ASX/MEDIA RELEASE

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UGL delivers solid first half earnings growth and reaffirms guidance for FY 2012

Key highlights:

- **Underlying net profit after tax of $72.2 million up 6 per cent[1]**
- **Reported net profit after tax of $55.4 million down 15 per cent**
- **Operating revenue of $2.4 billion[2] up 5 per cent**
- **Reported EPS of 33.3 cents with underlying EPS of 43.4 cents up 5 per cent**
- **Interim dividend of 34.0 cents per share fully franked up 6 per cent**
- **Secured over $3.4 billion in new contract wins and extensions**
- **Record order book of $9.5 billion**
- **FY 2012 guidance unchanged - forecasting underlying NPAT growth of around 5 per cent**

Sydney: UGL Limited (ASX: UGL) today reported underlying net profit after tax (NPAT) for the half year ending 31 December 2011 of $72.2 million (HY11: $68.1 million), up 6 per cent on the previous corresponding period. Reported NPAT for the half year period was $55.4 million (HY11: $65.0 million), down 15 per cent on the previous corresponding period.

Underlying NPAT excludes $16.8 million of transaction costs associated with the DTZ acquisition and the amortisation of acquired intangibles as set out in the Appendix.

Underlying EPS increased 5 per cent to 43.4 cents[1] (HY11: 41.2 cents[1]). The Board has declared an interim dividend of 34.0 cents per share fully franked, payable on 16 March 2012 to shareholders on the register at 2 March 2012.

The Board believes that underlying NPAT and underlying EPS provide a more accurate reflection of operating performance as the adjustments reflect costs incurred by the business which are associated with business acquisitions.

Operating revenue increased 5 per cent to $2.4 billion[2] (HY11: $2.3 billion[2]) and underlying earnings before interest and tax (EBIT) was up 5 per cent to $110.3 million (HY11: $104.6 million) on the previous corresponding period.

During the half year period, UGL secured over $3.4 billion in new contract wins and extensions increasing the order book to a record $9.5 billion as at 31 December 2011. UGL maintains its risk management discipline, securing new business wins on commercially balanced trading terms to ensure profitable growth continues to be delivered.

UGL's Managing Director and CEO, Richard Leupen, said: "We are pleased to deliver another period of solid earnings growth which is testament to our diversified business model and the significant proportion of long term recurring maintenance style contracts which make up our order book.

[1] Adjusted for acquisition related costs and amortisation of acquired intangibles
[2] Includes UGL's share of joint venture revenue

“UGL’s order book is now at a record $9.5 billion, with more than 63% of the book made up of maintenance style contracts. Securing the renewal of the $1.4 billion RailCorp maintenance and logistics contract was a key win in the half year period and further strengthens the certainty and visibility of our revenue base. We also have over $1.4 billion of work in the preferred tenderer stage and $6.3 billion of weighted and qualified opportunities in the pipeline supporting a strong outlook for future earnings growth.

“Safety remains a core priority for UGL and 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. Given a global workforce now in excess of 55,000 people including contractors, maintaining world class safety standards has to remain our first priority.”

Mr Leupen further commented: “Following the acquisition of DTZ in December, 2012 will be a transformative year for our property services business as we continue to build momentum as an emerging leader in global property services. The DTZ integration process is now well advanced and on track to meet our 100 day initial transition deadline. The earnings impact from the acquisition in the first half was neutral although we continue to expect marginal accretion for FY 2012.”

UGL Infrastructure
Revenue increased 20 per cent to $595.1 million[2] and generated EBIT of $37.7 million for the half year ending 31 December 2011. The strong top line growth was driven by the contribution from the Airport Link project in Brisbane as well as a solid operational performance across our key business segments including power, transport and communications. During the half year period, UGL Infrastructure incurred higher bidding costs given a record level of tendering activity.

With a weighted and qualified pipeline of $1.7 billion, there are significant opportunities across the power, transport and communications sectors supported by high levels of private investment. UGL has a number of infrastructure opportunities at an advanced stage of the tender process positioning the business well for the second half.

UGL Rail
UGL Rail generated EBIT of $36.4 million on revenue of $593.3 million[2] during the half year period. Margins remained healthy at 6.1 per cent reflecting a continuous drive to deliver cost efficiencies within the business, despite high levels of bidding costs being incurred due to elevated tendering activity. The results were also supported by increased demand for freight locomotive supply and maintenance services from the Western Australian and Queensland resources sector.

UGL expects to participate in a significant proportion of the $1.6 billion weighted and qualified pipeline of opportunities identified across the freight and passenger rail supply and maintenance markets, delivering sustainable growth to our Rail business.

UGL Resources
Revenue increased 9 per cent to $524.2 million[2] while EBIT increased 160 per cent to $30.1 million during the half year period. The strong recovery in performance was driven by the absence of project issues relative to the previous corresponding period as well as substantial growth in the asset services division following a number of significant contract awards across the coal, iron ore and oil and gas industries.

Tendering activity for Resources is also significant with a weighted and qualified pipeline of $1.4 billion of opportunities identified across our core commodity segments with both major construction and asset maintenance projects being actively pursued.

[1] Adjusted for acquisition related costs and amortisation of acquired intangibles
[2] Includes UGL’s share of joint venture revenue

UGL Services

Revenue increased 2 per cent to $677.8 million[2] while delivering EBIT of $34.4 million for the half year period. Excluding DTZ, revenue growth for UGL Services was flat relative to the previous corresponding period largely driven by subdued macroeconomic conditions in the US impacting transaction volumes as well as adverse foreign exchange movements during the period. We continue to monitor the economic recovery in the US and remain cautious on the outlook for performance in the second half of the financial year.

Strong momentum continues to be generated by the Asia Pacific region, with a number of new projects being successfully secured during the half year period. The earnings contribution from DTZ for the half year period was neutral.

Globally, tendering levels remain robust for property services and as the integration of DTZ progresses, the business will be uniquely positioned to participate in these opportunities by leveraging the global footprint and integrated end-to-end service offering created by the combined platform.

Outlook

Mr Leupen said: “With the outlook for growth supported by significant levels of bidding activity across each of our businesses, we are on-track to deliver underlying NPAT growth of around 5 per cent for the 2012 financial year.

“We are confident that by remaining focused on our core sectors, 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 continue to deliver sustainable earnings growth to our shareholders.

“As with any growing business, our strategic platform continues to evolve as we focus on market leadership across all of the industries in which we operate. We are excited about the future growth opportunities for UGL and the transformation of our property services business into a truly global platform is a major step in this evolution. As these changes unfold, we remain committed to our fundamental strategy of partnering with blue chip corporates and government agencies, creating valuable outcomes in our trading relationships, managing risk and maintaining a strong balance sheet, and above all, keeping our people safe.”

Ends

For further information, please contact:

Rebecca Hill
Group Investor Relations & Corporate Affairs Manager
UGL Limited
+61 2 9492 1431
rebecca.a.hill@ugllimited.com

Richard Leupen
Managing Director & CEO
UGL Limited
+61 2 9492 8803
richard.leupen@ugllimited.com

Media please contact Ben Jarvis: +61 413 150 448

About UGL Limited

UGL Limited (ASX: UGL) is a global leader in engineering, property services and asset management and maintenance operating in the water, power, transport, resources and property sectors. It consists of four divisions – UGL Infrastructure, UGL Rail, UGL Resources and UGL Services. Headquartered in Sydney, Australia, UGL Limited operates worldwide across 45 countries employing approximately 55,000 people. For more information, visit**:** www.ugllimited.com

[1] Adjusted for acquisition related costs and amortisation of acquired intangibles
[2] Includes UGL's share of joint venture revenue

Appendix: UGL Half Year 2012 Results Summary

Table 1: Underlying Results Overview

$m	HY12	HY11	Change
Operating revenue[2]	2,379.8	2,273.7	5%
EBIT[1]	110.3	104.6	5%
EBIT margin[1]	*4.6%*	*4.6%*	
NPAT[1]	72.2	68.1	6%
NPAT margin[1]	*3.0%*	*3.0%*	
EPS[1]	43.4	41.2	5%
DPS	34.0	32.0	6%

Table 2: Reconciliation of Underlying Results

$m	Underlying	JVs & intersegment	Amort of intangibles acquired	Acquisition related costs	Reported
Revenue	2,379.8	(167.6)	0.0	0.0	2,212.2
EBIT	110.3	(1.1)	(4.7)	(14.0)	90.5
Net interest	(11.5)	0.0	0.0	0.0	(11.5)
Tax	(26.5)	1.1	1.9	0.0	(23.5)
	72.3	0.0	(2.8)	(14.0)	55.5
Non-controlling interests	(0.1)	0.0	0.0	0.0	(0.1)
NPAT	**72.2**	**0.0**	**(2.8)**	**(14.0)**	**55.4**

[1] Adjusted for acquisition related costs and amortisation of acquired intangibles
[2] Includes UGL's share of joint venture revenue

Table 3: Divisional Results

$m	HY12	HY11	Change
UGL Infrastructure			
Sales[2]	595.1	495.6	20%
EBIT	37.7	40.3	(6%)
EBIT margin	*6.3%*	*8.1%*	
Order book	1,365.5	1,912.5	(29%)
UGL Rail			
Sales[2]	593.3	638.4	(7%)
EBIT	36.4	38.5	(6%)
EBIT margin	*6.1%*	*6.0%*	
Order book	3,944.7	3,085.0	28%
UGL Resources			
Sales[2]	524.2	479.7	9%
EBIT	30.1	11.6	160%
EBIT margin	*5.8%*	*2.4%*	
Order book	778.1	868.5	(10%)
UGL Services			
Sales[2]	677.8	667.7	2%
EBIT	34.4	35.6	(3%)
EBIT margin	*5.1%*	*5.3%*	
Order book	3,394.3	3,054.8	11%

[1] Adjusted for acquisition related costs and amortisation of acquired intangibles
[2] Includes UGL's share of joint venture revenue