

Good morning ladies and gentlemen,

To use the old cliché, 2013 was a year of two halves. In June I reported a good first half year performance in Australia, Canada and the UK, but overall EBIT of \$13.2m was down on the same period from the previous year. Our New Zealand business in particular had a slow start with results impacted by the Mainzeal liquidation and reduced local government spending.

The second half however, saw a significant improvement, achieved through a range of measures that we put in place, a general strengthening of the NZ business, and the acquisition of Opus Stewart Weir in Alberta, Canada.

By year end, our total revenue was up 13% on 2012 and EBIT up 14%. We achieved near flat underlying operating costs, net of any costs associated with the acquisition, which reflects our ongoing commitment to improving operating efficiency and productivity. NPAT was down slightly on 2012 by 2.6%, partly due to increased net interest costs from the acquisition of Opus Stewart Weir.

This acquisition was a highlight for us. It added around 500 people to our business and has capabilities in oil and gas, geomatics, engineering and environmental consultancy. The cross-selling opportunities are significant, and the integration of our two businesses is going very well.

With Alberta being the centre of oil and gas activity in Canada, this acquisition brings key clients in this sector as well as in utilities and industrial. These factors enhance our revenue diversity and strengthen the capability of our Canadian business.

It also creates critical mass in the Canadian market, giving us the ability to boost our market offering and the opportunity to bid for work that was previously beyond our capability.

Importantly, it has a strong people-based culture that is closely aligned with our own. We knew it would be a good fit, and we've not been wrong. It's already having a positive impact on the business and delivered a \$3.4m dollar EBIT in the last 4 months of the year. So far this year the performance has been impacted by severe winter and spring conditions, however their Work in Hand remains strong and we expect a pick up from May/June onwards.

The other significant highlight was being shortlisted by FIDIC, which is the International Federation of Consulting Engineers, for the Engineering Firm of the Century Award at their international award ceremony in Barcelona. We were the only New Zealand firm shortlisted, and in addition were honoured with an Award of Merit for our significant contribution to engineering over the last 100 years.

This global recognition is a great result, and is testament to our heritage, and to the expertise and talent of our people.

I'd now like to look at our markets in more detail.

Here in New Zealand, our revenue rose by 1% over the previous year, and despite strong EBIT growth over the second half of the year, the year end result of \$26.9m was 12% behind 2012. However, once allowing for some one-off costs, the underlying EBIT was actually only down 2% on prior year.

We continue to have a strong focus on roading, and secured large contracts in the Waikato and Marlborough regions. We have also been targeting work in the Pacific and have won roading contracts in Fiji and Papua New Guinea.

In the Energy sector, we secured professional services agreements with all four of the major energy generators. In the water sector, we have a strong focus on irrigation systems, and we have been providing engineering design support to Central Plains Water in Canterbury.

In Christchurch, we currently have around 225 staff engaged on rebuild projects. We are part of the consortium that was awarded the design of the new Justice and Emergency Services Precinct – one of the most significant projects in the Christchurch Central Recovery plan. As well as this, we are continuing our work on the Avon River Precinct; we've secured work on the first stage of the Catholic Cathedral Project; and have on-going work with the Port of Lyttelton.

In Australia, we had another tough year with very competitive market conditions. Despite this, we moved from negative EBIT in 2012 to positive EBIT in 2013, with a \$1.6m improvement. While the Wheatbelt project in Western Australia, the flood recovery work in Queensland, and the opportunities with Opus Rail underpin our core performance, market conditions are expected to remain challenging for a while yet.

But there are opportunities:

OpusRail established an advanced rail systems team focussed on strategic capability planning. They are already working with Public Transport Victoria and there are further good prospects for this high-end expertise.

Elsewhere, we have been commissioned for the next phase of dilapidation surveys for the North West Rail Link tunnel in Sydney and we have secured preferred consultant status for the first phase on the Gilbert River Irrigation Scheme in Far North Queensland.

And finally, in March this year, we made a small but strategic acquisition in New South Wales, purchasing Bowdens Group, a 16-person survey, civil engineering and water design business. This broadens our capability, and importantly gives us access to a number of key clients.

Last year was a good one for our Canadian business, with underlying organic EBIT up 54%, without the contribution of Opus Stewart Weir in the second half.

We are now better positioned to compete against some of the big Canadian consulting firms and this is starting to pay off as we have secured contracts with a number of new and significant clients.

In the US, our Global Asset Management team won two new contracts on the back of our existing work for the Michigan Department of Transportation; one with the North Carolina Department of Transportation and the other with the Wisconsin Department of Transportation. We are gaining traction in asset management which we see as a huge opportunity in the US market.

And of course, as I said earlier we are now well placed in the buoyant oil and gas sector through Opus Stewart Weir.

Our UK business has improved substantially in recent years, and last year saw further improvement. Revenue was up 60% to \$39.2m, and EBIT increased by \$1.2m from a \$0.6m loss in 2012. The first year of our contract with Hertfordshire County Council was a good one with an increase in scope and staff numbers. We also won an important contract with Network Rail, which, like the HCC contract, is giving us greater leverage with a number of other key clients.

Moving on from the operational updates, I'd now like to give you an update on our progress with some of the initiatives I talked about last year, aimed at investing in profitable growth and improving our business.

We made some structural changes to enhance our people's capabilities and productivity, and we streamlined our rewards and recognition framework to promote a higher performance culture.

Health and Safety remains a key focus area, and we continued our efforts to achieve zero harm in our workplaces. We improved across a number of indicators and completed a Safety Survey with staff focussing on our practices and culture. It showed we are performing well, but also highlighted some areas for improvement. We also established the Board Health and Safety Committee, strengthening accountabilities between company governance and operational health and safety performance.

We continue to invest in IT. We completed our transfer to an integrated network, putting all our people on the same system infrastructure wherever they are; and we are now working on changes that will allow us to share work with clients and achieve seamless global communication. There are significant efficiency and productivity gains as a result of this.

Our financial investment in Opus MENA was minimal during 2013. However we are in the process of establishing new companies in Saudi Arabia and the UAE and we now have business development capability in these areas, allowing us to target an increasing number of opportunities.

As well as the wins our Global Asset Management team have had in the US, they also won significant contracts in Liberia and Mozambique.

Overall, we are making good progress in the continuous improvement process we have undertaken, and we are seeing outcomes across the business as a result. Yes there is a cost, but it is an excellent investment in our future.

Looking forward, the outlook remains challenging – but there are signs of improving economies and increased opportunities.

In the UK, there is evidence that activity is picking up with good levels of growth. The Canadian economy continues to perform relatively well and is strengthened by ongoing opportunities, particularly in the oil and gas sector. The Australian market will continue to be tight and highly competitive, but there are still opportunities available. In New Zealand, market conditions are still challenging but business confidence is high and all indicators point to a more buoyant economy over the next few years especially in the building and construction sectors.

We are continuing to target diversification including: Dairy, Irrigation and Energy here in New Zealand, Rail in the United Kingdom and Environmental, Mechanical & Electrical Engineering in Australia. As I mentioned earlier, we are also focussed on expanding into new locations such as Africa, the Pacific Islands, the Middle East and the US.

We are determined to be continually moving the business forward, targeting sustainable and profitable growth while at the same time driving improvement right across the company. To do this takes hard work and dedication from everyone, and I thank the Opus team for their excellent contribution again over the past year.

Thank you for attending today, and I look forward to meeting you afterwards.