Emeco

Earthmoving equipment solutions

Investor Roadshow November 2010

Keith Gordon – Chief Executive Officer

Ian Testrow – President Emeco Canada

Steve Gobby – Chief Financial Officer

Presentation Overview

- Strategy
- Canada Overview
- Operating Update

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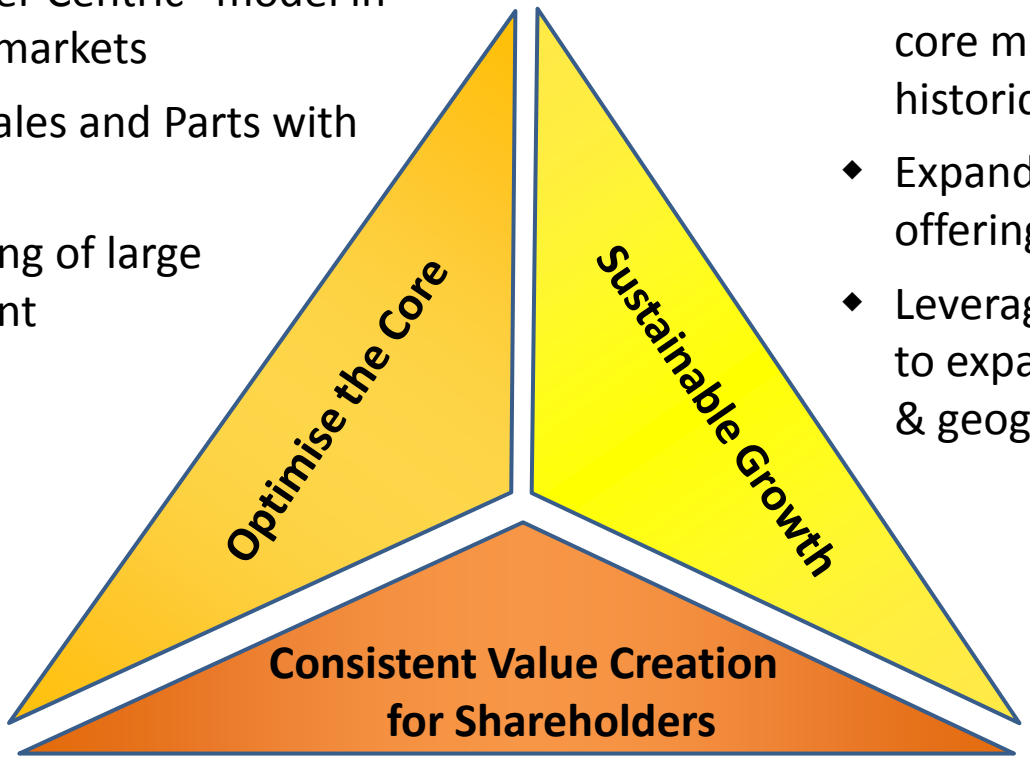
Strategy

Executing the Strategy

Current focus on Optimising the Core

- Embed “Customer Centric” model in growing mining markets
- Align Australia Sales and Parts with Rental (mining)
- Increase weighting of large mining equipment



- Incremental investment in core markets with quality historical returns
- Expand maintenance services offering
- Leverage core competencies to expand products/services & geographies

- Disciplined investment to achieve above WACC returns
- Ongoing optimisation of capital structure
- Building capability to deliver consistent returns

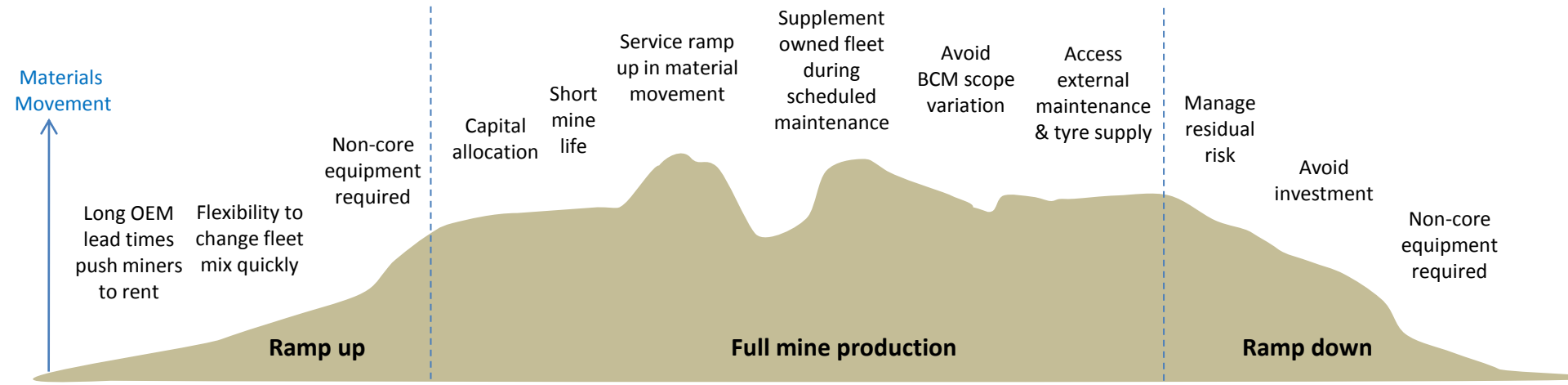
Focus on Customer Needs

Customer requirements vary but Emeco's solution is used at all stages of mine life

Emeco's Mining cycle leverage:	Mine Construction 6%	Mine Development 19%	Core Production 42%	Overburden (Production) 33%

Customers Needs:	Flexibility	Equipment Availability	Mechanical Availability	Capital Management	Avoid Residual Risk

Ramp-up: **Full Mine Production:** **Ramp-down:**



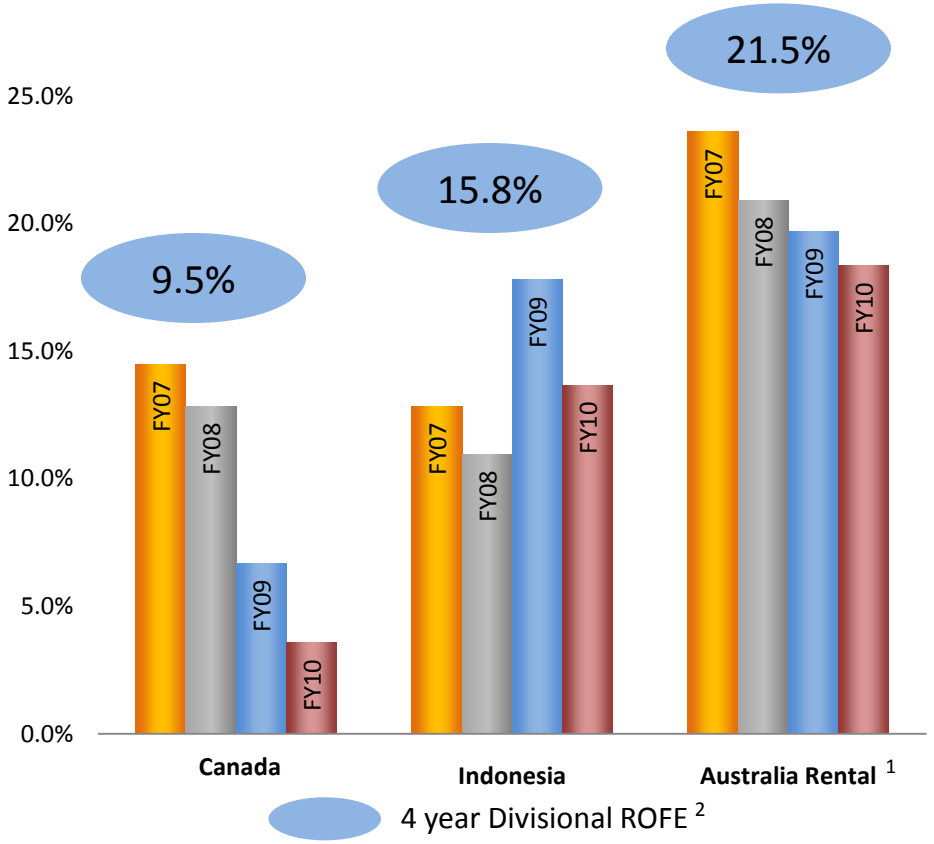
Percentage leverage to mining cycle indicative of FY11 plan and comprises 95% of group rental revenue

Incremental Investment

Investment of incremental capital in core businesses to deliver returns above the cost of capital

- **Australia** will remain around 75% of earnings in short to medium term
- Customer diversification and growing coal volumes in **Indonesia** will drive sustained and improving returns
- **Canada** to benefit from mining fleet reorientation and broader commodity exposure
- CY09 trough earnings more than a commodity downcycle…
- Corporate Costs and Goodwill impact on Group ROC diluted through incremental investment

Returns from Core Businesses over 4 years



1 Australia Rental excludes Victoria rental
2 Excludes Group Corporate costs and Goodwill

Notes:
Graph represents operating results;
ROFE calculated as EBIT divided by Funds Employed for the period;
Funds Employed as Equity plus Net Debt less Goodwill

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Canada Overview

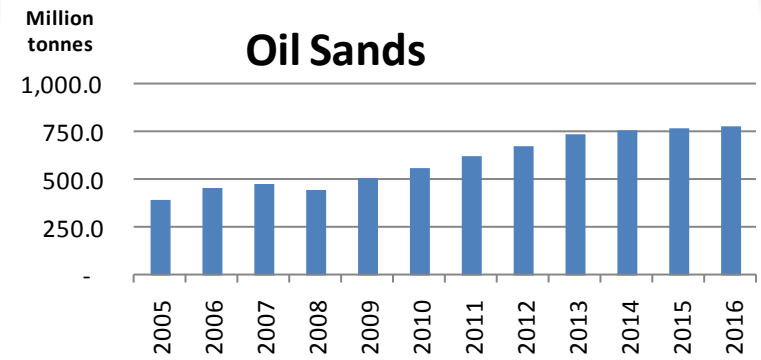
Strategic Focus - Canada

Fleet reconfiguration and commodity diversification first steps to deliver enhanced returns

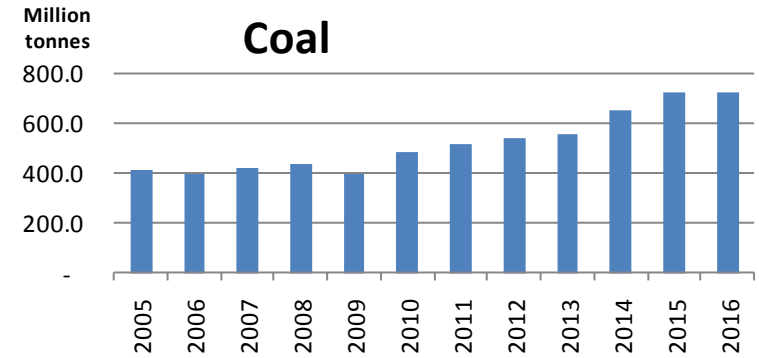
- **Customers**
  - Differentiating our offering from competitors through flexible, well supported solutions
  - Focus on increasing rental direct to miners (progress made with SLA's, safety paramount)
- **Commodity diversification**
  - Robust outlook for oilsands with good margins, however inherent volatility remains
  - Commodity diversification focused on coal (Western Canada) and iron ore (Eastern Canada)
- **Fleet mix**
  - Reducing exposure to civil construction equipment
  - Focus on orientating the fleet to mining production activity well progressed
- **Maintenance services**
  - High quality workshop facility centrally located in the oil sands region
  - Access to skilled labour and technical capability is driving customer opportunities

Markets

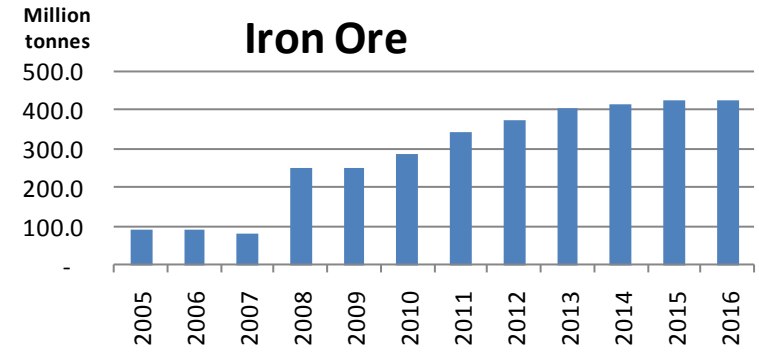
Volume growth outlook in target commodities supports investment thesis



- Robust activity in core production and reclamation works
- Current rental fleet is much less reliant on development works given its inherent volitility



- Focus on coal in Alberta and BC, targeting Sherritt, Teck & Western Canadian Coal
- Close proximity to existing facilities and characteristics similar to Australia

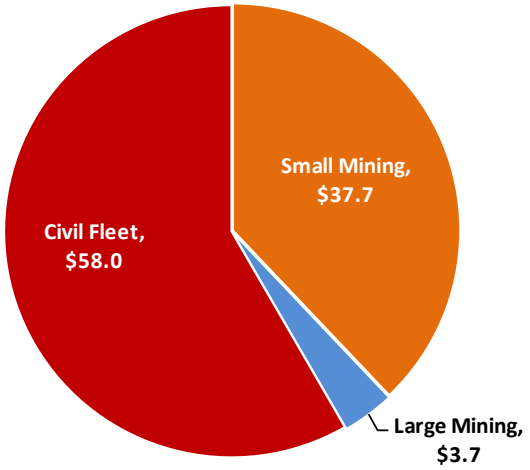
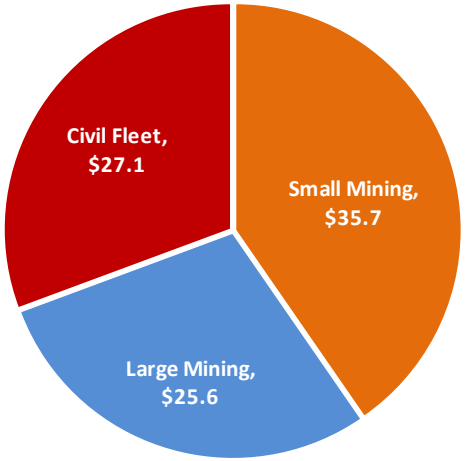
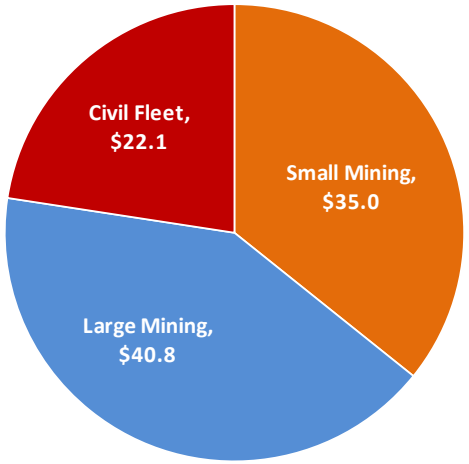
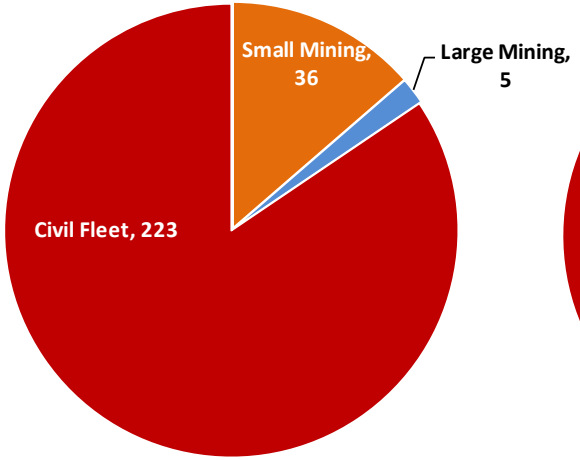
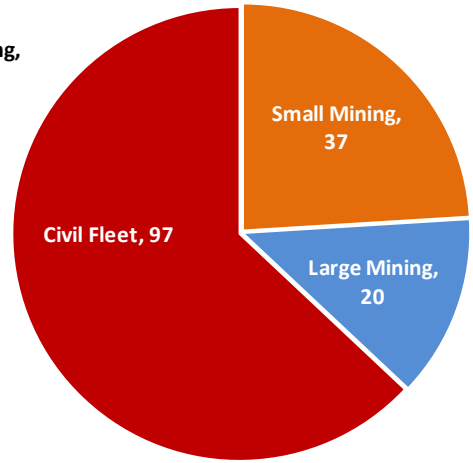
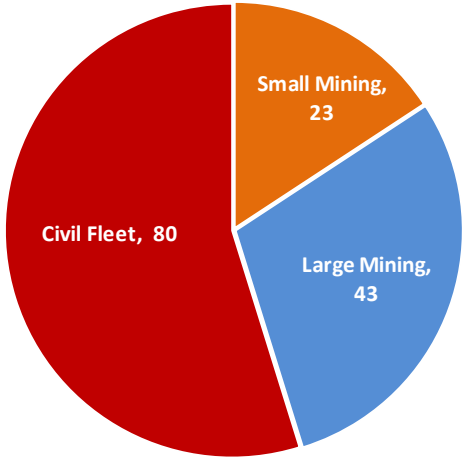


- Opportunities exist in Iron Ore particularly in the Labrador region
- Target on fully maintained ‘project’ basis

Source: RMG data, company reports, management estimates

Canadian Fleet Evolution

Large mining equipment expected to deliver more consistent utilization

	June 09:	**June 10:**	**Oct 10:**
	WDV C$99.4M 264 machines	WDV C$88.3M 154 machines	WDV C$97.9M 146 machines
WDV:			
Machine Numbers:			

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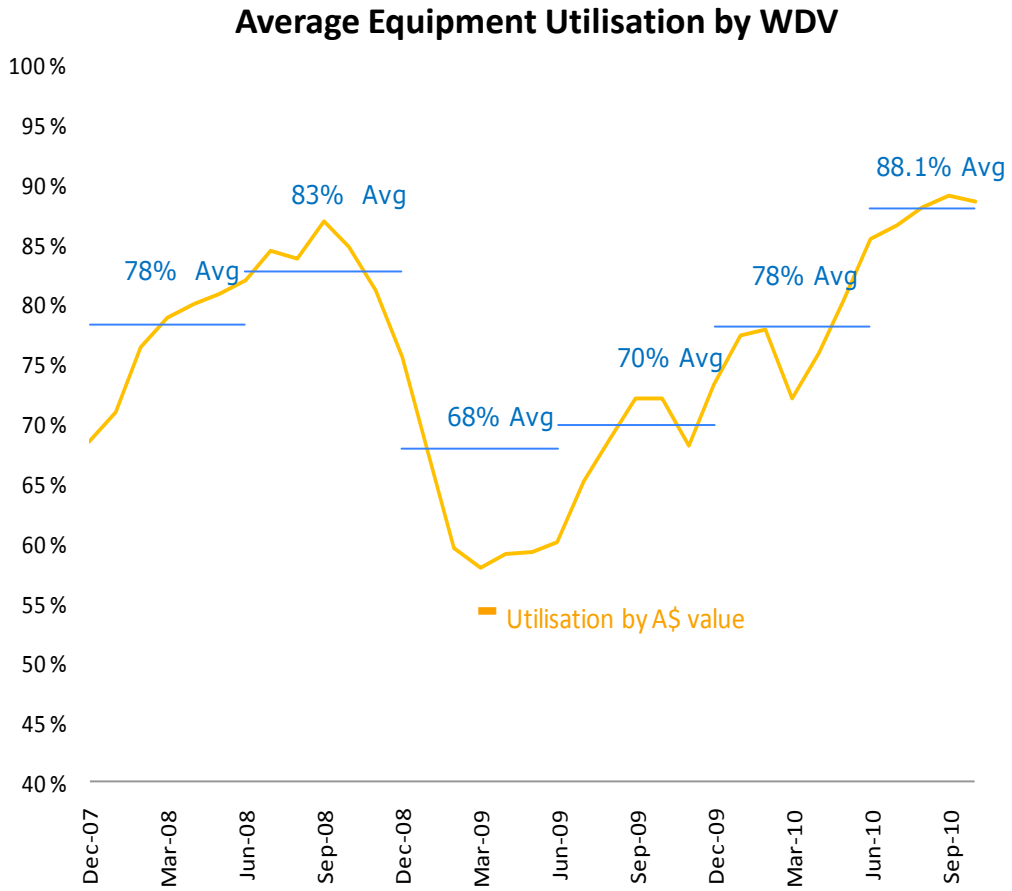
Operating Update

Rental Fleet Utilisation

Strong market activity and fleet optimization translating into higher utilization

- Customer activity levels driven by strong commodity outlook
- All core markets are contributing to strong utilization
- Market demand for large and small mining equipment
- +4% increase in fleet weighting toward large mining equipment
- Non-core asset disposal well progressed with $15M of $60M target achieved in Q1



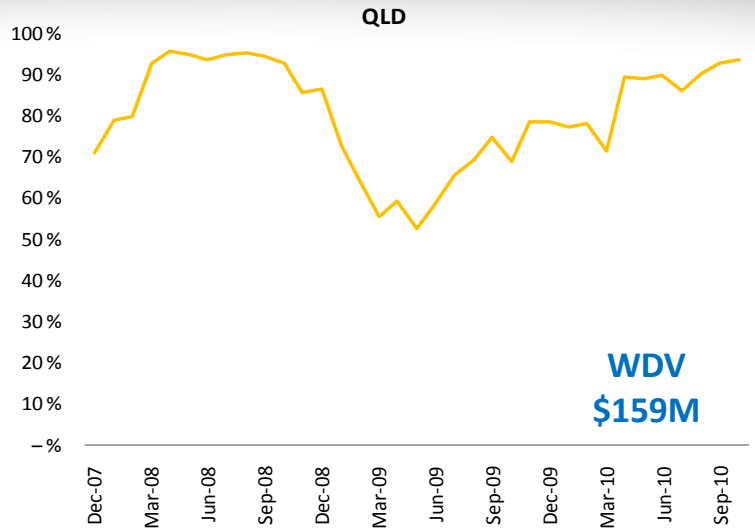
Note: Utilisation defined as % of fleet rented to customers (measured by written down value)

Business Unit Performance

Strong demand for equipment in Eastern Australia

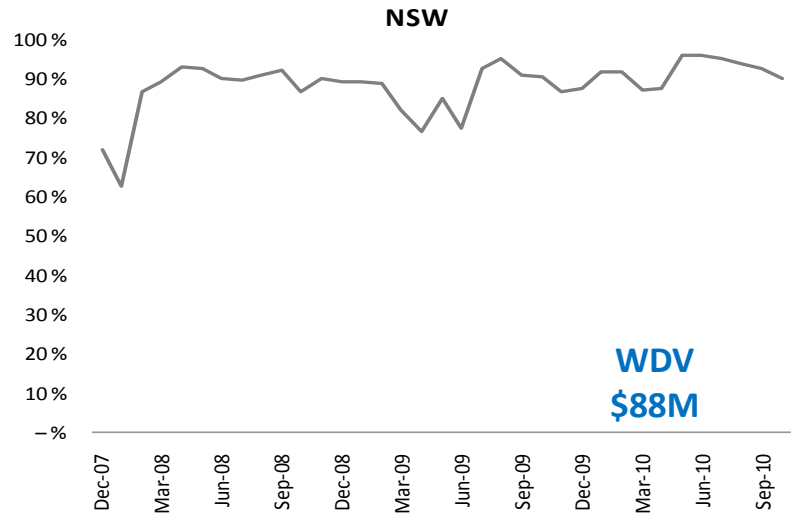
Queensland

- Recent wet weather had little impact on equipment utilisation (no major fleets in transit)
- Investment in 5 x 240 tonne trucks purchased and deployed in 1Q11 to Rio Tinto Coal
- Further growth opportunities present within the region



New South Wales

- Thermal coal activity remained robust
- Utilization consistently high across the cycle
- Close proximity of mines within the Hunter Valley limits redeployment downtime
- Two major fleet redeployments occurring in 2Q11



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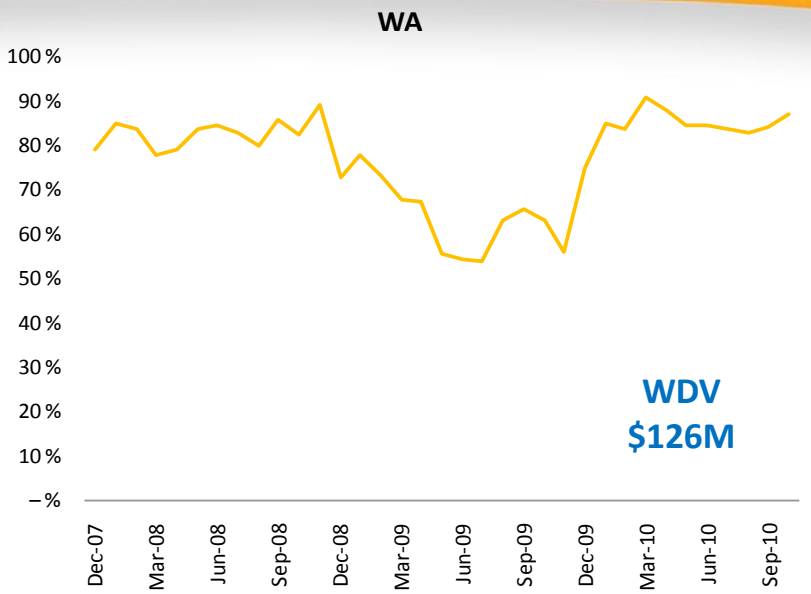
Note: Graphs reflect average equipment utilisation which is defined as % of fleet rented to customers (measured by written down value)

Business Unit Performance

Strong sector activity in WA translating into sustained utilisation

Western Australia

- New projects commissioned in FY10 now well established
- Gold production expected to increase as new projects come on-line
- Iron Ore production at record levels



Victoria

- Victorian business disposed on 1st October as a going concern
- $12.5M proceeds realised
- Remaining civil fleet of ~$25M(excluded from transaction) will be disposed of over FY11

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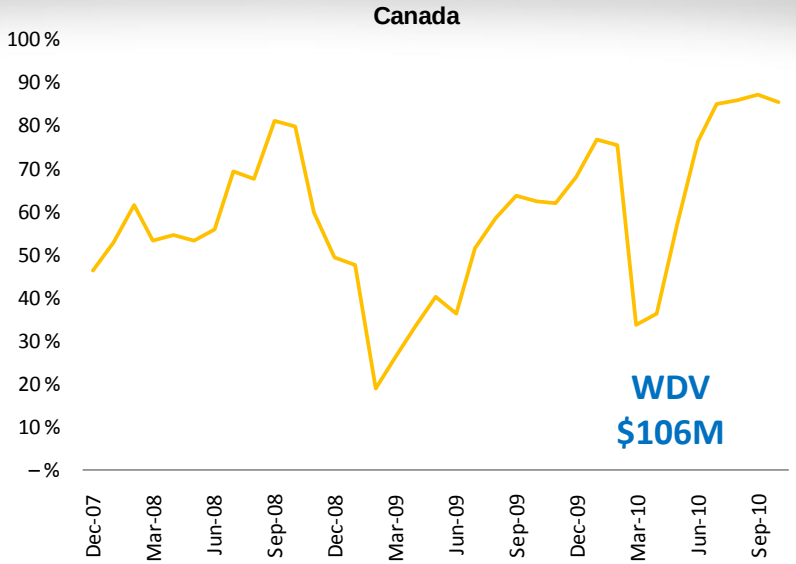
Note: Graphs reflect average equipment utilisation which is defined as % of fleet rented to customers (measured by written down value)

Business Unit Performance

Revised strategy and strong market fundamentals providing growth opportunities offshore

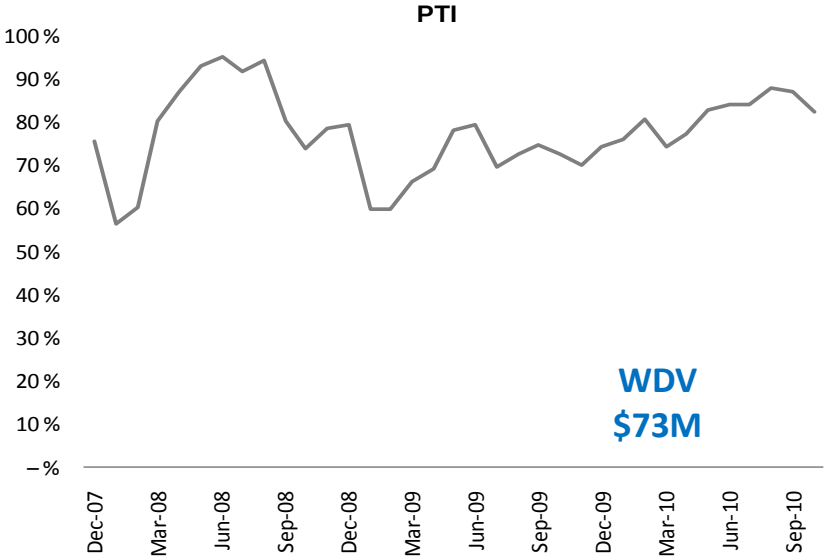
Canada

- Reconfigured mining fleet highly utilized with strong activity in oil sands region
- Seasonal “freeze” and “thaw” periods will impact utilisation
- Sharper ‘return to work’ expected due to increasing exposure to production cycle
- Stronger AUD may impact translation of CAD earnings



Indonesia

- Robust thermal coal activity underpinning steady improvements in fleet utilisation
- New management team transition complete
- Growth opportunities exist in deploying larger mining equipment with top tier customers
- Stronger AUD may impact translation of USD earnings



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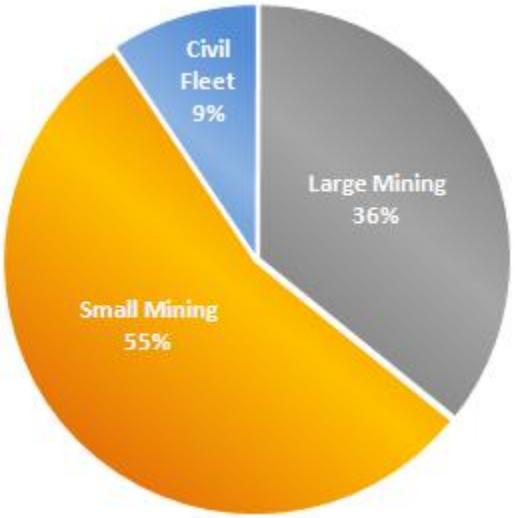
Note: Graphs reflect average equipment utilisation which is defined as % of fleet rented to customers (measured by written down value)

Equipment

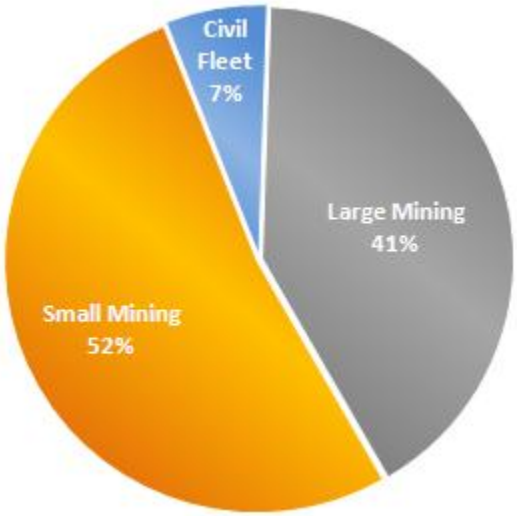
Progressing fleet evolution

Fleet mix proportions by net book value:

June-10



September-10



- Continue to increase weighting of large mining equipment
- Acquisition of $29M large mining fleet in 1Q11, including 5x 240 tonne trucks
- Further downsizing of small civil equipment targeted in FY11

Notes:
Civil defined as <70 tn artic trucks and related small ancillary equipment;
Small mining defined as <150 tn trucks and related mining equipment;
Large mining defined as 190+ tn trucks and related mining equipment.

Recent activities

Executing refinace and first half earnings guidance

Dynamic	Results
Refinance Complete	◆ Successful execution of $450 million senior debt facility ◆ 3 year and 5 year tranches deliver extended debt maturity profile ◆ Strong balance sheet in place to pursue value creating strategies ◆ Refinancing completed with seven banks from existing syndicate
Earnings Guidance	◆ Earnings for 1H11 expected to be in the range of $27 million to $29 million ◆ Fleet utilisation remains robust at 89% with strong mining customer demand ◆ Recontracting of large Australian rental fleets now finalised ◆ Risks to 1H11 earnings from first quarter Queensland weather events has now diminished ◆ AUD appreciation has impacted contribution from Indonesia and Canada

Market Outlook

Outlook in core markets remains positive

Dynamic	Outlook
Market Dynamics	◆ Continuing strong fundamentals for bulk commodities in Asia Pacific region ◆ Canadian oil sands stable with positive outlook ◆ Lead times on new OEM mining equipment continue to increase ◆ Market value of mining equipment remains strong ◆ Civil equipment experiencing improved liquidity
Emeco Focus	◆ Evaluate profitable opportunities for further investment in large mining equipment ◆ Evaluate maintenance services offering in NSW and Canada ◆ Consolidate presence in Canadian oil sands production cycle ◆ Liberate underperforming capital (targeting $60M release in FY11)
Challenges	◆ Currency may impact translated earnings ◆ Labour continues to be challenging ◆ Access to equipment may dampen growth opportunities, however continue to leverage procurement capabilities

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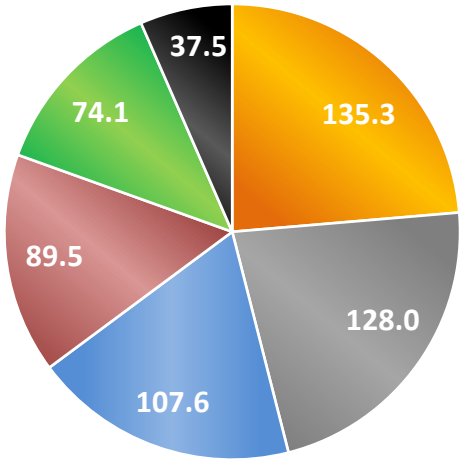
Appendix

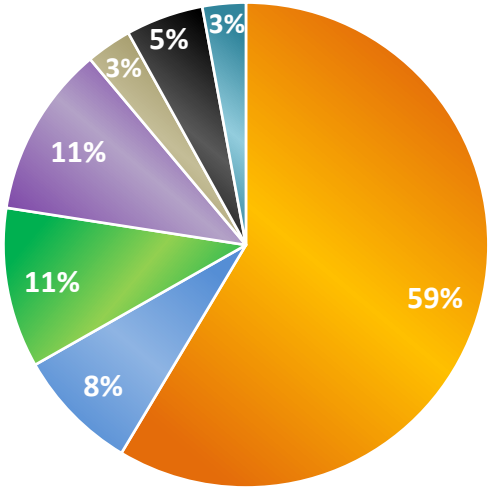
Geographies

FY10 Rental WDV by Geographic Region (AUD $M)



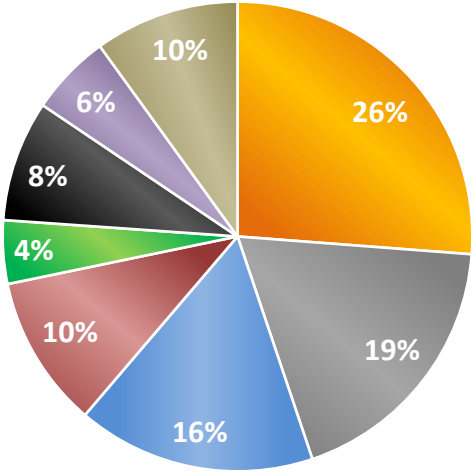
- Queensland
- Western Australia
- Canada
- New South Wales
- Indonesia
- Victoria

FY10 Revenue Split



- Australian Rental
- Canada
- Indonesia
- Sales
- Parts
- USA (discontinued)
- Europe (discontinued)

FY10 Commodity Exposure



- Thermal Coal
- Coking Coal
- Gold
- Zinc
- Oil Sands
- Iron Ore
- Civil
- Other

Note: Revenue percentages based on FY10 revenue and include discontinued operations.

Detailed Financials

Profit & Loss

A$ Millions	1H10 Operating	2H10 Operating	Var $	Var %
Revenue	208.5	235.9	27.4	13.1
EBITDA	**82.5**	**107.9**	**25.4**	**30.8**
margin (%)	*39.6*	*45.7*	-	6.1
EBIT	**32.1**	**51.5**	**19.4**	**60.1**
margin (%)	*15.4*	*21.8*	-	6.4
NPAT	**13.6**	**27.5**	**13.9**	**101.7**

Balance Sheet

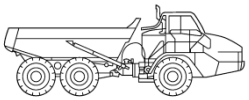
A$ Millions	Jun 09 A$ m	Dec 09 A$ m	Jun 10 A$ m
General working capital	60.5	65.3	85.9
Sales & Parts inventory	134.5	110.2	77.7
Rental plant	623.3	610.0	572.1
Intangibles	215.8	213.7	178.2
Other assets	68.1	96.2	92.4
Net debt	(331.3)	(352.4)	(300.2)
Other liabilities	(88.1)	(79.6)	(83.3)
Net Assets	**682.9**	**663.5**	**622.7**
Facilities Headroom	331.2	291.0	328.4
Interest Cover	8.10	6.30	8.70
Net Debt: EBITDA	1.80	2.66	1.60
Net Debt: Equity	0.49	0.53	0.48

Cash flow

A$ Millions	FY09 A$ m	FY10 A$ m	Var A$ m	Var %
Operating Cash flow	202.0	178.2	(23.8)	(11.8)
General Working Capital	15.7	2.2	(13.5)	(86.2)
Sales & Parts Inventory	16.1	5.9	(10.2)	(63.3)
Interest & Borrowing costs	(29.8)	(20.7)	9.1	(30.5)
Share purchases for LTI	(2.9)	(2.4)	0.5	(17.5)
Income tax payments	(33.1)	(18.1)	15.1	(45.5)
Cash flow from Operating Activities	167.9	145.1	(22.9)	(13.6)
Rental Capital Expenditure	(107.7)	(137.4)	(29.7)	27.6
Other Property, Plant & Equipment	(7.9)	(17.7)	(9.8)	124.4
Disposals	21.3	47.5	26.2	122.7
Cash flow from Investing Activities	(94.2)	(107.5)	(13.3)	14.2
Cash flow (before s/h return)	**73.7**	**37.5**	**(36.2)**	**(49.1)**
Dividends	(28.2)	(12.6)	15.6	(55.3)
Free Cash flow	**45.5**	**24.9**	**(20.6)**	**(45.2)**

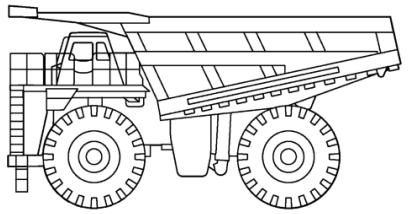
Asset profile

Independent supplier of well-maintained, best-in-class equipment



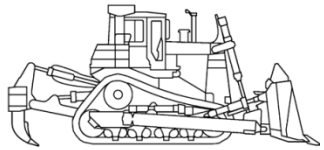
Truck

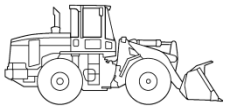
35 tonne 50 tonne 100 tonne 150 tonne 200 tonne 250 tonne 300 tonne
Small construction Super mines



Dozer

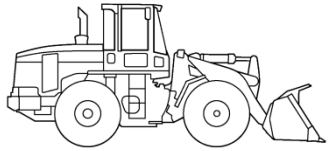
15 tonne 25 tonne 35 tonne 45 tonne 60 tonne 100 tonne 150 tonne
Small construction Large mines

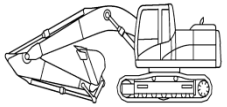




Loader

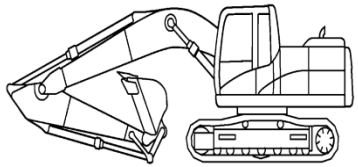
100 kW 125 kW 150 kW 200 kW 300 kW 500 kW 1000 kW 1300 kW
Small construction Large mines

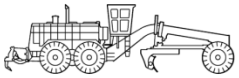




Excavator

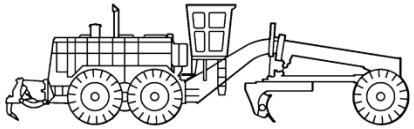
10 tonne 20 tonne 35 tonne 100 tonne 200 tonne 300 tonne 450 tonne 600 tonne
Small construction Large mines





Grader

100 kW 110 kW 150 kW 200 kW
Small construction Large mines



Company Contact Details

Thank you for your interest in Emeco

Further investor enquiries should be directed to:

- **Keith Gordon** CEO
- **Stephen Gobby** CFO
- **Graham Borgerson** Investor Relations

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