

Engenco

2020 AGM Presentation



Engenco

GEMCORAIL CONVAIR

Drivetrain

HEDEMORA
TURBO & DIESEL

Momentum

CERT

Your Board

Vincent De Santis BCom, LLB (Hons)

Chairman since 24 March 2016, Non-executive Director since 19 July 2010, Member of Audit and Risk Committee since 31 July 2013.

Kevin Pallas BCom, MAICD

Member of the board since 17 December 2014, Managing Director & CEO since 1 February 2015.

Dale Elphinstone AO FAICD

Non-executive Director since 19 July 2010.

Alison von Bibra BSc, MBA

Independent Non-executive Director and Member of the Audit and Risk Committee since 17 January 2017.

Ross Dunning AC BE (Hons), BCom, FIE Aust, FIRSE, RPEQ

Independent Non-executive Director and Member of Audit and Risk Committee since 8 November 2010, Chairman of Audit and Risk Committee since 21 February 2017.

Scott Cameron BCom, FCA, FAICD

Non-executive Director since 1 September 2020.



Pictured above from left: Dale Elphinstone, Vincent De Santis, Kevin Pallas, Alison von Bibra, Ross Dunning and Scott Cameron.

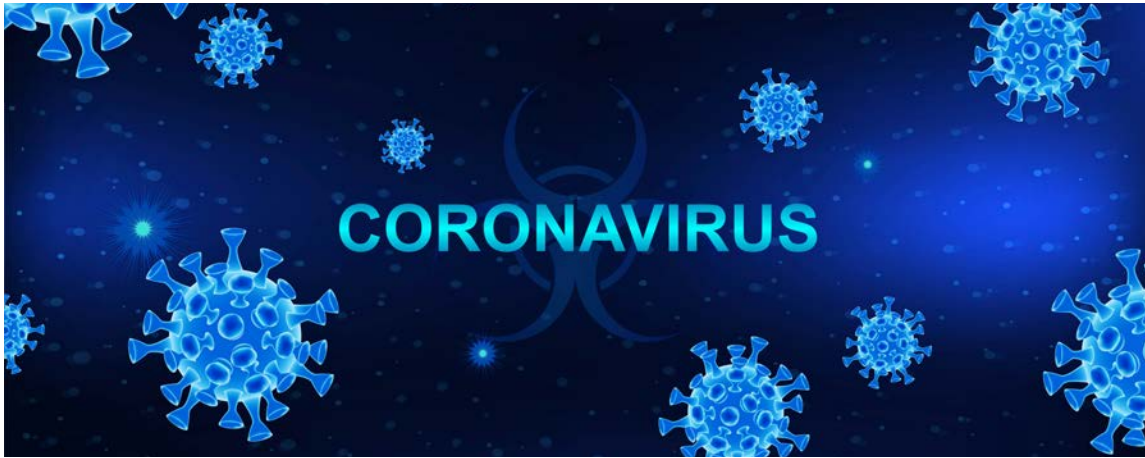


Chairman's Address

Vince De Santis



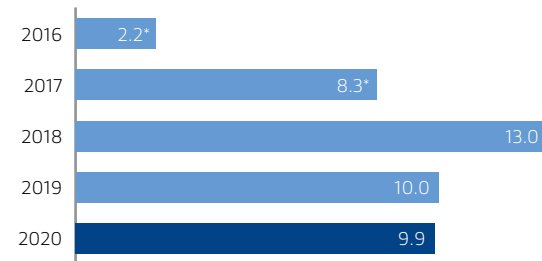
2020, A Year to Remember



Financial Performance

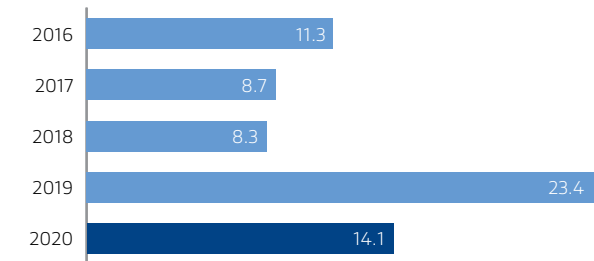
The Engenco Group continued its multi-year strategy to increase market share through greater capacity, capability and product innovation in FY20.

NPBT (Adjusted) (\$m)*

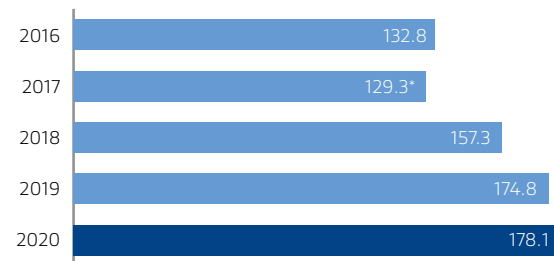


*Adjusted for gains on capital wagon sales.

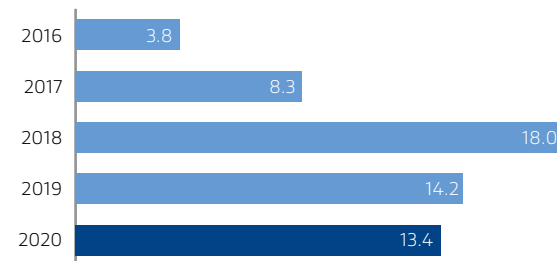
Net Cash (\$m)



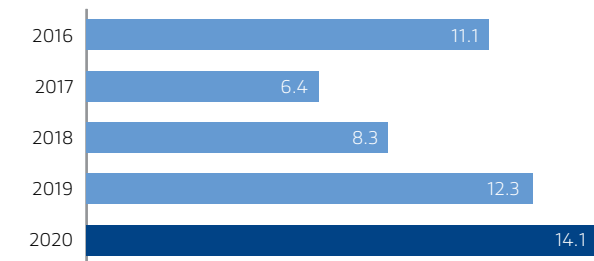
Revenue (\$m)



NPAT (\$m)



Net Operating Cash Flow (\$m)



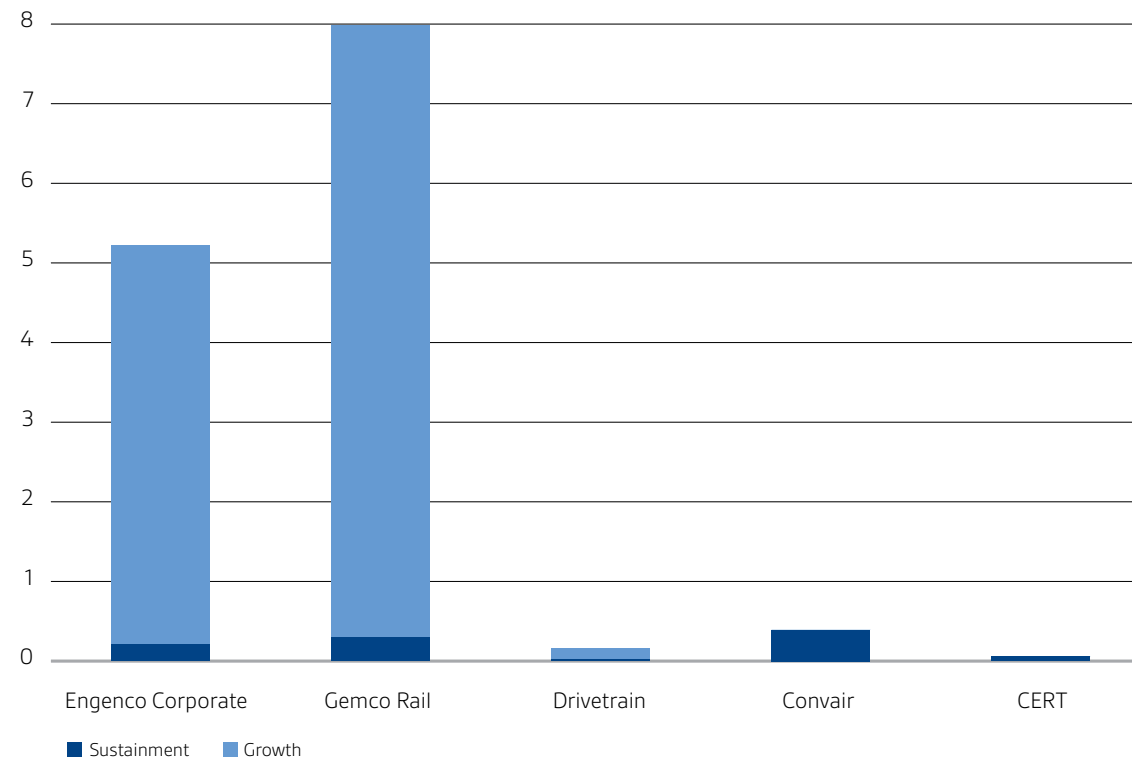
Sustainment and Growth

Our capital investment program continued throughout the year with over \$13.8m being invested in growth and sustainment projects.

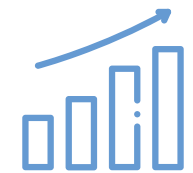
Investments included:

- The acquisition of 1.3 hectares of land in the rail maintenance precinct of Forrestfield, Western Australia (included in Engenco Corporate Capex).
- The establishment of the new Gemco Rail facility in Gladstone.

Capex by Business Unit (\$m)



\$12.8m
GROWTH

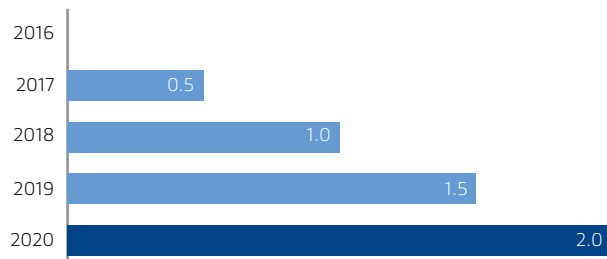


\$1.0m
SUSTAINMENT

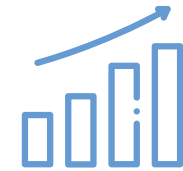
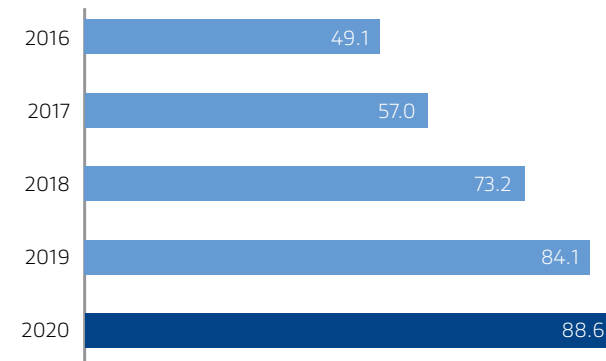
Rewarding Shareholders

- The first interim dividend in over a decade — a fully franked payment of 0.5 cents per share — was paid in March.
- A final dividend for FY20 of 1.5 cents per share (fully franked) paid on 29 September 2020.
- \$6.55 million franking account balance as at 30 June 2020.

Total Dividend (cents)



Net Assets (\$m)



5.4%

**INCREASE IN
NET ASSETS**



14.6%

**5 YEAR CAGR
NET ASSETS**

Governance & Operations



New Division: Workforce Solutions

- Combination of CERT and Momentum business units.



Outlook

- Positive momentum has continued in FY21 despite COVID challenges.



Board

- Retirement of Ross Dunning
- Appointment of Scott Cameron.



Managing Director's Address

Kevin Pallas

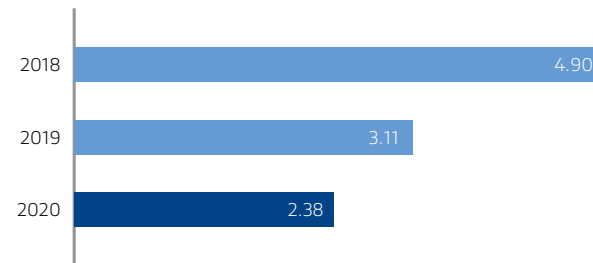


Health and Safety Performance

Safety is of paramount importance and we are continually seeking ways to improve performance.

- Centralised HSEQ team “Make Safe” reviews policy and procedures, audits each site on a rotating basis.
- 41 Internal Quality Process audits and 19 WHS site audits performed in FY20.
- Rolled out the “Take 5” mobile application, and conducted 7,022 task risk assessments.
- Group LTI Rate decreased from 3.11 to 2.38 and the FAI Frequency Rate (First Aid Injury) reduced from 40.39 to 20.50, a YOY reduction of 31% and 49% respectively.
- FY21 will focus on developing safety leadership.

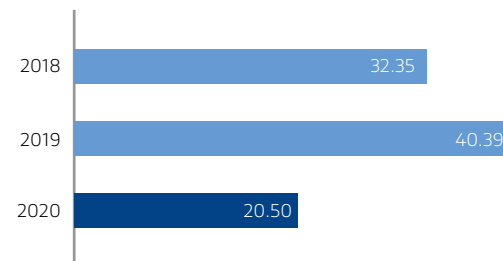
Lost Time Injury Frequency Rate



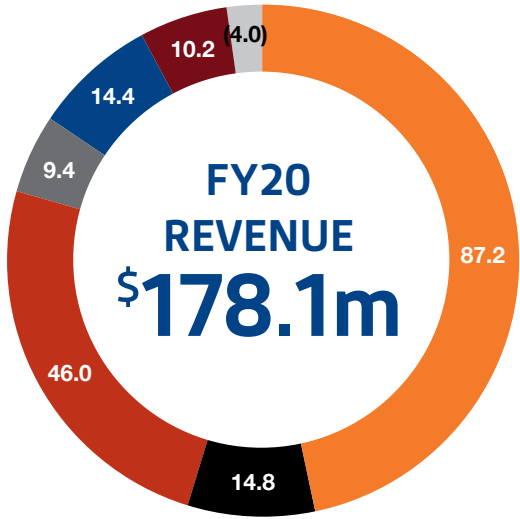
2.38

**LOST TIME INJURY
FREQUENCY RATE**

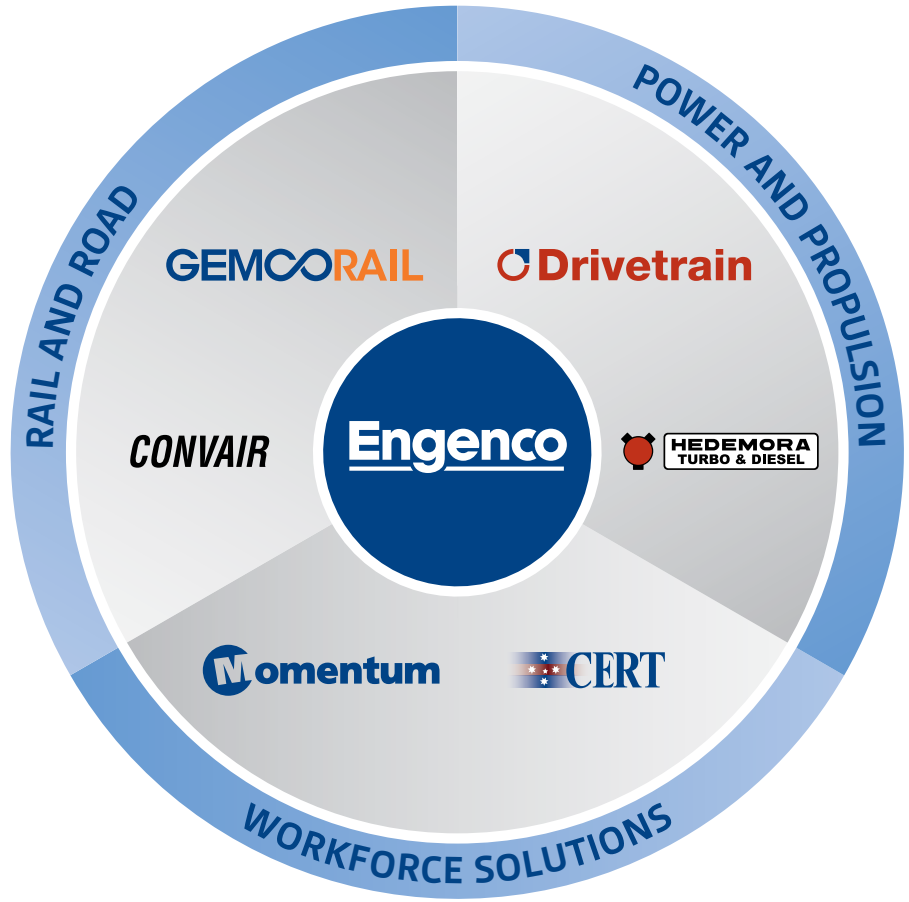
First Aid Injury Frequency Rate



Business Overview



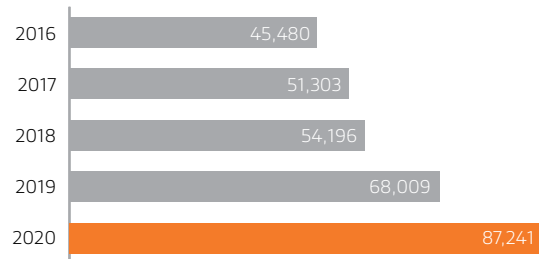
- | | |
|--|--|
| <p>Rail and Road</p> <ul style="list-style-type: none"> ■ Gemco Rail ■ Convair | <p>Power and Propulsion</p> <ul style="list-style-type: none"> ■ Drivetrain ■ Hedemora |
| <p>Workforce Solutions</p> <ul style="list-style-type: none"> ■ Momentum ■ CERT Training | <ul style="list-style-type: none"> ■ Other (including eliminations) |



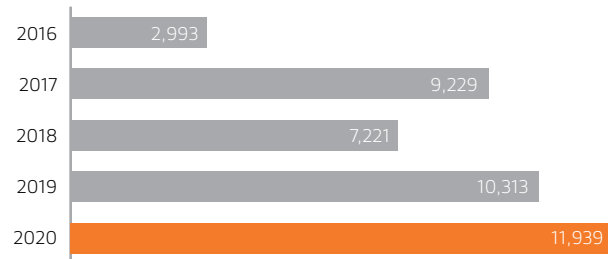
Rail and Road

GEMCORAIL

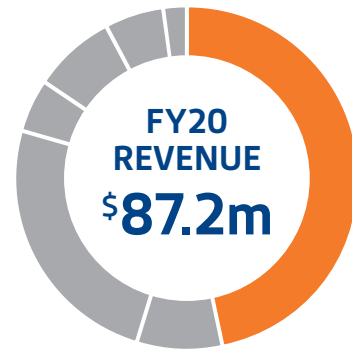
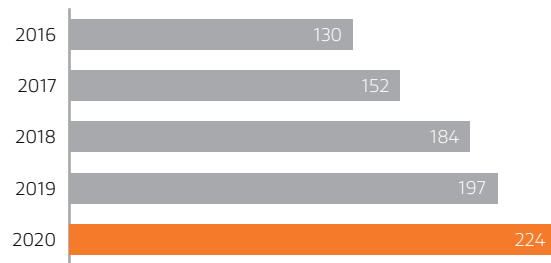
Revenue (\$'000)



NPBT (\$'000)



FTE* at 30 June



* Full time equivalent (FTE) employees

Gladstone rollingstock maintenance facility



Case Study: East Coast Expansion

Gemco Rail maintenance facility in central Queensland now operational.

- Supporting tier-one customers on Australia's east coast.
- 3,200 wheelsets produced, and over 8,000 bearings processed since January.
- Additional expansion opportunities exist for heavy rollingstock maintenance.



Growth

Penetrate Major
Customer Base

Expand
Product Offerings



Gladstone rollingstock maintenance facility

Rail and Road

CONVAIR

Revenue (\$'000)



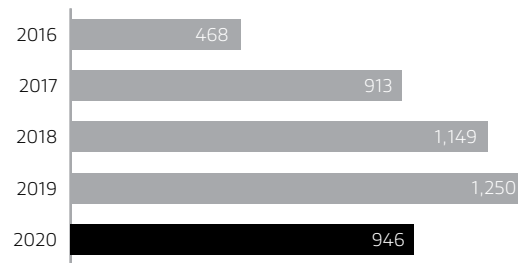
A-triple Convaair steel tanker

FTE* at 30 June



* Full time equivalent (FTE) employees

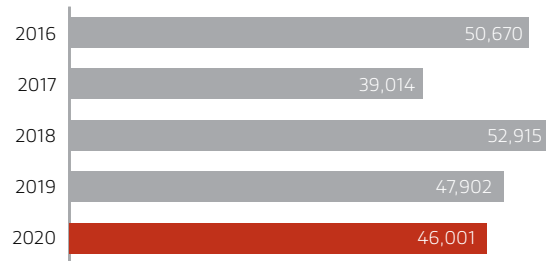
NPBT (\$'000)



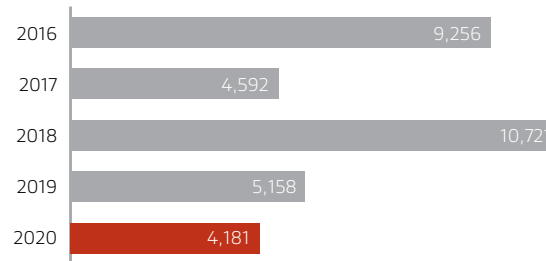
Power and Propulsion

Drivetrain

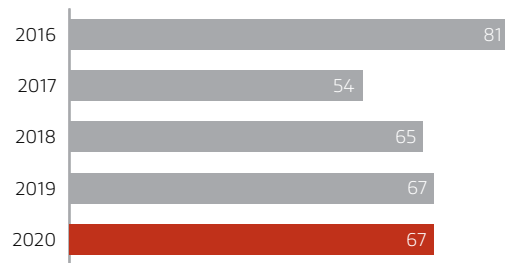
Revenue (\$'000)



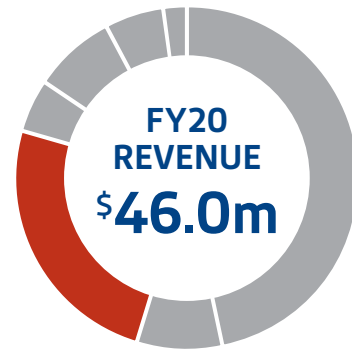
NPBT (\$'000)



FTE* at 30 June



* Full time equivalent (FTE) employees



Kovatera mining utility vehicle preparation

Case study: South Australia

New Drivetrain workshop in South Australia with greater capacity for larger projects.

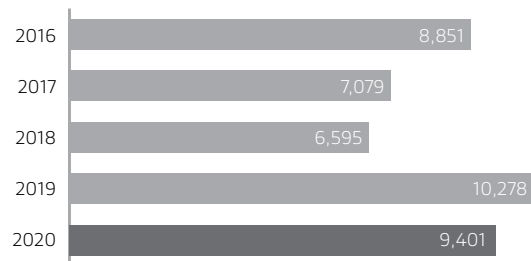
- Major machine component overhaul projects commenced in early 2020.
- Strong regional interest from new customers.
- Demonstrates the increased scale of projects undertaken by Drivetrain.



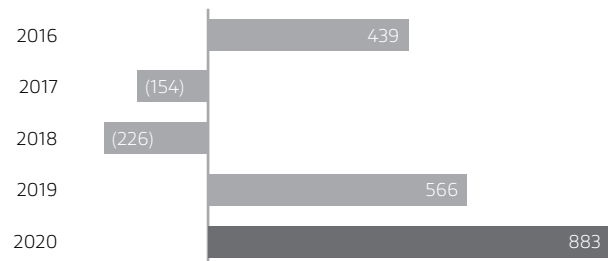
Power and Propulsion



Revenue (\$'000)



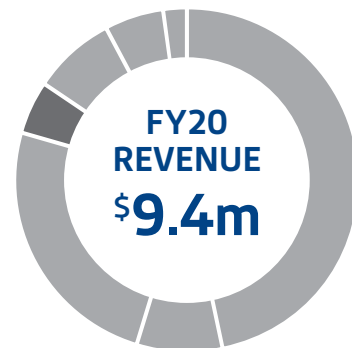
NPBT (\$'000)



FTE* at 30 June



* Full time equivalent (FTE) employees

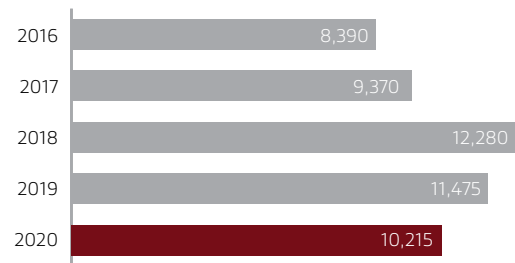


HS Turbocharger retrofit

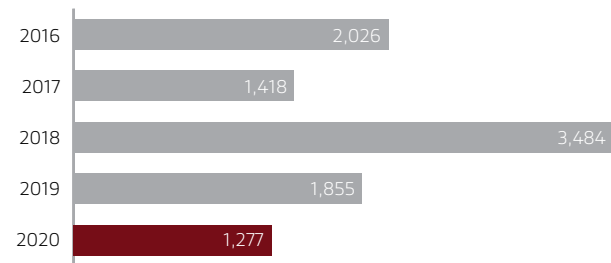
Workforce Solutions



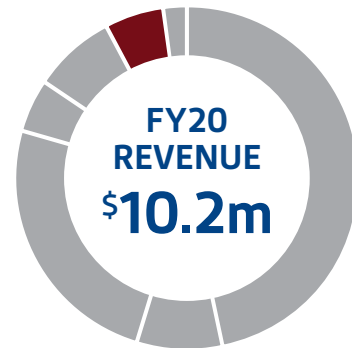
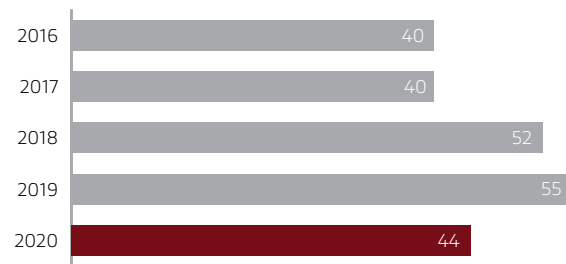
Revenue (\$'000)



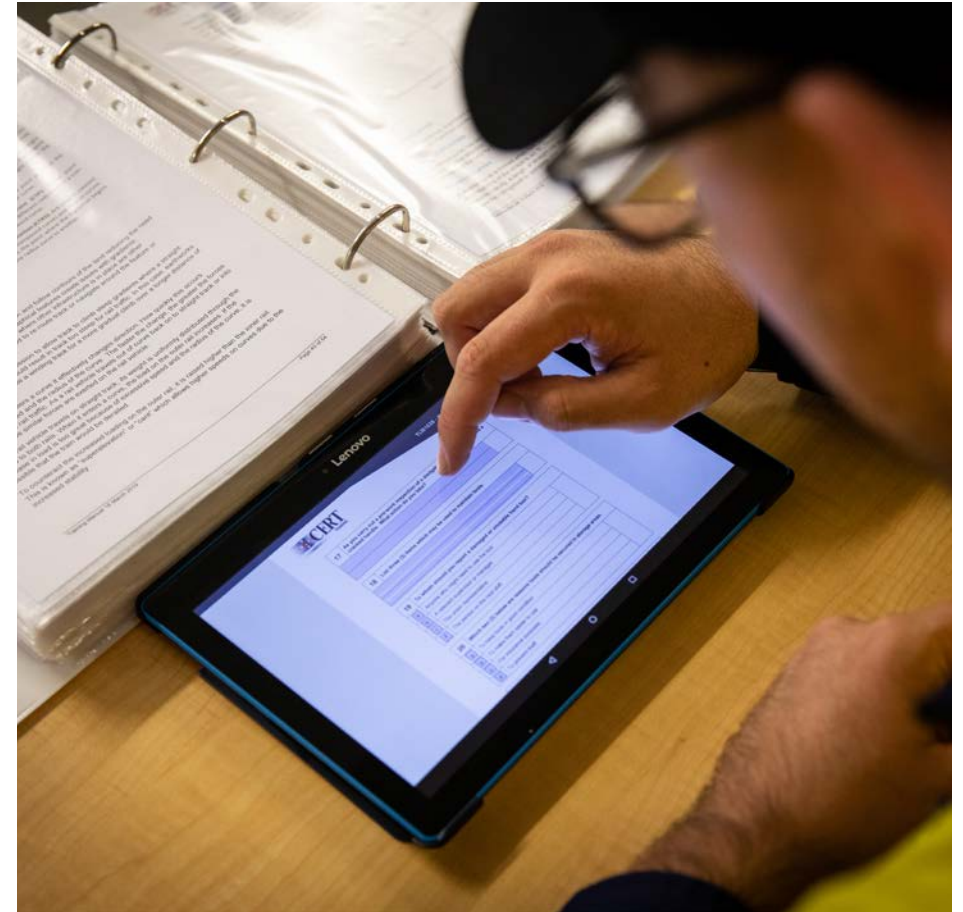
NPBT (\$'000)



FTE* at 30 June



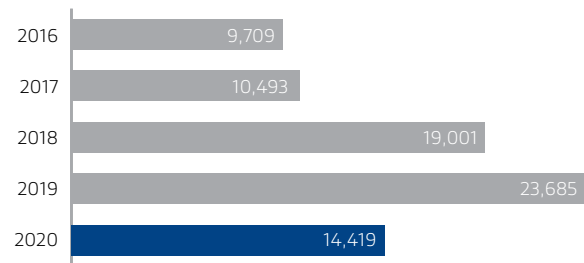
* Full time equivalent (FTE) employees



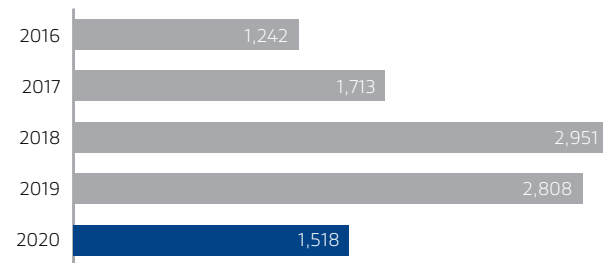
Workforce Solutions



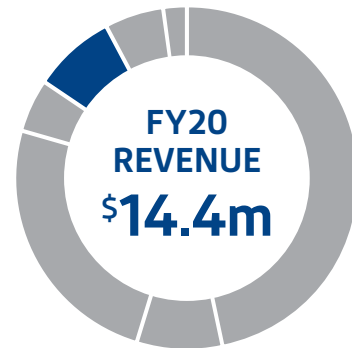
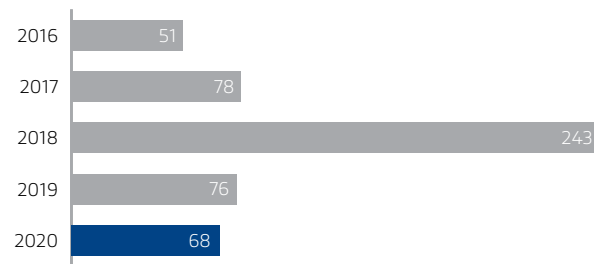
Revenue (\$'000)



NPBT (\$'000)



FTE* at 30 June



* Full time equivalent (FTE) employees



People and Culture

We aim to be a leading supplier of technical products and solutions to the transport, resources and defence markets, delivering superior value and returns.

- Continued investment in people to cultivate a constructive, high-performance culture.
- Growing our future workforce, training more apprentices and employing more young people.
- Elevating the workforce into one that is more engaged, responsible and accountable.

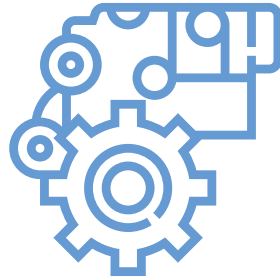


Group Outlook



Rail and Road

New expanded facilities are expected to address customer demand and make a strong contribution to profitability. Increased product range and innovative solutions will underpin further penetration of our major customer base.



Power and Propulsion

The recalibration of Drivetrain is realising benefits as services are streamlined and cost savings are realised. New capacity and innovative products match customer demand.



Workforce Solutions

New division formed to unlock the substantial synergies between Momentum Rail and CERT Training. The focus is on significant growth opportunities in mining and resources, logistics and other industrial sectors.

Outlook – Strategy

The Group will continue to support our customers' needs through a multi-year strategy to expand our range of goods and services and investment in people, plant and technology.

This will deliver long-term customer benefits and a sustainable future.



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Contact us

Kevin Pallas

Managing Director and CEO

T +61 3 8620 8900

E kevin.pallas@engenco.com.au

Paul Burrows

Company Secretary and Chief Financial Officer

T +61 3 8620 8900

E paul.burrows@engenco.com.au

engenco.com.au