



SAUNDERS MARKET UPDATE REGARDING PROJECT CAYMUS, THE US DEFENCE FUEL STORAGE FACILITY UNDER CONSTRUCTION IN DARWIN, NT

6 April 2023

Crowley has decided to restructure the delivery of their Defence fuel storage facility in Darwin, NT. As a result Saunders International Limited (ASX:SND) (“Saunders” or “the Group”) today announces that it has been issued with a ‘Notice of Termination for Convenience’ by Crowley relating to the \$165 million contract both parties entered into in November 2021 for the Design and Construction (“D&C”) of fuel storage tanks and the Engineering, Procurement and Construction Management (“EPCM”) services for the overall US Defence fuel storage facility in Darwin, NT (“Project Caymus”).

The contract involved the following:

- A \$140 million contract for the D&C of 11 tanks for a jet fuel storage facility in Darwin; and
- A \$25 million EPCM services contract for the delivery of the entire fuel facility and marine loading and unloading facility at Darwin Port.

The contract permitted Crowley to terminate the contract at its sole and absolute discretion at any time without cause and for any reason, a common contractual clause in construction contracts. Saunders is nearing completion of the 11 jet fuel storage tanks. The notice of termination takes effect on Friday, 14 April 2023.

Crowley has made this decision for their own strategic reasons and Saunders will continue to collaborate with Crowley and their US based partner organisation as they complete the project. Saunders will support the transition and will provide ongoing services as required.

Saunders confirms its FY23 financial results will be achieved with the revenue towards the lower end of our previously issued guidance of \$190-\$220 million and EBIT remaining in the range of 6.5% to 7.5%.

The order book announced in our FY23 Half Year reporting on 24 February 2023 of \$200 million is negatively impacted by circa \$40 million as a result of the contract termination, however we believe that our current preferred contractor status on other projects will compensate for this once secured during FY23 Q4.

About Saunders International Limited

Saunders International Limited (ASX:SND) 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. The Group provides innovative cost-effective solutions to the oil & gas, infrastructure, water, power, new energy, mining & minerals and defence sectors. Additional information about Saunders, its’ services, and the sectors it operates in can be found at www.saundersint.com.

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This announcement was authorised for release by the Board of Saunders International Limited.