

## ASX Statement & Media Release

2 June 2016

Companies Announcements Office  
Australian Securities Exchange

### **CARDNO LIMITED LAUNCHES FULLY UNDERWRITTEN A\$92.5 MILLION CAPITAL RAISING TO REDUCE DEBT AND LOWER THE COMPANY'S LEVERAGE RATIO**

Cardno Limited (**Cardno** or **Company**) today announced a fully underwritten capital raising of approximately A\$92.5 million. Key highlights:

- > **Fully underwritten 1 for 1.07 pro-rata accelerated non-renounceable entitlement offer (Entitlement Offer) to eligible shareholders to raise approximately A\$92.5 million, comprising:**
  - Accelerated Institutional Entitlement Offer; and
  - Retail Entitlement Offer with retail over-subscription facility
- > **Entitlement Offer price of A\$0.40 per new Cardno share (Offer Price)**
- > **Crescent Capital Partners (Crescent), currently a 41.4% shareholder in Cardno, has committed to take up its pro-rata entitlements under the Entitlement Offer**
  - Crescent has also committed to sub-underwrite the retail component of the Entitlement Offer for up to 30.5 million shares above Crescent's pro-rata entitlement of 95.8 million shares
  - Crescent's relevant interest in Cardno could increase to a maximum of 47.8%<sup>1</sup>
- > **Full proceeds from the Entitlement Offer, after transaction related costs, to be used to reduce debt and lower the Company's leverage ratio**
- > **Cardno expects to be in compliance with its debt covenants<sup>2</sup> at 30 June 2016 after the impact of the Entitlement Offer**

The full proceeds less expenses from the Entitlement Offer will be used to reduce Cardno's debt. Post completion of the Entitlement Offer, Cardno expects to be in compliance with its debt covenants<sup>2</sup> at 30 June 2016.

Cardno's Managing Director, Mr Richard Wankmuller, said "After this capital raising, Cardno will have reduced its net debt from \$311 million in June 2015 to a forecast \$91 million<sup>3</sup> as at June 2016. The financial risk of the business has materially reduced. Our objective is to ensure Cardno is building a leading engineering and environmental professional services business focused on the commercial needs of its clients. Cardno cannot be focused on short term covenant issues and medium term organic growth at the same time – this capital raising places Cardno in a strong position to rebuild value for shareholders in the medium term."

<sup>1</sup> Including shares held by a custodian for FSS Trustee Corporation, an associate of Crescent, Crescent's voting power in Cardno could increase up to 49.5%.

<sup>2</sup> Cardno has a covenant in its debt facilities which requires it to have a net debt / EBITDA ratio of below 3.0x. For the purposes of the covenant calculation, net debt is calculated as the aggregate of all interest bearing liabilities less cash equivalents, translated into AUD at the average exchange rate for the preceding twelve months. EBITDA is calculated as the consolidated profit before tax, calculated after adding back finance costs, depreciation and amortisation. It excludes EBITDA from any subsidiary acquired or disposed of in the preceding twelve months as well as any significant items, equity accounted profits and losses, and unrealised gains and losses on revaluation of assets.

<sup>3</sup> Based on an assumed exchange rate of AUD:0.715 USD.

Cardno's Chairman, Mr Michael Alscher, said "The new Board's directive is to see the Company move to a lower level of debt and a debt structure more flexible and consistent with the Company's operations. This positions the business to begin to regain its focus towards organic growth".

### **Entitlement Offer**

The Entitlement Offer comprises a pro-rata accelerated non-renounceable institutional entitlement offer (**Institutional Entitlement Offer**) and a retail entitlement offer (**Retail Entitlement Offer**) with a retail over-subscription facility.

Under the Entitlement Offer, eligible shareholders are invited to subscribe for 1 new Cardno share for every 1.07 existing Cardno shares (**Entitlement**) held as at 7:00pm (Sydney time) on Monday, 6 June 2016 (**Record Date**).

The Entitlement Offer is fully underwritten. In addition to taking up its pro-rata entitlements, Crescent has committed to sub-underwrite the retail component of the Entitlement Offer for up to 30.5 million shares above its pro-rata entitlement of 95.8 million shares. As a result, Crescent's relevant interest in Cardno shares could increase to a maximum of 47.8%.<sup>4</sup>

Approximately 231 million new Cardno shares will be issued under the Entitlement Offer. New shares will rank equally with existing shares in all respects from the date of quotation.

#### ***Institutional Entitlement Offer***

Eligible institutional shareholders will be invited to participate in the Institutional Entitlement Offer which will take place from Thursday, 2 June 2016 to Friday, 3 June 2016.

Eligible institutional shareholders can choose to take up all, part or none of their Entitlements (**Institutional Entitlements**).

Institutional Entitlements cannot be traded on the ASX or transferred. Institutional Entitlements that eligible institutional shareholders do not take up by the close of the Institutional Entitlement Offer, and Entitlements that would otherwise have been offered to ineligible institutional shareholders, will be sold through an institutional shortfall bookbuild on Friday, 3 June 2016 (**Institutional Bookbuild**).

Cardno shares will remain in trading halt whilst the Institutional Entitlement Offer and Institutional Bookbuild are undertaken.

#### ***Retail Entitlement Offer***

Eligible retail shareholders will be invited to participate in the Retail Entitlement Offer at the same Offer Price and offer ratio as the Institutional Entitlement Offer. The Retail Entitlement Offer will open on Wednesday, 8 June 2016 and close at 5:00pm (Sydney time) on Monday, 20 June 2016.

Eligible retail shareholders can choose to take up all, part or none of their Entitlements (**Retail Entitlements**). In addition, eligible retail shareholders, including eligible employees, may also apply for additional new Cardno shares in excess of their Entitlement through the retail over-subscription facility, to be capped at 25% of their Entitlement. Application for additional new Cardno shares in the retail over-subscription facility will be scaled back pro-rata to the extent that applications exceed the retail shortfall.

Retail Entitlements cannot be traded on the ASX or transferred. Eligible shareholders who do not take up their entitlement under the Entitlement Offer in full or in part, will not receive any value in respect to those entitlements not taken up.

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<sup>4</sup> Including shares held by a custodian for FSS Trustee Corporation, an associate of Crescent, Crescent's voting power in Cardno could increase up to 49.5%.

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Eligible retail shareholders should carefully read the Prospectus<sup>5</sup> and accompanying personalised entitlement and acceptance form, which are expected to be despatched Wednesday, 8 June 2016. A copy of the Prospectus was made available on the ASX website today.

Entitlements may only be exercised by eligible shareholders, being persons who have a registered address in Australia or New Zealand, and certain categories of institutional or professional investors in certain other countries, subject to restrictions under and in accordance with the applicable securities laws. A foreign nominee will be appointed to subscribe for and sell new shares for foreign ineligible shareholders.

Further detail on eligibility criteria and international offer restrictions is set out in the Prospectus which Cardno has filed with the ASX today.

**– ENDS –**

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<sup>5</sup> The Prospectus will be lodged with ASIC and released on the ASX on 2 June 2016 and despatched to eligible retail shareholders on 8 June 2016.

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## Indicative Entitlement Offer timetable

Key dates for the Entitlement Offer:

Event	Date
Prospectus lodgement	Thursday, 2 June 2016
Institutional Entitlement Offer opens	Thursday, 2 June 2016
Institutional Bookbuild and Institutional Entitlement Offer closes (12:00pm, Sydney time)	Friday, 3 June 2016
Results of Institutional Entitlement Offer announced and trading on ASX resumes (by 10:00am, Sydney time)	Monday, 6 June 2016
Record Date for Entitlement Offer (7:00pm, Sydney time)	Monday, 6 June 2016
Despatch of Prospectus and Retail Entitlement Offer opens	Wednesday, 8 June 2016
Institutional Entitlement Offer settlement	Tuesday, 14 June 2016
Issue and quotation of new shares under the Institutional Entitlement Offer	Wednesday, 15 June 2016
Close of Retail Entitlement Offer	Monday, 20 June 2016
Retail Entitlement Offer settlement	Friday, 24 June 2016
Issue of new shares under the Retail Entitlement Offer	Monday, 27 June 2016
Quotation of securities issued under Retail Entitlement Offer	Tuesday, 28 June 2016
Holding statements sent to retail holders	Thursday, 30 June 2016

The above timetable is indicative and subject to variation. Cardno reserves the right to alter the timetable at its discretion and without notice, subject to ASX Listing Rules and *Corporations Act 2001* (Cth) and other applicable law.

All dates and times represent Sydney time.

### Shareholder enquiries

Retail shareholders who have any questions about the Retail Entitlement Offer should consult with their broker, legal financial or other professional adviser. Retail shareholders can also call the Cardno Entitlement Offer Information Line on 1300 784 103 within Australia or +61 3 9415 4137 outside Australia from 8:30am to 5:00pm (Sydney time) Monday to Friday.

### Important notices

#### *Important information and disclaimer*

Nothing contained in this announcement constitutes investment, legal, tax or other advice. You should make your own assessment and take independent professional advice in relation to the information and any action on the basis of the information.

This announcement has been prepared by Cardno Limited (ACN 108 112 303). No other party other than Cardno has authorised or caused the issue, lodgement, submission, despatch or provision of this announcement, or takes responsibility for, or makes or purports to make any statement, representations or undertakings in this announcement.

This announcement may not be released or distributed in the United States.

This announcement does not constitute an offer to sell, or solicitation of an offer to buy, any securities in the United States. The shares to be offered or sold in the Entitlement Offer have not been, nor will be, registered under the U.S. Securities Act of 1933, as amended (**U.S. Securities Act**) or under the securities law of any state or other jurisdiction of the United States.

Accordingly, the shares may not be offered or sold, directly or indirectly, in the United States, unless they have been registered under the U.S. Securities Act, or are offered and sold pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws.

### ***Forward looking statements***

This announcement contains forward looking statements and comments about future matters. Forward looking statements can generally be identified by the use of words such as “may”, “will”, “should”, “could”, “expect”, “intend”, “predict”, “plan”, “propose”, “forecast”, “estimate”, “target”, “anticipate”, “likely”, “believe”, “continue”, “objectives”, “outlook”, “guidance”, “potential” or words or other expressions of similar effect.

Forecasts on, indications of, and guidance or outlook on, future earnings, financial ratios, financial position or performance are also considered forward looking statements. The forward looking statements are not guarantees or predications of future performance, and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Cardno, its directors and management, and may involve significant elements of subjective judgement and assumptions as to the future events, which may or may not be correct. Refer to “*Risk Factors*” in Section 6 of the Prospectus released to the ASX today for a summary of certain general and specific risks that may affect Cardno.

There can be no assurance that the actual outcomes will not differ materially from these forward looking statements. A number of important factors could cause actual results or performance to differ materially from those expressed in the statements contained in this announcement. Undue reliance should not be placed on these forward looking statements. These forward looking statements are based on information available to Cardno as of the date of this announcement.

None of Cardno or its officers, employees or agents makes any representation, assurance, guarantee or warranty as to the accuracy or likelihood or fulfilment of any forward looking statement or any outcomes expressed or implied in any forward looking statements. Except as required by law or regulations (including the ASX Listing Rules) Cardno undertake no obligation to update the financial forecasts or any other forward looking statements.

### **For all media enquiries please contact:**

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**About Cardno:** Cardno is a professional infrastructure and environmental services company, with specialist expertise in the development and improvement of physical and social infrastructure for communities around the world. Cardno’s team includes leading professionals who plan, design, manage and deliver sustainable projects and community programs. Cardno is an international company, listed on the Australian Securities Exchange [ASX: CDD]. [www.cardno.com](http://www.cardno.com).

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