Pro rata renounceable entitlement offer

21 March 2017

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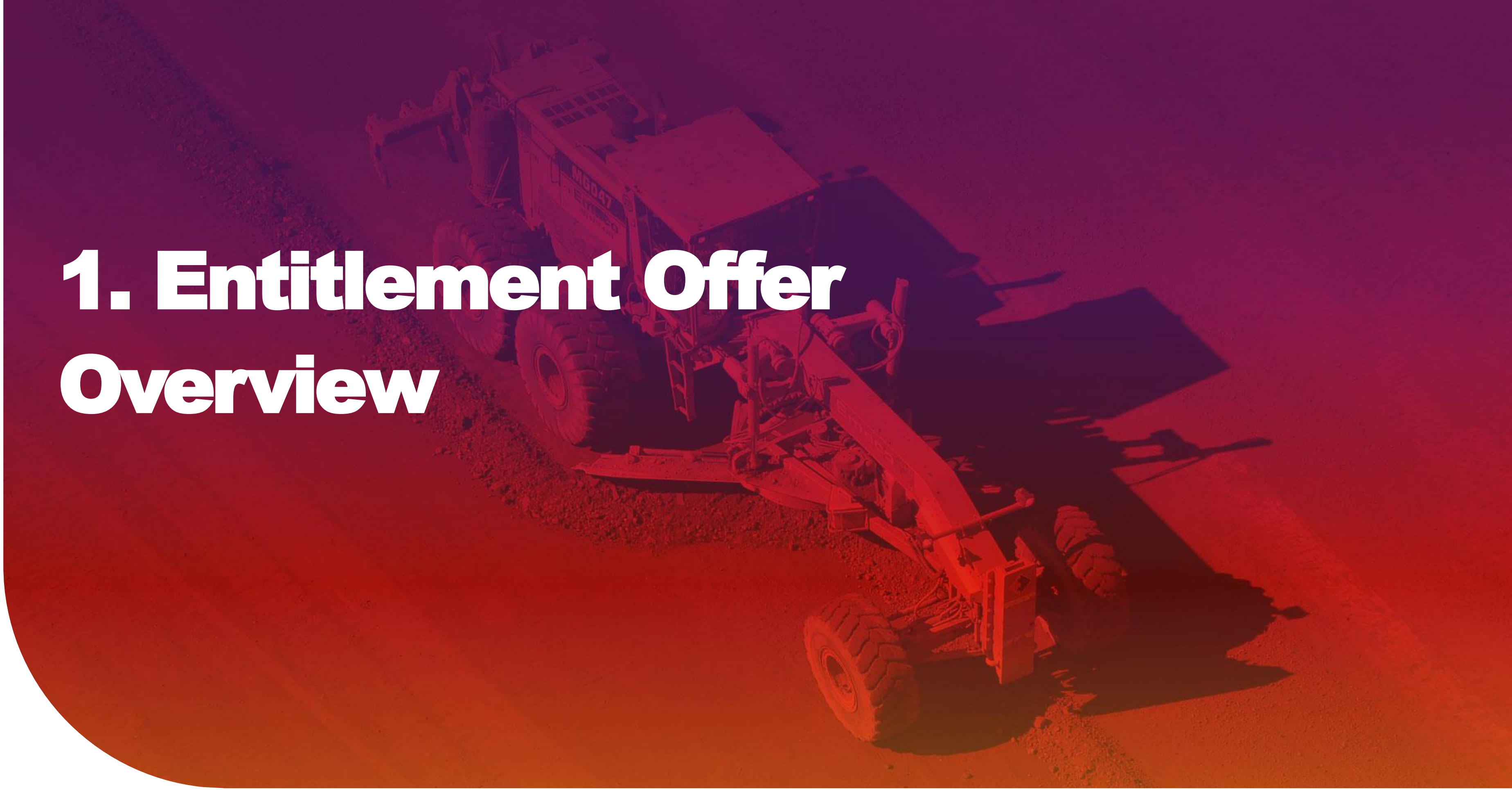


1. Entitlement Offer Overview

SUMMARY

Entitlement Offer size and structure

Emeco Holdings Limited ("Emeco") will offer 183.8 million New Shares at $0.1088 per New Share to raise approximately A$20 million via a fully underwritten pro rata renounceable entitlement offer ("Entitlement Offer")

New Shares issued under the Entitlement Offer will rank equally in all respects with existing Emeco shares

Use of funds

Net proceeds from the Entitlement Offer will be used to fund the previously announced recapitalisation of Emeco (the "Restructure") and the acquisitions of Andy's and Orionstone ("Acquisitions") and provide additional financial flexibility throughout the Acquisition integration period

Entitlement Offer price[1]

The Entitlement Offer will be made at a fixed price of $0.1088 per share ("Entitlement Offer Price"):

- 45% premium to last Emeco closing price of $0.075 per share
- 33% premium to Emeco's Theoretical Ex-rights Price of $0.082 per share[2]

The Entitlement Offer Price was determined in accordance with the terms of the Revised Restructuring Support Agreement ("Amended RSA")[3]

Entitlement Offer rationale

Assists in minimising dilution for existing Emeco shareholders

Allows Emeco shareholders to participate in the future upside of the combined group

Enhances Emeco's financial flexibility

Underwriting

The Entitlement Offer is fully underwritten by Black Diamond, Black Crane Asia Opportunities Fund and First Samuel, who are each existing major shareholders and / or noteholders of Emeco

Key dates

24 March 2017
Entitlement trading commences on ASX

27 March 2017 (7pm)[4]
Record Date

29 March 2017
Entitlement Offer opens

3 April 2017
Entitlement trading on ASX ends

10 April 2017
Entitlement Offer closes

19 April 2017
Issue of New Shares under the Entitlement Offer

20 April 2017
New Shares issued under the Entitlement Offer commence trading

1. The Entitlement Offer Price was determined in accordance with the terms of the Amended RSA (as defined below).
2. The theoretical ex-rights price is the theoretical price at which Emeco shares should trade immediately after the ex-date for the Entitlement Offer. The TERP is a highly theoretical calculation for illustrative purposes only and the actual price at which Emeco shares trade immediately after the ex-date for the Entitlement Offer may vary from TERP. TERP is calculated by reference to Emeco's closing price of $0.075 per share on 20 March 2017, being the last trading day prior to the announcement of the Entitlement Offer.
3. In determining the Entitlement Offer Price, the Amended RSA seeks to recognise the amount of value contributed to the combined group by each counterparty to the Transaction (such as Orionstone, Andy's and the various creditors of Emeco, Orionstone and Andy's) and represents the mutual agreement of the parties following a series of detailed negotiations. For further detail, refer to Emeco's separate announcement "Recapitalisation and merger equity allocations" lodged with the ASX today
4. Australian Eastern Standard Time.

UPDATE ON RESTRUCTURE AND ACQUISITIONS

The Restructure and Acquisitions have been approved by shareholders and creditors

1. Emeco shareholders approved the Restructure and Acquisitions at the Extraordinary General Meeting on 13 March 2017
2. Noteholders of Emeco approved the Noteholder's Scheme of Arrangement at the Scheme Meeting on 13 March 2017
3. Final court approval obtained for Noteholder's Scheme on 15 March 2017
4. Noteholder's scheme became effective on 16 March 2017
5. Completion date under the Restructure and Acquisitions scheduled for 31 March 2017

RATIONALE FOR THE ENTITLEMENT OFFER

The Entitlement Offer enables shareholders to further participate in Emeco's growth

Minimises dilution for existing Emeco shareholders	▪ Participation in the Entitlement Offer assists in minimising the shareholder dilution arising as a result of the Restructure and Acquisitions
Allows Emeco shareholders to participate in the future upside of the combined group	▪ Provides Emeco's existing shareholders[1] with the opportunity to further participate in the future growth of the Company following implementation of the Restructure and Acquisitions ▪ For shareholders who do not wish to participate in the Entitlement Offer, there is an opportunity to potentially realise value from their Entitlements[2]
Enhances Emeco's financial flexibility	▪ Fully underwritten Entitlement Offer secures additional funds for the Company, assisting in funding the Restructure and Acquisitions and providing additional financial flexibility throughout the Acquisition integration period ▪ Support for the Entitlement Offer from shareholders and noteholders via their underwriting commitment is a strong endorsement of the Company's strategy and long term growth potential

1. Eligible shareholders are those shareholders who are registered as a holder of fully paid Emeco shares as at the record date of 7.00pm (Sydney time) Monday, 27 March 2017, and who have a registered address on Emeco's share register that is in Australia or New Zealand. Certain institutional shareholders in Hong Kong and Singapore may also be eligible to participate – see Appendix B: International Offer Jurisdictions.
2. Entitlements trading will be available on the ASX. Prices obtainable for Entitlements may rise and fall over the Entitlement trading period and will depend on many factors including the demand for and supply of Entitlements on the ASX and the value of Emeco existing Shares relative to the Offer Price. If you sell your Entitlement, you may receive a higher or lower amount than a shareholder who sells their Entitlement at a different time in the Entitlement trading period. As the Offer Price exceeds the market price of Emeco's shares as at last close, a market for the Entitlements may not develop and shareholders may not be able to achieve a sale of their Entitlements on the ASX.

SOURCES AND USES OF FUNDS

Net proceeds from the Entitlement Offer will be used to fund the Restructure and Acquisitions and general working capital, providing Emeco with enhanced financial flexibility through the integration period

Sources of funds	A$ million
Gross proceeds from the Entitlement Offer	20.0
Gross proceeds	**20.0**

Uses of funds	A$ million
Entitlement Offer costs	0.3
General working capital and Restructure and Acquisition costs	19.7
Total Uses	**20.0**

RIGHTS ISSUE TIMETABLE

Event	Date
Announcement of the Entitlement Offer	Tuesday, 21 March 2017
Ex-date for the Entitlement Offer	Friday, 24 March 2017
Entitlement trading commences on ASX	Friday, 24 March 2017
Record Date for eligibility for the Entitlement Offer	Monday, 27 March 2017 (7.00pm Sydney time)
Offer Booklet despatched to Eligible Shareholders	Wednesday, 29 March 2017
Entitlement Offer opens	Wednesday, 29 March 2017
Entitlement trading on ASX ends	Monday, 3 April 2017
Entitlement Offer closes	Monday, 10 April 2017 (5.00pm Sydney time)
Issue of New Shares under the Entitlement Offer and dispatch of holding statements	Wednesday, 19 April 2017
New Shares issued under the Entitlement Offer commence trading on ASX on a normal settlement basis	Thursday, 20 April 2017

Note: The timetable above is indicative only and may be subject to change. Emeco reserves the right to amend any or all of these dates and times without notice, subject to the Corporations Act, the ASX Listing Rules and other applicable laws. In particular, Emeco reserves the right to extend the closing date of the Entitlement Offer, to accept late applications under the Entitlement Offer (either generally or in particular cases) and to withdraw the Entitlement Offer without prior notice. Any extension of the closing date will have a consequential effect on the issue date of New Shares.

PRO FORMA OWNERSHIP

Emeco's shareholders will hold 36% of the combined group post completion of the Restructure and Acquisitions, prior to the Management Incentive Plan

	% of shares outstanding
Existing Emeco shareholders	27%
Entitlement Offer – Participants	8%
Entitlement Offer – Underwriting Fees	1%
Black Diamond (Excluding Entitlement Offer underwriting)	22%
Other Emeco noteholders	12%
Orionstone shareholders	10%
Orionstone creditors	11%
Andy's shareholders	5%
Andy's creditors	5%
Total	**100%**

- Existing Emeco shareholders will own 36% of the combined group post-completion of the Restructure and Acquisitions (prior to the Management Incentive Plan) if all existing shareholders fully participate in the Entitlement Offer
- Black Diamond has been appointed as an Underwriter to the Entitlement Offer for an amount up to A$10 million
- Black Diamond may potentially hold up to a maximum of 26% of Emeco's Shares following implementation of the Restructure and Acquisitions and completion of the Entitlement Offer, prior to the Management Incentive Plan

- As disclosed in the Notice of Extraordinary General Meeting and the Explanatory Statement for the Restructure and Acquisitions dated 8 February 2017, the Entitlement Offer has been fully underwritten by Black Diamond (50%), Black Crane Asia Opportunities Fund (10%) and First Samuel (40%), who are existing major shareholders or noteholders of Emeco. The underwriters will be paid a fee equal to 7% of the underwritten amount of $20 million, by way of the issue of new Emeco shares. The underwriting obligation was subject to a number of conditions precedent relating to (amongst other things) the approval and implementation of the Restructure and Acquisitions, each of which have been satisfied. There are no termination rights under the underwriting agreement. Emeco has otherwise provided customary representations, warranties and indemnities in favour of the underwriters in respect of the Entitlement Offer and matters related to Emeco's business

COMPANY HIGHLIGHTS

A strengthened balance sheet and greater fleet scale and capability, together with Emeco's ongoing focus on business improvement and operational excellence, provide a platform for long term growth

1. Strategically compelling mergers providing Emeco with **a significantly enhanced market position**
2. Access to **long-term debt and majority shareholder support** – a core competitive advantage through the cycle
3. Restructure provides **a sustainable capital structure** with reduced leverage and improved interest coverage with new senior secured notes maturing in FY22 and a refinanced ABL facility providing incremental liquidity
4. The combined group is expected to generate **gross cost synergies of $15 million** p.a. plus significant capital expenditure savings[1]
5. Focus on **operational excellence**, disciplined financial management and cash generation expected to **continue to reduce debt**
6. Combined group management team includes **experienced and capable executives** with deep customer relationships, a track record of innovation and an ability to create project opportunities

1. Based on management estimates and assumed savings due to headcount rationalisation, footprint optimization and reduction in overheads. Actual synergies achieved may differ from this number.

2. Overview of Restructure and Acquisitions

OVERVIEW OF THE RESTRUCTURE AND ACQUISITIONS

On 3 January 2017, Emeco announced that it had signed an amended and restated restructuring support agreement ('RSA') with its financiers and the major creditors and shareholders of Orionstone and Andy's

The RSA sets out the key terms of the Restructure and Acquisitions which comprises:

Orionstone acquisition	▪ Acquisition of Orionstone through the exchange of 100% of the ordinary shares of Orionstone for the issue of 9% of Emeco shares on issue
Andy's acquisition	▪ Acquisition of Andy's through the exchange of 100% of the ordinary shares of Andy's for the issue of 5% of Emeco shares on issue
Debt for equity swap	▪ Debt for equity swap whereby the claims of the holders of Emeco's A$371 million[1], 9.875% 144A notes due on March 2019, Orionstone creditors and Andy's creditors will be compromised and extinguished in exchange for new senior secured notes for A$466 million with a 5 year maturity due to expire in March 2022 and cash interest of 9.25% per annum, and shares in Emeco[2]
Entitlement Offer	▪ A$20m Entitlement Offer, fully underwritten by First Samuel Limited, Black Crane Asia Opportunities Fund and Black Diamond Capital Management in the following proportions: – Black Diamond – 50% (A$10 million) – First Samuel – 40% (A$8 million) – Black Crane – 10% (A$2 million) ▪ The Underwriters have agreed to pre-fund $10 million of their underwriting commitment to ensure these funds are available to Emeco on completion of the Restructure and Acquisitions
Revolving loan facility	▪ Entry into a new revolving loan facility agreement due to expire in March 2020 following cancellation of commitments under Emeco's asset backed loan that is due to expire in December 2017

1. USD282.7 million, 9.875% 144A notes due in March 2019 converted to AUD371 million in the RSA using an exchange rate of 0.763 (AUD390.7 million converted at the RBA quoted exchange rate of 0.7236 on 30 December 2016) 2. Emeco plans to enter into hedging arrangements for the new senior secured notes, which will impact the company's cost of financing

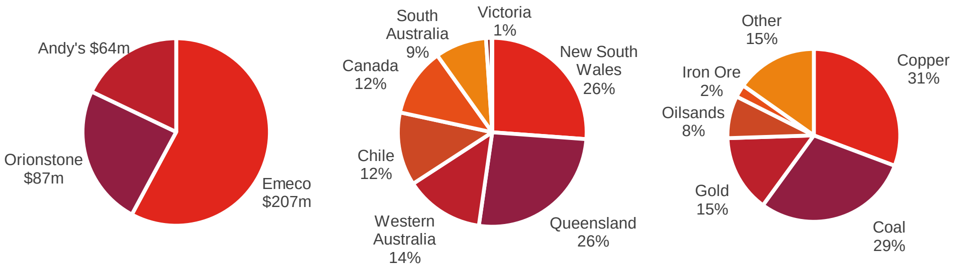
PROFILE OF THE COMBINED GROUP

The combined group will be a stronger, lower cost and more competitive rental company focused on reliably serving customers and developing innovative solutions

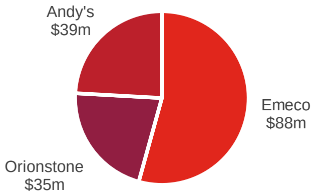
Benefits of the combined group

- Increased fleet capabilities and refreshed fleet age, improving the combined group's capability to create project opportunities
- Both Orionstone and Andy's have valuable expertise in the rental space and deep customer relationships which will benefit the combined group as a whole
- The combined group is expected to generate significant cost synergies and capital expenditure savings
- Enhanced geographic and end market exposure

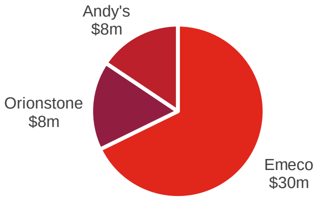
FY16 Pro Forma Revenue[1]



1H17 Pro Forma Revenue[2]



1H17 Pro Forma EBITDA[2]



1. Revenue by commodity is estimated based on predominant commodity exposure
2. No pro forma adjustments have been made to 1H17 Revenue or EBITDA for the post merger group. Until such time as the acquisition accounting can be finalised and the formation of a tax consolidation group considered, the resulting tax, depreciation and amortisation consequences cannot be reliably determined and therefore no pro forma adjustments have been made.

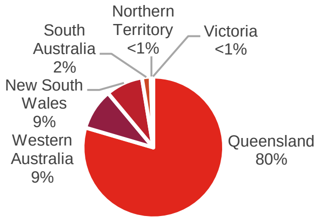
OVERVIEW OF ORIONSTONE

Orionstone brings a high quality fleet, innovative systems, strong maintenance capability and a track record of developing projects to the combined group

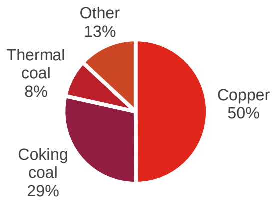
Strategic rationale

- Complementary fleet composition provides greater scope to create project opportunities
- Orionstone's younger fleet will contribute to capital expenditure synergies
- High quality fleet maintenance, business systems and processes
- Provides diversification by customer, geography and commodity
- Combination expected to generate significant cost and capital expenditure synergies
- The current CEO and founder of Orionstone, Mr Ashley Fraser, will remain with the combined group focused on business improvement

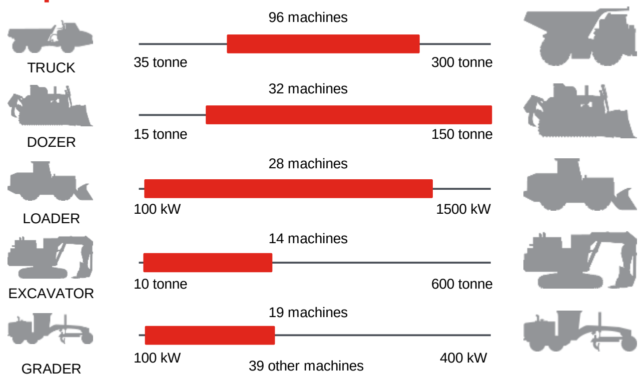
Revenue by geography (FY16)[1]



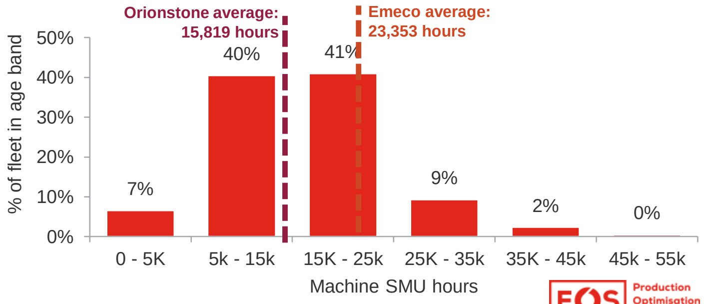
Revenue by commodity (FY16)[1]



Fleet profile



Attractive fleet age profile[2]



1. Excludes certain non-rental revenue. Revenue by commodity is estimated based on predominant commodity exposure.
2. Fleet age profile is indicative as at September 2016.

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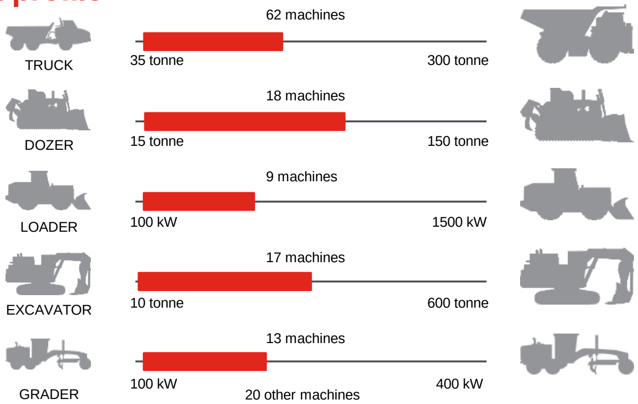
OVERVIEW OF ANDY'S

Merger with Andy's enhances Emeco's customer offering and provides additional fleet diversity

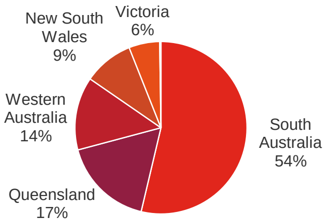
Strategic rationale

- Merging with Andy's provides Emeco with a more diverse rental fleet, customer base and capability as the business has significant expertise in large scale civil earthworks
- Provides diversification by customer, geography and commodity
- Expected to generate significant operating cost synergies
- Expected to generate significant capital expenditure synergies due to the integration of Andy's younger fleet
- The current Managing Director and founder of Andy's, Mr Andy Hoare, will remain with the combined group focused on business development

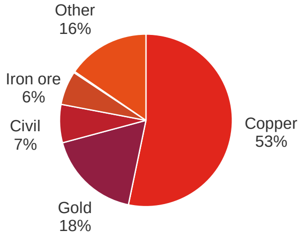
Fleet profile



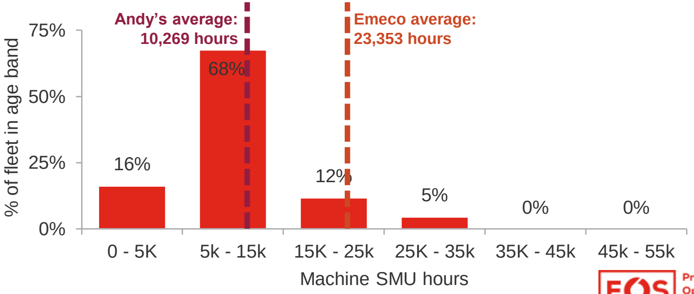
Revenue by geography (FY16)



Revenue by commodity (FY16)[1]



Attractive fleet age profile[2]

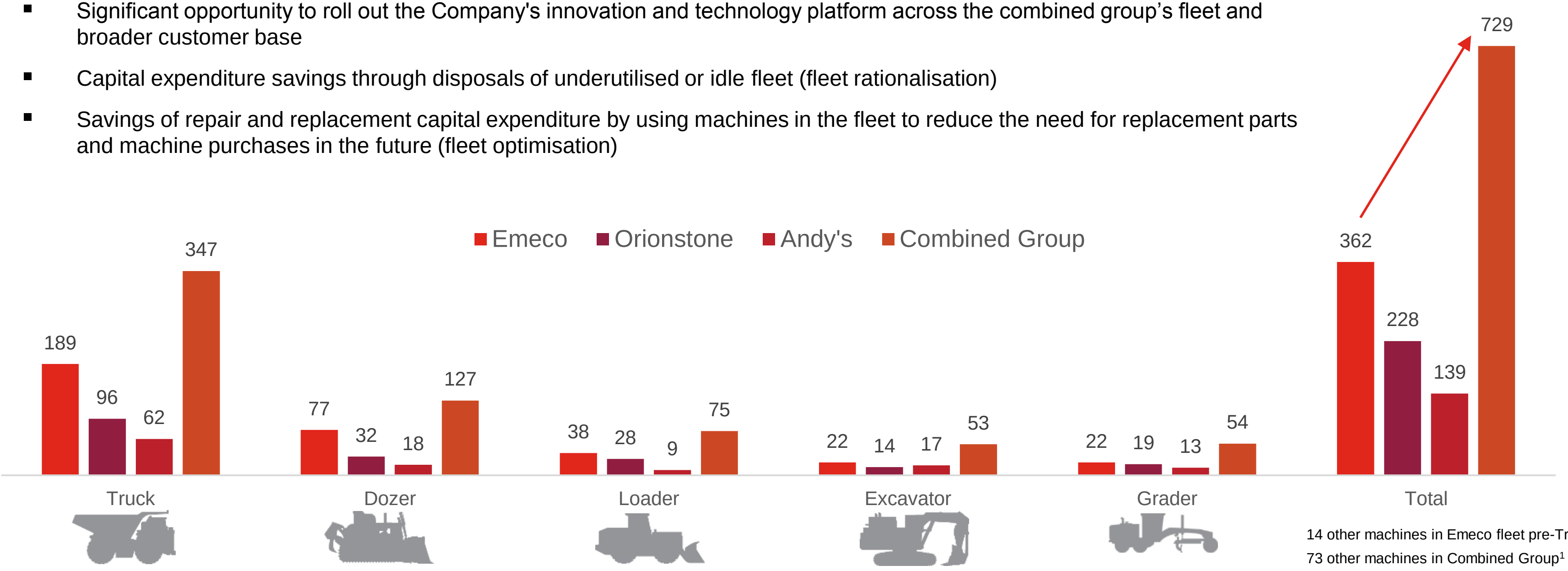


1. Excludes certain non-rental revenue. Revenue by commodity is estimated based on predominant commodity exposure.
2. Fleet age profile is indicative as at September 2016.

IMPROVED FLEET CAPABILITY

The Restructure and Acquisition results in a 23% reduction in Emeco's average fleet age – 18,003 hours post-Transaction, down from the Company's pre-Transaction average of 23,353 hours[1]

- Enhanced fleet capability better placed to serve customers
- Significant opportunity to roll out the Company's innovation and technology platform across the combined group's fleet and broader customer base
- Capital expenditure savings through disposals of underutilised or idle fleet (fleet rationalisation)
- Savings of repair and replacement capital expenditure by using machines in the fleet to reduce the need for replacement parts and machine purchases in the future (fleet optimisation)



14 other machines in Emeco fleet pre-Transaction[1]
73 other machines in Combined Group[1]

1. Fleet age profile and "other machine" count is indicative as at September 2016.
Note: Total includes 73 other machines

MEANINGFUL SYNERGY BENEFITS

The Restructure and Acquisitions provides an opportunity to unlock substantial synergies including incremental revenue opportunities, cost efficiencies and capital expenditure savings

The combined group is expected to generate gross cost synergies of A$15m on a pro forma annualised basis, in addition to revenue opportunities and capital expenditure synergies[1]

Revenue opportunities	▪ Enhanced fleet capabilities better placed to serve customers and positions the combined group to capture benefits of any market recovery ▪ Management expertise and innovative product offering to widen customer value proposition and create new projects ▪ Significant opportunity to roll out Emeco's EOS technology across the combined group's fleet and broader customer base
Overhead and cost reductions	▪ Focus on operational excellence to further reduce operating costs by standardising best practices across the combined group ▪ Synergies are expected to be generated by: — Removal of duplicate sites and operational overlap — Consolidating the combined group's employee base — Head office and shared infrastructure and services savings — Supplier arrangements and savings through volume leverage and economies of scale — Reduced repairs and maintenance expense through operational excellence initiatives
Capital expenditure savings	▪ Combined group capital expenditure is expected to be materially reduced through: — Disposals of underutilised or idle fleet (fleet rationalisation); and — Savings of replacement and growth capital expenditure (fleet optimisation) by using machines in the fleet to reduce the need for replacement machine purchases in the future

1. Based on management estimates and assumed savings due to headcount rationalisation, footprint optimization and reduction in overheads. Actual synergies achieved may differ from this number.

3. Financial Impact

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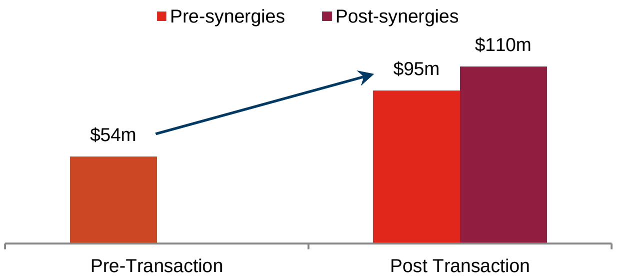
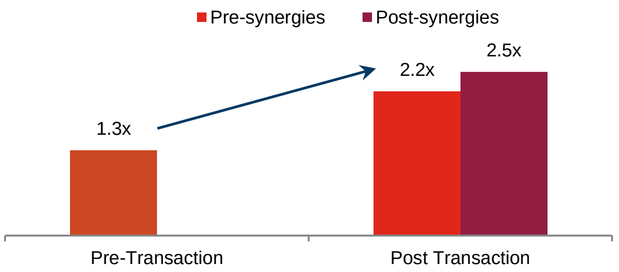
SIGNIFICANTLY ENHANCED FINANCIAL METRICS

The Restructure and Acquisitions reduces pro forma leverage to 4.4x PF FY16 EBITDA[1] with cash generation expected to further deleverage the balance sheet

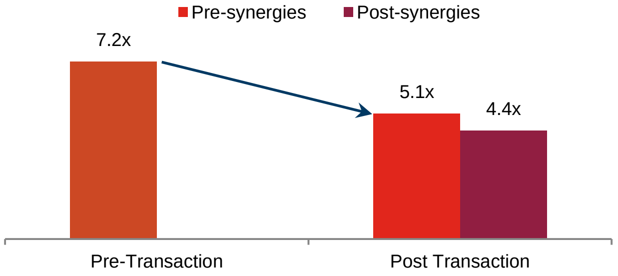
Significantly enhanced scale – FY16 PF EBITDA[1]



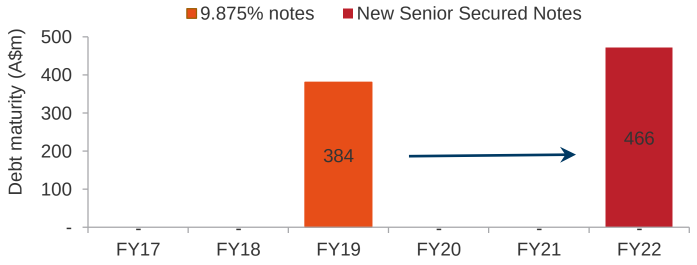
Improved interest coverage[1,2]



Reduction in net debt / EBITDA[1]



Notes maturity extended[2,3]



1. FY16PF EBITDA is calculated as actual FY16 EBITDA for each company, adjusted for certain extraordinary items plus an annualised run-rate cost synergy of A$15m. Pre-Transaction debt for EHL only is as 2017 interim results presentation. $54m of EBITDA represents Emeco's FY16 operating EBITDA.
2. FY16PF interest assumes full year of senior secured note interest and excludes capital lease interest expense. 3. 9.875% notes in A$m as of 31 Dec 2016.

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PRO FORMA COMBINED PROFIT & LOSS INFORMATION

1H17 pro forma profit and loss information (pre-synergies and including one-off costs associated with the transaction)

	Emeco $'000	Orionstone $'000	Andy's $'000	Total $'000	Swap Closeout[4] $'000	Refinancing[3,5] $'000	Pro forma Combined Group $'000
Revenue[1]	87,783	34,887	38,984	**161,654**	-	-	**161,654**
EBITDA[2]	30,073	8,251	7,741	**46,065**	-	-	**46,065**
Depreciation and Amortisation[2]	(28,691)	(13,416)	(7,029)	**(49,136)**	-	-	**(49,136)**
Net Finance Costs[3,4,5]	(32,728)	(8,957)	(3,433)	**(45,118)**	1,801	49,045	**5,728**
NPAT[2]	(31,346)	(14,122)	(2,721)	**(48,189)**	1,801	49,045	**2,657**

Notes:
The above information has been compiled to illustrate the impact of the transaction on the financial performance of the combined group had the transaction taken place on 31 December 2016.
Expected synergies of the combined group have not been reflected in the above table.
Refer to the Notice of Meeting and Explanatory Memorandum for further details on the pro forma adjustments

1. No pro forma adjustments have been made to 1H17 Revenue or EBITDA for the post merger group.
2. Until such time as the acquisition accounting can be finalised and the formation of a tax consolidation group considered, the resulting tax, depreciation and amortisation consequences cannot be reliably determined and therefore no pro forma adjustments have been made.
3. The extinguishment of the existing debt gives rise to an increase in net finance income for the gain on debt forgiveness of $48.9 million. Net finance costs are increased for the $10.1 million unwind of the capitalised borrowing costs on the existing debt and the expensing of $8.7 million of transaction costs associated with the acquisition of Orionstone and Andy's.
4. In the six months ending 31 December 2016, Emeco closed out the remaining interest rate swaps recorded. The pro forma adjustment reflects the reversal of the hedge gain of $15.4 million recognised in net finance costs and the corresponding foreign exchange expense of $17.2 million recognised on the unhedged liability.
5. Interest expense of $21.5 million has been reversed resulting in finance costs of $24.6 million of which $21.6 million relates to interest on the new debt that would have been incurred had the Scheme been in place from 1 July 2016 as well as the unwind of capitalised borrowing costs in the amount of $2.6 million and a further $0.4 million of interest charges related to existing finance leases. The pro forma assumes an interest rate of 9.25% and Tranche B Notes with a face value of A$466.5 million. The amount of interest could change depending on the final value of the Tranche B Notes issued and any hedging arrangements entered into

PRO FORMA COMBINED BALANCE SHEET

Pro forma balance sheet as at 31 December 2016

	Emeco $'000	Orionstone[1] $'000	Andy's[1] $'000	Total S'000	Refinancing[2] $'000	Entitlement Offer[3] $'000	Total $'000
Current Assets	105,038	20,309	13,703	**139,050**	(34,622)	19,700	**124,128**
PP&E	283,081	151,536	83,443	**518,060**	-	-	**518,060**
Total Assets	**414,880**	**171,912**	**102,078**	**688,870**	**(34,622)**	**19,700**	**673,948**
Current liabilities	53,455	6,172	89,359	**148,986**	(63,304)	-	**85,682**
Non-current liabilities	386,008	149,018	4,460	**539,486**	(85,414)	-	**454,072**
Net Assets	**(24,583)**	**16,722**	**8,259**	**398**	**114,095**	**19,700**	**134,193**

Notes:
The above information has been compiled to illustrate the impact of the Restructure, Acquisitions and Entitlement Offer on the financial performance of the combined group had those transactions taken place on 31 December 2016.
Refer to the Notice of Meeting and Explanatory Memorandum for further details on the pro forma adjustments

1. Indicative acquisition accounting has been applied to the acquisition of Andy's and Orionstone using a share price of $0.078. The consideration is dependent on Emeco's share price on the Completion Date of 31 March 2017 and is likely to differ to that used in the above table. The recognition of any intangible assets, including goodwill and the recognition of any deferred tax assets or liabilities which may arise is subject to the finalisation of the purchase price accounting by Emeco.
2. The pro forma adjustment assumes that either directly or indirectly all of the Emeco Notes will be extinguished through a pro-rata share of Scheme Shares and beneficial interests in new Tranche B Notes. The pro forma has assumed the final Tranche B Notes owing will be A$466.5 million however this could change if anticipated debt repayments are not made by Andy's prior to the Completion Date of 31 March 2017. The Tranche B Notes will be issued in USD and therefore are subject to the prevailing AUD:USD exchange rate. The pro forma assumes an exchange rate of 76.30 cents. The final number of new Shares to be issued will be determined by reference to the Shareholder Equity Allocation Percentage as defined in the RSA and could change on Completion Date. Under the proposed Transaction total debt of $599.4 million is expected to be extinguished in exchange for the issue of new debt in the form of $466.5 million of Tranche B Notes and 1,076.9 million new Shares at $0.078 per Share resulting in a gain on debt forgiveness of $48.9 million. If the actual Share price or number of Shares issued is different on the date of issue, the gain on debt forgiveness will change. Capitalised transactions costs associated with the existing debt of $10.1 million has been written off and $25.9 million of costs associated with the new debt facility have been capitalised, with the balance of the transaction costs ($8.7 million) being expensed. Total transaction costs are expected to be $34.6 million, however the final amount may differ on completion.
3. The Company is expecting to raise $19.7 million of cash, net of Share issue costs, through the issue of 183.8 million Shares at $0.1088 per share pursuant to the Rights Offer (share amount excludes the underwriting fee of 7.0%). The fundraising has been fully underwritten. The actual Share price or final number of Shares may be different on the date the Shares are issued.

BASIS OF PREPARATION OF FINANCIAL INFORMATION

Basis of Preparation

The basis of preparation in compiling the combined group's profit and loss information post Restructure, Acquisition and Entitlement Offer and the combined group's balance sheet post Restructure, Acquisition and Entitlement Offer disclosed on slides 21 and 22 of this presentation is set out below:

- The pro forma historical financial information has been prepared in accordance with the recognition and measurement principles described in Australian Accounting Standards (including Australian Accounting Interpretations). The accounting policies used in preparation of the pro forma historical financial information are materially consistent with those set out in the Emeco annual report for the year ended 30 June 2016.
- The pro forma historical financial information is presented in an abbreviated form and does not contain all the disclosures required by Australian Accounting Standards in an annual financial report prepared in accordance with the Corporations Act.
- The pro forma historical financial information has been derived from Emeco's unaudited Interim Financial Report for the half year ended 31 December 2016 and the unaudited management accounts for the half year ended 31 December 2016 for Orionstone and for Andy's.
- Emeco's complete Interim Financial Report for the half year ended 31 December 2016 is available from Emeco's website www.emecogroup.com, or ASX's website www.asx.com.au.
- The pro forma historical financial information illustrates the financial performance of the combined group as if the Restructure, Acquisition and Entitlement Offer was effective from 1 July 2016 for the purposes of the profit and loss information and as at 31 December 2016 for the purposes of the balance sheet. The pro forma financial information provided in this Presentation is for illustrative purposes only and is not represented as being indicative of Emeco's (or anyone else's) views on Emeco's future financial position and / or performance.

4. Strategy and Outlook

STRATEGY AND OUTLOOK

Clear strategic focus

FY17 objectives

- Increase operating utilisation in response to improved commodity markets
- Execute and integrate merger with Orionstone and Andy's

Ongoing strategic goals

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❶ Financial discipline

- Continued focus on reducing balance sheet leverage and capital structure optimisation
- Ongoing cost discipline and industry leading EBITDA margins
- Extract merger opex and capex synergies

❷ Innovation

- Accelerate rollout and increase investment in EOS technology
- Widen Emeco's value proposition through a focus on improving equipment productivity
- Expand the use of EOS as a tool to monitor and extend component life

❸ Industry leadership

- Lead the industry in:
  - Innovative Asset Management
  - Excellence in site based maintenance
  - Utilising EOS to improve customers performance through increased productivity and reduced cost

❹ Sustainable growth

- Build a portfolio of projects where Emeco provides full mining fleet
- Pursue strategic M&A opportunities with a focus on enhancing our value proposition
- Develop relationship with strategic partners that are better suited to large scale investment in assets

❺ Underpinned by our continuous focus on operational excellence

A. Risk Factors

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RISK FACTORS

Introduction	Investors should be aware that there are risks associated with an investment in Emeco. Some of the principal factors which may, either individually or in combination, affect the future operating performance of Emeco are set out below. Some are specific to an investment in Emeco and the New Shares and others are of a more general nature. The summary of risks below is not exhaustive. This Presentation does not take into account the personal circumstances, financial position or investment requirements of any particular person. Additional risks and uncertainties that Emeco is unaware of, or that it currently considers to be immaterial, may also become important factors that adversely affect the future performance of Emeco and the New Shares. The Entitlement Offer is being made pursuant to provisions of the Corporations Act which allow entitlement offers to be made without a prospectus. This presentation does not contain all of the information which may be required in order to make an informed decision regarding an application for New Shares offered under the Entitlement Offer. As a result, it is important for you to carefully read and understand the information on Emeco made publicly available, prior to selling, transferring or accepting all or part of your Entitlement. In particular, please refer to this Presentation, Emeco's half year and annual reports (including Emeco s most recent half year FY17 results announcement lodged with the ASX on 28 February 2017) and other announcements lodged with ASX (including announcements which may be made by Emeco after publication of this Presentation). Further detail regarding the Restructure and the Acquisitions is set out in the ASX announcement lodged by Emeco on 23 February 2017: Supplementary Notice of Extraordinary General Meeting and Explanatory Memorandum and on 8 February 2017: Notice of Extraordinary General and Explanatory Memorandum. You should have regard to your own investment objectives and financial circumstances and should seek professional guidance from your stockbroker, solicitor, accountant or other professional adviser before deciding whether or not to invest.

Business risks

Access to and supply of used and new equipment	In order to generate revenue and earnings, the Company requires access to new and used earthmoving equipment and parts. If the Company is unable in the future to secure adequate supplies of the required number of machines at appropriate prices or if the quality of the available machines is not acceptable, the Company's operational and financial performance may be adversely affected. The Company's ability to source new replacement equipment is dependent on relationships and contracts with dealers for original equipment manufacturers (OEMs), as well as its ability to access the used market through brokers. The Company's relationship with OEM dealers, such as Caterpillar, Komatsu and Hitachi, are influenced by the volumes of machines and parts it purchases and the level of industry demand. The Company has access to a global broker network of which it participates both as a procurer and seller of equipment. This network provides the Company with the ability to access low-hour, used equipment at comparable prices when required. The Company also sources equipment parts from both OEM and non-OEM providers to extend the useful life of its equipment, particularly when increased demand or pricing makes it difficult to source new or used equipment. The Company could be adversely impacted by any incidents affecting the ability of these manufacturers to produce and deliver mining equipment, including casualty events affecting production facilities, work stoppages or strikes, financial difficulties of our suppliers, transport disruptions, or other events or circumstances. It may be difficult to locate alternative manufacturers in the event of any disruptions which could have a material adverse impact on the Company's revenue. Any change in the Company's relationships with these OEMs or brokers may result in a shortage of equipment and parts which would constrict the Company's ability to enter new contracts or fulfil existing contracts and adversely impact future earnings and financial performance.
Loss of key management personnel and ability to attract and retain skilled workers	The Company's ability to remain productive, profitable and competitive and to implement planned growth initiatives depends on the continued employment and performance of senior executives and other key members of management. The Company's performance also depends on its ability to attract and retain skilled workers with the relevant industry and technical experience. If any one of these individuals resigns or becomes unable to continue in his or her present role and is not adequately replaced in a timely manner, business operations and the ability to implement the Company's strategies could be materially disrupted. The loss of a number of key personnel or inability to attract additional personnel may have an adverse impact on the financial and operating performance of the Company. There can be no assurance that the Company will be able to attract and retain skilled and experienced employees and, should it lose any of its key management personnel or fail to attract qualified personnel, its business may be harmed and its operational and financial performance could be adversely affected.

RISK FACTORS

Business risks (cont.)

Integration risk and the realisation of synergies	The long term success of the Combined Group will depend, among other things, on the success of the Emeco Board and senior management team in integrating the respective businesses of Andy's and Orionstone. While it is expected that the respective businesses can add value to the Combined Group in part through the realisation of operational and capital synergies, expected synergies may not be realised due to various factors, including the risks that: I. integration may be subject to unexpected delays, challenges, liabilities and costs; II. the anticipated efficiencies and benefits of integration may be less than estimated; III. there may be a loss of key personnel, customers, suppliers or other contractual arrangements within the Combined Group; and IV. changes in supply and demand in the broader mining equipment market could result in the timing and value of asset sales differing from forecasts, including situations where higher demand for the Company's services results in machines being allocated to jobs as opposed to being identified as surplus assets resulting in a reduction in disposals These risks may be realised because of factors including the required involvement of third parties in the achievement of operational and capital synergies, possible differences in the management culture of the three businesses, an inability to achieve cost savings or the potential loss of key personnel. If the integration of the respective businesses is not achieved in an orderly manner, and within the assumptions as stated in the Explanatory Memorandum, the expected synergies and benefits may be achieved only in part, or not at all. This could adversely impact the Combined Group's financial performance and position, and the future prospects of the Combined Group.
Fleet age and maintenance expenditure risk	Earthmoving equipment age is determined by the hours it has been utilised as opposed to the period of time since manufactured. In periods of high utilisation, equipment ages at a faster rate bringing forward any major components and replacement at end of life. Given the nature of the Company's operations, its fleet will age over time. As its fleet of rental equipment ages, the cost of maintaining such equipment, if not replaced within a certain period of time, may increase. Determining the optimal age of fleet equipment is subjective and requires estimates by management with asset management expertise. The Company has made estimates regarding the relationship between the age of its fleet rental equipment, the maintenance and repair costs, and the market value of used equipment. Future operating and financial performance could be adversely affected because maintenance and repair costs may be higher than estimated, it must be undertaken earlier than anticipated, or if there is a significant operational failure requiring unplanned maintenance expenditure. Future operating and financial performance could be adversely affected because market values of used equipment may fluctuate and are generally lower as a piece of equipment ages. In addition, the cost of the new equipment used in its fleet may increase, and therefore the Company may spend more on replacement equipment. Any such cost increases could materially and adversely impact the operating and financial performance of the Company. These risks may be heightened to the extent that the ageing of its fleet accelerates. The ageing of the Company's fleet could accelerate if it needed to continue to constrain capital expenditure on replacement equipment instead choosing to replace components to extend the useful life because of challenging market conditions and lower than historical rates of utilisation.
Residual value risk	The market value of any given piece of rental equipment could be less than its depreciated value at the time it is sold. The market value of used rental equipment depends on several factors, including: i. the market price and availability for new equipment of a like kind; ii. wear and tear on the equipment relative to its age and the performance of preventive maintenance; iii. the time of year that it is sold; iv. the supply of used equipment on the market; v. the existence and capacities of different sales outlets; vi. the age of the equipment at the time it is sold; vii. the age of major component life in the equipment; viii. the equipment model and its market acceptability; ix. worldwide and domestic demand for used equipment; and x. general economic conditions. The Company includes in revenue from continuing operations the difference between the sale price and the depreciated or impaired value of an item of equipment sold. Changes in assumptions regarding depreciation could change the Company's depreciation expense, as well as the gain or loss realised upon disposal of equipment. Sales of the Company's used rental equipment at prices that fall significantly below projections or in lesser quantities than anticipated will have a negative impact on the future revenue, earnings and cash flows. These risks may be heightened if the Company needs to sell equipment to better align the size of the fleet with utilisation rates because of challenging market conditions and lower than historical rates of utilisation. The Company reported A$18 million of proceeds in FY16 from the sale of equipment (A$14 million FY15). This was classified as other income.

RISK FACTORS

Business risks (cont.)

Consolidation of customers and suppliers	Consolidation in the industries of the Company's customers or suppliers may reduce its bargaining power with those customers or suppliers and lead to the Company transacting on less advantageous financial and commercial terms with those customers or suppliers. It may also lead to the loss of such customers, which would adversely affect the Company's operational and financial performance.
Information systems risks	The Company relies on computer, information, and communications technology and related systems in order to properly operate the administrative and compliance aspects of its business. From time to time, the Company experiences occasional system interruptions and delays. The Company has processes in place to respond to system interruptions and delays. However, in the event it is unable to regularly deploy software and hardware, effectively upgrade its systems and network infrastructure, and take other steps to maintain or improve the efficiency and efficacy of its systems, the operation of such systems could be interrupted or result in the loss or corruption of data. In addition, the Company's computer systems are subject to the risks of unauthorised access, computer hackers, computer viruses, malicious code, organized cyber-attacks and other security problems and system disruptions, including possible unauthorised access to the Company's and its customers' proprietary or classified information. The Company relies on industry-accepted security measures and technology to securely maintain all confidential and proprietary information on its information systems. The Company has devoted, and will continue to devote, significant resources to the security of its computer systems, however they may still be vulnerable to these threats. A user who circumvents security measures could misappropriate confidential or proprietary information or cause interruptions or malfunctions in operations. As a result, the Company may be required to expend significant resources to protect against the threat of these system disruptions and security breaches or to alleviate problems caused by these disruptions and breaches. Any of these events could damage the Company's reputation and have a generally material adverse effect on its operating and financial performance.
Mine site interruptions	Mining operations are vulnerable to the risk of interruption as a result of a variety of factors, which may be beyond the control of the Company, including the following: i. prolonged heavy rainfall or cyclone; ii. geological instability, including strong seismic activity, landslides, mudslides, iii. rockfalls, cave-ins, or conditions that threaten to result in such an event; iv. accidents or unsafe conditions; v. issues with mine ventilation; vi. equipment breakdowns; vii. industrial relations issues; and viii. scarcity of materials and equipment. Interruptions to a customer's mining operations would limit the Company's revenue to any agreed fixed monthly charges. In addition, delays to the commencement of projects for which the Company has been contracted to provide rental equipment or maintenance services may occur as a result of the factors listed above or other factors beyond the control of the Company, such as the mining customer underestimating the lead time required to commence operations. Interruptions to existing operations or delays in commencing operations experienced by customers may result in lost revenue and, in some circumstances, result in the Company incurring additional costs, which may have a material adverse effect on the Company's future financial performance.
Workplace safety	The maintenance of mining equipment involves risks and dangers to the personnel involved, including the risk of personal injury and, in exceptional circumstances, loss of life associated with operating heavy machinery. Mining customers seeking rental solutions demand mining equipment to be in excellent operating condition and to have market leading safety features installed. It is possible that there may be accidents in the future in the operation of the mining equipment the Company supplies, which could result in a deterioration of its safety record. The Company's ability to supply safe rental equipment and onsite maintenance services to customers and to keep its employees safe is fundamental to the Company's business in a number of respects, including: i. the Company's safety record is a key criterion that mining customers use when evaluating tenders for mining equipment rental and maintenance services, since mining customers must ensure their operations adhere to the highest safety standards; and ii. safety incidents may result in operations at the affected site being suspended while the incident is being investigated. As a consequence, if the Company fails to supply equipment in excellent operating condition, conducts its onsite maintenance services in a safe manner or if accidents occur that are beyond its control, the Company may fail to win new contracts for equipment rental or maintenance services, fail to have existing contracts renewed, have existing contracts terminated or face increased competition if customers compare the Company's safety to its competitors. Any of these consequences could have a material adverse effect on the Company's operating and financial performance.

RISK FACTORS

Business risks (cont.)

Environmental risks	Environmental management and compliance is an important part of the business of the Company's customers. The Company works with its customers to ensure that its equipment and maintenance services operate in alignment with their onsite policies, management systems and procedures. The Company's actions or failures to act may result in the mining customers for which it performs services incurring environmental liability, regulatory penalties, or having licenses suspended, cancelled or subjected to additional conditions. Some of the Company's customer contracts contain indemnities under which it is obliged to compensate the customer for certain losses resulting from environmental incidents for which the Company is responsible. As a result, environmental incidents may result in the Company incurring substantial obligations to compensate its customers which could have a material adverse effect on the Company's operational and financial performance.
Market conditions	Demand for the Company's mining equipment rental services depends in significant part upon the level of earth moving activities conducted by its customers, which are mining companies or contract miners, in the movement of overburden and mined resource. Due to the geographic and commodity mix of the Company's customers, revenues are indirectly exposed to the prices of gold, thermal and metallurgical coal, oil sands, iron ore and copper. FY16, 25% of revenues were generated from the provision of mining equipment rental services to thermal coal mining customers, 10% to coking coal mining customers, 19% to copper mining customers, 19% to gold mining customers, 13% to oil sands mining customers, and 2% to iron ore mining customers. For the combined group on a FY16 pro forma basis, 31% of pro forma revenue was generated from copper customers, 29% coal customers, 15% gold customers, 8% oil sands customers, 2% iron ore customers and the balance from other commodities (15%). Activity levels and results of operations are dependent on the production levels at the mines where equipment is used and the volume of earth moved under the relevant mine plans. Customers' mining activities and the volume of earth moved by them, either temporarily or long term, is influenced by many factors, including the global demand for commodities, current and expected commodity prices, general economic conditions, and the application and impact of the local regulatory environment. If these drivers of earthmoving volumes are negatively impacted, this may lead to a decrease in the demand for the Company's equipment and the rental rates that the Company can charge of earthmoving volumes. During the last 24 months, the mining sector in Australia, Chile, Canada and globally, has weakened as a result of weaker economic conditions globally and commodity prices. Mining companies have focused on cost reductions with a number of mining. companies reducing costs and capital expenditure, resulting in lower earthmoving volumes and demand for the Company's rental equipment. As a result of this market weakness, the Company's rental revenue and financial performance have been negatively impacted. Notwithstanding the recent increase in commodity prices, the occurrence of, timing and sustainability of a broad based market recovery is uncertain and even in the case where the recent strength in market conditions continues, the corresponding increase in earthmoving volumes and improvement in the Company's performance may be significantly delayed or short term in nature due to other factors such as market competition, difficulty in achieving synergies or the loss of key personnel.
Competition	There are two levels of competition that the Company experiences in the industry. The first is for the supply of equipment and if a customer would prefer to purchase equipment as opposed to rent equipment from a provider. The second level occurs when the customer has decided to pursue a rental solution as the Company operates in a highly competitive industry. There are a number of competitors, including contract miners and other earthmoving equipment rental suppliers, that currently provide services similar to those provided by the Company. These competitors may have significant additional capital, financial and other resources compared to the Company, impacting its ability to compete as successfully in the future as it has in the past. OEMs also compete directly with the Company. The Company generally competes on the basis of, among other things, reliability, price, service offerings and the age, mix and relative attractiveness of its rental equipment fleet. There can be no assurance that customers will agree to renew expiring contracts on terms acceptable to the Company or at all.

RISK FACTORS

Business risks (cont.)

Contractual risks	The Company's revenue is dependent on winning new contracts and operates in an increasingly competitive market. It is difficult to predict whether and when new contracts will be awarded due to multiple factors influencing how customers evaluate potential service providers, such as rental rates, fleet quality, maintenance and safety standards, experience, reputation, customer relationships, financial strength, and ability to provide mining equipment rental services in a timely, safe, and cost-efficient manner. Consequently, the Company is subject to the risk of losing new awards to competitors which will adversely impact its business, results of operations and financial position. Operational and financial performance including cash flows may fluctuate from quarter to quarter depending on the timing and size of new contract awards. Additionally, increased competition and softer market conditions have limited the Company's negotiating power with customers on contract terms where even if the Company is successful in obtaining new contracts and awards, the new contracts may increasingly deviate from the standard terms that the Company seeks to obtain. Additionally, a significant portion of the Company's revenues are subject to short term contracts with varying terms and substantially all of customer contracts permit the customer to terminate the contract on short notice and without compensation for lost revenue. The term of the Company's customer contracts typically ranges from two to 36 months. The early termination of a contract by one or more of the Company's customers could have a material adverse effect on its business, results of operations and financial condition. If several of the Company's customers were to terminate their relationship with us or fail to renew an expiring contract, the Company's revenues and profits would be significantly adversely affected. Emeco also enters into contracts with its suppliers for the provision of mining equipment. A number of these contracts may be terminated for convenience by the supplier. There is a risk that suppliers may default on their obligations under contracts entered into with Emeco or terminate those supply arrangements and this may result in non-performance or delays in the provision of equipment to Emeco. Furthermore, certain of the Company's material contracts with both customers and suppliers contain provisions which allow a counterparty to terminate the contract as a result of the implementation of the Restructure and the Acquisitions or otherwise for convenience. The Company has sought the support of all counterparties to material contracts that contain provisions of this sort. Negotiations with these counterparties are ongoing however, to date, no counterparties have indicated that they will terminate such contracts as a result of implementation of the Restructure and the Acquisitions.
Indebtedness	If the Restructure and the Acquisitions are implemented, the Company's gross debt position is expected to be approximately $466 million of Tranche B Notes and approximately A$13 million of finance leases. The Company will have the ability to access up to A$35 million in additional debt and A$30 million in bank guarantee commitments under the new A$65 million revolving loan facility. While the Restructure and the Acquisitions result in a reduction of the Company's total gearing metrics from prior to implementation of the transactions, this level of total potential Indebtedness still has important consequences for the Company and its Shareholders, including the following: i. requiring the Company to dedicate a material portion of its cash flow from operations to meet principal and interest payments thereby reducing the availability of cash flow to fund working capital, capital expenditures, acquisitions and other general corporate purposes; ii. increasing the Company's vulnerability to adverse general economic or industry conditions, commodity prices and exchange rate fluctuations; iii. subjecting the Company to a number of covenants and ongoing obligations which reduce its flexibility in planning for, or reacting to, changes in the Company's businesses or industry; and iv. placing the Company at a competitive disadvantage compared to its competitors that have less debt or are not subject to similar negative covenants.
Debt servicing and refinancing risk	The Tranche B Notes need to be fully repaid, renewed or refinanced on or before March 2022. The new revolving loan facility will need to be fully repaid, renewed or refinanced in FY2020. The ability of the Company to repay or reschedule the Tranche B Notes and the new revolving loan facility will ultimately be contingent on mining and exploration market activity, commodity prices, AU$/US$ exchange rate outcomes, achievement of integration plans and forecast synergies, the ability of the Company to source additional funds through debt and equity markets and capital market risks at the time of refinancing. If market conditions deteriorate significantly against current projections a shortfall is likely. Accordingly, in these circumstances there would be significant uncertainty as to the Company's ability to fully repay, refinance or reschedule the outstanding Tranche B Notes and the new revolving loan facility at their respective maturity dates and therefore the Company's ability to continue as a going concern. As such, the Company would need to consider alternative financing arrangements prior to the maturity of those debt facilities, which may include refinancing or restructuring existing facilities, securing new facilities on acceptable terms or securing alternative funding (including potentially through raising additional shareholder equity). There is no guarantee that alternative financing arrangements would in these particular circumstances be successful.

RISK FACTORS

Business risks (cont.)

Foreign jurisdiction risks

The Company currently has operations in Australia, Canada and Chile and may seek growth and expansion in additional markets, including in North and South America.

The Company's operations are subject to political, economic and other risks normally associated with the conduct of business in foreign countries as well as factors specific to the regions.

Some of the risks to which the Company is exposed, directly or indirectly, include among others:

i. changes in foreign laws or regulations;
ii. changes in laws and policies governing operations of foreign based companies;
iii. changes in tax laws;
iv. changes in mining policies;
v. tax increases or claims by governmental entities;
vi. labour disputes;
vii. corruption;
viii. transparency of the legal system;
ix. retroactive tax or royalty claims;
x. revocation of consents or approvals;
xi. restrictions on the use of land and natural resources;
xii. restrictions on production, supplies and essential services;
xiii. export controls;
xiv. expropriation or nationalisation of property;
xv. inflation of costs that is not compensated by a currency devaluation;
xvi. restrictions on the remittance of dividend and interest payments offshore;
xvii. environmental controls and permitting;
xviii. opposition to mining from environmental or other non-governmental organizations;
xix. obtaining various approvals from regulators;
xx. invalidation of government orders and permits;
xxi. foreign exchange restrictions and currency fluctuations;
xxii. changing political conditions, currency controls and governmental regulations that favour or require awarding contracts to local contractors or require foreign contractors to employ citizens of, purchase supplies from or use service providers from a particular jurisdiction;
xxiii. loss due to civil strife, acts of war, guerrilla activities, acts of sabotage, territorial disputes;
xxiv. insurrection and terrorism; and
xxv. other risks arising out of foreign sovereignty issues.

Such risks could potentially arise in any country in which the Company operates, although risks may be higher in the developing countries in which the Company conducts some of its activities. These risks may divert investment in mining operations, which may adversely affect mining production activity and the demand for rental and maintenance services as well as adversely affecting the secondary market for used equipment.

The Company's operations in these areas also increases its exposure to risks of war, local economic conditions, political disruption, civil disturbance, expropriation, terrorism and governmental policies that may:

a. disrupt operations;
b. require the Company to incur greater costs for security;
c. restrict the movement of funds or limit repatriation of profits;
d. lead to international sanctions; or
e. limit access to markets for periods of time.

Risk assessments may also categorise threats as serious enough to require resort to public security forces, such as national police or military units on a near-permanent basis. In the event that continued operation in some countries compromises the Company's security or business principles, it may withdraw from these countries on a temporary or permanent basis. This could have a material adverse impact on the Company's financial and operating performance.

RISK FACTORS

Business risks (cont.)

Registration of Security Interests	Under Australian law, businesses that rent or lease equipment to customers, such as the Company does, can lose legal title to that equipment in certain circumstances where the customer who has rented that equipment becomes insolvent or goes into administration (**Insolvency Event**) , and the owner of the equipment hasn't registered a security interest with respect to that equipment prior to that Insolvency Event. Additionally, registrations of security interests can be ineffective if the details provided in the registration do not satisfy legal requirements. While the Company has systems in place that are designed to ensure that effective registrations are made in a timely way, and these systems will be applied to the businesses being acquired under the Acquisitions, there is a risk that the Company may lose title to equipment that it would otherwise have title to, and the Company may be adversely affected as a result.
Insurance risks	Although insurance is maintained for ownership and rental of equipment within ranges of coverage consistent with industry practice, no assurance can be given that such insurance will be available in the future on commercially reasonable terms or that any cover will be adequate and available to cover any or all claims. Insurance of all of the risks associated with equipment rental or maintenance services is not always available and, where available, the costs can be prohibitive. Furthermore the Company's insurance does not cover its fleet while it is rented at a customer's site and, in such circumstances, the Company is reliant on the customer's insurance policies or credit quality to compensate it in the event of a loss. If the Company incurs uninsured losses or liabilities, its operating and financial performance may be adversely affected.
Regulatory risks	Changes in legislative and administrative regimes, taxation laws, interest rates, other legal and government policies in Australia may have an adverse effect on the assets, operations and ultimately the financial performance of the Company and the market price of Shares.
Claims, liability and litigation	The Company may have disputes with counterparties in respect of major contracts, or may be exposed to customer or environmental, occupational health and safety or other claims. The Company may incur costs in defending or making payments to settle any such claims, which may not be adequately covered by insurance or at all. Such payments may have an adverse impact on the Company's profitability or financial position.
Due diligence in relation to acquisition of Orionstone and Andy's	Although the annual financial statements of Orionstone and Andy's are audited, the pro forma financial information in this presentation in respect of Orionstone and Andy's is subject to a number of assumptions and has not been subject to audit and may not be indicative of actual results. A material unidentified misstatement of the recent financial performance of the business could potentially have a material adverse impact on the Company into the future. Emeco undertook a due diligence process in respect of Orionstone and Andy's, which relied in part on the review of legal and other information provided by Orionstone and Andy's. While Emeco considers the due diligence process undertaken to be appropriate, Emeco has not been able to verify the accuracy, reliability or completeness of all the information which was provided to it against independent data. Similarly, Emeco has prepared (and made assumptions in the preparation of) the financial information relating to Orionstone and Andy's on a stand-alone basis and also to Emeco post-completion. If any of the data or information provided to and relied upon by Emeco in its due diligence process and its preparation of this presentation proves to be incomplete, incorrect, inaccurate or misleading, there is a risk that the actual financial position and performance of Emeco may be materially different to the financial position and performance expected by Emeco and reflected in this Presentation. Shareholders should also note that there is no assurance that the due diligence conducted was conclusive and that all material issues and risks in respect of the Restructure and Acquisitions have been identified and avoided or managed appropriately. Therefore, there is a risk that unforseen issues and risks may arise, which may also have a material impact on Emeco (for example, Emeco may later discover liabilities or defects which were not identified through due diligence or for which there is no protection for Emeco). This could adversely affect the operations, financial performance or position of Emeco. Further, the information reviewed by Emeco includes forward looking information. While Emeco have been able to review some of the foundations for the forward looking information relating to Orionstone and Andy's, forward looking information is inherently unreliable and based on assumptions that may not be achieved or satisfied in the future.

RISK FACTORS

Business risks (cont.)

Completion of the Proposed Transaction	Completion of Proposed Transaction is expected to occur on or about 31 March 2017. Although approvals have now been received from shareholders, noteholders and the Federal Court, the Proposed Transaction is still subject to a number of conditions precedent to completion. Should these conditions not be met, for whatever reason, the Proposed Transaction may not proceed. If the Proposed Transaction does not complete for any reason, the Company will consider options in relation to the use of funds raised under the Entitlement Offer, including use of the funds for payments of costs incurred in connection with the Proposed Transaction, working capital purposes or the repayment of debt. In the event that the Transaction does not complete, the company will remain highly leveraged with its senior secured notes maturing in 2019 and asset backed loan facility maturing in 2017. Together with its financial, accounting and legal advisers, would re-assess the company's financial position in due course and consider whether any other potential transactions available should be pursued.
Future earnings and acquisition accounting risk	Emeco has undertaken financial and business analysis of Orionstone and Andy's in order to determine its attractiveness to Emeco and whether to pursue the Acquisitions. To the extent that the actual results achieved by Orionstone and Andy's are weaker than those anticipated, or any difficulties in integrating the operations of Emeco, there is a risk that the profitability and future earnings of the operations of Emeco may differ (including in a materially adverse way) from the pro forma performance as reflected in this presentation. Following completion of the Acquisitions, Emeco will undertake a formal fair value assessment of all of the assets, liabilities and contingent liabilities of Andy's and Orionstone. The pro forma adjustments to reflect the estimated financial effect of the accounting for the business combination in this presentation are illustrative only. Australian Accounting Standards require an allocation of fair value of assets and liabilities acquired. The inclusion of Andy's and Orionstone reflects provisional amounts for the assets and liabilities acquired based on historic costs other than goodwill. Post Acquisitions a purchase price allocation exercise will be undertaken which may identify amortisable intangibles and impact future depreciation and amortisation charges. Additionally, the allocation exercise may give rise to material differences in values allocated to the balance sheet.
Availability of tax losses	Generally, tax losses may only be carried forward and recouped against future taxable income if a company satisfies the continuity of ownership test (COT), or failing that, the same business test (SBT). In broad terms the tests are as follows: I. the COT requires that the same ultimate owners must beneficially own the same shares that carry more than 50% of all voting, dividend and capital rights from the time the loss was incurred to the time the loss is to be recouped; and II. the SBT requires a company to carry on at all times during the year the losses are recouped, the same business as it carried on immediately before the change in beneficial ownership that caused the COT to be failed. In order for the SBT to be satisfied, the following must occur: a) The entity must carry on the same (as distinguished from merely similar) business during the year of recoupment/income as it did immediately before it failed the COT. b) The entity must not derive any income in respect of a business of a kind it did not carry on before the COT failure. c) The entity must not derive income from a transaction of a kind that it had not entered into in the course of its business operations prior to the COT failure. As the Company will issue a significant number of Shares as part of the Restructure and the Acquisitions, this will result in a COT testing point. As a result of the Restructure and the Acquisitions there is therefore a risk that the Company could drop below the required 50% continuity of Shareholders for these purposes and fail the COT. In addition, due to the scale of the new businesses entering the Emeco tax consolidated group, there is a risk that the Restructure and the Acquisitions could also cause the tax consolidated group to fail the SBT. Where the tax consolidated group fails both the COT and SBT it would be unable to recoup any of the current balance of carried forward tax losses in future income years.

RISK FACTORS

Risks associated with the Entitlement Offer and Share ownership

Risks associated with an investment in Shares	There are general risks associated with investments in equity capital such as Emeco shares. The trading price of Emeco shares may fluctuate with movements in equity capital markets in Australia and internationally. This may result in the market price for the New Shares being less or more than the Entitlement Offer Price. Generally applicable factors that may affect the market price of shares include: • general movements in Australian and international stock markets; • investor sentiment; • Australian and international economic conditions and outlook; • changes in in interest rate and the rate of inflation; • changes in government legislation and policies, in particular taxation laws; • announcement of new technologies; • geo-political instability, including international hostilities and acts of terrorism; • demand for and supply of Emeco securities; • announcements and results of competitors; • analyst reports; and • future issues of Emeco securities No assurances can be given that the New Shares will trade at or above the Entitlement Offer Price. None of Emeco, its directors or any other person guarantees the market performance of the New Shares. The operational and financial performance and position of Emeco and Emeco's share price may be adversely affected by a worsening of general economic conditions in Australia, as well as international market conditions and related factors. It is also possible that new risks might emerge as a result of Australian or global markets experiencing extreme stress or existing risk, may manifest themselves in ways that are not currently foreseeable. The equity markets have in the past and may in the future be subject to significant volatility.
Risks associated with selling or transferring Entitlements under the Entitlement Offer	The New Shares under the Entitlement Offer are being issued at a premium to Emeco's current share prices (as at last close on 20 March 2017). There is no guarantee that a market will develop for the sale of Entitlements or that shareholders will be able to sell their Entitlements on ASX, or that the Entitlements will have any value at all. Prices obtainable for Entitlements may rise and fall over the Entitlements trading period. If you sell your Entitlements at one stage in the Entitlements trading period, you may receive a higher or lower price than a shareholder who sells their Entitlements at a different stage in the Entitlement trading period. If you sell or transfer all or part of your Entitlement or do not participate in the Entitlement Offer, you will forgo any exposure to future increases or decreases in the value of New Shares that would have been allotted to you had you taken up your Entitlement (or any value for your Entitlement which may have been achieved through its sale on ASX or otherwise) and your percentage shareholding in Emeco (held at the Record Date) will be diluted to the extent of your non-participation in the Entitlement Offer. Ineligible Shareholders' percentage ownership in Emeco (held at the Record Date) will also be diluted as a result of the Entitlement Offer. This dilution will be in addition to the dilution occurring as a result of the Restructure and the Acquisitions. To the maximum extent permitted by law, Emeco, the underwriters, Emeco's advisers or brokers and any of their respective related bodies corporate, affiliates, directors, officers, employees or advisers, will not be liable, including for negligence, for any failure to procure any applications for New Shares offered under the Entitlement Offer or any potential proceeds for Entitlements.
Tax consequences of Entitlements	The tax consequences from selling Entitlements or from doing nothing may be different. Before selling Entitlements or choosing to do nothing in respect of Entitlements, an Emeco shareholder should seek independent tax advice and may wish to refer to the "Australian Tax Considerations" section contained in the Entitlement Offer Booklet, which will provide further information on potential tax implications for Australian shareholders.
Significant shareholding by Black Diamond	Depending on the exact number of Shares finally issued following completion of the Restructure and Acquisitions and the participation level in the Entitlement Offer, Black Diamond is expected to increase to approximately 22% of the total issued Shares in the Company prior to the Management Incentive Plan (Black Diamond may potentially have voting power of up to a maximum of 26% in Emeco following implementation of the Restructure and Acquisitions, prior to the Management Incentive Plan), and may be in a position to influence the decisions made by the Company, including in relation to the election of Directors, the appointment of new management and the potential outcome of matters requiring a shareholder vote including matters pertaining to a potential change of control in the Company.

RISK FACTORS

Risks associated with the Entitlement Offer and Share ownership (cont.)

Sell-down by Emeco's substantial shareholders	There is a risk that Emeco's substantial shareholders (including directors) may seek to sell down their shareholdings in Emeco. A significant sale of shares, or a perception that a sell-down may occur, could adversely affect the price of Emeco's shares. The parties to the amended RSA have undertaken to Emeco that any shares in Emeco issued pursuant to the Restructure and Acquisitions will be subject to a lock-up which restricts trading on those shares for a period of up to 60 days.
Economic risk and external market factors	Various factors including political movements, stock market trends, changing customer preferences, interest rates, inflation levels, commodity prices, foreign exchange rates, industrial disruption, environmental impacts, international competition, taxation changes and legislative or regulatory changes, may have an adverse impact on the Company's operating costs, profit margins and Share price. These factors are beyond the control of the Company and it cannot, to any degree of certainty, predict how they will impact on the Company. Prolonged deterioration in general economic conditions could potentially have an adverse impact on the Company and its operations and may adversely impact the trading price of Emeco Shares.
Foreign exchange risks	The Company's operations are principally denominated in Australian dollars, Canadian dollars and U.S. dollars with financial reporting in Australian dollars. For reporting purposes, the Company is exposed to fluctuations in the value of the Australian dollar versus other currencies. As its consolidated financial results are reported in Australian dollars, if the Company generates sales or earnings or has assets and liabilities in other currencies, the translation into Australian dollars for financial reporting purposes can result in a significant increase or decrease in the amount of those sales or earnings and its net assets. The majority of the Company's debt (including all of the Tranche B Notes) will be denominated in U.S. dollars. Although steps may be undertaken to manage currency risk (for example via hedging strategies), adverse movements in the Australian dollar against the US dollar may have an adverse impact on the Company and result in an increase in the Company's debt in Australian dollar terms. For example, a weakening of the Australian dollar as compared to the U.S. dollar would have the effect of increasing the Australian dollar value of the U.S. dollar denominated debt. Combined with other factors, this could lead to a deterioration in the Company's operating and financial performance. The Company is also exposed to foreign currency risk on equipment purchases, which are primarily denominated in U.S. dollars. The Company does not hedge its translated foreign currency exchange rate exposure in relation to operations. The Company's investments in its subsidiaries and their earnings are also not hedged as these currency positions are considered long term in nature. Fluctuations in foreign currency exchange rates may also make period to period comparisons of results of operations difficult.
Change in accounting or financial reporting standards	Changes in accounting or financial reporting standards may adversely impact the reported financial performance of the Combined Group.
War and terrorist attacks	War or terrorist attacks anywhere in the world could result in a decline in economic conditions worldwide or in a particular region. There could also be a resultant material adverse effect on the business, financial condition and financial performance of the Company and may adversely impact the trading price of Emeco Shares.
Negative publicity	The Combined Group will be subject to the risk that negative publicity, whether true or not, may affect stakeholder perceptions of the Combined Group's past actions and future prospects. Being listed on the ASX means that the Combined Group will be subject to risks relating to market expectations for its business and financial and operating performance. If the Combined Group does not manage these expectations in an effective manner, it could give rise to loss of investor confidence in its business and management and may adversely impact the trading price of Emeco Shares.
Changes in taxation laws	Variation in the taxation laws affecting the Combined Group's operations could materially affect financial performance and may adversely impact the trading price of Emeco Shares. The interpretation of these laws could also change, leading to a change in the taxation treatment of investments or activities.
Credit rating risk	Credit ratings are subject to revision, suspension or withdrawal at any time by the assigning rating agency. Rating agencies may also revise or replace entirely the methodology applied to derive credit ratings. No assurances can be given that a credit rating will remain for any period of time or that a credit rating will not be lowered or withdrawn entirely by the rating agency if in its judgement circumstances in the future so warrant, or if a different methodology is applied to derive that credit rating. Any downgrade to Emeco's credit rating could impact Emeco's ability to obtain financing, increase its future financing costs, impact its ability to access capital markets and/or have an adverse effect on the market price of Emeco's shares.

B. International Offer Restrictions

emeco

EOS Production Optimisation Technology

INTERNATIONAL OFFER RESTRICTIONS

This document does not constitute an offer of entitlements ("Entitlements") or new ordinary shares ("New Shares") of the Company in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the Entitlements and New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the Entitlements and the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO).

No advertisement, invitation or document relating to the Entitlements and the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Entitlements and the New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted Entitlements or New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "FMC Act").

The Entitlements and the New Shares in the entitlement offer are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the FMC Act and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.

Other than in the entitlement offer, the New Shares may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

INTERNATIONAL OFFER RESTRICTIONS

Singapore

This document and any other materials relating to the Entitlements and the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of Entitlements and New Shares, may not be issued, circulated or distributed, nor may the Entitlements and New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of the Company's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) a "relevant person" (as defined in section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the Entitlements or the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire Entitlements or New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

Thank you

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