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Transfield Services

Sustainability Investor Presentation 30 July 2015

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Graeme Hunt – Managing Director and Chief Executive Officer

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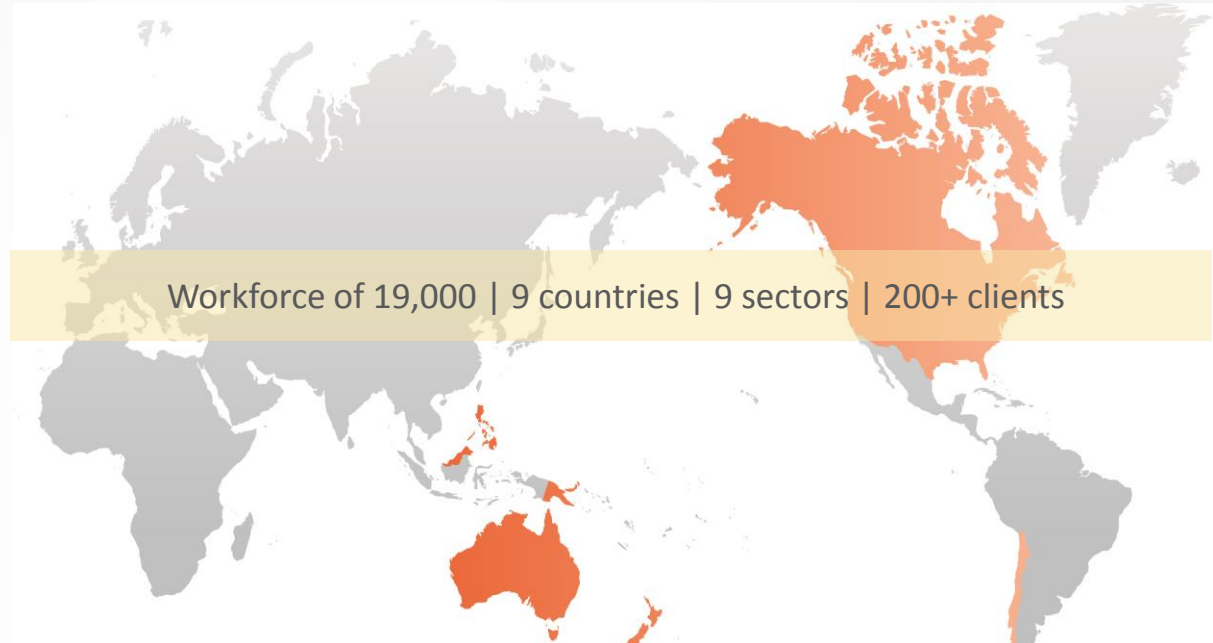
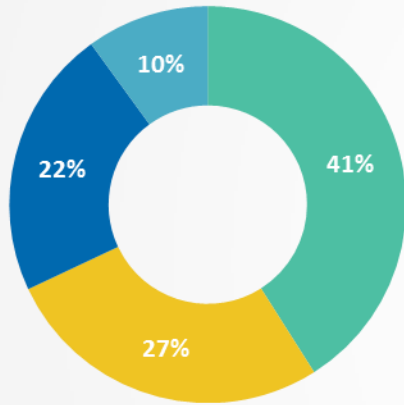
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All amounts are in Australian Dollars, unless otherwise stated.

Global diversified services business

Revenue by Sector¹

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



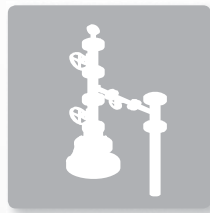
Our Services across our operating regions



Logistics and Facilities Management



Operations and Maintenance



Well Servicing



Consulting



Care & Welfare



Construction

Australia | NZ | USA | Canada | Chile | Nauru | PNG | The Philippines | Brunei

1. Revenue by Sector as at 31 December 2014. FY2015 full year financial results will be announced to the market on 27 August 2015.



We are an essential services provider



- ▶ We provide operational, maintenance and project management services to rail, trams, buses and ferries across Australia. Our contracts include **Sydney's Harbour City Ferries** for the NSW Government in partnership with Transdev, **Adelaide Buses** and **Brisbane Airport Rail Link**



- ▶ We provide a range of essential services across the Health, Education, Aged Care and Social sub sectors including **Austin Health** (3 campuses across Victoria), **Gold Coast University Hospital** and **Newcastle University**



- ▶ We provide project management expertise through our wholly owned subsidiary, APP
- ▶ APP is project managing the delivery of **Dexus'** first residential tower in Melbourne CBD and recently managed the refurbishment of **Star City** in Sydney



- ▶ We operate across the infrastructure sector which includes telecommunications, water and utilities. Key contracts include **National Broadband Network** in Australia and the **Ultrafast Broadband Network** in NZ and long term contracts with **Sydney** and **Melbourne Water**



- ▶ We provide shutdown maintenance and drilling services to **various oil & gas operators globally including for Woodside and Caltex**
- ▶ We maintain coal seam gas wells in QLD for **QGC's CSG to LNG program** and **Santos** utilising Easternwell's well servicing capability



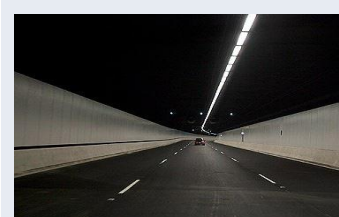
- ▶ We are an industry leader in facilities management and maintenance services. We currently maintain in excess of 65,000 public housing assets and maintain and clean 1,400 public schools in NSW for the **NSW Government**



- ▶ We provide estate management and garrison support services to the **Australian Department of Defence** on bases in VIC, SA, Tas, WA and the NT. We also provide emergency services and maintain the national stores for the Department of Defence on every Australian base



- ▶ We provide garrison and welfare services for the **Australian Government on Nauru and Manus Island**



- ▶ We operate and/or maintain civil, mechanical, electrical and tolling assets for the **Hills M2 Motorway and Lane Cove Tunnel in Sydney, City Link and East Link in Melbourne, and Presidio Parkway** in the USA



- ▶ We provide operations and maintenance services to oil & gas assets in the downstream sectors in the USA for clients such as **Chevron, Exxon Mobil and Valero**

Delivering targets despite challenges

5

1

- Transfield Services reaffirmed FY15 underlying EBITDA to be within the range of A\$260-A\$280m¹

2

- Turnaround well progressed - EBITDA CAGR from FY13-FY15 c.15%
- Balance sheet repair on track - Net Debt to EBITDA ratio on track to reach <2.0x target by FY15 end
- Sale of non-core assets such as RACL stake expected to further reduce gearing in FY16

3

- Near to medium term growth in the portfolio expected to be driven organically by:
 - > Increased outsourcing in the Defence, Social & Property sector
 - > Completion of CSG/LNG construction phase for Queensland projects (end of CY2015)
 - > Exposure to long life infrastructure projects such as NBN & UFB
 - > Targeting new owners of infrastructure assets (both public and private)
 - > Ability to target greater share of services for existing clients through new operating model
 - > 200 basis point EBITDA margin improvement program to be delivered over 2 years c.\$75M-\$100M p.a. benefit

4

- Challenging macroeconomic conditions are expected to continue into FY16 in key markets including energy, as well as some timing delays impacting infrastructure construction

Turnaround program well progressed - solid improvement on the balance sheet achieved; continuing to focus on enhancing Group EBITDA margins to +7.5% going forward

Our approach to sustainability

The Company's ESG Profile:

1

Governance

2

Social

3

Environment

Our approach to sustainability

We have aligned and integrated our corporate responsibilities with our business goals for the benefit of all stakeholders



To ensure our global business operations are managed and measured to drive sustainable business practices with minimal impact on the environment and surrounding communities

To build relationships with key stakeholders, develop and implement community projects and initiatives and engage local people and businesses

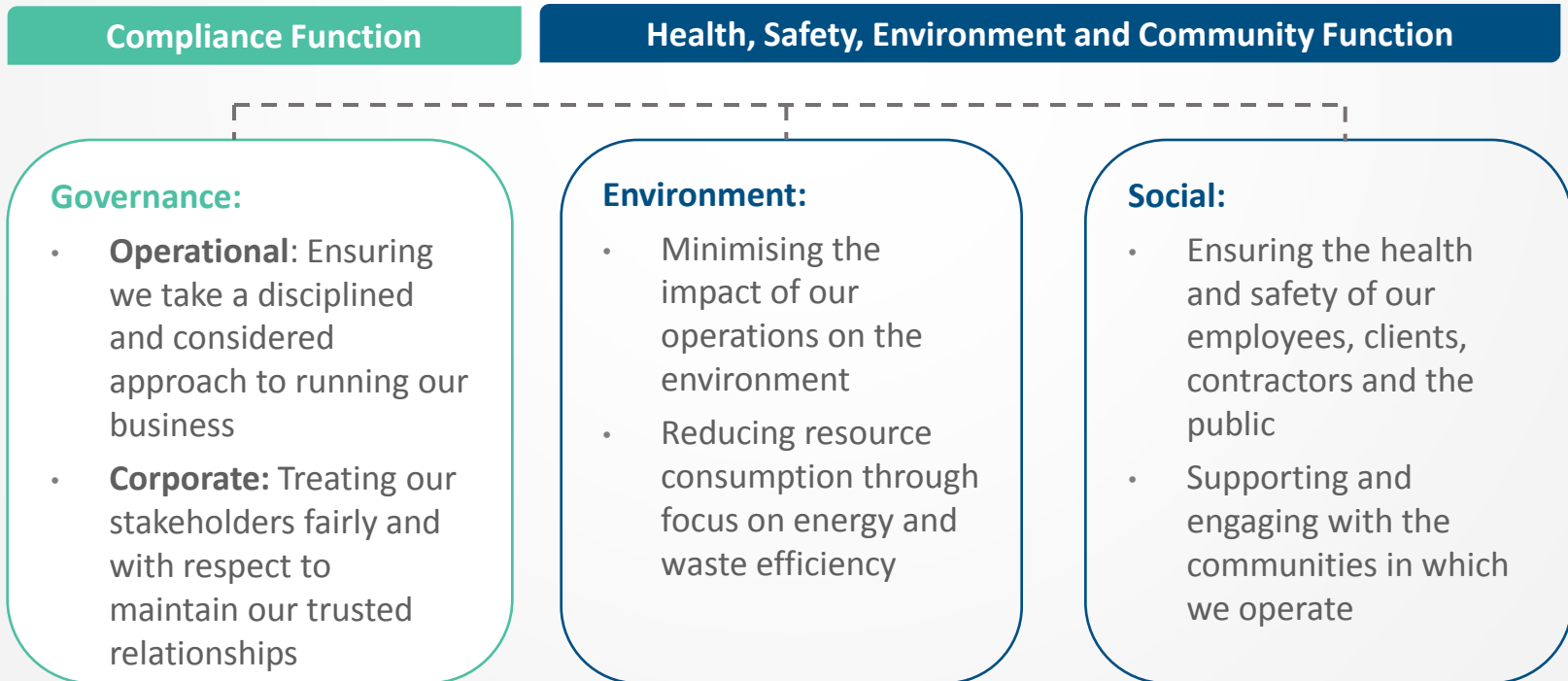
To ensure our Company works safely, behaves ethically and abides by laws and regulations



ESG management at Transfield Services

- *Transfield Services relies on the strength of its corporate reputation to win and renew contracts, and maintain community and shareholder support*
- *Management of environmental, social and governance risks is vital to maintaining the health of our corporate reputation*
- *ESG risk management is coordinated across compliance functions embedded within our management structure and overseen by the Health, Safety, Environment and Community (HSEC) Board sub-committee*

Transfield Services' Enterprise Risk Management Framework





Governance

“The Code of Business Conduct is Transfield Services’ global standard to ensure we work safely, behave ethically and abide by laws and relevant regulations”

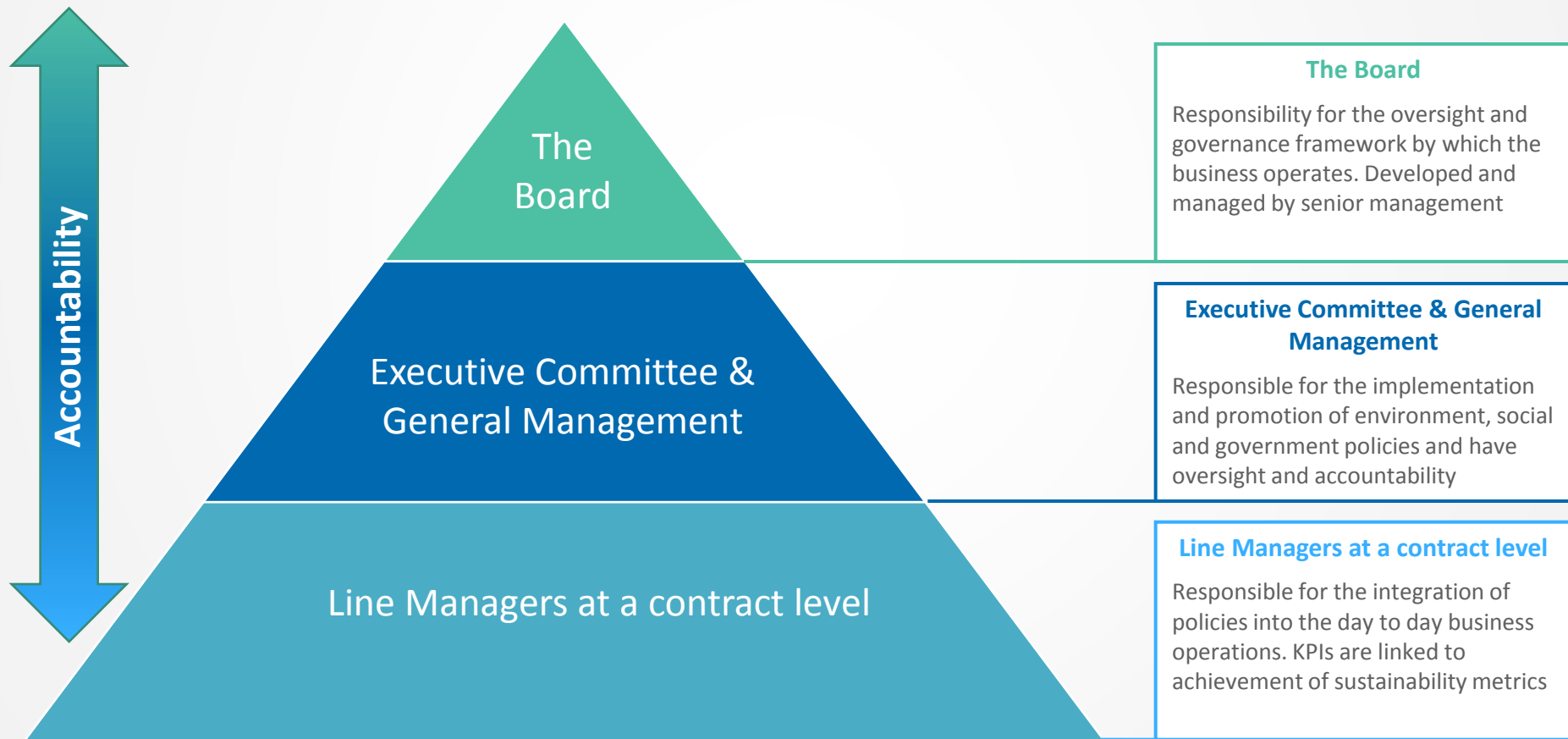


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Governance - Organisational accountability ¹⁰

Management accountability linked to performance indicators. Board are responsible for oversight





Governance framework

Transfield Services' governance framework ensures that we have all the necessary principles and processes in order to exercise control and delegate authority within the business to deliver sustainable outcomes. Our governance system aims to:

- Ensure appropriate accountability
- Minimise business risks
- Promote ethical conduct and shared value to the communities within which we operate
- Enhance investor confidence

	Corporate Governance	Operational Governance
Accountability	<ul style="list-style-type: none"> • The Board • Executive Committee 	<ul style="list-style-type: none"> • The Board • Executive Committee • Senior Executive / Management responsibility • Management accountability linked to performance objectives
Key Documents	<ul style="list-style-type: none"> • Code of Business Conduct: The Company provides mandatory global training each year to educate the workforce. The Code is our global standard to ensure we work safely, behave ethically and abide by laws and relevant regulations. Our code can be found at http://www.transfieldservices.com/investor/Code_of_Business_Conduct on our website • Details of our corporate Governance practices can be found in the Corporate Governance Statement from the FY14 Annual Report. This will be updated with the release of the FY15 Annual Report • The Company will be reporting against the 3rd edition of the ASX Corporate Governance Principles and Recommendations 	<ul style="list-style-type: none"> • Code of Business Conduct • Delegation of Authority Procedure • Group strategy and 5 year plan • The 'Gate Process' <p>The purpose of the Opportunity Governance and Approval Process ('Gate Process') is to ensure that opportunities that pass through the process generate shareholder value</p>



Code of Business Conduct

- *The Code is structured to promote specific Conduct Principles within each of our Company values*
- *The Conduct Principles set the minimum appropriate level of behaviour and are aligned to the Company's four values: **Integrity, Collaboration, Challenge and Ingenuity***

1	Respecting and upholding human rights in business		
2	Promoting workplace equality and diversity	12	Competing fairly and ethically
3	Preventing harassment	13	Striving for a high standard of service
4	Encouraging community and Indigenous relations	14	Protecting confidential information
5	Observing laws and regulations	15	Complying with insider trading laws
6	Condemning bribery and corruption	16	Preserving shareholder value
7	Building a safe workplace	17	Working with reputable business partners
8	Embracing the environment and sustainability	18	Maintaining complete, accurate & timely business records
9	Respecting privacy and personal information	19	Using Company assets & technology responsibly
10	Exercising care with gifts, discounts and hospitality	20	Avoiding conflicts of interest
11	Participating in responsible political dialogue	21	Sharing knowledge and challenges



Respecting & upholding human rights in business



INTEGRITY

Integrity: Do what's right

Implementation

- ▶ Employees have responsibility to respect and uphold Transfield Services' values and human rights in conducting business activities on behalf of the Company. In particular, employees:
 - ▶ Must comply with Transfield Services' Mandatory Safety Rules and Health and Safety Management System;
 - ▶ Must comply with Transfield Services' Code of Business Conduct and Equality and Diversity in the Workplace Policy;
 - ▶ Are encouraged to engage with and monitor Business Partners in accordance with the Business Partners Policy and engage with Transfield Services' Community Engagement Programs;
 - ▶ Where applicable, must perform security and other related services by taking all reasonable steps to avoid the use of force, and if force is used, ensure that it does not exceed what is strictly necessary and is proportionate to extent of the threat and appropriate to the situation; and
 - ▶ Are encouraged to report any suspected human rights violations
- ▶ Embedded throughout our business
 - ▶ Included as part of the assessment criteria for procurement of goods and services
 - ▶ Code of Business Conduct training program now also incorporates the new Human Rights Conduct Principle
 - ▶ Compliance and Governance Group is developing an online module on the Human Rights Conduct Principle to be made available later this year



Corporate governance case study

Integrity Hotline

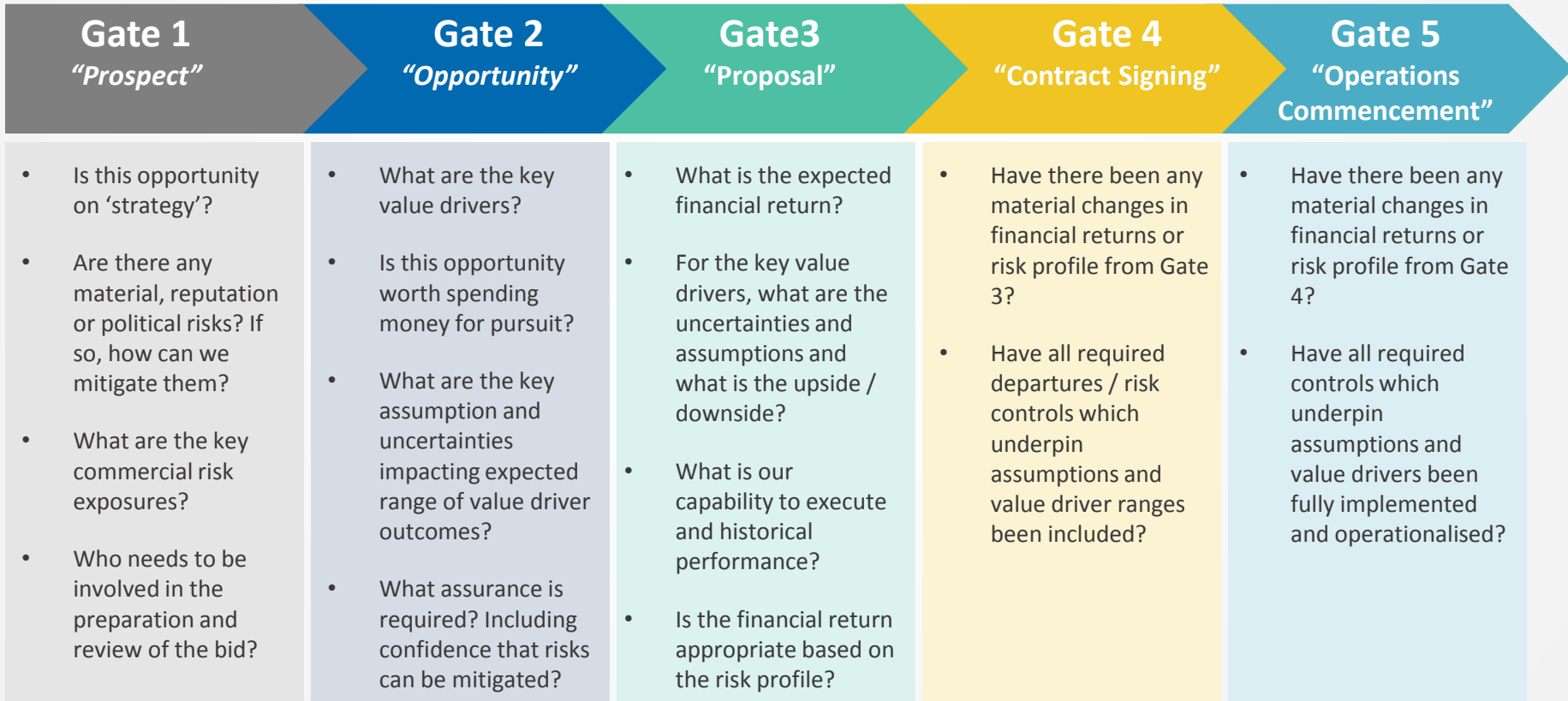
- ▶ Our working environment is based on respect and openness to enable challenges to be addressed promptly and effectively in accordance with the Code of Business Conduct Principle – *Sharing Knowledge and Challenges*
- ▶ Transfield Services employees have clearly stated internal channels to air their concerns through line management, and this occurs on a regular basis.
- ▶ To support employees right to raise issues and promote an open working environment Transfield Services' offers employees a 24 hour Integrity Hotline, which came into effect in 2008 and is operated by Control Risks, an external provider
- ▶ Transfield Services' also has in place a Whistleblower Policy which applies to all Transfield Services employees or any other parties acting as representatives or agents of Transfield Services. The Policy also extends to all our majority-owned operations in all countries in which we or our subsidiaries operate
- ▶ In accordance with the Whistleblower policy, and where an employee contacts the Integrity Hotline, the Control Risks officer who receives the call makes a record of all disclosed information. The employee may choose to either identify themselves or remain anonymous
- ▶ Control Risks then refers the matter to the Group Audit Services and Risk team. Once this team receives a notification regarding inappropriate conduct, an investigation is undertaken
- ▶ Transfield Services regularly advertises this hotline to employees through our established communication channels. Employees also receive regular training within the scope of their employment with Transfield Services



Operational governance case study

Gate review process

The Transfield Services Board endorsed the formation of the Gate Process to provide assurance, governance and approval over new contract opportunities and other collaborative arrangements with third parties. The Management team work within the limitations of the Delegation of Authority Procedure to conduct this process. Full risk oversight for the business is provided to the RACC and the Board as appropriate





Key areas of focus for corporate and operational governance in 2016

1

Maximise the roll out of the updated Code of Business Conduct global training with an enhanced focus on the integration of the Human Rights Conduct Principle

2

Improved reporting in accordance with the 3rd edition of Corporate Governance principles – greater transparency

3

Continue to improve stakeholder engagement

4

Continuous improvement of the 'Gate Process' contract discipline

Social

“Looking after the well-being of those who work for and with us is in our DNA. With the addition of global management practices, our safety culture has developed into a distinctive characteristic of which we are very proud”



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Global Social Responsibility

Across our global operations in Australia, the Pacific, NZ, Americas & Asia

Community Engagement

Our community engagement initiatives focus on:

Building Capability

E.g. Indigenous participation

Addressing social & health issues

E.g. Manus Island Malaria Alliance

Shared value

E.g. Local procurement & training

Workplace Health & Safety

Our Workplace Health & Safety initiatives focus on:

Zero harm

E.g. 10 million hours LTI free challenge

Leader led intervention

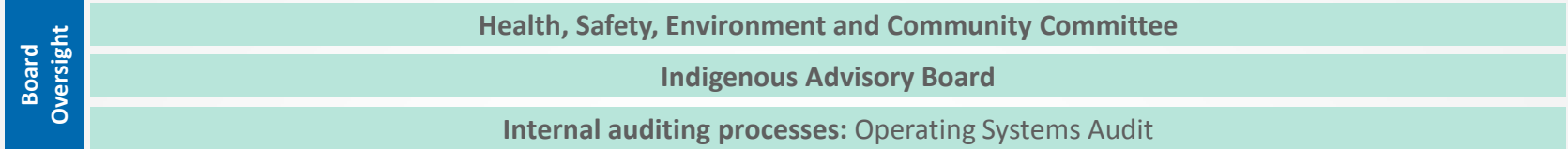
E.g. CEO “walk-around”

Behavioural based approach

E.g. Root Cause Analysis



Social – Community engagement



Community Engagement Management System

Customer Policy and Indigenous Policy

Establishes commitment to developing and maintaining strong relationships with communities in which we operate, and engagement with Indigenous people

Community Engagement Operational Standard

Defines minimum standards for community engagement and Indigenous participation

Community Engagement Approach

Outlines the standard process for developing community and Indigenous engagement plans at the operational level

Community and Indigenous Participation Plans

Specific contract requirements for driving local investment, strengthening community relationships and enabling Indigenous participation

Senior management & leader led accountability

Chief Executive & Service Line Executive General Management



Executive General Manager – Global Health, Safety, Environment and Community



General Manager – Business Community Investment



Community Engagement and Indigenous Participation Managers



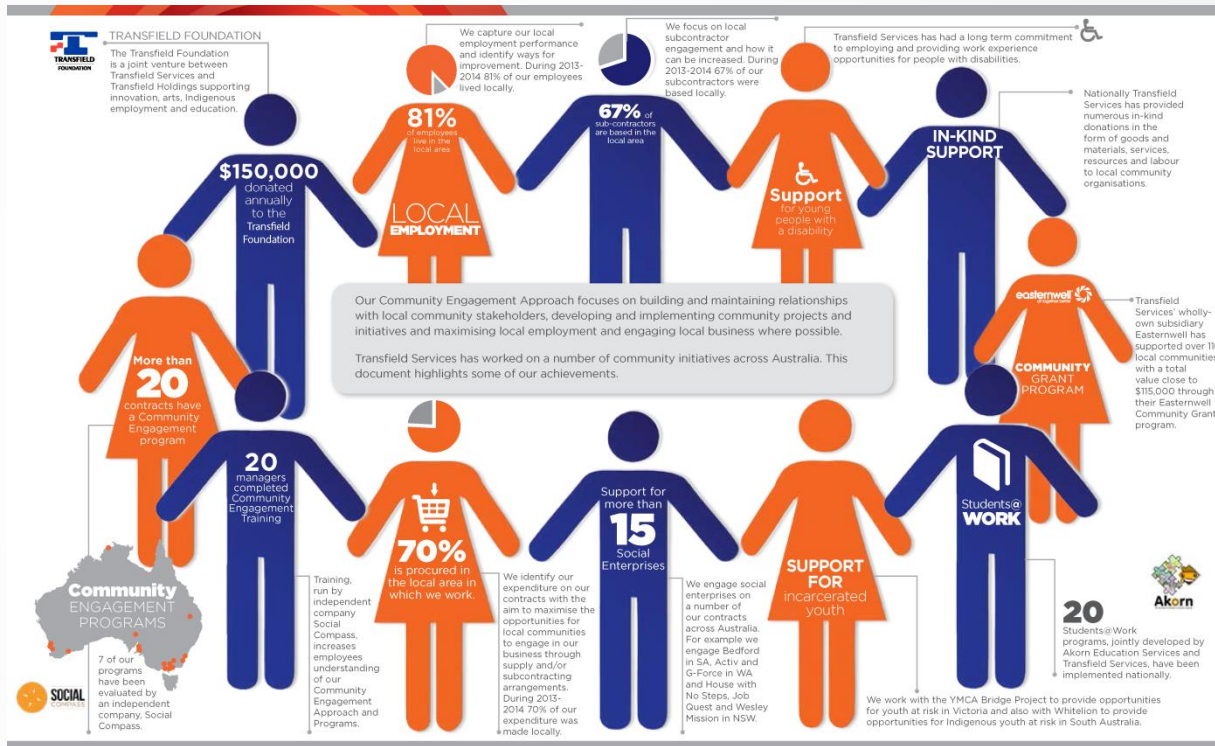
Network of 60+ HSEC professionals embedded in contracts across the business (including Americas and New Zealand)

Community engagement 2015 performance

Transfield Services' community engagement approach is well structured and allows us to deliver on both our social and operational responsibilities

Our community engagement program is focused on:

1. Investing in local economies
2. Strengthening community relationships
3. Enabling Indigenous participation



Support for more than 15 social enterprises

c.\$300k contributed annually through donations & sponsorships (excl. in kind donations)

81% of employees live local to operations

70% of procurement sourced local to operations

67% of sub-contractors based local to operations

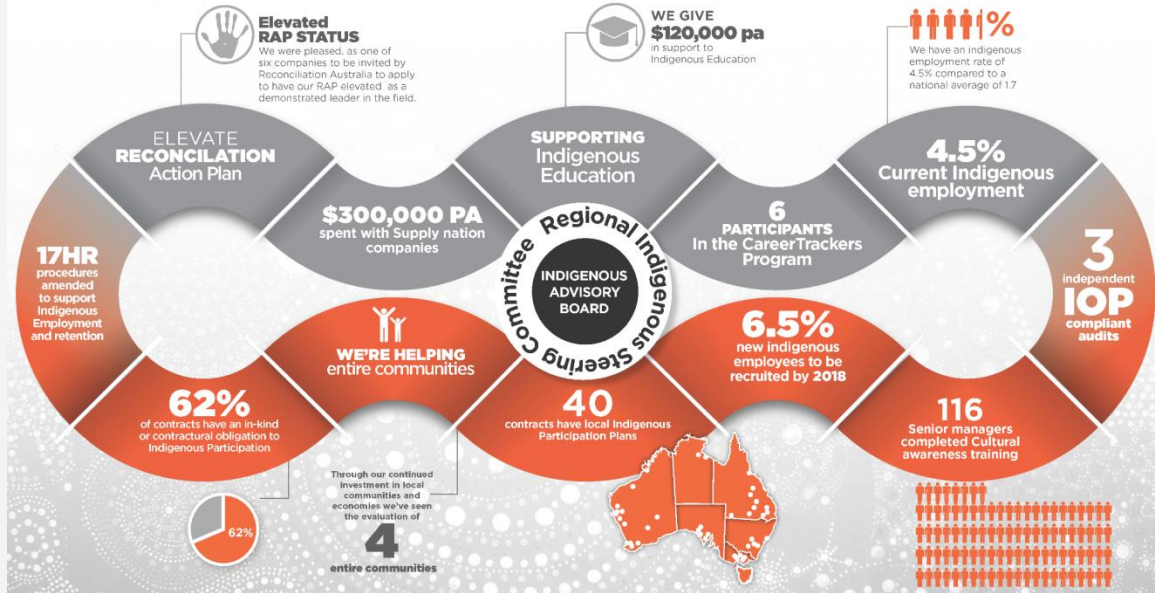


Indigenous participation 2015 performance

- ▶ Our Indigenous Participation Program operates under a Global Indigenous Framework
- ▶ Transfield Services has an “Elevated Reconciliation Action Plan” (RAP) and we are one of only twelve companies in Australia that have an “Elevated RAP”

Our Commitment to Continuing Indigenous Engagement

Our Indigenous Participation Approach aims to deliver meaningful cultural recognition, employment, education and training opportunities for Indigenous people and their communities. Having strong, sustainable and respectful relationships with Indigenous people and their communities is a step in the right direction to “closing the gap” of disadvantages between Indigenous and non-Indigenous groups. We acknowledge Indigenous people as being the original carers of their lands and the importance of preserving their culture and customs.



- ▶ Currently our Indigenous employment rate is 4.5% compared to the national Indigenous employment rate of 1.7%
- ▶ 62% of contracts have either a contractual or in kind obligation to Indigenous participation
- ▶ Transfield Services has launched its **third RAP with an Indigenous employment target of 6.5%**

Transfield Services' Indigenous Advisory Board was founded in March 2006 as one the key initiatives of the Indigenous Participation Approach. The Advisory Board is comprised of 6 members of Australia's Indigenous community and 6 Transfield Services employees, including Managing Director and CEO, Graeme Hunt

Indigenous participation case study

Transfield Services launches its third RAP

“I am impressed by the commitments made in this RAP, and the strong governance structure at all levels of the organisation”

Reconciliation Australia’s CEO, Justin Mohamed

- ▶ Transfield Services’ launched its third Reconciliation Action Plan (RAP) at Parliament House in Adelaide on 21 July 2015
- ▶ Our achievements include the establishment of 40 Indigenous Participation Plans at contract level that provide the channel for meaningful local engagement and sustainable change which has led to results such as a 4.5% Indigenous employment rate – well above the national average.
- ▶ 57% of our Indigenous employees were unemployed for longer than 3 months prior to employment with Transfield Services
- ▶ Transfield Services’ third RAP targets increasing Indigenous employment to 6.5% by 2018; increasing procurement of Indigenous subcontractors and suppliers to 2% in 2018 and 3% in 2020; establish an Indigenous Youth Council to inform Transfield Services on how best to engage Indigenous young people in our organisation; and, recruiting 10 Indigenous interns into Transfield Services
- ▶ 600 organisations in Australia have a RAP, of which only 12 organisations have reached elevated status. Transfield Services is in the top 2% under this assessment



Pictured above: Managing Director and CEO, Graeme Hunt hosted government, business and Indigenous guests as Transfield Services unveiled a bus ‘wrapped’ in Indigenous artwork to commemorate the event.

Indigenous participation case study

North Dakota – case study

- ▶ Transfield Services' Resources and Energy business provides maintenance, turnaround and construction services in North Dakota
- ▶ A proportion of our work is undertaken in the Fort Berthold Indian Reservation. The Reservation is largely owned by Native Americans, either as individual allotments or communally by the tribe
- ▶ Transfield Services has partnered with 100% owned and operated Native Indian company, CCC Oilfield. The intent of the arrangement is to have the traditional owners of the land support the delivery of the services
- ▶ Due to the community rich environment in which we operate, we have a strong sense of responsibility to the community and actively support a number of initiatives which include women's outreach programs, local schools and local health care centres





Community engagement case study

24

Manus Province Malaria Alliance

- ▶ Transfield Services along with the Manus Provincial Government is jointly funding the Manus Province Malaria Alliance (supported by the Gates Foundation)
- ▶ Transfield Services was contacted by the Gates Foundation to roll out the execution of this program
- ▶ Malaria has serious health and economic implications for Manus with 126 cases per 1,000 people reported each year
- ▶ Treatment is also impacted by a black market for Malaria drugs (i.e. Malaria drugs stolen and replaced with Panadol) and exacerbated by the lack of accessibility to health care services
- ▶ Transfield Services, in conjunction with the Manus Province Malaria Alliance steering committee and the local community, is targeting the eradication of Malaria in Manus by 2030



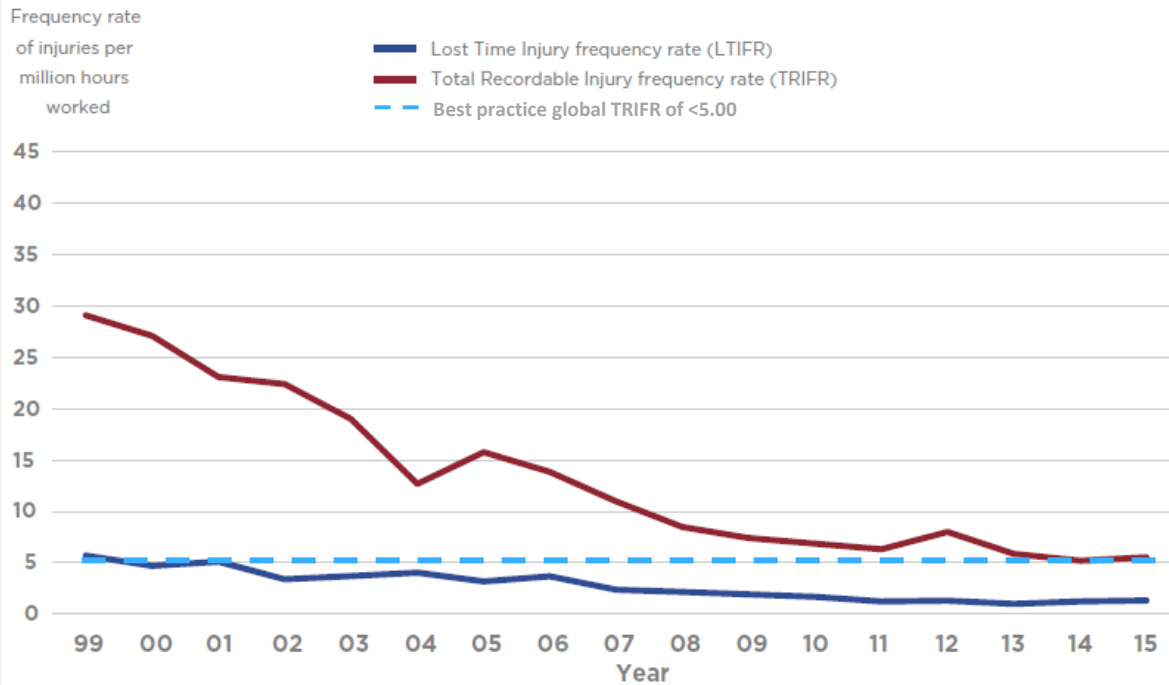


Key areas of focus for community engagement in 2016

- 1 Continue to monitor benefits of community engagement programs
- 2 Increase Australian and New Zealand participation in local investment
- 3 Increase local investment globally (i.e. outside Australian operations)
- 4 Increase Indigenous employment from 4.5% to 6.5% by 2018
- 5 Increase procurement of Indigenous subcontractors and suppliers to 2.0% in 2018, targeting 3.0% in 2020

Workplace Health & Safety 2015 Performance

Significant improvements in injury performance over the last 15 years will be consolidated in 2016 through a focus on positive WHS behaviours



- ▶ The majority of the incidents in our business stemmed from manual handling tasks resulting in sprain and strain injuries

We are focused on:

- ▶ introducing more detailed fitness for duties assessments;
- ▶ additional return to work resources to better manage injuries;
- ▶ review of tasks through workplace inspections; and
- ▶ functional demand assessments to identify hot spots and areas where mechanical aids can be introduced

All employees are issued with a 'stop work card' and are authorised to stop work if they see any unsafe practice



Social – WHS Risk Management

Board Oversight	Health, Safety, Environment and Community Committee
	Internal auditing processes: Operating Systems Audit, Operating Process Controls Audit
	External auditing processes: AS4801 compliance audits, regulator audits, client audits

WHS Management System (AS4801 Accredited)

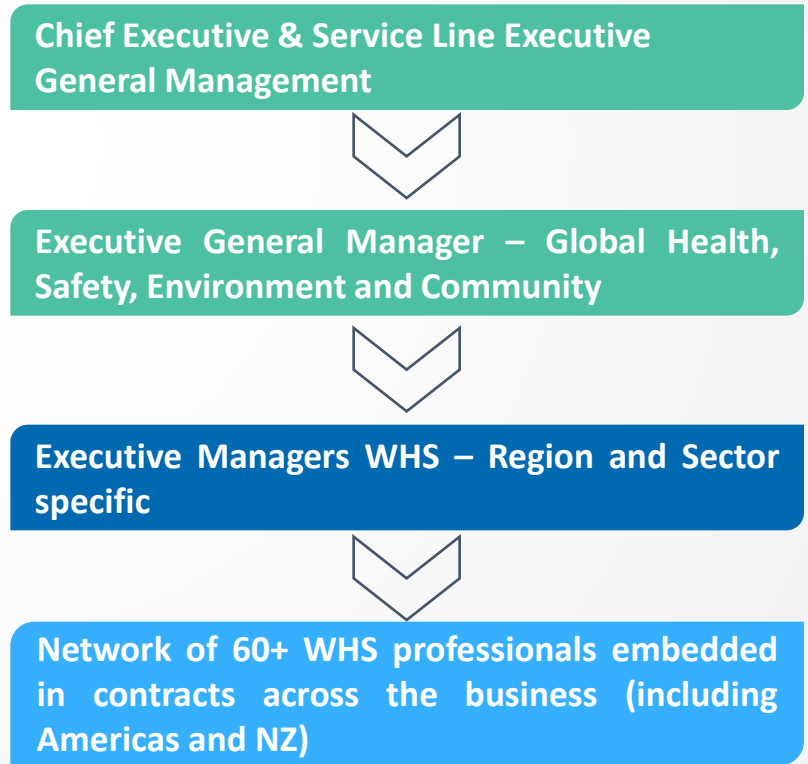
- Health Safety and Environment Policy**
- Establishes a key WHS objective of ‘No injuries to anyone – anytime’

- Mandatory Safety Rules**
- Non-negotiable rules to protect employees and contractors from high consequence hazards

- Global Standards – WHS**
- Establish the principal risk controls and minimum standards to manage WHS risks across the organisation

- Operational work instructions**
- Provide operations-specific instructions on how to meet the global standards

Senior management & leader led accountability





WHS Case Studies

CEO “Walk-around”

- ▶ The leader-led safety conversation program was introduced in early 2014 and encourages senior leaders in the business to demonstrate positive safety behaviours across the organisation
- ▶ A significant amount of time from Senior Management including CEO, Graeme Hunt has been dedicated to safety “walk-arounds” and site visits
- ▶ The number of leader-led safety conversations has increased from 204 in 2014 to 4,352 in 2015

Safety performance with QGC

- ▶ The Transfield Services team delivering the Braemar Pipeline 2 (BP2) Project for QGC in the Surat Basin, achieved 365 days LTI and MTI free in December 2014
- ▶ This equates to **170,202 work hours** and included **593 inductions**
- ▶ The team, together with third party contractors, are constructing the BP2 to Gas Collection Header Interconnect project as part of QGC’s landmark coal seam to liquefied natural gas QCLNG project

Chile’s safety milestone awarded

- ▶ The Transfield Services Chile based division, Inser Transfield Services, is a maintenance service provider to the country’s major mining companies
- ▶ In December 2014, Inser Transfield Services celebrated two safety milestones alongside company client, Codelco, at two of its mining sites, these were:
 - ▶ Nine years without a lost-time accident at the Radomiro Tomic copper mine; and
 - ▶ Four years without a lost time injury at the Ministro Hales copper mine
- ▶ A ceremony was held by the Chilean National Health and Safety Services and Codelco to recognise this achievement



Key areas of focus for WHS management in 2016

1

Behavioural based safety approach to drive down incidents

2

Safety “walk-arounds” and leader led safety intervention

3

Focus on all events especially high potential events and near misses

4

Focus on Root Cause Analysis (RCA) to minimise safety incidents

5

Continued accreditation to ISO14001, ISO9001, AS4801 and regulatory requirements

6

Increased focus on workforce wellbeing including mental health



Environment

“We ensure our business operations are managed and measured to drive sustainable business practices with minimal impact on the environment and surrounding communities”



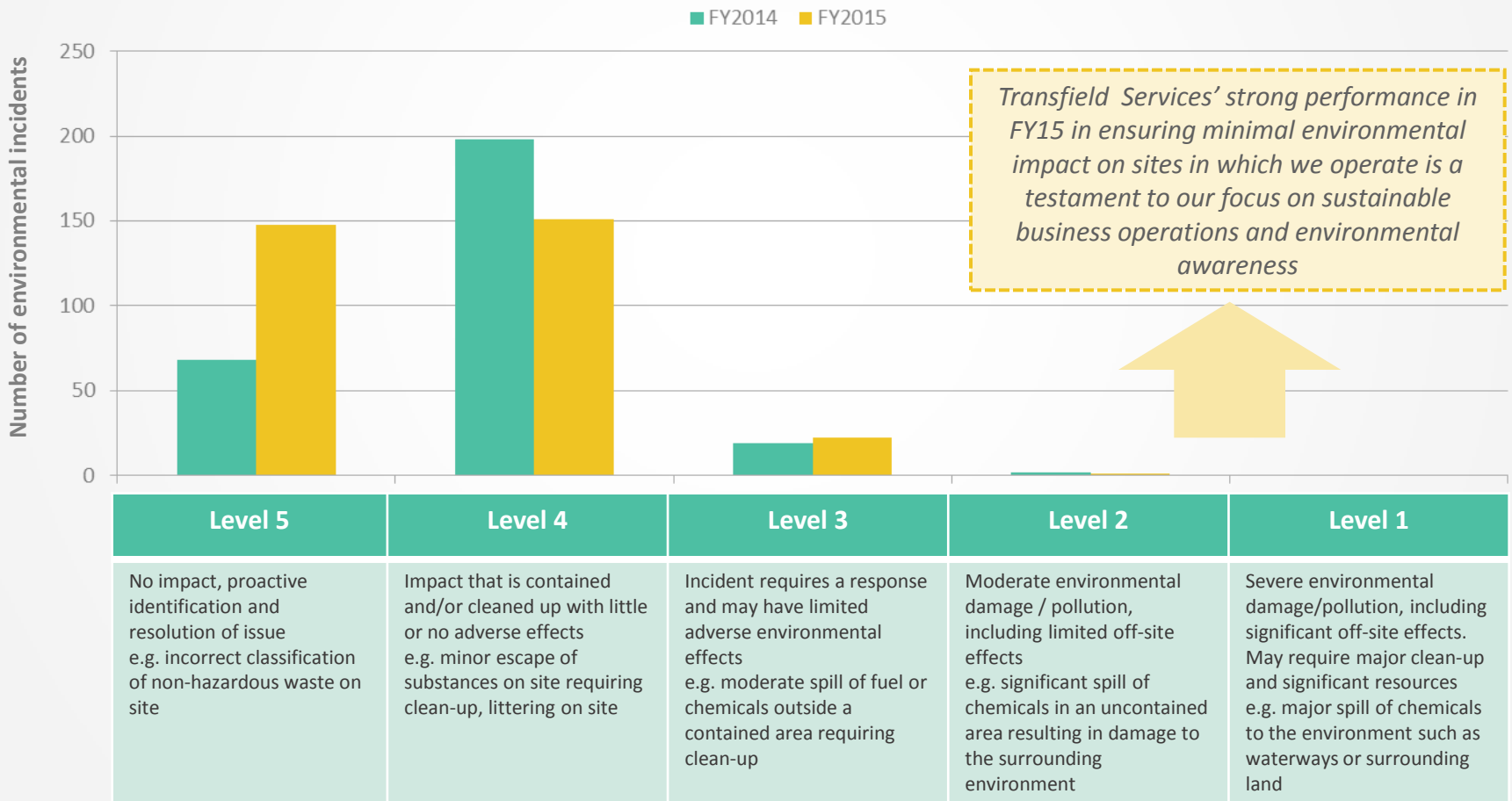
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2015 Environmental Performance

Significant improvement in incident reporting culture

Environmental incidents by severity



NB: Incident data is preliminary, and is currently undergoing end of year review



Environmental Risk Management

Board Oversight	Health, Safety, Environment and Community Committee
	Internal auditing processes: Operating Systems Audit, Operating Process Controls Audit
	External auditing processes: ISO14001 compliance audits, regulator Audits, client audits

Environmental Management System *(ISO14001 Accredited)*

Health Safety and Environment Policy

Establishes objectives to minimise negative impact on the environment

Global Standards – Environment

Establish minimum standards across Transfield Services operations in order to minimise environmental impacts (e.g. waste management, energy and greenhouse gas emissions, etc)

Operational work instructions and environmental management plans

Provides operational specific instructions on how to meet the global standards

Senior management & leader led accountability

Chief Executive & Service Line Executive General Management



Executive Global General Manager – Health, Safety Environment and Community



General Manager Sustainability – Environment



National Environment Managers: Australia, New Zealand, Americas



Network of 30+ Environmental professionals embedded in contracts across the business



Environment Case Studies

Arrium / OneSteel

- ▶ Transfield Services rail projects team were contracted to restore the railway line between Whyalla and Iron Knob
- ▶ Restoration allowed iron ore mined at Iron Knob to be efficiently transported to OneSteel's Whyalla site for processing or export
- ▶ The project required a broad range of environmental considerations including:
 - ▶ Flora and fauna conservation and clearance management;
 - ▶ Weed control;
 - ▶ Soil management;
 - ▶ Stormwater, erosion and sediment control; and
 - ▶ Heritage management
- ▶ In recognition of Transfield Services' performance, the Company was awarded the Environmental Contractor Initiative of the Year by the Arrium/OneSteel consortium

Allwater

- ▶ In July 2014 Allwater became the first organisation to achieve ISO 50001: Energy Management Systems Compliance
- ▶ Allwater is a significant electricity, gas and fuel user and a growing energy producer through bio-gas production
- ▶ ISO50001 certification is evidence of the robust systems in place to understand energy consumption, improve energy efficiency and drive continuous improvement to reduce energy costs and greenhouse gas emissions



Key areas for environmental management focus into 2016

- 1 Improved global focus on sustainability
- 2 Increased focus on environmental awareness and incident reporting
- 3 Reassess and map environmental risk profile across the business
- 4 Review EMS documentation and continue to develop standardised tools to support business operations
- 5 Roll-out of standardised environmental training package for key personnel
- 6 Review baseline sustainability reporting priorities with a focus on developing an external sustainability report for 2016



Our sustainability status

1

Comprehensive framework in place

2

Strong forward momentum

3

More potential to be unlocked



Appendix

Business unit focus

1

DS&P – Immigration Contract

Background

- Transfield Services awarded A\$1.22bn 20 month garrison and welfare services contract for Australian Department of Immigration and Border Protection in Nauru and Manus in February 2014
- Mobilised quickly in complex circumstances and delivered well against the contract

TSE expects Revenue and EBITDA contribution to decline

- Contract due for renewal in October 2015
- Second generation outsourcing expected to be at lower margins and declining volumes over time

Current status

- Tender for renewal lodged in April 2015
- Contract award decision known by October 2015
- Strong history of performance on a broad array of Government contracts including Defence, Immigration, Health & Transport
- Transfield Services publicly acknowledged by Government for performance to date

2

Leveraged work in Defence

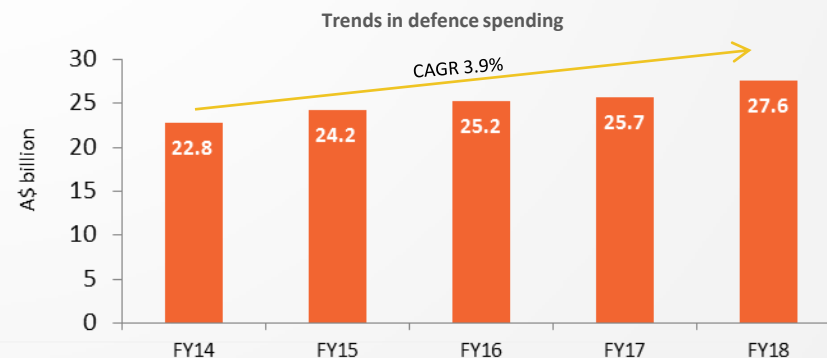
Opportunity

- In 2014-2015 the Australian Government is forecast to spend A\$6.2bn on sustainment and maintenance in Defence
- Over the next 3 years, \$50bn is forecast to be spent on defence, c.40% of which will be maintenance related
- Construction expenditure expected to be greater than A\$2 billion in 2016.

TSE well positioned

- Strong Commonwealth Government track record
 - Operated defence bases for over 25 years
 - One of largest defence O&M contractors in Australia
 - Regarded as a high quality partner, particularly in sensitive situations (e.g. Immigration, Insulation Safety Program)
- Revised footprint means we are well positioned to win significant portion of future O&M work
- Can now target construction projects up to \$50m per program

Potential upside





New service line – Care & Welfare

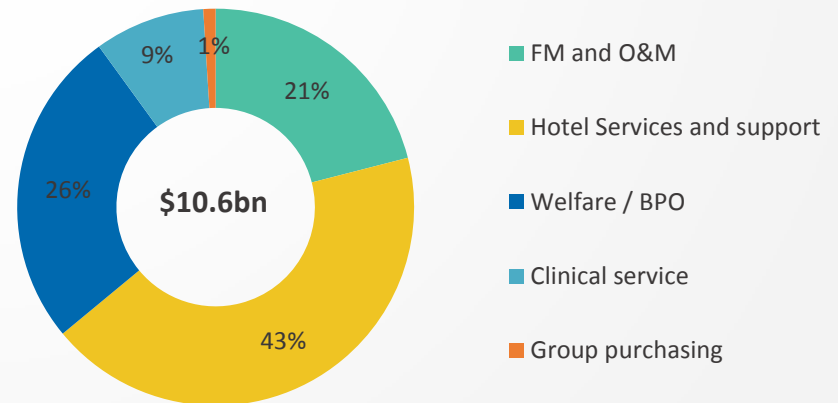
Health case study

The Opportunity

- Health sector in Australia represents the most significant spend for the public sector and employs over 20% of the working population, directly and indirectly
- The FM / Operations & Maintenance ('O&M') outsourced industry is growing as hospitals shift from in-house delivery models to outsourcing
- Currently less than 25% of services are being outsourced, with little integrated outsourcing
- New facilities are being constructed (some under PPP arrangements) and many upgrades are being funded by Government
- More private hospital providers are coming into the market and expanding their services into emergency and general health, alongside their traditional streams of elective surgeries
- These services are non-discretionary and opportunities have been identified by Transfield Services

- ~1,350 hospitals across Australia approx. 68% public and 32% private
- Appetite for outsourcing is increasing
- c.90,000 hospital beds and 200,000 - 250,000 aged care places
- A low percentage of integrated services are outsourced

Total value of services to the Health sector



Source: IBISWorld Industry Report, Frost & Sullivan.

Business unit focus – cont'd

3

Social / Property outsourcing

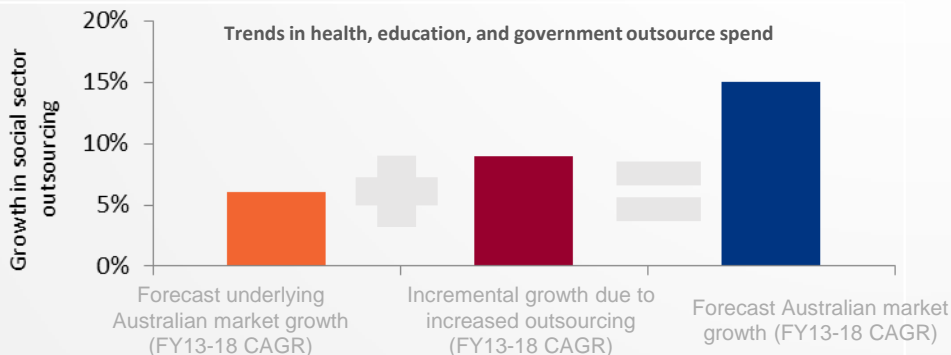
Opportunity

- Government funding constraints facilitate further Government outsourcing as means to recycle capital, reduce costs, leading to increase in scope of outsourced services
- Outsourcing in sector forecast to grow at a 9% CAGR through 2018
- Health and Education outsourced services to grow organically at c.6.4% CAGR through 2018 from c.\$5.7bn in 2014

TSE well positioned

- Leader in provision of outsourced FM and maintenance services with existing Government contracts at federal and state level
- Currently maintain over 65,000 public housing assets for NSW Government and clean 1,400 NSW Schools
- First generation outsourcing core skills (e.g. Sydney ferries)

Potential upside



Source: LEX.

4

NBN & UFB rollout in Australia and NZ

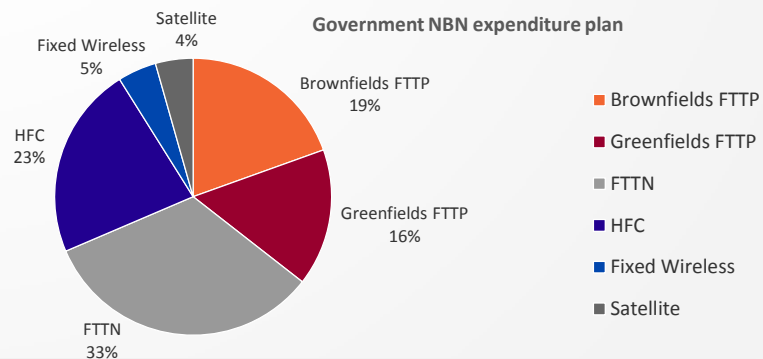
Opportunity

- Further NBN fibre build areas to be released with rollout expected to continue up to 2021
- Rollout of c.\$46bn in fibre across Australia and NZ
- Australian roll out static whilst design phase is realigned for faster delivery program (expected to pick up in CY2016)
- O&M roles likely post-roll out construction phase, Transfield Services well positioned to perform work
- By 2018/19, share of contractor performed maintenance work forecast to reach 90%, versus c.74% currently

TSE well positioned

- One of three preferred suppliers to NBN; expect to win future work once all regions allocated (design work ongoing)
- Currently delivering c.25% of NBN delivery across VIC and NSW and looking for expansion opportunities
- In New Zealand, one of leading providers of telecommunication and IP design and build services, including project management and maintenance

Potential upside



Source: ANZ Utilities and Infrastructure – Market Update March 2014., NBN Strategic Review document.

Business unit focus – cont'd

5

CSG & LNG

Opportunity

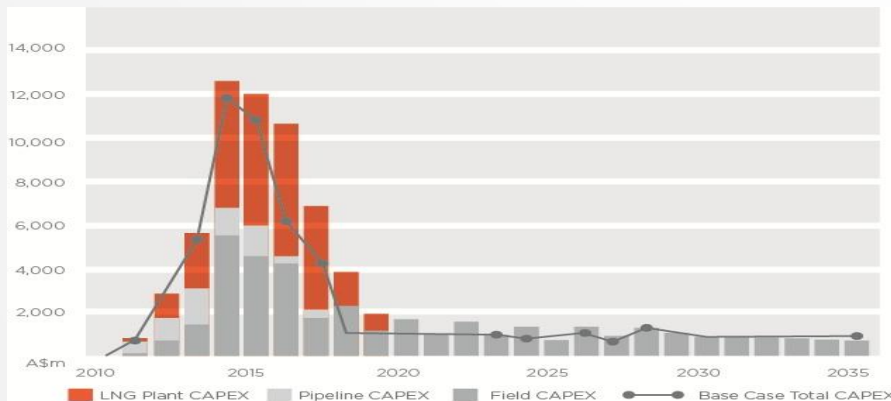
- In excess of \$150bn of LNG projects driving growth in Australian oil & gas sector
- Australia expected to be largest LNG exporter by 2022 due to large, untapped unconventional gas reserves
- Three QLD CSG projects expected to increase gas demand 2-3 fold on east coast within 18 months (1 ramping up and 2 transitioning from construction to operations in CY2015)
- Significant number of onshore and offshore LNG projects such as Inpex, Shell Prelude and Chevron/Wheatstone being pursued

TSE well positioned

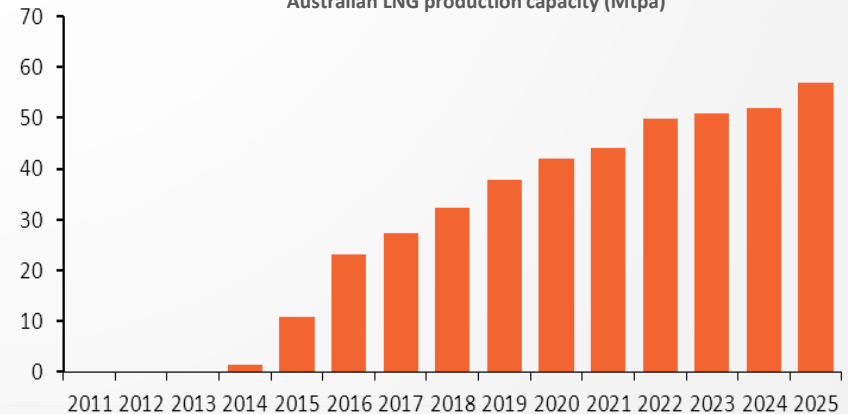
- Established relationships with primary onshore operators of CSG projects such as BG, Santos, and Arrow
- CSG to LNG moving from construction to production - significant opportunity to enhance productivity for clients
- Highly skilled well-servicing workforce in Australia with dominant market share (c.50%) and only provider linking drilling operations with infield maintenance services to deliver integrated product
- Renewed Santos CMS contract and maintaining solid drilling activity in difficult market (vis-a-vis our peers)
- Strong onshore and offshore capability and existing client relationships - already working for Conoco, Chevron , Origin, Woodside and Shell

Potential upside

Significant maintenance capex required in LNG



Australian LNG production capacity (Mtpa)



Source: Wood Mackenzie, EnergySkills Queensland report, Transfield Services analysis.

Business unit focus – cont'd

6

Privatisations, PPPs and asset sales

Opportunity

- Government privatisations provide further outsourcing opportunities for assets to extract efficiencies and fund new investment
- c. A\$112bn of state-owned infrastructure assets could come to market by 2020*
- Primarily electricity assets; other significant privatisations in water, ports and toll roads
- Assets not earmarked for privatisation likely to be “sweated” resulting in higher brownfield maintenance spend
- ~\$50bn in PPP projects to commence by 2020
- Flow of social infrastructure projects including new and upgraded hospitals, schools and correctional facilities
- Forecast capital expenditure >\$200bn to be spent by 2020 on LNG projects - A\$60bn to be recycled through potential asset disposals in LNG sector
- “Natural owners” will acquire large infrastructure assets through privatisations - effective O&M services will be critical

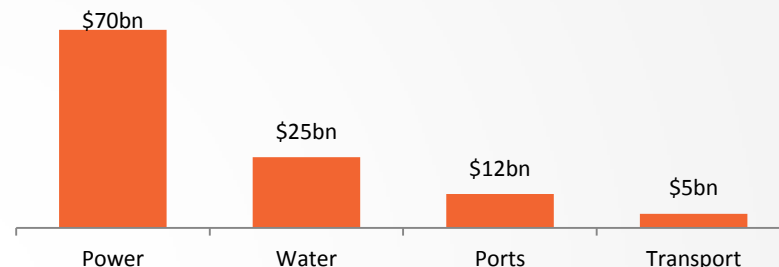
TSE well positioned

- New asset owners (financial buyers) will need operational expertise to manage and maintain assets
- Leading outsource provider with existing federal and state Government contracts
- Leading O&M service provider in roads and strong tolls and tunnels PPP experience with solid electrical services credentials
- Strong energy sector track record and ability to deliver integrated service offering

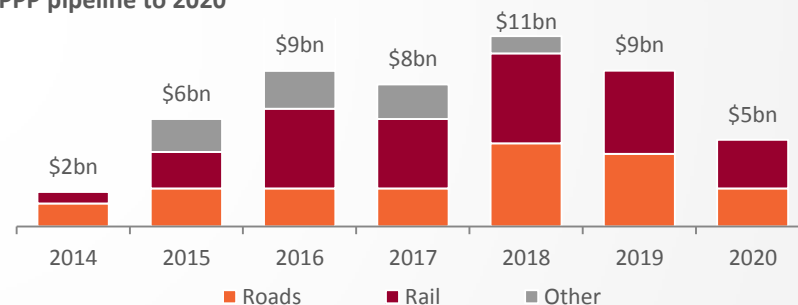
* c. \$60bn relates to QLD assets, asset sale outcome to be determined.

Potential upside

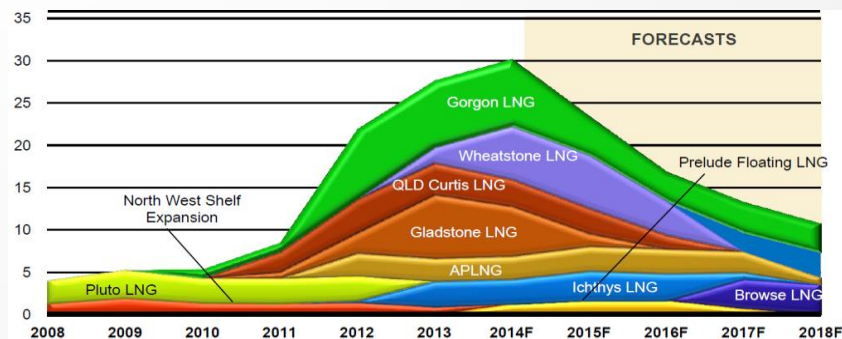
Privatisation pipeline to 2020 of public assets (A\$bn)



PPP pipeline to 2020



LNG project capital spend YoY



Business unit focus – cont'd

7

US recovery

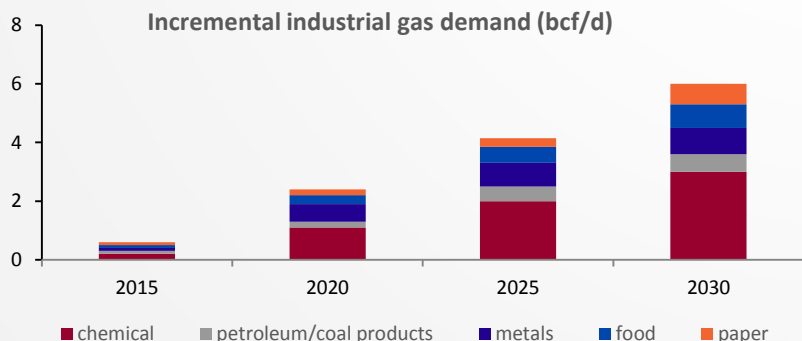
Opportunity

- US Energy industry making significant infrastructure investments to support refining markets. Lower cost US refiners have competitive advantage and well positioned to capture market share
- US supersedes Saudi Arabia as largest oil and natural gas liquid producer globally
- Increasing instances of PPPs (over \$22bn PPP opportunities in US roads)

TSE well positioned

- Refresh of Americas management, remediation of underperforming contracts and business development pipeline refreshed
- TSE now has platform to target growth in the sector
- Expected to be sustainable platform for growth with 10% of Group EBITDA to come from the US by FY18

Potential upside



Source: Energy Institute of Americas; American Chemistry Council; BHP Billiton analysis, BMI

8

Operational efficiencies

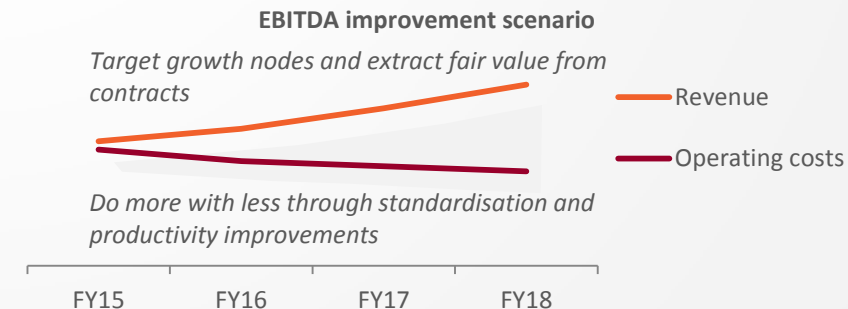
Opportunity

- EBITDA margin improvement across contract book through structured interventions, lean operations, approach to cost efficiencies, contract optimisation and business improvement
- Targeting a 200 basis point EBITDA margin improvement c.\$75M-\$100M over two years
- Reduction of \$1.3bn current procurement spend being targeted

TSE well positioned

- Cost out programs delivered with continued focus on efficiency
- Harvesting benefits from implementation of operating model
 - Site finance and administration rationalisation ongoing
- Portfolio optimisation continues
- Restructure of operating model enhances ability to target greater share of wallet, WIH leveraged work targets by contract

Potential upside



Note: Chart above for illustrative purposes only.



Discussion