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HALF YEAR RESULTS 2017

INNOVATION | EXCELLENCE | GROWTH



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COMPANY OVERVIEW

Saunders International is a multi-disciplined and integrated engineering and construction business.

We are one of Australia's most experienced companies specialising in the design, construction and maintenance of steel bulk liquid storage tanks and associated facilities.



Saunders operates from three business groups, the Engineering Construction group, the Facility Maintenance group and the Asset Services group.

The Engineering Construction group has in-house expertise to provide a turnkey solution for our clients from engineering, procurement, manufacturing, construction including structural, mechanical and piping (SMP).

Saunders Facility Maintenance group has core capabilities in tank maintenance and rehabilitation, general maintenance and shutdowns.

The Asset Services group encompasses a diverse range of specialist maintenance services including, remedial maintenance, general shutdown solutions, blasting and painting, waterproofing and heritage building works.

Saunders services a client base comprising a variety of 'blue chip' companies operating in the oil and gas, resources, energy, chemicals, commercial and water industries. We have a proud history in Australia with over 65 years' experience and our success is driven by our ability to build strong relationships and produce positive outcomes for our clients.

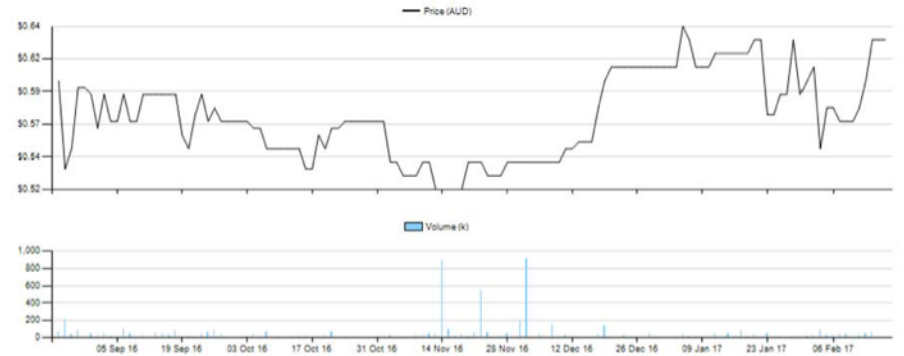
CORPORATE SNAPSHOT - FEBRUARY 2017

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PRICE	A\$0.63
ASX CODE	SND
SHARES ISSUED	81M
OPTIONS	-
MARKET CAP	A\$51M
CASH	A\$13.4M
TOP 20 SHAREHOLDERS	67%
NO. OF SHAREHOLDERS	912 (approx.)
SUBSTANTIAL SHAREHOLDERS	Desmond Bryant - 28.7% Timothy Burnett - 12.53% Anacacia Pty Ltd - 5.51%

Share Price Performance & Volume as at 16/02/17

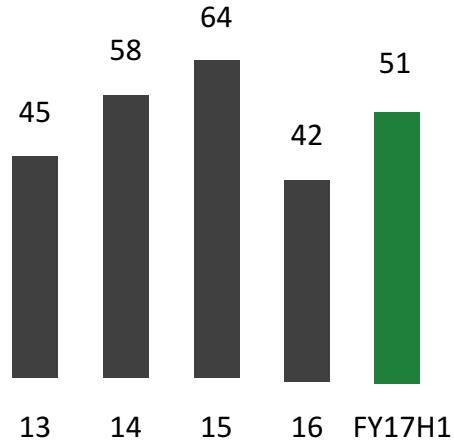
23 Aug 2016 - 16 Feb 2017
Price & Volume for SND.ASX



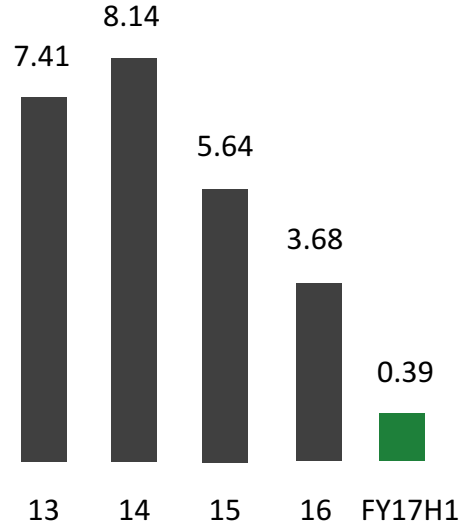
SHAREHOLDER RETURN

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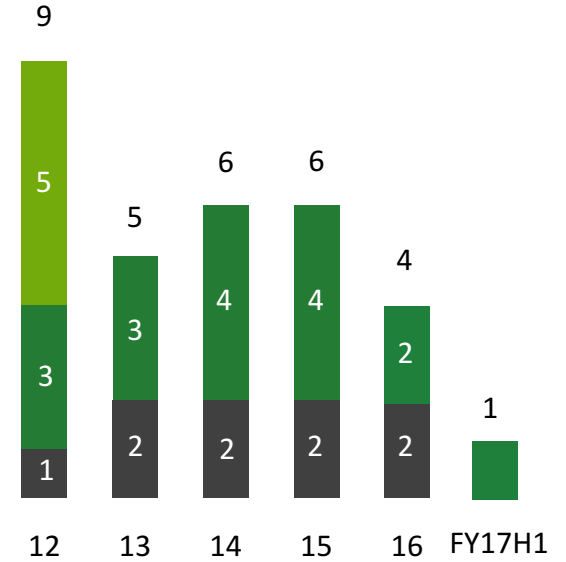
MARKET CAPITALISATION - \$M
FY



BASIC EARNINGS PER SHARE - CENTS
FY



DIVIDENDS - CENTS PER SHARE
FY



■ Interim Dividend ■ Final Dividend ■ Special Dividend

FINANCIAL PERFORMANCE

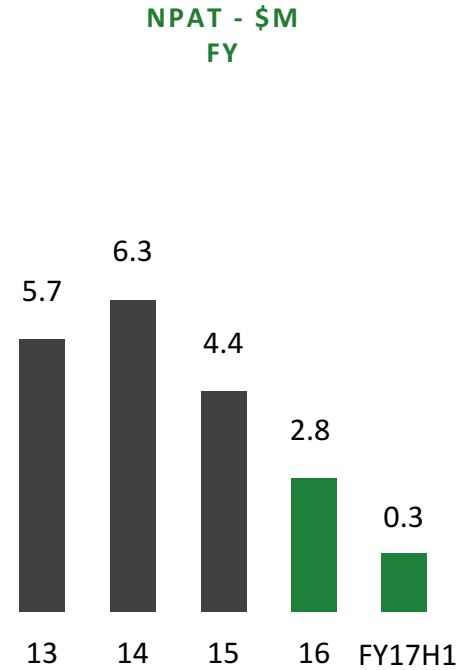
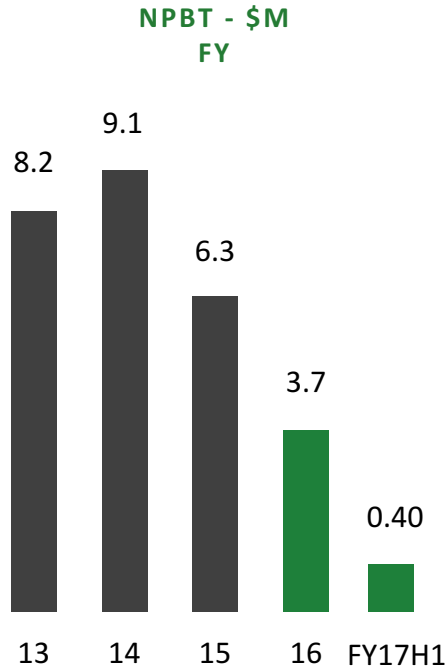
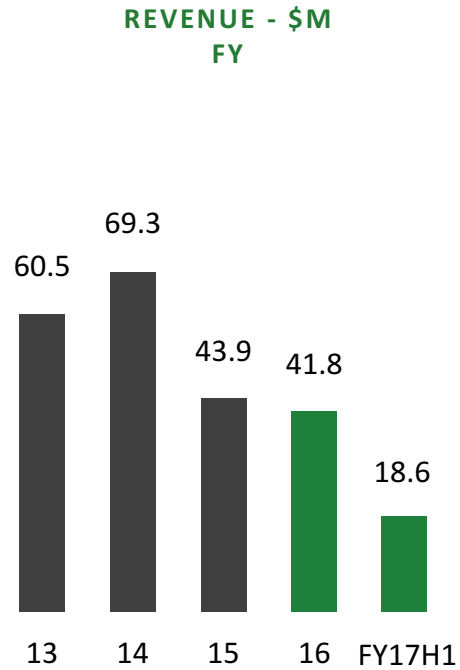
CATEGORIES	31 DECEMBER 2016 HALF YEAR \$000	31 DECEMBER 2015 HALF YEAR \$000
Revenue	\$18,605	\$20,640
Net profit before tax	\$448	\$2,007
Net profit after tax	\$304	\$1,396
Net profit (%)	1.63%	6.76%
Return on equity (%)	1.8%	7.4%
Basic earnings per share	0.39c	1.78c
Work in hand	38M	22M

HIGHLIGHTS FY17 H1

- Safety performance continues to improve with **entire group remaining LTI free since May 2013**
- Current tendering activity remains strong at - **\$149M live tenders**
- Three new Engineering Construction **projects awarded**
- Remain preferred contractor on a bulk liquid storage **terminal opportunity**
- Maintenance revenue stabilising with **improved margins**
- **\$209M project pipeline** (yet to be tendered)
- Diversification strategy being executed with the **acquisition of Civilbuild**
- Continued investment in people, process & systems to **provide a foundation for future growth**
- Maintained strong balance sheet (**\$13.4M cash**)

OPERATING RESULTS

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BALANCE SHEET

BALANCE SHEET	31 DECEMBER 2016 \$000	30 JUNE 2016 \$000
ASSETS		
Cash	13,438	14,347
Trade receivables	5,848	7,085
Plant & equipment	1,546	1,806
Deferred tax assets	820	864
Others	1,280	294
TOTAL ASSETS	22,932	24,396
LIABILITIES		
Payable	4,010	4,685
Provisions	2,414	2,414
TOTAL LIABILITIES	6,151	7,099
NET ASSETS	16,781	17,297
NTA PER SHARE	20 cents	21 cents

REVIEW OF OPERATIONS

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MAINTENANCE OPERATIONS



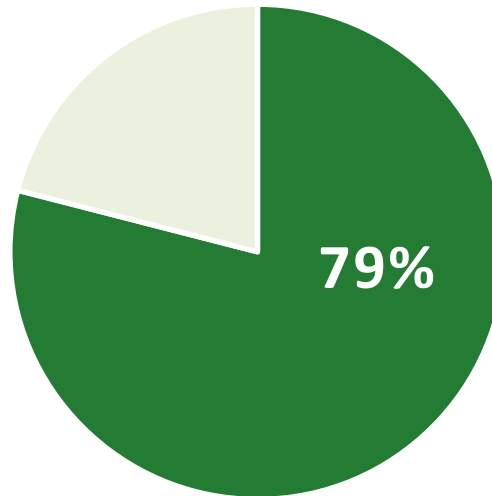
2017 H1 REVENUE \$14.5M

Performance Highlights

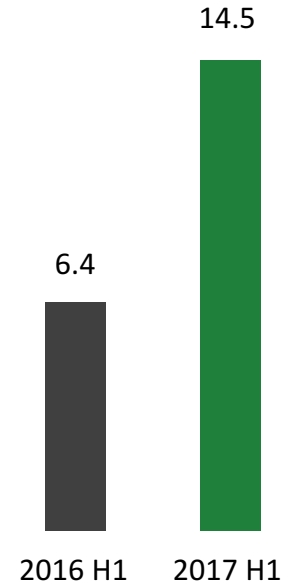
- Awarded multiple projects for Caltex
- Awarded multiple projects for Viva Energy
- Awarded Project Kimberly Port Authority
- Awarded remediation work WACA Inverarity WA
- Operating in multiple states - NSW, QLD, WA, VIC

Opportunities

- Build on our entry into general maintenance work
- Maintenance shutdown work
- Remedial maintenance work



REVENUE \$M



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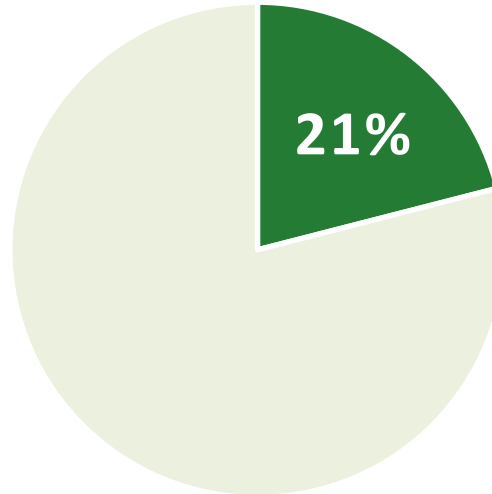
2017 H1 REVENUE \$3.9M

Performance Highlights

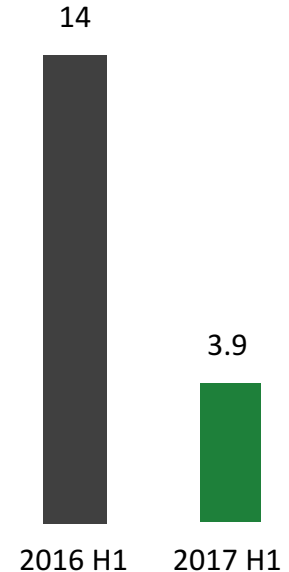
- Awarded project for ExxonMobil
- Awarded project for Viva Energy
- Awarded project for Terminals
- Awarded project for SAMI Bitumen
- Operating in multiple states - NSW, QLD, VIC, WA

Opportunities

- New terminal construction
- Expansion of existing terminals
- Resource projects WA, NSW & PNG
- New structural, mechanical & piping work for existing clients ExxonMobil & Viva Energy

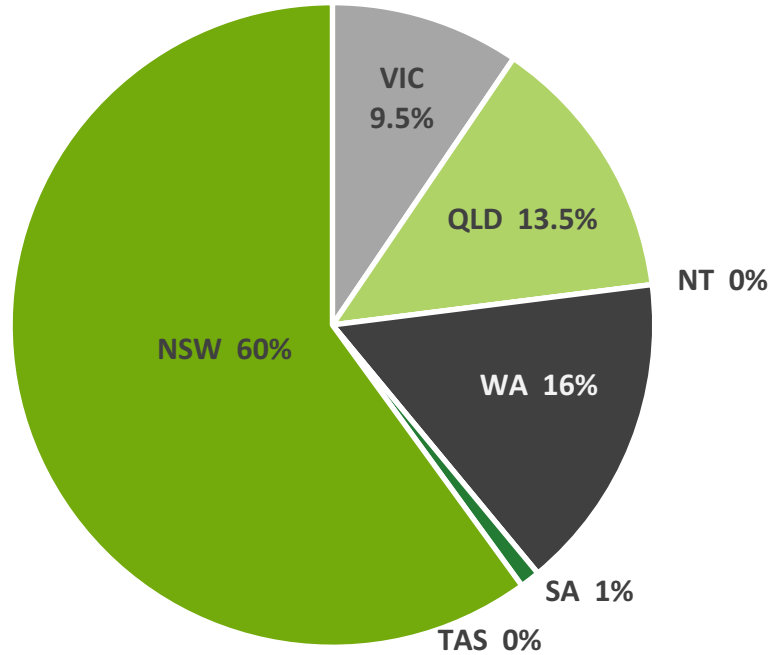


REVENUE \$M



GEOGRAPHICAL REVENUE DISTRIBUTION FOR THE HALF YEAR

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■ VIC ■ QLD ■ NT ■ WA ■ TAS ■ SA ■ NSW

KEY PROJECTS

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VIVA ENERGY - CLYDE TERMINAL CONVERSION

- Engaged as Principal Contractor
- Major shell & roof repairs to T33
- Design & construct piled foundation with concrete slab pile cap
- Design & construct 2 x 15ML self supporting cone roof diesel tanks



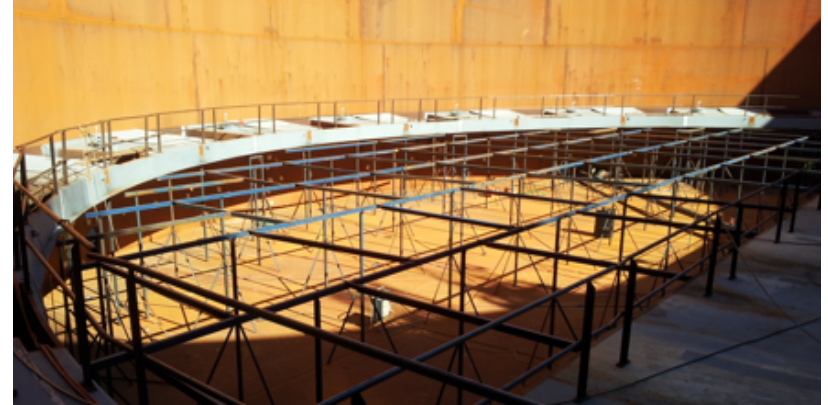
MOBIL OIL - YARRAVILLE SUPPLY OPTIMIZATION

- Engaged as Subcontractor
- Design & construct 2 x 23ML cone roof tanks for ULP & Jet A1 service
- Design & construct foam & cooling water piping systems



SAMI BITUMEN - KWINANA BITUMEN TERMINAL

- Engaged as Subcontractor
- Design & shop fabricate 4 x 150T bitumen batch check tanks
- Design & shop fabricate 1 x 150T additives tank
- Design & shop fabricate 1 x 40T bitumen pre heat tank



TERMINALS - SITE C EXPANSION

- Engaged as Subcontractor
- Design & construct 2 x 8.5ML external floating roof tanks for ULP service
- Design & construct foam & cooling water piping systems



MOBIL ALTONA - TANKAGE MANAGEMENT SERVICES

Saunders celebrated 20 years managing the tank program at the Mobil, Altona Refinery in H1 2017. Stationed at site, the Saunders team have been working with Mobil as an integrated member of their operations since 1996 providing specialised tank maintenance and engineering services.



VIVA CLYDE T87 - INSPECTION SERVICES

Saunders were engaged to provide tank management services. Full API653 inspection of tank by our in-house team. Development of the project scope by our engineering group. Working with Viva we were successful in being awarded the mechanical works package for this tank.

OUR PEOPLE

SAFETY

- Our Total Injury Frequency Rate (TIFR36) (36 month) 4.80
- Entire group remains LTI free since May 2013
- Saunders appointed as Principal Contractor under WHS legislation for Viva Energy Project



SAFETY - WILL NOT BE COMPROMISED

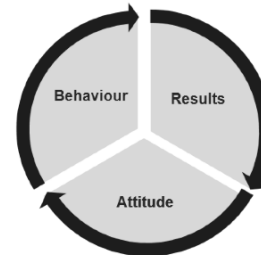
CLIENT / SITE		SUPERVISOR		DATE		WEATHER	
Last Shift - What exceeded expectations?		Last Shift - What could be improved?		Task		Crew	
1		2					
This Shift - Considering the tasks, what is our safety focus?		Why do we want to go home safe today?					
ANNOUNCEMENTS & GENERAL MESSAGES		Improvement		Owner	Status	Due Date	
3							



Our people is what makes Saunders International the Company that it is. Our workforce comprises of 160 employees across all states and we are committed to ensuring that everyone of our people, anyone who visits our sites and the subcontractors we manage, all return home safely everyday.

Excellence in safety performance and in other areas across our business is driven by the culture. As part of our Safety Culture program, and building on an earlier survey, our current focus has been on ensuring effective pre-starts everyday through:

1. Rolling out the Saunders Team Board
2. Providing small group and individual coaching for frontline supervisors
3. Increasing engagement and participation by all employees
4. Focusing on the WHY (we want to come home safely)
5. Introducing the Safety Leadership Behavioral Matrix



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CONSISTENT WITH OUR STRATEGY – STRENGTHEN & GROW

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STRENGTHEN & GROW	
CURRENT CONDITIONS	New contracts awarded delayed start to FY17H2 & FY18 Environment continues to be challenging
	Narrow sector focus impacting order book Margin contraction driven by increased competitive pressure
CORE BUSINESS	Expand maintenance offering to existing clients
	Maintain our focus on Engineering Construction projects
SECTOR DIVERSITY	Partnering / Joint Ventures to expand our capability to address major terminal projects in the pipeline
	Commercial & Industrial maintenance through Asset Services Engineering Construction - Exposure to long term growth trends in Infrastructure projects through acquisition
KEY FOCUS	Vertical Integration EPC / SMP contracting
	Diversification outside of refineries Commercial & Industrial maintenance, concrete repairs, blasting & painting waterproofing, Infrastructure road & rail



Strengthen & Diversify

Profitable & Sustainable Growth

Increasing Shareholders Returns

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STRENGTHEN & GROW	
KEY INDICATORS	Backlog \$38M 31 January 2017
	Live tenders \$149M, project pipeline \$209M
ENGINEERING CONSTRUCTION	Preferred contractor on EPC terminal project
	Maintaining focus on core tank construction Diversifying into infrastructure road & rail
MAINTENANCE	Continue organic traction with Asset Services business commercial & industrial maintenance
	Position for Infrastructure maintenance Grow tankage services outside of major refineries
LOOK AHEAD	Delays impacting awarded contracts H2 earnings dependent on timing of site mobilisation for these contracts
	Increased competition will continue to maintain margins at current levels Building order book & diversify sector focus Strong balance sheet no debt



Competitive Cycle

Strengthen & Growth

Build Order Book

Diversify Sector Focus

Strong Balance Sheet – No Debt



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ACQUISITION OF **CIVILBUILD**

INNOVATION | EXCELLENCE | GROWTH

OVERVIEW

Civilbuild is a Hunter Valley based Civil Engineering business established in 1969 by Ray Wood.

- Specialises in construction of bridges & precast concrete solutions
- Constructed more than 200 bridges since it was established
- Precast operating facilities located in Redhead (Newcastle) NSW

KEY CUSTOMERS

- Local Councils
- Hunter Valley Coal Mines
- RMS
- Other Civil Contractors
- Tier 1 Infrastructure Contractors



HIGHLIGHTS

- **Approximately \$22 million** expected revenue for FY16
- Established **reputation in NSW**
- **Long-term** customer relationships
- Well positioned to **benefit** from increased infrastructure spending
- Complementary to SND's sector diversification strategy exposing it to **long term growth trends** in infrastructure projects
- Delivers **significant growth & scale**
- **Synergies** with existing Engineering Construction business

CONSISTENT WITH OUR STRATEGY – STRENGTHEN & GROW

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STRENGTHEN & GROW	
CURRENT CONDITIONS	Increasing infrastructure spend
CORE BUSINESS	Infrastructure with focus on road & rail
SECTOR DIVERSITY	Engineering Construction - Exposure to long term growth trends in Infrastructure projects
KEY FOCUS	Bridge construction Bridge maintenance, geographic expansion



Strengthen & Diversify

Profitable & Sustainable Growth

Increasing Shareholders Returns

STRATEGIC RATIONALE

A transformative step for Saunders International

- Diversifies earnings
- Exposure to increasing infrastructure spend
- Synergies with Engineering Construction business currently subcontracted out



TRANSACTION SUMMARY

- \$6.2M approximate consideration
- \$3.7M Cash & \$2.5M Shares
- Anticipated closing 31 March 2017

Acquisition includes properties
valued at \$4.55M



KEY PROJECTS

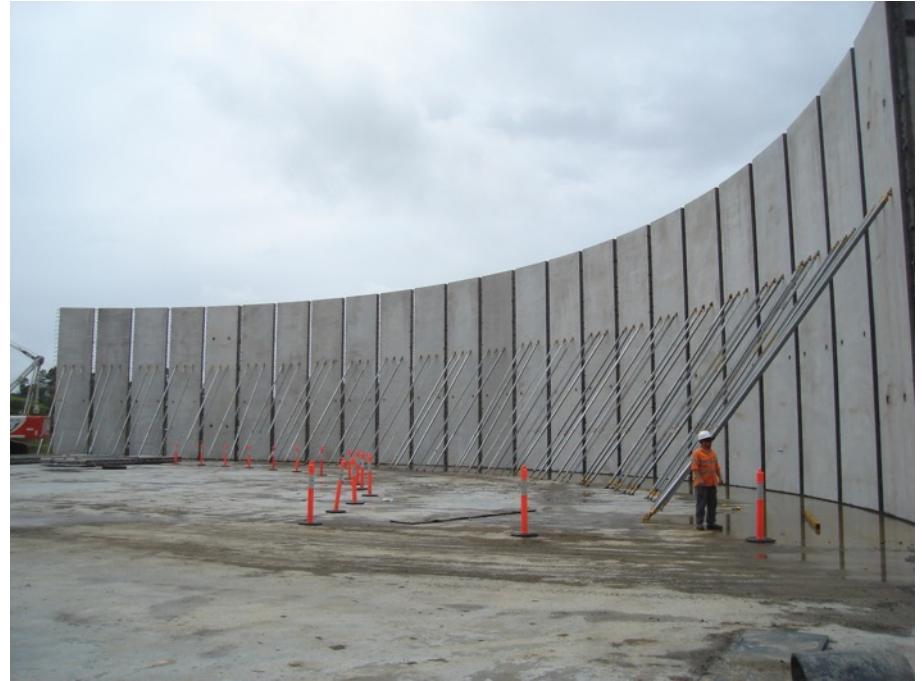
DUNGOG WATER TANK

Project Value - **\$1.7M**

Duration - **6 months**

Civilbuild completed one of the largest concrete water tanks in Australia for Hunter Water at Dungog.

The tank was 65m in diameter and the tank walls were 10m high. The concrete base was poured insitu and the tank walls were cast at their Newcastle precast yard in 72 segments, erected onsite and stressed together.



KEY PROJECTS

LIDDELL HAUL ROAD BRIDGE

Project Value - **\$6.3M**

Duration - **18 months**

Civilbuild were contracted by Xstrata to construct a haul road bridge over the main coal rail line in the Hunter Valley. The bridge was 33m wide to allow the coal haul trucks to pass and was designed to support the loads of an 800 Tonne.

The bridge substructure was built under live rail conditions with the girders installed during rail possessions.



KEY PROJECTS

EMU CROSSING BRIDGE - BUNDARRA

Project Value - **\$3M**

Duration - **11 months**

Civilbuild were contracted by Uralla Shire Council for the design & construction of Emu Crossing Bridge.

The bridge is 150m long, consisting of 4 equal spans. The height of the bridge is 15m above water level.



KEY PROJECTS

NEWDELL OVERLAND CONVEYOR

Project Value - **\$4.2M**

Duration - **8 months**

Civilbuild were contracted to conduct the civil works to link two train loaders at Newdell Washery.

The civil works included all the earthworks for the new 1km long conveyor line, as well as footings for the 800m long overland conveyor and larger.

Foundations supported on driven steel and bored pier piles to support the skyline conveyor.



KEY PROJECTS

BRIDGE OVER THE MACQUARIE RIVULET

Project Value - **\$4.5M**

Duration - **10 months**

Civilbuild were contracted by JK Williams / Lend Lease to construct the 150m long bridge over the Macquarie rivulet.



PRECAST YARD KEY PROJECTS

WESTCONNEX BEAMS

Project Value - **\$8M**

Duration - **8 months**

Manufacture and delivery of 1051 Pre-stressed concrete planks of various length and depth for Westconnex M4 Tunnel portals at Haberfield and Concord.





SAUNDERS
INTERNATIONAL

INFRASTRUCTURE



MAINTENANCE SERVICES



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MARK BENSON

Managing Director & Chief Executive Officer

(02) 9792 2444

mark.benson@saundersint.com

271 Edgar Street, Condell Park NSW 2200