



Emeco Holdings Limited

ACN 112 188 815

**Market release
27 May 2009**

Emeco Holdings – FY09 Earnings Update

Emeco Holdings Limited (ASX: EHL) today announced that as a result of continuing volatility across the global mining & construction industries, and a slower than expected recovery in utilisation, NPAT for FY09 is expected to be in the range of \$56 - \$60 million, being approximately 15% lower than FY08 earnings. This is below previous guidance of \$65 - \$72 million and approximately 8% below average broker consensus estimates of \$63 million.

Weaker than expected conditions in Queensland (coking coal), Canada (Oilsands) and Europe have largely impacted earnings, while the recent appreciation of the Australian dollar has partially contributed to reduced earnings expectations.

Despite lower than expected earnings, cash generation remains robust with operating cashflows comparable with FY08 and contributing to a further reduction in debt levels with expected debt repayments in excess of \$30 million for the six months to 30 June 2009. Furthermore, Emeco continues to realise profits on disposal of its surplus assets.

Emeco CEO Mr Freedman said “the strong cashflow and debt reduction during a period of extraordinary market challenges highlights the business’ cash generating capability. We will continue to focus on redeploying idle fleet and further debt reduction, while also continuing to reconfigure our fleet to meet changing market demands.”

Looking forward, activity in the thermal coal and gold markets of New South Wales and Indonesia, and the recovering oil price, provides management with confidence in the outlook and a continuing recovery in utilisation into 1H FY10. Furthermore, EHL continues to see the emergence of opportunities resulting from the tighter credit environment. In particular, recent contract wins in Indonesia underscores these trends with utilisation expected to be fully restored in this business by end of 1Q FY10. However, the operating environment in some markets remains unclear due to the lack of visibility and is dependent on a broad based recovery in the global economy.

An internal review of EHL's European business is currently being undertaken following continuing underperformance. EHL expects to update the market at its full year results presentation in August, 2009 in relation to the outcome of this review which may give rise to one-off impairment and restructuring charges which are not included in the above guidance. The Company will also provide further detail in relation to the profit outlook for FY10.

The final result will be dependent on market conditions for the remainder of the year, and is subject to finalisation of the audit process.

Further enquiries can be directed to:

Laurie Freedman
Chief Executive Officer
+61 8 9420 0222

Stephen Gobby
Chief Financial Officer
+61 8 9420 0222

About Emeco

Emeco is a leading global provider of heavy earthmoving equipment with offices in Australia, Indonesia, the Netherlands, Canada and the USA. Emeco has integrated rental, sales, parts, maintenance and procurement into a single business for high reliability, low-houred heavy earth moving equipment for the mining and civil construction sectors. Emeco is not aligned with any earthmoving equipment manufacturer. Its rental fleet comprises more than 1,000 machines and includes equipment manufactured by Caterpillar, Hitachi, Komatsu, Liebherr and Volvo.

Emeco's ordinary shares are traded on the Australian Stock Exchange under ASX code EHL.