Lifting Solutions for Australia

21 February 2018
ASX code: BOL

Boom Logistics Limited
CORRECTION Half Year Report – ASX Release and Investor Presentation

Boom Logistics Limited released its Half Year Results to Shareholders on 20 February 2018.

A correction has been made on page two of the ASX Release dated 20 February 2018 under the heading "Outlook" as follows.

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

A clarification has been made on page 8 of the Half Year Results Investor Presentation dated 20 February 2018 under the heading "Outlook for Second Half FY18" as follows:

> "Expect FY18 to return to normal seasonality. First half to second half EBITDA split typically 55/45 but can be 60/40 depending on timing of projects."

The corrected ASX Release and Half Year Results Presentation are attached.

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20 February 2018
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Boom Logistics Limited
CORRECTION 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 of circa 55/45 and EBITDA splits typically 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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31 December 2017

Half Year Results

Presentation

February 2018

Execution of Strategy Delivering Positive Outcomes

1. Revenue Growth – up 26% on pcp to $92.4m
   - Maintenance contracts delivering increased revenue
   - Major projects delivered growth in H1 with two wind farm construction projects to continue into H2
   - Labour hire business delivering revenue growth
2. Improved EBITDA margin leveraging off largely fixed overhead base
   - trading EBITDA at $11.3m up $6.8m on pcp
   - trading EBITDA margin at 12.2% up from 6.2%
3. Improving systems, developing skills and obtaining specialist equipment
   - Focus on infrastructure market, leveraging our people's skills and committed to provision of specialised equipment to better service the market
   - Deployment of new asset scheduling and invoicing system underway
4. Return to positive EBIT - up $10m on pcp to $2.4m
5. Moving towards sustainable profitability - NPAT up $9.9m on pcp to $0.4m
6. Project timing caused increase in working capital
   - operating cash flow down $0.5m at $2.5m
   - gross debt down $0.9m to $46.4m

Strategy Supported by Improved Market Conditions

- Trading conditions strengthened in the period:
  - Customers in the core resources sector increased spending on their maintenance programs
  - Spending on infrastructure projects increased. In the period Boom:
    - Completed a major shutdown at BHP's Olympic Dam facility
    - Completed the construction of one wind farm project
    - Commenced the construction of two wind farm projects that will complete in the second half

- Boom's labour hire business, readi, produced a positive return
  - New revenue earned from external customers was circa $2m in the period
  - Labour supplied internally to Boom depots rather than using external labour hire increased to circa $10m which contributed to improvements in labour recovery and flexibility

- Conditions in the travel tower segment remained challenging in the first half. Revenue from telco and power companies was down in the period

Operating Profit Strengthened

		31-Dec-17 $'m	31-Dec-16 $'m	Change %
Revenue from Services	(1)	92.4	73.1	26%
less: Direct Expenses		(65.6)	(53.3)	23%
Gross Profit		**26.8**	**19.8**	35%
GP%	(2)	*29.0%*	*27.1%*	
less: Indirect Expenses		(12.0)	(11.5)	4%
less: Central Costs		(3.5)	(3.8)	-8%
Trading EBITDA		**11.3**	**4.5**	151%
Trading EBITDA%	(3)	*12.2%*	*6.2%*	
less: Non-Trading Expenses	(4)	(0.2)	(1.2)	
Profit/ (loss) on Sale of Assets		0.2	(0.1)	
Statutory EBITDA (before impairment)		**11.3**	**3.2**	253%
less: Depreciation and Amortisation		(8.9)	(8.9)	0%
EBIT (before Impairment)		**2.4**	**(5.7)**	
less: Net Borrowing Costs		(2.0)	(1.9)	5%
less: Income Tax (Expense)/ Benefit		0.0	0.0	
Net Profit/ (loss) After Tax (before Impairment)		0.4	(7.6)	
less: Impairment		0.0	(1.9)	
Net Profit/ (loss) After Tax		**0.4**	**(9.5)**	

1. **Revenue up 26%**

   Revenue increase attributed to:
   - **Increased volume from existing customers – after recognising $2.6m impact of closure of Newman depot in prior period**
   - **New contracts;**
   - **Major Projects; and**
   - **Labour services**

2. **Direct expenses increased by 23%**

   Gross Margin at 29% - up from 27.1%

3. **Operational leverage realised – revenue growth delivered with indirect and central costs increasing by only 1.3%**

   Trading EBITDA margin at 12.2% - up from 6.2%

4. **Non-trading expenses comprise legal costs associated with final stage of Glove and Barrier legal case.**

5. **Return on capital employed improving. FY18 H1 ROCE at 2.3% (FY17: negative 3.6%)**

Stable Balance Sheet

		31-Dec-17 $m	30-Jun-17 $m	mvmt $m
Cash		1.8	2.2	(0.4)
Trade and Other Receivables	(2)	41.6	30.4	11.2
Assets Held for Sale	(1)	1.7	4.6	(2.9)
Property Plant and Equipment	(1)	173.9	177.6	(3.7)
Other Assets		3.3	6.3	(3.0)
Total Assets		**222.3**	**221.1**	1.2
Payables		14.5	14.4	0.1
Bank and Other Loans		46.4	47.3	(0.9)
Pre paid borrowing costs		(0.6)	(0.7)	0.1
Provisions		10.0	9.8	0.2
Other Liabilities		5.3	4.4	0.9
Total Liabilities		**75.6**	**75.2**	0.4
Net Assets	(1)	**146.7**	**145.9**	0.8
Net Tangible Assets per Share	(1)	**31 cents**	**31 cents**	
Gearing (Net Debt/ Equity)	(3)	**30%**	**31%**	

1. **Net asset values and NTA per share stable, reflecting:**
   - **No asset impairment in period – independent asset valuation supported carrying values;**
   - **Assets Held for Sale decreased. Assets held are no longer surplus to operating requirements. Asset sales of circa $1m completed in January 2018**

2. **Trade and Other Receivables increased due to growth in revenue and, in particular, timing of projects**
   - **Project working capital adversely impacted cash flow in the period**

3. **Gearing at 30%. Small decrease on prior period reflecting modest debt reduction and stable asset values**

Cash Flow Impacted by Working Capital Growth

BOOM LOGISTICS

		31-Dec-17 $m	31-Dec-16 $m	mvmt $m
Trading EBITDA		11.3	4.5	6.8
less: cash component of non-trading - expense in period		(0.2)	(0.4)	0.2
less: non-trading - cash outflow for restructuring costs provided at prior reporting date		(0.4)	(0.3)	(0.1)
less: non-trading- cash outflow for employee leave entitlements associated with redundancies		0.0	(0.7)	0.7
Cash Proceeds from G+B Legal Settlement		1.0	0.0	1.0
Movement in working capital	(1)	(11.9)	(2.7)	(9.2)
Cash Flow from Operations before interest and tax		**(0.2)**	**0.4**	**(0.6)**
Interest paid (net of interest received)		(1.8)	(1.9)	0.1
Income tax received		4.5	4.5	0.0
Net cash provided by operating activities		**2.5**	**3.0**	**(0.5)**
Purchase of property, plant, equipment and software		(2.7)	(1.7)	(1.0)
Proceeds from the sale of plant and equipment		1.2	1.7	(0.5)
Net cash provided by investing activities		**(1.5)**	**0.0**	**(1.5)**
Free cash flow		**1.0**	**3.0**	**(2.0)**
Transaction costs related to borrowings		0.0	(1.0)	1.0
Net repayment of borrowings		(1.4)	(2.6)	1.2
Net Increase/ (Decrease) in Cash		**(0.4)**	**(0.6)**	**0.2**

1. **Working capital increased as a result of revenue growth and timing of project work:**
   - **Major Olympic Dam shut completed at end of December. Significant progress claims to be processed at completion of project and to be paid in Q3**
   - **1 wind farm project completed in Q2 – final invoice outstanding to be paid in Q3**
   - **2 wind farm projects commenced in Q2. Progress invoices outstanding at end of December and received in January 2018**

Projects contributed $11.6m to period end trade and other receivables balance of which $5.9m was received in January 2018

Cash flow to strengthen in second half

Revenue Outlook – Building on Growth

Pipeline Opportunity Solid

- Wind farm market:
  - construction opportunities for FY19 and FY20 of circa $300m with Boom targeting to win circa $30m p.a. in this sector
  - Maintenance market to increase as wind farm generation increases. Boom is well placed in this market and is already completing work for major players
- Major infrastructure projects expected over next two years. Boom has expertise in civil infrastructure works and is investing in additional capacity to better service the market
- Further maintenance spend growth expected in Resources sector in line with forecast increased production estimates
- Improving travel tower revenue with a targeted sales plan

Capital Plan to Deliver Continued Growth

- Boom will seek to maximise Balance Sheet flexibility whilst building significant capacity for further revenue growth and deliver positive returns on capital

- Additional capital will be supplied to the business in line with customer and market demand:
  - Short term flexible leasing of large crane assets to deliver on new project opportunities
  - Acquisition of smaller crane assets to service contracts
    - Capital cost estimated at circa $5m-$10m p.a. over next two years
  - Acquisition of transport assets to deliver efficiencies in servicing our customers
    - Capital cost estimated at circa $2m-$4m over next two years

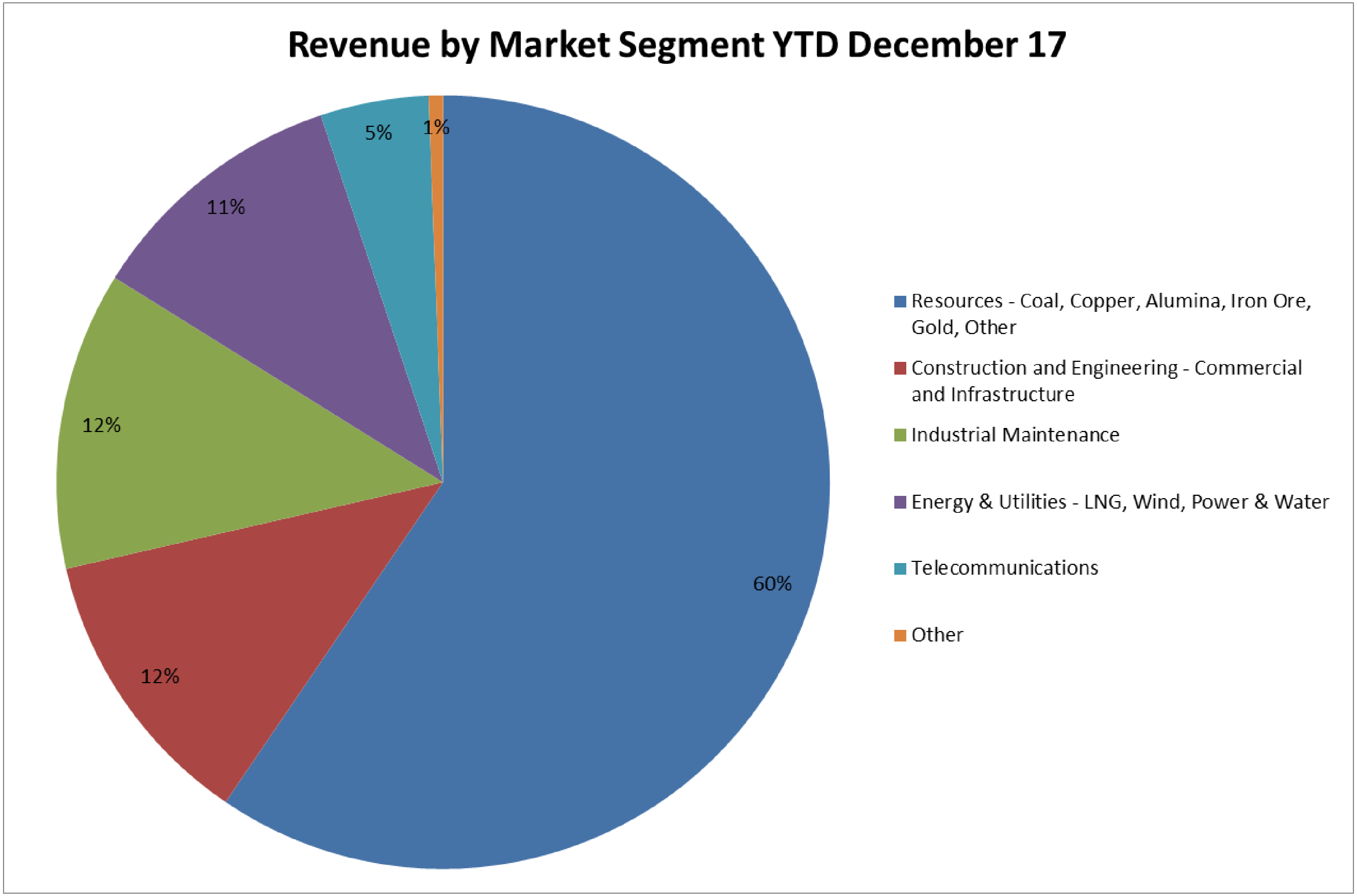
- Target gearing ratio (net debt/ equity) range to remain at 20%-30%

Outlook

Outlook for Second Half FY18:

- Improved trading conditions expected to continue through to second half
- Opportunities for further revenue growth and contract wins in:
    - Resources sector
    - Infrastructure sector
    - Continued growth in wind farm markets – construction and maintenance
    - Labour services
- Wage pressure beginning to build in certain markets that may begin to impact margins
- There will be downtime associated with assets being moved from Olympic Dam post completion of the shut
- Rate of growth will be dependant on tender success and project timing
- Expect FY18 to return to normal seasonality. First half to second half EBITDA split typically 55/45 but can be 60/40 depending on timing of projects
- Longer term outlook remains positive as Group builds towards sustained profit and Return of Capital in excess of 10%

Revenue Mix



Revenue by Market Segment YTD December 17
60%
12%
12%
11%
5%
1%
Resources - Coal, Copper, Alumina, Iron Ore, Gold, Other
Construction and Engineering - Commercial and Infrastructure
Industrial Maintenance
Energy & Utilities - LNG, Wind, Power & Water
Telecommunications
Other

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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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