

Emeco Holdings Limited Debt Investor Conference Presentation

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1. Company overview

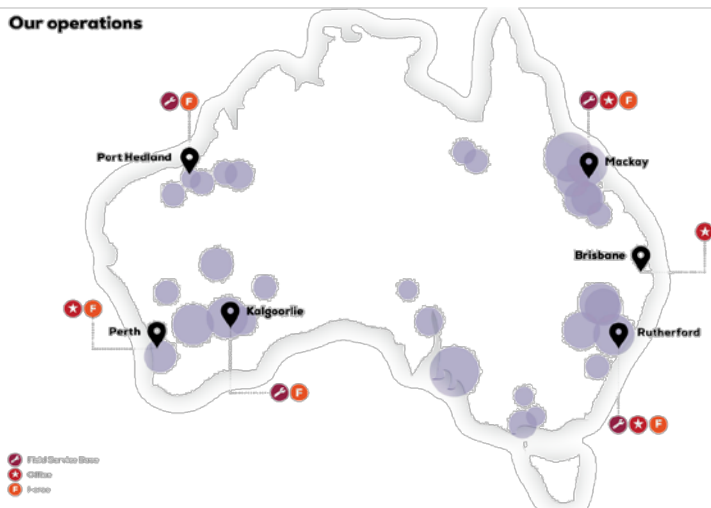
Emeco is the largest heavy earthmoving mining equipment rental and service provider in Australia

Company overview

- **Founded in 1972** and headquartered in Perth, Australia
- Listed on the Australian Stock Exchange (EHL.ASX).
- Emeco is the **market-leading provider of mining equipment rental and services** with operations and workshops in all key mining regions of Australia
- Emeco provides two highly complementary services to a diverse set of customers – **Rental and Workshops**
- Announced the **acquisition of underground rental** company Pit N Portal on January 29, 2020
- Operates through **four well known brands**: Emeco, Force, Matilda Equipment, and Pit N Portal¹

Operations in all key mining regions in Australia

Our operations



Emeco by the numbers²

Operations

- Over **900⁶** employees
- **9⁸** workshops across Australia

Fleet

- **919⁵** pieces of equipment
- **~A\$2bn** replacement value
- **91%** gross fleet utilization

Customers

- Over **150 customers** across more than **100 projects**

Revenue and earnings¹⁰ (Excludes Pit N Portal⁷)

- Revenue A\$486mm / US\$321mm³
- EBITDA A\$230mm/ US\$152mm³
- **47.3%** EBITDA % margin
- **20.6%** ROC

Credit metrics¹⁰ (Excludes Pit N Portal¹)

- Free cash flow A\$139mm⁴
- Leverage 1.8x

Source: Company; Factset as of 02/19/2020

¹ Acquisition of Pit N Portal announced 01/29/2020 and expected to close in February 2020; ² Pro-forma for Pit N Portal acquisition, except financials and credit metrics; ³ USD / AUD of 0.66; ⁴ EBITDA minus net sustaining capex; ⁵ Emeco fleet: 796, Pit N Portal fleet: 123; ⁶ Emeco employees: ~500, Pit N Portal employees: ~400; ⁷ Pit N Portal FY19 Revenue: A\$101mm, EBITDA: A\$20mm; ⁸ Emeco workshops: 7, Pit N Portal workshops: 2; ⁹ Net debt / Adj. EBITDA

¹⁰ LTM 12/31/19



Emeco provides its customers with a full earthmoving equipment solution – a unique customer proposition



Open cut equipment solutions

- Provide heavy earthmoving rental equipment to customers across all commodities throughout Australia
- Emeco can maintain equipment and provide availability guarantees
- Emeco manages and takes drivetrain component risk

Underground equipment solutions²

- Largest Australian provider of hard-rock rental equipment with the acquisition of Pit N Portal
- Provide equipment specialized in deep-underground operations and extraction of the commodities present at those depths

Equipment rebuild and repair

- Nine workshops Australia-wide¹
- Cost effectively rebuild components for customers
- Repair customers' equipment to the highest standards
- Provide in field maintenance services for customers' fleet

Asset performance management

- Plan component replacements over 12 months in advance
- Reliability engineering and condition monitoring capability allows component lives to be extended without impacting downtime

Technology

- Production optimisation technology tracks shift performance in real time to drive rectification of underperformance
- Alerts are sent via text message when customised production thresholds are not met
- Help customers get the most out of every piece of equipment

Value added services

- Mobile workshops ensure the highest safety standards while also limiting downtime from idle fleet
- Technical expertise on-site to improve operational efficiency and supplement skilled labor needs
- Pit N Portal³ provides skilled operators, technical services and project management capabilities, surrounding site infrastructure and mine establishment

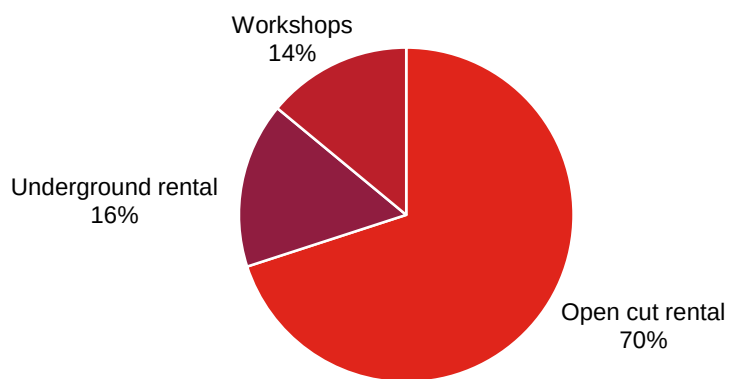
Emeco offers a complete suite of services, providing customers with a one-stop-shop solution

¹ Emeco workshops: 7, Pit N Portal workshops: 2; ² Underground equipment solutions provided by Pit N Portal acquisition announced 01/29/2020 and expected to close in February 2020; ³ Pit N Portal acquisition announced 01/29/2020 and expected to close in February 2020

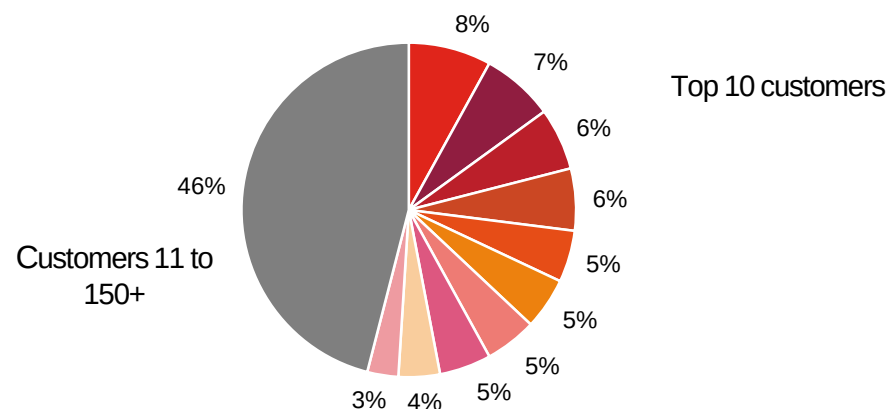


Well diversified across services, commodities and customers

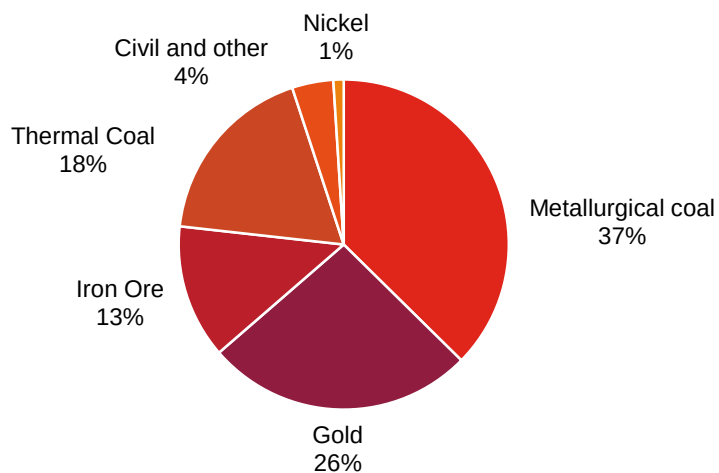
Revenue by services¹



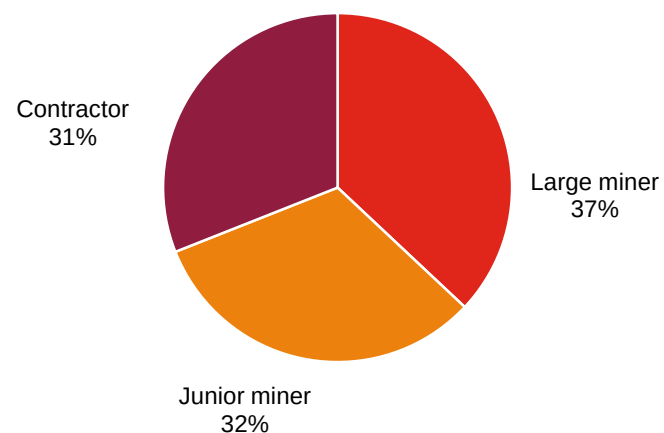
Revenue by customer¹



Revenue by commodity¹



Revenue by customer type¹



Source: Company

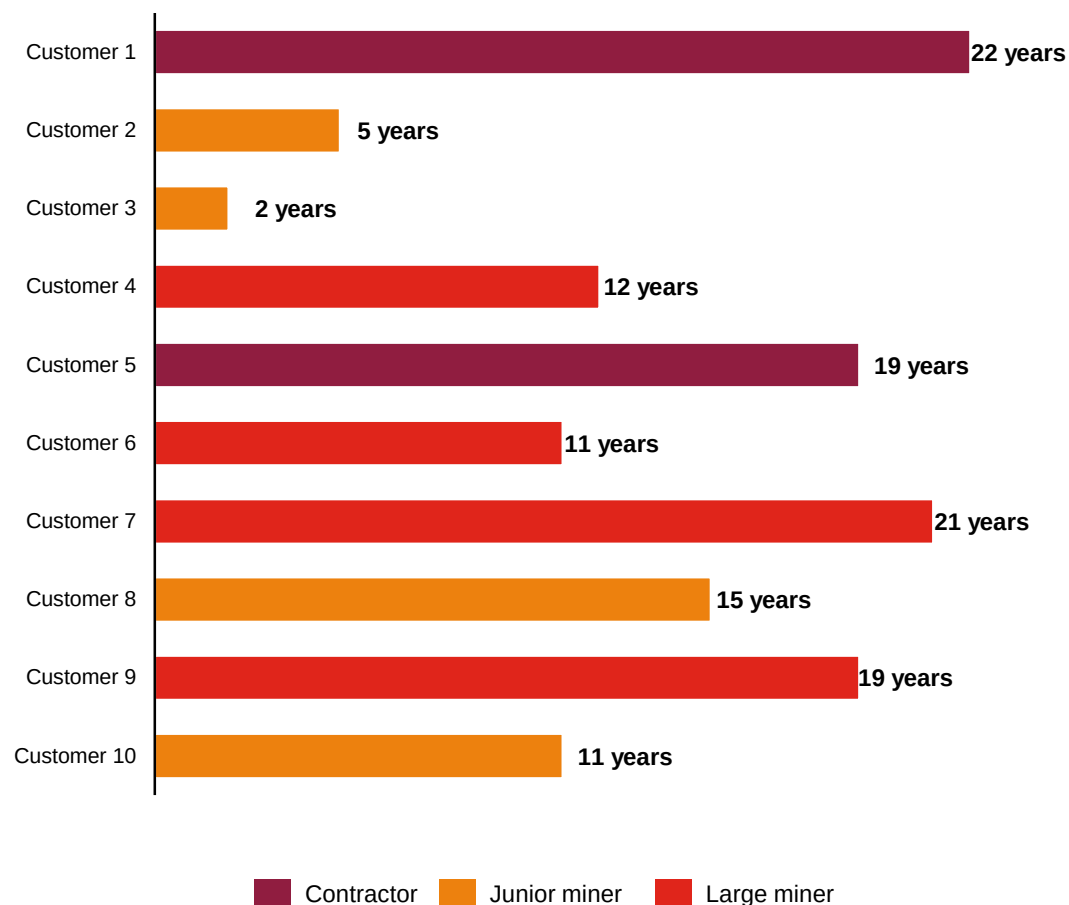
¹ LTM 12/31/2019, pro forma for Pit N Portal acquisition announced 01/29/2020 and expected to close in February 2020

Long-standing relationships with diverse mining companies and contractors

Diversified customer base

- 150+ customers¹
- No single customer represents more than 8% of LTM 12/31/2019 revenue¹
- Top 10 customers accounted for 54% of LTM 12/31/2019 revenue¹
- 69% of revenue directly from miners, with the remaining 31% coming from contractors¹
- Average relationship of 13+ years with top 10 customers¹

Top 10 customers – Length of relationship (years)



Source: Emeco

¹ Pro forma for Pit N Portal acquisition announced 01/29/2020 and expected to close in February 2020

Largest rental fleet in Australia

With the 3rd largest fleet in Australia (and #1 pure-play rental provider), our fleet is strategically configured to be suited to all regions and commodities allowing us to meet the demands of all our customers

Fleet overview

Emeco fleet composition	Type	Description	Emeco Standalone	Pro forma Units ¹
	Trucks	Transport large quantities of earth, ore, or other material	357	396
	Dozers	Push large quantities of material	188	188
	Loaders	Move material short distances without pushing along the ground	101	132
	Graders	Drags blade to create a flat surface along path	68	68
	Excavators	Dig, dredge, and move material	53	53
	Ancillary	Various other equipment used in transport, drilling, loading, etc.	29	82
Total			796	919

Key brands in fleet

CATERPILLAR®

SANDVIK

KOMATSU

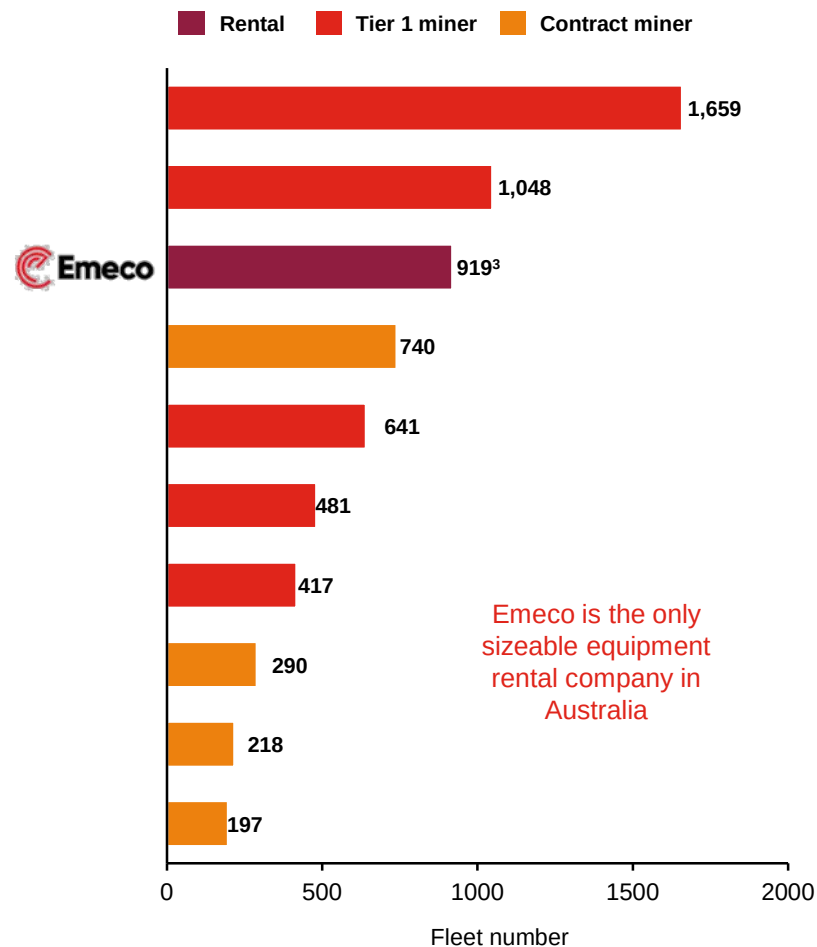
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Emeco fleet count vs industry peers²



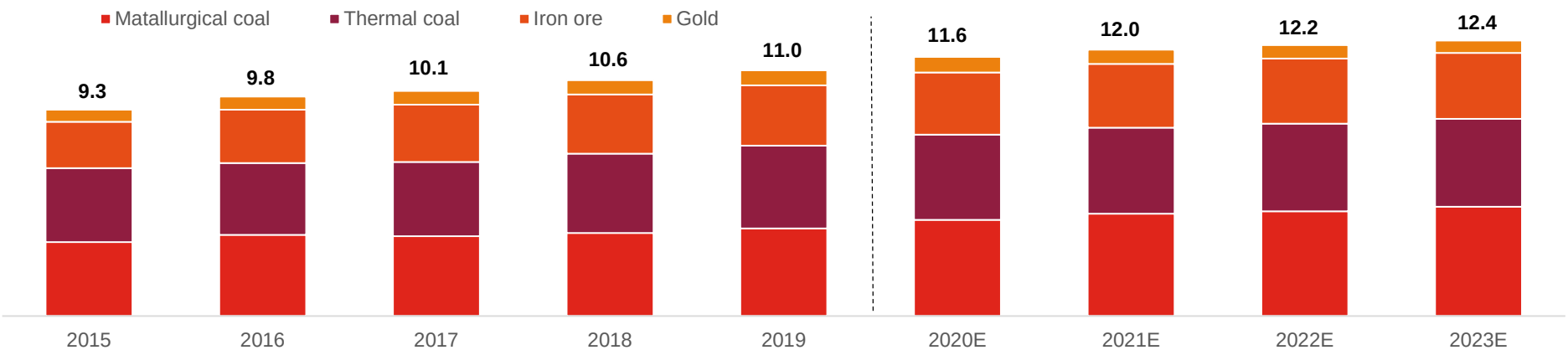
Source: Emeco fleet data, Quartile One

¹ Pro-forma for Pit N Portal acquisition announced 01/29/2020; ² Includes mine owners and contractors; ³ Emeco fleet: 796, Pit N Portal fleet: 123

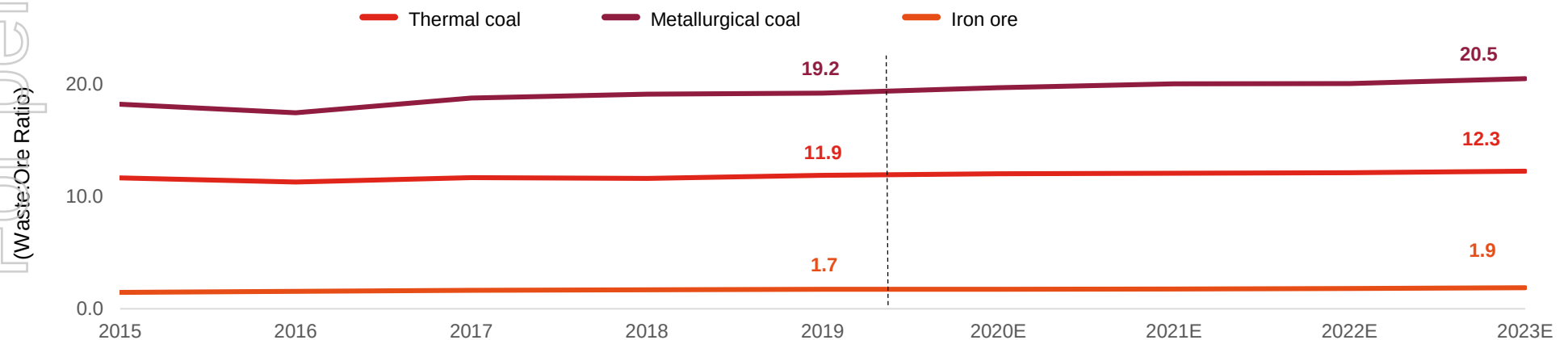
Demand for mining equipment rental is expected to remain high

Earthmoving activity has historically been strong with total material movement and stripping ratios forecast to steadily increase

Total material movement in Australia (Bt)



Strip ratios in Australia



Source: Wood Mackenzie

Note: forecast includes operating mines, highly probable and probable projects only

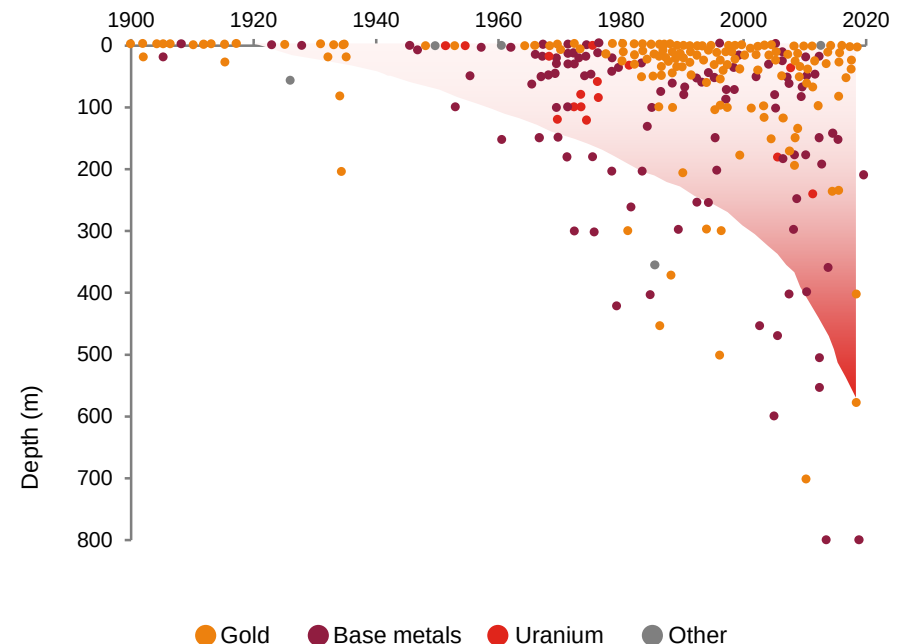
Demand for mining equipment rental is expected to remain high

Underground segment positioned for growth with discoveries increasing in depth

The outlook for underground mining is robust

- Underground mining is a large proportion of total mining activity with more than 50% of Australia's 370 operating mines involving an underground operation
- This segment of the market is expected to grow over time, particularly for gold
- Key drivers of this trend include new deposits that are being found at greater depths, and advancements in technology, such as hydraulic hoisting or robotics, making underground mining more cost effective and safer than previously
- Emeco is well positioned to benefit from future growth in underground mining through the acquisition of Pit N Portal – a market leader in the provision of underground mining rental equipment and value-added services

Depth of cover on discoveries: 1900–2019¹

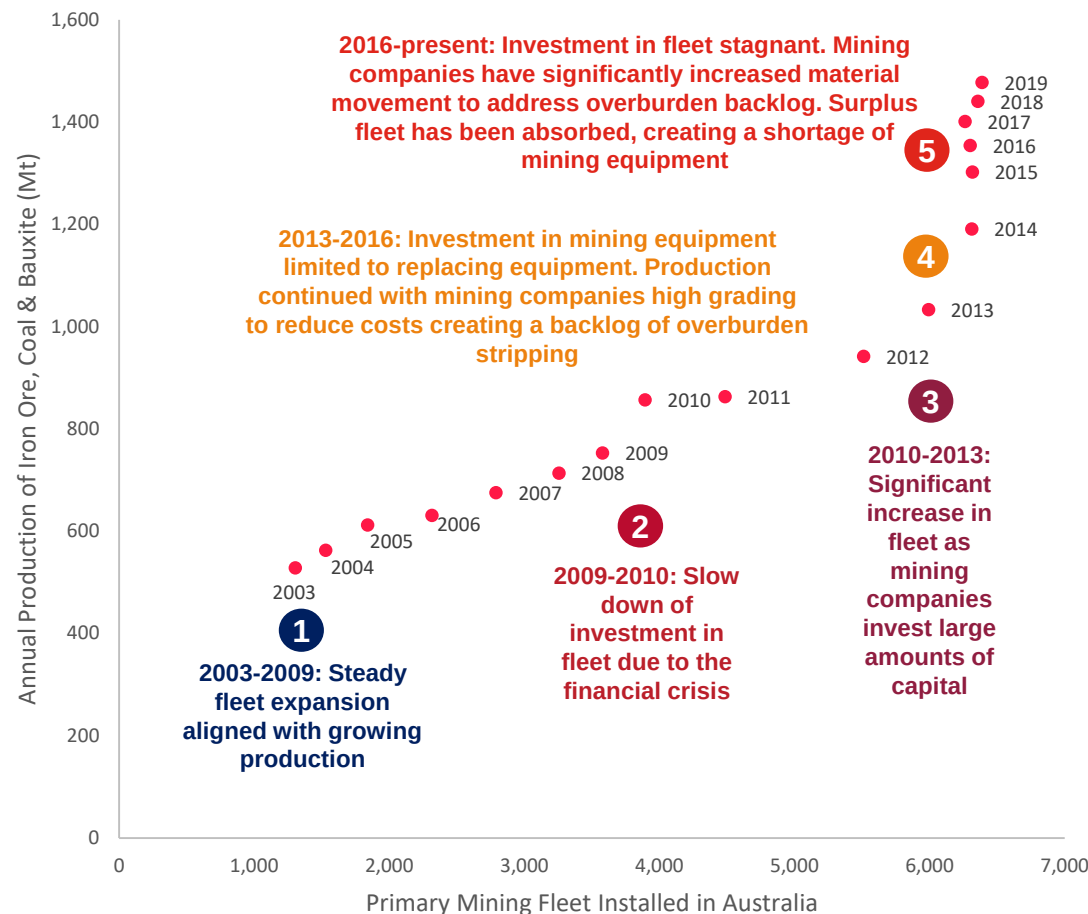


¹ MinEx Consulting, January 2020. Excludes satellite deposits

Supply is expected to remain tight

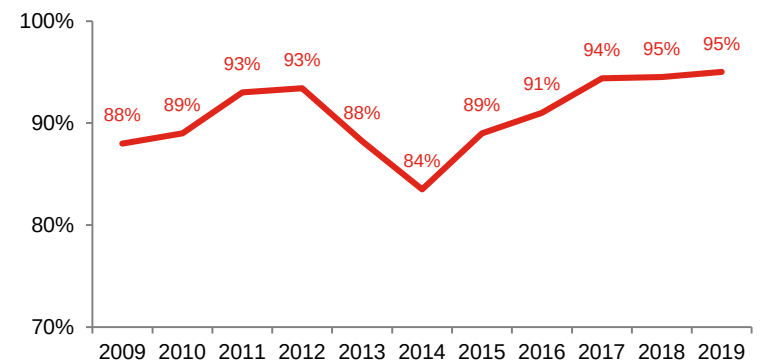
Large influx of equipment in 2010-2013 caused an oversupply of equipment in the market. This excess equipment has now been absorbed by the market with the equipment population remaining flat notwithstanding increased activity resulting in a higher proportion of equipment being rented

Australian fleet evolution

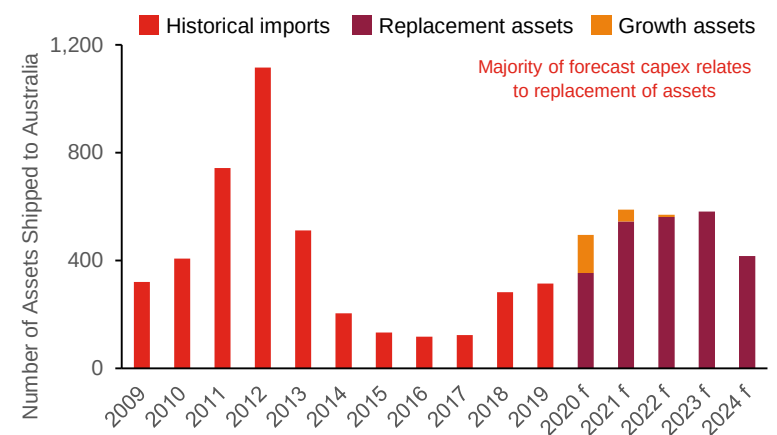


Source: Quartile One

Australian mining equipment industry utilisation



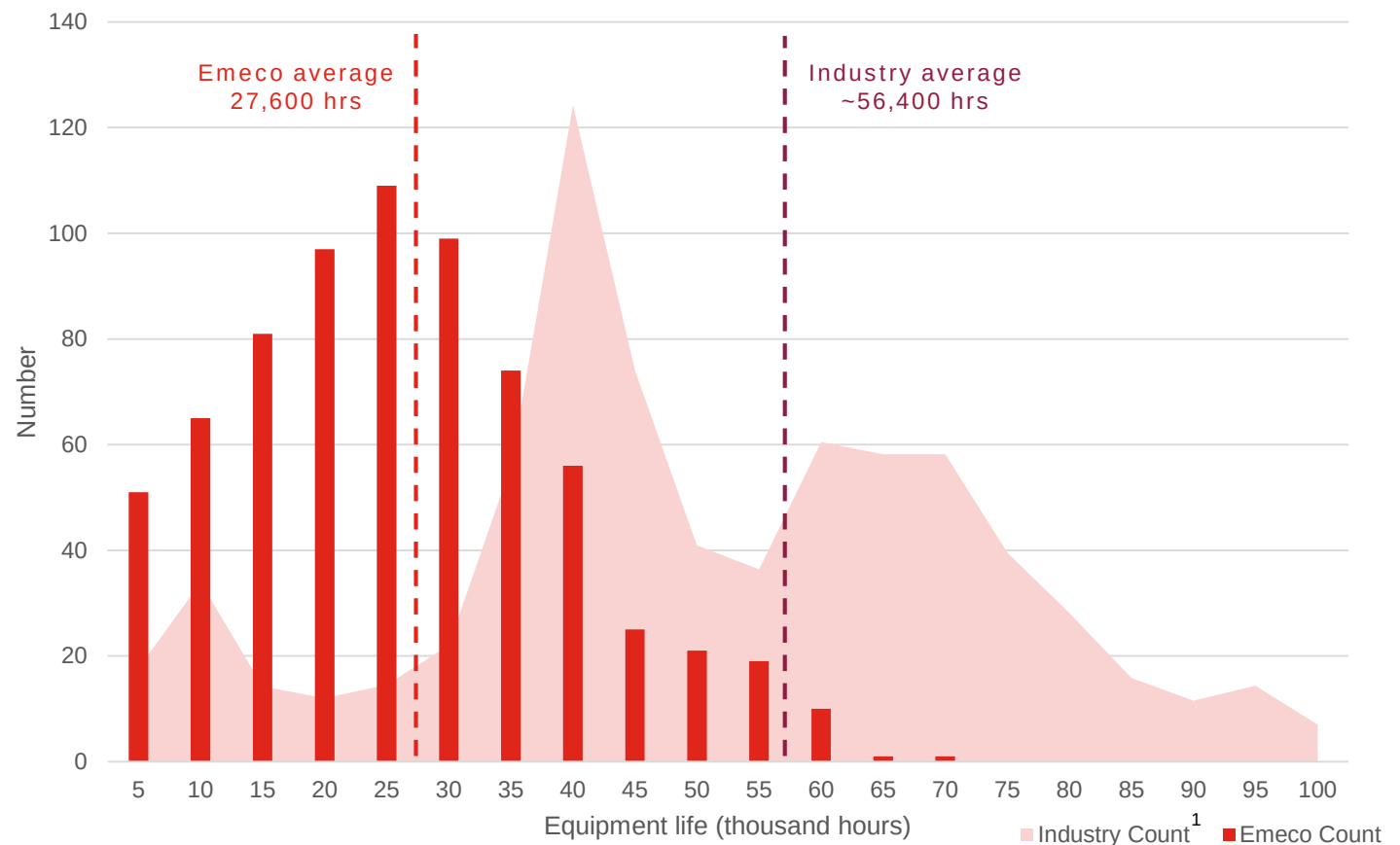
Total equipment imports



Emeco's fleet has significant life remaining

No impending large capex requirements

- In the last down cycle, customers pushed out asset lives significantly longer than historical norms
- Emeco's fleet has significant life remaining
- No significant impending capex requirements on the existing fleet forecast
- Fleet is proactively managed to smooth capex
- Extending asset lives results in reduced capital intensity, greater return on assets and reduced life cycle costs



Ability to rebuild equipment at low cost to extend its life whilst maintaining excellent reliability standards

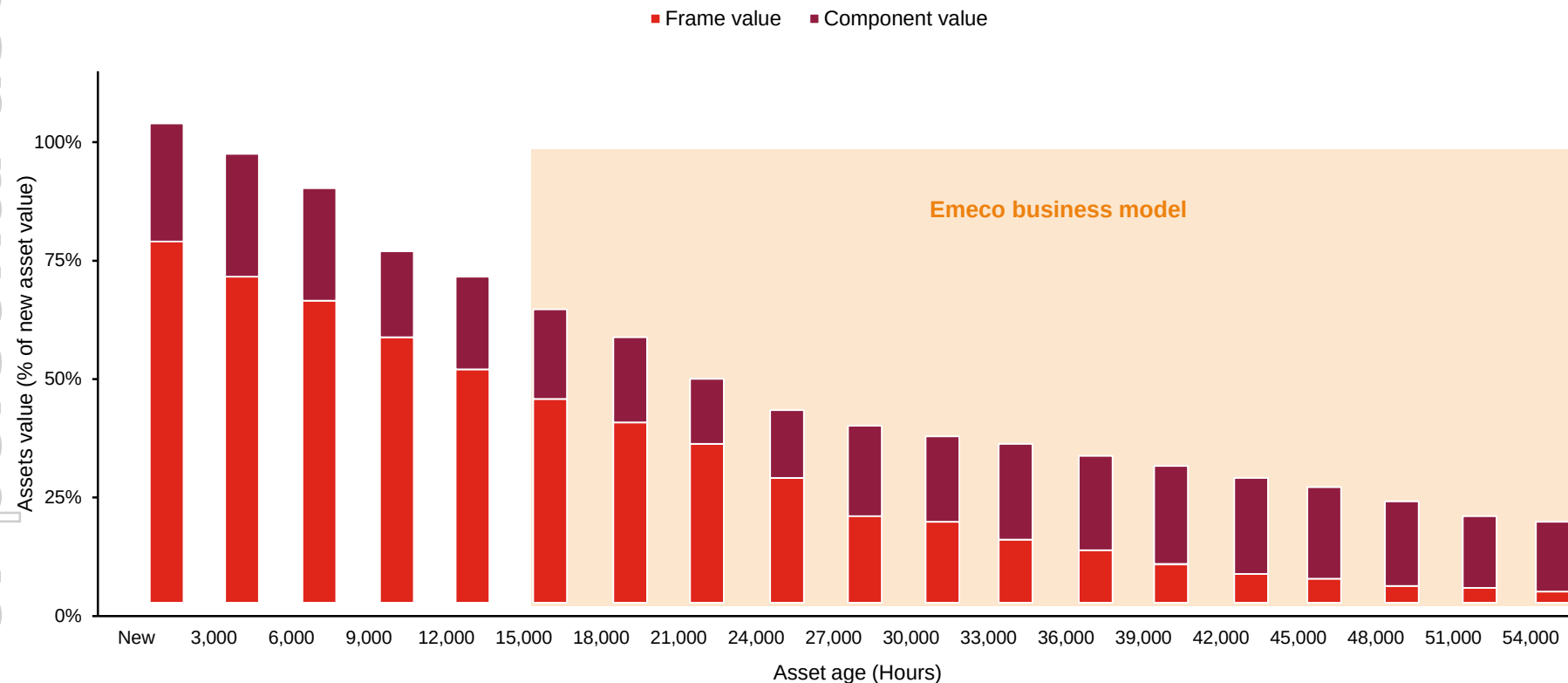
Source: Company, Quartile One

¹ Not to scale

Emeco has a differentiated asset strategy

Emeco's asset strategy is focused on maximising return on assets by buying mid-life equipment, putting them through the Workshops to rebuild and extend component lives cost effectively while reducing their capital intensity

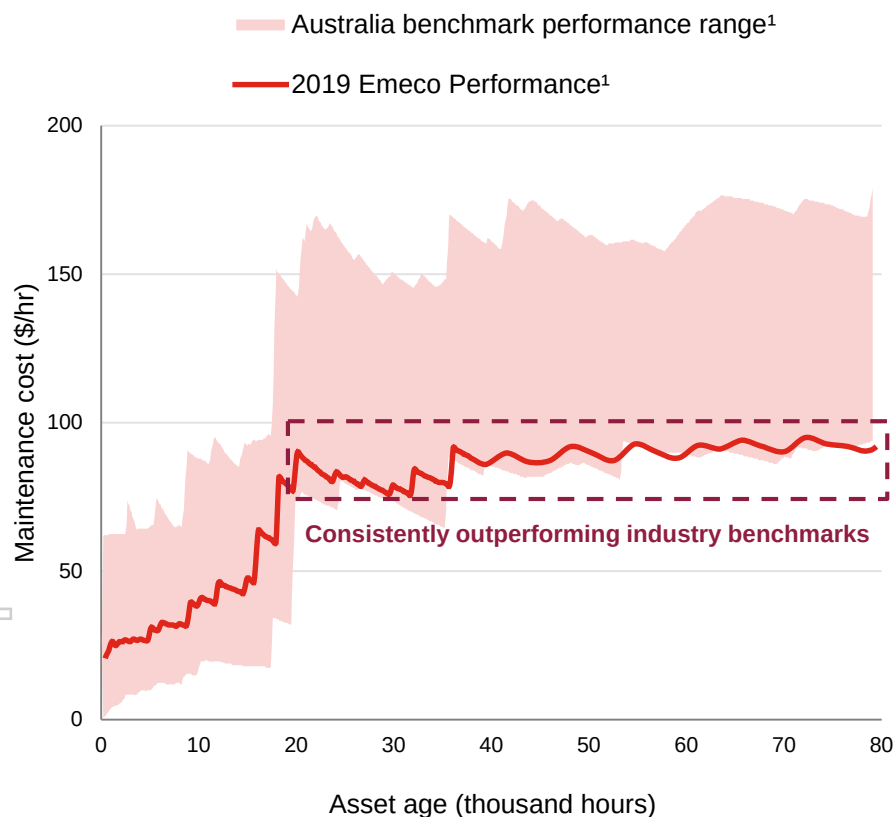
Asset value evolution throughout its life



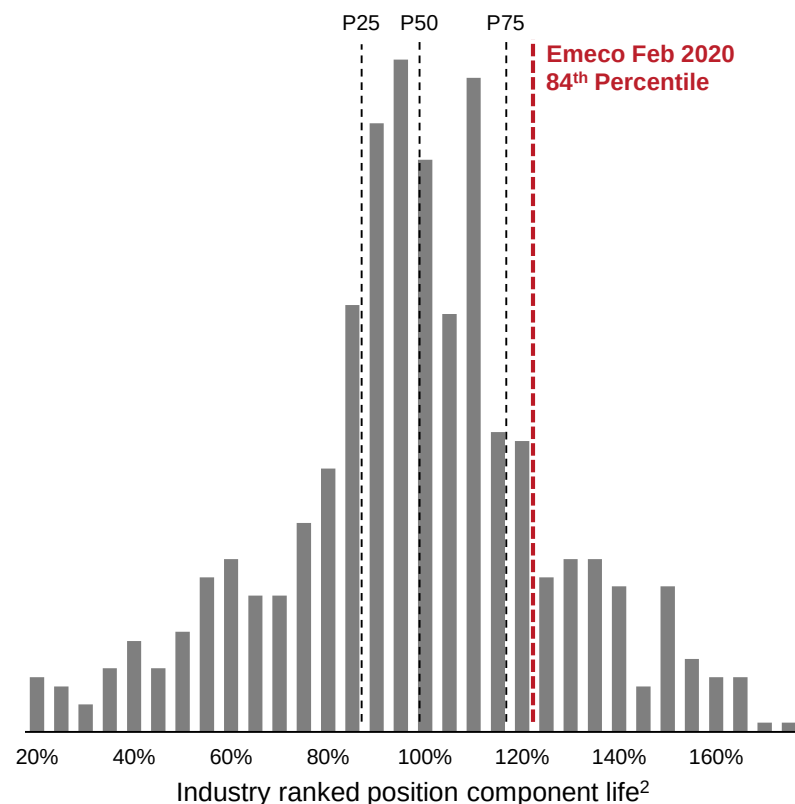
As an asset reaches mid-life, the proportion of the value in the components increases relative to its frame. Being best-in-class at managing components provides a significant cost advantage

Emeco's best-in-class capability enables it to be a low cost provider

Emeco is low on the cost curve in managing mid-life assets compared to the industry...



... placing Emeco in the 84th percentile in managing component cost



Source: Emeco fleet data, Quartile One

¹ CAT 789C haul truck life cycle cost; ² Component life relative to OEM recommended replacement frequency. Equipment in scope includes large dump trucks and large dozer fleet models including: 777, 785, 789, 793, D10, D11. Time horizon: calendar year 2019



The business transformation of Emeco

Emeco has significantly evolved its business model to ensure that it is sustainable through the cycles in order to maximize returns



Previous Emeco Business Model

Geography

- International operations that were created for diversity, but created risk, volatility and management distraction
- Each region operated autonomously, lacking discipline and synergies

Customers & offering

- Focus only on the largest, blue chip miners
- Surface only, no underground solution
- Rental service not differentiated from competitors
- Lead time rental model

Asset strategy

- Cost base not differentiated from competitors
- Fleet configured to meet single project needs
- Purchase of new or very low hour equipment
- Component change out plan as per OEM guidelines
- Over reliance on OEM for supply of components and rebuild works
- Sold equipment into its own markets, creating competition

Industry / competition

- Low barrier to entry to compete with Emeco
- Fragmented competitive market
- Surplus of equipment



Evolved Emeco Business Model

- ✓ Australia only operations allowing close disciplined management
- ✓ Centralised asset planning, condition monitoring and engineering
- ✓ Strategically located workshops throughout Australia to support equipment for Emeco and its customers
- ✓ Diversified customer base of over 150 customers
- ✓ Pit N Portal³ provides underground equipment and service solutions
- ✓ Disciplined fleet configuration, fleet selected for ongoing market demand, suited to all Australian regions and commodities
- ✓ EOS productivity differentiates Emeco's rental model
- ✓ High levels reliability and availability
- ✓ Lowest cost base in the industry
- ✓ Disciplined fleet configuration, fleet selected for long term ongoing market demand, suited to all regions and commodities
- ✓ Purchase mid-life assets cheap from around the world and rebuild cost effectively through Force Workshops
- ✓ Centralised asset planning function which utilizes reliability engineering and condition monitoring to extend component lives
- ✓ Utilise Force workshops to rebuild components cost effectively
- ✓ Dispose of end of life assets offshore or seed the asset for its components to support the remaining rental fleet
- ✓ Very high barrier to entry to replicate our rebuild capability, cost base, EOS productivity and underground services solution
- ✓ Emeco has consolidated the market through the acquisition of five other rental companies through equity funded transactions
- ✓ Limited supply of equipment

Source: Company

Note: ¹ Defined as EBIT divided by invested capital defined the average over the period of equity plus interest bearing liabilities, less cash and cash equivalents, excluding Pit N Portal acquisition; ² Last 12 months operating EBITDA for Emeco Standalone, see slide 20 for a reconciliation of Adjusted EBITDA to Net Income; ³ Acquisition of Pit N Portal announced 01/29/2020 and expected to close in February 2020

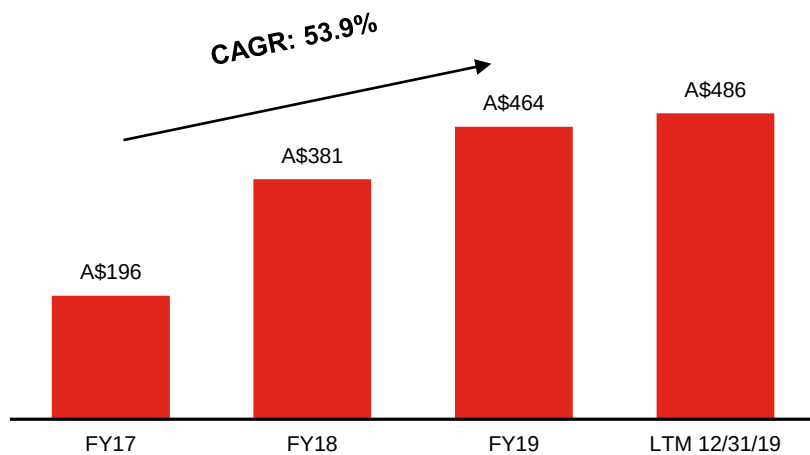


2. Financials

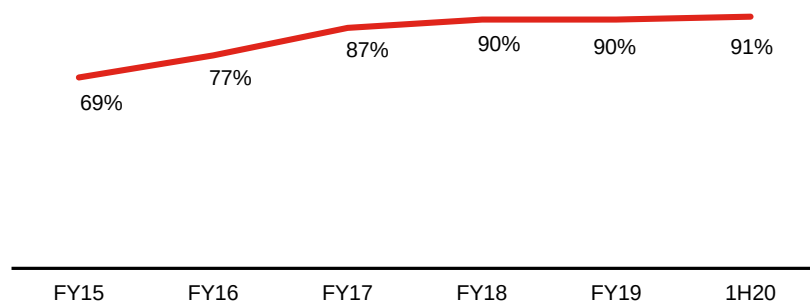
Historical financial summary

Emeco standalone financials excluding Pit N Portal

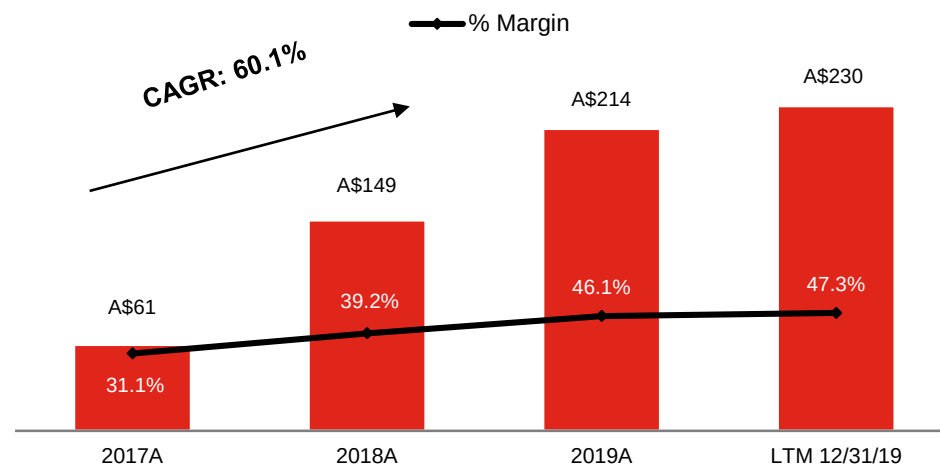
Revenue



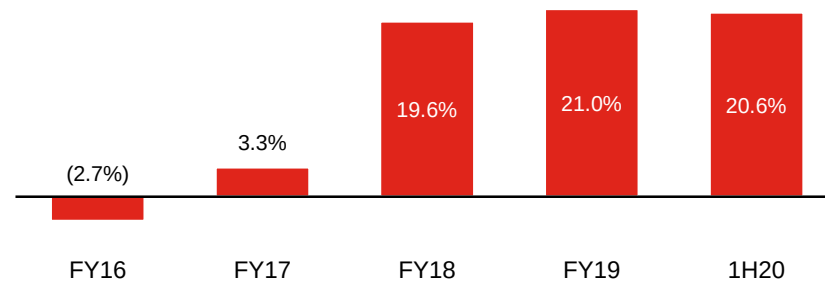
Fleet utilisation



Adjusted EBITDA



ROC²



Source: Emeco financials

Note: Financials are Emeco Standalone

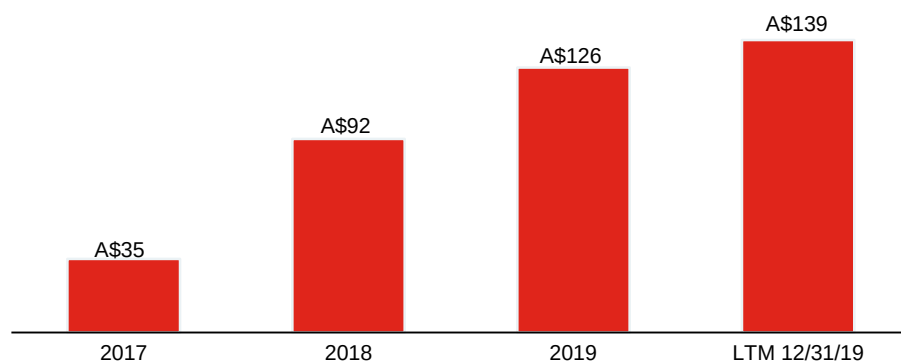
¹ See slide 20 for a reconciliation; ² Defined as EBIT divided by invested capital defined the average over the period of equity plus interest bearing liabilities, less cash and cash equivalents



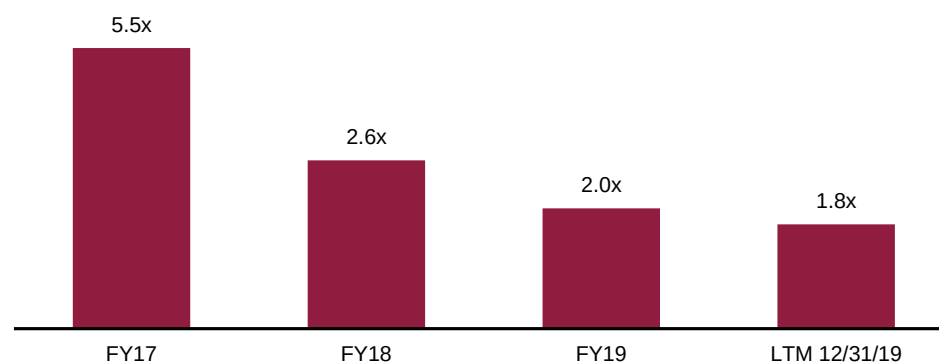
Emeco generates strong cash flow generation and is committed to a strong balance sheet

Emeco standalone financials excluding Pit N Portal

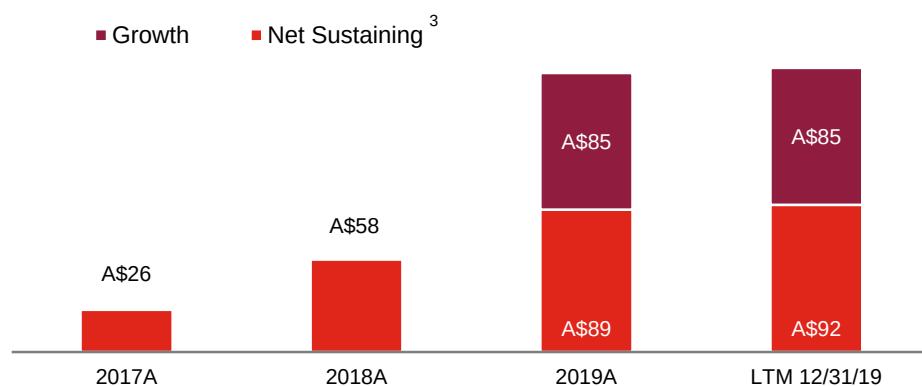
Emeco Free cash flow¹ (A\$mm)



Emeco leverage evolution²



Capex (A\$mm)



Focused on ensuring a strong balance sheet through the cycle

Source: Emeco financials

Note: Data excludes Pit N Portal acquisition

¹ EBITDA minus net sustaining capex; ² Net debt / Adj. EBITDA ³ Sustaining Capex – disposals



Financial policy

Emeco is a prudent steward of capital

- Continued focus on execution and cash flow generation with tight cost control and prudent management of equipment utilisation
- Have been focused on building a sustainable business and strengthening the balance sheet
 - Continued deleveraging anticipated with free cash flow and EBITDA expansion
 - Sufficient liquidity via A\$100mm RCF and A\$53mm cash on balance sheet as at 31 December 2019
- Disciplined and moderate capital expenditures to maintain the fleet
 - Go-forward increases driven by increased fleet utilization rates, cost control, workshops doing work on internal fleet, and wider service offering
 - Focus on ~17-20% target asset IRR; ability to flex capex as needed in response to demand
 - 20.6% 1H20 ROC at a record high
- Continued focus on diversifying commodity exposure as well as focus on non-capital intensive earnings streams including the retail maintenance business in order to provide additional value for customers and further diversify earnings streams
- Active hedges in place to manage currency exposure
- Equity financed last 5 acquisitions to drive further deleveraging
- Near-term focus on integrating the Pit N Portal acquisition; will continue to exercise discipline in evaluating select strategic and value accretive opportunities
- No active shareholder distribution program; will evaluate a manageable shareholder dividend policy in future years if appropriate for the business and financial profile at the time

Appendix



Adjusted EBITDA reconciliation

A\$ in millions	FY 2017	FY 2018	FY 2019	1H 2019	1H 2020	LTM 12/31/19
Net Income	(A\$142.5)	(A\$13.4)	A\$33.7	A\$11.9	A\$27.0	A\$48.8
Depreciation & amortization	55.6	69.9	89.3	42.8	54.4	100.9
Impairment of tangible assets	8.2	11.2	6.7	1.1	5.9	11.5
Impairment of goodwill	77.9	-	-	-	-	-
Income tax	-	-	-	-	-	-
Business acquisition and restructuring expense	(4.3)	-	-	-	-	-
Net interest expense	57.2	63.0	65.4	40.3	25.8	50.9
EBITDA	A\$51.9	A\$130.7	A\$195.1	A\$96.0	A\$113.1	A\$212.1
Adjustments						
1 Redundancy & restructuring cost	2.8	4.0	4.4	2.6	0.9	2.7
2 Share based payments	6.0	10.8	14.7	4.0	7.6	18.3
3 Other non-recurring	-	3.8	(0.3)	0.2	(2.5)	(3.0)
Adjusted EBITDA	A\$60.9	A\$149.3	A\$214.0	A\$102.8	A\$119.1	A\$230.2
Canada discontinued operations	12.2	3.8	-	-	-	-
Chile discontinued operations	10.6	-	-	-	-	-
Adjusted EBITDA incl. discontinued operations	A\$83.5	A\$153.0	A\$214.0	A\$102.8	A\$119.1	A\$230.2

- 1 One off costs incurred in relation to the restructuring of businesses acquired in FY2017, FY2018, FY2019 and FY2020
- 2 Non-Cash share based payments
- 3 Expenditure related to acquisitions in the period and impact of AASB16 Leases standard

Note: FYE of 6/30

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