

ASX Announcement



22 October 2020

Chairman's Address by Michael Alscher

Annual General Meeting – 22 October 2020

WELCOME

Good morning ladies and gentlemen, my name is Michael Alscher, and I am the Chairman of Cardno Limited. On behalf of the Board and staff of Cardno, I welcome all of our shareholders who have made time to attend today's Annual General Meeting and our first held as a virtual AGM.

ACKNOWLEDGEMENT OF COUNTRY

In the spirit of reconciliation, I would like to acknowledge the Traditional Custodians of country throughout Australia and their connections to land, sea and community. We pay our respect to their elders past, present and emerging and extend that respect to all Aboriginal and Torres Strait Islander peoples today.

QUORUM

As it is now 10:00am and the Company Secretaries have advised me that a quorum is present, I formally declare the Annual General Meeting open.

INTRODUCTION

I would like to start by introducing the Board of Directors present at the meeting today. In the same way that we have asked shareholders to observe COVID-19 safe measures and travel restrictions, the Board are separately located in Brisbane, Sydney and the United States today.

- > Ms Susan Reisbord, Chief Executive Officer and Managing Director;
- > Ms Rebecca Ranich, an independent Non-Executive Director and member of the Remuneration Committee;
- > Mr Steven Sherman, an independent Non-Executive Director, a member of the Audit, Risk and Compliance Committee and a member of the Remuneration Committee;
- > Mr Jeffrey Forbes, an independent Non-Executive Director, Chair of the Audit, Risk and Compliance Committee and a member of the Remuneration Committee;
- > Mr Nathaniel Thomson, a Non-Executive Director and a member of the Remuneration Committee.

Also in attendance today is our Chief Financial Officer, Mr Peter Barker, and members of Cardno's Global Management team including Susan Reisbord, who is also our Americas CEO; Jamie Alonso, our Asia Pacific CEO, and Marian Boreland, CEO of Cardno's International Development division.

We also welcome Mr Simon Crane representing KPMG, Cardno's auditor, and Mr John Williamson-Noble from our legal advisory firm, Gilbert & Tobin.

FY20 FINANCIAL PERFORMANCE

This year has brought many challenges from the COVID-19 pandemic and natural disasters such as the bushfires in Australia, to the demerger of our Quality, Testing and Measurement businesses in October 2019 to create Intega Group Limited.

Despite these challenges, I am pleased to report that your company achieved results that are both up on last year and ahead of market guidance. Cardno's underlying Earnings Before Interest, Tax, Depreciation, Amortisation and Impairment (or EBITDAI) were \$43.0 million, representing an 11% increase on last year's pro forma result. This result was supported by strong cash flow from operations of \$43.5 million. At FY20 year-end, Cardno's working capital metrics approached industry best practice and net debt was near zero.

Cardno is fortunate in that our clients are B2B (business to business) or B2G (business to government), supporting our government clients at all levels (federal, state, municipal). The company has therefore largely been able to continue to deliver its services and solutions in spite of the COVID pandemic.

OPERATING HIGHLIGHTS

As reported last year, the company's result is pleasing, but it masks continued financial underperformance in the Asia Pacific Consulting division. Our Asia Pacific leadership team has spent the year building on Cardno's core strengths of Transport, Water, Buildings and Environment. We believe the business is now in good shape operationally to take advantage of market opportunities, with the Asia Pacific business exiting FY20 with an improved run rate over the prior year.

The Americas had an exceptional year with all businesses meeting or exceeding targets. We enter FY21 confident in the strength of performance and profit margins that are more consistent with industry standards.

Our International Development business remains a core focus for the company. We remain committed to the important work we do in support of our clients in bringing positive social and economic impact across the developing world. The division's performance was negatively impacted in Europe largely due to political uncertainty, however our ID Asia Pacific, Americas and African operations all reported strong performance.

OUTLOOK

With the demerger of Intega behind us, Cardno is now a focused consulting and professional services company delivering infrastructure, environmental and social projects in the Americas, Asia Pacific and various emerging markets.

The company's strong balance sheet and liquidity position means that it is well placed to continue to navigate the COVID-19 pandemic and achieve strong results into FY21 and beyond. While the future impact of COVID-19 on our business is not completely clear, we remain conservative in our approach to FY21, focusing on what we can control. We are actively evaluating and mitigating COVID lock downs or restrictions as they emerge in various markets.

In FY21 some businesses will be impacted by the COVID-19 pandemic, but equally some businesses stand to gain both local market share and client work.

PEOPLE

I would like to thank all our staff for their efforts this financial year under very challenging circumstances. We have found ourselves becoming more integral to our clients and we have had to become more innovative in the way in which we serve them. Employee engagement and the desire to deliver quality outcomes for our clients has never been stronger.

A special thank you to the entire senior management team for the way in which they have handled all the challenges of the last 6 months in particular, taking care of clients, staff and each other.

Also thank you to my fellow Board members for their continued guidance and support.

Most importantly, I would like to thank our clients, banking partners and you, our shareholders, for your continued support and belief in us.

I would now like to handover to our CEO & Managing Director Susan Reisbord, to make a brief presentation on your company's activities and results for the FY2020 year.

Thank you

Michael Alscher
Chairman, Cardno Limited

Authorised for release to the ASX by Michael Alscher, Chairman

- ENDS -

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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 over 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.