



**Brenden Mitchell**

Managing Director and Chief Executive Officer

**Tim Rogers**

Chief Financial Officer

**Tony Spassopoulos**

Chief Operating Officer

**Boom Logistics Limited**  
**ASX:BOL**

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## Disclaimer

This presentation contains certain forward-looking statements with respect to the financial condition, results of operations and business of Boom and certain plans and objectives of the management of Boom. Forward-looking statements can generally be identified by the use of words such as 'project', 'believe', 'foresee', 'plan', 'expect', 'aim', 'potential', 'goal', 'target', 'intend', 'anticipate', 'believe', 'estimate', 'may', 'could', 'should', 'will' or similar expressions. All such forward looking statements involve known and unknown risks, significant uncertainties, assumptions, contingencies and other factors, many of which are outside the control of Boom, which may cause the actual results or performance of Boom to be materially different from any future results or performance expressed or implied by such forward looking statements. Such forward-looking statements speak only as of the date of this announcement. Factors that could cause actual results or performance to differ materially include without limitation the following: risks and uncertainties associated with the Australian and global economic environment and capital market conditions, fluctuations in foreign currency exchange and interest rates, competition, Boom's relationships with, and the financial condition of, its suppliers and customers, or legislative changes, or regulatory changes or other changes in the laws which affect Boom's business. The foregoing list of important factors is not exhaustive. There can be no assurance that actual outcomes will not differ materially from these statements. Readers should not place undue reliance on forward looking statements. Except as required by law and ASX Listing Rules, Boom undertakes no obligation to update publicly or otherwise revise any forward looking statement as a result of new information, future events or other factors.





## 1. Revenue growth

- FY18 Revenue up 22% on pcp to \$183.1m
- FY18 Gross Margin at 28.7% up from 27.1% in FY17

## 2. Operational leverage continues to deliver strong margin improvement

- Trading EBITDA at \$21.1m up from \$10.6m in FY17
- Trading EBITDA margin at 11.5% up from 7.1% in FY17
- Positive EBIT at \$2.4m up from a loss (before impairment) of \$7.9m in FY17
- Loss after tax at \$1.55m improved from a loss after tax of \$22.6m in FY17

## 3. Balance Sheet flexibility

- Net debt at \$37.3m down \$7.8m on FY17 – gearing (net debt/ equity) at 26%
- Debt reduction funded by solid operational cash flow at \$11.5m up from \$6.3m in FY17

## 4. FY19 forecast to deliver continued growth

- Strong pipeline to deliver circa 15% revenue growth in FY19
- Operational leverage to continue with strong conversion of revenue to profit
- Target of 2 cents earnings per share in FY19

## 5. Smooth leadership transition

- Brenden Mitchell to retire from CEO and MD role on 20 September 2018 and will support the transition over next 6 months
- Tony Spassopoulos currently COO, appointed CEO and MD, effective 20 September 2018

# FY18 Profit and Loss



	30-Jun-18	30-Jun-17	Change
	\$'m	\$'m	%
Revenue from Services	183.1	150.1	22%
less: Direct Expenses	(130.5)	(109.4)	19%
<b>Gross Profit</b>	<b>52.6</b>	<b>40.7</b>	29%
<i>GP%</i>	<i>28.7%</i>	<i>27.1%</i>	
less: Indirect Expenses	(24.0)	(22.9)	5%
less: Central Costs	(7.5)	(7.2)	4%
<b>Trading EBITDA</b>	<b>21.1</b>	<b>10.6</b>	99%
<i>Trading EBITDA%</i>	<i>11.5%</i>	<i>7.1%</i>	
<i>less: Non-Trading Expenses</i>	<i>(0.6)</i>	<i>(2.7)</i>	
<i>plus: Non-Trading Income</i>	<i>0.0</i>	<i>2.7</i>	
Profit/ (loss) on Sale of Assets	0.1	(0.3)	
<b>Statutory EBITDA (before impairment)</b>	<b>20.6</b>	<b>10.3</b>	99%
less: Depreciation and Amortisation	(18.2)	(18.2)	0%
<b>EBIT (before Impairment)</b>	<b>2.4</b>	<b>(7.9)</b>	
less: Net Borrowing Costs	(4.0)	(3.9)	3%
plus: Income Tax Benefit	0.0	0.8	
Net Loss After Tax (before Impairment)	(1.6)	(10.9)	
less: Impairment	0.0	(11.7)	
<b>Net Loss After Tax</b>	<b>(1.6)</b>	<b>(22.6)</b>	

## 1. Revenue up 22%

Revenue increase attributed to:

- Increased volume from existing customers;
- New contracts;
- Major projects; and
- Labour services

## 2. Direct expenses increased by 19%

Gross Margin at 28.7% - up from 27.1%

## 3. Operational leverage realised

Revenue growth delivered with indirect and central costs increasing by only \$1.4m

Trading EBITDA margin at 11.5% - up from 7.1%

## 4. Non-trading expenses

comprise legal costs associated with final stage of Glove and Barrier legal case and restructure of two small cranes businesses with assets redeployed to more profitable markets

## 5. Depreciation consistent with prior year

Small increase in second half as older transport assets depreciated harder ahead of reinvestment in new trailers in FY19. Expect depreciation to be modestly reduced in FY19

## 6. Return on capital employed improving

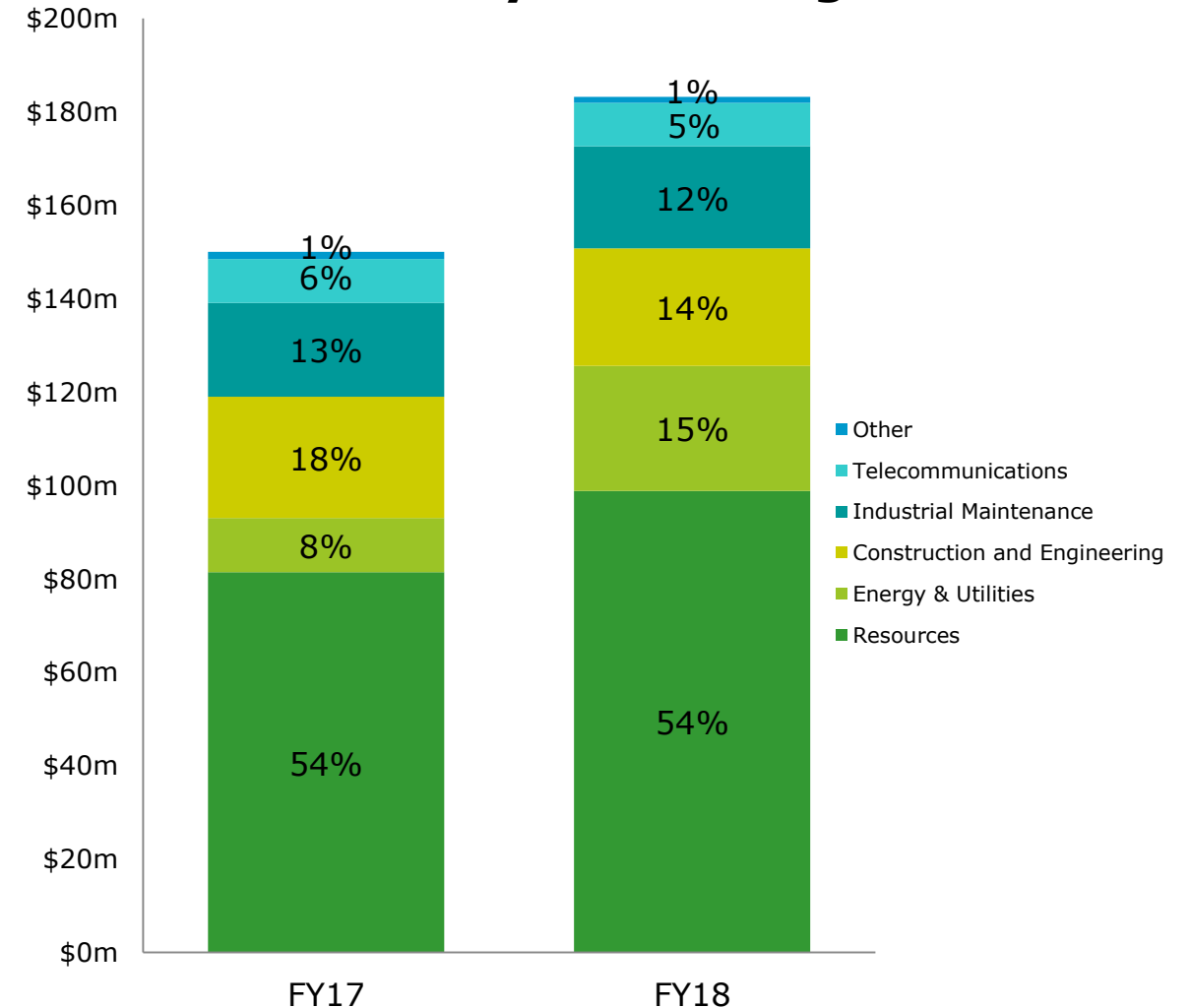
FY18 ROCE at 1.6% (FY17: negative 3.6%)

# Revenue Profile FY18 vs FY17



- **Resources – increase circa \$18m**
  - Higher revenue from maintenance contracts in line with increased customer activity
  - Large shutdown completed at Olympic Dam – circa \$10m revenue
  - Increased revenue with OEM’s on customer sites
- **Energy & Utilities (including wind farms) – increase circa \$15m**
  - Three wind farm construction projects completed in the year
  - Wind farm maintenance – growing segment requiring specialised assets and expertise
- **Construction & Engineering - consistent revenue with pcp**
  - Project based civil infrastructure contracts on road, rail and bridges
  - Sub-contract work for major construction companies
- **Industrial Maintenance and Telecommunications Revenue**  
– consistent revenue with pcp
- **readi (labour hire)**  
- supports growth across all market sectors for Boom and new revenue opportunities from external customers

## Revenue by Market Segment





	30-Jun-18	30-Jun-17	mvmt
	\$m	\$m	\$m
Trading EBITDA	21.1	10.6	10.5
less: cash component of non-trading expenses paid in period	(0.9)	(3.2)	2.3
Cash proceeds from G+B Legal Settlement	1.4	1.3	0.1
Movement in working capital (1)	(6.6)	1.3	(7.9)
<b>Cash Flow from operations before interest and tax</b>	<b>15.0</b>	<b>10.0</b>	<b>5.0</b>
Interest paid (net of interest received)	(3.5)	(3.7)	0.2
<b>Net cash provided by operating activities (2)</b>	<b>11.5</b>	<b>6.3</b>	<b>5.2</b>
Purchase of property, plant, equipment and software (3)	(5.5)	(4.0)	(1.5)
Proceeds from the sale of plant and equipment	2.4	2.9	(0.5)
<b>Net cash used in investing activities</b>	<b>(3.1)</b>	<b>(1.1)</b>	<b>(2.0)</b>
<b>Free cash flow</b>	<b>8.4</b>	<b>5.2</b>	<b>3.2</b>
Transaction costs related to borrowings	0.0	(1.0)	1.0
<b>Net repayment of borrowings (4)</b>	<b>(8.9)</b>	<b>(3.8)</b>	<b>(5.1)</b>
<b>Net (Decrease)/Increase in Cash</b>	<b>(0.5)</b>	<b>0.4</b>	<b>(0.9)</b>

- Working capital increased predominantly as a result of revenue growth  
  
Debtor days also increased by circa 5 days or circa \$2.5m as a result of slower cash collection and debtor mix
- Cash flow from operations strengthened in the second half as debtors from major projects completed in first half were received  
  
Operating cash flow increased \$5.2m on pcp
- Capital expenditure remained low in FY18. Expect expenditure to increase in FY19 to fund replacement of cranes and transport assets. Capital expenditure will remain below depreciation for FY19 as larger assets are rented on flexible rental agreements
- Surplus cash has been applied to debt repayments



		30-Jun-18	30-Jun-17	mvmt
		\$m	\$m	\$m
Cash		1.7	2.2	(0.5)
Trade and Other Receivables	(1)	37.1	30.4	6.7
Assets Held for Sale	(2)	0.8	4.6	(3.8)
Property Plant and Equipment	(2)	167.5	177.6	(10.1)
Other Assets		6.3	6.3	0.0
<b>Total Assets</b>		<b>213.4</b>	<b>221.1</b>	<b>(7.7)</b>
Payables		14.6	14.4	0.2
Bank and Other Loans	(3)	39.0	47.3	(8.3)
Pre paid borrowing costs		(0.4)	(0.7)	0.3
Employee Provisions		9.4	7.9	1.5
Other Liabilities		5.6	6.3	(0.7)
<b>Total Liabilities</b>		<b>68.2</b>	<b>75.2</b>	<b>(7.0)</b>
<b>Net Assets</b>		<b>145.2</b>	<b>145.9</b>	<b>(0.7)</b>
<b>Gearing (Net Debt/ Equity)</b>	(3)	<b>26%</b>	<b>31%</b>	

**1. Trade and other receivables increased by 22%.** Broadly in line with 22% increase in revenue

**2. Operating fleet now considered right sized:**

- Investment in cranes and transport assets will occur during the year;
- Larger capacity cranes will be added to fleet through flexible rental arrangements (rather than capital expenditure). This investment will help to service continued revenue growth and meet customer demand;
- No asset impairment in period – independent asset valuation supported carrying values; and
- Assets Held for Sale decreased. Assets for sale are older models that are no longer considered to be part of core fleet. As new assets are brought into fleet further older assets may be released for sale later in the year

**3. Gross Debt below \$40m**

Net debt at \$37.3m down \$7.8m on prior year

Gearing (net debt/ equity) at 26%, within the Board approved gearing range of 20%-30%

Balance sheet supports capital management flexibility to maximise shareholder value



- Brenden Mitchell is to retire as CEO after over 10 years in the role
- Planned transition to Tony Spassopoulos who will assume the role of CEO and Managing Director effective from 20 September 2018
  - Tony has been with Boom for 10 years bringing a deep knowledge of operations
  - Promoted to COO role in 2017
  - Introduced to investors and shareholders over last 18 months
  - Brenden Mitchell to remain with Boom for 6 months to further support the transition
- Tony brings a focus on business development as the Group enters into a growth stage
- Tony is supported by an aligned, stable and experienced management team



**Tony Spassopoulos** – Joined Boom in 2008, appointed to Chief Operating Officer in 2017. Tony has a background in equipment hire and industrial services with over 19 years experience in senior management roles in the Brambles group. Tony was previously Director/General Manager of CHEP Asia Pacific – Reusable Plastic Containers. Tony holds a Bachelor of Business (Management) at Monash University and an MBA from Melbourne Business School.





- **Maintain the safety culture and disciplines - LTIFR at zero**
  
- **Build revenues in existing and new markets:**
  - Extend/renew current maintenance contracts with resource customers
  - Win additional wind farm construction projects including their maintenance programs
  - Expand on growing infrastructure sector targeting civil construction works
  - Building the Travel Tower business through our Telco and Power company customers
  - Supply *readi* labour hire services to Boom and to new external customers
  
- **Asset optimisation and new fleet program for growth:**
  - Ensuring current fleet is fully utilised relocating assets to high demand locations
  - Access to additional fleet to support new revenue growth using long-term dry hire arrangements
  
- **Profit growth through delivery of operational leverage within the business:**
  - Winning new contracts near existing depot infrastructure, utilising current overhead structure
  
- **Maintain a flexible and cost competitive business model:**
  - Attract and maintain a skilled and experienced workforce to support growth
  - Includes flexible labour arrangements which also includes *readi*



- **Strong Pipeline with multiple opportunities** – expect to deliver revenue growth of circa 15% in FY19
- **Wind farm market expected to grow over the next 3 years:**
  - Targeting to win circa \$30m p.a. of wind farm revenue in FY19 (circa \$20m wind farm revenue in FY18). Next major construction project to commence in October 2018
  - Existing large cranes with associated labour currently working on wind farm construction projects
  - Wind farm maintenance market to grow as number of turbines built increase over the next 3 years
- **Targeted infrastructure & civil construction projects:**
  - Tendering on specific projects where Boom has experience in complex lifts and engineering expertise
  - Significant opportunity to supply labour hire to major projects through *readi*
- **Mining & Resources customers continue to increase their production:**
  - OEM's supplying the mining resource companies presents increased revenue opportunities for Boom
  - New mine construction activities in Western Australia look to present an opportunity if returns are appropriate
  - Major opportunity to supply technical and specialised labour hire for shutdowns through *readi*
- **Telecommunication customers to increase demand as 5G services are rolled out:**
  - New management structure and additional resources focussing on metropolitan markets to leverage opportunity



- Revenue growth to be circa 15%;
- Earnings per share target at 2 cents per share;
- Cash Flow from operations to remain solid;
- Capex will be approximately \$15m to remain below depreciation for the year with additional assets introduced into the fleet on flexible rental arrangement in order to drive revenue growth;
- Gearing (net debt/equity) to remain in the 20%-30% range;
- Balance Sheet flexibility to support capital management opportunities in FY19; and
- Minimum holding buy-back (shareholdings with a value less than \$500) to commence 28 August 2018. Buy-back price will be 5 day VWAP calculated for the 5 trading days prior to 23 August 2018. Detailed communication to be sent to affected shareholders on 28 August 2018. Circa 1.2 million shares held in unmarketable parcels.



- **Company Profile**
- **Company Description**



## Key data

Shares on issue (m)	474.9
Options and share rights (m)	32.4
Market capitalisation (\$m) @24.0 cents	114.0
Cash (as at June 2018) (\$m)	1.7
Debt (as at June 2018) (\$m)	39.0
Average turnover per month (\$m)	3.9
52-week low & high (cents)	0.09 - 0.275
Index	NA

## Director shareholding

	Shares (m)	Options (m)	Salary Sacrifice Share Rights (m)	Total (m)
M.J Findlay	0.25	0	0	0.25
B.C. Mitchell	3.1	11.1	2.0	16.2
J-P. Buijtels*	0	0	0	0
T.C. Francis	0.2	0	0	0.2
T.A. Hebiton	0.5	0	0	0.5

\* Mr Buijtels is employed by Rorema Beheer BV, the fund manager of the fund Gran Fondo Capital which holds 70,760,675 shares in Boom Logistics Ltd

## Largest shareholders

	Holding	Interest
Rorema Beheer B.V.	70,760,675	15%
Greig & Harrison	30,040,806	6%
Cadence Asset Management	25,153,554	5%

Source: Iress



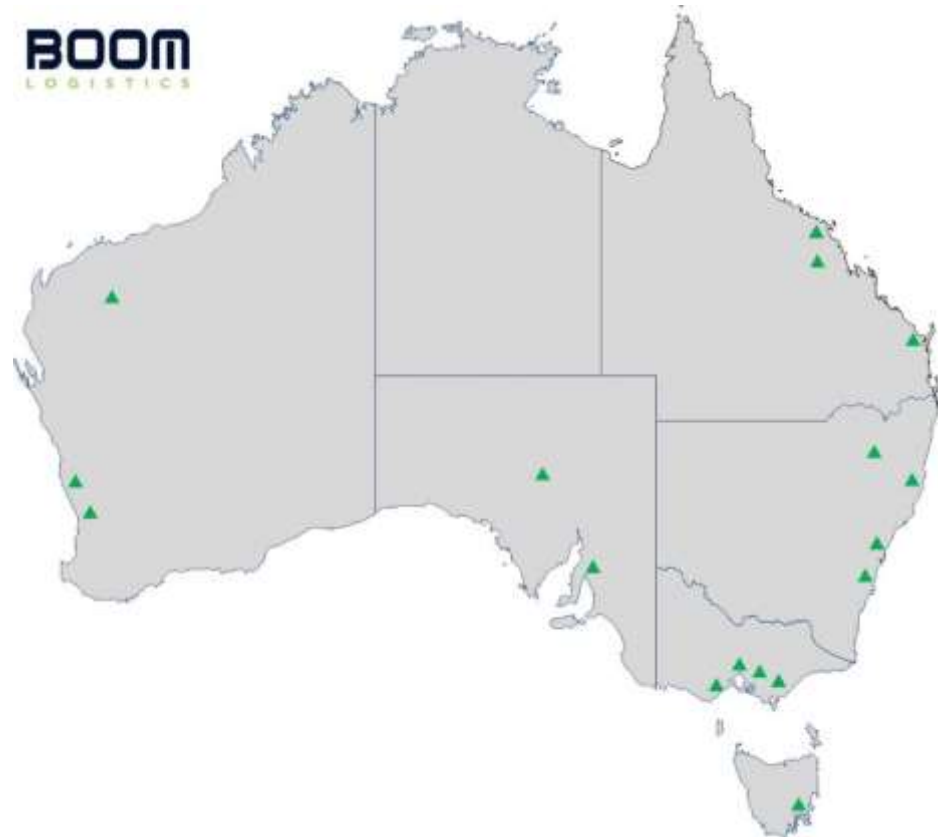
Source: Iress



Boom Logistics is a national industrial services group that delivers an integrated suite of lifting services providing engineering expertise, skilled operators, specialist equipment and a broad range of labour solutions to Australian industry.

- Head office in Melbourne, Australia
- ASX listed in 2003
- 285 Cranes from – 5t to 750t capacity
- 170 Travel Towers – from 12m to 70m
- EWP's and Support Transport assets

## 17 depots located across Australia





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