

Emeco Holdings Limited Macquarie Australia Conference Presentation

6 May 2021



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EMECO OPERATIONS

Emeco is the largest heavy earthmoving mining equipment solutions provider in Australia, with leading positions in mining equipment rental, hard rock mining services and equipment maintenance

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Australia's largest provider of open cut rental equipment

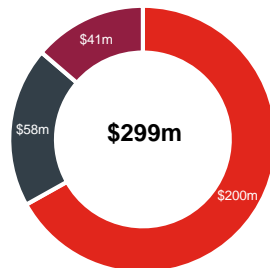


Fleet size of ~770



360 Employees

1H21 Revenue²



Australia's largest underground hard-rock rental business and leading mining services provider

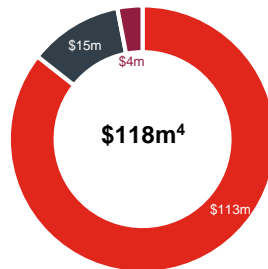


Fleet size of ~160¹



269 Employees

1H21 EBITDA³



■ Rental ■ Pit N Portal ■ Force



Specialist mining equipment maintenance and rebuild service provider



9 Workshops across Australia



393 Employees



Notes:

1. Pro forma for asset purchase announced 23-Apr-21
2. Revenue from external customers only
3. Excludes corporate overheads
4. Includes corporate overheads



1H21 FINANCIAL SUMMARY

Emeco's ongoing strategy to build a more resilient business has been executed with success, maintaining strong cash flows and a high return on capital

1H21 financial summary¹

\$m unless otherwise stated	1H20	1H21	Commentary
Operating revenue	246.5	298.6	Strong revenue growth with increased services revenue and Pit N Portal contribution
Operating EBITDA ¹	122.2	117.9	EBITDA at the upper end of guidance range (\$115-\$118m)
Operating EBITDA margin ¹	49.6%	39.5%	Increased capital-lite services from Pit N Portal and additional fully maintained rental projects (aligned with our strategy) are reflected in 1H21 EBITDA margins
Operating EBIT ¹	67.8	59.7	Another strong EBIT result despite COVID-19 disruption and coal weakness
Free cash flow ²	23.3	43.9	Continued strong cash generation supported by cash conversion of 107%
Net leverage ³	1.88x	0.96x	Strongest balance sheet in Emeco's history supports capital allocation optionality
Return on capital (ROC) ⁴	20.7%	18.7%	Continued high return on capital

Notes:

1. Continuing operations only. Operating financial metrics are non-IFRS measures. Refer to Statutory to Operating reconciliations can be found in the 1H21 results presentation. 1H20 has been adjusted to include the impact of AASB 16 Leases
2. 1H21 shown before growth capex of \$10m
3. Trailing 12 months operating EBITDA / AUD hedged value of net debt
4. ROC calculated as Operating EBIT over average capital employed

PEOPLE AND SAFETY

Emeco is continuously investing in its workforce of 1,000 people to drive long-term sustained success and has improved its TRIFR to 2.8 as we target a zero harm workplace

People

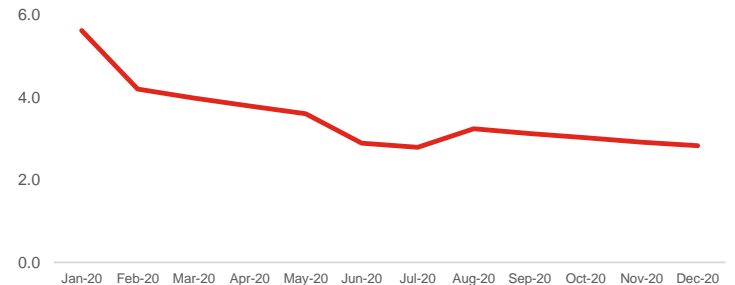
- We have a workforce of over 1,000 dedicated, driven and highly skilled mechanics, fitters, boilermakers, electricians, engineers, geologists, operators, professionals and administrative support
- A key driver of our success is our people and their alignment to our strategy and culture, and we are committed to investing in our workforce
- We have commenced Project Align to further upgrade our recruitment, onboarding and training capability and drive cultural alignment throughout the workforce. We must be an employer of choice to deliver our overall strategy of increasing our services levels
- There is continued strong representation of women in senior leadership roles

Safety

- Emeco continues to be lost-time injury (LTI) free for another year, extending the LTI free period to over 4 years
- TRIFR is 2.8 at 31 December 2020, reduced from 5.6 at 31 December 2019



Total recordable injury frequency rate (TRIFR)



OUR STRATEGY

Emeco is a sustainable and resilient business, with a widened value proposition, diversified mix of customers and commodity exposure. Strong cash flows and low leverage create opportunities to continue along the strategic path

Strong balance sheet

- Maintain a healthy balance sheet with leverage below 1.0x
- Supporting resilience and the ability to withstand changes through the cycles
- Strong free cash flow generation providing capital allocation optionality to invest in the business and return capital to shareholders to maximise returns

Widening the value proposition

- Expanded service offering, providing rental, fully maintained rental, value-added mining services, EOS technology and equipment rebuild services
 - Expansive operational capabilities across the business
 - Increased tenure with customers
 - Embedded on customer sites with EOS technology, maintenance personnel, mobile workshops, operators, geologists and engineers



The lowest cost, highest quality provider

- Best-in-class operational capabilities to be the lowest cost and highest quality provider of mining equipment, supported by a skilled workforce of 1,000 people and 9 strategically located workshops
- With the world's largest mining rental fleet (now underground and open cut with the addition of Pit N Portal), combined with Force's rebuild capability, Emeco provides cost and pricing advantages that enable us to capture market share

Balanced and diversified portfolio

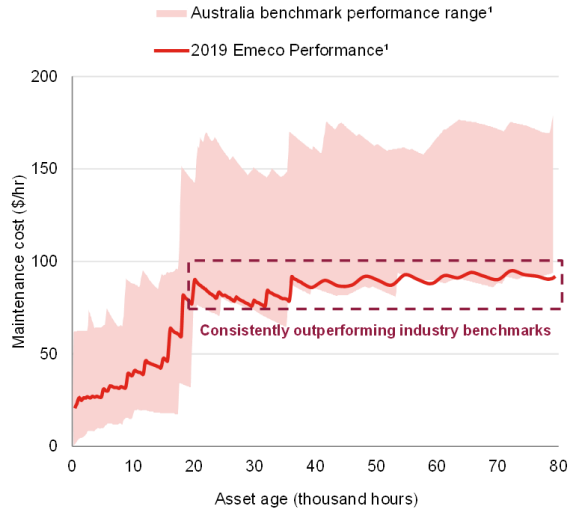
- Target a balanced customer and project mix to ensure no over-reliance on any customer, customer type, project, commodity or region
- Balanced commodity portfolio and commodity agnostic fleet
- Diverse suite of services and capabilities to add value to customers

Executing our strategy to build a more resilient business

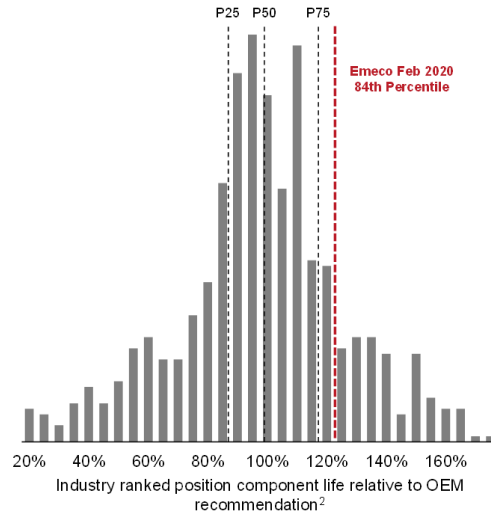
LOWEST COST, HIGHEST QUALITY PROVIDER

Unique to Emeco, rebuilding equipment internally through our Force workshops generates unmatched quality and cost advantages to be consistently lower than competitors

Emeco life-cycle cost performance compared to the industry



Industry ranked position component life relative to OEM recommendation²



Mid-life asset model

- Acquiring assets around the end of its first life significantly reduces the capital investment required
- Force's rebuild and maintenance capabilities provide complete control over asset management and life-cycle costs
- Equipment monitoring and reliability engineering ensure that performance and availability are uncompromised
- This model allows Emeco to remain the lowest on the cost curve and ensures we remain the lowest cost, highest quality provider to our customers

Source: Emeco fleet data, Quartile One

Notes:

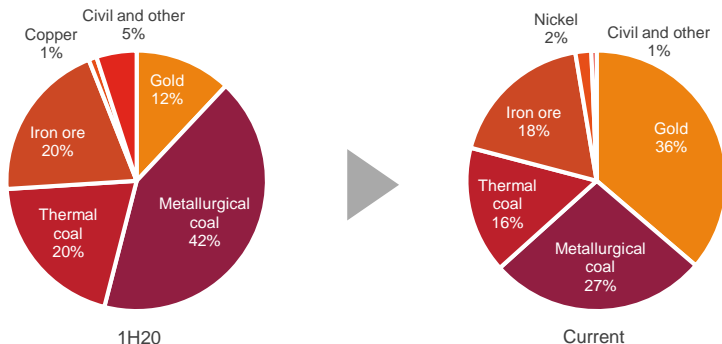
1. CAT 789C haul truck life cycle cost
2. Component life relative to OEM recommended replacement frequency. Equipment in scope includes large dump trucks and large dozer fleet models including: 777, 785, 789, 793, D10, D11. Time horizon: calendar year 2019

PORTFOLIO DIVERSIFICATION

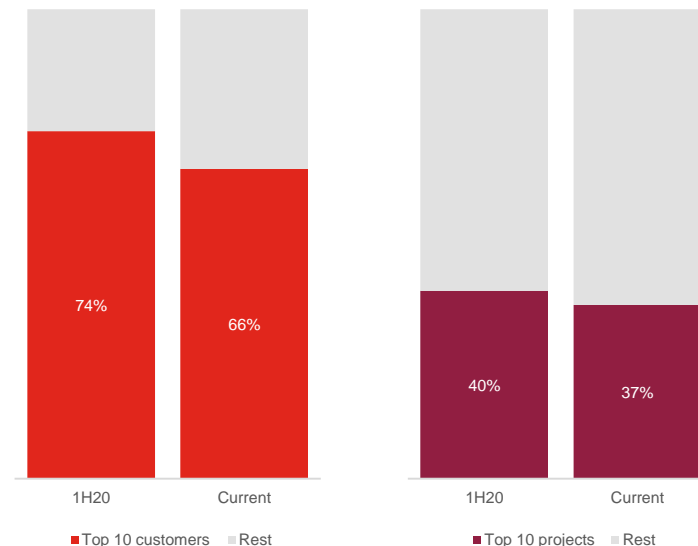
Emeco has continued to diversify its revenue by commodity in 1H21, with strong growth in metals further reducing the reliance on coal while also expanding the diversity of our customers and projects

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Commodity mix



Customers and projects continue to diversify



- Gold revenue has more than tripled since 1H20 as metals revenues now exceed coal revenues at 57% of group turnover, resulting in total coal revenue reducing to 43%, by far the lowest level since the three-way merger in 2017
- In 1H21, thermal coal represented only 16% of revenue, down from 40% in 1H19
- Implementation of this strategy has widened the customer and project diversity with Emeco servicing over 180 customers and over 260 projects

Emeco's balanced commodity and customer portfolio supports strong performance through the cycles

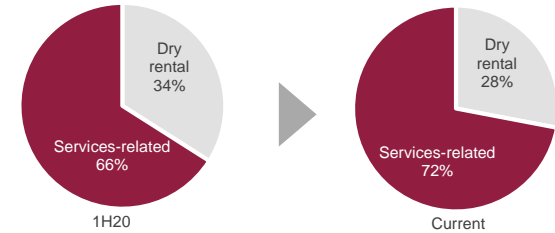
WIDENING VALUE PROPOSITION

Our ongoing strategy to diversify our revenue through increasing our service offering continues to widen the value proposition for our customers and positions Emeco to become further embedded on customer sites

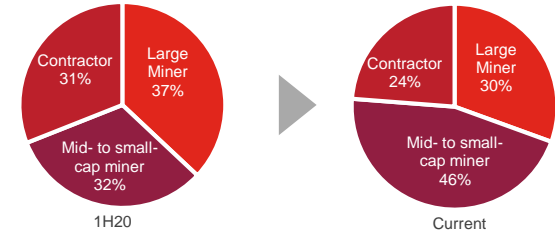
Expanding our services

- Strategy of layering on services-related revenue (which includes fully maintained equipment hire) is gaining momentum, now representing 72% of total revenue
- Pit N Portal will play a key role in capital-lite revenue growth with comprehensive underground services and recently winning its first surface project, complementing its rental operations
- Force has expanded to rebuilding underground equipment to support the growth in our Pit N Portal business
- Our unique in-house EOS technology has been deployed to 2 more key projects in 1H21, and will be included in new projects in 2021, differentiating Emeco and has been crucial for the award of a number of new Pit N Portal projects
- The full-service model is particularly attractive to mid- to small-cap miners who now represent 46% of our total revenue – these customers typically provide us with the longest tenure and embrace our expanded services
- The strategy has successfully allowed Emeco to become further embedded into our customers' operations and build long-term partnerships, resulting in increased average project tenure from 1.5 years in FY19 to 2.5 years currently

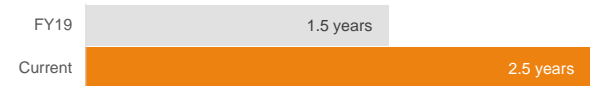
Services revenue



Customer mix



Average contract tenure



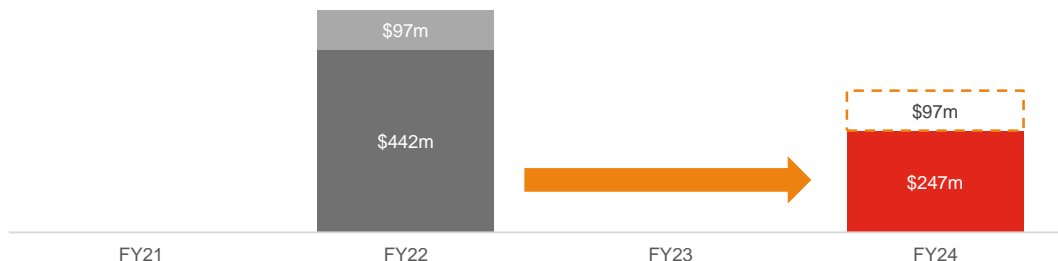
STRONGEST BALANCE SHEET IN EMECO'S HISTORY

Comprehensive package of capital structure initiatives completed in 1H21, fortifying Emeco's balance sheet target of 1x leverage achieved

Leverage¹ (net debt / operating EBITDA)



Debt reduced by \$289m and maturity profile extended to FY24



■ March-22 notes (as at 30-Jun-20) ■ RCF (drawn) (as at 30-Jun-20) ■ March-24 notes (as at 31-Dec-20) □ RCF² (undrawn) (as at 31-Dec-20)

Stronger balance sheet

- A\$195m of US notes repaid and leverage reduced to 0.96x
- \$169m of liquidity available at 31 December 2020, including \$72m of cash on hand, supported by \$44m of free cash flow (pre-growth capex) generated in 1H21
- With the strongest balance sheet in Emeco's history, we have created significant capital management flexibility
- Continue to evaluate options to refinance remaining debt on improved terms

Notes:

1. LTM Operating EBITDA to 31 December 2020 of \$250m. 2. Option to extend RCF maturity date by 2 years to 30-Sep-23 at Emeco's election.

OPERATING UPDATE

FY21 operating EBITDA expected be \$235m to \$238m

Rental

- Reconfirm that 2H21 Rental Division operating EBITDA will be broadly in line with 1H21 of \$113m
- Positive 4Q21 Rental earnings momentum supportive of FY22 growth
- Approximately half of equipment off-hired in CY2020 has now been re-deployed across the business

Eastern Region

- Performance is consistent with expectations demonstrating stable performance from existing projects with positive momentum in 4Q21, primarily driven by commencement of new projects
- Further opportunities as remaining latent capacity is placed into projects

Western Region

- Strong 2H21 earnings growth expected over 1H21 and further growth supported by fleet moved from Eastern Region in the period and new projects commencing
- Optionality to move further latent Eastern Region fleet capacity, if required



PIT N PORTAL

Growth in rental fleet and ramp-up of projects supports strong performance ahead

- Continued momentum in rental and mining services activity
- Rental fleet at full utilisation
- 2H21 earnings expected to be broadly in line with 1H21 as a result of commissioning issues in some early stage works which have temporarily impacted profitability
- Actions underway to improve operating performance with the financial impact of these issues expected to be limited to 2H21
- Future growth in rental operations supported by capital expenditure of \$14 million (including rebuild costs) to acquire a package of high quality second-hand underground equipment
 - New equipment is expected to deliver an attractive pre-tax IRR above 20%
 - Capex is partially a bring forward of future capex and partially incremental growth
- Growth expected in FY22 as newly acquired assets are deployed into rental projects and as existing projects ramp-up towards full production
- Healthy pipeline of opportunities across the business



STRONG CASH FLOW AND CAPITAL MANAGEMENT POLICY

Strong free cash flow provides capital allocation optionality supporting prudent capital investment and shareholder distributions

Cash flow and balance sheet

- Momentum is building into FY22 as we deploy the latent capacity in our fleet and commence new projects
- Our focus remains on strong cash generation to support our sustaining and growth capex and returns to shareholders
- Cash generation is supported by lower interest costs following our debt reduction and our tax shield for the next few years
- We believe that the appropriate leverage is around 1.0x over the medium term and expect 30 June 2021 net leverage to be between 0.9-1.0x

Capital management policy

- We have reached the next phase of Emeco's journey with the Board announcing the implementation of a capital management policy
- The policy allocates 25-40% of operating net profit after tax to capital management initiatives each year
- The form of the capital management will be announced with our full year results and, for FY21, will be pro rated for the second half
- The Board will assess the relative benefits of dividends, making use of Emeco's franking credits of \$85 million, and share buybacks, based on our share price and valuation, at the time the payments are approved in order to maximise shareholder value
- The policy has been determined to achieve sustainable shareholder distributions, whilst also supporting prudent investment in the business, through the cycle

Thank you

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