



# Opus profits rise 6pc in 'challenging but successful year'

**James Weir**

WELLINGTON-BASED infrastructure consultancy Opus International's profits are up more than 6 per cent to \$18.6 million after it stopped the flow of red ink at its British operation and improved profits in New Zealand.

Opus shares were up 15 cents to \$1.80 a share yesterday, a strong rise from a 12-month low of about \$1.05, early last year.

Opus chairman Kerry McDonald said 2009 "was a challenging but ultimately successful year for Opus in spite of the serious recession in many economies".

Its strong operating performance meant it would pay a final dividend of 4.1 cents a share, fully imputed, to be paid on April 1. That took the total dividend for the year to 6.7c, up 1c on the year before.

With a healthy net cash position of \$40m, Opus was considering new acquisitions in Canada and Australia. Opus had been cautious about committing to any expansion last year, but it would be "more active in our pursuit" this year. The firm would be "looking at and talking to potential [acquisition] opportunities", Opus chief executive Kevin Thompson said.

Opus British operations broke even in the second half of the year after losing \$6.6m in the first half. The return to break even was the result of cutting staff and reducing hours and pay for those who remained. "They all bought into the sacrifice that needed to be made," Dr Thompson said.

Those still with a job in a tough British economy were "rejoicing at that outcome" despite lower pay. Some British staff had their pay cut 10 per cent and in areas where there was a shortage of work, they went to a four-day week – a 20 per cent wage cut. British staff were also picking up some Opus work in Canada and New Zealand.

British revenues were down heavily from \$48m in 2008, to \$33.3m in the year just ended.

The British market was now showing "some signs of promise", Dr Thompson said, but there was still both positive and negative press. Some of the design projects Opus had worked on before the recession were being "dusted off", ready to get back into action.

"It is not a recovery yet, but there are signs there ... I'm hopeful," he said, but the big change was the result of Opus' own actions, not a better economy.

In contrast, Opus had done "extremely well" in New Zealand despite the recession.

The New Zealand business made operating earnings of \$28.8m, up more than \$2m from the previous full year, as revenues improved.

Public-sector work had been fairly steady despite some challenges because of a cutback in local government spending, Dr Thompson said. In part that was because plans for an Auckland super-city council had slowed down revenues, as many of the cities involved paused and their spending slowed.

As well, there was concern about rising rates, which had slowed spending. Revenues in Canada and Australia were up last year.

Australia and Canada operations reported earnings before interest and tax of \$1.6m and \$1.1m, respectively. Australian operating profits at \$1.6m were relatively small on revenues of \$56.7m; Canada's profits were almost as large on revenues of \$12m.

The overall profit in Australia in the second half of the year was a "brilliant" improvement from the first half, Dr Thompson said.

Opus did not have such a strong presence in Australia as it did in New Zealand. Australian operations were hit by the recession and Opus had a big exposure to the private sector there, rather than the government sector as in New Zealand.

## OPUS INTERNATIONAL

Six months to Dec 31	2009 (\$m)	2008 (\$m)
Total operating revenue	371.7	376.4
Operating surplus	25.8	24.3
Tax	7.2	6.8
Surplus after tax	18.6	17.5
Earnings a share	14c	13c
Dividend	4.1c	3.1c

Record date: March 12,  
 Dividend paid: April 1