

2012 Annual General Meeting

Wednesday, 14 November 2012
L9 123 Queen Street, Melbourne



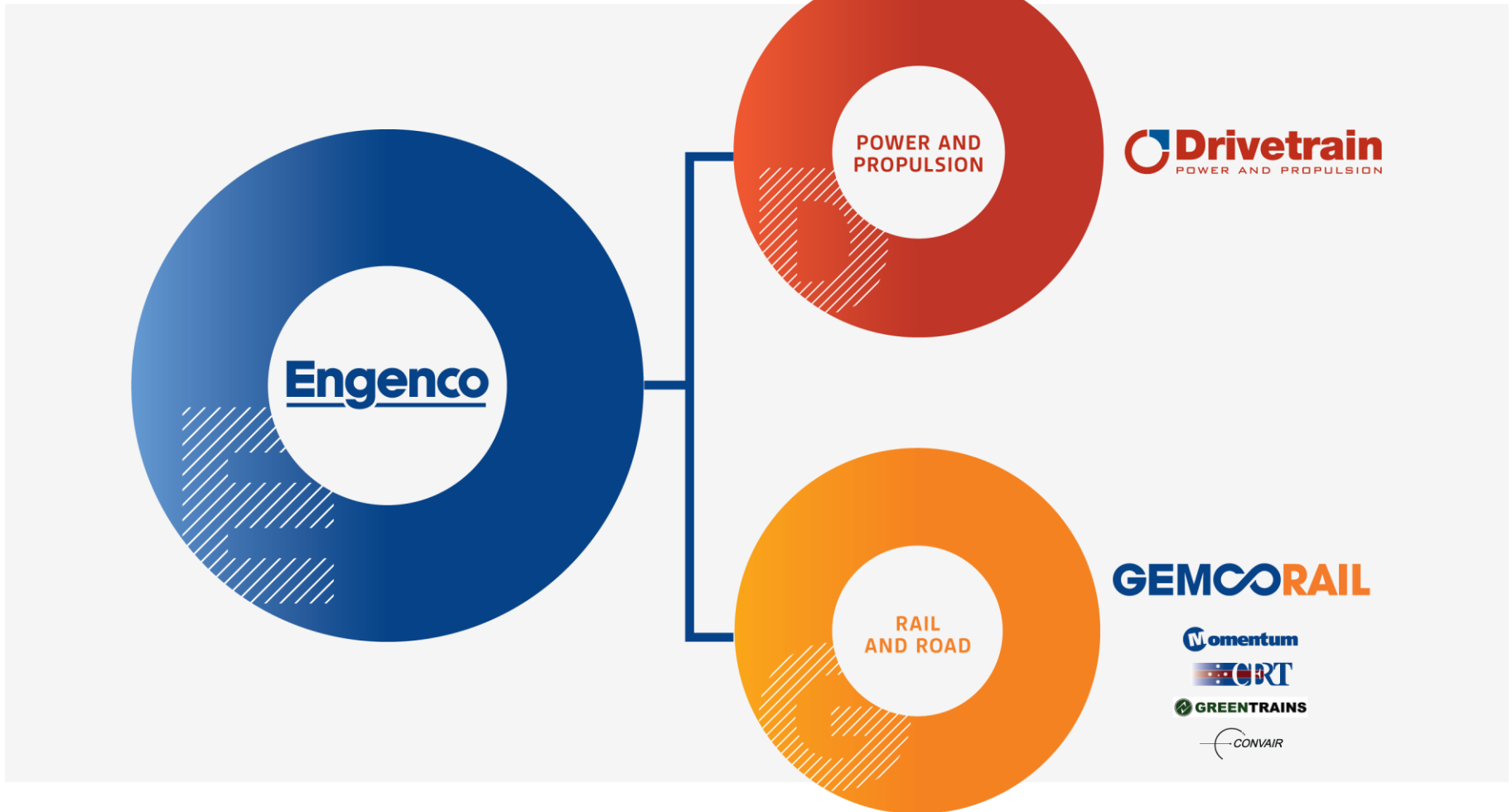
Chairman's Address

Dale Elphinstone



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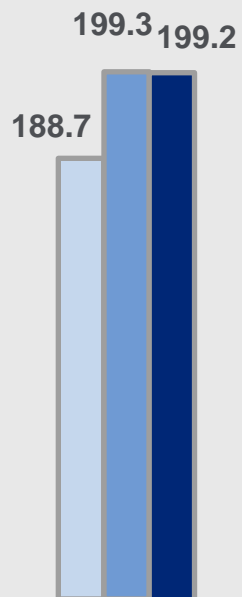
Streamlined Operational Structure



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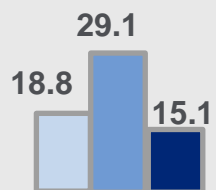
Revenue and Earnings

Operating Revenue (\$m)



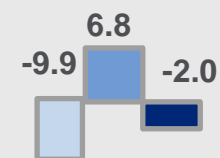
EBITDA (\$m)

for continuing operations excluding one offs



NPAT (\$m)

for continuing operations excluding one offs



FY10



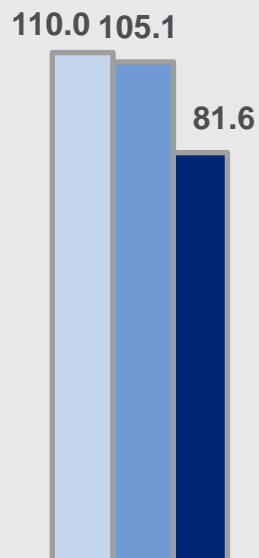
FY11



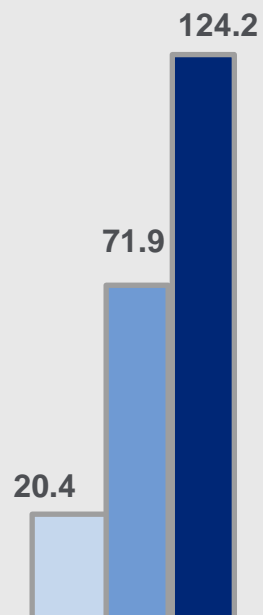
FY12

Capital Structure

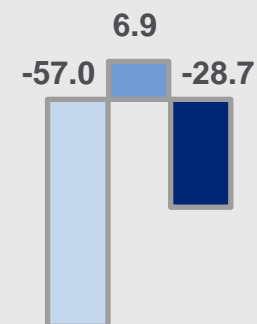
NTA per share (cents)



Weighted average shares on issue (m)

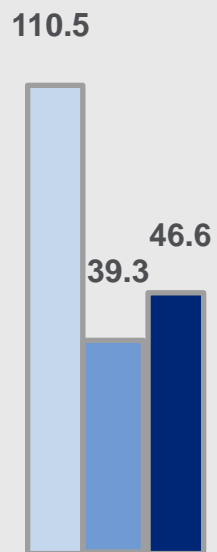


EPS (cents)

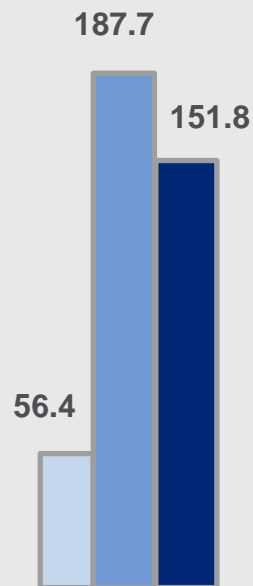


Capital Management

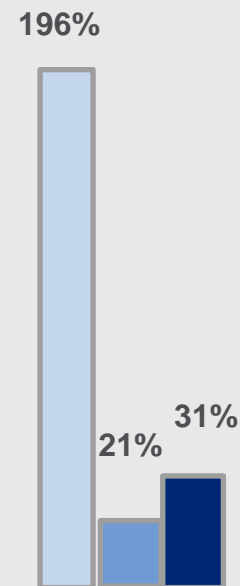
Net Debt (\$m)



Equity (\$m)



Gearing (net debt to equity) %



FY10



FY11



FY12

Company Overview


Our vision is to be a leading supplier of technical products and solutions to the rail, transport, resources and defence markets delivering superior value and returns

FY12 Revenue



\$199.2m

 Rail & Road

 Power & Propulsion

FY12 EBITDA



\$15.1m

Target Sectors

- ❖ Rail
- ❖ Resources
- ❖ Transport
- ❖ Defence
- ❖ Power Generation

Core Capabilities

- ❖ Engineering Expertise
- ❖ Maintenance, Repair, Overhaul (MRO)
- ❖ Niche Manufacturing
- ❖ Asset Management
- ❖ Distribution Network

Geographic Spread

- ❖ Australia
- ❖ Europe
- ❖ S.E. Asia
- ❖ North America

First Two Years of the Turnaround

Initiatives implemented in FY11:

- ✓ New management
- ✓ Recapitalisation
- ✓ Divestment of non-core assets
- ✓ Refinanced banking facilities
- ✓ Rationalised operations

Initiatives implemented in FY12:

- ✓ Stabilised core revenue streams
- ✓ Appointment of CEO, CFO and Company Secretary
- ✓ Centralised operational functions from Melbourne corporate office
- ✓ SAP system expansion
- ✓ Granular strategic planning

Demand Drivers

EGN believes it is well positioned to benefit from:

- Resources Exposure

- Demand for product and maintenance services
- Increased sales through distribution networks
- Some miners remain capacity constrained

- Investment in Infrastructure and Equipment

- Aged rollingstock fleets and rail networks
- Expanding resource infrastructure
- Natural gas projects

- Energy Efficiency

- Maintenance and enhancement of engines to reduce emissions
- Focus on increasing freight volumes by rail



FY 2012 Investment Highlights

- Revenue streams from core business remain stable and sustainable
- Core business improvement initiatives and operational efficiencies continue to be pursued, some maturing more slowly than others but steady progress
- Full asset review complete
- New senior management team in place
- Board and management confident of 3-5 year turnaround plan which commenced in 2010





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Items of business

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2012 Annual General Meeting

Resolutions – Proxy Results

Item 1

“To adopt the remuneration report (contained in the Directors’ Report) for the year ended 30 June 2012.”

For	Against	Discr.	Chair Discr.	Abstain
39,059,336	240,992	151,367	95,518	46,940,369

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Resolutions – Proxy Results

Item 2

“Re-election of Vince De Santis.”

For	Against	Discr.	Chair Discr.	Abstain
85,558,254	583,889	252,339	0	93,100

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Resolutions – Proxy Results

Item 3

“Appointment of Auditor.”

For	Against	Discr.	Chair Discr.	Abstain
86,204,836	14,800	252,339	0	15,607

CEO's Address

Dennis Quinn



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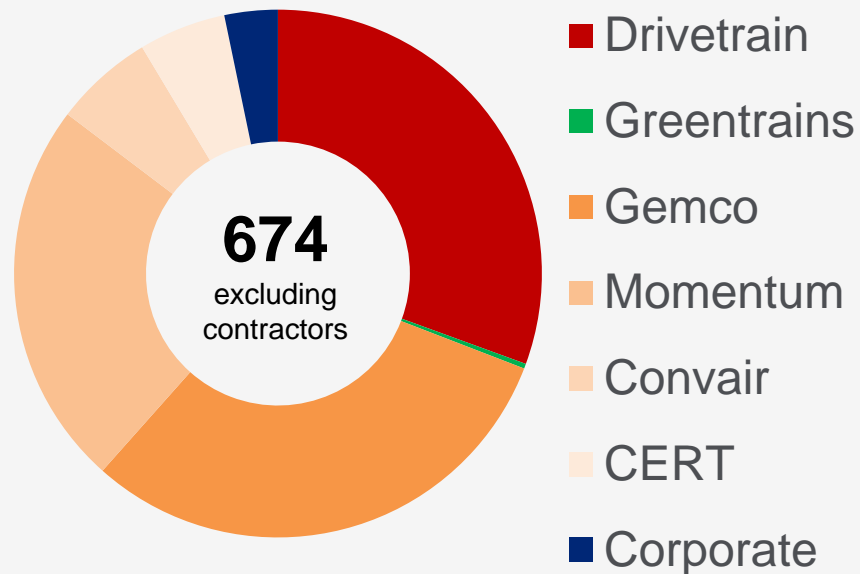
Make Safe

- Make Safe group wide safety platform
- Integrated Policy and safety systems
- Culture of continuous improvement instilled
- Safety performance continues to improve

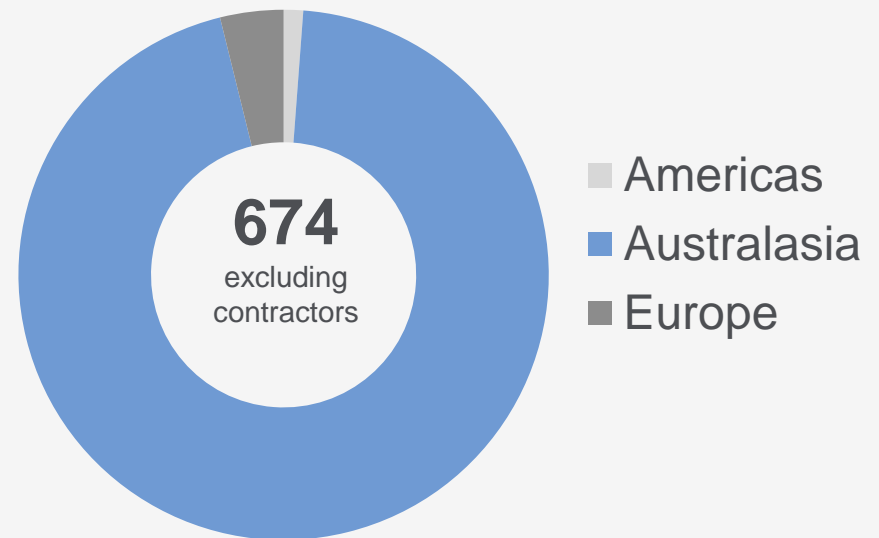


Our People

Employees by SBU



Employees by Region



At June 2012

Revenue Support Factors

Stable and Sustainable Revenues

Long-term customer relationships
Footprint in key locations

Intellectual Property and own OEM
Service support capability



Revenue Drivers and Productivity Growth

Gastrain capability
expansion

HS Turbocharger
market
development

Manufacturing
productivity

Rail maintenance
workshop efficiency



Long Term Earnings Growth

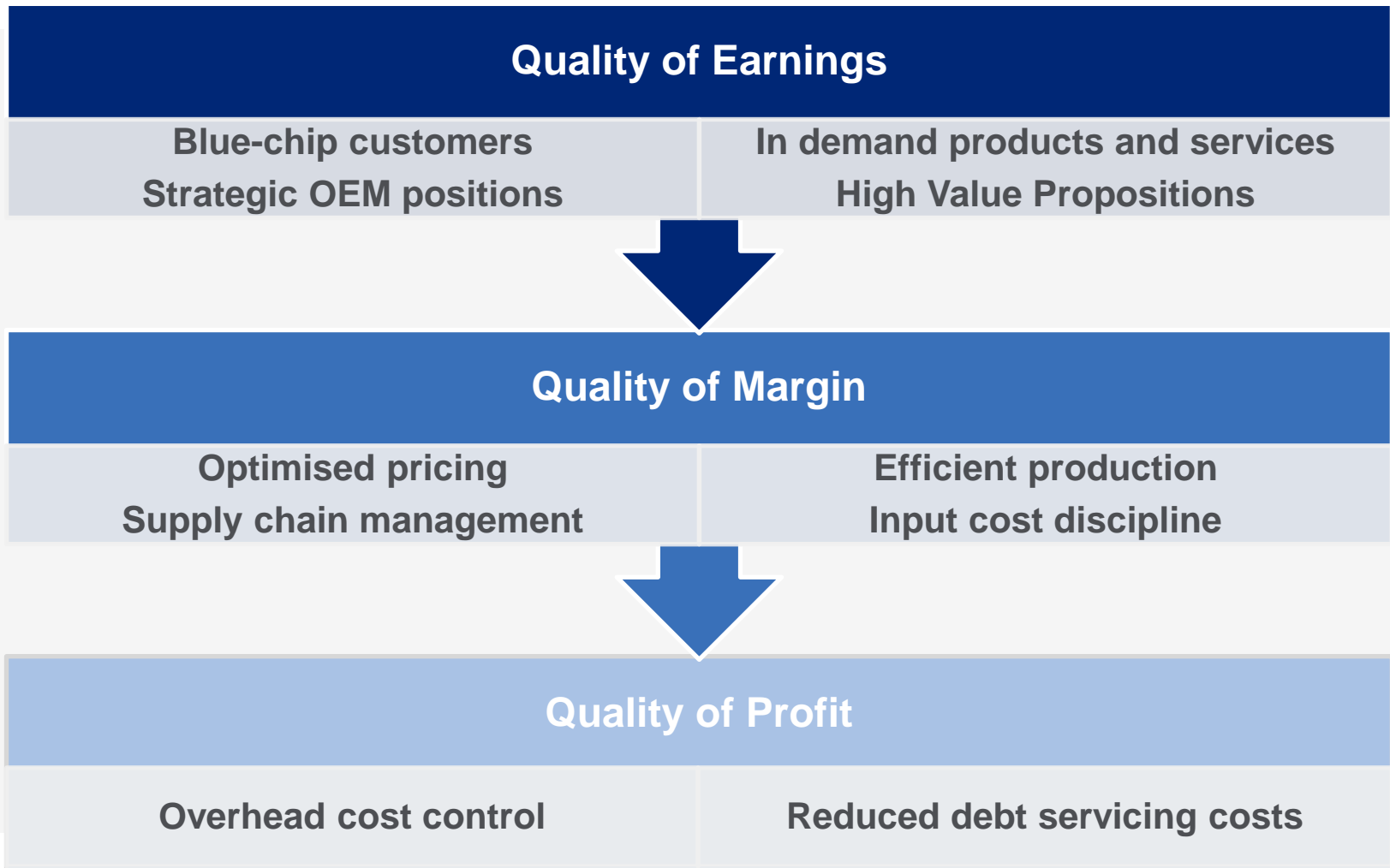
Revenue from
expanded capacity

Demand for energy
efficiency

Infrastructure
renewal and more
open rail market

Resources

Profitability Support Factors



Power and Propulsion Segment



Drivetrain provides products and services for heavy mobile powertrain systems, large frame turbochargers, heavy diesel and gas power generation and gas compression equipment.

Services include:

- Maintenance, repair & overhaul (MRO)
- Design, installation and commissioning
- Genuine component and spare parts distribution
- Through-life support & field service



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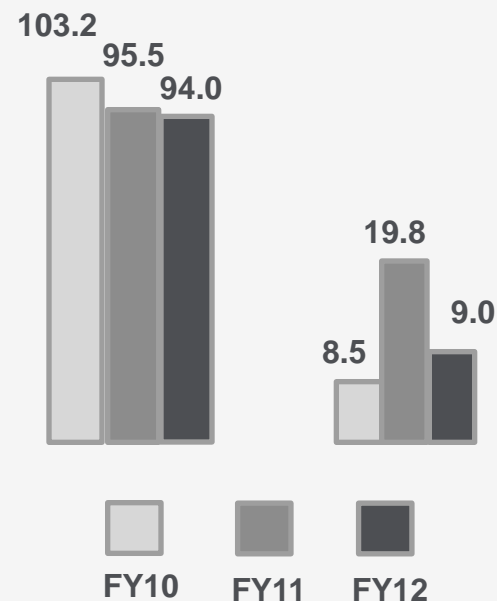
Operational Update – Power and Propulsion Segment



Highlights in FY12:

- Core revenue base stable but EBITDA down due to product mix
- Secured exclusive distribution agreement with Sage Energy - a key supplier of gas compression packages
- Improved coverage in Singapore, Auckland, Adelaide and Newcastle

Revenue - \$M EBITDA- \$M

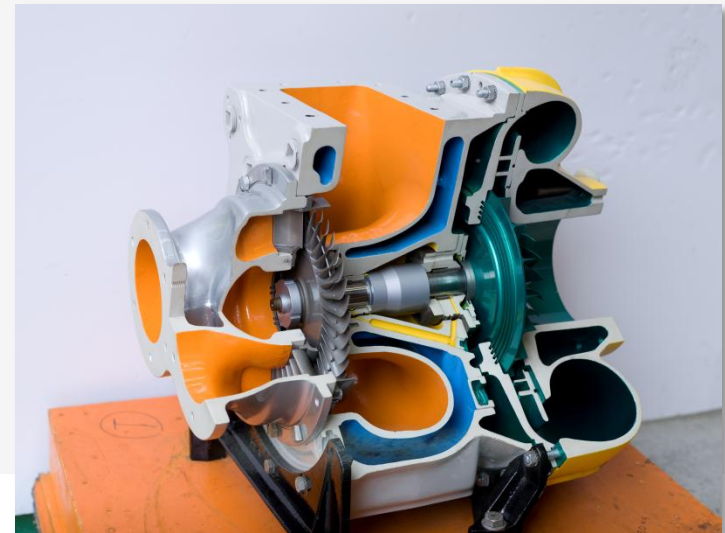


Operational Update – Power and Propulsion Segment



Outlook for FY13:

- Growth in core product segments such as gas compression and HS Turbochargers
- Exit of low margin revenue streams to allow more focus on core business & improve margin mix
- Improved working capital management and supply chain control



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Rail and Road Segment

GEMCO RAIL

Gemco specialises in the manufacture of rail equipment and providing fleet management services to national rail operators



Integrated Rail Services provider: Rail products and services;
Training; Workforce provisioning; Leasing



Dry bulk tankers



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Operational Update – Rail and Road Segment

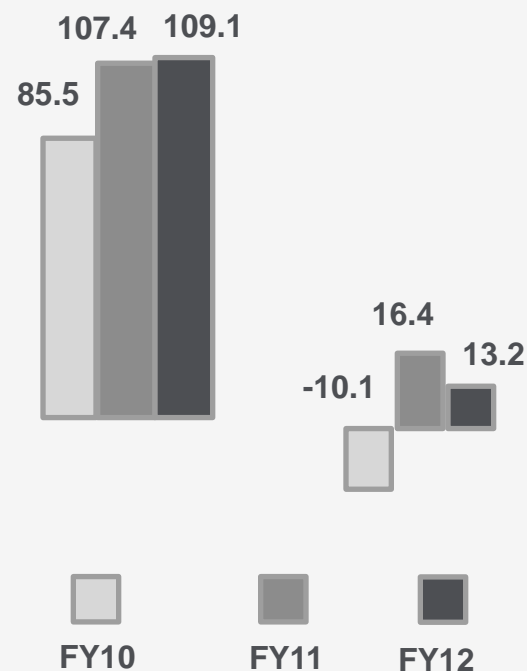


Highlights in FY12:

- Investments in Gemco wheel and bearing lines neared final installation, growth in service work for external customers' fleets
- Greentrains refinancing, large proportion of operational fleet on lease
- Efficiency gains in Convair through 'lean' concepts
- Good growth in CERT from a small base as training demand increases

Revenue - \$M

EBITDA - \$M



Operational Update – Rail and Road Segment



Outlook for FY13:

- Improved efficiency in workshops through deployment of productivity improvement investments and processes
- Momentum expected to grow on back of new labour hire contracts already in place - Pilbara and East Coast
- Continued efficiency gains from Convaair with lean manufacturing and partner support
- Advance Greentrains debt and equity restructure
- CERT further growth anticipated as rail operators continue to seek training and up skilling of staff and market opportunities arise



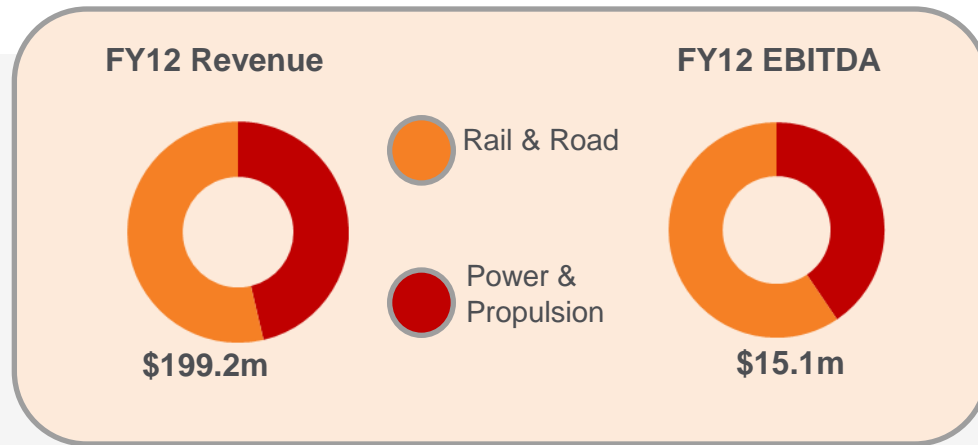
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Market Outlook

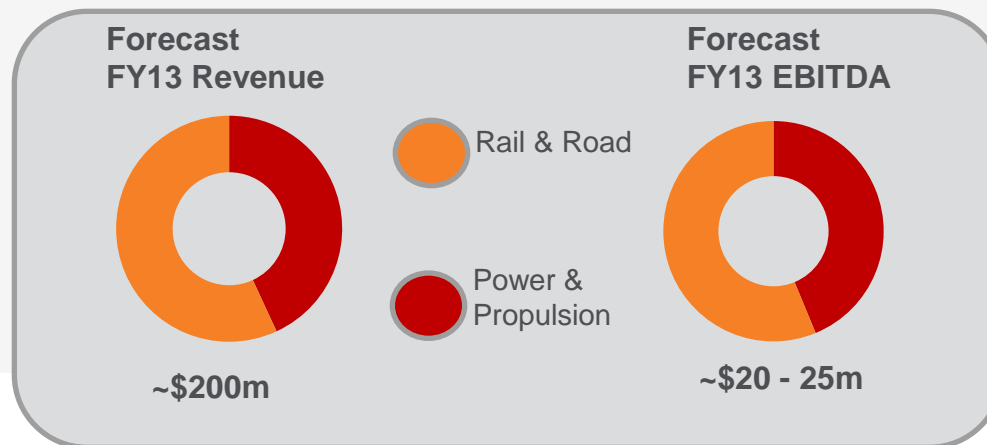


- **We expect material improvements in full year profitability in FY13**
 - Focus on lifting margins
 - Ongoing operational improvements
 - Increased impetus on granular planning, reporting and accountability
- **Business improvement initiatives are accelerating and starting to flow to bottom line**
- **Full year FY13 NPAT guidance of \$6-9m, predominantly weighted to second half**
- **Key risk factors:**
 - Change in expenditure patterns of large customers, particularly those who purchase own OEM parts
 - Loss of current distribution agreements
 - Risk-rated growth opportunities do not materialise as planned
 - Global macro-economic factors

Guidance - Full Year Outlook



Business improvement initiatives expected to accelerate results improvement through balance of FY13





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Questions

Thank you

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Additional information



FY 2012 Financial Overview

		FY12 (\$m)	FY11 (\$m)	FY10 (\$m)
Profit after tax (including discontinued operations)	\$m	(35.6)	5.1	(114.2)
Revenue (excluding discontinued operations)	\$m	199.2	199.3	167.8
Profit after tax (excluding discontinued operations and one offs)	\$m	(2.0)	6.8	(9.9)
Total assets	\$m	254.3	275.6	242.3
Net assets	\$m	151.8	187.7	184.1
Financial liabilities	\$m	62.2	53.4	113.2
Net debt	\$m	46.6	39.3	110.5
Shareholders equity	\$m	151.8	187.7	56.4
Earnings per share	cents	(28.7)	6.9	(57.0)
Net tangible assets per share	cents	81.6	105.1	110.0
Return on shareholders' equity	%	(1.3%)	3.7%	(184.4%)
Gearing (net debt to equity)	%	31%	21%	196%

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