11 July 2016
ASX code: BOL

# Boom Logistics Limited
# Refinancing and Market Update

Boom Logistics Limited (**ASX: BOL**) ("**Boom**" or "**the Group**") updates the market today on securing a credit approved financing package and its trading position for the full year of FY16.

## New Long Term Finance Package

Boom Logistics Ltd has secured credit approval for a new long term $57.5 million finance package which provides flexibility and establishes a platform to support growth. The new finance package comprises three complementary elements:

- A $25 million, 5 year asset finance facility with De Lage Landen Pty Limited (a fully owned subsidiary of Rabobank Group). Principal amortisation requirement of $3 million per annum;
- A $12.5 million, 3 year syndicated loan facility with NAB and ANZ. Facility agreed on improved terms with no amortisation requirement in the first 18 months; and
- A $20 million, 3 year securitised trade receivables lending facility with Assetsecure. There is no amortisation required over the life of this facility.

All elements of the finance package are fully credit approved subject to completion and exchange of legal agreements. Documentation is at an advanced stage and facility drawdown is expected to be completed before month end.

### Asset Finance with De Lage Landen Pty Ltd

A long term asset finance facility with De Lage Landen Pty Limited provides the Group with core funding for a 5 year term. Amortisation required on the facility is $3 million per annum in monthly payments, with a residual payment of $10 million due at the end of the five year term.

The $25 million funding on the facility is provided in respect of a parcel of cranes with a written down value of approximately $38 million, with a loan to value ratio of approximately 66%. Security for the facility is provided by fixed charges over these specific assets only.

### Syndicated Facility with existing banks, NAB and ANZ

The Group has maintained the ongoing support of NAB and ANZ as members of its current syndicated banking arrangements. NAB and ANZ will provide a three year flexible cash advance facility on improved terms. This facility is non-amortising for the first eighteen months with subsequent six monthly amortisation instalments of between $Nil and $2.5 million to be made on 1 January and 1 July, depending on the earnings leverage ratio reported at the end of the preceding quarter.

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**Receivables lending facility with Assetsecure**

The trade receivables lending facility with Assetsecure is a committed three year non-amortising facility. The facility provides a flexible tranche of funding, secured against the Group's trade receivables, which can be drawn down as and when required. This tranche of funding is designed to allow the Group to fund its working capital requirements over the short term as revenue and earnings grow.

The three elements of the finance package together provide surplus capacity to current funding requirements, with gross syndicated bank debt at 30 June 2016 being $51 million (30 June 2015: $78.4m). The facility remains available to draw down over its three year term (subject to the availability of trade receivables security) to fund future growth as and when required.

**Mr Brenden Mitchell, Chief Executive Officer said:**

> *"The new more flexible finance package allows the Group to keep focused on revenue and earnings growth initiatives without the competing priority of quarterly debt reduction and significant asset sales. The Group will continue to reduce debt where prudent and in doing so, continue to provide surplus assets for sale, taking advantage of the flexibility that the substantially reduced amortisation schedule provides. By improving our business earnings through both revenue and gross margin growth to a level where our debt to earnings leverage is below 2.5 times, the use of surplus cash to fund a share buyback program will remain in focus."*

**FY16 Trading Update**

Subject to completion of the year end financial process and audit, Boom expects trading EBITDA to be circa $11.0 - $11.2 million for the full year. Second half trading has tracked below previously forecast levels as a result of:

- Revenue from the Queensland business being below expectations. Major customers have reduced their demand and new opportunities have been slower to convert than expected.
- Revenue from customers in WA has weakened with a number of dry hire rentals in the north west of the state reducing over the last quarter as projects have wound down earlier than expected and lower than expected demand from major customers being experienced particularly in June.
- Severe weather has impacted projects along the eastern seaboard in the month of June.

Whilst trading EBITDA is below expectations, both the first and second half are significantly up on the FY15 second half trading EBITDA result of $2.6m (excluding profit or loss on sale of assets). The Group expects to retain positive growth momentum into FY17. This will be supported by recent contract wins, further improvement in the infrastructure markets as projects get underway, continuing improvements in the Travel Tower segments with utility and telecommunications work and a continuation of margin improvement as the cost base better matches the demand from our customers.

## Asset Sales Program

Proceeds from asset sales for the full year were circa $16.0 million which is below the previous guidance of circa $20 million with a number of assets withdrawn from sale due to project requirements and significant pressure on the used equipment market especially transport assets.

Boom expects to report its audited full year results on or around 16 August 2016.

**Further Information:**


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