June 2014 Full Year Results Presentation

August 2014

FY14 Results

Substantial free cash flow performance and debt reduction, despite difficult business conditions

- Statutory EBIT loss of $74.7m
- Statutory NPAT loss of $79.5m

- Trading EBIT of $14.0m
- Trading NPAT of $3.9m
- Positive free cashflow of $25.0m
- Gearing at 38% (37% at 30 June 2013), despite goodwill and asset impairments totalling $80.1m
- Net Debt down to $89.5m ($115.8m at 30 June 2013)
- Net Tangible Assets per share of $0.49 – post impairment

Note:
1. All Statutory references reflect International Financial Reporting Standards (IFRS) financial information. Trading results reflect non-IFRS financial information and exclude one-off items such as restructuring costs.
2. Boom's FY14 Trading EBIT result is a non-IFRS measure that excludes $88.7m of one-off items, comprising Goodwill impairment ($70.8m), asset impairment ($9.3m), restructuring costs ($8.3m) and legal fees associated with Boom Sherrin's 18m Glove and Barrier legal action ($0.3m). Boom's FY14 Trading NPAT is a non-IFRS measure that excludes the after-tax impact of these one-off items, being $83.4m.
3. Gearing = Net Debt / Equity

FY14 performance – **Market conditions**

- Revenue reductions were primarily a consequence of pricing pressure and reduced activity, most notably:
  - the loss of the BHPB Ports contract in Port Hedland in August 2013;
  - significant reduction in maintenance volumes in the Bowen Basin and Hunter Valley coal markets, combined with demand volatility;
  - excess service capacity driving significant price competition for new tender opportunities;
  - exposure to the Forge Group Limited collapse in Q314; and
  - the continued rundown of the access & general hire business within Boom Sherrin in keeping with our "manage for cash" strategy for this business.

FY14 performance – **Market conditions**

- Notwithstanding underlying revenue challenges, the following opportunities have been secured during 2H14:
  - being awarded the principal contract for the installation and mechanical completion of the Bald Hills Wind Farm in Victoria;
  - new supplier agreements with Fortescue Metals Group for cranes and labour at their Cloudbreak, Christmas Creek, Solomon and Anderson Point operations;
  - supplier agreements with Aurizon Operations Limited and Vestas Wind Farm Maintenance Services; and
  - major shutdown activity with existing customers including Newmont Boddington Gold, Alcoa and BP.

FY14 performance – **Management actions**

- Boom has responded with ongoing initiatives including:
  - 103 redundancies occurring in FY14 across the business following the headcount reduction of 130 during FY13. A significant proportion of the FY14 redundancies relate to overhead positions, following the transition of various transactional activities to a shared services centre in Brisbane;
  - a further 44 redundancies have been provided for at 30 June 2014, predominantly associated with the Queensland restructuring;
  - refining Boom's labour model primarily through the renegotiation of previously uncompetitive EBAs to achieve greater flexibility;
  - the commencement of the "One Boom" integration project to generate cost savings through shared activity and to facilitate increased cross selling of services across Boom's Crane business and the Boom Sherrin Travel Tower business;
  - a heightened focus on the sale of surplus equipment, generally from surplus, older crane stock and non-core access equipment; and
  - reduced capex requirements reflecting subdued demand.

Financial Review FY14
Profit & Loss

BOOM LOGISTICS

$m	FY14	FY13	% change
Revenue			
Crane Logistics	**222.4**	280.3	(21%)
Boom Sherrin	**49.8**	57.4	(13%)
Operating Revenue	**272.2**	337.7	**(19%)**
Other Income	**0.9**	-	
Interest Income	**0.2**	0.7	
Total Revenue	**273.3**	338.4	**(19%)**
Trading EBIT			
Crane Logistics	**19.8**	31.5	(37%)
Boom Sherrin	**6.0**	8.0	(25%)
Central costs	**(11.8)**	(13.5)	11%
Total Trading EBIT	**14.0**	26.0	**(47%)**
Trading EBIT Margin	***5%***	*8%*	
Interest Expense & Borrowing Costs	**(8.4)**	(10.5)	(20%)
Tax	**(1.7)**	(4.7)	
Trading Net Profit after Tax	**3.9**	10.7	**(65%)**
Trading Adjustments (after tax)	**(83.4)**	(13.2)	
Statutory Net Profit after Tax	**(79.5)**	(2.5)	

- **Crane Logistics revenue impacted by:**
  - **significant pricing pressure and reduced activity, particularly through coal producers' cost reduction programmes; and**
  - **the finalisation of the BHPB Ports contract in North West WA in August 2013**
- **Boom Sherrin's revenue reduction has been a result of the run down of the non-core access equipment business, as well as customer project delays in the telecommunication and high voltage transmission sectors impacting Travel Towers**
- **Central costs have been reduced whilst absorbing some administrative burden from the business following centralisation activities**
- **Interest expense has reduced through the reduction in debt levels**

Segment information is provided in note 5 to the full year financial report based on the information provided to the chief operating decision maker in accordance with accounting standard AASB 8 Operating Segments. This presentation has been prepared at 30 June 2014 to provide further (unaudited) information considered appropriate to explain developments in the business.
Refer to Appendix for Trading Reconciliation.

Financial Review FY14
Balance Sheet

Statutory $m	**30 June 2014**	30 June 2013	**Movement**
Cash	**8.6**	3.6	5.0
Trade Receivables	**55.4**	55.4	-
Income Tax Receivable	**4.4**	4.5	(0.1)
Inventories	**0.3**	0.5	(0.2)
Assets Held For Sale	**15.5**	10.9	4.6
Plant & Equipment	**300.0**	336.7	(36.7)
Intangibles	**2.7**	74.6	(71.9)
Other Current Assets	**2.5**	2.8	(0.3)
Total Assets	**389.4**	489.0	**(99.6)**
Payables	**23.1**	20.4	2.7
Borrowings	**98.1**	119.4	(21.3)
Provisions	**19.2**	17.2	2.0
Other current & non-current liabilities	**14.7**	18.7	(4.0)
Total Liabilities	**155.1**	175.7	**(20.6)**
Net Assets	**234.3**	313.3	**(79.0)**
Net Tangible Assets per share	**0.49**	0.51	

- **Sound balance sheet metrics maintained following impairments**
  - **Gearing: 38%**
  - **NTA: 0.49 cents per share**
- **Debt reduction achieved through positive free cashflow, driven by reduced capex and the increase in surplus asset sales – Net Debt of $89.5m**
- **Continued focus on fleet rationalisation and sale of surplus assets will continue into FY15**

Note: Gearing = Net Debt / Equity

Financial Review FY14
Cash Flow

Statutory $m	FY14	FY13	Movement
Net receipts / (payments)	**31.2**	60.3	(29.1)
Net interest received / (paid)	**(7.6)**	(9.1)	1.5
Income tax received / (paid)	**-**	-	-
Net Cash provided by operating activities	**23.6**	51.2	**(27.6)**
Purchase of plant and equipment	**(15.9)**	(62.3)	46.4
Payments for intangible assets - software development	**-**	(1.4)	1.4
Proceeds from the sale of plant and equipment	**17.3**	11.2	6.1
Net Cash from / (used in) investing activities	**1.4**	(52.5)	**53.9**
Free cashflow	***25.0***	*(1.3)*	***26.3***
Net repayments of borrowings	**(20.0)**	(5.2)	(14.8)
Payment of dividends	**-**	-	-
Net Cash from / (used in) financing activities	**(20.0)**	(5.2)	**(14.8)**
Net increase / (decrease) in cash	**5.0**	(6.5)	**(11.5)**
Closing cash	**8.6**	3.6	**5.0**

- **Positive free cashflow of $25.0m**
- **Asset sales have been well ahead of internal targets and have generated $5.0m profit on sale ($1.9m relates to access and general hire equipment)**
- **Capital investment has been curtailed reflecting foreseeable customer requirements and benefitting from the previous 4 years of fleet investment**
- **Free cashflow prioritised to debt reduction**
- **Improvements in working capital anticipated**

Goodwill impairment

- A non-cash goodwill impairment of $70.8m has been reflected in the 30 June 2014 financial statements.

- A deliberately conservative approach that reflects both current market volatility and recent guidance from ASIC, particularly their focus on whether there has been variability between prior periods' actual cash flows compared to budgeted expectations.

Intangible Assets ($m)	**FY14**	FY13
Goodwill	**-**	70.8
Software development costs	**2.7**	3.8
Total Intangible Assets	**2.7**	74.6

Asset impairment

- A non-cash impairment of assets totalling $9.3m has been reflected in the 30 June 2014 financial statements.
  - Assets held for sale impairment ($4.5m)
    - All assets held for sale are carried at their expected sales value, with $15.5m of surplus assets identified for sale during FY15.
  - Impairment of fixed assets in WA ($4.8m)
    - An impairment of $4.8m has been recognised against the $99.9m net book value of fixed assets in the WA business as the recoverable value of those assets was calculated to be less than their carrying value.

The carrying value of Boom's fixed assets was independently tested as part of the debt refinancing exercise in December 2013. The outcome of that assessment was that the market value of Boom's assets nationally was in excess of their carrying value.

Restructuring provision

- As noted in Boom's announcement to the market on 16 July 2014, a $6.5m restructuring provision has been recorded in the 30 June 2014 financial statements.
- The transition from the BHPB Mitsubishi Alliance ("BMA") contract following its expiry on 30 June 2014 involves a significant restructuring of Boom's Queensland business. This includes redundancies, physical relocation of assets and the closure of certain depots.
- Other elements of the restructuring provision relate predominantly to the One Boom project

Restructuring Provision ($m)	FY14
Queensland depot closure costs	3.0
Queensland redundancies	1.1
Other redundancies	0.2
"One Boom" Integration Project	0.7
Other restructure costs (relocations, transport etc.)	1.5
Total Restructuring Provision	**6.5**

Outlook

- Boom anticipates challenging market conditions to continue into FY15. Accordingly, the business will prioritise:
  - driving to convert the sales pipeline into new revenue including targeting opportunities for future growth from infrastructure projects;
  - consolidation of Boom’s revenue opportunities from new contracts;
  - successful execution of the Queensland and East Coast restructure in 1Q15;
  - improving Boom’s labour model to establish a labour cost base and flexibility that reflects the significant changes in market conditions;
  - successful execution of the One Boom project to achieve revenue synergies and further cost reductions;
  - the sale of surplus assets to generate cash; and
  - further deleveraging of the balance sheet.

Full Year Results Presentation

Appendix

Explanatory Notes

Note 1: Trading adjustments

The table below sets out the trading adjustments in the FY14 result.

	EBIT	NPAT
Statutory result	**(74.7)**	**(79.5)**
Less Impairment charges		
Goodwill	70.8	70.8
Assets	9.3	6.5
Less restructuring costs		
Queensland	4.8	3.4
National Office	1.4	1.0
Western Australia	1.1	0.8
New South Wales	0.7	0.5
Victoria	0.2	~0.1
Boom Sherrin	0.1	~0.1
18m G&B Legal Fees	0.3	0.2
Trading result	**14.0**	**3.9**

Note 2: Statutory Revenue reconciliation

The table below sets out the composition of statutory revenue.

Statutory $m	**FY14**	FY13	**% change**
Crane Logistics	**222.4**	280.3	**(21%)**
Boom Sherrin Travel Towers	**30.8**	34.3	**(10%)**
Core Business Revenue	**253.2**	314.6	**(20%)**
Boom Sherrin Access & Other	**19.0**	23.1	**(18%)**
Operating Revenue	**272.2**	337.7	**(19%)**
Other	**0.9**	-	
Interest Income	**0.2**	0.7	
Total Statutory Revenue	**273.3**	338.4	**(19%)**

Segment information is provided in note 5 to the full year financial report based on the information provided to the chief operating decision maker in accordance with accounting standard AASB 8 Operating Segments. This presentation has been prepared at 30 June 2014 to provide further (unaudited) information considered appropriate to explain developments in the business.

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