

ASX Release

19 October 2015

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

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Emeco Holdings Limited ACN 112 188 815

FIRST QUARTER OPERATIONAL UPDATE

HIGHLIGHTS:

- **Group utilisation averaged 75% in Q1 FY16, up from 59% in Q1 FY15, while operating utilisation averaged 46%, up from 41%**
- **Revenue for Q1 FY16 was \$55.2 million (unaudited), up 12% on Q1 FY15**
- **EBITDA margin improved to 24%, up from 9% in Q1 FY15**
- **\$9.1 million operating cash flow generated in Q1 FY16**
- **Project Fit on target for \$14 million cost reduction in FY16**
- **Successful implementation of Emeco Operating System (EOS) at Alkane Tomingley gold mine achieving cost savings for the customer**

Emeco is pleased to provide a first quarter operational update with improved financial performance compared to the prior corresponding period (PCP) driven primarily by cost reductions and improved performance in our New South Wales and Chile businesses.

Managing Director, Ian Testrow, said we are pleased to begin FY16 in a stronger position after delivering on our commitment to get equipment back to work and generate greater operating cash flows.

"On the back of improved utilisation Emeco's operating and financial performance improved over the first quarter compared to the prior year. New South Wales, Queensland and Chile remain strong markets for us however operating difficulties in Western Australian and Canada are offsetting our higher performing regions" Mr Testrow said.

"Our focus remains on working closely with customers to ensure our service is delivering value. Internally the business continues to identify cost reduction opportunities and further developing our EOS technology."

- END -

Investor and media enquiries

Brendan Shalders

Group Manager, Investor Relations & Corporate Development

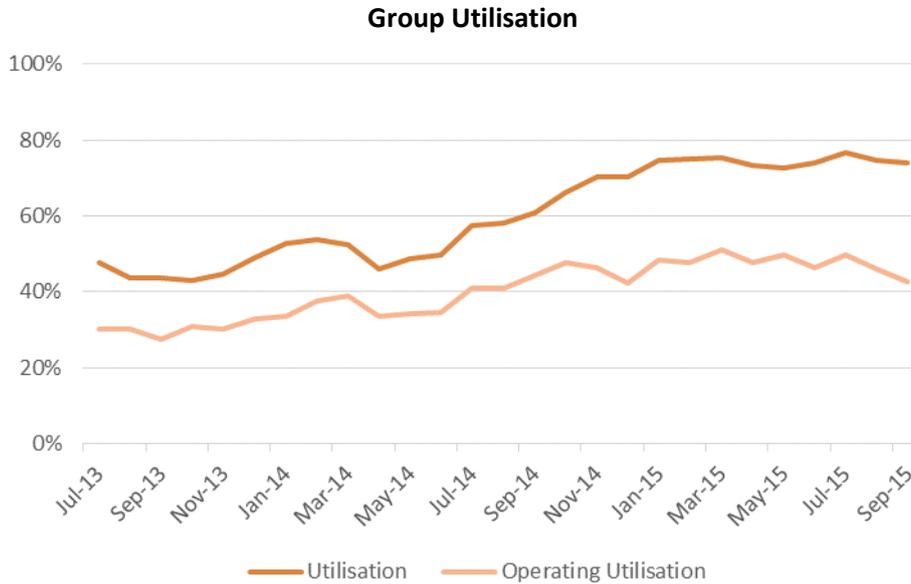
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About Emeco

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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OPERATING PERFORMANCE



Q1 FY16 operating performance has improved PCP, with average Q1 FY16 utilisation of 75% up from the PCP average of 59%, and average operating utilisation of 46% up from 41% for Q1 FY15. The cessation of the Saracen contract in Western Australia and lower operating hours on assets contracted in the Canadian oil sands resulted in a recent fall in operating utilisation.

Q1 FY16 revenue was up 12% on the PCP to \$54.4 million with EBITDA margins improving substantially to 24%, up from 9% in the PCP. The improved earnings represents cost reductions from Project Fit and the stronger performance in our New South Wales and Chile businesses which generate higher margins.

Heading into Q2 FY16 management is focussed on working with customers to use Emeco equipment more effectively and improve operating utilisation. The gap between utilisation and operating utilisation represents growth potential in the business, which combined with cost reductions should see further improvements in our financial performance.

Project Fit is progressing on target to achieve \$14 million of savings in FY16. The continuous improvement culture this program has instilled in the business is expected to drive further cost savings with an expected run rate at the end of FY16 greater than the current target.

BUSINESS UNIT REVIEW

Canada

Average Q1 utilisation in Canada of 61% is slightly higher than the PCP, however lower oil prices have resulted in lower operating utilisation impacting earnings in this region. The business is currently working with the oil companies and mining contractors to place equipment into work for the reclamation season.

The previously announced five year fuel and lubricants contract is scheduled to ramp up over October 2015.

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Chile

Emeco has assisted our new mining contracting partner, Thiess, transition into Antofagasta Minerals Encuentro operation. In addition, Emeco commenced work at Antofagasta Minerals Esperanza project with 5 x 793 trucks on wet hire. Strong operating utilisation has significantly lifted earnings PCP in this region and ensured positive operating cash flow for Q1 FY16. Current utilisation remains high at 92% with a steady outlook for the rest of FY16.

New South Wales

The New South Wales business has delivered a strong first quarter with utilisation averaging 88%, up from 64% in Q1 FY15. The utilisation uplift follows on the run rate from Q4 FY15. This trend is expected to continue with 15 units to be deployed across existing sites by December, which includes five 789s relocated from Queensland.

Queensland

The Queensland business has increased utilisation significantly from an average of 17% in Q1 FY15. Queensland has maintained utilisation levels achieved in Q4 FY15 however recent mobilisation of fleet to New South Wales has lifted current utilisation to 91%.

With the fleet back at work the Queensland team will focus on increasing operating utilisation.

Western Australia

Due to the conclusion of several contracts the Western Australia business utilisation is currently at 32%. Costs have been reduced to align with reduced utilisation.

The Western Australian team is focussed on business development with EOS creating interest amongst customers.

BALANCE SHEET AND CASH FLOW

Improved financial performance over Q1 FY16 generated operating cash flow of \$9.1 million. However, the scheduled 144A bond coupon payment of \$15.4 million in September 2015 resulted in \$20.9 million cash at bank as at 30 September 2015, down from \$27.8 million at 30 June 2015.

With improved earnings and operating cash flow expected over Q2 FY16 we anticipate positive free cash flow over the remainder of H1 FY16. The ABL remains undrawn at 30 September 2015 (note bank guarantees totalling US\$7.4 million are utilised against the ABL).

ANNUAL GENERAL MEETING

Our Annual General Meeting will be held at The Rendezvous Hotel, 148 The Esplanade, Scarborough Western Australia on Thursday, 19 November 2015, commencing at 3:00 pm (WST). Registrations will commence at 2:00 pm.