

Wednesday 6 November 2024

2024 Annual General Meeting Speeches

Time	Item	Who
10:00am	Welcome	Nick Yates
	Chair's Address	Nick Yates
	Managing Director and CEO's Address	Mark Benson
	Formal business	Nick Yates
11:00pm	Close	Nick Yates

WELCOME

Good morning and welcome to the Saunders International 2024 Annual General Meeting. My name is Nicholas Yates, and I am the Board Chair of Saunders.

I would like to acknowledge that this Meeting is being held on the lands of the Gadigal people of the Eora Nation. The Gadigal people are the traditional custodians of this land, and I extend my respect to their Elders past and present.

I also acknowledge and pay my respects to any First Nations people who are attending this Meeting.

In the event of a fire or other safety incident, should the alarm sound, please follow the instructions of the safety wardens. Alexandra King and Emma Hunt of Dexus Place are the designated floor wardens and first aid responders and can be located at reception. If there is a need to adjourn the Meeting, we will provide updates via the ASX platform and on our website.

It is my pleasure to now introduce your Board of Directors:

- Mark Benson, Managing Director and Chief Executive Officer
- Greg Fletcher, Chair of the Audit and Risk Committee and member of the Remuneration Committee
- Brendan York, Chair of the Remuneration Committee and a member of the Audit and Risk Committee.
- In addition to the Board, it is my pleasure to introduce to you, Alex Dunne, our recently appointed Chief Financial Officer and Co-Company Secretary.

Also attending today are:

- members of the Saunders Group and Senior Leadership Teams.
- David Sartorio from Deloitte, the company Auditor. He is available to answer any questions relating to Deloitte's audit of the financial statements; and
- Regi Harbron from our share registry, Link Market Services who will act as returning officer.

I now confirm that a quorum is present and formally declare the Meeting open.

Before moving to the formal business of the Meeting, Mark and I would like to share with you several achievements over FY24, more recent successes, our key focus areas, and the outlook for Saunders in the coming year.

CHAIR'S ADDRESS

Introduction

It is my privilege to report that 2024 has been a year of strong achievement for Saunders across a range of areas.

Our key objectives for the year - maintaining revenues following the substantial growth in 2023 and repositioning Saunders as a one-stop multidisciplinary service provider - have been successfully realised.

Importantly, we achieved these goals while delivering another excellent financial result.

Changes to the Board of Directors

During this year, we bid farewell to Timothy Burnett, who retired as Chair after 16 years of dedicated service in this role. Timothy officially resigned as a Director on 21 November 2023.

On behalf of the Board and the entire Saunders team, I extend our heartfelt gratitude to Timothy for his outstanding contributions to the growth of Saunders over his past 35 years with us.

Safety

As a Board, ensuring the safety of our people, subcontractors, and the communities we serve is our highest priority. Our 'Zero Harm' commitment is at the heart of this safety culture.

In 2024, we intensified our focus on safety by implementing new initiatives including the 'Together for Safety' program, and the weekly 'Two Hours for Safety' sessions, and we were successful in achieving Federal Safety Commissioner accreditation.

These initiatives have paid off, resulting in an impressive 83.9% reduction in our Total Recordable Injury Frequency Rate (TRIFR) compared to June 2023.

Looking ahead to FY25, we will continue enhancing our safety culture with a strong focus on leadership behaviour, risk ownership, mental health, and environmental compliance.

Financial performance

Despite global economic challenges, 2024 proved to be another strong year for Saunders.

We achieved record revenue of \$216.1 million and an Adjusted EBITDA of \$21.3 million. Our order book stands at \$189.3 million, reflecting our strong market position.

Adjusted Earnings Per Share for the period were 9.96 cents, highlighting the value we are delivering to our shareholders.

This success is largely due to our strategic growth initiatives and the integration of our multidisciplinary offerings, including the acquisition of Piping Solutions, which took effect on 31 October 2023.

Our focus remains on leveraging our \$2 billion pipeline in Defence & Government, Energy, Water, Resources & Industrials, with an emphasis on larger, integrated projects.

Environmental, Social, and Governance

We are committed to advancing our ESG targets and supporting sustainability efforts.

In 2024, we initiated our ESG Roadmap, finalised our first Reflect Reconciliation Action Plan or (RAP), and released a new Modern Slavery Statement.

Our RAP is designed to foster greater engagement with First Nations communities and enhance cultural awareness across our organisation.

Our Modern Slavery Policy ensures we are addressing risks and upholding human rights throughout our operations and supply chain.

As we look ahead to 2025, we are committed to developing an Environmental Sustainability Plan, advancing our RAP, and enhancing our ESG reporting.

We are excited about the progress we are making and look forward to sharing further updates with you.

Our Strategy

Saunders continues to build on our foundation as one of Australia's leading tank builders while continuing to expand and diversify our service offerings and market reach.

Our strategy is focused on fostering growth, entering new regions and markets – particularly in the new energy space - and evolving our multidisciplinary offering to meet future client needs by providing a vertically integrated one stop solution.

Our effective growth strategy, combined with a solid order book and strong recurring revenues, positions us well to capitalise on future opportunities.

Our leadership and project teams have proven themselves in the delivery of high-quality, safe, on-time, and on-budget outcomes.

This dedication will drive our continued financial performance and success in the years to come.

Closing remarks

In closing, I would like to extend my sincere thanks to our dedicated staff, shareholders, and fellow directors for their support and counsel.

Together, we will continue to provide innovative, market-leading outcomes, and deliver sustainable value for all our stakeholders.

Thank you for your attention. I will now hand over to Mark.

MANAGING DIRECTOR AND CEO'S ADDRESS

Introductions and Acknowledgement of Country

- Thank you, Nick, and good morning, everyone. Thank you for joining us today.
- I would also like to acknowledge the Gadigal people of the Eora nation and pay my respects to their Elders past and present.

About Saunders

- Most of you in the room today know Saunders well. We are a 73 year old Australian engineering, construction, and industrial asset maintenance company.
- We support our clients across all stages of the asset lifecycle including design, build, and maintenance, and the key areas we serve, include Defence & Government, Energy, Water, and the Resources & Industrials market sectors.
- The recent acquisitions we made in piping and automation, have strengthened our offerings and enable us to take on larger multidisciplinary projects with increased revenue potential.
- Our core capabilities now span five key areas, these are, bulk fluid storage, structural, mechanical & piping, industrial automation and electrical, civil infrastructure, and industrial asset services.
- We are currently delivering 41 major projects with a team of over 500 people, across Australia, New Zealand, and Papua New Guinea. These offices are strategically located to service our clients and specifically Defence bases around Australia.
- With the largest percentage of our forward pipeline in Western Australia, we have opened an office in Perth on St Georges terrace to support growth in that region.

Major Projects Secured

- This growing pipeline across our core markets, has resulted in the award of several new major projects.

- Our business capabilities are now unified to deliver specialised solutions across Defence, Energy, Water, and Resources and Industrial for our clients.
- Energy remains a core focus as we align our capabilities which are directly transferable to the new energy sector as Australia continues on its energy transition.
- These strengths and capabilities, combined with our strong balance sheet, positions us well for continued growth in FY25.

Additional Highlights

- In addition to the strong performance metrics and the projects secured to date, there have been additional successes within the business

These include:

- An 83% improvement in our Total Recordable Injury Frequency Rate down to 1.35, and the success in obtaining our Federal Safety Commission accreditation. These results underpin our goal of Zero Harm.
- One unique part of our together for safety program in FY24, was our commitment for all operational management teams to dedicate 2 hours each week, on Thursday at the same time companywide to perform safety related activities.
- Our acquisition of Piping Solutions has enhanced our core capabilities in Structural, Mechanical, and Piping and has boosted our ability to expand into the Defence sector.
- To align our focus on higher-margin revenue streams, we decided to divest our precast operations.
- We are setting the foundations for additional opportunities through our ESG initiatives. Our new Reconciliation Action Plan at Reflect status is now published, and the Cultural Awareness training that the leadership teams have undertaken, is a first step in this journey.
- We have made supply chain and customer related improvements, and facilitated workshops for all our Project Managers to enhance our 'Together for Safety' program which has been rolled out across all our sites.

Financial Highlights

- It gives me great pleasure to report our 5th record year of growth.
- Some of the key highlights from this year include:
 - Record revenue of \$216 million, up 7.6% on the prior year.
 - Adjusted EBITDA of \$21 million, up 17.7%.
 - Cash on hand of \$19.8 million, a 54% increase, with no debt other than vehicle and equipment leases, and
 - A final dividend of 2.25 cents per share, bringing the total FY24 dividend to 4.25 cents fully franked.
- This year you will see we have introduced adjusted metrics in our results. These were one off costs in FY24 associated with the earn out as part of the acquisition of Automation IT, including legal and consultant fees for our acquisitions which were all expensed.
- This resulted in an adjusted earnings per share of 9.96 cents.

Pipeline Analysis

- We are seeing our strategy working as demonstrated with a 25% increase in our forward pipeline of \$2b, reflecting strategic gains from recent acquisitions in piping and automation, and enabling us to tender for larger, multidisciplined projects, with live tenders at \$1.3 billion.
- Sustainability-related projects now make up 16% of our order book, as projects continue to evolve with Australia's energy transition.
- Saunders' growth is driven by our diversified capabilities in the Defence, Water, and Energy markets.
- We are leveraging our multidisciplinary offerings, particularly in Defence with upcoming government investments in fuel infrastructure modernisation, and in the Water sector, with extensive asset renewal programs required nationwide.
- We have positioned the business as a bulk fluid storage and transfer specialist, with limited peers who can offer our complete service.
- We now have a more balanced pipeline of opportunities across our core markets and geographic regions.

Market Outlook

- As mentioned, Saunders strategy has been to transform into a bulk fluid storage and transfer specialist with limited direct opposition.
- Saunders is committed to supporting sustainability-related projects as Australia undergoes its energy transition. This will be another area of opportunity for Saunders to expand both its credentials and capabilities.
- We are now positioned as a principal contractor, particularly for New South Wales government-funded projects like “*Bridges for the Bush.*”
- Our recent acquisitions enhance our capabilities in SMP and automation, allowing us to target sustainability-related projects.
- With our integrated services, we can now offer our clients fewer project interfaces and a single point of accountability, which is an important point of difference for Saunders in the bulk fluid storage and transfer market.
- Most of our projects are contracted directly with the asset owner or a Teir one contractor.
- Our major clients are planning large scale asset renewal programs across our key market sectors.

Defence Opportunity

- Saunders has been involved in Defence for over five years. We have been strategically positioning ourselves through organic growth and acquisitions to offer a unique, end to end service as a hydrocarbon storage and transfer specialist.
- Defence spending is forecast to grow with \$2bn of directly addressable fuel infrastructure upgrades. This coupled with our rich CV of completed defence projects positions us well over the coming decade.
- This slide shows projects that have been completed by Saunders in green and projects under tender in brown, with major base redevelopments located in the large circles.

Outlook

- Our expanded multidisciplinary capabilities, increases the size of our addressable projects in the markets we operate in.
- Our evolution from a tank construction company to a specialist bulk fluid storage and transfer specialist, supports our goal to be a multidisciplinary company of choice, servicing the complete asset lifecycle from design, construction, ongoing maintenance and decommissioning.
- Our strong defence fuel credentials and track record uniquely positions us to benefit from the increased defence infrastructure spend over the next decade.
- Saunders expects continued revenue growth in FY25.
- I am excited about the opportunities our enhanced model will bring to our people, clients, and shareholders as Saunders continues to grow and evolve.
- I would like to thank our Board and shareholders for your ongoing support and to the entire Saunders team. I thank you all for your dedication and valuable contributions throughout FY24.
- Thank you, and I will now hand back to Nick.

FORMAL BUSINESS (NICK YATES)

Thank you, Mark. I will now turn to the formal business of the Meeting.

MEETING PROCEDURES

Before we consider each item of business, I would like to outline the Meeting procedures.

Firstly, this is a Meeting of Saunders International Limited Shareholders. Only Ordinary Shareholders, their appointed proxies or corporate representatives are entitled to ask questions and vote. All other attendees are welcome as observers.

Any questions raised for discussion must be relevant to the business of the Meeting. Shareholders with questions relating to specific resolutions are requested to ask them as the resolution is being considered.

DECLARATION OF POLL AND VOTING PROCEDURES

In regard to the voting procedures for today's Meeting, all resolutions will be put to a Poll, which I now declare open.

By having resolutions decided by way of a Poll, we are counting all direct votes, proxy votes and votes on the floor.

I can confirm that a total of 53 proxies and direct votes have been accepted across the 3 resolutions, which represents 85 million shares or 71% of the almost 119 million shares on issue.

The screen behind me will display the direct and proxy votes after discussing each resolution. Please keep your Voting Card with you until all resolutions have been voted on.

If you need to leave the Meeting early, you can place your completed Voting Card in one of the ballot boxes at the exit. The results of the Poll will be advised to the ASX later today once the votes have been counted.

If you have any questions, please see Regi from Link Market Services, or a share registry team member.

BUSINESS OF THE MEETING & GENERAL QUESTIONS

Each resolution and supporting information is outlined in the Notice of Meeting. As well as consideration of the financial statements, the business before us today includes three resolutions.

The Board recommends that shareholders vote in favour of all resolutions, and I confirm that I propose to vote any proxies left to my discretion as Chair, in favour of each resolution.

The first item of business is to receive and consider the Financial Report, the Directors' Report, and the Independent Auditor's Report of the Company for the financial year ended 30 June 2024.

Shareholders are not required to vote on this item. General questions relating to the management of the company may be asked during this item.

If you wish to ask a question, please put your hand up. When I invite you to speak, please state your name before addressing the Meeting.

I understand from Link Market Services there were no questions submitted prior to the Meeting.

Are there any questions from the room?

[Nick to facilitate questions and answers].

I will now bring questions to a close, and we will move to the next item of business.

RESOLUTION 1 – NON-BINDING RESOLUTION TO ADOPT THE REMUNERATION REPORT

The first Resolution relates to the Remuneration Report. Your Shareholder vote on this Resolution is advisory only and does not bind the Company or its directors.

However, each year the Board considers the level of Shareholder support received and matters raised by Shareholders in discussion, and we will do so again following this Meeting.

Are there any **questions** on this item?

[Nick to facilitate questions and answers].

Would you now please tick the box **For** or **Against** at **Resolution 1** on your Voting Card.

[DIRECT AND PROXY VOTES DISPLAYED]

RESOLUTION 2 – RE-ELECTION OF MR GREG FLETCHER AS A DIRECTOR

Turning now to Resolution 2, relating to the re-election of Greg Fletcher as a Director. Greg's skills, experience and qualifications are set out in the Notice of Meeting.

Are there any **questions** on this item?

[Nick to facilitate questions and answers].

Would you now please tick the box **For** or **Against** at **Resolution 2** on your Voting Card.

[DIRECT AND PROXY VOTES DISPLAYED]

RESOLUTION 3 – APPROVAL FOR THE GRANTING OF PERFORMANCE RIGHTS UNDER THE SAUNDERS INTERNATIONAL LIMITED RIGHTS PLAN TO THE MANAGING DIRECTOR

The final resolution deals with the proposed grant of long term variable remuneration performance rights under the Saunders International Limited Rights Plan to Mr Mark Benson, the Managing Director and CEO of the Company.

A summary of the proposed Performance Rights was included in the Notice of Meeting.

Are there any **questions** on this item?

[Nick to facilitate questions and answers].

Would you now please tick the box **For** or **Against** at **Resolution 3** on your Voting Card.

[DIRECT AND PROXY VOTES DISPLAYED]

All resolutions have now been discussed. The Poll will remain open for a further ten minutes to enable you to complete your voting card.

Completed voting cards can then be placed in the ballot boxes as you exit the room.

Once the share registry has counted the votes, the results of the Poll will be advised to the ASX later today. We will also make the results available on the company's website.

That concludes the formal items of business for today's Meeting. I would like to thank you for your commitment and support throughout the year and for joining us here today.

I declare the Meeting closed.

The Saunders Board and Leadership teams invite you to join us for light refreshments. Thank you very much.