Lifting Solutions for Australia

BOOM LOGISTICS

25/06/18
ASX code: BOL

Boom Logistics Limited Investor Meetings

Boom Logistics Limited (ASX:BOL) will meet with investors in Melbourne on 26 June 2018 and Sydney on 28, 29 June 2018.

A copy of the meeting material is attached to this announcement.

Further information:

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This announcement contains certain forward-looking statements with respect to the financial condition, results of operations and business of Boom and certain plans and objectives of the management of Boom. Forward-looking statements can generally be identified by the use of words such as 'project', 'believe', 'foresee', 'plan', 'expect', 'aim', 'potential', 'goal', 'target', 'intend', 'anticipate', 'believe', 'estimate', 'may', 'could', 'should', 'will' or similar expressions. All such forward looking statements involve known and unknown risks, significant uncertainties, assumptions, contingencies and other factors, many of which are outside the control of Boom, which may cause the actual results or performance of Boom to be materially different from any future results or performance expressed or implied by such forward looking statements. Such forward-looking statements speak only as of the date of this announcement. Factors that could cause actual results or performance to differ materially include without limitation the following: risks and uncertainties associated with the Australian and global economic environment and capital market conditions, fluctuations in foreign currency exchange and interest rates, competition, Boom's relationships with, and the financial condition of, its suppliers and customers, or legislative changes, or regulatory changes or other changes in the laws which affect Boom's business. The foregoing list of important factors is not exhaustive. There can be no assurance that actual outcomes will not differ materially from these statements. Readers should not place undue reliance on forward looking statements. Except as required by law and ASX Listing Rules, Boom undertakes no obligation to update publicly or otherwise revise any forward looking statement as a result of new information, future events or other factors.

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Managing Director and Chief Executive Officer

Tim Rogers
Chief Financial Officer

Tony Spassopoulos
Chief Operating Officer

Boom Logistics Limited
ASX:BOL

June 2018

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Company Profile

Key data

Shares on issue (m)	474.9
Options and share rights (m)	32.7
Market capitalisation ($m) @22.5 cents	106.8
Cash (as at December 2017)	1.8
Debt (as at December 2017)	45.8
Average turnover per month ($m)	3.9
52-week low & high (cents)	0.09 - 0.275
Index	NA

Director shareholding

	Shares (m)	Options (m)	Salary Sacrifice Share Rights (m)	Total (m)
M.J Findlay	0.25	0	0	0.25
B.C. Mitchell	3.1	11.0	2.0	16.1
J-P. Buijtels*	0	0	0	0
T.C. Francis	0.2	0	0	0.2
T.A. Hebiton	0.5	0	0	0.5

* Mr Buijtels is employed by Rorema Beheer BV, the fund manager of the fund Gran Fondo Capital which holds 70,760,675 shares in Boom Logistics Ltd

Largest shareholders	Holding	Interest
Rorema Beheer B.V.	70,760,675	15%
Greig & Harrison	30,040,806	6%
Cadence Asset Management	25,153,554	5%

Source: Iress

Source: Iress

Board

- **Max Findlay** – Independent, Non-Executive Chairman – appointed 2016, was Managing Director and Chief Executive of industrial services company Programmed Group from 1990 until his retirement from executive life in 2008. Currently Chairman of the Snowy Mountains Engineering Corporation, Director of EVZ Limited and The Royal Children's Hospital.

- **Brenden Mitchell** – Managing Director and CEO – appointed 2008, ten years leading multifaceted and multi-location businesses for Brambles in Australia and the UK. He has previous experience in the FMCG section and upon moving to Brambles, Mr Mitchell held senior positions in the equipment hire and the high compliance waste industry.

- **Terry Francis –** Independent, Non-Executive Director and Chairman Audit Committee – appointed 2005, currently a Non-Executive Director of ANZ Specialist AM Limited. He also advises business and government on governance and project development. Extensive experience in finance as Vice President of Continental Illinois Bank, Executive Director of Deutsche Bank Australia, and CEO of Bank of America in Australia.

- **Jean-Pierre Buijtels** – Non-Independent, Non-Executive Director – Mr Buijtels is employed by Rorema Beheer B.V. which holds 70,760,675 (14.9%) shares in Boom Logistics Limited - appointed 2017. Portfolio manager of Gran Fondo Capital, a Dutch mutual fund. Observer at Constellation Software Netherlands Holding Coöperatief U.A.

- **Terence Hebiton** – Independent, Non-Executive Director - appointed 2000, was Managing Director of Hazdon Holdings Pty Ltd. He was a principal of Alpha Crane Hire, one of the founding entities of Boom Logistics. Mr Hebiton was the CEO of Boom Logistics at its formation and ceased being an Executive Director in 2004.

Senior Management

- **Tony Spassopoulos** – Chief Operating Officer – Joined Boom in 2008, appointed to current role 2017. Tony was previously General Manager of CHEP Asia Pacific – Reusable Plastic Containers business. Tony has a background in equipment hire and industrial services with over 19 years experience in management roles in the Brambles group.

- **Tim Rogers** – Chief Financial Officer – appointed 2015. Tim was formerly CFO at ASX listed Crowe Horwath Ltd and has previously worked in professional services roles in London and Australia.

- **Malcolm Ross** – General Counsel and Company Secretary – Joined Boom in 2011, appointed to current role 2014. Malcolm was formerly Vice President, Associate General Counsel (Asia Pac) for the FTSE listed InterContinental Hotels Group. Malcolm also has extensive experience in private practice .

- **Shane Stafford** – General Manager, readi – Joined Boom in 2014, appointed to current role in 2016. Shane previously held a number of operational and business development roles with Komatsu. Shane has been instrumental in shaping the labour model within Boom and developing the readi business model.

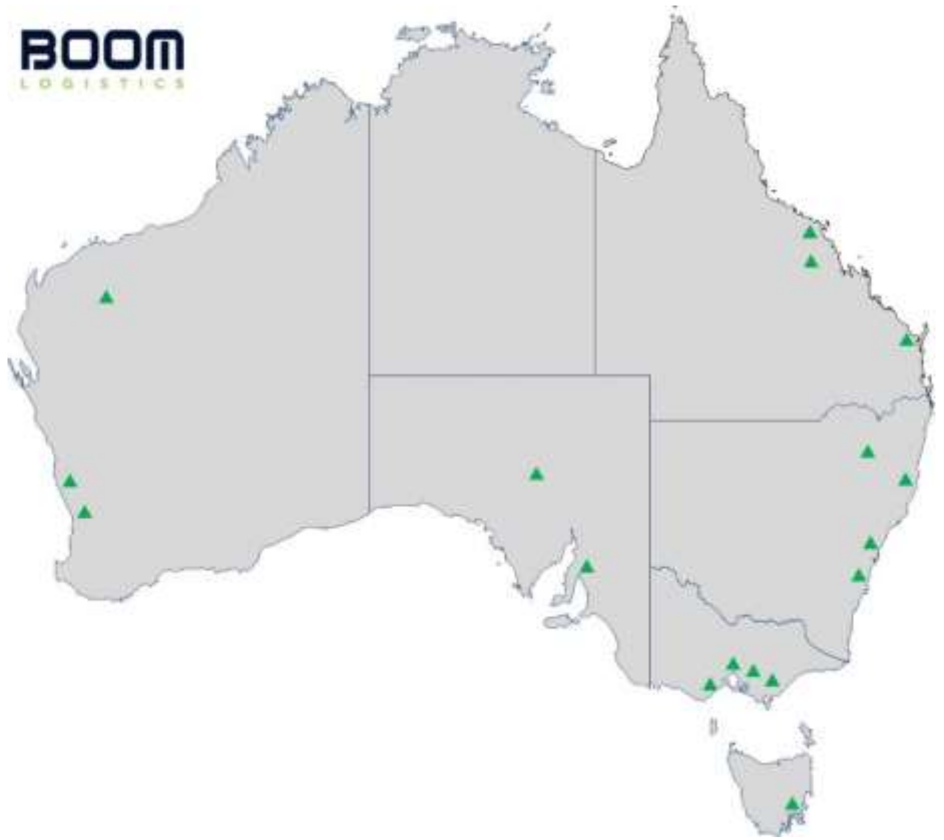
- CEO and executive management all have a direct equity interest in the company and/or receive equity instruments as an element of remuneration package

Company Description

Boom Logistics is a national industrial services group that delivers an integrated suite of lifting services providing engineering expertise, skilled operators, specialist equipment and a broad range of labour solutions to Australian industry.

- Head office in Melbourne, Australia
- ASX listed in 2003
- 280 Cranes from – 5t to 750t capacity
- 170 Travel Towers – from 12m to 70m
- EWP's and Support Transport assets

17 depots located across Australia



Strategy

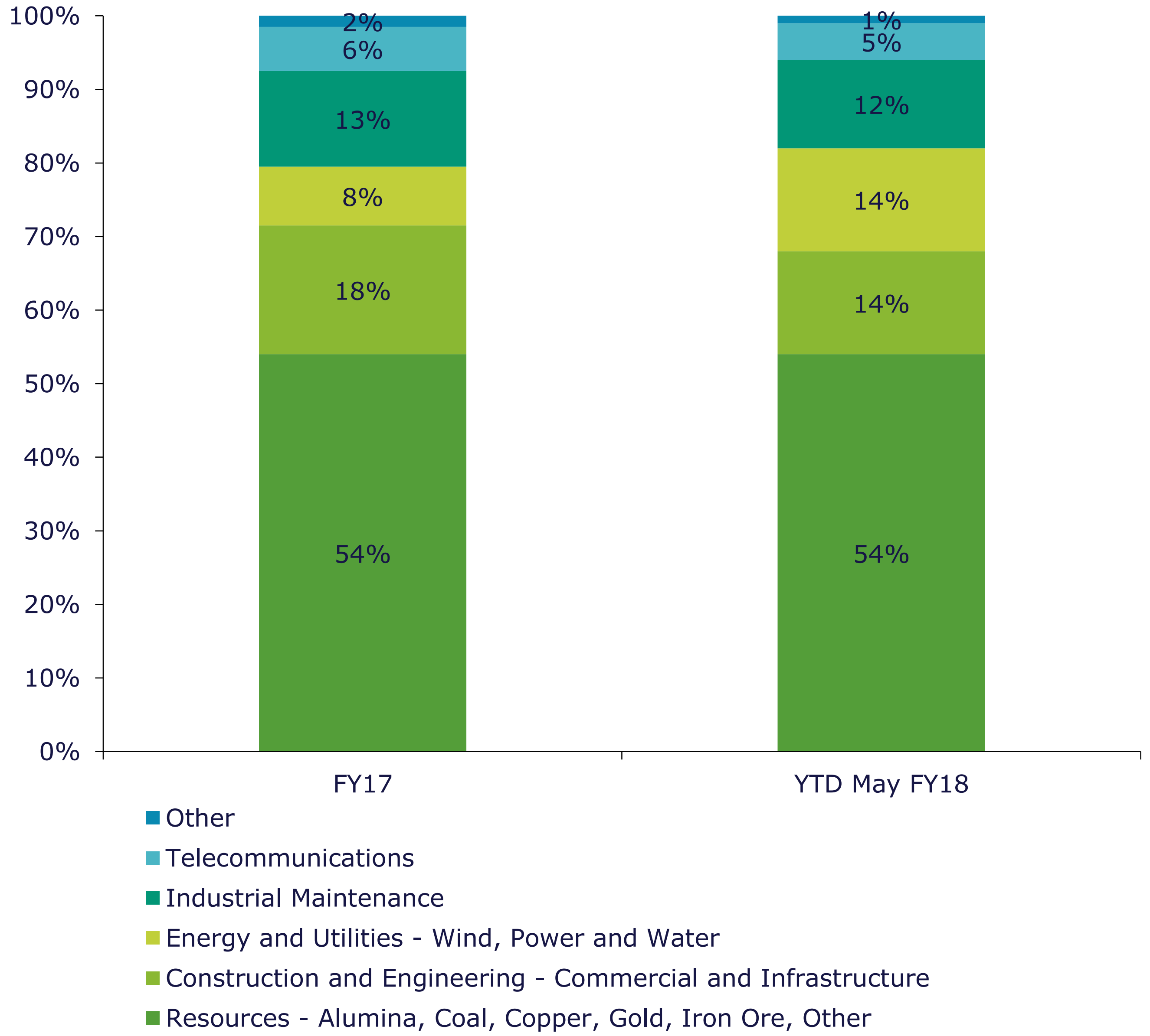
- Ensuring we deliver better outcomes from our current revenue base which includes:
  - reducing our cost to serve customers;
  - partnering with our customers to better plan and so increase efficiency;
  - improving our contracting arrangements; and
  - being part of their growth plans
- Take advantage of operating leverage by building new revenue streams around existing overhead structures with our lower cost model by:
  - winning additional contracts near our existing depots – to maximise margin drop through to the bottom line;
  - increasing our revenue share at each customer site by winning work with other contractors working on our customer sites;
  - delivering more services as our customer production volume increases; and
  - building our Telco and Power company revenues to improve our Travel Tower business
- Winning revenue and projects in new markets and supplying more services. For example:
  - new windfarm construction projects and maintenance programs
  - expanding into infrastructure projects; and
  - supplying labour and other services to our customers for shutdowns
- Leveraging our systems and developing our people's skills to deliver on the key revenue and profit improvement elements above

Strategy outcomes to date

- Closed unprofitable depots;
- Debt reduced to circa $40 million at 30 June 2018;
- Revenue FY18 will be circa $180 million, approximately $30 million increase on FY17;
- Assets secured to drive further revenue increases without impacting Balance Sheet leverage or debt;
- Transformed the business to be more flexible and able to respond to the volatility of the market and the changing demands of our customers by:
    - Introduced new flexible EBA's;
    - Started our own labour hire business, ***readi***, enabling us to be more competitive and expand the services offered to our customers; and
    - Reduced branch and national overheads
- Whilst improving our safety performance. LTIFR zero at December 2017

Revenue Profile

- Resources Revenue
  - Predominantly maintenance contracts
  - 1-5 year duration (typically 3 year terms)
- Construction and Engineering Revenue
  - Predominantly civil infrastructure contracts subcontracting to major construction companies
  - Project based
- Wind Revenue
  - Wind farm construction projects; and
  - Wind farm maintenance – both planned and breakdown – requires suitable assets and expertise
- Industrial Maintenance Revenue
  - Predominantly maintenance contracts
- Energy and Telecom Revenue
  - Predominantly travel tower assets
  - Work on overhead power lines
  - Telecom upgrades and repairs to towers
- Readi – Labour Hire
  - Initially to service Boom internal demand
  - Now expanding to external customers and other new markets



Trading Results - First Six Months of FY18

Revenue as at the end of December 2017 was $92 million compared to $73 million for the prior corresponding period

- Trading EDITDA for the first half was $11.3 million compared to $4.5 million for the first six months of FY17, $10.6 million for the full year of FY17 and $11.2 million for the full year of FY16
- EBIT at $2.4 million and NPAT at $0.4 million were both positive for the first six months of FY18
- Trading EBITDA margin was 12.2%, up from 7.9% in the second half of FY17 and 6.2% in the first half of FY17
- Demonstrating the operating leverage available in the business

Revenue Outlook – Building on Growth

Pipeline Opportunity Solid

- Wind farm market:
  - Targeting to win circa $30m p.a. of wind farm construction revenue in FY19 and FY20 – (circa $20m wind farm construction revenue in FY18)
  - Maintenance market to grow as wind farms increase. Boom is well placed in this market and is completing work for major players
- Major infrastructure projects expected over next two years. Boom has expertise in civil infrastructure works and is investing in additional capacity to better service this market tendering on selected projects – 2018 federal budget provided additional funding for large infrastructure projects
- Further maintenance spend growth is expected in the resources sector in line with forecast increased production
- Improving travel tower revenue with a new structure and targeted sales plan
- Contracts and Tenders in Pipeline reviewed to optimise the return on invested capital targeting year on year revenue growth of circa 15%

Key Messages

- Our people have industry leading expertise and experience, the depth of which few businesses can match
- We are now coming out of the low point in the mining and construction cycle with a transformed business that is flexible and responsive with a healthy balance sheet
- Boom is building revenue in markets and services where our focus on safety and flexible service delivery is valued and our returns on capital are maximised
- We are taking advantage of the operational leverage available in the business to significantly improve returns to our shareholders
- We continue to drive for growth in the Labour Hire market where our value proposition can add value
- Flexibility in labour and capital and growth into new markets, positions Boom to deliver more consistently through the cycle
- **Our strategy continues to deliver improved outcomes as we drive towards 2 cents EPS in FY 19 and 10% return on capital over the cycle**

Appendix

- 31 December 2017 Financial Results

Profit and Loss – 1H18

		31-Dec-17 $'m	31-Dec-16 $'m	Change %
Revenue from Services	(1)	92.4	73.1	26%
less: Direct Expenses		(65.6)	(53.3)	23%
Gross Profit		**26.8**	**19.8**	35%
GP%	(2)	*29.0%*	*27.1%*	
less: Indirect Expenses		(12.0)	(11.5)	4%
less: Central Costs		(3.5)	(3.8)	-8%
Trading EBITDA		**11.3**	**4.5**	151%
Trading EBITDA%	(3)	*12.2%*	*6.2%*	
less: Non-Trading Expenses	(4)	(0.2)	(1.2)	
Profit/ (loss) on Sale of Assets		0.2	(0.1)	
Statutory EBITDA (before impairment)		**11.3**	**3.2**	253%
less: Depreciation and Amortisation		(8.9)	(8.9)	0%
EBIT (before Impairment)		**2.4**	**(5.7)**	
less: Net Borrowing Costs		(2.0)	(1.9)	5%
less: Income Tax (Expense)/ Benefit		0.0	0.0	
Net Profit/ (loss) After Tax (before Impairment)		0.4	(7.6)	
less: Impairment		0.0	(1.9)	
Net Profit/ (loss) After Tax		**0.4**	**(9.5)**	

1. Revenue up 26%

   Revenue increase attributed to:
   - Increased volume from existing customers – after recognising $2.6m impact of closure of Newman depot in prior period
   - New contracts;
   - Major Projects; and
   - Labour services

2. Direct expenses increased by 23%

   Gross Margin at 29% - up from 27.1%

3. Operational leverage realised – revenue growth delivered with indirect and central costs increasing by only 1.3%

   Trading EBITDA margin at 12.2% - up from 6.2%

4. Non-trading expenses comprise legal costs associated with final stage of Glove and Barrier legal case

5. Return on capital employed improving. FY18 H1 ROCE at 2.3% (FY17: negative 3.6%)

Balance Sheet – 1H18

		31-Dec-17 $m	30-Jun-17 $m	mvmt $m
Cash		1.8	2.2	(0.4)
Trade and Other Receivables	(2)	41.6	30.4	11.2
Assets Held for Sale	(1)	1.7	4.6	(2.9)
Property Plant and Equipment	(1)	173.9	177.6	(3.7)
Other Assets		3.3	6.3	(3.0)
Total Assets		**222.3**	**221.1**	1.2
Payables		14.5	14.4	0.1
Bank and Other Loans		46.4	47.3	(0.9)
Pre paid borrowing costs		(0.6)	(0.7)	0.1
Provisions		10.0	9.8	0.2
Other Liabilities		5.3	4.4	0.9
Total Liabilities		**75.6**	**75.2**	0.4
Net Assets	(1)	**146.7**	**145.9**	0.8
Net Tangible Assets per Share	(1)	**31 cents**	**31 cents**	
Gearing (Net Debt/ Equity)	(3)	**30%**	**31%**	

1. Net asset values and NTA per share stable, reflecting:
   - No asset impairment in period – independent asset valuation supported carrying values;
   - Assets Held for Sale decreased. Assets held are no longer surplus to operating requirements. Asset sales of circa $1m completed in January 2018

2. Trade and Other Receivables increased due to growth in revenue and, in particular, timing of projects
   - Project working capital adversely impacted cash flow in the period

3. Gearing at 30%. Small decrease on prior period reflecting modest debt reduction and stable asset values

Cash Flow – 1H18

		31-Dec-17 $m	31-Dec-16 $m	mvmt $m
Trading EBITDA		11.3	4.5	6.8
less: cash component of non-trading - expense in period		(0.2)	(0.4)	0.2
less: non-trading - cash outflow for restructuring costs provided at prior reporting date		(0.4)	(0.3)	(0.1)
less: non-trading- cash outflow for employee leave entitlements associated with redundancies		0.0	(0.7)	0.7
Cash Proceeds from G+B Legal Settlement		1.0	0.0	1.0
Movement in working capital	(1)	(11.9)	(2.7)	(9.2)
Cash Flow from Operations before interest and tax		**(0.2)**	**0.4**	**(0.6)**
Interest paid (net of interest received)		(1.8)	(1.9)	0.1
Income tax received		4.5	4.5	0.0
Net cash provided by operating activities		**2.5**	**3.0**	**(0.5)**
Purchase of property, plant, equipment and software		(2.7)	(1.7)	(1.0)
Proceeds from the sale of plant and equipment		1.2	1.7	(0.5)
Net cash provided by investing activities		**(1.5)**	**0.0**	**(1.5)**
Free cash flow		**1.0**	**3.0**	**(2.0)**
Transaction costs related to borrowings		0.0	(1.0)	1.0
Net repayment of borrowings		(1.4)	(2.6)	1.2
Net Increase/ (Decrease) in Cash		**(0.4)**	**(0.6)**	**0.2**

1. Working capital increased as a result of revenue growth and timing of project work:
   - Major Olympic Dam shut completed at end of December. Significant progress claims to be processed at completion of project and to be paid in Q3
   - 1 wind farm project completed in Q2 – final invoice outstanding to be paid in Q3
   - 2 wind farm projects commenced in Q2. Progress invoices outstanding at end of December and received in January 2018

   Projects contributed $11.6m to period end trade and other receivables balance of which $5.9m was received in January 2018

   Cash flow to strengthen in second half

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