30 June 2016 Full Year Results Presentation

August 2016

Results Overview

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Operating Results Stabilised

- Total Revenue of $152.3m (FY15: $206.6m)
- Trading EBITDA of $11.2m (FY15: $14.6m), with H2 FY16 trading EBITDA of $4.5m compared to $2.6m in H2 FY15
- Operating costs down 25% delivering improved margins:
  - Trading Gross Margin of 28.2% versus 26.1% in FY15
  - Trading EBITDA Margin of 7.4% versus 7.2% in FY15
- Non-cash impairment charge of $18.4m (FY15: $20.8m) ($17.5m booked at 31 December 2015 with a further $0.9m booked in H2 against assets held for sale)
- Net Loss After Tax of $30.2m (FY15: loss of $36.9m)
- Free cash flow at $22.2m versus $20.4m in FY15
- Gross syndicated debt at $51.0m down from $78.4m at 30 June 2015
- Net Tangible Assets per share at 35 cents (30 June 2015: 41 cents)

Market Conditions

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- Conditions have remained difficult with major resources companies reducing their demand and a general oversupply of equipment in the market ensuring pressure on pricing and payment terms. Resources companies are also reviewing their operating models which can provide both opportunities and uncertainty
- There has been a corresponding increase in the availability of labour in some markets which has allowed labour agreements to be renegotiated and developed to improve flexibility and lower overall labour costs per hour
- Major projects in the LNG sector are near completion resulting in lower revenues in that sector and increased availability of equipment
- Whilst the Federal election has caused some delays in projects the overall infrastructure pipeline is solid and the windfarm project pipeline is strong from calendar year 2017
- The used equipment market weakened during the 2nd half of the year with transport assets most adversely affected

Operating Profit

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		30-Jun-16 $'m	30-Jun-15 $'m	Change %
Revenue from Services		152.3	203.3	-25%
less: Direct Expenses	(1)	(109.3)	(150.2)	-27%
Gross Profit		**43.0**	**53.1**	-19%
GP%		*28.2%*	*26.1%*	
less: Indirect Expenses	(1)	(24.5)	(28.4)	-14%
less: Central Costs	(2)	(7.3)	(10.1)	-28%
Trading EBITDA		**11.2**	**14.6**	-23%
Trading EBITDA%		*7.4%*	*7.2%*	
less: Non-Trading Expenses	(3)	(1.8)	(6.1)	
(Loss)/ Profit on Sale of Assets	(4)	(0.4)	3.2	
Interest Income		0.1	0.1	
EBITDA		**9.1**	**11.8**	-23%
less: Depreciation and Amortisation		(19.6)	(24.2)	-19%
EBIT (before Impairment)		**(10.5)**	**(12.4)**	
less: Borrowing Costs		(4.6)	(8.0)	-42%
add: Tax Benefit		3.3	4.3	
Net Loss after Tax (before Impairment)		(11.8)	(16.1)	
less: Impairment		(18.4)	(20.8)	
Net Loss After Tax		**(30.2)**	**(36.9)**	

1. **Margin improvement achieved from successful cost reduction and restructuring initiatives:**
   - Trading Gross Margin improved by 2.1%
   - Trading EBITDA Margin improved by 0.2%
2. **Significant overhead restructuring, including national service functions, delivered the anticipated savings**
3. **Non-trading expenses comprise:**
   - Depot closure costs - $0.3m
   - Redundancy Costs - $0.9m
   - Fleet mobilisation costs post depot closures - $0.3m
   - Legal Fees – Glove and Barrier - $0.3m
4. **$16.1m of assets sold during the year at around book value. Assets sold during the year included a higher proportion of non-core transport assets which attracted lower prices**

Trading Performance

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Revenue

- Revenue from services has declined in the period due to:
  - Closure of unprofitable depots over the current and previous periods – circa $25m
  - Resources customers responding to market conditions by reducing demand, particularly in the coal sector. Impact at three resource focussed depots – circa $19m
  - Lower major project activity in the current period – circa $19m
- Revenue decline balanced in part by growth in revenue earned across the broader business:
  - Increase in revenue of circa $4m at two depots focussed primarily on infrastructure markets
  - Increase in revenue of circa $8m combined across thirteen of nineteen depot locations

Business Stabilised and Positioned for Growth

- Significant cost savings have increased margins
  - Trading Gross Margin % up 2.1% on prior year as a result of more flexible cost structures that are better able to respond to volatile revenue
  - Trading EBITDA Margin % up 0.2% on prior year as a result of significant fixed overhead costs that have been taken out of the business
- Business now more resilient with a more consistent spread of contribution across the nineteen depot locations

Cash Flow Summary

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		30-Jun-16 $m	30-Jun-15 $m	mvmt $m
Trading EBITDA		11.2	14.6	(3.4)
less: cash component of non-trading - expense in period	(1)	(1.5)	(3.2)	1.7
less: non-trading - cash outflow for restructuring costs provided on balance sheet at prior reporting date	(1)	(2.9)	(3.7)	0.8
less: non-trading- cash outflow for employee leave entitlements associated with redundancies	(1)	(1.0)	(1.4)	0.4
Movement in working capital		6.6	8.0	(1.4)
Cash Flow from Operations before interest and tax		**12.4**	**14.3**	(1.9)
Interest paid (net of interest received)		(4.1)	(5.8)	1.7
Net cash provided by operating activities	**(2)**	**8.3**	**8.5**	**(0.2)**
Purchase of property, plant, equipment and software		(1.8)	(8.4)	6.6
Proceeds from the sale of plant and equipment		15.7	20.3	(4.6)
Net cash provided by investing activities	**(3)**	**13.9**	**11.9**	**2.0**
Free cash flow		**22.2**	**20.4**	**1.8**
Net repayment of borrowings	**(4)**	**(27.4)**	**(22.0)**	**(5.4)**
Net Decrease in Cash		**(5.2)**	**(1.6)**	**(3.6)**

1. **Cash costs associated with non-trading activity were $5.4m in period compared to $8.3m in prior period**
2. **Cash flow from operations benefitted from strong working capital performance and reduction in interest payable consistent with debt reduction**
3. **Asset sale proceeds generated from sale of surplus fleet marginally below expectations due to tightening of second hand market and retention of fleet for revenue generating opportunities in FY17.**

   Capital expenditure limited to 10 year rebuilds
4. **Free cash flow funded significant debt repayments.**

   Debt amortisation requirements for FY17 are $3.0m.

Balance Sheet Analysis

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		30-Jun-16 $m	30-Jun-15 $m	mvmt $m
Cash		1.8	7.0	(5.2)
Trade Debtors	(1)	29.1	40.7	(11.6)
Assets Held for Sale	(2)	3.9	8.8	(4.9)
Property Plant and Equipment	(2)	206.9	253.3	(46.4)
Other Assets		6.7	8.2	(1.5)
Total Assets		**248.4**	**318.0**	(69.6)
Payables		14.3	16.8	(2.5)
Syndicated Debt	(3)	51.0	78.4	(27.4)
Pre paid borrowing costs		(0.2)	(0.4)	0.2
Provisions		10.4	15.5	(5.1)
Other Liabilities		4.8	9.4	(4.6)
Total Liabilities		**80.3**	**119.7**	(39.4)
Net Assets		**168.1**	**198.3**	(30.2)
Net Tangible Assets per Share		**35 cents**	**41 cents**	
Gearing (Net Debt/ Equity)	(4)	**29%**	**36%**	

1. **Year end debtor day KPI was 3.5 days better than pcp. Testament to on going focus on working capital management throughout the business in a challenging environment**
2. **Asset impairment booked in the year of $18.4m:**
   - **$11.6m booked against carrying value of operating fleet (incurred in H1)**
   - **$6.8m booked against carrying value of assets held for sale ($5.9m incurred in H1 with a further $0.9m in H2)**
3. **Significant debt reduction achieved from asset sales and tight working capital management. Net debt reduced to $49.2m (FY15: $71.4m)**
4. **Gearing reduced to 29%**

New Financing Package

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Refinance Completed

New long term finance package in place to support FY17 growth initiatives. New flexible $57.5m package comprises three facilities

- A $25m five year asset finance facility with De Lage Landen – fixed interest rate. Loan to asset ratio of 66% applied to the transaction
- A $12.5m three year syndicated bank facility with NAB and ANZ – floating interest rate
- A $20m three year securitised trade debtor lending facility with Assetsecure – fixed fee with floating interest rate

Key Features

- Total amortisation requirement for FY17 of $3.0m ($0.25m per month). Amortisation requirement under old facility was $7.5m per quarter
- Facility establishment fees less than 1% of total facility limit – paid on draw down of facility on 2 August 2016
- Borrowing costs comparable with old facility with greater flexibility
- Share buy backs can be considered when ELR is less than 2.5 times

Priorities for FY17

Boom's priorities for FY17 are:

Revenue Growth

- Leverage critical mass in key geographies
  - success in May 2016 with BMA Blackwater contract supporting the Wesfarmers contract which started in August 2015. Solid pipeline of opportunities for FY17
- New market opportunities
  - expanding on Sydney infrastructure work completed in H2 of FY17 and developing a presence in other capital city markets
  - major project work and in particular maintenance contracts for wind farms as more of these projects come on line in FY17
- Develop new services
  - expanding range of trades offered to customers as part of comprehensive service offering to new and existing customers
- Build revenue for travel towers in telecommunications and energy sectors
- Revenue growth underpinned by recruitment of high quality business development resources to drive strategic priorities

Priorities for FY17

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Boom's priorities for FY17 are:

Margin Improvement

- Capitalise on operational flexibility improvements to deal with volatile trading conditions
- Continue to improve labour agreements and the balance between full time and casual employees to maximise labour recovery
- Work with key customers to expand services
- Continue to develop system and process enablers that deliver responsive and flexible solutions for customers at lowest cost

Priorities for FY17

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Boom's priorities for FY17 are:

Other Matters

- New non-executive Director appointed with Chairman to retire prior to 2016 AGM
- New executive remuneration arrangements for FY17 to provide more transparent alignment with shareholders
  - Ability for executive to salary sacrifice fixed salary for equity – Managing Director to sacrifice 1/3 of salary for share rights. Shares to be bought on market
  - 50% of any payments under STI scheme to be paid as ordinary shares, bought on market
  - Share options to be issued under new LTI scheme – vesting condition to be absolute eps target

Outlook

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Outlook for FY17:

- Market remains challenging with no prospect of a rate recovery in the short term
- Market conditions in resources expected to remain very tough. Building critical mass in key geographies important to profit regrowth in resources markets whilst more flexible labour resources will improve margins
- Additional growth to come from infrastructure, energy and telecommunications markets with rate of growth dependant on:
  - Success in competitive tenders; and
  - Project timing
- Pipeline of new customer activity is growing
- Expect H1 FY17 EBITDA to exceed H1 FY16

Revenue Mix

Revenue by Market Segment FY16

Market Segment	Share
Resources - Coal, Copper, Alumina, Iron Ore, Gold, Other	49%
Construction and Engineering - Commercial and Infrastructure	18%
Energy & Utilities - LNG, Wind, Power & Water	12%
Industrial Maintenance	12%
Telecommunications	7%
Other	2%

Fleet Statistics

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	Cranes		Travel Towers		Other Assets*		Total^
	WA	East Coast	WA	East Coast	WA	East Coast	
At 30 June 2015							
Number of Assets	104	242	35	202	N/A	N/A	
Value of Assets ($'m)	80.1	99.1	6.6	50.9	10.6	14.8	262.1
Year Ended 30 June 2015							
Number of Assets Disposed	22	56	9	58	N/A	N/A	
Cash Proceeds on Disposal ($'m)	6.8	9.3	0.2	1.6	0.1	2.3	20.3
At 30 June 2016							
Number of Assets	90	223	33	178	N/A	N/A	
Value of Assets ($'m)	63.1	82.4	7.0	42.9	5.6	9.8	210.8
Year Ended 30 June 2016							
Number of Assets Disposed	14	19	2	24	N/A	N/A	
Cash Proceeds on Disposal ($'m)	4.8	4.4	2.0	0.7	2.2	1.6	15.7

* includes Transports Assets, Machinery, Furniture, Fittings & Equipment and Freehold Land & Buildings

^ includes Assets Held for Sale and Property, Plant and Equipment

Asset Utilisation

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- Movement in crane utilisation reflects both asset sales and patterns of demand from customers
  - Sales of cranes with capacity less than 55 tonnes is driving the increase in utilisation
  - Utilisation of cranes with capacity 56-199 tonnes has dropped in line with demand from resources customers. Assets are required to fulfil the contracts customer but demand is driving lower utilisation
  - Utilisation of 300 tonne+ cranes has increased reflecting the work conducted in H2 of FY16 in the infrastructure market

Cranes	FY2015 30-Jun-15	FY2016 30-Jun-16
Crane Capacity	Utilisation	Utilisation
0-25 tonne	76%	82%
26-55 tonne	72%	72%
56-100 tonne	83%	70%
101-199 tonne	71%	63%
200-299 tonne	74%	73%
300 tonne +	71%	87%

- Travel tower utilisation has increased in the higher end 50 metre+ category and decreased in the lower end categories reflecting low customer demand
- Telecommunication and energy sectors have been targeted to increase utilisation of these assets

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