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

Coverage of WOR.AX is currently in Phase 1 (Baseline Ingest). As a provider in the Oil & Gas Equipment & Services sector, we are prioritising narrative weight assessment and signal divergence tracking while detailed financial history is being audited.

OVERALL SENTIMENT

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

KEY TAKEAWAYS

- The T1 narrative ('Energy Transition Winner — Sustainability Revenue Grows to 60%+') currently dominates the valuation math with 55.0% probability. Evidence suggests: Worley is positioning as the go-to engineering partner for the energy transition with sustainability revenue growing rapidly.

- Risk profiling for WOR.AX prioritises If project delays persist and sustainability margins remain structurally lower, growth thesis weakens.. We are monitoring Sustainability revenue mix, new contract wins in hydrogen/CCS/offshore wind, IRA and EU Green Deal funding. as the primary diagnostic milestone for narrative survival (ACH-2).

- Market-wide regime is neutral (score: +1). External signals are enhancing the Energy sector's baseline trajectory.

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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.

The narrative structure for WOR.AX follows the INDUSTRIALS ENGINEERING CONSTRUCTION framework. Our assessment focuses on the divergence between stated management goals and the cross-domain evidence aggregate. Current survival scores reflect this probabilistic weighting.

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	

The regime is currently in a neutral transition phase. Direct macro/sector influence is minimal, increasing the importance of company-specific execution and idiosyncratic evidence (ACH-1/2).

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.

Diagnostic milestones (synthesized):

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

- Assess divergence between price signal and narrative weight.

- Audit evidence for incoming contradictory signals (ACH-3).

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.

Diagnostic milestones (synthesized):

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

- Assess divergence between price signal and narrative weight.

- Audit evidence for incoming contradictory signals (ACH-3).

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.

Diagnostic milestones (synthesized):

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

- Assess divergence between price signal and narrative weight.

- Audit evidence for incoming contradictory signals (ACH-3).

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.

Diagnostic milestones (synthesized):

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

- Assess divergence between price signal and narrative weight.

- Audit evidence for incoming contradictory signals (ACH-3).

DIAGNOSTIC EVIDENCE

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

DIAGNOSTIC FRAMEWORK: What evidence would shift the narrative?

In the absence of active evidence items, we evaluate hypotheses against the following diagnostic benchmarks:

Hypothesis	Validating Signal	Invalidating Signal
T1	Support for Sustainability revenue mix, new contract wins in hydrogen/CCS/offshore...	Contradiction of Energy Transition Winner — Sustainability...
T2	Support for LNG investment cycle, Middle East upstream capex, oil...	Contradiction of Traditional Energy Cash Cow —...
T3	Support for Quarterly EBITA margin, fixed-price contract run-off, sustainability vs...	Contradiction of Margin Pressure — Integration Drag...
T4	Support for Global recession indicators, oil price, government clean energy...	Contradiction of Cyclical Downturn — Energy Capex...

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:

RESEARCH AGENDA: 90-Day Analytical Objectives

As this ticker is in baseline coverage, our primary research agenda focuses on the following idiosyncratic drivers:

- Management guidance on Energy demand trajectory - required to validate narrative survival for dominant hypothesis (ACH-1).

- Independent institutional positioning audit - needed to assess sentiment concentration and de-risking triggers.

- Balance sheet stress-test under 100bps rate move - required to stress-test valuation integrity.

- Historical narrative flip frequency analysis - to calibrate model sensitivity for upcoming earnings events.

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.

NARRATIVE INTELLIGENCE PHILOSOPHY

Our approach is based on the principle that market prices represent the probability-weighted aggregate of multiple competing stories. By decomposing price action into macro, sector, and idiosyncratic narrative streams, we identify "Narrative Friction" — points where the market is pricing in a story that is increasingly at odds with observable evidence.

In our view, the most profitable opportunities occur when a dominant narrative becomes "fragile" (high survival score, high inconsistency), preceding a sharp de-rating or narrative flip.

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.

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