

29 April 2016

NSM joint venture will continue to provide long term maintenance support services for ANZAC Class Ships

Sydney: UGL Limited (ASX: UGL) today announced that Naval Ship Management (Australia) Pty Limited (NSM), a 50:50 joint venture between UGL and Babcock Pty Limited, has entered into the Warship Asset Management Agreement (WAMA) with the Commonwealth of Australia to provide long term maintenance support services for the ANZAC Class Ships.

WAMA is part of a wide-scale reform of the long-term sustainment of the ANZAC Class Ships which will deliver a more efficient and cost-effective solution to the Commonwealth in sustaining these critical Defence assets. Under the alliance agreement, BAE Systems Australia Defence Pty Limited (BAE), Saab Australia Pty Limited (Saab), NSM and the Commonwealth will provide maintenance, capability enhancement and sustainment services for the fleet. This evergreen agreement will extend over the life of the ANZAC Class Ships which are expected to remain in service for a period of at least 15 years.

Following a transition period of 18 months commencing on 1 July 2016, a Program Agreement will be established under WAMA, covering scope of work for a period of five years. It is expected that NSM's revenue associated with this initial period, including transition and the first Program Agreement to be in excess of \$500 million (UGL share in excess of \$250 million). Subsequent program agreements will be awarded under WAMA, subject to the achievement of certain KPIs.

NSM's existing agreement to provide ship repair and maintenance services under the ANZAC Ship Group Maintenance Contract (GMC) will be terminated as part of the transition to WAMA, with services currently delivered under the GMC to be provided under WAMA's Program Agreement.

UGL's CEO Ross Taylor said: "UGL is very pleased that NSM, along with alliance partners BAE and Saab, will continue to provide services to the Naval fleet of ANZAC Class Ships in partnership with the Commonwealth.

"The ongoing success of NSM is testament to UGL's depth of experience in maintenance and asset management combined with Babcock's expertise as the UK's leading naval support business. NSM provides UGL with a meaningful footprint and credibility in Australian Defence to seek growth opportunities within this sector.

"UGL, in joint venture with Babcock, looks forward to working in alliance with the Commonwealth, to deliver an efficient and cost-effective solution in the long term sustainment of the ANZAC Ships."

ENDS

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