



AGM 18 November 2014

CHAIRMAN'S ADDRESS

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

I am happy to comment that the FY14 financial result was a steady improvement over the prior year.

- The net profit after tax was \$6.4 million which was a 10% increase over the prior year.
- EBITDA was up 13% to \$9.3 million
- This was achieved on revenue of \$69.4 million which was up 14.6% on the prior year.
- The after tax profit margin of 9% demonstrates management's ongoing ability to achieve excellent outcomes on project delivery.
- Return on equity was 33%
- Basic EPS was 8.1 cents, a 10% increase over the prior year.
- The interim and final dividends declared on the FY14 profit totalled 6 cents per share fully franked which was a 20% increase over the equivalent prior year payout.
- The Company ended FY14 with a strong balance sheet including \$18 million cash (equivalent to 23 cents per share) and no interest bearing debt. The cash position was achieved after paying dividends of \$4 million during the year.

The Company is often asked about capital management considering the relatively large cash balance which we hold (\$18 million at 30 June 2014). The Company paid a special dividend of 5 cents per share fully franked in September 2012. The Board decided to not consider such a special dividend for FY14, bearing in mind the 20% increase in interim plus final dividend payout for FY14 compared with FY13.

We outlined in this year's Annual Report the changes that are taking place in the Australian oil refining and petroleum distribution sectors. These are important markets for Saunders. We expect the demand for maintenance services to decline to some extent as a result of the closure of the three refineries but we expect increased demand for our services in providing tank conversions and new tankage at these refinery locations and new tankage at existing terminals and new terminals in more strategically competitive locations throughout Australia. John Power will outline some further aspects of this.

Finally I wish to thank the members of the Board and all the employees for their commitment and great effort during the last year.