Emeco

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

Emeco delivers earnings growth, strong cash generation, further deleveraging and announces on-market buy-back and FY27 outlook

Emeco, a leading provider of equipment rental and services to the mining sector, today reported its operational and financial results for the period ending 30 June 2026 (FY26).

Emeco's diversified business model enabled the delivery of earnings growth, strong cash generation and further deleveraging in FY26, providing balance sheet flexibility to pursue growth opportunities and invest free cash in an on-market share buy-back for high-return use of balance sheet capacity.

Financial and Operational Highlights

Emeco delivers earnings growth

- Group Revenue of $792.8 million (+1% vs FY25)
- Operating EBIT[1] of $148.0 million (+2% vs FY25)
- Operating NPAT[1] of $89.0 million (+5% vs FY25)
- Statutory NPAT of $76.7 million (+2% vs FY25)
- Operating EBIT[1] margin 19% (19% in FY25)
- Safety TRIFR improved to 2.3 as at 30 June 2026 (FY25: 3.4), LTIFR at 0.4, following one LTI in the year

Strong cash generation, further deleveraging and buy-back

- Adjusted operating free cash flow[1,2] of $114.5 million with cash conversion[7] of 108%
- Return on capital[3] of 16.9%, up 30bps on FY25
- Net leverage[4] of 0.43x, well below target of 0.5x to 1.0x, driven by strong cash generation
- Liquidity strengthened with ~$315 million available and debt maturity extended to 2030
- Strong balance sheet creates platform to pursue growth opportunities
- **Board approved on-market share buy-back of up to 10% of shares on issue[5] – high-return use of balance sheet capacity**

Outlook

FY27 earnings expected to be in line with FY26, with a weighting to the second half

- New project pipeline will drive increased utilisation forecast to ~90% for surface and ~80% for underground by the end of FY27
- Maintenance and technology offering – key differentiator and growth driver
- Continued strong free cash flow and further deleveraging
- Pursue opportunistic and attractive growth opportunities including sector consolidation

FY28 expected utilisation run rate to deliver earnings growth in line with 20% ROC target

- Expand maintenance service platform to drive growth and diversification

Note: For reconciliations of non-IFRS operating financial metrics refer to appendices in the FY26 Results Presentation.

Emeco's CEO and Managing Director Ian Testrow said:

"This financial year demonstrates that we have built a resilient, cash-generative business capable of delivering strong earnings. We have set up a solid platform for growth, and this is evidenced in the expansion of our maintenance service business.

Our strong balance sheet provides flexibility to pursue growth opportunities including sector consolidation and to invest free cash in our share buy-back, delivering a high-return use of balance sheet capacity.

We expect earnings in line with FY26 results, with ~80% of rental revenue locked in. Our new project pipeline will drive increased utilisation which is forecast to be ~90% for surface and ~80% for underground by the end of FY27. This will underpin earnings growth consistent with achieving our target 20% return on capital in FY28."

FY26 Operating and Financial Performance[1,2]

Emeco reported revenue of $792.8 million (FY25: $785.4 million) driven by the growth in maintenance services, particularly on-site maintenance services through the rental segment which grew by 44% year-on-year. This was partially offset by lower fleet utilisation caused by wet weather in Queensland and geopolitically driven supply and cost challenges impacting the mining sector in the second half. Underlying demand across key commodity markets remains resilient, supporting continued customer activity.

The Company delivered moderate growth in Operating EBIT of 2% to $148.0 million. Growth in maintenance services continued to drive earnings and ROC growth. Whilst fleet utilisation levels were lower in the second half, depreciation was also lower and costs were carefully managed to minimise the financial impacts.

Margins remained broadly intact with Operating EBIT margin at 19% and Operating EBITDA margin declining slightly to 37%, driven mainly by the composition of earnings, with a higher contribution from low-capital maintenance services.

$m Unless otherwise stated	FY25	1H26	2H26	FY26	Change
Revenue	785.4	420.8	372.0	**792.8**	**1%**
Operating EBITDA[1]	301.1	155.8	136.7	**292.5**	**(3%)**
Operating EBITDA margin[1]	38.3%	37.0%	36.7%	**36.9%**	**(140bps)**
Operating EBIT[1]	145.7	77.0	71.0	**148.0**	**2%**
Operating EBIT margin[1]	18.6%	18.3%	19.1%	**18.7%**	**10bps**
Operating NPAT[1]	84.5	46.5	42.5	**89.0**	**5%**
Statutory NPAT	75.1	38.7	38.0	**76.7**	**2%**
Return on Capital (ROC)[3]	16.6%	17.8%		**16.9%**	**30bps**

Capital expenditure during the year was limited to sustaining capex, which was $153.2 million (net of disposals) equating to 106% of depreciation. Emeco's Return on Capital (ROC) continued its positive trajectory, increasing to 16.9% in FY26 from 16.6% in FY25, driven by higher Operating EBIT and a well-controlled capital base.

Operating NPAT increased 5% to $89.0 million compared with $84.5 million in FY25. Operating NPAT excluded one-off items of $12.3 million after tax (FY25: $9.4 million after tax). These included: ERP implementation costs of $8.6 million (pre-tax); restructuring costs of $1.3 million (pre-tax); and defence costs of $3.5 million (pre-tax).

Statutory Reported NPAT was higher at $76.7 million, up 2% from $75.1 million in FY25, delivering Earnings Per Share of 14.8 cents per share.

Operations Overview

Health, Safety and Sustainability

Emeco remains committed to improving safety and continues to monitor and enhance safety systems as part of the Company's broader HSET strategy. The goal remains to operate a zero-harm workplace, and the engagement of every Emeco employee in safe work practices is vital to achieving this outcome.

Safety performance in FY26 reflected both the ongoing commitment of our teams and the need to remain vigilant in managing critical risks. During the year, we recorded one Lost Time Injury (**LTI**), a reminder that there are always further improvements to ensure the safety of our people. Our Total Recordable Injury Frequency Rate (**TRIFR**) decreased to 2.3 at the end of FY26 from 3.4 at the end of FY25, reflecting continued progress in identifying risks, learning from incidents and driving ongoing improvement in workplace safety. We remain focused on embedding necessary improvements, supporting our people and maintaining safety as our highest priority.

FY26 marked a significant milestone in Emeco's sustainability reporting with the Company completing its first mandatory climate-related disclosures under the Australian Government's new legislative framework. The process has strengthened the Company's understanding of its emissions profile and areas where it can most effectively influence outcomes. Emeco remains committed to its long-term target of achieving net zero emissions by 2050, with current efforts focused on reducing Scope 1 and Scope 2 emissions, which are primarily associated with diesel consumption in company-operated light vehicles and equipment, and electricity used across its sites and totalled 4,555 tonnes of CO_2e.

Rental

Emeco's core rental business delivered a 4% increase in revenue to $637.0 million driven by growth in on-site maintenance services which increased 44%. Rental demand remained strong throughout the first half across all operating regions, particularly in gold, iron ore and coal. However, the geopolitically driven supply and cost challenges impacting the mining sector and extended wet weather in Queensland in the second half impacted fleet utilisation and redeployment.

Surface fleet gross utilisation averaged 82% and underground utilisation was 67%. Rental Operating EBIT[1] improved 2% to $183.9 million with a high proportion of variable costs allowing the business to respond quickly to changes to revenue and to adjust its cost-base accordingly. Depreciation expense was lower due to lower operational hours.

Emeco continues to benefit from miners and contractors seeking flexible, capital-efficient equipment solutions supported by our fleet scale, maintenance capability and integrated service model. Our new project pipeline, underpinned by a stable production outlook, will drive increased utilisation which is forecast to be ~90% for surface and ~80% for underground by the end of FY27. Additionally, our maintenance and technology offering continues to be a key differentiator and driver of earnings growth.

Force

Force provides the equipment and component rebuild capability that underpins our growth in maintained rental projects and in-field customer maintenance services.

Force delivered total revenue[6] of $276.8 million, a 1% increase on FY25. Internal revenue was $121.0 million, an increase of 17% on FY25, while external revenue declined 8% to $155.8 million with capacity utilised to focus on internal rebuild works.

Force completed 143 major machine rebuilds and 983 component rebuilds for Emeco and external clients, compared with 137 and 996, respectively in FY25, demonstrating the strength and throughput of our workshop network.

In FY27, the Fortescue and XCMG program will commence with the delivery of four battery electric prototype assets for testing and support trials to be assisted by our Force maintenance service team. Fortescue is set to increase this to a total of 110 assets by early 2029. In preparation, Force have upskilled 14 personnel in high voltage mobile plant and battery electric vehicle training. This is expected to increase to 60-70 trained technicians by 2029. This provides Force with a first-mover advantage in battery electric services and positions the business well to support Chinese OEMs within the Australian mining industry.

Technology
Emeco continued to invest in technology and systems that enhance fleet performance, strengthen its capabilities and open new avenues to deepen customer engagement. In FY26, the Company advanced the build of its new ERP system, Microsoft Dynamics 365 (D365). The system is now in the final stages of testing, with rollout targeted for late in the 2026 calendar year. This modern enterprise system will improve asset management, maintenance scheduling and overall operational efficiency once fully implemented.

Additionally, we continued to invest in operational technology (OT) initiatives, including in-field digitalisation and a fleet health monitoring capability. This uses onboard sensors and telemetry, combined with AI and machine learning, to support predictive maintenance and reliability. Emeco now has in-house telemetry across more than 200 machines and has developed AI-enabled reliability solutions that it continues to develop. Emeco is focused on advances that extend equipment life, reduce emissions and limit failures that hinder component reuse. These improvements reinforce fleet durability and the circular, capital-efficient basis of its mid-life asset model. Emeco's proprietary Emeco Operating System (EOS) further supports this by providing real-time fleet performance and utilisation data.

These technology investments, while modest in capital cost, are expected to yield benefits in future years including improved fleet uptime, maintenance optimisation and customer service, further strengthening Emeco's fleet capabilities.

Cash Flow[1,2] and Balance Sheet

Emeco delivered strong cash generation with operating free cash flow of $127.6 million and strong cash conversion[7] of 108%. Adjusted operating free cash flow was $114.5 million taking account of adjustments for financing and interest payment timing adjustments.

Strong operating cash flow comfortably funded all maintenance capex requirements and interest costs, with a substantial surplus which was applied to debt reduction and strengthening the Company's balance sheet.

Total capital expenditure was limited to essential sustaining spend with net sustaining capex (net of disposals) of $153.2 million (FY25: $149.2 million net of disposals). Sustaining capex was carefully matched to fleet utilisation and project requirements and reflected 106% of depreciation.

The Company refinanced its Medium-Term Notes that were due in July 2026, electing for an early redemption. This, in combination with higher frequency debt rollovers, resulted in cash interest paid exceeding interest expense for the period which will normalise in future reporting periods.

The Company is now well positioned with a revolving syndicated debt and bank guarantee facility of $355 million maturing in December 2030 with $190 million of the revolving debt undrawn at 30 June 2026. The Company's liquidity position has been significantly strengthened with ~$315 million, including cash and undrawn revolving credit facilities.

Emeco's strong balance sheet and low net debt of $127.1 million drove improved leverage of 0.43x in FY26, well below the Company's target of 0.5x to 1.0x.

Capital Management

In light of the strong balance sheet and sustained cash generation, the Board has approved an on-market share buy-back of up to 10% of shares on issue. The Board believes the buy-back represents an attractive use of capital and an efficient means of returning surplus capital to shareholders while retaining flexibility to pursue strategic growth and potential acquisition opportunities. At current trading levels, the Board believes repurchasing the Company's shares represents an attractive deployment of capital and will enhance earnings per share and return on capital.

Strategy

Emeco enters FY27 with a strong operating platform, high-quality customer base, low leverage, solid cash generation and a growing maintenance service offering.

We will continue to build a high-return business through:

- Increasing fleet utilisation
- Growth in fully maintained rental projects
- Expansion of maintenance services offering
- Continuing to build Emeco's competitive advantage - improving cost and operational performance, and further digitisation of the business
- Opportunistic and attractive sector consolidation

With a lower cost base, a stronger balance sheet and supportive demand environment, Emeco is well positioned to meet customers' evolving needs, navigate changing market conditions and capitalise on growth opportunities.

Outlook

FY27 earnings are expected to be in line with FY26, with a weighting to the second half. We have already secured redeployment opportunities for a material portion of the fleet coming off completed projects and our new project pipeline will drive increased **utilisation forecast to be ~90% for surface and ~80% for underground by the end of FY27.**

- Capex is forecast to be circa $155 – 165 million net of asset disposals
- ERP spend is forecast to be in the order of $5 million
- Depreciation is forecast to be circa $145 – 150 million

We will continue to expand our maintenance service platform to drive growth and diversification. With the strength of our balance sheet, we will continue to pursue opportunistic and attractive growth opportunities including sector consolidation.

In FY28, we expect the utilisation run rate to deliver earnings growth in line with our 20% ROC target.

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This announcement has been authorised by Penny Young, Company Secretary.

About Emeco Holdings Limited
Emeco Holdings Limited (ASX: EHL) is an ASX listed company providing open cut and underground mining equipment and maintenance services. The Company supplies safe, reliable and maintained open cut and underground equipment rental solutions, together with onsite infrastructure to its customers. Emeco also provides repair and maintenance, and component and machine rebuild services and supplies operator, technical and engineering solutions and services to the mining industry.

To stay up to date on Emeco's recent announcements please visit our Investor Centre.

Future and past performance
Certain statements in this document are forward-looking in nature and are provided as a general guide only. These statements are based on information available at the date of publication and reflect Emeco's current expectations, assumptions and estimates. Actual outcomes may differ materially due to a range of factors. Any forward-looking statements in this document are not guarantees or predictions of future performance, and involve both known and unknown risks, uncertainties and other factors, many of which are beyond the Company's control. Investors are strongly cautioned not to rely on forward-looking statements and no representation or warranty is made by any person as to the likelihood of achievement of any forward-looking statements, forecast financial information or other forecast. Similarly, past performance should not be relied upon (and is not) as an indication of future performance.

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[1] Operating financial metrics are non-IFRS measures. Refer to appendices in the FY26 Results Presentation.
[2] Operating free cash flow before growth capex and adjusted for sale and leaseback and timing of interest payments and new debt facility establishment costs.
[3] Return on capital calculated as Operating EBIT over average capital employed.
[4] Net Debt / Operating EBITDA excluding supply chain finance.
[5] On the 19 August 2026, the board resolved to undertake an on-market share buy-back of up to 10% of its ordinary shares (being a maximum of 51,837,475 shares) over a 12-month period.
[6] Total Revenue represents the total activities of the Force business, before intercompany eliminations.
[7] Cash conversion calculated as EBITDA to Statutory operational cash flow excluding interest.