BOOM
LOGISTICS

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

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		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

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		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

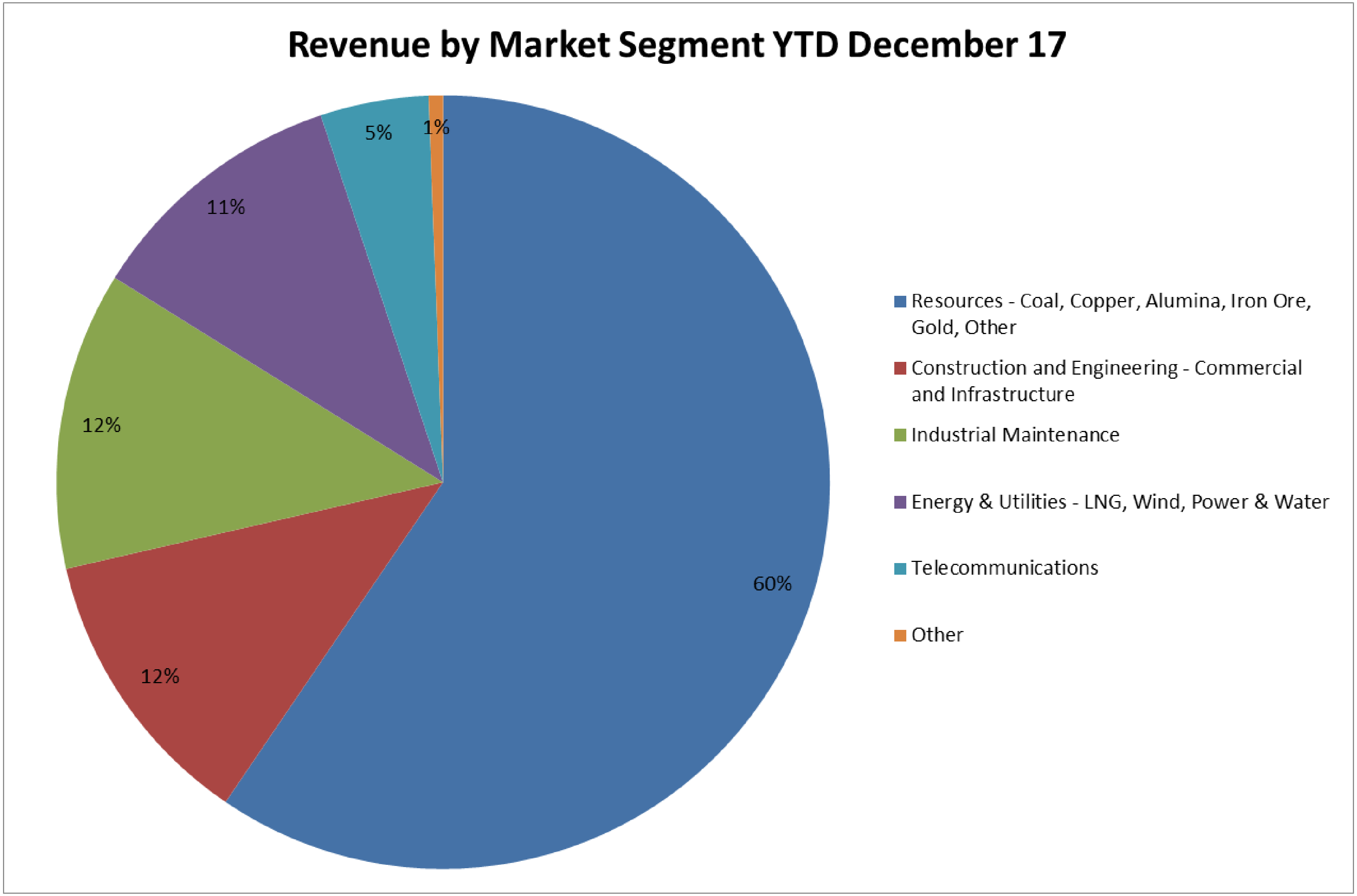
- Target gearing ratio (net debt/ equity) range to remain at 20%-30%

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 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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