

Proposed Demerger of Intega

11 SEPTEMBER 2019



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Demerger rationale

Cardno's Consulting and Quality/Testing/Masurement businesses are now both of sufficient scale to operate separately and will benefit from the transparency and focus of the proposed demerger on each business.



Background to Demerger

Within Cardno, the board recognised that there were differences in activities and operating culture between the (i) the Quality, Testing and Measurement (QTM) businesses; and (ii) the Consulting businesses.

In recognition of these differences, the Cardno board separated the majority of the QTM businesses from the Consulting Businesses into "Portfolio Companies" in 2017.

This separation was done as the Cardno Board recognised that the management focus, KPIs and operational nature of the QTM businesses were fundamentally different from the Consulting Businesses.

Since this time, the QTM business has performed strongly and grown both organically and through acquisition. Testing businesses now represent 39% of the total EBITDA of the Cardno Group.

Cardno believes that each business has considerable growth opportunities and the company's view is that both the Consulting Businesses and the QTM Businesses are of sufficient scale to operate separately and would benefit from the transparency, removal of dis-synergies and the focus that a demerger will establish.

Strategic aspects of each business

	Intega (QTM)	Cardno (Consulting)
Key activities	<ul style="list-style-type: none"> > Construction Material Testing and associated Testing > Subsurface utility work > Quality Assurance for Energy companies 	<ul style="list-style-type: none"> > Environmental consulting > Engineering consulting > Development consulting
Clients	<ul style="list-style-type: none"> > Owners and constructors of infrastructure projects > Energy and mining companies > Concrete and quarrying companies 	<ul style="list-style-type: none"> > Property owners, governments (federal, state, local), corporates and infrastructure building consortia
Types of employees	<ul style="list-style-type: none"> > Predominately field based workforce 	<ul style="list-style-type: none"> > Predominately consulting services workforce
Key success drivers	<ul style="list-style-type: none"> > Software to ensure systemised and verifiable testing and processes > Logistics management and material testing > Time management and low error rates 	<ul style="list-style-type: none"> > Key account management > Project design > Practice area expertise > IT platforms and client delivery > Staff attraction and retention
Management focus	<ul style="list-style-type: none"> > IT and operational logistics > Occupational Health & Safety and compliance 	<ul style="list-style-type: none"> > Knowledge systems > Solutions sales > Staff utilisation and attrition > Project costings / delivery
Short term growth opportunities	<ul style="list-style-type: none"> > US organic and acquisition growth > Improvement in EBITDA margin of UES in America's 	<ul style="list-style-type: none"> > Improvement in EBITDA margin of Asia Pacific > On strategy acquisitions in US > Organic growth in US

Demerger rationale

The Cardno Board believes that the separation of Intega from Cardno will create greater shareholder value and has been supported unanimously by the Cardno Board.



Why has the Demerger been proposed?

- > The Cardno Board believes that separating Intega from Cardno will create greater shareholder value through each business being able to focus on:
 - its own unique growth opportunities;
 - distinct culture and operating models with Intega (a predominantly field-based workforce) versus Cardno Consulting (a predominantly consulting services workforce);
 - increased transparency internally and externally, allowing for more effective management oversight;
 - access to capital and debt markets based on specific company make up; and
 - increased performance accountability.
- > With the acquisition of Raba Kistner in 2018, the Quality, Testing and Measurement Business is now of sufficient scale to operate as an independent ASX-listed business under the Intega name.
- > The Demerger allows Cardno Shareholders to choose whether to directly invest in one or both of Cardno and Intega after the Demerger based on their individual investment objectives, risk tolerances and desired sector exposures

Advantages of the Demerger

- > The potential advantages of the Demerger include separation of Intega and Cardno that allow:
 - each business to be more aligned culturally and operationally;
 - investors with different investment strategies and preferences to choose their level of investment in Cardno and Intega;
 - separate boards and management teams to be empowered to pursue independent strategies, operational initiatives and capital management;
 - tailored capital structures and financial policies appropriate for each business' scale, operations and strategic objectives;
 - In addition, the Independent Expert has concluded that the Demerger is in the best interests of Cardno Shareholders.

Disadvantages of the Demerger

- > The potential disadvantages of the Demerger include:
 - separate entities will be smaller and less diversified;
 - the businesses will have additional corporate, financial and operating costs;
 - the businesses will incur one-off transaction costs associated with the Demerger; and
 - some Cardno Shareholders will not be eligible to receive Intega Shares as part of the Demerger and some shareholders may be unable to continue to hold Cardno Shares or Intega Shares after the Demerger

Each Cardno Director intends to vote, or cause to be voted, all Cardno Shares held or Controlled by them in favour of the Demerger Resolutions. This represents ~50.4% of the shares of Cardno.

Operating segments split

Proposed demerger sees the QTM businesses demerged into a new entity, Intega Limited. There are limited separation issues given that a significant proportion of Cardno QTM businesses have been operating independently for the past three years.



> DESCRIPTION (current reporting units)

Asia Pacific	<ul style="list-style-type: none"> > 1,352 staff in 29 locations. Urban development and engineering consulting business in Australia > 10 sub-specialties with particularly strong reputation in urban infrastructure, land development and environmental consulting > Increased focus on key account management, developing digital solutions, reducing cost-to-serve (automation, offshoring)
Americas¹	<ul style="list-style-type: none"> > 1,533 employees in 109 locations. Niche consulting specialties include: <ul style="list-style-type: none"> ▪ Regulatory/litigation expert support ▪ Hydro electric relicensing and pipeline permitting ▪ Remediation and restoration (oil spills and clean up planning) ▪ Department of Defense (DoD) environmental consulting business ▪ Florida Department of Transport (DoT) relationships and civil engineering
International Development	<ul style="list-style-type: none"> > 1,907 employees in 11 locations (2 shared with Asia Pacific) > Significant contractor for Department of Foreign Affairs and Trade (DFAT) with more than A\$300m of contracts. Emerging US and European businesses. Focus over the past 2 years has been on investing in the US and Europe to grow scale > Currently developing a consulting practice focused on validating supply chains for the absence of "modern slavery"
Portfolio Companies³	<ul style="list-style-type: none"> > 1,647 employees in 78 locations. Leading provider of Construction Materials Testing (CMT) in Australia > Software solutions for QA for laboratories (Construction Sciences), construction compliance in the US (Raba Kistner), supply chain compliance for O&G (PPI) > Niche global Oil and Gas QA business focused on managing inventory and parts for offshore platforms operating globally > A leading UES business in Canada, US and Australia

CARDNO CONSULTING²

Staff: 4,482
Offices: 124 (2 shared by Asia Pacific & ID)
FY19 PRO-FORMA Gross Rev/EBITDA:
A\$956m & A\$38m

Asia Pacific
Staff: 1,352
Offices: 29
FY19 Revenue/EBITDA:
A\$248m and A\$11m

Americas
Staff: 1,223
Offices: 86
FY19 Revenue/EBITDA:
A\$354m and A\$23m

International Development
Staff: 1,907
Offices: 11
FY19 Revenue/EBITDA:
A\$354m and A\$4m

INTEGA^{2, 3}

Staff: 1,957
Offices: 101
FY19 PRO-FORMA Gross Rev/EBITDA:
A\$418m & A\$30m

America's
Staff: 1,105
Offices: 49
FY19 Revenue/EBITDA:
A\$274m and A\$16m

Asia Pacific
Staff: 852
Offices: 52
FY19 Revenue/EBITDA:
A\$144m and A\$14m

Note: ¹Includes Survey, ² Pro-Forma FY19 revenue and EBITDA assumes a full financial year contribution from Raba Kistner. Staff and office numbers are as at June 2019, ³Includes Raba Kistner - acquired effective 1-Dec-19

Intega and Cardno investment highlights

Key themes for the two companies.

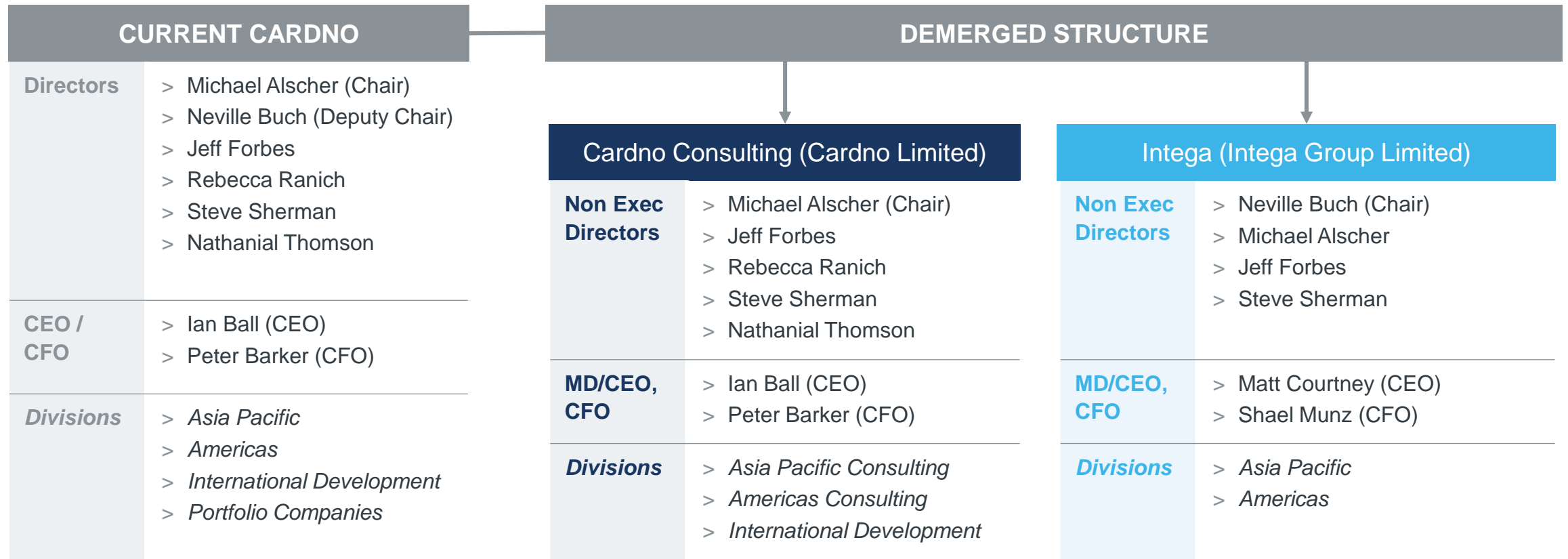
1. Introduction



	Intega	Cardno Consulting
Growing markets with strong backlog	<ul style="list-style-type: none"> > Significant planned infrastructure expenditure in Australia and the US (Texas in particular) in the next few years > Currently A\$348m of backlog representing 10 months of revenue 	<ul style="list-style-type: none"> > Significant infrastructure and environmental remediation expenditure in Australia and the US over the next 5 years > Currently A\$1,295m of backlog representing 16 months of revenue
Market positions	<ul style="list-style-type: none"> > A leading Construction Material Testing business in Australia and the USA > A leading Quality Assurance provider for mid-stream Oil and Gas in the niche of inventory and parts QA > Material underground engineering/survey business in Australia, Canada and South West US 	<ul style="list-style-type: none"> > Well regarded engineering consultants in specific geographic markets > Reputation in: <ul style="list-style-type: none"> ▪ Litigation expert consulting (toxicology) ▪ Pipeline and hydroelectric dam permitting ▪ Environmental remediation and clean up > A leading Aid contractor (IDA) to DFAT (Australia)
Track record of delivering landmark projects	<ul style="list-style-type: none"> > Currently working on: NorthConnex, Victorian Metro Tunnel, Woolgoolga-Ballina Highway, Toowoomba 2nd Crossing, Brisbane Airport 2nd runway, Southern Gateway and Horseshoe in Texas, the Los Angeles Airport, the Gorgon LNG project 	<ul style="list-style-type: none"> > Currently working on: multiple Marine Corp and Army Builder programs, Lee Vining Hydro relicensing, various Department of Transport projects in Australia and the US, expert support for Johnson & Johnson on litigation cases, North East Link
Investments in growth	<ul style="list-style-type: none"> > Demonstrated organic growth over past 4 years 	<ul style="list-style-type: none"> > Investments in systems in the past two years: CRM, pricing tools, Business Development resources and new markets
Competitive advantages	<ul style="list-style-type: none"> > Comply: Software for QA in materials testing laboratories > ELVIS: Software for construction compliance > QA Reporter: Software for O&G supply chain and inventory 	<ul style="list-style-type: none"> > Worked on all major oil spills in the US in the past 20 years > Significant track record in IDA, transport infrastructure (Florida) and urban development in Australia
Significant growth opportunities	<ul style="list-style-type: none"> > continued organic growth driven by the need for additional investment in infrastructure > continued geographic expansion in the United States > improving the operational performance and profitability of the UES division in the Americas; and > continued expansion of service lines in Asia Pacific. 	<ul style="list-style-type: none"> > improve the EBITDA margin of the Asia Pacific division > expand the consulting service offerings through organic growth and acquisitions; and > increase the focus of the International Development business on private sector consulting.
Management	<ul style="list-style-type: none"> > Well regarded management team that has been running all key divisions for multiple years 	<ul style="list-style-type: none"> > Well regarded CEO and management team in place

Board and management separation

The current Cardno Board of Directors and Management Team will be split between Cardno and Intega.



01 Intega overview



Intega CEO and CFO



CEO & MD

Matthew Courtney

Joined Cardno in July 1992

- > Matt has more than 30 years' experience providing quality control and quality assurance to all sectors of construction for government and private clients, with multiple delivery modes including JV, Alliances, EPCM, and PPP.
- > Matt's career started with Queensland Water Resources Commission (now SunWater) a Queensland Government owned corporation, prior to joining Bowler Geotechnical in 1992, and purchasing a franchise in Bowler Geotechnical in 1995.
- > Bowler Geotechnical was acquired by Cardno in 2008. Matt has held several management roles in Cardno and was appointed CEO of Construction Sciences in 2016. During this period Matt has led the acquisition and integration of a number of businesses in Australia and in the USA.
- > Matt holds a Masters Degree in Engineering Science from the University of New South Wales, and is a member of the Australian Institute of Company Directors.



CFO

Shael Munz

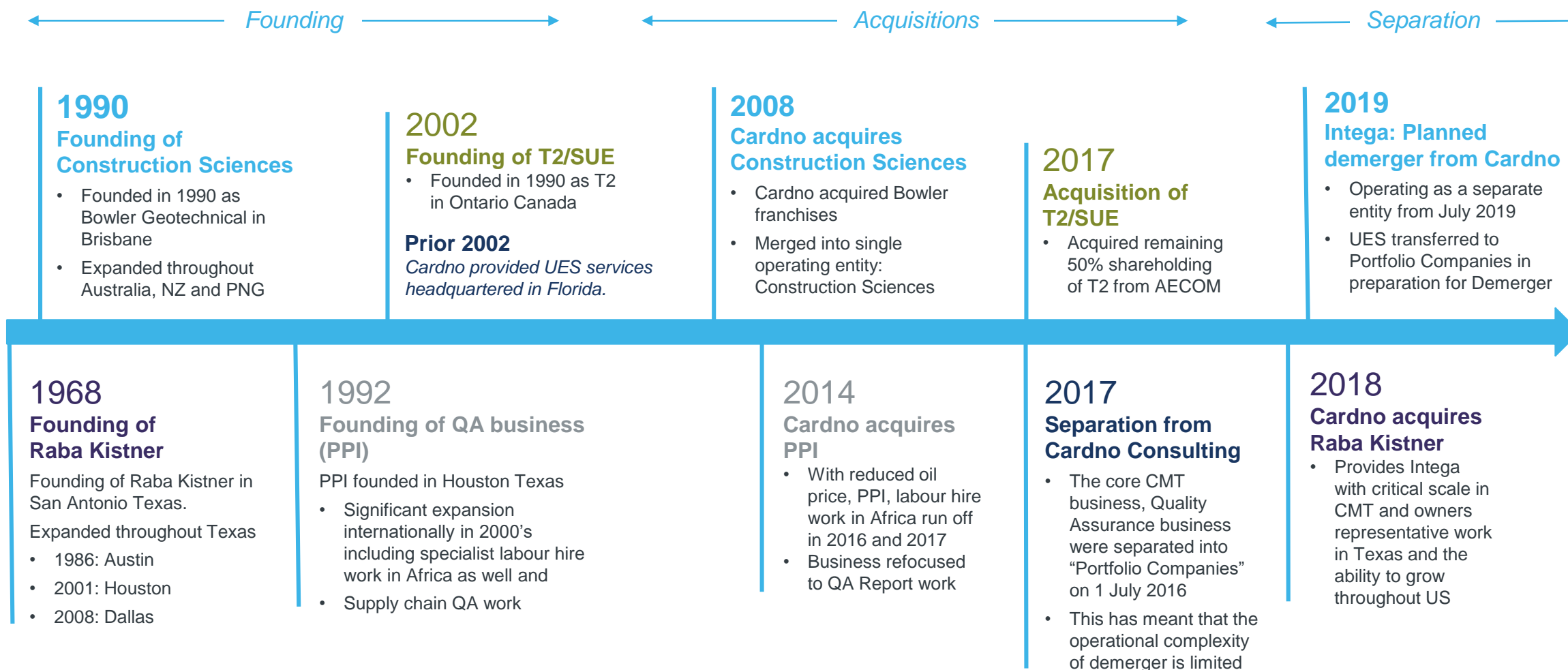
Joined Cardno in February 2016

- > Shael has over 20 years of domestic and international experience in the services, media and banking fields.
- > Shael began her career in Sydney as an auditor and business services senior before travelling overseas to the United Kingdom to work for several years in finance roles with Merrill Lynch, Westminster Council and Barclays Bank.
- > In 2006, on returning to Australia, she joined APN News and Media as the Group Financial Controller before moving to Transpacific Industries, now Cleanaway, in 2007 as the Group Reporting and Treasury Manager until the head office relocated to Melbourne in 2015. Shael was appointed Group Financial Controller of Cardno in February 2016 before moving over to the Construction Sciences division as CFO in February 2019.
- > Shael holds a Bachelor of Business (Accounting) from Charles Sturt University, is a Chartered Accountant (CA 2001) and has completed courses in treasury management (University of Melbourne), leadership (Cert 4 Diploma of Management) and project management (Australian Institute of Management).

Intega history

2. Intega overview





Intega has a 50 year history in Australia and the America's. It has been formed through a number of acquisitions in the past 10 years and primarily operated separately since 2017 within the Cardno Group



Intega description

Intega is a Quality, Testing and Measurement Business that provides construction materials testing (CMT), subsurface utility engineering services (UES) and quality assurance for energy companies(QA)



Primary operating brands of Intega	Description
<div data-bbox="137 386 649 661"></div> <div data-bbox="700 386 1220 661"></div> <div data-bbox="137 694 649 968"></div> <div data-bbox="700 694 1220 968"></div>	<ul style="list-style-type: none">> After the Demerger, Intega will own and operate the Quality, Testing and Measurement Business which had around 1,957 employees in 101 permanent offices on 30 June 2019. The business operates primarily in Australia, the United States, Canada and New Zealand. The services that the Quality, Testing and Measurement Business provides include:<ul style="list-style-type: none">▪ Construction Materials Testing (CMT): This includes providing conformance tests on construction materials such as soil (earthworks), aggregates, pavement materials, concrete, grout, mortar, and rock. This service also includes concrete mix design and trial mix testing. These tests help determine whether the construction of a project is meeting the standards specified by the designer/owner and the required regulations. CMT is conducted in laboratories which are accredited by regulatory bodies in each operating jurisdiction;▪ Subsurface Utility Engineering Services (UES): This includes mapping the location and condition of subsurface utilities such as pipes and cables, which helps reduce the occurrence of interference and conflict with existing infrastructure before and during construction;▪ Owners' Representative Services to ensure that the quality requirements of a build meet the agreed specifications and regulations for a project;▪ Environmental Testing: This includes testing soils, asbestos, groundwater quality, construction noise, dust and vibration levels to ensure that the build of a project meets the required environmental regulations;▪ Geotechnical Engineering: This includes design of temporary works, bored pile supervision, geotechnical investigation and site classification and pavement design; and▪ Quality Assurance (QA) on critical components for energy companies (both oil and gas and wind farms) to ensure that when parts arrive at a drill rig or a facility, that they are built and function as specified.

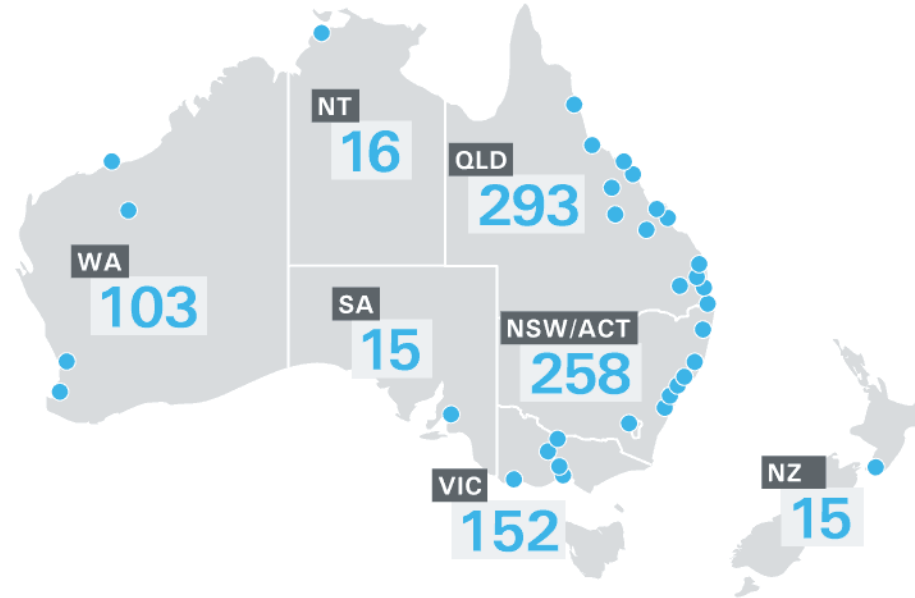
> For additional information see www.intega.net

Intega APAC Region

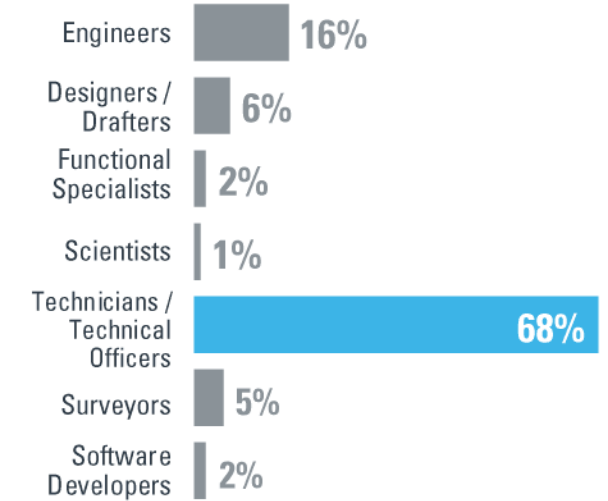
AT A GLANCE

 **852** STAFF

 **52** OFFICES



CLIENT FACING STAFF



DELIVERING CLIENT SOLUTIONS ACROSS 10 SECTORS



Defence

- > Utility engineering
- > Geotech engineering
- > Environ monitoring
- > Constrn materials testing



Mining & Resources

- > Constrn materials testing
- > Geotech engineering
- > Utility engineering
- > Environ monitoring



Energy

- > Constrn materials testing
- > Environ monitoring
- > Geotech engineering
- > QA/Non-destructive testing
- > Asset management
- > Utility engineering



Property & Buildings

- > Constrn materials testing
- > Geotech engineering



Government

- > Geotech engineering
- > Constrn materials testing
- > Utility engineering



Transport

- > Geotech engineering
- > Constrn materials testing
- > Pavement design
- > Environ monitoring
- > Geotech Instrumentation



Industrial

- > Constrn materials testing
- > Geotech engineering
- > Environ monitoring
- > Utility engineering



Utilities

- > 3D underground mapping
- > Complete utility engineering
- > Design & construction survey



Land Management

- > Environ monitoring
- > Remediation
- > Contamination assessment



Water

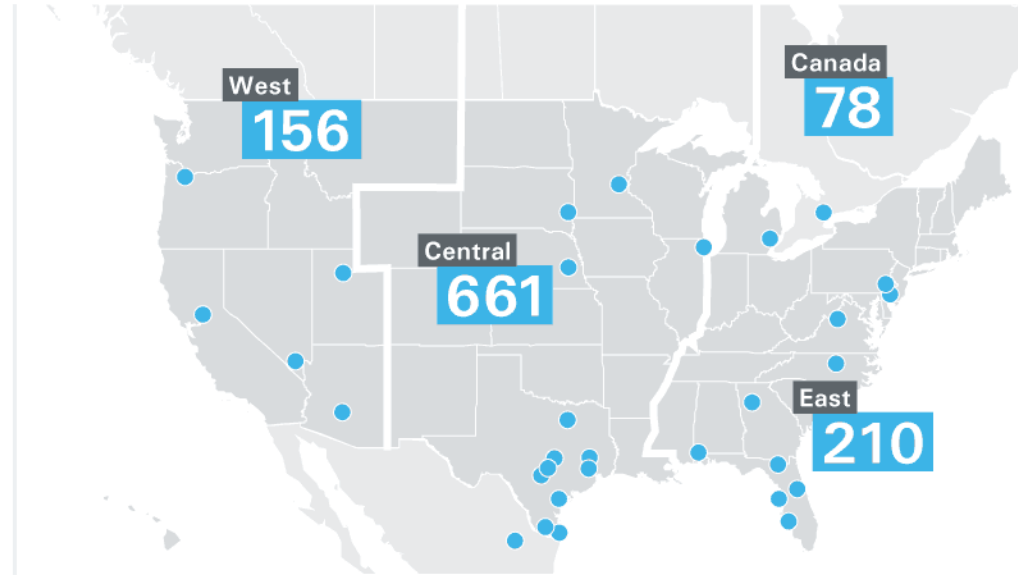
- > Constrn materials testing
- > Concrete mix design

Intega AME Region

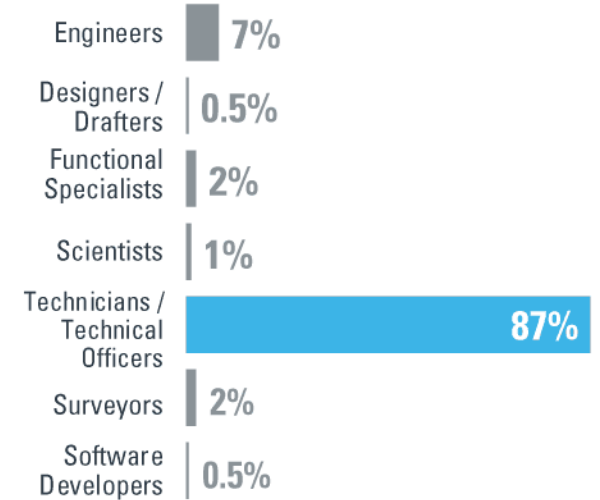
AT A GLANCE

 **1,105** STAFF

 **49** OFFICES



CLIENT FACING STAFF



DELIVERING CLIENT SOLUTIONS ACROSS 8 SECTORS



Defence

- > Geotech & utility engineering
- > Environ monitoring
- > Constrn materials testing



Energy

- > Asset management
- > Environ monitoring
- > Geotech & utility engineering
- > QA/Non-destructive testing
- > Constrn materials testing



Government

- > Geotech & utility engineering
- > Constrn materials testing
- > Constrn engineering & inspect
- > Archeology



Utilities

- > 3D underground mapping
- > Complete utility engineering
- > Design & construction survey



Industrial

- > Due diligence
- > Surveying
- > Constrn materials testing
- > Geotech engineering
- > Environ monitoring



Water

- > Constrn materials testing
- > Concrete mix design



Property & Buildings

- > Project management
- > Owners representation
- > Geotech engineering
- > Building envelope consulting
- > Property condition assessment



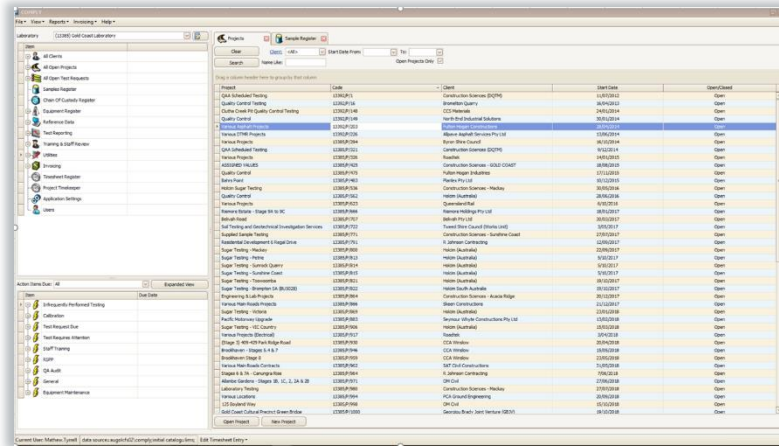
Transport

- > Geotech & utility engineering
- > Constrn materials testing
- > Constrn engineering & inspect
- > Quality documentation
- > Materials assessment
- > Pavement design

Intega software

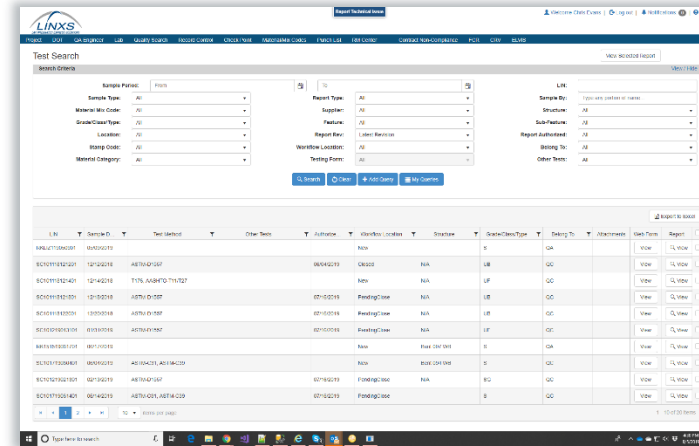
Intega owns three proprietary software suites that have been built with technicians' and clients' input over the past decade that improve the quality, auditability and accessibility of projects.

2. Intega overview



COMPLY

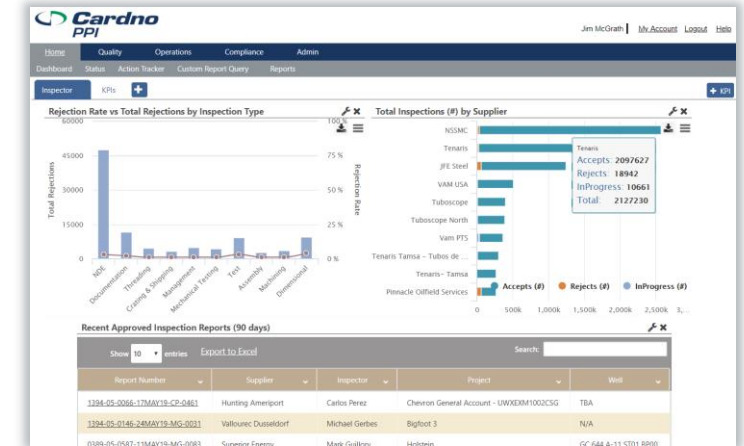
Software suite that tracks test results, laboratory performance, individual technician performance and the trending of material and test result.



EIVIS

Engineering and laboratory vital information system, EIVIS is customised to each project and reflects the way construction projects in the US are managed.

It also allows the business to act effectively as the owners' representative on projects, ensuring that quality control is achieved in a real-time and transparent manner. The software also ensures that construction hold point elements are adhered to, limiting room for human error.



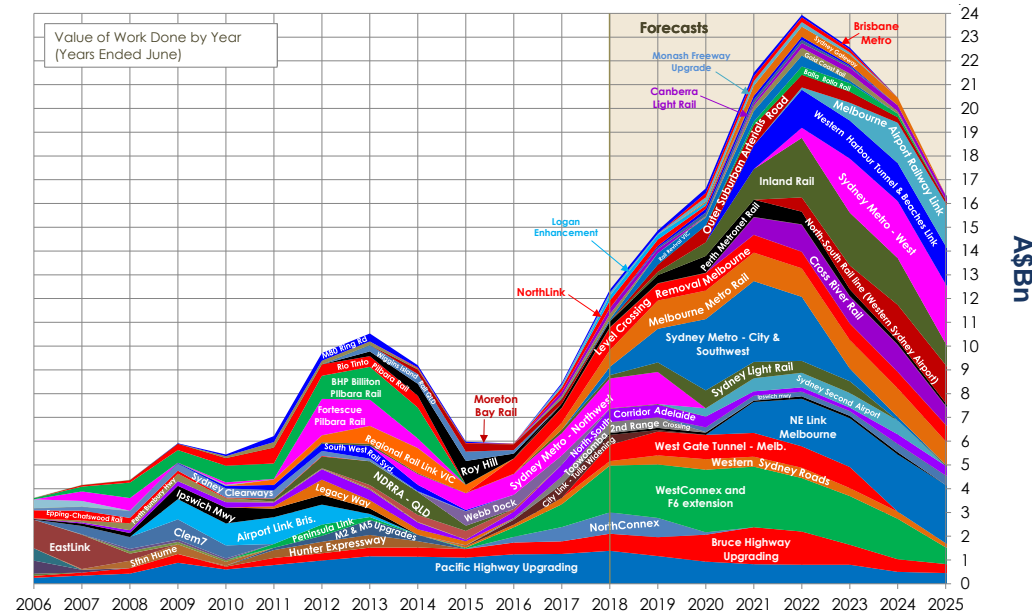
QA Report

Enables technicians to monitor the manufacturing and inspection of components including drilling equipment, petrochemical processing components, pipeline systems and turbine elements. Ultimately, this helps to minimise downtime and delays by ensuring that equipment meets specifications and quality standards before it arrives on site. The software also tracks client owned inventory.

The revenue of Intega is linked to infrastructure construction, particularly in Australia, Texas and the broader United States. This is forecast to continue to be strong driven by the need for infrastructure in both Australia and the United States.

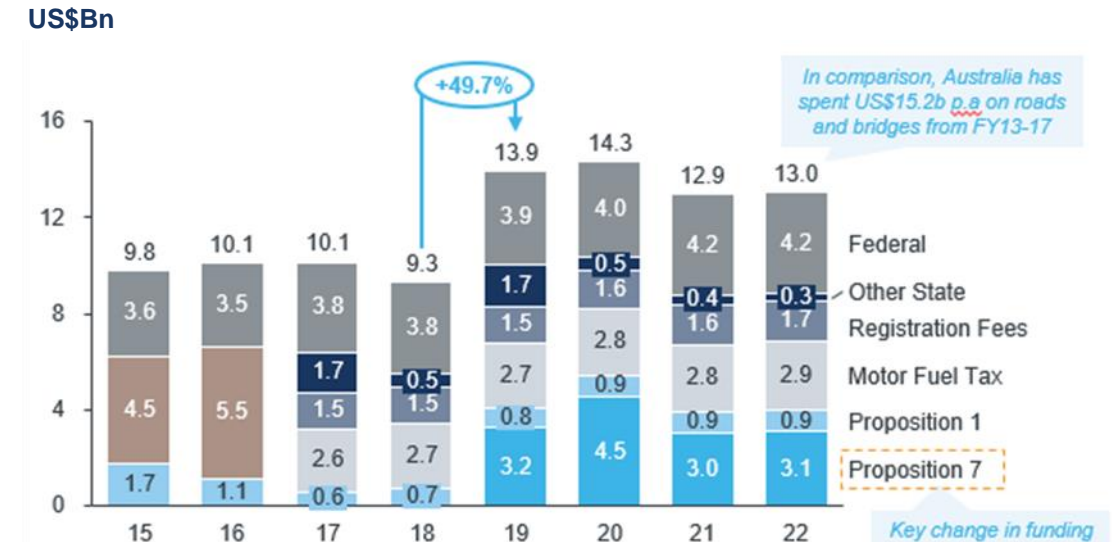


Major Transport Infrastructure Projects – Australia



- > The revenue of the business is linked to infrastructure construction, particularly in Australia, Texas and the broader United States. The business' clients include:
 - constructors of infrastructure projects;
 - owners of infrastructure projects, education facilities, stadia, and hospitals;
 - energy companies;
 - mining companies; and
 - concrete suppliers and quarrying companies.

Funding for Highway Construction – Texas, US



- > Continued growth in Australia of infrastructure projects
- > Continued growth in Texas and US infrastructure expected to continue
 - Funding for construction of horizontal transport infrastructure in Texas underpins demand for the Intega testing services.
 - Value of US construction forecast to grow from 2018–2022, total construction work put in place is forecast by FMI to grow at 4.5 per cent per annum, to reach US\$1.5 trillion.



Intega pro-forma profit and loss

Intega achieved pro-forma revenue and EBITDA in FY19 of \$417.7m and \$29.8m. The business has grown revenue by 34% and EBITDA by >4x over the past two years

Intega Profit & Loss (A\$m)

Comments

Intega pro forma historical revenue (segment information)			
\$m	FY17	FY18	FY19
Americas	224.5	216.3	273.8
APAC	88.3	115.9	143.9
Pro forma historical revenue	312.7	332.1	417.7

Intega pro forma historical EBITDA (segment information)			
\$m	FY17	FY18	FY19
Americas	2.1	9.6	16.1
APAC	4.4	10.9	13.7
Pro forma historical EBITDA	6.5	20.5	29.8

Intega			
\$m	FY17	FY18	FY19
Revenue	312.7	332.1	417.7
EBITDA	6.5	20.5	29.8
Depreciation	(4.1)	(4.2)	(8.3)
Amortisation	-	(0.9)	(7.7)
EBIT	2.4	15.4	13.8
EBITA	2.4	16.3	21.5

FY17

- > Intega achieved pro forma revenue of \$312.7 million and EBITDA of \$6.5 million. EBITDA was negatively impacted by a loss in the oil and gas operations (PPI) as the business exited its operations in Nigeria and Angola and refocused on quality assurance work

FY18

- > Intega achieved pro forma revenue of \$332.1 million and EBITDA of \$20.5 million. The \$19.4 million increase in pro forma revenue was due primarily to organic growth - additional construction material testing work in Australia and the Americas. This was partially offset by a decline in the oil and gas division due to the full year impact of exiting Nigeria and Angola in FY17
- > The growth in revenue positively impacted EBITDA by approximately \$14.0 million. This growth was primarily due to a \$5.2 million improvement in the profitability of PPI as and after the business exited loss making operations in Nigeria and Angola, and strong growth in the profitability of the Construction Sciences business in Australia

FY19

- > Intega achieved pro forma revenue of \$417.7 million and EBITDA of \$29.8 million. The \$85.6 million increase in pro forma revenue was driven by additional construction material testing work in Australia and the America's, largely through organic revenue growth, and a modest return to profitable growth in PPI's oil and gas operations
- > The UES operations in the Americas generated approximately \$93.0 million of revenue, however were approximately breakeven at an EBITDA level. This reflects loss making operations in certain regions in the US which offset profitable revenue in Canada and other US regions

Intega pro-forma balance sheet

Intega had, on a pro-forma basis, on 1 July 19 an opening net asset balance of A\$116m including net debt of A\$50m.



Intega Balance Sheet (A\$m)	Comments																																																		
<p>Intega pro forma historical balance sheet as at 30 June 2019</p> <table> <tr> <th>\$m</th><th>Jun-19</th></tr> <tr> <td>Current assets</td><td></td></tr> <tr> <td>Cash and cash equivalents</td><td>9.8</td></tr> <tr> <td>Trade and other receivables</td><td>73.4</td></tr> <tr> <td>Inventories</td><td>22.1</td></tr> <tr> <td>Other current assets</td><td>4.2</td></tr> <tr> <td>Total current assets</td><td>109.5</td></tr> <tr> <td>Non-current assets</td><td></td></tr> <tr> <td>Property, plant & equipment</td><td>28.2</td></tr> <tr> <td>Intangibles</td><td>106.5</td></tr> <tr> <td>Other non current assets</td><td>3.5</td></tr> <tr> <td>Total non-current assets</td><td>138.2</td></tr> <tr> <td>Total assets</td><td>247.7</td></tr> <tr> <td>Current liabilities</td><td></td></tr> <tr> <td>Trade payables</td><td>32.5</td></tr> <tr> <td>Borrowings</td><td>2.7</td></tr> <tr> <td>Short term provisions</td><td>12.9</td></tr> <tr> <td>Total current liabilities</td><td>48.0</td></tr> <tr> <td>Non-current liabilities</td><td></td></tr> <tr> <td>Borrowings</td><td>57.2</td></tr> <tr> <td>Deferred tax liabilities</td><td>13.7</td></tr> <tr> <td>Other non-current liabilities</td><td>12.8</td></tr> <tr> <td>Total non-current liabilities</td><td>83.8</td></tr> <tr> <td>Total liabilities</td><td>131.8</td></tr> <tr> <td>Net assets</td><td>115.9</td></tr> </table>	\$m	Jun-19	Current assets		Cash and cash equivalents	9.8	Trade and other receivables	73.4	Inventories	22.1	Other current assets	4.2	Total current assets	109.5	Non-current assets		Property, plant & equipment	28.2	Intangibles	106.5	Other non current assets	3.5	Total non-current assets	138.2	Total assets	247.7	Current liabilities		Trade payables	32.5	Borrowings	2.7	Short term provisions	12.9	Total current liabilities	48.0	Non-current liabilities		Borrowings	57.2	Deferred tax liabilities	13.7	Other non-current liabilities	12.8	Total non-current liabilities	83.8	Total liabilities	131.8	Net assets	115.9	<ul style="list-style-type: none"> > As at 30 June 2019 <ul style="list-style-type: none"> ▪ Pro-forma net debt at June 2019 was A\$50.1m being A\$59.9m of debt, less A\$9.8m of cash. This represents 1.7x pro-forma FY19F EBITDA <ul style="list-style-type: none"> - Total available debt is A\$107m (USD/AUD 0.70) with pro-forma draw debt on 30th June of \$59.9m - Pro-forma Debt/EBITDA ratio is 1.7x at 30th June. Covenant is 3.0x ▪ PPE of A\$28.2m primarily relates to lab equipment, owned or finance leased motor vehicles, office furniture & equipment, and leasehold improvements. Annual capex historically has been in the range of A\$2-7m p.a. ▪ Other non-current liabilities primarily relates to earn-out obligations of A\$17m which are expected to be paid A\$6.6m in FY20, A\$6.5m in FY21, and A\$4.0m in FY22 ▪ A\$106.5m of intangible comprises primarily goodwill upon acquisition, with some specifically identified intangible assets – these are typically amortised over 3-7 years. > The QTM Business has effectively operated with stand-alone cash flows from 1 August 2019. <ul style="list-style-type: none"> ▪ Any cash generated or expended by the business (including on demerger costs) prior to the date of demerger will affect this starting balance sheet position
\$m	Jun-19																																																		
Current assets																																																			
Cash and cash equivalents	9.8																																																		
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Intega pro-forma cashflow

On a pro-forma basis, Intega has generated operating cashflow (after CAPEX, pre interest & tax) of nearly A\$60m over the three year period FY17 to FY19



Cardno QTM Cashflow Statement (A\$m)

Intega pro forma historical cash flows ¹			
\$m	FY17	FY18	FY19
EBIT	2.5	15.4	13.8
Depreciation and amortisation	4.1	5.1	16.0
EBITDA	6.6	20.5	29.8
Changes in working capital	11.5	(0.2)	4.1
Other items	-	-	-
Net operating cash flows, before capital expenditure, financing costs and tax	18.1	20.3	33.9
Capital expenditure ²	(2.1)	(4.6)	(6.9)
Proceeds from sale of property, plant and equipment and intangibles	0.0	0.2	0.1
Net operating cash flows after capital expenditure, before financing costs and tax	16.0	15.9	27.1

Comments

- > Conversion of EBIT into Net operating cash flows after capital expenditure, before financing costs and tax is more than 100 per cent in each year.
- > Items of note in the Intega pro forma historical cash flows in the past three years include:
 - The capex of Intega is primarily related to motor vehicles and equipment. The modest capex is in part driven by the policy in the Americas' for the vast majority of vehicles to be on operating lease with the costs of these leases included within EBITDA
 - The \$11.5 million inflow of working capital in FY17 was primarily due to the timing of receipts from clients and payments to suppliers through the financial year end of FY16 and FY17

Intega growth priorities

2. Intega overview

Intega is focused on expanding its offerings geographically in the America's, improving the operation performance of the UES operations in the America's and organic and acquisition growth



Continued organic growth driven by the need for additional investment in infrastructure and general development in both Australia and the United States



Continued geographic expansion in the United States organically and through acquisition



Improving the operational performance and profitability of the UES division in the Americas



Continued expansion of service lines in Asia Pacific



Intega growth will include both organic and acquisition-based opportunities

03

Cardno Consulting “Cardno” overview





CEO & MD

Ian Ball

Joined Cardno in 2018

- > Ian brings more than 30 years' international experience in consulting and professional services leadership within the fields of financial services, technology, innovation and Federal government. He joined Cardno following an extensive candidate search by the Cardno Board.
- > Ian's career started as a consultant at Bain & Company before moving to become a founding member of Kalchas, a boutique consulting company. The company was bought by CSC where he stayed as Head of Strategic Consulting before moving to Mainspring, which subsequently executed a successful IPO and was acquired by IBM in 2001. Ian progressed through the leadership ranks of IBM before joining Silver Lake in 2008 as the Value Creation Leader for Europe.
- > In 2009, Ian joined Ernst & Young (EY) as the Chief Operating Officer for Advisory across Asia Pacific. In 2012, he became Markets Leader and Deputy Chief Executive Officer for the whole EY firm in Oceania.
- > Ian holds a Bachelor of Science (Mechanical Engineering) from the University of Bristol (UK) and has completed the Executive Strategic Management Program at INSEAD in France and the Executive Strategic Leaders Course at Harvard Business School in the US.



CFO

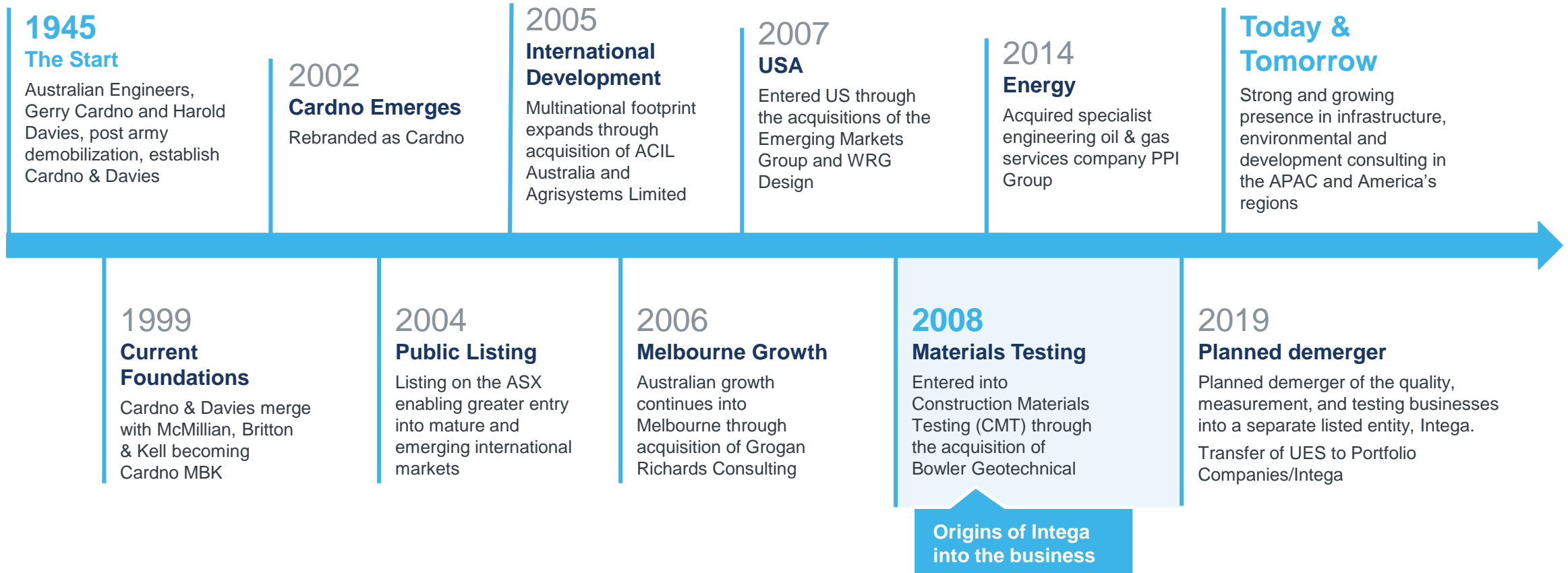
Peter Barker

Joined Cardno in 2016

- > Peter has 30 years of domestic and international experience in the services, technology and mining fields.
- > Prior to joining Cardno in January 2016, Peter held senior financial management positions across a range of industries, such as information technology, professional services, telecommunications, and mining and resources.
- > He was previously CFO of Computershare Ltd, and his career has seen him live and work in multiple countries, including Australia, Hong Kong, Singapore, the Netherlands, Ireland, the United Kingdom and the United States.
- > Peter holds a Bachelor of Commerce from the University of Queensland, a Master of Business Administration from Heriot-Watt University, is a Fellow of CPA Australia and has completed the Advanced Management Program at The Wharton School (U.Penn). Peter is also a Board Member and Honorary Treasurer at mental health not-for-profit Grow Australia.

Cardno history

Started in 1945, today Cardno is a global engineering, environmental and social services consulting firm.

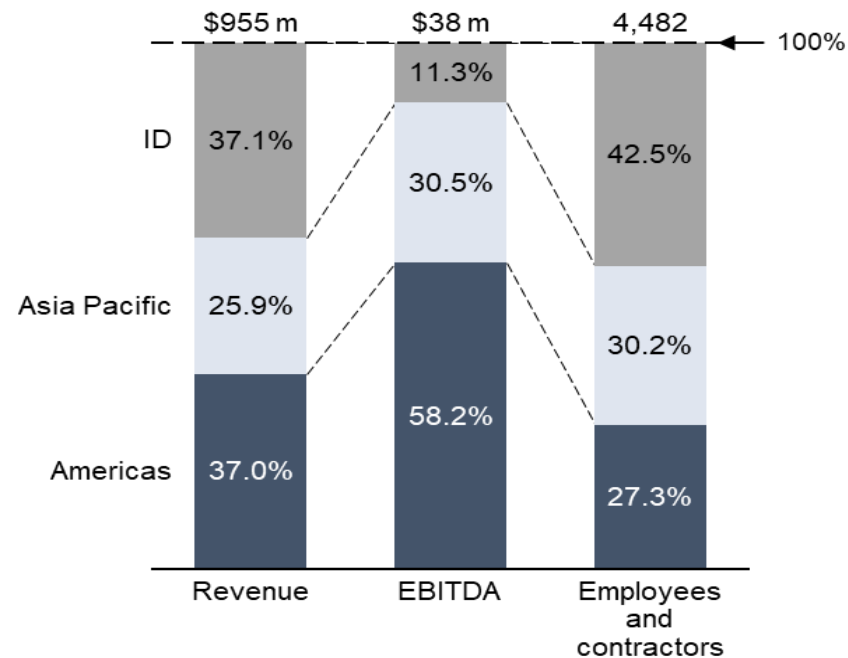


Cardno description

Cardno is an environmental, infrastructure and development consulting business



Cardno pro forma revenue, EBITDA and employees (FY19)



Description

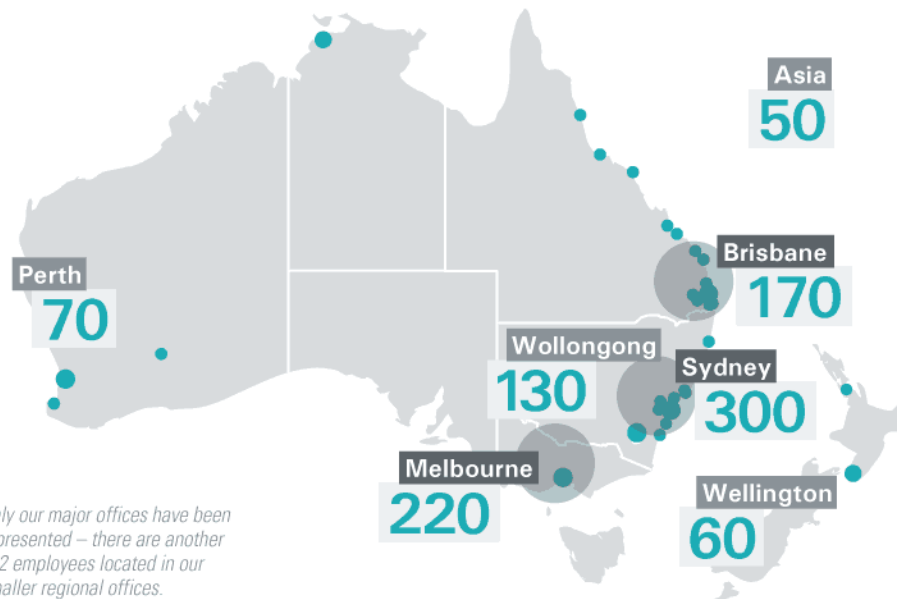
- > Cardno is an environmental, infrastructure and development consulting business which had around 4,482 employees in 124 permanent offices as at 30 June 2019. The services that Cardno Consulting focuses on include:
 - Environmental Consulting: Services include environmental assessment, applied toxicology, permitting, restoration, remediation, environmental management and litigation support in Asia Pacific and the Americas.
 - Infrastructure Consulting: Services include civil engineering, construction engineering inspection, asset management, planning, structural engineering and master planning.
 - International Development: Services include developing and managing development solutions for the Australian Department of Foreign Affairs and Trade (DFAT), the United States Agency for International Development (USAID), the United Kingdom Foreign and Commonwealth Office (FCO) and Department for International Development (DFID), the European Union, and for other governments, international agencies, non-government organisations and private sector clients.
- > Cardno operates as three divisions: Asia Pacific, the Americas, and International Development. The Americas itself has three sub-divisions: Science and Environment, Government Services and Infrastructure. Cardno can operate with broad functional teams that assist clients with both the engineering and the environmental elements of a project. International Development operates as one functional division given the global nature of its services.
- > For additional information see www.cardno.com

Cardno APAC Region

AT A GLANCE

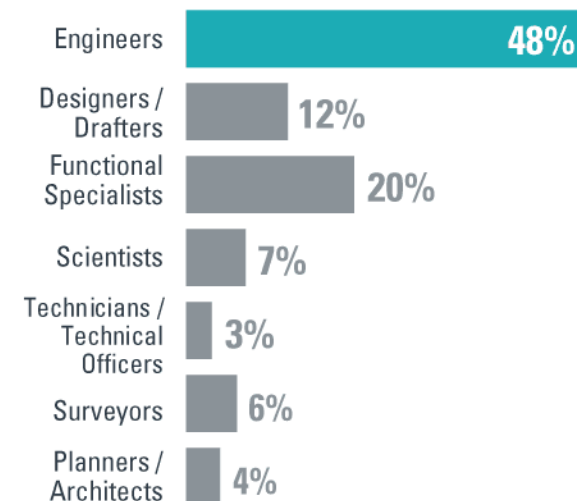
 **1,352** STAFF

 **29** OFFICES



Only our major offices have been represented – there are another 352 employees located in our smaller regional offices.

CLIENT FACING STAFF



DELIVERING CLIENT SOLUTIONS ACROSS 10 SECTORS

**for the full suite of solutions and services Cardno offers across APAC and beyond please see cardno.com*



Defence

- > Asset mgmt & utility engineering
- > Infrastructure
- > Planning & advisory



Energy

- > Civil & structural engineering
- > Enviro monitoring
- > Geotech engineering



Government

- > Asset mgmt
- > Engineering services
- > Enviro compliance & planning
- > Enviro restoration & sustainability



Industrial

- > Due diligence
- > Surveying
- > Water/wastewater engineering



Land Management

- > Brownfield redevelopment
- > Contract administration
- > Feasibility assessment
- > Master planning



Mining & Resources

- > Environmental & social mgmt
- > Geotech
- > Ocean & ports



Property & Buildings

- > Commercial & retail centres
- > Stormwater services
- > Structural engineering



Transport

- > Geotech engineering
- > Road & bridge design
- > Traffic/transport planning & modelling



Utilities

- > 3D underground mapping
- > Complete utility engineering
- > Design & construction survey



Water

- > Coastal engineering
- > Environmental services
- > Modelling & modelling software
- > Water/wastewater treatment

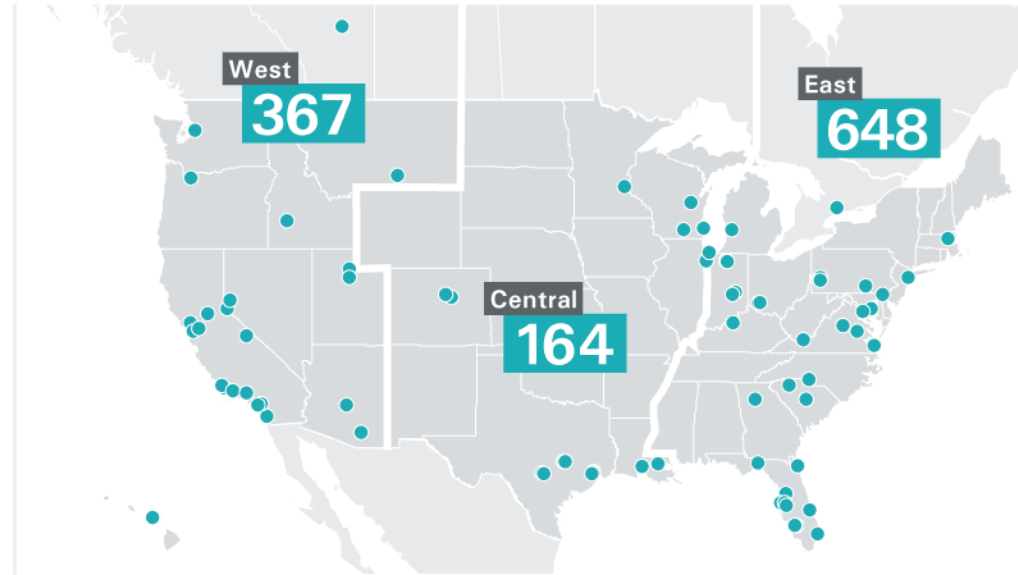
Cardno AME Region

AT A GLANCE

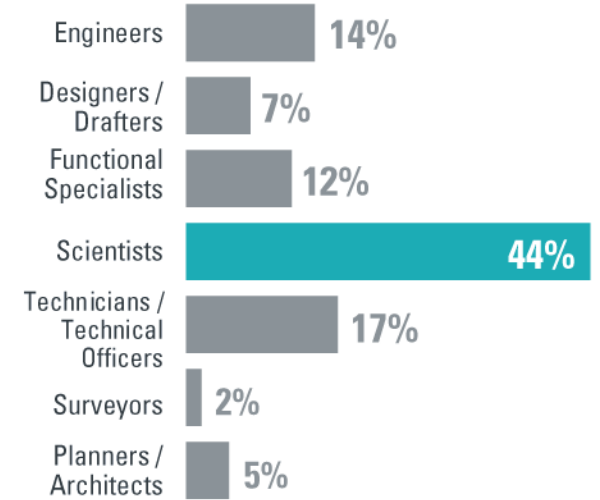
 **1,223*** STAFF

 **86** OFFICES

*Total staff numbers include an additional 44 staff located in South America.



CLIENT FACING STAFF



DELIVERING CLIENT SOLUTIONS ACROSS 9 SECTORS

*for the full suite of solutions and services Cardno offers across Americas and beyond please see [cardno.com](https://www.cardno.com)



Defense

- > Asset management
- > Environ permitting & compliance
- > Master planning
- > Environ restoration



Industrial

- > Litigation support
- > Product safety
- > Applied toxicology
- > Environ permitting & compliance



Land Management

- > Brownfield devel/due diligence
- > Environ permitting & compliance
- > Site & civil engineering
- > Mitigation banking/restoration



Oil & Gas

- > Assessment & remediation
- > Environ permitting & compliance
- > Incident response/NRDA
- > Decommissioning/Environ restoration



Power

- > Environ permitting & compliance
- > Cultural resources
- > Assessment & remediation
- > Mitigation banking/restoration



Property & Buildings

- > Structural engineering
- > Asset management
- > Due diligence



State/Local Government

- > Constrn engineering inspection
- > Transportation engineering
- > Water/wastewater engineering
- > Mitigation banking/restoration



Transportation

- > Constrn engineering inspection
- > Site & civil engineering
- > Planning
- > Environ permitting & compliance



Water

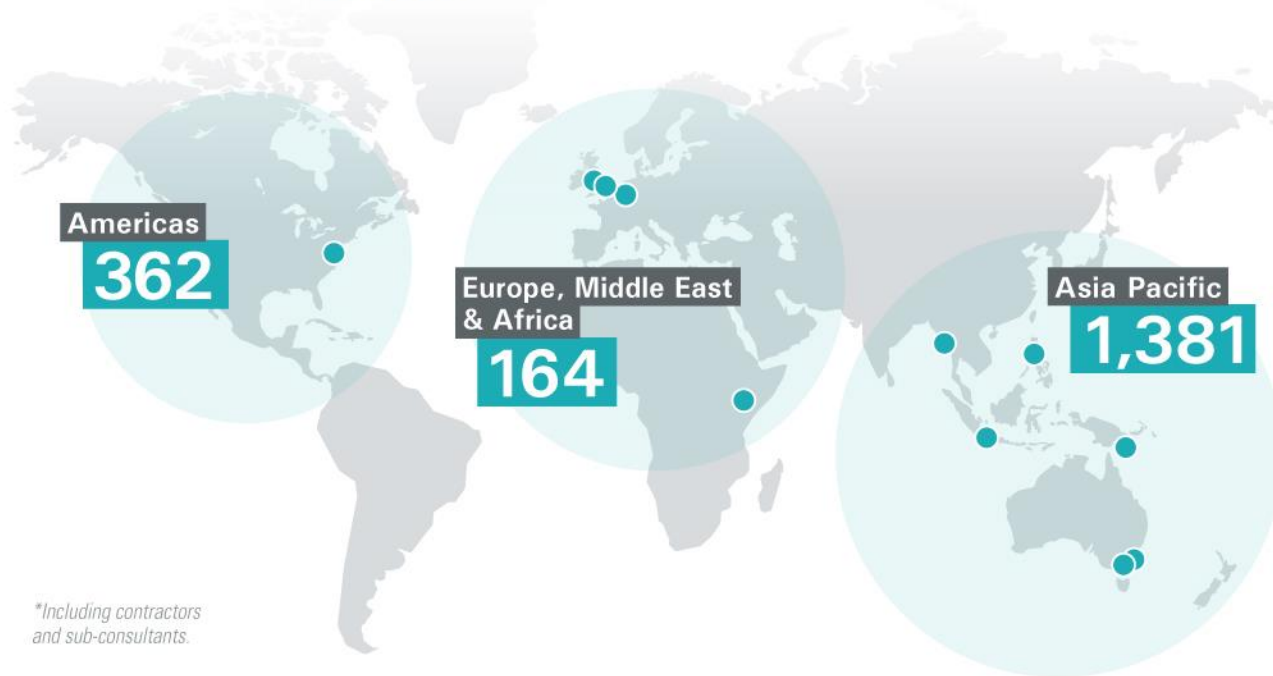
- > Water resources
- > Water quality management
- > Coastal engineering
- > Computational modeling

Cardno ID Division

AT A GLANCE



53%
of ID people
are locally
engaged



*Including contractors
and sub-consultants.

DELIVERING INTERNATIONAL DEVELOPMENT PROJECTS FOR OVER 50 YEARS

visit cardno.com/internationaldevelopment for more



Agriculture & Rural Dev

- > Market development
- > Pro-poor growth



Climate Change

- > Disaster resilience & NRM
- > Infrastructure design & planning



Economic Growth

- > Regulatory reform & BEE
- > Financial sector development



Education

- > Curriculum devel & teacher training
- > Workforce development



Gender & Inclusion

- > Ending gender-based violence
- > Inclusion & economic empowerment



Global Health

- > Strengthened health systems & delivery
- > Health policy & reform



Infrastructure & Enviro

- > Design & construction supervision
- > Infrastructure financing & policy



Governance

- > Law & justice systems
- > Economic governance



Market Linkages & Trade

- > Trade facilitation & policy strengthening
- > Delivering market-based approaches



Public Finance Mgmt

- > Fiscal & procurement mgmt
- > Social protection & access to financial services



Post Conflict & Fragile States

- > Community-driven development
- > Post conflict mgmt & public sector reform



Social/Enviro Impact Mgmt

- > Impact assessments
- > Social safeguards

Cardno pro-forma profit and loss

Cardno achieved pro-forma revenue and EBITDA in FY19 of \$955m and \$38m. Revenue is flat and EBITDA is down 7% over the past two years.



Cardno Profit & Loss (A\$m)				Comments
Cardno pro forma historical revenue (segment information)				
\$m	FY17	FY18	FY19	
Asia Pacific	266.1	253.7	247.5	
Americas	340.8	303.7	353.4	
International Development	342.3	323.5	354.2	
Pro forma historical revenue	949.1	880.8	955.1	
Cardno pro forma historical EBITDA (segment information)				
\$m	FY17	FY18	FY19	
Asia Pacific	25.5	21.1	11.6	
Americas	9.6	14.5	22.1	
International Development	5.9	5.2	4.3	
Pro forma historical EBITDA	40.9	40.8	38.0	
Cardno				
\$m	FY17	FY18	FY19	
Revenue	949.1	880.8	955.4	
EBITDA	40.9	40.8	38.0	
Depreciation	(11.9)	(9.9)	(10.5)	
Amortisation	(0.9)	(0.1)	(0.8)	
EBIT	28.1	30.8	26.7	
EBITA	29.0	30.9	27.5	

FY17

- > Cardno achieved pro forma revenue of A\$949.1m and EBITDA of A\$40.9m.
- > Asia Pacific was working on 4 major infrastructure projects, providing excellent margins.
- > The Americas was 'under-earning' reflecting an historic under investment in business development and insufficient focus on disciplines/systems/processes.
- > International Development successfully completed a number of projects with resultant contingency reserve releases.

FY18

- > Cardno achieved pro forma revenue of A\$880.8m and EBITDA of A\$40.8m.
- > Asia Pacific revenues began to come off their peak as major projects began to wind down and complete and were not replaced or were replaced by lower overall margin work.
- > By contrast, the Americas began to see returns on the investments in business development and business/operating disciplines/systems/processes.

FY19

- > Cardno achieved pro forma revenue of A\$955.1m and EBITDA of \$38.0m.
- > Asia Pacific completed the last of the major projects and held resources (effectively consciously over staffing) awaiting award of projects. In Q4 FY19 the business reduced staff – taking ~\$8m of operating cost per annum out of the business.
- > The Americas continued to improve the top and bottom lines – continuing to benefit from the actions taken in FY17 and FY18 as well as clean-up work from 2 major chemical and oil spills.
- > International Development invested in business development, winning a series of large multi year projects. While EBITDA was down year on year – the FY19 result was ahead of internal targets.

Cardno pro-forma balance sheet

Cardno had, on a pro-forma basis, on 1-Jul-19 an opening net asset balance of A\$358m including net debt of A\$44m.



Cardno Balance Sheet (A\$m)		Comments
Cardno pro forma balance sheet		
\$m	Pro forma historical as at 30 June 2019	
Current assets		
Cash and cash equivalents	39.2	
Trade and other receivables	155.0	
Inventories	67.5	
Other current assets	10.8	
Current tax receivables	(0.0)	
Total current assets	272.6	
Non-current assets		
Other financial assets	1.2	
Property, plant and equipment	24.0	
Deferred tax assets ³	93.9	
Intangible assets	252.5	
Total non-current assets	371.6	
Total assets	644.1	
Current liabilities		
Trade and other payables	131.3	
Inter-company payable	0.0	
Borrowings	0.1	
Current tax liabilities	5.6	
Short term provisions	31.5	
Other current liabilities	39.3	
Total current liabilities	207.8	
Non-current liabilities		
Trade and other payables	3.0	
Borrowings	82.8	
Deferred tax liabilities ³	(12.7)	
Long term provisions	3.7	
Other non-current liabilities	1.9	
Total non-current liabilities	78.6	
Total liabilities	286.4	
Net assets	357.8	

> As at 30 June 2019

▪ Pro-forma net debt at June 2019 was A\$43.7m being A\$82.9m of debt, less A\$39.2m of cash. This represents 1.2x pro-forma FY19F EBITDA

- Total available debt is A\$193.8m equivalent, with pro-forma draw on 30th June of A\$82.9m

- Pro-forma Debt/EBITDA ratio is 1.15x at 30th June. Covenant is 2.5x

▪ PPE of A\$24m primarily relates to technical equipment and leasehold improvements. Annual capex historically has been in the region of A\$10m to A\$15m p.a.

▪ A\$94m of deferred tax assets primarily relates to income tax assets in Australia and the US, which is expected to provide a tax shield for Australian earnings in the short term and US earnings in the medium term

▪ \$A39.3m in Other current liabilities primarily relates to advance contract billings

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Cardno pro-forma cashflow

On a pro-forma basis, Cardno has achieved strong conversion from EBITDA into operating cash flows after capital expenditure, financing costs and tax



Cardno Cashflow Statement (A\$m)

Cardno Consulting pro forma historical cash flows			
\$m	FY17	FY18	FY19
EBIT¹	28.1	30.8	26.7
Depreciation and amortisation	12.8	9.9	11.3
EBITDA	40.9	40.8	38.0
Changes in working capital	(43.2)	8.7	(17.4)
Net operating cash flows, before capital expenditure, financing costs and tax	(2.3)	49.5	20.6
Capital expenditure	(10.6)	(15.2)	(10.7)
Proceeds from sale of property, plant and equipment and intangibles	0.9	0.3	7.6
Net operating cash flows after capital expenditure, before financing costs and tax	(12.0)	34.5	17.5
Financing costs ²	(16.1)	(40.0)	(51.7)
Income tax paid	(1.4)	(3.6)	(1.2)
Net operating cash flows after capital expenditure, financing costs and tax	(29.5)	(9.0)	(35.3)

Comments

- > FY17 pro forma net operating cash flow was impacted by a \$43.2m negative working capital movement primarily due to the timing of receipts from key large government department clients through year end.
- > By contrast, FY18 net operating cash flow benefited from the timing of receipts from key large government department clients through year end.
- > Timing of substantial government client receipts has historically been lumpy (ie funds received just before or just after year end) meaning that in some financial years Cardno is paid 11 times, while in the next year it is paid 13 times.
- > Financing costs included share buy-backs, repayment of lease liabilities, interest, with the remainder being the pay down of external bank debt for the combined group (reflecting Cardno's ongoing fiscal discipline);
 - FY19: buybacks A\$21.5m, lease liabilities A\$3.4m
 - FY18: buybacks A\$13.9m, lease liabilities A\$2.0m
 - FY17: buybacks A\$5.7m, lease liabilities A\$2.1m

¹ Represents pro-forma historical EBIT from continuing operations excluding significant items

² Share buy backs, repayment of lease liabilities, interest, retiring of debt for entire Cardno Group

Cardno growth priorities

Cardno is focused on expanding its EBITDA margins in the Asia Pacific, expanding its service offerings in the America's and growing its service lines in International Development.



Improve the EBITDA margin in the Asia Pacific division through operational focus, organic growth and acquisitions



Expand the consulting service offerings and increase the margin of the Americas division through organic growth and acquisitions



Increase the focus of the International Development business on private sector consulting and growing the business in its core offerings through organic growth and acquisitions



Cardno growth will include both organic and acquisition based opportunities

04 Next steps

6.1 Process overview

Debt process key dates are outlined below:



Before Cardno Shareholders vote on the Demerger

Proxy Form deadline and Meetings Record Date	8 October 2019
Annual General Meeting, Demerger Scheme Meeting, General Meeting	10 October 2019

If Cardno Shareholders approve the Demerger

Second Court Hearing	18 October 2019
Effective Date	21 October 2019
ASX Listing of Intega (Intega shares expected to begin trading on a deferred settlement basis)	22 October 2019
Election deadline for Small Shareholders/ Demerger Scheme Record Date	23 October 2019
Demerger Implementation Date	31 October 2019
Intega Shares expected to commence trading on a normal settlement basis	1 November 2019

THANK YOU

Cardno is an infrastructure,
environmental and social
development company; improving
the lives of people and
communities around the world.

www.cardno.com

Making a
difference.

