

**OPUS****CHIEF EXECUTIVE ADDRESS**

Good morning ladies and gentlemen.

I'll be talking about four main areas this morning:

1. First I'll talk about last year's results and some key opportunities
2. I'll follow that with some important initiatives we've also been working on
3. Then I'll update you on how the start of the year has gone
4. And I'll then finish off with the new strategy that we've just launched

So as Kerry just said, our performance in 2015 was a big improvement on the prior year. While at first glance the Group result may not look like it, there were a number of notable successes. We had a significantly improved performance in New Zealand - after a difficult 2014 - and we had another record result in the United Kingdom.

Like many other companies we were not immune to the global economic difficulties, including the collapse of oil and other resource prices which particularly impacted our Canadian and Australian businesses. However, our focus on continuous improvement processes enabled us to act faster than many.

In New Zealand, where we've seen tight market conditions over the past few years now, we put a number of performance improvements in place and despite revenue decreasing by 3.7% to \$276m last year, our operating EBIT increased significantly - by 29% to \$36.8m, mainly due to driving greater productivity and efficiency. Competition remains high but there's continued investment in transport and non-residential construction which we are actively targeting.

It's a similar story in the UK, where we've put a number of measures in place, going right back to when the GFC hit - and we're now seeing the benefit with the UK having its best ever performance last year with revenue up 30% to \$64.3m and operating EBIT up 133% to \$2.7m.

Strong infrastructure spending continues in the UK which again is good for the business.

In Canada our revenue of \$112.4m, was down 18%, and operating EBIT of \$1.5m, was down by 81% - but it would have been a lot worse had we not taken very early steps.

The immediate future of the oil and gas sector remains uncertain and we will continue to closely monitor the situation. However, on a more positive note, the Canadian Federal Government has made \$10bn of funding available for infrastructure development and there are a number of other opportunities coming to the market.

As I noted earlier, the Australian business was impacted by the slowing economy and as a result our revenue decreased by 22% to \$50.5m and our operating EBIT was a \$2.6m loss.

Even allowing for substantial restructuring costs as we resized the business, this was still disappointing. However, the economy is showing some signs of improvement.

In fact, governments across the globe are starting to invest heavily in infrastructure as a means of economic stimulus, a fact that we intend to take full advantage of by implementing a sharper - more focused strategic plan, which I'll talk about in a minute.

But before that I'd like to highlight some continuous improvement and growth and diversity initiatives. Health and safety continues to be a major focus for us and our performance last year demonstrated positive improvement:

- We had 8 days lost per 100,000 days worked, a decrease of 50% on 2014,
- We also had 14.2 harm incidents per 1 million hours worked, a decrease of 16% on 2014.
- A key measure is the Total Recordable Injury Frequency Rate or TRIFR which gives us a clear indication of all injuries per 1 million hours worked. In 2015 our TRIFR result was 2.6, a decrease of 10.3% on 2014 and this compares very well with industry benchmarks.

In New Zealand we saw the introduction of the new Health and Safety at Work Act this month. Having worked towards best practice for some years now the business seamlessly incorporated the changes.

We've been investing in technology as a 'lead' function rather than a 'support' function to help drive innovation right across the business and expand our offering to clients. How we harness data and knowledge for the benefit of our clients is becoming increasingly important. In addition, we've been developing our capability in transport and technology in relation to smart cities - and we've won a number of contracts as a direct result of our investment in this area.

We've reviewed the national carpooling software; advised Auckland University of Technology on sustainable transport and parking; and given advice on electric vehicle rollout.

This aligns with our focus and commitment to sustainability as a business and as a trusted advisor to clients. While we continue to improve our own environmental and sustainably performance, we believe that it is through the projects we deliver for our clients that we can expect the most change.

And one such way to achieve this is through the use of Building Information Modelling or BIM as it's known, where we provide clients with digital representations of their assets to support improved decision making and performance over the asset's lifetime.

We're also one of the leading drone operators here in New Zealand. The image on the screen shows what can be achieved when we combine our laser scanning technology with our drone capabilities. Our expertise in this area means we've turned what was essentially a tool to get the job done into a complete service offering for clients...whether that's 3D imaging, emergency response for natural disasters, or simple site inspections.

So how's 2016 tracking?

Well, New Zealand has started slower than we expected and our revenue is marginally below prior year. We're continuing to deliver on our major long-term road maintenance contracts and have already secured a number of new high-profile contracts such as design work for the \$39m redevelopment of Wellington East Girls College for the Ministry of Education and a five-year survey contract with Meridian Energy.

Our performance in the UK remains strong, a sign of the continued infrastructure spending there. We've already secured two new commissions with Network Rail worth £3.6m and a £1.1m station refurbishment with MTR Crossrail.

Canada's performance continues to be under pressure, so we have had to implement further cost-saving measures in the first three months of the year with restructuring costs of around \$900k and expect to reduce our costs by \$2.4m over the remainder of the year as we work to align our cost base with

market conditions. At the same time we will keep core capability intact to deliver on emerging opportunities like the \$1.3m pipeline survey contract we recently secured.

Australia, is showing some early signs of improvement after we took steps to resize the business. Work in hand has increased but the market is nowhere near past levels of profitability yet. We are well placed for many of the opportunities I mentioned earlier and we've already won a strategically important water contract for Stage 2 of WestConnex - the largest transport project in Australia.

So, as you can see we have a balance of wins and challenges in an ever more dynamic environment. So, our job is to manage the risks and make the most of the global opportunities.

Which brings me neatly to the last item I want to talk about today. We've just launched our new global growth strategy which we've been developing over some months.

Last year we won more than 50 important honours on projects like Queensland's transport network reconstruction following floods in Australia and the environmental management of the Auckland Harbour Bridge in New Zealand – as just two examples.

The expertise of our people, like Gary Chalmers, the only New Zealander ever to win the prestigious International Medal from the Institution of Civil Engineers in the UK, for his earthquake work on Lyttelton Port or Kat McDonald, our sustainability leader receiving the Future Leader Award from The Association of Consulting Engineers NZ– the third time in a row we have won this award!

Our challenge now is to make the most of our capability and potential and to redefine who we are.

To do this we will reposition the business from country-based to sector-based and become more integrated and collaborative, innovative and customer centric, to deliver greater productivity and efficiency, greater customer satisfaction and greater rewards for shareholders and employees.

In a fast changing, more uncertain World – this is the way ahead.

This new sector-led growth strategy will be underpinned by further developing our strengths in asset management, innovation and environment, capabilities that collectively set us apart from our competitors, capabilities that we do very well in.

If we want to be the leaders of sustainable infrastructure we need to continue to put future generations...people... at the heart of everything we do - a future vision inherently tied to our strong heritage.

So, to wrap up, our new strategy will allow us to better collaborate globally, be more efficient and innovative and ultimately, better focussed on key growth sector opportunities.

Before I finish, I thank all of our people for their hard work and dedication in 2015. We will only be able to realise our new strategy with their continued passion, energy and enthusiasm.

I look forward to your questions and talking with you afterwards.