

HD UGL Ltd Annual Shareholders Meeting - Final

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Presentation

TREVOR ROWE, CHAIRMAN, UGL LIMITED: Good afternoon ladies and gentlemen, it's now 2:00pm and I therefore declare the 2014 annual general meeting of UGL open. My name is Trevor Rowe and I am the Chairman of UGL Limited. It gives me great pleasure to welcome you all here today to our annual general meeting. Of course, from my point of view, a tinge of sadness, because this is my last AGM, after quite a number of years.

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However, at the conclusion of this meeting, I'm delighted to welcome Kate Spargo, who will be assuming the chairmanship of UGL. Kate will say a few words after I've spoken. Under the UGL constitution, a quorum is two shareholders and I declare that a quorum is present.

Before we commence the proceedings, as a matter of courtesy to others, it would be appreciated if you could turn off your mobile phones or any other web-related devices and also, in case of emergencies, could you kindly be aware that there are exits at the rear of the auditorium here, if necessary.

Firstly, I would like to introduce to you all our **Board** of Directors. I'll ask each of them to raise their hand or nod appropriately. Mr Richard Leupen, our Managing Director and Chief Executive Officer, Ms Kate Spargo, Dr Doug McTaggart, Mr Richard Humphry, Mr Guy Cowan and Dr Raymond Ch'ien. Dr Raymond Ch'ien is also retiring from the **Board** of Directors of UGL at the conclusion of this meeting. I'd also like just to mention, if I could, that we have two ex-colleagues of ours here today, two ex-prominent members of the **Board** of UGL, Mr Bruno Camarri from Perth, Western Australia.

Bruno was one of the founding directors of UGL, back in the days when we were a Western Australian construction **company**. He was on the **Board** for some 16 years and played a very important role and made a significant contribution to UGL. John Ingram is also with us. He served on the **Board** for a number of years. John brought a raft of knowledge, given his prior CEO roles at places like Crane and the like and made a significant and positive contribution to UGL. Welcome to both of you.

We also have in the audience today our **Company** Secretary, Lyn Nikolopoulos, sitting over there and we also have Pryce Dale, our Assistant **Company** Secretary and we have a number of divisional heads and **group** executives of UGL present here today and during the drinks and coffee or whatever afterwards, please make sure you make yourself known to them and I'm sure they'd be delighted to answer any of your questions. We also have with us today Mr Mark Epper and Tanya Gilerman of KPMG, the **Company's** auditors are also in attendance down the front here. Later in the meeting Mr Epper will be available to answer questions regarding the annual report and the audit of the **Company's** accounts.

The order of business of the day will be as follows. Firstly, I will take the opportunity to say a few brief remarks and I will also then invite our new incoming Chairman, Kate Spargo, to speak about the **Board** renewal program and her role going forward. Then we'll hand over to Mr Richard Leupen, our Managing Director and CEO to give you some insights in terms of the **operations** of the **Company** for the last financial year and also comment on the outlook for UGL going forward.

Once Mr Leupen has spoken, there will be an opportunity to take questions from the floor regarding the **Company's** business. Only UGL shareholders, proxy holders and corporate representatives are entitled to be heard and vote at this meeting. I will run through the procedural matters a little later when we commence the formal part of the business.

After questions from the floor, we will then move to the business in terms of the agenda contained in the Notice of Meeting. That would then conclude this annual general meeting but the **Board** of Directors and

the management would be delighted if you could join us for coffee and refreshments after the meeting and chat about the **Company's** business and indeed, what has been an extremely exciting, albeit challenging, year. I'll just say a few words, if I could, before I introduce Kate Spargo.

It's reasonable to say that it was challenging conditions that prevailed during the 2014 year for UGL. In Australia our engineering business was impacted by the significant decline in the resource and construction sectors. We were impacted by project delays. A number of resource companies deferring their maintenance or deferring their build outs and we therefore had to respond to this downturn in this particular sector. Under our CEO we embarked on a significant effort to reduce our cost structure at UGL to meet the decline in the revenues at the top line and also to address the margin pressures we were under last year as a result of contract cancellations and a number of deferred related maintenance contracts.

So we undertook a significant cost reduction program to address these challenges and capitalise on the industries and capitalise on our leading position in the maintenance part of this sector. We have a number of material contracts in this sector, particularly in the LNG and power area. This has been our strategy and our direction for some time and this has held us in good stead and will hold us in good stead going forward. Our exposure to rail and the **energy** sectors has also provided some insulation from the downturn in the resource construction sector, as a result of our strong position in that market, that is the rail market.

Pleasingly, DTZ delivered its 12th consecutive earnings growth in the 2014 financial year, underpinning a strong performance and -- particularly coming out of the United Kingdom and **China**. In June this year UGL entered into a binding agreement for the **sale** of DTZ to a private **equity** consortium led by TPG Capital. The directors believe that **sale** creates value for shareholders, unlocks values and enables UGL Engineering business to be focussed on the business that it is well positioned and positioned well for the upturn, particularly in the cycle, but currently in the pickup in infrastructure and other core areas of our competence and **operations**.

I would like to highlight a few key measures of our financial performance this year. However, our Managing Director and CEO, Mr Richard Leupen, will discuss this in more detail. UGL's underlying operating revenue increased 6% to AUD4.5 **billion**, to the end of the financial year 2014.

Engineering revenues were marginally overall down on the prior year. A positive result, given the ongoing challenging operating environments in Australia, whereas DTZ performed strongly, delivering another year of revenue and earnings led growth, as I said, by strong corporate real **estate** activities in the United Kingdom and **China**. The underlying net profit after tax was AUD111.7 **million**, up 22% on the prior year, and in line with market consensus.

Engineering earnings increased by 3% on the prior year, supported by the cost reduction program that I have just referred to, and completed during the year, and the turnaround performance in our power sector and a number of our power-related projects.

UGL's underlying earnings per share was up 22%, to AUD0.671 per share, after adjusting for the impact of restructuring costs, DTZ separation costs, the amortisation of acquired intangibles and **property** sales and the release of DTZ pre-**acquisition** provisions.

The **Board** resolved not to pay a dividend in 2014, in order to further consider the most effective mechanism for the return of surplus funds to shareholders upon the completion of the DTZ **sale**. I will speak to that in more detail shortly.

Following an intensive review that your **Board** and management undertook in relation to corporate structure of UGL, and an endeavour to determine the optimal structure that delivered value to our shareholders, the **Company** announced that we were going to pursue structural separation of our DTZ and engineering business.

This was to unlock the intrinsic value of the DTZ business vis-a-vis the engineering and services business being two distinct businesses in different jurisdictions, and to make the point to you that 90% of the activity, the revenues and the people are all north of the equator in **property** services, whereas, in engineering, it's quite, frankly, the reverse. We did not believe that trading in this construction sector that we traded in on this market truly reflected value for shareholders.

We then subsequently received -- after having commenced that review that we announced to the market -- an unsolicited number of offers of interest in DTZ. Therefore, the **Board** felt it had a duty to undertake a competitive process in relation to the **sale** of DTZ. This process was completed in June 2014, resulting in UGL entering into a binding agreement for the **sale** of DTZ for AUD1.215 **billion** to a private **equity** consortium, as I've said, led by TPG.

The **Board** believes the **sale** of DTZ represents fair value and will deliver significant benefits to the UGL shareholders. The DTZ **sale** is on track for close and completion on November 5. Net proceeds are

anticipated to be between AUD1 billion to AUD1.05 billion and the rest to be received on completion, pending the finalisation of transaction costs, insurance provisions et cetera.

Following the pay-down of the existing debt and the establishment of an appropriate capital structure for UGL going forward, surplus net proceeds in the order of AUD3 per share, subject to any working capital adjustment, will be remitted to shareholders subject to the outcome of the ATO -- the Australian Tax Office -- review in terms of that distribution.

UGL has received a preliminary draft ruling from the Australian Tax Office for the benefit of UGL shareholders which confirms that the tax consequences of the capital return to the shareholders appears satisfactory to the Board. The ATO ruling will be made available to UGL shareholders as soon as it is issued in its final form by the ATO.

Pending the capital return is -- subject to their pay return being approved by shareholders today, the Board intends to complete the capital return as quickly as possible. An indicative timetable will be released to the market immediately after the conclusion of today's meeting, and a final timetable will be released upon receipt of the formal ruling from the ATO. However, we currently anticipate that the payment date of the capital repayment to shareholders will be November 27, 2014.

I'd now like to turn to the Board program and initiatives we are undertaking. After holding the position of Chairman of the Board of Directors of UGL since October 2003 I advised the Board that I intended to not seek re-election at today's annual general meeting. I am delighted with the appointment of Kate Spargo to the role of Chairman at the conclusion of this meeting.

Kate Spargo has been a valuable member of the Board over the past four years, and will provide strong, stable leadership and direction to UGL's Board and, therefore, to the management, as UGL embarks on its next phase.

I thought it was an appropriate time to step down, given that we're now making the transition from UGL as an engineering service company and a property management service company globally, and may I say, and take the liberty at this point, of saying that we originally started out as a Western Australian construction company, migrated to a national company, and then migrated to a global company. I think that's a significant accomplishment which all associated with UGL should be very proud of.

I thought it was an opportune time, given we're unlocking value for shareholders with the sale of DTZ and that UGL then moves on to a new chapter of its life to take advantage of the opportunities of its positioning in the engineering service and rail sector.

Also, due to other increasing commitments, Doctor Raymond Ch'ien will step down from the Board at the close of today's AGM. Raymond has brought an important regional prospective and strategic experience in the Asian markets to the Board and we certainly thank Raymond for his contribution and support during the last number of years. Particularly important when you consider that UGL is the largest employer of for example Chinese nationals in Australia and a number of other places around Asia.

In December 2013, Rob Denham resigned from the Board after two years of service as a director. He had a number of other commitments and had a number of other board seats that just competed with his role on UGL. However again, Bob Denham's guidance and advice to UGL, particularly given the extensiveness of our US operations -- for example, DTZ has some 22,000 people in the US -- his advice was invaluable.

UGL is entering a new, exciting period after a transition with the sale and completion of DTZ and we will have a new managing director and CEO in November. I believe strong Board stability will support that change, given Kate Spargo, Richard Humphry, Guy Cowan and Doug McTaggart's continuation on the Board and their experience as Board members at UGL.

Doug McTaggart is seeking re-election today with the unanimous support of the Board. His significant financial and business experience across the private and public sectors is a particularly valuable contribution to the discussions and considerations at the UGL Board.

As incoming Chairman, Kate will address the subject of Board renewal in a few moments.

In June 2014, the Board was pleased to announce the appointment of Mr Ross Taylor as Managing Director and CEO of UGL, effective November 24, 2014. Ross Taylor brings over 30 years of international and domestic operational experience in construction, engineering and real estate, and he also has a strong understanding of the businesses that relate to UGL's operations and the needs of our clients in delivering those services.

Ross Taylor previously held the position of Group Executive Officer at Tenix, a privately held engineering and construction company delivering services in gas, electricity, water, wastewater, heavy industrial and

mining sectors across Australia. Over a period of 24 years, Ross held various senior positions with the Lend Lease Corporation, including the more recent position as **Group** Chief Operating Officer of Lend Lease Corporation.

With extensive experience in driving operational performance and creating value for shareholders and clients, Ross's leadership will be strongly positioned to take UGL ahead in the emerging opportunities we see before us.

Richard Leupen will continue to **lead** UGL until Ross's commencement date and will complete the DTZ **sale**. Richard continues to work with the **Board** to ensure the orderly transition in the leadership of UGL.

On behalf of the **Board**, I'd like to thank Richard Leupen for his significant contribution over 14 years, where we've seen a significant transformation of UGL under Richard's leadership from a Perth, Western Australian construction **company** as I said, to a national Australian **company** to a global **company**. This has been achieved through both organic and strategic acquisitions and has resulted in a diverse multinational corporation. With revenue growth from AUD650 **million** to AUD4.5 **billion** over that period, expansion into 52 countries and 52,000 people worldwide is in itself significant, and indeed a significant achievement. On behalf of the **Board**, Richard, we wish you all the very best in your life post-UGL. You won't be too bored, I trust. Yes.

I'd just like to also comment that UGL is a clear leader and focuses on its leadership in running the business to achieve goals in a reasonable and appropriate manner. The **Board** strongly supports the practice of the **Company** in delivering value to shareholders, outstanding service to clients and rewards to employees within the framework of a strong governance and corporate responsibility.

UGL has an ongoing commitment to conduct business in a manner reflecting the highest standards of ethics, honesty, integrity and trust. Throughout the year, we have continued to enhance our policies focused on anti-bribery and corruption and have developed an e-learning programme to promote further awareness and understanding of UGL's anti-bribery and corruption framework, as well as legal obligations -- to ensure that our legal obligations are fully met by all our people within our organisation. This of course has been undertaken by a number of employees and will continue to be rolled out over the 2015 financial year.

Regrettably, the year was the subject of false and misleading media coverage in relation to **commercial** non-compete and non-poach arrangements established with Mr CY Leung, a former DTZ executive and now Chief Executive of **Hong Kong**. These arrangements were established to protect the **commercial** interests of UGL and our shareholders in the **acquisition** of the business of DTZ holdings.

The allegations purported in the media were taken very seriously by UGL and the **Company** actively responded to media enquiries with transparency and providing accurate details of these arrangements. We find it disappointing that the information provided by UGL has never been printed in its entirety or was directly acknowledged by the media that UGL was not a party to any wrongdoing.

I want to assure our shareholders that at all times UGL acted in a **commercial**, ethical, and honest manner, and in all our dealings with the **company** and adheres to these uncompromising standards. We continue to be very disappointed in the context of the media outcomes on this matter.

UGL continues to embrace and promote a diversity amongst our people and are committed to support and enrich indigenous communities throughout Australia. Our reconciliation action plan was launched in 2013, providing UGL with an innovative platform to more effectively partner with local communities, indigenous organizations, and governments to achieve this commitment and to satisfy that outcome.

This year we have been proud to sponsor the schools reconciliation challenge in 2014, a New South Wales Reconciliation Council event promoting reconciliation and greater learning about Aboriginal and Torres Strait Islanders in Australia and amongst New South Wales schools. Throughout the year our engineering business has partnered with indigenous organizations to develop and deliver initiatives to further achieve these objectives, specifically in terms of placements and communications in which areas we work.

As this is my last AGM as chairman of UGL, I reflect on my period of chairmanship with great pride. I have been fortunate and indeed honoured to be entrusted by your good selves as shareholders with the stewardship of UGL as it grew from an Australian based engineering **company** to a diverse global outsource service **company**, delivering revenue growth of over AUD3 **billion**. As a service **company**, the hard work and commitment of our people continues to underpin the success of UGL whether it be 5000 people in the **company** employed, or when I commenced as chairman with 2000 people.

It is of concern to me that Australia continues to see a deterioration in our competitive position. A recent Boston consulting report indicated that Australia lost ground in each of the key areas such as wages, productivity, and foreign currency exchange rates. Also interesting -- Australia and Brazil, the index

applicable, declined by 15 points between 2004 and 2014 which means Australia has performed worse than its peers in recent years. We must move to eliminate unnecessary regulation and inflexibilities in such areas as our labour market, and we must also provide incentives for promoting innovation.

Also a review of our tax structure is long overdue. We need a sensible and rational dialogue to reduce direct taxes and increase indirect taxes, thus providing incentives for investment and tax consumption related activities. Some four years ago our friends in New Zealand managed to increase their GST by 15%, reduce their income tax, and I just wonder whether we as Australians are up to the challenge to put a more equitable tax system in place that encourages investment and innovation.

Given we live in an **energy** intensive related area of the world and we have our own **energy** needs, we've seen **energy** costs increase significantly over the last ten years. We need a comprehensive **energy** policy to go forward so that we can be competitive in the years ahead.

The impending **sale** of DTZ marks a significant milestone in UGL's history, signifies an appropriate time for me to retire from the **board**. The future of UGL is particularly exciting and renewed focus on the engineering business and rail activities offers in my opinion tremendous opportunities and growth prospects ahead.

In fact it might be said that I'm somewhat sad on this occasion of parting from UGL. I've been very much impressed with the people I've had the pleasure of working with and the organization has been a **company** that has grown and done incredibly interesting things, not without the challenges, but we've delivered value.

On behalf of the **board** I'd like to express my sincere appreciation and thanks to our 52,000 people whose dedication to UGL allows us to deliver this value to shareholders and our clients, and I would also like to thank our shareholders, clients, and partners, for their ongoing support. I'd particularly like to thank my **board** colleagues for their support over the years. I think we've worked in a very collegial manner with our managing director and CEO Richard Leupen in achieving these results.

I'd now like to hand over to Kate Spargo, the incoming chairman, who'll just say a few words about the **board** renewal program. Kate.

KATE SPARGO, DIRECTOR, UGL LIMITED: Thank you very much Trevor and good afternoon ladies and gentlemen. I'm pleased to have the opportunity to just say a few words to you this afternoon.

I know that Richard's got quite a lot to say so I'll be brief. You'll hear more from me in later years, hopefully.

As Trevor said in his address to you, it has been both an exciting and challenging time to be a member of the UGL **board**. I joined the **board** in October 2010 and I've been fortunate to be part of some important milestones in UGL's history.

One of those of course was the **acquisition** of the trading **operations** of DTZ Holdings in 2011, which significantly expanded the global footprint of UGL and united the **property** services business under the single global brand of DTZ. In a week's time, the DTZ **sale** is expected to complete and UGL will return to its core foundations as the leading Australasian engineering **company**, which will be the sole focus of the **board** and the management team.

I am excited by the prospects ahead of us as I believe that UGL represents a truly unique **company** with a differentiated business model, supported by diverse earning streams and a strong recurring revenue base. I think the focus on the engineering business solely will be a very significant step in the future of UGL.

Despite the broader industry challenge that Trevor has mentioned, UGL is strongly positioned to benefit from the medium term growth in maintenance and transport infrastructure opportunities, given its industry leading positions in the sectors. I look forward to leading UGL as chairman, working with my fellow **board** members and the senior management team, to deliver earnings growth and wealth creation for shareholders over the next phase of UGL's progress.

So as we move forward as a dedicated engineering and maintenance services **company**, the **Board** is committed to identifying and attracting suitably experienced directors. An independent consulting **firm** has been appointed to assist the **Board** with the **Board** renewal program, that is, the identification of some new directors to increase the number of directors now that we are losing Trevor and we are losing Raymond. We will be left with the four directors, independent directors, and we need to add some more.

We are focused on appointing some **board** members, of course, who will bring valuable contribution to UGL and also, of course, to provide for succession as we go forward as a **board** in terms of planning over the next few years. I will be able to provide an update to you in the next few months in terms of the progress that we are making on appointing some new **board** members.

I can say today though, and I am happy to let you know, that we have appointed chairmen to our committees. Of course, we have needed to restructure the committees, given that we are losing some **board** members and given that I am taking over the chairman's role.

So we have decided that with respect to the nominations and remunerations committee, Doug McTaggart will take over the chairman's role there, Richard Humphry will continue as the chairman of the Risk and Audit Committee and Guy Cowan will take over the role that I had as chairman of the Health, Safety, Security and Environment Committee.

So on behalf of the **board**, I would like to sincerely thank Trevor, of course, for his leadership, his commitment and significant contribution to UGL over the last 12 years. He has brought a wealth of corporate and financial expertise to the role of chairman during the time that he has been with the **company**.

I would also like to recognise, of course, the outstanding role of our managing director and CEO, Richard Leupen. He has played an enormous role in building UGL over the last 14 years into the **company** that it is now. As you know, Richard retires from the **company** in a few weeks' time and he leaves UGL in a strong position to profit from its origins, in my view.

When I joined the **board** in 2010, I wanted to be able to contribute to the success of the **company** through my international experience, my industry background and the **commercial** approach that I bring to business. This remains the same now and it is accompanied by an enormous enthusiasm for UGL and its ongoing potential.

My role is to represent the shareholders of UGL and I will continue to work as hard as I can in my role as chairman, as I hope I have done as a director of UGL over the last four years with a view to protecting your interests and advancing those interests.

I would like to hand over to Richard now to provide an overview of the 2014 financial year and also some further information on market conditions.

RICHARD LEUPEN, MANAGING DIRECTOR AND CEO, UGL LIMITED: Thank you, Kate, and good afternoon, ladies and gentlemen. I would like to join the chairman in extending a warm welcome to UGL's annual general meeting for 2014.

The 2014 financial year marks a significant turning point in UGL's history. Since joining UGL as managing director and CEO in the year 2000, the **company** has diversified and grown from its original foundations to become a leading Australasian engineering and maintenance services business as well as a global **property** services **company** with more than AUD4.5 **billion** in revenues and over 52,000 people worldwide.

Next week we expect to close the DTZ sales, transforming UGL once again into a standalone Australian headquartered engineering and maintenance services **company**. I will speak to this in more detail later.

Operationally during the 2014 financial year, we continued to focus on strengthening UGL to address the challenging Australian trading environment and despite the difficult conditions, UGL delivered a solid result in line with market consensus.

As the chairman outlined, underlying operating revenues increased by 6% to AUD4.5 **billion** during the 2014 financial year. Engineering revenue was stable, while DTZ delivered a record revenue contribution in 2014. Engineering earnings increased slightly on the prior year with cost savings and improved performance on power projects, offset by our lower freight locomotive sales, reduced resources project opportunities and continued margin pressures.

We completed the engineering cost reduction program during the year and we will see the full year savings of that program in the 2015 financial year.

DTZ delivered its twelfth consecutive year of earnings growth with strong UK corporate real **estate** activity and increased **transactional** services in Greater **China** being the key contributors. Underlying net profit after tax was AUD111.7 **million** after adjusting for costs of restructuring, DTZ separation costs, the amortisation of acquired intangibles, **property** sales and the release of DTZ pre-**acquisition** provisions.

Gearing was 32.4% at 30 June 2014 and interest cover remained sound at 5.2 times. During the year, UGL disposed of several non-core properties as part of an initiative to reduce gearing, generating AUD72.5 **million** in proceeds.

We are currently determining the capital management requirements of UGL post the **sale** of DTZ. However, target gearing levels are expected to be commensurate with our industry peers.

As the chairman outlined earlier, UGL entered into a binding agreement with a consortium led by TPG for the **sale** of DTZ for AUD1.215 **billion** in June 2014. Whilst over the last 12 years we have built a great **property services company** which is a global leader in its industry, we recognize that the TPG paid consortium are better able to fund and support the strong growth potential and strategic opportunities of DTZ as it continues to position itself as one of the largest global **property services** leaders, ensuring the long-term interests of clients and employees are maximised.

As I said earlier, all parties are currently on target to complete the **sale transaction** on the 5 November meeting mid-next week.

After the DTZ **sale** completes, UGL will be an end-to-end outsourced engineering and maintenance services business provider in Australia, New Zealand and Southeast Asia. The **company** will have a diversified end market exposure, providing essential services across the core sectors of rail, transport and technology systems, power, resources, water and defence. UGL will employ more than 7700 people and have an annual revenue in excess of AUD2.3 **billion**.

The hallmark of the UGL business model remains its strong recurring revenue base. Approximately 75% of Engineering's AUD4.9 **billion** order book comprises long term recurring maintenance style contracts. Combined with a rigorous risk management framework, the volatility of UGL's earnings space continues to be significantly lower than its industry peers.

Diversity and revenue streams has been a longstanding strength of UGL's which, combined with our recurring revenue base, has delivered stability through challenging economic conditions and provides strong prospects for future growth. With established capabilities in rail maintenance and transport infrastructure, the **company** is currently very well positioned to take advantage of opportunities existing in infrastructure investment in Australia.

UGL has been prominent in all major Australian transport infrastructure projects that have been tendered over the past year and anticipates participating in a significant number of these key projects in the future.

As a standalone engineering and maintenance services **company**, UGL will adopt a capital structure and dividend policy appropriate for its operating requirements. A robust balance sheet will position UGL strongly for future growth, including reinvestment in the core business to drive organic growth with flexibility to consider future acquisitions or diversification opportunities.

UGL has a prosperous future ahead and with dedicated **Board** of Management focus on the clear strategy unambiguously centred on a single industry, we expect long term shareholder value will be enhanced.

I would now like to show you a few examples of projects being carried out by our engineering business. These projects give insight into the breadth of the UGL business, the services we perform and the strength of our client relationships.

In September 2014, UGL, as a member of the Northwest Rapid Transport Consortium, was awarded the AUD3.7 **billion operations** contract to deliver the North West Rail Link by the New South Wales Government. The North West Rail Link is Australia's largest public transport project. As part of a public private partnership with the New South Wales Government, the consortium will design, build, finance and operate the new rapid transit service. It will service the 36km route between Rouse Hill and Chatswood, delivering Australia's first fully automated rapid transport system.

When **operations** commence in the first half of 2019, the consortium will operate 15 trains per hour during peak periods, representing a train every four minutes. UGL, together with MTR Corporation and John Holland, will undertake the **operations** and maintenance of this service for 15 years and hopefully beyond.

Securing this contract with the New South Wales Government demonstrates UGL's market leading position in delivering complex engineering solutions for major tunnel projects and rail passenger networks in capital cities.

In 2014, UGL was awarded a AUD136 **million** contract by Alinta **Energy** to design, procure and construct the Newman to Roy Hill high voltage power system, stage one of Alinta's East Pilbara Link Project. Alinta **Energy** holds a long term power **purchase** agreement with the Roy Hill Project to supply all electricity, all electrical power, for the Roy Hill **Iron Ore** Mine.

As part of this project, UGL is responsible for concept development, design, construction, testing and commissioning of a 120km, 220kV single circuit transmission line between the Newman Station, the Roy Hill **Iron Ore** Mine, two substations at Newman and Roy Hill, a reciprocating diesel engine power station and an electrical distribution system at the Roy Hill Mine.

The project was a significant win for our power systems business and reflects UGL's reputation as one of Australia's leading power systems contractors and developers of high voltage power infrastructure.

In December 2013, UGL was awarded a new five year contract by Chevron Australia providing maintenance services for the operational phase of Chevron's Western Australian assets, which includes the Gorgon LNG Project pictured. The multi-hundred **million** dollar contract also includes extension options beyond the initial five year term.

Under the scope of the contract, UGL is expected to perform mechanical, electrical and instrumentation based maintenance, plant turnaround and brownfield execution services for Chevron's Western Australian assets.

Securing this contract reflects UGL's position once again as a leader in maintenance services provided to the downstream **oil** and gas industry in Australia. It also strongly positions us to be a key participant in the large pipeline of **oil** and gas maintenance opportunities in Australia right now, as committed projects are brought online, particularly in LNG.

The safety of our people remains a core value at UGL, embedded in our corporate culture and representing one of the foundations on which our success is built. Our safety culture starts with the **Board** and myself and extends throughout our management team to every individual who represents UGL globally.

In 2014 financial year, we achieved improvements in our safety performance with the lost time injury frequency rate improving from 3.10 to 3.02 incidents per **million** hours. A reduction in the total recordable case frequency rate from 7.77 **million** to 6.98 **million** hours worked was also achieved.

UGL is proud to be known as a leader in safety across the industries in which we operate and this is a strength we continue to build on.

Now turning in more detail to the performance of each of our businesses. In the 2014 financial year, Engineering revenues of AUD2.3 **billion** was in line with the prior year, reflecting the 2013 impact of reduced capital investment in the Australian resources and infrastructure sectors.

EBIT increased to AUD84.1 **million** in 2014, delivering an EBIT margin of 3.7% compared to 3.5% in the prior year. Earnings were impacted by reduced freight locomotive sales and resource project opportunities along with margin pressures attributable to the cost savings measures implemented by our **mining** sector clients.

This was offset by a turnaround in performance of power projects and the completion of a cost reduction program delivering significant savings during the year. The Metro Trains Melbourne **operations** contract performed strongly during the year and, alongside our maintenance and logistics contract with Sydney Trains, contributed to the solid performance of UGL's rail business.

Our Power Systems business delivered over AUD300 **million** of project wins throughout the year, contributing soundly to revenue and earnings growth in this sector.

Key maintenance contracts secured during the 2014 financial year with Chevron Australia as I just mentioned earlier and Stanwell Corporation reflect UGL's position as a leading maintenance service provider in Australia and further strengthens our recurring revenue streams.

DTZ delivered revenues of AUD2.3 **billion**, an increase of 17% from the previous financial year. EBIT was AUD123.9 **million**, representing a margin of 5.5%, down slightly on the prior year.

Economic recovery in the United Kingdom generated strong revenue growth in corporate real **estate** services. Continued growth in capital markets in mainland **China** resulted in the execution of significant real **estate transactions** throughout the year and contributed strongly to our 2014 results.

DTZ continued to generate strong momentum in securing global and multiregional mandates during the year and the business also secured several multi-year facility management contracts and achieve its first expansions of facilities management in India, a key growth market for this market sector.

The engineering order book has remained stable at AUD4.9 **billion** as at 30 June 2014. The order book is further enhanced by preferred pipeline opportunities of AUD1.7 **billion** and key rail maintenance contract extensions of over AUD2.3 **billion**. Around 75% of our order book is long-term recurring-style revenues providing stability of future earnings.

UGL's diversified business model positions the **Company** well for future growth with exposure to key growth sectors in the Australian economy. Further opportunity is expected to arise over the 2015 financial

year as federal and state governments continue their commitment to infrastructure development. This provides UGL with key growth opportunities over the medium term.

We recently announced the North West Rail Link are shortlisted on the East-West Link project in Melbourne and the preferred tenderer on other road infrastructure projects. The Rail Transformation Consortium of which UGL is a member recently signed an agreement with the Victorian Government to progress towards the finalisation of a project agreement for the delivery of the Cranbourne-Pakenham Rail Corridor in Melbourne.

Strong maintenance opportunities are also emerging as new assets commence operation, particularly in oil and gas and power sectors. UGL is currently shortlisted on two of the key LNG maintenance projects on the east coast of Australia.

Tendering activity in the power sector remains solid and we anticipate further growth in this sector in the 2015 financial year. Outsourcing of defence maintenance in Australia continues to provide growth opportunities also in our medium term.

The engineering business is expected to achieve revenues of around AUD2.4 billion in 2015 financial year, currently sold at around 90%. With our cost reduction programs completed in 2014, we expect to achieve normalised trading margins of 4% to 5% after corporate costs in the 2015 financial year. And DTZ will also contribute earnings for the first four months of this financial year.

Completion of the DTZ sale will bring about a significant milestone for me and bring to an end my time as Managing Director and CEO of UGL. Ross Taylor will commence as Managing Director and CEO of UGL on November 24, and I wish Ross every success in building on the legacy UGL has created as a great Australian engineering business and an integral part of the communities in which we operate.

I would like to take this opportunity to thank the team of people at UGL for their commitment and dedication which enabled the achievement of UGL's ongoing success and underpins everything I managed to achieve during my 14-year tenure. For me it was an exciting and satisfying journey, made better by sharing it with the people of UGL.

I would also like to thank my -- extend my thanks to our shareholders, our clients and partners of UGL for their continued and ongoing support. UGL is very well positioned to build on the improved outlook and growth momentum in Australia as major infrastructure investment begins to materialise into material contracts for UGL.

I would also like to thank the Board for their continued support during this 14-year period which, as Trevor said earlier, has been quite a ride and a very exciting one I think none of us really envisaged at the time we began this journey. So I wish you all the best of luck for a successful future and I will now hand back to Trevor to turn to the formal business at hand. Thank you.

TREVOR ROWE: Thank you very much, Richard. As I mentioned at the start of the meeting, there are a few matters of procedure that I'm obliged to mention to you briefly before we begin the business of the meeting.

All shareholders, proxyholders and authorised corporate representatives who are entitled to vote have been issued with a yellow voting card. A yellow voting card also entitles you to make comments and ask questions. If you hold shares jointly with another person, only the person holding the yellow card can vote.

If there is anyone who is entitled to vote who does not have a yellow card, may I suggest they contact Link Market Services staff at the registration table at the entrance to the building. Non-voting shareholders have been issued with a red card, and if you hold a red card you are not entitled to vote, however you may make comments and ask questions. I would also like to welcome any visitors and media representatives. You have been issued with a blue or a green visitor card and you of course are very welcome to be here but you're not eligible to participate in the meeting.

As we've done in the past, details of proxy votes will be shown on the screen behind me after discussion on each of the motions has closed and immediately before the motion is voted upon. To enable the participants to ask questions, there are roaming microphones available. If you wish to speak on an item, please raise your hand and an attendant will come to you. Please kindly show your attendant your yellow card and introduce yourself and start your question. If you are -- or if you are a proxy holder, could you advise who you are representing. Valid proxies have been received representing approximately 55% of the issued capital. As stated in the notice of meeting and on the proxy forms, I advise that as Chairman of the meeting I intend to vote all available proxies in favour of each of the resolutions.

Following the questions and discussions, each resolution will be submitted to a show of hands with the exception of those items three, four and five which will go straight to a poll.

I declare the poll open for the purpose of collection of shareholders' yellow voting cards on those motions and shareholders choosing to leave prior to the conclusion of the meeting, there are voting boxes available at the back of the room.

For items two, six and seven if the result cannot be judged on a show of hands I will ask the share registry staff to count the hands in favour and against each resolution. If the result cannot be judged on a show of hands the resolution will be submitted to a poll. The procedure for the poll will be shortly advised.

Ladies and gentlemen, a copy of the notice of meeting dated September 26, 2014 has been distributed to all shareholders. Unless there are any objections I propose that the notice of this meeting be taken as read. Any objections? Thank you.

We now need to deal with the minutes of the last annual general meeting. Copies of the minutes of the 2013 UGL annual general meeting are displayed in the foyer. These minutes have been signed as a correct record. Does any shareholder wish to comment on those minutes? Thank you.

We'll now move to the matters of the notice of meeting. We will now proceed to the first item of business, the discussion on the financial, directors' and auditors' reports. Before I proceed to take questions from shareholders I wish to advise that we received no written questions from shareholders addressed to the **Company** or the auditor. I would now like to ask and invite shareholders from the floor to ask any questions. If you have a question could you kindly raise your hand, a microphone attendant will come to you, show your yellow or red card and if you could kindly introduce yourself and then state your question. I'd also ask shareholders if they want to ask one or more, two questions if they could be brief and precise.

As mentioned earlier, Mr Mark Epper of KPMG, UGL's auditor is available to answer any questions regarding the conduct of the audit and the preparation of the audit report.

Are there any questions arising from the presentation of the financial, directors' and auditors' reports for the year ended June 30, 2014 which have been distributed to shareholders? Questions please, if any? One down the front here.

Questions and Answers

ESTELLE RENARD, SHAREHOLDER, AUSTRALIAN SHAREHOLDERS' ASSOCIATION: Mr Chairman, my name's Estelle Renard and I'm a shareholder and proxy holder. Today I'm representing the Australian Shareholders Association. We are holding 500,066 votes from 143 shareholders. That places us as the 18th largest shareholding.

I know the industry and UGL have experienced difficult times, but it appears the **Board** took the decisions that needed to be taken and we can look ahead to the outgoing CEO and to you Mr Chairman. I'm sure you've all given it your best shot and thank you for that.

I have just a few questions of a general nature. The first one is revenue was down but raw materials and consumables increased by almost 20%. We'd be interested to know why this is so and what constitutes the major part of raw materials and consumables?

And my second question is simply, interest expense was higher, why was that so?

TREVOR ROWE: I might ask our CEO to address those for you.

RICHARD LEUPEN: I think, I have my finances people here who probably know this better than I do but largely speaking, generally speaking, our revenues, our costs depend on the mix of what we're doing. If we're doing a lot of project work then our raw materials and procurement goes up. If we're doing more maintenance work then it's just labour and so I would expect, Renee (sic), you can correct me if I'm wrong, but that's probably the basis of the variance year to year is the mix of revenue between project work versus maintenance work. When we do maintenance work basically it's just labour so -- we did quite a bit of project work proportionally this year. That could be the reason --

TREVOR ROWE: -- sitting on contracts too.

KATE SPARGO: -- and DTRS.

RICHARD LEUPEN: And DTRS, the train system in Sydney but you know, I think if you want more information we can give it to you but I would suspect that's the correct answer.

ESTELLE RENARD: Thank you.

RICHARD LEUPEN: And the interest bill is just a question of the debt. Trevor, you wanted to deal with the interest?

TREVOR ROWE: The interest reflects the interest cost of the debt we have, which obviously we'll be paying down significantly, going forward.

RICHARD LEUPEN: [Robert] was just saying also, significant FX movements in the year.

TREVOR ROWE: Significant FX movements too. Your dollar, your Australian dollar moved around significantly and we operate in a lot of different currencies, particularly the US dollar.

ESTELLE RENARD: Thank you, Mr Chairman.

TREVOR ROWE: Thank you, Estelle. There's a question over there.

KEN BOYES, SHAREHOLDER: Thank you, Mr Chairman. Ken Boyes. I'm only a shareholder. I'm a little bit concerned to have more detail about some of the impacts of our joint venture with the North West and similar rail projects. I understand --

TREVOR ROWE: Which project, sorry?

KEN BOYES: North West Rail.

TREVOR ROWE: North West Rail.

KEN BOYES: It's an ongoing project for the next few years and will have a great impact on our engineering work. I have two concerns. We're dealing with MTR, a very reputable organization, and the trains they run in Singapore and Hong Kong are fantastic. Firstly, what proportion of work in the development and supply of those trains is going to be likely to be undertaken by the new UGL?

Secondly, an allied question relating to the ongoing Goninan's establishment. I noted that our locomotive work was down, that our -- I presume that the intercity train contract has finished. What is the prospect for the future of the site and our very valuable skilled staff up at Goninan's at Newcastle?

TREVOR ROWE: Thank you. Well, indeed, we're very fortunate to be in bed with an organisation with the calibre and quality of MTR. We have an exceptionally good working relationship and very successful in Melbourne. In terms of the North West Rail, Richard, would you like to say a few words?

RICHARD LEUPEN: Well, I think it's -- it'd be right to say that, over the last 20 years, we've gone from seven train builders domestically to importers, and the last trains built fully in Australia were the Oscar trains which we just finished. The bids for the current projects are coming from international suppliers and the North West Rail will be one of those to subcontract to an offshore manufacturer. But having said that, the final assembly and final commissioning work is done here. What we can do competitively in Australia, we will do. But I can't imagine that's going to be more than 10% or 15% of the total contract for the supply.

For the ongoing maintenance, though, that's a 16 year contract and that is something well known to us. I think when you mentioned MTR and the joint venture, we can also point, not just to Singapore and Hong Kong, but to a very, very successful relationship in Melbourne which we've been running now for five years in the same consortium where we do very similar works.

So as regards the future of our Newcastle works, we're very committed to building locomotives in this country, designing them and building them. We'd like to build as much domestically as we can, it becomes a competitiveness question. And if we don't win the tenders, you may recall we lost the Waratah train bid, which was a massive bid, AUD2.5 billion bid, and we were unable to keep that work in Australia, it went to China. Only the last -- we didn't win it, and only the last 10% or 15%, again, probably got done here.

There's some very big tenders coming up, though. New South Wales is coming out looking for 520 new cars and we intend to be a bidder for that in some combination of offshore and local supply. So I think UGL would love to champion domestic manufacture, it's a question of, we don't any longer -- there's no such thing any longer as a local content preference, it doesn't exist. There's no barriers to simply having basically a tariff-free global competition on these contracts.

We're committed to the long term future. We've been at Goninan since 1898, so -- well, not me, but the Company has, and it's been there for nearly 120 years. So we don't have any plans to do anything but find a way to keep it going. We're also looking at diversifying it into Hunter Valley maintenance work and to keep the workforces employed as possible.

TREVOR ROWE: And utilise our respective skills and the like. Any other questions? If there's no other questions, I will ask the Company Secretary to minute the receipt and consideration of the Financial Director's and Auditor's reports for the year ending financial -- ending June 30, 2014.

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I'll now proceed to the next item of business, that is the re-election of Dr Doug McTaggart as a Director. Doug McTaggart is a Director of UGL and retires by rotation in accordance with the **Company's** constitution, and being eligible, offers himself for re-election. The **Board** unanimously supports the re-election of Dr Doug McTaggart. I'd now like to ask Doug if he wouldn't mind saying a few words.

DOUG MCTAGGART, DIRECTOR, UGL LIMITED: It certainly will be very few words. Ever since September 2012 when I joined the **Board**, and two years to the day, (inaudible) my first **Board** meeting and AGM. It's been a very interesting two years, exciting and challenging, as the Chairman said, and so it has been. The downturn in the resources sector as it affected engineering, the growth and subsequent **sale** process of DTZ, the structuring and the restructuring that attended both of those significant events, have challenged all of us, but have -- I think we've come to a very good position.

Looking forward, everything going to plan as is fully anticipated, you are going to be left with a very sound engineering **company** in what I'm sure will be an exciting and challenging industry sector. I would very much enjoy the prospect of working with Kate Spargo and the **Board**, defer to your interest as shareholders by growing UGL in that environment. I feel like I've got a lot to offer and I ask for your support in being re-elected to the **Board**.

As I finish, can I acknowledge our outgoing Chairman and our CEO and Managing Director, Trevor and Richard Leupen, it has been a collegiate two years. When I say collegiate, that doesn't mean we agreed on everything all the time, but we've always arrived at, I think, the right solution and have delivered in your interests. So Trevor and Richard, you are leaving the **Company** in very capable hands and I'm sure our shareholders can be pleased. So thank you very much.

TREVOR ROWE: Thank you very much, Doug. Is there any discussion on Dr Doug McTaggart's re-election? Okay, there's no discussion. The proxy votes available in relation to Item 2 will now appear on the screen. I'll now propose that the motion of Agenda Item 2 of the meeting be put to the meeting. Those in favour, please raise your yellow voting cards. Thank you. Those against, please raise your yellow voting cards. Thank you. The motion is carried on a show of hands and I declare Doug McTaggart as re-elected to the **Board** of UGL. Congratulations Doug.

We will now proceed to the next item of business, the Remuneration Report. The Remuneration Report sets out UGL's remuneration arrangements for directors, including the Managing Director, and for senior executives for the 12 months ended June 30, 2014. In the financial year 2014, the **Group** prepared for the separation of DTZ and UGL engineering business. During this period, the **Board** had to maintain a disciplined approach to ensure payment is made only where performance was in fact actually achieved.

It was a challenging year to not only operate in the markets in which we found ourselves, both globally and domestically, but also in a downturn in the construction cycle. But nevertheless we were very focused on the outcomes. And therefore as such, no discretionary STI awards were made where performance hurdles were not met, additionally given the separation and the transition period that we went into in the separation of these two businesses, no LTI awards were granted at all.

However the **Board** also recognises the need to adopt specific targeted arrangements to support the **Company** through the transition and separation and to address critical business needs, including extending the contract for the Managing Director and the CEO to ensure continuity and stability during the process. And that means through to the finalisation of the DTZ **transaction**, indeed in itself a complicated **transaction** that had many aspects to it and the current Managing Director and CEO Richard Leupen agreed to stay on to undersee the successful conclusion of that arrangement.

The **Company** also had to find a CEO of DTZ, a global business with -- of some 45,000 people, and it was indeed a significant challenge to identify a talented individual who was prepared to leave an incumbent organisation and take on what is clearly an exciting journey, and undertake the leadership of that journey. Initially on the basis we were going to de-**merge** the two businesses, and that person would **lead** the de-merged DTZ business, and then see it ultimately grow and develop. However of course as we have mentioned earlier, as a result of unsolicited bids and the result of a process the **Board** ran, we entered into this agreement with DTZ for the **sale** of the business.

We appointed Mr Tod Lickerman as the global Chief Executive Officer of DTZ, and granted him one-off milestones and sign-on awards. These are important in the context of keeping him whole, in relation to the arrangements he had with his existing employer, and obviously he would not have moved if we had not kept him whole, and we were also mindful that we had to be competitive remuneration-wise in a global environment in the **property** management services businesses.

And we retained two separate organisations to verify the information in terms of the compensation levels that we had to pay this man. I believe we were very fortunate in getting someone of this calibre, and if we didn't have him the transition to the **sale** of DTZ to TPG might not have been as -- progressed as it might

well have. Also too, the Chief Financial Officer is important in the arrangements going through to the de-merger and in recognition of his critical role, we also came to arrangements with him.

In addition, during the year, obviously with Mr Richard Leupen's retirement after a successful period of 14 years, we had to embark on a search for UGL post the de-merger. Now bear in mind that at that time we were in a de-merger, but then had these unsolicited offers, so consequently there was obviously a period of a challenge in the sense things were fairly fluid, and we were looking for a quality, experienced chief executive. We were indeed, in my opinion, very fortunate to secure the services of Ross Taylor, the incoming Managing Director and CEO, effective on November 24. And I mentioned previously his background and experience, and we believe that -- in UGL going forward as an enduring services and rail company, the Company will be well served by the calibre of this individual we have managed to secure.

So I am particularly pleased, as I know my Board colleagues are, to secure the services of Ross Taylor. Is there any discussion on the Remuneration Report?

Over here please.

UNIDENTIFIED AUDIENCE MEMBER: Mr Chairman, things were very fluid earlier on in the year. Share price was all over the place, and one of the things that impacted at one stage was a legal challenge brought by a former person in the -- I think it was the west coast of the United States -- and I do apologise for not being able to bring that person's name out. I haven't got that with me.

But I just wonder if that had any impact on, shall we say the results that you perceive were achieved during the year and the impact on your consideration of remuneration aspects?

TREVOR ROWE: Well I'll first let you -- let the CEO speak to the departure of gentleman in question, then I'll add a few words. Richard?

RICHARD LEUPEN: Well unfortunately what you read in the press was some allegations against the Company, that we acted improperly in doing our accounting work. TPG in fact have had so many accountants crawling all over those accounts I can't imagine how many times that might have been reviewed. And they've found that there was nothing found by TPG, or any impediment to the sale going forward and it was that business that it was about.

It was suggested to us that if we reached a financial settlement that those issues would be resolved and we weren't about to be making a payment for something we didn't think we should. So we took it to court. There were 13 matters in the court, 11 of them have been discarded or thrown out and the other two are being appealed for the third time, having been rejected twice already.

I think you'll find in the next few weeks or months you'll see it rejected, those other two. I mean I can't speak for the court and I don't want to get ahead of the court here, but you know it's the third -- it's been rejected twice, asked for clarifications. Now it's on its third round. I don't think you're going to find anything coming of that. TPG found nothing from that. It had no impact on our trading and you have to wonder why -- one, why the issue was raised in the first place and even why the media presented it in that way, was very disappointing yet again.

UNIDENTIFIED AUDIENCE MEMBER: (inaudible -- microphone inaccessible).

RICHARD LEUPEN: Only legals.

TREVOR ROWE: And we thought they were spurious claims and we were not prepared to be subjected to those matters. As Richard said, we contested it and so far we've been held right. Any other questions? Estelle?

ESTELLE RENARD: Mr Chairman we are very disappointed that last year's remuneration framework was not retained. I think last year was the first time we looked at it and thought this certainly met all our ASA guidelines. This year the framework is different, but both last year and this year of course nothing could really be followed because of the pending merger and everything was really on an exception.

So we've objected in the past strongly to the succession incentive, because we believe it was really part of the CEO's role and that has now been granted in full. We've also objected to cash short-term incentives and allowing the remuneration structure to be too short-term. And the other issue we object to has been the granting of a sign-on fee to the CEO. So really there are very few aspects of the Remuneration Report now that actually meet our guidelines. Whereas last year it was certainly a lot better.

TREVOR ROWE: Thank you Estelle. Let me assure you the Board takes into consideration and is mindful of shareholders' views in terms of our Remuneration Report. The incentive arrangement for succession was some years ago and we now have in place Ross Taylor taking over the Engineering business and we

also had Tod Lickerman in place. In relation to sign-ons, there was no way in the US market, amongst the number of short listed candidates we interviewed, that we would not be in a position to have -- we had to pay a short-term incentive to make them whole in relation to the entitlements they had earned at their current employers, if we were going to secure their services.

And we were made to understand that this is a common and standard practice in the United States. And from our **Property** Management Services business, 22,000 people, the largest facilities management **company** in the US I dare say, and we consequently had to adhere to the prevailing market questions. But we understand your point. We wouldn't do it elsewhere and we did this -- we needed someone of this calibre and it's been a wonderful outcome that we did get someone of this calibre, given what we've now been through to this separation transition, which you -- as you mentioned was somewhat unusual.

And it's an AUD1 **billion** plus **transaction** for a **company** operating in 54 countries, which adds a whole another layer of complexity and he had to guide that whole operation whilst we negotiated with the private **equity firm** and whilst we then went embarked on the separation related issues which are exceptionally complicated. So I think that the outcome I believe is very much in the interest of shareholders. But we note your comment.

ESTELLE RENARD: Thank you, Mr Chairman.

TREVOR ROWE: Any other questions? I think there's no other questions.

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TREVOR ROWE: The proxy votes available in relation to item 3 will now appear on the screen. Given the support from key governance bodies in relation to the Remuneration Report, the vote, frankly, from a **Board**'s point of view is disappointing. But the **Board** will continue its engagement with shareholders to ensure we get outcomes outlined with shareholder's interests.

The **Board**, as always, remains committed to fostering a performance based culture to ensure UGL's remuneration approach and structure is the most appropriate for the **Company** and its business including the generation of sustainable returns for our shareholders. Year-on-year, the **Board** sets challenging financial performance hurdles and directly aligns executive incentives to the achievement of those hurdles.

Where performance does not meet targets, executives derive no benefits on their at-risk incentive arrangements. It is important to be mindful the fact that FY14 no salary increases to KMPs were given, save for promotional increases, no discretionary STI awards were made and where performance hurdles were not met, LTIs were not at all awarded for the year. I will now formally propose the motion on the agenda, set out in Item 3 and put the motion to a vote.

As advised earlier, this item of business will be conducted by means of a poll. This will be conducted at the end of the meeting -- end of the formal business of this meeting and I will advise the procedure for poll at that time. For shareholders leaving to -- proposing to leave earlier, there is a voting box at the bottom of the hall. We will now then proceed to the next item of business, the approval of the previous issue of shares.

UGL issued performance shares -- sorry performance rights to Tod Lickerman as part of his remuneration arrangement. Tod Lickerman is the CEO of DTZ and, as mentioned earlier, the **sale** of DTZ business is expected to be completed on November 5. I would like to confirm the performance rights will lapse effective from the completion of the **sale** of DTZ, given the business has been **sold**.

The purpose for seeking shareholder approval for this item of business is to relinquish UGL's ability to issue up to 15% of the issued capital. This enables the **Company** to take advantage of **commercial** opportunities that may arise in the course of UGL's normal activities. Even the performance rights -- even though the performance rights will lapse, this does not mean that our 15% is [relinquished].

The proxy votes available in relation to Item 4 will now appear on the screen. I now formally propose the motion to the meeting and ask, is there any questions? No questions? As advised earlier, this will be conducted by the means of a poll and as I said before, there is a box at the end if you wish to leave early you can put your vote in. Please do.

An overview of Ross Taylor's LTI was included in the Notice of Meeting. In the **lead** up to the appointment of Mr Taylor, the **Board** undertook a thorough review of market practice, taking into consideration the **commercial** needs of the **Company**. As such the **Board** considered the remuneration package of Mr Taylor as being appropriate and aligned to UGL's peer **group** of engineering companies.

Further, the award was determined appropriate in light of the need to attract the right candidate in what was a tight talent market. We also solicited again advice from independent remuneration consultants on the structure of that package, particularly as related to the LTI, but also the overall design of the package in its

totality. UGL has a history of setting stretched targets I believe and given the modest outlook for engineering construction sector, particularly in the **mining** area in which UGL operates, the **Board** considers the EPS and TSR hurdles are relevant and appropriate.

We continue to review where appropriate and refine our approach to remuneration in light of shareholder feedback. Is there any discussion on this item? Estelle.

ESTELLE RENARD: Mr Chairman, two metrics, TSR and EPS growth certainly are the right things to do as far as we are concerned. But half of the LTI can vest after three years. We believe that is too short a period. It's also possible that the TSR tranche can vest even though total shareholder return is negative. We would expect if shareholders go backwards there shouldn't be an LTI to the CEO at all, because that's alignment with the shareholder experience.

What I find quite surprising is that there is no vesting scale associated with a comparative TSR. So it's an all or nothing, as far as I can see. If it meets the average of the market, exactly at 50%, then probably the full amount vest and if it's 0.00001% below, there's nothing there. So it's an all or nothing and we certainly expect a TSR tranche to have a vesting scale.

TREVOR ROWE: Thank you Estelle. As I said earlier we looked at this very carefully. We've consulted with executive remuneration consultants and then we had to negotiate in what we would characterise as a talent-tight market to achieve the services of this high-calibre individual. Now, clearly you are right, that on the LTI, 50% of it is tied to an EPS growth target. That is a 5% compound annual growth rate. We think that's a stretched target when you've got a particular down cycle and I don't think anyone has particular clarity on when we see that sector turn up again. It's certainly not evident at this point in time.

However we have strong performance areas in rail, power and maintenance. And so our argument as negotiated in this **transaction** was you know, we agree that **mining** construction and construction was very difficult in a down cycle, but we have other pockets of area. Now obviously we haven't been able to achieve in the last several years a 5% compound growth rate given the market in which we operate and the pressure on margins and resource companies cutting back dramatically their procurements, their maintenance and deferring new capital expenditures. So we haven't been able to achieve that.

But nevertheless, we felt as a **Board** we had to set some targets on our earning side to align earnings outcomes with shareholders and reward. Secondly we looked at the other half in terms of TSR -- and it's a relative TSR we are using -- and some 80% plus of the ASX companies listed use a relative TSR as the measure.

Not altogether perfect because of some of the points you have made, rightly, and perhaps that's a matter going forward that we might think about policy in terms of how that might be structured in the future. But in terms of securing the service of this particular individual, we wanted to have some stretched targets. We wanted to have targets that were familiar in the marketplace and met the market criteria. So that's where we are.

Now there is indeed a three- and a four-year cliff vesting which there is precedence for that structure, but I do agree that in a perfect world, maybe it should be something else. But that's what we were able to negotiate to secure the services of this individual.

ESTELLE RENARD: I trust that for next year you would reconsider and have a vesting scale, that it's not an all or nothing situation.

TREVOR ROWE: I'm sure the **Board** will reflect on the shareholders' comments and observations that we've received from the Remuneration Report. Thank you Estelle. Any other questions? Thank you. I think the proxies are going to be available now.

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I now formally propose the motion on the agenda, item 5, and the meeting is put to the vote. As I advised earlier, the business will be conducted by means of a poll at the end of the formal business. There is ballot boxes at the end if you would care to put your voting in that, please do if you leave early.

We will now proceed to the next item, the adoption of a new constitution. As outlined in the notice of meeting, the **Board** recommends a new constitution be adopted. The new constitution basically is aligned with prevailing corporate governance practice and ASX listing rules and the corporations code.

There are many changes, not particularly significant, but we thought it was an opportunity to clean up our constitution. I have signed and tabled the constitution that was circulated to all shareholders. Is there any discussion on this item?

PETER GRAHAM, SHAREHOLDER: Peter Graham, I'm a shareholder. You indicated, I think incorrectly, that the new constitution, which has been signed by you and tabled, has been circulated to all shareholders. I think that is 100% wrong, is it not?

TREVOR ROWE: Okay, with the notice of meeting, we advised the new constitution was on our website. In that sense it was communicated because we advised shareholders the new constitution, in the notice of meeting, is on our website for anyone to read and examine.

PETER GRAHAM: Well, I'm not sure that I was conscious of that access point. No copies of the constitution were available at the registration desk today. Shareholders are really being asked to vote blind on an important issue, namely whether what's down there in the red folder is or is not an appropriate constitution for the company.

May I deal with just some points that occurred to me as I read the explanatory notes and express a point of view that I think the directors need to take on board, the Institute of Company Directors needs to take on board. There have been many changes made to corporate constitutions and corporations law in recent time, which is directed at the destruction of shareholder rights rather than the enhancement of them.

Can I firstly take you if I may to the explanatory memorandum, page 11 of 16, where it is stated, the proposed constitution in rule 4.1(m) provides that the Company will have the ability to require bank account details before a dividend needs to be paid. If no bank account is nominated, the dividend can be withheld or paid into a separate account and held without interest.

I think that is a shameful approach that companies have adopted that especially elderly people who may not have the facility for notifying bank account details should be deprived of their dividends, that the dividends should work for the benefit of the company. I happen to have a mother-in-law who was owed something like six years of dividends from IAG, Insurance Australia Group Limited, at the time of her death. I think it's shameful that that can occur.

The Company has an obligation, in my view, to pay dividends by cheque. I appreciate the modern method is to require people to give bank account details so that it can be easier to effect payments through share registry offices without the companies paying themselves.

The question that occurs to me is whether or not companies intend to keep cash at the registered office so that if a shareholder who's not received a cheque, who hasn't provided bank account details can go and demand their money and I'd like to know whether there's any good reason why they should not be entitled to expect payment in cash if they turn up at the registered office after the dividend has nominally been paid and say, where's my money.

TREVOR ROWE: I'm sympathetic to the points you are making, but let me assure you, what we've articulated there is common practice in terms of dealing with dividends. Let me assure you it is the Board's intention when it declares the dividend, that it actually does get paid to shareholders. However, it's obviously a significant administrative issue that we have to deal with, and this has become accepted market practice in terms of how we get those dividends to shareholders into their bank accounts.

I suggest to you it's fairly standard practice. We are obviously sympathetic -- I'm sympathetic to your point. I'll have a discussion with the Company secretary to see what else we might be able to do if there's a situation like to which you refer.

PETER GRAHAM: Chairman, thank you for that. I fully accept that it's become standard practice but it's bad practice.

Chairman, can I move to further down page 11 of 16. Provision in rule 6.8 is to be made for people to be able to cast their votes prior to the meeting. For instance, by voting via the internet. I think it is an extreme discourtesy of boards of companies, and I don't speak of UGL, I merely speak of companies generally, to deny shareholders the right to attend and speak on motions that come before a meeting and persuade other members as to the rightness or wrongness of a particular resolution.

The idea of people being able to vote before a meeting on an item of business in my view is extremely discourteous if one thinks about the fact that people may well change their minds when they hear a thoughtful contribution at a meeting.

It's become commonplace -- perhaps it's the Institute of Company Directors that's at fault -- to think that the only right of a shareholder at a meeting nowadays is to ask questions. That, of course, is quite wrong. But everyone proceeds on the basis, would you care to ask a question or make a comment.

TREVOR ROWE: Correct.

PETER GRAHAM: That sprang -- that section in the corporations law -- sprang from the fact that the rights of shareholders were and remain, where there are motions before the chair, to speak for the motion or to speak against the motion. Some frustrated shareholders would turn up and ask questions and they were sat down by chairmen who said, you can't ask questions. You can speak for it or you can speak against it. Chairmen, regrettably, and all companies nowadays seem to have forgotten the fact that the first and foremost right is for a person to speak to persuade others to vote for a resolution, or to speak against it. I think the idea of having pre-meeting voting is extremely discourteous and is one that ought not to be followed.

TREVOR ROWE: Look, I've been in attendance at meetings that have discussed this issue as move into this digital era to the extent that there is a view in some quarters that we should just do away with AGMs. Not a view I personally share at all, because in the end -- the last time I looked -- I'm here to serve the shareholders. I'm a servant of the shareholders, therefore I need to be answerable and accountable to shareholders. In fact I enjoy these meetings, I don't find them a burden at all. So whilst we are moving to a digital era and it's progressively all around let's all do it electronically, my personal view is I don't subscribe to that. I still think the AGM in its context of the ability of shareholders to ask questions is appropriate.

Whether we see further changes, as some are proposing, in terms of dealing with voting and AGMs, we will see how this evolves. But in this digital era there's a lot of people saying we can have virtual AGMs. Well it's maybe my age and my grandson probably thinks I'm a bit old-fashioned here but I think this is a much better forum than just having a pure internet arrangement. But we proposed is just simply again unfortunately current market circumstances.

This Board -- I know I can speak for it -- this Board does not encourage anyone, unless they wish to exercise that right, to vote before a meeting. That's entirely their right. But our objective is not to suggest that's what they should do; it's entirely up to the individual. But I am mindful of your suggestion. There's going to be a lot of debate on the role of AGMs in public companies going forward, particularly companies that have much larger number of shareholders than we have.

PETER GRAHAM: Chairman, I respect your personal position and thank you for it and want to add you to my list that includes people like Jacques Nasser who adopt exactly the same view --

TREVOR ROWE: He does.

PETER GRAHAM: -- that company meetings are critical to the success of companies.

TREVOR ROWE: Excellent.

PETER GRAHAM: Perhaps what needs to be done is to have the law changes to facilitate electronic voting after a meeting to allow people to have views expressed at the meeting which are then reported in the press and then, after consideration, can be voted on. But may I move onto my next point --

TREVOR ROWE: I've been involved in that debate too, that raises all sorts of other problems. But look, this is an area where everyone who wishes to contribute should make sure that our policymakers understand. Also if you're a member of the Institute of Company Directors you should be making your views known to them because they are a body that is -- so I encourage you to make those views well known.

PETER GRAHAM: Chairman, may I move to the top of page 12 of 16. Forgive me for using this company's meeting as the forum for expressing these points of view, but they're important. The top of page 12 of 16, the explanatory notes tell us that rule 6.10 is one which will allow presumably the Company to complete or amend an incomplete or unclear proxy appointment on the basis of the shareholder's instructions. Does that mean that you can take a ballot paper at an election and fill it in where it was cast informally? What exactly is this particular rule going to allow to occur?

TREVOR ROWE: That's not the intention to give the Company the prerogative of altering the vote at all. If the proxy form is not suitably complete and there's instructions from the shareholder it can be amended in accordance with those instructions and those instructions only, am I right Company Secretary? Thank you.

PETER GRAHAM: Chairman, if I can move to the next paragraph please. The proposed constitution incorporates a number of changes proposed to assist with the orderly conduct of general meetings of the Company. If I may use an expression, they're weasel words. They don't tell me anything. Can you please tell us, what are the changes proposed to assist the orderly conduct of general meetings of the Company? What rights are conferred, what rights are taken away?

TREVOR ROWE: We as a board as at this point in time have no intention of proceeding with AGMs -- annual general meetings -- of our company in any other way than we're doing now. Again this is kind of standard language that finds its way into our constitution because it's now common practice.

But again, I think some of your questions related to this **board** are not particularly relevant because whilst we have adopted a constitution, updates with the current law -- corporations law -- that we have to live with and the instructions issued by ASIC and other formats we will conduct our business the way we believe it's appropriate in responding to our shareholders who we in fact work for.

PETER GRAHAM: Well chairman, I do hear what you say. Sometimes standard practice is bad practice. I hope this **company** seeks to discern whether or not what it is proposing is done for good reason in the interests of the owners of the Companies, and not contrary to the interests of the owners.

TREVOR ROWE: If this **Board** wished to change the procedure and process of its AGM, I am confident shareholders would be informed as to the reasons why. There is no intention at this point in time, and it has not even been considered by the **Board** that we would change our processes and procedures.

PETER GRAHAM: Thank you Chairman. May I just have one more comment. Further down page 12 of 16, we're told about rule 13 -- has been amended to provide more up to date requirements for the time of service, in particular to reflect current corporate practice with sending notices by electronic means.

I'm dead against any communication of notices of meetings publically -- electronically. I think it's shameful, everything that is critical to a shareholder's rights should be done by hard copy and by post. I don't think it's an enhancement of the rights of shareholders to take away the right to receive a posted notice of meeting. Can you please tell us, what has been done in rule 13?

TREVOR ROWE: Well, let me --

PETER GRAHAM: Can you read it -- can you possibly read it to us because I'm afraid I don't have access to it.

TREVOR ROWE: Well I -- let me just say this to you. Again, it is common practice in where the market is moving. We are in a digital era. A lot of people prefer to get their information electronically, and not in hard copy. Even some Greens supporters tell me we save all the trees doing this. But I hear you, I understand, but that is in fact the way the market is moving because it's more cost effective, it's more efficient and you get it electronically, faster and more conveniently.

So I hear you, as I say, some people prefer hard copies. There is a good body of people these days that prefer electronic copies.

PETER GRAHAM: There are still a lot of elderly shareholders who do not understand computers --

TREVOR ROWE: I am sympathetic, as I said before --

PETER GRAHAM: -- and there is no right of a **company** to deprive those people of notice of meetings.

TREVOR ROWE: No we don't intend to do that either. I think our **Company** Secretary wants to tell me something important.

PETER GRAHAM: Alright.

LYN NIKOLOPOULOS, **COMPANY** SECRETARY, UGL LIMITED: I just want confirm that, from the shareholders rights, we don't want to take away anyone's election to receive hard copies of documents. The change in the constitution is really just allowing us to send copies of formal documents or legal documents electronically where a shareholder has elected to do so.

TREVOR ROWE: And as long as they elect to do that, I don't see a problem personally. But I think we take your point, we have no argument with you on that score.

PETER GRAHAM: Chairman, provided that the -- what has just fallen from the **Company** Secretary is the case, it amplifies and says what perhaps should have been said in the explanatory notes. Thanks very much indeed.

TREVOR ROWE: Your pleasure. Thank you. Any other questions? This one at --

UNIDENTIFIED AUDIENCE MEMBER: I seem to be the only other one on this side of the room. I just want to endorse what was being said just very recently about the service of notices. I really do insist, and I am computer literate, but I do insist on getting notices by snail mail. And I want to be able to sit down and read them, where necessary, at length. And you can't damn well do that on a computer screen.

TREVOR ROWE: Thank you.

UNIDENTIFIED AUDIENCE MEMBER: And I hope that everybody else has some sympathetic view here. The other thing -- compulsory sale of non-marketable parcels. Now heaven forbid that my 5000 shares ever get to be worth less than AUD500, but --

TREVOR ROWE: I hope not.

UNIDENTIFIED AUDIENCE MEMBER: But there are circumstances in, shall we say some of the more speculative areas of business, and hopefully we will refrain from that also. But where marketable -- sorry, parcels that were very marketable have fallen in bad times recently, and hopefully they'll come back again. I think it's a bad suggestion. I don't like this idea of companies without my knowledge being able to clear my parcel.

TREVOR ROWE: Well only if it is a non-marketable parcel, and we certainly don't wish to get in that position.

UNIDENTIFIED AUDIENCE MEMBER: Just how long is it going to be remaining as non-marketable before you sell it?

TREVOR ROWE: Well it's not our -- it's our intention to have them marketable. It's a question in the back? Excuse me, is there a question over here?

FRANK BURTON, SHAREHOLDER: Mr Chairman my name is Frank Burton and I'm a shareholder, and I'd like to make a comment in relation to the discussion about proxies, et cetera. I actually am a non-voting shareholder here, because I elected to make -- to vote my shares prior to the meeting and have lodged my votes already, as have, I note, a huge number of other shareholders who have given directed proxies to the Chairman.

The shareholder over there thinks it's discourteous, not necessarily. We have made our decision on what we think the vote should be, in the event that he were to be done, the whole process of directed proxies would disappear which is -- would mean that only people who can attend the meeting would be able to vote, or to be able to do it for some time.

What would happen to people who are not in Australia at the time, for people who do not have access to the computers. I think it's a ludicrous suggestion to say that you can't have directed shareholders and you can only vote based on the discussion at the meeting.

TREVOR ROWE: You have no argument with me Frank. Any other questions? Okay thank you very much.

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We'll now move to the approval of the -- sorry, we'll now move the -- all those in favour of moving the constitution -- oh, first we've got the proxies up here have we? And we'll now move to the vote. Those in favour, please raise their yellow card. Against? Motion's carried, and I declare the resolution approved.

We'll now move to the last item of business: the approval of capital return. As discussed earlier in the meeting, the capital return is subject to both shareholder approval and receiving a final class ruling from the ATO. Is there any discussions on the capital return? Thank you. The proxy votes available in relation to this item, item 7, now appear on the screen. I now formally propose a motion -- item 7 to be put to the meeting. All those in favour please raise their yellow card. Those against? I'm not surprised to see no-one against that. The motion is now carried on a show of hands and I declare the motion approved.

This now brings me to the poll for voting on agenda items 3 to 5. I appoint Mr Lee Marshall of Link Market Securities Limited as the returning officer for the poll, and Link Market Securities Limited as scrutineers for the poll. On the back of the yellow voting cards, you will find the poll paper. Please mark the box to indicate how you wish to vote on agenda items 3, 4 and 5. Please remain seated and representatives of our share registry Link Market Services will collect your completed card.

Okay. Have they all been collected? Okay, have all yellow cards been handed in? Are there any outstanding voting cards? Great, thank you. I now declare the poll closed, and confirm that results will be released to the ASX as soon as possible. I direct that all proxy forms and voting cards be retained for three months and then destroyed in accordance with normal policies and procedures.

Is there any other business for discussion at this meeting in accordance with the constitution before we adjourn for some coffee or tea or something?

Ladies and gentlemen, can I thank you very much indeed for your attendance today at this important meeting -- important to me perhaps more so than yourselves because this is my last annual general meeting. And for the sake of repetition -- but I just will say it anyway -- it's been a great honour and a great

delight for me to be chairman of your **company**. It's been truly an exciting and rewarding experience. I've had a lot of fun working with our people, working with our **Board**, working with our CEO and Managing Director, working with all our people out and about around the world, seeing our **operations**, consulting with our people, and I've got many fond memories of those interactions.

We've not been without our challenges but I think on balance I'm very pleased with where we've come out at the end of the day over the last ten and a half years. It's been quite an exercise, and one that I've found personally rewarding. I'd also, just in closing, once again like to thank Dr Raymond Ch'ien for his wise counsel and input, and Richard Leupen for his vigorous, robust leadership of this organisation over a long, sustained period of 14 years, and what worries me is he looks the same as he looked 14 years ago.

Anyway, thank you very much. Please join us out the back for a coffee and tea and don't be shy about asking any questions; I know you won't be. But once again, thank you very much for coming. I appreciate it.

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