



9 May 2016

**OPUS GROUP LIMITED
ANNUAL GENERAL MEETING
HELD AT CACTUS IMAGING
12 RACHEL CLOSE, SILVERWATER NSW 2128**

CHAIRMAN & CEO ADDRESS

As the Executive Chairman & CEO, it is with pleasure that I welcome you to our Annual General Meeting that covers our performance for the twelve months ended 31 December 2015.

2015 was a year that allowed us to build on the financial restructure we put in place in 2014. Whilst 2014 was a very busy period implementing what we did, 2015 was the year that we put it all into action.

In 2015 we delivered what I believe to be a strong result and one that leveraged our relationship with 1010 Printing Group (1010).

The Group 2015 revenue was slightly down on the June 2014 full year: December 2015 \$115,465,000 compared to June 2014* \$116,873,000, primarily due to the divestment of our New Zealand outdoor media business, Omnigraphics in October 2015.

Pleasingly the work done on adding value with customers, leveraging 1010's strengths alongside the disciplines of cost management, resulted in an improved profit after tax of \$12,047,000 compared to June 2014 of (\$8,771,000).

Our solid performance is a result of strong focus on our business fundamentals now that we are debt free and supported by the 1010 Printing Group (1010). Each business in the Group is a leader in their market and we have worked hard to ensure their strengths are reinforced as we return to our core values and lay the foundations for continued success in 2016.

I can also report that our goal to return to a much more hands on business has been achieved and we are strongly engaged now with our major customers and supplier partners to deliver sustainable benefits, centred on speed and efficiencies.

We have also worked hard and focused on the competitive strengths of our business in their niche markets by staying close to our customers to deliver improved customer and business outcomes.

From a market perspective, our customers are demanding increased speed to market and price and this continues to be a key element of our strategic and operational initiatives.

We are working much more closely with our operations team to ensure we release latent capacity. In short, as we increase revenue, we will do this without increasing overheads or direct costs proportionately. Our improved Production systems will allow us to flex labour utilising the equipment we have in smarter shift patterns.

We are also working closely with our IT and systems teams to deliver significantly improved auto and semi-auto ordering systems for our major customers as yet another way to reduce both parties' costs and improve our speed of turnaround.

I will now provide a brief update of our core divisions.

Publishing Services Division

Our Publishing Services Division consists of three businesses in Australia, McPherson's, Ligare and CanPrint and our Singapore business, COS, which is to be sold, subject to shareholder approval at this meeting, to allow us to fully focus on our Australasian business. The publishing market we operate in has seen a return to printed books both in the read for pleasure sector and in part, the Education market.

Whilst e-books remain in the mix, the dire predictions for the read-for-pleasure market of a few years ago did not materialise. Depending on the genre, eBooks as a percentage of revenue in this market has stabilised or are in slight decline.

The overall supply chain continues to evolve with customers taking advantage of new technology that can produce faster whilst also reducing stock holding and associated costs.

For us, the change in the customer supply chain is working towards our model. Our strategy has been to deliver faster and operate more efficiently. This is now crossing over with market demand – books ordered much later, in lower quantities and then ordered again to demand.

Our Capex plan is to invest in equipment and solutions that achieve improved speed, efficiencies and input costs. From a Publishing Division perspective, we have invested in a series of upgrades to our substantial T410 Hewlett Packard state of the art inkjet digital integrated printing line.

This line, the first solution in the Southern Hemisphere of its kind (see photo on page 12 of our Annual report), is scalable for upgrades to speed, colour and finishing.

The upgrade Capex will see the machine achieve outputs not previously envisaged with the total production done in-line i.e. from paper to finished and bound product without any human touch.

There has also been a substantial investment in our Sydney facility with the commissioning of a colour inkjet production line. This latest digital technology is ideal for the educational market and able to produce efficient colour print without the set up costs associated with traditional colour printing, especially on lower run sizes the market is now requiring.

Another important investment has been to bring in-house all aspects for the production of book cover finishing. The purchase of the assets of the leading embellishment company ProtectaPrint allows us to produce world class cover finishes for our trade and related books and having this capability under one roof creates major productivity improvements and again leads to improved speed and pricing.

Outdoor Media Division

In terms of our Outdoor Media Division, the sale of our New Zealand outdoor media business, Omnigraphics concluded in October 2015 and Cactus Imaging in Australia continues to grow.

Recently, we have invested in the latest HP3500 digital latex print device. This investment will allow further diversification into the transit and retail markets, using an extremely productive and eco-friendly solution.

The outdoor media sector continues to grow and whilst digital signage is the fastest growing platform in the sector, traditional print is being maintained with a medium term view that this will change out more frequently on the back of the faster content change created by digital.

2016 Outlook

For our outlook on 2016, we are seeing good momentum in our business as we focus on our niche sectors, value-add and strengths. Market conditions remain uncertain with continued pressure on margins and input costs; however we believe that in conjunction with 1010 and leveraging the benefits of that relationship that we will be able to continue to deliver strong and improved results.

I called 2014 our transformative year, 2015 has been our year to set firmly in place the foundations for us to deliver ongoing benefits to shareholders and customers and importantly, set the scene for a sustainable business.

Thank you for your support so far and I look forward to reporting our six months results mid-year which I believe will show further improvements and proof our business model can and will deliver on our strategy.

-ENDS -

CONTACTS

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