Ladies and gentlemen,

Since I spoke to you at last year’s Annual General Meeting, Emeco has undertaken a substantial restructure focussed on building a resilient business to meet the challenging and competitive market conditions.

The sustained low commodity price environment continues to impact the markets in which Emeco operates, resulting in further margin decline compared to FY14. Management worked hard to return machines back to rent over FY15 and as a result the earnings run rate heading into FY16 is stronger than the prior year.

Over the past 12 months, the business achieved a number of strategic highlights despite the poor financial performance:

• Firstly, the company’s focus on understanding customer needs in this market resulted in utilisation improving from 50% at the commencement of FY15 to 75% now.
• Our partnership with Thiess in Chile has stabilised our business and significantly improved US dollar earnings.
• We have also expanded our product offering in Chile to wet hire, securing an additional project with Antofagasta Minerals.
• Our Emeco Operating System for fleet management has been successfully implemented at the Alkane Tomingley gold mine, providing Alkane with fleet performance information and data to better operate their fleet and reduce operating costs. Management are working with our customer base to provide this technology to more mine sites on which we operate and as a differentiator when bidding new work.
• Lastly, the Project Fit cost reduction initiative has been successful at reducing our cost base and will deliver savings of $14 million in FY16.

These achievements have contributed to a stronger start in FY16 and have set a platform for the business to deliver value to our customers, drive margin growth and place Emeco back on the path to profitability.

FY15 PERFORMANCE AND BALANCE SHEET FLEXIBILITY

Emeco finished FY15 with an operating EBITDA of $43.4 million and operating net loss after tax of $94.9 million.
As I had mentioned, utilisation improved over the year. However, this did not result in improved earnings for FY15 as significant costs were incurred placing equipment back to work.

The business managed to generate $24.8 million from asset disposals despite the challenging second hand equipment market. However, lower margins and capital requirements to prepare machines for rent resulted in a cash outflow of $18.5 million for FY15.

During FY15 we announced the successful refinancing of our $50 million syndicated debt facility with a $75 million asset backed loan. The asset backed loan further improves our balance sheet flexibility with springing covenants only applicable if greater than 50%, or $37.5 million, of the facility is utilised.

Our hedge facilities are currently in the money. The board and management continue to assess our risk exposure and capital management requirements to determine our ability to utilise these funds for debt reduction. A lot of consideration has been made as to the risk and rewards of such an exercise and we’ll continue to review our position against other levers in the business to generate cash flow.

SENIOR MANAGEMENT AND BOARD CHANGES

I’d like to take this opportunity to acknowledge former Managing Director and CEO, Ken Lewsey. On behalf of the board I’d like to thank Ken for his contribution to the business.

As we welcome Ian Testrow to the role of Managing Director and CEO, the board is confident that Ian’s deep understanding of the business and the industry will bring dynamic leadership to Emeco. Ian’s operational strengths and customer focus will help us compete in these tough market conditions whilst evolving our model through creative rental solutions and the use of EOS.

I’d also like to formally welcome Greg Hawkins to the board and thank him for his strong contribution to the company to date and look forward to working with him in the year ahead.

With the significant structural changes that occurred over the last few months and the dissolution of a formal executive leadership team, we expect the flatter organisational structure to improve communication throughout the business and bring us closer to our customers.

STRATEGIC DIRECTION

The strategic focus for the company over the next 12 months and beyond is to improve earnings and generate cash in the current market conditions. While we are expecting improving market conditions over the next few years, our plans cannot be dependent on this.

The recent management restructure and strategic achievements over FY15 are focussed on building a platform to combine strong business development capabilities, tight cost control and sound capital management to deleverage the business over the medium term irrespective of market conditions.

I’d like to reiterate my comments in the annual report that current margins in the industry are unsustainable and generally speaking do not justify investment in new equipment. This dynamic will
likely lead to consolidation in the industry. As mentioned previously, we continue to evaluate opportunities to participate in this consolidation.

SAFETY, SUSTAINABILITY AND DIVERSITY

Emeco maintained its commitment to safety, sustainability and diversity in FY15 and continued to improve its internal safety systems and processes with the implementation of group wide Core Risk Control Protocols. We also continued development of the Emeco Safety, Health and Environment Management System and rolled out Emeco’s Life Saving Rules globally.

The board acknowledges the contribution the workforce has made over the past 12 months to improve operating performance and the continued hard work driving improvements in the business despite the challenging environment.

In FY15 Emeco continued to deliver on our diversity action plan and this was reflected in an increase in representation of women in our workforce. We also continue to support the Women Building Futures organisation in Canada which is focused on training and developing females in resources industry careers.

Further, Emeco will continue to support Lifeline Australia, an important service provider for suicide prevention in Australia.

SHAREHOLDER RETURNS

The board did not declare a dividend for FY15 as we continue to focus on improving our financial performance and strengthening our balance sheet. The board and management remain focussed on driving sustainable shareholder returns over the long term.

NEW AUDITOR

As part of our Project Fit initiative we tendered all services provided to Emeco, including our corporate advisors and auditor. Following a detailed process of review, we will be requesting that shareholders consider the appointment of Deloitte as the company’s new external auditor effective from this meeting.

On behalf of Emeco’s board and audit and risk management committee, I’d like to thank KPMG for the service provided to Emeco since listing in 2006.

BUILDING A SUSTAINABLE BUSINESS STRUCTURE

Over the past 12 months the company has worked hard to lift its operational performance and has entered FY16 in a stronger position.

The financial results for FY15 were a reflection of difficult market conditions and the low commodity price environment. With a strong operational focus, emphasis on building a more efficient business model, technology support to add greater value for our customers and internal capabilities to assess corporate development opportunities in the market, we believe that Emeco is as well placed as it can be
in the exceedingly difficult circumstances that the industry finds itself. The board acknowledges the hard work of all employees to achieve these outcomes and supports the strategic direction of the company.

Mr Alec Brennan
Chairman
Emeco Holdings Limited

- END -

Investor and media enquiries
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About Emeco

Established in 1972, Emeco is the world’s largest, independent mining equipment rental business and currently services major resource projects across Australia, Canada and Chile. Emeco pursues a best in class asset management strategy and operates a global fleet of equipment from a range of original equipment manufacturers to deliver the most effective equipment rental and maintenance solutions for its customers. Emeco is a publicly listed company on the Australian Securities Exchange (ASX:EHL).