








MACQUARIE SMALL CAPS CONFERENCE Presentation - July 2011

Presented by:
Andrew Buckley, Managing Director





-  Cardno Overview and Strategy
-  Recent Acquisitions
-  Indicative Projects
-  Financial Overview
-  Cardno Outlook

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



“Growth horizon strong – both organically and through value adding acquisitions”

Cardno Overview






Overview

- Commenced operations in 1945.
- Listed on the Australian Securities Exchange (ASX) in May 2004.
- Globally integrated professional services business with more than 4,000 people in 150 offices.
- Approx 85% of staff are professionals and fee earning personnel.
- Primary disciplines of diverse engineering and management services, environmental sciences, CMT and social infrastructure delivery.
- Environmental consulting market is delivering strong growth.
- Strengthening of exposure to resources sector through recent acquisitions of Roadtest (CMT) and BEC Engineering (electrical engineering).



Cardno Limited - Outline

-  Cardno delivers professional services for the development of Physical and Social infrastructure. The Cardno team is comprised of leading professionals who plan, design, manage and deliver sustainable projects and programs.
-  Physical Infrastructure includes buildings, roads, bridges, water and environment. Disciplines include planning, surveying, engineering, landscape architecture and environmental services
-  Social Infrastructure includes health systems, education systems, law and justice, finance and economics rural development and institutional strengthening.

Cardno's Core Business Segments

Australia/NZ

Half year revenue: \$126m
(up from \$105m)

- Buildings
- Land
- Coastal & Ocean
- Environment
- Management Services
- Mining & Energy
- Transportation
- Water

Americas & Software

Half year revenue: \$244m
(up from \$48m)

- Buildings
- Land
- Coastal & Ocean
- Environment
- Management Services
- Mining & Energy
- Transportation
- Water

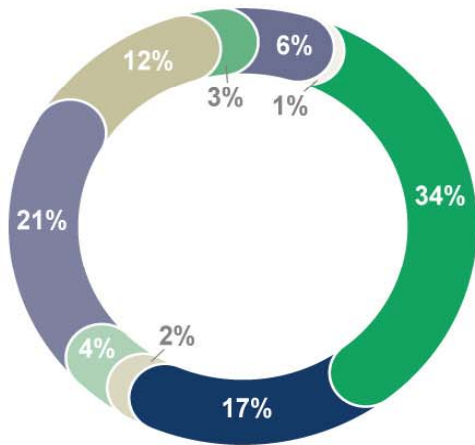
International Development Assistance

Half year revenue: \$64m
(down from \$72m)

- **Emerging Market Services**
- Health & HIV/Aids
- Law and Justice
- Education
- Natural Resource Management
- Financial Sector
- Tourism Sector

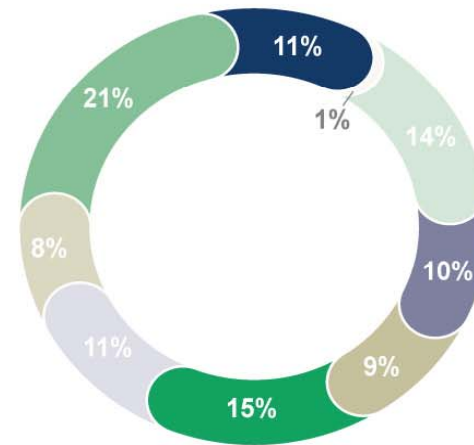
Diversified Revenue Streams

**Fee Revenue by Discipline
FY2010 (Proforma)**



- Building & Property
- Coastal & Ocean
- Environment Climate Change & Water Quality
- International Development Assistance
- Management Services
- Mining, Resources & Energy
- Transport & Bridges
- Urban & Residential Development
- Water & Waste Water

**Revenue by Client Type
FY2010 (Proforma)**



- Developer
- Government Owned Corporation
- Government – Federal
- Government – Local
- Government – State
- Contractor/service Provider
- Other Clients
- Aid Agency
- Energy/resources

Global Presence





Cardno's Growth Strategy

- Cardno is well positioned in strategic growth sectors ready for both organic and acquisitive growth as economies recover
 - Infrastructure – Australian and Global
 - Environmental
 - Mining, Resources and Energy
 - International Development Assistance and Social Infrastructure
 - New cross-selling opportunities

- Risk mitigation via client, market sector and geographic diversification.

- Proven track record in successful implementation of acquisitions.
 - Target companies with complementary fit
 - Retention of key people with cash and share mix
 - Integrate brand and back office functions
 - Cross-selling for strategic upside

Cardno's Business Model

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- Professional services with fees related to time expended by staff.
 - No construction risk taken – low risk strategy.
 - Balance of small projects and large projects across the business.
 - Small projects business pays overheads and is robust across the cycle.
 - Ongoing small projects business is goodwill driven through client relationships generating repeat work.
 - Large projects provide better marginal profits when carried out in addition to small project base.
 - Cardno line management structure with client focused business units supports the model.
 - Diversification strategy – disciplines and geography.

Recent Acquisitions

Cardno JFNew (2011)

A 150-person US consulting firm with specialist expertise in natural resources management, environmental permitting, habitat restoration, mitigation banking, native plant materials, and cultural resources consulting.

Cardno JFNew is based in the Great Lakes area of the US and has 8 offices and a 130 acre nursery. Cardno JF New is highly complementary to Cardno ENTRIX and is a business unit of Cardno ENTRIX.

The acquisition was effective January 2011 with annual revenue of around US\$18m and EBITDA of US\$2.7m.

Cardno JFNew's key personnel are committed to staying with the business.

Cardno Roadtest (2011)

A 60 person construction materials testing and geotechnical engineering firm based in Central Queensland with offices in Rockhampton, Emerald, Gladstone and the Whitsundays. Roadtest is a highly strategic partner to help continue the growth of our construction materials testing and geotechnical engineering capabilities across Australia and internationally.

Cardno Roadtest will become part of Cardno Bowler, which was acquired in 2008.

The acquisition was effective May 2011 with annual revenue of around \$8m and EBIT of \$3.5m.

Cardno Roadtest increases Cardno's exposure to the work flowing from the extensive gas and coal developments under way or proposed in Central Queensland. Cardno Roadtest is undertaking work on the Gladstone LNG plant on Curtis Island and is also working on the expansion of the Curragh North Coal mine.

Key personnel will remain with the business.

Recent Acquisitions

Cardno BEC (2011)

Cardno BEC is a 100 person electrical engineering firm based in Perth, with offices in Brisbane and Tanzania.

The acquisition was effective June 2011 with annual revenue around \$35m and an expected FY12 EBIT of \$9.0m.

Cardno BEC has been established since 1996 and provides electrical engineering services ranging from feasibility studies through project design, to construction, commissioning and operations. The company provides services to the mining, mineral processing, industrial, petro-chemical and utility sectors.

Cardno BEC has proven capability across all aspects of electrical design, instrumentation, power systems, power generation/transmission and distribution, control and communications systems with an expert team of engineers, technicians, programmers, draftspersons and site support staff.

Cardno BEC has carried out project work throughout Australia, Asia, Africa, Europe and North & South America primarily in mineral processing plants including gold, copper and iron ore. Major clients include BHP Billiton, Rio Tinto, Mineral Deposits, Newcrest, Fortescue Metals Group, Barrick Gold, Outotec and Regis.

Cardno BEC's principals are all committed to staying with the business.

Recent Acquisitions

Cardno BEC (2011) continued

Projects



Lihir Island Million Ounce Upgrade

Electrical and instrumentation design for whole of plant upgrade involving additional 80MW of power generation, processing plant, grinding and miscellaneous loads. Total system load and generation of 150MW.



Ravensthorpe Nickel Operations

Electrical and instrumentation review and re-design for whole of plant involving a diesel power station upgrade with the addition of a further 10 MVA, processing plant, crushing areas, grinding, flotation, refinery and miscellaneous loads.



Half Year Highlights

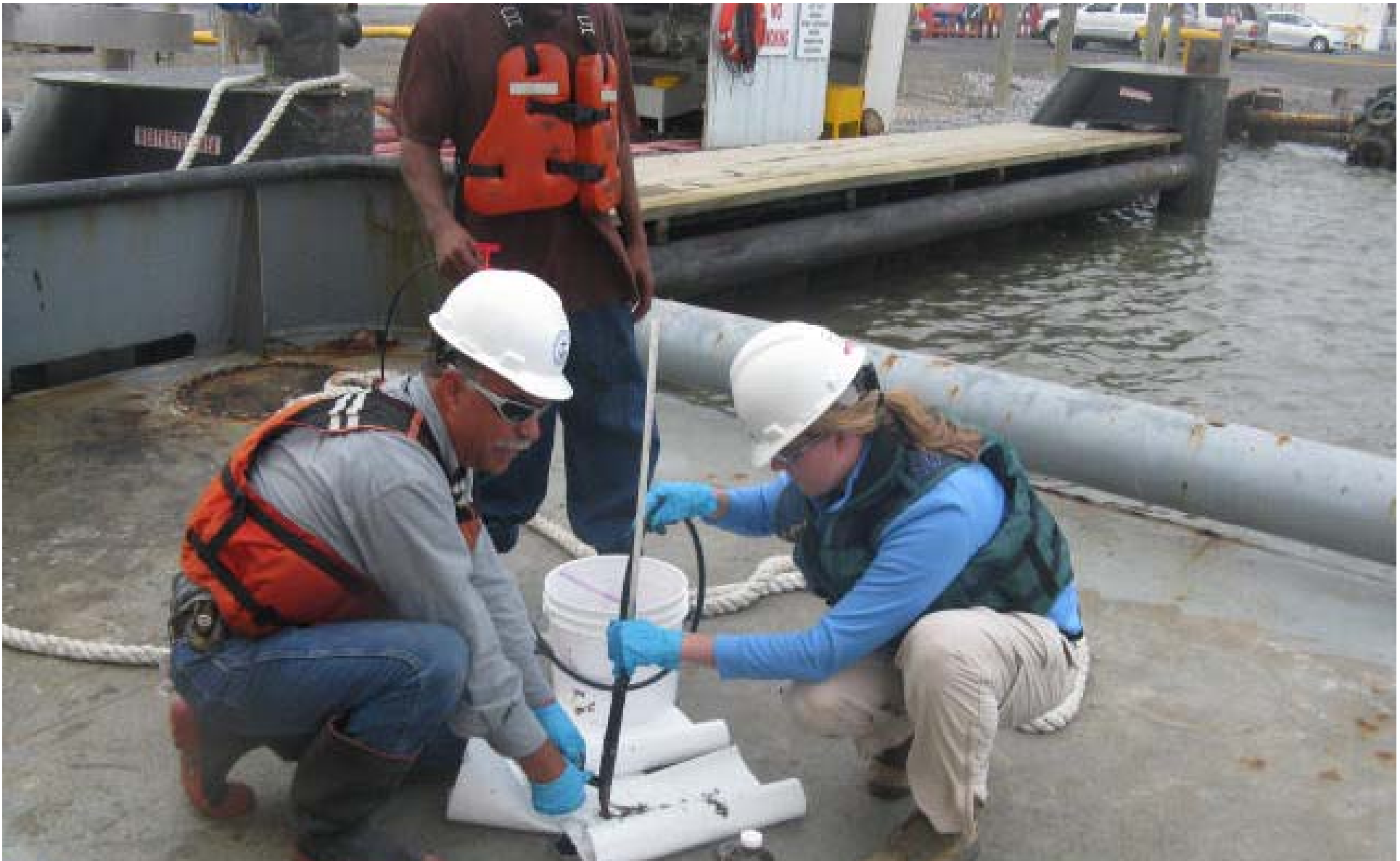
- Record first half profit of \$31.7m up by 98% on previous corresponding period (pcp)
- FY11 profit guidance \$57m - \$59m up 51% to 57% on pcp
- Record EBITDA of \$55.7m up 122% on pcp
- Earnings per share (EPS) up 63% to 31 cents
- Dividends up to record 17 cents, 70% franked
- Strong cash flow \$39.8 million up 134% on pcp.
- Strong balance sheet - net debt / equity: 11.6%
- Strong first half reflecting:
 - contribution from new merger partners
 - significant contribution from the oil spill in the U.S.
 - improving conditions across the business
- Organic Growth for half year is 23.8% on pcp



Cardno
Shaping the Future

“A robust project pipeline”

Indicative Projects



Project name: Gulf Oil Spill Project

Project location: Gulf of Mexico



Project name: Northern Link Tunnel (Legacy Way)
Project location: Brisbane, Queensland
Project team: Transcity Consortia (Acciona/BMD/Ghella/Cardno/GHD/URS)



Project name: PNG Electoral Support

Project location: Papua New Guinea

Project value: A\$25 million



Project name: Big Creek Hydroelectric Power System

Project location: Northern California

Contract value: US\$30m



Cardno
Shaping the Future

“Strong cash flow, low debt and an even stronger balance sheet”

Financial Review

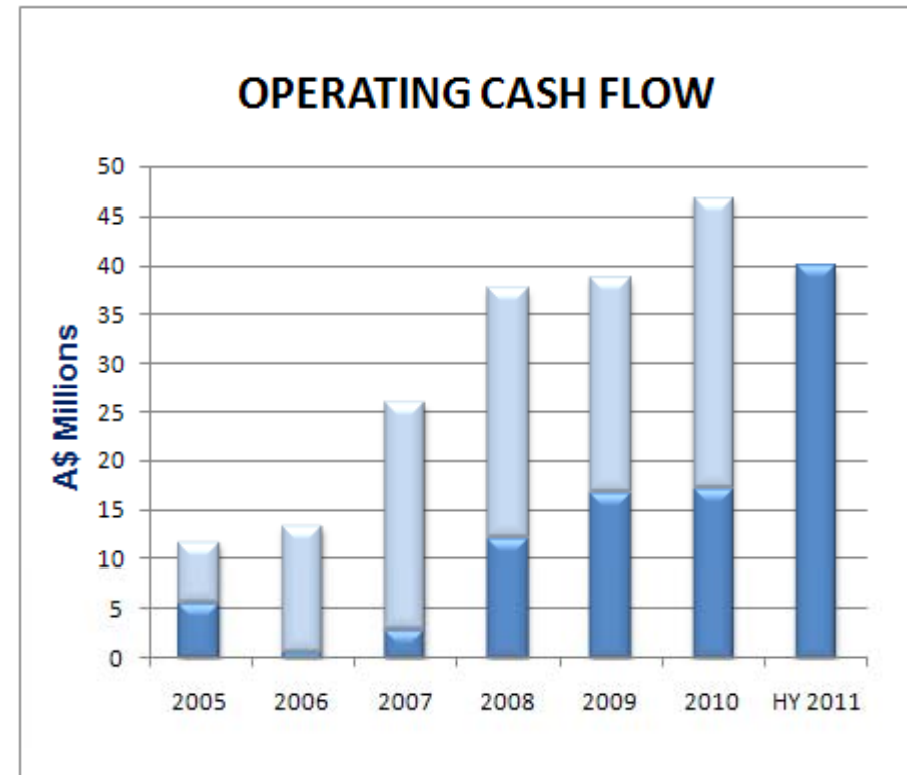
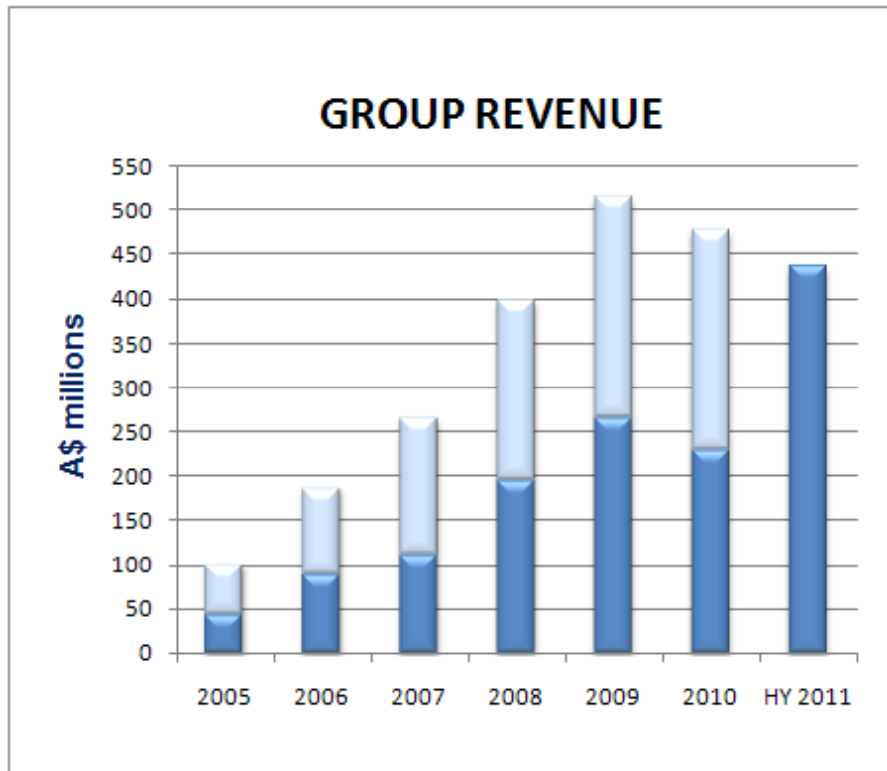
December 2010 Half Year financial highlights

	HY2011 \$m	HY 2010 \$m	% Change
Revenue from operations	436,375	228,621	↑ 91%
Fee revenue	289,471	173,821	↑ 67%
EBITDA	55,689	25,038	↑ 122%
EBITDA margin (%)	19.24%	14.40%	
Net profit before tax	47,423	19,183	↑ 147%
Net profit after tax	31,717	16,051	↑ 98%
Basic earnings per share (cents)	31.00	18.97	↑ 63%
Net operating cash flow	39,830	17,021	↑ 134%
EBITDA interest coverage	26.58	17.45	
Dividends per share (cents)	17.0	14.0	↑ 21%
Total assets	630,944	450,485	
Total liabilities	288,194	184,546	
Total equity	342,750	265,939	

Operating Segment Performance

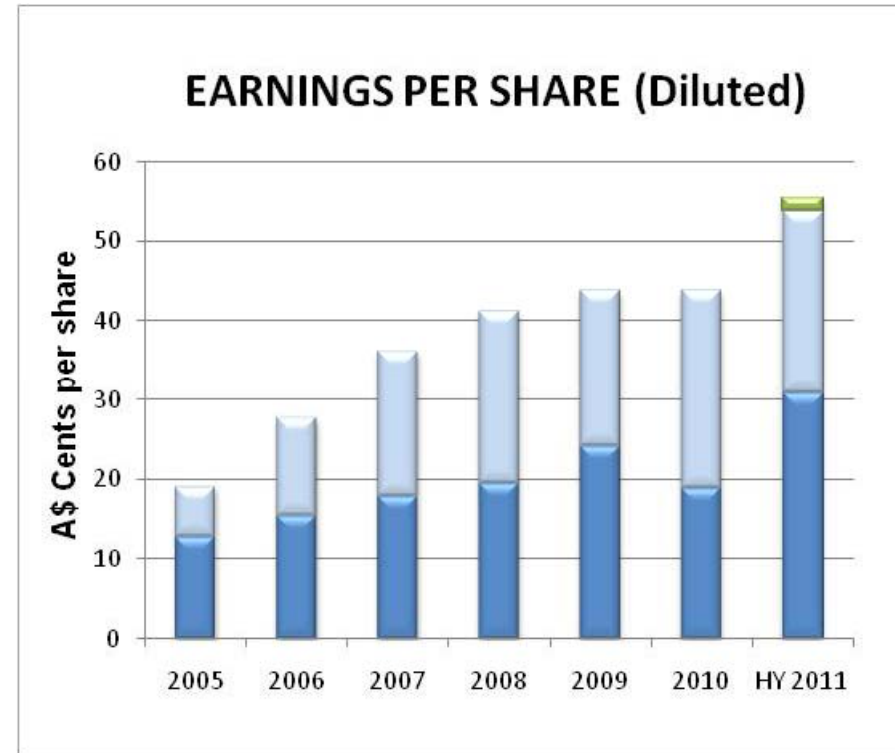
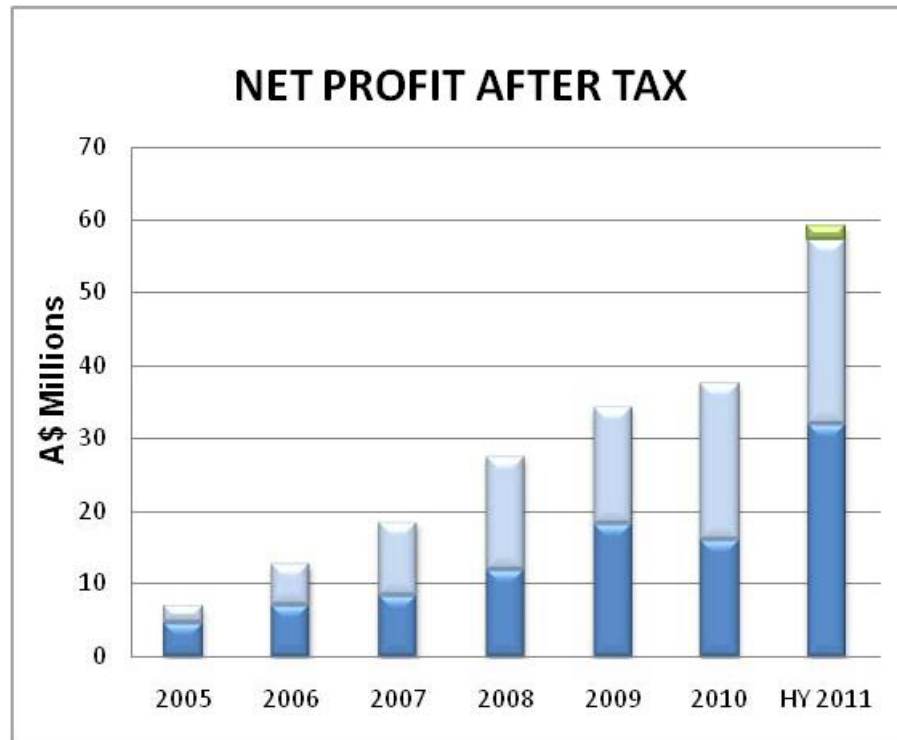
	Australia & NZ		Americas & Software		IDA	
	HY10	HY11	HY10	HY11	HY10	HY11
Fee revenue (\$000's)	101,111	119,483	31,125	132,951	40,811	35,892
Recoverable expenses (\$000's)	4,897	7,066	17,090	111,412	32,813	28,427
Total revenue	106,008	126,549	48,215	244,363	73,624	64,319
EBIT	15,917	16,324	2,223	32,787	2,140	1,627
Fee revenue margin	15.74%	13.66%	7.14%	24.66%	5.24%	4.53%

7 Year Performance History



Full Year
 Half Year

7 Year Performance History









Full Year
 Half Year
 Range



Strategy & Outlook



Growth strategy

-  Harness organic growth and M & A's to become world leader in infrastructure
-  Leverage recurring revenue streams through cross selling
-  Focus on strengthening core disciplines through strategic acquisitions and organic growth
-  Sustain historically high retention of principals
-  Foster / encourage high employee shareholding ($\approx 50\%$) to incentivise performance
-  Maintain risk-adverse balance between major and smaller projects



Cardno's competitive strengths

- M&A strategy that works
- Retention of key people
- Business unit and division structure is supportive to the business and attractive to merger partners
- Successful track record of cross selling services to generate organic growth
- Diversity of earnings across business sectors, clients and geographic locations mitigates risk and optimises growth opportunities
- Focus on maintaining balanced mix between short-term smaller projects and larger long-term projects
- Strong balance sheet to fund growth
- Significant strengthened presence in high growth global environmental services



Future outlook

- Public Infrastructure spending remains healthy
- Private sector expenditure shows growth in most regions
- International Development Assistance markets are stable with longer term growth prospects
- Opportunities to grow both by acquisition and organically through focus on growth sectors
- Merger & Acquisition opportunities in Australia and U.S. are under active consideration
- Cardno is well placed with cash and low gearing
- Second half FY11 to be robust due to improving conditions – profit guidance FY11 \$57m - \$59m provided.
- Robust forward project pipelining (WIH) \$502m at Jan 2011.

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