Emeco

BETTER EQUIPPED

2016 INTERIM RESULTS

25 FEBRUARY 2016

IAN TESTROW, MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER

GREG HAWKINS, EXECUTIVE DIRECTOR, FINANCE

HIGHLIGHTS

Margins improving, but recovery will be slow

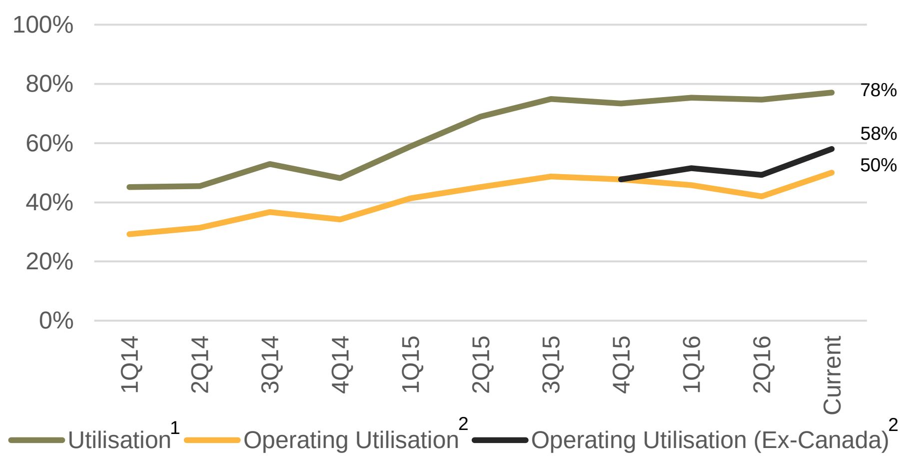
- Group fleet utilisation currently 78%, operating utilisation 50% (compared to 70% and 42% a year earlier)
- Increased utilisation in Australia and Chile offset by weakening market conditions in Canada
- Revenue slightly below 1H15, operating EBITDA margin excluding Canada up to 27.6% (21.3% including Canada) compared to 14.6% in 1H15
- Weak Canada performance resulting in $100.2M impairment. Management is assessing options for the Canada fleet to better utilise these assets
- New management team focused on increasing operating utilisation, reducing costs and deleveraging the balance sheet:
  - Executing Project Fit will achieve ~$26.7M annual savings by end of FY16 (on run rate basis), overheads down 30% compared to FY15
  - Alkane Resources continues to build on EOS implementation, another customer commencing March 2016
  - Opportunistic bond purchase in December 2015 reduced face value debt by US$52.3M. Management assessing options to further deleverage
- Increased utilisation and cost reductions to drive improved earnings in second half FY16, business remains on target to achieve operating EBITDA guidance between $53.0M and $57.0M

1H FY16 OVERVIEW

Recent utilisation growth in Australia closing the utilisation gap

Operating performance up on 1H15, margins improving with successful implementation of Project Fit initiatives

OPERATING PERFORMANCE



FINANCIAL PERFORMANCE[4,5]

A$million	1H15	2H15	1H16	PCP Var $M
Revenue[3]	110.7	132.1	109.1	(1.6)
EBITDA[3]	16.2	27.2	23.2	7.0
NPAT[3]	(49.6)	(45.3)	(4.2)	45.4
Statutory NPAT [5]	(52.1)	(71.0)	(107.2)	(55.1)
Net cashflow	(9.0)	(9.5)	(3.8)	5.2

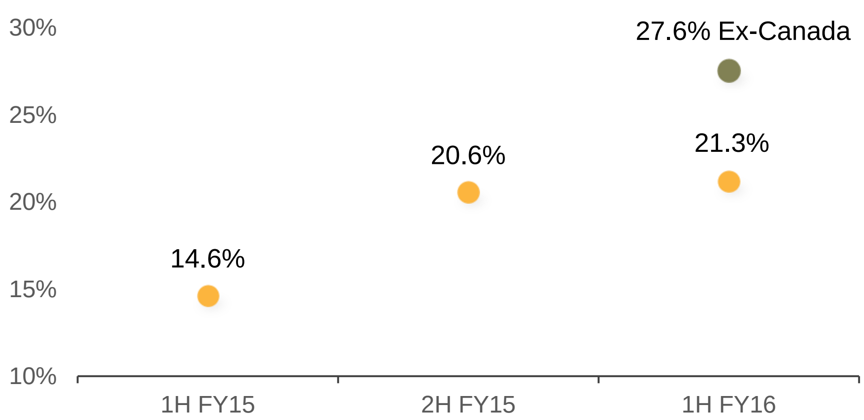
Note:
1. Utilisation calculated as % of fleet rented to customers (measured by written down value) and excludes non-current assets held for sale
2. Operating utilisation calculated as ratio of operating hours recognised over a month, compared to a target average number of 400 operating hours over a month and excludes non-current assets held for sale
3. Operating results
4. Excludes discontinued operations, free cashflow includes discontinued operations
5. 1H FY16 Statutory NPAT includes one-off costs (pre-tax) comprising one-off impairments totalling $97.4M relating to the Canada business which was impaired to its value in use, $3.3M asset impairments on disposals, $2.4M of redundancy costs, $0.1M of one-off corporate development costs and $1.2M related to accelerated amortisation on the repurchase of US$52.3M face value 144A notes. Refer to Emeco's 2016 Interim Financial Report for more information

FINANCIAL PERFORMANCE

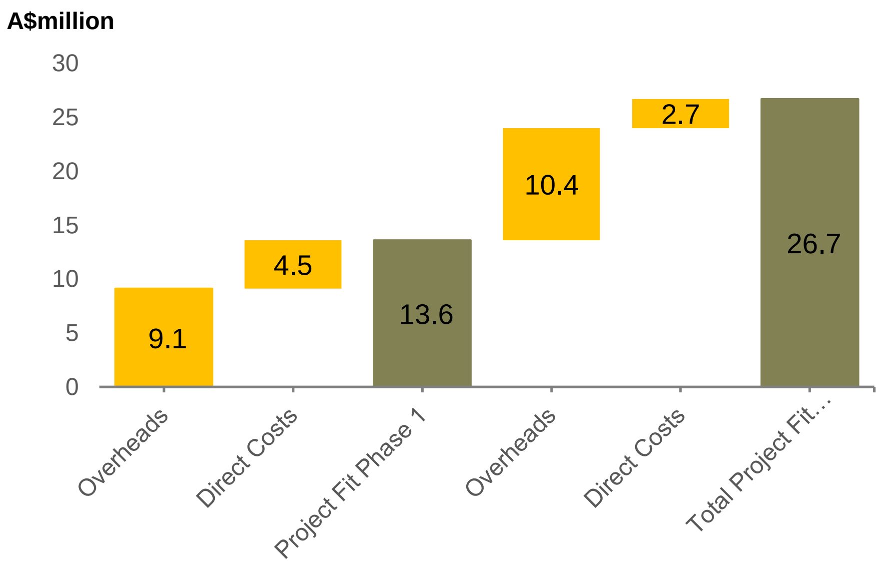
Project Fit driving margin improvements

Project Fit on target to achieve $13.6M savings in FY16, further cost reduction initiatives to achieve $26.7M annual cost savings by end of FY16

OPERATING EBITDA MARGINS



PROJECT FIT OUTCOMES[1]



Project Fit cost savings of $26.7M include $19.5M from overheads, representing a 30% decline compared to FY15, and $7.3M from direct costs. Refer to page 17 for further details

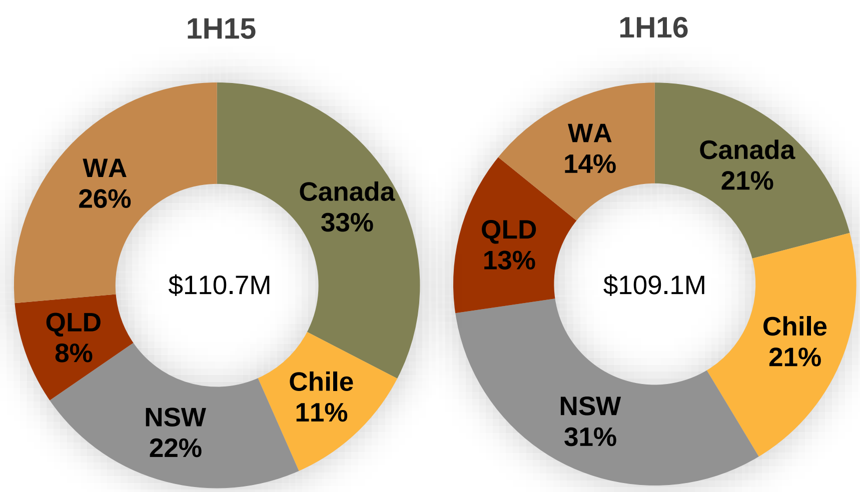
Note: 1. Outcomes represent the annual cost saving by business unit from overheads and direct costs achieved from the first and second phases of Project Fit

EARNINGS COMPOSITION

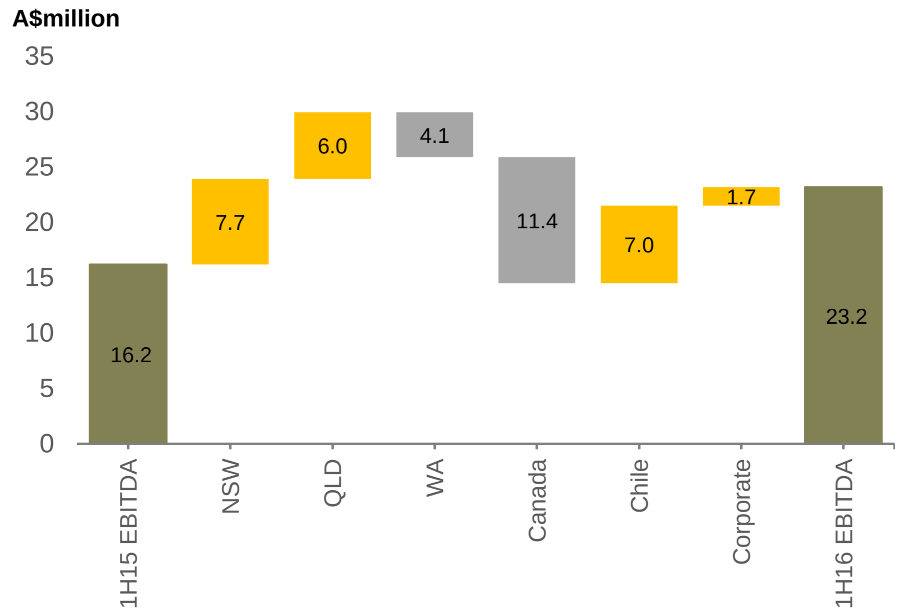
Earnings composition has shifted significantly compared to the prior year

New South Wales, Queensland and Chile operating at high levels of utilisation, offsetting weaker performance in Canada

REVENUE BY GEOGRAPHY



OPERATING EBITDA BY REGION

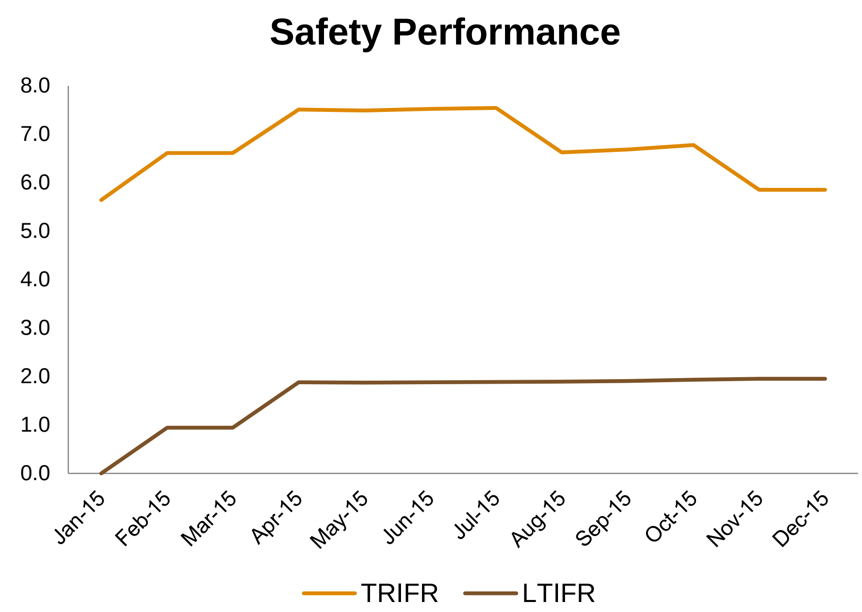


OPERATIONAL REVIEW

SAFETY AND HUMAN RESOURCES

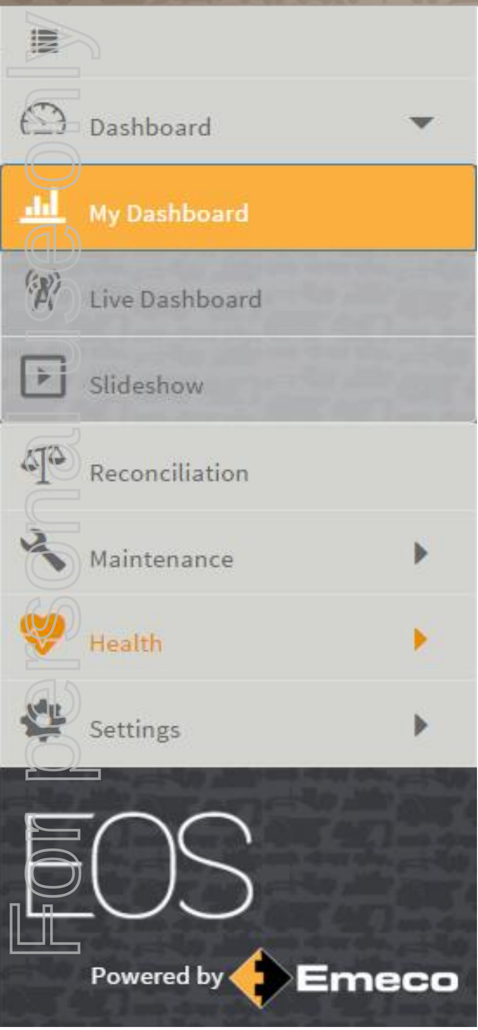
Best practice safety standards and employee development key to the future success of Emeco

- **Health, Safety & Environment**
  - TRIFR down to 5.9, from 7.5 at 30 June 2015
  - Consistent application of OHS policies and practices across the global business improving safety performance
- **Human Resources**
  - The business continues to right size operations to align with market conditions:
    - Employee headcount, excluding the fuel and lubricants contract in Canada, reduced to 310 employees at 31 December 2015, down 18.2% compared to 31 December 2014
    - Support and corporate staff headcount has reduced 11.5% since 31 December 2014, while operational staff has reduced 22.9%
  - Operating improvements in Australia and Chile over the past 12 months demonstrate the resilience of Emeco's workforce



TECHNOLOGY & INNOVATION

EOS continues market penetration



Example EOS interface

Alkane Resources continues building on strong EOS Mining pilot

- Alkane Resources project continues to achieve significant productivity benefits through the implementation of the EOS Mining service. Unit cost for the load and haul system has reduced by an estimated 20%
- Cost and efficiency benefits for the customer in excess of $3.0M has been delivered within the first nine months

Another EOS Mining customer secured

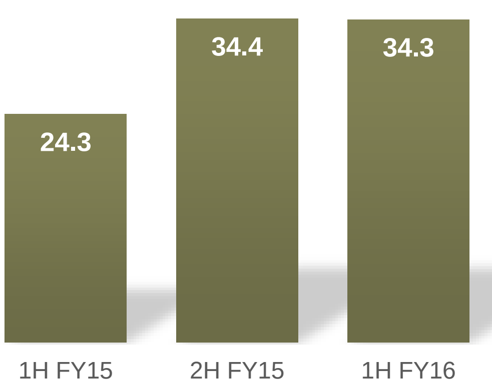
- Scope increase with Evolution Mining for implementation of EOS, commencing March 2016

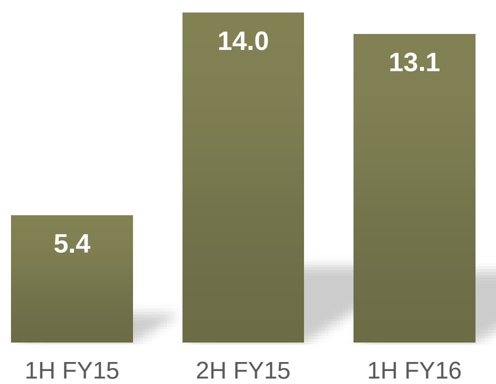
EOS Strategic development aims to increase value delivery

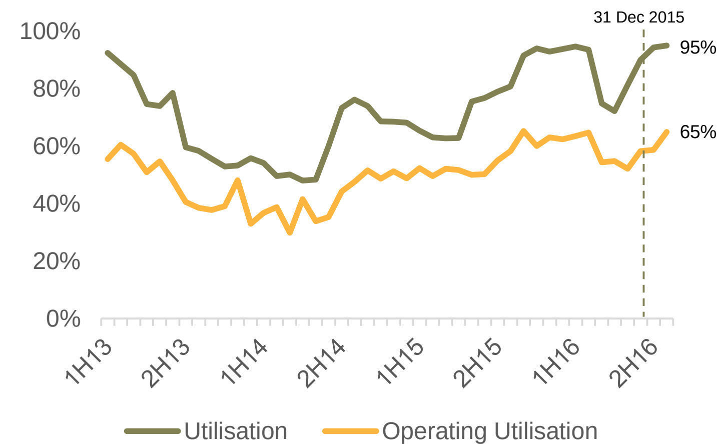
- Commercialising EOS as a stand alone product for application to customer owned fleets
- EOS Health services delivering internal preventative maintenance benefits and reducing operating costs within the first 6 months of implementation in the Australian business

New South Wales

Continue to build presence with existing customer base







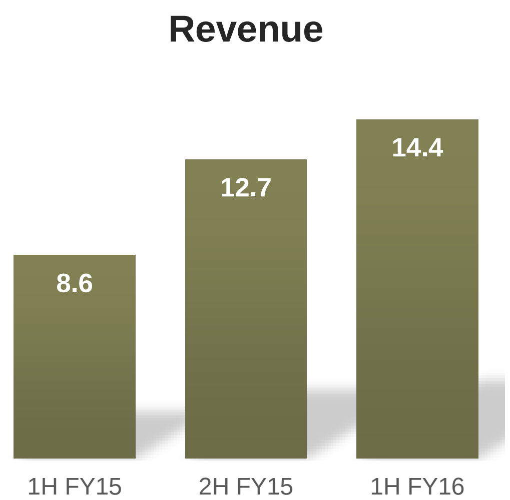
- Additional 20 units placed with existing customer in January 2016, expected to generate improved earnings in 2H16. This fleet included 12 units transferred from Queensland and Western Australia
- 1H16 Operating EBITDA margin slightly down on 2H15 due to $1.0M of prep-for-rent costs incurred preparing machines to commence work in January 2016
- Margins expected to improve beyond FY16 with $2.3M of cost base reductions initiated from Project Fit phase 2

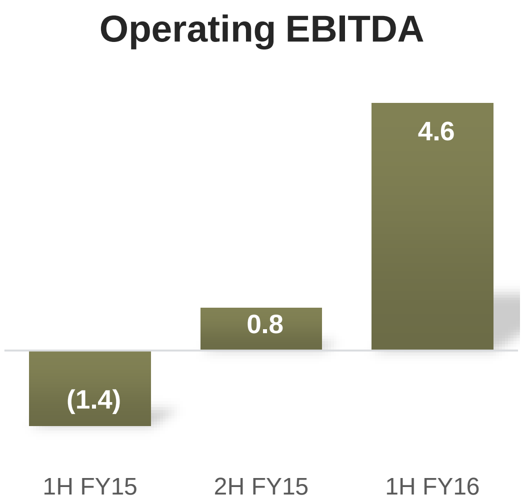
Note:
1. Excludes non-current assets held for sale

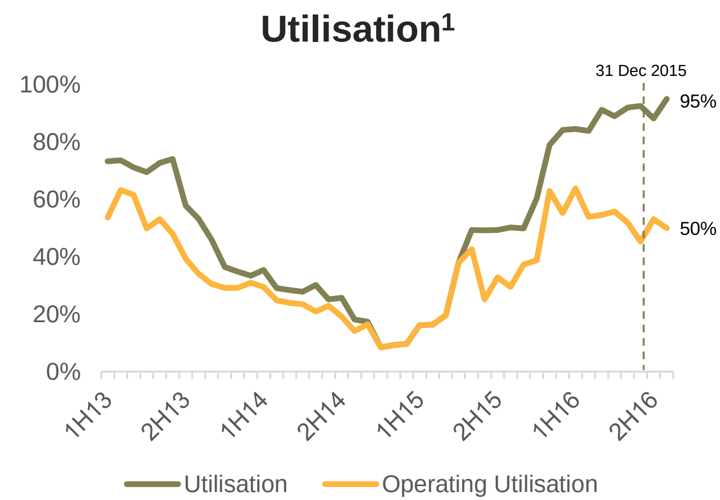
BETTER EQUIPPED

Queensland

Continues to improve, capacity for increased scale to drive further earnings growth







- Queensland achieved utilisation of 89% and operating utilisation of 54%, compared to 31% and 26% in 1H15
- Recently secured a new contract comprising nine units commencing during 3Q16. Combined with ongoing cost reduction program the improved utilisation is expected to generate greater earnings over 2H16
- Queensland has capacity to build further scale through fleet transfers and securing new rental opportunities. Greater volume will drive earnings growth with benefit from fixed cost leverage

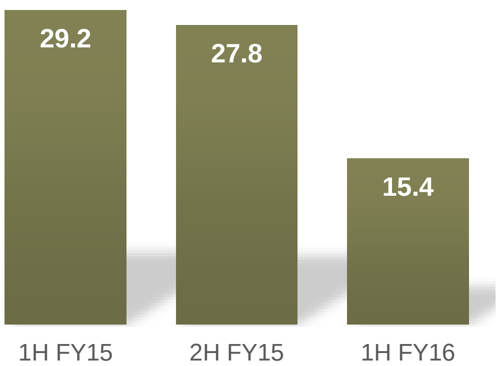
Note:
1. Excludes non-current assets held for sale

REGIONAL PERFORMANCE

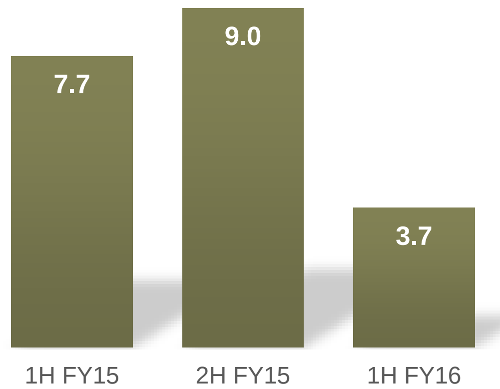
Western Australia

Restructuring generating positive margins on lower earnings. EOS leading penetration into the Western Australian gold sector

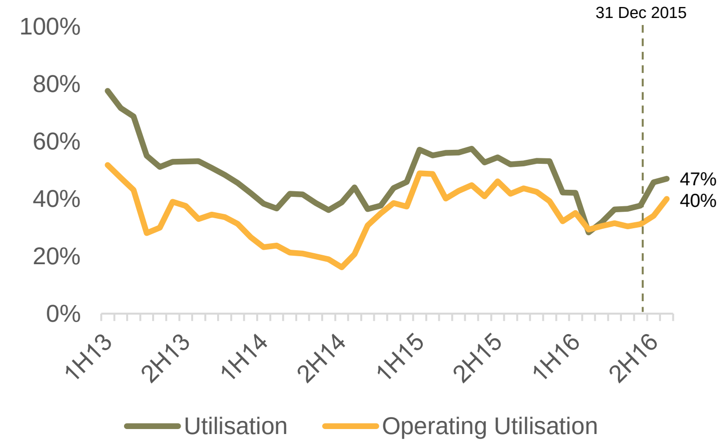
Revenue



Operating EBITDA



Utilisation[1]



- Utilisation has improved to 47% following a number of small fleet packages placed across four customers toward the end of 1H16
- Operating utilisation increased from a low of 23% over 1H16 to currently 40%. Expanded customer base likely to provide further growth opportunities over next 12 months
- Following restructuring of Western Australian business in late FY15 and a 57% reduction in overheads (compared to FY15), 1H16 Operating EBITDA margin of 24% is only slightly below 1H15 of 26% despite nearly half the revenue

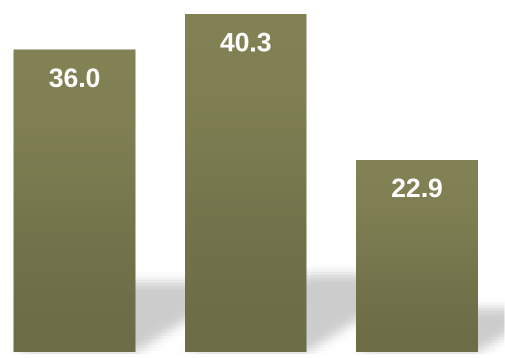
Note:
1. Excludes non-current assets held for sale

REGIONAL PERFORMANCE

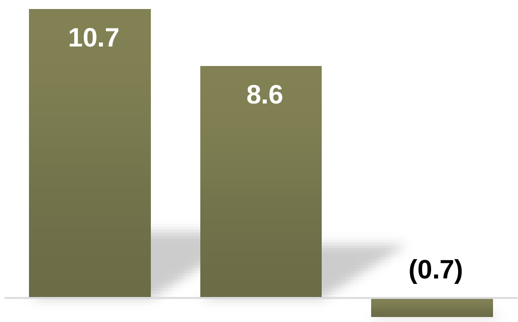
Canada

Low oil price environment taking its toll, business assessing options to relocate this fleet

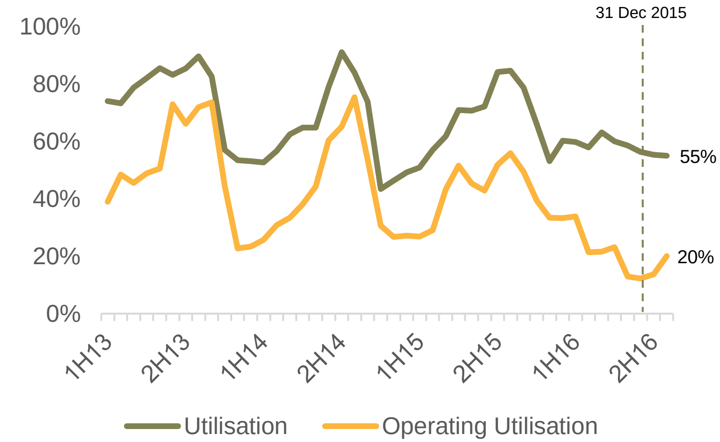
Revenue[1]



Operating EBITDA[1]



Utilisation[2]



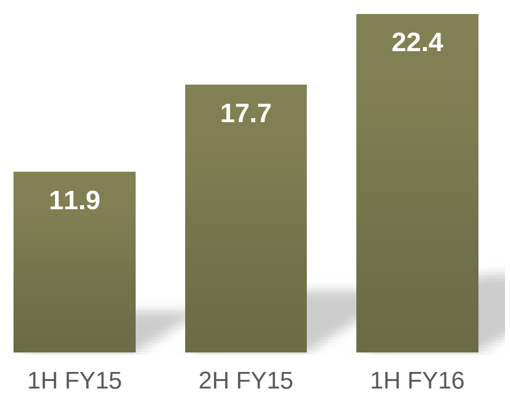
- Canada commenced FY16 with operating utilisation of 34%. Weakening market conditions over 1H16 resulted in operating utilisation falling to 14% as customers adjusted to the sustained low oil price environment by delaying works to reduce costs
- Early in 2H16 it was apparent the sustained lower oil price had significantly reduced the winter work programs. In response we have restructured operations in this region significantly reducing our cost base, including a 54% decline in overheads (compared to FY15)
- This business unit is expected to generate minimal EBITDA contribution for FY16. We are currently assessing opportunities to relocate fleet to stronger performing regions

Note:
1. Figures in AUD millions
2. Excludes non-current assets held for sale

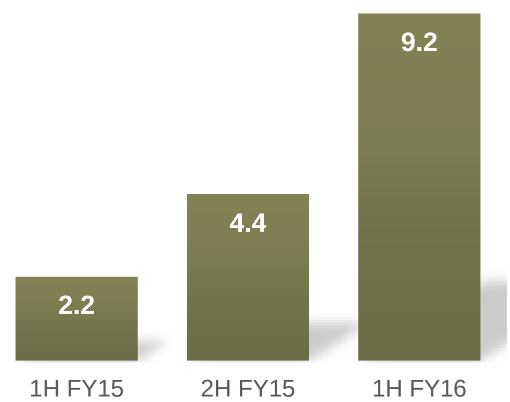
Chile

Improved performance at Encuentro combined with a second significant contract driving earnings uplift

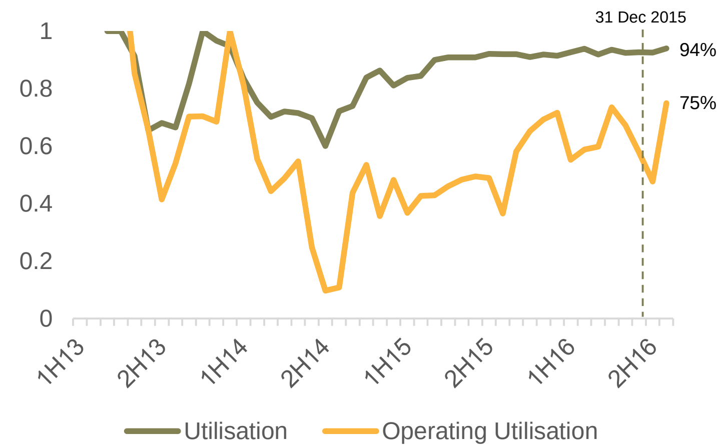
Revenue[1]



Operating EBITDA[1]



Utilisation[2]



- As of 1 July 2015, operations at Encuentro transferred to the new partnership between Emeco and Thiess. This partnership has improved operating efficiency and effective use of assets, driving greater earnings generation from this contract
- Emeco commenced wet hire direct with AMSA at their Esperanza mine in July 2015, contributing strong performance during the period
- There are opportunities to secure additional projects in Chile and deploy idle fleet from Canada

Note:
1. Figures in AUD millions
2. Excludes non-current assets held for sale

FINANCIALS

FINANCIAL SUMMARY

At a glance…

Volume growth in New South Wales, Queensland and Chile, combined with Project Fit cost reductions, driving improved margins

- 1H16 Operating revenue of $109.1M slightly below 1H15, 1H16 Operating EBITDA of $23.2M up 43.2% on 1H15
- Cost reduction initiatives improving operating EBITDA margin to 21.3% (1H15: 14.6%)
- Statutory NPAT loss of $107.2M includes $97.4M value in use impairment in Canada following weakening in this market
- Restructuring of the Canada and New South Wales operations, combined with recent growth in New South Wales and Queensland, expected to drive improved earnings in 2H16
- FY16 Operating EBITDA guidance between $53.0M and $57.0M, representing between 22% and 30% growth on FY15

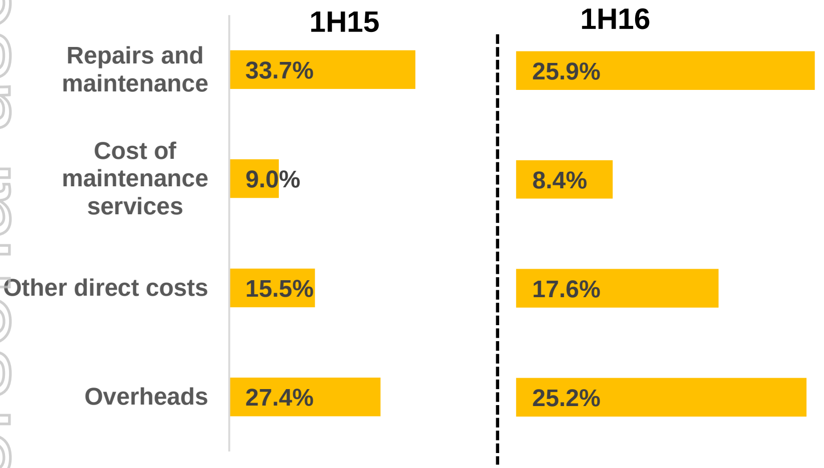
A$million	1H15	2H15	1H16
Revenue[1]	110.7	132.1	109.1
EBITDA[1]	16.2	27.2	23.2
EBIT[1]	(32.6)	(26.6)	(12.9)
NPAT[1]	(49.6)	(45.3)	(4.2)
Statutory NPAT	(52.1)	(71.0)	(107.2)
Net cashflow	(9.0)	(9.5)	(3.8)

Note
1. Operating results
2. Excludes discontinued operations, net cashflow includes discontinued operations
3. 1H FY16 Statutory NPAT includes one-off costs (pre-tax) comprising one-off impairments totalling $97.4M relating to the Canada business which was impaired to its value in use, $3.3M asset impairments on disposals, $2.4M of redundancy costs, $0.1M of one-off corporate development costs and $1.2M related to accelerated amortisation on the repurchase of US$52.3M face value 144A notes. Refer to Emeco's 2016 Interim Financial Report for more information

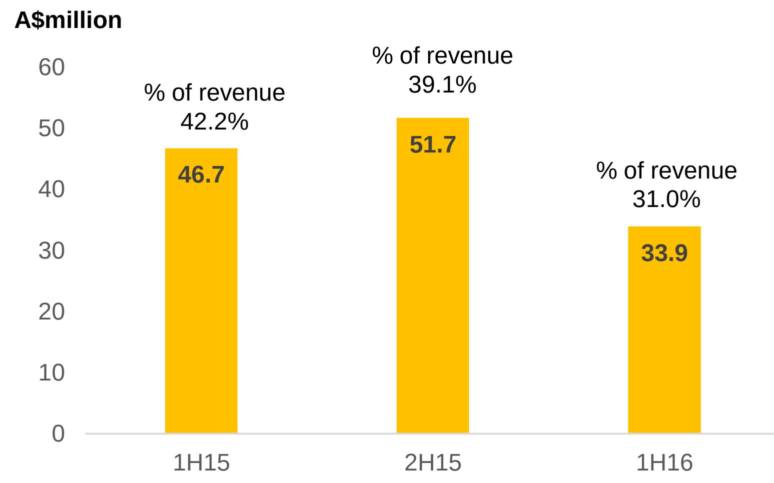
Resizing the business in line with current market conditions

Excluding Canada cost margins have improved significantly since FY15

Operating costs as a % of revenue



Depreciation



- Reduced prep-for-rent costs, re-aligning labour costs to the market and transitioning to field service model reducing R&M cost margins compared to 1H15
- Depreciation cost margin has reverted closer to historical average following change in depreciation policy on idle fleet

PROJECT FIT COST SAVINGS

Project Fit expected to achieve $26.7M of annual cost savings

- Project Fit phase 1 included significant cost saving initiatives:
  - workshop closure and staff restructuring in WA
  - Realignment of labour rates, extended servicing intervals, parts supply agreements and back charging across Australia
  - Significant restructure of the Corporate office, reducing consulting work and staff restructures
- Early in FY16, Emeco refocused on second phase of Project Fit and expect to generate $13.1M of incremental savings:
  - In NSW, workshop closure, staff restructuring and other initiatives
  - Further reductions in WA staffing and other direct costs
  - Staff restructures in Corporate and Australian support
  - Substantial restructure of Canadian business in line with the revised expectations on revenues
- Total savings of $26.7M, of which $19.5M is from overheads, representing a 30% reduction on overheads from FY15

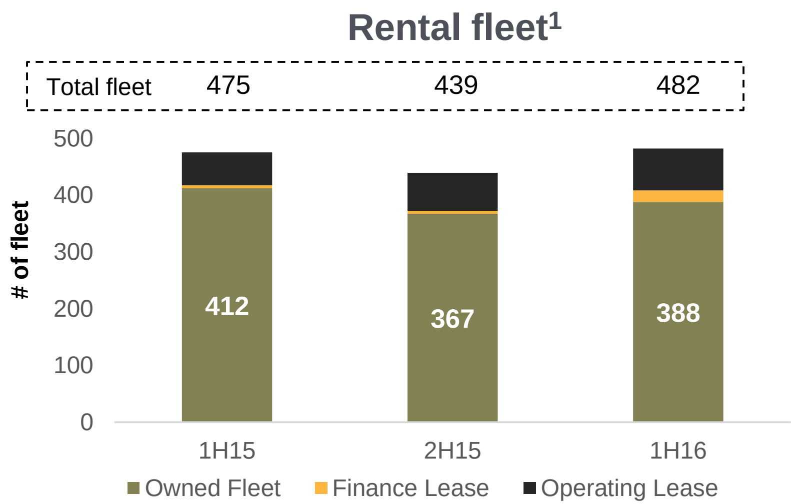
Project Fit Cost Savings

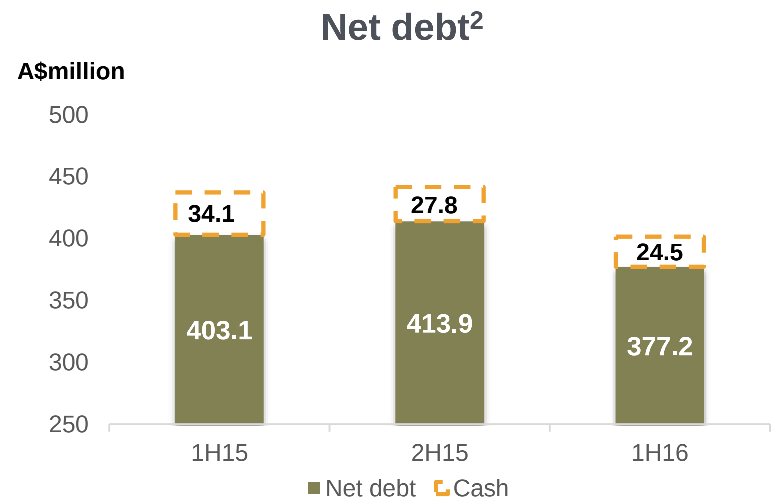
A$m	FY15A	Project Fit	FY16F	Project Fit II	Projected FY17
Overheads					
NSW	7.1	0.1	7.2	(0.2)	7.0
QLD	6.3	0.0	6.3	(0.2)	6.1
WA	10.0	(5.3)	4.8	(0.5)	4.3
Aust. Admin	6.6	(0.5)	6.1	(0.8)	5.4
Canada	12.5	1.1	13.6	(7.9)	5.7
Chile	6.0	0.3	6.3	0.0	6.3
Corporate	16.1	(4.8)	11.3	(0.8)	10.5
Total Overheads	**64.7**	**(9.1)**	**55.5**	**(10.4)**	**46.3**
Direct cost savings					
NSW		(1.3)		(2.1)	
QLD		(2.2)		0.0	
WA		(1.0)		(0.6)	
Canada		0.0		0.0	
Chile		0.0		0.0	
Total		**(4.5)**		**(2.7)**	
Total overheads & direct costs		**(13.6)**		**(13.1)**	

BALANCE SHEET

Net debt reduced by $38M during 1H16

We continue to right size our fleet to match asset classes to regional demand





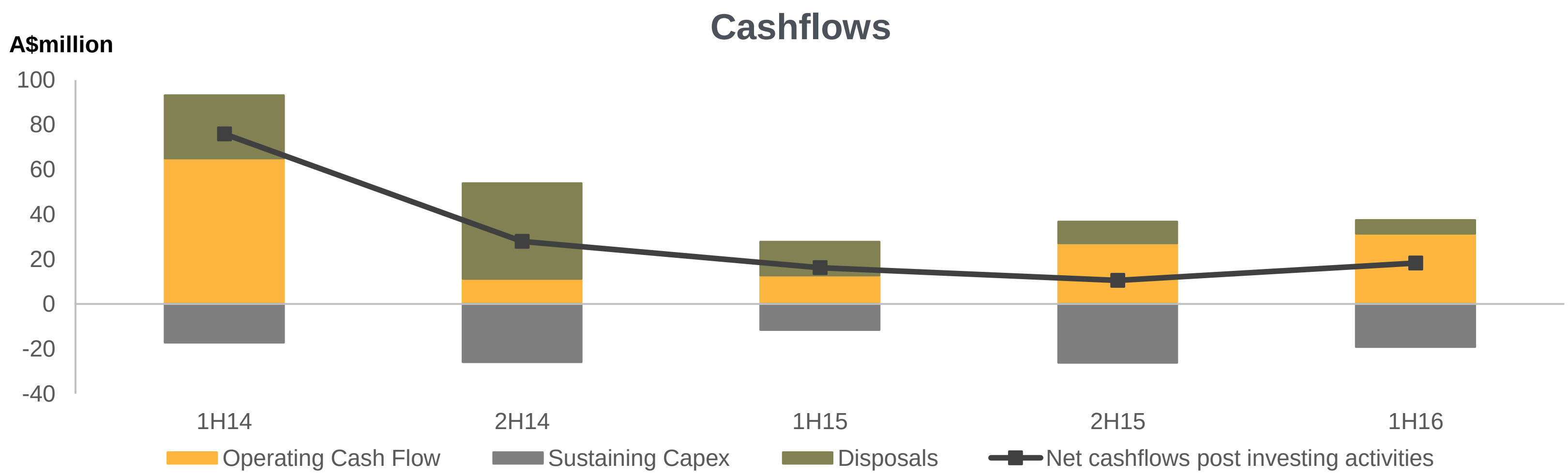
- Following the $97.4M value in use impairment of Canada, the WDV of fleet was $363.6M[1] at 31 December 2015, down from $458.5M[1] at 30 June 2015
- Number of units up to 482 with a portion of non-current assets held for sale put to rent and leased units novated to Emeco under the Enceuntro partnership arrangement
- Net debt reduced to $377.2M following purchase of Emeco 144A bonds with face value of US$52.3M

Note:
1. Excludes non-current assets held for sale
2. Net debt includes 144A bonds, finance leases and insurance funding, net of cash balance

CASH FLOW

Net cashflow declining in line with reduced earnings and disposals

Deteriorating second hand equipment market decreasing ability for business to generate value from disposals



- Declining earnings and diminishing opportunities to dispose equipment for fair value has reduced cash generation and ability to deleverage the business
- 2H16 cashflows expected to improve compared to the first half:
  - improved earnings on greater volumes and lower cost base
  - bond purchase reducing annual finance cost by approximately $5.0M
  - capex expected to be below first half

STRATEGY & OUTLOOK

Focus to continue strengthening core business

Achievements over 1H16

- ✓ Operating utilisation excluding Canada up to 58%, Operating EBITDA margins up to 27.6%
- ✓ On target to achieve ~$13.6M Project Fit savings FY16, further cost reductions identified to bring annual cost savings to $26.7M by end of FY16
- ✓ Value proposition of EOS demonstrated onsite with Alkane Resources
- ✓ Partial swap closure to release funds used to deleverage the business

Focus for 2H16

- ✓ Continue restructure of Canada business and identifying opportunities to generate value from this fleet
- ✓ Identifying deleveraging opportunities
- ✓ Secured another EOS customer, focussed on successful implementation
- ✓ Ensure successful implementation of Project Fit phase 2

Beyond FY16…

- ✓ Embedded continuous improvement culture ensuring Project Fit cost reductions are sustained, which is expected to continue margin improvement beyond FY16
- ✓ Increasing the number of EOS customers
- ✓ Commercialising EOS as a stand alone product for application to customer owned fleets
- ✓ Improving operating utilisation

QUESTIONS

FURTHER INFORMATION

Thank you for your interest in Emeco

For further investor enquiries please contact:

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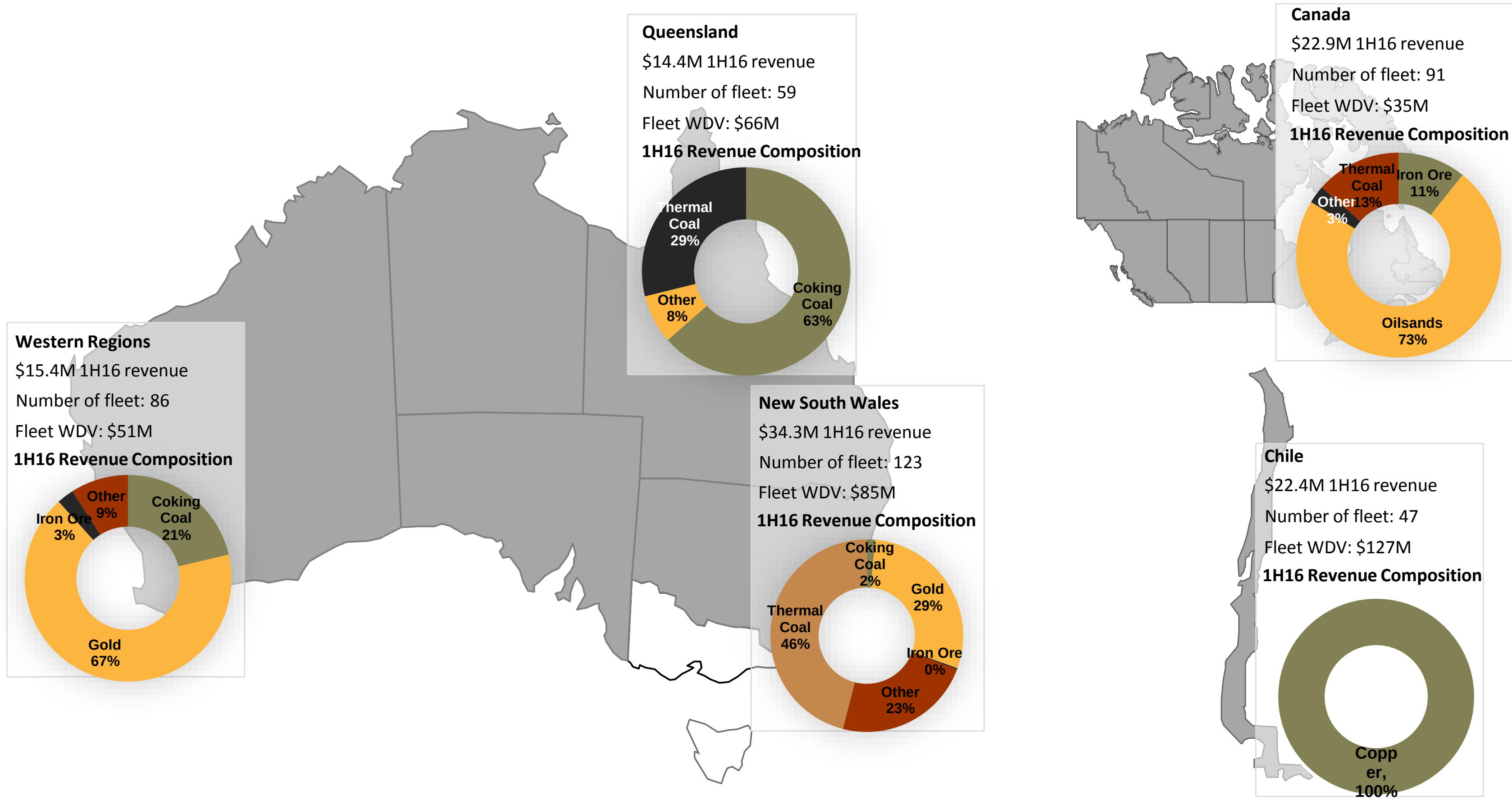
APPENDICES

EMECO OPERATIONS



Note:
Figures in AUD millions
Excludes assets held for sale

DETAILED FINANCIALS

Profit & Loss

A$million	1H15	2H15	1H16	PCP $
Revenue	110.7	132.1	109.1	(1.6)
EBITDA	16.2	27.2	23.2	7.0
Margin(%)	*14.6%*	*20.6%*	*21.3%*	*6.7%*
EBIT	(32.6)	(26.6)	(12.9)	19.7
Margin(%)	*(29.5)%*	*(20.1)%*	*(11.8)%*	*17.7%*
NPAT	(49.6)	(45.3)	(4.2)	45.4

Balance Sheet[2]

A$million	1H15	2H15	1H16
Cash	34.1	27.8	24.5
Trade & other receivables	74.2	65.6	59.7
Rental plant	517.8	458.5	363.6
Intangibles	0.1	1.6	2.0
Sales & parts inventory	8.7	20.9	12.6
Other assets	101.2	134.4	102.6
Trade & other payables	(51.5)	(45.4)	(44.0)
Total debt	(395.1)	(424.0)	(387.4)
Other Liabilities	(4.1)	(17.9)	(4.7)
Net assets	**285.4**	**221.5**	**128.9**

Cashflow

A$million	1H15	2H15	1H16	PCP $
Operating cashflow	13.3	19.3	25.2	11.9
General working capital	(3.8)	11.0	2.1	5.9
Sales & parts inventory	(0.6)	0.7	0.1	0.7
Interest & borrowing costs	(21.4)	(21.4)	(24.3)	(2.9)
Income tax payments	0.0	0.0	4.0	4.0
Cashflow from operating activities	**(12.5)**	**9.6**	**7.0**	**19.5**
Sustaining capex[1]	(12.1)	(25.7)	(19.2)[3]	(7.1)
Disposals[1]	15.1	9.7	6.2[3]	(8.9)
Cashflow from investing activities	**3.0**	**(16.0)**	**(13.1)**	**(16.1)**
Cashflow (before growth capex & s/h return)	**(9.5)**	**(6.4)**	**(6.1)**	**3.4**
Growth capex	0.0	0.0	0.0	0.0
Dividends	0.0	0.0	0.0	0.0
Other financial activities	0.0	(2.6)	6.2	6.2
Free cashflow	**(9.5)**	**(9.0)**	**0.1**	**9.6**

Note:
1. Sustaining capex includes other PP&E additions, disposals includes other PP&E disposals
2. Statutory balance sheet
3. Net of $2.6M related to dozer purchase and subsequent sale and leaseback converted to finance lease

GEOGRAPHICAL SEGMENTS

New South Wales

A$million	1H15	2H15	1H16	PCP $
Revenue	24.3	34.4	34.3	10.0
EBITDA	5.4	14.0	13.1	7.7
margin (%)	22.2%	40.7%	38.2%	16.0%
EBIT	(4.4)	0.3	2.2	6.6
margin (%)	(18.1)%	0.9%	6.4%	24.5%

Queensland

A$million	1H15	2H15	1H16	PCP $
Revenue	8.6	12.7	14.4	5.8
EBITDA	(1.4)	0.8	4.6	6.0
margin (%)	(16.3)%	6.3%	31.9%	48.2%
EBIT	(7.0)	(6.2)	(2.6)	4.4
margin (%)	(81.4)%	(48.8)%	(18.1)%	63.3%

Western Australia

A$million	1H15	2H15	1H16	PCP $
Revenue	29.2	27.8	15.4	(13.8)
EBITDA	7.7	9.0	3.7	(4.0)
margin (%)	26.4%	32.4%	24.0%	(2.4)%
EBIT	(5.4)	(3.0)	0.2	5.6
margin (%)	(18.5)%	(10.8)%	1.3%	19.8%

Canada

A$million	1H15	2H15	1H16	PCP $
Revenue	36.0	40.3	22.9	(13.1)
EBITDA	10.7	8.6	(0.7)	(11.4)
margin (%)	29.7%	21.1%	(3.1)%	(32.8)%
EBIT	(1.3)	(3.9)	(4.5)	(3.2)
margin (%)	(3.9)%	(9.7)%	(19.7)%	(15.8)%

Chile

A$million	1H15	2H15	1H16	PCP $
Revenue	11.9	17.7	22.4	10.5
EBITDA	2.2	4.4	9.2	7.0
margin (%)	18.5%	24.9%	41.1%	22.6%
EBIT	(5.7)	(4.1)	(1.2)	4.5
margin (%)	(47.9)%	(23.2)%	(5.4)%	42.5%

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