

26 October 2017

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

## **First Quarter Operational Update – Strong Operational Performance in 1Q18 drives EBITDA Margin to 35%**

- **Emeco continued to improve operating and financial performance in 1Q18**
  - **Group operating EBITDA of A\$31.2 million, up 7% from \$29.1 million in 4Q17**
  - **Group operating EBITDA margin of 35%, up from 31% in 4Q17**
  - **Average operating utilisation of 58%, up from 52% in 4Q17**
- **Strong safety performance in 1Q18 with LTIFR of zero and TRIFR of 1.8**

Emeco is pleased to provide a trading update for the first quarter of the 2018 financial year. In 1Q18, Emeco generated operating EBITDA of A\$31.2 million from revenue of A\$89.1 million representing an increased operating EBITDA margin of 35%.

Emeco continues to operate at high gross utilisation rates, which were 87% on average in 1Q18, and has maintained its focus on improving operating utilisation, which increased to 58% in 1Q18 from 52% in 4Q17.

Emeco continued to improve its safety performance through 1Q18 reducing its total recordable injury frequency rate to 1.8 from 2.2 at the end of 4Q17 while its long-term injury frequency rate remains at zero.

Mr Ian Testrow, Emeco CEO and Managing Director, commented: "The Emeco team continues to focus on executing its strategy to improve operational performance, drive cost discipline and utilise EOS technology with a broad range of customers to expand our value proposition and reduce asset maintenance costs, while extending the lives of assets and components."

"Operating EBITDA and operating EBITDA margins increased in 1Q18 compared to 4Q17, notwithstanding revenue was slightly subdued in 1Q18 as a result of the exit from Chile and completion of the acquired contract mining projects from Andy's and Orionstone. We expect continued improvements in performance as we put the swapped fleet in Australia and previous contract mining equipment to work on rental projects. Following a significant increase in operating EBITDA margins from 31% in 4Q17 to 35% in 1Q18, Emeco is targeting a return towards Emeco's pre-merger EBITDA margin of 40% on a run rate basis by the end of the second quarter of FY18."

Emeco has also entered into a Memorandum of Understanding with Mitsui to collaborate on mining related business opportunities.

Mr Testrow concluded: "Emeco is looking forward to working closely with Mitsui to explore the potential to deliver significant value for our shared customers and partners."

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Established in 1972, Emeco is the world's largest, independent mining equipment rental business and currently services major resource projects across Australia. Emeco operates a global fleet of OEM machines 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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