

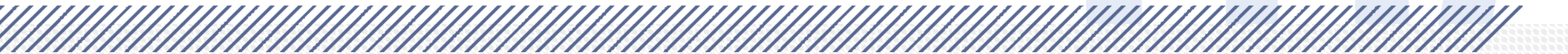


Engenco

Engenco Limited

Investor Presentation

FY17



Presented by:
Vince De Santis (Chairman)
Kevin Pallas (Managing Director & CEO)

Company

Highlights

FY17

\$8,269,000

Total profit for the period

66%

Operating income growth

\$6,400,000

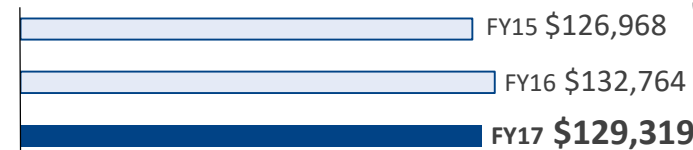
Net operating cash flow

2.76c

Basic earnings per share

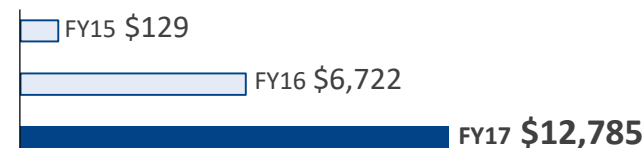
Revenue (from continuing operations)

\$'000



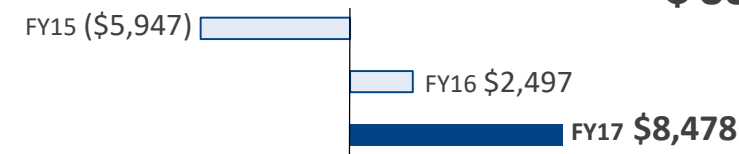
EBITDA (from continuing operations)

\$'000



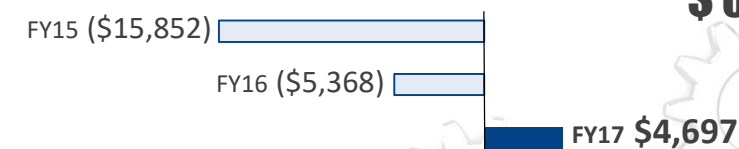
NPAT (from continuing operations)

\$'000



Net Cash/Debt

\$'000





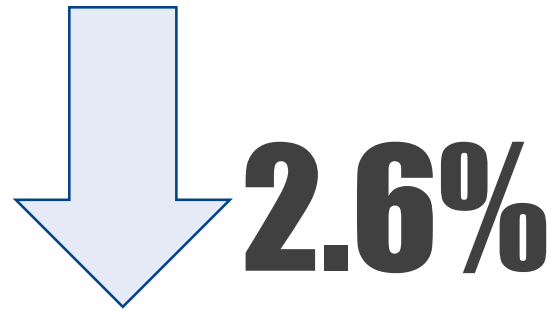
Company Highlights

- Significant increase in profit
- Operating income growth
- Decreased financial liabilities
- Sustained net operating cash flow
- Dividend declared

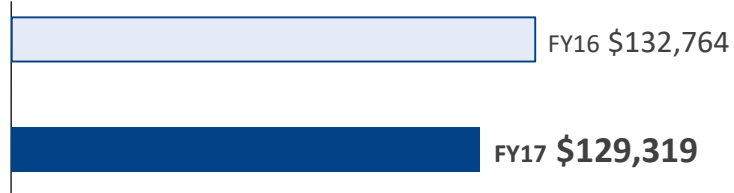
	2017 \$'000	2016 \$'000
Revenue from continuing operations	129,319	132,764
EBITDA from continuing operations	12,785	6,722
EBIT from continuing operations	9,137	2,636
Profit / (loss) after tax from continuing operations	8,478	2,497
Profit / (loss) from discontinued operations	(209)	1,643
Net operating cash flow	6,400	11,054
Net assets	57,011	49,094
Net cash / (debt)	4,697	(5,368)

Consolidated Profit or Loss Movements

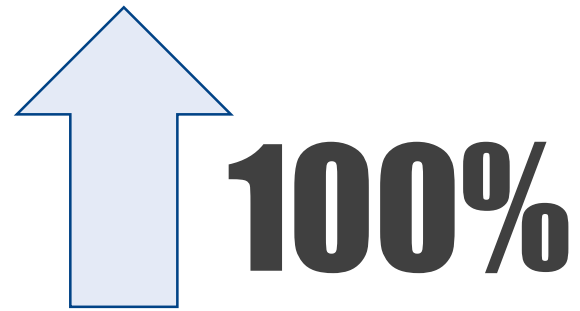
Revenue



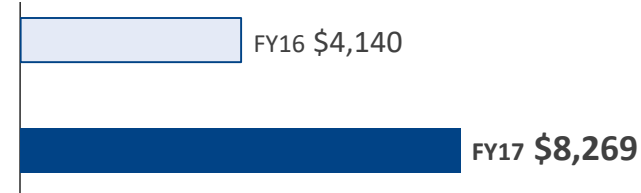
\$'000



Total Profit



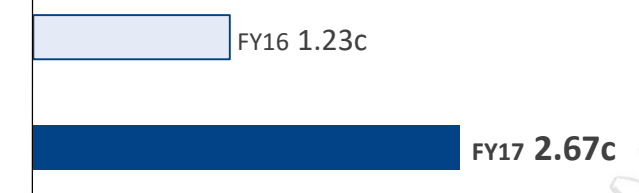
\$'000



EPS



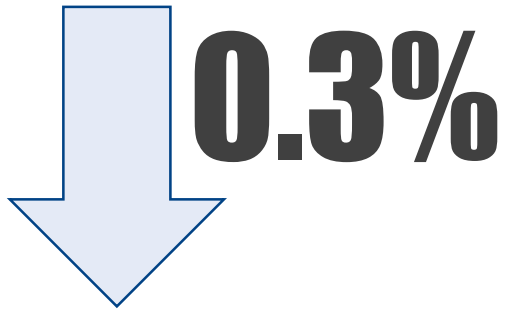
(cents per share)



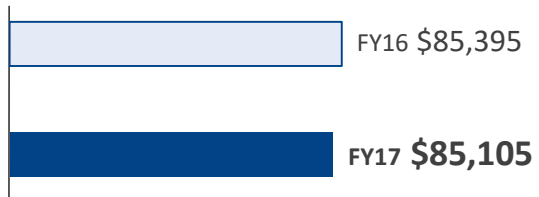
Consolidated Statement of Financial Position

Movements

Total Assets



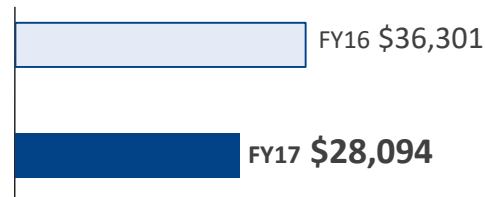
\$'000



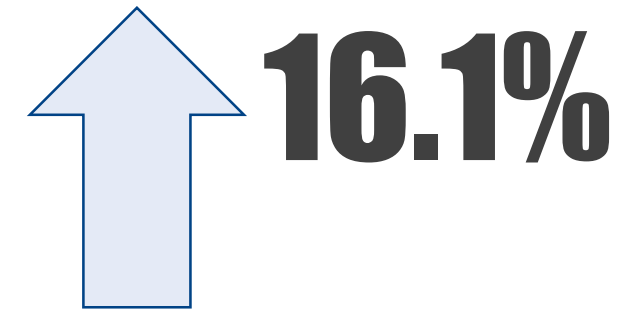
Total Liabilities



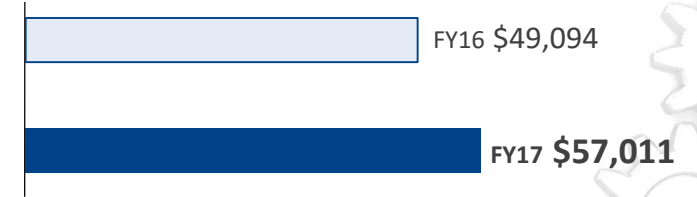
\$'000



Net Assets



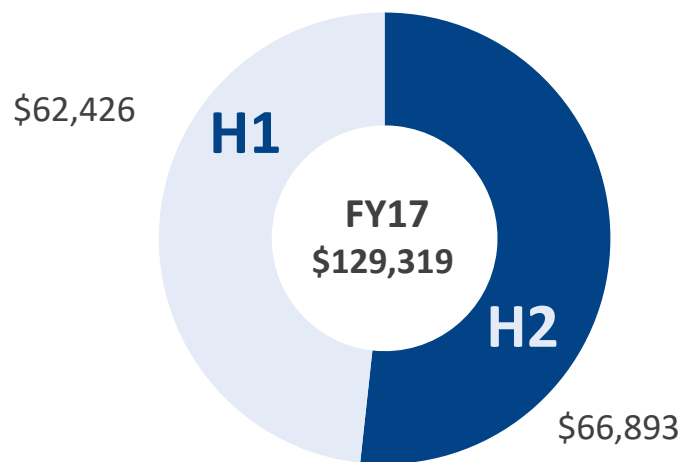
\$'000



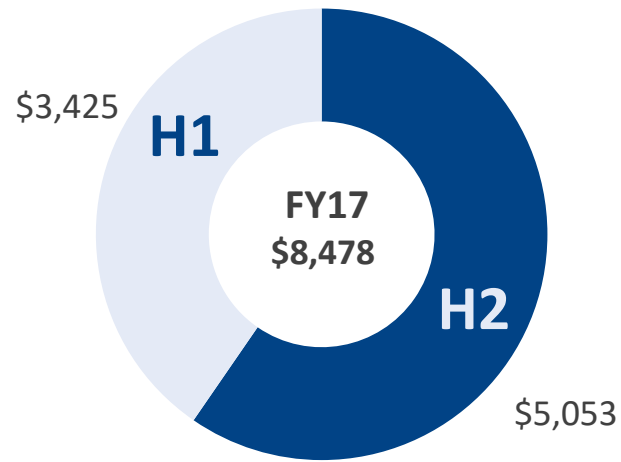


Year in Review FY17

Revenue* \$'000

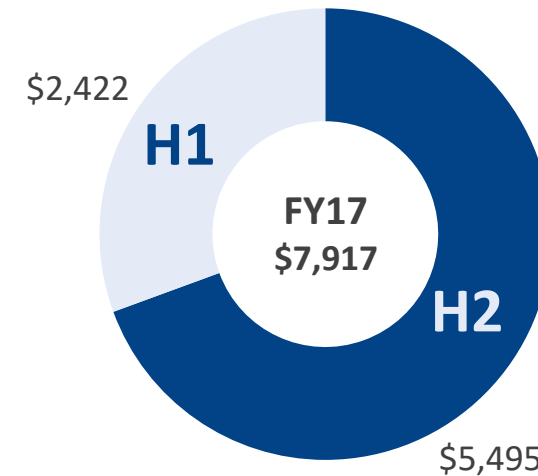


Total Profit* \$'000



*(from continuing operations)

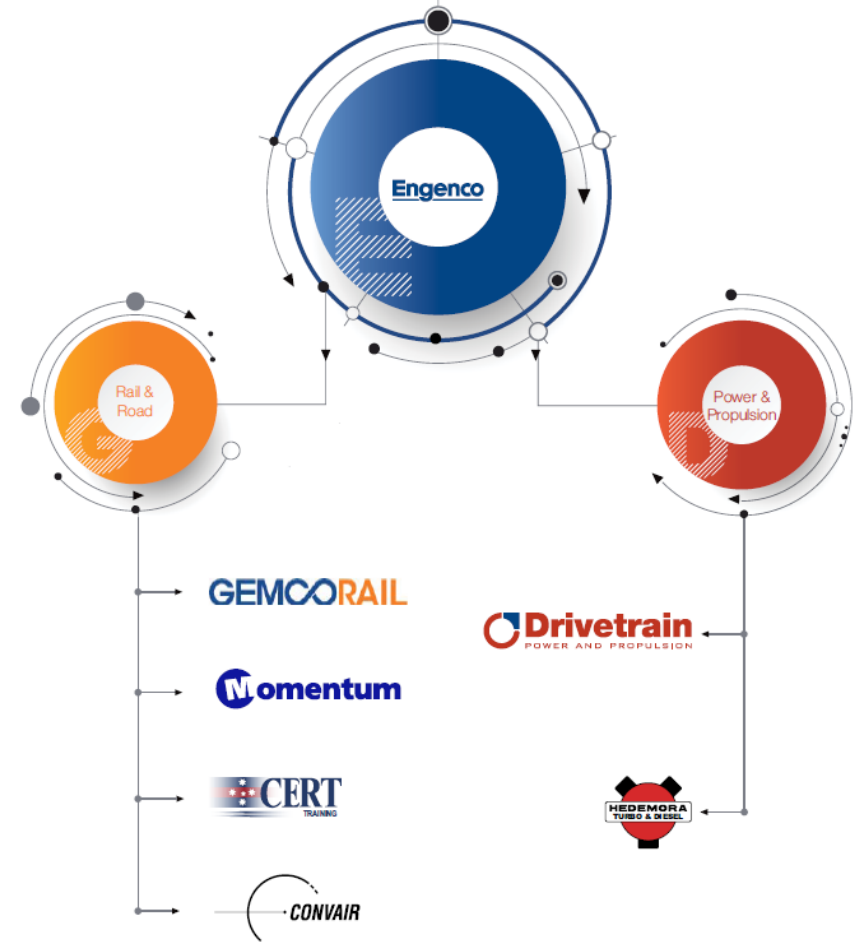
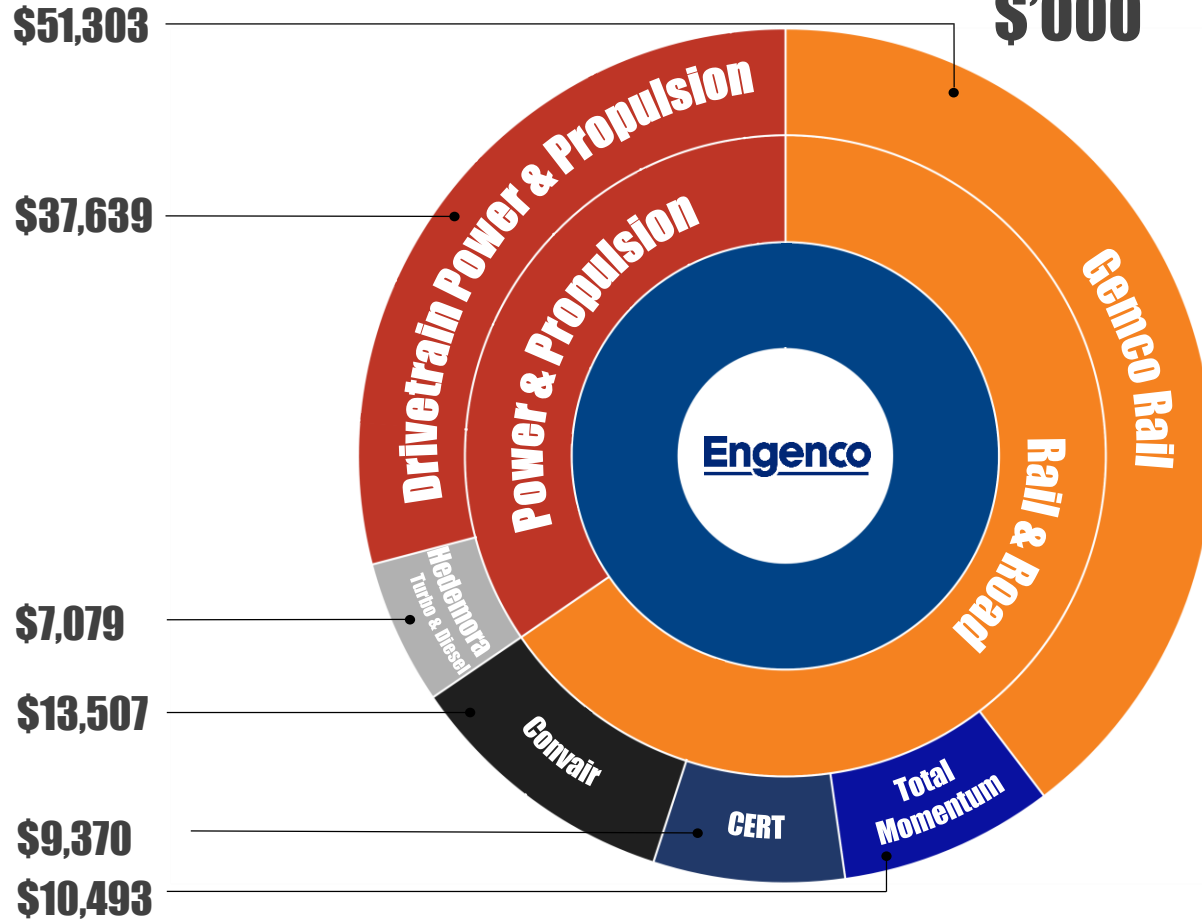
Net Assets Growth \$'000



Business Unit Overview FY17

Revenue by Business Unit

\$'000



Power and Propulsion

Drivetrain Power & Propulsion

FY17

Overview

Achievements

Outlook



- Mobile powertrain service, genuine component and spare parts distribution
- Power and compression products and services
- Through-life support solutions
- Technical products and provision of specialised engineering services
- Equipment life extension

- Captured improved demand in the mining sector
- Maintained good volumes in the defence sector
- Enhanced distribution agreements with key suppliers
- Power & Compression stream remained subdued with energy sector capital equipment demand significantly lower

- Further market expansion prospects, particularly in the mining sector
- Facilities expansion and rationalisation
- New product and service offerings to come on stream
- Energy sector demand returning

'...Component and parts sales into the defence industry were also buoyant, whilst our proven reputation helped us penetrate into new areas of the market.'

Revenue \$'000

H1	H2	FY16
\$23,399	\$25,074	\$48,473
H1	H2	FY17
\$17,404	\$20,235	\$37,639

EBITDA \$'000

H1	H2	FY16
\$2,748	\$2,622	\$5,370
H1	H2	FY17
\$2,369	\$2,666	\$5,035

Power and Propulsion

Hedemora Turbo & Diesel

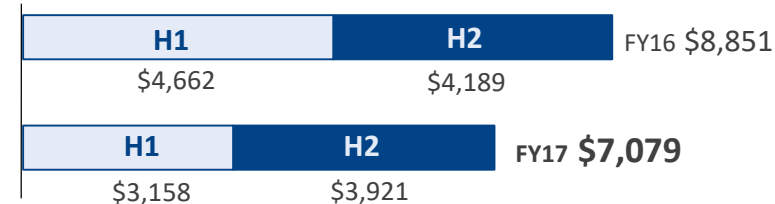
FY17



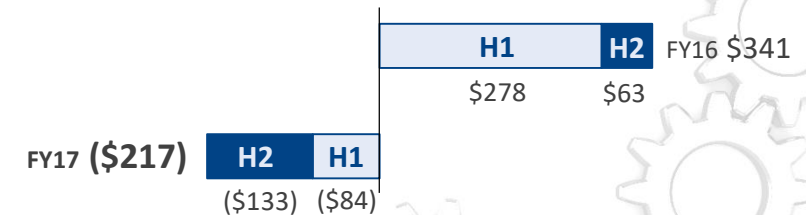
- Design, manufacture, distribution and support of the HS Turbocharger product range
- Hedemora Diesel Engines aftermarket services, reconditioning and engineering support
- Development of high performance HS7800 Turbocharger
- Early development of HS Turbocharger markets
- Penetration into large marine engine turbocharger market
- Ongoing support of Hedemora Diesel Engines population
- Lower product sales in Diesel; HS Turbocharger still early in the product life-cycle.
- New generation, high performance large engine turbocharger developed and in early stage of marketing life-cycle
- Continued extension-of-life support for Hedemora Diesel Engines
- Expanding global distribution partner network

'...we completed the development of our new high performance turbocharger and the first units are expected to undergo customer trials shortly.'

Revenue \$'000



EBITDA \$'000



Rail and Road

Gemco Rail

FY17

Overview

Achievements

Outlook

GEMCO∞**RAIL**

- Rail fleet maintenance management
- Locomotive and wagon through life support, modernisation and refurbishment services
- Rail wheelset, bearing and bogie services
- Engineering, design and manufacturing services
- Strong revenue growth in the state-of-the-art Forrestfield wheel and bearing refurbishment facility
- Higher utilisation of capacity including the Dynon facility
- Increased utilisation of the PQGY wagon fleet
- Establishment of alliances with major rail equipment manufacturers
- Anticipated growth in rail freight sector
- Enhanced efficiencies and operating leverage
- Development of rail products business
- Further significant growth opportunities with key customers through Gemco Rail's strategic locations and flexible service offerings

'...Gemco is placed favourably in the market, especially with the larger rail operators who are increasingly seeking maintenance outsourcing opportunities.'

Revenue \$'000

H1	H2	FY Total
\$21,065	\$20,075	FY16 \$45,480
\$25,898	\$25,405	FY17 \$51,303

EBITDA \$'000

H1	H2	FY Total
\$2,977	\$2,286	FY16 \$5,263
\$5,298	\$6,078	FY17 \$11,376

Rail and Road

FY17

Total Momentum



- Flexible workforce supplementation
- Highly skilled rail operations personnel
- Track protection services
- Rail infrastructure maintenance services
- Revenue growth from the value-added provision of rail operations workforce services to national freight rail operators seeking outsourced solutions
- Group integration and reduction in operational costs delivering improved profitability for the business
- Further penetration into major customer base for the provision of rail operations workforce services
- National freight rail operators continue to seek flexible staffing arrangements
- Rail infrastructure projects expansion in all states

'...profitability growth was healthy as Momentum realised the benefits of a largely fixed overhead cost structure.'

Revenue \$'000

H1	H2	FY16
\$5,526	\$4,183	\$9,709
H1	H2	FY17
\$4,366	\$6,127	\$10,493

EBITDA \$'000

H1	H2	FY16
\$620	\$643	\$1,263
H1	H2	FY17
\$766	\$1,037	\$1,807

Rail and Road

CERT

FY17

Overview

Achievements

Outlook



- Registered Training Organisation (RTO)
- Nationally recognised training services in the VET sector
- Development and implementation of training programs

- Significant investment in compliance and courseware development during the period
- Solid revenue performance in Eastern States whilst WA subdued after reduction in government funding
- Expansion of the national branch footprint and increased scope of services provided

- Potential for growth as the National Regulator increases focus on compliance
- Anticipated increase in government-funded training programmes
- Expanded scope of training services expected to deliver higher earnings

'...our student reach is increasing through the establishment of appropriate training facilities in strategic locations.'

Revenue \$'000

H1	H2	FY Total
\$4,278	\$4,112	FY16 \$8,390
\$4,646	\$4,724	FY17 \$9,370

EBITDA \$'000

H1	H2	FY Total
\$1,157	\$966	FY16 \$2,123
\$635	\$891	FY17 \$1,526

Rail and Road

Convair

FY17

Overview

Achievements

Outlook

- Manufacture of dry bulk goods tankers for road transportation
- Distribution of imported aluminium dry bulk tankers
- Maintenance, repair and overhaul, parts sales and servicing capability

- Cost saving initiatives including a new tanker design resulting in improved production efficiency and an enhanced product offering
- Growth in quality and volume of orders towards the end of the reporting period
- Steady growth in the fleet servicing and maintenance & repairs business

- Further development of the Convair high-quality product and associated technologies
- Potential for revenue growth from a general resurgence in the construction industry
- Manufacturing system upgrade
- Healthy order book



'...our investment into a new design Convair tanker was met with enthusiasm by the market.'

Revenue \$'000

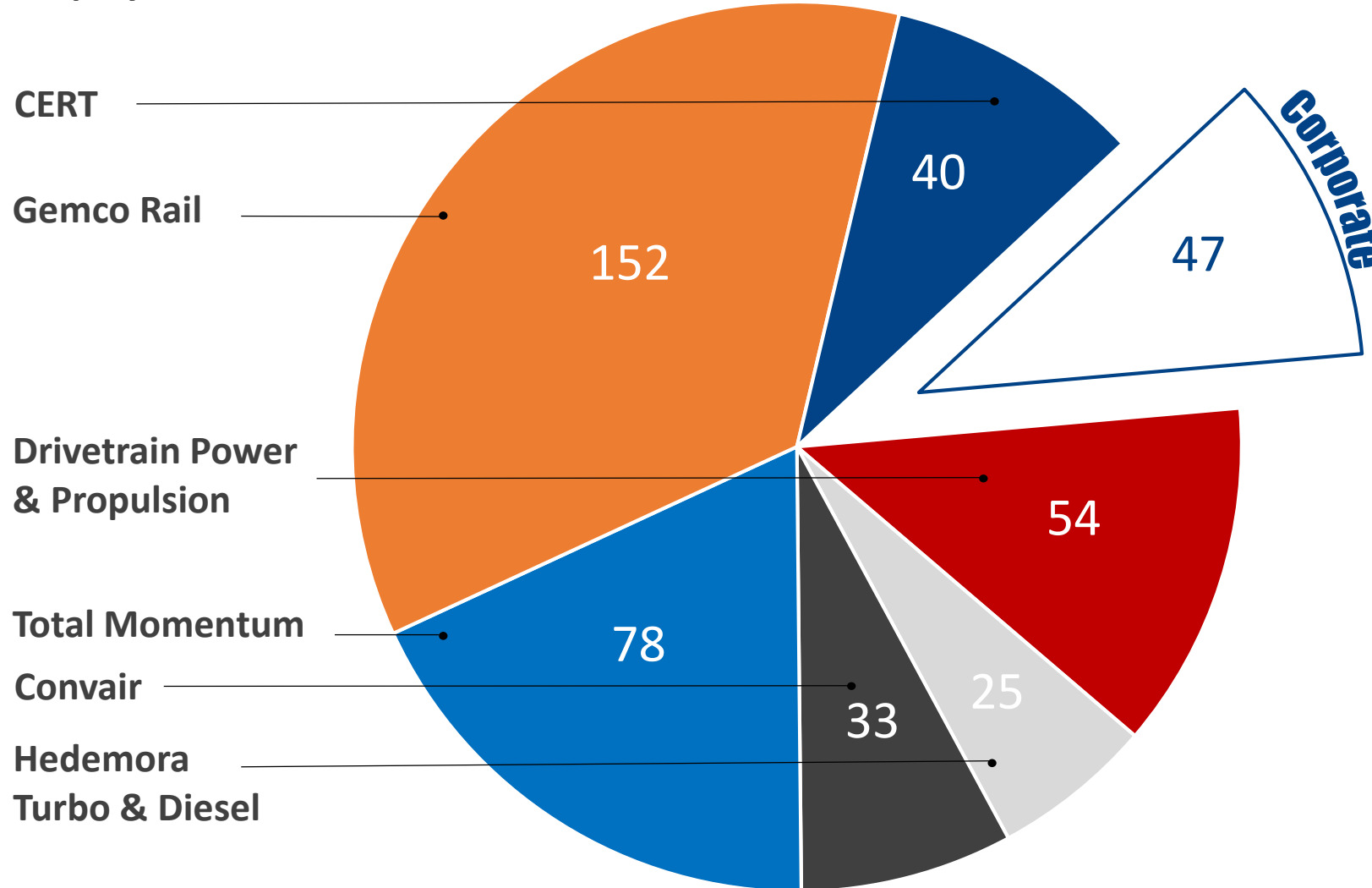
H1	H2	FY16
\$7,374	\$5,847	\$13,221
H1	H2	FY17
\$6,984	\$6,523	\$13,507

EBITDA \$'000

H1	H2	FY16
\$556	\$138	\$694
H1	H2	FY17
\$515	\$645	\$1,160

Employee Structure

Employee Headcount as at 30 June 2017:



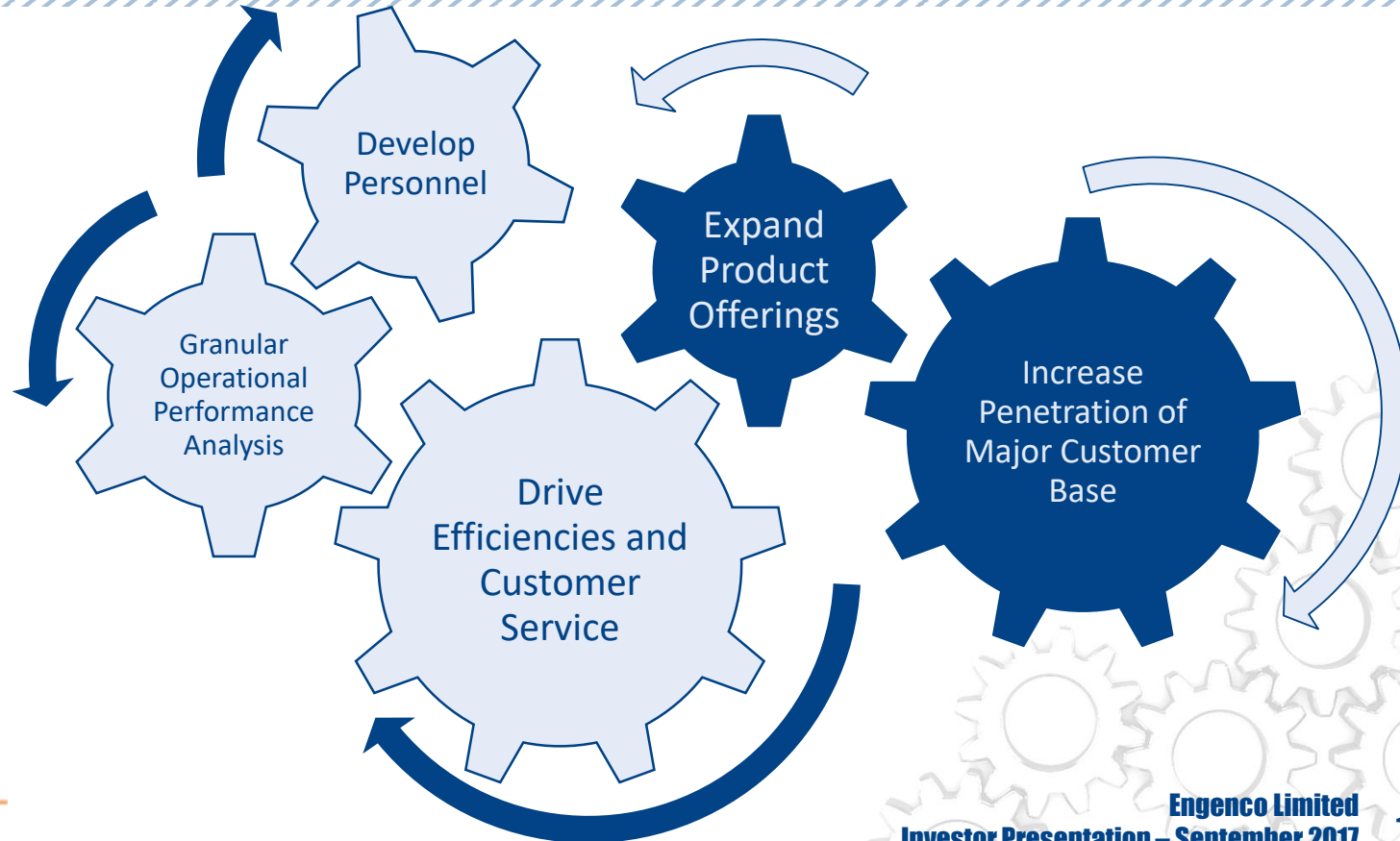
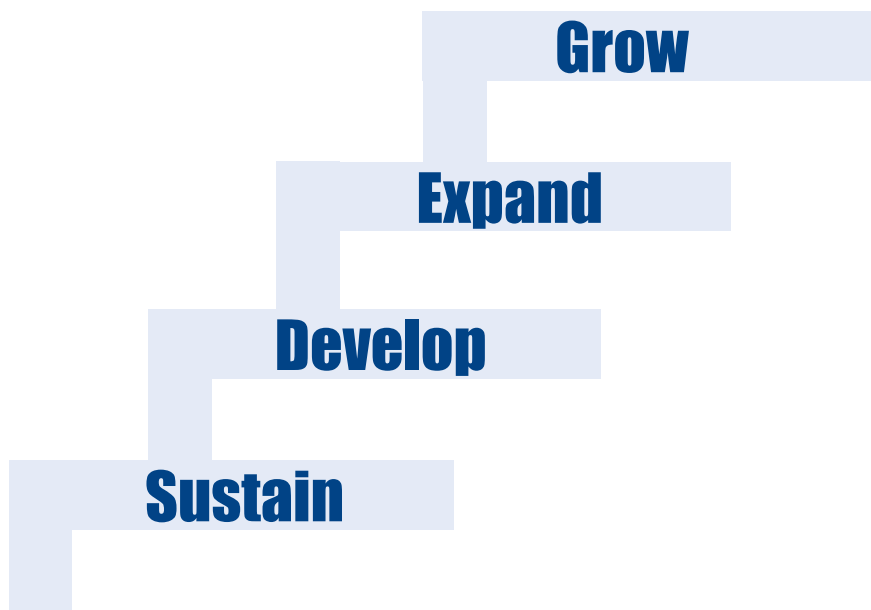
'... key centralised resources have provided a variety of advantages to the company including important favourable balance sheet impacts through a focus on working capital management.'

Corporate Functions:

- Board of Directors
- Governance
- Procurement
- Finance
- Legal
- Information Technology
- Human Resources
- Marketing



Group Strategy



Dividend

Ex Date:

6 September 2017

Record Date:

7 September 2017

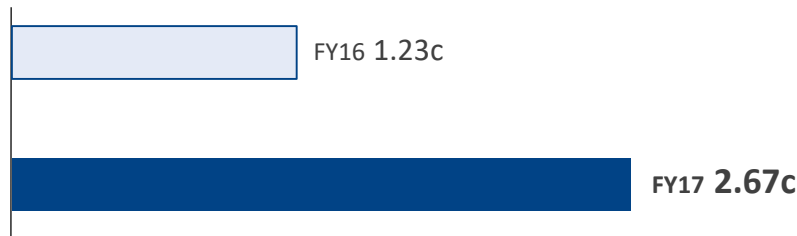
Payment Date:

28 September 2017

Franking:

100%

EPS (cents per share)



'...With the much improved financial performance and stability, we are very pleased to declare the Company's first dividend in almost a decade.

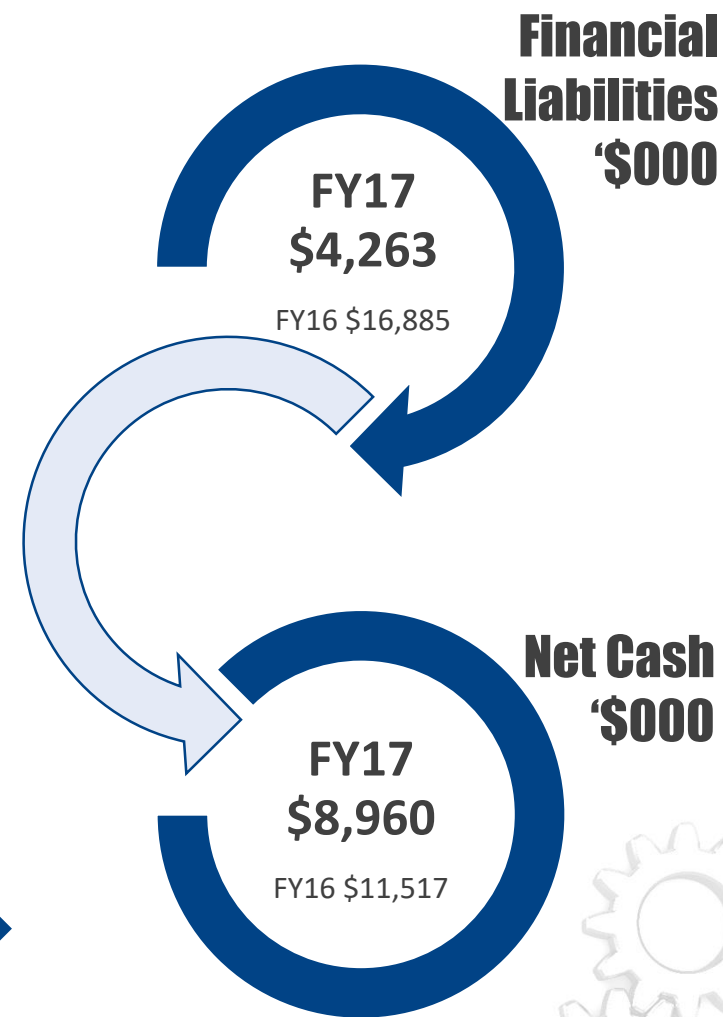
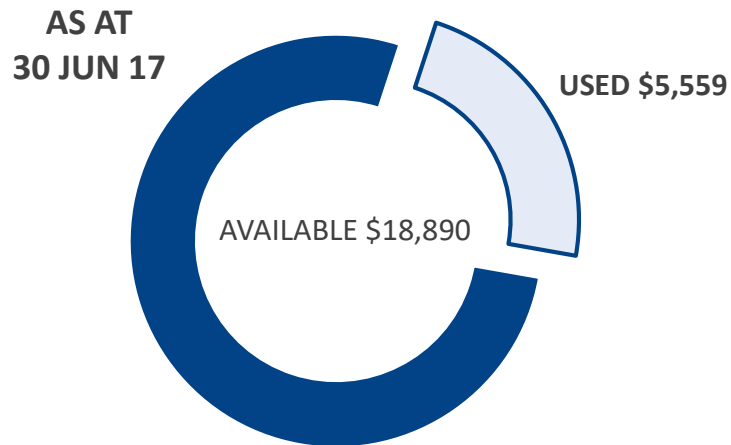
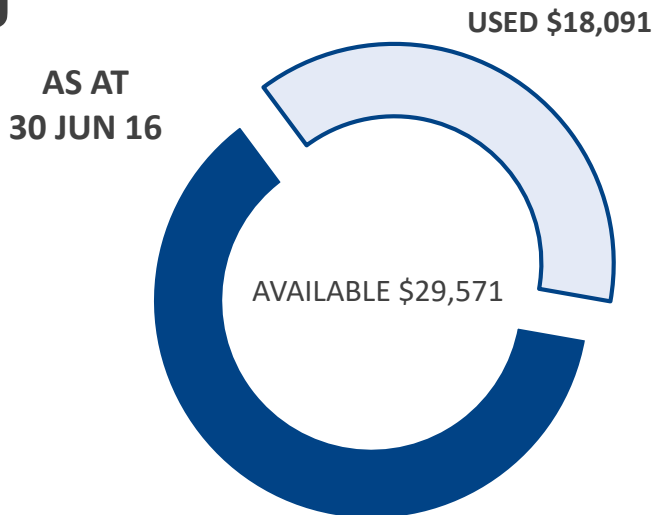
The relatively modest final dividend of \$0.005 per share (fully franked), represents another important milestone in Engenco's progression.'

Dividend:

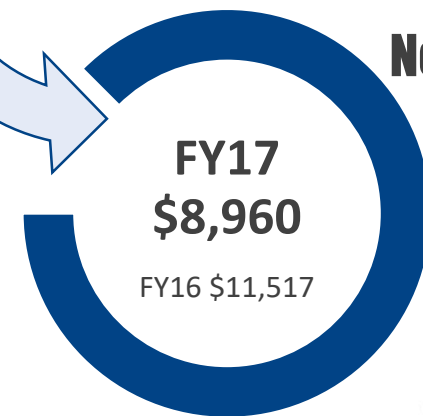
0.5c

Cash Use & Funding

Total Funding Facilities '\$000



Net Cash '\$000



Subsequent Events:

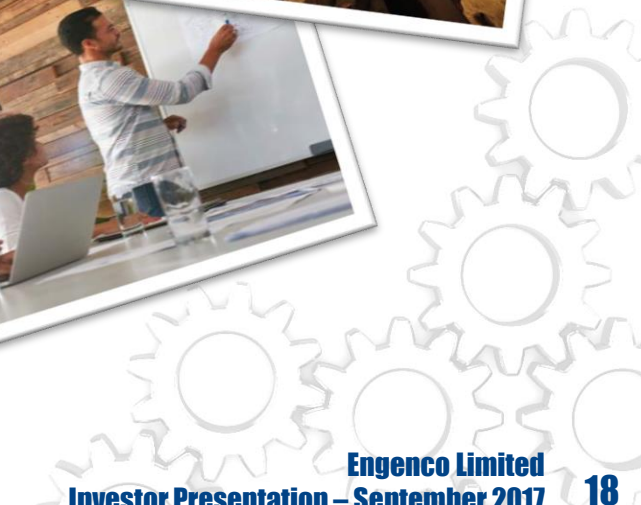
The Group extended its funding facility with Elph, now expiring on 30 April 2019
 Decrease of Elph Funding Facility Cap from \$15m to \$10m deemed more appropriate for needs

The Group also extended its \$2m multi-option facility with the Commonwealth Bank of Australia which now matures on 30 June 2019



Looking Ahead

- Maintain stable balance sheet
- Leverage volume growth opportunities using existing platforms
- Continued operational improvement and employee development drive
- Benefit from the current optimistic marketplace and global economy
- Capitalise on significant long-term growth opportunities



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