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The "BETTER EQUIPPED" slogan is accompanied by a graphic icon consisting of two rows of stylized, orange-colored symbols that resemble gears or mechanical parts.

# 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%<sup>1</sup>, 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:

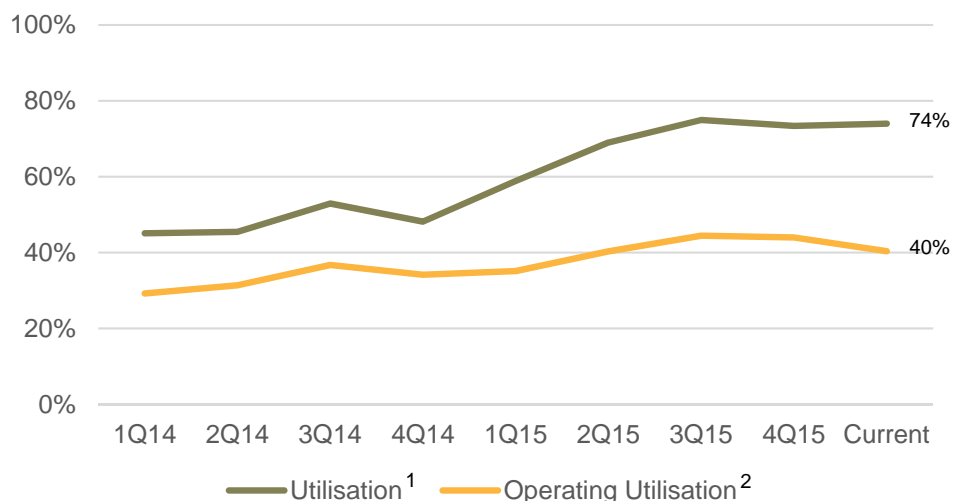
1. Excludes non-current assets held for sale

# 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



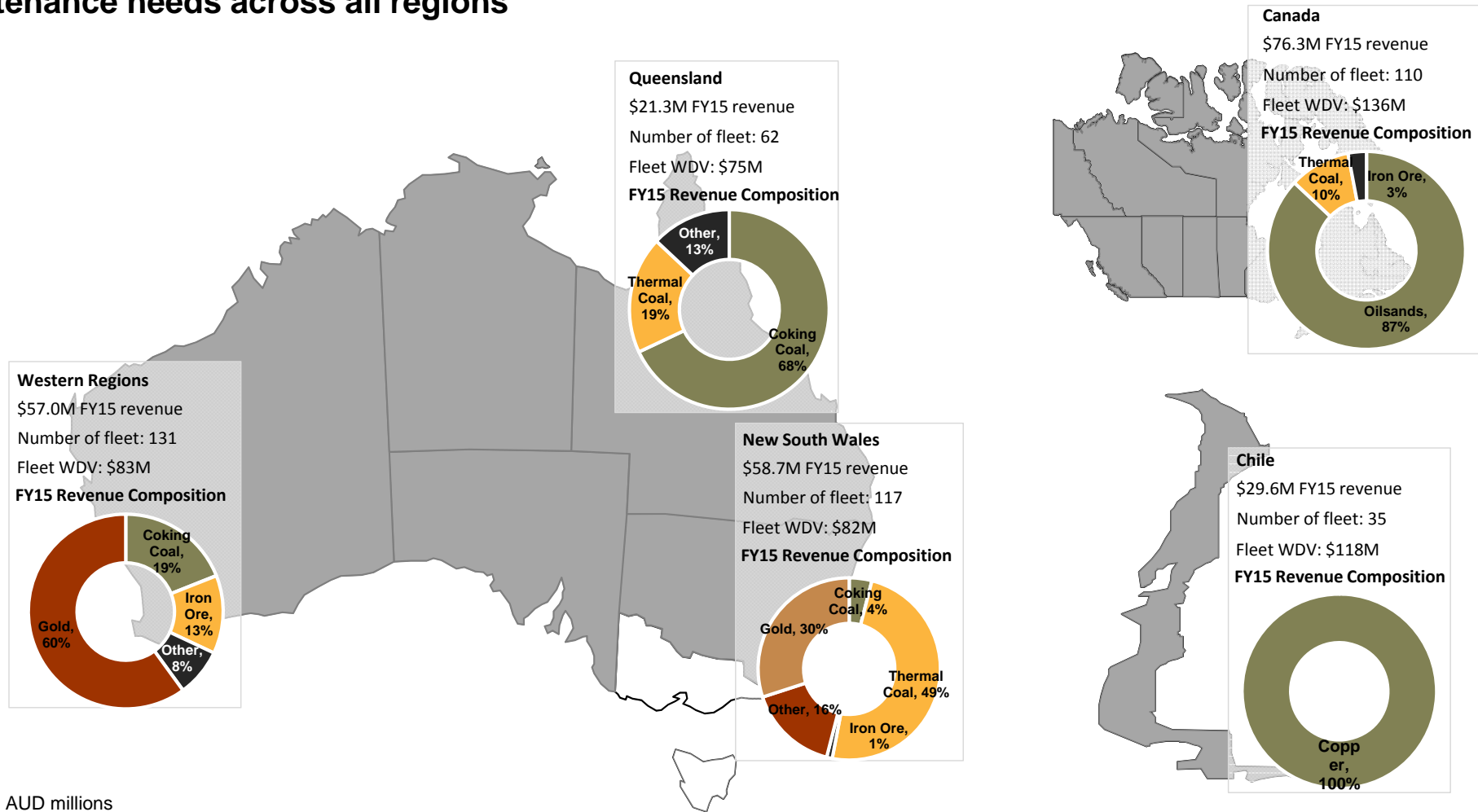
### FINANCIAL PERFORMANCE<sup>3,4,5,6</sup>

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





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# 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**

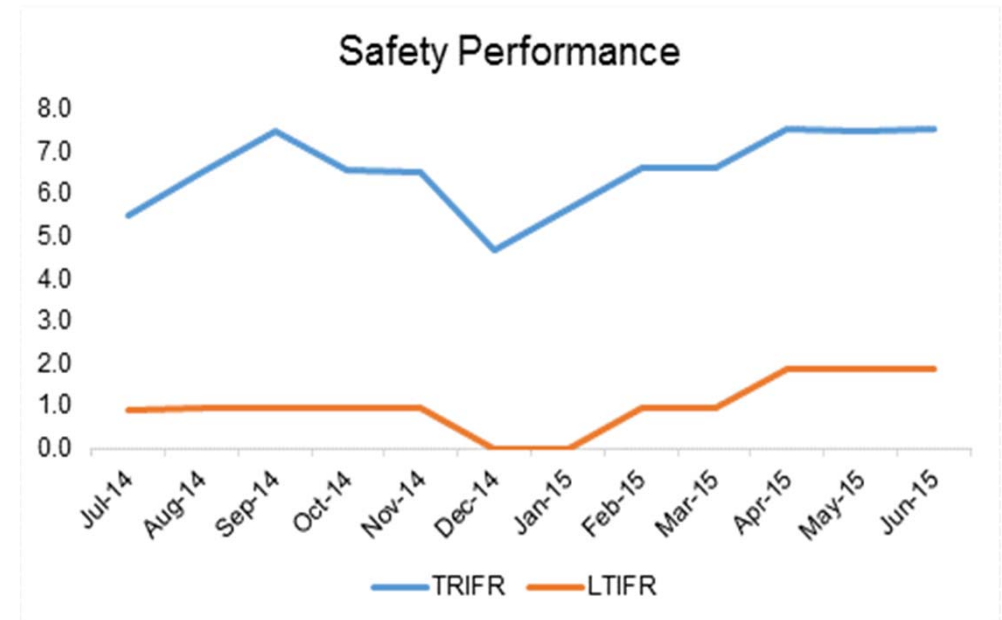
- Safety performance was consistent with the previous year, however TRIFR increased slightly due to a decrease in working hours

- **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

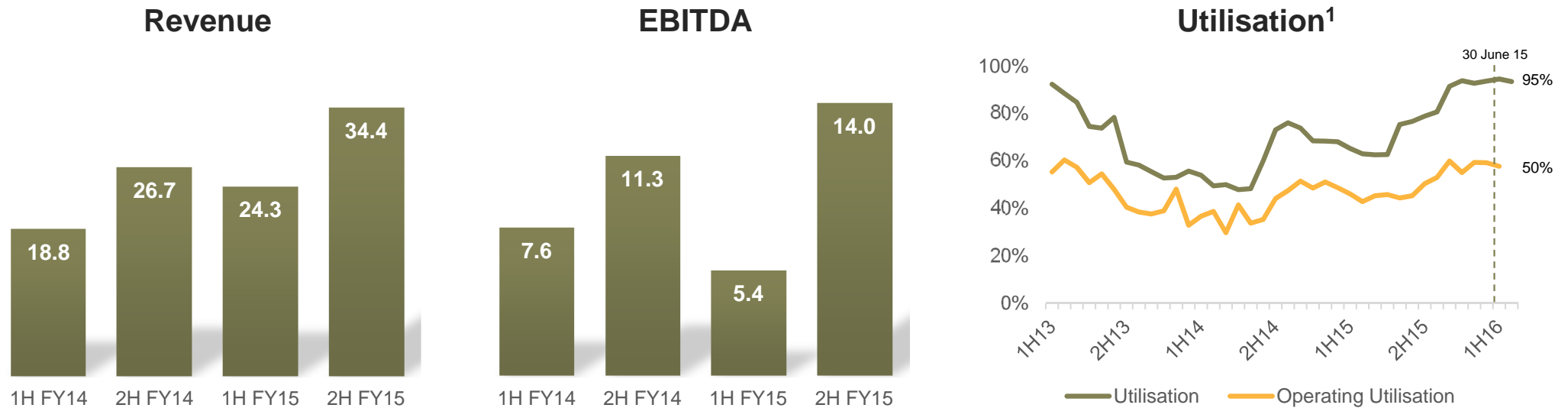




# REGIONAL PERFORMANCE

## New South Wales

Defending our presence and building stronger relationships with existing customers

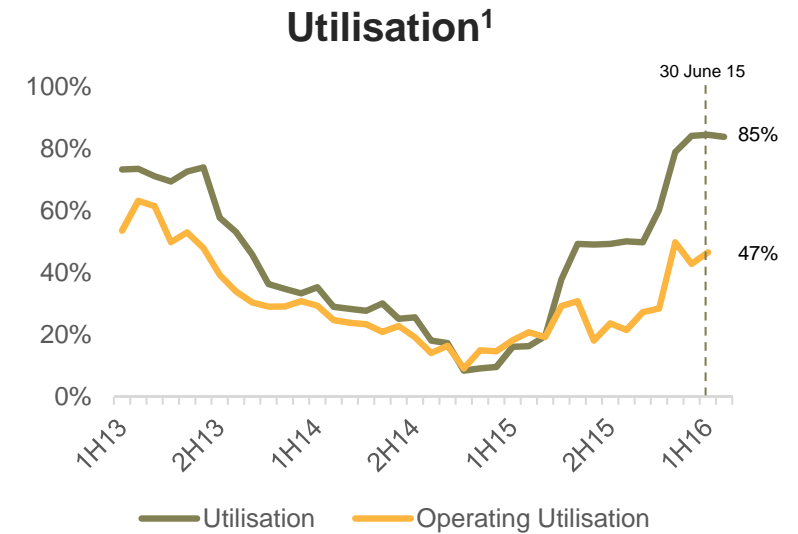
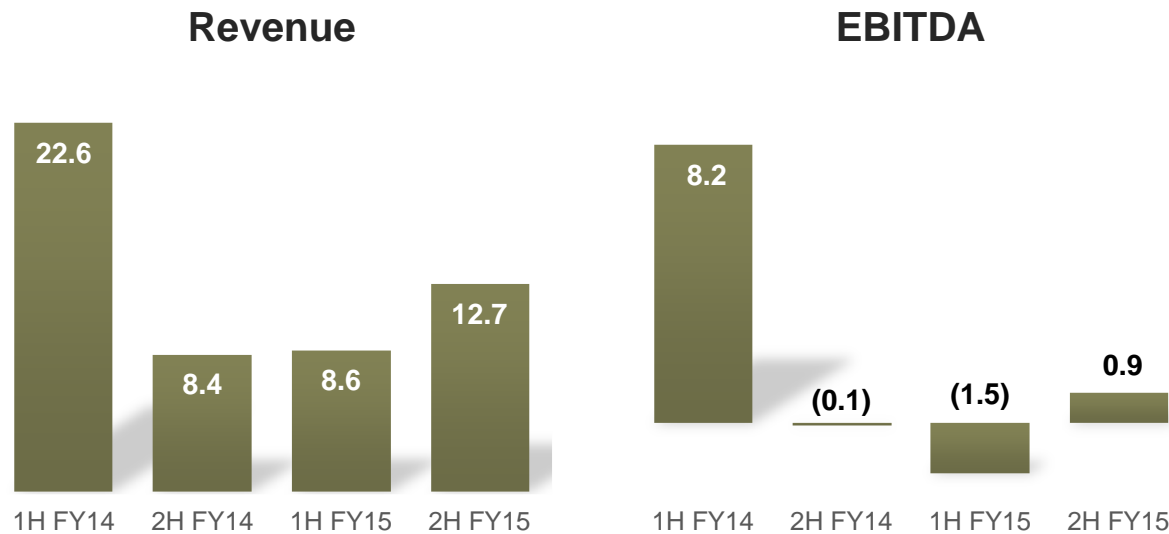


- Utilisation up to 95% from 68% at commencement of FY15. Uplift primarily driven by ramp-up of Maules Creek coal mine and Alkane Tomingley gold mine, plus additional units placed with existing contracts
- Emeco Operating System (EOS) successfully implemented at Alkane Tomingley gold mine, reducing customer 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



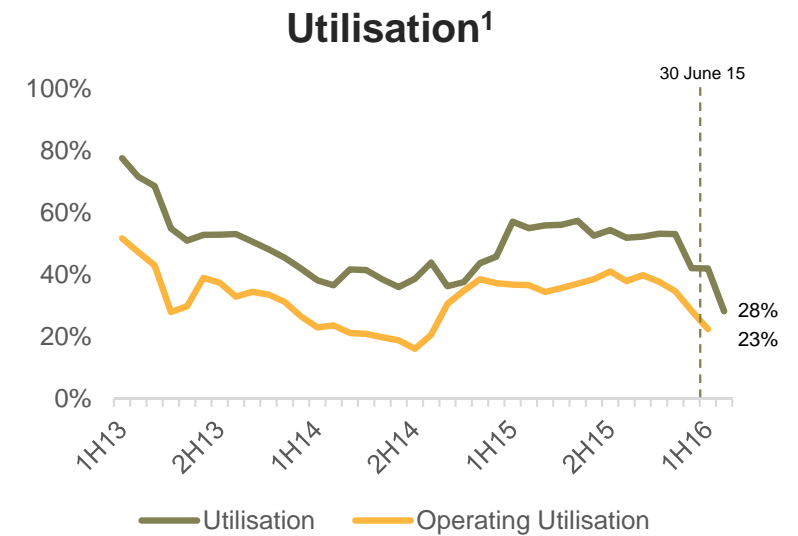
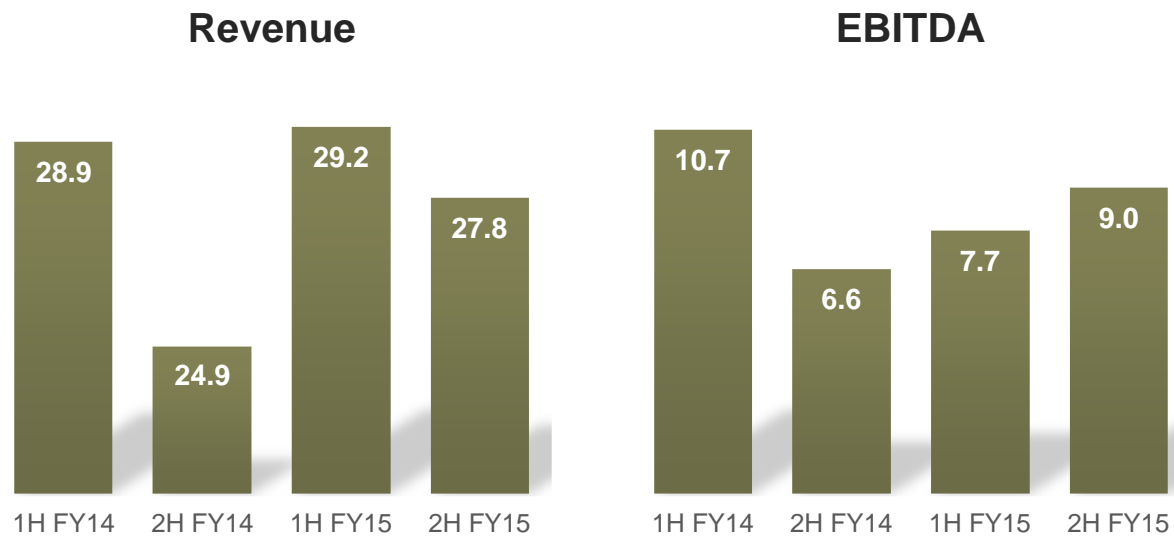
- Significant improvement in utilisation over FY15, lifting from 10% to 85% with several contract wins in the coal market
- New management team engaged with customers to identify rental opportunities and gain significant market share, despite the competitive environment
- Tenure of new contract wins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

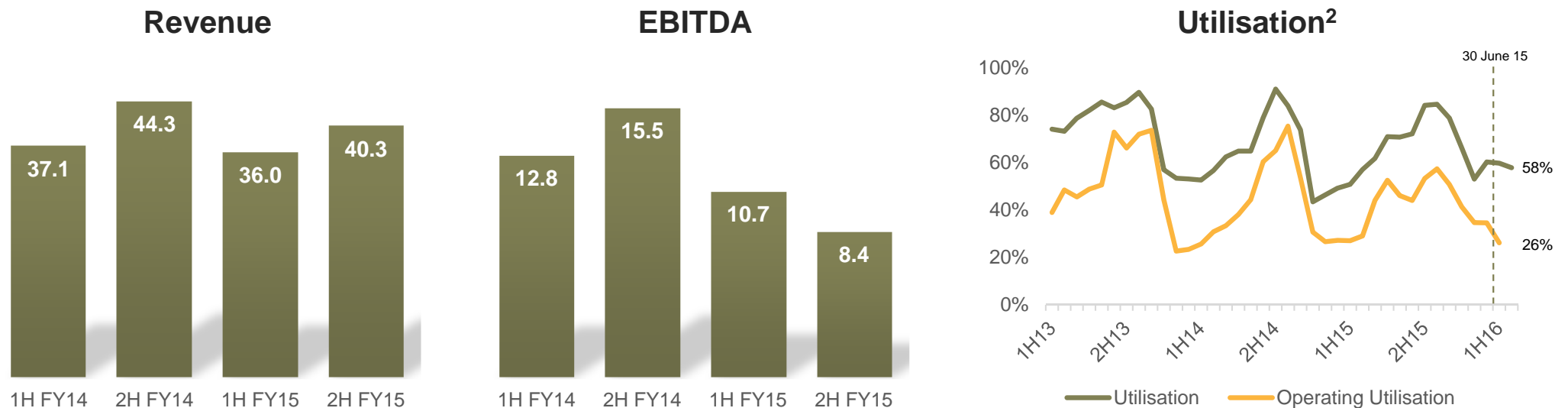


- Recent cessation of Saracen rental contract contributed to Western Australia utilisation falling to 28%
- Market remains challenging due to low commodity price environment and highly competitive mining services market
- Management focused on identifying opportunities across Australia to return the 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 cyclicalty of earnings

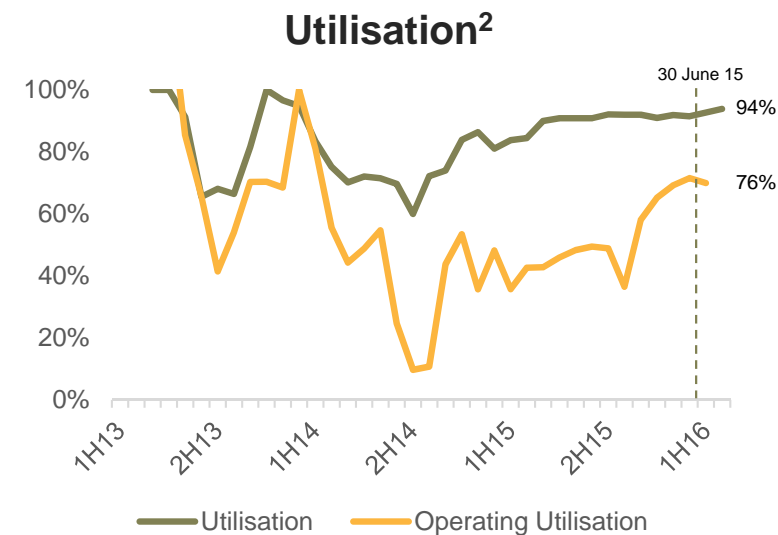
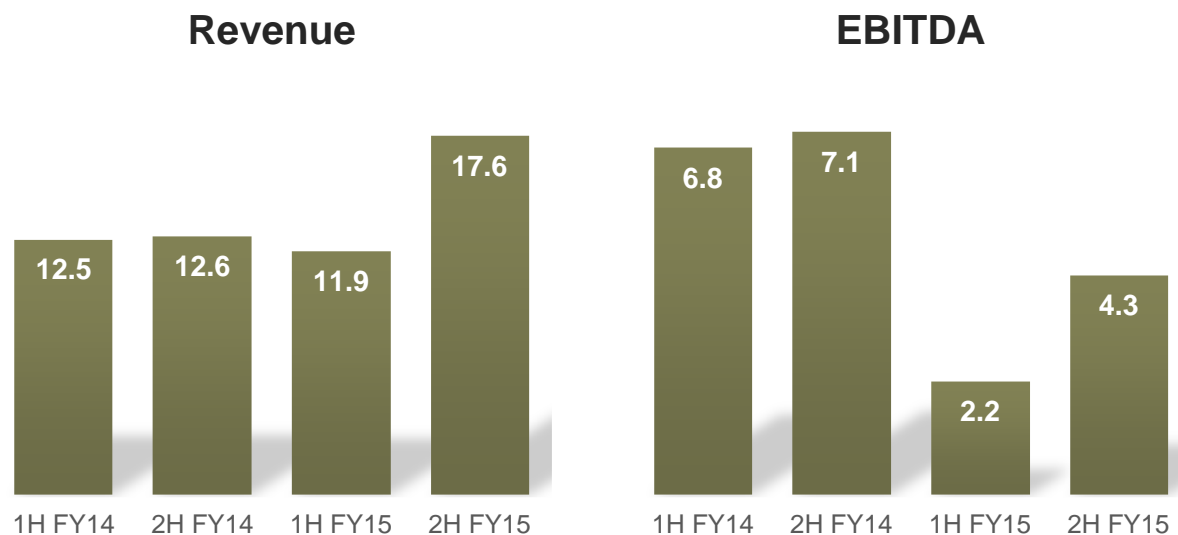


- Earnings down yoy predominantly as a result of lower operating utilisation compared to prior periods as customers revised mine plans in response to the lower oil price environment. Rental rates were also renegotiated over the winter period
- Our strategic achievements over FY15 included diversifying 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)

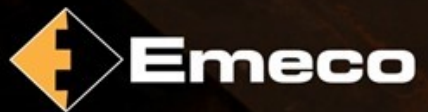
# REGIONAL PERFORMANCE

## Chile

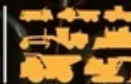
### Improved operating performance at Encuentro project driving second half revenue growth



- 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)



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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

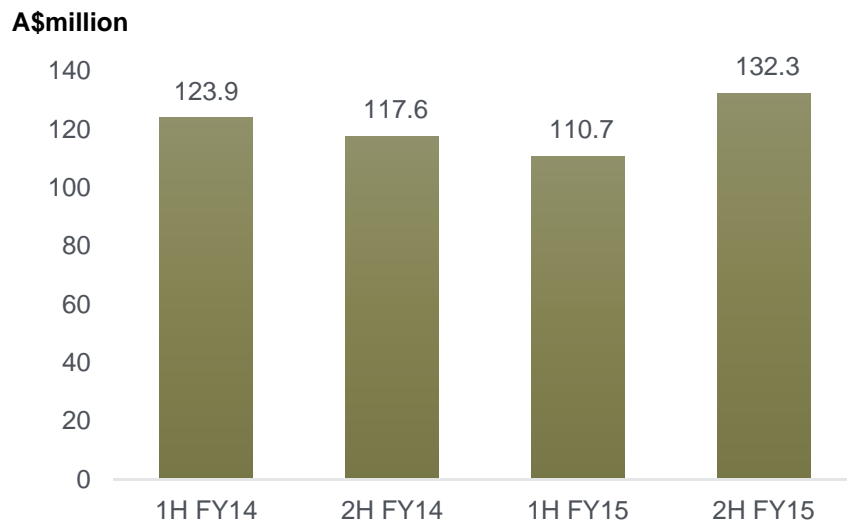
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# FINANCIAL SUMMARY

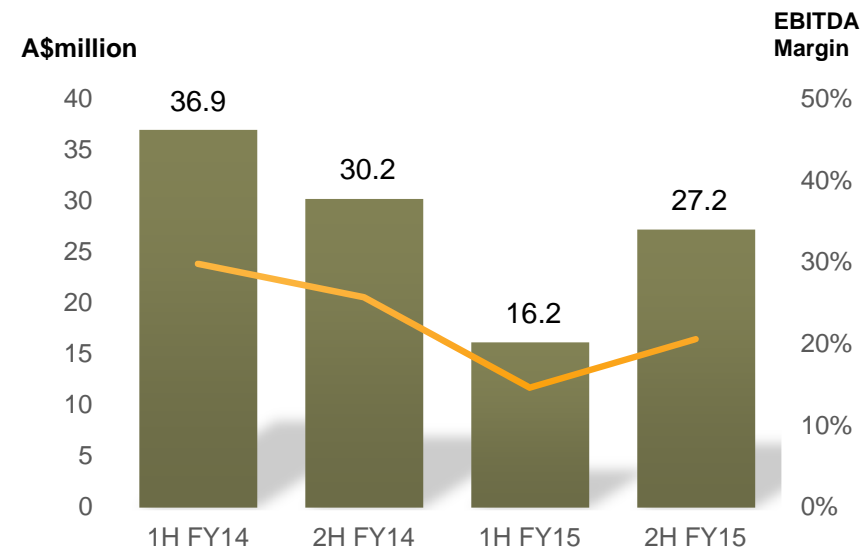
## Financial metrics trending upward

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

### Quarterly revenue



### Quarterly Operating EBITDA



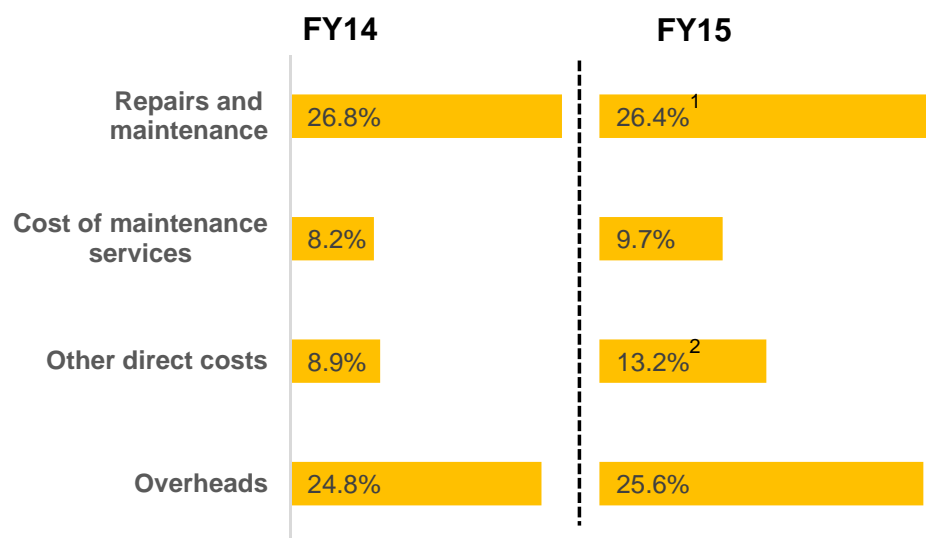
- 2H FY15 Operating EBITDA of \$27.2M up 68% on 1H FY15, revenue up 19.5% to \$132.3M
- One-off prep-for-rent costs totalling \$14.1M impacted 1H FY15 (\$9.0M) and 2H FY15 (\$5.1M)
- On track for improved earnings pcp in 1Q FY16, July 2015 EBITDA margin averaged 31.4% (compared to 14.6% 1Q FY15)

# OPERATING COSTS

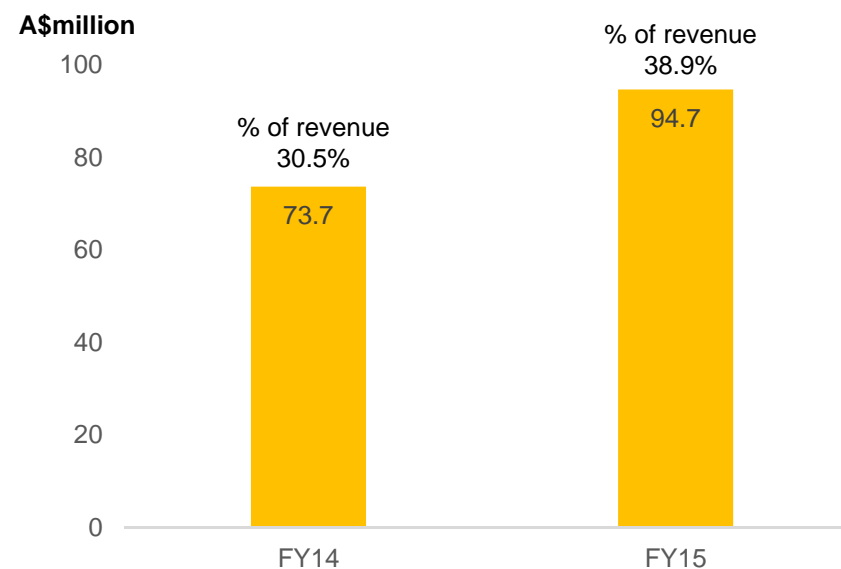
## Adapting to challenging market conditions

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

Operating costs as a % of revenue



Depreciation

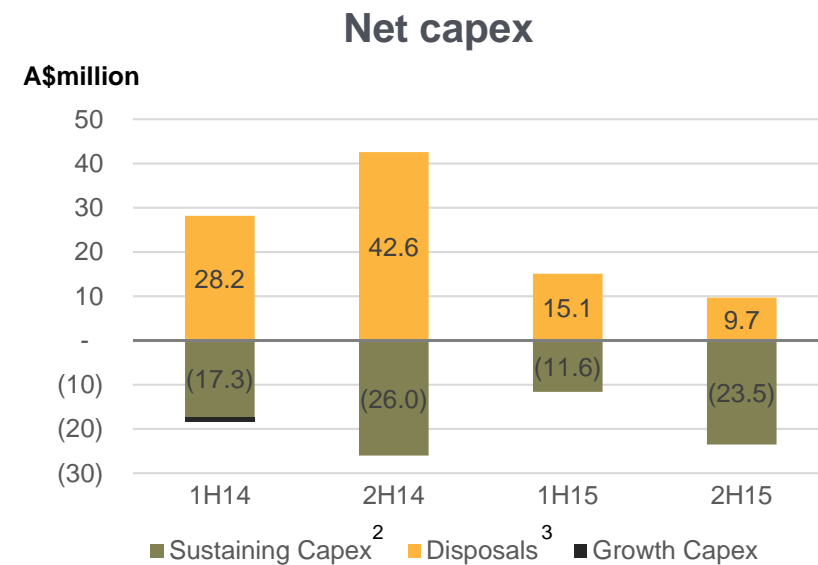
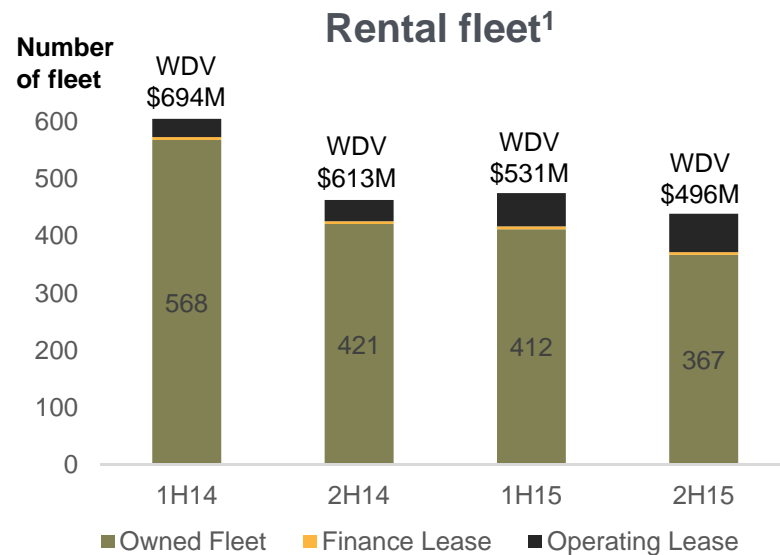


- Excluding one-off costs preparing machines for rent, FY15 R&M as a percentage of revenue was consistent with FY14
- Project Fit cost reductions of \$1.7M were achieved over 4Q FY15
- Depreciation increase resulting from utilisation growth and change in depreciation policy on idle fleet

# 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



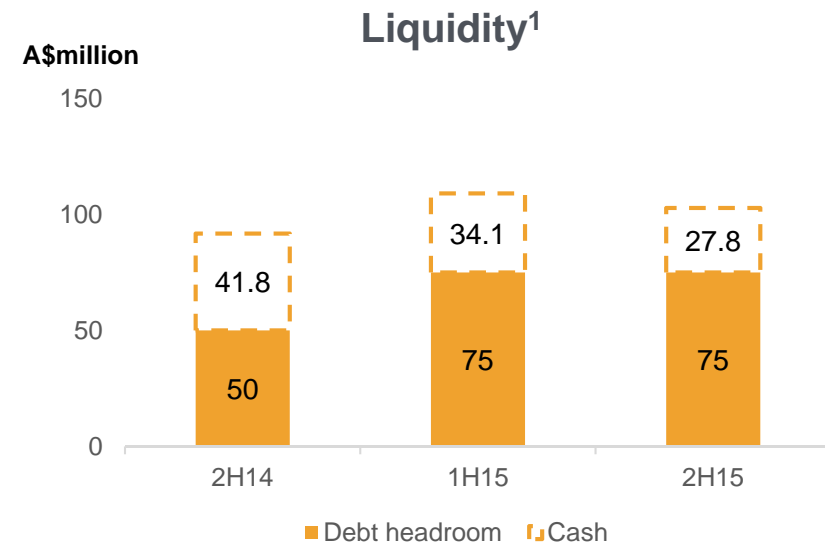
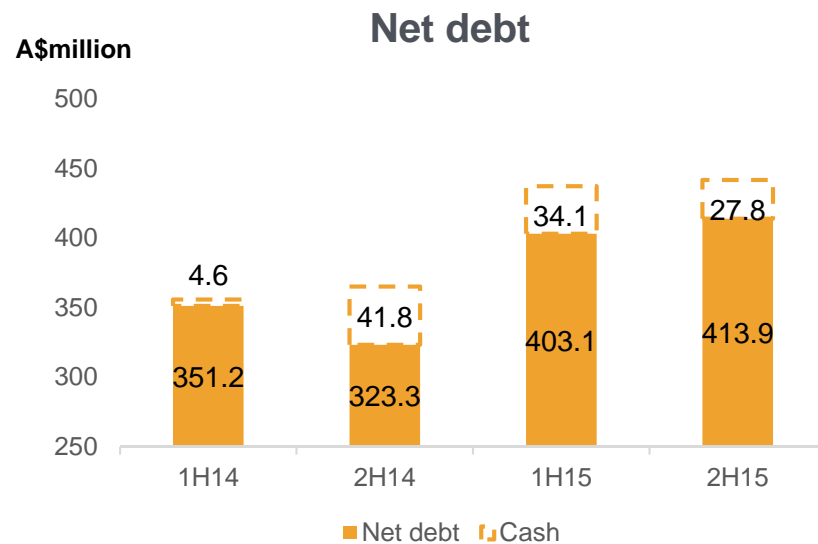
- Sustaining capex up in FY15 due to spend required to return idle fleet back to rent
- \$24.8M generated from asset disposals in FY15 despite the difficult second hand market
- \$32.3M of non-current assets held for sale recognised at 30 June 2015, scheduled for disposal over FY16
- Fleet additions 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



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# STRATEGY & OUTLOOK

# SUCCESSFUL STRATEGY IMPLEMENTATION

## Strategic achievements over FY15

### 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 cyclical of earnings
- ✓ Building mine site services business in Canada with completion of Kearl Lake maintenance facility and signing five year fuel and lubricant support contract with major oilsands producer

### Expanding our product offering

- ✓ 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
- ✓ Entered partnership with leading global mining contractor, Thies, to secure four year mining contract at Encuentro mine

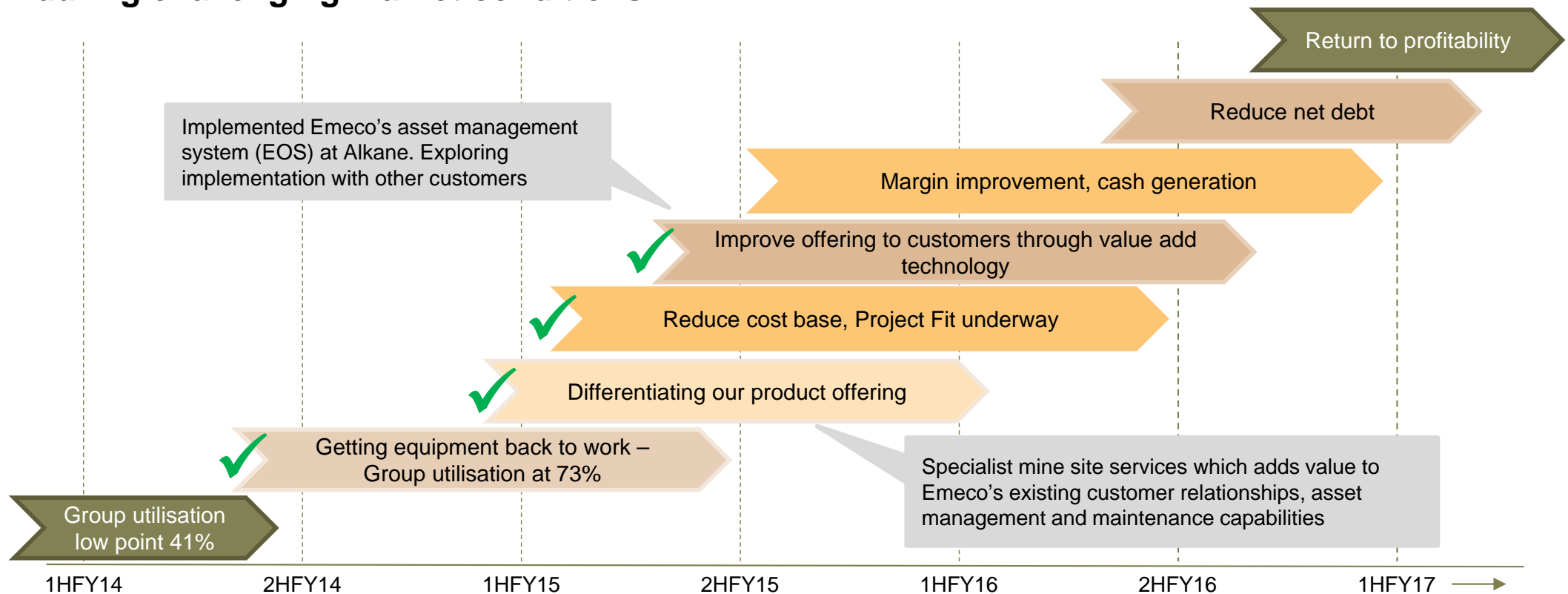
### Innovation and consolidation

- ✓ 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





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QUESTIONS



## FURTHER INFORMATION

Thank you for your interest in Emeco

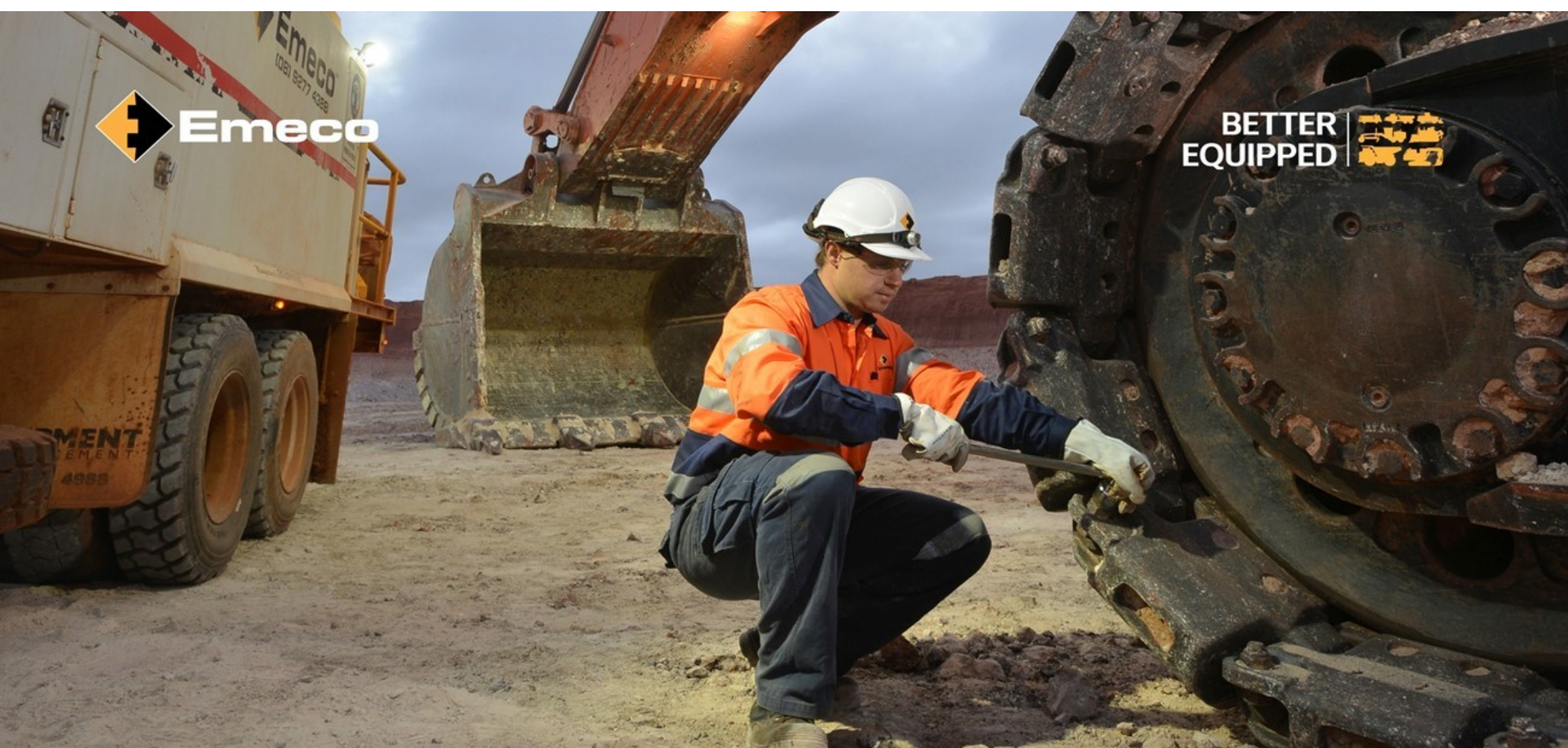
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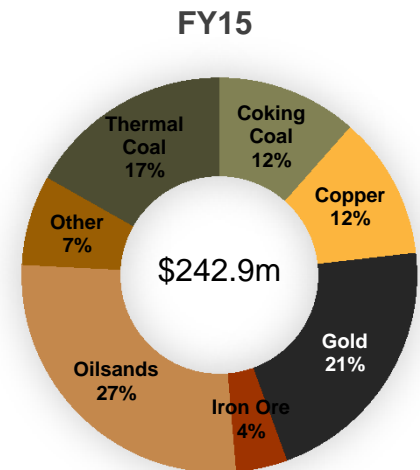
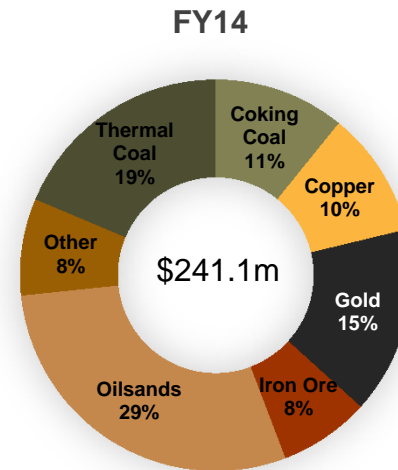
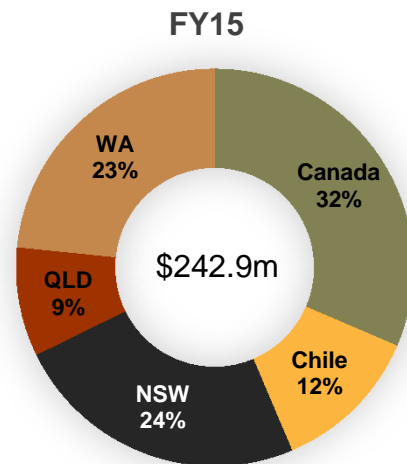
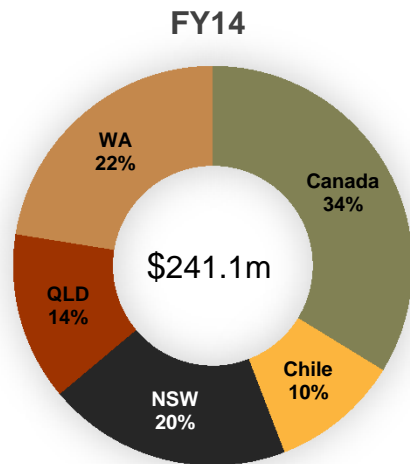


# APPENDICES

# EARNINGS COMPOSITION

## REVENUE BY GEOGRAPHY

## REVENUE BY COMMODITY





# DETAILED FINANCIALS

## Profit & Loss

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

## Balance Sheet<sup>2</sup>

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)
<b>Net assets</b>	<b>324.0</b>	<b>221.5</b>

## 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)
<b>Cashflow from operating activities</b>	<b>76.3</b>	<b>(3.0)</b>	<b>(79.3)</b>
Sustaining capex <sup>1</sup>	(43.3)	(37.8)	5.5
Disposals <sup>1</sup>	70.8	24.8	(46.0)
<b>Cashflow from investing activities</b>	<b>27.5</b>	<b>(13.0)</b>	<b>(40.5)</b>
<b>Cashflow (before growth capex &amp; s/h return)</b>	<b>103.8</b>	<b>(16.0)</b>	<b>(119.8)</b>
Growth capex	(0.9)	0.0	0.9
Dividends	0.0	0.0	0.0
Other financial activities	(17.0)	(2.6)	14.4
<b>Net cashflow</b>	<b>85.9</b>	<b>(18.6)</b>	<b>(104.5)</b>

# GEOGRAPHICAL SEGMENTS

## New South Wales

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

## Queensland

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

## Western Australia

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

## Canada

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

## Chile

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

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Thank you

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