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Emeco Group
Strategy Briefing

Keith Gordon, Managing Director & CEO

July 2010

Presentation Outline

1. The Challenge
2. The Strategy
3. Executing the Strategy
4. Operating Update

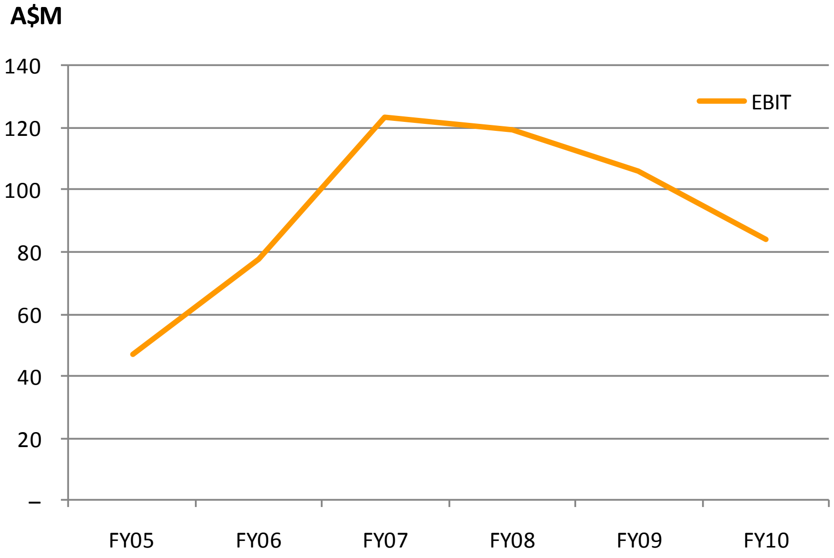
Highlights

- Strategic review confirms focus back on core mining markets
- US & Europe closure complete
- Exit Victoria Rental & restructure Australian Sales & Parts to align with core customer base
- Capital release and FY11 cash flow to provide balance sheet flexibility
- Disciplined investment above WACC returns
- Pursue other mining products, services & geographies in medium – long term
- Confirm guidance: FY10 Operating NPAT range of $40-41 million

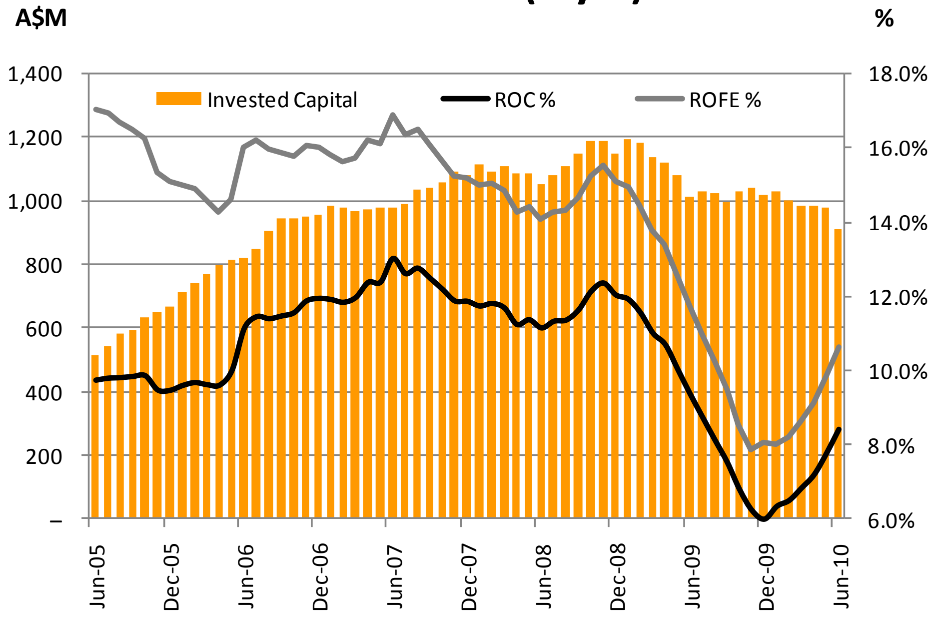
1. The Challenge

Earnings growth has not translated into acceptable returns

Earnings
+12.2% CAGR (5 yrs)



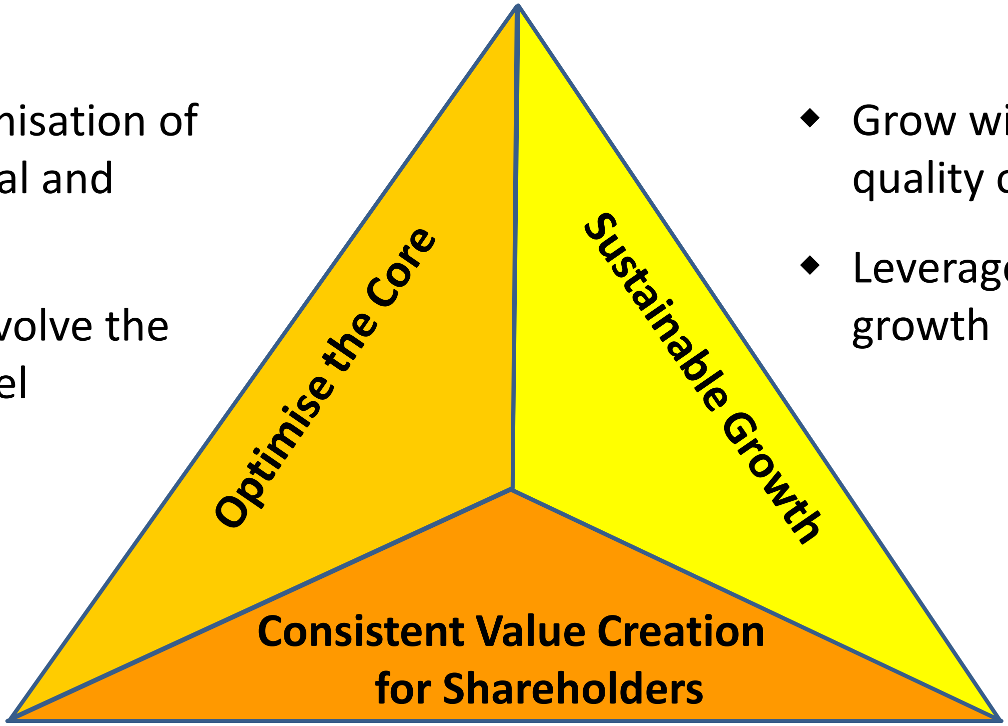
Returns
-2.9% CAGR (5 yrs)



- ROC equals R12 EBIT divided by average Invested Capital over the period
- ROFE equals R12 EBIT divided by average Invested Capital less Goodwill over the period (Funds Employed)

2. The Emeco Strategy

- Ongoing optimisation of invested capital and earnings
- Continue to evolve the business model



- Grow without sacrificing quality of earnings
- Leverage capabilities for growth

- Disciplined investment above WACC returns
- Optimise capital structure

Creating Shareholder Value

All strategies and objectives focused on creating value for shareholders

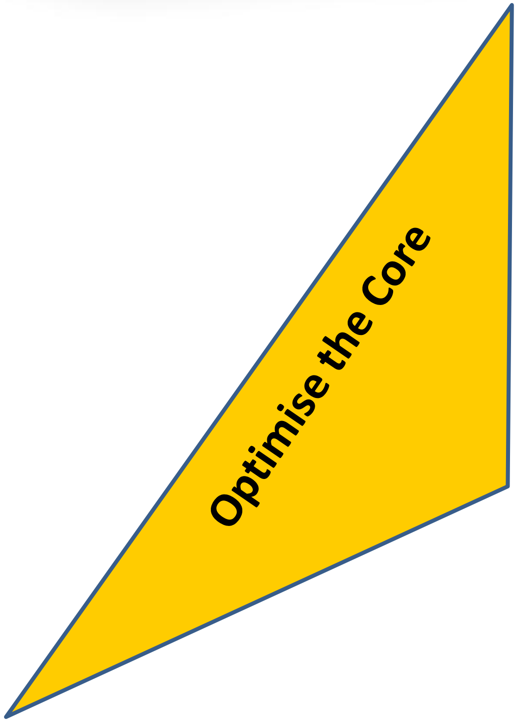
- Disciplined investment of capital to achieve returns greater than WACC
- Building capability to deliver consistent returns
- Optimise capital structure

Consistent Value Creation for Shareholders

2. The Emeco Strategy

Optimise the Core

Focus on markets where value can be created



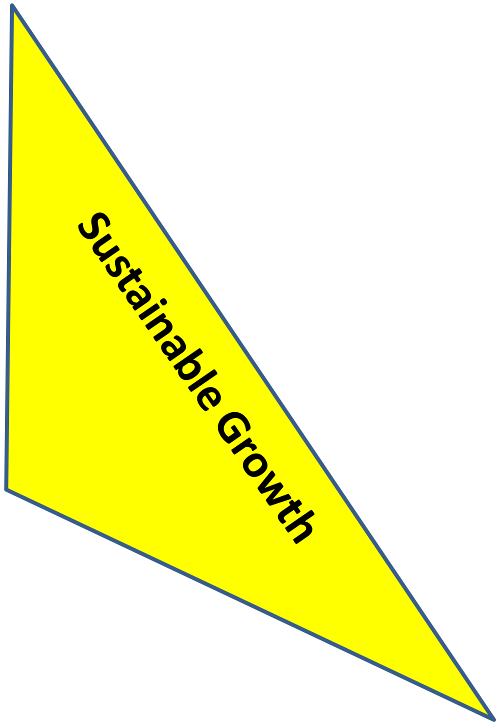
- Embed “Customer Centric” model
- Focus on customers in growing mining markets
- Exit civil infrastructure sector, maintaining support to mine infrastructure
- Align Australian Sales and Parts with Rental (mining)
- Convert underperforming capital into cash
  - Exit USA, Europe & Victorian Rental
  - Release working capital in Sales & Parts
- Evolve the fleet towards larger mining equipment
- Remain leveraged to bulks, gold, oil sands and low-cost producers

2. The Emeco Strategy

Sustainable Growth

Long term earnings growth to be sustainable and capital efficient

- Invest incremental capital in core markets which have historically delivered above WACC returns
- Expand maintenance services offering
- Pursue project based opportunities
- Leverage core competencies to expand into other products and services
- Pursue other mining geographies with the right fundamentals at the right time



2. The Emeco Strategy

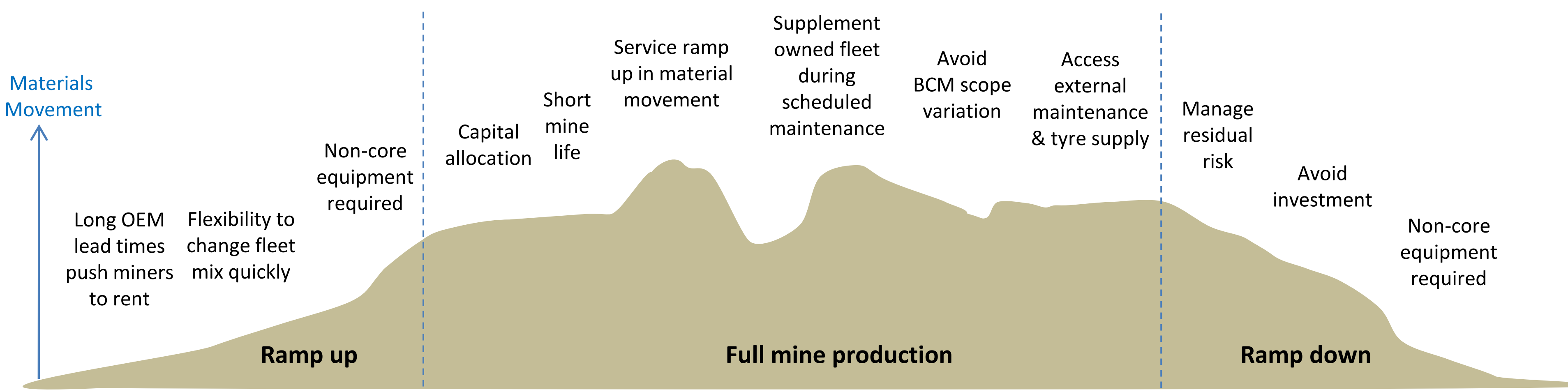
Meeting Customers Needs

Customer requirements vary but Emeco's solution is used at all stages of mine life

Emeco's Mining cycle leverage:	Mine Construction 6%	Mine Development 19%	Core Production 42%	Overburden (Production) 33%

Customers Needs:	Flexibility	Equipment Availability	Mechanical Availability	Capital Management	Avoid Residual Risk

Ramp-up: **Full Mine Production:** **Ramp-down:**



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Percentage leverage to mining cycle indicative of FY11 plan and comprises 95% of group rental revenue

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2. The Emeco Strategy

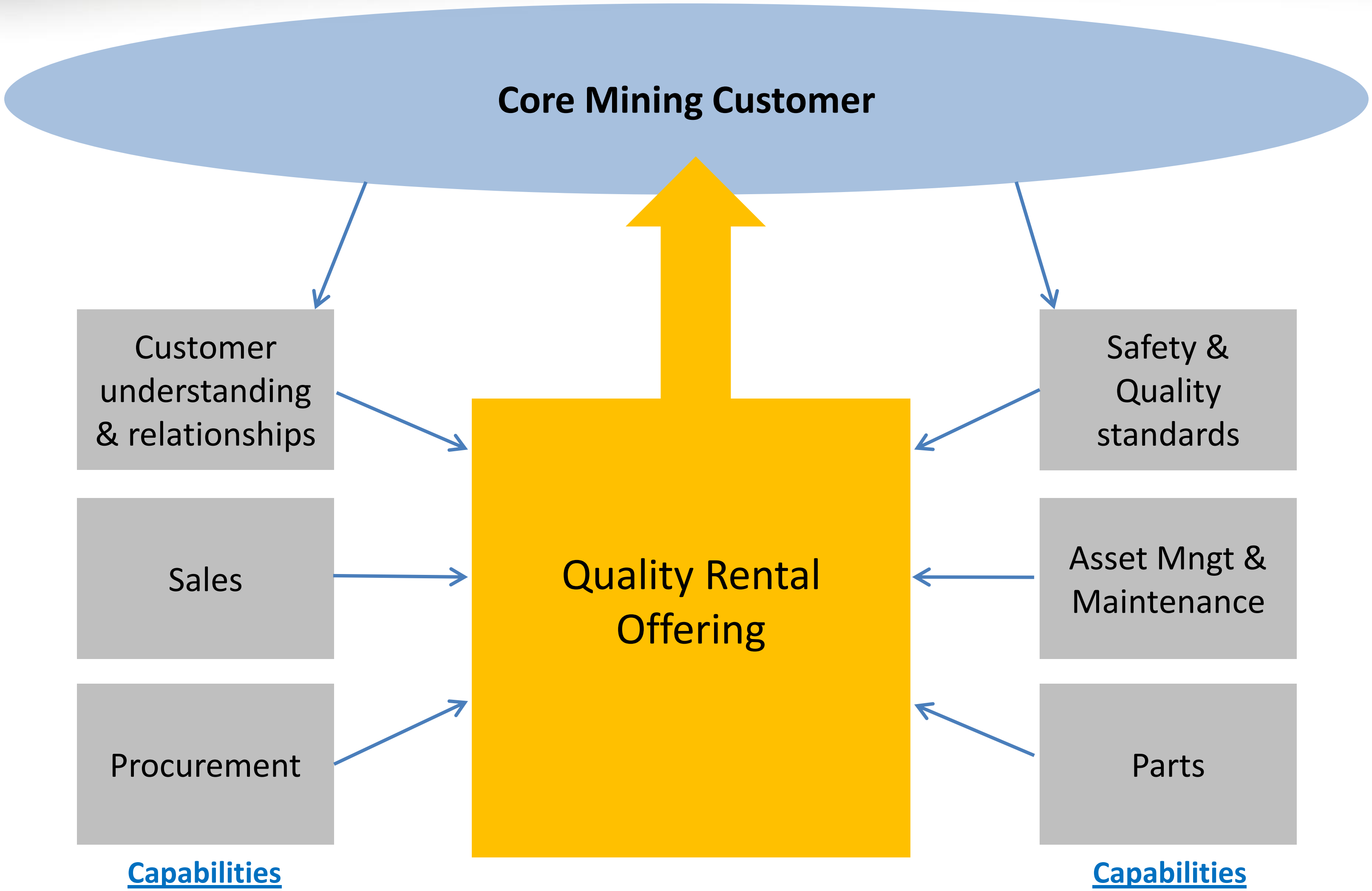
Case Studies

High propensity for initial contract tenure to extend

Need	Customer	Fleet	Services	Site usage	Time on Site
Flexibility	Blue-chip miner Zinc, NT	37x items of plant, based on 2 production fleets of 150tn dump trucks and 994-200 loaders	Full maintenance services & labour	Primary mining fleet	3 years ongoing
Fleet availability	Large miner Iron Ore, WA	6x 240T trucks, 2x 190T trucks, 2x 100T trucks, 350T excavator & 2x wheel loaders	Tyre supply: 8 trucks 5 loading tools	Core production top-up	18 months ongoing
Expertise	Mid-tier miner, Coal, NSW	10 x large dozers, 6x wheel loaders, 2x large graders & 3 ancillary	Full fleet maintenance by resident service technicians	Open cut coal production	2 years ongoing
Capital allocation	Small miner Gold, QLD	7x 150T dump trucks, 1x Excavator, 2x large dozer, 4x loaders and 4x ancillary support vehicles	Full maintenance facilities on-site	Primary mining fleet	10 years ongoing
Managing Residual Risk (Mine closure)	Blue-chip miner, Copper/Gold, NSW	12x 100tn trucks, 300T excavator, 3x D10 dozer, 2x grader & 6 ancillary	Project manager, maintenance team and full maintenance facilities on-site	Open cut production fleet	3 years

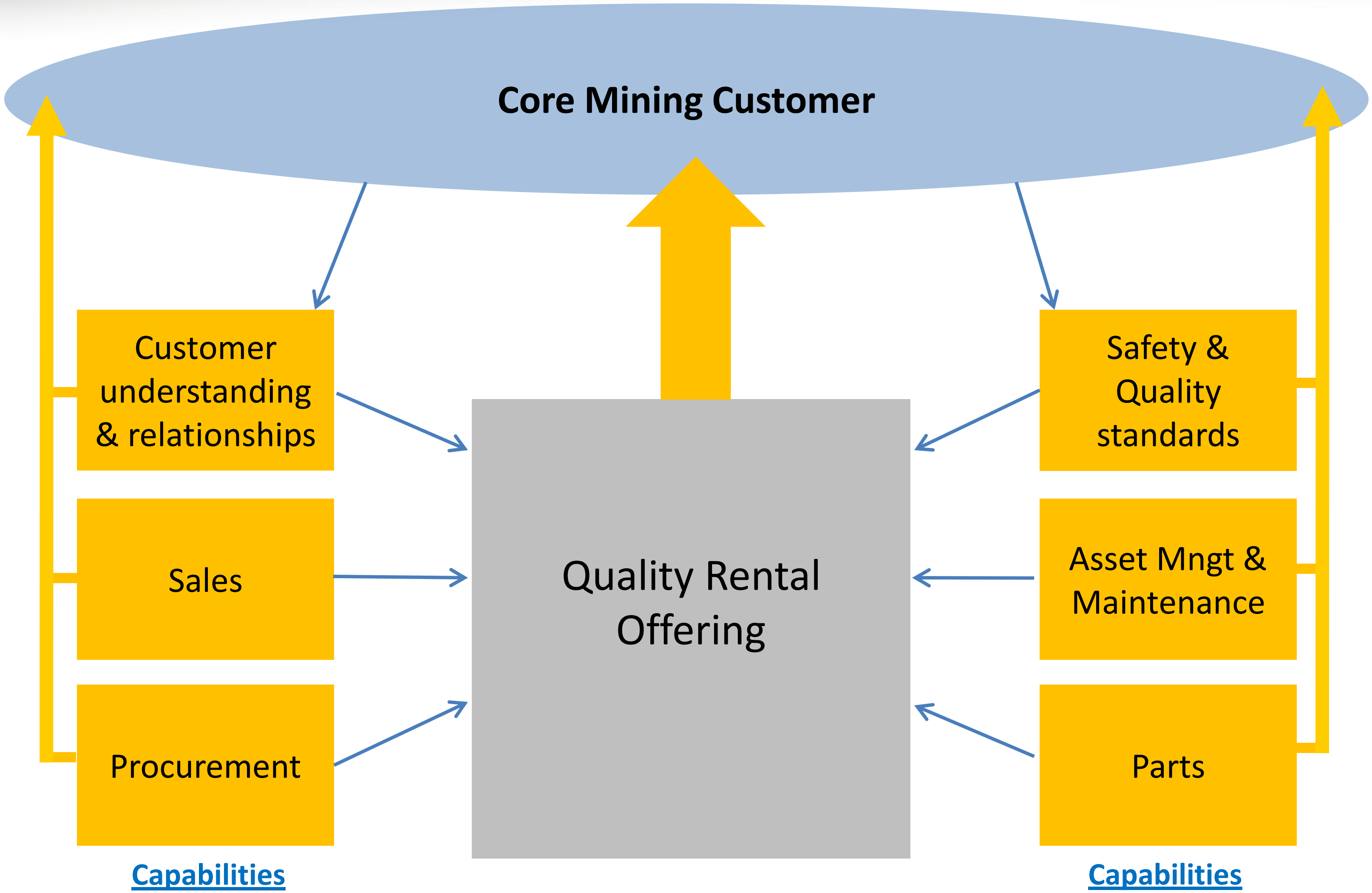
Evolving the Model - Today

Harness core competencies to deliver quality rental offering to core mining customers



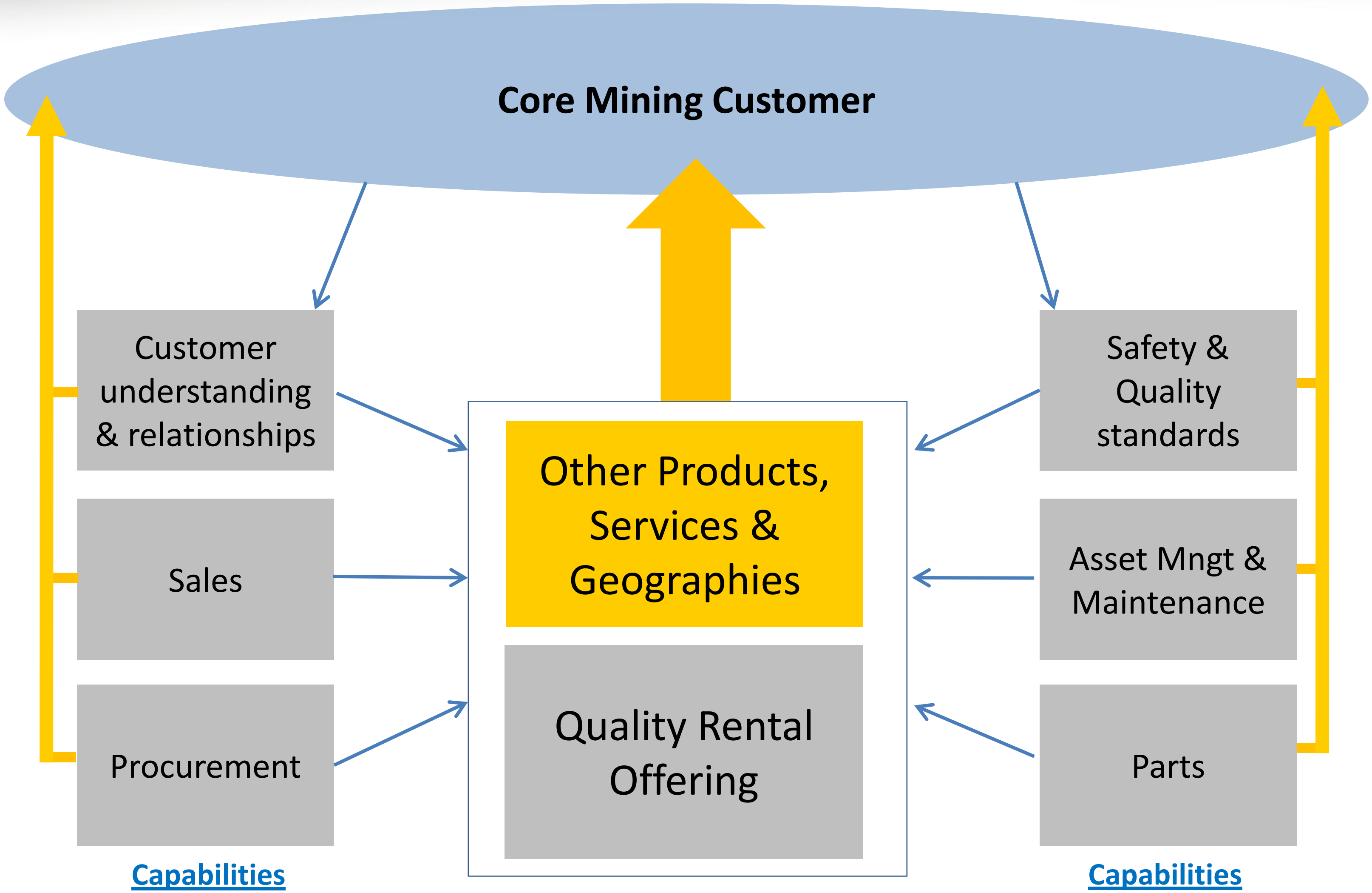
Evolving the Model – Short Term

Leveraging relationships with core mining customers



Evolving the Model – Medium Term

Building and leveraging capabilities to expand products and services to core customers



3. Executing the Strategy

Fresh management team committed to delivering strategy and improving shareholder returns

Consistent value creation for shareholders

Keith Gordon, Managing Director & CEO

Ian Testrow North America	Tony Halls Australia	David Tilbrook South East Asia	Hamish Christie-Johnston Procurement, Sales & Parts
Stephen Gobby CFO	Michael Kirkpatrick Corporate Services	Guido Gadomsky Strategy & Business Development	Mick Turner Global Asset Management

3. Executing the Strategy

Portfolio review complete with focus back on the core mining markets

Consistent value creation for shareholders

Portfolio review thresholds:

- Above WACC returns are achievable in short to medium term
- Historical returns support future returns
- Market fundamentals support sustainable and scaleable returns

End market fundamentals:

- Long term volume growth
- Quality customer profile
- Market leading position

Blue-chip miners | Mid-Small miners | Contractors

Coal | Gold | Iron Ore | Oil Sands

Australian Mining | Indonesia | Canada

Core business, geographies & commodities

Portfolio Review

Non-core businesses, geographies & markets

USA | Europe | Australian Civil

Appalachian Coal | Civil Infrastructure

3. Executing the Strategy

Successfully completed USA & European restructure

Optimise the Core

Business	Rationale for Exit / Restructure	P&L Charges		Asset Disposals	
		Cash	Non-cash	Internal Transfers	Cash Realised
USA	• Mature USA coal market with high cost producers & declining volumes • Rationalise North American overheads whilst retaining capabilities • Dispose of small civil equipment in USA & Canada • USA Parts business to be disposed in 1H11 • 1H10 Operating loss of $(2.0)m	$(10)m	$(13)m	$26m	$16m
Europe	• Market primarily small civil infrastructure equipment • Business not aligned to global model • 1H10 Operating loss of $(0.4)m	$(4)m	$(3)m	$2m	$8m
TOTAL		**$(14)m**	**$(16)m**	**$28m**	**$24m**

3. Executing the Strategy

Portfolio review complete

Optimise the Core

Business	Rationale & strategies for Exit / Restructure
Victoria Rental	◆ Inherent volatility in end market activity ◆ Numerous suppliers ◆ Sales process commenced ◆ FY10 Operating EBIT of \$3.2m[1]
Australian Sales	◆ Reduce invested capital and align inventory to rental fleet ◆ Rationalise sites and consolidate with Rental ◆ Retain procurement & disposal capability for core rental ◆ FY10 Operating EBIT of \$1.3m[2]
Australian Parts	◆ Reposition inventory to align with Emeco's core customer fleet ◆ Rationalise sites and consolidate with Rental ◆ FY10 Operating EBIT of \$0.6m[2]
Financial Outcomes	◆ Goodwill impairment \$37m ◆ Impairment and restructure pre-tax charges \$6m (\$4m non-cash) ◆ **Forecast \$60m cash release in FY11**

1 Forecast to be $nil in FY11
2 Forecast to remain flat in FY11, with a lower capital base

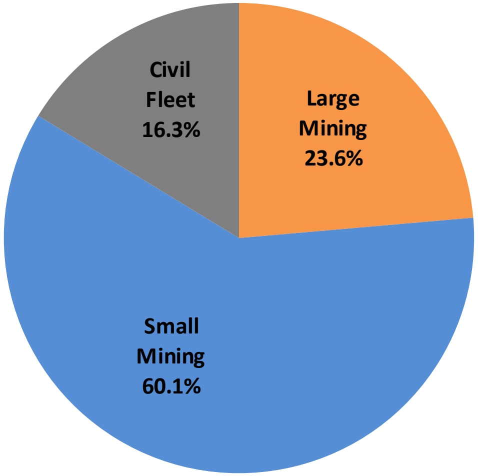
3. Executing the Strategy

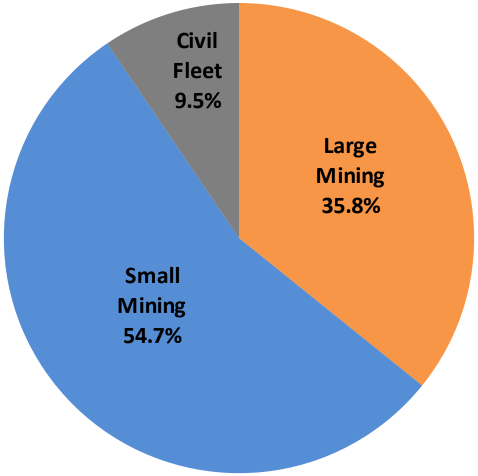
Fleet configuration strategy well progressed

Optimise the Core

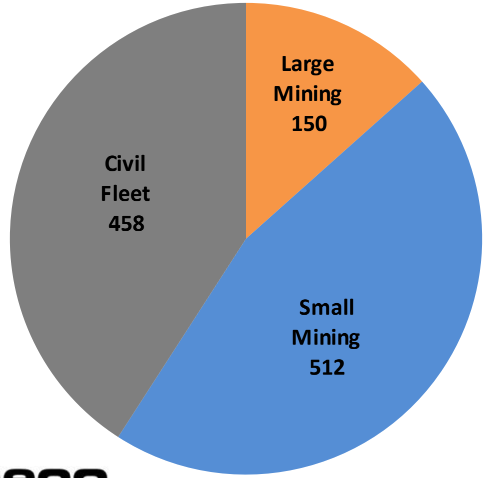
June-09 | **June-10**

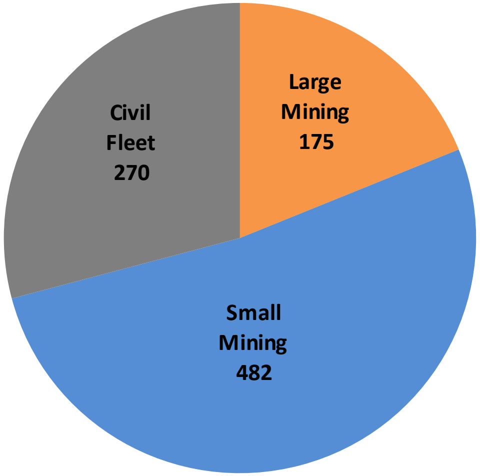
WDV:
Jun-09 $623M
Jun-10 $548M





Number of Machines:





- Successfully disposed of ~200 pieces of non-core equipment
- Targeting 5% civil fleet by June 11 to support mine infrastructure
- Evolution of fleet towards larger mining equipment
- Fleet being right sized to meet demand in core markets

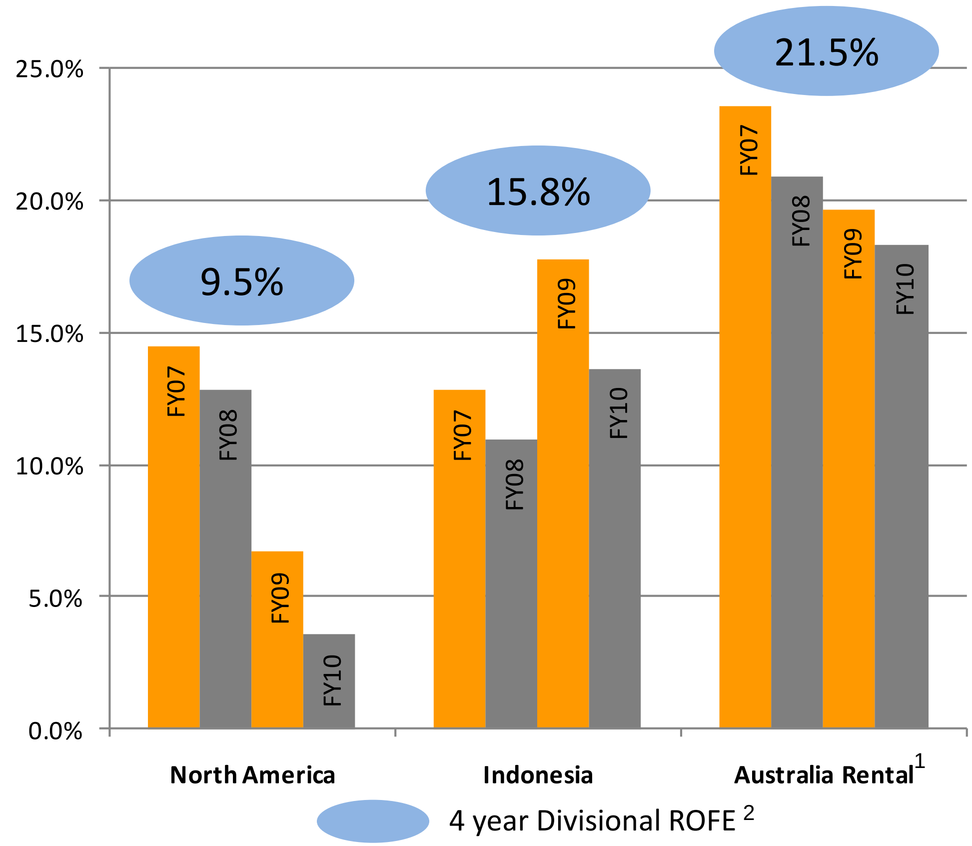
3. Executing the Strategy

Investment of incremental capital in core businesses to deliver returns above the cost of capital

Sustainable growth

- **Australia** will remain around 75% of earnings in short to medium term
- Customer diversification and growing coal volumes in **Indonesia** will drive sustained and improving returns
- **Canada** to benefit from mining fleet reorientation and broader commodity exposure
- CY09 trough earnings more than a commodity downcycle…
- Corporate Costs and Goodwill impact on Group ROC diluted through incremental investment

Returns from Core Businesses over 4 years



1 Australia Rental excludes Victoria rental
2 Excludes Group Corporate costs and Goodwill

3. Executing the Strategy

A sound balance sheet and strong cashflows in FY11 provides flexibility

Sustainable growth

- Strong operating cashflow and working capital release in FY09 & FY10
- Healthy balance sheet position coming out of GFC
- Comfortable debt levels with gearing returned to target range
- Anticipated strong cashflow in FY11 from earnings and capital release provides capital flexibility

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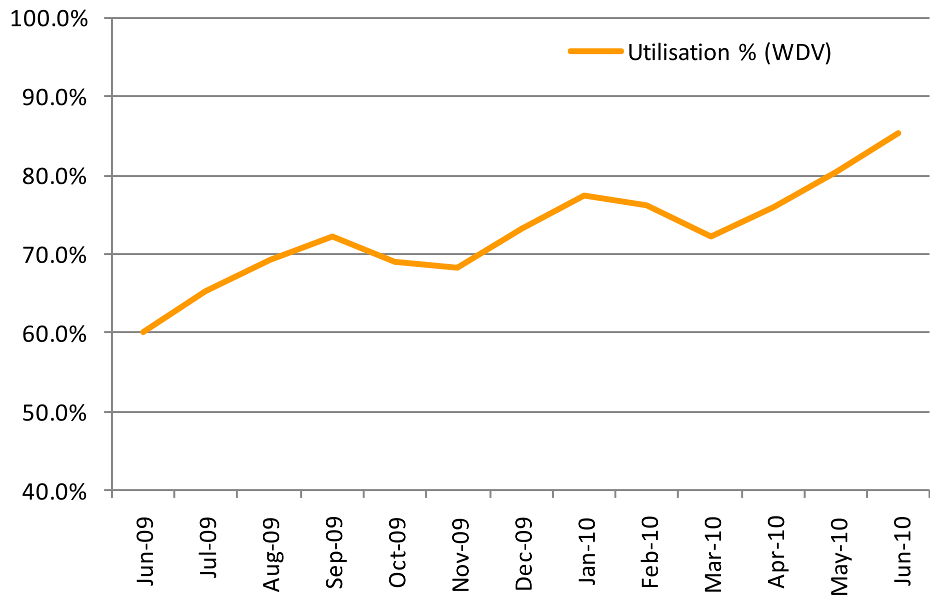
4. Operating Update

Utilisation underpinning improving performance

- Continued improvement in utilisation through 2H10
- Large truck capex program successfully bedded down
- Weather in Eastern Australia and Canada impacted 3Q10
- Cautiously optimistic on continued activity levels into FY11 across all core markets

Rental Utilisation



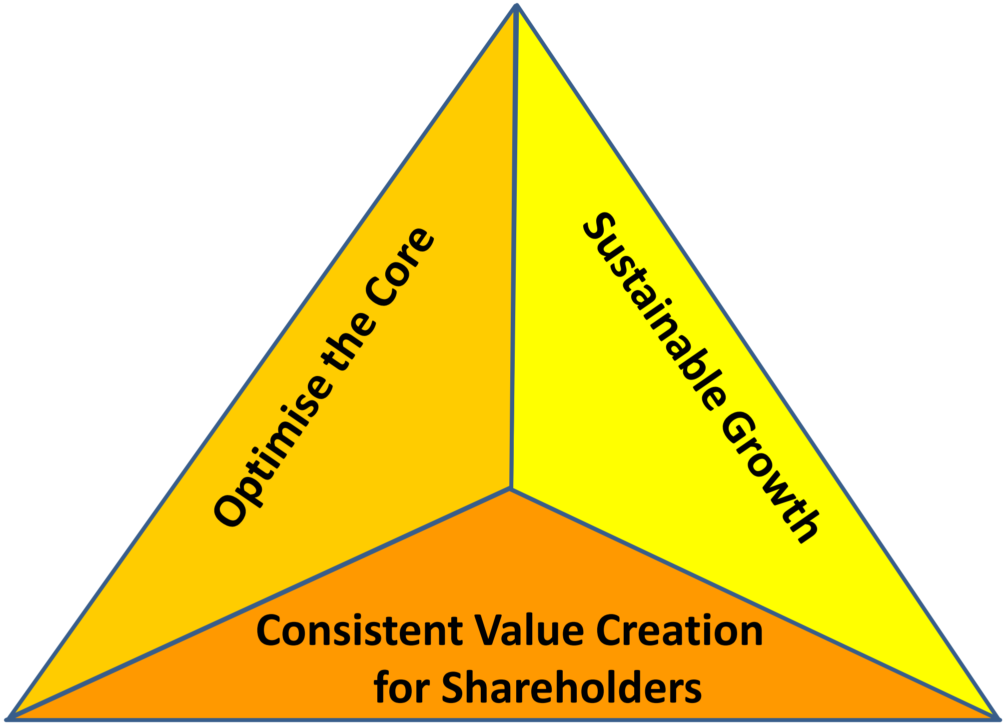
4. Operating Update

Performance in line with guidance across a range of metrics

Objective	Committed (at Feb-10)	Delivered
Operating NPAT	• $40m - $44m	• $40m - $41m
Exit USA & Europe	• Complete by June 10 • 2H10 EBIT charge of $29.5m	• Completed on time • Total 2H10 charge of $30.0m
Cashflow & Balance Sheet	• Gearing to reduce significantly by June 10	• From 2.6x (at Dec 09) to below 1.8x at June 10
Capex	• $90m large truck investment engaged immediately • Forecast $60m capex in 2H10	• 100% deployed in 2H10 • In-line with expectations
Disposals	• Significant equipment disposal in FY10 • Exit underperforming asset classes	• 200 machines sold realising cash of $40m
Reconfigure fleet	• Migrate fleet towards larger mining equipment	• 37 x 190tn-240tn trucks acquired in FY10 • 5 x 240tn trucks secured for FY11
Safety performance	• LTIFR[1] of 9.4 at Dec 09	• LTIFR[1] down to 3.4 at June 10
Complete Strategic Review & Plan	• Complete and deliver to market within 6 months	• Strategy briefing delivered in July 10 • Decisive action taken

1 LTIFR measured as LTI frequency per million man hours

The Emeco Strategy



- Strategic review complete confirming focus on customers in key resource markets
- Action taken on underperforming businesses
- Market fundamentals and historical returns in core markets supports further investment
- Disciplined approach to investment and capital management decisions

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Questions

Company Contact Details

Thank you for your interest in Emeco

Further investor enquiries should be directed to:

- **Keith Gordon** CEO
- **Stephen Gobby** CFO
- **Graham Borgerson** Investor Relations

emecogroup.com

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