ASX ANNOUNCEMENT

14 November 2012

2012 Annual General Meeting CEO's Address

Engenco Limited (ASX:EGN) (**Company**) attaches a copy of the CEO's address at the 2012 Annual General Meeting for the Company held on 14 November 2012.

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Engenco Limited

Annual General Meeting – 14 November 2012

Address to Shareholders by Dennis Quinn, Chief Executive Officer

I would first like to address Engenco's work around providing a safe work environment. Some time ago we introduced our Make Safe group wide safety platform. Through this platform we are leveraging skills to provide integrated policies and processes around safety in the workplace. We are driving towards a culture of continuous improvement. Although improving workplace safety is a never-ending task and we have much work to do we are pleased that our performance continues to improve in this area.

Our employees are very important to us at Engenco. We have a mix of experienced employees who hold great knowledge and who have stuck with us in some trying times while delivering what customers need, and those new employees who bring fresh ideas and experience to the company. The majority of employees are within our Drivetrain and Gemco businesses, although Momentum, being a labor hire business has a large number of employees as well. As you can see from the geographic split most are based in Australasia, with a much smaller proportion in Europe and just a few in America where we are looking to grow our Drivetrain business based around the HS Turbocharger in particular. We are proud of our employees and thank them for their efforts and dedication to the company and our customers.

As noted earlier, despite the patchy financial performance we are confident about the revenue base of the company. At the primary level and in the short term, those stable and sustainable core revenues come about due to the presence of a large number of long term relationships, the fact that we have footprint in key locations, the intellectual property we hold in key product areas and a well-established service support capability in both the Drivetrain and the rail businesses. The key drivers that will see growth in that revenue in the short to medium term are our investments in the Gastrain capability, where we are already making gains in MRO (maintenance repair overhaul) work and have some interesting opportunities to pursue; as well as the HS Turbocharger market development with a product that has further potential applications in markets across Europe, Asia and America. We have already invested in key productivity improvements for our manufacturing areas, with equipment like our new bearing washer and wheel lathe going into place, and have invested in improving the productivity and service delivery of our workshops.

In the long term we see the opportunity to grow revenue further by expanding capacity utilisation as well as benefitting from organic growth in demand for key Engenco products and services. The demand for energy efficiency is a positive for a number our businesses, particularly Drivetrain. We also remain confident that the infrastructure renewal and a more open market in rail will create growth opportunities for a company such as ours, and see that our exposure to the resources sector as a secondary supplier will be beneficial.

Whilst revenue is important to any business it isn't worth much if not translated to profit. Whilst our recent results have been disappointing we do feel that there are strong fundamentals that make us confident of achieving an acceptable return from the business. The fact that we have a diverse, stable mix of customers across the whole business is important - our customers are generally loyal and we see little 'churn'. Engenco does have important strategic OEM positions, both through our wholly owned IP and through important distribution arrangements with major industrial players. We have products and services that are in high demand, and can offer a range of value propositions. To take rail as an example - we can simply hire out labour, or offer training courses for others; we can dry hire a locomotive or provide a locomotive plus driver if required and then even provide the maintenance on that locomotive.

Working from this base of quality of earnings, we are focusing on building quality of margins. We are focusing on optimizing pricing and have already taken several important actions here. We are improving our supply chain management, and making very focused improvements in production processes, particularly in areas such as our wheel shop, bearing shop and in fabrication. Management is also driving great focus on minimising input cost and has already had some significant wins in this area following the establishment of a central procurement function in past months.

To maximize how much of that margin is translated to profit, we are managing overhead costs very tightly. The afore-mentioned capital raising and associated debt pay down will also help to reduce debt servicing costs.

Now let me review the two main business segments with you and talk about our outlook.

First is our Power and Propulsion segment, under the Drivetrain banner. As most would be aware Drivetrain provides products and services for heavy mobile powertrain systems, large frame turbo chargers, heavy diesel and gas power generation and gas compression equipment. It is important to know that a lot of this business is maintenance, repair and overhaul or MRO work. Other activities are based around large project work, distribution of parts and components including our own OEM field service.

In FY2012 our revenue in Drivetrain was down slightly year on year, but is stable overall. The decline versus previous years is due to the exit of non-strategic businesses such as Eden Cryogenics, as previously announced to the market. EBITDA levels in 2012 did not match the high level of FY11 when some very large own-OEM component sales were not repeated. As a group we were pleased to secure an exclusive agreement with Sage Energy - a key supplier of gas compression packages from Canada, and to have improved our network coverage by expanding or upgrading facilities in Singapore, Auckland, Adelaide and Newcastle.

In 2013 we expect revenue to be largely stable. There will be growth in core product segments such as gas compression and HS Turbo, but that is offset by exit of some low margin revenue streams such as Fleet fluid connectors. We are very focused on improving margins and efficiencies and will be managing working capital better by optimizing supply chain management which should result in better inventory control. We are seeing some impact from the softening of resources, particularly in coal mining but have managed to offset this with revenue from hard rock mining areas and other projects.

The second major portion of the business is our Rail and Road segment. Rail is made up of our CERT training business, Momentum which provides workforce provisioning, the Greentrains rolling stock leasing business and finally Gemco itself which provides rail products and services. In the road transport segment we have Convair, a market leader in Australia for dry bulk tanker manufacture.

In FY 2012 this segment saw a slight increase in revenue on a combined basis, but a drop in EBITDA. Highlights for the year were the near completion of the installation of the bearing wash machine and wheel lathe in Forrestfield WA, and the growth in service work for external customers‘ rail fleets. Greentrains performed well, with a large proportion of the fleet remaining on lease throughout the year and we refinanced. CERT achieved good growth off a small base, and Convair continued to perform well because of efficiency gains made through the introduction of ‘lean’ manufacturing concepts.

The outlook in the rail business in 2013 is positive, and we will be very focused on leveraging the investments made previously to improve efficiency in our workshops. Now that the equipment is installed we are optimizing workflow and processes, underpinned by the adoption of lean principles. Throughput is consequently expected to accelerate over the rest of the year.

There is planned growth in Momentum's business on the back of new contracts already in place in the Pilbara and on the East coast. We expect strong performance from Convair again, and will be working progressively through our plan to introduce a partner into the Greentrains business, to provide debt, equity, or even rail assets to drive growth. CERT is expected to grow as the rail industry continues to seek training and the market opens up in certain States.

Overall we expect material improvements in full year profitability in FY13. Management has a major focus on lifting margins through optimised pricing and reducing costs. We are continuing to drive operational improvements, and through tools such as SAP we have much increased ability to plan in detail, report rapidly and hold business units accountable for performance. These initiatives are for the most part in place or being implemented as we speak, and so we expect the impact to accelerate and start flowing to the bottom line. Full year guidance remains in the range of $6-9m, although predominantly weighted to the second half.

We reiterate the same risk factors as discussed in the recent Investor Presentation, but see neither an increase nor decrease in the level of risk as of now.

Summarising the outlook versus last year, one can see that revenues are largely flat with areas of growth being offset by others of slowing sales or business exit. However the forecast shows a significant improvement in EBITDA based on the many improvement initiatives underway. We do expect the impact of these to accelerate in the second half.

Overall whilst the business still has some challenges we feel significant progress has been made. We have many initiatives in place or committed to that will continue to improve the company. We thank you for your patience and look forward to your participation in the future of Engenco.

Thank you.

Dennis Quinn

CEO