

Saunders International Limited ABN 14 050 287 431  
A 271 Edgar Street, Condell Park NSW 2200  
M PO Box 281 Condell Park NSW 2200  
P (02) 9792 2444  
F (02) 9771 2640  
E mail@saundersint.com  
[www.saundersint.com](http://www.saundersint.com)



Announcement to Shareholders and the ASX

## SAUNDERS ANNOUNCES HALF YEAR PROFIT RESULT

Sydney – Wednesday 27 February 2019

Saunders International Limited (“Saunders” or “the Company”) today released its Interim Financial Report for the half year to 31 December 2018.

The net loss after tax was (\$0.14) million which was (114.1%) lower than the previous corresponding period (FY2018 H1: \$1.02 million). Earnings per share for the period were 0.00 cents (FY2018 H1: 1.07 cents). Earnings Before Interest, Tax, Depreciation and Amortisation for the FY 2019 H1 was \$0.40 million.

The half-year revenue was \$28.09 million which was (34.2%) lower than the previous corresponding period (FY2018 H1: \$42.68 million).

The result has been impacted by further client delays and disruption leading to additional costs on the loss-making project. The project works are now complete, and the site is demobilised.

The financial position as at 31 December 2018 remains strong with a cash balance of \$12.67 million or 12 cents per share, no interest-bearing debt and net assets of \$22.72 million (\$23.49 million FY2018). The cash inflow from operating activities was \$0.48 million.

### Managing Directors Comments

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

*“Results for the six months to 31 December 2018 is reflective of the performance of the loss-making maintenance contract in NSW. The result is disappointing, but the Group is confident that the systems and processes implemented over the past six months will ensure that future project losses are mitigated.*

*We have seen an increase in tender activity in the core bulk liquid storage sector, but market conditions remain challenging with continued margin pressure. We are continuing to see a good pipeline of opportunities for the Infrastructure business and the recent contract wins will see potential future revenue growth for the Group.”*

## Outlook

Saunders recently secured \$9m in infrastructure projects and a further \$2m in maintenance projects. The current order book is approximately \$46m at February 2019. The value of live tenders is approximately \$201m and the pipeline (yet to be tendered) is approximately \$224m.

The outlook for Civilbuild is positive with a strong pipeline of opportunities emerging from road and rail infrastructure projects in NSW.

Mr. Benson further said *“Over the past five years there has been a decline in major construction projects in the bulk liquid storage market in Australia, with customers deferring capex spend of new tanks. As a result of the afore mentioned market conditions and the recent business restructure of Saunders’ operating model the Group has decided to not renew the lease at the Condell Park workshop.*

*Saunders International will continue to deliver comprehensive services including; design, fabrication, construction, installation and maintenance of fuel storage tanks. The fabrication service offering will be provided through a panel of quality fabricators across Australia, Internationally and from our Newcastle facility. Key construction equipment will be relocated to the Group’s Newcastle facility.*

*This strategic decision will provide Saunders the ability to match the current market expectations and allow the Group to avoid high fixed costs.*

*The Group’s head office will move to a new office at Rhodes Corporate Park.”*

## Investor Presentations

Saunders will be undertaking investor presentations commencing 28 February 2019. 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:

Mark Benson  
Managing Director & Chief Executive Officer Saunders International Limited (02) 9792 2444

## About Saunders International Limited

Saunders International Limited (ASX code: SND) is a multi-disciplined engineering and construction company providing design, fabrication, construction and maintenance services to leading organisations across Australia, and the Pacific Region. The Saunders Group provides solutions to the bulk liquid storage, industrial, energy and resources sectors through the Saunders International business. Intelligent engineering and construction solutions to the road and rail infrastructure sectors are delivered by the Saunders Civilbuild business. The Saunders Group is driven by a commitment to safety, innovation, excellence and growth while delivering high quality engineered solutions across the complete asset life cycle.