

## ASX/MEDIA RELEASE

February 17, 2009

### **United Group Limited in good shape after solid first-half result**

- Revenue up 48 per cent to \$2.3 billion
- Net profit after tax up 29 per cent to \$68.8 million\*
- Interim dividend up 21% to 29¢
- Order book at a record \$8.3 billion
- Robust balance sheet position
- No drawn debt maturing until financial year ending 30 June 2011

*\* adjusted for amortisation of intangible items*

Engineering and property services company United Group Limited (ASX: UGL) today reported underlying net profit after tax for the six months ended December 31, 2008 of \$68.8 million, up 29 per cent on the previous first half.

The record interim result was driven by growth in UGL's resources and infrastructure divisions, particularly in the power and water sectors, and a solid performance from the company's rail and facilities management operations.

UGL Managing Director & CEO Richard Leupen said: "This is another pleasing result despite increasingly difficult economic conditions. It reflects the diversity of our earnings base and the robustness of our financial controls and risk management processes."

First-half operating cash-flow was \$46.7 million. UGL's gearing (net debt to net debt plus equity) was 31 per cent at December 31, and the company had zero drawn debt maturing until the 2011 financial year.

The result included a 48 per cent increase in revenue to \$2.3 billion and a 26 per cent increase in earnings before interest and tax (EBIT) to \$110.4 million. Earnings per share rose 25 per cent to 42.1¢.

UGL's directors are pleased to declare a fully-franked interim dividend of 29¢, payable on March 13 to shareholders on its register at March 3. The interim dividend is up 5¢, or 21 per cent, on the previous corresponding period.

#### **UGL Infrastructure**

An improvement in the contribution from UGL Infrastructure's road systems business and continued growth in the water and power sectors led to a record interim result for the division. Sales rose 44 per cent to \$516.7 million and EBIT more than doubled to \$34.9 million. The business secured its first contract in Canada and continues to target international expansion in North America and Asia.

#### **UGL Rail**

UGL Rail's passenger and freight maintenance operations in Australia and Hong Kong performed well, while locomotives sales were at record levels. Sales rose 23 per cent to \$672 million. EBIT fell 2 per cent to \$35.5 million as a result of greater exposure to operating penalties from the MainCo rail maintenance contract in Melbourne. UGL Rail is negotiating several major contracts in the passenger sector and continues to review opportunities in Asia.

## **UGL Resources**

Earnings from large project delivery contracts for Incitec Pivot and Boddington Gold Mine combined with a solid performance from the asset services business enabled UGL Resources to deliver a strong result. The business secured a number of project extensions throughout the period. Sales rose 74 per cent to \$390.5 million and EBIT rose 37 per cent to \$31.3 million.

## **UGL Services**

Growth from UGL Services' operations in Asia and the resilience of the facilities management business in the US offset ongoing weakness in the corporate real-estate sector. Sales rose 74 per cent to \$745.2 million on a full six months' contribution from the US facilities management operations acquired in September 2007 and the strength of the US dollar. EBIT was 7% higher at \$32.9 million.

## **Outlook**

UGL expects full-year earnings growth to be at the low end of the 10 to 20 per cent forecast range, reflecting the slowdown of project activity in the resources sector and subject to the ongoing uncertainty of economic conditions.

"There is no question that trading conditions are getting tougher as our clients pare back their discretionary spending," Mr Leupen said. "But this is a robust and diverse business and the bulk of our revenue comes from providing essential, non-discretionary services.

"We have a blue-chip client base, our technology partners are second to none, our financial discipline and risk controls are the best they have been and our balance sheet position is conservative.

"While the economy at large is enduring a very challenging period, we are well-placed to ride it out and emerge in even stronger shape."

UGL's order book stood at a record \$8.3 billion at December 31, 2008, up 25 per cent on a year earlier. The company also has an active tendering pipeline of \$6 billion, a significant portion of which it is confident of converting into firm contracts.

### **For further information, please contact:**

Investors: James Hall  
Investor Relations Manager  
United Group Limited  
+61 2 9492 1431  
+61 401 524 645  
james.hall@unitedgrouppltd.com

Media: Ben Jarvis  
Director  
Six Degrees Media & Communication  
+61 2 9230 0661  
+61 413 150 448  
ben@sixdegreesmedia.com.au

**United Group Limited** (ASX: UGL) United Group Limited (UGL) is a diversified services company providing design, construction and maintenance services to the rail, resources and infrastructure sectors and corporate real estate and facilities management services to property users. UGL operates in Australia, New Zealand, Asia, North America and the Middle East, employing more than 30,000 people directly and more than 14,000 sub-contractors. The company's client base comprises large companies, governments and institutions.

[www.unitedgrouppltd.com](http://www.unitedgrouppltd.com)

## Appendix: half-year result summary

Table 1: Group

	<b>HY09</b>	<b>HY08</b>	<b>Growth</b>
Operating revenue	\$2,316.3m	\$1565.0m	48%
EBIT*	\$110.4m	\$87.3m	26%
<i>EBIT margin</i>	4.8%	5.6%	
Net interest	(\$15.2m)	(\$8.6m)	-
Tax	(\$26.6m)	(\$24.4m)	-
Minority interest	\$0.2m	(\$1.0m)	-
NPAT*	\$68.8m	\$53.3m	29%
<i>NPAT margin</i>	3.0%	3.4%	
EPS*	41.8¢	33.8¢	24%
DPS	29.0¢	24.0¢	21%

\*excludes amortisation of intangibles

Table 2: Divisions

	<b>HY09</b>	<b>HY08</b>	<b>Growth</b>
<b>UGL Infrastructure</b>			
Sales	\$516.7m	\$359.6m	44%
EBIT	\$34.9m	\$16.6m	110%
<i>EBIT margin</i>	6.8%	4.6%	
Order book	\$2,837.0m	\$1,733.9m	64%
<b>UGL Rail</b>			
Sales	\$672.0m	\$546.5m	23%
EBIT	\$35.5m	\$36.3m	(2%)
<i>EBIT margin</i>	5.3%	6.6%	
Order book	\$1,368.0m	\$2233.9m	(39%)
<b>UGL Resources</b>			
Sales	\$390.5m	\$224.5m	74%
EBIT	\$31.3m	\$22.8m	37%
<i>EBIT margin</i>	8.0%	10.2%	
Order book	\$655.0m	\$392.9m	67%
<b>UGL Services</b>			
Sales	\$745.2m	\$440.8m	69%
EBIT	\$32.9m	\$30.7m	7%
<i>EBIT margin</i>	4.4%	7.0%	
Order book	\$3,447.0m	\$2348.8m	40%