ASX ANNOUNCEMENT

23 November 2016

2016 Annual General Meeting Chairman's Address and Managing Director's Address

Engenco Limited (ASX:EGN) (**Company**) attaches a copy of the Chairman's address and the Managing Director's address for the 2016 Annual General Meeting held on 23 November 2016.

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Engenco

Annual General Meeting – 23 November 2016

Address to Shareholders by Vince De Santis, Chairman

Good morning ladies and gentlemen,

My name is Vince De Santis, Chairman of the Engenco Limited Board, and on behalf of the Board I'd like to welcome you to the Company's 2016 Annual General Meeting.

Introduction of the Board and Others

We have a quorum present here today and so I will formally declare the meeting open and propose that we take the Notice of Meeting as read.

First of all, I'd like to introduce my fellow directors:

- Engenco's Managing Director and Chief Executive Officer, Mr. Kevin Pallas.
- Our non-executive directors: Mr. Dale Elphinstone, Mr. Ross Dunning and finally, Dr. Donald Hector who will be retiring at the close of today's meeting.

We are also joined here today by a number of Engenco executives and staff members including our Chief Financial Officer, Mr. Graeme Campbell.

Also in the audience is Mr. Maurice Bisetto, a partner at KPMG, the Company's auditors.

Meeting Format

As you would have seen in the Notice of Meeting, there are a number of items of business for consideration. One of these involves the re-election of Dale Elphinstone who retires by rotation; and another relates to the proposed amendment to the Company's Constitution and the introduction of provisions to deal with small holdings of the Company's shares.

Before we move to consider the items in the Notice of Meeting, I will make a few comments about Engenco's performance over the past financial year and provide an update on the Company's strategic direction. After dealing with the Notice of Meeting agenda items, Kevin Pallas will make a presentation in further detail on the Company's performance, current activities and outlook.

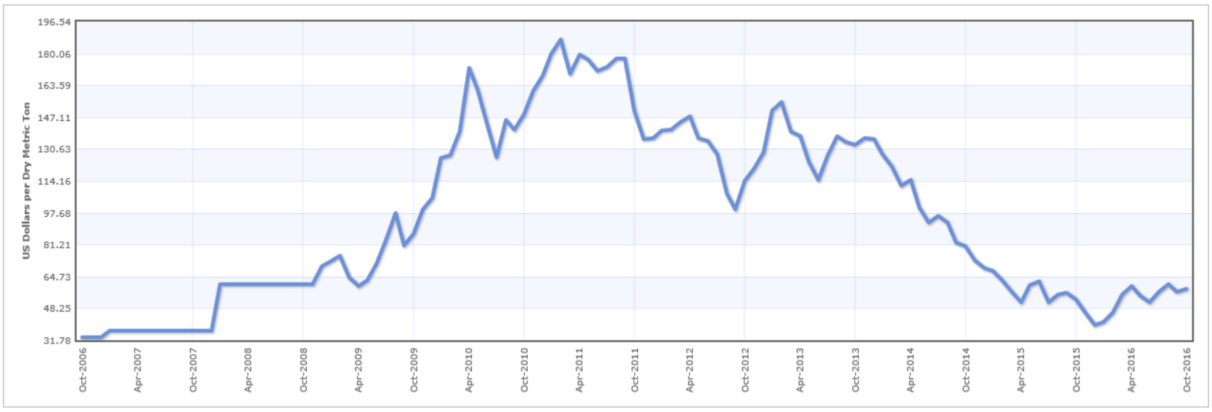
If you have questions on anything not directly related to the Notice of Meeting business items as and when they are put forward for consideration, we would ask that you save your questions until the conclusion of the formal business and the Managing Director's address.

FY16 Performance

While not wanting to sound too exuberant, Engenco's FY16 financial performance does represent a fairly major milestone in the Company's fortunes thanks to the tremendous and dedicated efforts of our people. After a number of years of declining revenue, the Company managed some, albeit modest, growth. And importantly, we finally made a profit.

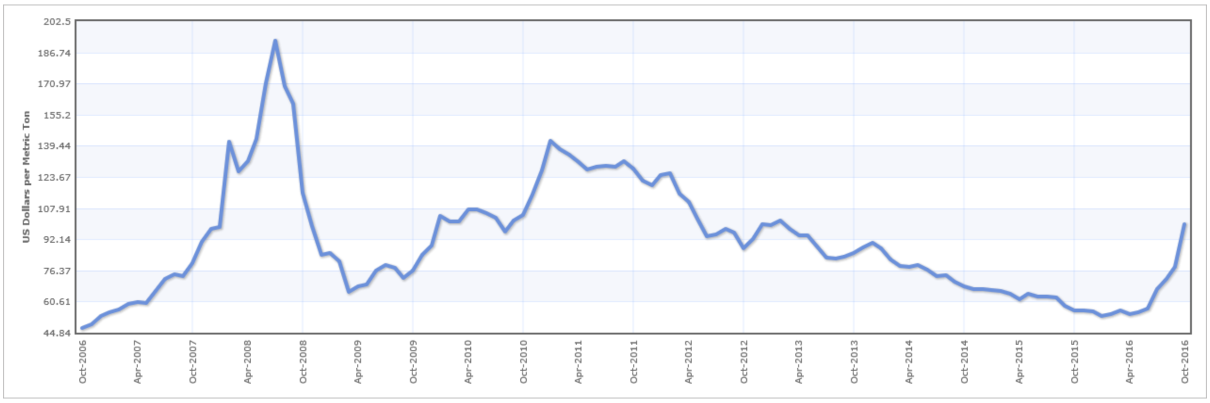
Looking back to the Company's 2010 AGM, we had suggested at that time that the task of turning around the Company's performance would be a 3 to 5-year journey. Well it would be fair to say that the vehicle, on which we have been travelling was in worse shape than we had realised at that time. In addition, the external environment within which the Company has been operating had also become more challenging in recent years.

China import Iron Ore Fines 62% FE spot (CFR Tianjin port), US Dollars per Dry Metric Tonne



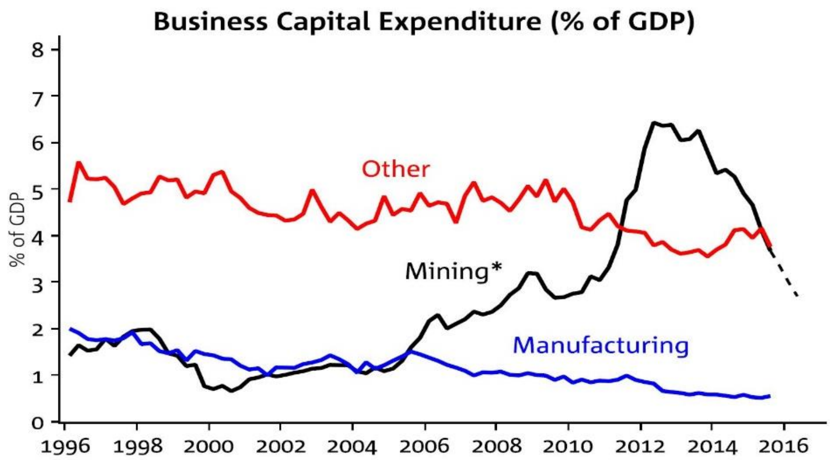
Source: IndexMundi

Coal, Australian thermal coal, 12000 - btu/pound, less than 1% sulfur, 14% ash, FOB Newcastle/Port Kembla, US Dollars per Metric Tonne



Source: IndexMundi

As a reminder, if we go back to November 2010, iron ore was trading at over USD160 per tonne and Australian thermal coal was just under USD115 per tonne.



Source: ABS; NAB

Engenco

Business capital expenditure in the mining sector as a percentage of Australia's economic activity was also rising rapidly.

And as these charts show, the prices of these two key commodities peaked in early 2011 along with mining capital expenditure about a year later, before suffering major declines.

Had those earlier economic tail winds kept blowing for a bit longer, it would be reasonable to think that we might have achieved our 5-year target.

There's still much more to be done and to achieve and nobody at Engenco, including your Board and senior management, is resting on their laurels. However, as a result of the hard work and outstanding efforts of Engenco management and staff over the last few years, the Company is now well positioned for the future.

Capital Management

The past financial year saw Engenco generate net operating cash flow of just over $11 million and net debt was reduced by around two thirds to $5.4 million, down from $15.9 million the year before. With gearing at around 11% at 30 June 2016, Engenco's balance sheet is in good shape.

Ongoing positive cash generation into FY17 and the recent establishment of new credit facilities have enabled the Company to explore new growth opportunities to complement and leverage its existing core business activities.

The Board did not declare a dividend and has no immediate plans to do so until such time it is satisfied that the Company's profitability is repeatable, and its capital base and credit facilities are both well established. However, the payment of dividends to shareholders on an ongoing basis remains an objective, just as it is for many other Australian listed industrial companies.

Kevin Pallas will provide further granularity on the Company's financial performance, activities and outlook however as we continue to carefully manage our costs, improve our efficiency and deliver value to our customers, Engenco is well positioned to build upon its offerings in the rail, defence and resources sectors in particular.

Board Structure

On the matter of Board structure and governance, you are all aware that Don Hector retires from the Engenco Board at the conclusion of today's meeting. Don has served on the Board for just over 10 years and was the inaugural Chairman when the Company was admitted to the ASX in December 2006. He leaves as a deeply respected colleague and friend and on behalf of the Board and all at Engenco we thank him for his dedicated service and wish him well.

I know many of you are curious to know what our plans are with respect to future Board composition as a consequence of Don's retirement. First of all, I will make it clear that we are absolutely committed to the appointment of a new independent non-executive director and have engaged a professional search firm who specialises in board level recruitment.

Most organisations will make statements regarding the importance of their employees or "human capital" and in many cases it remains just that – a statement or declaration only. Engenco's ability to keep improving its performance really does rely upon the continuous development of what is one of the Company's most important resources, its people.

The tone as they say is set at the top and the next appointment to the Engenco Board will be a person possessing not only the customary skills, experience and integrity required of an effective board member, but someone with a deep strategic human resources capability which will complement and enhance the overall skill set of the Board.

We are currently well advanced with the process to recruit a new independent director and expect to announce a new appointment in the coming weeks.

Constitution

The other matter which I wish to address now is the proposed amendment to the Company's Constitution. Engenco currently has approximately 1,300 shareholders of which more than half hold share parcels worth less than $500 at recent Engenco share price levels. Under the ASX Listing Rules, these constitute less than a marketable parcel of shares.

In aggregate, they also represent less than one third of one percent of the Company's total issued share capital.

Provisions similar to those proposed in the Notice of Meeting are a common inclusion in the constitutions of listed Australian companies. If the proposed amendment is approved by shareholders, it can only be invoked once in any 12-month period and importantly, any affected shareholders are free to elect to "opt out" of the process and retain their shares.

In addition, it would give those shareholders who currently possess unmarketable parcels an avenue to sell their shares, and the Company to achieve some savings in the share register administration of such holdings.

Closing

I will close by firstly thanking you, our shareholders, for your ongoing support. Your faith in the Company has very much been tested over these past few years however we will continue to work hard to see that your loyalty is rewarded.

On behalf of the Board, I would also like to extend our sincere appreciation to the executive management team lead by Kevin Pallas for their strong leadership, and to our dedicated group of employees for their continued commitment to raising Engenco's overall performance.

As I mentioned earlier, Kevin will provide a more detailed presentation after we have dealt with the Notice of Meeting items which we will attend to now.

Vince De Santis
Chairman

Engenco

Address to Shareholders by Kevin Pallas, Managing Director and CEO

Good morning ladies and gentlemen,

Our 2016 financial year results were pleasing in a number of ways. But the work is not over and we continue to build on the great potential that the Group possesses.

A stable, leaner and more streamlined Group structure has been maintained for a number of years now, and the Business Units fit naturally into the two segments namely Power & Propulsion and Rail & Road. Our management and reporting structures follow this same form, with each of the Business Unit Managers reporting directly to myself. We have centralised functions such as financial, legal, HR/ IR & Safety, Payroll and ITC responsibilities into the Corporate level so as to avoid duplication and to provide common platforms and policy – all leading to cost savings and better risk management. Safety is of course of utmost importance to us, our Group-wide MakeSafe platform and teams continue to produce positive results. Overall, the Group has become more cohesive and focussed on performance in all areas, leading to smarter delivery and outcomes for our customers.

The company reported a $4.1 million net profit after tax for FY16, which when compared to historical performance represents a significant shift towards the performance we believe the company is capable of achieving.

Total consolidated revenue for the year ending 30 June 2016 improved to $135 million for the overall Group and to $133 million for its continuing operations. We were able to achieve better revenue outcomes than in recent years even though market conditions remained tough. The majority of the Greentrains locomotive fleet was sold during the year resulting in a positive outcome of $1.6 million which was recorded for this now discontinued operation.

A further positive outcome of our better performance was the improvement in the Group's cash position. We reported cash generation of over $11 million for the year, and aligned to this, debt reduction of around $10.5 million. In September this year, we announced that the Company had reached agreement with Elph Pty Ltd for the provision of a single funding facility which has provided adequate operating headroom and flexibility and allowed us to extinguish the outstanding Greentrains loan. We expect that our improved credit position will be of great benefit to us in seeking any future commercial funding requirements.

The Group employs over 400 people, and we consider it to be of vital importance that we continually foster a culture of personal development and performance. This comes second only to safety. Our development programs, which are designed to engage staff at all levels, must be regarded as a priority for our future continued success.

Turning to Business Unit performance:

The improvement in Drivetrain Power and Propulsion's total revenue for the year was driven mainly through completion of gas compression equipment projects by our Power and Compression business. Drivetrain's Mobile Powertrain segment performed reasonably well in an inconsistent market affected by a slump in mining equipment maintenance expenditure and the very low levels of manufacturing activity by mining equipment suppliers in Australia. Sweden based Hedemora Turbo & Diesel benefitted from improved sales of diesel engine spares and services mainly to defence and energy sector customers, and some positive turbocharger business.

Drivetrain is well positioned to further benefit from any improvement in the industrial and resource sectors through its flexible and responsive service offerings delivered through a strategically positioned branch network, deep technical know-how and large range of genuine spare parts and consumables inventory holdings. Close representation and distribution relationships held with a range of well-respected equipment and spare parts manufacturers remains a key aspect of Drivetrain's strong market position.

The revenue and profit results of Gemco Rail were particularly pleasing following a number of years of sub-optimal performance. Sales activities in all areas of the business were better focussed and the results of restructure and productivity improvements in prior periods began to manifest themselves. The quality and value of revenues and earnings were consequently enhanced. There was further site consolidation in New South Wales as the Greentrains fleet no longer requires support by Gemco Rail, but this also resulted in some impairment of fleet specific locomotive inventory during the year. The Gemco owned PQGY wagon fleet was retained and although the rail equipment rental market remained depressed, some new lease contracts commenced in the year and we expect the fleet to be near fully utilised in future periods as prospects continue to improve. The Forrestfield facility, near Perth, operated close to its current capacity for a large portion of the year with a mix of activity ranging from general wagon and locomotive maintenance - wheelset, bogie and bearing refurbishment for national rail operators and northwest miners - to rollingstock upgrades and locomotive technology platform installations. In the Dynon facility, in Melbourne's West rail precinct, locomotive and passenger car maintenance activity increased to levels not previously enjoyed as capital upgrades to the facility and the development of a flexible and skilled workforce increasingly appeals to customers. More broadly, our Product Sales business began to win some significant supply contracts and the future looks very exciting in this regard as we expand the range of products we distribute and enhance agency agreements with global manufacturers.

Skilled labour hire business Total Momentum recorded a modest improvement in profitability albeit on lower revenue for the year. This reflects a focus on the higher value-added end of rail skills provisioning by concentrating on the supply of well-trained and carefully screened personnel, particularly in the locomotive driver and rail corridor protection officer skills area. The facilitation of a flexible, high quality labour pool has proven to be an attractive model to customers, who are mainly major rail operators and miners facing volatile demand dynamics.

The Group's Registered Training Organisation, CERT Training, encountered some revenue generation obstacles in the year as government-funded training opportunities began to deplete due to the evaporation of public funding. The business still performed well, expanding the scope of training services and establishing additional training facilities to generate new revenue streams into the future.

Our bulk dry goods road tanker business, Convair, experienced a depressed and highly price-competitive market during the year with most customers operating on very low capital expenditure budgets. This had the effect of sales being made at very tight margins even though efficiency gains resulted in a lower manufacturing cost per tanker produced. The introduction of maintenance services for customers' fleets, and an improving spare parts supply stream helped to boost revenue and margin but the slump in overall demand led to an unsatisfactory profit result for Convair. Demand for tankers, components, spares and maintenance services is expected to remain mixed, although the reasonably good order book currently in hand may indicate the beginning of an improved business cycle, especially in construction.

The Engenco Group has matured positively through several very challenging years. Notwithstanding these difficult times we have placed the Company in a far more favourable position generally, and we are now looking forward with a positive and confident outlook. We have strategies in place designed to face the challenges ahead, most now driven by a very uncertain global environment and the consequent spending and investment hesitations very evident in the markets in which we operate. We plan to sustain our improved performance by continuing to concentrate on developing our people; driving continuous productivity initiatives; and reviewing our performance at granular level so as to make the best structural decisions. In terms of growth, we intend to leverage the great reputation that we possess for providing trusted products and services, and our improved financial standing, to further penetrate the large customer base who are by necessity seeking alternate solutions to their traditionally closed procurement patterns. Additionally, we have been- and continue to- actively seek new alliances, new products and areas of business that are aligned to our core so as to best utilise our existing fixed-cost base.

In closing, it is still difficult to predict the future activity of the industries in which we operate. Recent global events continue to surprise and the effects of various economic dynamics in Europe and the USA, and China in particular, to which we are inextricably linked, provide an uncertain backdrop. However, Engenco has been facing this environment for some time now, and we remain confident that the continuous development of our strategies, products, services, and most importantly our people, will drive the continuation of our improving performance trend.

I wish to personally thank the Chairman and my fellow directors for their genuine support and counsel, and confidence in my leadership. Similarly, the executive and Business Unit leadership teams and staff have been an outstanding example of remaining focussed on the task in hand through some tough times – our continued success will be built on this tremendous trait enduring.

To the shareholders of the company, we thank you all very much for your ongoing support as we take the Company forward confidently.

Thanks you for your attention today.

Kevin Pallas
Managing Director and CEO