

ASX Announcement



29 November 2022

Annual General Meeting – Chairman’s Address

In accordance with ASX Listing Rules, a copy of the Chairman’s Address to the Annual General Meeting is as follows.

Chairman’s address

The financial year to 30 June 2022 saw the successful completion of the Board’s strategic review which was first announced in June 2021, and the realisation of considerable value for Shareholders.

The Company completed the sale of its Asia Pacific and Americas engineering consulting divisions to Stantec in December 2021, for total cash consideration of US\$500 million, in addition to working capital and net debt adjustment amounts paid.

This merger provided an opportunity for Cardno’s Asia Pacific and Americas consulting divisions to become part of a top tier consulting firm that is recognised for creative technology-forward thinking and collaboration, in addition to providing new career opportunities for staff, additional resources and services for our clients, and a new platform for combined growth in the marketplace.

The Company subsequently completed the sale of its International Development business to DT Global in June 2022, for total cash consideration of \$56.5 million, in addition to working capital and net debt adjustment amounts payable.

This transaction with DT Global represented both an attractive financial outcome for Cardno Shareholders but also ensured that DT Global will continue delivering the important work of Cardno International Development, backed by their more than 60 years’ experience in supporting aid and development imperatives globally.

A total of approximately \$639 million has been distributed to Shareholders in relation to these sale transactions since December 2021, by way of capital returns and special dividends, with a further estimated distribution of \$18.7 million (\$0.48 per share) expected to be paid by 31 January 2023. This represents total payments to shareholders since December 2021 equivalent to \$1.51 per share – a return significantly higher than the Company’s share price of \$0.75 per share (pre share consolidation) in June 2021 (six months prior to completion of the first sale transaction) and the average share price of \$0.53 per share (pre share consolidation) over the preceding two years to December 2021. A dividend was also paid for FY21 of 5.5 cents per share.

Prior to the completion of the first sale transaction in December 2021, the Company achieved strong financial results year on year which met or exceeded market guidance, with underlying earnings in FY21 up 19% on the previous financial year, and up 32% on FY19.

Following the sale of Cardno International Development, Cardno continues to wind down its South American INSUS operations, and its Latin American (Entrix) engineering consultancy business continues to operate while the Board continues to consider what the next steps for Cardno will be

following finalisation of the distribution payments from the sale of the International Development business.

The successful completion of the first sale transaction in December 2021 represented a significant structural change to the Cardno Group, and the limited size and scope of the remaining operations reduced the need for senior management positions. This resulted in the departure of the Group CEO and Managing Director, Susan Reisbord, Group CFO, Peter Barker, and Group COO, Jenifer Picard during the financial year. In addition, Non-Executive Directors Rebecca Ranich and Steven Sherman, resigned from the Board. I would like to personally thank Susan, Peter, Jenifer, Rebecca and Steven for their support and for the significant contributions they each made towards the Cardno Board and management team, and the success of the Company.

I would also like to thank all our staff for their extraordinary efforts over the past year, in particular those who shouldered the heavy workload associated with the aforementioned sale transactions, while continuing to deliver a strong financial performance for their respective businesses.

Authorised for release to the ASX by Michael Alscher, Chairman

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