



Announcement to Shareholders and the ASX

SAUNDERS REPORTS 2021 HALF YEAR RESULTS

Sydney – Friday 26th February 2021

FY21 INTERIM FINANCIAL RESULTS

- **Revenue** of \$53.35 million for half year ending 31 December 2020
- **EBIT** of \$4.08 million with **EBITDA** of \$5.02 million
- **Operating cash flow** of \$5.35 million
- **Cash on hand** of \$15.80 million at 31 December 2020
- **Strong Balance Sheet** with Net Assets of \$25.60 million
- **Orderbook** of \$91 million (31 January 2021)
- **Tender and Pipeline** of \$814 million (31 January 2021)
- **Dividend** payments resumed and **Dividend Reinvestment Plan** reactivated.

Saunders International Ltd (ASX:SND) (“Saunders” or “the Group”) today released its Interim Financial Report for the half year to 31 December 2020.

COVID-19

Although Saunders has reported a solid result for the period ending 31 December 2020, COVID-19 has impacted the potential result. The pandemic has resulted in resourcing constraints across some of our sites due to border closures, logistics delays from our offshore supply chain and reduced productivity through the implementation of social distancing measures. The financial effects arising from these issues have been included in the interim results for the period ending 31 December 2020. Additionally, COVID-19 has factored in the contract award decisions by our customers due to the economic uncertainty.

The Group continues to ensure the safety of all our staff, our customers and the communities we operate within. Changes to the COVID-19 situation are continually communicated to all staff and the Group’s policies and procedures are amended to comply with any new Government regulations and best practise.

OPERATIONS

Saunders’ revenue for the half-year is \$53.35 million, an increase of \$23.71 million or 80% over (FY20-H1: \$29.6 million) and the NPAT was a profit of \$2.71 million, an improvement of \$2.19 million (FY20-H1: \$0.52 million), EBITDA for the half-year is \$5.02 million, an improvement of \$3.53 million (FY20-H1 : \$1.49 million).

Earnings per share for the period is 2.63 cents (FY20-H1 : 0.51 cents).

Saunders financial position strengthened at the half year with cash and cash equivalents of \$15.80 million (FY2020: \$11.09 million). The increase in cash and cash equivalents is the result of the Group’s continued focus of working capital, close management of capital and discretionary expenditure and generation of operating cash through delivery of projects across the Groups operations. The Group has no interest-bearing loans, except for finance leases and insurance premium funding.

KEY HIGHLIGHTS INCLUDE:

- Strong Safety performance with 3.0 million hours LTI free milestone achieved during the period
- Proactive Response by all our employees to adapt to the continual changes presented by COVID-19
- Positive operating cash flow of \$5.35 million and strong balance sheet
- Successful fabrication and delivery of highly technical components as part of Sydney Trains iconic Sydney Harbour timber deck replacement project.
- Further penetration into the Defence sector with works currently being completed on four major Defence sites.
- Increased Saunders Aboriginal and Torres Straight Islander participation across our projects
- Saunders Team involved in charitable events and contributions for Food bank, Red Cross and Westpac Rescue Helicopter.

Chief Executive Officer Mark Benson said “I am pleased with the operational and financial performance for the half-year. Notwithstanding, the challenging environment that we are currently operating in, the Group has continued to progress the Growth phase of its strategic plan. This has resulted in an increase in the pipeline of opportunities in both core and emerging markets. We have delivered on the growth strategies set three years ago and have delivered consistently better outcomes on our projects. The strength and resilience of the Saunders team through the COVID-19 pandemic has reinvigorated our people and culture and in turn established strong operational disciplines across our project teams. This has set a strong platform for further growth in the second half of FY21”.

OUTLOOK

Saunders Work in hand as at 31 January 2021 is \$90.9 million. The Group is seeing an increased level of new contract business enquiries across all of its sectors and service markets. The recent increase of activity has been underpinned by the following:

- Federal Government launching the “Boosting Australia’s Diesel Storage Program”. The initiative is looking to increase Australia’s diesel storage by up to 40% by 2024;
- The Defence Fuel Transformation Program (DFTP);
- Federal Government Bridge replacement program and
- NSW Government’s “Fixing Country Bridges” program.

Tendering activity shows the value of live tenders at \$421 million, including \$105 million of preferred contractor status projects. The pipeline (yet to be tendered) is at \$393 million.

As a result of the strong operational delivery and first half performance, Saunders revenue for the FY21 is expected to be between \$100-\$110 million with EBIT expected to be between 7.0% to 8.0%. This expectation will be dependent on how the continued COVID-19 pandemic impacts our clients, our people and the timing on current project start dates.

DIVIDEND

The Board declared on 24 February 2021 that there will be an interim dividend payable of 0.75 cents per share fully franked for FY21-H1 (FY20-H1: Nil dividend paid). The dividend will be payable on 12 April 2021 with the record date for determining dividends on 17 March 2021.

DIVIDEND REINVESTMENT PLAN

The Board has resolved to re-activate the Dividend Reinvestment Plan (DRP). Further information will be sent to Shareholders by Link Market Services. For this DRP there will be no discount applied.

A copy of the DRP can be found on the Saunders International website (<https://saundersint.com/announcements-to-asx>). The timetable for the HY21 interim dividend and DRP is as follows:

	Date
Ex-dividend date	Tuesday 16 th March 2021
Record date	Wednesday 17 th March 2021 at 5:00pm (AEST)
DRP Records/election date	Thursday 18 th March 2021 at 5:00pm (AEST)
DRP Pricing Period (5 Days)	Wednesday 17 th March – Tuesday 23 rd March 2021
Payment and mailing date	Monday 12 th April 2021

INVESTOR PRESENTATION

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 2021

Authorised for release by Mark Benson, Chief Executive Officer and Managing Director.

About Saunders International Limited

Saunders International Limited (ASX code: SND) is a multi-disciplined engineering and construction company providing design, fabrication, construction, shutdown and maintenance services to leading organisations across Australia, and the Pacific Region. The Saunders Group provides innovative cost-effective solutions to the oil & gas, infrastructure, defence, water, energy, mining & minerals sectors. The Saunders Group is driven by a commitment to safety, innovation, excellence and growth while delivering high quality engineered solutions across the complete asset lifecycle.

For further information, please contact:

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