



Ausenco Limited

**2010 Annual General Meeting
Brisbane
Tuesday 11 May 2010**

CEO's address

**Zimi Meka
Chief Executive Officer
Ausenco Limited**

Introduction

Thank you Wayne, and good morning ladies and gentlemen.

There is no doubt 2009 was a very challenging year for Ausenco. We were presented constantly changing business conditions, a number of project cancellations or deferrals and to a degree an unknown economic future. However given the unprecedented financial market uncertainty, we generated a profit, closed the year with cash in the bank and more importantly developed a significant number of future large opportunities.

Our diversification strategy without question has allowed us to ride the events of last year in a much stronger position and positioned us well for future growth.

During 2009, we reviewed and refined our business strategy as part of our commitment to build the business, strengthen client relationships and deliver improved returns.

We have a clear strategy for the future, an inspiring growth plan and an experienced global team focused on common goals.

During the year we completed unifying our businesses under a common brand. This, together with our significant range of services, will present our clients with a compelling value proposition.

As a result of our large geographic footprint, diversity of service offering and unique technical skills, we are now invited to participate on much larger and challenging projects. This presents us opportunities for continuing sustainable earnings, opportunities for our people and value to our future clients.

As a result of this planned diversification strategy, 75-85% of Ausenco's earnings are generated outside Australia and have been for at least the last eight years. This position means we are not at risk to any one government's change of fiscal policy impacting on our clients investments.

Today I'm going to provide an operational update first addressing our safety performance and then business line update across our five industry segments, our client solutions and our growth strategy. I will also provide an update of some of our people initiatives.

Safety

Safety is a key part of the everyday operation of our business. We aim to keep all of our people and contractors safe at all times. We are committed to ensuring we create a work environment in every location around the world, which allows our people to return safely to their families at night. Their health and wellbeing is, and will always remain, the highest priority for our business. We continue to roll out a range of health and safety initiatives that have seen us repeatedly achieve a strong safety performance, despite the challenging environments in which we operate.

Our Lost Time Injury Frequency Rate (LTIFR) for the year was 0.88, based on 10.2 million hours worked. This included a record period of 358 days of zero Lost Time Injuries (LTIs) across the group.

During the period, we continued implementing an integrated Health, Safety and Environment (HSE) Management system across our global operations.

In addition, we introduced a number of new safety initiatives with a strong focus on key risk areas, such as contractor management and safe travel, to further reinforce our zero harm culture across the entire group.

We remain committed to improving our safety performance and continue to strive for our zero harm goal.

Operational update

Let's now turn to an operational update.

One of our primary strengths is our ability to successfully manage the evolution of a project from concept through to execution. Our client solutions are delivered through four phases: Evaluate (Feasibility Studies), Innovate (Front End Engineering), Create (Project Delivery) and Optimise (Operations and Maintenance Support). The breadth of our offering allows us to deliver value to our clients throughout the full project lifecycle.

Our five business lines are Minerals & Metals, Process Infrastructure Energy, Environment & Sustainability, and Program Management. We have the experience and expertise to implement projects that deliver real value for clients, the community and shareholders across all five business lines.

Importantly each business line continues to win new work in the markets they operate in.

The results we are achieving in the pre-development Evaluate and Innovate phases of work remains strong. As a key lead indicator, this area of our business not only delivers sustainable revenue, which in 2009 was \$260 million, but is also a key indicator to our outlook for growth in 2010 and beyond. As a guide we are currently working on Evaluate and Innovate phases of projects with a capital value of \$13.4 billion.

We are in various stages of tendering in excess of \$10.9 billion on potential new Create work. In the past few months this has contributed to a higher than normal level of tender related costs, as well as needing to maintain capacity to match anticipated project work.

We expect that the availability of skills will decrease as global capital expenditure responds to increasing commodity prices and demand.

As a result and in anticipation of new project awards from both our tender and conversion pipeline, we continue to hold valuable personnel capacity to enable us to respond well to an expected upturn and increase in industry activity. This is currently adding costs to our business.

We continue to optimise our business operations, win new work and deliver exceptional results for our clients.

In optimising our business, we closely assess the performance and growth opportunities of our extensive business portfolio. With 33 global offices, our opportunities are extensive. New work has seen us return to growth in our Australian, Asian and South American offices.

Project deferrals in North America, however, have contributed to a lower than expected financial performance for our offices in this region. While revenues are in line with the later half of 2009, this has contributed to a first quarter earnings result well below our expectations. Globally, many governments lack of conviction to establishing meaningful greenhouse gas emission reduction targets, particularly in North America, has significantly impacted our Energy business. We are currently reviewing the \$18 million carrying value of intangibles of that business line.

In terms of new work, I am pleased to announce, today, we have been awarded the program management of Rio Tinto and Mitsui's \$1.3 billion underground coal expansion at Kestrel in Queensland. Our revenue for this project will be in the order of \$53 million to 2012 and the scope is the management of all the underground development functions.

In addition, we have recently been awarded \$75 million in revenue from numerous Create projects, expected to be delivered over the next 12 months. Globally, we are continuing to await the outcome of \$10.9 billion in tendered Create project opportunities over the next few months.

I will now spend the next few moments taking you through a number of highlights and the future focus areas from our five business lines.

Minerals & Metals

Our Minerals & Metals business line is focused on the delivery of projects across all solution phases of the global minerals sector.

We have continued to grow and further diversify throughout the year. We have expanded our traditional focus on precious and base metals by strengthening our presence in coal, iron ore, phosphate and potash, resulting in bulk commodities now representing 25% of our Minerals & Metals business.

In 2009 we continued to deliver outstanding projects for our clients. Four Create projects were successfully completed, including the Carborough Downs Coal Handling and Preparation Plant Expansion project and the Sabodala Gold project in Senegal.

Strong client relationships and long-term involvement in projects resulted in the award of new Create phase contracts during the year. These included Newcrest's Gosowong gold extension project and GResources' Martabe gold project, both located in Indonesia. The award of the US\$130 million Kinsevere Stage II project will underpin Create project revenue growth into 2010.

We expect our expansion into the world's strongest exploration regions of Africa and South America to provide new project opportunities. Demand for copper and gold remains strong together with the bulk commodities, with expectations for well advanced project opportunities in the future. Our reputation in these regions and markets positions us well to capitalise on these prospects.

Process Infrastructure

Our Process Infrastructure business line focuses on delivering projects across all solution phases to the global port, pipelines, and transport infrastructure sector.

Strong client partnerships saw the conversion of a number of projects to the Create phase in 2009, including the Los Bronces for Anglo American Minera Esperanza, and Los Pelambres, both for Antofagasta Minerals, pipeline projects.

Global demand for increased bulk and container port capacity continued to drive our port and marine business. In late 2009, the business commenced work on a number of Innovate phase port development projects to assess the viability of more than US\$1.8 billion of new port capital developments in Australia, Brazil, Mozambique, Colombia and Peru.

We are currently working on Evaluate phase port development projects in Brazil, Canada, Colombia and Papua New Guinea, with a strong focus on bulk commodities including coal, iron ore and potash. If these opportunities proceed to development, they will provide significant growth momentum into 2011.

Energy

Our Energy business line focuses on the delivery of project solutions across the full project lifecycle, to the gas, renewable energy and power sectors.

In 2009, we were awarded new Evaluate and Innovate projects, from generation and conversion through to distribution, with business confidence impacting on the timely conversion to development. These projects spanned a range of energy sources – ranging from traditional fossil fuels to alternative fuel solutions. This sector was significantly impacted by the financial crisis in North America with signs starting emerge now of some improvements.

The completion of detailed design work on the Neighbourhood Energy Utility in Canada was a major project achievement during the year – the first project in North America to use raw waste to generate heat in an urban setting.

In 2009 we made a strategic decision to establish an office in Saudi Arabia to provide a local presence in the growing energy markets of the Middle East and North Africa. Establishing this office will give us an even stronger foothold in the region.

Renewable energy will continue to provide strong growth opportunities in the future, and we will draw on the experience and track record of our Energy business to capitalise upon these.

Environment & Sustainability

Our Environment & Sustainability business line is focused on delivering Evaluate and Innovate solutions, including environmental, civil and geotechnical engineering, to the global resources sector.

This business line continued to successfully deliver many Evaluate projects during the year, generating conversion opportunities along the project lifecycle for other business lines.

South America continued to present significant opportunities, particularly in Colombia, Chile and Peru. We are already working on three significant projects in the region, including the delivery of heap leach solutions for BHP Billiton's Cerro Matoso and Minera Escondida mining operations.

We expect 2010 earnings to continue to grow, as sustainability initiatives gain momentum and resource exploration expenditure underpins environmental opportunities in line with the general recovery in the resources industry.

Program Management

Our Program Management business line focuses on best practice project delivery, from short term Evaluate solutions through to long-term, large-scale Create projects.

In 2009, we formalised our 60 years of Program Management experience to create this new business line. It draws upon the combined program management expertise across the group, supported by tried and tested systems and processes and a global procurement network.

Program Management supports the other business lines in the specialist delivery of projects, but also allows Ausenco to offer its extensive project management experience to a wide range of industry sectors.

Program Management has already identified opportunities in the bio-fuel, energy and infrastructure sectors and is currently tendering and in early stage negotiation on a number of projects.

Our growth strategy

As the Chairman commented earlier, diversification continues to be at the core of our business strategy. Offering more services to existing clients, broadening our client base and expanding into different sectors and geographic regions will achieve this.

We continue to identify and pursue key growth areas and market opportunities that will drive long-term sustainable growth.

During 2009 we acquired 50% of the Kramer Group to allow us to increase our exposure to the significant capital expenditure planned in Papua New Guinea.

Our people

Our people are central to what we do. The depth of our people's talent combined with our industry and organizational leadership give us a strong competitive advantage. It is through our talented and creative people that we have earned our reputation for ingenuity.

Our training and mentoring programs are built on our leadership competencies of Lead, Grow, Innovate and Deliver. These programs not only align with the ambitions of our people, but also support our future growth plans. In the coming year we will launch two new development programs – *Managing our Business* and *Ausenco Management Development Program*.

Outlook

For the year ahead, we expect our diversified industry and solution offering to provide improved longer term sustainable earnings. We expect to see growth into the second half of 2010 and into 2011 as a result of further improved business conditions and the implementation of sustainable growth initiatives.

Despite this, the mix of retaining required capacity for anticipated project awards (with award decisions being extended in a number of cases), higher levels of tender related costs, and ongoing office consolidation costs will negatively impact the first half results.

Our pipeline of opportunities remains at record levels. Importantly, as a result of our broader solution offering, the scope and size of the projects we are participating in has increased significantly.

This provides a stronger platform for growth as business confidence improves. We have continued to maintain capacity to ensure we are able to respond immediately to market opportunities and increases in economic activity.

Our experience across growth sectors, local presence in key markets and enduring client relationships puts us in a strong position to win new projects as market conditions improve.

Conclusion

In closing, I would like to thank our global team for their contribution in 2009. I also thank our clients and partners for their continued support and enduring relationships.

I express my appreciation to our Board members for their continued commitment to the Group, and to our shareholders for their continued support.

While the outlook for the second half of 2010 is positive, we have structured the business to ensure we are ready to respond to new opportunities as the global economies strengthen.

Our diversified business model, local presence in key growth markets and strong client relationships position us well for growth.

ENDS