

20 November 2024

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

Chair's Annual Address to Shareholders

Welcome to the Emeco 2024 Annual General Meeting.

FY24 was a year of significant progress for Emeco, marking a strategic repositioning and simplification of our business and strong financial performance.

Following the reset of our business model in FY24, our strategic objective is to focus on what we do best which is to provide world class equipment rental and onsite and offsite rebuild and maintenance services.

With the exit from underground contract mining, Emeco's business model is now centred around our core competency and competitive strengths, positioning us to deliver improved cashflow and returns on our invested capital.

Our exposure to bulk commodities and metals saw continued strength in demand for our rental fleet and we continued to proactively manage costs and labour challenges in a competitive environment.

I'm proud to report that the Group delivered improved safety in combination with a strong improvement in earnings.

Our people drive our Company's success, and their safety remains Emeco's highest priority. We continue to promote diligence in applying our safety standards by our entire team. In FY24, we reported zero Lost Time Injuries while our Total Recordable Injury Frequency Rate decreased from 3.2 to 2.8.

From a financial perspective, the Group increased its Operating EBITDA by 12% to \$280.5 million and its Operating Net Profit After Tax by 17% to \$69.4 million, reflecting the strength of Emeco's core Rental and Force businesses, which was underpinned by strong demand and mining activity in gold and bulk commodities. Operational free cash flow was up 66%, with a cash flow conversion of 93% and earnings per share growth was 28%.

The Company is well on its way to delivering its targeted 20% return on capital, which increased from 13% to 15% in FY24 and with initiatives in train to improve this further. Our focus on delivering a 20% Return on Capital through cost savings and business improvement initiatives over the next two years is expected to yield significant improvements in free cash flow generation, assisting the Company to provide ongoing optionality around implementing the Company's capital management framework and driving shareholder value. The board believe that delivering against these targets will be recognised in the Company's stock value in the future.

Our balance sheet continues to strengthen, which will provide a strong foundation for future flexibility and growth. The Company closed the year with a net debt of \$280.5 million, equating to leverage of 1.0x, in line with our long-term target whilst funding sustaining and growth investment during the year.

Moving to strategy, Emeco's three strategic pillars ensure a sustainable and resilient business and the creation of long-term value for shareholders. Our position as the largest provider of rental equipment to the mining sector means we can maintain a balanced portfolio of customers and projects across a range of commodities and regions.

Emeco has a prudent capital management framework that balances capital allocation to sustain and grow the business whilst generating cash returns for shareholders. The Company's focus with respect to capital management in FY24 and FY25 is on retaining cash in the business to maximise future flexibility for the company as we approach debt refinancing. This will help ensure funding costs are kept as low as possible and that we remain well positioned to support future growth requirements and to deliver returns to shareholders.

FY24 saw Emeco make significant strides in ESG, including progressing our position regarding Scope 1 and Scope 2 emissions and publishing our inaugural Position Statement on Climate Change, which is available in our Annual Report. Social initiatives continued to be a core focus of our ESG strategy, including significant investment in training programs for our people and the development of our Reflect Reconciliation Action Plan.

In summary, Emeco's business model reset is delivering strong financial results and cashflow, and the Company's balance sheet supports a clear strategy aimed at sustainable growth and value creation. The demand outlook continues to remain robust with high levels of mining activity in gold and bulk commodities, and a focus by our contract mining partners and customers towards lower capital intensity in their businesses. I am confident Emeco is well placed to deliver continued growth in the 2025 financial year.

I would like to extend the Board's gratitude to the entire Emeco team for their continued dedication and commitment to delivering high-quality rental fleets and services to our customers. Their proactive approach to providing solutions that enhance our customers' operations is integral to Emeco's continued success.

The 2024 financial year also saw a number of changes to our Board.

As already mentioned, Peter Kane retires from the Board at the conclusion of this meeting. Peter Richards also retired from the Board in May 2024, having served eight years as Chair and 14 years as a Director. During his tenure, the Company navigated significant challenges and continued to evolve and grow, and we acknowledge his contribution to the Company.

Sarah Adam-Gedge joined the Board in October 2023. Sarah is a Chartered Accountant and experienced director, with a career that includes over a decade in regional CEO roles in leading technology and consulting businesses.

Earlier this month, the Company announced the appointment of Mr Ian Macliver as Chair and Independent Non-Executive Director of Emeco, effective 1 December 2024. Ian is a highly regarded and experienced director within the mining sector and we look forward to Ian joining the Board. The Company has commenced the process of recruiting another suitably qualified independent director to further complement the Board skill set.

Following our last AGM, the Company's FY25 remuneration structure and disclosure were reviewed following engagement with our major shareholders to understand their concerns. The Board also conducted industry peer group remuneration benchmarking. This resulted in

the Company providing increased transparency and disclosure around key performance measures and how they align with the shareholder experience. Further, the addition of a TSR growth measure in the FY25 LTI plan alongside the EPS growth measure will address feedback from stakeholders and will bring increased alignment across business performance, the shareholder experience and remuneration outcomes. Feedback from shareholders in response to these changes has been positive.

The board notes that the executive management team successfully delivered a strong set of financial and safety results, with EPS growth of 28% and TSR growth of 11%. The Board has and will continue to consider shareholder feedback in relation to the Company's future remuneration policies and structures.

I would like to close the Chair's address by extending my thanks to Emeco's leadership team and employees for contributing to another positive year for the Company. I would like to thank our customers, financiers and suppliers with whom we have developed long and strong, mutually beneficial partnerships. I would also like to thank my fellow Board members for their support, and ongoing contribution, and finally, our shareholders for your continued support of Emeco.

Peter Frank
Interim Chair

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This announcement was authorised to be provided to the ASX by Penny Young, Company Secretary of Emeco Holdings Limited

Company overview

Emeco Holdings Limited (ASX: EHL) is an ASX listed company providing surface and underground mining equipment, maintenance and project support solutions and services. The Company supplies safe, reliable and maintained open cut and underground equipment rental solutions, together with onsite infrastructure to its customers. Emeco also provides repair and maintenance, and component and machine rebuild services and supplies operator, technical and engineering solutions and services to the mining industry.

Forward looking statements

This ASX Release may include forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, these statements are not guarantees of future performance, and involve both known and unknown risks, uncertainties and other factors, many of which are beyond the Company's control. As a result, actual results or developments may differ materially from those projected in forward-looking statements contained in this ASX Release. Accordingly, investors are cautioned against undue reliance on such statements. The Company makes no representation, warranty or assurance, express or implied, as to the accuracy or likelihood of the forward-looking statements or any outcomes expressed or implied in any forward-looking statements contained in this ASX Release being achieved or proved to be correct.

Non-IFRS Financial Information

This ASX Release 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. 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.