SAUNDERS INTERNATIONAL

# FY22 Investor Presentation

**Mark Benson**
*Managing Director & Chief Executive Officer*

**Rudy Sheriff**
*Chief Financial Officer*

25th August 2022

**ACKNOWLEDGEMENT OF COUNTRY**

Saunders respectfully acknowledges the traditional owners and custodians of the country and their connection to land, sea and community.
We pay our respects to their cultures and to Elders past, present and emerging.

# Performance Highlights

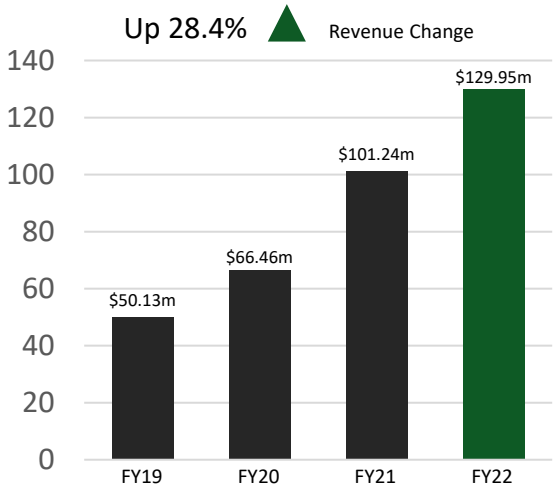
| | | |
|---|---|---|
| **$129.95m** REVENUE UP 28% | **$9.38m** EBIT UP 16% | **$36.75m** CASH UP 54% |
| **$192.89m** ORDER BOOK UP 133% | **$1.31b** PIPELINE UP 63% | **352** FULL TIME EMPLOYEES UP 65% |
| **6.24 cents** EARNINGS PER SHARE UP 16% | **3.00 cents** DIVIDEND DISTRIBUTION 50% PAYOUT | **$110m** MARKET CAPITALISATION UP 34% |

- Strong financial results despite the challenging operating landscape.
- Secured $165 million contract for the design and construction for U.S defence fuel storage facility in Darwin.
- Increased surety facility to $30 million supporting growth.
- Strong safety performance with industry leading TRIFR of 1.57
- Federal Safety Commission (FSC) and Defence Industry Security Program (DISP) accreditations commenced.
- PlantWeave Technologies fully integrated.
- Continued geographical expansion with new offices established in Victoria and the Northern Territory.

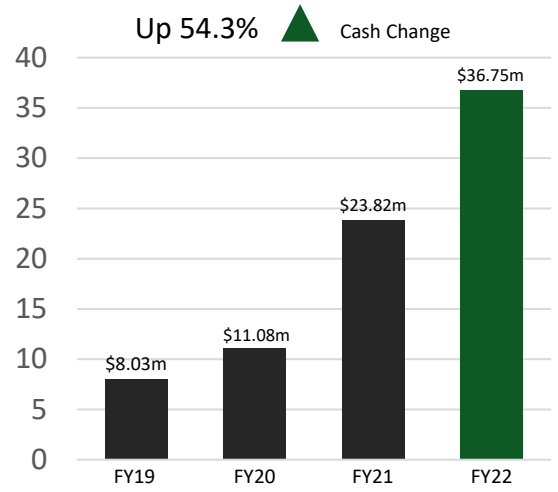
# Financial Highlights

FY22 strong financial performance achieved through successful operational delivery and execution of strategic initiatives.

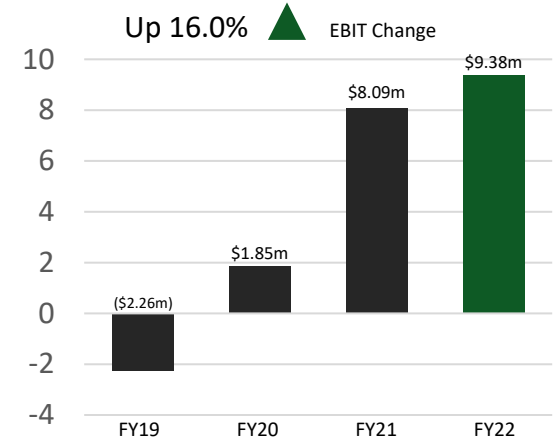
## GROUP REVENUE (A$M)



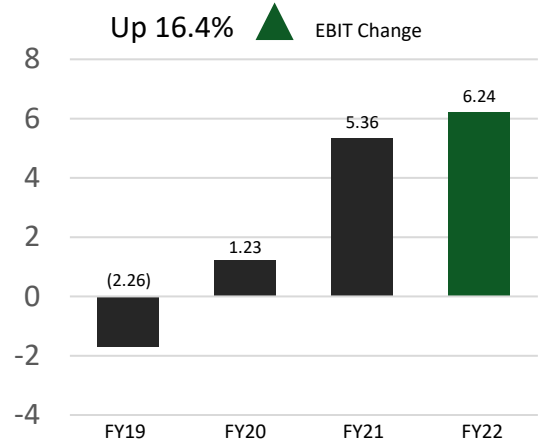

## GROUP CASH (A$M)




## GROUP EBIT (A$M)



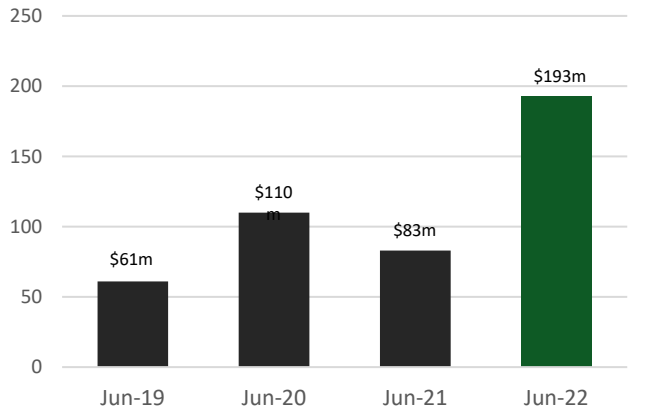

## EARNINGS PER SHARE



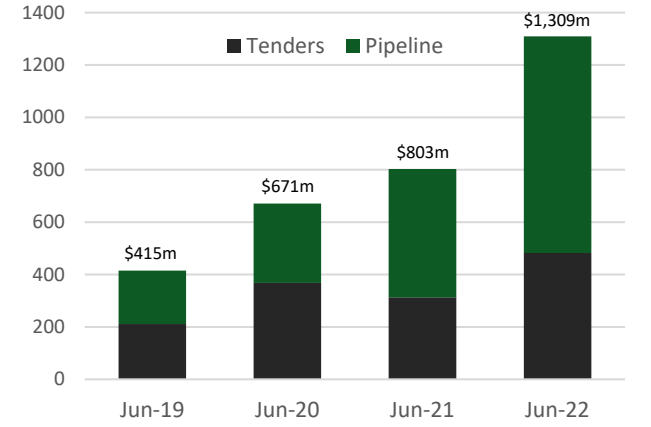
# Sustained Growth

The Group is well positioned for further growth with the momentum of the FY22 forecast set to continue into FY23. The platform for success is underpinned by solid fundamentals; record orderbook, record pipeline and the strength of our balance sheet.

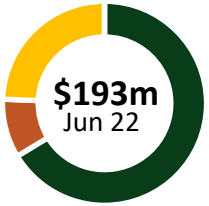
## ORDER BOOK (A$M)



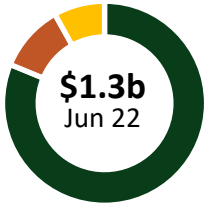

## LIVE TENDER PIPELINE




## ORDER BOOK BREAKOUT




## PIPELINE




## PREFERRED CONTRACTOR STATUS

CIVIL SERVICES

CONSTRUCTION SERVICES

MAINTENANCES SERVICES

# Managing Economic Uncertainties

***Saunders continues to manage economic uncertainties while leveraging market opportunities.***

**COVID-19**

Saunders has experienced impacts on productivity due to COVID-19. Mitigation strategies include:

- Over-staffing of projects to cater for absenteeism
- Work from home, RAT and PCR testing, education and training and best practice protocols at all locations

**Labour market**

Saunders is experiencing tight labour market conditions and pressures due to increased resource competition. Mitigation strategies include:

- Salary increases, employer of choice programs, retention incentive plans, offshore recruitment
- Renewed EBA's ensuring escalations are built into the estimating process
- Saunders is a permanent employer with long term tenure

**Material Escalation**

Materials and logistics continue to be unstable in the industry. Mitigation strategies include:

- Tighter commercial conditions with rise and fall clauses
- Back to back locked in subcontracts and material purchases at contract execution
- Robust Go/No Go process to decline risky projects

**Inclement Weather and Floods**

Weather continues to impact our business. We have experienced material impact to our NSW infrastructure business. Generally weather has had less impact in other states. Mitigation strategies include:

- Tighter commercial terms, increased contingencies
- Deployment of resources where possible to other projects

# Strategic Outlook

**BOOSTING AUSTRALIA'S DIESEL STORAGE**

- Forecast $400+ million in construction of remaining projects - FY22-FY24

**INFRASTRUCTURE**

- Government's "Fixing Country Bridges" program – forecast circa $300 million yet to be awarded
- Increased requirement for complex precast components as part of NSW infrastructure boom

**DEFENCE**

- Expand our service offering, including industrial automation capabilities to existing Defence clients
- Defence Fuels Transformation Program (DFTP) Tranche 2 program budget $500 million 2022 to 2026

**MAINTENANCE**

- Utilise recent terminal experience to convert growing pipeline of new opportunities
- Leverage our recent shut down experience in the utilities and industrial sectors
- Expand long term national maintenance contracts

**FY23 OUTLOOK**

- Despite uncertainties around tightening labour markets, inflationary pressures, supply chain costs, likely ongoing impacts from COVID-19 and severe weather events, the outlook for Saunders remains positive
- With the current levels of our order book and the pipeline of new opportunities, we are confident that we can deliver another year of continued revenue and earnings growth

# Project Caymus Darwin

- Project 31% complete
- Recruitment of all personnel on track with current onsite workforce circa 120
- Bulk earth works and civil ring beams for 11 tank complete
- Minimal disruption from the first wet season
- All 11 tanks under construction
- All major subcontracts for the tank package have been awarded
- Safety performance is good with 18,000 hrs LTI free
- Design of balance of plant underway
- Balance of plant procurement underway
- Project has **GREEN** traffic light designation

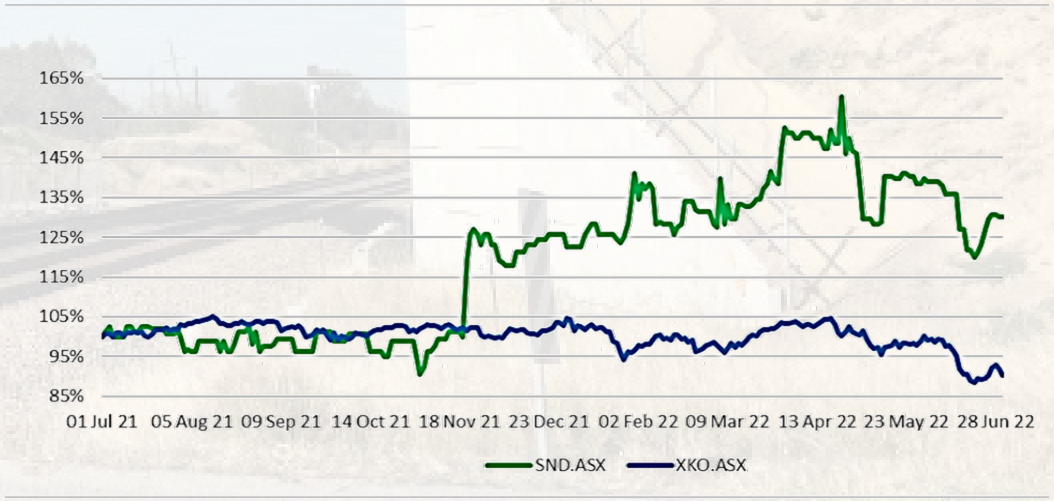
# Corporate Snapshot

| CAPITAL STRUCTURE | |
|---|---|
| ASX Code | SND |
| Ordinary shares on issue | 105,895,210 |
| Share price as of 30 June 2022 | $1.020 cents |
| Market capitalization 30 June 2022 | $108.1m |

| SUBSTANTIAL HOLDERS | |
|---|---|
| NAOS Asset Management | 23.94% |
| Mr. Desmond Bryant | 22.96% |
| Anacacia Pty Ltd | 11.68% |
| Mr Timothy Burnett | 11.04% |

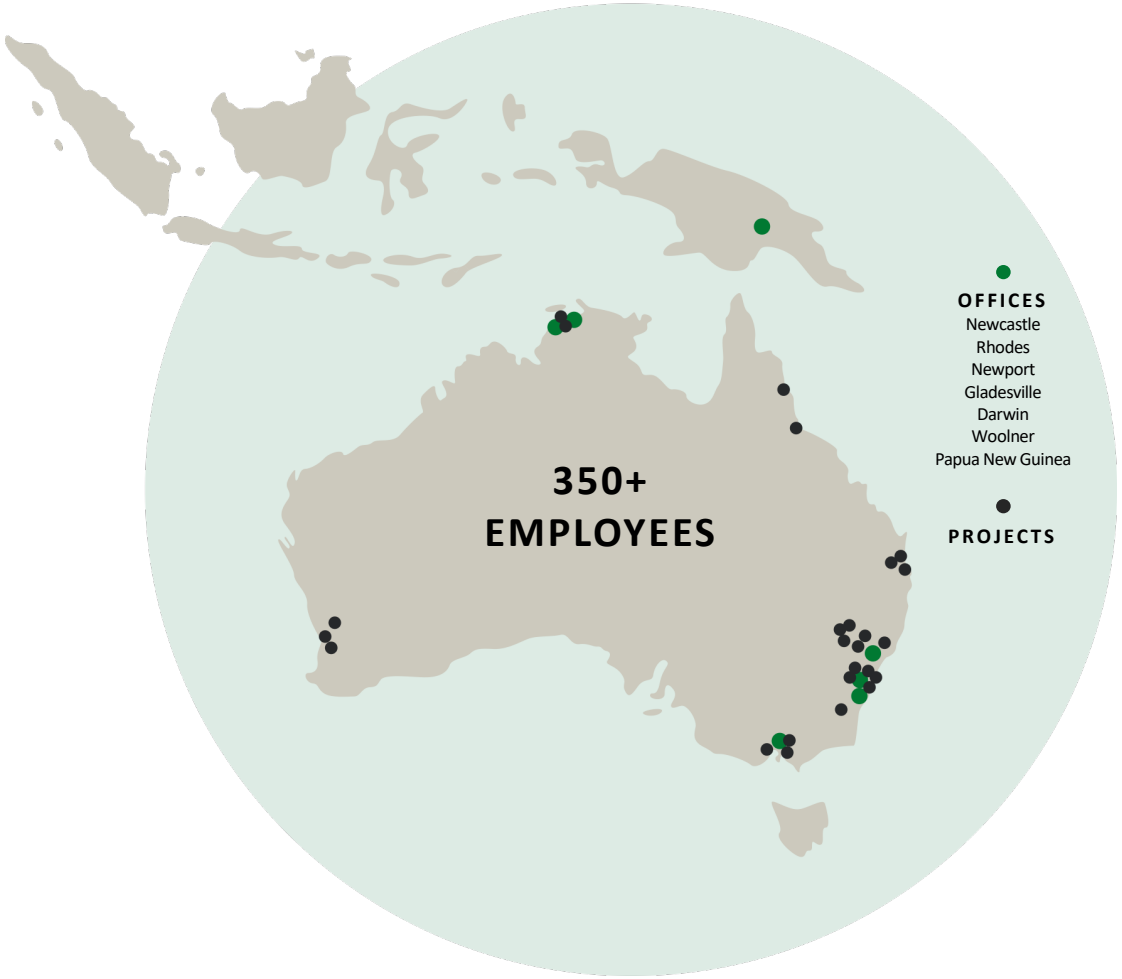
| BOARD AND SENIOR MANAGEMENT | |
|---|---|
| Timothy Burnett | Chairman and Non-Executive Director |
| Greg Fletcher | Non-Executive Director |
| Nick Yates | Non-Executive Director |
| Mark Benson | Managing Director & Chief Executive Officer |
| Rudy Sheriff | Chief Financial Officer & Company Secretary |

**SND PERFORMANCE AGAINST ASX300**



# Our Company

Saunders International Limited is a multi-disciplined engineering and construction company providing design, fabrication, construction, shutdown, maintenance and industrial automation services to leading organisations across Australia, and the Pacific Region. With over 70 years of experience, the Saunders Group provided innovative cost-effective solutions to the oil & gas, infrastructure, defence, water, power, new energy and mining & minerals sectors.



OIL & GAS
DEFENCE
NEW ENERGY
WATER
OUR SECTORS
MINING & MINERALS
POWER
INFRASTRUCTURE

CONSTRUCTION
ENGINEERING & DESIGN
MAINTENANCE
FABRICATION
OUR SERVICES
ASSET SERVICES
AUTOMATION & CONTROL
STRUCTURAL, MECHANICAL & PIPING (SMP)
CIVIL INFRASTRUCTURE

# Sustainability

Saunders' approach to Safety, Health, Environment and Quality (SHEQ) focuses on creating a workplace culture that promotes safety, integrity, innovation, teamwork and leadership.

Saunders' success in delivering consistent project excellence is shaped by our "OneTeam" culture and underpinned by our robust risk management systems. We proactively identify critical risks in our operations and implement strategies and systems to minimise the risk to our people, our customers and our communities.

### ENVIRONMENTAL

- Reduction of water consumption
- Waste management
- Recycling, re-use, repurpose
- Resource management
- Sustainable materials usage

### SOCIAL

- Diversity & social inclusion
- Mental health & wellbeing initiatives
- Promoting female participation
- Education & skills development
- Support of charitable organisations
- Engagement with various Indigenous vendors

### GOVERNANCE

- Formal strategy development
- Published policies & procedures
- Stakeholder engagement
- Formal commercial processes
- Structured documents and safety systems

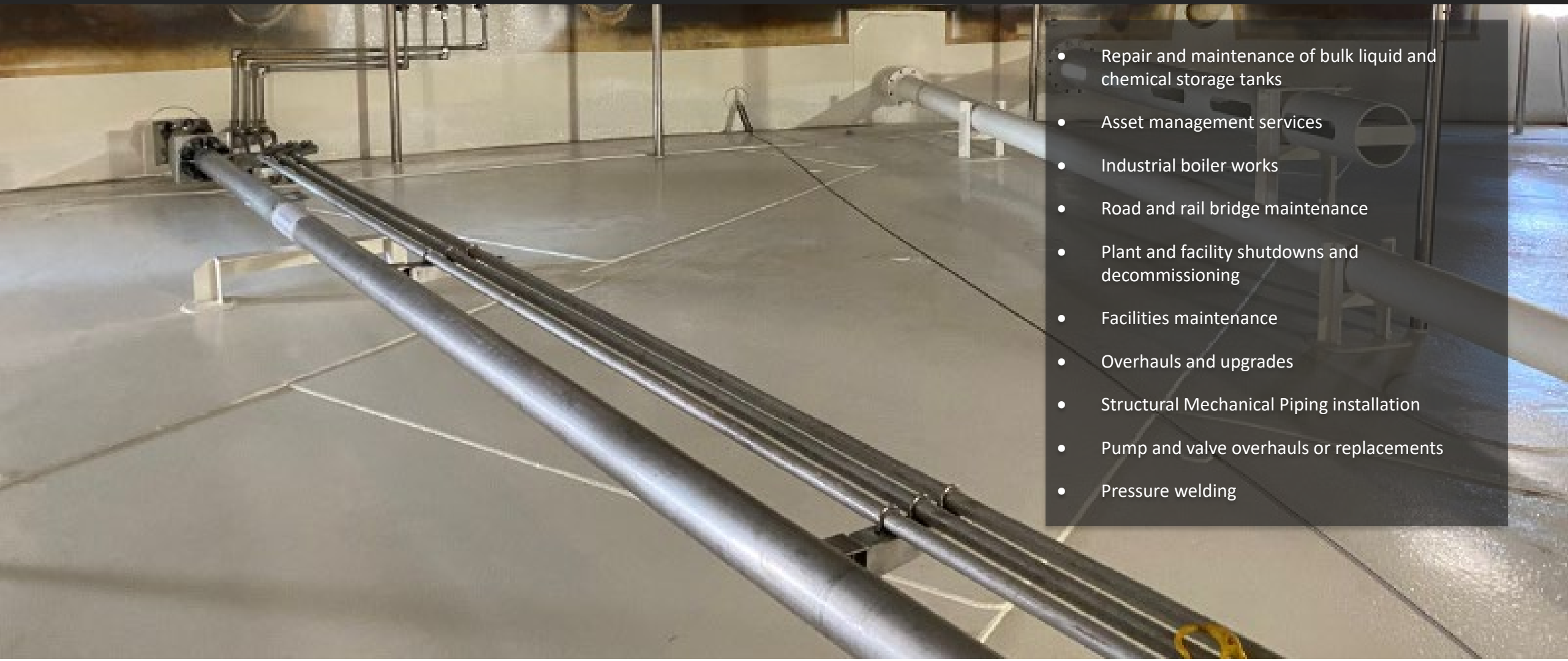
# Engineering Construction

- Front End Engineering Design (FEED)
- Structural Mechanical & Piping design
- 3D drafting of large fuel terminals
- Control system design and implementation
- Network design and implementation
- HV and LV electrical design and implementation
- EPC & EPCM services
- New tank builds for bulk fuel and chemical storage terminals
- Water reservoirs and pumping stations
- Road and Rail bridge construction
- Tank Jacking technology (top down construction)

# Civil Infrastructure

- Road and Rail bridge construction
- Marine structures
- Precast fabrication
- Concrete foundation systems
- Manufacturing of complex Super-T and planks for infrastructure projects
- Excavation and installation of support structures
- Road works

# Asset Services & Maintenance



- Repair and maintenance of bulk liquid and chemical storage tanks
- Asset management services
- Industrial boiler works
- Road and rail bridge maintenance
- Plant and facility shutdowns and decommissioning
- Facilities maintenance
- Overhauls and upgrades
- Structural Mechanical Piping installation
- Pump and valve overhauls or replacements
- Pressure welding

# Automation & Control

- Industrial automation
- Control system upgrades
- Panel manufacturing and testing
- Machine learning and statistical/physical process modelling
- Asset and inventory management
- Instrumentation selection, installation and calibration
- Plant commissioning
- Process optimisation
- Preventative maintenance
- Cyber security auditing and hardening to ISA/IEC

# Our Commitment

As an Australian company, it is our responsibility to cultivate diversity and inclusion in our workplace. To empower all cultures and demographics and increase the representation of our First Nations peoples.

To represent Saunders' commitment to Indigenous inclusion, we approached First Nation artist, Sharon Smith to create an artwork that communicates the coming together of our two cultures.

This artwork hangs in our head office as a reminder of our company's dedication to togetherness and understanding of culture.

**CORPORATE CITIZENSHIP**

Heart Foundation

TradeMutt

Westpac Rescue Helicopter Service

THE PUSH-UP CHALLENGE

SYDNEY CHILDREN'S HOSPITAL FOUNDATION

FOOD BANK FIGHTING HUNGER IN AUSTRALIA

TARONGA RUBBISH RUN

Vinnies good works

Drug ARM Australasia

Max's CAST FOR A CURE

ONE MEAL IT MAKES A DIFFERENCE

**Artists' Statement:**

*"When I paint, I think about how our ancestors worked and looked after the land. This painting represents our Indigenous heritage and an Australian company, Saunders International, coming together to listen, share our stories and work together to protect and maintain our environment. It's a part of healing and understanding the importance of belonging which helps create a connection to community and culture. The travelling tracks in the painting represent meeting places where men and women come together as one."*

**- Sharon Smith (Wiradjuri Artist)**

# Appendices

**OUR VALUES**

**CORPORATE SNAPSHOT**

**BOARD OF DIRECTORS & KEY MANAGEMENT**

**BALANCE SHEET**

**CASHFLOW**

# Our Values

## ZERO HARM

We are committed to the practice of Zero Harm behaviour at work and at home

## ONE TEAM

We are better together when we collaborate with each other and our customers

## EXCELLENCE

We commit to delivering excellence in everything we do

## INNOVATION

We continually challenge ourselves to create innovative solutions for our customers

## INTEGRITY

We hold ourselves to the highest standards and deliver on our commitments

## RESPECT

We act with respect to our people, customer, communities and the environment

# Board of Directors

**RUDY SHERIFF**
CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

**GREG FLETCHER**
NON-EXECUTIVE DIRECTOR

**TIMOTHY BURNETT**
CHAIRMAN & NON-EXECUTIVE DIRECTOR

**MARK BENSON**
MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER

**NICK YATES**
NON-EXECUTIVE DIRECTOR

# Income Statement

| A$'K | 2022 | 2021 |
|---|---|---|
| | | |
| Revenue | 129,955 | 101,242 |
| Other Income | 1,272 | 704 |
| Materials and third-party costs charged to projects | (87,552) | (58,838) |
| Employee benefits expense | (27,709) | (28,100) |
| Depreciation expense | (2,246) | (1,931) |
| Motor vehicle expense | (365) | (317) |
| Occupancy and operating lease expense | (468) | (237) |
| Finance costs | (106) | (95) |
| Other expenses | (3,402) | (4,343) |
| **Profit / (loss) before income tax** | **9,379** | **8,085** |
| **Income tax (expense)/benefit** | **(2,828)** | **(2,543)** |
| **Profit / (loss) for the year** | **6,551** | **5,542** |
| | | |
| **Earnings Per share** | | |
| **Basic (cents per share)** | 6.24 | 5.36 |
| **Diluted (cents per share)** | 6.07 | 5.21 |

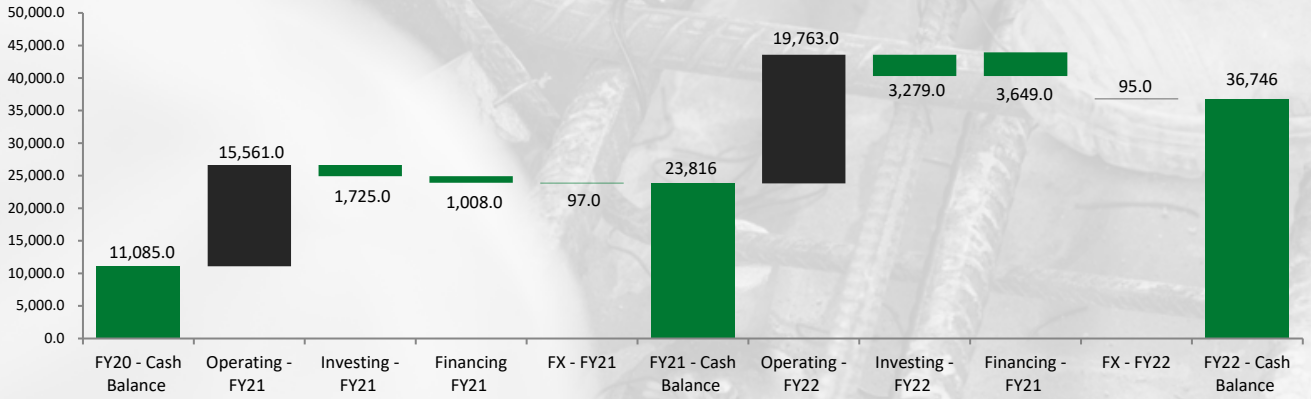
# Balance Sheet

| A $ ' K | 2022 | 2021 |
|---|---|---|
| **Current assets** | | |
| Cash and Cash equivalents | 36,746 | 23,816 |
| Trade and other receivables | 28,946 | 10,258 |
| Contract Assets | 9,340 | 2,884 |
| Other current Assets | 381 | 314 |
| **Total current assets** | **75,413** | **37,272** |
| **Non-current assets** | | |
| Property, plant and equipment | 12,086 | 10,473 |
| Other non-current assets | 3,995 | 2,597 |
| **Total non-current assets** | **16,081** | **13,070** |
| **Total assets** | **91,494** | **50,342** |
| **Current liabilities** | | |
| Trade and other payables | 35,500 | 10,725 |
| Contract liabilities | 13,023 | 5,684 |
| Other current Liabilities | 7,707 | 704 |
| **Total current liabilities** | **55,856** | **20,279** |
| **Non-current liabilities** | | |
| Lease liabilities | 2,328 | 1,719 |
| Other non-current liabilities | 911 | 237 |
| **Total non-current liabilities** | **3,239** | **1,956** |
| **Total liabilities** | **59,469** | **22,235** |
| **Net assets** | **32,025** | **28,107** |
| **Equity** | | |
| Issued capital | 22,482 | 20,687 |
| Treasury shares under employee share plan | (1,806) | (674) |
| Share based payments reserve | 384 | 736 |
| Retained Earnings | 10,965 | 7,358 |
| **Total equity** | **32,025** | **28,107** |

# Cashflow

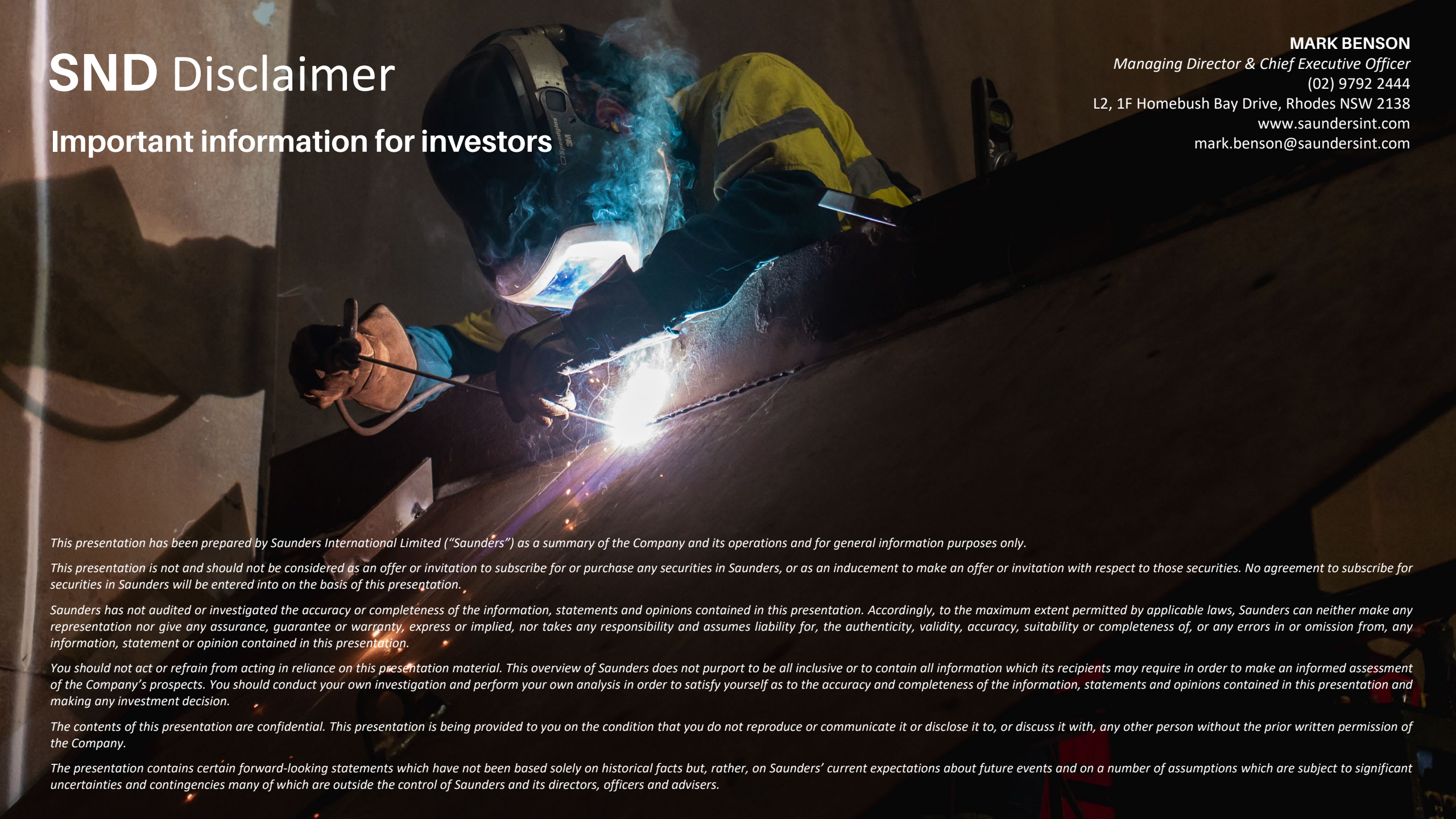
| A$'K | 2022 | 2021 |
|---|---|---|
| Cash flows from Operating activities | 19,763 | 15,161 |
| Cashflows from Investing activities | (3,279) | (1,751) |
| Cashflows from Financing activities | (3,649) | (1,008) |
| **Net Increase in cash and cash equivalents** | **12,835** | **12,828** |
| **Opening cash on hand** | | |
| Effects of exchange rate fluctuations on cash held | 95 | (97) |
| **Closing cash on hand** | **36,746** | **23,816** |

**GROUP CASH FLOW - BRIDGE (A$000S)**



# **SND** Disclaimer

## Important information for investors



**MARK BENSON**
*Managing Director & Chief Executive Officer*
(02) 9792 2444
L2, 1F Homebush Bay Drive, Rhodes NSW 2138
www.saundersint.com
mark.benson@saundersint.com

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