Boom Logistics Limited

Half Year Results Presentation

25 February 2011

BOOM
LOGISTICS

Summary

- **$5.1m trading NPAT for 1H11, up $4.6m from prior corresponding period (“PCP”) (1H10 trading NPAT of $0.5m).**

- **Strong recovery in the core crane logistics business continues.**
  - 22% revenue increase on PCP with a corresponding 113% increase at EBIT.
  - Continued strong demand in core market segments of resources, energy, utilities and infrastructure, particularly:
    - coal mining in the Bowen Basin and Hunter Valley;
    - iron ore and gold mining in Western Australia; and
    - oil and gas.
  - Further key contract renewals and wins.

- **Good progress has been made on FY11 priorities with ongoing profit improvement initiatives to drive future earnings and better returns.**
  - James Equipment exited.
  - Boom Sherrin has consolidated some of its depots and redeployed assets to areas of higher demand.
  - Melbourne, Brisbane and Port Kembla crane logistics businesses have been restructured with cranes relocated to high growth markets to drive better returns.

- **Balance Sheet strength provides a sound base for growth.**
  - Net Debt to Equity of 37% (38% at June 2010).
  - Debt refinancing process well progressed in advance of September renewal.

1H11 Trading Results

$m	1H10	2H10	FY10	1H11	1H11 pcp
Crane Logistics	106.9	117.5	224.5	130.9	22%
Boom Sherrin	38.2	40.1	78.3	36.9	(3%)
James Group	17.3	5.6	22.9	2.6	(85%)
Operating Revenue	**162.4**	**163.1**	**325.6**	**170.4**	**5%**
Foreign Exchange Gain / (Loss)	0.1	0.9	1.0	0.0	
Profit / (Loss) on Sale of Fixed Assets	0.2	0.3	0.4	0.4	
Interest Income	0.2	1.2	1.4	0.2	
Total Revenue	**162.9**	**165.4**	**328.4**	**171.0**	**5%**
EBITDA[1]	**22.5**	**27.3**	**49.8**	**31.2**	**39%**
EBITDA Margin	14%	17%	15%	18%	
Depreciation	(14.6)	(15.1)	(29.8)	(16.4)	
Amortisation	(0.5)	(0.5)	(1.0)	0.0	
EBIT	**7.3**	**11.7**	**19.0**	**14.9**	**104%**
EBIT Margin	4%	7%	6%	9%	
Interest Expense	(7.5)	(4.9)	(12.4)	(4.6)	
Borrowing Costs[2]	(2.4)	(3.4)	(5.7)	(3.2)	
Profit before Tax	**(2.6)**	**3.4**	**0.8**	**7.1**	
Tax	3.1	0.2	3.3	(2.0)	
Net Profit after Tax[3]	**0.5**	**3.6**	**4.1**	**5.1**	**1,006%**

- Strong trading profit improvement driven by the core crane logistics business.
- 1H11 trading EBITDA excludes $3.3m of one-off restructure costs.
- December weather impacts of $1.2m are included in the trading result.
- Borrowing costs relating to line fees are now classified as financing expenses along with interest (previously included in EBITDA).

1. The 1H11 trading result excludes $3.3m one-off restructure costs relating to the James Equipment exit ($2.0m) and other depot restructuring.
2. Borrowing costs including line fees previously included in EBITDA are now included below EBIT. Prior period comparatives have been restated.
3. A reconcilaition of the Statutory Reported result and the Trading result as reported in this presentation is set out at Appendix 1.

1H11 Divisional Results

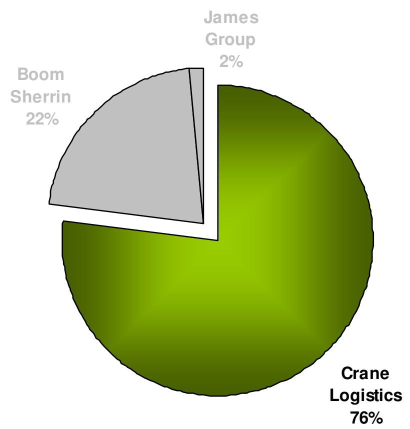
$m	1H10	2H10	FY10	1H11
Revenue				
Crane Logistics	106.9	117.5	224.5	130.9
Boom Sherrin	38.2	40.1	78.3	36.9
James Group	17.3	5.6	22.9	2.6
Operating Revenue	**162.4**	**163.1**	**325.6**	**170.4**
Other Revenue[1]	0.5	2.3	2.8	0.6
Total Revenue	**162.9**	**165.4**	**328.4**	**171.0**
EBIT[2 3]				
Crane Logistics	9.4	11.7	21.1	19.9
Boom Sherrin	5.1	5.5	10.6	3.5
James Group	(0.6)	(1.4)	(2.0)	(1.0)
National Office[4]	(6.6)	(4.1)	(10.7)	(7.4)
Total EBIT	**7.3**	**11.7**	**19.0**	**14.9**

- FY11 first half crane logistics EBIT is 94% of the FY10 full year result.
- Improvement in Boom Sherrin from 1Q11 but project delays and deferrals have impacted the first half result.
- James Equipment exited with no further costs of exit expected.
- James Group included the Baden maintenance business which continues to operate.

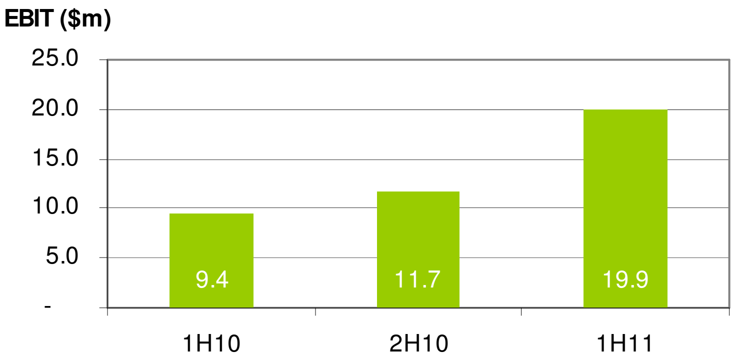
1. Other revenue includes foreign exchange gains / losses, profit / loss on sale of fixed assets and interest income.
2. EBIT excludes borrowing costs relating to line fees as they are now included below EBIT.
3. 1H11 EBIT excludes $3.3m one-off restructure costs.
4. National office EBIT includes the impacts of foreign exchange gains / losses and interest income.

1H11 Divisional Results – Crane Logistics

1H11 REVENUE CONTRIBUTION



FY10 – FY11 HALF-ON-HALF MOVEMENTS

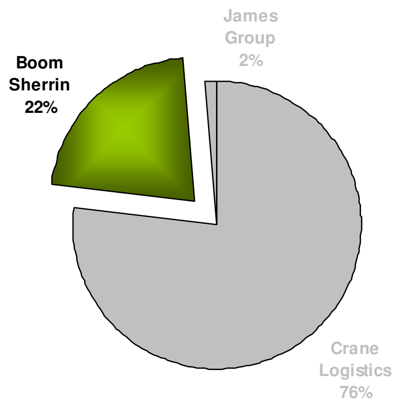


HIGHLIGHTS

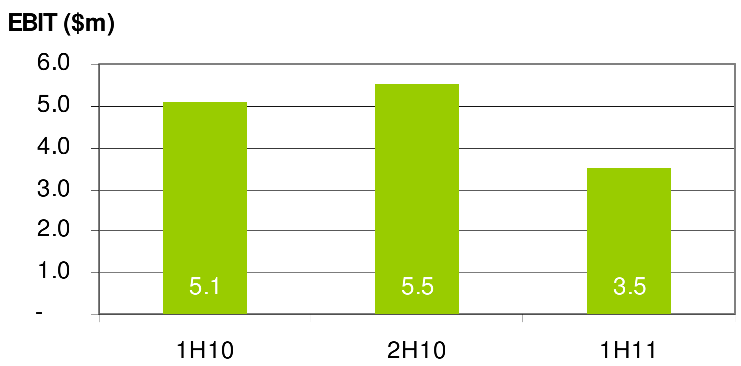
- 22% increase in revenue on PCP.
- Significant EBIT margin recovery:
  - 1H10 – 8.7%
  - 2H10 – 10.0%
  - 1H11 – 15.2%
- Improved market conditions in mining and resources, particularly the Bowen Basin and Hunter Valley.
- Restructuring in Melbourne, Brisbane and Port Kembla to drive profitability improvement. Equipment relocated to support key customers in the Bowen Basin, Hunter Valley and the Pilbara.
- Renewal of Mount Arthur Coal contract in Hunter Valley – an industrial maintenance contract with a key growth customer.
- Award of Banora Point contract – an infrastructure project serviced by our Brisbane business.
- Queensland weather impacts in December were $0.9m EBIT and are included in the trading results.

1H11 Divisional Results – Boom Sherrin

1H11 REVENUE CONTRIBUTION



FY10 – FY11 HALF-ON-HALF MOVEMENTS

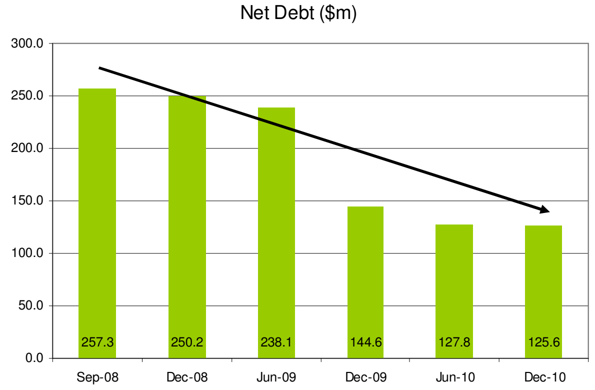


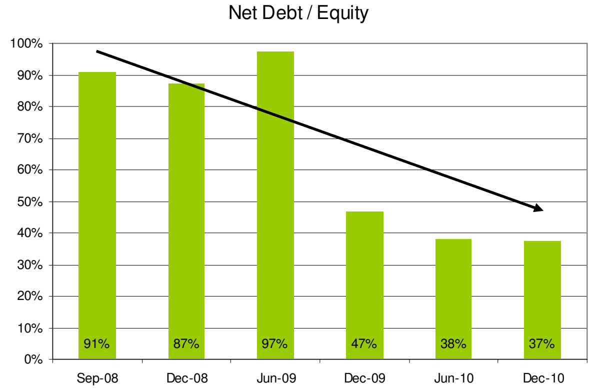
HIGHLIGHTS

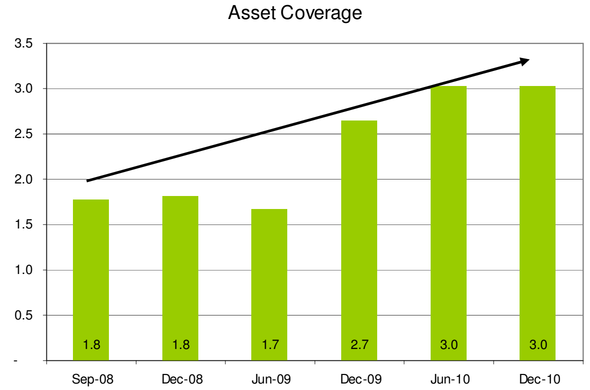
- 1H11 performance impacted by project delays and some deferrals caused by weather.
- Q211 run rate performance improvement on Q111, as asset utilisation improves.
- Queensland weather impacts in December were $0.3m EBIT and are included in the trading results.
- Boom Sherrin has a solid pipeline of work with performance dependant on project timing and the opportunity for Boom Sherrin involvement in Queensland recovery efforts.

Debt Facilities

- Boom's existing syndicated debt facility expires in September 2011. Consequently, total syndicated debt of $70.2m is classified as a current liability at 31 December 2010. This will be reclassified as a non-current liability once the refinancing is complete.
- Refinancing process well progressed.
- National Australia Bank appointed as Mandated Lead Arranger and Bookrunner and is currently working through its credit approval process.
- Boom's capital structure is significantly improved from September 2008 when the last refinancing took place.







- Refinancing terms are further supported by Boom's earnings recovery that commenced in Q410 and is continuing.

Balance Sheet

$m	June 2010	December 2010	$m Mvmt
Cash	10.1	9.5	(0.6)
Trade Receivables	59.3	56.5	(2.8)
Other Receivables	4.0	4.7	0.7
Inventories	9.1	3.3	(5.8)
Assets Held For Sale	5.3	7.5	2.2
Plant & Equipment	367.0	360.0	(7.0)
Intangibles	90.4	90.4	-
Other current & non-current assets	6.5	4.8	(1.7)
Total Assets	**551.7**	**536.7**	**(15.0)**
Payables [1,2]	43.1	27.6	(15.5)
Borrowings	135.1	133.5	(1.6)
Provisions	12.3	12.2	(0.1)
Other current & non-current liabilities	26.5	25.7	(0.8)
Total Liabilities	**217.0**	**199.0**	**(18.0)**
Net Assets	**334.7**	**337.7**	**3.0**

- Improved working capital position:
  - both debtors and debtors days reduced;
  - inventory reduced; and
  - creditors reduced.
- Net Debt to Equity of 37% (38% at June 2010).
- As at 31 December 2010:
  - Net Tangible Assets per share of $0.54.
  - Net Assets per share of $0.73
- In addition to $8.3m of new capital additions to plant and equipment, $5.6m of assets were transferred out of James Equipment inventory to support crane logistics customers.

1. June 2010 payables includes $17m of Letters of Credit relating to capital procured on deferred payment terms. This amount was transferred to Borrowings during 1H11.
2. December 2010 payables includes $5m of Letters of Credit relating to capital procured on deferred payment terms. This amount will be transferred to Borrowings during 2H11.

Cash Flow

$m	1H10	1H11	$m Mvmt
Net receipts / (payments) [1]	20.6	27.2	6.6
Net interest received / (paid) [1]	(9.2)	(7.6)	1.6
Income tax received / (paid)	14.1	(1.0)	(15.1)
Cash provided from operating activities	**25.5**	**18.6**	**(6.9)**
Purchase of plant and equipment	(14.3)	(21.1)	(6.8)
Proceeds from the sale of plant and equipment	5.0	2.7	(2.3)
Cash used in investing activities	**(9.3)**	**(18.4)**	**(9.1)**
Repayments of borrowings	(85.7)	(20.4)	65.3
Proceeds from borrowings	2.8	19.7	16.9
Payment of dividends	-	-	-
Proceeds from issue of shares	66.8	-	(66.8)
Payments for issuing shares	(1.8)	-	1.8
Cash used in financing activities	**(17.9)**	**(0.7)**	**17.2**
Net increase / (decrease) in cash	**(1.7)**	**(0.5)**	**1.2**
Closing cash	**9.0**	**9.5**	**0.5**

- Cash flow position continues to be strong
- $20.4m of finance leases (principal and residual) were paid out by cash during the period.
- A total of $21.1m of plant and equipment expenditure impacted the cash flow in the period, comprising:
  - $12.8m of deferred capital (assets were on the balance sheet in FY10 but payment terms were deferred); and
  - $8.3m of new capital purchases.
- No dividend to be paid for 1H11.

1. Syndicated debt borrowing costs have been reclassified as Interest Paid (previously reported as payments to suppliers of $2.4m in 1H10 and $3.2m in 1H11).

Sound progress being made on strategic priorities

RESHAPE THE BUSINESS

- Drive crane logistics growth in industrial services and major project development markets
- Redeploy fleet to maximise revenue and returns
- Manage non-core businesses for cash

DRIVE PROFIT IMPROVEMENT AND RETURNS

- Drive operational improvements in
  - Maintenance management
  - Labour cost management
  - Working capital management
  - Indirect costs
- Continue to focus on return on capital disciplines in the fleet

INVEST IN GROWTH

- Invest in fleet mix to address market demand in resources, energy, utilities and major infrastructure projects

INVEST IN PEOPLE, CAPABILITIES AND CULTURE

- Continued focus on safety culture and capability
- On-going investment in training
- Continue to enhance management talent pool
- Next phase of system and process improvements: operational and financial management, payroll and labour cost management

HALF YEAR UPDATE

- Continued focus on core markets is yielding results, evidenced by margin growth
  - Further contract wins – Mount Arthur Coal (renewal) in the Hunter Valley and Banora Point, serviced by our Brisbane business
  - First wind farm construction project commences in March
- Strong progress in strengthening internal capability to support growth

Outlook

- **Strategy and key market activity on track.**
    - Recovery to continue in crane logistics underpinned by strong growth projections from our key customers.
    - Strengthening demand from resources, energy, utilities and infrastructure sectors expected to continue.
    - Pipeline for Boom Sherrin is solid, subject to timing of project commencements and involvement in recovery efforts in Queensland.

- **Weather is always a factor for our major customers and for Boom. Business performance in the first half was generally resilient against the adverse weather conditions, with financial impacts not severe.**

- **The Company has experienced further business disruptions due to the abnormal weather events in Queensland and Western Australia during January and February.**
    - Whilst some Boom employees were personally impacted, none were harmed and there was virtually no damage to Boom's facilities and equipment.
    - Whilst these abnormal weather events will impact on the third quarter result, the impact on the full year is uncertain as increased demand is likely through recovery efforts and to compensate for lost production.

BOOM LOGISTICS LIMITED

Investor enquiries:

Brenden Mitchell
Managing Director and
Chief Executive Officer

03 9207 2500

Iona MacPherson
Chief Financial Officer and
Company Secretary

03 9207 2500

Appendix 1: NPAT Reconciliation

$m	1H11	1H10
Trading NPAT	**5.1**	**0.5**
One-off redundancy and restructure costs	(3.3)	(0.1)
Tax benefit on above noted one-off charges	1.0	-
Statutory NPAT	**2.8**	**0.4**

1H11 one-off redundancy and restructure costs

As announced in October 2010, the James Equipment business has been exited. There were $2.0m of redundancy and closure costs associated with the exit.

A number of businesses in crane logistics and Boom Sherrin have been restructured to drive better returns. This activity included some redundancies, some depot closures and asset redeployment. Businesses impacted included Melbourne, Brisbane, Port Kembla and Whyalla with a total one-off cost of $1.3m.