

2 November 2018

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BUSINESS AND INDUSTRIAL RELATIONS UPDATE

Boom Logistics Limited (“Boom” or the “Group”) provides a business update to the market.

- **Industrial action in NSW and impact on Group earnings**
- **New and renewed contracts secured**

Industrial Action in Pt Kembla, Singleton, Newcastle

Following a breakdown in negotiations to renew enterprise agreements (EBA), our Boom EBA workforce commenced indefinite strike action at our Port Kembla, Singleton, and Newcastle depots on 15 October 2018.

The CFMMEU is seeking a single NSW state-wide agreement with increases in Port Kembla, Singleton and Newcastle of circa 20%, 30% and 50% immediately and thereafter 2.5% increases every six months. Boom has offered pay increases of between 5% and 9% immediately and thereafter increases of 4% to 5% each year for the following two years. This offer has been rejected by the CFMMEU and its members which represents many of our employees in NSW.

The strike action is having a significant negative impact on the results in the Hunter Valley region and is challenging the economic viability of the businesses operating out of Singleton and Newcastle. Whilst the materiality of the strike action is not fully evident at this point in time, we expect a minimum impact of circa \$3m EBITDA on the Group results for FY19. Actions to mitigate the impact are being considered given that agreeing to the union increases would make the Singleton and Newcastle businesses uneconomic.

Discussions are continuing to support our customers and our employees who are not involved in the strike action. The CFMMEU has not indicated any willingness to compromise on the increases it is seeking.

Boom has other enterprise agreements with its employees across Australia. This action is restricted to NSW only.

Contract Wins

Boom has signed a contract to undertake the lifting, mechanical and electrical installation of 56 wind turbine generators in Queensland, with revenue of between \$12m and \$15m. The contract commenced in October 2018 and will make a significant contribution to revenue sourced from wind farm installations for FY19, which currently sits at \$5m for FY19 year to date.

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Boom is also tendering on a number of other opportunities to commence in H2, FY19 and remains confident of achieving approximately \$30m of wind farm revenue in FY19, as previously announced on 15 August 2018.

Contract Renewals

Boom has extended existing contracts with several long-standing customers for the provision of crane and travel towers lifting services. These contract extensions help support Boom's core revenue stream for FY19. Key contracts and their terms are as follows:

BMA – framework agreement, term 3 years;

Alcoa – Kwinana and Pinjarra sites, framework agreement, 3 years; and

Telecommunications – Panel agreements in place with Nokia, Ericsson, Kordia and Visionstream.

The revenue pipeline remains strong across the business supported by mining maintenance activity as well as infrastructure and telecommunications opportunities.

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