

28 April 2020

ASX release

WORLEY LIMITED (WORLEY) (ASX: WOR)

Updated response to market conditions

- Safety and wellbeing of our people remains our priority.
- Worley continues to adapt its business and expenditures to the changing market conditions.
- New debt facilities of \$465 million have been added, strengthening liquidity position.
- Headcount has reduced 5% between 31 January and 31 March 2020, primarily in lower margin construction related activities.
- Chargeable hours have reduced 2% over the month of March 2020.
- Utilization remains above previously disclosed target.

The current economic circumstances have led to a rapidly changing environment for Worley's business. To date, the impact of these changes has been limited. As a result of the acquisitions of AFW UK in 2017 and Jacobs ECR in 2019, Worley is a more diversified business in the energy, chemicals and resources sectors with reduced exposure to both oil and gas and general capital expenditure. The economic outlook and our customers' responses are difficult to predict yet as described below, Worley is preparing for a range of scenarios.

Business response update

Worley is delivering projects and providing services to support our customers with most of our office-based people working from home. Worley also continues to provide field-based services to build, improve, maintain and operate critical infrastructure in Australia and around the world. To date, the impact on our business has mostly been on the lower margin construction related activities that form part of our field-based services.

In response to the current economic circumstances, and recognizing that it is still early, Worley has and will continue to implement measures to:

- Adjust both operational and support cost structures.
- Postpone all non-essential capital expenditure.
- Protect cash, manage receivables and minimize discretionary spend.
- Optimize staffing levels and costs while retaining capability. The freezing of salaries and non-billable recruitment are in place with other options being considered on a case by case basis, such as reduced hours, use of paid/annual leave, furloughs, job sharing, early retirement, redeployment and workforce reduction.
- Maintain productivity on projects and operational support services.

Worley is closely monitoring developments and opportunities in each of the regions in which we operate and will consider additional initiatives as appropriate, recognizing the current economic circumstances present opportunities to work smarter and more cost effectively in the future business environment.

Liquidity update

Worley has entered this period in a stable financial position with a total liquidity of \$1.36 billion as at 31 December 2019. On 30 March 2020, Worley announced credit approval had been received to extend approximately \$480 million of working capital for an additional 12 months.

Since that date, Worley has worked with its banking partners and has secured an additional \$465 million in 12 month facilities. These new facilities have been established on similar terms as existing facilities, further strengthening Worley's liquidity position. Including these new facilities, Worley has renewed existing and established new facilities of a combined \$945 million over the past month.

Operational matters

Worley's diversified business, from both a geographic and sector standpoint, has to date shown stability in the face of the current economic circumstances. As a result of the strategic acquisitions of AFW UK in 2017 and Jacobs ECR in 2019, the current approximate revenue mix¹ is listed below:

- 20% of Worley's revenue is derived from exposure to customers' upstream and midstream oil and gas capital expenditures, down from 65%.
- 45% of Worley's revenue is derived from customers' operating expenditures, up from 10-15%. Operating expenditure contracts tend to be longer term, multi-year contracts.
- 37% of Worley's revenue is derived from the previously less cyclical chemicals sector, up from less than 10%.

Operationally, as a result of the current economic circumstances, there has been some contraction in the business from customers' delays, deferrals and cancellations particularly in field-based work. Partially offsetting this contraction is some acceleration in other parts of the business.

The full impact and duration of the current economic circumstances are uncertain. Headcount was 56,000 as at 31 March 2020, down 5% from 59,000 as at 31 January 2020². Most of this reduction was in field-based work specifically lower margin construction related activities.

Staff utilization remains above target although lower than in the second half of calendar year 2019. Chargeable hours for professional services have reduced by 2% in March 2020 when compared with February 2020. Utilization remains a key focus for management and actions are being taken to maintain utilization at or above target.

Chris Ashton, Chief Executive Officer, said, "We are responding with agility to the rapidly changing environment. We are ensuring the safety and wellbeing of our people, we have increased our liquidity position and we continue to review and adjust the business operationally. I am proud of our people as they demonstrate resilience and harness their ingenuity and expertise supporting customers, colleagues and communities."

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About Worley: Worley delivers projects, provides expertise in engineering, procurement and construction and offers a wide range of consulting and advisory services. We cover the full lifecycle, from creating new assets to sustaining and enhancing operating assets, in the hydrocarbons, mining, mineral, metals, chemicals, power and infrastructure sectors. Our resources and energy are focused on responding to and meeting the needs of our customers over the long term and thereby creating value for our shareholders.

Worley Limited is listed on the Australian Securities Exchange (ASX: WOR).

¹ As disclosed in FY2016, FY2017 and HY2020 results

² As disclosed in HY2020 results