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TO: ASX Company Announcements

FROM: Dennis Mentzines – Company Secretary **DATE:** 22 October 2009

PAGES : 17 (including this page)

SUBJECT: **AGM – Chairman and Managing Director’s address**

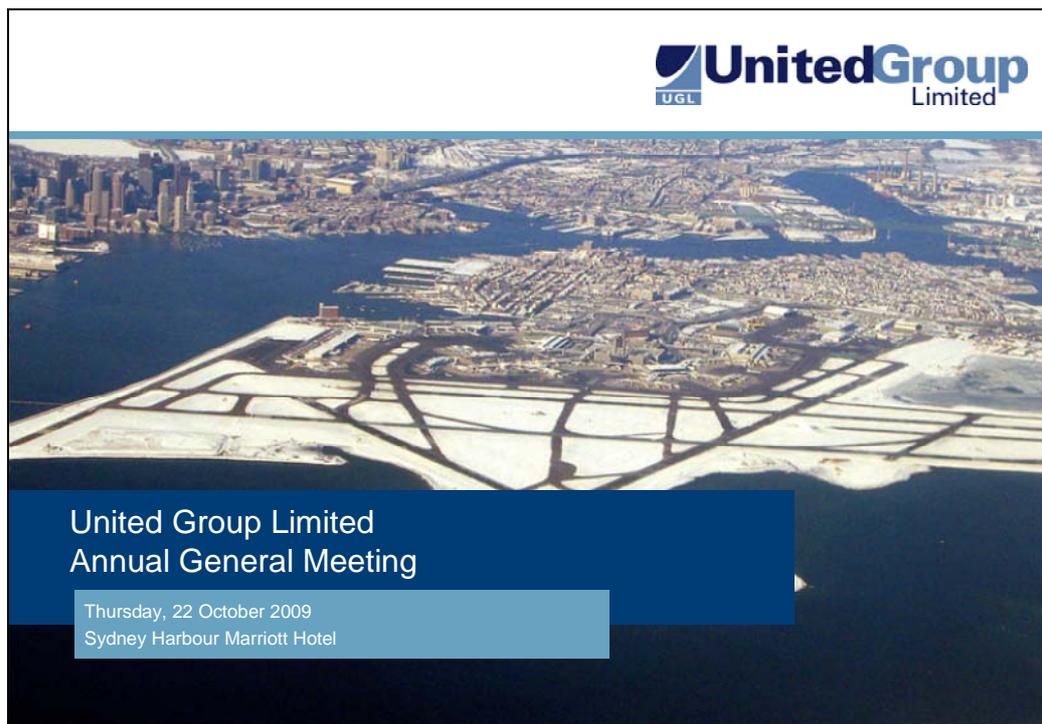
Please find enclosed the Chairman and Managing Director’s address for the AGM to be held at 2pm today.

Yours sincerely

A handwritten signature in cursive script, appearing to read 'Dennis Mentzines'.

Dennis Mentzines
Company Secretary

CHAIRMAN'S ADDRESS



It is with pleasure that I am able to advise you that United Group has again delivered a record year in terms of revenue, earnings and dividends in the financial year ended June 30, 2009.

Highlights

- UGL's operations continue to be resilient and sustainable
- Eighth consecutive year of profit growth
- Higher dividends, fully franked
- Robust risk management policies, processes and systems
- UGL is well placed for long term sustainable growth

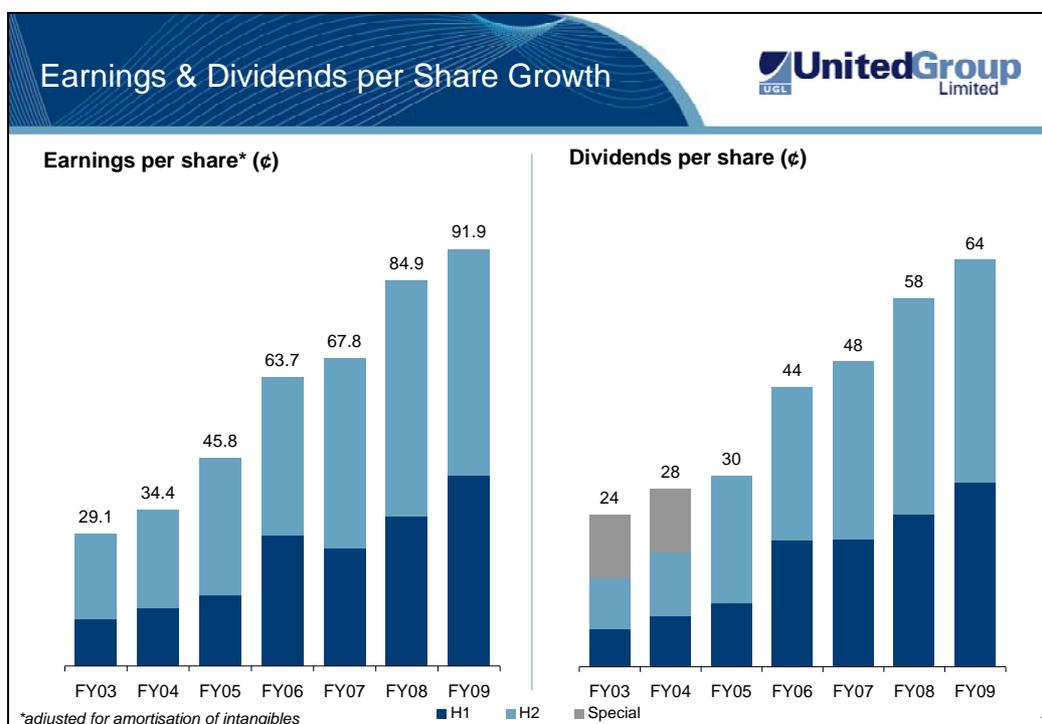
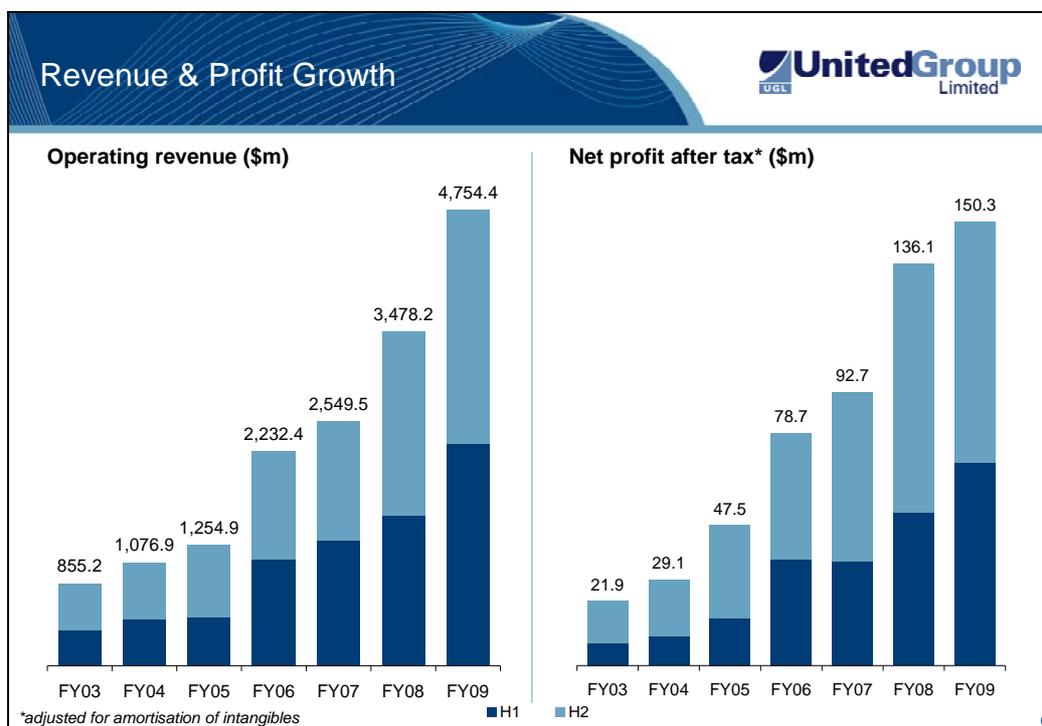
Cassy Armagnacq, HR Officer, TrackStar Alliance

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The slide has a blue header with the word 'Highlights' and the United Group Limited logo. The main content area is white with a list of five bullet points. To the right of the list is a photograph of a woman in an orange high-visibility shirt and white hard hat standing on a train track. A yellow train is visible in the background. The slide number '5' is in the bottom right corner.

United Group delivered its eighth consecutive year of profit growth. The results highlighted the resilience and sustainability of United Group's operations despite the global financial crisis.

United Group's robust risk management processes, policies and systems have also been fundamental in underpinning this strong financial performance. They are also essential in helping us to deliver sustainable earnings growth and returns to shareholders over the longer term.



The Company's financial performance may be summarised as follows:

- Operating revenue rose 37 per cent to \$4.8 billion, up from \$3.5 billion in the 2008 financial year.

- Underlying net profit after tax rose 10 per cent to \$150.3 million, up from \$136.1 million in the 2008 financial year.
- Underlying earnings per share rose 8 per cent to 91.9¢, up from 84.9¢ in the 2008 financial year.

As we have previously advised, earnings for the 2010 financial year are likely to be in line with the 2009 financial year.

Dividends



- 10 per cent increase in total dividends
- Total annual dividends at 64 cents a share
- Final dividend of 35 cents per share paid on 18 September 2009
- Payout ratio of 70 per cent
- Future payment of fully franked dividends



*Miguel Beltran and Ruben Vazquez,
UGL Unidido lighting technicians*

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The strong performance also meant United Group was able to again lift dividends, this time by 10 per cent to 64¢ a share, fully-franked. This included the 35¢ final dividend the company paid on September 18.

This represented a pay-out ratio of 70 per cent, in line with United Group's historical levels – and quite appropriate given the strength of the company's balance sheet and its healthy gearing and interest cover ratios.

The Board expects to maintain the current pay out ratio going forward.

- UGL Sustainability Charter endorsed
 - Implement controls and initiatives to reduce environmental impacts
 - Maintain a safe and healthy working environment
 - Develop partnerships with clients and like-minded organisations
 - Create a culture in which it is viewed as an employer of choice



BP Australia, Kwinana WA

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The 2009 financial year also saw United Group's board endorse the UGL Sustainability Charter. The charter states that UGL will operate by sustainable principles and operate in a sustainable manner by:

- implementing procedures to reduce environmental impact;
- maintaining a safe and healthy working environment;
- developing partnerships with clients and like-minded organisations; and
- creating a culture where UGL is regarded as an employer of choice.

We continue to work toward embedding sustainability principles into company operations.

- Extension of employment contract – Mr Richard Leupen
 - Three years to 31 March 2014

- New Board member – Mr Guy Cowan
 - Joined in February 2009

- Retirement – Mr Sandy Elliott
 - Retiring in October 2009

The Board is very pleased to announce that the Managing Director and CEO Richard Leupen's employment contract has again been extended by three years until 31 March 2014.

Richard is now entering his ninth year as UGL's Managing Director and CEO, and under his leadership, United Group has continued to grow and prosper.

We are of course mindful of the longer term leadership of United Group and as we have said, we are building UGL for the longer term. To that end, we have established a succession plan throughout UGL, including at a senior management and Board level. In fact, we consider succession planning as a priority during the final years of the Managing Director's term and accordingly have built in appropriate incentives in Richard's contract to ensure that the depth and strength of UGL's senior management is appropriately developed.

Renewal at a Board level is also essential. We are very pleased to welcome Guy Cowan as a director in February 2009. Of course, his appointment is subject to your approval at this meeting. Guy has had a successful career in the energy sector with Shell and in the food sector more recently with Fonterra.

I'd like to take a moment to thank Sandy Elliott who is standing down from the board after the conclusion of this meeting after five years as a non-executive director. We have been grateful for his leadership and commitment during his tenure.

In closing, I would like to thank our 28,000 people and the 15,000 subcontractors that work for UGL every day. In what has been a challenging year, they have been instrumental in delivering this very strong result.

Richard Leupen and his leadership team have done an outstanding job and they too are to be commended for their efforts. In the past year, there were not too many

companies that increased revenue and earnings to the same degree that UGL has. This is due in part to the strong leadership and strategy Richard and his team have developed. It is pleasing to see that UGL is indeed in safe hands.

Finally, I would like to thank our shareholders for their continued support of UGL and, of course, our customers for their ongoing commitment.

MANAGING DIRECTOR'S ADDRESS




Managing Director's Address

Richard Leupen

As outlined in the Annual Report, all four of United Groups' businesses – UGL Infrastructure, UGL Rail, UGL Resources and UGL Services – performed well in the 2009 financial year and are well-placed for the 2010 financial year.

But before I go into more detail on the Group's operations and outlook, I'd like to talk about safety.



Safety First

Lost time injury frequency rates 2007 (Per million hours worked)

BlueScope Steel	0.2
Woodside Petroleum	0.3
OneSteel	0.4
Newcrest Mining	0.5
United Group	0.6
ERA	0.7
Boart Longyear	0.8
Iluka Resources	0.9
Rio Tinto	1.0
NAB	1.1
Ancor	1.2
OZ Minerals	1.3
Brambles	1.4
Telstra	1.5
Transfield Services	1.6
Leighton	1.7
Downer EDI	1.8
Boral	1.9
ANZ	2.0
Origin Energy	2.1
Suncorp	2.2
CBA	2.3
Nufarm	2.4
Caltex	2.5
Westpac	2.6
Crane Group	2.7
CSL	2.8
AGL Energy	2.9
James Hardie	3.0



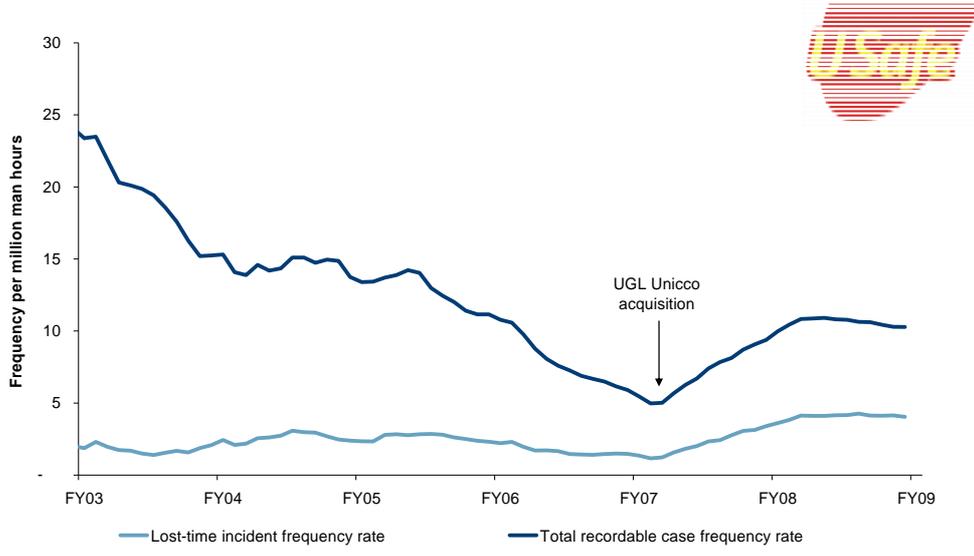
- UGL has been ranked 5th in a study into all ASX 200 companies.
- Study reviewed lost time injuries incurred across 2005 – 2008, inclusive.
- Whilst these results are encouraging, we continue to aim for our **ultimate goal of zero harm**.



Preventing injury/harm to people, damage to environment/property, and all forms of loss

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Rolling 12-month safety performance



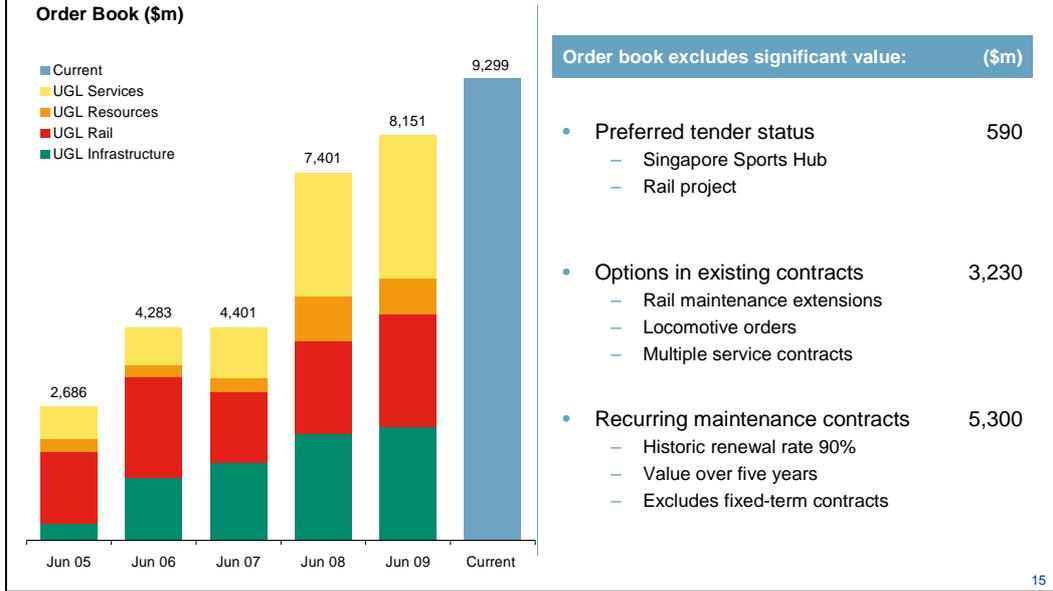
It is distressing to report the loss of life of one of our workers at a project in Queensland during September 2008. The safety and security of our people is our number one priority and tragic events such as this remind us that nothing is more important than the safety of our people.

We do everything we can to ensure our 28,000 people and 15,000 subcontractors operate under the safest conditions possible and we can only continue to improve and strive to prevent a recurrence of such tragic events.

On the positive, UGL was recently rated the 5th safest company in the S&P/ASX200 as measured by loss time injury frequency rates between 2005 and 2008. I think this reflects UGL's continued investment in its safety program and the safety culture we have developed over a number of years.

Our safety performance for the 2009 financial year was broadly in line with that of the previous years if adjusted for the impact of the acquisition of the UGL Unicco business.

Our lost time injury frequency rate was 4.05 per million man hours, and our total recordable case frequency rate was 10.28 per million man hours. We continue to invest in our USafe program and it is pleasing to report that many of our sites went for extensive periods without any safety incidents.



We also entered the 2010 financial year in a strong position. Currently the order book stands at \$9.3 billion compared to \$7.4 billion at June 2008. This reflects the sustainability of our operations and the quality of our client base.

In the 2009 financial year, UGL won more than \$5.5 billion worth of new work – a remarkable achievement in what was a challenging environment.

It is worth noting that our current order book excludes around \$590 million worth of projects which are in preferred tenderer status; \$3.2 billion worth of options on existing contracts, and \$5.3 billion worth of recurring contracts which have a 90% success rate of renewal.

So as you can see, we are very conservative in the way we calculate our order book and our future workflow is underpinned by a lot of opportunity and certainty.

- Solid FY09 result and ongoing growth support UGL's long-term strategic vision
- UGL's business drivers remain
 - Outsourcing
 - Essential infrastructure and services
 - Government and blue-chip clients
 - Alliances
 - Risk management
 - Long-term client partnerships
 - Non-capital intensive business model
 - Globally leading technology
 - Sector focus
 - Diverse earnings streams
 - Safety



Alcoa Maintenance Team, Pinjarra

A strength of UGL is based around the fact that our strategy remains the same.

Of course we continue to stress test the business in many forms to ensure we are robust and operating at optimum levels, but in terms of our strategy, its consistency and clarity is indeed one of UGL's key strengths.

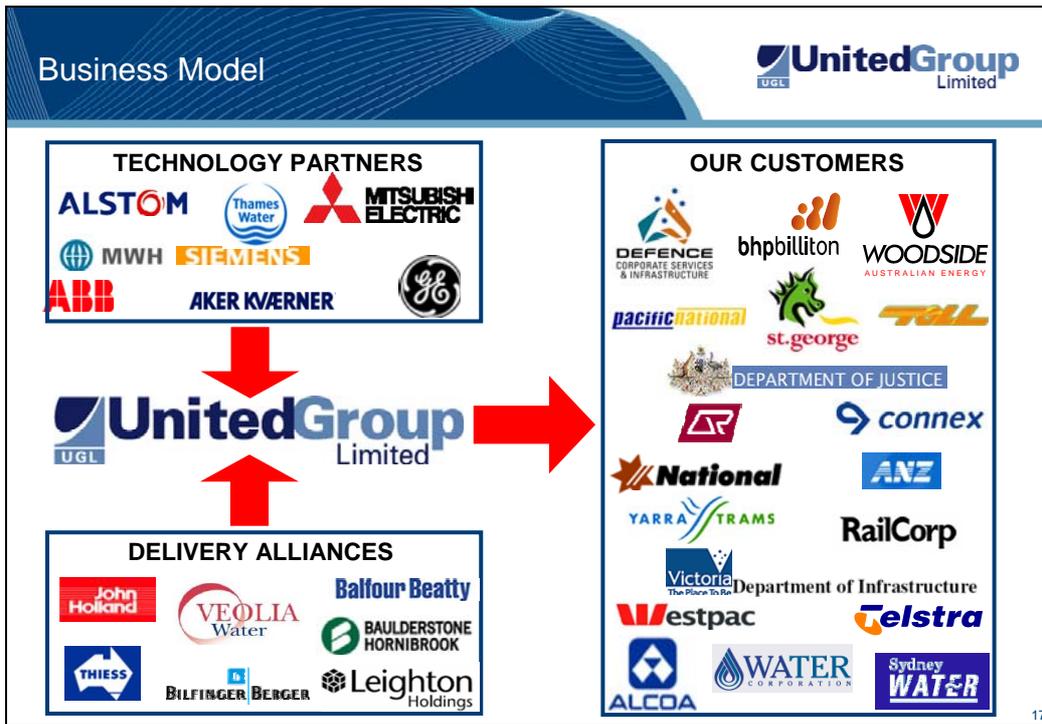
Our business drivers have not changed. We remain exposed to the outsourcing of essential services. This trend is expected to continue as companies look to reduce costs by outsourcing non-core services.

This is fundamental to our longer term strategy.

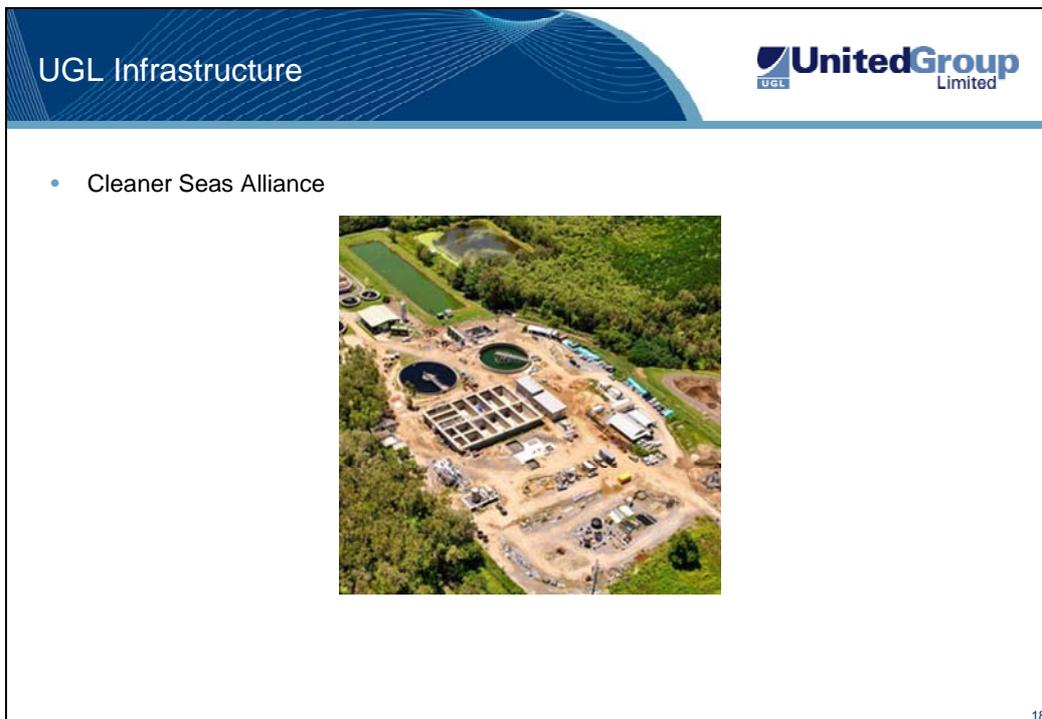
Supporting essential infrastructure and services on behalf of government and blue-chip clients remains a growth platform – all the time operating within the key sectors on which we continue to focus – property, essential infrastructure and resources.

We continue to strengthen our risk management procedures and diversify our revenue streams. UGL will also remain a non-capital intensive organisation.

And as I have said, at the heart of all our operations remains a strong commitment to safety as well as integrity.



Alliances and long term partnerships, and partnering with global technology leaders will help us to deliver the best outcomes for our customers over the longer term. Some of these partners include GE, ALSTOM, Mitsubishi and Balfour Beatty.



I'd now like to show you a few examples of the work United Group carried out in the 2009 financial year, and continues to work on in the 2010 financial year.

The Cleaner Seas Alliance in Cairns is a great example of the way UGL and its partners are involved in efforts to improve the environmental sustainability of critical infrastructure.

The program – a \$175m alliance between Cairns Regional Council Water & Waste, UGL Infrastructure, CEC Constructions, SKM and GHD – is all about improving the quality of wastewater discharge into one of Australia’s most precious natural assets, the Great Barrier Reef Marine Park. It’s also providing quality recycled water for the people of the Cairns region to use around the home and garden and for use by local businesses and industry.

The structure of the contract is also typical of the way UGL, its partners and clients are bringing sustainable, long-term partnerships to the water industry. Alliances bring shared goals and incentives and a spirit of collaboration that reduces conflict and contract risk – which ultimately saves the community money.

UGL Rail

UnitedGroup Limited

- MainTrain



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The MainTrain contract with NSW passenger rail operator RailCorp is a great example of a long-term relationship with a provider of essential services.

It’s also among the largest of UGL’s contracts, so its extension from April 2009 was particularly significant. Since 1994, UGL has carried out heavy maintenance on the 1,500 electric carriages that form the bulk of the metropolitan and suburban rail fleet that serves Sydney’s 4.2 million people.

In addition to maintenance, works at MainTrain include major upgrades, material purchasing, repairs and management of special projects. The extension of the alliance-style contract to June 2011 added \$405m to UGL’s order book.

- Shell's Clyde Refinery



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Shell's facility at Clyde in Sydney is Australia's longest running refinery and supplies the people of New South Wales and the Australian Capital Territory with 40% of their petrol.

In January 2007, UGL began preparatory work on its largest project to date under its asset management contract at the site: planning, executing and managing a 300,000 man-hour turnaround of critical components.

The close working relationship between UGL and Shell extended to an area of particular importance – safety. UGL's workforce went into a prize draw whenever they utilised one of the company's Health, Safety, Security & Environment tools at the project.

In May 2009, UGL and Shell signed an agreement under which UGL will also provide turnaround management services at Shell's Geelong refinery in Victoria.



Putnam Investments' facility
at Andover



Steve Attard of UGL Services at
the Royal Women's Hospital



Outside the Biopolis@one-north
research hub in Singapore

On this slide are examples of the property services UGL provides worldwide.

Our US property services business UGL Unicco has had a relationship with Putnam Investments for 15 years. The partnership now covers a broad range of responsibilities including mechanical, janitorial, landscaping, snow removal, painting and audiovisual services.

In Australia, under a 25-year public-private partnership, UGL Services is responsible for much of the non-medical day-to-day running of the 160-bed Royal Melbourne Women's hospital – covering 40,000 square metres over nine storeys.

In Singapore, UGL Premas plays a crucial role in helping some 2,000 scientists carry out their work at Biopolis@one-north, providing 24/7 support. UGL Premas has also implemented energy and water-saving initiatives with the client and is working towards gaining recognition for the environmental performance of the buildings at the site.

- **Solid progress in first quarter FY2010**
 - Part of the winning consortium for the Metro Trains Melbourne - \$162 million per year
 - BHP Billiton's Rapid Growth Project 5 - \$165m
 - Verve Energy's High Efficiency Gas Turbine (HEGT) project - \$190m

- **Favourable macro environment supports growth**
 - Outsourcing trends in Government and blue chip businesses
 - Australia is experiencing a resurgence in capital spend
 - Investment in infrastructure strong
 - Environment issues driving spending
 - Strong prospects for investments in the resources sector – especially LNG

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- **UGL is in strong shape for 2010 and beyond**
 - Tendering activities at record level
 - Strong pipeline of opportunities
 - High level of activities in our key sectors
 - Continue to assess growth opportunities

- **FY2010 earnings broadly in line with FY2009**
 - Earnings weighted to the second half
 - Continued strong AUD may reduce off-shore earnings

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Now turning to the outlook.

As we have previously stated, UGL is in good shape and has commenced 2010 strongly. We have won three major projects during the first quarter.

There are a number of opportunities that give us the confidence that UGL can continue to deliver strong growth over the longer term.

- The outsourcing trend is expected to continue.
- Australia is experiencing a resurgence in capital spending.

- Investment in infrastructure is strong with environmental issues driving some of this spending.
- Investment in the resources sector is also growing and we see a lot of opportunity in the LNG sector in both WA and Queensland.

UGL is exposed to all these sectors and this exposure gives us the confidence in our longer term future.

We have a strong platform for growth with a growing base of recurring revenue, a strong order book, a strong pipeline of opportunities and a balance sheet that gives us the flexibility to pursue growth opportunities.

As we have previously stated, UGL expects earnings for the 2010 financial year to be broadly in line with the 2009 financial year. Earnings will be weighted to the second half of the year due to the timing of some new projects recently secured and a number of steps taken to mitigate the outcome of the OSCar arbitration. Recent strengthening of the Australian dollar may negatively impact 2010 financial earnings depending on where it trades over the balance of the financial year. We now have a solid foundation in place to grow revenue and earnings from the 2011 financial year.

Finally, I would like to take this opportunity to join the Chairman in acknowledging the outstanding contribution of United Group's people and the support of our customers, partners and – above all – our shareholders.

Thank you once again.