

Engenco

Investor Presentation

Half Year Results FY21

GEMCORAIL *CONVAIR*

Drivetrain

HEDEMORA
TURBO & DIESEL

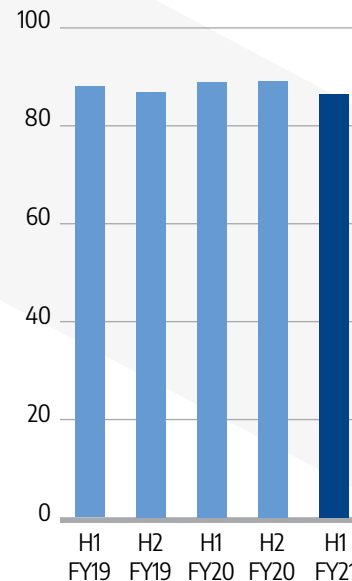
Momentum

CERT

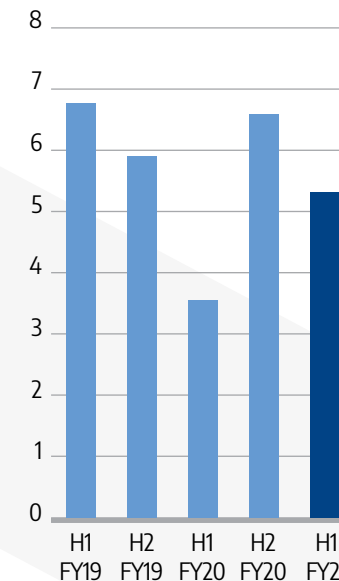
Company highlights

- The Engenco Group has delivered a steady H1 result in mixed market conditions, benefiting from our diverse business portfolio.
- A similar second half is anticipated (inclusive of gains from the sale of assets), resulting in FY21 NPBT to be broadly in line with FY20, subject to no material pandemic-related change to trading conditions.
- Consistent interim dividend of 0.5 cents per share declared, recognising the Group's sustained profitability outlook and sound cash position.

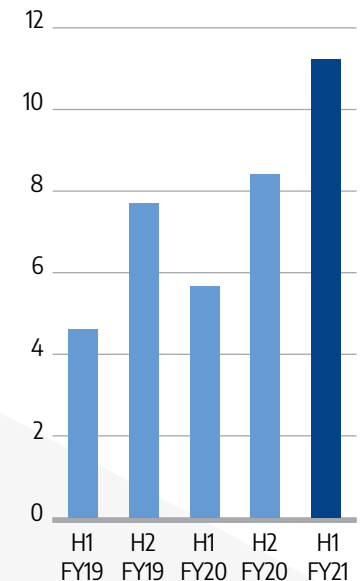
Revenue
(\$m)



Net Profit Before Tax
(\$m)



Net Operating Cash Flow
(\$m)



Results summary

	Dec 20 \$'000	Dec 19 \$'000
Revenue	86,423	88,960
EBIT	6,085	4,189
Profit before tax	5,316	3,552
Net operating cash flow	11,233	5,686

H1 FY21 achievements:

- \$5.3m NPBT a 49.7% increase with gains delivered from a number of past strategic investments.
- A further strengthened balance sheet and 97.6% improvement in net operating cash flow showing prudent management of working capital.

\$89.4m
Net assets

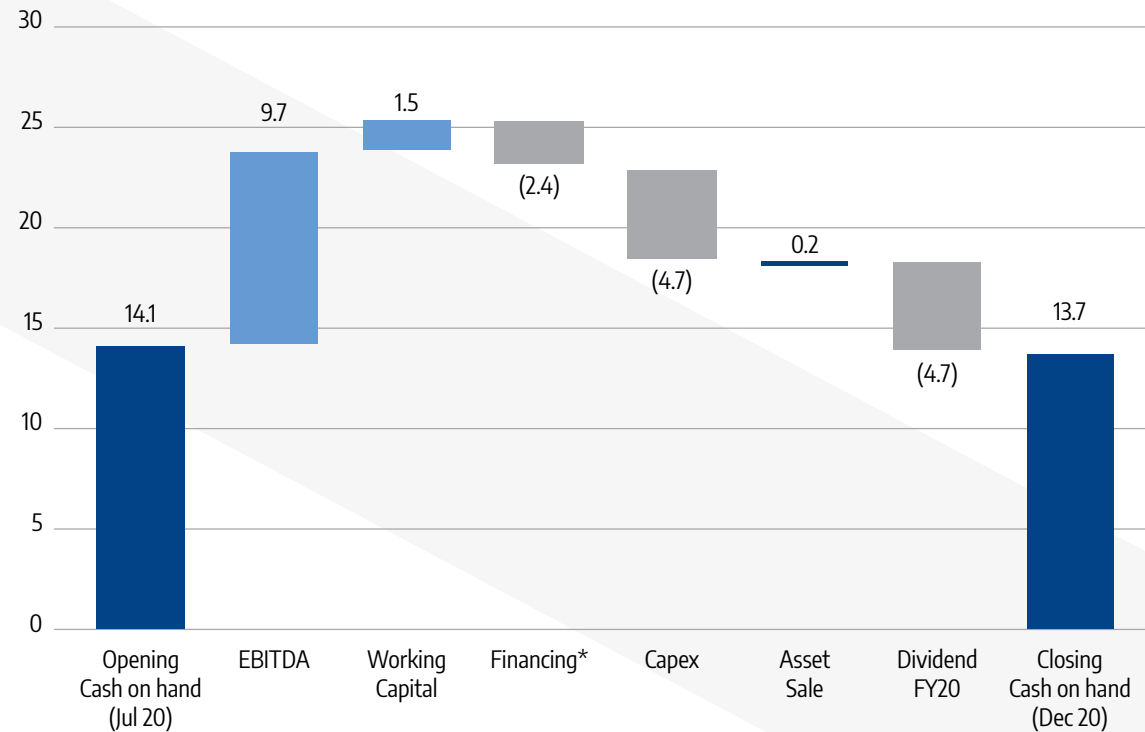
\$13.7m
Net cash



Major cash flow movements

The Group continues to generate strong net operating cash flow with a balanced approach to capital reinvestment and returns to shareholders via dividends.

Major Cash Flow Movements (\$m)



* Financing relates to lease payments under AASB 16

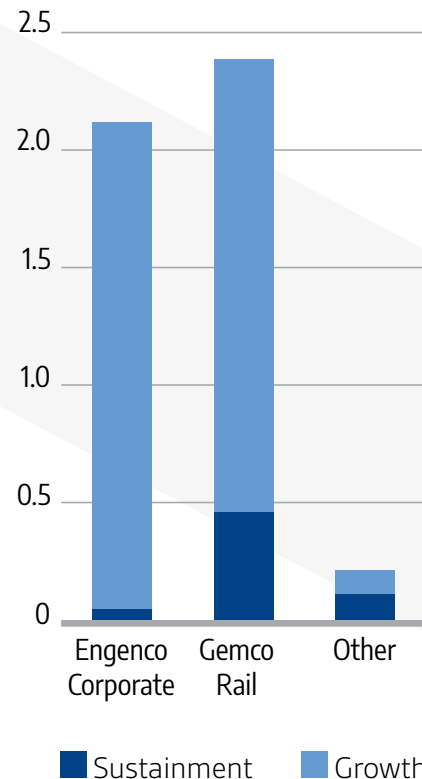
Sustainably investing to grow

Our capital investment program continued throughout the period with \$4.7m invested in growth and sustainment projects.

Gemco Rail's Gladstone site is now operational with investment continuing in machinery to enable future growth of the site.

The Engenco Corporate growth investment relates to the strategic land purchase, for future development, in Forrestfield Western Australia adjacent to our largest production site.

Capex by Business Unit (\$m)



Engenco consolidated capex:

\$4.1m

Growth

(H1 FY20 \$6.0m)

\$0.6m

Sustainment

(H1 FY20 \$0.7m)

Health, Safety and Wellbeing

- Covid Safe Plans implemented in accordance with medical advice and government requirements ensuring a safe environment for all staff and visitors allowing the business to continue operations;
- Continued consolidation of HSEQ Management Systems including revision of Sharepoint/ Intranet platform; and
- High performance culture development focused on Safety leadership.

55.7%

LTIFR

Improvement from H1 2020.

35.7%

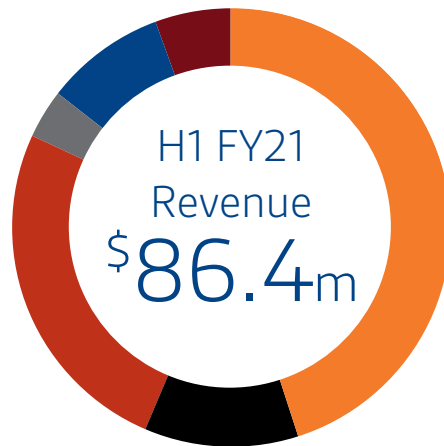
TRIFR

Improvement from H1 2020.

Make Safe



Business unit overview



Rail and Road
Gemco Rail \$39.2m
Convair \$9.9m

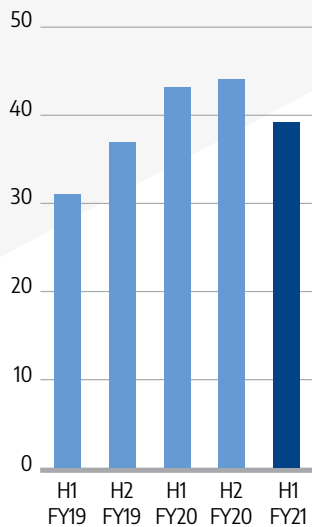
Workforce Solutions
Momentum \$7.6m
CERT Training \$4.7m

Power and Propulsion
Drivetrain \$22.2m
Hedemora \$2.8m

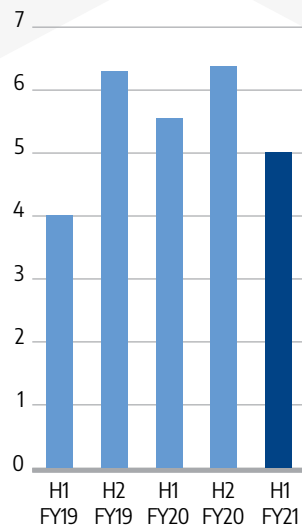
Rail and Road

GEMCORAIL

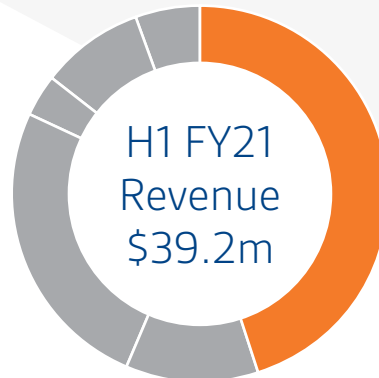
Revenue
(\$m)



Net Profit Before Tax
(\$m)



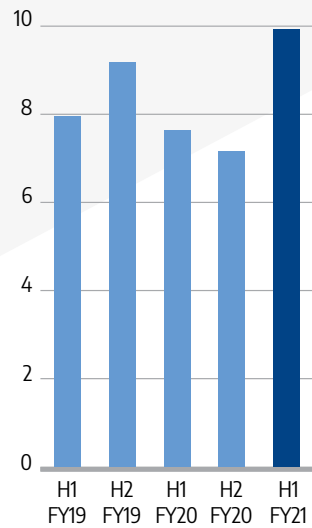
- Revenue decreased 9% to \$39.2m due to timing of customer projects, resulting in a 10% decline in NPBT after strong growth in prior periods; and
- A new facility in Gladstone contributed strongly to the result and exceeded expectations.



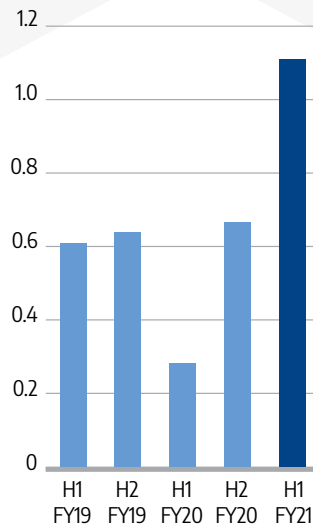
Rail and Road

CONVAIR

Revenue
(\$m)



Net Profit Before Tax
(\$m)



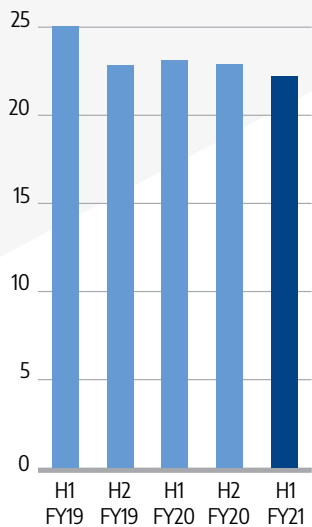
- Revenue increased due to a backlog of tankers arriving from Germany which COVID-19 restrictions delayed in H2 FY20; and
- Demand for steel tankers returning and continued focus on production efficiency and customer innovation.



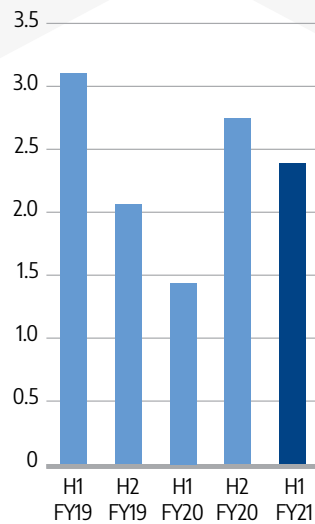
Power and Propulsion

Drivetrain

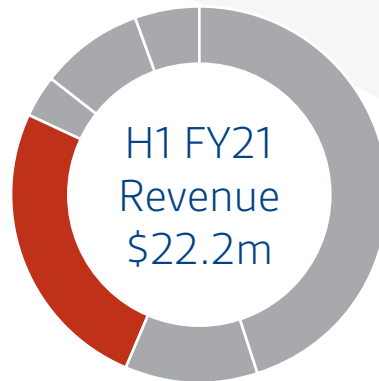
Revenue
(\$m)



Net Profit Before Tax
(\$m)



- NPBT improvement realised from prior period branch rationalisation and expansion of Newcastle and Adelaide facilities;
- New Kalgoorlie facility being established to capture booming hard-rock mining industry; and
- Additional products and services being added to Drivetrain's portfolio.

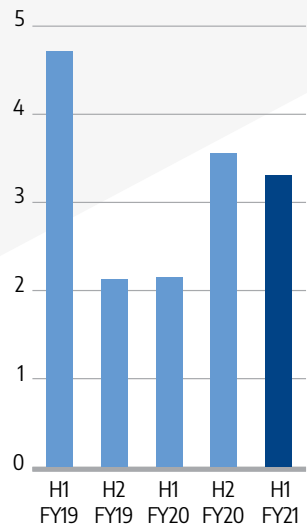


Power and Propulsion

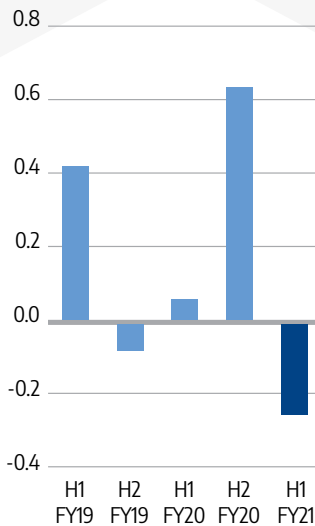


HEDEMORA
TURBO & DIESEL

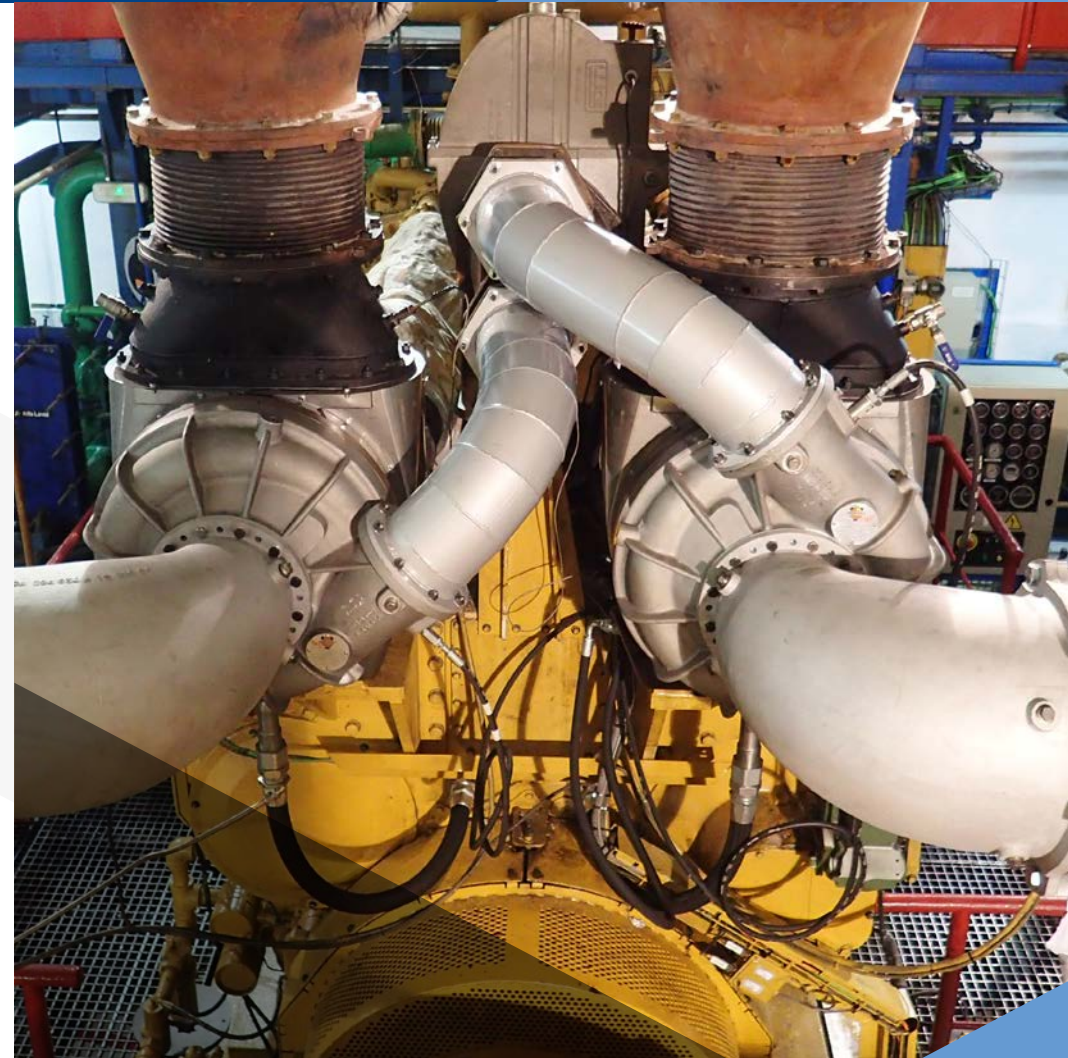
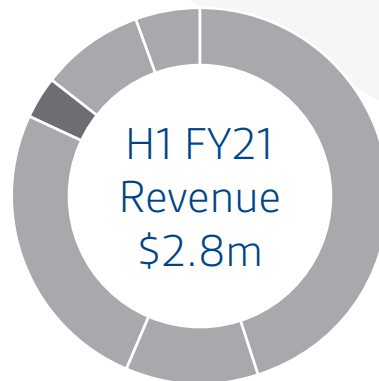
Revenue
(\$m)



Net Profit Before Tax
(\$m)



- Continued penetration of the Turbocharger retrofit market, particularly in Eastern Europe;
- Pandemic impacted results in Sweden and ongoing investment in the USA, with supply chain delays and travel restrictions impacting business development; and
- New Turbocharger orders received, supporting workshop production in H2.

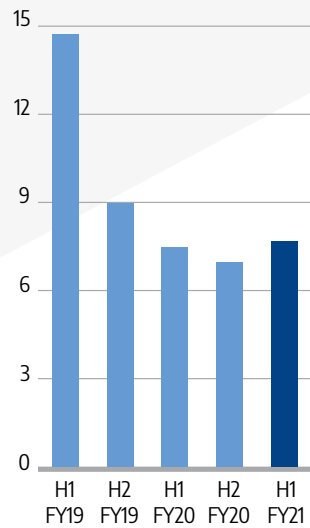


Workforce Solutions

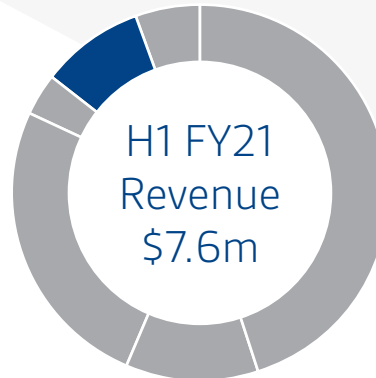
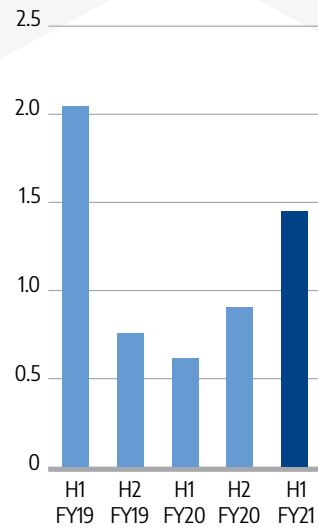


- Strong rail freight volumes supported stable revenue;
- New customer projects positively impacted margins for the period; and
- Integration with the CERT business to realise benefits of a combined Workforce Solutions continued.

Revenue
(\$m)



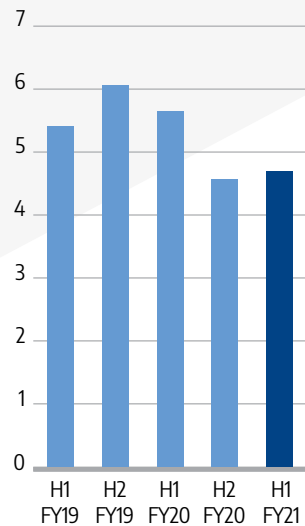
Net Profit Before Tax
(\$m)



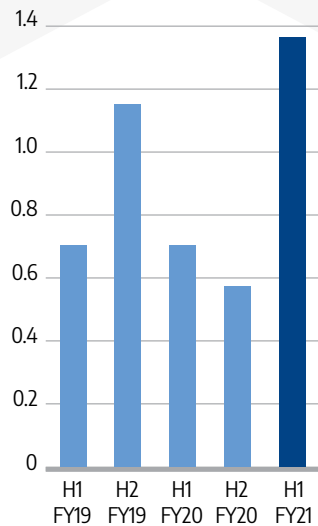
Workforce Solutions



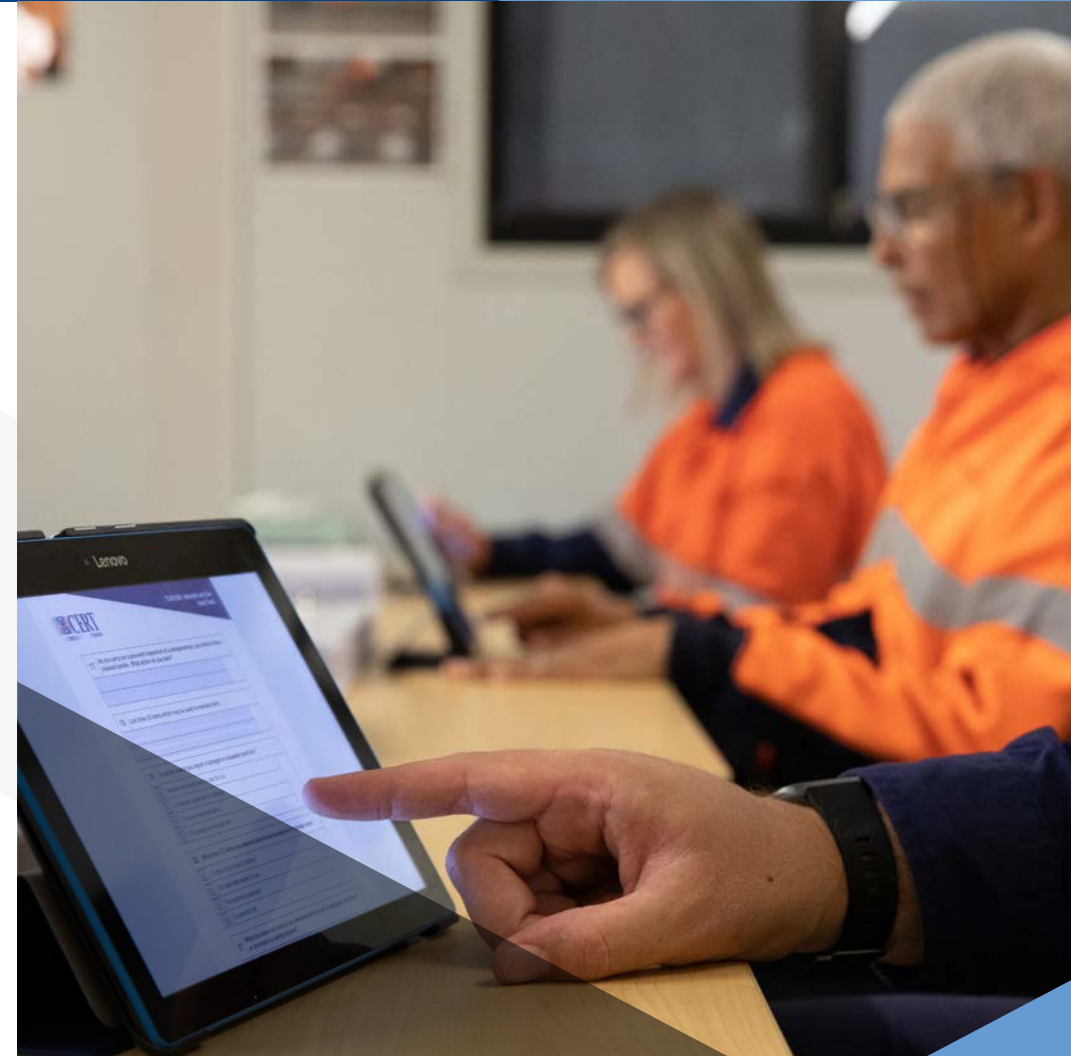
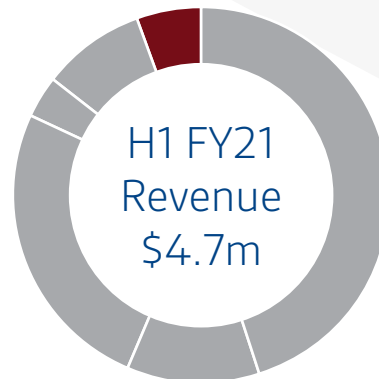
Revenue
(\$m)



Net Profit Before Tax
(\$m)



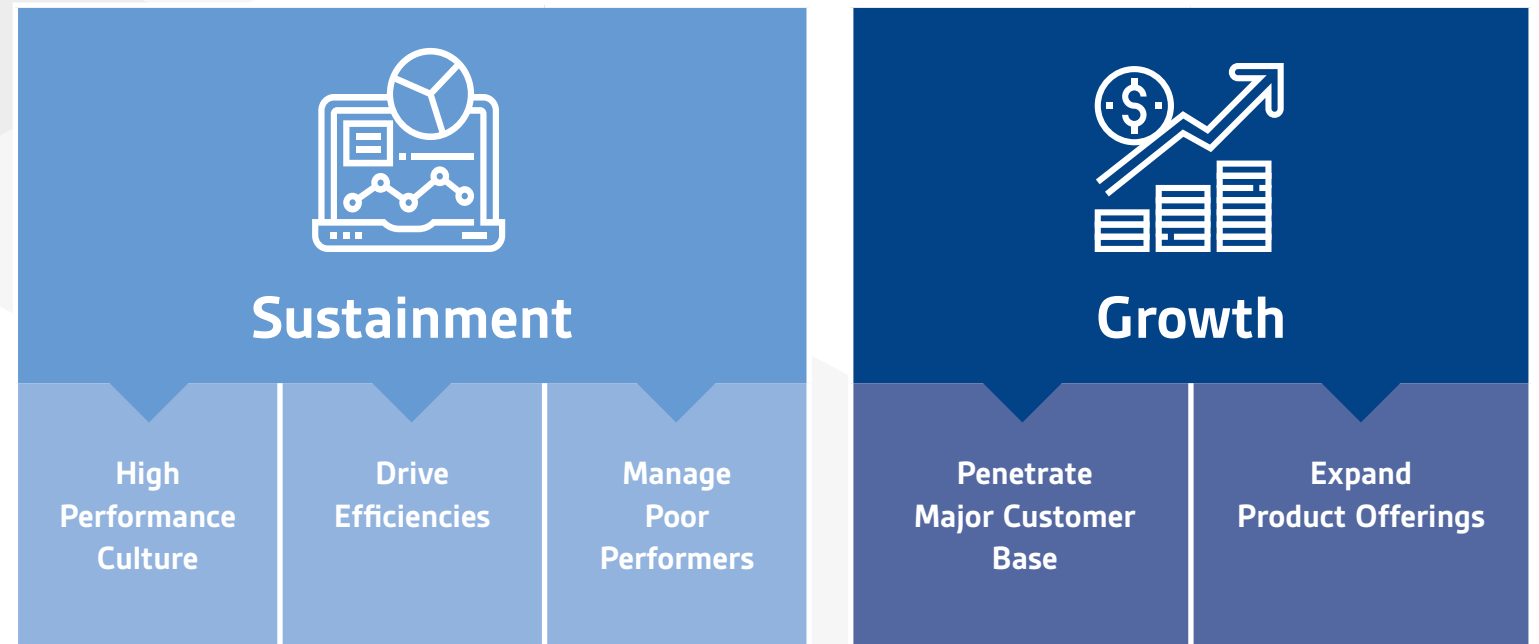
- Demand for CERT training services rebounded as COVID-19 restrictions eased;
- A transition to online assessment and optimisation of training resource utilisation positively impacted margins; and
- Integration with the Momentum business to realise benefits of a combined Workforce Solutions continued.



Strategy

The Group will continue to support our customers' needs through the continued expansion of our range of goods and services and investment in people, plant and technology.

This will deliver long-term customer benefits and a sustainable future for the Group.



Group outlook

- Steady flow of prospects in our market sectors for maintenance, spare parts and capital sales;
- Technology and People focus to meet constraints and opportunities;
- Challenges brought by pandemic not over but have been manageable to date;
- Well positioned to take advantage of acquisition opportunities;
- Optimistic about the future and continuing investment to deliver long-term sustainable projects to support our customers.



Disclaimer

This Presentation has been prepared by Engenco Limited (ABN 99 120 432 144) (Engenco) for general background information purposes only and is current as at the date of this Presentation. It is information in a summary form and does not purport to be complete. It should be read in conjunction with Engenco's other periodic and continuous disclosure announcements to the ASX available at www.asx.com.au.

This Presentation is not a Prospectus or a Product Disclosure Statement under the Corporations Act and has not been lodged with the Australian Securities and Investments Commission.

This Presentation may contain forward looking statements concerning projected earnings, revenue, growth, outlook or other matters (Projections). Any such Projections are based on assumptions which may differ materially from the actual circumstances which may arise. Engenco undertakes no obligation to update any Projections for events or circumstances that occur subsequent to the date of this Presentation or to keep current any of the information provided. Past performance is no guarantee of future performance. Any estimates or Projections as to events that may occur in the future are based upon the best judgement of Engenco and there is no guarantee that any of these estimates or Projections will be achieved. Actual results will vary from the Projections and such variations may be material. Engenco has no obligation to tell recipients if it becomes aware of any inaccuracy in or omission from the information in this Presentation.

This Presentation is not intended to be an offer, invitation, solicitation or recommendation with respect to Engenco securities and does not purport to cover all relevant information about any potential investment in Engenco. Accordingly potential investors are advised to seek appropriate independent advice, if necessary, to determine the suitability of any potential investment in Engenco. Neither the provision of this Presentation nor any information contained in this Presentation or subsequently communicated to any person in connection with this Presentation is, or should be taken as, constituting the giving of investment advice to any person. This Presentation does not contain legal, tax, accounting, investment or financial product advice and should not be used as the basis for making investment or other financial decisions in relation to Engenco securities. You should conduct your own investigations, enquiries and analysis and place no reliance on this Presentation in evaluating any potential investment in Engenco.

Investors should be aware that certain financial measures included in this presentation are 'non-IFRS financial information' under ASIC Regulatory Guide 230: 'Disclosing non-IFRS financial information', published by ASIC. Non-IFRS financial information may not be comparable to similarly titled measures presented by other entities, and should not be construed as an alternative to other financial measures determined in accordance with Australian Accounting Standards of IFRS. Although Engenco believes these non-IFRS measures provide useful information to investors in measuring the financial performance of the business, investors are cautioned not to

place undue reliance on any non-IFRS financial information included in this presentation.

This Presentation has been prepared for publication in Australia and may not be released or distributed in the United States or to US persons. This presentation does not constitute an offer of securities for sale in the United States or to US persons (as defined in Regulation S under the US Securities Act of 1933) absent registration under the US Securities Act or an exemption from registration.

This Presentation, including opinions set out in it, is based on information compiled or prepared by Engenco from sources believed to be reliable, although no attempt has been made to verify such information. No representation or warranty, express or implied, is made as to the accuracy, currency, reliability, legality or completeness of the information in the Presentation. To the maximum extent permitted by law, none of Engenco, its directors, employees, advisors or agents, nor any other person, accepts any liability, including without limitation any liability arising out of fault or negligence, for any loss arising from the use of the information contained in this Presentation. In particular, no representation or warranty, express or implied, is given as to the accuracy, completeness, likelihood of achievement or reasonableness of any forecasts, Projections or prospects referred to in this Presentation. This does not apply to the extent that liability by law cannot be excluded.

All dollar values are in Australian dollars (A\$) unless otherwise stated.



Contact us

Kevin Pallas

Managing Director and CEO

T +61 3 8620 8900

E kevin.pallas@engenco.com.au

Paul Burrows

Company Secretary and Chief Financial Officer

T +61 3 8620 8900

E paul.burrows@engenco.com.au

engenco.com.au

