

12 November 2020

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

## Chairman's Annual Address to Shareholders

Good morning everyone.

It is my pleasure to welcome you all to the 2020 Annual General Meeting of Emeco Holdings Limited. My name is Peter Richards and I am the Chairman of Emeco. As a quorum is present, I formally declare this meeting open.

I would like to introduce my fellow directors. In Perth, we have Ian Testrow, Emeco's Chief Executive Officer and Managing Director. Here with me in Sydney is Keith Skinner, and we also have Peter Frank on the line all the way from New York.

As you know, Darren Yeates retired from the board effective yesterday. I would like to take this time to thank Darren for his services to Emeco over the past three and a half years and, together with my fellow directors and management, wish him the very best in his new endeavours.

We have commenced the process to appoint a new independent, non-executive director. Given the skills that we are losing with the retirement of Darren, we are focusing on finding someone who brings strong operational and safety experience and considerable industry knowledge to the board, particularly in areas where Emeco has expanded its service offering.

In Perth today, we also have the management team, attending his first Emeco AGM, Neil Siford, Emeco's Chief Financial Officer, and Thao Pham, Emeco's Chief Strategy Officer. Penny Young, Emeco's Company Secretary and General Counsel, joins us via video from Melbourne. Turning now to address meeting formalities, given a number of board members and the Company Secretary are attending the meeting remotely, in the event of any technical difficulties or interruptions I appoint Thao Pham, who is present at the AGM venue in Perth, to take over as Chair in my place.

To begin my address, I want to start with the safety of our employees, Emeco's number one asset. Emeco is committed to the safety and wellbeing of our workforce. Pleasingly, Emeco significantly reduced its total recordable injury frequency rate from 4.6 to 2.9 in FY20. Further, the lost time injury frequency rate remained at zero for the fourth year in a row.

Emeco, as with the rest of the world, faced the challenge of the COVID-19 pandemic in this past year. Myself and the rest of the board have been extremely proud of the response our team has made to implement policies and guidelines to ensure the health and safety of not only our workforce, but also our customers whom we have interacted with.

Despite the challenges presented by COVID-19, Emeco continued to execute on its strategy of creating a more sustainable and resilient business. Importantly also, no redundancies or pay reductions were implemented across the wider Emeco group employees as a result of COVID-19, nor did we receive any government support.

Ian will provide a more detailed operational overview of FY20, our outlook for FY21 and the Company's strategy shortly, however, I wanted to note that in addition to our continued earnings growth in FY20, we have continued to build on our strong rental and equipment maintenance businesses by acquiring the specialist underground mining services business, Pit N Portal.

Pit N Portal has accelerated the execution of our strategy of providing more services to our customers in order to create value to, and embed us in, our customers' operations. Pit N Portal has also significantly assisted us in achieving a more balanced commodity mix with increasing revenue from metals, and a more diverse customer base.

In addition, our focus on being the lowest cost, highest quality provider of equipment, while prudently allocating capital to generate strong returns, drove strong free cash flow through the year. This further reduced the Company's net debt and resulted in leverage falling to 1.46x at 30 June 2020.

In early FY21, we then completed a suite of capital structure initiatives to strengthen our balance sheet. With proceeds from the \$149 million pro rata rights issue and cash on hand, we repaid US\$142 million of our outstanding US notes. We also negotiated an agreement with our largest noteholders to extend the maturity of the remaining US\$180 million of US notes out to March 2024.

The combined result is that Emeco's balance sheet has strengthened considerably. Net leverage is now below 1.0x. Our interest cost is down \$19 million on an annual basis, thereby increasing our free cash flow. This puts the Company in a far stronger position to invest in the strategic direction of the business where strict return hurdles can be achieved, return funds to shareholders through a range of capital management initiatives and, most importantly, ensure the Company is much more resilient through the cycles.

This places Emeco in a position of strength to take the business to the next phase in our evolution and we look forward to creating value for shareholders in the future.

In finishing, I would like to thank Ian and his management team who continue to work diligently to grow and evolve the business, and I would also like to acknowledge the hard work and dedication of Emeco's employees in the year. I wish for everyone to stay healthy and remain safe.

I would also like to thank my fellow board members for their service and input this past year. And finally, I would like to thank all of our shareholders. We share your disappointment in the performance of our share price this year and appreciate your ongoing support of the Company. However, I believe the strategic direction of the business illustrates how Emeco has evolved and is continuing on its path to be a strong and resilient business.

I'd now like to invite Ian, as Managing Director, to discuss this in detail and deliver his address.

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