



SAUNDERS ACQUIRES PIPING SOLUTIONS

Wednesday, 8 November 2023

Saunders International Limited (ASX: SND) ("Saunders" or "the Group") today announces 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.
- The purchase of Piping Solutions 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.

About Piping Solutions

Piping Solutions specialises in the fabrication, installation and maintenance of steel pipelines and piping systems, steel structures and pressure vessels, including fuel installations, 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 continuing their roles in the combined Saunders Piping Solutions business. The team is aligned to Saunders' values and One Team culture.

Benefits for Saunders International

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.

Importantly, Piping Solutions' specialist skills will form a foundation for 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.

The combination of Piping Solutions' core services with Saunders' multidisciplinary construction and control systems expertise, creates a compelling project management and delivery capability. Please see attached Investor Presentation for further information.

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 cash consideration will be funded from Saunders' cash reserves. The acquisition is structured to promote the continued performance of Piping Solutions.

Key Management and Personnel

Piping Solutions' Directors, along with Piping Solutions' management team, have agreed to continue in their positions post-completion. Linkon Allan, Rowley Hill and Shane Tynan said, "We are excited to join the Saunders team. There is a strong alignment between our businesses, both culturally and strategically, as well as operationally. Bringing our teams together is a logical progression, positioning both Piping Solutions and Saunders for future growth."

Saunders' Managing Director and Chief Executive Officer, Mark Benson said, "We are pleased to have executed the acquisition of Piping Solutions and we look forward to welcoming Linkon, Rowley, Shane and all the Piping Solutions team into Saunders. The acquisition will expand Piping Solutions' existing capabilities and reach, while enhancing Saunders' service offering to our existing clients and further accelerate Saunders' expansion into the Defence sector."

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.