



Announcement to Shareholders and the ASX

SAUNDERS ANNOUNCES FULL YEAR PROFIT RESULT AND FINAL DIVIDEND

Sydney – Wednesday 24 August 2016

Saunders International Limited (ASX: SND) today announced its full year results, for the 12 months ended 30 June 2016 (FY2016).

The net profit after tax was \$2.89 million which was 34.7% lower than the previous corresponding period (FY2015: \$4.43 million).

The full year revenue was \$41.83 million which was 4.8% down on the previous corresponding period (FY2015: \$43.95 million).

The decrease in revenue and margin is attributed to the continuing delay in the release of major projects in the Engineering Construction business and margin pressure caused by increased competition.

Earnings per share were 3.68 cents, a 34.3% decrease on FY2015 (5.6 cents per share).

Cash flow from operating activities was \$1.6 million, a 70% decrease on FY2015 (\$5.2 million), driven mainly by an increase in working capital, and the above mentioned decline in after tax profit.

The Saunders balance sheet at the year-end remains strong with a cash balance of \$14.3 million (approx. 18.1 cents per share) and no interest bearing debt. The Statement of Financial Position shows Net Assets of \$17.1 million (FY2015 \$18.9 million).

Managing Directors Comments

Commenting on the full year, Saunders Managing Director Mark Benson said,

“We continue to see margin pressure due to the increased competition which has been compounded by the continued delays in major projects. However, we remain committed to our strategy to diversify our revenue streams and gain exposure to larger projects through partnering, which is starting to bear fruit with a preliminary design order and preferred contractor status on a significant opportunity in the bulk liquid storage terminal sector.

Our diversification strategy is also gaining momentum with our new Asset Services group successful in winning several projects at the end of FY16. The Facility Maintenance group continues to diversify its service offerings to our existing clients.

With a solid pipeline of opportunities and the continued stabilisation of our recurring maintenance revenue, we will look to build our order book through FY2017 and provide a solid platform for FY2018”.

Outlook

Despite challenging business conditions Mr. Benson said “The business had made good progress in building the tender book and positioning the business to address the growing maintenance sector”. Whilst work in hand at 30 June 2016 was at \$24.5 million, tendering activity remains strong with the value of live tenders at \$133 million. The project pipeline (yet to be tendered) is at \$167 million.

Due to the timing of projects starts, our Engineering Construction group profit will be weighted to the second half of FY2017 which should position ourselves for a solid start to the FY2018.

Mr. Benson commented; “We are confident that Saunders strategic direction will deliver benefits in the coming years as we work to convert some major pipeline opportunities”.

Dividend

The Board has declared a final dividend of 2.0 cents per share fully franked and payable on 13 October (FY2015 final dividend 4.0cps). The record date for determining dividends is 26 September 2016

Dividend Reinvestment Plan

Given current business conditions, increasing levels of tendering and anticipated opportunities to grow the order book over the next few years, the Board has resolved to activate the Dividend Reinvestment Plan (DRP) until further notice to support future growth. A copy of the DRP can be found on the Saunders website. In the next week, shareholders will receive documentation to enable them to elect to participate in the DRP. The value of shares to be allotted for each dividend will be the weighted average market price of all SND shares sold on the ASX on the record date and the four business days immediately following less any discount as determined by the directors. For this dividend, the directors have determined that the discount will be 5%.

Investor Presentations

Saunders will be undertaking investor presentations commencing today. A copy of Saunders Investor Presentation will be provided on the ASX announcements platform and the company’s website.

Attachments

Appendix 4D
Interim Financial Report

For further information, please contact:

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About Saunders International Limited

Saunders International is a multi-disciplined and integrated engineering and construction business and is one of Australia most experienced companies specialising in the design, construction and maintenance of steel bulk liquid storage tanks and associated facilities. Saunders also encompasses a diverse range of specialist services including structural, mechanical, piping, remedial maintenance and general shutdown solutions.