

Emeco Holdings Limited Investor Conference Presentation

9 September 2021



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FY21 FINANCIAL HIGHLIGHTS

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Revenue

\$620m

Continued growth in revenue, up 15% on FY20 with increased services revenue and full year Pit N Portal contribution

Operating EBITDA¹

\$238m

Strong earnings at the high end of guidance range of \$235-238m

Free cash flow

\$87m

Continued strong cash generation, up 12% on FY20 before growth capex and will see further benefit from interest savings in FY22 onwards

ROC²

17%

Resilient business model demonstrating strong returns, with an increase expected in FY22

Debt refinancing

\$250m

9.25% US notes fully refinanced with \$A notes at 6.25% for five years, maturing in July 2026

Interest savings³

\$28m | 64%
per annum

Annual interest savings following Aug-20 debt reduction and Jun-21 full refinancing of US notes

Leverage⁴

0.9x

Maintaining a strong balance sheet with net leverage below our long-term target of 1.0x

Capital management

\$11m
35% of 2H21 operating NPAT

Capital management includes 1.25 cent fully franked dividend and an on-market share buyback

Notes:

1. Operating financial metrics are non-IFRS measures. Refer to Statutory to Operating reconciliations in the FY21 Annual Report
2. Return on capital (ROC) calculated as LTM Operating EBIT over average capital employed
3. Annual interest saving achieved from debt refinancing transactions in FY21, based on FY20 US notes interest cost of \$44m compared to pro forma cash interest expense for FY22 following \$A MTN notes issue, of \$16m
4. Net debt / Operating EBITDA
5. 2H21 operating NPAT of \$30.5m

EXECUTED OUR STRATEGY IN FY21

In FY21, we made significant progress in our strategic objective of creating a more resilient business, with a strong balance sheet, widened value proposition, diversified mix of customers and commodity exposure

Strong balance sheet

- ✓ Reduced legacy US debt and refinanced with A\$ debt on more attractive terms, reducing annual interest by \$28m (64%)
- ✓ Strong free cash flows of \$87m before growth capex
- ✓ Healthy balance sheet with leverage below 1.0x
- ✓ Implemented 25-40% capital management policy
- ✓ \$11m capital management package (35% of 2H21 operating NPAT) comprising 1.25 cent fully franked dividend and on-market share buyback

The lowest cost, highest quality provider

- ✓ With a continuous improvement drive, built on asset management capability including condition monitoring, predictive maintenance, reliability engineering and data analytics
- ✓ Investment in mid-life open cut and underground assets which meets strict return hurdles and supports our strategic goals
- ✓ 15% increase in the use of our own Force Workshop rebuilt components
- ✓ Expanded Workshop capabilities to drive our strategic competitive advantage of rebuilding equipment and components

Widening the value proposition

- ✓ 8 new fully maintained rental projects
- ✓ Mining services revenue increased to 85% of PNP's portfolio (FY20: 72%)
- ✓ Commenced first surface mining services project utilising Emeco Rental fleet and EOS technology
- ✓ Service-related revenue increased to 72% (FY20: 66%)
- ✓ Evolved and successfully implemented EOS at three additional projects
- ✓ Ongoing investment in talent development and retention

Balanced and diversified portfolio

- ✓ Gold exposure increased to 37% (FY20: 17%), coal reduced to 38% (FY20: 58%). Copper and Nickel are new commodity exposures and will grow
- ✓ Commodity agnostic fleet rebalanced to increase exposure to WA hard rock commodities
- ✓ Well diversified customer base with over 150 customers
- ✓ Average project tenure increased to 2.5 years

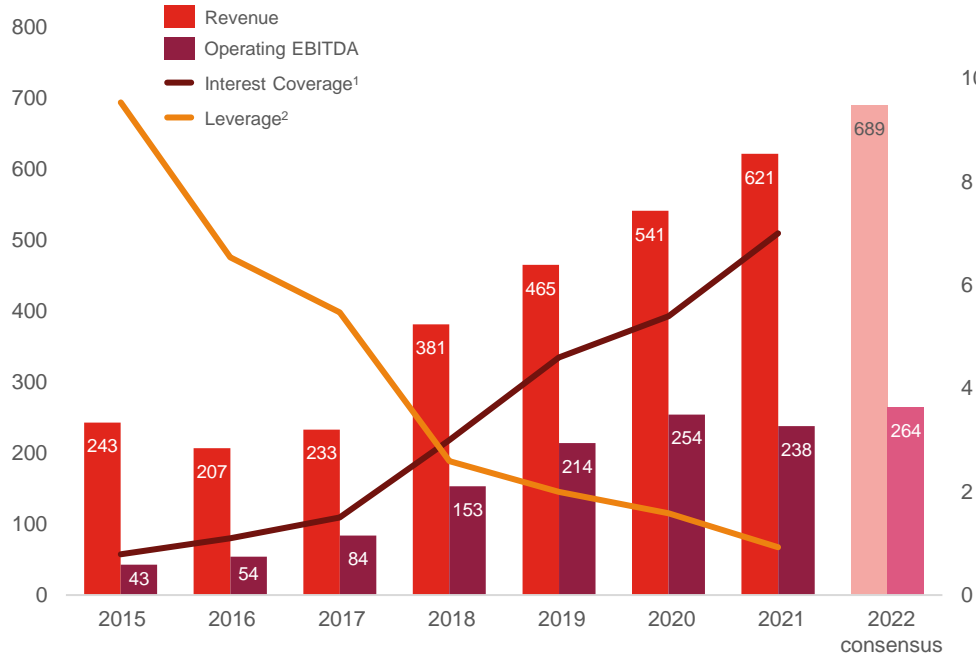
Executing our strategy to build a more resilient and sustainable business

REPAIRED AND REBUILT

Emeco is more resilient and the business is ready for the next phase of growth

Net debt, interest coverage and leverage

\$m (revenue & EBITDA, LHS); Ratio (interest coverage and leverage, RHS)



Over the past 6 years, we have:

- Rebuilt the revenues and profitability of the company to record levels
- Successfully strengthened the balance sheet and deleveraged, creating greater financial resilience
- Produced returns on capital well above our cost of capital
- Committed to a capital management policy
- Consistently generated strong free cash flows and set the business up for further strong cash generation

Notes: 1. Interest Coverage = EBITDA / Interest Expense; 2. Leverage = Net Debt / EBITDA

TRANSFORMATION OF EMECO

Emeco has significantly evolved its business model in the past 5 years to ensure that it is sustainable through the cycle, increasing average contract tenure from 6 months to 2.5 years



Services:

Open cut rental



Services:

- Open cut rental
- Underground rental
- Mining contracting (underground and surface)
- Onsite infrastructure
- Onsite maintenance
- Full equipment rebuilds
- Component rebuilds
- Equipment operators
- EOS technology
- Technical and engineering expertise



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STRONG CASH FLOW PROVIDES LONG-TERM OPTIONALITY

Emeco's strong balance sheet and cash generation supports long-term optionality to invest strategically for growth

- Business positioned to **generate strong cash flows** into the future to organically fund growth
- We will explore the following growth initiatives:
 - **Building on the core business** capability and scale
 - Further **widening the value proposition** to increase value for our customers and maximise tenure
 - Selectively targeting **commodity diversification**
 - Expanding **EOS and digitising** the business
- Investment guided by **strict return hurdles**, evidenced by strong returns achieved in recent years
- Committed to maintaining capital management policy (25-40% of operating NPAT) and maintaining long term target leverage <1.0x
- Surplus cash may be used to further strengthen the balance sheet



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Thank you

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