Providers of Lifting
Solutions to Australia

Boom Logistics Limited Announcement

19 August 2009
ASX code BOL

Boom Logistics Limited – Full Year Result

Financial result

Boom Logistics Limited ("Boom") today announced an underlying net operating profit after tax ("NPAT") for FY2009 of $12.0 million, prior to restructuring costs, asset impairment write downs and other one off items. This result is in line with the guidance issued to the market on 5 May and 7 July 2009.

The final result was a loss of $27.5 million which included one off items of $39.5m which are set out in Appendix 1.

Operational review

After a strong start to the financial year, the operating result was impacted in the second half by the deterioration in the economic environment, specifically leading to the following factors that impacted the Boom business:

- a downturn in the resources, non-residential construction and industrial services markets;
- a slowdown in projects and production levels of major customers;
- some mining and industrial sites going into care and maintenance;
- increased competitive pressures due to lower overall market demand for lifting services; and
- a depressed capital equipment market.

Billiton Mitsubishi Alliance contract renewal

During August, Boom executed a contract renewal with BHP Billiton Mitsubishi Alliance (BMA) to supply crane and ancillary services to BMA's coal mining facilities located in the Bowen Basin, Queensland.

Boom and BMA have operated successfully in partnership since 2005 and this contract renewal reconfirms Boom as the markets' major supplier of crane services to the region and to the mining industry.

Boom is proud to be a long term supplier to BMA and will continue to provide the highest level of cost effective services, exceptional safety performance (with a zero tolerance culture), reliability and availability of equipment.

www.boomlogistics.com.au

ABN 28 095 466 961

BOOM Logistics Limited
Level 6, 55 Southbank Bouleva
Southbank VIC 3006

T +61 3 9207 2500
F +61 3 9207 2400

Restructuring status

During the second half of the year, a restructure programme was initiated across all business units. Progress to date includes:

- headcount reductions representing 8% of the total number of employees. As at 30 June 2009, a headcount reduction of 118 had been achieved at a cost of $1.5m. The restructure programme has continued and at the end of July 2009 an additional headcount reduction of 11 was achieved at a cost of $0.3m. The total annualised benefit of the headcount reduction is expected to be $12.6m. The restructure was undertaken in response to the decline in overall operating conditions and has been managed to ensure that all revenue streams can be adequately and safely supported post-restructure;
- a fleet reduction of approximately 40 low tonnage cranes. These were predominantly aged, low margin cranes; and
- a freeze has been placed on all Executive & Senior Management salaries.

Strategic review

Boom's strategic review is continuing. A merger proposal from Harbrew continues to be assessed in conjunction with other strategic opportunities with a view to maximising value for all shareholders.

As previously announced, Boom's original equity raising proposal is on hold whilst these strategic opportunities are assessed, with the assistance of Boom's advisors, Lazard, PwC and Freehills.

Boom expects to have completed the strategic review prior to the Annual General Meeting, scheduled for November 2009. In the meantime, Boom will be conducting its business as usual.

Debt position

As at 30 June 2009, Boom's net debt position was $235.4, a reduction of $11.6 million from the 31 December 2008 position of $247.0 million and a reduction of $17.7 million from the 30 June 2008 position of $253.1 million. This was achieved whilst investing $38.0 million of capital into the business during the year.

Since 30 June 2009, the net debt position has reduced by a further $13.7 million to $221.7 million.

This debt reduction has been achieved through the application of tax refunds to debt and improvements in working capital. The working capital improvements are represented by improved debtors days and a reduction in inventory levels. Debtors days reduced to 46 at 30 June 2009 from 54 at December 2008 and 66 at 30 June 2008. Inventory levels have reduced from $30.1 million at 31 December 2008 to $25.0 million at 30 June 2009.

Banking position

As announced to the market on 7 July 2009, as a consequence of the market downturn experienced in the second half of the 2009 financial year, the company would have breached its Earnings Leverage Ratio covenant in its Syndicated Facility Agreement as at 30 June 2009. However, prior to 30 June 2009, Boom received an unconditional waiver in relation to this covenant from its Banking Syndicate.

Boom was in compliance with all other banking covenants at 30 June 2009. These comprise a Balance Sheet Gearing Ratio, an Asset Leverage Ratio and a Debt Service Cover Ratio. These covenants are all forecast to be complied with for the duration of the Syndicated Facility Agreement (September 2011).

Of particular relevance is the Debt Service Cover Ratio which serves as an indicator of Boom's ability to service all its debt obligations after taking account of all other cash flows of the business. As at 19 August 2009, Boom has both met and exceeded all required payments under its Syndicated Facility Agreement, all scheduled principal and interest repayments under its finance leases and all scheduled payments under its operating leases. This position is forecast to continue in future years.

The Earnings Leverage Ratio will continue to be under pressure during the strategic review and until the outcomes are implemented. Notwithstanding this, Boom continues to work positively and transparently with its banks to ensure continuing flexibility of funding arrangements.

The Directors consider that there are high expectations that arrangements will be made with the Banking Syndicate to resolve the Earnings Leverage issue as the company continues its strategic review of the business. It is important to note that one objective of the strategic review is to deleverage the balance sheet. The Directors' position is supported by Boom's cash flow forecasts which demonstrate the company's ability to meet all debt repayment obligations as and when they fall due. The Directors note that cash flows have been significantly strengthened due to the recent tax refunds.

Tax refund status

Further to the 12 June 2009 market announcement, during June and July, Boom received $14.7 million plus interest in respect of amended taxation assessments submitted by Boom for the financial years ended 30 June 2005 to 30 June 2008.

Additional tax adjustments for the financial years ended 30 June 2002 to 30 June 2004 were identified and quantified and although considered closed, the ATO has accepted Booms application to open these periods. This means Boom will be able to lodge claims for a further $3.9 million tax refund.

Outlook

FY2010 guidance is unchanged at an EBITDA of $65 million as announced on 22 July 2009. This guidance reflects the uncertainty of the prevailing market conditions and essentially assumes no revenue growth from the depressed levels of 2H09, no changes to Boom's contract profile and no further operational improvements over restructuring benefits already realised through headcount reductions in 2H09 (a benefit of approximately $13 million). This base case position does not include any improved performance from a number of current and future opportunities, including major projects, further operational improvements and existing contract enhancements that Boom is currently finalising.

Boom's first half results in 2009 clearly demonstrate the opportunity for profit improvement with an economic uplift utilising its existing asset base. Boom can see substantial market opportunities going forward. There are $183 billion in major projects forecast within Australia over the next 3 years that have crane and lifting equipment hire opportunities associated with them. Boom is well positioned to capitalise on these opportunities.

ABN 28 095 466 961

BOOM Logistics Limited
Level 6, 55 Southbank Bouleva
Southbank VIC 3006

T +61 3 9207 2500
F +61 3 9207 2400

These opportunities include:

- renewable energy – relationships established with significant incremental revenue opportunities emerging;
- LNG projects – alliances in place and business positioned for major projects;
- resources – contracts and relationships in place; positioned for project expansion;
- schools building program – particularly relevant for Boom Sherrin;
- government infrastructure – significant opportunities for crane hire; and
- telecoms and utilities – travel tower opportunities for line maintenance and mobile tower rollouts.

For further information please contact:

Brenden Mitchell
Managing Director
+61 3 9207 2500

Iona MacPherson
Chief Financial Officer
+61 3 9207 2500

Appendix 1

Reconciliation of trading net profit after tax to reported net loss after tax.

Business Unit	($m)
Trading Net Profit After Tax	**12.0**
One off redundancy and restructure costs	(3.1)
Impairment Charges – Goodwill in James Equipment	(18.8)
Impairment Charges - Assets Held For Sale & Other Fixed Assets	(18.3)
Impairment Charges – James Equipment Crane Inventory & Stock	(2.6)
Tax Benefit on above noted One Off Charges	7.2
Prior Period Tax Charge (2002 – 2004)	(3.9)
Reported Net Loss After Tax	**(27.5)**

James Equipment goodwill

There has been an $18.8 million impairment of goodwill relating to the James Equipment business. The impairment is the result of reduced cash flow generation from the James Equipment cranes sales business operating in the depressed capital equipment market. This business operates in a cyclical market segment and future cash flows based on the prevailing market conditions do not provide significant certainty to carry the goodwill associated with this entity

Asset impairments

Given the prevailing market conditions, Management performed a detailed impairment assessment of Boom's assets and stock during May and June 2009. The following areas were reviewed in detail:

- asset fair values;
- asset residual values;
- assets held for sale;
- James Equipment crane inventory;
- stock and spare parts; and
- obsolete or damaged assets.

The objective of the review was to identify any material operating assets, assets flagged as held for sale or stock which were being carried at a written down value in excess of their recoverable amount. The process undertaken robust and was tailored to focus on the differing risks in each component of the business.

ABN 28 095 466 961

BOOM Logistics Limited
Level 6, 55 Southbank Bouleva
Southbank VIC 3006

T +61 3 9207 2500
F +61 3 9207 2400