



SAUNDERS INVESTOR PRESENTATION ACQUISITION OF PIPING SOLUTIONS

Wednesday, 8 November 2023

Today, Saunders International Limited (ASX: SND) (“Saunders” or “the Group”) announced it has agreed to acquire Piping Solutions. The attached presentation provides additional information to investors about Piping Solutions.

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.



Investor Presentation

Acquisition of Piping Solutions

Specialists in the fabrication, installation and maintenance of steel pipelines, structures, pressure vessels, and refuelling systems.

8 November 2023

ASX Announcement

Saunders International Limited (ASX: SND) ("Saunders" or "the Group") announced on 8 November 2023 it has agreed to acquire Piping Solutions.

They specialise in the fabrication, installation and maintenance of steel pipelines, structures, pressure vessels, and refuelling systems for the Defence, Aviation, Energy and Infrastructure industries.

Completion of the acquisition is subject to customary conditions, including change of control consents.

Transaction highlights

- Continued execution of Saunders' strategic expansion into the Defence sector and addition of complementary capabilities across complex steel piping fabrication, installation and maintenance. This will provide a more attractive vertically integrated offering and enable better penetration into New Energy markets.
- Purchase is funded from Saunders' cash reserves and the issue of new shares in Saunders.
- Piping Solutions' QLD-based management team will continue in their roles post-completion.
- The acquisition will be earnings per share ('EPS') accretive in FY2024.
- Piping Solutions generated FY2023 revenue of \$40.8 million and adjusted Earnings Before Interest and Tax ('EBIT') of \$3.60 million. Saunders is acquiring the business with effect from 1 November 2023.
- Piping Solutions will continue to deliver project services to their existing clients as part of the broader Saunders offering.

Key transaction terms

- Saunders has agreed to acquire the Business and Operating Assets of Piping Solutions, cash-free and debt-free, for a purchase price of up to \$20.0 million.
- The purchase price is based on an initial instalment of \$13.0 million and a second instalment of up to \$7.0 million, subject to the achievement of Piping Solutions' Earnings Before Interest and Tax ('EBIT') targets for the 12-month earn-out period commencing from 1 November 2023.
- The acquisition is funded from Saunders' cash reserves and from the issue of new shares.
- The initial instalment of \$13.0 million will be paid in cash (\$6.50 million) and equity (\$6.50 million, based on the 30-trading day Volume Weighted Average Price of Saunders shares prior to completion). The second instalment, subject to achievement of earn-out EBIT targets, will be paid in cash (50%) and equity (50%).
- The acquisition is structured to promote the continued performance of Piping Solutions.

About Piping Solutions

- Piping Solutions specialises in the fabrication, installation and maintenance of steel pipelines and piping systems, steel structures, pressure vessels and refuelling systems at the high end of quality and complexity. Industries include Defence, Aviation, Energy and Infrastructure.
- Piping Solutions was established in 2004, is based in QLD and employs approximately 100 team members across Management, Engineering and Operations, located at the Brisbane Head Office and various project sites across QLD, NSW and the NT.
- Piping Solutions' existing Directors, Mr Linkon Allan and Mr Rowley Hill and the management team, including Executive General Manager Shane Tynan have committed to continue their roles in the combined Saunders Piping Solutions business. The team is aligned to Saunders' values and One Team culture.



Alignment to Saunders



Benefits for Saunders

- Saunders anticipates the acquisition will be EPS accretive in FY2024. Piping Solutions generated FY2023 Revenue of \$40.8 million and adjusted Earnings Before Interest and Tax ('EBIT') of \$3.60 million. Saunders' acquisition takes effect from 1 November 2023.
- The acquisition of Piping Solutions accelerates the execution of Saunders' strategic expansion into the Defence sector and delivers complementary capabilities across steel piping fabrication, installation and maintenance.
- The high-end skills Piping Solutions bring will enable a vertically integrated offering that will allow capture of increased revenue across a range of projects and broaden Saunders' target markets.
- The combination of Piping Solutions' core services, with Saunders' multidisciplinary construction and control systems expertise, creates a compelling project management and delivery capability.

Benefits for Saunders (cont.)

Piping Solutions' specialist skills will form a foundation for Saunders' entry into New Energy markets including:

- Green hydrogen infrastructure;
- Green liquid ammonia infrastructure;
- Natural gas infrastructure upgrades to facilitate the transition away from coal;
- Green biofuel refining and distribution;
- Waste to energy infrastructure; and
- Water and wastewater infrastructure.

Piping Solutions is a partner in Scaling Green Hydrogen CRC (see right).



SCALING GREEN
HYDROGEN CRC

Driving the rapid expansion of green hydrogen's role in the global economy.



Piping Solutions Key Clients

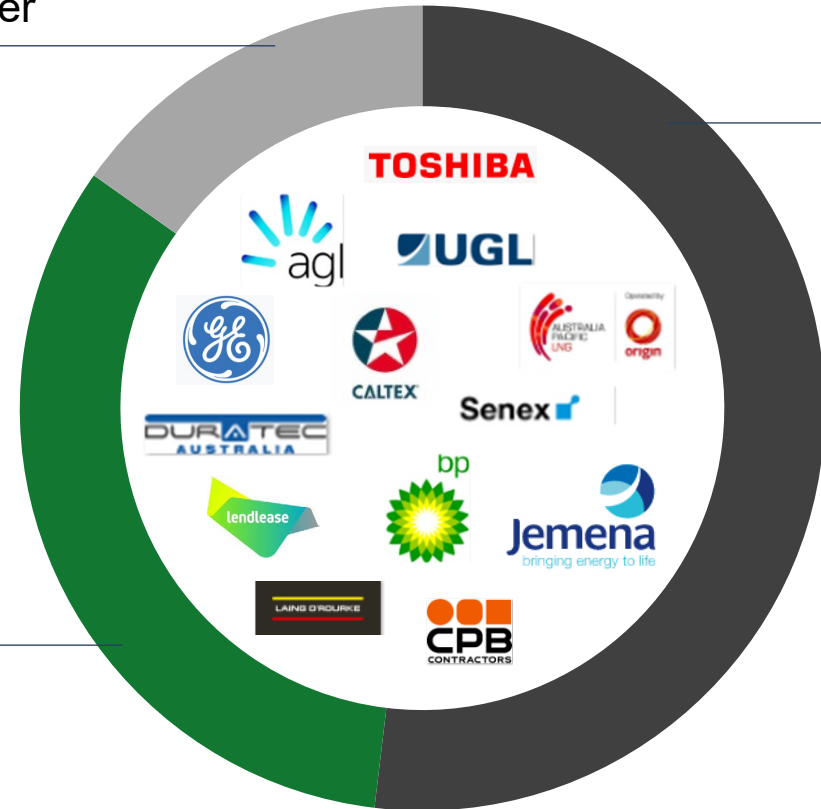
“Our clients choose and trust our expertise in piping fabrication and installation for extreme temperate and pressure applications, often within major hazard facility environments.”

Linkon Allan & Rowley Hill
Directors, Piping Solutions

Mining / Power

Oil & Gas

Defence Fuels



Key sector: Defence

Piping Solutions have been awarded multiple contracts in the Defence sector, including:

- \$25 million contract to install aviation fuel infrastructure for the new aviation fuel farm on RAAF Base Tindal in Katherine, NT.
- Installation of fuel infrastructure at RAAF Richmond.
- Installation and commissioning of fuel reticulation systems at HMAS Garden Island.
- Multiple projects at RAAF Amberley to install fuel hydrant lines supporting the introduction of new Defence aircraft including Growler, C17 and the 27J Battlefield Airlifter.
- Defence fuel installation maintenance contract across six sites.



Key project: Western Sydney Airport New Hydrant Line

- \$20 million fuel infrastructure contract for the installation and commissioning of 10.5km of aviation fuel hydrant lines for the new Western Sydney International Airport passenger terminal.
- The project leverages the skills, experience and capabilities developed from works undertaken in previous Defence Energy infrastructure projects.



Important information for investors

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The presentation contains certain forward-looking statements which have not been based solely on historical facts but, rather, on Saunders' current expectations about future events and on a number of assumptions which are subject to significant uncertainties and contingencies many of which are outside the control of Saunders and its directors, officers and advisers.

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Piping Solutions Acquisition

Image: Western Sydney International Airport