

ASX Announcement



27 February 2020

Cardno Announces HY20 Results

Professional infrastructure and environmental services consultancy Cardno Limited (ASX: CDD) today announced EBITDA of AUD \$19.7 million for HY20.

Half-Year to 31 December 2019	H1 2020 (A\$m)	H1 2019 (A\$m)
Gross Revenue	493.8	457.2
Fee Revenue	345.4	300.7
Underlying EBITDA ¹	34.5	19.0
Underlying EBITDA Pre AASB16 impact¹	19.7	19.0
Underlying NOPAT²	9.2	7.4
Profit/(loss) before tax from continuing operations	(60.9)	8.9
Profit before tax from discontinued operations	134.0	3.0
Net profit/(loss) after tax from continuing operations	(60.5)	6.0
Net profit after tax from discontinued operations	131.2	1.7
Net profit after tax	70.7	7.7
Operating Cash Flow	(5.2)	4.8
EPS from continuing operations – basic (cents)	(13.62)	1.31
EPS - basic (cents)	15.90	1.68
NOPAT EPS - basic (cents)	2.63	2.26

¹ EBITDA = EBIT plus underlying adjustments, depreciation, amortisation and impairment losses. AASB 16 Leases is a new accounting standard effective 1 July 2019

² NOPAT = NPAT plus underlying adjustments and tax affected impairment losses

HIGHLIGHTS FROM THE HALF INCLUDE:

- > Gross revenue \$493.8M, up \$36.6M (8.0%) on prior year comparative (PCP).
- > Fee revenue \$345.4m is up 14.9% on PCP.
- > **Underlying EBITDA \$34.5m (post AASB16) or \$19.7m (pre AASB16) up 3.4% on PCP.**
- > **Underlying Net Operating Profit After Tax (NOPAT) up 24.3% to \$9.2m.**
- > **Net Profit After Tax of \$70.7m**

- > Cardno's Quality, Testing and Measurement businesses were demerged from Cardno Ltd effective 31st October 2019, creating Intega Group Ltd (ASX: ITG). The company recorded a \$135.8m accounting profit on the demerger.
- > Previous corporate lending facilities were paid out at demerger and a new multi bank three-year \$172M lending facility implemented.
- > The Americas continues its strong performance with fee revenue up 24.2% on PCP to \$145.2M, driving a 78.0% increase in EBITDA to \$18.6M (pre AASB16).
- > In contrast, Asia Pacific is yet to reset as had been anticipated. Fee revenue was down 2.1% on PCP to \$102.4M, with a resultant EBITDA loss for the half of \$6K (pre AASB16). Cardno has recorded a non-cash impairment of Asia Pacific goodwill of \$69.6M.
- > ID gross revenue was up 8.9% on PCP to \$172.9M. EBITDA of \$0.6M (pre AASB16) was marginally down on PCP.
- > Total backlog grew by 2.7%.

Cardno Chairman Michael Alscher said:

"With the demerger of Intega Group Ltd successfully executed, Cardno is now a focused Consulting & Professional Services company delivering Infrastructure, Environmental and Social projects in the Americas, Asia Pacific and to International Development clients globally.

"FY19 pro forma EBITDA was \$38m. The company expects FY20 EBITDA to be at the same level or potentially stronger than the prior year. This outlook statement is predicated on the current momentum and market conditions continuing throughout the remainder of FY20.

"With the growth in Cardno's backlog, ongoing operating discipline in the Americas and International Development, and success from the back-to-basics initiatives underway in Asia Pacific at the moment, the company believes there is a solid basis for both revenue and EBITDA growth in the medium term".

Authorised for release to the ASX by Cherie O'Riordan, Joint Company Secretary

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For further information contact:

**Authorised Officer and
Investor enquiries:**

Peter Barker
Chief Financial Officer
t: +61 7 3139 2996
m: +61 449 011 623
e: peter.barker@cardno.com.au

Media enquiries:

Jackie McPhee
Corporate Marketing Manager
t: +61 7 3100 2142
m: +61 421 896 983
e: jackie.mcphee@cardno.com.au

About Cardno: Cardno is a global provider of integrated professional services which enrich the physical and social environment for the communities in which we live and work. Our team of multidisciplinary specialists around the world has almost 75 years' experience in designing, developing and delivering sustainable projects and community advancement programs. Cardno is listed on the Australian Securities Exchange (ASX:CDD). www.cardno.com.