

Emeco Holdings Limited

**Euroz Hartleys Rottneast Island Institutional
Conference 2024**

14 March 2024

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This Presentation may use non-IFRS financial information including Operating EBITDA, Operating EBITDA margin, Operating EBIT, Operating EBIT margin and Operating NPAT, net debt and return on capital (ROC). These measures are used to measure both Group and operational performance. A reconciliation of non-IFRS financial information to IFRS financial information is included in the presentation. Non-IFRS measures have not been subject to audit or review. Certain of these measures may not be comparable to similarly titled measures of other companies and should not be construed as an alternative to other financial measures determined in accordance with Australian accounting standards.

EMECO'S SCALE AND COMPETITIVE ADVANTAGE

By focusing on our core competency of equipment rental and maintenance, we will continue to provide a clear cost and quality advantage to customers

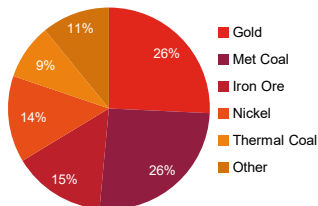
Rental

Workshops

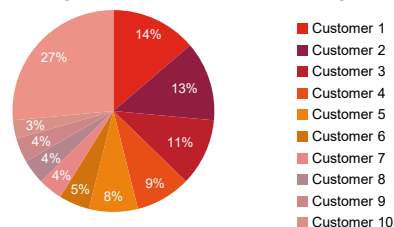
Brands	 Emeco Open cut	 Emeco Underground	 Force by Emeco
Overview	<i>Australia's largest provider of open cut rental equipment and value-added services</i>  700+ fleet size  300+ employees	<i>Australia's largest underground hard-rock rental business</i>  160+ fleet size  50+ employees	<i>Mining equipment maintenance and rebuild service provider - component and asset rebuild and fabrication</i>  9 workshops across Aus  400+ employees

Diversified Revenue Base

Revenue by commodity (1H24)



Revenue by customer – Top 10 (1H24)



OUR STRATEGY

Building a sustainable and resilient business generating long term value for shareholders

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Lowest cost, highest quality provider

- **Best-in-class operational capabilities**
 - Lowest cost, highest quality mining equipment provider
 - Skilled workforce, strategically located workshops
- **Scale provides cost and pricing advantages**
 - Australia's largest mining rental fleet
 - Force business rebuild capability drives competitive advantage and high margins

Enhancing customer value proposition

- **Expand core rental service offering**
 - Rental, fully maintained rental, EOS technology and equipment rebuild services
 - Increased tenure with customers
 - Embedded on customer sites - EOS technology, skilled personnel, mobile workshops
- **Creative business solutions**
 - Focussed on Emeco and customer ESG objectives



Balanced and diversified portfolio

- **Target balanced customer / project portfolio**
 - No over-reliance on any customer, customer type, project, commodity or region
- **Diverse services and capabilities**
 - Surface rental, underground rental, maintenance, skilled personnel
 - Commodity agnostic fleet

Disciplined capital management

- **Maintain strong balance sheet**
 - Target net leverage at or below 1.0x
 - Supporting resilience through mining cycles
- **Strong free cash flow generation**
 - Provides capital allocation optionality to invest in the business, reduce debt or return capital to shareholders

1H24 GROUP FINANCIAL HIGHLIGHTS

Business simplification and margin stabilisation set the platform for future improvement in returns and free cash flow generation

Revenue

\$435m

+1% vs PCP, -2% vs 2H23

Termination of PNP contracts in 2H23 resulted in slight revenue reduction in line with PNP business simplification

Operating EBITDA¹

\$137m

+21% vs PCP, stable vs 2H23

Strong growth in rental and workshops and turnaround performance in PNP vs PCP

Operating EBIT¹

\$61m

+49% vs PCP, -\$3m vs 2H23

Strong growth in rental and workshops and turnaround performance in PNP vs PCP
Performance vs 2H23 in line with expectations

Operating NPAT¹

\$33m

+69% vs PCP, -\$6m vs 2H23

2H23 included \$5m tax loss write-back.
1H24 includes lower contribution from PNP, in line with expectations.

Net leverage²

1.06x

1.10x FY23

Balance sheet remains strong although leverage above long-term target of <=1.0x

Free cash flow³

\$40m

+\$32m vs PCP, -\$4m vs 2H23

Ongoing solid free cash flow performance

Capital Management⁴

\$7m

-\$6m vs PCP, stable vs 2H23

Reflects final fully franked dividends paid and on-market buy-backs

ROC⁵

15%

13% FY23

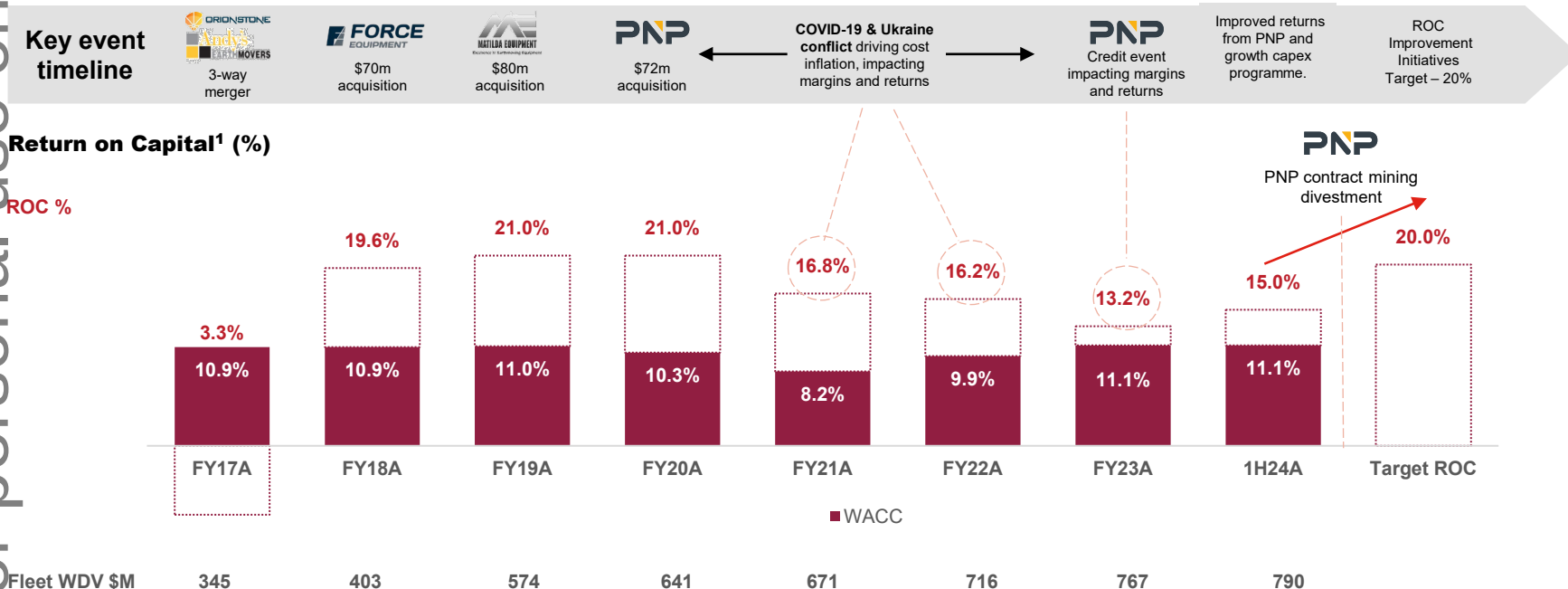
Returns improved on the back of improved performance from all businesses

Notes:

1. Operating financial metrics are non-IFRS measures. Refer to Appendix slide: Reconciliations - Statutory to non-IFRS disclosure
2. Net debt / Operating EBITDA
3. Operating free cash flow before growth capex
4. Includes share buy-backs and dividends
5. Return on capital (ROC) calculated as LTM Operating EBIT over average capital employed .

RETURN ON CAPITAL

Returns consistently above cost of capital. Initiatives targeting return to 20% ROC are underway

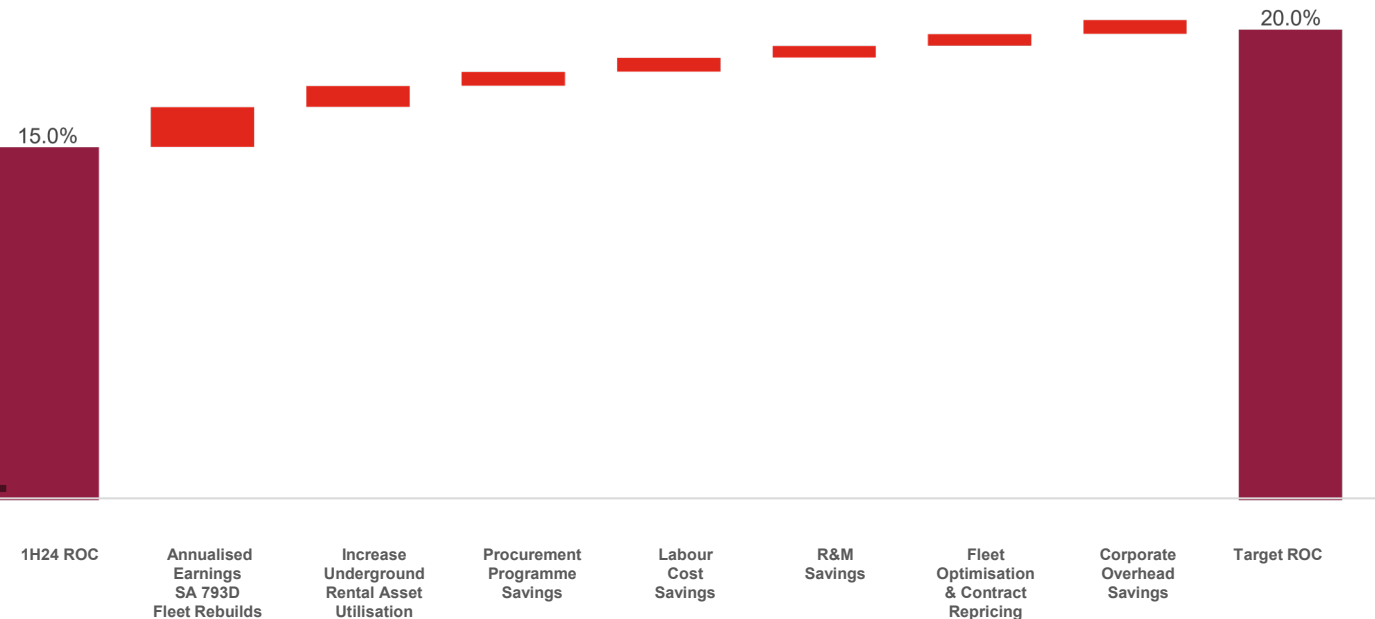


Notes: 1. ROC – Operating EBIT / Capital Employed

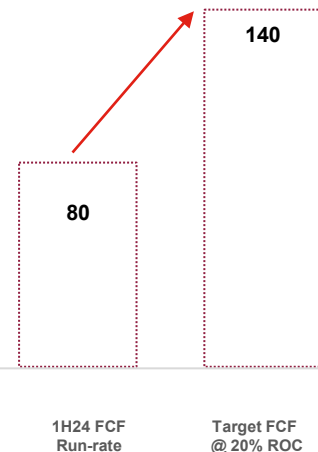
TARGETING 20% ROC AND IMPROVED CASH GENERATION

Return drivers targeting 20% ROC are underway. Free cash flow generation continues to improve, with target aligned to ROC. Growth capex to be restricted in favour of debt reduction in FY25

Return on Capital¹ drivers %



Free Cash Flow (before growth capex)²



Notes: 1. ROC – Operating EBIT / Capital Employed. 2. FCF before growth capex

BUSINESS

Priority is maximising free cash flow by driving returns to reach our target of 20% ROC

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Operational Priorities	▪ Outlook for 2H24 remains positive with strong earnings momentum from the surface Rental business in particular ▪ Business continues to focus on cost efficiencies, contract repricing, and fleet optimisation to drive higher returns and increased free cash flow ▪ Return drivers in action targeting 20% ROC
Investment Priorities	▪ Focus on delivery of free cash flow from existing asset base ▪ FY25 growth capex will be restricted with a preference for debt reduction ▪ SIB capital investment will be stable in FY25 vs FY24
Capital Management Priorities	▪ Free cash flow will be prioritised towards reducing reliance on more expensive lines of finance, ahead of refinancing in late FY25/early FY26 ▪ Revised capital management policy will be communicated ahead of full year results ▪ Leverage targeted to being sustainably below 1.0x Operating EBITDA

EMECO INVESTMENT HIGHLIGHTS

Emeco offers an attractive diversified investment exposure to the Australian mining industry

1



**Australia's largest
mining equipment rental
provider with national
footprint**

2



**Focused on delivering
strong returns and free
cash flow generation**

3



**Scale and asset
management expertise
provide cost and quality
advantage**

4



**Diversified by customer,
project and commodity**

5



**Strong balance sheet
and low leverage**

6



**Positive equipment
industry demand
outlook**

Appendix: Additional information



RECONCILIATIONS – STATUTORY TO NON-IFRS DISCLOSURE

1H23

Statutory to operating reconciliation

\$m	NPAT	EBIT	EBITDA
Statutory	2.7	16.8	89.7
Tangible asset impairment	0.2	0.2	-
Long-term incentive expense	0.9	0.9	0.9
Economic credit losses	22.9	22.9	22.9
Tax effect on non-operating items	(7.2)	-	-
Operating	19.6	40.8	113.5

1H24

Statutory to operating reconciliation

\$m	NPAT	EBIT	EBITDA
Statutory	19.4	41.0	133.3
Tangible asset impairment (exit PNP)	15.9	15.9	-
Long-term incentive expense	1.8	1.8	1.8
Gain on lease mods.	(1.2)	(1.2)	(1.2)
Restructuring costs	1.2	1.2	1.2
ERP Costs	2.0	2.0	2.0
Tax effect on non-operating items	(5.9)	-	-
Operating	33.2	60.7	137.1

- Tangible asset impairments: Totalling \$15.9 million in 1H24 (\$0.2 million pcg) relates predominantly to assets no longer fit for purpose in underground related businesses following sale of PNP contracts to Macmahon
- Long term incentive program: During 1H24, Emeco recognised \$1.8 million of non-cash expenses relating to the employee incentive plan (\$0.9 million in pcg)
- Gain on lease modifications: Relates to remeasurement of corporate office lease under AASB16
- Restructuring costs: Relate to termination costs for non-transferring PNP employees made redundant following sale of PNP contracts to Macmahon
- ERP costs: \$2.0 million in ERP implementation costs

Notes

1. Figures may not add due to rounding

RECONCILIATIONS – STATUTORY TO NON-IFRS DISCLOSURE

Cash flow reconciliation

\$m	1H23	1H24
Operating EBITDA	113.5	137.1
Working capital	(29.2)	(6.7)
Net financing costs	(12.2)	(12.7)
Cash from operating activities	72.1	117.7
Net sustaining capex	(63.9)	(77.6)
Operating free cash flow (non-IFRS)	8.2	40.1
Non-operating ERP costs	-	(2.0)
Free cash flow (non-IFRS)	8.2	38.1
Net debt and lease repayments	30.0	8.9
Capital management activities	(12.9)	(7.0)
Financing cash flows (statutory)	17.0	1.9
Growth capex	(9.3)	(22.2)
Investing cashflows (excl sustaining capex)	(9.3)	(22.2)
Net cash movements	15.9	17.8
Opening cash	60.2	46.7
Closing cash	76.1	64.5

Net debt and leverage reconciliation

\$m	30 June 2023	31 December 2023
AUD secured notes	250.0	250.0
Revolving credit facility	-	20.0
Lease liabilities and other	72.7	84.5
Total debt	322.7	354.5
Cash	(46.7)	(64.5)
Net debt	276.0	290.0
LTM Operating EBITDA	250.4	274.0
Leverage ratio	1.10x	1.06x

Notes

1. Figures may not add due to rounding

Thank you

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