

2. Financial Position and Cash Flow

2.1 Matters relevant to understanding WorleyParsons' financial position

Our financial capacity remains strong given our cash, gearing and debt positions.

	FY2015 \$'M	FY2014 \$'M	Comments	Movement
1. Operating cash flow	251.3	550.1	Our operating cash flow comprises the payments we receive from our customers less the amount we pay our suppliers plus related interest and tax paid. In our financial statements, operating cash flow is called net cash inflow from operating activities.	Our operating cash flow for FY2015 represents a high cash conversion rate of 127% of underlying NPAT.
2. Gearing ratio	28.0%	18.7%	Our gearing ratio is our net debt divided by the sum of our net debt and our total equity, at the end of the financial year. Refer to Note 12 to the Financial Statements for the calculation of gearing ratio.	Our gearing ratio increased by 9 percentage points in FY2015 when compared to FY2014, due to the impact of the impairment charge on equity, foreign exchange impacts and the additional funding required for acquisitions and working capital requirements. This ratio is at the middle of our gearing target of 25% to 35%.
3. Debt facility utilization	59%	50%	Our debt facility utilization is the percentage of our debt facilities that we were using at the end of the financial year.	Our debt facility utilization increased by 9 percentage points in FY2015 when compared to FY2014, due to additional funding requirements for acquisitions and working capital.
4. Loan and overdraft facilities	2,087	1,783	Our loan and overdraft facilities are the amount of our debt facilities at the end of the financial year.	The amount of our loan and overdraft facilities increased during FY2015, due to foreign exchange impacts.

2.2 Dividends

Our directors have resolved to pay a final dividend of 22.0 cents per fully paid ordinary share unfranked. As a result, 69.7% of our full year underlying NPAT for FY2015 will be distributed to shareholders as a dividend.

2.3 Significant changes in WorleyParsons' financial position

An assessment of asset carrying values was conducted as part of the normal process of finalizing the accounts.

As a result of this assessment, an impairment of goodwill of \$198.6 million was recognized in the FY2015 accounts.

Significant changes in WorleyParsons' financial position during FY2015 also includes the sale of Exmouth Power Station that had previously been recorded as assets and liabilities held for sale. A net gain on sale was recognized and is included in other income.

2.4 Future commitments

There are two types of future commitments which do not appear on our balance sheet and are relevant to understanding our financial position:

- operating leases
- operating expenditure commitments.

These future commitments represent approximately 9.1% of our expenses.

In general, we lease the various office buildings from which we operate, rather than owning those buildings. Operating leases refers to those leases.

In addition, we are generally licensed to use software and also lease various items of computer hardware that we use in operating our business, rather than owning the software or computer hardware ourselves. We refer to our commitments to pay software license and equipment lease fees as operating expenditure commitments.