

2015 Annual General Meeting Questions from Shareholders

Below are responses to questions raised by UGL shareholders ahead of the 2015 UGL Annual General Meeting, to be held on Thursday 28 October 2015. The questions below have been consolidated and have not been reproduced word-for-word as submitted. These responses should be read in conjunction with the Chairman's and CEO's AGM addresses which are available on the UGL website.

Shareholder Questions	UGL Response
Company Performance and Strategy	
When does the Board consider it will be resuming dividend payments to shareholders?	The future restatement of dividends will be considered by the Board when underlying earnings have normalised and it is considered appropriate in the context of UGL's capital requirements and outlook.
Please explain the company's outlook, strategic direction, growth prospects & how this is to be achieved.	UGL's strategy is outlined comprehensively in the market updated provided in June 2015. Please refer to the Investor Presentation and ASX release dated 1 June 2015 for further details. The 2015 Annual Report also sets out detailed information in relation to UGL's outlook, strategy and growth on pages 2-27.
What are the company's capital expenditure plans in terms of investing in future growth opportunities?	UGL remains focussed on delivering a turnaround in operational performance in FY2016 and achieving the guidance provided to the market. Growth opportunities in the form of acquisitions remain a part of UGL's long term growth strategy.
Board Renewal	
What does Robert Kaye SC bring to the UGL Board?	Robert Kaye SC is an experienced legal practitioner and barrister at law bringing commercial legal expertise to the UGL Board including mediation and dispute resolution. His experience across other directorships brings skills in a number of areas including governance, regulation and compliance, corporate development, litigation and contracts. These skills complement the capabilities and experience of existing Board members, particularly in the areas of commercial and contract law.

Shareholder Questions	UGL Response
Executive Remuneration	
<p>Why is the EPS hurdle for the senior executive performance rights issued in FY2016 higher than the CEO's EPS hurdle on his performance rights?</p>	<p>The variance in the EPS hurdle simply reflects the performance rights being granted at different times. Performance rights for senior executives were granted on 2 March 2015 with the EPS measurement period commencing 1 January 2015. The EPS performance measure for the CEO's LTI commenced on 1 July 2014. Moving forward we expect greater alignment, with performance periods commencing on 1 July of a particular financial year.</p>
<p>Why have CEO performance right hurdles been changed since the last AGM without requiring shareholder approval?</p>	<p>The face value of the LTI awards granted to the CEO are unchanged from the arrangements previously approved by shareholders at the 2014 AGM.</p> <p>The concerns raised by shareholders at the 2014 AGM related to the cliff vesting structure of the CEO's LTI arrangements. Based on this feedback, the Board and the CEO agreed to renegotiate these arrangements. Cliff vesting was replaced with a sliding scale of performance measurement, requiring the CEO to deliver stronger performance to achieve full vesting of awards.</p>
<p>Why is the base EPS hurdle for the CEO performance rights set at 13.3cps which appears to be a low starting point compared to FY17 broker consensus for UGL's performance?</p>	<p>The base year EPS hurdle of 13.3cps is the actual underlying EPS starting point for the Engineering business as at 30 June 2014. Broker consensus for FY17 is based on guidance provided by UGL and requires UGL to deliver a turnaround in financial and operational performance in FY16 and grow in revenue and EBIT margin in FY17.</p>