

THE AUSTRALIAN

WorleyParsons pins hopes on a weaker dollar

PAUL GARVEY THE AUSTRALIAN AUGUST 15, 2013 12:00AM

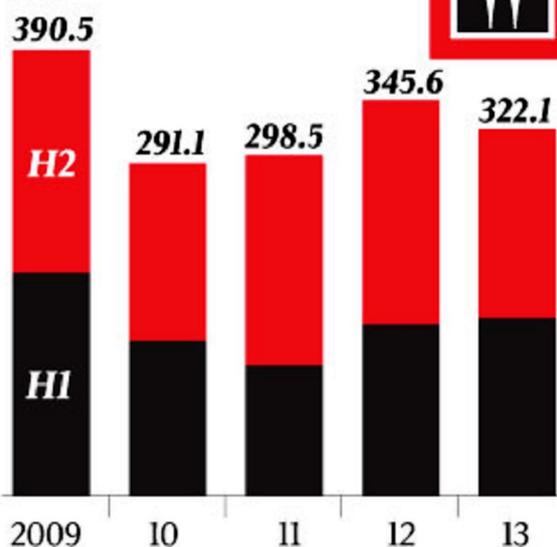
AT A GLANCE

Year to June 30

REVENUE	\$8.8bn	▲ 19.2%
EBIT	\$527m	▼ 1%
NET PROFIT	\$322.1m	▼ 8.8%
EPS	130.8¢	▼ 12.9¢
FINAL DIVIDEND	51¢	Steady

Net profit

\$m



Source: The company

Source: TheAustralian

WORLEYPARSONS has warned of a continued slowdown in Australia's mining sector and a likely weakening in the oil and gas industry, with the engineering and contracting giant relying on stronger overseas markets and the falling Australian dollar to drive profit growth next year

WorleyParsons yesterday announced a net profit for 2013 of \$322.1 million, down 8.8 per cent from 2012. The result was towards the bottom end of the group's recent guidance and fractionally below analyst consensus estimates, although the group's 51c-per-share final dividend was ahead of some analyst predictions.

Shares in the company rose 75c, or 3.4 per cent, to \$22.65 on the back of the news, with investors encouraged by the company's positive outlook for its international markets and its pledge for "increased earnings" in 2014. The stock has now rallied by 21.6 per cent since it bottomed out in mid-June.

The geographic breakdown of WorleyParsons' earnings showed a clear downturn in activity in Australia compared with most of the rest of the world, with earnings before interest and taxation out of Australia and New Zealand falling by \$13.6m year on year. That fall in earnings contrasted with the improved EBIT reported from most other regions, with China, the US, Latin America and the Middle East all improving their profitability for the year.

WorleyParsons chief executive Andrew Wood noted that the company's earnings had been affected by a "significant downturn" in the Western Australian market, with the drop being felt in the group's minerals, metals and chemicals division and its infrastructure and environment arm.

In addition, Mr Wood warned of a "potential market slowdown" in Australian oil and gas activity as

the current wave of liquefied natural gas developments in Queensland neared completion. In contrast, growth in the hydrocarbons industry around the rest of the world is set to continue, with the growth of so-called unconventional gas resources such as shale and coal-seam gas likely to drive continued global growth.

Worldwide employee numbers at WorleyParsons fell during the past six months from 40,400 to 39,800, despite the company completing its acquisitions of two other business in that time.

Mr Wood would not disclose how the group's employee numbers in Australia had changed as a result of the drop in earnings out of Australia.

Deutsche Bank analyst Craig Wong-Pan described the WorleyParsons earnings as a "good result", and noted that its heavy exposure to international markets would help insulate it from the challenging market conditions in Australia.

"Because they've got less exposure to the Australian market, they're going to be better positioned to most of the other companies in the sector," he said.

Australia and New Zealand accounted for 23 per cent of WorleyParsons' revenue in 2013.

Mr Wood said the company continued to look for acquisition opportunities.

"It's always a good time to do acquisitions," Mr Wood said.

"We will continue to look for opportunities in the global market across all the sectors we work."