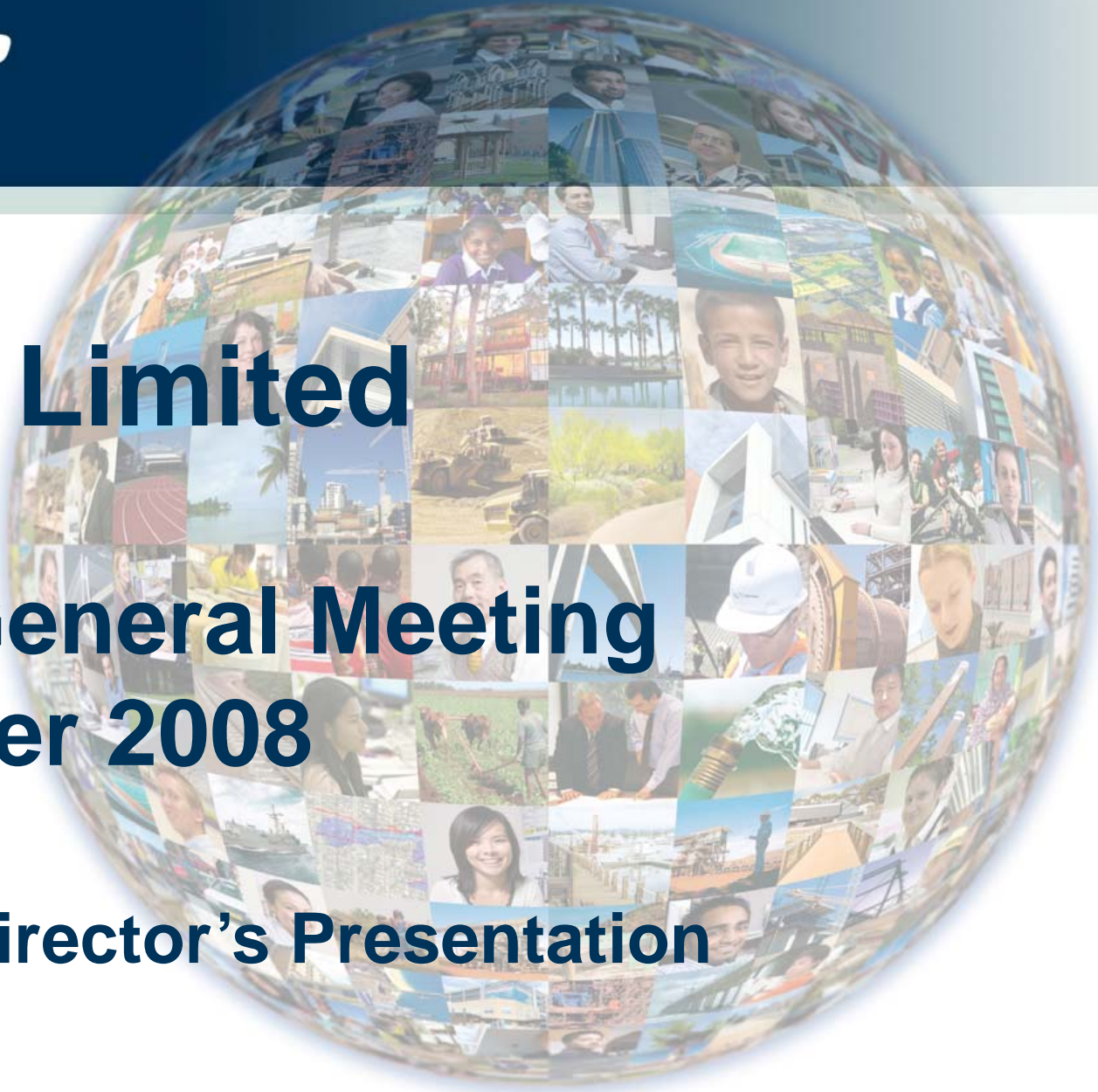


# Cardno Limited

**Annual General Meeting  
23 October 2008**

**Managing Director's Presentation**





## 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, finance 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 to improve the physical and social environment.”*

*Beach Road Holiday Homes, Noosa, Queensland*



*Westfield Shopping Centre, Melbourne*



*Post-Tsunami Reconstruction Works, Maldives*



*Gateway Bridge Duplication, Queensland*



*Micro Drainage Software, UK*



*Basic Education Program, Indonesia*



*Springbrook, Oregon, USA*



*Hammersley Iron, WA*

# Projects



# 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
- Management Services
- Transport & Traffic
- Water and Wastewater
- Geotechnical and Construction Materials Testing
- Planning, G.I.S.
- Landscape Architecture
- Resources Structures
- Water Engineering Software
- Survey and Mapping
- Subsurface Utility Engineering

## 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



# Global Presence



3400 people (approx); 104 offices; 60 countries



# Cardno Limited – Key Messages

## *Performance for 2008 FY*

- Cardno continues to perform strongly with revenue and profit up around 50% on the previous year.
- Cardno has achieved compound annual growth rates (CAGR) of revenue, profit and earnings per share of 58%, 57%, and 31% respectively since June 2004.

## *Strategy*

- Cardno has implemented a strategy of growth through diversification of clients and markets which mitigates risk.
- Cardno has achieved organic growth of 7-9%, together with growth by strategic acquisition.

## *Future*

- Cardno's strong balance sheet allows us to continue to implement our growth strategy.
- Cardno's infrastructure markets, international development assistance sector, and public sector client based business remain very sound, offsetting slower conditions in US private development.



## 2007/08 Financial Year Highlights

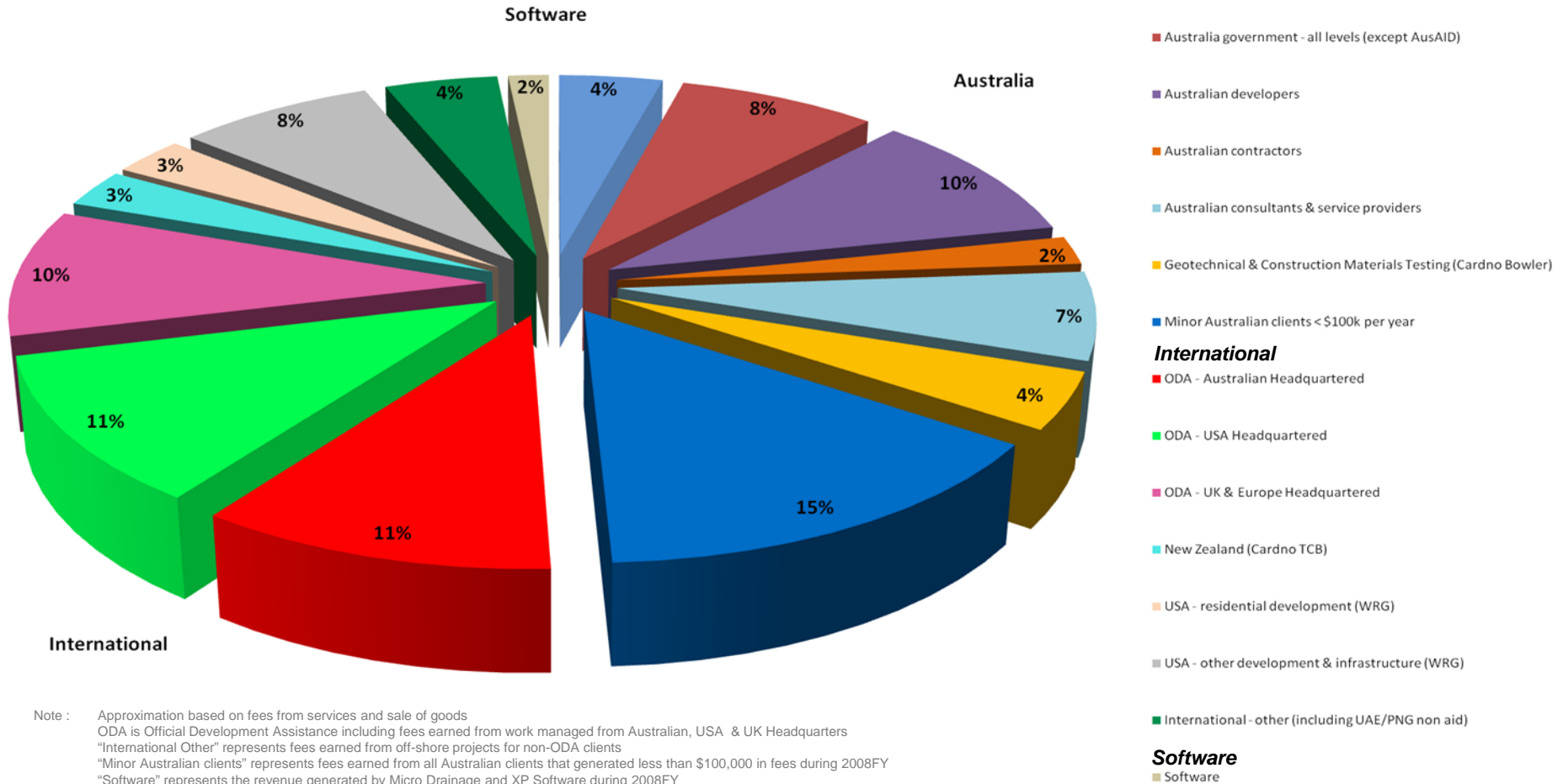
- Revenue increased by 50.4% to \$399.0m, EBIT up by 52% to \$42.11m.
- NPAT increased by 48.6% to \$27.45m, earnings per share (diluted) increased by 13.9% to 41.34 cents.
- Strong operating cash flow of \$32.5m.
- Net debt \$55m and net debt to equity 23.7% as at 30 September 2008.
- Final dividend of 14.0 cents paid in October, full year dividend of 27.0 cents up 20.0% on last year.
- Acquisitions completed during the 2007/08 year were Cardno Buckland (structural engineering), Cardno Bowler (geotechnical and construction materials testing), and Micro Drainage (water engineering software).
- Three acquisitions completed since June 30 – Ecology Lab (marine ecology), Spectrum Survey & Mapping (resources sector surveying), and TBE Group Inc. (consulting engineering), adding further diversification.
- Merger integration proceeding well.



## Full Year 2007/08 Results - Comparison

	Consolidated for the 30 June Years		% Growth
	As at 30 Jun 2008 \$'000	As at 30 Jun 2007 \$'000	
Total Revenue	399,035	265,303	50.4
Less Recoverables & Other	86,571	54,057	-
<b>Fee Revenue</b>	<b>312,464</b>	<b>211,246</b>	<b>47.9</b>
EBITDA	50,200	32,970	52.2
EBIT	42,112	27,678	52.2
Net profit before tax	38,686	25,035	54.5
<b>Net profit after tax</b>	<b>27,452</b>	<b>18,468</b>	<b>48.9</b>
Earnings per Share – basic	42.00	37.29	12.6
Earnings per Share – diluted	41.34	36.29	13.9
Dividend per Share (cents)	27.0	22.5	20.0

## Source of Fee Revenue As a proportion of total fees earned for 2007/08



Note : Approximation based on fees from services and sale of goods  
 ODA is Official Development Assistance including fees earned from work managed from Australian, USA & UK Headquarters  
 "International Other" represents fees earned from off-shore projects for non-ODA clients  
 "Minor Australian clients" represents fees earned from all Australian clients that generated less than \$100,000 in fees during 2008FY  
 "Software" represents the revenue generated by Micro Drainage and XP Software during 2008FY



## June 2008 Balance Sheet

	June 2008 \$'000	June 2007 \$'000
Total Current Assets	187,387	133,855
Total Non-Current Assets	196,457	132,858
<b>TOTAL ASSETS</b>	<b>383,844</b>	<b>266,713</b>
Total Current Liabilities	105,501	124,928
Total Non-Current Liabilities	60,277	30,535
<b>TOTAL LIABILITIES</b>	<b>165,778</b>	<b>155,463</b>
<b>NET ASSETS</b>	<b>218,066</b>	<b>111,250</b>
<b>FINANCIAL RATIOS</b>		
Current Ratio <sup>1</sup>	1.78	1.07
Gearing Ratio <sup>2</sup>	0.22	0.22
Debt to Equity Ratio <sup>3</sup>	0.265	0.55
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 Debt (\$58m) ÷ Shareholders Equity		



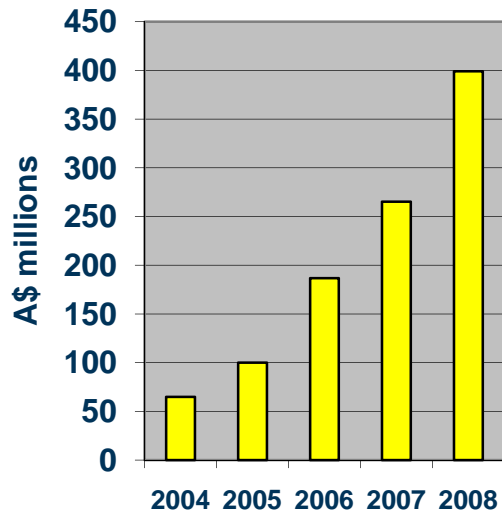
## Statement of Cash Flows

	As at 30 Jun 2008 \$'000	As at 30 Jun 2007 \$'000
NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES	32,586	25,822
NET CASH PROVIDED BY/(USED IN) INVESTING ACTIVITIES	(73,652)	(62,895)
NET CASH PROVIDED BY/(USED IN) FINANCING ACTIVITIES	71,911	36,868
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS HELD</b>	<b>30,845</b>	<b>(205)</b>
CASH AND CASH EQUIVALENTS AT 30 JUNE	46,319	15,474

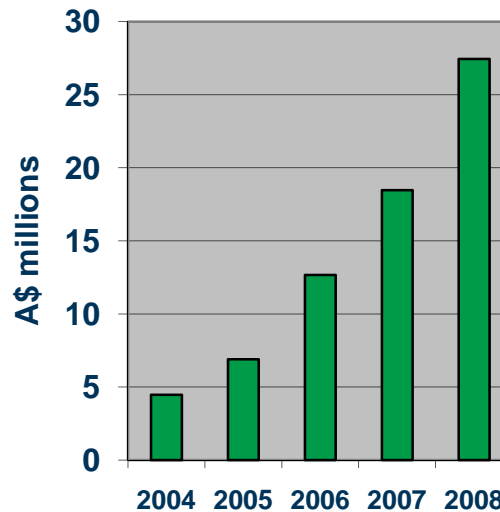


## 5 Year Performance History

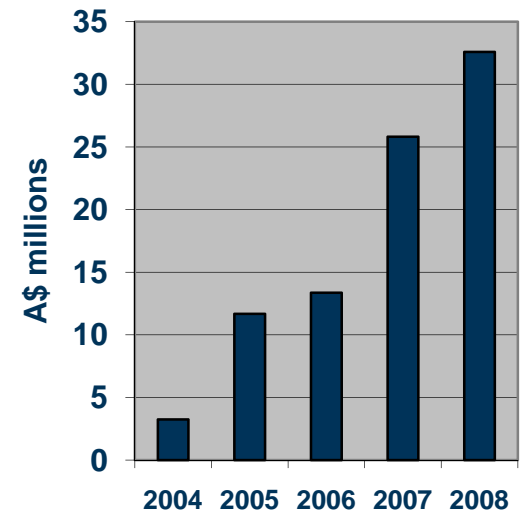
**GROUP REVENUE**



**NET PROFIT AFTER TAX**



**OPERATING CASH FLOW**



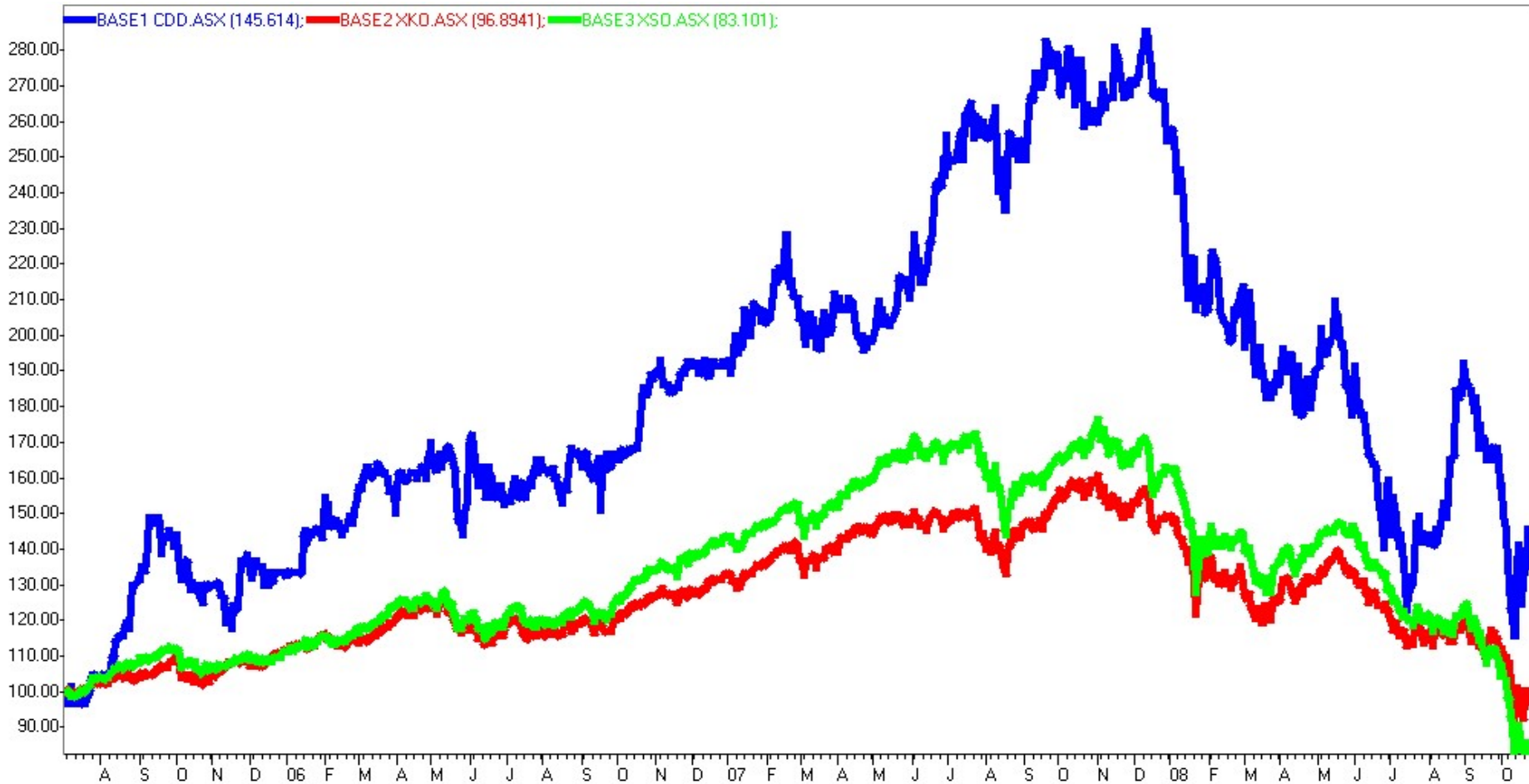


## Cardno Limited – Security Details

- Listed on ASX May 2004 @ \$1.00 – (ASX Code: CDD).
- Shares closed at \$4.15 on 22 October 2008.
- Market capitalisation as at 22 October – \$313m.
- 75.423 million shares on issue.
- Top 20 shareholders hold 32.62%; Top 50 shareholders hold 46.85%.
- 25% of shares held by Institutional shareholders, with Perpetual being the largest shareholder at approximately 7%.
- Executive Directors hold around 8%.



## 3 Year Cardno v S&P / ASX 300 & Small Ordinaries





# Record of successful mergers and acquisitions





## Recent Acquisitions – 2008 FY

### ***Cardno Buckland***

- Provides civil and structural engineering design services to resources sector clients in Australia.
- Delivers a wide range of experience and expertise in the design of structures associated with processing plants and refineries in the oil and gas, minerals and chemicals industries.
- 2008 FY revenue A\$7.4m; 2008 FY EBIT A\$1.2m.

### ***Cardno Bowler***

- Provides geotechnical consulting and construction materials testing services.
- 230 people, 16 permanent labs, 12 mobile labs largely in Queensland, New South Wales and Victoria.
- 2008 FY annualised revenue A\$36m; 2008 FY annualised EBIT A\$10m.

### ***Micro Drainage***

- UK based water engineering software company.
- Software allows users to simulate floods and the impact of changes in population density on the design of sustainable and cost effective stormwater solutions.
- 2008 FY annualised revenue A\$7.7m; 2008 FY annualised EBIT A\$4.5M.



## Recent Acquisitions – Post June 2008

### *The Ecology Lab*

- Sydney based marine and freshwater ecology consultants, \$2.8m in annual revenue.
- Cardno Ecology Lab has a broad client base including all levels of government and major Australian corporations.
- Projects involve ecological assessments of marine, coastal and freshwater ecosystems, and skills are readily cross sold with existing Cardno environmental work.

### *Spectrum Survey & Mapping*

- Perth and Kalgoorlie based survey and mapping consultants, \$7m in annual revenue.
- Cardno Spectrum Survey are specialist surveyors in open cut and underground mine survey, GPS survey, engineering and cadastral survey, and mapping.
- Extends Cardno's services capability in the resources sector and complements existing survey capability in Mackay (Qld.), New Zealand (Cardno TCB) and U.S.A. (WRG).



## Recent Acquisitions – Post June 2008

### *TBE Group Inc.*

- Cardno acquired Florida based TBE Group Inc. on 15 Sept 2008.
- TBE is a 450 person U.S. based engineering, survey and planning firm predominantly servicing the transportation sector.
- Revenue is primarily generated from the public sector infrastructure market.
- The acquisition is consistent with Cardno's stated strategy of international diversification and growth.
- The acquisition will be Earnings Per Share accretive.



## TBE Overview

- Revenue
  - Gross revenue USD70m / Fee revenue USD60m.
- Work in hand
  - More than USD100m.
- Staff/Locations
  - 450 employees across 32 offices (30 offices in U.S., 2 offices in Canada, 1 office in U.K.). Joint venture operation in China.
- Markets
  - More than 60% of revenue is from Government clients. 80% of revenue is from repeat clients.
- Ownership
  - 10 shareholders held the majority of the shares and all are remaining in the business.



## Benefits of a merger with TBE

- Provides Cardno with significant access to US Federal, State and Local government infrastructure projects, particularly in the transportation infrastructure sector.
- Independent research confirms that levels of transport infrastructure spending in TBE's primary markets will remain strong at around USD29 billion per annum.
- TBE services and locations are highly complementary with those of Cardno's other U.S. operations.
- Strong potential exists to boost revenues of TBE and other offices of the Cardno group through cross-selling (particularly Subsurface Utility Engineering services).
- Gives access to Canada, UK and China markets for Cardno.

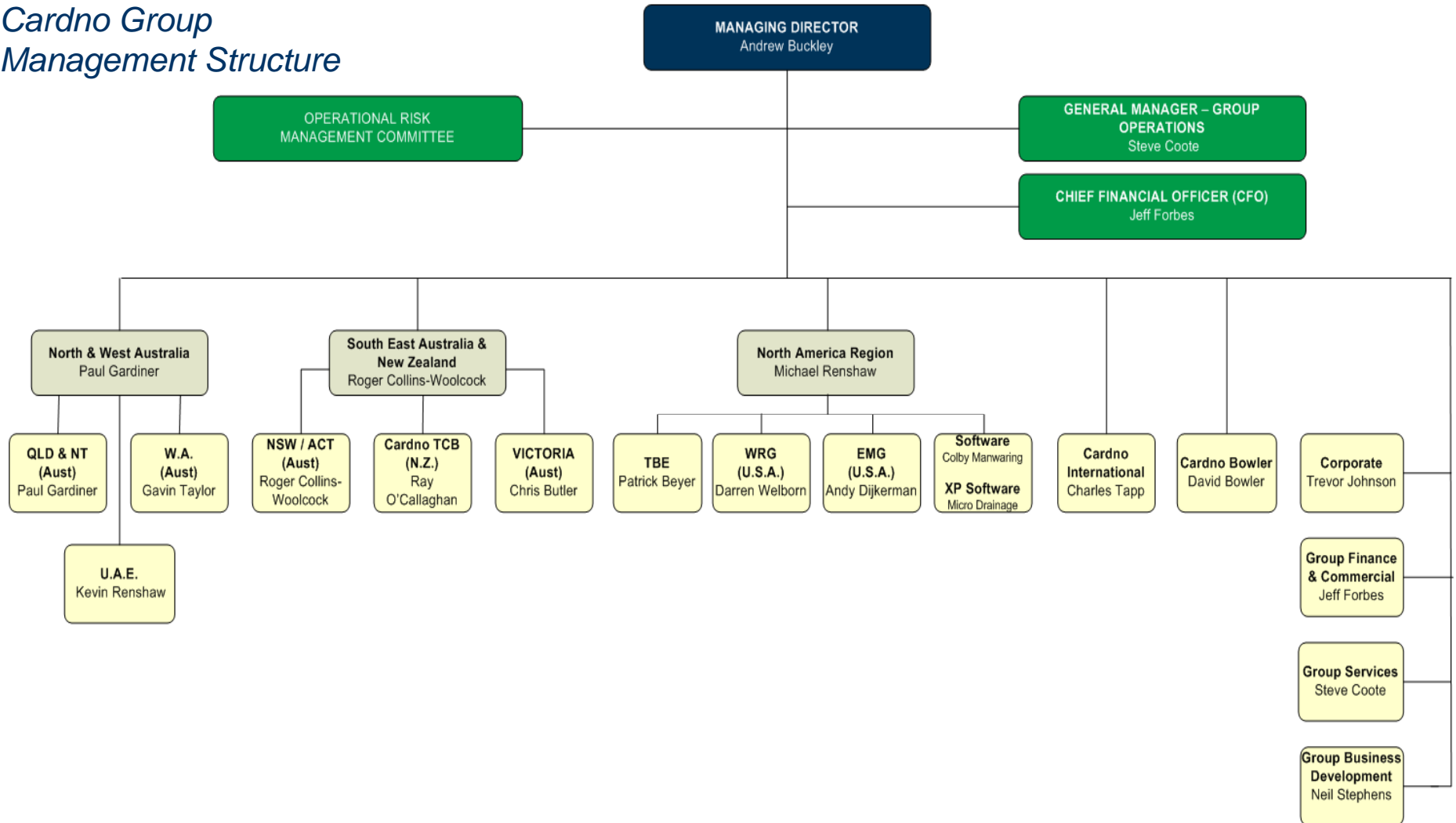


## People

- With the addition of TBE, Cardno now employs around 3,400 staff across 104 offices - more than 50% of our staff reside or are deployed outside Australia.
- Objective is to have high level of engagement, low turnover.
- Staff engagement surveys conducted regularly with good results.
- Increased opportunities for staff throughout Australia and internationally via Global Mobility Program.
- Employee share ownership through ESP & PEP – most employees are shareholders.
- Staff numbers are increasing dramatically.
- Focus on retention of merger partners' staff.
- Overall company track record of employee engagement is good.



## Cardno Group Management Structure





## Future Outlook

- Australian infrastructure spending remains strong, despite slower forecast GDP growth.
- Queensland infrastructure spending is particularly strong - \$107bn projected over next 20 years.
- US and NZ economies are slower however there are opportunities for cross selling and growth.
- International development / aid market is growing and Australian expenditure is growing substantially (from 0.3% of GDP to 0.5%).
- Strategy is to continue organic and acquisition growth, at a measured pace.
- Strategy is also to maximise growth from new markets and in new disciplines.
- Acquisition integration is ongoing and provides opportunity for growth.



## Conclusion

- A leading Australian and International infrastructure services company operating over 60 years.
- Infrastructure markets and development assistance markets remain strong.
- History of strong growth both organic and by acquisition.
- Attractive dividend yield.
- Mitigation of risk through diversity of earnings across a number of business sectors and geographic locations.
- Strong balance sheet with low net debt.
- Opportunities for further growth at a measured pace.



## Cardno's Vision

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