2012 ANNUAL GENERAL MEETING

Chairman’s address

Introduction

I am particularly pleased to be able to report that 2012 was another successful year for the company during which we delivered further growth in underlying earnings. The company also delivered strong revenue growth and a significantly improved cash flow performance.

The financial performance is especially pleasing given the challenging global macroeconomic conditions and significant volatility across the industries we service.

The result was supported by a significant number of new contract awards during the year across our four divisions. Our Chief Executive, John Grill, will take you through these contract successes in more detail shortly.

Safety

At Board level and across the organisation globally, safety remains a major priority. We are therefore disappointed and saddened to report that we had three work related employee fatalities this year.

These fatalities and the growing complexity of our business confirm that there is more we need to do in this area. The Board and Management are committed to continue to seek ways to improve our safety performance and drive towards our goal of zero harm. The Board has formed a Health, Safety and Environment committee to further support the achievement of this goal.

People

The business would not be in the strong position it is today were it not for our people.

One of our core strengths is the capability and experience of our global team. This is borne from a culture of empowering and developing our people to succeed at every level, and encouraging accountability, innovation and excellence.

The move to the new ‘local/global’ organizational model has further embedded our culture and people capability and we have seen significant efforts this year to ensure that our people remain our key competitive advantage.

I would like to express the Board’s thanks and indeed admiration for the outstanding contribution of WorleyParsons’ many people during the year.

Financial Results

I will now run through a brief overview of the Company’s 2012 financial results.

For the full year, WorleyParsons reported aggregated revenue of $7.4 billion, up 25 percent on the previous corresponding period. Net profit after tax attributable to members for the year was $353 million, down 3 per cent on the prior year. Underlying net profit after tax attributable to members
for the year was $346 million, up 16 percent on the prior year, after excluding fair value gains on acquisition of associates of $7.6 million in 2012 and $65.7 million in 2011

Basic earnings per share was 143.7 cents, down 3.1 percent on the prior year.

The Board resolved to pay a final dividend of 51.0 cents per share, franked to 61.3 percent, bringing the total dividend for the year to 91.0 cents per share, up 5.8 percent from 86.0 cents last year.

Corporate Responsibility

WorleyParsons aims to be recognized as an industry leader in Corporate Responsibility and to this end has embarked on a journey of continuous improvement.

In 2012 WorleyParsons revised and updated its Corporate Responsibility Statement to more clearly articulate its commitment and aspirations to Corporate Responsibility leadership.

As set out in the Corporate Responsibility Statement, we aim to:

- Maintain the highest standards of ethics and governance;
- Continue to develop our people;
- Promote a diverse and inclusive workplace;
- Make a positive impact in the communities in which we operate;
- Not be complicit or engage in activities that solicit human rights abuse;
- Implement socially responsible supply chain practices;
- Identify opportunities to improve our environmental performance; and
- Monitor and report our corporate responsibility performance on a regular basis.

Board

As we announced earlier this year, Andrew Wood today succeeds John Grill as Chief Executive Officer of WorleyParsons.

John is justifiably regarded as one of Australia’s outstanding business leaders. He has been integral to the growth and success of the business, having more than 40 years ago established the Company that became today’s WorleyParsons.

John led WorleyParsons’ growth from a small private domestic engineering firm to a publicly listed, global leader in the markets in which it operates.

I am personally delighted that John has accepted the unanimous invitation of the Board’s non-executive directors to re-join the Board in February 2013 and at that time to become non-executive Chairman. I will then take the role of Deputy Chairman and Lead Independent Director.

It has been a great privilege to lead the Board over the past few years, and I am pleased that WorleyParsons will continue to benefit from John’s exceptional industry knowledge and strong client relationships.
Andrew Wood’s appointment as Chief Executive Officer is another major milestone for WorleyParsons. Andrew was most recently Group Managing Director Finance and CFO with responsibility for Group-wide direction and support to the business functions of Finance, Information Management, Internal Procurement and Communications, Legal and Risk.

Over his 18 years of service with WorleyParsons, he has held a number of other key leadership positions including Managing Director of International Operations and Regional Managing Director for Australia and New Zealand. He was responsible for WorleyParsons’ early expansion into Thailand and the Middle East, Canada and Chile and subsequently managed the transformational acquisitions of Parsons E&C Corporation in November 2004 and The Colt Group of Companies in March 2007.

The Board has chosen Andrew as the right leader for WorleyParsons at this stage of its evolution, and he is supported by a very capable senior leadership team. The Board is confident that the Company will continue to prosper under the leadership of Andrew and his team.

**Conclusion**

While this is a time of major transition for the Group’s top leadership it remains business as usual for WorleyParsons. We have a sound strategy in place and a committed and highly experienced senior leadership team which has been the key architect of this strategy.

I would like to thank the senior management team, led superbly by John Grill, for their outstanding contribution once again to the growth of the Group. I would also like to extend my personal best wishes to John for this next phase of his career.

Also I would like to take this opportunity to thank my colleagues on the Board for their contribution and commitment to the success of Worley Parsons.

WorleyParsons is in excellent shape and I have complete confidence in the long term future of the Group.

In closing I would also like to thank our many shareholders for their continuing interest in, and support for, this great company.

That concludes my address.

Thank you ladies and gentlemen.

**Chief Executive Officer’s address**

Good afternoon ladies and gentlemen.

Welcome and thank you for taking the time to attend this year’s Annual General Meeting.

First, I would like to apologize to anyone who has been inconvenienced by this year’s change of venue.

This is my last address to you as Chief Executive Officer before I hand over the reins to your new CEO, Andrew Wood.

So I am very delighted to report that 2012 was a good year for WorleyParsons.
WorleyParsons’ expanding global presence, particularly in the developing world, continues to create opportunities for our business. This growth is best reflected by the increase in our people. More than 5,700 people joined WorleyParsons in 2012, taking the total number of people in the group to a record 40,800 located in 163 offices in 41 countries.

Following the significant restructure of our business last year, I’m glad to report our ‘Local/global’ model is being well received by our customers and by our people.

This afternoon I would like to expand on what this means for our business.

I will also provide you more detail around some of our key contract ‘wins’ during the year and then hand over to Andrew Wood to talk about the outlook for our business and our company for the year ahead.

‘Local/global’ model

Our ‘Local/global’ business model puts the customer at the centre of everything we do. Its benefits are becoming increasingly evident in the larger more complex contracts we are now winning in more remote parts of the world for our large multi-national customers.

Through the model, we are empowering each of our locations as centres of delivery excellence; removing unnecessary overlaps between group, regions and locations; promoting collaboration as the basis of the way we work together; simplifying our business by using common tools, systems and work processes; and developing stronger customer relationships.

The importance of local delivery combined with global support and the role this approach will play in delivering our strategy cannot be overstated. I believe a combination of these two factors is critical to taking our company to the next level of development and positioning us to operate as a truly global company.

Contract awards

More and more, large multi-nationals are opting for global contracts and improve services.

We positively distinguish ourselves from our competitors as one of only a handful of companies world-wide with the depth and breadth of skills to service them.

In 2012, we won 77 new significant contracts.

We also secured a number of long-term key global services agreements and continued to expand our global and multi-region relationships with a number of large multi-national customers.

There was also an increase in demand for our improve services, winning 46 new long-term contracts in 2012 and increasing our world-wide portfolio to over 260 contracts.

Four of these contacts were global, multi-site agreements including two in North America: an Engineering Partner Contract with BASF and an Enterprise Framework Agreement with Shell for its downstream facilities.

We have strong established footholds in our traditional markets and have now entered new markets through the transfer of our proven capabilities and practices.
Developing markets were also a significant driver of growth as our large global customers continue to invest in projects in countries where the bulk of the world’s undeveloped resources lie.

**People**

The globalization of our company is fundamental to our future.

Our ability to deliver consistent levels of excellence locally for our customers anywhere in the world means our people continue to work in more remote parts of the world.

During the year, we further improved our people capabilities in the areas of leadership development, talent management, succession planning, mobility and diversity.

Workshare gives us ongoing access to a broad and consistently high quality range of expertise right across the organization and ‘smooths’ out our work load. It is absolutely critical to our ability to remain competitive.

Our workshare hours increased 44 per cent throughout the business with 4.9 million workshare hours in 2012 compared to 3.4 million hours in 2011.

I would like to take this opportunity to thank all WorleyParsons employees for their outstanding efforts over the past year.

The way our people work together really matters to our customers and therefore to our organization. It is fundamental to our overall success and they play a very big part in that success.

**Safety**

As Ron mentioned earlier, we sadly lost three employees due to safety incidents in 2012.

Two of our drivers, one in the Middle East and one in Kazakhstan, died in road incidents and an employee in Brazil died as a result of a bacterial infection.

These deaths were tragedies for their friends and colleagues but most importantly for their families.

The nature of our industry means high safety standards are a must for our business. Incidents like these remind us that we must never stop working toward our goal of zero harm, particularly in travel.

Across the business, we continue to strengthen our focus on the safe performance of our work, particularly in relation to our field and construction activities.

In 2012, we also became a signatory to the UN Decade of Action for Road Safety.

**Operational overview**

I will now talk to our customer sector groups.

**Hydrocarbons**

For our hydrocarbon’s business, demand for oil and gas continued to grow, resulting in an increasing level of capital expenditure in major upstream developments.
We experienced ongoing growth in Improve globally, together with a higher level of spending in onshore unconventional, LNG and offshore markets.

Our major customers are using our services to expand into global unconventional gas markets. During the year, we won a number of shale gas projects in the United States, tight gas in the Middle East, coal seam gas in Australia and oil sands in Canada.

We also continued to expand our global and multi-region relationships with the global majors such as Chevron, Shell and ExxonMobil.

Margins in 2012 were generally lower, largely the result of several under-performing hydrocarbons projects which have now either been completed or provided for.

**POWER**

In Power, we continue to support our key Power customers through long-term service agreements in the USA, Australia and Canada.

We secured a number of nuclear contracts during the year confirming our belief that growth in the Nuclear Improve market is likely to continue as a result of the post-Fukushima safety assessment of existing reactors around the world.

In the developing world, we are carrying out power generation and networks projects in the Middle East, Latin America, Asia and Africa.

**MM&C**


The change reflects the increasing importance of chemicals in our business strategy. Our involvement in chemical projects across the world continues to increase.

We continued to strengthen our relationship with major global companies in Minerals, Metals & Chemicals and, as a result, have experienced growth in both project and Improve activity across the developed and developing world.

During the year, we secured major iron ore, coal, base metals and chemicals Improve contracts with companies including BHP Billiton, Rio Tinto, Anglo American and BASF.

**I&E**

Our decision to expand our capabilities in Infrastructure & Environment to support the resources sector in addition to urban infrastructure has resulted significant growth for the business in 2012.

We have continued to extend our capability across the world and now have global centres of excellence in water, environment, ports and transport.

We are also servicing unconventional oil and gas global strategic customers with an integrated environment and water service offering.

**CEO succession**

I would like to congratulate Andrew Wood on his appointment as my successor as Chief Executive Officer.
I also thank him for accepting the challenge.

I have worked with Andrew for more than 18 years and known him for longer and regard him as a talented and dedicated colleague.

Andrew will of course have the great support of his very capable Executive Committee colleagues in leading the company.

As today is my last day as CEO of WorleyParsons, I would like to acknowledge all the wonderful people I have worked with over the years. I cannot name them all but they know who they are.

Together, we have built an organization of which we can all be very proud.

I want to thank them all for taking the WorleyParsons journey with me; it’s been some trip and I will miss travelling the road, at least on a daily basis.

I look forward to re-joining the Board next year, following the company’s half year results in a very different but equally challenging role as non-executive Chairman.

Your board has been a great support to me as CEO. At WorleyParsons, we have been very fortunate to have in your board such a strong body of talented and experienced individuals. I thank them all for their dedication to our company.

In particular, I would like to thank your Chairman, Ron McNeill, who has been a wonderful leader for your board since 2004.

I am especially excited about my new role working with Ron and my fellow directors and with WorleyParsons’ management in guiding our company to success well into the future.

I will now hand over to Andrew Wood.

Chief Executive Officer Designate’s address

Good afternoon ladies and gentlemen.

Today, I would like to very briefly talk to you about the markets we operate in and what they mean for our businesses over the coming year.

As is customary at our AGM, I will also update the outlook for our company.

Before I begin, I would like to say a few words about John Grill.

John has been our visionary, founder and CEO, and for more than 40 years he guided our company on a road to success that is nothing short of extraordinary.

All of us at WorleyParsons have been very fortunate to share that vision with him; a great many of us have worked with him to build our company into the highly-reputable global entity it is today.

He is recognized as one of this country’s most outstanding business leaders and without doubt is one of the great entrepreneurs of our industry globally.

As he steps down as CEO, he leaves many great legacies at WorleyParsons.

Perhaps his most enduring legacy has been his ability to attract some of the best global talent in our industry to WorleyParsons, ‘like-minded’ people who didn’t want to work for any company; they wanted to work for this company.
His ability and generosity as a mentor has meant we have retained much of that talent.

Many of those people are sitting in this room today and are members of our executive and chief executive officer committees. Collectively, they have nearly 300 years working with WorleyParsons.

I become CEO of WorleyParsons in the firm knowledge that I have a committed world-class executive team standing next to me and a company that is financially, strategically and operationally in great shape.

For this, I know I thank John on behalf of everyone working at WorleyParsons.

John was always going to be a tough act to follow and I am honoured to accept the challenge of leading WorleyParsons into its next phase of its growth.

My appointment has also opened up a number of key senior positions within the organization, which my fellow Executive Committee members and I saw as a valuable opportunity to progress our strategy, in particular the development of our improve business.

I am pleased announce the appointment of Randy Karren, currently our Regional Managing Director Canada, to the Executive Committee as Group Managing Director improve.

Through Colt, Randy has been with WorleyParsons for more than 26 years. His experience in full-project delivery and in some of our longest standing improve relationships will significantly reinforce our already strong capabilities in our High Value Project Delivery and integrated improve offerings.

I am also pleased to announce the appointment of Simon Holt to the position of Chief Financial Officer at WorleyParsons.

Simon is currently our Deputy Chief Financial Officer. He joined our company as Group Financial Controller in 2007 from Westfield. He has been responsible for the development of our financial systems as they have sought to keep pace with the growth of the business. He will become a member of my Chief Executive Officer’s Committee.

As our new CFO, Simon will focus on Finance, Tax and Treasury.

Some other functions that sat under me as Group Managing Director Finance, such as Information Management, Global Services and Risk, will now report to Dave Steele, our Group Managing Director Delivery. Iain Ross, our Group Managing Director Development, will add Investor Relations to his portfolio of responsibilities.

**Market and business outlook**

Moving onto the markets we operate in.

Resources and energy have been the focus of much recent public discussion.

There is an easing in some of these markets around the globe, particularly the minerals and metals market in Australia. Conversely, other markets such as Chemicals and Hydrocarbons continue to expand particularly in the USA, China and the Middle East.

John and I have had the opportunity to meet with most of our major hydrocarbons customers over the last few weeks. They remain positive about the prospects for the industry and their investment
plans. They are however concerned about escalating costs in key markets such as Australia and Canada. These concerns are making them more cautious in their planning including a willingness to delay projects to limit escalation of costs.

One of the areas in hydrocarbons in which we have seen significant growth recently has been the fabrication and construction activities of WorleyParsons Cord in Canada. While this growth is expected to continue, it will be weighted to the second half.

Over the last few months in Minerals Metals and Chemicals we have seen iron ore and coal prices fall substantially. While coal prices remain depressed, iron ore prices have partially recovered. Copper prices are robust but continue to fluctuate. This price volatility is eliciting varying responses from our clients.

So while we continue to expect improved earnings in all our customer sectors groups in FY2013, we expect earnings in the first half to be similar to the first half of FY12 with growth weighted to the second half.

John has described the diversified portfolio of businesses and services across multiple customer sector groups and across multiple geographies that we have developed. He has also described the new Local/Global model. These, along with key long term global agreements with the majors in our key sectors, have and will continue to allow us to be resilient and agile in turbulent times such as we find ourselves in now.

Company outlook

As we said at the time of our results announcement, subject to the markets for our services remaining strong, we expect to achieve good growth in FY2013 compared to FY2012 underlying earnings.

Since that announcement, the volatility in our markets has increased and there is greater uncertainty about them remaining strong which will make growth harder to achieve. Notwithstanding these challenges, we maintain our previous guidance.

We have a clear growth strategy in place focused on improving margins and developing our skill set and geographic footprint across our four customer sectors. This will be achieved through organic growth as well as by taking advantage of acquisition opportunities that provide value for shareholders.

We are confident our medium and long-term prospects remain positive based on our competitive position, our diversified operations and strong financial capacity.

Thank you.

Remuneration Committee Chairman’s address

Good afternoon, ladies and gentlemen.

My name is John M. Green and I am the Chairman of the Board’s Remuneration Committee.

At WorleyParsons, we approach executive remuneration with one objective: what’s fair, with a clear line of sight between executive pay and shareholder returns.

Today, I will cover two things:
1) how the 2012 financial results have translated into executive pay.

2) some details on the new remuneration incentive structure which I flagged at last year’s AGM.

1) Financial year 2012

Just as last year, for calculating the Short-term Incentives (STI) the Board chose not to use the reported statutory NPAT results. Instead, we exercised our discretion to use the lower underlying Group Net Profit After Tax (NPAT) of $345.6 million instead of the reported Group NPAT of $353.2 million.

We did this because we believe the underlying amount more clearly reflects the performance of the company and the executive team during the year, since it removes the profit contribution that arose from the effects of fair value accounting from acquisitions.

In 2012, the underlying NPAT was greater than the required threshold of 95 per cent of budgeted NPAT, for our executives to be rewarded under the cash STI and deferred equity STI plans.

Under the deferred equity plan, payment of half is deferred for one year; payment of the remaining half is deferred for two years.

Under our Long-term Incentive (LTI) plan, the vesting of executives’ equity is subject to our Earnings per Share (EPS) and Total Shareholder Return (TSR).

For determining the Long-Term Incentive (LTI), we also calculated Earnings per Share (EPS) by using the lower underlying profit.

While our EPS has grown over the last two years, the LTI plan spans a three-year period. Our stronger 2012 EPS position was diluted by our weaker EPS position three years ago, at the height of the global financial crisis. As a result, the EPS component of LTI did not vest this year.

The TSR component of LTI compares our shareholder returns against a selected peer group.

Over the past three years, the company has outperformed the median of our peer group, resulting in a 70 per cent vesting for the TSR component of LTI.

Under the existing LTI plan, our executives can elect to have their TSR outcome re-tested over a four year span. Any election to re-test is irreversible, so if they make that election, the 70% which could vest this year is scrubbed and the outcome will be whatever it is for the four years ending next year, whether it is more or less than the 70%.

Last year’s TSR outcome did not vest at all and, as I mentioned at last year’s AGM, executives were entitled to re-test it, and they did.

Given that the company’s performance improved significantly over the four-year span compared with our peer group, that re-testing resulted in a 90 per cent vesting of the TSR portion, or 54% of the total LTI award.

2) The new Remuneration Incentive Plan

While our existing remuneration structure has, with various modifications, worked quite well, it has become fairly complex and does not necessarily work as well as we might like through economic cycles. So as I said, we have changed it for the future.
Today, I will give you a high level overview of the new plans. You have more detail on this in the Remuneration Report.

**New Combined Incentive Plan**

The Combined Incentive Plan (Combined Plan) effectively replaces our STI plan but gives greater focus to our executives on the drivers of our Company’s longer-term success.

The equity component of the Combined Plan vests after three years, whereas the deferral period for the prior STI plan was only two years.

Incidentally, the longer deferral period extends the ability for a “clawback” of rewards if payments arise, say, from a mis-statement of results.

As has long been our practice, our executives will not be paid a bonus unless they deliver a Group NPAT exceeding the hurdle of 90% of budget, and our budgets continue to be set with considerable stretch.

**New Long-Term Incentive (LTI)**

Under our new LTI plan, our executives will receive a grant of performance rights if they meet EPS and TSR hurdles over a four-year period. Previously that was over a three-year period, though with an opportunity to re-test in the fourth. The new four-year plan has no opportunity to re-test.

Also, TSR and EPS performance hurdles will now be equally weighted; TSR was previously weighted at 60% and EPS at 40%.

Under the previous plan, we measured TSR against a group of ten global peers. But such a small sample brought significant volatility, so we have expanded the peer group under the new plan to include 30 relevant local and global companies.

As I said, more details on these new plans are set out in the Remuneration Report.

**Employee Share Purchase Scheme (ESP Scheme)**

We believe there are great benefits in aligning the interests of our people with those of our shareholders.

So we will also be piloting an Employee Share Purchase Scheme (ESP Scheme) over the next 12 months. Targeted at the general employee population, the ESP Scheme encourages greater employee ‘buy-in’. Employees will be able to purchase up to $5000 worth of WorleyParsons shares per year, and for every five shares that they retain for three years, they will be given one bonus share.

Our executives will also be eligible to participate in the ESP Scheme.

**Non-Executive Directors**

Your Board has continued to refresh itself, to help meet the increasing complexity, reach and scale of our Group.

To stay competitive, we have benchmarked our non-executive director fees against a range of other companies and, as a result, believe it is appropriate to adjust our fees for 2013.
We are seeking your approval to increase the size of the non-executive director fee pool in one of the resolutions to be put to you later in the meeting.

This is to accommodate a number of changes to your Board. These include the creation of the new Deputy Chair and Lead Independent Director role once John Grill joins the Board as Chairman next year and the creation of a new Health, Safety and Environment Committee.

As you know, our non-executive directors don’t receive any performance-based pay.

But similar to our key executives, our non-executive directors are subject to a minimum shareholding requirement to encourage a strong alignment with shareholders in growing company value.

**Concluding comments**

I hope you have found this overview useful.

I conclude by emphasising that your Board remains committed to maintaining equitable standards around executive pay, remuneration design and disclosure.

As always, we welcome and listen to shareholder feedback to help us further achieve these important objectives.