Earthmoving equipment solutions

Merrill Lynch
Emerging Stars Conference 2012

Stephen Gobby, Chief Financial Officer

Presentation Overview

- Business & Operating Overview
- Financial Overview
- Strategy & Outlook

Business & Operating Overview

Rental in the Mining Production Phase

Customer requirements vary but Emeco's solution is used at all stages of mine life

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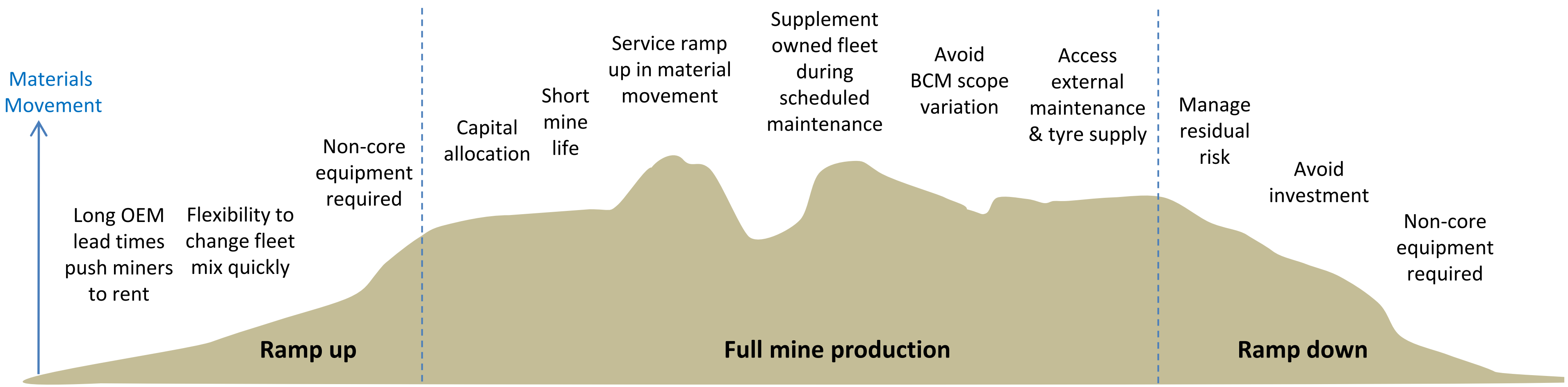
Emeco's Mining cycle leverage:	Mine Development 7%	Overburden 20%	Production 73%

Customers Needs:	Flexibility	Equipment Availability	Mechanical Availability	Capital Management	Avoid Residual Risk

Ramp-up: **Full Mine Production:** **Ramp-down:**



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Percentage leverage to mining cycle indicative of FY13 plan and comprises 95% of group rental revenue

Geographic & Commodity Diversification

Well diversified revenue streams from multiple regions and commodities with fleet redeployment opportunities

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Canada

- Oil sands
- Coal
- Gold

Australia

- Thermal Coal
- Gold
- Metallurgical Coal
- Iron Ore

Indonesia

- Thermal Coal
- Gold

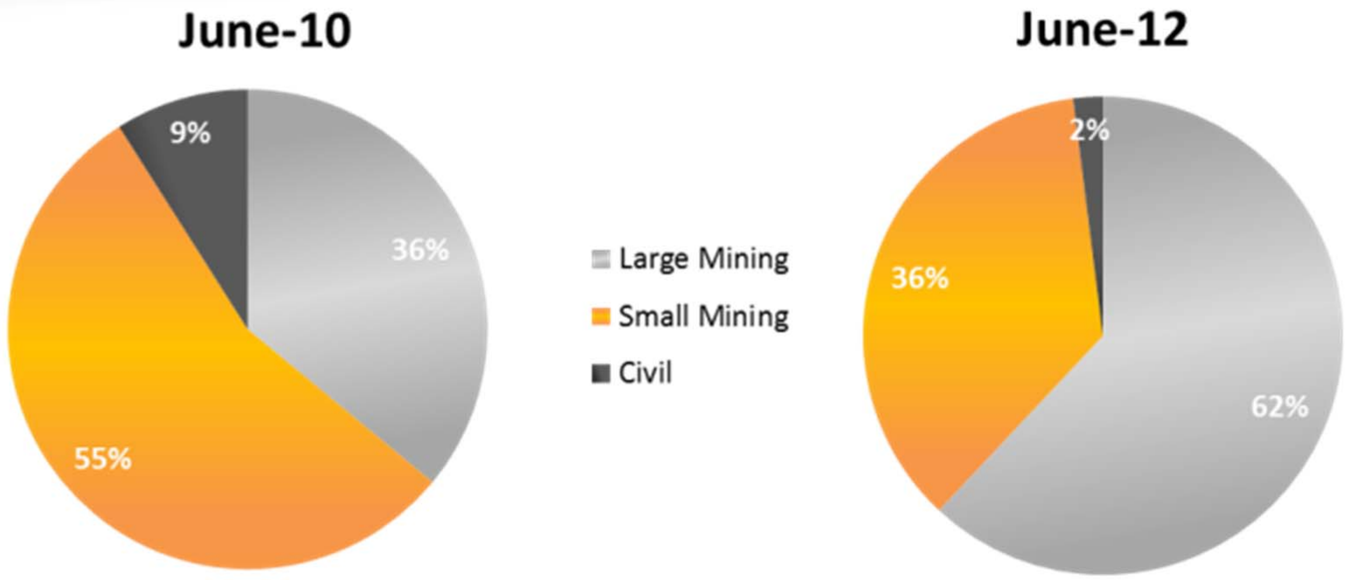
Chile

- Copper
- Gold

Global Fleet Profile

Production focused fleet, suitable for variety of customers across markets

Fleet mix proportions by WDV:



- Fleet reconfiguration complete with incremental fleet growth driven by mining customer needs
- Emeco's large and small mining fleets commonly used across Emeco's markets
- Historical profit on sale of sale of mining rental assets

Notes:
Civil defined as <70 tn artic trucks and related small ancillary equipment;
Small mining defined as <150 tn trucks and related mining equipment;
Large mining defined as 190+ tn trucks and related mining equipment.

Customer Strategy

Targeting customers in each market which align with Emeco's strategic objectives

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Customer objectives by region:

Australia	Canada	Indonesia
◆ Targeting customers requiring fleets on long-term fully maintained basis (project sites) ◆ Achieve mix of mid-tier & large miners and contractors across bulks and gold	◆ Direct relationship with oil sands companies to improve utilization visibility ◆ Grow on-site maintenance services creating additional rental opportunities	◆ Focus on miners with advanced mining practices to ensure high monthly hours ◆ Bring Emeco's maintenance expertise to enhance mine productivity

Revenue by customer type:

Managing the Business Through the Cycle

Range of business levers available to ensure Emeco's financial health across mining cycles

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Growth Capital:	• No capital commitment outside FY13 growth capex announced • Flexibility to change investment plans according to outlook
Sustaining Capital:	• High correlation between utilisation and sustaining capex • Disciplined approach to maintain integrity of assets • Optionality to "right size" an asset class by not replacing
Working Capital:	• Continued internal focus on efficient working capital levels • Further working capital release expected to be moderate
Operating Costs:	• Parts & labour costs variable, with immediate focus on contractors • Taking prudent and disciplined approach to overheads

Global Business Snapshot

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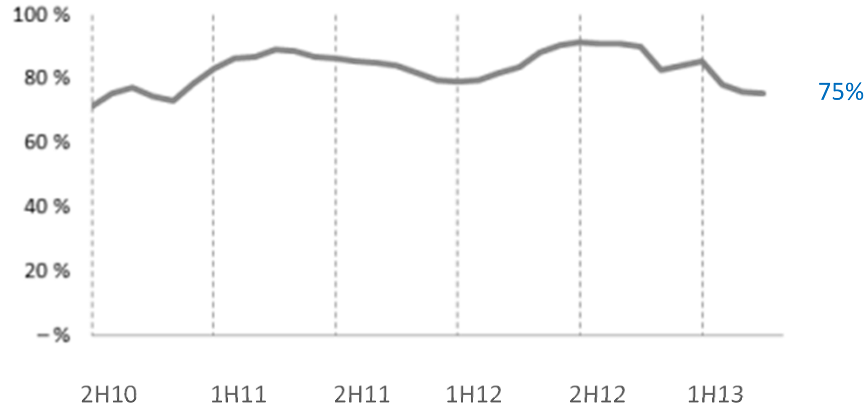
Australia:

- Customers focused on improving cost & productivity
  - ✓ Shorter contract tenure
  - ✓ Rate structure & maintenance responsibilities
- Increasingly competitive environment
- Emeco very active in pursuing new projects in cautious environment

Canada:

- Significant improvement on Q1 utilization on expanded asset base
- Customer strategy improving visibility

Global utilisation %

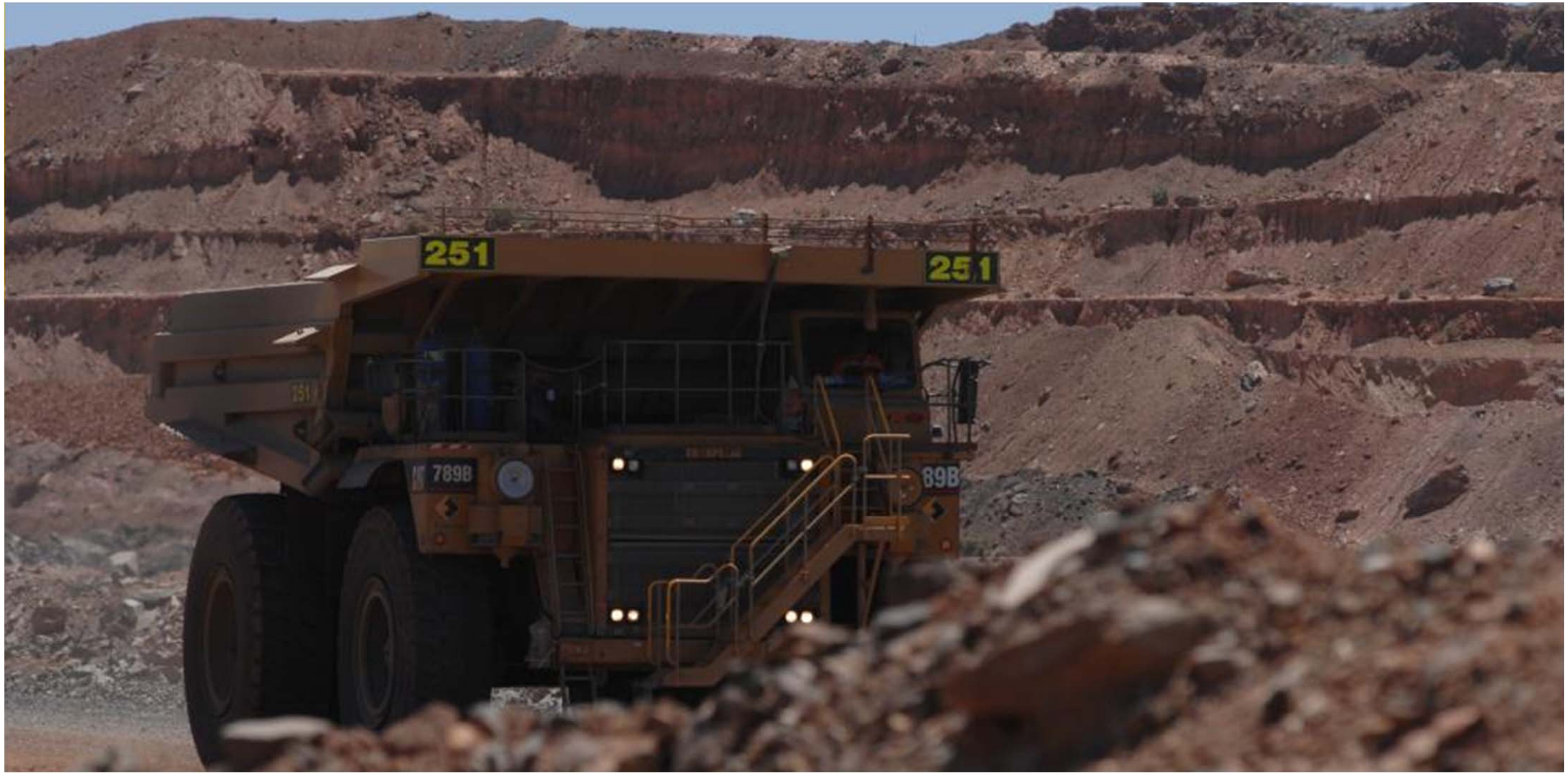


Indonesia:

- Coal producers well placed on cost curve, but monitoring global trends
- $30m growth capital deployed in Q1 with long term contracts in place

Chile:

- Copper fundamentals intact, volume growth expected
- $55m of FY13 growth capital now under contract



Financial Overview

Financial summary

Strong performance in Australia with offshore businesses picking up steam

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	FY12	FY11		Var %
REVENUE	**565.2**	502.5	▲	12.5%
EBITDA	**261.7**	223.3	▲	17.2%
EBIT	**126.0**	101.2	▲	24.5%
NPAT	**71.1**	56.0	▲	27.0%
ROC %	**13.2%**	11.3%	▲	16.7%
OP. CASHFLOW	**214.3**	159.7	▲	34.2%
GEARING	**1.47**	1.38	-	6.5%
DIVIDENDS	**6.0**	5.0	▲	20.0%

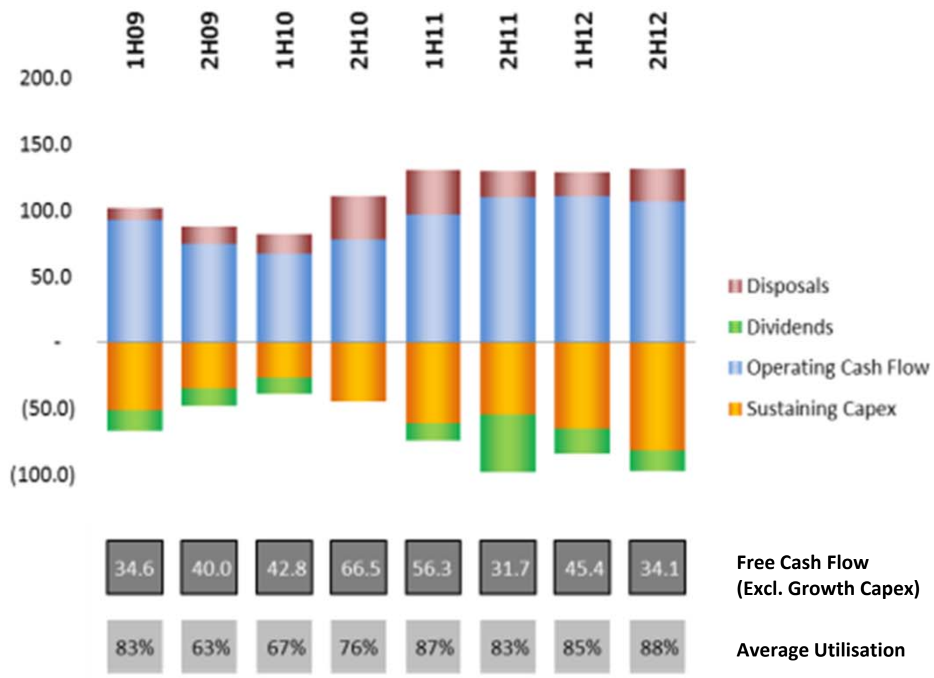
Note: Gearing calculated as Normalised R12 EBITDA divided by Net Debt

Cash Flow & Capital Expenditure

Strong operating cash flow provides flexibility

- EBITDA performance delivered 34.2% growth in operating cash flow in FY12
- Working capital efficiency remains a focus
- +$100M available cash flow after net sustaining capex
- FY13 SIB capex expected to be lower than previous guidance of $110m - $120m
- Targeting positive free cash flow despite $80M[1] payment for growth investment in FY13

Free Cash Flow Generation (ex Growth Capex)



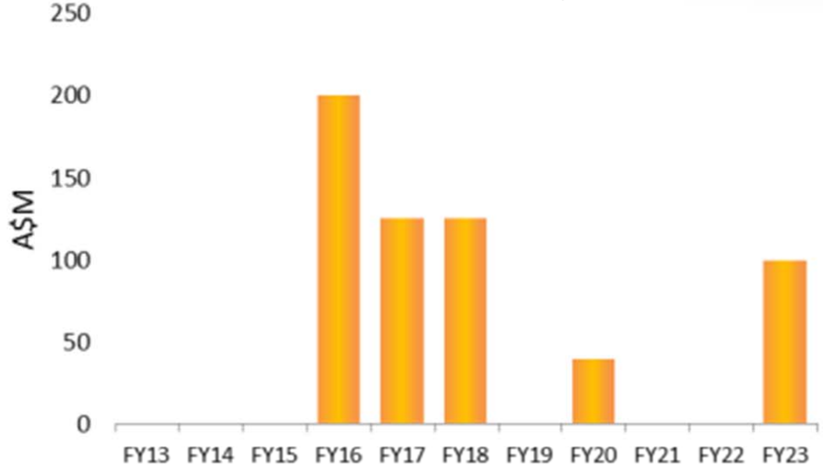
Note [1]: FY13 Growth capex of $140M includes $60M paid prior to 30 June 2012

Balance Sheet & Capital Management

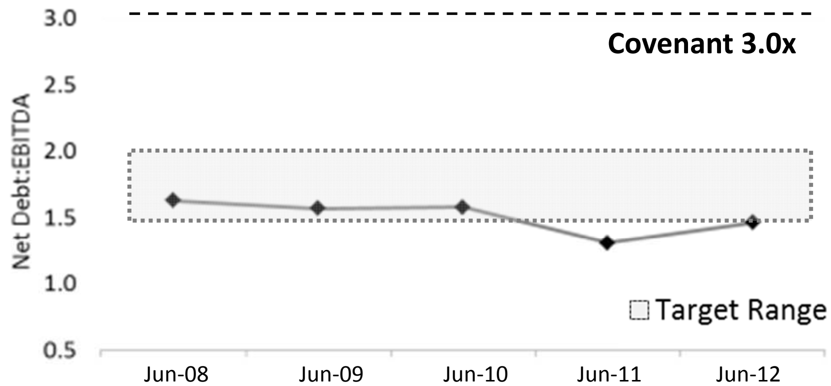
Balance sheet provides certainty and flexibility

- Strong balance sheet with quality assets and secure debt portfolio
- Bank debt refinancing and USPP provides average maturity profile of ~5 years
- Gearing towards bottom of target range
- Cash flow levers ensures gearing can be comfortably managed across the cycle
- Ongoing consideration of capital management:
  - Special dividend (5.0cps) in 1H11
  - FY12 ordinary dividends up 20% yoy
  - Executing share buy-back program

Emeco's Debt Maturity Profile



Gearing

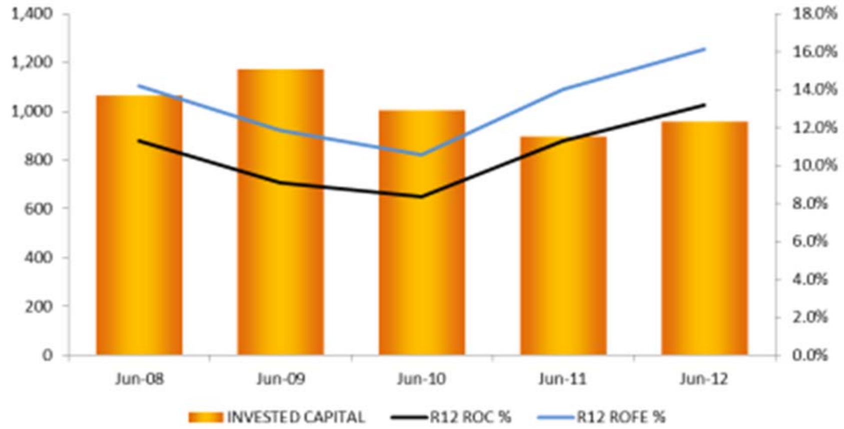


Note:
Facilities headroom comprises of Senior Debt, USPP notes, finance leases and working capital facility; Net debt comprises drawn senior debt, USPP notes & finance leases, less cash on hand

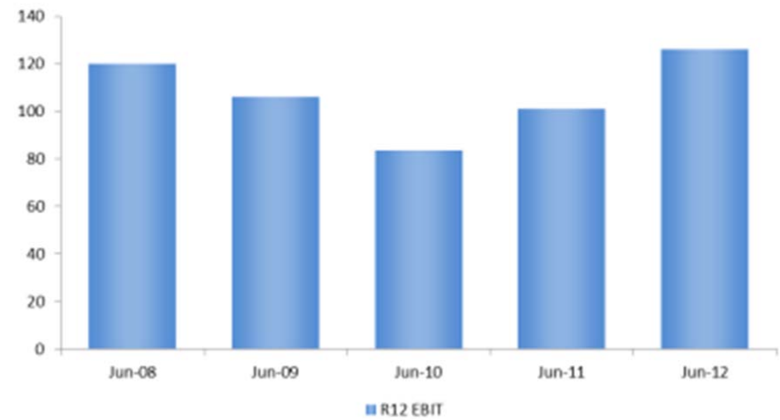
Return on Capital
Quality in the earnings growth

- Strategy has focused on:
  - ✓ Exiting low returning assets/businesses
  - ✓ Invest in production focused fleet
  - ✓ Target highly productive customers
  - ✓ Leverage fixed cost and goodwill
- **Australia –** incremental investments to generate acceptable long term returns
- **Canada & Indonesia -** Foundations in place for further improvements in returns
- **Chile -** Organic growth entry expected to benefit ROC in the near term

ROC, ROFE & INVESTED CAPITAL



EBIT PERFORMANCE



ROC calculated as R12 operating EBIT divide average Invested Capital
Invested capital = 'Equity plus Net Debt'

Strategy & Outlook

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How has the business changed?

Business now fitter, more sustainable and well positioned for the future

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Financial performance:	Strategy translating to improved earnings and returns
Non-core businesses:	Exited non-core businesses releasing underperforming capital & earnings drag
Fleet mix:	Large mining fleet investment and civil earthmoving divestment positions business to withstand volatility
Customers & Contracts:	Targeting quality miners with high productivity Improved contractual tenure and minimum hours
Offshore markets & commodity diversification:	Building foundation of value adding businesses offshore Each offshore business including Chile provides diversified exposure to growing mining markets
Investment grade debt facilities	Diversified sources of funding in place with balanced maturity profile
Culture:	Focussing on building a positively engaged workforce

Strategic focus

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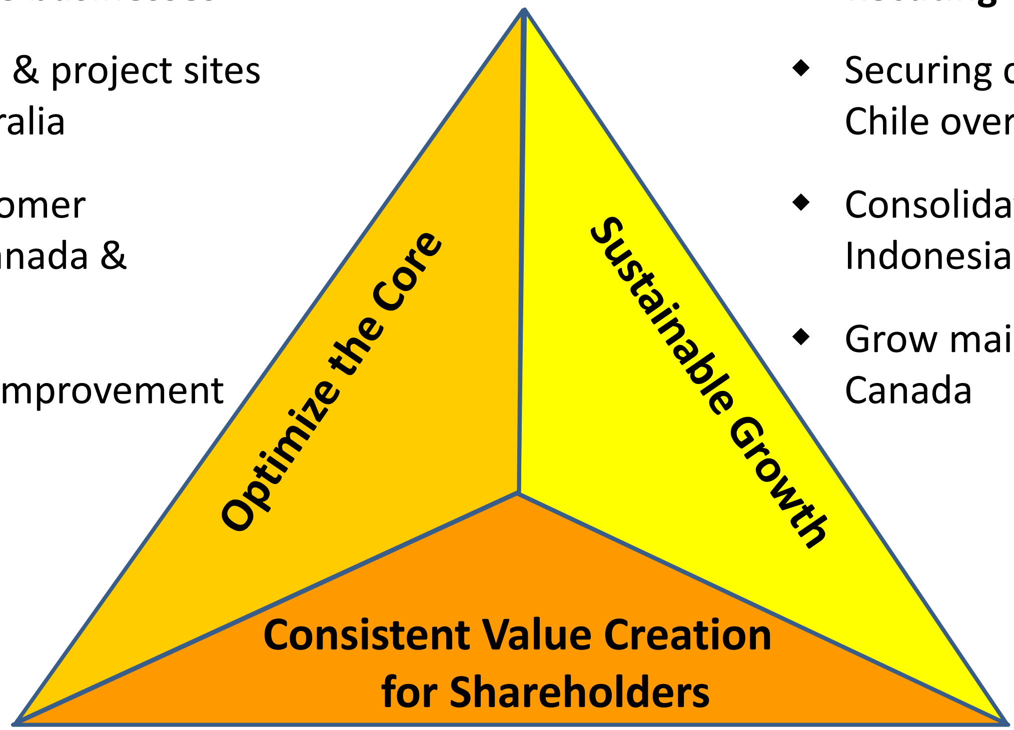
Improving our core businesses

- Contract renewals & project sites a priority for Australia
- Build on new customer relationships in Canada & Indonesia
- Execute business improvement initiatives

Executing on organic growth

- Securing contracts for new fleet into Chile over FY13
- Consolidate contract wins in Indonesia
- Grow maintenance opportunity in Canada



Identify value creating opportunities aligned with strategy

- Maintain strong balance sheet including ongoing funding strategy
- Capital allocation continually reviewed based on shareholder returns

Emeco Outlook

A diversified portfolio to provide benefits in the year ahead

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- Changing environment in **Australian** market with focus on operating costs by customers
  - Recent contract wins in **gold** and **iron ore**
  - Renewed large contracts with **coal** customers late in 2H12
  - Number of contracts with some coal customers concluding mid FY13 as expected, but visibility on extension limited
- Expected to build on solid summer with strong winter in **Canadian oil sands**
- Low cost producers expected to provide further opportunities in **Indonesian coal**
- **Copper** expansion projects in **Chile** supportive of market entry strategy
- **Emeco's cost and capital** continually being reviewed to ensure the business remains in shape to manage volatility and capture opportunities

Questions

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Further Information

Thank you for your interest in Emeco

Further investor enquiries should be directed to:

- **Keith Gordon** CEO
- **Stephen Gobby** CFO

emecogroup.com

Appendices

Detailed Financials

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Profit & Loss

A$ Millions	FY11 Operating	FY12 Operating	Var %
Revenue	502.5	565.2	12.5
EBITDA	223.3	261.7	17.2
EBIT	101.2	126.0	24.5
Interest	(23.0)	(24.4)	6.1
Tax	(22.2)	(30.4)	36.9
NPAT	56.0	71.1	27.0
EPS (cps)	8.9	11.3	27.0
DPS (cps)	5.0	6.0	20.0
Invested Capital	896.9	955.6	6.5
R12 ROC (%)	11.3%	13.2%	1.9%

Balance Sheet

A$ Millions	Jun-10 A$ m	Jun-11 A$ m	Jun-12 A$ m
General working capital	85.9	59.2	69.0
Sales & Parts inventory	77.7	42.7	29.7
Rental plant	572.1	620.6	793.1
Intangibles	178.2	173.2	173.9
Other assets	96.3	81.8	56.7
Cash	5.2	5.0	73.1
Total debt	(309.3)	(298.8)	(459.5)
Other liabilities	(83.3)	(81.6)	(22.6)
Net Assets	**622.7**	**602.2**	**640.4**
Facilities Headroom	328.4	198.9	169.9
Interest Cover	8.70	9.73	11.37
Net Debt: EBITDA	1.56	1.36	1.47

Cash flow

A$ Millions	FY11 A$ m	FY12 A$ m
Cash from operations	196.3	252.5
Interest & Borrowing costs	(22.6)	(24.3)
Income tax payments	(14.0)	(13.8)
Operating Cash flow	**159.7**	**214.3**
General Working Capital	9.0	(9.8)
Sales & Parts Inventory	37.6	13.5
Cash flow from Operating Activities	206.3	218.0
Sustaining Capex	(87.5)	(127.1)
Other Property, Plant & Equipment	(27.9)	(19.5)
Disposals	53.9	42.8
Sustaining Fleet Cash Flow	(61.5)	(103.9)
Cash flow (pre investment)	**144.8**	**114.1**
Dividends	(56.9)	(34.7)
Growth Capex	(105.8)	(170.4)
Free Cash flow (post investment)	**(17.9)**	**(91.0)**

Finance Facilities

A$ Millions	Facility limit	Drawn 30-Jun-12	Headroom	Maturity
Senior Debt (3-year)	300.0	242.6	57.4	Nov 2013
Senior Debt (5-year)	150.0	59.3	90.7	Nov 2015
USPP (7-year)	40.5	40.5	–	May 2019
USPP (10-year)	101.3	101.3	–	May 2022
Finance Lease	15.7	15.7	–	Aug 2015
Working Capital	21.9	–	21.9	Range
Total Debt	**629.4**	**459.5**	**169.9**	**–**
Cash	–	(73.1)	73.1	–
Net Debt	**629.4**	**386.4**	**243.0**	**–**

Geographic Segments

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Australia

	Operating Results		
	FY11	FY12	Var %
Revenue	327.2	**383.3**	17.1%
EBITDA	185.3	**215.7**	16.4%
EBIT	98.3	**115.6**	17.6%
Avg. Funds Employed	413.0	**507.6**	22.9%
ROFE %	23.8%	**22.8%**	-4.4%
No. machines at 30 June	542.0	**509.0**	-6.1%
WDV machines at June	421.2	**486.0**	15.4%
No. workforce	576.0	**580.0**	0.7%
LTIFR	3.9	**3.1**	-19.6%

Indonesia

	Operating Results		
	FY11	FY12	Var %
Revenue	44.6	**49.9**	12.0%
EBITDA	21.0	**25.2**	19.9%
EBIT	5.3	**10.0**	87.8%
Funds Employed	81.5	**77.8**	-4.6%
ROFE %	6.5%	**12.8%**	97.0%
No. machines at 30 June	182.0	**229.0**	25.8%
WDV machines at June	53.7	**96.0**	78.8%
No. workforce	293.0	**356.0**	21.5%
LTIFR	–	**–**	0.0%

Canada

	Operating Results		
	FY11	FY12	Var %
Revenue	64.9	**67.2**	3.5%
EBITDA	32.6	**35.9**	10.1%
EBIT	14.0	**16.2**	15.4%
Funds Employed	123.9	**160.4**	29.4%
ROFE %	11.3%	**10.1%**	-10.8%
No. machines at 30 June	148.0	**169.0**	14.2%
WDV machines at June	102.9	**212.0**	106.0%
No. workforce	71.0	**93.0**	31.0%
LTIFR	–	**5.6**	100.0%

Note: Australia excludes Victoria (discontinued) and Sales & Parts

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