27 November 2020
ASX code: BOL

Boom Logistics Limited
Annual General Meeting Addresses

<u>Chairman's address</u>

Welcome again to Boom Logistics' annual general meeting for the year ended 30 June 2020.

The last 12 months have presented considerable challenges to the business, however the strength of our response reflects Boom's transformation over recent years into a leaner and stronger operation and our plan remains on track to improved earnings for shareholders and a brighter future.

It is appropriate to reflect briefly on the journey to transform Boom's business. Over the past five years, Boom has strengthened its balance sheet. Net debt has been significantly reduced from $71.4 million at 30 June 2015 down to $19.6 million at 30 June 2020, a reduction of $51.8 million. The asset base has been rigorously assessed and strengthened and mostly underutilised and unprofitable, crane and travel tower assets have been sold. The Group's cost base and working capital have also been managed to deliver improved operating cash flows.

Importantly these initiatives have allowed the commencement of capital management initiatives. 35.7 million shares were bought back in the 2019 financial year with a further 11.4 million shares bought back in the 2020 financial year. A 0.5 cent interim dividend was then paid on 2 October 2020, having been deferred from the original April payment date as a prudent response to the Covid-19 situation.

These are important steps and the Group will continue with targeted fleet renewal and expansion to invest in profitable business opportunities, improve margins and drive improved returns on capital and shareholder returns.

We are on the right track and this is reflected in our significantly improved first quarter EBIT (or earnings before interest and tax) for FY21, which are up over $2 million from the corresponding quarter in FY20.

The improved profitability in FY21 is underpinned by changes over the past few years and is being delivered from our leaner cost base by our mining services contracts, our growing presence in the wind farm construction and maintenance industry, and the success of our travel tower business in the energy and telecommunications sectors.

Our CEO, Tony Spassopoulos, will provide further details on the progress we are making in his report.

We finished FY20 with a disappointing net loss after tax of $17.0 million, the product of COVID-19 delays, one-off tax expenses, impairment charges and a significant loss on a Tasmanian wind farm project.

During the period, revenues increased to $185.5 million and the Company generated strong operating cash flows of $24.3 million (before tax). The strong cash flow supported the Group's capital management initiatives in the period with 11.4 million shares purchased via an on-market buyback at a cost of $1.7 million

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in FY20 and a half cent interim dividend paid in October 2020, which was deferred from the expected payment date of April 2020 as a result of COVID-19.

The adoption of the flexible asset rental model and sale of underutilised assets to fund growth assets has helped keep net capital expenditure low, while protecting the balance sheet. It has allowed progressive reduction of debt, down to $19.6 million at the end of FY20 from $36.6 million in the prior year (FY19), and ensures rental commitments are matched against projects or contracts.

I am pleased to report that the Company intends to enter into agreements in the coming weeks to re-finance and consolidate its existing syndicated bank and receivables finance facilities into a single line of credit with Scottish Pacific. The new facilities are subject to the satisfaction of a number of conditions precedent which the Company expects to occur prior to January 2021. The facilities will be committed for an initial period of three years and will offer increased capacity, provide greater flexibility for the Company's operations and reduce the overall cost of funding.

The Board will to continue to look at capital management opportunities either through dividend or share buy-back to deliver returns to shareholders over the course of FY21.

Looking to Boom's operations, we are leveraging our presence on major mining sites in central Queensland to secure work from mine operators and other subcontractors on site. Our wind farm pipeline of construction and maintenance opportunities is supported by successful projects, such as the recent Coopers Gap wind farm.

In Western Australia, we have significantly improved performance following the appointment of an experienced management team to lead a new sales team and expand our Western Australian business.

Travel Towers are benefiting as a stand-alone business with a streamlined structure that provides management with clear direction and accountability. Travel towers have shut depots, are continuing to sell smaller, older, less utilised travel towers and are focused on key markets. Since the restructure, the division has improved performance and is well positioned to grow and continue to improve profitability.

The Board is also undergoing renewal with Terry Francis and Jean-Pierre Buijtels announcing that they will retire and not stand for re-election at the AGM. Terry has been on the Board since 2005 and has chaired the Audit Committee for many years. I'd like to thank Terry for his many years of service and wise counsel.

Jean-Pierre Buijtels, who joined the board in 2017, is stepping down to focus his attention on business interests closer to his home in The Netherlands. I thank Jean-Pierre for the insights which he has brought to Board meetings over the last three years.

The retirements represent a chance to refresh the Board with new directors that can lead Boom into the future.

I'd like to welcome Stephen Grove who stands for election today at the AGM. Stephen was appointed a director earlier this month, and he will bring considerable business experience to the Board, having grown a large business in the hiring sector. His election is supported by the Board.

A selection process is underway to appoint a new independent director who will be appropriately qualified to Chair the Audit Committee following the retirement of Terry Francis.

I note that Jack Hebiton has also indicated that he intends to retire at some time in the next 12 months after many years on the Board.

Boom is now well positioned with a leaner fleet and an organisational structure that provides clear accountability for the performance of each business unit within the Group. Boom is continuing its journey to evolve into a dynamic, adaptable organisation that is able to offer a greater range of industrial lifting related services. We have laid the foundations for future growth underpinned by low corporate debt, strong cash flows, improved risk management and an operating fleet delivering improved utilisation.

We are seeking to diversify our operations and revenue streams, with a greater focus on recurring maintenance work, which is already driving earnings and beginning to improve our return on capital.

Tony Spassopoulos will provide further information on the progress we have made within each of our core business units.

I'd like to thank my fellow directors for their guidance during a difficult year. I would also like to acknowledge the efforts of our team who continue to deliver a high level of service, despite the challenges of the pandemic.

Maxwell J Findlay
Chairman

<u>Managing Director's address</u>

Thank you, Max and good morning ladies and gentlemen.

As outlined by the Chairman, FY20 was a disappointing year for Boom Logistics, with COVID-19 affecting several parts of our business and a one-off wind farm project cost impacting results.

The pandemic drove the group to adapt quickly in a new environment during the crisis.

We have come through a challenging year - stronger, leaner and with more emphasis on safety. Our focus is on profit growth, improving return on capital and delivering returns to shareholders.

Our business is also transforming into something more than just a crane hire company.

We strive to be Australia's leading industrial lifting services business, leveraging our people, assets and expertise to deliver a variety of engineered and technical solutions to our clients. We do this while making safety the top priority for our people and customers.

We are moving in the right direction, but we are not there yet, we are diversifying our revenue base into infrastructure, wind, energy and utilities. We are delivering a greater suite of services to our mining customers, while improving our core established lifting expertise.

Results Update

The Chairman highlighted the turnaround and solid first quarter results, with EBITDA at $9.3 million and EBIT of $1.5 million, which is $2.2 million more than this time last year. Return on capital is circa 4%, trending in the right direction as we continue to target returns above 10%.

It is pleasing that we have made progress on a number of strategic goals, which include increasing recurring earnings, a continued drive on costs and focus on margins, and positioning the company for sustainable profit growth.

While the second half of FY20 was beset with challenges including the pandemic, the story of this year's first quarter was about getting back to work and back on track. We are in better shape, our costs are well managed and we are steadily increasing our return on investment.

We will target contracts, markets and regions that will give us an acceptable return on capital and if we don't see a project adequately contributing to earnings, or if a contract appears too risky or marginal, we will not pursue it.

Our cash position continued to benefit from equipment sales with 35 obsolete travel towers sold, delivering $4.1 million in asset sales year-to-date. Our net debt as of 30 September 2020 has reduced to $14.4 million.

We are confident our prudent capital management strategy, together with our focus on diversification, recurring earnings and targeted growth markets, will lead to improved shareholder returns.

Safety Update

At the heart of everything we do is the safety of our customers and our people throughout our operations. I would now like to update you on the progress of our safety journey.

We undertook a safety "reset" last year to reinforce the safety priority and behaviours, which drive us towards our zero-harm goal. We are committed to improving safety and being recognised as an industry leader and our Total Recordable Injury Frequency Rate (TRIFR) decreased to 8.0 in FY20 from 8.6 the previous year.

Our focus on safe interactions requires managers to spend more time in the field with customers and crews, which leads to a better safety culture. The number of safety observations improved by 65% year-on-year. While these results are positive, there is room for continuous improvement.

People Update

People are key to our success and they set us apart from our competition. We want to ensure Boom is a safe place to work, and we also want to recognise and reward performance, invest in training and talent, and create an environment where our people thrive.

Throughout FY20, we continued to provide Certificate IV Leadership and Management training to employees across the business. The program provided practical skills to develop strong and effective leaders for the future covering safety, client engagement, business processes and leadership.

Our workforce is well-trained and on-boarded so all employees work in a safe and professional manner to the standard and expectations of Boom and its customers. Ongoing training and development of operational crews, updating safety standards and verification of competency is undertaken on a regular basis.

We recognise the traditional Indigenous peoples and acknowledge their right to maintain their cultures, identities, and customs.

Recently, we were nominated as a finalist for the 2020 Australian Mining Prospect Indigenous Engagement Award, which recognises collaboration between mining companies and Indigenous groups operating within Australia.

Our National Indigenous Employment Framework helps generate work opportunities and Boom will continue to develop programs and support local communities.

I would now like to update you on our business units.

Crane Services

Our crane lifting solutions cover a diverse range of industries and activities, with mining maintenance and shutdowns, being the main sectors we service.

Central Queensland provides a solid foundation, as we utilise our reputation in the region to secure additional mine contracts and expand our maintenance services supported by *readi*. This year, we are re-establishing in Queensland's Moranbah region, where we are seeing positive interest from major miners.

In FY20, we renewed the Glencore contract which includes Bulga in the Hunter Valley, NSW and Hail Creek in Queensland. Recently we signed a new agreement to supply services to BHP's Mt Arthur mine in the Hunter Valley, NSW.

In South Australia, we are working with our major customer at Olympic Dam and contractors on site where another major shutdown is being planned for 2021.

In Western Australia, we restructured our operations in early FY20, and in the second half of the year, the team won a new maintenance contract at FQM Australia nickel mine and major wind farm work.

Due to COVID-19 and travel restrictions, the new Port Hedland depot in WA was delayed, and operations began in October 2020. Feedback from customers in the north-west is encouraging as we rebuild relationships and increase service levels in the region.

readi labour hire, services our mining and industrial maintenance customers. While COVID-19 has been challenging, *readi* plays an important role, providing specialised skills and labour hire during major shutdowns.

Boom Projects

In line with our diversification strategy, the projects tender pipeline is strong over the next three years, in bridge and rail crossing installations, infrastructure and major civil engineering construction projects.

We have steady wind farm project bookings which are based on equipment hire and labour rate models for services performed. The wind farm sales pipeline is solid, with over $3 billion in new construction projects planned over the next three years. We are also providing wind farm maintenance services to an increasing number of sites across Australia.

Infrastructure

We are targeting large civil infrastructure works, such as rail and level crossing removals, as well as large bridge and tunnel boring projects.

Boom crews worked on three level crossing removal projects at Pakenham, Lyndhurst and Cheltenham in Melbourne, Victoria. Recently we signed a contract to support work on the Snowy 2.0 project, which commenced in August this year. In September 2020, we began work on the Parramatta light rail infrastructure project which will continue until the end of 2021.

There are over $35 billion of infrastructure projects planned next year and this is expected to continue over the next three years. We are well positioned to benefit from this growth sector.

Travel Towers

Our Travel Towers business is increasing momentum as it operates in the power transmission, telecommunications and wind energy sectors. The division's margins improved during the year following a restructure and its focus on larger travel tower assets. The rationalisation of the travel tower business delivered necessary cost savings in FY20 and asset utilisation increased from the rebalanced fleet.

Growth is expected to continue in the telecommunications and power utility sectors. Solid business volumes in the 5G telecommunications market are forecast to continue, with potential for more high voltage line stringing and interconnector work over the next five years, largely due to the increase in renewable energy projects and upgrades to the electricity grid.

Recently, we won a contract to provide six travel towers and specialised labour for the completion of a 220kv transmission line running between mines in the Pilbara region. This major infrastructure project is anticipated to run for up to 12 months.

This is another example of our progression in the energy sector and into high demand regions across Australia where we are increasing our profile and winning project work.

Outlook

Boom has improved its position in FY21 and this is reflected in a pleasing first quarter result.

With strong cash flows, conservative net debt and a solid balance sheet, we are well placed to take advantage of new profitable revenue opportunities, such as expanding services in mining maintenance and entering new growth regions. The infrastructure sector is positive with major developments underway and new projects in the pipeline across Australia.

While some challenges remain due to COVID-19 restrictions, we have laid the foundations for profit growth. Initially operations were disrupted, with border closures affecting travel and temporary delays to infrastructure, wind farm and mining maintenance work. Although most of this has resumed in a reduced capacity, there are skilled labour shortages in some remote locations in the short-term. We are working through the situation as we continue to grow our maintenance and shutdown services.

Our expectation for the first half of FY21 is circa $17 million EBITDA, compared to last year of $12 million EBITDA.

As projects commence and a mix of new and rental assets are commissioned, we expect earnings to continue to improve in the second half of this year. This will be supported by a solid pipeline of wind farm, infrastructure work and new mining contracts.

We have agreed terms for a new 3 year finance facility to commence in 2021.

I would like to take this opportunity to thank all our customers, suppliers, debt providers and shareholders who have supported us in the past year.

Also, I thank the Board for their support over the past 12 months.

Finally, I'd like to acknowledge and thank our employees for their contribution and commitment to Boom's success, particularly in light of the pandemic.

We have loyal and passionate people in our company and I am proud to lead a team who are dedicated to our customers and safety.

We look forward to growing our business profitability and improve shareholder returns this financial year.

Thank you.

Tony Spassopoulos
Managing Director

Authorised for release by the Board

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