Emeco

Earthmoving equipment solutions

Merrill Lynch
Emerging Stars Conference

22-23 November 2011

Stephen Gobby, Chief Financial Officer

Presentation Overview

- Operating Update
- Financial & Business Overview
- Strategy
- Outlook
- Appendices

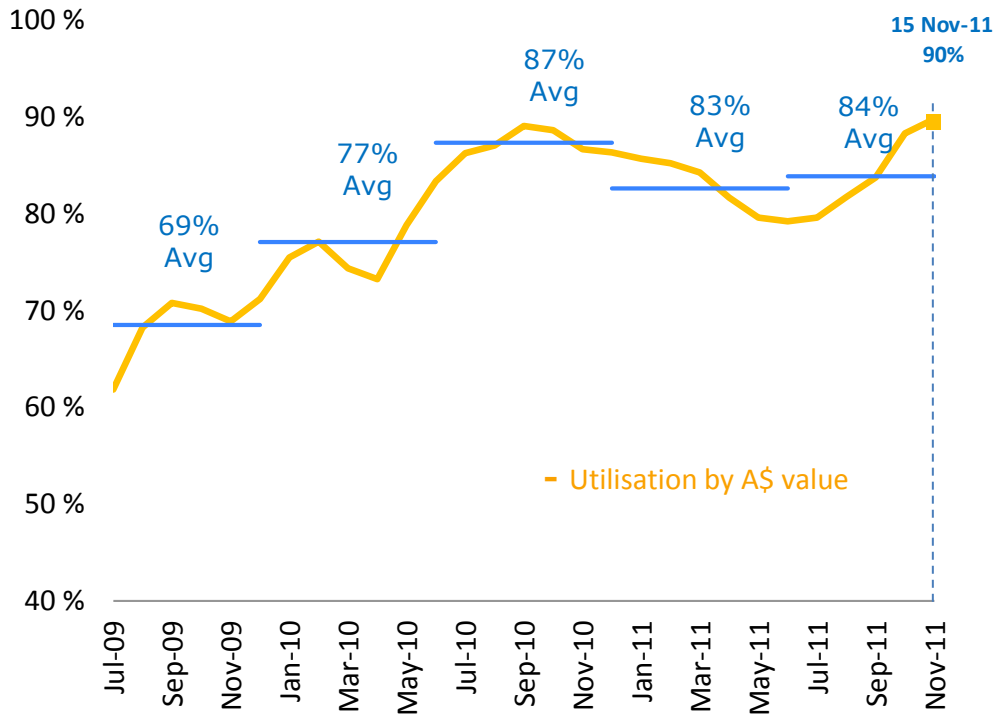
Operating Update

Favourable Operating Conditions & Growth Outlook

Sustained mining activity driving strong utilisation in 1Q12

- **Global fleet utilisation at 90%**
  - Australia unprecedented high utilisation averaging 94%
  - Low Q1 activity in Canadian oilsands, utilisation currently at 72%
  - Indonesian major fleet redeployment recently completed with utilisation up to 83%
- **FY12 growth capital of $165m to contribute to earnings uplift in 2H12**
- **Investing $30m into Indonesian business in FY13 to benefit from coal volume growth**
- **Undertaking due diligence on geographic step-out in Chile**
- **FY12 earnings skewed ~60% to 2H12**

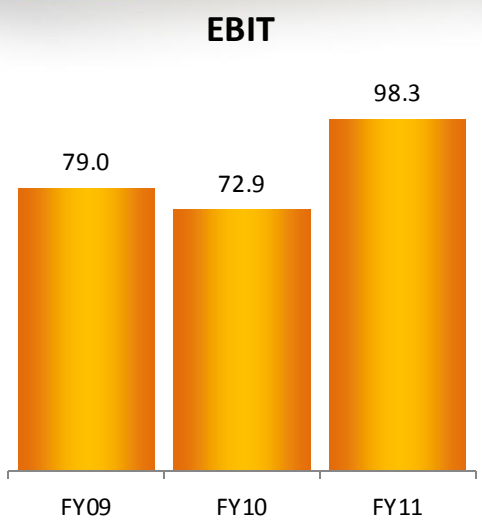
Emeco Group: Global Equipment Utilisation

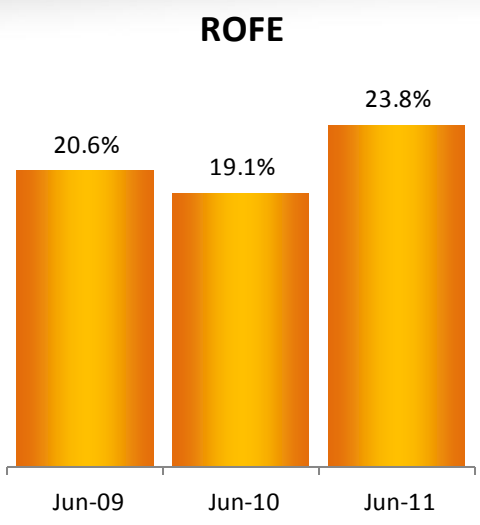


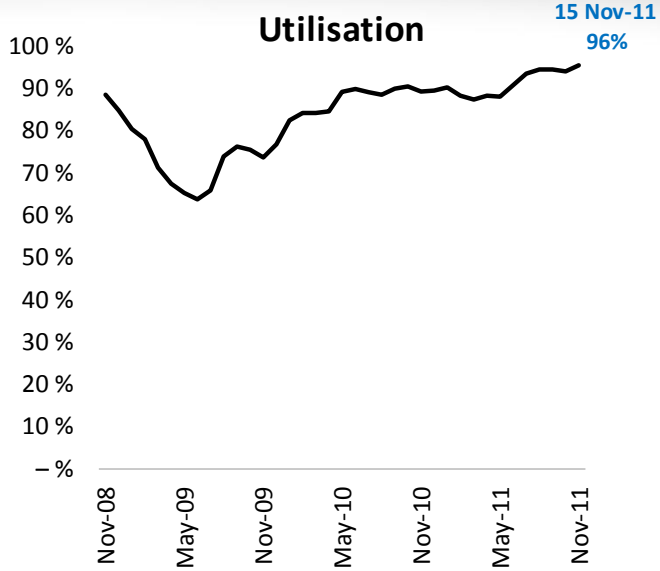
Note:
Utilisation defined as % of fleet rented to customers (measured by WDV)

Regional Performance – Australian Rental

High utilisation underpinning FY11 returns with further growth from investment in 2H12





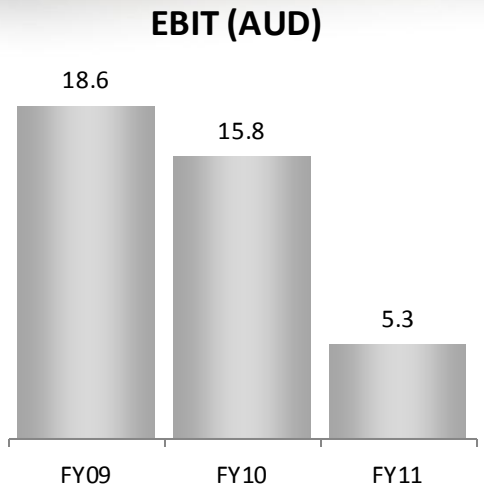


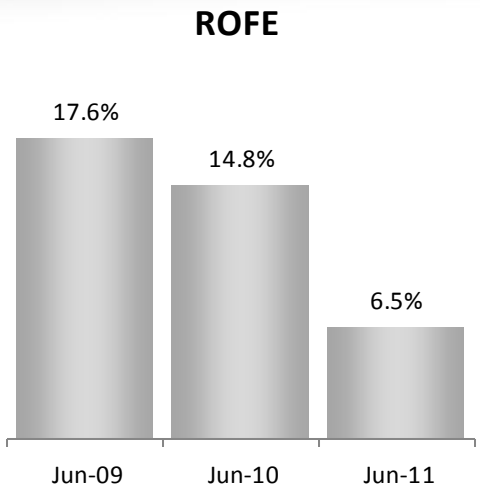
- Current utilisation of 96%; YTD average utilisation of 94% (FY11 average: 89%)
- Positive outlook for bulk commodities, gold & low cost producers
- Some labour cost pressure in Western Australia & Queensland slightly impacting margins
- 2H12 earnings growth through $93.0M investment in large mining fleet
- Incremental investment is value creating for shareholders

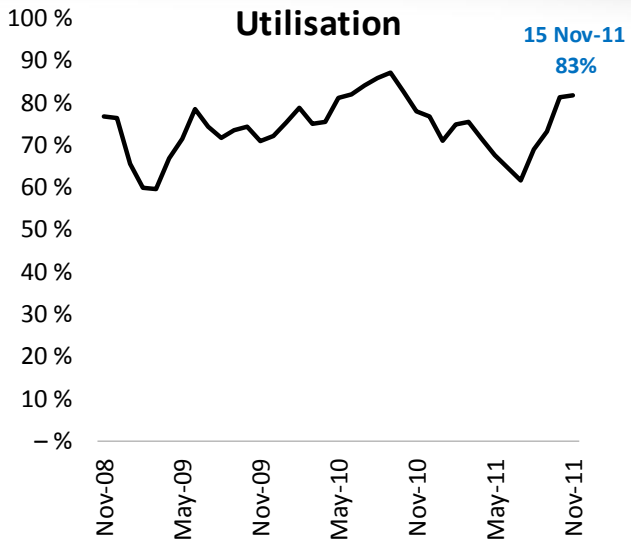
Notes: Excludes Victoria Rental;
ROFE % is R12 Operating EBIT divide average Funds Employed;
Average FE FY09 $383.5M; FY10 $382.1M and FY11 $413.8M.

Regional Performance - Indonesia

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







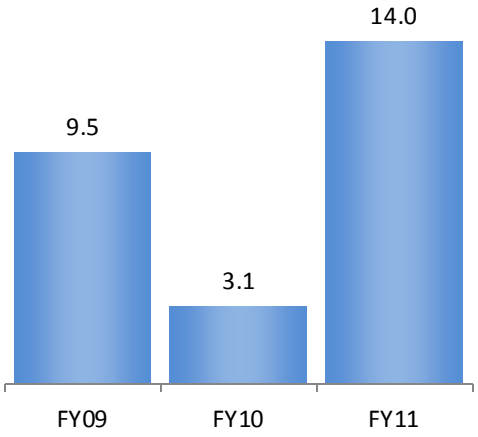
- Current utilisation of 83%; YTD average utilisation of 72% (FY11 average: 77%)
- Successfully redeployed most of fleet off-hired in FY11 across 1Q12
- Improved customer profile starting FY12
- New management team in place
- Positive underlying fundamentals with growth opportunities in Coal & Gold markets
- $30m committed to growth capital for delivery in 1H13

Note: ROFE % is R12 Operating EBIT divide average Funds Employed
Average FE FY09 $105.7M; FY10 $106.6M and FY11 $80.4M

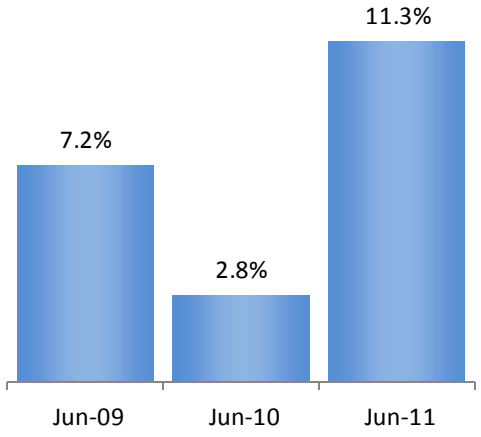
Regional Performance - Canada

Low activity in 1Q12 but recent return to higher utilisation

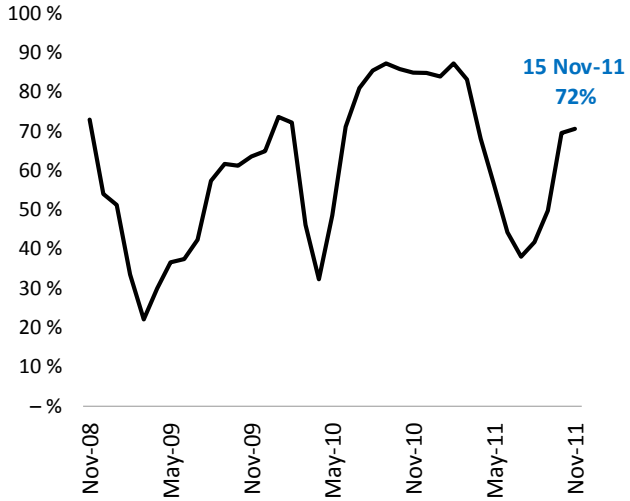
EBIT (AUD)



ROFE



Utilisation



- Current utilisation of 72%; YTD average utilisation of 44% (FY11 average: 78%)
- Summer works program in oil sands slower than expected, however recovery taking hold
- Fleet reconfiguration towards large mining equipment complete
- Opportunities to improve returns including through direct supply to oil sand producers and project sites in other commodities
- 4Q12 investment in large mining fleet ($72m) and consolidation of existing fleet will improve future returns

Note: ROFE % is R12 Operating EBIT divide average Funds Employed
Average FE FY09 $131.9M; FY10 $110.0M and FY11 $124.2M

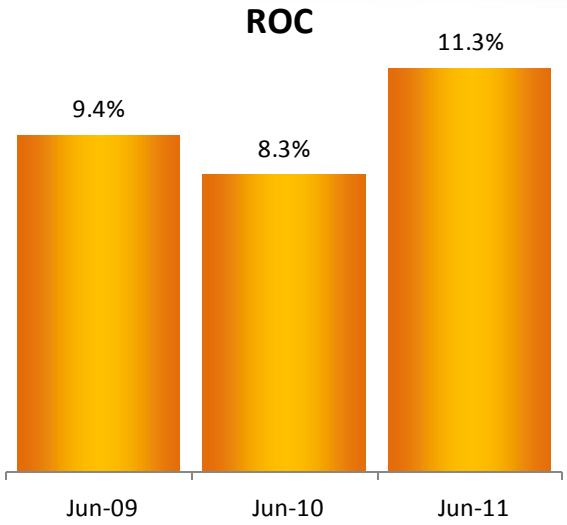
Financial Overview

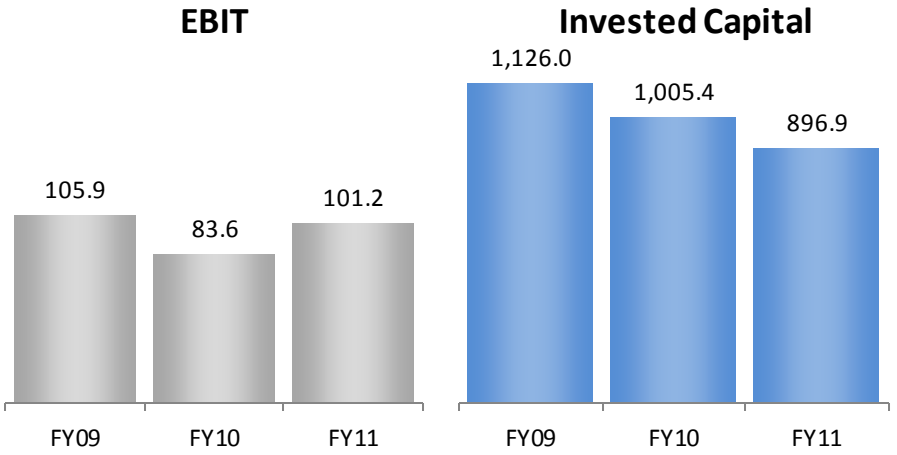
Return on capital

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 across FY11
- 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



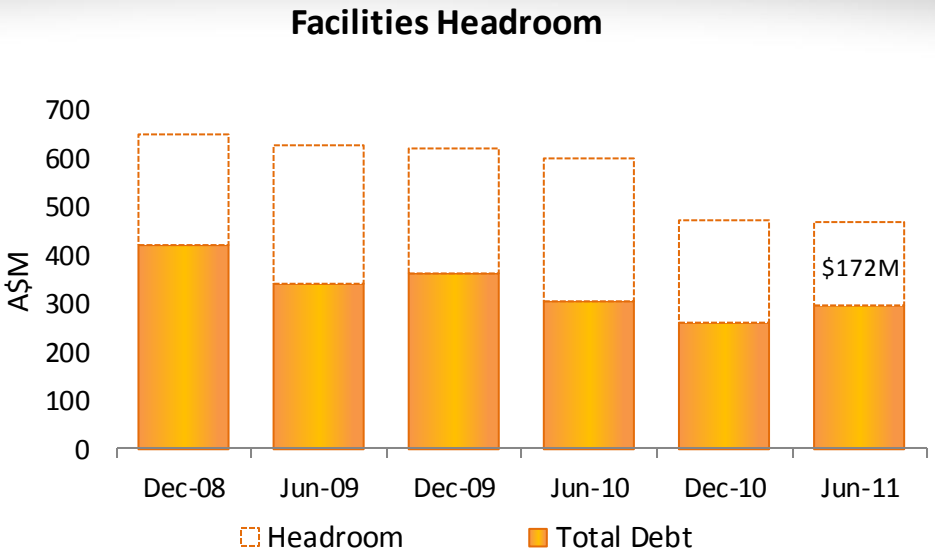


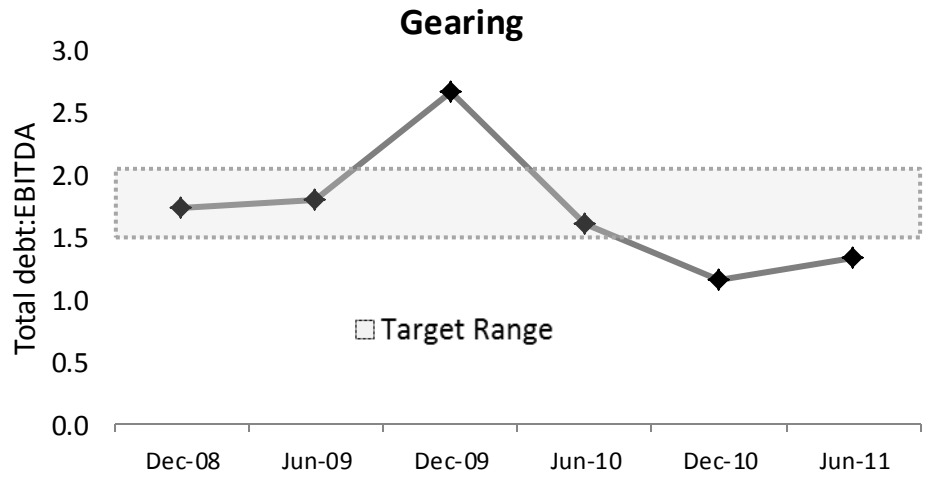
ROC calculated as R12 operating EBIT divide average Invested Capital
Invested capital = 'Equity plus Net Debt'

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





Note: Facilities headroom comprises of Senior Debt plus finance lease; Total debt comprises senior debt & finance leases.

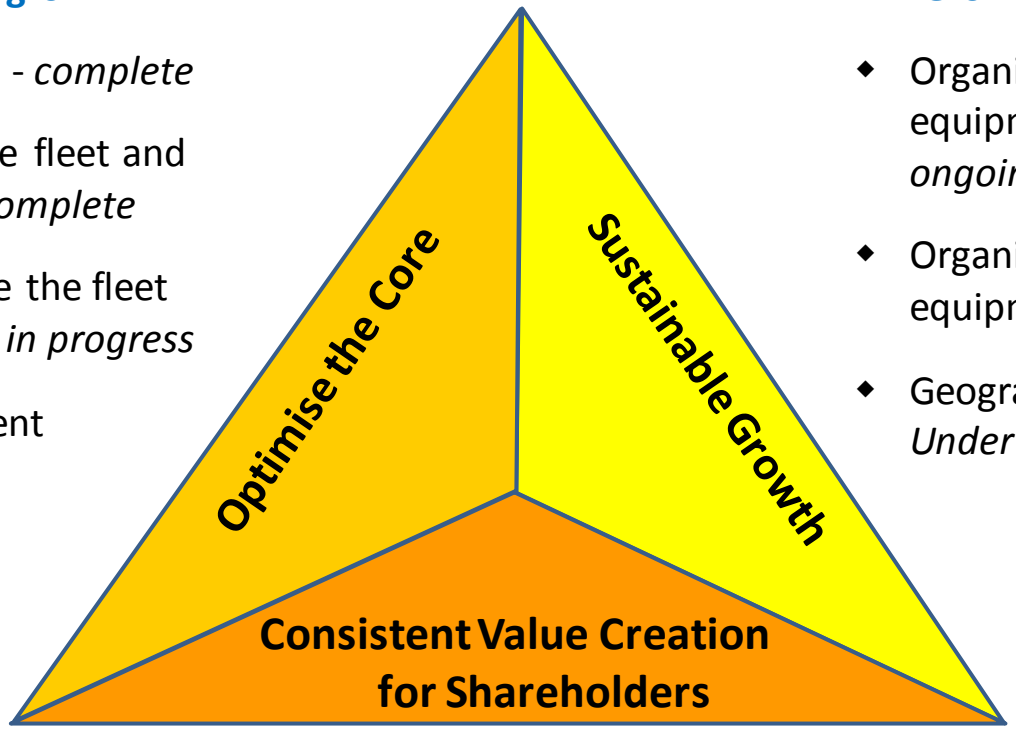
Strategy

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 – *complete*
- Indonesia – optimise the fleet and customer mix – *in progress*
- Business Improvement – *in progress*



Grow from a solid foundation

- Organic growth in large mining equipment in Australia & Canada - *ongoing*
- Organic growth in mining equipment in Indonesia – *1H13*
- Geographical step-out to Chile – *Under consideration (FY13)*

Identify other value creation opportunities aligned to strategy

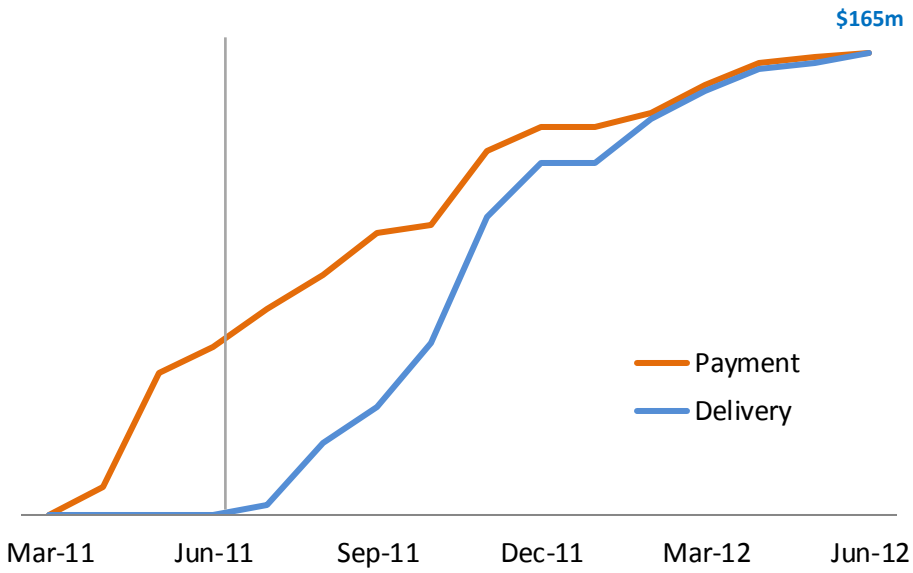
- Scan market for complementary acquisition opportunities
- Evaluate opportunities to expand geographic footprint

FY12 Growth 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

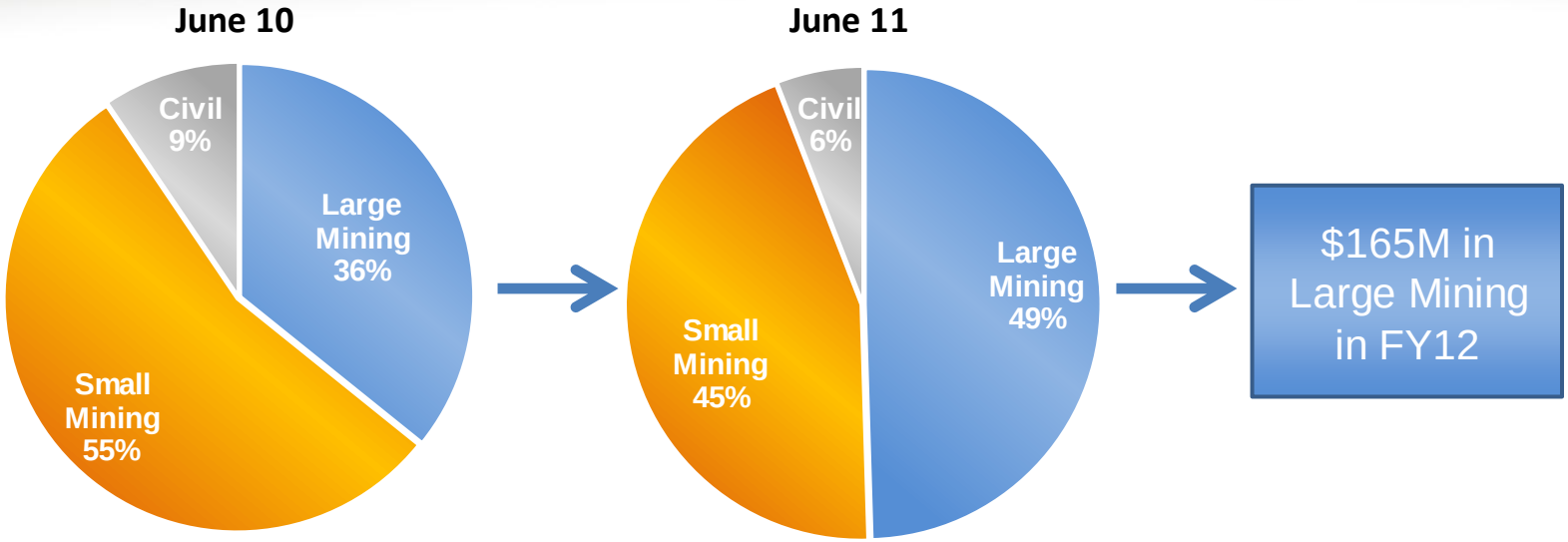


Note: Graph indicative of cumulative FY12 growth investment

Fleet Strategy

Continuing to evolve the fleet toward large mining equipment

Rental Assets*:
Jun-10: $578M
Jun-11: $586M



Advantages of Large Mining Fleet

- Quality customers
- Production
- Tenure
- Intensity (hrs/mth)
- Higher ROC
- Consistent Returns

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.

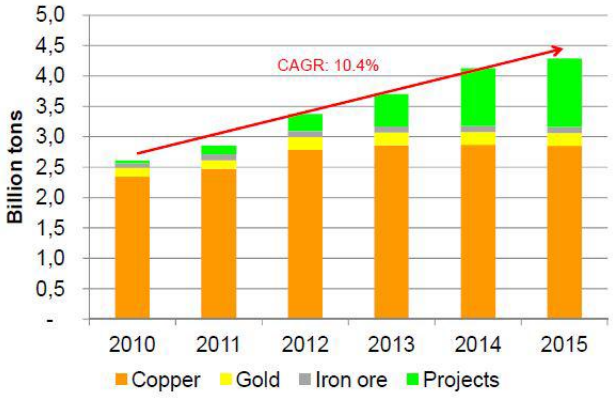
Geographic step-out - Chile

Mining volume growth supports initial $50m investment opportunity

Emeco's strategic benefits of Chile step-out

- **Commodity diversification** – opportunity to diversify into low cost, established copper mines with growing earthmoving volumes
- **End market diversification** – Chile's copper exports balanced across US, Europe and Asia (<40% exported to Asia/ China)
- **Alternate redeployment market** – provides practical alternate redeployment market
- **Geographic leverage** – platform to enter into other South American markets
- **Low risk** – no goodwill and low infrastructure
- **Procurement** – large population of mining equipment in country

Forecast Volume of Earth Moved



Note: ROFE % is R12 Operating EBIT divide average Funds Employed Average FE FY09 $131.9M; FY10 $110.0M and FY11 $124.2M

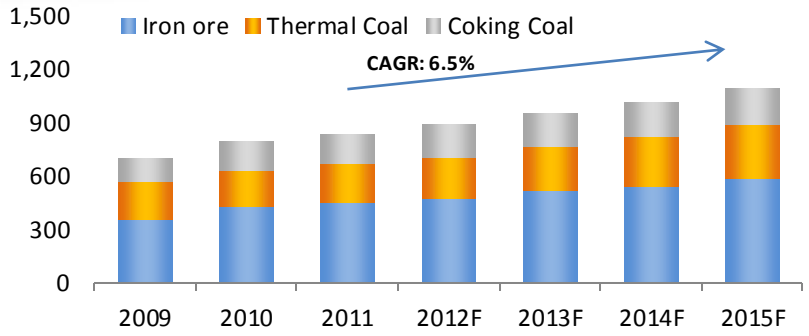
Outlook

Market Outlook

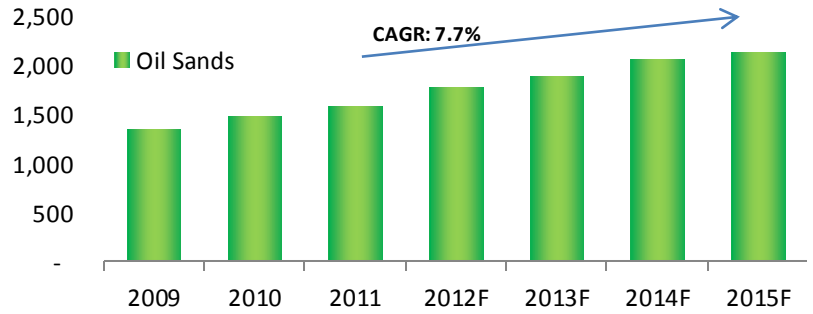
Global economic volatility has re-emerged but leveraged to low-cost commodites with large earthmoving volume requirements

Global Production Forecasts

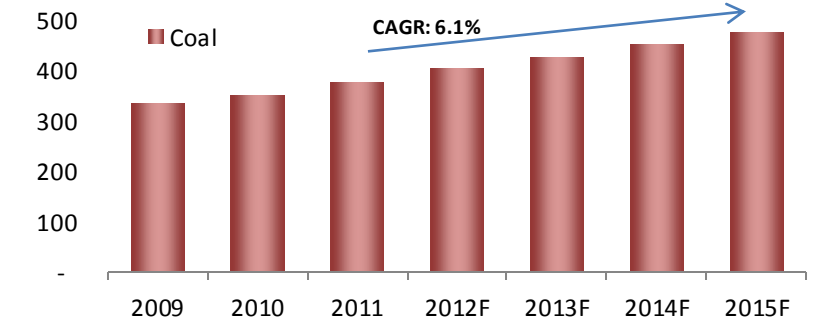
AUSTRALIA



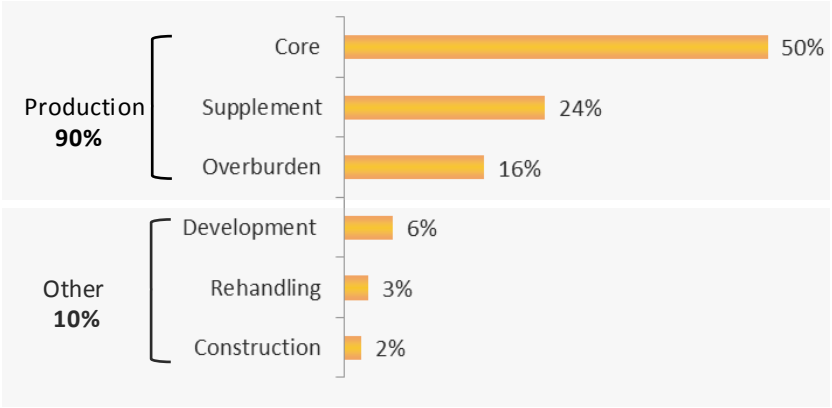
CANADA

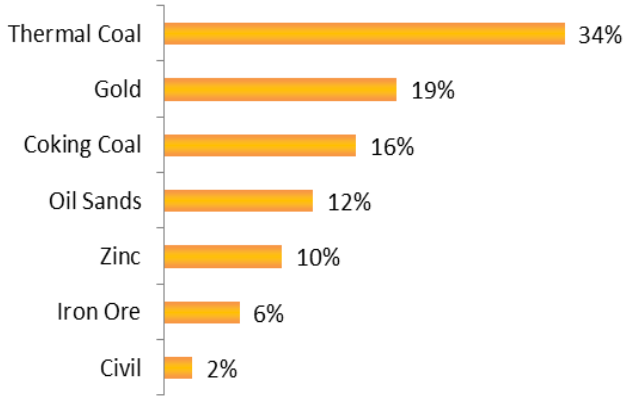


INDONESIA



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 mining fundamentals

- Strong demand for mining equipment in an environment of long lead times
- FY12 growth capex commitment largely contracted
- Rental model works particularly well for owner miners but also has application with contractors
- 1H12 to achieve historically high levels of utilisation in Australia
- Strong winter season expected in Canada following an industry wide pause in activity in 1Q12
- Strong demand in Indonesia. New management team in place to focus on high quality customers
- Emphasis now on executing the growth capital pipeline, maintaining focus on strong financial position and Chile opportunity

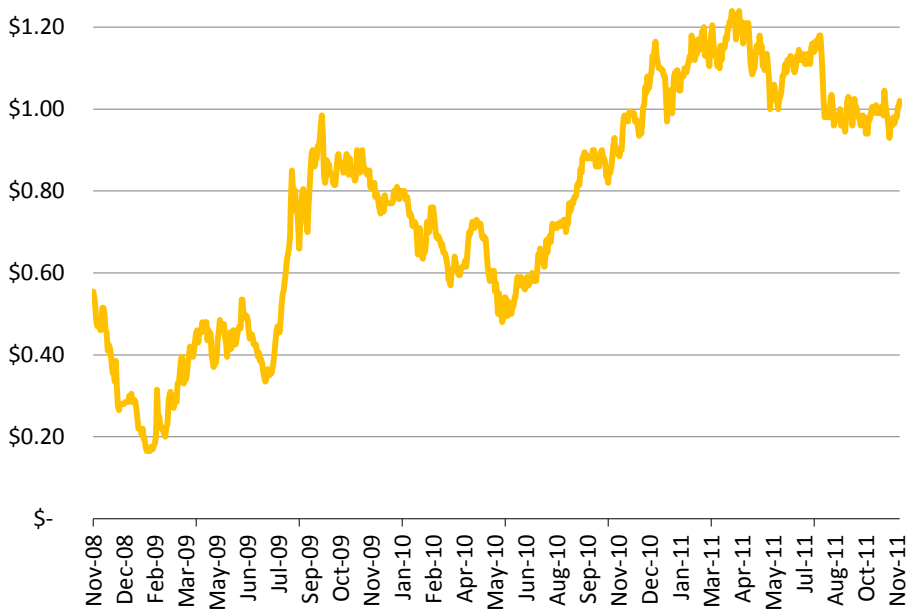
Appendices

What is Emeco?

Fast facts…

- Emeco is a leading supplier of heavy earthmoving equipment solutions for the mining industry across the globe
- Established in Australia in 1972
- Operations across Australia, Indonesia and Canada
- Core business is dry-hire rental of mining equipment
- ~70% revenue from blue-chip miners and contractors
- Large equipment range from Caterpillar, Komatsu, Hitachi, Volvo and Liebherr
- Listed on ASX exchange (EHL:AU)
- Industry: Rental Auto/ Equipment
- Market capitalisation A$644M[1]

Emeco closing share price (ASX:EHL)



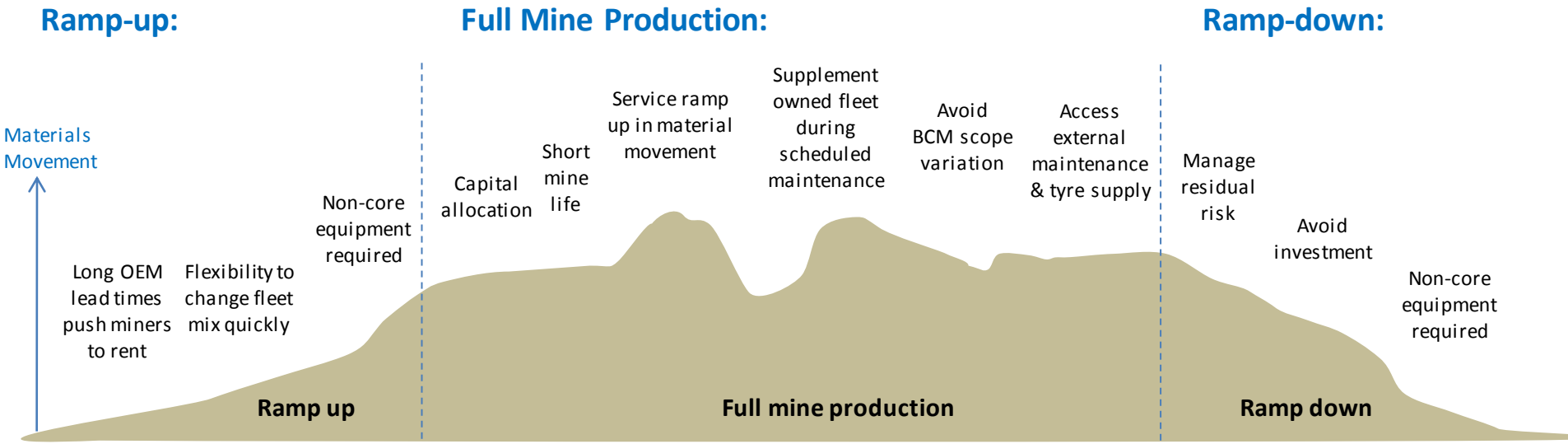
Note: [1]Market capitalisation as at 17 November 2011

Meeting Customers Needs

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

Emeco's Mining cycle leverage:	Core Production 74%	Overburden (Production) 16%	Mine Development 6%	Mine Construction 4%

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



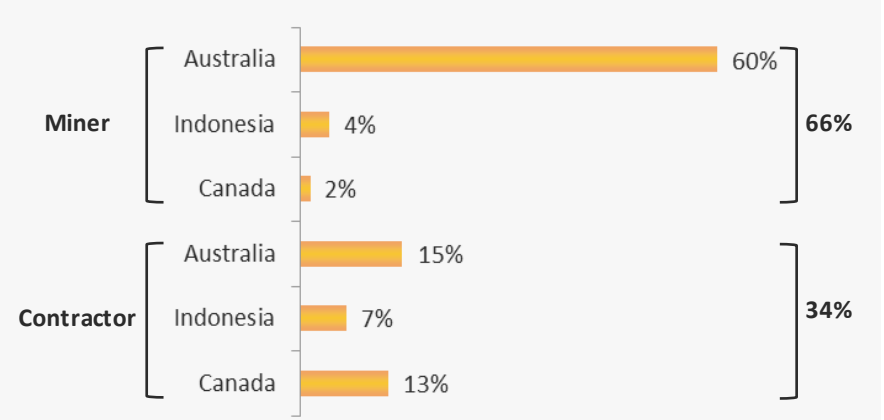
Percentage leverage to mining cycle based on FY11 actuals and comprises 95% of group rental revenue

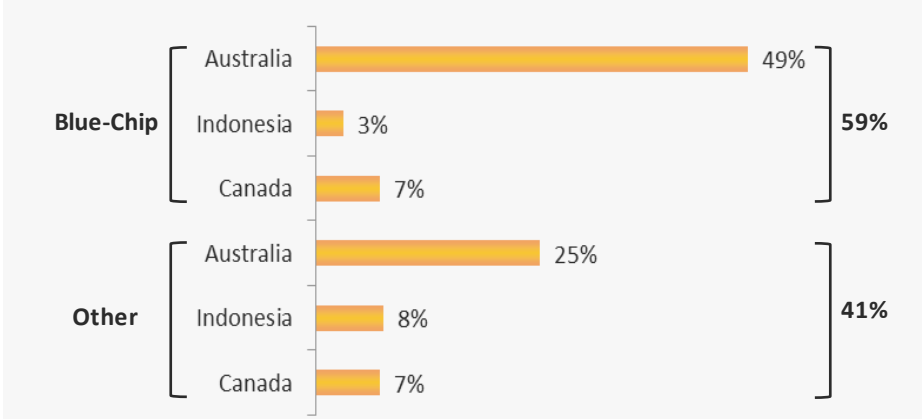
Customer Composition

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

ANGLO COAL
Downer EDi
RIO TINTO
Leighton Holdings
Shell
KMC MINING
FMG
BMA
BHP Billiton Mitsubishi Alliance
LEDCOR GROUP
xstrata
BARRICK

Global Customer Profile





Note: Graphs based on group revenue FY11

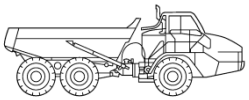
Customer Case Studies

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	4 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	2.5 years 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	3 years
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
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

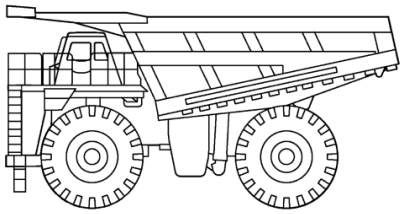
Asset profile

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



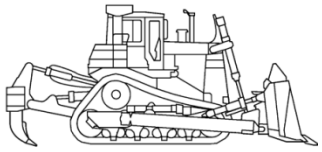
Truck

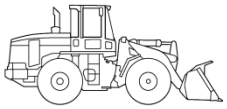
35 tonne 50 tonne 100 tonne 150 tonne 200 tonne 250 tonne 300 tonne
Small construction Super mines



Dozer

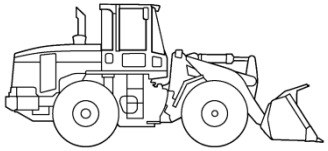
15 tonne 25 tonne 35 tonne 45 tonne 60 tonne 100 tonne 150 tonne
Small construction Large mines

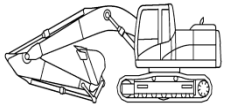




Loader

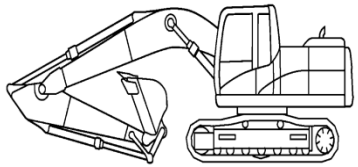
100 kW 125 kW 150 kW 200 kW 300 kW 500 kW 1000 kW 1300 kW
Small construction Large mines

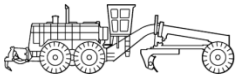




Excavator

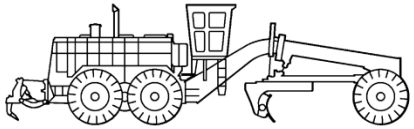
10 tonne 20 tonne 35 tonne 100 tonne 200 tonne 300 tonne 450 tonne 600 tonne
Small construction Large mines





Grader

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



Safety, People & Sustainability

Our customers value Emeco's OH&S performance

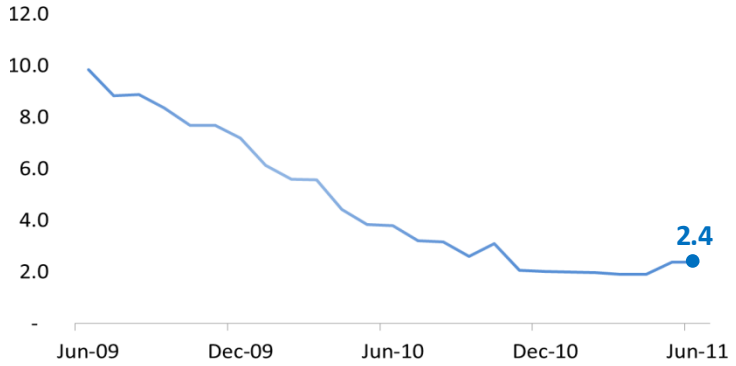
Safety

- 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

Note: Workforce comprises employees and contractors

Group Financials

Execution of strategy translating into improved performance

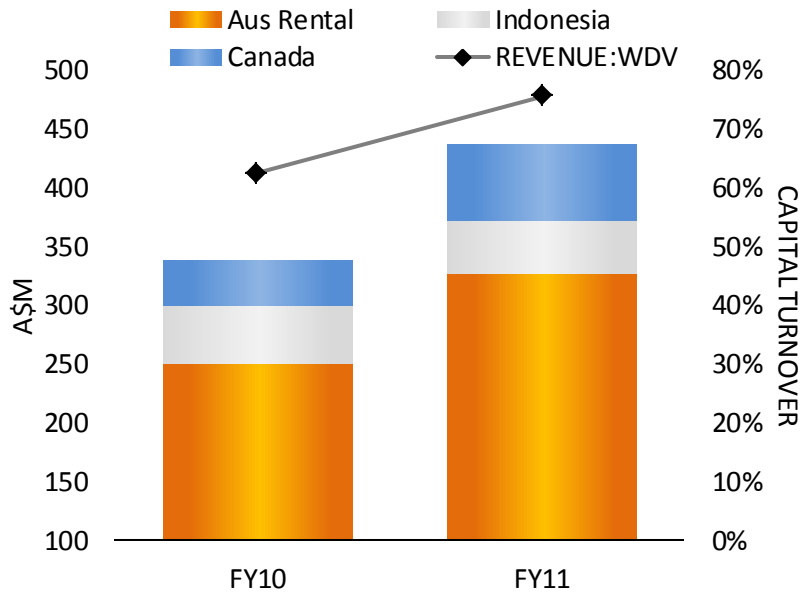
A$ Millions	FY10 Operating	FY11 Operating	Var $	Var %
Revenue	444.4	502.5	58.1	13.1
EBITDA	190.4	223.3	32.9	17.3
EBIT	83.6	101.2	17.6	21.0
NPAT	41.1	56.0	14.9	36.3
EPS (cps)	6.5	8.9	2.4	36.3
DPS (cps)	2.0	10.0	8.0c	400.0
Invested Capital	1,005.4	896.9	(108.5)	(10.8)
ROC (%)	8.3%	11.3%	-	3.0%

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

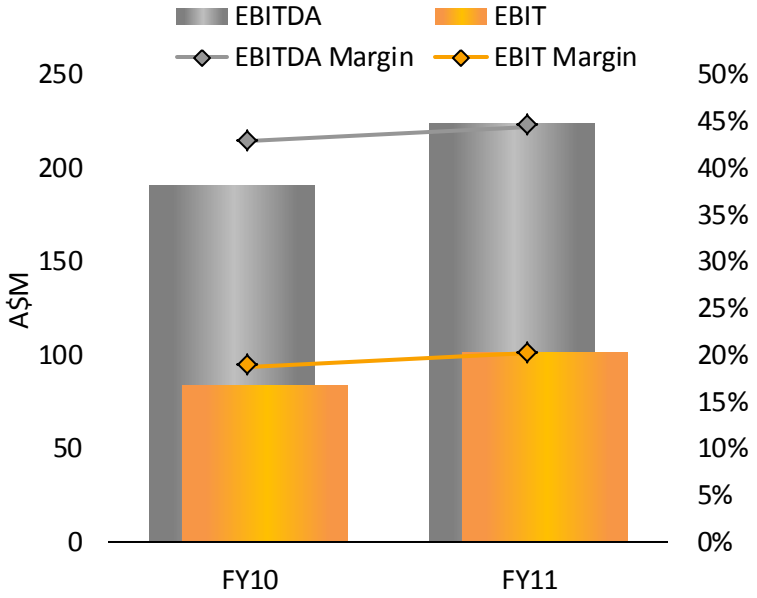
Improving capital turnover and consolidation of margins

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



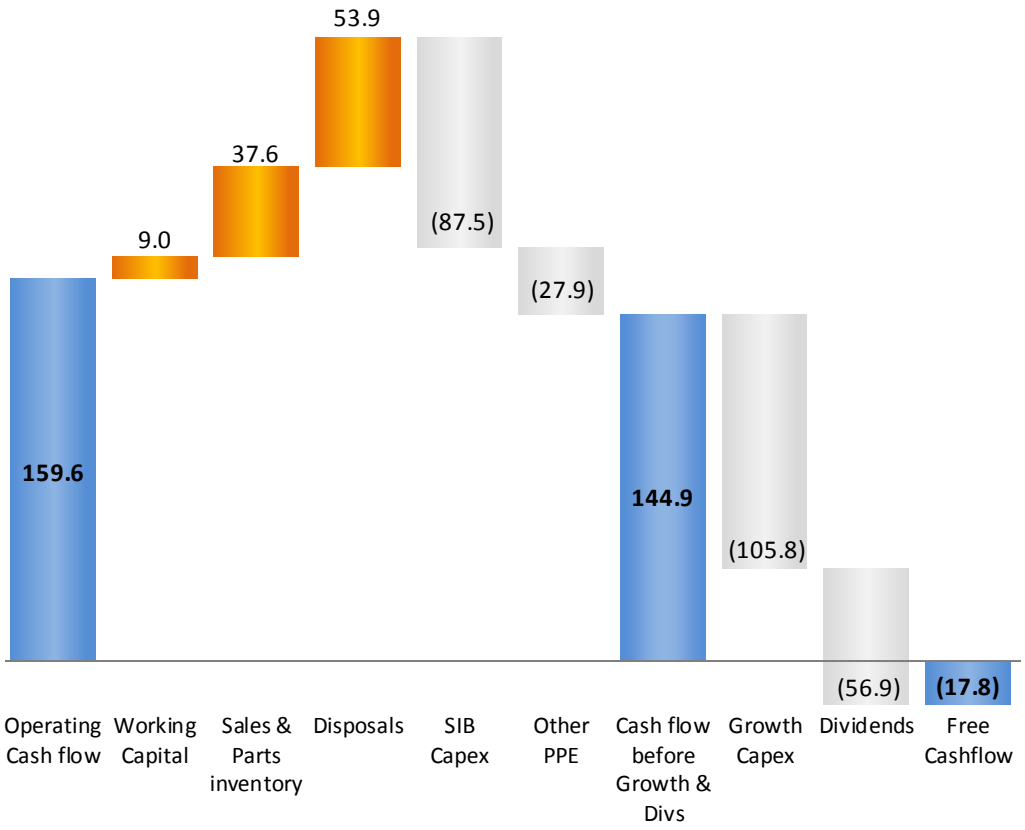
- Pricing improving, however partially reflecting pass through of cost increases
- Margin improvement due to higher mix of Rental vs Sales/Parts revenue in FY11

Note: Graphs represent operating results

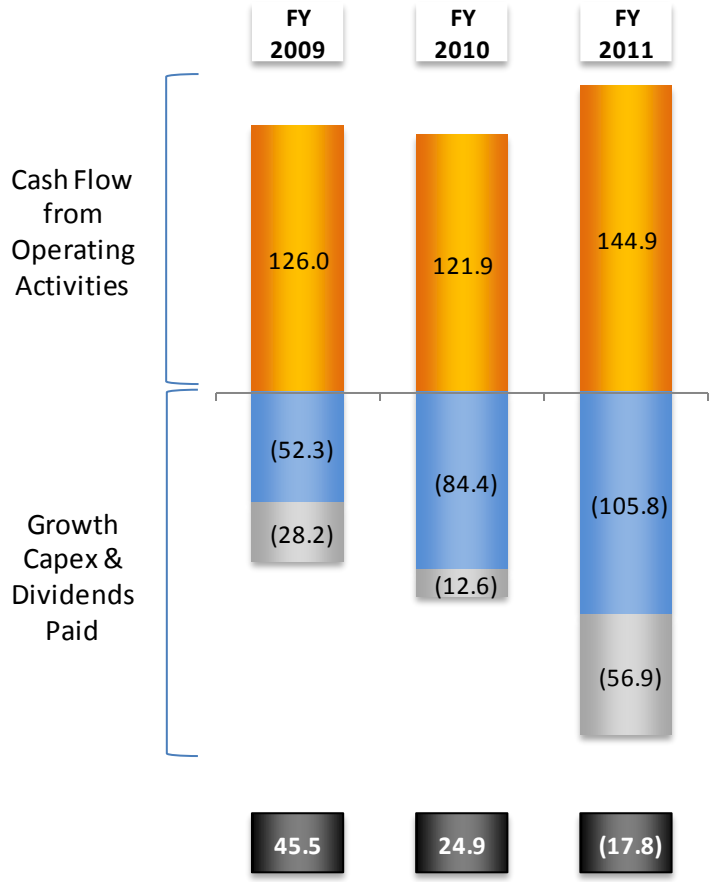
Cash Flow

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

FY11 Cash Flow



Managing Cashflow through The Cycle



Note: Cash flow includes rental capex funded by finance lease totalling $21.2M which is excluded from statutory cash flow

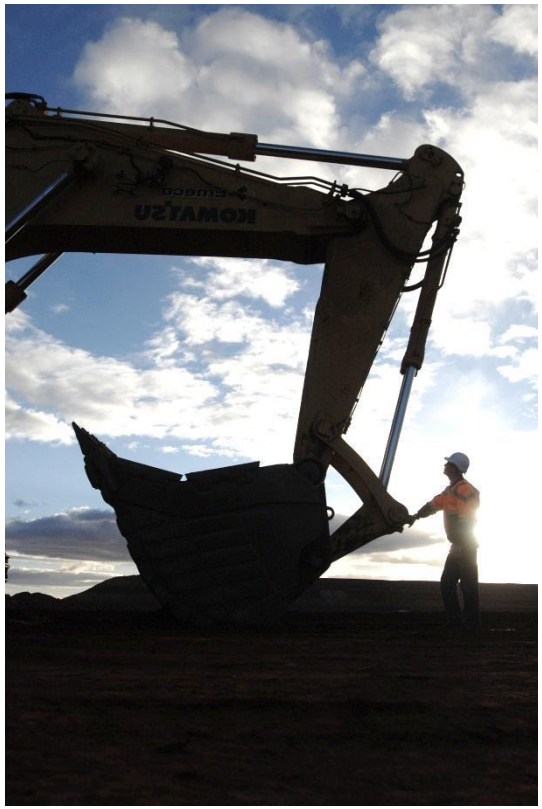
Further Information

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



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