



Cardno
Shaping the Future



CARDNO LIMITED

People, Clients, Growth, Quality and Performance

**Presentation by:
Andrew Buckley, Managing Director**

March 2006

Key Highlights

December 2005 Half-Year

- 102% increase in revenue
- 75% increase in fees from services and products
- 57% increase in profit (after tax)
- 42% growth in earnings per share to 18 cents per share
- Three mergers completed and Cardno Acil consolidated
- Profit upgrade announced
- 50% increase in interim dividend to 9 cents per share
- Final dividend expected to be at similar level

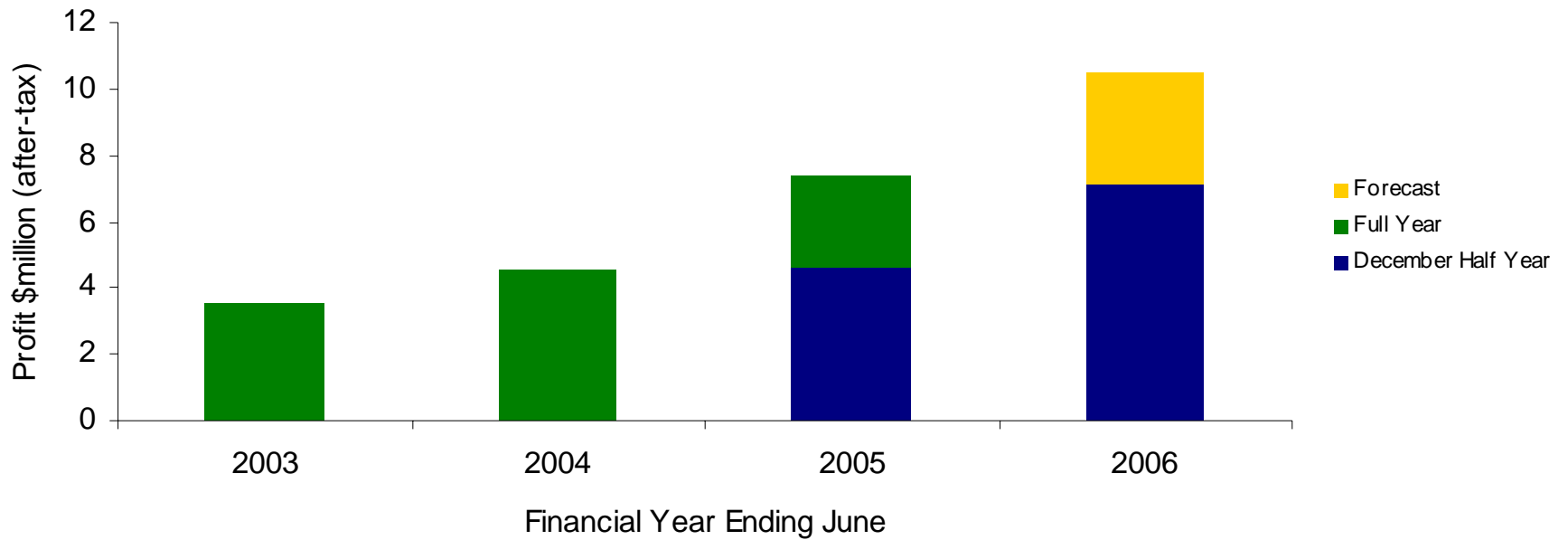
2006 Financial Year

- On track to meet profit upgrade
- Business conditions remain solid
- Acquisition pipeline remains healthy



Cardno
Shaping the Future

Profit Growth – 2003 to 2006 (forecast)



Introduction

Cardno is a professional services company focusing on delivery of physical and social infrastructure

Key Company Details:

- Operating track record extending back more than 60 years
- Strong historical revenue and earnings growth
- Around 1400 employees in 25 offices both in Australia and overseas
- A diversity of earnings across a number of business sectors, clients, and geographical locations
- Experienced management team
- Strong results continuing
- Net profit after tax increased by 56.7% from \$4.5 million in 2004 to \$7.1million for December 2005 half year
- Earnings upgrade announced in February 2006, forecasting \$10.5m to \$10.9m profit for the 2006 FY
- Shares listed on May 20, 2004 @ \$1.00 now trading @ \$4.57 at close (13/3/06)
- Growth strategy to continue



Cardno
Shaping the Future

KEY CAPABILITIES:



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
- Water and Wastewater

Social Infrastructure:

- Law and Justice
- Health
- Governance
- Education
- Rural Development
- Natural Resource Management
- Institutional Strengthening

Merger/Acquisition History

Track record of successful mergers and acquisitions

- **December 2005** Cardno Ullman & Nolan – adding Ullman & Nolan Consulting
- **September 2005** Cardno Agrisystems – adding Agrisystems Limited
- **August 2005** Cardno Eppell Olsen – adding Eppell Olsen
- **May 2005** Cardno Acil – adding ACIL Australia
- **October 2004** Cardno Lawson Treloar – adding Lawson & Treloar
- **October 2004** Cardno BSD – adding BSD Consultants
- **March 2004** Cardno Alexander Browne – adding Alexander Browne Cambridge
- **January 2004** Cardno Young – adding Young Consulting Engineers
- **November 2003** Cardno Taylors – adding Taylors Engineers
- **November 2001** Cardno CCS – adding Colefax Clayton Smith
- **July 2001** Cardno Willing – adding Willing & Partners (and XP Software)
- **April 2001** Cardno BLH – adding Boubli Lepagier Hastings
- **July 1999** Cardno MBK– merging Cardno & Davies and McMillan Britton & Kell
- **1945** Cardno & Davies commenced operations in Queensland

Future Growth Strategy

Vision

- Cardno's vision is to be a world leader in the provision of professional services for the improvement of physical and social infrastructure

Growth Strategy

- Growth is by a combination of organic growth, mergers and acquisitions
- Organic growth of core business is built on operating strategy of “Business Units” focusing on groups of clients.
- Merger and acquisition targets are selected for strategic fit and added value opportunity.
- The “Business Unit” management model also assists in the implementation of mergers and acquisitions.

Growth Opportunities

- Increasing market share in core skill areas
- Using the Business Unit structure to create a hands-on approach to clients
- Retaining high calibre staff recognised for their expertise in respective fields
- Developing and improving our public relations and advertising programmes
- Emphasising our ability to service a base load of small to mid-size contracts which thereby provide a more stable and continuous workload.
- Securing selected major projects that can be carried out with minimal additional overhead costs.

Competitive Advantages

- The Company has developed an approach to service delivery that contributes to its competitive advantage. This approach focuses a Cardno Business Unit on a group of clients with the objective of developing repeat business and servicing those clients for many years.
- The Company has developed a merger and acquisition strategy that works:
 - Complementary businesses
 - Minimal overlap with existing businesses
 - Focus on retention of staff
 - Focus on adding value through cross selling

Clients

- Australian Federal, State and Local Governments
- Major listed ASX companies
- Professional firms including accountants, lawyers, architects and other consulting engineers
- Hospitals, private schools, clubs, sporting bodies, charities and other private organisations
- Property developers and construction companies
- Governments and government agencies of countries throughout Asia, the Pacific and North America
- International development assistance organisations including AusAID, United Nations, World Bank, Asian Development Bank, European Union, DFID (UK), US Aid and Kuwait Fund.
- XP Software clients including public and private sector organisations in many countries

December 2005 Results - Comparison

Consolidated for the 30 June Years		
	Dec 2004 \$'000	Dec 2005 \$'000
Fees from services and sale of goods	40,904	71,564
Fees from recoverable expenses	2,727	17,541
Revenue from non-operating activities	834	627
Revenue from ordinary activities	44,465	89,732
Total Expenses	37,970	79,426
Profit / (loss) before income tax (expense / benefit)	6,495	10,306
Income tax (expense) / benefit	(1,954)	(3,188)
Profit for the period	4,541	7,118
Basic earnings per Share (cents per share)	12.73	18.12
Diluted earnings per share (cents per share)	12.70	15.41
Interim dividend per share (half year)	0.08	0.09
Financial Ratios		
Current Ratio (note 1)	1.53	1.69
Gearing Ratio (note 2)	0.10	0.50
Debt to Equity Ratio (note 3)	1.09	2.17

Note 1: The Current Ratio is Current Assets ÷ Current Liabilities

Note 2: The Gearing Ratio is Long Term Liabilities ÷ (Shareholders Equity + Long Term Liabilities) – **reflects \$33.4m convertible notes issue**

Note 3: The Debt to Equity Ratio is Total Liabilities ÷ Shareholders Equity - **reflects \$33.4m convertible notes issue**

Shareholder Outlook

- Share price growth
 - \$1.00 listing price to \$4.57 in March 2006

- Dividend payable
 - 9 cents interim dividend payable 7 April 2006, up from 6 cents in April 2005 and 8 cents in October 2005
 - Final dividend in November 2006 anticipated to be maintained at similar level

- Dividend Policy – remains at 70% to 85% payout ratio

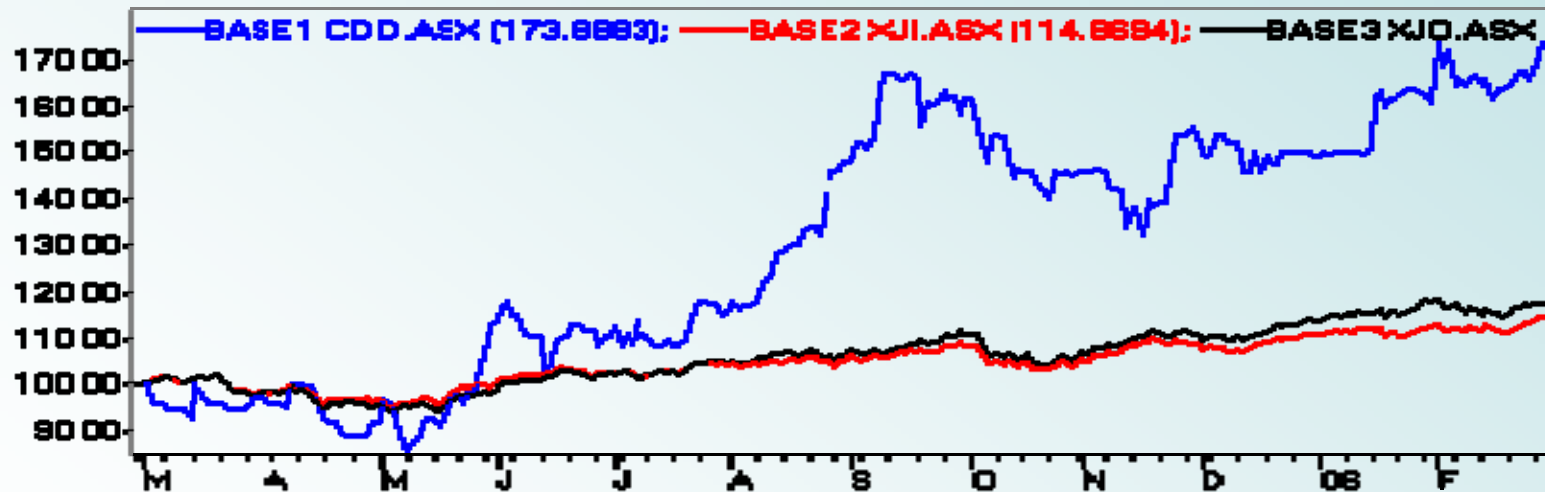
Overview for 2006

- Announced profit upgrade in February to between \$10.5m and \$10.9m
- On track to meet profit upgrade
- Management team is striving to continue growth
- Conditions remain strong especially in Queensland and Western Australia
- International aid/development scene is improving
- Cardno Acil integration progressing well
- Merger and acquisition pipeline remains healthy



Cardno
Shaping the Future

Cardno v S&P / ASX 200 From Feb 05 – Feb 06



- **Current Projects**

- UN Aceh Reconstruction Monitoring
- Tsunami Reconstruction Project – Maldives
- Abu Dhabi Waste Water Privatisation
- Gold Coast Desalination Alliance
- Commonwealth Games MCG Track Design & Redevelopment

- **Current Prospects**

- Gateway Bridge Duplication Project
- Western Corridor Recycled Water Scheme

- **Current Internal Projects**

- Implementation of BST – new job cost and accounting system

Frequently Asked Questions

1. What's it like being a public listed company?
2. Are there still enough good acquisition opportunities for Cardno?
3. Why doesn't Cardno forecast its results?
4. How do you make money out of delivering aid?

Conclusion

- A leading International professional services company operating over 60 years
- Strong growth profile coupled with an attractive dividend yield
- Diversity of earnings across a number of business sectors and geographic locations
- Experienced Management team
- Upgraded May 2005 profit forecast of \$10.5m to \$10.9m for 2006 FY profit