



Earthmoving equipment solutions

Morgan Stanley Emerging Companies Conference

Stephen Gobby, Chief Financial Officer

10th June 2011 Sydney



RENTAL | SALES | PARTS | ASSET MANAGEMENT

Presentation Overview

- ◆ Operating Update
- ◆ Strategy
- ◆ Optimising the Core
- ◆ Sustainable Growth
- ◆ Shareholder Value Creation
- ◆ Outlook

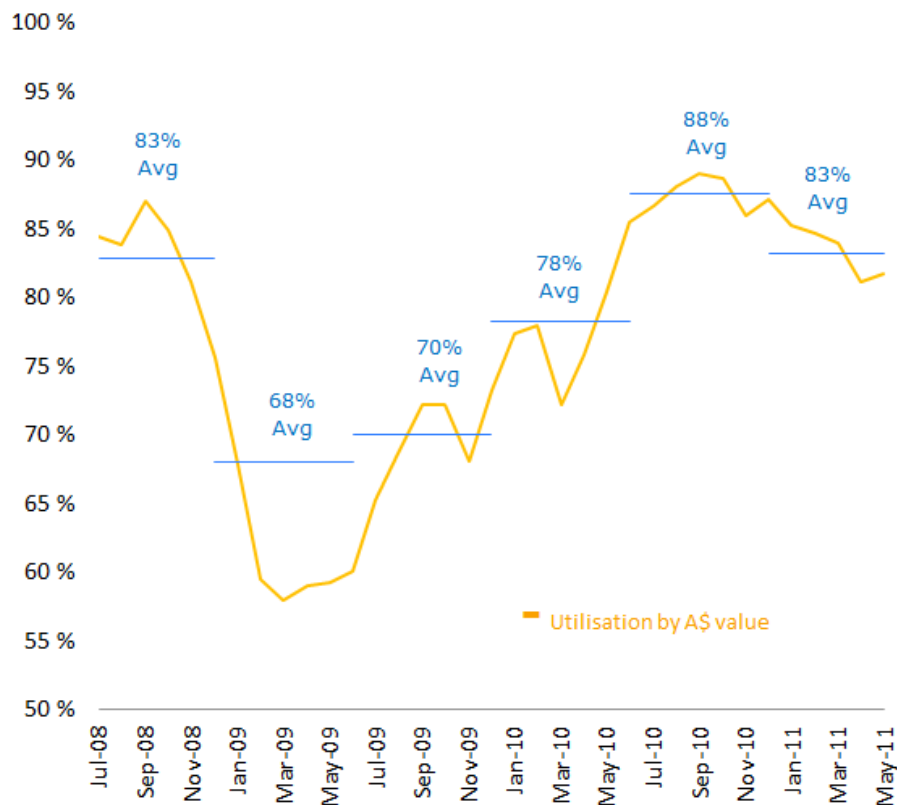


Operating Update

Specific short-term factors impacting recent utilisation....but strong demand supporting momentum into FY12

- ◆ 2H11 utilisation expected to average ~83% (1H11 88%)
- ◆ Various factors impacting 2H11 earnings:
 - ◆ Qld wet weather impacted new fleet deployment
 - ◆ Seasonal 'thaw' conditions in Canada
 - ◆ Major Indonesian fleet redeployment
 - ◆ Rebuild program in WA on large truck fleet
 - ◆ Stronger AUD impacting earnings translation
- ◆ High enquiry levels and committed contracts to return fleet to recent utilisation levels by June/July
- ◆ FY11 Operating NPAT expected to be between \$55M - \$57M

Average Equipment Utilisation by WDV

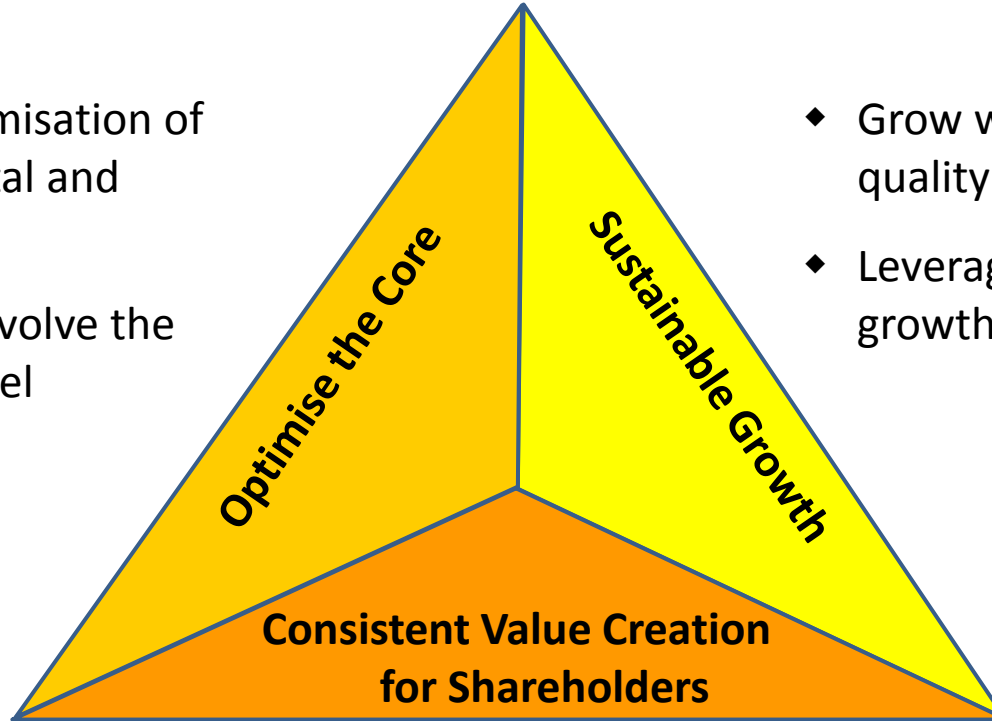


Note: Utilisation defined as % of fleet rented to customers (measured by written down value)

Strategy

How will we drive improvement in business performance?

- ◆ 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

Fleet Strategy

Targeted investment in large mining fleet used in production applications

Optimise the Core

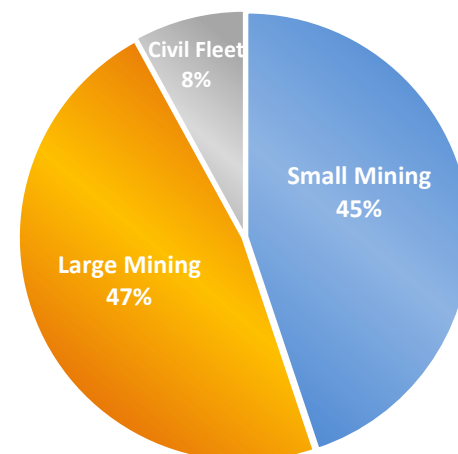
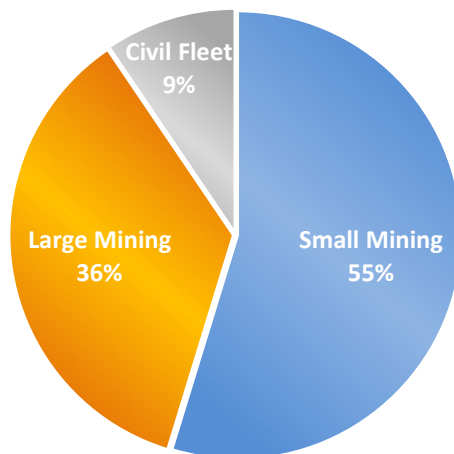
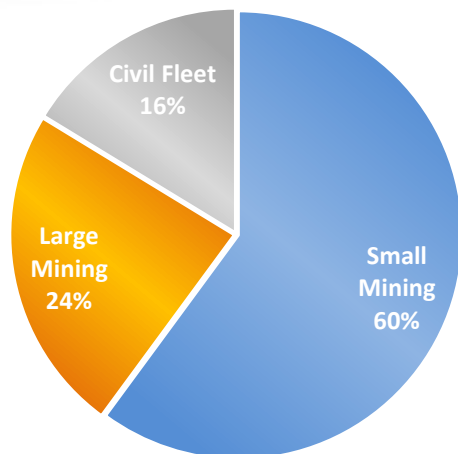
June 09

June 10

Dec 10

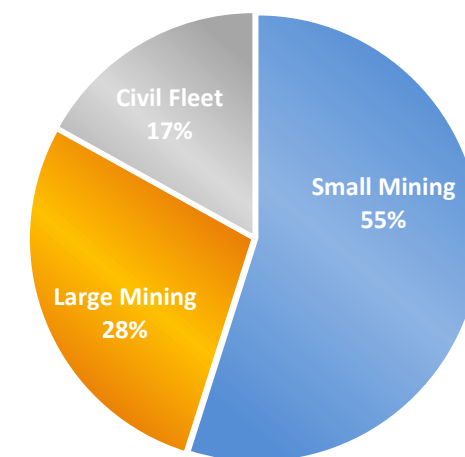
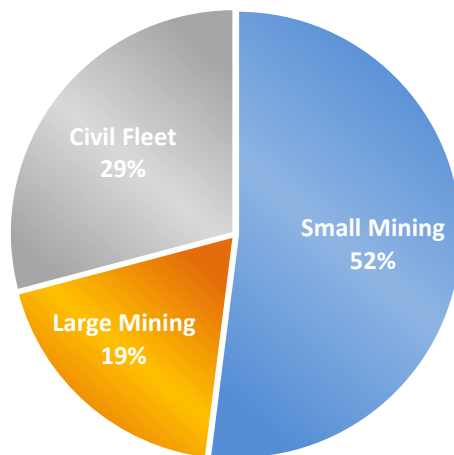
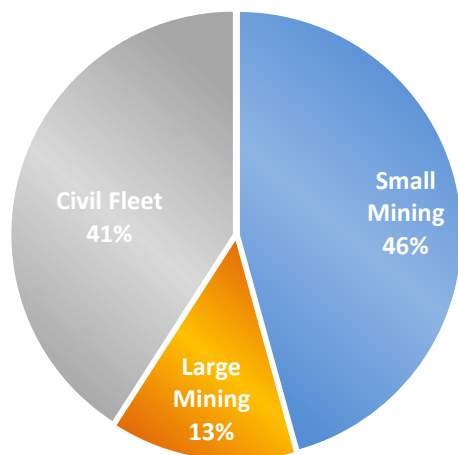
WDV:

Jun-09: \$623M
Jun-10: \$572M
Dec-10: \$557M



Number of Machines:

Jun-09: 1,120
Jun-10: 927
Dec-10: 909



Notes:

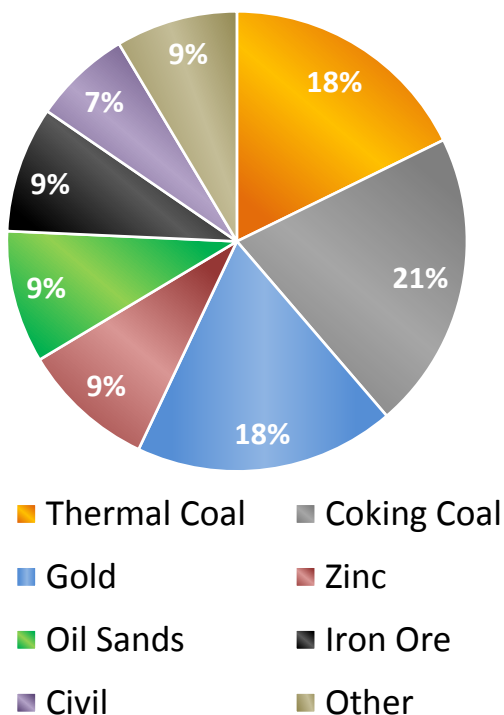
Civil defined as <70 tn artic trucks and related small ancillary equipment;
Small mining defined as <150 tn trucks and related mining equipment;
Large mining defined as 190+ tn trucks and related mining equipment.

Commodity & Customer Exposure

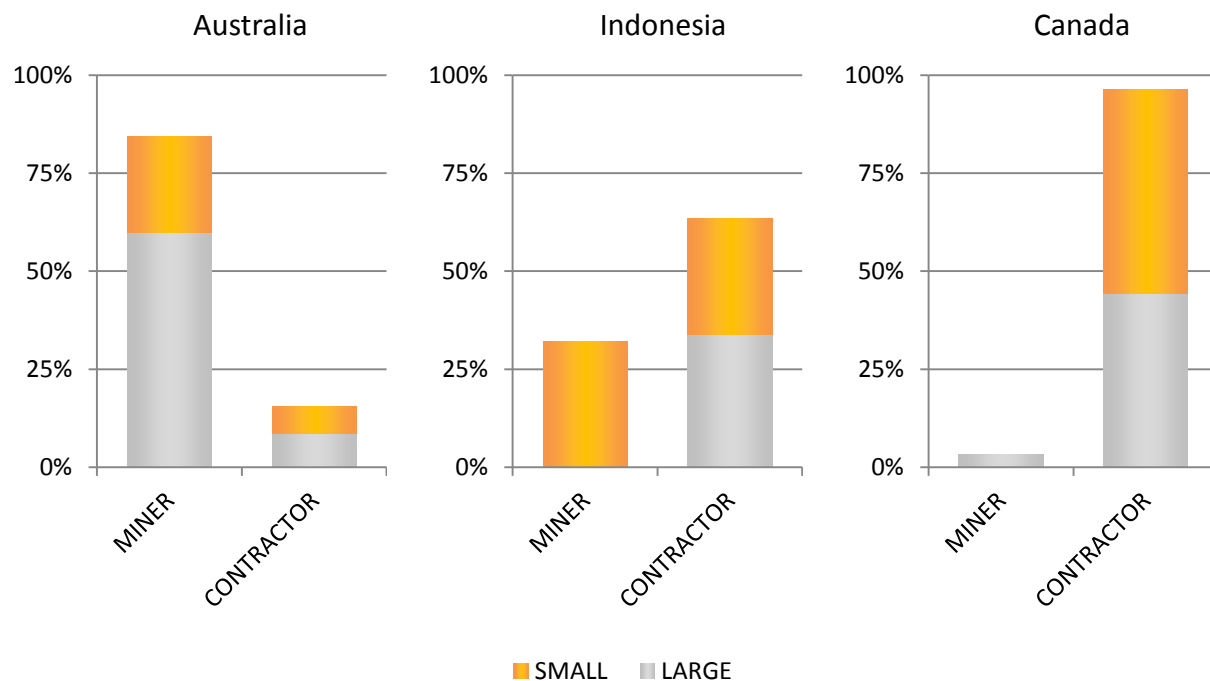
Leveraged to bulk commodities, gold and oil sands with significant exposure to production cycle

Optimise the Core

Diversified global commodity exposure



Customer composition differs by market



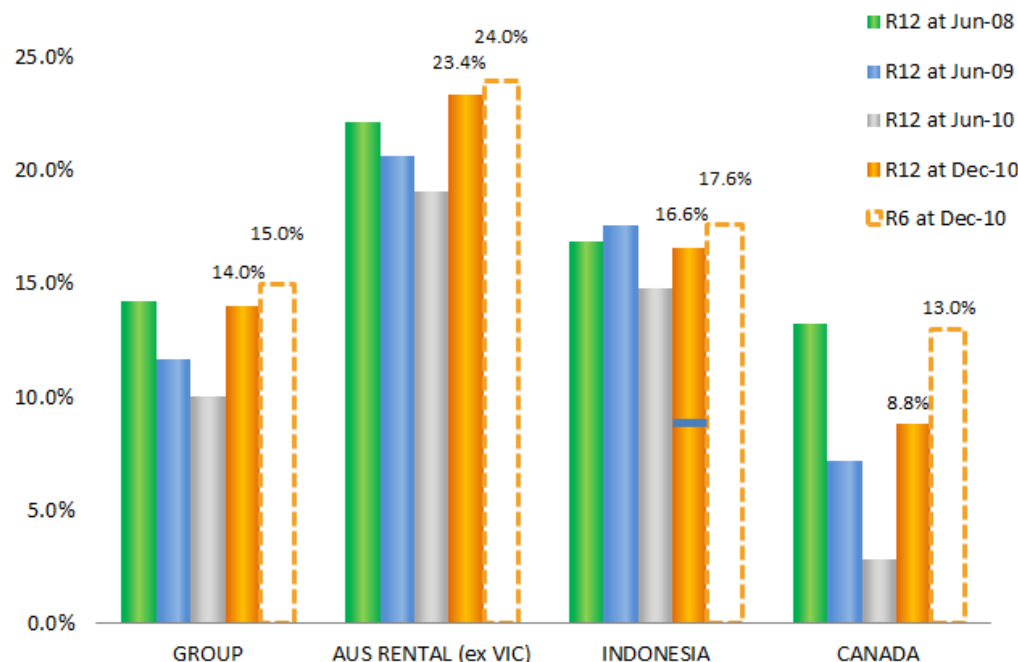
Growing Returns

Investment of incremental capital can deliver acceptable returns

Sustainable growth

- ◆ \$93M investment in **Australia** in FY12 to capitalise on strong volume growth
- ◆ Immediate focus on stabilising **Indonesian** business before building scale and improving customer profile
- ◆ **Canada** benefiting from mining fleet reorientation and broader commodity exposure. \$72M growth investment in FY12
- ◆ ROC to improve over time as **Canada** new mining fleet moves to mid-life
- ◆ Fixed cost leverage available in **Canada** and **Indonesia**

Business unit returns



— Represents impact on Indonesian ROFE including one-off debtor impairment (\$7.9M pre-tax)
 — Represents R6 ROFE at 31 Dec 2010

Notes:

Graph represents operating results;

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;

Group ROFE includes total corporate costs, business unit EBIT excludes corporate cost allocation.

Focus on Growth

Full utilisation and positive demand outlook supports further organic growth investment

Sustainable growth

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: \$90-100M (1H11 \$50M)
 - Growth: \$55-65M (1H11 \$35M)
- ◆ FY12 estimated capex
 - Sustaining: \$110-130M
 - Growth: \$165M (\$165M committed)

Acquisition Growth

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

Notes:

FY11 growth capex estimation excludes \$60M spent in 2H11 but delivered in 1H12.

The \$60M has been included in the FY12 growth capex number of \$165M.

Executing the Strategy

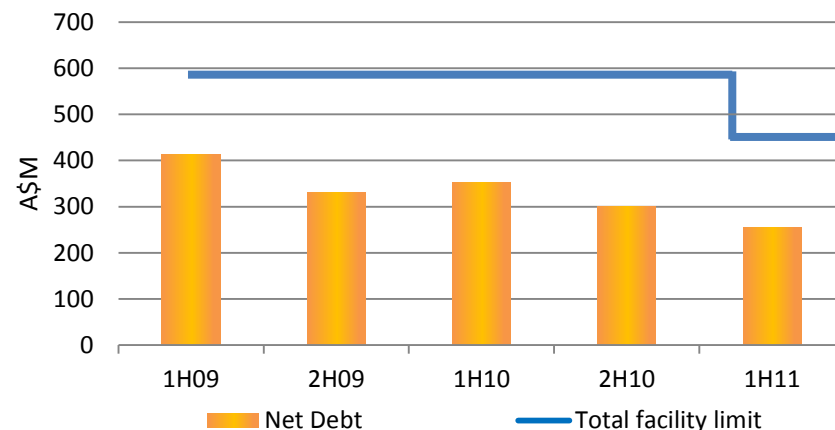
Balance sheet capacity and conservative gearing positions

Emeco for sustainable growth

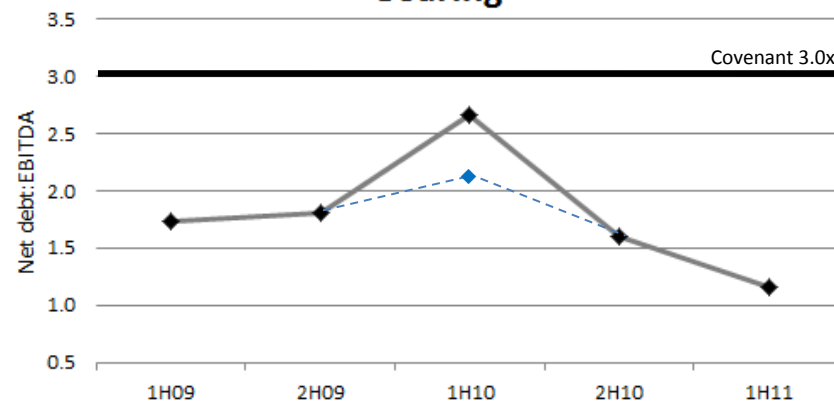
Sustainable growth

- ◆ ~\$175M of available headroom under current debt facilities
- ◆ Conservative gearing of ~1.25x (Net Debt:EBITDA) below target range of 1.5x – 2.0x
- ◆ Blended maturity profile (3 and 5 year) provides flexibility and reduces refinance risk
- ◆ Free cash flow and additional debt will fund FY12 growth capital investment

Net Debt & Facility Headroom



Gearing



Notes:

- ◆ Represents gearing normalised for \$90M fleet investment in Dec-09
- Net debt comprises senior debt plus finance leases less cash;
- Gearing defined as Net debt:R12 EBITDA.

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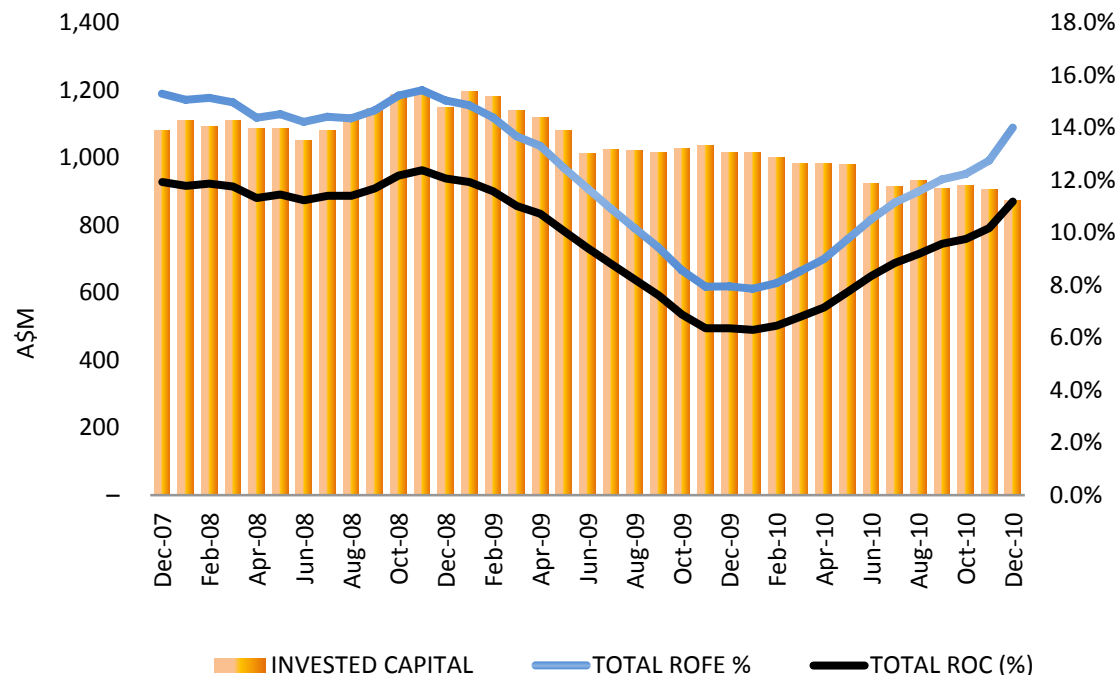
Focus on Shareholder Returns

Clear focus on deliver acceptable ROC from core mining markets

Consistent value creation
for shareholders

- ◆ Significant progress liberating underperforming capital
- ◆ Improved utilisation of installed asset base has driven higher returns
- ◆ Large mining fleet strategy to lift capital turnover
- ◆ Fixed cost leverage available via incremental growth capital
- ◆ Dilution of goodwill impact via organic growth investment

Return on Capital



Notes:

Graph represents operating results, excludes 1H11 Indonesian debtor impairment;
ROC calculated as R12 EBIT divided by Invested Capital for the period;
Invested capital defined as average 'Equity plus Net Debt' for the period;
ROFE calculated as R12 EBIT divided by Invested Capital less Goodwill for the period.

Outlook

Commitment to growth capital in FY12 reflects confidence in medium term outlook for mining volume growth

- ◆ Volume growth outlook in Australian, Indonesian and Canadian mining markets remains positive
- ◆ Emeco's exposure to production cycle is underpinning strong demand
- ◆ Large mining equipment continues to be in short supply
- ◆ Labour market and other supply inputs expected to challenge industry
- ◆ \$165M committed investment in FY12 to meet customer demand
- ◆ Incremental growth capital, large mining fleet strategy & sustained utilisation expected to deliver improving returns



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Questions



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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

emecogroup.com

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