



## **Announcement to Shareholders and the ASX**

### **SAUNDERS INTERNATIONAL LIMITED – COVID-19 UPDATE**

Sydney – 26 May 2020

Saunders International Ltd (ASX:SND) today announced a second business update in relation to COVID-19.

On April 21 2020, Saunders outlined the operational impacts of the pandemic and the measures it has implemented to ensure safe operational continuity. Over the past month, Saunders has monitored the outcomes of these impacts on our projects and work sites, which include:

- Reduced productivity across some sites (including Saunders' precast facility) due to the increased requirements to ensure that relevant social distancing guidelines are being adhered to
- Delayed receipt of material due to impacts of freight channels for our international supply chain other logistic constraints
- Interstate travel restrictions preventing specialist project personnel from being able to attend certain sites

On February 26 2020, Saunders released revenue guidance for FY20 of \$70 million and at the time, Saunders was not aware of COVID-19 or the potential impacts it could have on our projects and supply chain. The productivity and supply chain delays are reducing some margins and have pushed project revenue into FY21.

The revised revenue guidance for FY20 has been amended to circa \$66 million - \$70 million with EBIT margin forecast between 1.8% - 2.3%.

Saunders has reported \$77 million in project wins in FY20-H2. The combination of our record order book (in excess of \$107 million) combined with the above re-phasing of revenue of existing projects has led to a target budget for FY21 of \$100 million. The EBIT margin in FY21 is forecast to be circa 3.75% - 4.75%.

The company continues to remain focused on the preservation of cash through reduced discretionary operating and capital expenditure. There has been no change to the Board's objective to resume fully franked dividend payments in FY21.

Whilst there have been no confirmed cases of COVID-19 at Saunders, the company remains focused on the health and wellbeing of our team members, customers and their families during these evolving times.

Saunders management will continue to monitor the operational impacts of COVID-19 and will provided any updates as appropriate.



Authorised for release by Mark Benson, Chief Executive Officer and Managing Director.

### **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 and resources sectors through the Saunders International business. Intelligent engineering and construction solutions to the road and rail infrastructure sectors are delivered by the Saunders Civilbuild business. 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.

**For further information, please contact:**

Mark Benson, Managing Director & Chief Executive Officer

(02) 9792 2444