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Ichthys SMP & CCPP Projects Update

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SMP project update

- Construction is currently 41% complete on base scope
- Project delivery continues to be impacted by significant client delays and disruption
- Revised completion schedule and associated claims and variations in accordance with revised client material and component delivery dates have been submitted to JKC



Status of SMP negotiations

- Substantive negotiations are continuing but have become protracted with an acceptable commercial outcome yet to be agreed
- If timely resolution of claims cannot be achieved it is likely that claims will need to be concluded through formal dispute processes
- We maintain a strong contractual position with regards the delay and disruption impacts
- Margin will not be recognised while commercial negotiations are ongoing
- Due to status of negotiations and uncertainty around their timely conclusion, FY16 & FY17 earnings guidance has been updated to exclude margin from the SMP project
- To the extent negotiations cannot be satisfactorily concluded and recovery of claims is pursued through formal dispute processes, a contract loss provision may arise on the project

CCPP project update

- UGL-CH2M Hill JV project scope is 78% complete with construction 64% complete
- On track to meet first major project milestones through July and August 2016
- Client has advised it is unable to meet its obligations in line with current program schedule
- Project has incurred and will likely incur additional cost increases due to client driven delays



Status of CCPP claims

- Significant claim has been submitted in relation to completion delays
- Expect to engage in negotiations with the client in the immediate future
- The JV maintains a strong contractual position with issues clearly attributable to client delays
- UGL and CH2M Hill are evaluating additional entitlements and anticipate submitting further claims
- To the extent negotiations cannot be satisfactorily concluded and recovery of claims is pursued through formal dispute processes, a further contract loss provision may arise on the project

FY16 & FY17 earnings guidance

- Excluding the Ichthys SMP and CCPP projects we remain on track to achieve our prior guidance
- Net debt of up to \$85 million is expected at 30 June 2016
- To provide greater transparency of earnings and better reflect the performance of the underlying business, the Ichthys SMP and CCPP projects will be reported separately going forward

FY16 Outlook	UGL excl. SMP & CCPP	Ichthys SMP & CCPP
Revenue	\$2.0 billion	\$300 million
EBIT margin	3% + one-off FX gain of \$5.7m realised in HY16	Nil

FY17 Outlook	UGL excl. SMP & CCPP	Ichthys SMP & CCPP
Revenue	Revenue increase of at least \$300 million	\$270 million
EBIT margin	4.0%	Nil

Q & A



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