

ANNUAL GENERAL MEETING PRESENTATION

2016

NNOVATION | EXCELLENCE | GROWTH









BOARD OF DIRECTORS & KEY MANAGEMENT



TIM BURNETT Chairman



MARK BENSON Managing Director / Chief Executive Officer



GREG FLETCHER



MALCOM MCCOMAS



ROBERT PATTERSON General Manager - Engineering Construction General Manager - Facility Maintenance



IAN MCLOUGHLIN



PAUL SAWYER



DAVID GRIFFITHS General Manager - Commercial



SHARON VELTMAN

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I would like to take this opportunity to thank you as fellow shareholders for your continued support of Saunders during this past year.

The 12 months since the 2015 AGM have been an important period for the Company.

Mark Benson, who took over as Managing Director and CEO on 5 October 2015, has been instrumental in developing the foundations and strategic objectives for future growth and in driving the tangible progress which has been achieved to date.

The foundations and strategic objectives for future growth include restructuring the leadership team and expansion of the people resources to strengthen our marketing, engineering, procurement and construction capability and to diversify our facilities maintenance customer base and scope of services and expertise.

I am pleased to report that positive outcomes are now being achieved. We have secured substantial stake in a joint-venture which has become the preferred contractor to design and build a large bulk liquids storage terminal for multinational client. Our new Asset Services and SMP businesses are achieving traction and are providing a model for the rollout to wider industry sectors and geographical locations.

The development and execution of these evolving strategic objectives is a priority for the Company and we expect that the investment that has and will be made will bear fruit as the pipeline of tenders and opportunities expands into the future.

During the last financial year, our core business faced competitive pressures and delays in the award of contracts which have adversely affected the FY16 financial result. The revenue for the year was \$41.8 million which was a 5% decrease over the prior year. However, this revenue level was less than optimal for the reduced profit margin environment that was experienced during the year. Consequently, the net profit after tax of \$2.9 million was a 35% decrease over the prior year.

Mark Benson will expand on the growth strategy and the FY16 financial result in more detail in his address.

The total dividend for the year was 4 cents per share fully franked. The Company has ended the year in a strong financial position with cash and cash equivalents of over \$14 million and there is no interest bearing debt. This strong financial position facilitates the ongoing pursuit of our strategic objectives. When considering the range and scope of these objectives, the board decided to activate the Dividend Reinvestment Plan (DRP) for the most recently declared dividend. We were happy with the outcome with 47% of the shareholding participating and yielding a net cash saving of approx. \$750,000.

Our strong safety culture and robust management systems have seen us continue to deliver great safety outcomes. TIFR was down this year by 32% on top of a prior year reduction of 50%. I wish to commend the leadership team, all managers and employees for their focus and efforts to enable this excellent safety performance to be achieved.

In conclusion, I wish to thank my fellow directors and on behalf of the board, I wish to thank all of the Company's employees for their efforts during the past year.



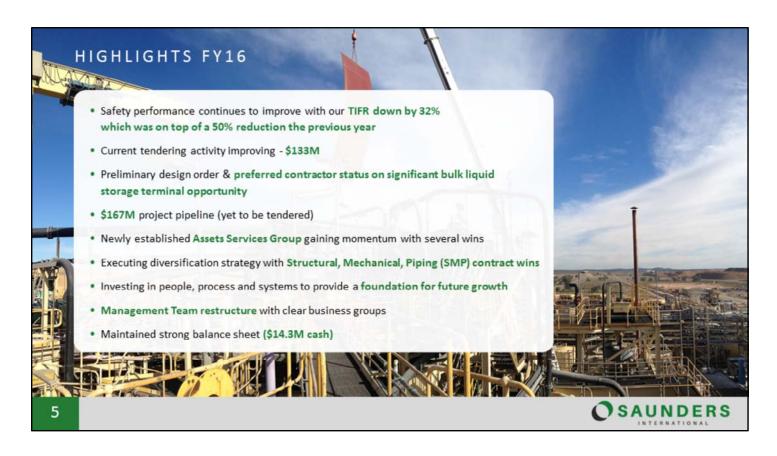
I would like to join Tim and extend a warm welcome to the Saunders International shareholders. I am pleased to join you again for my second AGM as Managing Director and CEO.

The last 12 months since I joined Saunders has been an intense but productive period for the company.

Together with the restructured leadership team we have undertaken a significant amount of work to set the foundations for growth. It has been a demanding year but critical for Saunders as we position the business for sustainable profit and growth in the coming years.

The last 12 months has seen challenges in the sector and for our business. Our customers have been reluctant to spend CAPEX and have been slow to approve projects. It is our opinion that this current cycle will continue into next year.

Whilst the market remains competitive, we are seeing an increase in our pipeline of terminal construction and terminal upgrades projects along with FEED studies (front end engineering design).



Some of the highlights for FY2016 were:

During the year, we rolled out a new safety culture program which has been positively accepted by the workforce and is showing great results. Our total recordable frequency rate has reduced 30% during the year and this was on top of a 50% reduction last year. The company as a whole is over 3 years LTI free and our BP Kwinana site just reached the milestone of 8 years free of any recordable injury's.

We have seen improvement in our tendering and prospects pipeline.

While the construction side in general is quiet with most projects delayed until the new calendar year, our maintenance group has had a solid year.

Our diversification strategy is on track with the successful set up of an SMP (structural mechanical & piping) team who have successfully delivered 6 key projects during the year.

Our Assets Services group is gaining momentum with several projects wins and an increasing prospects list.

OUR PEOPLE

Safety

- Our Total Injury Frequency Rate (TIFR) reduced 32%
- · 3 years LTI free across entire group
- Introduction of new safety program, continued roll out FY17

Workforce

- Average workforce around 160 (125-175)
- · Apprentices = 4
- Female workforce = 10%

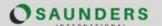
A key element of our three year strategy is the development of our people, ensuring our people and our service is a key point of difference by implementing best practice.

My personal commitment to our people is:

- 1. We will ensure everyone is crystal clear of what is expected of them
- 2. Everyone will receive honest and regular feedback on their performance
- 3. We will share the vision of the organization and the strategic priorities
- 4. We will give our people opportunities to grow and develop
- 5. We will create a team environment so that everyone feels like they belong



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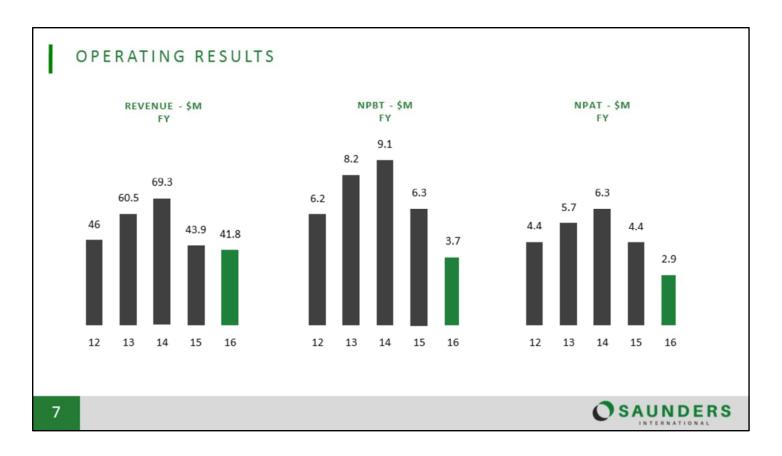


Over the last 6 months we have concentrated on our people and structure and made a commitment to the following:

- 1. The company will ensure everyone is crystal clear on what is expected of them
- 2. Everyone will receive regular feedback on their performance
- 3. We will share the vision of the organisation and the strategic priorities with everyone
- 4. We will give our people opportunities to grow and develop
- 5. We will create a team environment so that everyone feels like they belong

As part of the process we have revisited our vison and values to guide us for the future.

With our vision of Innovation/Excellence/Growth and our values of Safety-Integrirty-Commitment-Agility-Innovation-Teamwork-Accountability, this will be the compass that directs us over the coming years to deliver enhanced value to our clients and our shareholders.



In FY16 we did approximately \$42 million revenue with a NPAT of \$2.9 million. We experienced a decrease in gross margin of about 5% due to the current competitive environment.

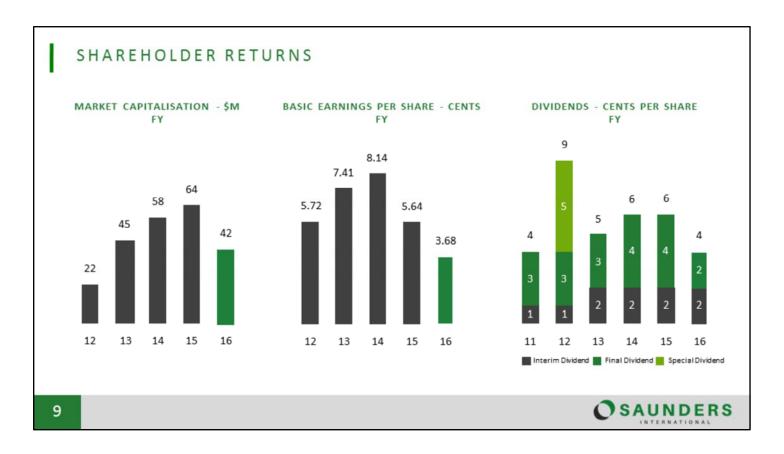
FINANCIAL PERFORMANCE

	30 JUNE 2016 FULL YEAR \$000	30 JUNE 2015 Full Year \$000
Revenue	\$41,828	\$43,954
Net profit before tax	\$3,705	\$6,324
Net profit after tax	\$2,891	\$4,431
Net profit %	6.9%	10.1%
Return on equity %	16.9%	23.4%
Basic earnings per share	3.68c	5.64c
Work in hand	24.5M	28M

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This resulted in a net profit of 6.9% on revenue, and we finished the year with a work in hand of \$24.5 million.

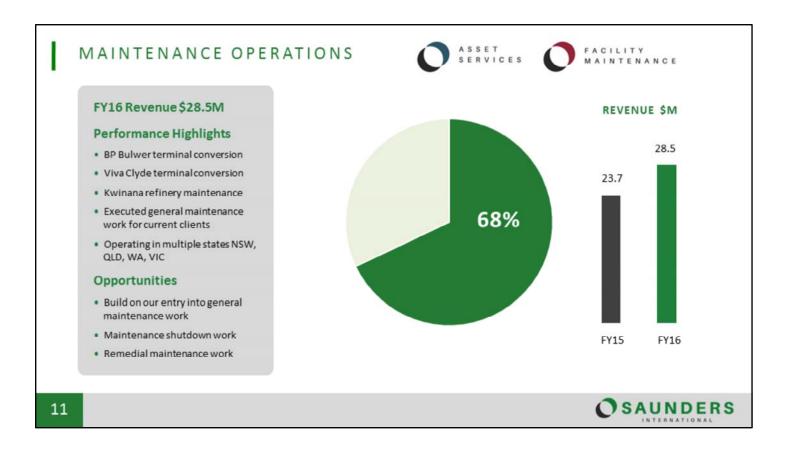


We achieved a basic earnings per share of 3.68 cents and paid a full year dividend of 4 cents.

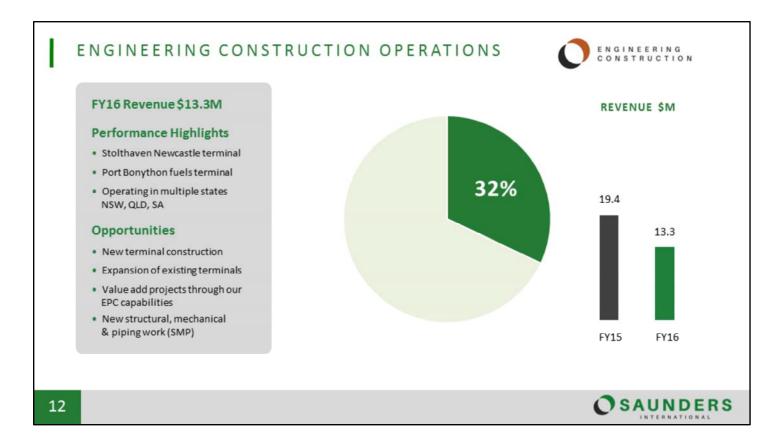
Given the current business conditions, increasing levels of tendering and anticipated opportunities to grow the order book over the next few years, the board resolved to activate our dividend reinvestment plan which resulted in a 47% participation rate and an issue of 1.8% of new share capital.



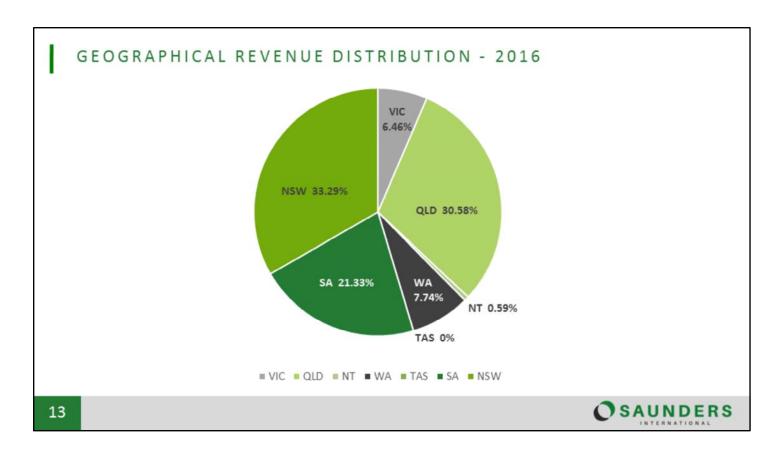
Review of our operations.



Our strategy to focus on building our Facilities Maintenance and Asset Services business has resulted in a solid year with it contributing 68% of the revenue in FY16. This included some larger one off terminal conversion projects, but we are still seeing a continuance of further terminal conversion projects flowing through.



Our Engineering and Construction group contributed 32% of the revenue and has continued to experience delays in the award of projects. We have been talking about delayed projects for some time now while frustrating for the business, it is important to note that these projects are still alive and un-awarded. However over the last month we are seeing some of these delayed projects come to award and have been successful in winning a design and construction project for two new tanks and major modification to one tank at Clyde Terminal in Sydney. As well we have been awarded a design and construction project for two new tanks for a terminal in Victoria. These projects will contribute to results in the second half of FY2017 and H1 2018.



We continue to see revenues spread across Australia with key states of Victoria and NSW being growth areas over the next few years.



Key Projects.

ENGINEERING CONSTRUCTION OPERATIONS





BP Bulwer Island - SMP Package on Jet Fuels Project

- · Civil works
- Fabrication & installation of structural steel supports & piping for both water & foam lines
- · Fabrication & installation of the cooling rings & splash plates
- · Fabrication & installation of platforms & hand rails



Port Bonython Fuels Terminal Project

- Successful completion of installation of 3 x 42m dia x 20.4 high column supported cone roof tanks
- 0 LTIs on project
- . Tank installation duration was achieved in 8 months

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The Engineering Construction group finished off the project for Port Bonython Fuels which was under budget and ahead of schedule. As previously mentioned it has been our strategy to expand our existing services, to that end we have successfully completed several SMP projects, with the Jet Fuel conversion at BP Bulwer being one of them.

FACILITY MAINTENANCE OPERATIONS





BP Bulwer - SMP Package

- · Install firefighting & cooling ring pipe lines
- · Install fast flush systems
- General on-site mechanical works during conversion of refinery to terminal
- · Installation of HDPE lines



VIVA, Clyde

- 16 month project consisting of refurbishment of 3 tanks at the old refinery site
- Successfully completed assembly and installation of 2 x 40m dia Aluminum geodesic dome roofs
- · Protective coating refurbishment of the 3 tanks

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The Facility Maintenance group completed the Viva Clyde refurbishment of 3 tanks and numerous piping projects, the firefighting, cooling and fast flush lines at BP Bulwer Island being one. Our long-term relationship with BP and Caltex led to the renewal of two-year panel contracts for terminal maintenance around Australia. We have been able to build on our long-term relationship with Mobil to increase our services and add innovation and savings to their Altona site.

ASSET SERVICES OPERATIONS



Performance Highlights

- Awarded Dept of State Heritage contract for heritage works in Fremantle, WA
- Currently completing detailed concrete investigation survey on the Inverarity Stands at WACA
- Short-listed for several high profile projects in WA

Opportunities

- · Follow up stadium refurbishment works
- Maintenance works
- · Gas Plant maintenance works
- · Heritage Remediation works







Premier Colin Barnett opening the first unit at Warders' Cottage



Inversity Stands at WACA, Perth, WA

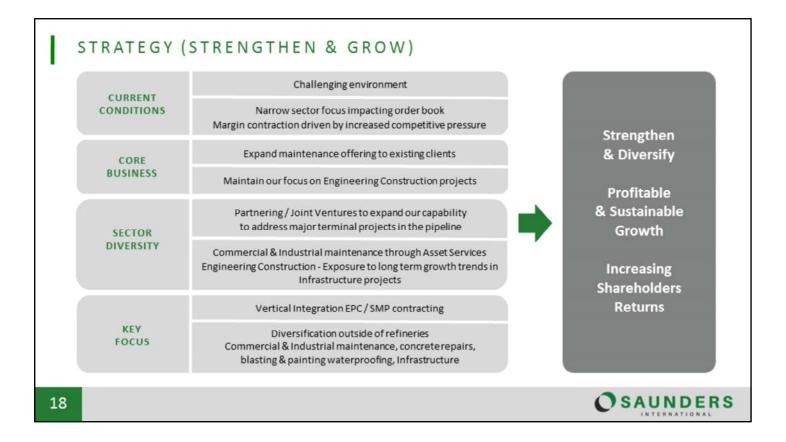


Application of high performance elastomeric urethane

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The Asset Services group is achieving traction and have completed some gas plant maintenance and shutdown work and are currently working on heritage building projects and wharf blasting and painting contracts. The premier of Western Australia, Colin Barnett, officially opened one of our first renovate heritage units at Warders Cottages in early November.



Our strategy is to strengthen and grow.

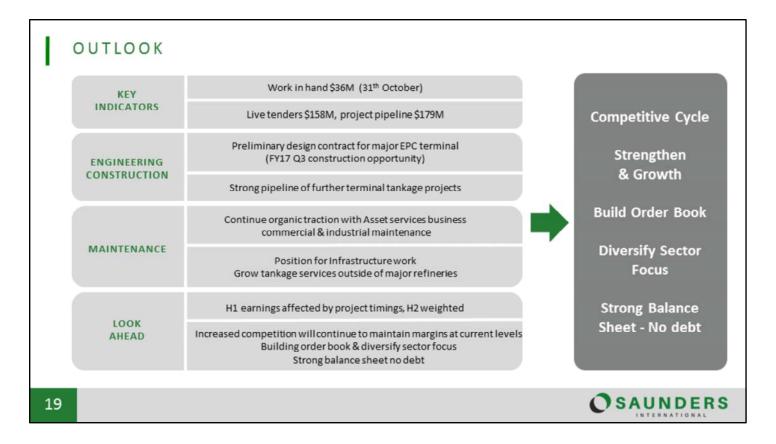
To date the sector has been characterised as challenging, with delayed projects, increased competition and reduced margins.

Whilst we continue to focus on our core business we are expanding our maintenance offering through Assets Services and entering into partnerships for larger engineering and construction projects.

These partnerships will expand our capability to address major terminal projects in the pipeline.

As Tim mentioned we have secured a substantial stake in a joint-venture which has become the preferred contractor to design and construct a large bulk liquids storage terminal for multinational client. This has now progressed through 3 phases of an ECI (Early Contractor Involvement) process. This project is awaiting business case finalisation and funding approval.

The Engineering and Construction group is also exploring expansion into infrastructure projects which continue to show growth over the medium term.



Our current key indicators:

Backlog currently of \$36 million up from \$24.4 million at 30 June 2016.

Live tenders \$158 million up from \$133 million.

Project pipeline \$179 million up from \$167 million.

These key indicators are very encouraging, demonstrating increasing momentum and should convert to improving growth into the future.

The strategy to position the business to address the growing maintenance sector is paying off with our maintenance operations showing good growth to date.

We continue to see an improving pipeline of projects and are making good progress in building the order book and await the outcome of other recently submitted tenders. However, the delayed start of the recently awarded Engineering Construction projects will impact the first half, with NPAT expected to be around break even.

In our previous outlook statement for 2017, we stated profitability would be weighted to the second half which would position us for a solid start to FY2018. The level of revenue and profit in the second half will continue to be dependent on contract award dates.

We are taking the business through a systems and process transformation which will see ourselves ready to seize opportunities for growth in the coming years.

To finish up I would like to thank and acknowledge the contribution of our people without their dedication and commitment our achievements would not be possible.

I would like to thank the board and shareholders for your support and confidence in the future of Saunders.

I will now hand back to Tim.

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