

Chairman and CEOs' Review

Positioning for the future.



John Grill AO and Andrew Wood

Welcome to the WorleyParsons Annual Report for 2015.

The past 12 months have been a challenging time for our customers who have been impacted by sustained low commodity prices and the fall in oil prices. This has led to reduced activity levels across the resources and energy sectors. WorleyParsons has not been immune from the impact of this reduction in our customers' capital and operating expenditure, although our geographic diversification and broad range of services have been important factors in maintaining a resilient business.

We have developed a strategy for the medium to longer term that responds to the unstoppable trends and market shifts we have been observing. Our strategy to return the business to growth is built around our five strategic themes leading to one differentiated strategy to 'Realize our future'.

Realize our future

While the Company has taken the necessary short term actions to reshape the business to align it with market activity, we have deployed our recently announced strategy for growth.

Our strategy is founded on five strategic themes, executed through five projects, delivering one differentiated strategy. This strategy leverages our core differentiators of deep and broad technical capability and our diverse geographic presence. It strengthens the focus on front end capability, multiple project delivery offerings through the execution phase of projects, and on *Improve* to provide integrated offerings covering full asset management services and reimbursable EPC for sustaining capital projects. The organizational change into four business lines; Services, Major Projects, *Improve* and Advisian, supported by our Global Delivery Center, provides the platform for the delivery of this strategy.



Our strategy is explained on page 15

The five strategic themes are:

- to build a world class advisory and consulting business
- to be the global project management consultant of choice
- to build a leading *Improve* business
- to be the smartest most agile local service provider
- to be the company that leapfrogs the competition in the use of our global delivery center and applies digital technology to revolutionize the delivery of our services.

Our strategy to return the business to growth is built around our five strategic themes leading to one differentiated strategy to 'Realize our future'.

We have moved quickly on our strategy.

1 July 2015 saw Advisian operating as a standalone business line with approximately 3,000 consultants operating in 19 countries. During the year, we completed the acquisition of MTG, a management consulting firm focused in the oil and gas, petrochemicals and chemicals sectors.

We also acquired Atlantic Nuclear, a Canadian based consulting business that specializes in nuclear technology including the CANDU technology. This acquisition demonstrates our commitment to deepen our technical capabilities in support of our customers in the broader energy sector.

The development of our Global Delivery Center has progressed with the continuing transfer of project execution activities to India and China as we work with customers to lower the cost of the delivery of their projects.

Over the last 18 months, we have reorganized, simplified the way we work and removed costs to provide a solid foundation for a sustainable business in the short term and a platform from which to launch the next phase of our growth.

Financial performance

The Group reported an underlying net profit after tax of \$198.6 million (excluding \$198.6 million impairment of goodwill, \$49 million post-tax for settlement of the Arkutun-Dagi dispute and a \$5.9 million tax adjustment associated with the China business restructure), down 25% on our 2014 underlying result.

Last year, we anticipated improving margins in market conditions where revenue was likely to fall. While we achieved some success in the first half, the second half margins came under pressure due to the combined impact of project cancellations, the charges incurred due to our cost reduction initiatives, competitive pressures and concessions negotiated with customers.

The expected lower market activity necessitated a comprehensive review of asset carrying values, resulting in the Company recognizing a non-cash impairment of goodwill of \$198.6 million. This represents approximately 10% of the value of total goodwill.

The Group delivered a positive cash flow of \$251.3 million (cash conversion at 127% of NPAT) and our gearing remains within our target range.

The Board has resolved to pay a final dividend of 22.0 cents per share unfranked, taking the total dividends for the year to 56.0 cents per share, down from 85.0 cents per share last year.

As the 2015 financial result was below the Group NPAT threshold, no Combined Incentive was awarded to Executives.

Health, Safety and Environment (HSE)

WorleyParsons is committed to our vision of Zero Harm to people and assets and zero environmental incidents. We thank our Board and management for their continued strong leadership in support of the goal of Zero Harm. Our Total Recordable Case Frequency Rate has increased to 0.12 per 200,000 hours worked compared to 0.10 in the 2014 financial year. We also enhanced our Energy Efficiency Program to further reduce our carbon footprint focusing on our highest energy consuming operations.

People

As a professional services business, our employees are our most important asset. It has been a difficult year for our people, as we adapted to the changing needs of our customers and the dynamics of our markets. We have made, and will continue to make, tough decisions that balance the need to maintain a local presence to support our customers with the longer term interests of our shareholders.

Both the Board and Group Leadership Team would like to express their appreciation of the commitment and contribution of our people to WorleyParsons over this past year.



WorleyParsonsCord, Blackfalds Module Yard, Canada



Board and management changes

As part of our plan for Board renewal we completed our search for a new director with the appointment of Jagjeet (Jeet) Bindra as a director of the Company with effect from 1 July 2015. Jeet brings to the Board over 35 years' experience in the global resources and energy industry including 32 years in senior leadership roles with the Chevron Group of Companies. We welcome Jeet to the Board.

We also welcomed two new Executives, Dennis Finn and Filippo Abba. Dennis commenced as Group Managing Director/Chief Executive Officer - Advisian on 1 September 2014. Filippo commenced as Group Managing Director - *Improve* on 1 April 2015, succeeding Randy Karren who retired on 31 March 2015 after 27 years' service with WorleyParsons and its legacy companies. On behalf of the Board and the senior management team, we would like to thank Randy for his substantial contribution to the growth and development of Cord, Colt and WorleyParsons.

See page 13 for more details on the members of the Group Leadership Team.

Ethics and Corporate responsibility

We recognize that WorleyParsons' reputation for honesty, integrity and ethical dealings is one of its key business assets and a critical factor in ensuring the Company's ongoing success. All of WorleyParsons' people continue to strive to maintain the standard of ethical behavior expected by our customers, suppliers and shareholders. The Company continues to refine its corporate responsibility efforts across all the parts of the world in which we do business, in an effort to ensure that our programs are as effective and efficient as possible in delivering value to the communities we support. The Corporate Responsibility section of this Annual Report provides greater detail on these activities.

Corporate governance

The Board remains confident that the Company has in place a strong corporate governance system, and that this system is well maintained, reviewed and updated. The Group maintains a comprehensive, independent, internal audit program that reports directly to the Audit and Risk Committee. This function not only focuses on specific areas of interest, but provides assurance annually to the Audit and Risk Committee of the adequacy and effectiveness of the Group's internal controls.

The Corporate Governance Statement 2015 can be found on the Company's website.

Conclusion

We would like to thank the Directors, the Group Leadership Team, and our people for their contribution in what has been a significant period of change in our markets and organization. We would like to thank our shareholders for their continuing support and look forward to realizing the future of WorleyParsons together.

John Grill AO
Chairman and Non-Executive Director

Andrew Wood
Chief Executive Officer