

28 October 2015

UGL provides a first quarter FY16 update and reconfirms guidance

Sydney: UGL Limited (ASX: UGL) today announced that it has secured approximately \$550 million in new contract wins and extensions during the first quarter of FY16. Key highlights include:

- A \$131 million contract awarded to UGL Unipart Rail Services Pty Limited for the technology upgrade of the Tangara passenger rail fleet as previously announced in August 2015.
- A four year alliance agreement with the Lend Lease Bouygues Joint Venture on the NorthConnex Project, as announced in September 2015.
- A \$55 million contract for the design and installation of a radio communications systems in the rail sector.
- A new contract for the design, development, construction and commissioning of the Wagga Wagga water treatment plant.
- 142 broad gauge FlexiCurve bogie kits and 200 pedestal leg bogie frames to be supplied to GE as part of the delivery of freight locomotives to international markets.
- Delivery of the system, detailed design, supply, installation and commissioning of earthworks, storm water drainage and access roads, solar modules and other components and systems associated with a new solar project in the Northern Territory.
- Refurbishment of the 220/66kV Heatherton Terminal substation including materials supply and installation, civil, structural and electrical works, erection of client supplied plant and commissioning.

UGL CEO, Ross Taylor said: “Securing these new contracts in the first quarter of FY16 demonstrates UGL’s diverse capabilities across a range of sectors. While the market generally remains competitive, we are continuing to see a solid pipeline of opportunities across many parts of our business.”

Ichthys CCPP & SMP Update

UGL CEO, Ross Taylor said: “The Ichthys CCPP project continues to progress well with the UGL and CH2M Hill scope of works now 65% complete and construction 42% complete. Negotiations with the client are advancing and we expect to reach agreement on a commercial settlement in the coming weeks. When achieved, this is expected to further underpin our confidence in the \$175 million provision made in February this year.

“The Ichthys SMP project is now 23% complete. In accordance with the joint venture revenue recognition policy, no margin will be recognised until the project is 30% complete and based on the current program, we expect this to occur early in 2016.

“We are actively managing claims on the SMP project associated with continued slippage in early milestones due to client delays. We now hope to achieve a commercial settlement with the client in the first quarter of 2016.

“We continue to believe that this project will go on to be very successful for all parties,” Ross Taylor concluded.

Confirmation of FY16 Guidance

“With our secured order book remaining stable at \$4.7 billion at the end of September, we remain well positioned to deliver revenue of \$2.3 billion in FY16 with 90% currently sold. We are also well on track to deliver an EBIT margin of 3% as we realise the full run rate of cost savings taken out of the business in FY15.

“While revenue between the first and second half of FY16 should be reasonably balanced, margin recognition on the Ichthys SMP project will not occur until the second half of the year. As a result, we expect profits to be split around 35%/65% between the first and second half of FY16.”

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