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United Group Limited delivers record earnings and sustainable growth

- Operating revenue up 36 per cent to $3.5 billion
- Net profit after tax up 47 per cent to $136.1 million*
- Operating cash-flow up 32 per cent to $171.3 million
- Annual dividends up 21 per cent to 58¢
- Order book up 68 per cent to $7.4 billion
- Forecast double-digit growth in net profit after tax in 2009

Sydney: Engineering and property services company United Group Limited (ASX: UGL) today reported underlying net profit after tax for the year ended 30 June 2008 of $136.1 million, up 47 per cent on the 2007 financial year.

United Group's seventh straight year of double-digit net earnings growth reflected a 36 per cent increase in revenue to $3.5 billion and earnings before interest and tax 42 per cent higher at $211.6 million. Earnings per share rose 25 per cent to 84.9¢.

United Group's directors are pleased to declare a final fully-franked dividend of 34¢ payable on September 5 to shareholders on its register at August 22, taking total dividends for the year to 58¢ – up 21 per cent on 2007.

Organic growth from United Group's core engineering and property services businesses underpinned the result while US-based facilities manager UGL Unicco made a strong contribution, beating the expectations United Group set when buying it in September.

United Group Managing Director and CEO Richard Leupen said: "This has been another good year for United Group and we are in a strong position to continue the trend of delivering sustainable growth in earnings and dividends to our shareholders.

"We remain well-placed to benefit from record spending in essential infrastructure in the Asia Pacific region, ongoing growth in the Australian resources sector and the global trend for outsourcing of non-core services."

United Group's order book stood at a record $7.4 billion at 30 June, up 68 per cent on 2007, providing a strong foundation for long-term growth. "We hope to be in a position to make announcements soon on further high-quality contracts," Mr Leupen said.

The company's operating cash-flow was also a highlight of the 2008 financial year, rising 32 per cent to $171.3 million after a very strong second-half performance. United Group's debt-to-equity ratio is 26 per cent and its interest cover stands at 13.9 times.

UGL Infrastructure

A strong result from UGL Infrastructure's Water & Energy division more than offset lost profit in the first half from two isolated contracts in its Transport & Systems division. Both divisions added significant work during 2008 and are enjoying record tendering activity as UGL Infrastructure expands in South East Asia, the Middle East and Canada.

UGL Rail

Particularly strong freight sales from ongoing demand for locomotives and wagons in the mining sector helped UGL Rail exceed internal forecasts. The passenger rail business secured several significant new contracts and extensions in Australia, Hong Kong and Thailand. UGL Rail is also reviewing opportunities in China, India and South East Asia.

UGL Resources

The business experienced strong growth in its asset services and project delivery divisions, securing several major project renewals and new contracts to exceed sales and earnings expectations. UGL Resources will benefit from a healthy pipeline of tenders in asset services and project delivery and is expanding in hydrocarbons and coal.

UGL Services

The integration of UGL Unicco has been a great success, offsetting lower transaction revenue from corporate real estate advisor UGL Equis. Singapore-based UGL Premas enjoyed a very good year. In Australia, UGL Services expects to benefit in 2009 from efforts to strengthen its management and processes.

UGL Services remains well-placed to build on its integrated property services capabilities throughout the world and continues to benefit from outsourcing of facilities management and demand for real-estate advisory in all its markets – despite the weaker transaction activity in the property sector.

Outlook

"United Group enters the 2009 financial year in a very strong position," Mr Leupen said. "Already we have locked in a large portion of our revenue target for the year and bidding opportunities are at record levels.

"We expect solid organic growth as we build upon our strong position in our core markets and expand into new ones. All our sectors present significant opportunities in this regard.

"Meanwhile, our balance sheet is stronger than ever and we continue our bias towards lower risk alliance contracts and blue-chip partners.

"We are mindful of global economic uncertainty and the challenging cost environment but barring any unforeseen factors, our current forecasts suggest another year of double-digit earnings growth in 2009."

***** *Net profit after tax grew 30 per cent if adjusted for $12 million public-private partnership impact in financial year 2007.*

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United Group Limited (ASX: UGL) is an engineering and property services company providing design and construction, maintenance and facilities management. It consists of four businesses – UGL Infrastructure, UGL Rail, UGL Resources and UGL Services – operating in Australasia, Asia, North America and parts of Europe and the Middle East. www.unitedgroupltd.com

Appendix: United Group Limited annual result summary

Table 1: United Group Limited

	FY 2008	FY 2007	Growth
Operating revenue ($m)	3,478.2	2,549.5	36%
EBIT ($m)*	211.6	148.6	42%
EBIT margin (%)	*6.1*	*5.8*	
Net interest ($m)	-17.7	-23.6	
Pre-tax profit*	193.9	125.0	55%
Tax ($m)	-56.5	-33.7	
Minority interest ($m)	-1.3	1.4	
NPAT ($m)*	136.1	92.7	47%
NPAT margin (%)	*3.9*	*3.6*	
EPS (¢)*	84.9	67.8	25%
Dividends (¢)	58.0	48.0	21%

*Excludes amortisation of intangibles

Table 2: Divisional Review

	FY 2008	FY 2007	Growth
UGL Infrastructure			
Sales ($m)	789.0	722.1	9%
EBIT ($m)	51.3	49.8	3%
EBIT margin (%)	*6.5*	*6.9*	
Order book ($m)	2,144.0	1,557.0	38%
UGL Rail			
Sales ($m)	1,138.6	1,060.3	7%
EBIT ($m)	88.1	45.5	94%
EBIT margin (%)	*7.7*	*4.3*	
Order book ($m)	1,869.0	1,532.0	22%
UGL Resources			
Sales ($m)	467.7	366.4	28%
EBIT ($m)	51.4	41.5	24%
EBIT margin (%)	*11.0*	*11.3*	
Order book ($m)	905.0	289.0	213%
UGL Services			
Sales ($m)	1,101.1	416.1	165%
EBIT ($m)	58.0*	35.3	64%
EBIT margin (%)	*5.8*	*8.5*	
Order book ($m)	2,484.0	1,023.0	143%

*Includes ~$6m FX impact