

29 November 2023

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

Chairman's Annual Address to Shareholders

Ladies and gentlemen,

Good afternoon, my name is Peter Richards and I am the Chairman of Emeco Holdings Limited and a thank you to all who have joined us today for our Annual General Meeting for the 2023 Financial Year.

I would like to welcome my fellow non-executive Directors Mr Peter Frank and Mr Peter Kane, and our two new Directors who offer themselves up for election at today's meeting, Ms Sarah Adam-Gedge and Mr James Walker III. Peter Frank and James are attending via videoconference.

Also with us, is our CEO and Managing Director, Mr Ian Testrow and I welcome our new CFO, Ms Theresa Mlikota and company secretary, Penny Young.

Finally, I would also like to welcome our auditors Deloitte, represented today by Mr Tim Richards who is our engagement partner.

Ian will provide a more comprehensive operational and financial summary in his remarks. However, I will note that our FY23 financial performance can be divided into two halves. While the first half faced challenges due to the underperformance of our Pit N Portal (PNP) business, the second half witnessed significant growth in revenue and earnings across all our businesses. In total, we reported revenue of \$874.9 million for the year, a 16% increase from the prior year, with Operating EBITDA largely in line with FY22.

I would also note that the financial year was marked by exceptional demand and activity levels, driven by strong conditions in commodity markets. Despite challenges such as cost inflation and labour shortages, our robust business model and capable management team navigated these dynamic conditions successfully, particularly as noted in the second half.

I want to extend the Board's gratitude to the entire Emeco team for their unwavering commitment to providing top-quality rental fleet and services to our valued customers. Their proactive approach to delivering solutions that enhance our customers' operations is pivotal to our ongoing success.

Safety has always been our top priority, and we are proud of our safety record, even though we faced our first Lost Time Injury (LTI) in over seven years. We remain vigilant, learning from such experiences and continually improving our processes to mitigate risks.

Emeco is committed to building resilience in the sustainability of our business model, focusing on creative solutions for customers, maintaining a family-like environment for our team, garnishing community support, and creating value for our investors. We've developed an Environmental, Social, and Governance (ESG) Strategy, along with an ESG Committee, to guide our initiatives and ensure compliance with climate-related financial disclosures.

Our balance sheet remains strong, with prudent capital management and a commitment to returning 25-40% of Operating NPAT to shareholders through dividends and share buybacks. We returned \$20.4 million to shareholders during FY23 and allocated additional funds for share repurchases.

We acknowledge that we are yet to repurchase \$7.3 million of shares attributable to the second half of FY23 and confirm we will execute that as we are able.

Emeco's net leverage of ~1.1x aligns with our long-term target, and we maintain liquidity to seize opportunities for growth. Ian will provide several examples of how our mid-life asset model allows us to source growth assets and generate accretive returns through our disciplined capital investment program.

During the year, Fitch Ratings upgraded our long-term issuer default rating to BB-, recognising our improved revenue diversification efforts. This was recently affirmed again in November 2023.

I would now like to draw your attention to several changes to our executive and Board during the financial year and post year end.

We welcomed Ms. Theresa Mlikota into the role of CFO, following the retirement of Thao Pham earlier this year. Theresa brings a wealth of experience having operated in the resources, construction and industrials sectors for over 30 years.

Mr Keith Skinner retired from the Board in June. Keith chaired our Audit and Risk Management Committee and provided valuable leadership and insight during his tenure.

We also welcomed Mr. James Walker to the Board. James was a founding partner of our major shareholder Black Diamond Capital Management and has recently rejoined as President and Senior Managing Director of that firm. We also announced that Ms Sarah Adam-Gedge joined our Board effective 1 October 2023. Sarah is chairing our Audit and Risk Management Committee and brings valuable finance, commercial, innovation and governance skill and experience to our company.

Sarah and James will be standing for election at today's meeting and a further summary of their skills and experience has been provided in the Notice of Meeting.

I have had the privilege of being on the Emeco board now for 12 years. Where some guidelines suggest that tenure of that nature jeopardises independence, I believe it has deepened my knowledge of the Company and its contribution to the Australian mining industry. Further, it has provided continuity through significant board changes, particularly as a result of the 2017 recapitalisation and three-way merger. As such, I can assure shareholders that my position remains independent and our Board now comprises three independent non-executive directors in Peter Kane, Sarah Adam-Gedge and myself, and three non-independent directors in our CEO and Managing Director, Ian Testrow as well as James Walker and Peter Frank. Notwithstanding this, we are also in the process of recruiting another independent non-executive director to bring further skills, knowledge and experience to the board.

Ian Testrow has been our CEO since August 2015 and has lived and breathed Emeco every day since. Ian's vision, drive and passion for our company is unrelenting and the Board is keen to support and retain Ian over the coming years.

Ian is a CEO who is entirely focused, engaged and determined to rebuild our returns and grow shareholder value. His work ethic, solutions focus and overall understanding of the Emeco business and challenges is second to none.

The Board believes Ian's retention is crucial to the ongoing profitability and sustainability of our Company and we are confident that Ian's continued operational and strategic leadership over the coming four years will deliver significant value to shareholders.

As a Board we acknowledge the frustration of our share price among our shareholders, and we share that frustration. Management and the Board are focused on increasing shareholder value by improving our return on capital from current levels and meeting our capital management policy. We are in a strong financial position and have a clear strategy for sustainable growth and value creation.

In closing, I'd like to extend my thanks to our dedicated Board members, our Managing Director & CEO, Ian Testrow and his team. I also acknowledge and thank our customers, financiers and suppliers for their loyalty and support. Most importantly, I'd like to thank our shareholders, for your continued investment in our Company.

I will now handover to our Managing Director & CEO, Ian Testrow to provide an overview of our operations and strategy.

Peter Richards
Chairman

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