



**Cardno**

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# CARDNO LIMITED

**Annual General Meeting  
25 October 2007**

**Managing Director's Presentation**





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## Cardno Limited - Outline

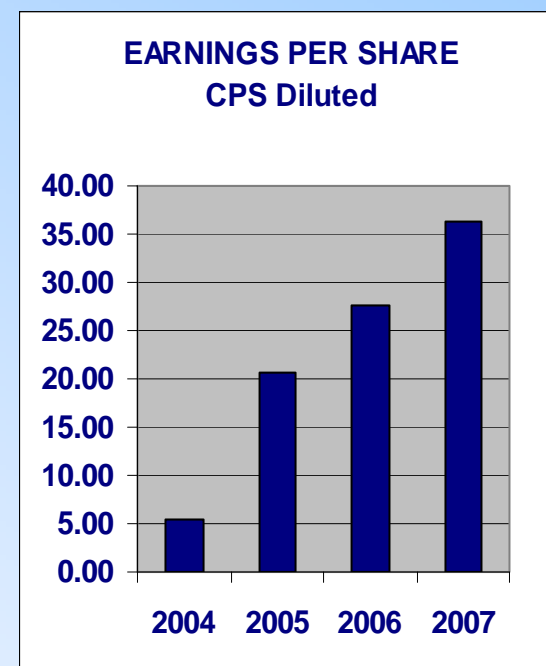
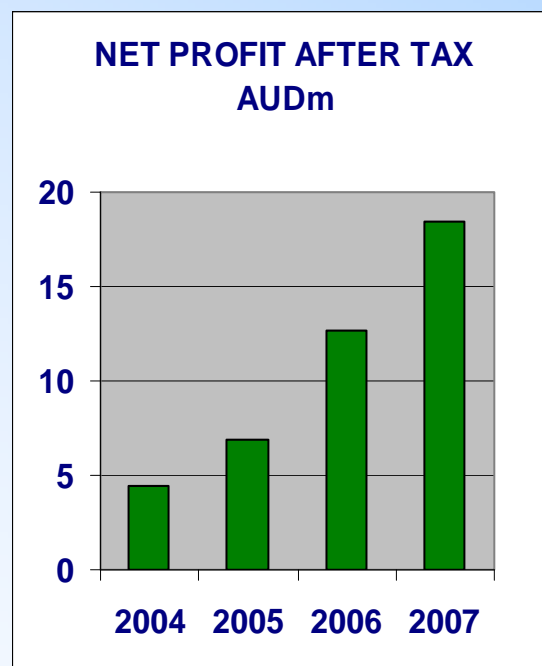
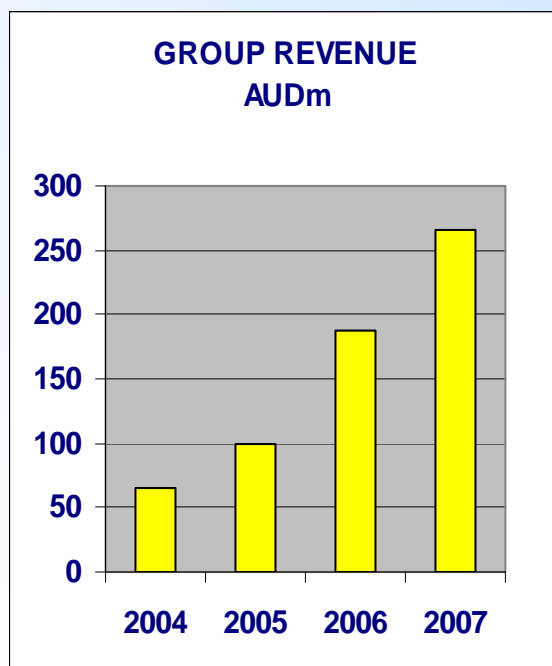
- Cardno delivers professional services for the development of Physical and Social Infrastructure. The Cardno team is comprised of leading advisors who plan, design, manage and deliver sustainable projects or programs.
- Physical Infrastructure includes buildings, roads, bridges, water and environment.
- Social Infrastructure includes health systems, education systems, law and justice, rural development and institutional strengthening.

***“Cardno’s vision is to be a world leader in the provision of professional services for the improvement of physical and social infrastructure.”***

## Cardno Limited – Key Details

- Operating track record extending back over 60 years
- Strong historical revenue and earnings growth
- Around 2600 employees in more than 45 offices both in Australia and overseas
- A diversity of earnings across a number of business sectors, clients, and geographical locations
- Eight acquisitions in 2006/07, two in U.S., one in N.Z. increasing diversification
- Cardno Buckland acquired September 2007 increasing exposure to the resources sector
- Strong results for June 2007 Financial Year
- Net profit after tax increased by 45.8% to \$18.47 million in 2006/07
- Strategy to grow company organically and by acquisition to continue

## 4 Year Performance History



## Cardno Limited – Security Details

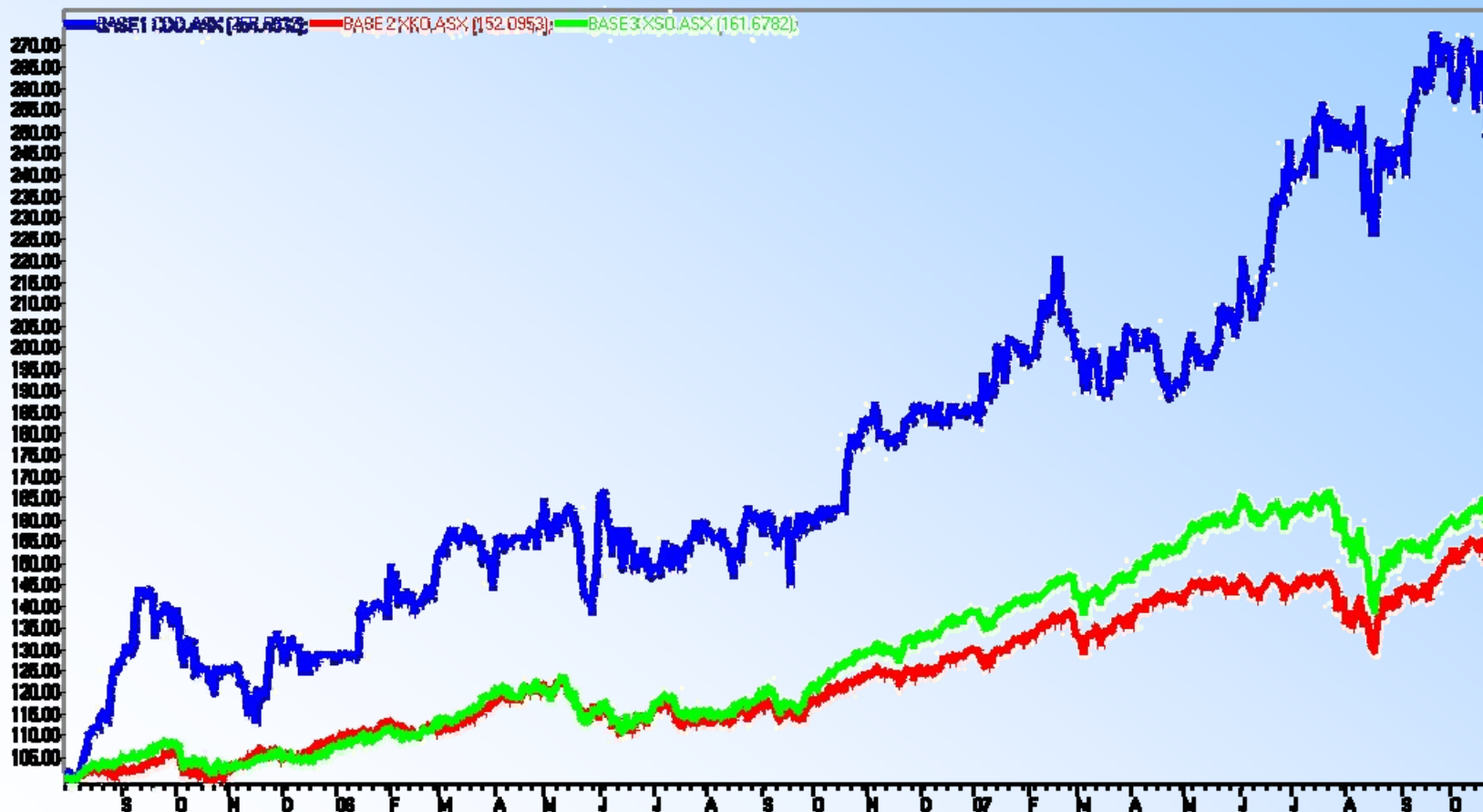
- Listed on ASX May 2004 @ \$1.00 – (ASX Code: CDD)
- Shares closed at \$7.95 and convertible notes at \$7.54 on 24 October 2007
- Market capitalisation as at 24 October - \$438.936 million
- 58.214 million shares on issue and 1.614 million convertible notes
- Top 20 shareholders hold 38%; Top 50 shareholders hold 55%
- Largest shareholder is Perpetual Trustees approximately 10%
- Executive Directors hold around 10%



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## Cardno v S&P / ASX 300 and Small Ordinaries From Jul 05 – Oct 07



## Core Business

*Cardno delivers a diverse range of professional services in physical and social infrastructure development*

### Physical Infrastructure:

- Building and Property
- Coastal, Ocean and Marine
- Environment and Water Quality
- Urban Development
- Management Services
- Transport & Traffic
- Water and Wastewater
- Geotechnical
- Planning, G.I.S.
- Landscape Architecture
- Resources Structures

### Social Infrastructure:

- Law and Justice
- Health
- Governance
- Education
- Rural Development
- Natural Resource Management
- Institutional Strengthening
- HIV / AIDS
- Post Conflict
- Finance and Economics
- Public Sector Services



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## Location of Operations



● Permanent Cardno group offices

# Projects

*Gateway Bridge Duplication, Old, Aust*



*PNG Electoral Support Program, PNG*



*Whitby Development, Wellington, New Zealand*

*Gold Coast Desalination Plant, Gold Coast, Old, Aust*



*Al Anbar Workers City, Dubai, UAE*



*Land Tilling & Economic Restructuring Project, Afghanistan*



*Sacramento Water Resources,*

*Cabela's, Retail Store, Glendale, Arizona, USA*



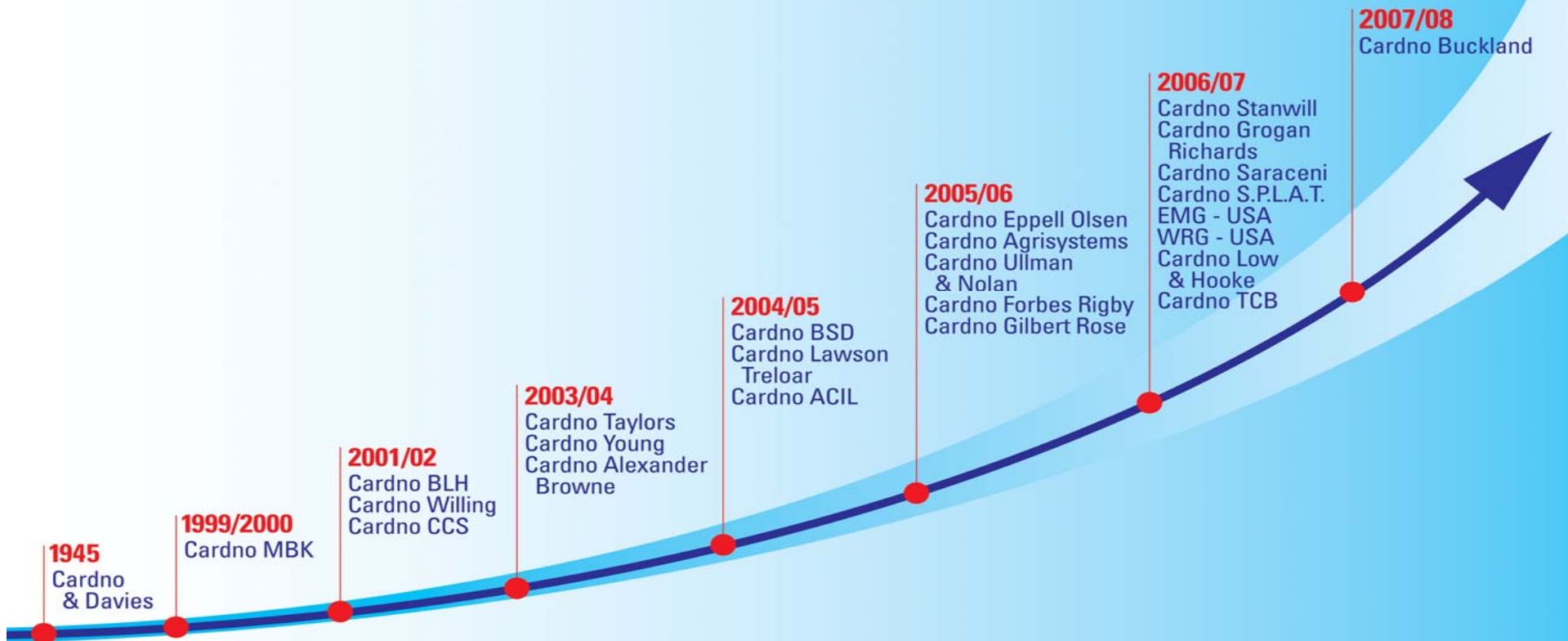


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## Merger/Acquisition History

*Record of successful mergers and acquisitions*





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## Recent Acquisitions

### Cardno S.P.L.A.T.

- Professional landscape architecture services
- Brisbane and Gold Coast based
- Clients include major developers and public infrastructure bodies
- A\$4m revenue, 40 people

### EMG - USA

- Emerging Markets Group - MBO from Deloitte in 2004
- Undertakes social infrastructure projects in developing countries
- Washington D.C. base, offices in London and Brussels
- Major clients – USAID, MCC, DFID, E.C.
- US\$50m revenue, 430 people

### WRG Design - USA

- Provides physical infrastructure services – planning, surveying, engineering, landscape architecture
- Offices at Portland, OR (headquarters); Boise, ID; Sacramento, CA; Las Vegas, NV; Phoenix, AZ; Charlotte, NC.
- US\$45m revenue, 370 people

## Recent Acquisitions

### Cardno Low & Hooke

- Structural engineering for institutional buildings
- Sydney based
- Clients include government, hospitals, schools and private developers
- A\$4m revenue, 26 people

### Cardno TCB – New Zealand

- Provides physical infrastructure services – planning, surveying, civil engineering
- 6 New Zealand offices, Wellington headquarters
- 80 year track record, solid market presence
- A\$9m revenue, 110 people

### Cardno Buckland

- Provides civil and structural engineering
- Servicing predominantly the resources sector
- Perth based with clients across Australia
- \$6m revenue, 40 people

## Full Year 2006/07 Results - Comparison

	Consolidated for the 30 June Years	
	As at 30 Jun 2007 \$'000	As at 30 Jun 2006 \$'000
Total Revenue	265,303	186,753
Less Recoverables & Other	54,057	36,880
<b>Fee Revenue</b>	<b>211,246</b>	<b>149,873</b>
Earnings before interest expense, tax and amortisation (EBITA)	27,297	21,996
Amortisation of intangibles	159	314
Earnings before interest expense and tax (EBIT)	27,138	21,652
Interest expense	2,103	3,527
Net profit before tax	25,035	18,125
Income tax expense	6,567	5,462
<b>Net profit after tax</b>	<b>18,468</b>	<b>12,663</b>
Earnings per Share - basic	37.29	31.37
Earnings per Share – diluted	36.29	27.67
Dividend per Share	22.5	19.0

## Full Year June 2007 Balance Sheet

	June 2007 \$'000	June 2006 \$'000
Total Current Assets	133,855	70,358
Total Non-Current Assets	132,858	66,303
<b>TOTAL ASSETS</b>	<b>266,713</b>	<b>136,661</b>
Total Current Liabilities	124,928	47,053
Total Non-Current Liabilities	30,535	43,354
<b>TOTAL LIABILITIES</b>	<b>155,463</b>	<b>90,407</b>
<b>NET ASSETS</b>	<b>111,250</b>	<b>46,254</b>
<b>FINANCIAL RATIOS</b>		
Current Ratio <sup>1</sup>	1.07	1.50
Gearing Ratio <sup>2</sup>	.22	.48
Debt to Equity Ratio <sup>3</sup>	1.40	1.95
Note 1: The Current Ratio is Current Assets ÷ Current Liabilities Note 2: The Gearing Ratio is Long Term Liabilities ÷ (Shareholders Equity + Long Term Liabilities) Note 3: The Debt to Equity Ratio is Total Liabilities ÷ Shareholders Equity		

## Statement of Cash Flows

	As at 30 Jun 2007 \$'000	As at 30 Jun 2006 \$'000
NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES	25,822	13,357
NET CASH PROVIDED BY/(USED IN) INVESTING ACTIVITIES	(62,895)	(16,222)
NET CASH PROVIDED BY/(USED IN) FINANCING ACTIVITIES	36,868	(25,847)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS HELD</b>	<b>(205)</b>	<b>(28,712)</b>
CASH AND CASH EQUIVALENTS AT 1 JULY	15,679	44,391
CASH AND CASH EQUIVALENTS AT 30 JUNE	15,474	15,679



## People

- Objective is to have a high level of engagement, low turnover
- Staff engagement survey provided positive feedback, constructive suggestions
- Increased opportunities for staff throughout Australia & internationally
- Employee share ownership through ESP & PEP – all employees are shareholders
- Staff numbers are increasing dramatically
- Focus on retention of merger partners' staff
- Overall company track record is good but always room for improvement
- Employer of choice



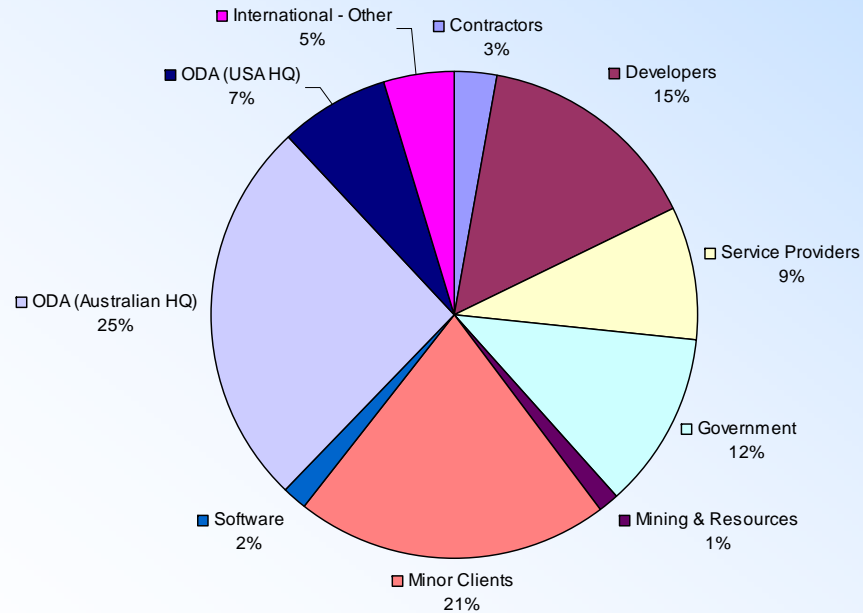
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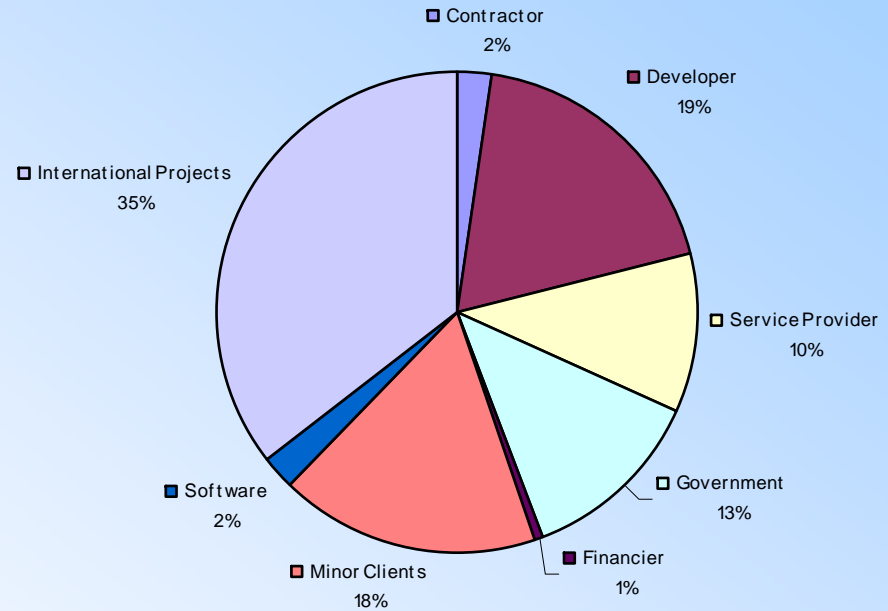
## Source of Fee Revenue

As a proportion of total fees earned

2006/07



2005/06



\* Note: Approximation based on fees from services and sale of goods

ODA is Official Development Assistance including fees earned from work managed from Australian or USA Headquarters

"International Other" represents fees earned from off-shore projects for non-ODA clients

"Minor clients" represents fees earned from all Australian clients that generated less than \$100,000 in fees during 2007FY

"Software" represents the revenue generated by XP Software related income during 2007FY

Remaining segments represent fees earned from major Australian based clients i.e. a client that generated \$100,000 or more in fees during 2007FY





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## Future Outlook

- Conditions remain strong in Australia with major infrastructure requirements especially in Queensland and Western Australia
- International development / aid market growing, Cardno leadership is strong
- Strategy is to continue organic and acquisition growth
- Strategy is also to maximise benefits from new markets in U.S. & N.Z.
- Acquisition integration is ongoing and provides opportunity for growth
- Merger and acquisition pipeline remains healthy



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## Conclusion

- A leading Australian infrastructure services company operating over 60 years
- Global infrastructure markets are strong
- Strong growth profile coupled with an attractive dividend yield
- Diversity of earnings across a number of business sectors and geographic locations
- New growth fronts in U.S. in Physical Infrastructure and Social Infrastructure
- Opportunities for further growth are substantial



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## Cardno's Vision

*“Cardno’s vision is to be a **world leader** in the provision of professional services for the improvement of physical and social infrastructure.”*