



2023 AGM Presentation

Annual General
Meeting 2023



Board of Directors



Vincent De Santis

BCom, LLB (Hons)

Chairman since 24 March 2016, Independent Non-executive Director since 19 July 2010, Member of Audit and Risk Committee since 31 July 2013.



Dale Elphinstone

AO FAICD

Non-executive Director since 19 July 2010.



Scott Cameron

BCom

Independent Non-executive Director since 1 September 2020, Chairman of Audit and Risk Committee since 18 November 2020.



Kelly Elphinstone

BBus (Marketing)

Non-executive Director and Member of the Audit and Risk Committee since 19 September 2022.



Dean Draper

MBA, BBus

Chief Executive Officer since 21 November 2022, Managing Director since 18 September 2023.

Executive Team



**Garth
Campbell-
Cowan**

BCom, FCA

Chief Financial
Officer.



**Meredith
Rhimes**

BA, LLB, FGIA

Senior Legal
Counsel and
Company
Secretary.



**Ron
Edwards**

MHRLaw

Executive
General
Manager –
Corporate.



**Renée
Cerveri-
Tekani**

BCom, BA

Executive
General
Manager –
People and
Culture.



Geoff Thorn

BE Mechanical
Engineering

Executive
General
Manager – Rail.



Tony Stone

MMgt

Executive
General
Manager –
Drivetrain.



**Brett
O'Conner**

AdvDip VocEd, Dip
Mgt, Dip Eng/A

Executive
General Manager
– Workforce
Solutions.



Chairman's Address

Vince De Santis



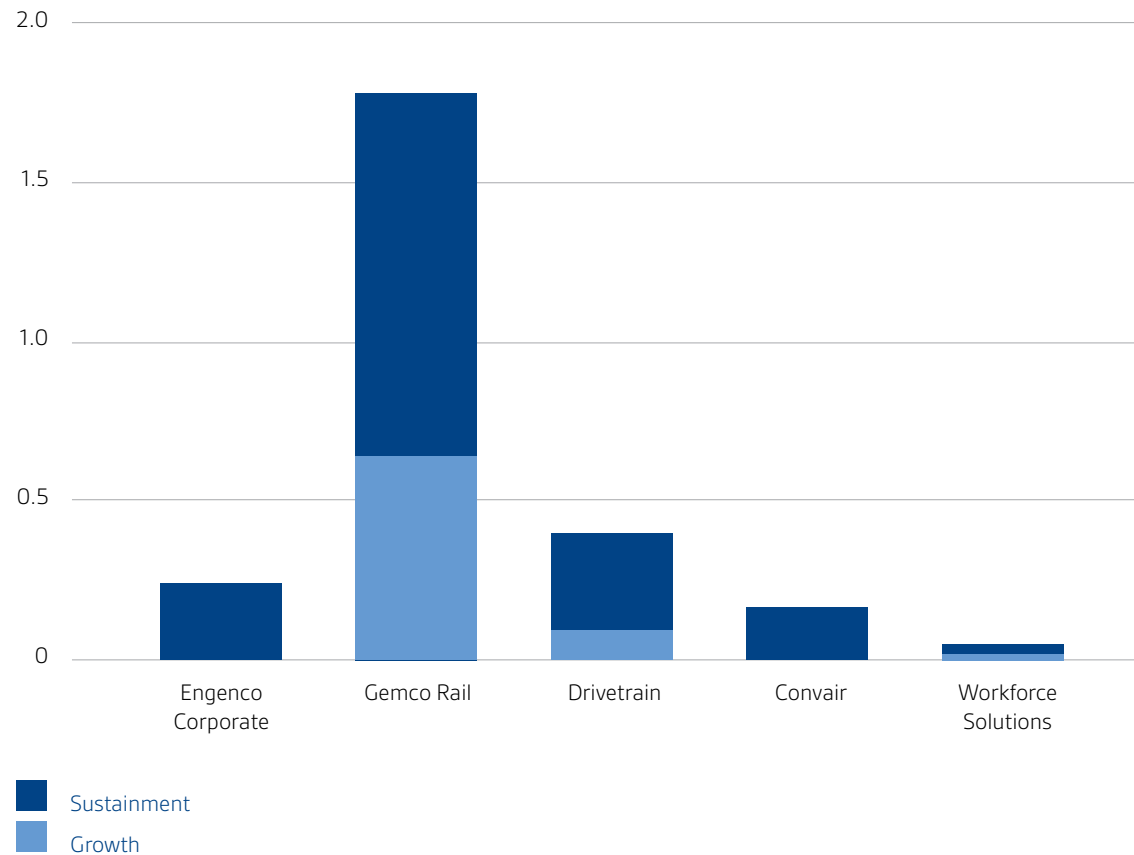
Chairman's Address



Capex

Investing in our facilities to increase our capabilities.

Capex by Business Unit (\$m)



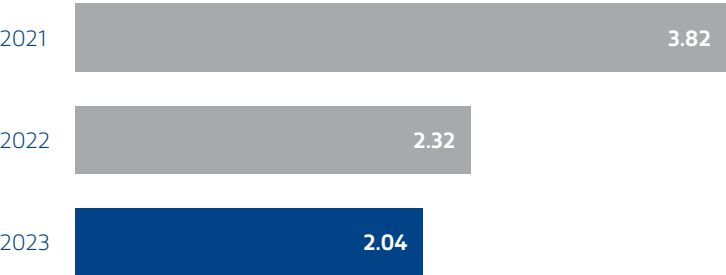
Rewarding Shareholders – Dividends

Dividend payments resume with the declaration of a final, albeit comparatively modest dividend of 0.5 cents per share in respect to FY2023.

Total Dividend (cents)



EPS (cents)



Share Price at 30 June (\$)



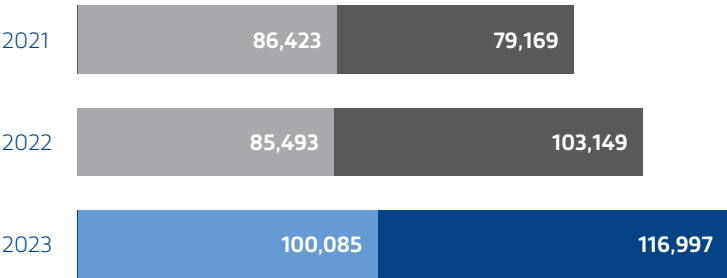
Company Highlights

\$217.1m

Revenue

- Revenue grew 15.1% on the previous year, with increases across all divisions, primarily due to strong demand for new bearings in Gemco Rail and increased workshop throughput in Drivetrain triggered by the mining sector.
- Workforce Solutions benefited from the reduced impact of the pandemic on the rail and training industries and steps we have taken to increase flexibility and deliver sustainable returns.

Revenue \$'000

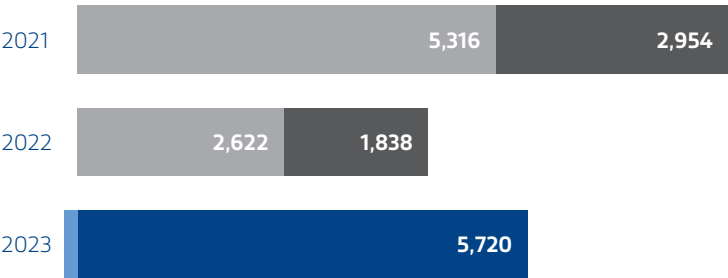


\$5.5m

Net Profit before Tax (NPBT)

- The net loss before tax for the first half of FY2023 was \$1.6million excluding the recognition of insurance proceeds of \$1.4 million for Gemco Rail's Gladstone workshop which was impacted by a severe flood event in FY2022.
- NPBT for the second half was \$5.7 million, with the full year NPBT of \$5.5 million, an increase of 22.2% compared to FY2022.

NPBT \$'000



8%

Return on Capital Employed

- An increase of 33% on FY2022.

ROCE



Our focus for FY2024

People

- Engagement
- Safety and well-being
- Skills and capability
- Succession planning
- Employee turnover
- Building bench strength

Liquidity of EGN shares

- Improving return on capital and shareholders' equity
- Increase scale of business to attract more capital



Leveraging our capacity

- Sound execution and delivery of projects
- Growth in our Power and Propulsion and Rail divisions
- Stabilisation: Workforce Solutions

ESG

- Living our values
- Efficient and responsible use of resources
- Sustainable growth



Managing Director's Address

Dean Draper



The Engenco Group Vision and Values

Engenco Group Vision and Values

**Inspired people
creating sustainable
transportation
solutions**

Engenco Group Values



Integrity

The power of honesty



Commitment

The power of responsibility



Collaboration

The power of working together



Excellence

The power of quality

Make Safe Our first priority will always be the health, safety and wellbeing of our people



37,502 prework risk assessments

- Reinvigoration of our workplace health and safety recognition and rewards program.



116 MakeSafe risk reports

- Implementation of Skytrust, a new cloud-based work, health and safety management system.



306 workplace site inspections

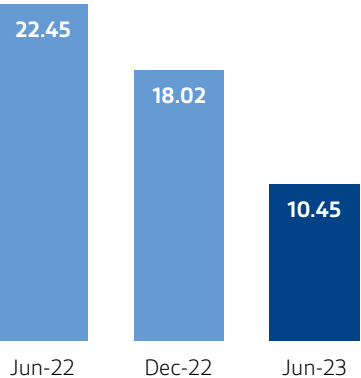
- Certification of six sites to the ISO 45001 Occupational Health and Safety Management System.



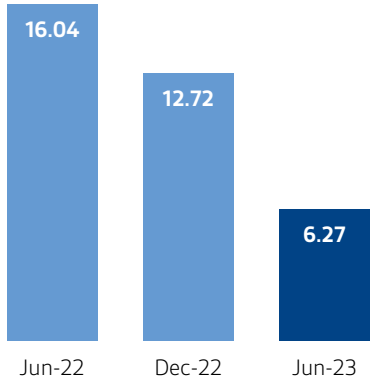
451 hazards raised and resolved

- Development of justice framework for post incident investigations and corrective action.

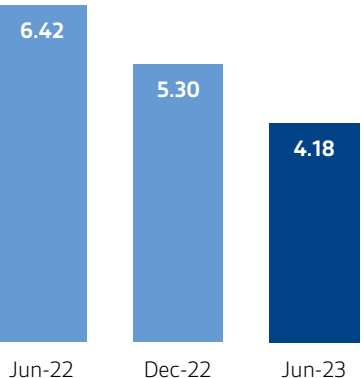
Total Recordable Injury Frequency Rate (TRIFR)



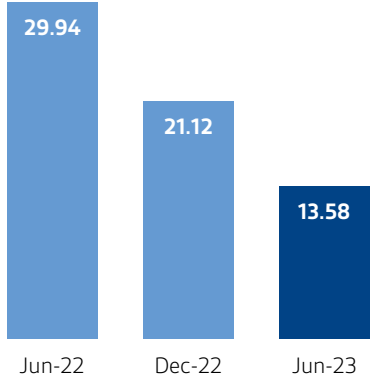
Medical Treatment Injury Frequency Rate (FAIFR)



Lost Time Injury Frequency Rate (LTIFR)



First Aid Injury Frequency Rate (FAIFR)



Environmental, Social and Governance Strategies (ESG)



Case Study



Clontarf Partnership

Through Engenco's Diversity and Inclusion Plan we are committed to building a respectful and more inclusive workplace, and to building positive relationships with the communities in which

we operate. An important step in this journey is partnering with the Clontarf Foundation.

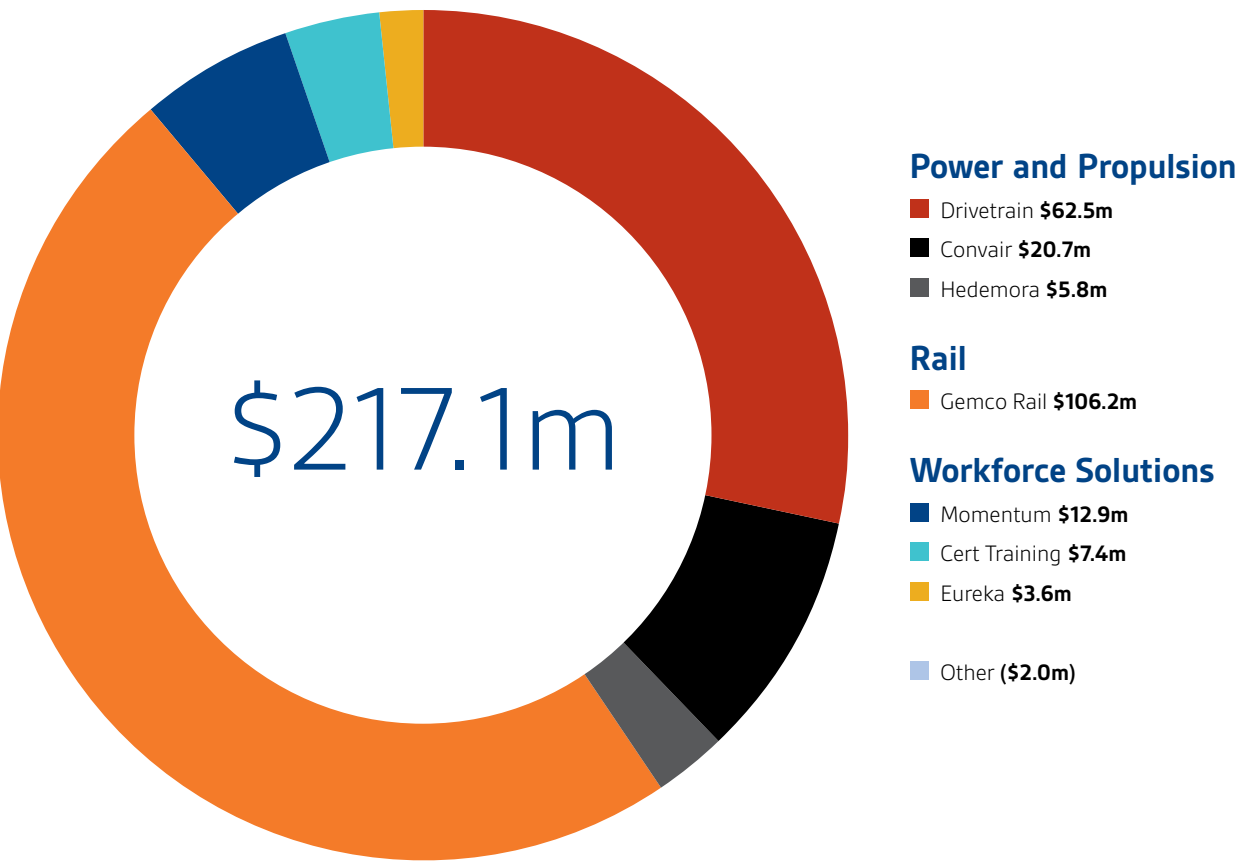
The Clontarf Foundation exists to improve the education, self-esteem, life skills and employment prospects of young Aboriginal and Torres Strait Islander men, and by doing so, equips them to participate more meaningfully in society.

We are excited to be in partnership with the Clontarf Foundation and to have the opportunity to build relationships and offer meaningful employment opportunities for the students in the Clontarf Academies local to our operations.

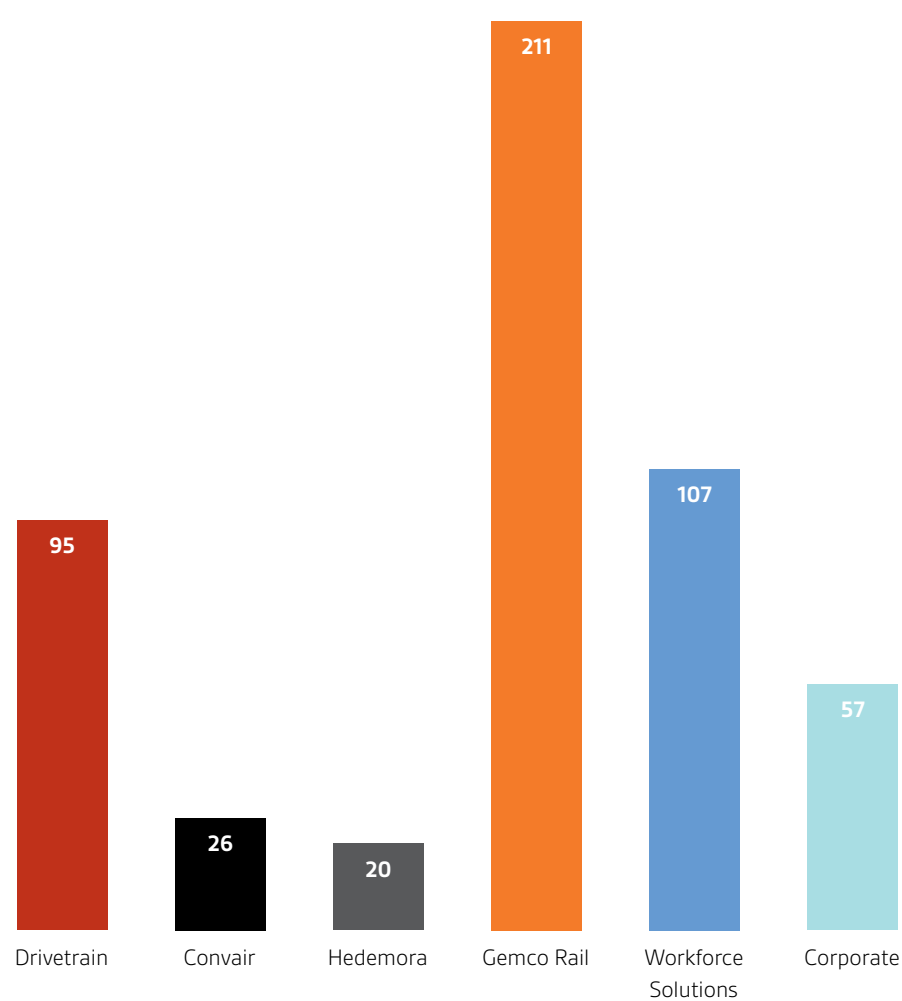


Business Overview

FY23 Revenue



FTE – Full Time Equivalents



Business Unit Overview

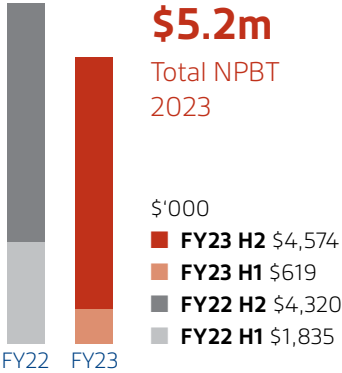
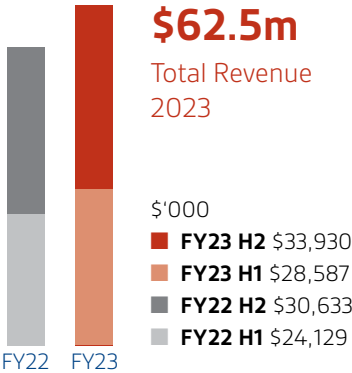


Key Achievements

- Strong global network of Tier-1 products drove growth,
- Significant improvements have been made to the inventory profile and management systems.
- Sales of Kovatera underground mining vehicles in Queensland and the installation of the Guascor combined heat and power generation plant in South Australia.

Outlook

- Delivery of spare parts sales and maintenance, repair and overhaul (MRO) activities in line with our strategy, particularly for the mining industry.
- Expansion of our sales pipeline for capital equipment sales of Gauscor engines for power generation, and the Kovatera light mining vehicle to support hard rock mining.
- Continued evaluation of opportunities to expand Drivetrain's branch network.



Business Unit Overview

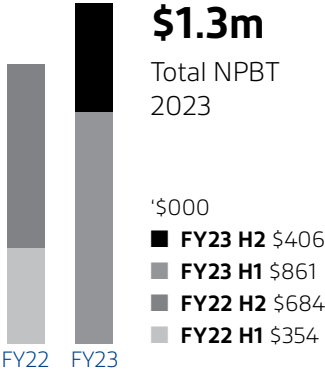
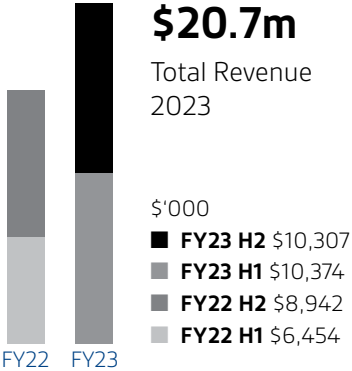


Key Achievements

- Sales increased by 34.3%.
- Industry experience and engineering capabilities driving innovative solutions.
- Strong order book driven by reputation to deliver high quality pneumatic dry bulk tankers.

Outlook

- Increased production with a focus on innovative engineering.
- Spare parts sales to support customer operations.
- Strong order book will be supported through improved cost management strategies.



Business Unit Overview

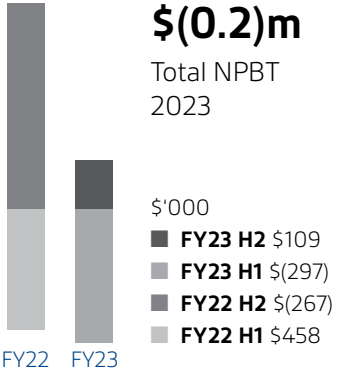
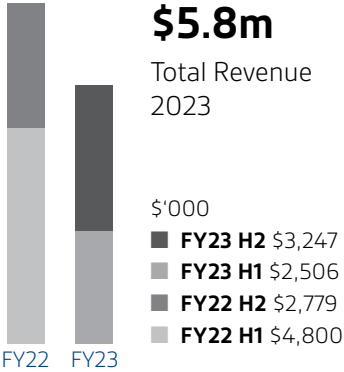


Key Achievements

- Benefitted from price improvements and a refreshed product offering.
- Work from reconditioning turbochargers for existing customers was stable.
- HS Turbochargers range marketed to the North American market.

Outlook

- Business development is expected to drive new opportunities in North America.
- Focus on HS 7800 retrofits for GE EVO in North America and Northern Asia continues.
- Ongoing support for the Collins Class program.
- Significant maintenance order for the Swedish submarine program.



Business Unit Overview

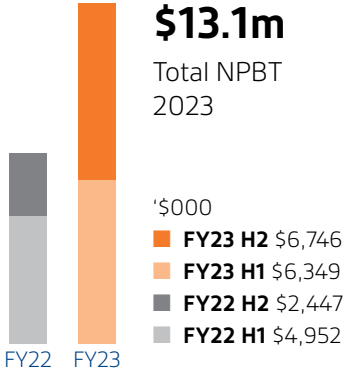
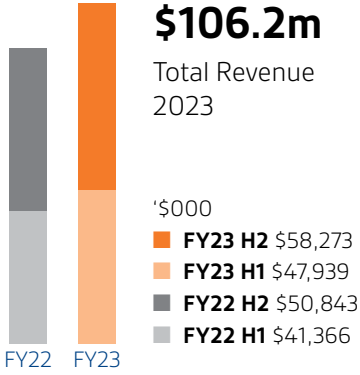


Key Achievements

- West coast railway wheel shop and bearing refurbishment volumes increased.
- Successful return of Gemco Rail to the new wagon supply market.
- Revenue up 15.1% year-on-year with strong growth, particularly in the second half.

Outlook

- Expansion of the Newcastle facility to service increased demand.
- Altona wagon maintenance facility will commence support for SCT Logistics wagon maintenance.
- New facility is being established at Karratha to deliver the Rio Tinto iron ore car contracts and supporting bearing refurbishment.



* Includes significant items



Business Unit Overview

Workforce Solutions

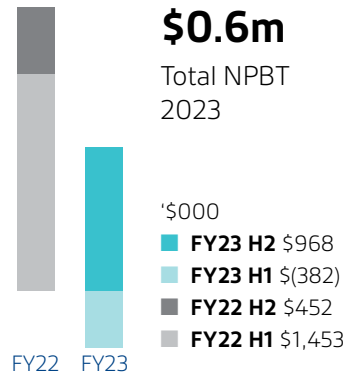
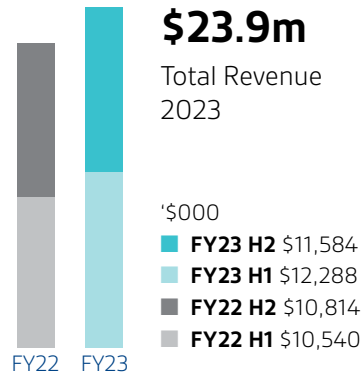


Key Achievements

- Modified business model, enabling financial performance to stabilise.
- CERT increasing its portfolio of training offerings to the market.
- Eureka 4WD & Truck Training gained from increased business-to-business market demand.

Outlook

- Increased product and service offerings across the Workforce Solutions portfolio of businesses.
- Drive higher enrolments through implementing a refreshed digital and database marketing strategy.
- Increase the proportion of “class time” for trainers in Eureka 4WD and CERT.

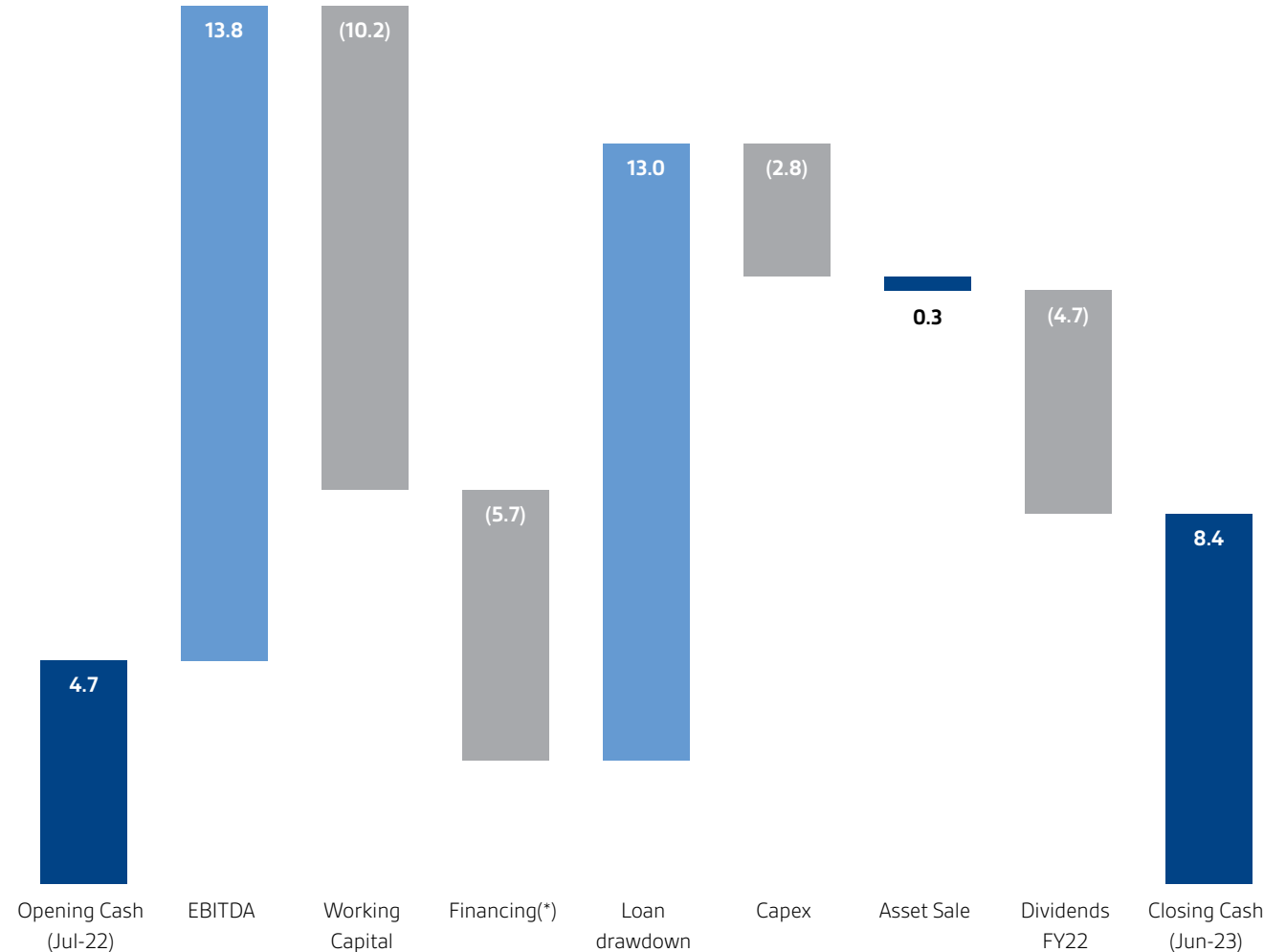


Engenco – Source and Use of Cash

Net cash generated from operations fell to \$3.0 million (down from \$10.6 million in FY2022), as a result of a sharp rise in net working capital.

During the year, we drew down on our \$20.0 million National Australia Bank debt facility to help fund our capital expenditure program, general working capital requirements arising from growth within the business, and the ongoing but largely unavoidable time lags between purchasing certain raw materials and inventory from overseas, and the receipt of customer payments. As at the end of FY2023, \$13.0 million of our facility had been utilised.

This facility, which is due to mature on 31 October 2023, has recently been extended by a further year until 31 October 2024.



* Financing relates to lease payments under AASB 16

Operational Focuses to Improve Financial Outcomes



Working Capital Management

- Streamlining inventory management to reduce carrying costs and optimise cashflow.
- Implement process improvements to increase debtors compliance and reduce overdue accounts receivable.
- Align payment terms from major suppliers to requirements of customers.



Gross Margin Review and Improvement

- Conducting a comprehensive review of the cost structure to identify opportunities for margin enhancement.
- Implementing cost-effective procurement strategies and supplier negotiations to reduce input costs.
- Improved understanding of Engenco's value proposition and ensuring pricing increases are greater than associated increased input costs.
- Review of existing product portfolio – improve or exit identified product groups.



Productivity and Efficiency Gains

- Investing in technology and automation to streamline operations and reduce labour costs.
- Implementing lean manufacturing principles to improve resource allocation and reduce waste.
- Dedicated resources for improvement of finance processes.
- Enhancing employee training and development programs to boost productivity.

Engenco is committed to a culture of continuous improvement with a focus on meeting and exceeding established targets. Engenco Limited is dedicated to improving financial performance, enhancing shareholder value, and ensuring a sustainable and profitable future for the company.

Group Outlook

ORGANIC GROWTH: With a clear strategy to excel in delivering and expanding our diverse range of high-quality products and services to the transportation industry, FY2024 provides an opportunity for improved performance in the second half. The Group is optimistic that it will deliver a materially improved financial performance on FY2023.

ESG COMMITMENT: Continue to work to understand our emissions, in preparation for a net zero carbon future, with specific goals in the key areas of safety, standards, social responsibility and sustainability.



RETURN ON EQUITY: Continue to focus on improving the Company's profitability and growing the return on our shareholders' invested capital with the goal of making Engenco's shares more attractive to existing and prospective new shareholders, while also seeking out opportunities which will require additional fresh share capital.

Items of Business



Items of Business

Item 1

Annual Financial Report

To receive and consider the Annual Financial Report of the Company, comprising the Financial Report, Directors' Report and Auditor's Report for the financial year ended 30 June 2023.

Engenco



Item 2

Adoption of the Remuneration Report (non-binding resolution)

“That, for the purposes of section 250R(2) of the Corporations Act, the Remuneration Report (contained in the Directors’ Report) for the year ended 30 June 2023 is adopted.”

Proxy Vote

For	Against	Discretionary	Abstain/ Excluded
18,743,691	700,070	37,746	380,394

Item 3

Re-election of Director (Ordinary Resolution)

“That Vincent De Santis, being a Director of the Company who retires by rotation in accordance with the Company's Constitution and being eligible for re-election, be re-elected as a Director of the Company.”

Proxy Vote

For	Against	Discretionary	Abstain/ Excluded
19,185,505	616,650	37,746	22,000

Item 4

Re-election of Director (Ordinary Resolution)

“That Scott Cameron, being a Director of the Company who retires by rotation in accordance with the Company's Constitution and being eligible for re-election, be re-elected as a Director of the Company.”

Proxy Vote

For	Against	Discretionary	Abstain/ Excluded
19,185,505	616,650	37,746	22,000

Item 5

Re-election of Director (Ordinary Resolution)

“That Dean Draper, who was appointed as a Director of the Company on 18 September 2023 retires in accordance with Clause 11.12 of the Company's Constitution and being eligible for re-election, be re-elected as a Director of the Company.”

Proxy Vote

For	Against	Discretionary	Abstain/ Excluded
19,701,005	101,150	37,746	22,000

Item 6

Issue of Shares under Share Plan (Ordinary Resolution)

“That, for the purposes of ASX Listing Rule 7.2 (exception 13(b)), and for all other purposes, the Shareholders of the Company approve the issue of Shares under the Share Plan for a period of three years from the date of this Meeting, on the terms and conditions set out in the Explanatory Statement which accompanies and forms part of this Notice of Meeting.”

Proxy Vote

For	Against	Discretionary	Abstain/ Excluded
19,227,311	221,484	30,190	382,916

Item 7

Appointment of Auditor (Ordinary Resolution)

“That Grant Thornton, being qualified to act as auditor of the Company and having consented to act as auditor to the Company, be appointed as the auditor of the Company, effective upon the resignation of the existing auditors, KPMG.”

Proxy Vote

For	Against	Discretionary	Abstain/ Excluded
19,807,711	0	30,190	24,000

Questions



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



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