



# **2015 Annual General Meeting**

**October 2015**



## Significant restructuring and capital management to support profit recovery in FY16.

- **Statutory EBIT loss of \$33.2m**
- **Statutory NPAT loss of \$36.9m**
- **Trading EBIT loss of \$6.3m**
- **Trading NPAT loss of \$9.8m**
- **Restructuring in response to challenging market conditions – including a reduction of 147 positions (19% of the total workforce) to realise \$15.7m in annualised labour cost savings**
- **Positive free cashflow of \$20.4m**
- **Gearing at 36%**
- **Gross Debt down \$21.5m to \$78.4m. Net Debt down to \$71.0m**

Note:

1. All Statutory references reflect International Financial Reporting Standards (IFRS) financial information. Trading results reflect non-IFRS financial information and exclude one-off items such as restructuring costs.
2. Boom's FY15 Trading EBIT result is a non-IFRS measure that excludes \$26.9m of one-off items, comprising Asset Held For Sale impairment (\$6.3m), other asset impairment (\$14.5) restructuring costs (\$5.9m) and legal fees associated with Boom Sherrin's 18m Glove and Barrier legal action (\$0.2m). Boom's FY15 Trading NPAT is a non-IFRS measure that excludes the after-tax impact of these one-off items, being \$18.9m and the non-recognition of \$8.2m of FY15 tax losses.
3. Gearing = Net Debt / Equity

# Debt Amortisation Schedule



Period Ended	Syndicated Bank	Actual Syndicated	
	Facility Limit	Bank Debt Drawn	Undrawn Facility
	\$m	\$m	\$m
30-Jun-15	82.5	<b>78.4</b>	<b>4.1</b>
30-Sep-15	75.0	<b>68.0</b>	<b>7.0</b>
31-Dec-15	67.5	<hr/>	
31-Mar-16	60.0	On track for gross debt to be	
30-Jun-16	52.5	less than \$50m by 30 June 2016	
30-Sep-16	45.0		
31-Dec-16	37.5		



- Results Overview FY15
- FY16 Strategic Overview and Focus
- FY16 Outlook and 3 Month Trading Update

# Financial Review FY15

## Profit & Loss



\$m	FY15	FY14	% change
<b>Operating Revenue</b>	<b>203.3</b>	268.1	<b>(24%)</b>
Profit on Sale of Assets	<b>3.2</b>	5.0	
Interest Income	<b>0.1</b>	0.2	
<b>Total Revenue</b>	<b>206.6</b>	273.3	<b>(24%)</b>
<b>Trading EBITDA</b>			
Operations	<b>28.0</b>	52.4	(47%)
Central costs	<b>(10.1)</b>	(10.3)	(2%)
<b>Total Trading EBITDA</b>	<b>17.9</b>	42.1	<b>(58%)</b>
<i>Trading EBITDA Margin</i>	<b>9%</b>	15%	
<b>Trading EBIT</b>			
Operations	<b>5.4</b>	25.8	(79%)
Central costs	<b>(11.7)</b>	(11.8)	(1%)
<b>Total Trading EBIT</b>	<b>(6.3)</b>	13.9	<b>(145%)</b>
<i>Trading EBIT Margin</i>	<b>(3%)</b>	5%	
Interest Expense & Borrowing Costs	<b>(8.0)</b>	(8.4)	(5%)
Tax	<b>4.5</b>	(1.7)	
<b>Trading Net Profit after Tax</b>	<b>(9.8)</b>	3.9	
Trading Adjustments (after tax)	<b>(27.1)</b>	(83.4)	
<b>Statutory Net Profit after Tax</b>	<b>(36.9)</b>	(79.5)	

- Revenue decline following difficult market conditions, particularly in 2HFY15
- Significant cost reduction activity to mitigate impact on profitability:
  - Restructuring reduction of 147 positions (19% reduction) to realise \$15.7m annualised cost savings
  - Successful integration of the Boom Sherrin and Crane Logistics businesses
  - 40% reduction (\$2.3m) in travel and accommodation costs (in support of remote customer sites)
  - 25% reduction (\$4.6m) in sub-contracted equipment hire costs
- On-going fleet review to ensure assets are deployed to support existing customers and new revenue opportunities
- Trading adjustments of \$27.1m comprise the following tax affected amounts: asset impairments of \$14.6m, restructuring costs of \$4.2m, legal fees of \$0.1m and \$8.2m relating to the non-recognition of FY15 tax losses.

Note: FY14 Central costs include a benefit of c. \$0.9m in a legal settlement in Boom's favour.



- ❑ **Highly volatile market conditions experienced during the year**
  - Sharp decline in commodity prices
  - Reduced demand from customers including temporary closure of mine sites, cancellation of routine maintenance and delays to projects
  
- ❑ **1HFY15 particularly impacted by**
  - Lower contract maintenance activity: WA, QLD, NSW
  - Highly competitive markets: downward price pressures
  - Project delays: telco & energy sectors
  
- ❑ **2HFY15 particularly impacted by**
  - WA: deterioration in market activity
  - QLD & Hunter Valley: lower activity levels particularly in Q3FY15
  - Continued delays in travel tower projects
  - Lower activity for Heavy Lift division after completing Bald Hills Wind Farm

# Financial Review FY15

## Balance Sheet



Statutory \$m	30 June 2015	30 June 2014	Movement
Cash	7.0	8.6	(1.6)
Trade Receivables	40.6	55.4	(14.8)
Income Tax Receivable	4.4	4.4	-
Inventories	0.3	0.3	-
Assets Held For Sale	8.8	15.5	(6.7)
Plant & Equipment	253.3	300.0	(46.7)
Intangibles	1.7	2.7	(1.0)
Other Current Assets	1.9	2.5	(0.6)
<b>Total Assets</b>	<b>318.0</b>	389.4	<b>(71.4)</b>
Payables	16.8	23.1	(6.3)
Syndicated debt	78.4	99.9	(21.5)
Pre-paid borrowing costs	(0.4)	(1.8)	1.4
Provisions	15.5	19.2	(3.7)
Other current & non-current liabilities	9.4	14.7	(5.3)
<b>Total Liabilities</b>	<b>119.7</b>	155.1	<b>(35.4)</b>
<b>Net Assets</b>	<b>198.3</b>	234.3	<b>(36.0)</b>
<b>Gearing</b>	<b>36%</b>	38%	

- **Syndicated debt reduced by \$21.5m through positive free cash flow**
- **Gearing reduced to 36%**
- **Proceeds from surplus asset sales of \$20.3m at a profit on sale of \$3.2m**
- **On-going focus on accounts receivable management in a difficult industry environment: Debtor Days Outstanding at 30 June 2015 of 63.9 days (64.9 days in FY14)**

# Financial Review FY15

## Cash Flow



Statutory \$m	FY15	FY14	Movement
Net receipts / (payments)	14.3	32.1	(17.8)
Net interest received / (paid)	(5.8)	(7.6)	1.8
Income tax received / ( paid)	-	-	-
<b>Net Cash provided by operating activities</b>	<b>8.5</b>	24.5	<b>(16.0)</b>
Purchase of plant and equipment	(8.3)	(15.9)	7.6
Payments for intangible assets - software development	(0.1)	-	(0.1)
Proceeds from the sale of plant and equipment	20.3	17.3	3.0
<b>Net Cash from / (used in) investing activities</b>	<b>11.9</b>	1.4	<b>10.5</b>
<b>Free cashflow</b>	<b>20.4</b>	25.9	<b>(5.5)</b>
Net repayments of borrowings	(22.0)	(20.9)	(1.1)
Payment of dividends	-	-	-
<b>Net Cash from / (used in) financing activities</b>	<b>(21.9)</b>	(20.9)	<b>(1.1)</b>
<b>Net increase / (decrease) in cash</b>	<b>(1.6)</b>	5.0	<b>(6.6)</b>
<b>Closing cash</b>	<b>7.0</b>	8.6	<b>(1.6)</b>

- **Positive free cash flow of \$20.4m**
- **Capital expenditure of \$8.3m (of which \$5.3m was committed in FY14)**
- **Free cash flow prioritised to debt repayment. \$22.0m of net repayment of borrowings includes:**
  - **\$21.5m principal repayments**
  - **\$0.45m of prepaid borrowing costs**





- **New debt arrangements with existing banking syndicate through to the current facility's expiry in January 2017**
  - Debt Service Cover Ratio to remain above 2.5x — to reflect cash flows available to cover interest costs.
  - Amortisation schedule of the facility limit reducing quarterly to \$37.5m in January 2017 — to reflect Boom's debt reduction strategy.
  - Removal of Earnings Leverage as a covenant at quarterly reporting points
  - Pre-conditions on share buybacks: Gross Debt <\$40m and Earnings Leverage <2.5x.
  
- **Update on debt position at 30 September 2015**
  - Gross syndicated bank debt reduced by \$10.4million in the quarter
  - Gross syndicated debt outstanding at \$68.0million against a facility limit of \$75.0million (Gross syndicated bank debt at 30 June 2015 was \$78.4million against a facility limit of \$82.5million)
  - Net syndicated debt at \$64.7million (decrease of \$6.8million on net syndicated debt at 30 June 2015)
  - Gearing reduced to 33% (30 June 2015: 36%)
  - Debt repayments funded by \$5.0million received from asset sales and \$5.4million realised from working capital
  - Additional \$5.0million debt repayment scheduled for October supported by \$4.2million of contracted asset sales to be received in Q2 with a further strong sales pipeline for Q2 conversion



## 1. Increase revenue in key geographic areas and industry sectors

### Recent wins

- Wesfarmers Curragh contract in the Bowen Basin commenced 1 August 2015. Early signs are positive with relationship developing well. Revenue opportunities in the area now expected to be at the upper end of the previously announced \$4m-\$6m range.
- Opportunity for new dry hire and shutdown revenue in NW WA to commence in October 2015.
- Cranes and travel towers engaged in the Yuleba North to Blythdale Transmission Line project, revenues of \$2m - \$3m.

## 3. Achieve a step-change reduction in fixed costs

- Management restructuring at National Office and East Coast and West Coast business units now complete.
- Annualised cost saving target of \$3.1m achieved.

## 2. Align Operational Labour Costs with Market Conditions

- Enterprise Agreements (EAs) with increased flexibilities, lower/industry standard wages and allowances:
  - 2 new national EAs
  - Renewal of local EAs: E.g. Blackwater
- Transition to new labour arrangements progressing but slower than was anticipated
- Greater use of casual labour pools (appropriately trained and inducted)
- Labour outsourcing where feasible

## 4. Maintain required momentum for orderly surplus asset sales

- Dedicated surplus asset sales function, Boom Trading, to manage phased and orderly disposal of surplus assets.
- Market difficult to predict but Q1 activity was strong. \$5.0m of assets sold in Q1 with a further \$4.2m sold or under contract in Q2 – assets sold to date at a small profit to book value.



- **Boom expects trading conditions to continue to be challenging:**
  - We continue to work with our customers to enable us to respond to pricing pressure
  - Cancellation or completion of construction projects in the resources sector
  - Subdued project activity in the infrastructure sector with available tenders fiercely contested
  
- **FY16 Q1 trading marginally ahead of FY15 Q4 trading result, with momentum building**
  
- **With the on-going execution of its FY16 initiatives Boom is targeting a period of transition and profit recovery in the current financial year to deliver:**
  - Trading EBITDA, prior to restructuring and other one-off costs, expected to be at the low end of the previously provided earnings guidance of between \$20m—\$30m
  - Proceeds from surplus asset sales between \$20m—\$30m (on track)
  - A continued focus on debt reduction as a capital management priority with a gross debt of less than \$50m by June 2016 (on track)

# Addendum Asset Snapshot



	Cranes		Travel Towers		Other Assets*		Total^
	WA	East Coast	WA	East Coast	WA	East Coast	
<b><u>At 30 June 2015</u></b>							
Number of Assets	104	242	35	202	N/A	N/A	
Value of Assets (\$'m)	80.1	99.1	6.6	50.9	10.6	14.8	262.1
<b><u>Year Ended 30 June 2015</u></b>							
Number of Assets Disposed	22	56	9	58	N/A	N/A	
Cash Proceeds on Disposal (\$'m)	6.8	9.3	0.2	1.6	0.1	2.3	20.3
<b><u>At 30 September 2015</u></b>							
Number of Assets	98	232	33	194	N/A	N/A	
Value of Assets (\$'m)	76.8	96.5	8.3	47.8	10.3	13.8	253.5
<b><u>3 Months Ended 30 Sep 2015</u></b>							
Number of Assets Disposed	6	10	2	8	N/A	N/A	
Cash Proceeds on Disposal (\$'m)	1.9	2.3	0.2	0.3	0.2	0.1	5.0

\* includes Transports Assets, Machinery, Furniture, Fittings & Equipment and Freehold Land & Buildings

^includes Assets Held for Sale and Property, Plant and Equipment



## Crane Utilisation

	<b>Year Ended 30 June 2015</b>	<b>3 Months Ended 30 Sep 2015</b>
<b>Crane Capacity</b>		
0-25 tonne	76%	84%
26-55 tonne	72%	79%
56-100 tonne	83%	86%
101-199 tonne	71%	67%
200-299 tonne	74%	70%
300 tonne +	71%	51%

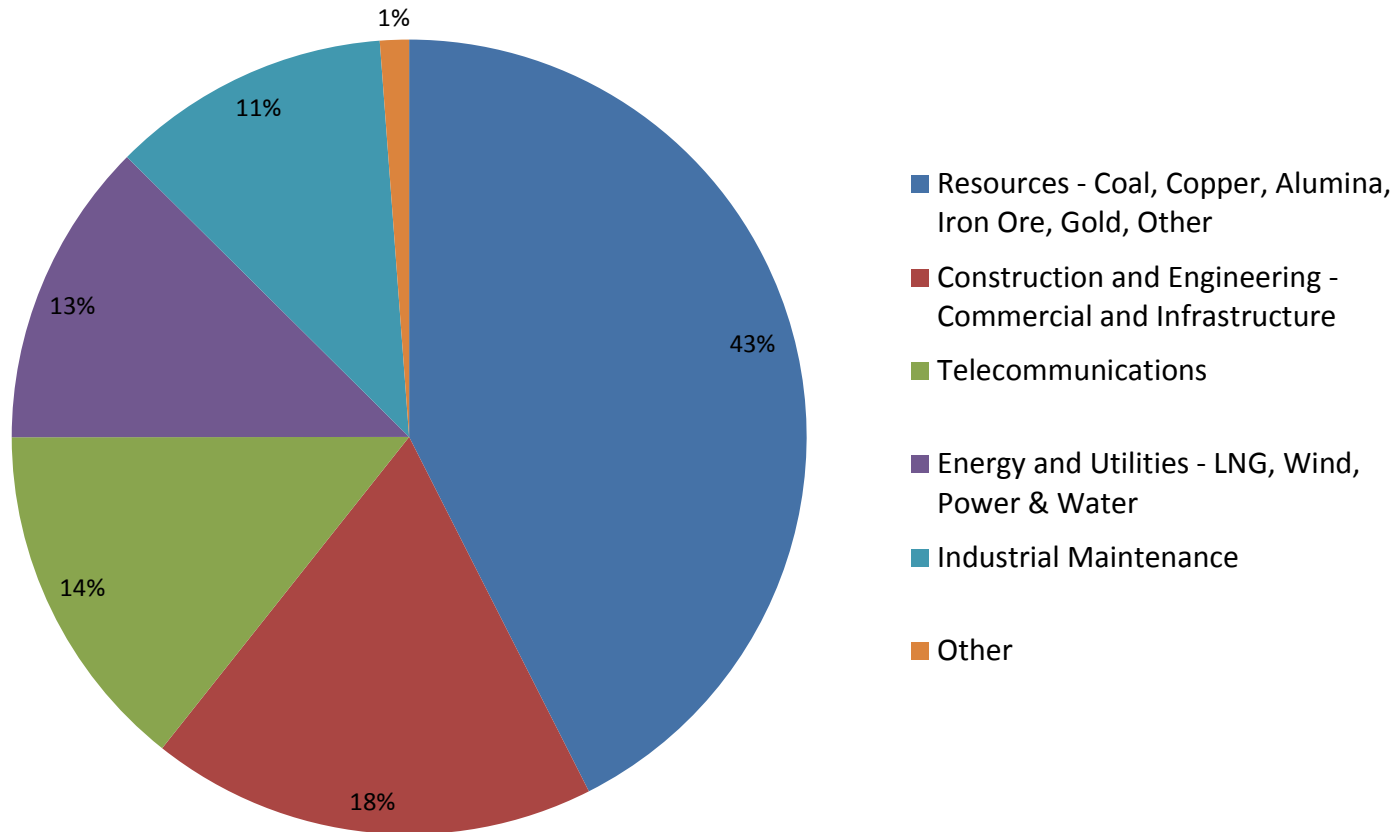
## Travel Tower Utilisation

	<b>Year Ended 30 June 2015</b>	<b>3 Months Ended 30 Sep 2015</b>
<b>Boom Length</b>		
0-18 Metre	53%	37%
19-50 Metre	40%	50%
50 Metre +	64%	64%

# Addendum Revenue by Sector FY15



Market Segment





## Ordinary Business



## ❑ Financial Statements and Reports





- That Mr. Rodney John Robinson be re-elected as a Director of the Company**



**□ That Mr. Rodney John Robinson be re-elected as a Director of the Company**

<i>Source: Computershare</i>	Number of Shares	% of all issued Shares
<b>For</b>	<b>166,064,480</b>	<b>34.97%</b>
<b>Against</b>	<b>72,508,581</b>	<b>15.27%</b>
<b>Discretionary *</b>	<b>957,874</b>	<b>0.20%</b>
	<b>239,530,935</b>	<b>50.44%</b>

\* The number of the Chairman’s discretionary proxy votes are **920,763 (0.38%)**.  
 Note: These figures relate to the proxies lodged 48 hours prior to the meeting.



## Special Business



- That the Remuneration Report for the financial year ended 30 June 2015 be adopted**



- **That the Remuneration Report for the financial year ended 30 June 2015 be adopted**

<i>Source: Computershare</i>	Number of Shares	% of all issued Shares
<b>For</b>	<b>88,202,330</b>	<b>18.57%</b>
<b>Against</b>	<b>139,311,818</b>	<b>29.34%</b>
<b>Discretionary</b>	<b>706,145</b>	<b>0.15%</b>
	<b>228,220,293</b>	<b>48.06%</b>

Note: These figures relate to the proxies lodged 48 hours prior to the meeting.



- That approval be given for all purposes, including ASX Listing Rule 10.14, for the grant of Share Units to the Managing Director, Mr Brenden Mitchell, in accordance with the terms of the Boom Logistics Limited Long Term Incentive Plan and on the terms summarised in the Explanatory Memorandum**



- **That approval be given for all purposes, including ASX Listing Rule 10.14, for the grant of Share Units to the Managing Director, Mr Brenden Mitchell, in accordance with the terms of the Boom Logistics Limited Long Term Incentive Plan and on the terms summarised in the Explanatory Memorandum**

<i>Source: Computershare</i>	Number of Shares	% of all issued Shares
For	188,599,057	39.72%
Against	39,307,876	8.28%
Discretionary	636,115	0.13%
	228,543,048	48.13%

Note: These figures relate to the proxies lodged 48 hours prior to the meeting.



Investor enquiries:

**Brenden Mitchell**

Managing Director and  
Chief Executive Officer

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**Tim Rogers**

Chief Financial Officer

03 9207 2500





## Disclaimer

This presentation contains certain forward-looking statements with respect to the financial condition, results of operations and business of Boom and certain plans and objectives of the management of Boom. Forward-looking statements can generally be identified by the use of words such as 'project', 'believe', 'foresee', 'plan', 'expect', 'aim', 'potential', 'goal', 'target', 'intend', 'anticipate', 'believe', 'estimate', 'may', 'could', 'should', 'will' or similar expressions. All such forward looking statements involve known and unknown risks, significant uncertainties, assumptions, contingencies and other factors, many of which are outside the control of Boom, which may cause the actual results or performance of Boom to be materially different from any future results or performance expressed or implied by such forward looking statements. Such forward-looking statements speak only as of the date of this announcement. Factors that could cause actual results or performance to differ materially include without limitation the following: risks and uncertainties associated with the Australian and global economic environment and capital market conditions, fluctuations in foreign currency exchange and interest rates, competition, Boom's relationships with, and the financial condition of, its suppliers and customers, or legislative changes, or regulatory changes or other changes in the laws which affect Boom's business. The foregoing list of important factors is not exhaustive. There can be no assurance that actual outcomes will not differ materially from these statements. Readers should not place undue reliance on forward looking statements. Except as required by law and ASX Listing Rules, Boom undertakes no obligation to update publicly or otherwise revise any forward looking statement as a result of new information, future events or other factors.

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