



# Capital Raising and Market Update Presentation

30 November 2015

PRESENTER:

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and Managing Director



# Important Notice and Disclaimer

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- > Eligible institutional shareholders of Cardno (**Institutional Entitlement Offer**); and
- > Eligible retail shareholders of Cardno (**Retail Entitlement Offer**, together with the Institutional Entitlement Offer, **Entitlement Offer**).

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This Presentation contains certain “forward-looking statements” and comments about future matters. Forward-looking statements can generally be identified by the use of forward-looking words such as, “expect”, “anticipate”, “likely”, “intend”, “should”, “could”, “may”, “predict”, “plan”, “propose”, “will”, “believe”, “forecast”, “estimate”, “target” “outlook”, “guidance” and other similar expressions within the meaning of securities laws of applicable jurisdictions and include, but are not limited to, the outcome and effects of the Offer and the use of proceeds. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward-looking statements. You are cautioned not to place undue reliance on forward-looking statements. Any such statements, opinions and estimates in this Presentation speak only as of the date hereof and are based on assumptions and contingencies subject to change without notice, as are statements about market and industry trends, projections, guidance and estimates. Forward-looking statements are provided as a general guide only. The forward-looking statements contained in this Presentation are not indications, guarantees or predictions of future performance and involve known and unknown risks and uncertainties and other factors, many of which are beyond the control of Cardno, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct. Refer to the “Key Risks” in Appendix A of this Presentation for a non-exhaustive summary of certain general and Cardno specific risk factors that may affect Cardno.

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The Presentation also includes forecast financial information, which is based on a number of assumptions concerning future events, including, without limitation, the successful implementation of the Company’s business operation strategies, as well as a number of assumptions and estimates relating to factors affecting the Company’s business. Investors should note that the forecast financial information was not prepared with a view toward complying with the published guidelines of the SEC or guidelines established by the American Institute of Certified Public Accountants with respect to the preparation and presentation of forecast financial information. The forecast financial information is highly subjective and should not be relied upon as being necessarily indicative of future results. Investors are cautioned not to place undue reliance on the forecast financial information.

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## Past performance

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Statements made in this Presentation are made only as at the date of this Presentation. The information in this Presentation remains subject to change without notice. Cardno reserves the right to withdraw the Offer or vary the timetable for the Offer without notice.

### 01 Overview

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### 02 Business Update

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### 03 Details of Entitlement Offer

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### 04 Appendix A: Key Risks

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### 05 Appendix B: International Offer Restrictions



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# 01 OVERVIEW

# 01 Overview

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- > Cardno is presently implementing the actions defined in the Strategic Review:
  1. Get the financial house in order
  2. Get the platform right
  3. Focus investment in the right place
- > Overall these actions are designed to help create a pathway that allows Cardno to obtain the following outcomes
  - Increased entrepreneurialism - less focus at the centre and more focus on empowering divisions
  - Improved cross sell for larger clients while retaining our culture of serving local regional clients who have historically been the backbone of Cardno
  - Thought leadership in our core consulting, engineering and environmental services
  - Increased resilience to economic shocks
  - World class client service and continued understanding that our people and their client relationships are key to our success
- > The objective of this Entitlement Offer is to help in Step 1 (getting the financial house in order) by helping to reduce the pressure of debt and thereby helping to ensure that decisions are made to focus on long term capital value creation



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# 02 BUSINESS UPDATE

## 02 Trading Update

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**Note** all numbers throughout this document are expressed as AUD unless otherwise noted

YTD October EBITDA of \$18.2 million, and \$23 million to \$25 million expected for H1-FY16

- > Asia Pacific region performance stabilised with recent project and contract wins continuing to improve backlog. YTD performance consistent with prior year
- > Continued challenges in the Americas region particularly with respect to the mining and oil and gas sectors, Latin America and a cost structure that is too large compared to the fee revenue available to the business
- > Includes one-off items related to defence and restructuring costs of approximately \$2 million in H1-FY16 and losses from Cardno ATC of \$1.5 million

Performance improvement initiatives that were identified in the Strategic Review are underway

- > Divestment program of non-core assets on track with the divestment of Cardno ATC (with net cash proceeds received of around \$80 million)
- > Cost optimisation initiatives on track to deliver more than \$10 million of savings in FY16, with annualised savings of more than \$20 million
- > Efficiency initiatives are forecast to deliver increased utilisation in targeted divisions throughout Americas and Asia Pacific

## 02 Strategic Review Update

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### Getting our financial house in order

- ✓ Reducing net debt to provide financial flexibility going forward
- ✓ Implementing cost optimisation program to right size the organisation and deliver more than \$20 million annualised savings, \$10 million of which are expected to be achieved in H2-FY16
- ✓ Commenced implementation of improved efficiency program. Actions are targeting increased utilisation in key operating divisions

### Getting the platform right

- ✓ Divested non-core Cardno ATC business in United States
- ✓ Rationalising the business and ensuring overhead structure is appropriate

### Focusing investment in the right places

- ✓ Put in place a GM business development to help drive business planning and strategic opportunity development
- ✓ Americas – present emphasis on growing federal business
- ✓ Asia Pacific – present emphasis on capitalising on the New South Wales infrastructure market

## 02 Outlook for FY16

For the full year ending 30 June 2016, Cardno expects EBITDA of between \$65 million and \$70 million inclusive of non-recurring items, which reflects a number of factors including:

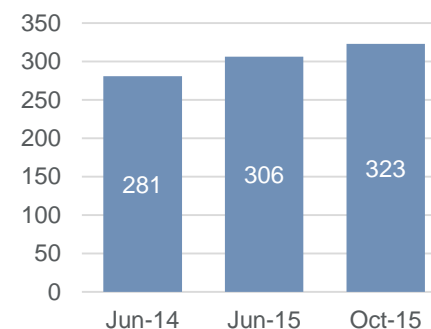
- > As highlighted previously, continued weakness in the Americas business, in particular our oil & gas, Latin American and mining businesses where conditions are increasingly challenging. The forecast for the remainder of FY16 has been reduced to reflect a lower anticipated run rate, principally in the Americas
- > Sale of Cardno ATC, which while having a relatively neutral impact on long term earnings potential in the Americas, will have a significant short term negative impact in FY16 due to the costs related to the transitional services being provided and the divestiture of the 1,300 staff associated with the business (which is expected to be completed by mid-April 2016)
- > Expected defence and restructuring costs of around \$4 million in FY16
- > New decision to spend \$2 million to \$5 million in business development and related IT systems in FY16, to ensure we protect and grow our market share while we are implementing the cost out and transition programs across Cardno

In respect of the Regions:

- > Asia Pacific YTD performance is satisfactory, consistent with the prior year and the region is benefitting from a growing backlog
- > Americas margins remain constrained and the region is performing significantly below prior year. Sale of Cardno ATC, increased focus on entrepreneurialism and less focus at the centre will empower divisions
- > Cardno expects margins to improve across H2-FY16 as it continues to execute on the strategic initiatives disclosed to the market on 12 October 2015, with H2-FY16 performance being materially up on H1-FY16

### APAC BACKLOG

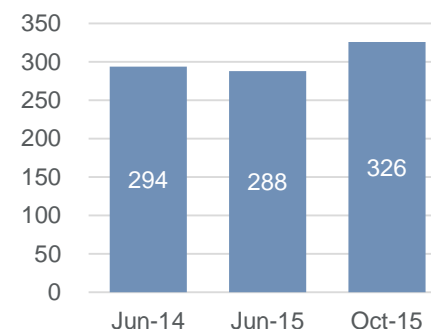
A\$ million



### AMERICAS BACKLOG

(Outside Oil & Gas and Cardno ATC)

US\$ million



## 02 Pro Forma Statement of Financial Position

> Sale of Cardno ATC and the Entitlement Offer will significantly decrease net debt

(A\$ millions)	30 June 2015	Entitlement Offer	Sale of Cardno ATC <sup>(1)</sup>	Other <sup>(2)</sup>	Pro forma 30 June 2015
<b>Assets</b>					
Cash and cash equivalents	84.8	75.0	79.4	(7.7)	231.5
Other current assets	462.5	-	(87.8)	-	374.7
Non-current assets	785.9	0.9	(73.1)	-	713.7
<b>Total Assets</b>	<b>1,333.1</b>	<b>75.9</b>	<b>(81.5)</b>	<b>(7.7)</b>	<b>1,319.9</b>
<b>Liabilities</b>					
Loans and borrowings	396.1	-	-	-	396.1
Other liabilities	267.5	-	(36.3)	(6.5)	224.8
<b>Total Liabilities</b>	<b>663.6</b>	<b>-</b>	<b>(36.3)</b>	<b>(6.5)</b>	<b>620.9</b>
<b>Equity</b>					
Issued capital	641.7	75.9	(10.2)	10.3	717.7
Reserves	62.1	-	(18.5)	-	43.6
Retained earnings	(34.2)	-	(16.5)	(11.5)	(62.3)
<b>Total Equity</b>	<b>669.5</b>	<b>75.9</b>	<b>(45.2)</b>	<b>(1.2)</b>	<b>699.0</b>

(1) In accounting for the sale of Cardno ATC, the Group will recognise a pre-tax loss of approximately \$50 million in its results for the first half year ending 31 December 2015 (subject to completion of accounting entries).

(2) Other represents a dividend payment of \$11.5 million on 2 October 2015, and the issue of shares in the period post 30 June 2015 to satisfy obligations in relation to the acquisition of PPI Group of Companies and Haynes Whaley Associates Inc.

## 02 Net Debt and Covenant Guidance

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### Net debt guidance

- > Cardno expects forecast net debt of less than \$200 million at 31 December 2015 after the impact of the Entitlement Offer. Assumed exchange rate of AUD:0.71USD
- > Cardno expects to be in compliance with its bank covenants<sup>(1)</sup> at 31 December 2015 and 30 June 2016 after the impact of the Entitlement Offer
- > Compliance with bank covenants at 30 June 2016 assumes earnings guidance is achieved, the receipt of certain cash amounts expected prior to 30 June 2016, cash payments for deferred consideration relating to prior acquisitions of approximately \$20 million, other expected cash outflows of approximately \$15 million in H2-FY16 including the costs of implementing strategic initiatives, and no material changes in the AUD/USD exchange rate
- > Assumption in the cash flow forecast of no interim dividend payment
- > Cardno continues to implement additional capital management measures, including a range of working capital initiatives to further strengthen Cardno's balance sheet but notes that these initiatives have not yet met previous expectations

(1) Cardno has a covenant in its debt facilities which requires it to have a net debt / EBITDA ratio of below 3.0x.

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# 03 DETAILS OF ENTITLEMENT OFFER



## 03 Details of the Entitlement Offer

Offer type and size	> 1 for 2.175 accelerated pro-rata non-renounceable entitlement offer to raise approximately \$78 million
Offer price	> \$1.00 per New Share
Institutional Entitlement Offer	<ul style="list-style-type: none"> <li>&gt; Accelerated underwritten Institutional Entitlement Offer</li> <li>&gt; Institutional entitlements not taken up by institutional shareholders and entitlements of ineligible institutional shareholders will be sold in a bookbuild process managed by the Underwriters<sup>(1)</sup></li> </ul>
Major shareholder support	<ul style="list-style-type: none"> <li>&gt; Crescent Capital Investment Pty Limited ("Crescent") has committed to take up its pro rata entitlements under the Entitlement Offer <ul style="list-style-type: none"> <li>▪ Represents approximately 39% of total shares to be issued under the Entitlement Offer</li> </ul> </li> <li>&gt; Crescent has also committed to sub-underwrite the retail component of the Entitlement Offer for up to 13.0 million shares above Crescent's pro-rata entitlement of 30.6 million shares</li> <li>&gt; Crescent's relevant interest in Cardno could increase to a maximum of 44.44%<sup>(2)</sup></li> </ul>
Retail Entitlement Offer	<ul style="list-style-type: none"> <li>&gt; Retail Entitlement Offer with a retail over-subscription facility to be capped at 25% of each eligible shareholder's entitlement</li> <li>&gt; Retail entitlements not taken up by eligible retail shareholders will be placed to the Underwriters and any sub-underwriters, including Crescent<sup>(1),(2)</sup></li> <li>&gt; Foreign nominee appointed to subscribe for and sell New Shares for ineligible retail shareholders under s 615 of the Corporations Act</li> </ul>
Record Date	> 7:00pm (Sydney time) on Thursday, 3 December 2015
Use of proceeds	<ul style="list-style-type: none"> <li>&gt; Net proceeds after costs of the Entitlement Offer expected to be approximately \$75 million</li> <li>&gt; Proceeds initially retained as cash on the balance sheet to reduce Cardno's net debt position</li> </ul>

(1) Entitlements are non-renounceable, meaning that eligible shareholders who do not take up their entitlements will not be able to transfer or receive any value in respect of those entitlements and their percentage shareholding in Cardno will be diluted as a result of not taking up their entitlements in the Entitlement Offer.

(2) Excluding any shares held by a custodian for FSS Trustee Corporation as trustee of the First State Superannuation Scheme, an associate of Crescent, in which shares Crescent does not have a relevant interest..

## 03 Entitlement Offer Timetable<sup>(1)(2)</sup>

Institutional Entitlement Offer opens	Monday, 30 November 2015
Institutional Bookbuild and Institutional Entitlement Offer closes	Tuesday, 1 December 2015
Results of Institutional Entitlement Offer announced and trading on ASX resumes (by 10:00am, Sydney time)	Wednesday, 2 December 2015
Record Date for Entitlement Offer (7:00pm, Sydney time)	Thursday, 3 December 2015
Despatch of Retail Offer Booklet and Retail Entitlement Offer opens	Monday, 7 December 2015
Institutional Entitlement Offer settlement	Tuesday, 8 December 2015
Issue and quotation of New Shares under the Institutional Entitlement Offer	Wednesday, 9 December 2015
Close of Retail Entitlement Offer	Wednesday, 16 December 2015
Retail Entitlement Offer settlement	Tuesday, 22 December 2015
Issue of New Shares under the Retail Entitlement Offer	Wednesday, 23 December 2015
Quotation of securities issued under Retail Entitlement Offer	Thursday, 24 December 2015

(1) The above timetable is indicative and subject to variation. Cardno reserves the right to alter the timetable at its discretion and without notice, subject to ASX Listing Rules and *Corporations Act 2001* (Cth) and other applicable law.

(2) All dates and times represent Sydney time.

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# 04 APPENDIX A

## Key Risks

# 04 Key Risks

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## Risks associated with Cardno

### Professional negligence

As a professional service provider, a significant risk for Cardno is that claims of professional negligence may be made against it. Cardno maintains professional indemnity insurance to mitigate its exposure to liability in the event of a claim of negligence.

A successful claim for professional negligence against Cardno may adversely affect Cardno's reputation, increase future insurance premium costs and, to the extent the claim is not insured or indemnity is refused by the insurer, may cause material financial loss.

Cardno may be unable to obtain appropriate professional indemnity cover for all work it undertakes. Cardno's work in overseas countries may be considered by insurers to present additional risk, depending upon political and litigious circumstances in the country in question.

### Reputation

Cardno has developed a reputation in the trade name 'Cardno', which is used in most of the consulting services that it provides. Any event that damages Cardno's reputation in one part of its businesses, may adversely affect the reputation of other Cardno businesses by virtue of the common use of the name 'Cardno'.

Adverse publicity about engineers or other professionals in Cardno or other engineering or professional consulting practices may impact on the overall reputation of the industry, and accordingly, Cardno.

### Dependence upon key personnel

Cardno depends on the talent and experience of its management and staff. It is essential that appropriately skilled management personnel and staff be available in sufficient numbers to support Cardno's consulting engineering and other professional services and to maintain the diversity of Cardno's business. Given this diversity, Cardno's management and staff must be professionally skilled in many areas, some of which are niche specialities of engineering and other professional fields in which few practitioners may be available for recruitment. Any departure of key management or staff may have a negative effect on Cardno, particularly if the management or staff leave to work for a competitor.

### Oil & Gas, Mining, Engineering & Construction industry

A number of Cardno's clients are involved in the oil and gas, mining and construction industry and this industry can be cyclical in the volume of business undertaken. Although Cardno has a diverse geographical and client base, the cyclical downturns in those industries in the United States, Australia and elsewhere overseas may adversely impact on Cardno's financial performance. The loss of major clients through such industry downturns or for any other reason could also impact the earnings of Cardno.

### Development assistance

Cardno provides services to clients in the development assistance industry including developed country government bilateral aid organisations, multilateral aid agencies and aid banks and developing country governments. Any substantial reduction in expenditure on overseas aid by governments could be material in the context of Cardno's development assistance business. DFAT, DFID and USAID are major clients of Cardno and the loss of or reduction in work from these clients in particular may have a material effect on Cardno's development assistance business.

# 04 Key Risks

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## Foreign operations

There are certain risks inherent in doing business internationally, such as unexpected changes in regulatory requirements, tariffs, customs, duties and other trade barriers, difficulties in staffing and managing foreign operations, longer payment cycles, problems in collecting accounts receivable, political instability, expropriation, nationalisation and war. There may also be fluctuations in currency exchange rates, foreign exchange controls which restrict or prohibit repatriation of funds, technology export and import restrictions or prohibitions and delays from customers, brokers or government agencies. Cardno could also be adversely affected by seasonal reductions in business activity and potentially adverse tax consequences.

In some countries, Cardno may need to enter a joint venture or other strategic relationship with one or more third parties in order to successfully conduct its operations, and may be required by law to hold only a minority interest in any operating entity. To the extent it is a party to joint ventures, Cardno may be subject to loss of proprietary information and other assets, risky business practices and other strategic decisions contrary to Cardno's interests. In addition, any international expansion could require a significant diversion of financial and technical resources and management attention from operations in Australia. There can be no assurance that laws or administrative practice relating to taxation, foreign exchange or other matters of countries in which Cardno intends to operate will not change.

## Currency risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. Cardno operates internationally and is exposed to foreign exchange risk arising from the currency exposure to the Australian dollar.

Cardno's debt is predominantly in USD, while the mix of AUD and USD earnings varies over time.

## International hostilities and disasters

Cardno's performance and the ability of its clients to commission work may be affected by global tensions or the commencement of military action in the overseas markets in which it operates. In addition, the risk of terrorist activity may reduce work opportunities or make it unsafe for Cardno to continue operations in a particular country. The occurrence of natural disasters can also prevent planned work from taking place.

## General risks

### Investment risks

Factors affecting the price at which the Shares are traded on ASX could include domestic and international economic conditions. In addition, the prices of a listed entity's securities are affected by factors that might be unrelated to its operating performance, such as general market sentiment.

### Funding risk

Cardno's ability to continue its current operations and effectively implement future business plans may depend on its ability to raise additional funds. There is no guarantee that equity or debt funding will be available to Cardno on favourable terms or at all or that, when an existing facility expires or is otherwise terminated (e.g. due to an event of default), Cardno will be able to refinance that debt facility on reasonable terms.

An inability to raise additional funds or refinance existing facilities may have a material adverse effect on Cardno's operating and financial performance.

In addition, Cardno's existing debt facilities contain change of control provisions which, if triggered, could require the repayment of some or all of the amounts owing under the debt facilities. The change of control provisions will be triggered if Crescent has the capacity to determine the outcome of decisions about Cardno's financial and operating policies. There is a risk that Crescent could become a person who has such control with the result that a change of control is triggered under Cardno's existing debt facilities.

# 04 Key Risks

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## Debt covenants

Cardno's debt facilities are subject to covenants based around certain financial ratios.

Delay or cancellation of certain cash receipts expected by Cardno, a material deterioration in working capital performance or a material change in the AUD/USD exchange rate could cause Cardno to not comply with its financial covenants.

A failure to comply with any of these financial covenants may require Cardno to seek amendments, waivers of covenant compliance or alternative borrowing arrangements. There is no assurance that its lenders would consent to such an amendment or waiver in the event of non-compliance, or that such consent would not be conditioned upon the receipt of a cash payment, revised payout terms, increased interest rates, or restrictions in the expansion of debt facilities in the foreseeable future, or that its lenders would not exercise rights that would be available to them, including among other things, demanding payment of outstanding borrowings.

## Macro economic risks

Cardno's operational and financial performance is affected by the Australian and international economies and, in particular, the construction market within those economies. General and business conditions, inflation, interest rates, monetary and fiscal policy, political circumstances and currency exchange rates are all matters which may affect Cardno's operating and financial performance.

## Taxation risks

A change to the current taxation regime in Australia or overseas may affect Cardno and its shareholders.

## Accounting standards

Australian accounting standards are set by the Australian Accounting Standards Board (AASB) and are outside Cardno's control. Changes to accounting standards issued by AASB could materially adversely affect the financial performance and position reported in Cardno's financial statements.

## Regulation

Unfavourable changes to the regulatory environment for professional services firms either in Australia or in overseas markets in which Cardno operates may affect Cardno's profitability or prospects.

## Litigation

As disclosed in Cardno's 2015 annual report and Cardno's Target's Statement, Cardno has commenced legal action against the previous owners of Cardno Caminosca S.A for breach of the sale and purchase agreement conditions including representations and warranties. Under the terms of the sale and purchase agreement this matter is before arbitrators in Florida, United States of America. Further, in February 2015, Cardno advised Shareholders that it was investigating a series of transactions in Cardno Caminosca S.A in Ecuador. That investigation is ongoing and Cardno continues to cooperate with the relevant regulatory authorities. These proceedings will continue to require funding and have the potential to impact Cardno's financial position.

Members of the Cardno Group are defendants (with others) in proceedings commenced after 30 June 2015 in relation to cost overruns on two infrastructure projects. While the damages claimed would be material if awarded against the relevant Cardno Group member, the claims are at an early stage, have not been sufficiently particularised and, in the normal course, Cardno would expect its exposure (if any) to be materially less than the damages claimed. Accordingly, it is too early for Cardno to properly assess the merits and possible exposure under the claims.

Other than as disclosed above, the Directors are not aware of any current material litigation involving Cardno.

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# 05 APPENDIX B

## International Offer Restrictions



# 05 International Offer Restrictions

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## International Offer Restrictions

This document does not constitute an offer of new ordinary shares (**New Shares**) of the Company in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

### Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the **SFO**). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

### New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the **FMC Act**).

The New Shares are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the transitional provisions of the FMC Act and the Securities Act (Overseas Companies) Exemption Notice 2013.

Other than in the entitlement offer, the New Shares may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who:

- > is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- > meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- > is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- > is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- > is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

# 05 International Offer Restrictions

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## Norway

This document has not been approved by, or registered with, any Norwegian securities regulator under the Norwegian Securities Trading Act of 29 June 2007. Accordingly, this document shall not be deemed to constitute an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act of 2007.

The New Shares may not be offered or sold, directly or indirectly, in Norway except to "professional clients" (as defined in Norwegian Securities Regulation of 29 June 2007 no. 876 and including non-professional clients having met the criteria for being deemed to be professional and for which an investment firm has waived the protection as non-professional in accordance with the procedures in this regulation).

## Singapore

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the **SFA**), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of the Company's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) a "relevant person" (as defined in section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

## Switzerland

The New Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange (**SIX**) or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the New Shares may be publicly distributed or otherwise made publicly available in Switzerland. The New Shares will only be offered to regulated financial intermediaries such as banks, securities dealers, insurance institutions and fund management companies as well as institutional investors with professional treasury operations.

Neither this document nor any other offering or marketing material relating to the New Shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of New Shares will not be supervised by, the Swiss Financial Market Supervisory Authority (FINMA).

This document is personal to the recipient only and not for general circulation in Switzerland.

# 05 International Offer Restrictions

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## United Arab Emirates

Neither this document nor the New Shares have been approved, disapproved or passed on in any way by the Central Bank of the United Arab Emirates, the Emirates Securities and Commodities Authority or any other governmental authority in the United Arab Emirates, nor has the Company received authorization or licensing from the Central Bank of the United Arab Emirates, the Emirates Securities and Commodities Authority or any other governmental authority in the United Arab Emirates to market or sell the New Shares within the United Arab Emirates. No marketing of any financial products or services may be made from within the United Arab Emirates and no subscription to any financial products or services may be consummated within the United Arab Emirates. This document does not constitute and may not be used for the purpose of an offer or invitation. No services relating to the New Shares, including the receipt of applications and/or the allotment or redemption of New Shares, may be rendered within the United Arab Emirates by the Company.

No offer or invitation to subscribe for New Shares is valid in, or permitted from any person in, the Dubai International Financial Centre.

## United Kingdom

Neither the information in this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (**FSMA**)) has been published or is intended to be published in respect of the New Shares. This document is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of the FSMA) in the United Kingdom, and the New Shares may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) of the FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (FPO), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this document relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

## United States

This document may not be released or distributed in the United States. This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. Any securities described in this document have not been, and will not be, registered under the US Securities Act of 1933 (the "US Securities Act") or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold, directly or indirectly, in the United States unless they are offered and sold pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

# 05 International Offer Restrictions

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## Canada

Prospective Canadian purchasers are advised that the information contained within this document has not been prepared with regard to matters that may be of particular concern to Canadian purchasers. Accordingly, prospective Canadian purchasers should consult with their own legal, financial and tax advisers concerning the information contained within this document and as to the suitability of an investment in the securities in their particular circumstances.

A Canadian-resident purchaser is required to make the representations and warranties applicable to it as contained in the Master ECM Terms document, including that it is entitled under applicable provincial securities laws to acquire the securities without the benefit of a prospectus qualified under those securities laws, and that it is an “accredited investor” as defined in National Instrument 45-106 Prospectus Exemptions (**NI 45-106**) and, if relying on subsection (m) of the definition of that term, is not a person created or being used solely to acquire or hold securities as an accredited investor.

The distribution of the securities in Canada is being made on a private placement basis only and any resale of the securities must be made in accordance with applicable Canadian securities laws, which will vary depending on the relevant jurisdiction, and which may require resales to be made in accordance with prospectus and registration requirements or exemptions from the prospectus and registration requirements.

Securities legislation in the province of Ontario and certain other Canadian provinces provides certain purchasers of securities pursuant to an offering memorandum with a remedy for damages or rescission, or both, in addition to any other rights they may have at law, where the offering memorandum and any amendment thereto contains a “misrepresentation”, as defined in the applicable securities legislation. A “misrepresentation” is generally defined under applicable provincial securities laws to mean an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make any statement not misleading in light of the circumstances in which it was made. These remedies, or notice with respect to these remedies, must be exercised or delivered, as the case may be, by the purchaser within the time limits prescribed by applicable securities legislation and are subject to limitations and defences under applicable securities legislation.

The following is a summary of the relevant rights of action for damages or rescission, or both, available to certain purchasers resident in the province of Ontario. The rights described below are in addition to and without derogation from any other right or remedy which purchasers may have at law. Similar rights may be, or may become, available to purchasers resident in other Canadian jurisdictions under local provincial securities laws.

The right of action for damages or rescission described herein is conferred by section 130.1 of the Securities Act (Ontario) (the **Ontario Act**). The Ontario Act provides, in relevant part, that every purchaser of securities pursuant to an offering memorandum shall have a statutory right of action for damages or rescission against the issuer and any selling security holder in the event that the offering memorandum contains a misrepresentation, as defined in the Ontario Act. A purchaser who purchases securities offered by the offering memorandum during the period of distribution has, without regard to whether the purchaser relied upon the misrepresentation, a statutory right of action for damages or, alternatively, while still the owner of the securities, for rescission against the issuer and any selling security holder provided that:

- a) if the purchaser exercises its right of rescission, it shall cease to have a right of action for damages as against the issuer and the selling security holders, if any;
- b) the issuer and the selling security holders, if any, will not be liable if it proves that the purchaser purchased the securities with knowledge of the misrepresentation;
- c) the issuer and the selling security holders, if any, will not be liable for all or any portion of damages that it proves do not represent the depreciation in value of the securities as a result of the misrepresentation relied upon;

# 05 International Offer Restrictions

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- d) the issuer and the selling security holders, if any, will not be liable for a misrepresentation in forward looking information (**FLI**) if it proves that:
  - i. the offering memorandum contains, proximate to the FLI, reasonable cautionary language identifying the FLI as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection set out in the FLI, and a statement of material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the FLI; and
  - ii. the issuer had a reasonable basis for drawing the conclusions or making the forecasts and projections set out in the FLI; and
- e) in no case shall the amount recoverable exceed the price at which the securities were offered.

Section 138 of the Ontario Act provides that no action shall be commenced to enforce these rights more than:

- a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or
- b) in the case of an action for damages, the earlier of:
  - i. 180 days after the date that the purchaser first had knowledge of the facts giving rise to the cause of action; or
  - ii. three years after the date of the transaction that gave rise to the cause of action.

This document is being delivered in reliance on the “accredited investor exemption” from the prospectus requirements contained under section 2.3 of NI 45-106. The rights referred to in section 130.1 of the Ontario Act do not apply in respect of an offering memorandum delivered to a prospective purchaser in connection with a distribution made in reliance on the accredited investor exemption if the prospective purchaser is:

- a) a Canadian financial institution or a Schedule III bank;
- b) the Business Development Bank of Canada incorporated under the Business Development Bank of Canada Act (Canada); or
- c) a subsidiary of any person referred to in paragraphs (a) and (b), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary.

The foregoing summary is subject to the express provisions of the securities legislation in the province of Ontario and the rules, regulations and other instruments thereunder, and reference should be made to the complete text of such provisions. Such provisions may contain limitations and statutory defences on which the Company and the underwriters may rely.

## 05 International Offer Restrictions

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The Company hereby notifies prospective Canadian purchasers that: (a) the Company or the underwriters may be required to provide personal information pertaining to the purchaser as required to be disclosed in Schedule I of Form 45-106F1 under NI 45-106 (including its name, address, telephone number and the aggregate purchase price of any securities purchased) (**personal information**), which Form 45-106F1 may be required to be filed by the Company or the underwriters under NI 45-106, (b) such personal information may be delivered to the Ontario Securities Commission (the **OSC**) in accordance with NI 45-106, (c) such personal information is collected indirectly by the OSC under the authority granted to it under the securities legislation of Ontario, (d) such personal information is collected for the purposes of the administration and enforcement of the securities legislation of Ontario, and (e) the public official in Ontario who can answer questions about the OSC's indirect collection of such personal information is the Administrative Support Clerk at the OSC, Suite 1903, Box 55, 20 Queen Street West, Toronto, Ontario M5H 3S8, Telephone: (416) 593-3684. Prospective Canadian purchasers that purchase securities in this offering will be deemed to have authorized the indirect collection of the personal information by the OSC, and to have acknowledged and consented to its name, address, telephone number and other specified information, including the aggregate purchase price paid by the purchaser, being disclosed to other Canadian securities regulatory authorities, and to have acknowledged that such information may become available to the public in accordance with requirements of applicable Canadian laws.

Upon receipt of this document, each Canadian purchaser hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the securities described herein (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *Par la réception de ce document, chaque acheteur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.*

# Thank you

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For more information

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