



Good afternoon and welcome to Transfield Services' 2015 Annual General Meeting.

I'm Angelique Nesbitt, Executive General Manager, Communications, Compliance and Group Company Secretary of Transfield Services.

Safety is an important focus of our business – so before we begin – a few points for your safety today.

There are two emergency exits at either side of the theatre.

Should the alarm sound, the Mint staff will direct us to a marshalling area – you will be directed to the rear of The Mint, across Hospital Road and to the Domain grounds.

As a courtesy to others, please switch your phones and electronic devices to silent. Thank you.

I would now like to welcome your Chairman, Diane Smith-Gander to formally commence today's Annual General Meeting.

Good afternoon.

I am Diane Smith-Gander, the Chairman of the Board of Transfield Services.

I would like to acknowledge and pay respect to the traditional owners of the land on which we meet – the Gadigal people of the Eora Nation.

There clearly being a quorum present, I declare the meeting open.

Before I introduce your Board and the management team here today, I am delighted to welcome Eddie Fry to the meeting, to deliver an Acknowledgement to Country.

Eddie has extensive experience within the Australian resources sector and is a specialist in Indigenous and native title issues.

He is an executive director of Gimbulki Ltd, which is a native title land access company, Deputy Chair of the Aboriginal Foundation of South Australia, Chair of Indigenous Business Australia, and a long-serving Chair of the Indigenous Advisory Board at Transfield Services.



Eddie has also recently been appointed as Chair of the Indigenous Land Corporation.

Welcome Eddie and thank you for the guidance and wisdom you bring.

Thank you Eddie for that warm Acknowledgement to Country.

Joining us today are my fellow Directors, I ask of each of them to raise their hand when I call their name:

- Managing Director and Chief Executive Officer, Graeme Hunt
- Doug Snedden, Chair of our Human Resources Committee and longest serving director
- Dean Pritchard, Chair of our Health, Safety, Environment and Community Committee
- Geoff Kleemann, Chair of the Risk, Audit and Compliance Committee
- Roy McKelvie, and
- Kathy Hirschfeld.

I would also like to acknowledge the Transfield Services executive management team and employees who are with us today and thank them for their dedication, hard work and vision for the future of your Company.

Last year, I described 2014 as a transformational year for your Company.

For 2015 - it has been about building upon a solid platform for the future.

Across your Company, the focus has been on performance, on delivering against the strategy outlined last year and in previous updates, and on staying focussed in the face of external factors beyond our control.

Despite difficult macroeconomic conditions, we have made solid progress on financial metrics.



Underlying EBITDA was up 22 percent to \$265 million, in line with upgraded guidance issued on 5 November 2014.

This result was driven by increased client activity, by delivering sustainable cost savings across the business, and by our employees finding better ways to work more efficiently.

Despite balance sheet repair being well progressed, we did not declare a dividend for the 2014-15 financial year, reaffirming your Board's commitment to further improve the balance sheet, using cashflow to pay down debt, and maintaining flexibility to invest in building a sustainable future for the business.

We have achieved a number of key balance sheet targets, but your Board intends to remain prudent and not put at any risk the gains we have made, given the current market volatility and uncertainty.

We, of course, recognise shareholder interest in capital returns and, as is the Board's practice, will revisit the issue at the half year.

Our core strategy continues to be focused on delivering a broad spectrum of non-discretionary, value adding services to clients in established and growing sectors. This provides us with a clear growth path.

Our work now covers the safe and efficient delivery of services across a range of sectors:

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

We have achieved a three-year positive trend across key financial metrics, while providing for further strong and resilient growth.

We are well advanced on the turnaround of the business.



Your Company won more than \$3 billion worth of new work in the 2015 financial year across numerous sectors and services, and ended the year with \$9.8 billion in work-in-hand and \$3.6 billion worth of contracts either shortlisted or preferred.

Importantly, the results show that we were not distracted by macroeconomic headwinds or external challenges. Our strategy is working.

I used the phrase 'broad spectrum' a moment ago – it is a good description of the range of services we offer. It is also the proposed name for your Company that you will be asked to approve later today.

Transfield Services is a party to a Trade Mark Licence Agreement with Transfield Holdings, the owner of the Transfield trademarks under which the Group is branded.

In February this year, Transfield Services received a notice to terminate this agreement from Transfield Holdings, giving 12 months to cease using these trademarks.

Your Board asked the management team to identify a new name and identity that is engaging and representative of what we do.

We asked them to do the work in-house, and I am happy to report they have delivered – the name Broadspectrum and the new brand identity are exactly what we asked for.

The proposed new name – Broadspectrum – quite simply represents what we do.

While our base is Australia and we are proudly Australian, we have grown to employ more than 25,000 people globally - a very diverse workforce.

Our diversity is a source of strength and pride, supported by values that are consistent across the whole company. Our values will, therefore, remain as we rebrand the business, because they guide and drive everything that we do.



Your Board is committed to effective management of our environmental, social and governance responsibilities – ESG.

ESG is not an empty slogan for us – it is a way of doing business, as we focus on ensuring a robust and sustainable future.

Over the reporting period, your Company launched a Diversity and Inclusion framework, setting out targets for diversity and pay equity, as well as fostering an environment of inclusiveness.

We have reviewed and refreshed the Code of Business Conduct and associated policies, recognising the importance of managing safety, equality and diversity in the business.

Importantly, the revised Code introduces a new Conduct Principle to address the importance of upholding human rights in the delivery of our services. This brings together a number of attributes that were already within our Code into one clearly defined principle.

Our Elevate Reconciliation Action Plan is one of only 12 in this country out of 600 companies with RAP. This is an achievement that we are very proud of and seek to continue to build upon.

We also have strengthened our commitment to the safety and wellbeing of our 25,000 plus employees across all of our business lines, and will continue to drive to a goal of zero harm.

We also continue to support local communities across Australia – with more than forty community engagement plans now in place to guide our partnerships and investments.

A key element of our ESG platform is our commitment to transparency in our operations. We are proud of the level of transparency we have achieved and remain committed to this approach.

In particular we have engaged openly with all interested stakeholders in respect of our existing contract with the Department of Immigration & Border Protection.

Our values drive what we do at the Regional Processing Centres in the Republic of Nauru and on Manus Island.



While it is not usual practice to dwell on individual contracts, I am going to spend some time today talking about our contract with the Department of Immigration and Border Protection – a contract that has been subject to intense scrutiny.

I want to put into context what we do under that contract.

Contrary to some commentary, we do not operate the Centres – they are operated by the Governments of Papua New Guinea and the Republic of Nauru and Manus Island on behalf of the Australian Government.

We are contracted to provide facilities management and welfare services – services that include the provision of food, water, shelter, case management and welfare services, site security and transport.

We are pleased that the Department of Immigration and Border Protection has named us as the preferred tenderer for a further five year contract to provide facilities management and welfare services at the Regional Processing Centres, expanding our scope of services.

The announcement signals the Department's confidence that we are doing a good job, providing our services at a high standard.

Your Directors have visited the Republic of Nauru and Manus Island. We have seen first-hand the high quality services that your Company is delivering.

It is clear that the care and wellbeing of asylum seekers is paramount in our services, processes, decisions and actions.

It is challenging work, and we do not underestimate or take for granted the role we have in supporting people that have experienced significant upheaval in their lives.

We hope to make asylum seeker transition as comfortable as possible while determinations are processed by delivering our services to the best of our ability and in accordance with our Code of Conduct.



Where we can we work to improve conditions and overall welfare. I am confident that we have been able to take a number of steps to better the experience of asylum seekers, and we continuously look for ways to do so.

We acknowledge the high public interest in our activities. There have been many reviews and inquiries conducted into the work done by a range of service providers in the Republic of Nauru and on Manus Island. We have cooperated with those reviews in a transparent way.

While not accepting all of the views and opinions put to these inquiries, we welcome and are open to the scrutiny and any legitimate feedback on our services.

We accept that our services are delivered in a politically charged environment. Politics, however, is not our business. We accept people's right to object to the policy direction of political parties, but we are not responsible for those policies and we play no part in their development.

We do not – and will not – contract to provide services that do not align with the values of this Company.

More importantly, we will not step away from providing essential services to people in need.

Let me return to the more traditional business of this shareholder meeting.

During the year we conducted an internal board performance review, and welcomed Geoff Kleemann as a non-executive Director. Geoff is the Chair of the Risk, Audit and Compliance Committee, and a member of the Human Resources Committee. I would like to thank Geoff for his astute advice in these roles.

Your Company's results would not have been possible without the work of the entire Transfield Services' team, led by Graeme Hunt.



Graeme – on behalf of your fellow Directors, thank you and thank you to the executive management team and every member of the team, for the tireless work that has ensured this company is positioned for future growth.

Before I hand over to Graeme for an operational update, let me return to the description of the year that I used earlier.

I described the 2015 financial year as one of building upon a solid platform.

As you will hear from Graeme, the business is turning around, and we will continue this hard work to benefit our shareholders.

We are focussed on improving the balance sheet, on ensuring the sustainable growth of the different sector offerings we provide within a clear growth path, and on looking at the medium and long term view of what this great company will achieve in the future.

Thank you.

Thanks Diane.

Over the past financial year, we have seen improvements across 29 of the 30 key metrics used to track the progress of this business.

Those improvements tell a story about transformation, about turnaround, and as Diane said, about creating a strong platform from which we can build.

Since starting the transformation journey two years ago, our focus has been on three key tasks:

- Repairing the balance sheet
- Confirming and embedding our strategy by positioning our contracts in sectors weighted towards non-discretionary spending in essential services, enabling us to identify clear pathways for growth going forward, and
- Building a high-performance culture based on a strong set of values – Integrity, Collaboration, Challenge and Ingenuity.





We are well on the way to achieving those tasks and have put before you a clear growth strategy – but we recognise that there is still more to do to unlock the full potential of your Company.

Prior to walking through some comment in respect to our Divisional Performance, I would like to comment on safety. Our efforts to eliminate all injuries and incidents from the workplace are continuing to have an impact with our 2015 financial year Lost Time Injury Frequency Rate remaining steady at 1.33 injuries per million hours worked compared to our 2014 financial year result of 1.23.

We are continually focused on our goal of Zero Harm.

However, two deaths on Company work sites during the year serve as a stark reminder that we cannot – and will not – ever reduce our focus on that goal.

That is why we are introducing a range of further initiatives across the business in 2016 to build a high performance safety culture.

These initiatives include extensive changes to manual handling procedures, more support for our workforce in being fit for duty, and providing additional return to work resources to better manage injuries.

We have delivered on upgraded guidance, with underlying EBITDA up 22 percent to 265 million dollars.

Revenues rose two percent to 3.8 billion dollars – reflecting growth in client activity and a stronger focus on securing contracts in stable and growing sectors.

Our operating cashflow result is strong – up 27 percent, and our leverage ratio is now within the target range.

The strengthening of balance sheet health provides us with increased growth options for the business, and the potential for enhanced future returns to shareholders.

Our ROCE is reflective of these changes and is now much healthier at 13.7 per cent which is close to our target of 15 per cent.



One of the most pleasing aspects of our results was the increase in EBITDA margin by 120 basis points to 7 percent.

This was driven primarily by growth, operating discipline and cost improvements in our largest business unit – defence social and property sector.

Volumes also returned in the Telecommunications sector, reflecting the importance of the NBN program to our company.

We remain committed to ongoing portfolio optimisation and staying true to our strategy. Importantly, we now do better than half of our business with government clients. This reflects a lower level of revenue and EBITDA at risk than many of our competitors

Last year, we implemented a new operating model to support the delivery of our strategy.

During the year, we introduced a new service line – Care and Welfare – in recognition of the welfare-led approach we take in our Immigration contract and the opportunity we have to provide services to the health, immigration, justice and disability sectors.

The operating model is firmly in place, and is showing results, supporting our growth strategy.

The sector and service based approach is delivering efficiencies across the lifecycle of a contract – from business development, to contract execution and delivery.

The Defence, Social and Property Sector reported strong year on year growth in the 2015 financial year with revenues increasing 29 per cent - driven by continued delivery and growth of high quality, non-discretionary services to a broad range of public sector clients.

Underlying EBITDA increased by 150 million dollars, driven by new contract wins, including the new and expanded Defence Base Services contract awarded in August 2014, scope expansion on the NSW Housing contract and a full 12 month benefit of the expanded Immigration contract.



The Infrastructure Sector has reported a subdued operating result, with Underlying EBITDA of 48 million dollars, falling by 23 per cent against the prior period. Included in this number was provisioning of 18 million dollars for legacy, onerous contracts. Excluding provisions, Underlying EBITDA increased by 3 million dollars against the prior period, with growth delivered in the Telecommunications and Transport sub-sectors.

Underlying EBITDA for the Resources and Industrial Sector fell by 56 million dollars, or 84 per cent, due primarily to reduced work volumes, lower margins and the delayed commissioning of large oil and gas project operations by clients.

Market conditions in the mining, oil and gas and industrial sub-sectors remained challenging and this was largely driven by lower oil and commodity prices.

We have positioned ourselves to retain key clients by offering reductions in rates until the sector recovers. This approach has been made possible due to the strength of our broader portfolio. We see significant opportunity in this sector as delayed offshore and onshore LNG projects come on line in the 2016 financial year.

In the Americas, Underlying EBITDA fell by 16 million dollars. Included in the result was provisioning of 9 million dollars for legacy roads maintenance contracts in Canada and the United States, as well as 9 million dollars of one-off items relating to a bad debt written off and a reduction in the FTS joint venture carrying value.

Excluding these provisions and one-off items, the Americas Underlying EBITDA result rose by 2 million dollars compared to the prior period.

In regard to our work with the Regional Processing Centres, I also want to mention again that we do not operate the Centres – they are operated by each of the governments of Papua New Guinea and the Republic of Nauru under an arrangement with the Australian Government.



Our people, of whom there are approximately 1,325, including a local content of 801, provide logistics, facilities management and certain welfare services to asylum seekers at the Regional Processing Centres. This includes the management and maintenance of assets, cleaning, security (subcontracted to Wilson Security), catering, transport services and welfare services (within the Adult Single Male accommodation). These services are delivered to the operator in conjunction with a number of other service providers.

As a demonstration of our ongoing commitment to this important work, I am pleased that we were able to announce this morning that we have extended the Company's current contract with the Department of Immigration and Border Protection for a further four month period. This will allow for the progressive transition into the new contract terms which we are confident will take effect from March 2016. It is typical for existing arrangements to be extended pending the finalisation of new contract terms.

We will continue to look for ways in which we can deliver the best possible services for the benefit of asylum seekers.

Now that the Nauru Regional Processing Centre is a completely open centre, allowing freer movement of residents into the local community, we will continue to work towards strengthening the ways in which asylum seekers can successfully integrate with the wider Nauruan community, and we will continue to work collaboratively with all our stakeholders to that end. We will continue to ensure transparency and will be supportive of independent third parties monitoring the provision of services and the publication of their reports.

I would also like to speak, briefly, about oversight of the work we do at the Regional Processing Centres, and the reporting of incidents. First, your Company adopts a serious approach to reporting of all alleged incidents. No discretion or objectivity is applied and all "events" are documented, regardless of how minor they may appear.



We take all reports very seriously, and commit extensive resources to ensuring they are properly dealt with. We are conscious at all times of improving the welfare of asylum seekers.

It does concern me that some critics are very comfortable to allow or even promote the misconception that reported assaults are perpetrated by service provider staff on asylum seekers. That is simply not the case.

I am proud to lead a company that has its origins in one of the great Australian success stories – the Transfield name has been part of the Australian business landscape since 1956.

When the services business was listed on the Australian Securities Exchange in 2001, it had just over three thousand three hundred employees, and annual revenues of 675 million dollars.

Almost fifteen years later, and we now employ more than twenty five thousand people, delivering 3.8 billion dollars in annual revenue.

That growth has been sustained by the delivery of a broad range of services that are essential to clients across multiple sectors and essential to thousands of people and communities around the world.

These are examples of some of the services your Company provides.

- we maintain the infrastructure that gives you safe drinking water
- we help to supply the power that keeps lights on at home and at work
- we provide reliable public transport for people
- we maintain the refineries that provide your fuel, and
- we cater for more than three million meals a year to our defence workforce.



Our proposed new name neatly reflects the broad range of services that we provide, Broadspectrum. It is a name that describes what we do – and while the distinctive Transfield name and T logo will change, the same committed team, working to the same strategy, and with the same set of values, will remain in place.

We can see clearly what our 2016 pipeline of work looks like.

We currently have a total of \$9.8 billion dollars of contracts in hand and a further \$3.6 billion in shortlisted and preferred opportunities.

We entered FY16 with about 60% of our revenue for the year already locked in.

With over 50% of our portfolio weighted towards government clients, our certainty on earnings is enhanced.

This is a solid position for the Company to be in given the prevailing macro-economic conditions.

Our work to grow our portfolio of contracts in line with our strategy, positions us well to identify the longer term growth trends and market opportunities that we see ahead of us.

Our strategy, now firmly embedded, focused on sectors weighted towards non-discretionary spending in essential services with tier one clients, ensures the company is relatively robust to macro headwinds in any one sector. In this regard, our ability to hold earnings in a volatile market clearly delineates us from a number of our peers.

Our forward trajectory is underpinned by our portfolio approach to the business.

I feel comfortable that we will see momentum in the business being delivered through a number of growth nodes, including a recovery in activity in the downstream refinery business in the US, the CSG-LNG plants in Queensland reaching completion (with first gas achieved on 2 of the 3 projects) and consistent and growing volumes of work supporting the roll out of the NBN and UFB projects in Australia and New Zealand.



We are also well positioned to capture opportunities in the social and welfare spaces as governments and private operators seek to deal with aging populations; this together with an increasing level of activity in the outsourcing of public and private infrastructure bodes well for the business in the medium term.

Productivity and cost benefits will be achieved through structured interventions, continuous improvement methodologies such as Six Sigma and Lean Operations, and contract optimisation.

We are still at the early stages of this journey although we expect to be well progressed by the end of the 2016 financial year.

In aggregate, these productivity and efficiency measures are aimed at delivering between \$75 million and \$100 million in EBITDA over the next two years.

The program currently tracks activity across two primary streams: Contract Margin Improvement and Procurement.

Applying a consistent planning and project management methodology across all streams has afforded the business both transparency and a means to embed a year-on-year improvement approach.

Under procurement alone, we currently have in excess of \$188m spend being tendered.

The business' immediate priority is to develop plans that support significant opportunities and to increase the pace at which planned projects are executed.

Consistent with this, I am pleased to note that we have recently won a contract to deliver on construction projects with the Department of Defence, an important proof point in our concerted approach to continue to win leveraged work opportunities with a key client.





Other recent contract wins or renewals impacting the FY16 outlook include:

- The award of a construction contract with our existing clients, South East Water, building on our strategy to target adjacencies
- The award of a two year contract extension by Chevron for the provision of drilling services through our Easternwell subsidiary
- The near term extension for 3 months of our existing contract with the Commonwealth Department of Border Protection and Immigration
- The five year contract with NBN valued at in excess of \$700M over its life, and
- Award of numerous roads contracts in New Zealand for in excess of \$112M, together with a new three year \$78M contract to maintain transmission lines for Transpower.

These wins, together with renewed volumes in our downstream refinery business in the US and our \$3.6 billion of near term preferred and shortlisted opportunities, together with ongoing contracts underpin the near term outlook.

Finally, turning to the Company's outlook, despite challenging macro-economic conditions expected to continue throughout FY16 with headwinds in energy, commodity and construction markets, we reiterate the guidance given at the full year results in August and remain comfortable with flat EBITDA year on year.

I'd like to thank everyone at Transfield Services for their hard work in delivering against our strategy. There's much more to do, but now we can all see the potential that is inherent in this Company and a clear growth strategy to take us forward.

Diane, thank you to you and the Board for your support and I will now hand back to you.

ENDS