ASX/MEDIA RELEASE

17 August 2010

UGL delivers record profit of $151.1m* – targeting 10-15% growth in FY2011

- Underlying net profit after tax of $151.1 million*, up 1 per cent
- Reported net profit after tax of $144.5 million, up 1 per cent
- Strong cash flow of $229.4 million, up 25 per cent
- New contract wins and extensions of $5.3 billion
- Record order book of $9.1 billion, up 11 per cent
- Dividend per share of 64 cents fully franked
- Strong balance sheet supports growth
- Returning to growth in FY2011

Sydney: UGL Limited (ASX: UGL) ("UGL") today reported underlying net profit after tax for the year ended 30 June 2010 of $151.1 million* (FY2009: $150.3 million*), the group's ninth consecutive increase in full year profit.

The increase in net profit after tax during the period was achieved following record contributions from three of UGL's four business units including infrastructure, resources and services.

Revenue was $4.4 billion^ and earnings per share were steady at 91.7 cents*. Whilst revenue was down 10%, due to the global slowdown and FX impact, we were able to maintain operating margin. The Board has declared a final dividend of 35 cents per share fully franked, payable on 17 September 2010 to shareholders registered on 2 September 2010. This takes the total full year dividend payout to 64 cents per share fully franked.

UGL's Managing Director and CEO, Richard Leupen, said: "This year's result reflects a continuation of strong and stable performance for UGL over an extended period of time. It also demonstrates the resilience and dependability of our business model through difficult economic times.

"During the year, we continued to further enhance the risk management of our operations, invest in talent and systems, expand our customer relationships and position the business for growth.

"Following the award of $5.3 billion in new contracts and extensions, UGL's order book stood at a record $9.1 billion. We also have $5.8 billion in weighted and qualified opportunities in progress, supported by a strong near term pipeline including $1.2 billion of work at the preferred tenderer stage.

"UGL's operating cash flow performance was a key highlight in the period, expanding 25 per cent to a record $229.4 million. This reflected the continued strong working capital management and financial discipline across the organisation. This allowed us to further reduce gearing to 17 per cent, giving UGL increased flexibility to fund growth.

"Our low ongoing capital requirements continue to be a highlight of the business, with the ability to fund growth from operating cash flow.

*adjusted for amortisation of acquired intangibles
^includes joint ventures

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“Across 2010, UGL continued to deliver strong safety outcomes. Our low injury frequency occurrences consistently rank us alongside top Australian and US safety performance measures. We will continue to expand our commitment in this important area of the business.”

UGL Infrastructure

EBIT was up 10 per cent to $78.9 million on revenue of $1.1 billion^. The result was underpinned by positive contract close outs and strong performance in the transport and power sectors.

The water and wastewater market continues to provide a steady flow of opportunities and the power and transportation sectors offer good growth opportunities for the coming year. Increased spending on rail and road infrastructure in Queensland is an area of focus, as is the power sector in Australia and New Zealand.

UGL Rail

EBIT was $55.2 million^ on revenues of $1.1 billion^. Strong maintenance service performance across the period was offset by both lower locomotive and wagon sales and the cost of the OSCar arbitration. During the period, UGL Rail was awarded the MTM franchise, extended its 40 year partnership with GE Transportation and is on-time and on-budget to deliver 74 next generation passenger cars to RailCorp commencing September 2010.

Further investment in the resources sector positions the business’ locomotive and freight operations for growth, and passenger rail maintenance and manufacturing projects are also expected to contribute to an improved performance.

UGL Resources

EBIT increased 4 per cent to $59.4 million and revenue also increased to $786 million^, driven by spending in the LNG, iron ore and oil & gas sectors. Particularly encouraging was the business’ performance in the second half.

There has been a marked increase in the level of tendering activity, particularly in the oil & gas sector. The business is aggressively pursuing new oil & gas projects, and recent successes extend UGL Resources’ position as a leading oil and gas maintenance services provider in Australia. Tendering activities in the coal and iron ore markets also remain strong presenting further opportunities into 2011.

UGL Services

EBIT was up 13 per cent to $71.5 million* and revenue was $1.4 billion. EBIT margins grew to 5.2 per cent* (FY2009: 4.1 per cent*) driven by a significant turnaround in the US corporate real estate operations in a recovering market, increased contributions across the US and Asia Pacific property services businesses and strong business development outcomes.

Global outsourcing trends are expected to continue and UGL Services is positioned well to capitalise on this opportunity for some time into the future.

Outlook

Mr Leupen added: “UGL has entered the current financial year with a strong platform for growth. Our essential services focus continues to deliver healthy forward workloads, visibility and stability across the group.

“We have blue-chip customers, leadership positions in key growth sectors, strong technology partnerships, robust risk and financial disciplines in place and a balance sheet to support growth as we move forward.

“Although uncertainty remains, our forward indicators are positive supported by healthy trading conditions, continuing business momentum and a record pipeline of opportunities.

*adjusted for amortisation of acquired intangibles
^includes joint ventures

"For the 2011 financial year, UGL expects to resume growth and is targeting 10 to 15 per cent growth in underlying net profit after tax*."

Annual General Meeting

UGL will hold its 2010 Annual General Meeting at the Sydney Harbour Marriott Hotel at 30 Pitt Street, Sydney at 2pm on 21 October 2010. The company will send a notice of meeting containing full details in September 2010.

Ends

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About UGL Limited
UGL (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 employing approximately 43,000 people. For more information, visit: www.ugllimited.com

*adjusted for amortisation of acquired intangibles
^includes joint ventures

Appendix: UGL Full-Year Result 2010 Summary

Table 1: Group

	FY2010	FY2009	Change
Operating revenue^	$4,359.1m	$4,843.7m	(10%)
EBIT*	$229.3m	$232.3m	(1%)
*EBIT margin**	*5.3%*	*4.8%*	-
Net interest	($20.3m)	($30.5m)	-
Tax*	($58.4m)	($50.3m)	-
Minority interest	$0.5m	($1.3m)	-
NPAT*	$151.1m	$150.3m	1%
*NPAT margin**	*3.5%*	*3.1%*	-
EPS*	91.7¢	91.9¢	0%
DPS	64¢	64¢	0%

Table 2: Divisions

	FY2010^	FY2009^	Change
UGL Infrastructure			
Sales	$1,096.0m	$1,160.6m	(6%)
EBIT	$78.9m	$71.8m	10%
EBIT margin	*7.2%*	*6.2%*	-
Order book	$2,120.0m	$2,292.1m	(8%)
UGL Rail			
Sales	$1,135.8m	$1,420.8m	(20%)
EBIT	$55.2m	$80.2m	(31%)
EBIT margin	*4.9%*	*5.6%*	-
Order book	$3,112.0m	$2,252.1m	38%
UGL Resources			
Sales	$785.9m	$726.4m	8%
EBIT	$59.4m	$57.0m	4%
EBIT margin	*7.6%*	*7.8%*	-
Order book	$1,005.0m	$733.9m	37%
UGL Services			
Sales	$1,361.9m	$1,559.1m	(13%)
EBIT*	$71.5m	$63.5m	13%
*EBIT margin**	*5.2%*	*4.1%*	-
Order book	$2,825.0m	$2,873.1m	(2%)

*adjusted for amortisation of acquired intangibles
^includes joint ventures