WorleyParsons

resources & energy

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Market Announcements Office
ASX Limited
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SYDNEY NSW 2000

Dear Sir/Madam

WORLEYPARSONS LIMITED (ASX: WOR)

2016 ANNUAL GENERAL MEETING ADDRESSES

Please find attached the addresses to be delivered at today's Annual General Meeting by our Chairman – Mr John Grill; Chief Executive Officer – Mr Andrew Wood; and Remuneration Committee Chairman – Mr Jagjeet Bindra.

Yours faithfully
WorleyParsons

Nuala O'Leary
Group Company Secretary

About WorleyParsons: WorleyParsons 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, mineral, metals, chemicals 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.

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2016 ANNUAL GENERAL MEETING

CHAIRMAN'S ADDRESS

I will now turn to my formal Chairman's Address.

We made significant progress during the year on our near-term priorities including improving our level of customer satisfaction, reducing internal costs, streamlining our service delivery and strengthening our balance sheet.

Our customers continue to face difficult market conditions. The ongoing weakness in commodity prices has led to further declines in capital expenditure across the resources and energy sectors.

Importantly in this environment, our customer feedback results are the best we have ever achieved, validating the action we have taken over the last 12 months in the realignment of the business into the four business lines of Services, Major Projects, *Improve* and Advisian.

Our cost reduction program lowered overheads by $170 million when compared to the prior year. By the end of June we had achieved annualized cost reductions of $200 million, exceeding our target of $120 million. Actions such as the closure of 30 offices with an associated floor space reduction of 73,000 square meters were key to delivering these savings. These savings reduced the impact of lower revenues on our underlying EBIT margin.

We continue to make progress in strengthening our balance sheet, reducing our net debt and improving our net debt to net debt plus equity ratio. We achieved an improvement in debtor days outstanding of 4 days, with more than half our locations showing improvement from December to June. We implemented a number of cash conservation measures including lowering capital expenditure, reduced spend on mergers and acquisition and finalization of the sale of Exmouth power station. To assist in strengthening the balance sheet the Board decided to not pay a dividend this year. In total, these initiatives reduced our cash outflows by $255 million. We also identified non-core assets to be held for sale including the South African public infrastructure business and the Company's interest in Cegertec WorleyParsons in Quebec. We can report that we have now finalized the sale of the South African public infrastructure business.

While we made progress towards our near term goals, we still have more to do. Andrew will provide more detail of the actions planned for FY2017. The Company is now leaner and better able to meet the challenges of the market.

Our management and organization as a whole remain focused on doing what is necessary to align our business with the prevailing market conditions, while also looking for opportunities where we can grow into the long term sustainable markets of the future.

I would now like to spend some time discussing progress on the renewal of the Board as I outlined at last year's AGM commencing with the appointment of Jeet Bindra.

After joining the Board on 1 July 2015, Jeet assumed the role of Remuneration Committee Chairman in December 2015. Jeet succeeded John Green who held the position of Remuneration Committee Chairman since 2008.

John Green will be retiring as a director after this AGM and we thank him for his strong guidance and leadership since WorleyParsons was first listed in 2002 and since 1993 as first Chairman and then a member of our advisory board. Larry Benke will also be retiring effective from this AGM and I would like to offer our thanks for his six years of service and wise counsel over his period on the Board. Larry was the CEO of the Colt group of companies when we merged in 2007 and remained a key member of our executive committee until he retired in 2010.

While we will take this opportunity to resize the Board to a total of eight directors, with seven being non-executives, we will also look to its renewal. The company is in a period of adjustment, and renewal of the Board is part of that process.

Our medium term objective is a Board of seven that includes two new directors. Now I would like to take a moment to comment on the company's ethics and corporate responsibility.

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 and our agents, are required to maintain the standard of ethical behavior outlined in our Code of Conduct.

The Company fulfills its corporate responsibilities across all the parts of the world where we do business. We ensure that our programs are as effective and efficient as possible in delivering value to the communities we support.

The Australian Council of Superannuation Investors awarded WorleyParsons the rating of "Leading" in corporate responsibility reporting practices. We also received the award for "Best Improvement in Climate Disclosure at the Australian Climate Leadership Forum".

This year, we also launched the Group's Diversity and Inclusion Expectations supported by local campaigns and unconscious bias training.

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 also provides assurance annually to the Audit and Risk Committee on the adequacy and effectiveness of the Group's internal controls. The Corporate Governance Statement 2016 is on the Company's website.

On behalf of the Board I would like to thank Andrew, his Group Leadership Team and all of our people for their hard work and commitment through what was a tough year. I would also like to thank our shareholders for their support.

Ladies and gentlemen, that now concludes my address.

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2016 ANNUAL GENERAL MEETING

CHIEF EXECUTIVE OFFICERS ADDRESS

Thank you John. Good afternoon ladies and gentlemen.

As John outlined we have achieved a lot over the last 12 months during a period of challenging market conditions.

The Group reported an improved statutory result with net profit after tax of $23.5 million (NPAT). We also look at how our business is performing using what we call the underlying net profit after tax, which was $153.1 million.

The Group delivered a positive operating cash flow and our gearing remained within our target range.

Our cost reduction program lowered overheads by $170 million compared to last financial year, partially offsetting the impact of lower revenues on our EBIT margins. This translated to annualized cost savings of $200 million, exceeding our expectations, but there is more to do.

We have identified initiatives to generate a further $150 million in annualized savings throughout Financial Year 2017 raising the overall target from the multi-year program to $350 million from the $300 million anticipated in February.

A structured program is in place with actions to address our non-labor spend by reducing third party vendor spend through renegotiation and demand management, restructuring the information technology platform and support organization and reducing office space . We are also looking at the way we operate and support the business through improved resource management, increased utilization of our Global Delivery Center (GDC), the alignment of remuneration practices with local markets and rationalization of our support functions and general management.

Specific actions are also underway to exit unprofitable or non-strategic locations and to improve the margin performance of our current portfolio of projects.

We also announced our commitment to strengthening the balance sheet by targeting an improvement in cash position of $300 million over the medium term.

Through a focused effort across the Group, we have reduced our net debt by $115 million and reduced our debtor days outstanding to 78 days. Our target remains to continue to improve our performance towards industry average debtor days outstanding of 65 days.

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. Currently we employ 23,700, a reduction of 800 since July 2016. This includes the divestment of the South African Public infrastructure business.

We have made, and will continue to make, tough decisions that balance the requirements to maintain capability and local presence to support our customers, with the longer-term interests of our shareholders.

We have talked a lot about cost and cash. These are important but so is looking after the top line. We have brought together a global sales and marketing group to better leverage our global scale and sales capability. The group will aggressively pursue the opportunities that exist in our markets.

We introduced five strategic themes during financial year 2015 and these remain at the core of the platform for transforming the business. We established the Advisian business line to pursue opportunities in management consulting advice based on deep technical knowledge. We have made good progress on standardization, simplification and automation of some of our delivery processes as we moved them to our GDC.

We continue to expand our PMC offering with incorporation of the Breakthrough Project Delivery Model that aims to deliver better cost and schedule outcomes for our customers.

As we seek to expand our integrated service offering, we have identified partners in all regions to help deliver integrated services to our customers across all sectors.

Our focus is on defending our core business particularly our local operations. As we free up local management to focus on excellence in delivery to customers, they are better able to make the most of the opportunities in their markets.

WorleyParsons is fundamentally a professional service company that helps its customers apply their capital to meet the world's resource and energy needs. While over the last couple of years all in this sector have faced difficult times, we have a strong conviction in our fundamental purpose and believe the market for our services to be attractive and sustainable over the long term.

That said, how the world has its resource and energy needs satisfied is changing and the professional services sector needs are changing with it. We are excited about this change. The thought leadership provided by Advisian in New Energy and the advances being made by our Digital Enterprise are just two examples of how we are developing the business to help our customers stay ahead of these changes while building new businesses for WorleyParsons.

Meanwhile, our strategic priorities for the current financial year are to defend and strengthen our leadership position in providing professional services to the onshore conventional and offshore hydrocarbons, heavy oil, and oil sands sectors.

We see opportunities to expand in the attractive sub sectors of chemicals and new energy, including renewables. There are additional opportunities for the company in all sectors in Saudi Arabia. In the near term, we see opportunities in the power sector, industrial water and supporting investments aligned to China's One Belt One Road regional development plan. A key focus will be the ongoing development of our digital capability.

We continue to maintain key competencies in the minerals and metals sectors for when this market improves.

Turning now to our outlook, in August we said that we expected trading conditions to remain challenging, leading to continued pressure on aggregated revenue. This has certainly been the case to date and we are yet to see signs of recovery in trading conditions. However, our cost out program is responding in line with this challenge and as a result our underlying earnings are expected to be more biased to the second half than in previous years.

We remain focused on protecting revenue and gross margin, achieving further overhead reductions and strengthening the balance sheet.

On behalf of myself and our Group Leadership Team, I would like to express our appreciation for the commitment and contribution of our people to WorleyParsons.

I want to thank the Group Leadership Team, for their contribution in what has been a difficult year.

I would also like to thank our shareholders for their continuing support and look forward to realizing the future of WorleyParsons together.

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2016 ANNUAL GENERAL MEETING
REMUNERATION COMMITTEE CHAIRMAN'S ADDRESS

Thank you John and good afternoon, ladies and gentlemen.

My name is Jeet Bindra and I am the new Chairman of the Board's Remuneration Committee. I have been on the WorleyParsons Board since July 2015.

During my speech today, I will briefly cover how the 2016 financial results translated into pay for Key Management Personnel (or KMP), touch on the change to the long term incentive plan performance hurdle for Financial Year 2017, update you on the non-executive directors' fees for the year ahead and changes to the membership of the Remuneration Committee. I will use the term KMP for Key Management Personnel in my comments that follow.

Executive pay and performance during FY2016

Our Remuneration philosophy states that our KMP's incentives should be aligned with shareholder outcomes. We believe that our remuneration plan outcomes have achieved that alignment for Financial Year 2016. I will briefly run through these with you now.

The result for Financial Year 2016 was below our threshold and resulted in no cash incentive rewards for our KMP under the Combined Incentive Plan.

Additionally, in Financial Year 2016, we made no increases to our KMP's Fixed Pay.

As highlighted to you last year, and explained in both last year's and this year's Remuneration Report, we introduced Share Price Performance Rights (which we call SPPRs) as the deferred equity component of our Combined Incentive Plan and a grant was made during Financial Year 2016.

These have hurdles which include satisfactory performance, continued employment over a two year performance period and importantly, the amount that may vest is subject to the change in share price over the performance period and includes a share price 'floor' below which no vesting will occur and a maximum 'cap' which limits the number that vest. An example of the mechanics of the SPPRs can be found on page 38 of the Annual Report.

We note the concerns from some shareholders around the structure of the SPPRs. However, they were put in place after the strong vote in support that we received last year and we have contractual commitments with our KMP that must be honored. As you would understand, remuneration design is an iterative and ongoing process. I assure you that we will take this feedback into account going forward as we review KMP remuneration for the 2018 financial year.

We compete globally for both business and key employees and must consider remuneration structures that are outside of Australian pay mix norms. And so whilst SPPRs are something different than the commonly provided deferred Short Term Incentive that you may see with other companies in Australia, we believe that they are an excellent way of remunerating our KMP.

By separating the grant of equity awards from the annual cash incentive plan, we have significantly improved the retentive and motivational value of the KMP incentive plans, a concern which a number of our shareholders had raised with us in previous years. Thereby through the changes we are avoiding talent drain, and ensuring qualified managers lead through our business transformation.

Moving onto the results of the Long Term Incentive plan, there has been no vesting during Financial Year 2016 of the relevant tranche of the KMP's Long Term Incentives. These were subject to the achievement of relative Total Shareholder Return and Earnings per Share growth targets. The Total Shareholder Return hurdle has not vested for the last four years and the Earning per Share growth targets have not vested for the last seven years.

FY2017

For the Financial Year 2017 the election of a 10% reduction in fixed pay by the CEO has been retained, this will be for a second year. The Long Term Incentive grant TSR comparator group has been refined to better reflect our global competitors. This is weighted as 50% of the performance hurdle. Details of the revised group can be found on page 39 of the Annual Report. The remaining 50% will be subject to the key strategic financial targets of Net Debt to EBITDA ratio and cost reduction which are aligned with the Realize our future strategy.

The Committee believes that it is appropriate to use this alternative strategic hurdle in Financial Year 2017 given the importance of delivery of the Company's Realize our future strategy and the role that KMP play in leading its implementation. It should be noted that there remains a 4 year vesting period for our Long Term Incentives. Further details on this can be located on page 33 of the Annual Report in the Remuneration Report's Key Shareholder Questions section.

Non-Executive Directors

The non-executive directors' fees for the 2017 financial year have been frozen for the fifth year, and it should be noted that John Grill has not only received a reduced Chairman fee for Financial Year 2016 but has also chosen to waive his fee for Financial Year 2017.

Concluding comments

I would like to close out my speech with the recent changes in the composition of the Remuneration Committee, with both Ron McNeilly and John Green standing down from the Committee.

My thanks to Ron and John for their valuable contribution over the years and I welcome Chris Haynes to the Committee. I have no doubt Chris will bring beneficial experience as we continue to ensure our remuneration practices align the interests of our KMP with shareholders.

As always, please continue to provide your feedback to help us deliver on these important objectives.

Thank you.