Emeco Holdings Limited
1H22 Results

16 February 2022

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1H22 FINANCIAL HIGHLIGHTS

Revenue

$373m

+16% vs 2H21 $322m
+25% vs pcp $298m

Growth in all operating segments, particularly Pit N Portal (+48% vs 1H22 and +120% vs pcp)

Operating EBITDA[1]

$122m

+2% vs 2H21 $120m
+3% vs pcp $118m

Solid result within guidance range ($120-125m) notwithstanding tight labour market and weather

Operating EBIT[1]

$59m

Flat vs 2H21 and pcp

Solid EBIT performance

Operating NPAT[1]

$32m

+3% vs 2H21 $31m
+23% vs pcp $26m

Solid and high quality result reflecting full tax rate
Statutory NPAT of $30m

ROC[2]

16%

17% 2H21
19% pcp

Strong returns above cost of capital
Reflects growth investment, particularly in Pit N Portal

Free cash flow

$29m

$43m 2H21
$44m pcp

Continued strong cash generation

Net leverage[3]

1.0x

0.9x 2H21
1.0x pcp

Strong balance sheet allowing for sustainable capital investment in our business and capital management

Capital mgmt

$11.1m

35% of 1H22 operating NPAT

Capital management includes 1.25 cent fully franked dividend and an on-market share buyback

Notes:

1. Operating financial metrics are non-IFRS measures. Refer to Statutory to Operating reconciliations in the Appendix
2. Return on capital calculated as LTM Operating EBIT over average capital employed
3. Net debt / Operating EBITDA

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1H22 ACHIEVEMENTS AND OUTLOOK

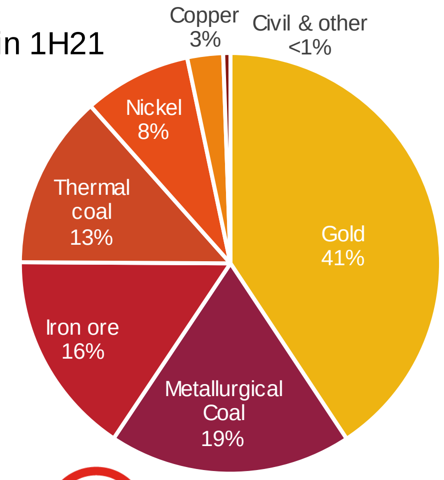
Solid performance with good momentum across all operating segments and exceptional revenue growth in Pit N Portal. Operating EBITDA of $122m in line with guidance, FY22 outlook of $250-260m

1H22 Achieve-ments

- **TRIFR of 1.8** at 31 December 2021, down 14% from 2.1 at 30 June 2021
- **Group revenue growth of 16% vs 2H21**, largely attributable to contract wins in Pit N Portal, growth in Rental notwithstanding weather events and tight labour markets, and increased activity in the Force Workshops
- **Group operating EBITDA of $122m**, within guidance range of $120-125m. Solid performance reflecting growth across all operating segments. Momentum in Eastern Region impacted by weather late in 1H. Western Region growth achieved despite labour tightness impacting utilisation. Pit N Portal earnings growth from new projects
- **Strong free cash flows of $29m** before growth capex and capital management. 93% cash conversion. $9m working capital investment to support Pit N Portal growth. $72m sustaining and $12m growth capex in line with guidance
- **Return on capital 16% comfortably above cost of capital.** Temporary dilution attributable to increased capital in Pit N Portal with EBIT to improve as projects enter the production phase and Rental utilisation increases
- **Capital management** package of $11.1 million (35% of 1H operating NPAT), including 1.25 cent fully franked dividend and initial ~1% on-market share buyback, with flexibility to increase buyback within the parameters of our 10/12 buyback program
- **Continued commodity diversification**, with metals revenue now 68% of Group, up from 62% in 2H21 and 57% in 1H21

Outlook and Guidance

- **Operating EBITDA guidance of $250-$260m** reflects strong performance predominantly from Rental, with steady growth in Pit N Portal and Force Workshops
- Expect good growth in **Rental** revenue and earnings from increasing demand for equipment by customers gaining confidence in the strength of commodity prices
- Margin expansion in **Pit N Portal** will build as projects move to production phase, with modest margin and earnings growth in 2H22 and substantial growth expected in FY23
- **Force Workshop** activity remains strong and will continue to build
- Monitoring and managing the impact of **COVID-19** on absenteeism (NSW stabilising, remain cautious on QLD and SA). The impact of an eventual WA border opening will require close monitoring
- **Continued strong cash generation**; FY22 net sustaining capex remains unchanged at $140-150m, including $25-30m allocated for asset replacement



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Safety and sustainability

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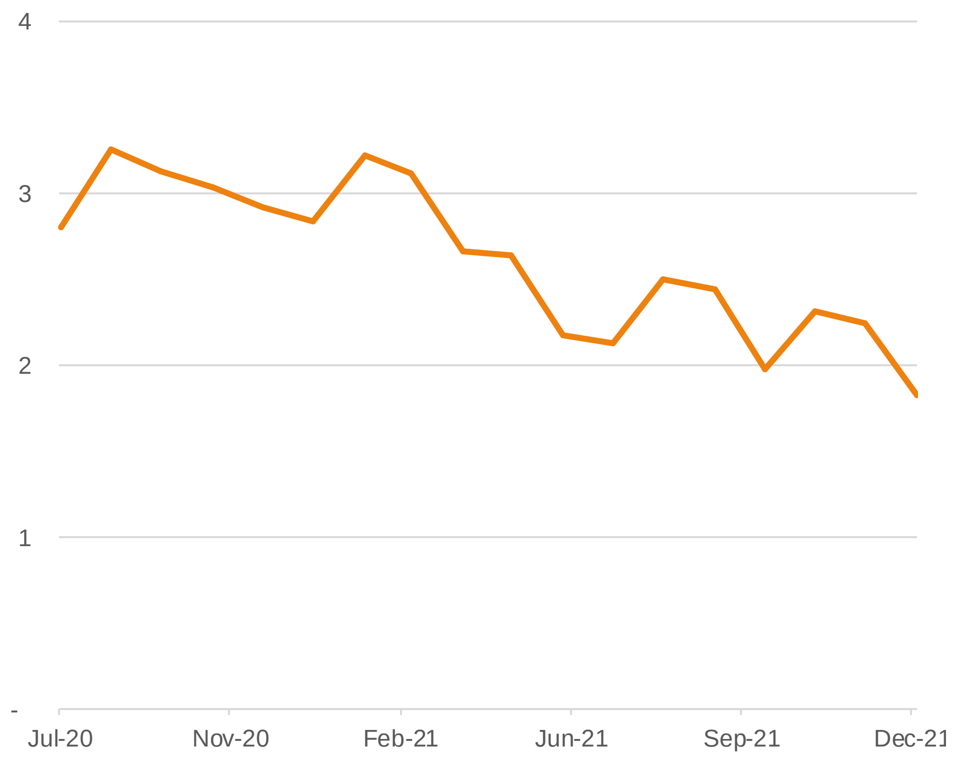
SAFETY

Emeco reduced its TRIFR by a further 14% since June to 1.8 and remains LTI free for 5 years running

Total recordable injury frequency rate (TRIFR)



Overview

- Emeco continues to be lost-time injury (LTI) free, extending the LTI free period to almost 6 years
- TRIFR of 1.8 as at 31 December 2021, a 14% reduction since June 2021 (2.1 TRIFR) and well below the industry average
- Emeco's well established COVID-19 systems and processes have prioritised the safety of our workforce, continuation of our operations and security of supply throughout the many changing Government Guidelines
- Digitising our HSE systems has been effective to standardise and more efficiently and effectively track and communicate key indicators
- Continued to target leading indicators to drive proactive risk management, with a focus on elimination, substitution and engineering controls

SUSTAINABILITY

Development of Emeco's sustainability strategy is on track for completion in FY22

Overview

- Currently developing Emeco's long-term sustainability strategy which addresses material ESG risks and opportunities is due for completion in FY22
- Sustainability strategy will define key ESG targets and KPIs which will be incorporated in future sustainability reports
- Continued development of our people through Project Align, supporting recruitment, retention and development of talent
- Expanded community grants in the period as Emeco supports its local regional communities, charities and organisations

Financial results

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OPERATING PROFIT AND LOSS

Steady profitability as underlying activity strengthens, particularly as investment in Pit N Portal delivers strong revenue and positions for sustained earnings growth and returns

1H22 Operating Financial Performance[1,2]

$m unless otherwise stated	1H21	2H21	1H22	Commentary
Revenue	299	322	373	Up 16% vs 2H21 with growth across all divisions
Operating EBITDA[1]	118	120	122	Up 2% vs 2H21 and within guidance range of $120-125m
Operating EBITDA margin	39%	37%	33%	Margin reflects strong revenue growth in Pit N Portal with earnings leverage to come. Slight decline in Rental due to weather and shortage of customer operators impacting utilisation
Operating EBIT[1]	60	59	59	Solid EBIT performance with increase in depreciation charge reflecting growth in the Pit N Portal asset base (increased earnings to follow)
Operating NPAT[1,2]	26	31	32	High quality result with lower finance expenses following debt restructure. Tax expense fully recognised at 30%, however, no cash tax payable
Return on capital[3]	19%	17%	16%	Strong returns above cost of capital which will increase with earnings growth

Notes:

1. Operating financial metrics are non-IFRS measures. Refer to Statutory to Operating reconciliations in the Appendix
2. Operating NPAT assumes 30% notional tax expense on operating NPBT
3. Trailing 12-month ROC calculated as Operating EBIT over average capital employed

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STATUTORY PROFIT AND LOSS

High quality result with statutory results closely aligned to operating results. Significant increase in reported NPAT with lower one-off adjustments post-capital restructure and refinancing in 2021

1H22 Statutory financial performance[1,2]

$m unless otherwise stated	1H21	2H21	1H22
Revenue	299	322	373
EBITDA[1]	112	114.5	120.0
EBITDA margin	38%	37%	32%
EBIT[1]	53.6	53.6	56.8
NPAT[1,2]	3.3	17.3	30.2

$m unless otherwise stated	Statutory	Tangible asset impairments	Long-term incentive program	Tax effect of adjustments	Operating
EBITDA	120.0	-	1.7	-	121.7
EBIT	56.8	0.5	1.7	-	59.1
NPAT	30.2	0.5	1.7	(0.7)	31.8

Notes:
1. Operating financial metrics are non-IFRS measures. Refer to Statutory to Operating reconciliations in the Appendix
2. Operating NPAT assumes 30% notional tax expense on operating NPBT

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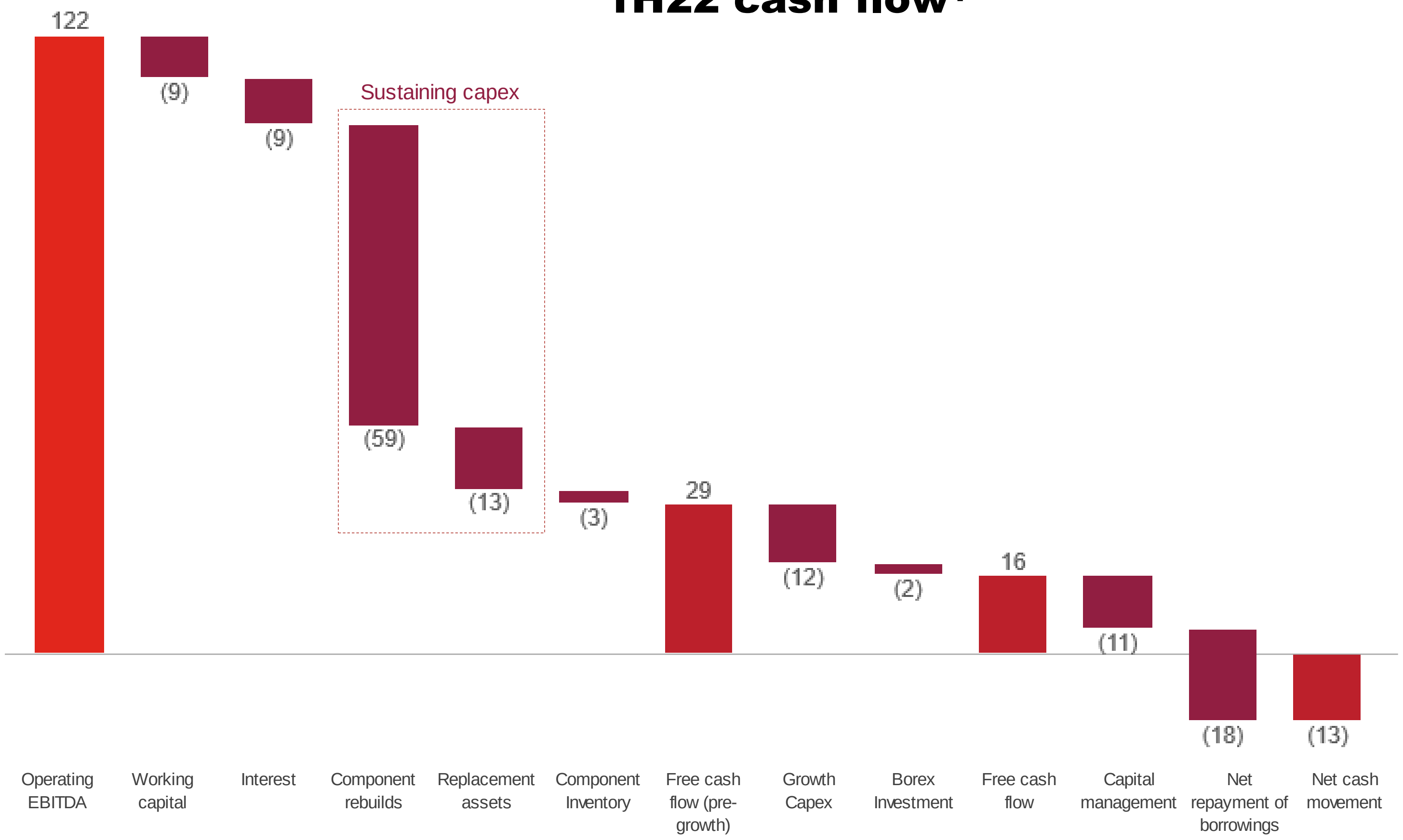
CASH FLOW

Strong cash generation supported by new capital structure, providing ability to deliver capital management and invest in growth in line with strategic objectives

Overview

- Continued strong cash conversion in the period of 93% (1H21: 107%)
- Good cash collection with $9m working capital investment supporting significant growth in Pit N Portal revenue
- Sustaining capex $71.6m includes $12.5m of replacement capital and $59.1m of rebuilds
- Growth capex $11.6m to support Pit N Portal growth and $2.3m settlement of Borex acquisition (now part of Force Workshops)
- Full benefit from June 2021 debt refinancing realised in 1H22. $24m of debt refinancing costs paid in this half contributes to net cash movement
- No cash tax payable over the next several years ($315m in taxable losses available)
- FY22 net sustaining capex guidance unchanged at between $140-150m which includes $25-30m asset replacement program
- No current committed growth capex in 2H but well positioned should opportunities arise

1H22 cash flow[1]



Notes:
1. Refer to Statutory to Operating cash flow table in the Appendix

BALANCE SHEET

Strong balance sheet which supports capital management and growth in line with strategy

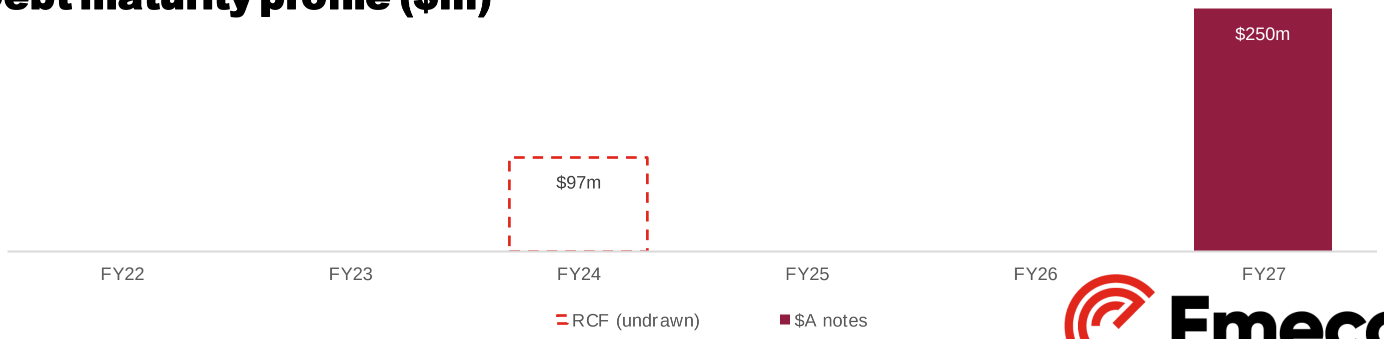
Balance sheet

$m	30-Jun-21	31-Dec-21
Plant & equipment	672	696
Right of use asset	33	34
Intangibles	10	12
Deferred tax	25	11
Fixed assets and intangibles	**740**	**753**
Receivables	125	130
WIP, inventory & prepayments	26	30
Payables and provisions	(119)	(118)
Working capital	**32**	**43**
Cash	75	61
Interest bearing liabilities	(267)	(250)
Leases	(48)	(54)
Net debt	**(241)**	**(243)**
Equity	**531**	**552**

Overview

- 1.0x net leverage[1,2] in line with target of 1.0x whilst funding capital management, growth and one-off cash costs of debt refinance paid during the half.
- Total liquidity of $158 million including cash of $61m
- Drawn debt matures in FY27, ~4.5 years of remaining tenure
- Revolving credit facility of $97m remains undrawn at 31 December 2021
- Ongoing strong working capital management, good cash collection and $9m build in working capital to support Pit N Portal growth.
- Increase in lease liabilities at attractive rates attributable to funding for asset purchases in the half
- Capital management package of $11.1 million (35% of 1H operating NPAT), including 1.25 cent fully franked dividend and initial ~1% on-market share buyback

Debt maturity profile ($m)



Notes:

1. Net debt / LTM operating EBITDA to 31-Dec-21
2. Refer to reconciliations in the Appendix

Operating segments

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RENTAL

Solid performance with growth in the Western Region, momentum building in the Eastern Region

$m unless otherwise stated	1H21	2H21	1H22
Revenue	199.7	201.2	210.7
EBITDA	113.0	115.5	116.6
EBITDA margin	57%	57%	55%
EBIT	62.9	64.1	64.6
EBIT margin	32%	32%	31%

Overview

- Business performed well with growth in EBITDA and EBIT
- Very tight labour markets impacted our customer's ability to drive high utilisation, especially in the Western Region
- Encouraging momentum building in the Eastern Region, however, disrupted by significant weather events late in the half

Outlook

- Expect good growth in revenue and earnings from increasing demand for equipment as customers respond to the strength of commodity prices
- In the process of securing project wins in the Eastern Region that are expected to commence in 4Q22 driving strong gross utilisation as we enter FY23
- Western Region has achieved significant growth over the past two years and will achieve further growth, subject to delays due to customer labour shortages
- With a large installed workforce in an industry facing labour challenges, we are well placed to provide customers with expanded maintenance services which are extremely valued due to the scarceness of resources
- Tightness in the market provides opportunities to improve pricing
- Absenteeism driven by COVID in NSW appears to have stabilised; watching brief in QLD, SA and WA

Notes:

1. Gross utilisation defined as ratio of fleet rented to customers (excludes assets held for sale). See slide 22 for more details
2. Operating utilisation defined as average operating hours per asset as a percentage of 400 hours per month. See slide 22 for more details
3. Intersegment revenue of $8.6 mill relates to fleet used internally (PNP projects)

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RENTAL – EASTERN REGION

Good momentum building throughout the half, however adverse weather in late 2Q impacted customer operations. Post-weather events, activity has accelerated with COVID absenteeism stabilised. Positive outlook for 2H22.

$m unless otherwise stated	1H21	2H21	1H22
Revenue	125.4	122.9	122.3
EBITDA	79.9	78.0	77.4
EBITDA margin	64%	63%	63%

Overview

- Good momentum and improving utilisation was disrupted by adverse weather late in half causing mines to temporarily reduce or suspend production
- Steady EBITDA margin with costs well managed
- Some impact of COVID on labour availability late in half in NSW

Outlook

- Expect good growth in revenue and earnings from increasing demand for equipment by customers gaining confidence in the strength of commodity prices
- Absenteeism driven by COVID in NSW appears to have stabilised; watching brief on staff absenteeism due to COVID in QLD and SA
- In the process of securing project wins that are expected to commence in 4Q22 driving strong gross utilisation rates as we enter FY23

Notes:

1. Gross utilisation defined as ratio of fleet rented to customers (excludes assets held for sale). See slide 22 for more details
2. Operating utilisation defined as average operating hours per asset as a percentage of 400 hours per month. See slide 22 for more details

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RENTAL – WESTERN REGION

Good growth impacted by labour shortages impacting utilisation. Positive outlook, close monitoring of the WA border reopening

$m unless otherwise stated	1H21	2H21	1H22
Revenue	74.3	80.0	88.4
EBITDA	33.1	37.6	39.2
EBITDA margin	45%	47%	44%

Overview

- Revenue growth driven by equipment relocated from the Eastern Region in FY21 going to work to meet strong demand
- Operator shortages prevented our customers from driving strong utilisation of our equipment including opportunities to place equipment into double shift operations
- Margins improvement expected with improved pricing and once labour markets stabilise and more double shift projects are secured driving stronger utilisation

Outlook

- Western Region has achieved significant growth over the past two years and will achieve further growth, subject to delays due to labour shortages
- Closely monitoring eventual WA border opening and COVID absenteeism
- With a large installed workforce in an industry facing labour challenges, we are well placed to provide customers with expanded maintenance services which are extremely valued due to the scarceness of resources
- Tightness in the market provides opportunities to improve pricing

Notes:

1. Gross utilisation defined as ratio of fleet rented to customers (excludes assets held for sale). See slide 22 for more details
2. Operating utilisation defined as average operating hours per asset as a percentage of 400 hours per month. See slide 22 for more details
3. Intersegment revenue of $8.6 mill relates to fleet used internally (PNP projects)

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PIT N PORTAL

Strong revenue growth created by new projects. Earnings poised for significant growth in FY23

$m unless otherwise stated	1H21	2H21	1H22
Revenue	58.2	86.1	128.0
EBITDA	15.1	15.1	16.4
EBITDA margin	26%	18%	13%
EBIT	9.4	8.3	8.4
EBIT margin	16%	10%	7%

Overview

- Very strong revenue growth as existing and new contracts ramp up, demonstrating Pit N Portal's ability to win and successfully execute project start ups in an exceptionally tight labour market. 140 net new positions were added in 1H22 – a significant achievement in this market
- Margins impacted by start-up costs associated with new projects, development phase of existing projects (which are lower margin than production) and the allocation of rental equipment to support the growth of the services business. This reallocation of fleet from rental to services projects dilutes margins but substantially increases project tenure which aligns with our strategic objectives
- Pit N Portal has more than doubled in size since acquisition in 2020. A number of key roles have been filled to support this growth, ensure successful execution of existing projects and facilitate further growth

Outlook

- Revenue to stabilise in 2H22
- Bidding levels remain high and additional work secured, however, focus will be on execution of existing projects in 2H22
- Closely monitoring eventual WA border reopening and possible absenteeism. Significant work is being carried out to minimise the risk of project disruption
- Margin expansion will build as projects move to production phase. Modest margin and earnings growth in 2H22, with substantial growth expected in FY23

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FORCE WORKSHOPS

Borex integrated. Strong internal and retail activity

$m unless otherwise stated	1H21	2H21	1H22
Revenue	80.5	75.2	85.5
External	*40.7*	*36.6*	*44.2*
Internal	*39.8*	*38.6*	*41.3*
EBITDA	4.0	4.1	4.4
EBITDA margin	9.8%	11.2%	10.0%
EBIT	2.6	2.6	2.8
EBIT margin	6.3%	7.1%	6.3%

Overview

- Strong growth in revenue as both external customer work and internal rebuild activity increased
- Retail demand continues to be strong
- Internal growth due to an increase in rebuild activity preparing equipment for deployment to meet customer demand and increased ratio of components internally rebuilt by the Force Workshops
- Recently acquired Borex line boring business has now been successfully integrated

Outlook

- The Borex business brings the benefit of new customer relationships which will be leveraged to grow external business
- Continued internal growth as Rental utilisation increases
- Ongoing analysis and planning to optimise the balance of internal vs retail work through the Force Workshops. Internal work provides us a competitive advantage in our Rental business, retail work provides capital-light earnings and a wider value proposition for our customers
- Force Workshops provides Emeco a strategic advantage in both cost and quality of our equipment. This enables us to cost effectively acquire replacement and growth assets and allows us to rebuild our existing equipment while maintaining high levels of operational performance. Force Workshops is key to Emeco optimising the return on our capital investments

Notes:
1. Operating EBITDA from retail sales, excludes internal work

Strategy and outlook

OUR STRATEGY

Building a sustainable and resilient business generating long term value for shareholders

Strong balance sheet

- Maintain a healthy balance sheet with target net leverage of 1.0x
- Supporting resilience and the ability to withstand changes through the cycles
- Strong free cash flow generation providing capital allocation optionality to invest in the business and return capital to shareholders to maximise returns

Widening the value proposition

- Expanded service offering, providing rental, fully maintained rental, value-added mining services, EOS technology and equipment rebuild services
  - Expansive operational capabilities across the business
  - Increased tenure with customers
  - Embedded on customer sites with EOS technology, maintenance personnel, mobile workshops, operators, geologists and engineers

The lowest cost, highest quality provider

- Best-in-class operational capabilities to be the lowest cost and highest quality provider of mining equipment, supported by a skilled workforce of over 1,200 people and 9 strategically located workshops
- With the world's largest mining rental fleet (now underground and open cut with the addition of Pit N Portal), combined with Force's rebuild capability, Emeco provides cost and pricing advantages that enable us to capture market share

Balanced and diversified portfolio

- Target a balanced customer and project mix to ensure no over-reliance on any customer, customer type, project, commodity or region
- Balanced commodity portfolio and commodity agnostic fleet
- Diverse suite of services and capabilities to add value to customers

EXECUTING ON OUR STRATEGY AND BUILDING SHAREHOLDER VALUE

Proactive management of our assets (equipment and people) to deliver for our customers and build a sustainable growth profile to increase shareholder value

Consolidate and Build	—Capitalise on Eastern Region opportunities whilst maintaining a balanced commodity portfolio —Manage through the labour shortages in the Western Region whilst positioning for margin improvement —Ensure Pit N Portal continues to successfully execute new project ramp up, through the development phase and into production —Balance the internal vs retail activity through the Force Workshops —Invest in our fleet and people to support customer demand for long-term value creating projects —Continue to develop our maintenance and asset management capabilities to build on our existing strategic advantage —Further evolve EOS and digitise our operations
Disciplined Capital Allocation	—Maintain strong balance sheet with good liquidity and cash flow to deliver capital management and support accretive growth —Board's announcement of 35% payout demonstrates disciplined capital management to maximise shareholder returns through dividends and share buybacks —Explore opportunities to execute strategically through organic and/or M&A initiatives that are aligned to our strategic objectives, focused on increased services, long tenured projects and diversification of customers and commodities —Apply prudent and disciplined investment criteria to ensure capital allocation decisions will create long term shareholder value

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Appendix: Additional information

FLEET UTILISATION

Operating utilisation[1]	1H21	2H21	1H22
Eastern Region	60%	59%	59%
Western Region	55%	60%	60%
Rental	59%	59%	60%

Gross utilisation[2]	1H21	2H21	1H22
Eastern Region	80%	91%	91%
Western Region	92%	88%	90%
Rental	85%	89%	90%

Notes:

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

RECONCILIATIONS

Statutory to operating reconciliation

$m unless otherwise stated	Statutory	Tangible asset impairments	Long-term incentive program	Tax effect of adjustments	Operating
EBITDA	**120.0**	-	1.7	-	**121.7**
EBIT	**56.8**	0.5	1.7	-	**59.1**
NPAT	**30.2**	0.5	1.7	(0.7)	**31.8**

Net debt and leverage reconciliation

$Am (unless otherwise stated)	30-Jun-21	31-Dec-21
Secured notes	246.8	250.0
Leases and other financing	48.8	53.7
Total debt	**295.6**	**303.7**
Cash	(74.7)	(61.5)
Net debt	**220.9**	**242.2**
Operating EBITDA	237.7	241.5
Leverage	**0.93x**	**1.00x**

1H22 cash flow reconciliation

A$ millions	
Operating EBITDA	**121.7**
Working capital	(8.6)
Net sustaining capex	(71.8)
Component inventory	(2.9)
Financing costs	(9.0)
Free cash flow pre-growth capex	**29.4**
Growth capex	(11.6)
Borex acquisition	(2.2)
Free cash flow	**15.6**
Financing activities	(12.8)
Financing cash flows	**(12.8)**
Capital management	(10.6)
Investing cash flows	**(10.6)**
Non-operating costs	(5.4)
Net cash movement	**(13.2)**
Opening cash	74.7
Closing cash	**61.5**

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