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Sustainable growth continues with underlying first half NPAT of \$53.3 million

- **Record interim revenue of \$1.6 billion, up 20%**
- **Interim dividend up 20% to 24 cents**
- **Record new contract wins of \$3 billion**
- **Order book up 52% to \$6.7 billion**
- **Next year's forward orders up 48% (pre UGL Unicco contribution)**
- **North American operations successfully integrated and growing strongly**
- **On track to deliver 15-20% organic underlying profit growth plus UGL Unicco contribution**

SYDNEY: United Group Limited (ASX:UGL) today reported underlying net profit after tax and minority interests for the six months to 31 December 2007 of \$53.3 million (2006: \$35.3 million), a 51% increase on the prior corresponding period – pcp (11% increase after the adjustment for PPP write off in 31 December 2007). Underlying EBIT for the half was \$87.3 million (2006: \$62.3 million), up 40% on pcp, reflecting an increase in EBIT margin from 4.8% to 5.6% over this time.

Operating revenue increased 20% to \$1.6 billion (2006: \$1.3 billion). Underlying earnings per share were 33.8 cps, up 30% on pcp. An amortisation charge for intangibles of \$1.8 million (after tax) has also been recognised in this period relating to the North American acquisitions.

The Directors have increased the interim dividend by 20% to 24 cents per share (2006: 20 cents) payable on 7 March 2008 to shareholders on the register at 22 February 2008.

Managing Director and CEO Richard Leupen said, "United Group's growth expectations for the full year remain on track. United Group has invested heavily in IT systems, project management capabilities, safety management and people so we can continue to deliver sustainable growth over the longer term."

"The first half results are strong. The extent of the revenue and earnings growth reflects the strength of the underlying businesses and the contribution from acquisitions. In this period we had record revenue of \$1.6 billion, we successfully integrated our largest transaction in UGL Unicco, we booked \$3 billion worth of new work, and we are outperforming in the majority of our sectors. The Rail and Resources businesses have performed well. We have experienced very strong growth in our Water and Energy operations.

"United Group's order book growth is a major achievement and underpins our workload for many years to come. During the half we have secured a number of projects and acquired UGL Unicco, resulting in a 52% increase in the order book to \$6.7 billion. A significant percentage of this work is recurring which gives us longer term revenue certainty as well as growth.

"The integration of UGL Unicco, United Group's largest ever acquisition, was successfully completed. Pleasingly, this business delivered its strongest ever sales in this period. The outlook for the North American operations remains strong. United Group has continued its success with PPPs in Asia and Australia securing close to \$1 billion of new projects over the half further enhancing our revenue and earnings certainty over the longer term. We have also strengthened the management team to better match the business' scale and global presence."

UGL Infrastructure

Business revenue increased 8% over pcp to \$360 million and EBIT was \$16.6 million. The Water and Energy operations performed strongly recording revenue, EBIT and margin growth. The result was negatively affected by issues associated with Transport projects. We have addressed the underlying issues and strengthened management. UGL Infrastructure continues to win new work, with over \$600 million of new projects awarded since the start of FY08. To further improve risk management, the Infrastructure business is now focused on securing a greater percentage of alliance based projects, which now make up over 60% of the business' \$1.7 billion order book. With resolution of the project issues and continued strength in the target sectors, the profitability of this business is expected to significantly improve in the second half of FY2008.

UGL Rail

UGL Rail performed well, generating revenue of \$547 million and EBIT of \$36.3 million. The EBIT to sales margin of 6.6% was an improvement. The business secured \$1.2 billion of new projects since the start of FY2008. UGL Rail's major project wins included freight and locomotive projects in Australia, the extension of passenger maintenance projects in Melbourne, and new passenger train build and refurbishment works in Hong Kong. UGL Rail has entered into a feasibility study for a joint venture in India targeting the freight market. The business is experiencing strong tendering activity in the freight and locomotive markets, which when coupled with a \$2.2 billion order book, underpins UGL Rail's growth.

UGL Resources

UGL Resources continued to grow with revenue at \$224 million and EBIT up 30% to \$22.8 million. EBIT margin increased from 8.2% to 10.2% over pcp. The continued improvement in the EBIT margin reflects, in part to the business' emphasis on asset services and alliance style contracts, as well as a continuing focus on technology and risk management. More than \$200 million of new projects were secured since the start of the FY2008 with a pipeline of new projects and some encouraging tendering opportunities.

UGL Services

Divisional revenues increased by 104% over pcp to \$441 million and EBIT was up 29% in this period to \$30.7 million. The material increase in divisional earnings reflects, in part, United Group's acquisition and successful integration of UGL Unicco, which recorded its strongest ever six monthly sales result. The EBIT margin of 7% reflects the increased proportion of facilities management work undertaken across the division. Management has focused on growing the business' presence in Asia and Australia, with \$1 billion of new projects being secured since the start of FY2008. United Group is confident that the North American operations will not be materially affected by any potential slowing of the US property market. UGL Services is well placed for sustainable growth with a strong record for achieving project extensions, an order book of \$2.3 billion and a strengthened international platform, including a market leading North American business.

Outlook

"We are confident that FY2008 will continue United Group's long history of sustained strong profit growth and we expect underlying NPAT growth of 15-20% plus the contribution from UGL Unicco to be achieved this year. In previous years, United Group's revenue and earnings have been weighted to the second half, and this will be the case this year due to the timing of some projects, gain shares, and the contribution from UGL Unicco," Mr Leupen said.

"United Group continues to benefit from the long term and continuous growth in outsourcing and that trend shows no sign of abating. United Group's three main growth drivers – increased spending in the Infrastructure sector in Australia and Asia, a buoyant Resources sector, and a growing global Property Services business – are expected to remain strong.

"We continue to assess other growth opportunities. The Australian market remains capacity constrained so we are working hard to consolidate our position locally and expand our delivery internationally.

"Across United Group we have strengthened our management depth, risk management and financial systems and ensured we have the right framework for growth. Our industrial relations are stable and we continue to attract and retain people at all levels of the Group. The \$6.7 billion order book plus recurring revenue underpins our future. United Group remains in good shape for sustainable growth."

For further information, please contact:

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United Group (ASX - UGL) is a diversified services company specialising in maintenance, facilities management, manufacturing, fabrication, engineering, construction and business process outsourcing. The group consists of four businesses each with specific complementary services:

United Group Infrastructure is a multi-service business offering construction, engineering, operational and maintenance services to the water, power, communications, road & rail transport and defence industries

United Group Rail is Australia's foremost rail and rolling stock company offering services such as; engineering and manufacturing, refurbishment and remanufacture, maintenance services and spare parts

United Group Resources is a long term solution provider of multi-discipline services to clients in the resources industry

United Group Services is a premier global provider of outsourcing services. Services include corporate real estate, facilities management, project management, finance and accounting, procurement, human resource management and learning.

ATTACHMENT: UNITED GROUP LIMITED HALF YEAR RESULTS SUMMARY

Table 1: UNITED GROUP LIMITED

\$million	Dec 2007	Dec 2006	Change
Operating Revenues	1,565.0	1,302.4	Up 20%
Underlying* EBIT	87.3	62.3	Up 40%
<i>Underlying* EBIT Margin %</i>	<i>5.6%</i>	<i>4.8%</i>	
Interest (net)	-8.6	-11.7	
Operating Profit Before Tax	78.7	50.6	Up 56%
Tax	-23.1	-15.8	
Tax on amortisation	-1.3	0.0	
Underlying* NPAT	54.3	34.8	Up 56%
Minority Interest	-1.0	0.5	
Underlying* NPAT & MI	53.3	35.3	Up 51%
<i>Underlying* NPAT & MI Margin (pre amortisation) %</i>	<i>3.4%</i>	<i>2.7%</i>	
Underlying* EPS (Cents)	33.8	26.0	Up 30%
Underlying ROE* (Annualised)	13.9%	12.7%	

*Excludes amortisation of intangibles

Table 2: UNITED GROUP LIMITED – DIVISIONAL REVIEW

	Dec 2007	Dec 2006	Change
United Group Infrastructure			
Sales - \$m	359.8	331.5	8%
EBIT - \$m	16.6	17.1	-3%
EBIT Margin	<i>4.6%</i>	<i>5.2%</i>	
Order book - \$m	1,733.9	1,436.2	21%
United Group Rail			
Sales - \$m	546.6	546.9	0%
EBIT - \$m	36.3	14.3	154%
EBIT Margin	<i>6.6%</i>	<i>2.6%</i>	
Order book - \$m	2,233.9	1,872.9	19%
United Group Resources			
Sales - \$m	224.4	213.8	5%
EBIT - \$m	22.8	17.6	30%
EBIT Margin	<i>10.2%</i>	<i>8.2%</i>	
Order book - \$m	392.9	376.6	4%
United Group Services			
Sales - \$m	440.8	216.3	104%
EBIT - \$m	30.7	23.8	29%
EBIT Margin	<i>7.0%</i>	<i>11.0%</i>	
Order book - \$m	2,348.8	721.2	226%