



UGL Limited
ABN: 85 009 180 287
Level 10
40 Miller Street
North Sydney NSW 2060
Australia
Telephone: +61 2 9492 8888
Facsimile: +61 2 9492 8844

www.ugllimited.com

TO: ASX Market Announcements

FROM: Dennis Mentzines

DATE: 27 March 2013

PAGES : 3 (inclusive)

SUBJECT: Letter to shareholders

The attached letter to shareholders will be included with the distribution of dividend statements which is being sent out today.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Dennis Mentzines', with a long, sweeping horizontal line extending to the right.

Dennis Mentzines
Company Secretary



LETTER TO SHAREHOLDERS

UGL reported underlying net profit after tax of \$51.0 million* and reported NPAT of \$26.0 million for the six months ended 31 December 2012. Reported NPAT includes costs associated with restructuring, the rebranding of DTZ, the amortisation of acquired intangibles and a profit on the sale of non-core property. An interim dividend of 34.0 cents per share, franked to 50%, will be paid to shareholders on 27 March 2013.

REPOSITIONING FOR CHANGING MARKET CONDITIONS

During the half year period, UGL undertook significant restructuring, rebranding and business repositioning initiatives to strengthen the business and address changing market conditions. A slowing domestic resources sector as well as cost overruns on several non-performing infrastructure projects also contributed to the softer first half result. Despite these events, UGL's Property business and the rail operations are performing very well and trading at record levels.

Operating revenue of \$2.1 billion^ continues to be supported by UGL's diverse, recurring revenue streams with more than 80 per cent of the order book consisting of long term, recurring maintenance style contracts.

Our Property business is performing strongly with the DTZ acquisition delivering on its turnaround and the underlying business also generating good organic growth. The rail component of our Engineering business continues to make a solid contribution reflecting our strong competitive position and the ongoing strength in resources volumes.

Our Engineering and Operations & Maintenance businesses contracted during the period, due to start-up delays, cancellations and reduced project scope as major mining clients focused on cost cutting programs, driven by softer commodity markets. The Engineering result also included cost overruns on several non-performing infrastructure projects however, these projects are now either completed or near complete.

UGL is now trading solidly again in the second half and is repositioning to address the challenging markets ahead. Opportunities are available in the LNG, coal and rail sectors and our bidding activity is increasing in these areas of the business.

Our gearing is at the low end of our target range at 33 per cent. Combined with the low capital intensity of our business model, our balance sheet remains robust providing us with the flexibility to continue to invest in and grow our businesses.

During the half year, UGL continued to deliver strong safety outcomes across the business. With a global workforce of 55,000 people including contractors, maintaining world class safety standards must remain our first priority. We continue to invest in new systems, processes and training to proactively identify and implement safety improvements to ensure the well-being of our staff.

An interim dividend of 34.0 cents per share has been declared, payable on 27 March 2013 to shareholders on the register at 13 March 2013. Your dividend statement is included with this letter.

The interim dividend for the 2013 financial year is franked to 50%. With the increasing globalisation of UGL, around one third of operating revenue is now generated outside of Australia, which does impact UGL's franking capacity. The Board remains committed to frank dividends to the fullest extent possible.

WELL POSITIONED TO RESUME GROWTH FROM 2014

Following the award of \$2.1 billion in new contract wins and extensions during the half year period, UGL's order book stands at a near record \$9.3 billion. While these awards have been secured broadly across all of our businesses, key wins during the half year included the \$540 million renewal of the maintenance contract with Pacific National Rail which includes the upgrade and provision of maintenance services for a portion of their locomotive fleet.

UGL also successfully secured an expanded \$200 million contract with Shell Geelong to provide integrated maintenance services for the next five years. Integral to the success of UGL's business model are the longstanding relationships we have established with a broad base of blue-chip corporates and governments and UGL is proud to continue to partner with Pacific National and Shell.

The core strengths of UGL's business model are unchanged and we are well placed to resume growth from 2014. We are rigorously focused on costs, undertaking restructuring initiatives to ensure our cost structure reflects our workload. We are well positioned to benefit from the current strong growth trends in the global property services, LNG, iron ore and rail sectors and we are investing in significant bidding activity across these areas.

We are also pursuing strategic initiatives which will provide new, additional drivers for longer term growth. These initiatives include a targeted expansion of our Engineering and Operations & Maintenance businesses into offshore markets where we can leverage our previously established presence. We are investing heavily in our project management capability and have recruited specialists in this area to expand UGL's core competencies, building world class capabilities as a key differentiator. We also continue to explore opportunities for expanding our global property services platform, both by capability and geography, building on the strong momentum DTZ is already delivering.

OUTLOOK

Volatility in commodity prices continues to result in cancellations and delays of major projects in the resources and infrastructure sectors. Combined with UGL's balanced risk appetite and focus on margin protection, this has led to a delay in the major projects pipeline for FY2013. While largely offset by the strength in Property and the rail operations, this is likely to result in underlying NPAT of between \$150-160 million* in FY2013.

With the restructuring and repositioning now largely behind us, UGL is now returning to normal trading in the second half of FY2013. The Property business has excellent growth prospects to offset the slowing Australian market, and it is already benefiting from the significant investment in restructuring and rebranding. The new property systems rollout is also progressing to plan with the US now live and other markets to follow over the next 12 months.

We are also well positioned to benefit from significant bidding activity in the LNG, iron ore and rail sectors, and this underpins our confidence for a resumption of growth from here.

Longer term, the opportunities in global outsourcing are unchanged and our business is aligned to respond to the trend in outsourcing. We are also pursuing expansion opportunities in Asia across all of our business units which will also contribute to growth from 2014 onwards, and importantly, deliver sustainable value creation and returns for shareholders.

On behalf of the UGL Board, we would like to thank you for your ongoing support. We are confident that by remaining focused on our core strategy, maintaining the quality of our order book and continuing to place significant emphasis on financial discipline and risk management, we will be well positioned to deliver sustainable value creation and returns to our shareholders.



Trevor C Rowe AO
Chairman



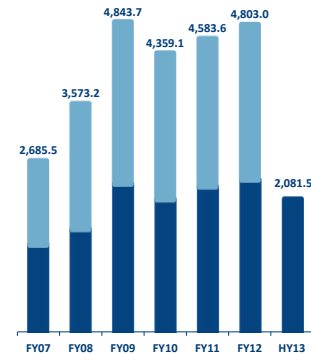
Richard A Leupen
Managing Director & CEO

* Adjusted for restructuring costs, rebranding, the amortisation of acquired intangibles and gain on sale of property

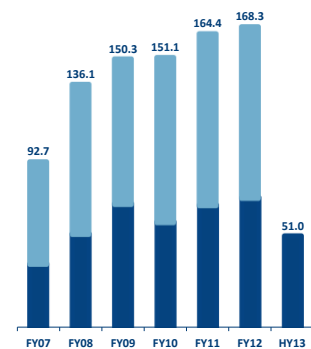
^ Includes UGL's share of joint venture revenue

Note: Full details of UGL's financial results for the half year ended 31 December 2012 are set out in our ASX results announcement dated 27 February 2013. The ASX results announcement can also be viewed on our website: www.ugllimited.com

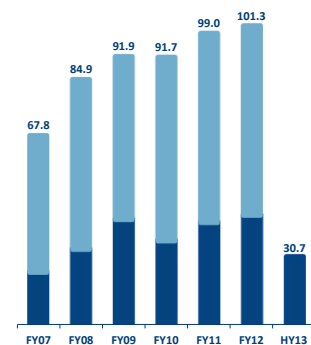
OPERATING REVENUE (\$m) ^



UNDERLYING NPAT (\$m) *



UNDERLYING EPS (cents per share) *



DPS (cents per share)

