

ASX Statement & Media Release

17 July 2014

PRELIMINARY ANNOUNCEMENT

CARDNO EXPECTS NPAT OF \$77.5 TO \$78.0 MILLION – MAINTAINS DIVIDEND

ASX200 professional infrastructure and environmental services consultancy Cardno Limited (ASX:CDD) today announced that its preliminary full year Net Profit after Tax (NPAT) is expected to be in the range of \$77.5 million to \$78.0 million.

Cardno Limited (AUD\$ Millions)	Preliminary 2014	Actual 2013	Change FY
Backlog	790.0	710.0	11.3%
Revenue from operations	1,314.6	1,195.4	10.0%
Fee revenue	973.0	886.0	9.8%
EBITDA	142.1	135.3	5.0%
EBITDA margin	14.6%	15.3%	
Net profit after tax	77.5 - 78.0	77.6	(flat)
Net operating cash flow	~80.0	95.7	-16.4%
Net operating cash flow / NPAT	~100%	123%	
Basic earnings per share (cents)	~ 51.6	55.1	-6.4%
Dividends per share (cents)	36.0	36.0	(flat)

Cardno CEO, Michael Renshaw, noted that this expected result was broadly flat with FY13 reflecting difficult conditions across Cardno's diverse markets in the Americas, Australia and New Zealand.

Operating cash flow has remained strong at around \$80.0 million, secured backlog of contracted work has strengthened considerably to \$790 million and the current pipeline of prospective projects is strong in the Americas, Australia and New Zealand.

In light of this improving outlook and subject to audit and unforeseen circumstances, the Board expects to declare a full year dividend of 36 cents per share in line with the prior year.

Commenting on each of Cardno's reporting segments, Mr. Renshaw noted:

- Earnings in the United States were adversely impacted by:
 - The extreme weather conditions in North America in early 2014 - the severity and duration of the weather significantly affected the operations of Cardno ATC, Cardno JF New and Cardno MM&A, restricting field work and leading to the cancellation or delay of work
 - The continued wind down of the Gulf of Mexico oil spill work and the overhang of US government budgetary issues

- Australia and New Zealand has felt the impact of the slowdown on work associated with mining and resource related investment prior to an expected uptick in infrastructure led investment
- Performance from Cardno's businesses in the rest of the world was above expectations
- Recent acquisitions of Cardno Haynes Whaley and Cardno PPI positively contributed to performance

Mr. Renshaw said that the Executive team had taken significant action earlier this year to better position the firm's performance in FY14 and to provide a solid base for improved performance in FY15. Specific actions taken included:

- The adjustment of staffing levels to meet the market has resulted in reduction of more than 200 staff from across the business and redundancy costs of \$1.7 million
- US operations have been co-located across more than 16 cities and reorganised into four major divisions to better integrate service delivery
- Accelerated implementation of a regional shared services model and alignment of global systems to achieve economies of scale
- Conclusion of a US\$150m US Private Placement debt facility on attractive terms and tenor

Looking forward, Mr. Renshaw commented that conditions are expected to be more favourable in Cardno's core market of the United States. This is evidenced by improved economic growth, increasing backlog and continued solid performance from recent mergers.

Australian and New Zealand conditions remain challenging as Cardno straddles the gap between the wind back of investment on major resource projects and the expected increase in government led infrastructure investment.

Cardno's software and Emerging Markets businesses are expected to continue to experience organic growth.

"Our team is focused on organic growth and on achieving improved operational efficiency. Overall we expect improved performance in FY15," Mr. Renshaw said.

Cardno's annual report and audited FY14 results will be released to the market on 19 August 2014.

– ENDS –

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About Cardno: Cardno is an ASX200 professional infrastructure and environmental services company, with specialist expertise in the development and improvement of physical and social infrastructure for communities around the world. Cardno's team includes leading professionals who plan, design, manage and deliver sustainable projects and community programs. Cardno is an international company, listed on the Australian Securities Exchange [ASX: CDD]. www.cardno.com