

16 December 2014

ASX code: BOL

Boom Logistics Limited Market Update

As noted in the FY14 Full Year Results announcement and during our Annual General Meeting in October, the first half of FY15 has continued to be challenging with market conditions similar to the second half of FY14.

With declining commodity prices, mining and resources customers have continued to apply significant price pressure and on-going demand patterns are volatile. Some customers have indicated lower levels of activity in December and January, such as Glencore which recently announced the closure of 13 mine sites for 3 weeks commencing mid-December.

With the continuation of difficult market conditions throughout calendar year 2014, our trading profitability run rates for the first half of FY15 are anticipated to be at approximately the same level as the second half of FY14.

In the current financial year, we have continued to act to mitigate the impact of adverse market conditions:

- The reduction of 110 Full-Time Equivalent operational positions and 10 overhead positions
- Continued focus on constructively improving the terms and conditions of our Enterprise Agreements
- Stringent labour management over the holiday season in late December and early January when demand volatility is further exacerbated
- On-going fleet utilisation reviews to enable surplus asset sales
- A heightened sales focus on dry hire opportunities to improve asset utilisation, at improved margins
- Targeting short-term, high value projects wherever available
- With the One Boom project to integrate the Boom Sherrin and Crane Logistics businesses, the consolidation of our Mackay and Port Kembla depots.

In line with our capital management strategy, we are focused on further reducing debt to strengthen our balance sheet and improve our earnings leverage. We continue to drive the sale of surplus assets that are no longer required to support on-going operations and are not needed to address opportunities in our sales pipeline.

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We are currently on-track to achieve our target of \$15m of surplus asset sales in FY15. We are also continuing to place substantial focus on improving our receivables position.

Based on these actions we expect, at 31 December 2014:

- A net debt position in the region of \$80m, down from \$89.5m at 30 June 2014
- An accounts receivable position that is \$8m - \$10m lower than the \$55m balance at 30 June 2014

Boom Logistics Limited's audited half-year results are expected to be released on 11 February 2015.

Further Information:

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