

8 December 2016

CIMIC reaches 77.09% relevant interest in UGL UGL Directors strongly recommend UGL shareholders accept the CIMIC Offer

Sydney: UGL Limited (UGL) notes the announcement made by CIMIC Group Investments No. 2 Pty Limited (a wholly owned subsidiary of CIMIC Group Limited) (CIMIC) that it has received acceptances under its off-market takeover bid (Offer) of \$3.15 per UGL share (Offer Price) that, together with the UGL shares it has already acquired, represent a relevant interest in UGL of 77.09%.

The UGL Board strongly recommends that UGL shareholders ACCEPT the Offer and act promptly to ensure acceptances are received before the end of the Offer Period.

UGL Shareholders who do not accept the Offer will become minority shareholders in UGL unless CIMIC is entitled to proceed with compulsory acquisition and elects to do so.

Risks of Becoming a Minority Shareholder

As set out in UGL's First Supplementary Target's Statement dated 25 November 2016, as a result of CIMIC's voting power in UGL, potentially adverse consequences for UGL shareholders who do not accept the Offer include:

- Under the terms of UGL's existing financing arrangements and recently refinanced bank facilities, a change of control of UGL has triggered a review event which could result in the need for UGL to renegotiate existing facilities or potentially explore alternative finance facilities. There is a risk that additional debt sources may not be available on commercially acceptable terms due to uncertainties created by the Offer which may lead UGL to consider an equity raising in certain circumstances. See sections 4.6, 5.9(g) and 9.2 of the UGL Target's Statement dated 7 November 2016 (Original Target's Statement) for further details.
- Change of control provisions may be triggered in a number of UGL's material contracts. If triggered, these provisions may lead to adverse consequences for UGL, including potential loss of revenue. As announced on 6 December 2016, the Lend Lease Bouygues Joint Venture has terminated UGL's NorthConnex Project Alliance Agreement under their discretionary right to terminate following a change of control in UGL. See section 9.1 of the Original Target's Statement for further details.

- The liquidity of UGL shares may fall, and, depending on the UGL share price and the level of CIMIC's holding, there is a risk UGL could be fully or partially removed from certain market indices due to limited free float and / or liquidity.
- To the extent CIMIC effects changes in the UGL Board and management after reaching control, UGL may not be able to execute its current strategy, business plan or turnaround.
- UGL's business mix may change under the management of CIMIC as CIMIC has indicated in its Bidder's Statement that it intends to conduct a strategic review of UGL's businesses and may determine that some assets should be divested upon completion of its review.
- CIMIC's proposed review of UGL's dividend and capital management policies may also result in changes to the existing dividend policy and capital structure of UGL, including a potential equity raising.

For further detail in relation to consequences of CIMIC acquiring a majority shareholding in UGL, see section 5.4 of the Original Target's Statement.

General update on timetable and process

CIMIC has previously declared the Offer free from conditions and the Offer Price as final in the absence of a competing proposal.

As a result of CIMIC's voting power in UGL increasing to more than 75%, the Offer Period has automatically been extended by a further 14 days and will now close at 7.00pm (AEDT) on 21 December 2016. The Offer Period will not be further extended by CIMIC.

UGL shareholders who have already accepted the Offer, or who decide not to accept the Offer, do not need to take any further action.

The UGL Directors strongly encourage UGL shareholders who have not yet made a decision about whether or not to accept the Offer to read the Target's Statement, First Supplementary Target's Statement and the Bidder's Statement having regard to their own circumstances. UGL shareholders may elect to accept the Offer, sell their UGL shares on market, or not accept the Offer. UGL shareholders should consider the UGL Directors' reasons for their recommendations as well as the risk factors which are set out in section 5.9 of the Original Target's Statement and if in any doubt as to the action that they should take, should consult a professional adviser.

Shareholders who require further information in relation to the Offer can contact the UGL Shareholder Information Line on 1300 415 866 (calls within Australia) or +61 2 8022 7947 (calls from outside Australia). Updates in relation to the Offer will also be available on UGL's website: ugllimited.com

ENDS

FOR FURTHER INFORMATION CONTACT:

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About UGL Limited ABN 85 009 180 287

UGL Limited (ASX: UGL) is a leading provider of engineering, construction and maintenance services with a diversified end-market exposure across the core sectors of rail, transport and communication technology systems, oil and gas, water, power, resources and defence. Headquartered in Sydney, Australia, UGL operates across Australia, New Zealand and South East Asia employing over 10,000 people, including subcontractors.