



**75** YEARS Making a difference.



**2020 HALF-YEAR  
RESULTS  
PRESENTATION**

February 2020



**Presenters:**  
Susan Reisbord, CEO & Managing Director  
Peter Barker, CFO

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## COVER IMAGES (L-R)

**Left:** *Cardno provides shoreline improvement and stabilisation to restore and establish fish and wildlife habitats for the Clinton River Spillway Habitat Restoration Project, United States.*

**Middle:** *Cardno's implementation of USAID's Avansa Agrikultura Project is working to address the key challenges of rural poverty, natural resource degradation, food insecurity, and under-nutrition across six municipalities in Timor-Leste.*

**Right:** *In partnership with CPB Contractors, Cardno's expertise in utilities, digital engineering and major transport project management will help deliver the historic North East Link project in Melbourne, Australia.*

# 01 Performance overview

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02 Detailed financial review

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03 Commentary and outlook

# 2020 Half-Year Performance Overview



With the successful demerger of Intega Group Ltd, Cardno becomes a focused Consulting and Professional Services company delivering Infrastructure, Environmental and Social projects in the Americas, Asia Pacific and to International Development clients globally.

- > 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.
- > Cardno's Quality, Testing and Measurement businesses were demerged from Cardno Ltd effective 31<sup>st</sup> October 2019, creating Intega Group Ltd (ASX:ITG).
- > Unless stated otherwise, 2020 half-year financial results exclude any contribution from Intega (see slide 8).
- > AASB16's (new leasing standard) impacts on the Profit & Loss statement and Balance Sheet are noted.
- > Previous corporate lending facilities were paid out at demerger and a new multi bank three year \$172M lending facility implemented. The facility was drawn to \$91.8M at 31 December.
- > 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.
- > LATAM (projects and operations) is winding down consistent with management expectations.
- > Total backlog grew by 2.7%.

# 2020 Half-Year Performance Overview: how are we going?



The company is broadly performing as expected. While the 'effect' of Cardno's geographic footprint buffers the company from under (and over) performance, we have work to do.

## POSITIVE

Americas continues to perform well, driven by the strong performance within the Science & Environment, Government Services, and Transport (Infrastructure) businesses. New contract wins and excellent project delivery have provided solid momentum. We have implemented a performance improvement plan in the Structures business to drive an improved second half result.

International Development business margins are as planned but down on PCP due to expected and fruitful business development investments.

The Balance Sheet is in a good position. Our bank lending facility was successfully renewed at point of demerger (3-year facility expiring October 2022) and the company was operating within its new lending covenants at 31st December.

## IMPROVING

Cash conversion and debtor management key focus of business and "new normal". Timing of cash receipts from clients positively impacted 1H19, negatively impacted 1H20.

## WIP

Asia Pacific revenue and margin is down on PCP caused by run off of major projects and delay in start of new work won. Asia Pacific business adjustments are being made to respond to market condition changes and a more refined suite of service offerings. There is a keen focus on business basics and reconciliation of business practices globally. Asia Pacific's investment in business development in the past year has resulted in a solid backlog position as we prepare for FY21.

Caminosca and wind down of Ecuador projects are legacy issues that are steadily being resolved.

*Financial results improving*

*Financial results flat or declining*

# New CEO & MD, Susan Reisbord



We welcome the appointment of Susan Reisbord, who has been internally promoted from the America's CEO role.

PREVIOUS ROLES	FIT FOR ROLE
<ul style="list-style-type: none"><li>&gt; <b>Cardno</b><ul style="list-style-type: none"><li>▪ Americas CEO</li><li>▪ Science &amp; Environment President</li></ul></li><li>&gt; <b>GHD</b><ul style="list-style-type: none"><li>▪ Co-Chairman North America Executive Committee</li></ul></li><li>&gt; <b>MWH Global Inc</b><ul style="list-style-type: none"><li>▪ Director of Strategic Planning, Americas Region</li></ul></li></ul>	<ul style="list-style-type: none"><li>&gt; Trusted and respected leader inside Cardno to provide stability ✓</li><li>&gt; Ran a portfolio of multiple stream business ✓</li><li>&gt; Developed and executed growth strategies ✓</li><li>&gt; Built a high performing leadership team, leading cultural change ✓</li><li>&gt; Optimised operational systems and processes ✓</li><li>&gt; Has a proven business development track record ✓</li><li>&gt; Has deep M&amp;A and integration experience ✓</li><li>&gt; Services industry experience as a Scientist ✓</li><li>&gt; Demonstrated ability to attract talent to Cardno ✓</li></ul>

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# 2020 Half-Year Financial Performance Highlights



Half-year underlying EBITDA (pre AASB16) of \$19.7m up 3.4% on prior year comparative (PCP). The Americas division is firing on nearly all cylinders, offsetting under performance in Asia Pac. International Development and LATAM operating to plan.

- > Fee revenue up 14.9% on prior year – growth was in the Americas and International Development, while Asia Pac was slightly down.
- > Underlying EBITDA growth of 3.4% to \$19.7m pre AASB16 was encouraging at a group level, however the turnaround in Asia Pac is taking longer than anticipated. This led to Cardno recording a non-cash impairment charge to the Asia Pac business' goodwill of \$69.6m.
- > The company recorded a \$135.8m gain from the demerger of Intega Group Ltd.
- > Excluding both the gain on demerger and non-cash impairment charge, the company recorded an underlying Net Operating Profit After Tax of \$9.2m (up 24.3% on PCP).
- > Backlog grew 2.7% to \$1,299m with increases in both Asia Pac and the Americas offsetting backlog burn in International Development.

## 2020 H1 Results A\$ million

\$'000	Reported		
	H1 FY2020	H1 FY2019	Percent change year on year
Gross Revenue	\$493.8 m	\$457.2 m	▲ 8.0%
Fee Revenue	\$345.4 m	\$300.7 m	▲ 14.9%
Underlying EBITDA <sup>(1)</sup>	\$34.5 m	\$19.0 m	▲ 81.2%
<b>Underlying EBITDA Pre AASB 16 impact <sup>(1)</sup></b>	<b>\$19.7 m</b>	<b>\$19.0 m</b>	<b>▲ 3.4%</b>
Underlying NOPAT <sup>(2)</sup>	\$9.2 m	\$7.4 m	▲ 24.3%
Net profit/(loss) after tax from continuing operations	(\$60.5) m	\$6.0 m	▼ (1,111.7%)
Net profit after tax from discontinued operations	\$131.2 m	\$1.7 m	▲ 7,581.7%
<b>Net profit after tax</b>	<b>\$70.7 m</b>	<b>\$7.7 m</b>	<b>▲ 818.7%</b>
Operating Cash Flow	(\$5.2) m	\$4.8 m	▼ (208.3%)
EPS from continuing operations - basic (cents)	(13.62)	1.31	▼ (1,139.7%)
EPS - basic (cents)	15.90	1.68	▲ 846.4%
NOPAT EPS - basic (cents)	2.63	2.26	▲ 16.4%
Backlog	\$1,299 m	\$1,265 m	▲ 2.7%

<sup>(1)</sup> EBITDA = EBIT plus underlying adjustments, depreciation and amortisation and impairment losses

<sup>(2)</sup> NOPAT = NPAT plus underlying adjustments and tax effected impairment losses

Cardno's Quality, Testing and Measurement businesses were demerged from Cardno Ltd effective 31st October 2019, creating Intega Group Ltd (ASX:ITG).

- > Intega Group Ltd commenced trading on the ASX in early November 2019.
- > Cardno shareholders received 1 Intega share for every 1 Cardno share held on record date.
- > No capital was raised nor capital returned as a result of the demerger.
- > Both companies implemented new multi bank lending facilities.
- > Cardno provides ongoing assistance to Intega for certain support functions (including Information Technology, Financial Processing, Human Resources) under a transition services arrangement (TSA). Cardno is reimbursed for these services at cost. The TSA winds down in the second half of calendar year 2020.
- > Apart from the TSA, post demerger the two companies are operating independently on a standalone basis.
- > Impact on Cardno's 1H20 Interim Financial Statements;
  - The contribution from Intega's trading result for the period 1<sup>st</sup> July 2019 till demerger on 31<sup>st</sup> October 2019, and the profit on demerger are combined and shown as a single line on the Profit & Loss Statement (statement of comprehensive income) – "Profit/(loss) after tax for the period from discontinued operations".
  - Otherwise, the Profit & Loss Statement (both 1H20 and 1H19 comparatives) exclude Intega.
  - See Note 3 of Cardno's 2020 Interim Financial Statements for further detail.

# Financial impact of AASB 16 – Leasing Standard



AASB 16 has been adopted from 1 July 2019 using the modified retrospective method of adoption with the cumulative effect of initially applying the standard recognised in equity at the date of initial application.

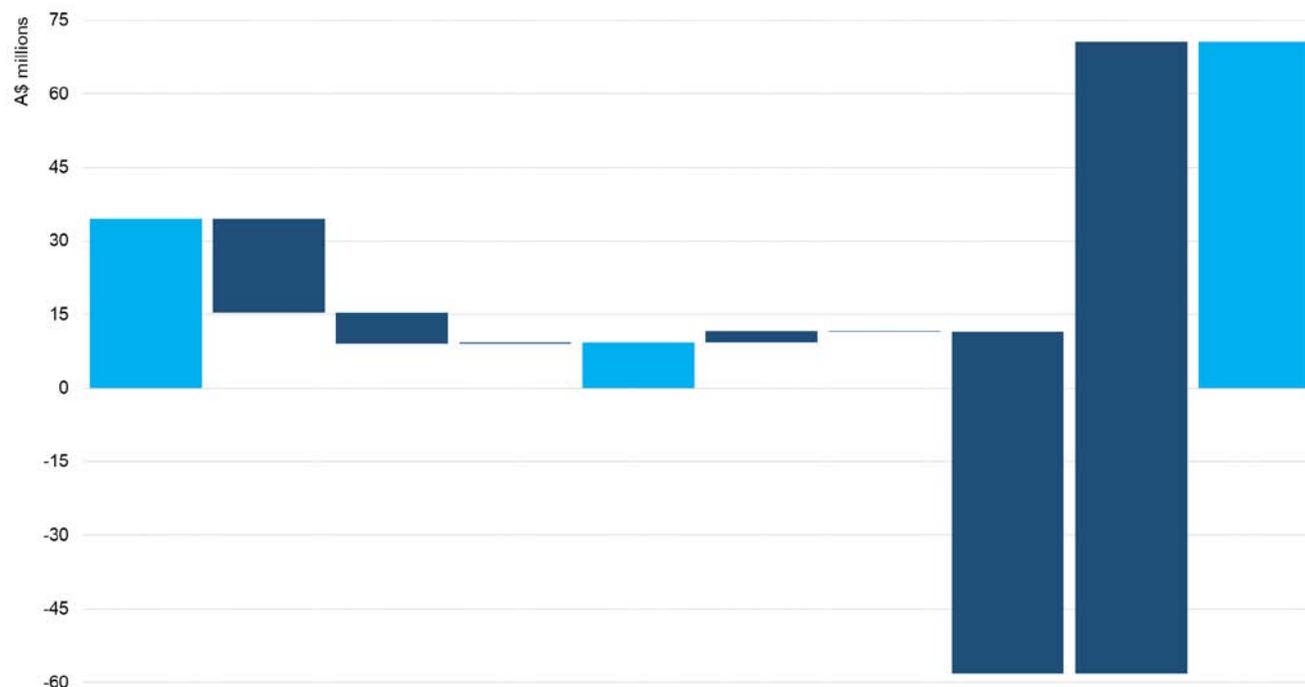
- > The transition to AASB 16 has resulted in a higher EBITDA due to “operating lease” costs no longer included in EBITDA, rather they are now capitalised and then depreciated with an implied cost of financing recognised as interest expense.
- > 1H20 EBITDA pre AASB16 was \$19.7M, post AASB16 it was \$34.5M.
- > Effective 1<sup>st</sup> July, 2019, Right-of-use assets of \$150.0M were created (being the capitalised operating leases) and Interest bearing loans were increased by \$163.4M (being the liability created associated with the operating leases).
- > Opening retained earnings was adjusted by \$6.4M effective 1<sup>st</sup> July, 2019 – to account for the cumulative effect of open operating leases at the point of adoption of AASB16.
- > See Note 18 of Cardno’s 2020 Interim Financial Statements for further detail.

Financial impact of AASB16 on the Statement of Financial Performance (P&L)	Half year ended 31/12/2019		
	Underlying P&L Pre AASB16	Impact of AASB16	Underlying P&L Post AASB16
	\$'000	\$'000	\$'000
<b>Continuing operations EBITDA</b>	<b>19.7</b>	<b>14.8</b>	<b>34.5</b>
Depreciation and amortisation expenses	- 6.2	- 13.0	- 19.2
<b>EBIT</b>	<b>13.5</b>	<b>1.8</b>	<b>15.3</b>
Finance costs	- 3.6	- 2.8	- 6.4
<b>Profit from continuing operations before income tax</b>	<b>9.9</b>	<b>1.0</b>	<b>8.9</b>
Income tax (expense)/benefit	0.3	-	0.3
<b>Profit from continuing operations after income tax</b>	<b>10.2</b>	<b>1.0</b>	<b>9.2</b>

# 2020 Half-Year Financial Performance Highlights (Continuing Operations)



Substantial Net Profit After Tax (or NPAT) of \$70.7M. However, the Underlying NPAT (being the NPAT of ongoing operations) was \$9.2M.



## Net Operating Profit after Tax of \$9.2m is before the impact of:

- > Non cash impairment of Asia Pac goodwill of \$69.6M.
- > Contribution from and gain on demerger of Intega Group Ltd businesses (recognised as discontinued operations) prior to their demerger from Cardno at the end of October.

# 2020 Half-Year Segments



## Americas Engineering and Environmental

- > Region structured as three divisions: Science & Environment, Infrastructure and Government Services
- > H1 FY20 Revenue \$194.9m<sup>(1)</sup>, EBITDA \$25.5m (post AASB16)
- > 71 locations, 1,152 staff<sup>(2)</sup>

## Cardno International Development

Global operations, three major geographies: Americas, Europe (UK and continental Europe), Asia-Pacific

- > H1 FY20 Revenue \$172.9m<sup>(1)</sup>, EBITDA \$2.3m (post AASB16)
- > 11 locations (Cardno offices) 3 shared with Asia Pacific, 1,830 staff<sup>(2)</sup>

## Portfolio Companies:

- > H1 FY20 Revenue \$5.8m<sup>(1)</sup>, EBITDA \$0.5m (post AASB16)
- > 2 locations, 93 staff<sup>(2)</sup>

## Asia Pacific Consulting

- > Region structure as one division
- > H1 FY20 Revenue \$120.3m<sup>(1)</sup>, EBITDA \$6.3m (post AASB16)
- > 28 locations (Cardno offices) 3 shared with ID, 1,294 staff<sup>(2)</sup>

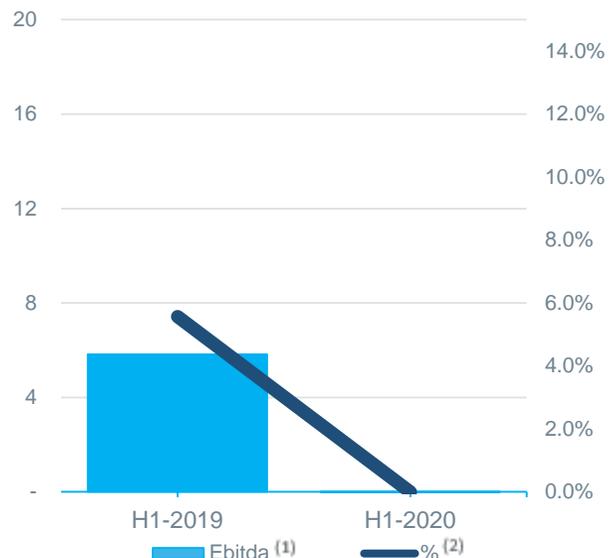
Note:

<sup>(1)</sup> Revenue refers to gross revenue

<sup>(2)</sup> Staff numbers include permanent, part time and long term contractors. Excludes Group Functions

## ASIA PACIFIC EBITDA AND % MARGIN

A\$ million



Note:

(1) EBITDA pre AASB16

(2) EBITDA % (on fee revenue) pre AASB16

### Asia Pacific business not currently operating anywhere near potential.

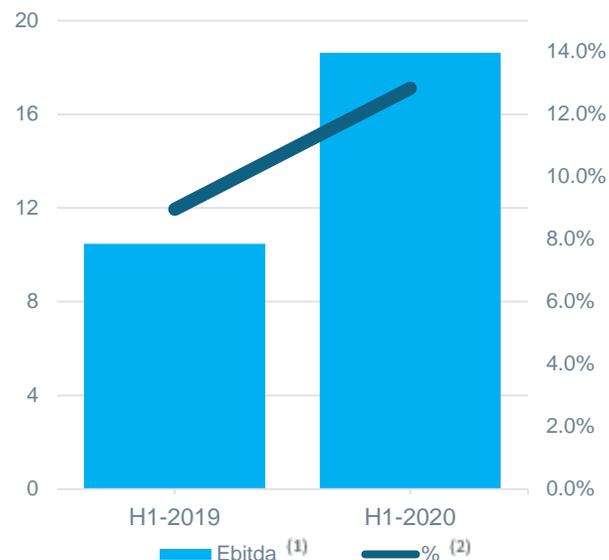
- > Gross Revenue H1 FY20 of \$120.3m, down 2.1% on PCP (\$122.9m)
- > Fee Revenue H1 FY20 of \$102.4m, down 2.1% on PCP (\$104.6m)
- > Pre AASB16 EBITDA H1 FY20 of (\$6k), down 100.1% on PCP (\$5.8m)
- > Post AASB16 EBITDA H1 FY20 of \$6.3m
- > Pre AASB16 EBITDA margin (on fee revenue) of 0.01%, down 5.6% on PCP (5.6%)
- > A disappointing half for Asia Pacific, as a combination of slower than anticipated large project awards and, importantly, the timing of project starts and tepid activity in certain market sectors and geographies has led to a reduction in fee revenue and resultant pressure on EBITDA.
- > Cardno recorded a non-cash impairment charge to the AsiaPac business' goodwill of \$69.6m.
- > While this is a disappointing outcome, the division recorded a number of important project wins, particularly in NSW and Victoria, and is well positioned on a further project awards. These, together with the "back-to-basics" initiatives underway position Asia Pac for improvement in 2H20. Backlog is up on PCP.

### KEY WINS DURING THE HALF INCLUDE:

- > **Logan Water Infrastructure Alliance:** To support the planning, design, development, delivery and asset management of Logan City Council's water and wastewater infrastructure programs.
- > **North East Link (NEL) – Project Design:** A proposed 26-kilometre motorway scheme to connect the Metropolitan Ring Road at Greensborough with the Eastern Freeway at Bulleen North East Link.
- > **Suburban Roads – Design Work:** Improving 20 priority roads across Melbourne's outer west, north and south-eastern suburbs. 20 road upgrades across 3 regions.
- > **Barry Beach Remediation:** Site remediation to ensure environmental and long term standards are met.
- > **Nowra Bridge – D&C Project:** New twin bridges and associated roadworks to replace the existing bridge at Nowra on the south coast of NSW.

## AMERICAS EBITDA AND % MARGIN

A\$ million



Note:

(1) EBITDA pre AASB16

(2) EBITDA % (on fee revenue) pre AASB16

Americas is operating on “close to all cylinders”, benefiting from (1) an encouraging business environment for Cardno’s Infrastructure, Government Services, Environmental, Resources and Sciences businesses and (2) ongoing business discipline.

- > Gross Revenue H1 FY20 of \$194.9m, up 15.2% on PCP (\$169.2m)
- > Fee Revenue H1 FY20 of \$145.2m, up 24.2% on PCP (\$116.9m)
- > Pre AASB16 EBITDA H1 FY20 of \$18.6m, up 78.0% on PCP (\$10.5m)
- > Post AASB16 EBITDA H1 FY20 of \$25.5m
- > Pre AASB16 EBITDA margin (on fee revenue) of 12.8%, up 3.9% on PCP (9.0%)
- > While the Americas backlog continues to grow, which buttresses the division for continued mid-term success, 1H20 benefitted from specific high margin projects in both the Natural Resources and Toxicology fields that may not repeat in future halves.

### KEY WINS DURING THE HALF INCLUDE:

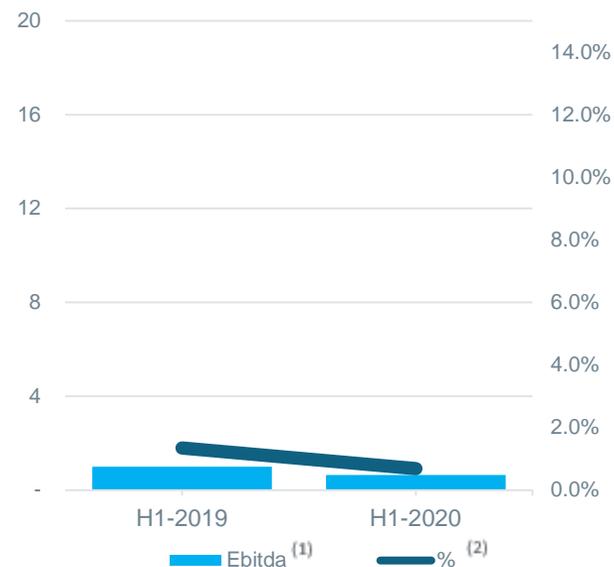
- > **FDOT:** CEI services for Florida’s Palm Beach County Turnpike Widening project.
- > **U.S. Navy, Shipyard Infrastructure Optimisation Program:** Environmental planning and engineering services at Pearl Harbor, Hawaii.
- > **U.S. Air Force Reserve:** Asset Management at bases throughout the U.S. to support U.S. Office of Secretary of Defense (OSD) reporting requirements.
- > **U.S. Navy:** Environmental planning and engineering studies for transit-focused redevelopment San Diego “Grand Central Station” Old Town Complex.

# 2020 Half-Year Segments: International Development



## ID EBITDA AND % MARGIN

A\$ million



International Development (ID) ahead of internal targets YTD. Like for like EBITDA ostensibly flat. A pleasing outcome in a challenging market. The company continues to modestly invest in business development and business stream diversification.

- > Gross Revenue H1 FY20 of \$172.9m, up 8.9% on PCP (\$158.8m)
- > Fee Revenue H1 FY20 of \$92.6m, up 24.1% on PCP (\$74.6m)
- > Pre AASB16 EBITDA H1 FY20 of \$0.6m, down 36.1% on PCP (\$1.0m)
- > Post AASB16 EBITDA H1 FY20 of \$2.3m
- > Pre AASB16 EBITDA margin (on fee revenue) of 0.7%, down 0.6% on PCP (1.3%)
- > Excellent outcomes from Cardno's Asia Pacific and USA programs, offset by ongoing challenges from political instability in the UK and modest investment in business development and business stream diversification.

### KEY WINS DURING THE HALF INCLUDE:

- > **USAID:** Papua New Guinea Biodiversity Program.
- > **DFAT:** Vanuatu Health Program.
- > **Asian Development Bank:** Papua New Guinea Performance Monitoring & Evaluation: Health Services Sector Development Project.
- > **DFAT:** Sri Lanka Support Unit.

Note:

(1) EBITDA pre AASB16

(2) EBITDA % (on fee revenue) pre AASB16

# 2020 Half-Year Balance Sheet



	H1 FY2020	FY2019	
	\$'000's	\$'000's	
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	45,683	55,544	1
Trade and other receivables	121,650	194,084	2
Contract Assets	89,953	122,905	3
Work in progress	1,047	1,068	
Other current assets	17,292	14,942	
<b>TOTAL CURRENT ASSETS</b>	<b>275,625</b>	<b>388,543</b>	
<b>NON-CURRENT ASSETS</b>			
Other financial assets	834	1,245	
Property, plant and equipment	132,820	52,185	4
Deferred tax assets	101,364	97,310	
Intangible assets	182,038	359,054	5
<b>TOTAL NON-CURRENT ASSETS</b>	<b>417,056</b>	<b>509,794</b>	
<b>TOTAL ASSETS</b>	<b>692,681</b>	<b>898,337</b>	
<b>CURRENT LIABILITIES</b>			
Trade and other payables	97,616	158,768	6
Lease liabilities	24,703	2,754	7
Current tax liabilities	1,629	5,594	
Employee benefits	24,161	40,079	8
Provisions	1,903	4,285	
Contract liabilities	39,513	36,613	
Other current liabilities	253	2,718	
<b>TOTAL CURRENT LIABILITIES</b>	<b>189,778</b>	<b>250,811</b>	
<b>NON-CURRENT LIABILITIES</b>			
Trade and other payables	2,160	14,422	6
Loans and borrowings	91,777	137,677	9
Lease liabilities	97,838	8,750	7
Deferred tax liabilities	-	1,006	
Employee benefits	3,553	4,896	
Other non-current liabilities	137	2,077	
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>195,465</b>	<b>168,828</b>	
<b>TOTAL LIABILITIES</b>	<b>385,243</b>	<b>419,639</b>	
<b>NET ASSETS</b>	<b>307,438</b>	<b>478,698</b>	

Balance sheet reflects both the divestment of Intega Group Limited and the implementation of AASB16 (Leases).

- \$20.6M cash transferred out with demerger.
- \$73.5M transferred out with demerger, other debtors movements impacted by timing of invoicing and cycle of receipts.
- \$21.9M transferred out with demerger, other movements impacted by timing of invoicing.
- \$110M Right of use (ROU) asset under AASB16 less \$60M transferred out with demerger.
- \$104.9M transferred out with demerger and \$69.6M impairment charge for Asia Pacific.
- \$25.5M transferred out with demerger, other creditor movements impacted by cycle/timing of creditor payments and de-recognition of accrued rent as now superseded by lease liabilities under AASB16.
- Recognition of "Lease liabilities" as a result of adopting AASB16.
- \$16.5M transferred out with demerger.
- Reduction in drawn debt on demerger refinancing.

Note:

\*The Group has initially applied AASB 16 at 1 July 2019 using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initially applying AASB 16 is recognised in retained earnings at the date of initial application. Comparative information has been re-presented due to a discontinued operation. See Note 3 and Note 18 in the financial report.

# 2020 Half-Year Balance Sheet Strength



	H1 FY2020 \$'000's	FY2019 \$'000's	
Net debt	46,362	93,637	1
Total debt facilities	AU\$172m	AU\$229m	2
Intangible assets	182,038	359,054	
Trade + Other Receivables – trade payables	21,874	20,894	
Net tangible assets	125,400	119,644	
Current assets/Current liabilities	1.5x	1.5x	
(Cash + Debtors + WIP)/(payables + debt)	1.3x	1.2x	3
(Cash + Debtors + WIP)/Debt	2.8x	2.5x	
<b>Net Debt/EBITDA</b> (lending covenant <= 2.5x)	<b>1.3x</b>	<b>1.5x</b>	3
<b>Fixed Charge Cover Ratio</b> (lending covenant >= 2.0x)		<b>2.3x</b>	3
<b>Fixed Charge Cover Ratio</b> (lending covenant >= 1.65x)	<b>1.8x</b>		
<b>Net Asset Value</b> (lending covenant >= \$425.0M)		<b>478.7</b>	4
<b>Net Asset Value</b> (lending covenant >= \$270.0M)	<b>307.4</b>		

Ratios reflect the demerger of Intega Group Limited. All ratios reflect the company's ongoing conservative funding strategy.

1. Net debt now \$46.4m (post demerger), includes \$0.3M of finance leases.
2. Debt facilities reduced to \$172m equivalent post demerger, drawn to \$91.8m at 31 December 2019.
3. Liquidity ratios all remain healthy.
4. Covenant ratios under the new facility agreement all comfortably met.

\* Fixed Charge Ratio is the ratio of EBITDA excluding Rental Expense to Net Interest Expense plus Rental Expense excluding capitalised interest for the prior 12 months.

# Cash Flow



	H1 FY2020 \$'000's	H1 FY2019 \$'000's
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from customers	659,882	652,953
Interest received	194	185
Finance costs paid <sup>2</sup>	(4,399)	(2,180)
Cash paid to suppliers and employees	(659,807)	(643,204)
Income tax refund received / (paid)	(1,032)	(2,985)
<b>NET CASH PROVIDED BY / (USED IN) OPERATING ACTIVITIES</b>	<b>(5,162)</b>	<b>4,769</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Disposal of discontinued operation, net of cash disposed of <sup>1</sup>	(20,588)	-
Acquisition of subsidiaries net of cash acquired	(1,232)	(76,636)
Proceeds from sale of property, plant and equipment	132	7,613
Payments for property, plant and equipment	(7,369)	(10,770)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(29,057)</b>	<b>(79,793)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment of debt raising costs	(1,469)	(834)
Share buy-back	-	(12,644)
Proceeds from borrowings	216,075	224,777
Repayment of borrowings	(189,967)	(123,282)
Lease liabilities payments (2018: Finance lease payments) <sup>2</sup>	(925)	(1,496)
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>23,714</b>	<b>86,521</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS HELD</b>	<b>(10,505)</b>	<b>11,497</b>
<b>CASH AND CASH EQUIVALENTS AT 1 JULY</b>	<b>55,544</b>	<b>71,127</b>
Effects of exchange rate changes on cash and cash equivalents at the end of period	644	1,969
<b>CASH AND CASH EQUIVALENTS AT 31 DECEMBER</b>	<b>45,683</b>	<b>84,593</b>

Net cash from operations impacted by timing of client receipts and associated disbursements, one off cash disbursements associated with the demerger. Cardno expects positive cash flow from operating activities in 2H20.

1. Higher finance costs associated with refinancing debt facilities as a result of the demerger, plus higher coupon than the previous 3 year facility.
2. Intega entities had \$20.6M in cash balance at point of demerger.
3. Modest share buy back program to resume after release of these results.
4. Pre demerger loan facility paid out and replaced with new facility.

Note:

\*The Group has initially applied AASB 16 at 1 July 2019 using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initially applying AASB 16 is recognised in retained earnings at the date of initial application.

<sup>1</sup> The Group has elected to present a statement of cash flows that analyses all cash flows in total – i.e. including both continuing and discontinued operations; amounts related to discontinued operations by operating, investing and financing activities are disclosed in note 3 in the financial report.

<sup>2</sup> The Group has classified:

- cash payments for the principal portion of lease payments as financing activities
- cash payments for the interest portion as operating activities consistent with the presentation of interest payments chosen by the Group
- short-term lease payments, payments for leases of low-value assets and variable lease payments not included in the measurement of the lease liability within operating activities.

01 Performance overview

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02 Detailed financial review

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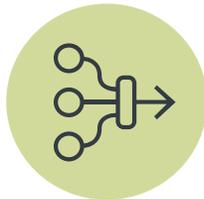
**03 Commentary and outlook**

# Focus for remainder of FY20

The focus of the business for the remainder of FY20 will be based on three themes to move Cardno from being a company with *global offices* to a **Global Company**.

**Simplify**

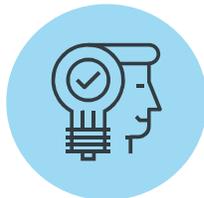
**& Prioritise**



- > Simplify and unify process, procedures, means and methods to reduce administrative demands and total cost. The heavy lifting that was done to this end in AME in 2016 and 2017 will be leveraged across APAC.
- > Prioritise non-billable time away from administrative tasks to client engagement, project delivery, and technical advancement.
- > Hone the service offerings to markets and clients where we can have an impact and make a fair profit, using performance analytics.

**Innovate**

**& Transform**



- > Drive integrated global working through the fundamentals of financial, operational, and delivery hygiene powered by digital. Think global so that we can learn and deliver locally.
- > Remain technologically agnostic with a preference for buy versus build.
- > Harness total company investment through governance and financial transparency.

**Make a**

**Difference**



- > Make visible the Cardno Environmental, Social, and Governance (ESG) framework. ESG is not just what we do for clients, it is who we are as a company. Our work is in capturing and communicating our significant progress and setting global goals to maximum impact.
- > Strengthen the technical fabric of the company by knitting resources more closely together through service line leadership.

## Cardno's focus remains on cost control, smart growth (organic and acquisitive) and people development

- > Continually improve financial and business discipline through consistent process and policy implementation.
- > Execute key account development and management for profitable organic growth with a focus on medium term EBITDA.
- > Execute 'on strategy,' conservatively funded acquisitions to gain access to key markets or skill sets using newly developed disciplined M&A process.
- > Drive innovation and digital transformation in a practical, cost effective, client focused manner.
- > Lift staff engagement through workforce development, service line networking, and global project opportunities.
- > The company plans to continue its share buy back program.

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

**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.**

**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.

## Cardno's global platform requires active risk management and business continuity

What have we done?

- > At the outset of the outbreak we set up our global crisis management team with a regional focus, with our International Development (ID) team leading.
  - Regional communications were issued by the leaders of ID, Asia Pacific (APAC), and the Americas (AME)
  - Regional intranet pages were set up for real time access to current information
    - Travel restrictions
    - Self quarantine requirements
    - Anti-discrimination expectations
- > Our leadership team receives daily briefings that include a status update of the overall situation, what we are closely monitoring by country, highlights and links to the latest research and advice, and Cardno updates.
- > ID, APAC, and AME leadership is in regular communication about any proposed changes to plans or policies.

What are we planning?

- > Next week will be pivoting from regional to global communication standards. This is in response to the outbreak advancement and heightened fears due to media exposure.
- > We will be issuing office and personal preparedness guidance.
- > We will be implementing regional, country, or office specific continuity plans as needed.

# THANK YOU

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We are an ASX-listed professional infrastructure and environmental services company, with expertise in the development and improvement of physical and social infrastructure for communities around the world

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

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**YEARS**  
Making a  
difference.