



Earthmoving equipment solutions

2013 Interim Results

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

Presentation Overview

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





Highlights

Keith Gordon
Managing Director & Chief Executive Officer

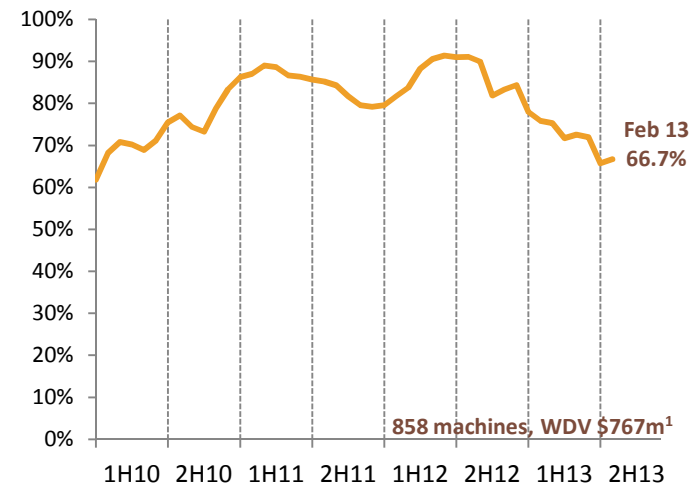


Highlights

Increased presence in major mining geographies complementing Australian business

- **Operating NPAT** of \$25.1M in line with guidance down 14.0% and **EBITDA** of \$110.7M down 7.7% on 1H12
- Global fleet utilisation averaged 74% in 1H13 versus 85% in 1H12
- Volatility in commodity markets in 1H13 impacted **Australian** utilisation
- Benefits of geographic and commodity diversification:
 - **Canada** and **Indonesia** contributed significant increase in EBIT
 - **Chile** to make solid contribution in 2H13 with \$76M of fleet under contract
- **Growth capital** of \$73M in 1H13 directed to Chile and Indonesia in service of newly signed contracts, limited investment expected in 2H13 with focus on leveraging installed asset base and cashflow generation
- Continued focus on **capital management** with 5% share buy back at an average of 53.4 cents per share ('cps') and interim dividend of 2.5 cps fully franked
- Positive outlook into FY14 with **increased enquiry levels** in Australia and **foundation contracts** in Chile

Global Utilisation



Safety, People & Sustainability

Building stronger relationships with the community

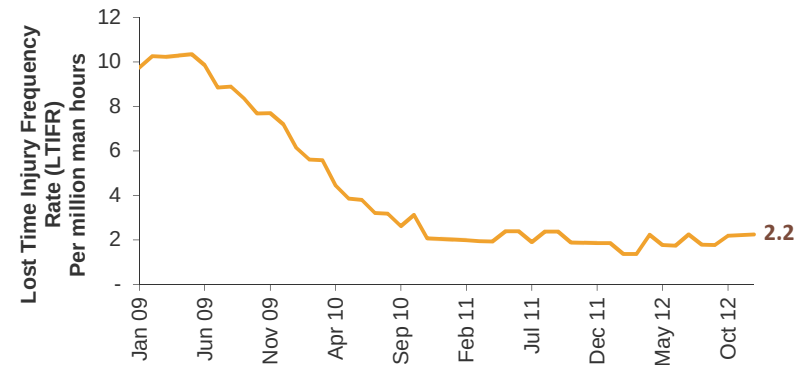
Safety

- Low LTIFR maintained throughout period
- Improving safety awareness
 - PASS¹ initiative introduced in Australia
 - BBS² introduced in Canada
- 'Zero accidents at work' award received from Indonesian Government

Sustainability

- Employee engagement improving through cultural surveys
- Partnerships with Lifeline and Clontarf commenced in Australia
- Supporting 'Women Building Futures' in Canada

Lost Time Injury (LTI) Frequency Rate



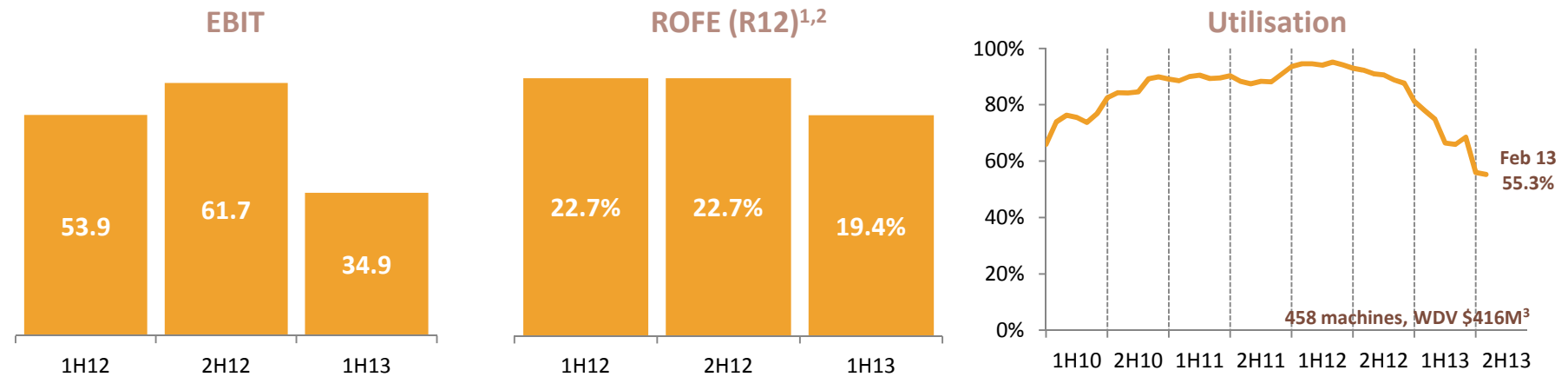
Note:

1. PASS – Positive Attitude Safety System
2. BBS – Behavioural Based Safety System

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Regional Performance – Australia

Volatility and reduced activity by customers led to a number of contract roll offs, which are now complete



- Commodity price volatility and reduced activity adversely impacted performance in 1H13
- Previously flagged contract roll-offs now complete with utilisation currently at 55%
 - Iron ore price volatility during Q1 impacted expected extensions, reducing utilisation in WA;
 - Slow down in coal market activity has been felt across numerous projects in QLD and NSW;
 - New contracts were secured across 1H13 in Iron Ore and Gold indicating opportunities remain;
 - No significant contracts due for renewal in 2H13
- 1H13 redundancies and targeted maintenance initiatives realigning cost base to revenue in 2H13
- Despite increasing competition, Emeco's quality offering means the company is well-placed to secure new projects from the recent increase in customer enquiry levels



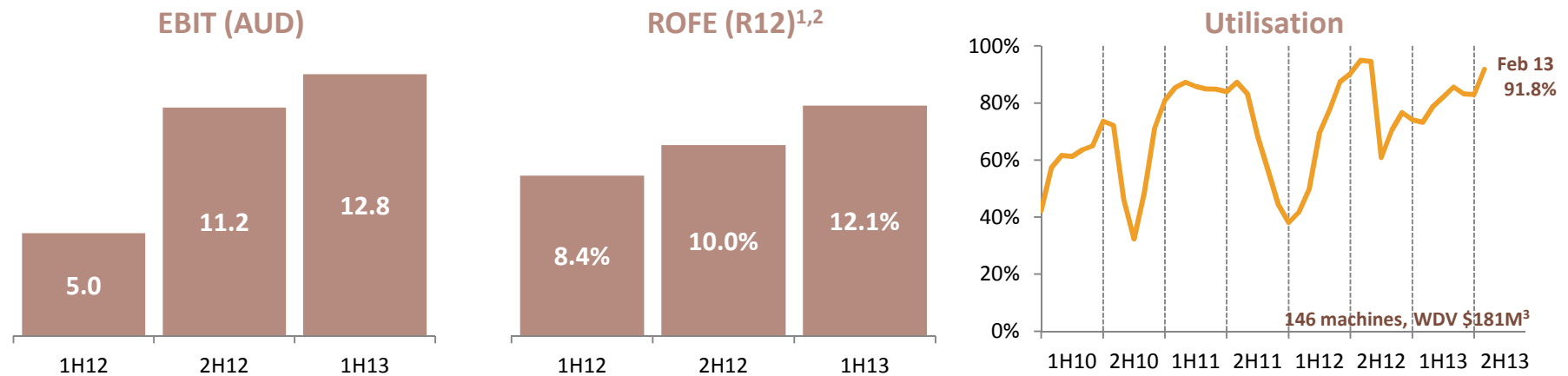
Note:

- ROFE % is R12 operating EBIT divided by average Funds Employed (excludes goodwill)
- Average R12 FE: Dec-11 \$456M; Jun-12 \$507M & Dec-12 \$497M
- As at 31 December 2012

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Regional Performance - Canada

Strategy to reconfigure fleet and supply direct to oil sands producers delivering benefits



- EBIT of \$12.8M significantly up on PCP due to improved utilisation and full benefit of FY12 fleet expansion
- Increased activity in oil sands “summer program” in 1H13 provided strong momentum into “winter program”
- Expanding direct supply relationships with oil sands producers delivering more consistent utilisation
- Developing maintenance services offering with a number of oil sands producers
- Improving customer diversification with mix of oil sand producers, oil sands contractors, and coal miners



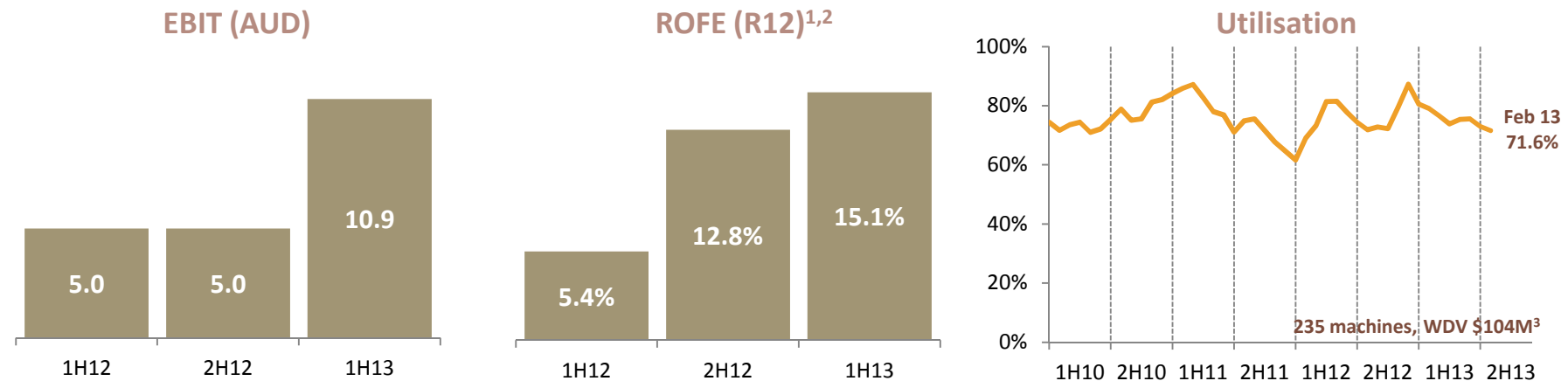
Note:

1. ROFE % is R12 operating EBIT divided by average Funds Employed (excludes goodwill)
2. Average R12 FE: Dec-11 \$121M; Jun-12 \$161M & Dec-12 \$199M
3. As at 31 December 2012

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Regional Performance - Indonesia

Growth capital and improving customer mix delivered improved performance



- 1H13 EBIT driven by deployment of \$30M growth capital in early 1H13 and the execution of new contracts late in FY12
- Average 1H13 utilisation of 77% (1H12: 73%) on larger installed asset base
- Emeco continues to leverage its quality maintenance capability to attract new customer opportunities
- Settlement of legal action against customer resulting in partial recovery of US\$1.9M receivable outstanding (US\$1.2M) and withdrawal of US\$22.3M claim against Emeco
- Cautious short term outlook for Indonesian thermal coal market with no further growth capital over FY13
- Anticipated return of some fleet to reduce utilisation to Australian levels in short term with enquiries indicating strong demand for equipment early in FY14



Note:

- ROFE % is R12 operating EBIT divided by average Funds Employed (excludes goodwill)
- Average R12 FE: Dec-11 \$70M; Jun-12 \$78M & Dec-12 \$105M
- As at 31 December 2012

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Regional Performance - Chile

Successful entry into new market providing geographic and commodity diversification

- Positive contribution in first six months of operation with EBIT of \$1.8M
- Approximately \$53M of fleet currently in work with recent contract win increasing fleet deployed on foundation contracts to \$76M by March 2013
- On target for \$100M capital invested by early FY14; including \$21M capital redeployed from Australia and Indonesia during FY13
- Planned development of in-house maintenance capability supported by foundation contracts now in place
- Increasing customer enquiries for broader asset classes, providing further fleet redeployment opportunities
- Copper market fundamentals remain attractive





Financials

Stephen Gobby
Chief Financial Officer



Financial Summary

At a glance...

	1H12 ¹	2H12 ¹	1H13 ¹	PCP Var %
Revenue	\$273.0m	\$292.2m	\$246.7m	(9.6)%
EBITDA	\$119.9m	\$141.8m	\$110.7m	(7.7)%
EBIT	\$54.3m	\$71.7m	\$49.1m	(9.6)%
NPAT	\$29.2m	\$41.9m	\$25.1m	(14.0)%
ROC % ²	11.4%	13.2%	11.8%	0.4%
Free cash flow from operations ³	\$64m	\$50m	\$48m	(25.0)%
EPS (cps)	4.6	6.6	4.2	(8.7)%
DPS (cps)	2.5	3.5	2.5	0.0%

Note:

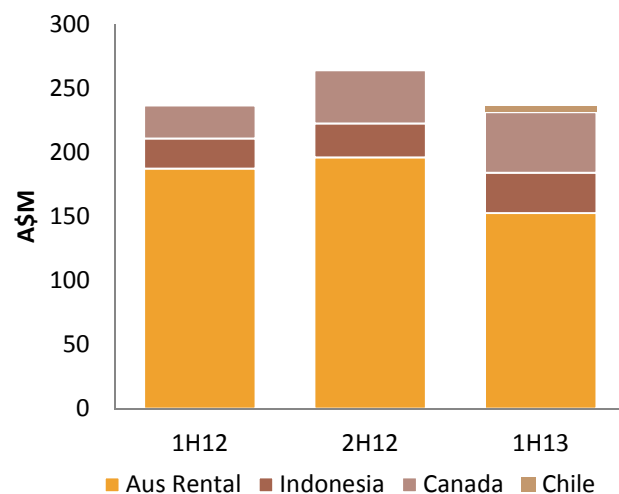
1. Table represents operating results (Statutory NPAT – 1H12: \$28.9M, 2H12: \$40.8M, 1H13: \$22.5M)
2. ROC calculated as R12 operating EBIT divided by Invested capital for the period
3. Operating cashflows (including interest and tax) less net sustaining capex. Excludes growth capital, share buyback and dividends



Earnings composition

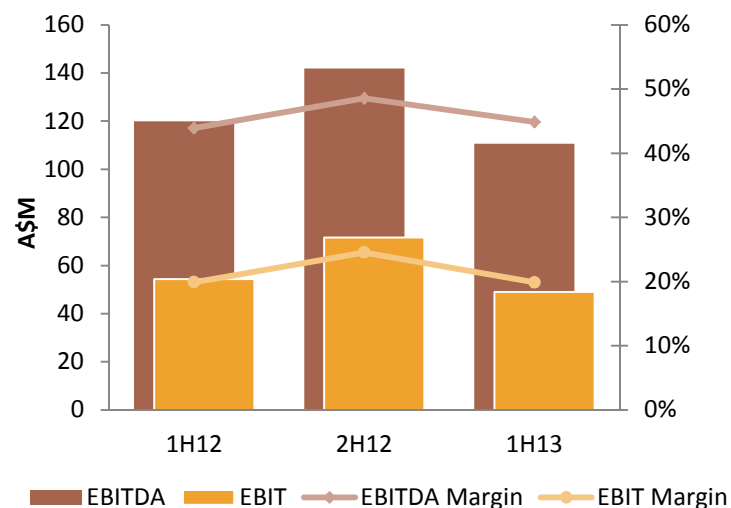
Revenue and margin decline in Australia partially offset by improvements in offshore businesses

Rental & Maintenance Revenue¹



- Utilisation declines and some lower pricing impacting Australian revenue
- Canada and Indonesia increasing contribution with Chile coming on line
- Maintenance revenue down 23% pcp to \$22M due to completion of various fully maintained contracts

Earnings & Margins¹



- Australian margins impacted by
 - competitive pricing
 - Lag between revenue decline and cost initiatives
- Offshore businesses offsetting decline in Australian margins through improved direct cost performance and fixed cost leverage



Note:

1. Graphs represent operating results

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Cashflow, Capital Expenditure & Capital Management

Free cashflow generation to remain strong with lower capital expenditure forecasted

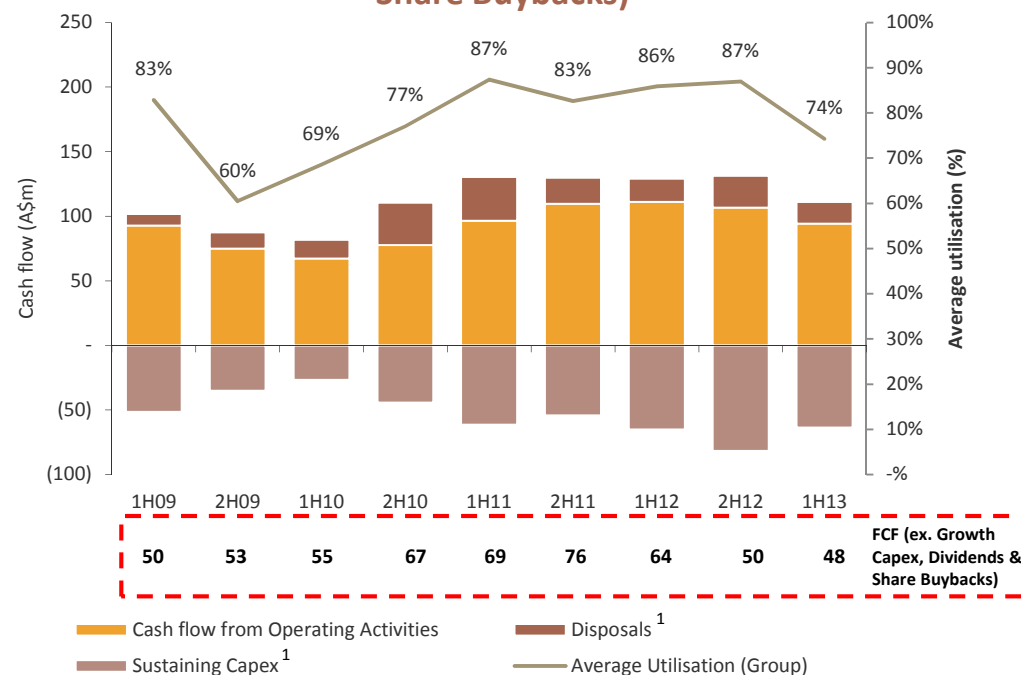
Free cashflow from operations

- Operating cashflow lower due to EBITDA decline and higher borrowing costs
- Minimal working capital release in 1H13
- \$48M sustaining capex in 1H13 reducing to \$25-30M in 2H13
- Operating free cashflow to remain stable

Growth capital & capital management

- \$73M growth capital invested in Chile and Indonesia in 1H13, with only \$10M committed in 2H13
- 5% share buyback at average price of 53.4 cps
- Interim dividend of 2.5 cps fully franked

Free Cash Flow Generation (ex. Growth Capex, Dividends and Share Buybacks)

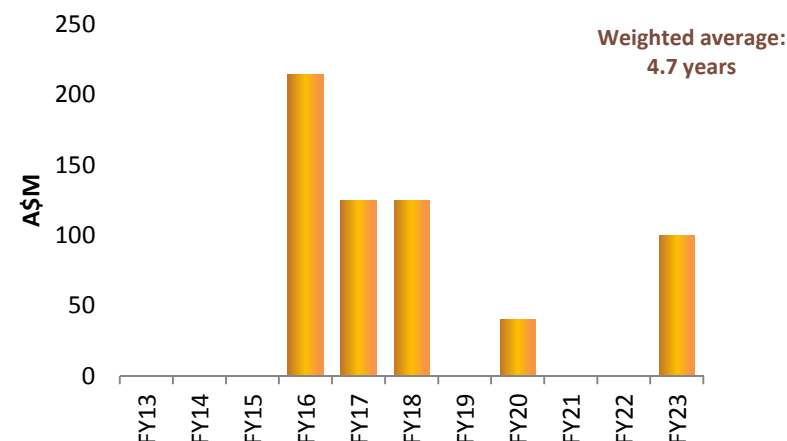


Funding Profile

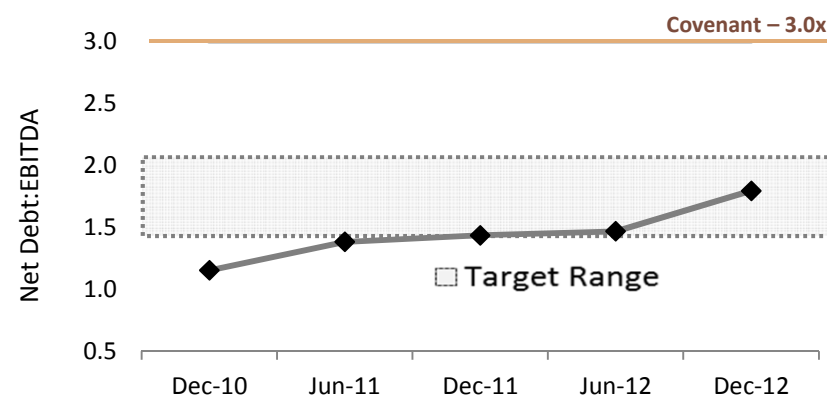
Diversified and secure funding portfolio in place with focus on reducing debt in the short term

- Long dated maturity profile and significant debt headroom following recent debt refinancing:
 - Average debt maturity 4.7 years
 - \$625M debt facilities
 - Headroom \$154M
- Gearing remains within target range despite targeted fleet investment and return of capital to shareholders during 1H13
- Free cashflow generation over 2H13 to be used to reduce debt in line with earnings, keeping gearing within target range

Debt Maturity Profile



Gearing

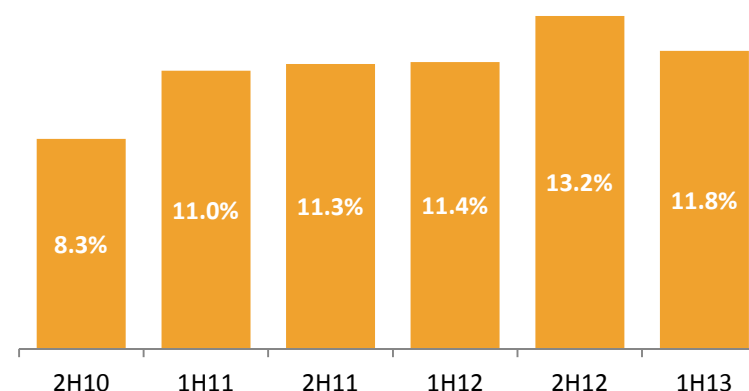


Return on Capital

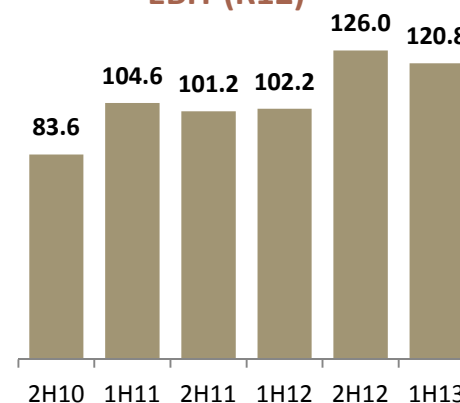
Improving returns in offshore businesses coupled with focus on redeploying and leveraging Australian installed asset base

- Strategies in offshore businesses starting to deliver improved returns
- Short term decline in utilisation impacting returns
- ROC improvements post FY13 from:
 - Redeployment of Australian idle fleet
 - Strong return from fleet deployed in Chile
 - Growing maintenance services in Canada
 - Leveraging global footprint to redeploy fleet between markets

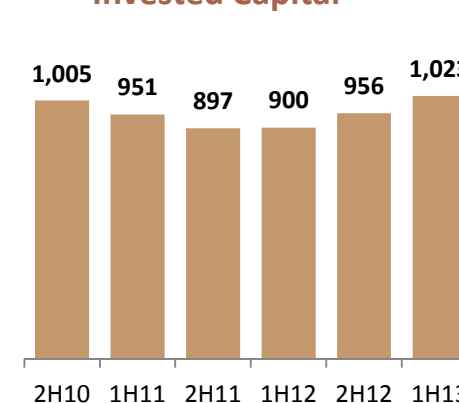
ROC (R12)^{1,2}



EBIT (R12)



Invested Capital³



Note:

- R12 = rolling 12 months
- ROC calculated as R12 operating EBIT divide average Invested Capital
- Invested Capital = 'Equity plus Net Debt'





Strategy & Outlook

Keith Gordon
Managing Director & Chief Executive Officer



What defines Emeco today?

A commitment to business consolidation over the last few years has left Emeco fitter, more sustainable and well positioned for the future

Flexibility to manage capex and cashflows through the cycle

- Operating expenses and sustaining capex driven by utilisation
- Largely variable cost base and discretionary capex can be managed to reduce cashflow volatility during market downturns

Diversity across commodities, customers and geographies

- Benefits seen in 1H13 with strong growth in Canadian oil sands offsetting more subdued Australian coal markets
- Further improving diversification with expansion into South America (Chile)

High quality, fully maintained product offer

- Scale, low-houred hire fleet weighted towards larger mining equipment
- Full service maintenance capabilities are an important point of differentiation

Long-term relationships with contracted customers

- Focus on contracting with customers who recognise value in Emeco's offering
- Long-term relationships with top- and mid-tier miners

Investment grade debt facilities

- Significant cash headroom and extended maturity profile provides balance sheet flexibility and greater opportunity to expand during market downturns

Safe, healthy and empowered work environment

- Continued focus on safety performance
- Employee satisfaction increasing through various initiatives

The Emeco Strategy

Initiatives change, but our strategy remains the same...

Improving the core business by driving greater efficiencies and active asset management

Optimise the Core

Executing on growth, both organically and into new markets / geographies

Sustainable Growth

Consistent Value Creation for Shareholders

Identifying value creation opportunities through focus on cashflow and disciplined capital allocation

Our strategic focus

We are focused on ensuring Emeco is positioned to leverage its existing asset base as the local market recovers, while continuing to pursue growth in Canada and Chile



Optimise the Core

- Successful conversion of customer enquiries currently being pursued in **Australia**
- Continued focus on developing more relationships direct with miners in **Canada**
- Consolidating recent growth in **Indonesia** with focus on customer quality
- Implementing operational improvements to deliver financial benefits
- Actively monitoring fleet redeployment opportunities **globally**



Sustainable Growth

- Targeted investment to meet new demand in **Chile**
- Build-out of maintenance capability in **Chile**, supported by foundation contracts
- Continue to expand new maintenance service offering in **Canada**
- Explore new markets and major mining geographies (e.g. broader **South America** via **Chile**)



Consistent Value Creation for Shareholders

- Free cash flow used to maintain strong balance sheet position and target leverage
- On-going disciplined approach to capital allocation to deliver shareholder returns



Outlook

- Lower average utilisation in 2H13 will result in slightly lower earnings than 1H13, with positive signs for improved group performance in FY14
- **Australian** utilisation stabilised with no significant contracts finishing in 2H13
- A number of new opportunities currently being pursued in **Australian** coal, iron ore and gold however some caution remains amongst coal customers
- In light of recent increases in customer enquiry levels, **Australian** business to leverage off quality idle asset base to secure new projects going into FY14
- Activity in **Canadian** oil sands expected to remain buoyant
- New opportunities in **Indonesia** most likely to commence in early FY14
- **Chile** expected to deliver meaningful EBIT contribution in 2H13 with good momentum as copper production is set to grow
- Stable operating cashflow combined with lower capex to generate positive free cashflow
- Focus on opportunities in existing and new geographies to redeploy and leverage installed asset base



Questions

Further Information

Thank you for your interest in Emeco

Further investor enquiries should be directed to:

- Keith Gordon CEO
- Stephen Gobby CFO
- Brendan Shalders Investor Relations

emecogroup.com





Appendices

Detailed Financials

Profit & Loss

A\$ Millions	1H12	2H12	1H13	Variance HonH %	Variance PCP %
Revenue	273.0	292.2	246.7	(15.6)	(9.6)
EBITDA	119.9	141.8	110.7	(21.9)	(7.7)
margin (%)	43.9%	48.5%	44.9%	(3.6)	1.0
EBIT	54.3	71.7	49.1	(31.5)	(9.6)
Margin (%)	19.9%	24.5%	19.9%	(4.6)	-
NPAT	29.2	41.9	25.1	(40.1)	(14.0)
EPS (cps)	4.6	6.6	4.2	(36.4)	(8.7)
DPS (cps)	2.5	3.5	2.5	(28.6)	-
R12 ROC (%)	11.4%	13.2%	11.8%	(1.4)	0.4

Balance Sheet

A\$ Millions	Actual Dec-11	Actual Jun-12	Actual Dec-12	Variance HonH \$	Variance HonH %
Cash	16.6	73.1	16.1	(57.0)	(78.0)
Rental plant	640.3	738.2	767.3	29.1	3.9
Intangibles	173.9	173.9	173.6	(0.3)	(0.2)
Trade & other receivables	86.2	100.1	106.7	6.6	6.6
PP&E	83.4	87.4	88.1	0.7	0.8
Sales & parts inventory	37.5	35.1	27.2	(7.9)	(22.5)
Other assets	3.4	8.3	10.8	2.5	30.1
Total assets	1,041.3	1,216.1	1,189.8	(26.3)	(2.2)
Trading & other payables	59.5	64.3	50.8	(13.5)	(21.0)
Interest bearing liabilities ¹	326.5	452.3	462.6	10.3	2.3
Other liabilities	40.9	59.1	53.2	(5.9)	(10.0)
Net assets	614.4	640.4	623.2	(17.2)	(2.7)

Cashflow

A\$ Millions	1H12 A\$ m	2H12 A\$ m	1H13 A\$ m	PCP \$
Operating cashflow	110.5	142.0	124.4	13.9
General working capital	7.7	(17.5)	(1.7)	(9.4)
Sales & parts inventory	9.9	3.6	3.3	(6.6)
Interest & borrowing costs	(11.5)	(12.8)	(17.2)	(5.7)
Income tax payments	(5.4)	(8.4)	(14.4)	(9.0)
Cashflow from operating activities	111.2	106.8	94.4	(16.8)
Sustaining capex	(64.9)	(81.7)	(63.5)	1.4
Disposals	18.0	24.8	16.8	(1.2)
Cashflow from investing activities	(46.9)	(57.0)	(46.7)	0.2
Cashflow (before growth capex & s/h return)	64.3	49.8	47.7	(16.6)
Growth capex	(65.6)	(104.8)	(78.2)	(12.6)
Dividends	(18.9)	(15.8)	(22.0)	(3.1)
Share buy-back	-	-	(16.9)	(16.9)
Free cashflow	(20.2)	(70.8)	(69.4)	(49.2)

Finance Facilities

A\$ Millions	Facility limit	Drawn 31-Dec-12	Headroom	Maturity (years)
Senior debt (3-year)	200.0	198.1	1.9	2.74
Senior debt (4-year)	125.0	116.1	8.9	3.75
Senior debt (5 year)	125.0	3.9	121.1	4.75
USPP (7-year)	39.5	39.5	-	6.39
USPP (10-year)	99.5	99.5	-	9.40
Finance lease	14.1	14.1	-	2.62
Working capital	22.0	-	22.0	-
Total	625.1	471.2	153.9	4.71²



Note:

1. Interest bearing liabilities includes capitalised borrowing costs
2. Weighted average based on drawn amount for each facility

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