Emeco Holdings Limited

Acquisition of Force Equipment and Equity Raising

31 October 2017

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1. Transaction Summary

TRANSACTION SUMMARY

Emeco's acquisition of Force Equipment increases earnings, grows the rental fleet and enhances maintenance capabilities, whilst strengthening the balance sheet

Transaction overview

Emeco to acquire Force Equipment Pty Ltd ("Force" or "Force Equipment"), a national equipment rental and maintenance business

Enterprise value of $69.8 million represents an implied acquisition multiple of ~2.96x FY17 operating EBITDA,[1] before the benefit of any synergies

Compelling strategic rationale

Strong rental business with an additional 179 high quality, in-demand machines

Diversifies customer base and significantly increases earnings in Western Australia

Provides component rebuild expertise to reduce supply risk, broaden Emeco's customer value proposition

Fully underwritten equity raising

Acquisition consideration funded by a pro-rata accelerated non-renounceable entitlement offer to raise approximately $80 million

Entitlement offer is fully underwritten by Macquarie Capital and Morgans

Strengthened balance sheet

The transaction will further strengthen Emeco's balance sheet, reducing Emeco's pro forma net debt / FY17 run rate operating EBITDA from 3.9x to 3.2x,[2] with further deleveraging expected over time

Emeco expects operating cost and capital expenditure synergies as a result of the acquisition

Positive outlook and clear strategy

In line with strategy to grow earnings and fleet, with a focus on building our position in the Australian market

Revised target leverage of 1.5x by FY20 to facilitate a successful refinancing on improved terms

Develop opportunities for collaboration with Mitsui through Emeco's MOU and explore further consolidation opportunities

Notes: 1. In determining operating EBITDA significant items have been excluded from the statutory result. Operating EBITDA incorporates continuing and discontinued operations. A reconciliation to net profit after tax is included in Appendix C. 2. Run rate operating EBITDA represents Emeco's 4Q17 operating EBITDA of $29.1 million annualised in order to reflect full year impact of Andy's and Orionstone acquisitions.

2. Acquisition Rationale

ACQUISITION SUMMARY

Strategic acquisition within Emeco's core capability of equipment rental

Overview of the Acquisition of Force Equipment	— Emeco to acquire Force, national equipment rental and maintenance business — Force has a high quality fleet with significant projects and long-term customer relationships, particularly in Western Australia — Four strategically located maintenance workshops to significantly bolster Emeco's capabilities in target growth markets — Management team is progressing integration plans following its experience with the acquisitions of Andy's and Orionstone
Key metrics	— Implied transaction multiple of ~2.96x FY17 operating EBITDA,[1] before the impact of any synergies — Transaction takes Emeco's fleet to 897 machines, with 179 additional high quality machines — Reduces Emeco's pro forma net debt / FY17 run rate operating EBITDA from 3.9x to 3.2x[2]
Funding	— Acquisition funded by a fully underwritten pro-rata accelerated non-renounceable entitlement offer to raise approximately $80 million ("Entitlement Offer")
Conditions	— The acquisition is conditional on successful completion of the Entitlement Offer. In addition, Emeco has certain termination rights, such as there being no material adverse change impacting Force, which if exercised by Emeco would mean that the acquisition will not complete. In this event, Emeco would evaluate its options in relation to the use of the offer proceeds. — Completion is currently expected to occur by the end of November 2017

Notes: 1. In determining operating EBITDA significant items have been excluded from the statutory result. Operating EBITDA incorporates continuing and discontinued operations. A reconciliation to net profit after tax is included in Appendix C. 2. Run rate operating EBITDA represents Emeco's 4Q17 operating EBITDA of $29.1 million annualised in order to reflect full year impact of Andy's and Orionstone acquisitions.

COMPELLING ACQUISITION RATIONALE

Emeco's acquisition of Force Equipment increases earnings, grows the rental fleet and enhances maintenance capabilities, whilst strengthening the balance sheet

Quality rental business with strong utilisation	✓ Quality rental fleet with strong utilisation and earnings, particularly in Western Australia ✓ Fleet is aligned with existing and target customers' demand ✓ Well maintained and reliable fleet at work and rent-ready
Improved market position and customer value proposition	✓ The acquisition supports Emeco's strategy to become the highest quality rental equipment provider ✓ Enhances Emeco's customer value proposition by improving fleet capabilities, technology and machine reliability ✓ Increases the number of fully maintained projects in Western Australia ✓ Addition of industry-respected quality senior management team
Enhanced maintenance capabilities	✓ Provides access to four strategically located workshops with internal rebuild capabilities ✓ In-house maintenance expertise expected to protect Emeco from rebuild and inventory shortages in a tightening market, supporting Emeco's asset management strategy ✓ Retail maintenance services to external customers provides a low capital-intensity source of revenue growth
Increased diversification	✓ Diversification of Emeco's customer base through additional mining, contract mining, drilling and original equipment manufacturer customers ✓ Further strengthens Emeco's presence in Western Australia and diversifies commodity exposure with significant gold projects ✓ Port Hedland workshop provides beach head to increase iron ore earnings

ENSURING SECURITY OF SUPPLY IN A TIGHTENING MARKET

Acquisition provides significant and highly complementary fleet

Significant acquisition in a tightening market	— Estimate of ready to work equipment available for sale in Australia is less than 100 units — Decline of available inventory due to overseas relocations, scrapping for parts and equipment deployed to work — Equipment manufacturers (including Caterpillar and Komatsu) have indicated improving demand for equipment — Force provides Emeco with 179 high quality machines in a tightening market, taking Emeco's fleet to 897 machines
Protects Emeco against longer lead times for components	— Lead times for equipment have increased over the last 12 months – for example, 240 tonne truck lead-time increased from three months to 10-months and continuing to extend — Dealer enquiries and factory orders are increasing rapidly on all models of equipment — Acquisition of Force provides a high quality maintenance capability, ensuring security of supply for Emeco's fleet
Market equipment prices increasing	— Used equipment prices have increased steadily over the last two years — Sales of 240 tonne trucks with 35,000 hours transacted at ~$100,000 in 2014, compared to current level of >$500,000
Industry demand recovering	— Emeco and Force are experiencing improving demand for equipment rental and maintenance services — Utilisation of major Australian mining operators has increased — Limited additional fleet capacity expected to be realised through performance improvement — Increasing demand for capacity likely to continue to translate into equipment demand

Source: The Red Button Group.

3. Overview of Force Equipment

FORCE EQUIPMENT – COMPANY OVERVIEW

Force is a high quality national equipment rental and maintenance business

FORCE EQUIPMENT

REVENUE

OVERVIEW

RENTAL

FY17 Revenue[1]:
A$58.0m

- Mid to large scale, long-term dry hire and maintenance / repair services provider for miners and contract-miners
- Significant fleet of 179 high quality machines
- Maintenance provided through on-site workshops and mobile repair
- Long-standing relationships with existing clients

WORKSHOPS

FY17 Revenue[1]:
A$41.8m

- Four high quality and strategically located workshops to provide Emco with security of supply
- Complete workshop services for all mechanical, boilermaking, sandblast & paint and quarantine jobs
- Unique in-house workshop capability an enabler for Rental division
- Enables Force to capture margin on internal and external R&M revenue (at rates that are cost-effective to external OEM dealers / distributors)

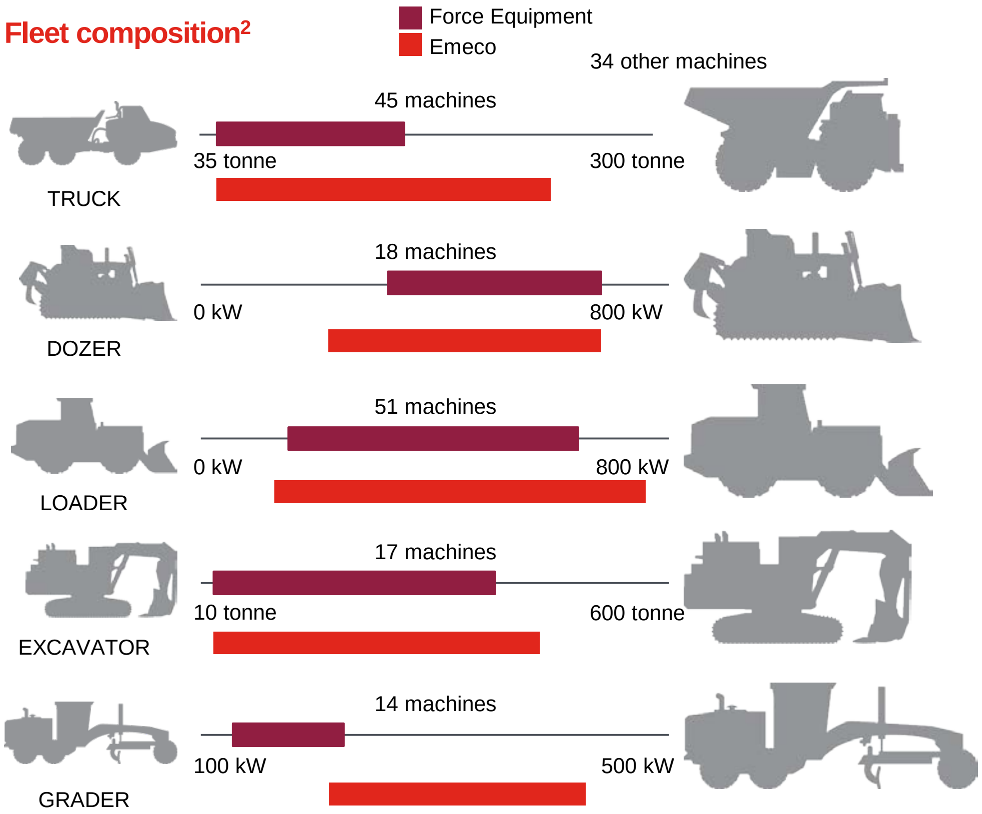
Notes: 1. FY17 Force Equipment revenue includes internal revenue ($13.8m) and excludes Other segment ($0.1m) and is based on unaudited management accounts of Force.

FORCE EQUIPMENT – FLEET OVERVIEW

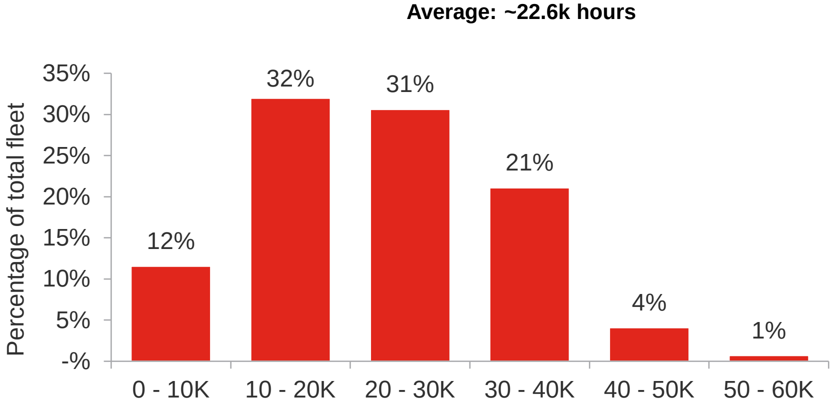
Force's fleet includes 179 pieces of equipment with an average age of ~22,600 SMU hours

- High quality fleet with a strong position in highly sought models
- Provides significant utilised fleet, which includes 45 trucks, particularly in Western Australian gold projects
- Other machines include road trucks and water tanks

Fleet composition[2]



Indicative fleet age profile[1]



emeco

Note: 1. Indicative fleet age profile excludes some assets for which age in hours is not available. 2. Estimated fleet size range.

EOS Production Optimisation Technology

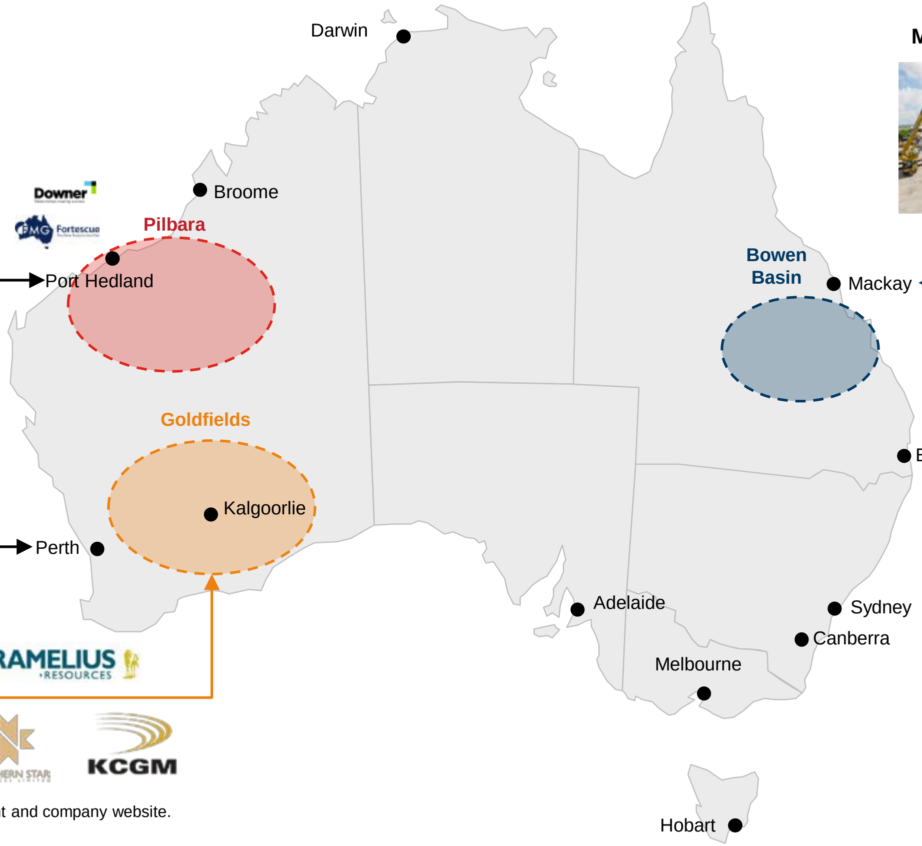
FORCE EQUIPMENT – PRESENCE IN KEY MINING AREAS

Force has a significant presence across Australia's key mining regions, particularly Western Australia and Queensland, with strong relationships with key customers

Port Hedland workshop

Perth workshop

Kalgoorlie workshop



Downer

FMG Fortescue

RAMELIUS RESOURCES

NORTHERN STAR

KCGM

Mackay workshop

Bis INDUSTRIES

FORCE EQUIPMENT – WORKSHOPS OVERVIEW

Force has four state-of-the-art workshops located close to customer sites in key mining regions

Workshop	Perth	Kalgoorlie	Port Hedland	Mackay
				
Approximate size	16,000m^2	15,000m^2	10,000m^2	10,200m^2
Key commodity exposures	Iron ore, nickel and gold	Nickel and gold	Iron ore and manganese	Gold and coal
Services offered	✓ Mechanical repairs ✓ Boilermaker services ✓ Sandblast & paint ✓ Quarantine ✓ Dyno services	✓ Mechanical repairs ✓ Boilermaker services ✓ Sandblast & paint ✓ Line boring	✓ Mechanical repairs ✓ Boilermaker services ✓ Sandblast & paint	✓ Mechanical repairs ✓ Boilermaker services ✓ Sandblast & paint

FORCE EQUIPMENT – MANAGEMENT TEAM

Force has a skilled workforce, led by an experienced management team, joining Emeco to contribute to future success

Management	Experience
 **Jason John** Current Force CEO	— Jason has over 38 years’ experience in the mining and earthmoving equipment industries — Jason joined Force in 1989 as a Heavy Duty Plant Mechanic and has held a number of roles within the company including Workshop and Maintenance Manager, General Manager and now Chief Executive Officer (appointed in 2010) — Jason has been a key contributor to the strategic growth and planning of the company over the past 28 years and continues this role today in conjunction with the department managers
 **Ben Mackinnon** Current Force CFO	— Ben is a Chartered Accountant with over 15 years’ experience in senior finance positions in both public and private companies — Joined Force as Chief Financial Officer in 2012 after commencing his career with Ernst & Young and later working as Finance Manager at ASX-listed VDM Group — Ben combines his qualifications in accounting and finance with a strong background across multiple industries and brings experience in finance, operations, systems implementation and business process re-engineering to his role

4. Combined Group Profile

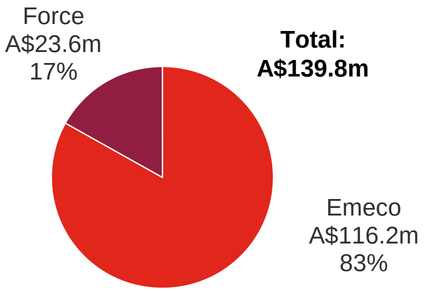
PRO FORMA TRANSACTION IMPACT

Emeco will have a strengthened financial profile and significantly improved leverage metrics following the transaction

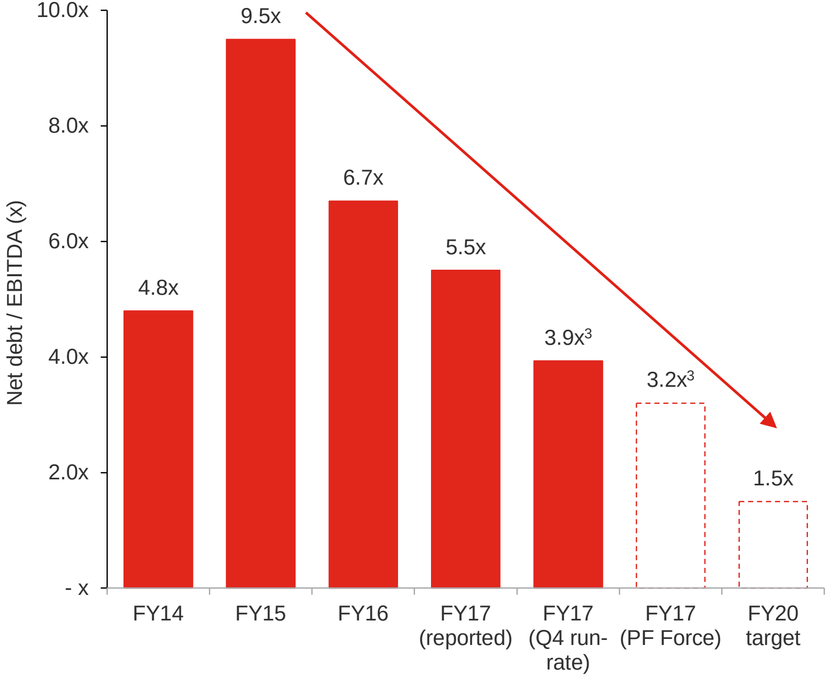
Financial impact

- FY17 pro forma run rate operating EBITDA of $139.8 million, based on Emeco's 4Q17 result and Force's FY17 results[1]
- Significantly strengthened balance sheet, with pro forma net debt of $451.3 million and leverage of 3.2x – no new debt[2]

Pro forma Run Rate Operating EBITDA[3,4]



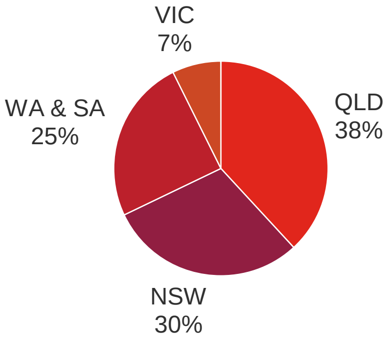
Pro-forma leverage



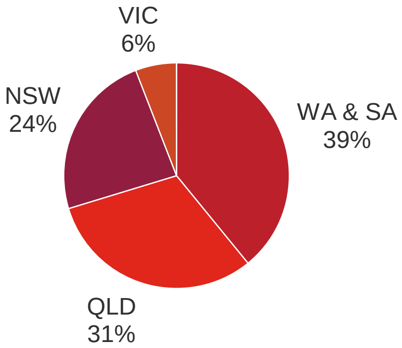
1. Based on unaudited Force management accounts for FY17 and Emeco's 4Q17 run rate operating EBITDA annualised in order to reflect full year impact of Andy's and Orionstone acquisitions. 2. Pro forma balance sheet as at 30 June 2017. 3. Refers to Emeco's FY17 run rate operating EBITDA annualised to reflect full year impact of Andy's and Orionstone acquisitions. 4. Emeco FY17 run rate operating EBITDA plus Force's run rate operating EBITDA (incl. normalisations of A$2.7m).

IMPROVED OPERATIONAL DIVERSIFICATION

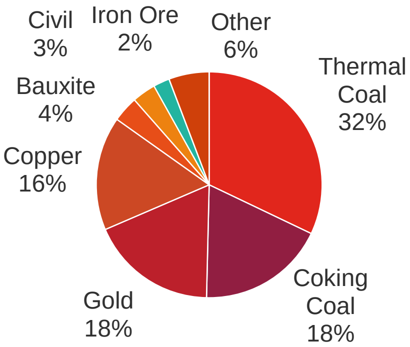
Pre-acquisition Australian revenue by region[1]



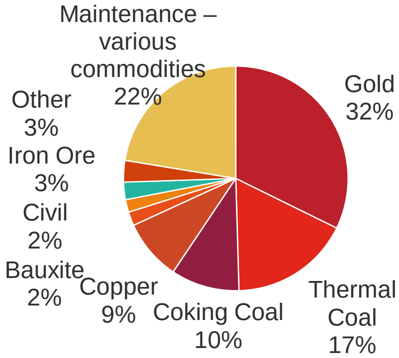
Pro forma post-acquisition estimated Australian revenue by region[1,2]



Pre-acquisition estimated revenue by commodity exposure[3]



Pro forma post-acquisition estimated revenue by commodity exposure[2,3,4]



Notes: 1. Based on Emeco's Australian revenue for 4Q17. 2. Revenue splits estimated by management and based on unaudited Force management accounts as at 30 June 2017. 3. Revenue by commodity exposure is estimated based on predominant customer activity for 4Q17 and is indicative only. 4. Force commodity exposures estimated by Force management and workshops includes workshop and boilermaking activities.

PRO FORMA STATEMENT OF FINANCIAL POSITION

$m	Emeco as at 30 June 2017	Entitlement Offer[1]	Force Acquisition[2,3,4,5,6]	Pro Forma Combined Group as at 30 June 2017
Cash & cash equivalents	17.0	77.6	(71.8)	22.8
Plant & Equipment	349.7	-	59.4	409.1
Other assets	154.0	-	23.8	177.8
Total assets	**520.7**	**77.6**	**11.4**	**609.7**
Interest bearing loans[7]	(474.1)	-	-	(474.1)
Other liabilities	(78.6)	-	(13.4)	(92.0)
Total liabilities	**(552.7)**	**-**	**(13.4)**	**(566.1)**
Net assets	**(32.0)**	**77.6**	**(2.0)**	**43.6**
Net debt	457.1	(77.6)	71.8	451.3

1. Funds received from the Entitlement Offer are net of $2.4m of raising costs.
2. In accordance with the Share Sale Agreement (SSA), the Force statement of financial position does not include cash and debt on acquisition.
3. Indicative purchase price accounting has been applied to the Force Acquisition assuming a consideration price of $69.8m. The final consideration is subject to purchase price and capital expenditure adjustment clauses under the SSA and may differ. Estimated Acquisition costs of $2.0m have been assumed in the consideration provided in the table above.
4. An independent valuation of plant and equipment has been undertaken for the purposes of the indicative acquisition accounting.
5. The recognition of any intangible assets, including goodwill and the recognition of any deferred tax assets or liabilities which may arise as a result of the fair value adjustments is subject to Emeco finalising its fair value assessment of all assets and liabilities acquired as at the Acquisition date. As a result these balances may change after the finalisation of the purchase price accounting by Emeco.
6. Based on unaudited Force management accounts as at 30 June 2017.
7. Interest bearing loans have not been offset by capitalised borrowing costs of $20.1m.

PRO FORMA EARNINGS AND LEVERAGE

Net debt / FY17 run rate operating EBITDA reduced to 3.2x post Acquisition

$m	Emeco year ended 30 June 2017	Entitlement Offer	Force acquisition	Pro Forma Combined Group year ended 30 June 2017[2]
Net debt	457.1	(77.6)	71.8	451.3
FY17 Operating EBITDA[1]	83.5	-	23.6[3,4]	107.1
FY17 Run Rate Operating EBITDA[2]	116.2	-	23.6[3,4]	139.8
Net Debt / FY17 Run Rate Operating EBITDA	**3.9x**			**3.2x**

1. FY17 Operating EBITDA, which incorporates continuing and discontinued operations, has been reconciled in Appendix C to net profit after tax (NPAT) from continuing operations as reflected in Emeco's 30 June 2017 financial report. In determining operating EBITDA significant items have been excluded from the statutory result.
2. FY17 Run Rate Operating EBITDA represents Emeco's Q4FY17 operating EBITDA of $29.1 million annualised in order to pro forma full year impact of the Andy's and Orionstone acquisitions and has been reconciled in Appendix C to net profit after tax (NPAT) from continuing operations as reflected in Emeco's 30 June 2017 financial report.
3. Based on unaudited Force management accounts as at 30 June 2017.
4. Force EBITDA has been increased by $2.2 million as a result of aligning the asset capitalisation policy of Force with Emeco's resulting in expenditure that was previously expensed now being capitalised. Existing property leases with Force Directors and Director fees have been adjusted to reflect market rates resulting in an increase to EBITDA of $0.5 million

5. Equity raising overview

EQUITY RAISING OVERVIEW

Transaction conservatively financed by equity raising, reducing leverage and ensuring Emeco's balance sheet remains strong

Offer size and structure	— Fully underwritten pro-rata accelerated non-renounceable entitlement offer to existing shareholders to raise up to approximately A$80 million ("Entitlement Offer") — Under the Entitlement Offer, eligible shareholders are invited to subscribe for one new Emeco share ("New Shares") for every 6.4 existing Emeco shares held as at 7:00pm (Sydney time) on Thursday, 2 November 2017 (Record Date) — Approximately 380.7 million new Emeco shares to be issued — The Entitlement Offer is non-renounceable and entitlements will not be tradeable or otherwise transferable
Offer pricing	— Offer price of A$0.21 per New Share, represents a: — 11.0% discount to TERP[1] of A$0.2359; and — 12.5% discount to the last traded price of A$0.24 on 30 October 2017
Use of proceeds	— The net proceeds raised from the Entitlement Offer will be used by Emeco to fund the Acquisition of Force Equipment and associated transaction costs / working capital requirements
Timing	— Institutional entitlement offer to be conducted from 31 October 2017 to 1 November 2017 — Retail entitlement offer to open on 7 November 2017 and close on 17 November 2017
Ranking	— New Shares issued under the Entitlement Offer will rank equally with existing shares on issue
Syndicate	— Joint Lead Managers, Joint Underwriters and Joint Bookrunners: Macquarie Capital (Australia) Limited ("Macquarie Capital") and Morgans Corporate Limited ("Morgans")

Note 1: The theoretical ex-rights price ("TERP") is the theoretical price at which Emeco shares should trade at immediately after the ex-date for the Entitlement Offer. The TERP is a theoretical calculation only and the actual price at which Emeco shares trade immediately after the ex-date for the Entitlement Offer will depend on many factors and may not equal the TERP. TERP is calculated by reference to Emeco's last closing price of A$0.24 on 30 October 2017.

SOURCES AND USES OF FUNDS

Sources	A$m
Gross proceeds from Entitlement Offer	80.0
Total sources of funds	80.0

Uses	A$m
Acquisition of Force Equipment	69.8
Transaction costs and general working capital	10.2
Total uses of funds	80.0

EQUITY RAISING TIMETABLE

Event	Date (Sydney time)
Trading halt and announcement of Acquisition and Entitlement Offer Institutional Entitlement Offer opens	Tuesday 31 October 17
Institutional Entitlement Offer closes	Wednesday 1 November 17
Trading halt lifted and trading resumes on an “ex-entitlement” basis	Thursday 2 November 17
Record Date for determining Eligible Shareholders under the Entitlement Offer	7pm Thursday 2 November 17
Retail Entitlement Offer opens and Retail Offer Booklet despatched	Tuesday 7 November 17
Settlement of New Shares issued under the Institutional Entitlement Offer	Wednesday 8 November 17
Allotment and normal trading of New Shares issued under the Institutional Entitlement Offer	Thursday 9 November 17
Retail Entitlement Offer closes	5pm Friday 17 November 17
Settlement of Retail Entitlement Offer	Friday 24 November 17
Allotment of New Shares issued under the Retail Entitlement Offer	Monday 27 November 17
Despatch of holding statements and normal trading of New Shares issued under Retail Entitlement Offer	Tuesday 28 November 17

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.

6. Summary

COMPANY HIGHLIGHTS

With a strengthened balance sheet and stronger fleet, together with Emeco's ongoing focus on business improvement and operational excellence, Emeco has a platform for long-term sustainable growth

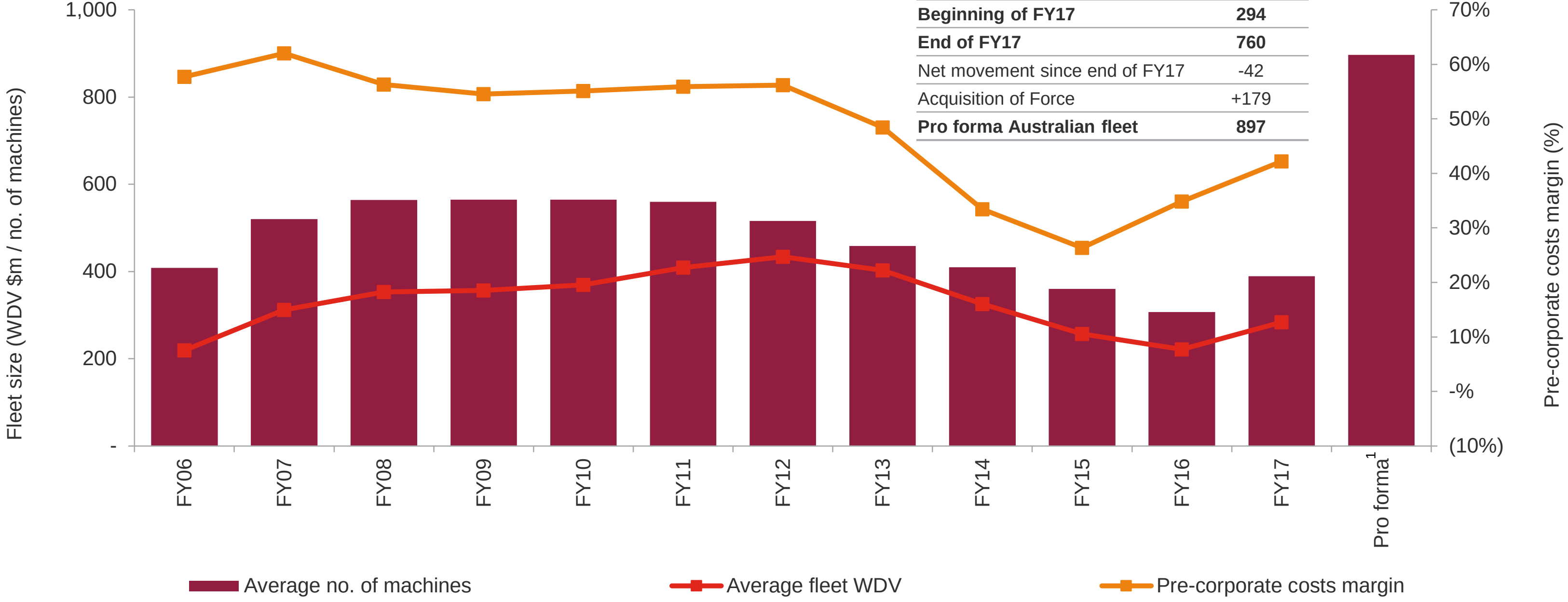
1. Significant national presence following acquisitions of Andy's and Orionstone and proposed acquisition of Force
2. Force provides access to significant fleet and new customers / projects
3. Transaction further improves balance sheet to provide resilience through the cycle
4. Management continues to consider additional strategic consolidation opportunities
5. Operational performance and disciplined financial management set to ensure successful refinancing

STRATEGY & OUTLOOK

Emeco continues to pursue its Australia-focused strategy to drive investor returns

- The acquisition of Force represents a continuation of Emeco's strategy to grow the Australian rental business, which previously generated pre-corporate cost margins in excess of 50%
- With high gross utilisation, Emeco believes it can continue to put additional fleet to work and continue to grow its market share

Historical Australian fleet (excludes ancillary equipment) and pre-corporate costs margin



Milestone	Machines
Beginning of FY17	**294**
End of FY17	**760**
Net movement since end of FY17	-42
Acquisition of Force	+179
Pro forma Australian fleet	**897**

Note: Excludes ancillary equipment. 1. Based on FY17 fleet, plus net movements since 30 June 2017, plus Force's fleet.

FY18 OUTLOOK AND BEYOND

Emeco is strategically well positioned in the Australian market, offering significant opportunity for future earnings growth

Market	— Increased activity and a strong pipeline of projects coming to market, particularly in thermal/coking coal, base metals (including copper, zinc and bauxite) and gold — High demand for equipment with limited supply and increasing lead-times — Emeco in a strong position to capitalise on new opportunities arising in the market through its customer relationships and value proposition
Operational	— Implement Force business and fleet to achieve best operating practices across Emeco — Implement EOS application technologies across further customer sites and the Force fleet — Become the highest quality rental provider through continued focus on operational excellence, innovation, widening our customer value proposition and asset management — Remain open to considering further consolidation opportunities — Drive growth in Australia through increased capacity, utilisation and rates
Financial	— Clear focus on increasing earnings and margins — Stronger financial performance expected in FY19 and beyond — Target leverage decrease to 1.5x by FY20 to facilitate refinancing of Emeco’s March 2022 bonds and significantly reduce interest costs

A. Risk factors

RISK FACTORS

Introduction

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 full year and annual reports (including Emeco's most recent full year FY17 results announcement lodged with the ASX on 31 August 2017, its 2017 Annual Report lodged with the ASX on 20 October 2017 and Emeco's 1Q18 operational update lodged with ASX on 26 October 2017) and other announcements lodged with ASX (including announcements which may be made by Emeco after publication of this Presentation). 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.

RISK FACTORS

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 (continued)

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. Financing constraints may inhibit the ability of the Company to undertake all of the maintenance capital expenditure that it might like to implement.

RISK FACTORS

Business risks (continued)

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$15 million of proceeds in FY17 from the sale of equipment (A$15 million FY16). This was classified as other income.
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.

RISK FACTORS

Business risks (continued)

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.

RISK FACTORS

Business risks (continued)

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 (continued)

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. In FY17, 40% of revenues were generated from the provision of mining equipment rental services to thermal coal mining customers, 15% to coking coal mining customers, 21% to copper mining customers, 19% to gold mining customers and 2% to iron ore mining customers. 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. 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.

RISK FACTORS

Business risks (continued)

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.
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.

RISK FACTORS

Business risks (continued)

Indebtedness	The Company's gross debt position is approximately $463 million of senior secured notes ("Notes") and approximately A$9.8 million of finance leases. The Company also has up to A$35 million in additional debt and A$30 million in bank guarantee commitments under a $65 million revolving loan facility. This level of total potential Indebtedness 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	Emeco's Notes need to be fully repaid, renewed or refinanced on or before March 2022. The Company's $65 million revolving loan facility will need to be fully repaid, renewed or refinanced in FY2020. The ability of the Company to repay or reschedule the Notes and the revolving loan facility will ultimately be contingent on mining and exploration market activity, commodity prices, AU$/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 Notes and the 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.
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 Force Equipment, 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.

RISK FACTORS

Business risks (continued)

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.
Foreign exchange risks	The majority of the Company's debt is 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.

RISK FACTORS

Risks related to the Acquisition of Force Equipment

Completion risk	Emeco may terminate the Acquisition agreement in certain circumstances including where there is a material adverse change in Force Equipment or where Emeco receives notice in writing from the ACCC stating that the ACCC proposes to intervene to seek to prevent the transaction. If these termination rights are exercised, completion of the Acquisition may not occur. The pending conditionality of the Acquisition over an extended period could adversely affect the business and operations of Force Equipment, including as a result of the potential impact on relationships with clients, suppliers and other counterparties, and provide an opportunity for competitors. Further, if the Acquisition is not completed as a result of a failure in satisfaction of the conditions precedent or exercise of termination rights, Emeco will need to consider alternative uses for the proceeds from the Entitlement Offer, including applying them towards debt reduction, working capital, review of alternative investment opportunities, and/or ways to return the proceeds from the Entitlement Offer to shareholders. Any failure to consummate the Acquisition could materially and adversely affect Emeco and the price of its shares.
Reliance on information provided	The FY17 financial information relating to Force Equipment in this presentation is unaudited and based on the unaudited management accounts of Force Equipment. Accordingly, investors should not rely on this information. Further, the pro forma financial information in this presentation in respect of both Force Equipment and Emeco 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 Force Equipment could potentially have a material adverse impact on the Company into the future. Emeco undertook a due diligence process in respect of Force Equipment, which relied in part on the review of legal and other information provided by Force Equipment. 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 presented (and made assumptions in doing so) the financial information relating to Force Equipment on a stand-alone basis and also on a combined basis (with 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 in respect of Force Equipment was conclusive and that all material issues and risks in respect of the Acquisition have been identified and avoided or managed appropriately. Therefore, there is a risk that unforeseen 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 has been able to review some of the foundations for the forward looking information relating to Force Equipment, forward looking information is inherently unreliable and based on assumptions that may not be achieved or satisfied in the future.

RISK FACTORS

Risks related to the Acquisition of Force Equipment (continued)

Integration risk	The Acquisition involves the integration of Force Equipment which has previously operated independently to Emeco. As a result, there is a risk that the integration of Force Equipment may be more complex than anticipated, encounter unexpected challenges or issues and take longer than expected, divert management attention or not deliver the expected benefits and this may affect Emeco's operating and financial performance. Further, the integration of Force's accounting functions may lead to revisions, which may impact on the Emeco Group's reported financial results
Loss of Force Equipment personnel	While Emeco is committed to providing a continued attractive employment environment, conditions and prospects to assist in the retention of Force Equipment's key management personnel throughout the Acquisition process, there can be no assurance that there will be no loss of key staff leading up to and following the Acquisition by Emeco of Force Equipment.
Historical liability	If the Acquisition of Force Equipment completes, Emeco may become directly or indirectly liable for any liabilities that Force Equipment has incurred in the past as a result of prior acts or omissions, including liabilities which were not identified during Emeco's due diligence or which are greater than expected, and for which the various forms of protections negotiated by Emeco in its agreement to acquire Force Equipment (in the form of insurance, representations and warranties and indemnities) turn out to be inadequate in the circumstances. Such liability may adversely affect the financial performance or position of Emeco post-Acquisition.
Future earnings and acquisition accounting risk	Emeco has undertaken financial and business analysis of Force Equipment in order to determine its attractiveness to Emeco and whether to pursue the Acquisition. To the extent that the actual results achieved by Force are weaker than that anticipated, or any difficulties arise in integrating the operations of Force with those 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 Acquisition, Emeco will undertake a formal fair value assessment of all of the assets, liabilities and contingent liabilities of Emeco. 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 the determination of fair value of identifiable assets and liabilities acquired. The inclusion of Force Equipment reflects provisional amounts for the assets and liabilities acquired based on historic costs other than goodwill. Post Acquisition, 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.

RISK FACTORS

Risks related to the Acquisition of Force Equipment (continued)

Acquisition accounting	In accordance with AASB 3, Force Equipment's identifiable assets, liabilities and contingent liabilities, including intangible assets, must be identified and valued as at the Acquisition date. The purchase price is then allocated across the fair value of these assets, liabilities and contingent liabilities with any residual recognised as goodwill. The valuation of intangible assets is a complex and time-consuming process that may require specialist skills and detailed information about the business, which will become available to Emeco following completion of the Acquisition. In addition, each of the identified intangibles acquired may have a limited life and must be amortised over that life in contrast to goodwill, which is subject to annual impairment review. Indefinite life intangibles are not amortised and are reviewed for impairment annually. A detailed identification and valuation process will therefore be undertaken after the Acquisition completes. The examples provided below are not intended to be an exhaustive list of items acquired in a business combination that meet the definition of an intangible asset. However they provide an indication of the types of intangibles that may be acquired as part of the Acquisition including client contracts. Under AASB 3, the Company has up to 12 months from the date of Acquisition during which retrospective adjustments can be made to the provisional Acquisition accounting. The Company has not completed an exercise to consider the fair value of the tangible and identifiable intangible assets and the liabilities acquired along with any related deferred tax amounts. No value has been attributed to potential carry forward tax losses or deferred tax liabilities related to intangible assets for the purposes of the pro forma historical statement of financial position. Accordingly, adjustments will impact the recorded amounts of assets and liabilities of the Company and will have an impact on depreciation and amortisation charges in future financial periods and therefore impact earnings before interest and tax ("**EBIT**") and net profit after tax ("**NPAT**").
Contract termination / Reduction in contract scope	Force Equipment's revenues are subject to underlying contracts with varying terms. There is a risk that Force Equipment's contracts may be cancelled or may not be renewed if customers decide to reduce their levels of spending, potentially reducing their revenue. Most of these contracts can be terminated at the customer's convenience. Contract operations are vulnerable to the risk of interruption as a result of a variety of factors, which may be beyond Emeco's control, including the following: • variations to reduce scope of works; • prolonged heavy rainfall or cyclone; • geological instability, including strong seismic activity, landslides, mudslides, rock falls, cave-ins, or conditions that threaten to result in such an event; • accidents or unsafe conditions; • equipment breakdowns; • industrial relations issues; and • scarcity of materials and equipment. If Force Equipment does not perform its obligations under a contract in accordance with the terms of the contract, Force Equipment is at risk that the contract will be terminated. Any such performance issue may result in contract guarantees being relied upon by its clients and could also adversely affect Force Equipment's reputation in the marketplace which could adversely impact its ability to secure new contracts. In addition, Force Equipment's contracts may be subject to termination for convenience by clients without cause. In the event of a contract termination, Emeco may not be able to redeploy the assets and resources used on that project to other projects on the same terms or at all and may experience downtime between demobilisation and redeployment. Any of these factors could materially adversely affect Emeco's margins and results of operations.

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 price under the Entitlement Offer. 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.
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.
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.

RISK FACTORS

Risks associated with the Entitlement Offer and Share ownership (continued)

Change in accounting or financial reporting standards	Changes in accounting or financial reporting standards may adversely impact the reported financial performance of the Emeco 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 Emeco Group will be subject to the risk that negative publicity, whether true or not, may affect stakeholder perceptions of the Emeco Group's past actions and future prospects. Being listed on the ASX means that the Emeco Group will be subject to risks relating to market expectations for its business and financial and operating performance. If the Emeco 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 Emeco 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.

RISK FACTORS

Risks associated with the Entitlement Offer and Share ownership (continued)

Underwriting risk	The Underwriting Agreement relating to the Entitlement Offer sets out various events, the occurrence of which will entitle the Underwriters to terminate the Underwriting Agreement. Accordingly, there is a risk that the Underwriters may terminate their obligations under the Underwriting Agreement if any such events occur. These events include where: • any of the offer documents (including this Investor Presentation and all ASX announcements made in connection with the Equity Raising) omit certain material required by the Corporations Act, contain a statement which is misleading or deceptive, or the cleansing notice lodged by Emeco in respect of the Entitlement Offer is “defective” within the meaning of the Corporations Act; • there are certain delays in the timetable for the Entitlement Offer without the Underwriters’ consent; • Emeco ceases to be admitted to the official list of ASX or its ordinary shares are suspended from trading or quotation; • Emeco withdraws the Entitlement Offer; • the Acquisition agreement is terminated or rescinded, breached in a material respect or a condition precedent to any party's obligations under the Acquisition agreement becomes incapable of being satisfied; • there is a material adverse change in the assets, liabilities, financial position or performance, profits, losses or prospects of the Emeco Group; • the S&P/ASX 200 Index falls by 10% or more from its reference level and closes at that level for 2 consecutive business days or more; and • ASIC takes certain regulatory action in respect of the Company or the Offer. The ability of the Underwriters to terminate the Underwriting Agreement in respect of some events (including breach of the Underwriting Agreement by Emeco, market disruption, hostilities or regulatory action) will depend (amongst other things) on whether the event has or is likely to have a material adverse effect on the success or settlement of the Entitlement Offer, the price at which New Shares may trade on the ASX or could reasonably be expected to give rise to a contravention by, or liability for, an Underwriter under applicable law. If the Underwriting Agreement is terminated for any reason, then Emeco may not receive the full amount of the proceeds expected under the Entitlement Offer, its financial position may change and it may need to take other steps to raise debt or equity capital in order to fund and complete the Acquisition.
Risks associated with not taking up your rights under the Entitlement Offer	If you do not take up all of your entitlements to acquire New Shares under the Entitlement Offer, your percentage shareholding in Emeco will be diluted by not participating to the full extent in the Entitlement Offer. As the Entitlement Offer is non-renounceable, you will not receive any value for entitlements you do not take up.

B. International Offer Restrictions

INTERNATIONAL OFFER RESTRICTIONS

This document does not constitute an offer of 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 New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

Canada (British Columbia, Ontario and Quebec provinces)

This document constitutes an offering of New Shares only in the Provinces of British Columbia, Ontario and Quebec (the "Provinces") and to those persons to whom they may be lawfully distributed in the Provinces, and only by persons permitted to sell such New Shares. This document is not, and under no circumstances is to be construed as, an advertisement or a public offering of securities in the Provinces. This document may only be distributed in the Provinces to persons that are "accredited investors" within the meaning of NI 45-106 – Prospectus Exemptions, of the Canadian Securities Administrators.

No securities commission or similar authority in the Provinces has reviewed or in any way passed upon this document, the merits of the New Shares or the offering of New Shares and any representation to the contrary is an offence.

No prospectus has been, or will be, filed in the Provinces with respect to the offering of New Shares or the resale of such securities. Any person in the Provinces lawfully participating in the offer will not receive the information, legal rights or protections that would be afforded had a prospectus been filed and receipted by the securities regulator in the applicable Province. Furthermore, any resale of the New Shares in the Provinces must be made in accordance with applicable Canadian securities laws which may require resales to be made in accordance with exemptions from dealer registration and prospectus requirements. These resale restrictions may in some circumstances apply to resales of the New Shares outside Canada and, as a result, Canadian purchasers should seek legal advice prior to any resale of the New Shares.

The Company as well as its directors and officers may be located outside Canada and, as a result, it may not be possible for purchasers to effect service of process within Canada upon the Company or its directors or officers. All or a substantial portion of the assets of the Company and such persons may be located outside Canada and, as a result, it may not be possible to satisfy a judgment against the Company or such persons in Canada or to enforce a judgment obtained in Canadian courts against the Company or such persons outside Canada.

Any financial information contained in this document has been prepared in accordance with Australian Accounting Standards and also comply with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board. Unless stated otherwise, all dollar amounts contained in this document are in Australian dollars.

Statutory rights of action for damages and rescission

Securities legislation in certain of the Provinces may provide purchasers with, in addition to any other rights they may have at law, rights of rescission or to damages, or both, when an offering memorandum that is delivered to purchasers contains a misrepresentation. These rights and remedies must be exercised within prescribed time limits and are subject to the defenses contained in applicable securities legislation. Prospective purchasers should refer to the applicable provisions of the securities legislation of their respective Province for the particulars of these rights or consult with a legal adviser.

The following is a summary of the statutory rights of rescission or to damages, or both, available to purchasers in Ontario. In Ontario, every purchaser of the New Shares purchased pursuant to this document (other than (a) a "Canadian financial institution" or a "Schedule III bank" (each as defined in NI 45-106), (b) the Business Development Bank of Canada or (c) a subsidiary of any person referred to in (a) or (b) above, if the person owns all the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of that subsidiary) shall have a statutory right of action for damages and/or rescission against the Company if this document or any amendment thereto contains a misrepresentation. If a purchaser elects to exercise the right of action for rescission, the purchaser will have no right of action for damages against the Company. This right of action for rescission or damages is in addition to and without derogation from any other right the purchaser may have at law. In particular, Section 130.1 of the Securities Act (Ontario) provides that, if this document contains a misrepresentation, a purchaser who purchases the New Shares during the period of distribution shall be deemed to have relied on the misrepresentation if it was a misrepresentation at the time of purchase and has a right of action for damages or, alternatively, may elect to exercise a right of rescission against the Company, provided that (a) the Company will not be liable if it proves that the purchaser purchased the New Shares with knowledge of the misrepresentation; (b) in an action for damages, the Company is not liable for all or any portion of the damages that the Company proves does not represent the depreciation in value of the New Shares as a result of the misrepresentation relied upon; and (c) in no case shall the amount recoverable exceed the price at which the New Shares were offered.

Section 138 of the Securities Act (Ontario) provides that no action shall be commenced to enforce these rights more than (a) in the case of any action for rescission, 180 days after the date of the transaction that gave rise to the cause of action or (b) in the case of any action, other than an action for rescission, the earlier of (i) 180 days after the purchaser first had knowledge of the fact giving rise to the cause of action or (ii) three years after the date of the transaction that gave rise to the cause of action. These rights are in addition to and not in derogation from any other right the purchaser may have.

Certain Canadian income tax considerations. Prospective purchasers of the New Shares should consult their own tax adviser with respect to any taxes payable in connection with the acquisition, holding or disposition of the New Shares as any discussion of taxation related matters in this document is not a comprehensive description and there are a number of substantive Canadian tax compliance requirements for investors in the Provinces.

Language of documents in Canada. Upon receipt of this document, each investor in Canada hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the New Shares (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.

INTERNATIONAL OFFER RESTRICTIONS

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 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 and any rules made under that ordinance).

No advertisement, invitation or document relating to 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 New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted 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 New Shares 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.

Norway

This document has not been approved by, or registered with, any Norwegian securities regulator under the Norwegian Securities Trading Act of 29 June 2007. Accordingly, this document shall not be deemed to constitute an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act of 2007.

The New Shares may not be offered or sold, directly or indirectly, in Norway except to "professional clients" (as defined in Norwegian Securities Regulation of 29 June 2007 no. 876 and including non-professional clients having met the criteria for being deemed to be professional and for which an investment firm has waived the protection as non-professional in accordance with the procedures in this regulation).

Singapore

This document and any other materials relating to 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 New Shares, may not be issued, circulated or distributed, nor may the 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 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 New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

INTERNATIONAL OFFER RESTRICTIONS

Switzerland

The New Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under the listing rules of any stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the New Shares may be publicly distributed or otherwise made publicly available in Switzerland.

The New Shares will only be offered to regulated financial intermediaries such as banks, securities dealers, insurance institutions and fund management companies as well as institutional investors with professional treasury operations. This document is personal to the recipient and not for general circulation in Switzerland.

Neither this document nor any other offering or marketing material relating to the New Shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of New Shares will not be supervised by, the Swiss Financial Market Supervisory Authority.

United Kingdom

Neither this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the New Shares.

This document is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of the FSMA) in the United Kingdom, and the New Shares may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) of the FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this document relates are available only to, and any offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

United States

This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The New Shares have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

C. Basis of preparation and operating to statutory financials reconciliation

PRO FORMA FINANCIALS – BASIS OF PREPARATION

Basis of Preparation

The basis of preparation in compiling the combined group's pro forma statement of financial position and pro forma earnings and leverage information post Entitlement Offer and Acquisition and the combined group's statement of financial position post Entitlement Offer and Acquisition disclosed on slides 19 and 20 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 financial report for the year ended 30 June 2017.
- 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 audited Financial Report for the year ended 30 June 2017 and unaudited management accounts for the year ended 30 June 2017 for Force.
- Emeco's complete Financial Report for the year ended 30 June 2017 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 Acquisition and Entitlement Offer was effective from 1 July 2016 for the purposes of the statement of financial position and the earnings and leverage information.

OPERATING TO STATUTORY FINANCIALS RECONCILIATION

	FY17	4Q17	4Q17 run rate
Statutory NPAT from continuing operations	($156.1m)	($130.3m)	
Adjusted for:			
Business acquisition and restructuring costs	$88.0m	$88.0m	
Impairment expense	$10.2m	$9.3m	
Depreciation and Amortisation	$61.5m	$22.6m	
Net Finance costs	$34.2m	$10.8m	
Net FX loss/(gain)	$10.1m	($22.7m)	
Tax Expense	$14.7m	$40.2m	
EBITDA discontinued operations	$7.0m	($1.2m)	
Total EBITDA	**$69.6m**	**$16.7m**	
Long Term Incentives expense	$6.4m	$6.1m	
Redundancy & Restructuring expense	$7.5m	$6.3m	
Operating EBITDA	**$83.5m**	**$29.1m**	**$116.2m**

Thank you

emecogroup.com