

Chief Executive Officer's Review

It is an exciting time for WorleyParsons with the past twelve months being one of the most dynamic in recent years.

We believe the changes we have made as a company have us very well positioned as one of the most future-ready players at a very exciting time to be in the energy and resources industries.

The energy and resources industries continue to change and evolve as they undergo one of the biggest transitions of the past few decades. This transition brings with it some challenges but for WorleyParsons it brings many opportunities.

Last year we noted that we were at an inflexion point in the energy and resources markets. This year we can look backwards and say that we have moved past that inflexion point and are now seeing increased activity.

Demand and consumption of energy and resources continues to increase. Supply is tightening while existing fields and mines decline. Investment to meet that tightening demand into the near future has declined significantly in recent years. Our customers have now returned to financial health. We expect increased investment to follow.

While the demand for oil and gas continues to grow, this year is the year that fossil based power generation globally starts to decline as renewables move into the main stream, creating opportunities for our New Energy team.

We are looking at strong market fundamentals in the medium term, and WorleyParsons is positioned well for the future with the right know how and market strategy.

Operational performance

In FY2018, our aggregated revenue grew to \$4,749.2 million (up 8.5% on prior corresponding period) and underlying net profit after tax (NPAT) was up 39.1% to \$171.4 million – the highest in five years. Combined with our sustained cost reductions, this gives us strong operating leverage.

We delivered cash flow of \$259.7 million, compared to \$78.9 million in FY2017. Our backlog is increasing across all sectors and geographies. WorleyParsons operational and financial metrics are all sound.

Safety performance

Our unyielding stand on safety continues to deliver industry leading results. As outlined in the Chairman's Report, we have maintained a stable safety performance across our group recording a TRCFR of 0.15 which remains one of the best performing ratings across the industry. In our pursuit of improvement, we have launched a review of our OneWay™ safety framework to incorporate a greater focus on human factors. Caring for the safety of our people, remains our primary emphasis.



Andrew Wood
Chief Executive Officer

Project work

This year we saw the successful commencement in operations for two of the largest projects in our Company's history. The 1850km cross-continental Trans-Anatolian Natural Gas Pipeline (TANAP) celebrated its grand opening, and ExxonMobil's Hebron offshore platform entered first production. We also continue to deliver on the Tengizchevroil project (TCO) which, once complete, will be one of the largest and most complex oil and gas developments of its kind in the world. Based on these successes, our backlog is increasing and we are moving onto new projects.

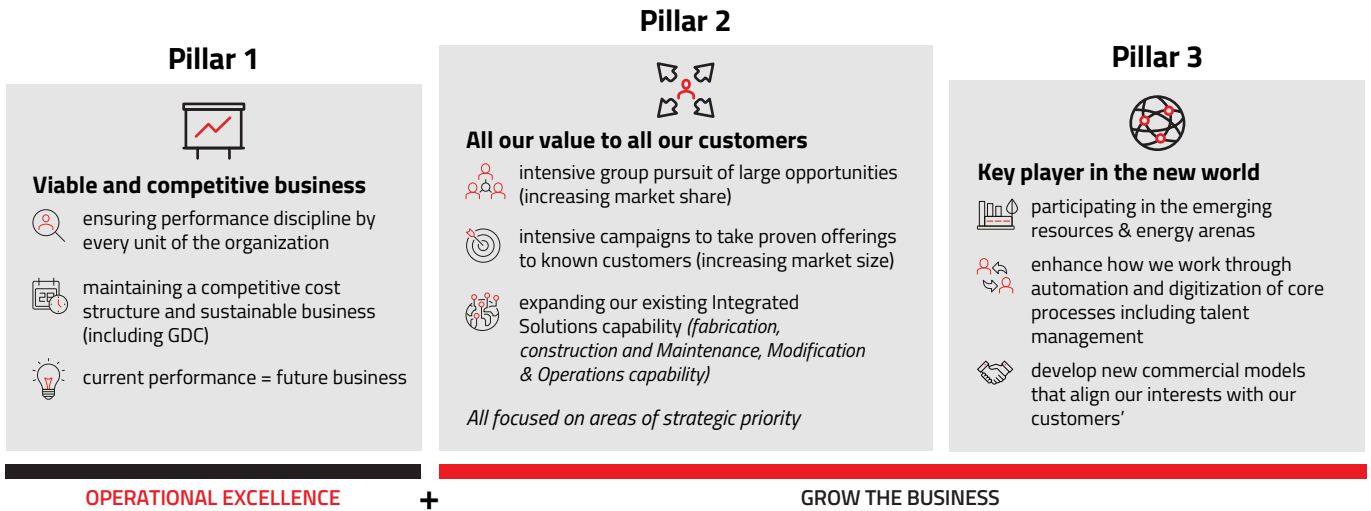
Future ready

Our business is ready to capitalize on the growth we expect in the resources and energy industries. The focus is now on ensuring that the operational efficiencies gained in the past 24 months remain within the business. This will be achieved through our "Sustaining Performance" management program which focuses on a range of key business performance metrics. At the group level, key operating metrics such as staff utilization and backlog remain strong.

Strategy in action

WorleyParsons has a rich history of using acquisition opportunities to realize our strategic plans. The strategic acquisition of our UK Integrated Solutions business fast-tracked our strategy of building a world class global MMO capability and gave us a robust entry into the UK North Sea market. We also accelerated our entry into the European chemicals market through a smaller acquisition of the M+W Group's chemicals engineering business in Germany.

Our strategy architecture

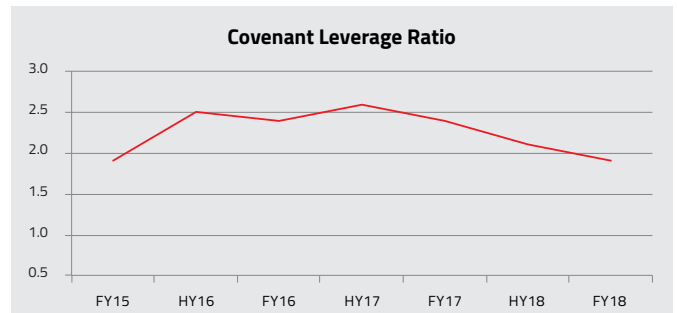
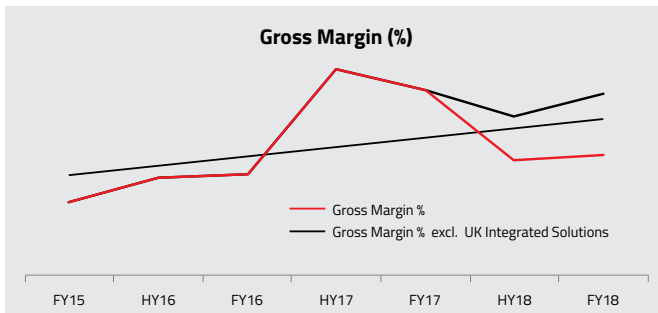
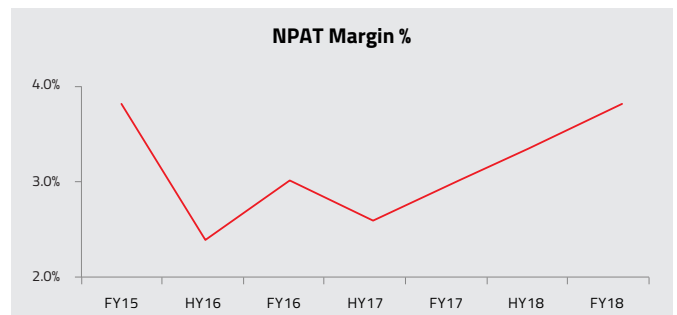
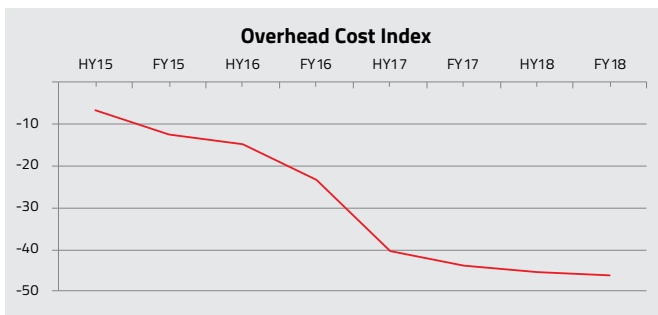
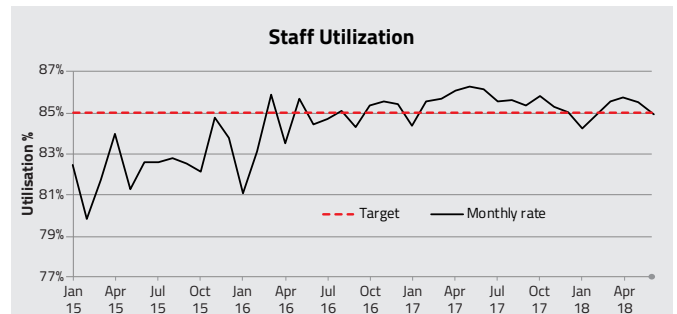
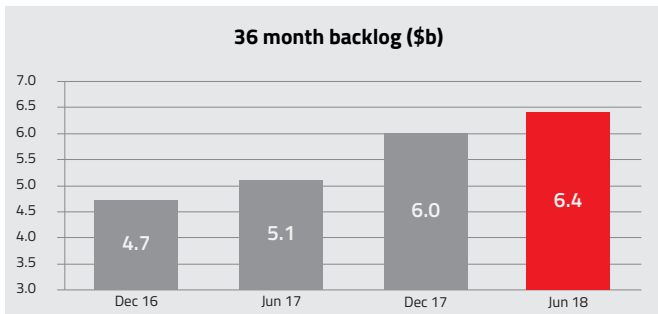


Viable and competitive business

Our strategy provides our business a solid platform from which we can grow, while maintaining cost out.

Some of the key successes within the past 12 months include an improved 36-month backlog figure from \$5.1 billion to \$6.4 billion, an improvement in operating margin percentage and other key operational metrics such as overhead ratios, gearing and leverage.

Our staff headcount has grown to 26,050 people and operating with a staff utilisation ratio on target of 85%.



Our future

As commodity prices improve, our customers' confidence and spend are growing. The consumption, and therefore demand, of energy and resources continues to increase. The global energy transition is providing opportunities in our core, growth and emerging markets. For WorleyParsons, this equates to a viable and exciting future.

Core market trends

Energy

Hydrocarbons



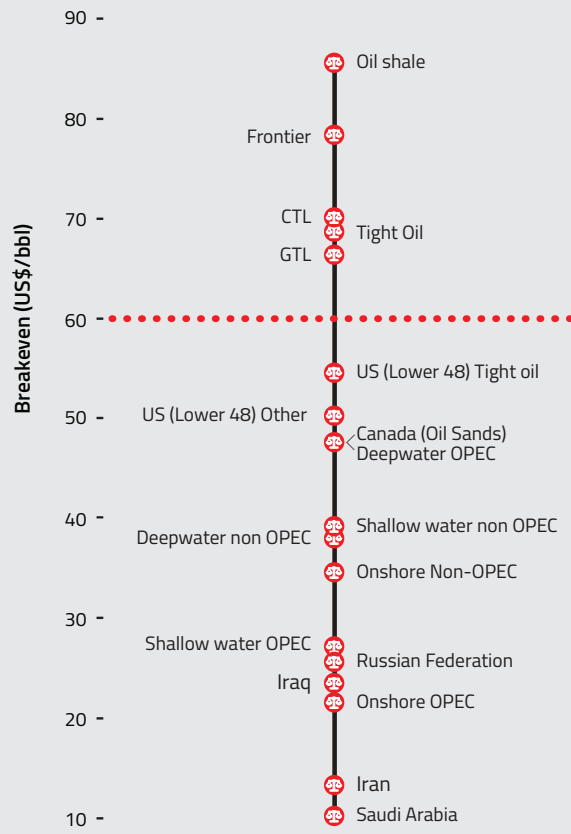
Hydrocarbons remains our largest customer sector. Global macro trends such as population growth and economic development of underdeveloped nations continue to drive world energy demand.

While long term energy forecasts differ slightly between our major customers, energy agencies and industry bodies, all outlooks forecast growth in core oil and gas markets to 2040. This includes a resurgence in the medium-term LNG market with LNG seen as a key mid-term clean fuel source to fill an expected resource gap caused by the reduced acceptance of coal. A lack of investment in the past four of years has accentuated a growing supply gap expected around 2022 for both gas and liquids. To counter this, final investment decisions (FIDs) on projects within the hydrocarbons market are expected to triple from 2017 levels by 2019.

Although we are seeing increases in our customers' budgets we expect continued capital discipline, focused on projects in the lower end of the cost curve. This includes an increase in offshore projects following a major rebasing of construction and technology costs in that sector.

Our strategic focus on onshore conventional (including in Saudi Arabia), offshore and MMO will continue while we have added refining and LNG to our key strategic priorities at a global level. MMO reflects our ongoing commitment to the operating phase within the asset life cycle. We will globalize the capabilities gained through the recent acquisition of our UK Integrated Solutions business. Refining will focus on activity in the Middle East and Asia and, in the longer term, changes in the output product mix as gasoline is displaced by electricity as a transport fuel.

Global liquid production breakeven cost



Weighted average based on production in 2027

Source: Wood Mackenzie, Global Oil Cost Curves and Pre-FID Breakevens, March 6 2018



Power



The power market is experiencing rapid transformation as it responds to the global energy transition. Supported by the decline in technology costs in solar and wind and increased financing for lower carbon fuel sources, renewable energy adoption continues to gather momentum. Albeit from a low base, we are experiencing growth in offshore wind particularly where we can leverage our hydrocarbons experience to improve installation, operations, and safety performance. We are also active in some of the world's leading solar thermal power and storage projects.

Gas-fired power remains attractive for providing base load in developing countries and system security in developed economies. An emphasis on lower carbon power generation is also renewing interest in new hydro and nuclear in certain geographies. Power Networks, which includes power transmission, distribution, storage and micro-grids, continues to experience growth in both developed and developing economies. Our strong advisory capability in New Energy positions us well to navigate the energy transition together with our expanding delivery and operations offering successfully delivering for our power customers in all corners of the globe.

Resources

Minerals & Metals



Expenditure across the Minerals & Metals industry continues to build with improved market sentiment across core commodities. With a need to maintain existing production levels and address supply shortfalls, there is a renewed interest in exploration with budgets the highest they have been over the last five years. This global capital investment growth is seen to prefer investment aimed at maintaining market share and existing operational efficiencies in producing assets. The industry is in a time of disruption with miners seeking innovation in project delivery with the concept of a digital mine seen as a way to increase both capital and operational efficiency. We have identified a number of growth opportunities across commodities and regions, particularly in copper, gold, iron ore and phosphate. Our immediate strategic focus is being driven by iron ore investment in Australia and phosphate assets in North Africa and Middle East.



Chemicals



Global megatrends such as urbanization, population growth and sustainability continue to drive long-term demand growth within the chemicals market. While the overall trend is positive a constant balancing equation between feedstock and market dynamics continues. For this reason, North America, South-East Asia and China have seen significant investment in the last decade. We are also seeing increased recent investment in integrated downstream assets across the Middle East. This market and feedstock balance will continue to drive the changing geographic focus over the next decade. We expect a shift towards integrated refining and chemicals assets across Asia with the increased demand from countries such as India to impact market demand. Recent large scale acquisitions have continued the trend of customer consolidation. We expect this to spurn expansion of major chemicals producers from China and the Middle East. We continue to increase our presence in Europe with the recent acquisition of the M+W business in Germany providing us a greater level of capability in the region and augmenting our global delivery solution.

Infrastructure



Our Infrastructure business continues to be focused on energy and resource customers in front-end and delivery services relating to transport, logistics, terminals, water supply and management, specialist consulting and non-process infrastructure. Market sentiment is improving in the sector, as demonstrated by elevated planned investment across both public infrastructure and resource infrastructure markets. Furthermore, infrastructure is growing its share of total project development costs as new reserves are typically becoming more remote, shifting into emerging countries with under-developed existing infrastructure. Our Infrastructure strategy is focused towards regions with large resource infrastructure markets. The Middle East, for example, reflects these conditions with growth expected to be underpinned by significant Program Management Consultant (PMC) opportunity in transport, water and social infrastructure. The Belt & Road Initiative continues to grow in opportunity across all regions and we are committed to further strengthening our China relationships.



CHIEF EXECUTIVE OFFICER'S REVIEW

Market driven strategic priorities

Throughout the year we conduct formal reviews of our Group's key strategic priorities to adapt to market conditions and position our business for growth across the short, medium and long term. The Group's strategic priorities for the upcoming financial year are outlined below.



Strategy delivery case study – Offshore

Low Motion Floating Facility – industry recognition of innovative design

For developments in water-depths greater than 150m, the offshore facility must float on the water surface (rather than be fixed to the sea floor). Whilst this floating solution has many differing forms, they all share a common disadvantage, namely the movements suffered in response to the wave, wind and currents of an offshore environment. This in turn effects the facility performance, causes fatigue in key structural elements and requires the use of “turrets” to enable the facility to “weathervane”.

To address these challenges, WorleyParsons’ specialist sub-sea and floating facility division INTECSEA, created the Low Motion Floating Facility bringing together tried and tested components in a manner that, in combination, represents true innovation in design. This was recognised by the industry with the award of E&P’s “Best Engineering Innovation”.

Strategy delivery case study – MMO

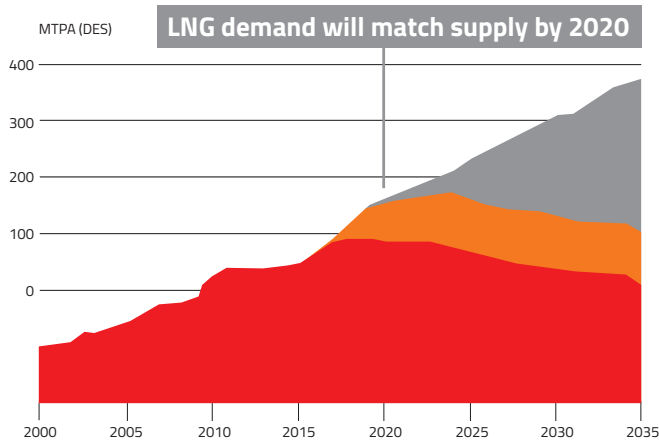
In line with our strategy to build a world class MMO capability WorleyParsons acquired the North Sea operations of Amec Foster Wheeler business in October 2017.

This acquisition provides us with 45+ years’ experience operating in the North Sea providing services across the full asset lifecycle. With over 3,000 employees in seven offices in the UK and the Middle East, the business is a leader in the MMO market on the UK continental shelf. This provides our business an excellent platform from which we can create a truly global capability.

Digital twin for BP’s Clair Ridge

WorleyParsons is delivering both the hook up and the digital twin of BP’s giant Clair Ridge development in the North Sea, West of Shetland. The digital twin has been built and hosted in WorleyParsons’ Asset Information Hub, an information management environment designed to support the life of the asset, projected to be in production until 2050. As well as providing real time data and visualization of the offshore asset onshore, it will help to increase reliability, safety and value, while reducing the risk and cost of production operations, maintenance and future brownfield development.

Emerging LNG supply-demand gap



Source: Shell 2018 LNG Outlook

Strategy delivery case study – Liquefied Natural Gas (LNG)

LNG Regasification, Singapore LNG Terminal, Powergas, Singapore.

To increase the security of Singapore's domestic gas supply, Powergas is constructing the first LNG regasification terminal on Jurong Island. WorleyParsons is providing the basis of design and FEED, including the development of the EPC contractor tender documents and subsequent evaluation and recommendations.

WorleyParsons' expertise in hydrocarbons, power and infrastructure, coupled with a 20-year heritage in Singapore and a global process capability are critical to the success of this important project.

Strategy delivery case study – Chemicals

Our recent acquisition of a small professional services company in Germany provides a significant milestone in the company's global strategy to meet the needs of chemical and petrochemical customers in Europe and provides us a critical piece in our global network. This capability gives us a large capital projects interface office to execute projects launched from Europe as well as the ability to provide brownfields services in major chemical clusters in Ludwigshafen, Cologne and Antwerp.





Strategy delivery case study – New Energy

World's largest solar power project

The Dubai Electricity and Water Authority (DEWA) has awarded the 700 megawatt Concentrating Solar Power (CSP) fourth phase (DEWA IV) of the Mohammed bin Rashid Al Maktoum Solar Park in Dubai to a consortium formed by ACWA Power and Shanghai Electric. The consortium together with DEWA have formed the Noor Energy 1 entity to design, build and operate what will be the largest CSP project in the world.

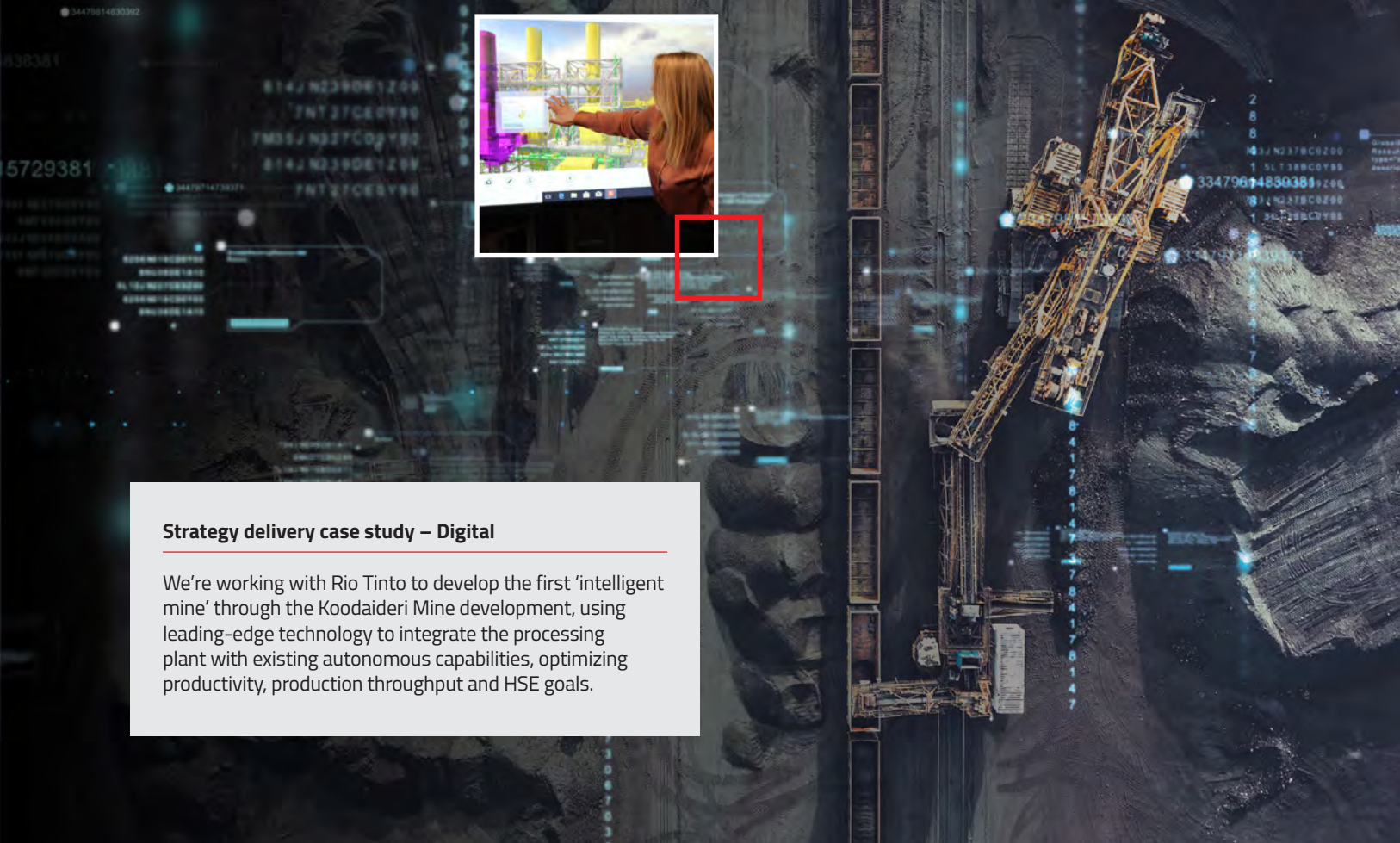
Noor Energy 1 has appointed Advisian as the project Owner's Engineer. Advisian will provide a review of the basic and detailed engineering, will help manage technology risk and will provide technical support as required during the construction and commissioning of the plant. Advisian will also participate in Factory Acceptance Tests and support the Noor Energy 1 Construction and Commissioning team during these phases of the project.

Advisian will deliver the project using the specialized CSP technology team based in the Renewable Energy Center of Excellence in Madrid, Spain with support from Shanghai based engineers, to interface with the power block design, and the Dubai office for site supervisory support.

Strategy delivery case study – New Energy

Energy storage for commercial renewable integration

Both WorleyParsons and Advisian have been involved in the Energy Storage for Commercial Renewable Integration (ESCRI) project in South Australia, in consortium with ElectraNet and AGL. This 30MW, 8MWh battery energy project, owned by ElectraNet and part funded by the Australian Renewable Energy Agency, has recently entered commissioning and will be providing both market and network services into the Australian National Electricity Market. A key objective of the project is to assist the market transition to higher renewable energy use.



Strategy delivery case study – Digital

We're working with Rio Tinto to develop the first 'intelligent mine' through the Koodaideri Mine development, using leading-edge technology to integrate the processing plant with existing autonomous capabilities, optimizing productivity, production throughput and HSE goals.

Strategy delivery case study – Digital

The energy and resources industries continue to undergo a significant level of digital disruption with the scale and velocity of this change only increasing. Our organization-wide digital strategy continues to develop and arms us with the capability needed to thrive in the new operating world.

This year we have seen progress made in this digital realm across both stand-alone digital offerings as well as ways in which we can integrate new digital technologies and capabilities to improve our traditional project delivery processes.

Requis

Following its launch last year our online procurement platform, Requis, continues to gain traction with our customers. We have been awarded a five-year contract from Shell Qatar's Gas-to-Liquids Operations to manage the sale of materials and goods via the Requis Marketplace.

Digital delivery

We automated many of the repetitive tasks during delivery on the TANAP project, one of the world's largest pipelines. Examples include:

- we automated pipelines alignment sheet generation; implemented a staged transfer of the 3D model to reduce the number of design deliverables, including removal of approximately 9000 traditional isometrics;
- we created an integrated Spatial Services platform and web-portal containing enormous geo-spatial data volumes, multiple interfaces, multiple data sources and real-time updates;
- we enhanced the speed and efficiency in processing site queries and deviation requests from project contractors through a customized Interface Management System;
- we implemented a centralized Master Tag Register and Data Warehouse across the project managing circa 300,000 tagged items; and
- we developed a 3D digital asset for handover to operations and a Spatial Services Platform.

CHIEF EXECUTIVE OFFICER'S REVIEW

“ Our challenge moving forward is to leverage growth in market activity while ensuring key overhead areas remain right sized. ”



Meeting the challenges ahead

Our challenge is to continue to adapt, change and deliver the solutions required in the expanding and dynamic energy and resources markets. While doing this we must leverage growth in market activity while ensuring key overhead areas remain right sized as business increases. We have put in place initiatives to ensure our overheads as a percentage of revenue will reduce as market activity increases.

Our customers tell us that the quality of our work is good and getting better. The best form of business development is to continue this trend. We believe our structure, aligned with the way our customers deliver projects, gives us the platform to lead the industry.

We must also continue our progress towards industry leading performance in working capital management. We now have most parts of the business in that position but we must do more.

Conclusion

In summary, we have exited FY2018 as a strong business, poised for a very exciting future. We have all our operational and financial metrics in target zones. We have continued to make strategic progress to position the business as the market returns. We have successfully completed a transformational acquisition with associated capital raising.

What is clear is the resources and energy industries provide significant opportunity for WorleyParsons over the short, medium and long term. We see opportunities to expand and diversify our revenue streams within these industries.

WorleyParsons has a remarkable group of people who have brought us to this position where we see a bright future. We have transformed the business over a number of difficult years, and in FY2018 demonstrated the viability of its new form. I thank each and every one of our people for their hard work.

To our shareholders, your support is appreciated and I look forward to working with you to create an exciting future for your company.

A handwritten signature in black ink, appearing to read 'Andrew Wood', is written over a light blue background.

Andrew Wood
Chief Executive Officer