



Engenco

Chairman's Address
Vince De Santis, Chairman
22 November 2017

2017

AGM PRESENTATION



Performance

- Net profit increased more than threefold
- Strong cash flow
- Improved balance sheet
 - No debt
 - Elph facility extended to 30 April 2019
- No significant intangible assets

NPAT

\$8.5m

FOR FY2017

Capital Management

- First dividend paid in over a decade
- Franking credits available
- Shareholder purchase plan enabled top-up opportunity, raising \$473,000
- Share Sale Facility sold 389,629 shares for 518 shareholders

DIVIDEND
0.5c
FOR FY2017



Engenco

Managing Director's Address
Kevin Pallas, Managing Director & CEO
22 November 2017

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About Engenco



- A group of diverse industrial businesses with strong engineering capabilities
- Operating across Australia, Europe, Asia and the Americas
- Well established businesses specialising in the Power and Propulsion and the Rail and Road sectors
- Servicing the resources, rail, transport, defence, maritime and power generation industries

Financial highlights of the year

Revenue (from continuing operations) \$'000



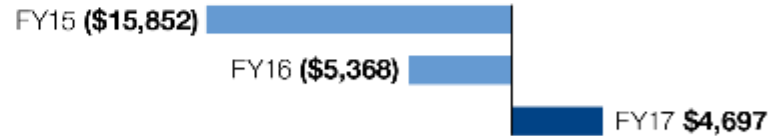
NPAT (from continuing operations) \$'000



EBITDA (from continuing operations) \$'000



Net Cash/Debt \$'000



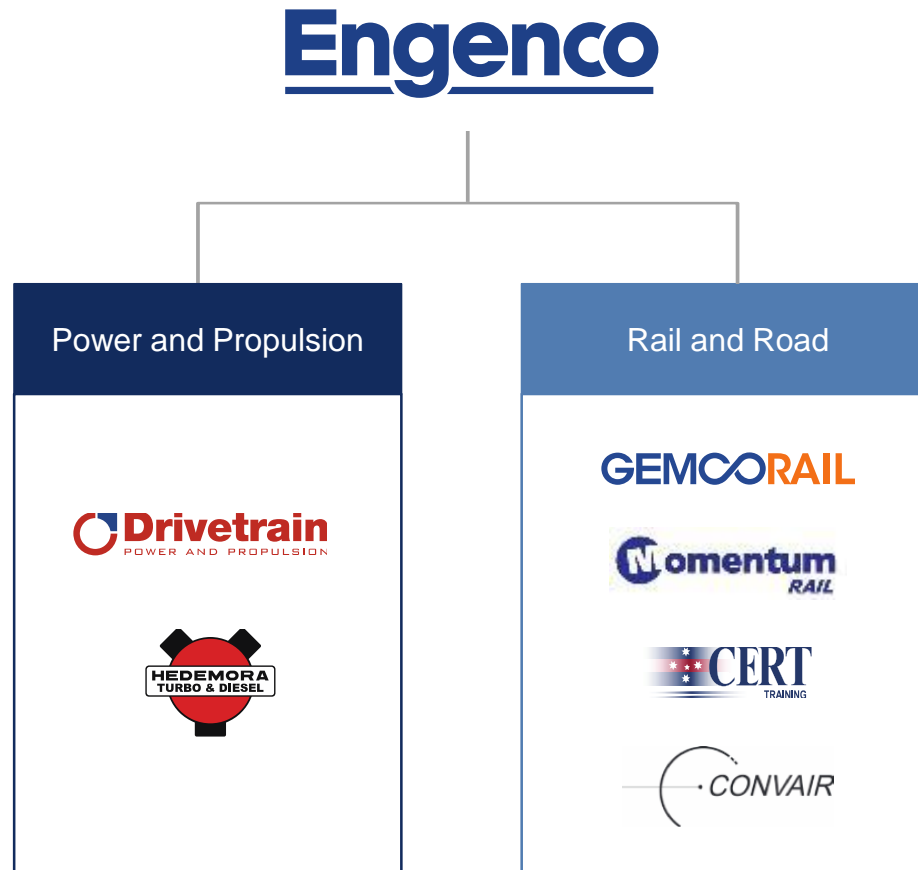
Final Dividend:

0.5c

Operational highlights for the year

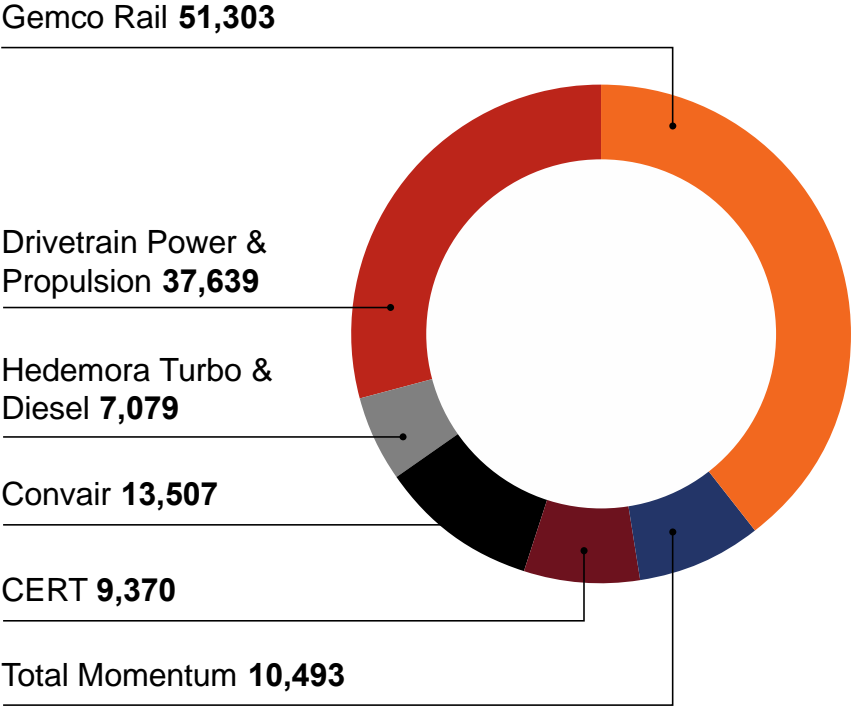
- Driving a culture of personal responsibility for Workplace Health and Safety through our safety management system and safety brand 'MakeSafe'
- Buoyant Power and Propulsion components and parts sales into the defence industry and new market entry
- Completed development of new higher air volume turbocharger
- Strong Gemco Rail performance capitalising on larger rail operators' increased maintenance outsourcing led to EBITDA more than double the previous year
- Increased utilisation rates and productivity improvements in Momentum business
- Investment in modernising training assets helped set CERT training delivery above competitors
- New, unique design Convair steel tanker well received by customers

Divisional structure

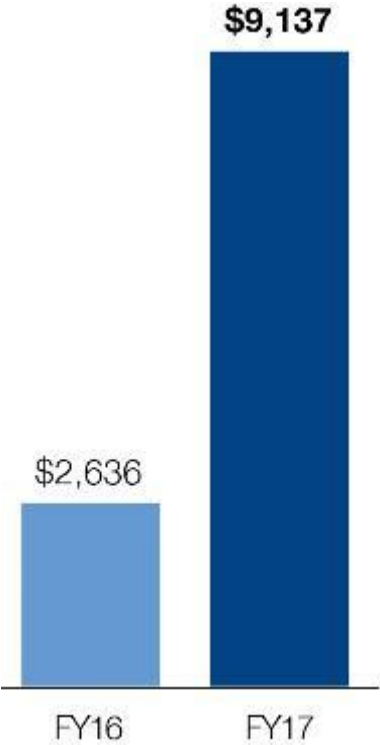


Revenue and EBIT

Revenue* by business unit \$'000



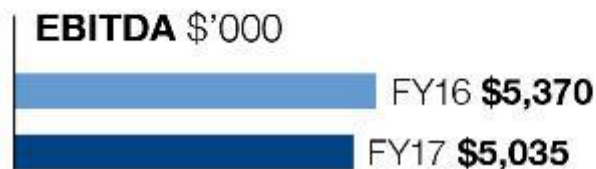
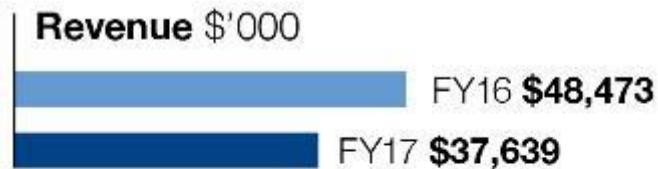
Consolidated EBIT* \$'000



* From continuing operations

Overview

- Mobile Powertrain genuine component and spare parts distribution
- Maintenance, repair and overhaul work
- Technical and engineering services



Achievements

- Captured demand in the mining sector
- Maintained good volumes in the defence sector
- Enhanced distribution agreements with key suppliers

Outlook

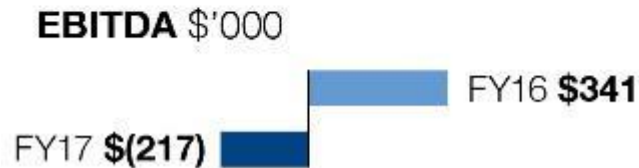
- Further growth prospects, particularly in the mining sector
- Expanded Mobile Powertrain product portfolio
- New product offerings in the Power & Compression business



HEDEMORA TURBO & DIESEL

Overview

- Hedemora Diesel Engines full aftermarket services, reconditioning and engineering support
- Design, manufacture and supply of a range of HS Turbocharger products



Achievements

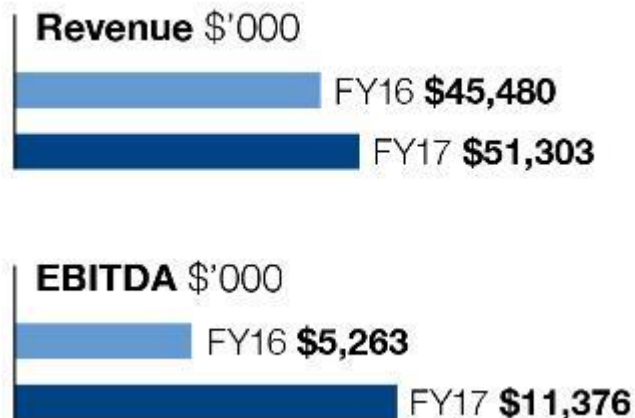
- Development of high performance HS7800 Turbocharger
- Early life-cycle development of HS Turbocharger markets
- Ongoing support of the Hedemora Diesel Engines

Outlook

- New generation large engine turbocharger developed and in early stage life-cycle
- Continued life-extension support for Hedemora Diesel Engines

Overview

- Locomotive and wagon maintenance and refurbishment services
- Rail sector wheelset, bearing and bogie services
- Engineering, design and manufacturing services



Achievements

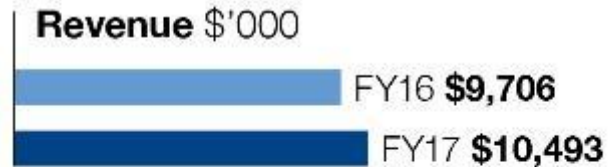
- Strong revenue growth in the Forrestfield (Perth) wheel and bearing refurbishment shops
- Increased utilisation of the PQGY wagon fleet
- Establishment of alliances with major rail equipment manufacturers

Outlook

- Anticipated growth in rail freight sector
- Expanded components and spares product range
- Further growth opportunities with key customers through Gemco Rail's strategic locations

Overview

- Highly skilled rail operations personnel
- Track protection services
- Rail infrastructure maintenance services



Achievements

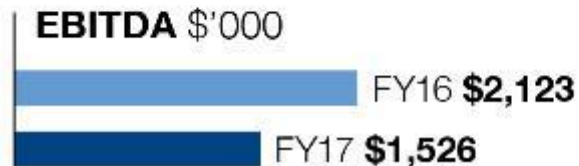
- Revenue growth from the provision of rail operations workforce services to national freight rail operators seeking outsourced solutions
- Reduction in operational costs delivering improved profitability for the business

Outlook

- Revenue growth opportunities from the provision of rail operations workforce services, as national freight rail operators continue to seek flexible staffing arrangements
- Rail infrastructure projects ramping-up

Overview

- Registered Training Organisation (RTO)
- Nationally recognised training services
- Development and implementation of training programs



Achievements

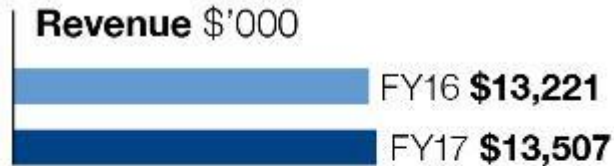
- Significant investment in compliance and courseware development during the period
- Solid revenue performance in Eastern States whilst WA remained subdued after reduction in government funding
- Expansion of the national branch footprint and increased scope of services provided

Outlook

- Potential for growth as the National Regulator increases focus on compliance
- Likely increase in government-funded training programmes
- Infrastructure projects driving training requirements

Overview

- Design and manufacture of dry bulk goods tankers for road transportation
- Distribution of imported aluminium dry bulk tankers
- Maintenance, repair and overhaul, parts sales and servicing capability



Achievements

- Improved production efficiency (including a new tanker design) resulting in cost savings
- Growth in quality and quantity of orders towards the end of the reporting period
- Steady growth in the fleet servicing and maintenance & repairs business

Outlook

- Further development of the Convair high-quality product and associated technologies
- Potential for revenue growth from a general resurgence in the construction industry

People and culture



- A healthy, productive and resilient workforce
- All employees have an active role in promoting a safe workplace through OHS forums, safety committees at major sites and encouraging hazard reporting
- Online training courses up-skilling employees
- Investment in developing future leaders
- Employer-supported further education
- Contemporary Equal Employment Opportunities (EEO) policies
- An industry-leading Employee Assistance Program

Group strategy



Outlook



- Positive momentum from FY17 continuing
- Continuing buoyant business conditions in most markets
- Strong cash generation
- Continued financial discipline and efficiency gains
- Elph loan fully repaid, currently undrawn
- Group revenue and business profitability ahead of management expectations
- Material improvement in FY18 result anticipated
 - Assumes economic conditions remain positive

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