

16 October 2020

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

## **Emeco repays its 2022 Notes**

- **Emeco has fully repaid its US\$142 million (A\$195 million<sup>1</sup>) March 2022 Notes**
- **Note repayment enables Emeco to extend the maturity of its revolving credit facility to September 2023**
- **The completion of Emeco's comprehensive package of capital structure initiatives has delivered Emeco its strongest balance sheet since IPO in 2006:**
  - **Debt maturity profile extended out to FY24**
  - **Pro forma net debt of A\$224 million<sup>1</sup> and net leverage of 0.9x<sup>1</sup>**
  - **Pro forma interest coverage ratio of 9.8x<sup>2,1</sup>**
  - **Significant balance sheet and capital management flexibility**

Emeco is pleased to announce it has repaid US\$142 million (A\$195 million<sup>3</sup>), representing 100% of the 31 March 2022 notes (**2022 Notes**) outstanding.

The repayment of the 2022 Notes was funded from the net proceeds of the recently completed underwritten A\$149 million pro rata entitlement offer and existing cash on hand. The note repayment will reduce annual interest costs by \$19 million per year.

As previously announced, Emeco recently completed the refinancing of US\$180 million (A\$247 million<sup>3</sup>) of the 2022 Notes, replacing them with notes with an extended maturity date of 31 March 2024 (**2024 Notes**).

The completion of the refinancing and repayment of the 2022 Notes activates an option for Emeco to extend the maturity of its \$97 million revolving credit facility to September 2023. This secures the long-term liquidity of the Company (\$153 million<sup>1</sup> following this transaction, comprising \$56m in pro forma cash on hand and the \$97m undrawn revolving credit facility).

The combined transactions extend Emeco's maturity profile to FY24:

- **US\$180 million (A\$247 million<sup>3</sup>) in 2024 Notes maturing 31 March 2024**
- **\$97m undrawn revolving credit facility which Emeco can extend to 30 September 2023**

Emeco Managing Director and CEO, Mr Ian Testrow, commented: "We are pleased to complete the package of initiatives that provide Emeco with the strongest balance sheet in our history as a public company with net leverage of 0.9x<sup>1</sup>. We are excited to now be in a position to have the flexibility to implement a complete capital allocation framework, including distributions to shareholders in the future, as appropriate."

<sup>1</sup> Based on pro forma FY20 financial information excluding the impact of AASB 16 Leases. US\$ balances converted at the 30 June 2020 exchange rate of 0.6863

<sup>2</sup> FY20 operating EBITDA / pro forma interest expense

<sup>3</sup> Converted at the effective hedged rate of 0.7293

Mr Testrow, continued: “With longer tenor on significantly reduced total debt and lower interest expense, we are set to generate strong free cash flow in the years ahead. This allows the Emeco team to fully focus on running the business and continue our evolution to becoming a leading mining services solutions provider.”

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