

## **Boom Logistics Limited Announcement**

**19 May 2011**  
**ASX code: BOL**

### **FY11 PROFIT GUIDANCE AND TRADING UPDATE**

Boom Logistics Limited ("Boom") has today announced trading EBIT guidance for the year ending 30 June 2011 in the range of \$21 million to \$24 million.

This EBIT result is expected to be a 10% – 26% improvement on the FY10 trading performance of \$19.0m and has been achieved against a backdrop of significant and prolonged adverse weather events throughout the FY11 year.

This result does not include the impacts of any non-cash accounting adjustments or costs associated with further restructuring activity.

It is anticipated that this will produce a corresponding trading NPAT result in the range of \$4 million to \$6 million.

#### **FY11 performance**

The key drivers behind the projected uplift in the underlying FY11 EBIT performance are:

- Strong coal activity in the Bowen Basin and Hunter Valley and resources activity in the North West in the first half.

Partially offset by:

- Project delays and deferrals in Boom Sherrin travel towers with the overall Boom Sherrin EBIT result anticipated to be circa. \$4.5 million lower than the prior corresponding period.

#### ***Weather and Trading update***

As previously reported, Boom was impacted by weather events in December 2010 and these extreme events continued into 2H11. The March quarter saw significant impacts on the economy with ongoing weather events on the east coast as well as cyclone activity in the north west of Western Australia. Resources sector activity and utilities project works in the eastern states were most severely affected and the consequences were still being experienced in April.

Whilst Boom's customers are endeavoring to increase production it is clear that there are timing delays in production volumes returning to the levels prevailing pre weather events.

Notwithstanding these weather impacts, Boom's strategy and key market activity is on track.

- The Crane Logistics underlying customer demand and pipeline is continuing to build with our mining and resources customers forecasting strong growth in demand for our services as their production builds.
- The tender pipeline for this business is still strong and capital commitments have been made on the back of contract expansions with our current customer base.
- The Boom Sherrin business has a strong pipeline for travel tower work and results are expected to improve when these projects are able to progress.

### ***Non-cash accounting adjustment***

In line with Boom's strategy, the company's investment focus is on the core business of cranes and travel towers as these assets deliver superior returns. The implication of this strategy is that future investment in the access and general hire business will be minimal. Given the declining asset base associated with access and general hire equipment, and in line with the requirements of accounting standards, it is probable that there will be a significant impairment related to the goodwill currently valued at \$41.8 million in Boom Sherrin.

The CEO Brenden Mitchell stated "Any non-cash adjustment in respect of the non-core access and general hire business reflects our determination to invest in the right assets to deliver value for our shareholders. Whilst it has been a difficult period with the major weather impacts and volatility in project timing, very good progress has been made in our core crane logistics business. We have continued to consolidate our position and expand our relationships with our blue chip customer base and they are committing to major growth projects and production expansion. Our business will deliver the expected improvements as customers progressively resume their production and project outputs".

### **Further Information:**

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