



Investor Presentation FY20-H1

INNOVATION | EXCELLENCE | GROWTH

Managing Director & CEO - Mark Benson | CFO - Rudy Sheriff

26 February 2020



Company Overview

“We are driven by a commitment to safety, innovation, excellence and growth while delivering high quality engineered solutions across the complete asset life cycle”

69 years

With 69 years of experience, Saunders uses in-house expertise to deliver a comprehensive range of projects that includes design, manufacture, construction, installation and maintenance services.

Industry Sectors

Saunders provides solutions to the bulk liquid storage, industrial, energy, defence, resources, road and rail infrastructure sectors.

Footprint

Saunders has a national presence throughout Australia. In addition to Saunders PNG entity, we also operate around the Pacific Rim.

Relationship Focus

Saunders (ASX:SND) is committed to building strong customer relationships that produce positive outcomes for all stakeholders and shareholders.

People

Saunders' people underpin our success and have been key to the revitalisation of the Group. The 220+ strong permanent work force continues to deliver quality products for customers through Saunders values of: Safety, Integrity, Innovation, Teamwork and Leadership.

Saunders Snapshot



Corporate Summary

Shares on Issue	102.8M
52 week High (29 Jan)	\$0.57
Share Price*	\$0.52
Mark Capitalisation*	\$53M

Substantial Shareholders*

Mr Desmond Bryant	23.6%
NAOS Asset Management	20.5%
Timothy Burnett	11.2%
Anacacia Pty Ltd	7.5%
Others	37.2%

Register Composition

Top 20 Holders	84.0M (81.7%)
Balance of Register	18.8M (18.3%)
Shareholders	≈ 600

(* Share price and Shareholder Register as at 25th February 2020)

HY20-H1 Overview

“The positive results reflect the renewed operating model and practical execution of the corporate strategy.”

Net Cash
\$9.4m

Order Book
\$97.1m

Up **60.5%**

(Compared to 30 June 2019)

Revenue
\$29.6m
Up **5.5%**

EBITDA
\$1.5m
Up **461.1%**

(Compared to 31 December 2019)

HY20-H1 Highlights

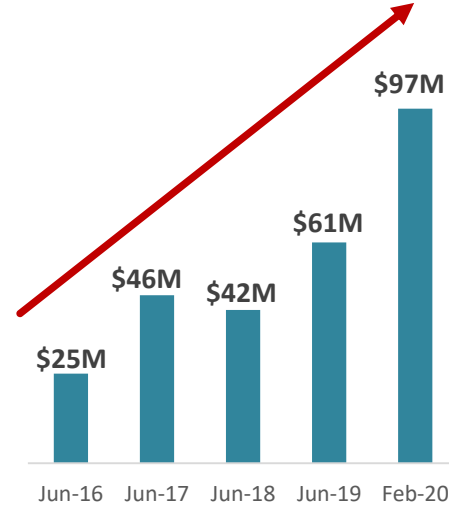
“Our financial results reflect the Groups improving operational performance and our continued focus on improving shareholder value”.

- Strong safety and leadership culture. Safety performance remains strong with zero LTI free hours increasing to over 2.4 million (no LTI since May 2013)
- Positive financial performance: EBITDA \$1.5 million, Cash on hand \$9.4 million, cash flow from operating activities \$1.6 million, Net Assets of \$21.8 million
- Secured new bonding facility to provide security for forecast operational growth, increase of \$5 million to \$10 million capacity.
- Recent new contract awards valued at \$70 million resulting in record work in hand balance of \$97 million. The top-line growth will produce EBITDA margin growth through FY20 and FY21.
- Completion of first Defence projects with award of two further contracts.
- Expansion and successful delivery of two shut down projects in the Industrial sector.
- Realised overhead savings with new operating model and organisational structure, including cost avoidance of fixed workshop overheads.
- Increased opportunities in tank construction market with margins normalising.

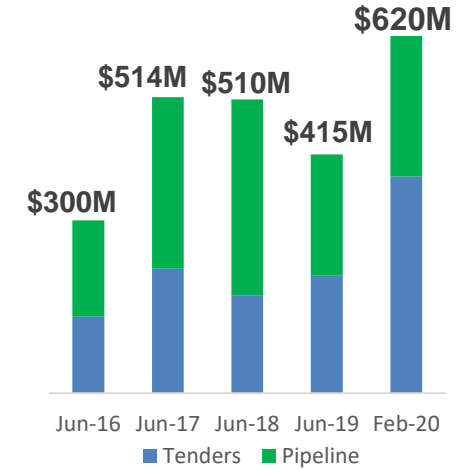
Positioned for Growth

“Record orderbook and strengthening pipeline of new opportunities underpin the future growth for Saunders”

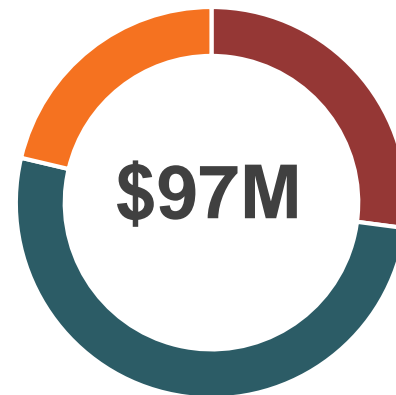
Order Book



Live Tenders Pipeline

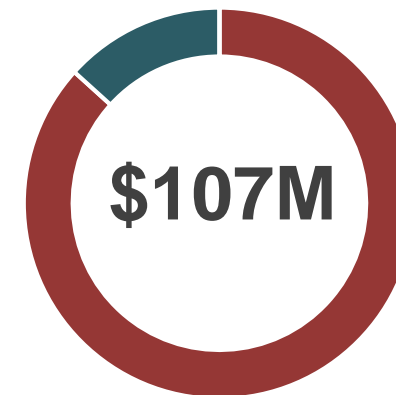


Order Book



MECHANICAL INFRASTRUCTURE
ASSET SERVICES
CIVIL INFRASTRUCTURE

Preferred Status



MECHANICAL INFRASTRUCTURE
ASSET SERVICES
CIVIL INFRASTRUCTURE

PREFERRED STATUS PROJECTS

- NSW Terminal Construction
- Queensland Terminal Conversion
- NSW Terminal Expansion
- NSW Bridge Project

(as at 25 February 2020)

FY20-H1 Financial Snapshot

“Reported earnings reflect the fix phase of Saunders strategic plan. Earnings are forecast to improve through further implementation of strategic initiatives and delivery of recent project wins”

	FY20 – H1 (\$m)	FY19 – H1 (\$m)	CHANGE %
Revenue	\$29.64	\$28.09	5.5%
EBITDA	\$1.45	\$0.40	262.5%
NPAT	\$0.52	(\$0.14)	461.1%
EPS	0.51 cents	Nil	-

FY20-H1 Financial Snapshot

“Strong focus on working capital management across Saunders complimented by disciplined approach to capital management” ”

	FY20 – H1 (\$m)	FY19 (\$m)	CHANGE %
Cash	\$9.42	\$8.03	17.3%
Working Capital	\$2.02	\$2.43	(16.9%)
Other Assets*	\$14.58	\$13.46	8.3%
Other Liabilities*	\$4.21	\$2.73	54.0%
Net Assets	\$21.18	\$21.20	(0.9%)

(* Other Assets and Other Liabilities reflect adoption of AASB16)

FY20-H1 Financial Snapshot

“Improvement in free cash flow driven through continued focus across Saunders from projects to the corporate office”

(\$m)	FY20 – H1 (\$m)	FY19 – H1 (\$m)	CHANGE %
Operating Cashflow	\$1.58	\$0.48	229.2%
Investing Cashflow	(\$0.20)	(\$0.22)	9.1%
Financing Cash Flow	\$0.02	(\$0.02)	200.0%
Net Increase in Cash	\$1.40	\$0.24	

Our Business

Civil Infrastructure

- Precast concrete
- Concrete foundation works for heavy industry
- Bridge construction works
- Foundation systems
- Jetty and wharf construction
- Building and construction management

Mechanical Infrastructure

- Fuel and chemical storage terminals
- Bridges and marine structures
- Coal bins, hoppers and associated steel works
- Water reservoirs and pumping stations

Asset Services

- Refinery and industrial services
- Shutdowns and permanent maintenance
- High performance coatings and linings
- Structural, Mechanical and Piping (SMP)

Infrastructure	Petrochemical & Resources	Industrial & Power	Defence
Drawing on 50 years experience, Saunders Civilbuild are focused on undertaking the construction, upgrade and maintenance of road and rail bridges, wharves and jetties for state authorities, local government, major mining and private sector clients.	Saunders 69-years experience in the sector covers greenfield and brownfield projects from full EPC of new terminals to long term service agreements. Saunders sector expertise will benefit relevant authorities currently reviewing Australia's limited fuel supply security.	Our services are focussed on bulk storage of solids and liquids and associated facilities including mechanical piping. Saunders has expanded into the Industrial and Power sector with a focus on mechanical maintenance works including minor and major shut down works.	Saunders has successfully expanded into Defence with the delivery of a contract and award of a further two in FY20. With Government spend forecast to be 2% of GDP by 2020–22 and total spend of \$175 billion to 2022-23, Saunders is focused on expanding its market share in this sector.

Strategic Objectives

"Building on our foundations to deliver for our shareholders"



CIVIL INFRASTRUCTURE

- ✓ Strategic long-term relationships with local government authorities.

PRIORITIES

- Expand our national civil infrastructure footprint.
- Develop bridge maintenance business.



ASSET SERVICES

- ✓ Expansion of our maintenance and shutdown offering into industrial markets.
- ✓ Sustainable expansion of our Asset Services footprint, completed contract award in WA in FY20-H1

PRIORITIES

- Focused execution of Rio Tinto contract to deliver operational excellence and position Saunders for future works.
- Position the Group for upcoming long term maintenance contracts in NSW and VIC.



MECHANICAL INFRASTRUCTURE

- ✓ Preferred contractor for new terminal expansion project as a result of strategic partnering.
- ✓ Implemented integrated services offering for terminal and refinery maintenance
- ✓ Delivered additional SMP works across multiple projects

PRIORITIES

- Capitalise on major construction prospects.
- Secure further EPC projects with existing clients.
- Continue growth in Water sector through successful delivery of Sydney Water contract.

NEW SECTORS

- ✓ Expansion into Defence and Paper sectors
- ✓ Expansion of core business offering, partnering with the Civil Group.

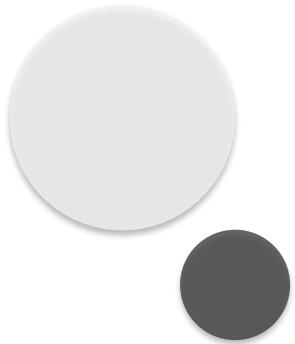
PRIORITIES

- Evaluate options to diversify and get required scale.
- Pursue international opportunities with our key clients.
- Evaluation of acquisitions to expand maintenance activities and increase scale.



Market Trends

- Increased opportunities in the tank construction market due to an increase in assessable projects and reduced competitive capacity.
- Increasing opportunities in the Defence sector.
- Several major mining opportunities developing in WA.
- Civil Infrastructure spending to continue in NSW and VIC.





Our Outlook



- Order book \$97M, up 61% on FY19
- Preferred Contractor Status \$107 M, Forecast further \$33M to be converted to Order book in FY20-H2.
- Live tenders \$376M, up 85% on H1, Pipeline \$287M, up 36% on H1
- Saunders is forecasting revenue growth in FY20-H2 to \$70+m for the financial year. The strong orderbook and pipeline of opportunities will see this Revenue growth accompanied with EBIDA growth into FY21 and beyond.
- Resources allocated to new growth projects.
- Recent project wins with blue chip clients.
- Portfolio of project size is increasing.
- Forecast revenue growth can be sustained with current fixed overheads.
- Reinstatement of dividends remains a high priority as the business returns to profitability.
- Strong multi year growth outlook with new projects contributing to earnings through FY21 and FY22.

Our Projects



Mechanical Infrastructure



Client

Sydney Water

Value

Circa \$15.0 million

Description

- Scope of works includes detailed design, civil foundation, construction of a new welded steel reservoir (80m diameter x 13m high), electrical & instrumentation and commissioning works
- Mobilisation to site is expected to be in FY20-H2 with works to continue over FY20 and FY21.



Client

Zinfra Pty Limited

Value

Circa \$1.4 million

Description

- Design and construction of 28 megalitre tank for recycled water storage in Cranbourne West, Victoria
- The tank is designed for short term affordability and long term expandability.
- The design allows additional capacity to be added using Saunders level jacking process to add strakes in the future as the recycled water capacity demands in the area grow.

Mechanical Infrastructure - Defence

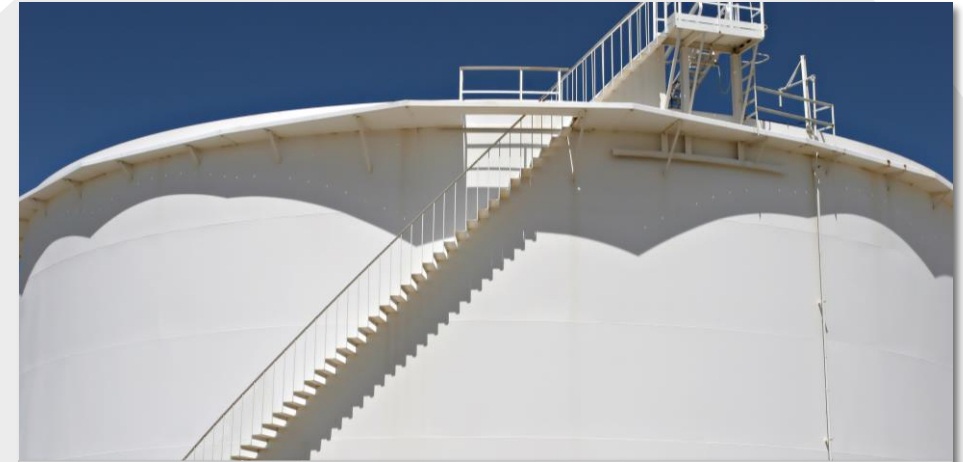


Client Value

NAVFAC
Circa \$7.0 million

Description

- Scope of works is the construction of two cut and cover fuel storage tanks for the Navel Facilities Engineering Command Pacific (NAVFAC).
- Mobilisation to site will commence in FY21-H1 with works to be completed by 2022.



Client Value

Lendlease Building Pty Limited
Circa \$5.2 million

Description

- Scope of works includes design supply and installation of two new tanks, including the coordination of the interfacing trades including fire systems and electrical subcontractors.
- Mobilisation to site will commence in FY20-H2 with works to be completed by FY21-H1.
- This is the second contract awarded to Saunders International by Lendlease.

Civil Infrastructure



Client	JHCPBG JV
Value	Circa \$11.1 million
Description	<ul style="list-style-type: none"> • Scope of works is to supply precast components to the Sydney Metro project. • Sydney Metro is Australia's largest public transport project, consisting of 31 metro stations and more than 66 kilometres of new metro rail. • Saunders are involved in the supply to Chatswood, Marrickville and Barangaroo sites.



JOHN HOLLAND

Client	John Holland Rail
Value	Circa \$2.5 million
Description	<ul style="list-style-type: none"> • Scope of works is to construct a single span 27m long bridge over the North Coast rail line at Martins Creek to replace the life expired existing timber bridge. • The works will include construction of 200m of approach roadworks either side of the bridge. • This is the 2nd contract awarded to Saunders Civilbuild by JHR in Martins Creek.

Civil Infrastructure



Client Value

BGC Contracting Pty Ltd
Circa \$4.1 million

Description

- Scope of works included construction of five bridges for BGC Contracting on the section south of Yambacontr
- The BGC Woolgoola to Ballina Pacific Hwy upgrade project is Australia's largest regional public infrastructure project.
- This project is in the final stages of completion, with all structures now completed.



Client Value

Dungog Shire Council
Circa \$2.5 million

Description

- Scope is the design and construction of 2 large timber bridge replacements for Dungog Council.
- Encompassing design, construction and precast supply, Saunders will deliver a turn key solution to the council.

Asset Services



Rio Tinto

Client Value

Rio Tinto Yarwun
Circa \$30.0 million

Description

- Saunders has been awarded the Stage 1 Precipitation Tank Repair contract for Rio Tinto's Yarwun alumina refinery near Gladstone, QLD.
- The contract will be delivered over two separable portions finishing in FY22. Works include design, supply, fabrication and installation works to repair up to 16 precipitator tanks.



Client Value

BP Bulwer Island
Circa \$15.0 million

Description

- Scope consists of civil and mechanical works; which include partial floor replacement, primary and secondary roof seals, floating roof repairs, internal and external protective treatment, tank foundation repairs, berm repairs, painting and testing.
- Saunders is preferred contractor for a further \$11.5m of works on this site.

Asset Services



Client Value

Australian Paper Mill (Nippon Paper Group)
Circa \$2.0 million

Description

- Scope of works for major plant shutdown outage included engineering, project management, mechanical maintenance, furnace and boiler maintenance, pressure welding, valve overhauls and upgrades, pipe manufacture and installation, pressure welding on a T&M contract.
- The project was completed in the tight timeline with zero safety incidents.



Client Value

Lendlease Building Pty Limited
Circa \$1.0 million.

Description

- Scope of works include design, supply, install and commissioning of a temporary diesel fuel storage tank and associated systems as a turn key solution.
- The project was completed in FY20-H1

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