

ASX Release

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

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Emeco Holdings Limited ACN 112 188 815

2014 ANNUAL GENERAL MEETING CHAIRMAN'S ADDRESS

Ladies and gentlemen,

In its 42 years of operation, Emeco has evolved into the world's largest independent mining equipment rental business and, despite disappointing financial results last year, the Company has a strong future ahead of it.

Subdued conditions in the mining industry weighed heavily on our financial performance in FY14, but the board remains confident that Emeco's unique combination of geographic and commodity diversification, product and service excellence, plus the work that it has been undertaking around strategies to add value, will ensure we are able to ride out this cycle and emerge better prepared for the opportunities that I have no doubt lie ahead.

FY14 Performance and Successful Refinancing

In FY14 Emeco generated operating EBITDA of \$72.1 million, in line with guidance, but recorded a net operating loss of \$21.6 million. A significant downturn in operating revenue in Australia markedly reduced earnings compared with the prior year.

Seasonal and one-off events affecting utilisation in Canada also impacted our financial performance adversely.

Notwithstanding suboptimal trading conditions, Emeco generated free cash flow of \$85.9 million during FY14. This was used primarily to reduce gearing prior to the successful execution in March of a US\$335 million 144A bond issue with a five year term.

The net proceeds from the bond issue were used to replace existing debt with the result that our debt structure is now long term and what is known as 'covenant light', giving us the flexibility to strengthen our existing businesses and consider earnings accretive opportunities as we seek to further diversify our earnings profile, while maintaining debt reduction as a top priority.

Senior Management and Board Changes

There was significant change in the composition of our executive leadership team during FY14. As you would remember from our AGM last year Ken Lewsey joined Emeco in November 2013 as Managing Director and CEO and in July 2014 Greg Hawkins came on board as Chief Financial Officer.

Ken and Greg succeeded Keith Gordon and Steve Gobby, respectively, to whom the board records its thanks for their combined ten year service to the Company.

With impressive backgrounds in the mining industry, both Ken and Greg bring extensive experience and a strong customer focus to the Emeco management team. Ken and Greg are results orientated executives, with demonstrable track records of restoring earnings growth to underperforming businesses in our sector.

They are well supported by a leadership team that is already making good progress in four key areas – operations and safety, finance, customers and strategy.

At this point I should pay tribute to non-executive director, Bob Bishop, who resigned from the board in June after five years of service. The board benefited significantly from Bob's extensive international experience in the mining sector. Bob's retirement leaves just four non-executive directors on the board. The board has decided to defer filling this additional spot until we have a clearer view on the specific skills required for the future strategic direction of the Company.

Strategic Repositioning

Ken and his management colleagues, together with the board, have been working hard on a strategic agenda that ensures our businesses are structurally sound and well positioned to grow profitably, even in the current market conditions. Building on many months of planning at both board and management level, we are pleased to announce the development of a three pillared strategy to grow the group and add value. The strategy has, at its very heart, the immediate goals of reshaping the core rental business to improve profitability and finding new ways to generate revenue and profits.

Prior to the development of the strategy, management undertook a strategic review of the entire business and as a result of that the board approved management's recommendation to exit the Indonesian business, allowing Emeco to focus exclusively on our three core markets of Australia, Canada and Chile. The Indonesian review considered a number of factors, including uncertainty in government policy for the mining industry, excess equipment in the market and the diminishing quality of the customer base. The closure of the Indonesian business resulted in pre-tax charges of \$41 million, mostly non-cash.

Important contract wins in Australia and Chile during the second half of FY14 and in the first half of FY15 confirm that this was the right decision as it has freed up the new management team to concentrate on delivering improved outcomes as well as building and maintaining customer relationships in our growth markets.

Ken will shortly provide more comprehensive detail around this strategy and will also provide a full regional overview of operations.

Safety, Sustainability and Diversity

The board views Emeco's safety record as a key performance indicator and it was pleasing that the Company continued to improve its safety performance in FY14, especially in a year which saw a number of employees undertake new or different roles.

Reporting on our sustainability performance also improved during the year. A centrally co-ordinated sustainability report is now produced for board review monthly. This ensures that there is greater consistency and efficiency in relation to the information captured and presented.

As Emeco operates across a number of geographies and cultures it is essential that the Company continues to attract, retain and develop high quality people with diverse perspectives and experiences and a deep understanding of the cultures within which they operate. This will help Emeco improve its local service offerings and build its market share.

During FY14 the Company continued to implement its diversity action plan through improved reporting, greater awareness and the establishment of more flexible work practices. Emeco also continues to increase female participation in our workforce, this year appointing its first female executive to the leadership team and its first females to the roles of General Manager, Company Secretary and General Counsel.

Shareholder Returns

The board chose not to declare a dividend for FY14 as our focus remains on improving the Company's balance sheet. We will continue to assess our ability to pay dividends against earnings and the financial position of the business each year.

The board and management remain committed to delivering strong and sustainable shareholder returns over the long term. The board views consistent improvement in total shareholder return as a benchmark of management's performance and therefore links executive remuneration closely to performance hurdles.

Emeco is committed to the pursuit of excellence at all levels of our business, including the attraction and retention of high quality employees. We remunerate our people in line with market and industry standards and believe it is essential we do so.

The board also recognises that employee compensation should be aligned with Emeco's earnings and with returns paid to shareholders in the form of dividends.

Board

Finally, shareholders would be aware that among the resolutions being put to them today is a resolution regarding my own re-election to the board. It is my intention that, if re-elected, it will be my last term and I intend to step down at some point during the next three years. Together with my fellow board members, we will work on a suitable recruitment and succession plan to ensure this board has the necessary skills and experience to continue to guide the Company's growth. It has been both a privilege

and an honour to have served as Chairman of this board for the eight years which Emeco has been a public company.

Building a Platform for the Future

The board acknowledges that FY14 was a disappointing year for Emeco shareholders and we thank you for your continuing support. While the mining sector remains under pressure, the board is confident that, with a motivated and energised team reshaping our business, improved balance sheet flexibility and diversified markets, Emeco is firmly positioned for improved performance over the next few years.

Mr Alec Brennan
Chairman
Emeco Holdings Limited

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About Emeco

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).

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