

Boom Logistics Limited Announcement

29 June 2010
ASX code: BOL

Archer Capital proposal materially undervalues Boom

On 3 June 2010, Boom Logistics Limited (“Boom”) announced that it had received a highly conditional, confidential and incomplete proposal from Archer Capital Pty Ltd (“Archer”) to acquire Boom through a scheme of arrangement, at an indicative price of \$0.52 per share (“Archer proposal”).

The Board advised it would assess the Archer proposal once it had been through a process of quantifying the impacts of an improving operating environment, and recently announced contract wins, on the expected financial performance of the business.

This work is now complete. The Board has concluded that the value of Boom is materially higher than \$0.52 per share and the Archer proposal on its current terms therefore materially undervalues the company. In coming to its conclusion, the Board determined that:

- The Archer proposal has been timed to coincide with the end of a prolonged post GFC downturn in the industrial services sector which has been reflected in reduced business activity and a depressed Boom share price.
- Boom has experienced a sharp increase in activity levels and equipment utilisation rates during this last quarter of FY10 and expects these improving business conditions to continue into FY11 and beyond.
- The Archer proposal does not reflect Boom’s operating leverage to the value of its asset base. The group has a strong pipeline of growth opportunities and continues to convert tenders for such opportunities at a success rate of more than 50%. Boom has recently announced a number of these major contract wins which provide a solid base for future sustainable revenues. The group’s diversified and well maintained fleet has capacity for further utilisation uplift and will benefit from targeted capital investment over the last two years in high margin areas of its business.
- Boom is strategically aligned with customers in high growth markets. Strong industry growth is forecast across key Boom markets including resource development, mining, heavy industry, energy and utilities. Boom has strong relationships with major blue chip customers in each of these segments and is ideally positioned to benefit from increasing activity.

The Board notes the non-binding nature of the Archer proposal and the conditions attached to it provide no certainty for Boom’s shareholders. It is not capable of acceptance by Boom’s shareholders and there is no certainty of it becoming a proposal capable of being put to Boom’s shareholders. Additionally, there is no explanation of the recently announced relationship between Archer and McAleese Group, who is a shareholder in Boom and a major competitor of Boom in Queensland.

The Board of Boom has a high degree of confidence in the group’s strategy, outlook and growth prospects. Together with Boom’s management team and staff, the Board will continue to focus on maximising value for all Boom shareholders.

The Board remains willing to explore any change of control or other value enhancing proposals that represent full and fair value for Boom’s shareholders and offer sufficient clarity and certainty.

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IMPORTANT INFORMATION

This release includes forward-looking statements such as management plans, strategies, and objectives as well as expected financial performance. These forward-looking statements involve known and unknown risks, uncertainties and other factors, many of which are outside the control of Boom, and its officers, employees or its agents. Actual results, performance or achievements may vary materially from any projections and forward-looking statements and the assumptions on which those statements are based. Readers are cautioned not to place undue reliance on forward-looking statements and Boom assumes no obligation to update such information.