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Earthmoving equipment solutions

UBS Emerging Company Conference

Keith Gordon, Managing Director & Chief Executive Officer

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UBS Emerging Company Conference

- Operating Update
- The Rental Value Proposition
- *Focus Area*: Australian Rental
- Strategy & Outlook

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Picture: Emeco supervisor inspecting truck fleet during shift change

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Operating Update

Q3 Operating Update

- Group utilisation remains robust at 84.0% (avg. 86.6% to end Mar-11)
- Current wet weather in Queensland affecting performance at some sites
- Canadian thaw profile & Indonesian fleet redeployment may influence Q4
- $43M forward orders held on new OEM equipment for delivery in FY12
- Actively tendering for low-houred used equipment to meet core mining customers needs
- Customer enquiry levels remain high across all of Emeco's regions

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The Rental Value Proposition

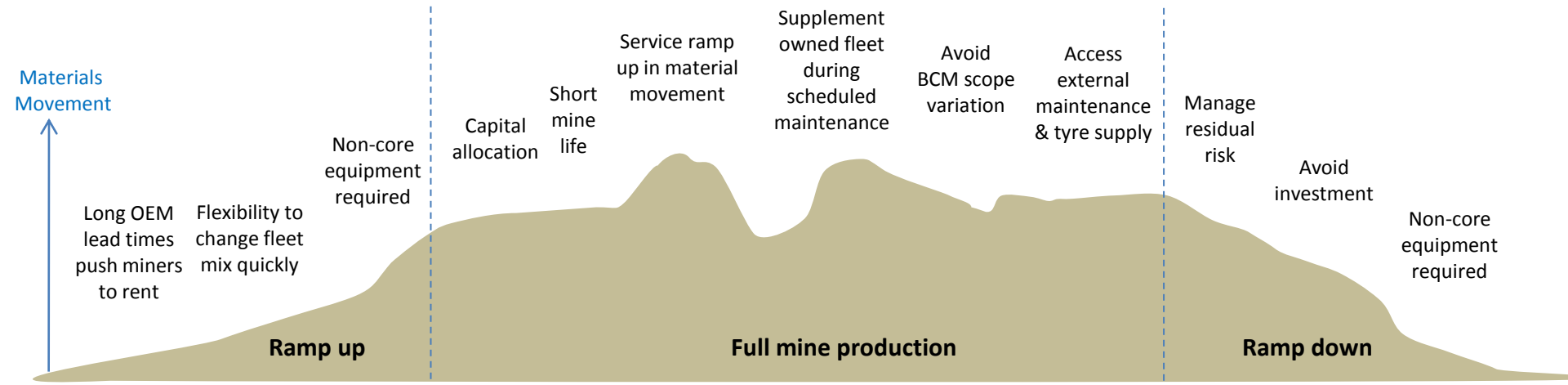
Meeting Customers Needs

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

Customer Case Studies

High propensity for initial contract tenure to extend

Need	Customer	Fleet	Services	Site usage	Time on Site
Flexibility	Blue-chip miner Zinc, NT	37x items of plant, based on 2 production fleets of 150tn dump trucks and 994-200 loaders	Full maintenance services & labour	Primary mining fleet	3 years ongoing
Fleet availability	Large miner Iron Ore, WA	6x 240T trucks, 2x 190T trucks, 2x 100T trucks, 350T excavator & 2x wheel loaders	Tyre supply: 8 trucks 5 loading tools	Core production top-up	18 months ongoing
Expertise	Mid-tier miner, Coal, NSW	10 x large dozers, 6x wheel loaders, 2x large graders & 3 ancillary	Full fleet maintenance by resident service technicians	Open cut coal production	2 years ongoing
Capital allocation	Small miner Gold, QLD	7x 150T dump trucks, 1x Excavator, 2x large dozer, 4x loaders and 4x ancillary support vehicles	Full maintenance facilities on-site	Primary mining fleet	10 years ongoing
Managing Residual Risk (Mine closure)	Blue-chip miner, Copper/Gold, NSW	12x 100tn trucks, 300T excavator, 3x D10 dozer, 2x grader & 6 ancillary	Project manager, maintenance team and full maintenance facilities on-site	Open cut production fleet	3 years

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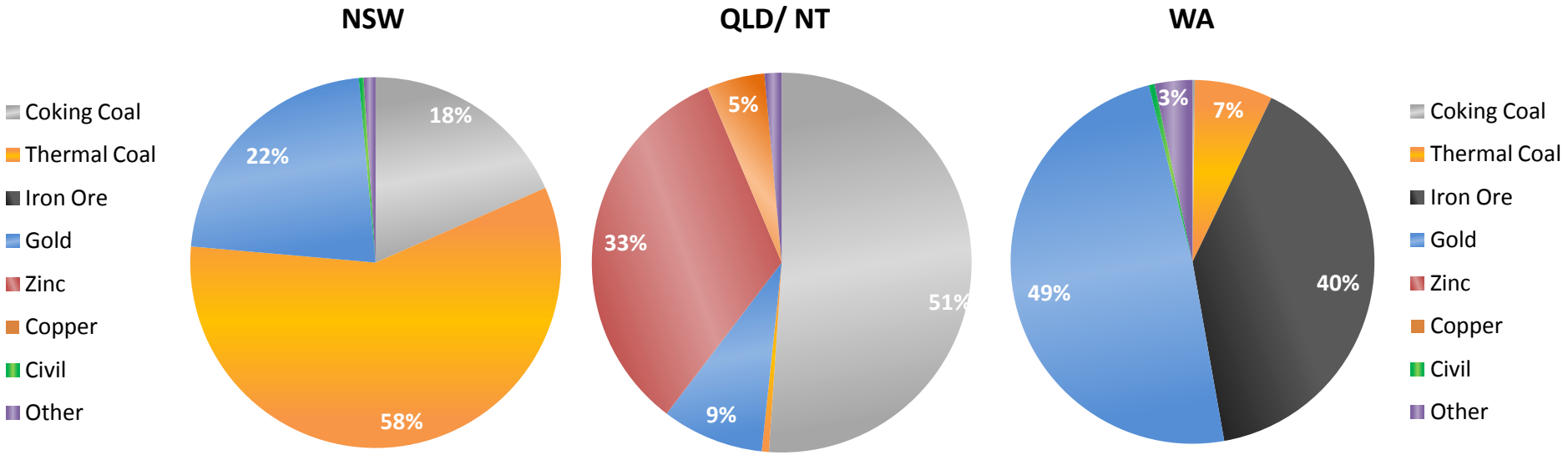
Focus Area:
Australian Rental

Commodity Composition

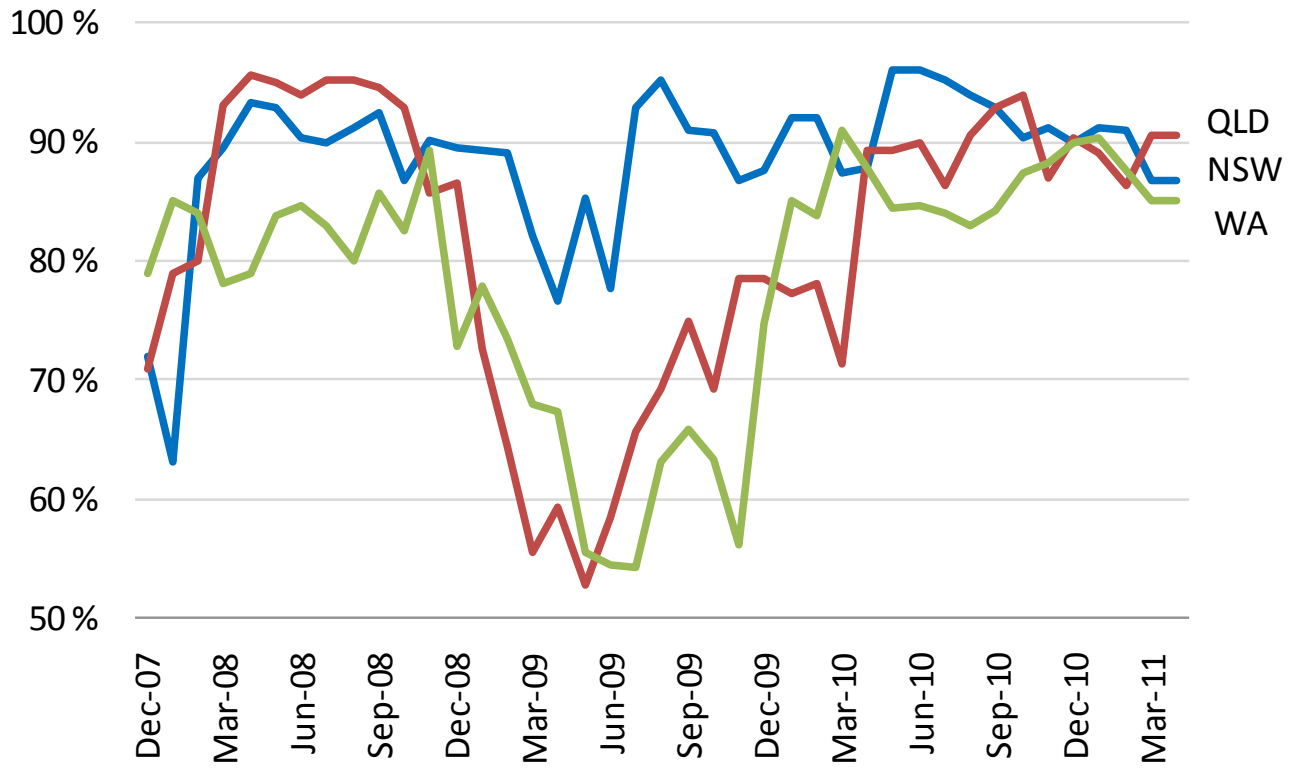
Leveraged to bulk commodities and gold with significant exposure to production cycle



Notes:
Commodity percentages based on 1H11 revenue

Australian Business Unit Utilisation

Australian fleet utilisation continues to track above 85% with strong enquiry levels

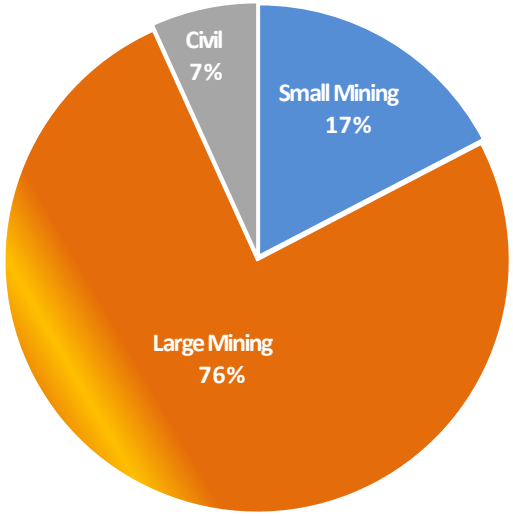


Note: Graphs reflect equipment utilisation which is defined as % of fleet rented to customers (measured by written down value)

Fleet Strategy

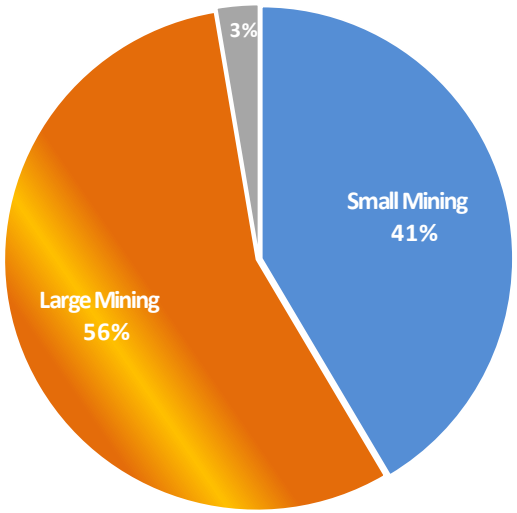
Continuing to grow the large mining fleet to provide extended tenure and continued demand across the mining cycle

NSW



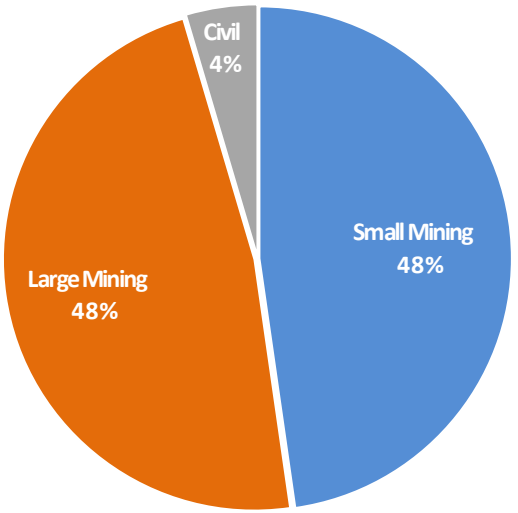
WDV: $87.4M

QLD/ NT



WDV: $154.8M

WA

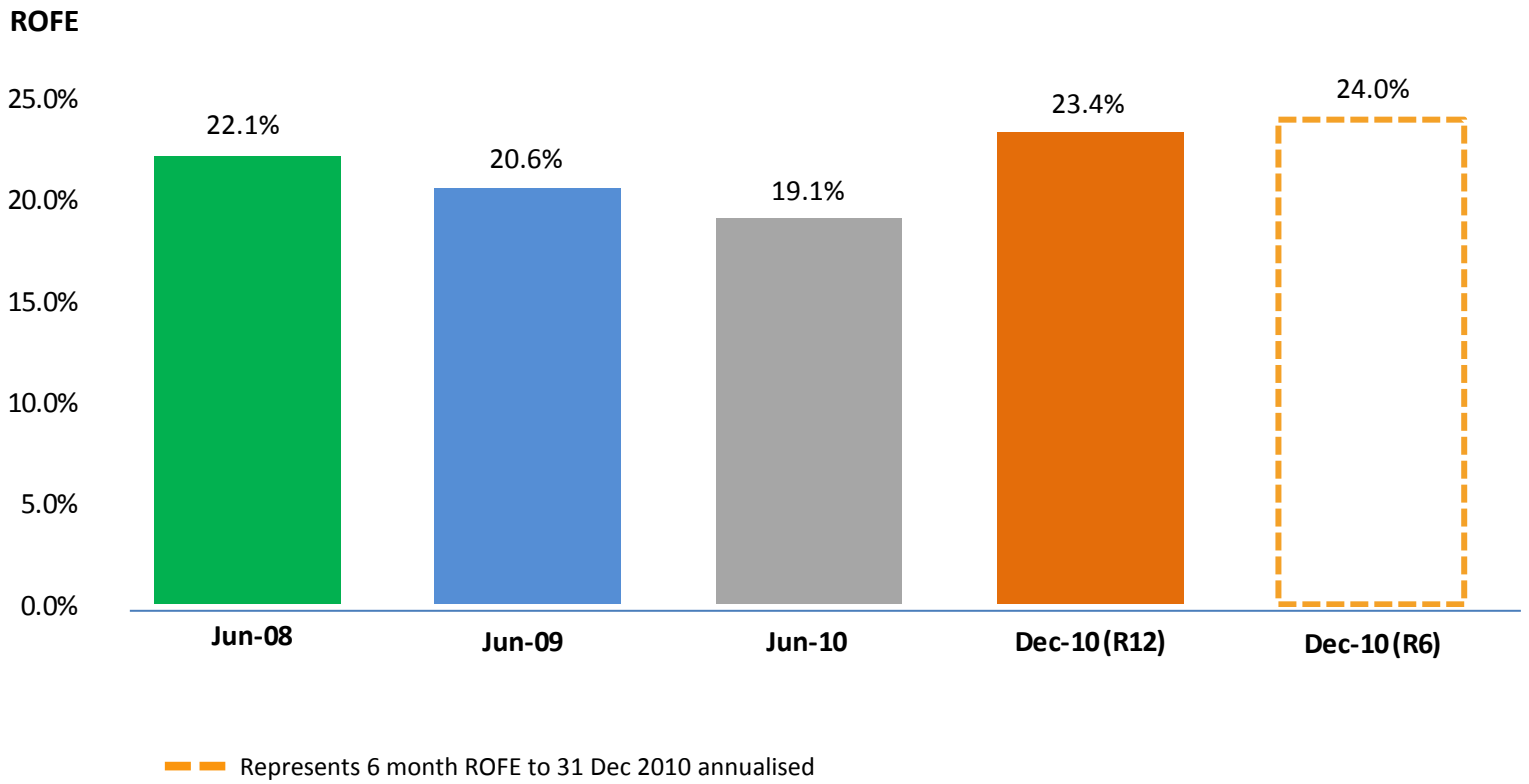


WDV: $120.8M

Notes:
Information as at Dec-10;
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.

Australian Rental Returns

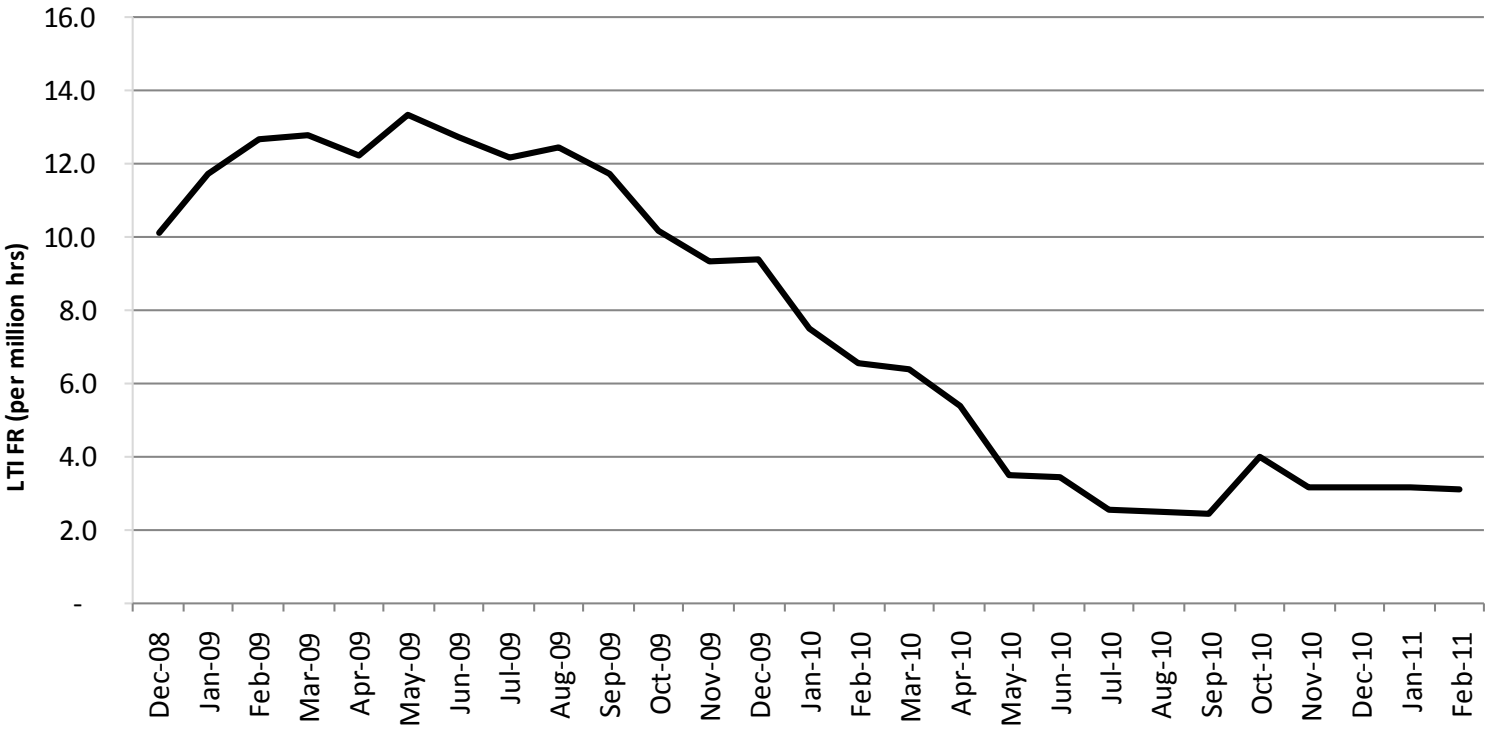
Australian business units have historically delivered acceptable shareholder returns



Notes:
ROFE calculated as R12 EBIT divided by Funds Employed for the period (except where stated R6);
Funds Employed defined as average 'Equity plus Net Debt less Goodwill' for the period;
EBIT represents operating results and excludes corporate cost allocation

Australian Safety Performance

Our customers value Emeco's OH&S systems & practices



Note: LTIFR measured as number of LTI incidents per million man hours

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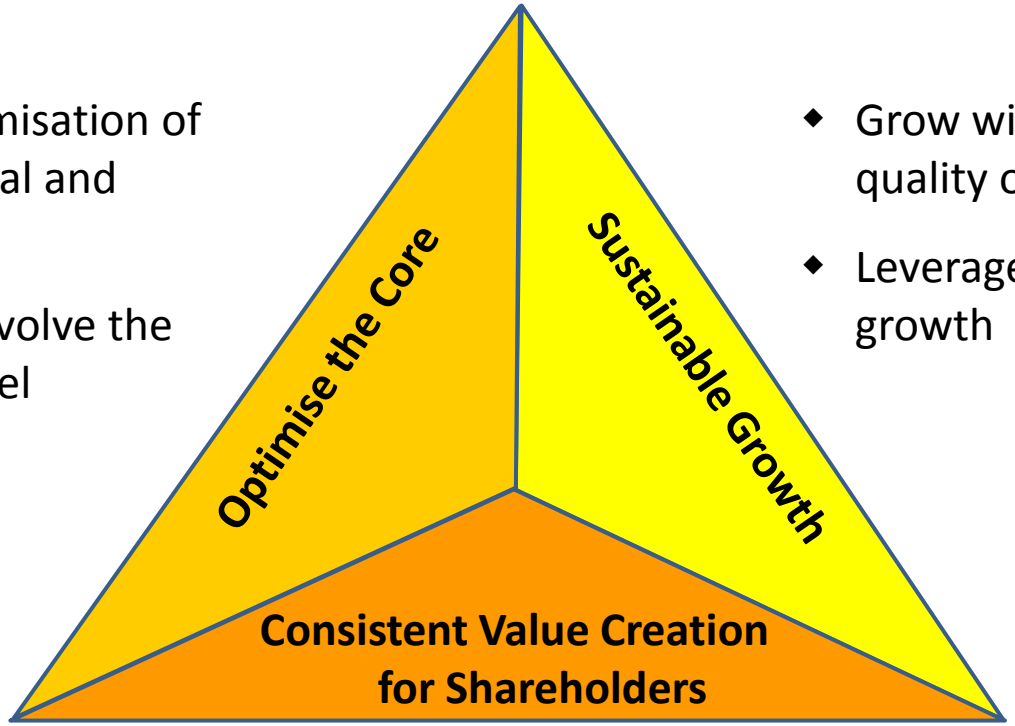
Strategy & Outlook

The Emeco Strategy

Strategy developed to drive business performance and growth

- Ongoing optimisation of invested capital and earnings
- Continue to evolve the business model

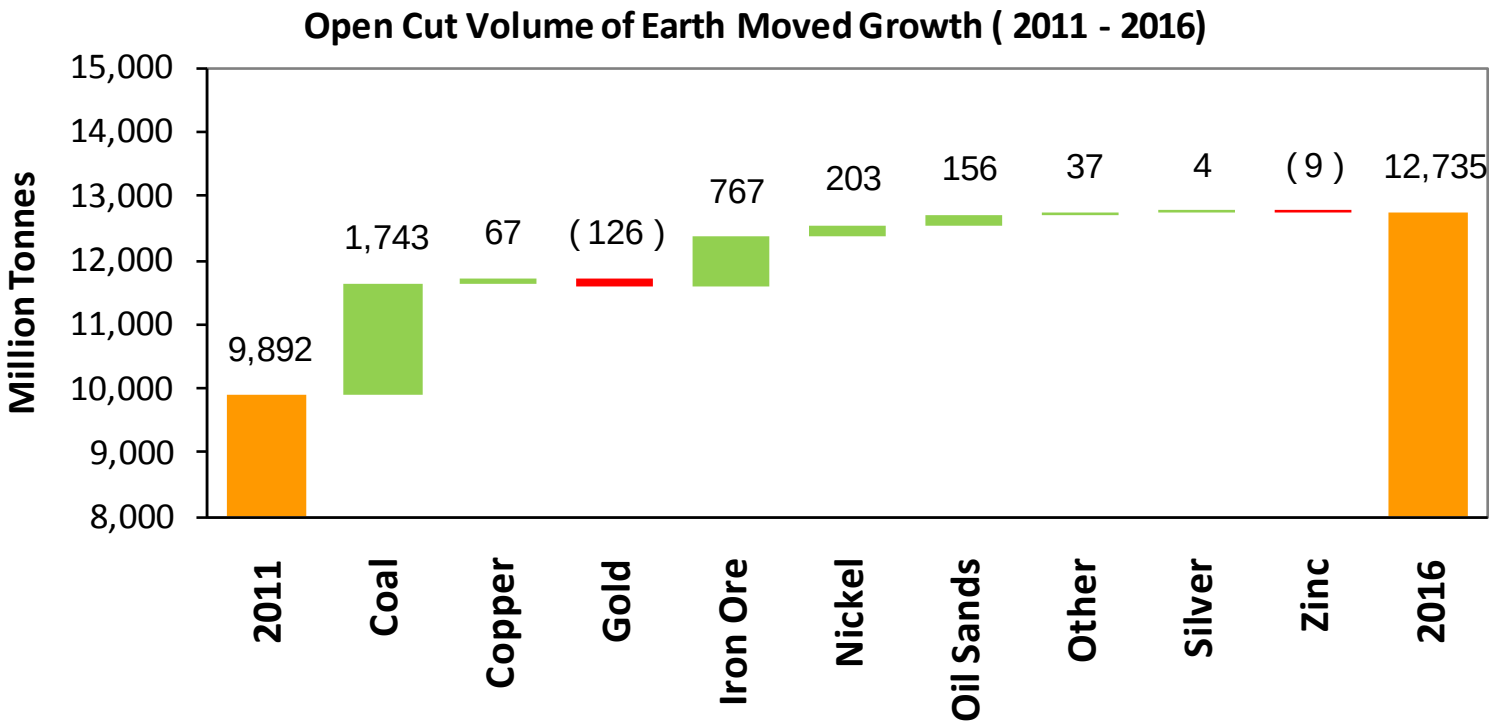


- Grow without sacrificing quality of earnings
- Leverage capabilities for growth

- Disciplined investment above WACC returns
- Optimise capital structure

Macro demand

Positive outlook for bulk commodities in three core mining regions



Source data:
Raw Materials Group (RMG), ABARE & Canadian Association of Petroleum Producers (CAPP)

Focus on Growth

Full utilisation and robust demand outlook supports further organic growth investment

Organic Growth

Procurement Strategy

- Target large mining fleet to enhance portfolio returns
- Global procurement capability to source quality used equipment
- Securing forward orders on new equipment for selected asset classes

Capital Investment

- FY11 estimated capex
  - Sustaining: $100-110M (1H11 $50M)
  - Growth: $65-75M (1H11 $35M)
- FY12 estimated capex
  - Sustaining: $100-120M
  - Growth: $80-100M ($43M committed)

Acquisition Growth

- Business now positioned to consider acquisitions
- Strategic logic and return hurdles paramount

Summary

- Strong operating result delivering improved financial performance
- Positive commodity fundamentals in key operating regions
- Committed capex resulting from procurement strategy to meet further growth opportunities
- Balance sheet to support value accretive growth

Company Contact Details

Thank you for your interest in Emeco

Further investor enquiries should be directed to:

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- **Stephen Gobby** CFO
- **Graham Borgerson** Investor Relations

emecogroup.com

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