

# ASX ANNOUNCEMENT

25 June 2021

## Trading update

Engenco Limited (ASX: EGN) (**Engenco** or **Company**) provides the following update on expected earnings for the financial year ended 30 June 2021 (**FY21**).

For FY21, expectations for the consolidated group are for operating revenue within the range of \$163m - \$165m and net profit before tax of \$8m - \$9m.

At the time H1 FY21 results were released a steady second half was anticipated with net profit before tax to be consistent with the first half. However, it was also recognised this was in the context of a continuing uncertain environment and associated headwinds.

The Company advises that the following conditions are impacting the second half of FY21:

- Lower cyclical demand than expected from some major customers that have themselves been affected by adverse weather and disruptive rail network events;
- Delays in the commencement of forecast projects at Drivetrain's Adelaide operation;
- Softer Coal Mining sector demand for mobile mining equipment, along with associated spares and maintenance;
- Skilled labour shortages generally and particularly in Convair manufacturing and CERT training;
- Supply chain disruption and travel restrictions, most notably impacting Hedemora Turbo and Diesel in Sweden and the USA, but also impeding domestic business development activity across the Group.

These difficult conditions are considered to be temporary in nature, and the Company remains optimistic about near-term growth opportunities and maintaining long-term shareholder returns. The Company has continued to invest in people, facilities and products through this somewhat difficult trading period to support customers and to deliver on its long-term growth strategy.

Kevin Pallas, Engenco's Managing Director and CEO said, "We are confident about the future despite experiencing a less than satisfactory FY21 second half. We have a resilient workforce, good business momentum going forward and have several growth initiatives underway which are expected to underpin an improved trading result in FY22 and beyond."

This announcement has been authorised for release by the Engenco Board of Directors.

### **About Engenco Limited**

Engenco specialises in:

- Maintenance, repair and overhaul of locomotives
- Manufacture and maintenance of wagons, carriages and associated rail equipment

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- Maintenance, repair and overhaul of heavy-duty engines, powertrain, propulsion and gas compression systems
- Project management, training and workforce solutions
- Manufacture and supply of road transport and storage tankers for dry bulk products

Engenco services a diverse client base across the defence, resources, marine, power generation, rail, heavy industrial, mining and infrastructure sectors.

*For further information, please contact:*

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