



SAUNDERS ANNOUNCE ACQUISITION OF AUTOMATION IT

Tuesday, 9 May 2023

Saunders International Limited (ASX:SND) ("Saunders" or "the Group") today announces it has agreed to acquire Automation IT Pty Ltd ("Automation IT"), a specialist automation and control systems engineering business operating in the energy, water, defence and mining industries. Completion of the acquisition is subject to customary conditions, including change of control consents.

Transaction highlights

- Further expansion and diversification of Saunders' sectors into technology-based infrastructure (following the August 2021 acquisition of PlantWeave) and further expansion of Saunders' capabilities across industrial automation and technology solutions.
- The purchase of Automation IT was funded from Saunders' cash reserves and the issue of new shares, with deferred earn-out payments based on FY2024 results.
- Automation IT's management team will continue in their roles post-completion.
- Anticipated that the acquisition will be earnings per share (EPS) accretive in FY2024, with a small positive impact to EPS in the current FY2023 period.
- Automation IT is forecasting current year FY2023 Revenue of circa \$10.0 million and Earnings Before Interest and Tax ('EBIT') of circa \$1.0 million.
- Automation IT will continue to deliver engineering solutions (consulting, projects and support services) to its existing clients as part of Saunders.

About Automation IT

Automation IT is an Electrical and Automation Engineering Consultant and Contractor, specialising in the installation and support of industrial control and automation systems for the energy, water, defence and mining sectors. Automation IT was established in 2000, is based in QLD and employs 32 personnel, predominately qualified Engineers, across QLD, WA and NSW.

Automation IT has long-standing relationships with public and Tier 1 private-sector customers, through providing complex industrial automation and control systems. Automation IT's existing Directors, Mr Geoff Bladon and Mr Anthony Templeton, have committed to continuing their roles in the combined Saunders / Automation IT business. The team is aligned to Saunders values and One Team culture.

Benefits for Saunders International

Saunders anticipates that the acquisition will be EPS accretive in FY2024, with a small positive impact to EPS in the current FY2023 period. Automation IT is forecasting current year FY2023 Revenue of circa \$10.0 million and Earnings Before Interest and Tax ('EBIT') of circa \$1.0 million.

Saunders' customers are increasingly moving towards technology driven solutions and Automation IT will accelerate Saunders' market expansion into Industrial Automation and Control Systems, particularly within Queensland. This acquisition will expand Saunders geographical footprint in Queensland and Western Australia.

Key Transaction Terms

Saunders has agreed to acquire Automation IT for an initial instalment of \$4.40 million, plus a second instalment of up to \$1.10 million based on 4.00x Automation IT's Earnings Before Interest and Tax ('EBIT') for FY2024.

The acquisition is funded from Saunders' cash reserves and from the issue of new SND shares. The initial instalment of \$4.40 million will be paid in cash (\$3.00 million) and equity (\$1.40 million). The final instalment will be a maximum of \$1.10 million, payable in cash (\$0.825m) and equity (\$0.275m). Based on the total maximum price of \$5.50 million, the consideration will be cash (70%) and equity (30%). The issue of new SND shares will represent circa 1.4% of Saunders' total issued ordinary shares. The acquisition is structured to promote the continued performance of Automation IT, and the alignment and retention of Automation IT's Directors, Mr Geoff Bladon and Mr Anthony Templeton.

Saunders' Managing Director & Chief Executive Officer, Mark Benson said, "We are pleased to have completed the acquisition of Automation IT and we look forward to welcoming Geoff, Anthony and the entire Automation IT team to Saunders. The acquisition will expand Automation IT's existing capabilities and reach, while enhancing Saunders' service offering to our existing customers and further extend our expansion into technology-based infrastructure."

Automation IT Directors, Geoff Bladon and Anthony Templeton said, "We are excited to be joining the Saunders team. By combining our collective expertise, we will be stronger together and well positioned for our next phase of growth. This is a great outcome for both our teams and our customers."

About Saunders International Limited

Saunders International Limited (ASX:SND) is a multi-disciplined engineering and construction company providing design, fabrication, construction, shutdown, maintenance and industrial automation services to leading organisations across Australia, and the Pacific Region. The Group provides innovative cost-effective solutions to the oil & gas, infrastructure, water, power, new energy, mining & minerals and defence sectors. Additional information about Saunders, its services, and the sectors it operates in can be found at www.saundersint.com.

For further information, please contact:

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This announcement was authorised for release by the Board of Saunders International Limited.