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Announcement to Shareholders and the ASX

## **SAUNDERS ANNOUNCES FY18 HALF YEAR PROFIT RESULT AND INTERIM DIVIDEND**

Sydney – Wednesday 21 February 2018

Saunders International Limited (“Saunders” or “the Company”) today released its Interim Financial Report for the half year to 31 December 2017.

The net profit after tax was \$1.019 million which was 235% higher than the previous corresponding period (FY2017 H1: \$0.304 million). Earnings per share for the period were 1.07 cents (FY17 H1: 0.39 cents).

The half-year revenue was \$42.683 million which was 129% higher than the previous corresponding period (FY17 H1: \$18.605 million). Saunders has started the financial year with a solid orderbook which has contributed to the increase in revenue. The majority of revenue growth has come from the Engineering Construction group and also a full six months of revenue contribution from the previously acquired Civilbuild business.

On the 6 September 2017, Saunders successfully completed a placement to institutional investors of 5.5 million new shares at \$0.50 each to raise a gross amount of \$2.75 million. The placement received strong support from existing institutional shareholders as well as new institutional and sophisticated investors.

On 12 October 2017, Saunders announced that it had completed a 1 for 8 underwritten rights issue and 11.593 million new shares at \$0.50 per share were issued to raise a gross amount of approximately \$5.7 million. The rights issue was strongly supported by Saunders shareholders and was 33% oversubscribed.

The Company’s financial position remains strong with a cash balance of \$14.064 million or 14 cents per share, no interest-bearing debt and net assets of \$28.341 million (\$20.019 million FY17).

### **Managing Directors Comments**

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

*“We have had a solid start to FY18 with a 129% increase in our revenue. It is pleasing to see our strategy to pursue mining and mineral processing projects and further international opportunities is gaining momentum, building on our recent success in this market, including our projects in PNG.*

*Business conditions still remain challenging with margin pressure, due to the increased competition and lack of volume in the award of major projects. Despite these challenges, we remain committed to our strategy to diversify and increase our revenue streams.*

*We are continuing to see a good pipeline of opportunities for our new Infrastructure business and feel confident in our direction into this sector.”*

### Outlook

Mr. Benson said; *"While we have seen some release of projects in the oil and gas sector, we are still continuing to see delays in the award of projects in our pipeline. The business will continue to focus on innovation and productivity savings, as we adapt to the continuing cycle of reduced margins."*

Work in hand at 31 December 2018 was at \$48 million and tendering activity remains strong with the value of live tenders at \$221 million. The project pipeline (yet to be tendered) is at \$279 million.

### Dividend

The Board has declared an interim dividend of 1.0 cent per share fully franked and payable on 12 April 2018 (FY17 H1 interim dividend 1.0cps). The record date for determining dividends is 19 March 2018. The dividend reinvestment plan will not be activated for this dividend.

### 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. It is one of Australia's most experienced companies specialising in the design, construction and maintenance of bulk liquid storage facilities. The Saunders Civilbuild business specialises in the design and construction of bridges for road and rail infrastructure and manufactures a range of precast concrete products. It has constructed more than 200 bridges over its 40+ year history. The Saunders Group also provides a range of specialised design, construction and maintenance services for bulk liquid, industrial, marine, road and rail infrastructure.*