

Announcement to Shareholders and the ASX

**SAUNDERS REPORTS 2020 FULL YEAR RESULTS**

Sydney – Wednesday 26 August 2020

**FY20 FINANCIAL RESULTS**

- **Revenue** of \$66.46 million for financial year end 30 June 2020
- **EBITDA** of \$3.32 million
- **Operating cash flow** of \$4.92 million
- **Cash on hand** of \$11.09 million at 30 June 2020
- **Strong Balance Sheet** with Net Assets of \$22.66 million
- **Record orderbook** of \$110 million (June 2020)
- **Bank Guarantee and Surety Facility** increased from \$5 million to \$15 million

Saunders International Ltd (ASX:SND) (“Saunders” or “the Group”) today released its Financial results for financial year ending 30 June 2020.

**OPERATIONS**

Saunders’ revenue for the year is \$66.5 million, an increase of \$16.4m over (FY19: \$50.1m) and the NPAT was a profit of \$1.3 million, an improvement of \$2.9 million over (FY19 loss: \$1.6 million), EBITDA was \$3.4 million, an improvement of \$4.6m from the (FY19 loss of \$1.2 million).

Earnings per share for the period were 1.23 cents (FY2019 loss: 1.72 cents).

Saunders is in a strong financial position at year end with cash and cash equivalents of \$11.1 million (FY2019: \$8.0 million). The Group has been focussed on the management of working capital. This disciplined approach has been a principle driver in the strong cash flow reported and the increase in cash and cash equivalents for the financial year. The Group has no interest-bearing loans, except for finance leases.

The past 12 months has seen a positive change in the Saunders’ performance through the execution of its strategic priorities, which commenced in FY19. This included re-setting the operating model and the organisational structure that supported it, (Fix Phase). The focus for FY20 was to execute the Grow phase. This resulted in record contract awards and increased pipeline. FY20-H2 had some challenges with the emergence of the COVID-19 pandemic which disrupted the economy, our clients, and the markets in which we operate. Saunders has been proactive with their response to the challenging conditions due to COVID-19. The Group has taken and continues to take all preventive measures to ensure the safety of its employees, clients and the communities in which it operates. The Group has developed and implemented policies and protocols across all sites to ensure the business is best placed to mitigate impacts of COVID-19 and continue to grow.

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## KEY HIGHLIGHTS INCLUDE:

- Strong Safety performance with over 2.7 million hours LTI free
- Proactive Response by all our employees to adapt to the continual changes presented by COVID-19
- Return to Profit with positive operating cash flow of \$4.9 million and strong balance sheet
- Awarded over \$100m in new contracts in FY20-H2 including major contracts with Rio Tinto, Sydney Water, Dialog/VOPAK, NAVFAC and BP
- Successful entry into the Defence sector with completion of one project and award of a further two contracts whilst bidding on further opportunities
- Record orderbook of \$110.5 million as at June 2020, with a further \$70 million of preferred contractor status projects
- Secured new \$10 million bonding facility, which has tripled Saunders' capacity to provide security up to a new \$15 million limit

Chief Executive Officer Mark Benson said "I am pleased with the operational and financial performance this year, we have progressed our growth strategies and established a strong foundation for sustained growth in FY21 and beyond. I am proud of our employees and the resilience they have exhibited throughout the COVID-19 outbreak. The entire team have responded proactively to the impacts of the COVID-19 to protect each other, our clients and our communities. Saunders swift response to the pandemic and enacting the business continuity plan limited the disruption to our services. Although we have experienced resourcing and logistic issues with border closures and reduced productivity across a number of sites due to implementation of social distancing measures, we have maintained operations at all sites"

## OUTLOOK

Saunders Work in hand as at 30 June 2020 is \$110.5 million (FY19: \$60.5 million). Saunders is experiencing strong growth in its core services and sectors and an increasing level of new contract business enquiries and requests for tenders in emerging services and sectors, Defence and Energy. Tendering activity shows the value of live tenders at \$303.8 million. The pipeline (yet to be tendered) is at \$367.6 million.

Whilst we continue delivering on our recent growth the economic outlook both locally and internationally remains uncertain due to COVID-19. Although the COVID-19 pandemic is likely to lead to further economic stimulus, which should be positive for Saunders, the financial performance of the Group will be dependent on how the continued pandemic impacts our clients and our people. Our FY21 budget is based upon a revenue target of \$100 million with EBIT margin of 3.75% to 4.75%.

Mr Benson further said "Whilst we remain cautious of the current economic climate we are positive about continued improvement in FY21 and will be focussed to build on the foundations we have set as a result of the implementation of our renewed operating model and the continued strategic diversification into new sectors and services."

## **DIVIDEND**

The Board has declared that the best protection for Saunders against any unforeseen impacts of COVID-19 will be to maintain a strong balance sheet with a net positive cash balance. As a result of this prudent decision there will not be a final dividend payable for FY2020. (FY2019 final dividend NIL).

## **INVESTOR PRESENTATION**

Saunders will be undertaking investor presentations commencing today. A copy of Saunders' Investor Presentation will be provided on the ASX announcements platform and the Company's website.

## **ATTACHMENTS**

Appendix 4E  
Financial Report 2020

### **For further information, please contact:**

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## **About Saunders International Limited**

Saunders International Limited (ASX code: SND) is a multi-disciplined engineering and construction company providing design, fabrication, construction and maintenance services to leading organisations across Australia, and the Pacific Region. The Saunders Group provides solutions to the bulk liquid storage, industrial, energy, defence, resources, water and infrastructure sectors. The Saunders Group is driven by a commitment to safety, innovation, excellence and growth while delivering high quality engineered solutions across the complete asset lifecycle.