

Boom Logistics Limited Announcement

13 August 2008
ASX code BOL

FY2008 Full Year Result

BOOM Logistics (ASX: BOL) today announced an underlying net operating profit after tax ("NPAT") for FY2008 of \$22.1 million, prior to accounting adjustments and in line with the guidance issued 18 June 2008.

The final operating result of \$18.6 million included \$3.6 million of unfavourable impacts from accounting adjustments of which \$2.8 million was a write down of intangibles.

Revenue for the full year was up 17% to \$410.3 million. Improving operational performance and continued strength in business conditions underpinned strong revenue growth in the Crane Sales and Associated Services division of 43%, and in the Crane Hire division of more than 10%.

Earnings before interest tax and depreciation ("EBITDA") was down 7% to \$90.1 million. As outlined in the June profit guidance announcement, major contributors to the underperformance in FY2008 have been personnel issues and systems integration issues. These issues have been most evident in:

- Western Australia, where operations have underperformed despite favourable business conditions, with excessive equipment cross hire from third parties a particular concern;
- systems integration and management turnover interfering with the effective merging of Moorland Hire into the Sherrin business; and
- adverse weather conditions the Bowen Basin and Hunter Valley.

As announced in June 2008, management has undertaken a comprehensive review of balance sheet carrying values including acquisition accounting, asset useful lives and residual values. This has resulted in further non-cash accounting adjustments to intangible and fixed assets. The net impacts of these accounting errors on Boom's balance sheet were a write down in asset values of \$30.1 million, offset by a net \$10.6 million reduction in deferred tax. These adjustments have been fully reflected in the audited year end accounts.

As announced earlier today, Boom has successfully obtained financing approval for a \$165 million 3 year revolving debt facility and a 3 year \$32 million working capital and general transactional banking facility. The facilities will be provided by nabCapital, BankWest and GE Capital. The financing facilities have been specially structured to allow Boom to retain \$98 million of its existing equipment lease finance and hire purchase facilities with non-participating banks and therefore continue to realise the benefits of the low fixed interest rates associated with these facilities. After the refinancing, Boom's overall cost of debt is expected to average around 9% for the 2009 financial year, which is noteworthy in the current interest rate climate. As at 30 June 2008, the company's debt equated to \$255 million, reflecting a gearing position of 48% (debt/debt+equity).

Based on the operating result of \$18.6 million, the Director's have declared a final dividend of 1.0 cent per share fully franked, in line with company policy of distributing 50% of NPAT. This brings the full year dividend to a fully franked 6.5 cents per share.

Chief Executive Officer, Brenden Mitchell said: "Boom Logistics is making good progress across its business, cash flows are robust and it has a strong asset base. The resources and infrastructure pipeline continues to drive favourable business conditions across our markets."

He continued:

"Whilst revenue has continued to grow strongly, a more disciplined approach to Boom's cost environment is required. A number of initiatives in this area have already been implemented and we are seeing early signs of progress. I am confident the results will be evident as early as the first quarter of FY2009."

As previously announced, to demonstrate the progress of the business, the Company will report the first quarter results of FY2009 at the Annual General Meeting in October.

For further information

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