

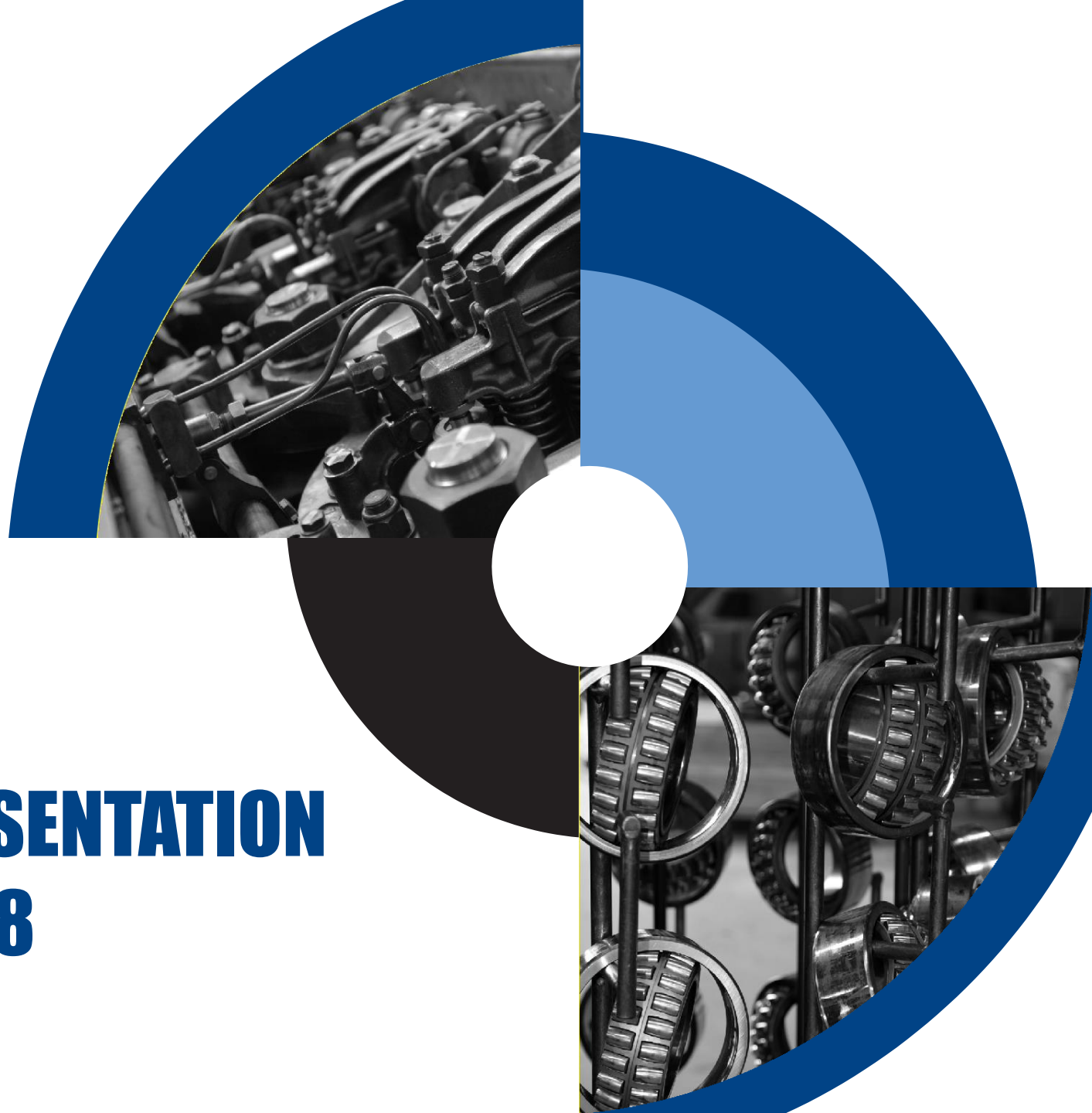
Engenco

INVESTOR PRESENTATION FEBRUARY 2018

Presented by:

Vince De Santis – Chairman

Kevin Pallas – Managing Director and CEO



Company HIGHLIGHTS H1 FY18

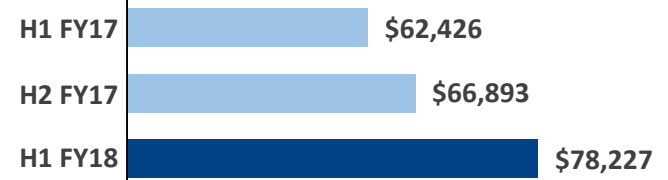
\$7,540,000 Total profit for the period

129% Operating income growth

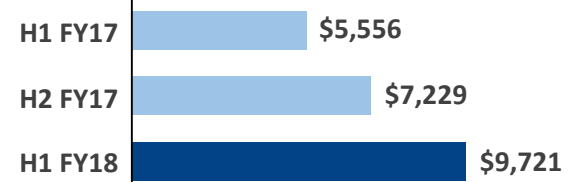
\$5,008,000 Net operating cash flow

2.41c Basic earnings per share

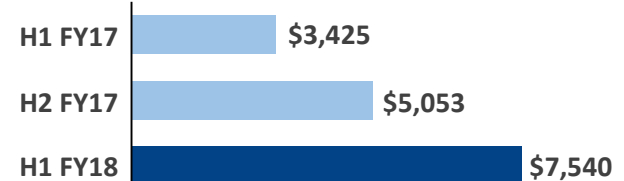
REVENUE* \$'000



EBITDA* \$'000



NPAT* \$'000



*from continuing operations

Company HIGHLIGHTS

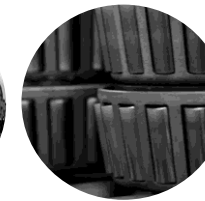
- Significant increase in profit
- Operating income growth
- Positive cash position
- Sustained net operating cash flow

	Dec 2017 \$'000	Dec 2016* \$'000
Revenue from continuing operations	78,227	62,426
EBITDA from continuing operations	9,721	5,556
EBIT from continuing operations	7,897	3,790
Profit / (loss) after tax from continuing operations	7,540	3,425
Profit / (loss) from discontinued operations	-	(538)
Net operating cash flow	5,008	5,832
Net assets	63,094	57,011
Net cash / (debt)	7,261	4,697

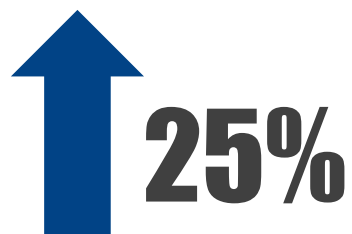
*Net assets and Net cash / (debt) comparatives are as at 30 June 2017.



CONSOLIDATED PROFIT OR LOSS MOVEMENT



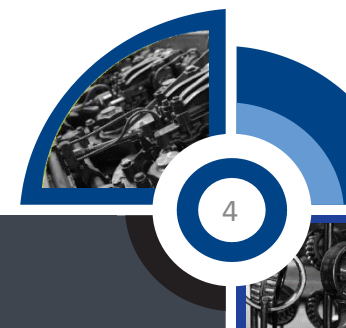
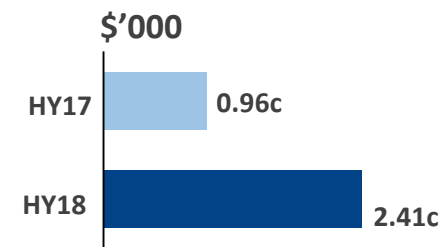
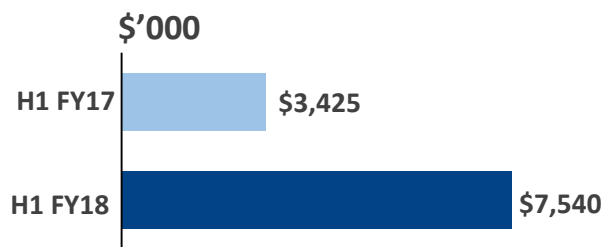
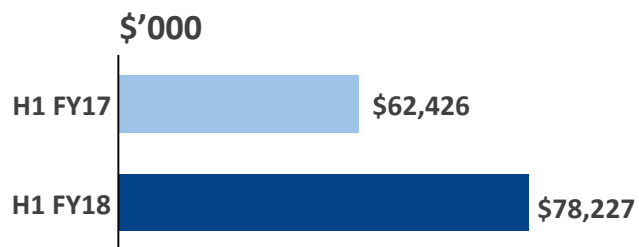
REVENUE



TOTAL PROFIT



EPS

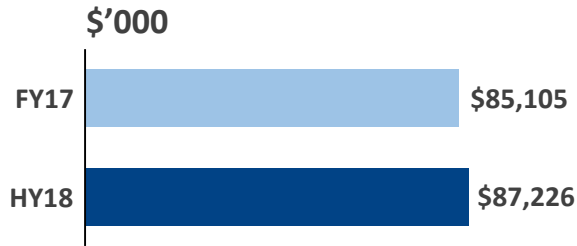


CONSOLIDATED STATEMENT OF FINANCIAL POSITION

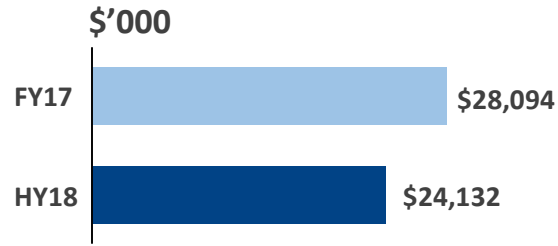
MOVEMENT



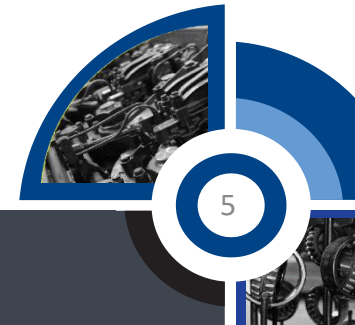
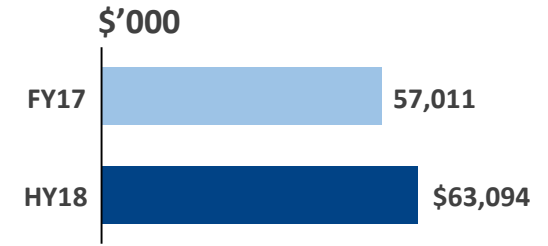
TOTAL ASSETS



TOTAL LIABILITIES

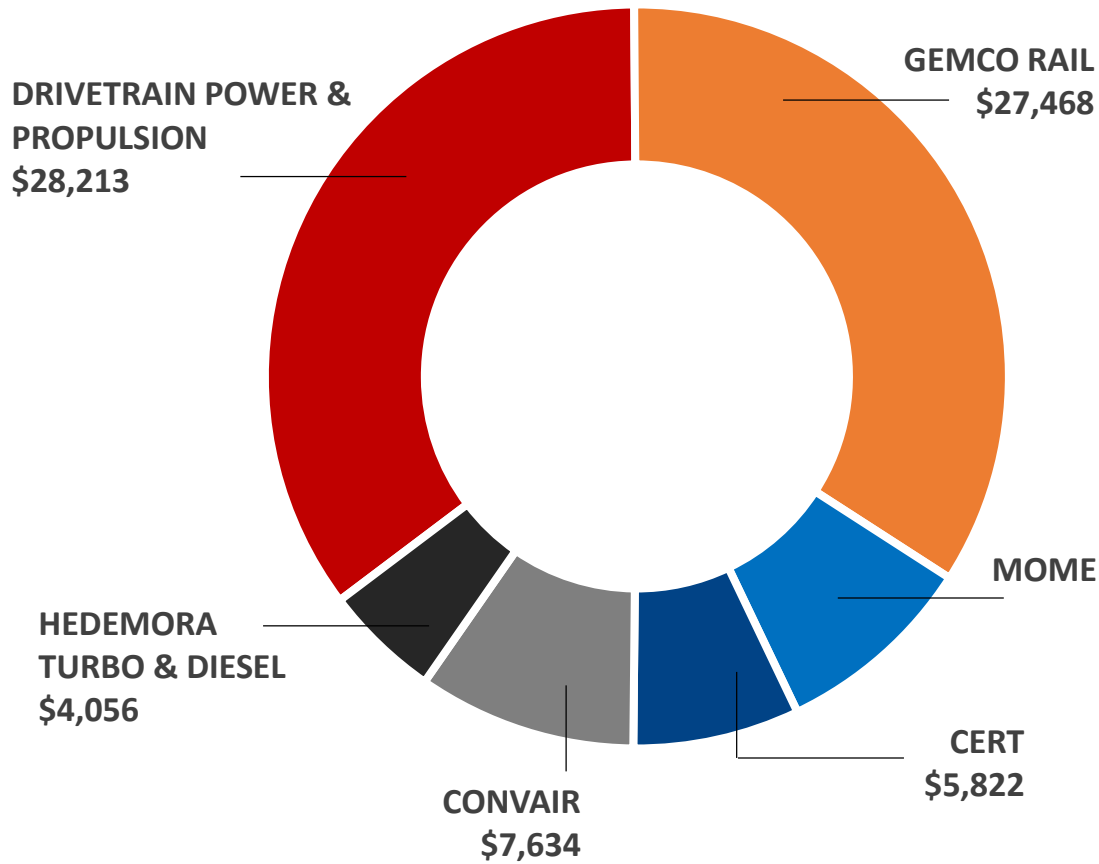


NET ASSETS

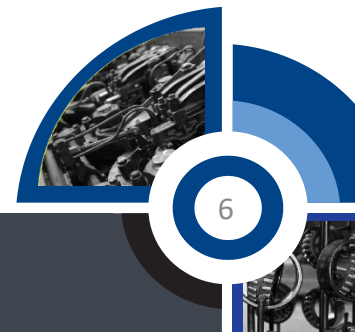
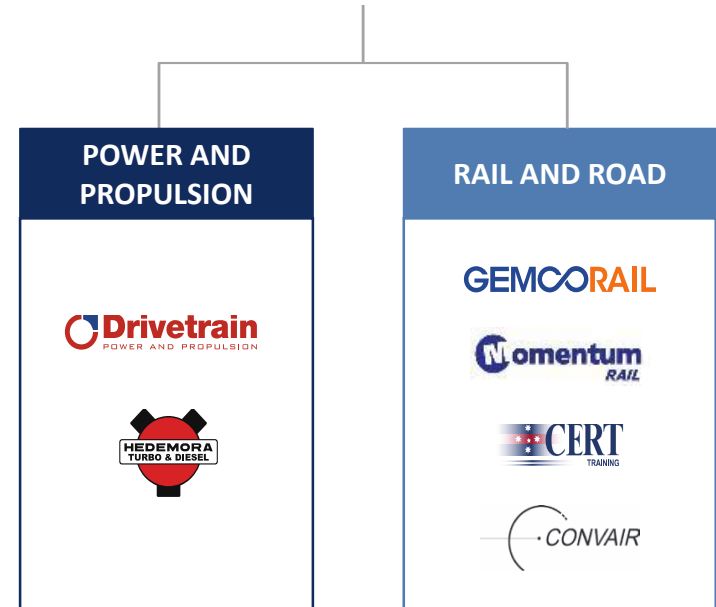


BUSINESS UNIT OVERVIEW

REVENUE \$'000



Engenco



POWER AND PROPULSION

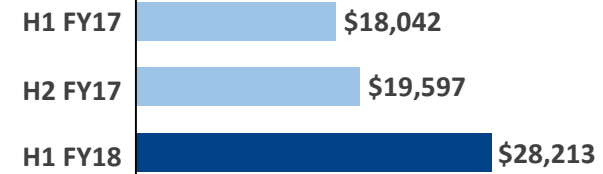
DRIVETRAIN



- Improved conditions in the Australian mining sector.
- Defence sector project activity and product support volumes have led to encouraging prospects.
- A number of initiatives aimed at increasing the specialist products and services portfolio were launched, including in the commercial vehicle and the gas-compression industries.
- Workshop utilisation levels have improved and the additional demand has been met by up-scaling facilities and growing the workforce.

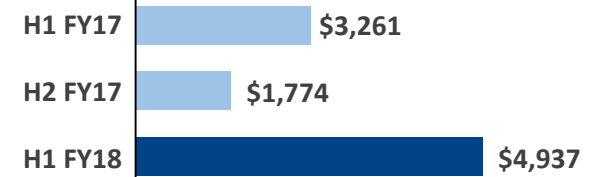
REVENUE*

\$'000



EBITDA*

\$'000

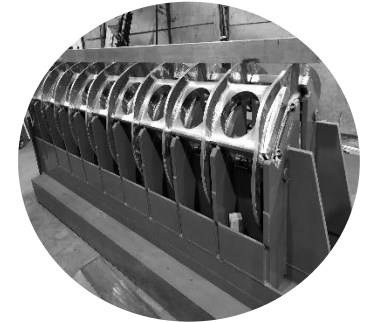
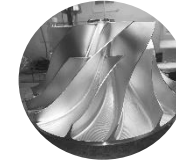


*FY17 comparatives have been re-assessed with all Intercompany trading being eliminated.



POWER AND PROPULSION

HEDEMORA TURBO & DIESEL

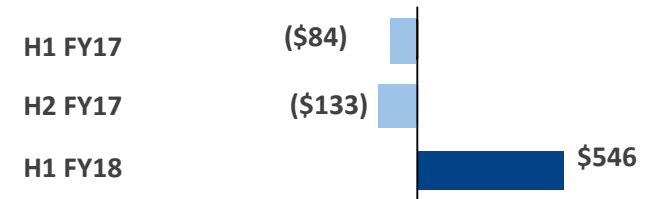


- OEM of Hedemora Diesel engines and HS Turbocharger range.
- Declining population of legacy diesel engines limits revenue but support of defence applications provides continuity.
- Field testing phase of new generation HS Turbocharger.
- Collaboration with international technology partners to accelerate market penetration of HS Turbocharger range.

REVENUE
\$'000



EBITDA
\$'000



RAIL AND ROAD

GEMCO RAIL



GEMCORAIL

- Workshop utilisation levels have improved and the additional demand has been met by up-scaling facilities and growing the workforce.
- Profitability remained at healthy levels in a highly competitive market.
- Further upgrades to facilities coupled with equipment investments helped to meet increased workshop demand.
- The Product Sales business expanded further by offering a range of innovative rollingstock optimisation products, thereby achieving good market penetration into key customers' rail fleets.
- Volumes continued to increase in the upgraded bearing refurbishment facility in Western Australia and locomotive maintenance activity remained robust.

REVENUE \$'000



EBITDA \$'000



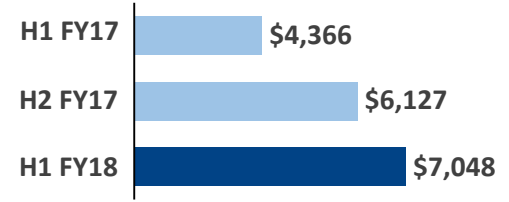
RAIL AND ROAD

MOMENTUM RAIL

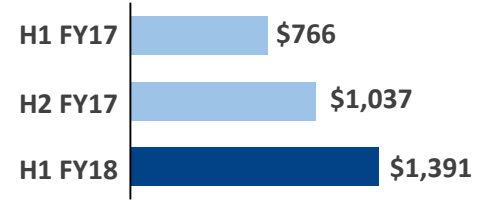


- Improved performance as services provided to rail operators and track maintenance providers expanded.
- The Western Australian market remained subdued.
- Eastern States remained robust where Momentum Rail is also positioned to take advantage of the marked increase in activity in the below-rail infrastructure sector.

REVENUE
\$'000



EBITDA
\$'000



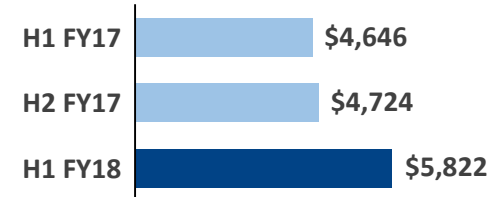
RAIL AND ROAD

CERT TRAINING

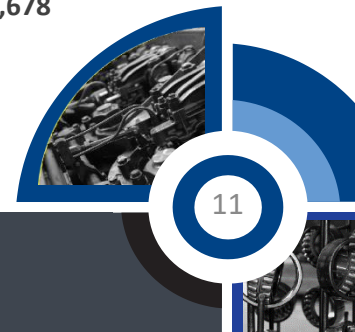
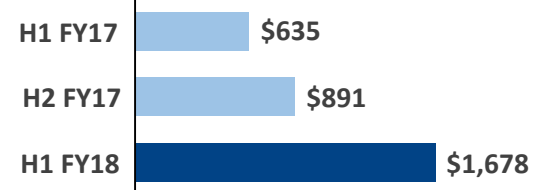


- Investments made in previous periods have been leveraged to meet the increased demand for training services particularly in Victoria and Queensland.
- Regulator driving strict compliance is ensuring that only high quality participants remain in the market.
- By opening further training centres, the CERT Training team was able to provide students with a high-quality outcome far more effectively.

REVENUE
\$'000



EBITDA
\$'000



RAIL AND ROAD

CONVAIR



- The dry bulk road tanker design and manufacturing business, delivered an improved revenue result.
- Further advances in tanker design and efficient production methods helped drive better profitability.
- Fleet servicing, spares and repairs business remains steady.
- The Australian construction industry is experiencing a robust period, and this has helped boost demand for new tankers significantly.
- Healthy order book.

REVENUE \$'000



EBITDA \$'000



CASH & FUNDING

Financial Liabilities
'\$000

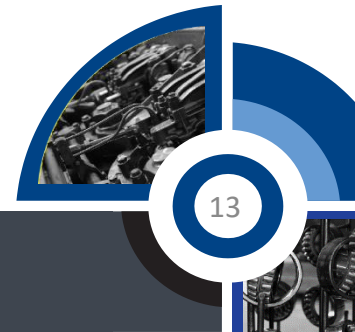


Net Cash
'\$000



	31/12/2017	30/06/2017
Funding Facility	\$ NIL	\$4,000,000

Elph funding facility of \$10,000,000 as at 23/02/2018 remains undrawn.



LOOKING AHEAD

- Generally positive economic environment experienced in first half.
- Current buoyant business climate is providing opportunities.
- Investment in new projects and facilities but benefits may take time to mature.
- Overall Group performance in the second half is expected to moderate.
- Longer-term growth drivers include:
 - Expanding maintenance network.
 - Increased technical products and services portfolio.
 - Large-scale infrastructure project participation (e.g. Inland Rail).
 - Ageing rail and mining equipment population.

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