Emeco Holdings Limited
2020 Interim Results

18 February 2020

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1H20 Financial Highlights

$246.5m Revenue ▲10%	**$119.1m** Operating EBITDA ▲16%	**48.3%** Operating EBITDA margin ▲250bps	**$67.5m** Operating EBIT ▲13%	**27.4%** Operating EBIT margin ▲70bps
$42.1m Operating NPAT ▲33 %	**$82.6m** Workshops activity ▲91%	**$23.3m** Operating cash flow ▲89%	**1.77x** Net Leverage ▼0.55x	**20.6%** Return on capital ▲10bps

Note: Comparative period 1H19

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1H20 HIGHLIGHTS

Strong earnings growth in 1H20 with Operating EBITDA in line with management guidance and delivering on strategy

Strong Financial Performance	✓ Continued strong performance with significant growth on 1H19. Operating EBITDA[1] of $119.1m, up 16% on 1H19
Delivering Growth in Line with Guidance	✓ In line with previous Operating EBITDA guidance of $118m to $120m with further growth expected in 2H20
Operational Improvement	✓ Operating EBITDA margins increased to 48.3%[1,2] (up from 45.8% in 1H19 and 46.2% in 2H19)
Pit N Portal acquisition	✓ Due to complete the Pit N Portal acquisition on 28 February 2020, which sees us entering hard-rock underground equipment and mining services and will more than double our gold exposure
Strengthening Balance Sheet	✓ Further improvement in leverage to 1.77x, down from 2.0x at 30 June 2019, on track to achieve FY20 target of 1.5x
Increased Diversification	✓ New project wins in gold and iron ore will further diversify commodity exposure and increase earnings. Iron ore exposure doubled in 1H20 compared to FY19 and up 10x since 1H19
Continued to Deliver on Strategy	✓ Continuing target to be the lowest cost, highest quality provider of earthmoving equipment services

Notes: 1. Statutory to Operating earnings reconciliation included in Appendix A. 2. 1H20 Operating EBITDA has been adjusted to remove the impact of AASB 16 Leases, which became effective on 1 July 2019, to enable comparison to prior periods. Had the impact of AASB 16 not been removed, Operating EBITDA would have been approximately $3.1 million higher

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People and safety

SAFETY

Emeco had zero lost time injuries in 1H20 and safety is the #1 priority

Safety

- Zero lost time injuries
- Current total recordable injury frequency rate (TRIFR) is 4.3, reduced from 4.6 at 30 June 2019
- Safety of our workers is paramount – We set ourselves a goal to reduce the TRIFR and we are excited to see some improvement
- The level of safety interactions and reporting in the business has significantly increased, we are encouraged by the workforce's engagement in our new digital safety tools
- Management will continue to be vigilant in ensuring a safe workforce for our people – It continues to be our highest priority

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PEOPLE

The Emeco Team continues to grow, both in number and capability

People

- People are the most important part of our business – they are responsible for customer relationships, building on Emeco's value proposition and the craftsmanship that creates our quality
- We challenge ourselves to ensure the work we do reliably delivers safe results, with a strong focus on continuous improvement and learning
- Total workforce set to increase to 900 of highly skilled workers (mechanics, fitters, boiler makers, engineers, operators). The significant increase reflects the new work won and the pending acquisition of Pit N Portal
- Emeco attracts skilled trades as we offer the diversity of open cut, underground, workshops and component rebuild experience, unique in the industry
- During the year our activities to attract, recruit and retain people included:
  - Investing in training and development
  - Creating career opportunities
  - The expansion of our Apprenticeship Program to increase the intake of apprentices, including adult apprentices
  - Leader programs to develop frontline leaders to promote safe, cost efficient and productive operations and teams

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Operating segments

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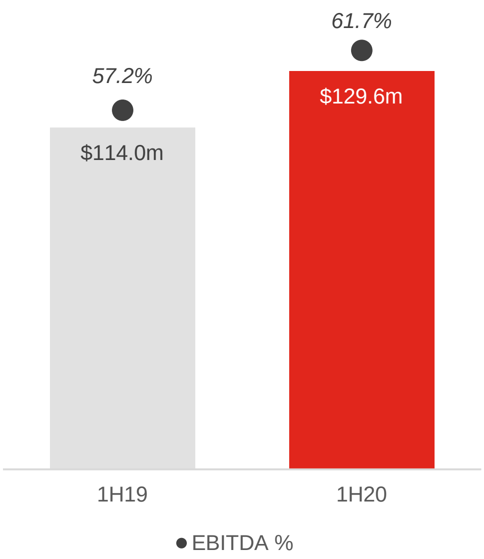
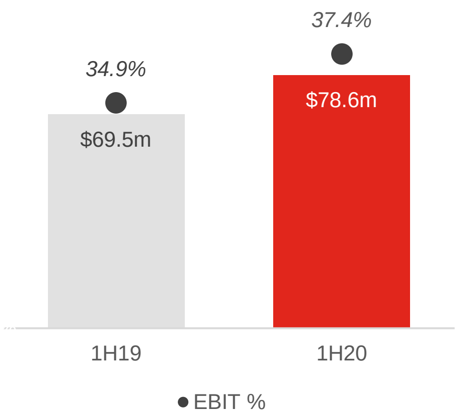
RENTAL

Improving conditions in WA, the growth assets and operational efficiencies drive growth in earnings and margins

Operating EBITDA[1] up 14%



Operating EBIT[1] up 13%



1H20 overview

- Rental growth predominantly due to strong demand from customers in metallurgical coal, improving conditions in WA and earnings from growth assets
- Operating utilisation[2] of 65% (1H19: 62%)
- Gross utilisation[3] of 91% (1H19: 90%)
- Improving margins from relocating equipment from expiring projects into new projects with higher margins
- Fleet repositioned into new Western Region gold and iron ore projects, and metallurgical coal projects in the Eastern Region
- Recent 3-year contract extensions on multiple key customers across commodities

2H20 outlook

- Continued strong metallurgical coal demand in the Eastern Region, with earnings growth from iron ore and gold in the Western Region

Notes:

1. Pre-corporate costs
2. Operating utilisation defined as average operating hours per asset as a percentage of 400 hours per month
3. Gross utilisation defined as ratio of fleet rented to customers (excludes assets held for sale)

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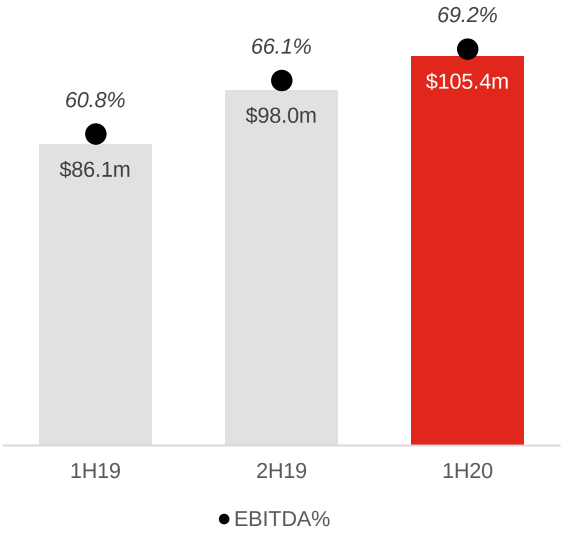
RENTAL – EASTERN REGION

Strong metallurgical coal demand continues to drive increased utilisation

Operating EBITDA up 22%[1]



1H20 overview

- Growth underpinned predominately by contribution from growth assets and increased operating utilisation and rates in metallurgical coal
- Metallurgical coal continues to deliver growth and strong results, thermal coal remains stable
- Operating utilisation of 72% (1H19: 70%)
- Gross utilisation of 95% (1H19: 94%)

2H20 outlook

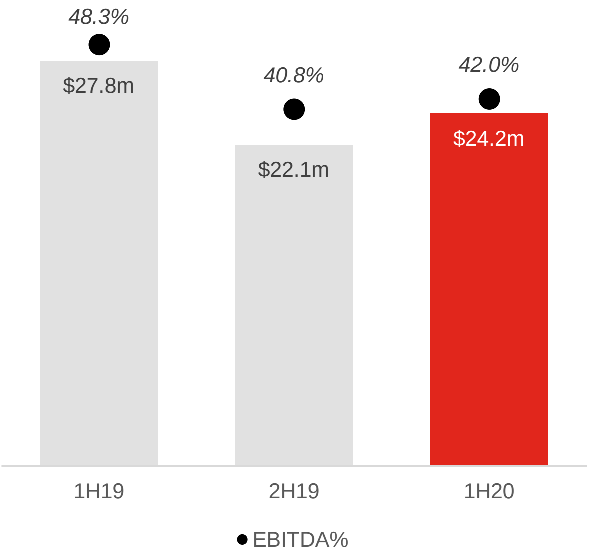
- Strong continued demand, particularly in metallurgical coal
- Customers remain disciplined with capital expenditure allocation making rental a valuable alternative as stripping ratios increase and equipment supply remains tight
- Trend of metallurgical coal demand outpacing thermal coal may result in further asset reallocation

Note: 1. Comparative period 1H19

RENTAL – WESTERN REGION

Following projects completing in FY19, the Western Region ramped up in 1H20 as it redeployed fleet into iron ore and gold projects

Operating EBITDA up 10%[1]



1H20 overview

- Consistent with previous announcements, transitional CY19 with assets being redeployed from high revenue, low margin projects winding down into more profitable projects, with further upside as these projects come to a complete end
- Although EBITDA was down from 1H19, it has increased 10% on 2H19 as Western Region gains traction
- Margin improvements due to higher margin projects contributing revenue late in the period
- Costs incurred in preparing large fleet to new projects impacted earnings in the period
- Average operating utilisation of 50% (2H19: 48%), and gross utilisation of 81% (2H19: 82%) as assets began ramping up on new projects in late CY19

2H20 outlook

- Earnings will grow in 2H20 resulting in an expected strong CY20
- Strong demand for equipment as iron ore project activity increases and our business with gold mine owners builds
- Utilisation will improve as projects ramp up
- Margins expected to grow further as low margin projects complete and assets are redeployed into more profitable projects
- New project wins in gold and iron ore will further expand commodity exposure and increase earnings in CY20

Note: 1. Comparative period 2H19

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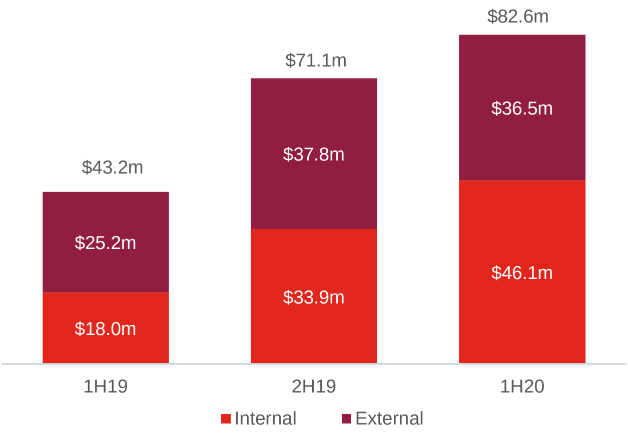
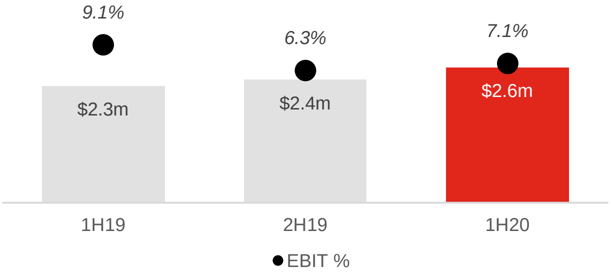
FORCE WORKSHOPS

Workshops throughput continues to grow and contribute earnings and savings to the Group

Activity[1] up 91% on 1H19



Operating EBIT[1] up 13% on 1H19



1H20 overview

- Workshops activity has significantly increased driven by internal activity as Force supported redeployment of Western Region fleet to new projects plus rebuilding of critical components for the rental fleet
- Internal portion of Workshops activity increased to 56% (1H19: 42%)
- The Workshops provides the Group with value:
  - Internal work ensures Emeco has capability and critical components available to keep the Rental fleet working and customers mining while being cost effective
  - Rebuilding our fleet (purchased and current) through Force workshops significantly lowers our capital investment and improves return on invested capital
  - Retail work increases the services and value Emeco can provide to customers and provides low capital intensive earnings, commodity diversification and covers overhead costs
- Operating EBIT contribution of $2.6m from retail works (1H19: $2.3m), noting retail absorbs all Workshop overheads. Operating EBIT margins have slightly decreased to 7.1% (1H19: 9.1%) as a result of the significant increase in internal works
- Further investment in critical component inventory expected, with benefits from reduced cost and downtime – firming up component supply is a core strategy
- Strong synergy potential with Pit N Portal and Force workshops capability, including utilising east coast workshops to grow Pit N Portal services

Notes:

1. Revenue pre-intercompany eliminations compared to 1H19
2. Operating EBIT from retail sales, excludes internal work

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Financial results

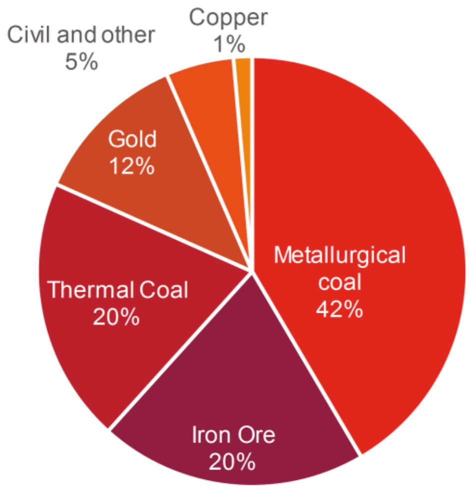
PROFIT AND LOSS

Earnings and margins continue to expand and we further diversify our commodity exposure

Operating financial performance[1]

$m unless otherwise stated	1H19[4]	1H20	Change
Operating revenue	224.3	246.5	10%▲
Operating EBITDA[2]	102.8	119.1	16%▲
Operating EBITDA margin	45.8%	48.3%	250bps▲
Operating EBIT[2]	60.0	67.5	13%▲
Operating EBIT margin	26.7%	27.4%	70bps▲
Operating NPAT	31.7	42.1	33%▲
Return on capital (ROC)[3]	20.5%	20.6%	10bps▲

1H20 Group revenue by commodity



Notes:

1. Refer to Statutory to Operating earnings table in Appendix B
2. 1H20 Operating EBITDA and Operating EBIT has been adjusted to remove the impact of AASB 16 Leases, which became effective on 1 July 2019, to enable comparison to prior periods. Had the impact of AASB 16 not been removed, Operating EBITDA and Operating EBIT would have been approximately $3.1 million and $0.3 million higher, respectively.
3. ROC calculated as LTM Operating EBIT over average capital employed
4. 1H19 excludes Chilean discontinued operations

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CASH FLOW

Operating cash flow continues to grow as the business benefits from its growing scale

Overview

- Operating cash flow up 19% on 1H19 to $75.3m
- Working capital cash outflow in the period due to:
  - Final instalment of growth capex and accrued rebuild costs
  - Growth in the business and ramp up of Western Region
  - Timing of debtor payments (received in January)
- Further $2.9m investment in key component inventory to ensure security of supply, minimise downtime and maximise earnings
- Interest costs reduced with note buy-back in FY19 and impact of being fully hedged – opportunity to further reduce interest costs with 3-year non-call period ending on 31 March 2020
- Emeco has $257m in unutilised Australian tax losses, of which $68m is unrecognised – cash tax not expected until FY22 at the earliest

1H20 cash flow[1,2]

$m	1H19	1H20
Operating EBITDA	102.8	119.1
Working capital	(12.5)	(20.5)
Financing costs	(27.1)	(23.3)
Operating cash flow[2]	**63.2**	**75.3**
Net sustaining capex	(45.9)	(49.1)
Component inventory (capex)	(5.0)	(2.9)
Free cash flow	**12.3**	**23.3**

Notes:

1. Refer to Statutory to Operating cash flow table in Appendix B
2. Financing costs cash outflow has been adjusted $0.9m, EBITDA by ($3.1m) and financing repayments $2.2m for the impact of AASB 16 Leases for comparative purposes to 1H19

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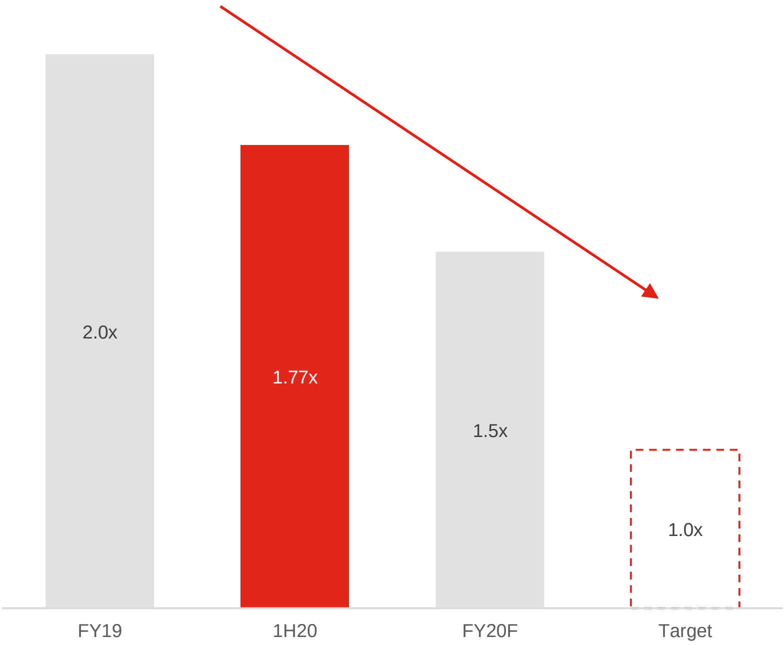
BALANCE SHEET

Leverage down to 1.77x and on track for 1.5x by June 2020

Overview

- Further improvement in leverage to 1.77x[1], down from 2.0x at 30 June 2019, on track to achieve FY20 target of 1.5x
- Further deleveraging achieved through a fully underwritten rights offer to fund the Pit N Portal acquisition
- Refinance window of US notes approaching, providing an opportunity for reduced interest costs and a strengthened balance sheet
- Increased the RCF limit from $65m to $100m providing additional liquidity in excess of $150m
- Committed to further deleveraging into FY21, targeting 1.0x by end of FY21
- Recent upgrades in Emeco's credit ratings by Moody's B1 from B2) and S&P (B+ from B)
- Balance sheet improvement and lower funding costs provide optionality for capital management

Leverage (net debt[2] / operating EBITDA[3])



Notes:

1. Net debt / operating EBITDA
2. Net debt based on hedged AUD equivalent of US notes and excludes the impact of AASB16 Leases for comparative purposes
3. Refer to Statutory to Operating earnings table in Appendix B

Outlook & Strategy

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FY20 FOCUS & OUTLOOK

Utilisation improvements and margin expansion setting up Emeco for further growth in 2020

Focus and Outlook	
	— Further develop HSE systems and resources given growth and added complexity of the business with the growth of the Force Workshops and the acquisition of the Pit N Portal business — Integrate the Pit N Portal business into the Emeco Group and its operations to facilitate growth — Growth in met coal (earnings and utilisation) in the Eastern Region — Iron ore and gold will grow in the Western Region (earnings and utilisation) — Operational utilisation will increase — Rental margins will continue to increase — Growth assets will achieve $25m Operating EBITDA in FY20, slightly skewed to 2H20 — Pit N Portal EBITDA CAGR has been ~15% from FY17 to FY19 and we expect four months of earnings with similar levels of growth to be achieved in FY20 and FY21 — Continued strong Workshops activity, focusing on internal works to support the Rental fleet and grow the retail business by leveraging the combination with Pit N Portal's underground rebuild capability — Improve quality and efficiency through continuous improvement projects and implementing technology based systems and processes — Leverage Emeco's skilled workforce to widen our customer value proposition and provide customers with additional services — Further develop and apply EOS technology, providing our customers a digital tool to increase production from both our rental fleets and their equipment – expecting installation to a new strategic customer in FY20 — **Free cash flow will increase significantly in 2H20, ensuring Emeco deleverages down to 1.5x for FY20 and 1.0x for FY21** — **Refinance Emeco's existing 9.25% notes to lower financing costs and achieve more flexible terms** — **Once within our target leverage range, we look forward to paying a dividend**

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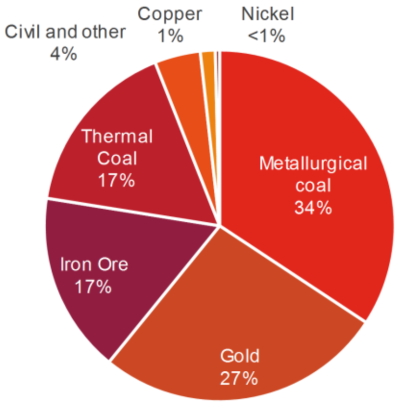
PIT N PORTAL UPDATE

Strategic acquisition of underground mining services provider Pit N Portal expected to deliver strong growth in the expanding underground sector

Platform for growth	✓ **Platform for growth** into expanding underground mining sector ✓ **FY19 revenue of $101m, Operating EBITDA of $20m** ✓ **EBITDA CAGR of ~15%** from FY17 to FY19 – similar levels of growth expected to be achieved in FY20 (four months of earnings) and forecast for FY21
Commodity diversification into gold	✓ **Immediately more than doubles gold exposure** from 12% to 27%[1] ✓ **Strong underground activity** to further diversify earnings in gold, nickel and base metals projects with a strong pipeline of new projects
Leverages core capabilities	✓ Pit N Portal is **Australia's largest provider of underground hard-rock rental equipment** ✓ **Strong maintenance and rebuild capability** – Pit N Portal provides customers a retail maintenance and rebuild service, adding to the scale and expertise of the Force business
Widens value proposition	✓ **Widens Emeco's value proposition** beyond our existing open cut rental and maintenance solutions model ✓ **Focused on innovation and technology**, Pit N Portal provides tele-remote controlled and auto-guidance equipment ✓ **Delivering project specific solutions**, including maintenance services, skilled operators, supervision, mine and project management, engineering and geological services, mine planning and design ✓ **Strong operational synergy potential** through Force workshops, Emeco's east coast facilities, customer relationships across each business and adding further mining services to Emeco Rental

Emeco pro forma commodity exposure[1] (revenue) post Pit N Portal acquisition



Notes: 1. Based on Emeco's annualised 1H20 unaudited revenue and Pit N Portal's revenue from its audited FY19 report.

MORE THAN JUST A RENTAL COMPANY

Underpinned by high quality, low cost equipment, Emeco and Pit N Portal's service offerings are supported by industry leading capabilities

Procurement capability

- Ability to use its international network to buy mid-life equipment well for both its open cut and underground fleet
- Target assets that require rebuild so we can use our Force workshops to rebuild the equipment. This allows us to buy especially well, where others lack this capability
- Allows Emeco to cost-effectively source fleet for asset replacement and growth
- Significantly reduces the initial capital outlay on assets by not buying more costly new or near new assets
- Do not market new equipment and compete with OEMs

Force workshops

- Provides the capability to cost-effectively rebuild exiting fleet and newly acquired to an "as new" standard and presentation
- Ability to extend the life of equipment to provide a low cost and high quality service offering
- We rebuild our own components, reducing costs and ensuring supply of a critical spares to ensure reliability of our equipment
- Significant capex / cost savings by providing the capability to repair and rebuild major components
- We provide this rebuild service (equipment and components) to customers, widening our value proposition and creating non capital-intensive earnings

Planning and component analysis

- All components are monitored by reliability engineers for signs of stress or abuse
- Advanced financial and engineering analytics ensures data driven decisions
- Security of parts supply and lowest life-cycle cost position
- Improvement in availability and reliability
- Asset telemetry provides real time data
- Central planning functions plan for component change out 12-months in advance
- Artificial intelligence tools support inventory optimisation
- Regional planners optimise allocation of labour and delivery of parts resources, improving productivity and reducing downtime

On-site project support

- Both Emeco and Pit N Portal are differentiated through our ability to support our equipment on site at our customers' projects
- We provide mobile workshops to ensure a safe workplace and quality maintenance works
- Our workforce is also available to support our customers' fleets. We consider this an area of growth as the market for skilled workers tightens
- Through the capability of our on site workforce we guarantee the availability and reliability of our fleet
- Pit N Portal provides additional services such as skilled operators, electrical and ventilation services, drill and blast, wall stability and technical services

EOS Technology

- The EOS productivity tool provides our customers a tool to measure and improve the productivity they are achieving when operating our equipment
- EOS provides real time reports and notifications to our customers based on KPIs developed specifically for their site and production challenges.
- EOS has achieved increased productivity on our customers operations – history of increasing truck utilisation by greater than 10%
- We have successfully installed and implemented EOS at a customer site on their equipment
- EOS can be used in open cut and underground operations.

Increased value for our customers resulting in greater tenure and generating sustainable strong returns and shareholder value

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Appendix A: Operating to statutory reconciliation

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RECONCILIATIONS

1H20 operating earnings reconciliation

$Am	NPAT	EBIT	EBITDA
Statutory result	**27.0**	**52.8**	**113.1**
Ineffective hedge (gain)	(0.5)	-	-
Tangible asset impairment	5.9	5.9	-
Long term incentive expense	7.6	7.6	7.6
Restructuring expense	0.9	0.9	0.9
Acquisition costs	0.6	0.6	0.6
Impact of AASB 16 leases	0.6	(0.3)	(3.1)
Operating result	**42.1**	**67.5**	**119.1**

1H20 operating cash flow reconciliation[1]

$Am	
Operating EBITDA	**119.1**
Working capital	(20.5)
Net sustaining capex	(49.1)
Component inventory	(2.9)
Financing costs	(23.3)
Free free cash flow	**23.3**
Financing repayments	(4.8)
Financing cash flows	**(4.8)**
Non-operating costs	(1.4)
Non-recurring items	**(1.4)**
Net cash movement	**17.1**

Notes:

1. Financing costs cash outflow has been adjusted $0.9m, EBITDA by ($3.1m) and financing repayments $2.2m for the impact of AASB 16 Leases for comparative purposes to 1H19

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Thank you

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