

ASX Release

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ASX: EHL ('EMECO' OR 'THE COMPANY')

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Emeco Holdings Limited ACN 112 188 815

FIRST QUARTER OPERATIONAL UPDATE

HIGHLIGHTS:

- Revenue for Q1 FY17 was \$42.5 million, underlying operating EBITDA margin was 37.6%
- Group utilisation averaged 85% over Q1 FY17, while operating utilisation averaged 50%
- Emeco entered into a restructuring support agreement (RSA), outlining a framework to recapitalise the company and merge with Orionstone and Andy's Earthmovers
- Quarter end cash balance \$29.8 million, including \$15.4 million from closure of remaining cross currency interest rate swaps

Emeco today provided a first quarter trading update with the group generating revenue of \$42.5 million and underlying operating EBITDA of \$16.0 million over the period.

Managing Director, Ian Testrow, said "Operational excellence initiatives continued to reduce costs contributing to our operating EBITDA margin of 37.6% over the first quarter."

Average operating utilisation in the Australian operations for Q1 FY17 remained flat with the prior quarter at 53%, despite the adverse impact of heavy rain on the East Coast. Improvements in both Chile and Canada pushed group operating utilisation to 50%.

Mr Testrow said, "Heading into the second quarter we are seeing activity increase in Australia on the back of the recent uplift in coal prices as our customers seek immediate, flexible and low risk equipment solutions to respond and take advantage of the improved conditions."

The Company continues to develop its EOS technology and work with EOS customers to add value to their operations. Mark Sampson, Open Pit Manager at Evolution said, "The productivity partnership arrangement that we have entered into with Emeco at our Whitefoil Mine has delivered outstanding results in increased production and reduction of costs. EOS has now given the mine the edge by providing all operators and management the tools to monitor production live. The Emeco partnership has also given the mine the flexibility to change or optimise equipment where needed and access to the technical knowledge to understand where improvement opportunities exists."

The Company announced the signing of the RSA during the first quarter which provides a framework for Emeco to recapitalise and merge with Orionstone and Andy's Earthmovers. This process is continuing and completion is expected to occur toward the end of 2016. Documentation providing further details on this transaction will be provided over the coming months and the company urges investors to review these documents.

The business generated operating cash flow of \$11.2 million over Q1 FY17, with capital expenditures of \$5.7 million and \$0.5 million in disposals. During September Emeco paid a semi-annual coupon payment on its 144A notes totalling \$16.4 million and as part of the RSA process closed its remaining swap facilities generating \$15.4 million. Net cash flow for the quarter was \$5.0 million.

“The business continues to improve margins and generate positive cash flows. The RSA agreement builds on the positive momentum of the business and I look forward to completing the transaction and continuing to drive the business for long term growth”, Mr Testrow said.

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Investor and media enquiries

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About Emeco

emecogroup.com

Established in 1972, Emeco is the world’s largest, independent mining equipment rental business and currently services major resource projects across Australia, Canada and Chile. Emeco pursues a best in class asset management strategy and operates a global fleet of equipment from a range of original equipment manufacturers to deliver the most effective equipment rental and maintenance solutions for its customers. Emeco is a publicly listed company on the Australian Securities Exchange (ASX:EHL).