



BETTER
EQUIPPED



2013 FULL YEAR RESULTS

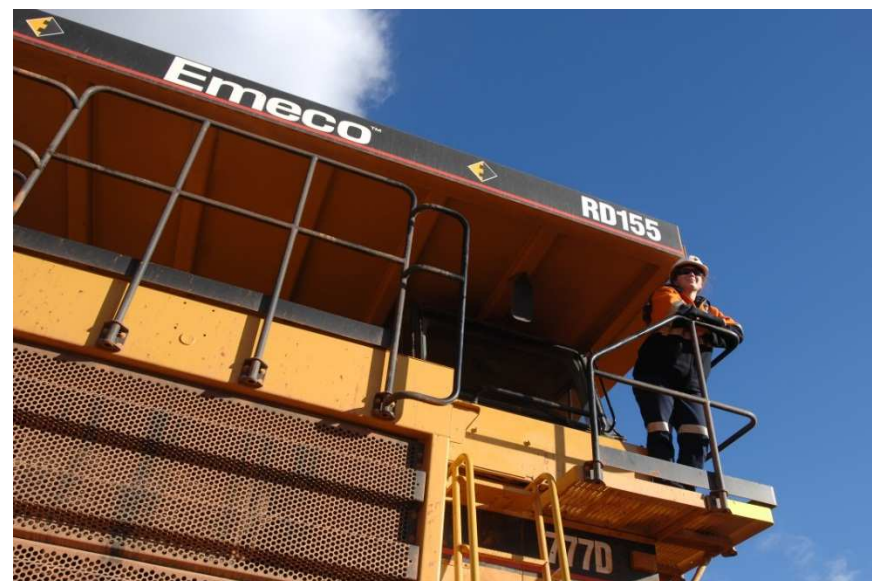
22 AUGUST 2013

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

FY13 YEAR IN REVIEW

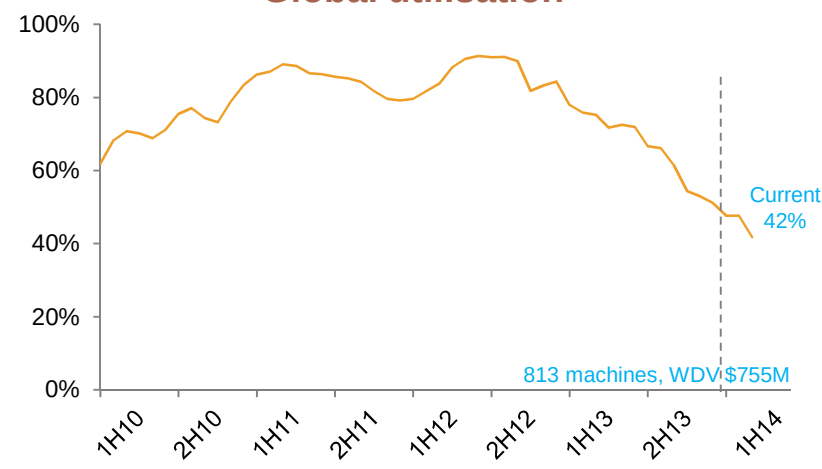
LOWER COMMODITY PRICES AND COST FOCUS BY MINERS IMPACTED ACTIVITY

- Operating NPAT of \$35.2M in line with guidance
- Statutory NPAT of \$6.0M includes one-off items
- Global utilisation averaged 67% in FY13, versus 86% in FY12
- Australia** and **Indonesia** impacted by customer focus on lowering unit costs
- Canada** delivered strong result due to growing relationship with oil producers
- Successful ramp up in **Chile**; positive earnings in first year of operation
- Strong free cashflow in 2H13 including \$33M of fleet disposals
- FY13 final dividend withheld as focus on balance sheet in FY14

Operating results

A\$million	FY11	FY12	FY13	PCP Var %
Revenue	502.5	565.2	439.7	(22.2)
EBITDA	223.3	261.7	188.3	(28.0)
NPAT	56.0	71.1	35.2	(50.5)
ROC %	11.3	13.2	7.1	(6.1)

Global utilisation



SAFETY, PEOPLE & SUSTAINABILITY

SAFETY, OUR EMPLOYEES AND COMMUNITY ENGAGEMENT REMAIN A KEY PRIORITY

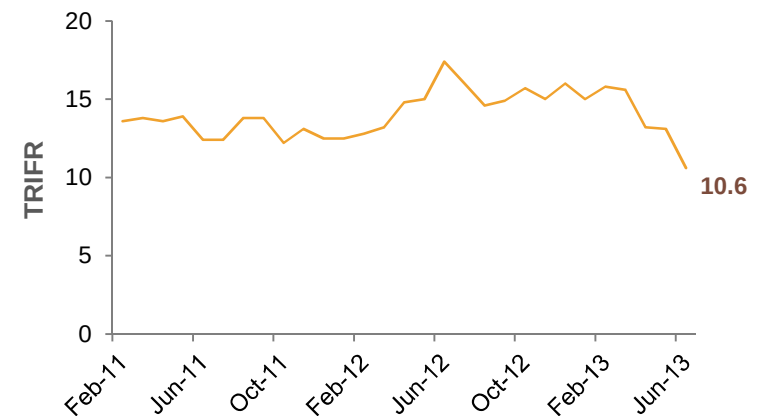
■ Safety

- TRIFR improved 39% on prior year
- Low LTIFR maintained throughout period
- Sub-contractor compliance improved via audit process

■ Sustainability

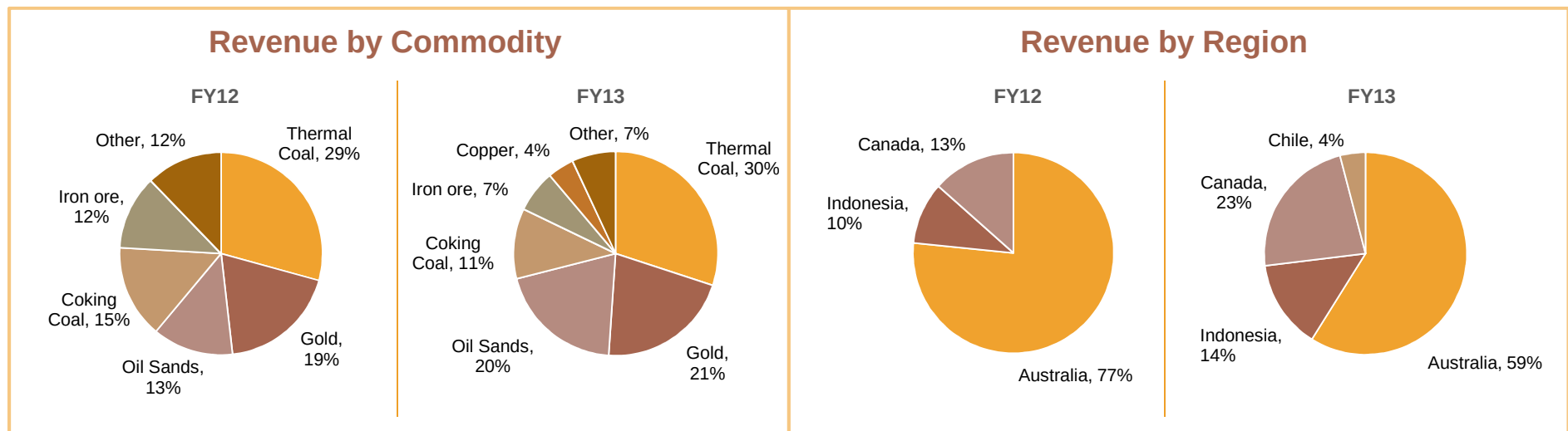
- Established diversity policy and framework
- Employee satisfaction improved 32% since 2010
- Positively contributed to communities in which we operate;
 - Community engagement representatives appointed in each region;
 - Lifeline and Clontarf partnerships in Australia;
 - Operator training program developed by Women Building Futures in Canada

Total Recordable Injury Frequency Rate (TRIFR)



DIVERSIFYING FOR THE FUTURE

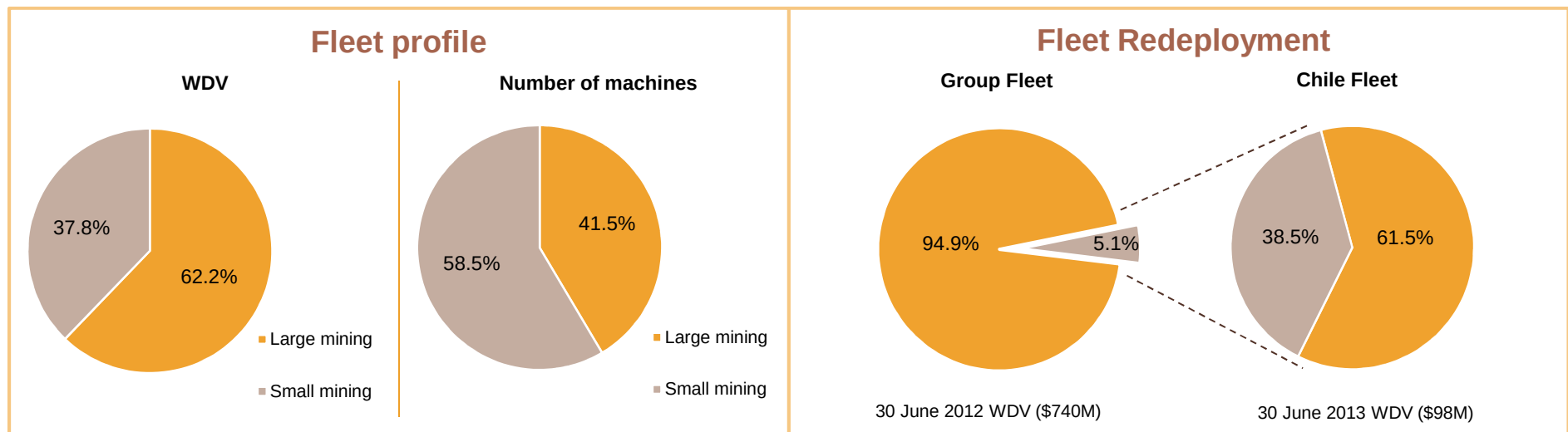
EXPANDING COMMODITY AND GEOGRAPHIC DIVERSIFICATION A KEY STRATEGY



- Thermal coal and gold remain the largest exposures however oil sands and copper set to grow
- Forecast growth in iron ore and coking coal volumes likely to present further opportunities
- Organic growth in Chile will increase exposure to low cost copper in FY14 and beyond
- New markets strategy is likely to capture various commodities with focus on low cost producing regions
- Focus is on adapting the offer to the local market and pursuing rapid entry as per Chile

FLEXIBLE FLEET STRATEGY TO SUPPORT GROWTH

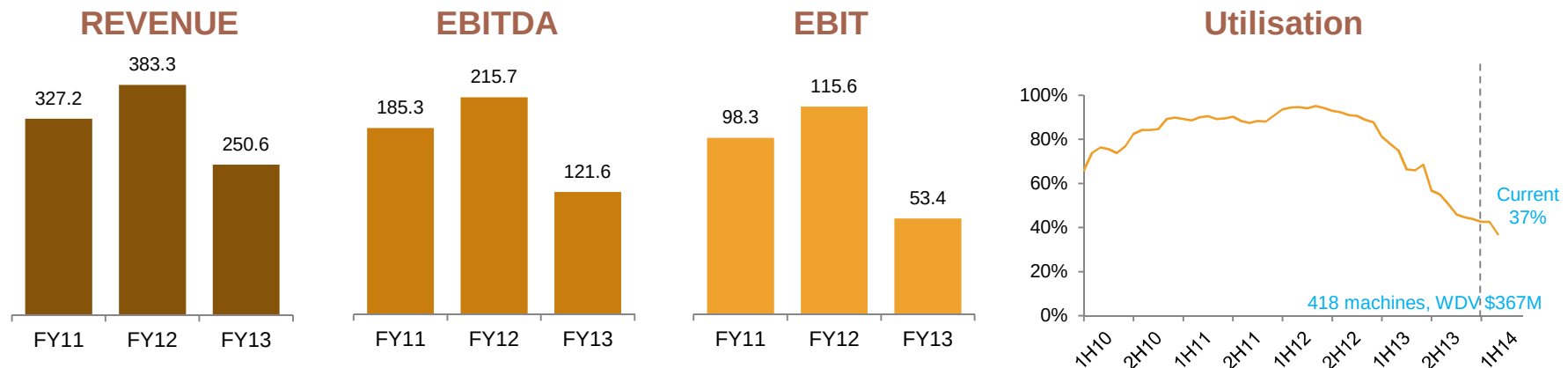
FLEET MIX WELL PLACED WITH FOCUS ON REDEPLOYMENT TO MEET DEMAND



- Fleet well balanced between large and small mining equipment to cover spectrum of customers needs
- Ongoing assessment of redeployment opportunities across existing markets with potential for new markets
- \$38M of fleet redeployed to Chile in FY13, representing 5.1% of global fleet

REGIONAL PERFORMANCE - AUSTRALIA

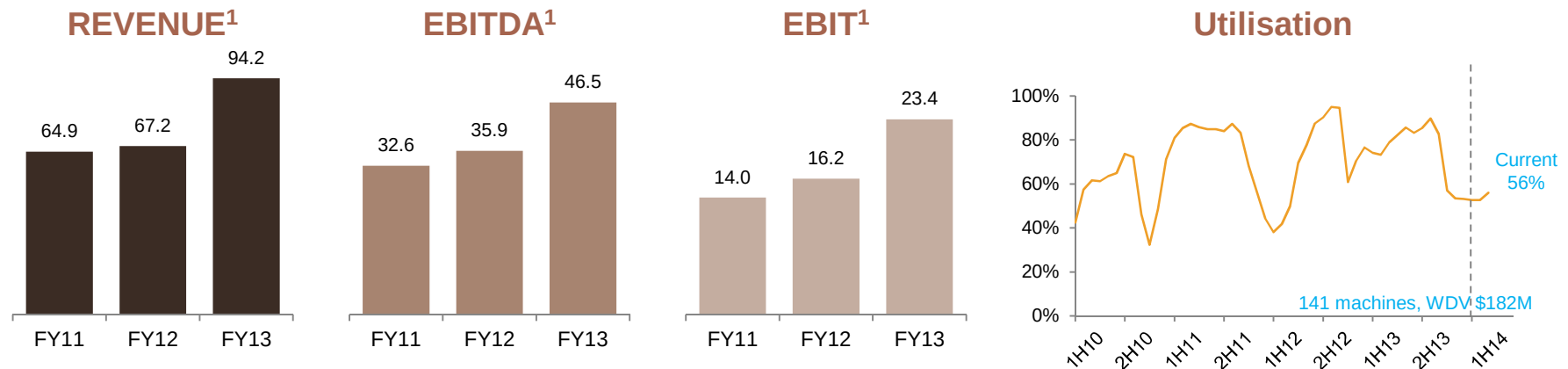
RAPID DECLINE IN MARKET ACTIVITY ADVERSELY IMPACTING PERFORMANCE



- Customers focus on rapidly reducing costs led to equipment deployed in maturing contracts across FY13 not being required for ongoing operations
- Despite headline production volumes remaining stable, significant reduction in overburden activity
- Excess equipment in market driving competitive pricing environment, impacting margins
- Maintenance expenditure reduced by 30% in line with lower utilisation
- One-off redundancy costs of \$1.7M during FY13

REGIONAL PERFORMANCE - CANADA

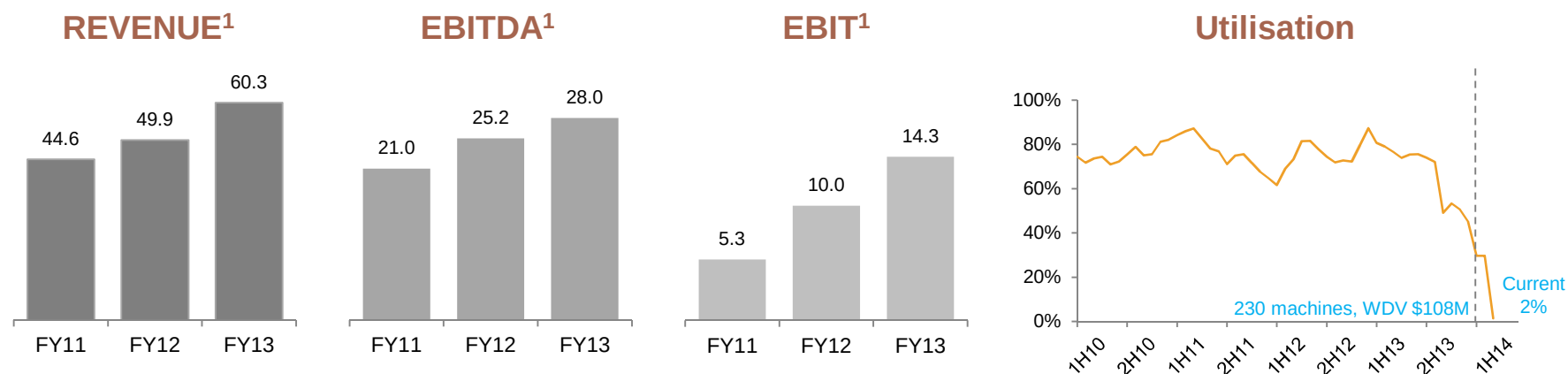
DIRECT EXPOSURE TO OIL MAJORS DRIVING EARNINGS GROWTH



- Revenue up 40.2% on prior year to \$94.2M, EBIT up 44.6% to \$23.4M
- FY13 average utilisation 75% up from 71% in FY12 the result of increasing direct supply to oil majors
- Fleet investment in FY12 supported earnings growth. Some fleet redeployed to Chile in late FY13 as planned
- Establishing external maintenance services business to leverage capability and broaden service offering to customers

REGIONAL PERFORMANCE - INDONESIA

REDUCED COAL ACTIVITY AND CUSTOMER CONCENTRATION IMPACTING PERFORMANCE



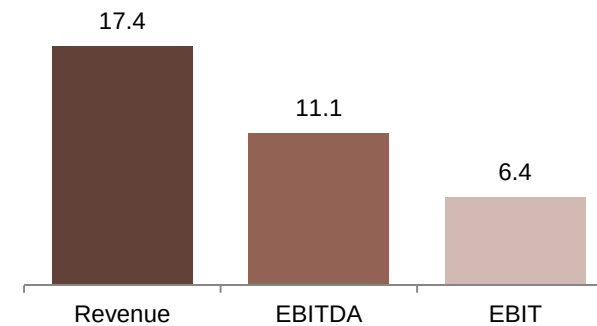
- Business well placed in 1H13 however pull-back in coal activity significantly impacted utilisation in 2H13
- Earnings growth driven by high utilisation on larger fleet in 1H13 following investment in FY12
- Two major contract terminations in early 2H13 resulted in approx. 40% decline in utilisation
- Suspension of Straits Resources Mt Muro project in July 13' reduced utilisation to ~2%
- Pursuing immediate downsizing of cost base while longer term strategy review is developed

REGIONAL PERFORMANCE - CHILE

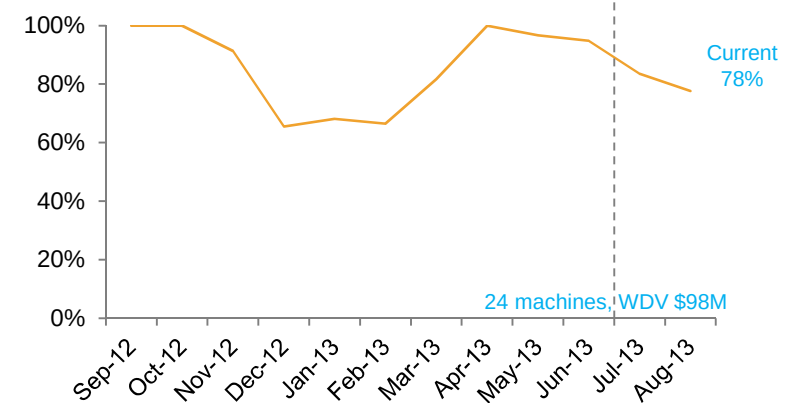
SUCCESSFUL EXPANSION INTO CHILE INCREASES DIVERSIFICATION

- Chile business averaged 86% utilisation since inception, contributing revenue of \$17.4M and EBIT of \$6.4M
- \$100M now invested in business, including approx. \$40M redeployed from other Emeco businesses
- Recent extension of major contract provides good visibility well into FY14
- Planned development of maintenance capabilities progressing well
- Fleet redeployment opportunities continue to be explored for the Chile market

FY13 Performance¹



Utilisation





FINANCIALS

Stephen Gobby
Chief Financial Officer

FINANCIAL SUMMARY

At a glance...

A\$million	FY11	FY12	FY13	PCP Var %
Revenue	502.5	565.2	439.7	(22.2)%
EBITDA	223.3	261.7	188.3	(28.0)%
EBIT	101.2	126.0	75.6	(40.0)%
NPAT	56.0	71.1	35.2	(50.5)%
Statutory NPAT¹	49.6	70.0	6.0	(91.4)%
ROC %²	11.3	13.2	7.1	(6.1)%
Free cash flow from operations³	144.8	114.1	135.0	18.3%
EPS (cps)	8.9	11.3	5.9	(47.8)%
DPS (cps)	10.0 ⁴	6.0	2.5	(58.3)%



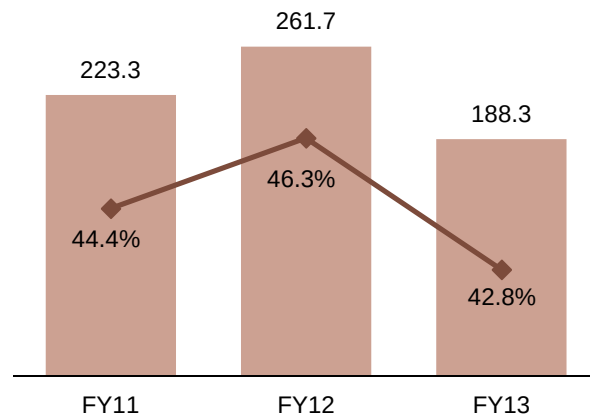
Note:

1. Statutory NPAT includes one-off items
2. ROC calculated as Operating EBIT divided by average invested capital for the period
3. Operating cashflows (including interest and tax) less net sustaining capex. Excludes growth capital, share buyback and dividends
4. Includes ordinary dividends of 5.0 cps and special dividend of 5.0 cps

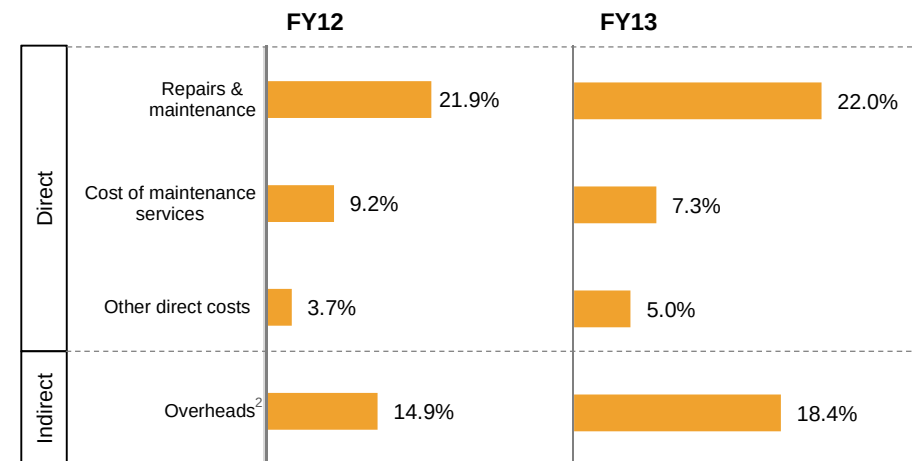
MARGINS & OPERATING COSTS

PRICING AND FIXED COSTS IMPACTING MARGINS DESPITE VARIABLE DIRECT COSTS

FY13 EBITDA Analysis



Operating Cost – % of Revenue¹

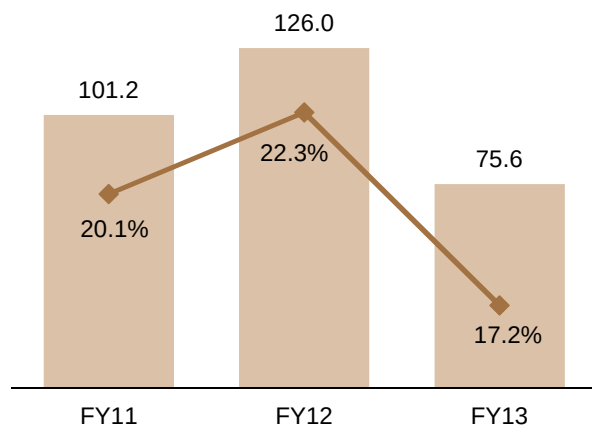


- Highly competitive market impacting rental rates in Australia
- Highly variable Direct costs (R&M) have been flexed down in line with utilisation
- Lower margin external maintenance services and cross-hire fleet impacting margins in Canada
- Lower revenue on fixed overheads cost base impacting EBITDA margins in Australia and Indonesia
- Doubtful debts expense was \$16.8M, of which \$13.5M related to ongoing charges on contract disputes in Indonesia

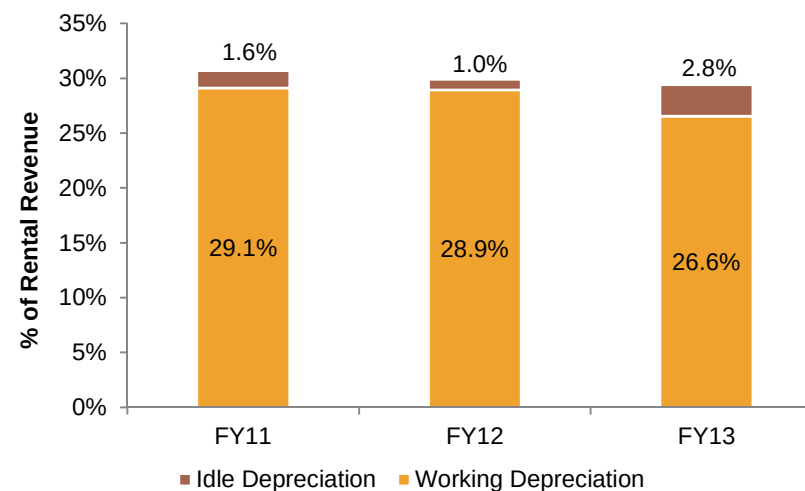
DEPRECIATION

EBIT MARGINS ALSO IMPACTED BY IDLE FLEET DEPRECIATION

FY13 EBIT Analysis



Depreciation



- Impact of lower pricing and fixed Indirect costs having larger proportionate impact on EBIT margin
- Each piece of equipment incurs depreciation after being idle for 3mths consecutively – short-term impact on EBIT margin
- Idle depreciation expense to increase in FY14 however non-cash charge

CASH GENERATION

CASHFLOW LEVERS DRIVING SIGNIFICANT CASH GENERATION IN 2H13

- Strong cash from operations of \$206M
- 2H13 free cashflow of \$60M generated
- Working capital release and reduced capex key levers for cashflow
- Board declared Nil final dividend resulting in total dividends of 2.5 cps (interim) for FY13
- Short term focus on debt reduction however capital management to be revisited when appropriate

	1H13	2H13	FY13
Cash from operations	124.4	81.6	206.0
General working capital	(1.7)	(1.0)	(2.7)
Sales & parts inventory	3.3	18.9	22.2
Interest & borrowing costs	(17.2)	(13.5)	(30.7)
Income tax payments	(14.4)	(6.5)	(20.9)
Operating cashflow	94.4	79.5	173.9
Sustaining capex ¹	(63.5)	(25.2)	(88.7)
Disposals ¹	16.8	33.0	49.8
Cashflow (before growth capex and s/h returns)	47.7	87.3	135.0
Growth capex	(78.2)	(12.0)	(90.2)
Dividends	(22.0)	(15.1)	(37.1)
Share buy-back	(16.9)	-	(16.9)
Free cashflow	(69.4)	60.1	(9.3)

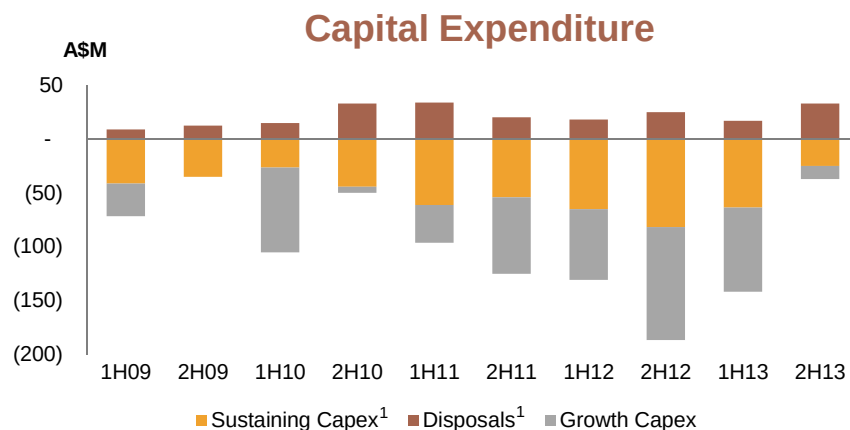
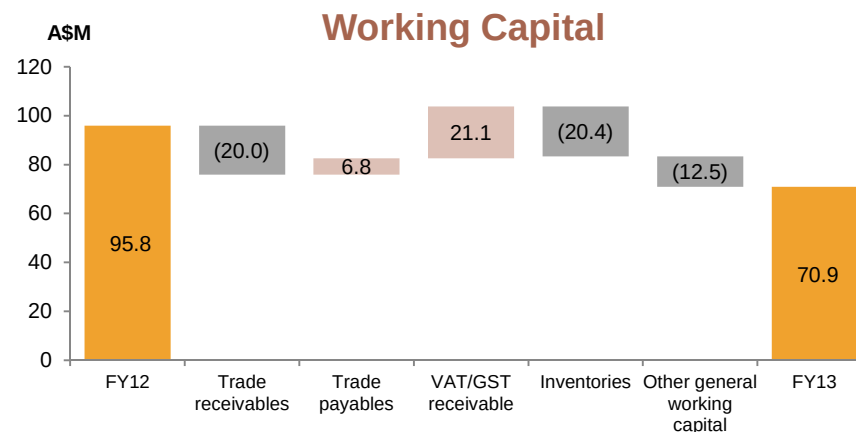
Note:

1. Sustaining capex includes other PP&E; disposals includes other PP&E disposals

WORKING CAPITAL & CAPITAL EXPENDITURE

CAPITAL RELEASE AND CAPEX KEY FOCUS OF BUSINESS

- Trade receivables declined \$20M over FY13 representing the unwinding of revenue during the year
- Further wind-down of Parts and Sales business released \$22.2M cash
- VAT receivable (Chile) to be recovered in 1H14
- Asset disposals of \$50M in FY13 including single package of \$26M in June 13'
- 1H13 growth capex due to completion of investment program in Chile and Indonesia
- Sustaining capex reduced to \$25.2M in 2H13
- FY14 capex expected to be \$40 - \$50M

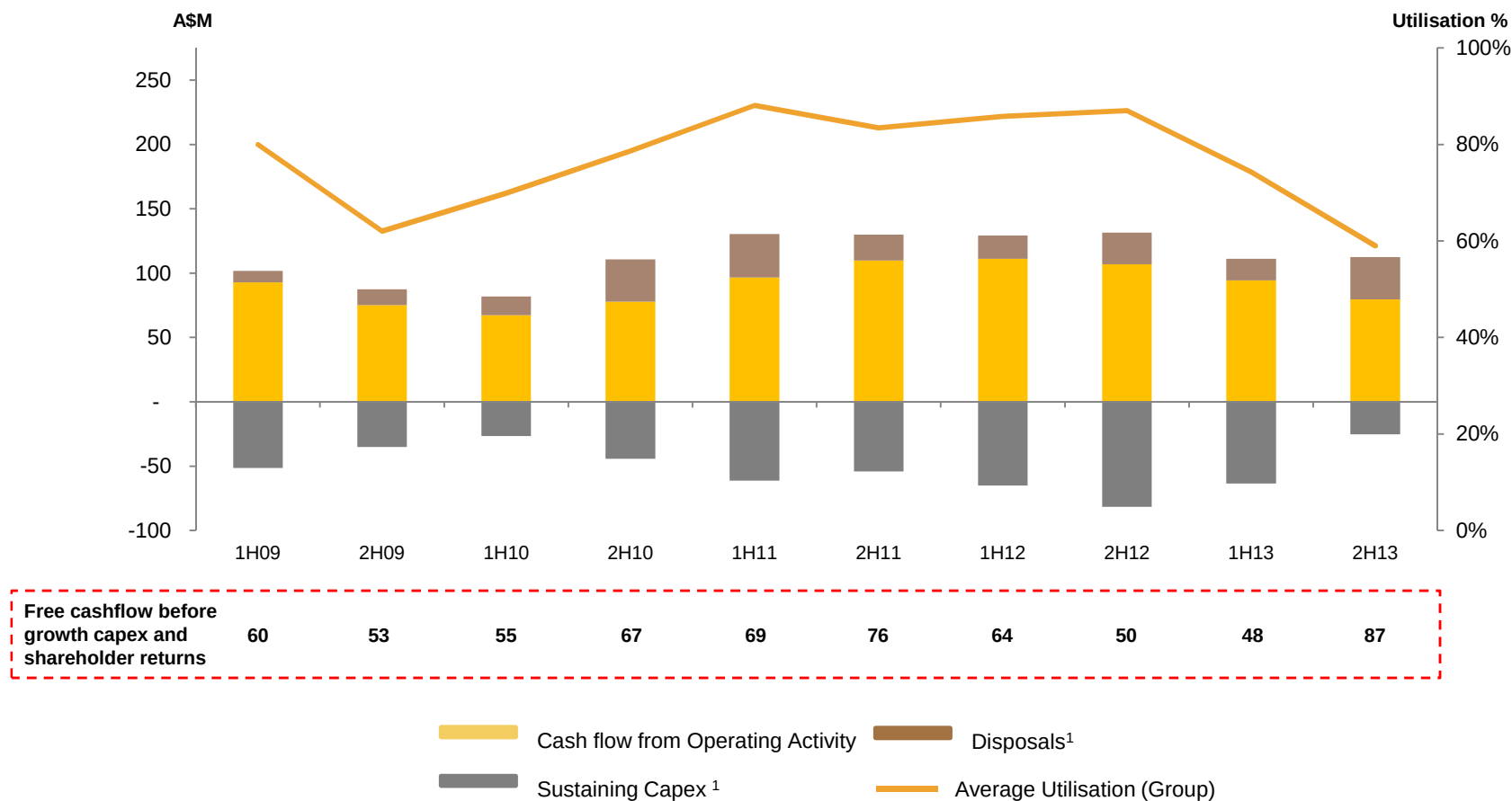


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FREE CASHFLOW ACROSS THE CYCLE

Free Cash Flow Generation (excl. Growth Capex & Capital Mgt)

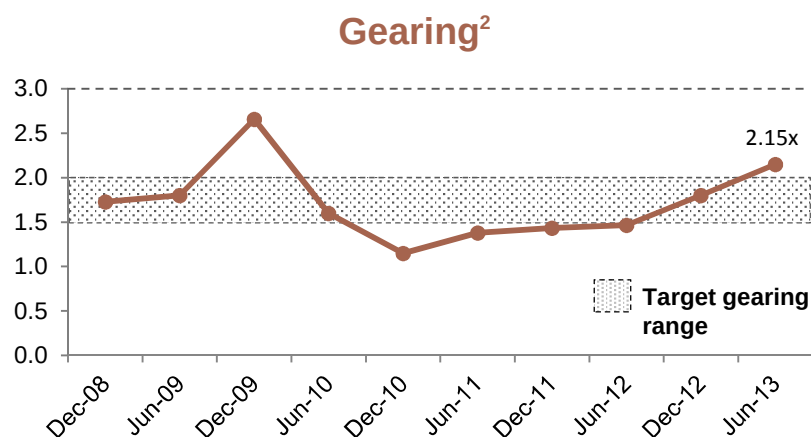
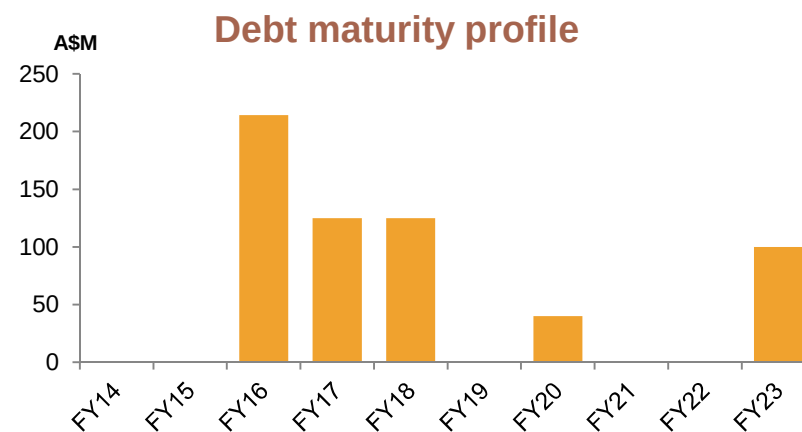
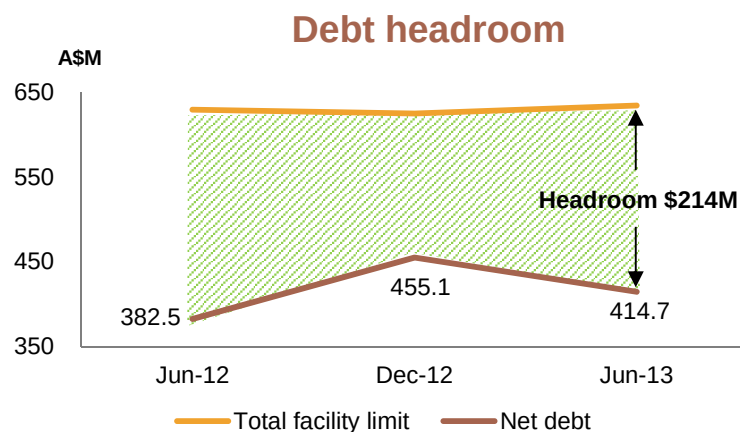


Note:

1. Sustaining capex includes other PP&E; disposals includes other PP&E disposals

FUNDING PROFILE

CASH DEBT REDUCTION IN 2H13 PARTIALLY OFFSET BY AUD DECLINE



Other debt metrics

A\$million	FY12	FY13
Borrowing cost ¹	22.9	25.1
Interest cover ratio ²	11.38	7.72
Loan to value ratio ²	41.7%	48.1%

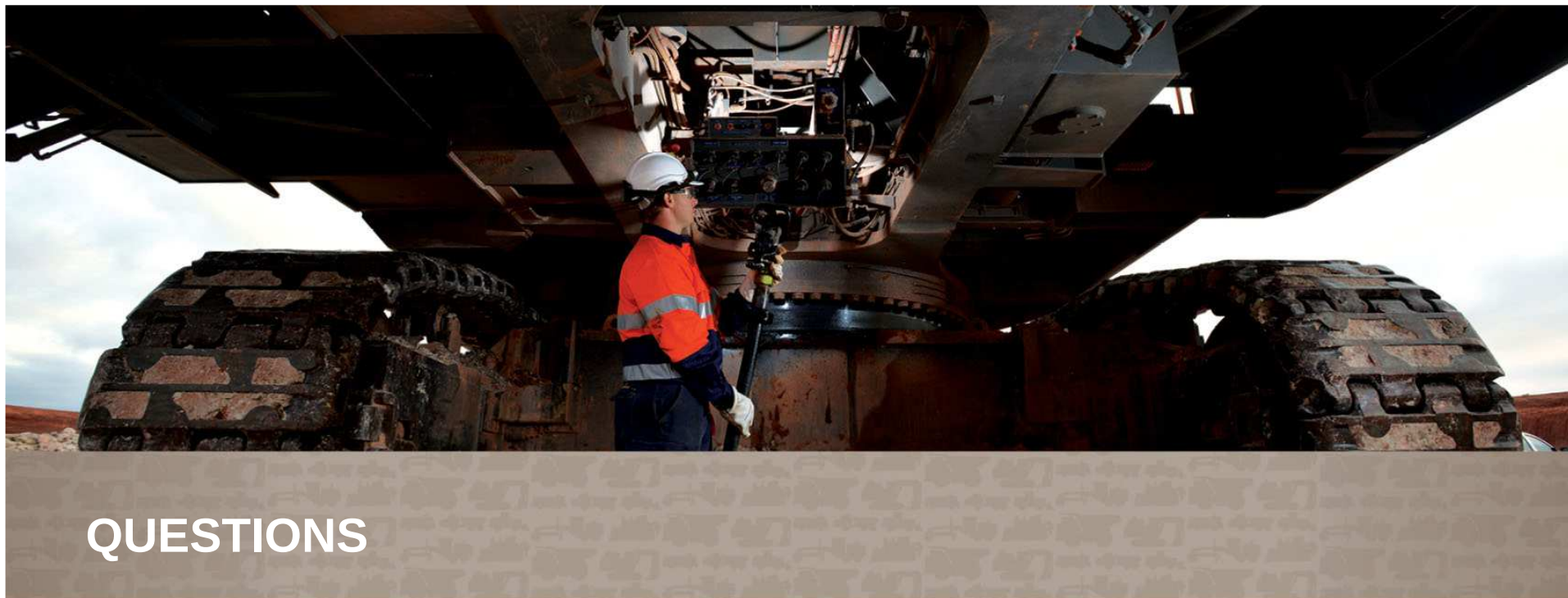


STRATEGY & OUTLOOK

Keith Gordon
Managing Director & Chief Executive Officer

STRATEGY & OUTLOOK

- Project pipeline has improved in **Australia**, with new opportunities in coal and iron ore but market is expected to remain highly competitive. Important to remain customer focused and flexible with our offer
- Strong opportunity pipeline in **Canada**, preferred equipment rental supplier arrangements with two major oil sands producers
- Expected growth in **Canada's** external maintenance offering FY14, new contract with oil major commencing 1Q14
- Copper production in **Chile** expected to support strong utilisation during FY14
- Reducing cost base immediately in **Indonesia** while longer term strategic direction assessed
- Cashflow and debt reduction primary focus in the short term
- Focus on gaining additional exposure to new markets which will provide fleet redeployment opportunities, new growth and diversification benefits



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**





APPENDICES

DETAILED FINANCIALS

Profit & Loss

A\$ millions	FY12	FY13	PCP Var %
Revenue	565.2	439.7	(22.2)%
EBITDA	261.7	188.3	(28.0)%
margin (%)	46.3	42.8	
EBIT	126.0	75.6	(40.0)%
margin (%)	22.3	17.2	
NPAT	71.1	35.2	(50.5)%
ROC %	13.2	7.1	(6.1)%
EPS (cps)	11.3	5.9	(47.8)%
DPS (cps)	6.0	2.5	(58.3)%

Balance Sheet

A\$ millions	Jun-11	Jun-12	Jun-13
Cash	5.0	73.1	5.8
Trade & other receivables	83.0	99.0	97.1
Rental Plant	620.6	793.1	798.0
Intangibles	173.2	173.9	158.1
Sales & parts inventory	42.7	29.7	7.4
Other assets	61.4	47.3	59.6
Trade & other payables	(42.7)	(64.3)	(40.6)
Total debt	(298.8)	(459.5)	(420.4)
Other liabilities	(42.2)	(51.9)	(53.8)
Net assets	602.2	640.4	611.2

Cashflow

A\$ millions	FY12	FY13	PCP Var %
Operating cashflow	259.9	206.0	(20.7)%
General working capital	(9.8)	(2.7)	72.4%
Sales & parts inventory	13.5	22.2	64.4%
Interest & borrowing costs	(24.3)	(30.7)	(26.3)%
Income tax payments	(13.8)	(20.9)	(51.4)%
Cashflow from operating activities	225.5	173.9	(22.9)%
Sustaining capex	(146.6)	(88.7)	39.5%
Disposals	35.2	49.8	41.5%
Cashflow (before growth capex & s/h returns)	114.1	135.0	18.3%
Growth capex	(170.4)	(90.2)	47.1%
Dividends	(34.7)	(37.1)	7.0%
Share buy-back	-	(16.9)	N/A
Free cashflow	(91.0)	(9.3)	89.8%

Finance Facilities

A\$ millions	Facility	Drawings	Headroom	Maturity (years)
Senior debt (3 year)	200.0	197.7	2.3	2.12
Senior debt (4 year)	125.0	55.0	70.0	3.12
Senior debt (5 year)	125.0	-	125.0	4.12
USPP (7 year)	42.6	42.6	-	5.77
USPP (10 year)	107.0	107.0	-	8.77
Other	34.9	18.1	16.8	2.00
Total debt	634.5	420.4	214.1	4.33 ¹

Note:

1. Weighted average based on drawn amount for each facility

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