

ASX ANNOUNCEMENT

19 November 2014

2014 Annual General Meeting Chairman's and Managing Director's Addresses

Engenco Limited (ASX:EGN) (**Company**) attaches a copy of the Chairman's and the Managing Director's addresses for the 2014 Annual General Meeting held on 19 November 2014.

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Annual General Meeting – 19 November 2014

Address to Shareholders by Dale Elphinstone, Chairman

Ladies and Gentlemen

Welcome to the Engenco Limited 2014 Annual General Meeting.

Engenco's 2014 Financial Year was characterised by our focus on maintaining financial stability whilst continuing to build efficient platforms for growth across all of our businesses. It has been a difficult year for companies operating in our industries, particularly the mining sector.

Before the Managing Director provides an outline of the company's financial and operational performance for the year, I wish to mention a number of items of importance.

The board is very engaged and meets regularly to ensure management continues to focus on good governance, business culture, safety, project and risk management and drives improved performance. Ensuring a safe workplace is a core principle that the board actively supports. It is pleasing to see the improvement in safety throughout the Group.

Disciplined management of working capital and capital expenditure decisions have helped preserve cash and maintain a stable balance sheet. Further work on reducing inventory to more efficient levels is a current focus. Capital expenditure will trend towards maintenance of installed assets and productivity improvement initiatives.

The company's trading result for the year was not satisfactory, although we are now starting to see a steady improvement. The trend is in the right direction and we continue to work hard to improve profitability in our Power & Propulsion and Rail & Road business segments. Toward the end of the financial year we took further steps to streamline the management and structure of the Group. Consequently, a number of senior roles were no longer required and we reduced the workforce by around ten percent as we withdrew from certain unprofitable and unacceptably risky markets. We have already started to see the benefits of this right-sizing and expect the improved engagement of staff, customers and suppliers to yield further benefits in the future.

General market conditions in Australia and Globally are expected to remain subdued and uncertain for the foreseeable future. Capital sales and usage volumes are expected to remain depressed. Businesses will again need to be critical when reviewing asset values. With an emerging pattern of operators switching from preventative to more breakdown maintenance, a flexible response will be required to be successful in the industrial services industry.

Through a disciplined approach to continuously improve service levels and a focus on medium to long term opportunities for profit growth, we believe Engenco is well positioned to meet these challenges. The board remains confident of Engenco's continuous improvement and future prospects.

We would like to acknowledge the efforts of our Managing Director, Ross Dunning and the Chief Financial Officer, Kevin Pallas for their strong leadership over the past year.

We want to thank the management and employees for their determination and persistence to improve the overall performance of our business.

We would also like to acknowledge and thank our fellow Board Members for their contribution.

Most importantly we thank our shareholders for their patience and look forward to having your support in the years ahead.

Dale Elphinstone

Chairman

Annual General Meeting - 19 November 2014

Address to Shareholders by Ross Dunning, Managing Director

Good morning Ladies and Gentlemen,

It is indeed a pleasure to also welcome you this morning to this annual general meeting of the company and to have the opportunity of providing some more detail concerning operations of Engenco over the past financial year and also to give an indication of prospects in the 2015 financial year.

In my announcement to the market in August of this year I commented that the 2014 financial year result was unsatisfactory and heavily influenced by the decline in resources industry activity. Together with the Chairman and my fellow Directors, I indicated that the group expects to return to a profitable position in FY 2015 and that a further update of progress would be given at this annual general meeting.

Turning to the results in FY 2014 firstly, the following points are relevant:

- Although revenue declined almost 15% year-on-year, the company was able to improve trading results year-on-year indicating that the changes implemented in the various business units were taking effect as the company moves towards being profitable.
- While the strategies implemented during the 2014 financial year were effective, it was clear by May 2014 that recovery in the sectors in which the company operates was not occurring to a sufficient level and that further operational changes were necessary. Accordingly, we restructured the group in June and reduced the overall workforce by about 10%. This restructuring streamlined the reporting and accountability functions across the entire group, as well as consolidated the accounting functions in the corporate office.
- It can now be said that the results of this restructuring are becoming evident in spite of little improvement in the revenue line to the end of October 2014. A return towards overall profitable operations has commenced, but a full year trading profit is heavily dependent on work being offered, tendered and won in the second half in a climate where there is little evidence of confidence for expenditure by our normal clients. Competition in some of the business sectors is extremely robust as many companies compete for the sparse work that is available. The areas most affected by this subdued market are Gemco Rail, Greentrains and parts of the Drivetrain Power and Propulsion business.

Review of Principal Businesses

Drivetrain Power and Propulsion

Drivetrain Power and Propulsion continued to trade at lower revenues as a result of the general economic downturn and in particular the resource industry activity reduction. In June 2014, along with the overall restructuring of the group, this business was simplified and several senior positions were eliminated. Delivery of three gas compressor units to Santos was completed in August 2014 with tenders for further units expected shortly. The business responded to a call for tenders for four gas compressor units for another large gas producer and this bid is currently under consideration by that company. As gas activity in the Gladstone area comes closer to completion, it is expected that further tenders for similar gas compressor units will be called.

The operations in Hedemora in Sweden continue to be profitable with increased activity in the diesel turbocharger market and successful sales in various parts of Europe. Development of the HS 6800 turbocharger in the USA is in the stage of final testing and there are plans to install prototypes in Class 1 railroad operators in North America and Brazil.

There is evidence of a slow increase in activity in the heavy duty power and propulsion equipment areas particularly in the parts supply, and repair and overhaul areas. Trading relationships with major suppliers of OEM equipment have been maintained and enhanced.

Gemco Rail

Gemco Rail has been affected by low demand for fabrication services and the flow on effects from the resources industry downturn. The wheel, bogie and bearing shops are performing well as is our facility at Dynon, Victoria. The Brisbane facility completed two complex projects with delivery to the customers in October 2014. Major tenders are expected to be called by above rail operators over the coming months to which Gemco Rail will respond.

In the Total Momentum business, a decision was taken in June 2014 not to tender for infrastructure projects containing requirements for onerous and unacceptable liability risk. Labour hire services in Western Australia continues to grow and work in other States is also expanding.

Centre for Excellence in Rail Training (CERT)

There has been a significant uplift in requirement for the services offered by CERT with profit growth expected in this financial year. The business now operates in all mainland States.

Greentrains

The downturn in the general rollingstock leasing market continues with severe downward pressure on Greentrains' revenue largely caused by an oversupply of units in the marketplace and little or no growth in lessee activity. Most above rail operators placed orders for new locomotives two and three years ago which are now being delivered into the country thus adding to the oversupply of locomotive horsepower in the market. These tight market conditions are expected to remain throughout the current financial year.

Convair

Convair is less aligned to activity in other business units. The repair business which up until recently has been quite small in size will be expanded during this financial year as this market grows. Activity in the fabrication and manufacturing part of the Convair business generally remains sound with good prospects for the current financial year.

In conclusion, it is very difficult to be optimistic about this financial year's results, given the significant uncertainty surrounding the second half budget and the more uncertainty that surrounds expenditure by our clients in the marketplace. At present, we are meeting budget expectations for the first four months of this financial year. Shareholders should remain confident that efforts by management and employees of the group have redoubled to achieve another improved result for this year.

I would like to thank my fellow directors for their ongoing support and confidence in me. I would also like to thank the senior management team and all staff for all their hard work and dedication.

To you, the shareholders of the company, thank you all very much for your ongoing support.

Ross Dunning

Managing Director