



HY21

2021 HALF-YEAR RESULTS PRESENTATION

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Making a difference.

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COVER IMAGES (L-R)

Left: Cardno's Government Services team is providing program management services across multiple projects at the USAF's Tyndall Air Force Base as it recovers from the impact of Hurricane Michael.

Middle: Cardno is undertaking a major remediation program in a coastal area of regional Victoria, next to a significant industrial facility. We are the Principal Contractor removing subsurface hydrocarbon contamination from the protected foreshore area.

Right: Through the UNESCO – Strengthening Pre-Service Teacher Education in Myanmar (STEM) project, Cardno delivers education resources contextualised for Myanmar schools. These resources help provide the evidence required to inform ongoing improvements for effective teaching.

01 Performance overview

02 Detailed financial review

03 Assisting clients with ESG goals

04 Commentary and outlook

The past four years has seen Cardno return to its roots as a multi-disciplinary scientific, engineering and development consulting firm. To grow this platform, Cardno is strategically focused on assisting its clients with their ESG needs.

Exit legacy services and subscale markets	Demerger of Intega	Built an Employer Brand Identity	Key Account Focus and Growth	Financial Discipline and Alignment	Leadership team
<ul style="list-style-type: none"> > Exited lower margin and higher risk environmental and engineering business segments through divestiture > Exited/exiting geographies where Cardno does not have scale for performance (Europe and Latin America) 	<ul style="list-style-type: none"> > Demerger of Intega (a quality, testing and measurement business) has allowed Cardno to focus on higher value consulting work > Provided for consistency in operating model > Eliminated conflict of interest barriers to growth 	<ul style="list-style-type: none"> > Shared Vision, Purpose and Values - Safety, People, Integrity and Excellence > Established a high-performance culture supporting employee growth and development > Made a deep and abiding commitment to diversity, equity and inclusion 	<ul style="list-style-type: none"> > Pivoted to an external focus on key accounts to improve client satisfaction, account growth and portfolio leverage > Increased focus on the U.S. as the geography that will provide the bulk of future growth 	<ul style="list-style-type: none"> > Instituted global and regional policies and practices to drive financial discipline and increase performance > Addressed legacy operational and systems deficiencies > Driving global working improvements with IT and digital strategy 	<ul style="list-style-type: none"> > Stable deep expertise and long-tenured leadership team across all segments and geographies > Flat leadership structure with externally facing, hands-on, highly engaged leadership commitment



Cardno has a strong platform of people, clients and capabilities for revenue growth and margin expansion

Strategically, additional growth will come from Cardno focus in assisting its clients with their environmental, social and governance (ESG) needs

2021 Half-Year Performance Overview



Pre-AASB16 EBITDA of \$24.7M (up from \$22.5M). FY21 EBITDA (pre AASB16) expectations upgraded from \$40M to \$45M to \$45M to \$50M. Interim dividend of 1.5 cents/share announced.

- > Revenue declined primarily due to the higher AUD/USD FX rate and shifts in timing on large field/project efforts when comparing the same period last year
 - Gross revenue \$433.6M, down 10.9% on prior year comparative (PCP) (\$486.6M). Fee revenue \$309.5M, down 8.5% on PCP (\$338.3M)
 - On a constant currency basis, the APAC and Americas consulting divisions had Gross Revenue decline of 2.2% to \$301M
- > Group EBITDA (pre-AASB16) of \$24.7M (up from \$22.5M on prior year). Group EBITDA (post-AASB16) of \$39.0M (up from \$37.4M on prior year)
 - Americas delivered EBITDA of \$18.5M (down from \$20.4M on prior year). Decline reflects roll off of a specific Science & Environment project and limited COVID impacts on revenue in Americas;
 - Asia Pacific delivered EBITDA of \$3.9M (up from \$0M on prior year). Operational improvements positively impacting EBITDA margin over time;
 - ID delivered EBITDA margin of \$2.2M (up from \$0.6M on prior year). Revenue declines occurred but with net margin improvements;
 - LATAM (projects and operations) is winding down consistent with management expectations.
- > Net profit after tax from continuing operations of \$20.9M with underlying NOPAT of \$14.7M. Prior year comparisons are not meaningful.
- > Continued strong balance sheet and cash flow. Operating cashflow of \$11.8M, up from \$10.1M, Net Debt of \$8.3M (0.2x EBITDA) and Total Backlog of \$1,204M, down from \$1,292M. Decline in backlog primarily due to declines in ID backlog and stronger AUD/USD
- > Strategically Cardno has become more focused on supporting clients with their ESG needs. In particular, Cardno is focused on facilitating sustainable economic growth through science, engineering and sound policy based solutions
- > FY21 expectations improved with upgraded guidance from pre-AASB16 EBITDA from \$40M to \$45M to \$45M to \$50M (FY20 \$43M)
- > Restart of Cardno dividend program, with expectation of ongoing dividend of 50% to 70% of underlying NOPAT. FY2021 interim dividend announced of 1.5 cents/share (franked to 60%)

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2021 Half-Year Financial Performance Highlights



Group EBITDA of \$24.7M (up 9.8%) and underlying NOPAT of \$14.7M (up 31.3%)

- > Fee revenue down 8.5% on prior year. Revenue declined primarily due to the higher AUD/USD exchange rate and shifts in timing on large field/project efforts when comparing to the same period last year
- > Underlying EBITDAI(4) \$24.7M, up 9.8% driven by improvements in EBITDA margin in APAC consulting and ID. On a constant currency basis, Cardno would have achieved \$26.0M EBITDAI(4)
- > Underlying NOPAT of \$14.7M, up 31.3%
- > Prior year comparisons of NPAT from continuing operations and NPAT are not meaningful due to non cash profit on demerger of Intega Group Limited and impairment in APAC in prior year
- > Continued strong balance sheet and cash flow. Operating cashflow of \$11.8M, up from \$10.1M. ATO COVID relief saw \$10.4M of FY20 GST paid in 1H-FY21
- > Total Backlog of \$1,204M, down from \$1,292M. On a constant currency basis backlog decreased \$38M (so 2.9% excluding FX) – the bulk of this is ID, where business is bid for and won on multi year cycles. Americas backlog increased USD \$10M, APAC backlog decreased \$4M

2021 H1 Results A\$ million

	Reported			
\$'000	H1 FY2021	Restated ¹ H1 FY2020	Percent change year on year	H1 FY21 @ H1 FY20 FX
Gross Revenue	\$433.6 M	\$486.6 M	▼ (10.9%)	\$444.7 M
Fee Revenue	\$309.5 M	\$338.3 M	▼ (8.5%)	\$318.2 M
Underlying EBITDAI ⁽²⁾	\$39.0 M	\$37.4 M	▲ 4.3%	\$41.2 M
Underlying EBITDAI Pre AASB 16 impact ⁽²⁾	\$24.7 M	\$22.5 M	▲ 9.8%	\$26.0 M
Underlying EBITDAI Pre AASB 16 margin	8.0%	6.7%	▲ 1.3%	
Underlying NOPAT ⁽³⁾	\$14.7 M	\$11.2 M	▲ 31.3%	
Profit/(Loss) before tax from continuing operations	\$23.5 M	(\$58.3) M	▼ (140.3%)	
Profit before tax from discontinued operations	- M	\$117.6 M	N/A	
Net profit/(loss) after tax from continuing operations	\$20.9 M	(\$58.6) M	▲ (135.7%)	
Net profit after tax from discontinued operations	- M	\$120.1 M	N/A	
Net profit after tax	\$20.9 M	\$61.5 M	▼ (66.0%)	
Operating Cash Flow	\$11.8 M	\$10.1 M	▲ 16.8%	
EPS from continuing operations - basic (cents)	4.84	(13.19)	▲ (136.7%)	
EPS - basic (cents)	4.84	13.84	▼ (65.0%)	
NOPAT EPS - basic (cents)	3.42	2.51	▲ 36.3%	
Backlog	\$1,204 M	\$1,292 M	▼ (6.8%)	\$1,254 M

¹ Comparative information has been restated, see notes 3 and 14 of the financial statements

² EBITDAI = EBIT from continuing operations plus underlying adjustments, depreciation and amortisation and impairment losses

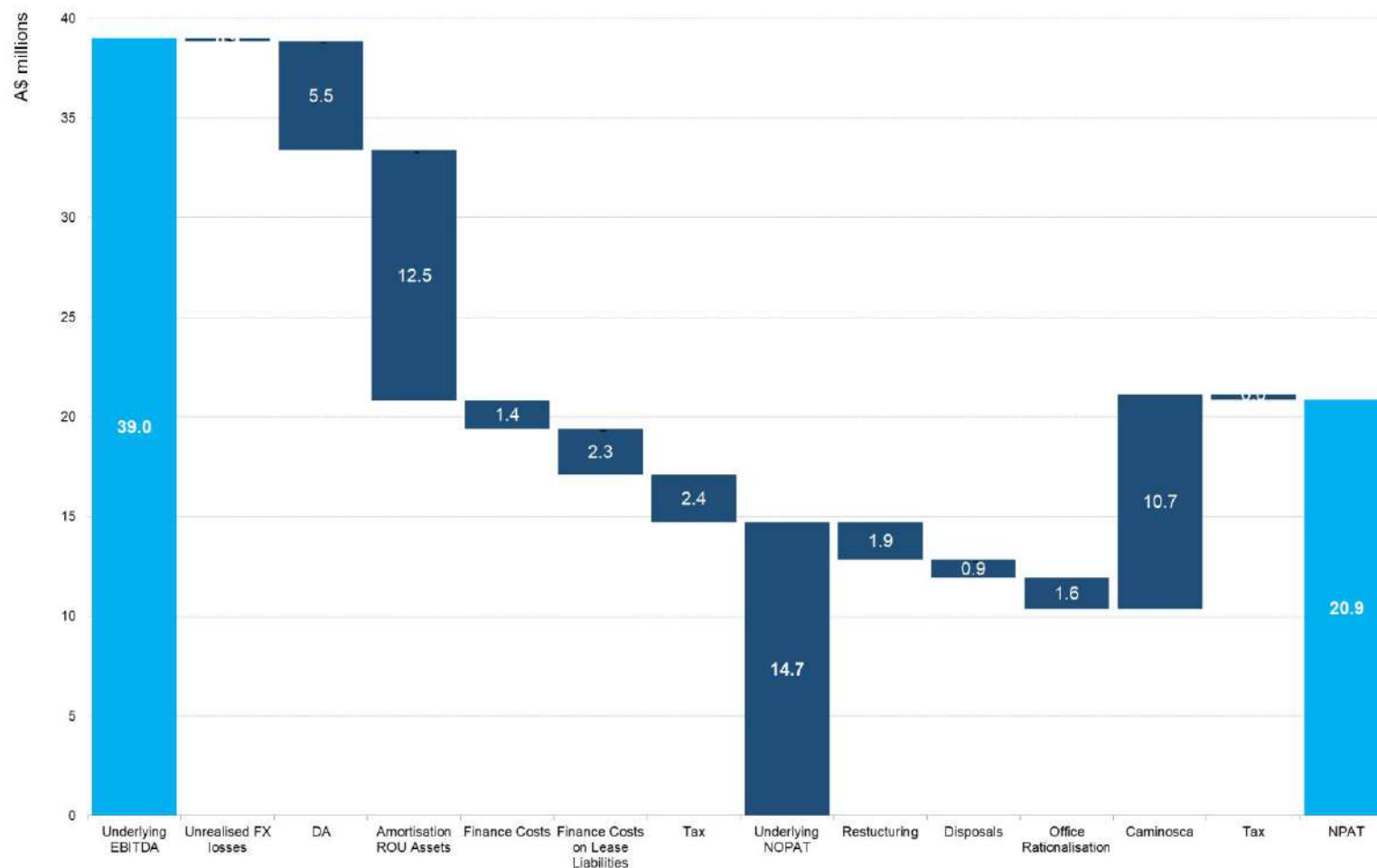
³ NOPAT = NPAT from continuing operations plus underlying adjustments and tax effected impairment losses

⁴ EBITDAI quoted on a pre AASB16 basis

2021 Half-Year Financial Performance Highlights (Continuing Operations)



Underlying NOPAT (being the NPAT of ongoing operations) of \$14.7M. Winding down Cardno's Latin America exposure (Caminosca) has led to a \$10.7M NPAT benefit which is non-recurring.



Financial impact of AASB 16 – Leasing Standard



Adopting AASB16 lead to an increase in EBITDA (to \$39M) and EBIT (to \$20.8M). From the release of FY21 full year results, Cardno will report only on a 'post' AASB16 basis

- > AASB 16 was 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 AASB16 resulted in a higher EBITDA due to “operating lease” costs no longer included in EBITDA - they are now capitalised and then depreciated with an implied cost of financing recognised as interest expense.
- > 1H21 EBITDA pre AASB16 was \$24.7M, post AASB16 it was \$39.0M.
- > Effective 31 December 2020, there was a balance of Right-of-use assets of \$86.7M (being the capitalised operating leases) and Lease Liabilities were \$99.9M (being the liability associated with the operating leases).
- > With the release of our FY21 full year results in August 2021, Cardno will report only on a 'post' AASB16 basis. Henceforth all references to “pre” and “post” AASB16 will cease.

Financial impact of AASB16 on the Statement of Financial Performance (P&L)	Half year ended 31 December 2020		
	Underlying P&L Pre AASB16	Impact of AASB16	Underlying P&L Post AASB16
	\$M	\$M	\$M
Continuing operations EBITDA	24.7	14.3	39.0
Unrealised foreign exchange losses	(0.1)	0.0	(0.1)
Depreciation and amortisation expenses	(5.5)	(12.5)	(18.0)
EBIT	19.1	1.7	20.8
Finance costs	(1.4)	(2.3)	(3.8)
Profit from continuing operations before income tax	17.7	(0.6)	17.1
Income tax (expense)/benefit	(2.6)	0.2	(2.4)
Profit/(Loss) from continuing operations after income tax	15.1	(0.4)	14.7

2021 Half-Year Segments



Americas Engineering and Environmental

- > Region structured as three divisions: Science & Environment, Infrastructure and Government Services
- > H1 FY21 Revenue \$169.9M⁽¹⁾, EBITDA \$25.6M (post AASB16)
- > 72 locations, 1,110 staff⁽²⁾

Cardno International Development

Global operations, two major geographies: Americas, Asia-Pacific

- > H1 FY21 Revenue \$140.3M⁽¹⁾, EBITDA \$4.1M (post AASB16)
- > 8 locations (Cardno offices) 4 shared with Asia Pacific, 1,619 staff⁽²⁾

Portfolio Companies:

- > H1 FY21 Revenue \$3.3M⁽¹⁾, EBITDA \$0.1M (post AASB16)
- > 2 locations, 59 staff⁽²⁾

Asia Pacific Consulting

- > Region structured as one division
- > H1 FY21 Revenue \$120.1M⁽¹⁾, EBITDA \$9.2M (post AASB16)
- > 25 locations (Cardno offices) 4 shared with ID, 1,180 staff⁽²⁾

Note:

⁽¹⁾ Revenue refers to gross revenue

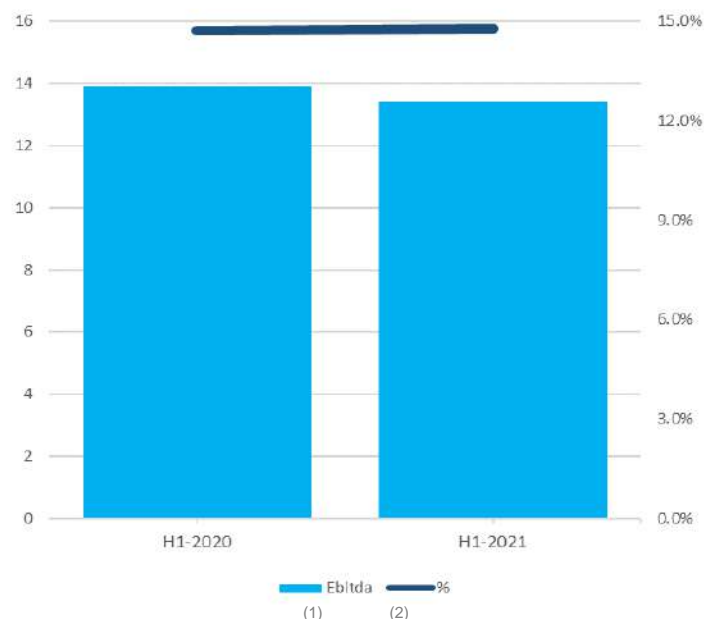
⁽²⁾ Staff numbers include permanent, part time and long term contractors. Excludes Group Functions

2021 Half-Year Segments: Americas



AMERICAS EBITDA AND % MARGIN

US\$ million



FY21 H1

- > Gross Revenue US\$122.7M, down 4.4% on PCP (US\$128.3M)
- > Fee Revenue US\$90.7M, down 3.9% on PCP (US\$94.4M)
- > Pre AASB 16 EBITDA US\$13.4M, down 4.2% on PCP (US\$13.9M)
- > Pre AASB 16 EBITDA margin (on fee revenue) of 14.7%, down 0.1% on PCP (14.8%)
- > Year End Backlog: US\$249.0M, up 4.1% on PCP (US\$239.2M)

Americas produced strong performance notwithstanding COVID-19

- > Excluding FX impact, fee revenue was 3.9% down.
- > The resilience of the business has been strong given COVID situation in the U.S.
- > Backlog is up 4.1% vs PCP (in USD).

Key Wins During Half Include:

- > **Southern California Edison:** Environmental compliance and management support for thousands of operations and maintenance projects.
- > **U.S. Air Force:** Program Design and Integration Support for Rebuild of Tyndall Air Force Base, FL. Program/construction management and design/engineering oversight services for rebuilding U.S. Air Force base.
- > **U.S. Army:** Installation Command, BUILDER Implementation for U.S. Army garrisons throughout Europe. Asset management services supporting U.S Army infrastructure management and investment decisions in Europe.
- > **U.S. Department of State:** OBOB's Climate Security and Resilience Planning. Program support services to evaluate and document vulnerabilities and risks to its overseas asset portfolio posed by natural hazards.
- > **Hernando County:** Design of Waste Water Treatment plant.
- > **Florida Department of Transportation ODA –Central Office:** Outdoor advertising inventory.

Note:

(1) EBITDA pre AASB16

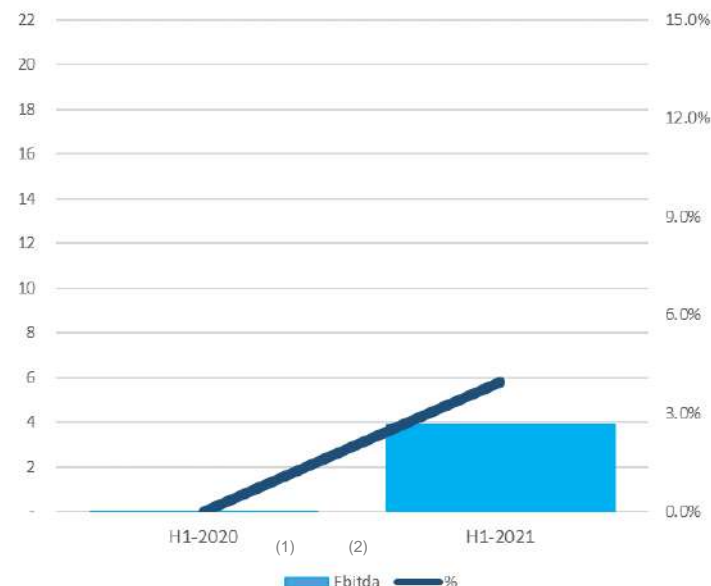
(2) EBITDA % (on fee revenue) pre AASB16

2021 Half-Year Segments: Asia Pacific



ASIA PACIFIC EBITDA AND % MARGIN

A\$ million



FY21 H1

- > Gross Revenue \$120.1M, down 0.1% on PCP (\$120.3M)
- > Fee Revenue \$97.6M, down 4.7% on PCP (\$102.4M)
- > Pre AASB 16 EBITDA \$3.8M, up \$3.8M on PCP (-\$6K)
- > Post AASB 16 EBITDA \$9.2M, up 46.3% on PCP (\$6.3M)
- > Pre AASB 16 EBITDA margin (on fee revenue) of 4.0%, up 4.0% on PCP (0.0%)
- > Year End Backlog: \$123.1M, down 3.2% on PCP (\$127.2M)

Note:

(1) EBITDA pre AASB16

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

Asia Pacific business demonstrating positive momentum

- > Focus is on operational improvement and returning business to appropriate margin. Improvements are starting to flow into financial results.
- > The division recorded a number of important project wins across all geographies and is well positioned on a number of further project awards.

Key Wins During the Half Include:

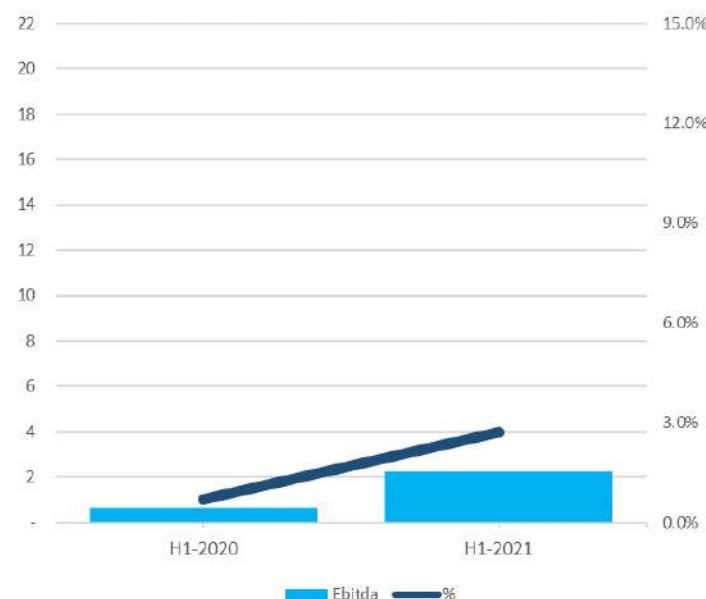
- > **Sydney Metro Western Sydney Airport Geotechnical Investigations:** Geotechnical Investigations for new Metro rail line to WSA.
- > **Transport for NSW:** Strategic design and investigations for upgrade of Princes Highway between Jervis Bay Rd to Sussex Inlet.
- > **Arcadis - South West Metro DSS:** Survey in rail corridor for new South West Metro rail line.
- > **West Camden WRP Upgrade:** Undertake the Civil and Structural design of the West Camden WRP plant, which is being upgraded to cater for anticipated population growth.
- > **Border To Gowrie Ecology:** Delivering Terrestrial Ecological Services for the 224km Border to Gowrie portion of the ARTC Inland Rail Project in order to inform the detailed design and construction of the Project.
- > **KCDC - Water Services Panel FY20-21:** Cardno is part of the 5-year Water Professional Services Panel of the Kāpiti Coast District Council, to deliver the wastewater capital projects.
- > **Citywide:** Contract extension to ongoing drafting and design work.
- > **North East Links Park & Ride:** This project forms a part of NEL improvement to connect Melbourne's Eastern Suburbs with our Western Suburbs.
- > **North East Links Construction Phase Utility Services:** Early work with NEL through CPB for utilities relocation come to life on site as construction occurs utilising designers, surveying and digital engineering.
- > **Aura Lakes Precinct Masterplanning – Stockland:** Masterplan the next major precinct of the Aura development consisting of 7000 residential lots, innovative water quality management facilities including a central lake and the planning of key infrastructure.

2021 Half-Year Segments: International Development



ID EBITDA AND % MARGIN

A\$ million



FY21 H1

- > Gross Revenue \$140.3M, down 18.8% on PCP (\$172.9M)
- > Fee Revenue \$82.9M, down 10.4% on PCP (\$92.6M)
- > Pre AASB 16 EBITDA \$2.2M, up 251.4% on PCP (\$0.6M)
- > Post AASB 16 EBITDA \$4.1M, up 76.3% on PCP (\$2.3M)
- > Pre AASB 16 EBITDA margin (on fee revenue) of 2.7%, up 2.0% on PCP (0.7%)
- > Year End Backlog: \$747.6M, down 8.2% on PCP (\$814.4M)

Note:

(1) EBITDA pre AASB16

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

International Development's (ID's) EBITDA improved

- > Increased focus on Australian ID work and US Donor organisations.
- > Reducing exposure of staffing in Europe but continuing to service European donors in field through Cardno's extensive network.

Key Wins During the Half Include:

- > **Kosovo COMPETE:** Promote resilient, self-sustaining market systems and to facilitate the Kosovar private sector's improved competitiveness in local, regional, and global markets. Cardno will address key constraints, which will enable scalable and systemic change, stimulating job creation and growth, and increasing the private sector's ability to engage in markets.
- > **Uganda NUDEIL:** Architectural and Engineering Services for Northern Uganda of Enhanced Local Governance Infrastructure and Livelihoods. The program aims to support district local governments in Northern Uganda to plan, design, and construct small infrastructure projects that will improve the delivery of services in the education, transport, and water supply sectors.
- > **Australia Indonesia Economic Cooperation Program (ECP):** Development program with dual development and economic objectives.
- > **Australia Solomon Islands Resource Facility (ASIRF):** ASIRF is an integrated facility that delivers both Technical Assistance (TA), program delivery and implementation, and Deployee Support Services (DSS) in Solomon Islands. The purpose of the ASIRF is to effectively and efficiently support the work of the Australian High Commission in meeting Australian Government objectives in Solomon Islands.

2021 Half-Year Balance Sheet



\$'000	H1 FY2021 \$'000	FY2020 \$'000
CURRENT ASSETS		
Cash and cash equivalents	38,147	57,723
Trade and other receivables	99,343	117,132
Contract Assets	80,834	94,827
Work in progress	964	1,081
Other current assets	13,790	8,793
Current tax receivable	2,382	1,573
TOTAL CURRENT ASSETS	235,460	281,129
NON-CURRENT ASSETS		
Other financial assets	1,877	1,703
Property, plant and equipment	16,851	19,984
Right-of-use assets	86,709	102,561
Deferred tax assets	70,063	74,206
Intangible assets	171,321	182,483
TOTAL NON-CURRENT ASSETS	346,821	380,937
TOTAL ASSETS	582,281	662,066
CURRENT LIABILITIES		
Trade and other payables	81,333	122,645
Lease liabilities	22,743	25,371
Employee benefits	28,754	28,539
Provisions	2,784	3,932
Contract liabilities	42,175	39,709
Other current liabilities	-	1,554
TOTAL CURRENT LIABILITIES	177,789	221,750
NON-CURRENT LIABILITIES		
Loans and borrowings	46,488	58,326
Lease liabilities	77,326	90,534
Employee benefits	3,480	3,326
Other non-current liabilities	164	1,257
TOTAL NON-CURRENT LIABILITIES	127,458	153,443
TOTAL LIABILITIES	305,247	375,193
NET ASSETS	277,034	286,873

Balance sheet remains strong with \$8.3M of net debt (0.2x net debt/EBITDA). Significant capital flexibility exists with \$125M of undrawn debt.

- > Loan facility expires October 2022. The company will begin the loan facility renewal process later this calendar year

	H1 FY2021 \$'000's	FY2020 \$'000's
Net debt	8,341	603
Total debt facilities	AU\$172M	AU\$172M
Undrawn Debt	AU\$125M	AU\$113M
Intangible assets	171,321	182,483
Net tangible assets	105,713	104,390
Current assets/Current liabilities	1.3x	1.3x
(Cash + Debtors + WIP)/(payables + debt)	1.7x	1.5x
(Cash + Debtors + WIP)/Debt	4.7x	4.6x
DSO Days (Debtors + WIP)	71	80
Net Debt/EBITDA (lending covenant <= 2.5x)	0.2x	0.0x
Fixed Charge Cover Ratio (lending covenant >= 1.65x)	2.29x	2.17x
Net Asset Value⁽¹⁾ (lending covenant >= \$225.0M)	271.4	287.2

¹ The impact of AASB 16 on net assets is excluded for covenant testing

Cash Flow



	H1 FY2021	H1 FY2020 ^{(1),(2)}
	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	485,208	659,882
Interest received	256	194
Finance costs paid	(4,222)	(7,691)
Cash paid to suppliers and employees	(468,012)	(641,220)
Income tax refund received / (paid)	(1,394)	(1,032)
NET CASH PROVIDED BY OPERATING ACTIVITIES	11,836	10,133
CASH FLOWS FROM INVESTING ACTIVITIES		
Disposal of discontinued operation, net of cash disposed of	-	(20,588)
Acquisition of subsidiaries net of cash acquired	-	(1,232)
Receipt of settlement proceeds	5,027	-
Proceeds on disposal of business assets	2,760	-
Payments of deferred acquisition consideration	(2,992)	-
Proceeds from sale of property, plant and equipment	195	132
Payments for property, plant and equipment	(1,228)	(7,369)
NET CASH PROVIDED BY/(USED) IN INVESTING ACTIVITIES	3,762	(29,057)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of debt raising costs	-	(1,469)
Share buy-back	(13,427)	-
Proceeds from borrowings	63,880	216,075
Repayment of borrowings	(70,942)	(189,967)
Lease liabilities payments	(12,678)	(16,220)
NET CASH PROVIDED BY/(USED IN) FINANCING ACTIVITIES	(33,167)	8,419
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS HELD	(17,579)	(10,505)
CASH AND CASH EQUIVALENTS AT 1 JULY	57,723	55,544
Effects of exchange rate changes on cash and cash equivalents at the end of period	(2,007)	644
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	38,147	45,683

Operating cashflow of \$11.8M, up from \$10.1M.

- > In FY2020 Cardno received a deferral of \$12.0M of Australian GST and payroll taxes being a concession provided by the Australian Taxation Office associated with the COVID-19 pandemic. \$10.4M was repaid in 1HY21. Cardno has not received JobKeeper benefits
- > \$13.4M surplus funds returned to shareholders via share buy back (both on market and unmarketable parcel buy back program). 46.7M shares bought back, a 10.4% reduction in the company's ordinary shares

Note:

¹ 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 of the financial report.

² Comparative information has been restated, refer to note 14 of the financial report.

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Cardno supports the ESG goals of our clients



Environmental services

- > Assessment, permitting, and compliance for the energy, power and defense sectors (bases, ports, harbors, hydroelectric power dams, natural gas pipelines, solar fields, and wind farms)
- > Environmental restoration work to repair environmental damage and mitigate climate change impacts with an emphasis on green infrastructure solutions
- > Incident response management services such as for spills and fires



Health sciences

- > Characterising human health and environmental risks associated with exposures to chemical, pharmaceuticals, and/or radionuclides in a variety of media and environments
- > Science-based sustainable solutions for responsible product stewardship, employee safety, and community health support
- > Designing and conducting epidemiological studies in community and occupational settings, most recently with an emphasis on COVID-19



Water, transport & urbanization

- > Asset management for efficient life cycle management of infrastructure assets, streamlining maintenance, optimising supply chain performance and enhancing safety
- > Sustainable design solutions for land development, brownfield redevelopment, ports and harbors, transportation, water, and wastewater infrastructure projects
- > Military master planning to create, improve and sustain military communities across the global.



Social development

- > Partnering with public and private sector clients to promote sustainable economic development and improve the well being of local communities in the areas of agricultural and rural development, climate change, education, economic growth, gendered and inclusion, governance, global health, infrastructure and environment
- > Modern Slavery business reporting, identification and eradication



Environmental, Social, Governance

- > Cardno is a trusted advisor, providing pragmatic ethical advice to support our client's ESG commitments and business goals
- > Cardno supports and facilitates sustainable economic growth with science, engineering, and sound policy-based solutions
- > Cardno is scaled to assist our largest clients and use our geographic reach to manage site specific issues: "Global and Local approach"

Cardno supports the ESG goals of our clients



Project Descriptions

Key Cardno Value Add



Kaweah Hydroelectric Project Relicensing

Cardno is supporting Southern California Edison Company (SCE) with its Federal Energy Regulatory Commission (FERC) relicensing of a 8.85-megawatt renewable energy resource, so that SCE can meet the energy demands of its 15 million strong customer base.

- > Key to successful relicensing is a comprehensive understanding of aquatic, cultural, land, recreation and terrestrial resources in the project area, and a keen understanding of the application requirements



Blue Heron Slough Conservation and Mitigation Bank Project

Cardno managed the design, engineering, certification, permitting, and construction management for the Northwest's first conservation bank. The project included a 364-acre estuary restoration site certified by the National Marine Fisheries Service (NMFS) for 10,200 Chinook salmon credits under the Endangered Species Act. In addition, the project was reviewed for 240 wetland mitigation credits under the Clean Water Act.

- > Project moved from concept to construction in 18 months and mitigated the Port of Everett's full long-term plan while still having 60 percent of the credits created available for sale to third parties



Papua New Guinea Biodiversity Program

Papua New Guinea's environmental biodiversity is among the world's richest and most at-risk. This rich biodiversity is fundamentally important to the long-term well-being of its population. However it is threatened by weak regulation of natural resource use and development. This program aims to curb unsustainable natural resource use and damage to terrestrial and marine ecosystems through ecological and local governance capacity assessments that will inform community engagement.

- > Bringing our deep expertise in natural resource protection, planning and governance frameworks, this program presents a unique opportunity to align both conservation and development priorities



Greater Springfield

Creating a new city from the ground up is a daunting task. Since 2000, the Cardno team has partnered with Springfield City Group, providing the expertise and guidance to deliver infrastructure and planning for Australia's first master-planned municipality since Canberra almost a century earlier. The vision for the new city of Greater Springfield has been designed around the essential services of employment, education, health and technology.

- > Through multidisciplinary expertise Cardno has played a fundamental role in creating a best-in-class community and ensuring that essential services and infrastructure are provided to underpin the development

Cardno is driving regional and global ESG initiatives



2020

JAN: Cardno Leadership issues Coronavirus safety guidance to all staff, which continues throughout the year.

FEB: Cardno releases the 2020 Science & Environment Division Sustainability Report.

FEB: The Cardno ID Region releases its 2020 United Nations Global Compact Communication on Progress.

MAR: Cardno Board of Directors establishes the Board ESG Committee chaired by Rebecca Ranich.

APR: Cardno's AME Region implements a Green House Gas tracking protocol.

APR: "My Cardno Village" is introduced – an online community enabling all employees to connect.

MAY: A company-wide Modern Slavery plan is developed, leading with policy/procedure updates and raising awareness.

JUN: Our Sustainability Task Force (STF) expands to include members from all Cardno regions.

JUL: Cardno CEO Susan Reisbord establishes the ESG Client Services Work Group.

AUG: Cardno releases an updated global Human Rights Policy and integrates training for all staff.

AUG: Cultural awareness training is rolled out across Asia Pacific, and all staff globally are encouraged to begin meetings acknowledging the countries First Nations peoples.

AUG-SEP: The STF sponsors virtual internal "sustainability symposium" featuring Cardno sustainability subject matter experts presenting on key ESG issues.

SEP: Unveiling of graphic and branded elements to raise staff awareness and help unite our ESG initiatives.

OCT: Cardno's AME Region achieves a TSP score of 89%, recognizing outstanding firm environmental standards and performance.

OCT: Our APAC Region Environmental Champions team identifies projects and goals for 4th quarter, including expanding participation across all APAC offices.

OCT: We completed a global staff materiality survey, identifying key global ESG priorities

NOV: Cardno establishes ESG benchmarks tied to the UN Sustainable Development Goals.

DEC: Cardno expands the sustainability section of its website at www.cardno.com.

DEC: Modern slavery language is integrated into all new Cardno contracts.

DEC: Cardno's Melbourne office becomes our fourth office to achieve ISO 14001 Environmental Management Certification.

A copy of Cardno's 2020 Sustainability Report is available on our website.

01 Performance overview

02 Detailed financial review

03 Assisting clients with ESG goals

04 Commentary and outlook

Cardno's focus remains on people development, margin expansion and smart growth (both organic and inorganic)

- > Continue strategic focus on assisting clients by supporting their ESG goals
- > Continue to proactively manage COVID-19 impacts and support staff throughout this period
- > 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 disciplined M&A process
- > Drive innovation and digital transformation in a practical, cost effective, client focused manner
- > Lift staff engagement through diversity, equity and inclusion, workforce development, service line leadership, and global project opportunities

While the impact of COVID-19 and various business specific factors is hard to predict (including FX rates and weather events), based on the company's first half results and outlook, Cardno currently expects that it will achieve EBITDA (pre AASB16) in FY21 of \$45M to \$50M (up on previous guidance of \$40M to \$45M and FY20 prior year of \$43M).

Cardno will restart its dividend program and expects to provide an ongoing dividend of 50% to 70% of underlying NOPAT.

In H1 2021, Cardno will pay an interim dividend of 1.5 cents/share (franked to 60%). Future dividends will be franked as franking credits become available.

THANK YOU

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

Making a
difference.

