

Welcome

Annual General
Meeting 2022



FY22 AGM Presentation



Board of Directors



Vincent De Santis

BCom, LLB (Hons)

Chairman since 24 March 2016, Independent 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 and 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.



Scott Cameron

BCom

Independent Non-executive Director since 1 September 2020, Chairman of Audit and Risk Committee since 18 November 2020.



Kelly Elphinstone

BBus (Marketing)

Non-executive Director and Member of the Audit and Risk Committee since 19 September 2022.



Chairman's Address

Vince De Santis



FY22 – The Year in Review

Chairman's Address



Chairman's Address



Chairman's Address



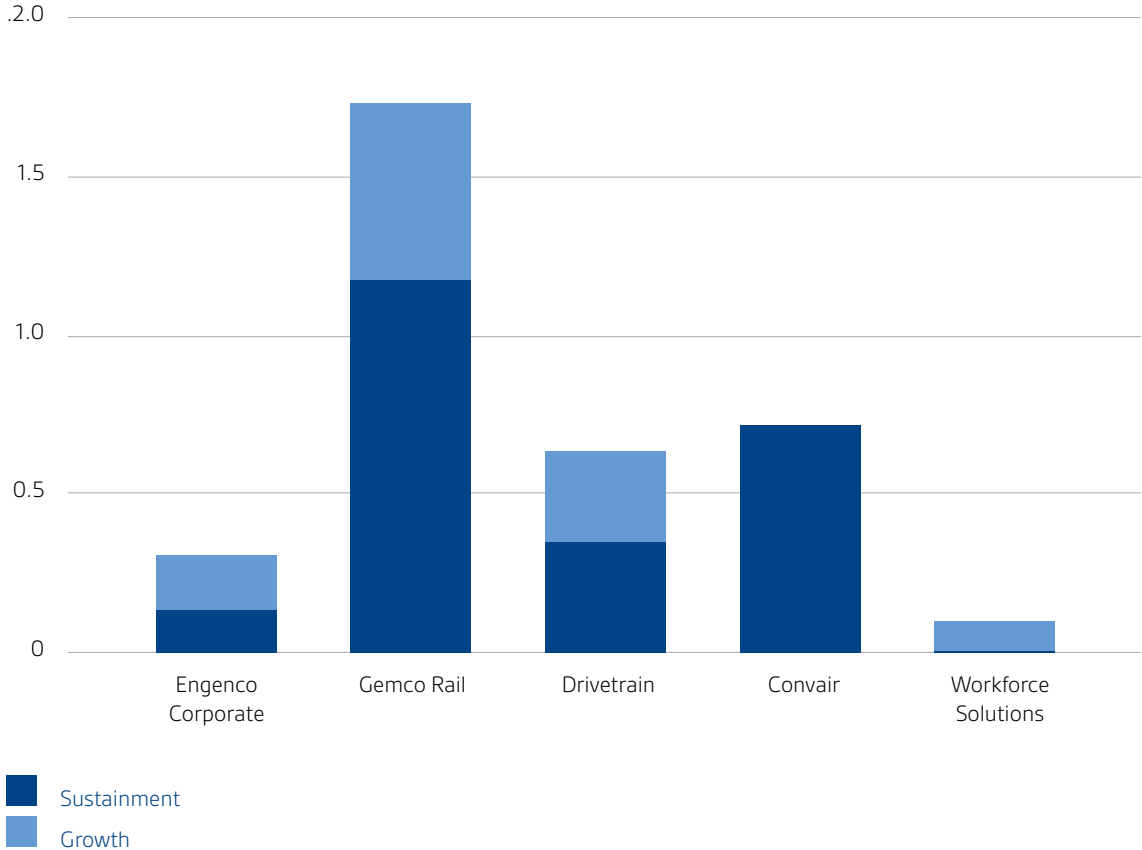
**Vale
Murray
Dobson**

27 April 1958 –
25 August 2022

Capex

A balanced approach to reinvesting in and growing our businesses.

Capex by Business Unit (\$m)



Rewarding Shareholders – Dividends

A final dividend of 1.5 cents per share declared resulting in total dividends of 2.0 cents per share for FY22 partially franked.

Total Dividend (cents)



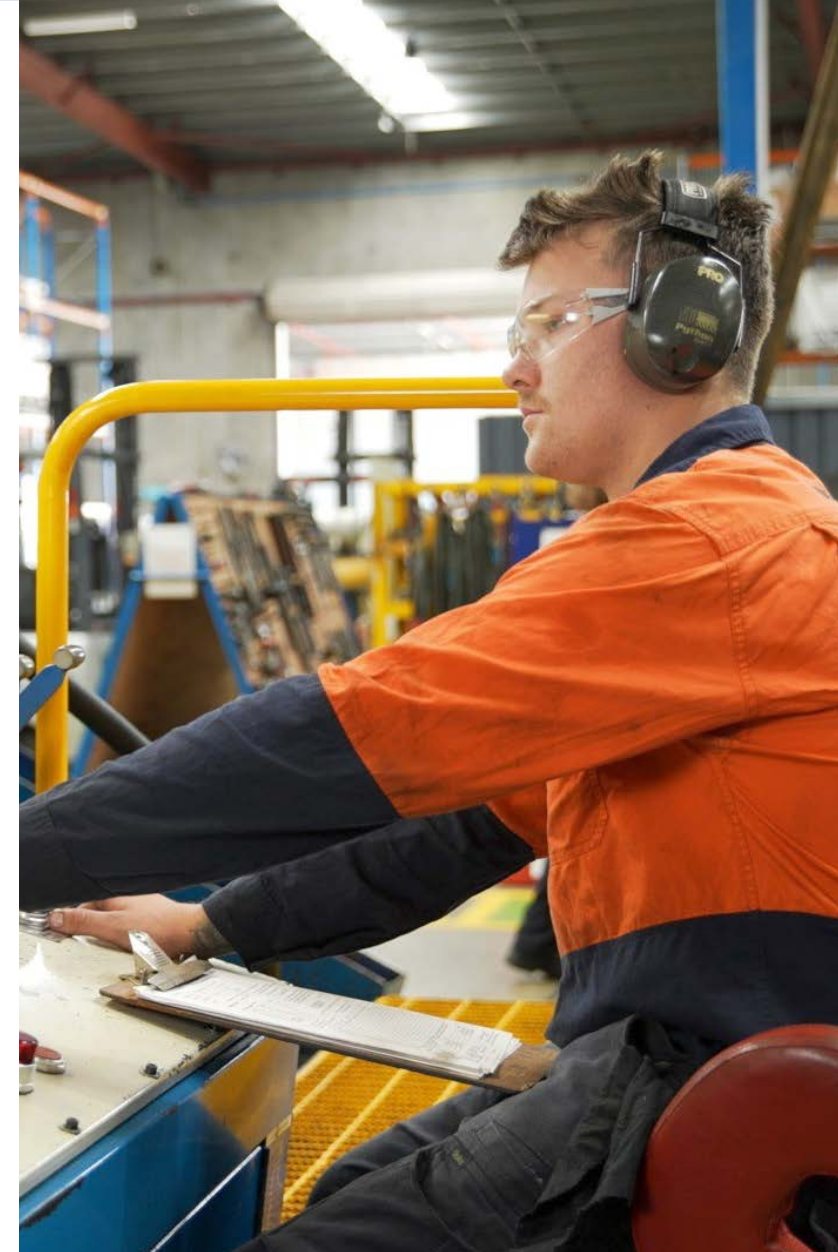
EPS (cents)



Share Price at 30 June (\$)



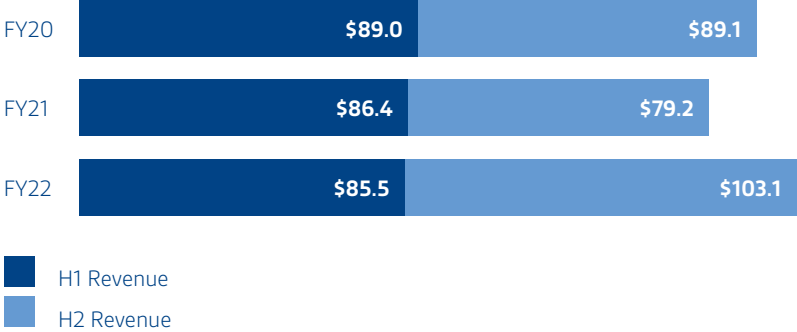
*FY22 EPS stated before significant item



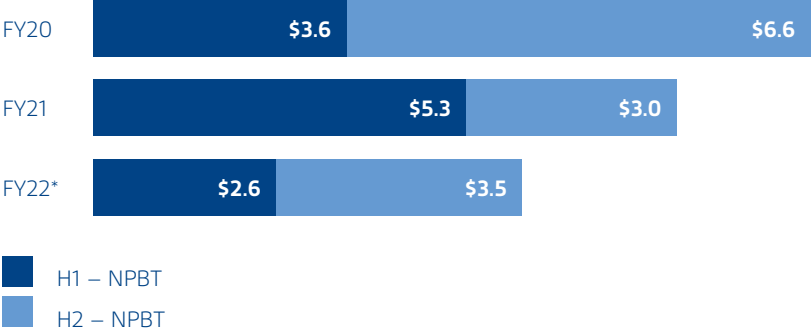
Company Highlights

- **14%** revenue increase from FY21
- Consistent final dividend of **1.5** cents (partially franked)
- **\$6.1m*** NPBT achieved despite COVID disruptions, flood impacted operations and labour shortages

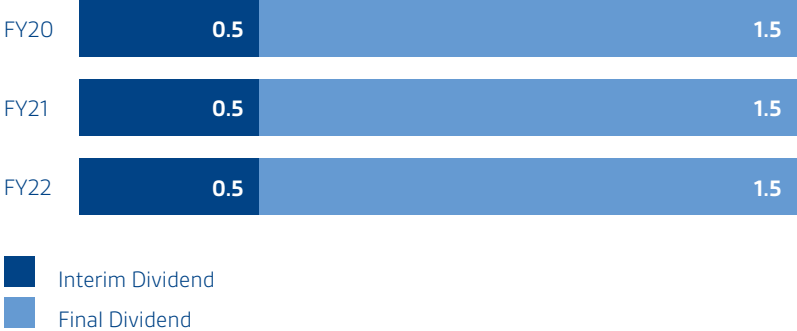
Revenue (\$m)



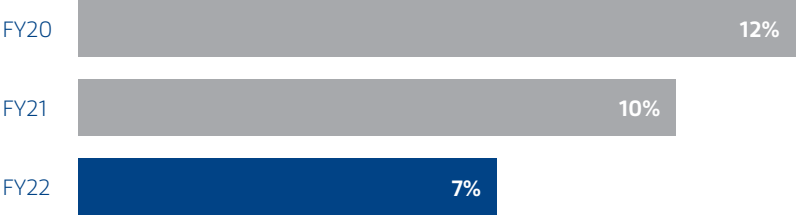
NPBT (\$m)



Dividends (cents)



Return on Capital Employed (%)



* FY22 NPBT is \$4.4m after the significant item of the non-cash impairment of an Under Floor Wheel Lathe on which settlement of an insurance claim is pending.

FY22 ROCE stated before significant item

The Board's focus for 2022

Our people



Leveraging our capacity



Illiquidity of our shares on the ASX



Environmental, Social and Governance





Managing Director's Address

Kevin Pallas



The Engenco Group Vision and Values

Engenco Group Vision and Values

Inspired people
creating sustainable
transportation
solutions

Engenco Group Values



Integrity
The power of honesty



Commitment
The power of responsibility



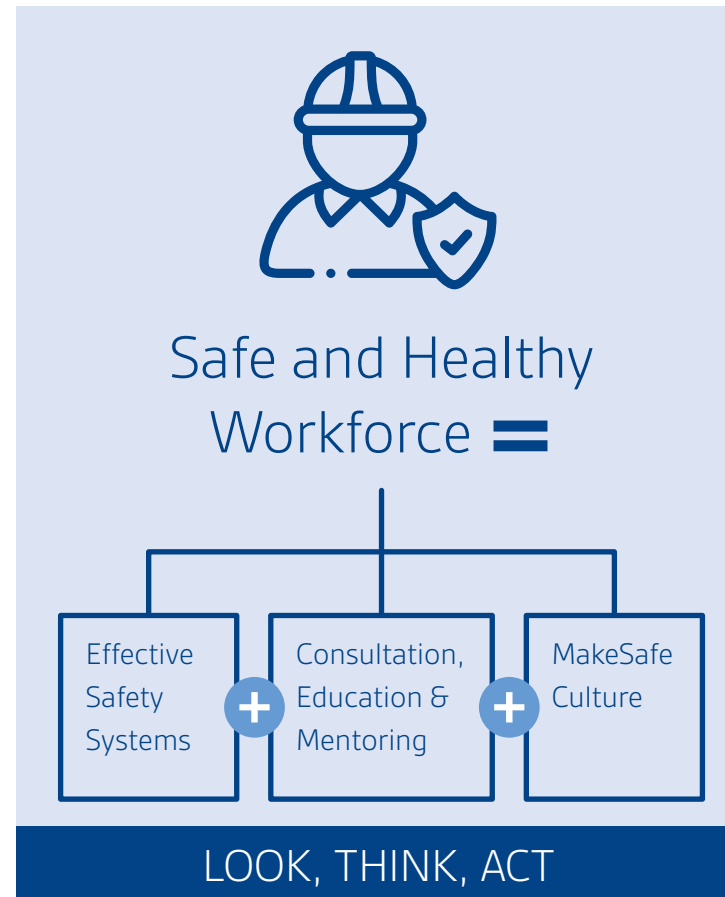
Collaboration
The power of working together



Excellence
The power of quality

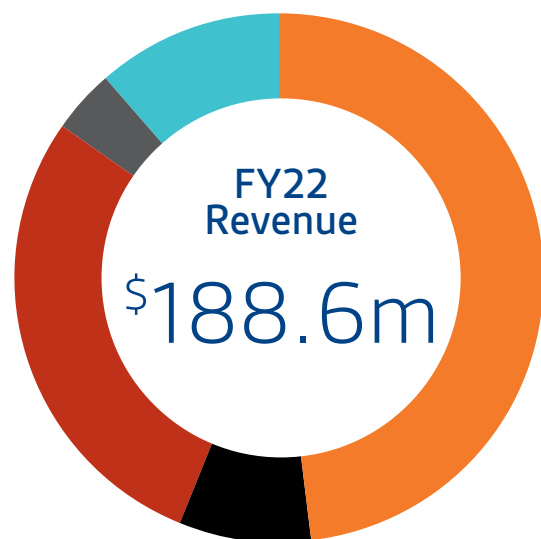
MakeSafe Strategy

Make Safe Our first priority will always be the health, safety and wellbeing of our people



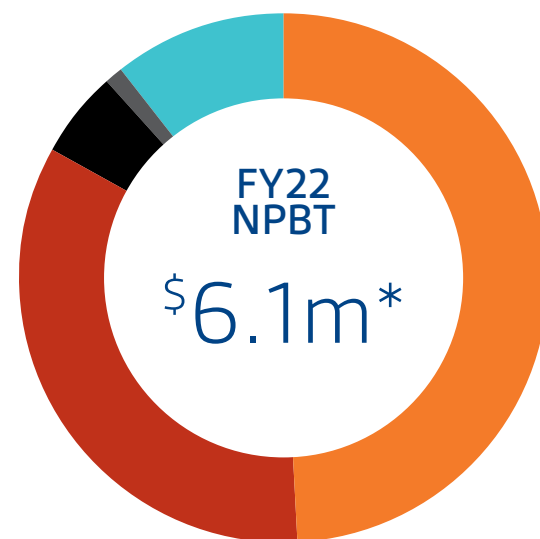
Business Overview

FY22 Revenue (\$m)



- Drivetrain **\$54.8m**
- Convair **\$15.4m**
- Hedemora **\$7.6m**
- Gemco Rail **\$92.2m**
- Workforce Solutions **\$21.4m**
- Other (including eliminations) **(\$2.8m)**

FY22 NPBT (\$m)



- Drivetrain **\$6.2m**
- Convair **\$1.0m**
- Hedemora **\$0.2m**
- Gemco Rail **\$9.0m***
- Workforce Solutions **\$1.9m**

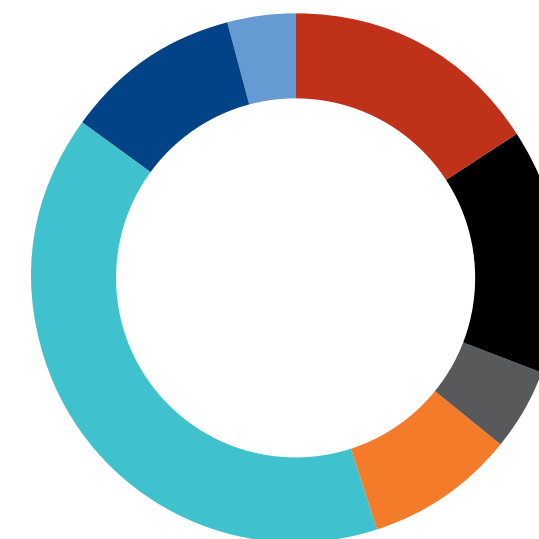
*Excludes FY22 non-cash asset impairment of an Underfloor Wheel lathe. Does include corporate costs and eliminations from "Other" Segment.

Revenue by Customer Segmentation



- Resource **46%**
- Transport Freight **24%**
- Passenger **6%**
- Defence **5%**
- Infrastructure **11%**
- Other **9%**

Revenue by State



- Victoria **16%**
- New South Wales **15%**
- South Australia **5%**
- Queensland **9%**
- Western Australia **40%**
- National **11%**
- Other **4%**

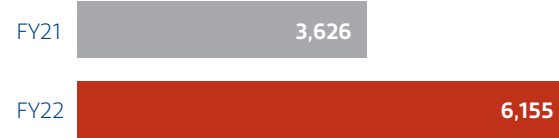
Business Unit – Segment Results

Drivetrain

Revenue (\$'000)



NPBT (\$'000)



Revenue (\$'000)



NPBT (\$'000)



GEMCORAIL

Revenue (\$'000)



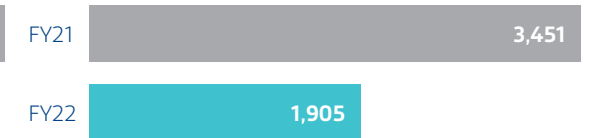
NPBT (\$'000)



Revenue (\$'000)

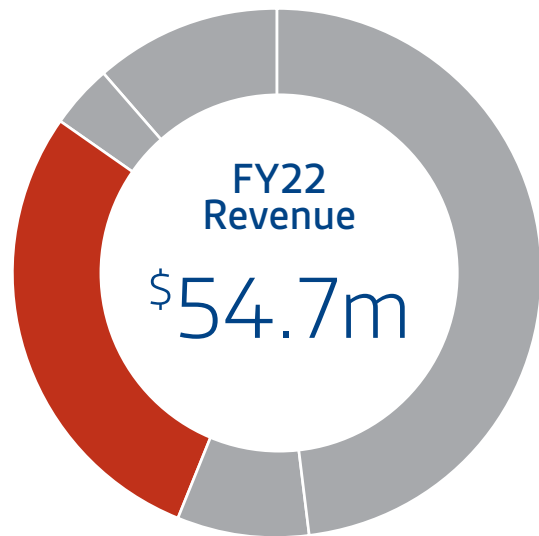


NPBT (\$'000)



* Excludes FY22 non-cash impairment of an Under Floor Wheel Lathe on which settlement of an insurance claim is pending.

Power and Propulsion



Key Operations

Drivetrain's services span the complete engineering product life-cycle for transportation equipment, heavy mobile powertrain systems, large-frame turbochargers, heavy diesel and gas power generation and gas compression equipment.

Achievements

- Strong growth in workshop network services delivery: maintenance, repair and overhaul, continuing to support our key customers.
- Sale, procurement, and delivery of syngas fuelled power generator packages to a new major customer.
- Execution of growth initiatives; Kalgoorlie branch has been successfully operating for a full year with further expansion into Mount Isa.
- Implementation of MakeSafe program was successful in reducing and preventing injuries.

Outlook

- Growing core business of parts sales and workshop network activities to increase utilisation of Drivetrain's capabilities.
- Penetrating innovative gas engine and power generation installation market, in response to growing customer demand.
- Kovatera light mining vehicle market expansion, developing battery electric version.

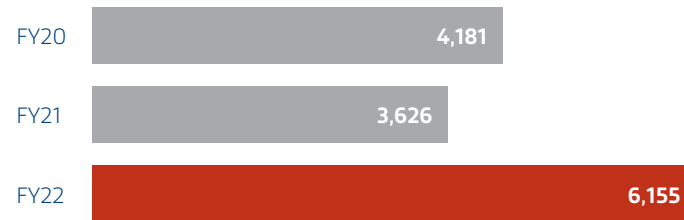
Power and Propulsion

Drivetrain

Revenue (\$'000)



NPBT (\$'000)



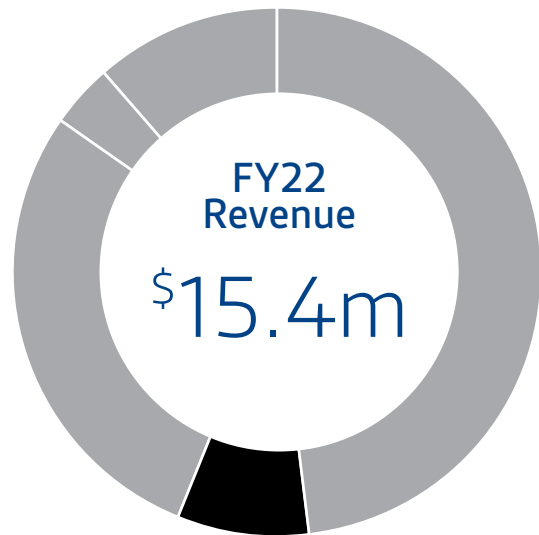
FTE* at 30 June



* Full time equivalent (FTE) employees



Power and Propulsion



Key Operations

Convaire designs and manufactures tankers for the transportation of dry bulk products by road and rail.

The business also repairs, maintains and supplies spare parts for all makes of dry bulk tankers and offers distribution, service and repair of compressors and ancillary equipment used in the support of dry bulk materials transportation. Convaire is an agent for Feldbinder Spezialfahrzeugwerke GmbH of Germany, supplementing the company's range of products with aluminium dry bulk tankers and stainless steel liquid tankers. With its manufacturing facility based in Melbourne, Convaire services customers throughout Australia and New Zealand.

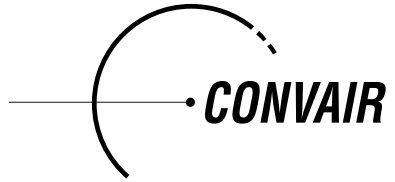
Achievements

- Manufactured 27 innovatively designed Convaire steel road tankers to exacting customer requirements.
- Maintained supply chain to deliver several Feldbinder tankers into a short-supplied market.
- Successfully managed skilled labour shortages and supply chain challenges to support our customers.

Outlook

- Over 18 months of confirmed orders demonstrating strong demand for locally produced and maintained customer solutions into FY24.
- Initial supply of highly innovative road tankers for transportation of liquids expected in the second half of FY23.
- Commence leveraging Drivetrain's national branch network.

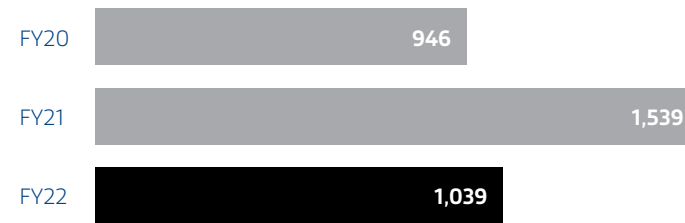
Power and Propulsion



Revenue (\$'000)



NPBT (\$'000)



FTE* at 30 June



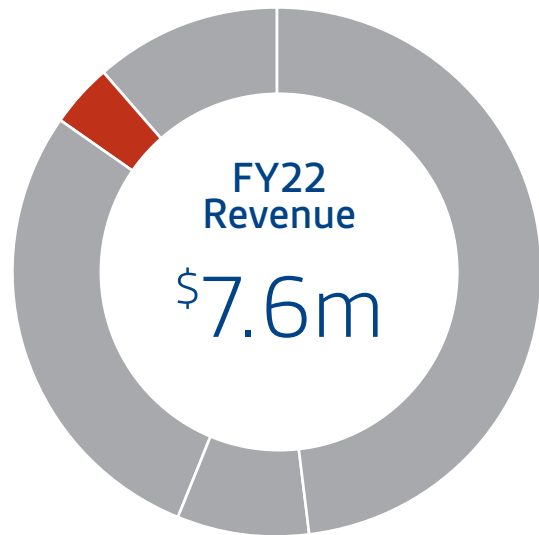
* Full time equivalent (FTE) employees



Power and Propulsion



**HEDEMORA
TURBO & DIESEL**



Key Operations

Hedemora Turbo and Diesel is the original manufacturer of Hedemora Turbochargers and Hedemora Diesel Engines.

Hedemora Turbo and Diesel is a well-known brand used in a wide range of applications. Operating out of Sweden, Hedemora Turbo and Diesel provide product development and manufacture, installation, maintenance and spare parts services for customers in all parts of the world.

Achievements

- Achieved United States Environmental Protection Agency (EPA) certification for the HS7800 turbocharger platform after extensive testing with a Class 1 railroad operator. This is an important step and positions the product well to penetrate the North American market.
- Renewal of significant European customer certification.
- Continued support for global customers utilising Hedemora Diesel Engines.

Outlook

- Business development to drive new opportunities in North America, with EPA certification achieved.
- Continue to develop opportunities with engine and locomotive OEMs for the installation of HS Turbochargers on newly built equipment.
- Ongoing support for the Collins Class program and a significant maintenance order for the Swedish submarine program.

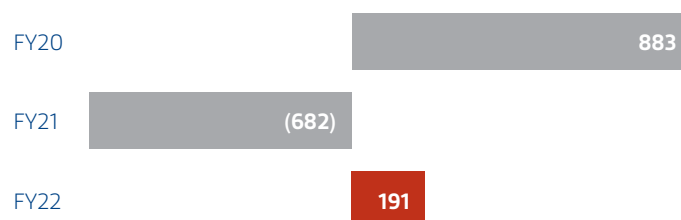
Power and Propulsion



Revenue (\$'000)



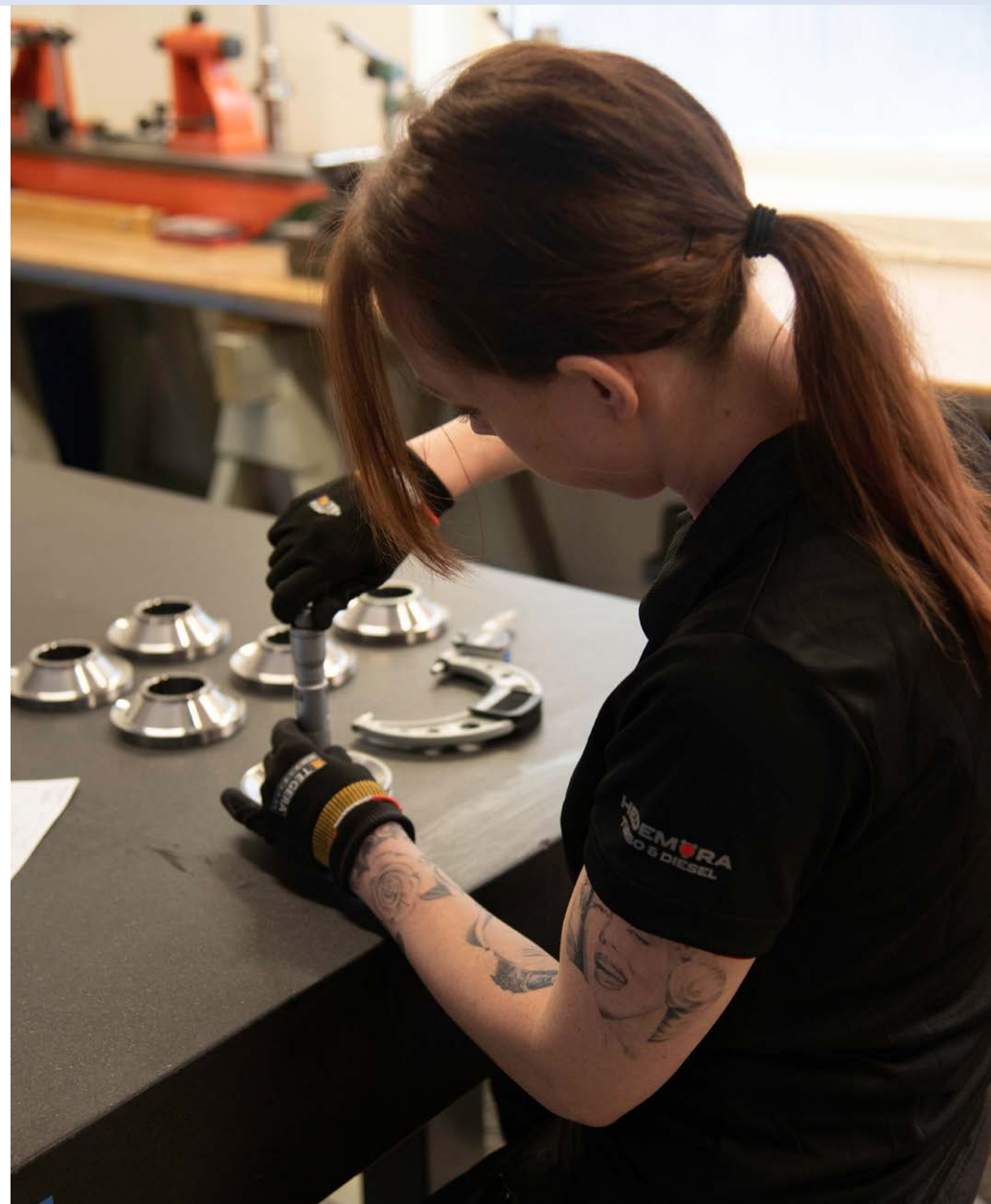
NPBT (\$'000)



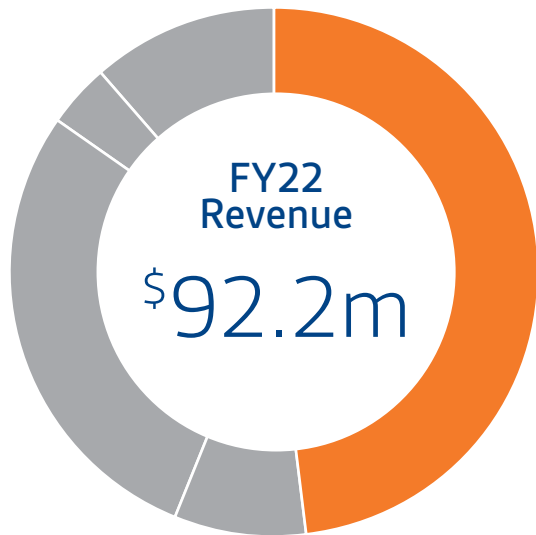
FTE* at 30 June



* Full time equivalent (FTE) employees



GEMCO RAIL



Key Operations

Gemco Rail is the leading independent provider of rollingstock maintenance, products and services for the Australian and New Zealand rail markets.

Our national network of modern, well equipped, strategically located facilities coupled with proven industry knowledge and strong international product partner relationships, provides our clients with the confidence that Gemco is a reliable, competent supplier of high-quality products and services.

Achievements

- Strong growth in West Australian railway bearings supporting the Northwest iron ore miners with new bearing sales and refurbishment bearing volumes.
- Successful on time and on budget delivery of a major wagon upgrade programme fitting a pneumatic controlled door system to a key grain haulage customer's wagon fleet.
- Adoption of succession plans for key senior leadership roles with future talent.
- Development of new aligned capabilities and skillsets broadening our product and service offerings in new regions.

Outlook

- Capability expansion in key rail geographies of Melbourne and the Pilbara region of Western Australia.
- Expanding strategic alliances to capture new growth opportunities in the decarbonisation of the freight rail industry.
- Renewal of key long-term maintenance contracts.

Rail

GEMCORAIL

Revenue (\$'000)



NPBT* (\$'000)



FTE^ at 30 June

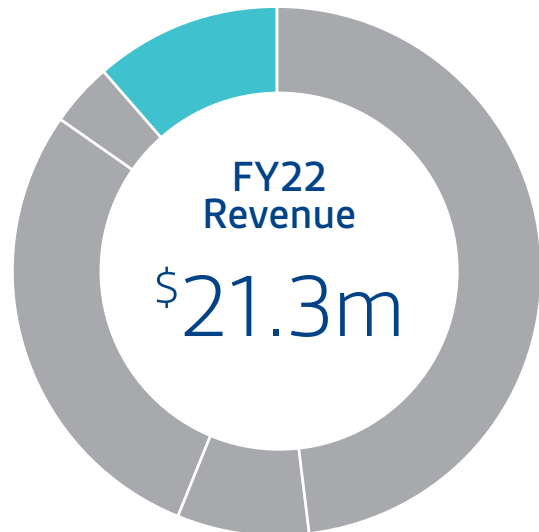


* FY22 NPBT stated before significant item

^ Full time equivalent (FTE) employees



Workforce Solutions



Key Operations

The Workforce Solutions division includes the brands of Momentum Rail and Registered Training Organisations, CERT Training and Eureka 4WD, to provide tailored workforce solutions to the Australian Rail and Transportation industries.

Our purpose is to provide integrated workforce solutions that meet the needs of our customers, address industry skills and labour shortages and facilitate sustainable employment pathways and career development opportunities. We accomplish this by leveraging our assets and resources, with that of our customers to deliver contextualised training inclusive of site, network or customer specific on-job training, resulting in competent, safety focused individuals, ready to work.

Achievements

- Talent Supply Chain programs continue to gain momentum with over 80 new entrant candidates now graduated and placed successfully into employment with several network operators as Terminal Operators and Train Driver Assistants.
- Our diversity rate (indigenous and female) for these programs continues to increase and is currently sitting at 40% with growing interest particularly amongst female candidates seeking a pathway into the Rail industry.
- Successful adoption of MakeSafe culture, driving accountability and excellence across the businesses.
- Navigated disruption from labour shortages, COVID restrictions, and floods to keep our customers moving.

Outlook

- Assumed stabilisation of operating conditions, volumes and results.
- Increasing level of major projects.
- Ongoing skills and labour shortages driving customer demand.

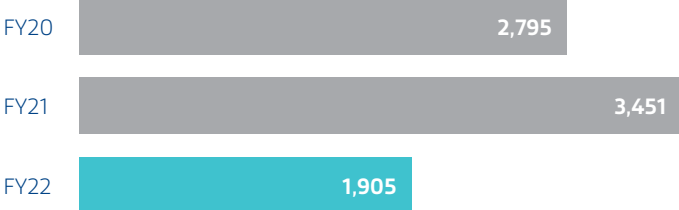
Workforce Solutions



Revenue (\$'000)



NPBT (\$'000)



FTE* at 30 June



* Full time equivalent (FTE) employees

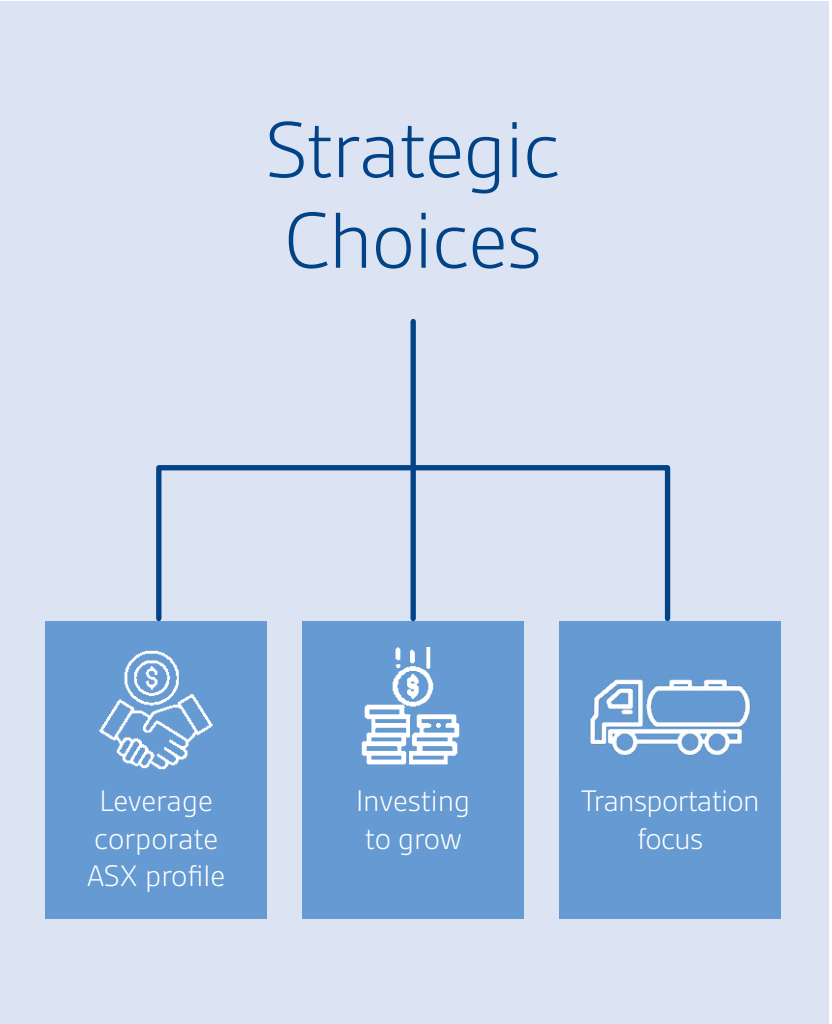


Engenco Group Strategy



Group Goals FY23-FY25

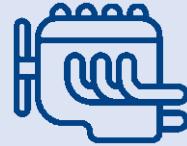
- ✓ Employee engagement
- ✓ Customer satisfaction
- ✓ Shareholder returns



Group Outlook

Group

- Investment in capacity and capability has created a stronger more resilient business focused on providing innovative products and solutions to the transportation sector.
- We will leverage our Group platforms to exploit growth opportunities and generate long term returns via organic expansion or acquisition opportunities.
- Strong demand but difficult trading conditions are expected to continue in H1 FY23, with a stronger second half run rate in FY23 and a modest improvement in FY23 trading results.



Power and Propulsion

- Focus on partner relationships to bring innovative solutions to Australian markets.
- Leverage Convair into Drivetrain national network.
- Maximise the opportunity to expand sales of power generation equipment and through life maintenance services.



Rail

- Recent renewal of long term maintenance contract with SCT Logistics provides sustained volumes to expand network.
- Expansion opportunities in Victoria and Pilbara to meet our customers' needs.
- Leverage strategy to provide localised rollingstock requirements to customers.



Workforce Solutions

- Improved trading conditions to normalise operating results.
- National expansion of Eureka.
- Continue to develop innovative solutions to create employment and careers in transportation.

Questions



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