



December 2014 Half Year Results Presentation

February 2015



Proactive cash and balance sheet management under difficult trading conditions

- **Statutory EBIT loss of \$1.4m**
- **Statutory NPAT loss of \$3.4m**

- **Trading EBIT of \$1.4m**
- **Trading NPAT loss of \$1.3m**
- **Positive free cashflow of \$13.8m**
- **Gearing at 33% (38% at 30 June 2014)**
- **Net Debt down to \$76.1m (\$89.5m at 30 June 2014)**
- **Net Tangible Assets per share of \$0.48**

Note:

1. All Statutory references reflect International Financial Reporting Standards (IFRS) financial information. Trading results reflect non-IFRS financial information and exclude one-off items such as restructuring costs.
2. Boom's 1H15 Trading EBIT result is a non-IFRS measure that excludes \$2.8m of one-off items, comprising Asset Held For Sale impairment (\$1.6m), restructuring costs (\$1.1m) and legal fees associated with Boom Sherrin's 18m Glove and Barrier legal action (\$0.1m). Boom's 1H15 Trading NPAT is a non-IFRS measure that excludes the after-tax impact of these one-off items, being \$2.1m.
3. Gearing = Net Debt / Equity



- ❑ Challenging market conditions in the second half of FY14 continued in the first half of FY15. With declining commodity prices, customers in the mining and resources sector continue to apply significant price pressures and demand patterns remain volatile.

- ❑ Revenue reductions in the first half were mainly due to:
 - lower contract maintenance volumes in Western Australia, Central Queensland, and New South Wales;
 - downward price pressure in highly competitive markets; and
 - project delays in the telecommunications and energy sectors, affecting travel tower revenues.



- Revenue declines in the first half were mitigated by several revenue generation activities, including:
 - In Western Australia, significant shutdown support activity for key customers including Newmont's Boddington Gold Mine, FMG, Alcoa and the Gorgon LNG project.
 - In South Australia, continued maintenance activity at BHPB Olympic Dam with shutdown work in the early months of 1HFY15.
 - In Victoria, successful execution of the Senvion Bald Hills Wind Farm project, with Boom providing an expanded service offering to include mechanical and electrical completion in addition to lifting services and ancillary equipment.
 - In New South Wales, on-going activity with key customers in the Hunter Valley, Newcastle and Port Kembla, with the Heavy Lift division supporting the Senvion Bald Hills Wind Farm project. Work has also commenced on the Sydney Entertainment Centre project.
 - In Queensland, following the winding up of the BMA maintenance contract, business development resources have been re-focussed and are gaining traction with high-value short term projects supporting coal activity in the Bowen Basin as well as coal seam gas activity in the Surat Basin.
 - In Boom Sherrin, base load work in the telecommunications and energy sectors has been steady, notwithstanding the project delays mentioned previously, with ongoing high-voltage transmission line work and 4G / LTE upgrades.

1H15 performance – Management actions



- ❑ Across all business, Boom continues to drive profit improvement initiatives, including:
 - A heightened sales focus on dry hire opportunities to improve asset utilisation, at improved margins.
 - The addition of dedicated business development resources in WA, Queensland and New South Wales to target short-term high value projects across several industry sectors.
 - The reduction of 110 Full-Time Equivalent operational positions and the reduction of 10 overhead positions.
 - The consolidation of the Mackay Haulage business with assets redeployed to Western Australia.
 - A continued focus on constructively improving EBA terms and conditions.
 - Rigorous labour planning and management to mitigate the impact of volatile demand.
 - In line with One Boom project to integrate the Boom Sherrin and Crane Logistics businesses, the consolidation of depots (Mackay, Port Kembla).

Financial Review 1H15

Profit & Loss



\$m	1H15	1H14	% change
Revenue			
Crane Logistics	96.3	114.6	(16%)
Boom Sherrin	19.2	27.6	(30%)
Operating Revenue	115.5	142.2	(19%)
Interest Income	0.1	0.1	
Total Revenue	115.6	142.3	(19%)
Trading EBIT			
Crane Logistics	6.6	14.7	(55%)
Boom Sherrin	0.7	4.5	(84%)
Central costs	(5.9)	(6.7)	12%
Total Trading EBIT	1.4	12.5	(89%)
<i>Trading EBIT Margin</i>	1%	9%	
Interest Expense & Borrowing Costs	(3.7)	(4.7)	(21%)
Tax	0.9	(2.4)	
Trading Net Profit after Tax	(1.3)	5.4	
Trading Adjustments (after tax)	(2.1)	(0.5)	
Statutory Net Profit after Tax	(3.4)	4.9	

- Crane Logistics revenue impacted by:
 - lower contract maintenance volumes in WA, Central QLD and NSW; and
 - Downward price pressure in highly competitive markets
- Boom Sherrin's revenue has been impacted by project delays in the telecommunications and energy sectors
- Costs have been actively managed through profit improvement initiatives in labour management (the reduction of 120 FTEs, rigorous roster planning and a focus on constructively improving EBA terms and conditions)
- Interest expense has reduced through the reduction in debt levels

Financial Review 1H15

Balance Sheet



Statutory \$m	30 December 2014	30 June 2014	Movement
Cash	7.8	8.6	(0.8)
Trade Receivables	43.1	55.4	(12.3)
Income Tax Receivable	-	4.4	(4.4)
Inventories	0.3	0.3	-
Assets Held For Sale	10.1	15.5	(5.4)
Plant & Equipment	291.8	300.0	(8.2)
Intangibles	2.2	2.7	(0.5)
Other Current Assets	4.0	2.5	1.5
Total Assets	359.3	389.4	(30.1)
Payables	17.7	23.1	(5.4)
Borrowings	83.9	98.1	(14.2)
Provisions	14.9	19.2	(4.3)
Other current & non-current liabilities	11.2	14.7	(3.5)
Total Liabilities	127.7	155.1	(27.4)
Net Assets	231.6	234.3	(2.7)
Net Tangible Assets per share	0.48	0.49	
Gearing	33%	38%	

- **Sound balance sheet metrics maintained**
 - **Gearing: 33%**
 - **NTA: 0.48 cents per share**
- **Net Debt reduced to \$76.1m achieved through positive free cashflow, driven by improvements in working capital, reduced capex and the increase in surplus asset sales**
- **Continued focus on fleet rationalisation and sale of surplus assets will continue into 2015**

Financial Review 1H15

Cash Flow



Statutory \$m	1H15	1H14	Movement
Net receipts / (payments)	10.2	15.4	(5.2)
Net interest received / (paid)	(3.2)	(4.1)	0.9
Income tax received / (paid)	4.5	-	4.5
Net Cash provided by operating activities	11.5	11.3	0.2
Purchase of plant and equipment	(6.9)	(7.8)	0.9
Payments for intangible assets - software development	(0.1)	-	(0.1)
Proceeds from the sale of plant and equipment	9.3	9.9	(0.6)
Net Cash from / (used in) investing activities	2.3	2.1	0.2
Free cashflow	13.8	13.4	0.4
Net repayments of borrowings	(14.6)	(11.1)	(3.5)
Payment of dividends	-	-	-
Net Cash from / (used in) financing activities	(14.6)	(11.1)	(3.5)
Net increase / (decrease) in cash	(0.8)	2.3	(3.1)
Closing cash	7.8	5.8	2.0

- **Positive free cashflow of \$13.8m**
- **Surplus asset sales of \$9.3m, in excess of total capital expenditure of \$7.0m**
- **Boom continues to assess unproductive assets against revenue opportunities and consequently to identify surplus assets for sale**
- **Asset values re-affirmed through the generation of Profit On Sale**
- **Free cashflow continues to be prioritised to debt reduction**



- ❑ Boom expects prevailing market conditions to continue with no indications that conditions will ease in the near term:
 - subdued and volatile demand patterns in operations in the mining and resources sector;
 - significantly lower capital project expenditure in mining and resources;
 - very low government expenditure on major public infrastructure projects;
 - underlying demand in the telecommunications and energy sectors expected to be solid but subject to project delays; and
 - activity in the wind farm sector is expected to increase but only in the next financial year.
- ❑ Boom will continue to improve its revenue base with both existing and new customers and pursue further cost reduction.



**Half Year Results
Presentation**

Appendix

Explanatory Notes

Note 1: Trading adjustments

The table below sets out the trading adjustments in the 1H15 result.

	EBIT	NPAT
Statutory result	(1.4)	(3.4)
Less Impairment charges		
Assets	1.6	1.1
Less restructuring costs		
Redundancies	0.9	0.6
Central QLD site closures	0.1	~0.1
One Boom integration costs	0.1	~0.1
18m G&B Legal Fees	0.1	~0.1
Trading result	1.4	(1.3)



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