30 June 2017

Full Year Results

Presentation

August 2017

Results Overview

Operating Results Stabilised and Now Returning to Growth Phase

- Revenue at $150.1m (FY16: $152.3m)
  - Revenue up 6% in second half compared to H2 of FY16
- Trading EBITDA at $10.6m (FY16: $11.2m)
  - Trading EBITDA up 36% in second half compared to H2 of FY16
- Operating costs down 1% in line with revenue result
  - Gross margin of 27.1% versus 28.2% in FY16
  - EBITDA margin of 7.1% versus 7.4% in FY16
- Non-cash impairment charge of $11.7m (FY16: $18.4m) (reflecting the movement in used crane prices as per an independent asset valuation)
- Net Loss After Tax of $22.6m (FY16: loss of $30.2m)
- Operating cash flow at $6.3m versus $8.3m in FY16
- Gross debt at $47.3m down from $51.0m at 30 June 2016
- Net Tangible Assets per share at 31 cents (30 June 2016: 35 cents)

Market Conditions

- Whilst conditions have remained difficult throughout Australia the impact was not uniform:
  - Western Australia has been exceptionally difficult with an over-supply of cranes, particularly in the North West, and reduced spending on resource projects
  - East Coast conditions have improved in the second half with higher coal prices and increased infrastructure projects

- In response to market conditions and opportunities Boom has:
  - Transferred equipment to the East Coast where utilisation and returns on capital are higher
  - Reduced its crane business in the North West but enhanced its labour hire business in the region
  - Reduced overheads across the Western Australian business to improve returns
  - Appointed Tony Spassopoulos as COO (previously EGM – East Coast) to drive consistency across a national business

Market Conditions

East Coast Growth Opportunity

- FY17 Revenue on the East Coast grew 11%
- Boom's competitive cost structure and service delivery has left it well placed to grow market share in Queensland consolidating current contracts and increasing market share
- Infrastructure pipeline is solid with wind farm projects, in particular, providing an opportunity for growth
- Three wind farm projects with combined new revenue of $16 million to commence in the first half of FY18
- A strong pipeline of further wind farm opportunities exist through FY18 and FY19

Operating Profit

BOOM LOGISTICS

		30-Jun-17 $'m	30-Jun-16 $'m	Change %
Revenue from Services	(1)	150.1	152.3	-1%
less: Direct Expenses	(2)	(109.4)	(109.3)	0%
Gross Profit		**40.7**	**43.0**	-5%
GP%	(3)	*27.1%*	*28.2%*	
less: Indirect Expenses	(2)	(22.9)	(24.5)	-7%
less: Central Costs	(2)	(7.2)	(7.3)	-1%
Trading EBITDA		**10.6**	**11.2**	-5%
Trading EBITDA%	(3)	*7.1%*	*7.4%*	
less: Non-Trading Expenses	(4)	(2.7)	(1.8)	
plus: Non-Trading Income	(5)	2.7	0.0	
Loss on Sale of Assets		(0.3)	(0.4)	
Statutory EBITDA (before impairment)		**10.3**	**9.0**	15%
less: Depreciation and Amortisation		(18.2)	(19.6)	-7%
EBIT (before Impairment)	(6)	**(7.9)**	**(10.6)**	
less: Net Borrowing Costs		(3.9)	(4.5)	-13%
Income Tax Benefit		0.8	3.3	
Net Loss after Tax (before Impairment)		(10.9)	(11.8)	
less: Impairment	(7)	(11.7)	(18.4)	
Net Loss After Tax		**(22.6)**	**(30.2)**	

1. **Revenue down 1%**

   Revenue up 6% in the second half with momentum expected to continue into FY18

2. **Expenses have reduced by 1% overall in line with movement in revenue. Reflects effort to build more flexibility into Group's cost base**

3. **Gross margin at 27.1% (27.1% in second half)**

   Trading EBITDA margin was 7.1% (7.9% in second half)

4. **Non-trading expenses comprise:**
   - **Redundancy and depot closure costs - $1.4m**
   - **Fleet relocation costs - $0.8m**
   - **Legal Fees – Glove and Barrier - $0.5m**

5. **Non-trading income relates to settlement of legal claim in Boom's favour. $1.3m was received in FY17 with further payments of $1.4m to be received in FY18. Boom will also receive its legal costs that are estimated at $1.7-$2.0m**

6. **Return on capital employed (EBIT before impairment/ average capital employed) at (3.6%) [FY16: (4.1%)]**

7. **Impairment of $11.7m realised in line with an independent asset valuation reflecting a decrease in second hand crane values.**

Trading Performance

Revenue

- Revenue growth achieved in the second half:
  - Revenue growth in second half of 6% above H2 FY16
  - Revenue growth in second half of 5% above H1 of FY17 – revenue normally stronger in first half of year in line with seasonal trend of work slowing in January and February
- Overall revenue for the full year has stabilised:
  - Closure of unprofitable depots over the current and previous periods – decrease $8.2m – closure of depot in North West and small travel tower depot in Qld in FY17, with 2 small WA depots closed in FY16
  - Continued wind down of Barrow Island LNG project – decrease $5.0m – project now almost complete – minimal revenue expected in FY18
  - Increased activity across Boom's operating depots – increase $11.0m

Business Positioned for Growth

- Flexible cost base allowed consistent gross margin to be achieved in FY17 – consistent GM of 27.1% achieved across the year
- Revenue growth achieved in H2 FY17 with significant momentum taken into FY18
- Operational leverage across existing fixed cost depot infrastructure will allow rebuild of EBITDA margin – trading EBITDA margin of 7.9% in H2 FY17, increased from 6.2% in H1 FY17

Cash Flow Summary

		30-Jun-17 $m	30-Jun-16 $m	mvmt $m
Trading EBITDA		10.6	11.2	(0.6)
less: cash component of non-trading - expense in period	(1)	(2.1)	(1.5)	(0.6)
less: non-trading - cash outflow for restructuring costs provided at prior reporting date	(1)	(0.3)	(2.9)	2.6
less: non-trading- cash outflow for employee leave entitlements associated with redundancies	(1)	(0.8)	(1.0)	0.2
Cash Proceeds from G+B Legal Settlement	(1)	1.3	0.0	1.3
Movement in working capital	(2)	1.3	6.6	(5.3)
Cash Flow from Operations before interest and tax		**10.0**	**12.4**	**(2.4)**
Interest paid (net of interest received)		(3.7)	(4.1)	0.4
Income tax received		0.0	0.0	0.0
Net cash provided by operating activities		**6.3**	**8.3**	**(2.0)**
Purchase of property, plant, equipment and software		(4.0)	(1.8)	(2.2)
Proceeds from the sale of plant and equipment		2.9	15.7	(12.8)
Net cash provided by investing activities	(3)	**(1.1)**	**13.9**	**(15.0)**
Free cash flow		**5.2**	**22.2**	**(17.0)**
Transaction costs related to borrowings		(1.0)	0.0	(1.0)
Net repayment of borrowings	(4)	(3.8)	(27.4)	23.6
Net Increase/ (Decrease) in Cash		**0.4**	**(5.2)**	**5.6**

1. **Cash costs associated with non-trading activity was a net outflow of $1.9m in FY17 compared to $5.4m in prior period**

2. **Working capital strengthened in second half with $4.0m generated from working capital in second half**

3. **Asset sale proceeds reduced:**
   - **fleet retained to fulfil new contracts won in FY17 and provide capacity for growth in FY18**
   - **Second hand market tightened in second half of year**
   - **Sale of older and under performing assets will continue in FY18**

   Capital expenditure comprised 10 year rebuilds and circa $0.5m for enhancements to two cranes specifically for infrastructure work

4. **Cash flow was applied to further pay down debt.**

   Annual debt amortisation on equipment lease facility is circa $3m.

   Amortisation of up to $2.5m applies to the syndicated bank facility limit on 1 January 2018. Facility has sufficient undrawn headroom at 30 June 2017 to accommodate the maximum amortisation requirement

Balance Sheet Analysis

	30-Jun-17 $m	30-Jun-16 $m	mvmt $m
Cash	2.2	1.8	0.4
Trade and Other Receivables	30.4	29.1	1.3
Assets Held for Sale	4.6	3.9	0.7
Property Plant and Equipment	177.6	206.9	(29.3)
Other Assets	6.3	6.7	(0.4)
Total Assets	**221.1**	**248.4**	(27.3)
Payables	14.4	14.3	0.1
Bank and Other Loans	47.3	51.0	(3.7)
Pre paid borrowing costs	(0.7)	(0.2)	(0.5)
Provisions	9.8	10.4	(0.6)
Other Liabilities	4.4	4.8	(0.4)
Total Liabilities	**75.2**	**80.3**	(5.1)
Net Assets	**145.9**	**168.1**	(22.2)
Net Tangible Assets per Share	**31 cents**	**35 cents**	
Gearing (Net Debt/ Equity)	**31%**	**29%**	

1. **Focus on working capital maintained. Pressure on working capital to be maintained as revenue growth achieved in second half continues into FY18**

2. **Asset impairment of $11.7m:**
   - **$8.9m booked against carrying value of operating fleet**
   - **$2.8m booked against carrying value of assets held for sale**

   Impairment recognised as a result of:
   - **reduction in new crane prices by manufacturers; and**
   - **a surplus of second hand assets auctioned in the second half of FY17**

   Useful life and residual values of cranes greater than 20t also reviewed and reduced to 15 years (previously 20 years). New values better reflect the independent asset valuation data

3. **Gross debt reduction in year of $3.7m predominantly relating to amortisation of asset finance facility. Net debt reduced to $45.1m (FY16: $49.2m)**

4. **Gearing at 31%. Small increase on prior year largely reflecting impact of impairments to asset values**

Revenue Update

Revenue is forecast to grow in FY18 continuing the second half trend

- Incremental revenue due to the full year impact of contracts won in FY17 – circa $14m
  - Additional coal mine sites in Queensland
  - Olympic Dam smelter shutdown
  - Labour services contract for oil and gas customer
  - Wind Farm construction project won in FY17– to be completed in H1 FY18
- New contracts won in FY18 to be completed in FY18 - revenue circa $15m
  - Two further Wind Farm construction projects to be commenced in H1 of FY18
  - Maintenance contract extended by 12 months with a price increase on services
- Reduction in revenue from contracts and projects that will not repeat in FY18, including impact of North West – circa $10m

Priorities for FY18

Boom's priorities for FY18 are:

- Execute new contracts on time, at cost and without incident to ensure returns flow to shareholders
- Continue to leverage critical mass in key geographies
- Continue to develop new market opportunities
  - Expand infrastructure and major project opportunities on East Coast
  - Wind Farm construction and maintenance projects being tendered in FY18 and FY19
- Continue to develop revenue from new services
  - Expanding range of trades offered as part of comprehensive service offering to new and existing customers
- Expand travel tower revenue in telecommunications and energy sectors in key markets
- Improve the business to deliver positive returns on capital, improve the balance sheet and allow returns to shareholders
- Maximise return on capital by moving lower return assets to productive areas or selling under performing assets

Outlook

Outlook for FY18:

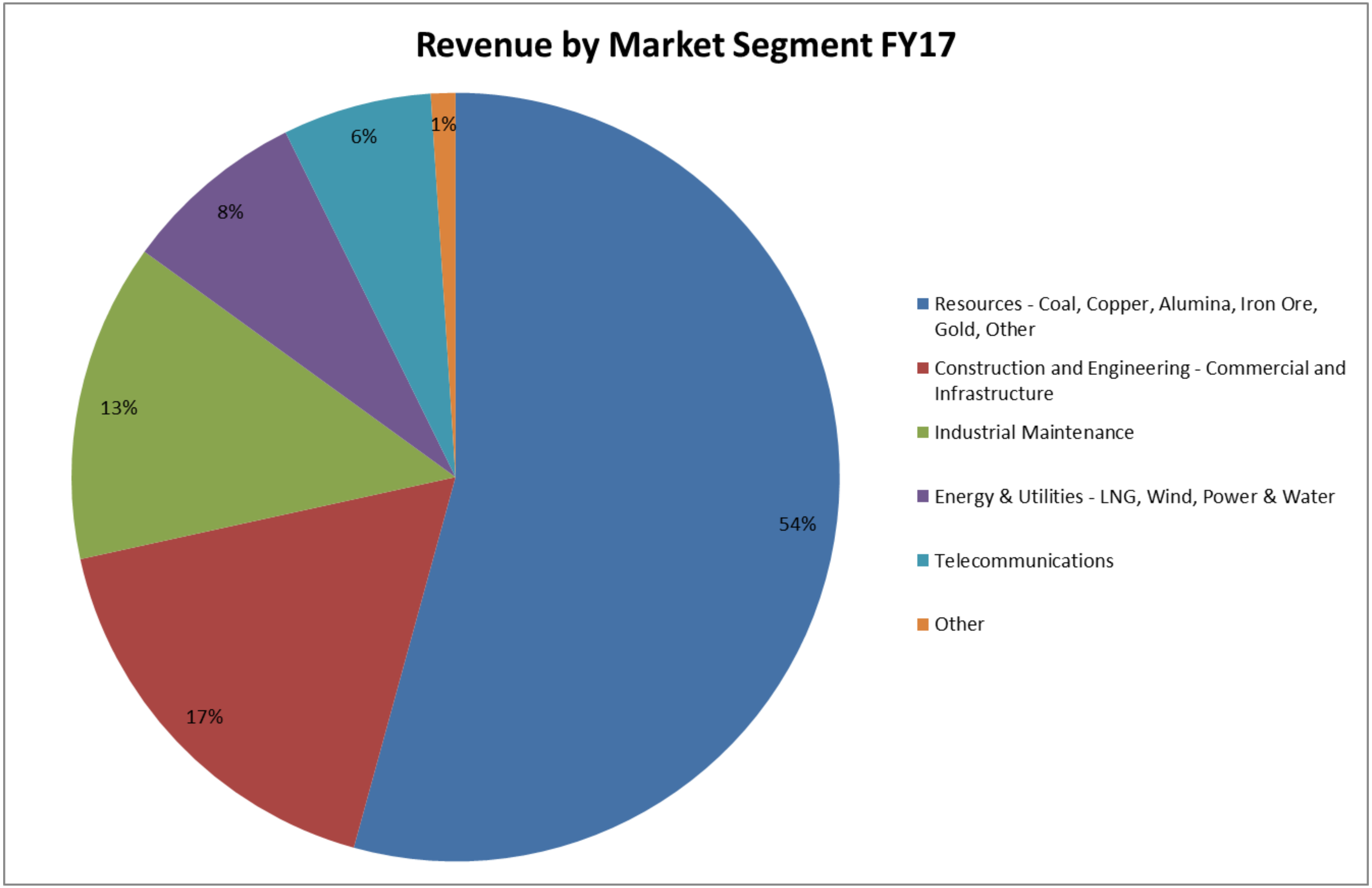
- East Coast markets are strengthening:
  - Infrastructure activity strong
  - Three new Wind Farm contracts to commence in H1 of FY18

- Market remains challenging on West Coast however operating result is expected to improve with consolidation in the South West and reduced overhead

- Additional growth to come from infrastructure, energy and telecommunications markets with rate of growth dependant on:
  - Project timing
  - In some cases securing access to specific equipment to maximise returns on infrastructure contracts; and
  - Continued success in competitive tenders

- Expect momentum to continue with H1 FY18 EBITDA to exceed H2 FY17 EBITDA

Revenue Mix



Revenue by Market Segment FY17
1%
6%
8%
13%
17%
54%
Resources - Coal, Copper, Alumina, Iron Ore, Gold, Other
Construction and Engineering - Commercial and Infrastructure
Industrial Maintenance
Energy & Utilities - LNG, Wind, Power & Water
Telecommunications
Other

Fleet Statistics

	Cranes		Travel Towers		Other Assets*		TOTAL^
	WA	East Coast	WA	East Coast	WA	East Coast	
At 30 June 2016							
Number of Assets	90	223	33	178	N/A	N/A	
Value of Assets ($'m)	63.1	82.4	7.0	42.9	5.6	9.8	210.8
Year Ended 30 June 2016							
Number of Assets Disposed	14	9	2	24			
Cash Proceeds on Disposal ($'m)	4.8	4.4	2	0.7	2.2	1.6	15.7
At 30 June 2017							
Number of Assets	56	240	31	163	N/A	N/A	
Value of Assets ($'m)	27.3	97.6	6.1	37.6	4.5	9.1	182.2
Year Ended 30 June 2017							
Number of Assets Disposed	1	16	2	15			
Cash Proceeds on Disposal ($'m)	0.5	1.0	0.1	0.7	0.2	0.4	2.9

Asset Utilisation

- Utilisation of assets increased during the year.

Crane Capacity	FY2016 30-Jun-16	FY2017 30-Jun-17
0 - 25 tonne	82%	84%
26-55 tonne	72%	70%
56-100 tonne	70%	73%
101-199 tonne	63%	66%
200-299 tonne	73%	73%
300 tonne +	87%	88%

- Travel tower utilisation has increased across all categories during the year

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