

## ASX Statement & Media Release

19 August 2014

### CARDNO DELIVERS NPAT OF \$78.1 MILLION – MAINTAINS FULL YEAR DIVIDEND AT 36 CENTS PER SHARE

ASX200 professional infrastructure and environmental services consultancy Cardno Limited (ASX: CDD) today announced its full year Net Profit after Tax (NPAT) of \$78.1 million.

Cardno Limited (A\$ Millions)	Actual FY2014	Actual FY2013	Change FY
Backlog	855.1	710.0	20.4%
Revenue from operations	1,309.6	1,195.4	9.6%
Fee Revenue	965.6	888.0	8.7%
EBITDA	141.7	138.0	2.7%
EBITDA margin	14.7%	15.5%	
<b>Net profit after tax</b>	<b>78.1</b>	<b>77.6</b>	<b>0.6%</b>
Net operating cash flow	84.6	95.7	-11.6%
Net operating cash flow / NPAT	108%	123%	
Basic earnings per share (cents)	52.0	55.1	-5.5%
Dividends per share (cents) – fully franked	36.0	36.0	0.0%

Cardno Chairman, Mr John Marlay commented that the result was marginally higher than FY2013, reflecting challenging conditions across a number of Cardno's markets in the Americas, Australia and New Zealand.

“Cardno delivered its tenth year of increased earnings. During FY2014 we experienced lower than expected levels of organic revenue growth and reduced EBITDA margins. While we are not satisfied with this level of performance, we endorse efforts taken by management to deliver this result and to better position us for improved performance.”

“Operating cash flow has remained strong at \$84.6 million and backlog continued to strengthen with over \$855 million of contracted work secured as of 30 June 2014.” Mr Marlay said.

The Board maintains the full year dividend at 36 cents per share and declares a final dividend of 17 cents per share (100% franked) to be paid on 10 October 2014 to all shareholders on the register on 12 September 2014.

Cardno Chief Executive Officer, Mr Michael Renshaw said that difficult market conditions in both Australia and the United States contributed to a decline in organic revenue in FY2014.

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

- > Earnings in the United States were adversely impacted by severe winter weather conditions in North America in early 2014, the continued wind down of the Gulf of Mexico oil spill work and the overhang of US government budgetary restraints.
- > Australia and New Zealand felt the impact of the slowdown on work associated with mining and resource related investment prior to an expected increase in infrastructure investment.

- > Performance from Cardno's businesses in the rest of the world was above expectations.
- > Recent acquisitions of Cardno Haynes Whaley and Cardno PPI contributed positively to performance.

Mr Renshaw noted that the Executive team has taken significant action earlier this calendar year to better position the firm's performance in FY2014 and to provide a solid base for improved performance in FY2015. Over the past year, the company has taken the following actions:

- > The adjustment of staffing levels to meet the market resulted in the reduction of more than 320 staff across the underlying business.
- > Co-location of staff in 16 cities and closure of 17 surplus offices.
- > Restructured the Americas from 11 divisions to five to better integrate our service delivery.
- > Streamlined the Australian and New Zealand operations by reducing the number of business units from 54 to 37.
- > Accelerated implementation of a regional shared services model and alignment of global systems to achieve economies of scale.
- > Concluded a US\$150 million US Private Placement debt facility on attractive terms and tenor.
- > Limited average salary increases to less than 2% globally.

Looking forward, Mr Renshaw noted that conditions appear more favourable than FY2014, however economic conditions are not expected to improve until the latter half of FY2015.

United States economic activity is improving and Cardno is well exposed to anticipated growth markets in oil and gas, infrastructure and private development spanning our core client services of environmental and engineering.

Australia and New Zealand markets remain challenged with an apparent gap between a reduction in a record level of investment in resources and expected increased spend on government infrastructure and private sector development.

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

"Our teams are focused on organic revenue growth and on improved operational efficiency. Overall we expect improved performance in FY2015," Mr Renshaw said.

**– ENDS –**

**For further information:**

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