BOOM LOGISTICS

31 December 2018

Half Year Results

Presentation

21 February 2019

Highlights

BOOM LOGISTICS

Financial Performance

- Revenue $92.5m for H1 FY19 in line with pcp
- Trading EBITDA $12.0m up 6% on pcp
- EBIT $2.1m and NPAT $0.2m
- Industrial action in NSW had significant impact on results, reducing EBIT by circa $3.0m
- Cash from operating activities $12.1m up $9.6m on pcp

Operations Update

- Completed 2 years and 3 million hours worked without a Lost Time Injury
- New major wind farm construction projects won at Coopers Gap, QLD and Cattle Hill, TAS – on track to achieve $30m wind farm revenue in FY19
- Renewed major customer contracts with BMA, BMC, Curragh and Alcoa
- Telco revenue increase of 43% via 5G roll-out

Capital Management

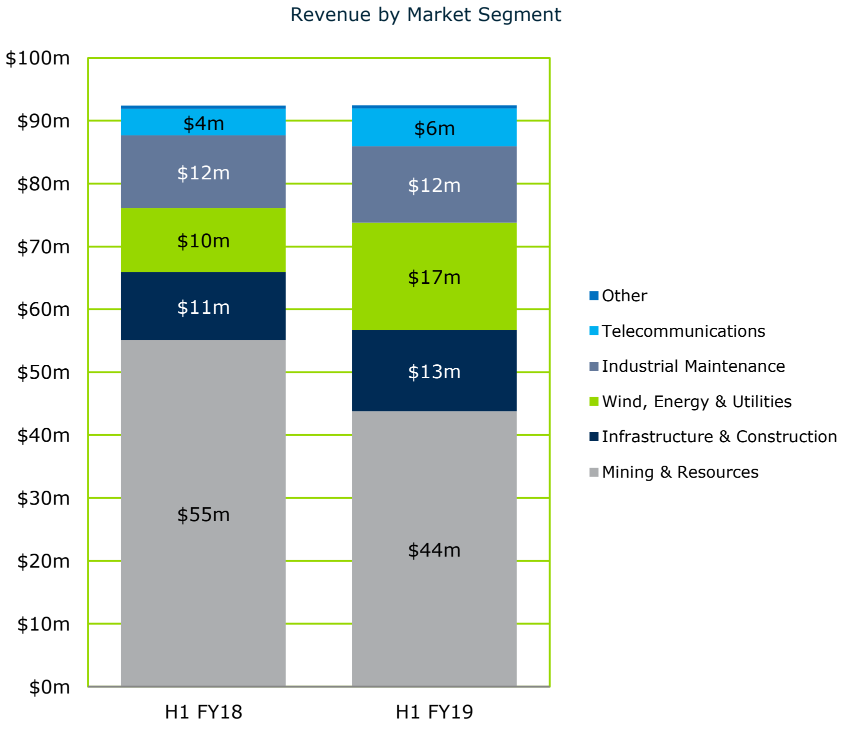
- Net debt at $34.6m, down $2.7m in period
- Debt refinance completed with extended term, increased capacity and lower cost
- CAPEX of $8.7m and Asset Sales of $1.3m. Asset rental model for projects provides balance sheet flexibility
- On market buy-back of 10.1m shares to-date, since announcement on 21/11/18
- Minimum holding buy back completed with 1.1m shares purchased

Strategic Focus

- Target to win new wind farm construction projects
- New "value added" services tendering to mining and resource customers
- Infrastructure revenue growth opportunities through **readi**
- Profitable revenue growth through utilisation improvement and rate increases
- Internal competition for assets and capital allocation disciplines to maximise ROCE

Revenue & Market Update

- Solid contracts with major customers in the mining and resources sector
  - Queensland continues to be strong with improved market opportunities - renewed contracts with BMA, BMC and Curragh
  - 3 year contract renewed with Alcoa in WA
- Mining & Resources revenue:
  - Olympic Dam - non-recurring major shutdown generated circa $10m revenue in H1 FY18
  - NSW strike - impact circa $5m revenue
  - Queensland – activity continued to increase
- Key Markets delivering growth:
  - Wind, Energy & Utilities revenues up **67%** with completion of Mt Gellibrand project plus increase in maintenance and construction works
  - Infrastructure & Construction revenue up **19%**
  - Telco 5G revenue up **43%** across Australia
- Cross-selling readi labour hire with major customers and contractors across all sectors



Operating Profit

- Revenue from services at $92.5m is in line with prior period
  - Other Income of $2.6m relates to insurance claim for damage incurred to a crane
  - Associated costs recognised in direct expenses and in asset impairment
- Direct expenses include circa $2.0m of lease payments for rented equipment
- Trading EBITDA of circa $12.0m is 6% ahead of same time last year
- EBIT at $2.1m was down $0.3m on pcp
  - NSW strike negatively impacted EBIT by circa $3.0m in the period
- Non-Trading Expenses
  - Restructuring costs and redundancies incurred to date in NSW businesses and provision for retirement payment to former CEO

	31-Dec-18 $'m	31-Dec-17 $'m	Change %
Revenue	92.5	92.4	0%
Other Income	2.6	0.0	
less: Direct Expenses	(67.0)	(65.6)	2%
Gross Profit	**28.1**	**26.8**	5%
GP%	*29.5%*	*29.0%*	
less: Indirect Expenses	(12.7)	(12.0)	6%
less: Central Costs	(3.4)	(3.5)	-3%
Trading EBITDA	**12.0**	**11.3**	6%
Trading EBITDA%	*13.0%*	*12.2%*	
less: Non-Trading Expenses	(1.0)	(0.2)	
less: Impairment for Damage to Crane	(1.0)	0.0	
Profit on Sale of Assets	0.4	0.2	
Statutory EBITDA	**10.4**	**11.3**	-8%
less: Depreciation and Amortisation	(8.3)	(8.9)	-7%
EBIT	**2.1**	**2.4**	-12%
less: Net Borrowing Costs	(1.9)	(2.0)	-5%
less: Income Tax Expense	0.0	0.0	
Net Profit After Tax	**0.2**	**0.4**	

Balance Sheet

- Net Debt Down
  - Net debt further reduced by $2.7m in period to $34.6m
  - Gearing (net debt/ equity) at 24%
- New Long Term Finance Facilities effective 29th January 2019
  - New facilities deliver improved terms and savings of circa $250k p.a.
  - Extended $20m bank facility expires January 2022
  - Lower cost $20m trade receivables loan facility expires January 2022
  - Amortising fixed rate asset finance facility repriced with 57 basis point reduction expires August 2021
  - Asset finance facilities expanded to provide additional finance lease, sale and leaseback and operating lease facilities
- Net Tangible Assets per share at 31 cents
- ROCE[1] at 2.2%

	31-Dec-18 $m	30-Jun-18 $m	mvmt $m
Cash	2.3	1.7	0.6
Trade and Other Receivables	34.6	37.1	(2.5)
Assets Held for Sale	0.4	0.8	(0.4)
Property Plant and Equipment	166.3	167.5	(1.2)
Other Assets	5.1	6.3	(1.2)
Total Assets	**208.7**	**213.4**	(4.7)
Payables	14.0	14.6	(0.6)
Bank and Other Loans	36.9	39.0	(2.1)
Pre paid borrowing costs	(0.2)	(0.4)	0.2
Provisions	8.9	9.4	(0.5)
Other Liabilities	5.6	5.6	0.0
Total Liabilities	**65.2**	**68.2**	(3.0)
Net Assets	**143.5**	**145.2**	(1.7)
Gearing (Net Debt/ Equity)	**24%**	**26%**	

[1] ROCE is EBIT / Capital Employed

Cash Flow

- Cash from Operations is strong
  - Payment timing on projects favourable in current period
  - Annual insurance premiums prepaid in H1 accounting for majority of working capital movement
- Capital Expenditure
  - CAPEX of $8.7m in H1
  - Crane assets acquired in H1 to service contracts
  - $1.3m of assets sold with target of $3.0m in FY19
  - Flexible rental arrangements – larger capacity cranes introduced for growth and projects
- Capital Management
  - Share buy back funded from free cash flow
  - $0.25m to fund minimum holding buy back
  - $1.7m to fund on-going on-market buy back

	31-Dec-18 $m	31-Dec-17 $m	mvmt $m
Trading EBITDA	12.0	11.3	0.7
less: cash component of non-trading expenses paid in period including associated employee leave entitlements	(0.7)	(0.6)	(0.1)
Cash Proceeds from Glove and Barrier legal settlement	0.0	1.0	(1.0)
Movement in working capital	(2.0)	(11.9)	9.9
Cash flow from operations before interest and tax	**9.3**	**(0.2)**	**9.5**
Interest paid (net of interest received)	(1.7)	(1.8)	0.1
Income tax received	4.5	4.5	0.0
Net cash provided by operating activities	**12.1**	**2.5**	**9.6**
Purchase of property, plant, equipment and software	(8.7)	(2.7)	(6.0)
Proceeds from the sale of plant and equipment	1.3	1.2	0.1
Net cash used in investing activities	**(7.4)**	**(1.5)**	**(5.9)**
Free cash flow	**4.7**	**1.0**	**3.7**
Net repayment of borrowings	(2.1)	(1.4)	(0.7)
Payments for shares bought back	(2.0)	0.0	(2.0)
Net cash used in financing activities	**(4.1)**	**(1.4)**	**(2.7)**
Net Increase/ (Decrease) in Cash	**0.6**	**(0.4)**	**1.0**

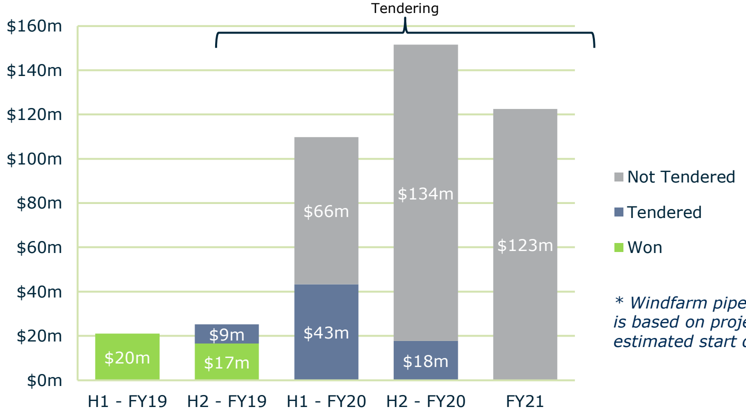
New Opportunities - Mining & Resources

- Maintain solid contracts with major customers in the mining and resources sector
  - Extend / renew current maintenance contracts when due
  - Rate increases to reflect labour cost increases in the market place
- Win new mining contracts in H2 on maintenance and construction programs
  - QLD growth with existing customers – at new mine sites and provide “new value added” services
  - North West new construction opportunities being tendered
  - Opportunities for new contracts in Hunter region as mine sites changing to multiple supplier model
- Introducing new revenue streams and expanding new “value added” services:
  - Engineering services
  - Maintenance programs
  - Specialised labour skills
- Cross-sell Boom and readi services with major customers and contractors on mining sites

Strong Pipeline - Wind Farms & Telco's

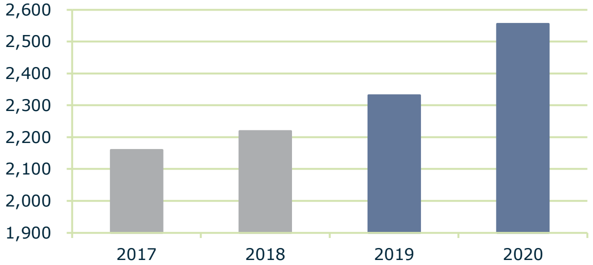
- Secured circa $30m of wind farm revenue for FY19 which includes:
  - Completion of Acciona Mt Gellibrand in Victoria
  - Project works completed at BMS, CatCon, Vestas
  - GE Coopers Gap project underway in Queensland
  - Goldwind Cattle Hill to commence in Tasmania
  - Ongoing wind farm maintenance works
- Success with our "Total Service Offer" model on wind farm construction projects
- Strong sales pipeline of circa $390m of opportunity over next two years
  - Target to commence two new wind farm contracts December 2019 / January 2020
  - Opportunities for Travel Towers in wind farm sector
- Telecommunications pipeline is strong over the next 2 years with the 5G roll-out
- Utilisation improving on large Travel Towers in Telco sector with solid order book in H2 FY19

Crane Wind Farm Sales Pipeline (c. $390m)



** Windfarm pipeline is based on projects estimated start date*

Wireless Tower Construction ($m)



Source: IBIS World

Growth Opportunities - Infrastructure

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- Strong pipeline and opportunities over the next three years in the infrastructure and civil construction sector
- Focused on specific projects including bridges and rail – where Boom has experience in complex lifts and engineering expertise
- Target new revenue using dry hire model on specific infrastructure and construction contracts

readi

- Major revenue growth opportunity for **readi** labour hire services on infrastructure and construction projects
- Revenue from **readi** labour hire is an important non-capital revenue stream for the Group

Industrial Relations Update

- NSW - Enterprise Agreements
  - Stand alone labour agreements at Port Kembla, Singleton and Newcastle depots
  - Focus on rebuilding our business and increasing our customer base in the Hunter region
  - Some mining customers in Hunter region are opting for multiple suppliers to ensure security of supply
  - New pricing models and packages being tendered
  - Restructuring the Hunter business – merging Newcastle crane depot with Singleton depot to service customers in the region
  - Heavy Lift business unit (Port Kembla) has successfully resumed activity with strong H2 FY19 order book
- Other Locations – Enterprise Agreements
  - Recently agreed a new Enterprise Agreement at BHP Olympic Dam and submitted for approval to Fair Work
  - Most other EBA's not due until 2020 and 2021

Outlook for FY19

Revenue Growth

- Revenue to increase as wind farm construction projects commence full-swing in H2
- Telco 5G market expected to remain strong for Travel Towers
- New “value added” services being tendered to mining customers
- Growth on infrastructure projects through **readi** labour hire - contracts being negotiated
- Rate increases implemented across products and services
- Hunter region mining customers introducing multiple supplier model

Operational Management

- Maintain the safety culture and disciplines – towards zero harm
- Continued focus on utilisation improvement and relocation of assets to growth areas and new contracts
- Focus on labour recovery and introduced new metrics to improve margins
- Sale of older surplus equipment, with a target of $3m in asset sales in FY19
- Maintain flexible capital model; larger assets introduced on a rental and project basis

Financial Performance

- Revenue of circa $200m for FY19
- Trading EBITDA $25m - $27m for FY19
- CAPEX of circa $13m for FY19
- On-market share buy back to continue following release of H1 FY19 results
- Share buy backs funded from operating cash flows
- Strategic review underway on the small travel tower assets

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