Emeco Holdings Limited
1H23 Results

22 February 2023

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1H23 GROUP OPERATING AND FINANCIAL HIGHLIGHTS

Revenue

$429.5m

+15% vs pcp, +13% vs 2H22

Revenue growth in all segments reflect strong market positions and customer demand across all segments

Operating EBITDA[1]

$113.5m

-7% vs pcp, -12% vs 2H22

Reflects significant impact of PNP project terminations and one off costs.
Group EBITDA ex-PNP +4% pcp

Operating EBIT[1]

$40.8m

-31% vs pcp, -35% vs 2H22

Impact of PNP earnings and higher AASB16 depreciation charges on leased light vehicles and renewal of Force workshop facilitates and head office property leases

Operating NPAT[1]

$19.6m

-38% vs pcp, -47% vs 2H22

Impact of PNP earnings, AASB16 depreciation charges and slightly higher interest charges from RCF draw down

Net leverage[4]

1.18x

0.93x 30 June 22

Slightly above long-term target of 1x largely due to PNP project terminations and outstanding receivable

Free cash flow[2]

$8.2m

$29.4m pcp

Reflects the cash impact of PNP outstanding receivable

Capital Mgmt

1.25 cps div

1.25 cps pcp

Dividend maintained at 1.25 cents fully franked (34% of Operating NPAT[1]).
Board refresh of 10/12 buy back program

ROC[3]

13%

16% 30 June 2022

Reflects significant impact of PNP operating earnings performance.
Group ROC ex-PNP is 18%

FY23 Operating EBITDA[1] guidance remains at $245-260 million

Notes:

1. Operating financial metrics are non-IFRS measures. Specific expected credit loss allowance of $22.9 million (pre-tax) not in operating numbers. Refer to slide 13 for Statutory to Operating reconciliations.
2. Free cash flow before growth capex.
3. Return on capital calculated as LTM Operating EBIT over average capital employed.
4. Net debt / Operating EBITDA.

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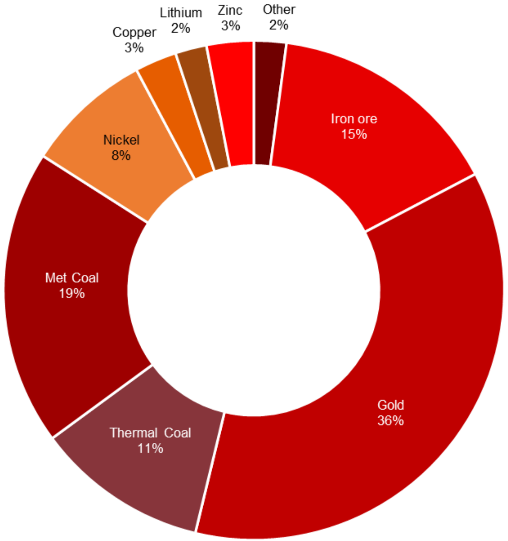
1H23 BUSINESS AND FINANCIAL SUMMARY

Strong demand environment offset by inflationary impacts and material customer issues in PNP contracts

Overview

- **Safety** TRIFR of 2.5 as at 31 December 2022 and LTI free for 7 years.
- **Group Operating EBITDA**[1] of $113.5 million (guidance of $109-113 million).
- **Rental Eastern Region** has achieved strong revenue growth of 18% on pcp. Operating utilisation and earnings held back by extreme weather events.
- **Rental Western Region** has achieved steady revenue growth of 7% on pcp. Gross utilisation (90%) and operating utilisation (58%) remained steady. Solid progress was made on building our fully maintained projects, however, the wind up of Pit N Portal's open cut projects (where the Western Region provided equipment) held back earnings growth.
- **Pit N Portal** Decisive reset of the business during 1H23. One-off termination and restructuring expenses incurred on discontinued high-risk projects. Specific expected credit loss allowance for $22.9 million. Successful renegotiation of the Mincor contract which will provide baseload earnings from which to grow the business, providing a win-win and a long-term partnership with a valued customer.
- **Force** continued to see strong demand in both retail and internal works with the Eastern Region seeing increased demand for retail works.
- **Cash Flow** of $8.2 million reflects impact of Pit N Portal receivable. $9.3 million invested in rebuilding nine trucks from asset cores purchased in FY22 to support Rental growth.
- **Return on capital** (ROC)[2] decline to 13% largely attributable to PNP issues. Group ROC[2] ex-PNP is 18% and this is where the group is expected to normalise.
- **Balance sheet** Net leverage of 1.18x. Successful refinancing of revolving credit facility for a 3-year term expiring in December 2025, with an option to extend for a further two years.
- **Capital management** attributable to 1H23 at 34% of operating NPAT. 1.25 cent fully franked interim dividend determined. Board approved refresh of 10/12 stock repurchase program as share price remains significant below NTA.

Revenue by Commodity



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

OUTLOOK

Open cut and underground demand for equipment is strong. This will drive earnings growth in all operating segments. Pit N Portal has been reset with Mincor providing baseload earnings from which to grow

Overview

- **FY23 Operating EBITDA[1]** guidance remains at $245-260 million.
- **Expect growth** in earnings in 2H23 across all operating segments.
- **Eastern Region Rental** – Fleet is well placed for earnings growth and margin recovery as existing customers increase utilisation as weather conditions normalise and rate adjustments from rise and fall mechanisms are applied. Commencement of two new large fully maintained EOS projects. Growth capex to rebuild equipment cores will support these projects.
- **Western Region Rental** – Several new projects commencing in 2H23. These projects were secured through the application of our fully maintained rental model with EOS. We expect earnings growth and margin improvement in 2H23 which will create strong momentum into FY24.
- **Pit N Portal** – A strong recovery is expected in earnings, margins and returns as Pit N Portal benefits from revised contract terms with Mincor and the redeployment of assets from terminated projects into new projects. New Pit N Portal CEO commenced in January with a mandate to drive performance, improve risk management and deliver sustainable growth whilst hitting target returns.
- **Force** – Retail and internal activity expected to remain strong as Force increases work for existing customers and continues to undertake rebuilds for the Emeco and Pit N Portal fleet.
- **Sustaining capex** guidance remains at $155-160 million. Expect to rebuild a further nine truck cores in 2H23 for a similar quantum invested in 1H23 to support growth.
- **Strong cash generation** – 2H23 operating free cash generation is expected to revert to normal levels as earnings build which will support ongoing capital management initiatives and opportunities to rebuild asset cores to meet demand.
- **Return on capital** is expected to increase in 2H23 as earnings grow from the existing asset base and the Pit N Portal business recovers earnings.

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THE 3 PILLARS OF OUR STRATEGY

Emeco remains unrelenting on our strategic objective to build a resilient and profitable business

FIT

Emeco continues to build on our strategic cost and quality advantage through our mid-life asset model. We achieve best in industry life cycle equipment quality and cost through:

- acquiring and rebuilding open cut and underground equipment cores through our Force workshops
- management of the fleet through our expertise in asset planning, maintenance, reliability engineering and condition monitoring
- rebuilding our own components which also provides cost savings and reliability of supply

CREATE

Emeco, Pit N Portal and Force partner with our customers to apply our equipment to improve the productivity, efficiency and profitability of their projects through the application of our:

- skilled maintenance personnel
- operations teams
- technical capabilities
- technology (EOS) solutions

By delivering value we become embedded in our customers' operations creating long term project tenure and partnerships

SUSTAIN

Building a sustainable business through:

- operational and commercial discipline to manage our contracts and risk
- diversification creating customer, geographic and commodity balance across our equipment and service solutions
- flexible and robust capital structure to support our business and fuel future growth
- optimise the allocation of our resources to ensure we continue to deliver strong returns on our capital

Long term growth, strong free cash and value for our shareholders

Safety and Sustainability

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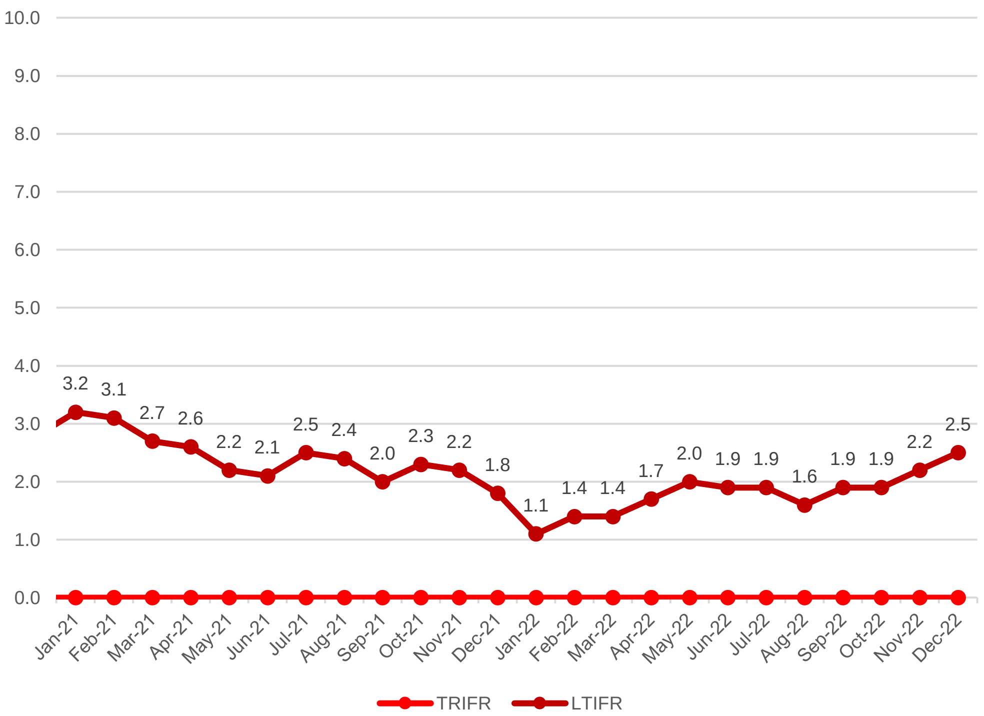
SAFETY

TRIFR of 2.5 as at 31 Dec 2022, and LTI free for 7 years

Injury frequency rates



Overview

- Total recordable injury frequency rate (**TRIFR**) as at 31 December 2022 was 2.5.
- Safety of people around our equipment is paramount and our goal is to continue the focus to reduce TRIFR.
- Emeco continues to be lost-time injury (**LTI**) free for 7 years.
- Emeco continues to focus on the actions listed with the HSET Strategic Plan. This includes the following:
  - Updating risk management processes and operational risk registers.
  - Ongoing training on hazard identification requirements.
  - Updating operational training requirements across all business units.
  - Implementation of internal auditing processes to ensure legal and company compliance.

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PEOPLE & CULTURE

People continue to be the key to our success. We invest a lot of time and money on making Emeco a great place to work

People

- Celebrated Emeco's 50th year.
- Leadership Training and Development sessions run internally.
- Vision and values refresh sessions held with Executive leadership team and General Managers and each of their teams.
- Emeco Family day held for all employees and their families and attended by over 300 people.

Community

- Our Community Grant program grew by allocating 23 grants to local community groups and clubs in 1H23.
- Grants made to mental health supporters Lifeline WA, Movember and Blokes Day.
- Recommitted to our partnership status with Lifeline WA and the Emeco team raised money by participating in The Push Up Challenge.
- Emeco participated in Salvation Army Christmas Appeal.
- Committed to develop our first Reconciliation Action Plan.

ENVIRONMENTAL, SOCIAL & GOVERNANCE

Emeco has developed its inaugural ESG Strategy

ESG Material Themes

Overview

- An ESG materiality assessment was conducted by KPMG where we considered other companies in our sector and the perspective of internal and external stakeholders.
- Emeco executive team members worked alongside KPMG to shape this assessment into a strategic document.
- Our inaugural ESG Strategy (2022-2025) is focused on:
  - showing a commitment to providing sustainable mining solutions within a safe, diverse and inclusive workplace environment and growing our trust with all our stakeholders;
  - articulating Emeco's key focus areas and identifying and managing relevant and emerging ESG risks and opportunities;
  - aligning with seven key UN Sustainable Development Goals (SDGs); and
  - identifying priority areas within each of our eight material themes.
- We are now finalising an action plan based on these priority areas.
- Emeco's GM People and Culture, John Worsfold, is leading for our ESG project design and implementation.

Financial Results

OPERATING PROFIT AND LOSS

Solid financial performance within guidance in a challenging operating and inflationary environment and following Pit N Portal project terminations

1H23 Operating Financial Performance[1,2]

$m unless otherwise stated	1H22	2H22	1H23	Commentary
Operating revenue	372.8	381.6	429.5	Strong revenue growth across all operating segments reflects strong demand for our equipment and services.
Operating EBITDA[1]	121.7	128.5	113.5	Decline largely attributable to significant impact of PNP project terminations on PNP and Western Region Rental.
Operating EBITDA margin	33%	33%	26.4%	Decline reflects impact of PNP project terminations, ongoing inflationary pressures, wet weather impact and a growing proportion of services and cross hire revenue across the group which is lower margin but strategically important to deliver value to our customers and increase project tenure.
Operating EBIT[1]	59.0	61.7	40.8	Impact of higher AASB16 depreciation charges on leased light vehicles and renewal of Force workshop facilitates and head office property leases.
Operating NPAT[1,2]	31.8	37.1	19.6	Impact of PNP earnings, AASB16 depreciation charges and slightly higher interest charges from draw down of Emeco's revolving credit facility.
Return on capital[3] Ex-PNP	16% 18%	16% 19%	13% 18%	Group returns impacted by PNP underperformance; however Group returns ex-PNP remains comfortably above cost of capital.

Notes:

1. Operating financial metrics are non-IFRS measures. Specific expected credit loss allowance of $22.9 million (pre-tax) not in operating numbers. Refer to slide 13 for Statutory to Operating reconciliations
2. Operating NPAT assumes 30% notional tax expense on operating NPBT
3. LTM Operating EBIT over average capital employed

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UPDATE ON OUTSTANDING RECEIVABLE

Recovery negotiations ongoing, with expected credit loss allowance raised in 1H23 for a significant portion of the outstanding amount

- On 14 October 22 the Company announced a potential issue as to full recoverability of outstanding amounts owing to Pit N Portal for contractual services provided to a customer in 2H22 and 1H23 across four projects. The issue is not related to a dispute of services provided or amount owing.
- All operations ceased and equipment (Pit N Portal and Western Region Rental) was demobilised. Work is ongoing to redeploy assets into existing and new projects.
- Discussions to recover the outstanding amount have been ongoing.
- Following agreement, part payment received in December 2022. Further agreement in place for additional part payment expected this week.
- Given the ongoing delay in cash receipts and uncertainty over the level of recoverability, the Company has raised a one-off expected credit loss (ECL) provision of $22.9 million for the outstanding receivable (net of the payment expected this week).
- The impact of the ECL on the statutory results for 1H23 is to reduce EBITDA, EBIT and NPAT by $22.9 million (pre-tax).
- The one-off impact of the specific ECL has been treated as non-operating and extraordinary in nature and adjusted/added back to the statutory results.
- Free cash of $8.2 million largely reflects the negative working capital impact of the outstanding receivable.
- A review of the Pit N Portal portfolio was completed with a focus on contract governance and credit performance by customer classification. One additional project was subsequently terminated, and equipment demobilised from site.
- We continue to pursue the recovery of the remaining outstanding balance.
- Emeco will keep the market updated as to the progress of recovery of the outstanding debt.

RECONCILIATION OF STATUTORY TO OPERATING RESULTS

Operating to statutory results reconciliation

A$ millions	Statutory	Tangible asset impairments	Long-term incentive program	Specific allowance for expected credit loss	Tax effect of adjustments	Operating
EBITDA	89.7	-	0.9	22.9	-	113.5
EBIT	16.8	0.2	0.9	22.9	-	40.8
NPAT	2.7	0.2	0.9	22.9	(7.2)	19.6

The following one-off or non-operating adjustments have been made to the statutory results:

- **Tangible asset impairments:** Net impairments totalling $0.2 million (December 2021: $0.5 million) were recognised across the business on assets held for sale and subsequently disposed during the period.
- **Long-term incentive program:** During 1H23, Emeco recognised $0.9 million of non-cash expenses relating to the employee incentive plan (December 2021: $1.7 million).
- **Specific allowance for expected credit loss:** On 14 October 2022, Emeco announced a potential issue regarding recoverability of debtor amounts owing to Pit N Portal. An expected credit loss provision expense of $22.9 million has been recognised.
- **Tax effect of adjustments:** notional tax on above adjustments at 30%.

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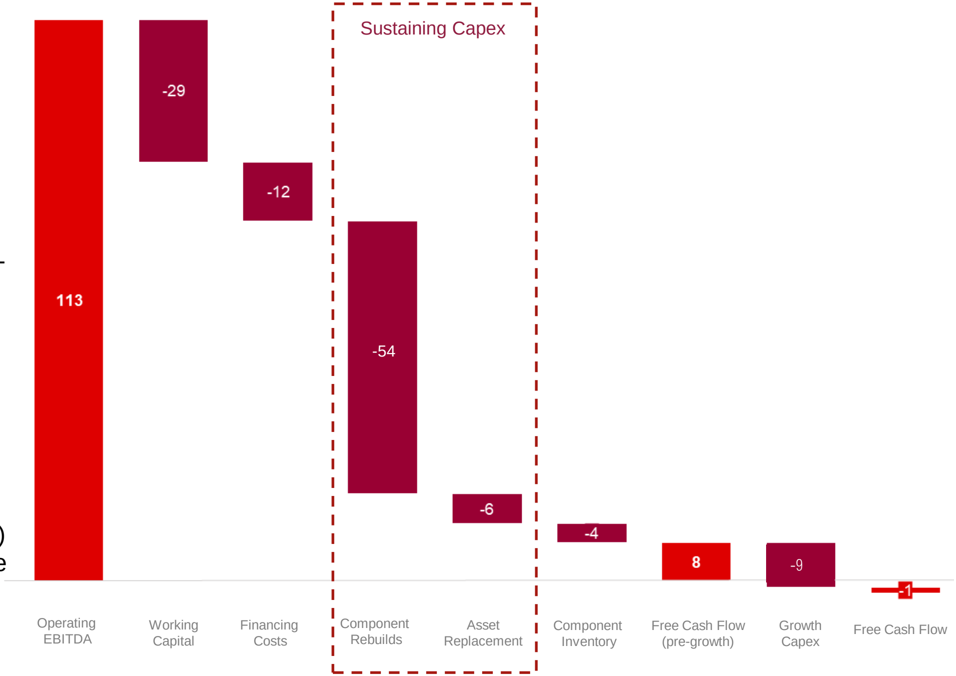
CASH FLOW

Cash flow negatively impacted by the one-off impact of outstanding Pit N Portal receivable – operating cash conversion 74% (102% had we collected the Pit N Portal receivable in full)

Overview

- Lower EBITDA largely attributable to terminated Pit N Portal customer projects, including one-off termination and demobilisation costs.
- Working capital build of $29 million largely attributable to Pit N Portal outstanding receivable with strong management of working capital otherwise maintained.
- Financing costs include interest associated with the draw down of the revolving credit facility to manage liquidity throughout the half.
- Sustaining capex of $60.1 million in 1H23. FY23 sustaining capex guidance remains at $155-160 million including replacement assets investment of $25-30 million.
- Invested $9.3 million in growth capex to rebuild nine truck cores (purchased during FY22) to support new rental projects. A further nine truck cores are expected to be rebuilt during 2H23.
- Continued investment in component inventory to mitigate supply chain challenges.
- $13 million paid in 1H23 as part of 2H22 capital management package.
- 1H23 fully franked dividend of 1.25 cents per share (34% of operating NPAT) and a refresh of the 10/12 stock repurchase program as Emeco's share price remains significantly below NTA.

1H23 Cash Flow ($m)



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BALANCE SHEET

Balance sheet remains robust. Strength of underlying business and cash generation reflected in recent ratings upgrades

Summary balance sheet

$m	30 Jun 2022	31 Dec 2022
Plant & equipment	718	728
Right of use asset	41	55
Intangibles	11	10
Deferred tax	(2)	(3)
Fixed asset and intangibles	**768**	**790**
Receivables	147	152
WIP, inventory & prepayments	49	36
Payables and provisions	(155)	(139)
Working capital	**41**	**49**
Cash	60	76
Interest bearing liabilities	(250)	(285)
Leases and other	(51)	(71)
Net debt incl. debt raising costs	**(241)**	**(280)**
Equity	**567**	**558**

Overview

- Net leverage of 1.18x slightly above long term-target of 1.0x, attributable to PNP receivable. Prudent liquidity maintained whilst funding sustaining capex, growth capex and capital management initiatives.
- Liquidity of $157 million includes $76 million cash and an undrawn $60 million revolving credit facility at 31 December 2022.
- Lease liabilities increased by $16 million, including AASB16 leases for property and light commercial vehicles.
- Successful refinancing of revolving credit facility with existing lenders in the syndicate. New three-year facility expiring in December 2025, with an option to extend for a further two years to December 2027 at Emeco's election.
- AMTN $250 million secured notes refinanced in FY22 with a fixed coupon of 6.25%, maturing in FY27.
- Fitch has upgraded Emeco's credit rating to 'BB-'. Moody's has affirmed Emeco's credit rating (B1) and upgraded their outlook to positive.

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Divisional Performance

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RENTAL

Solid revenue growth driven by fully maintained projects that deliver increased value to our customers and differentiate us from our competitors. Strong growth in earnings and margins expected in 2H23

$m unless otherwise stated	1H22	2H22	1H23
Revenue	210.7	218.4	238.6
Op. EBITDA	116.6	123.6	123.4
Op. EBITDA margin	55%	57%	52%
Op. EBIT	64.6	66.4	63.9
Op. EBIT margin	31%	30%	27%

Overview

- Revenue growth of 13% in pcp reflects strong rental demand in both Eastern and Western Regions, particularly for our fully maintained projects and EOS technology, as well as cross hire of assets from third parties to deliver whole of fleet solutions. This is in line with our strategy of creating additional value for customers and further embedding Emeco in their operations which results in increased tenure and long-term partnerships.
- Good progress on securing rate increases across the fleet with new projects, contract extensions and application of contractual rise and fall mechanisms.
- Gross utilisation remains strong at 93% (2H22: 93%). Operating utilisation flat at 61% (2H22: 61%).
- Earnings growth was restrained by extreme weather events in the Eastern Region and the termination of Pit N Portal open cut projects in the Western Region.
- EBITDA margins impacted by the above increase in services (lower margin and strong return on capital) and ongoing inflationary environment (offset by disciplined cost management and rate increases), extreme weather and one-off costs associated with Pit N Portal project terminations.

Outlook

- Commencement of new fully maintained EOS projects in the Eastern and Western Region in 2H23 through deployment of truck cores rebuilt through Force.
- Equipment market continues to tighten providing favourable outlook for further rate improvement.
- Strong growth in earnings expected as customers drive operating utilisation as labour markets ease and weather conditions normalise.
- Margins expected to improve in 2H23 through rate and utilisation increases.

Notes:

1. Gross utilisation defined as ratio of fleet rented to customers (excludes assets held for sale). Refer to Appendix slides for more details
2. Operating utilisation defined as average operating hours per asset as a percentage of 400 hours per month. Refer to Appendix slides for more details
3. Intersegment revenue of $14.0 million relates to fleet used internally (Pit N Portal projects)

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RENTAL – EASTERN REGION

Strong revenue growth through pricing and additional maintenance services. Utilisation, earnings and margins will grow as weather conditions normalise

$m unless otherwise stated	1H22	2H22	1H23
Revenue	122.3	130.7	144.4
Op. EBITDA	77.4	82.1	83.3
Op. EBITDA margin	63%	63%	58%

Operating and financial performance highlights

- The Eastern Region has achieved strong revenue growth of 18% on pcp. Gross utilisation has reached 94% (2H22: 93%) with majority of the fleet deployed.
- Earnings and operating utilisation of 63% (2H22: 62%) remains in a positive uptrend, however, has been impacted by extreme weather events.
- Margin reflects increase in fully maintained fleets and EOS deployments and an increase in cross hire assets from third parties so Emeco can provide a full solution. This is in line with our strategy to build long term partnerships and tenure by creating additional value through our services.
- Margins also impacted by inflationary cost pressures and extreme weather events.

Outlook

- Existing project sites will deliver improved margins and earnings as weather conditions normalise.
- Continuing strong demand for our fleet and services provides favorable environment to secure additional projects and rate increases that drive earnings growth and margin expansion.
- Commencement of two new large fully maintained EOS projects. Growth capex to rebuild equipment cores will support these projects.

Notes:

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

RENTAL – WESTERN REGION

Earnings and margins impacted by termination of Pit N Portal open cut projects. Several new fully maintained projects commencing in 2H23 will drive earnings and margin growth

$m unless otherwise stated	1H22	2H22	1H23
Revenue	88.4	87.6	94.2
Op. EBITDA	39.2	41.5	40.1
Op. EBITDA margin	44%	47%	43%

Operating and financial performance highlights

- The Western Region has achieved steady revenue growth of 7% on pcp primarily attributable to rate increases.
- Demobilisation of two Pit N Portal open cut projects negatively impacted gross utilisation (90% vs 92% in 2H22) and operating utilisation (58% vs 59% in 2H22). Strong demand for our equipment is supporting redeployment of these assets into new projects.
- Costs well managed, however inflationary pressures and one-off costs associated with termination, costs and preparing assets for redeployment impacted earnings and margins.
- Increasing proportion of fully maintained projects is aligned with our strategy of providing customers with full service to build long term partnerships and increase value and tenure.

Outlook

- Several new projects commencing in 2H23, secured through the application of our fully maintained rental model with EOS. This model differentiates us from our competitors and provides maximum value for our customers which creates long term relationships and increases project tenure.
- We expect earnings growth and margin improvement in 2H23 which will create strong momentum into FY24.

Notes:

1. Gross utilisation defined as ratio of fleet rented to customers (excludes assets held for sale). Refer to Appendix slides for more details
2. Operating utilisation defined as average operating hours per asset as a percentage of 400 hours per month. Refer to Appendix slides for more details
3. Intersegment revenue of $14m relates to fleet used internally (Pit N Portal projects)

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PIT N PORTAL

Decisive reset of the business resulted in PNP terminating high-risk projects which severely impacted earnings. Successful renegotiation of the Mincor contract creating win-win and setting a long-term partnership. Substantial improvement in earnings and margins expected in 2H23

$m unless otherwise stated	1H22	2H22	1H23
Revenue	128.0	120.7	127.5
Op. EBITDA	16.4	16.3	3.5
Op. EBITDA margin	13%	13%	3%
Op. EBIT	8.4	8.6	(5.8)
Op. EBIT margin	7%	7%	(5%)

Operating and financial performance highlights

- Decisive reset of the business during 1H23 terminating high-risk projects. This impacted earnings and margins significantly through:
    - Loss of revenue and earnings from discontinued projects
    - One-off termination, demobilisation and restructuring expenses incurred following project terminations
- Successful renegotiation of significant contract with Mincor to generate acceptable and sustainable margins, earnings and returns for the remaining three-year tenure. This provides a win-win and a long-term partnership with a valued customer, whilst ensuring we have the ability to generate acceptable and sustainable margins, earnings and returns for the remaining three-year tenure.
- Revenue growth of 6% vs 2H22 demonstrates underlying strength in the business.

Outlook

- New Pit N Portal CEO commenced in January with a mandate to drive operational excellence, improve commercial management, contractual performance and set the platform for growth.
- A strong recovery is expected in earnings, margins and returns as a result of the new Mincor contract rates and terms and the redeployment of equipment.

Notes:

1. Specific expected credit loss allowance of $22.9 million not in operating numbers.

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FORCE

Force continues to deliver good growth and underpin our midlife asset model to provide Emeco with a cost and quality strategic advantage, whilst providing retail customers excellent value and service

$m unless otherwise stated	1H22	2H22	1H23
External revenue	44.2	46.4	68.3
Internal revenue	41.3	41.8	43.6
Total revenue	85.5	88.2	111.9
Op. EBITDA	4.4	4.6	4.6
Op. EBITDA margin	10%	10%	7%
Op. EBIT	2.8	2.8	2.5
Op. EBIT margin	6%	6%	4%

Operating and financial performance highlights

- Increased Force revenue driven by activity and rates.
- Force allows Emeco to leverage the cost and quality advantage of bringing more asset and component rebuilds work in house.
- Margins diluted by:
  - A higher proportion of major parts on retail customer rebuilds, which attract a lower margin (vs labour)
  - Inflationary cost pressures on labour. There is a lag in being able to pass this onto customers

Outlook

- Retail earnings will continue to grow in the Western Region as existing customers increase the number of machines allocated to Force for rebuild.
- Exciting opportunity to increase the Force business through relationships with existing Rental customers who have offered to underpin Force's growth in the Eastern Region.
- Internal activity to remain strong as Force completes asset and component rebuilds, supporting Emeco's cost and quality advantage.
- Margins will be closely managed with a focus on labour efficiency initiatives and pricing.

Notes:
1. Operating EBITDA from retail sales, excludes internal work and all overheads are captured in external margin

Appendix: Additional information

FLEET UTILISATION

Operating utilisation[1]	1H22	2H22	1H23
Eastern Region	59%	62%	63%
Western Region	60%	59%	58%
Rental	60%	61%	61%

Gross utilisation[2]	1H22	2H22	1H23
Eastern Region	91%	93%	94%
Western Region	90%	92%	90%
Rental	90%	93%	93%

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)

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RECONCILIATIONS

Net debt and leverage reconciliation

$m	30 Jun 2022	31 Dec 2022
AUD secured notes	250.0	250.0
Revolving credit facility	-	35.0
Lease liabilities and other financing	55.6	76.1
Total debt	**305.6**	**361.1**
Cash	(60.2)	(76.1)
Net debt	**245.4**	**285.0**
Operating EBITDA[1]	250.2	242.0
Leverage ratio	**0.98x**	**1.18x**

Cash flow reconciliation

$m	1H23
Operating EBITDA[1]	**113.5**
Working capital	(29.2)
Net sustaining capex	(60.1)
Component inventory	(3.8)
Financing costs	(12.2)
Free cash flow pre-growth capex	**8.2**
Growth capex	(9.3)
Free cash flow	**(1.1)**
Financing activities	30.0
Capital management activities	(12.9)
Net cash movements	**15.9**
Opening cash	60.2
Closing cash	**76.1**

1. Operating financial metrics are non-IFRS measures. Specific expected credit loss allowance of $22.9 million (pre-tax) not in operating numbers. Refer to slide 13 for Statutory to Operating reconciliations.

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Thank you

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