Emeco Holdings Limited
2018 Full Year Results

21 August 2018

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Results Overview

Ian Testrow
Managing Director and CEO

FY18 HIGHLIGHTS

Emeco continues to execute on its strategy to become a high quality and low cost provider of equipment rental solutions, with increased scale, enhanced maintenance capabilities and a stronger balance sheet

People and safety

TRIFR reduced by 45% over FY18

~500 employees, including ~350 skilled tradespeople and 24 apprentices

Responded well to tightening labour market by leveraging Employer of Choice status and focusing on training and optimising labour efficiency

Financial performance

Operating EBITDA of $153.0m, up 83.2% from $83.5m in FY17

Operating EBITDA margin of 40.2%, up from 35.8% in FY17

Operating EBIT of $83.2m, up 593.3% from $12.0m in FY17

Operating NPAT of $20.1m, positive for the first time since FY13

Operational improvement

Operating utilisation[1] has increased throughout the year from 56% to 62%

Successful integration and expansion of Force workshops driving low capital intensive earnings and maintenance savings on the Emeco fleet

Implemented centralised planning, procurement and asset management, driving efficiencies, cost reductions and productivity

Strong balance sheet

Strong operating cash generation

Net debt / pro forma run rate operating EBITDA reduced to 2.0x[3], down from 3.9x[4] in FY17

Deleveraging well ahead of schedule providing more flexibility to refinance on more attractive terms

Positive outlook and clear strategy

Drive revenue growth through utilisation and rate improvements

Grow retail workshops revenue to provide low capital intensive earnings

Integrate Matilda acquisition following completion on 2 July 2018

Well positioned to take advantage of growth opportunities

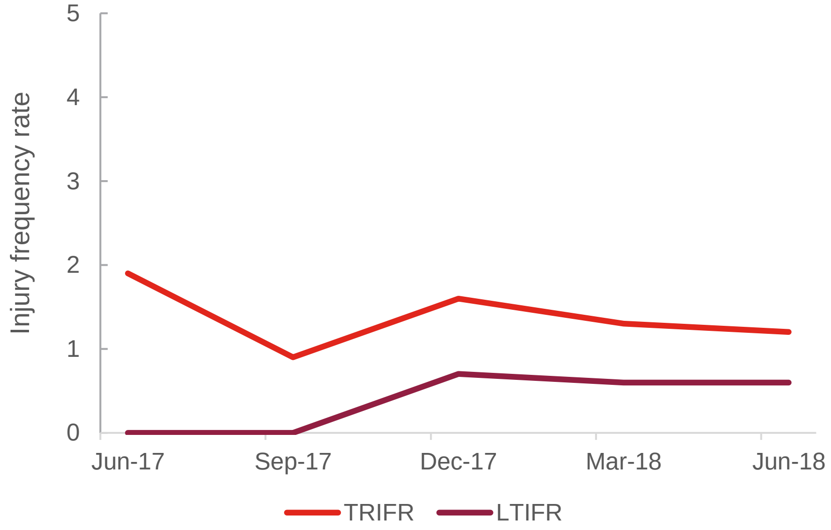
Notes: 1. 100% Operating utilisation equivalent to 400 hours per month. 2. Excludes $87.5m net proceeds on hand from capital raising for the acquisition of Matilda. 3. FY18 net debt / annualised 4Q18 operating EBITDA plus annualised Matilda 3Q18 operating EBITDA. 4. FY17 net debt / annualised 4Q17 operating EBITDA.

PEOPLE AND SAFETY

Emeco is a leading employer with the safety of our people remaining the top priority

- Emeco continues to build its workforce with ~500 employees across Australia as at 30 June 2018, including ~350 skilled tradespeople and 24 apprentices
    - Responded well to the tightening labour market – Emeco is an employer of choice with a strong force on training and optimising labour productivity, enhanced through the use of technology and centralised planning
- Emeco continues its focus on achieving zero harm and developing standardised market leading safety practices
    - Total recordable injury frequency rate reduced by 45% over FY18, down from 2.2 to 1.2
    - Long term injury frequency rate of 0.7 as at 30 June 2018

Injury frequency rates



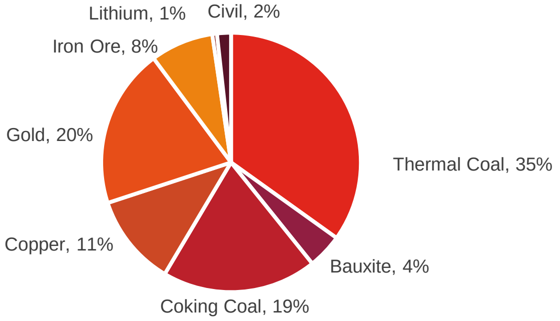
AUSTRALIAN RENTAL

Rental revenue increased by 81.2% and EBITDA was up by 120.7%

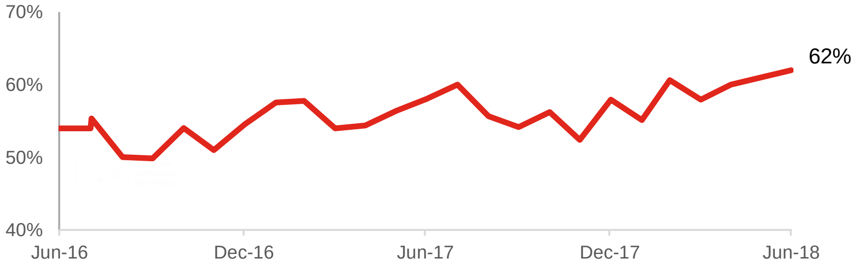
Overview

- Revenue of $355.2 million (up 81.2%) and EBITDA[1] of $168.2 million (up 120.7%), driven by the rental fleet approximately tripling over the past 18 months
- Operating utilisation improved over FY18 to 62% from 56%
- Operating EBITDA margins[1] increased to 47.3% (from 32.9% in FY17) as a result of increased rental rates and operating utilisation, innovative contract structures, labour productivity improvements, disciplined cost control, full year contributions from the Andy's and Orionstone and seven month contribution from Force
- Completion of the Matilda acquisition on 2 July 2018 and increases in utilisation and rate expected to drive earnings growth in FY19

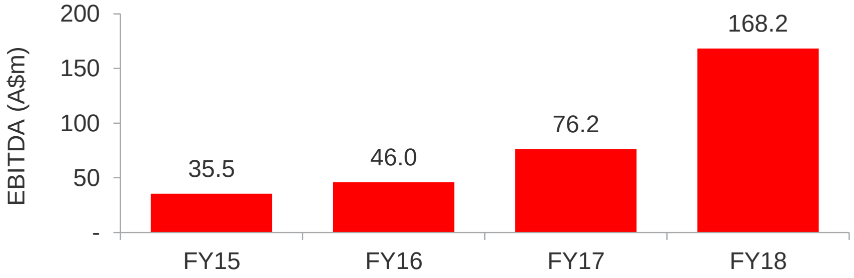
Revenue by commodity



Operating utilisation



Operating EBITDA (pre-corporate costs)



Notes: 1. Pre-corporate costs

WORKSHOPS

Force acquisition provided Emeco with four strategically located workshop facilities, expanding Emeco's customer offering and providing low capital intensive earnings

Overview

- Force has major maintenance facilities strategically located close to key customer sites in Perth, Kalgoorlie, Port Hedland and Mackay
- Workshops equipped to rebuild a wide range of equipment components and offer retail maintenance services to third party machine users, providing a capital light revenue source, earnings diversification and potential cross selling opportunities
- In-house maintenance capabilities protect Emeco against rebuild and inventory shortages, and provide security of supply and significant savings compared to the OEMs

FY18 performance (pre-corporate costs)

- In the seven months since completion, Workshops generated $2.7 million of operating EBITDA from $25.8 million of retail revenue, up 57.8% on FY17 (pre-acquisition) on an annualised basis
- Workshops business also supported the Australian Rental fleet (equivalent to $17.0 million in internal Workshops revenue which is approximately 40% of Workshops activity)
- Workshops EBITDA margin of 10.5% dampened as no Workshop overheads are allocated to Australian Rental and will improve as retail maintenance scale increases
- The combined internal and retail revenue for the Force Workshops was $41.8 million in FY17 pre-acquisition by Emeco. This has increased to $42.8 million post-acquisition over a seven month period, equating to an increase of 75.6% on an annualised basis

Perth

Kalgoorlie

Port Hedland

Mackay

Financial Performance

Justine Lea
Chief Financial Officer

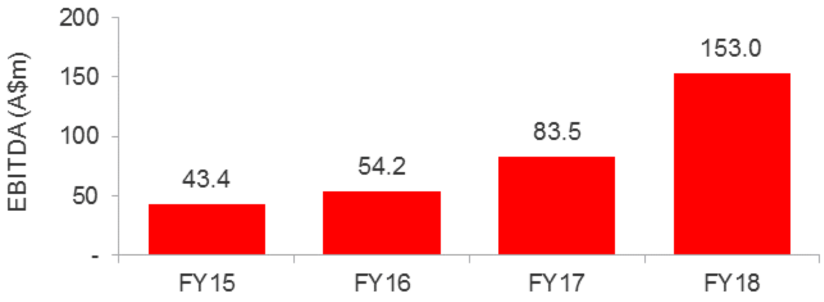
PROFIT AND LOSS

Emeco generated positive operating net profit after tax, the first time since FY13

Overview

- Group operating revenue up 63.5% on FY17
- Operating EBITDA of $153.0 million (up 83.2% on FY17), with operating EBITDA margin up 440bps to 40.2%
- Operating EBIT of $83.2 million (up 593% on FY17)
- Achieved positive operating net profit after tax for the first time since FY13

Operating EBITDA[1]



Operating financial performance[1]

A$m unless otherwise stated	FY17	FY18	Change
Operating revenue	233.0	381.0	+64%
Operating EBITDA	83.5	153.0	+83%
Operating EBITDA margin	35.8%	40.2%	+440bps
Operating EBIT	12.0	83.2	+593%
Operating NPAT	(90.9)	20.1	na

Notes: Please refer to the Appendix for Operating to Statutory results reconciliation. Operating results include corporate overheads. 1.FY18 Includes Canadian discontinued operations and excludes Chilean discontinued operations. FY17 includes Canadian and Chilean discontinued operations.

CASH FLOW

Emeco's strong earnings and capital expenditure discipline has resulted in significant cash generation

Overview

- Stronger operating EBITDA drove improved operating free cash flow performance
- Operating free cash flow also supported by a significant reduction in the working capital compared with the prior year, driven by:
  - Working capital balances reducing to more normal levels following the acquisitions of Andy's, Orionstone and Force; and
  - the receipt of ~$12 million associated with the Chile asset swap
- Net capital expenditure increased during FY18 due to increased fleet scale

Cash flow summary from continuing operations

A$ million	FY17	FY18
Operating EBITDA[1]	83.5	153.0
One off impacts	(13.9)	(4.0)
Working capital	(32.7)	29.2
Income tax cash flows	-	-
Operating free cash flow	**36.9**	**178.2**
Capital expenditure	(31.4)	(80.5)
Disposals	30.9	22.9
Net capital expenditure	**(0.5)**	**(57.6)**
Finance costs	(38.0)	(46.9)
Free cash flow after financing	**(1.6)**	**73.7**

Notes: Please refer to the Appendix for Operating to Statutory results reconciliation.

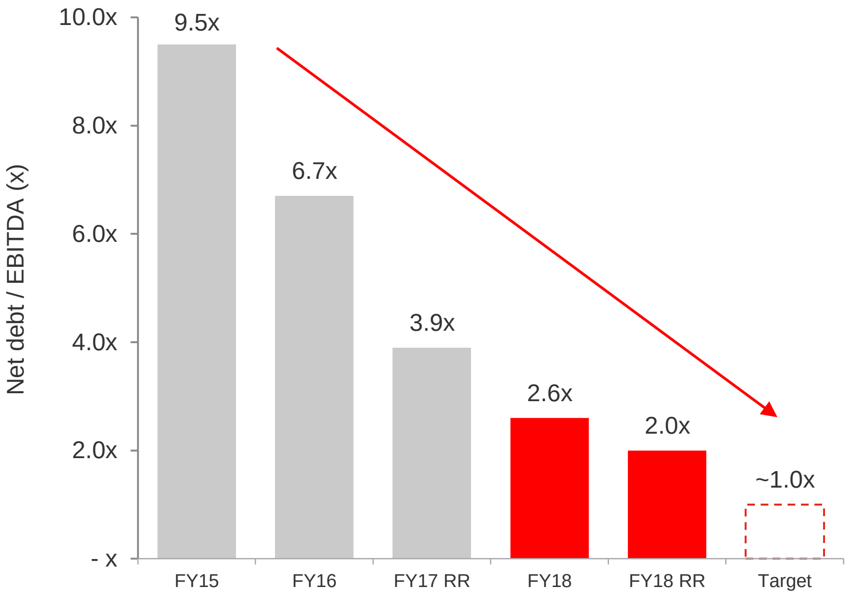
BALANCE SHEET

Emeco is focused on continued deleveraging to facilitate refinancing on more attractive terms

Overview

- Through strong operating cash flows and equity funded acquisitions, Emeco reduced net debt / pro forma run rate operating EBITDA to 2.0x[1] (down from 3.9x[2] in FY17)
- Total net debt decreased from $457.1 million at 30 June 2017 to $400.8 million at 30 June 2018 due to:
  - A reduction in finance lease liabilities of $8.6 million
  - Increasing cash balance to $83.9 million[3] (up from $17.0 million in FY17)
  - Partially offset by the depreciation of the Australian Dollar
- Emeco has the following hedging in place in relation to its senior notes:
  - US$100 million of US$356 million principal; and
  - US$21 million of US$33 million annual interest
- Continued deleveraging places Emeco in a strong position to renew the fleet as required, refinance on more attractive terms and take advantage of growth opportunities in the market

Leverage metrics continue to improve



Notes: Please refer to the Appendix for Operating to Statutory results reconciliation. 1. FY18 net debt / annualised 4Q18 operating EBITDA plus annualised Matilda 3Q18 operating EBITDA. 2. FY17 net debt / annualised 4Q17 operating EBITDA. 3. Excludes $87.5m net proceeds on hand from capital raising for the acquisition of Matilda.

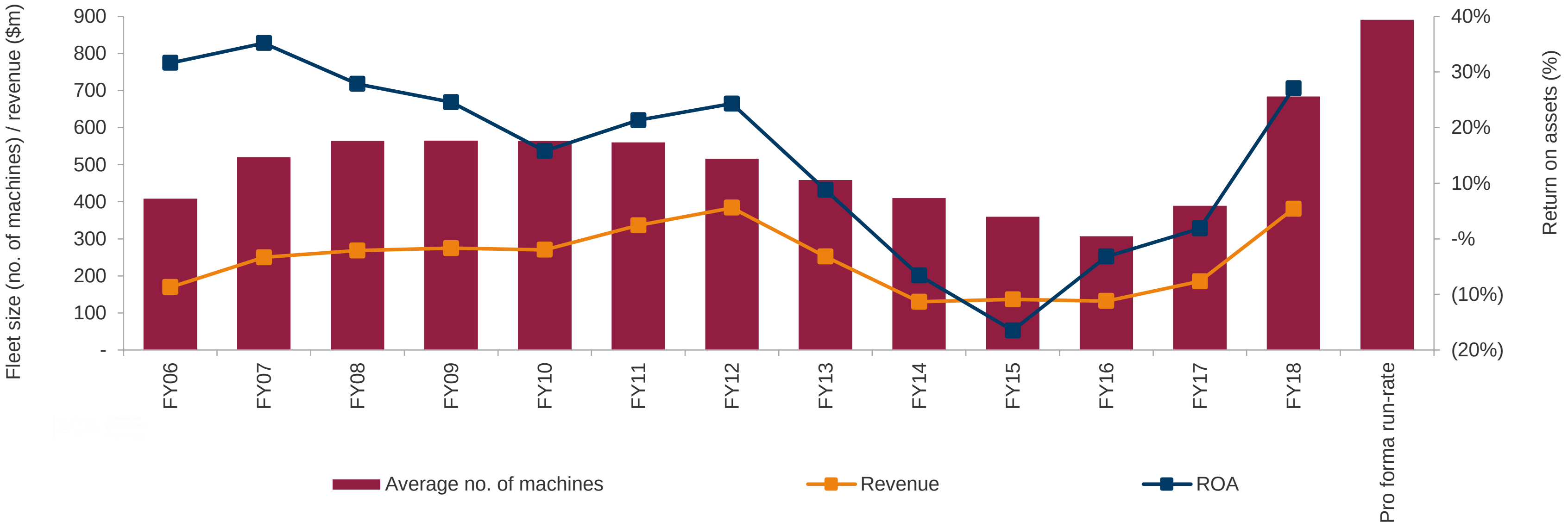
Strategy and Outlook

Ian Testrow
Managing Director and CEO

STRATEGY & OUTLOOK

Substantial earnings growth potential given the significant fleet size

Historical Australian fleet (excludes support equipment), revenue and return on assets



Notes: Return on assets calculated as estimated EBITA for Australian fleet divided by estimated average written down value for Australian fleet. Pro forma run rate includes additional equipment from acquisition of Matilda Equipment.

FY19 AND BEYOND

Emeco is strategically well positioned to build earnings from its strong market position and improved balance sheet

What we're seeing in the market	— Strong underlying levels of activity in early FY19 — Limited supply of equipment and longer lead times — Customers more disciplined in capital expenditure decisions (compared to previous cycles) which is favourable to the rental business model
What we're doing in the business	— Strong focus on further increases in utilisation and rates to drive growth — Forming strategic partnerships with customers to enhance Emeco's value proposition – for example, implementing EOS on customer fleet — Improving equipment performance and reducing costs by centralising planning, standardising maintenance practices, optimising labour productivity and undertaking strategic procurement initiatives — Increasing low capital intensive maintenance earnings and capturing significant savings by self-performing major component rebuilds via the Force Workshops — Integrating Matilda, which will provide rental earnings growth and procurement capabilities
Our objectives for the future	— Achieve organic growth by increasing utilisation and rates and expanding the Workshops retail maintenance business — Pursue additional strategic and financially compelling acquisition opportunities — Aggressively deleverage and refinance existing debt on more attractive terms

Appendix: Additional Regional Information

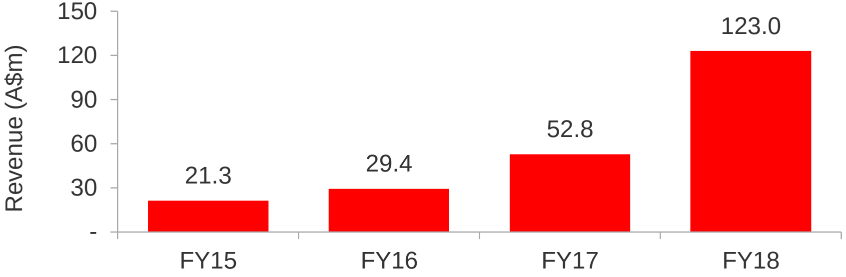
QUEENSLAND

Queensland continues to grow as a result of increased scale and strengthening market conditions

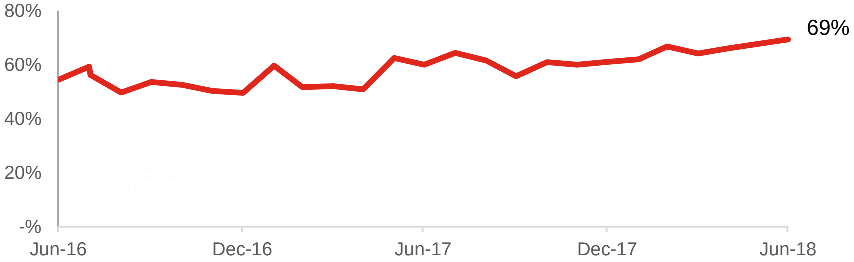
Overview

- Strong growth in FY18 through integration of acquired businesses and improving existing fleet utilisation and rates
- New project wins ramping up during 4Q18 provide momentum into FY19
- Ability to further build on earnings in FY19 with the majority of Matilda fleet in Queensland and new long term project opportunities

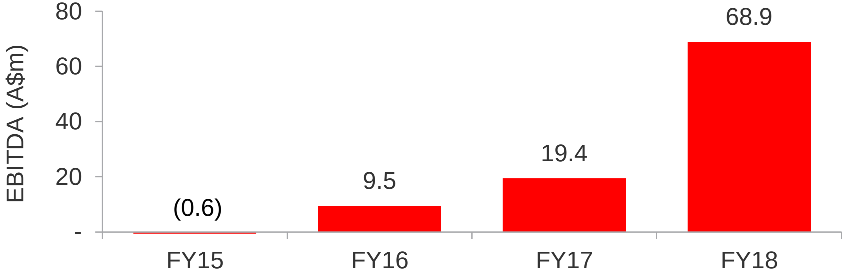
Operating revenue



Operating utilisation



Operating EBITDA



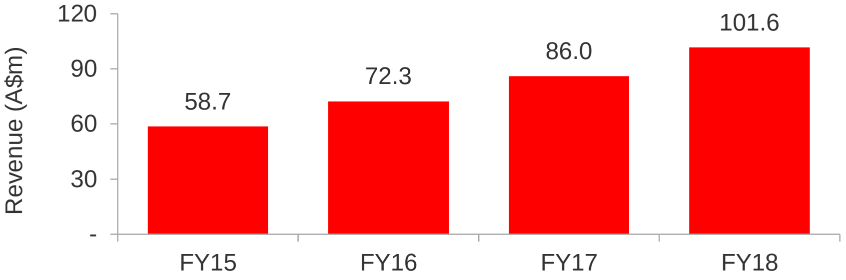
NEW SOUTH WALES

New South Wales continues to be a stable contributor

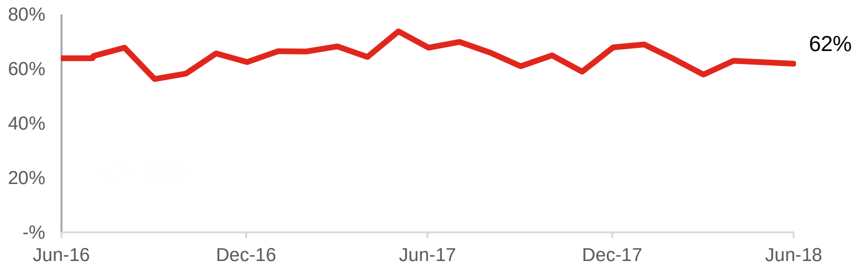
Overview

- Mature customer base continues to deliver strong base earnings with limited contribution from acquisitions in comparison to Western Australia and Queensland
- Large project extension renewed for two years for continued base earnings
- NSW business is well positioned to capture opportunities as demand and activity increases, particularly in the Hunter Valley region

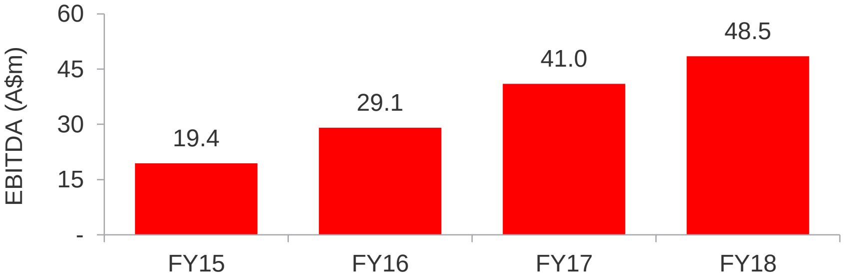
Operating revenue



Operating utilisation



Operating EBITDA



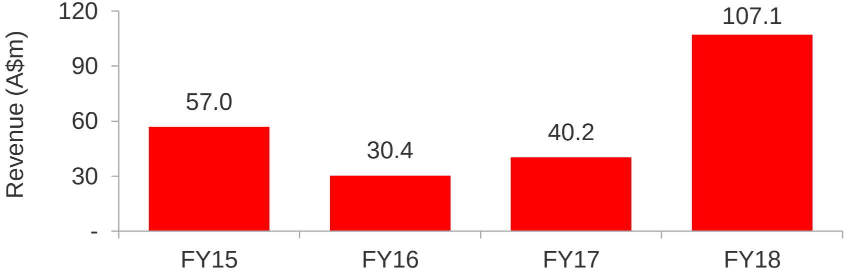
WESTERN AUSTRALIA & SOUTH AUSTRALIA

Significant increase in the scale of Western Australia and South Australia following acquisitions

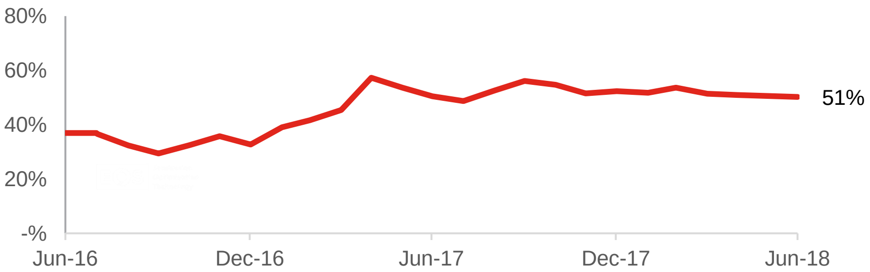
Overview

- Strong growth in FY18 from contribution of acquired businesses
- The WA/SA business face some challenges going into FY19 as fleet from concluding projects need to be redeployed
- Bidding multiple new projects commencing in 2H19

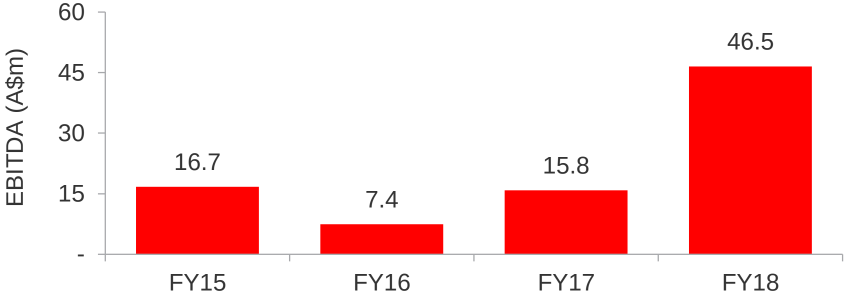
Operating revenue



Operating utilisation



Operating EBITDA



Appendix: Operating to Statutory Reconciliation

OPERATING TO STATUTORY RECONCILIATION

A$m unless otherwise stated	FY18 Statutory	FY18 Operating	FY17[4] Statutory	FY17[4] Operating
Revenue	381.0	381.0	196.0	233.0
EBITDA[1]	130.7	153.0	51.9	83.5
EBITDA[1] margin	34.3%	40.2%	26.5%	35.8%
EBIT[2]	49.7	83.2	(85.8)	12.0
NPAT[3]	5.3	20.1	(157.2)	(90.9)

Notes:

1. FY18 operating results excludes $4.0m in redundancy and restructuring costs, $10.8m in long term incentive programs, $3.8m in expensed transaction costs and includes $3.7m in operating EBITDA from the Canadian business. FY17 operating results exclude $7.5m in redundancy and restructuring costs and $6.4m in long term incentive programs.
2. FY18 operating results excludes $4.0m in redundancy and restructuring costs, $10.8m in long term incentive programs, $3.8m in expensed transaction costs, $11.2m in tangible asset impairments and includes $3.7m in operating EBIT from the Canadian business. FY17 operating results exclude $7.5m in redundancy and restructuring costs, $5.4m in long term incentive programs, $10.1m in expensed transaction costs, $77.9m in goodwill impairments and $25.3m in tangible asset impairments.
3. FY18 operating results excludes $4.0m in redundancy and restructuring costs, $10.8m in long term incentive programs, $3.8m in expensed transaction costs, $11.2m in tangible asset impairments and $18.7m in income tax benefits and includes $3.7m in operating NPAT from the Canadian business. FY17 operating results exclude $7.5m in redundancy and restructuring costs, $5.4m in long term incentive programs, $10.1m in expensed transaction costs, $77.9m in goodwill impairments, $25.3m in tangible asset impairments and $37.6m in income tax benefits.
4. FY17 statutory results exclude the Chile and Canada operations discontinued in FY18 which have been reclassified for comparative purposes. The FY17 operating results include the Chile and Canada discontinued operations as they were classified as continuing operations during that period.

OPERATING TO STATUTORY RECONCILIATION

A$m unless otherwise stated	FY18	FY17
Statutory NPAT from continuing operations	5.3	(157.1)
Adjusted for:		
Business acquisition and restructuring costs	-	88.0
Impairment expense	11.2	8.2
Depreciation and Amortisation	69.9	54.7
Net Finance costs	50.4	32.6
Net FX loss/(gain)	12.6	10.1
Tax expense / (benefit)	(18.7)	14.7
Total EBITDA	**130.7**	**51.9**
EBITDA discontinued operations	3.7	17.7
Acquisition costs	3.8	-
Long Term Incentives expense	10.8	6.4
Redundancy & Restructuring expense	4.0	7.5
Operating EBITDA	**153.0**	**83.5**

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Thank you

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