

Emeco Holdings Limited

2009 Interim Results

MR LAURIE FREEDMAN, Managing Director & Chief Executive Officer

MR STEPHEN GOBBY, Chief Financial Officer



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Agenda

1. Highlights
2. Financials
3. Operational Review
4. Outlook
5. Appendix



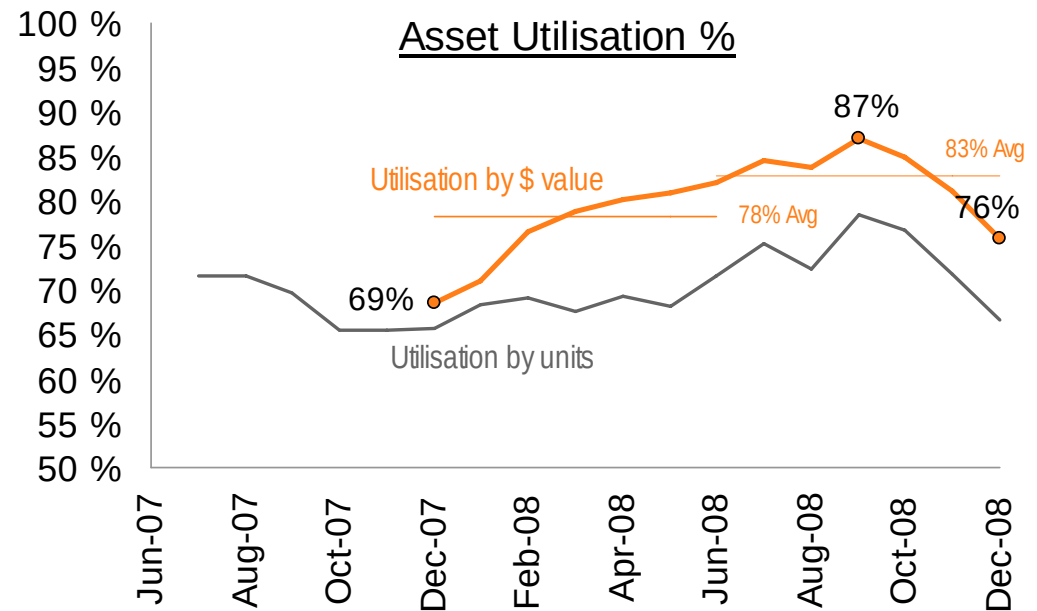
1H09 Highlights

- Operating revenue up 8% pcg contributing to record operating profit of \$39.0m, up 27.9% pcg
- Operating cash flow including sustaining capex of \$51.4 million or 8.2 cents per share
- 83% average utilisation of assets in the period (by asset value)
- Performance improvements continued in Indonesia, US & Canada
- Available headroom of \$274 million in debt facilities renegotiated in August 2008, comfortably compliant with all debt covenants
- Interim fully franked dividend of 2.0 cps declared



1H09 Highlights

- Continuation of 2H08 performance and in-line with expectations
- Market penetration of offshore business units continued underpinning strong performance
- Refinancing of \$630 million debt facility strongly positions Emeco
- Unprecedented volatility across global resources sector unfolded in December / January leading to reduced FY09 guidance



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Financial Performance

Improved margins and maturing international businesses contributed to growth in earnings and ROFE

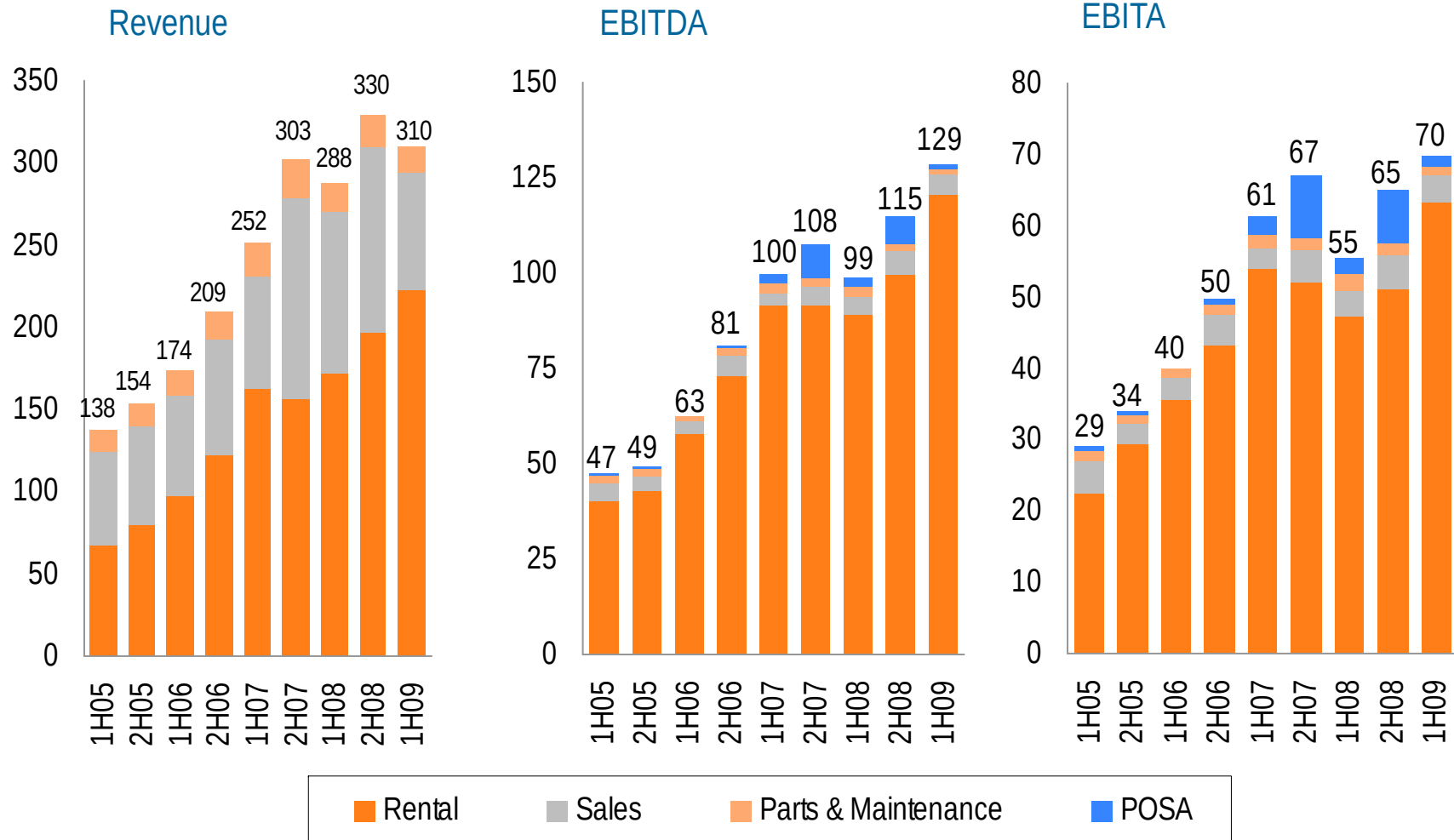
	1H08 A\$ m	1H09 A\$ m	Var A\$ m	Var %
Revenue	288.2	309.8	21.6	7.5%
EBITDA	98.6	128.6	29.9	30.4%
<i>margin (%)</i>	<i>34.2</i>	<i>41.5</i>	<i>7.3</i>	<i>21.3%</i>
EBITA	55.4	69.7	14.3	25.8%
<i>margin (%)</i>	<i>19.2</i>	<i>22.5</i>	<i>3.3</i>	<i>17.0%</i>
NPATA	31.5	39.2	7.7	24.5%
NPAT	30.5	39.0	8.5	27.9%
EPS (cps)	4.8	6.2	1.4	28.7%
DPS (cps)	2.0	2.0	0.0	0.0%
Funds Employed	870.8	918.3	47.5	5.5%
ROFE (%) ¹	13.2%	15.0%	1.8%	13.9%

Note:

1. ROFE is calculated on six months rolling EBITA divided by average funds employed over that period

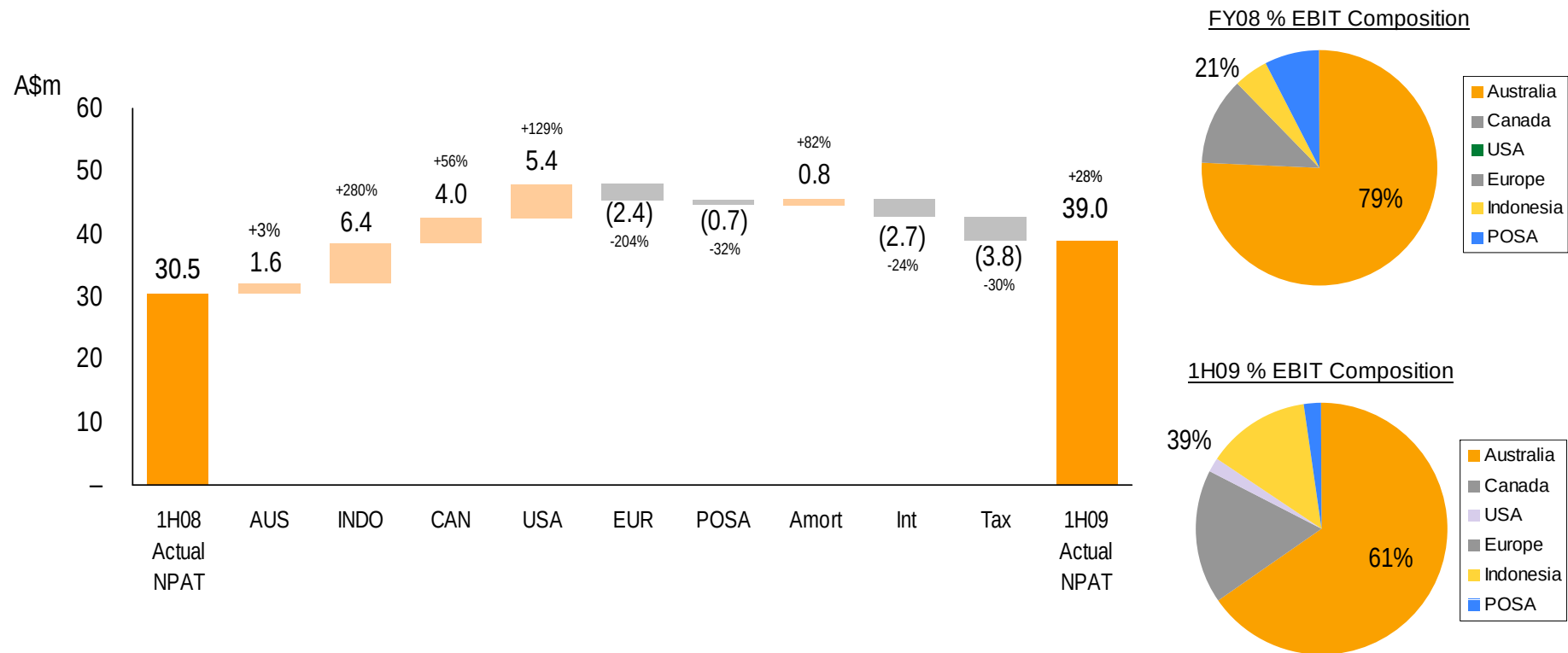


Earnings Composition



Half Year Earnings

International businesses maturing with increasing contribution to group earnings



Operating Cash Flow

Achieved first half target to remain cash flow neutral with free cash flow to grow in 2009

	1H08 A\$ m	2H08 A\$ m	1H09 A\$ m
EBITDA	98.6	114.8	128.6
General Working Capital	(3.8)	(15.7)	23.9
Sales & Parts Inventory	(60.6)	58.5	(14.3)
Interest & Borrowing costs ¹	(12.0)	(12.3)	(17.0)
Share purchases for LTI	(0.6)	(0.4)	(2.9)
Income tax payments	(7.9)	(6.1)	(25.5)
Operating cash flow	13.7	138.9	92.8
Net sustaining capex ²	(41.5)	(16.7)	(41.4)
Operating cash flow after sustaining capex	(27.8)	122.1	51.4
Growth capex	(39.4)	(67.4)	(30.3)
Dividends	(15.7)	(12.5)	(15.7)
Free cash flow after discretionary items	(82.9)	42.2	5.4
OpCF after sustaining capex per share (cents)	(4.4)	19.4	8.2
OpCF after sustaining capex yield (%) ³	-4%	18%	29%

- Strong operating cash flow including sustaining capex equating to 8.2 cents per share
- Stable working capital translating to more predictable operating cash flow
- Maintenance capex core to business with some flexibility to manage across utilisation cycle
- Growth capex reducing in-line with outlook and expected to reduce further in 2H09
- Combination of management actions is translating to significant operating cash flow

Notes:

1. 1H09 includes \$4 million debt establishment fee
2. Net sustaining (maintenance) capex includes plant, equipment, motor vehicles, land & buildings and sundry equipment offset by \$8.9 million of disposals in 1H09
3. Share price taken at respective period end



Balance Sheet

Funding certainty and quality asset base provide strong foundation to capture future opportunities

	Dec-07 A\$ m	Jun-08 A\$ m	Dec-08 A\$ m
General working capital	83	93	95
Sales & Parts inventory	203	144	167
Rental plant	557	571	643
Intangibles	223	224	235
Other assets	68	72	65
Net debt	(396)	(348)	(412)
Other liabilities	(52)	(54)	(57)
Net Assets	686	702	736
Facilities Headroom (\$m)	139	209	274

- NTA of \$501 million equivalent to \$0.79 cents per share
- Senior debt facility secured until August 2011, \$274 million facilities headroom with significant covenants coverage
- Working capital in-line with expectations
- Flexibility to right-size SIB and growth capex in-line with utilisation
- FX impact on assets and liabilities managed through natural balance sheet hedge

Notes:

- Facilities headroom calculated as \$595m Senior debt facility plus \$35m Working capital facility plus \$55m Finance lease facilities less Net debt

Borrowings

Senior Multi-Currency Debt Facility:

- ✚ Facility limit - A\$595 million
- ✚ Drawn at 31 Dec 08 - A\$400.4 million
- ✚ Currency drawings - AUD, USD, CAD, EUR
- ✚ Maturity – August 2011

Working Capital Facility:

- ✚ Facility limit - A\$35 million
- ✚ Undrawn at 31 Dec 08
- ✚ Maturity – August 2009

Finance Leases:

- ✚ Facility limit – A\$55 million
- ✚ Drawn at 31 Dec 08 – A\$21.1 million
- ✚ Maturity - Range

- ✚ Based on 31 Dec 08: EBITDA performance would have to deteriorate by ~40% in order to breach covenants (assuming constant asset & debt levels)
- ✚ Gearing levels backed by liquid asset base
- ✚ Debt reduction expected over next 12 months due to limited growth capex
- ✚ Flexibility to significantly reduce debt if required over next 2.5 years based on 1H09 OpCF run rate of \$51.4 million

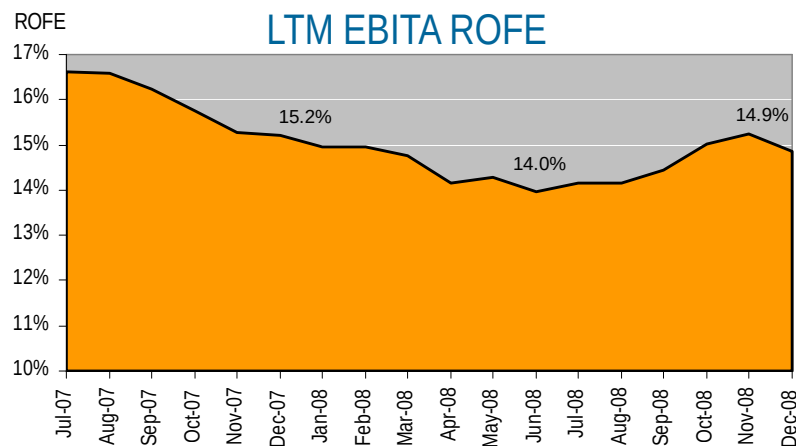
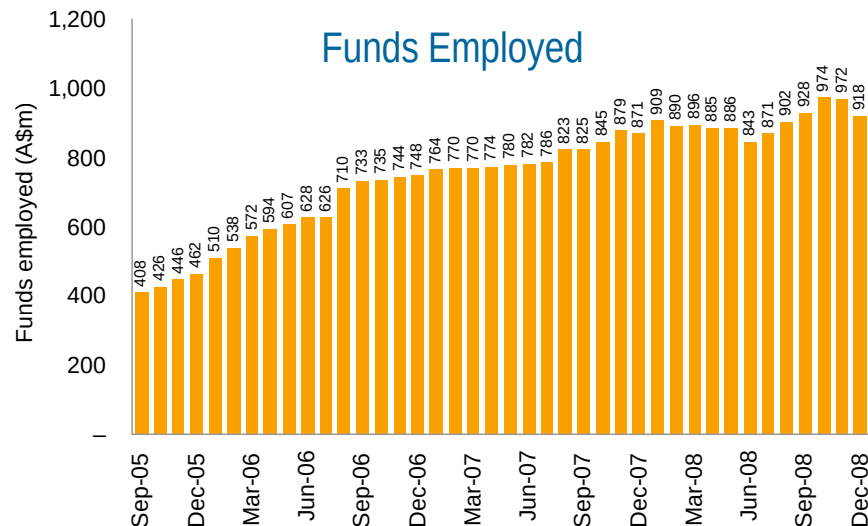
Senior Debt Covenants		Dec-07	Jun-08	Dec-08
Interest Cover	EBITDA / Interest Expense	9.5	9.1	10.3
Gearing	Snr debt less cash / EBITDA	1.98	1.71	1.73
LVR	Snr debt / NRV	46%	42%	43%

Asset Values

- ✦ Short term asset pricing trends vary across equipment classes
- ✦ Currently observing surplus capacity in some markets
- ✦ However a range of factors underpinning Emeco's tangible asset values:
 - 28% decline in AUD:USD over past 6 months is increasing cost of importing new & used equipment (EHL acquired its Australian rental fleet at significantly higher AUD with Australia comprising 62% of total tangible assets)
 - Emerging demand trend from new to used equipment due to pricing differential
 - Emeco's equipment maintenance reputation ensures constant demand for its equipment
 - Emeco's depreciation policy and residual value assumptions across the asset pricing cycle reflected in 24% POSA margin over past 2 years
- ✦ Asset valuations supported by Wells Fargo Construction Industry Forecast 2009 key findings:
 - *"More contractors plan to buy used equipment in 2009"*
 - *"Average age of fleets increasing substantially"* – indicating pent-up demand



Return on Funds Employed



- ROFE at 14.9% improving from June-08 (14.0%) however ongoing challenge to improve ROFE
- Maintain focus on working capital management
- Reduction in growth capital may provide opportunity to 're-base' ROFE

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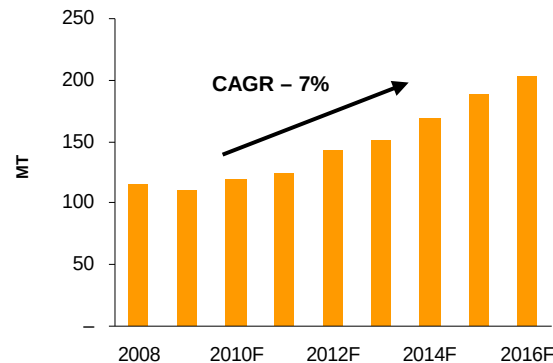
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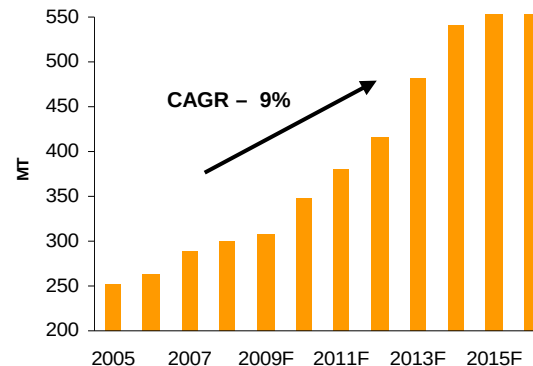
Volume Outlook

Despite commodity price declines Emeco's primary markets are forecast to continue volume growing at between 3–16% p/a over the medium term

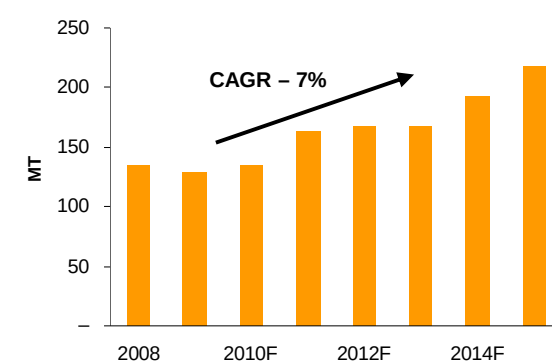
Australian Thermal Coal



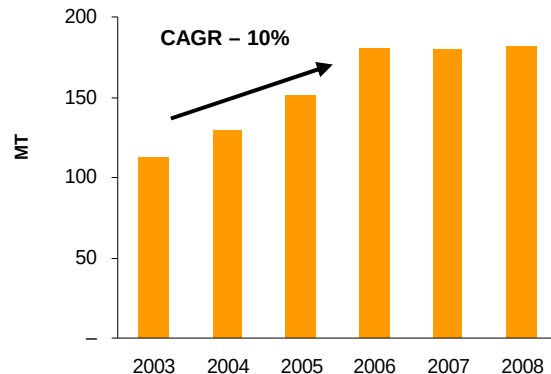
Australian Iron Ore



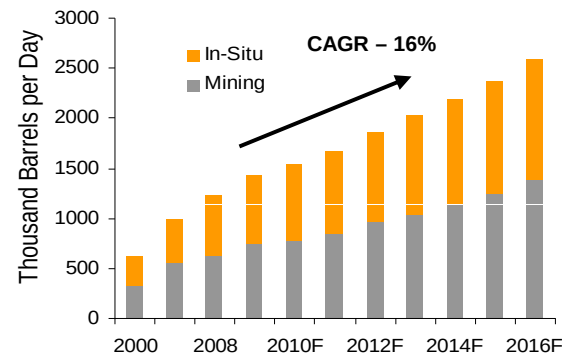
Australian Metallurgical Coal



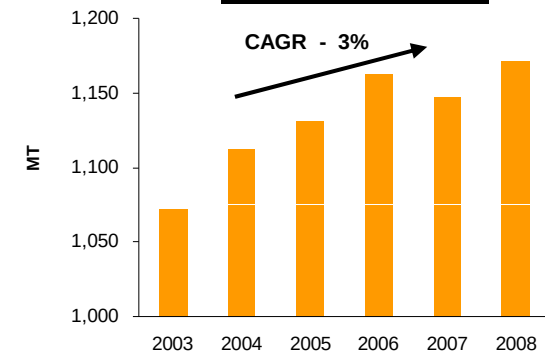
Indonesian Coal



Canadian Oil Sands



Appalachian Coal (USA)



Source: Commsec Coal & Iron Ore Exports 22nd Jan 2009
 Canadian Association of Petroleum Producers (CAPP): Crude Oil Forecast, Market and Pipeline Expansion Report Jan 2009
 Ministry of Energy and Mineral Resources – Republic of Indonesia Jan 09
 Official Energy Stats from the US Government: www.eia.doe.gov Jan 09

Regional Overview

Australia	• Australian Rental experienced strong demand in thermal coal, gold, iron ore and coking coal for most of the period • Deterioration in customer activity in coking coal and base metals in December • While medium term volumes appear positive short term volatility will be challenging • Australian Sales division underpinned by strong EBITA margins achieved from inventory purchased at higher AUD rates during FY08
Indonesia	• Higher coal production on the back of stronger thermal coal market • Further penetration of the Emeco rental model in the region • Increased diversification of customers across a combination of miners and contractors • Limited availability of financial capital presenting opportunities
Canada	• Utilisation impacted by annual freeze in December 2008 • Oil sands mining activity stable however development activity slowing in the short term • Reorientation of fleet towards larger mining equipment with opportunities outside oil sands emerging • Emeco brand equity in region now well established • New maintenance facility has bolstered Emeco's unique service offering



Regional Overview

United States

- Appalachian coal production supported by stable demand from domestic power generators
- US business infrastructure now well established to capitalise on opportunities
- Additional growth projects underway in 2H09
- Increased capacity in Parts business is delivering value

Europe

- Western Europe showing soft economic growth with limited trading opportunities
- Strategic review of opportunities in this region underway



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Market Outlook

Volumes

- Global market uncertainty driving operational decisions affecting short term volumes
- Medium to long term volume outlook remains robust
- Government fiscal policy supporting civil construction / infrastructure projects

Equipment Capacity

- In short term excess capacity emerging as contractors/ miners unwind based on changes of direction or hold decisions
- Factors expected to consume excess capacity include:
 - Ageing equipment fleets indicates pent-up demand
 - Manufacturers reducing production volumes: Caterpillar allowing order cancellations which will likely reduce production schedules
 - Continued mining activity with significant volumes despite rapid commodity price declines

Capital Availability

- Companies likely to remain cautious on capital expenditure programs for some time
- Recovery of credit cycle expected to be longer than recovery of the resource cycle
- Balance sheet and funding security positions Emeco to capture opportunities



Strategies – What are we doing?

- ✦ Now have debt secured up to August 2011
- ✦ Maximising Free cash flow by managing working capital, limiting growth capex and cost management initiatives
- ✦ Disposals - Repositioning fleet into larger sized mining equipment and liberating surplus assets
- ✦ Redeployment of idle fleet into regions with emerging opportunities
- ✦ Growth – not in short term however balance sheet ready if appropriate opportunities arise



FY09 Guidance

- The company anticipates net profit after tax for the full year to be in the range of \$65 - \$72 million, broadly in-line with average consensus estimates of approximately \$70 million and in-line with FY08
- Rental – business remains leveraged to volumes however short term volatility may impact utilisation in 2H09
- Sales – credit availability for customers presenting challenge however this may convert to rental opportunities
- Parts – cost reduction focus by companies to underpin demand for used over new parts
- Macro economic environment remains uncertain and mining sector expected to remain volatile in 2009
- Tendering a number of new opportunities throughout our entire operations, which if successful, will contribute to FY09 and establish a sound base for FY10



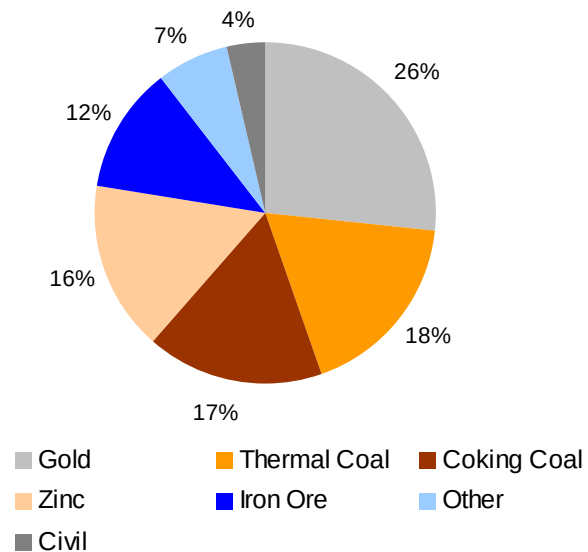
Questions & Answers

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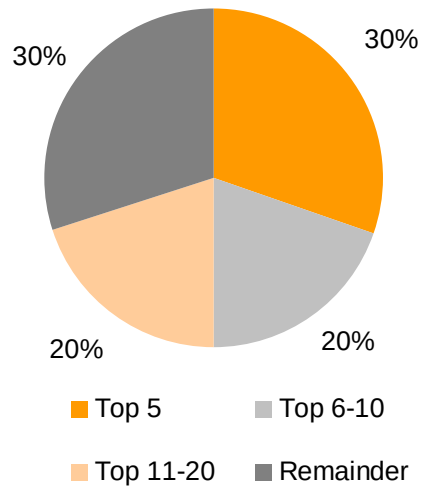
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Australia

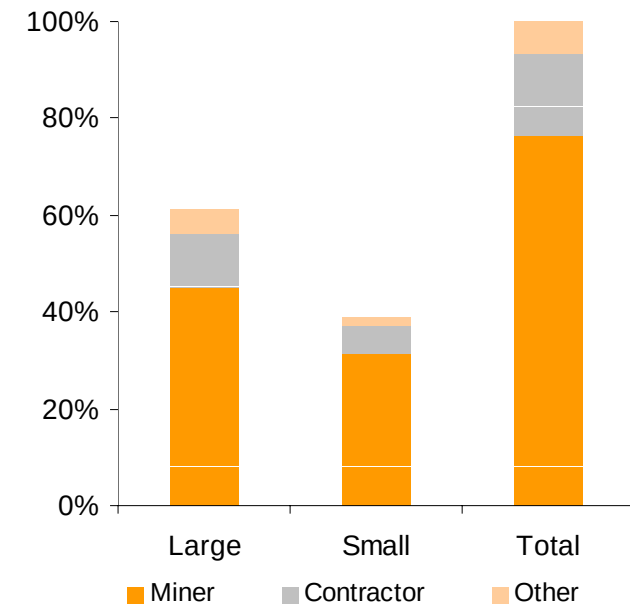
Rental end market



Rental client profile



Rental client type



Notes:

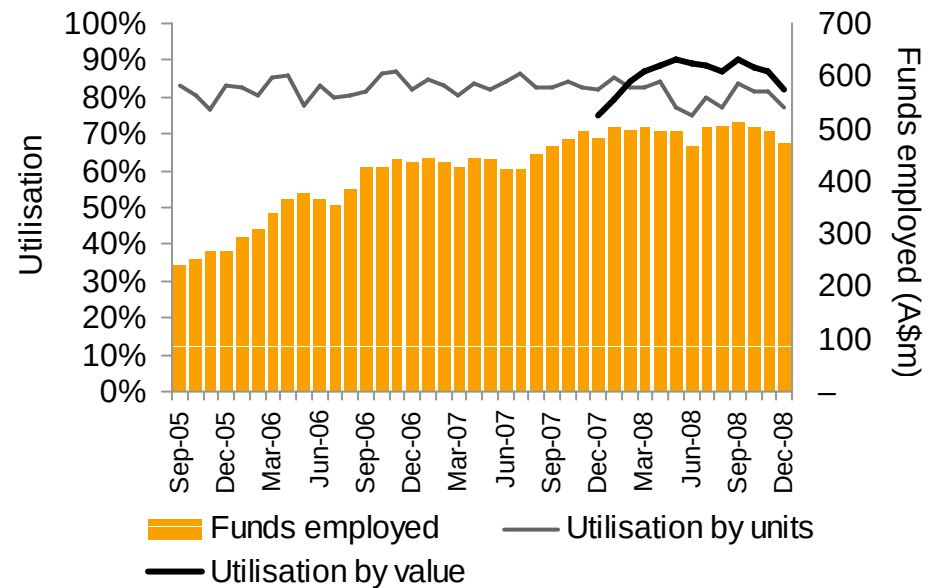
1. Percentages based on revenue for 1H09
2. A large customer is defined as companies with a market capitalisation greater than \$1 billion, or joint ventures or associates where a large company is a major participant.

Australia

Rental machine profile

Truck	207
Dozer	130
Loader	63
Excavator	58
Grader	55
Other	68

Funds employed and utilisation

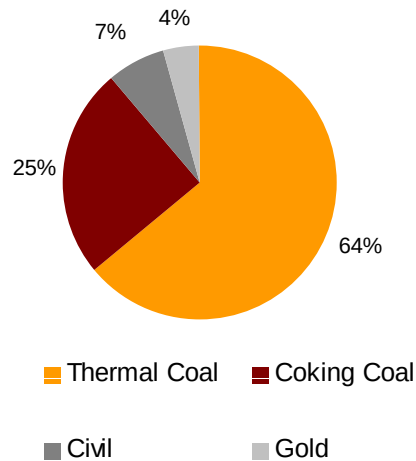


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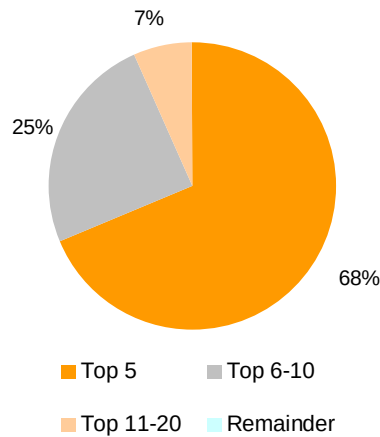
1. Funds employed is defined as net tangible assets plus interest bearing liabilities
2. Utilisation is defined as percentage of Emeco's rental fleet that is on rental at customer sites (excluding machines in transit)

Indonesia

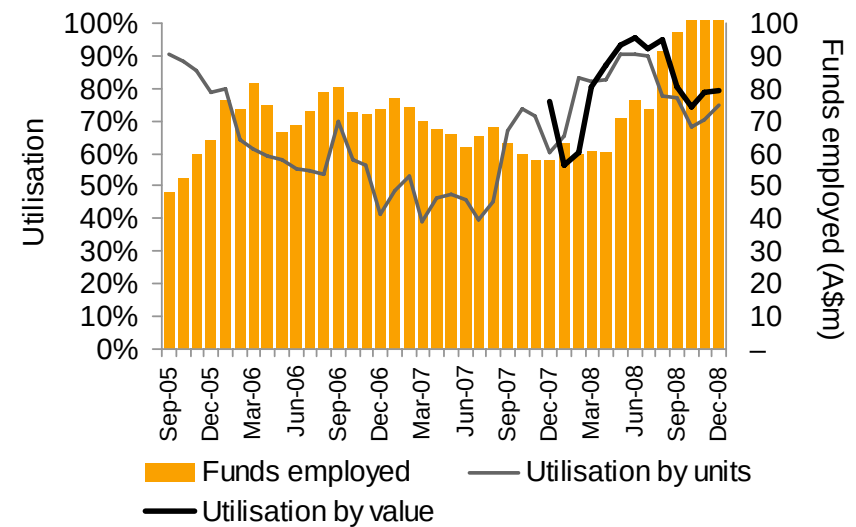
Rental end market



Rental client profile



Funds employed and utilisation



Rental machine profile

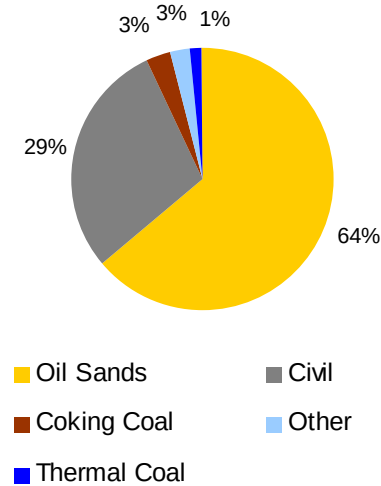
Truck	69
Dozer	31
Loader	9
Excavator	24
Grader	34
Other	23

Notes:

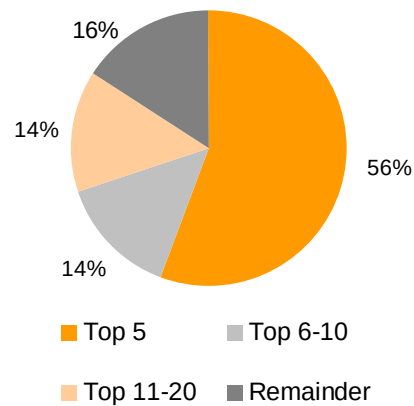
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Canada

Rental end market



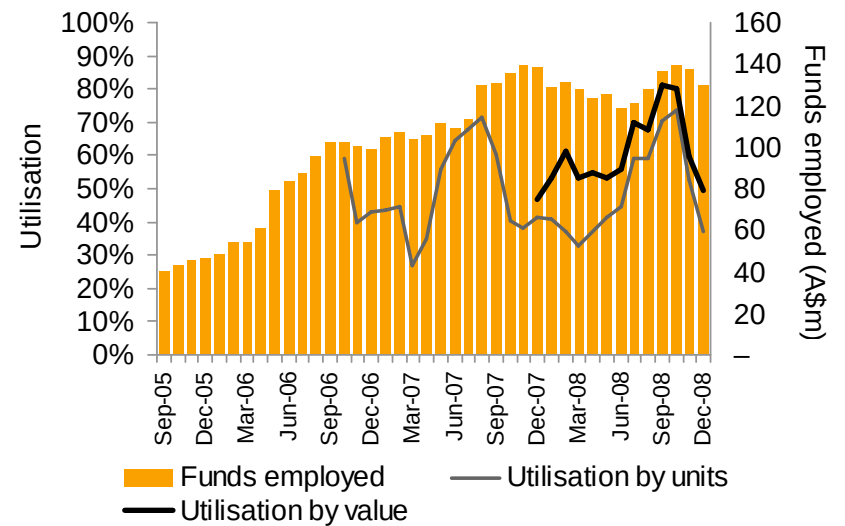
Rental client profile



Rental machine profile

Truck	109
Dozer	72
Loader	4
Excavator	40
Grader	21
Other	30

Funds employed and utilisation

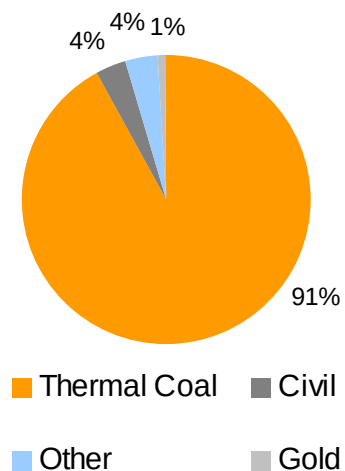


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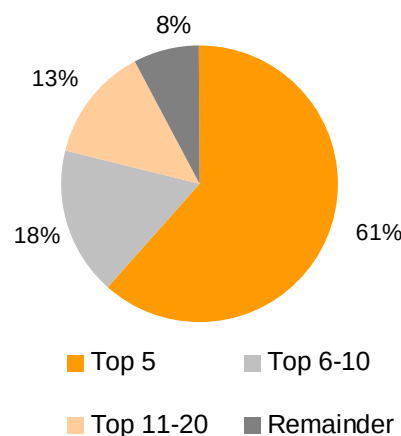
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US

Rental end market



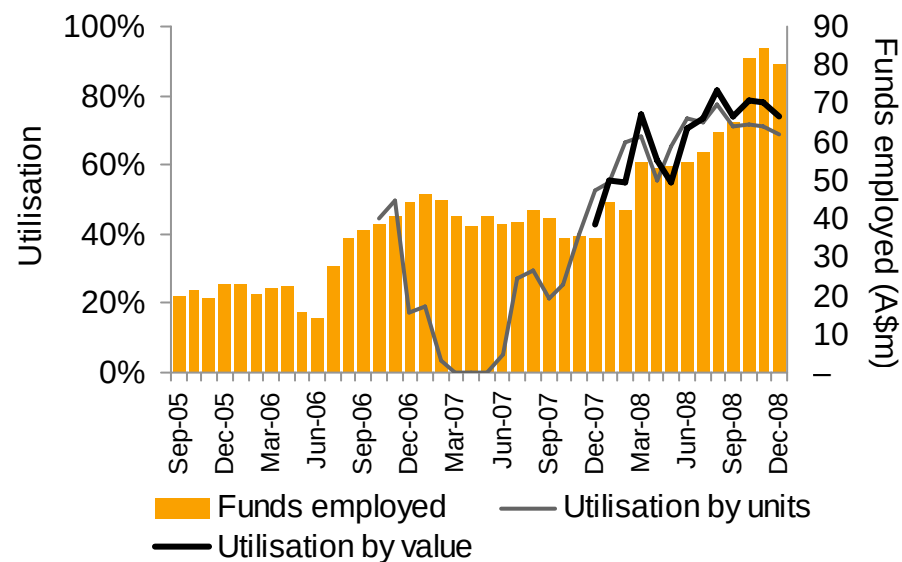
Rental client profile



Rental machine profile

Truck	27
Dozer	22
Loader	15
Excavator	6
Grader	4
Other	2

Funds employed and utilisation

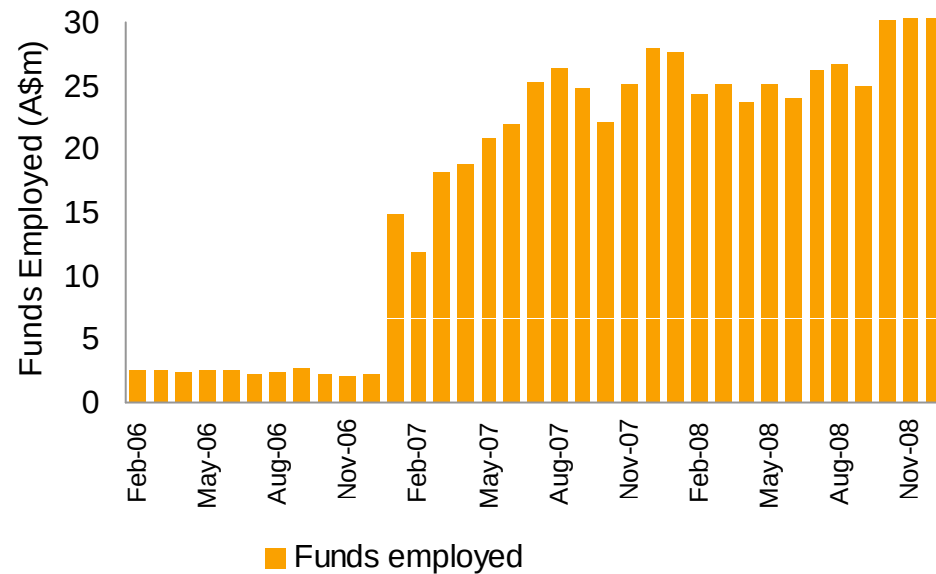


Notes:

1. Percentages based on revenue for 1H09
2. Funds employed is defined as net tangible assets plus interest bearing liabilities
3. Utilisation is defined as percentage of Emeco's rental fleet that is on rental at customer sites (excluding machines in transit)

Europe

Funds employed



Number of rental machines: 17
Number of sales machines: 144

Note:

1. Funds employed is defined as net tangible assets plus interest bearing liabilities

Historical Financial Performance

	<u>Australia</u>			<u>Indonesia</u>			<u>Canada</u>			<u>US</u>			<u>Europe</u>		
A\$m	Dec-07	Jun-08	Dec-08	Dec-07	Jun-08	Dec-08	Dec-07	Jun-08	Dec-08	Dec-07	Jun-08	Dec-08	Dec-07	Jun-08	Dec-08
Financial performance															
Revenue	210.9	248.6	214.4	9.9	13.9	25.7	23.7	28.0	35.3	20.6	22.5	23.3	23.0	16.6	11.4
EBITDA	81.5	87.3	88.5	6.1	12.4	16.4	12.5	15.2	20.8	(2.9)	1.9	3.3	1.4	(2.0)	(0.4)
margin (%)	38.6 %	35.1 %	41.3 %	62.0 %	89.0 %	64.0 %	52.8 %	54.4 %	58.7 %	(14.1)%	8.4 %	14.1 %	6.2 %	(12.2)%	(3.5)%
EBITA	48.7	51.7	49.8	2.3	7.5	8.7	7.4	8.1	11.3	(4.2)	0.1	1.1	1.2	(2.4)	(1.2)
margin (%)	23.1 %	20.8 %	23.2 %	23.1 %	53.6 %	33.9 %	31.1 %	29.1 %	32.1 %	(20.2)%	0.4 %	4.5 %	5.1 %	(14.6)%	(10.3)%
Gross Capex															
Rental Maintenance	30.7	23.5	21.1	12.3	22.3	12.7	5.4	0.1	0.6	1.7	0.9	0.3	—	—	—
Growth	8.7	23.4	16.7	3.7	2.4	3.5	18.1	14.5	4.6	4.8	17.4	5.6	4.2	2.6	—
Acquisitions	—	—	—	—	—	—	—	—	—	—	7.2	—	—	—	—
Total	39.4	46.9	37.7	16.0	24.7	16.2	23.5	14.6	5.2	6.5	25.5	5.9	4.1	2.6	—
Funds employed at End	483	469	472	58	76	111	138	119	130	35	55	80	28	24	32
Rental machines	568	582	581	129	129	190	301	277	276	46	75	76	10	8	17
Sales machines	292	214	198	—	—	—	22	18	17	69	51	52	151	133	144

Notes:

1. Gross spending on rental fleet and acquisitions. Does not include any other capital expenditure or disposals
2. Excludes corporate/unallocated funds employed

