

ASX Statement & Media Release

26 November 2015

CARDNO LIMITED PROVIDES MARKET UPDATE AND FY16 GUIDANCE

Cardno Limited (**Cardno** or **Company**) today provides an update on FY16 trading performance and outlook. Key points:

- > **Cardno has generated EBITDA of A\$18.2 million in the first 4 months of FY16**
- > **Cardno expects EBITDA of between A\$23 million and A\$25 million for the first half of FY16, which includes one-off items of around A\$2 million relating to defence and restructuring costs, and losses from Cardno ATC of A\$1.5 million**
- > **Cardno expects EBITDA of between A\$65 million and A\$70 million for the full year ending 30 June 2016, including a number of one-off items outlined below**
- > **Group backlog of A\$927 million as at 31 October 2015 (up from A\$838 million as at 30 June 2015) together with the Strategic Review initiatives implemented to date support the updated earnings guidance**

As highlighted in the trading halt request lodged yesterday, 25 November 2015, Cardno intends to undertake a capital raising to strengthen the Company's balance sheet.

Cardno Chairman, Mr. John Marlay noted that the FY16 performance and updated guidance reflect a diverse number of factors, including the fact that they now include an estimate for defence and restructuring costs as well as several one-off items:

- > costs related to the transitional services being provided and the divestiture of the 1,300 staff associated with the Cardno ATC business (which is expected to be completed by mid-April 2016);
- > defence and restructuring costs of around A\$4 million; and
- > between A\$2 million and A\$5 million in business development and related IT system costs that have been brought forward into FY16.

Cardno's CEO, Mr Richard Wankmuller said, "Cardno's under performance is really being driven by our results in the Americas.

"Trading conditions in the Americas continue to be challenging, in particular in our oil and gas, Latin American and mining businesses, and recent performance has indicated the region remains relatively volatile and is not recovering as quickly as previously expected. The Americas' performance also reflects cost issues associated with a regional back office that was over built. We are optimistic on revenue production in the future as our backlog in the region remains healthy.

"In order to drive a turnaround in this performance, we continue to implement actions identified in our Strategic Review in order to position the Company to drive growth and profitability for the medium term. For example, the recently announced A\$89.1 million sale of Cardno ATC (of which net proceeds of around A\$80 million will be received pre 31 December 2015) in the United States allows the Americas division to focus on higher margin growth opportunities going forward, whilst also assisting in reducing net debt.

“In terms of earnings improvement initiatives, the initiatives that we identified in our Strategic Review are being implemented and we are on track to deliver more than A\$10 million of savings in the second half of FY16, and therefore expect to see a stronger performance in this half,” said Mr Wankmuller.

“In addition to performance improvement, a refocusing towards empowering our local operations, thought leadership across core consulting, engineering and environmental services and a continued dedication to client service and rewarding and recognising our people will all be keys to success, as we drive towards a better and improved Cardno for our shareholders, employees and clients”.

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For all media enquiries please contact:

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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.