



HALF YEAR RESULTS 2016

INNOVATION | EXCELLENCE | GROWTH

PRESENTED BY MARK BENSON
MANAGING DIRECTOR & CEO



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COMPANY OVERVIEW

Saunders International is a multi-disciplined and integrated engineering and construction business. We are one of Australia's most experienced companies specialising in the design, construction and maintenance of steel bulk liquid storage tanks and associated facilities.



Saunders operates from three divisions, the Engineering Construction group, the Facility Maintenance group and the Asset Services group.

The Engineering Construction group has in-house expertise to provide a turnkey solution for our clients from engineering, procurement, manufacturing and construction.

Saunders Facility Maintenance group has core capabilities in tank maintenance and rehabilitation, general maintenance and turnarounds.

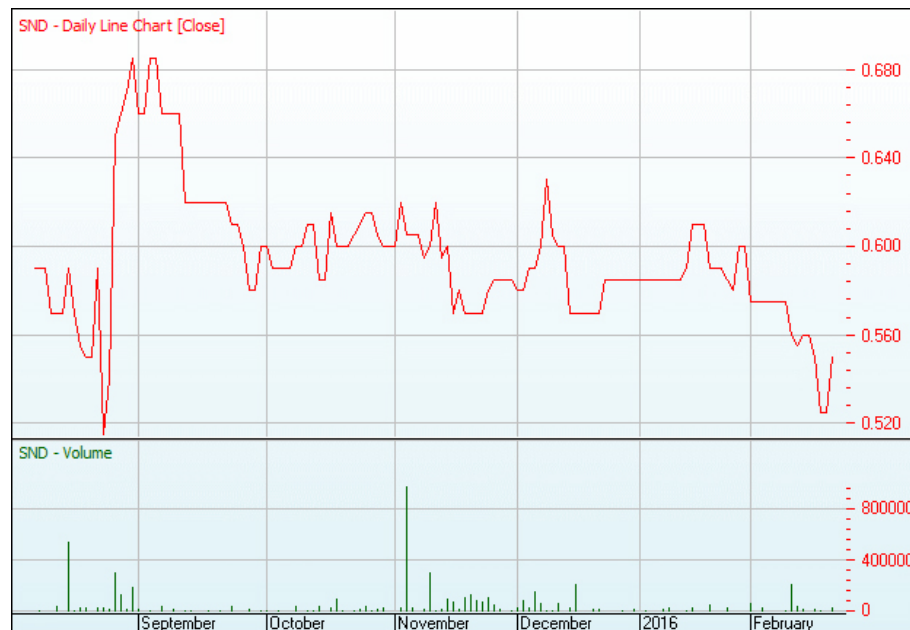
The Asset Services group encompasses a diverse range of specialist services including structural, mechanical, piping, remedial maintenance and general shutdown solutions.

Saunders services a client base comprising a variety of 'blue chip' companies operating in the oil and gas, resources, energy, chemicals and water industries. We have a proud history in Australia with over 60 years experience and our success is driven by our ability to build strong relationships and produce positive outcomes for our clients.

CORPORATE SNAPSHOT FEBRUARY 2016

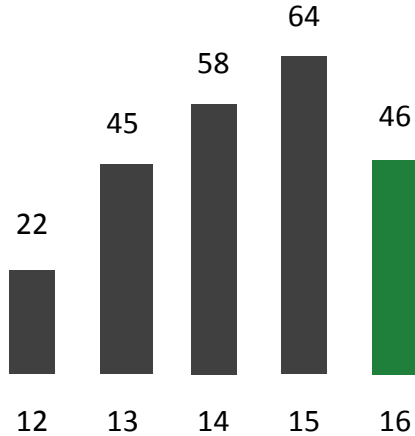
PRICE	A\$0.55
ASX CODE	SND
SHARES ISSUED	79M
OPTIONS	-
MARKET CAP	A\$43M
CASH	A\$18.5M
TOP 20 SHAREHOLDERS	68%
NO. OF SHAREHOLDERS	957 (approx.)
SUBSTANTIAL SHAREHOLDERS	Desmond Bryant – 28.3% Timothy Burnett – 12.4%

Share Price Performance & Volume as at 19/02/2016

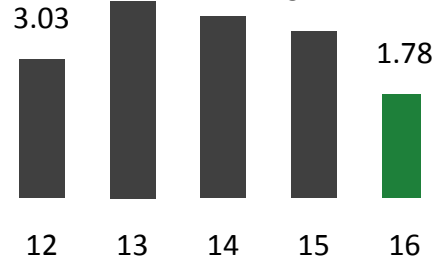


SHAREHOLDER RETURN

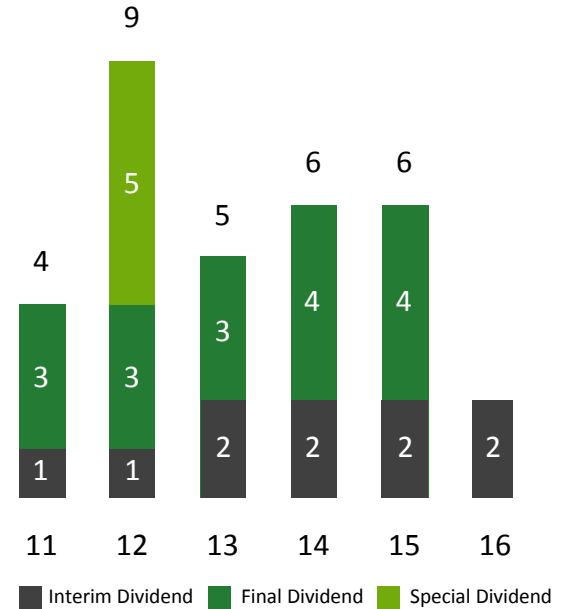
MARKET CAPITALISATION - \$M
FY H1



BASIC EARNINGS PER SHARE - CENTS
FY H1



DIVIDENDS - CENTS PER SHARE
FY H1



FINANCIAL PERFORMANCE

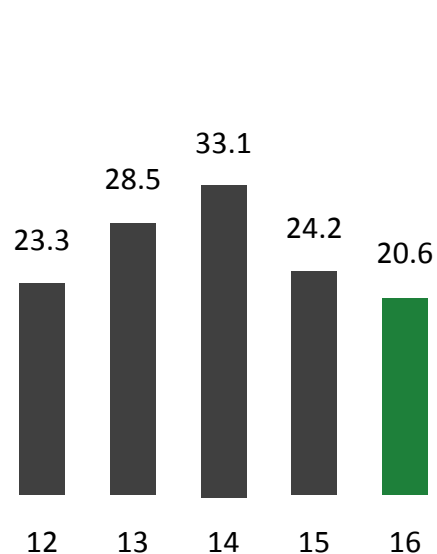
	31 DECEMBER 2015 HALF YEAR \$000	31 DECEMBER 2014 HALF YEAR \$000
Revenue	\$20,640	\$24,193
Net profit before tax	\$2,007	\$3,884
Net profit after tax	\$1,396	\$2,723
Net profit %	6.8%	11.3%
Return on equity %	7.4%	15.8%
Basic earnings per share	1.78c	3.47c
Work in hand	22M	34M

HIGHLIGHTS FY16 H1

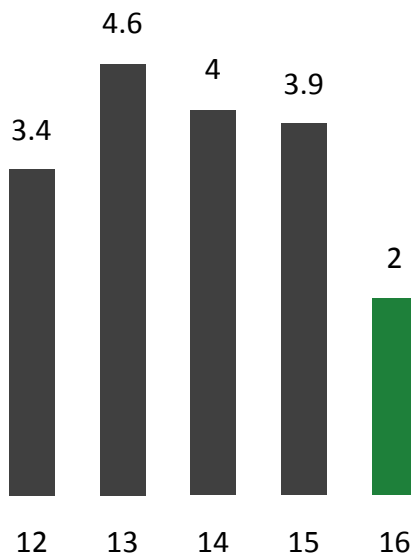
- Safety performance continues to improve with our **TIFR down by 50%**
- Environmental AS14001:2004 **Accreditation**
- **Winning** three of the largest tank construction & maintenance projects in 2014 - 2015, in a competitive market:
 - **Stolthaven, Newcastle**
 - **Port Bonython Fuels, South Australia**
 - **BP Bulwer Terminal Conversion**
- **Investment & innovation** in new welding equipment & techniques which will see us even more productive in the future
- Engineering resources **increased**
- Opened new **office in Perth**
- Live tenders **\$110M** (\$130M at Feb 16)
- Preferred contractor status (yet to be awarded) on +\$10M **maintenance contracts**
- **\$170M** project pipeline (yet to be tendered)
- Maintained strong balance sheet (**\$18.5M cash**)
- Creation of the **Assets Services Group**
- Projects undertaken for the **foundations for future growth**

OPERATING RESULTS

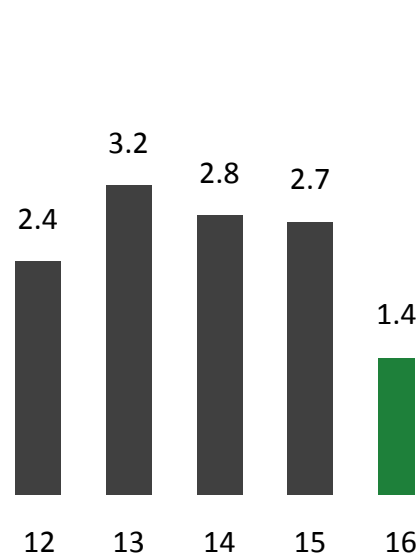
REVENUE - \$M
FY H1



NPBT - \$M
FY H1



NPAT - \$M
FY H1



BALANCE SHEET

BALANCE SHEET (\$M)	31 DECEMBER 2015	30 JUNE 2015
Assets		
Cash	18,632	17,874
Trade receivables	2,996	5,014
Plant & equipment	1,877	1,992
Deferred tax assets	833	993
Others	640	804
Total Assets	24,978	26,677
Liabilities		
Payables	5,076	4,819
Tax liabilities	432	107
Provisions	2,300	2,836
Total Liabilities	7,808	7,762
Net Assets	17,170	18,915
NTA per share	21.7 cents	23.9 cents

REVIEW OF OPERATIONS





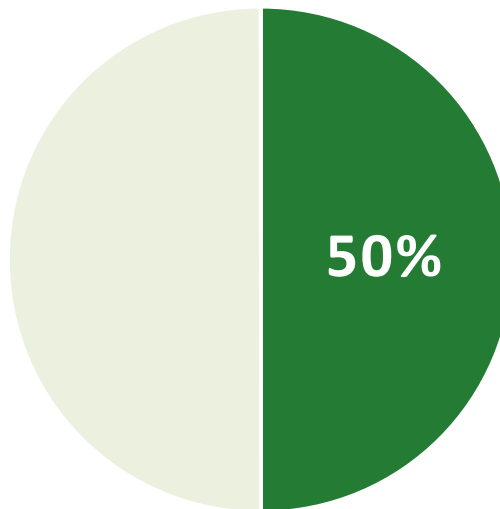
FY16 H1 Revenue \$10.2M

Performance Highlights

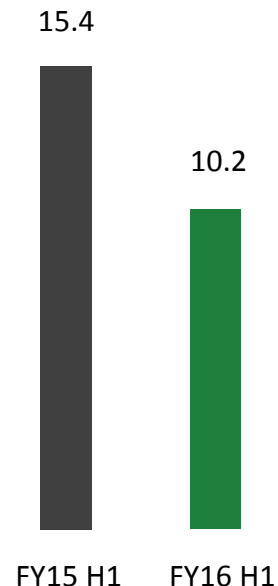
- BP Bulwer terminal conversion
- Viva Clyde terminal conversion
- Kwinana refinery maintenance
- Executed general maintenance work for current clients
- Operating in multiple states NSW, QLD, WA, VIC & SA

Opportunities

- Build on our entry into general maintenance work
- Maintenance shutdown work
- Remedial maintenance work



REVENUE \$M



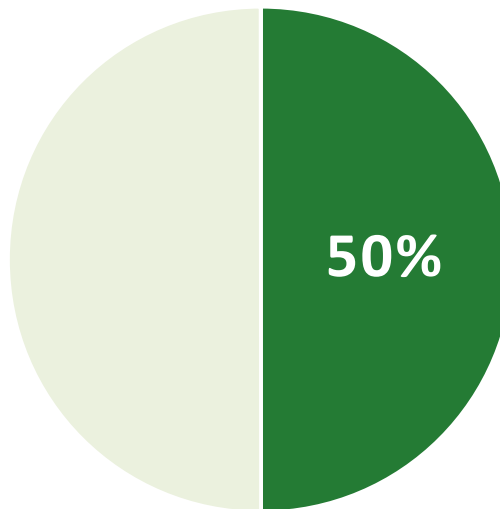
FY16 H1 Revenue \$10.2M

Performance Highlights

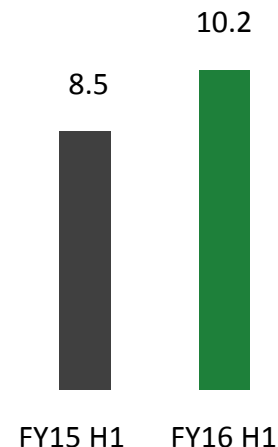
- Stolthaven Newcastle terminal
- Port Bonython fuels terminal
- Operating in multiple states NSW, QLD, SA

Opportunities

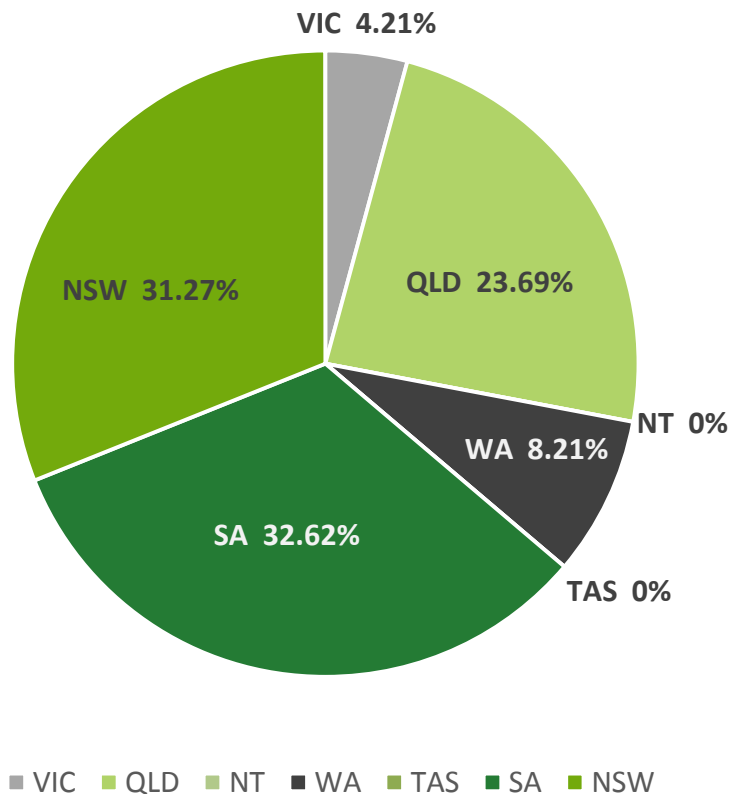
- New terminal construction
- Expansion of existing terminals
- Value add projects through our EPC capabilities
- New structural, mechanical & piping work



REVENUE \$M



GEOGRAPHICAL REVENUE DISTRIBUTION FOR THE HALF YEAR



KEY PROJECTS



Stolthaven Diesel Storage Facility Stage 2

- 2 x 36.0m dia x 17.6m high
- Column supported cone roof diesel tanks

Port Bonython Fuels Terminal Project

- 3 x 42.0m dia x 20.4m high
- Column supported cone roof diesel tanks

BP BRISBANE TERMINAL CONVERSION

BP Bulwer Island Tank Refurbishment & Upgrade Project

- 4 x dome roof tanks in various sizes
- 1 x cone roof tank
- Requiring inspection, scope, refurbishment, testing & painting

VIVA CLYDE (THREE TANK MAINTENANCE PACKAGE)

VIVA, Clyde

- Clean & gas free tanks in preparation for hot work
- Repair works on each tank for compliance with API650/653
- Installation of aluminium geodesic roofs
- Protective coating of each tank

OUR PEOPLE

Safety

- Our Total Injury Frequency Rate (TIFR) reduced 50%
- Introduced MYOSH safety management software system
- 7 years LTI & MTI free at our Kwinana Refinery Site in WA
- No LTI's in any division for the last 2.5 years

Workforce

- Average workforce around 150 (125-185)
- Apprentices = 4
- Female workforce = 10%

Our people are the distinguishing difference in our success on all our projects. Our long tradition of self performing these projects with our own permanent workforce continues to drive innovation and excellence at all levels of Saunders.



Winners of the Chairman's Award for Innovation 2015

Strategic Objectives

- Build the foundation for future growth
- Provide direct services to clients as an EPC contractor (Engineer, Procurement, Construction) & multi discipline project execution
- Diversify our engineering construction business
- Pursue structural mechanical & piping opportunities (SMP)
- Diversify the maintenance business with our Asset Services Group & expand our presence in new markets including remedial maintenance

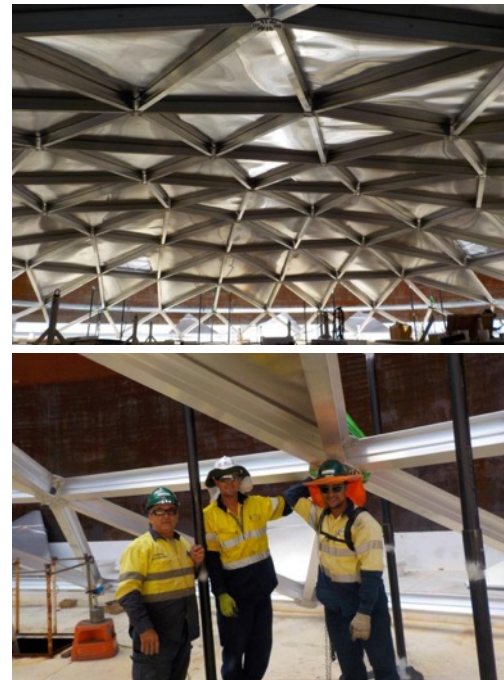
How will we achieve this

- Organic growth (Increase internal resources)
- Pursue joint venture opportunities
- Acquisition



OUTLOOK

- Backlog steady at \$22M (doesn't include preferred contractor status of +\$10M in maintenance contracts)
- Live tenders up from \$78M to \$110M
- Project pipeline (yet to be tendered) up from \$115M to \$170M
- Shortlisted on major EPC terminal project
- Increased industry activity of feasibility study and FEED design work (Front End Engineering Design) for new terminals and terminal expansions
- Market conditions remain challenging with our customers reducing capital and operating costs
- Strong balance sheet and no debt
- Continue with diversification strategy
- Focus on initiatives to reduce costs and increase project margins
- Improved second half subject to timing of projects



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