

*Market Release*  
20 November 2012

## **2012 ANNUAL GENERAL MEETING – CHAIRMAN’S ADDRESS**

The global environment in which Emeco operates has changed since last year’s AGM and the management team led by Keith has been responding to these changed conditions as well as continuing to further strengthen the business and progress on a range of important strategic and operational issues. Pleasingly, in 2012 Emeco delivered a third consecutive year of growth for shareholders.

### **Performance**

For many companies, the past twelve months has been challenging and uncertain, particularly for those involved in mining services.

For Emeco, having completed the restructuring phase of the FY11 strategy, FY12 focused on pursuing “sustainable growth” strategies from a strong foundation.

Highlights included:

- ◆ Targeted investments in large mining equipment in our Australian and Canadian businesses.
- ◆ Positioning the growing Indonesian business for fleet investment in FY13.
- ◆ Entering the low-cost, high-growth copper producing region of Chile. This is a market that is expected to provide another low risk opportunity to achieve value-creating growth for shareholders.
- ◆ Underpinning our growth strategy, we further extended our debt maturity by completing the US\$140 million debt issuance in the US Private Placement Market in May.

### **Delivering Improved Returns to Shareholders**

Central to the Board’s decision-making process is a firm focus on delivering quality returns to shareholders.

Previous restructuring and growth work has supported a third year of improved financial performance at Emeco with operating NPAT growing 27% and operating Return on Capital (ROC) increasing from 11.3% to 13.2% over FY12.

The Board amended the dividend policy in February 2012 increasing the payout ratio to 40-60% of annual operating NPAT, franked to the fullest extent possible, and Emeco delivered 20% growth in ordinary dividends in FY12, declaring 6.0 cents per share fully franked.

The Company’s strong financial position enabled us to announce an on-market share buyback program in August, at a time when share market volatility presented a value opportunity for Emeco and its shareholders.

### **People and Sustainability**

Emeco, like many businesses, needs to attract and retain high calibre people. Emeco’s people strategy called Empower, and launched two years ago, focused on developing a positive culture and delivering important initiatives around training and leadership development in FY12.

Emeco's second Sustainability Report was published this year and highlighted the significant progress the Emeco team made in areas such as safety, diversity, community and people over the past 12 months.

### **Strength through Strategy**

There is an undeniable cautionary tone across the industry at this point in time as miners and suppliers are challenged by volatile commodity prices and escalating operational costs.

Despite this, Emeco is well positioned strategically and financially to withstand any future volatility and we remain alert to value creating opportunities that may arise.

In FY13, we will remain focused on maintaining strong business performance and we will retain a disciplined approach to managing our balance sheet and maximising returns for shareholders.

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**About Emeco (ASX: EHL)**

**[www.emecogroup.com](http://www.emecogroup.com)**

Established in 1972, Emeco provides safe, reliable and maintained equipment solutions to the global mining industry. Operating out of Australia, Indonesia, Canada and Chile, Emeco's experienced teams provide the highest levels of customer service and maintenance capabilities to safely deliver best-in-class equipment to the go line for mining companies. Emeco is not aligned with a single original equipment manufacturer (OEM), instead it operates a global fleet of OEM machines to deliver the most suitable equipment rental solutions for customers.