

ASX Statement & Media Release

17 February 2015

CARDNO DELIVERS HALF YEAR NPAT OF \$31.5 MILLION

ASX200 professional infrastructure & environmental services consultancy Cardno Limited (ASX:CDD) today announced a net profit after tax of \$31.5 million for the December 2014 half year, at the top end of the guidance issued in November 2014. The result is 27% lower than the prior comparative period (pcp) result of \$43.1 million but 19% lower when that result is adjusted for one offs of \$4.0 million in the pcp.

Highlights of the result are:

- > Gross Revenue was \$686.1 million, up 8.4% on the pcp
- > Fee Revenue was \$502.4 million, up 7.8%
- > EBITDA was \$63.2 million, down 15.2%
- > Basic earnings per share was 19.2 cents, down 35.5%
- > Fully franked interim dividend of 13 cents per share (19 cents pcp) to be paid on 7 April 2015 to all shareholders registered on 20 March 2015

Commenting on the result Cardno's Acting CEO, Graham Yerbury, said:

"While the profit results are down compared to the prior period it is reassuring that we delivered at the top end of our November guidance. The factors we identified in November as a drag on our performance largely materialized and in fact continue in the Australian marketplace with reduced activity in the resource sector, the completion of major projects and uncertainty around the pace of infrastructure development."

"It is encouraging that the backlog for the group is now at record levels, being in excess of \$1 billion with almost three quarters of this due to be delivered in the next twelve months. This backlog is largely attributable to our Americas business, giving us confidence in the second half result. The continued weakness of the AUD/USD exchange rate will also improve our Australian dollar results compared to the prior period."

"The historically low operating cash flow for the half year was disappointing. This reflects the timing of cash flows between FY14 and FY15, an additional payroll period in ANZ, and variable working capital management with improved accounts receivable management in ANZ offset by a deteriorating position in the Americas. Cardno's balance sheet remains strong, with competitively priced, and well established debt facilities."

"Looking forward we expect Australian and New Zealand performance to remain subdued for the remainder of calendar 2015 with any substantial pickup dependent on infrastructure activity at the State Government level. In the Americas we have indications that there should be some level of organic growth in the next twelve months resulting from improved confidence and increased government and corporate expenditure – this may be tempered by sustained low oil prices. Margin pressure is expected to continue and we are unlikely to see any significant improvement until FY16 when our internal improvement initiatives deliver a reduction in our cost base."

"The strength of our business rests in our people and clients. We have an ongoing focus to improve organic growth, quality client service and business efficiency. Almost 60% of our business is now based in the Americas and our recent restructure efforts to create "One Cardno"

from multiple merger partners are starting to bear fruit. We are seeing more connected sales and marketing efforts with a more integrated approach to client engagement. We are committed to drive improved business performance and regain the confidence of our investors in our business model.”

Half Year to 31 December 2014	1H2015 (A\$m)	1H2014 (A\$m)	Change
Gross revenue	686.1	633.0	8.4%
Fee revenue	502.4	466.2	7.8%
EBITDA	63.2	74.5	(15.2%)
Net profit after tax	31.5	43.1	(26.9%)
Basic earnings per share (cents)	19.2	29.8	(35.5%)
Net operating cash flow	0.9	33.8	(97.4%)
Dividends per share (cents)	13.0	19.0	(31.6%)

The Dividend Reinvestment Scheme will be available for shareholders recorded on 20 March 2015 and full details of the scheme can be found on Cardno’s website.

– ENDS –

For further information:

Graham Yerbury, Acting CEO and Chief Financial Officer, +617 3369 9822

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.