

Market Release
13 July 2010

EMECO OUTLINES LONG TERM STRATEGIC DIRECTION AND CONFIRMS FY10 EARNINGS GUIDANCE

KEY POINTS:

- ♦ **Strategic review of Emeco's portfolio of businesses now complete. Confirmation that Emeco will focus on servicing mining customers in key resource markets and will exit civil infrastructure markets**
- ♦ **In addition to its previously announced rationalisation of the USA and European businesses, Emeco will exit the Victorian civil equipment rental business, and restructure the Australian Sales & Parts businesses to align with Emeco's core mining equipment rental business**
- ♦ **Capital released from the strategy together with strong operating cash flows provides significant balance sheet flexibility to pursue investment and/or capital management opportunities**
- ♦ **Strong market fundamentals and historical returns in core mining markets of Australia, Indonesia and Canada support further incremental investment**
- ♦ **Management expects FY10 operating NPAT to be in the range of \$40-\$41 million which is within previous guidance of \$40-\$44 million**
- ♦ **European and USA closure costs (including disposal of USA parts) expected to be approximately \$30 million (\$16 million non-cash) for FY10 in line with previous guidance**
- ♦ **Goodwill impairment charges of \$37 million and other impairment and restructure charges of \$6 million pre-tax (\$4 million non-cash) related to the divestment and restructuring of underperforming Australian businesses (Victoria Rental, Sales, and Parts)**

STRATEGIC REVIEW COMPLETE

Emeco Holdings Limited (ASX: EHL) today announced the finalisation of a six month strategic review of its business portfolio. The outcome of this review forms the foundation for Emeco to deliver sustainable and growing investment returns for its shareholders in the future.

Chief Executive Officer, Mr Keith Gordon said "The completion of the strategic review has enabled us to refocus the business on the core mining markets and customers in Australia, Indonesia and Canada where the outlook for bulk commodities, gold and oil sands is robust."

"We could not see a path to acceptable returns for some of our businesses due to either soft market fundamentals or changing market structures. For this reason, in addition to previously announced rationalisation of our businesses in USA and Europe, we intend to divest our Victorian Rental business. We will also downsize and realign the Australian Sales and Parts businesses immediately. These actions are expected to liberate capital of approximately \$60 million in FY11."



“By taking action to free up capital from these underperforming businesses and refocusing on our core markets, the Group is well placed to capture profitable growth opportunities, and deliver improved shareholder returns. The capital employed in underperforming businesses has been a significant drain on the overall performance of the Group in recent years and we will now be able to move forward without this impediment.”

“We firmly believe that by delivering quality service to our customers while managing our capital in a disciplined manner in these core markets, Emeco will achieve returns above our cost of capital. Returns at these levels have been achieved in our core businesses in the past and the market fundamentals indicate they can be generated in the future. In time we will look to leverage our capabilities to grow into other products, services and geographies.”

IMPAIRMENT AND RESTRUCTURING CHARGES

The Company confirmed USA and European closure and restructuring charges in 2H10 are expected to be approximately \$30 million (\$16 million non-cash), inclusive of the anticipated costs involved in selling the US Parts business. This is in line with previous guidance of \$29.5 million.

The decision to divest the Victorian Rental business and restructure the Australian Sales and Parts businesses will give rise to goodwill impairments of approximately \$37 million and other impairment and restructure charges of up to \$6 million pre-tax (\$4 million non-cash) in FY10.

“We are pleased to have the closure of the underperforming USA rental and European businesses behind us. Completing these projects within our targeted timeframe and in-line with cost expectations is an important step forward for the organisation.”

“Notwithstanding the short term costs to effect the strategic decisions for Victorian Rental, Australian Sales and Parts, the release of underperforming capital from these businesses will enable Emeco to deliver shareholder value through incremental investment in our core markets or through capital management initiatives.”

OPERATING UPDATE

In addition to the strategy update, the Company has confirmed preliminary operating NPAT is expected to be in the range of \$40 - \$41 million for FY10 subject to finalisation of audited accounts. This operating result is in-line with guidance of \$40 - \$44 million provided in February 2010.

Mr Gordon said “FY10 has been a challenging year for many companies in the mining services sector as we emerged from a severe downturn. However the delivery of this operating result, which is in line with guidance, provides a solid foundation to move forward into FY11 and beyond.”

“We have now made clear decisions on all of our underperforming businesses and we are well progressed in executing this part of the strategy. Management’s attention will now turn to generating consistent satisfactory returns from our core businesses in the short term while exploring longer term growth opportunities.”

Further detail in relation to the composition of the FY10 financial results will be provided at Emeco’s full year results release on 25 August 2010.

Refer to the strategy briefing presentation released to the ASX on 13 July 2010 for further information. The webcast of the presentation as presented by Mr Keith Gordon on 13 July 2010 will be available from 10.00am AEST on 13 July 2010 at www.emecogroup.com

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About Emeco

Emeco is a leading global provider of heavy earthmoving equipment with offices in Australia, Indonesia and North America. 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 sector. Emeco is not aligned with any earthmoving equipment manufacturer and has a global fleet approaching 1,000 machines including equipment manufactured by Caterpillar, Hitachi, Komatsu, Liebherr and Volvo.

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