



# INVESTOR ROADSHOW

## August 2015

DAVID PRENTICE, MANAGING DIRECTOR  
GORDON DAVIDSON, CHIEF FINANCIAL OFFICER

*This investor update should be read in conjunction with other information released to the NZX*

# OVERVIEW

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**EBIT \$20.0m (up 40%)**

**Operating EBIT \$11.9m (up 2.3%)**

**Revenue \$255.7m (down 3.7%)**

**Fully imputed interim dividend of 4.1 cents per share (up 2.5%)**

**Special dividend of 2.0 cents per share**

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- » New Zealand operating EBIT of \$17.6m, up 34.4% - strong first half performance.
- » Continued strong growth trajectory in the United Kingdom with an increased EBIT result of 280%.
- » Evolving economic consequences of declining oil prices impacted the Canadian EBIT, resulting in a deferred consideration release of \$8.1m related to the Opus Stewart Weir acquisition.
- » Continued expansion into the Pacific with a new acquisition of the Fiji Roading Authority Laboratories, and new project wins in the Middle East/North Africa.

# 01 Markets and Sectors

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## MARKETS



## SECTORS

-  Buildings
-  Transport
-  Water
-  Environmental
-  Resources
-  Energy
-  Telecommunications
-  Research

## 02 Corporate Strategy Refresh

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Well advanced on refreshing our corporate strategy for the next ten years. Strategy enhances our strengths and will address our geographies, growth strategies, and potential acquisitions. Key points include:

- » A tight focus on our core expertise in the transportation and building sectors.
- » Strengthening our specialist capabilities in the water, resources and environment sectors, with a strong asset management focus.
- » Quality not quantity - sharper focus on profit performance and delivering it.

- » Leveraging our relationship with Opus International (Malaysia) to access the wider Middle East, South East Asia and Asia regions.

- » Growth in the Middle East and the Pacific.

- » An acquisition strategy that supports our core sectors and grows our capabilities.

The financial strategy balances the potential costs of surplus equity against the appropriate capital required for managing challenging times.

# 03 Infrastructure Industry

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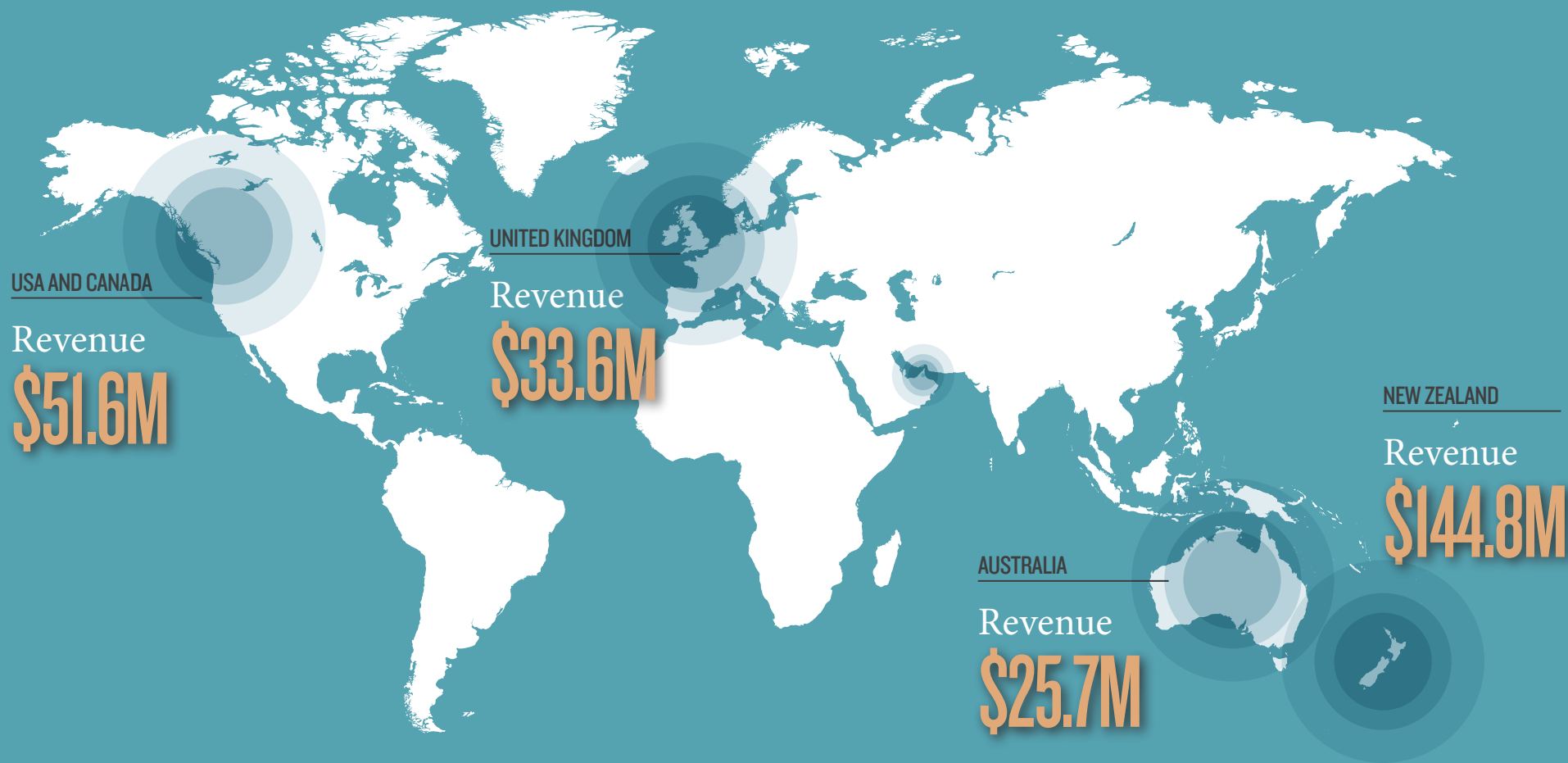
- » Worldwide, infrastructure spending is projected to grow from US\$4 trillion per year in 2012 to more than US\$9 trillion per year by 2025.<sup>1</sup>
- » Debt burdens have remained more stable in recent years in emerging economies, leaving more room for future government spending on infrastructure. Fast-growing emerging economies are expected to account for nearly half of all infrastructure spending, up more than 10% from 2006.<sup>1</sup>
- » Accelerating urbanisation reflecting shifting economic and demographic trends is expected to create significant need for new infrastructure.<sup>1</sup>
- » Underlying demographic trends will help shape which areas of investment will grow. Aging populations in Western Europe will require additional healthcare facilities, while countries in the Middle East, and many parts of Asia-Pacific will need more education facilities.<sup>1</sup>
- » Expansion of the role of private equity in infrastructure with Public Private Partnerships (PPPs) increasingly supporting infrastructure growth.<sup>1</sup>
- » Debt burdened, slower growing developed economies are investing heavily in asset management.
- » Ongoing consolidation and M&A activity continues within the infrastructure sector<sup>2</sup>.

<sup>1</sup>PWC Capital Project and Infrastructure Spending: Outlook to 2025

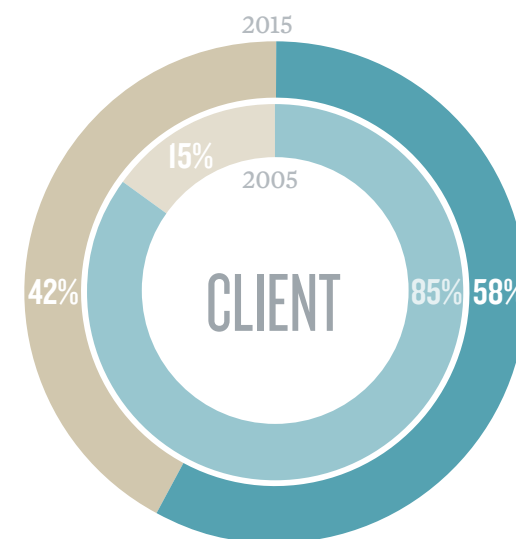
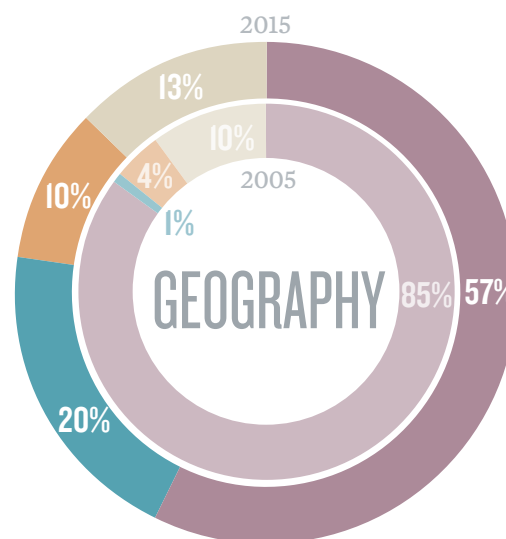
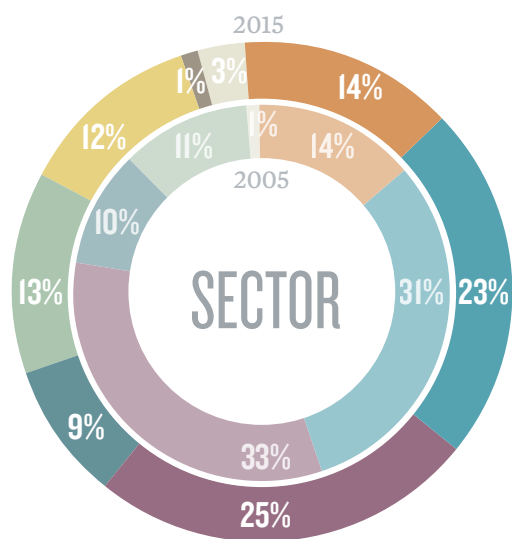
<sup>2</sup> PWC Engineering Growth Report – August 2015

## 04 Geographic Spread

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# 05 Diversified Markets



- Building, Design and Construction
- Transport Asset Development
- Transport Asset Management
- Water
- Building Infrastructure Asset Management
- Resources
- Communications
- Energy
- Other

(% is based on revenue)

New Zealand



Canada & USA



Australia



United Kingdom



Public

Private

## Key Observations:

Geographic diversification over last 10 years with 43% of revenue now generated outside New Zealand.

Client base diversification evident as company has grown.

# 06 Key Markets



## ASSET MANAGEMENT

- » Infrastructure spending worldwide has begun to rebound and is expected to grow significantly over the coming decade.
- » A \$60 trillion infrastructure investment is required to maintain the current global GDP growth rate through to 2030.<sup>1</sup>
- » With austerity measures in place in many developed markets, the focus on effective management is growing with economic conditions forcing moves towards better management.
- » Our expertise in asset management is a key point of differentiation. We specialise in developing asset management solutions for all types of transportation, utility, building, facility and environmental infrastructure.
- » Our Global Asset Management team established in 2012 is providing real impetus to our growth aspirations.

<sup>1</sup>*McKinsey & Company*



## WATER AND ENVIRONMENT

- » Water demand is projected to increase by 55% globally between 2000 and 2050.<sup>1</sup>
- » Improved water efficiency remains a policy imperative in most regions of the world.
- » Water pollution, access to water supply and sanitation continue to be key considerations for the future.
- » Investment in green infrastructure such as water storage, water supply and sanitation; and the restoration of ecosystem functions of floodplains and wetlands.
- » There is significant unrealised potential for further irrigation development in New Zealand. In 2015, the government made provisions for an investment of \$25m towards the Irrigation Acceleration Fund.<sup>2</sup>

<sup>1</sup>*OECD Environmental Outlook to 2050*

<sup>2</sup>*Ministry Of Primary Industries 2015*



# 07 Key Markets Cont.



## TRANSPORT

- » Transportation, which accounts for roughly 30% of global infrastructure spending, is projected to grow at an average annual rate of about 6% worldwide over the coming decade.<sup>1</sup>
- » There are growing opportunities in our existing and developing markets as aged infrastructure requires substantial capital investment. \$163bn of annual infrastructure spending is required for the next six years to fix the aging transportation system in the United States.<sup>2</sup>
- » Similarly, significant opportunities exist specifically in the UK following Network Rail's £39bn investment in high speed rail from 2014-2019.<sup>3</sup>
- » With a renewed focus on asset management, countries are increasingly outsourcing maintenance and operations and using performance based contracts for road maintenance and operations projects.
- » Significant investment in transportation in New Zealand is necessary as central and local government continue to address the nation's infrastructure. Projects include the Roads of National Significance programme and the Auckland Integrated Transport Plan.

<sup>1</sup>PWC Capital Project and Infrastructure Spending: Outlook to 2025

<sup>2</sup>JP Morgan: Engineering and Construction Equity Research Note June 2015

<sup>3</sup>Network Rail – Delivering a better railway for Britain 2014-2019



## OIL AND GAS

- » Despite the current slump in oil prices, the oil and gas industry remains a strategic long term investment. Oil and gas production in Alberta, Canada is forecast to more than double by 2030 creating increased demand for pipelines.<sup>1</sup>
- » The extraction sector is expected to grow at an annual rate of 5% p.a. to 2025. Buoyed by the discovery of new reserves, the US and Canada will seek to increase their share of global oil output over the coming decade – while the global trend towards the use of gas instead of coal continues.<sup>2</sup>
- » While lower oil and gas prices have resulted in project cancellations and delays, some major LNG producers are looking beyond the drop in prices as up to 90% of their supply is sold through long-term deals at a stable price.<sup>3</sup>
- » Canada is the third-largest natural gas producer in the world, with the majority of the country's gas being produced in Alberta BC. Alberta is the largest contributor to Canadian oil and equivalent production.<sup>4</sup>
- » Opus Stewart Weir have a strong market status for pipeline, infrastructure and energy.

<sup>1</sup>Canadian Association of Petroleum Producers

<sup>2</sup>PWC Capital Project and Infrastructure Spending: Outlook to 2025

<sup>3</sup>Royal Dutch Shell: <http://www.reuters.com/article/2015/07/16>

<sup>4</sup>Alberta Oil and Gas Industry Quarterly Update Summer 2015

# 08 NZ Recent Wins

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HUNTLY SECTION, WAIKATO EXPRESSWAY,  
NEW ZEALAND (CAPITAL VALUE \$458M)<sup>1</sup>



WEST COAST NETWORK OUTCOME  
CONTRACT, NEW ZEALAND (CAPITAL VALUE  
\$115M)<sup>1</sup>

AUCKLAND SOUTHERN CORRIDOR, NEW  
ZEALAND (CAPITAL VALUE \$220M)<sup>1</sup>

NZ TRANSPORT AGENCY BRIDGE ASSET  
MANAGEMENT, NEW ZEALAND

MINISTRY OF EDUCATION'S NATIONAL  
TRANSPORTABLE PROGRAMME, NEW  
ZEALAND (CAPITAL VALUE \$100M)<sup>2</sup>

SOUTH TARANAKI DISTRICT COUNCIL,  
DISTRICT COUNCIL ROADING CONTRACT,  
NEW ZEALAND

STATE HIGHWAY BRIDGE ASSET  
MANAGEMENT - NORTHLAND AND  
AUCKLAND NORTH, NEW ZEALAND

MINISTRY OF HEALTH GREY BASE  
HOSPITAL UPGRADE NEW ZEALAND

<sup>1</sup>Total capital value won in conjunction with other parties

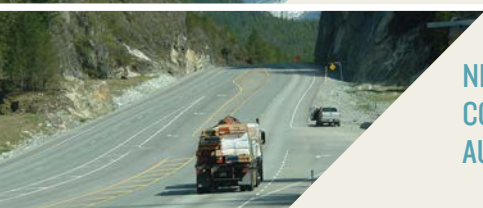
<sup>2</sup>As part of the Interlink consortium, alongside our partners Portacom and Brewer Davidson Architects

# 09 International Wins

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KINDER MORGAN TRANS MOUNTAIN  
EXPANSION PROJECT, CANADA

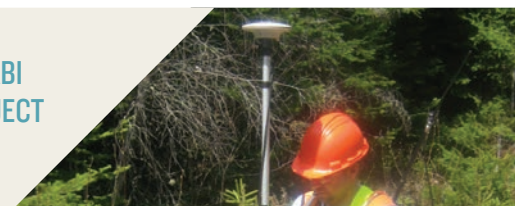


NETWORK MANAGEMENT ALLIANCE  
CONTRACTS WITH VICROADS,  
AUSTRALIA<sup>1</sup>



PACIFIC TRAIL PIPELINE, CANADA

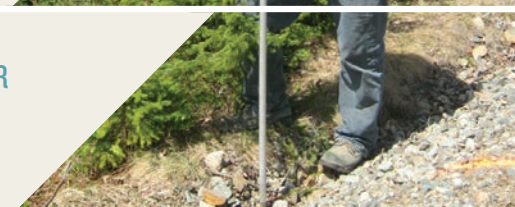
ISLAND DESIGN PROJECT FOR ABU DHABI  
MUNICIPALITY, ASSET HANDOVER PROJECT  
FOR ABU DHABI MUNICIPALITY, UAE



WATER AUTHORITY OF FIJI, PACIFIC<sup>1</sup>



CIVILS ASSESSMENT FRAMEWORK YEAR  
2 – PACKAGE OF BRIDGE ASSESSMENT  
WORK, UK



<sup>1</sup>Won in conjunction with other parties

# 10 Significant Prospects

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**NZ Transport Agency Network Outcome Contracts:** We continue to bid for the NZ Transport Agency's Network Outcome Contracts. A further three contracts are to be tendered in 2015 and a further four in 2016. We have been successful in winning seven of these long term transport asset management contracts, with a total capital value of \$690m.



**Canada:** We have tendered for the survey work on a large proposed LNG pipeline with a capital value of up to \$100m.



We are progressing a number of significant opportunities in the Pacific leveraging our recent lab acquisition in Fiji.



**UK:** Currently targeting a number of large county council transport asset management and rail national contracts.

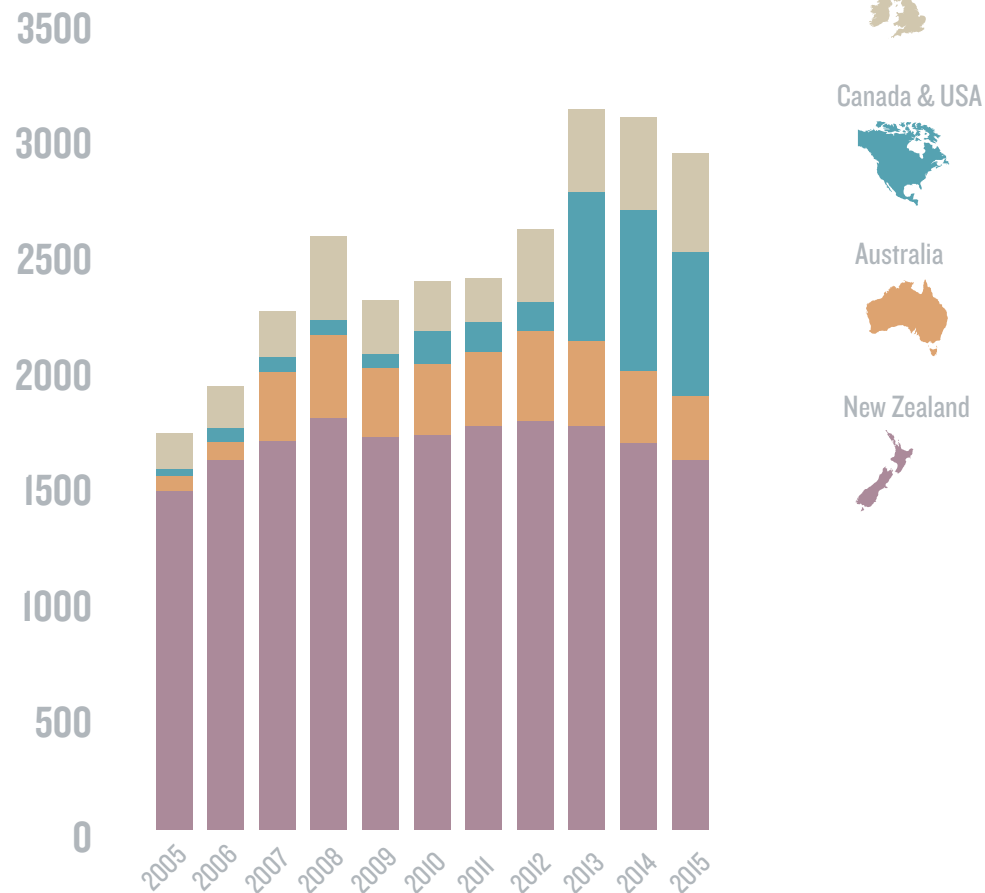


**UAE:** In the process of bidding for various infrastructure projects including irrigation and asset management.



## Our People

### STAFF NUMBERS



- » 45% of staff based in international offices outside New Zealand.
- » New Zealand and Australian workforce numbers down 6.9% and 18.9% respectively, due to targeted reductions.
- » Leadership & People Development Award by Constructing Excellence South Yorkshire & Humber, UK.
- » Staff Development and Training Award at the Women in Construction Awards, UK.
- » Third consecutive year Opus staff awarded ACENZ Future Leader, NZ.

# 12 Underlying Group Financial Performance

\$ MILLIONS	HALF YEAR		MVMT	
	2015	2014	\$	%
Operating Revenue	255.7	265.4	(9.7)	(3.7%)
EBITDA	16.6	16.3	0.3	1.8%
Operating EBIT*	11.9	11.6	0.3	2.3%
Operating margin*	4.7%	4.4%		
Adjusted NPAT*	7.7	7.3	0.4	5.5%

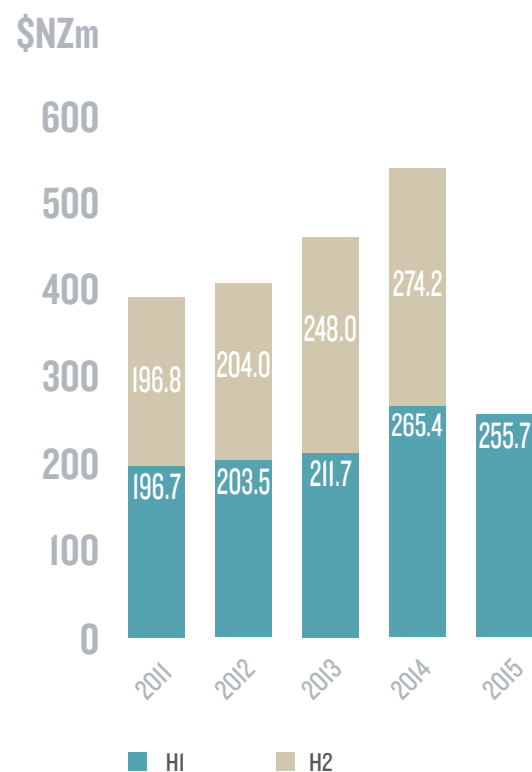
\* Excludes deferred consideration release of \$8.1m

FTE	HALF YEAR		MVMT	
	2015	2014	CHANGE	%
Total	2,915	3,134	(219)	(7.0%)

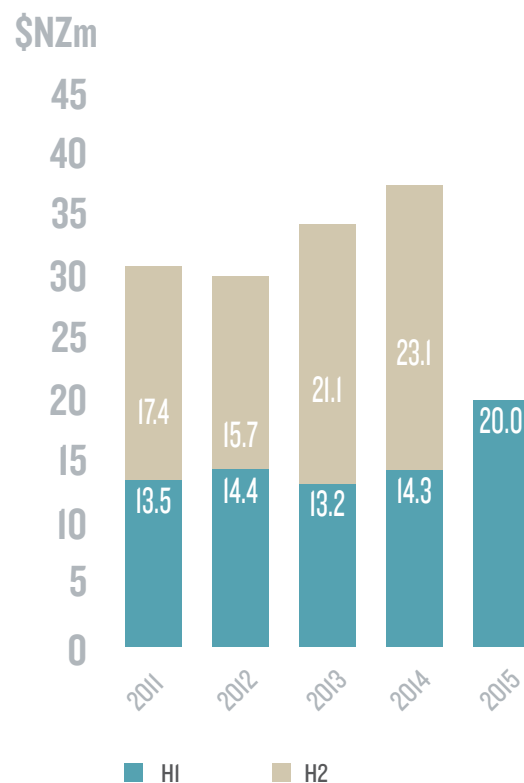
- » Group revenue fell by 3.7% to \$255.7m.
- » Operating EBIT \$11.9m; an increase of 2.3% against 1H14, driven by stronger New Zealand and UK operations.
- » Effective underlying tax rate is unchanged at 29.4%.

# 13 Group Financial Performance

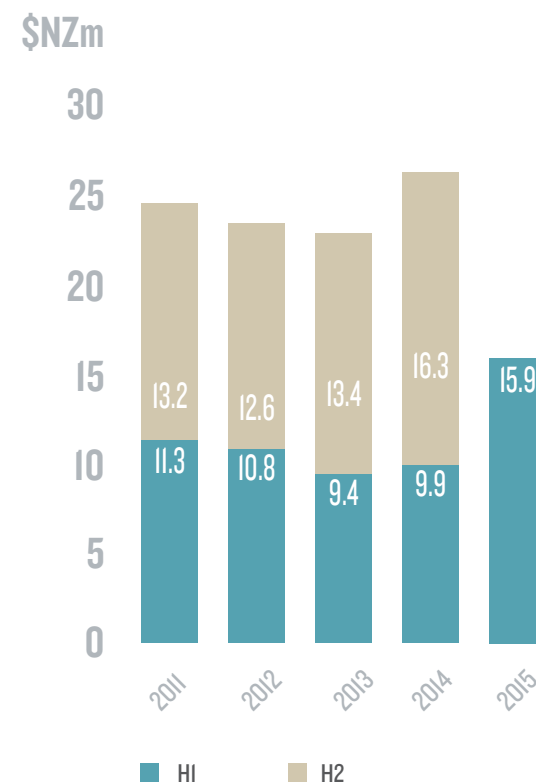
## REVENUE



## EBIT

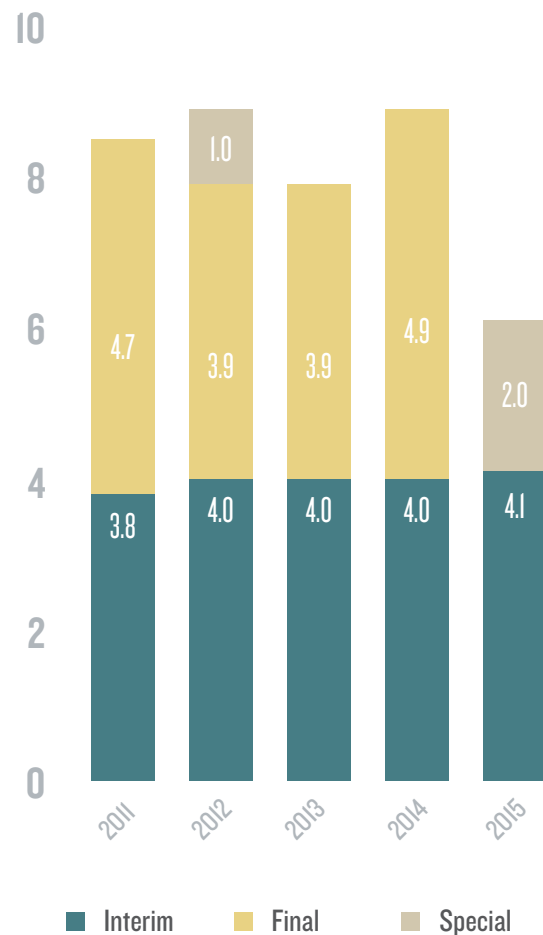


## NPAT



# 14 Dividends

## DIVIDEND PER SHARE



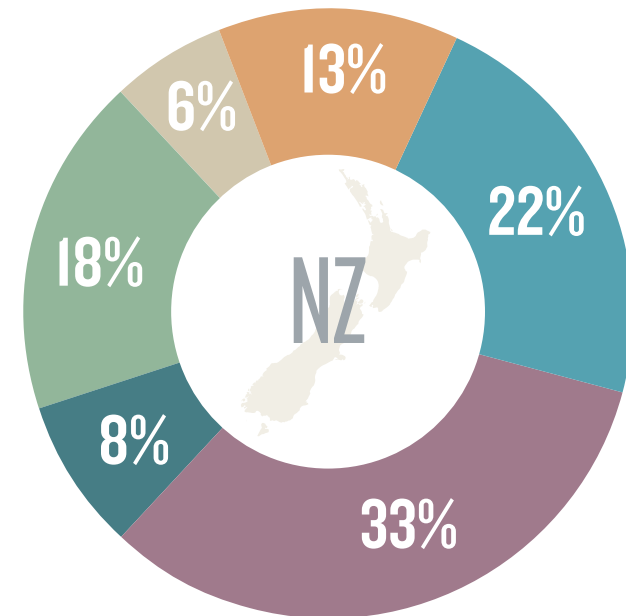
- » Completed a capital management review, resulting in an updated dividend policy:

*The Company's dividend policy is to declare dividends at an annual rate of approximately 50%-70% of net profit after tax (NPAT), adjusted for non-trading items, in conjunction with the release of our half and full year results.*

- » A fully imputed dividend of 4.1 cents per share has been declared up 2.5% on prior year.
- » A 2.0 cents per share special dividend has been declared to optimise the capital structure.
- » The capital review considered the merits of both a Dividend Reinvestment Plan and a Share Buyback Program but it was concluded not to proceed at this time.



# 15 New Zealand



- Buildings
- Transport Asset Development
- Transport Asset Management
- Water
- Asset Management Building Infrastructure
- Other

# 16 New Zealand - Financials

NEW ZEALAND	HALF YEAR		MVMT	
	2015	2014	CHANGE	%
Revenue (NZDm)	144.8	147.4	(2.6)	(1.8%)
Operating EBIT (NZDm)	17.6	13.1	4.5	34.4%
Operating margin	12.2%	8.9%		
1 year order book as % of budgeted 2015 revenue	53%			
FTE	1,595	1,713	(118)	(6.9%)

- » The New Zealand business has performed strongly in the first half of 2015.
- » Revenue reduced by 1.8% to \$144.8m while operating EBIT increased by 34.4% to \$17.6m.
- » The New Zealand-wide restructure completed in early 2015 has better positioned the business to meet the needs of the market and has driven a productivity increase whilst reducing total FTE by 118.

# 17 New Zealand - Outlook

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## OUTLOOK

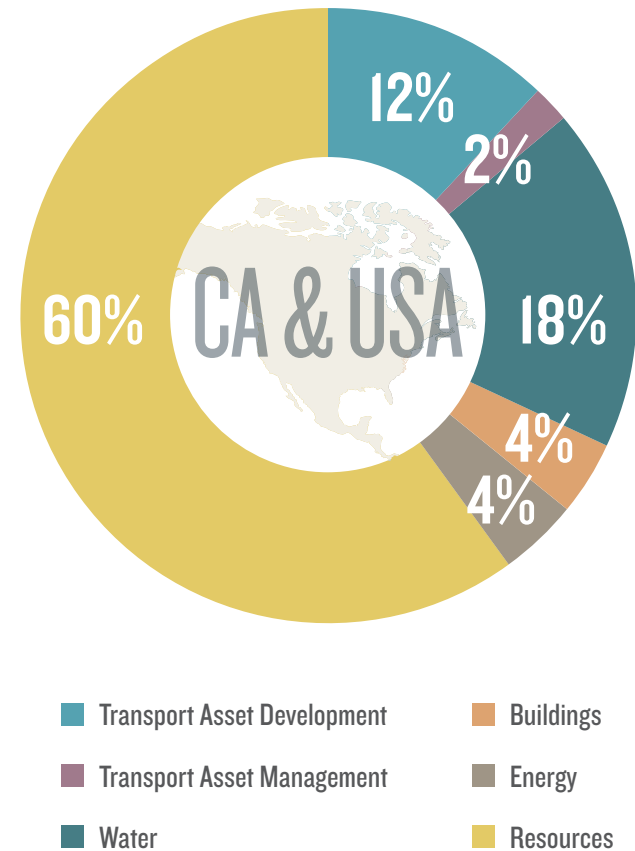
- » New Zealand economy is performing reasonably well despite some key challenges. It is forecast to grow by 2.8%<sup>1</sup> in 2015 but there are downside risks.
- » Road investment has grown strongly in the past five years with activity levels close to 2005 peaks. Forecasts suggest an increase of 5% to around \$2.8bn in 2016, 3% in 2017 and 8% in 2018.<sup>2</sup>
- » Significant opportunities exist as part of the Government's Roads of National Significance programme. We have also won seven network outcome contracts for the NZ Transport Agency with a further three contracts to be awarded in 2015.
- » Strong growth potential in the rural sector with government initiatives, including the \$25m Irrigation Acceleration Fund,<sup>3</sup> but facing commodity price driven headwinds.
- » Natural disaster related expenditure continues to play a key part in the national infrastructure investment.
- » Significant opportunities in the Pacific following our acquisition of the Fiji Roding Authority Laboratory as well as large government works packages.

<sup>1</sup> Bloomberg consensus forecast

<sup>2</sup> Macquarie Research, July 2015

<sup>3</sup> NZ Government Budget 2015

# 18 Canada and USA



# 19 Canada and USA - Financials

CANADA & USA	HALF YEAR		MVMT	
	2015	2014	CHANGE	%
Revenue (NZDm)	51.6	57.4	(5.8)	(10.1%)
Operating EBIT (NZDm)	(1.2)	0.8	(2.0)	(250%)
Operating margin	(2.3%)	1.4%		
1 year order book as % of budgeted 2015 revenue	52%			
FTE	627	695	(68)	(9.8%)

- » Challenging market conditions in Canada following the decline in oil prices in the short-medium term.
- » Revenue decreased by 10.1% to \$51.6m and an operating EBIT loss of \$1.2m was incurred.
- » The decline in oil prices resulted in a deferred consideration release of \$8.1m resulting from the Opus Stewart Weir acquisition now not forecast to meet stretch targets.
- » Decreased FTE by 68 to better match work in hand.

# 20 Canada and USA - Outlook

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## OUTLOOK

- » Overall, Canada's infrastructure spend is expected to expand by 1.5% in 2015 and by, on average, just under 2% between 2016 and 2024.<sup>1</sup>
- » The New Building Canada Plan, provides over CA\$70bn of funding for public infrastructure over the next decade. This includes the allocation of CA\$52bn for provincial, territorial, and municipal infrastructure.<sup>2</sup>
- » In the US, the Department of Transport estimates a minimum annual spend of US\$124bn to keep its road and bridge assets in good condition<sup>3</sup>, providing opportunities to leverage our transport asset management expertise. The US business is positioning to bid for further US Department of Transport projects on the back of this.
- » The sharp decline in oil prices poses a concern for the resources sector, clouding investment decisions within the near-term, however, long term prospects remain strong. A number of proposed pipelines are likely to move forward, although timing is uncertain.
- » Opportunities in Alberta's Oil and Gas market include the Enbridge Northern Gateway Pipeline, TransCanada's Prince Rupert Gas Transmission, Energy East Pipeline, Kinder Morgan's Trans Mountain Pipeline Expansion and Chevron's Pacific Trail Pipeline.

<sup>1</sup>Infrastructure Canada - New Building Canada Plan

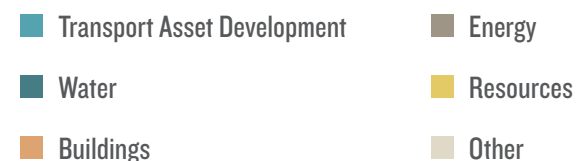
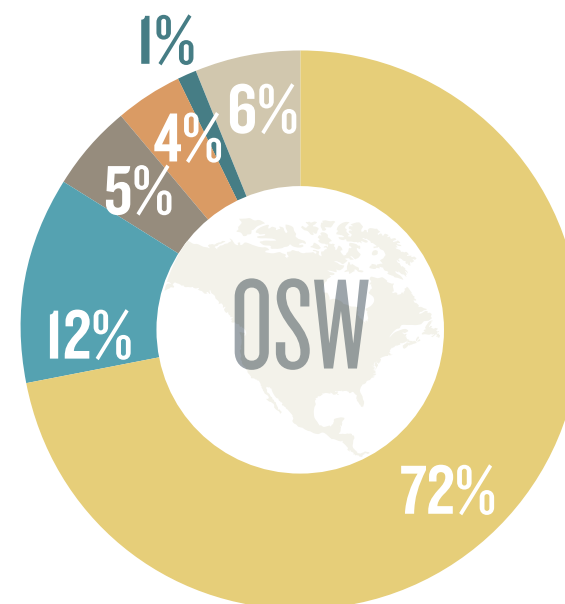
<sup>2</sup>Canada Infrastructure Report

<sup>3</sup>PWC Capital Project and Infrastructure Spending: Outlook to 2025

# 21 Opus Stewart Weir - Financials

OSW	HALF YEAR		MVMT	
	2015	2014	CHANGE	%
Revenue (NZDm)	37.7	45.5	(7.8)	(17.1%)
Operating EBIT (NZDm)	(1.9)	(0.3)	(1.6)	(533%)
Operating margin	(5.0%)	(0.7%)		
1 year order book as % of budgeted 2015 revenue	51%			
FTE	469	545	(76)	(13.9%)

- » Impact of oil price fall on the survey business has been swift and pronounced and this is reflected in the operating EBIT result.
- » FTE was reduced in late 2014 in anticipation of the economic downturn, however, the consequences of the drop in oil prices is still evolving.
- » Deferred consideration release of \$8.1m with Opus Stewart Weir now not forecast to meet stretch targets in the acquisition agreement.
- » The order book has increased to 51% from 49% last December.



# 22 Opus Stewart Weir - Outlook



## OUTLOOK

- » Alberta & British Columbia 2015 GDP forecasts -0.9% and 2% respectively.<sup>1</sup>
- » Short to medium term conditions remain challenging.
- » Notwithstanding the recent fall in oil and gas prices, Pacific North West LNG has announced a conditional final investment decision for a \$13bn project<sup>2</sup> with potential start in the latter half of the year as global gas companies' position to begin exporting LNG to Asia from Canada. These are long term projects and the investors look through short term weakness in commodity spot prices.

<sup>1</sup>Toronto Dominion Bank

<sup>2</sup> Pacific NorthWest LNG media release June 2015



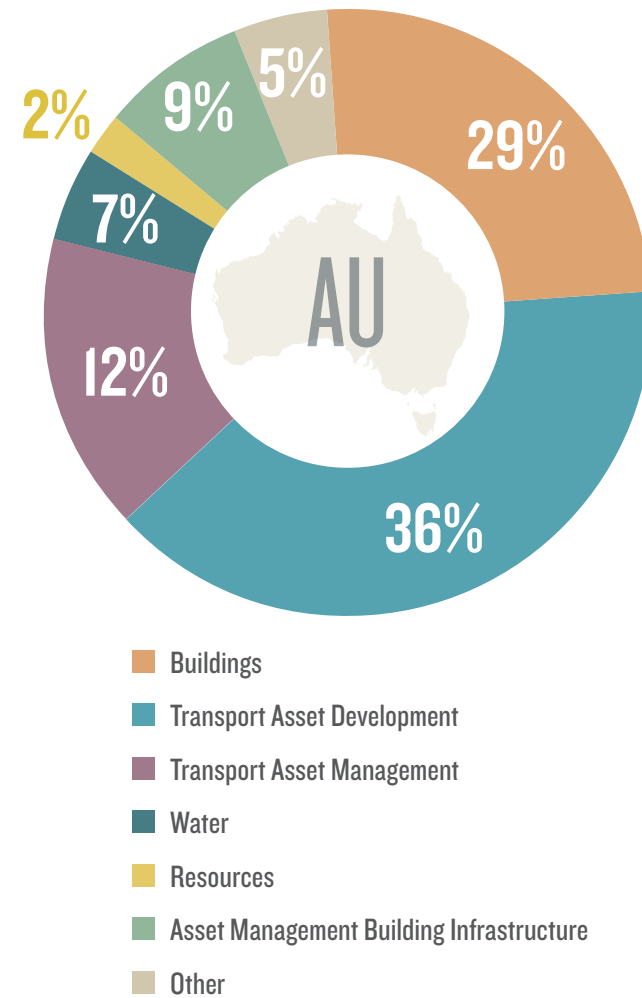


## 23 Opus Stewart Weir - Level of Work (2013 – 2015)

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# 24 Australia



# 25 Australia - Financials

\$ MILLIONS	HALF YEAR		MVMT	
	2015	2014	CHANGE	%
Revenue (NZDm)	25.7	33.2	(7.5)	(22.6%)
Operating EBIT (NZDm)	(2.0)	0.0	(2.0)	NA
Operating margin	(7.8%)	0%		
1 year order book as % of budgeted 2015 revenue	29%			
FTE	271	334	(63)	(18.9%)

- » The performance of the Australian business has been impacted by the general economic slowdown.
- » Revenue reduced by 22.6% to \$25.7m and an operating EBIT loss of \$2m was incurred.
- » FTE reduced by 63, resulting in \$0.8m in costs. Management continue to align capacity with market demand.
- » Operating EBIT of \$0.2m in the last three months positively reflects the impact of the restructure on the business.
- » Modest increase in order book to 29% from 25% in December 2014.

# 26 Australia - Outlook

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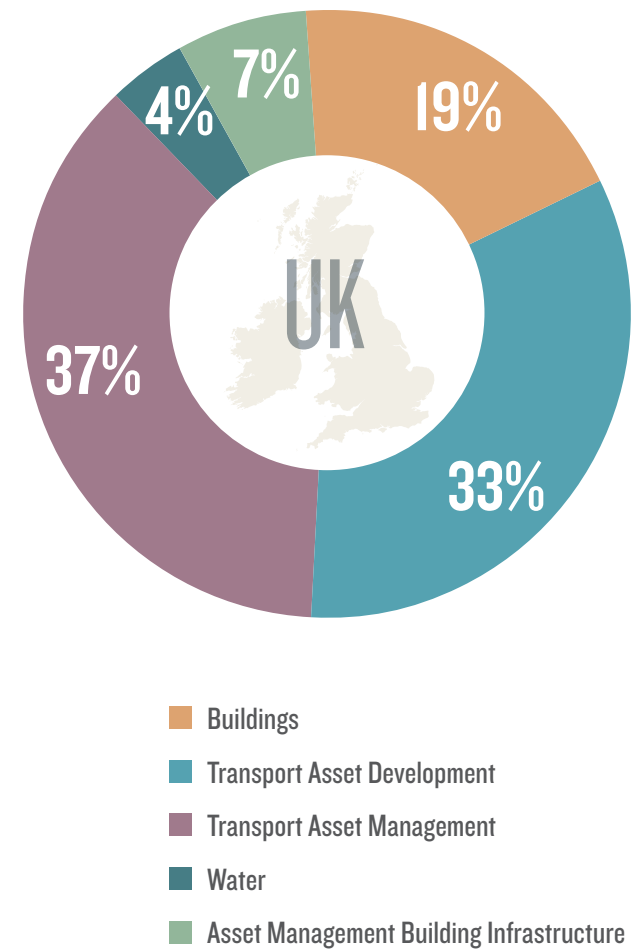
## OUTLOOK

- » The Australian government has committed to an infrastructure growth package of AU\$11.6bn. This brings the government's investment to AU\$50bn by 2019-20.<sup>1</sup>
- » As part of an AU\$3.7bn infrastructure investment programme, the government has prioritised improvements in road infrastructure.
- » Opus secured a long term network management alliance contract with VicRoads (\$3m over five years). This is an important project win with future opportunities in NSW and Western Australia.
- » Synergistic opportunities exist with our UK rail work as our Australian team continue to deliver work as part of the UK Civil Assessment Framework Agreement (2014-2019) for the London North Western route.
- » Despite the impact of the economic downturn, significant opportunities exist in key areas of our expertise including passenger and freight rail, roading, and facilities management.
- » Non-resources infrastructure work is set to rise from 2015-16, with roads, railways, telecommunications and water offering the strongest growth.<sup>2</sup>

<sup>1</sup>Australian Government Budget 2015

<sup>2</sup>Business Insider, Australia

# 27 United Kingdom



# 28 United Kingdom - Financials

\$ MILLIONS	HALF YEAR		MVM T	
	2015	2014	CHANGE	%
Revenue (NZDm)	33.6	26.6	7.0	26.3%
Operating EBIT (NZDm)	1.4	0.4	1.0	280%
Operating margin	4.2%	1.5%		
1 year order book as % of budgeted 2015 revenue	73%			
FTE	422	392	30	7.7%

- » Best performance to date with revenue increasing by 26.3% to \$33.6m and operating EBIT increased by 280% to \$1.4m.
- » Enhanced operating EBIT margin reflects progress on the transition of the business to higher margin asset consulting projects.
- » The strong result is underpinned by the strengthening economy and our work programme with key clients including Network Rail and the Hertfordshire County Council.
- » Successfully growing the UK business with additional 30 staff recruited.

# 29 United Kingdom - Outlook



## OUTLOOK

- » UK economy remains buoyant and GDP is projected to grow 2.5% and 2.3% in 2015 and 2016 respectively<sup>1</sup>.
- » The UK government is still addressing the country's infrastructure deficit with a major focus on rail and road building. Network Rail's £39 billion improvement programme is currently in year two of five.
- » Opus now ranked in the top 20 rail consultants in the UK and will continue to develop strategic client relationships while identifying the right opportunities for the business to allow sustainable growth.
- » Positioning to bid for further large county council transport asset management contracts which are coming to market.

<sup>1</sup> *Bloomberg consensus forecast*





# 30 Middle East & North Africa

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- » Our presence in the United Arab Emirates is in partnership with Opus International (M) Berhad.
- » Two offices setup in the UAE, in Dubai and Abu Dhabi.
- » Abu Dhabi office expected to grow to more than 35 staff on the back of project wins.
- » Three major contract wins, including:
  - Island design project for Abu Dhabi Municipality
  - Asset handover project for Abu Dhabi Municipality
  - Transport asset management contract for Royal Commission of Jubail, Kingdom of Saudi Arabia.
- » Hugh Morrison (Director, Business Development and Growth) has taken a senior role with Opus International (M) Berhad which will drive increased collaboration and synergies between the two entities.





# 31 Corporate Costs

CORPORATE COSTS	HALF YEAR		MVM T	
	2015	2014	CHANGE	%
EBIT (NZDm)	(3.9)	(2.6)	(1.3)	(50%)

CORPORATE COSTS - HISTORIC			
EBIT (NZDM)	H1	H2	TOTAL
2011	(3.1)	(3.2)	(6.3)
2012	(3.0)	(2.4)	(5.4)
2013	(1.8)	(2.4)	(4.2)
2014	(2.6)	(1.3)	(3.9)
2015	(3.9)		

- » These costs include the support costs incurred in running a global business. The costs have been controlled as the business has increased in scale.
- » First half costs include:
  - \$0.6m of losses on internal FX hedges. Due to accounting policy the offsetting profit is in the equity reserve.
  - \$0.3m increase in depreciation expense.
  - \$0.2m software costs from Microsoft license fee audit.

# 32 Group Cashflow

GROUP CASHFLOW	HALF YEAR	
\$ MILLIONS	2015	2014
Cashflow from operating activities	0.0	3.1
Net asset purchases	(2.6)	(7.3)
Purchase of investments	0.0	(4.2)
Realised gains from forward contracts	1.3	4.8
Others - investing	(2.4)	0.7
Cashflow from investing activities	(3.7)	(6.0)
Dividends	(7.3)	(5.8)
Net debt drawdown	(3.3)	13.5
Other - financing	(1.2)	(0.7)
Cashflow from financing activities	(11.8)	7.0
Net cashflow for the period	(15.5)	4.1

- » Cashflow from operations fell by \$3.1m against 1H14 due to lower revenue and an additional \$6m payroll paid during the period.
- » Gain of \$1.3m on forward contracts is receipts on the hedging book as the NZ dollar strengthened.
- » Reduction in net asset purchases with lower spend on property refurbishments.

# 33 Debt and Liquidity

KEY METRICS	IH15	IH14
Interest Cover (times)	13.1	9.0
Net Financial Debt/ EBITDA Ratio	1.3	1.8
Facility Utilisation	59%	58%
Average cost of debt	3.26%	3.44%
Average Maturity (years)	2.8	3.0
Gross Debt to Equity	57.8%	57.5%
Net Debt/(Net Debt plus Equity)	20.5%	29.8%
Cash and Cash Equivalent	63.7	49.0
Undrawn credit facilities	60.0	62.2
	<b>123.7</b>	<b>111.2</b>

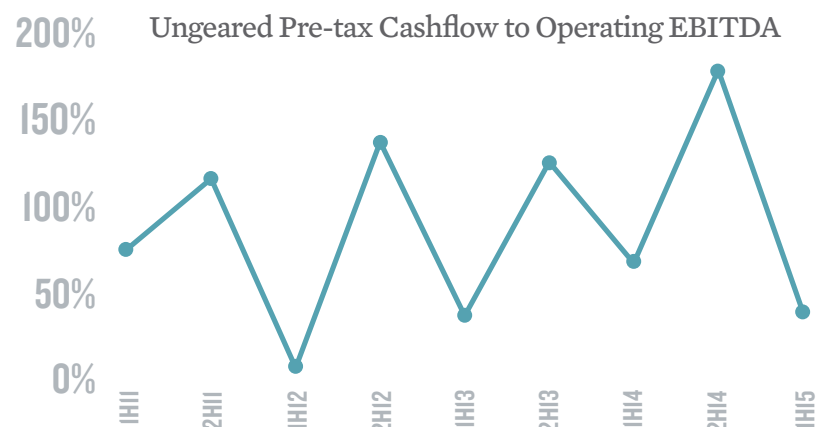
- » Cash and undrawn facilities (\$123.7m) remain strong with opportunities for both future growth and dividend distribution.
- » Facilities with both banking partners were extended during the period, with a weighted average maturity of 2.8 years.
- » The majority of debt is in non-NZD currencies and is used as a natural hedge.

# 34 Cashflow and Gearing

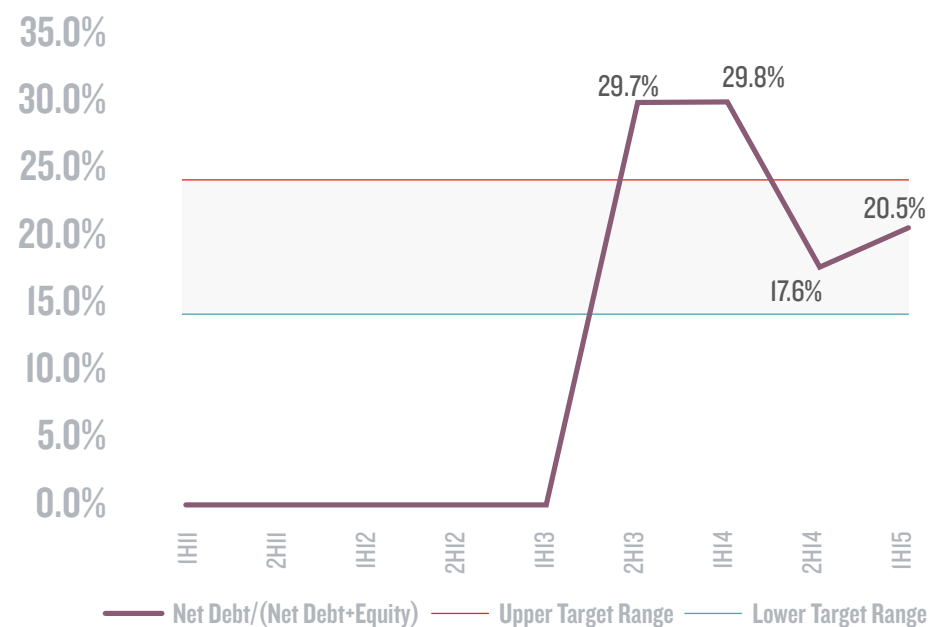
- » Group cash conversion fell due to seasonality and the payment of an additional \$6m payroll during the period.<sup>1</sup>
- » The company has completed a major review of the capital management strategy. A target gearing range of 15% - 25%, consistent with comparable engineering companies has been adopted.
- » The gearing ratio of 20.5% compares favourably with 1H14, is higher than Dec 14 due to seasonality and is within the new target gearing ratio range.

<sup>1</sup>July year to date cashflow is stronger by \$11m than previous corresponding period

## GROUP CASH CONVERSION



## OPUS GEARING: NET DEBT/(NET DEBT+EQUITY)



# 35 Other Information - International Comparator Information

COMPANY	RETURN ON EQUITY	CASH DIV YLD	EBITDA%	NPAT%
Opus International Consultants <sup>1</sup>	20.0%	7.2%	6.5%	6.2%
Aecom	1.1%	0.0%	5.4%	2.8%
Aegion Corp	-6.7%	0.0%	1.8%	-2.8%
Atkins (WS) PLC	51.2%	2.3%	8.4%	4.9%
Cardno Ltd	8.8%	10.5%	10.2%	6.0%
CDI Corp	0.6%	5.4%	1.4%	0.3%
Coffey International Ltd	-13.8%	0.0%	3.3%	0.7%
Fluor Corp	17.1%	1.8%	6.5%	2.4%
Jacobs Engineering Group Inc	8.1%	0.0%	5.3%	2.6%
Petrofac Ltd	6.2%	4.8%	7.6%	1.9%
SNC-Lavalin Group Inc	48.9%	2.3%	25.3%	16.2%
Stantec Inc	15.5%	1.1%	14.1%	7.9%
Sweco AB-B SHS	33.6%	3.0%	11.1%	5.9%
Tetra Tech Inc	9.3%	1.1%	11.2%	5.8%
Worley Parsons	11.5%	10.1%	5.3%	2.6%
WSP Global Inc	8.0%	3.4%	5.9%	2.2%
Average	6.4%	2.5%	8.1%	4.1%

<sup>1</sup>OIC data - Return on Equity half year to June 2015 annualised, Cash Div Yield year to 30 June 2015  
Other data derived from latest publicly available information on Bloomberg

# 36 Summary

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- » The NZ restructure has had a positive impact on the business, driving the EBIT margin to 12.2% from 8.9%.
- » Continued strong performance in the United Kingdom on the back of our transportation and rail asset management work.
- » The Canadian business has been impacted by the downturn in oil prices and we are positioning ourselves to manage these short term impacts including adjusting resourcing to meet demand and focusing on LNG opportunities to offset the decline in oil derived work.
- » The outlook for the Australian business remains challenging. A full review has been conducted, implementing a number of cost-saving and other measures to improve performance. Cost saving initiatives have improved performance in the last three months.
- » Diversification into the Pacific and the Middle East/North Africa has been scaled up with the acquisition of the Fiji Roading Authority Laboratories.
- » Fully imputed interim dividend of 4.1 cents (up 2.5%). Special dividend of 2 cents as a result of the review of our capital management and dividend policies.