



## **Ausenco Limited**

**Annual General Meeting  
Brisbane  
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# **CEO's address**

**Zimi Meka  
Chief Executive Officer  
Ausenco Limited**

## **Introduction**

Thank you Wayne, and good morning ladies and gentlemen.

Since we last met, Ausenco has undergone significant change largely as a result of our diversification strategy.

In fact, the company you'll hear us talk about today is vastly different to the Ausenco of previous years.

To demonstrate this, today I'm going to talk to you about the diversity of our work, our growth plans and the operational highlights of our group.

In doing so, you'll hear how Ausenco's business strategy of diversification:

- 1 has enabled us to tap into growth markets and more effectively meet our clients' needs; and
- 2 positions us for the next stages of our strategic expansion.

Our diversification strategy also assisted us to achieve a record profit in 2008 – a result that is particularly encouraging given the current economic climate.

## **Our people**

Our business would not exist without our people. The success we've achieved in 2008 is a direct result of their strength, diversity and expertise. I am extremely proud to lead a group of talented, hard working individuals, some of whom are here today.

The way we care for, develop and encourage our people is an important part of our culture. Our approach involves empowering our people and leaders to enable them to do their best work. As an example, during the year we implemented the Ausenco Project Academy and Emerging Executive program to attract, develop and grow our future leaders.

During the year, we also developed the Ausenco People Principles which articulate our approach to the recruitment, induction, development and rewarding of our people across the group.

## **Safety**

The safety of our people is our highest priority. We have embedded zero harm practices across our group, in all projects and in all locations.

In 2008, we recorded an excellent safety record, particularly given the challenging operational environments in which we worked.

Our Lost Time Injury Frequency Rate (LTIFR) for the year was 0.68, based on 19.0 million hours worked. This benchmarks favourably across the resource and energy industries and represents a notable improvement on the LTIFR of 0.82 achieved in 2007.

Two significant safety achievements for 2008 included the completion of more than 5 million lost time injury free hours at the Lumwana copper project and more than 3 million lost time injury free hours at the Phu Kham copper-gold project in Laos. These achievements are testimony to the expertise of our people and the innovation of our systems.

We remain committed to strengthening our safety management system and behaviours to achieve our goal of zero injuries. To ensure continued priority is given to this goal, we appointed Greg Chrisfield as Group General Manager of Health, Safety, Environment and Community during the year.

## **Operational performance**

Turning now to our operational performance, the previous year presented many great achievements. We extended our geographic reach and diversified across industry sectors, markets and clients. In addition, we strengthened our reputation for innovation and excellence in project delivery by completing and advancing challenging projects.

The acquisitions of PSI, Sandwell and Vector enabled us to diversify our earnings base. They also provided entry into new geographic markets and sectors, such as infrastructure, energy and oil and gas.

These acquisitions have enabled us to cross sell our services and collaborate across our businesses. This means we can offer our clients a broader solution and our people more opportunities.

## **Our business lines**

We talk a lot about our business' diversification. To demonstrate just how diversified we are, I'm going to spend the next few moments taking you through a few project highlights and future focus areas from our five business lines.

Our business lines include minerals, infrastructure, energy, oil and gas and consulting and environmental.

### ***Minerals***

Starting with minerals, our business includes work in precious metals, coal, iron ore and base metals. We have worked hard to diversify our commodity experience and are now completing more projects in growth areas, particularly bulk commodities.

In 2008, we delivered the Lumwana Copper project for Equinox Minerals – the largest copper project in Africa. The successful delivery of this large-scale project in a geographically remote location has demonstrated the group's ability to manage logistically challenging projects in difficult environments.

Our coal profile increased significantly during the year as we were awarded our first EPCM coal contract for the Carborough Downs expansion project in Central Queensland. Additionally, we are currently undertaking a number of studies for new or expanded coal projects in Australia and Africa. Our focus is to continue to increase our presence in coal in the future through our 50% interest in the Austagg joint venture.

A strategic growth area within the minerals business line is the provision of operations and maintenance services. We are currently providing these services at the Isaac Plains Coal wash plant in Queensland through Ascentis. We are also tendering for other large opportunities in operations and maintenance to complement our existing work, capitalising on our reputation, relationships and expertise.

The group also plans to build on our existing work in uranium and mineral sands and secure more opportunities within these areas.

Although we only integrated our businesses last year, they are already working together to deliver unique solutions for our clients. For example, Ausenco Minerals, PSI and Sandwell are collaborating to provide beneficiation plant, port and pipeline design services for the OCP Phosphate Project in Morocco, demonstrating our ability to combine and deliver a unique system for our client. We will continue to cross sell to offer our clients complete solutions across the project lifecycle.

### ***Infrastructure***

Our infrastructure business focuses on work in ports and marine, pipelines, water and wastewater and supply chain simulation. With the addition of the acquired companies, our group has designed more than 400 major ports and terminals and completed more than 5,000 transport projects throughout the world.

In providing the full scope of services to support ports and marine structures, we are particularly recognised for our innovative simulation programs. This expertise is demonstrated in our work with the Dalrymple Bay Coal Terminal – an integral part of Australia's coal supply chain – where we have assessed terminal capacity over a number of years.

We are also the world leader in pipeline systems and our infrastructure expertise extends from conceptual and feasibility studies to process engineering, full plant design, procurement and project and construction management. As an example of this expertise, in 2008, we secured the port and pipeline design services for the Ambatovy Nickel Project in Madagascar. PSI and Sandwell are working together to complete this work, one of the largest nickel projects under development in the world.

Our infrastructure expertise also extends to water treatment and processing, which exposes us to a growing counter-cyclical market and broadens our recurring revenue base.

The infrastructure business line presents outstanding growth opportunities, particularly in the current market.

Locally, the level of infrastructure investment planned for South East Queensland alone is expected to reach \$107 billion over the next two decades. As a Queensland-based group with broad project management expertise and a track record of success in infrastructure delivery, we are very well placed to capitalise on this spending growth.

In addition, government stimulus packages within Australia and also overseas present many opportunities. Our expertise and geographic reach positions us effectively to support all levels of government and the private sector in the identification, scoping, delivery and operation of new infrastructure projects. Our partnership with Marubeni to explore Build Own Operate Transfer (BOOT) infrastructure opportunities further positions us to capitalise on these opportunities.

## ***Energy***

Our energy expertise spans gas, renewable energy, coal and energy from waste.

In 2008, we provided detailed engineering design and construction management services for the Greenfield Energy Centre power plant – Canada's largest combined-cycle energy facility fuelled by natural gas. We also worked on a Combined Cycle Power Plant project in Algeria. These projects further demonstrate our expertise in the energy sector and position the group for future strategic growth into this market.

We continued our push into renewable energy through the completion of preliminary engineering and associated management services for the first phase of the NaiKun offshore wind farm. When fully operational, this will be one of the largest offshore wind farms in the world.

Our future focus is to expand our existing energy capabilities into new markets and continue to develop our project footprint in the renewable energy, natural gas, landfill gas and oil and gas sectors.

To enable our expansion into the energy sector, we have created an Ausenco Energy business line. We believe the creation and development of Ausenco Energy as a business line is a key component for creating a stronger and more diverse client offering and a stronger and more diverse group for the long term.

To facilitate a coordinated effort to expand further into the energy-related business markets, Dwane Stone was appointed as President of Ausenco Energy in March 2009, based in Houston, Texas.

## ***Oil and gas***

The oil and gas sector is a key growth area for our business.

We've worked on hundreds of oil and gas studies and projects throughout the past few decades, often in challenging environments such as the arctic.

We plan to solidify our position in this sector by leveraging our experience, particularly in pipeline transportation and offshore structures.

We are currently exploring a number of opportunities here in Queensland where multiple LNG projects are under consideration. The introduction of carbon trading is likely to increase the attractiveness of these projects. Our extensive experience in LNG pipeline and port infrastructure effectively positions us to take advantage of this work. For example, during the year, we completed the engineering and design services for the Canaport LNG jetty and associated infrastructure in Canada.

We have also built a strong international reputation for our innovative simulation modelling programs. These programs have been used by a number of clients in the oil and gas space to optimise their capital expenditure and improve the efficiency of their operations. We have provided simulation modelling services for Middle Eastern oil company Saudi Aramco over a number of years, including assisting with the company's future planning for the Port of Ras Tanura – the largest crude and refined oil exporting port in the world.

### ***Consulting and environmental***

Our consulting and environmental business includes work in geotechnical, environmental and sustainability services, permitting and licensing, water treatment and processing and landfill management.

This business line provides strong recurring revenue, with stable revenue inflows that aren't subject to commodity price fluctuations. Our work in this sector is also heavily driven by repeat business and historically we have enjoyed strong, long-term relationships with our clients.

We are a leading service provider in landfill management and currently provide consulting services across 25 landfill projects in North America alone. In this industry, our client relationships span an average of 15 years, providing countless opportunities and stability.

As a company, we practice what we preach. We strive to incorporate emerging technologies and innovative designs that protect the environment, conserve resources and improve energy efficiency. This has included water saving initiatives in slurry and other hydro transportation systems and the use of gravity flow systems to maximise energy efficiency.

We believe our strong capabilities and experience in delivering sustainable solutions for our clients, positions us well in a world with an increasing environmental focus. In particular, our expertise in this sector means we are well positioned to benefit from the environmental policies of the Australian and United States' governments, which is expected to lead to greater investment in projects and practices that minimise greenhouse gas emissions.

## **Outlook**

As for the year ahead, we remain committed to our diversification strategy to ensure continued and sustainable growth.

As Wayne mentioned earlier, our total shareholder return was adversely impacted in 2008 by the general market downturn. Whilst disappointing, we remain focused on things we can control – the safety of our people, high quality and innovative work, client service delivery and cost control.

We remain committed to our clients, people and the communities in which we operate. We will continue to build the expertise of our people. Following our acquisitions, our debt position is conservative and our intention is to return our net debt position to a positive one. Our key focus in this regard is on cash management and controlling the costs of our business.

Cross selling and collaboration across our business has also helped us to achieve additional project and client wins and saved money on overheads through shared services. We will continue to reap the benefits of these acquisitions this current year and well into the future.

Despite commentary surrounding the industries we operate in, work is still occurring and there are plenty of opportunities for a diversified group like ours. Already we've won a number of new projects and are currently working on several large tenders and converting our study work into further opportunities and, eventually, delivery contracts.

We see further growth in short-term engineering assignments like studies and front end engineering. Approximately 60% of our recurring income is now comprised of this type of work. This provides us with greater earnings stability, particularly in these times.

We are increasing our footprint in the key growth sectors of infrastructure, energy and oil and gas. Specifically, we are looking to capture infrastructure investment sparked by stimulus spending and more of the green energy market based on our solar, wind and biomass energy experience.

Finally, we are continually seeking to identify and act on viable opportunities for growth, such as strategic alliances and acquisitions.

## **Conclusion**

In closing, I would like to thank the group's management teams for their significant contribution during the year and their commitment to working together as one team.

I would also like to thank all our people from right across the group for their hard work during year and for working together in a new structure.

I also thank our clients for their continued support and strong relationships.

I express my appreciation to our Board members for their contributions and guidance and to our shareholders for their continued support.

The outlook for 2009 and beyond is challenging, however, our broader earnings base means we are well positioned to identify and take advantage of opportunities.

We are confident we have the diversification, depth of expertise and commitment to our clients to meet these future challenges and opportunities. I look forward to talking to you next year about our continued successes.

**ENDS**