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ACQUISITION OF RENTCO

13 MARCH 2015

KEN LEWSEY, MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER

GREG HAWKINS, CHIEF FINANCIAL OFFICER

TRANSACTION OVERVIEW

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The acquisition is a key move under Emeco's three-pillar strategy and will help diversify outside of the core mining sector.

Transaction highlights	▪ Emeco has agreed to purchase Rentco based on an equity value of $53 million (enterprise value $82 million). Consideration in cash, deferred cash and Emeco shares subject to a staged four-year escrow period, with potential for up to $23 million in profit sharing payments over three years based on performance.
Rentco overview	▪ Established in WA 1994. Now operates Australia-wide with a fleet of approximately 1800 trucks, trailers and ancillary equipment – one of the biggest players in the national road haulage truck and trailer rental market. In FY14 Rentco generated revenue of $45 million and EBITDA of $19 million.
Strategic rationale	▪ "Pillar Three" growth opportunity. Similar dry rental and maintenance model, providing increased scale and diversification outside mining.
Key outcomes for Emeco	▪ Transaction is immediately earnings per share accretive, assuming no synergies and contributes to stronger group financial metrics.

EMECO'S STRATEGY

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Emeco will be a market-driven business with a range of specialist propositions that are tailored to meet customer needs and delivering excellent returns for shareholders

1

Reshape the core rental business and improve profitability

Improve profits & reduce capital intensity	Market solutions	Create partnerships with customers

- Improve utilisation rates and returns:
  - Align value propositions with customer needs
  - Build value partnerships with customers by providing fleet performance and earthmoving solutions
  - Expand low-capital intensity services, in particular maintenance and those that drive on-going site presence
  - Target projects in select new geographies
  - Position the right fleet to compete
- Generate cash for growth

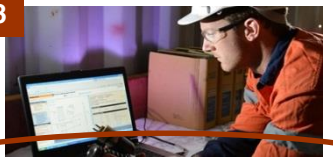
2

Extend customer relationships with specialist mining products and services

Diversify revenue	Increase scale	Broaden customer relationships

- Build a diversified specialist mining services business:
  - Target adding value to mid-tier mining companies
  - Select attractive niches that are suited to consolidation/aggregation/growth
  - Leverage cross-selling benefits

3



Innovate, diversify and look to new business models

Deliver differentiation	Diversify markets	Disrupt the playing field

- Diversify beyond mining
- Position technology as a point of difference in each of our offerings
- Generate new revenue streams by bringing best practice technology to mid-tier miners and contractors

Deep and broad customer engagement | ***Operational excellence***

Flexible, responsible deal making | ***Safety, culture and brand***

STRATEGIC RATIONALE

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A strategic growth opportunity which will provide increased scale and diversification.

Leverage rental model	▪ Leverages Emeco's specialist rental and maintenance skills and builds significant diversity outside core mining sector.
Strong reputation	▪ Rentco is a leading player in the road truck and trailer market with **scale, national presence, reputation, brand and asset reliability.**
Less volatility	▪ Rentco is exposed to a wide range of industries that track general economic conditions and are generally less volatile than the mining sector.
Good industry dynamics	▪ Road freight volume growth 3.4% CAGR past 10 years.

KEY TERMS

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Consideration is based on an equity value of $53 million (enterprise value of $82 million).

PAYMENT TERMS	
Cash at settlement	$12.5 million
Deferred cash	$7.3 million
Staged asset acquisition over three years	$20.7 million
Emeco shares at 12.6c (Four-year staged escrow)	$11.4 million
Minimum consideration	**$51.9 million**
Three-year earn-out based on average EBITDA (Minimum - Maximum)	$0-23 million

- To be funded from Emeco's existing liquidity reserves and Rentco's retained earnings during earn-out.
- Settlement 31 March 2015 subject to conditions precedent.
- Managing Director Bob Shier (50%) to stay with the business for a minimum of three years, John Shier (50%) to stay for a minimum of one year.
- Rentco brand to be retained.

RENTCO TRANSPORT EQUIPMENT RENTALS

RENTCO

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One of the biggest players in the national road haulage rental market.

RENTCO TRANSPORT EQUIPMENT RENTALS

ABOUT RENTCO

- Founded in WA in 1994 by brothers Bob and John Shier.
- Initially supplied trailers to the agriculture industry, before expansion into others states and industries.
- ~1500 trailers, 185 prime movers plus ancillary equipment.
- Depots in Perth, Brisbane, Townsville, Darwin, Melbourne, Sydney and Adelaide.
- In-house maintenance and 24-hour support ensures reputation for reliability.
- FY14 revenue of $45 million and EBITDA of $19 million.
- A diverse customer base including most large Australian road transport players.

www.rentco.com.au

KEY OUTCOMES FOR EMECO

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Transaction is immediately earnings per share accretive, assuming no synergies and contributes to stronger group financial metrics with no disruption to existing operations.

Earnings growth

- Earnings accretive from the outset
- Strong and stable earnings margin adds stability to Emeco margins.

Improved financial metrics

- At completion improves overall Group financial metrics, including a decline in net debt to EBITDA.

No disruption to operations

- Will operate as stand-alone entity ensuring no disruption to existing operations (Emeco or Rentco).

Ken Lewsey (L), Managing Director and CEO of Emeco with Bob Shier (R), Managing Director of Rentco.

Emeco

BETTER EQUIPPED

Thank you

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emecogroup.com

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