



Emeco Holdings Limited ASX Small and Mid-Cap Conference

25 September 2024

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This Presentation may use non-IFRS financial information including Operating EBITDA, Operating EBITDA margin, Operating EBIT, Operating EBIT margin and Operating NPAT, net debt and return on capital (ROC). These measures are used to measure both Group and operational performance. A reconciliation of non-IFRS financial information to IFRS financial information is included in the presentation. Non-IFRS measures have not been subject to audit or review. Certain of these measures may not be comparable to similarly titled measures of other companies and should not be construed as an alternative to other financial measures determined in accordance with Australian accounting standards.

OUR SCALE AND COMPETITIVE ADVANTAGE

Emeco is Australia's largest provider of rental equipment and workshop and maintenance services to the mining industry. Our scale and national footprint provide us with a diverse portfolio of earnings. Our unique capabilities provide a distinct cost and quality advantage against our competitors and enable us to deliver superior returns to our shareholders.

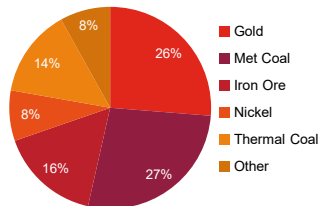
Rental

Workshops

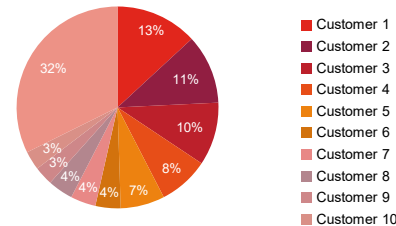
Brands	 Emeco	 Emeco Underground	 Force by Emeco
Overview	<p><i>Australia's largest provider of open cut rental equipment and value-added services</i></p>  <p>700+ fleet size</p>  <p>500+ employees</p>	<p><i>Australia's largest underground hard-rock rental business*</i></p>  <p>160+ fleet size</p>  <p>6 employees</p>	<p><i>Mining equipment maintenance and rebuild service provider - component and asset rebuild and fabrication</i></p>  <p>7 workshops across Aus</p>  <p>400+ employees</p>

Diversified Revenue Base

Revenue by commodity



Revenue by customer – Top 10



*Formed out of the Pit N Portal business following the sale to Macmahon Holdings

OUR SCALE AND COMPETITIVE ADVANTAGE

Our mid-life rebuild model and onsite service capability, combined with our asset management and condition monitoring technologies are our competitive advantage. Delivered through our national footprint of workshops and field service units, Emeco provides industry leading, cost-effective rental services for our customers.



Asset Management
and Condition
Monitoring Technology



Mid-life
Rebuild
Capability



~1000
Employees



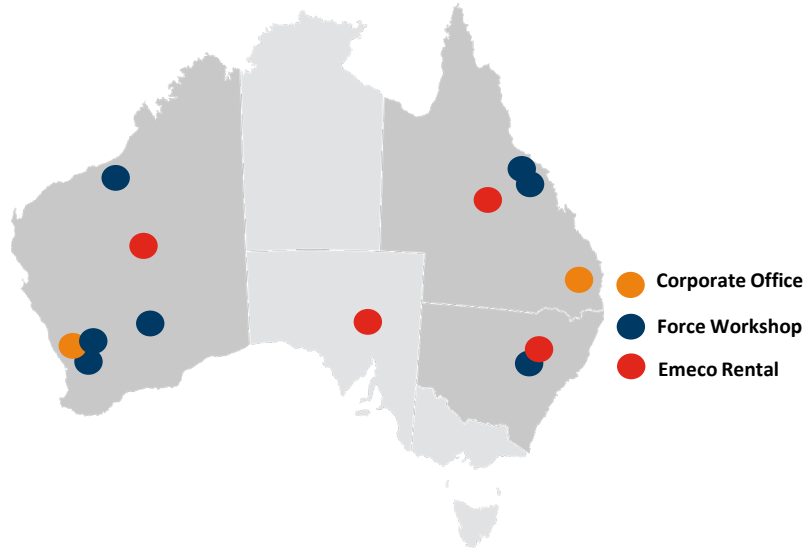
~850
Pieces of
Equipment



~240
Projects















~200
Customers



FLEXIBLED EQUIPMENT FLEET

Emeco's fleet is strategically configured to suit all Australian mining regions and commodities to meet the requirements of its customers and react to changes in market conditions and commodities demand

Open-cut fleet composition		
Type	Description	
	Trucks	Transport large quantities of earth, ore, or other material
	Dozers	Push large quantities of material
	Loaders	Move material short distances without pushing along the ground
	Graders	Drags blade to create a flat surface along path
	Excavators	Dig, dredge, and move material
	Ancillary	Various other equipment used in transport, drilling, loading, etc.

Underground fleet composition		
Type	Description	
	LHD Loaders	Loader with capability for heavy duty hard rock mining applications
	Trucks	Transport large quantities of earth, ore, or other material
	Jumbo Drills & Cable Bolters	Machinery used to establish and continue underground tunnelling operations
	Production Drills	Machinery specialised in reaching and harvesting minerals within the mine
	Charge Unit	Underground Explosives Charging Equipment
	Other	Various other equipment used in transport, drilling, loading, etc.

Key brands in fleet:



EMECO'S STRATEGY

Emeco's three strategic pillars ensure a sustainable and resilient business and the creation of long-term value for shareholders



- Enhance Emeco's core capabilities in equipment rental through technology.
- Develop Emeco's skilled workforce, rebuild capability and strategic workshop network.
- Leverage Emeco's position as the largest provider of rental equipment to the mining sector.



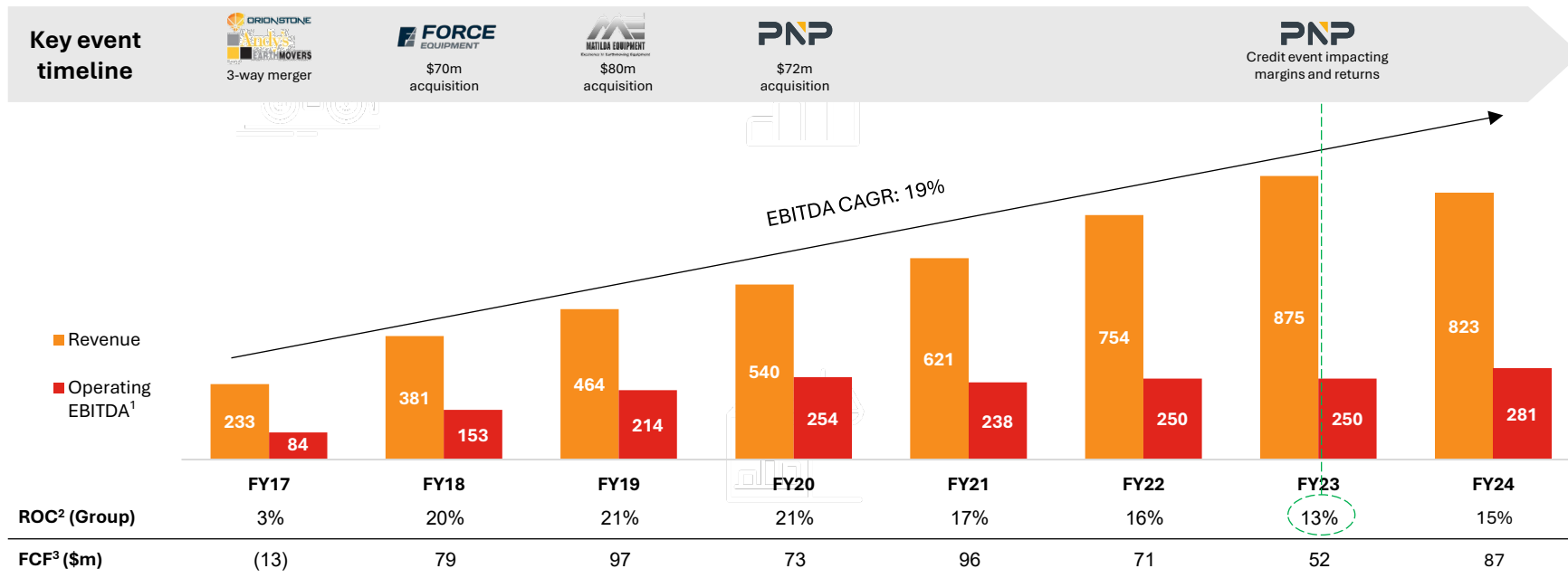
- Target a balanced portfolio by customer, project, commodity and region.
- Maintain flexibility to service a broad range of customers via a highly diversified fleet portfolio.
- Achieve ESG objectives and support the energy transition.



- Target net debt / EBITDA around 1.0x to support resilience through mining cycles.
- Disciplined capital allocation to maintain free cash flow and target 20% ROC.
- Retain flexibility to reinvest in the business and return capital to shareholders.

HISTORY OF GROWTH AND SOLID RETURNS

A successful track record of delivering solid growth in earnings and returns, with focus on free cashflow generation and ROC target of 20%



Notes:

1. Operating EBITDA presented on pre-IFRS 16 basis from FY17–19; post-IFRS 16 from FY20–24. Operating EBITDA excludes \$23m in credit losses recognized with respect to PnP in FY23.

2. ROC – Return on Capital calculated as LTM Operating EBIT over average capital employed.

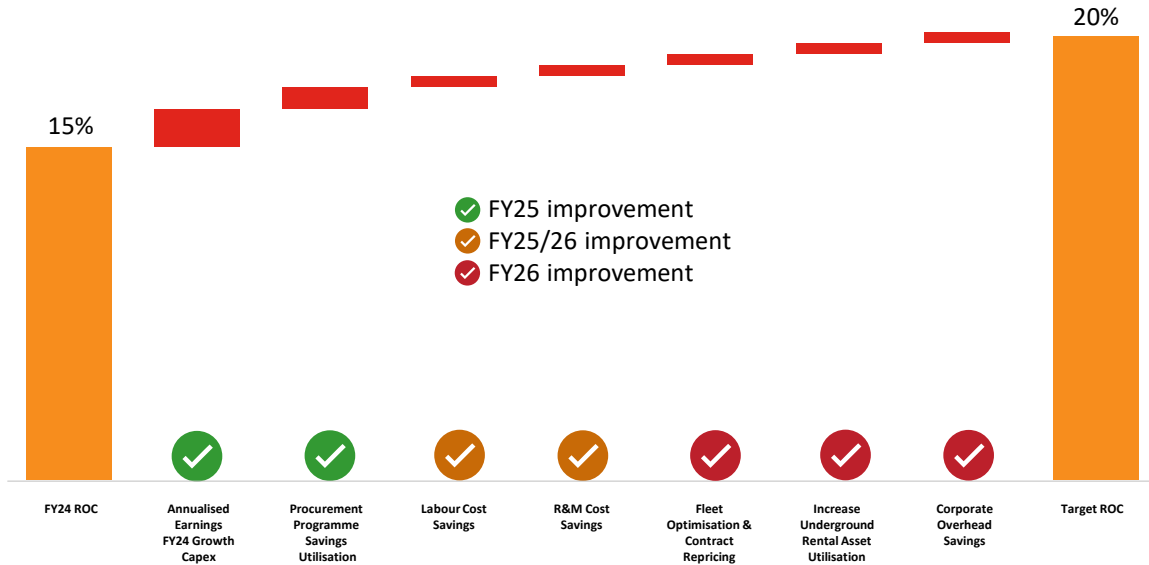
3. FCF – Free Cash Flow before growth capex.



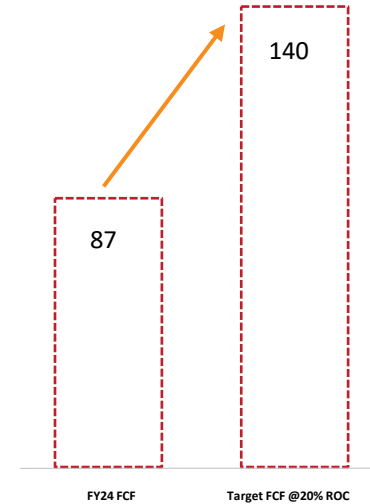
TARGETING 20% ROC AND IMPROVED CASH GENERATION

Business improvement initiatives targeting 20% ROC over next 2 years are underway.

Return on Capital¹ drivers %



Free Cash Flow \$million (before growth capex)²



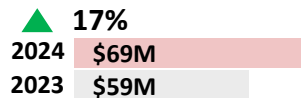
Notes:

1. ROC – Operating EBIT / Capital Employed.
2. FCF before growth capex

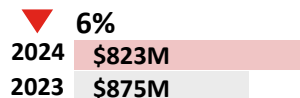
FY24 BUSINESS HIGHLIGHTS

Significant growth in earnings, returns and cash flow generation

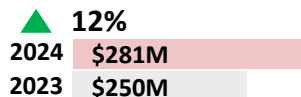
Operating NPAT



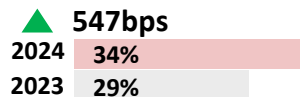
Revenue



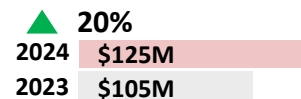
Operating EBITDA



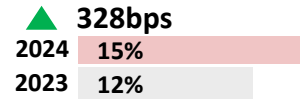
Operating EBITDA Margin



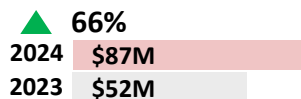
Operating EBIT



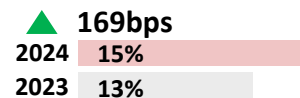
Operating EBIT Margin



Operating Free Cash Flow¹



ROC²



Notes:

1. Operating free cash flow before growth capex
2. Return on capital calculated as LTM Operating EBIT over average capital employed

FY25 PRIORITIES AND OUTLOOK

Demand outlook remains robust with FY25 earnings and return growth expected from improved cost and contract management and FY24 growth capex programme

Business Priorities

Core Business

- Demand outlook for FY25 remains positive with strong earnings momentum from the Rental business in particular.
- Business will continue to focus on cost efficiencies and contract repricing, to drive returns and increase free cash flow.
- Deliver earnings growth and strong returns on growth capital invested in core fleet during FY24
- Underground rental fleet redeployment and right-sizing whilst further incorporating underground rental operations into our surface rental business to achieve cost savings and operational efficiencies
- Generating strong free cash flow and disciplined capital management - targeting 20% return on capital over the next 2 years.

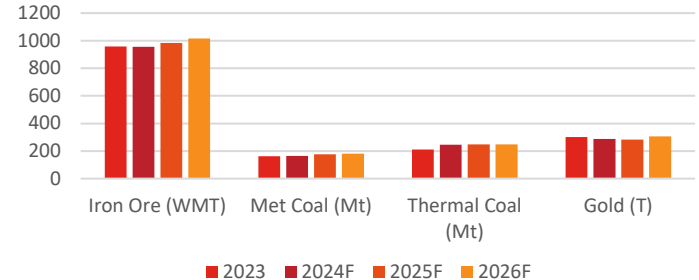
Technology

- Expand EOS customer base, promote new carbon module.
- Deliver the next phase of the D365 ERP project.
- Complete implementation of AMT mobile.
- Further development of real-time condition monitoring and predictive maintenance.

ESG

- Continue mapping the carbon footprint of our operations, incl. engaging with suppliers and customers on the journey.
- Stabilise and develop our workforce through enhanced efforts in recruitment and training.

Mine Production Outlook



Source: Department of Industry Science and Resources Quarterly Report – June 2024

FY25 Outlook

- Expecting continued earnings growth.
- FY25 SIB capex expected to be circa \$160 – 165M.
- Depreciation expected to be circa \$165 – 170M.
- ERP spend expected to be in the order of \$10M.
- Growth capex expected to be minimal, as we focus on delivering earnings growth and strong free cash flow in FY25.

EMECO INVESTMENT HIGHLIGHTS

1



Australia's largest mining equipment rental provider with national footprint

2



Focused on delivering strong returns and free cash flow generation

3



Scale and asset management expertise provide cost and quality advantage

4



Diversified by customer, project and commodity

5



Strong balance sheet and low leverage

6



Positive equipment industry demand outlook

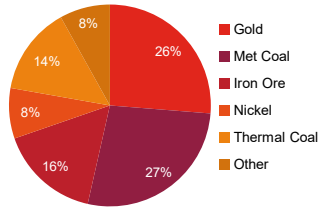
APPENDIX: ADDITIONAL INFORMATION



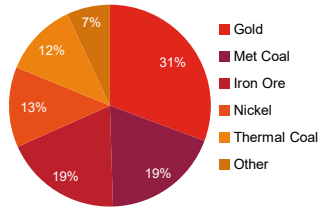
REVENUE ANALYSIS

Revenue by commodity

FY24

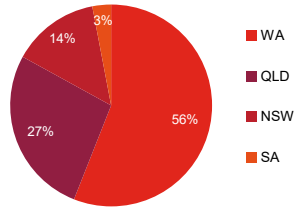


FY23

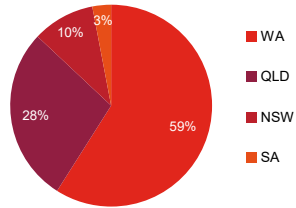


Revenue by geography

FY24

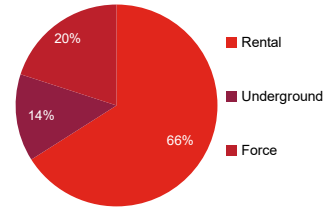


FY23

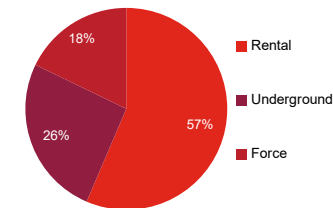


Revenue by type

FY24

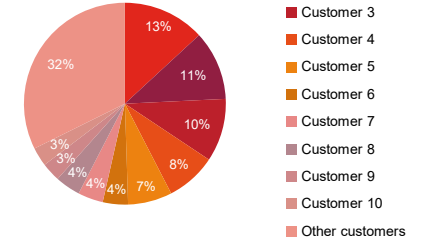


FY23

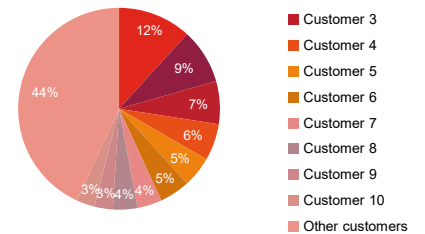


Revenue by customer – Top 10

FY24



FY23



RECONCILIATIONS STATUTORY TO NON-IFRS DISCLOSURE



RECONCILIATIONS – STATUTORY TO NON-IFRS DISCLOSURE

FY23

Statutory to operating reconciliation

\$m	NPAT	EBIT	EBITDA
Statutory	41.3	79.1	225.9
Tangible asset impairment	1.0	1.0	-
Long-term incentive expense	1.4	1.4	1.4
Economic credit losses	23.0	23.0	23.0
Tax effect on non-operating items	(7.6)	-	-
Operating	59.1	104.6	250.4

FY24

Statutory to operating reconciliation

\$m	NPAT	EBIT	EBITDA
Statutory	52.7	101.4	273.0
Tangible asset impairment (exit PNP)	16.4	16.4	-
Long-term incentive expense	3.5	3.5	3.5
Gain on lease modifications	(0.2)	(0.2)	(0.2)
Gain on sale of PNP assets/contracts	(1.8)	(1.8)	(1.8)
Restructuring Cost	2.9	2.9	2.9
ERP Cost	3.1	3.1	3.1
Tax effect on non-operating items	(7.2)	-	-
Operating	69.4	125.3	280.5

- Tangible asset impairments: Totalling \$16.4 million in FY24 (\$1.0 million pcp) recognised on assets no longer fit for purpose in underground rental business following the sale of PNP contracts to Macmahon.
- Long-term incentive program: During FY24, Emeco recognised \$3.5 million of non-cash expenses relating to the employee incentive plan (\$1.4 million in pcp).
- Gain on lease modifications: Relates to AASB16 treatment of corporate office lease.
- Gain on sale of PNP assets/contracts: Relates to the non-recurring gain on PNP asset sale to Macmahon.
- Restructuring costs: Relate to termination costs for non-transferring PNP employees made redundant following the sale of PNP contracts to Macmahon.
- ERP costs: \$3.1 million in ERP design costs.

Notes

1. Figures may not add due to rounding

RECONCILIATIONS – STATUTORY TO NON-IFRS DISCLOSURE

Cash flow reconciliation

\$m	FY23	FY24
Operating EBITDA	250.4	280.5
Working capital	(18.2)	(10.9)
Net financing costs	(25.8)	(24.8)
Cash from operating activities	206.4	244.8
Net sustaining capex	(154.1)	(158.0)
Operating free cash flow (non-IFRS)	52.3	86.9
Non-operating ERP costs	-	(4.2)
Free cash flow (non-IFRS)	52.3	82.7
Net debt and lease repayments	(18.6)	4.5
Capital management activities	(20.4)	(8.6)
Financing cash flows (statutory)	(39.0)	(3.9)
Loan to Managing Director/CEO	(4.9)	-
Growth capex	(21.8)	(47.0)
Investing cashflows (excl sustaining capex)	(26.8)	(47.0)
Net cash movements	(13.5)	31.6
Opening cash	60.2	46.7
Closing cash	46.7	78.3

Net debt and leverage reconciliation

\$m	30 June 2023	30 June 2024
AUD secured notes	250.0	250.0
Revolving credit facility	-	30.0
Lease liabilities and other	72.7	78.8
Total debt	322.7	358.8
Cash	(46.7)	(78.3)
Net debt	276.0	280.5
Operating EBITDA	250.4	280.5
Leverage ratio¹	1.10x	1.00x

Notes

1. Figures may not add due to rounding

2. Leverage: Net Debt/Operating EBITDA (excludes supply chain finance)



THANK YOU

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