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EOS Production Optimisation Technology

2017 FULL YEAR RESULTS

31 August 2017

FY17 HIGHLIGHTS

Improved safety record

Zero LTIFR

61% reduction in TRIFR over FY17

Employee safety and development key to future success of Emeco

Enhanced financial performance

Operating EBITDA $83.5m, up 54.1% from $54.2m in FY16

Operating EBITDA margin 35.8%, up from 26.1% in FY16

First year of positive operating EBIT since FY13

Continued operational improvement

Geographical, commodity and customer diversification through merger with Andy's and Orionstone

Operating utilisation increased to 56% in June 2017 (52% in pcp)

Expanded relationship with The Red Button Group to enhance asset management capabilities

Innovation to expand value

Additional EOS project secured to increase customer productivity

Utilised EOS to improve equipment performance and extend component lives

Stronger balance sheet

Extension of debt maturity to FY22

Refinance of ABL, now expiring in FY20

Fleet size increased by ~80%

3.9x net debt / 4Q run-rate Operating EBITDA, down from 6.7x in FY16

Positive outlook and clear priorities

Focus on growing Australian market share through building on core capabilities and further consolidation

Become the lowest cost equipment provider

Achieve $15m of run-rate synergies by end of FY18

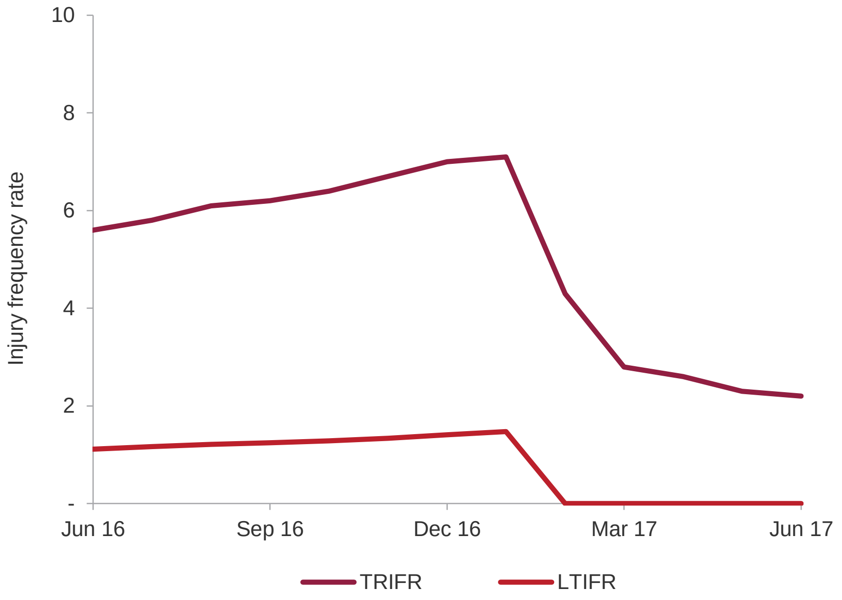
Target leverage of 2.0x by FY20, to facilitate refinancing and significantly reduce interest costs

HEALTH & SAFETY

Safety remains a priority and underpins Emeco's long term success

- Zero long term injury frequency rate
- 61% reduction in total recordable injury frequency rate over FY17 (down from 5.6 to 2.2)
- Pragmatic approach to health and safety with a continued zero-harm goal
- Improvement in lead indicators as a result of proactive safety leadership and participation in the use of risk management tools
- Continue to standardise best practices and safety across the regions

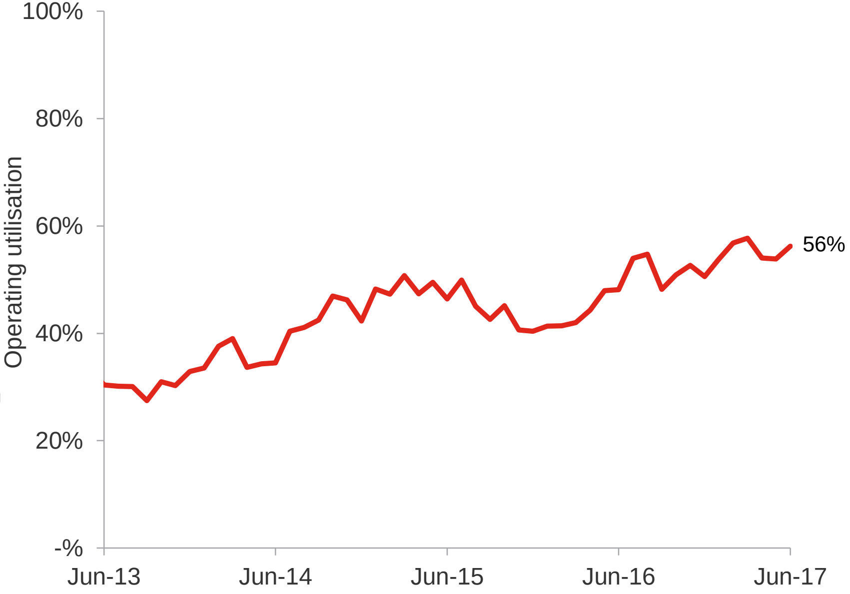
Injury frequency rates



FY17 RESULTS OVERVIEW

Emeco improves its financial performance, with FY17 buoyed by increased operating utilisation, the merger with Andy's and Orionstone and leverage reduction

Group operating utilisation[1]



Note: 1. Operating utilisation based on maximum usage of 400 hours per month.

Financial performance

	FY16	FY17	Change
Operating revenue	$208.0m	$233.0m	12.0%
Operating EBITDA	$54.2m	$83.5m	54.1%
Operating EBITDA margin	26.1%	35.8%	9.7pts
Operating EBIT	($14.2m)	$12.0m	$26.2m
Net debt / Operating EBITDA	6.7x	5.5x[2]	(1.2x)

Note: 2. Net debt / Operating EBITDA (on an annualised 4Q17 basis) is 3.9x.
Please refer to the Appendix for Operating to Statutory results reconciliation

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Operational Performance

Production
Optimisation
Technology

OPERATIONAL PERFORMANCE

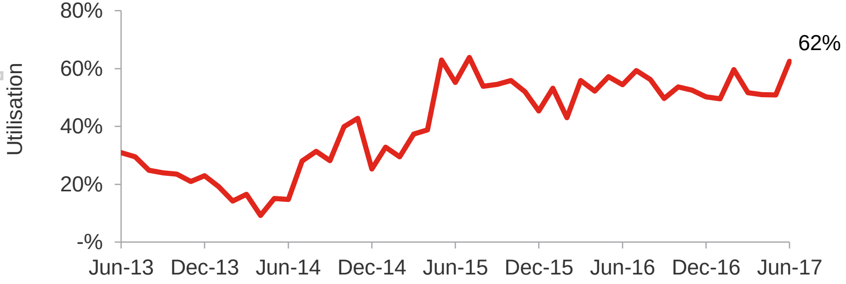
QUEENSLAND

Queensland benefited from strong coking coal market conditions and expanded fleet from the merger with Orionstone and asset swap transactions

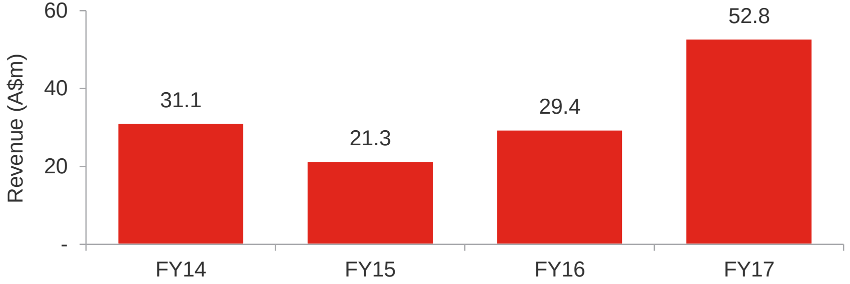
Overview

- Queensland business has significantly improved, driven by strong market conditions
- Increased scale from the Orionstone merger, with revenue of $26.8m in 4Q17 vs. $9.4m in 3Q17
- Queensland fleet more than tripled during FY17, providing further upside in FY18

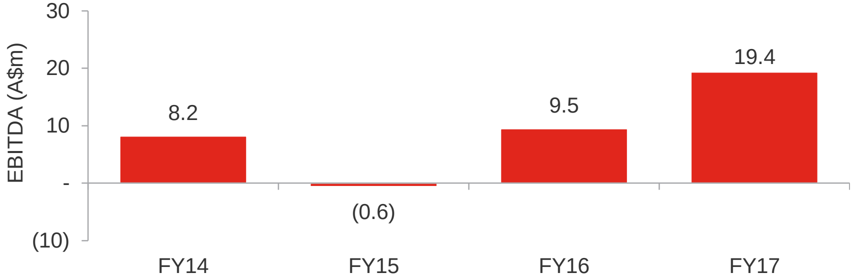
Operating utilisation



Operating revenue



Operating EBITDA



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OPERATIONAL PERFORMANCE

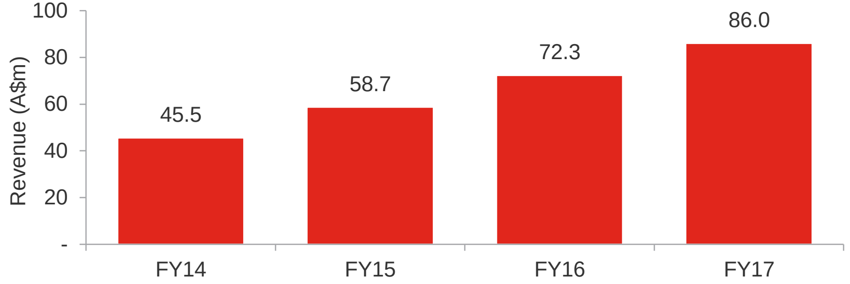
NEW SOUTH WALES

NSW business continues to perform strongly, building on existing projects through excellent service and strong customer relationships

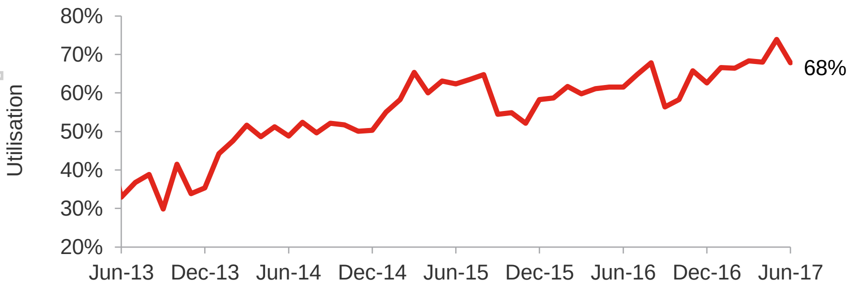
Overview

- NSW business is a very stable business, with improved operating utilisation and earnings
- Maintaining strong operating utilisation and EBITDA margins a key focus in FY18
- With existing fleet fully utilised, fleet increase of 35% over FY17 will facilitate growth

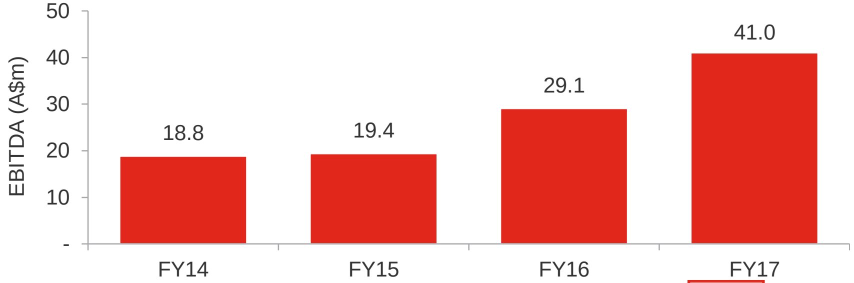
Operating revenue



Operating utilisation



Operating EBITDA



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OPERATIONAL PERFORMANCE

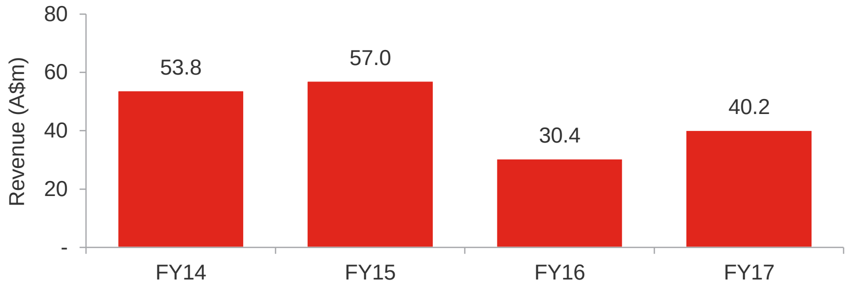
WESTERN AUSTRALIA & SOUTH AUSTRALIA

Western Australia saw a significant up-tick in utilisation, driven by increased activity in iron ore and coal, with the South Australian business acquired as part of the Andy's merger

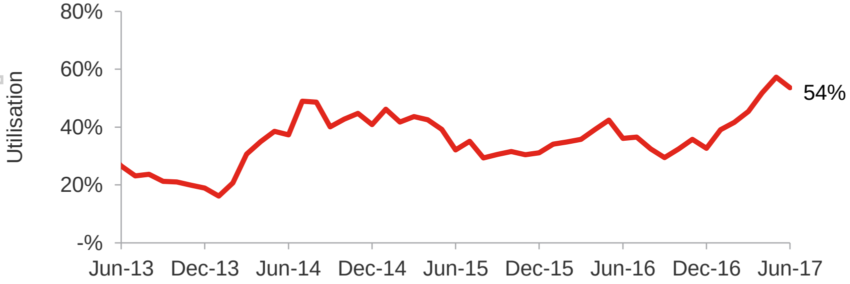
Overview

- WA business secured project wins in FY17
- Continued success of EOS at a key customer project assisted Emeco to extend a valuable contract
- Hillgrove in South Australia is a major project acquired from Andy's, adding geographic and commodity diversification. It is an additional EOS applications technology project

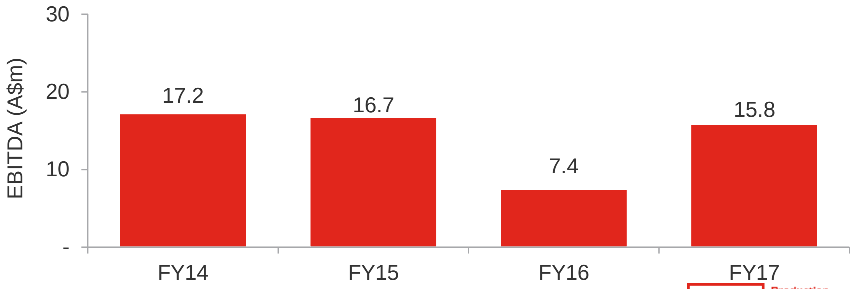
Operating revenue



Operating utilisation



Operating EBITDA



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OPERATIONAL PERFORMANCE

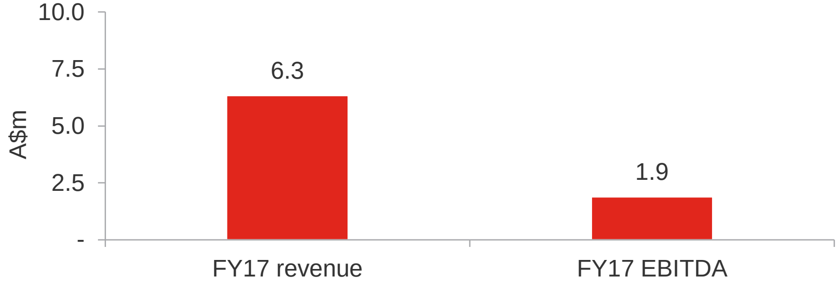
VICTORIA & CONTRACT MINING

Emeco is focused on reducing costs in the Victorian business and winding out the contract mining projects – two businesses acquired as part of the merger

Victoria

- Victorian fleet is predominantly a civil earthmoving fleet, with some smaller mining equipment
- Emeco is exploring the relocation of this fleet to support NSW and Queensland mining customers and infrastructure works
- Management is focused on reducing costs in this business

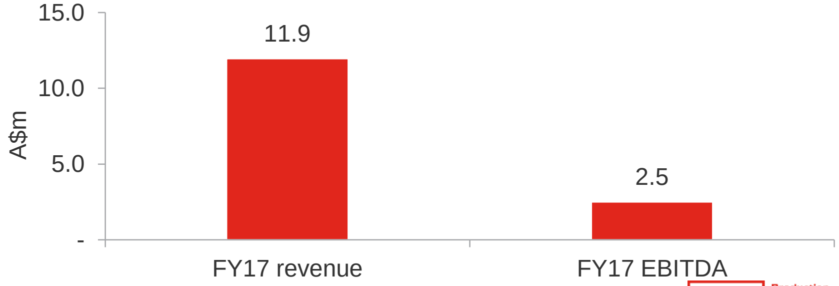
Victoria financial performance



Contract mining

- Contract mining generated EBITDA margin of 21% in 4Q17 vs. 39% in 1Q-3Q17
- Two projects have expired, with one remaining project scheduled to end during 1Q18
- Contract mining is not part of Emeco's core business and Emeco will not pursue further contract mining opportunities, focusing on rental solutions to miners and contract mining customers

Contract mining financial performance



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OPERATIONAL PERFORMANCE

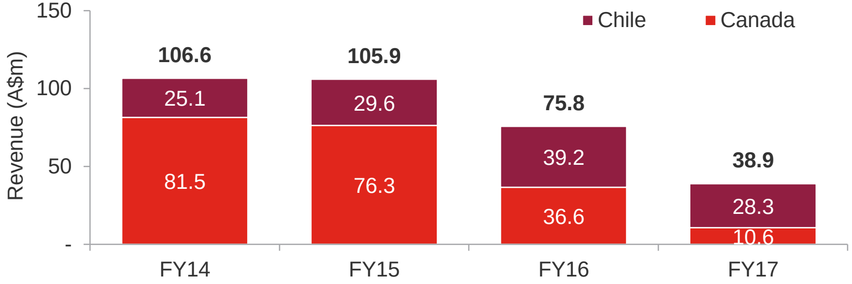
CANADA & CHILE

Emeco reduced its exposure to the Canada and Chile markets, and in doing so, generated $25.6 million cash and added 108 pieces to the Australian fleet

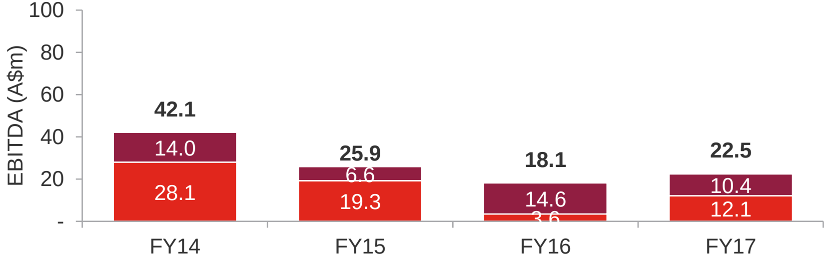
Overview

- Additional high demand machines in Australia acquired via the Canada asset swap (23 machines) and Chile asset swap (85 machines)
- The close out of Canada RPO agreements and Chile asset swap generated $13.9m and $11.7m of cash, respectively
- Services business retained in Canada
- Minimal financial contribution from overseas operations in future
- Management focused on Australian operations in FY18 but continues to consider global projects where supported through strategic partnerships with OEMs and local miners / contractors

Operating revenue



Operating EBITDA



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Financial Performance

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FINANCIAL PERFORMANCE

PROFIT AND LOSS

In FY17, Emeco achieved its first positive operating EBIT since FY13, driven by stronger operational performance and the merger with Andy's and Orionstone

- Group operating revenue from continuing operations increased in FY17 to $233.0 million
  - Rental revenue increased to $208.2 million (2016: $177.7 million)
  - Maintenance services revenue decreased 5.6% to $22.0 million, primarily driven by the reduced scope of operations in Canada
- Operating EBITDA increased to $83.5 million
  - Cost reduction focus achieved pre-merger operating EBITDA growth of ~43% in 1Q-3Q17 vs. 1Q-3Q16
  - Margins impacted in 4Q17 due to additional R&M on acquired fleet, low margin projects and one-off integration costs
- Positive EBIT for the first time since FY13, despite increased depreciation to $70.6 million (FY16: $69.2 million)

Operating financial performance

	FY16	FY17	Change
Operating revenue	$208.0m	$233.0m	12.0%
Operating EBITDA	$54.2m	$83.5m	54.1%
Operating EBITDA margin	26.1%	35.8%	9.7pts
Operating EBIT	($14.2m)	$12.0m	$26.2m

Please refer to the Appendix for Operating to Statutory results reconciliation

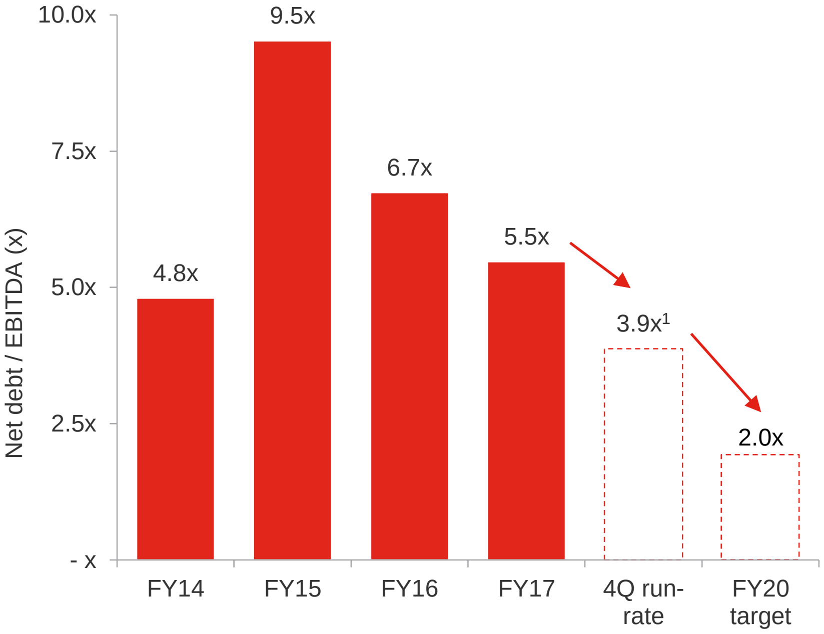
FINANCIAL PERFORMANCE

BALANCE SHEET

Balance sheet strength provides a strong platform for future growth

- Fleet growth of ~80% during FY17, with ~800 machines in the Australian fleet as at 30 June 2017 with a written down value of $339.6 million
- Key debt ratios significantly improved
  - Leverage of 3.9x[1] (FY16: 6.7x)
  - Interest coverage above 2.5x[2] (FY16: 1.1x)
- Net debt balance at 30 June 2017 of $457.1 million
  - Gross debt of $474.1 million less cash of $17.0 million
- Refinanced debt extends maturity of new notes to FY22 and undrawn credit facility to FY20
- Net asset deficiency as at 30 June 2017 due to full impairment of $77.9 million goodwill acquired from merger

Leverage metrics significantly improved



Note: 1. Net debt / Operating EBITDA (on an annualised 4Q17 basis) is 3.9x. 2. On an annualised 4Q17 basis

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FINANCIAL PERFORMANCE

CASH FLOW

Emeco's free cash flow generation impacted by one-offs and working capital outflows

- Free cash inflow of $36.4 million in FY17 (vs. $43.1 million in FY16)
- One-off cash impacts associated with redundancies and expensed transaction costs
- Working capital outflows:
  - Acquired working capital deficiencies from Andy's and Orionstone
  - $11.7 million cash from Chile asset swap received after 30 June 2017
- Cash receipts from the close out of rent to purchase options on the Canadian fleet contributed to disposals
- Emeco also received $15.2 million from the closure of cross-currency interest rate swaps and $20.0 million from rights issue, with funds used to pay transaction costs

Cash flow summary

A$ million	FY16	FY17
Operating EBITDA	54.2	83.5
One-off impacts	(6.6)	(13.9)
Working capital	14.6	(32.7)
Income tax cash flows	4.0	0.0
Operating free cash flow	**66.2**	**36.9**
Capital expenditure	(38.2)	(31.4)
Disposals	15.1	30.9
Net capital expenditure	**(23.1)**	**(0.5)**
Free cash flow	**43.1**	**36.4**

Please refer to the Appendix for Operating to Statutory results reconciliation

Strategy and Outlook

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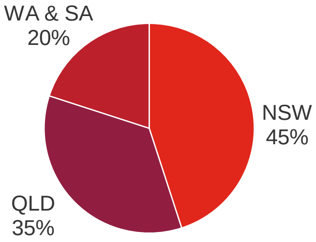
STRATEGY & OUTLOOK

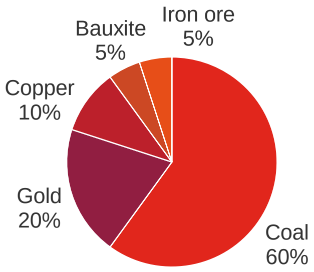
MINING SECTOR CONDITIONS UPDATE

Emeco well positioned to benefit from recent growth in commodity prices and production

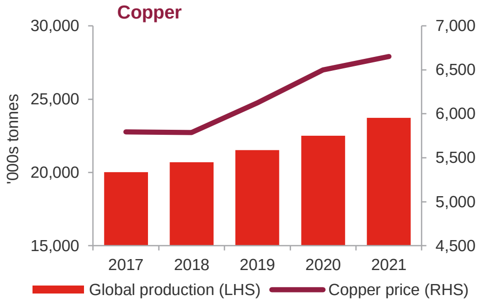
- Market improving with customer demand increasing and further work expected in coal with the return of pre-strip overburden projects
- Emeco exposed to key commodities where demand for equipment has increased

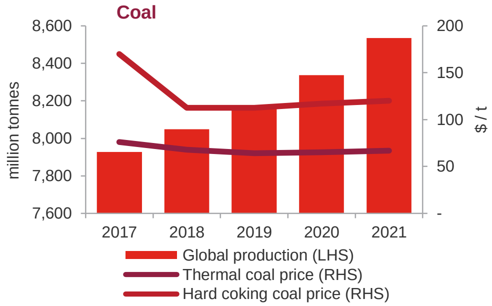
Estimated FY18 revenue by region and commodity

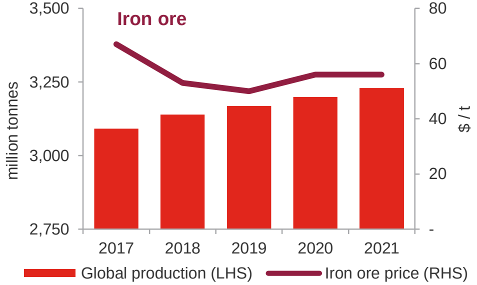


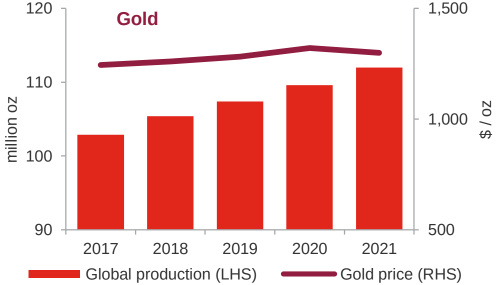


Commodity price and production forecasts









Source: BMI and Bloomberg.

STRATEGY & OUTLOOK

AUSTRALIAN EQUIPMENT MARKET UPDATE

Expanded fleet and market position has Emeco well placed to benefit from equipment supply tightening

Market dynamics

1. Reduced equipment inventory	– Australian used equipment inventory peaked in 2013 at over 2,000 units – Current estimate of ready to work equipment available for sale in Australia is <100 units, representing a 95% decline – Available inventory decline due to overseas relocations, scrapping for parts and equipment deployed to work – Equipment manufacturers (including Caterpillar and Komatsu) have stated improving demand for equipment
2. Longer lead times for components	– Lead times for equipment have increased over the last 12 months – eg. 240t trucks increased from 3 months (or in-stock) to 10-month lead times and continuing to grow – Dealer enquiries and factory orders are increasing rapidly on all models of equipment
3. Increased equipment prices	– Used equipment prices have increased steadily over the last 2 years – Sales of 240t trucks with 35,000 hours transacted at ~$100,000 in 2014, compared to current level of >$500,000
4. Increased utilisation	– Current utilisation levels of major Australian mining operators increased and approaching global leading practice – Limited additional fleet capacity to be realised through performance improvement – Demand for capacity likely to be met in more equipment demand

Source: The Red Button Group.

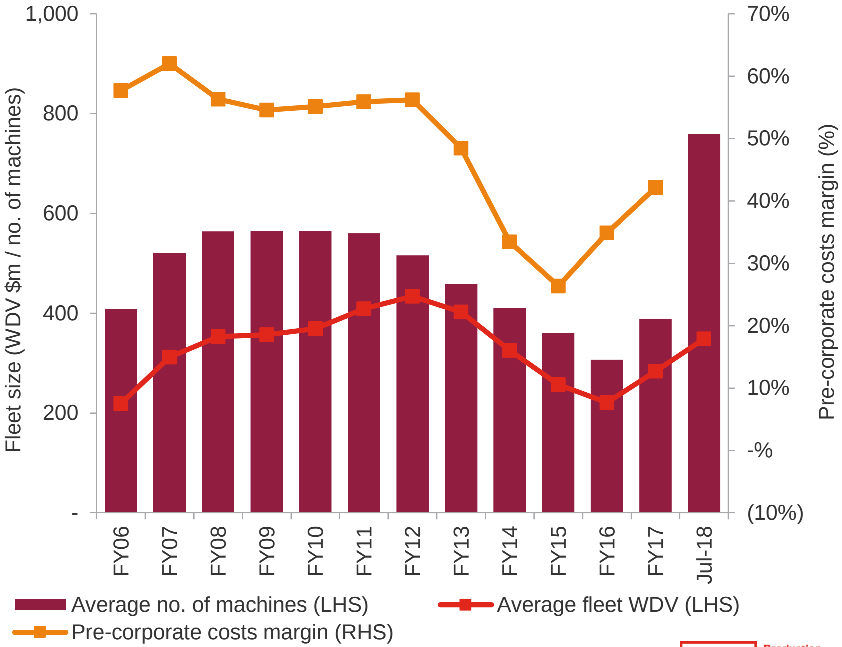
STRATEGY & OUTLOOK

HISTORICAL AUSTRALIAN FLEET PROFILE AND PROFITABILITY

Emeco believes Australian equipment rental market can again achieve significant returns for stakeholders

- Emeco's Australian rental business previously generated pre-corporate cost margins in excess of 50%
- Emeco currently has record high fleet size
- Emeco is putting this equipment to work as market conditions strengthen
- Margins are rebounding, however remain below historical levels
- Focus on reducing costs and recovering pricing to drive margin expansion and generate returns that justify investment in new and replacement fleet
- Relatively low equipment written down value will assist with generating return on capital
- Focus on growing market share through the application of expanded fleet
- Explore further consolidation opportunities

Historical Australian fleet and pre-corporate costs margin



STRATEGY & OUTLOOK

FY18 OUTLOOK AND BEYOND

Emeco is strategically well positioned in the Australian market, offering significant opportunity for future earnings growth

Market	• Increased activity and a strong pipeline of projects coming to market, particularly in thermal/coking coal, base metals (including copper, zinc and bauxite) and gold • **Emeco in a strong position to capitalise on new opportunities arising in the market through its customer relationships, value proposition and scale**
Operational	• Implement EOS application technologies across further customer sites • Focus on operational excellence, innovation, technology and asset management to become the lowest cost rental provider • Consider further consolidation opportunities • **Drive growth in Australia through increased capacity, utilisation and rates**
Financial	• Clear focus on increasing earnings and margins • On track to achieve run-rate of $15 million of cost synergies by end of FY18 • Stronger financial performance expected in FY19 and beyond • **Target leverage ratio of 2.0x by FY20 to facilitate refinancing of Emeco's March 2022 bonds and significantly reduce interest costs**

Appendix

APPENDIX

OPERATING TO STATUTORY RECONCILIATION

Financial results	FY17 Statutory	FY17 Operating
Revenue	$233.0m	$233.0m
EBITDA[1]	$69.6m	$83.5m
EBITDA[1] margin	29.9%	35.8%
EBIT[2]	($115.2m)	$12.0m
NPAT[3]	($180.5m)	($90.9m)

1. Operating Results excludes $7.5m in redundancy and restructuring costs and $6.4m in long term incentive programs.
2. Operating Results excludes $7.5m in redundancy and restructuring costs and $6.4m in long term incentive programs, $25.3m in tangible asset impairments, $77.9m in goodwill impairment and $10.1m in expensed transaction costs.
3. Operating Results excludes $7.5m in redundancy and restructuring costs and $6.4m in long term incentive programs, $25.3m in tangible asset impairments, $77.9m in goodwill impairment and $10.1m in expensed transaction costs and $37.6m in tax expense

Thank you

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