



Announcement to Shareholders and the ASX

SAUNDERS ANNOUNCES HALF YEAR PROFIT RESULT AND INTERIM DIVIDEND

Sydney – Tuesday 23 February 2016

Saunders International Limited (“Saunders” or “the Company”) today released its Interim Financial Report for the half year to 31 December 2015.

The net profit after tax was \$1.396 million which was 48.7% lower than the previous corresponding period (FY2015 H1: \$2.723 million). Earnings per share for the period were 1.78 cents.

The half year revenue was \$20.640 million which was 14.7% less than the previous corresponding period (FY2015 H1: \$24.193 million). Saunders has continued to experience a downturn in the pace of award of new contracts and has seen reduced revenue from maintenance activities in the first half FY16.

The decreased profit in this period was due to the competitive market place continuing to put pressure on margins.

At 31 December 2015, the cash balance was \$18.632 million. The Company has no interest bearing debt.

Outlook

Work in hand at 31 December 2015 was steady at \$22 million (not inc. preferred contractor status on +\$10m in maintenance contracts). Tendering activity remains strong with the value of live tenders over the past four months up from \$78 million to \$110 million and the project pipeline (yet to be tendered) up from \$115 million to \$170 million. If we are successful in winning a reasonable share of these tenders over the coming months, we expect the second half to be an improvement on the first half of FY16.

Managing Directors Comments

Commenting on the half year, Saunders Managing Director Mark Benson said, “We will continue our diversification strategy, broadening our service offering and customer base and expanding our core services into full terminal EPC engineering construction”.

“In this challenging environment we are committed to maintaining a strong balance sheet and pursuing opportunities that support our long term growth strategy, while remaining focused on initiatives to reduce costs and increase project margins”.

Dividend

The Directors declared an unchanged interim dividend of 2.0 cents per share fully franked (FY2015 H1: 2.0 cent per share) and payable on 24 March 2016. The record date for determining entitlements is 9 March 2016.

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.