TRANSFIELD SERVICES

Transfield Services Limited

Half Year Results

26 February 2015

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Throughout this document non-IFRS financial indicators are included to assist with understanding Transfield Services' performance. The primary non-IFRS information is proportionately consolidated financial information, underlying EBITDA, underlying EBIT and underlying NPAT.

Management believes proportionately consolidated information is an accurate reflection of operational results due to the materiality of joint venture arrangements in place. Proportionately consolidated results include Transfield Services' share of joint venture revenues and earnings. Management believes underlying EBITDA, underlying EBIT and underlying NPAT are appropriate indications of the on-going operational earnings of the business and its segments because these measures do not include one-off significant items (both positive and negative) that relate to disposed or discontinued operations, pre-acquisition legal settlement costs, costs incurred to restructure the business in the current period or costs associated with a take-over defence. A reconciliation of non-IFRS to IFRS information is included where these metrics are used. This document has not been subject to review or audit by Transfield Services' external auditors.

All comparisons are to the previous corresponding period of H1 FY2014 – the 6 months ended 31 December 2013, unless otherwise indicated. Certain figures provided in this document have been rounded. In some cases, totals and percentages have been calculated from information that has not been rounded, hence some columns in tables may not add exactly.


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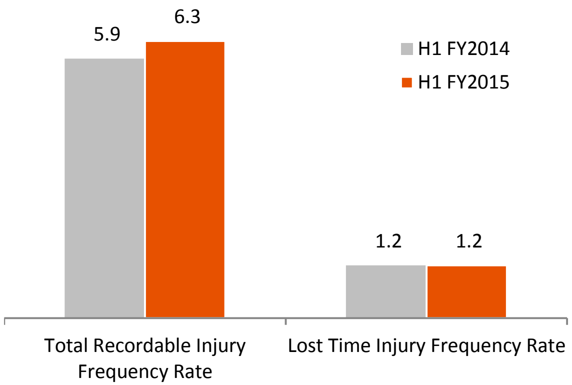
Graeme Hunt
Managing Director and Chief Executive Officer

Overview of H1 FY2015

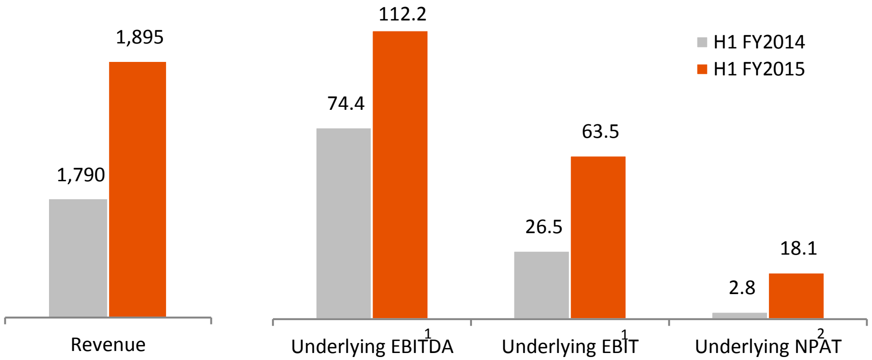
Safety result not where we want it to be

Injuries per million hours worked



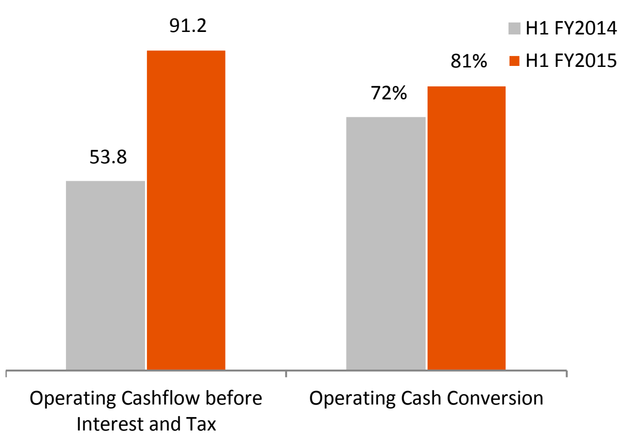
Strong growth in underlying* earnings

AUDm



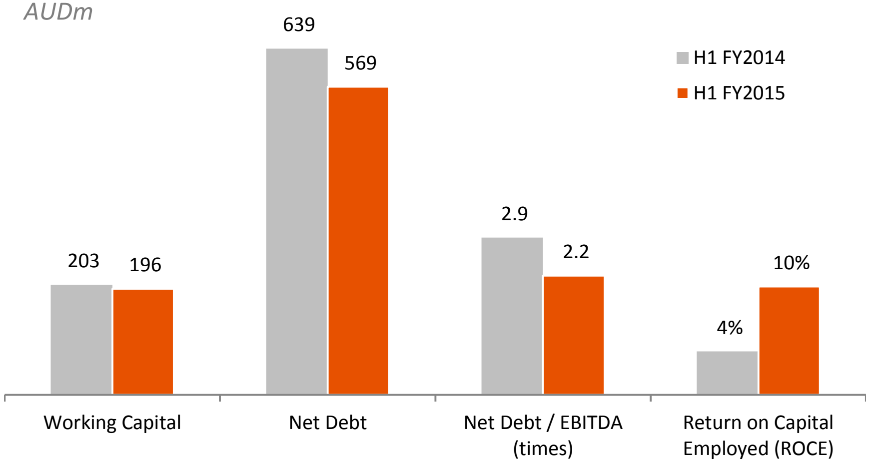
Focus on cash continues

AUDm



Balance sheet turnaround on track

AUDm



[1] Underlying EBITDA and EBIT excludes the following non-recurring items: restructuring costs and settlement of pre-acquisition legal claim

[2] Underlying NPAT excludes after-tax non-recurring items – refer reconciliation in Appendix

Progress on FY2014 commitments

- **Balance sheet strengthens further** ☑
  Working capital and cash conversion discipline continues,
  Net Debt to EBITDA ratio on track to achieve 2 times target by FY2015

- **Operating model rollout complete** ☑
  Starting to unlock more effective business development and contract execution

- **Continue to drive down overhead and site costs** ☑
  Site finance and administration rationalisation underway

- **Enterprise Resource Planning rollout on track** ☑
  Project Quantum scheduled to complete by end of FY2015

- **Portfolio optimisation continues** ☑
  Returns enhanced, second-half skew reduced, divestments progressing

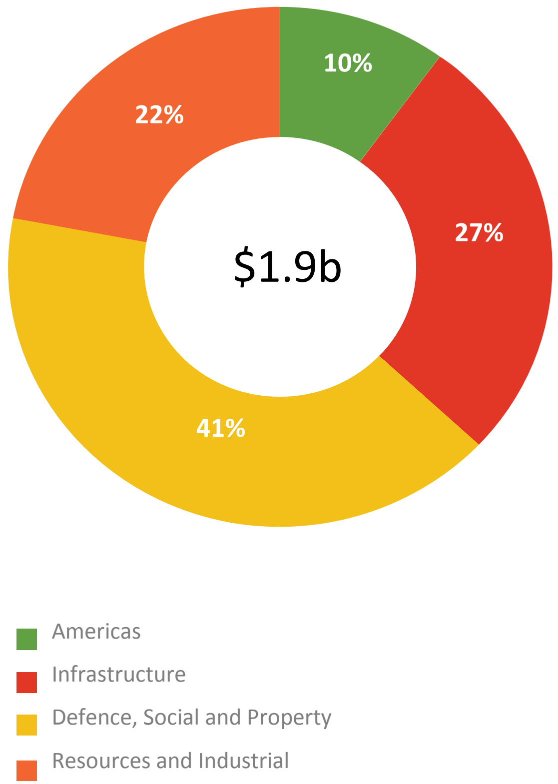
- **Solid progress on underperforming legacy contracts** ☑
  Focus on challenged contracts continues and provisions taken against small number of legacy contracts.

- **Safety performance needs to improve** ☒
  Increased focus on felt leadership – LTIFR flat, but TRIFR increases
  Subcontractor fatality in January 2015

Revenue split H1 FY2015

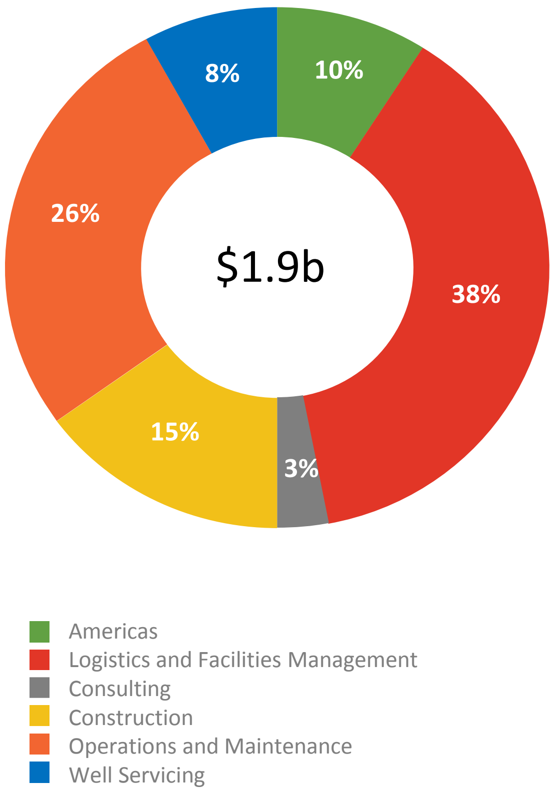
Revenue by Sector

% of Group revenue



Revenue by Service

% of Group revenue

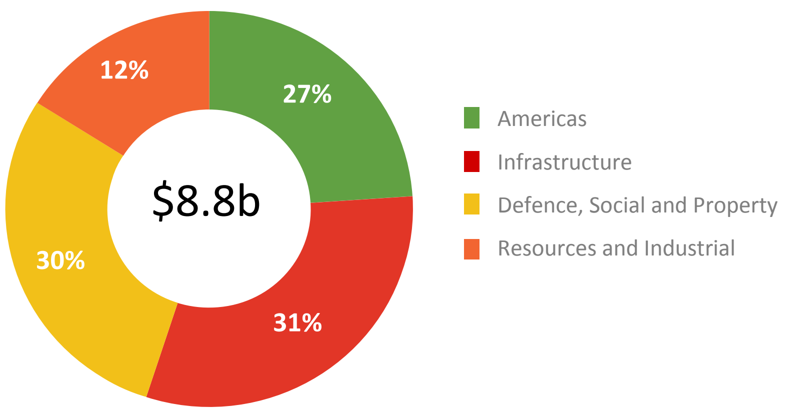


- Strong Sector and Service diversification by revenue in H1 FY2015

Contracted Revenue*

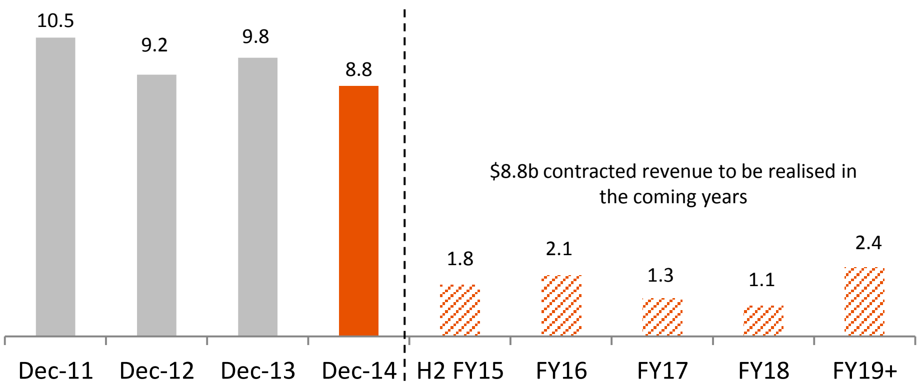
Contracted revenue* by Sector

% of Group contracted revenue



Contracted revenue*

AUDb



Contracted revenue* by contract type

Contract type AUDb	Dec-10		Dec-13		Dec-14	
Cost Reimbursable	6.0	50.3%	1.6	16.5%	1.6	17.7%
Schedule of rates	4.3	36.2%	4.4	45.1%	2.4	27.6%
Fixed fee	1.3	10.9%	3.4	34.9%	4.7	54.0%
Lump sum (D&C)	0.3	2.5%	0.3	3.6%	0.1	0.7%
Total	**11.9**	**100%**	**9.8**	**100%**	**8.8**	**100%**

- Contracted revenue* diversified by Sector
- Majority of H2 FY2015 revenue under contract, with circa 45% of a typical year's annual revenue already contracted for FY2016
- Market trend away from cost reimbursable to fixed fee contracts continues
- Well placed to manage changing contract profile due to robust bid governance process and contract management (implemented two years ago)

** Numbers are proportionately consolidated*

EBITDA breakdown

H1 FY2015 Underlying EBITDA by Sector

AUDm

	Underlying EBITDA as reported	%	Underlying EBITDA excluding contract provisions	%
Infrastructure	11.8	*7.6*	26.1	*16.0*
Defence, Social & Property	131.9	*85.0*	121.6	*74.6*
Resources & Industrial	11.4	*7.4*	15.2	*9.3*
ANZ TOTAL	**155.1**	***100.0***	**162.9**	***100.0***
Americas	(16.1)		0.9	
Corporate	(26.8)		(18.0)	
TOTAL	**112.2**		**145.8**	

Increase in Underlying EBITDA in H1 FY2015 influenced by:

- Strong performance in the Defence, Social & Property contracts across all sub-sectors
- Higher Infrastructure volumes on NBN and NZ UFB contracts
- Improved Infrastructure margins in the Rail and Road sub-sectors following reduction in cost base

Offset by

- Weakness in Resources & Industrial's Oil and Gas sub-sector, margins impacted due to deferral of work
- Americas infrastructure - road contracts now on path to recovery with some WIP impaired
- Americas R&E - legacy debtor issues in Oil & Gas resolved after legal dispute; FTS joint venture under pressure, but core US R&E business performing well
- Corporate impacted by reversal of STI accrual in prior period, movement in provisions and consulting costs

Our response to Energy sector volatility

Australia

- Exposed primarily to operations & maintenance and production (non-discretionary spend) where long term gas off-take agreements already contracted
- Some near term deferrals in rig utilisation. Where possible, rigs are being redeployed
- Delivering operational improvements and efficiencies to clients, and ensuring our volumes and market shares are maintained. Well positioned with clients for recovery
- Work-over rig demand expected to increase in FY2016 as delayed production investments in LNG restart and production ramps up
- Cost saving initiatives taken: 200+ headcount reduction in Camp Management and Energy

Americas

- Global energy oversupply will impact US markets, predominantly in upstream Oil and Gas. Our upstream footprint is small, but focused on low cost producers.
- Majority of our US business is downstream – not expected to be materially affected. Potential for growth in the Gulf Coast being actively pursued

It is business as usual

- **Nov 2014** — Limited due diligence material made available to Ferrovial in November 2014
- **Dec 2014** — Ceased discussions with Ferrovial in December 2014
- Board's view on valuation based on a 'through the cycle' view
- Board maintains $2.00 per share does not reflect the underlying value of the Company's shares
- **Feb 2015** — Standstill expires 28th February 2015, after the Company's H1 FY2015 results announcement – market now fully informed

Vincent Nicoletti
Chief Financial Officer

H1 FY2015 financial performance

For the six months ended 31 December 2014 AUDm	Statutory			Proportionately Consolidated [1]		
	H1 FY2015	H1 FY2014	*Movement*	H1 FY2015	H1 FY2014	*Movement*
Operating Revenue	**1,895.4**	1,790.1	*6%*	**2,191.1**	2,071.9	*6%*
Underlying EBITDA [2]	**112.2**	74.4	*51%*	**123.2**	81.8	*51%*
Underlying EBITDA [2] Margin	**5.9%**	4.2%	*40%*	**5.6%**	4.0%	*40%*
Underlying EBIT [2]	**63.5**	26.5	*240%*			
Underlying NPAT [3]	**18.1**	2.8	*646%*			
Statutory NPAT	**8.4**	4.8	*75%*			

- Significant increase in Underlying EBITDA compared to prior comparative period
- Result includes conservative and appropriate level of legacy provisioning
- First half record for EBITDA and Underlying EBITDA margins are the highest for several years
- More balanced earnings skew between first and second halves due to increase in facilities management work
- Strong Underlying NPAT result compared to prior comparative period
- $13.9 million of non-recurring items booked below Underlying NPAT line

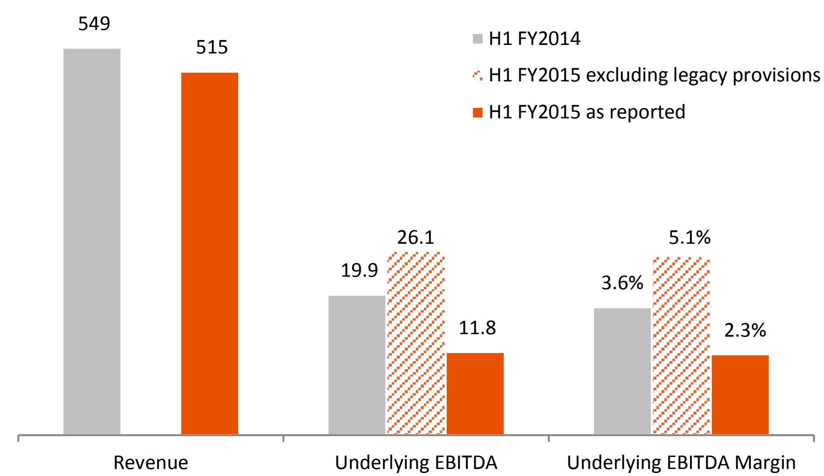
[1] Proportionately consolidated results include the Company's share of joint venture revenues and earnings
[2] Underlying EBITDA and EBIT excludes the following non-recurring items: restructuring costs and settlement of pre-acquisition legal claim
[3] Underlying NPAT excludes after-tax non-recurring items – refer reconciliation in Appendix

H1 FY2015 Sector Performance

Infrastructure

- Return of volumes and margins in Telecommunications, Road and Rail
- Legacy provisions for challenges in Public Transport and New Zealand optical fibre roll-out
- Loss of volume in Electrical Services and Water sub-sectors
- ACTIONS: maintain volumes in NBN; seeking to partner for operations and maintenance with new owners of infrastructure

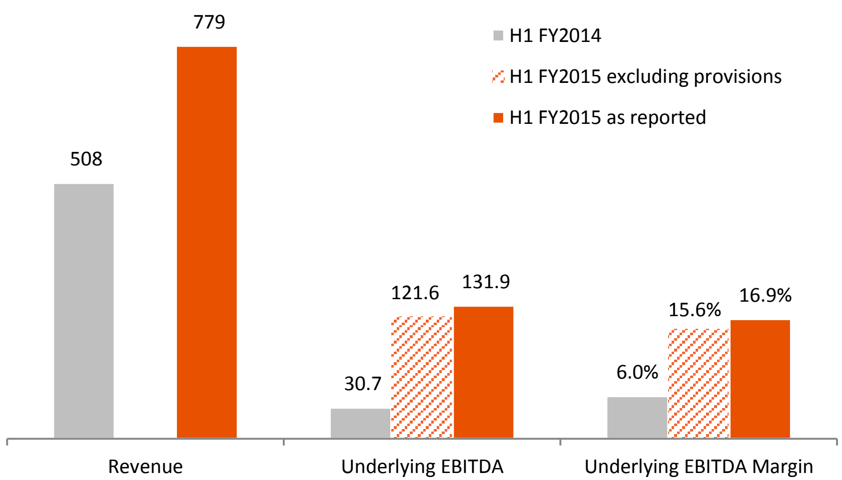
Separate measures are not to scale



Defence, Social & Property

- Strong performance in Immigration reflecting full six months of earnings
- Defence expansion mobilised well in Q2 FY2015
- Reversal of prior period accrual favourably impacted H1 FY2015
- ACTIONS: expand into complementary sub-sectors, review delivery models and immigration contract renewal

Separate measures are not to scale

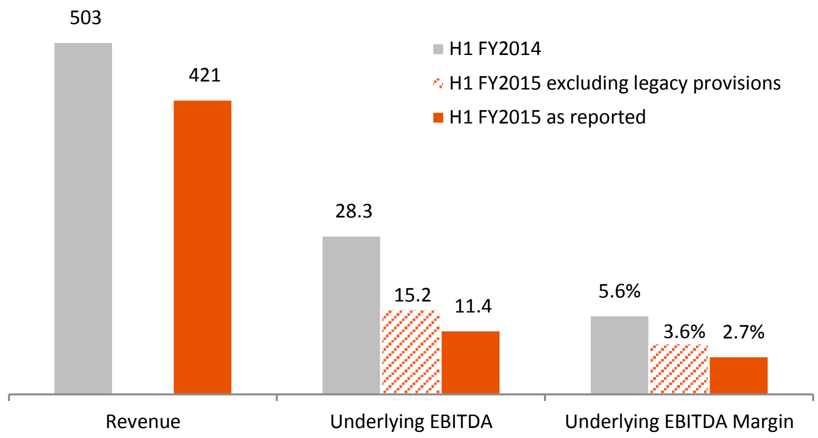


H1 FY2015 Sector Performance (cont)

Resources & Industrial

- Decline in oil & gas prices has led to decrease in volumes as clients tighten spending
- All LNG facilities in Queensland expected to be operational by December 2015, resulting in increase in well servicing in FY2016 & beyond
- Commodity price weakness remains
- Small contract provision taken in this Sector
- ACTIONS: Working with clients to take a `through the cycle' view; further cost outs commenced

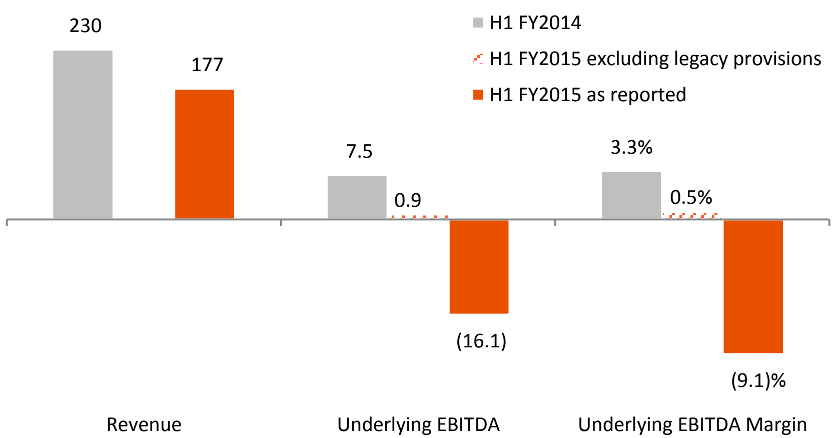
Separate measures are not to scale



The Americas

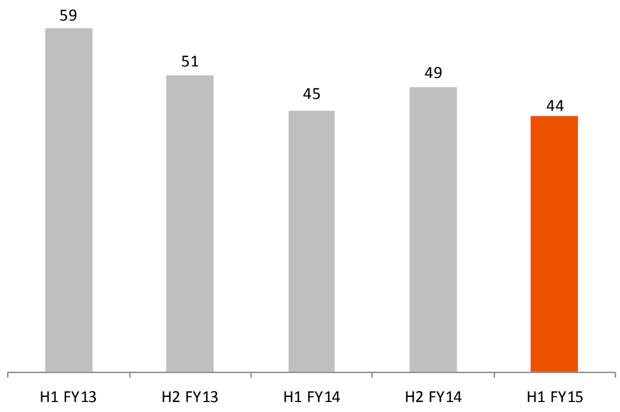
- Oil & gas in the US performed to expectations
- Flint Transfield Services joint venture suffering from slow down in oil sands due to oil price
- Chilean business at cyclical low due to falling copper price and tight client spending
- Roads contracts restructured, performance now improved; provisions taken
- ACTIONS: Upstream headcount reduction commenced; in roads, targeting higher margin technical work

Separate measures are not to scale



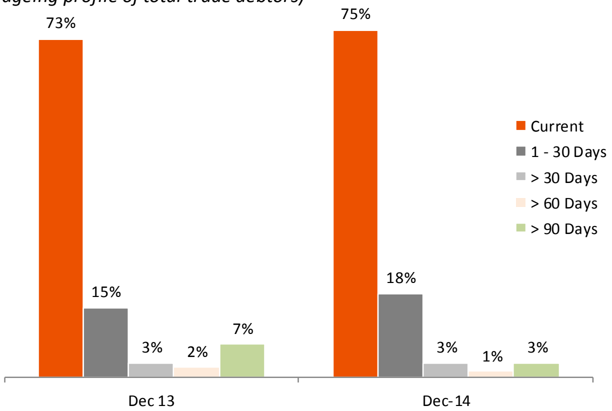
Working Capital discipline maintained

Debtor Days



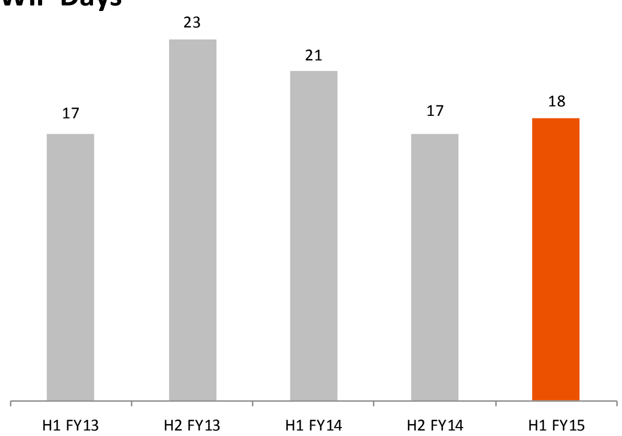
Debtors ageing profile improving

(ageing profile of total trade debtors)



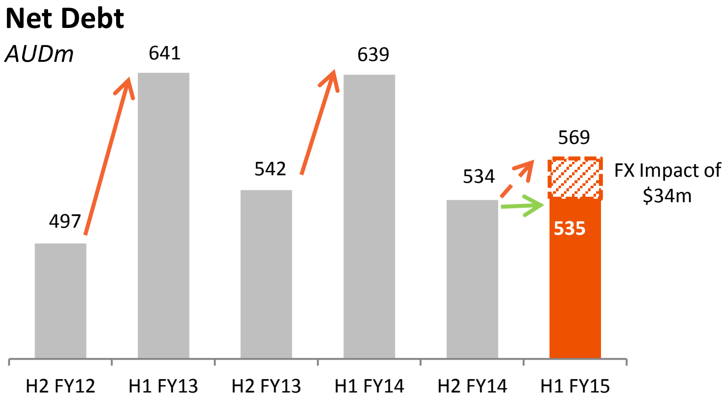
- Debtor Days within target range of 45 days, with the proportion of current debtors higher period on period

WIP Days



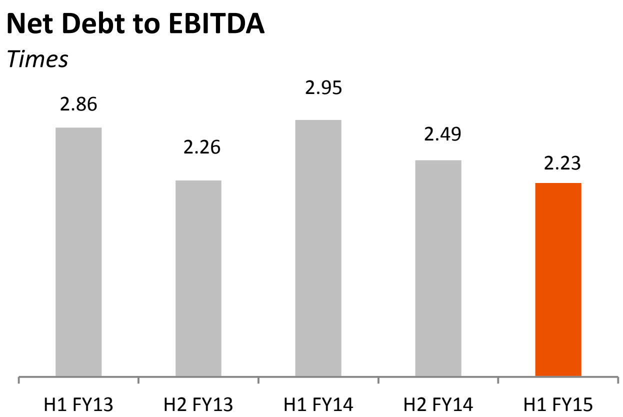
- Small increase in WIP days period on period
- Americas WIP reduced following ongoing remediation of Roads contracts
- Offset by higher WIP in processing of NBN contract claims – timing issue
- No WIP in Resources & Industrial contracts

Balance Sheet health

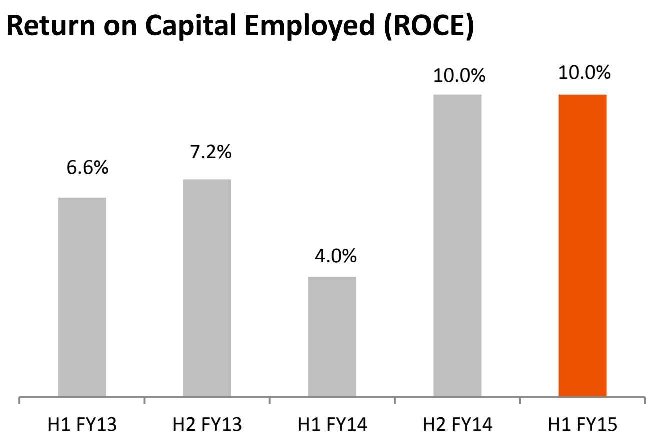


Net Debt Reconciliation AUDm	FY2014	H1 FY2015
Borrowings	758.5	863.9
Fair value portion of Cross Currency Interest Rate Swaps on High Yield Bond	-	(48.8)
Less: cash & cash equivalents	(224.8)	(246.4)
Net Debt	**533.7**	**568.7**

- Reduced volatility in debt cycle - excluding FX restatement, Net Debt flat compared to 30 June 2014
- Non cash FX impact of $34m relates to restatement of US Private Placement



Improvement in Net Debt to EBITDA ratio driven by improved earnings



Significant improvement in ROCE compared to prior comparative period

Group metrics

Profit and loss	H1 FY2015	H1 FY2014	Improvement	Trend	Longer term target
Proportionately consolidated EBITDA margin [1]	5.6%	4.0%	40%	✓	
Cash flows	**H1 FY2015**	**H1 FY2014**			
Operating cash conversion [2]	81%	72%	11%	✓	100%
Balance sheet	**H1 FY2015**	**H1 FY2014**			
Debtor days	44 days	45 days	-	✓	45 days
WIP days	18 days	21 days	14%	✓	10 days
Net debt	$569m	$639m	11%	✓	
Total funding (creditors plus Net Debt)	$1,084m	$1,118m	3%	✓	
Ratios	**H1 FY2015**	**H1 FY2014**			
Return on Capital Employed (ROCE)	10.0%	4.0%	150%	✓	15%
Gearing (Net Debt/Net Debt + Equity)	41%	46%	5%	✓	25–35%
Net debt to EBITDA [3]	2.2x	2.9x	11%	✓	≤ 2.0x

[1] Proportionately consolidated EBITDA margin = Proportionately consolidated underlying EBITDA divided by Proportionately consolidated operating revenue, post overhead allocations

[2] In H1 FY2014, cash conversion was adjusted to exclude creditor normalisation. There was no trade creditor normalisation required in H1 FY2015

[3] Net Debt to EBITDA based on debt facility covenants

TRANSFIELD SERVICES

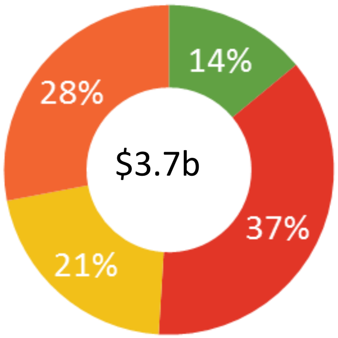
Graeme Hunt
Managing Director and Chief Executive Officer

The value of a diversified portfolio

Americas | Infrastructure | Defence, Social and Property | Resources and Industrial

FY2013A (Revenue)[1]

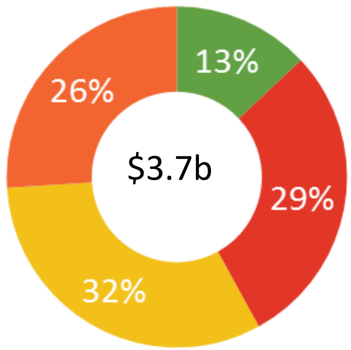
(Sector revenue / total TSE revenue)



- Strong Utilities performance, State governments expenditure on Water and Electrical Services
- Strong Mining and Well servicing performance in Easternwell, plus conventional Oil surface work
- Defence and Infrastructure solid contribution but low volumes in outsourcing
- Americas overhead reductions

FY2014A (Revenue)[1]

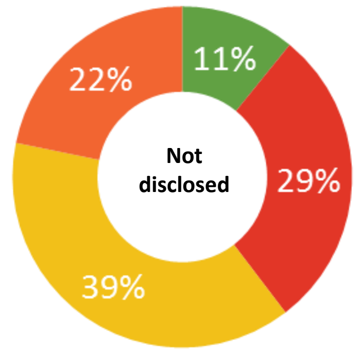
(Sector revenue / total TSE revenue)



- Good contribution from new Immigration contract
- Telecommunications impacted by deferral of NBN roll-out
- Strong Property performance due to major project delivery
- Solid Oil & Gas contribution from early project works prior to operations
- Americas impacted by legacy contract issues in Roads business

FY2015 Est (Revenue)[1]

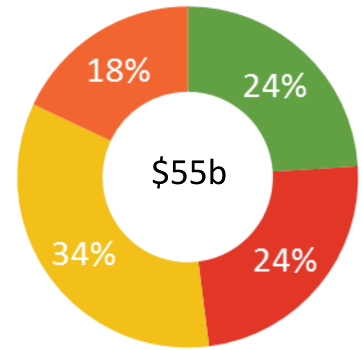
(Sector revenue / total TSE revenue)



- New national Defence contract and full year of Immigration contribution
- Capital freezes and deferral of maintenance spend impacts Infrastructure
- Oil & Gas underweight due to project delays
- Americas impacted by lower volumes in FTS JV and legacy issues with Road contracts
- Good contribution from Telecommunications

Expected Pipeline (Revenue)[1] Leads and Opportunities

(Sector revenue / total TSE revenue)

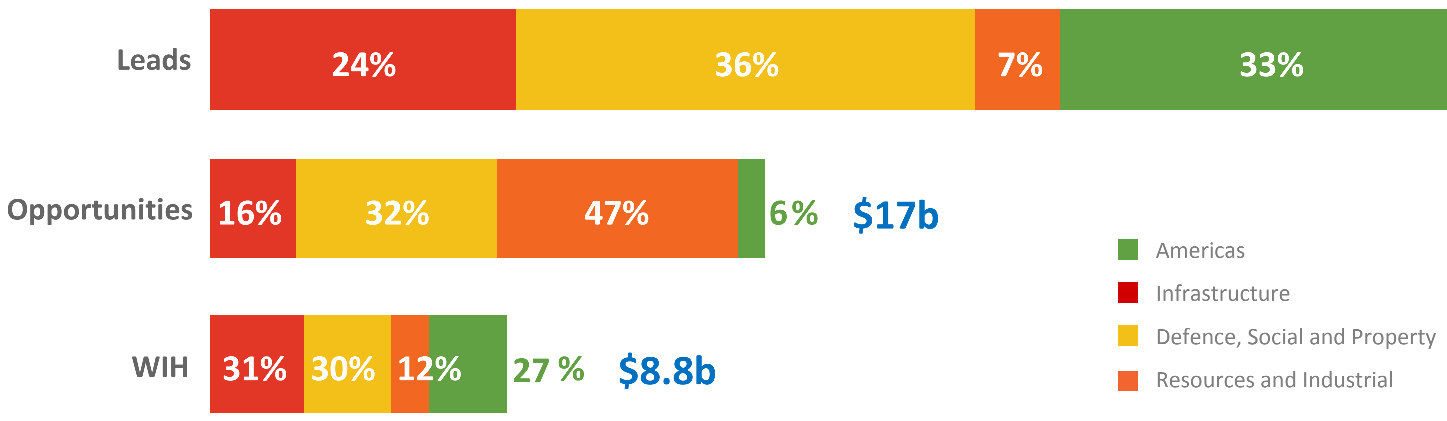


- Well balanced pipeline reflecting changes in cycle
- Significant tendering in Infrastructure (PPPs, privatisations and asset recycling)
- Immigration reduces but Defence and Commonwealth outsourcing upside
- Benefits of State outsourcing of Welfare, Health and Justice
- America recovery in volumes from US Upstream Oil & Gas and growth in Downstream market

[1] Excludes Corporate, Discontinued / Other Revenue

Future opportunities are evenly spread

Complete pipeline (opportunities + leads)



- Leads and Opportunities relate to headline contract values and do not include leverage work or organic growth
- Traditionally on larger contracts expect to see range of 20 to 30 per cent extra revenue from leverage work
- Americas grouped as stand alone sector – in reality Americas pipeline funnel split between Infrastructure and Resources and Industrial. If Americas business is reflected in new operating model, pipeline mix would be evenly distributed between three sectors

Leadership renewal

- Approx 50 percent of people in the top three levels of management have turned over in last 18-24 months
- 20 percent of top 80 roles less than two years with the Company
- Numbers of positions reduced by 30 per cent, standardised remuneration, job titles and definitions
- Executive positions filled, and now have an Extended Leadership Team; regular meetings focus on leading change, enterprise thinking, commercial acumen, continuous improvement
- Focus on developing bench strength with talent and succession planning underway

Further potential

- Expecting margin improvement across contract book through structured intervention approach to contract optimisation and business improvement
- Harvesting benefits from implementation of Operating Model
  - Consolidated finance and administration teams work flexibly to respond to fluctuating workload at sites - significant productivity improvement
- Rollout of mobile solutions improving productivity, approvals, receipting invoicing and scheduling processes
- Clients are responding to our innovation based approach
- Current headwinds are market-driven, not business driven

Outlook and guidance

Guidance and Outlook

Work in hand and leverage work underpins the second half

Underlying EBITDA[1] for FY15 reaffirmed to be within $260 million to $280 million range

Outlook

- Project deferrals expected in Oil and Gas, and Minerals sub- sectors over Calendar Year 2015
- Offset by near term completion of LNG facilities in Queensland with subsequent increase in production activities (such as well servicing) expected
- Fibre optic cable roll-outs in Australia and New Zealand continue to grow
- Increasing interest in outsourcing of social services - health, education, welfare and justice
- Asset privatisations and outsourcing expected to provide opportunities

[1] Underlying EBITDA does not include restructuring costs, settlement of pre-acquisition legal claims, gains or losses on sale of businesses and investments and other significant non-recurring items

Thank you

H1 FY2015 financial performance

AUD$'m	H1 FY2015	H1 FY2014	*Movement*
Operating Revenue	**1,895.4**	**1,790.1**	***6%***
Infrastructure	515.0	548.7	*(6)%*
Defence, Social & Property	779.4	507.6	*54%*
Resources and Industrial	420.5	502.9	*(16)%*
Americas	176.9	229.3	*(23)%*
Corporate	3.6	2.5	*44%*
Underlying EBITDA [1]	**112.2**	**74.4**	***50%***
Infrastructure	11.8	19.9	*(40)%*
Defence, Social & Property	131.9	30.7	*430%*
Resources and Industrial	11.4	28.3	*(60)%*
Americas	(16.1)	7.5	*(215)%*
Corporate	(26.8)	(12.0)	*(123)%*
Underlying EBIT [1]	**63.5**	**26.5**	***240%***
Underlying NPAT [2]	**18.1**	**2.8**	***646%***
Statutory NPAT	**8.4**	**4.8**	***75%***

[1] Underlying EBITDA and EBIT excludes the following non-recurring items: restructuring costs and settlement of pre-acquisition legal claim

[2] Underlying NPAT excludes after-tax non-recurring items listed in [1] above

Reconciliation of underlying to statutory

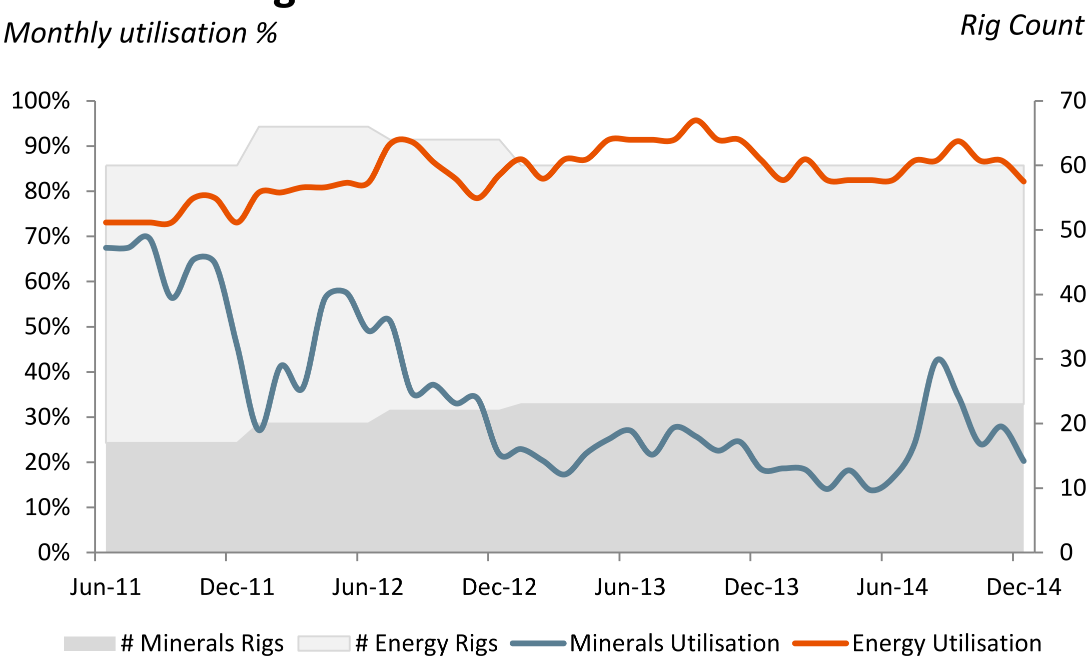
EBITDA Reconciliation AUDm	H1 FY2015	H1 FY2014
Underlying EBITDA	**112.2**	**74.4**
Gain on sale of investments	-	20.1
Restructuring costs	(4.9)	(7.9)
Settlement of pre-acquisition legal claim	(9.0)	-
Statutory EBITDA	**98.3**	**86.6**

EBIT Reconciliation AUDm	H1 FY2015	H1 FY2014
Underlying EBIT	**63.5**	**26.5**
Gain on sale of investments	-	20.1
Restructuring costs	(4.9)	(7.9)
Settlement of pre-acquisition legal claim	(9.0)	-
Statutory EBIT	**49.6**	**38.7**

NPAT Reconciliation AUD$m	H1 FY2015	H1 FY2014
Underlying NPAT	**18.1**	**2.8**
Gain/loss on sale of investments	-	20.1
Restructuring costs	(4.9)	(7.9)
Settlement of pre-acquisition legal claim	(9.0)	-
Discontinued operations	-	(11.8)
Tax on non recurring items	4.2	1.6
Statutory NPAT	**8.4**	**4.8**

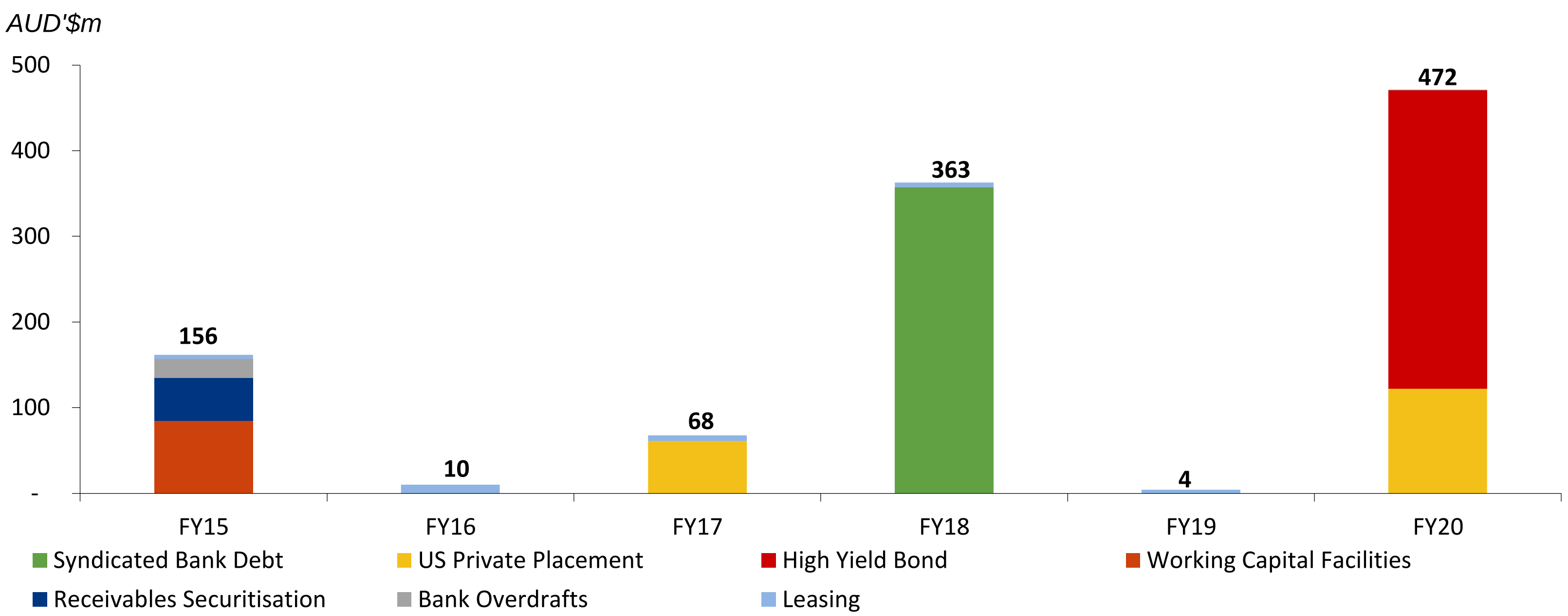
Reconciliation of EBITDA to Cash Conversion AUDm	H1 FY2015	H1 FY2014
Underlying EBITDA	**112.2**	**74.4**
Plus decrease in debtors	41.4	69.7
Less increase in WIP and Inventories	(34.7)	(6.4)
Less decrease in trade and other payables	(35.4)	(29.8)
Plus movements in other assets and liabilities	2.2	(50.9)
Less JV Share of Profits	1.0	(14.2)
Plus JV Distributions	4.5	11.0
Operating Cash Flow before Interest and Tax	**91.2**	**53.8**
Operating Cash Conversion	**81%**	**72%**

Easternwell rig utilisation



- Energy rig utilisation remains at circa 80%
- Some increased demand in minerals dual rotary rigs for mine dewatering
- Pressure on margins due to lower oil and gas prices
- Despite challenging market conditions, Easternwell outlook is positive

Debt Maturity Profile



- Average debt maturity 3.4 years
- $171m of debt funding capacity plus $246m of cash

Operating model view of the business

H1 FY2015 REVENUE BY SECTOR AND SERVICE	INFRASTRUCTURE	DEFENCE, SOCIAL SERVICES AND PROPERTY	RESOURCES AND INDUSTRIAL	AMERICAS	SERVICE LINE TOTAL
LOGISTICS AND FACILITIES MANAGEMENT	12.1m	701.8m	5.7m	-	719.6m
CONSTRUCTION	230.7m	-	60.5m	-	291.2m
CONSULTING	-	44.4m	13.6m	-	58.0m
OPERATIONS AND MAINTENANCE	272.2m	33.2m	196.8m	176.9m	679.1m
WELL SERVICING	-	-	143.9m	-	143.9m
SECTOR TOTAL	515.0m	779.4m	420.5m	176.9m	1,891.8m