

16 September 2020

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

Completion of refinance of US\$180 million of Notes

- **Emeco has completed the refinance of US\$180 million (A\$247 million¹) of 2022 Notes with new notes maturing on 31 March 2024, eliminating the Company's 2022 refinancing task**
- **Under the new 2024 Notes, whilst net leverage² is below 1.5x, there is no cash sweep and restrictions on distributions to shareholders are relaxed**
- **Emeco has also issued a notice to repay the remaining US\$142 million (A\$195 million¹) of 2022 Notes on 15 October 2020**
- **As previously announced, Emeco's revolving credit facility will also be extended to September 2023**
- **Following this comprehensive package of initiatives, Emeco will have the strongest balance sheet since its initial public offering in 2006**
 - **Debt maturity profile extended out to FY24**
 - **Pro forma net debt of A\$224 million³ and net leverage of 0.9x^{2,3}**
 - **Pro forma interest coverage ratio of 9.8x^{4,1}**
 - **Significant balance sheet and capital management flexibility**

COMPLETION OF REFINANCE OF US\$180 MILLION OF NOTES

Emeco is pleased to announce completion of the refinance of US\$180 million (A\$247 million¹) 31 March 2022 notes (**2022 Notes**) pursuant to privately negotiated arrangements with certain major noteholders.

The new notes have a maturity date of 31 March 2024 notes (**2024 Notes**).

Under the terms of the 2024 Notes, whilst Emeco remains below 1.5x net leverage³, there is no cash sweep obligation and restrictions on shareholder distributions have been relaxed. These amendments significantly improve the Company's flexibility to manage its capital going forward.

The 2024 Notes can be repaid at any time prior to maturity at 104.625 and otherwise have materially the same terms as the 2022 Notes.

The 2024 Notes will be listed on the Singapore Exchange (SGX) and continue to be fully hedged for principal and interest at the same effective rate of the 2022 Notes of 1USD:0.7293AUD.

¹ Converted at the effective hedged rate of 0.7293

² Net debt / operating EBITDA

³ Based on pro forma FY20 financial information excluding the impact of AASB 16 Leases. US\$ balances converted at the 30 June 2020 exchange rate of 0.6863

⁴ Operating EBITDA / pro forma interest expense

REPAYMENT OF REMAINING 2022 NOTES

Emeco has issued a notice to repay the remaining US\$142 million (A\$195 million⁵) of 2022 Notes on 15 October 2020. The repayment of the 2022 Notes will be funded from the net proceeds of the recently announced underwritten A\$149 million pro rata entitlement offer and existing cash on hand.

REVOLVING CREDIT FACILITY EXTENSION TO SEPTEMBER 2023

As previously announced, the refinance and repayment of the 2022 Notes activates an option for Emeco to extend the maturity of its revolving credit facility to September 2023. Emeco will exercise this option to extend, securing the long-term liquidity of the Company (currently \$153 million⁶ following this transaction).

Emeco Managing Director and CEO, Mr Ian Testrow, commented: "This is a significant transaction in the evolution of Emeco, giving us the strongest balance sheet in our history as a public company with net leverage of 0.9x. The terms of the new 2024 Notes put Emeco in a position to implement a complete capital management framework, which enables us to distribute funds to shareholders in the future, as appropriate."

Mr Testrow, continued: "Extending the company's debt maturity out to FY24 and reducing our total debt by \$195 million will reduce our annual interest cost by \$19 million, improve our free cash flow and allow the Emeco team to fully focus on running the business and continue our evolution to becoming a leading mining services solutions provider."

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Investor enquiries

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This announcement was authorised to be provided to the ASX by Penny Young, Company Secretary of Emeco Holdings Limited.

⁵ Converted at the effective hedged rate of 0.7293

⁶ Based on pro forma FY20 financial information excluding the impact of AASB 16 Leases. US\$ balances converted at the 30 June 2020 exchange rate of 0.6863