



Announcement to Shareholders and the ASX

SAUNDERS ANNOUNCES FULL YEAR PROFIT RESULT AND FINAL DIVIDEND

Sydney – Wednesday 23 August 2017

Saunders International Limited (ASX: SND) today announced its full year results for the 12 months ended 30 June 2017 (FY2017).

The net profit after tax was \$1.43 million after some positive adjustments resulting from the Civilbuild acquisition, which was 50.5 % lower than the previous corresponding period (FY2016: \$2.89 million).

The full year revenue was \$45.81 million which was a 9.5% increase on the prior year (FY2016: \$41.83 million).

The decrease in margin in FY2017 is attributable to the delay in the start of awarded major projects in the Engineering Construction group during the second half of the year and the worse than expected inclement weather experienced at some site locations during February and March. This has in part been offset by a strong profit contribution from our maintenance operations in FY2017.

Earnings per share were 1.76 cents, a 52.2% decrease on FY2016 (3.68 cents per share).

Cash outflows from operating activities were \$0.32 million, a 120.4% decrease on FY2016 (\$1.57 million inflows), driven mainly by an increase in working capital required to fund Civilbuild and one off acquisition costs.

The directors consider the Group to be in a strong financial position at year end with cash and cash equivalents of \$10.9 million (FY2016: \$14.3 million). The cash and cash equivalents of 30 June 2017 is equivalent to 12.78 cents per share (FY2016: 18.23 cps) and the Group has no interest bearing debt. Since the year end, out of this cash balance, the group has repaid a \$2.5 million interest free working capital loan from the previous Civilbuild owners. The net tangible assets per share is 23.07 cents (FY2016: 20.72 cents).

Managing Director's Comments

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

"Because the year started with a low work in hand base, we recognized that the first half would be a challenge but we had valid expectations that the live tenders would be awarded earlier and thus generate a better financial result in the second half. We are disappointed that these contract awards were delayed to the extent that they could not contribute as expected to the second half result.

This year we embarked on the Company's first acquisition since listing on the ASX, which I am pleased to report is fully integrated from an operational point and has contributed to our FY2017 result. Early indications are that the division is performing to expectations with recent contract wins".

Outlook

Mr. Benson said; *“We are seeing a good start to the new financial year which is the result of the solid foundations laid down in the last 12 to 18 months. Our strategy to work closely with our customers and expand our geographical footprint is starting to deliver results.”*

Work in hand at 30 June 2017 was at \$46 million, an increase of 88% (FY2016: \$24 million) and tendering activity remains strong with the value of live tenders at \$216 million. The pipeline (yet to be tendered) is at \$298 million.

Mr. Benson further commented; *“The group has made good progress in building the order book and we will continue in FY2018 to work closely with our key clients to provide innovative engineering solutions. Our decision to expand internationally is already paying dividends with the award of two new projects in Papua New Guinea.*

We are still experiencing challenging business conditions, but we remain confident that our strategic direction to diversify the business will deliver benefits over the coming years as we convert some pipeline opportunities, continue with our diversification strategy and expand our maintenance operations”.

Dividend

The Dividend Reinvestment Plan (DRP) has been de-activated for this dividend.

The Board has declared a final dividend of 1.0 cents per share fully franked and payable on 18 September (FY2016 final dividend 2.0 cps). The record date for determining dividends is 31 August 2017.

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
Financial Report 2017

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 and road and rail infrastructure.