



ASX ANNOUNCEMENT

20 November 2013

2013 Annual General Meeting Chairman's and Managing Director's Addresses and AGM Slides

Engenco Limited (ASX:EGN) (**Company**) attaches a copy of the Chairman's and Managing Director's addresses for the 2013 Annual General Meeting together with the slides for the meeting held on 20 November 2013.

For further information please contact:

<p>Ross Dunning AC Managing Director T: +61 (0)3 8620 8900 E: ross.dunning@engenco.com.au</p>	<p>Josephine Tan Company Secretary T: +61 (0)3 8620 8900 E: josephine.tan@engenco.com.au</p>
--	---

Engenco Limited

Annual General Meeting – 20 November 2013

Address to Shareholders by Dale Elphinstone, Chairman

Ladies and Gentlemen

Welcome to our 2013 Annual General Meeting. Thank you for your attendance.

It has been a year of change and improvement in a challenging environment for Engenco. Significant progress has been made on the 3 to 5 year recovery journey we set ourselves in 2010.

Our Managing Director, Ross Dunning, will provide an outline of the Company's financial and operational performance shortly, but prior to that I wish to make reference to a number of important events that occurred during the year.

At the half year we made a significant downgrade in the outlook for the Company in light of the adverse conditions, which led to what was ultimately a successful, recapitalisation of the business. This process was led by an Independent Board Committee.

This year the Board also determined that certain intangible and tangible assets should be impaired given our strict application of prudent accounting principles. This weighed heavily on the full year result, albeit most of these impairments had no cash effect.

We believe that firm foundations have been set with regard to capital management and sustained funding arrangements. That said, we are disappointed with the trading result and continue to work hard to improve the profitability of the Company.

Directors hold board meetings at least monthly and the commitment, energy and counsel given by my fellow directors is certainly appreciated. The Board continues to ensure management maintains its focus on safety, project and risk management and is driving an improved performance and business culture.

The Group structure is now well bedded in and we continue to deliver a diverse range of engineering services and products through our two core businesses, Gemco Rail and Drivetrain. We service a broad client base across the defence, resources, marine, power generation, rail, heavy industrial and infrastructure sectors.

The Group remains committed to a strategy of pursuing business in the Rail & Road and Power & Propulsion segments, with a focus on further developing our core capability. We are also improving operating efficiency within the businesses by leveraging the group structure and location footprint.

Our ongoing strategy is to improve the efficiency and to right-size the business to better meet current and future markets. This has put the business on a firmer footing which has improved relations with our financiers, insurers, suppliers and of course our customers.

As a Board we believe our Senior Management team is now much better placed to meet the challenges and opportunities that lie ahead. We greatly appreciate and have benefited from the depth of experience and drive that Ross Dunning has brought to our Board and more recently, to the position of Managing Director.

The Company is well positioned to take full advantage of any greater than expected improvements in general market conditions.

The efficiency initiatives we continue to implement are improving our competitive position. We anticipate a continued slow but certain recovery as key markets and industry sectors improve and the strategic advantages that we have nurtured begin to bear fruit.

Dale Elphinstone
Chairman

Annual General Meeting – 20 November 2013

Address to Shareholders by Ross Dunning, Managing Director

Good afternoon Ladies and Gentlemen.

I am pleased to be able to have this opportunity to provide some more detail concerning operations of Engenco over the past year and to give you some information concerning current operations.

- The Group recorded a reportable net loss after tax, including non-controlling interests, of \$91.5 million for the year ended 30 June 2013. As the Chairman has already mentioned, the result was negatively affected by significant items amounting to about \$79.2 million which meant we recorded an underlying net loss of \$12.3 million.
- Although the profit result was very disappointing, net debt was significantly decreased from \$46.5 million in FY 2012 to \$18.8 million in FY 2013. Net operating cash flow showed a positive \$7 million turnaround year-on-year.
- The Commonwealth Bank of Australia facility agreement was renewed in September 2013 and expires on 31 October 2014. The Elph Pty Ltd facility agreement has been extended to 30 September 2014.
- These banking arrangements provide us with funding stability and also provide us with significant headroom within the new banking covenants with CBA. The NAB debt has been repaid, and that facility has not been renewed. The Swedish bank debt amortization will be completed early in calendar year 2014.
- There were no significant investments, acquisitions or disposals in the year, but the Board and Management remain open to relevant strategic opportunities so as to capture operational advantages.
- The focus in FY 14 is on increasing revenue and operating leverage.
- Owing to a sudden change in marketing conditions including risk-weighted opportunities not materialising, the Entitlement Offer originally issued in December 2012 was cancelled and a new offer was formulated which included a takeover bid from Elph Pty Ltd. The Entitlement Offer was issued at \$0.15 per share and the Elph takeover bid was made at \$0.18 per share. The Independent Board Committee unanimously advised shareholders with medium to longer term investment horizons to reject the Elph offer, based on an Independent Expert's Report. I offer my thanks to all shareholders who supported the Entitlement Offer which raised around \$27 million net of costs.
- The significant reduction in resources sector activity particularly in coalmining and hard-rock gold mining, was the major cause of revenue reduction in FY 13. This resulted in a significant impact in the Drivetrain business in Australia and New Zealand and in the Gemco fabrication business. Operational efficiencies and rationalisations, combined with employee number reductions, have been implemented in the Drivetrain business across Australia and New Zealand. This is expected to be evident in the FY 14 results.

- The offshore operations of Drivetrain in Singapore and Europe (Sweden) continue to operate profitably and early indicators are that these operations should continue to operate profitably during FY 14.
- Gemco Rail's operational efficiency programme which commenced in Western Australia, is continuing and will lead to site consolidation and facilities better suited to meet current rail market demands. Onerous contracts on foot in the rail sector have been taken to account in FY 13. The wheel and bearing activities, including bogie refurbishment, are operating more efficiently and higher throughput is being realised.
- Momentum's performance was affected by the downturn in rail infrastructure spending during FY 13. There are positive indications of a recovery in this sector in calendar year 2014, and Management is in encouraging discussions for major tenders soon to be awarded. The Convair and CERT businesses are operating profitably and are expected to perform well in FY 14.
- The Greentrains business has been affected by the oversupply of narrow gauge and standard gauge locomotives as a result of the sudden reduction in the requirements of the resources sector, particularly in coal haulage. No material improvement in demand for the current Greentrains fleet is expected during FY 14. That said we anticipate the majority of the current fleet to be leased early in 2014.
- Turning to revenue:
 1. Drivetrain Power & Propulsion's revenue and EBITDA were depressed largely owing to lower component and service sales to customers in mining related businesses.
 2. Gemco Rail's revenue was lower owing to less fabrication work being received than anticipated. Profitability was significantly impacted by losses on fabrication projects completed in the period, and the finalisation of legal disputes.
 3. Momentum's revenue grew year-on-year based on new contracts particularly those in Western Australia, resulting in a small improvement in earnings.
 4. CERT generated higher revenue in the comparable period but margins were impacted by costs associated with new location establishment.
 5. Greentrains revenue and earnings were down slightly when compared with FY12 results as demand for rolling stock was lower due to the current excess locomotive capacity in the industry.
 6. Convair's dry bulk tank business performed profitably although revenue was lower than in the previous financial year owing to the soft construction and associated industry markets.
- Directors and Management have taken appropriate action to right size the businesses having regard to the current very flat market in the sectors that utilise our products and services. We believe that we are well positioned to take advantage of opportunities as the sectors recover, although FY 14 and the early part of FY 15 can be expected to be flat. Recent contracts in the gas area awarded to Drivetrain and ongoing contract discussions in the Momentum and CERT businesses are very encouraging.

In conclusion, I would like to thank my fellow directors for their ongoing support and confidence in me. I would also like to thank the Senior Management Team for all their hard work and dedication.

Finally, thank you all very much for your ongoing support of the Company.

Ross Dunning
Managing Director

2013 Annual General Meeting

Wednesday, 20 November 2013
L9 123 Queen Street, Melbourne



Engenco



Chairman's Address

Dale Elphinstone



Engenco



Engenco Limited 2013 Annual General Meeting

Items of business

Engenco

Engenco Limited

2013 Annual General Meeting

Resolutions – Proxy Results



Item 1

“To adopt the remuneration report (contained in the Directors’ Report) for the year ended 30 June 2013.”

For	Against	Discr.	Chair Discr.	Abstain
34,762,803	295,296	194,305	55,890	191,218,540

Engenco Limited 2013 Annual General Meeting Resolutions – Proxy Results



Item 2

“Re-election of Dale Elphinstone.”

For	Against	Discr.	Chair Discr.	Abstain
225,935,456	336,660	188,800	55,890	10,028

Managing Director's Address



Engenco



Engenco Limited 2013 Annual General Meeting

Questions

Engenco

Thank you

Engenco

Level 22
535 Bourke Street
Melbourne
VIC 3000

T +61 3 8620 8900

Follow us at
www.engenco.com.au