

22 April 2014

ASX code: BOL

Boom Logistics Limited Market Update

As noted in previous communications, including the recent FY15 Half Year Results presentation in February 2015, Boom continues to face challenging market conditions with significant price pressures and volatile demand patterns.

Performance in some business units in March and April has been lower than anticipated. Consequently Boom expects trading profitability for the overall business in the second half of FY15 to be substantially lower than the first half of FY15.

Key business units that were impacted in the last two months were Western Australia, Queensland and Boom Sherrin:

- Results in Western Australia have been affected by industry-wide responses to weakening commodity prices. Whilst Boom does not have any direct exposure to iron ore miners that are unfavourably positioned against current iron ore prices, activity in the market as a whole has declined substantially.
- Trading conditions in Queensland continue to be volatile with customer activity that is sporadic and frequently subject to change in short timeframes.
- The Boom Sherrin travel tower business continues to be impacted by projects that have been delayed, and in some cases, anticipated activity has been deferred beyond the current financial year.

Boom has continued to act to mitigate the impact of adverse market conditions:

- A restructuring program is underway to rationalise operations in the North West of Western Australia with a focus on Newman as an operational hub.
- The One Boom project to integrate the Boom Sherrin and Crane Logistics businesses is on track for completion in May, after which further reductions in overhead costs are expected.
- There is a continued focus on constructively improving the terms and conditions of our Enterprise Agreements to achieve lower labour costs and improved flexibility.
- Stringent labour cost management disciplines are being maintained.

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- A strong focus on the sale of surplus assets continues, with further surplus assets identified for sale following the North West restructuring in Western Australia.

As at 31 March 2015, Boom has achieved approximately \$14.5m of surplus asset sales to-date in FY15, against a full-year target of \$15m. A strong focus on working capital management continues to ensure operational cash flows are maintained.

In line with Boom's capital management strategy, debt reduction remains a priority and a further \$6m in debt repayments were made in the first quarter of calendar year 2015. As at 31 March 2015, Boom's net debt position and gearing stood at \$72.8m and 24% respectively, compared with \$89.5m and 38% as 30 June 2014.

Boom Logistics Limited's audited full-year results are expected to be released in August 2015.

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