20 February 2018
ASX code: BOL

Boom Logistics Limited
Half Year Result – 31 December 2017

- Revenue up 26% at $92.4 million (FY17 H1: $73.1 million)
- Gross Margin improved to 29% (FY17 H1: 27.1%)
- Trading EBITDA at $11.3 million (FY17 H1: $4.5 million; FY17 Full Year: $10.6 million)[1]
- Trading EBITDA margin at 12.2% (FY17 H1: 6.2%; FY17 Full Year: 7.1%)
- EBIT at $2.4 million (FY17 H1: loss of $7.6 million)
- Net profit after tax of $0.4 million (FY17 H1: loss of $9.5 million)
- Gross debt reduced by $0.9 million to $46.4 million (30 June 2017: $47.3 million)

Business Moving Towards Sustained Profitability

Boom Logistics Limited ("Boom" or "the Group") recorded a statutory net profit after tax for the half year ended 31 December 2017 ("FY18 H1") of $0.4 million (FY17 H1: net loss of $9.5 million). This is a significant step for the Group as it continues to build towards delivering a sustainable and profitable business.

The improved financial results have been driven by Boom continuing to execute its strategy:

- Delivering better outcomes from the current revenue base by:
  - Reducing our cost to serve our customers;
  - Partnering with our customers to better plan and increase efficiencies; and
  - Improving our contracting arrangements.
- Building new revenue streams around existing overhead structures with our lower cost model by:
  - Winning additional contracts near existing depots. Revenue increased by 26% in the period with little requirement for additional overhead cost.
- Winning revenue and projects in new markets and supplying more services;
  - 1 wind farm construction project completed in FY18 H1 with 2 further projects commenced in FY18 H1 and to be completed in the second half;
  - Major shutdown completed at Olympic Dam in FY18 H1;
  - Circa $2 million of new labour hire revenue earned from external customers in FY18 H1.

[1] Trading EBITDA is a non-IFRS financial measure that excludes non-trading legal expenses of $0.2 million and a profit on sale of assets of $0.2 million. FY17 H1 Trading EBITDA excluded non-trading expenses of $1.3 million and FY17 Full Year Trading EBITDA excluded net non trading expenses of $0.3 million.

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Market Conditions

Boom's safety performance continues to be a key operational focus with the emphasis on risk management, leadership and assurance. During a period of rapid growth Boom achieved a Lost Time Injury Frequency Rate ("LTIFR") of zero for the first time. The Total Recordable Injury Frequency Rate ("TRIFR") was 9.3 at the end of the period.

Operating conditions in the period strengthened. Our customers in the Group's core resources sector increased their production with associated increases to maintenance activity which in turn leads to higher revenue earned by Boom. Demand in the infrastructure and wind farm markets continues to be strong and Boom will increase its capacity to service these markets by adding additional crane assets to the fleet in the second half.

Cash Flow and Financial Position

Strong revenue growth and the timing of major project revenues resulted in a build up of working capital in the first half. Cash flow from operations in FY18 H1 was $2.5 million compared to $3.0 million in FY17 H1. The working capital associated with the projects will be released in FY18 H2 and stronger cash flow through to June 2018 is expected.

Asset sales are expected to remain subdued with $1.7 million of assets identified as held for sale in the second half. Assets are being retained in the fleet as profitable revenue generating activities are being realised.

The cash flow to be released from operating activities will be used to further pay down debt in the second half. Gross debt at 31 December 2017 was $46.4 million, down from gross debt of $47.3 million at 30 June 2017. Gearing (net debt/ total equity) at 31 December 2017 marginally decreased to 30% from 31% at 30 June 2017.

Outlook

Execution of Boom's strategy will continue to drive growth as the Group builds towards sustainable profitability. During the second half assets will be moved from Olympic Dam to work on other contracts. The movement of assets will result in a delay in revenue generation and will contribute to a return to normal business seasonality.

The second half of the year is typically slower than the first half with historical revenue splits between 55/45 and 60/40 in favour of the first half.

Boom expects to continue its success in winning new contracts with its lower cost model and experience in service delivery. Further the Group is confident that it can continue to grow its revenues in the infrastructure and wind farm markets. However the second half performance will depend on the timing of new projects and Boom's success in the tendering process.

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