BOOM LOGISTICS

30 June 2015 Full Year Results Presentation

August 2015

FY15 Results

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%**
- **Net Debt down to $71.0m**
- **Net Tangible Assets per share of $0.41**

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

FY15 Overview

Market Conditions

- **1HFY15**
  - Declining commodity prices
  - Lower contract maintenance activity: WA, QLD, NSW
  - Highly competitive markets: downward price pressures
  - Project delays: telco & energy sectors
- **2HFY15**
  - Further, rapid fall in commodity prices, particularly iron ore
  - WA: deterioration in market activity
  - QLD & NSW: lower activity levels particularly in Q3FY15
  - Continued delays in travel tower projects
  - Lower activity for Heavy Lift division after completing Bald Hills Wind Farm

Management Actions

- **Revenue opportunities**
  - Significant shutdown support activity in 1HFY15
  - Bald Hills Wind Farm
  - Project activity e.g. Sydney Entertainment Centre project
  - Increased focus on dry hire opportunities and provision of labour hire
- **Cost & asset management**
  - Restructuring reduction of 147 positions, annualised cost savings of $15.7m
  - Rigorous labour planning & labour cost recovery
  - Stringent cost control
  - On-going fleet review, $20.3m of surplus assets sales ($6.3m in Q4FY15)

Financial Review FY15
Profit & Loss

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

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

Segment information is provided in note 5 to the full year financial report based on the information provided to the chief operating decision maker in accordance with accounting standard AASB 8 Operating Segments. This presentation has been prepared at 30 June 2015 to provide further (unaudited) information considered appropriate to explain developments in the business.
Refer to Appendix for Trading Reconciliation.

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)
Total Assets	**318.0**	389.4	**(71.4)**
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)
Total Liabilities	**119.7**	155.1	**(35.4)**
Net Assets	**198.3**	234.3	**(36.0)**
Net Tangible Assets per share	**41 cents**	49 cents	
Gearing	**36%**	38%	

- **Syndicated debt reduced by $21.5m through positive free cash flow**
- **Gearing reduced to 36%**
- **NTA of 41 cents per share after asset impairment of $20.8m**
- **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)**

Note: Gearing = Net Debt / Equity

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)	**-**	-	-
Net Cash provided by operating activities	**8.5**	24.5	**(16.0)**
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
Net Cash from / (used in) investing activities	**11.9**	1.4	**10.5**
Free cashflow	***20.4***	*25.9*	***(5.5)***
Net repayments of borrowings	**(22.0)**	(20.9)	(1.1)
Payment of dividends	**-**	-	-
Net Cash from / (used in) financing activities	**(21.9)**	(20.9)	**(1.1)**
Net increase / (decrease) in cash	**(1.6)**	5.0	**(6.6)**
Closing cash	**7.0**	8.6	**(1.6)**

- **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**

Syndicated Debt Facility

- **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.

- **Covenant positions at 30 June 2015**
  - DSCR : 3.5x (covenant of > 2.5x)
  - Syndicated debt : $78.4m (facility limit of $82.5m).
  - Boom paid down debt by a further $2.0m in July 2015.

- **New debt arrangements**
  - Provide support for Boom's profit recovery program
  - Reflect Boom's strategy to prioritise debt reduction and to position the business favourably for debt refinancing in 2016.

FY16 Profit Recovery Initiatives

1. Increase revenue in key geographic areas and industry sectors

Recent wins

- Revenue recovery of $4m - $6m in the Bowen Basin through a range of revenue opportunities including the Wesfarmers Curragh contract which commenced 1 August 2015
- Cranes and travel towers engaged in the Yuleba North to Blythdale Transmission Line project, revenues of $2m - $3m.

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
- Greater use of casual labour pools (appropriately trained and inducted)
- Labour outsourcing where feasible

3. Achieve a step-change reduction in fixed costs

Q1FY16 initiatives

- Executive Management and National Office restructuring to eliminate 10 positions.
- East Coast and West Coast business unit restructuring to eliminate 11 positions.
- In total, annualised cost savings of $3.1m achieved by the end of Q1FY16.

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. Should market soften, Boom may take decisions to sell selected surplus assets at less than book value to maintain momentum in FY16.

FY16 Outlook

- **Boom expects trading conditions to continue to be challenging:**
  - Impact of sharp declines in commodity prices in FY15
  - Cancellation or completion of construction projects in the resources sector
  - Subdued project activity in the infrastructure sector

- **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, between $20m — $30m
    - Higher-end EBITDA guidance dependent on the successful execution of FY16 cost reduction initiatives and the conversion of key revenue opportunities to build upon Boom’s current revenue base.
    - Lower-end EBITDA guidance dependent on the successful execution of FY16 cost reduction initiatives and a continuation of Boom’s current revenue base.
  - Proceeds from surplus asset sales between $20m — $30m
  - A continued focus on debt reduction as a capital management priority with a gross debt of less than $50m by June 2016

Full Year Results

Presentation

Appendix

Explanatory Notes

Note 1: Trading adjustments

The table below sets out the trading adjustments in the FY15 result.

	EBITDA	EBIT	NPAT
Statutory result	**11.8**	**(33.2)**	**(36.9)**
Less Impairment charges			
Assets	-	20.8	14.6
Less restructuring costs			
Redundancies	4.6	4.6	3.2
Site closure costs	0.8	0.8	0.6
One Boom integration costs	0.5	0.5	0.4
18m G&B Legal Fees	0.2	0.2	~0.1
Non-recognition of FY15 tax losses	-	-	8.2
Trading result	**17.9**	**(6.3)**	**(9.8)**

Note: EBITDA includes Profit on Sale of Assets ($3.2m)

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