

22 January 2018

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

Second Quarter Operational Update – Operating EBITDA improves to A\$35.8 million

- Emeco continued to improve operating and financial performance in 2Q18
 - Group operating EBITDA (unaudited) of A\$35.8 million, up 15% from \$31.2 million in 1Q18
 - Group operating EBITDA margin (unaudited) of 43%, up from 35% in 1Q18
- Pro forma run rate leverage reduced to 2.6x¹

Emeco is pleased to provide a trading update for the second quarter of the 2018 financial year. In 2Q18, Emeco generated operating EBITDA of A\$35.8 million from revenue of A\$84.1 million with operating EBITDA margin improving to 43%.

Revenue, together with both gross utilisation (87% average) and operating utilisation (56% average), were down slightly on 1Q18 as a result of wet weather and the redeployment of fleet from some existing projects concluding in 2Q18.

Mr Ian Testrow, Emeco CEO and Managing Director, commented: "Emeco has recently been awarded a number of contracts, including one major project. The teams have been preparing for project start-ups, including the mobilisation of fleet to these new projects. As a result, we expect utilisation rates and revenue to pick up throughout the second half of the financial year as fleet goes back to work."

"During the second quarter, Emeco also completed the acquisition of Force Equipment. Integration has progressed well and we are determined to leverage and grow Force's component rebuild capability to support the Company's enlarged fleet. I am proud that, in the second quarter, we have significantly improved the Group's operating EBITDA and margins. We expect earnings to continue to increase, although with slightly lower margins given Force Equipment's lower capital intensity retail maintenance business. Emeco remains focused on maximising profitability through further operational improvements such as our EOS-facilitated centralised planning hub."

"Emeco continues to remain focused on aggressively deleveraging. I am particularly pleased to have reduced our leverage to 2.6x on a pro forma run rate basis."

Emeco is scheduled to release its first half results on 28 February 2018.

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¹ Pro forma run rate leverage based on pro forma operating EBITDA calculated as 2Q18 Group operating EBITDA (including one month contribution from Force) annualised plus two-thirds of Force's FY17 operating EBITDA.

Investor enquiries

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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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