



# 2023 AGM Presentation

Annual General  
Meeting 2023



# 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.



**Dale Elphinstone**

**AO FAICD**

Non-executive Director since 19 July 2010.



**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.



**Dean Draper**

**MBA, BBus**

Chief Executive Officer since 21 November 2022, Managing Director since 18 September 2023.

# Executive Team



**Garth  
Campbell-  
Cowan**

BCom, FCA

Chief Financial  
Officer.



**Meredith  
Rhimes**

BA, LLB, FGIA

Senior Legal  
Counsel and  
Company  
Secretary.



**Ron  
Edwards**

MHRLaw

Executive  
General  
Manager –  
Corporate.



**Renée  
Cerveri-  
Tekani**

BCom, BA

Executive  
General  
Manager –  
People and  
Culture.



**Geoff Thorn**

BE Mechanical  
Engineering

Executive  
General  
Manager – Rail.



**Tony Stone**

MMgt

Executive  
General  
Manager –  
Drivetrain.



**Brett  
O'Connor**

AdvDip VocEd, Dip Mgt,  
Dip Eng/A

Executive  
General Manager  
– Workforce  
Solutions.



## Chairman's Address

Vince De Santis



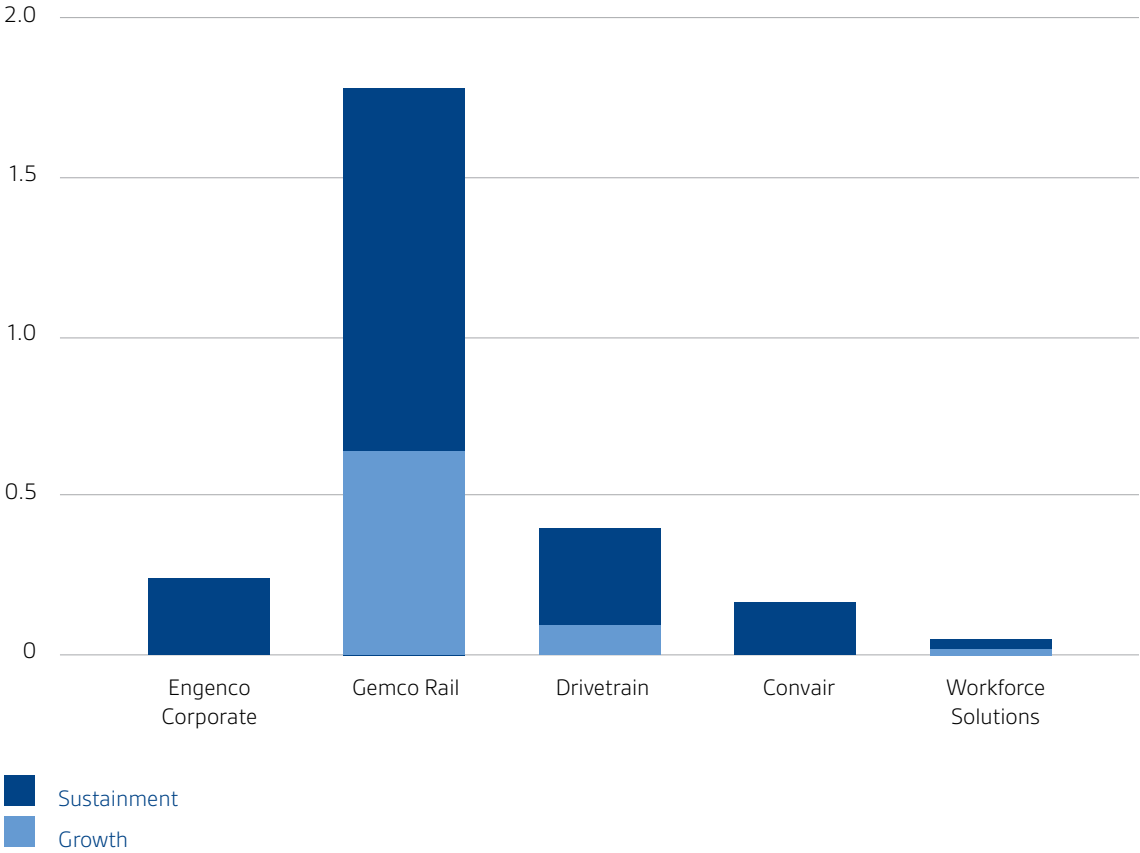
# Chairman's Address



# Capex

Investing in our facilities to increase our capabilities.

Capex by Business Unit (\$m)



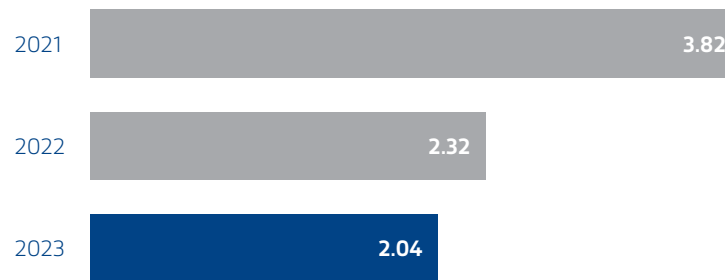
# Rewarding Shareholders – Dividends

Dividend payments resume with the declaration of a final, albeit comparatively modest dividend of 0.5 cents per share in respect to FY2023.

## Total Dividend (cents)



## EPS (cents)



## Share Price at 30 June (\$)



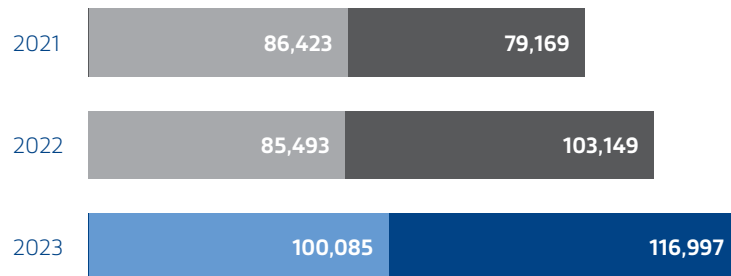
# Company Highlights

## \$217.1m

### Revenue

- Revenue grew 15.1% on the previous year, with increases across all divisions, primarily due to strong demand for new bearings in Gemco Rail and increased workshop throughput in Drivetrain triggered by the mining sector.
- Workforce Solutions benefited from the reduced impact of the pandemic on the rail and training industries and steps we have taken to increase flexibility and deliver sustainable returns.

### Revenue \$'000

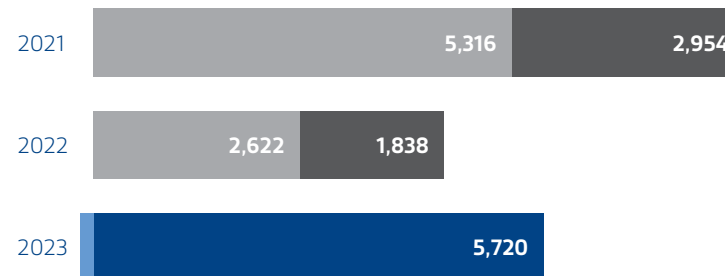


## \$5.5m

### Net Profit before Tax (NPBT)

- The net loss before tax for the first half of FY2023 was \$1.6million excluding the recognition of insurance proceeds of \$1.4 million for Gemco Rail's Gladstone workshop which was impacted by a severe flood event in FY2022.
- NPBT for the second half was \$5.7 million, with the full year NPBT of \$5.5 million, an increase of 22.2% compared to FY2022.

### NPBT \$'000



## 8%

### Return on Capital Employed

- An increase of 33% on FY2022.

### ROCE





# Our focus for FY2024

## People

- Engagement
- Safety and well-being
- Skills and capability
- Succession planning
- Employee turnover
- Building bench strength

## Liquidity of EGN shares

- Improving return on capital and shareholders' equity
- Increase scale of business to attract more capital



## Leveraging our capacity

- Sound execution and delivery of projects
- Growth in our Power and Propulsion and Rail divisions
- Stabilisation: Workforce Solutions

## ESG

- Living our values
- Efficient and responsible use of resources
- Sustainable growth



## Managing Director's Address

Dean Draper



# 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

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



**37,502 prework risk assessments**

- Reinvigoration of our workplace health and safety recognition and rewards program.



**116 MakeSafe risk reports**

- Implementation of Skytrust, a new cloud-based work, health and safety management system.



**306 workplace site inspections**

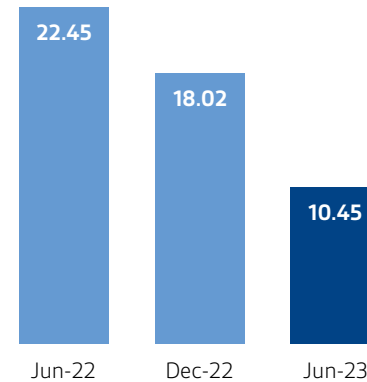
- Certification of six sites to the ISO 45001 Occupational Health and Safety Management System.



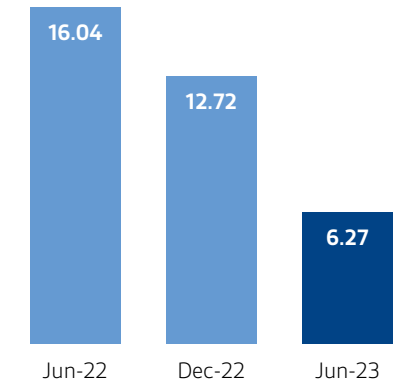
**451 hazards raised and resolved**

- Development of justice framework for post incident investigations and corrective action.

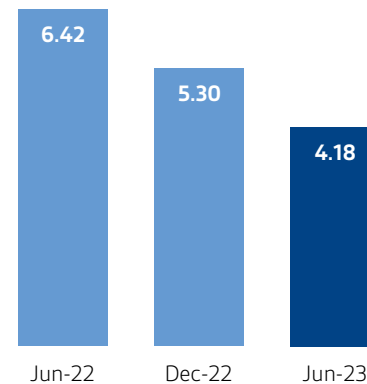
**Total Recordable Injury Frequency Rate (TRIFR)**



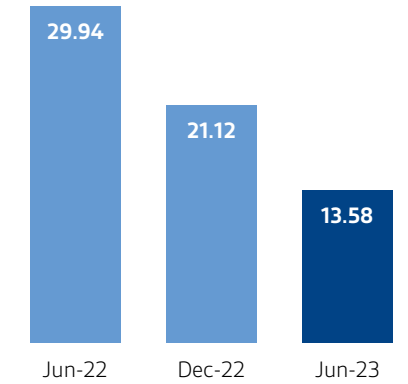
**Medical Treatment Injury Frequency Rate (FAIFR)**



**Lost Time Injury Frequency Rate (LTIFR)**



**First Aid Injury Frequency Rate (FAIFR)**



# Environmental, Social and Governance Strategies (ESG)



**SAFETY:** Providing a safe working environment. Where everyone returns home safely, each day.



**SUSTAINABLE:** Committing to reducing our greenhouse gas emissions and minimising our impact on the environment.



**STANDARDS:** Operating ethically and responsibly, in alignment with our Values.



**SOCIAL:** Providing a safe and inclusive work environment, which attracts, retains and supports our people.

# Case Study



## Clontarf Partnership

Through Engenco's Diversity and Inclusion Plan we are committed to building a respectful and more inclusive workplace, and to building positive relationships with the communities in which

we operate. An important step in this journey is partnering with the Clontarf Foundation.

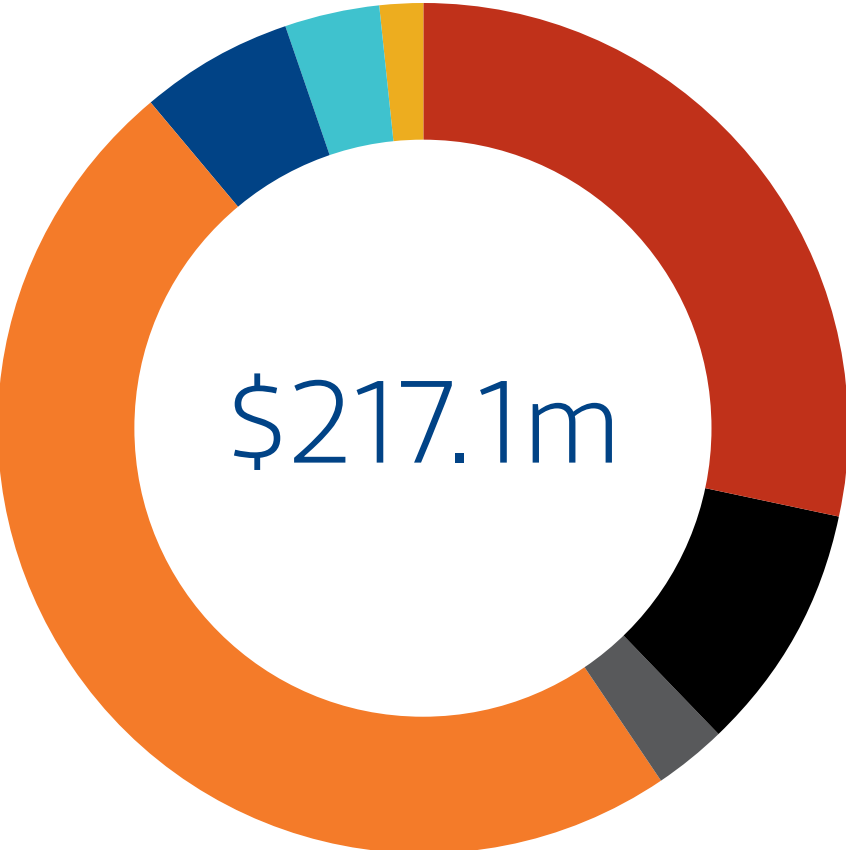
The Clontarf Foundation exists to improve the education, self-esteem, life skills and employment prospects of young Aboriginal and Torres Strait Islander men, and by doing so, equips them to participate more meaningfully in society.

We are excited to be in partnership with the Clontarf Foundation and to have the opportunity to build relationships and offer meaningful employment opportunities for the students in the Clontarf Academies local to our operations.



# Business Overview

FY23 Revenue



\$217.1m

### Power and Propulsion

- Drivetrain \$62.5m
- Convair \$20.7m
- Hedemora \$5.8m

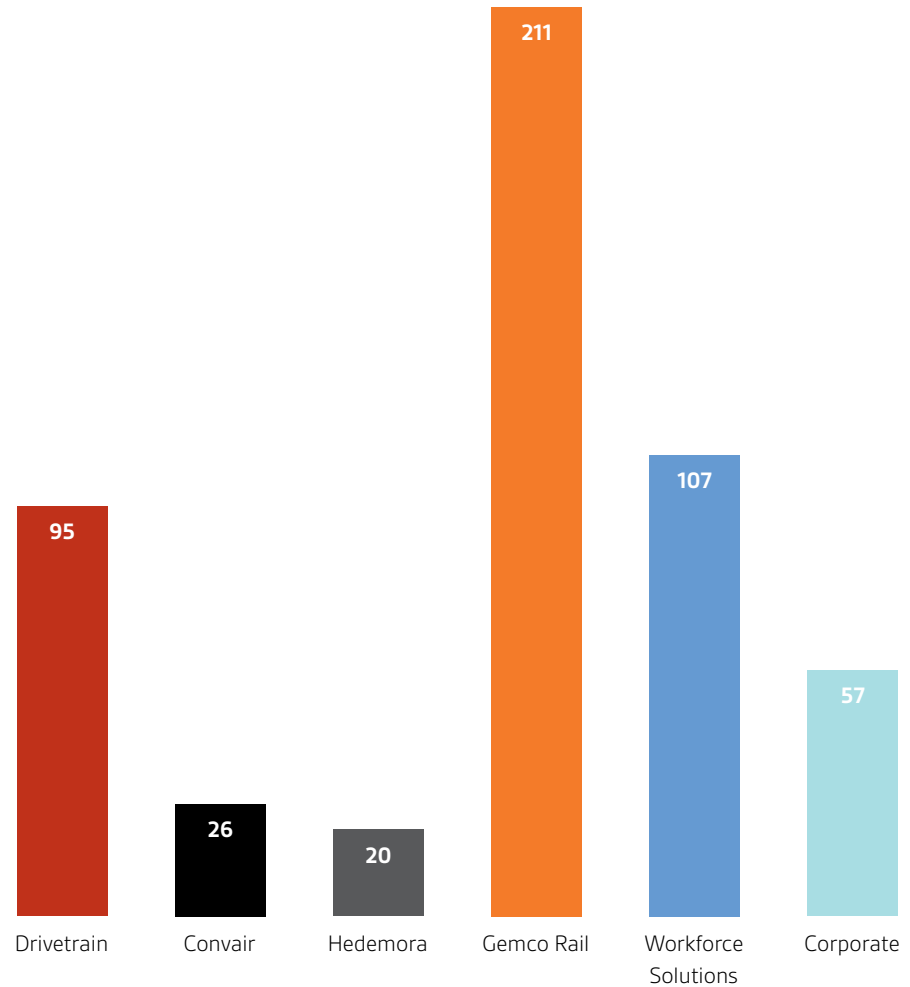
### Rail

- Gemco Rail \$106.2m

### Workforce Solutions

- Momentum \$12.9m
- Cert Training \$7.4m
- Eureka \$3.6m
- Other (\$2.0m)

FTE – Full Time Equivalents



# Business Unit Overview

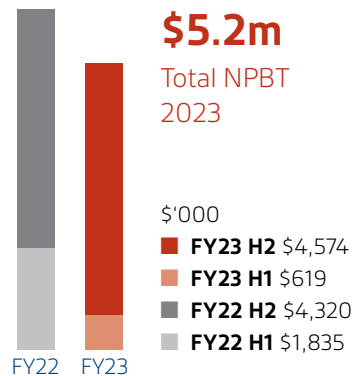
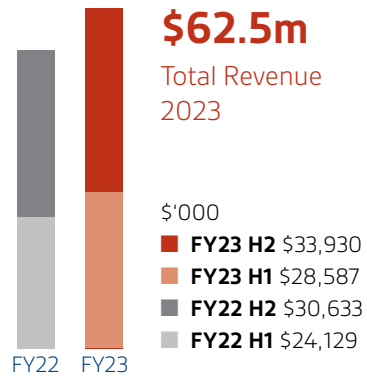


## Key Achievements

- Strong global network of Tier-1 products drove growth,
- Significant improvements have been made to the inventory profile and management systems.
- Sales of Kovatera underground mining vehicles in Queensland and the installation of the Guascor combined heat and power generation plant in South Australia.

## Outlook

- Delivery of spare parts sales and maintenance, repair and overhaul (MRO) activities in line with our strategy, particularly for the mining industry.
- Expansion of our sales pipeline for capital equipment sales of Gauscor engines for power generation, and the Kovatera light mining vehicle to support hard rock mining.
- Continued evaluation of opportunities to expand Drivetrain's branch network.





# Business Unit Overview

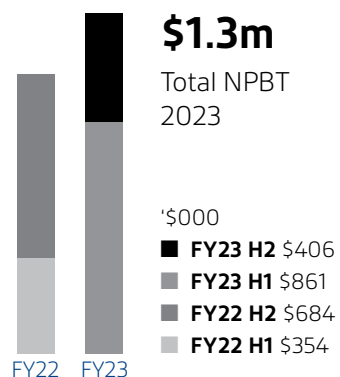
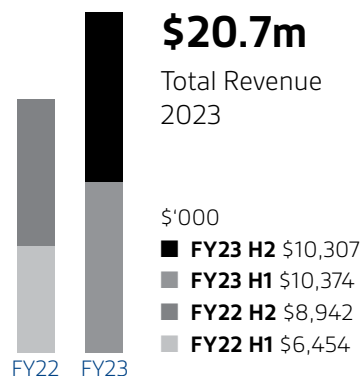


## Key Achievements

- Sales increased by 34.3%.
- Industry experience and engineering capabilities driving innovative solutions.
- Strong order book driven by reputation to deliver high quality pneumatic dry bulk tankers.

## Outlook

- Increased production with a focus on innovative engineering.
- Spare parts sales to support customer operations.
- Strong order book will be supported through improved cost management strategies.



# Business Unit Overview

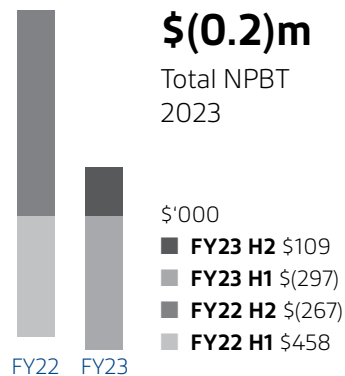
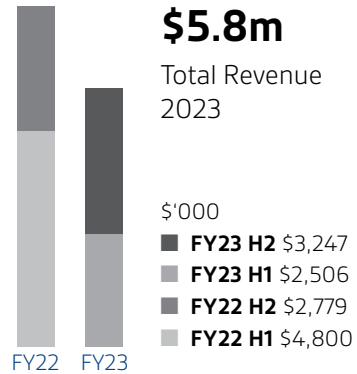


## Key Achievements

- Benefitted from price improvements and a refreshed product offering.
- Work from reconditioning turbochargers for existing customers was stable.
- HS Turbochargers range marketed to the North American market.

## Outlook

- Business development is expected to drive new opportunities in North America.
- Focus on HS 7800 retrofits for GE EVO in North America and Northern Asia continues.
- Ongoing support for the Collins Class program.
- Significant maintenance order for the Swedish submarine program.



# Business Unit Overview

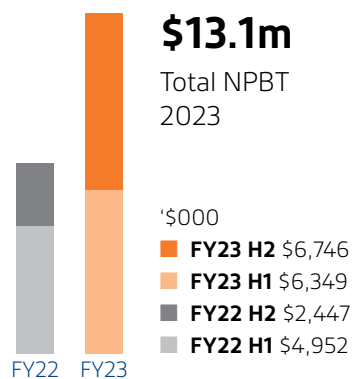
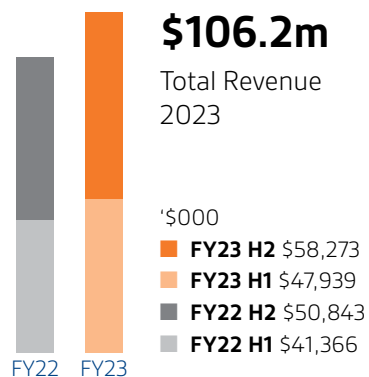


## Key Achievements

- West coast railway wheel shop and bearing refurbishment volumes increased.
- Successful return of Gemco Rail to the new wagon supply market.
- Revenue up 15.1% year-on-year with strong growth, particularly in the second half.

## Outlook

- Expansion of the Newcastle facility to service increased demand.
- Altona wagon maintenance facility will commence support for SCT Logistics wagon maintenance.
- New facility is being established at Karratha to deliver the Rio Tinto iron ore car contracts and supporting bearing refurbishment.



\* Includes significant items



# Business Unit Overview

## Workforce Solutions

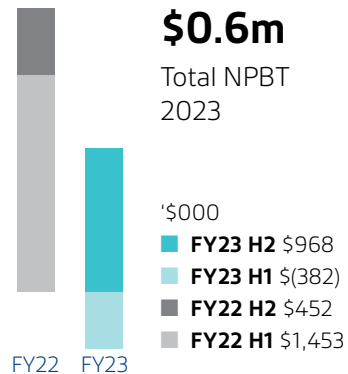
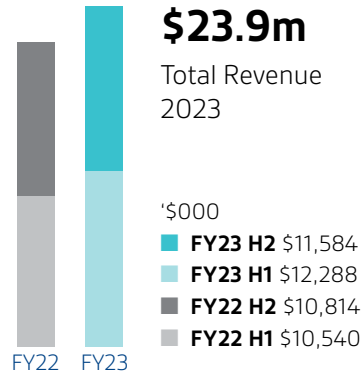


### Key Achievements

- Modified business model, enabling financial performance to stabilise.
- CERT increasing its portfolio of training offerings to the market.
- Eureka 4WD & Truck Training gained from increased business-to-business market demand.

### Outlook

- Increased product and service offerings across the Workforce Solutions portfolio of businesses.
- Drive higher enrolments through implementing a refreshed digital and database marketing strategy.
- Increase the proportion of "class time" for trainers in Eureka 4WD and CERT.

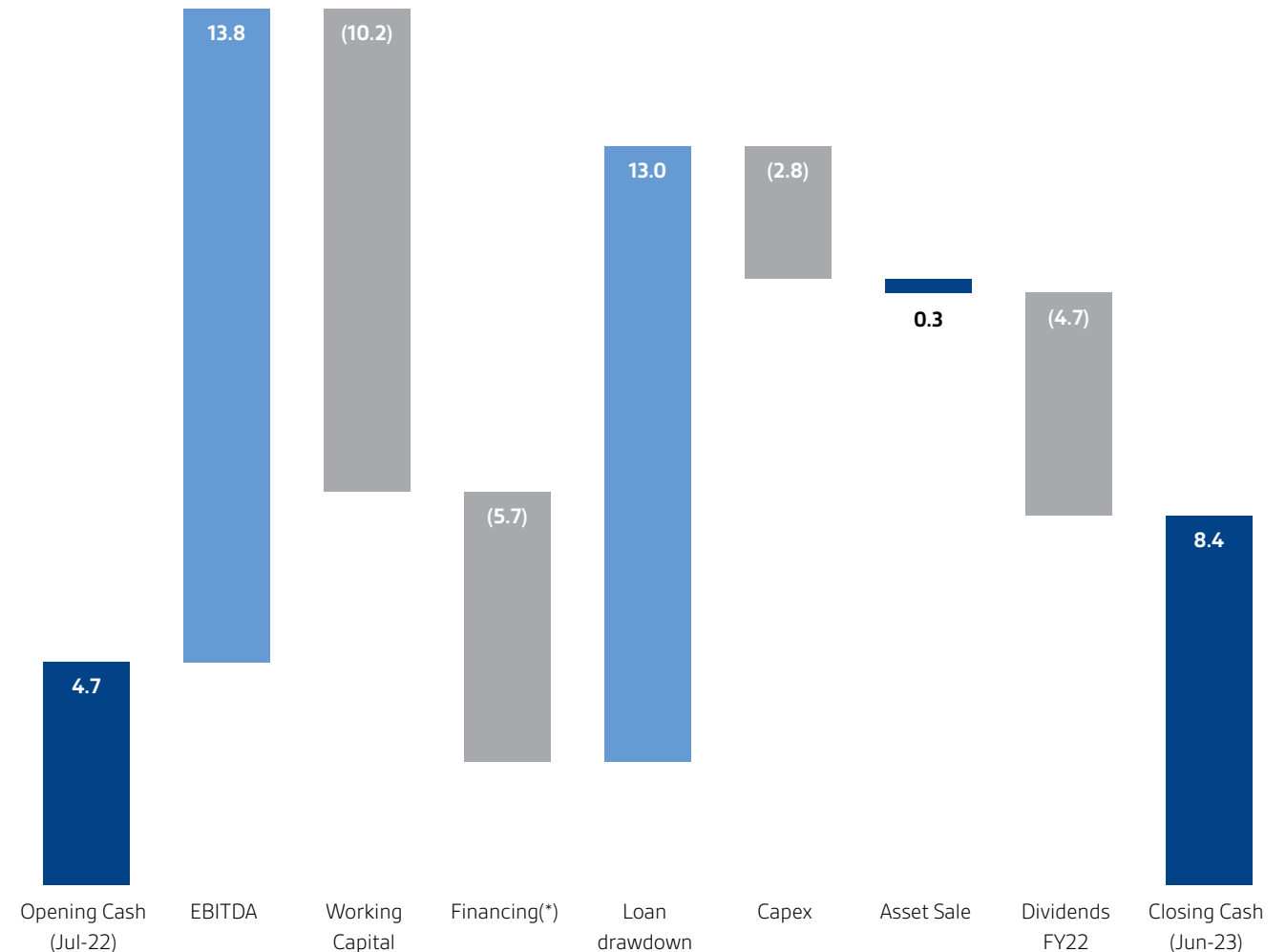


# Engenco – Source and Use of Cash

Net cash generated from operations fell to \$3.0 million (down from \$10.6 million in FY2022), as a result of a sharp rise in net working capital.

During the year, we drew down on our \$20.0 million National Australia Bank debt facility to help fund our capital expenditure program, general working capital requirements arising from growth within the business, and the ongoing but largely unavoidable time lags between purchasing certain raw materials and inventory from overseas, and the receipt of customer payments. As at the end of FY2023, \$13.0 million of our facility had been utilised.

This facility, which is due to mature on 31 October 2023, has recently been extended by a further year until 31 October 2024.



\* Financing relates to lease payments under AASB 16

# Operational Focuses to Improve Financial Outcomes



## Working Capital Management

- Streamlining inventory management to reduce carrying costs and optimise cashflow.
- Implement process improvements to increase debtors compliance and reduce overdue accounts receivable.
- Align payment terms from major suppliers to requirements of customers.



## Gross Margin Review and Improvement

- Conducting a comprehensive review of the cost structure to identify opportunities for margin enhancement.
- Implementing cost-effective procurement strategies and supplier negotiations to reduce input costs.
- Improved understanding of Engenco's value proposition and ensuring pricing increases are greater than associated increased input costs.
- Review of existing product portfolio – improve or exit identified product groups.



## Productivity and Efficiency Gains

- Investing in technology and automation to streamline operations and reduce labour costs.
- Implementing lean manufacturing principles to improve resource allocation and reduce waste.
- Dedicated resources for improvement of finance processes.
- Enhancing employee training and development programs to boost productivity.

**Engenco is committed to a culture of continuous improvement with a focus on meeting and exceeding established targets. Engenco Limited is dedicated to improving financial performance, enhancing shareholder value, and ensuring a sustainable and profitable future for the company.**

# Group Outlook

**ORGANIC GROWTH:** With a clear strategy to excel in delivering and expanding our diverse range of high-quality products and services to the transportation industry, FY2024 provides an opportunity for improved performance in the second half. The Group is optimistic that it will deliver a materially improved financial performance on FY2023.

**ESG COMMITMENT:** Continue to work to understand our emissions, in preparation for a net zero carbon future, with specific goals in the key areas of safety, standards, social responsibility and sustainability.



**RETURN ON EQUITY:** Continue to focus on improving the Company's profitability and growing the return on our shareholders' invested capital with the goal of making Engenco's shares more attractive to existing and prospective new shareholders, while also seeking out opportunities which will require additional fresh share capital.

## Items of Business





# Items of Business

## Item 1

### Annual Financial Report

To receive and consider the Annual Financial Report of the Company, comprising the Financial Report, Directors' Report and Auditor's Report for the financial year ended 30 June 2023.

**Engenco**



## Item 2

### **Adoption of the Remuneration Report (non-binding resolution)**

“That, for the purposes of section 250R(2) of the Corporations Act, the Remuneration Report (contained in the Directors’ Report) for the year ended 30 June 2023 is adopted.”

#### Proxy Vote

For	Against	Discretionary	Abstain/ Excluded
18,743,691	700,070	37,746	380,394

## Item 3

### Re-election of Director (Ordinary Resolution)

“That Vincent De Santis, being a Director of the Company who retires by rotation in accordance with the Company's Constitution and being eligible for re-election, be re-elected as a Director of the Company.”

#### Proxy Vote

For	Against	Discretionary	Abstain/ Excluded
19,185,505	616,650	37,746	22,000

## Item 4

### Re-election of Director (Ordinary Resolution)

“That Scott Cameron, being a Director of the Company who retires by rotation in accordance with the Company's Constitution and being eligible for re-election, be re-elected as a Director of the Company.”

#### Proxy Vote

For	Against	Discretionary	Abstain/ Excluded
19,185,505	616,650	37,746	22,000

# Items of Business

## Item 5

### Re-election of Director (Ordinary Resolution)

“That Dean Draper, who was appointed as a Director of the Company on 18 September 2023 retires in accordance with Clause 11.12 of the Company’s Constitution and being eligible for re-election, be re-elected as a Director of the Company.”

#### Proxy Vote

For	Against	Discretionary	Abstain/ Excluded
19,701,005	101,150	37,746	22,000

## Item 6

### **Issue of Shares under Share Plan (Ordinary Resolution)**

“That, for the purposes of ASX Listing Rule 7.2 (exception 13(b)), and for all other purposes, the Shareholders of the Company approve the issue of Shares under the Share Plan for a period of three years from the date of this Meeting, on the terms and conditions set out in the Explanatory Statement which accompanies and forms part of this Notice of Meeting.”

### **Proxy Vote**

<b>For</b>	<b>Against</b>	<b>Discretionary</b>	<b>Abstain/ Excluded</b>
19,227,311	221,484	30,190	382,916

# Items of Business

## Item 7

### **Appointment of Auditor (Ordinary Resolution)**

“That Grant Thornton, being qualified to act as auditor of the Company and having consented to act as auditor to the Company, be appointed as the auditor of the Company, effective upon the resignation of the existing auditors, KPMG.”

#### **Proxy Vote**

<b>For</b>	<b>Against</b>	<b>Discretionary</b>	<b>Abstain/ Excluded</b>
19,807,711	0	30,190	24,000

## Questions





# Disclaimer

This Presentation has been prepared by Engenco Limited (ABN 99 120 432 144) (Engenco) for general background information purposes only and is current as at the date of this Presentation. It is information in a summary form and does not purport to be complete. It should be read in conjunction with Engenco's other periodic and continuous disclosure announcements to the ASX available at [www.asx.com.au](http://www.asx.com.au).

This Presentation is not a Prospectus or a Product Disclosure Statement under the Corporations Act and has not been lodged with the Australian Securities and Investments Commission. This Presentation may contain forward looking statements concerning projected earnings, revenue, growth, outlook or other matters (Projections). Any such Projections are based on assumptions which may differ materially from the actual circumstances which may arise. Engenco undertakes no obligation to update any Projections for events or circumstances that occur subsequent to the date of this Presentation or to keep current any of the information provided. Past performance is no guarantee of future performance. Any estimates or Projections as to events that may occur in the future are based upon the best judgement of Engenco and there is no guarantee that any of these estimates or Projections will be achieved. Actual results will vary from the Projections and such variations may be material. Engenco has no obligation to tell recipients if it becomes aware of any inaccuracy in or omission from the information in this Presentation.

This Presentation is not intended to be an offer, invitation, solicitation or recommendation with respect to Engenco securities and does not purport to cover all relevant information about any potential investment in Engenco. Accordingly potential investors are advised to seek appropriate independent

advice, if necessary, to determine the suitability of any potential investment in Engenco. Neither the provision of this Presentation nor any information contained in this Presentation or subsequently communicated to any person in connection with this Presentation is, or should be taken as, constituting the giving of investment advice to any person. This Presentation does not contain legal, tax, accounting, investment or financial product advice and should not be used as the basis for making investment or other financial decisions in relation to Engenco securities. You should conduct your own investigations, enquiries and analysis and place no reliance on this Presentation in evaluating any potential investment in Engenco.

Investors should be aware that certain financial measures included in this presentation are 'non-IFRS financial information' under ASIC Regulatory Guide 230: 'Disclosing non-IFRS financial information', published by ASIC. Non-IFRS financial information may not be comparable to similarly titled measures presented by other entities, and should not be construed as an alternative to other financial measures determined in accordance with Australian Accounting Standards of IFRS. Although Engenco believes these non-IFRS measures provide useful information to investors in measuring the financial performance of the business, investors are cautioned not to place undue reliance on any non-IFRS financial information included in this presentation.

This Presentation has been prepared for publication in Australia and may not be released or distributed in the United States or to US persons. This presentation does not constitute an offer of securities for sale in the United States or to US persons (as defined in Regulation S under the US Securities Act of 1933) absent registration under the US Securities Act or an exemption from registration.

This Presentation, including opinions set out in it, is based on information compiled or prepared by Engenco from sources believed to be reliable, although no attempt has been made to verify such information. No representation or warranty, express or implied, is made as to the accuracy, currency, reliability, legality or completeness of the information in the Presentation. To the maximum extent permitted by law, none of Engenco, its directors, employees, advisors or agents, nor any other person, accepts any liability, including without limitation any liability arising out of fault or negligence, for any loss arising from the use of the information contained in this Presentation. In particular, no representation or warranty, express or implied, is given as to the accuracy, completeness, likelihood of achievement or reasonableness of any forecasts, Projections or prospects referred to in this Presentation. This does not apply to the extent that liability by law cannot be excluded.

All dollar values are in Australian dollars (A\$) unless otherwise stated.



## Contact Us

### Dean Draper

Managing Director and CEO

T +61 3 8620 8900

E [dean.draper@engenco.com.au](mailto:dean.draper@engenco.com.au)

### Garth Campbell-Cowan

Chief Financial Officer

T +61 3 8620 8900

E [garth.campbell-cowan@engenco.com.au](mailto:garth.campbell-cowan@engenco.com.au)

[engenco.com.au](http://engenco.com.au)

