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EcoNomics™

Australian Resources, Energy & Utilities Conference

Australasian Energy

WorleyParsons

Brian Evans – Managing Director, Hydrocarbons

19 June 2009



19 June 2009





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Presentation Elements

- ▶ Update on WorleyParsons
- ▶ Energy & LNG Markets
- ▶ Our Energy Customers
- ▶ Global Project Trends & Challenges
- ▶ Conclusions



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Update on WorleyParsons

Power

Hydrocarbons

Minerals & Metals

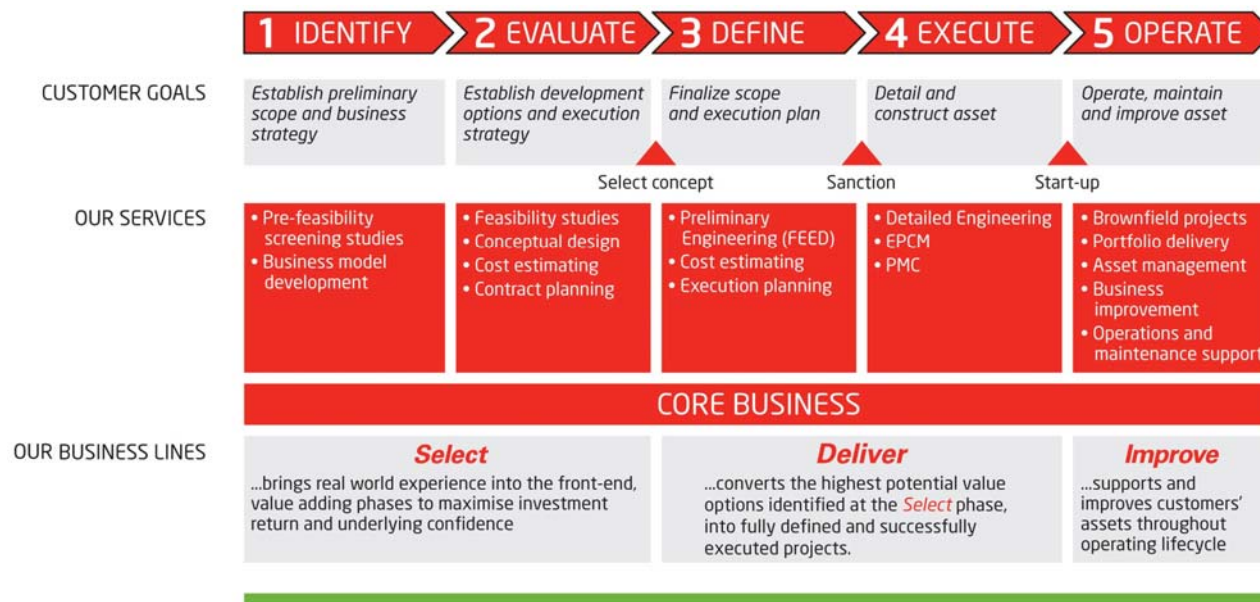
Infrastructure &
Environment


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Operating Across an Asset's Lifecycle

- ▶ Leading global professional services provider to the energy, resource, and complex process industries
- ▶ WorleyParsons experience covers all five phases of the asset lifecycle



Delivering profitable sustainability **EcoNomics™**
 ...profitably embeds environmental, social, and financial sustainability into project delivery across the asset lifecycle



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Customer Sector Groups



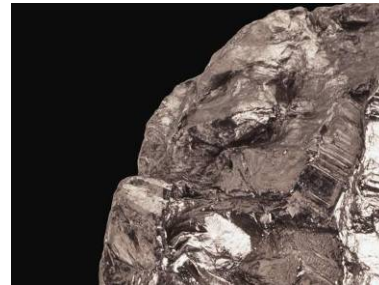
Infrastructure & Environment

Coastal & Marine
Water & Wastewater
Transport
Environment



Power

Advanced Coal
Coal
Gas Turbine Based
Power Plants
Nuclear
Renewable Energy
Transmission
Networks



Minerals & Metals

Base Metals
Coal
Chemicals
Ferrous Metals
Alumina
Aluminium
Iron Ore
Gas Cleaning



Hydrocarbons

Upstream

Fixed Offshore Production Facilities
Floating & Deepwater Solutions
Offshore P/L & Subsea Systems
Onshore P/L & Receiving Terminals
Onshore Oil & Gas Production
Facilities
Heavy Oil & Oil Sands
LNG

Downstream

Refining & Petrochemicals
Sulphur Management
Specialty Chemicals



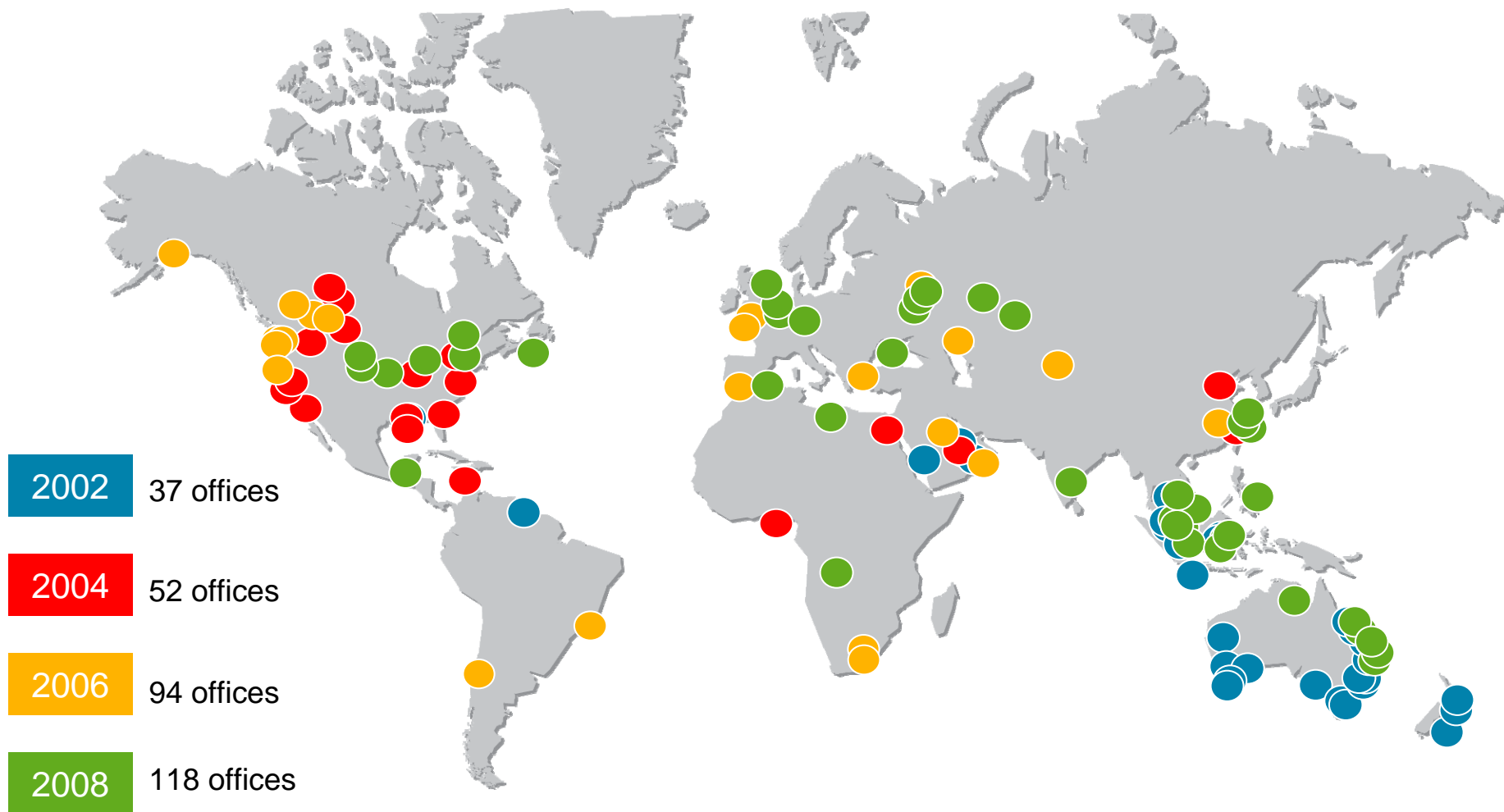
Cross-Sector synergies being captured



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Geographic Expansion



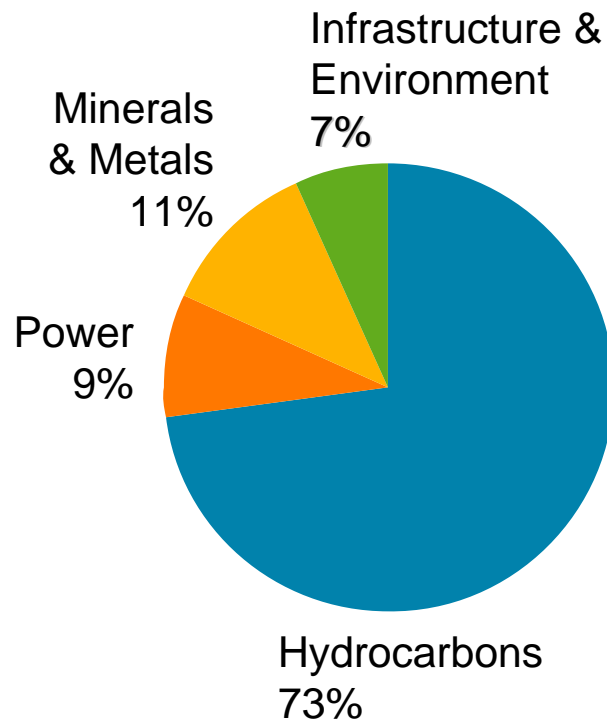
Our global presence spans 37 countries

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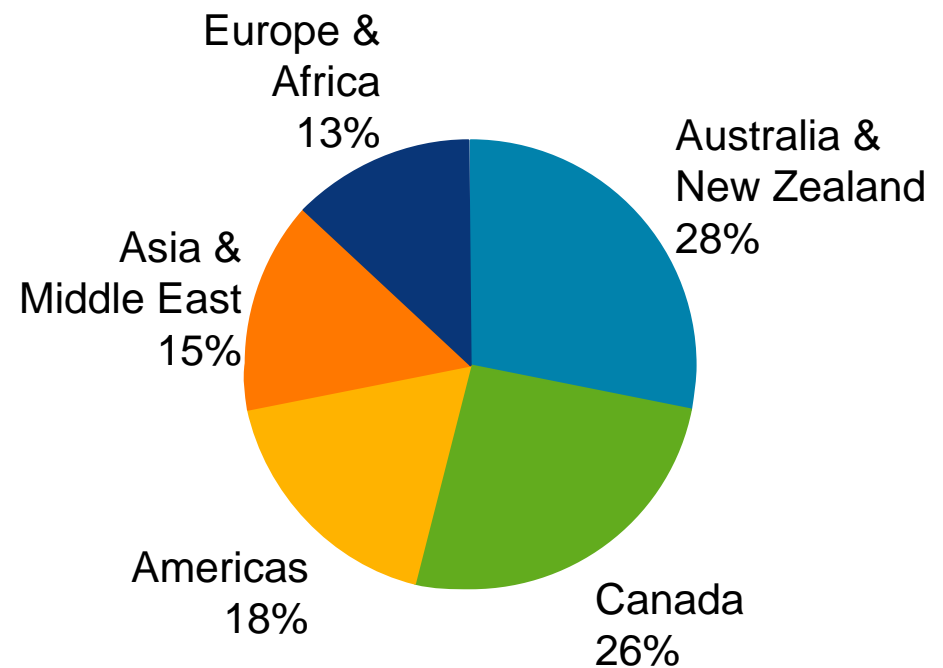
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Revenue by Region and Sector

► Revenue by sector (HY09)



► Revenue by region (HY09)



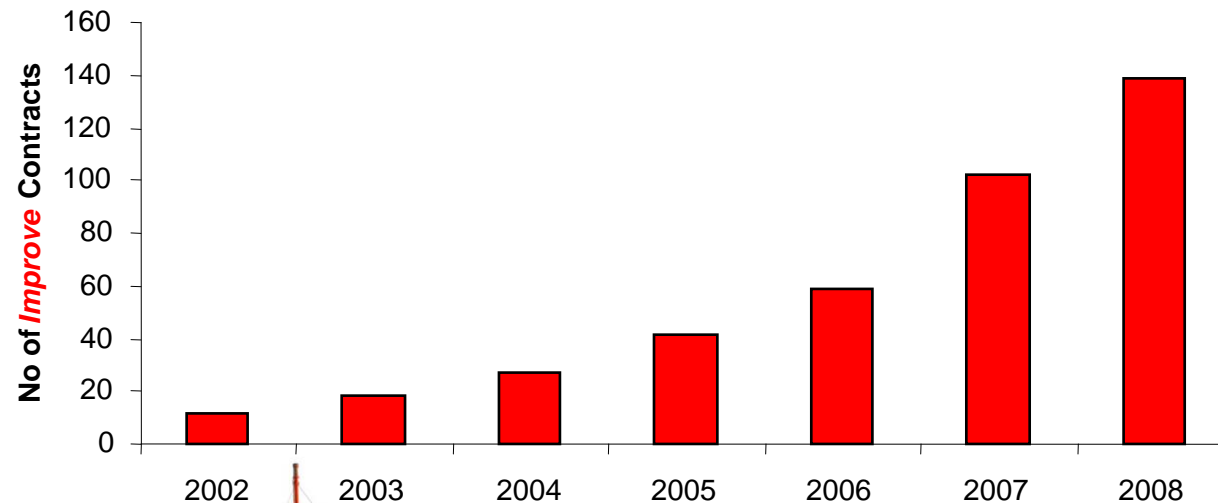
A truly global multi-sector company

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Long Term Contracts and Asset Services

- ▶ Long term, asset service contracts are a key part of our business
- ▶ *Improve* is a service focused on improving our customers' business outcomes
- ▶ It is a tailored service to meet the needs of individual sites



A strategically important part of our business



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Capability Expansion

Complete Subsea/Deepwater Capability

- ▶ Sea Engineering (Jan 2007)
- ▶ Intec Engineering (Apr 2008)
- ▶ INTECSEA (Sep 2008)
- ▶ Combined to maximize the synergies of the individual companies

INTECSEA
WorleyParsons Group

Total, Integrated Solutions

- ▶ WorleyParsons and INTECSEA provide value of topsides & subsea synergies to Customers
 - Deepwater/Subsea to Topsides
 - Offshore to Onshore
 - Pipelines anywhere



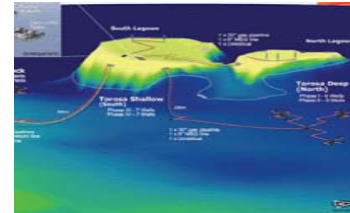
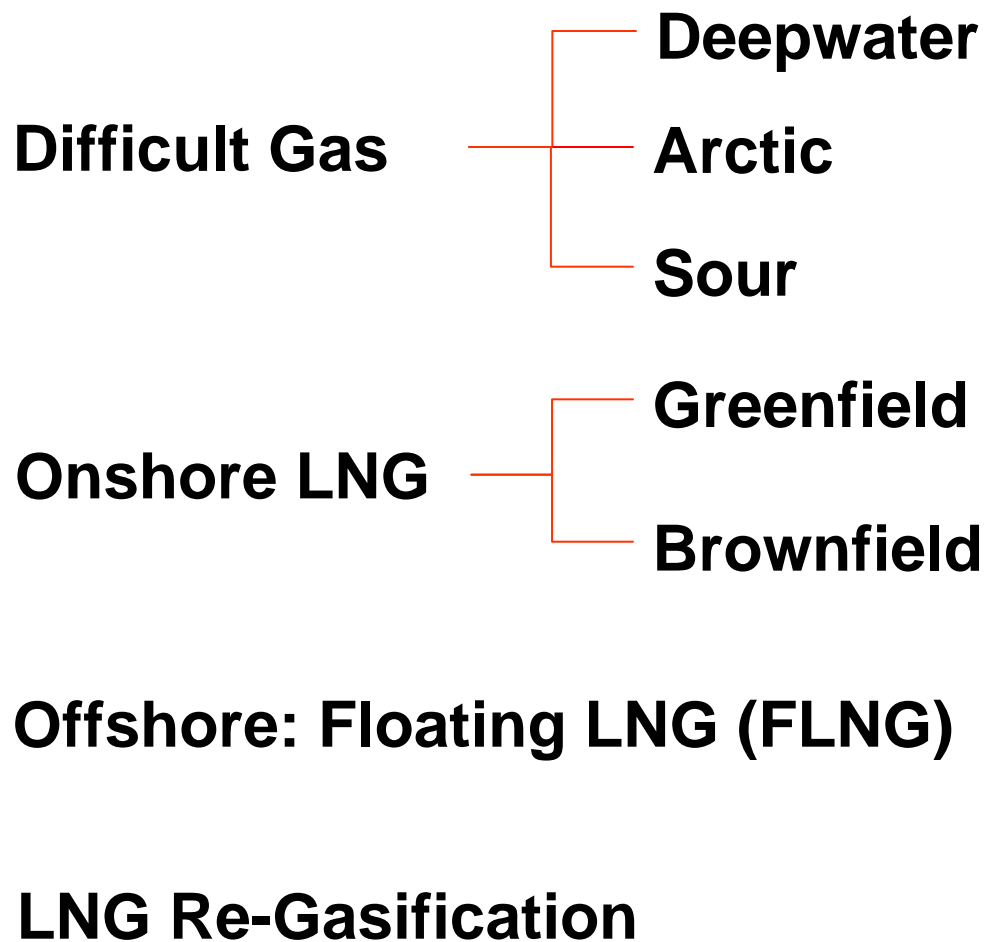
Complete offshore capability



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Delivering Gas Solutions



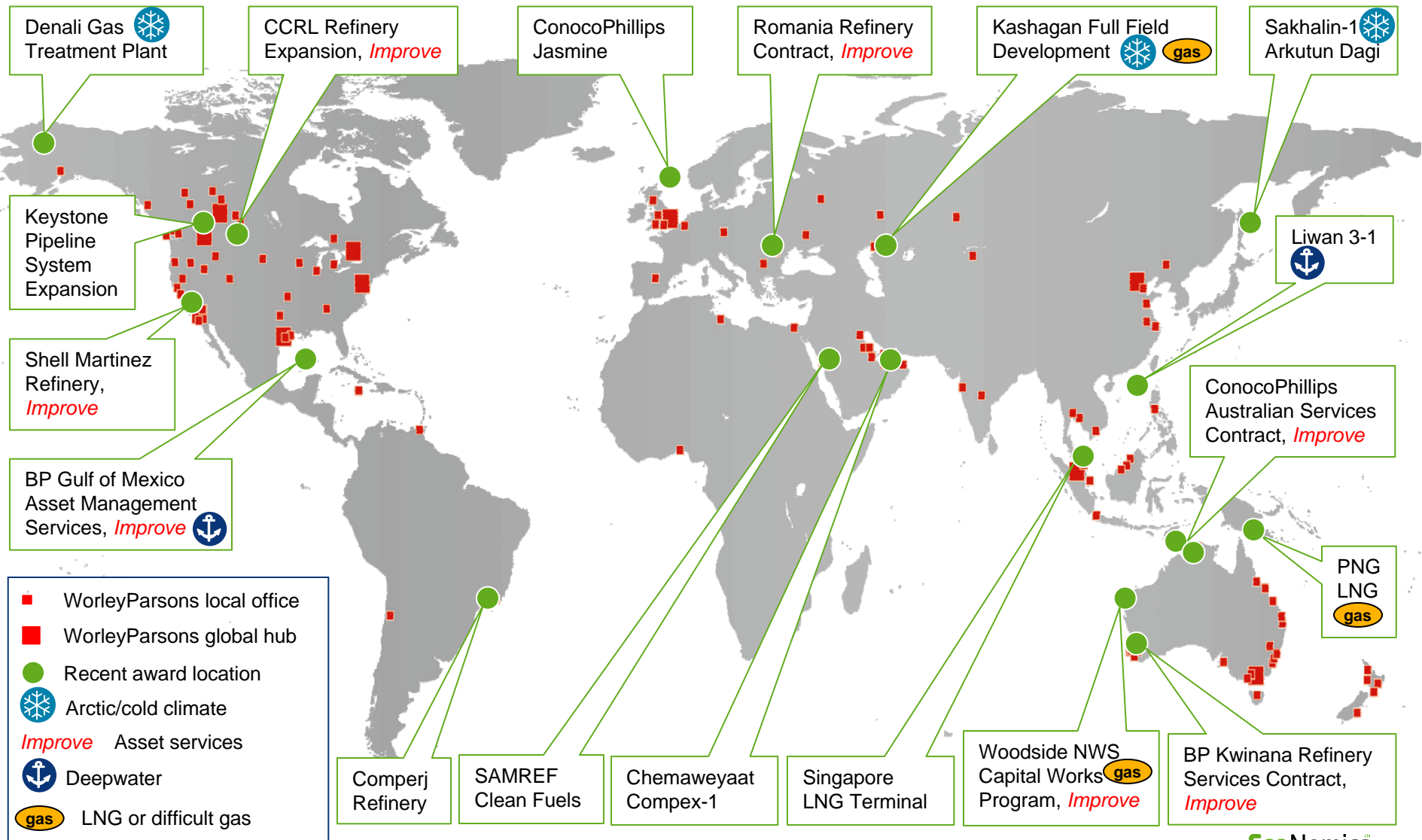
Involved across all phases of Gas & LNG



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Strategic Awards





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Energy & LNG Markets





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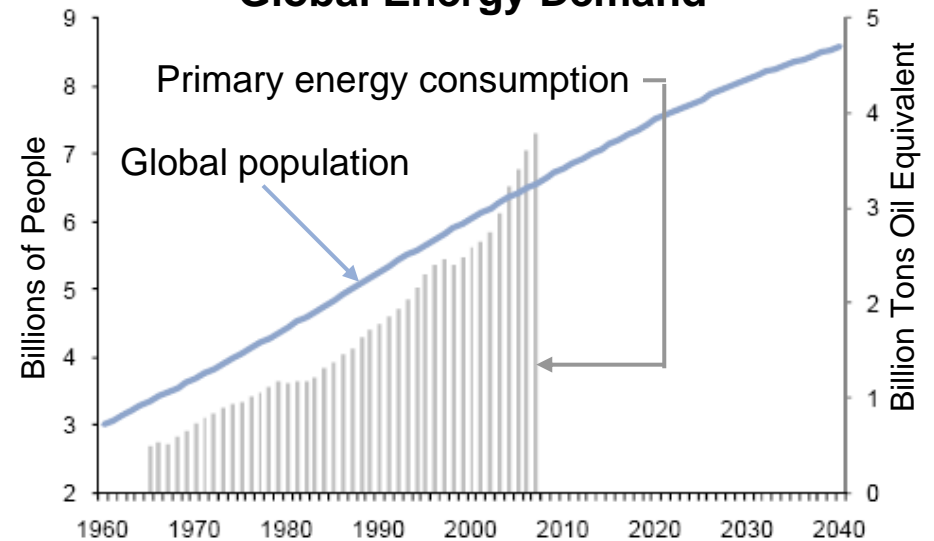
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Energy Trends

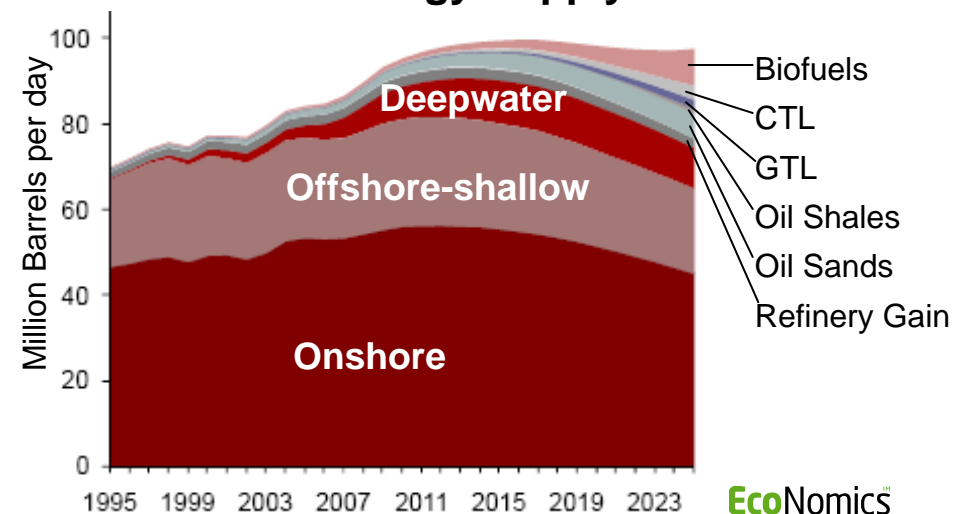
- ▶ Global energy demand growth has reduced, however long-term fundamentals are unchanged
- ▶ Demand for oil & gas will continue to be strong over medium-term
- ▶ Difficult and challenging hydrocarbons remain the new frontiers, with gas becoming the greener fuel choice

Fundamentals remain sound

Global Energy Demand



Global Energy Supply



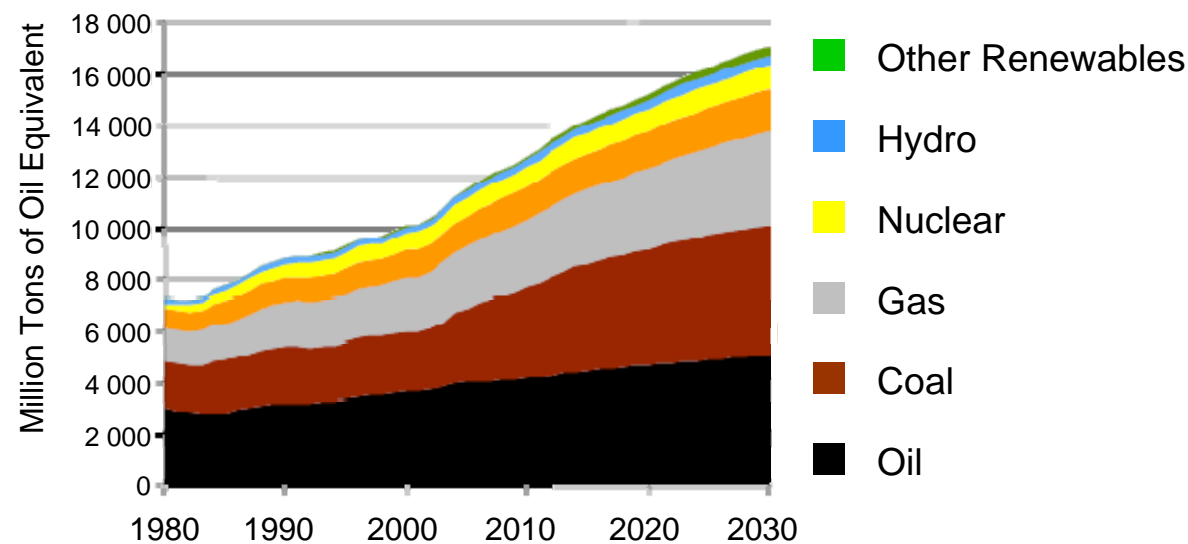


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Energy Mix by 2030

- ▶ Reliance upon conventional sources such as oil, gas and coal will continue to increase
- ▶ Unconventionals will be increasingly important to keep up with energy demand



Increased demand for unconventional and LNG



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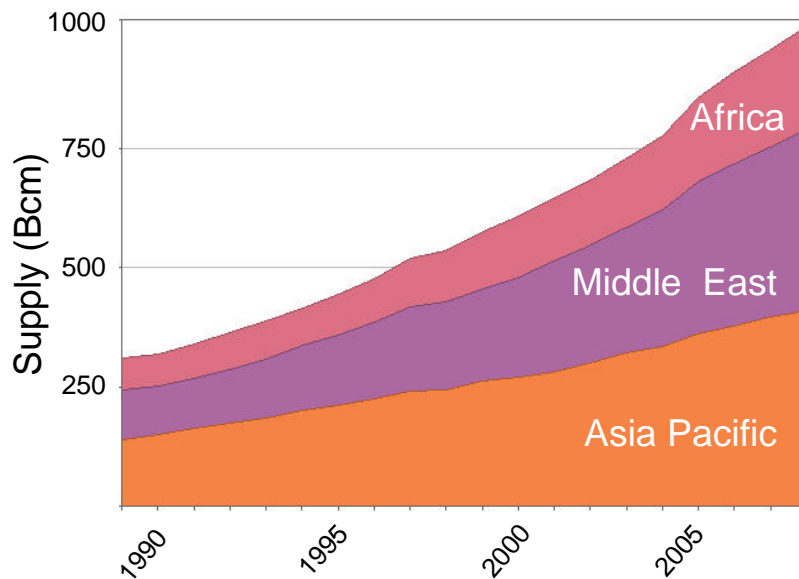
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Gas Markets

- ▶ Gas will account for 22% of global energy use by 2030 (source EIA) and will be key in supporting global demand growth for cleaner energy

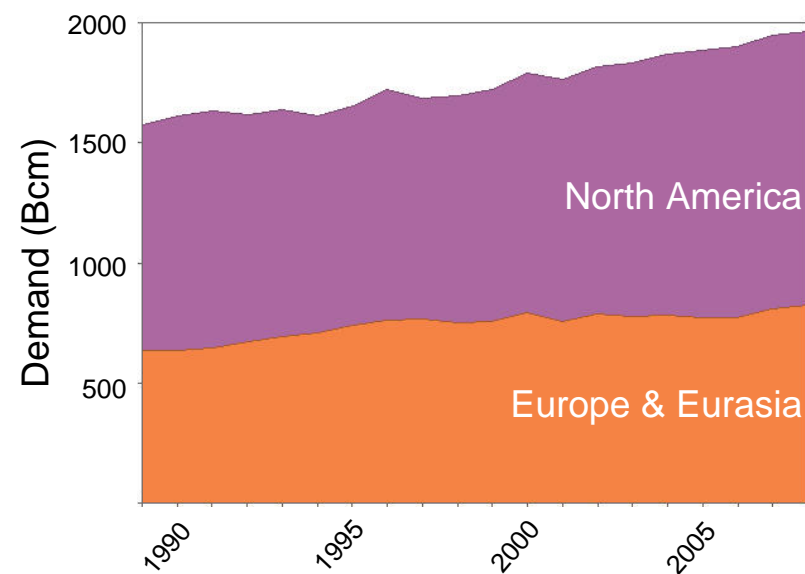
Supply

Major sources of supply growth include Australia, Middle East and Africa



Demand

Major sources of demand include Western Europe and North America



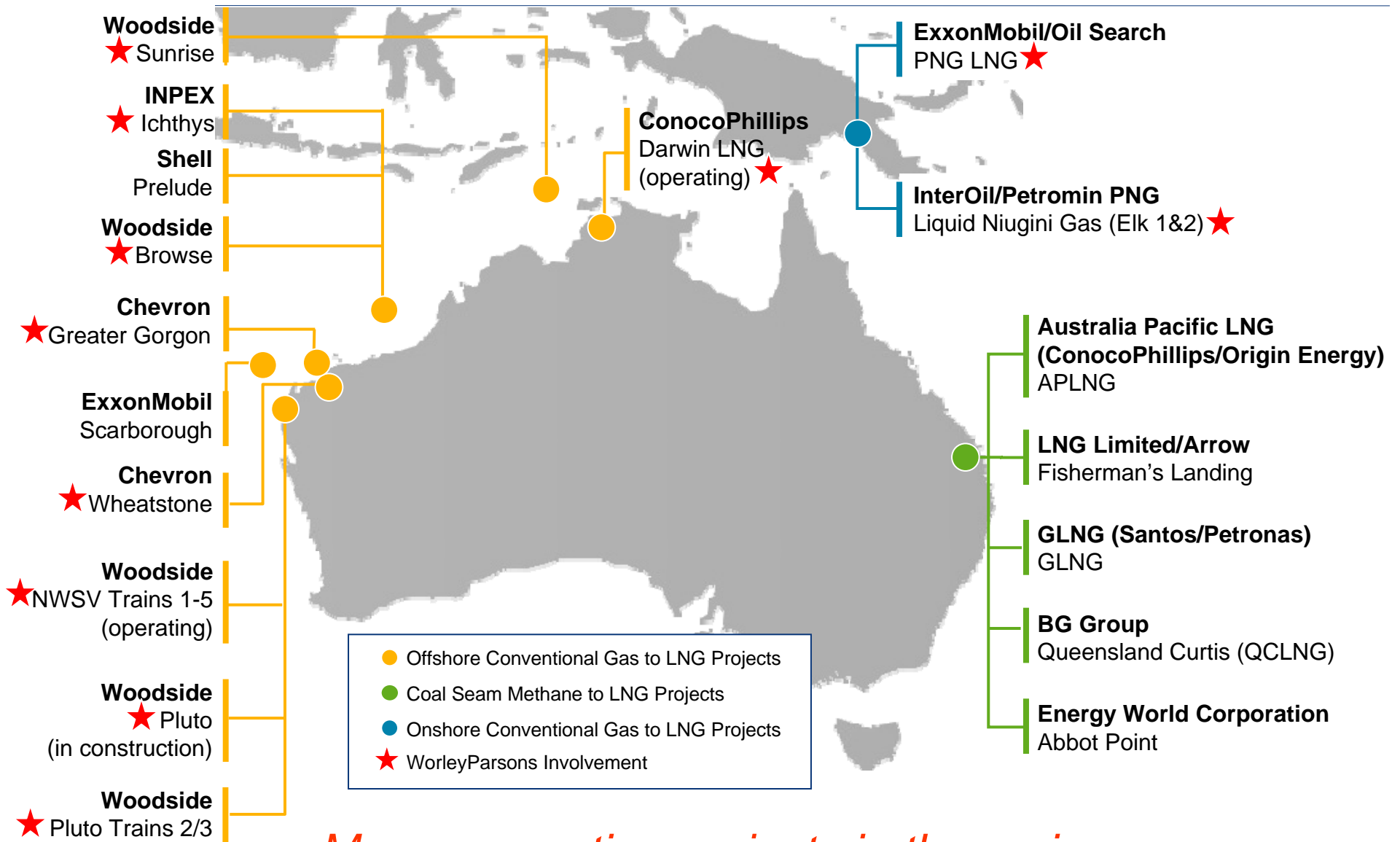
Australia and PNG are key future sources of gas



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Australia and PNG LNG Footprint



Many competing projects in the region



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Our Energy Customers

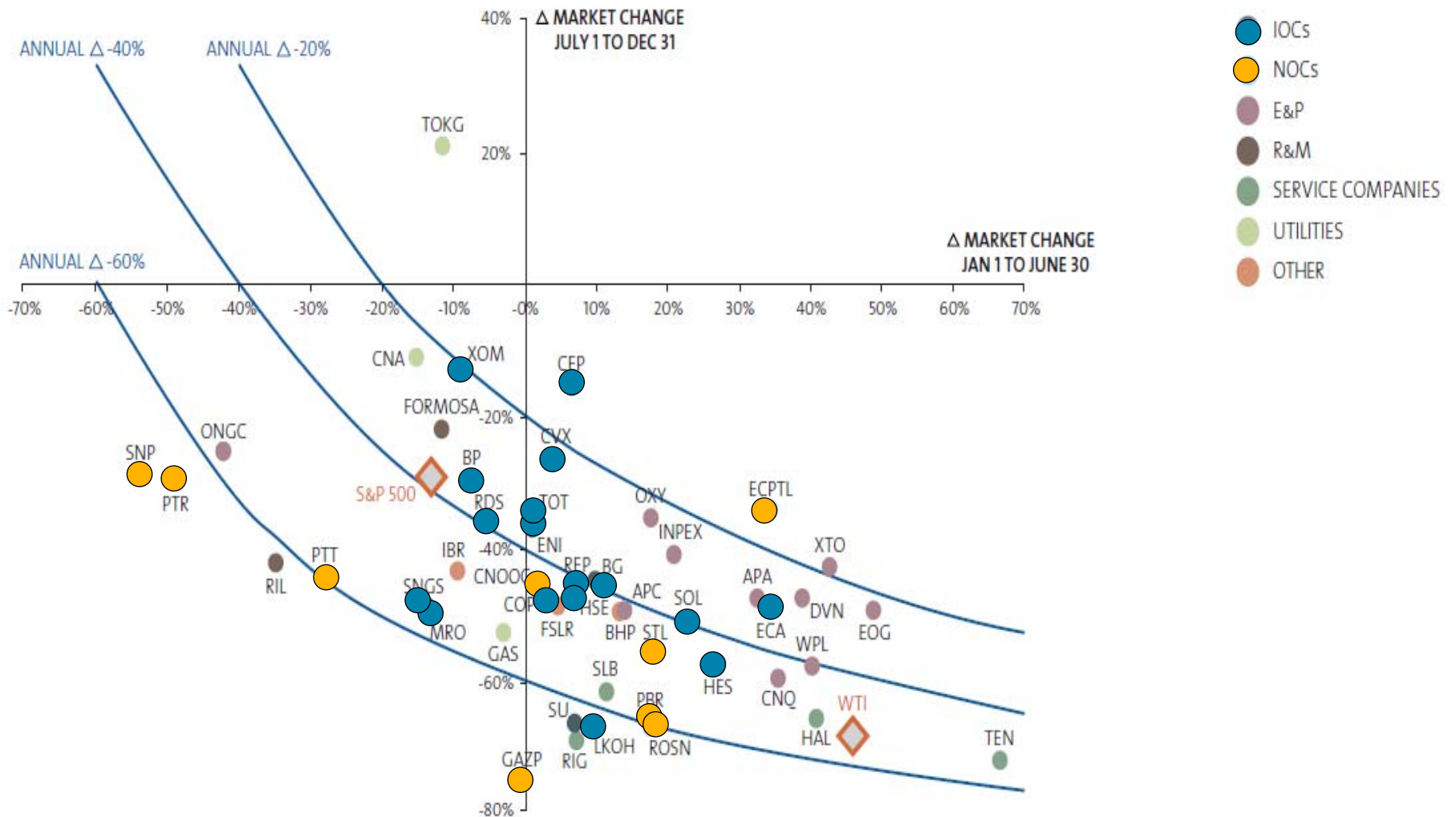




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A Wild Ride for Market Cap



2008 – a rollercoaster year for our customers

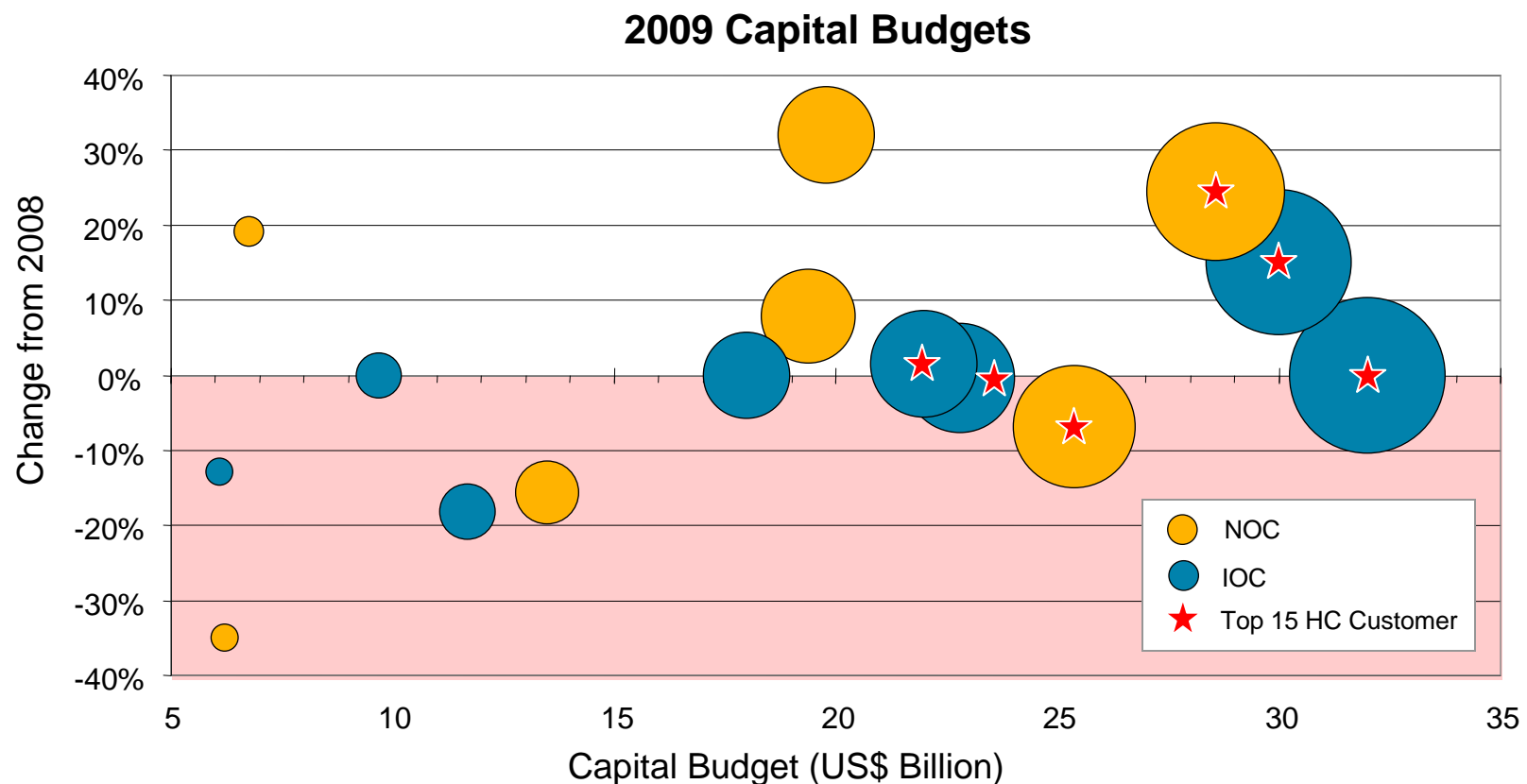


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Customer 2009 Capital Budgets

- ▶ Capital budgets for IOCs & NOCs vary compared to 2008
Majority allocated to Upstream

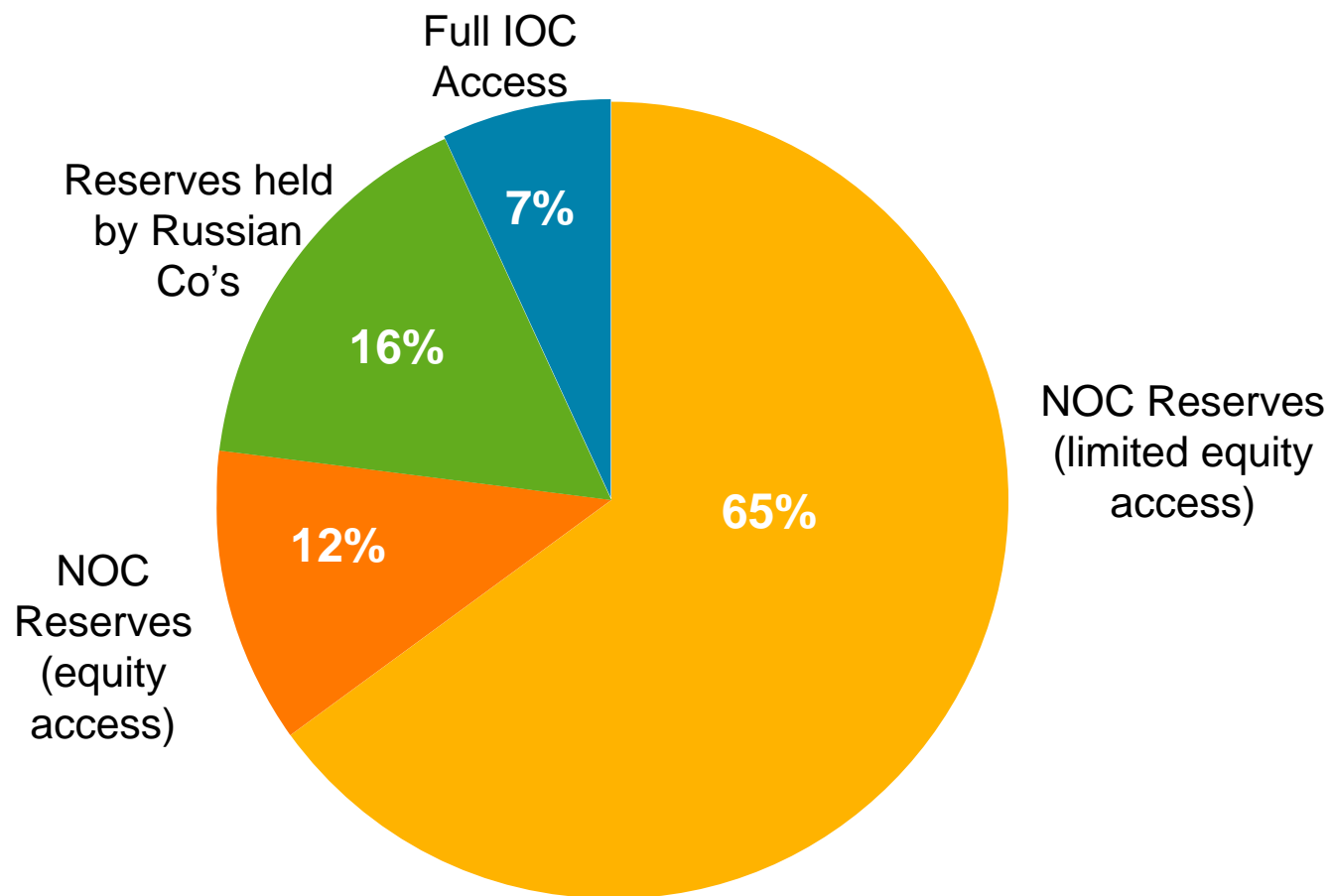


Capital spend among our best customers is stable

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NOCs Increasingly Control World Reserves



*IOC direct access to world reserves continues to shrink;
many NOCs becoming more self-sufficient*

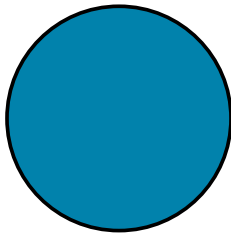
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Hydrocarbons Customer Base

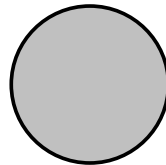
- ▶ We have a broad global multi-national hydrocarbons customer base and a comprehensive geographic presence to provide local services

Integrated
Oil Companies
(IOCs)



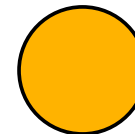
50 – 60%
Revenue

Independents



25 – 30%
Revenue

National
Oil Companies
(NOCs)



15 – 20%
Revenue

Strategically, we are growing our work with NOCs



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Global Project Trends & Challenges





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Project Environment Has Changed

- ▶ **Significant increase in mega-projects (> \$1 Billion) in last few years**
- ▶ **Project Complexity Increases**
 - Difficult Oil: Unconventional sources & Politics
 - More Consortia/JVs/Alliances between Owners and Contractors
 - Remote geographic locations, harsh environments
- ▶ **Global Financial Crisis Effects**
 - Emphasis on efficiency
 - Long term positioning
 - Reserves replacement impacted - reduced drilling
 - Oil Sands in Canada hit hard





▶ Current Supply Trends

Increased margin pressure

Reduced equipment, steel, and labour costs

Reduced delivery times

Reduced workforce in some areas



Have we reached the bottom yet?



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Conclusions



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Conclusions

- ▶ Currently, at or near bottom of supplier market; oil price is rebounding; gas pricing should recover, mid-term
- ▶ But, strong pressure on margins is continuing, so far....
- ▶ Over the last few weeks, customers are beginning to talk about re-initiating some of their larger projects (fearing that they will miss the bottom, and again be in the queue)
- ▶ Forecast growth in Australian LNG is result of forecast strong long-term global energy demand; many LNG project opportunities exist today
- ▶ WorleyParsons has complete and global offshore, gas & LNG, and asset lifecycle project capabilities



- ▶ Despite some projects and sectors being affected by the global economic crisis the outlook in other sectors remains positive.
- ▶ We expect some recently announced contract awards, amongst the largest in the company's history, will support earnings in the 2010 financial year and beyond. We continue to benefit from a lower Australian dollar compared to other currencies. Currently we expect to report good growth for the 2009 financial year.
- ▶ The Company continues to evaluate opportunities for new business growth that will add value to our existing capabilities and provide value to our shareholders.