

21 August 2018

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

## **Emeco returns to profitability with enhanced scale and capabilities**

- **Improved safety performance: 45% reduction in total recordable injury frequency rate over FY18**
- **Return to profitability:**
  - Operating EBITDA of \$153.0 million (up 83.2% from \$83.5 million in FY17)
  - Operating EBITDA margin of 40.2% (up from 35.8% in FY17)
  - Operating EBIT of \$83.2 million (up 593% from \$12.0 million in FY17)
  - Operating NPAT of \$20.1 million
- **Growth in Australia: Successful integration and expansion of Force workshops, driving low capital intensive earnings and maintenance savings on the Emeco fleet; Matilda integration on track**
- **Deleveraging ahead of schedule: Net debt / pro forma run rate operating EBITDA reduced to 2.0x<sup>1</sup> (down from 3.9x<sup>2</sup> in FY17)**

Emeco today released its financial results for FY18, delivering a return to profitability for the first time since FY13, with significantly improved operating EBITDA up 83.2% to \$153.0 million from FY17, increased operating EBITDA margins at 40.2% (from 35.8% in FY17) and positive NPAT of \$20.1 million.

Emeco continues to focus on safety and over FY18, the business saw a 45% reduction in total recordable injury frequency rate, down from 2.2 to 1.2.

The strong operating cash flow performance, together with equity funded acquisitions of Force and Matilda, has reduced Emeco's net debt / pro forma run rate operating EBITDA to 2.0x<sup>1</sup> at the end of FY18 (from 3.9x<sup>2</sup> in FY17).

Managing Director, Ian Testrow, said: "During FY18, Emeco continued to execute on our strategy to become the highest quality and lowest cost provider of equipment rental solutions. I am pleased to report that our focus on serving our customers and the hard work of our team has resulted in a return to positive operating NPAT for the first time since FY13. We have further deleveraged our balance sheet to position Emeco to refinance our debt on more favourable terms."

<sup>1</sup> FY18 net debt / annualised 4Q18 operating EBITDA plus annualised Matilda 3Q18 operating EBITDA.

<sup>2</sup> FY17 net debt / annualised 4Q17 operating EBITDA.

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“The safety of Emeco’s people remains our number one priority. I am very pleased with how our teams have maintained a strong commitment to safety as Emeco has grown and that we have been able to further reduce our total reportable injury frequency rate.”

“In line with our strategy, Emeco has recently made two significant acquisitions – Force in November 2017 and Matilda in July 2018. These acquisitions significantly increase Emeco’s scale and provide internal equipment maintenance capabilities, allowing Emeco to widen its customer value proposition. Integration of these businesses are progressing well and I am pleased to welcome the Force and Matilda teams to the Emeco group.”

“Emeco continues to deliver on its strategic objectives of improving financial and operational performance. We have continued to improve our systems and processes to maintain operational excellence and cost discipline. This has included a focus on enhanced centralised support to the regions, including centralising planning of our component change outs, standardising processes across regions and using technology to drive best practice asset management, particularly given the cost pressures in a tightening market.”

“The Company expects to see additional growth in revenue and earnings in FY19, driven by further increases in utilisation and rates, additional retail maintenance services and a full year contribution from Force and Matilda. We continue to see evidence of improving market conditions across Australia with an increase in the number of tenders being undertaken by miners, which is reflected in the increase in earnings in 4Q18 following several new project wins and existing project expansions.”

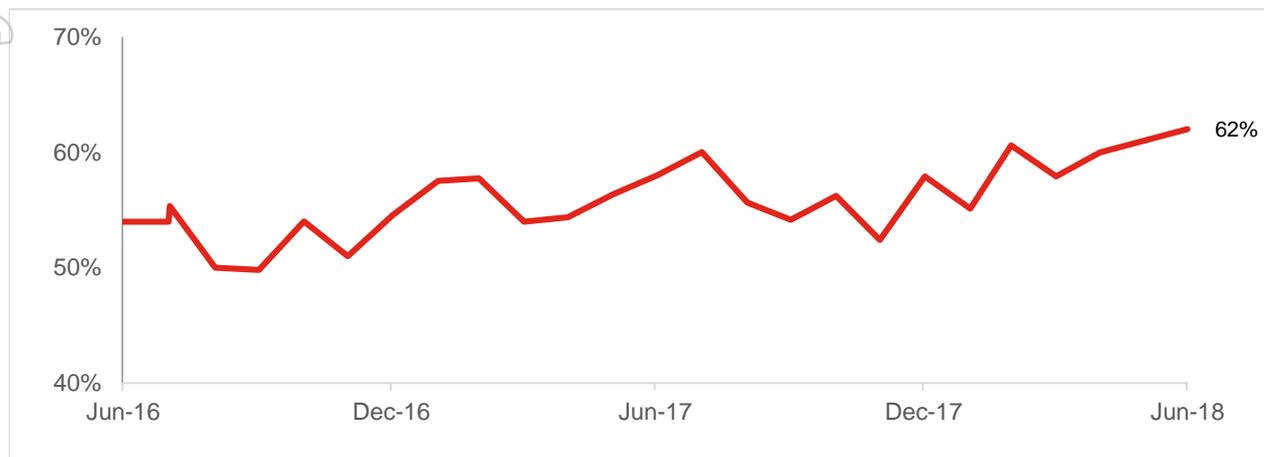
“I would like to thank all of our employees, shareholders, noteholders and wider stakeholders for their continued support of Emeco.”

## OPERATING FINANCIAL RESULTS

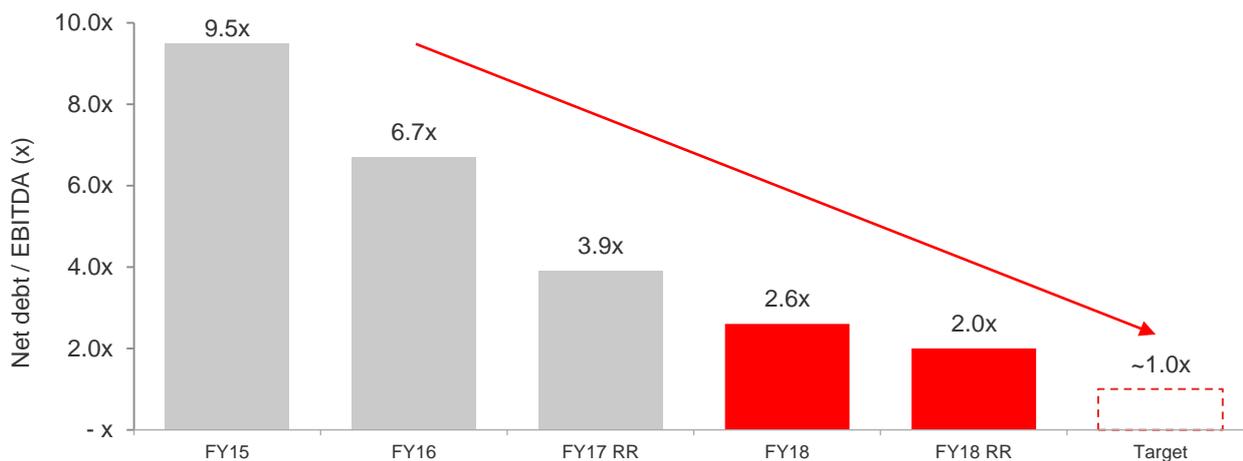
A\$m unless otherwise stated	FY17	FY18	Change
Operating revenue	233.0	381.0	+64%
Operating EBITDA	83.5	153.0	+83%
Operating EBITDA margin	35.8%	40.2%	+440bps
Operating EBIT	12.0	83.2	+593%
Operating NPAT	(90.9)	20.1	na

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### GROUP OPERATING UTILISATION



### LEVERAGE METRICS CONTINUE TO IMPROVE



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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).