (15%) maturing within one year, \$541.8 million (48%) between one and four years and \$421.9 million (37%) beyond four years. Facility utilization at 31 December 2010 was 62.5%. In addition, the company maintained bank guarantees and letters of credit facilities of \$633.5 million with utilization of these facilities at 31 December 2010 of 56.0%.

Subsequent to 31 December 2010, unsecured notes payable were offered by the company in the United States private debt market. The offer totalled USD207.0 million maturing in five, seven and ten years from the date of financial close with a fixed annual coupon. Financial close and funding are expected to occur in March 2011.

On 18 January 2011, WorleyParsons South Africa Holdings Pty Ltd, a wholly owned subsidiary of the company, acquired 100% of South African based KV3 for a total consideration of ZAR340.0 million (\$45.4 million). As part of the transaction the company's existing operations in South Africa will merge with those of KV3, with 30% of the combined business owned by a BBBEE (Broad Based Black Economic Empowerment) employee trust.

Chief Executive's Comments

Commenting on the performance for the six months to 31 December 2010, the Chief Executive Officer of WorleyParsons, Mr John Grill, said:

"The second quarter of this financial year has seen improved conditions in a number of our key markets. Project awards in the upstream hydrocarbons sector have been particularly strong, including the QGC LNG upstream facilities project and the recent award by BP for Front End Engineering Design (FEED) and support services for the development of the Rumaila field in Iraq. We continue to see conditions in the Canadian oil sands market improving with stronger results recorded. Our INTECSEA operations also performed well with generally improved conditions in the subsea and deepwater market.

"The focus on the importance of our long term contracts is ongoing and we can report on much success in this area during the first half of the year. Demand for EcoNomics support on major resource and remediation projects has also picked up during the six months in line with the general lift in project activity.

"We have secured a number of integrated 'pit to port' projects for our Infrastructure & Environment and Minerals & Metals operations, all of them in the early evaluation and feasibility stages.

"The developing world continues to provide most of the major project opportunities we are undertaking. All of our sectors are making progress in deploying our capability to support these projects and the development of genuine local capability. The completion of the KV3 acquisition in South Africa is another example of our strategy of increasing access to the developing world. We now have over 1,900 staff across Africa and we are in a strong position to support opportunities in this market.



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"In line with the improving business climate, we have increased headcount through the second quarter with our personnel numbers now in excess of 32,900 (including KV3 staff).

"The challenging conditions we have experienced over the last 18 months in the United States power and the downstream hydrocarbons sectors continued through this half. We do however expect some improvement in these markets in the second half.

"Our results continued to be negatively affected by the stronger Australian dollar. Our results for the second half will be affected by the recent extensive flooding in Queensland and to a lesser extent by yesterday's earthquake in Christchurch. The increasing degree of uncertainty across the Middle East and North Africa is of concern with the impact from these developments difficult to estimate at this stage."

Safety Performance

WorleyParsons applies the US OSHA (United States Occupational Safety and Health Administration) reporting requirements for Total Recordable Case Frequency Rate (TRCFR) and Lost Workday Case Frequency Rate (LWCFR).

The company achieved a TRCFR of 0.09 for the first half of the financial year, an improvement from the 0.15 reported in 2010. Our LWCFR rate was 0.02, which is in line with the performance for the previous year.

The ongoing challenge in our safety performance remains the performance of contractors and sub contractors on projects executed in the field. In particular, the performance on projects in Australia remains a concern.

Other

As announced to the ASX on 18 January 2011, David Housego will resign as an Executive Director of the company after the company's Board meeting approving the interim results. His resignation as Chief Financial Officer of the company is due to take effect in May 2011. David will be succeeded as Chief Financial Officer by Andrew Wood.

Segment Performance

Hydrocarbons

The Hydrocarbons business reported aggregated revenue of \$1,950.3 million for the six months to 31 December 2010, representing 67% of the group revenue result. Segment EBIT was \$186.2 million with a reported segment margin of 9.5%. Reported EBIT in the segment, when compared to the second half of the 2010 financial year, increased by 3% from \$181.2 million, with a margin of 9.5% (second half of 2010: 11.6%).

Operations in Asia, the Middle East, Australia and New Zealand and the United States produced results similar to those of the second half of the last financial year. The Canadian result for the half improved, with growth of \$4.4 million when compared to the second half of last financial year, reflecting continued recovery in the oil sands market. Operations in Europe and Africa showed solid growth from a weak second half, benefiting from restarts on a number of projects and front end work on recent awards.



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Major projects undertaken in the period include:

- Shell - Kashagan Full Field Development, Kazakhstan
- Shell - Alliance Contract, Canada
- Shell - Albian Sands Expansion 1, Canada
- Saudi Aramco Mobil Refining Company - Clean Fuels Project, Saudi Arabia
- TOTAL- Joslyn North Mine, Canada
- Woodside - Pluto EPCM, Australia
- ExxonMobil - Singapore Parallel Train Project, Singapore
- ExxonMobil - Arkutun-Dagi Platform, Russia

Major contracts awarded or renewed in the period include:

- Husky Oil - Sunrise Energy, Canada
- BP - Rumaila FEED, Iraq
- QGC - Queensland LNG Project Upstream Facilities, Australia
- ConocoPhillips - Jasmine Offshore Development, United Kingdom
- BP - Global Agreement for Onshore Developments
- ExxonMobil - Hebron Development, Canada
- ExxonMobil - Port Stanvac Demolition Project, Australia
- Chevron - Wafra Enhanced Oil Recovery, Kuwait / Saudi Arabia
- Mobil Producing Nigeria - Satellites Project, Nigeria
- Chevron - Gendalo Gehem Subsea, Indonesia
- Gazprom - Shtockman Phases 2 & 3, Russia

Outlook for Hydrocarbons sector

Opportunities in the unconventional gas sector are being realised in Australia, Oman and Canada. There has been an ongoing improvement in the Canadian oil sands market with international investment, particularly from China, contributing to higher project activities. Higher oil prices and good conditions for project development are also assisting in supporting confidence in many markets.

Our strength in the upstream market has resulted in a number of significant awards in Canada, Southeast Asia, Middle East and the Caspian. However we expect market conditions for our US downstream operations to remain challenging for some time.

We expect improved earnings in the Hydrocarbons sector in the second half of 2011.

Power

The Power business reported aggregated revenue of \$303.3 million for the six months to 31 December 2010, representing 10% of the group revenue result. Segment EBIT was a disappointing \$17.3 million with a reported segment margin of 5.7% (second half of 2010: 7.8%).

Power operations in all locations, excluding the United States, showed improvement in the first half of 2011 compared to the second half of 2010. The result for the six months reflects the continuation of the repositioning of our power efforts towards supporting project developments in the developing world.



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EBIT from our operations in the United States was \$7.4 million lower compared to the second half of FY2010 (using constant currency), due to continued project deferrals, with subsequent capacity and margin pressure.

Major projects undertaken in the period include:

- Nuclear Power Program Management , Armenia, Egypt & Jordan
- Tennessee Valley Authority - Plant Support Contract, United States
- Qatar Petroleum - Halul Power Supply, Qatar
- Verve Energy - Power Services Collie, Australia
- Loy Yang A - Power Plant Asset Services, Australia
- Belene - Nuclear Power Plant, Bulgaria

Major contracts awarded or renewed in the period include:

- Belene - Nuclear Power Plant Renewal, Bulgaria
- Tennessee Valley Authority - Fossil and Hydro Contract, United States
- Tuas Power - Tenbusu Cogeneration, Singapore
- InterRao UES - Baltic Nuclear Power Plant Bankable Feasibility Study, Russia
- UCLA - Parnassus Central Utilities Operations and Maintenance, United States
- Singapore Power - East-West Cable Tunnel, Singapore
- ENMAX - Engineering Services Agreement, Canada
- Bruce Power - Water Demineralizing Project, Canada
- Petrobas - Detailed Design New Diesel Project, Brazil
- SP Powergrid - Gas Transmission Pipelines, Singapore

Outlook for Power sector

A key driver in the power sector for the second half of FY2011 will be continued focus on support for projects across the developing world. The market for nuclear services across almost all geographies remains attractive.

The further focus on *improve* services in the developed world markets remains a priority. Some recent awards and a focus on air quality projects should see an improved operational performance in the United States.

We expect improved earnings in the Power sector in the second half of 2011.

Minerals & Metals

The Minerals & Metals business reported aggregated revenue of \$318.1 million for the six months to December 2010, representing 11% of the group revenue result. Segment EBIT was \$27.8 million, a 44% decrease from a very solid result in the second half of 2010. Reported segment margin was 8.7%.

As expected, the Minerals & Metals segment has contracted during the period with a number of the major projects that have been underway for a number of years winding down through the six months. Partly offsetting this has been the award of many projects in the feasibility stages.



Major projects undertaken in the period include:

- Ma'aden Phosphate, Saudi Arabia
- Ma'aden Alumina, Saudi Arabia
- Vale - S11D Iron Ore FEED, Brazil
- Karara Iron Ore, Australia and China
- US Steel Projects - Continuous Annealing Line, United States
- SASOL - Shondoni Basic Engineering, South Africa
- Almaty Phase III, China

Feasibility studies undertaken in the period include:

- Valentines Execution Study, Uruguay
- Hadeed Steel - Feasibility Study, Saudi Arabia
- Kazakhmys - Smelter Study, Kazakhstan
- MMX - Serra Azul Execution Study, Brazil
- BHPB Uranium - Process Plant Upgrade Study, Olympic Dam, Australia
- API - Feasibility Study, Australia
- Crosslands Resources - Feasibility Study, Australia
- SinoSteel Midwest - Feasibility Study, Australia
- Flinders Mining - Feasibility Study, Australia
- Mt Arthur Coal - Feasibility Study, Australia
- KCM Bulgaria - Lead Smelter Engineering Studies, Bulgaria

Global/regional service agreements awarded in the period:

- Dupont - Multi Region Services Contract
- Rio Tinto - Framework Agreement, Australia
- Anglo American - Global Services Agreement
- Celanese - Partnership Project, Asia

Contracts awarded or renewed in the period include:

- Alcoa Refinery *Improve* Projects - Western Australia Refinery, Australia
- Wiggins Island Coal Terminal, Australia
- Evonik - QDCC Carbon Black, China
- Anglo American - Chagres Smelter, Chile
- Orica - Prill Plant FEED, Australia
- CSPB - Ammonia Nitrate Plant expansion FEED, Australia
- Alpha Coal - Project Management, Australia

Outlook for Mineral & Metals sector

China and India remain the pre-eminent demand drivers in the Minerals & Metals sector with commodity prices remaining strong. Conditions in the sector have improved with strong evidence of additional capital spending by clients.

The trend towards regional and global service agreements with our major tier 1 customers is expected to continue with the company being successful at securing a number of key awards for these agreements. Similar to other sectors in the company there will continue to be a strong focus on



developing world projects, particularly in Latin America and Africa. The opportunities for 'pit to port' projects are particularly strong.

We expect improved earnings in the Mineral & Metals sector in the second half of 2011.

Infrastructure & Environment

The Infrastructure & Environment business reported aggregated revenue of \$344.7 million for the six months to December 2010, representing 12% of the group revenue result. Segment EBIT was \$28.9 million with a reported segment margin of 8.4%. EBIT of \$28.9 million was similar to the \$28.7 million reported in the second half of FY2010. Margin has dropped to 8.4% compared to 10.3% in the second half of FY2010.

The performance of the Evans & Peck acquisition has been satisfactory over the 12 months since completion of the acquisition. The capability in the Infrastructure & Environment sector has been enhanced by the acquisition, in particular for work at the front end and feasibility evaluation stages of major resource projects.

Major projects undertaken in the period include:

- Ivanhoe Oyu Tolgoi Copper Mine Infrastructure, Mongolia
- Fortescue Metals Group - Port Hedland Port Expansion From 45mtpa To 60mtpa EPCM, Australia
- Hancock Coal - Alpha Coal - BFS Development And Project Implementation Pre Planning, Australia
- Hancock Prospecting - Roy Hill, Continuing Support Of Pre Planning For The Implementation Phase Of The Project, Australia
- Oakajee Port and Rail - Continuing Support To Develop The BFS To +/- 10%, Australia

Feasibility studies undertaken in the period include:

- Fortescue Metals Group - Port Hedland 155 Million Tonne Per Annum Expansion Feasibility Study, Australia
- Fortescue Metals Group - Anketell Port Expansion, Australia
- Mundaring Water Treatment Facility, Western Australia
- Origin Energy – Environmental, Australia
- Electronorte – Belo Monte Environmental Services, Brazil
- AGIP – Erskin West Rail Project, Kazakhstan

Contracts awarded in the period include:

- GASCO PMC -Sulphur Handling Station, UAE
- Kuwait Oil Company Hospital, Kuwait
- NDPP - Naval Base, Canal & Industrial Estate, Qatari Government
- Woodside Energy Ltd - Browse Near Shore Geotechnical Work, Australia
- ExxonMobil - West Qurna 1 Environmental Baseline, Iraq
- Ashghal - Waste Water Treatment Plants, Qatar
- PNG Energy Development Ltd - Environmental Impact Services for the Purari Hydro scheme, Papua New Guinea



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Outlook for Infrastructure & Environment sector

The focus for the second half of 2011 will be the continued development across key sectors and regions particularly pit-to-port capability throughout Australia, Africa and Latin America. There is also an increased demand for remediation and decommissioning of spent facilities which relies heavily on the delivery of our EcoNomics capability.

The acquisition of KV3 in South Africa provides strong support for further project success across Africa.

The prospects for our Infrastructure & Environment services remain positive for the second half of 2011 and we expect earnings growth.

Outlook for WorleyParsons Group

Commenting on the outlook for the WorleyParsons Group, Mr John Grill said:

"Following a challenging first half that was impacted by a strong Australian dollar and tight margins, we expect the markets for our services to improve through the second half of the financial year. Based on stable currency markets and market conditions remaining positive, we expect to report increased earnings for the full year.

"Recent flooding in Queensland will have some effect on the results of our Australian operations. The current unrest and resultant instability in parts of the Middle East and North Africa is of concern, with the impact difficult to estimate at this stage.

"Based on our competitive position, our diversified business operations and our strong financial capability, we are confident that WorleyParsons' medium and long-term prospects remain positive.

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

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