



Earthmoving equipment solutions

2012 Interim Results

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



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- ◆ Highlights
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- ◆ Strategy & Outlook
- ◆ Questions
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Highlights

Keith Gordon
Managing Director & Chief Executive Officer



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Overview

Business well positioned with strong balance sheet and growth prospects



1H12 Overview

- ♦ Operating NPAT of \$29.2M, comparable to PCP, up 10% on 2H11
- ♦ Global fleet utilisation averaged 85%, currently at 92%
- ♦ \$165M FY12 growth capex program progressing in-line with expectations
- ♦ ROC improving to 11.4%
- ♦ 25% increase in interim dividend to 2.5 cps, fully franked

2H12 Focus

- ♦ Maintain high utilisation levels in all regions
- ♦ Deploy remaining FY12 growth capex
- ♦ Finalise contracts for initial Chile fleet
- ♦ Attract and retain skilled labour

Outlook

- ♦ Outlook for further growth in commodity volumes
- ♦ Growth capital to drive further improvement in earnings & returns
- ♦ Balance sheet strength and flexibility

Safety, People & Sustainability

Our customers value Emeco's OH&S performance

Celebrating
1972-2012 **40 YEARS**

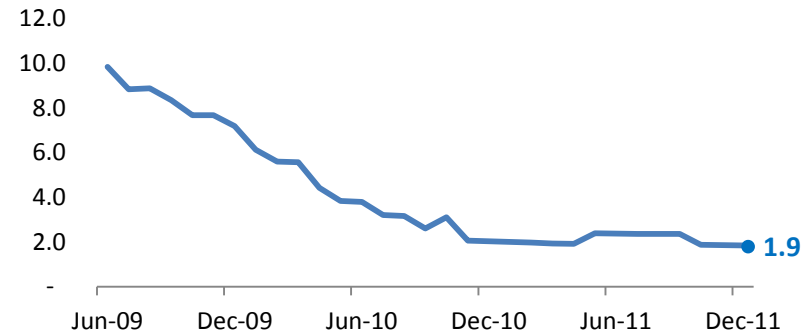
Safety

- ◆ Continuous improvement in Safety
- ◆ Strong global OH&S focus
- ◆ "Zero harm" safety objective
- ◆ Further safety recognition from Indonesian government

Sustainability

- ◆ Increasing focus on community involvement
- ◆ Global workforce of 923* people
- ◆ Emeco celebrates 40 years milestone

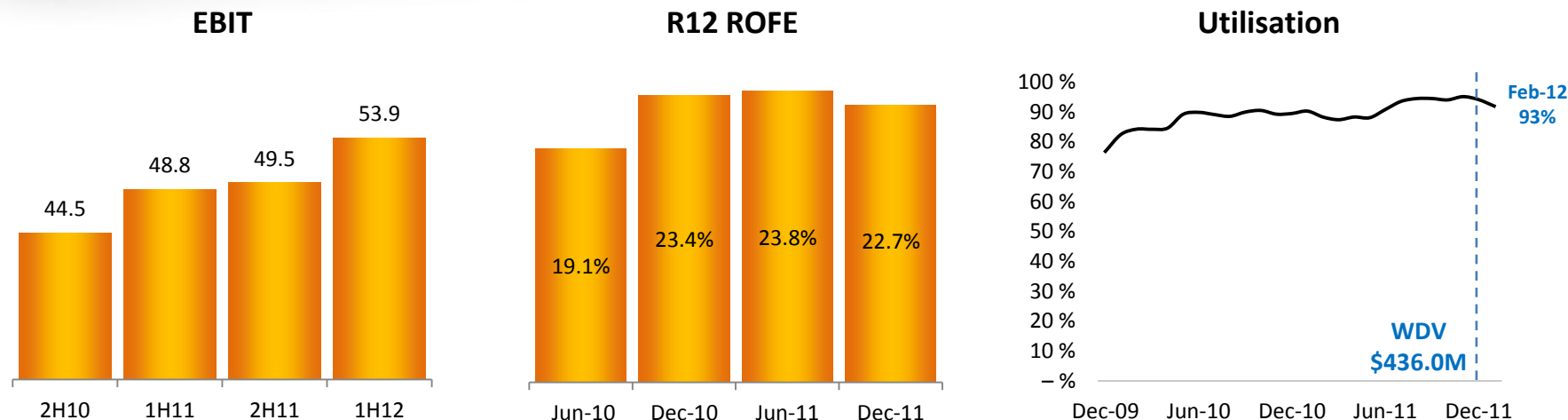
LTIFR per million man hours



Regional Performance – Australian Rental

Fleet strategy translating into improved earnings with strong underlying returns

Celebrating
1972-2012 **40 YEARS**



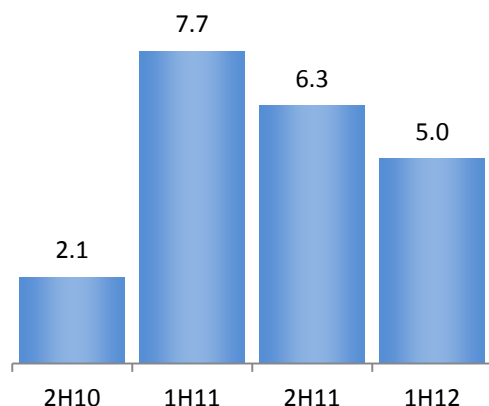
- ♦ EBIT up 10.6% PCP to \$53.9M
- ♦ High utilisation averaging 95% in 1H12 (1H11: 89%)
- ♦ Strong returns notwithstanding significant capex program in 1H12, majority now deployed
- ♦ ROFE 22.7% at Dec-11 reflecting value creating returns for shareholders
- ♦ Continued positive outlook for Australian commodities despite global uncertainty

Regional Performance - Canada

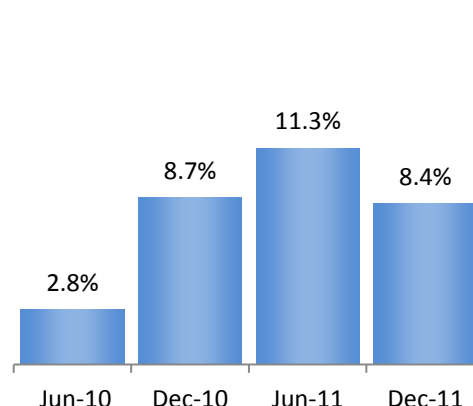
Management of seasonality key strategic focus



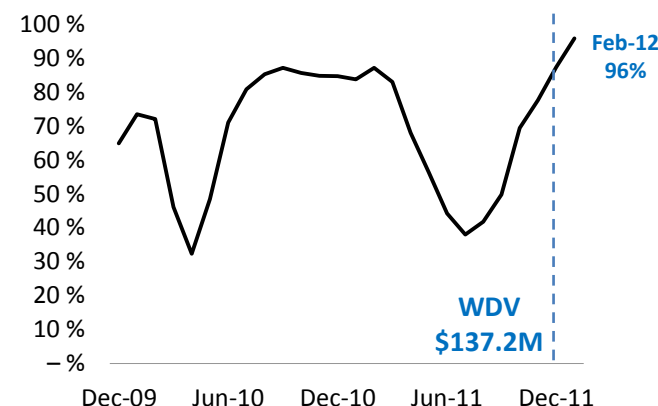
EBIT (AUD)



R12 ROFE



Utilisation

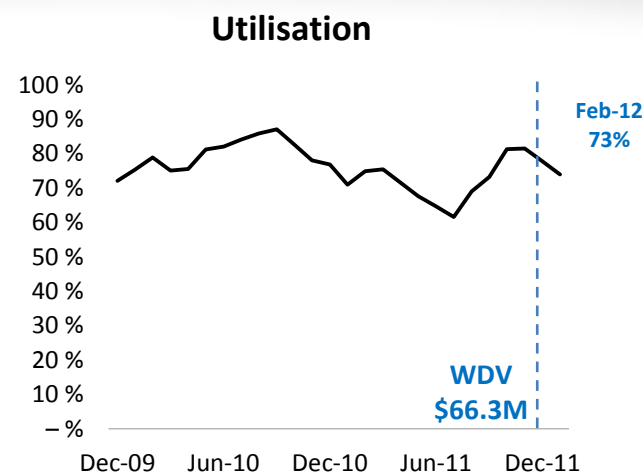
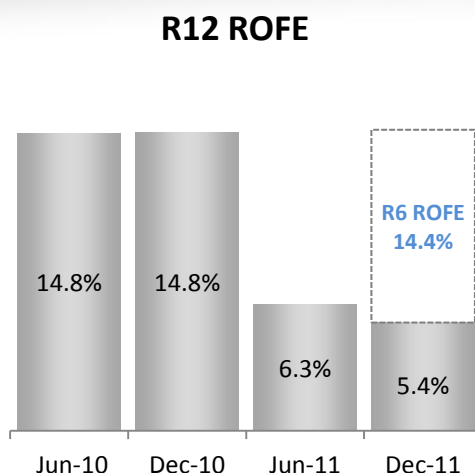
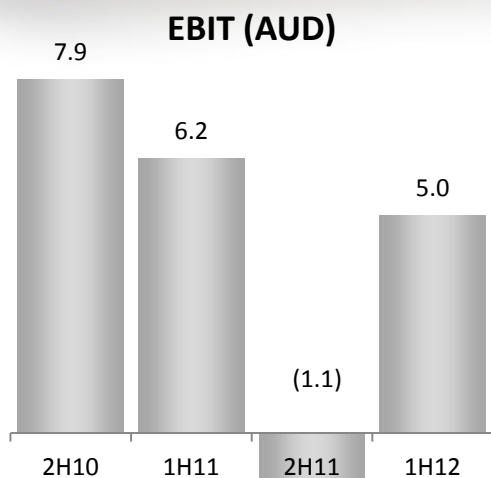


- ♦ EBIT down 34.8% PCP to \$5.0M impacted by subdued oil sands activity in 1Q12
- ♦ 1H12 average utilisation of 58% (1H11: 89%) but strong recovery in 2Q12
- ♦ Establishment of high quality mining fleet with \$40M growth capex to be delivered across 2H12
- ♦ Delivery of first fleet of 240t trucks
- ♦ Earnings and returns expected to improve in 2H12
- ♦ Contract signed with Syncrude (oilsands company) in May-11 now translating into rental demand

Regional Performance - Indonesia

Positioning business to deliver sustainable high quality earnings

Celebrating 1972-2012 **40 YEARS**



- ◆ Operating EBIT down 20.6% PCP to A\$5.0M due to large fleet redeployment
- ◆ Average 1H12 utilisation of 73% (1H11: 83%)
- ◆ 1H12 returns in-line with historical performance with focus to improve further
- ◆ New management team is focusing on a number of strategic initiatives:
 - ✓ Improving productivity of maintenance facility
 - ✓ Customer reorientation improving earnings and returns
 - ✓ Targeting project sites with provision of on-site maintenance
- ◆ Positive outlook for coal and gold volumes underpins \$30M investment in FY13



Note: 1H11 EBIT normalised for one-off debtor impact (\$6M post tax)

ROFE % is R12 Operating EBIT divide average Funds Employed (excludes goodwill)

Average FE Jun-10 \$107M; Dec-10 \$95M; Jun-11 \$82M and Dec-11 \$71M

Earthmoving equipment solutions

Customer Developments

Targeting customers in each market which align with Emeco's strategic objectives

- ◆ Continued focus on customer mix, commodity exposure and credit quality
- ◆ Targeting low-cost producers who utilise Emeco's equipment in commodity production
- ◆ Continue to expand on-site maintenance services provided by Emeco personnel
- ◆ Recent new customer examples:



Australia	Canada	Indonesia
◆ Targeting customers requiring fleets of equipment on long-term fully maintained basis (project sites) ◆ Large fleet to meet customer growing & changing needs ◆ Achieve mix of mid-tier to large miners and contractors across bulk commodities and gold	◆ Renting direct to oil sands companies to improve tenure and hours ◆ Focus on mining customers with requirements across seasons to reduce utilisation volatility	◆ Focus on miners with advanced mining practices to ensure high monthly hours ◆ Bring Emeco's maintenance expertise to enhance mine productivity ◆ Targeting customers with good quality credit profiles



Financials

Stephen Gobby
Chief Financial Officer



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Financial summary

Improving earnings, significant investment and sound balance sheet underpins positive financial outlook

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- ◆ Revenue up 7.7% PCP to **\$273.0M**
- ◆ Operating NPAT \$29.2M comparable with PCP, up 10.1% HoH
- ◆ Statutory NPAT \$28.9M
- ◆ ROC at **11.4%** with further improvement in 2H12
- ◆ Free cash flow of **\$64.3M** before dividends and growth capex
- ◆ **\$125M growth capital investment** to meet demand
- ◆ Gearing ratio of **1.44x** below target range
- ◆ **2.5 cps** fully franked interim dividend



Group Financials

Earnings recovering in 1H12 with strong momentum entering 2H12



A\$ Millions	Variance				
	1H11	2H11	1H12	HonH %	PCP %
Revenue	253.6	248.9	273.0	9.7	7.7
EBITDA	113.7	109.6	119.9	9.3	5.5
EBIT	53.3	47.9	54.3	13.5	1.9
NPAT	29.5	26.5	29.2	10.1	(1.1)
EPS (cps)	4.6	4.2	4.6	9.4	(0.4)
DPS (cps)	2.0*	3.0	2.5	(16.7)	25.0
Invested Capital	950.9	896.9	899.7	(5.2)	(12.2)
R12 ROC (%)	11.0%	11.3%	11.4%	0.1%	0.4%

Note: * Excludes 5.0c special dividend in 1H11;

Table represents operating results (Statutory NPAT – 1H11: \$24.1M, 2H11: \$25.5M, 1H12: \$28.9M);

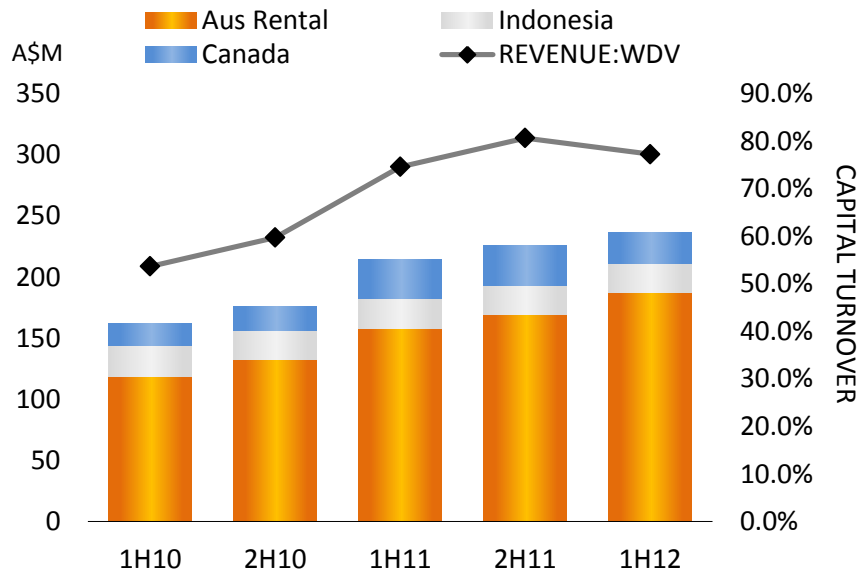
ROC calculated as R12 EBIT divided by Invested capital for the period;

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

Earnings composition

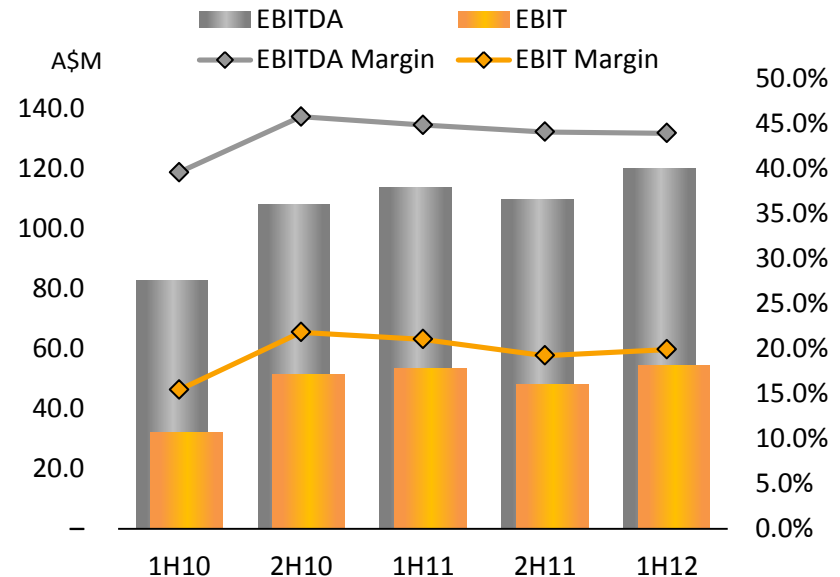
Revenue growth continues while margins moderated due to short term cost factors

Revenue Profile

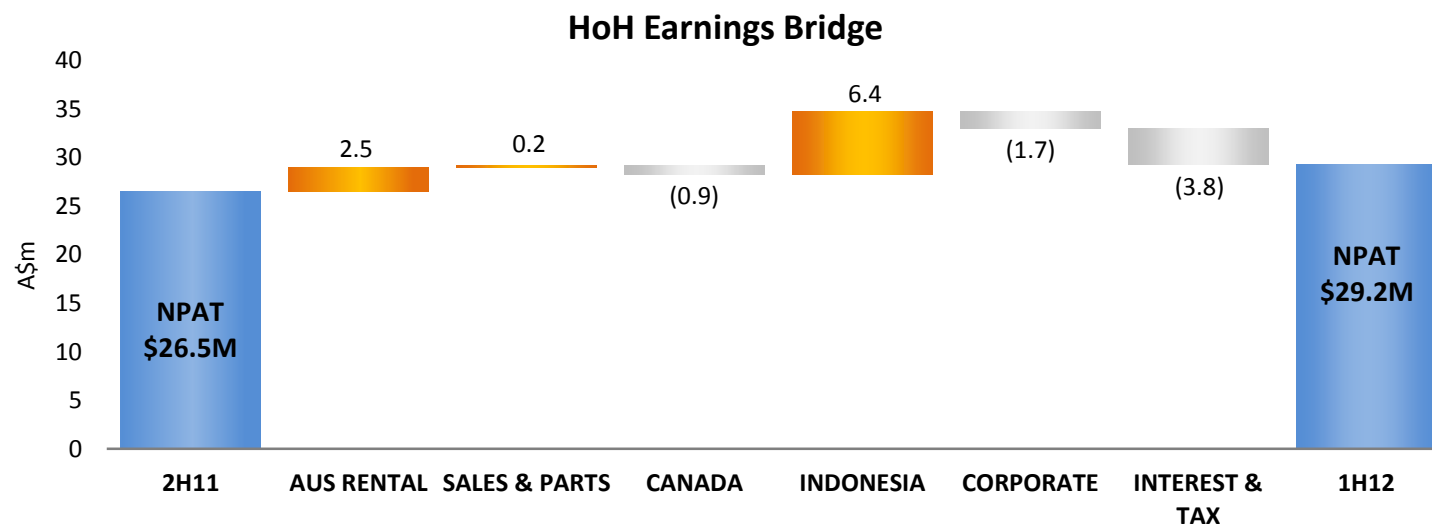
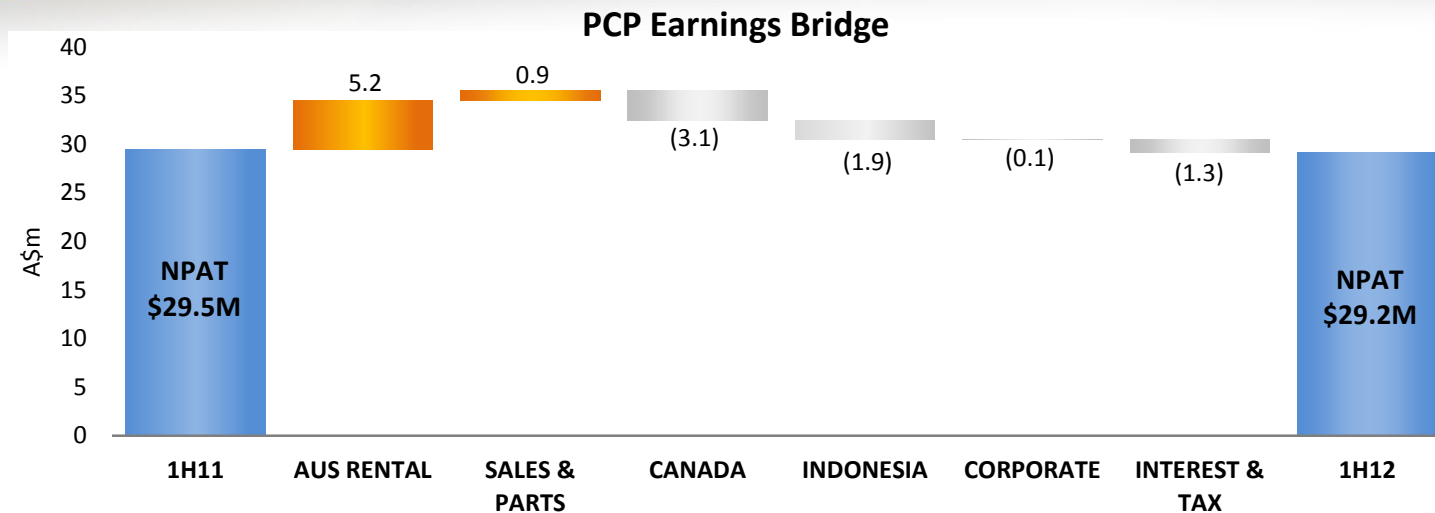


- ♦ High monthly hours from larger mining equipment and fleet investment driving revenue growth
- ♦ Lower utilisation in Canada and Indonesia in Q1 but strong recovery in Q2
- ♦ Capital turnover temporarily impacted due to deployment of significant growth capital in 1H12

Earnings & Margins



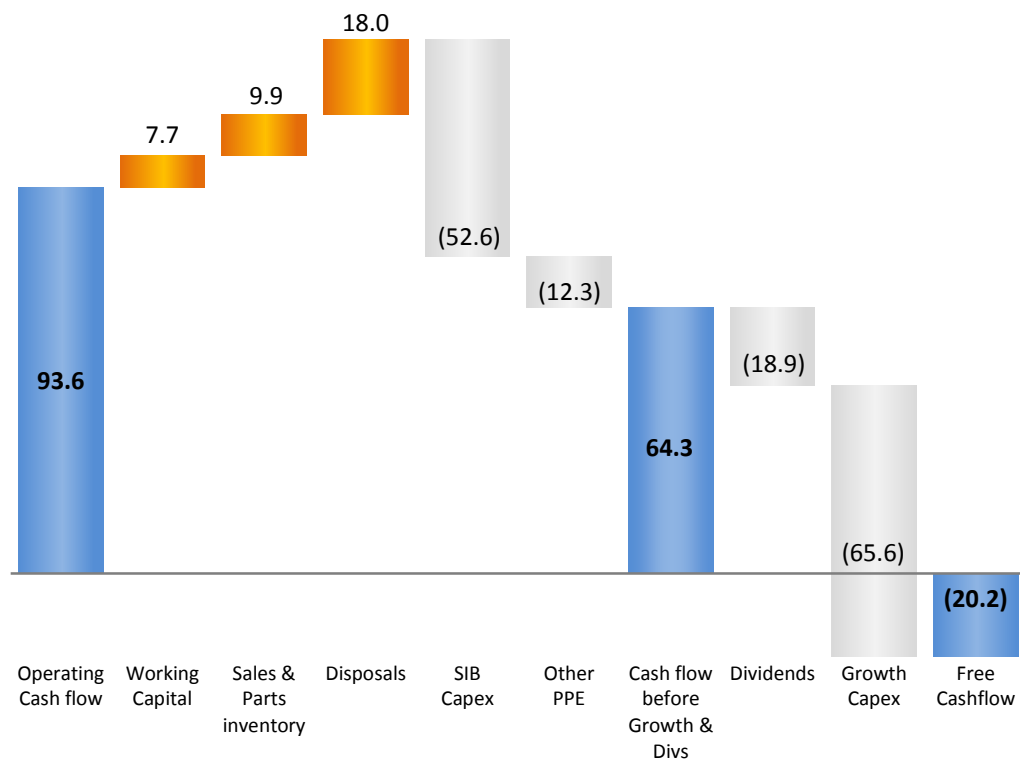
- ♦ Margins impacted by short term cost factors
- ♦ Increased maintenance cost in Australia to extend some older fleet to meet contract end dates
- ♦ Labour cost pressures remain in Australia
- ♦ Canada and Indonesia maintenance volume increased in Q1 in anticipation of fleet deployment in Q2



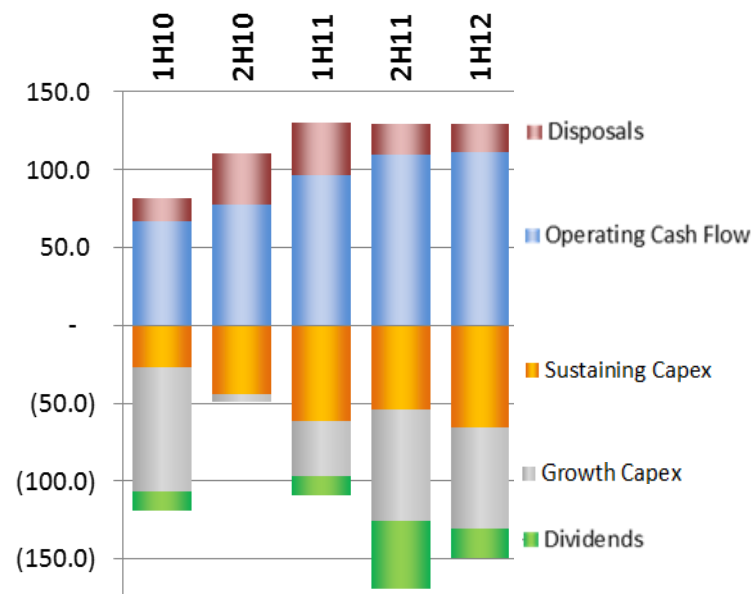
Cash Flow

Reinvestment of cash flow in growth capital program expected to deliver increased cash generation

1H12 Cash Flow



Historical Cash Flows

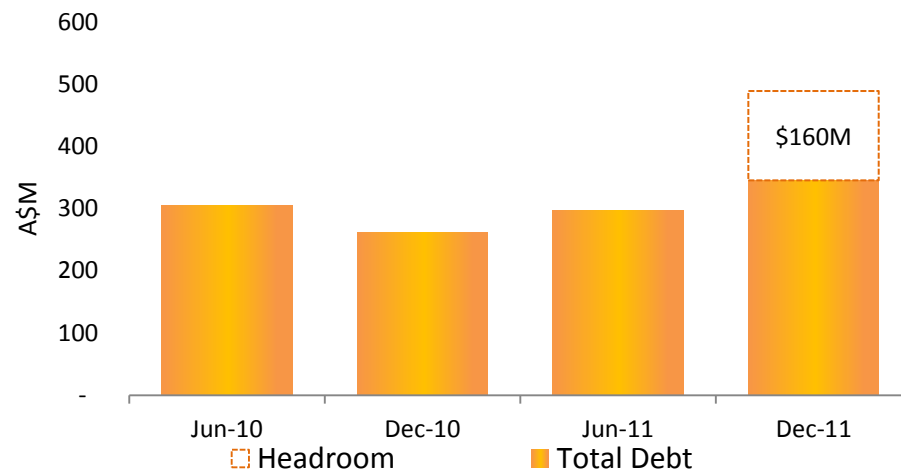


Gearing & Facilities Headroom

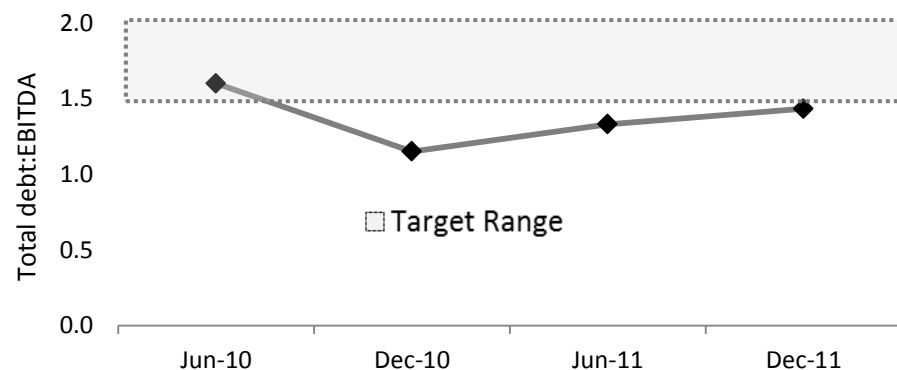
Funding certainty and capacity in place to support medium term growth

- ◆ Funding certainty with \$450M senior debt facility in place:
 - ✓ \$300M maturing Nov 2013
 - ✓ \$150M maturing Nov 2015
- ◆ Gearing remains below bottom-end of target range notwithstanding significant growth capital program
- ◆ Debt to increase in short term with further growth capital however gearing to remain comfortable
- ◆ Increased interim dividend to 2.5c in-line with revised policy to payout 40%-60% of NPAT

Debt Facilities Headroom



Gearing



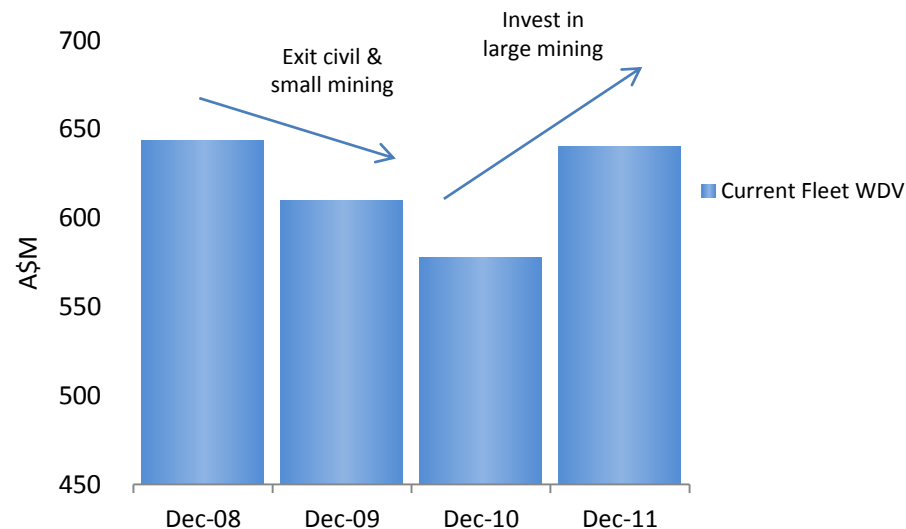
FY12 Growth Capital Investment

Delivering sustainable growth through investment in quality large mining assets

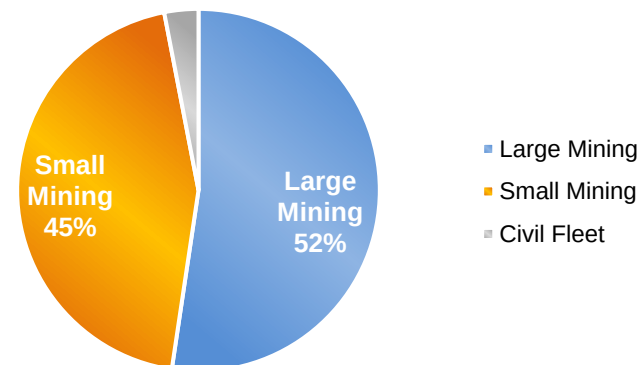


- ◆ Growth capital commitments of \$165M for FY12 progressing as previously announced
- ◆ \$40M in 2H12 (remainder of \$165M package)
- ◆ Additional growth capital:
 - ✓ \$30M in Indonesia in FY13¹
 - ✓ \$50M in Chile in FY13¹
- ◆ Growth capital accretive to earnings & ROC in FY12 with full benefits realised in FY13
- ◆ Estimated sustaining capex of ~\$120M in FY12

Fleet Growth



Fleet WDV (Dec-11)



¹ \$47M of the FY13 growth capital may be paid for late in FY12 with no corresponding earnings;

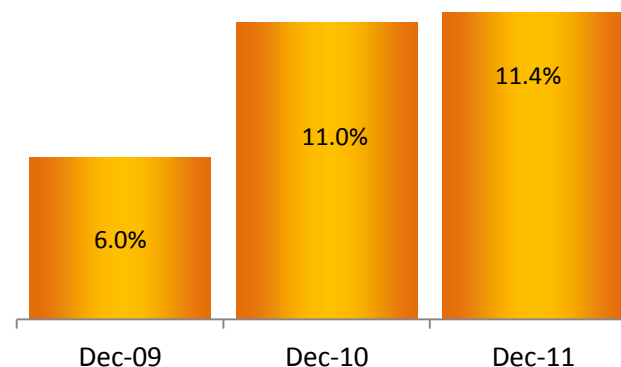
Small mining defined as <150 tn trucks and related mining equipment;
Large mining defined as 190+ tn trucks and related mining equipment.

Return on Capital

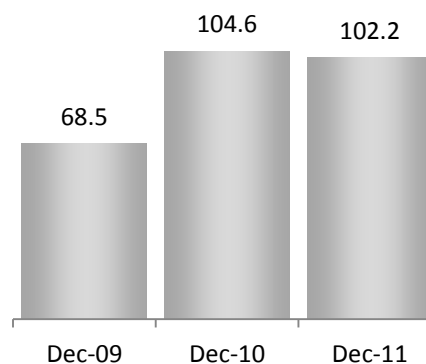
Improving returns to acceptable levels is primary objective of business strategy

- ♦ ROC improvement to 11.4% notwithstanding 'in-transit' growth capital
- ♦ Further ROC improvements from:
 - ✓ Full benefit of growth capital in 2H12 and FY13
 - ✓ Continued focus on Australian business
 - ✓ Canadian mining fleet direct to oil producers to reduce seasonality
 - ✓ Improved Indonesian customer mix
 - ✓ Strong returns expected in Chile
 - ✓ Benefit of scale - fixed cost and goodwill leverage

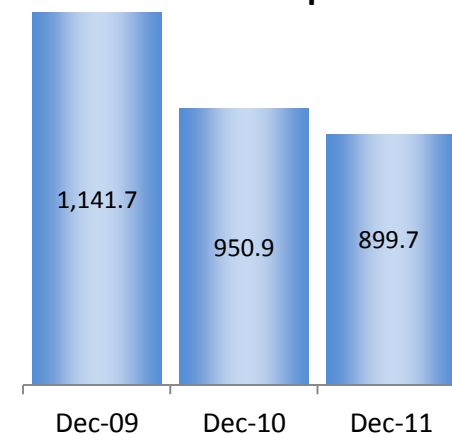
R12 ROC



EBIT



Invested Capital





Strategy & Outlook

Keith Gordon

Managing Director & Chief Executive Officer



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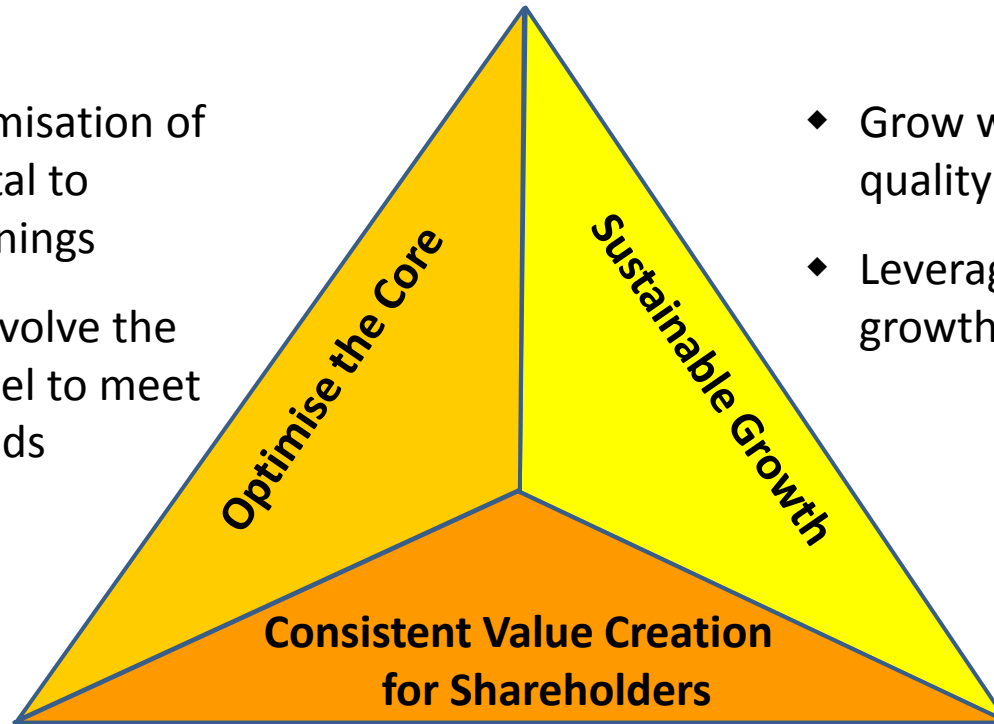
The Emeco Strategy

Strategy developed to drive business performance and growth

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- ◆ Ongoing optimisation of invested capital to maximise earnings
- ◆ Continue to evolve the business model to meet customer needs

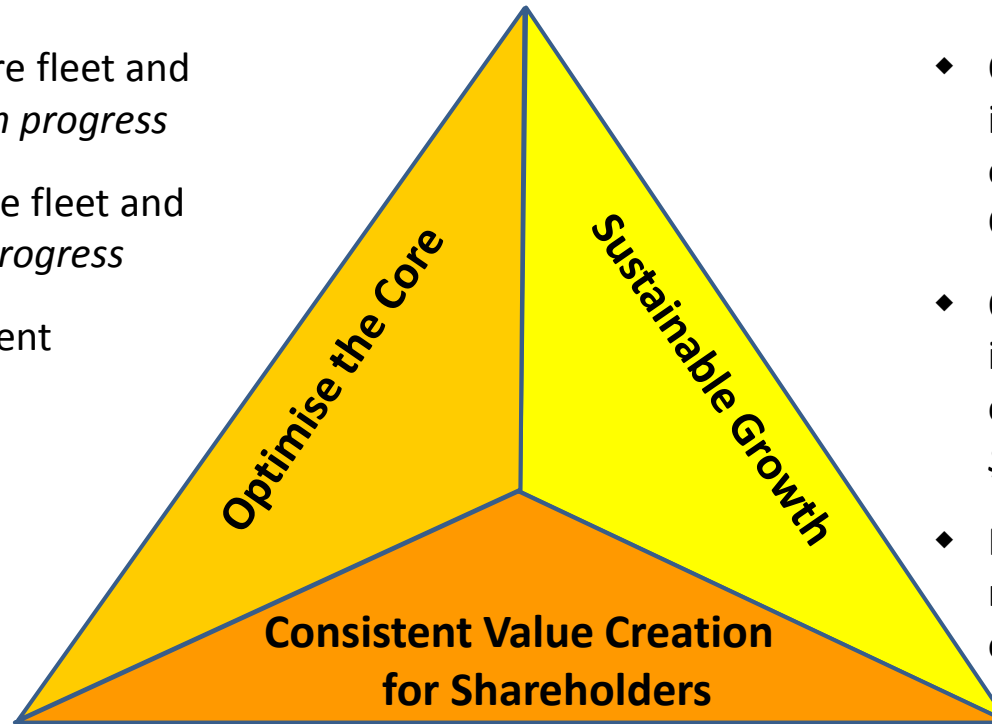


- ◆ Grow without sacrificing quality of earnings
- ◆ Leverage capabilities for growth

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

Improving our core businesses

- ♦ Canada – reconfigure fleet and improve returns – *in progress*
- ♦ Indonesia – scale the fleet and customer mix – *in progress*
- ♦ Business Improvement – *in progress*



Growing from solid foundation

- ♦ Organic growth through investment in large mining equipment in Australia & Canada – \$165M in FY12
- ♦ Organic growth through investment in mining equipment in Indonesia – \$30M in FY13
- ♦ Focus on project sites with maintenance services - *ongoing*

Identify other value creation opportunities aligned to strategy

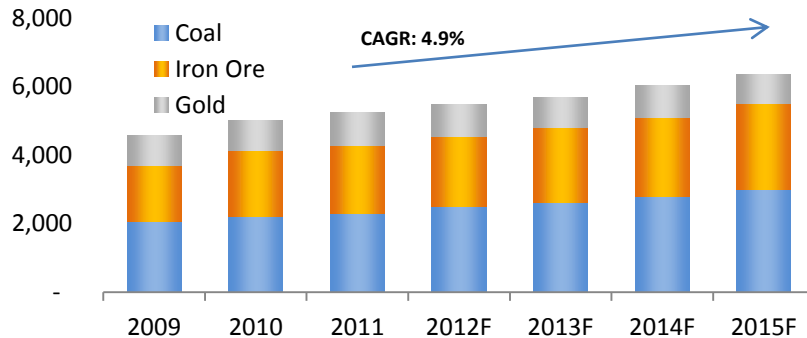
- ♦ Evaluate opportunities to expand geographic footprint – \$50M Chile investment in FY13
- ♦ Scan market for value adding acquisition opportunities - *ongoing*

Market Outlook

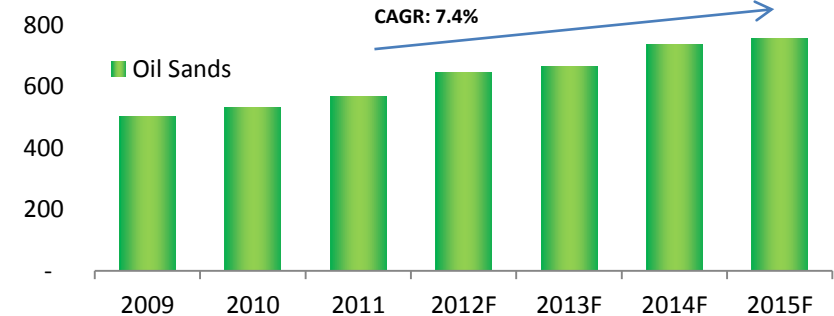
Positive outlook for growth in commodity volumes

Volume of Earth Moved (millions of tonnes)

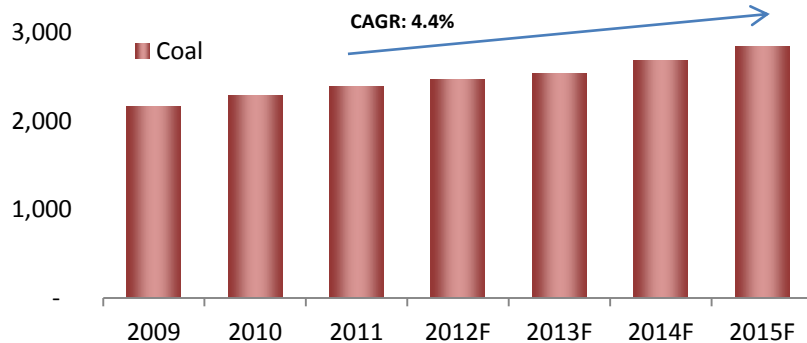
AUSTRALIA



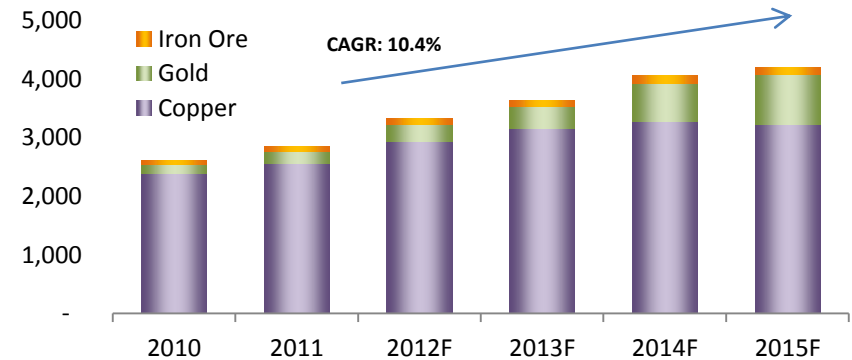
CANADA



INDONESIA



CHILE



New Market - Chile

Entry into the Chilean market provides a range of strategic benefits



- ♦ **Financial returns** – fleet mix and mining practices provide platform for Emeco to generate acceptable returns
- ♦ **Commodity diversification** – Opportunity to diversify into low cost, copper production
- ♦ **Alternate redeployment market** – Provides a practical alternate redeployment market to manage utilisation risk that may emerge in other markets
- ♦ **Geographic leverage** – Platform to enter into other South American markets
- ♦ **Low risk** – No goodwill and low infrastructure required to enter a mature growth mining market
- ♦ **Procurement** – In country presence with a large population of mining equipment



- ♦ Strong demand for mining equipment in an environment of long lead times
- ♦ Entering 2H12 with high levels of utilisation in each region
- ♦ Growth capex to contribute additional earnings and improve group returns in 2H12 and FY13
- ♦ Strong winter season underway in Canada
- ♦ Improved quality customer profile in Indonesia supports investment of \$30M
- ♦ Fundamentals of Chilean copper market supporting initial \$50M investment in FY13
- ♦ Emphasis on executing the growth capex pipeline and maintaining focus on operating cash flows and balance sheet strength



Questions



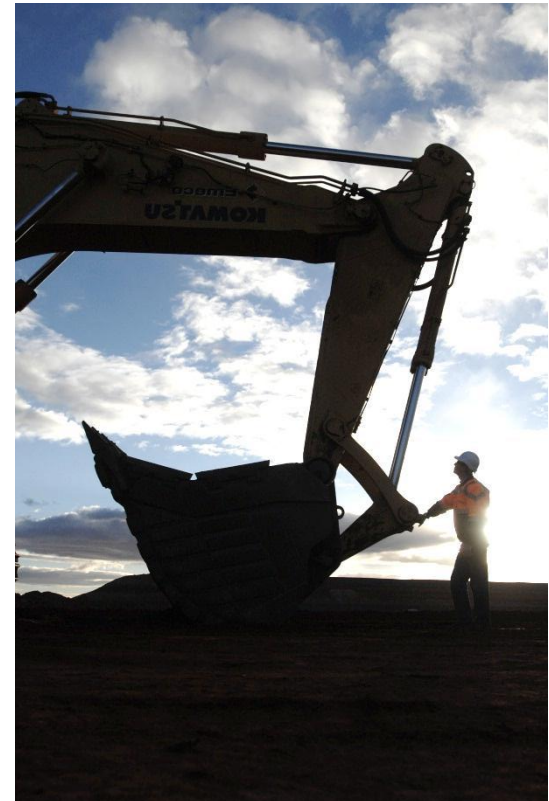
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Thank you for your interest in Emeco

Further investor enquiries should be directed to:

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

emecogroup.com





Appendices



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Profit & Loss

A\$ Millions				Variance	
	1H11	2H11	1H12	HonH %	PCP %
Revenue	253.6	248.9	273.0	9.7	7.7
EBITDA	113.7	109.6	119.9	9.3	5.5
margin (%)	44.8	44.1	43.9	(0.2)	(0.9)
EBIT	53.3	47.9	54.3	13.5	1.9
margin (%)	21.0	19.2	19.9	0.7	(1.1)
NPAT	29.5	26.5	29.2	10.1	(1.1)
EPS (cps)	4.6	4.2	4.6	9.4	(0.4)
DPS (cps)	2.0	3.0	2.5	(16.7)	25.0
Invested Capital	950.9	896.9	899.7	(5.2)	(12.2)
R12 ROC (%)	11.0%	11.3%	11.4%	0.1%	0.4%

Balance Sheet

A\$ Millions	Actual	Actual	Actual	Variance	Variance
	Jun-10	Jun-11	Dec-11	\$	%
Rental plant	572.1	586.5	640.3	53.8	9.2%
Intangibles	178.2	173.2	173.9	0.7	0.4%
Trade & other receivables	90.3	83.3	86.2	2.9	3.5%
PP&E	76.6	80.7	83.4	2.8	3.4%
Sales & Parts inventory	87.0	48.6	37.5	(11.1)	(22.8%)
Other assets	10.5	8.9	20.0	11.1	124.3%
Total Assets	1,014.8	981.2	1,041.3	60.1	6.1%
Trade & other payables	50.7	48.4	59.5	11.1	22.9%
Interest bearing liabilities	304.1	293.8	326.5*	32.7	11.1%
Other liabilities	37.2	36.8	40.9	4.1	11.2%
Net Assets	622.7	602.2	614.4	12.2	2.0%

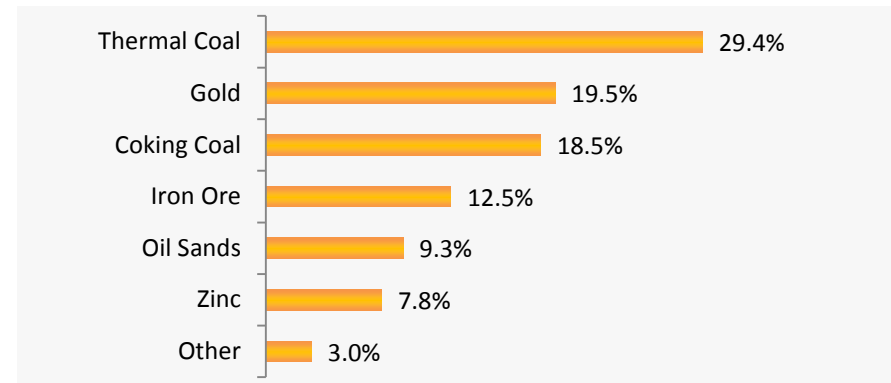
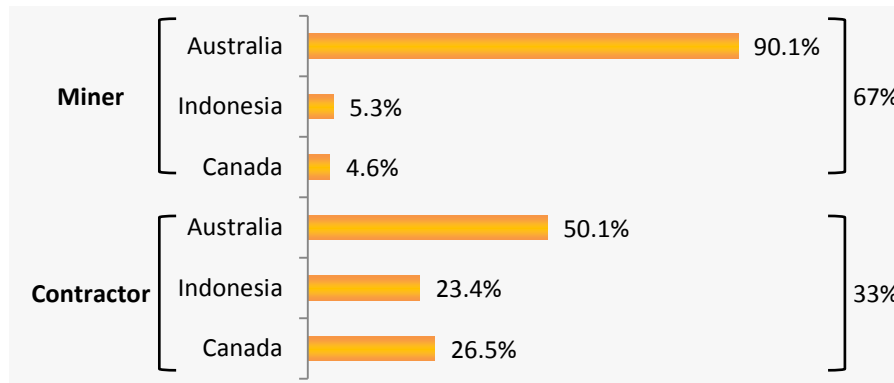
Cash flow

A\$ Millions	1H11	2H11	1H12	PCP
	A\$ m	A\$ m	A\$ m	\$
Operating Cash flow	106.7	94.1	113.3	6.6
General Working Capital	(5.0)	14.0	7.7	12.7
Sales & Parts Inventory	24.0	13.6	9.9	(14.1)
Interest & Borrowing costs	(14.0)	(8.6)	(11.5)	2.5
Share purchases for LTI	(4.5)	–	(2.8)	1.7
Income tax payments	(10.6)	(3.4)	(5.4)	5.2
Cash flow from Operating Activities	96.6	109.7	111.2	14.6
Rental Capital Expenditure	(85.0) ¹	(108.3)	(118.2)	(33.2)
Other Property, Plant & Equipment	(11.3)	(16.6)	(12.3)	(1.0)
Disposals	33.8	20.1	18.0	(15.8)
Cash flow from Investing Activities	(62.5)	(104.8)	(112.5)	(50.0)
Cash flow (before s/h return)	34.1	4.9	(1.3)	(35.4)
Dividends	(12.8)	(44.0)	(18.9)	(6.1)
Free Cash flow	21.3	(39.1)	(20.2)	(41.5)

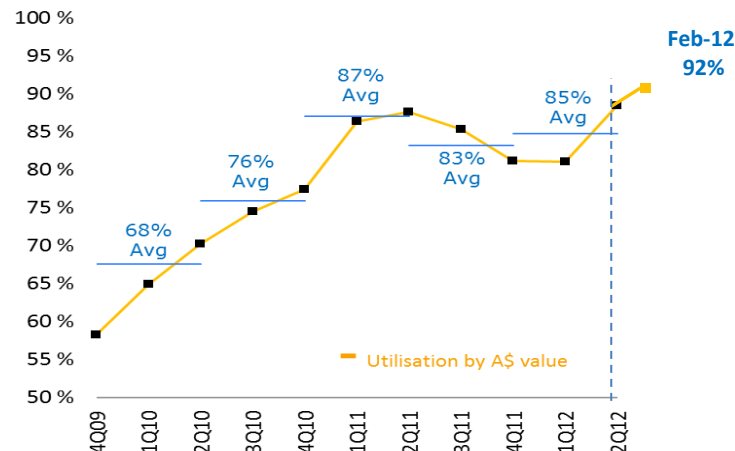
Finance Facilities

A\$ Millions	Facility limit	Drawn	Headroom	Maturity
	31-Dec-11			
Senior Debt (3-year)	300.0	(268.4)	31.6	Nov 2013
Senior Debt (5-year)	150.0	(36.5)	113.5	Nov 2015
Finance Lease	17.3	(17.3)	–	Aug 2015
Working Capital	22.0	(7.1)	14.9	Range
Total	489.3	(329.3)	160.0	–

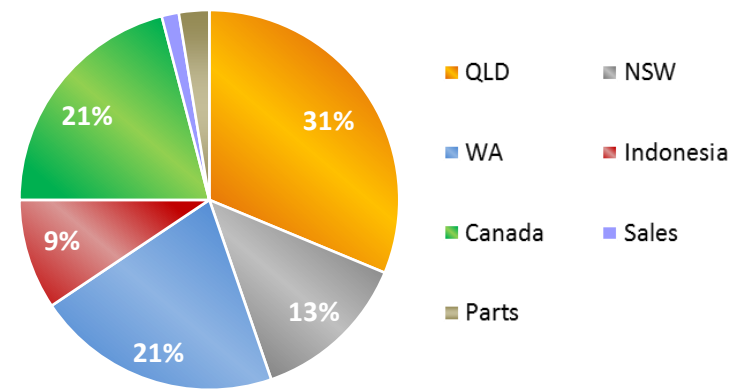
Global Customer & Commodity Profile



Average Equipment Utilisation by WDV



Funds Employed at Dec-11



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