



# Emeco Holdings Limited

## **Chairman's Address to the 2007 Annual General Meeting**

I intend to make just a few brief comments about the company's performance for the past year before handing over to Laurie Freedman our Chief Executive to talk in more detail about the past year and to provide some commentary on current trading conditions and outlook.

The 2007 financial year has been an important one for Emeco following our listing on the Australian Stock Exchange in July 2006.

### **Profit performance**

In our first full year we had ambitious profit growth aspirations and we were for the most part able to deliver on them. Pro-forma earnings before interest tax and amortisation increased by 43.7% to \$128.5 million. Net profit after tax was \$74.7 million with pro-forma earnings per share at 11.8 cents.

Our fully franked dividend for the year was 3.5 cents a share, which was broadly in line with our dividend policy of full franking and distributing 35 to 45% of our profits as dividends.

### **Strategy**

We have continued to work on our key strategic objectives of:

- Consolidating Emeco's leading position in the rental of heavy earthmoving equipment in Australia and Indonesia.
- Taking Emeco's successful dry hire model to both Canada and the US.
- Growing our global procurement capability through the establishment of a facility in Europe to complement our existing US capability.

Good progress has been made in all of these areas.

In Australia the acquisitions of Bevans in Orange and the JK Mining assets in Queensland have contributed significantly to our rental business.

In North America, while it is still early days, we continue to be encouraged by the growing acceptance of the Emeco dry hire model in these markets and we have now moved to better support our operations with purpose built maintenance facilities in Kentucky, supporting our operations in the Appalachian coal areas of the US and in Alberta, to be completed in the next few months, supporting our operations in the Canadian tar sands areas.

In Europe, we now have a first class workshop and sales facility at Hardenberg in the north east of the Netherlands following the acquisition of the Euro Machinery business in January this year.

The Board remains convinced that the significant investment in both people and resources that we are making in these areas are worthwhile to build long term value for shareholders.

Laurie will talk in more detail about our strategic initiatives.

## **Our People**

Emeco has a very experienced management team that have been involved in growing the business to where it is today. As the company has expanded we have continued to add new members to the team to improve capability and to allow for orderly succession in the future. Over the past year there have been a number of key appointments who are already making a very solid contribution.

On behalf of the board I would like to publicly thank the team for the very strong contribution they have made to the company over the past year. As you may know the senior managers in Emeco are for the most part also significant shareholders in the company and their interests are strongly aligned with shareholder interests.

At the board level, Stuart Fitton stepped down during the year and on behalf of the board I would like to thank Stuart for his contribution to the company.

## **Safety**

One area we have worked hard on this year is our safety performance. We know that it is imperative that our employees have a safe environment to work in and treat their own personal safety and that of their work colleagues as a very high priority.

Good safety performance underpins good management. One of the lessons I learned during 40 years in industry is that safe organisations are generally speaking also well managed and successful organisations.

Solid progress has been made on lifting the profile of safety within Emeco and putting in place systems to track our performance. Needless to say it will remain a very high priority for the board as we move forward.

### **The Future**

Emeco is a solid company with the leading position in Australia in the dry hire of heavy earthmoving equipment to mining companies. We think this flexible and durable business model can be successfully expanded offshore in selected mining areas.

Further we believe there are good growth opportunities globally for sales and spare parts activities associated with Emeco's range of heavy equipment.

Our confidence in the company is underpinned in part by our confidence in a continuing strong resource sector globally.

I would like to thank you - our shareholders for your support of the company over the past year.