

18 November 2021

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

## **Chairman's Annual Address to Shareholders**

Good morning everyone.

It is my pleasure to welcome you all to this hybrid 2021 Annual General Meeting of Emeco Holdings Limited.

My name is Peter Richards and I am the Chairman of the Company. As a quorum is present, I formally declare this meeting open.

I would like to introduce my fellow directors. In Perth, we have Ian Testrow, Emeco's Chief Executive Officer and Managing Director. Also joining from Sydney is Keith Skinner, joining us from Brisbane is Peter Kane, attending his first Emeco AGM, and we also have Peter Frank on the line from the US.

In Perth today with Ian, we also have two members of the management team, Thao Pham, Emeco's Chief Strategy Officer and Interim Chief Financial Officer, and Penny Young, Emeco's Company Secretary and General Counsel.

Turning now to address meeting formalities, given a number of board members are attending the meeting remotely, in the event of any technical difficulties or interruptions I appoint Penny Young, who is present at the AGM venue in Perth, to take over as Chair in my place.

Moving on to my address, I would like to start with Emeco's focus and dedication to its workforce of over 1,200 people. Navigating the evolving challenges of the COVID-19 pandemic this past year, we are proud that we had minimal impact to our business and customers, despite numerous lockdowns and state border closures, and no COVID-19 cases in our workforce.

Emeco safety performance saw further improvement as we reduced the total recordable injury frequency rate to 2.1, down 28% from 2.9 last year. We are also pleased that the lost time injury frequency rate remained at zero for the fifth year in a row, a truly remarkable effort and a great reflection upon all our employees.

Our continued investment in our people extends, however, well beyond safety. The Company rolled out Project Align in FY21, focusing on attracting, retaining and developing our valuable workforce. This involved the tremendous engagement of our entire national workforce, defining and establishing our shared vision and values.

Project Align also guided better definition of our community identity and hence we established a Community Engagement Committee, chaired by John Worsfold, our Manager of People and Culture, to engage with causes close and dear to our people.

We are also aware of the need to build a diverse workforce and Board, which is an ongoing focus. In the short term, we are looking to build on Emeco's strong female presence at the Management level by also adding greater diversity to our Board.

Emeco has commenced undertaking a detailed sustainability assessment in FY22. This will scope the critical ESG matters that are material to our business and stakeholders, and will include establishing

ESG targets, including a pathway to decarbonisation. The Board looks forward to presenting our ESG assessment in FY22.

Emeco continued to execute upon its strategy of creating a more sustainable and resilient business in FY21, notwithstanding the challenges of COVID-19. During the past year, the Company continued to rebalance its commodity exposure, with the decision to move fleet from the Eastern Region to the Western Region to strategically capitalise on strong demand in gold and iron ore. Combined with the Pit N Portal acquisition, Emeco continues to embed itself in customers projects through our expanded value proposition.

This supports the Company's growing list of longer-tenured projects, augmented by a better-balanced commodity mix and an increasingly diverse customer base. These strategic achievements have ensured solid operational and financial performance was achieved in challenging circumstances.

In August last year, the Board took decisive action to ensure Emeco's balance sheet was strong and able to withstand any further market gyrations. The rights issue and debt repayment significantly reduced our indebtedness and lowered our financing costs, and the Board thanks our shareholders for their support.

In June 2021, we were able to fully refinance the remaining US notes with Emeco's inaugural debt issuance in the Australian bond market. This transaction materially reduced our cost of capital and further strengthened our balance sheet for the long-term success of the Company.

With our healthy balance sheet and leverage below our long-term target of 1.0x, the Board approved its capital management policy in May 2021, resolving that 25% to 40% of operating net profit after tax (NPAT) will be allocated to capital management initiatives.

For FY21, and after a lengthy absence, the Board was pleased to allocate \$11 million of funds under this new capital management policy, representing a 35% payout ratio of second half FY21 operating NPAT. The capital management allocation included a 1.25 cent fully franked dividend, the Company's first since 2013, and an on-market share buyback which we have now completed.

With exceptional strategic achievements over recent years, and the sound balance sheet and capital structure we now have, Emeco is focused on its next phase of growth. The Board is supporting the long-term vision by transitioning Management's long-term incentives to target EPS growth over the years ahead as we work to further align Management incentives to shareholder interests.

In my time as Chairman of Emeco, I firmly believe the Company is on the best footing it has been – both financially and operationally – and the Board and I look forward to ongoing success and value creation for our shareholders.

Thank you, and I'd now like to invite Ian, as Managing Director and CEO, to deliver his address.

Peter Richards  
Chairman

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### **Investor enquiries**

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