

28 February 2024

**ASX release**

**WORLEY LIMITED (WORLEY)**

**(ASX:WOR)**

**HALF YEAR 2024 RESULTS**

**Delivered strong growth in revenue, earnings and margins**

- Aggregated revenue \$5,610 million, up 22%
- Underlying EBITA \$345 million, up 28%
- Underlying EBITA margin 6.1%, compared to 5.8%, up marginally, as a result of an increase in lower margin procurement revenue
- Underlying EBITA margin excluding procurement<sup>1</sup> 7.5%, compared to 6.6%, due to project mix and rate improvements
- Sustainability-related work<sup>2</sup> represents \$2.9 billion (51%) of aggregated revenue, up 61%
- Underlying NPATA \$188 million, up 30%
- Underlying operating cash flow \$396 million, compared to \$129 million
- Statutory NPATA \$139 million, impacted by the one-off write-off of the net exposure of \$58 million relating to historic services provided in Ecuador and the associated tax impact
- Procurement revenue at margin \$1,009 million, up 85% from \$546 million
- Total Recordable Case Frequency Rate was 0.12 across the Group, improved from 0.15
- Interim dividend of 25 cents per share

All comparisons are to prior corresponding period on a proforma basis unless noted otherwise.<sup>3</sup>

Worley is a global professional services company of energy, chemicals and resources experts. We partner with customers to deliver projects and create value over the life of their assets. We're bridging two worlds, moving towards more sustainable energy sources while helping to provide the energy, chemicals and resources needed now.

Worley today announced an increase in aggregated revenue to \$5,610 million at H1 FY24, compared to \$4,599 million at H1 FY23 and an increase in underlying NPATA to \$188 million, compared to \$145 million for the prior corresponding period.

<sup>1</sup> Underlying EBITA margin excluding procurement = underlying EBITA / (aggregated revenue – procurement revenue).

<sup>2</sup> We currently define our sustainability-related business as sustainable and transitional. It comprises of the work we conduct in specific markets (including integrated gas as transitional), and the work we conduct in relation to our sustainability solutions, which can be applied across all markets. All other revenue is classified as traditional.

<sup>3</sup> All comparisons to prior corresponding periods in this ASX release are on a proforma basis (to account for the divestment of the North American Turnaround and Maintenance business in May 2023.)



Statutory NPATA for H1 FY24 is \$139 million, compared to (\$63) million in the prior corresponding period, which is impacted by the write-off of the net exposure of \$58 million (\$49 million net of tax) relating to historic services provided in Ecuador.<sup>4</sup> This write-off is included in the statutory profit result but has been excluded from the Group's underlying result due to its one-off and historic nature. The finalisation of these accounting entries for the net exposure and general provisioning at 31 December 2023 addresses all known financial exposures relating to historic services provided in Ecuador at that date. While we have taken the decision to remove the net exposure from our balance sheet, we are still considering the options for further legal proceedings. Further information is contained in the interim accounts, including within the contingent liabilities note.

Underlying EBITA of \$345 million increased 28% compared to the prior corresponding period, predominantly driven by an increase in professional services revenue, mix of projects and rate improvements. The underlying EBITA margin including procurement increased to 6.1% from 5.8%. This marginal increase reflects a significant increase in procurement revenue at margin which was up 82% on the prior corresponding period. Underlying EBITA margin on revenue excluding procurement is 7.5%, up from 6.6%, already delivering in line with the forecast range provided in the outlook in August 2023.

### **Delivered consistently with strong growth**

Chief Executive Officer, Chris Ashton commented, "We've delivered consistently and this is reflected in today's result with strong growth in revenue, earnings and margins. Our aggregated revenue of \$5.6 billion is up 22% on H1 FY23, with increases across all three segments of energy, chemicals and resources and with each of our regions contributing to our overall growth. Our disciplined execution of strategy resulted in an above target cash result on a reported basis and is at the top of our target range on a normalized basis. This was due to a strong cash focus and a shift to greater advance billings on a number of important new contracts. We also saw sustained growth in backlog and pipeline further demonstrating continued momentum in delivering our strategy.

"Sustainability-related work now represents over half of our revenue at 51%, as we continue to make progress towards achieving our ambition of deriving 75% of our revenue from sustainability-related work by FY26. Our total number of sustainability awards has increased in Q2 FY24, compared to Q1 FY24. Our ongoing project awards are evidence of our customers' trust in us to develop, construct and maintain their infrastructure assets as well as help them on their journey towards a zero-carbon future.

### **Strong governance and controls**

"We recognize our responsibilities to shareholders, customers, our people and suppliers, as well as to the communities in which we operate. Our governance and operational controls reinforce a culture of acting lawfully, ethically and responsibly and we remain focused on delivering our ESG business commitments. Our Code of Conduct is core to the values that underpin who we are and everything we do, reinforced by annual Code of Conduct training.

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<sup>4</sup> WorleyParsons (now Worley) provided services in Ecuador from 2011 until 2017. In 2019, Worley commenced an arbitration process relating to unpaid trade receivables owing to a subsidiary of Worley by Petroecuador, a state-owned enterprise in Ecuador, and a related State entity. Worley made ASX announcements in relation to the arbitration tribunal's decision on 27 December 2023 and 10 and 17 January 2024.



We have extensive processes in place which facilitate the profitable, ethical and efficient operation of our business. These include assessing which projects we work on – using our Responsible Business Assessment, through to independent assurance across the life of project execution, together with thorough legal oversight and active profit monitoring. In line with our commitment to provide increased transparency in our disclosures, we’ve continually strengthened and matured our governance processes as we’ve grown and continue to do so.

“We’ve achieved an AA rating by MSCI in our new Industrials peer group and we maintain a leading position amongst our new peers. We’ve also received an A rating by Monash University on our Modern Slavery Disclosures assessment of our FY22 statement. We remain on track to achieve our Scope 1 and Scope 2 net zero commitments, with emissions reductions of 7% compared to H1 FY23.

### **Our people and our culture**

“Our people are our most important asset, and our highest priority is to keep them safe and well and feeling included and respected. This year our Total Recordable Case Frequency Rate<sup>5</sup> was 0.12 across the Group.

“We energize, empower and develop our people. Our global voluntary annualized turnover continues to trend downwards across all our regions, in both professional and craft personnel. We also continue to attract people who want to work with us because of our purpose and values. Our headcount, which is 49,200 as at December 2023, has increased 2% on the prior corresponding period. In November 2023, we launched our global Respectful Workplace Behavior Policy and program.

### **Disciplined capital management supports growth**

“We continue to strengthen our capital management position, which is structured around funding our growth and delivering increased value to shareholders. We have good liquidity, maintained our strong credit rating and have access to flexible, competitively priced debt. Leverage is supportive of future growth at 1.8x trending down from 2.4x at the prior corresponding period. This is indicative of the prudent use of free cash flow to reduce risk, increase liquidity and provide appropriate capacity to fund business growth. It is also in keeping with our desire to keep leverage at or around the lower end of our target range of 2.0 to 2.5 times.

“Our reported cash conversion ratio for H1 FY24 is 141.4% of underlying EBITA, with a normalized cash conversion ratio of 95.7%. The reported result reflects strong underlying cash flows but also a transition to increased advance billings on a number of important new contracts, as we strive to achieve better terms and conditions in this market. Our Days Sales Outstanding (DSO) is also down to 55.5 days from 63.6 days. Normalized cash conversion ratio, excluding the impact of advance billings, is at the top of our target range of 85 – 95%, delivering a very strong balance between investing in working capital for growth and prudent cash flow management across all our business activities.

“We’re in the final year of our three-year strategic investment program to invest \$100 million in organic growth in targeted sustainability markets. To date, we’ve won \$6.1 billion across our

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<sup>5</sup> TRCFR – Total Recordable Case Frequency Rate, based on the number of cases per 200,000 hours worked.



targeted growth areas since June 2022. We've spent \$85 million since the program commenced, with the remaining \$15 million forecast to be spent in H2 FY24. The program will conclude at the end of FY24. We expect that further investment would deliver ongoing accretive returns and we will advise at the full year results on any extension to this program. For clarity, continued margin improvement in our outlook currently takes into account the continuation of this organic investment (the cost of which is incurred in underlying EBITA).

### **Leading indicators support growth and margin expansion**

"As a leading global provider of sustainability solutions, we expect long-term growth from structural changes in our end markets. Our leading indicators show continued growth. The factored sales pipeline is up 35% on the prior corresponding period, and backlog is up 11% at December 2023 compared to the prior corresponding period on a proforma basis. Growth in backlog excludes Venture Global's CP2 project (CP2) as the majority of this project remains in our factored sales pipeline until the Final Investment Decision (FID) is made. Our factored sales pipeline is up 12% on the prior corresponding period, excluding the contribution from CP2. Sustainability-related work now represents 83% of the factored sales pipeline and 51% of our backlog. Our traditional business remains important to our future and we retain a disciplined approach to where we work.

We expect further margin expansion in FY24 and beyond, supported by higher margins in our factored sales pipeline and backlog, which continue to trend upwards. The gross margin trends in our factored sales pipeline and backlog indicate that new work is being routinely won at higher average margins. We're driving margin expansion through effective project delivery, increasing automation and digitalization, technology solutions, and streamlined operations as we continue to expand the value we bring to our customers.

### **Dividend**

The Worley Board today determined to pay an interim dividend of 25 cents per share, unfranked. The dividend will be paid on 3 April 2024 with a record date of 6 March 2024.

### **Group outlook<sup>6</sup>**

At a macro level Worley is managing three key risks: attraction and retention of highly skilled resources to meet demand; inflation and supply chain disruption and their impact on the economics of business; and ongoing geopolitical tensions affecting normal operations of global markets. We're actively focusing on mitigating these risks every day, recognizing they will remain an ongoing challenge for businesses globally.

The outlook presented at the time of our FY23 results remains consistent with what we're expecting for FY24, subject to no deterioration in current market conditions:

We expect FY24 aggregated revenue excluding procurement to grow (on FY23 proforma) as new and emerging customers generate further upside with additional volume from major projects. We also expect procurement volumes to grow further on FY23. We expect the

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<sup>6</sup> All forward looking statements, including the FY24 Group outlook, remain subject to no material deterioration in current market conditions, including forward estimates of timing, award and delivery of future projects. See page 9 for more information.



underlying EBITA margin (excluding the impact of procurement) to be within a range of 7.5-8% in FY24.

The impact of the delay in Venture Global's CP2 project achieving Final Investment Decision has been primarily offset by accelerated engineering work to prepare the project for construction commencement. In addition, new work has been won across our global business and prudent provisioning in forecasts for project delays, an ongoing challenge of managing a global business, have also allowed us to remain in line with our original forecast.

As a leading global solutions provider in the markets we serve, we're encouraged by the new work we continue to win.

## Financial Outcomes

### Statutory result

**Statutory revenue** up 13% to \$6,081 million from \$5,391 million

**Statutory NPATA** up 321% to \$139 million from (\$63) million

**Underlying result** (Compared to the previous corresponding period on a proforma basis, unless noted otherwise)

**Aggregated revenue** up 22% to \$5,610 million from \$4,599 million

Underlying **EBITA** up 28% to \$345 million from \$269 million

Underlying **EBITA** margin up 0.3 pp to 6.1% from 5.8%

Underlying **EBITA** margin excluding procurement up 0.9 pp to 7.5% from 6.6%

Underlying **NPATA** up 30% to \$188 million from \$145 million

Underlying **NPATA margin** up 0.2pp to 3.4% from 3.2%

Underlying basic earnings per share (**EPS**) on NPATA up 22% to 35.7 cents from 29.3 cents.

### Other financial information

**Underlying operating cash flow** was a net inflow of \$396 million, up from \$129 million

**Leverage** decreased to 1.8x from 2.4x at 31 December 2022

The average **cost of debt**<sup>7</sup> at 4.5%, with **interest cover** at 7.2 times, down from 8.8 times at 31 December 2022

The Worley Board today determined to pay a final dividend of 25 cents per share, unfranked

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<sup>7</sup> Calculated based on the weighted average of closing debt and rates at reporting date.



## **Operating outcomes**

### **Safety performance**

The Total Recordable Case Frequency Rate for employees for the 12 months to December 2023 was 0.12 (per 200,000 hours worked), improved from 0.15 at December 2022. Worley is committed to providing a respectful, safe and healthy environment where we support each other and our communities.

### **Backlog**

Our backlog is \$14.8 billion, up 11% over the last 12 months on a proforma basis. Sustainability-related work is now 51% of our backlog at \$7.6 billion. Over H1 FY24, we've delivered \$6.5 billion of backlog and added \$7.2 billion through new wins and scope increases.

## **Operating performance**

### **Americas**

The Americas region, comprising the United States, Canada and Latin America, reported aggregated revenue of \$2,258 million and segment EBITA of \$143 million (H1 FY2023: aggregated revenue of \$1,789 million and segment EBITA of \$114 million). The Americas EBITA increase was driven by project mix with increase in professional services in the first half and a steady contribution period on period from construction and fabrication blue collar work. The segment margin excluding procurement increased to 8.2% from 7.0% on the prior corresponding period.

### **EMEA**

The Europe, Middle East and Africa region reported aggregated revenue of \$2,218 million and segment EBITA of \$191 million (H1 FY2023: aggregated revenue of \$1,846 million and segment EBITA of \$148 million). The segment margin excluding procurement increased to 10.6% from 9.8% due to rate improvements in professional services work through increase in early stage work in sustainability projects while maintaining our cost base.

### **APAC**

The Australia, Pacific, Asia and China region reported aggregated revenue of \$1,134 million and segment EBITA of \$136 million (H1 FY2023: aggregated revenue of \$964 million and segment EBITA of \$115 million). The segment margin excluding procurement increased to 12.9% from 12.6% on the prior corresponding period due to higher volumes and operational efficiency.

## **Market sector performance**

### **Energy**

The energy sector reported aggregated revenue of \$2,587 million and segment EBITA of \$195 million (H1 FY2023: aggregated revenue of \$2,299 million and segment EBITA of \$159 million). The sector has grown, benefiting from continued global investment in sustainability and traditional projects. The segment margin excluding procurement increased to 8.8% from 7.5% on the prior corresponding period.



## Chemicals

The chemicals sector reported aggregated revenue of \$1,820 million and segment EBITA of \$162 million (H1 FY2023: aggregated revenue of \$1,380 million and segment EBITA of \$143 million). The sector has seen steady EBITA growth of 13% with the segment margin excluding procurement increasing to 11.6% from 11.1% on the prior corresponding period, driven by an increase in professional services contribution and rate improvements. Revenue growth has been driven by projects moving to later phases<sup>8</sup> and we're benefiting from our long-term relationships with global customers who are continuing to invest for the long-term.

## Resources

The resources sector reported aggregated revenue of \$1,203 million and segment EBITA of \$113 million (H1 FY2023: aggregated revenue of \$920 million and segment EBITA of \$75 million). The segment margin excluding procurement remains steady at 11.6% compared with 11.7% at the prior corresponding period. The resources sector maintains strong growth through project performance in EMEA and an increase in sustainability projects.

Authorized for release by Nuala O'Leary, Group Company Secretary.

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**About Worley:** Worley is a global professional services company of energy, chemicals and resources experts. We partner with customers to deliver projects and create value over the life of their assets. We're bridging two worlds, moving towards more sustainable energy sources, while helping to provide the energy, chemicals and resources needed now.

Worley Limited is headquartered in Australia and listed on the Australian Securities Exchange (ASX: WOR).

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<sup>8</sup> Classification of Direct Air Capture is in our Chemicals segment, noting that in prior years, it was classified under the Energy segment, however was immaterial to our result.



Consolidated

**Key financials for the half-year ended 31 December 2023**

	Change %	31-Dec-23 \$'M	31-Dec-22 \$'M
<b>STATUTORY RESULT</b>			
Revenue and other income	13	6,081	5,391
Earnings before interest, tax and amortization (EBITA) <sup>9</sup>	1,148	287	23
Profit/(Loss) before income tax expense	353	187	(74)
NPATA attributable to members of Worley Limited <sup>10</sup>	321	139	(63)
Profit/(Loss) after income tax expense attributable to members of Worley Limited (NPAT)	207	106	(99)
EBITA margin on aggregated revenue <sup>11</sup>		5.1%	0.4%
EBITA margin (excl loss on disposal group held for sale) on aggregated revenue		5.1%	4.9%
Basic earnings/(loss) per share (cents)		20.1	(18.8)
Diluted earnings/(loss) per share (cents)		20.0	(18.8)

**UNDERLYING RESULT**

The underlying results are as follows:

Aggregated Revenue		5,610	5,202
EBITA <sup>7</sup>		345	283
EBITA margin on aggregated revenue <sup>9</sup>		6.1%	5.4%
EBITA margin on aggregated revenue (excl segment procurement revenue at margin) <sup>12</sup>		7.5%	6.1%
NPATA attributable to members of Worley Limited		188	154
Basic earnings per share (cents) <sup>13</sup>		35.7	29.3

**Reconciliation of statutory (loss)/profit after income tax expense to underlying profit after income tax and before amortization<sup>14</sup>:**

<b>Profit/(Loss) after income tax expense attributable to members of Worley Limited</b>		<b>106</b>	<b>(99)</b>
Total underlying adjustments to EBITA		58	260
Net tax expense on the items excluded from underlying earnings		(9)	(43)
Underlying profit after income tax expense attributable to members of Worley Limited		155	118
Amortization of intangible assets acquired through business combinations		43	49
Tax effect on amortization of intangible assets acquired through business combinations		(10)	(13)
<b>Underlying NPATA attributable to members of Worley Limited</b>		<b>188</b>	<b>154</b>

<sup>9</sup> EBITA is defined as earnings before interest, tax and amortization of intangible assets acquired through business combinations.

<sup>10</sup> NPATA is defined as net profit after tax and amortization of intangible assets acquired through business combinations.

<sup>11</sup> Aggregated revenue is defined per "Aggregated Revenue Result" section on page 9.

<sup>12</sup> The Group delivers value to customers by providing engineering and construction expertise. In delivering such services, the Group will procure goods or services and earn margin on the subsequent sale to customers. Procurement at Margin is considered a key value-added service which would not occur without the engineering or construction services. Consequently, EBITA margin on aggregated revenue (excl segment procurement revenue at margin) is calculated as Underlying EBITA / (Aggregated Revenue less Segment Procurement Revenue at Margin).

<sup>13</sup> Basic underlying earnings per share are calculated on NPATA basis.

<sup>14</sup> The write-off of the net exposure in relation to historic services provided in Ecuador and the associated tax impacts are the only items that have been excluded from the underlying result for the half year ended 31 December 2023. Prior period underlying costs relate to the Group's shared services transformation program and the loss on disposal of the North American Maintenance and Turnaround business held for sale at 31 December 2022.



Consolidated

31-Dec-23 \$'M    31-Dec-22 \$'M

## AGGREGATED REVENUE RESULT

Aggregated revenue is defined as statutory revenue and other income plus share of revenue from associates, less procurement revenue at nil margin, pass-through revenue at nil margin and interest income. The Directors of Worley Limited believe that this disclosure provides additional information in relation to the financial performance of Worley Limited Group.

Revenue and other income	6,081	5,391
Add: Share of revenue from associates	408	388
Less: Procurement revenue at nil margin	(875)	(574)
Less: Interest income	(4)	(3)
Aggregated revenue	5,610	5,202
Aggregated revenue (excl segment procurement revenue at margin)	4,601	4,656

## CASH FLOW

Statutory operating cash flow	396	100
Underlying operating cash flow <sup>15</sup>	396	129

## OTHER KEY FINANCIAL METRICS as at

	31-Dec-23	31-Dec-22
Gearing ratio % (net debt/net debt + equity)	22.3%	25.1%
Leverage ratio (net debt/EBITDA)	1.8 times	2.4 times
EBITDA interest cover (EBITDA/ 12 months rolling interest expense)	7.2 times	8.8 times

## DISCLAIMER Important Information

The information in this ASX release about Worley Limited, the entities it controls (Group) and its activities is current as at 28 February 2024 and is in summary form and is not necessarily complete. It should be read together with the Company's Appendix 4D, Interim Financial Report for the half-year ended 31 December 2023 and other announcements lodged with the Australian Securities Exchange. The financial information contained in the Interim Financial Report for the half-year ended 31 December 2023 has been reviewed, but not audited, by the Group's external auditors. This ASX release is not intended to be relied upon as advice to investors or potential investors. Investors should seek qualified advice before making investment decisions.

This presentation contains information that is based on projected and/or estimated expectations, assumptions or outcomes. Forward-looking statements and estimates are not a predictor of future performance and are subject to a range of risk factors. The Group cautions against reliance on any forward-looking statements and estimates, and notes that they are uncertain because of factors such as the current economic climate, the geopolitical environment, the impact of sustainability, climate change and the energy transition, ongoing economic volatility, uncertainty created from volatility in global markets and persistent disruption in supply chains.

While the Group has prepared this information based on its current knowledge and understanding and in good faith, there are risks and uncertainties involved which could cause results to differ from projections. The Group will not be liable for the correctness and/or accuracy of the information, nor any differences between the information provided and actual outcomes, and reserves the right to change its projections from time to time. The Group undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date of this presentation, subject to disclosure obligations under the applicable law and ASX listing rules.

This ASX release may include non-IFRS financial information. The non-IFRS financial information is unaudited and has not been reviewed by the Group's external auditors. Non-IFRS financial information should not be considered as an indication of or alternative to an IFRS measure of profitability, financial performance or liquidity.

<sup>15</sup> Underlying cash flow is defined as statutory operating cash flow adjusted for the cash effects of cost adjustments.