

Emeco Holdings Limited Investor Conference Presentation

19 September 2019



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FY19 financial highlights

\$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

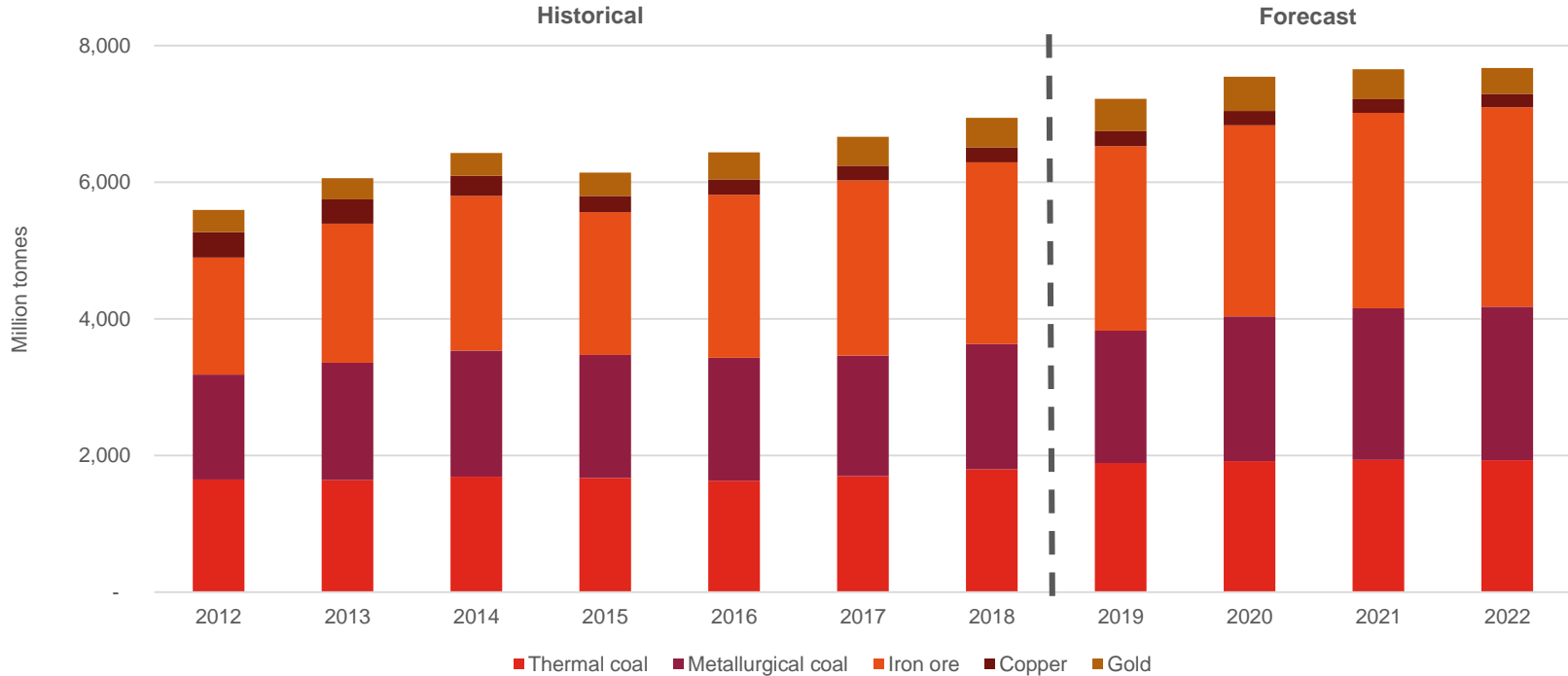
- Achieve further organic growth in the rental fleet through higher rates and utilisation, whilst controlling and reducing costs
- Create additional value from the fleet, facilitated by our production facilitated technology
- Grow workshops earnings by increasing retail works throughput, utilisation (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

Total material movement

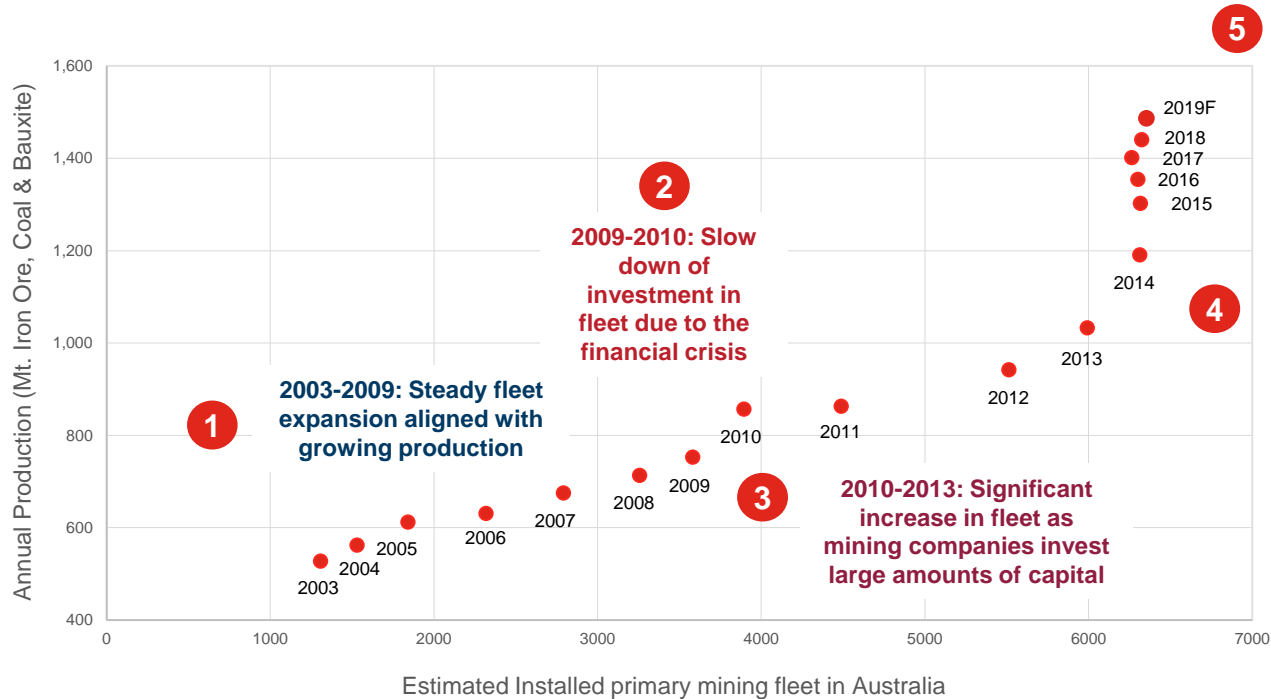


Source: Wood Mackenzie

Note: forecast includes operating mines and highly probable projects only

EQUIPMENT POPULATION HAS REMAINED FLAT

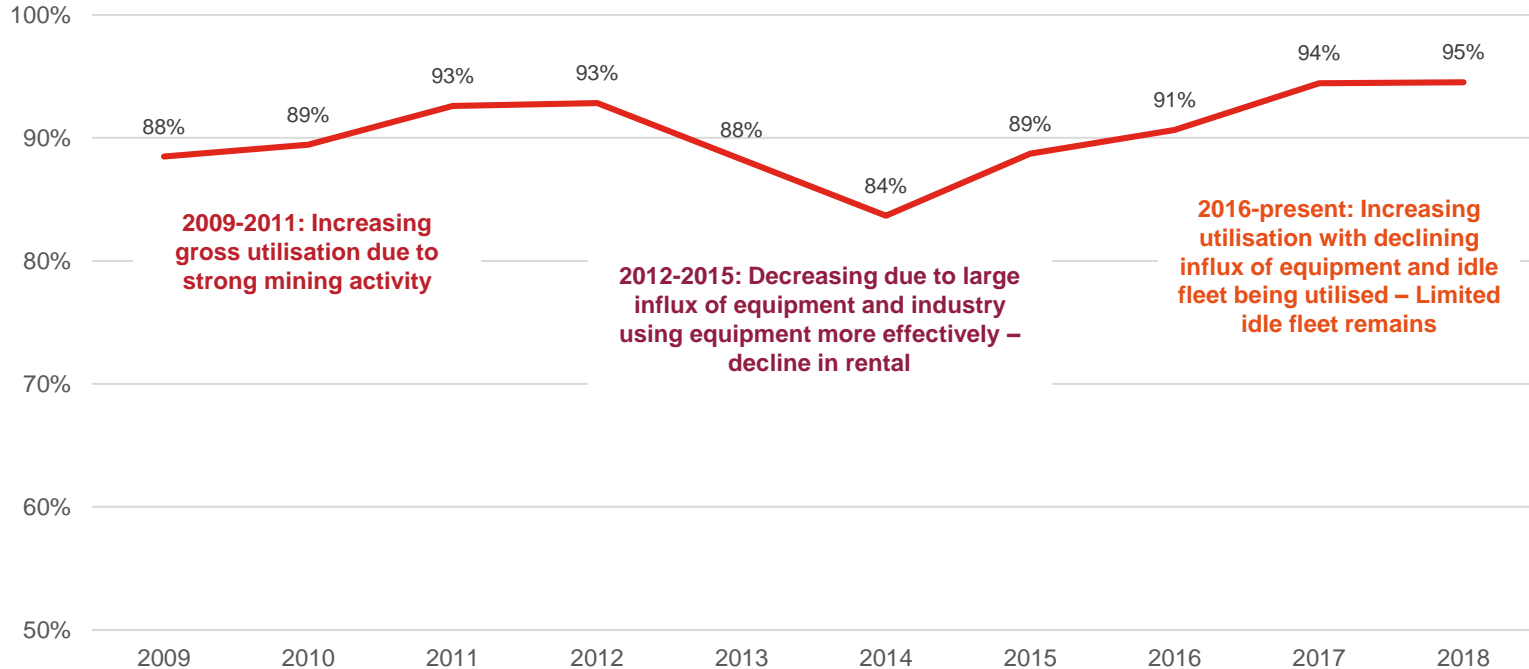
Mining companies remain reluctant to invest in fleet following the excesses of 2010 to 2013 and there hasn't been an influx of equipment into the market



LIMITED EXCESS EQUIPMENT CAPACITY IN THE MARKET

Industry gross utilisation is high and idle fleet is scarce

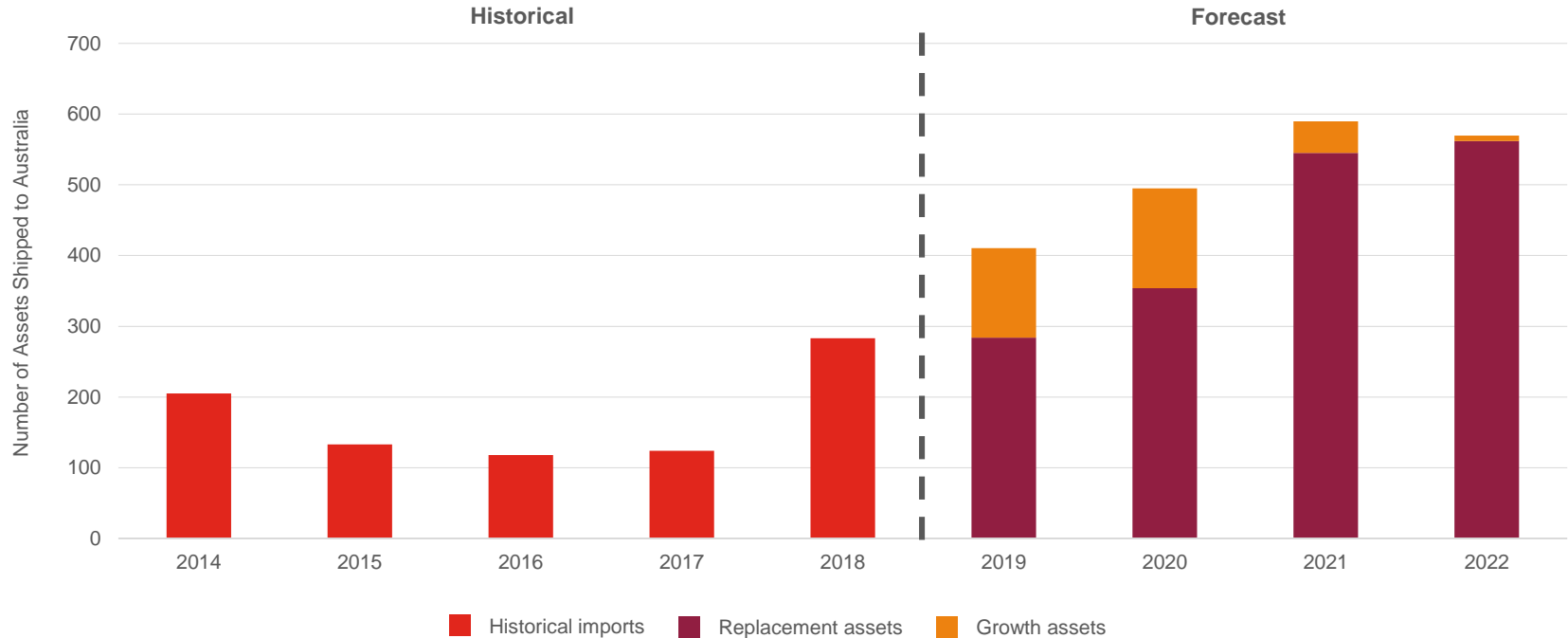
Australian industry gross utilisation



NO LARGE INFLOW OF GROWTH EQUIPMENT EXPECTED

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

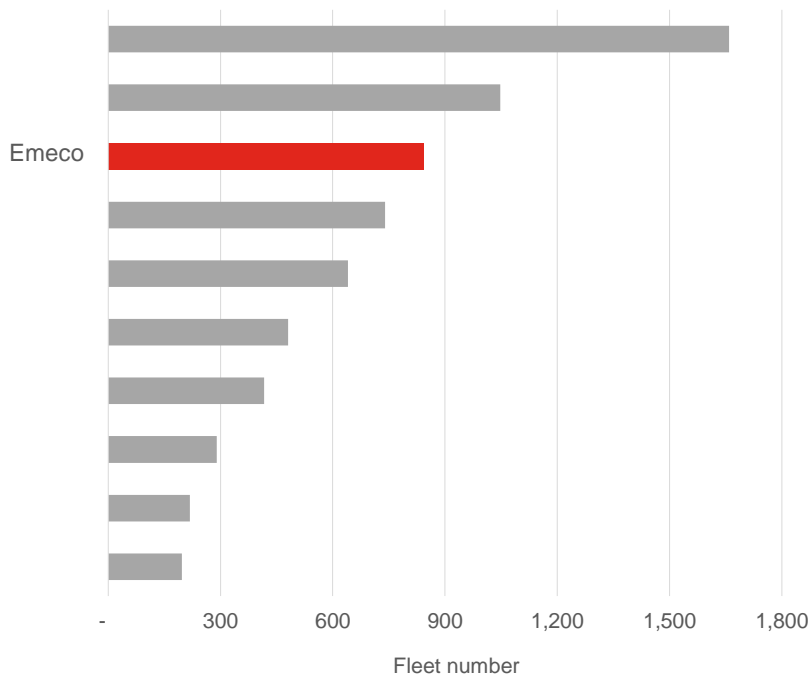
Total equipment imports









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

Emeco fleet vs industry peers¹



Emeco fleet composition

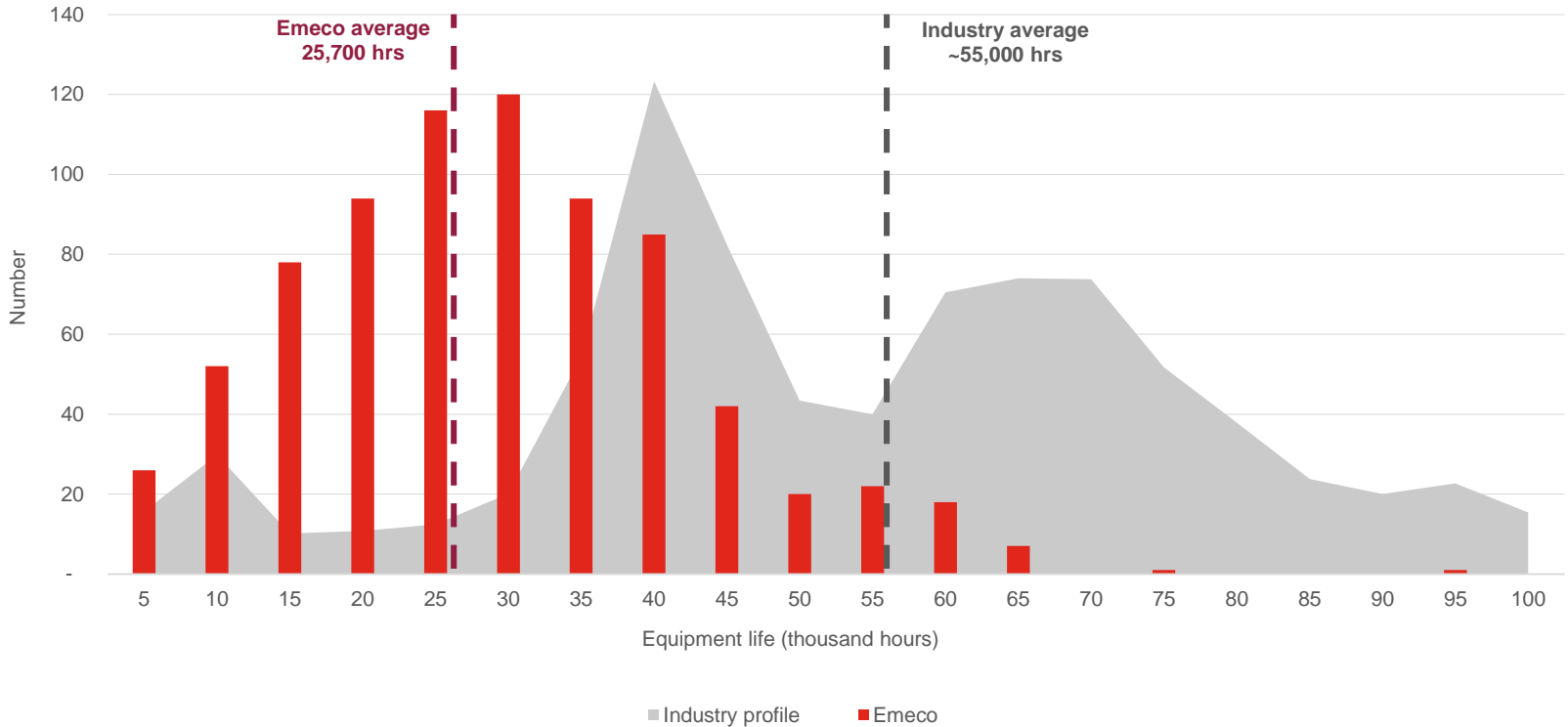
Trucks		357
Dozers		188
Loaders		101
Graders		68
Excavators		53
Ancillary		29
Total		796

Source: Emeco fleet data, Quartile One

Notes: 1. Includes mine owners and contractors

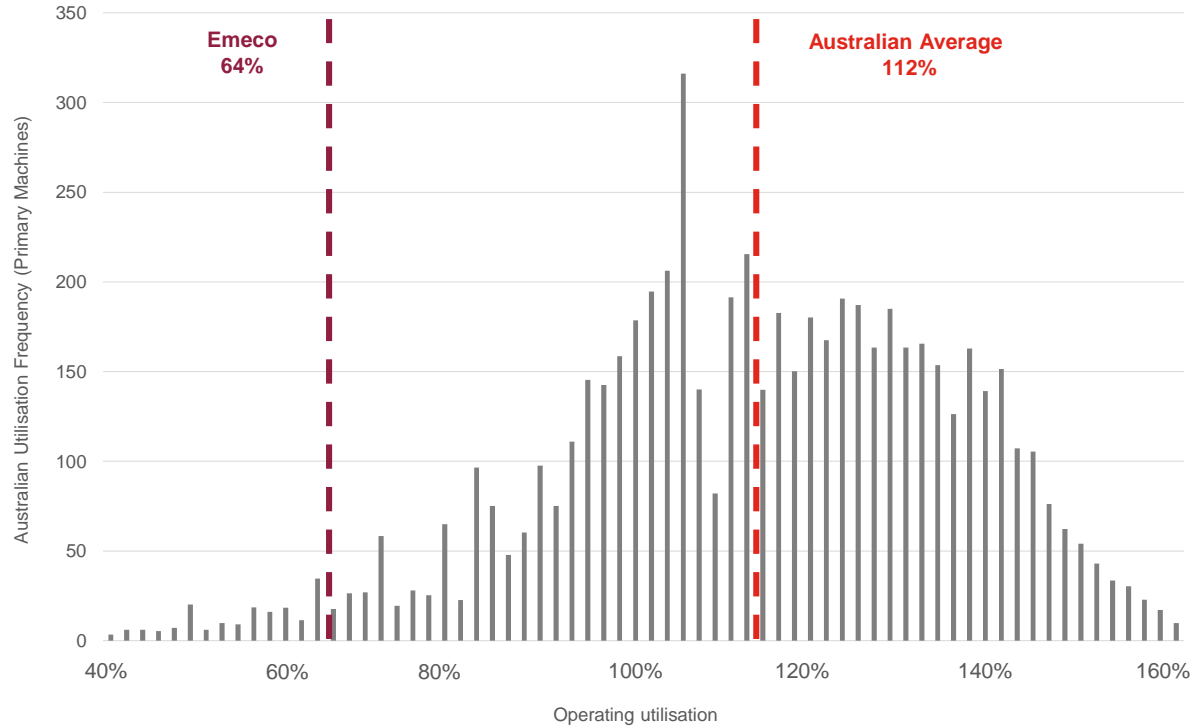
EMECO'S FLEET HAS SIGNIFICANT LIFE REMAINING

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



EMECO'S RENTAL FLEET CAN WORK HARDER

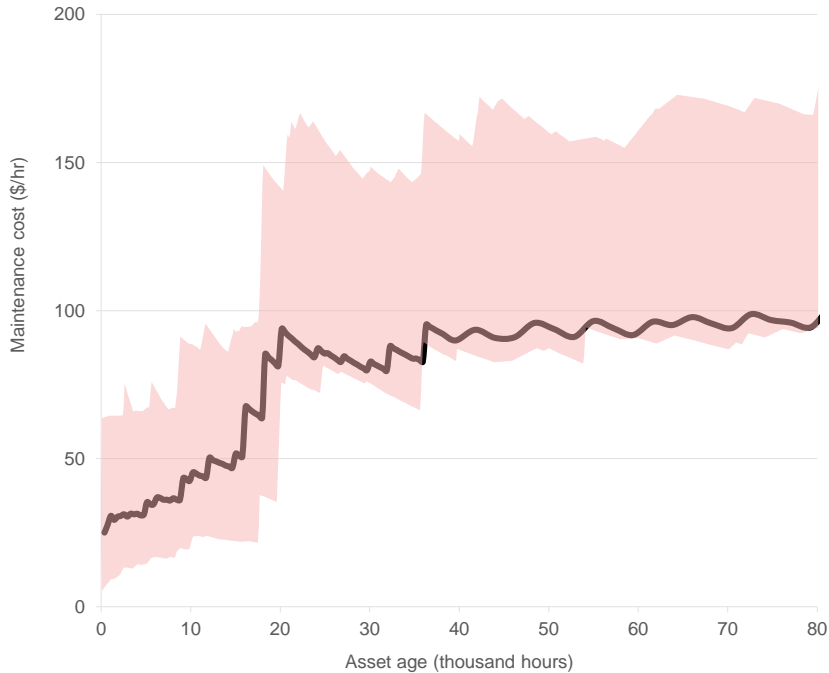
Industry equipment utilisation is significantly higher than Emeco's 64% (FY19) highlighting the substantial potential to increase fleet usage and grow earnings



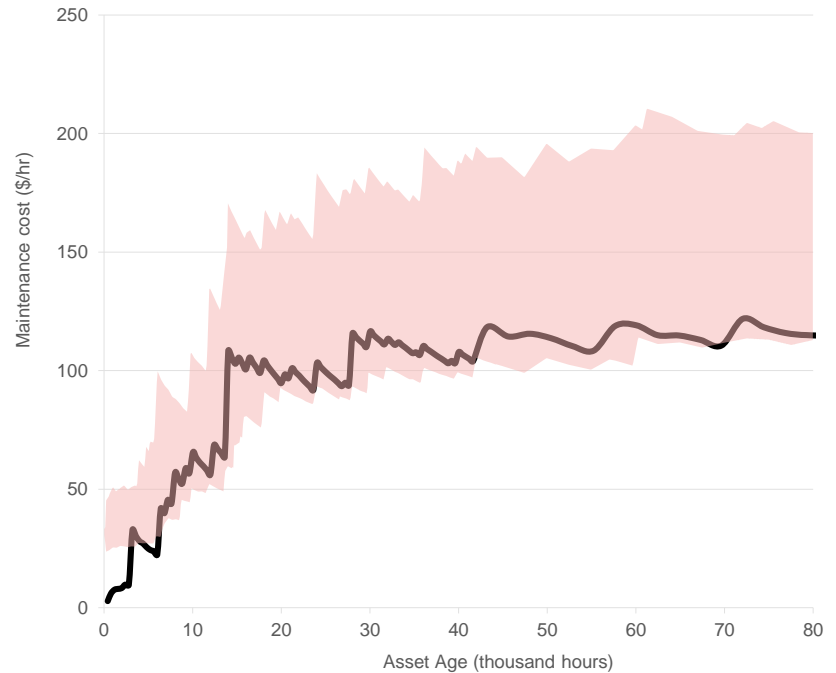
EMECO IS A LEADER ON THE COST CURVE

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

CAT 789C haul truck life-cycle cost



CAT D11T dozer life-cycle cost



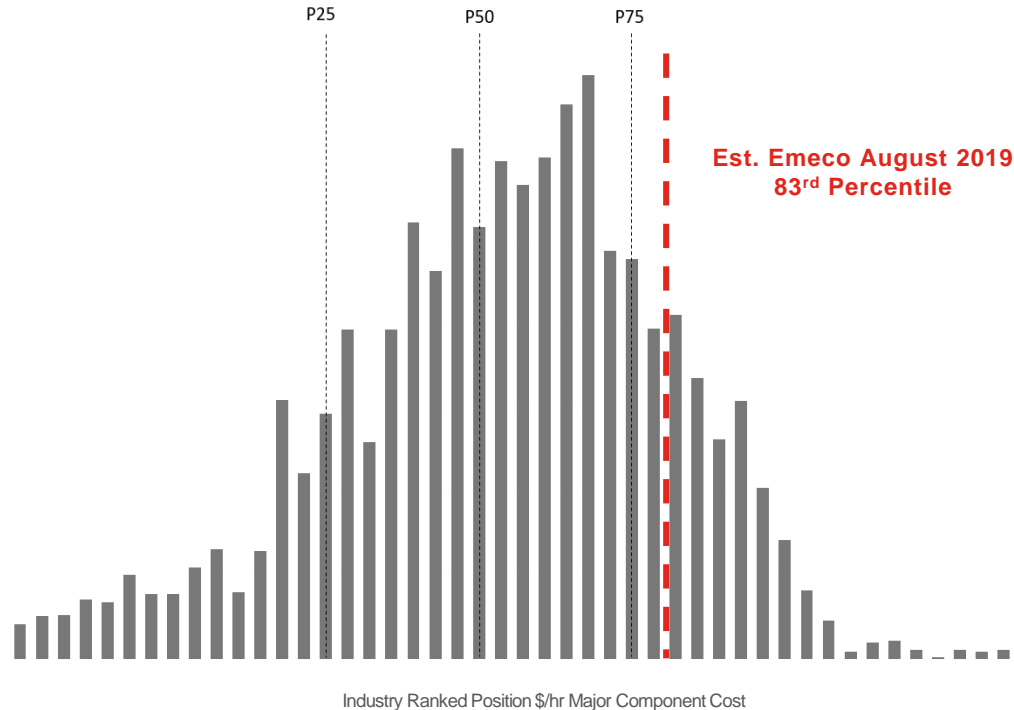
■ Australia benchmark performance range

— 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

Major component cost per hour benchmarking



Appendix



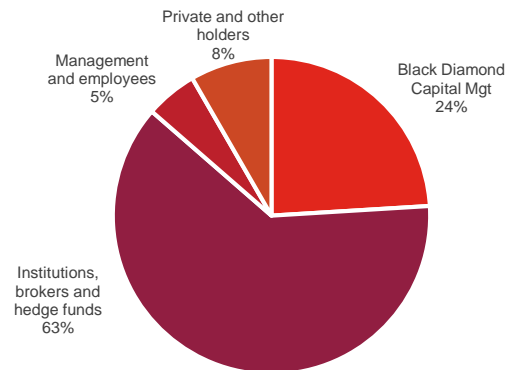
COMPANY SNAPSHOT

Emeco Holdings Limited (ASX:EHL)

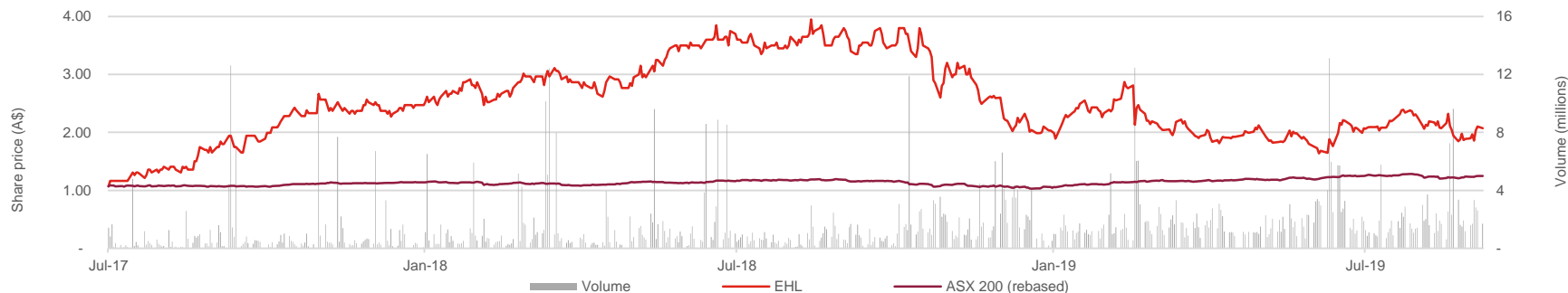
Capital structure

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

Shareholders



Share price history



Thank you

emecogroup.com

