

Boom Logistics Limited Announcement

18 February 2013

ASX code: BOL

Half Year Result – 31 December 2012

Continued revenue and profit growth

Boom Logistics Limited (“Boom”), Australia’s leading provider of crane logistics and lifting solutions, today announced a net profit after tax for the half year ended 31 December 2012 of \$7.6 million (1H12: \$8.0 million). Earnings before interest expense and tax (“EBIT”) were \$16.1 million in 1H13 (1H12: \$17.5 million).

The trading profit after tax rose to \$8.8 million in 1H13 from \$6.9 million in 1H12. Trading EBIT rose to \$17.8 million from \$16.0 million in the prior corresponding period.

The trading EBIT in 1H13 excludes \$1.7 million of costs associated with restructuring activities in the Bowen Basin, Port Kembla and Brisbane.

Half-year results highlights

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- **Statutory EBIT of \$16.1m**
 - **Statutory NPAT of \$7.6m**
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- **Core business revenue growth of 11%**
 - **Trading EBIT of \$17.8m, up \$1.8m (+12%)**
 - **Trading NPAT of \$8.8m, up \$1.9m (+28%)**
 - **Gearing at 39%**
 - **Capital investment of \$31.2m**
 - **Net Tangible Assets per share increased to \$0.53**
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Boom Chief Executive Brenden Mitchell said: “Despite the decline in activity in infrastructure, volatility in the coal sector and a drive by major mining companies to reduce costs, Boom Logistics has achieved strong growth in core revenue assisted by a solid performance in Western Australia and at Olympic Dam.”

“We expect revenue will continue to grow as we invest in an improved fleet to support customers and respond to market demand while assisting with improved customer productivity.” Mr Mitchell said.

1H13 Performance

Western Australia, Olympic Dam and Boom Sherrin performed solidly during the first half, with:

- increased activity among major Western Australian customers underpinning solid earnings growth compared with 1H12;
- the transition of crane operations at BHPB Olympic Dam completed successfully by Boom, with all capital and 60 employees now in place and performing in line with expectations; and
- Boom Sherrin delivering 17% EBIT growth compared with 1H12.

Boom's growth in the first half of 2013 was achieved despite:

- reduction in coal prices and the strong Australian Dollar leading to 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.

Capital investment is focussed on improving the fleet profile to support core activity, including travel towers, with a clear emphasis on improving overall returns.

Restructuring activity

Management's response to the change in customer demand has translated into increased revenue and a flow through to earnings growth. Restructuring has been undertaken in the Bowen Basin, Port Kembla and Brisbane, including 59 redundancies and a cost of \$1.7 million. This is an ongoing process as the Company targets business wide cost reductions and increased operating flexibility.

Outlook

FY13 Trading EBIT guidance is circa \$39m, which is a 10% increase on the prior year.

This outlook is dependent upon:

- no further major weather events;
- maintenance of current major contracts and some improvement in East Coast performance; and
- projects in utilities proceeding in line with current plans, following delays experienced in December and January.

Priorities for the remainder of FY13 include:

- adapting Boom's operations as customers in the coal sector transition to a new operating paradigm;
- continuing to refine Boom's labour model to achieve greater flexibility; and
- focussing on major pipeline opportunities for growth.

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