



Clough Full Year Results

21 August 2013



pursuit of excellence

Agenda

Highlights

Business Update

Financial Results

Business Division Results

Outlook

M&R Proposal

Questions



Highlights

Financial



FY13 key financials – continuing operations:		Increase on FY12
– Net profit after tax (NPAT)	\$73.9M	up 111%
– Basic earnings per share (EPS)	9.5c	up 109%
– Total revenue	\$1,509.8M	up 50%
– Earnings before interest and tax (EBIT)	\$90.7M	up 144%
– EBIT margin	6.0%	up from 3.7%

- Order book of \$2.3B with \$1.4B in revenue secured for FY14
- No final dividend determined due to M&R Proposal

Strategic



- Commissioning capability strengthened: e2o and Clough Coens
- Forge sale completed March 2013, net cash proceeds \$184M
- Thailand Fabrication business sale agreed. To complete in the first half of 2014

Operational

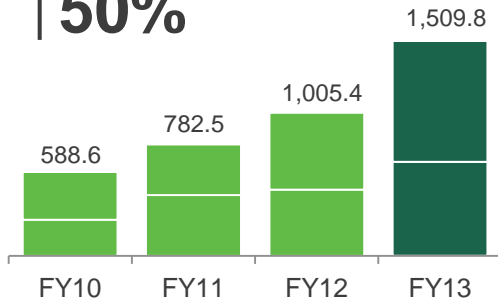


- Industry leading safety performance
- Sustainable cost savings of over \$10M achieved
- New contracts and contract extensions of \$1.5B
- Improved productivity performance
- Workforce growth: 6,343 people

Financial Highlights – Continuing Operations

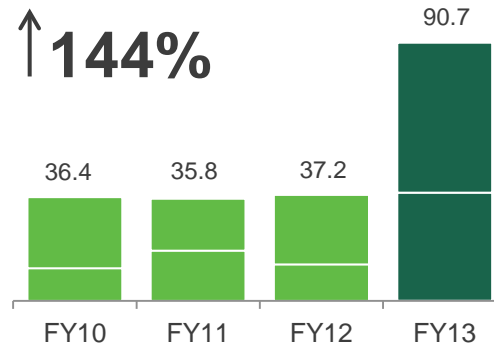
Total Revenue (\$M)

↑ **50%**



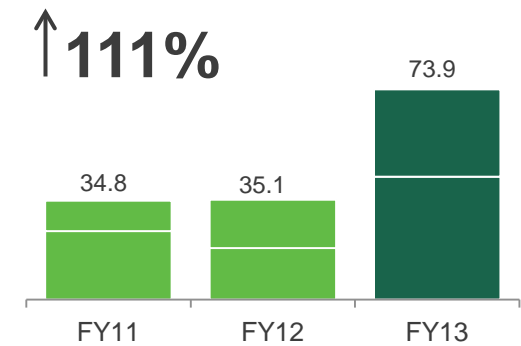
EBIT (\$M)

↑ **144%**



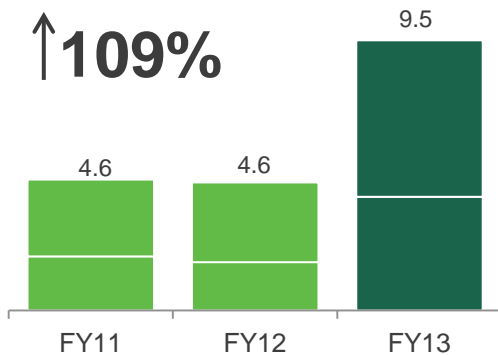
NPAT (\$M)

↑ **111%**



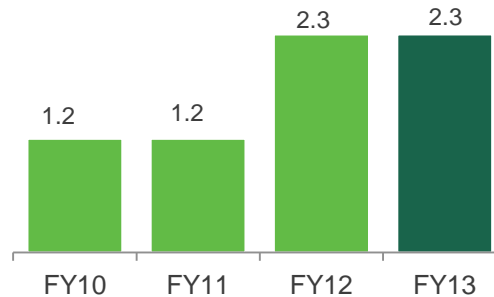
Basic EPS (cents)

↑ **109%**



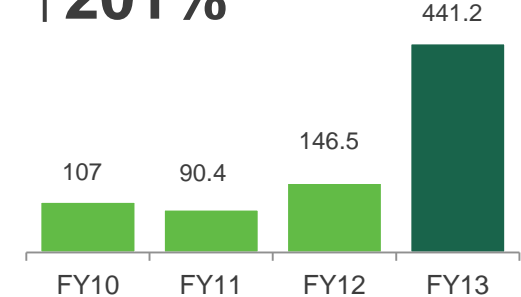
Order Book (\$B)

→



Cash Holdings (\$M)

↑ **201%**

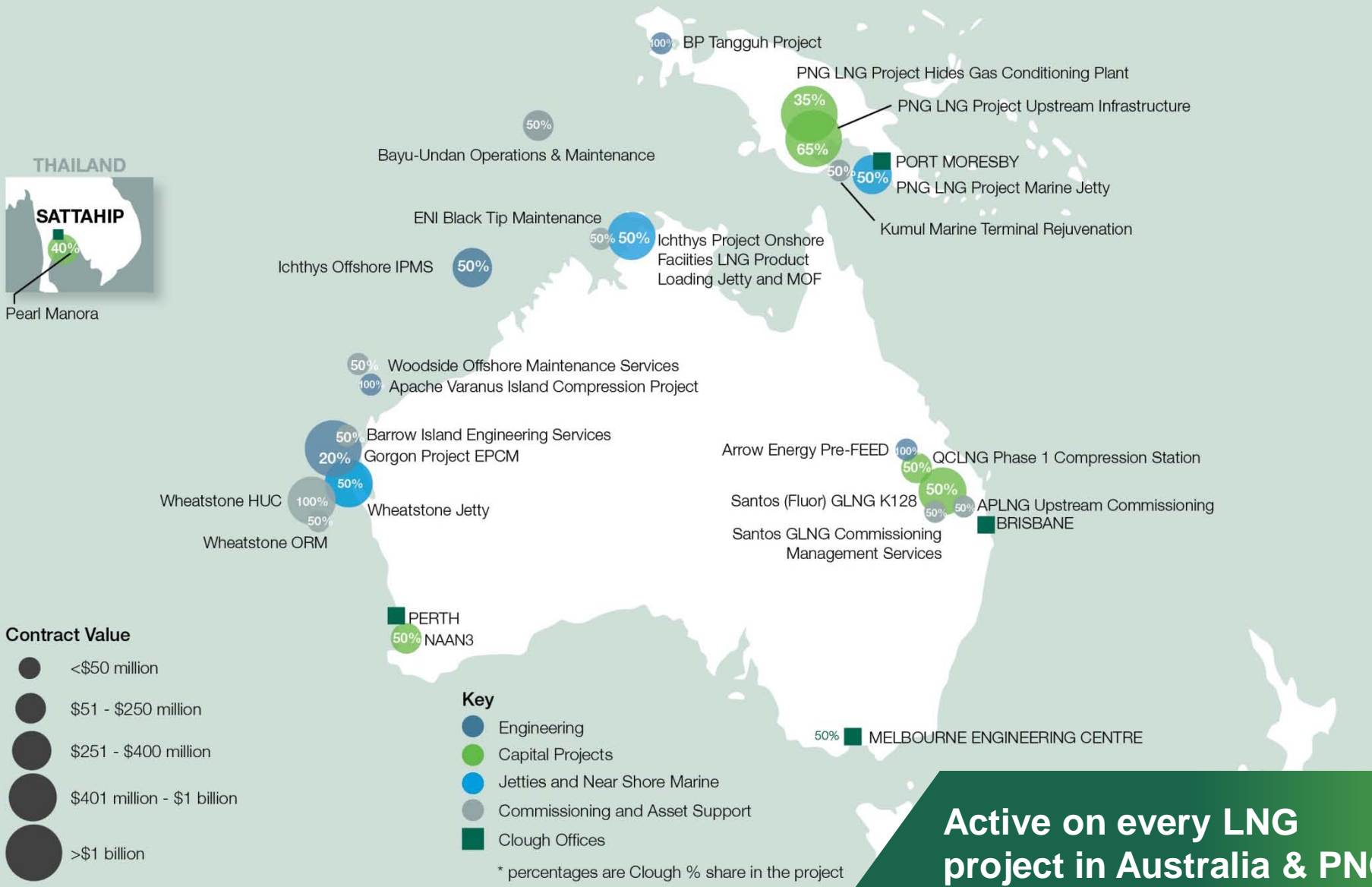


Record results in challenging market conditions



Business Update

Current Projects



Active on every LNG project in Australia & PNG

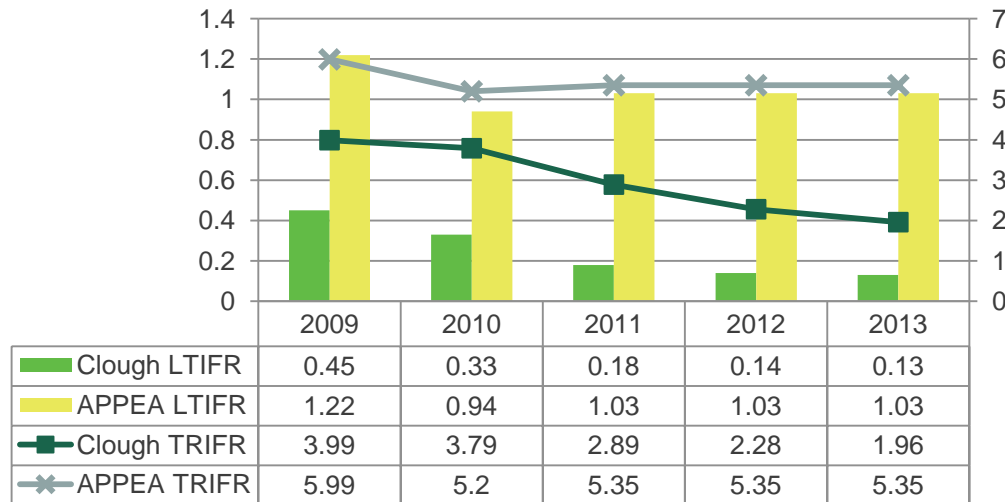
- Adopted safety strategy – 2013
- Safety leadership
- Project Lifecycle focus: Design through execution
- Behavioural based safety programs
- Golden Safety Rules
- Leading indicator focused



Our Vision: Zero Harm to our people, the environment and the communities in which we work.

LTIFR and TRIFR safety performance

12 month rolling as at 30 June 2013 (per million work hours)



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

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

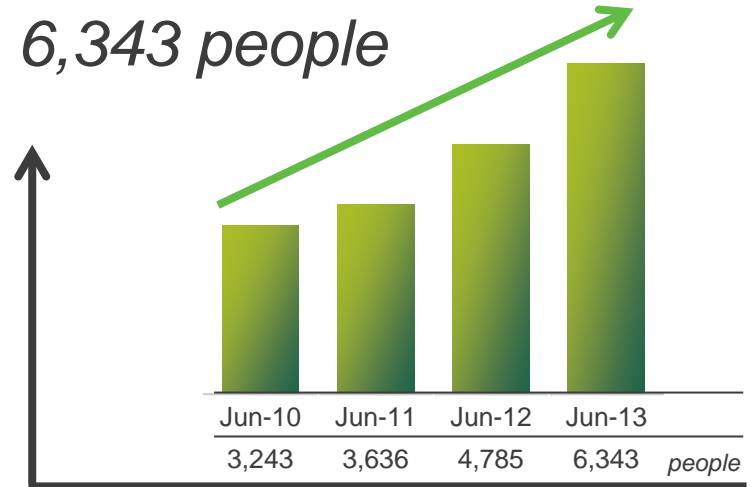


Industry leading safety performance

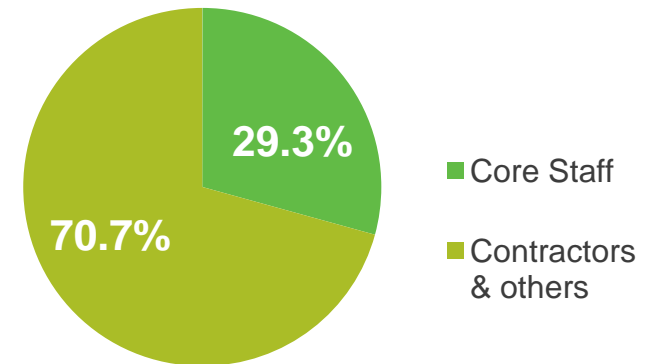
Building Capability

Long term view to people investment:

- Talent management systems in core, highly skilled roles
- Succession planning – building bench strength
- Project Management program
- Education & Youth – Scholars and graduate programs
- Reward and Recognition – market based and performance driven
- Project incentives based on safety, cost and productivity performance
- Leadership positions on projects filled with core staff



Core Staff vs Contractors



A Productivity Mindset



Purpose:

- To put the Pursuit of Excellence into practice
- Improve Productivity
- Change Behaviours
- Discipline



Managing performance rather than just reporting it



Financial Results

Profit and Loss Analysis

Reportable Segments from 1 July 2012 (\$m)	FY13	FY13		FY12	FY12	
				Restated*	Restated*	
	Revenue ⁽²⁾	EBIT ⁽¹⁾		Revenue ⁽²⁾	EBIT ⁽¹⁾	
Engineering	514.6	72.9	14.2%	353.9	49.2	13.9%
Projects	843.7	57.6	6.8%	548.8	34.5	6.3%
Commissioning and Asset Support	121.8	11.1	9.1%	80.0	5.3	6.6%
Fabrication	29.7	(8.1)		22.7	(2.7)	
Corporate overheads and other		(42.8)			(49.1)	
Revenue Clough operations ⁽²⁾	1,509.8			1,005.4		
EBIT Clough operations ⁽¹⁾		90.7	6.0%		37.2	3.7%
Net interest income		7.9			3.3	
Share of jointly controlled entities income tax		(0.7)			(0.5)	
Profit before income tax		97.9			40.0	
Income tax expense		(24.0)			(4.9)	
Statutory – Net profit after income tax from continuing operations		73.9			35.1	
Discontinued operations - gain on business disposal		37.3			5.8	
Other discontinued operations and non-controlling interests		16.2			2.0	
Profit from discontinued operations ⁽³⁾		53.5			7.8	
Profit for the year attributable to Clough shareholders		127.4			42.9	

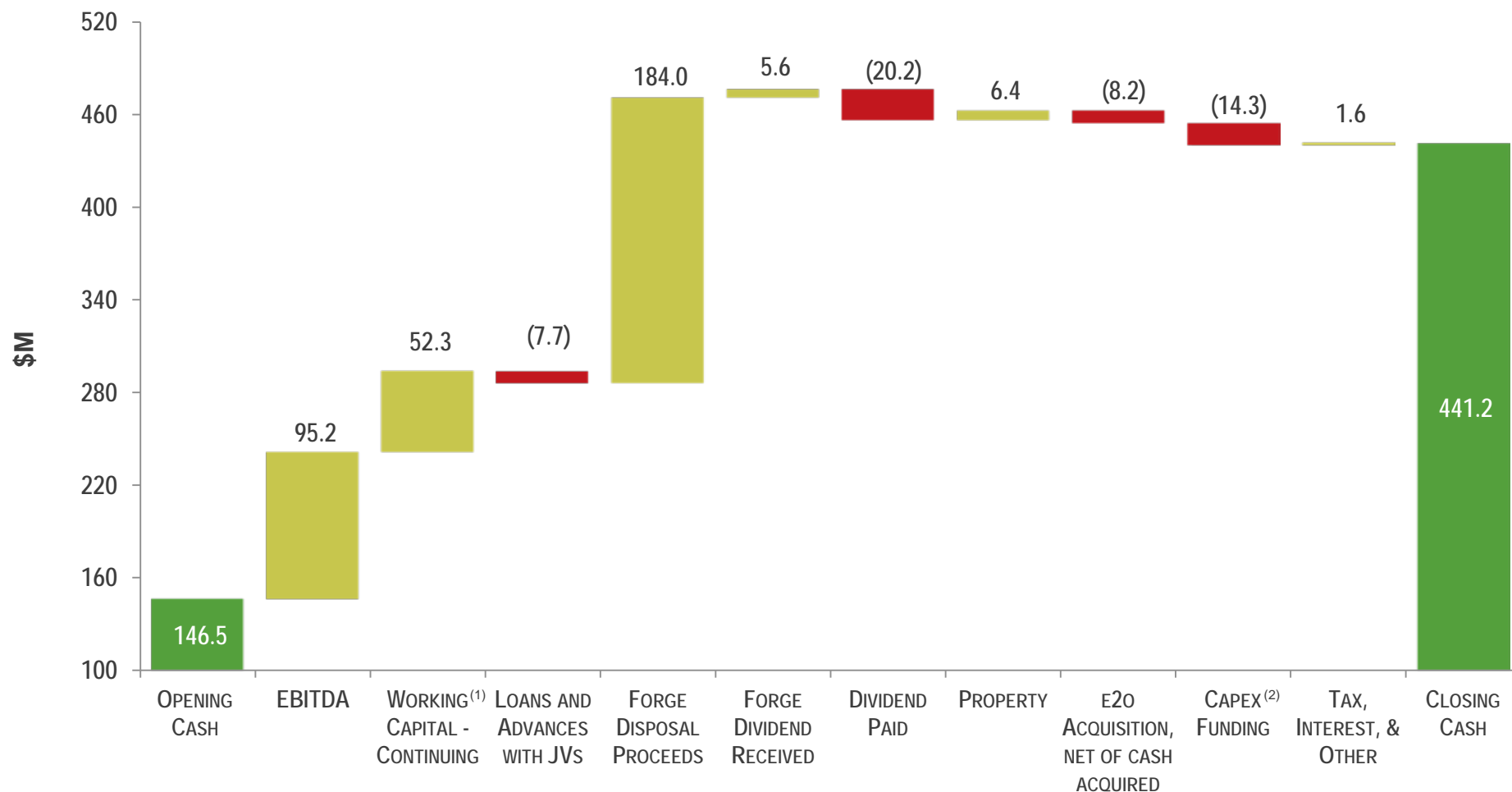
* Restated to reflect the new business divisions effective from 1 July 2012

Non-IFRS Financial information

Clough Limited's consolidated financial statements comply with IFRS. The Company discloses certain non-IFRS earnings and other financial information which are not prepared in accordance with IFRS and therefore are considered to be non-IFRS financial information. The non-IFRS financial information should only be considered in addition to and not as a substitute for, earnings and other financial information prepared in accordance with IFRS.

- EBIT is calculated as net profit after tax from continuing operations of \$73.9m adjusted for income tax expense of \$24.0m, Clough's share of jointly controlled entities income tax of \$0.7m and net interest income of \$7.9m. It is a non-IFRS earnings measure that is used as an additional means to evaluate Clough's performance and is viewed by the Directors and management as that which most accurately reflects the trading performance of the business. It is also reflected in the segment note in the financial statements for Clough's operations. The EBIT margin is calculated as EBIT divided by revenue from Clough operations (defined in footnote 2 below) and expressed as a percentage.
- Total revenue from Clough operations is a non-IFRS revenue measure that includes both revenue from Clough controlled entities and Clough's share of revenue from jointly controlled operations. Clough undertakes many projects through joint ventures, and this measure is viewed by the Directors and management as the one which most accurately reflects the trading activity within the business. This measure does not include any share of revenue of Forge Group Limited (Forge). The measure is used as an additional means to evaluate Clough's performance, and is reflected in the segment note in the financial statements for Clough operations.
- Forge has been classified as a discontinued operation in FY13 and the comparative has been restated.

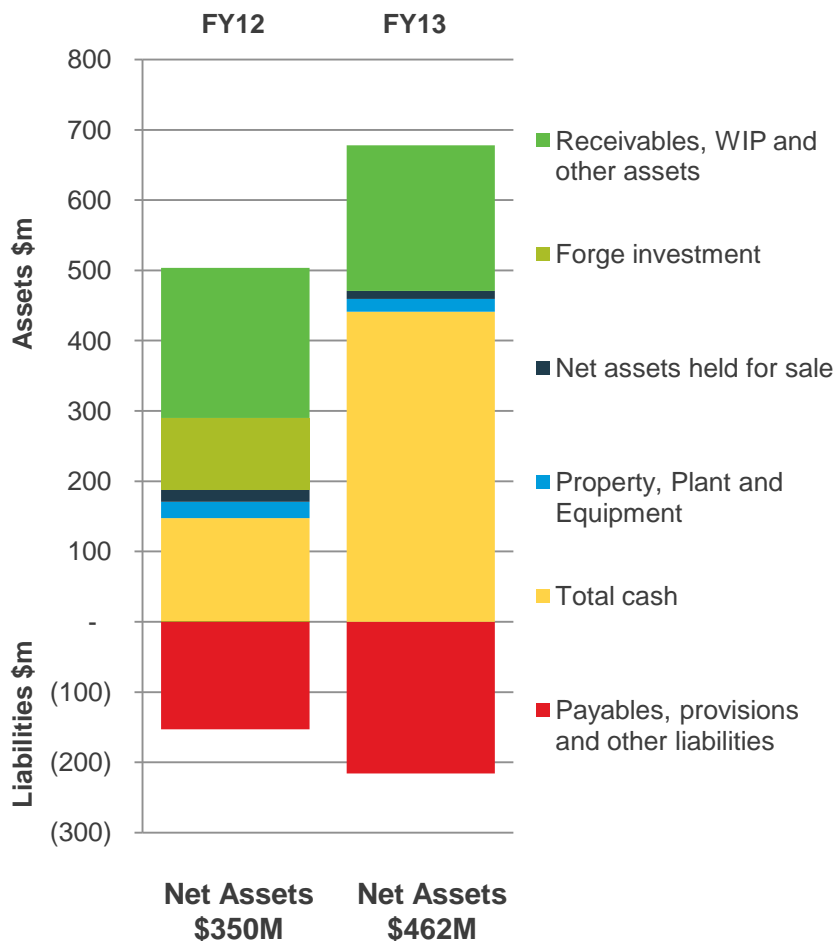
Cash Development



(1): The working capital movement includes \$6.5 million from a joint venture for the repayment of cash previously provided by Clough in lieu of bonding.

(2): Includes \$10.9 million of funding in relation to the BAM Clough jack-up barge.

Balance Sheet Development




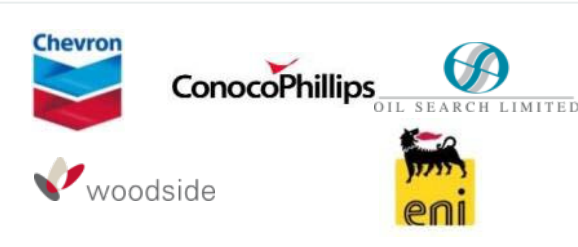


- Cash holdings of \$441M, with no debt
- Sale of investment in Forge Group Limited in line with strategic objectives and provided \$184M in net cash
- Bonding facility of \$200M with \$129M utilised at 30 June 2013
- Surety facility of \$150M with \$90M utilised at 30 June 2013
- Continued exit of legacy property assets
- Historical tax losses fully utilised; Australian tax of approximately \$42M payable in December 2013



Business Division Results

Core Business Overview

Core Business	Engineering	Projects		Commissioning and Asset Support
		Capital Projects	Jetties and Near Shore Marine	
Services	Concept, Feasibility, BOD, FEED & Detailed Design	Design and construct of: <ul style="list-style-type: none"> • Process Facilities • Balance of Plant • Power Generation • Pipelines and supporting infrastructure 	Design and construct of: <ul style="list-style-type: none"> • Jetties • Terminals • Ports • Berthing Structures • Quay Walls • Breakwaters • Pipelines 	Onshore / Offshore Pre-commissioning and Commissioning
	EPCM and Project Management Consultant (and Services)			Reliability Modelling, Operational Readiness, Maintenance, Shutdowns and Turnarounds
	Specialised Process LNG, Optimisation and Debottlenecking			Operators Maintenance Staff, Competency Assurance and Training (Classroom / e-training)
				Decommissioning
Clients				
Differentiators	Engineer with a Construction mindset	94 years in Australia and 30 years in PNG		Specialised and independent commissioning services
	Specialised LNG process expertise	Market leader in Jetties and Near Shore marine		<ul style="list-style-type: none"> • Australasia (e2o) • International (Clough Coens)
		Expertise in logistically challenging projects		
		Construct with an operations mindset		
		Innovation: 4PL and Clearview		Flexible and modular asset support services

Engineering

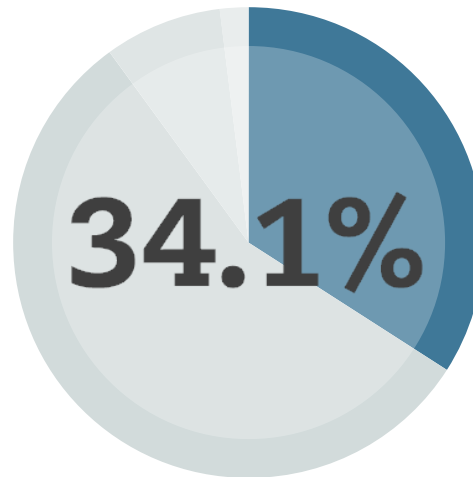
Key Contracts

- Arrow Energy Upstream pre-FEED
- Chevron Gorgon Downstream EPCM
- INPEX Ichthys Offshore IPMS
- BP Tangguh PMC
- Apache - Varanus Island Compression Upgrade
- Engineering Service Agreements - Woodside, Chevron, QGC

Longer Term Outlook

- Engineering led international expansion – UK & Jakarta
- Specialised operations engineering
- Small EPC projects
- FLNG opportunities

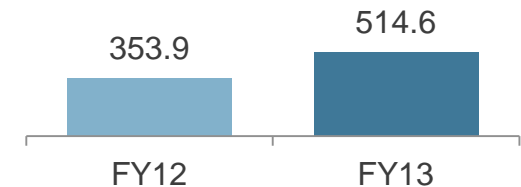
contribution to total revenue



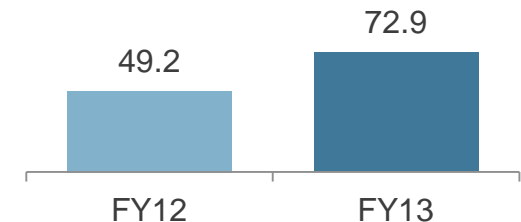
\$694M

order book at 30 June 2013

Revenue \$M



EBIT \$M



EBIT %

Fiscal Year	EBIT %
FY12	13.9%
FY13	14.2%

Highly specialised engineering services

Projects

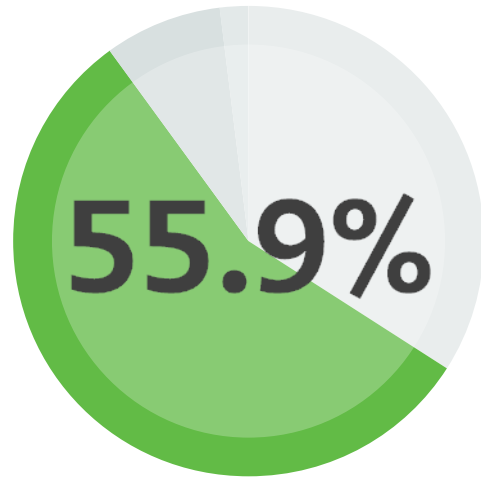
Key Contracts

- ExxonMobil PNG LNG EPC4 and C1
- CSBP NAAN3 EPC
- Santos/Fluor Gladstone LNG K128
- QGC QCLNG Compression Stations 8+2 Stage 1
- Morobe Mining PNG Wafi Early Works
- ExxonMobil PNG LNG Jetty
- Chevron Wheatstone Jetty
- INPEX Ichthys Jetty and MOF

Longer Term Outlook

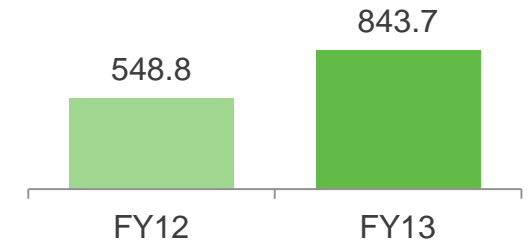
- Mining & Minerals market re-entry
- Unconventional Gas: CSG & Shale
- Port developments
- LNG import jetties

contribution to total revenue

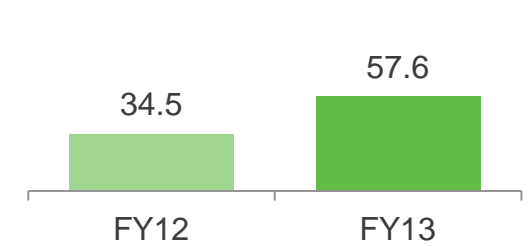


\$1,166M
order book at 30 June 2013

Revenue \$M



EBIT \$M



EBIT %

Fiscal Year	EBIT %
FY12	6.3%
FY13	6.8%

Focused on execution excellence & enhanced productivity

Commissioning and Asset Support

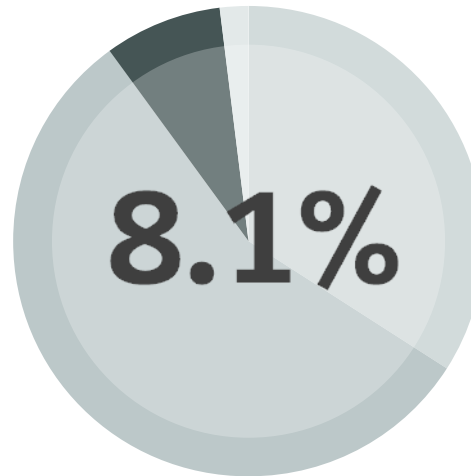
Key Contracts

- Chevron Wheatstone Offshore Hook Up and Commissioning
- ConocoPhillips Bayu-Undan Operations and Maintenance
- Oil Search Kumul Terminal Rejuvenation
- Chevron Wheatstone ORM
- Chevron Barrow Island ESC

Longer Term Outlook

- Significant commissioning opportunities: Australia, Korea, China
- Production Operations
 - Operations readiness
 - Maintenance and shutdowns
 - Sustaining capital works

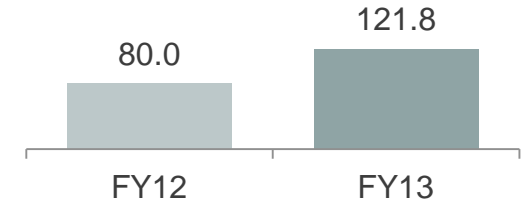
contribution to total revenue



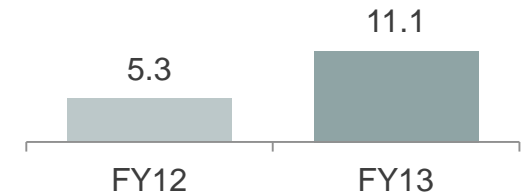
\$419M

order book at 30 June 2013

Revenue \$M



EBIT \$M



EBIT %

Fiscal Year	EBIT %
FY12	6.6%
FY13	9.1%

Strong growth outlook – LNG transition from construction to operations



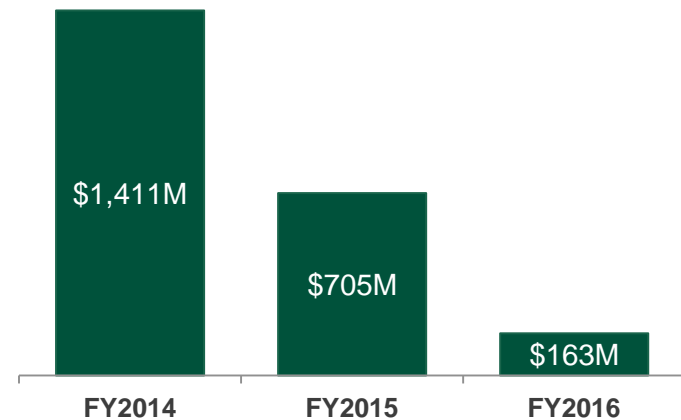
Outlook

Order Book

Order Book Over Time



Secured Revenue Over Time



Robust order book with \$1.4B of revenue secured for FY14

Outlook

- Continued focus on improved performance and cost efficiency
- Secured revenue for H1 is approximately \$800M and \$1.4B for FY14
- FY15 secured revenue \$705M
- Longer term margin target on track
- Continue to strengthen Commissioning and Asset support
- Engineering led international expansion
- Focus on building people capability

Focused on providing superior shareholder value

- Murray & Roberts (M&R) has announced a conditional proposal to acquire all outstanding shares in Clough it does not already own.
- The offer price of \$1.46 per share comprises a cash payment by Murray & Roberts of \$1.32 and the payment by Clough of a dividend of \$0.14 per share.
- The dividend is expected to be fully franked providing up to an additional \$0.06 per share for shareholders who can use the franking credit.
- The Proposal is conditional on M&R completing confirmatory due diligence, execution of a Scheme Implementation Agreement, and final M&R Board approval.
- The Proposal represents an opportunity for Clough shareholders to realise a significant value for their investment. The offer price is at a premium to the price at which Clough shares have traded on the ASX.
- Clough's independent directors intend to unanimously support the transaction, subject to an Independent Expert determining that the transaction is in the best interests of Clough shareholders, and no superior proposal emerging.



The information in this presentation:

- Is not an offer or recommendation to purchase or subscribe for securities in Clough Limited or to retain any securities currently held.
- Does not take into account the potential and current individual investment objectives or the financial situation of investors.
- Was prepared with due care and attention and is current at the date of the presentation.
- Actual results may materially vary from any forecasts (where applicable) in this presentation.
- Before making or varying any investment in securities in Clough Limited, all investors should consider the appropriateness of that investment in light of their individual investment objectives and financial situation and should seek their own independent professional advice.
- This presentation should be read in conjunction with the audited financial statements for the year ended 30 June 2013, together with announcements made by Clough Limited in accordance with its continuous disclosure obligations arising under the Corporations Act 2001.
- Clough's results are prepared in accordance with International Financial Reporting Standards (IFRS). This presentation includes non-IFRS measures that are defined within the presentation and reconciled to IFRS measures in Appendix 1
- All amounts are in Australian Dollars.



Questions

APPENDIX 1: FY13 Profit and Loss Reconciliations

RECONCILIATION – Statutory Revenue to Total Revenue (\$m)	FY13	FY12
Statutory revenue from continuing operations ⁽¹⁾	624.7	431.4
Less: Other revenue (including recharges to jointly controlled entities, rental and interest income) ⁽²⁾	(252.2)	(136.2)
Add: Construction project revenue – jointly controlled entities ⁽²⁾	1,137.3	710.2
Total revenue Clough operations ⁽³⁾	1,509.8	1,005.4

RECONCILIATION – NPAT Continuing Operations to EBIT (\$m)	FY13	FY12
NPAT from continuing operations ⁽¹⁾	73.9	35.1
Net interest income (including share of jointly controlled entities)	(7.9)	(3.3)
Income tax expense – Clough and share of jointly controlled entities	24.7	5.4
EBIT Clough operations ⁽³⁾	90.7	37.2

Notes:

- (1) Extracted from the Consolidated Income Statement
- (2) Disclosed in note 4 *Revenue* in the 30 June 2013 Financial Statements
- (3) Refer to footnotes on the Profit and Loss Analysis slide