

## ASX ANNOUNCEMENT

30 June 2014

### ENGENCO STREAMLINES OPERATIONAL STRUCTURE

Engenco Limited (ASX:EGN) today implemented a number of organisational changes as part of the Group's on-going strategic review to reduce costs, improve operational efficiency and focus on profitable, specialist areas in the rail, transport, resources and defence sectors.

Redundancies, which will affect about 10% of Engenco's 550-strong workforce, have been made in the Drivetrain, Gemco Rail and Momentum businesses of the Group, as well as in Engenco's corporate office. They are across all levels, with a significant proportion in senior management roles which will result in a more appropriate and efficient reporting structure. In addition, the Group has restructured its Momentum business with its primary future focus being on the search, selection and placement of permanent and supplementary staff for above and below rail operators, terminals and workshops.

Combined, the changes will reduce corporate overheads significantly, allowing the Group to focus on providing improved client services. The Group's more streamlined structure will also help it to strengthen relationships with key clients.

Ross Dunning, Engenco's managing director, said:

"It is regrettable that the tough economic situation in our key markets, notably the resources and rail sectors, has required us to make these redundancies. A number of possible upcoming projects have been postponed or cancelled, resulting in our having to make these difficult but necessary changes.

"Over the past 12 months, Engenco management and staff have worked hard to realise efficiencies and synergies within the Group's operating businesses. Fundamental to the ongoing strategic review has been the need to provide our clients with efficient, tailored and best-in-class solutions for their particular needs.

"Going forward, Engenco is focused on maintaining its position as a leading independent specialist engineering group with expertise in the rail, transport, resources and defence sectors."

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Whilst a number of businesses in the Group are now trading profitably, Engenco expects an improvement compared to the first half trading result although an underlying loss for the second half is expected. This will be further impacted by approximately \$1.5 million in one-off restructuring costs. The Group expects to return to profit in FY2015 and will provide a further update at the time of the annual general meeting in November.

For further information please contact:

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### **About Engenco Limited**

*Engenco is a specialist industrial engineering services group consisting of six operating businesses – Gemco Rail, Momentum, CERT, Greentrains, Drivetrain and Convair.*

*Engenco's businesses operate across Australia, Europe, Asia and the Americas supplying a range of clients in the defence, resources, marine, power generation, rail, heavy industrial and infrastructure sectors.*