ASX/MEDIA RELEASE

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UGL continues to build with ninth consecutive record full-year result

- Adjusted* net profit after tax up 10.4% to $150.3m
- Reported net profit after tax up 8.7% to $142.5m
- Dividends per share up 10.3% to 64¢, fully-franked
- Record revenue of $4.8bn, up 36.7%
- Order book of $8.2bn; preferred tenderer on a further $2bn of contracts
- Strong cash-flow of $183.4 million
- Robust and flexible balance sheet position
- Well-positioned to pursue growth opportunities

Sydney, 18 August 2009: Engineering and property services company United Group Limited (ASX: UGL) today reported adjusted* net profit after tax for the financial year ended 30 June 2009 of $150.3 million, up 10.4% on the previous corresponding period.

UGL Managing Director & CEO Richard Leupen said the record result was a reflection of the strength of UGL's long-term strategy and business model and the essential nature of its underlying operations.

“This is UGL's ninth consecutive year of profit growth and another record result, highlighting the resilience and strength of our underlying business,” Mr Leupen said. “All four of our divisions contributed strongly and continue to lead their markets.

“The six months to 30 June 2009 was our strongest half to date in terms of revenue, while we have continued to sell strongly into all our core markets at the same time as investing in systems and processes to better manage our business.

“Reflecting the general business conditions, especially in the corporate real estate sector, there was a decrease in margins in the 2009 financial year. However, there was an improvement in the second half versus the first half.

“We have an order book exposed to fundamental growth markets, a stable underlying earnings base and a robust, flexible balance sheet. This gives us a strong and stable platform to pursue the next stage in our growth.

“There is scope for us to expand through acquisition, while we also see growth opportunities in existing markets such as rail transport, outsourcing of property services, liquefied natural gas (LNG) and clean power and water projects.

“During the year we successfully implemented the rollout of our SAP management and accounting systems and further strengthened our risk management processes, while our safety performance remains among the best in our sector.”

* Adjusted for amortisation of intangible assets

UGL's order book at 30 June 2009 was near record levels at $8.2bn. In addition, UGL is preferred tenderer on $2bn of contracts, has options worth $2.1bn to extend existing contracts and forecasts the value over five years of recurring maintenance contracts not in the order book at $5.3bn, assuming an ongoing retention rate of 90%.

UGL's Board has declared a fully-franked final dividend of 35¢, payable on September 18 to shareholders on its register at September 1. This takes the total dividend for the 2009 financial year to 64¢, up 10.3% on 2008.

UGL's cash-flow rose 7.1% to $183.4m, while net debt to net debt plus equity was well below the target range at 22%. UGL's safety performance, adjusted for the impact of acquisitions, was slightly improved on the prior corresponding period as the safety performance in the US lifted.

UGL Infrastructure
The division's EBIT rose 40% to $71.8m on a 38% increase in revenue to $1.1bn, underpinned by long-term capital works alliances providing ongoing upgrades to power, water and transport systems. UGL Infrastructure is well-placed to benefit from ongoing investment, particularly from state government spending in Australia.

Clients in the water and power sectors continue to invest and we have secured several key contracts in the gas generation sector. In transport, our long-term capital works alliances in the rail sector are performing well and major projects such as Brisbane's North South Bypass Tunnel and Airport Link toll roads are underway.

UGL Rail
Revenue for UGL Rail rose 25% to $1.4bn driven by high levels of sales of locomotives and wagons. EBIT fell 9% to $80.2m, reflecting the funding of the Outer Suburban Railcar (Oscar) arbitration, the impact of exiting the New Zealand market and the ongoing poor performance of the MainCo contract in Melbourne, which expires in November 2009.

UGL Rail's MTM consortium is preferred tenderer to operate and maintain Melbourne's train franchise for the next eight years. Oscar arbitration should complete within weeks. UGL Rail secured additional Oscar orders in 2009, extended the MainTrain maintenance contract and the relationship with GE Transportation.

UGL Resources
UGL Resources delivered a 52% increase in revenue to $709.4m and an 11% increase in EBIT to $57.0m. The division's underlying asset services business continued to expand, despite a fall in higher margin discretionary spending. In project delivery, works at Boddington Gold Mine made a major contribution.

UGL Resources' bidding pipeline is robust as clients prepare for continued investment in sectors including LNG, iron ore and chemicals. Works have begun on Woodside's Pluto LNG project in Western Australia. The division remains the lead alliance partner on Incitec Pivot's Moranbah ammonium nitrate project.

UGL Services

The performance of US-based facilities manager UGL Unicco was pleasing given tougher business conditions. The business, acquired in September 2007 and now fully integrated into UGL, is performing in line with expectations and delivered record new sales in the period.

A full 12 months' contribution from UGL Unicco helped UGL Services increase revenue 42% to $1.6bn. EBIT rose 9% to $63.5m. Revenue from the US corporate real estate market remained depressed, although improved somewhat in the second half. UGL Services' Asian and Australia & New Zealand businesses' results were flat.

Outlook

"UGL is in very good shape, with a strong order book and balance sheet, and exposure to compelling markets," Mr Leupen said. "We have the financial and strategic ability to pursue growth options, both organic and through acquisitions. We continue to assess opportunities that make sense for our shareholders.

"Based on current estimates, UGL expects revenue for the 2010 financial year to be around $4.5bn and adjusted NPAT to be around $150m. We now have a solid foundation in place to grow revenue and earnings from 2011 onwards and pursue our long term growth objectives."

Annual General Meeting

UGL will hold its annual general meeting at the Sydney Harbour Marriott Hotel at 30 Pitt Street, Sydney at 2pm on 22 October 2009. The company will send a notice of meeting containing full details in September 2009.

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About United Group Limited

United Group Limited (ASX: UGL) is an engineering, maintenance and facilities management company operating in the rail, water, power, transport, resources and property sectors. It consists of four divisions – UGL Infrastructure, UGL Rail, UGL Resources and UGL Services (incorporating UGL Premas, UGL Equis and UGL Unicco). Headquartered in Sydney, Australia, UGL operates in Australia, New Zealand, Asia, North America and the Middle East and directly employs approximately 30,000 people. For more information, visit www.unitedgroupltd.com.

Appendix: full-year result summary

Table 1: Group

	FY09	FY08	Growth
Operating revenue	$4,754.4m	$3,478.2m	36.7%
EBIT*	$232.3m	$211.6m	9.8%
EBIT margin	*4.9%*	*6.1%*	-
Net interest	($30.5m)	($17.7m)	-
Tax*	($50.3m)	($56.5m)	-
Minority interest	($1.3m)	($1.3m)	-
NPAT*	$150.3m	$136.1m	10.4%
NPAT margin	*3.2%*	*3.9%*	-
EPS*	91.9¢	84.9¢	8.2%
DPS	64.0¢	58.0¢	10.3%

* Adjusted for amortisation of intangible assets

Table 2: Divisions

	FY09	FY08	Growth
UGL Infrastructure			
Sales	$1,088.2m	$789.0m	38%
EBIT	$71.8m	$51.3m	40%
EBIT margin	*6.6%*	*6.5%*	-
Order book	$2,292.1m	$2,143.6m	7%
UGL Rail			
Sales	$1,420.8m	$1,138.6m	25%
EBIT	$80.2m	$88.1m	(9%)
EBIT margin	*5.6%*	*7.7%*	-
Order book	$2,252.1m	$1,869.0m	20%
UGL Resources			
Sales	$709.4m	$467.7m	52%
EBIT	$57.0m	$51.4m	11%
EBIT margin	*8.0%*	*11.0%*	-
Order book	$733.9m	$905.1m	(19%)
UGL Services			
Sales	$1,559.1m	$1,101.1m	42%
EBIT	$63.5m	$58.0m	9%
EBIT margin	*4.1%*	*5.3%*	-
Order book	$2,873.1m	$2,484.1m	16%