

## Boom Logistics Limited 1H FY21 results

- EBITDA \$17.9 million
- EBIT \$2.3 million
- NPAT \$0.4 million
- Operating cash flow before tax \$14.4 million
- Net debt<sup>1</sup> at \$14.2 million (Net debt: equity 12%)
- Interim dividend 0.5 cents per share

**24 February 2021:** Boom Logistics Limited (ASX:BOL) today announced a net profit after tax of \$0.4 million for the half year ended 31 December 2020 (1H FY20: net loss \$5.8 million). Trading EBITDA was \$17.7 million (1H FY20: \$14.9 million), a solid result as the group focused on quality revenue in key markets, and above guidance at the 2020 annual general meeting.

While revenue of \$84.2 million was lower than the previous corresponding period (pcp) (1H FY20: \$94.9 million), due to impacts related to the pandemic, the group continued to broaden revenue streams, winning new infrastructure contracts and project work. Operational cash flow was steady at \$14.4 million before tax, and the company continued to repay debt. Net debt: equity was 12% at 31 December 2020, down from 17% at 30 June 2020.

The group benefited from continued use of its flexible asset rental model to support growth. This allows the group to purchase or rent assets relevant to its evolving portfolio of work, with capital recycling to facilitate high utilisation of cranes and travel towers. A new three-year finance facility commenced in December 2020.

Demand for the group's services remains steady and, with continued strong cash flow, the board has resolved to pay an interim dividend consistent with the pcp. An unfranked interim dividend of 0.5 cents per share will be paid on 16 April 2021 to shareholders on the register at 26 March 2021.

Results summary for half year to	31 Dec 20	31 Dec 19	Change %
Revenue (\$m)	84.2	94.9	(11.3)
Trading EBITDA (\$m)	17.7	14.9	18.8
Statutory EBITDA (\$m)	17.9	12.0	49.2
EBIT (\$m)	2.3	(3.5)	-
<b>Net profit after tax (\$m)</b>	<b>0.4</b>	<b>(5.8)</b>	-
<b>Interim dividend</b>	<b>0.5 cents</b>	<b>0.5 cents</b>	-

<sup>1</sup> Net Debt includes interest bearing loans and borrowings plus finance lease liabilities less cash but excludes operating lease liabilities

Tony Spassopoulos, Boom Logistics managing director, said: “Although the pandemic delayed contracts and reduced activity, a strong focus on high quality revenue has enabled a solid result. We are moving in the right direction but we are not there yet.

“We adapted quickly to the COVID – 19 business environment in line with advice from government guidelines. Actions to protect our customers and our employees such as new risk management procedures were introduced and enforced. This ensured a safe environment to service our customers. While supply chain challenges remain and some projects are delayed, we have been successful in securing new business across diverse industries. We have tightened cost structures and strengthened our management team.

“Asset sales realised \$4.4 million, which is being reinvested in more appropriate assets to service existing and new business. Our committed focus to maximising return on capital, together with effective debt management, provides a strong position from which to target business growth and further diversify our revenue base. Infrastructure, renewables, energy, telecommunications and labour hire provided 54% of revenue, with mining maintenance and services contracts contributing the remaining 46%.

“The safety of our employees and customers is paramount and building on our safety leadership approach remains a priority. We achieved a safe act observation frequency rate of 7,900 during the half, compared with a frequency rate of 6,450 in the full previous year.

## Operational Report

### Crane Services

The group serves a diverse range of industries with a substantial proportion of business in mining maintenance and shutdowns. Maintenance of metallurgical coal mines in Queensland was steady, and a three-year contract with Anglo Coal in Queensland was renewed. The group has re-established in Moranbah, which has received substantial interest from major miners and contractors in the region.

In New South Wales, the group secured a new agreement to supply services to BHP’s Mt Arthur Coal in the Hunter Valley. In Victoria, the Australian Paper contract was renewed, and in South Australia shutdowns were completed at Olympic Dam, where a major shutdown is planned for 2021. In Western Australia, maintenance and project work continued, including major shutdowns at Boddington Gold.

The *readi* labour hire business continued to service mining and maintenance customers nationally, although business was constrained by COVID-19 restrictions which limited the number of personnel on site.

### Travel Towers

The travel towers business provides elevated work platforms for the power transmission, telecommunications and renewable energy sectors. There was strong demand for high voltage string-line work, which connects power poles to the broader transmission network; project work at windfarms, and the rollout of 5G infrastructure network upgrades in metropolitan areas.

During the period 35 small travel tower assets were sold. The group has focused on rebalancing its fleet with new larger assets on order to support work in the telecommunications and energy sectors. Utilisation of travel towers increased from 49% to 67% compared with the pcp.

### Boom Projects

While new business activity was affected by COVID-19, maintenance and services on windfarm, bridge installation, infrastructure and construction projects continued. The group was awarded additional work on windfarm contracts, which were completed during the half.



The infrastructure sector is a source of growth for the group. New contracts were won supporting the Snowy 2.0 project and Parramatta light rail in New South Wales and work commenced during the half.

### **Balance Sheet**

Net debt was \$14.2 million at 31 December 2020, down from \$19.6 million at 30 June 2020 and \$27.3 million at 31 December 2019. A payment of \$0.9 million was made to the Australian Tax Office during the half. This was part repayment of a one off \$4.45 million franking deficit tax expense which is being repaid over an interest-free 24 month period. Net tangible assets at 31 December were 27 cents per share.

### **Outlook**

Boom Logistics is focusing on securing and improving returns in sectors that are forecast to perform strongly. While COVID-19-related uncertainty remains, with constraints on labour markets, opportunities continue in the mining, infrastructure, telecommunications and energy sectors. The group has a strong tender pipeline over the next three years, including ongoing tender opportunities for renewable energy projects, infrastructure, and improvements to the electricity grid.

Tony Spassopoulos said: “Everything begins with our customer. We have a clear strategy to grow in sectors where we provide value, which allows potential to diversify our revenue base. This is supported by a continued focus on safety, balancing capital and improving returns to shareholders.

“We are expanding our offering, introducing specialised skills and engineering services to our customers. Preparations for major shutdowns with our mining customers continue and include growth opportunities in the north west. We have a healthy tender pipeline of new windfarm projects and the high voltage transmission line project work in the Pilbara is ongoing. Infrastructure work is solid, including our contracts to support the Snowy 2.0 project and Parramatta light rail.

“In the second half we will invest a further \$7 million to upgrade assets, taking capital expenditure for the full year to \$10 million. In line with our capital recycling program we will continue to sell less productive assets.

“With a leaner business, improved operations, less debt and a portfolio of new business opportunities, we have a positive outlook. We forecast consistent earnings in the second half, with improvement continuing into the next financial year.”

### **Authorised for release by the Board**

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