

Emeco Holdings Limited Investor Conference Presentation

19 September 2019



IMPORTANT NOTICES AND DISCLAIMERS

For personal use only

Reliance on third party information

The information and views expressed in this Presentation were prepared by Emeco Holdings Ltd (the Company) and may contain information that has been derived from publicly available sources that have not been independently verified. No representation or warranty is made as to the accuracy, completeness or reliability of the information. No responsibility or liability is accepted by the Company, its officers, employees, agents or contractors for any errors, misstatements in or omissions from this Presentation.

Presentation is a summary only

This Presentation is information in a summary form only and does not purport to be complete. It should be read in conjunction with the Company's FY19 financial report. Any information or opinions expressed in this Presentation are subject to change without notice and the Company is not under any obligation to update or keep current the information contained within this Presentation.

Not investment advice

This Presentation is not intended and should not be considered to be the giving of investment advice by the Company or any of its shareholders, directors, officers, agents, employees or advisers. The information provided in this Presentation has been prepared without taking into account the recipient's investment objectives, financial circumstances or particular needs. Each party to whom this Presentation is made available must make its own independent assessment of the Company after making such investigations and taking such advice as may be deemed necessary.

No offer of securities

Nothing in this Presentation should be construed as either an offer to sell or a solicitation of an offer to buy or sell Company securities in any jurisdiction.

Forward looking statements

This Presentation may include forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, these statements are not guarantees or predictions of future performance, and involve both known and unknown risks, uncertainties and other factors, many of which are beyond the Company's control. As a result, actual results or developments may differ materially from those expressed in the statements contained in this Presentation. Investors are cautioned that statements contained in the Presentation are not guarantees or projections of future performance and actual results or developments may differ materially from those projected in forward-looking statements.

No liability

To the maximum extent permitted by law, neither the Company nor its related bodies corporate, directors, employees or agents, nor any other person, accepts any liability, including without limitation any liability arising from fault or negligence, for any direct, indirect or consequential loss arising from the use of this Presentation or its contents or otherwise arising in connection with it.

FY19 financial highlights

For personal use only

\$214.0m

Operating
EBITDA

▲ 40%

46.1%

Operating
EBITDA margin

▲ 590bps

\$125.4m

Operating
EBIT

▲ 51%

27.0%

Operating
EBIT margin

▲ 520bps

\$63.2m

Operating
NPAT

▲ 214%

64%

Operating
utilisation

▲ 600bps

\$114.8m

Workshops
activity

▲ 56%

21.0%

Return on
capital

▲ 140bps

\$90.1m

Free cash flow
(pre-growth capex)

▲ 16%

2.0x

Net
Leverage

▼ 0.6x

EMECO SET UP TO EXECUTE ON ITS GROWTH STRATEGY

Over the past 4 years, Emeco has established a strong foundation to continue to drive further growth and deliver strong sustainable shareholder returns

Past

4 years of proven execution

- Operating EBITDA increased ~5 times
- Margins almost tripled
- Fleet size doubled
- National workshops footprint doubled
- Acquired a retail maintenance and component rebuild business, grown by 56% in first full year of ownership
- Developed EOS technology to provide enhanced asset management for Emeco's fleet and increased productivity for customers
- Strong return on capital well above WACC
- Healthy balance sheet below 2.0x leverage, reduced from 7.5x
- Strong cash flow generation used to:
 - Pay down debt
 - Invest in growth assets

Present

Strong foundations in place

- Unrivalled young fleet of in-demand mining equipment, configured to meet long-term demand across all commodities
- Significant further organic growth capacity in Emeco's existing fleet
- Guaranteed machine availability and reliability
- Lowest cost provider of earthmoving equipment
- Permanent workforce of 543 staff
- Best-in-class asset management, maintenance planning and reliability engineering capability maximises component and equipment lives
- Seven large workshops strategically located in key Australian mining locations, with a capability to maintain and rebuild assets and components cost-effectively
- Proven EOS productivity enhancing technology tool
- Long-standing customer relationships
- Strong earnings and operating free cash flow generation

Future

Further growth and sustainability

- Achieve further organic growth in the rental fleet through higher rates and utilisation, whilst controlling and reducing costs
- Create additional value from the fleet, facilitated by our production facilitated technology
- Grow workshops earnings by increasing retail works throughput, utilisation (currently single shift) and labour efficiency
- Provide additional services that create value for our customers through leveraging our large mining fleet, asset management and maintenance capabilities
- Reduce our 9.25% gross debt and, ultimately, refinance to reduce financing costs
- Disciplined approach to putting our strong, consistent and predictable free cash flows to work and ensuring shareholder returns are maximised over the long term through:
 - Further deleveraging: targeting 1.5x by end of FY20, 1.0x by the end of FY21
 - Investment in growth for the business where strict return hurdles are met
 - Paying dividends

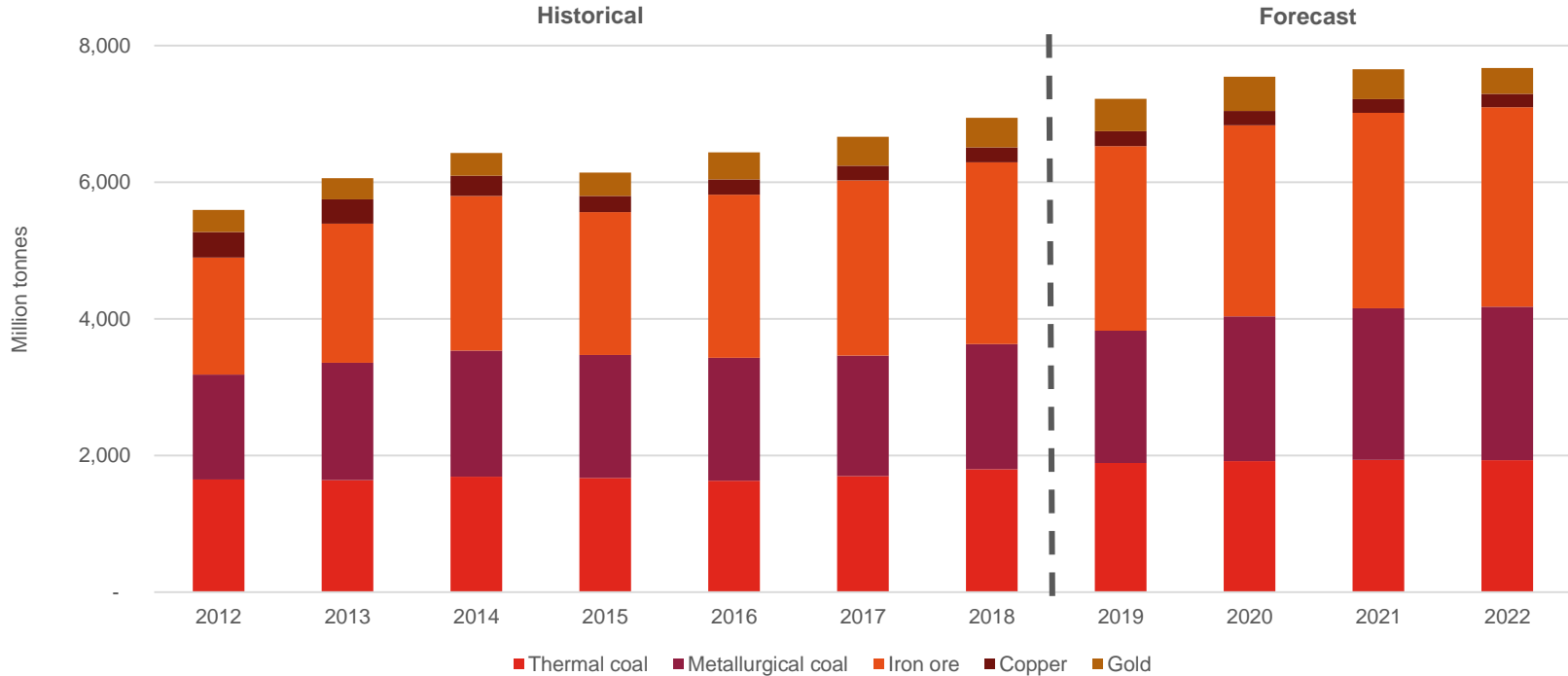
Our future organic growth is supported by favourable market conditions with continued strong demand and limited supply of equipment...

DEMAND FOR EQUIPMENT EXPECTED TO REMAIN HIGH

Earthmoving activity is high and forecast to increase

For personal use only

Total material movement

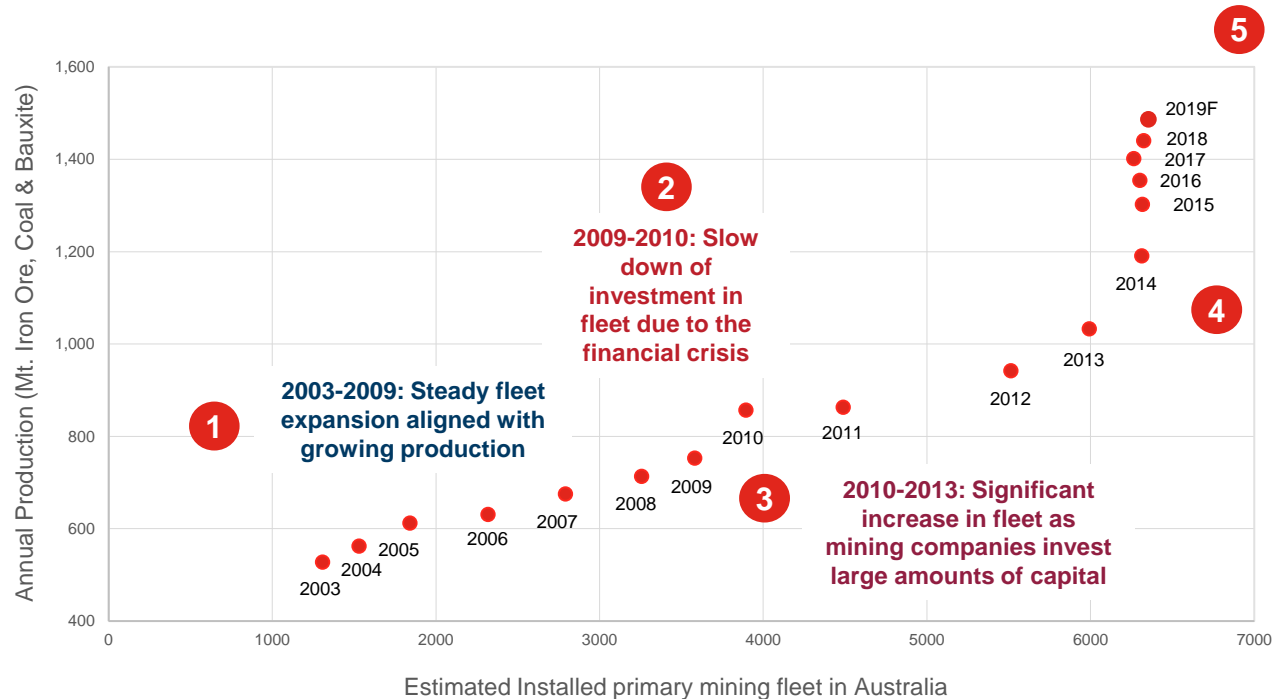


Source: Wood Mackenzie

Note: forecast includes operating mines and highly probable projects only

EQUIPMENT POPULATION HAS REMAINED FLAT

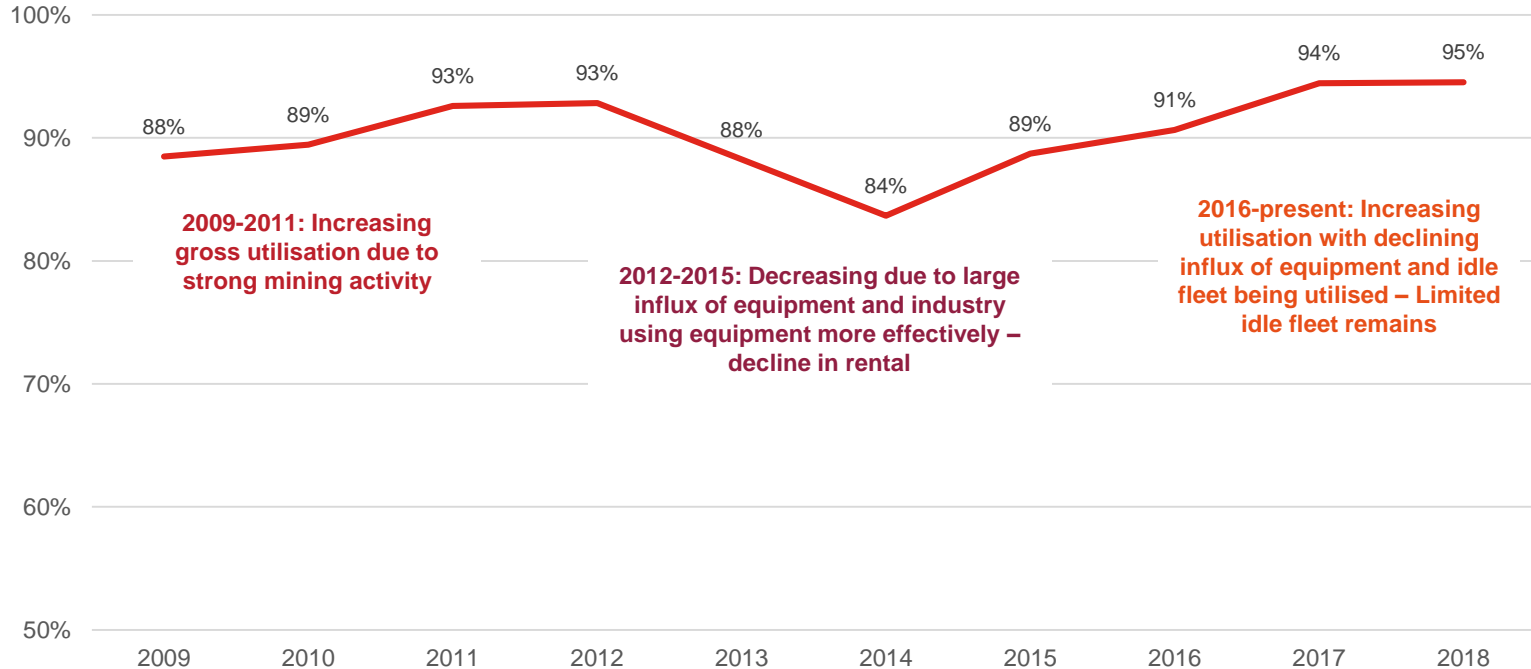
Mining companies remain reluctant to invest in fleet following the excesses of 2010 to 2013 and there hasn't been an influx of equipment into the market



LIMITED EXCESS EQUIPMENT CAPACITY IN THE MARKET

Industry gross utilisation is high and idle fleet is scarce

Australian industry gross utilisation



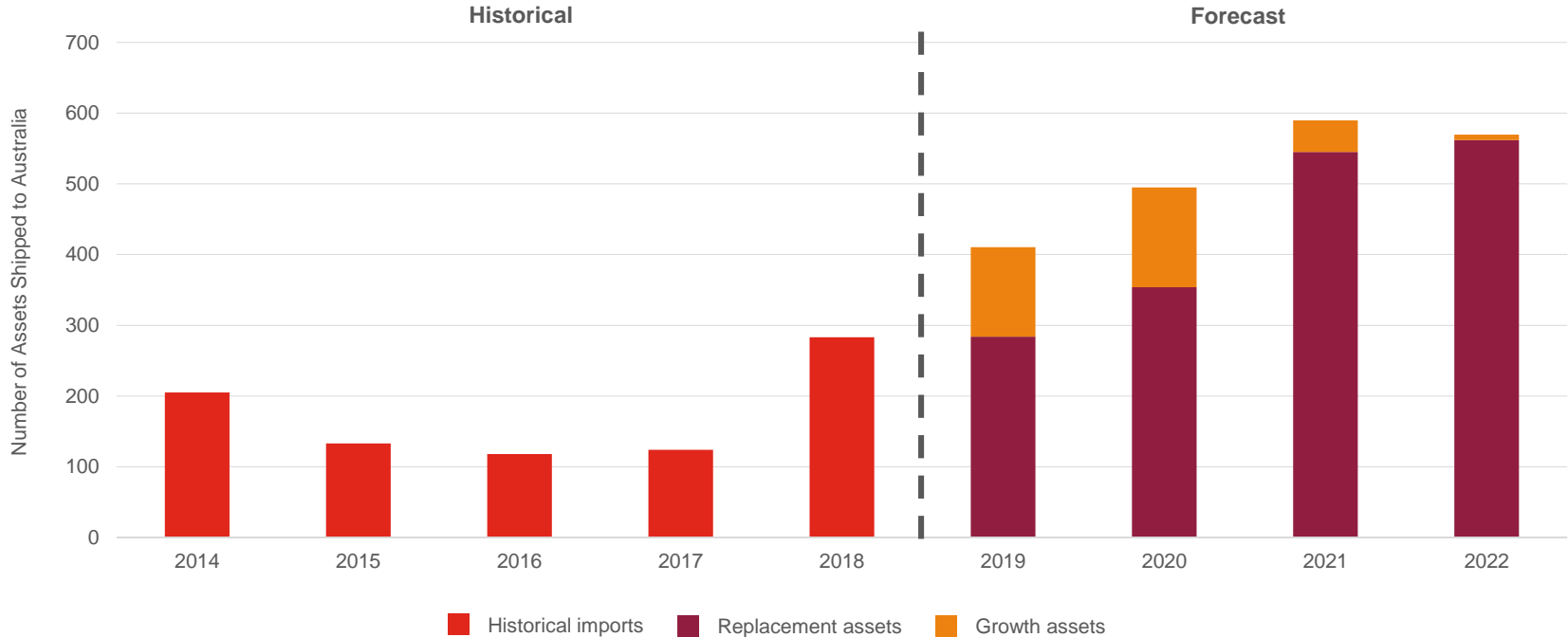
For personal use only

NO LARGE INFLOW OF GROWTH EQUIPMENT EXPECTED

Industry capex spend is mostly replacement of retiring equipment, keeping equipment population constrained

For personal use only

Total equipment imports

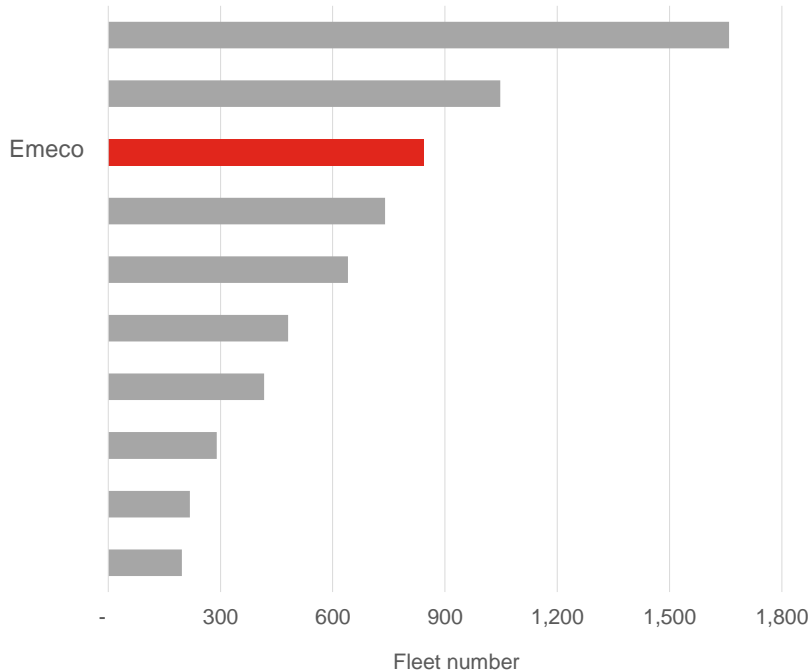


EMECO HAS A LARGE FLEET SUITED TO AUSTRALIAN MINING







With the 3rd largest fleet in Australia (including all miners and service providers), our fleet is configured to meet the demands of operations in all commodities

For personal use only

Emeco fleet vs industry peers¹



Emeco fleet composition

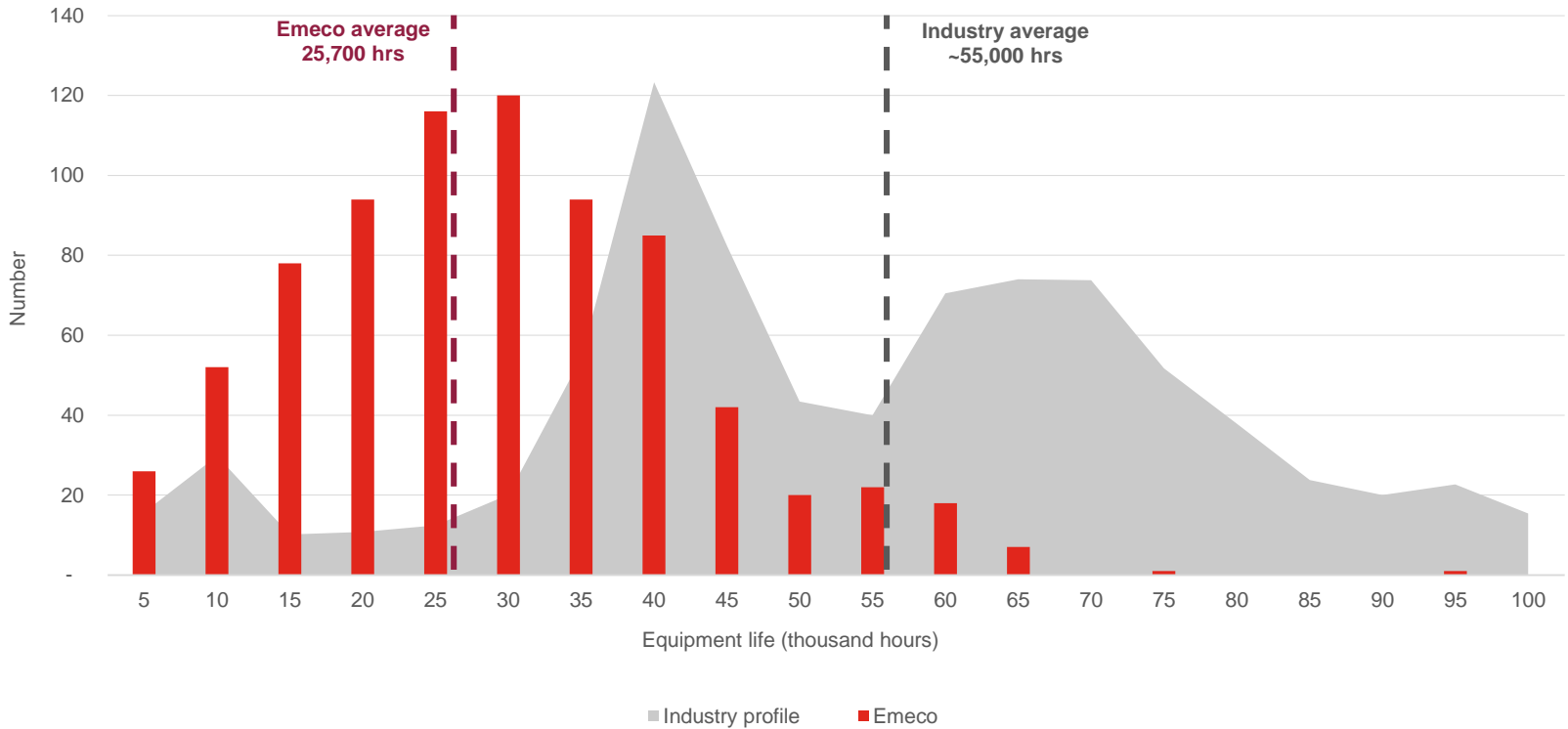
Trucks		357
Dozers		188
Loaders		101
Graders		68
Excavators		53
Ancillary		29
Total		796

Source: Emeco fleet data, Quartile One

Notes: 1. Includes mine owners and contractors

EMECO'S FLEET HAS SIGNIFICANT LIFE REMAINING

Emeco's fleet is 53% younger than industry average with no significant impending replacement capex

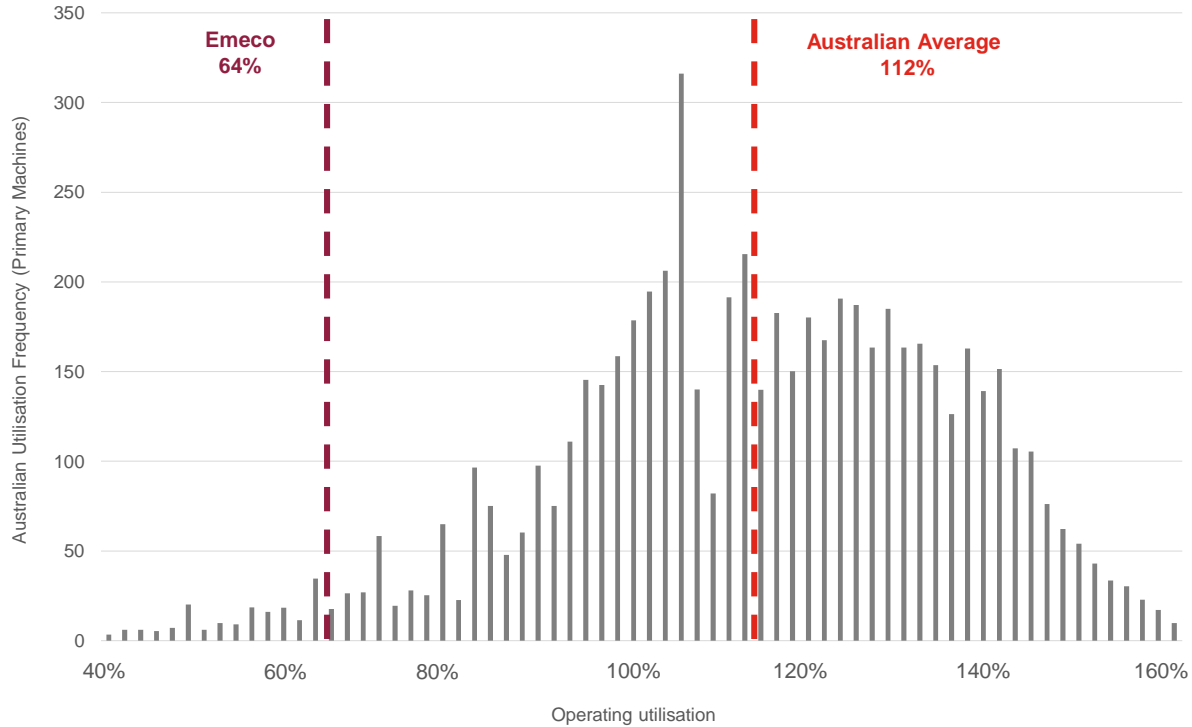


For personal use only

For personal use only

EMECO'S RENTAL FLEET CAN WORK HARDER

Industry equipment utilisation is significantly higher than Emeco's 64% (FY19) highlighting the substantial potential to increase fleet usage and grow earnings



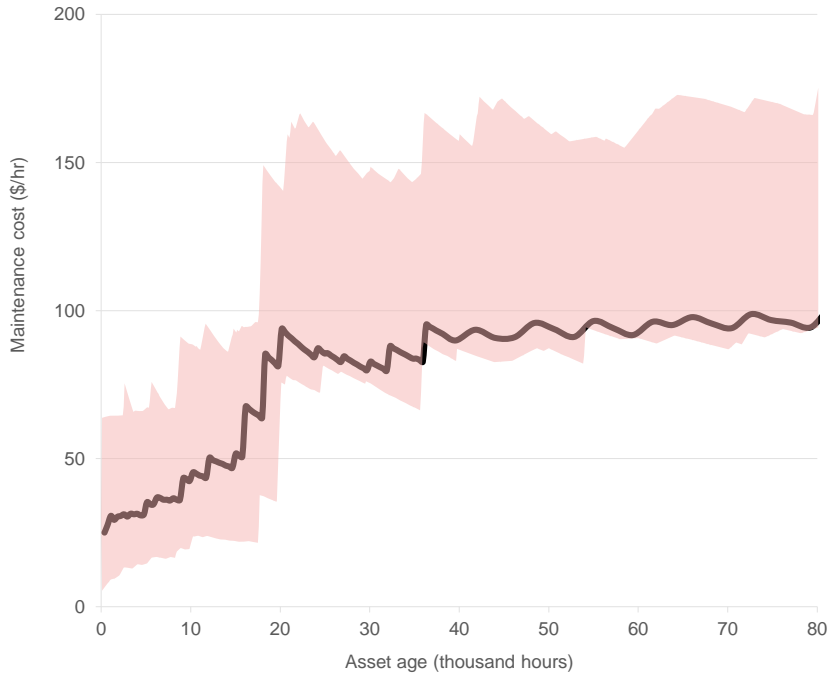
Source: Quartile One

EMECO IS A LEADER ON THE COST CURVE

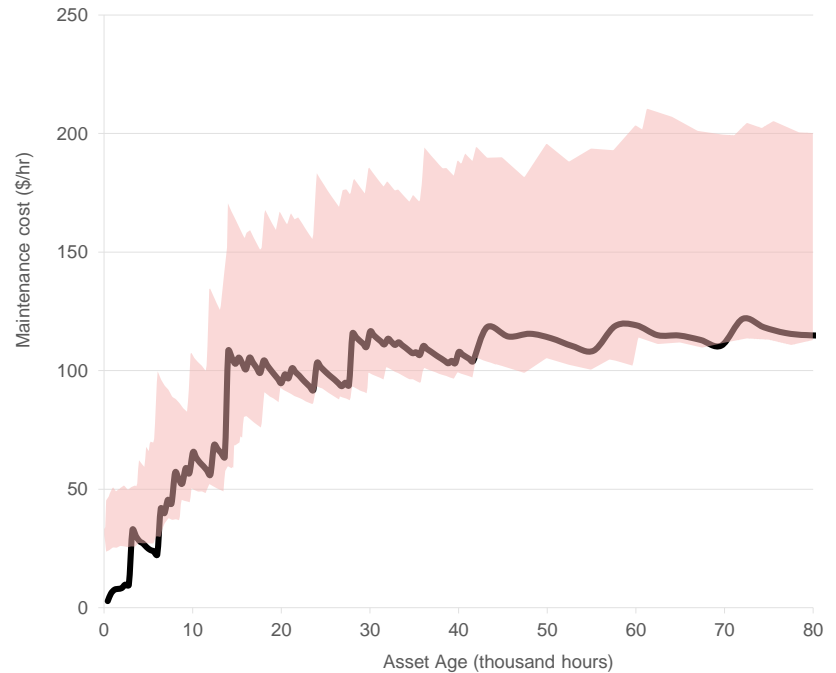
Our continued focus on being the lowest cost and highest quality provider of equipment ensures we continue to reduce costs and expand margins

For personal use only

CAT 789C haul truck life-cycle cost



CAT D11T dozer life-cycle cost



■ Australia benchmark performance range

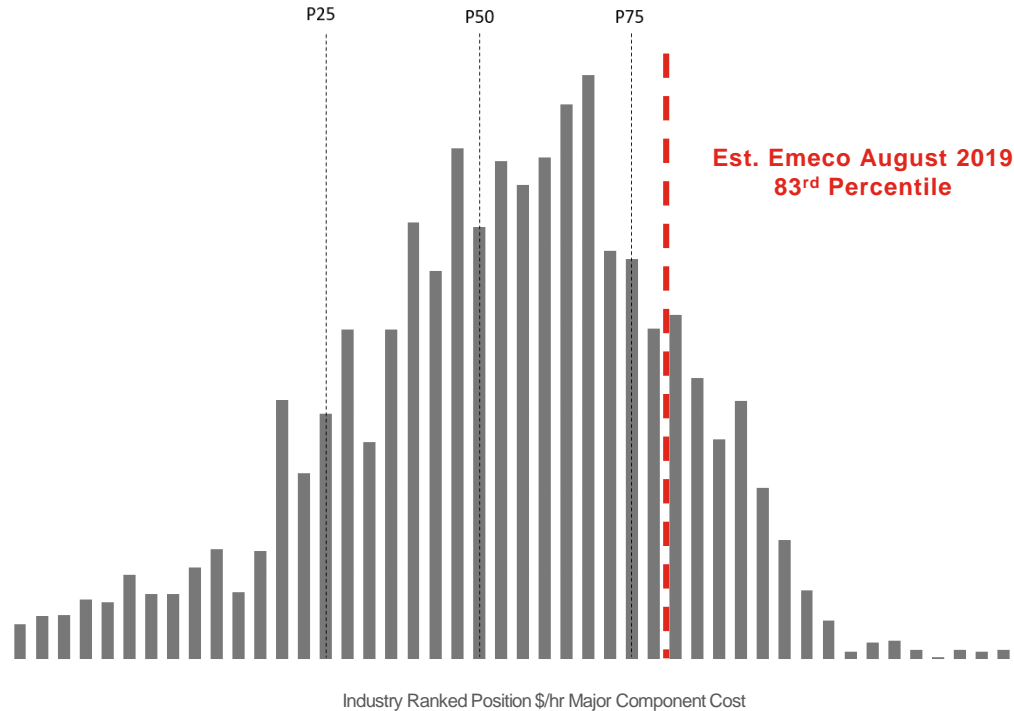
— 2019 Emeco Performance

MANAGING CAPEX IS A FUNDAMENTAL FOCUS

Being the lowest cost and highest quality provider of equipment requires us to continually manage capital expenditure, enabling strong return on capital

For personal use only

Major component cost per hour benchmarking



For personal use only

Appendix



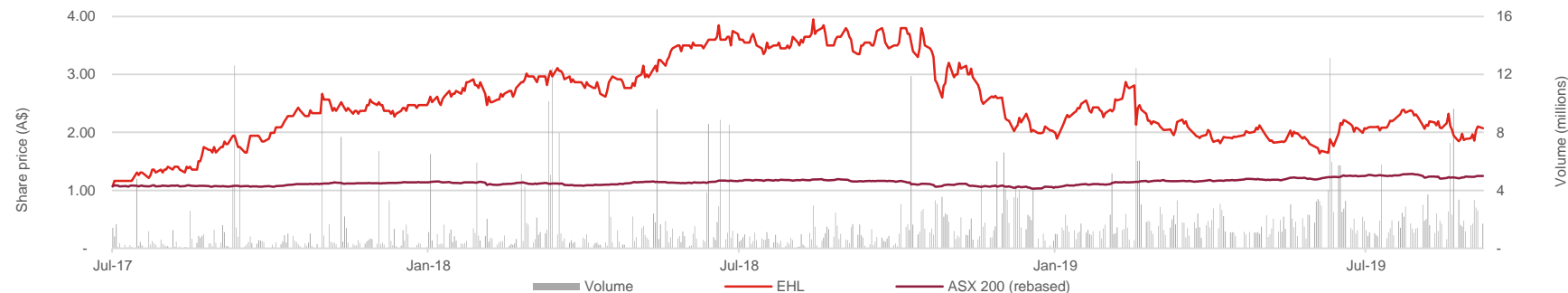
COMPANY SNAPSHOT

Emeco Holdings Limited (ASX:EHL)

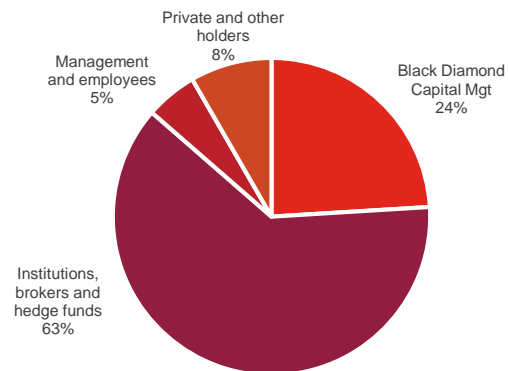
Capital structure

Share price (as at 17 September 2019)	\$2.01
52-week price range	\$1.64 - \$3.80
Shares outstanding (undiluted)	323.2m
Market capitalisation	\$649.7m
Net debt (as at 30 June 2019)	\$427.4m
Enterprise value	\$1,077.1m

Share price history



Shareholders



For personal use only

Thank you

emecogroup.com

