

SECOND SUPPLEMENTARY BIDDER'S STATEMENT

In relation to the Offer by

CIMIC GROUP INVESTMENTS NO.2 PTY LIMITED

ACN 610 264 189

to acquire fully paid ordinary shares in

UGL LIMITED

ACN 009 180 287

ACCEPT

THE UNCONDITIONAL

(OTHER THAN IN RESPECT OF A "PRESCRIBED OCCURRENCES" CONDITION)

CASH OFFER TO ACQUIRE ALL OF YOUR ORDINARY SHARES IN UGL LIMITED FOR \$3.15 CASH FOR EACH UGL SHARE

**The Offer Price of \$3.15 for each UGL Share is final and cannot
be increased during the Offer Period, in the absence of a
competing proposal**

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

You should read this document in its entirety. If you are in any doubt as to how to deal with it, you should consult your legal, financial or other professional adviser as soon as possible. If you have any queries about the Offer, you may also call the CIMIC Offer Information Line on 1300 648 874 (for calls made within Australia) or +61 2 8355 1000 (for calls made from outside Australia) between 9.00am and 5.00pm (AEDT) Monday to Friday.

SECOND SUPPLEMENTARY BIDDER'S STATEMENT

This document is a supplementary Bidder's Statement under section 643 of the *Corporations Act 2001* (Cth).

It is the second supplementary Bidder's Statement (**Second Supplementary Bidder's Statement**) issued by CIMIC Group Investments No. 2 Pty Limited ACN 610 264 189 (**CGI2**) to the Bidder's Statement lodged with ASX, UGL Limited and ASIC on and dated 10 October 2016 (**Original Bidder's Statement**) as amended by the first supplementary Bidder's Statement dated 26 October 2016 (**First Supplementary Bidder's Statement**) issued by CGI2 in relation to its off-market takeover bid for all of the ordinary shares in UGL Limited ACN 009 180 287 (**UGL**).

This Second Supplementary Bidder's Statement supplements, and should be read together with, the Original Bidder's Statement and the First Supplementary Bidder's Statement. This document will prevail in the event of any inconsistency with the Original Bidder's Statement as amended by the First Supplementary Bidder's Statement. Unless the context requires otherwise, terms defined in the Original Bidder's Statement as amended by the First Supplementary Bidder's Statement have the same meaning where used in this document.

A copy of this Second Supplementary Bidder's Statement was lodged with ASIC on and is dated 3 November 2016. Neither ASIC nor any of its officers takes any responsibility for the contents of this document.

This Second Supplementary Bidder's Statement has been approved by a resolution of the directors of CGI2

3 NOVEMBER 2016 INFORMATION TO ASSIST ASSESSMENT OF UGL TARGET STATEMENT

CIMIC Group Limited (**CIMIC**), and its wholly owned subsidiary CIMIC Group Investments No.2 Pty Limited (**CGI2**), notes that CGI2's final¹ unconditional² off-market takeover offer (**Offer**) at a price of **\$3.15**³ in cash per share is open for acceptance and encourages investors to **ACCEPT** the Offer as soon as possible.

The UGL Board is expected to soon release UGL's Target's Statement, which CGI2 expects will contain the recommendation of the UGL Directors and an independent expert's report.

CIMIC would like to bring the following to the attention of UGL shareholders to assist them in evaluating the UGL Board's recommendation and the other information contained in the Target's Statement (including the independent expert's valuation):

- X Failure to deliver a profit:** Under the leadership of its current management, UGL has not achieved a profit in the past two financial years. UGL has reported cumulative losses after tax and non-controlling interests of \$342.7 million for the two years ending 30 June 2016.

Year	Loss after tax and non-controlling interests
FY15	\$(236.4) million ⁴
FY16	\$(106.3) million ⁵

- X Failure to achieve Earnings Before Interest and Tax (EBIT) guidance:** UGL has not achieved its initial EBIT guidance in the past two financial years, even after removing the impact of items which UGL management has identified as significant non-recurring expenses and the impact of the Ichthys project in 2016.

Year	Initial EBIT guidance	EBIT	EBIT excluding Ichthys
FY15	\$96 million to \$120 million ⁶	\$(379.1) million ⁷	\$47.5 million ⁸
FY16	\$69 million ⁹ (also stated confidence in adequacy of Ichthys initial \$175 million provision ¹⁰)	\$(141.1) million ¹¹	\$65.5 million ¹²

¹ The Offer Price is final, and cannot be increased during the Offer Period, in the absence of a competing proposal and is subject to the Offer terms specified in the Bidder's Statement.

² Other than in respect of a "prescribed occurrences" condition.

³ The Offer Price of \$3.15 per UGL Share is subject to the offer terms outlined in the Bidder's Statement. If UGL pays any dividend or capital distribution to Shareholders between the date of this announcement and the close of the Offer Period, CGI2 will deduct the value of such dividends or capital distributions (but not any franking credits) from the \$3.15 per Share to be paid under the Offer.

⁴ UGL FY15 Annual Report (page 58); reported NPAT of \$(236.4) million includes \$66.4 million profit from discontinued operations (DTZ).

⁵ UGL FY16 Annual Report (page 56).

⁶ UGL FY14 results presentation (page 30); EBIT determined by multiplying "normalised margin levels of around 4-5%" by revenue of \$2.4 billion.

⁷ EBIT from continuing operations: UGL FY15 results presentation (page 24).

⁸ Base business EBIT excluding Ichthys projects: UGL FY16 results presentation (page 12); also excludes other items listed on page 46 of the UGL FY16 results presentation.

X Substantial negative cashflows in 2016 and increase in net debt to continue into 2017:

- For FY16 UGL reported negative operating cashflow of \$(77.1) million.¹³
- For FY17 UGL has forecast negative \$(192) million in cash outflows on the Ichthys projects.¹⁴
- UGL reported¹⁵ net debt:
 - deteriorated by \$99 million in FY16 from FY15 resulting in a final position of \$65 million; and
 - forecast net debt to further deteriorate to a peak of \$175 million to \$215 million around June 2017.

X Failure to pay a dividend: UGL has negative retained earnings and increased net debt since FY15. UGL has not paid any dividends since the special dividend paid after the sale of DTZ in 2014. UGL has not provided definitive guidance on when it would recommence paying dividends.

CGI2 believes any valuation of UGL relying on a forward EBIT guidance should take into account UGL's historical financial performance, forecast increase in net debt and track record of missing EBIT guidance.

It should also be noted that during the week commencing 24 October 2016, UGL announced the resignation of two independent, non-executive directors: Mr Richard Humphry and Mr John Cooper. No explanation was provided for the resignation of Mr Cooper, a veteran of 35 years of experience in the construction and engineering sectors¹⁶, who was only appointed in April 2015.

Shareholders should take into account the \$3.00 distribution received in 2014

In November 2014 UGL completed the sale of DTZ and used the proceeds to return a total of \$3.00 to shareholders. Shareholders who held their shares on 17 November 2014 were entitled to receive this distribution; the closing share price fell from \$5.28 on 17 November 2014 to \$2.36 on 18 November 2014.

As a result, shareholders who purchased their UGL Shares on or before 17 November 2014 should take into consideration the \$3.00 per share distribution which they previously received when comparing CGI2's \$3.15 offer price with the price they originally paid for their shares.

UGL shareholders are encouraged to **ACCEPT** CGI2's final¹ unconditional² offer to acquire their shares in UGL for \$3.15 cash per share.

⁹ UGL FY15 results presentation (page 37); EBIT determined by multiplying stated EBIT margin of 3% by revenue of \$2.3 billion.

¹⁰ UGL FY15 results presentation (page 5)

¹¹ "Statutory FY16 EBIT": UGL FY16 results presentation (page 45).

¹² Base business EBIT excluding Ichthys: UGL FY16 results presentation (page 12).

¹³ UGL FY16 Annual Report (page 60), net cash used in operating activities.

¹⁴ UGL FY16 results presentation (page 8).

¹⁵ UGL FY16 results presentation (pages 26 and 27).

¹⁶ UGL FY16 Annual Report (page 13).

- ✓ CGI2's Offer price of \$3.15 per share represents a highly attractive premium of 47.2% to the price of UGL shares on ASX at the close of trading on 7 October 2016, the trading day prior to the announcement of the Offer, of \$2.14 per UGL share. Other key Offer price premia are set out in CGI2's Bidder's Statement.
- ✓ CGI2's Offer provides cash certainty to UGL shareholders.
- ✓ The UGL share price may trade at levels below the Offer price once the Offer has lapsed given the premium currently being offered to UGL shareholders under the Offer.

ACCEPT THE OFFER NOW

ENDS

Issued by CIMIC Group Limited ABN 57 004 482 982 www.cimic.com.au

Further information

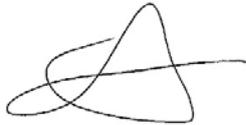
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CIMIC Group Limited (ASX: CIM) is one of the world's leading international contractors and the world's largest contract miner. CIMIC Group has operations that have been in existence since 1934, was listed on the Australian Securities Exchange in 1962 and has its head office in Sydney, Australia. CIMIC provides construction, mining, mineral processing, engineering, concessions, and operation and maintenance services to the infrastructure, resources and property markets. It operates in more than 20 countries throughout the Asia Pacific, the Middle East, North America, Sub-Saharan Africa and South America and, as at 30 September 2016, employed approximately 44,000 people directly and through its investments.

DATED 3 November 2016

SIGNED for an on behalf of CIMIC Group Investments No. 2 Pty Limited by:



Angel Muriel

Director