

14 November 2019

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

Chairman's Annual Address to Shareholders

Good afternoon everyone.

It is my pleasure to welcome you all to the 2019 Annual General Meeting of Emeco Holdings Limited. My name is Peter Richards and I am the Chairman of Emeco.

As a quorum is present, I formally declare this meeting open.

Firstly, I would like to introduce my fellow directors. On my left, we have Ian Testrow, Emeco's Chief Executive Officer and Managing Director, and Darren Yeates. To my right are Keith Skinner and Peter Frank.

Together with the board today is Justine Lea, Emeco's Chief Financial Officer, Penny Young, Emeco's Company Secretary and General Counsel, and Thao Pham, Emeco's Chief Strategy Officer.

I would like to start with Emeco's number one focus – the safety of our employees. Emeco maintains its commitment to safety and finished FY19 with our lost time injury frequency rate at zero. However, despite our continued focus on safety performance, the number of employees being injured during the past financial year rose, with the total recordable injury frequency rate increasing from 1.2 to 4.6. As we strive for 'zero harm' in the workplace, steps have been taken within the business to ensure our most important resources are working in a safe environment at all times.

In terms of the business, the 2019 financial year saw a continued improvement in Emeco's financial and operating performance, with further expansion to operating earnings and a return on capital of 21%. Emeco continued to execute on its growth strategy in FY19, realising a full year of earnings from the Matilda and Force acquisitions and capitalising on the opportunity to purchase and rebuild a package of growth assets for \$85 million. Earnings from these assets will be in addition to earnings from Emeco's existing fleet and is being realised in FY20. Combined with disciplined cost management, the Company's deleveraging strategy is on target with operating net leverage below 2.0x and on target to be 1.5x by the end of this financial year.

Ian will provide a more detailed operational overview of FY19 and outlook for FY20 shortly.

Before this, however, I would like to address a number of concerns which were raised by shareholders at last years' AGM. These included executive remuneration, incentives and the potential dilutive impact of employee share plans. We have taken these concerns on board and have committed to addressing these issues moving forward. In our annual report, you will have seen some more detail on these issues and the actions we are taking as a board to address them. If anyone has any further queries, we will be happy to answer your questions or consult with you following the formalities.

Additionally, we have received some feedback on the diversity of the board. Whilst in recent years the board has been focused on the recovery of the business, its financial stability and strengthening the balance sheet, we are committed to exemplifying sound corporate governance and taking steps towards this. In this view, we are actively recruiting a new board member to bring new skills and broaden the diversity of the members. The board remains open to consulting and discussing with shareholders, and their proxy advisers, any concerns or queries they may have regarding governance of the Company.

To finish, I would like to thank Ian Testrow and his management team who continue to work tirelessly to achieve strong financial results and operational improvements. I would also like to thank my fellow board members for their service and input this past year.

On behalf of the board, I would also like to acknowledge the hard work and dedication of Emeco's employees in the year, their contribution to Emeco's results is unquestionable – the board thanks you all.

And finally, I would like to thank you, the shareholders, for your support of the Company throughout the year. This is truly valued by the Company.

I'd now like to invite Ian to deliver his address as Managing Director.

Peter Richards
Chairman

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