

Worley Limited

WOR.AX | Energy | Oil & Gas Equipment & Services

KEY METRICS

Price	Mkt Cap	Fwd P/E	EV/EBITDA
A\$13.39	A\$6.7B	Pending	Pending
52wk Range	Div Yield	Revenue	NPAT
Pending	Pending	Pending	Pending

OVERALL SENTIMENT

Overall Sentiment	+10 UPSIDE
External Environment	+1
Company Research	+10

KEY TAKEAWAYS

- Worley is positioning as the go-to engineering partner for the energy transition with sustainability revenue growing rapidly.
- If project delays persist and sustainability margins remain structurally lower, growth thesis weakens.
- External environment is neutral (score: +1). Macro and sector contributions are incorporated in the three-layer sentiment model.

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COMPANY OVERVIEW

Worley Limited (ASX: WOR) — coverage initiated. Full analysis pending.

NARRATIVE ASSESSMENT

Worley Limited (ASX: WOR) — coverage initiated. Full analysis pending.

MARKET CONTEXT

Macro Environment: NEUTRAL (external signal: +1)

Indicator	Value	Change
ASX 200	9,101.3	+3.2% 1mo
AUD/USD	0.7066	-0.8% 5d
RBA Cash Rate	4.10%	cutting gradually
VIX	19.6	

SECTOR CONTEXT

Model: INDUSTRIALS ENGINEERING CONSTRUCTION | Sector signal: +0 (company dominant)

COMPETING HYPOTHESES

Dominant Narrative: T1: Energy Transition Winner — Sustainability Revenue Grows to 60%+ (survival probability: 55%)

T1: Energy Transition Winner — Sustainability Revenue Grows to 60%+ [DOMINANT]

55%

Worley is positioning as the go-to engineering partner for the energy transition with sustainability revenue growing rapidly.

Watch: Sustainability revenue mix, new contract wins in hydrogen/CCS/offshore wind, IRA and EU Green Deal funding.

- Evidence gathering in progress.

T2: Traditional Energy Cash Cow — LNG and Upstream Sustain

65%

Traditional energy still generates ~50% of revenue at higher margins, providing the cash flow foundation.

Watch: LNG investment cycle, Middle East upstream capex, oil price trajectory.

- Evidence gathering in progress.

T3: Margin Pressure — Integration Drag and Fixed-Price Exposure

60%

EBITA margin remains below the 8-9% target due to legacy fixed-price contracts and lower sustainability margins.

Watch: Quarterly EBITA margin, fixed-price contract run-off, sustainability vs traditional margin gap.

- Evidence gathering in progress.

T4: Cyclical Downturn — Energy Capex Correction

35%

A global recession triggers simultaneous cuts in both traditional and sustainability energy capex.

Watch: Global recession indicators, oil price, government clean energy subsidy policies, backlog cancellations.

- Evidence gathering in progress.

DIAGNOSTIC EVIDENCE

The following evidence items have the highest discriminating power between hypotheses:

Evidence matrix pending - no active evidence items recorded.

C = Consistent, I = Inconsistent, N = Neutral. Diagnosticity = ability to discriminate between hypotheses. HIGH/CRITICAL items are most informative.

KEY DISCRIMINATORS

Key discriminator analysis pending - will be populated as evidence items are assessed.

TRIPWIRES

Condition	Trigger	Action
Sustainability revenue mix, new contract wins in hydrogen/CCS/offshore wind, IRA and EU...	Per hypothesis thresholds	Reassess T1 narrative
LNG investment cycle, Middle East upstream capex, oil price trajectory.	Per hypothesis thresholds	Reassess T2 narrative
Quarterly EBITA margin, fixed-price contract run-off, sustainability vs traditional margin gap.	Per hypothesis thresholds	Reassess T3 narrative

TECHNICAL PICTURE

Technical analysis pending - signals will be incorporated when the TA agent is deployed.

ANALYTICAL GAPS

The following information would materially improve the confidence of this analysis:

- Management guidance on forward P/E and revenue trajectory - required to validate Growth/Recovery hypothesis.
- Independent market share data - needed to assess competitive dynamics and test downside scenarios.
- Balance sheet composition and net debt position - required to stress-test valuation under rate scenarios.
- Analyst consensus estimates and revision trends - to calibrate sentiment score against market positioning.
- Customer cohort data or NPS trends - to validate operational execution claims in company guidance.

UPCOMING CATALYSTS

Catalyst calendar pending. Key items to monitor:

- Next results date: Pending (monitor ASX announcements)
- Monitor hypothesis tripwires for narrative-change signals.

IMPORTANT INFORMATION

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METHODOLOGY

This analysis uses the Analysis of Competing Hypotheses (ACH) framework, originally developed by Richards Heuer at the CIA for intelligence analysis and adapted here for equity research. ACH evaluates multiple competing explanations against diagnostic evidence, ranking hypotheses by the fewest inconsistencies rather than the most confirmations. This approach is designed to reduce confirmation bias and anchoring effects common in traditional equity research.

Sentiment scores are generated by a three-layer decomposition model separating macro environment, sector/commodity factors, and company-specific research. The 40/60 rule ensures company-specific research always contributes at least 60% of the overall sentiment, maintaining focus on idiosyncratic stock drivers.

LIMITATIONS

- Hypothesis scores are model outputs, not price targets or investment recommendations.
- Evidence assessment involves subjective judgement and may contain errors.
- Past price performance is not indicative of future returns.
- This analysis does not account for individual investor circumstances, risk tolerance, or tax position.
- Data sources include ASX announcements, broker research, company filings, and market data. Errors in source data will propagate.

CONFLICTS

DH Capital Partners and/or its principals may hold positions in securities discussed in this document. Positions may change without notice.

CONTACT

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