



**BOOM**  
LOGISTICS  
LIMITED

**Half Year Results Presentation  
14 February 2012**

# Key Highlights

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■ **1H12 \$8.0m reported profit after tax, up 186% or \$5.2m from \$2.8m in 1H11.**

■ **1H12 \$6.9m trading profit after tax, up 36% or \$1.8m from \$5.1m in 1H11.**

- Trading results exclude the \$3.0m profit on sale of Melbourne Tower Crane assets and \$1.5m of Boom Sherrin restructure costs (and associated tax effects). A reconciliation is set out at Appendix 1.

■ **Significant achievements in operating performance**

- 17% Crane Logistics revenue growth in NSW, QLD and North West WA.
- Successful tender for new business with BHPB Olympic Dam (\$100m revenue over 5 years), commencing 1 June 2012.
- Contract renewal and extension of services with Boom's largest customer, BHPB Mitsubishi Alliance ("BMA") for 3 years (c. \$35 million revenue p.a.).
- Continued growth in the mining and resources sector, which now contributes 58% of total Crane Logistics revenue.
- Boom Sherrin restructure executed on schedule at a lower than planned cost of \$1.5m. Annualised savings of c. \$6m anticipated to commence from early 2012.
- Melbourne Tower crane assets sold in October 2011 for proceeds of \$7.5m and a profit on sale of \$3.0m.

■ **Successful completion of three year, \$150 million syndicated debt facility at lower cost of debt (1H12 cost of 9%, compared with 12% in 1H11 reflected in a \$1.9m cost reduction). The cost of debt in 2H12 is expected to be 8%.**

# 1H12 Trading Results

\$m	1H11	2H11	FY11	1H12	1H12 pcp
<b>Total Revenue</b>	<b>171.0</b>	<b>169.4</b>	<b>340.4</b>	<b>175.7</b>	<b>3%</b>
<b>Trading EBITDA</b>	<b>31.2</b>	<b>24.3</b>	<b>55.5</b>	<b>30.3</b>	<b>(3%)</b>
Trading EBITDA Margin	18%	14%	16%	17%	
<b>Trading EBIT<sup>12</sup></b>	<b>14.9</b>	<b>8.3</b>	<b>23.2</b>	<b>15.9</b>	<b>7%</b>
Trading EBIT Margin	9%	5%	7%	9%	
<b>Trading Net Profit after Tax</b>	<b>5.1</b>	<b>0.3</b>	<b>5.4</b>	<b>6.9</b>	<b>36%</b>

1. The 1H12 trading EBIT result excludes the \$3.0m profit on sale of the Melbourne Tower Crane assets in October 2011 and \$1.5m of Boom Sherrin restructure costs.
2. The FY11 EBIT trading result excludes \$5.6m one-off restructure costs relating to the exit of James Equipment and GM Baden and other depot restructuring. Impairments of \$47.6m relating to goodwill (\$19.6m) and assets (\$28.0m) were also excluded from the trading EBIT result in FY11.
3. A reconciliation of the Statutory Reported result and the Trading result as reported in this presentation is set out at Appendix 1.

- Revenue growth, has been driven by:
  - strong customer volumes in the Bowen Basin, the Hunter Valley and North West WA;
- offset by*
  - a reduction in Boom Sherrin revenue of \$3.2m; and
  - \$6.8m reduced revenue in 1H12 as a result of the discontinuing operations of Melbourne Mobile, James Equipment, GM Baden and Melbourne Tower.
- EBITDA reduction of 3% a result of:
  - reduced Tower Crane earnings as a result of its sale in October 2011, offset by the p.c.p. losses from James Equipment, GM Baden and Melbourne Mobile;
  - WA margins impacted by FIFO, accommodation and infrastructure, with joint solutions being worked on with major clients; and
  - lower volumes from Boom Sherrin's non-core access equipment.
- NPAT growth through improved trading EBIT and reduced interest expense.

# 1H12 Divisional Results

\$m	1H11	2H11	FY11	1H12	1H12 pcp
<b>Revenue</b>					
Crane Logistics - Continuing	123.3	127.0	250.3	138.1	12%
Melbourne Tower - Discontinued	6.5	5.7	12.2	3.5	(46%)
Melbourne Mobile - Discontinued	1.1	0.0	1.1	0.0	(100%)
<b>Crane Logistics - Total</b>	<b>130.9</b>	<b>132.7</b>	<b>263.6</b>	<b>141.6</b>	<b>8%</b>
Boom Sherrin	36.9	35.6	72.5	33.7	(9%)
James Group - Discontinued	2.6	0.8	3.4	0.0	(100%)
<b>Operating Revenue</b>	<b>170.4</b>	<b>169.1</b>	<b>339.6</b>	<b>175.4</b>	<b>3%</b>
National Office <sup>1</sup>	0.6	0.3	0.9	0.3	(40%)
<b>Total Revenue</b>	<b>171.0</b>	<b>169.4</b>	<b>340.4</b>	<b>175.7</b>	<b>3%</b>
<b>Trading EBIT<sup>23</sup></b>					
Crane Logistics - Continuing	19.4	11.6	30.9	18.9	(2%)
Melbourne Tower - Discontinued	0.7	0.6	1.3	0.1	(86%)
Melbourne Mobile - Discontinued	(0.2)	0.0	(0.2)	0.0	100%
<b>Crane Logistics - Total</b>	<b>19.9</b>	<b>12.2</b>	<b>32.0</b>	<b>19.0</b>	<b>(4%)</b>
Boom Sherrin	3.5	3.7	7.2	3.5	2%
James Group - Discontinued	(1.0)	(0.7)	(1.7)	0.0	100%
National Office	(7.4)	(6.8)	(14.3)	(6.6)	11%
<b>Total Trading EBIT</b>	<b>14.9</b>	<b>8.3</b>	<b>23.2</b>	<b>15.9</b>	<b>7%</b>

1. National Office includes foreign exchange gains / losses, profit / loss on sale of fixed assets and interest income.

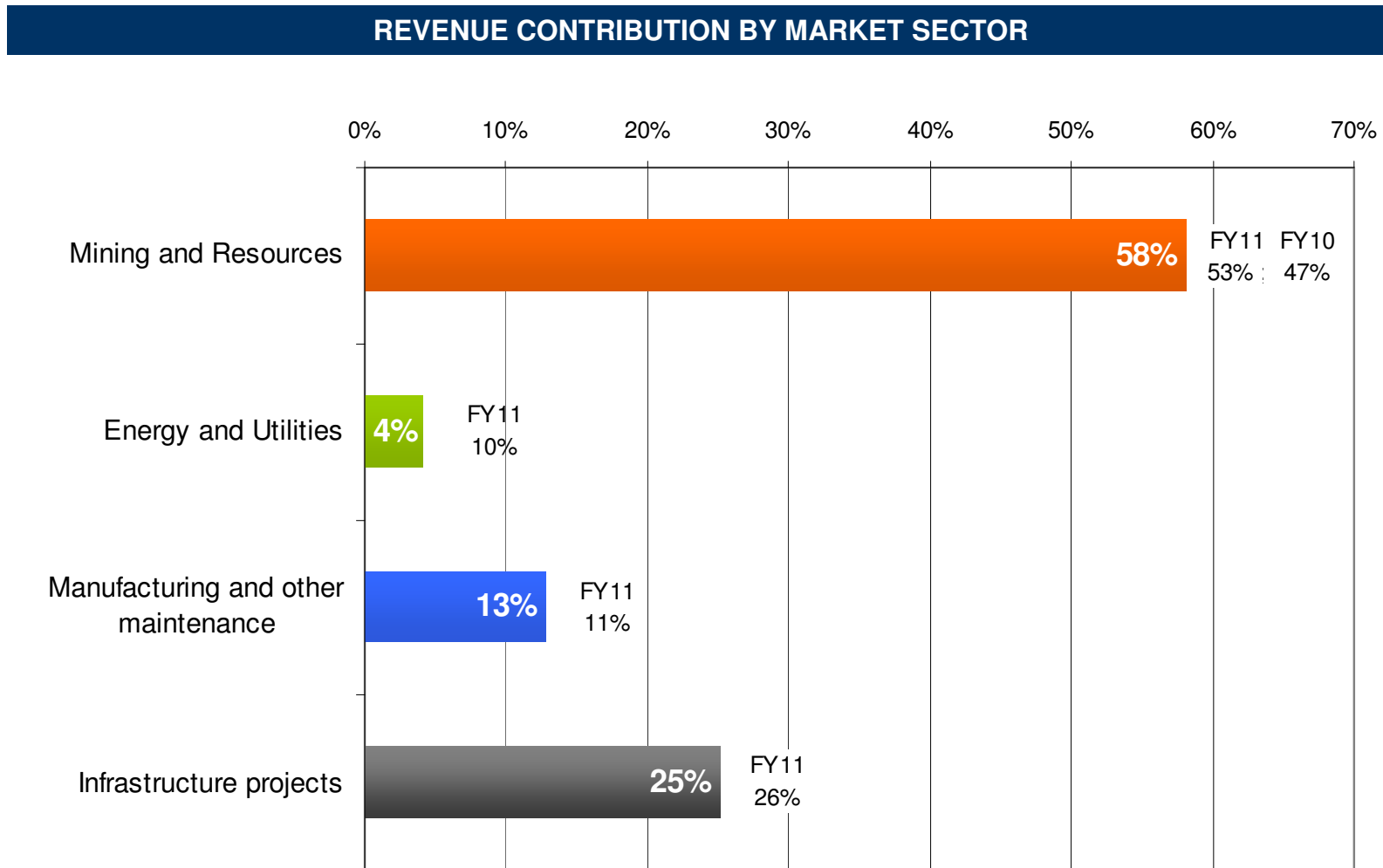
2. The 1H12 trading EBIT result excludes the \$3.0m profit on sale of the Melbourne Tower Crane assets in October 2011 and \$1.5m of Boom Sherrin restructure costs.

3. The FY11 EBIT trading result excludes \$5.6m one-off restructure costs relating to the exit of James Equipment and GM Baden and other depot restructuring. Impairments of \$47.6m relating to goodwill (\$19.6m) and assets (\$28.0m) were also excluded from the trading EBIT result in FY11.

- Crane Logistics continuing operations generated an average national 12% revenue growth driven by QLD, NSW and North West WA, all with 17% growth.
- Boom Sherrin revenue reduction is a result of the access equipment business which has been flagged for no further investment and will be run to generate cash from the remaining asset base.
- The continuing Crane Logistics businesses experienced growth in Wet Hire and Transport operations, offset by a reduction in Dry Hire activity and an increase in depreciation from recent investment.
- Boom Sherrin has been maintained in line with p.c.p., with the reduction in access equipment volumes being offset by depreciation savings following FY11 asset write downs.

# Crane Logistics – Continued growth in core markets

- Continued strategic focus on the resources, energy, utilities and infrastructure sectors.



# Major Contract Signing – Olympic Dam

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## ***Olympic Dam background***

- Olympic Dam is a mining and mineral processing operation located 564km north of Adelaide, South Australia.
- In October 2011, BHPB announced approval for US\$1.2 billion in pre-commitment capital for the first phase of the Olympic Dam project.
- The Olympic Dam Project has the potential to create one of the world's largest open pit mines with the capability to increase copper production from around 180,000 tonnes per annum to 750,000 tonnes per annum.

## ***BHP Billiton Olympic Dam Contract***

- In February 2012 following a competitive tender process, Boom secured a five year contract to supply crane services to BHP Billiton's Olympic Dam maintenance operation.
- Boom's revenue from this new contract is expected to be approximately \$100 million over the next five years, with initial capital investment of \$20 million.
- The mobile Crane Services contract involves Boom establishing a purpose built maintenance facility in Roxby Downs, including a contract management team and dedicated cranes and labour to deliver all crane related maintenance works.
- Revenue associated with Boom's Olympic Dam maintenance contract does not include any future activity from potential involvement with Olympic Dam expansion plans.
- The contract is scheduled to commence on 1 June 2012.

## Major Contract Signings

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- Recent new and renewed major contracts have a total revenue value of c. \$68m per annum.

<b>BHP OLYMPIC DAM</b>	<ul style="list-style-type: none"><li>• Roxby Downs, South Australia</li><li>• 5 years</li><li>• c. \$20 million p.a.</li><li>• New business</li></ul>
<b>BMA</b>	<ul style="list-style-type: none"><li>• Bowen Basin, Central Queensland</li><li>• 3 years (plus 1, plus 1)</li><li>• c. \$35 million p.a.</li><li>• Contract renewal and extension of services</li></ul>
<b>ALCOA</b>	<ul style="list-style-type: none"><li>• South West, Western Australia</li><li>• 2 years</li><li>• c. \$9 million p.a.</li><li>• Contract renewal</li></ul>
<b>GORGON</b>	<ul style="list-style-type: none"><li>• Barrow Island, North West, Western Australia</li><li>• 1 - 3 years</li><li>• c. \$4.0 million p.a.</li><li>• Extension of services (Crawler and Mobile cranes and Transport)</li></ul>

- There are currently c. \$450m of new tender opportunities in the pipeline, through to FY14.



## Balance Sheet (Statutory)

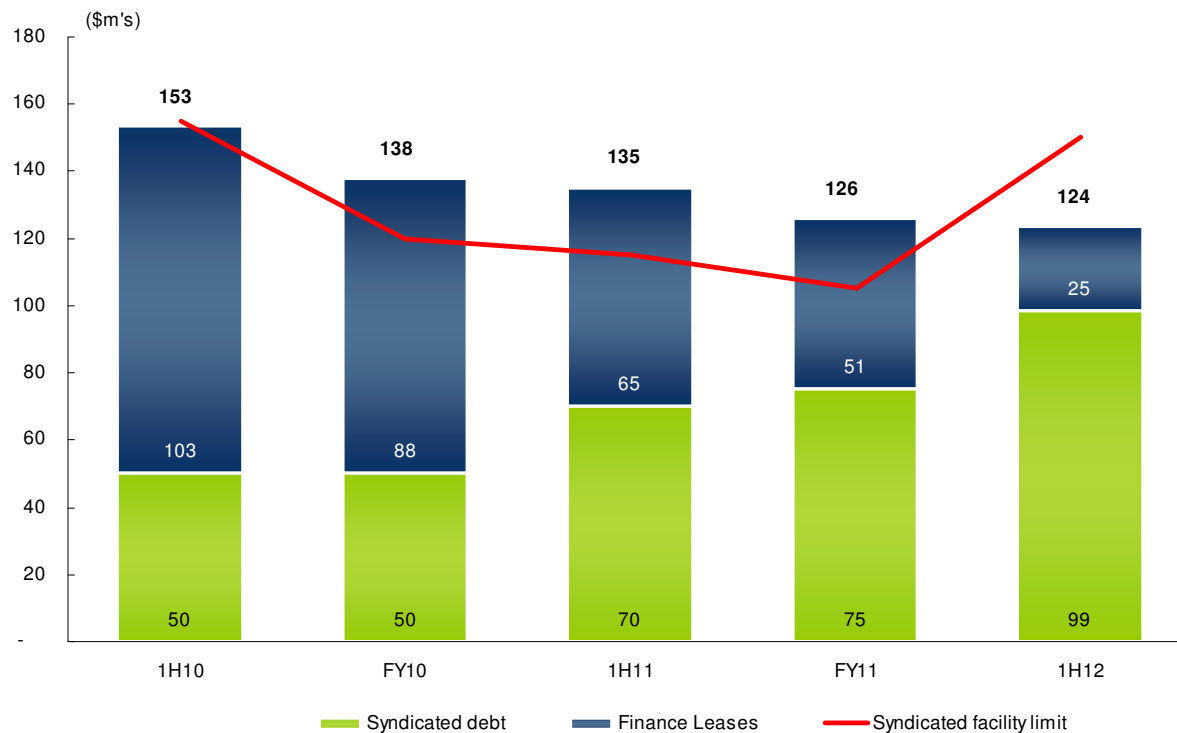
\$m	30 June 2011	31 December 2011	Mvmt
Cash	9.1	10.1	1.0
Trade Receivables	57.8	54.4	(3.3)
Income Tax Receivable	8.0	8.0	0.0
Inventories	1.4	0.5	(0.9)
Assets Held For Sale	5.0	4.9	(0.1)
Plant & Equipment	322.6	329.3	6.6
Intangibles	72.2	72.9	0.7
Prepayments and Other Current Assets	4.2	4.8	0.6
<b>Total Assets</b>	<b>480.3</b>	<b>485.0</b>	<b>4.7</b>
Payables	26.1	24.9	(1.3)
Borrowings	126.7	123.8	(2.9)
Provisions	14.2	13.5	(0.7)
Other current & non-current liabilities	15.9	18.2	2.4
<b>Total Liabilities</b>	<b>182.9</b>	<b>180.4</b>	<b>(2.5)</b>
<b>Net Assets</b>	<b>297.4</b>	<b>304.7</b>	<b>7.2</b>

- Net Debt / Equity of 37% (39% at June 2011)
- Borrowings comprise \$99m of syndicated debt (\$150m facility limit), \$25m of finance leases
- Improvement in working capital position through improved debt collection and debtors days outstanding
- Capital additions of \$29.0m comprising:
  - \$28.1m plant & equipment additions; and
  - \$0.9m software development costs for Boom's new payroll and general ledger systems (classified as an intangible asset)
- As at 31 December 2011:
  - Net Tangible Assets per share of \$0.49
  - Net Assets per share of \$0.65



# Debt Facilities

- \$150 million, 3 year revolving facility finalised.
- Cost of debt has reduced to 9% in 1H12 (down from 12% in 1H11). The cost of debt in 2H12 is expected to be 8%.
- Gearing (Net Debt / Equity) has reduced to 37% (down from 39% at June 2011).
- Increase in overall facility size (previous facility had amortised down to \$105 million at June 2011).
- Finance leases continue to amortise, with final expiry in March 2013.
- \$29 million capital expenditure in 1H12, with an overall debt reduction of \$3 million down to \$124 million.



## Cash Flow (Statutory)

	1H11	1H12	Mvmt
Net receipts / (payments)	27.2	27.6	0.4
Net interest received / (paid)	(7.6)	(5.4)	2.2
Income tax received / (paid)	(1.0)	0.0	1.0
<b>Net Cash provided from operating activities</b>	<b>18.6</b>	<b>22.2</b>	<b>3.6</b>
Purchase of plant and equipment	(21.1)	(29.0)	(7.8)
Proceeds from the sale of plant and equipment	2.7	11.2	8.5
<b>Net Cash used in investing activities</b>	<b>(18.4)</b>	<b>(17.8)</b>	<b>0.6</b>
Net repayments of borrowings	(0.8)	(3.4)	(2.6)
Payment of dividends	0.0	0.0	0.0
<b>Cash used in financing activities</b>	<b>(0.8)</b>	<b>(3.4)</b>	<b>(2.6)</b>
<b>Net increase / (decrease) in cash</b>	<b>(0.6)</b>	<b>1.0</b>	<b>1.7</b>
<b>Closing cash</b>	<b>9.5</b>	<b>10.1</b>	<b>0.6</b>

- Free cash flow of \$4.4m, including \$29m of capital expenditure.
- Debt reduction through scheduled amortisation of finance leases and syndicated debt paydown.
- Reduced interest expense a result of the more favourable terms of the new syndicated debt facility.
- Proceeds from the sale of plant and equipment includes \$7.5m in respect of the sale of the Tower Crane assets in October 2011.

# Outlook

## ■ Execution of the Boom strategy is on track

- Continued market focus on the resources, energy, utilities and infrastructure sectors. Revenue from mining and resources customers is 58% of Crane Logistics revenue in 1H12, up from 53% in FY11 (47% in FY10).
- Significant market entry into South Australia with the BHPB Olympic Dam contract win providing ongoing maintenance revenues and a springboard to substantial project activity.
- Successful restructure of Boom Sherrin and sale of non-core Tower Crane assets.

## ■ Factors influencing 2H12

- In 1H12, \$29 million of capital expenditure has been invested, with a further \$24 million planned for the second half. This is lower than original expectations as some capital expenditure has been delayed due to the specific equipment requirements of the planned BHPB Olympic Dam investment and this will impact operating efficiencies in the second half.
- Depot and accommodation infrastructure is being established in Newman, WA with costs being incurred ahead of revenue generation.
- Fly in/fly out labour expenses and rising accommodation costs continue to impact the North West WA operating margins. Management are working with major customers on joint solutions.
- Continuing softness in metropolitan markets, reflecting the two speed economy and limited infrastructure investment.
- BMA has been at lower than planned production levels, impacting the volume of work in 1H12. Potential industrial action at BMA in 2H12 may also impact Boom's activity with this customer.

## ■ Boom Group

- EBIT of c. \$35 million for FY12.
- ROCE<sup>1</sup> to increase to c. 10% at 30 June 2012, up from 6% as at 30 June 2011.

## ■ Crane Logistics

- EBIT of c. \$42 million (including \$3.0m profit on sale of Tower Crane assets) with deferment of some capital expenditure to match Olympic Dam contract timing. Planned capital expenditure for the year of \$45 million.
- ROCE to be c. 15% at 30 June 2012.

## ■ Boom Sherrin

- EBIT of \$7 million.
- ROCE to be c. 8%.
- Capital expenditure of \$5 million.

1. ROCE represents EBIT / Net Trading Assets (excluding Goodwill)

## Appendix 1: Trading Result Reconciliation

The table below sets out a reconciliation of the Reported vs Trading result for 1H12.

\$m	EBIT	NPAT
<b>Trading Result</b>	<b>15.9</b>	<b>6.9</b>
Boom Sherrin restructure costs	(1.5)	(1.0)
Profit on sale of Melbourne Tower assets	3.0	2.1
<b>Statutory Result</b>	<b>17.4</b>	<b>8.0</b>

# Disclaimer

## **Future performance and forward looking statements**

This presentation contains certain “forward-looking statements”. The words “anticipate”, “believe”, “expect”, “project”, “predict”, “forecast”, “estimate”, “likely”, “intend”, “should”, “could”, “may”, “target”, “plan” and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Such forward-looking statements, opinions and estimates provided in this presentation are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Forward-looking statements, opinions and estimates are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Boom that may cause actual results to differ materially from those expressed or implied in such statements. There can be no assurance that actual outcomes will not differ materially from these statements and neither Boom nor any of its directors, employees, servants, advisers or agents assume any obligation to update such information.

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