



Investor Presentation

Half Year Results
FY23

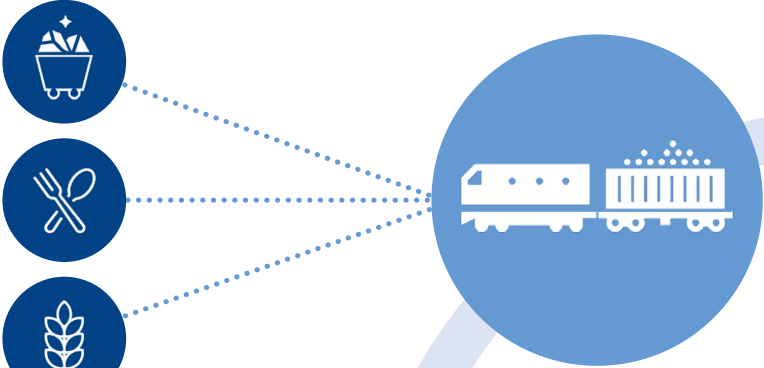


Engenco

POWER AND PROPULSION		Drivetrain	<i>CONVAIR</i>	HEDEMORA TURBO & DIESEL
RAIL		GEMCORAIL		
WORKFORCE SOLUTIONS		Momentum	CERT	EUREKA

We keep our customers moving

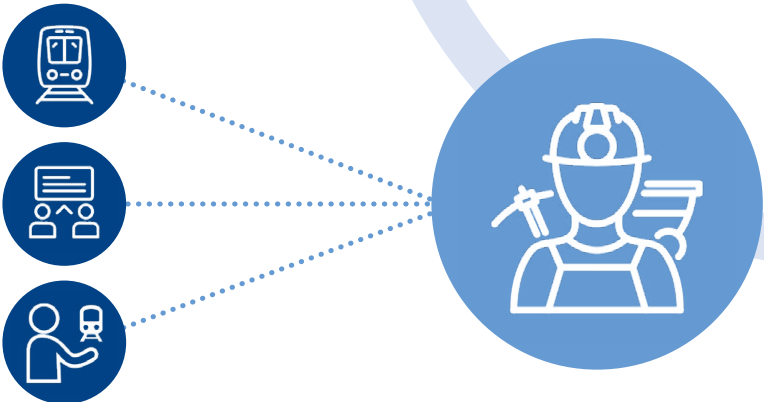
Providing transportation solutions



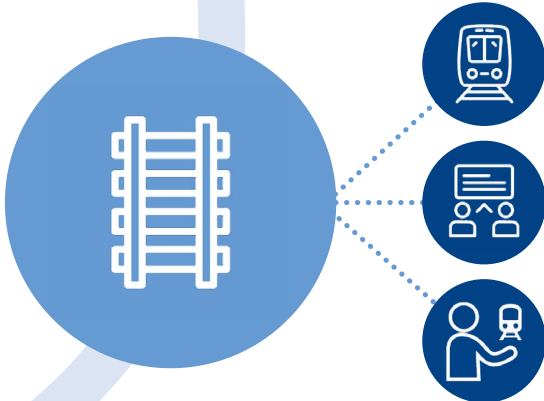
Supporting our customers with high quality products and services



Highly skilled and experienced personnel across our facilities



Supporting the transportation industry through the provision of skilled labour and training



Business Unit Overview

Drivetrain

Drivetrain supplies world-class equipment, powertrain components servicing and onsite support to the mining, energy, transport and defence industries. Drivetrain is positioned to provide through-life support to industrial companies spanning the full product life cycle.

Drivetrain's growing network of specialised workshops, and highly experienced team provide customised solutions to optimise operations, reduce downtime and drive productivity for customers.

As an authorised dealer for the Kovatera underground utility mining vehicle Drivetrain partners with customers to deliver safe and reliable transport solutions for underground mining.



Business Unit Overview



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

Convaire's range of tankers, blowers and compressors employs a wealth of knowledge and experience and the latest technology from around the world, resulting in highly efficient and durable solutions.

New tanker manufacture is supported by spare part sales, tankerservicing and repair capabilities to deliver a holistic solution to the transportation industry.



Business Unit Overview



The original manufacturer of Hedemora turbochargers and diesel engines.

Working from Hedemora, Sweden, with customers around the world, the experienced team perform overhaul, training, turbocharger testing and balancing to support customer needs.

From design, manufacture and installation to on-going product support the highly skilled team provide comprehensive solutions for the rail, power generation and marine industries.



Business Unit Overview



The leading independent provider of rollingstock maintenance, products, and services to the Australian and New Zealand rail markets.

The flagship facility in Forrestfield WA is complemented by an Australian wide footprint of modern and efficient maintenance facilities strategically located on rail main lines in Victoria, South Australia, New South Wales and Queensland.

Strong partnership alliances, coupled with a team of skilled engineers and tradespeople deliver high quality service to support the rail industry.



Business Unit Overview

Workforce Solutions



Provide training and employment opportunities to the Australian rail and transportation industries.

The industry leading Career-Path-Program has been tailored to meet customer skills shortages. Providing employment opportunities to those new to the industry with the necessary training and practical experience to join Australia's largest freight operators.

Working in collaboration with customers, and understanding industry needs the team provide a holistic Workforce Solution.



Highlights

- **The Engenco Group delivered an improved revenue result for H1**, as the Group benefited from a stronger operational platform, a broader range of goods and services and investments in people, capacity and innovation.
- **Difficult trading conditions impacted profitability**, including adverse weather events, inflationary pressures and higher labour and freight costs, especially in the Group's people focused Workforce Solutions business.
- **Safety remains Engenco's number one priority**. By December 2022 lost time injuries (LTI's) had reduced from 11.35 incidents to 5.3 incidents per million hours.



Revenue
\$100.1m
H1 FY22 \$85.5m



EBIT (loss)*
\$(860)k
H1 FY22 \$3.2m



Net Loss Before Tax*
\$(1.6)m
H1 FY22 \$2.6m



Net Cash
\$8.4m
H1 FY22 \$9.2m



Net Assets
\$87.1m
H1 FY22 \$93.0m



Net Operating Cash Flow
\$2.1m
H1 FY22 \$8.6m

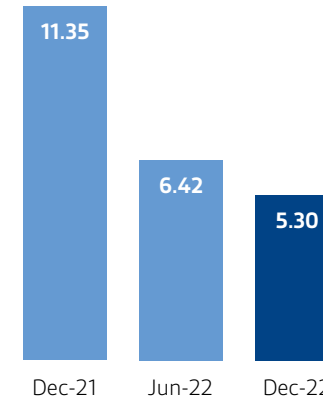
*EBIT and Net Loss Before Tax excludes significant item of \$1.4m for an insurance receipt relating to a severe flood event at Gemco Rail's Gladstone workshop in the previous year.

Health and Safety

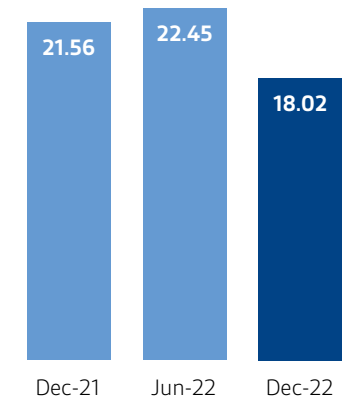
- ISO 45001 certification achieved across six major sites.
- The MakeSafe Observation app, used to conduct risk assessments, was extended to all Australian sites following its launch last year.
- Workplace site inspections standardised and being completed monthly across all sites.



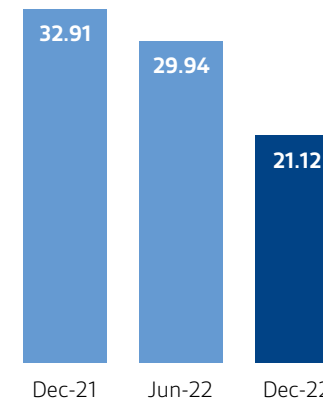
Lost Time Injury Frequency Rate



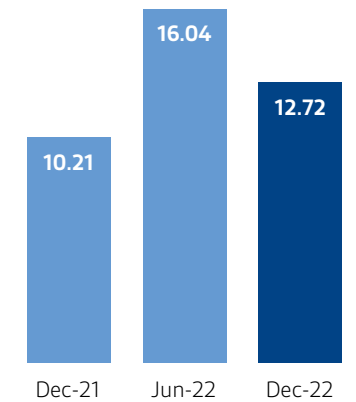
Total Recordable Injury Frequency Rate



First Aid Injury Rate



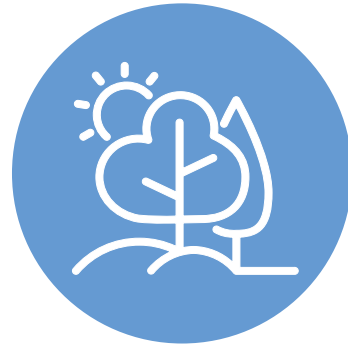
Medical Treatment Injury Frequency Rate



Environmental, Social and Governance (ESG)

Across the Engenco Group we are committed to understanding how our business operations affect the Environment and our Community.

Environment



OUR AIM:

To sustainably deliver innovative solutions

Working with external advisors to measure our vehicle, electricity and air travel emissions.

Investigating solar installation at Group owned sites.

Social



OUR AIM:

To provide a safe and inclusive environment

Strong focus on employee engagement.

Recognition programs – **Elevate a Workmate.**

Governance



OUR AIM:

To operate responsibly, ethically and sustainably

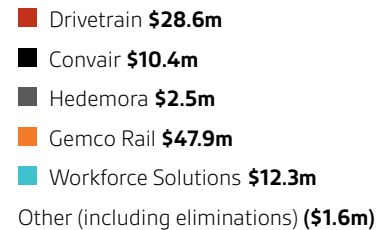
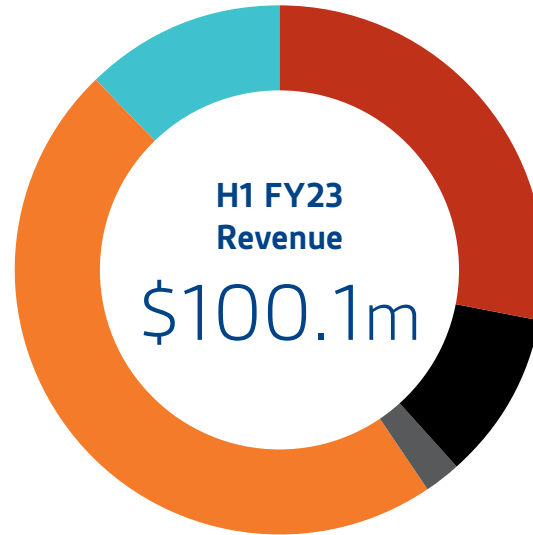
Our values, systems of policies, processes and procedures are the framework to everything we do.

Financial Overview



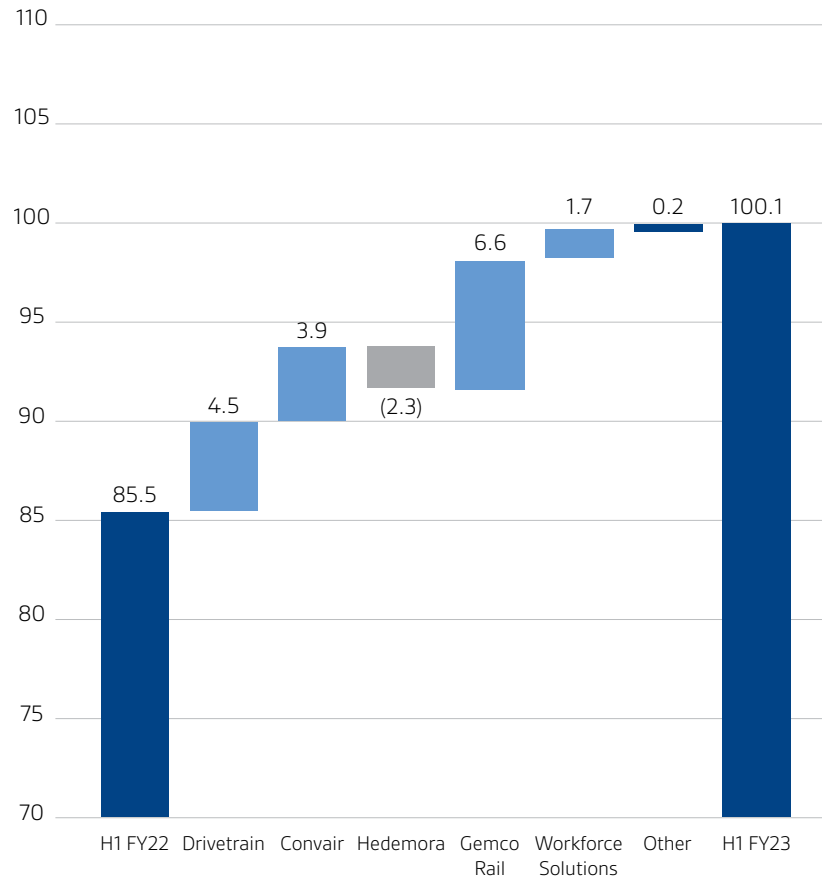
Business Overview

- Revenue improved by 17.1% compared to H1 FY22 with increases across all Business Units.
- Growth in the defence and mining sectors across all domestic locations has driven demand.
- Strong demand from existing and new (Kalgoorlie) customers assisted with higher sales.
- Some disruption resulted from major flooding events, shipping delays and labour shortages.

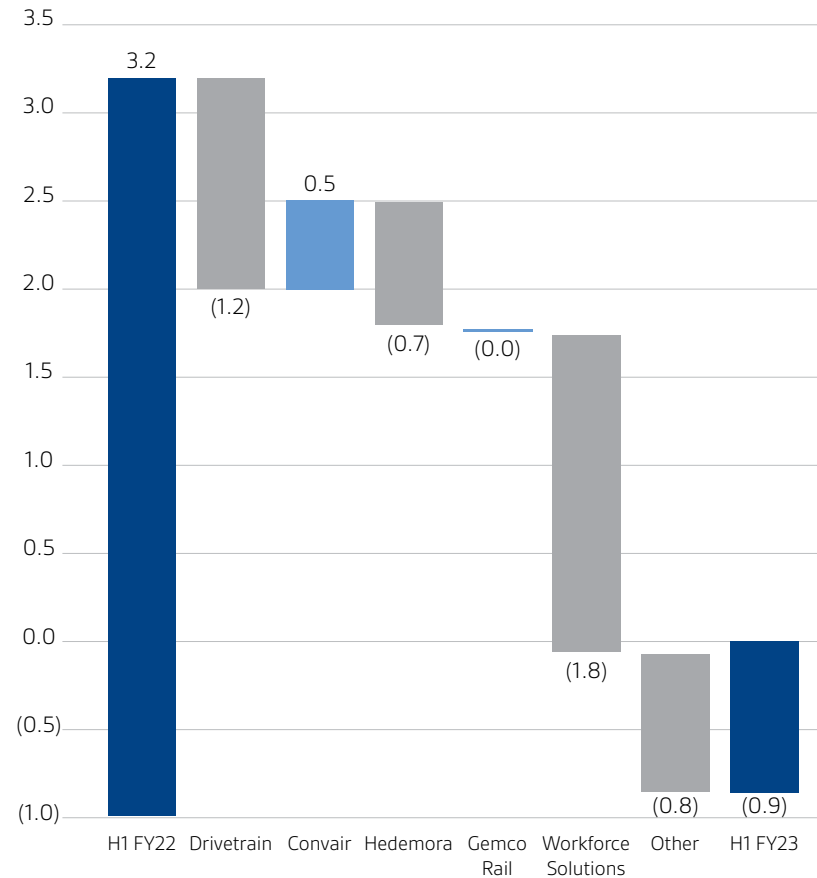


Revenue and EBIT movements

Revenue Movements (\$m)



EBIT Movements* (\$m)

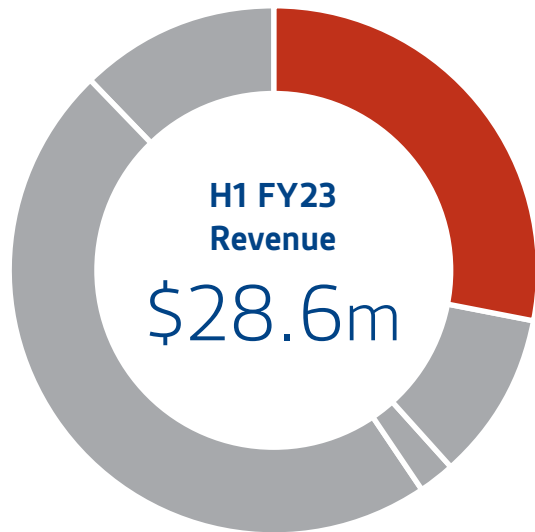


*EBIT excludes significant item of \$1.4m for an insurance receipt relating to a severe flood event at Gemco Rail's Gladstone workshop in the previous year.

EBIT was impacted by:

- Flooding events causing extended line closures on the Eastern seaboard constrained the Workforce Solutions businesses.
- Inability to pass on inflationary cost increases was limited by longer term contract commitments.
- Favourable initiatives to locate branches closer to customers.
- A one-off increase in inventory provision in Drivetrain for \$1.6m.

Power and Propulsion – Drivetrain

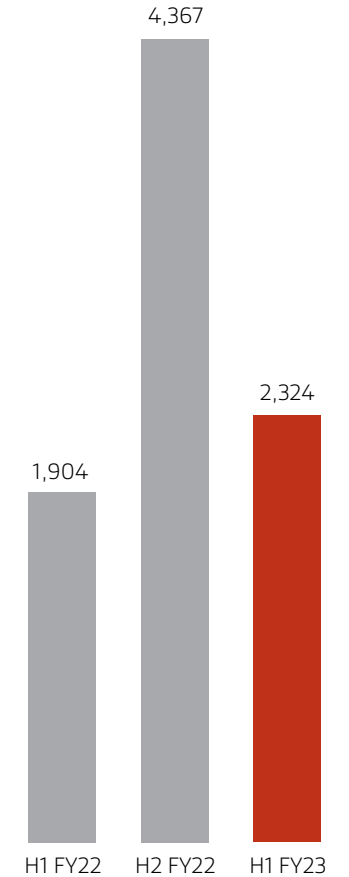


- Revenue increased by 18% from H1 FY22 to \$28.6m aided by strong demand across all branches.
- EBIT of \$2.4m is stated before an inventory impairment of \$1.6m.
- Operational costs have stabilised following inflationary impacts on the supply chain.

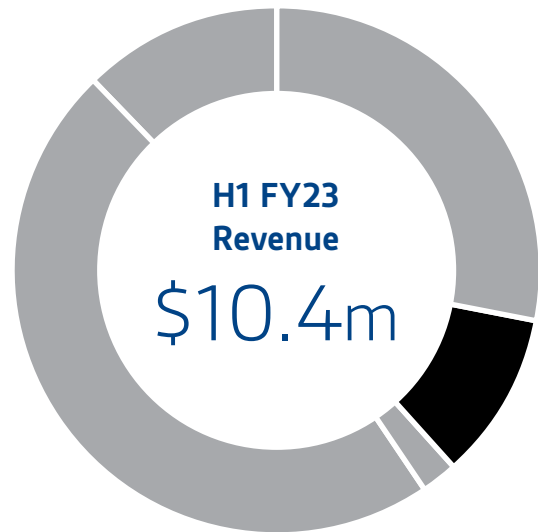
Revenue (\$'000)



EBIT (\$'000)

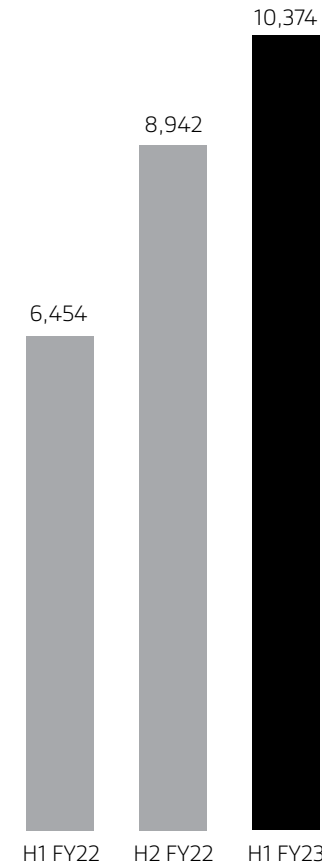


Power and Propulsion – Convaire

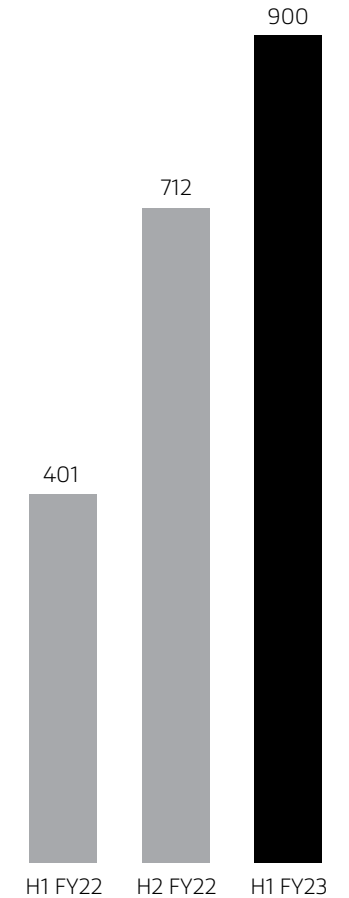


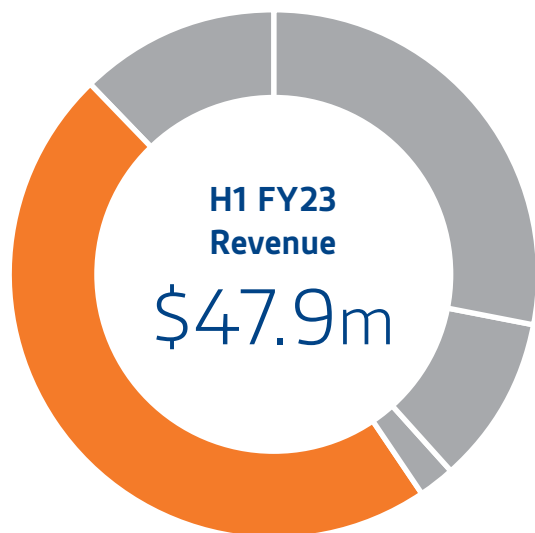
- Strong revenue driven by sales of Feldbinder aluminium tankers and local manufactured steel tankers.
- EBIT has similarly benefited.
- Lean manufacturing improvements will improve efficiency and aid cost reductions in H2 FY23.

Revenue (\$'000)



EBIT (\$'000)





- Revenue up 16% on H1 FY22 driven by strong demand for bearing and wheel services in our West Australian operations and an improved performance from our Newcastle maintenance centre.
- EBIT steady for H1 FY22 after excluding a significant item of \$1.4M of insurance proceeds relating to the destruction of the under floor wheel lathe in Gladstone in H2 FY22.
- Inflationary pressures moderated somewhat with lower seaborne freight costs.

Revenue (\$'000)

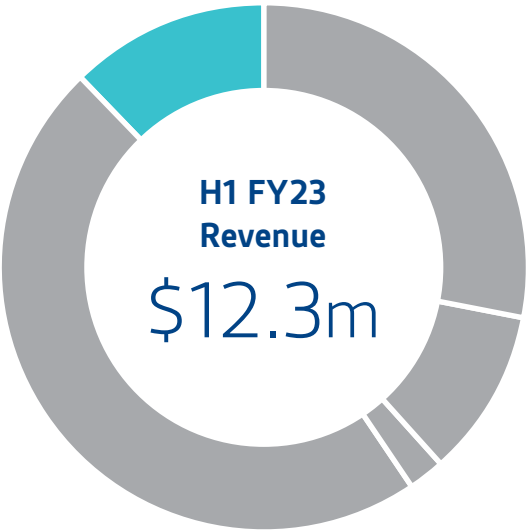


EBIT (\$'000)



*Excludes significant items being an impairment due to flood damage in H2 FY22 and the subsequent insurance receipt in H1 FY23.

Workforce Solutions

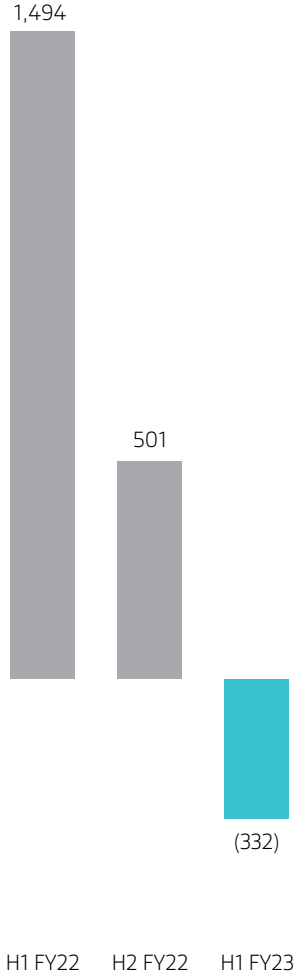


- Momentum was impacted by major flooding events resulting in extended track closures of railway lines in NSW and severe train driver shortages.
- CERT Training was also impacted by adverse weather conditions that resulted in postponement and cancellation of major rail projects requiring safety training.
- Eureka 4WD Training had a difficult first quarter impacted by severe truck trainer shortages, rising fuel costs and other inflationary pressures.

Revenue (\$'000)



EBIT (\$'000)



Group Outlook



Group Outlook

- Despite a difficult first half, **material improvement in the second half is expected** based on the current levels of demand, especially in the Gemco Rail and Drivetrain businesses.
- With strategies implemented to manage inventory and strengthen margins and confidence over revenue growth, **a return to profitable growth is anticipated.**





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