



MAINTAINING TODAY
creating tomorrow

Full Year 2016 Results Presentation

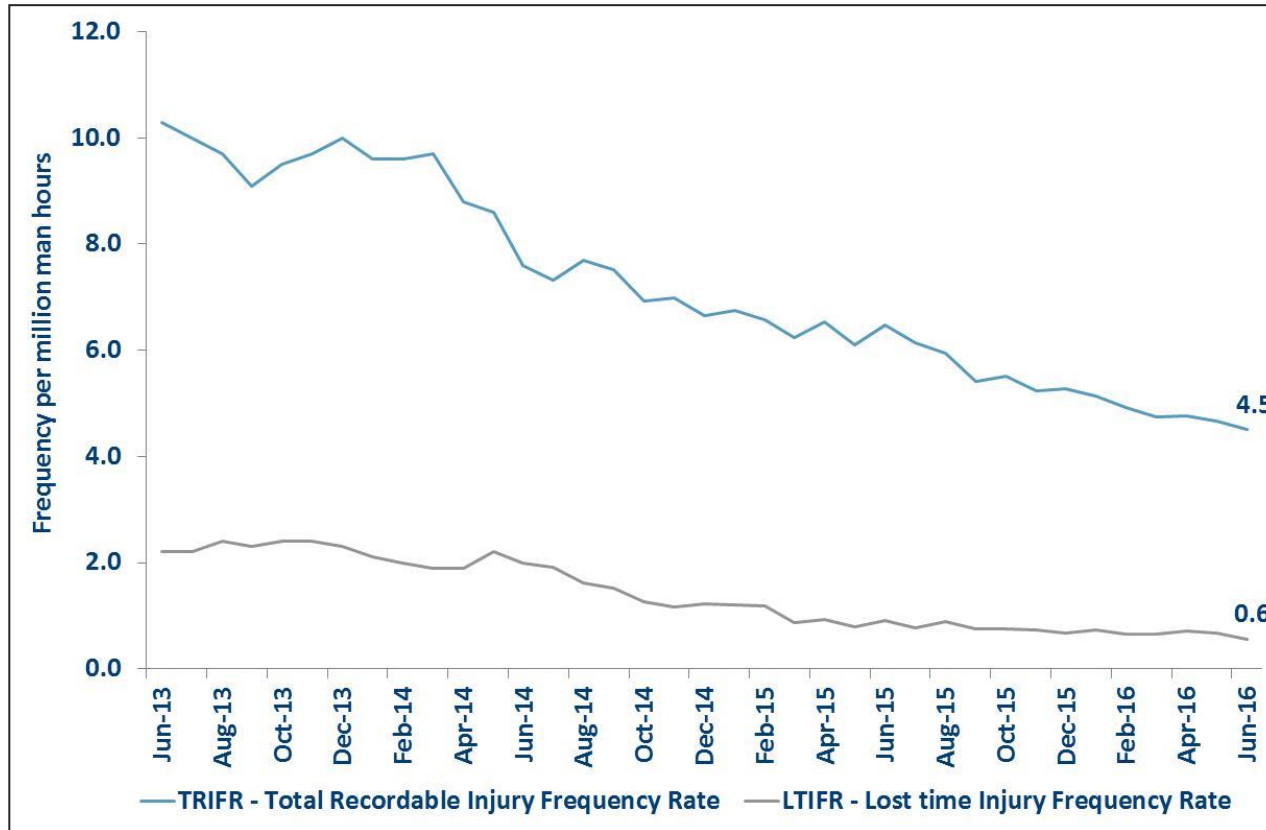
Monday, 22 August 2016

We achieved our key FY2016 objectives for the base business, excluding the Ichthys projects

**FY16
Turnaround
Year**

Deliverable	FY16 Achievements
Improve project gross margin delivery	<ul style="list-style-type: none"> ✓ Strong governance continued with roll out of UGL <i>Way</i> ✓ Program to strengthen project management capabilities
Convert identified pipeline opportunities	<ul style="list-style-type: none"> ✓ \$2.4 billion wins ✓ 80% sold for FY17
Realise full run-rate of cost reduction initiatives implemented in FY15	<ul style="list-style-type: none"> ✓ Corporate overhead reduced to 1.6% of revenue
Revenue \$2.0 billion	<ul style="list-style-type: none"> ✓ \$2.0 billion revenue
EBIT margin increase to 3%	<ul style="list-style-type: none"> ✓ EBIT margin 3% (excluding \$5.7m FX gain)
Deliver average operating cash flow conversion of 100% of EBITDA	<ul style="list-style-type: none"> ✓ Operating cashflow of \$128m ✓ EBITDA conversion of 144%
Ichthys projects	<ul style="list-style-type: none"> ✗ Additional \$200m Provision

Safety



- Improvement in safety metrics of over 30%
- LTIFR down to 0.6 per million hours worked
- Supported by:
 - ✓ Greater emphasis on proactive reporting measures
 - ✓ Structured review of high potential incidents
 - ✓ Focus on safety by site

Results overview

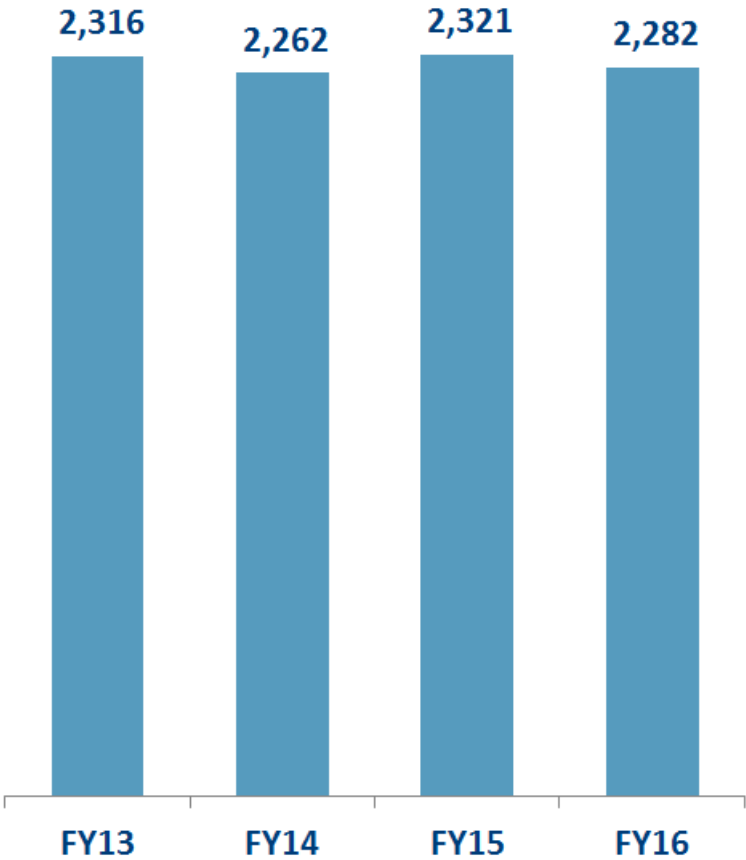
Including Ichthys projects

\$m	FY16	FY15*	Change
Operating revenue	2,281.7	2,320.5	(1.7%)
EBIT	(134.5)	(127.5)	(5.5%)
NPAT	(106.3)	(109.6)	3.0%

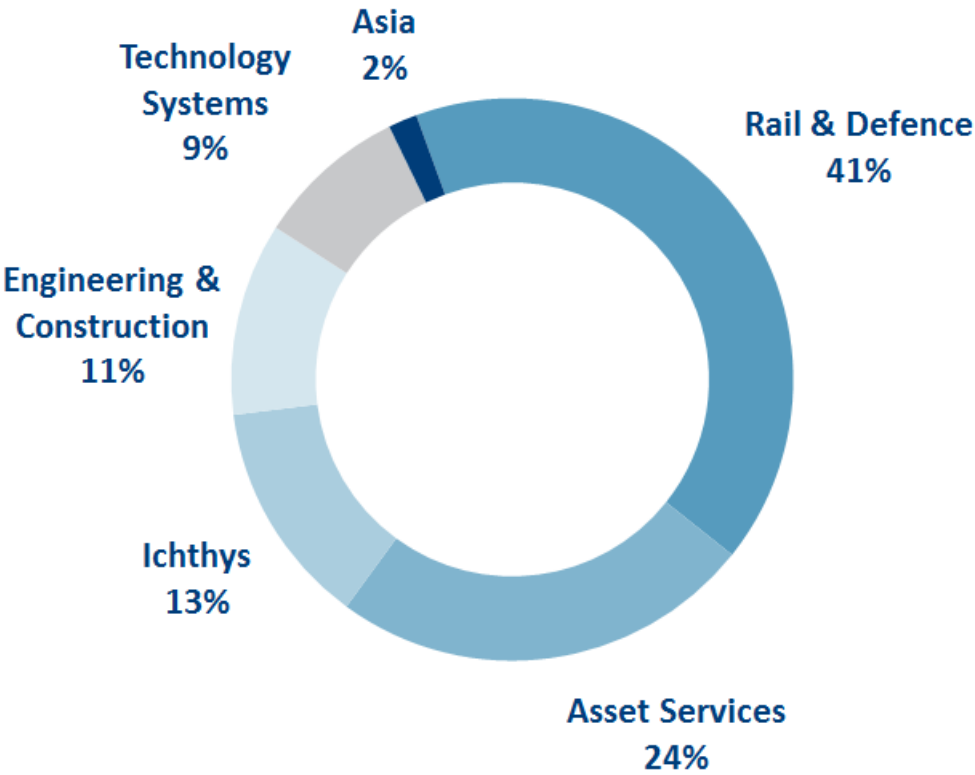
Operating revenue

Includes UGL share of joint venture revenue (\$m)

Total Revenue



FY16 Revenue by Division



Update on Ichthys SMP and CCPP Projects

Ross Taylor



Ichthys projects provision

- Provision of \$200 million has been taken across both projects
- Provision reflects:
 - Need to forecast project costs to complete ahead of claims settlement /revenue certainty
 - Limited ability to recognise future claims as revenue under accounting standards
- On the SMP Project (MEC 1)
 - Commercial settlement on claims up to 31 May 2016 expected by end of August 2016
- On the Power Project (CCPP)
 - Delays and disruption continue with claim scope and quantum growing
 - Resolution path/negotiations on these claims yet to commence
- All or a portion of the provision may be recoverable from JKC

Ichthys projects financial summary

- Revenue of \$295 million recognised in FY16 across both Ichthys projects
- Cash outflows of \$183 million across both Ichthys projects in FY16
- Future cashflow estimate in table below reflects :
 - Both the \$200 million provision taken in FY16 and the \$175 million provision on CCPP in FY15
 - Payment milestones associated with likely commercial settlement on the SMP project

Actual		Forecast			Total
FY15	FY16	1H17	2H17	1H18	
9	183	64	128	(10)	375

Ichthys SMP project update

- Construction currently 42% complete on revised scope
- New work schedule milestones agreed with client with project scheduled for completion by July 2017
- Presently achieving weekly progress in excess of 1%
- This is expected to rise over the coming months
- JV will continue to actively administer contract and any future claims



Ichthys CCPP project update

- UGL & CH2M JV project scope 81% complete with construction 70% complete
- Project expected to be completed late 2017/early 2018
- New schedule and milestones aligning with this yet to be agreed with the client
- Presently achieving weekly progress of around 0.8%
- Project delivery continues to be impacted by client delays and disruption
- Significant claims submitted to the client with further claims anticipated



FY2016 Results

Ross Taylor



Base business

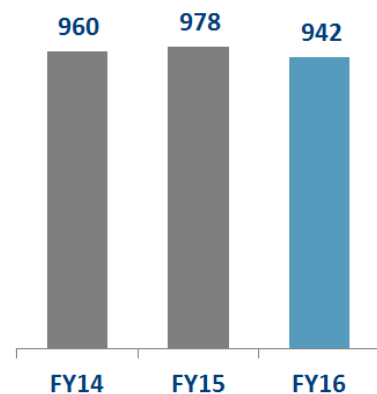
Excluding Ichthys projects

\$m	FY16	FY15	Change
Operating revenue	1,986.4	2,191.9	(9.4%)
EBIT	65.5	47.5	37.9%
EBIT margin	3.3%	2.2%	
Interest	(8.6)	(19.3)	(55.1%)
Tax	(20.2)	(11.4)	77.1%
Non-Controlling Interests	(3.1)	(3.9)	(19.4%)
NPAT	33.5	12.9	158.9%
NPAT Margin	1.7%	0.6%	
EPS	20.5	7.8	

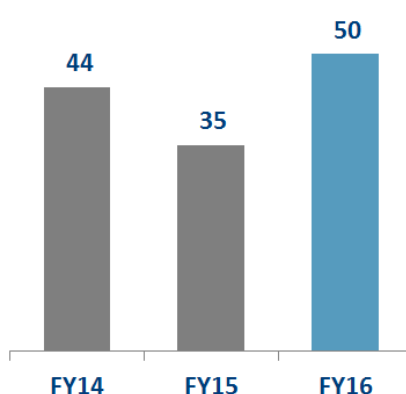
Rail & Defence

	FY16	FY15	Change
Revenue - \$m	941.8	977.9	(4%)
EBIT - \$m	49.9	34.6	44%
EBIT margin	5.3%	3.5%	
Order book - \$b	2.7	2.4	10%

Revenue \$m



EBIT \$m



FY16 Overview

- Revenue stable despite reduced freight locomotive sales volume
- Improved EBIT performance across passenger and freight rail
- Ongoing solid contribution from MTM and UGL Unipart contracts
- Strong performance of Defence NSM contract
- Growth in order book to \$2.7bn with 92% recurring
- Key opportunities secured:
 - ✓ Pacific National supply & maintenance of locomotives
 - ✓ WAMA long term support of ANZAC fleet
 - ✓ Tangara technology upgrade

FY17 Outlook

- Revenue expected to be stable with continued strength in maintenance and upgrade markets
- Award of New Intercity Fleet increases order book to \$3.3 billion

New Intercity Fleet overview

- \$2.3 billion NSW Government project replacing trains between Sydney and the Central Coast, Newcastle, the Blue Mountains and the South Coast
- Fleet of high capacity double deck trains
 - 512 passenger cars
 - First train delivered in 2019 with remainder of fleet delivered progressively through to 2022
 - Fleet maintenance commences on delivery of first train
- The project will be delivered through a split scope unincorporated joint venture – RailConnect NSW



UGL's maintenance scope

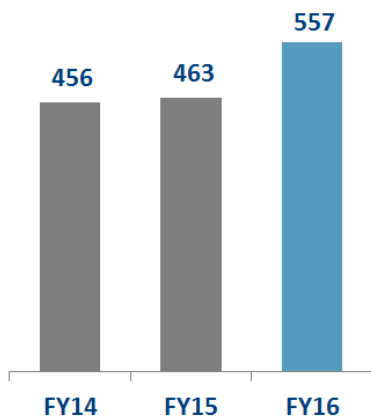
- 15 years maintenance and asset management services commencing on delivery of first train in 2019
 - Options to extend maintenance contract for 5 years
 - Supply and installation of specialist maintenance facility equipment in new facility to be built at Kangy Angy on the Central Coast of NSW
- Expected revenue \$570m from UGL scope



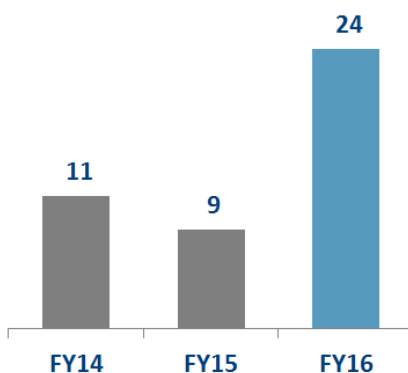
Asset Services

	FY16	FY15	Change
Revenue - \$m	557.4	463.2	20%
EBIT - \$m	24.1	8.5	182%
EBIT margin	4.3%	1.8%	
Order book - \$b	1.0	1.0	(4%)

Revenue \$m



EBIT \$m



FY16 Overview

- Revenue growth driven by contracts secured in FY15, ramp up of Chevron and increased shutdown and turnaround projects at Stanwell
- Consistent contract delivery across portfolio driving margin improvement
- Order book strong and refilling well
- Key opportunities secured:
 - ✓ Karratha Life Extension Program
 - ✓ Alcoa Pinjarra maintenance
 - ✓ BP Kwinana maintenance extension

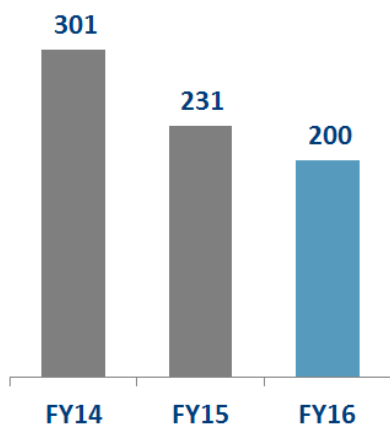
FY17 Outlook

- Key early wins in FY17 increase order book:
 - ✓ Alcoa Wagerup maintenance
 - ✓ Quadrant & Stanwell extensions
- Revenue expected to increase significantly:
 - ✓ Alcoa maintenance
 - ✓ BP and Orica turnaround and shutdowns
 - ✓ LNG plants enter first shutdown cycle
 - ✓ Increased volume across existing contracts

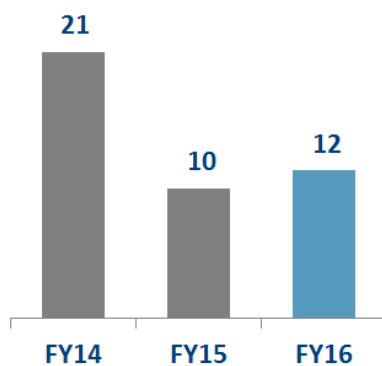
Technology Systems

	FY16	FY15	Change
Revenue - \$m	199.5	231.3	(14%)
EBIT - \$m	11.7	10.3	14%
EBIT margin	5.9%	4.5%	
Order book - \$b	0.6	0.6	8%

Revenue \$m



EBIT \$m



FY16 Overview

- Revenue contraction as expected with roll-off of projects completed in FY15 and design phase commencing on Sydney Metro Northwest and NorthConnex
- Initial profit recognition on Sydney Metro Northwest in 2H16
- Stable order book with key opportunities secured during the year:
 - ✓ NorthConnex
 - ✓ Design and installation of radio communication system in rail sector

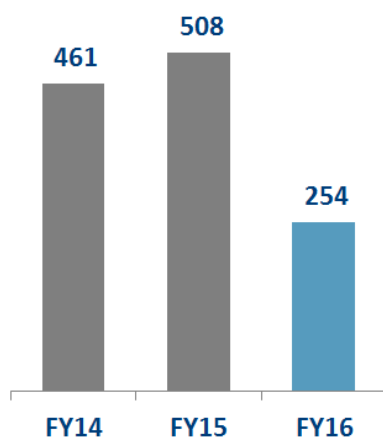
FY17 Outlook

- Revenue expected to increase as Sydney Metro Northwest and NorthConnex move to delivery phase
- Significant opportunities across transport infrastructure market driven by Government expenditure

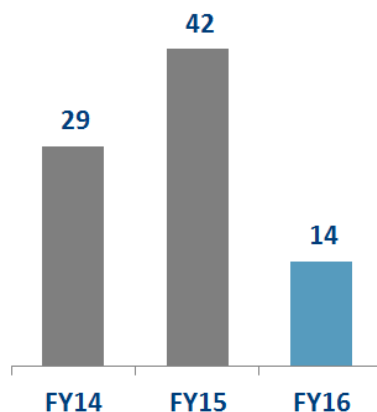
Engineering & Construction

	FY16	FY15	Change
Revenue - \$m	253.9	507.8	(50%)
EBIT - \$m	13.9	42.1	(67%)
EBIT margin	5.5%	8.3%	
Order book - \$m	198	219	(10%)

Revenue \$m



EBIT \$m



FY16 Overview

- Revenue impacted by ongoing contraction in resources capital expenditure & reduction in utilities sector projects
- EBIT includes restructuring costs incurred to align overhead with size of market opportunity
- Good momentum in water and waste water
- Renewables projects:
 - ✓ Darwin Airport solar project complete
 - ✓ Three solar projects under construction
 - ✓ Preferred contractor for Genex Power's Kidston Solar Project
- Key opportunities secured:
 - ✓ Wagga Wagga water treatment plant
 - ✓ Mighty River Power

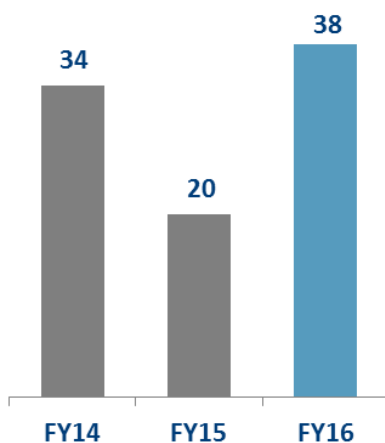
FY17 Outlook

- Early wins secured in July with award of Lower South Creek and Shoalhaven with order book growth to \$330m
- FY17 revenue expected to increase due to the delivery of work secured

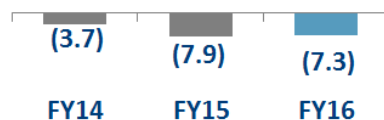
Asia

	FY16	FY15	Change
Revenue - \$m	38.0	19.7	93%
EBIT - \$m	(7.3)	(7.9)	(7%)
EBIT margin	(19%)	(40%)	
Order book - \$m	124	35	256%

Revenue \$m



EBIT \$m



FY16 Overview

- Revenue growth following commencement of Choa Chu Kang water upgrade project & First Solar module assembly building
- Strong sales later than anticipated in second half FY16
- Key opportunities secured:
 - ✓ Choa Chu Kang water upgrade project
 - ✓ First Solar module assembly building
 - ✓ Hess sub-sea pipeline installation
- Further consolidation of international operations to focus on Malaysia and Singapore

FY17 Outlook

- FY17 revenue growth driven by projects secured in later part of FY16
- Solid order book underpins return to profitability

Financial Analysis

Ray Church



Results overview

Excluding Ichthys projects

\$m	FY16	FY15*	Change
Operating revenue	1,986.4	2,191.9	(9.4%)
Divisional EBIT	92.2	87.4	5.6%
Corporate	(32.4)	(39.8)	(18.6%)
FX Gain on USPP Hedge	5.7	-	100.0%
EBIT	65.5	47.5	37.9%
EBIT margin	3.3%	2.2%	
Interest	(8.6)	(19.3)	(55.1%)
Tax	(20.2)	(11.4)	77.1%
Non-Controlling Interests	(3.1)	(3.9)	(19.4%)
NPAT	33.5	12.9	158.9%
NPAT Margin	1.7%	0.6%	
EPS	20.5	7.8	
ROFE	13.8%	8.5%	
ROE	10.3%	3.0%	
CAPEX	16.0	19.9	

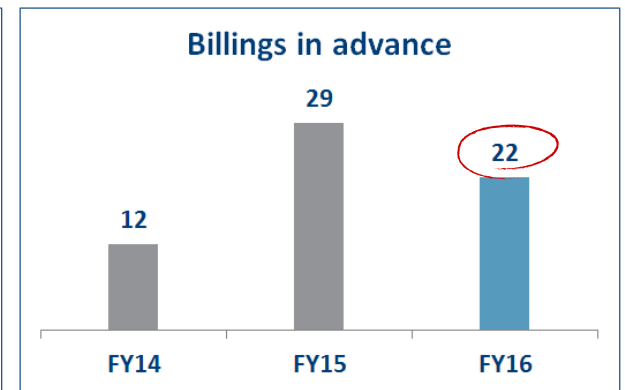
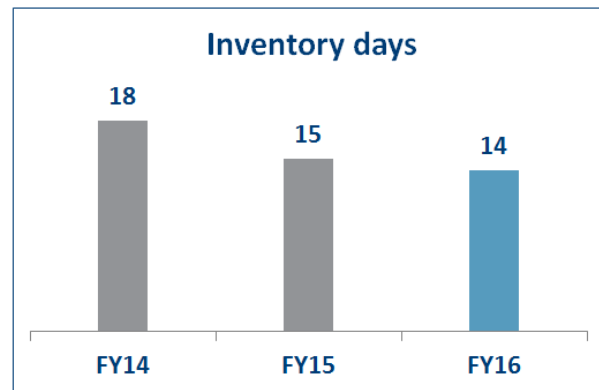
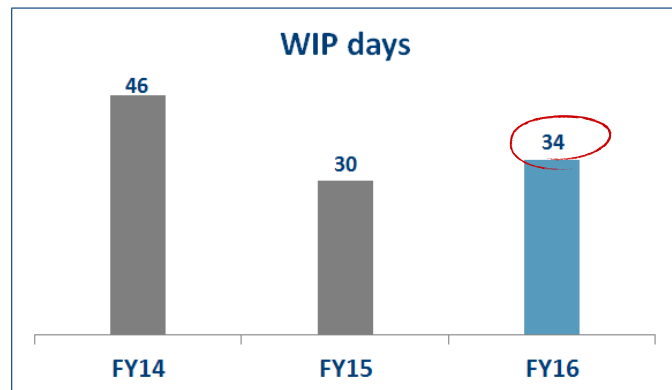
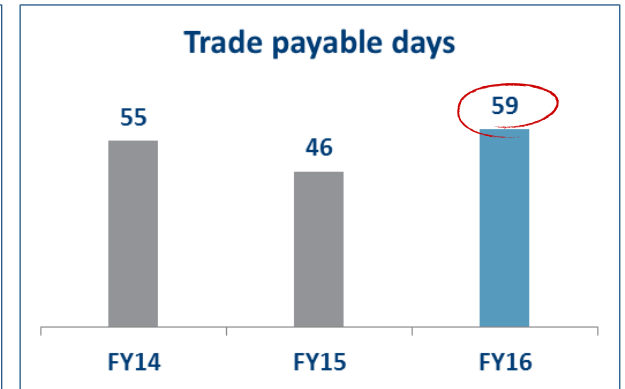
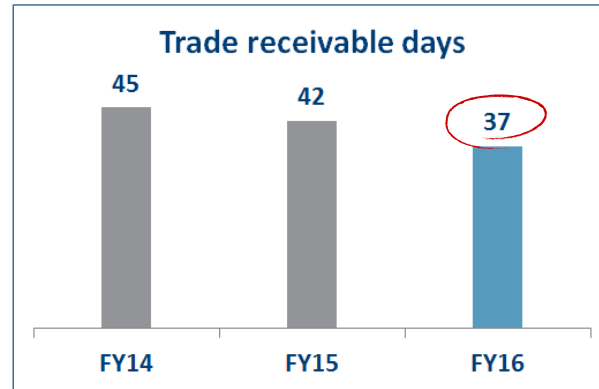
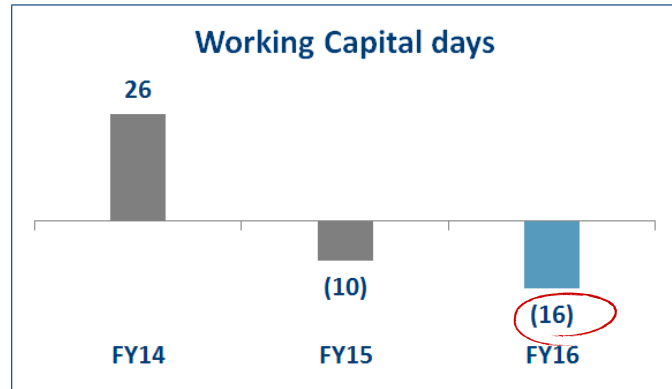
* FY15 results exclude DTZ to provide a consistent comparative for FY16 financial performance.
A table reconciling FY15 results to those previously reported is provided in the appendix.

Results overview

Including Ichthys projects

\$m	FY16	FY15*	Change
Operating revenue	2,281.7	2,320.5	(1.7%)
Divisional EBIT	(107.8)	(87.6)	23.0%
Corporate	(32.4)	(39.8)	(18.6%)
FX Gain on USPP Hedge	5.7	-	100.0%
EBIT	(134.5)	(127.5)	5.5%
EBIT margin	(5.9%)	(5.5%)	
Interest	(8.2)	(19.3)	(57.2%)
Tax	39.6	41.1	(3.6%)
Non-Controlling Interests	(3.1)	(3.9)	(19.4%)
NPAT	(106.3)	(109.6)	(3.0%)
NPAT Margin	(4.7%)	(4.7%)	

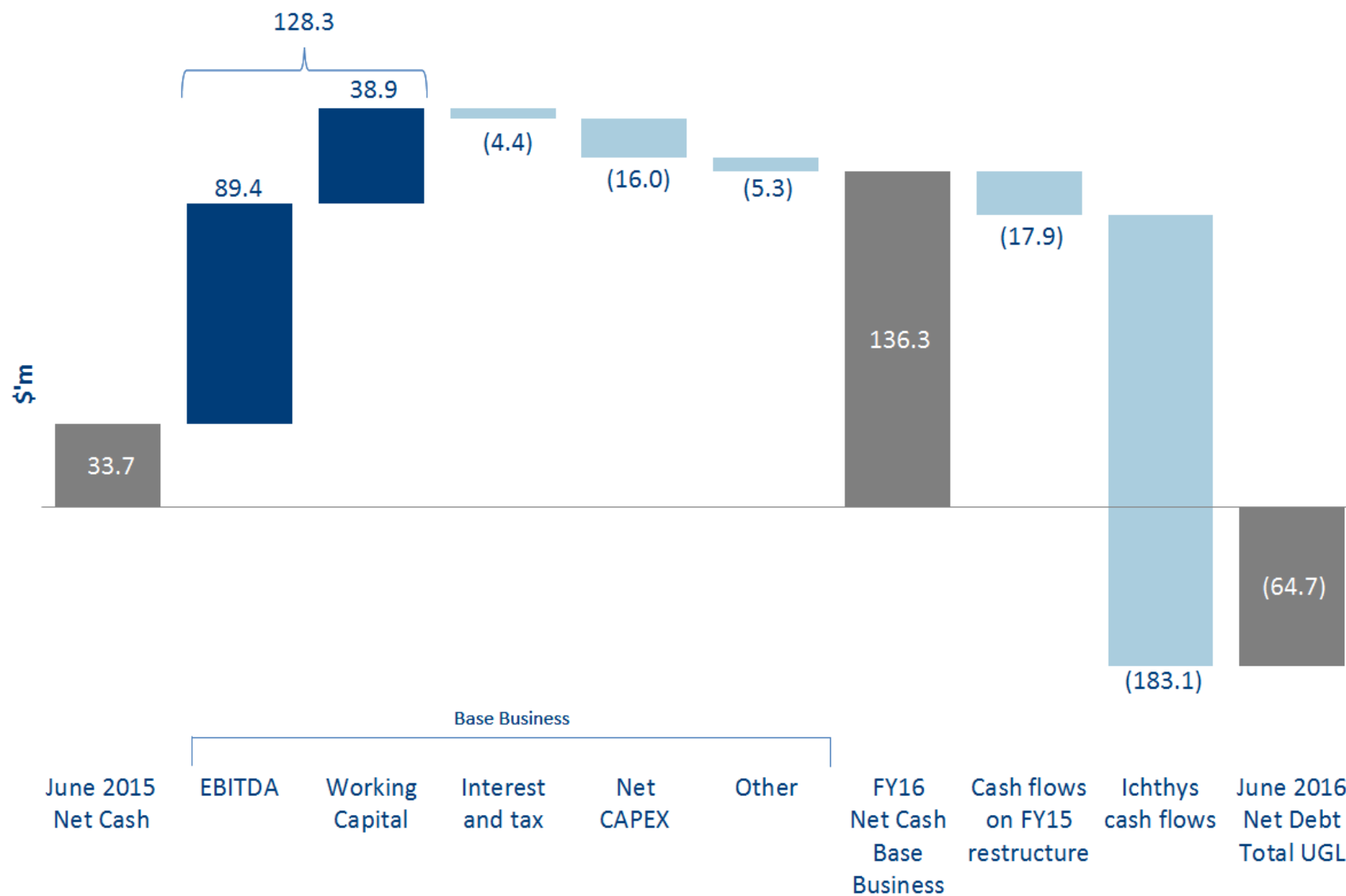
Working capital



Cash conversion

\$m	FY16
EBITDA	89.4
Operating Cashflow	(77.1)
Net Interest Paid	9.0
Tax Received	(4.6)
Ichthys	183.1
FY15 Restructure Cash	17.9
Adjusted operating cash	128.3
EBITDA Conversion	143.5%

Net debt

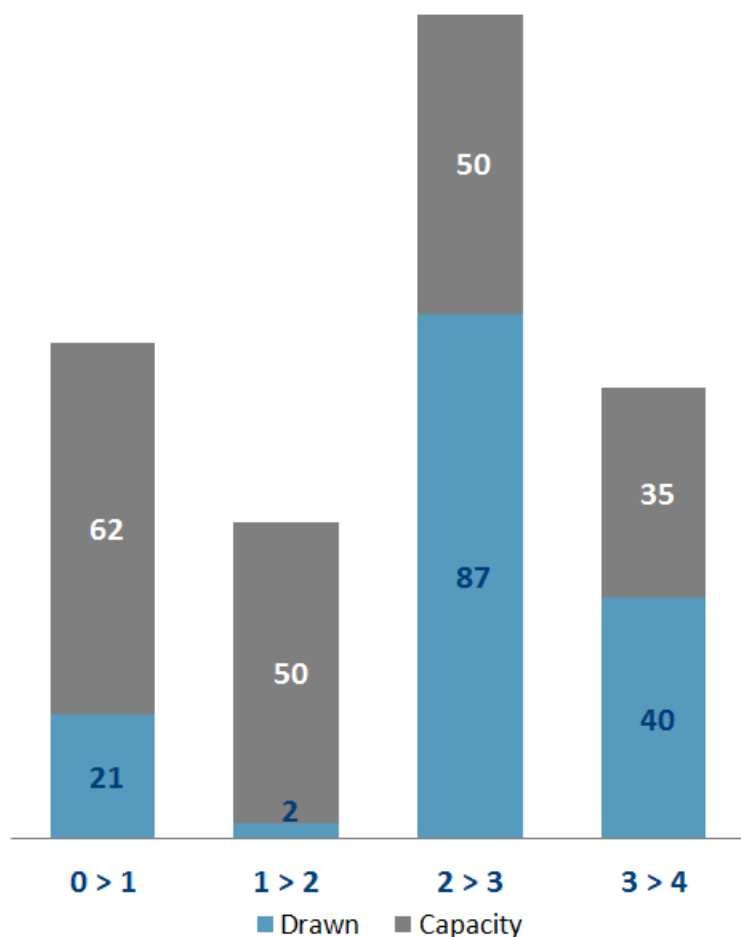


Debt and liquidity outlook

- Net debt expected to peak at \$175m-\$215m around June 2017
 - \$65m Net debt at commencement of FY2017
 - Base business average operating cash flow conversion 100% of EBITDA
 - Expected interest , capex & FY15 restructure cost outflows ~\$50m
 - \$192m Cash outflows on Ichthys projects during FY2017
- Net debt will decline during FY2018
 - Continued cash generation from base business
 - Ichthys projects completed and in commissioning
 - Base business cash flows more than sufficient to cover Ichthys project requirements

Debt structure

Debt maturity profile by years - \$m

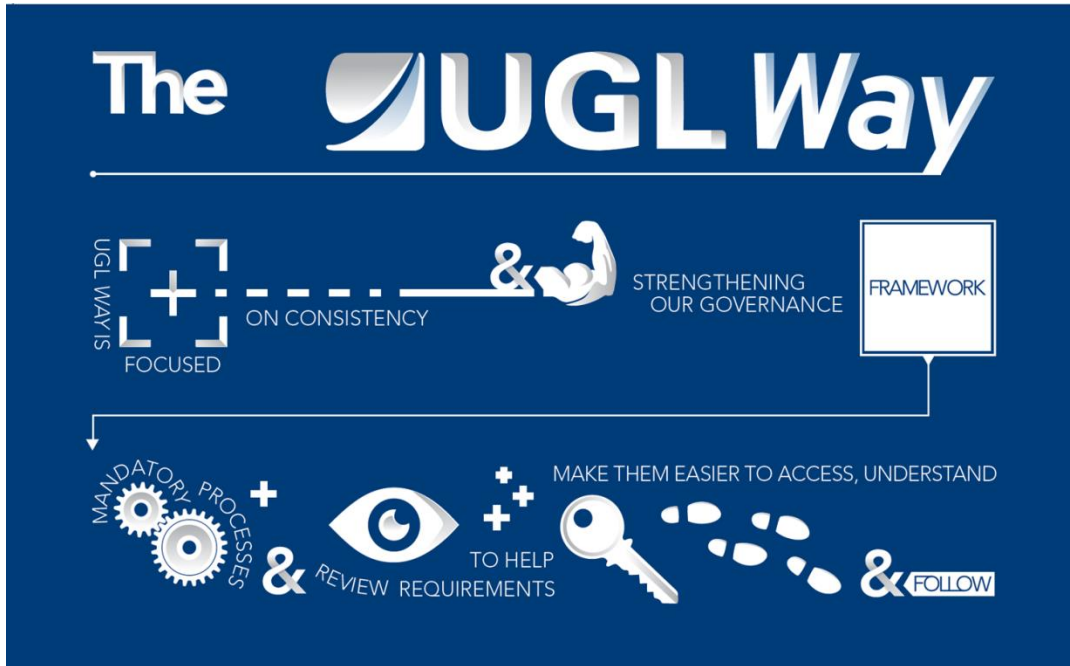


Credit metrics	FY16	FY15
(Net cash)/Net debt (\$m)	65	(34)
Net debt / (net debt + equity)	17%	-
Net debt / EBITDA	0.7x	-
Interest Cover	8.5x	4.0x

Debt and bonding facilities	\$m
Total facilities	347
Drawn	150
Cash	86
Net Debt	65
Available Facilities	197
Total Liquidity	283

Bonding facilities	\$m
Total facilities	530
Drawn	341
Available facilities	189

Focus areas for FY17 – Complete the transition



- Complete UGL Way rollout and drive complete compliance across all front end disciplines
- Further embed and expand functionality of SAP for project/maintenance operations with greater site mobility
- Expand and systemise working capital forecast disciplines
- Create feedback loops from delivery to estimating disciplines
- Benchmark shared services and move towards first quartile performance
- Continue “corporatising” divisions for self management of Balance Sheets and delivery disciplines

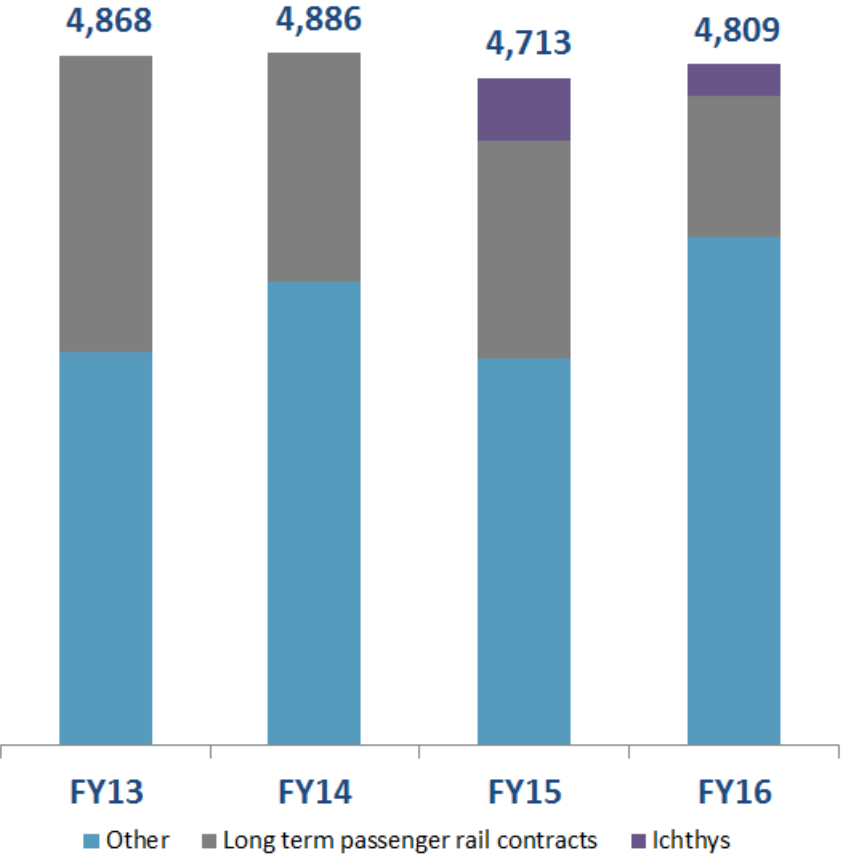
Order Book & Pipeline

Ross Taylor

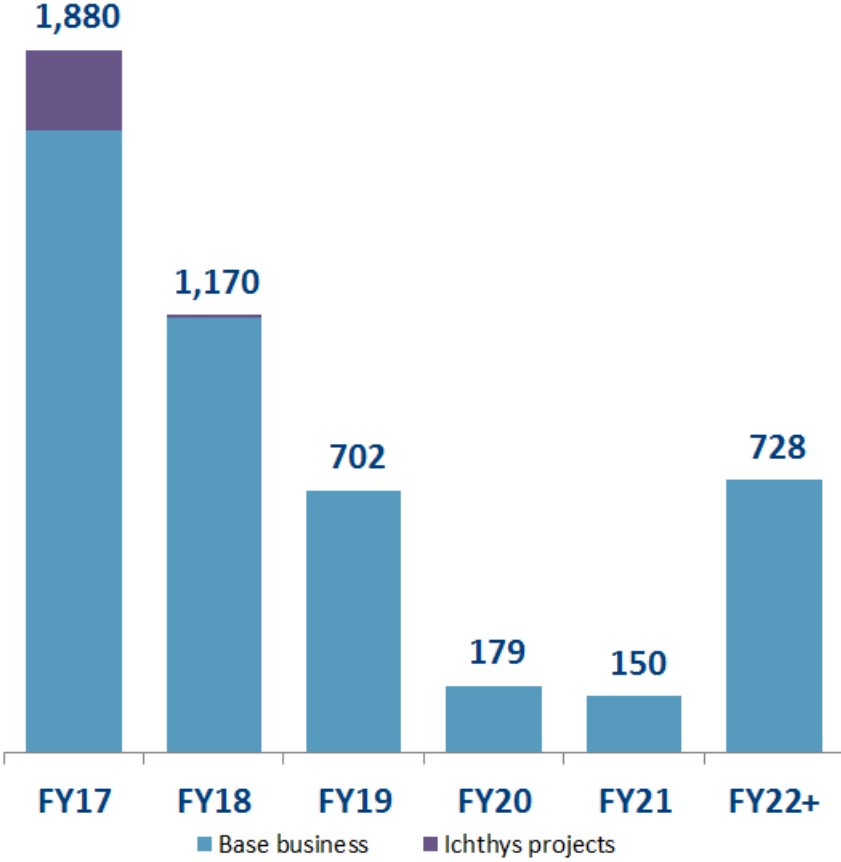


Order book

Order Book Over Time (\$m)



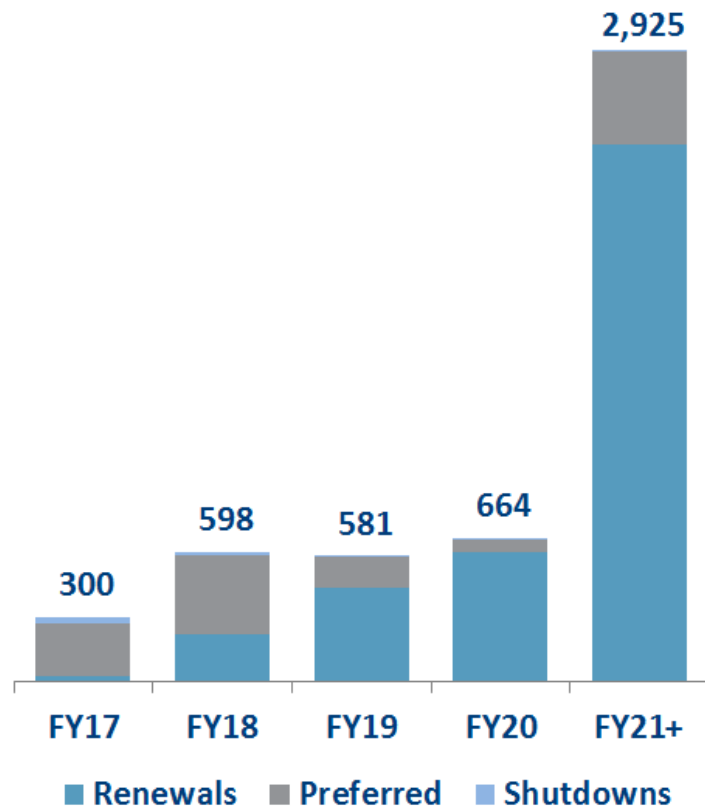
Order Book By Year (\$m)



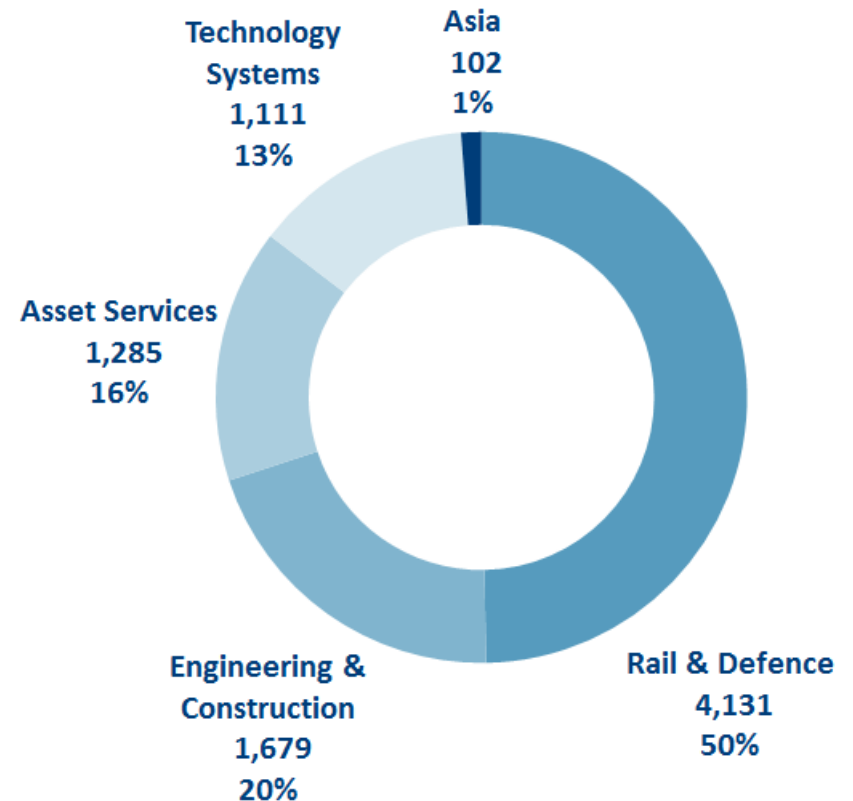
Pipeline

Preferred Opportunities (\$m)

In addition to our \$4.8 billion secured order book we have \$5.0 billion of preferred opportunities and contracts with renewal and extension options



By Division (\$m)



Outlook

Ross Taylor



Market outlook

Division	Operating Sectors	Market Outlook	UGL Positioning
Rail & Defence	Freight Rail	→	●
	Passenger Rail	↑	●
	Defence	↑	●
Asset Services	Oil & Gas	↑	●
	Power Generation	↑	●
	Mining Services	→	●
Technology Systems	Tunnel Systems	↑	●
	Rail Signaling	↑	●
	Wireless Communications	→	●
Engineering & Construction	Power	↓	●
	Resources	↓	●
	Water	↑	●
	Renewables	↑	●
Asia	Water, Oil & Gas, Specialised M&E	↑	●

Base business positioned for strong growth in FY17



Description

- Complete project reviews and implement new initiatives
- Complete restructure of divisional and corporate overheads to right size the business
- Focus on and reduce WIP balance



- Improve project gross margin delivery
- Convert identified pipeline opportunities
- Realise full run-rate of cost reduction initiatives implemented in FY15
- Base business revenue \$2.0 billion and EBIT margin increase to 3% plus \$5.7m FX gain
- Deliver average operating cash flow conversion across base business of 100% of EBITDA



- Base business revenue growth of ~\$300m due to contracts secured in transport infrastructure and asset maintenance
- Ichthys projects expected to generate revenue of \$360 million
- Significant progress on Ichthys projects with construction phase complete
- Further EBIT margin improvement in base business ~4% due to revenue growth and improved profitability



- Completion of Ichthys projects and final close out of claims
- Sustainable enterprise and industry leader
- Continue to seek opportunities for growth and value enhancement



maintaining today
creating tomorrow

Appendices



Major contracts

Remaining contract value > \$100 million

Name	Description	Division	Original Value (\$m)	Duration	Contract type
UGL Unipart	In JV with Unipart Rail, heavy maintenance and logistics management services on 1,050 passenger cars in Sydney's passenger car fleet for Sydney Trains & Transport for NSW	Rail	1,400 +\$900m extension option	2012-2019 + 5 year extension option	Schedule of rates
Metro Trains Melbourne	Operations and maintenance of Melbourne's passenger train franchise	Rail	1,300 excluding capital works	2009-2017 + 7 year extension option	Schedule of rates
North West Rail Link	Design, build, finance and operate the new rapid transit service as a member of the NRT consortium		Total consortium contract \$3.7bn		
	<ul style="list-style-type: none"> Design and deliver the tunnel systems, rolling stock, rail signalling and overall control systems in JV with MTR Corporation 	Technology Solutions		2015-2019	Lump sum
	<ul style="list-style-type: none"> Operations and maintenance of the service in JV with MTR & John Holland 	Rail		2019-2034	Schedule of rates

Major contracts

Remaining contract value > \$100 million

Name	Description	Division	Original Value (\$m)	Duration	Contract type
Pacific National	Maintenance for a portion of the Pacific National Rail locomotive fleet in Queensland, New South Wales and Victoria	Rail	850	Maintenance: 2013-2026	Schedule of rates
Ichthys SMP	In JV with Kentz Corporation structural, mechanical and piping construction package for the Ichthys LNG Project	E&C	370	2014-2017	Lump sum
Stanwell	Facilities maintenance and management, overhauls and project works across Stanwell's coal, gas and hydro energy assets in Queensland	Asset Services	280	2014-2018 + potential for extension to 5 years	Cost plus
Ichthys CCPP Power Station	Design, supply of the balance of plant and the construction of a combined cycle power plant for the Ichthys LNG project	E&C	275	2012-2016	Lump sum
Warship Asset Management Agreement	Alliance between the Commonwealth of Australia, BAE, Saab and NSM (a joint venture between UGL and Babcock) to provide maintenance, capability enhancement and sustainment services for the ANZAC Class fleet	Rail & Defence	In excess of \$250m over the initial period	Evergreen over the life of the fleet – expected to be 2016-2031	Target cost

Major contracts

Remaining contract value > \$100 million

Name	Description	Division	Original Value (\$m)	Duration	Contract type
BP	Operation and maintenance of BP's 17 fuel terminals across Australia through a JV between UGL and BP	Asset Services	190	2015-2018 + 3 year extension option	Schedule of rates
Chevron Maintenance	Maintenance services for the operational phase of Chevron's Western Australian assets	Asset Services	NA	2014-2019 + 1 year ext + further extension options	Schedule of rates
Tangara Technology Upgrade	In joint venture with Unipart Rail, technology upgrade of fleet of 446 Tangara passenger railcars	Rail	131	2015-2018	Schedule of rates
NorthConnex	A four year alliance agreement with the Lend Lease Bouygues Joint Venture on the NorthConnex Project	Technology Systems	NA	2015-2019	Target Cost

New contract wins and extensions in FY16



\$2.4 billion in contract wins and renewals:

- \$594m agreement for supply and maintenance of locomotives to Pacific National, extending existing maintenance agreements to 30 June 2026
- Continued provision of long term maintenance support for ANZAC Class Ships, entering into the Warship Asset Management Agreement (WAMA)
- Tangara Technology Upgrade: \$131m contract undertaken by UGL Unipart Rail for technology upgrade of Tangara passenger rail fleet in Sydney
- NorthConnex: \$476m four year alliance agreement with Lend Lease Bouygues Joint Venture for design, procurement, construction and commission of mechanical, electrical, control, fire and communication systems
- Maintenance services across Mighty River Power's hydro and geothermal stations in New Zealand over an initial three year
- Two year contract in joint venture with Cape plc to provide a range of services to the Karratha Gas Plant Life Extension Program
- \$55m contract for the design and installation of a radio communications systems in the rail sector
- Design and construction of a new module assembly building for First Solar in Malaysia with a contract value around \$50m

New contract wins and extension in early FY17

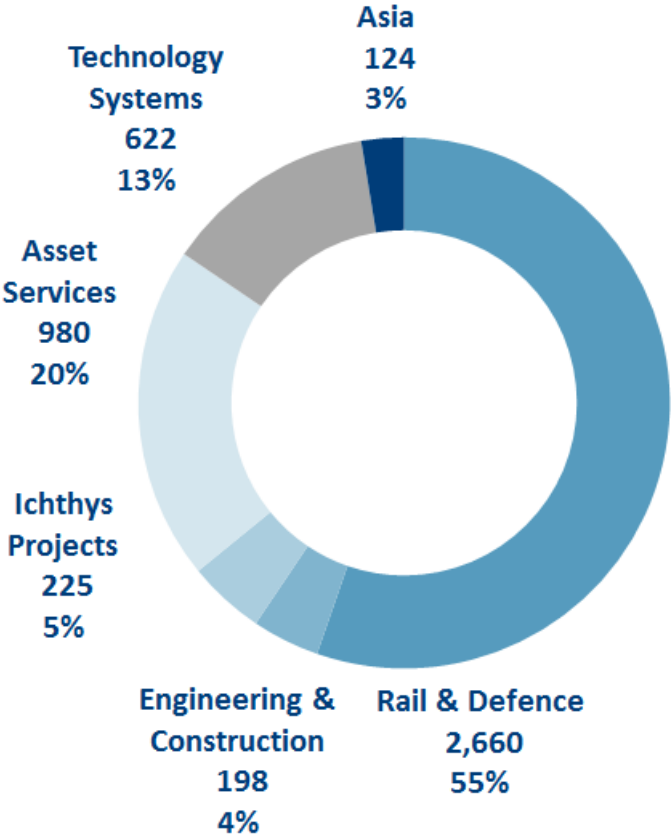
Over \$800m in contract wins and extension in early FY17:

- New Intercity Fleet maintenance and asset management services including initial maintenance facility installation works expected to generate revenue around \$570 million
- \$100m contract with Shoalhaven City Council for the upgrade of Bomaderry and Nowra water treatment plants
- One year extension to existing four year contract with Stanwell to provide facilities management, asset maintenance and management, overhauls and project works across Stanwell's coal, gas and hydro energy assets
- Management of design and construction of works associated with Lower South Creek wastewater treatment program

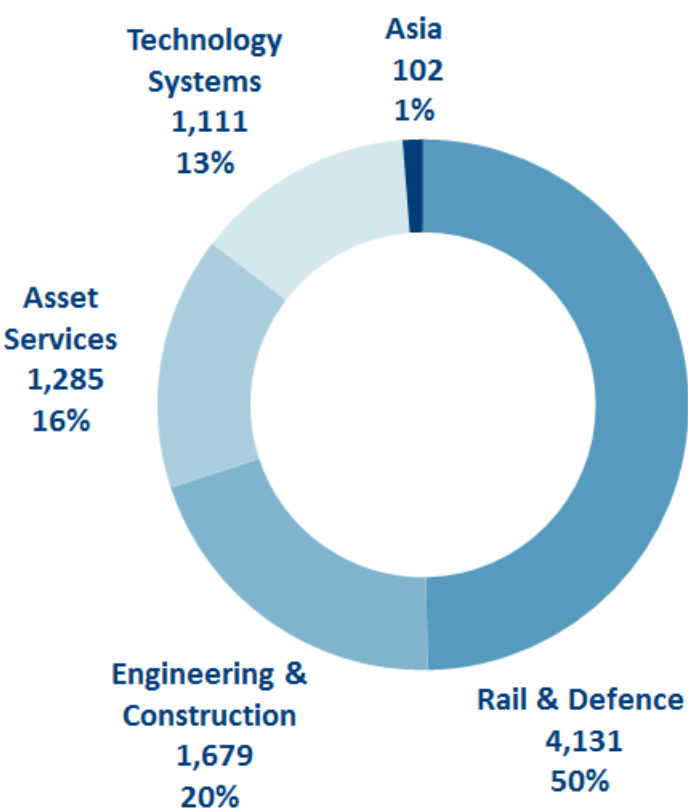


Order book & pipeline by division

Order Book (\$m)

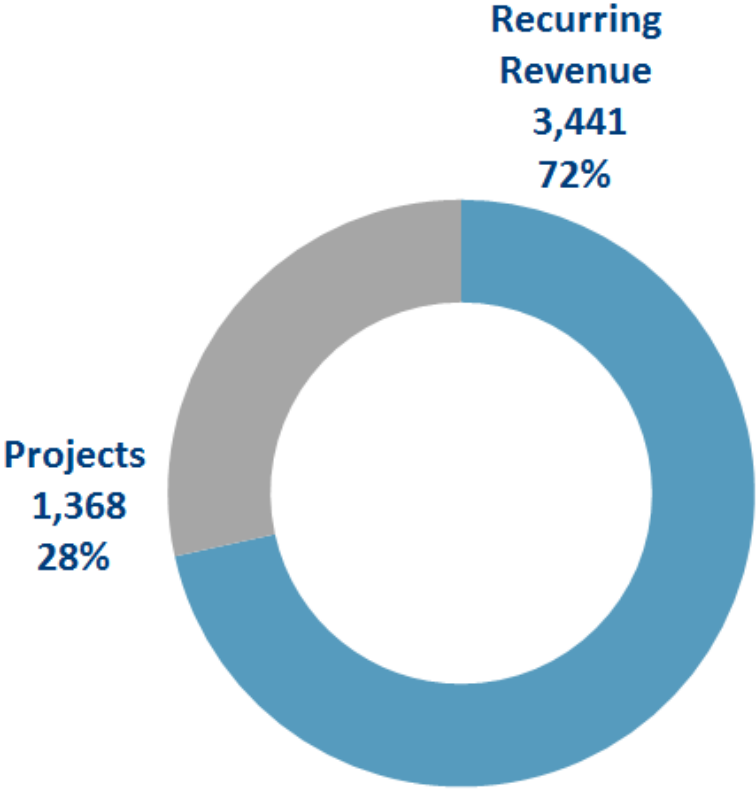


Pipeline (\$m)

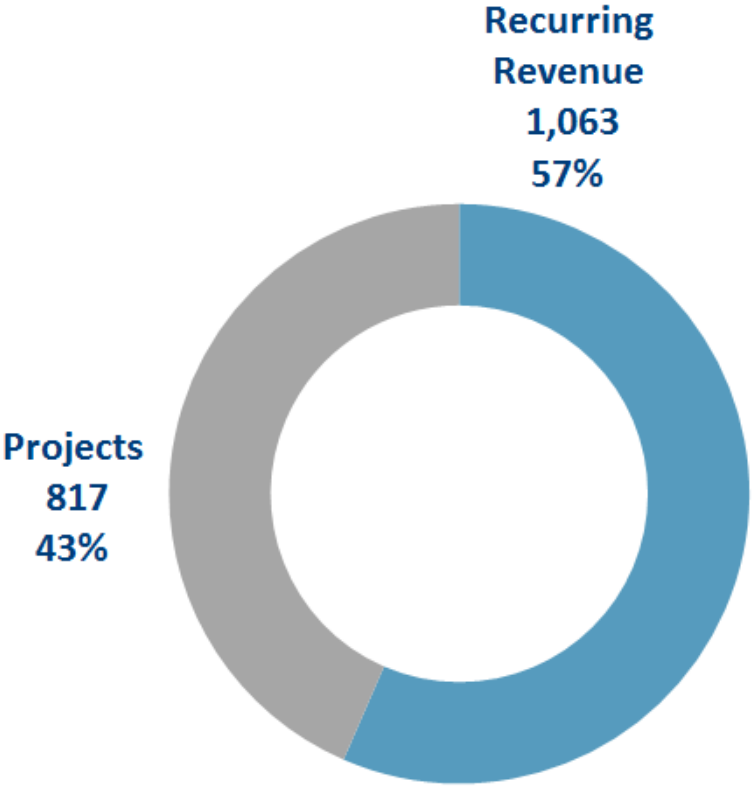


Order book – recurring/project mix

All Years (\$m)

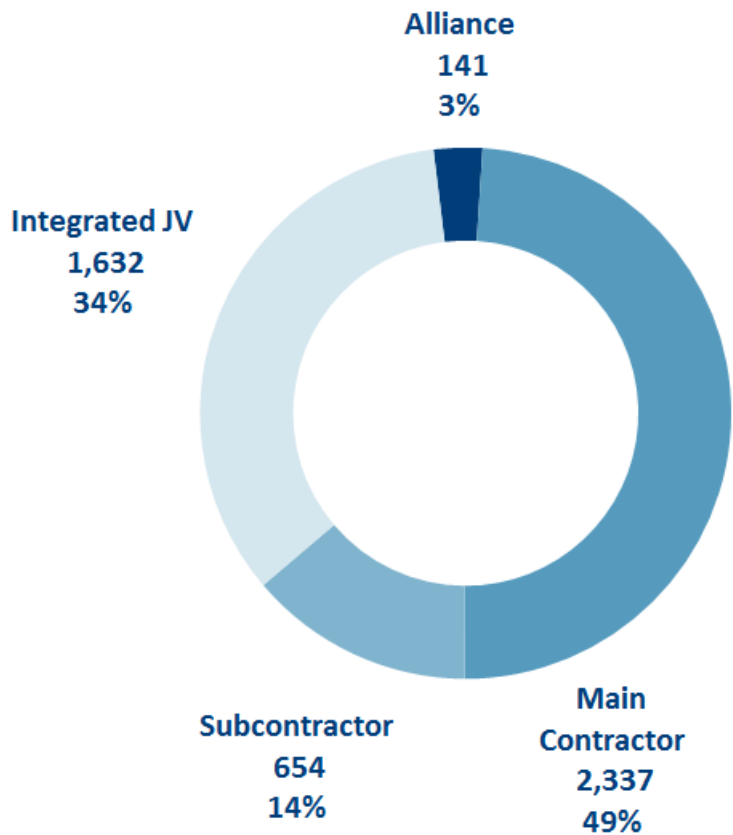


FY16 (\$m)

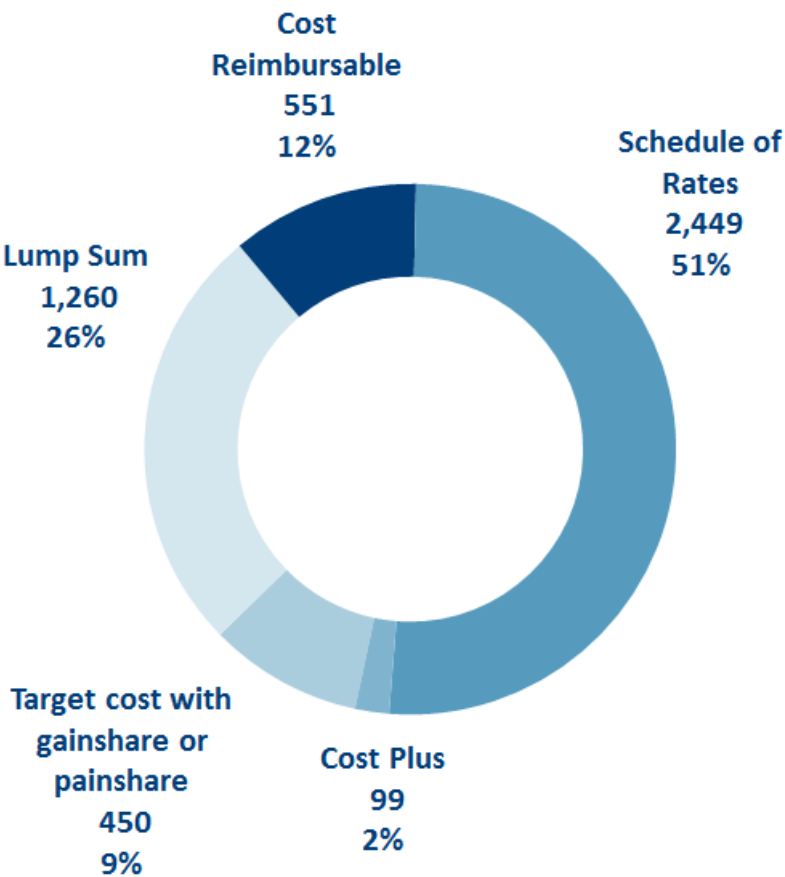


Order book – by delivery structure and contract type

By delivery structure (\$m)



By contract type (\$m)



Reconciliation of FY16 to statutory

\$m	Management	Equity accounted JVs	Statutory FY16
Revenue	2,281.7	(342.2)	1,939.5
EBIT	(134.5)	(6.6)	(141.1)
Net interest	(8.2)	0.4	(7.9)
Tax	39.6	6.2	45.8
Non-controlling interests	(3.1)	0.0	(3.1)
NPAT	(106.3)	0.0	(106.3)

Reconciliation of FY15 to statutory

\$m	Underlying	Discontinued operations	Provision for contract loss	JV's (Equity method)	Claims resolution & settlement	Resources slowdown	Goodwill impairment	Tender costs written off	Restructure costs	Continuing operations
Revenue	3,048.6	(728.1)		(309.3)						2,011.1
EBIT	75.3	(27.8)	(175.0)	(6.9)	(39.8)	(84.9)	(63.0)	(18.9)	(38.1)	(379.1)
Net interest	(25.5)	6.2								(19.3)
Tax	(15.4)	4.1	52.5	6.9	11.9	22.6	0.0	5.7	11.4	99.6
Non-controlling interests	(4.0)	0.1								(3.9)
NPAT	30.3	(17.4)	(122.5)		(27.8)	(62.4)	(63.0)	(13.2)	(26.7)	(302.7)
Profit attributable to discontinued operations										66.3
Statutory Loss										(236.4)

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