



Earthmoving equipment solutions

2011 Full Year Results

Keith Gordon, Managing Director & Chief Executive Officer
Stephen Gobby, Chief Financial Officer



RENTAL | SALES | PARTS | ASSET MANAGEMENT

Presentation Overview

- ◆ Highlights
- ◆ Financials
- ◆ Strategy & Outlook
- ◆ Questions
- ◆ Appendices





Kalgoorlie, Western Australia

Highlights

Keith Gordon
Managing Director & Chief Executive Officer



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Overview

Execution of strategy translating to improved returns for shareholders

Successes

- ◆ Operating NPAT of \$56.0M, up 36.3% (FY10: \$41.1M)
- ◆ ROC improving to 11.3% (FY10: 8.3%)
- ◆ FY11 dividends of 10.0cps, fully franked, including final dividend of 3.0cps
- ◆ “Optimising the Core” – refocused on core markets, underperforming capital released
- ◆ “Sustainable Growth” – further investment in large mining fleet

Opportunities

- ◆ Balance sheet flexibility and capacity
- ◆ Leverage global procurement capability
- ◆ Positive commodity outlook in global mining markets
- ◆ Capturing further cost and operating efficiencies

Focus

- ◆ Safety
- ◆ Improving returns in Canada and Indonesia
- ◆ Timely deployment of committed growth capex
- ◆ Attracting and retaining skilled labour

Safety, People & Sustainability

Our customers value Emeco's OH&S performance

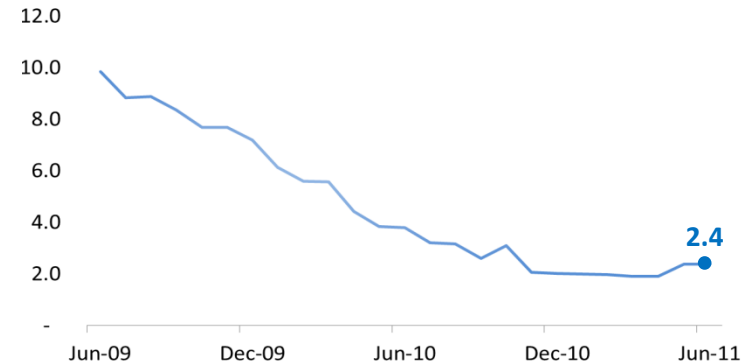
Safety

- ◆ Continuous improvement in Safety
- ◆ Global OH&S focus
- ◆ “Zero harm” policy
- ◆ Recognition in Indonesia

Sustainability

- ◆ Inaugural sustainability report published
- ◆ Emeco people strategy developed – “Empower”
- ◆ Global workforce of 930 people
- ◆ Focus on community involvement

Lost Time Injury Frequency Rate



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



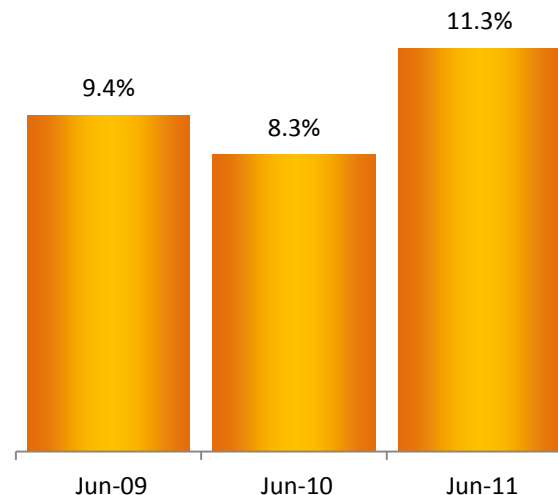
Return on capital

Resetting the base...

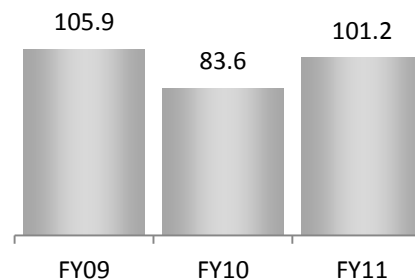
- ♦ **ROC of 11.3%** at Jun-11 (8.3% Jun-10)
- ♦ Higher earnings through better use of asset base
- ♦ Evolution of **fleet mix** towards large mining equipment
- ♦ **Liberated \$56.1M** of underperforming capital
- ♦ Opportunities to **improve returns** particularly in Indonesia & Canada
- ♦ FY12 **growth capex** to deliver higher earnings and ROC
- ♦ Scale to benefit ROC through fixed cost and goodwill leverage

...to deliver higher future returns

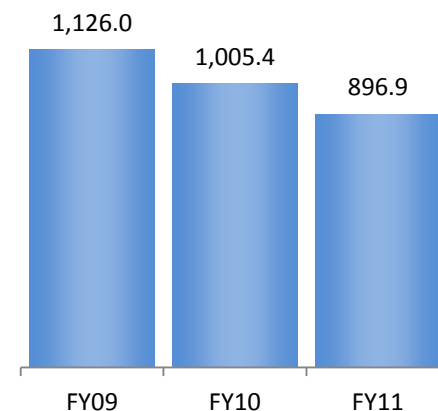
ROC



EBIT



Invested Capital



Rental Fleet Utilisation

Sustained mining activity driving strong utilisation in FY11

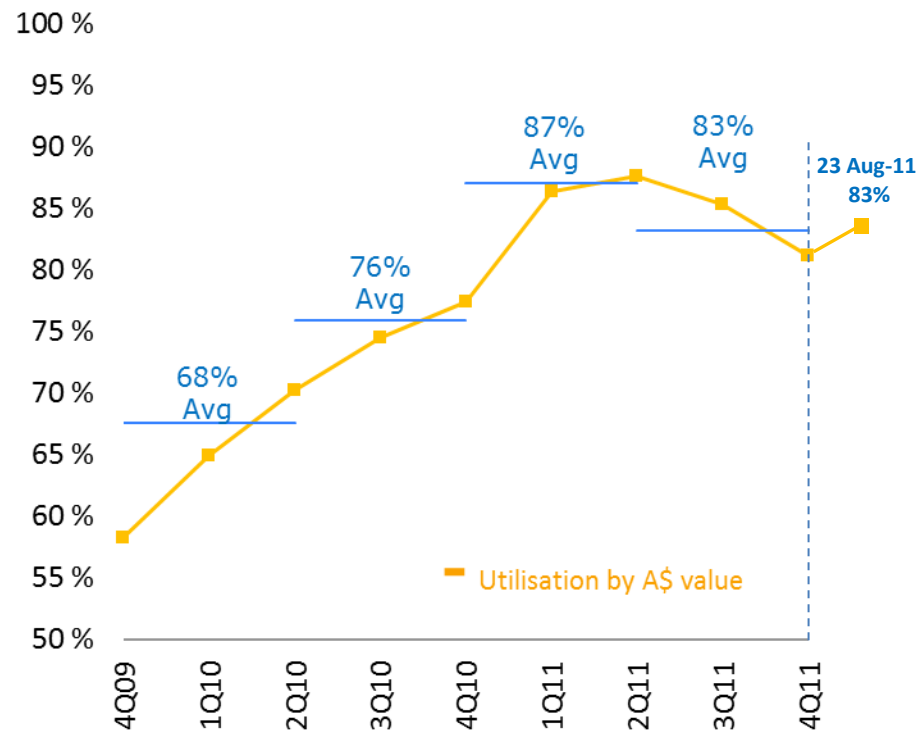
- ◆ **Average utilisation improved to 85% (FY10: 72%)**

- QLD, WA and Canada delivered full year of high utilisation
- Redeployment of large fleet in Indonesia impacted 2H11
- Canada impacted in 4Q11 due to seasonal thaw and slow ramp up in summer works

- ◆ **Current utilisation at 83% with further improvements expected from:**

- Ramp up activity in Canadian oil sands
- Finalising fleet mobilisation to new customers in Indonesia
- Deployment of growth capex on long tenure contracts

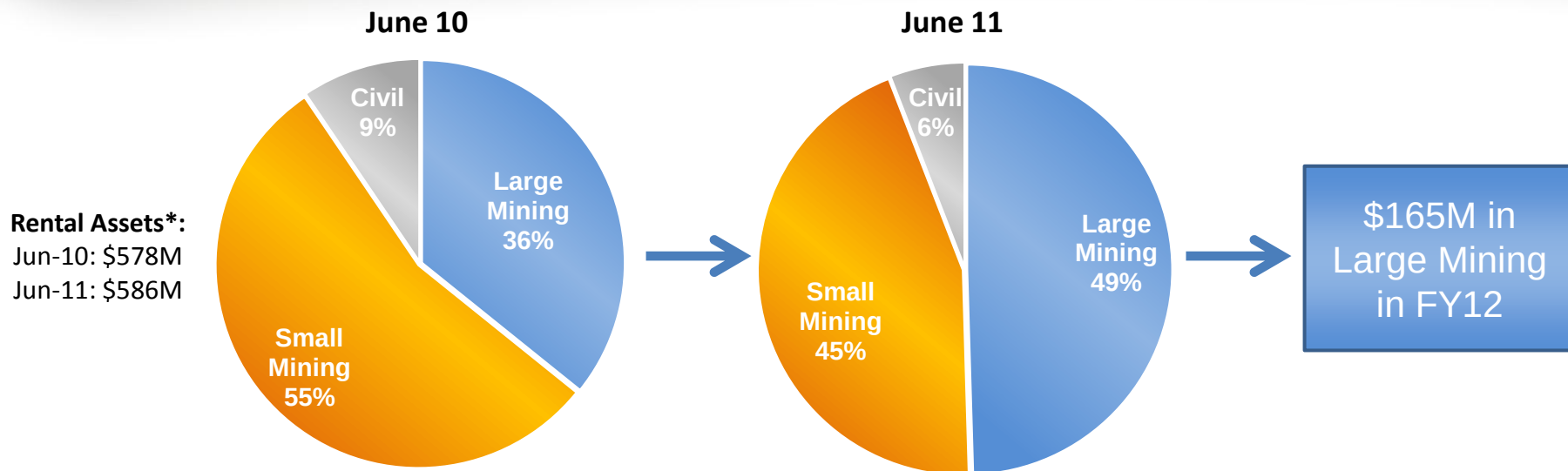
Average Equipment Utilisation by WDV



Note: Utilisation defined as % of fleet rented to customers (measured by WDV)

Fleet Strategy

Continuing to evolve the fleet toward large mining equipment



Advantages of Large Mining Fleet



Notes:

* Includes Victorian Rental (classified as assets held for sale) and excludes rental inventories;

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.

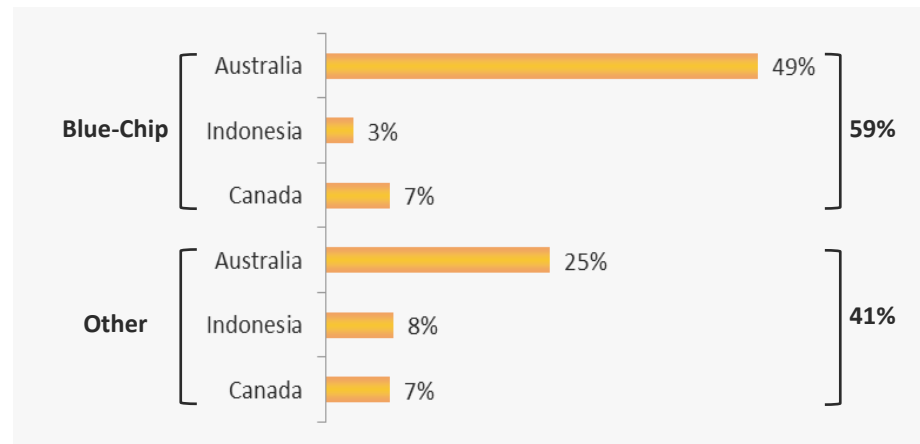
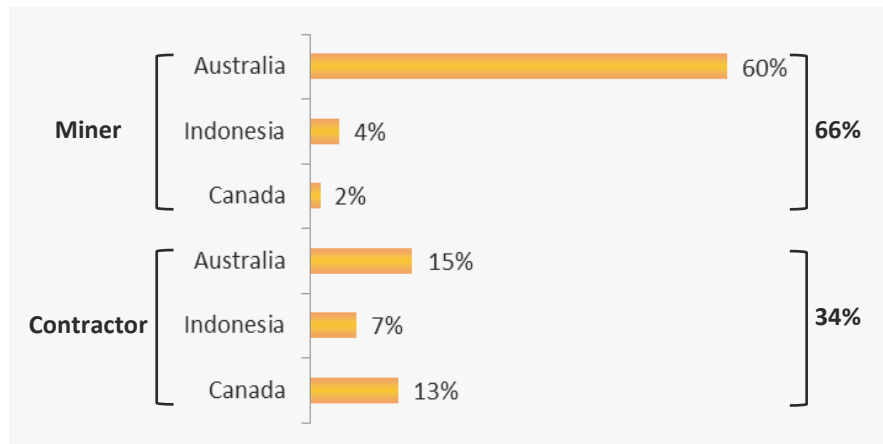
Customers

High calibre customers continue to use Emeco's quality rental offering



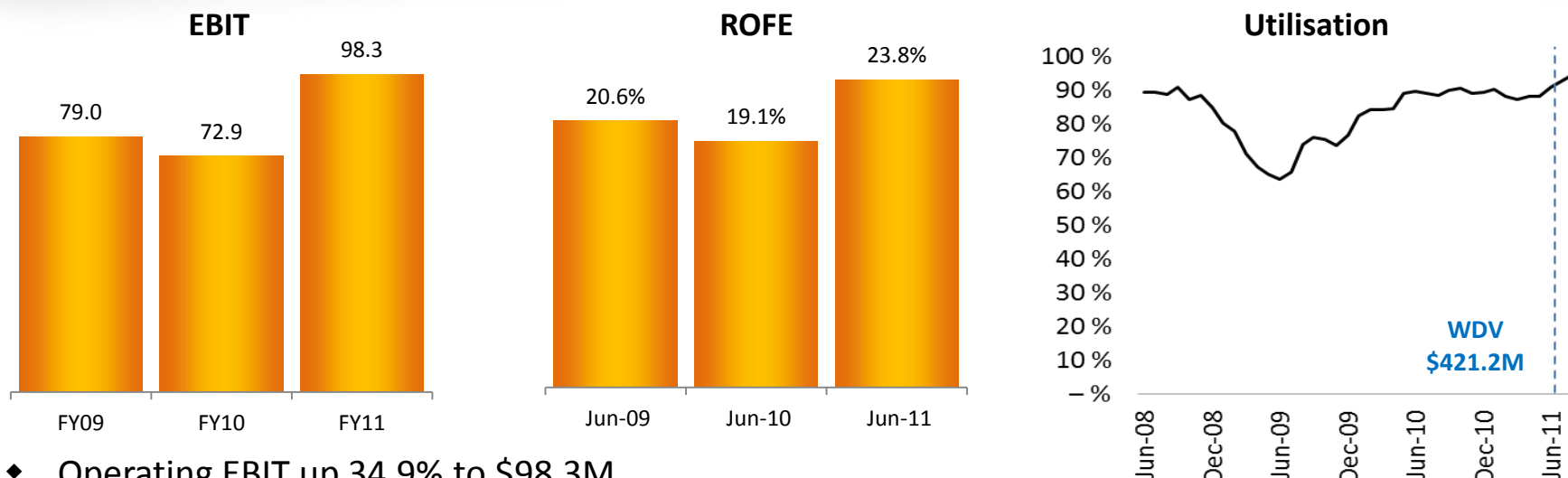
BHP Billiton Mitsubishi Alliance

Global Customer Profile



Regional Performance – Australian Rental

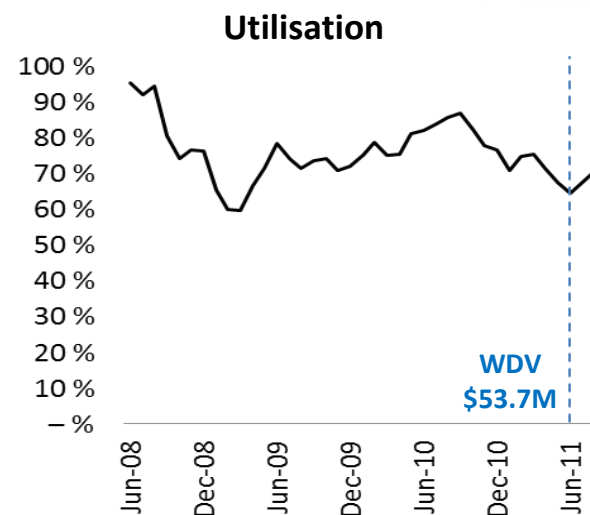
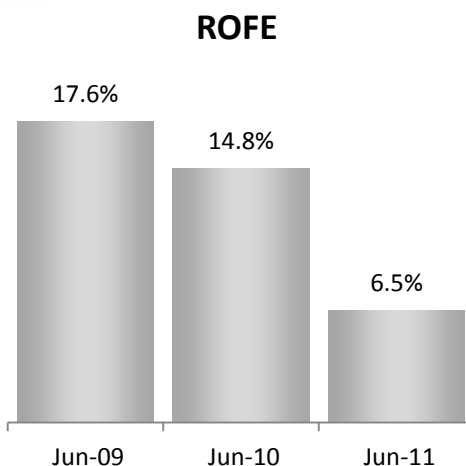
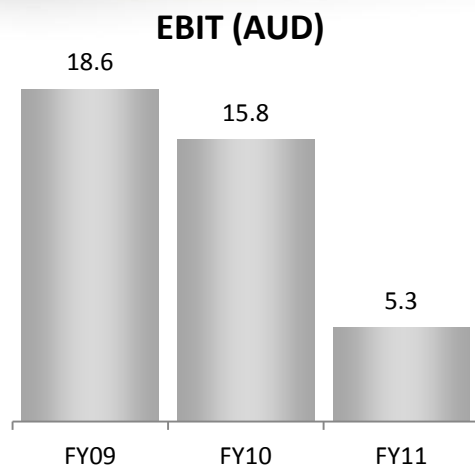
High utilisation underpinning FY11 returns with further growth from investment in FY12



- ◆ Operating EBIT up 34.9% to \$98.3M
- ◆ Average utilisation of 89% (FY10: 78%)
- ◆ Further investment in large mining fleet 10x 240tn trucks deployed into Rio Tinto Coal
- ◆ Maintenance services up 29.7% to \$46.8M
- ◆ Wet weather in QLD & NSW impacted earnings in 2H11
- ◆ Positive outlook for bulk commodities, gold & low cost producers
- ◆ FY12 earnings growth through \$93.0M investment in large mining fleet
- ◆ Incremental investment is value creating for shareholders

Regional Performance - Indonesia

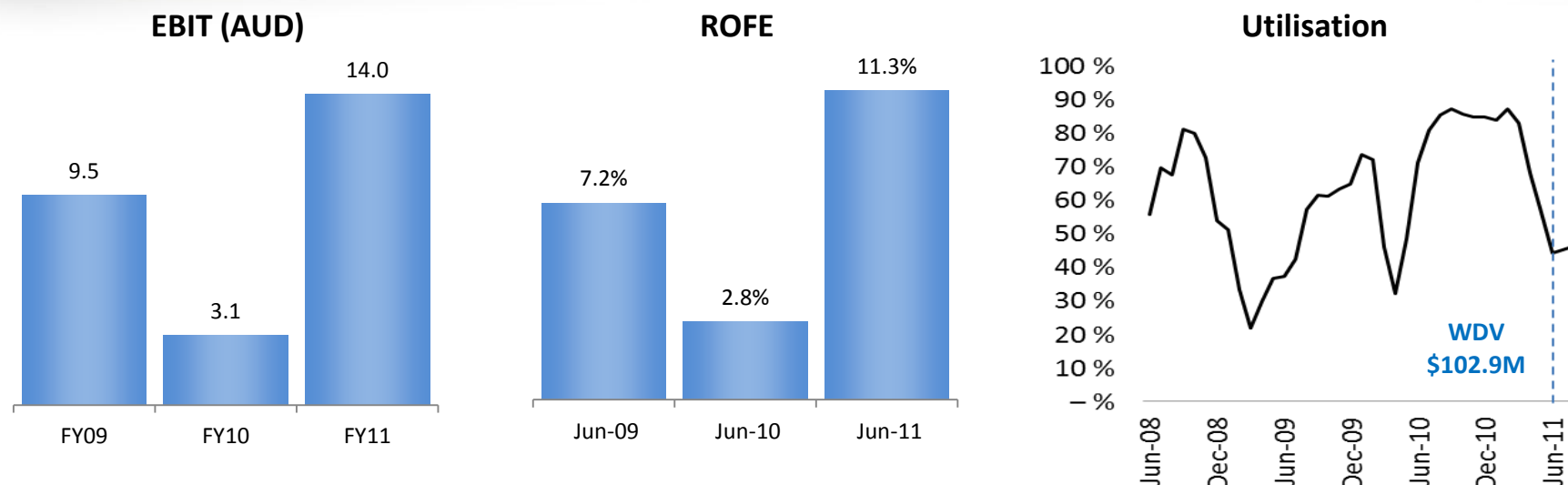
Challenging year in FY11 however strong fundamentals support return to historical performance



- ♦ 1H11 debtor impairment (\$6.0M) and subsequent fleet redeployment impacted 2H11 performance
- ♦ Redeployment of idle equipment progressing well
- ♦ Improved customer profile starting FY12
- ♦ Positive underlying fundamentals with growth opportunities in Coal & Gold markets
- ♦ New management team in place

Regional Performance - Canada

Fleet reconfiguration translating to higher earnings & improved returns



- ◆ Operating EBIT up 348% to A\$14.0M
- ◆ Fleet reconfiguration towards large mining equipment largely complete
- ◆ Success of fleet mix change shown in average utilisation up to 77.6% (FY10: 56.9%)
- ◆ Opportunities to improve returns exist through targeting oil sand producers and project sites in other commodities
- ◆ Summer works program in oil sands slower than expected, however strong recover in Autumn/Winter expected
- ◆ Further investment in large mining fleet and consolidation of existing fleet will improve FY12 returns



Financials

Stephen Gobby
Chief Financial Officer



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Financial summary

3.0% ROC improvement from strong earnings growth and balance sheet optimisation

- ◆ **ROC increased to 11.3%** (8.3% at Jun-10)
- ◆ **Operating NPAT of \$56.0M**, up 36.3% YoY
- ◆ **Statutory NPAT of \$49.6M**
 - Discontinued Operations \$0.4M
 - One-off debtor impairment (Indonesia) \$6.0M
- ◆ **\$450M debt facility** refinanced - 3 & 5 year tenor
- ◆ **10.0cps fully franked dividends** paid to shareholders in respect of FY11



Group Financials

Execution of strategy translating into improved performance

A\$ Millions	FY10	FY11	Var	Var
	Operating	Operating	\$	%
Revenue	444.4	502.5	58.1	13.1
EBITDA	190.4	223.3	32.9	17.3
EBIT	83.6	101.2	17.6	21.0
NPAT	41.1	56.0	14.9	36.3
EPS (cps)	6.5	8.9	2.4	36.3
DPS (cps)	2.0	10.0	8.0c	400.0
Invested Capital	1,005.4	896.9	(108.5)	(10.8)
ROC (%)	8.3%	11.3%	-	3.0%

Notes:

Table represents operating results (Statutory NPAT – FY11: \$49.6M (FY10:-49.3M);

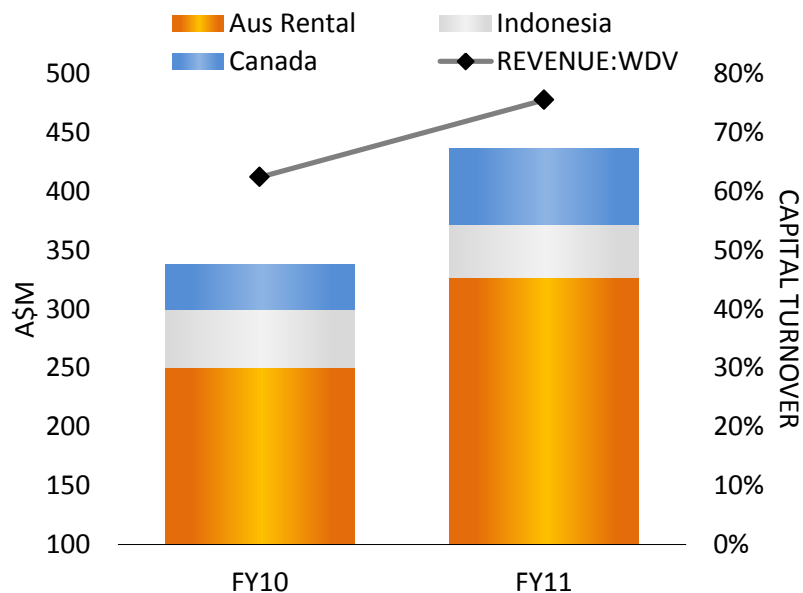
ROC calculated as EBIT divided by Invested capital for the period;

Invested capital defined as average 'Equity plus Net Debt' for the period.

Earnings composition

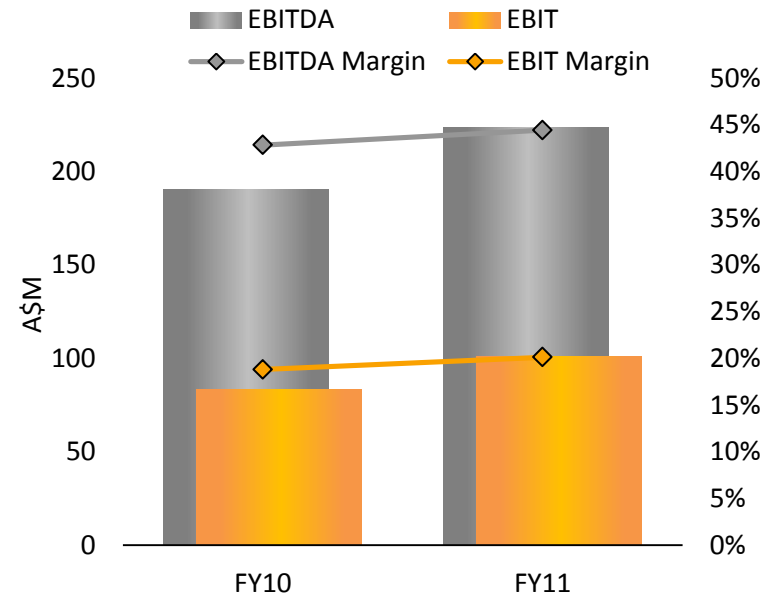
Improving capital turnover and consolidation of margins

Rental Revenue



- ◆ Reconfigured Canadian mining fleet and full year of high utilisation in QLD & WA major drivers of revenue growth
- ◆ Fleet mix change and rationalisation of invested capital translating to higher capital turnover

Earnings & Margins

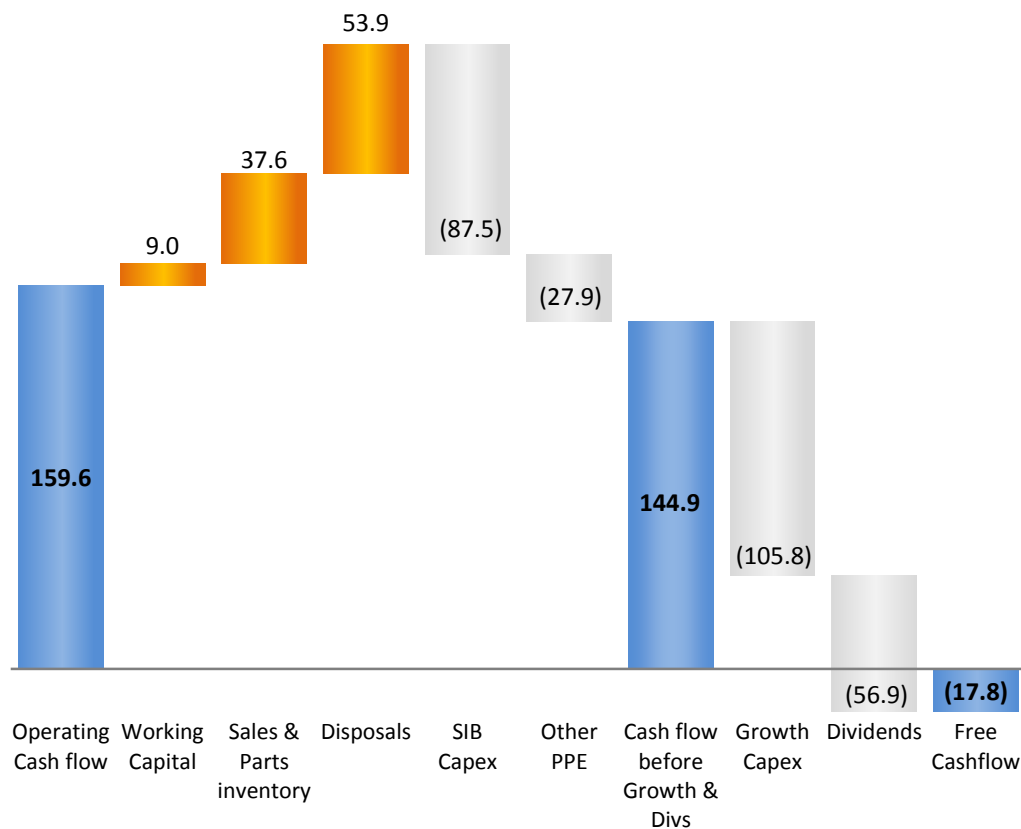


- ◆ Pricing improving, however partially reflecting pass through of cost increases
- ◆ Margin improvement due to higher mix of Rental vs Sales/Parts revenue in FY11

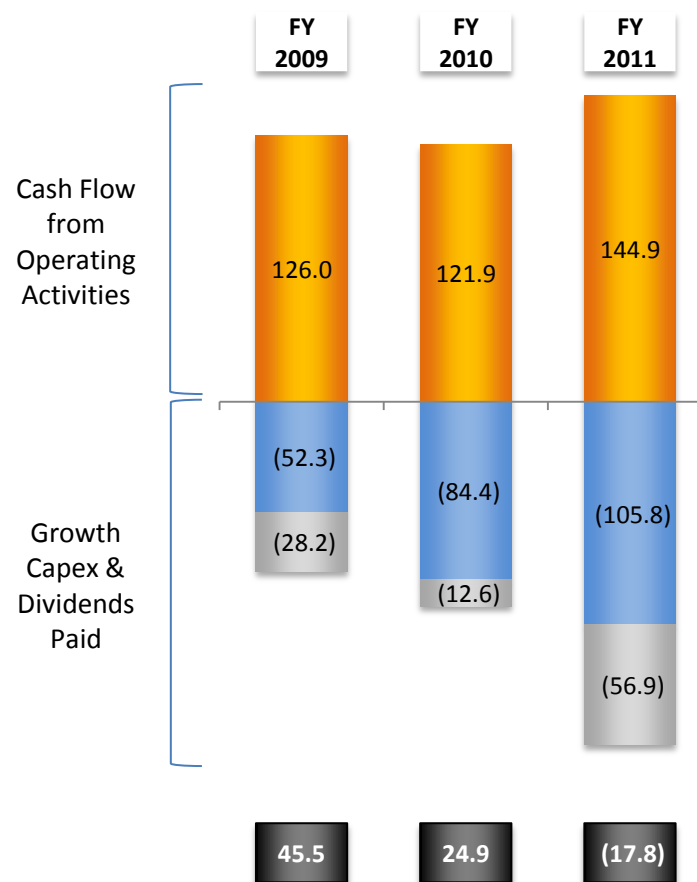
Cash Flow

Strong operating cashflow and capital release has enabled investment for growth while returning funds to shareholders

FY11 Cash Flow



Managing Cashflow through The Cycle



Balance Sheet

Capital efficiencies delivered in FY11

- ◆ Quality fleet now in place after non core asset disposals & reinvestment in large mining fleet
- ◆ Downsized Sales & Parts inventories to align with Rental business
- ◆ Working capital efficiency gains by targeting debtor days
- ◆ Delivered \$56.1M of \$60.0M capital release target in FY11
- ◆ Total Debt remained flat despite growth investment and special dividend

Balance Sheet

A\$ Millions	Actual FY10	Actual FY11	Variance \$	Variance %
Rental Plant	572.1	620.7	48.6	8.5%
Intangibles	178.2	173.2	(4.9)	(2.8%)
Net Debtors	53.8	40.6	(13.2)	(24.6%)
Other PP&E	38.2	37.9	(0.3)	(0.9%)
Inventories	87.0	48.6	(38.4)	(44.1%)
Other	(6.4)	(27.3)	(20.9)	(326.1%)
Net assets before debt	922.9	893.7	(29.2)	(3.2%)
Net Debt	(300.2)	(291.5)	8.7	2.9%
Net Assets	622.7	602.2	(20.5)	(3.3%)

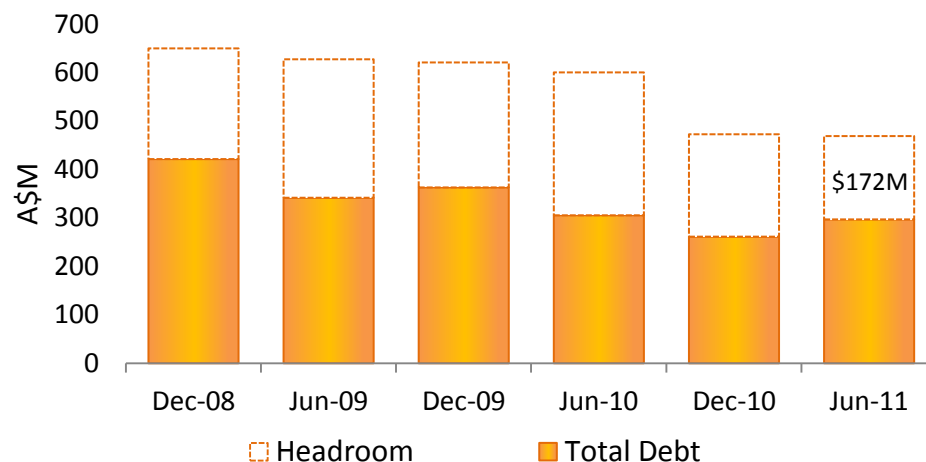
Note: Net debt comprises senior debt & finance leases less cash

Gearing & Facilities Headroom

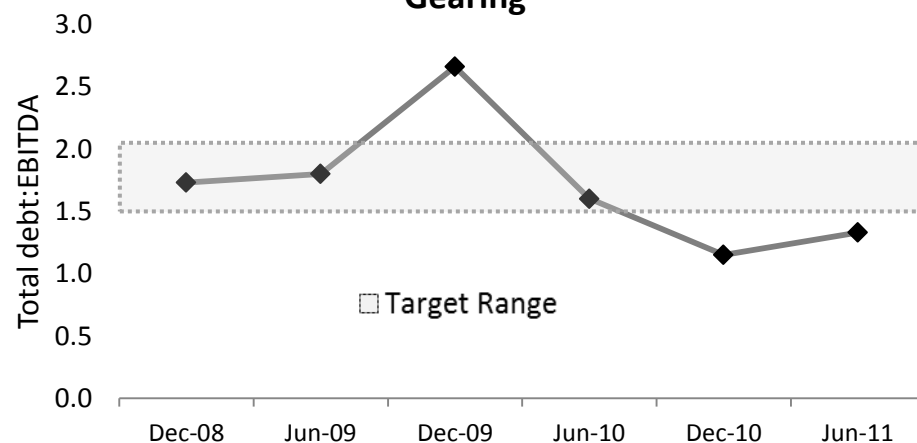
Funding certainty and capacity in place to support medium term growth

- ◆ Debt refinance completed in Nov-10 with existing banking syndicate
 - Extended maturities
 - Sized for medium term growth
- ◆ Free cash flow will contribute toward FY12 growth investment
- ◆ Conservative gearing provides flexibility to pursue growth opportunities

Facilities Headroom



Gearing

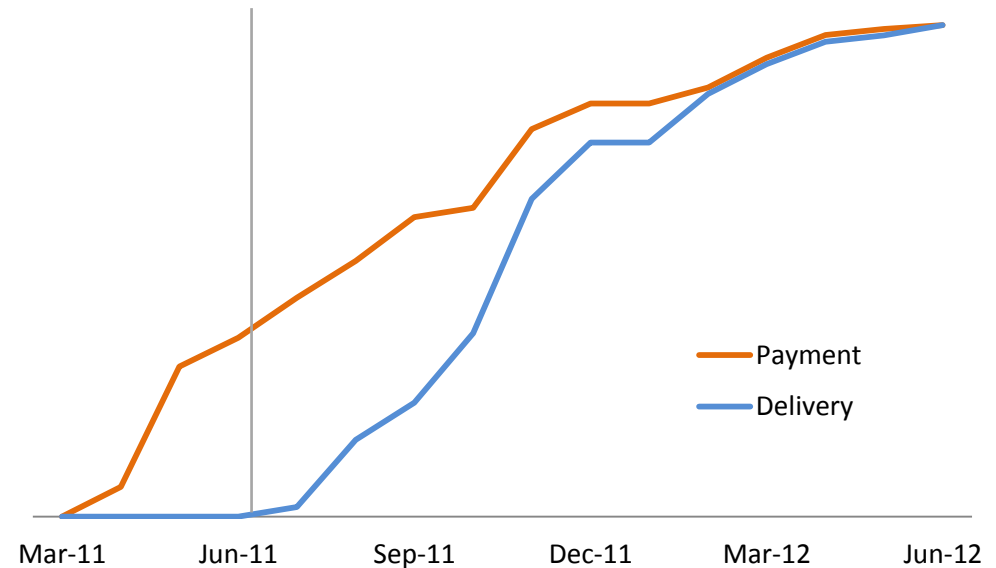


FY12 Capital Investment

Global procurement capability essential to growth given tight equipment market

- ◆ Global procurement capability giving Emeco access to quality equipment
- ◆ Existing growth capital commitments of \$165M for FY12, with \$60M paid for by June-11
- ◆ Growth capital is accretive to earnings & ROC in FY12 with full benefits realised in FY13
 - ◆ Lag effect of used equipment purchases
 - ◆ ROC improvement as asset depreciates
- ◆ Estimated sustaining capex of \$100M - \$120M in FY12

Cumulative payment & deployment of FY12 growth investment





Strategy & Outlook

Keith Gordon
Managing Director & Chief Executive Officer

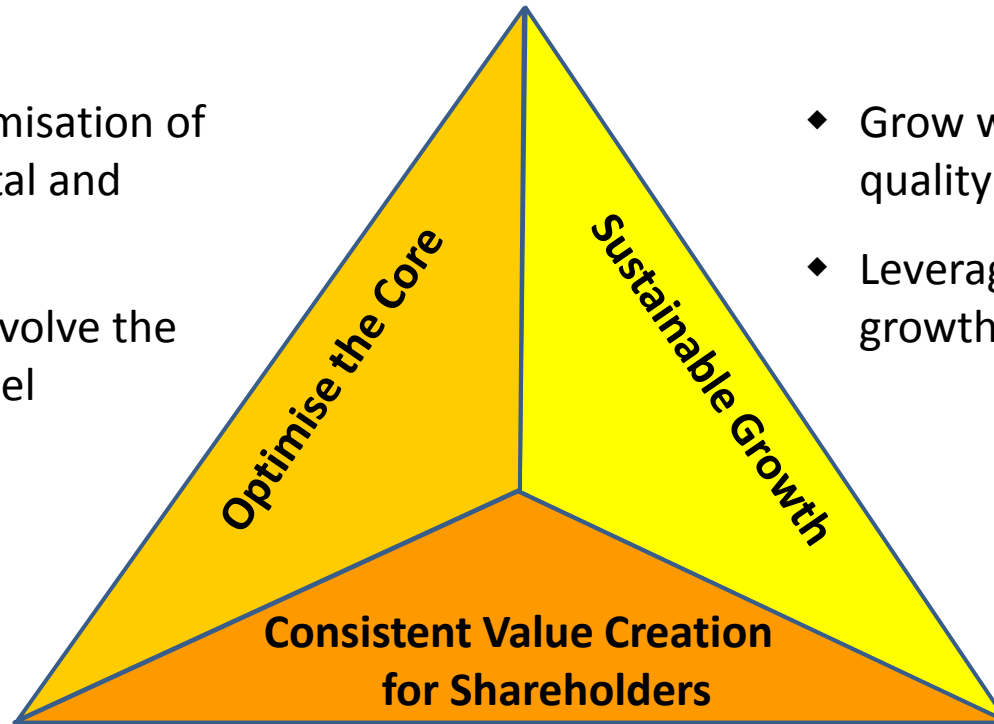


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The Emeco Strategy

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

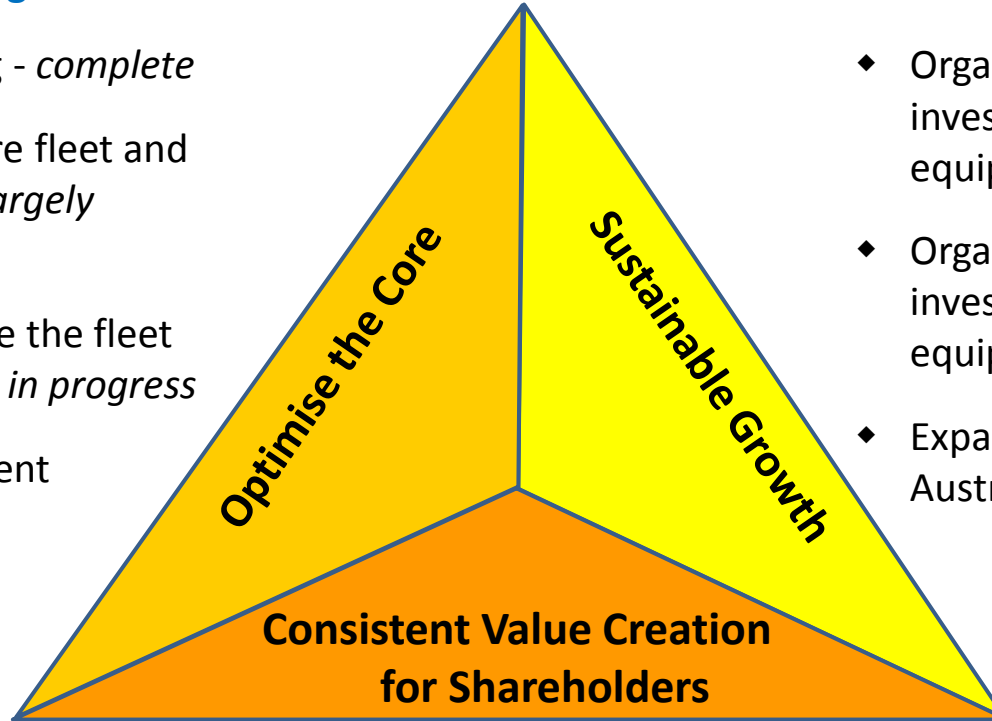
- ◆ Disciplined investment above WACC returns
- ◆ Optimise capital structure

Growth – in the context of Emeco's Strategy

Restructure activities complete in FY11 with focus on Growth in FY12

Earn the right to grow

- ◆ Global restructuring - *complete*
- ◆ Canada – reconfigure fleet and improve returns – *largely complete*
- ◆ Indonesia – optimise the fleet and customer mix – *in progress*
- ◆ Business Improvement – *in progress*



Grow from a solid foundation

- ◆ Organic growth through investment in large mining equipment in Australia - *ongoing*
- ◆ Organic growth through investment in large mining equipment in Canada - *ongoing*
- ◆ Expand maintenance services in Australia & Canada - *ongoing*

Identify other value creation opportunities aligned to strategy

- ◆ Scan market for complementary acquisition opportunities
- ◆ Evaluate opportunities to expand geographic footprint

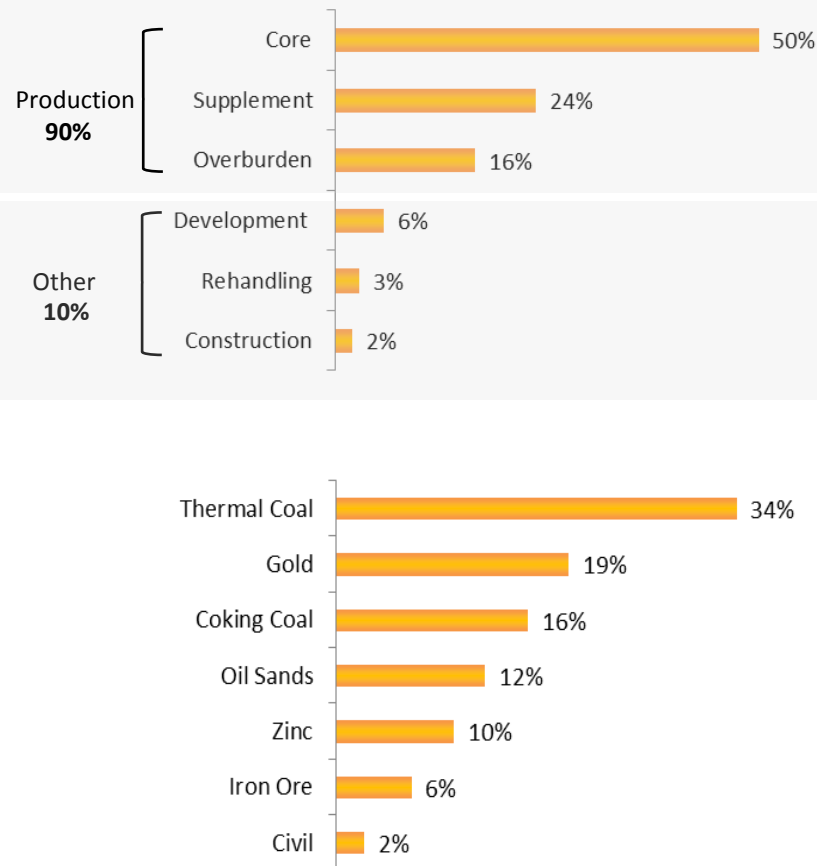
Market Outlook

Global economic volatility has re-emerged but commodities volume expected to grow

Global Production Forecasts



Emeco Commodity Exposure



Note: Production and Commodity exposure based on FY11 revenue



Australia Source: ABARE; "Australian Commodities Report", March 2011
 Canada Source: CAPP; "Crude Oil, Forecast, Markets & Pipeline Report", Q3 2011
 Indonesia Source: Business Monitor International; "Indonesia Mining Report", Q3 2011

Emeco Outlook

Emeco well positioned to capitalise on strong sector fundamentals

- ◆ Strong demand for mining equipment in an environment of long lead times
- ◆ Confidence that all growth capex equipment will be placed promptly
- ◆ Rental model works particularly well for owner miners but also has application with contractors
- ◆ Entering FY12 with historically high levels of utilisation in Australia
- ◆ Strong winter season expected in Canada following an industry wide downturn in Q4
- ◆ Strong demand in Indonesia. New management team in place to focus on high quality customers
- ◆ Emphasis now on executing the growth capex pipeline and maintaining focus on operating cash flows and balance sheet strength



Questions



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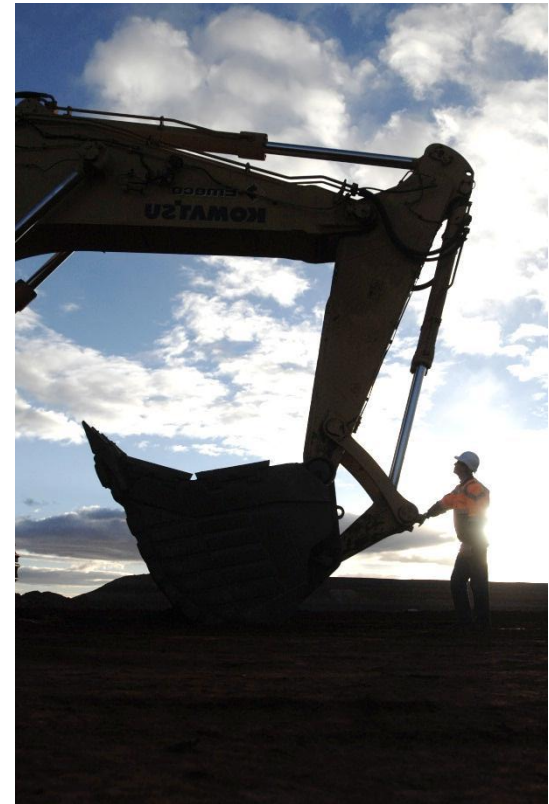
Further Information

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





Appendices



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Detailed Financials

Profit & Loss

A\$ Millions	FY10	FY11	Var	Var
	Operating	Operating	\$	%
Revenue	444.4	502.5	58.1	13.1
EBITDA	190.4	223.3	32.9	17.3
margin (%)	42.8	44.4	-	1.6
EBIT	83.6	101.2	17.6	21.0
margin (%)	18.8	20.1	-	1.3
NPAT	41.1	56.0	14.9	36.3

Balance Sheet

A\$ Millions	Actual	Actual	Variance	Variance
	FY10	FY11	\$	%
Rental Plant	572.1	586.5	14.5	2.5%
Intangibles	178.2	173.2	(4.9)	(2.8%)
Debtors	90.3	78.3	(12.1)	(13.3%)
PP&E	38.2	80.2	41.9	109.6%
Sales & Parts Inventory	87.0	42.7	(44.3)	(50.9%)
Other assets	49.0	38.9	(10.1)	(20.6%)
Total Assets	1,014.8	999.8	(15.0)	(1.5%)
Creditors	36.5	41.9	5.4	14.8%
Interest bearing liabilities	304.1	293.8	(10.3)	(3.4%)
Other liabilities	51.4	61.9	10.5	20.4%
Net Assets	622.7	602.2	(20.4)	(3.3%)

Cash flow

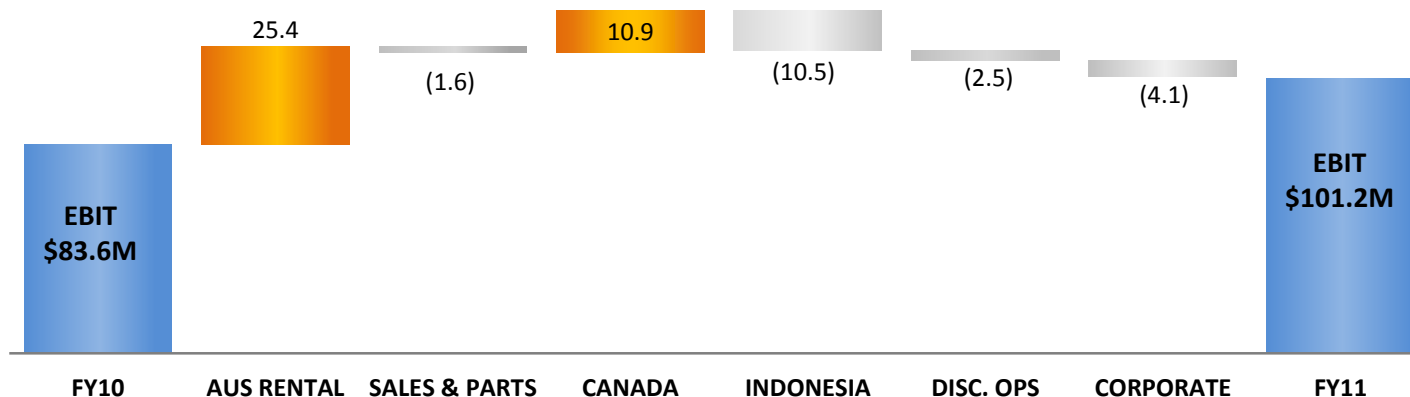
A\$ Millions	FY10	FY11	Var	Var
	A\$ m	A\$ m	A\$ m	%
Operating Cash flow	178.2	200.8	22.6	12.7
General Working Capital	2.2	9.0	6.8	309.1
Sales & Parts Inventory	5.9	37.6	31.7	537.3
Interest & Borrowing costs	(20.7)	(22.6)	(1.9)	(9.2)
Share purchases for LTI	(2.4)	(4.5)	(2.1)	(87.5)
Income tax payments	(18.1)	(14.0)	4.1	22.7
Cash flow from Operating Activities	145.1	206.3	61.2	42.2
Rental Capital Expenditure	(137.4)	(193.3)	(55.9)	(40.7)
Other Property, Plant & Equipment	(17.7)	(27.9)	(10.2)	(57.6)
Disposals	47.5	53.9	6.4	13.5
Cash flow from Investing Activities	(107.5)	(167.3)	(59.8)	(55.6)
Cash flow (before s/h return)	37.5	39.0	1.5	4.0
Dividends	(12.6)	(56.9)	(44.3)	(351.3)
Free Cash flow	24.9	(17.8)	(42.7)	(171.3)

Finance Facilities

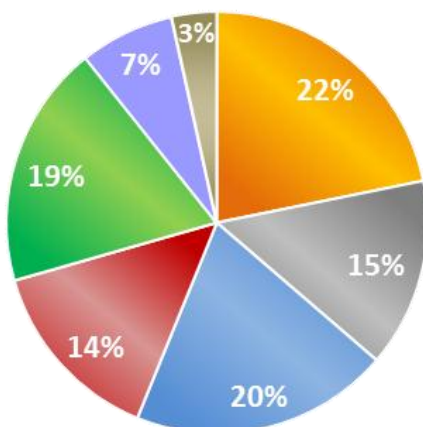
A\$ millions	Facility limit	Drawn	Headroom	Maturity
	\$	30-Jun-11	\$	
Senior Debt (3-year)	300.0	278.0	22.0	Nov 2013
Senior Debt (5-year)	150.0	-	150.0	Nov 2015
Finance Lease	19.0	19.0	-	Range
Working Capital	26.9	-	26.9	Range
Total	495.9	297.0	198.9	-

Operating Segments

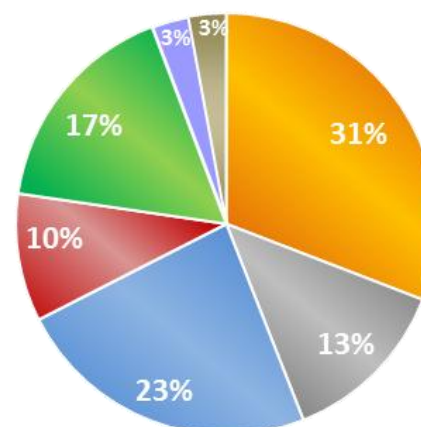
EBIT - Earnings Bridge



Funds Employed at Jun-10



Funds Employed at Jun-11



Notes:

Graphs represent operating results;

Funds Employed defined as average 'Equity plus Net Debt less Goodwill'.

Earthmoving equipment solutions

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