UGL 2015 ANNUAL GENERAL MEETING

Chairman and CEO's Address

Chairman’s Address

So to begin, some comments on the year from the Board.

2015 has certainly been a year of major transition for UGL. Many of you will recall that at this time last year, we were in the final stages of completing the successful sale of the DTZ business. This resulted in the emergence of UGL as a standalone engineering and maintenance services company.

As I have reflected on the year just passed, it seems to me that it is important for all of us, including you as investors and advisers, not to under estimate the fundamental change this has been and the opportunity it has given us to shape a new business.

We gained new leadership at both the Board and senior management levels. New people joined with existing UGL people to refocus and strengthen the Company. And much of this work has now been completed.

We have reset the vision for the changed UGL and identified clear strategic priorities to enable us to deliver improved financial and operational performance from the 2016 financial year onwards.

Together with the new management team, the Board has reviewed and strengthened the risk and governance framework across the Company. We want to ensure greater consistency, predictability and transparency at all levels of the organisation, including at the Board level.

We have appointed three new non-executive Directors to the Board. Our new directors add significantly to our range of skills and experience. With this we can continue to provide UGL with strong stewardship.

The Board and management feel that there are exciting opportunities ahead for UGL. I am confident that this Company has a very prosperous future as we build on the strengths of our people and our capabilities.

So a little more detail about some of the things I have mentioned.

As many of you will know, UGL's property services business DTZ was sold in November 2014 for $1.215 billion. Net proceeds from the sale were $1.05 billion after taking account of transaction costs and other sale adjustments. Following the pay down of debt, net proceeds of $500 million or $3 per share were distributed to shareholders last November.

This sale represented a significant milestone and change for UGL.

Now let me turn to an overview of the financial results for FY15.

Results overview

$m	FY15	FY14	Change
Operating revenue	3,048.6	4,511.5	(32%)
Reported EBIT	(379.1)	105.3	(460%)
Underlying EBIT	*75.3*	*185.8*	*(59%)*
Underlying EBIT margin	*2.5%*	*4.1%*	
Reported NPAT	(236.4)	62.1	(481%)
Underlying NPAT	*30.3*	*111.7*	*(73%)*
Underlying NPAT margin	*1.0%*	*2.5%*	
Underlying EPS	18.2	67.1	(73%)

Please note that the results presented here do include a partial year contribution from DTZ.

At a statutory level, UGL posted a net loss after tax of $236.4 million including the Ichthys power provision, net accounting profit on the DTZ sale and other one-off costs associated with resetting and strengthening the Engineering business. This included significantly reducing longstanding work in progress or WIP and dealing with the impact of the continued resources slowdown across our businesses.

After adjusting for one-off items in order to reflect the underlying performance of the business, net profit after tax for FY15 was $30.3 million. This resulted in underlying earnings per share of 18.2 cents.

In order to conserve capital to meet cash flow obligations associated with the Ichthys power project, the Board elected not to pay dividends in FY15. We will consider re-instating dividends when earnings normalise and when we consider it is appropriate based on UGL's capital requirements and outlook.

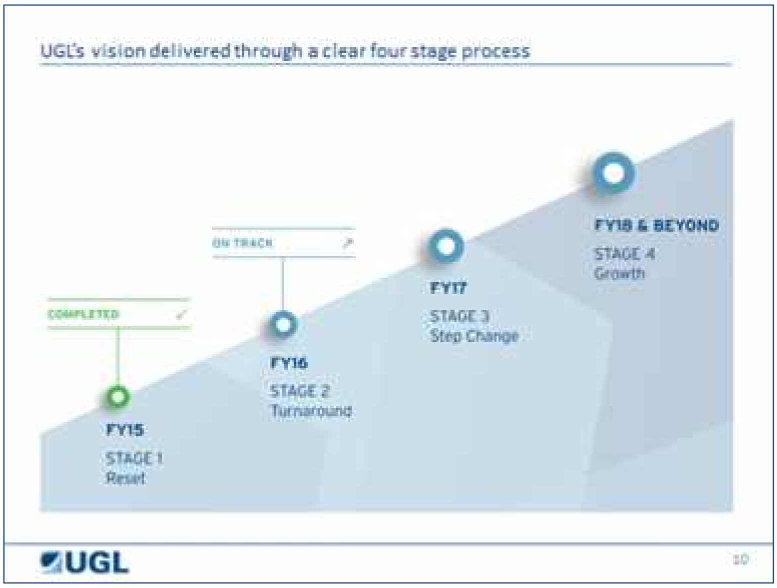
A new leadership team is now in place at UGL.

Ross Taylor joined as CEO on 24 November last year. He has brought a rigorous and detailed focus to UGL's operations. With endorsement from the Board, a number of key initiatives were undertaken by Ross and his leadership team during FY15.

These have included:

- A bottom up review of UGL's projects and operating businesses.
- An overhaul of the Ichthys power project, resetting the delivery program and revised cost to complete estimate.
- A significant overhead reduction program and the introduction of a new operating model.
- The implementation of a strengthened risk and governance framework; and
- The development of a new vision and strategic priorities for UGL.

As a Board, we are very pleased with the rapid progress Ross and his leadership team have already made in stabilising performance and placing UGL firmly on track for delivering a turnaround in FY16.



A new vision was set for UGL by the Board and the leadership team in FY15.

In essence, we aspire to be a company which has a dominant position in the Australian market and which utilises both world leading technologies and excellent execution capabilities to provide the smartest solutions for our clients.

Management has set out a clear four stage process to deliver this vision.

The first stage has been completed with the organisation restructured, overhead resized, long dated WIP reduced and a stronger risk management framework in place.

Management is now well advanced in the second stage focused on delivering a turnaround in FY16 by delivering improved profitability and stronger cash conversion.

Stage three should see a step change in the business through FY17. Revenue should grow as a result of projects already secured and management expects profit margins to further improve; returning to industry standard levels.

With these steps complete, stage four is about building UGL into the future. Part of this growth will come from the momentum created through FY16 and FY17 and we will also look for new and adjacent opportunities.

The Board strongly believes that this staged approach will return UGL to a position of strength within this time frame.

One of the other key areas of focus for the Board this year was UGL's risk management and governance framework.

It was critical to me as incoming Chairman that the previous framework was reviewed and strengthened and the Board has worked closely with management to achieve this.

We are now confident that the right blend of business and project reviews is in place across the business. These include:

- Monthly safety reviews
- Monthly business reviews
- Rigorous bid gate reviews
- And regular project and contract reviews.

This is underpinned by the *UGL Way*, a standard and consistent operating methodology being implemented across the company. Led by our new CFO Ray Church and his team, strong progress has already been made.

This revised framework, which provides the right combination of transparent information with consistent processes and systems, is already delivering increased rigour and predictability across our businesses.

Since my appointment as Chairman in October last year, one of my priorities has been to ensure that Board membership was renewed.

It is important that we have the right diversity and quality of skills and experience to support and drive UGL forward.

I was pleased to announce the appointment of three new non-executive directors this year.

In April, we welcomed John Cooper to the Board. John has a life time of experience in the construction and engineering sector in Australia and internationally. He brings very valuable industry experience to the Board.

And then in August, we announced the appointment of Jane Harvey and Robert Kaye to the Board.

Jane has considerable experience as a non-executive director of both listed and not-for-profit organisations. She has strong commercial and finance skills and has worked across a range of industries including utilities, energy infrastructure, transport and logistics.

Robert Kaye is a barrister and Senior Counsel and has provided advice to both public and private corporations across a range of commercial matters including transactions, corporate and property. Over the last few years he has also been working as a non-executive director in listed companies.

John, Jane and Robert significantly broaden the existing skills of the Board. They add strong industry experience as well as strength in governance, risk, finance and commercial and contract law.

I am also pleased that stability and continuity has been retained through the ongoing commitment of Richard Humphry and Guy Cowan. They have worked particularly hard through this year of transition and I am sure welcome the support of the new directors.

John, Jane and Robert stand for election today with the unanimous support of the Board, and each will address you later in the meeting.

Also today Guy Cowan stands for re-election with the Board's unanimous support. With a background in chartered accounting and international experience in the oil and gas industry, Guy contributes valuable financial, industry and commercial skills to the Board.

UGL

maintaining today
creating tomorrow

This last year at UGL has involved big changes. The separation of DTZ was complex. It left the remaining business with a lot of adjustments to make. Addressing these was essential to give UGL the basis to thrive.

The Board is grateful for the way the newly formed management team has stepped up so effectively to the challenge.

While there is still work to do, the reset of the business is complete with a turnaround in earnings performance and a return to growth well on track.

I will now ask Ross to talk in more detail about the operations and outlook for the business.

CEO's Address

Thank you Kate and good afternoon ladies and gentlemen.

I am very pleased to join you today at my first AGM as CEO of UGL.

The last eleven months since I joined UGL has been an intense, yet productive period for the company.

Together with the leadership team we have undertaken a significant amount of work to review, and reposition UGL I firmly believe these actions have reset the business with very solid foundations.

And when combined with our new vision and strategic priorities, they provide a compelling path forward to achieving a turnaround in UGL's performance through FY16 and beyond.

Key achievements in FY2015

What we said we would do	What we delivered
• Revenue $2.3b	✓ Revenue $2.3b
• Underlying EBIT $47m (ex DTZ)	✓ EBIT $47.5m
• Net debt $30-50m at 30 June 2015	✓ Net cash $33.7m
• Right size overheads	✓ Overhead savings of $33m per annum from FY16
• Recovery of long dated WIP	✓ WIP at 30 June 2015 $163m down $94m during H2 FY15 ✓ Cash received in H2 FY15 $66m
• Review operating structure	✓ New operating structure developed to drive greater management focus and clarity ✓ FY15 results reported under new structure
• Continued sales momentum	✓ $2.1 billion in contract wins and renewals
• Strong order book for FY16	✓ FY16 revenue 79% sold at 30 June increasing to 90% sold at 30 September

UGL 20

Not long after I started a key aim I set myself and the management team was to get the business reset while keeping it performing through this period.

Pleasingly we achieved this.

Excluding DTZ we generated; revenue of $2.3 billion, underlying EBIT of $47.5 million, both in line with our guidance, and held net cash of $33.7 million at year end.

Our overheads were right sized locking in savings of $33 million per annum, which we are on track to fully realise in FY16.

We cleaned up our balance sheet most importantly focusing on the recovery of long dated work in progress. This resulted in a reduction in WIP to $163 million at 30 June, down some $94 million in the half year, and translated into $66m of cash received over that period.

A new operating structure was implemented and is working effectively to provide management with greater operational clarity. We were pleased to report our FY15 results under this new structure which we believe has also provided greater transparency and clarity to shareholders.

Despite being a period of transition we continued to sell well throughout the year securing $2.1 billion in contract wins and renewals. This momentum has continued through the first quarter of FY16 and our order book stood at $4.7 billion as of 30 September. This positions us well particularly for FY16 with 90% of this year's revenue now secured.

At UGL nothing is more important than safety.

It is one of our core values and our approach is led from the top down supported by training, processes and systems that encourage our people to be personally accountable for their own safety and for the safety of those around them.

During FY15, we achieved improvements in safety performance as measured by our key lagging indicators, Lost Time Injury Frequency Rate and Total Recordable Injury Frequency Rate. Pleasingly these improvements have continued into FY16.

However, we have some distance left to travel to achieve safety performance consistent with industry best practice and we will continue to target improvements well beyond what we are presently achieving across our businesses.

Turning to a brief update on our two Ichthys projects.

The Ichthys power project continues to progress well with construction now 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.

Our other Ichthys project …. the structural mechanical and electrical 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 in early 2016….

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

I continue to believe that this project will go on to be very successful for all parties.

As a focused engineering and maintenance services company, we have re-organised our operating structure into five new divisions.

We were pleased to report our FY15 results under this new structure.

Today I won't run through the complete financial performance of each division, given we presented them fulsomely in the August results presentation.

I would like to instead provide you with more colour on our businesses and some of the projects UGL is involved with.

Firstly our Rail & Defence business.

In FY15, the Rail & Defence business contributed 42% of UGL's revenue and delivered EBIT profits of $32.4 million.

The Rail business operates across the Freight and Passenger markets covering both rolling stock supply and asset management services.

Our Defence business provides naval ship maintenance services to the Australian government.

We have core capabilities in rolling stock procurement, design and construction and are the only domestic manufacturer of locomotives.

Our asset management capabilities extend across freight locomotives, wagons and passenger cars.

In Sydney we maintain over 1,650 passenger cars under the UGL Unipart contract and across Australia have over $200m of client inventory under management where our technical supply chain solutions deliver significant cost savings to our clients.

One of the major projects our Rail and Technology Systems businesses are currently involved in delivering is the Sydney Metro Northwest.

In public private partnership with the New South Wales Government our consortium will; design, build, finance and operate the new rapid transit service, Australia's largest public transport project.

This is a revolutionary project for Sydney. When complete it will deliver a 36 km stand-alone network between Rouse Hill and Chatswood and operate under a fully automated system delivering 15 trains per hour during peak periods.

Sydney Metro Northwest will commence operations in the first half of 2019 and provide a transformation in commuter experience for Sydney passengers.

Turning now to Asset Services.

In FY15, Asset Services delivered 20% of UGL's revenue and $8.5 million in EBIT profits.

The business provides industry leading maintenance, shutdowns and turnaround services across a number of sectors.

Having recently secured contracts with APLNG and GLNG on the Curtis Island LNG facilities in Queensland, this business is now Australia's largest LNG maintenance services provider maintaining 9 LNG processing trains across Australia.

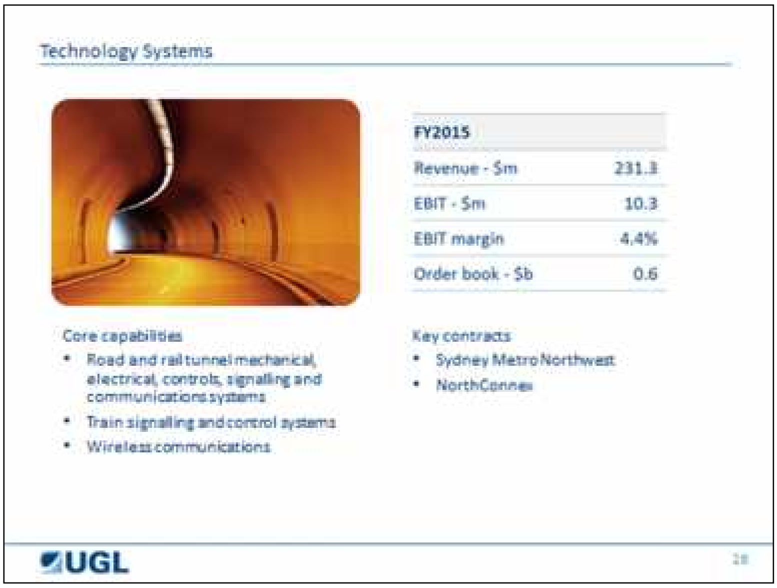
Our scale will now allow us to retain a national shutdown and turnaround team providing UGL with a competitive advantage and strong growth opportunities within LNG, power and other sectors.

In May, our longstanding relationship with BP Australia led to the award of a new three year contract to operate and maintain BP's 17 fuel terminals across Australia. This will be done through a 50/50 joint venture between UGL and BP.

Through the joint venture UGL will deliver all engineering, maintenance and project works for BP Australia's fuel terminal network.

Terminal operations will also be managed by the JV with responsibility for; blending, loading and unloading fuels to BP customers.

This contract is strategically significant to UGL as it allows us to extend our capabilities to provide integrated operations and maintenance solutions and improvements in partnership with BP, a key long term customer.



The next division is our Technology Systems business.

In FY15, Technology Systems contributed 10% of UGL revenue and EBIT profits of $10.3 million.

This business however, will be one of the significant contributors to our FY17 growth expectations as a number of large tunnel projects move from design to delivery phase, most notably the Sydney Metro Northwest and NorthConnex projects.

Our Technology Systems business has core capabilities in road tunnel and rail infrastructure systems and provides signaling communications solutions across a range of sectors.

Having delivered 10 of the last 12 road tunnel projects in Australia, this business is the clear industry leader in this area.

The Regional Rail Link was a landmark infrastructure project delivered by our Technology Systems business.

The project removed bottlenecks in Victoria’s regional rail network, separating regional and metropolitan trains in Melbourne’s west to improve capacity and reliability.

Operating in an alliance with our client UGL provided; train control, signaling, telecommunications and, passenger information systems throughout the Regional Rail Link system in Victoria.

The project was recognised by the Industry in 2015, winning the Australian Construction Achievement Award. Particular recognition was given for the strong partnership achieved with the customer, delivering the project eight months early, and $900 million under budget.

Turning to our Engineering & Construction business which contributed 27% of UGL revenue in FY15 and EBIT profits of $42 million.

E&C delivers complex projects starting from the initial design through to procurement, construction, and final commissioning & handover to the customer. It does this across its core sectors of; power, water, oil & gas and resources.

We have market leading self-perform capabilities with strong specialised skills in structural, mechanical and piping works as well as electrical instrumentation for large process infrastructure.

In the water sector our capabilities extend across the entire asset lifecycle including; design, delivery, commissioning, operations and asset management.

Recently the E&C business successfully completed seven high voltage substations for Powerlink in Queensland with a total value of approximately $100 million.

These substations form a key component of the transmission grid extension into the Surat Basin, supplying power to LNG gas compression facilities for APLNG and GLNG.

The most critical of these was the Yuleba North substation, as shown on the screen behind me, which was delivered to an accelerated program three months ahead of the original schedule.

While a small part of UGL at present we see strong potential for growth in our International business in selective markets.

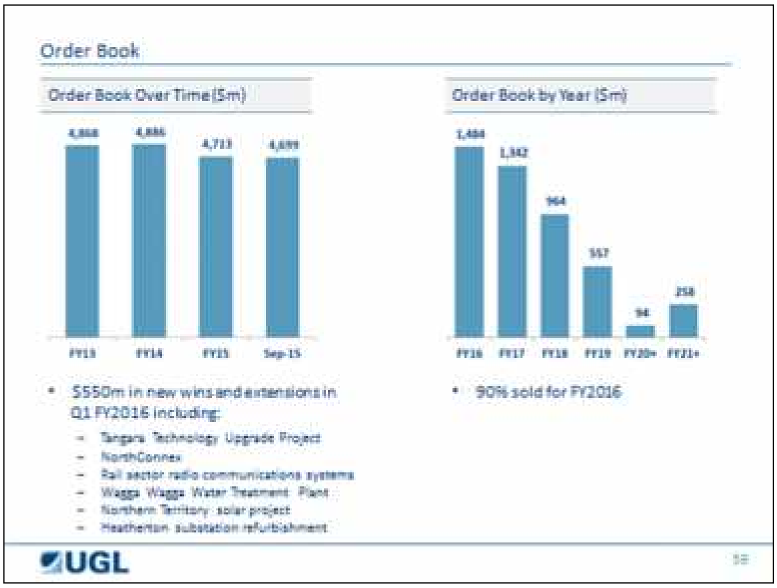
The business has been built on our water infrastructure capabilities in Singapore and Malaysia and is actively expanding across transport systems and oil & gas pipeline services.

These sectors all look to have strong growth prospects in the near to medium term in South East Asia.

UGL was recently awarded a project with the Singapore Government’s water authority for the upgrade of the Choa Chu Kang Water Works.

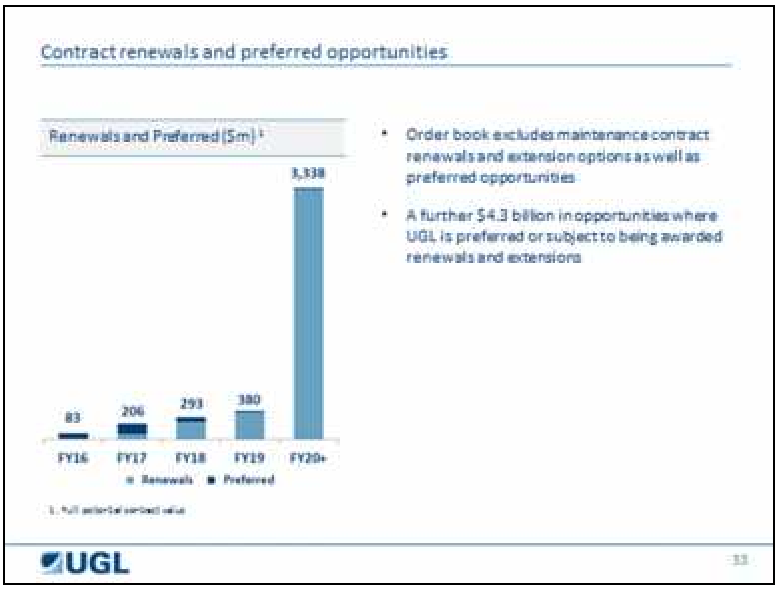
This upgrade features advanced water treatment technology that will increase the plant’s operating efficiency and output, while concurrently reducing its operating cost and environmental impact.

Once complete, this project will be a showcase for water treatment innovation in Singapore.



Our order book has remained stable over the first quarter of FY16 with $550 million in new contract wins and extensions during this period.

We remain well positioned to deliver revenue of $2.3 billion in FY16 with 90% of this currently sold.



Beyond the committed revenue in our order book we have a solid pipeline.

This slide shows a further $4.3 billion in opportunities for which we are already preferred or are subject to being awarded renewals and extensions.

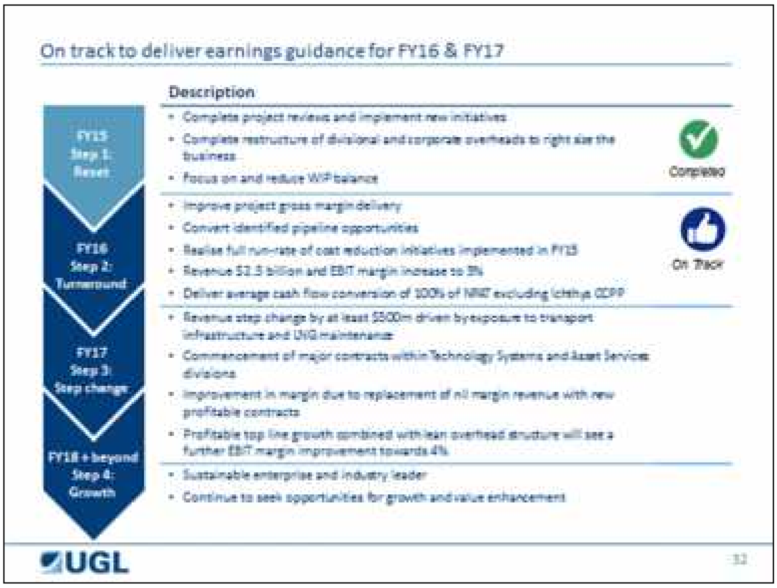
This does not include the significant bid pipeline we are working on in each of our business areas.

I want to now turn to the outlook for our markets.

Challenges continue for those parts of our business exposed to the resources capex investment cycle. However the diversity in our skills across many sectors, in particular a strong exposure to; infrastructure, rail maintenance and; LNG operations and maintenance provides a good counter balance.

While generally the market remains competitive we are seeing a strong bidding pipeline across most of our divisions. This is particularly evident in Rail where there are significant opportunities in the passenger market including the Sydney Intercity Rail Fleet, high capacity passenger fleet in Melbourne and further expansions to the Sydney Metro network.

We expect to see further growth in LNG maintenance opportunities as the remaining build projects reach the operational phase.



To finish, I want to reconfirm the earnings guidance we have previously provided for both FY16 and FY17.

In FY16 we continue to expect to deliver revenue of around $2.3 billion and an EBIT margin of 3%.

Our focus on working capital management will continue this financial year and as such we expect average cash conversion of 100% of NPAT excluding the impact of the Ichthys power project.

FY17 should see a step change in the business increasing revenue by at least $300 million. This is driven by growth in projects we have already secured in LNG maintenance and transport infrastructure.

In FY17 our EBIT margin should move back to 4% as we expect to have largely completed the; skills, systems, and cultural transformation of the business as well as having run off the remaining nil margin revenue.

FY15 was a demanding but critical year for UGL as we took the necessary steps to position the business for profitability and growth into the future.

I would like to take this opportunity to acknowledge the contribution of our people. Without their dedication and commitment, the achievements of FY15 would not have been possible.

My thanks to the Board and our shareholders for your support and confidence in the future of UGL.

I would now like to hand back to Kate to commence the official business of the meeting.