



Emeco Holdings Limited

Chairman's Address to the 2008 Annual General Meeting

I would like to touch briefly on the Company's performance in 2008 before handing over to Laurie Freedman our Chief Executive to discuss in more detail the year in review and the positioning of Emeco in our markets. Laurie will also provide some insight into current trading conditions and outlook.

The 2008 financial year was Emeco's second year as a listed company on the Australian Stock Exchange. The Company faced some challenges early in the financial year, however these short term events were overcome to finish the year strongly and provide a solid foundation for 2009.

Profit and business performance

Revenue increased 11.4% to \$617.8 million on 2007, however earnings before interest tax and amortisation decreased by 6.4% to \$120.3 million and net profit after tax decreased by 9.6% to \$67.5 million, delivering earnings per share of 10.7 cents. There were a number of factors which contributed to this disappointing result, including weather events in Eastern Australia and adverse local market conditions in our international businesses.

Whilst the full year result was disappointing, the Emeco board is encouraged by the high utilisation of the global rental fleet achieved in the second half of 2008 and a continuation above those levels through the first quarter of 2009.

Another critical element to Emeco's continued success was the successful refinancing of the senior debt facility in August 2008. The 3 year facility provides upwards of \$200 million in headroom and has become increasingly valuable to the Company during this challenging time in global financial markets where availability of capital is significantly limited.

The Board considers the performance over the past 6 to 9 months reflects the robustness of Emeco's business model and despite short term uncertainty and volatility we remain confident about the Company's prospects going forward.

Dividends

As previously announced, our fully franked dividend for the year was 4.5 cents a share representing a 42% distribution of 2008 profits, which was in line with our dividend policy of full franking and distributing 35 to 45% of our profits as dividends.

Strategic Outlook

We have previously stated our key strategic objective of creating a global heavy earth moving equipment rental business. The delivery of this objective is starting to emerge with improved performance in Indonesia, Canada and the USA over the past 6 months as we build our brand equity in these markets.

After several years of growth through acquisition to establish Emeco's international footprint, we are now focusing on consolidating and integrating these international operations to ensure Emeco is diversified by markets and geography to deliver consistent and growing earnings over the medium term.

We now have world class maintenance facilities in all our operations globally which complement our quality fleet, asset management and procurement capabilities. All of these factors are translating into acceptance of the Emeco dry hire model in the markets of Western Canada, the Appalachian Coal Region in Eastern USA and Indonesia. This is evidenced by the high utilisation and enquiry levels we are currently experiencing across all these regions.

The only exception to this positive trend is our European trading business which continues to under perform due to the poor economic conditions of this region. Whilst the level of capital invested in this business is small, we are continuing to work on improving performance through cost efficiencies whilst reviewing strategic options for this business.

The Board is focused on extracting value out of the existing business while remaining cautious about new investment during these uncertain times. However the Board also remains convinced that the significant investment made in both people and resources over the past few years is building long term value for shareholders and positions Emeco for growth into the future.

Laurie will talk in more detail about our strategic initiatives.

Our People

The key to Emeco's success is the people within our organisation. Emeco has continued to develop the breadth of its senior management team with a number of new additions over the past year. We have also been very focused on creating further depth of management through the organisation to ensure there is a quality group of people for the

Company's succession planning. I am very pleased to note the renewal of the contract with Laurie Freedman beyond 31 December 2008. The Board is delighted to have secured Laurie's services into the future and we believe he is best placed to deliver the strategic objectives of the organisation.

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, Paul McCullagh is stepping down from the board following the conclusion of this AGM. Paul has been a valued board member who has made significant contribution to Emeco over many years. On behalf of the board I would like to thank Paul for his outstanding contribution to the Company. With Paul's departure, I'm pleased to welcome John Cahill as our newest board member. John will be able to add a great deal to our board and the Company.

Safety

Safety continues to be a core focus at all levels of our organisation from the board to the workshop floor. We know 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.

An increased profile for safety within Emeco coupled with improved processes and systems is delivering tangible results for our safety performance. Needless to say it will remain a very high priority for the board as we move forward.

The Future

As you know we have seen more volatility in the capital markets in recent times than for many years. The outcome of the current turmoil remains unclear and it is certainly overlaying activity with much caution.

Despite the uncertain outlook in the short term, we believe Emeco will continue to create shareholder value for two reasons; Firstly, the Emeco business is well placed strategically and financially to sustain any short term volatility and may in fact demonstrate the counter cyclical nature of the business model; and Secondly we expect activity across the global resource sector globally to remain reasonable over the medium term.

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