



Opus reactivates expansion plans

James Weir

INFRASTRUCTURE services company Opus International Consultants is back on the acquisition trail, after its growth plans were set back a couple of years by the global financial crisis.

But the company is ruling out expansion in its hard-hit British business.

"We have reactivated our acquisition strategy with vigour and we are progressing with our search for further targets in the Australian and Canadian markets," managing director Kevin Thompson told the annual meeting in Wellington.

The company expected the infrastructure sector in New Zealand to be "over-committed" in the second half of the year, but Opus still had to win work before any thoughts of taking on more staff, he said.

Opus, which has a big business in New Zealand as well as operations in Australia, Britain and Canada, reported 2009 profits of \$18.6 million, a rise of 6.3 per cent.

Despite the global downturn, revenue fell only 1 per cent, but Opus laid off 72 staff in Britain, 39 in New Zealand, and 22 in Australia.

Mr Thompson would not indicate Opus's expected profits for this year.

"We are optimistic, but in some of the economies we operate in the outlook is uncertain, and Britain is

most uncertain, with the risk of a double-U recession," he said.

The economy appeared to be recovering, but it could go down again.

The Australian economy, in contrast to Britain, was looking good and the Canadian economy was "highly regarded".

In New Zealand, the total industry was expected to be "over-committed" with infrastructure work in mid to later this year, he said.

"There are many (infrastructure) projects that require to be launched, and the current capacity in New Zealand will be insufficient to meet that demand."

While that may be good news for Opus, it still had to win the work before it could expect to take on more staff. The Government also had to deliver on its plans. "It is an opportunity and a challenge. It is all upside."

On the other hand, the building sector in New Zealand remained "fairly flat. That is a concern, but it is a smaller part of our business."

In 2008, the company said it aimed to double in size by 2011, by expanding outside New Zealand.

"In 2009 we went backwards as we had to shed staff in difficult markets," Mr Thompson told the meet-

ing, which was attended by about 60 shareholders.

"So we effectively lost at least two years."

Opus now did not have the same bullish approach to investment in Britain. "That would be crazy to continue to invest in a difficult market."

In the first half of 2009, Opus lost \$6.6m in Britain, but it broke even in the second half of the year.

The change of focus was to invest more in Australia where prospects were good.

There was also a need to build "critical mass" in Canada, where the company was relatively thin on the ground.

Opus did not necessarily want to be No 1 in Australia, but to get to a sustainable size, focusing first on Western Australia, Queensland and New South Wales.

Chairman Kerry McDonald said the company still aimed to expand the business as well as improve it, but he would not give a new target to double its size.

Nor would he say how much the debt-free Opus might spend, though its capacity for deals was "reasonable".

There was little point in buying small firms with a handful of staff, so acquisitions could be in the hundreds of people but not thousands.



Kerry McDonald: Forthcoming Opus acquisitions could include hundreds of staff. Photo: MAARTEN HOLL