



**Emeco Holdings Limited**

ACN 112 188 815

**Market release  
13 August 2009**

## **Emeco market update**

### **Indicative proposal received**

The Company has received an unsolicited, indicative non-binding proposal to acquire 100% of the Company from a financial investment firm. The proposal is preliminary and incomplete and shareholders are advised that this approach may or may not lead to a formal proposal being put to Emeco. As yet there has been no engagement with the investment firm and the Board notes the Company remains in blackout pending the publication of its annual report on 26 August 2009.

The Emeco Board will consider any offer or proposal it receives having regard to all alternatives available to the Company.

The Company will keep the market informed of any material developments and has retained UBS AG, Australia Branch and Baker & McKenzie to assist it in relation to this matter.

### **Update on Full Year Results**

Emeco expects to announce its results for fiscal year 2009 on 26th August 2009. While audited accounts have not been finalised, management expects full year profits prior to restructuring and impairment charges to be approximately \$57 – 58 million and within guidance of \$56 - \$60 million provided to the market on 27 May 2009.

In May, the Company announced that it was reviewing its European operations and that one off impairment and restructuring charges could be incurred. Further to this review, the Company has decided to materially downsize its European operations with resulting restructuring and impairment charges of approximately \$27 million.

Due to the global financial crisis and its inevitable impact on our North American businesses, the Company also expects to announce some additional impairment charges of approximately \$18 million. These charges comprise impairment of goodwill and tax assets due to ongoing earnings volatility in the US business and write-downs in relation to the carrying value of specific small sized civil construction equipment in the US and Canada due to reduced activity in the North American civil construction industry.

The combined impact of all impairment and restructuring charges is expected to reduce net tangible assets per share by 6% from \$0.79 to \$0.74 as at 30 June 2009 subject to finalisation of audited accounts. Of the total impairment and restructuring charges of approximately \$45 million, \$43 million of the write down is of a non cash nature.

**Unaudited estimated impairment and restructuring charges**

<b>A\$</b>	<b>Goodwill &amp; Tax Assets</b>	<b>Rental &amp; Sales Inventory</b>	<b>Provision for Doubtful debts</b>	<b>Restructuring provision</b>	<b>TOTAL \$M</b>
<b>Europe</b>	(9.6)	(10.2)	(4.2)	(2.9) <sup>(1)</sup>	(26.8)
<b>USA</b>	(9.9)	(3.5)			(13.4)
<b>Canada</b>		(4.2)			(4.2)
<b>Total</b>	<b>(19.5)</b>	<b>(17.9)</b>	<b>(4.2)</b>	<b>(2.9)</b>	<b>44.5</b>

<sup>(1)</sup> Includes \$0.9 million non-cash mark-to-market of ineffective €10m interest rate swap

The Company expects to announce an annual operating cash flow of approximately \$175 million with a corresponding free cash flow after capital expenditure and dividends of \$46 million. Net debt has reduced to approximately \$331 million at 30 June 2009 and the Company remains comfortably compliant with its debt covenants.

The Company expects to provide a full update to the market with its results announcement on 26 August 2009, including the dividend for the second half and commentary regarding outlook for FY10 at that time.

Enquiries can be directed to:

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**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.