

2015 FULL YEAR RESULTS

27 AUGUST 2015

IAN TESTROW, MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER

GREG HAWKINS, EXECUTIVE DIRECTOR, FINANCE

HIGHLIGHTS

Building a more profitable business

Having increased utilisation over FY15, the focus is now on building a more profitable business to drive future growth

- Group fleet utilisation currently 74%¹, up from 50% at June 2014
- Global mining industry experiencing prolonged difficult trading conditions, low commodity price environment
- Strategic achievements evident over FY15
- Focus now switches to building margins, Project Fit to save \$14 million in costs over FY16
- Turnaround journey well underway
 - ✓ Rebuild utilisation, stabilise business
 - ✓ Refinanced balance sheet (Bonds, ABL)
 - ✓ Improve margins
- Focus on generating free cash flow to deleverage the business
- Increased utilisation, improved margins and financing flexibility and tenure, positions us well to evaluate opportunities to participate in sector consolidation

Note:

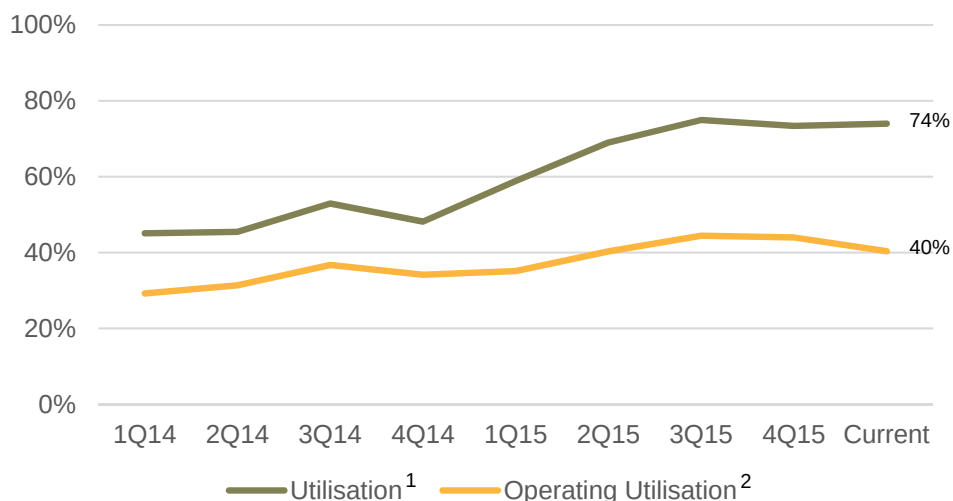
1. Excludes non-current assets held for sale

FY15 OVERVIEW

Strategic achievements driving stronger 2H FY15

Higher utilisation resulting in revenue uplift over 2H FY15, focus on margin recovery expected to drive improved profitability

OPERATING PERFORMANCE



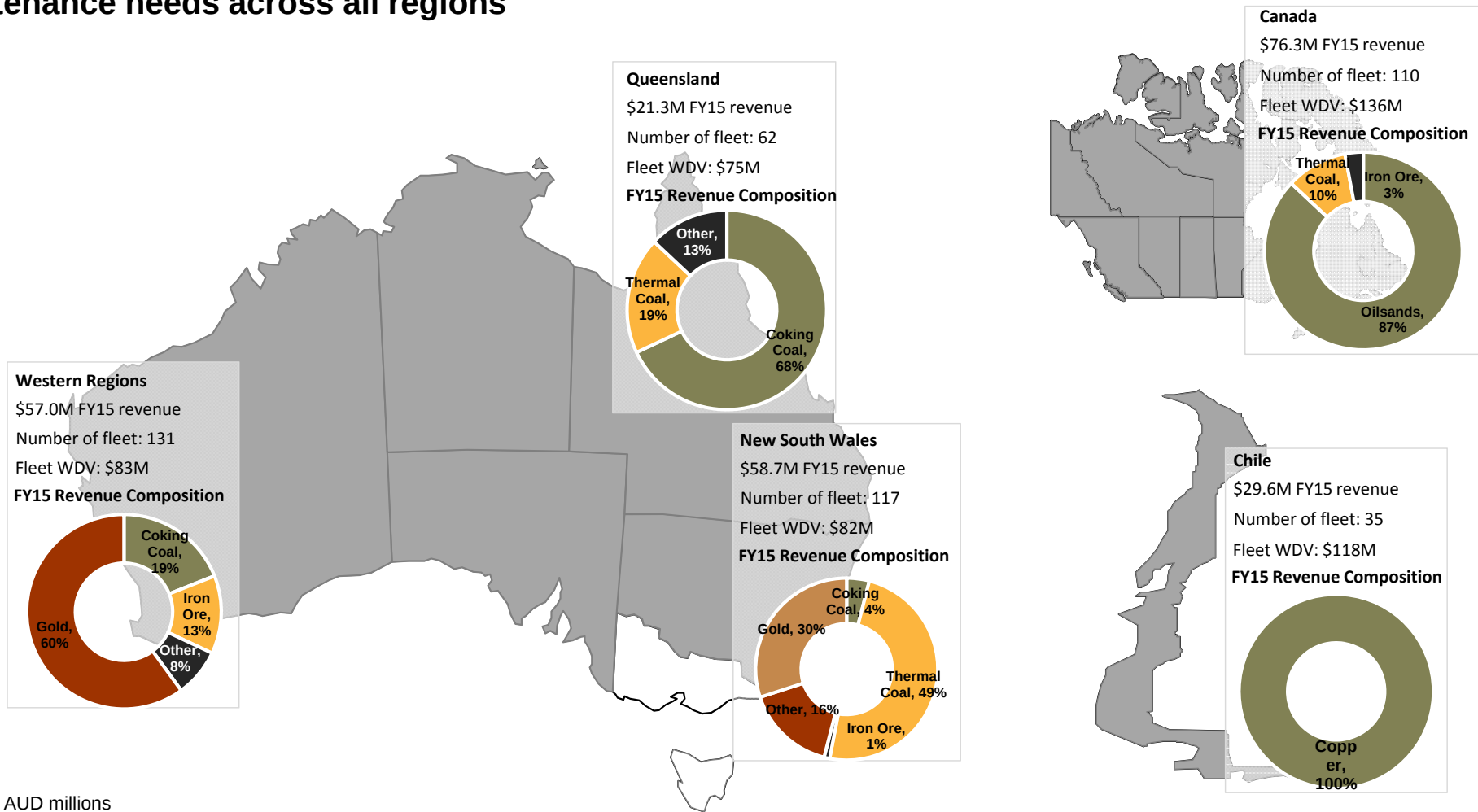
FINANCIAL PERFORMANCE^{3,4,5,6}

A\$million	1H FY15	2H FY15	FY15	FY14	PCP Var \$M
Revenue	110.7	132.1	242.8	241.1	1.7
EBITDA	16.2	27.2	43.4	67.3	(23.9)
Operating NPAT	(49.6)	(45.3)	(94.9)	(21.6)	(73.3)
Statutory NPAT ⁷	(51.7)	(71.4)	(123.1)	(224.2)	101.1
Free cashflow	(9.0)	(9.5)	(18.5)	85.9	(104.4)

- Note:
1. Utilisation defined as % of fleet rented to customers (measured by written down value)
 2. Operating utilisation defined as ratio of operating hours recognised over a month, compared to a target average number of 400 operating hours over a month
 3. Table represents operating results
 4. FY14 reported operating EBITDA of \$72.1 million and FY14 reported operating EBIT loss of \$6.1 million have been restated for comparative purposes. Refer to Emeco's 2015 Financial Report for more information
 5. Unrealised FX reclassified below EBIT
 6. Excludes discontinued operations, free cashflow includes discontinued operations
 7. FY15 Statutory NPAT includes one-off costs (pre-tax) comprising tangible asset impairments of \$30.8 million, project revenue write back of \$1.4 million, debt establishment cost write-offs of \$1.8 million, corporate costs of \$2.8 million and redundancy costs of \$2.6 million. Refer to Emeco's 2015 Financial Report for more information

EMECO OPERATIONS

Our quality customer base continues to return to Emeco to resource their rental mining equipment and maintenance needs across all regions



Note:
 Figures in AUD millions
 Excludes assets held for sale

For personal use only



BETTER
EQUIPPED



OPERATIONAL REVIEW

SUSTAINABILITY

HSE, HR & Community

Emeco continues to provide a safe work environment of the highest standard, invest in employees' development and support local communities

- **Health, Safety & Environment**

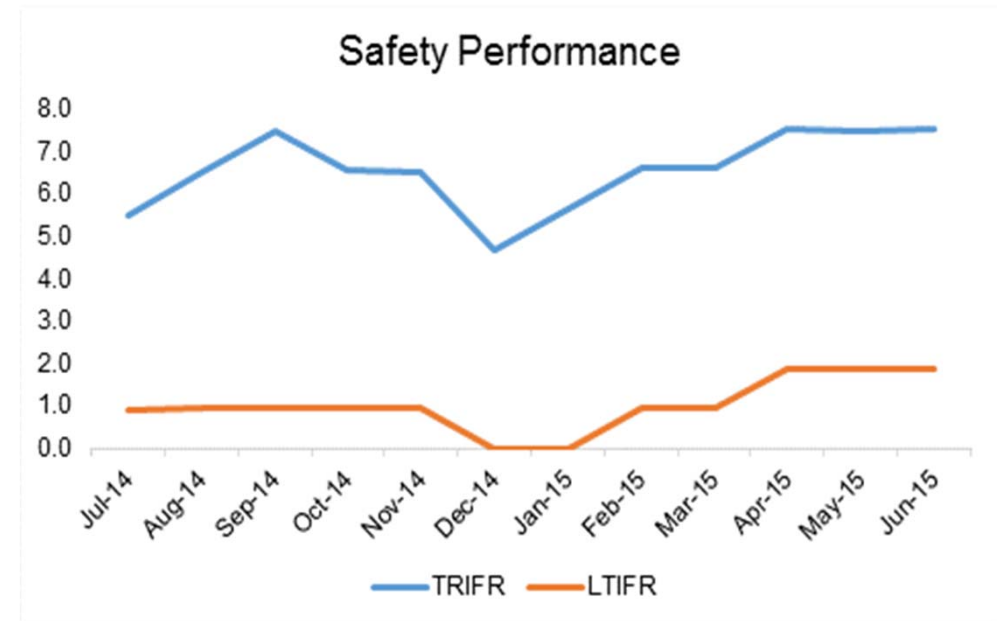
- Safety performance was consistent with the previous year, however TRIFR increased slightly due to a decrease in working hours

- **Human Resources**

- Workforce reduced 13% over FY15 as we continued to resize the business to market conditions
- Emeco has continued to support employee development despite the challenging operating environment

- **Community**

- New community engagement strategy focused on Emeco's long term strategic partnerships (Lifeline, Women Building Futures) and promoting in kind support activities for employees to engage with the community

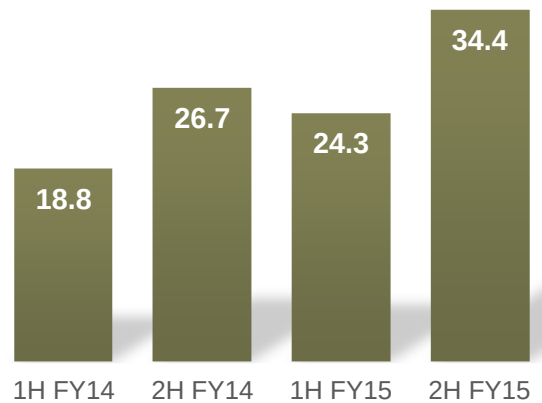


REGIONAL PERFORMANCE

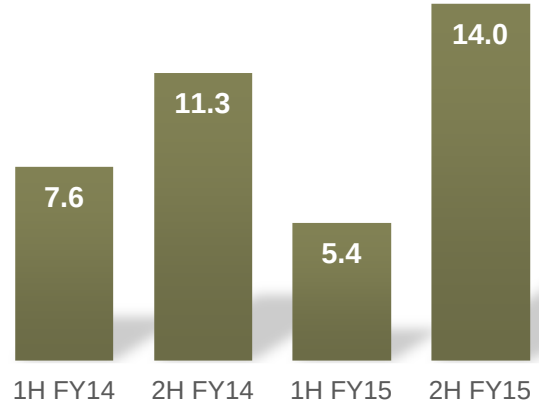
New South Wales

Defending our presence and building stronger relationships with existing customers

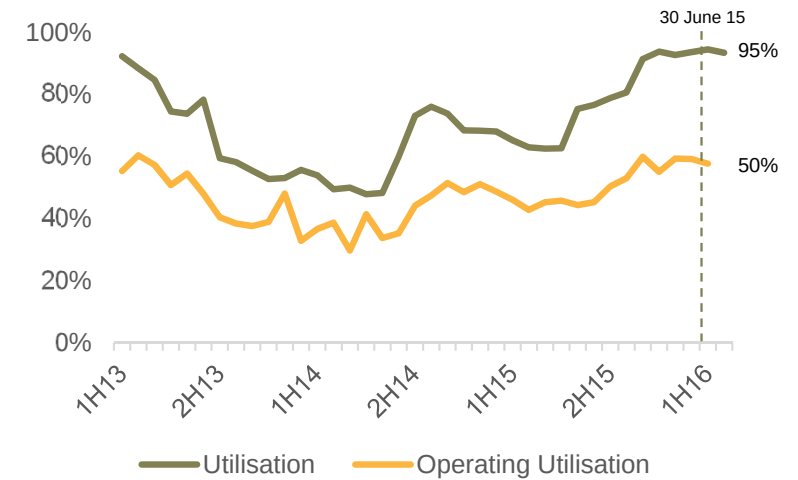
Revenue



EBITDA



Utilisation¹



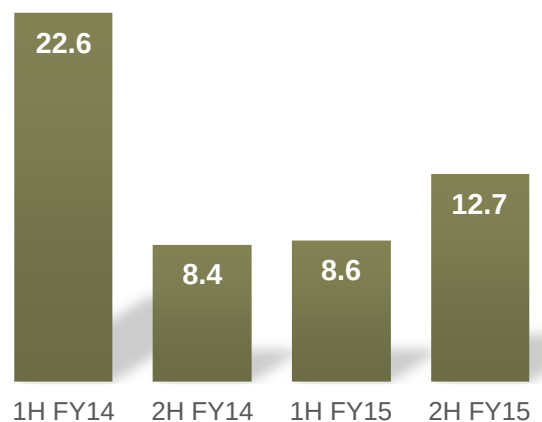
- Utilisation up to 95% from 68% at commencement of FY15. Uplift primarily driven by ramp-up of Maules Creek coal mine and Alkane Tomingley gold mine, plus additional units placed with existing contracts
- Emeco Operating System (EOS) successfully implemented at Alkane Tomingley gold mine, reducing customer operating costs
- Further opportunity to grow NSW business via increased presence on existing sites (potentially relocating fleet from other regions) and improved operating utilisation of contracted fleet

REGIONAL PERFORMANCE

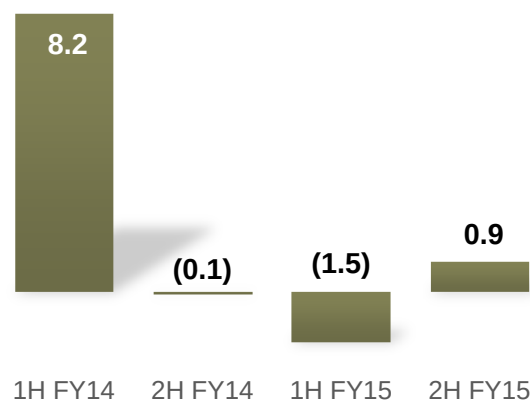
Queensland

New management team retaking market share

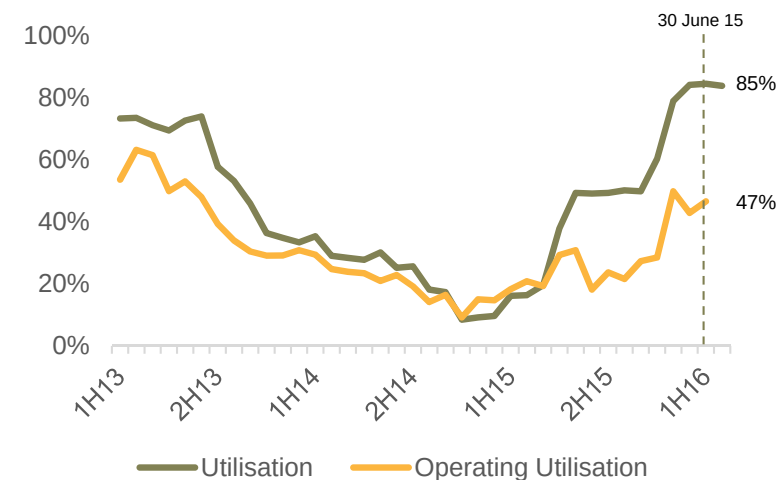
Revenue



EBITDA



Utilisation¹



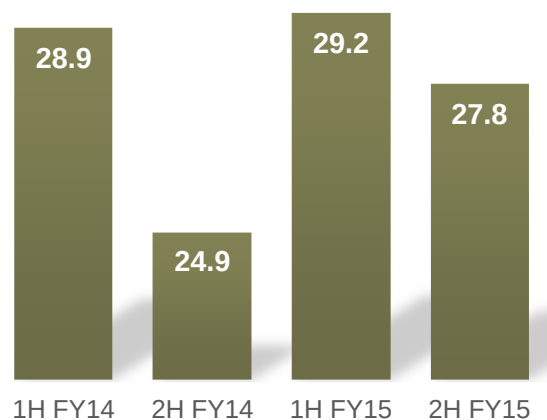
- Significant improvement in utilisation over FY15, lifting from 10% to 85% with several contract wins in the coal market
- New management team engaged with customers to identify rental opportunities and gain significant market share, despite the competitive environment
- Tenure of new contract wins expected to underpin the current level of utilisation for the majority of FY16

REGIONAL PERFORMANCE

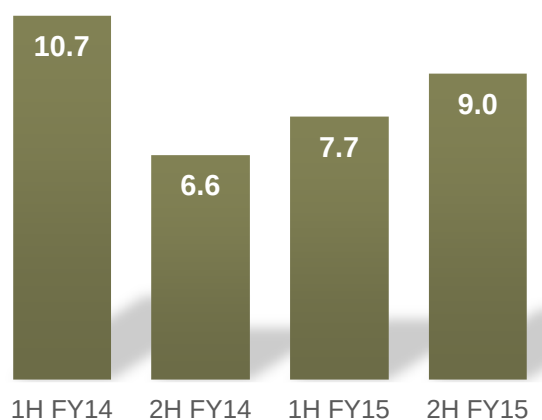
Western Australia

Focus on identifying opportunities in challenging market conditions

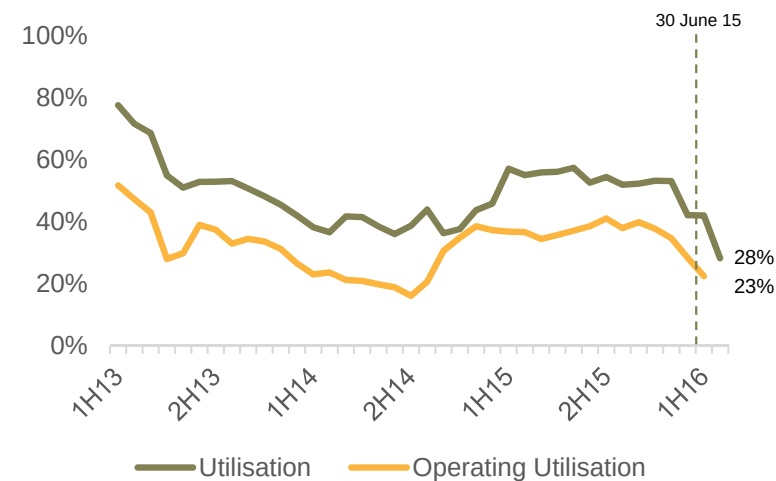
Revenue



EBITDA



Utilisation¹

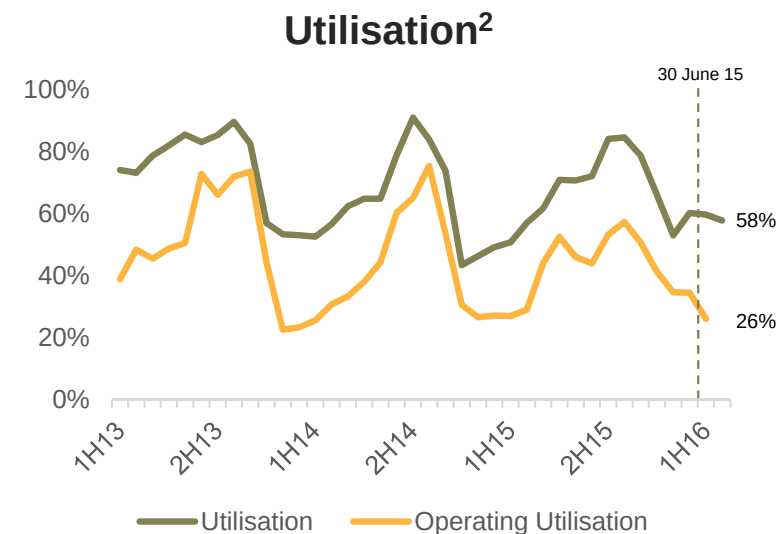
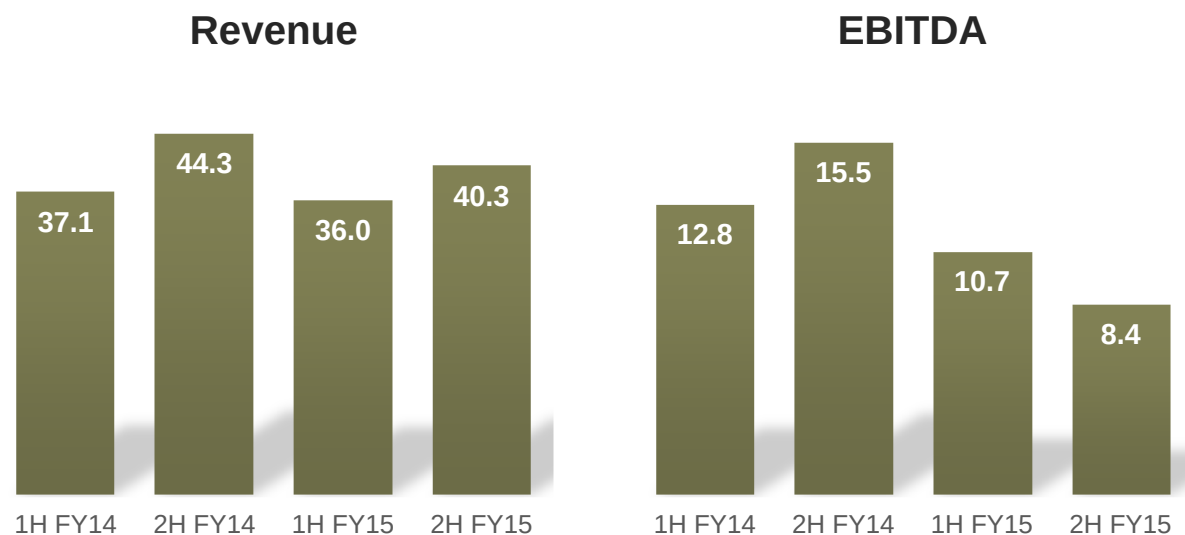


- Recent cessation of Saracen rental contract contributed to Western Australia utilisation falling to 28%
- Market remains challenging due to low commodity price environment and highly competitive mining services market
- Management focused on identifying opportunities across Australia to return the fleet back to work
- Guildford workshop closed to reduce costs in difficult market conditions

REGIONAL PERFORMANCE

Canada

Diversifying rental business away from oilsands industry to reduce cyclicalality of earnings

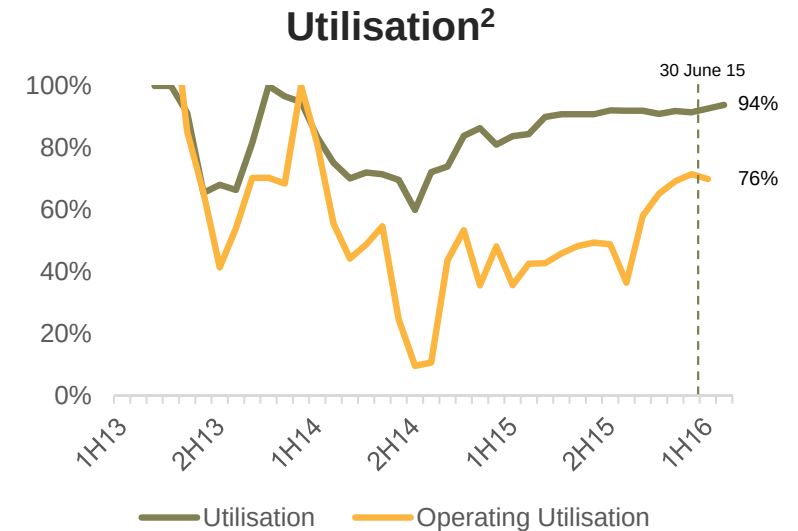
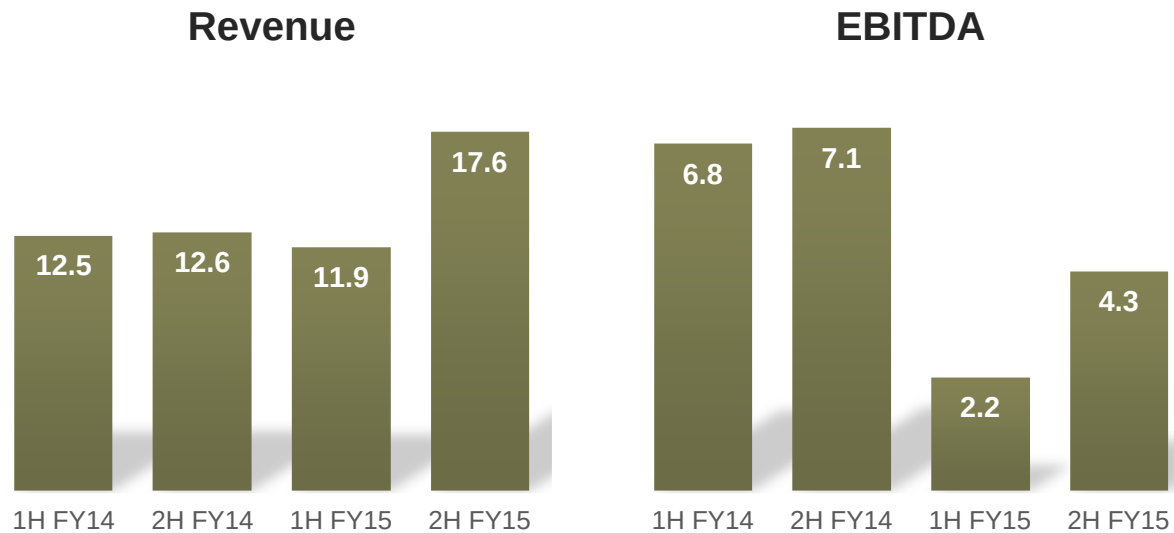


- Earnings down yoy predominantly as a result of lower operating utilisation compared to prior periods as customers revised mine plans in response to the lower oil price environment. Rental rates were also renegotiated over the winter period
- Our strategic achievements over FY15 included diversifying earnings outside oilsands and growing mine site services:
 - Rental opportunities identified in coal and iron ore sectors, supporting current utilisation of approximately 60%;
 - Completion of Kearl Lake maintenance facility and recently signed fuel and lubricants support contract expected to drive further growth in mine site services business (which grew to 13.6% of revenue in FY15, up from 7.6% in FY14)

REGIONAL PERFORMANCE

Chile

Improved operating performance at Encuentro project driving second half revenue growth

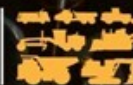


- FY15 earnings impacted by ramp up issues at Encuentro driving lower than forecasted tonnes moved on site, reducing operational hours of rental fleet
- Productivity issues at Encuentro were addressed, driving improved performance over 2H FY15. Further improvement in project profitability is expected in FY16
- Commencing 1 July 2015 Emeco entered into a partnership agreement with leading global mining contractor Thiess to complete a four year mining contract for the Encuentro pre-strip operations (replacing previous contracting partner Fe Grande)

For personal use only



BETTER
EQUIPPED



FINANCIALS

FINANCIAL SUMMARY

At a glance...

Margins impacted by market conditions and costs incurred returning idle fleet to rent

- Rental and mine site services revenue up 1.3% and 15.6% respectively, offset against a fall in revenue from sale of parts and machines
- EBITDA margins impacted by \$14.1M one-off costs relating to R&M to prepare machines for rent which were off-hired during prior periods and relocating fleet to resource contract wins
- EBIT margin further impacted by increase in depreciation resulting from higher utilisation and a change in depreciation policy on idle fleet
- FY15 free cash outflow driven by reduced earnings, capital expenditure required to return idle fleet back to rent and a small number of asset additions required to replace end of life units rented to existing customers

A\$million	FY14	FY15
Revenue	241.1	242.8
EBITDA	67.3	43.4
EBIT	(10.9)	(59.2)
NPAT	(21.6)	(94.9)
Statutory NPAT	(123.1)	(224.2)
Free cashflow	85.9	(18.5)

Note

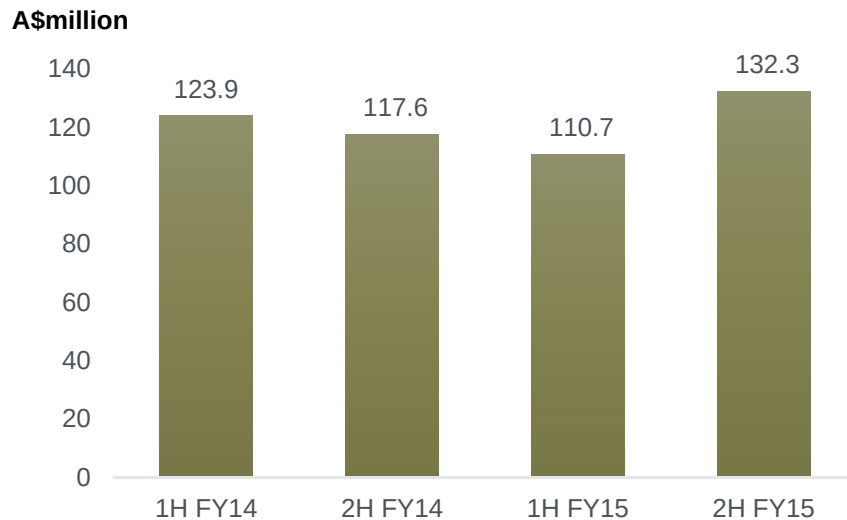
1. Table represents operating results
2. FY14 reported operating EBITDA of \$72.1 million and FY14 reported operating EBIT loss of \$6.1 million have been restated for comparative purposes. Refer to Emeco's 2015 Financial Report for more information
3. Excludes discontinued operations, free cashflow includes discontinued operations
4. Excludes \$0.4M tangible asset impairments of \$30.8 million, project revenue write back of \$1.4 million, debt establishment cost write-offs of \$1.8 million, corporate costs of \$2.8 million and redundancy costs of \$2.6 million. Refer to Emeco's 2015 Financial Report for more information

FINANCIAL SUMMARY

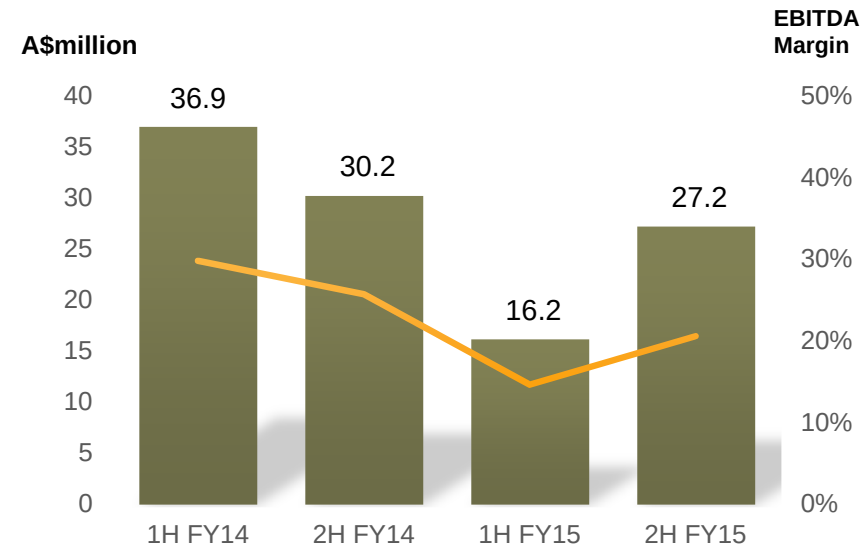
Financial metrics trending upward

Utilisation growth combined with reduced prep-for-rent costs improving profitability in 2H FY15

Quarterly revenue



Quarterly Operating EBITDA



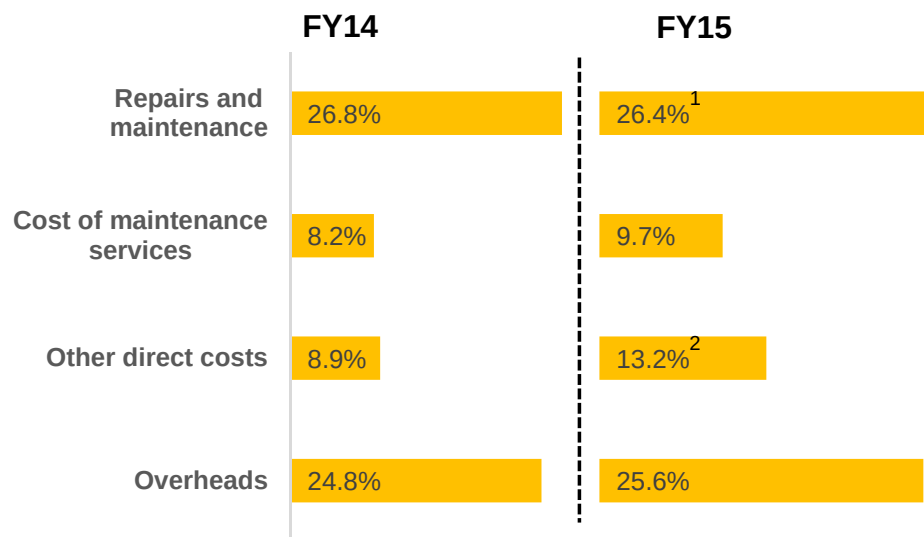
- 2H FY15 Operating EBITDA of \$27.2M up 68% on 1H FY15, revenue up 19.5% to \$132.3M
- One-off prep-for-rent costs totalling \$14.1M impacted 1H FY15 (\$9.0M) and 2H FY15 (\$5.1M)
- On track for improved earnings pcp in 1Q FY16, July 2015 EBITDA margin averaged 31.4% (compared to 14.6% 1Q FY15)

OPERATING COSTS

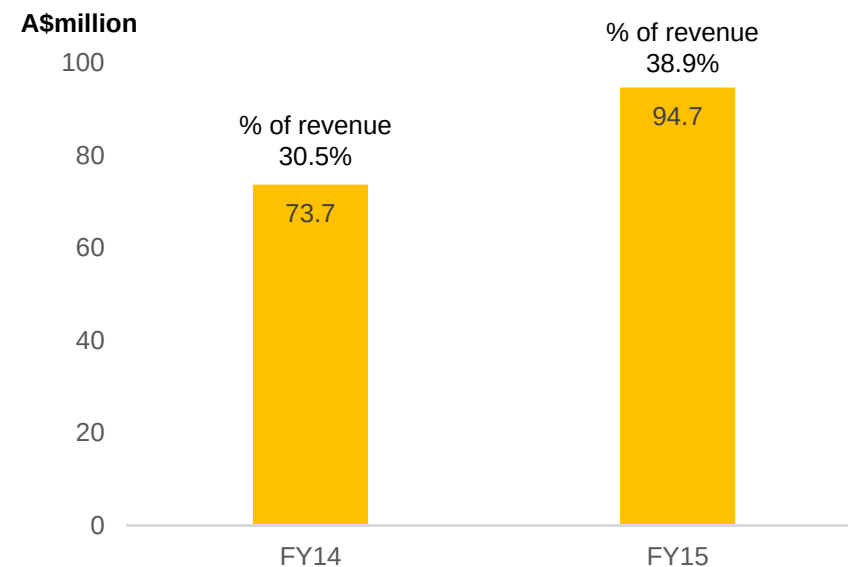
Adapting to challenging market conditions

FY15 margins impacted by one-off costs to return machines back to rent

Operating costs as a % of revenue



Depreciation

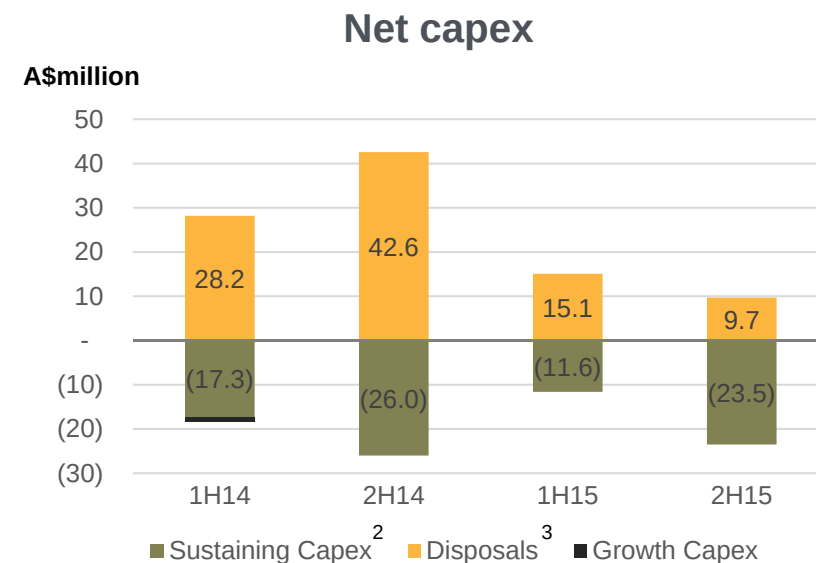
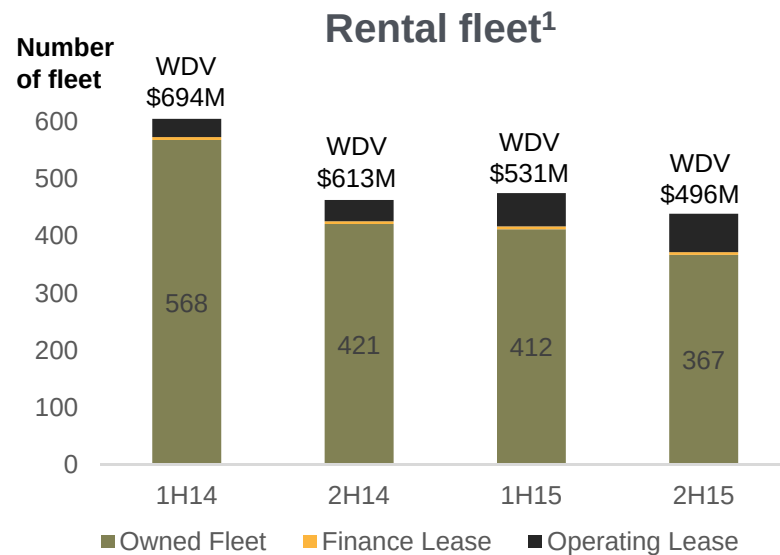


- Excluding one-off costs preparing machines for rent, FY15 R&M as a percentage of revenue was consistent with FY14
- Project Fit cost reductions of \$1.7M were achieved over 4Q FY15
- Depreciation increase resulting from utilisation growth and change in depreciation policy on idle fleet

RENTAL FLEET AND CAPITAL STRATEGY

Matching the rental fleet to market demand

We continue to right size our fleet to match asset classes to regional demand

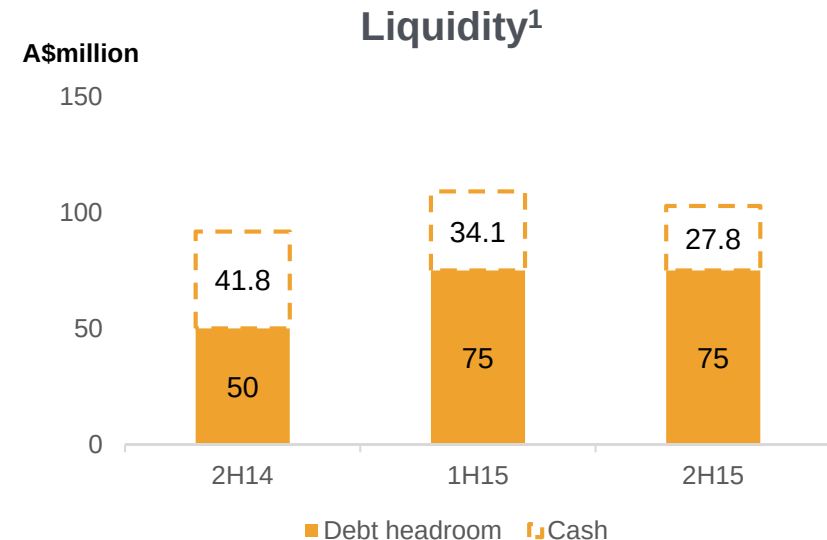
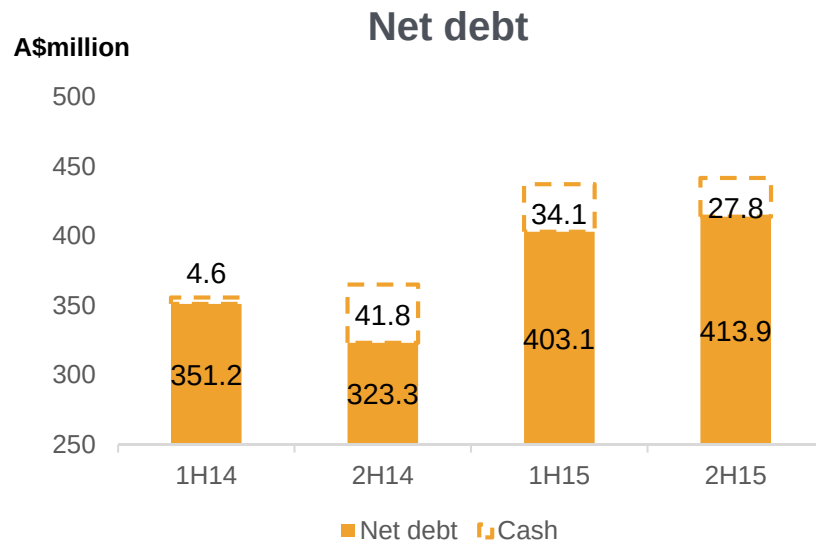


- Sustaining capex up in FY15 due to spend required to return idle fleet back to rent
- \$24.8M generated from asset disposals in FY15 despite the difficult second hand market
- \$32.3M of non-current assets held for sale recognised at 30 June 2015, scheduled for disposal over FY16
- Fleet additions funded by a mix of cash purchases for replacement assets on existing contract sites and operating leases to source non-core assets required to secure recent contract wins

BALANCE SHEET

Successful refinancing provides flexible and sustainable debt structure

We continue to right size our fleet to match asset classes to regional demand



- Negative free cash flow and adverse movements in the AUD:USD exchange rate against the USD denominated bonds resulted in net debt increasing to \$413.9 million at 30 June 2015
- Successful refinancing of A\$50 million syndicated debt facility with A\$75 million Asset Backed Loan (ABL)
- ABL improving balance sheet flexibility with springing covenants if facility is greater than 50% drawn (interest cover ratio of no less than 1.25 times and gearing no more than 65%) and extending debt tenure with maturity in December 2017
- Conservative approach to capital management focused on generating cash flow to deleverage the business





BETTER
EQUIPPED



For personal use only

STRATEGY & OUTLOOK

SUCCESSFUL STRATEGY IMPLEMENTATION

Strategic achievements over FY15

For personal use only

Reshaping the core

- ✓ Business development focus driving utilisation increase to average 74% over 2H FY15
- ✓ Diversifying Canada rental away from oilsands industry with growing coal and iron ore opportunities reducing cyclicalities of earnings

Expanding our product offering

- ✓ Building mine site services business in Canada with completion of Kears Lake maintenance facility and signing five year fuel and lubricant support contract with major oilsands producer
- ✓ Expanding product offering to wet hire in Chile with recent contract win at AMSA's Esperanza mine
- ✓ Project Fit already delivering savings expected to reduce FY16 cost base by \$14.0M

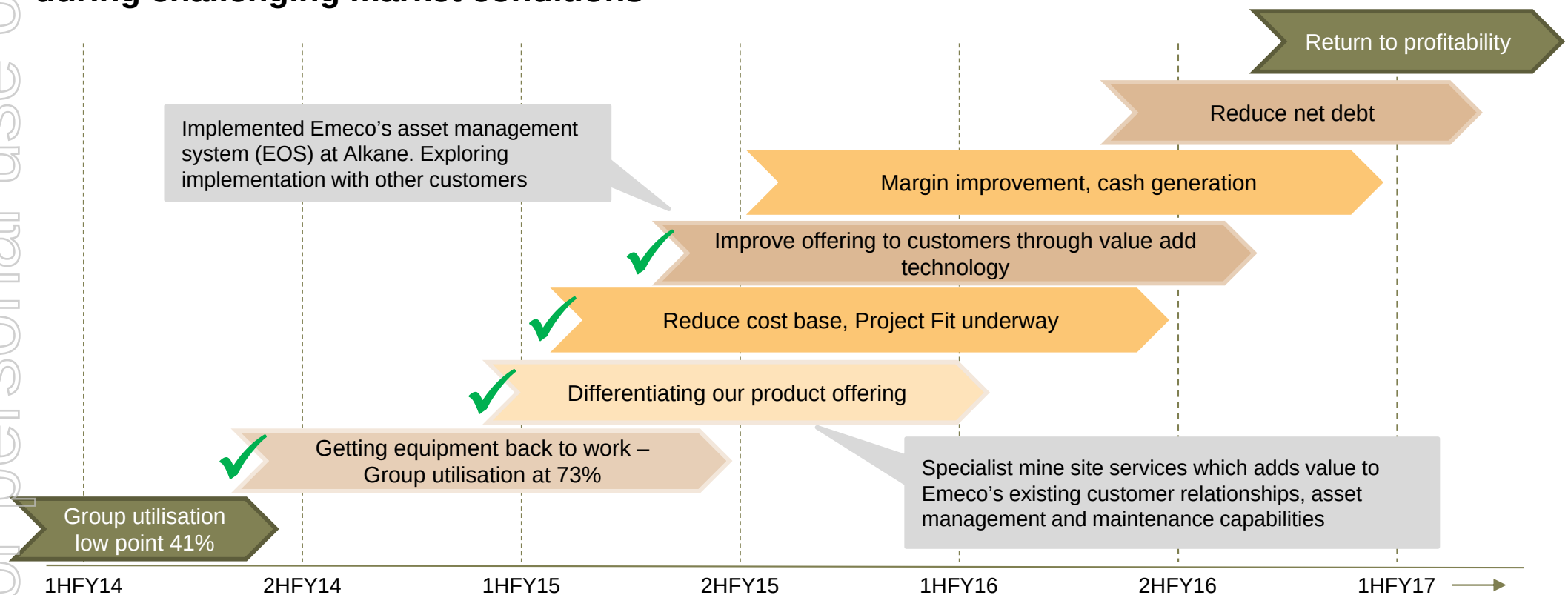
Innovation and consolidation

- ✓ Entered partnership with leading global mining contractor, Thiess, to secure four year mining contract at Encuentro mine
- ✓ Developed Emeco Operating System (EOS) improving efficiency in our maintenance capabilities and providing customers real time access to fleet performance and production data to assist with managing their operations

STRATEGIC OUTLOOK

Continuing the journey to profitability

Over FY16 we'll continue to strengthen our core while identifying opportunities to succeed during challenging market conditions



- With increased utilisation, improved margins from cost reductions and financing capacity, flexibility and tenure, Emeco is well positioned to evaluate opportunities to participate in sector consolidation



BETTER
EQUIPPED



For personal use only



QUESTIONS



FURTHER INFORMATION

Thank you for your interest in Emeco

For further investor enquiries please contact:

Brendan Shalders
Group Manager, Investor Relations &
Corporate Development
+61 (0) 8 9420 0258
brendan.shalders@emecogroup.com

For personal use only



BETTER
EQUIPPED



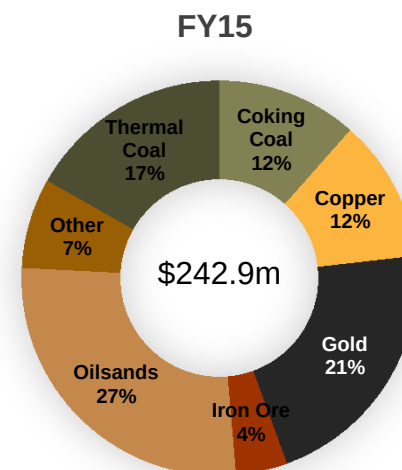
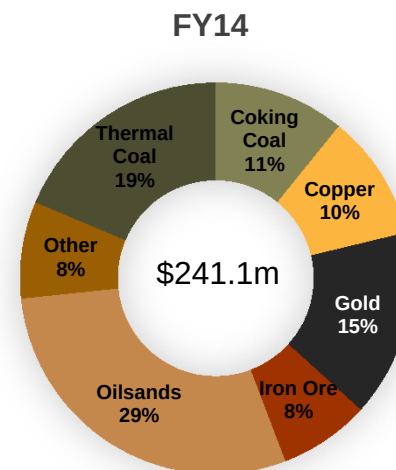
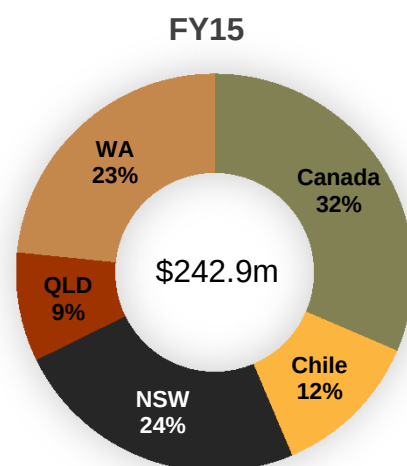
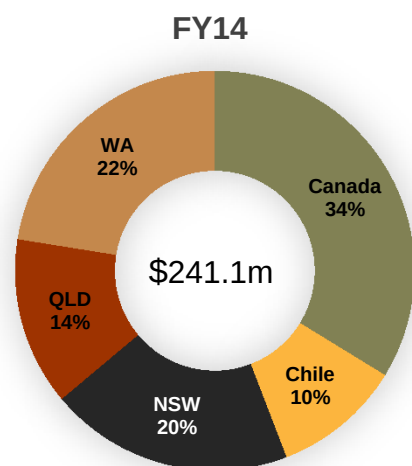
APPENDICES

EARNINGS COMPOSITION

For personal use only

REVENUE BY GEOGRAPHY

REVENUE BY COMMODITY



DETAILED FINANCIALS

For personal use only

Profit & Loss

A\$million	FY14	FY15	PCP \$
Revenue	241.1	242.8	1.7
EBITDA	67.3	43.4	(23.9)
Margin(%)	27.9%	17.9%	(10.0)%
EBIT	(10.9)	(59.2)	(48.3)
Margin(%)	(4.5)%	(24.4)%	(19.9)%
NPAT	(21.6)	(94.9)	(73.3)
EPS (cps)	(3.6)	(15.8)	(12.2)
R12 ROC(%)	(0.8)	(9.4)	(8.6)%

Balance Sheet²

A\$million	FY14	FY15
Cash	41.8	27.8
Trade & other receivables	78.9	65.6
Rental plant	530.9	458.5
Intangibles	0.2	1.6
Sales & parts inventory	8.2	20.9
Other assets	88.4	134.4
Trade & other payables	(53.1)	(45.4)
Total debt	(343.8)	(424.0)
Other Liabilities	(27.5)	(17.9)
Net assets	324.0	221.5

Cashflow

A\$million	FY14	FY15	PCP \$
Operating cashflow	57.4	32.6	(24.8)
General working capital	36.6	7.1	(29.5)
Sales & parts inventory	6.4	0.1	(6.3)
Interest & borrowing costs	(34.3)	(42.8)	(8.5)
Income tax payments	10.2	0.0	(10.2)
Cashflow from operating activities	76.3	(3.0)	(79.3)
Sustaining capex ¹	(43.3)	(37.8)	5.5
Disposals ¹	70.8	24.8	(46.0)
Cashflow from investing activities	27.5	(13.0)	(40.5)
Cashflow (before growth capex & s/h return)	103.8	(16.0)	(119.8)
Growth capex	(0.9)	0.0	0.9
Dividends	0.0	0.0	0.0
Other financial activities	(17.0)	(2.6)	14.4
Net cashflow	85.9	(18.6)	(104.5)

GEOGRAPHICAL SEGMENTS

New South Wales

A\$million	FY14	FY15	PCP \$
Revenue	45.5	58.7	13.2
EBITDA	18.8	19.4	0.6
<i>margin (%)</i>	41.3%	33.0%	(8.3)%
EBIT	2.3	(4.1)	(6.4)
<i>margin (%)</i>	5.1%	(7.0)%	(12.1)%

Queensland

A\$million	FY14	FY15	PCP \$
Revenue	31.1	21.3	(9.8)
EBITDA	8.2	(0.6)	(8.8)
<i>margin (%)</i>	26.4%	(2.8)%	(29.2)%
EBIT	(5.0)	(13.2)	(8.2)
<i>margin (%)</i>	(16.1)%	(62.0)%	(45.9)%

Western Australia

A\$million	FY14	FY15	PCP \$
Revenue	53.8	57.0	3.2
EBITDA	17.2	16.7	(0.5)
<i>margin (%)</i>	32.0%	29.3%	(2.7)%
EBIT	(1.4)	(8.4)	(7.0)
<i>margin (%)</i>	(2.6)%	(14.7)%	(12.1)%

Canada

A\$million	FY14	FY15	PCP \$
Revenue	81.5	76.3	(5.2)
EBITDA	28.1	19.3	(8.8)
<i>margin (%)</i>	34.5%	25.3%	(9.2)%
EBIT	8.6	(5.2)	(13.8)
<i>margin (%)</i>	10.6%	(6.8)%	(17.4)%

Chile

A\$million	FY14	FY15	PCP \$
Revenue	25.1	29.6	4.5
EBITDA	14.0	6.6	(7.4)
<i>margin (%)</i>	55.8%	22.3%	(33.5)%
EBIT	4.3	(9.8)	(14.1)
<i>margin (%)</i>	17.1%	(33.1)%	(50.2)%

DISCLAIMER

Reliance on third party information

The information and views expressed in this Presentation were prepared by Emeco Holdings Ltd (the **Company**) and may contain information that has been derived from publicly available sources that have not been independently verified. No representation or warranty is made as to the accuracy, completeness or reliability of the information. No responsibility or liability is accepted by the Company, its officers, employees, agents or contractors for any errors, misstatements in or omissions from this Presentation.

Presentation is a summary only

This Presentation is information in a summary form only and does not purport to be complete. It should be read in conjunction with the Company's 2015 financial report. Any information or opinions expressed in this Presentation are subject to change without notice and the Company is not under any obligation to update or keep current the information contained within this Presentation.

Not investment advice

This Presentation is not intended and should not be considered to be the giving of investment advice by the Company or any of its shareholders, directors, officers, agents, employees or advisers. The information provided in this Presentation has been prepared without taking into account the recipient's investment objectives, financial circumstances or particular needs. Each party to whom this Presentation is made available must make its own independent assessment of the Company after making such investigations and taking such advice as may be deemed necessary.

No offer of securities

Nothing in this Presentation should be construed as either an offer to sell or a solicitation of an offer to buy or sell Company securities in any jurisdiction.

Forward looking statements

This Presentation may include forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, these statements are not guarantees or predictions of future performance, and involve both known and unknown risks, uncertainties and other factors, many of which are beyond the Company's control. As a result, actual results or developments may differ materially from those expressed in the statements contained in this Presentation. Investors are cautioned that statements contained in the Presentation are not guarantees or projections of future performance and actual results or developments may differ materially from those projected in forward-looking statements.

No liability

To the maximum extent permitted by law, neither the Company nor its related bodies corporate, directors, employees or agents, nor any other person, accepts any liability, including without limitation any liability arising from fault or negligence, for any direct, indirect or consequential loss arising from the use of this Presentation or its contents or otherwise arising in connection with it.



For personal use only

Thank you

Learn more about us
emecogroup.com