



# FY21

## 2021 FULL-YEAR RESULTS PRESENTATION

**Presenters:**

Susan Reisbord, CEO & Managing Director  
Peter Barker, CFO

August 2021

Making a difference.



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## COVER IMAGES (L-R)

**Left:** *Cardno biologists and engineers are working with California Department of Fish and Wildlife, and the National Marine Fisheries Service to design and install a fishway to allow for downstream volitional fish passage in a disconnected artificial floodway.*

**Middle:** *Cardno successfully partnered with Hyder, now Arcadis, to deliver the concept design and Environmental Impact Statement for the Albion Park Rail Bypass which extends the M1 Princes Motorway between Yallah and Oak Flats. Since 2018, we have continued to assist during construction including contamination verification, environmental management, transport planning and consistency assessments.*

**Right:** *Cardno's team are working to support the Government of Indonesia in building health security capacity using a One Health approach, so that women, men and communities are less at risk from emerging infectious diseases / zoonoses of people and animals, thereby contributing to regional and global health security.*

# 01 Performance overview

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## 02 Detailed financial review

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## 03 FY22 outlook

# 2021 Performance in Review



Cardno Group FY21 underlying EBITDAI (pre-AASB 16 Leases) from continuing operations of \$51.2M, up 19% year on year. Fifth year in a row hitting or exceeding market guidance. Resumption of dividend: FY21 dividend 5.5cps (interim 1.5cps (60% franked), final 4.0cps (unfranked), vs FY20 0.0cps).

Cardno's Americas business's functional currency is USD. When reported in AUD for Cardno's group results, the impact of the AUD/USD exchange rate can be material. In FY21 the average AUD/USD exchange rate was 0.7464 whereas in FY20 it was 0.6596. The summary results below are shown in AUD (unless stated otherwise). Subsequent pages analyse the company's results on a "constant currency" basis

- > Gross or contracted revenue of \$890.4M, down \$87.9M (9.0%) on prior year comparative (PCP) - primarily due to the higher AUD/USD exchange rate.
- > Fee revenue of \$612.7M is down (9.5%) on PCP. Revenue declined primarily due to the higher AUD/USD exchange rate, shifts in timing on large projects, some impact from COVID-19 as projects have "shifted to the right" (projects have a delayed start or are temporarily suspended).
- > Underlying EBITDAI \$51.2M (pre-AASB 16) up 19.0% on PCP. Operating cashflow \$62.6M (FY20 \$73.5M).
- > The company's \$172.0M revolving debt facility was drawn to \$22.7M at 30 June. Net debt (debt less cash on hand) was a surplus (cash exceeding debt) of \$15.0M.
- > The Americas division continues to deliver top quartile margins. FY21 contracted revenue of USD \$253.9M was up 3.3% versus PCP (USD \$245.7M), while EBITDA grew 8.9% to USD \$27.8M (from USD \$25.5M PCP).
- > The Asia Pacific division's turnaround continues. While FY21 contracted revenue of \$230.6M was down 6.4% on PCP (\$246.4M), EBITDA has increased from \$1.0M in FY20 to \$8.0M in FY21. Pleasingly, Asia Pacific enters FY22 with momentum. The division's 2H21 EBITDA margin of 4.6% compares with 0.5% in FY20.
- > The International Development (ID) division's net revenue was down (9.5%) on PCP to \$167.6M, due to a combination of the stronger AUD/USD exchange rate and the company's decision to wind down underperforming operations in Europe. Correspondingly, EBITDA of \$5.4M was up 101.4% on PCP.
- > Latin America (projects and operations) continues to wind down consistent with management expectations.
- > Total Backlog at June 2021 of \$1,177M, down 3% from PCP of \$1,214M. On a constant currency basis (after eliminating the impacts of the AUD/USD exchange rate) backlog decreased \$10.8M (down 0.9% on PCP).

## OUR VISION

To be **leaders in improving** the physical and social environment for people around the world.

## OUR PURPOSE

**Making a difference.**

## OUR VALUES

**SAFETY**

Safety comes first

**INTEGRITY**

We do the right thing

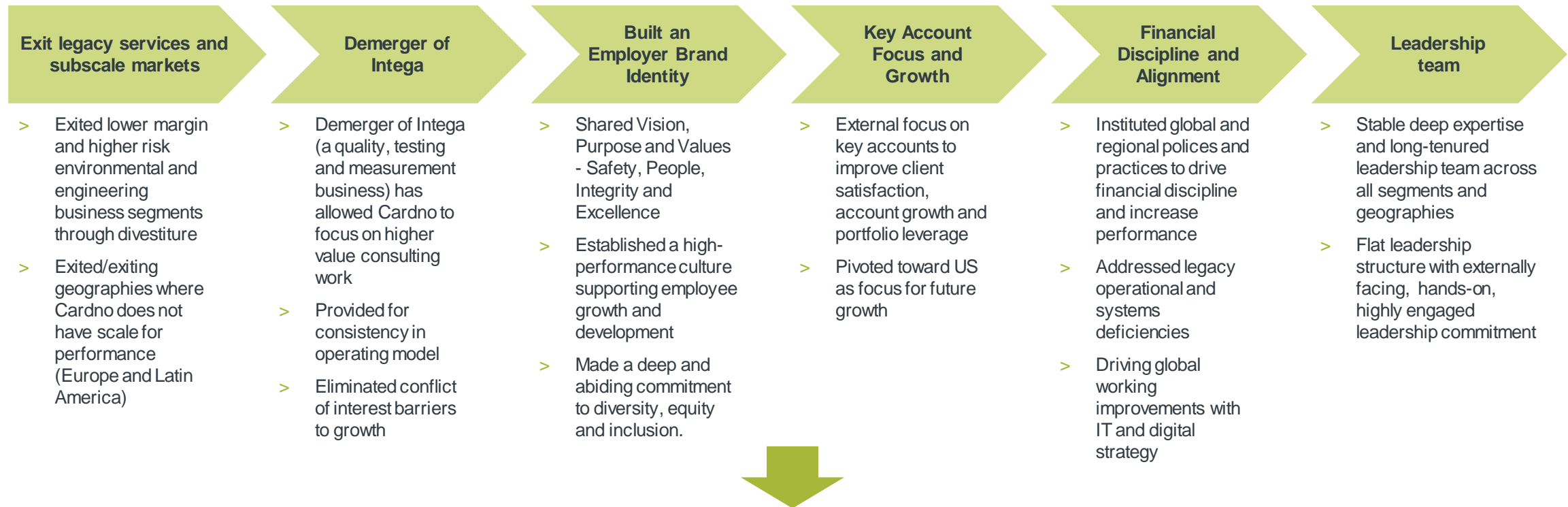
**PEOPLE**

We care about our people & communities

**EXCELLENCE**

We deliver high quality services

In the past six years, Cardno has become a multi-disciplinary scientific, engineering and development consulting firm focussed on key accounts in higher growth markets that demand deep technical knowledge.



Cardno is focused on high value consulting work in high growth areas.  
 The business has been substantially de-risked and has a strong platform for earnings growth.

As worldwide investors, regulators and community stakeholders are driving for more transparency and disclosure of ESG factors, Cardno is well positioned to support our clients to manage the risks and expand opportunities.

 <p><b>Environmental services</b></p>	<ul style="list-style-type: none"> <li>&gt; Assessment, permitting and compliance for the energy, power and defence sectors (bases, ports, harbours, hydroelectric power dams, natural gas pipelines, solar fields and wind farms)</li> <li>&gt; Environmental restoration work to repair environmental damage and mitigate climate change impacts with an emphasis on green infrastructure solutions</li> <li>&gt; Incident response management services such as for spills and fires</li> </ul>
 <p><b>Health sciences</b></p>	<ul style="list-style-type: none"> <li>&gt; Characterising human health and environmental risks associated with exposures to chemical, pharmaceuticals and/or radionuclides in a variety of media and environments</li> <li>&gt; Science-based sustainable solutions for responsible product stewardship, employee safety and community health support</li> <li>&gt; Designing and conducting epidemiological studies in community and occupational settings, most recently with an emphasis on COVID-19</li> </ul>
 <p><b>Water, transport &amp; urbanisation</b></p>	<ul style="list-style-type: none"> <li>&gt; Asset management for efficient life cycle management of infrastructure assets, streamlining maintenance, optimising supply chain performance and enhancing safety</li> <li>&gt; Sustainable design solutions for land development, brownfield redevelopment, ports and harbours, transportation, water and wastewater infrastructure projects</li> <li>&gt; Military master planning to create, improve and sustain military communities across the global</li> </ul>
 <p><b>Social development</b></p>	<ul style="list-style-type: none"> <li>&gt; Partnering with public and private sector clients to promote sustainable economic development and improve the well being of local communities in the areas of agricultural and rural development, climate change, education, economic growth, gendered and inclusion, governance, global health, infrastructure and environment</li> <li>&gt; Modern Slavery business reporting, identification and eradication</li> </ul>

- > Cardno is a trusted advisor, providing pragmatic ethical advice to support our client’s ESG commitments and business goals
- > Cardno supports and facilitates sustainable economic growth with science, engineering, and sound policy-based solutions
- > Cardno is scaled to assist our largest clients and use our geographic reach to manage site specific issues: “Global and Local approach”

# Cardno Global Footprint



Cardno's tailored solutions to local issues involves integrating social, economic, cultural and environmental interests. Cardno delivers long-term value to clients, their stakeholders and their communities.

## Americas Consulting

- > Region structured as three divisions: Science & Environment, Infrastructure and Government Services
- > FY21 Fee Revenue A\$250.5M, EBITDA A\$37.2M
- > 71 locations, 1,231 staff<sup>(2)</sup>

## International Development

- > Global operations, three major geographies: Americas, EMEA (Europe, Middle East & Africa) and Asia-Pacific
- > FY21 Fee Revenue A\$158.8M<sup>(1)</sup>, EBITDA A\$4.1M<sup>(1)</sup>
- > 8 locations (Cardno offices) 6 shared with Asia Pacific, 1,508 staff<sup>(1),(2)</sup>

## Asia Pacific Consulting

- > Region structured as one division.
- > FY21 Fee Revenue A\$188.4M, EBITDA A\$8.0M
- > 25 locations (Cardno offices) 6 shared with International Development, 1,198 staff<sup>(2)</sup>

### Note:

<sup>(1)</sup> Excludes Europe and East Africa of \$8.8M fee revenue, \$1.3M EBITDA and 112 staff

<sup>(2)</sup> Staff numbers include all staff who work >20 hours/month and long-term contractors. Excludes Group HQ Functions



# Differentiated Business

Cardno can provide its clients with quality scientific and technical advice and allow them to address their own ESG priorities at the same time.

## Required to be trusted consultant

 <p><b>Deep technical expertise</b> Leading experts in key fields</p>	 <p><b>Deep relationships</b> Utilities, Energy, Defence, Governments</p>
 <p><b>Strong employer brand with core values on Safety, Integrity, People and Excellence</b></p>	 <p><b>Stability and expertise of leadership team</b></p>

## Differentiated from other consultants

 <p><b>Leadership in the health sciences</b></p>	 <p><b>Deep expertise in agile and adaptive solutions in emerging markets</b></p>
 <p><b>Ability to do green and grey restoration and rehabilitation</b></p>	 <p><b>Military Master Planning, Encroachment, Airfield and Range</b></p>

# Built our Employer Brand Identity



Cardno has established an employee brand by being a purpose driven organisation that invests in its people.



Cardno Australia Engineering strives to be the leader in improving the physical and social environment for people around the world



As a global organisation of talented people, Cardno is united by its purpose: **MAKING A DIFFERENCE**

## Values



- SAFETY** – Safety Comes First
- INTEGRITY** – Cardno Does The Right Thing
- PEOPLE** – Cardno Cares About Its People & Communities
- EXCELLENCE** – Cardno Delivers High Quality Services

### Technical Excellence Program

### Centres of Excellence (CoE)

### Intranet and Learning Management Systems

### Hi-Potential Program (“HiPo”)

### Diversity, Equity and Inclusion

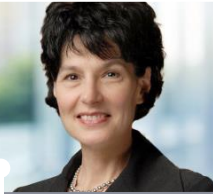
### COVID-19 Response

# Cardno Sustainability Journey

Knitting together a number of important regional initiatives, Cardno's sustainability journey began in earnest in 2020, coming together as a coherent, focused global effort.



2020



**JAN:** Cardno Leadership issues Coronavirus safety guidance to all staff, which continues throughout the year.

**FEB:** Cardno releases the 2020 Science & Environment Division Sustainability Report.

**FEB:** The Cardno ID Region releases its 2020 United Nations Global Compact Communication on Progress.

**MAR:** Cardno Board of Directors establishes the Board ESG Committee chaired by Rebecca Ranich.

**APR:** Cardno's AME Region implements a Green House Gas tracking protocol.

**APR:** "My Cardno Village" is introduced – an online community enabling all employees to connect.

**MAY:** A company-wide Modern Slavery plan is developed, leading with policy/procedure updates and raising awareness.



**JUN:** Our Sustainability Task Force (STF) expands to include members from all Cardno regions.

**JUL:** Cardno CEO Susan Reisbord establishes the ESG Client Services Work Group.

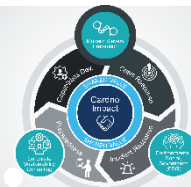
**AUG:** Cardno releases an updated global Human Rights Policy and integrates training for all staff.

**AUG:** Cultural awareness training is rolled out across Asia Pacific, and all staff globally are encouraged to begin meetings acknowledging the countries First Nations peoples.

**AUG-SEP:** The STF sponsors virtual internal "sustainability symposium" featuring Cardno sustainability subject matter experts presenting on key ESG issues.

**SEP:** Unveiling of graphic and branded elements to raise staff awareness and help unite our ESG initiatives.

**OCT:** Cardno's AME Region achieves a TSP score of 89%, recognising outstanding firm environmental standards and performance.



2021

**OCT:** Our APAC Region Environmental Champions team identifies projects and goals for 4th quarter, including expanding participation across all APAC offices.

**OCT:** We completed a global staff materiality survey, identifying key global ESG priorities

**NOV:** Cardno establishes ESG benchmarks tied to the UN Sustainable Development Goals.

**DEC:** Cardno expands the sustainability section of its website at [www.cardno.com](http://www.cardno.com).

**DEC:** Modern slavery language is integrated into all new Cardno contracts.

**DEC:** Cardno's Melbourne office becomes our fourth office to achieve ISO 14001 Environmental Management Certification.

**A copy of Cardno's 2020 Sustainability Report is available on our website.**

# ESG Investment has Reached an Inflection Point



*Cardno operates at the core of ESG, and is well positioned to benefit from industry tailwinds.*

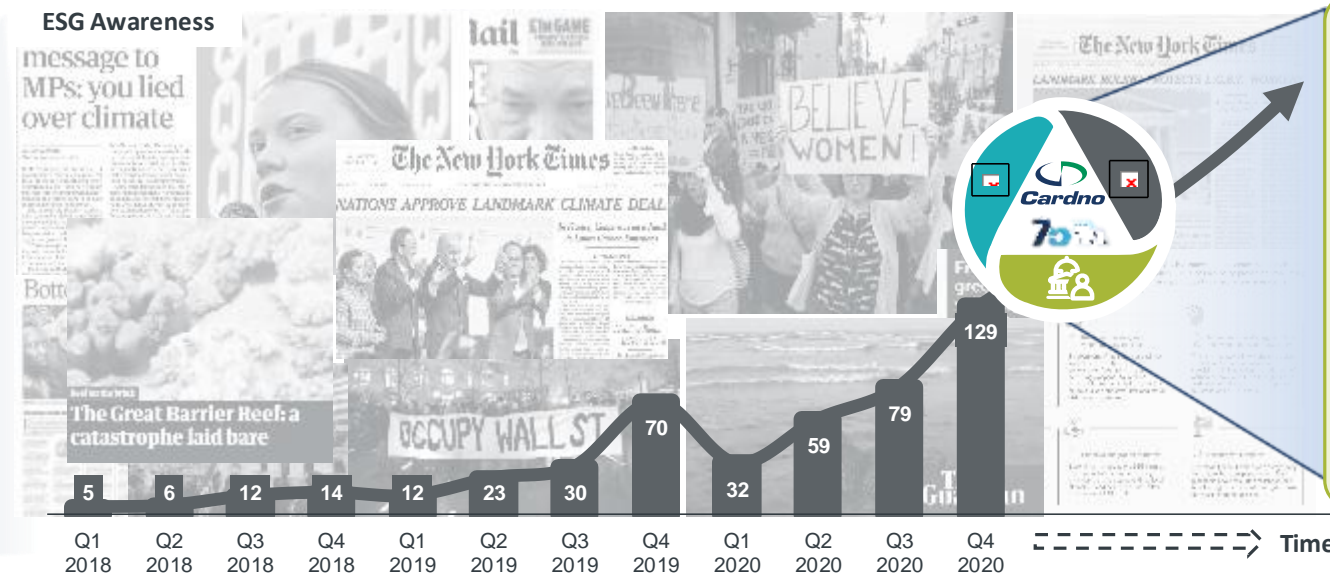
## Where We Stand Today Along the ESG Roadmap

ESG has been at the center of a global conversation around making the world a more equitable, sustainable and livable place, driven by:

- > Climate change
- > Globalisation
- > Inclusion & Diversity
- > Macroeconomic events
- > Global legislation and reform

*Cardno has defined ESG services from the beginning...  
...And is sitting in front of a market inflection point*

Number of S&P 500 Companies Citing ESG on Earnings Calls



**Established & Trusted Advisor**

*ESG is embedded in everything that the Business does*

*Unflinchingly "Walk the Sustainability Talk"*

*World-class team of scientists, engineers, health specialists, and policy experts*

### Global Awareness Around ESG Has Been Building for Years...

- > Attention and investment, both public and private, have been building over the years
- > Key events and social trends have propelled awareness around pockets within ESG

Climate Change	Global Health	Governance
Man-Made Natural Disasters	Gender & Inclusion	Public Finance Management

### ...And Momentum Is Accelerating

- > The recent inflection point around ESG awareness, funding and support has catalysed a step change in opportunity for ESG consulting service providers
- > Cardno is been committed to advocating ESG and built leadership positions in service capabilities across the ESG spectrum
- > *Cardno is the only company with the opportunity to benefit from all the demand*

# 2021 Full-Year Financial Performance Highlights



Full year underlying EBITDAI (Pre-AASB 16) of \$51.2M, up 19.0% vs PCP of \$43.0M and ahead of FY21 guidance. Fifth year in a row of meeting or exceeding guidance.

- > Cardno has managed COVID-19 well, however management believe that COVID-19 has cost the business 12-18 months of growth.
- > Fee revenue on a constant currency basis was down 2.3% on prior year. The bulk of this was from the consolidation of businesses associated with the business improvement initiatives underway in Asia Pacific.
- > Underlying EBITDAI (Pre-AASB 16) of \$51.2M up 31.6% on a constant currency basis.
- > Underlying Net Operating Profit After Tax of \$27.7M.
- > Operating cash flow of \$62.6M, reflects ongoing working capital management and the timing of debtor receipts and creditor payments. In FY2020 Cardno received a deferral of \$12.0M of Australian GST and payroll taxes, being a concession provided by the Australian Taxation Office associated with the COVID-19 pandemic. \$10.4M was repaid in 1HY21. Debtors+WIP DSO of 75 days consistent with industry best practice.
- > Backlog decreased 0.9% on a constant currency basis. The Americas is effectively flat year on year, while both Asia Pacific and International Development grew backlog. All three divisions commence FY22 with encouraging levels of backlog and pipeline of future work.

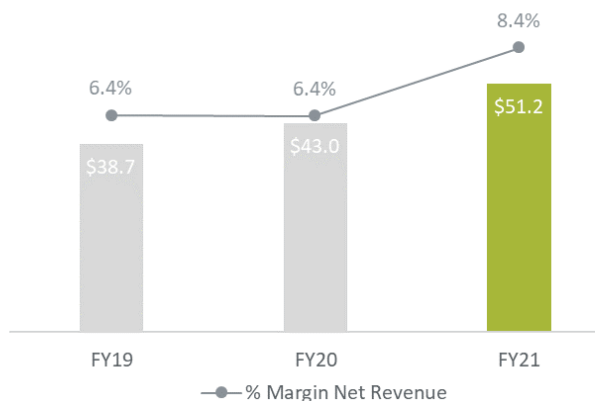
\$M	FY21	REMOVING FX		FY20	% change year on year
		FY20 @ FY21 FX Rate	% change year on year		
Gross Revenue	890.4 M	939.6 M	▼ (5.2%)	978.3 M	▼ (9.0%)
Fee Revenue	612.7 M	626.9 M	▼ (2.3%)	677.1 M	▼ (9.5%)
Underlying EBITDAI <sup>1</sup>	78.5 M	68.0 M	▲ 15.5%	73.5 M	▲ 6.8%
Underlying EBITDAI Pre AASB 16 impact <sup>2</sup>	51.2 M	38.9 M	▲ 31.6%	43.0 M	▲ 19.0%
Underlying NOPAT <sup>3</sup>	27.7 M			9.4 M	▲ 194.7%
Net profit after tax	32.7 M			56.6 M	▼ (42.2%)
Operating Cash Flow	62.6 M			73.5 M	▼ (14.8%)
NOPAT EPS - basic (cents)	6.69			2.10	▲ 218.6%
Backlog	1,177.3 M	1,188.1 M	▼ (0.9%)	1,214.3 M	▼ (3.0%)

<sup>1</sup> Underlying EBITDAI = EBIT plus underlying adjustments, depreciation, amortisation and impairment losses

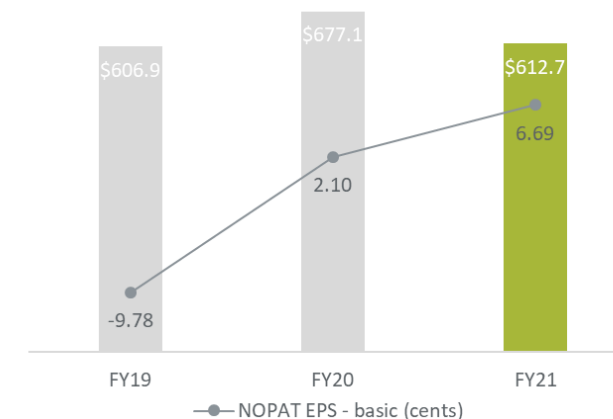
<sup>2</sup> Underlying EBITDAI = EBIT plus underlying adjustments, depreciation, amortisation and impairment losses pre AASB 16 impact

<sup>3</sup> Underlying NOPAT = NPAT plus underlying adjustments and impairment losses

Underlying EBITDAI (\$M) & Margin %



Fee Revenue (\$M) & NOPAT EPS (cents)



01 Performance overview

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**02 Detailed financial review**

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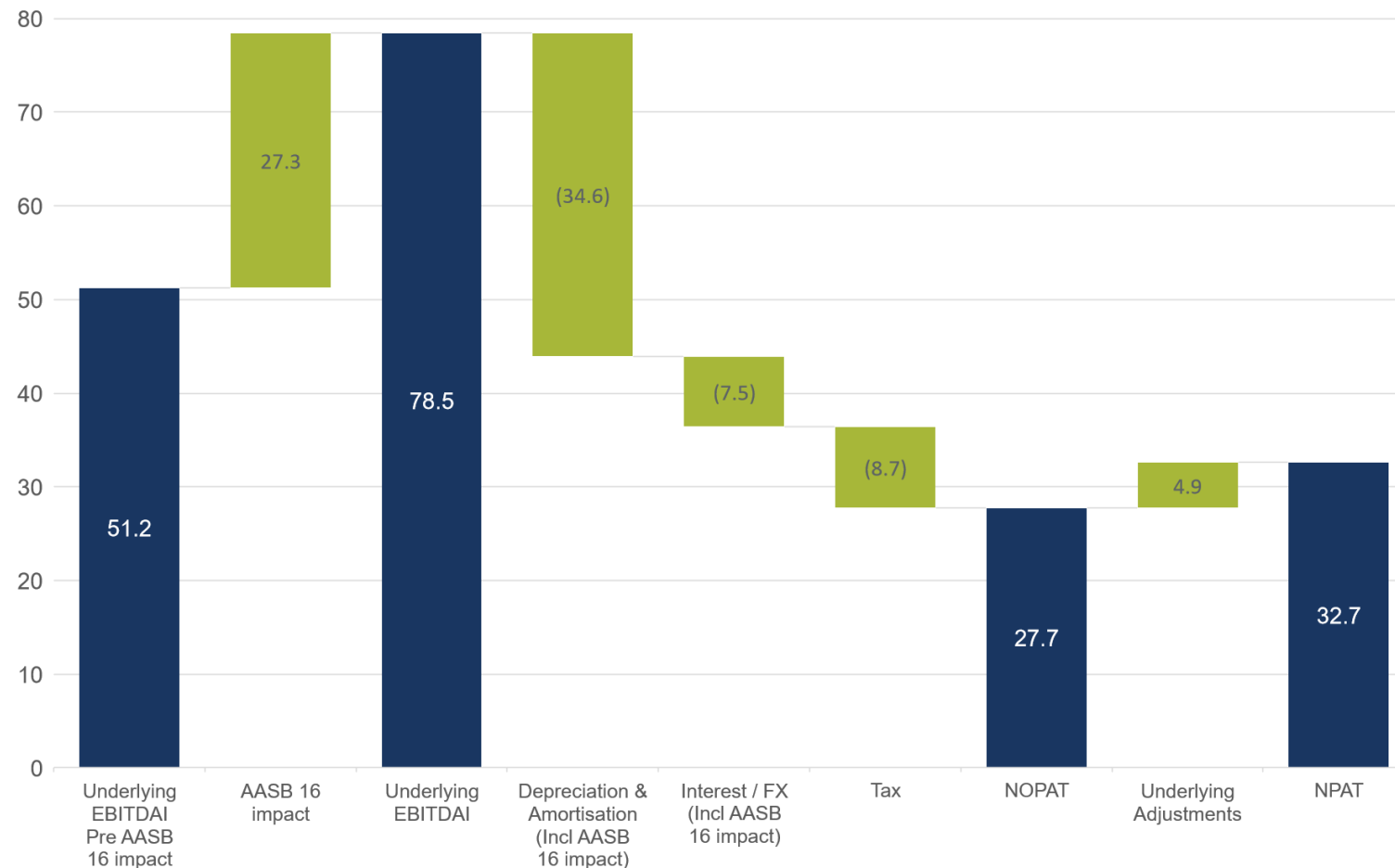
03 FY22 outlook

# 2021 Full-Year Financial Performance Highlights



## BRIDGE FROM UNDERLYING EBITDAI (Pre-AASB 16) TO STATUTORY PROFIT

\$M



### Commentary

- > With the demerger of Intega Group Limited completed in FY20 and all businesses now running well, the bridge from operating profit to net profit was not significant.
- > Underlying adjustments include settlement proceeds and the release of liabilities no longer required associated with Caminosca. Less costs associated with disposed entities and restructuring.

# Financial impact of AASB 16 – Leasing Standard



## AASB 16 was adopted during FY20

- > The transition to AASB 16 has resulted in a higher EBITDA due to “operating lease” costs no longer being included in EBITDA, rather they are now capitalised and then depreciated with an implied cost of financing recognised as interest expense.
- > FY21 EBITDA pre-AASB 16 was \$51.2M, post AASB 16 it was \$78.5M.

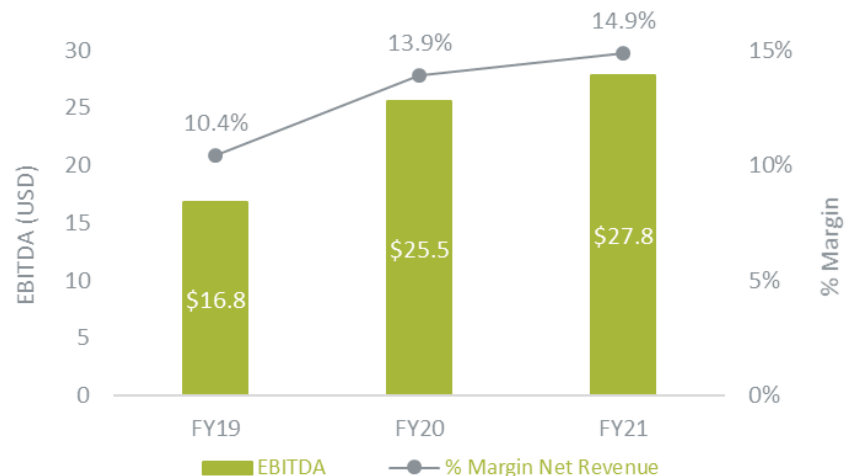
\$M	Underlying P&L Pre AASB 16	Impact of AASB 16	Underlying P&L Post AASB 16
<b>Continuing operations EBITDA</b>	<b>51.2</b>	<b>27.3</b>	<b>78.5</b>
Unrealised foreign exchange losses	(0.4)	0.0	(0.4)
Depreciation and amortisation expenses	(10.3)	(24.3)	(34.6)
<b>EBIT</b>	<b>40.5</b>	<b>3.0</b>	<b>43.5</b>
Net finance costs	(2.7)	(4.4)	(7.1)
<b>Profit/(loss) from continuing operations before income tax</b>	<b>37.8</b>	<b>(1.4)</b>	<b>36.4</b>
Income tax expense	(8.7)	0.0	(8.7)
<b>Profit/(Loss) from continuing operations after income tax</b>	<b>29.1</b>	<b>(1.4)</b>	<b>27.7</b>



# 2021 Full-Year Segments: Americas



## AMERICAS EBITDA AND % MARGIN USD\$M



### FY21 - USD

- > Gross Revenue \$253.9M, up 3.3% on PCP (\$245.7M)
- > Fee Revenue \$186.9M, up 1.8% on PCP (\$183.7M)
- > Pre AASB 16 EBITDA \$27.8M, up 8.9% on PCP (\$25.5M)
- > Post AASB 16 EBITDA \$37.2M, up 12.4% on PCP (\$33.1M)
- > Pre-AASB 16 EBITDA margin 14.9%, up 1.0% on PCP (13.9%)
- > Year End Backlog: \$234.0M, down 1.1% on PCP (\$236.5M)

The Americas has, for the fifth year in a row, continued to grow the top and bottom line.

- > Despite impacts from COVID-19, the Americas fee revenue is up 1.8% on PCP to USD \$186.9M, resulting in an 8.9% increase in EBITDA to USD \$27.8M (pre-AASB 16). The Americas EBITDA margin increased from 13.9% to 14.9%.
- > Year end backlog reduced slightly (down 1.1%) year on year, as ESG related project wins were offset by reduced infrastructure backlog as previously won multi-year infrastructure project backlog was utilised through the year. This reflects the infrastructure client multi-year large project bidding cycles.

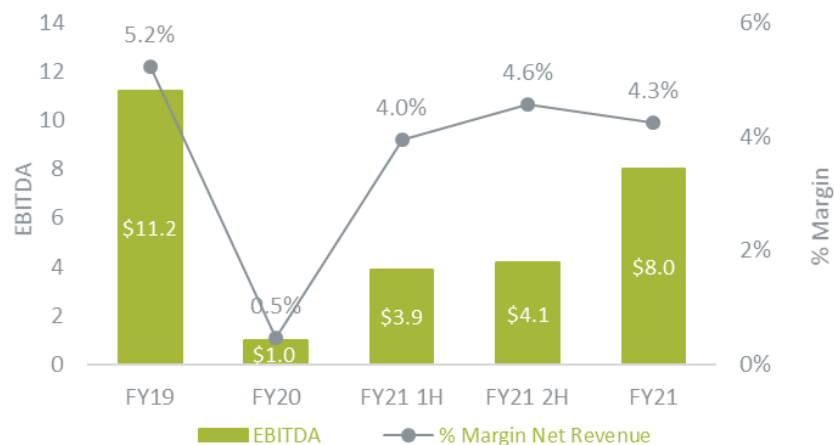
### KEY WINS DURING THE YEAR INCLUDE:

- > **Florida Department of Transportation.** Construction, Engineering and Inspection for I-75 from south of Broadway to I-4, interstate reconstruction project located in Hillsborough County.
- > **Water Reclamation Facility Hernando County Florida.** Design and Construction Management of the Plant expansion and upgrade.
- > **Georgia Department of Transportation.** Outdoor Advertisement contract, Cardno provides permitting and inventory for all billboards located throughout the state of Georgia Highway system.
- > **Williams Pipeline.** Perform site assessment and remediation of contaminated soil and groundwater at four pipeline compressor stations in Washington State, US.
- > **Johnson & Johnson.** Provide ongoing scientific consulting support in the areas of toxicology, regulatory, and epidemiology. Specifically, focusing on the areas of risk characterisation and human health risk assessment.
- > **EPA.** EPA & U.S. Steel is completing a remedial design that combines dredging, capping and on-site disposal to clean up contaminated sediment in Spirit Lake, a section of the St. Louis river near Duluth. Cardno will be providing habitat restoration services post-remediation which includes wetland plantings, erosion control and native seeding.
- > **U.S. Army.** Installation Command, BUILDER Implementation for U.S. Army garrisons throughout Europe. Asset management services supporting U.S Army infrastructure management and investment decisions in Europe.
- > **U.S. Department of State.** OBOB's Climate Security and Resilience Planning. Program support services to evaluate and document vulnerabilities and risks to its overseas asset portfolio posed by natural hazards.
- > **U.S. Navy.** Coral Monitoring Surveys and Maintenance, Apra Harbour, Guam Marine biological and scientific diving support to monitor and maintain health of translocated coral.

# 2021 Full-Year Segments: Asia Pacific



## ASIA PACIFIC EBITDA AND % MARGIN \$M



### FY21 - AUD

- > Gross Revenue \$230.6M, down 6.4% on PCP (\$246.4M)
- > Fee Revenue \$188.4M, down 8.1% on PCP (\$205.0M)
- > Pre-AASB 16 EBITDA \$8.0M, up 732.2% on PCP (\$1.0M)
- > Post AASB 16 EBITDA \$18.2M, up 12.0% on PCP (\$16.2M)
- > Pre-AASB 16 EBITDA margin 4.3%, up 3.8% on PCP
- > Year End Backlog: \$140.3M, up 11.4% on PCP (\$126.0M)

Asia Pacific's (1) focus on Cardno's core strengths of Transport, Water, Buildings and Environment and (2) focus on operational disciplines is bearing fruit. FY21 EBITDA of \$8.0M and EBITDA as percent of revenue of 4.3% are markedly increased from FY20.

- > APAC is in year two of a two year rebuilding plan focusing on the basics of project and business controls with activities focused on the sustained improvement of margins.
- > Pleasingly, backlog is up 11.4% year on year, with a number of major projects won during 2H-FY21 under way.

### KEY WINS DURING THE YEAR INCLUDE:

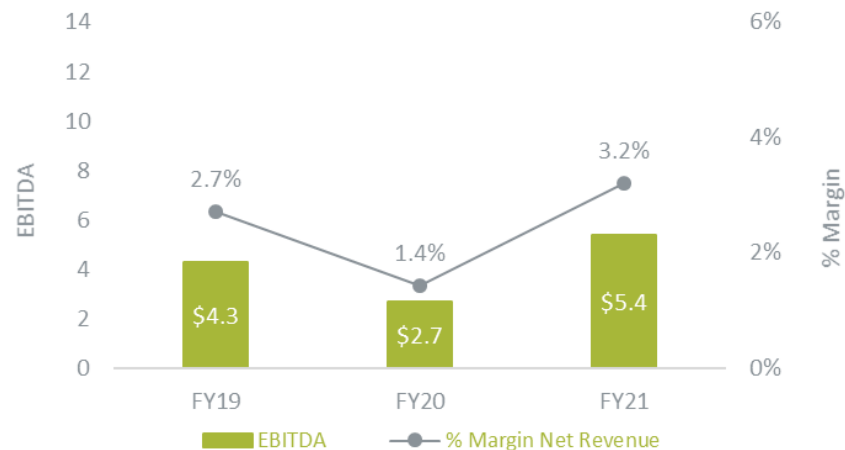
- > **North East Link.** This is a significant road project in Melbourne's north-east suburbs. This is a multidisciplinary project which will provide work for the UIPL, Transport Infrastructure, Geosciences and Traffic teams.
- > **Shoalhaven City Council.** Cardno will prepare the draft and detailed designs for over 70km of water mains at various locations in the Shoalhaven Region.
- > **Border To Gowrie Ecology, Australian Rail Track Corp Ltd.** Cardno will deliver Terrestrial Ecological Services for the 224km Border to Gowrie portion of the ARTC Inland Rail Project in order to inform the detailed design and construction of the Project.
- > **Rio Tinto - Argyle Diamond Mine Closure.** Rio Tinto established an integrated team to undertake the scope of work required to reclassify and return the mining tenement to the state. The program of work included the assessment of disturbed areas for contamination, the removal of infrastructure and the land forming of pits, waste dumps and tailing storage facilities to a form where they are enduringly safe, stable and non-polluting.
- > **Transport for NSW.** Upgrade 20-km section of the Princes Highway between Jervis Bay Road and Sussex Inlet Road. Cardno has been selected to provide Concept Design and Review of Environmental Factors (REF).
- > **Sydney Metro - Western Sydney Airport.** Geotechnical Investigation for 23-kilometre driverless metro rail line which will service the future Nancy-Bird Walton airport and the Western Sydney Aerotropolis.

# 2021 Full-Year Segments: International Development



## ID EBITDA AND % MARGIN

\$M



International Development (ID) margins up from 1.4% to 3.2%. In FY21 ID successfully reduced its operations in Europe, thus enabling further growth in its key donor markets in the Americas and Asia Pacific

- > ID net revenue was down (9.5%) on the prior comparative period (PCP) to \$167.6M, due to a combination of the stronger AUD/USD exchange rate and the company's decision to wind down its operations in Europe.
- > Correspondingly, EBITDA of \$5.4M was up 101.4% on PCP and FY21 EBITDA margin is up from 1.4% to 3.2%.
- > Backlog is driven by multi-year procurement cycles with government donor clients. On a constant current basis (eliminating the impact of AUD/USD exchange rate fluctuations), backlog is up 1.5% on PCP.

### KEY WINS DURING THE YEAR INCLUDE:

- > **USAID/Uganda Feed the Future Institutional and Systems Strengthening (FTF-ISS).** This program will mitigate governance and market systems constraints and improve how system actors work together to achieve agriculture-led economic growth in Uganda.
- > **USAID/Kosovo Compete (Export-Led Growth or ELG).** This project will empower firms, organisations and institutions to improve market systems in Kosovo.
- > **USAID/North Macedonia Strengthening Resource Mobilisation Activity (SRMA).** This project will build the public financial management capacity of North Macedonia's Local Government Units to increase their own-source resources, access external funds and enhance their budget execution rate in compliance with central government requirements.
- > **KATALIS.** Aims to maximise the benefits of the Indonesia Australia Comprehensive Economic Partnership agreement by improving market access, increase two-way trade and investment and promote inclusive economic growth in Indonesia. The program places gender equality and social inclusion at the center of everything.
- > **PARTISIPA.** Aims to strengthen government institutions in the delivery of quality and accessible services in Timor Leste.

### FY21 - AUD

- > Gross Revenue \$313.3M, down 10.7% on PCP (\$350.7M)
- > Fee Revenue \$167.6M, down 9.5% on PCP (\$185.1M)
- > Pre-AASB 16 EBITDA \$5.4M, up 101.4% on PCP (\$2.7M)
- > Post AASB 16 EBITDA \$8.7M, up 38.2% on PCP (\$6.3M)
- > Pre-AASB 16 EBITDA margin 3.2%, up 1.8% on PCP (1.4%)
- > Year End Backlog (on a constant currency basis): \$728.1M, up 1.5% on PCP (\$717.3M)

# 2021 Full-Year Balance Sheet



## Balance Sheet discipline continues

\$M	FY2021	FY2020
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	37.3	57.7
Trade and other receivables	92.9	117.1
Contract assets	80.0	94.8
Work in progress	1.0	1.1
Other current assets	7.0	8.8
Current tax receivable	2.7	1.6
<b>TOTAL CURRENT ASSETS</b>	<b>220.9</b>	<b>281.1</b>
<b>NON-CURRENT ASSETS</b>		
Trade and other receivables	0.2	-
Other financial assets	2.5	1.7
Property, plant and equipment	15.2	20.0
Right of use assets	76.2	102.6
Deferred tax assets	66.2	74.2
Intangible assets	172.6	182.5
<b>TOTAL NON-CURRENT ASSETS</b>	<b>332.9</b>	<b>380.9</b>
<b>TOTAL ASSETS</b>	<b>553.8</b>	<b>662.1</b>

\$M	FY2021	FY2020
<b>CURRENT LIABILITIES</b>		
Trade and other payables	87.0	122.6
Lease liabilities	21.6	25.4
Employee benefits	30.9	28.5
Short-term provisions	4.0	3.9
Contract liabilities	38.2	39.7
Other current liabilities	-	1.6
<b>TOTAL CURRENT LIABILITIES</b>	<b>181.7</b>	<b>221.8</b>
<b>NON-CURRENT LIABILITIES</b>		
Loans and borrowings	22.3	58.3
Lease liabilities	68.8	90.5
Employee benefits	3.2	3.3
Other non-current liabilities	-	1.3
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>94.4</b>	<b>153.4</b>
<b>TOTAL LIABILITIES</b>	<b>276.1</b>	<b>375.2</b>
<b>NET ASSETS</b>	<b>277.7</b>	<b>286.9</b>

Cardno finished FY2021 with Debtors+WIP DSO = 75 days, vs 80 days at June 2020 and 87 days at June 2019. We expect to maintain this discipline.

1. Year on year comparison of balance sheet impacted by the movement in the AUD/USD exchange rate. In FY21 the year end AUD/USD exchange rate was 0.7518 whereas in FY20 it was 0.6863.

# 2021 Full-Year Balance Sheet Strength



\$M	FY2021	FY2020
Net cash	15.0	(0.6) ①
Total debt facilities	172.0	172.0 ②
Undrawn Debt	149.3	113.0 ③
Intangible assets	172.6	182.5
Trade + Other Receivables – trade payables	5.9	(5.5)
Net tangible assets	105.1	104.4
Current assets/Current liabilities	1.2x	1.3x
(Cash + Debtors + WIP)/(payables + debt)	1.9x	1.5x ④
(Cash + Debtors + WIP)/Debt	9.5x	4.6x
DSO Days (Debtors + WIP)	75 Days	80 Days
<b>Net Debt/EBITDA</b> (lending covenant <= 2.5x) <sup>1</sup>	<b>(0.3x)</b>	<b>0.0x</b> ⑤
<b>Fixed Charge Cover Ratio</b> (lending covenant >= 1.65x) <sup>1</sup>	<b>2.90x</b>	<b>2.17x</b> ⑤
<b>Minimum Equity</b> (lending covenant >= \$270.0M) <sup>1</sup>		<b>287.2</b> ⑤
<b>Minimum Equity</b> (lending covenant >= \$225.0M) <sup>1</sup>	<b>267.1</b>	

## Balance Sheet discipline continues

1. Net cash of \$15.0M i.e. cash exceeded debt at end FY2021 and reflects ongoing cash generation.
2. The company's three-year multi-currency cash advance and letter of credit syndicated facility expires in October 2022.
3. \$149M of undrawn debt provides substantial acquisition 'firepower'. Lender group is HSBC (Australia and USA), Metrics Credit Partners and National Australia Bank.
4. Liquidity ratios all remain healthy.
5. Covenant ratios all comfortably met.

<sup>1</sup> FY20 & FY21 Covenant calculations exclude impact of AASB 16 – Leases, as required by lender contract documentation.

# 2021 Cash Flow



\$M	FY2021	FY2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from customers	981.7	1,212.8
Interest received	0.4	0.4
Finance costs paid	(7.4)	(13.5)
Cash paid to suppliers and employees	(910.6)	(1,125.4)
Income tax paid	(1.5)	(0.8)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>62.6</b>	<b>73.5</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Disposal of discontinued operation, net of cash disposed of <sup>1</sup>	-	(20.6)
Acquisition of subsidiaries net of cash acquired	-	(1.2)
Payments of deferred acquisition consideration	(3.0)	(0.5)
Receipt of settlement proceeds	6.3	-
Proceeds from disposal of business assets	3.6	0.7
Proceeds from sale of property, plant and equipment	0.3	0.1
Payments for property, plant and equipment	(4.2)	(9.4)
<b>NET CASH PROVIDED BY/(USED IN) INVESTING ACTIVITIES</b>	<b>3.0</b>	<b>(30.8)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid	(6.0)	-
Payment of debt raising costs	-	(1.5)
Share Buy-Back	(22.1)	-
Proceeds from borrowings	125.6	241.6
Repayment of borrowings	(157.5)	(250.2)
Repayment of lease liabilities	(24.3)	(31.0)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(84.3)</b>	<b>(41.1)</b>
<b>NET INC/(DEC) IN CASH AND CASH EQUIVALENTS HELD</b>	<b>(18.7)</b>	<b>1.5</b>
<b>CASH AND CASH EQUIVALENTS AT 1 JULY</b>	<b>57.7</b>	<b>55.5</b>
Effects of FX Rate changes on cash & cash equiv at end of year	(1.7)	0.6
<b>CASH AND CASH EQUIVALENTS AT 30 JUNE</b>	<b>37.3</b>	<b>57.7</b>

Ongoing operational discipline: Timesheet-> WIP-> Debtors-> Cash  
 Net operating cash inflow for the year of \$62.6M.

1. In FY2020 Cardno received a deferral of \$12.0M of Australian GST and payroll taxes, being a concession provided by the Australian Taxation Office associated with the COVID-19 pandemic. \$10.4M was repaid in 1HY21.
2. Dividend program resumed, with \$6.0M outlay for FY21 interim dividend of 1.5cps, paid in March 2021.
3. \$22.1M outlay associated with 59.2M shares bought back under the buyback and unmarketable parcels programs, at an average cost of 37.3 cps. Buyback program currently on hold.
4. \$31.9M net debt repayment during the financial year.

<sup>1</sup> The Group has elected to present a statement of cash flows that analyses all cash flows in total – i.e. including both continuing and discontinued operations; amounts related to discontinued operations by operating, investing and financing activities are disclosed in Note 2 of the financial statements.

01 Performance overview

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02 Detailed financial review

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**03 FY22 outlook**

Cardno stands to gain from (1) Industry Tailwinds across most sectors the company operates in, together with (2) The benefits of ongoing operational discipline globally.

- > Cardno is:
  - A leading ESG professional services consultancy advising clients on complex and technically demanding environmental, social and sustainable infrastructure projects. The company has unique service offerings in the areas of ESG advisory, health sciences, encroachment, restoration, asset management resilience and international development.
  - An engineering and sustainable infrastructure consultancy with a reputation for quality work and innovative technical outcomes. The company is well positioned to capitalise on the growing demand for infrastructure (particularly transport and water) in its core markets in Asia Pacific and the US.
- > Most Cardno markets are experiencing a degree of industry wide tailwinds, most notably in demand for environmental services and physical and social infrastructure.
- > There remains ongoing opportunity for further simplification and lower cost to serve (e.g. moving to a single global ERP).
- > The company advised the ASX in June 2021 that it was conducting a Strategic Review. That process is underway and the Board will update the market as the process develops. In the meantime, it is very much business as usual for Cardno's 4,000+ team around the world.

**Cardno clients are B2B (business to business) or B2G (business to government). At FY21 year end Cardno's working capital metrics approached best practice and net debt was positive (cash exceeded debt). Despite the challenges associated with COVID-19, Cardno commences FY22 with encouraging levels of backlog and pipeline of future work.**

**As we advised last year, in FY22 some Cardno businesses will undoubtedly be impacted by the COVID-19 pandemic, but equally some businesses stand to gain both market share and share of wallet.**

**The Board expects that the business will continue to grow from its FY21 level however the Board has chosen to not provide explicit FY22 earnings guidance to the market due to the ongoing Strategic Review process.**



# THANK YOU

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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

[www.cardno.com](http://www.cardno.com)

Making a  
difference.