

3 July 2017

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

Emeco enters into strategic asset swap transaction

- **Asset Swap transaction to enhance Emeco's Australian fleet by 85 pieces of equipment and generate cash proceeds on completion of approximately A\$12 million**
- **Emeco's FY18 budget capital expenditure reduced by approximately A\$5 million due to the Asset Swap**
- **Emeco management to focus on Australian operations as Asset Swap concludes operational activity in Chile**

Emeco is pleased to announce it entered into a strategic asset swap and sale transaction in respect of its Chile fleet on 30 June 2017 (**Asset Swap**). The Asset Swap will significantly enhance Emeco's Australian fleet, generate net cash proceeds of approximately A\$12 million and reduce Emeco's expected FY18 capital expenditure by approximately A\$5 million. The Asset Swap follows management's strategic review of how to optimise the return on the Chile assets.

The Asset Swap will complete on 3 July 2017, after which Emeco's entire fleet will be located in Australia.

Emeco's CEO and Managing Director, Mr Ian Testrow, said, "The Asset Swap will materially enhance Emeco's capacity in Australia. It provides Emeco with a larger fleet of in-demand machines, particularly in the Queensland coal market. The acquired assets are expected to generate similar earnings to those in Chile in FY18 with further upside in the medium term. The Asset Swap reinforces Emeco's strategy to build a world class fleet capability to deliver customers with equipment solutions that are tailored to their needs and that can drive meaningful value over the long term."

Mr Testrow continued, "The Asset Swap allows management to focus on Emeco's Australian operations and endeavour to be a leader in providing high performance fleet. Emeco will do this through excellent asset management and maintenance, and innovative solutions in maximising equipment productivity using its EOS technology. This ensures our customers extract maximum value from Emeco's equipment. We will continue to execute on integration and extracting the synergies from the merger transaction. The net cash impact of the Asset Swap also assists us to accelerate our deleveraging and improve our balance sheet flexibility going forward."

- END -

Investor enquiries

Thao Pham
Chief Strategy Officer
+61 8 9420 0222

Media enquires

Consiglio
Hayley Morris +61 407 789 018
Emily Blyth +61 401 601 044

Level 3, 71 Walters Drive, Osborne Park WA 6017, Australia
PO Box 1341, Osborne Park DC WA 6916, Australia
Emeco Holdings Limited ACN 112 188 815

emecogroup.com

T +61 (0) 8 9420 0222
F +61 (0) 8 9420 0205
E corporate@emecogroup.com