## ASX/MEDIA RELEASE

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# UGL delivers solid first half NPAT of $59 million* – on track to deliver full year earnings

- **Revenue of $2.1 billion**
- **Underlying EBIT of $91.3 million***
- **Half year dividend steady at 29 cents per share fully franked**
- **Record cash flow from operations of $121 million**
- **Order book of $8.8 billion and preferred tenderer on $1 billion of new work**
- **$2.9 billion in new projects secured year to date**
- **Majority of revenue already booked for second half**
- **Strong balance sheet supports growth opportunities**
- **On track to meet full year guidance and a return to growth in FY2011**

**Sydney:** UGL Limited (ASX: UGL) today reported net profit after tax for the half year to 31 December 2009 of $58.6 million* (HY2009: $68.8 million*) which is in line with expectations. Revenue was $2.1 billion and underlying EBIT was $91.3 million*. Earnings per share* was 35.6 cents and the directors have declared a fully franked interim dividend of 29 cents per share, payable on 18 March to shareholders on the register at 8 March.

UGL's Managing Director and CEO Richard Leupen said, "This is one of UGL's strongest trading results, particularly considering the challenging economic climate and that we expensed the cost of a long running arbitration. By almost every key measure the businesses have performed well. UGL is well placed to meet its full year profit forecasts with a substantial amount of work already sold for the remainder of the year.

"In view of the economic conditions, revenue of $2.1 billion was a highlight, and confirms that UGL continues to benefit from the stable and recurring nature of our $8.8 billion order book, the strength of our diversified earnings model and our ability to secure and successfully execute large scale projects.

"Particularly encouraging is that we have secured a total of $2.9 billion of new projects in the year to date, and we have over $1 billion of work at the preferred tenderer stage – both of which underwrite our order book well beyond 2011. The performance of our Property Services business, particularly in the USA and Australia was also very pleasing.

"UGL's operating cash flow of $121 million is also pleasing. We have again reduced gearing to 18% and our strong balance sheet gives us the increased flexibility to pursue a number of growth opportunities which we are actively considering.

"UGL's focus on safety has resulted in a safety performance result which again exceeds industry best practice and this remains an area of significant investment. We have managed our overheads and reduced the cost base where possible."

**UGL Infrastructure**
EBIT was $39 million and revenue was $562 million. The EBIT to sales margin was steady at 6.9%. The business achieved solid growth with activity in the power, water and transportation sectors underpinning the result.

UGL Infrastructure is well placed for the second half and is benefiting from a steady flow of work in the water sector, increased activity in the power market, including substation refurbishments and the construction of transmission lines, as well as ongoing projects in the transport infrastructure market. The business has a number of large projects at the preferred tenderer stage, and spending on green energy such as wind farms and high efficiency gas turbine power stations offers new opportunities.

**adjusted for amortisation of acquired intangibles*

**UGL Rail**
EBIT was $13.7 million, which was impacted by lower locomotive and wagon sales and the cost of the OSCcar arbitration. Revenue was in line with expectations at $536 million and the EBIT to sales margin was depressed due to one-off items. The business benefited from a steady contribution from its passenger maintenance activities throughout Australia, and the ongoing supply of spare parts. Being a part of the winning MTM franchise in Melbourne was a highlight.

There has been a noticeable pick up in demand for wagons and locomotives in Queensland, Western Australia and New South Wales. The business has a record order book of $3.2 billion and a solid pipeline of tendering opportunities.

**UGL Resources**
The business performed well during the half considering the delayed pick up in major resource projects. EBIT was $23.6 million, revenue was $314 million and the EBIT to sales margin was steady at 7.5%. Several large projects were delayed, which impacted UGL's Resource's business. The asset services business made a strong contribution.

The business has a number of major contracts in Western Australia and Queensland that will contribute to second half earnings. The oil and gas sector in Australia and Asia also offers scope for growth. UGL Resources is currently experiencing a high level of bidding activity and there is a significant pipeline of project opportunity, particularly in LNG and Iron Ore.

**UGL Services**
EBIT was $34.8 million and revenue was $673 million. The EBIT to sales margin grew to 5.2% and reflects the business' turnaround in its key markets. The US corporate real estate and facilities management businesses traded well and there has been a noticeable improvement on last year. The Australian and New Zealand operations saw a significant reduction in their cost base and a change in their revenue mix away from lower margin work. The Middle East and Asia also performed well.

UGL Services is well placed for the remainder of the year, with an upswing in discretionary facilities management spending in the US, a solid pipeline of bidding opportunities in the Australian market, as well as scope to build scale in the Middle East, Asian and US operations.

**Outlook**
"UGL is in excellent shape and we are very well placed to resume growth," Richard Leupen said. "We have a near record order book and a historically high bidding pipeline that underpins our confidence for the remainder of FY2010 and well into FY2011 and beyond. With a strong balance sheet and a record cash position, we are also reviewing several organic and acquisition opportunities that complement our existing operations.

"Spending in all our sectors of property services, infrastructure, transport and resources are now starting to pick up and we are witnessing the resumption of major projects and higher tendering activity in Australia, Asia, the Middle East and the US. The continuing trend of outsourcing non-core services by blue chip companies and governments will further enhance our recurring revenue base in the years ahead.

"We expect underlying NPAT of around $150m, which is broadly in line with that of the prior year and in line with our previous guidance."

**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 and employs approximately 41,000 people. For more information, visit: www.ugllimited.com.