

31 March 2017

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

## **Completion of Recapitalisation and Mergers**

Emeco is pleased to announce that the recapitalisation and mergers with Orionstone and Andy's reached completion today, resulting in the following:

- Emeco noteholders, Orionstone creditors and Andy creditors have exchanged a total of A\$586<sup>1</sup> million in claims for:
  - new senior secured notes maturing in FY22 with a face value of A\$465<sup>1</sup> million; and
  - 967 million Emeco shares representing 44% of Emeco's issued capital
- Merger with Orionstone through the exchange of 100% of Orionstone shares for 214 million Emeco shares, representing 10% of Emeco's issued capital
- Merger with Andy's through the exchange of 100% of Andy's shares for 106 million Emeco shares, representing 5% of Emeco's issued capital
- The issue of 124 million Emeco shares to Black Diamond Black Diamond<sup>2</sup>, representing 6% of Emeco's issued capital
- The alignment and incentivisation of the Company's key management personnel through the establishment of a new management incentive plan
- The replacement of Emeco's current asset backed loan expiring in December 2017 with a new revolving loan facility maturing in March 2020
- \$10 million of pre-funding received from the underwriters of the Entitlement Offer, which is scheduled to close mid-April 2017

Following completion, Emeco will have FY16 pro forma adjusted EBITDA of \$110 million<sup>3</sup> and a significantly enhanced capital structure. The transaction significantly deleverages the Company and its Company's new senior secured notes and revolving credit facility provides it with the financial flexibility to generate cash to continue to reduce debt.

Emeco Managing Director and CEO, Ian Testrow, said: "We are very pleased to announce the successful completion of the recapitalisation of Emeco and mergers with Orionstone and Andy's. Emeco now has approximately 730 machines in its fleet and a leading market position from which to benefit from the improving market conditions. Emeco will use its enhanced fleet capabilities and innovative technological platforms to carry on adding value for its customers through increasing productivity and reducing costs."

Mr Testrow continued: "On behalf of the Board, I would like to thank all of our customers, employees, and suppliers for their ongoing support. I am confident that together we will continue Emeco's transformation through our focus on operational excellence, innovation and delivering customers with creative solutions to help them unlock value in their businesses."

<sup>1</sup> Where applicable, indebtedness is converted at the AUD/USD exchange rate as at 5pm (Sydney time) on 30 March 2017 of 0.7659

<sup>2</sup> Represents shares issued to Black Diamond under the Black Diamond Placements and excludes shares issued to Black Diamond as part of the recapitalisation of Emeco's 9.875% 144A notes and the Entitlement Offer

<sup>3</sup> Including pro forma annual forecast synergies of \$15 million per annum

## Entitlement Offer update

On March 21 2017, Emeco launched a fully underwritten pro rata renounceable entitlement offer (**Entitlement Offer**), whereby Emeco offered eligible shareholders as at 27 March 2017 the opportunity to subscribe for new fully paid ordinary shares in Emeco (**New Shares**) at \$0.109 to raise A\$20 million.

Trading of entitlements under the Entitlement Offer (EHLR.ASX) will end on Monday, 3 April 2017 and the Entitlement Offer will close on Monday, 10 April 2017 (5.00pm AEST). New Shares under the Entitlement Offer will be issued on Wednesday, 19 April 2017 and will commence trading on ASX on a normal settlement basis on Thursday, 20 April 2017.

Houlihan Lokey and Macquarie Capital acted as financial adviser to Emeco. Baker & McKenzie acted as legal adviser to Emeco.

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### Investor enquiries

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Established in 1972, Emeco is the world's largest, independent mining equipment rental business and currently services major resource projects across Australia, Canada and Chile. Emeco pursues a best in class asset management strategy and operates a global fleet of equipment from a range of original equipment manufacturers to deliver the most effective equipment rental and maintenance solutions for its customers. Emeco is a publicly listed company on the Australian Securities Exchange (ASX:EHL).