



Opus International Consultants is in a good place as governments spend their way out of recession. **Catherine Harris** talks to chief executive Kevin Thompson.

Seeing opportunities in the crisis

INFRASTRUCTURE is hot these days. Roading, ports, rail and buildings might once have hardly seemed exciting but as governments around the world look to spend their way out of recession, they've come into their own.

So ask Kevin Thompson, the chief executive of New Zealand's biggest infrastructure consultancy, how he views the spend-up and he naturally says: "Delighted, because we are fairly well placed."

It is no secret that people in the industry believe roading, broadband and educational facilities will be big beneficiaries, all areas where Opus International Consultants has an interest. Water — its quality and security of supply — is another expected target.

However, the expected downturn is not without its sting, making Opus more circumspect about its international growth plans, particularly in Britain.

Though its other markets are still profitable, Opus booked a pre-tax loss of \$1 million in Britain in the first half of the year, down \$1.6 million on the year before.

It had hoped to have 700 staff in Britain by 2011 instead of the current 380 and to expand overall staffing by about a third to 3550. Though that target may still be achievable, Opus will be "very cautious" about building up its resources.

The stated desires of the British and Australian Governments to both go on an infrastructure spending spree is "an opportunity but also a test", Dr Thompson notes.

"We have done very well in very good times, and ... it will be a sharpening, a honing of our skills to operate in some more challenging times."

Under Dr Thompson's experi-

enced eye, Opus has expanded to 71 offices in New Zealand, Britain, mineral-rich Australia, and oil-rich Canada.

Offering architectural, engineering, property and asset management services, it last year earned revenues of \$296 million, beating its prospectus profit forecast by 5 per cent.

Its first-half profit posted in August was also healthy, up 38 per cent to \$9.1 million. However, the company acknowledged that headwinds were on the horizon. Its share price has fallen more than 30 per cent from its peak but in line with the NZX 50, from \$2.25 to about \$1.30 today.

Opus originated out of the old Ministry of Works and Development, for which Dr Thompson has much affection, having started his own 35-year career there.

He recalls the ministry's big projects and the hard work of its staff. "It touched lots of communities."

Dr Thompson started out in structural engineering, then he switched to civil, working on roading projects, with coal mines and on a synthetic petrol plant. He progressed up the ranks with roles in Invercargill, Dunedin and Wellington.

Then when the Ministry of Works was corporatised, he was appointed chief executive of one of its offshoots, Works Civil Construction, while Works Consultancy Services went on to be privatised and become Opus.

He joined Opus in 1998, and became chief executive in 2001.

Dr Thompson says it does not do to dwell on what he might have been if he had not followed a life of engineering. Medicine had its appeal but it was not an option for him at the time, and watching two

children go into the health profession has taught him he has "no stomach for it".

So he's "reasonably happy" about the path he chose. "I think engineering is a fantastic profession, that it is so constructive, and there are very few professions where you get to spend all of your time solving problems, creating things and leaving something positive behind."

Though about two-thirds of Opus' business remains in New Zealand, the company has picked up several awards, including Exporter of the Year in 2006.

Its expansion strategy has focused on buying local companies, hiring locals and fostering local contacts to give it the edge on bigger, more impersonal rivals.

The company listed in October last year, putting 21 per cent of its shares up for sale, while management and staff and its 65 per cent Malaysian majority shareholder hold the rest.

And more of Opus could be made available to the public. Its Malaysian shareholder has indicated there is headroom to issue more shares though it wants to retain at least 51 per cent.

Though it could have chased opportunities in the developing world, Opus opted instead to expand to developed countries where, Dr Thompson believes, the importance of asset management is valued.

Indeed he counts this as one of Opus' biggest strengths, borne out of New Zealand's limited resources and a commitment to making things last.

"Most developed economies have a deficit in terms of the amount of infrastructure and also a deficit in terms of its condition." he



says. "It's one thing to create something, it's another thing to maintain its level of service throughout its life and that's a big part of our business."

Dr Thompson also detects a trend toward pulling together various infrastructure assets, such as coastal shipping, air transport, rail

and road transport.

Sustainability is also an influence in the industry, and it does not always have to come at a cost, he says.

"It's the resources you consume to create the asset, the resources you consume to use the asset."

Dr Thompson says he is proud

of Opus' corporate culture, which he says is still influenced by the Works Ministry's "commitment to excellence and informality".

"We didn't create an organisation out of nothing. We were created out of another organisation for a different set of circumstances that had a lot to be proud of."

► KEVIN THOMPSON

- **Position:** Chief executive and managing director of Opus International Consultants.
- **Background:** Bachelor in civil engineering and PhD in structural engineering from Canterbury University. Started with Ministry of Works and Development from 1974 till the ministry was corporatised in 1988, then chief executive with Works Civil Construction, now Downer EDI Works. He joined Opus, another ministry offshoot, in 1998, becoming chief executive in 2001.
- **Married for 36 years, has three adult children.**
- **Hobbies:** Golf, fishing.
- **Professional interests:** Business Roundtable member, parish finance committee, chair of advisory board for Canterbury University's civil engineering faculty.
- **Won business section of 2008 Wellingtonian of the Year award.**
- **Awarded the 2008 William Pickering Award for Engineering Leadership from the Institute of Professional Engineers New Zealand for being a role model and "exceptional leader".**



Solving problems: Opus chief executive Kevin Thompson – "We have done very well in very good times, and... it will be a sharpening, a honing of our skills to operate in some more challenging times."

Picture: ROBERT KITCHIN