

Boom Logistics Limited Announcement

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Boom Logistics Limited – Trading Update

Preliminary half year result

Boom Logistics Limited (“Boom”), Australia’s leading provider of crane logistics and lifting solutions, announces that its Trading Earnings Before Interest Expense and Tax (“EBIT”) for the half year ended 31 December 2012 were \$17.8 million, an increase of 12% on the prior corresponding period (1H12 EBIT - \$15.7 million).

Trading Net Profit after Tax (“NPAT”) for the half year ended 31 December 2012 was \$8.8m, an increase of 27% on the prior corresponding period (1H12 NPAT - \$6.9 million).

This result is a marked increase over the previous years’ performance, with the growth trend evident over last two years continuing.

Outlook

Subject to the market volatility as detailed in the Trading Update below, Boom expects that the level of EBIT growth of 12% achieved in the first half will continue on a comparable basis into the second half of the financial year. This would result in a full year Trading EBIT of circa \$39 million (FY12 Trading EBIT - \$35.5 million). This revised outlook takes account of a range of factors that have emerged during the second quarter of FY13. In August 2012, when releasing FY12 results, trading EBIT for FY13 had been expected at between \$47 million and \$50 million based on the market conditions at that time.

Trading Update

Overview

Boom’s growth in the first half of 2012 was achieved despite:

- reduced and volatile maintenance volumes in the coal sector;
- a continuing drive from major mining companies to reduce costs which has resulted in significant variability in activity and a general pushback on service rates;
- the pipeline of projects in the power and utility sectors, serviced by our travel towers, not proceeding as scheduled; and
- lower activity in the construction and infrastructure sectors impacting on both the Access business and Heavy Lift Projects business.

The October result was significantly impacted by the variable and lower demand from our customers in the coal regions of the Bowen Basin and the Hunter Valley, with consequential flow on impacts to Newcastle and Mackay. Whilst November returned to more consistent operating patterns and results, the volatility returned in December.

Western Australia and Olympic Dam performed solidly throughout the first half.

Operating efficiency

Boom has responded to the more challenging operating environment as it unfolded during the second quarter by implementing a number of restructuring initiatives, as detailed below. This is an ongoing process as the Company targets business wide cost reductions and increased operating flexibility.

Bowen Basin restructuring

Whilst the overall first half Bowen Basin performance was better than 2H12, coal related activity was inconsistent and below expectations. Performance was also impacted by the full effect of the Norwich Park mine closure manifesting itself in Q213. These factors were partially offset by price growth.

In response to the lower coal related activity, Boom undertook 10 voluntary redundancies in the Bowen Basin in December at a cost of \$0.3m. Further redundancies and restructuring may be required to deliver a more appropriate labour model that matches supply with demand.

New South Wales restructuring

As well as the volatility in coal noted above, NSW was impacted by lower maintenance works at Newcastle, the lack of activity in infrastructure works and less activity in Port Kembla associated with the steelworks.

In response to the lower activity, 29 positions were made redundant in Port Kembla in December at a cost of \$0.7m.

Brisbane restructuring

As announced to the market in August, the Brisbane depot was significantly restructured in July 2012 with assets redeployed to core markets in NSW, Central QLD & WA. This restructure cost \$0.7m and some further, less significant restructuring costs are expected when Brisbane's last remaining contract is completed in Q313.

Business Unit Updates

Projects won by Boom Sherrin requiring travel towers were delayed meaning the weak performance of the Access business was not mitigated as expected. Boom Sherrin was also impacted by the delayed delivery of new travel towers.

Regional Victoria remains subdued while the Olympic Dam contract in South Australia is performing to plan.

Western Australia is performing to plan. There have been improvements in the Karratha and Geraldton regions and a sound performance in the South West. The North West is dealing with pressure from mining companies to reduce costs as they react to operating cost inflation, iron ore price volatility and the persistent impact of a high local currency. There are a number of tender opportunities in Western Australia that may deliver further revenue growth in FY14.

The National Office absorbed \$0.4m in legal costs associated with progressing Boom's claim against the manufacturer and distributor of the 18m Glove & Barrier Units that were impaired by \$3.7 million in FY11. The court date for this matter has been set for July 2013.

Operational focus

Boom will continue to work with our customers who are transitioning to lower cost models. Whilst we recognise our value proposition will be tested during this period, we remain confident that our frameworks around safety and quality deliver exceptional value and service to our customers. We are committed to safety and quality and will continue to invest as we drive for improved operational efficiency within our business and for our customers.

Half year results release

Boom's half year statutory results will be released on 18 February 2013 following the completion of KPMG's review procedures. The trading results contained in this announcement are unaudited.

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