

CARDNO

Morgans Queensland
Conference

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 **Cardno**[®]



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COVER IMAGES

Top Left: Cardno developed a detailed design, complete with a construction specification package for the Koombana Bay Foreshore in Western Australia. This award winning project significantly enhances the waterfront area.

Top Right: Cardno's expertise in market systems and economic and agriculture development is cultivating a positive future for small farmers and trade in Cambodia for the Cambodia Agricultural Value Chain Program. Photo credit: Robert Ancombe.

Bottom Left: Cardno was engaged by the ACT Government's Land Development Agency to provide engineering design consultancy and construction supervision services for the land subdivision of a brownfield site in the Canberra suburb of Campbell to create a mixed-use, urban development.

Bottom Right: Cardno field crew performing a Subsurface Utility Engineering (SUE) investigation as part of the Phoenix Light Rail Transit project in Arizona, United States.

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02 Performance overview

03 Detailed financial review

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about Cardno

Cardno is a global provider of integrated professional services which enrich the physical and social environment for the communities in which we live and work. Our team of multidisciplinary specialists around the world has more than 70 years' experience in designing, developing and delivering sustainable projects and community advancement programs. Cardno is listed on the Australian Securities Exchange (ASX: CDD).



6000+ People



130+ Offices



100+ Countries

— vision and values —

We deliver value to our clients and shareholders through our key asset, **our people**.



Our Vision: To be leaders in improving the physical and social environment for people around the world.



Our Purpose: As a global organisation of talented people, we are united by our purpose: **Making a difference**.



Our Values: To attract and retain the very best talent, Cardno has committed to a set of core values that guides the results we achieve and shapes how we deliver them. Everyone at Cardno shares our four core values and their underpinning beliefs.

vision and values cont...

SAFETY

Safety
comes first

We believe that creating a safe environment for our people, clients and the communities we impact should always come first.

INTEGRITY

We do the
right thing

We believe that knowing and doing the right thing will lead to satisfied employees, clients, investors and better financial performance.

PEOPLE

We care about our
people & communities

We believe that what is good for our people, communities and the world we live in can also be good for profit.

EXCELLENCE

We deliver high
quality services

We believe that the delivery of high quality services creates value for clients, communities and investors.

Making a difference.

Corporate Responsibility – Partnering for Good program

Through our Partnering for Good (PFG) program, Cardno is making a difference in communities outside of our regular client work, by building on our work in the global giving space.

Our first project was the renovation of the Compassionate Neighbours Children's Home – a small orphanage built in 1978 situated on the outskirts of Kenya.

The project's scope included:

- > refurbishment of the entire home, including a full renovation: new roof, new toilets and bathrooms, new plumbing system, replacement of all electrical wiring and lighting, painting of walls, floors, new doors and locks, and replacement of broken windows.
- > fixing the home's water supply to provide access to running water for the first time in years.
- > paying for the entire year's school fees for all 24 children who reside at the orphanage.



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2018 Performance in Review



Cardno grew EBITDA by 28% in FY18 to \$56.2m which was in line with market guidance of \$55m to \$60m. Cardno is entering a phase of stability with incremental growth driven by business optimisation and accretive acquisition – *simple and boring*.

- > Strong EBITDA growth of 28% to \$56.2m over pcp.
- > Conversion of EBITDA into operating cash flow pre tax and interest expense of 95% (\$53.4m).
- > Balance sheet remains strong with Net Debt/ EBITDA of 0.3x.
- > The Americas Engineering and Environmental division performance continued to improve with EBITDA margin expanding from 1.6% to 4.8%. While this remains below industry averages the division is building positive momentum and we are optimistic this trend will continue.
- > EBITDA margin in Asia Pacific Engineering declined from 10.9% to 7.5% driven by the roll off of a number of major projects as well as project provisioning in APAC North.
- > APAC division (North and South) restructured in H2 to increase collaboration and revenue opportunities across regions.
- > Construction Sciences performed strongly due to elevated infrastructure building works in Australia.
- > ID sustained strong performance through the year with material growth in backlog.
- > PPI returned to profitability in Q4 and we expect this trend to continue.
- > Wind down of LATAM projects and operations consistent with management expectations.
- > US restructured under one US President, Susan Reisbord who is double hatting as President of Science and Environment division in the US.
- > Backlog grew by 9.7%.

2018 Performance in Review: 2019 Forward Focus



Cardno grew EBITDA by 28% in FY18 to \$56.2m which was in line with market guidance of \$55m to \$60m. Cardno is entering a phase of stability with incremental growth driven by business optimisation and accretive acquisition – *simple and boring*.

- > Organisational restructure in Australia/ US largely complete and the Board does not expect further restructure costs going forward.
- > Key focus of business now:
 - Returning all divisions to organic growth.
 - Expanding EBITDA margins across all divisions.
 - Considerable BD investment made in FY19 which will see some parts of the business go backwards given the lag between cost introduction and revenue/ profit benefit.
 - Explore on strategy bolt on acquisitions to gain access to geographies, skill sets or service lines.
 - Disciplined process established for due diligence and integration.
 - Considerable IT/ Digital investment to elevate the business to better service clients and increase productivity.
 - Executing on greater client collaboration across offices.

2018 Performance Overview



One of the most pleasing outcomes exiting FY18 is a very structured business with emerging momentum. Each division reached different milestones over the year.

Key milestones in FY18 at a **divisional level** include:

Asia Pacific	<ul style="list-style-type: none">> Restructure and alignment of operations within the two divisions to capitalise on collaboration and client opportunities> Change out of leadership and certain Senior Management in APAC North to create stronger growth environment> Completed a small bolt-on utility locating business in Sydney
Americas	<ul style="list-style-type: none">> Significantly improved results and EBITDA margins exiting FY18> Overhaul of the US benefits plan resulting in considerable ongoing cost savings> Restructured reporting lines to create President Americas role to focus attention on several growth initiatives
International Development	<ul style="list-style-type: none">> Implementation of consolidated project management and tracking tool across the division> Performance continues to improve with new contract wins and cost management> Invested heavily to see step change in business into FY20/21
Construction Sciences	<ul style="list-style-type: none">> Trialling new technologies to increase safety and efficiency> Completed two small bolt-on acquisitions, focused on materials testing, one during the year and one early July 2018
PPI	<ul style="list-style-type: none">> Evolution into a Quality Assurance business yielding positive results> Clean up of the division finalised leaving core business solid to focus on growth> Business cashflow positive Q4 FY18> Order book and general activity increasing as we exit FY18
LATAM	<ul style="list-style-type: none">> Continued scaling back of operations with the roll off of projects in Caminosca> Expansion of the Entrix environmental sciences business into Peru strengthening margins and results

2018 Rebuilding Momentum

Based on our previous presentation at the 2017 AGM we have made progress rebuilding financial performance during the year with continued focus on initiatives which drive stability, retention, governance and organic growth. No silver bullet initiatives, just initiatives to optimise performance and engagement.

Key initiatives at a **group level** are:

Finance	<ul style="list-style-type: none"> > Further work on development of Calumo (Business Intelligence Software) and other key indicators > Continuing work on transparency, KPI's and cost allocations 	 Calumo development work is ongoing
Human Resources	<ul style="list-style-type: none"> > New talent review system and succession planning > Ongoing work on diversity and follow up on engagement survey 	 Talent and succession planning in place. New benefits program launched.
Health & Safety	<ul style="list-style-type: none"> > New global online H&S reporting system 	 New online global incident management system launched.
Marketing	<ul style="list-style-type: none"> > New web site, intranet and social media programs > New go to market strategy – values, principals/senior principals, branding 	 Marketing strategy rolled out with new web site to be launched in Q1 2019.
Internal Audit	<ul style="list-style-type: none"> > Establish internal audit program across the business > Cyber security review and implementation of recommendations 	 Audit program and framework established and implemented. Security review conducted.
Training	<ul style="list-style-type: none"> > New online group induction training > Rollout of consistent system and project management training globally 	 Training completed with ongoing assessment and updates to be provided.

New CEO & MD, Ian Ball



We welcome the appointment of Ian Ball who we believe brings considerable skills to the role. Ian is spending his first eight weeks in a global onboarding program, learning the business after which he will be responsible for the business day to day...

PREVIOUS ROLES	FIT FOR ROLE
<ul style="list-style-type: none"> > EY <ul style="list-style-type: none"> ▪ Advisory Senior Client and Senior Strategy Partner ▪ Deputy CEO Oceania ▪ COO Advising Asia Pacific ▪ Managing Partner Advisory Federal Government Practice > Silver Lake <ul style="list-style-type: none"> ▪ Value Creation Leader > IBM <ul style="list-style-type: none"> ▪ Managing Partner Australia and NZ, Global Business Services ▪ Asia Pacific Leader (Financial Services), Global Business Services ▪ Practice Leader – USA (Financial Services), Global Business Services > Strategy Consulting <ul style="list-style-type: none"> ▪ Senior Partner (multiple roles) 	<ul style="list-style-type: none"> > Run business of similar scale or larger ✓ > Run a portfolio, multiple stream business ✓ > Developed and executed growth strategies ✓ > Led cultural change ✓ > Optimisation of operational systems and processes ✓ > Business development track record ✓ > M&A and integration experience ✓ > Services industry experience ✓ > Engineer or Scientist ✓

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2018 Full-Year Financial Performance Highlights



Full year underlying EBITDA of \$56.2m in line with market guidance of \$55-\$60m.

- > Fee revenue was down 3% on prior year.
- > EBITDA from continuing operations of \$56.2m up 28% from \$44.0m EBITDA in FY17.
- > Net Operating Profit before Tax of \$38.2m. Net Loss after Tax of \$14.0m includes \$32.8m charge to reduce tax assets associated with the change in US federal corporate income tax rate from 35% to 21%.
- > Net operating profit after cash tax paid of \$33.4m due to tax benefit from prior year losses.
- > Backlog up by 9.7% to \$1,433m on a like for like basis.
- > Strong conversion of EBITDA into Net Cash Flow from Operations of 95% pre tax and interest and 81% net of tax and interest, reflecting ongoing working capital management and timing of debtor receipts and creditor payments.

2018 Results A\$ million

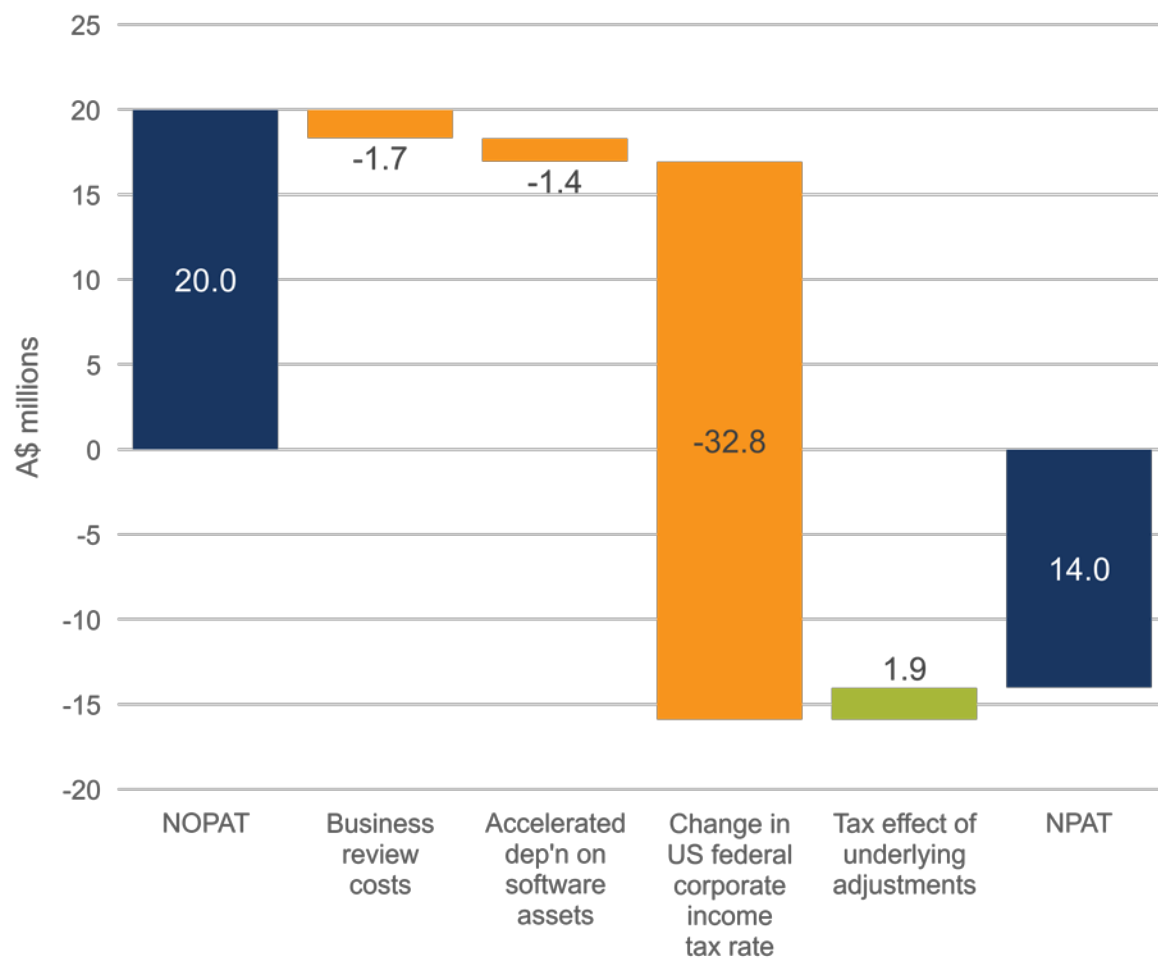
		Reported	
		Percent change year on year	
Gross Revenue	\$1,117.0	▼	-5.5%
Fee Revenue	\$763.5	▼	-3.1%
EBITDA	\$56.2	▲	27.7%
Net Operating Profit after Tax ⁽¹⁾	\$20.0	▲	0.4%
Net Operating Profit after Cash Tax Paid	\$33.4	▲	66.3%
Abnormal items ⁽²⁾	\$34.0	▲	198.2%
Net Profit before Tax	\$35.1	▲	182.0%
Net Loss after Tax	\$14.0	▼	-263.0%
Backlog ⁽³⁾	\$1,432.6	▲	9.7%
Net Cash Flow from Operations	\$45.7	▲	1302.6%

(1) Net Operating Profit after Tax, is a non-IFRS term which reflects the operating position of the business prior to one off and impairment adjustments. A reconciliation of NPAT to NOPAT has been prepared and is shown on slide 11.

(2) See slide 10. Abnormal items are driven predominately by change in US tax rate.

(3) Backlog reported on a total contract basis, being the total value of the signed contract less the value of work performed to date.

2018 Full-Year Financial Performance Highlights



The Net Loss after Tax \$14.0m includes abnormal charges related to business review costs, accelerated depreciation and tax adjustments.

- > Legacy business review costs of \$1.7m:
 - \$8.0m provision associated with the wind down of LATAM (Caminosca) business.
 - \$0.7m expense relating to acquisitions during FY18.
 - (\$1.9m) release of litigation provision taken up in FY17 as a result of favorable settlement terms.
 - (\$2.8m) release of provision taken in FY17 associated with the closure of Nigeria business due to collection of debtors previously provided for as unlikely to be collected.
 - (\$1.2m) release of onerous lease costs associated with office closures in FY17 relating to sub leasing and other initiatives.
 - (\$1.1m) release of provision taken in FY17 for overhead rate audit due to favourable negotiations.
- > Accelerated Depreciation on Software Assets of \$1.4m:
 - Acceleration of depreciation of externally purchased software continued from FY17.
- > Change in US federal corporate income tax rate of \$32.8m:
 - Reduction in the US tax rate from 35% to 21%.
- > Tax effect of underlying adjustments of \$1.9m.

2018 Full-Year Financial Performance Highlights



(A\$ Millions)	2017			2018			FY Change
	1H17	2H17	FY	1H18	2H18	FY18	%
Total revenue from continuing operations	575.7	606.3	1,182.0	543.4	573.6	1,117.0	(5.5%)
Fee revenue from continuing operations	391.4	396.8	788.2	346.3	417.2	763.5	(3.1%)
EBITDA from continuing operations	23.2	20.8	44.0	30.2	26.0	56.2	27.7%
EBITDA margin	5.9%	5.3%	5.6%	8.7%	6.2%	7.4%	
Operating profit before tax from continuing operations	9.8	11.7	21.5	21.7	16.5	38.2	77.7%
Net operating profit after tax⁽¹⁾ from continuing operations (NOPAT)	10.2	9.7	19.9	13.9	6.1	20.0	0.4%
Net operating profit after cash tax paid from continuing operations	6.2	13.9	20.1	21.1	12.3	33.4	66.3%
Net profit / (loss) after tax from continuing operations	(21.1)	1.8	(19.3)	(21.9)	7.9	(14.0)	27.5%
Discontinued operations	27.6	0.3	27.9	0.0	0.0	0.0	100.0%
Net profit / (loss) after tax	6.5	2.1	8.6	(21.9)	7.9	(14.0)	(263.0%)
Net cash flow from operations	(9.9)	6.1	(3.8)	31.6	14.1	45.7	1302.6%
Net operating cash flow / NOPAT	(97.1)%	63.1%	(19.0)%	227.3%	232.0%	228.8%	
Basic earnings per share (cents)	1.37	0.42	1.79	(4.62)	1.65	(2.97)	
NOPAT basic earnings per share (cents)	2.13	2.03	4.16	2.93	1.30	4.23	

(1) Net Operating Profit after Tax, is a non-IFRS term which reflects the operating position of the business prior to impairment adjustments. A reconciliation of NPAT to NOPAT has been prepared and is shown above.

2018 Full-Year Segments



Americas Engineering and Environmental

- > Region structured as three divisions: Science & Environment, Infrastructure, Government Environmental & Asset Management Services
- > FY18 Revenue \$378.3m, EBITDA \$18.3m
- > 102 locations, 1,570 staff

Cardno International Development

- Global operations, three major geographies: Americas, Europe (UK and continental Europe), Asia-Pacific
- > FY18 Revenue \$313.5m, EBITDA \$6.4m
 - > 9 locations (Cardno offices), 1,902 staff *

Portfolio Companies: Cardno PPI, and Latin America

- > FY18 Revenue \$47.9m, EBITDA (\$0.4m)
- > 3 locations, 272 staff

Asia Pacific Engineering and Environmental

- > Managed in two geographic regions: Northern and Southern.
- > FY18 Revenue \$266.0m, EBITDA \$20.0m
- > 36 locations, 1,335 staff

Construction Sciences

- > FY18 Revenue \$111.3m, EBITDA \$11.4m
- > 18 locations, 717 staff

NB: Staff numbers include permanent, part time and long term contractors.

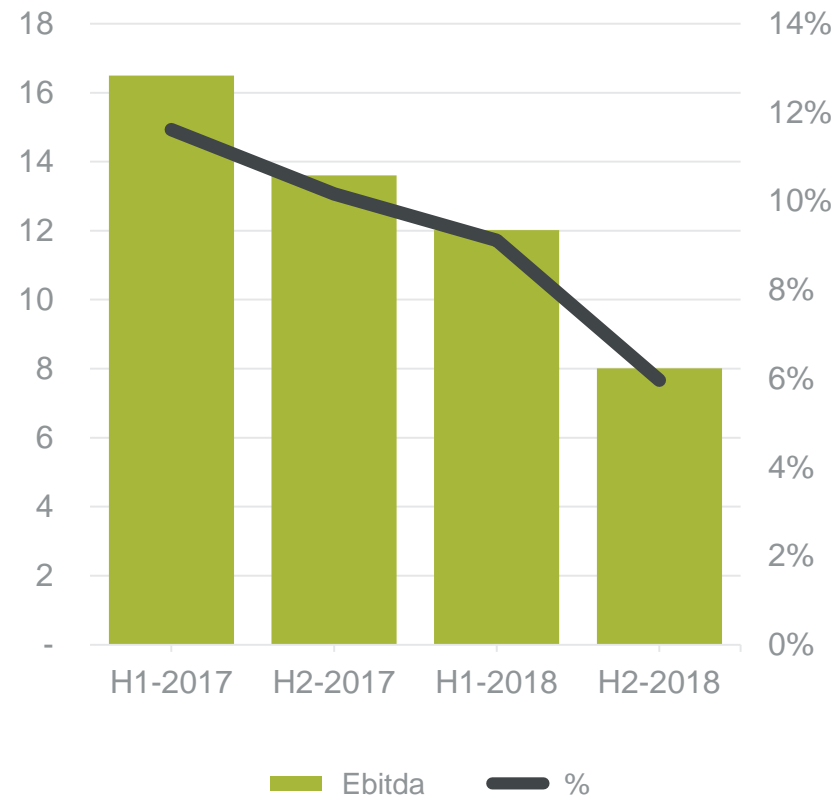
*Excludes contractors.

2018 Full-Year Segments: Asia Pacific



ASIA PACIFIC EBITDA AND % MARGIN

A\$ million



Asia Pacific Engineering EBITDA margins declined from 10.9% to 7.5% driven by the continued wind down of a number of major projects in early FY18 as well as “project clean up” in APAC North. Division restructured in H2 with solid platform for growth going forward.

- > Gross Revenue in FY18 of \$266.0m, 3.6% lower than FY17, reflecting the previously flagged completion of three major projects.
- > EBITDA margin was 7.5%, versus 10.9% margin achieved in FY17.
- > No major project wins in Asia Pacific with a number of major projects tailing off. Our Business Development group continues to position Cardno on a number of major project opportunities in QLD, NSW, VIC and Asia.
- > Business restructured in June 2018 to align operations between the northern and southern operations and support increased collaboration.

KEY WINS DURING THE YEAR INCLUDE:

- > East Bay Water Supply Scheme, Philippines for Manila Water.
- > Kings Highway Nelligen, bridge replacement for NSW Roads & Maritime Services.
- > Dahua Group Australia, land development project.
- > City of Melbourne, Southbank Boulevard and Dodds Street redevelopment.

GREATER SPRINGFIELD

Since 2000, the Cardno team has partnered with Springfield City Group, providing the expertise and guidance to deliver infrastructure and planning for Australia's first master-planned municipality since Canberra. Cardno has delivered a wide range of consultancy services across a number of market sectors including engineering, urban development, traffic and transport, buildings, infrastructure, project and asset management, geotechnical and materials testing as well as water and wastewater services. Greater Springfield has become the fastest growing corridor within South East Queensland and is currently home to over 32,000 residents, with the population set to grow to 140,000 by 2030.



CITY OF MELBOURNE, SOUTHBANK BOULEVARD AND DODDS STREET REDEVELOPMENT

Cardno has been providing multi disciplinary engineering services for the Southbank Boulevard Transformation project over a four-year period for the City of Melbourne. As part of the civil design, Cardno will deliver the new road and streetscape, Southside footpath pedestrian spine and new series of public spaces, which will include the participation of other disciplines to provide geotechnical investigation and pavement design, track and overhead tram design, hydrology assessment, flood modelling and drainage design. In addition, the traffic team prepared detailed designs for six traffic signal controlled intersections.



EAST BAY WATER SUPPLY SCHEME

Manila Water has engaged Cardno Philippines and Arcadis in a Joint Venture partnership as their engineering, procurement and construction management team to develop a major potable water resource for Manila. Cardno's scope includes project management of the design phase of the WTP and the detail design of the transmission network. Cardno's specific design scope includes the pipeline route identification, pipeline materials selection, detail design of pumping stations and associate infrastructure as well as concept design of tunnels.



PACIFIC HIGHWAY UPGRADE - WOLLGOOLGA TO BALLINA - JV WITH ARUP

The Arup-Cardno JV were responsible for a 35 km, containing 28 bridges and two interchanges, of the 155 km two-lane highway which was transformed into a dual carriageway. The project is currently Australia's largest regional infrastructure project. Cardno's multidisciplinary specialists undertook site investigations, route option, environmental assessments, and established and maintained an Environmental Compliance Register and developed a fully-integrated 3D design model, using Building Information Modelling (BIM) technologies.

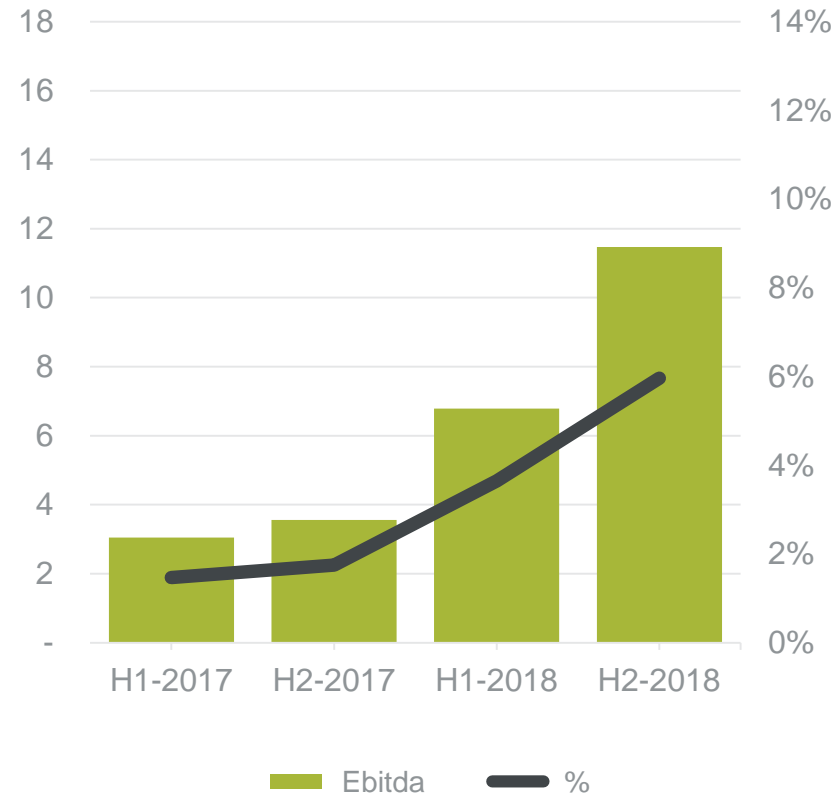


2018 Full-Year Segments: Americas



AMERICAS EBITDA AND % MARGIN

A\$ million



The Americas Engineering and Environmental division performance continued to improve with EBITDA margin expanding from 1.6% to 4.8%. While this remains below industry averages the division is building positive momentum.

- > Gross Revenue in FY18 of \$378.3m, this was 7.9% down on FY17.
- > EBITDA margin was 4.8%, which while not where we would like it to be, represents a substantial improvement on the 1.6% achieved in FY17.
- > Improvement in operating margin driven by a series of initiatives that reduced non client facing management and labour, fringe (insurance, health), overhead and occupancy costs.
- > Focus is on growing revenue and margin.

KEY WINS DURING THE YEAR INCLUDE:

- > U.S. Marine Corps, asset management consulting services (BUILDER) at bases in Hawaii, Japan, Okinawa and Korea.
- > Southern California Edison - on-call support for electrical transmission and distribution service lines.
- > Phoenix Arizona Salt River Project / Subsurface Utility Engineering on call services.
- > Florida Department of Transport I-75 and SR 50 Reconstruction.
- > Navy and Marine Corps IDIQ contract for NEPA.
- > US Air Force Reserve Command – support civil engineering and environmental planning programs worldwide.

US19 to I-275 GATEWAY EXPRESSWAY PROJECT

Cardno provides FDOT with Construction Engineering & Inspection services for the \$350M Gateway Expressway project. The Cardno team provide design review, procurement and RFP assistance during the selection of the Design-Build team. Throughout the five year project Cardno will provide construction admin; monitoring and inspection of the on-site construction operations; inspection & testing of materials and quality control. Cardno also coordinates with all agencies and stakeholders on the project, including Pinellas County, St. Pete/Clearwater Airport, and the Cities of Largo, Pinellas Park and St Petersburg.



F-35 OPERATIONAL BEDDOWN – PACIFIC – ENVIRONMENTAL IMPACT STATEMENT PROJECT

The U.S. Air Force contracted Cardno to undertake an Environmental Impact Statement (SEIS) to address changes made since the completion of the F-35A Operational Beddown – Pacific EIS (original EIS) and signature of the Record of Decision (ROD) in April 2016, announcing the U.S. Air Force decision to beddown two squadrons of F-35A aircraft at Eielson Air Force Base (AFB), Alaska.



SALT RIVER PROJECT UTILITY LOCATING

Cardno's long-term partnership with the Salt River Project Authority is contributing to the safe and stable delivery of power and water to metropolitan Phoenix. Cardno was first commissioned in 2000 to provide specialised utility locating and designating – preparing 25-30 utility test holes and 7,000 linear feet of designating daily. Working as the Salt River Project Authority's valued partner through their modernization process, Cardno is assisting with the removal of overhead power lines and relocating them underground as well as replacing old electric cables with new cable.



RETROSPECTIVE EXPOSURE ASSESSMENT OF PERFLUOROCTANOIC ACID EMISSIONS

Cardno ChemRisk performed a historical exposure reconstruction of perfluorooctanoic acid (PFOA) for residents near a polymer manufacturing facility in West Virginia due to air emissions from 1951 to 2003 to support expert witness testimony as part of a medical monitoring class action.

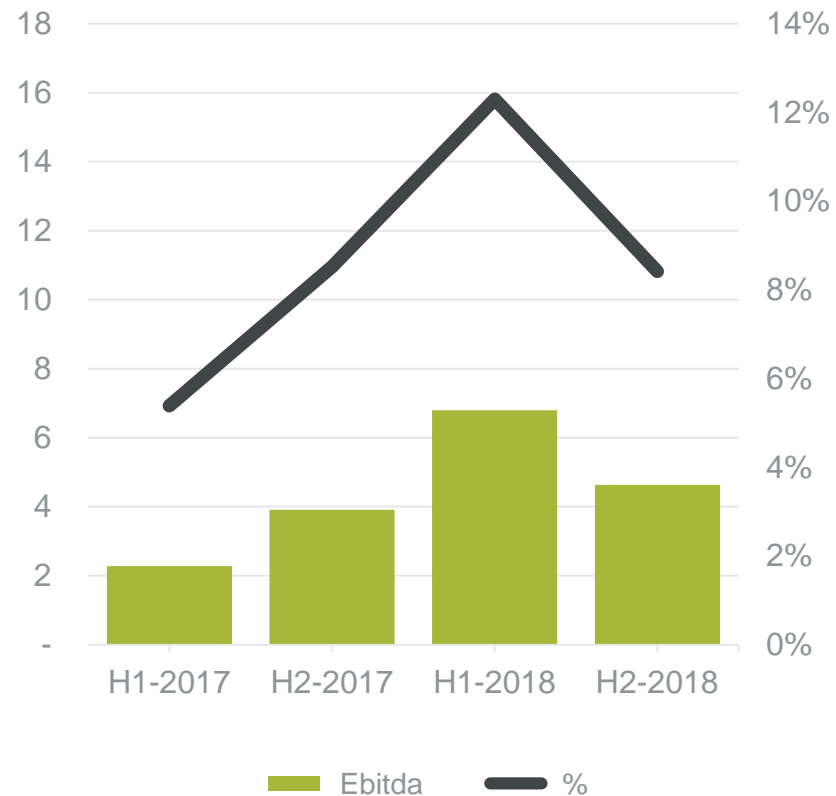


2018 Full-Year Segments: Construction Sciences



CONSTRUCTION SCIENCES EBITDA AND % MARGIN

A\$ million



Construction Sciences benefited from the ongoing delivery of existing contracts and new contract wins against the backdrop of a generally improving market, plus the inclusion of a small bolt-on acquisition in the FY18 year.

- > Gross Revenue in FY18 of \$111.3m, up 26.2% on FY17 of \$88.2m.
- > EBITDA margin was 10.3%, which is higher than the 7.0% margin achieved in FY17.
- > The business closed out the year on slightly lower margins from H1 due to weather conditions and project mix.
- > Completed two small bolt-on acquisitions, focused on materials testing, one during the year and one early July 2018.

KEY WINS DURING THE YEAR INCLUDE:

- > WA Gold Road, Kalgoorlie
- > Mackay ring road
- > BAC parallel runway
- > M1/M3 Gateway merge
- > NorthConnex civil fitout

NORTHCONNEX TUNNEL FITOUT

The \$3bn project will connect the M1 Pacific Motorway to the M2 Hills Motorway. It involves about 21 kilometres of tunnelling. The two main nine kilometre tunnels will carry motorists between the M1 Pacific Motorway and the Hills M2 Motorway and additional tunnels are being excavated for on and off ramps. The deepest part of the tunnel will be around 90 metres, passing under the Sydney Metro Northwest tunnel at Beecroft. Construction Sciences has been involved since project inception. This contract secures an increase in scope.



NEW PARALLEL RUNWAY (NPR)

The \$1.5bn NPR Project is on track to open in 2020. Once complete, Brisbane will have the best runway system in Australia effectively doubling our current capacity. This new runway is a key piece of infrastructure that will enable the continued growth of Brisbane, our region and the nation. Construction Sciences have been involved on the BAC site for over 20 years. A state of the art laboratory facility will be established on site, to safely handle the large 40mm aggregate test specimens.

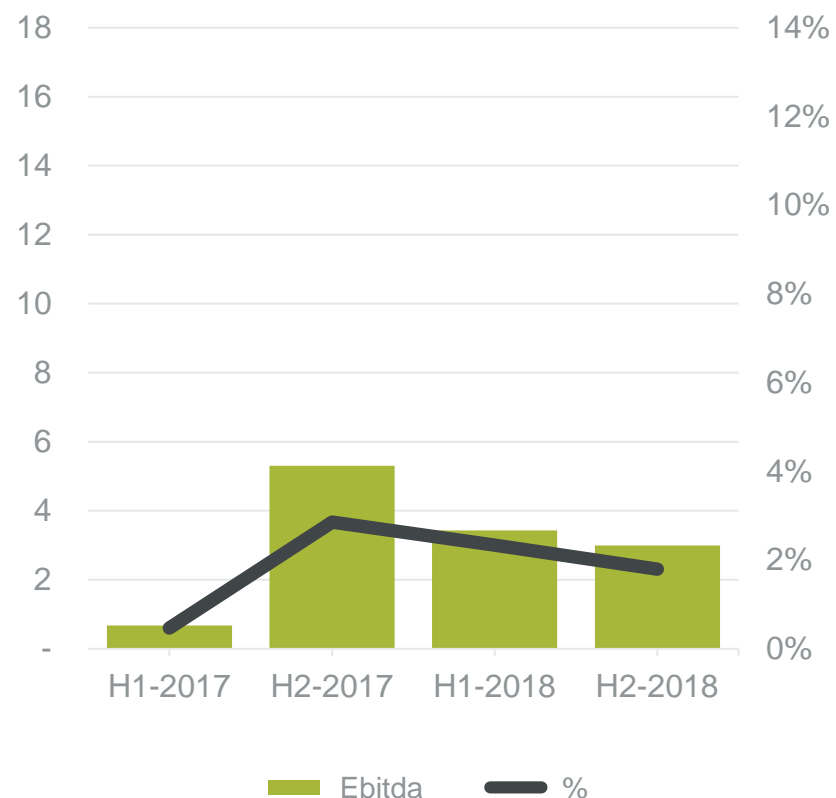


2018 Full-Year Segments: International Development



ID EBITDA AND % MARGIN

A\$ million



International Development (ID) consolidated the growth in backlog and cost savings initiatives in a solid result.

- > Gross Revenue in FY18 of \$313.6m, this was 5.0% down on FY17.
- > EBITDA margin in FY18 of 2.0% reflects ongoing business discipline and is up on FY17 of 1.8%.
- > Backlog continues to grow as we respond to various International Development tender processes (primarily in the northern hemisphere).
- > A number of investments have been made that will affect margin in FY19 in this division to build the business sustainably in the medium term.

KEY WINS DURING THE YEAR INCLUDE:

- > DFID Uganda Cities and Infrastructure – technical assistance to governments, municipal authorities and public agencies on private and public infrastructure investment.
- > DFAT Prospera – technical assistance and logistical support to institutional partners to foster strong, sustainable and inclusive economic growth.
- > MCC Nepal – procurement and fiscal agent services for the implementation of the Millennium Challenge Corporation.
- > EU Technical Assistance support for the High Value Crop and Horticulture Project – implement an effective value chain for production and sale of high value crops.
- > FCO Prosperity Fund – primary supplier to the Foreign and Commonwealth Office in the UK.

CITIES AND INFRASTRUCTURE FOR GROWTH (CIG) UGANDA PROJECT

The CIG Programme will provide demand-driven technical assistance to governments, municipal authorities and public agencies to address constraints to private and public infrastructure investment. The purpose behind CIG interventions is to improve public sector capacity in urban management, power sector development and infrastructure service delivery, in order to make the investment environment attractive to private suppliers of capital.



USAID TIMOR-LESTE AVANSA AGRİKULTURA PROJECT

Cardno's agribusiness and marketing skills are helping turn subsistence farmers into commercial growers, boosting nutrition and livelihoods, and unlocking the profitability of Timor-Leste's horticulture value chain. Our agribusiness and marketing experts are consulting with both the private and public sector to identify gaps in the value chain, and are helping to improve market linkages between retailers, agricultural suppliers and farmers. To date, we have facilitated agreements between supermarkets and farmer groups, buyer agreements between farmers and retail markets, and helped almost 3,156 farmers and micro/small and medium-sized enterprises to receive business development services.

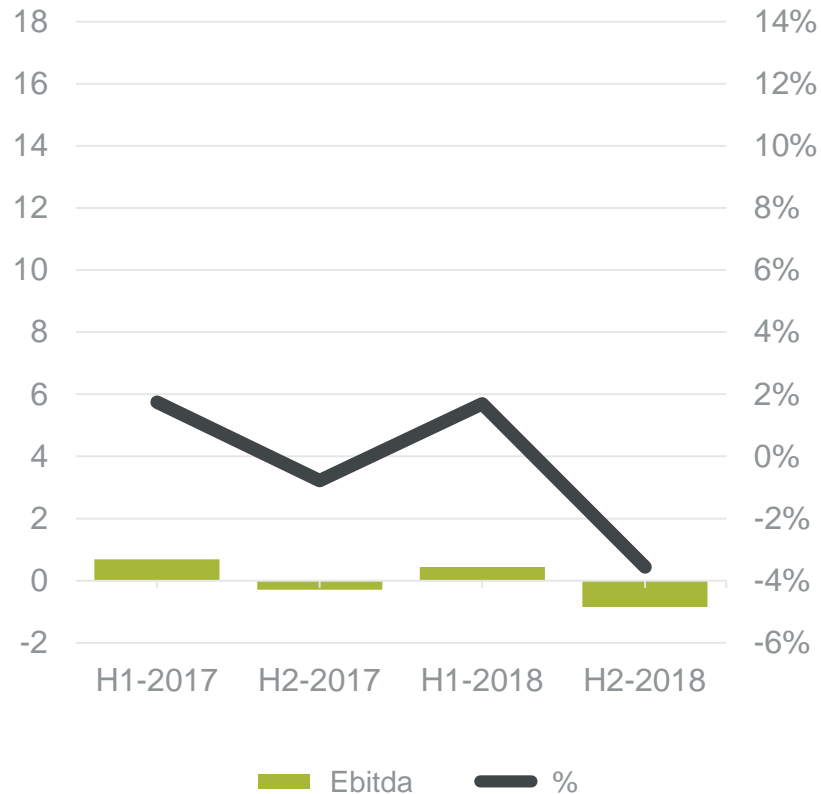


2018 Full-Year Segments: Portfolio Companies



PORTFOLIO COMPANY EBITDA AND % MARGIN

A\$ million



Oil and Gas business exited year with positive margins. Latin America business has continued to run off major projects driving material revenue declines.

- > Gross Revenue in FY18 of \$47.9m, this was 37.8% down on FY17.
- > Oil & Gas business continues to rebuild with the business diversifying revenue into new markets and shifting focus to increased QC revenue streams. The business finished the year with the first profitable quarter in the past 12 quarters.
- > The Latin America business continues to operate in challenging market conditions with a focus on risk mitigation and rolling off of historical work. Focus is on completing and winding down the engineering projects in Ecuador. The joint venture projects continue to be challenging and provide for 'lumpy' financial results.

KEY WINS DURING THE YEAR INCLUDE:

- > Zachry Freeport LNG Facility
- > Murphy & Shell Upstream QAQC Services

2018 Full-Year Balance Sheet



	FY2016 \$'000's	FY2017 \$'000's	FY2018 \$'000's
Cash and cash equivalents	105,613	80,028	71,127
Trade and other receivables	191,053	218,749	212,158
Inventories	115,305	96,882	73,773
Other current assets	26,328	13,696	15,066
Total current assets	438,299	409,355	372,124
PPE	47,310	35,593	49,336
Intangible assets	322,604	295,873	313,017
Deferred tax assets	118,580	142,127	102,333
Other financial assets	3,770	1,323	236
Total non-current assets	492,264	474,916	464,922
Total assets	930,563	884,271	837,046
Trade and other payables	125,115	144,327	120,840
Loans and borrowings	2,795	615	2,165
Other current liabilities	87,279	87,117	80,786
Total current liabilities	215,189	232,059	203,791
Trade and other payables	-	-	3,015
Loans and borrowings	152,425	94,708	88,900
Other non-current liabilities	5,852	12,227	8,132
Non-current liabilities	158,277	106,935	100,047
Total liabilities	373,466	338,994	303,838
Net assets	557,097	545,277	533,208
Net Debt/EBITDA (lending covenant $\leq 3.0x$)	1.5x	0.4x	0.3x
Interest Cover Ratio* (lending covenant $\geq 3.0x$)	3.5X	5.6x	16.3x
Net Asset Value (lending covenant $\geq \$446.7M$)	557,097	545,277	533,208

- Continued focus on WIP conversion to debtors then debtors collection, has resulted in a decrease in WIP and trade and other receivables.
- Small strategic bolt on acquisitions during the year resulting in increase in intangible assets.
- Decrease in deferred tax assets a result of the reduction in the US federal corporate income tax rate from 35% to 21%.
- Decrease in payables reflects timing of significant creditor payments.
- Business is in compliance with all covenants with significant head room.

* Interest Cover Ratio is the ratio of EBITDA to Net Interest Expense for the prior 12 months.

2018 Full-Year Balance Sheet Strength

	FY2016 \$'000's	FY2017 \$'000's	FY2018 \$'000's
Net debt	49,607	15,294	19,938 1
Total debt facilities	US\$210m	US\$91.6m	US\$91.6m
Intangible assets	322,604	295,873	313,017
Trade + Other Receivables – trade payables	65,938	74,422	88,303
Net tangible assets	234,493	249,404	220,191 2
Current assets/Current liabilities	2.0x	1.8x	1.8x 3
(Cash + Debtors + WIP)/(payables + debt)	1.5x	1.7x	1.7x 3
(Cash + Debtors + WIP)/Debt	2.7x	4.2x	3.9x 3
Net Debt/EBITDA (lending covenant <= 3.0x)	1.5x	0.4x	0.3x
Interest Cover Ratio* (lending covenant >= 3.0x)	3.5X	5.6x	16.3x
Net Asset Value (lending covenant >= \$446.7M)	557,097	545,277	533,208

1. Net debt now \$19.9m which is slightly up from \$15.3m as at 30 June 2017 and significantly down from \$49.6m at 30 June 2016.
2. Net tangible assets decreased primarily as a result of the decrease to deferred tax assets.
3. Liquidity ratios all remain healthy.



Our ongoing strong balance sheet enables the company to focus on long term sustainable growth options to build value for shareholders.

* Interest Cover Ratio is the ratio of EBITDA to Net Interest Expense for the prior 12 months.

2018 Cash Flow



	FY2016 \$'000's	FY2017 \$'000's	FY2018 \$'000's
Underlying EBITDA	43,559	44,005	56,210
Working capital movement	17,517	(41,730)	(2,827)
Net interest paid	(10,387)	(4,720)	(2,943)
Income tax paid	5,698	(1,388)	(4,738)
Net cash provided by operating activities	56,387	(3,833)	45,702
Proceeds on disposal of subsidiaries	85,943	57,977	-
Acquisition of subsidiaries, deferred consideration	(23,857)	(6,180)	(10,738)
Payments for PPE	(19,312)	(12,280)	(18,827)
Other investing activities	8,704	932	-
Net cash used in investing activities	51,478	40,449	(29,565)
Proceeds from issue of shares	177,038	-	-
Share buy back	-	(5,670)	(13,917)
Net change in borrowings	(262,151)	(55,225)	(11,200)
Dividends	(7,693)	-	-
Other	4,808	(2,303)	(2,039)
Net cash used in financing activities	(87,998)	(63,198)	(27,156)
Net increase in cash	19,867	(26,582)	(11,019)
Cash and cash equivalents 1 July	84,750	105,613	80,028
Other	996	997	2,118
Cash and cash equivalents at period end	105,613	80,028	71,127
Net cash from operating activities / EBITDA	129.4%	(8.7%)	81.31%

\$45.7M cash from operations primarily used for reduction of debt, PP&E, share buy back and two small bolt-on acquisitions.

1. Interest costs significantly reduced.
2. Completed small bolt-on acquisition in the Construction Sciences business (NSW) and APAC utility locating business (NSW).
3. Surplus funds utilized for ongoing buyback program.
4. Then a further reduction in debt (repayment of bank debt facility).

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FY19 is the third year of a multi year business improvement plan. The focus of the business remains the same: cost control, organic growth, invest in people and where appropriate strategic accretive bolt on acquisitions.

- > The focus of the board is on returning the business to positive organic growth after the restructure of the divisions over the past three years. The focus remains on medium term EBITDA growth, with a number of investments in FY19 which will limit EBITDA growth in some divisions in the short term.
- > The business will continue to explore 'on strategy' acquisitions to gain access to key markets or skill sets. Disciplined M&A process established.
- > The business is continuing its investment in internal systems and process improvement. This includes investment in business development processes, staff, information technology and training.
- > After a period of under investment and poor historical capital allocation, elevated capital expenditure will continue into FY19. Cardno is forecast to invest \$15m to \$20m in capital expenditure on the current existing business next year.
- > The company will continue its share buy back program while the Board considers this an appropriate allocation of shareholder capital.
- > The business expects to re-finance the existing debt facility during FY19 ahead of term (Dec 19).

Cardno is operationally and financially in the strongest position it has been in the past three years. The company believes there is a solid basis for both revenue and EBITDA growth in the medium term.

Cardno does not intend to issue further profit guidance from here unless there is a material change in performance over prior year.

THANK YOU

We are an ASX-listed professional infrastructure and environmental services company, with expertise in the development and improvement of physical and social infrastructure for communities around the world

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Making a
difference.