

**27 October 2023**

## **Address by the Saunders International Chairman to the Saunders International Annual General Meeting**

### **Appointment as Chairman**

After serving as Chairman for 16 years, Tim Burnett stepped down from the role on 30 June 2023, and I was privileged to assume the role on 1 July 2023.

This change was a part of the ongoing board renewal process and Tim continues to serve as a Non-Executive Director of the Board.

Tim has made an outstanding contribution to Saunders, and on behalf of Directors and shareholders, I would like to thank him for his long-standing commitment to Saunders and leadership of the Board for the past 16 years.

### **Safety**

I'll now address safety, our number one priority.

The Group and Board are committed to ensuring the safety, health and wellbeing of our workforce, subcontractors, and the community.

We do this by investing in our safety culture, proactively managing the risks associated with our operations, and continually reviewing Occupational Health and Safety Standards.

In 2023, we delivered a strong safety performance which has been recognised by our clients. We have invested in proactive initiatives to keep our people safe and healthy in the years ahead, including a new safety leadership program.

I'm also pleased to report the Group has secured new federal safety and security accreditations in the period. The CEO's address will outline safety in further detail.

### **Strategic growth**

I'm proud that Saunders has evolved into what can now be considered an integrated engineering construction and infrastructure company.

While we have a long history as one of Australia's finest tank builders, our business continues to grow. We now have dedicated operational areas across Construction, Asset Services, Civil and Automation, and are leaders in major projects for blue-chip and government clients, across our key sectors.

Our focus is on fostering strategic growth, expansion into new markets, and evolving our client offering as a one-stop multidisciplinary integrated team.

At the same time, we are building our front-end, capability and operations to support this growth. We're positioning Saunders for future success, ensuring we continue to deliver with excellence while being competitive and profitable.

We have metropolitan and regional offices located strategically across Australia, along with established operations in Papua New Guinea and have a new presence being established in New Zealand.

## **Performance highlights**

Despite challenging global economic conditions, we produced a strong financial result in 2023 with a record revenue and EBIT; Saunders' fourth consecutive year of growth.

We focused on our continuing strategic growth trajectory and delivering on that growth, providing attractive returns for our shareholders.

The Group is well positioned on a number of significant near-term opportunities and stable recurring revenues from long-term clients.

## **Sustainability**

We recognise Saunders has a unique opportunity and role to play in helping our clients to reach their sustainability goals.

Working with major international organisations including bp, Ampol and Lendlease provides the ability to not only support them to achieve their bold sustainability targets, but to have insight into their plans to do so.

We're leveraging these learnings to define our own Environment, Social and Governance sustainability targets across the Group and I look forward to sharing our progress in these key areas.

## **Board**

In July, we announced the appointment of Brendan York to the Board as a Non-Executive Director. Brendan is an experienced executive and director.

He is currently a Portfolio Manager with NAOS Asset Management Limited, a substantial and significant shareholder in Saunders.

Brendan is seeking election today. I am delighted that Brendan has agreed to join the Board. He has the unanimous support of the Board and brings diverse skills and experiences which add to the quality of our deliberations.

It's important to note that I will also be seeking re-election to the Board today.

### **The future**

The outlook for Saunders continues to be positive. Our growth strategy is on track, and we continue to deliver strong returns for shareholders.

With strong orderbook and recurring revenues, we are well-positioned to secure and then deliver on the embedded earnings in our \$1.6 billion pipeline of opportunities.

### **Close**

In closing, it is an honour to have been appointed to lead the accomplished and dedicated Saunders Board of Directors this year.

Together, we are committed to working with the Saunders Executive and Senior Management teams to build on the strong progress achieved in 2023 and continue to deliver rewarding outcomes for shareholders, clients and our people in the years ahead.

Thank you. I will now hand over to Mark.

## **Address by the Saunders International Managing Director and Chief Executive Officer to the Saunders International Annual General Meeting**

Thank you, Nick, and good morning everyone.

I also acknowledge the Gadigal people of the Eora nation and pay my respects to their elders past and present.

Please join me in congratulating Nick on his appointment as Chairman and expressing sincere gratitude to Tim Burnett for his 16 years of exceptional Chairmanship.

### **Safety first**

As Managing Director and CEO, ensuring the safety of our people, subcontractors, and the community is my number one priority.

This year we have taken significant steps to receive Federal Safety Commissioner Accreditation, which represents the highest workplace health and safety standards in Australian building and construction projects.

Unfortunately, we recorded a lost-time injury this year, after reporting a zero lost-time injury record for over 4.3 million hours in 2022.

Moving forward, we are focused on fostering our safety culture and implementing new initiatives, such as our upcoming safety leadership program called, “Together for Safety”.

This program strongly aligns with our core values embodied in "One Team, One Goal, Zero Harm" and underscores the collaborative nature of safety leadership, where everyone has an important role to play.

"Together for Safety" has been designed to enhance safety leadership competencies and instil a culture of safety throughout our organisation.

This initiative will be led by a highly regarded external safety expert and facilitator. It will be implemented nationally via in-person and online platforms throughout 2023 and 2024.

### **Performance highlights**

Despite enduring macro market challenges such as supply chain disruptions, inflation, weather, and labour constraints, Saunders' financial strength has continued to shine this year.

This success reflects the Group's ability to secure key new opportunities and repeat business with our clients, particularly as they seek to reposition existing and build new assets in the renewable energy sector.

In the last 12 months, we secured three projects with values in excess of \$40 million each, and our orderbook at 31 July 2023 was \$201 million.

### **Strategic acquisitions**

In May 2023, we welcomed Automation IT, a specialist automation and control systems engineering business operating in the energy, water, defence and mining industries to the Saunders team.

This follows our acquisition of PlantWeave in 2021 and further expands our industrial automation and technology-based infrastructure offering for our clients who are increasingly moving towards technology driven solutions.

On Monday 30 October, these teams will come together formally as 'Saunders Automation'.

We continue to assess various opportunities to diversify and grow our operations and provide increased earnings to the Group and shareholders through acquisitions.

### **Financial highlights**

We had a strong financial result with a record revenue and EBIT; and our fourth consecutive year of growth.

- Revenues this year were \$200.9m - up 54.5% from \$130.0m.
- Full time employees were at 422 – up 19.9% from 352.
- Our EBIT was \$14.4m - up 51.6% from \$9.5m.
- Earnings per share were 8.84 cents – up 41.7% from 6.24 cents.
- Our pipeline was \$1.6b as at 31 July 2023. This is up 23.1% from \$1.3b at 30 June 2022.
- The annual dividend distribution was 4.0 cents – representing a 46.5% payout and was Fully Franked.
- Our order book was \$201m at 31 July 2023 – up 4.2% from \$193m at 30 June 2022.
- And our Market Capitalisation was \$120.6m – up 11.6% from \$108.1 million.

## **Cash and Crowley finalisation**

Finally, our cash position was \$12.8m at 30 June 2023 – down 65.1% from \$36.7m at 30 June 2022.

However, our cash balance has normalised to \$39 million at 10 October 2023. This is a result of finalising the Project Caymus contract with Crowley. \$8 million of contract performance bonds have also been returned.

Saunders is very proud of the work performed on Project Caymus. It is a US Defence fuel storage facility in Darwin, Northern Territory, involving the construction of 11 jet fuel storage tanks.

The timelapses on screen at the beginning and the end of this Meeting feature our work on this project.

## **People and culture**

I'll now turn to the greatest contributors to our success - our people and culture.

The collective energy, passion, and commitment to excellence exhibited by the Saunders team has been the driving force behind our performance in 2023.

This year, we experienced significant growth, substantially increasing our employee numbers to support the delivery of our newly secured work, positioning our business for continued success.



We've enhanced our Employee Value Proposition, introducing new benefits including parental leave and wellbeing days, cost-of-living discounts, and company-funded work-related training courses.

We've also launched an Employee Referral Program and contributed to the community through fundraising challenges and charitable events.

### **Growth markets**

Our focus remains on pursuing key clients and excelling in our core sectors while identifying opportunities in growth markets such as Defence, Water, and New Energy.

Our ability to tender directly for larger government funded projects and compete at scale within the Defence sector is bolstered by the finalisation of our Defence Industry Security Program (DISP) and Federal Safety Commissioner (FSC) accreditations.

### **Outlook**

As we look to the year ahead, we have a strong operational platform, increased scale of multi-disciplined projects continuing to be secured, and an ongoing commitment to our strategic initiatives.

Securing three projects in excess of \$40 million each in the last 12 months has replenished our order book to \$201 million. And the outlook for Saunders and the markets we operate in is positive. We are well-positioned to leverage the \$1.6 billion pipeline of opportunities before us and continue on our growth trajectory.

We have strengthened our executive and senior leadership team and are continuously improving our systems and processes to help set us up for the years ahead.

I'm proud that we are focused on delivering quality outcomes for our clients, safely, on time and on budget and this commitment will underpin the strength of our financial performance in the years ahead.

Thank you to the Board and our shareholders for your ongoing support. I'll now hand back to the Chairman.