

ASX Release

13 March 2015

ASX:EHL ('EMECO' OR 'THE COMPANY')

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Emeco Holdings Limited ACN 112 188 815

INVESTOR TELECONFERENCE

10.00am WST

13 March 2015

See details attached

EMECO EXPANDS RENTAL SERVICES TO ROAD HAULAGE



Emeco is pleased to announce it has entered into an agreement for the strategic purchase of Rentco, one of Australia's largest players in the road haulage truck and trailer rental market.

The acquisition is based on an equity value of \$53 million (enterprise value of \$82 million) and represents a key move by Emeco under its previously announced three-pillar corporate strategy which is aimed at diversifying the group outside the core mining sector.

Rentco has an Australia-wide fleet of approximately 1800 trucks, trailers and ancillary equipment and is considered a market leader, having maintained average utilisation of 78% for the past three-and-a-half years.

In FY14 Rentco generated revenue of \$45 million and earnings before interest and tax (EBITDA) of \$19 million and as part of the Emeco Group will be immediately earnings per share (EPS) accretive and contribute to improved financial metrics across the group including a decline in Emeco's net debt to EBITDA ratio.

Key terms

Consideration for Rentco consists of a combination of upfront cash, deferred consideration, profit sharing payments and shares in Emeco which are subject to a staged four-year escrow period:

Cash at settlement	\$ 12.5	million
Deferred cash	\$ 7.3	million
Staged asset acquisition over three years	\$ 20.7	million
Emeco shares at 12.6c	<u>\$ 11.4</u>	<u>million</u>
Minimum Consideration	\$ 51.9	million
Three year earn-out based on average EBITDA (Min-Max)	<u>\$0 - 23.0</u>	<u>million</u>

The acquisition will be funded from Emeco's existing liquidity reserves and retained earnings from Rentco over the earn-out period. The consideration represents an EV/EBITDA multiple of 4.7x.

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Settlement is subject to a range of conditions precedent and is scheduled for 31 March 2015.

Strategic rationale

Emeco Managing Director, Ken Lewsey, said the acquisition of Rentco was a compelling strategic growth opportunity that would provide the Group with increased scale and business diversity and have a positive impact on all key financial metrics.

“Emeco is already the world’s biggest mining equipment rental business and Rentco is a market leader in the truck rental business in Australia,” Mr Lewsey said.

“Rentco is one of the few players in the sector that has scale, national presence and a solid reputation, particularly for its asset reliability, as well as a strong brand,” he said.

“For Emeco this is an investment in a new business that fits well with our strategic objectives and adds immediate value. Overall shareholder value will be created through an enhanced return profile, operating diversification, improved credit metrics and less capital intensity. Rentco has exposure to a wide range of industries that tend to track GDP rather than capital investment and are therefore inherently less volatile than our core mining sector.”

“Road freight, and more specifically the rental sector, has a number of favourable attributes that are reflected in Rentco’s strong consistent growth and high utilisation rates over an extended period. Road freight volumes have grown at a compound annual growth rate of approximately 3.5% over 10 years, and Rentco can capitalise on this with its large customer base, which includes some of Australia’s biggest transport companies, a broad range of fleet and exposure to different market sectors.”

About Rentco

Rentco was founded in 1994 by brothers Bob and John Shier, initially supplying trailers to the agriculture industry in WA before expanding into other industries and states.

The company has one of the biggest rental fleets in Australia including approximately 1500 trailers and 185 prime movers plus ancillary equipment with depots in Perth, Brisbane, Townsville, Darwin, Melbourne, Sydney and Adelaide. Rentco’s in-house maintenance capability offers round-the-clock support and a structured maintenance program for its relatively young fleet of prime movers ensures its reputation for reliability.

Major customers include large Australian road transport players that transport bulk and general freight. Rentco’s national presence provides customers with a single provider for heavy vehicle rental across Australia.

The Rentco vendors have agreed to enter into fixed employment contracts and Emeco will operate the business as a stand-alone entity, retaining the Rentco brand. Managing director and 50% shareholder Bob Shier will stay with the business for a minimum of three years while John Shier, who controls the remaining 50% and works part time assisting across administrative and finance functions, will stay for at least one year.

“We are very pleased to be joining a group like Emeco,” Bob Shier said. “Together the two businesses provide a formidable force in equipment rental across Australia and a range of industries and sectors.”

“For Rentco, being part of the Emeco group gives us additional scale and strength, both operationally and financially. We’ve identified a number of growth opportunities and being part of a bigger listed group gives us a much better ability to capitalise on those.”

Emeco was advised on the transaction by Origin Capital Group.

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Investor and media enquiries

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About Emeco

Established in 1972, Emeco is the world’s largest, independent mining equipment rental business and currently services major resource projects across Australia, Canada and Chile. Emeco pursues a best in class asset management strategy and operates a global fleet of equipment from a range of original equipment manufacturers to deliver the most effective equipment rental and maintenance solutions for its customers. Emeco is a publicly listed company on the Australian Securities Exchange (ASX:EHL).

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INVESTOR BRIEFING DIAL IN DETAILS:

10.00am WST

13 March 2015

Australia – 1800 896 323

Followed by Participant Code: **5117720974#**

International Toll Free Dial In Numbers:

Location	Dial In Number	Location	Dial In Number
Argentina	0800 222 1007	Malaysia	1800 817 409
Austria	0800 070498	Mexico	1800 123 7007
Belgium	0800 70058	Monaco	800 93286
Brazil	0800 892 4057	Morocco	1.Dial 002 11 0011 2.When prompted, enter 8552 185 029
Canada	1 855 731 0983	Netherlands	08000 227 226
Chile	1230 020 4242	NZ – Toll Free	0800 441 984
China	4001 200916	NZ – Auckland Local	+ 64 9 280 6415
Colombia	01800 939 0702	Norway	800 69 188
Croatia	0800 200 424	Philippines	1800 185 30021
Cyprus	8009 4109	Poland	0 0 800 391 1266
Czech Republic	800 143 971	Portugal	800 780 779
Denmark	8070 5424	Romania	0800 672 628
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Hong Kong	800 906 887	South Korea	0079 8852 38015
Hungary	06 800 20584	Spain	900 866 197
Iceland	800 7518	Sweden	0207 94 660
India	000 8003200020	Switzerland	0800 564 442
Indonesia: Indosat	(001) 80332 18095	Taiwan	0809 099 986
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Israel	1 809 388 126	UK – Toll Free	0 808 178 0273
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followed by the participants code.