

18 April 2018

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

Third Quarter Operational Update – Operating EBITDA improves to A\$41.0 million

- **Emeco continued to improve operating and financial performance in 3Q18**
 - **Group operating EBITDA (unaudited) of A\$41.0 million, up 15% from A\$35.8 million in 2Q18**
 - **Group operating EBITDA margin (unaudited) of 41%**
- **Redeployment of fleet, new project wins and existing project scope expansions expected to increase earnings in 4Q18 and into FY19**

Emeco is pleased to provide a trading update for the third quarter of the 2018 financial year.

In 3Q18, Emeco increased operating EBITDA to A\$41.0 million (up 15% on 2Q18), from revenue of A\$101.2 million (up 22% on 2Q18). This was largely due to a full quarter contribution from Force Equipment and the ramp up of projects in 3Q18, taking operating utilisation to 61% as at the end of 3Q18 (albeit somewhat impacted by ongoing wet weather during the quarter).

Operating EBITDA margin remained in line with Emeco's pre-merger levels of 41%, notwithstanding the inclusion of the full quarter contribution from Force's lower capital intensity and margin retail maintenance business.

Mr Ian Testrow, Emeco CEO and Managing Director, commented: "With operating EBITDA doubling over the last 12 months, Emeco has continued its strong operational performance with further improvement to earnings, assisting with our aggressive deleveraging strategy. In the third quarter, underlying momentum in the business was driven by the redeployment of fleet into a large project, new project wins and existing project scope expansions. We expect to continue to build earnings throughout the fourth quarter and into FY19."

Mr Testrow continued: "We continue to see strengthening market conditions and an increasing pipeline of opportunities for FY19. The team remains committed to delivering a compelling value proposition for our customers to help them get the most out of every piece of equipment we provide."

Mr Testrow concluded: "Integration of the Force acquisition is on track and we are growing Force's component rebuild capability. Emeco has already started to benefit from servicing a significant portion of its enlarged fleet in these workshops, supporting our dedication to remaining disciplined in controlling our operating costs and capital expenditure to maximise profitability. In addition to this, the drive for operational excellence continues with a focus on labour productivity assisted by our technology-facilitated centralised planning hub."

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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)