

Market release
18 November 2009

Chairman's Address to the 2009 Annual General Meeting

Today I would like to update you on some important board and management changes that have taken place at Emeco over the past twelve months.

I will then briefly touch on the Company's performance in 2009 before asking our Managing Director and Chief Executive Officer, Laurie Freedman to provide some further insights into Company's performance and the outlook for the business.

Board and Management Changes

2009 has been an important year of renewal for Emeco at both the board and senior management levels and I would like to spend a few moments introducing each of our directors starting with the longest serving.

Firstly, our Managing Director Laurie Freedman needs little introduction. He has been CEO of Emeco for the past decade and during that time he more than anyone has created the Emeco we see today. Laurie announced his intention to step down as Emeco CEO in the middle of this year and I will have more to say about the CEO transition issue in due course.

The other executive director is Robin Adair, who has worked closely with Laurie over the past decade to build Emeco. Robin will also be stepping down from his role as a director of Emeco Holdings Ltd as from the close of today's meeting. He will step down from his board and executive roles with all other Emeco group companies at the end of this month. Robin has made a very substantial contribution to Emeco in a number of different capacities.

I joined the Emeco board in 2005 prior to its IPO. I am based in Sydney and spent most of my executive career with CSR Limited and retired as its CEO in 2007. In addition to my role as Chair of Emeco, I chair two other private companies and have a range of not for profit activities.

Our next longest serving director is Peter Johnston who joined the board in 2006. Peter, who is standing for re-election today, brings significant industry experience as CEO of Minara Resources as well as his membership on the Mineral Council of Australia board. I would like to particularly note the unique beneficial skills that a working CEO can bring to a board such as Emeco's, particularly one based in WA with Emeco.



John Cahill joined the Emeco Board in 2008. John who is also Perth based brings CEO and CFO experience with Alinta and Alinta Infrastructure to the board as well as a leadership role in CPA. John chairs our audit committee.

Bob Bishop joined the Emeco board in June this year. Bob is based in NSW and has an extensive background in the resources industry having recently stepped down as CEO of a global mining and tunnelling business. His international experience is particularly valuable for Emeco.

Two of our non-executive directors, Greg Minton and Paul McCullagh resigned during the year. Greg and Paul both joined the board in 2004. They made significant contributions to Emeco's development and were an integral part of the Company's private equity buy-out and subsequent public listing. In keeping with good market practice, Greg and Paul's respective private equity firms retained some shareholding at IPO but have now sold their respective interests.

I would like to thank all of my non-executive director colleagues for their time and effort over the past year in ensuring Emeco is appropriately governed and managed.

The Emeco board is a small hard-working board that I believe has the mix of skills necessary to cost effectively monitor the performance of the company on behalf of shareholders.

Let me now turn to the issue of CEO succession. In June this year Laurie Freedman announced his intention to step down as Emeco's Managing Director and CEO. Given his contribution to Emeco, his are big shoes to fill. Laurie's vision and commitment to the Emeco model have been fundamental to Emeco's growth and success. I would thank Laurie for his very substantial contribution to the company and to wish him well for the future.

Executive Director, Robin Adair has also recently announced his decision to leave Emeco after 8 years as CFO and more recently as Executive Director of Asset Management, Business Strategy and Development. He has made a significant contribution at both the board level and within the senior leadership group of the Company. We also wish him the very best for the future.

As was announced last week, we are very pleased to welcome our new Managing Director and CEO, Keith Gordon. The board is delighted to have secured such a high calibre individual in Keith and we believe his extensive experience is ideally suited to take Emeco forward into its next phase of development.

Keith is already Perth based having spent the last decade as a senior executive at Wesfarmers. He will be starting work at Emeco in just a few weeks and the period over Christmas will give him an excellent opportunity to meet the team and begin providing a fresh perspective on the key strategic issues that need to be addressed.

Keith is joining a now seasoned and experienced management team that has been significantly strengthened in recent times. As Chairman, I'm very comfortable that Keith and the management team are well equipped to successfully lead the company to future success. I personally am looking forward to working closely with Keith over the coming months to move the company forward

Finally, I would like to thank the senior management team for their hard work through what has been a very challenging period for all companies. The team navigated the business extremely well through the storm and Emeco is now well positioned to benefit from the improving outlook.

Performance

It would be fair to say that the 2008/2009 financial year was one of the most turbulent of recent decades. As the global financial system moved towards near collapse in late 2008, global economic activity declined with a suddenness that was impossible to predict.

Emeco began to feel the full force of the global financial crisis in December 2008 and into early 2009, when mining and construction activity dropped substantially. Our revenues were severely impacted during this phase of the crisis which is reflected in our full year results.

However, despite experiencing some of the toughest trading conditions in the Company's history, we were well positioned to ride out the storm having secured our debt funding early in the year and had already initiated measures to more prudently manage capital expenditure.

While Emeco's financial position remains strong, the challenge to improve our return on capital remains. Central to this primary objective, we have commenced downsizing the European business and we are undertaking a review of the USA business. The sharp downturn in these two markets resulted in one-off impairment and restructuring charges of \$44.5 million in FY09. Although a disappointing result for the current year, we believe the action taken is prudent in the current circumstances.

Dividend

The dividend policy of the board is to distribute to shareholders approximately 35% to 45% of annual NPAT and to frank dividends to the fullest extent possible.

The board has determined the final dividend for 2009 with reference to the Group's Operating NPAT of \$57.7 million which excludes the significant one-off impairment and restructuring charges incurred in this financial year given they were largely non-cash in nature. Furthermore, the board has considered the extent of available retained profits and franking credits and the robust free cash flow and balance sheet in reaching its decision on dividends.

Accordingly, the directors previously declared a final dividend of 2.0 cents per share fully franked. This takes the fully franked dividend for the financial year 2008/2009 year to 4.0 cents.

Our people

Our skilled and dedicated employees remain a key to our success. I want to take this opportunity to thank everyone for their significant contribution to securing Emeco's future as a world class provider of earth moving equipment solutions.

We have not wavered in our commitment to ensuring the safety of our employees, contractors and visitors. During the year, we devoted considerable time and attention to improving the safety performance of all our operations around the world.

Whilst this is an area that requires constant vigilance and continuous improvement, I believe Emeco made significant progress in FY09 toward ensuring its safety management practices are uniformly world class. Our ultimate safety objective remains "zero harm" and this objective continues to guide us in how we manage and think about safety in the workplace.

Our strategy

When we released our full year results in August, we outlined our focus on driving earnings from our installed asset base and recycling underperforming capital. We also expressed a strategic need to reconfigure our fleet into larger mining equipment.

While we are only in the early stages of executing this strategy, I can report on some positive steps on this strategy.

Early signs are suggesting that demand for our existing asset base across most markets is improving rapidly which we expect to drive earnings in 2H10 and into FY11.

To expand our position in larger mining equipment the Company has acquired three large mining equipment packages in our Western Australian, Queensland and Canadian businesses.

These investments will ensure we can move rapidly to achieve our fleet reconfiguration objective, and provide Emeco further leverage to coal, iron ore and oil sands activity in Australia and Canada.

In light of this additional capital expenditure and in keeping with our focus on liberating underperforming capital, the team is working very hard to realise cash through asset sales. This is essential to ensure we prudently manage our balance sheet and ultimately improve Emeco's return on capital.

The future

Whilst the timing and extent of the global economic recovery continues to be debated, we believe Emeco is positioned to take advantage of a return to economic growth. In the year ahead, we will maintain our focus on improving the utilisation of our global equipment fleet and continue to prudently manage our capital base, while also securing value creating opportunities in the early stages of the recovery.

We remain confident that Emeco can deliver steady and sustainable growth for shareholders over the coming years.

Finally, I would like to thank you – our shareholders for your support of the Company over the past year.

Further enquiries can be directed to:

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About Emeco

Emeco is a leading global provider of heavy earthmoving equipment with offices in Australia, Indonesia, the Netherlands, Canada and the USA. Emeco has integrated rental, sales, parts, maintenance and procurement into a single business for high reliability, low-houred heavy earth moving equipment for the mining and civil construction sectors. Emeco is not aligned with any earthmoving equipment manufacturer and has a global fleet approaching 2,000 machines including equipment manufactured by Caterpillar, Hitachi, Komatsu, Liebherr and Volvo.

Emeco's ordinary shares are traded on the Australian Stock Exchange under ASX code EHL.