



Clough Limited
Half Year Investor Briefing
23 February 2012

Agenda

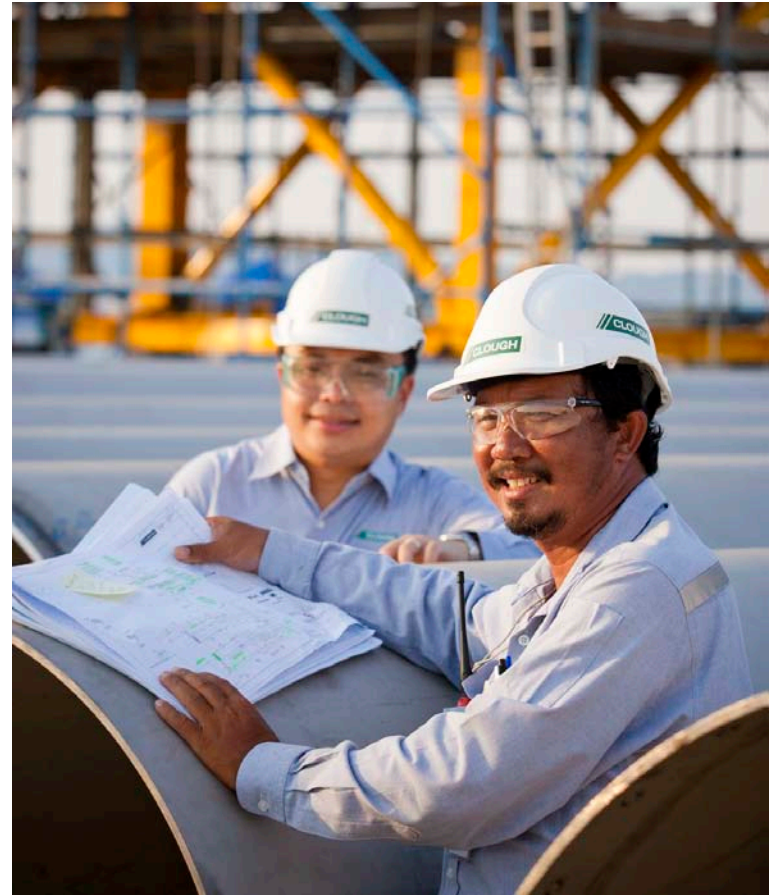
Summary

1. Strategy

2. Financial Results

3. Operational Performance

4. Questions



Summary

- H1 key financials:
 - Total Revenue: \$540M
 - Underlying earnings: \$22.7M
 - NPAT continuing operations: \$18.1M
- Stronger performance expected in H2; no change to FY earnings guidance
- Investment in Forge continues to deliver value
- Strengthened balance sheet provides flexibility to pursue growth options
- Strong safety performance – continued reduction in LTIF
- Australasia is experiencing unprecedented investment in energy and resources projects, Clough is well placed to benefit from that growth
- Record order book of \$2.4B and strong tender pipeline provides solid basis for growth with approximately \$850M of revenue secured for FY13 and \$700M for FY14
- Quality of contract mix, focus on project delivery and cost efficiency should deliver improvement in margin and overall profitability



1. Strategy

Clough Strategy

Clough aims to deliver superior value to its shareholders by:

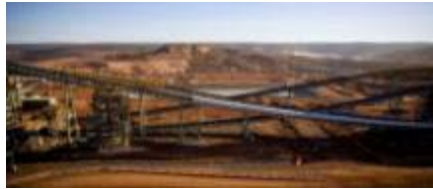
- Providing world class engineering, construction and asset support services for major energy, resources and infrastructure projects in Australia, PNG and South East Asia
- Focusing on key relationships with major clients in the Energy & Chemical; Mining & Minerals; and Water Distribution and Treatment sectors

Energy & Chemicals



Offshore & onshore, oil, gas and LNG, petrochemicals and associated infrastructure

Mining & Minerals



Iron ore, coal, precious and other metals and associated infrastructure






Water Distribution and Treatment



Complementary water distribution and treatment projects

Strategic Imperatives

Clough is well positioned to deliver on its strategy, by focusing on five strategic imperatives.

	Delivery of Major EPC Capital Projects	Differentiate from our competitors as an Australian EPC contractor with a reputation for quality and excellence in project delivery
	Engineering and EPCM	Grow our Engineering and EPCM business
	Jetties and Near Shore Marine	Build on our current reputation for quality, exceptional project delivery systems and world class cost and schedule performance
	Commissioning & Asset Support	Develop and grow our Commissioning and Asset Support business
	People and Systems Capability	Develop our capability to support our Engineering & EPCM, EPC, Jetties and Asset Support service businesses to maintain and develop a reputation for the best people and systems in the markets in which we operate

Performance focus

In line with our strategic imperatives, Clough will focus on improved performance and cost efficiency

- 1. Delivery** – key focus on excellence in execution and contract delivery
- 2. Contract mix** – management of contracting mix to ensure blended margins are improved
- 3. Cost efficiency** – focus on cost base to improve profitability
- 4. Growth** – in addition to strong organic growth, Clough will evaluate opportunities to expand its existing services and to increase its exposure to mining and mineral resources projects

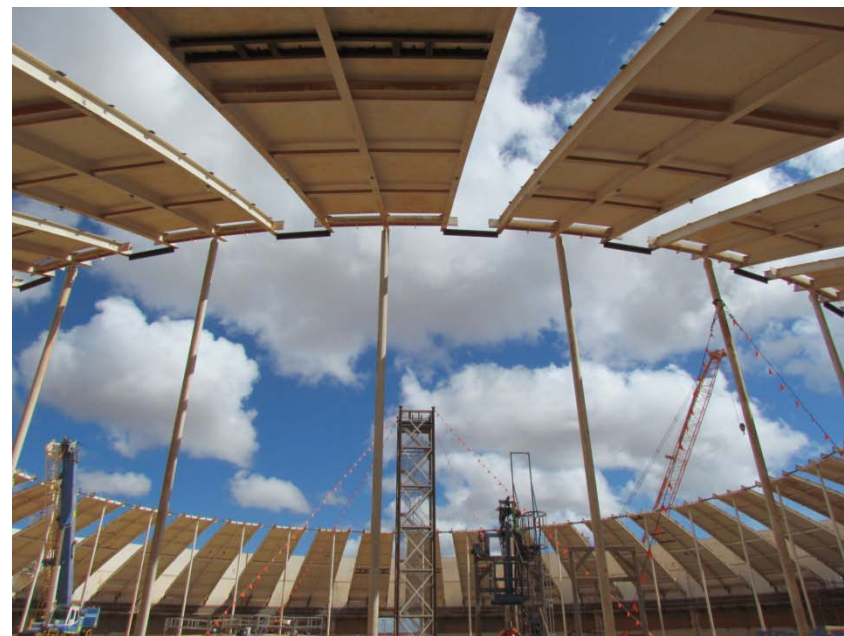




2. Financial Results

H1 2011/12 Financial Salients

- Total Revenue increased to \$540m
- Underlying earnings from continuing operations \$22.7m in line with previous guidance
- NPAT continuing operations reduced to \$18.1m
- Statutory NPAT \$11.7m, gain on Marine Construction sale offset by property loss
- Current order book \$2.4b boosted by new contracts with INPEX, Chevron, ConocoPhillips and CSBP
- Cash of \$126m, following Marine Construction disposal
- FY underlying earnings from continuing operations anticipated to be higher than the prior year of \$54.7m
- Fee renegotiations progressing; constructive discussions ongoing



HY Profit and Loss Summary

	HY 2011/12 Revenue \$M	HY 2011/12 \$M	HY 2010/11 Revenue \$M	HY 2010/11 \$M
Asset Support	27.5	1.0	32.1	1.7
Capital Projects	417.7	11.5	378.5	19.0
Other (including fabrication)	20.5	0.3	16.8	(3.1)
Forge ⁽²⁾	74.5	9.9	68.0	10.1
Underlying Revenue from operations	<u>540.2</u>		<u>495.4</u>	
Underlying Earnings from operations ⁽¹⁾		22.7		27.7 ⁽³⁾
Net Interest		0.9		0.9
Taxation		(2.9)		(6.1)
Underlying NPAT continuing operations ⁽¹⁾		20.7		22.5
Adjusting items		(2.6)		1.5
Statutory – Statement of comprehensive income				
Net profit after tax from continuing operations		18.1		24.0
Discontinued operations and non-controlling interests				
Gain on sale of Marine Construction		6.7		-
NPAT Marine Construction Operations		(2.9)		(4.5)
NPAT Property, Petrosea & Other		(10.2)		(4.2)
Net profit after interest and tax attributable to members		11.7		15.3

Note (1): Before adjusting items, comprising of the impact of businesses disposed of and acquired, the impact of revaluation of Forge options and in the current period CEO sign on payments.

Note (2): Includes 33.13% of Forge profit before taxation and amortisation.

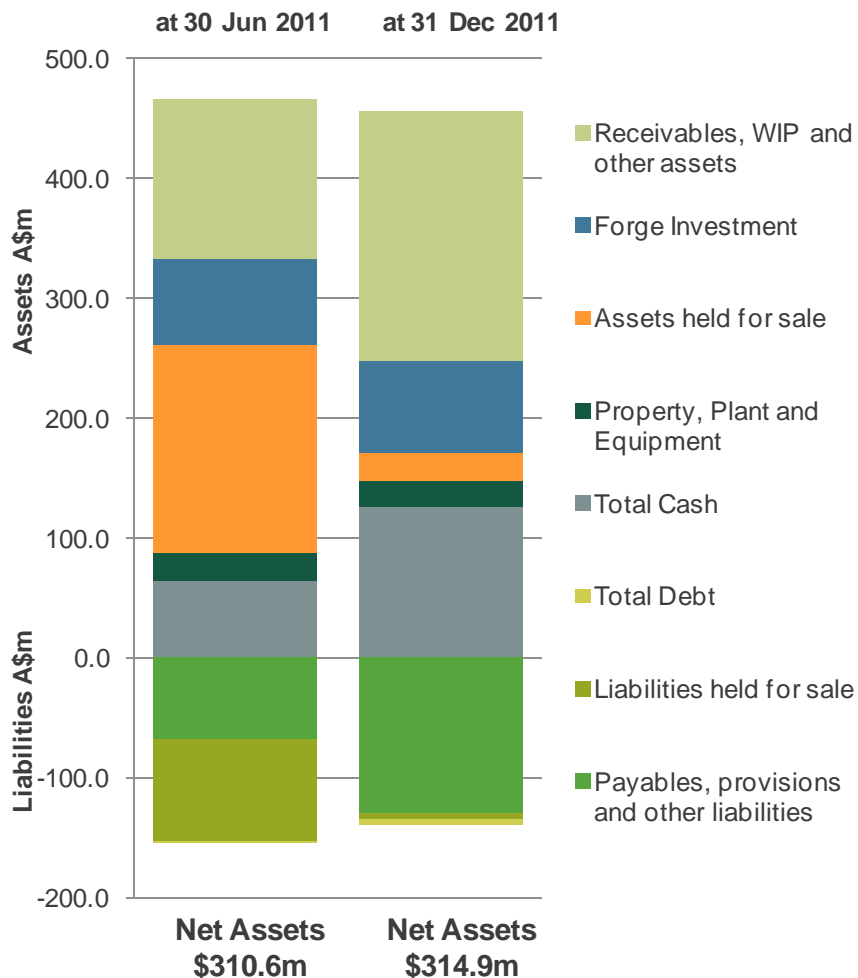
Note (3): Restated to reclassify Marine Construction as a discontinued operation.

Cash Development HY 2011/12



Note (1) Gross cash proceeds less cash in the business, transaction costs and other repayment of secured debt on the Java Constructor pipe-lay barge.

Balance Sheet Development



- Strong Clough balance sheet
- Tangible fixed assets reduced to \$21 million with capex at historically low levels
- Debt reduced to \$5 million
- A\$200m bank bonding facility with a syndicate of 3 leading banks & EFIC; strong support from banks for near term increase
- Additional \$100m surety bonds
- Legacy property assets – planned full exit from Airlie Beach land holding in near term
- Market value of Clough holding in Forge significantly higher than carrying value on Clough balance sheet



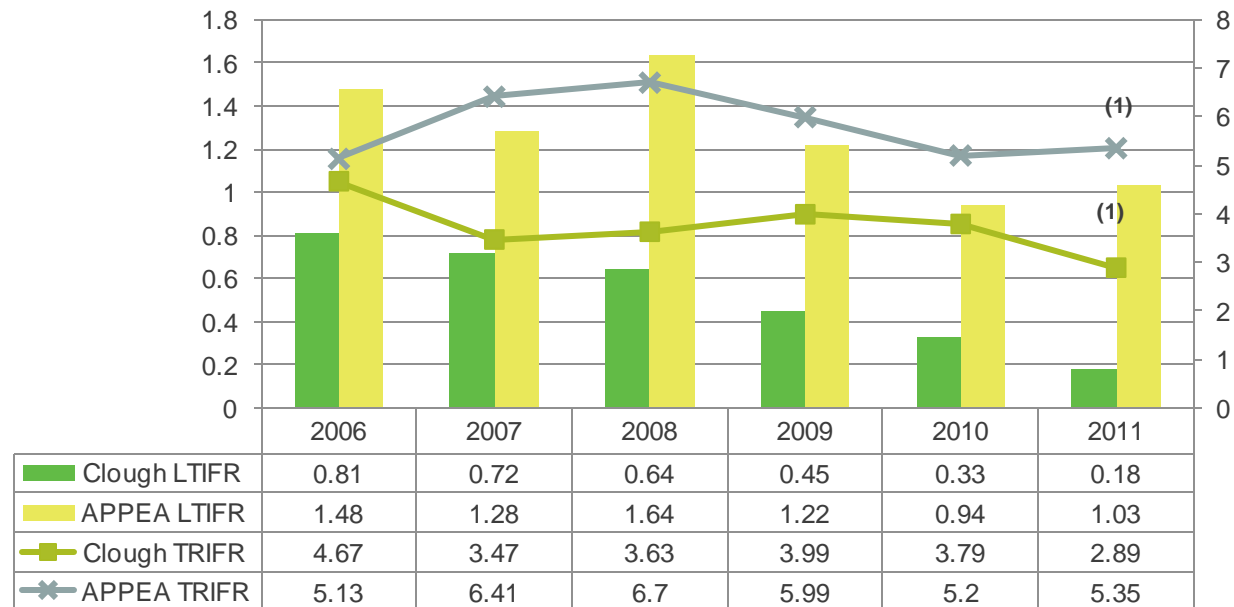
3. Operational Performance

Safety Performance

Industry leading safety performance, significantly better than Australian Construction Average

- Clough LTIFR : 0.18
APPEA: 1.03
- Clough TRIFR: 2.89 APPEA: 5.35
- Strong safety record in challenging environments – over 9.5 million man hours without a lost time injury on PNG LNG Upstream Infrastructure project

LTIFR and TRIFR Performance (12 month rolling)
per million man hours



APPEA LTIFR and TRIFR – Referenced from 2010 -11 Health, Safety & Environment Report

Note (1) – 2011 APPEA figures for January to September 2011 only



Current Projects



Yolla MLE CC-9
Compression
Module Fabrication

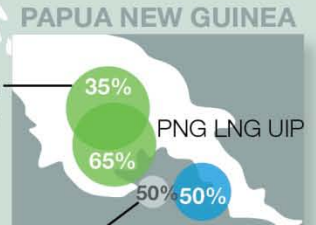
PNG LNG Jetty Piperacks Fabrication
PNG LNG Jetty Topside Fabrication
Gorgon Jansz Pipeline Fabrication

50% Bayu-Undan Operations & Maintenance

50% Ichthys Offshore IPMS

50% Ichthys MOF

PNG LNG Gas Conditioning
Plant EPC4



35% PNG LNG UIP

50% Kumul Marine Terminal
Rejuvenation

50% PNG LNG Jetty

50% Woodside Offshore Maintenance Services

50% Maersk Ngujima-Yin FPSO

50% Roy Hill Iron Ore Package 3 Port Facilities ECI

50% Barrow Island Engineering Services

20% Gorgon LNG EPCM

50% Macedon Gas Onshore Pipeline

100% Wheatstone HUC

50% Wheatstone Jetty

Santos (Fluor) GLNG 50%

BRISBANE

PERTH
50% NAAN3

Balance Project 50%

Contract Value



Key

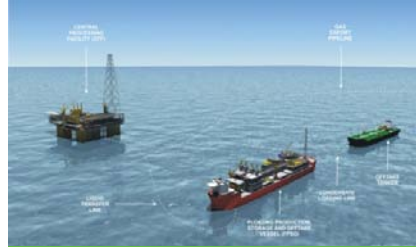


* percentages are Clough % share in the project

New Contracts



Santos Fluor K128
Clough Value - \$310m



INPEX Ichthys IPMS
Clough Value - \$125m



CSBP NAAN3 EPC
Clough Value - \$103m



Hancock Prospecting Roy Hill
Clough Value - \$10m



Chevron Wheatstone HUC
Clough Value - \$350m



Chevron Wheatstone Jetty
Clough Value - \$200m



ExxonMobil PNG LNG UIP
Work Order
Clough Value - \$97m



ConocoPhillips Bayu-Undan
contract extension
Clough Value - \$50m



INPEX Ichthys MOF
Clough Value - \$70m



Recent Award

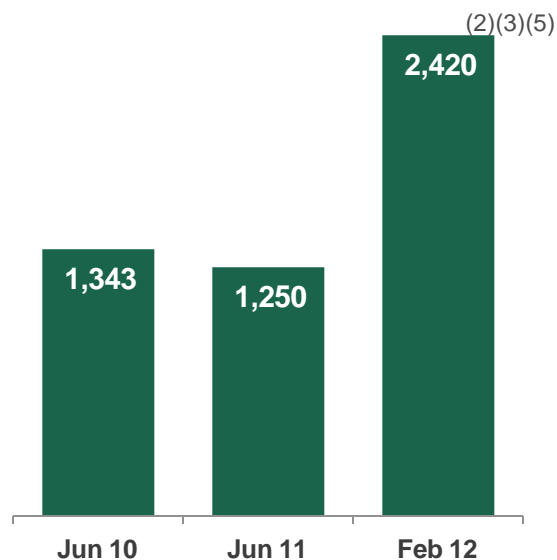


Notice of Award

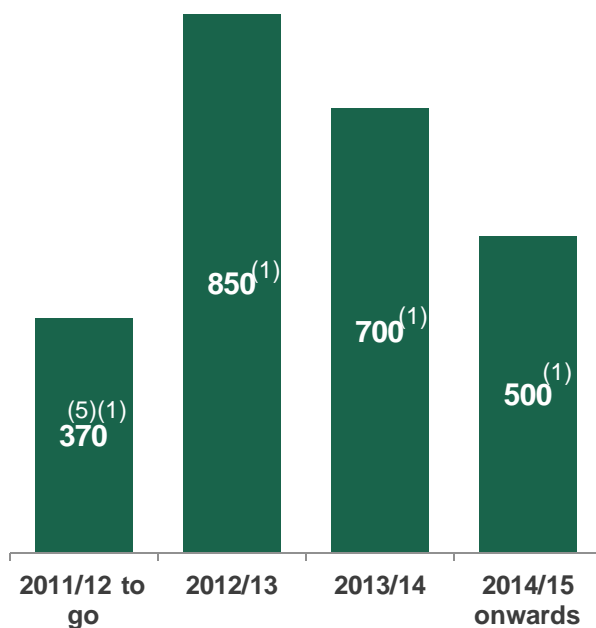
In 2011-12 YTD, Clough has already won more than \$1.3 billion of new work.

Order Book

**Order Book Over Time
(\$m)⁽¹⁾**



**Revenue By Year of Delivery
(\$m)⁽¹⁾⁽²⁾⁽³⁾**



(1) Excludes Forge

(2) Includes contract growth – existing contracts

(3) Includes PNG LNG work orders, Wheatstone HUC, Wheatstone Jetty, Ichthys MOF

(4) Clough Share

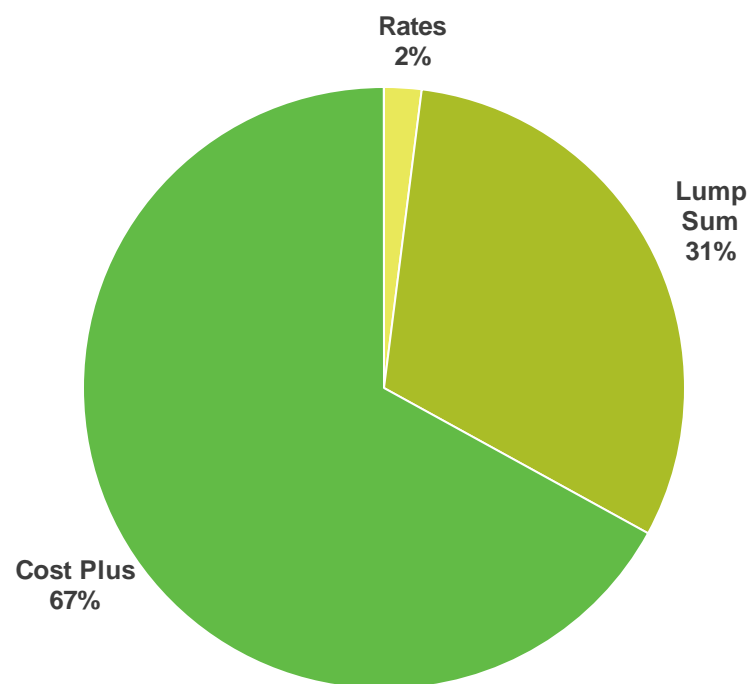
(5) Adjusted for January and February revenue

- Significant revenue secured for future years
- Since 31 December 2011, order book has been augmented by:
 - Exxon Mobil PNG LNG work order - \$97m⁽⁴⁾
 - Chevron Wheatstone HUC - \$350m⁽⁴⁾
 - INPEX MOF LOI - \$70m⁽⁴⁾
 - Chevron Wheatstone Jetty - \$200m⁽⁴⁾
 - Roy Hill ECI variation \$8m⁽⁴⁾
- Strong tendering activity continues. Near term opportunities
 - INPEX Ichthys Jetty
 - INPEX Ichthys Commissioning
 - Chevron Wheatstone ORM
 - QGC QCLNG Woleebee Creek North Works

Quality of Earnings

- Project management system and risk management processes ensure portfolio of contracts provide the right balance between risk and reward
- Integrated project management systems, using proven technology
- Risk management processes continually optimised drawing on lessons from past
- Risk profile has improved, with a greater focus on cost plus contracts
- Current project portfolio is risk balanced, c.70% of order book is on cost plus terms
- Tender book to maintain a similar split

Clough Contracting Mix (Order Book, Feb 2012)⁽¹⁾



(1) Revenue mix by type of contract

Depth of Talent Pool

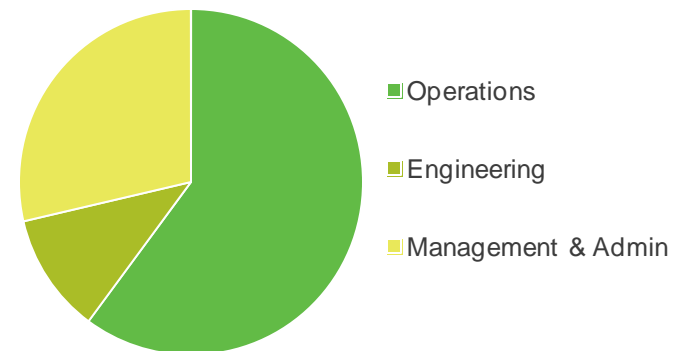
Building capability and capacity to deliver growth

	Dec 2011
Direct Clough Workforce	2,341
Employed directly by JV	2,200
Total Clough Workforce	4,541
Staff Retention	84%

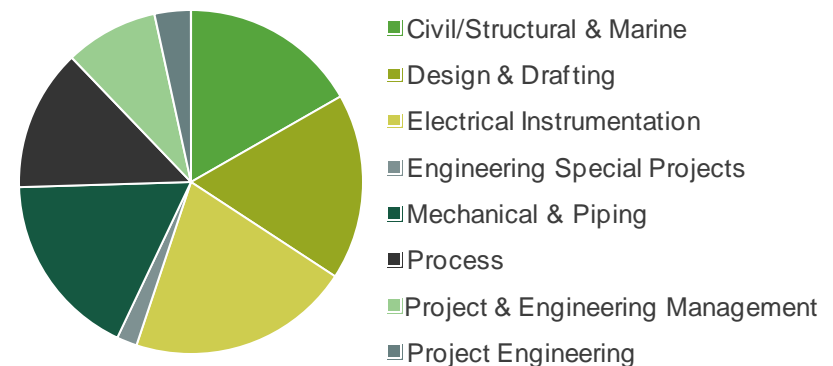
Success through People

- Launch of “Clough Engineering Centre” at the University of Western Australia
- Relaunch of Clough scholarship program - ran from 1969 – 2004 with strong alumni base including top government and business leaders
- Diversity as a key contributor to business success
- Strong recruitment team with ability to source globally to meet future market needs – over 700 staff recruited during reporting period
- Developing the skills for success through internal tailored programs and a graduate development program

Clough Direct Workforce

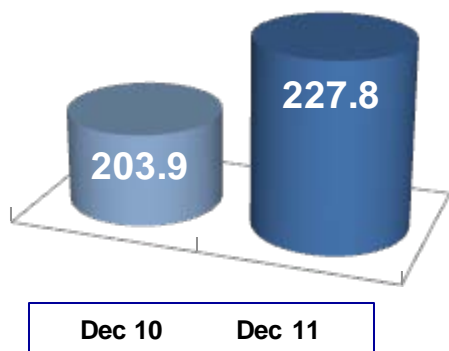


Clough Engineering Workforce of over 300

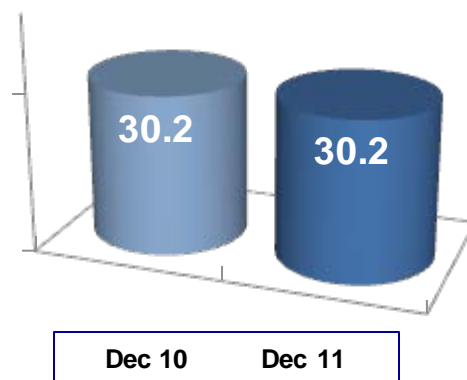


Forge Group

**Revenue
- Total (\$m)**



**Profit Before Tax
- Total (\$m)**



	HY 11/12 Total	HY 11 /12 Clough Share
Profit Before Tax	30.2	9.9
Tax	(9.0)	(3.0)
Net Profit After Tax	21.2	6.9

Highlights:

- Strong operational performance continues.
- Closing order book \$1.2 billion following CTEC acquisition (completed January 2012).
- New office in Johannesburg to service African market.
- Management transition plan in action – David Simpson to be appointed as CEO.

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Questions