

Emeco Holdings Limited Investor Conference Presentation

27 November 2019



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FY19 recap

\$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%

\$90.1m

Free cash flow
(pre-growth capex)

▲ 16%

\$114.8m

Workshops
activity

▲ 56%

US\$33.8m

Debt
reduction

▼ 9.4%

2.0x

Net
Leverage

▼ 0.6x

21.0%

Return on
capital

▲ 140bps

FY19 – INVESTING IN GROWTH WHILE DELEVERAGING

Emeco delivered \$90m in free cash flow in FY19 before growth capex

Strong cash flow in FY19 drove key initiatives in the year

- Reduced our gross debt by US\$33.8 million, decreasing our ongoing interest expense
- Reduced our net leverage to below 2.0x, achieved one year earlier than forecast
- Invested \$85.1 million in a package of growth assets
 - 35 strategic, mid-life assets
 - High demand assets which helps optimise our fleet configuration
 - Assets will achieve 17-20% IRR through their economic life
 - Procured through our vast global network
 - Facilitated by Force workshop rebuild expertise
 - Assets will deliver \$25m EBITDA in FY20

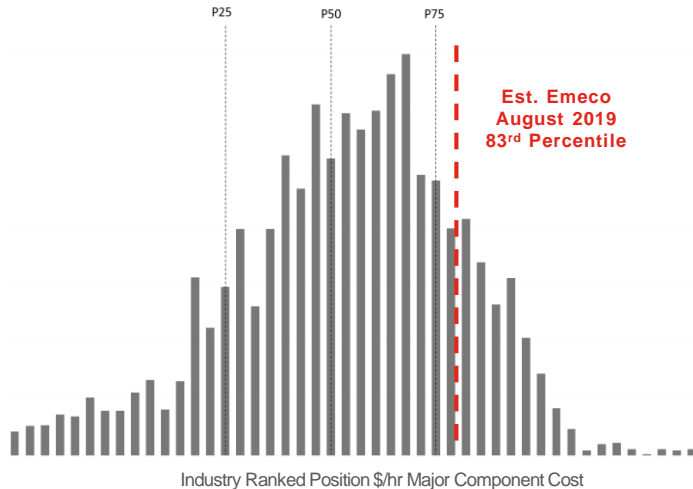


EFFICIENCIES THROUGH ASSET MANAGEMENT

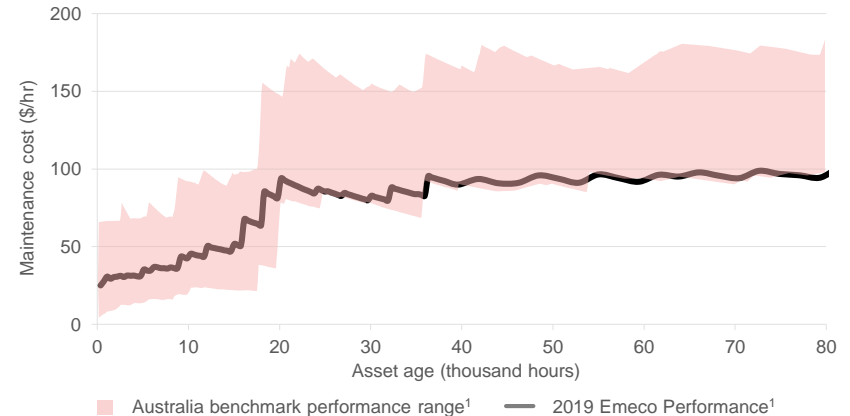
Asset management and in-house maintenance extends component lives and saves costs and capex

- Emeco's asset management tools ensure we monitor component health and optimise our major component replacement plan in collaboration with our customers
- Our technology, combined with rigorous engineering and commercial analysis, identifies opportunities for improvement over industry practices
- We successfully extend the useful life of many of our major components. Combined with our high-quality Force workshops expertise, we are also able to undertake the works cost-effectively
- Investment in our asset management best practices is our commitment to delivering our customers the lowest cost, highest quality equipment for their projects

Operational excellence puts us low on the cost curve...



...Reducing hourly maintenance costs to be industry leading



Source: Emeco fleet data, Quartile One
Notes: 1. CAT 789C haul truck life-cycle cost

FY20 OUTLOOK – ON TRACK FOR FURTHER GROWTH

Strong start to FY20 – 1H20 operating EBITDA guidance of \$118m to \$120m (up 15% to 17% on 1H19) – Further growth expected in 2H20 as Western Region gains momentum



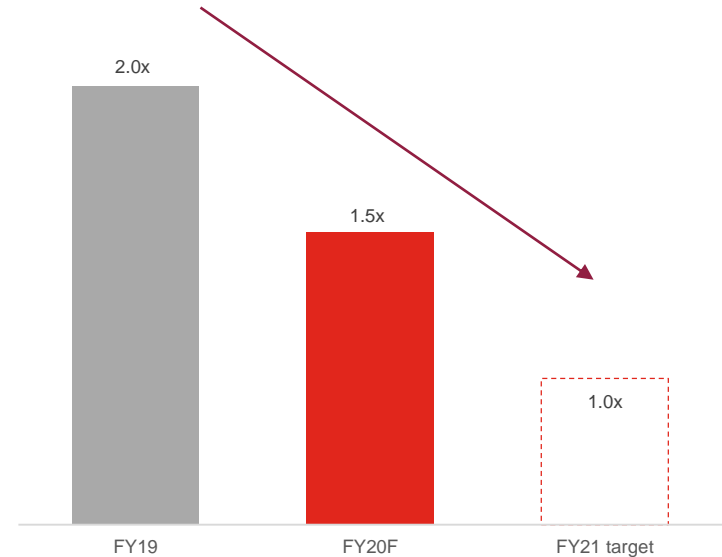
- Strong demand in Eastern Region, particularly in metallurgical coal, with utilisation and rates continuing to improve in a tight equipment market
- Thermal coal remains a solid performing commodity in the portfolio
- New project wins in iron ore and gold in the Western Region, with deployment of fleet on schedule and a strong project pipeline
- Growth assets acquired are now all working across various projects and remain on track to generate \$25 million EBITDA
- Customers remaining disciplined with capital expenditure allocation upholding compelling proposition for rental
- Growth in activity in the Force workshops
- Building customer appetite for additional services around maintenance, rebuilds and in-field service offerings

FOCUS ON DELEVERAGING & STRENGTHENED BALANCE SHEET

Using strong free cash flow to deleverage and refinance notes on more favourable terms

- Focus on further generating strong free cash flows and achieve net leverage of 1.5x by 30 June 2020, 1.0x by 30 June 2021
- Opportune window approaching to refinance US notes:
 - Non-call period on notes expires in March 2020, with notes becoming callable at 104.625 from this date
 - Notes can be called at par (100) from April 2021
 - Comfortable tenor remaining with notes maturing 31 Mar 2022
- Refinance and remaining tenor, together with current strong cash flow generation, allows:
 - Optionality to reduce the gross debt
 - Flexibility to refinance on materially improved terms and reduce ongoing interest costs
- Post-refinancing and deleveraging, the strengthened balance sheet will:
 - Ensure the business is stable and resilient through the cycle with the capacity to take advantage of investment opportunities
 - Provide an opportunity to reward shareholders with returns and dividends

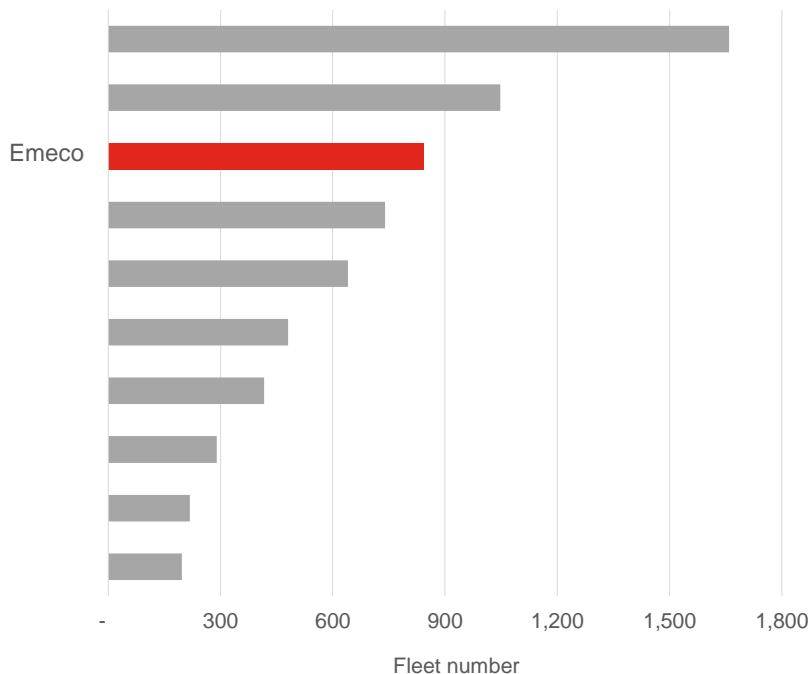
Leverage (net debt / operating EBITDA)









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

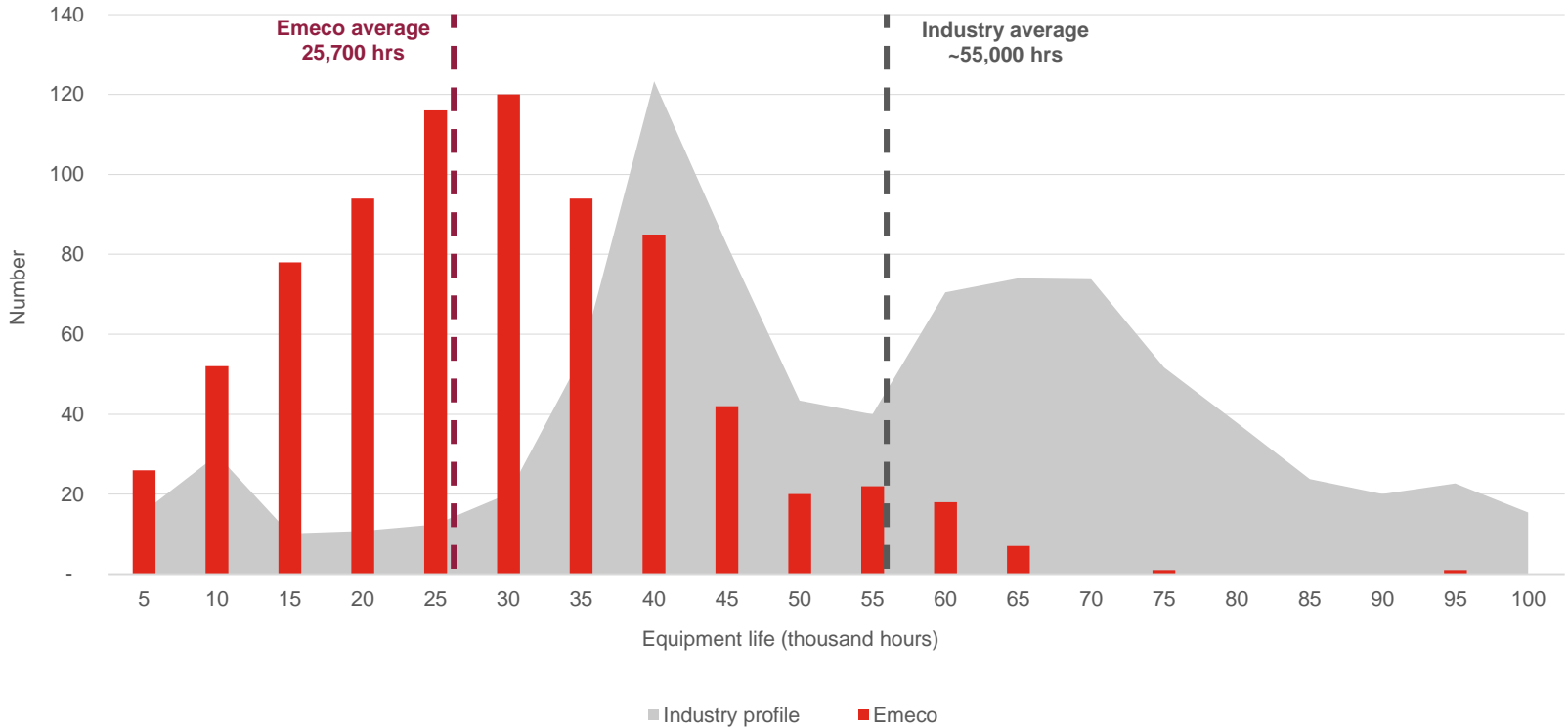
Trucks		357
Dozers		188
Loaders		101
Graders		68
Excavators		53
Ancillary		29
Total		796

Source: Emeco fleet data, Quartile One

Notes: 1. Includes mine owners and contractors

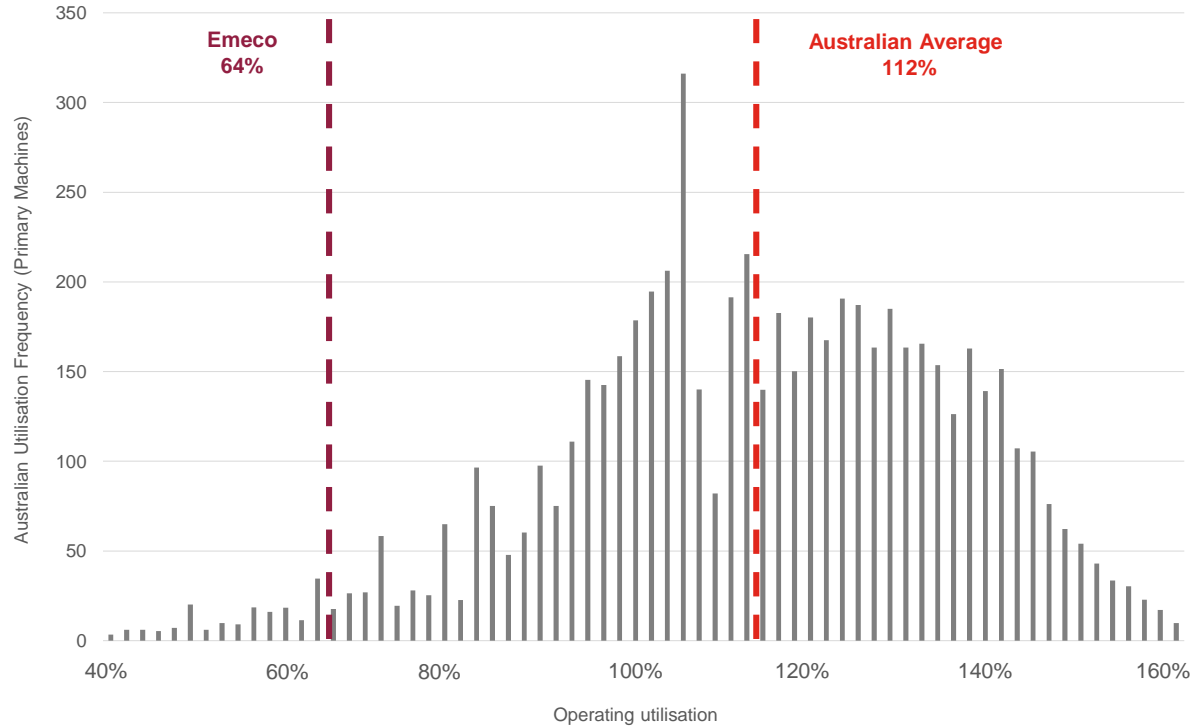
EMECO'S FLEET HAS SIGNIFICANT LIFE REMAINING

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



GROWTH OPPORTUNITIES

Emeco can achieve significant future growth in Australia through the following initiatives

- Organically grow our rental fleet to meet customer demand through additional fleet acquisitions (whilst continuing our deleveraging trajectory)
- Further bolt-on acquisition of competitors
- Provide in-field maintenance services to support our customers' equipment
- Growing our Force maintenance business organically and through strategic acquisitions
- Provide asset management services by leveraging our capability to manage mid-life equipment
- Provide customers with additional value-added services further embedding ourselves in customer operations
- Purchase and rent-back opportunities providing customers capital preservation and extended fleet life
- Expansion into underground rental and services



Appendix



COMPANY SNAPSHOT

Emeco Holdings Limited (ASX:EHL)

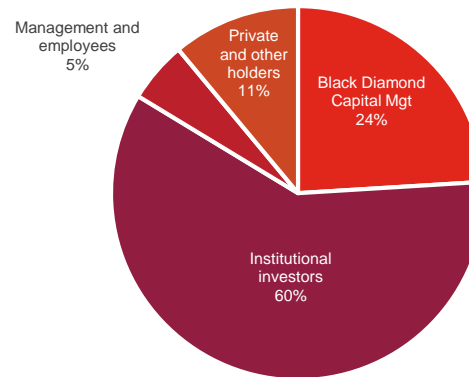
Capital structure

Share price (as at 22 November 2019)	\$2.08
52-week price range	\$1.63 - \$2.90
Shares outstanding (undiluted)	323.2m
Market capitalisation	\$672.3m
Net debt (as at 30 June 2019)	\$427.4m
Enterprise value	\$1,099.7m

Share price history



Shareholders



Thank you

Investor enquiries

Sam Byford

Investor Relations Manager

+61 8 9420 0222

emecogroup.com

