



Annual Meeting - 11 April 2012

Managing Director's Address

Ladies and gentlemen,

As Kerry has noted, we achieved operating revenue of \$393 million, an increase of 7% in an increasingly competitive market, and a continuing uncertain global economy.

Our recorded Earnings before Interest and Tax (EBIT) of \$31 million was consistent with 2010, and our Net Profit has increased by 11.5% to \$24.5 million.

New Zealand

New Zealand again had a good year. We continued our strong performance with an EBIT of \$27.8 million and increased our revenue by 6% to \$286 million. This was particularly pleasing after a relatively small increase in revenue during 2009 and 2010.

With a number of large and strategically important project wins we remain a New Zealand leader in the infrastructure sector. We are the number one consultant in transportation asset management and despite increasing budgetary pressure at all levels of government we have also maintained our strong position in the government sector.

Some key projects for us include the design and construction supervision of the \$140m Te Rapa bypass involving six bridges, one of which is 150 metres in length over the main trunk railway. The challenging Auckland Rail Electrification road over rail project involved three bridges, a busy commuter route and very tight delivery timeframes. The new Carterton Event Centre involved an innovative design system that significantly reduces the amount of damage to buildings during an earthquake. It is only the second time worldwide this system has been used. In the education sector, the Mahinawa Specialist School and Resource Centre, part of Mana College, North of Wellington was designed to Green Star Certification and meets the needs of students with intellectual, emotional, physical and behavioural impairments.

Australia

In Australia, our revenue increased by 8% to \$65 million while our EBIT of \$3.2 million was slightly down on 2010. Many areas performed very strongly in Australia, supported by some major long-term contracts, many of which will continue into 2012.

We successfully targeted commissions in the buoyant resources sector including the design of Dawson's Bridge for Cockatoo Coal. In a flood prone area this design significantly reduces lost access days to the mine. Our designers in Sydney completed the structural design of a 40 story building in Chatswood, and in Brisbane we provided the structural design services for one of the PPP consortia shortlisted to tender for the Sunshine Coast University Hospital. Also in Brisbane our full life cycle approach to asset management planning for Queensland University of Technology has led to potential significant cost savings for them from prioritised investment in their infrastructure.

In late 2011, we concluded an agreement to acquire the Australian-based rail consultancy Coffey Rail (now renamed Opus Rail). This came into effect in March this year and adds 50 staff and importantly an office for us in Victoria. This brings our total number of offices in Australia to 17 and a total team of 370 people. Opus Rail is strategically important for us with strong synergies between their rail infrastructure consulting and our existing civil and structural capability.

Canada

In Canada, we turned around a small loss in 2010 following the successful integration of Opus DaytonKnight and the reorganisation of our business to provide better alignment and market focus. With the strong contribution from Opus DaytonKnight, we lifted our result to an EBIT of \$1 million, an improvement of \$1.3 million on the 2010 result.

As an example of the specialist expertise that Opus DaytonKnight now bring, we completed a project that uses a thermal energy recovery system that extracts energy from the effluent system of the Saanich Treatment Plant, and in the first phase uses it to heat a leisure centre swimming pool. This type of system will displace the consumption of natural gas and is projected to reduce greenhouse gas emissions by 95% compared to conventional heating technologies.

UK

Our result in the UK was disappointing after the strong turnaround in 2010 and reflected the continued difficult market conditions. Following a thorough review, we have further reorganised the business to target specific more promising sectors, of which there are a number, in spite of an overall depressed market. We are already starting to see the benefits of this, and expect that 2012 will produce a better result.

Building on our reputation in the marine sector we led the design of the Award winning reconstruction of the Bembridge Lifeboat Station for the Royal National Lifeboat Institution. In the rail sector, an area we have been focusing on, we assisted Britain's Department of Transport in their phasing out of diesel locomotion. This project involved raising three bridge decks along a 51.5km stretch of double track between Liverpool and Manchester.

Christchurch and Queensland

2011 saw a number of devastating natural disasters around the world, including the on-going flooding in Queensland and earthquakes in Christchurch. I remain humbled by the commitment and strength of spirit of our people living and working in these environments and those who have visited in support of the recovery and rebuilding process.

As I'm sure you can appreciate, the situation in Christchurch is challenging. The Central City is cordoned off, approval of the Central City Plan is still pending, and there are on-going insurance issues both with regards to negotiations for payouts and for the insurance of new buildings.

Outside of the CBD there is more activity and we are heavily involved as part of the Stronger Christchurch Infrastructure Rebuild Team, an alliance responsible for rebuilding Christchurch's key infrastructure.

We have a number of new projects in hand including partnering with Mainzeal in the development of a new commercial building as well as ongoing work for a variety of clients including the Catholic Diocese, Port of Lyttleton, Telecom, Transpower, and the Ministry of Education to name a few. We continue to strengthen our team in

Christchurch and have appointed an Earthquake Rebuild Manager to lead the recovery efforts.

We are utilising Geotechnical and Structural Engineers throughout the country and in addition, we have called on engineers in the UK to assist in our efforts and have recently explored opportunities to involve our Australian and Canadian businesses.

In Queensland, we are working in the McKay and Bundaberg regions for Main Roads in the repair and restoration of the roading network. The majority of the design work is now complete and we are about to supervise the construction of works estimated at between \$600-\$700 million.

With more flooding occurring only weeks ago, more repair and restoration work is required and our efforts have been focussed on flood proofing. Though construction is waiting on the end of the wet season in a few weeks time, we are running ahead of schedule.

For the Opus team, both disasters have reinforced the importance of our reach and connections. The support from our global team has been invaluable, and has shown us the importance of operating seamlessly across borders while retaining our strong local roots. Our ability to respond to these tragic events has been greatly strengthened by the way we work as One-Opus team. Our ability to mobilise resources has lifted our capability to engage quickly and effectively to meet our clients' needs. This collaboration is also enabling us to have greater knowledge sharing, greater work sharing, and greater capacity to pursue opportunities across a broad spectrum.

Vision for the Future

2012 will be a challenging year but we will continue to closely manage our costs and take appropriate action where needed to maintain capability at a sustainable level to match in some cases, reduced revenue.

However, while these turbulent times can be unsettling, they can also bring about new and innovative thinking. We are changing the way we work, so that we are more nimble, proactive and productive in a changing business environment.

First, we reviewed our corporate structure and made changes to reflect our continued drive for higher performance and positioning for growth.

Second, we are reorganising our business support structure to drive greater efficiency, productivity and consistency throughout the company.

Lastly, we reviewed the fundamental parts of our business relating to organisational development and service delivery and are in the process of implementing initiatives aimed at performance enhancement. We are beginning to see the benefits of these initiatives now.

With austerity measures in place in many of our markets, the focus on asset management is growing with economic conditions forcing infrastructure owners to move towards better management, cost saving and a 'whole of life' approach. Opus has been a leader in this approach for many years and has recently established a Global Asset Management team to leverage our strong asset management capabilities into a wider range of geographic locations.

As 2012 advances, we are implementing a new strategic plan, building on the strength of our existing business and expanding our global reach. We are targeting growth in our existing countries of operation as well as in emerging economies. As Kerry mentioned, we are working closely with Opus Group Bhd to target opportunities in the Middle East and Asia regions, and have been successful in securing two projects in Malaysia and one in Saudi Arabia.

Growth will continue to be supplemented by acquisitions and the opportunities they bring, particularly in Australia and Canada. As we look to the future, we are in a very strong position. The capabilities and skills of our people will be critical to our continued success. While we do not underestimate the challenges ahead, we are confident in our ability to achieve our goals.