Boom Logistics NPAT $3.8 million

- Revenue $215.8 million (up 25%)
- EBITDA $41.6 million (up 15%)
- EBIT $7.1 million (up 58%)
- NPAT $3.8 million (up 208%)
- Operating cash flow before tax $37.6 million (up 45%)
- Return on capital employed 4.1% (up 64% or 1.6% points)

26 August 2022: Boom Logistics Limited (ASX:BOL), the lifting solutions company, today announced a net profit after tax of $3.8 million for the year ended 30 June 2022, (FY21: $1.2 million), continuing strong improvement. EBIT rose to $7.1 million, up 58% (FY21: $4.5 million). EBITDA was $41.6 million, up 15% (FY21: $36.3 million).

Revenue was $215.8 million, up 25% (FY21: $173.3 million) with significant projects including the SCM21 BHP Olympic Dam shutdown, Coopers Gap and Bango wind farm projects and the Snowy 2.0 infrastructure tunnel and refurbishment work.

The FY22 results include one-off support costs of $0.3 million related to the cyber security incident in May 2022.

Operational cash flow before tax strengthened with new projects to $37.6 million, up from $25.9 million. Net capital expenditure was $16.8 million, up from $14.7 million, continuing the company's investment in new assets to support customer contracts and sustainable work. Gearing continues to be within the range approved by the Board and as at 30 June 2022 was 29.4%, allowing capacity for further growth.

The Board has received consistent feedback from shareholders that it should focus on maximising shareholder returns while capitalising on growth opportunities. In light of this feedback, the Board has resolved not to pay a final dividend this year. The company is at an inflexion point of growth and investment in new assets and sufficient capital is required in order to seize the opportunities that are ahead. The Board will continue to consider all capital management initiatives including future dividends.

Results summary for year to	**30 June 22**	**30 June 21**	**Change %**
Revenue ($m)	215.8	173.3	25
EBITDA ($m)	41.6	36.3	15
EBIT ($m)	7.1	4.5	58
Net profit after tax ($m)	**3.8**	**1.2**	**208**
Return on Capital employed (%)	4.1	2.5	64

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Tony Spassopoulos, Boom Logistics Managing Director, said: "The company delivered a stronger result on the back of our diversified growth strategy, targeting recurring earnings from profitable sectors where we can secure acceptable returns on capital. This was achieved despite the effects of pandemic-related labour restrictions and supply chain constraints which created delays and additional costs.

"This result also includes one-off support costs of $0.3 million for the containment, remediation and recovery activities related to the cyber incident in May 2022 during which our systems showed integrity and proved to be resilient, enabling our people to continue operating and serving our customers. We are applying the learnings from the incident to further enhance our Information Technology systems.

"We achieved the guidance provided in February 2022 and outperformed the previous year across key sectors and geographies, particularly in Queensland, South Australia and Western Australia. This achievement was led by crane services which has benefited from diversification, focusing on high-quality projects and providing engineered solutions for complex maintenance operations such as shutdowns requiring skilled teams, sophisticated systems and careful risk management.

"Return on capital employed has increased to 4.1% in FY22 from 2.5% in FY21. Strong cash flow and disciplined management of working capital has enabled us to manage the timing of large contracts successfully. Asset utilisation remained high at 81%.

"The smelter shutdown maintenance (SCM21) project at BHP Olympic Dam was a highlight, demonstrating our strong capability and enabling investment in new cranes. Performance was strong across the mining sector with significant renewals and new contracts.

"Renewable energy remained strong with completion of our work at the Coopers Gap wind farm and work at the Bango wind farm well progressed. We have also capitalised on infrastructure sector opportunities, with a broadening role at Snowy 2.0 and a series of contracts supporting bridge and rail installations.

"Our focus on optimising fleet utilisation, supported by capital recycling which allows us to benefit from both owned and rental assets, has enabled us to increase profitability and to invest in the rejuvenation of assets. This, together with robust performance in the field, allows us to bid for significant projects and grow our pipeline of new work.

"The health, safety and well-being of our team remain a priority. Management interact actively with employees on-site to foster safe work practices. The Safe Act Observation Frequency Rate (SAOFR) increased 22% to 10,039 in FY22, up from 8,242 in FY21."

Operational Report

Crane Services

The group's crane services provide mining maintenance and engineered specialised lifts for shutdown, industrial and programmed maintenance services. Divisional revenue increased to $127.0 million, up 37% from $92.9 million in FY21. Revenue increased substantially in both Queensland and Western Australia, facilitated by large shutdowns and strong mining and resources sector demand, while South Australian revenue grew by $17.9 million with the completion of the large-scale BHP Olympic Dam SCM21 shutdown.

Contract extensions were signed with a number of key customers. Growth from new customers and incremental increases in work volumes were experienced across most States and maintenance contract renewals with mining and industrial sector customers in Western Australia, Queensland and the Hunter Valley increased, supported by a broader service offering.

Projects

Revenue from projects and windfarm maintenance work increased to $49.8 million, up 33% from $37.5 million, with completion of the Coopers Gap wind farm in Queensland and the Bango wind farm in New South Wales continuing.

The group provides a range of heavy lift services to support the tunnel boring activities for the Snowy 2.0 renewable energy project. Activities support the build and positioning of the tunnel borers for the 27km Tantangara - Talbingo tunnel and the building of a new underground power station.

Projects were completed for Martinus Rail in Queensland and the Armadale Road Bridge in Western Australia. New projects secured included sections of the Sydney Gateway, Waterloo station and Parkes Special Activation Precinct in New South Wales, Cross River Rail in Queensland, and work in Western Australia.

Travel Towers

Boom's travel towers business supports telco 5G and data network installations, renewable energy and high-voltage transmission 'string line' activities connecting businesses to power grids, and related infrastructure works. Revenue decreased to $22.5 million, down 11% from $25.3 million, reflecting the effect of COVID restrictions and deferred works by telecommunications industry clients.

Demand from the electrical transmission, infrastructure services and renewables sectors remained steady, and the group's high voltage transmission line work in the Pilbara region expanded to include the installation of 285 high voltage towers.

We continued to divest older travel towers and rejuvenate the fleet with new assets. The new Travel Towers ordered to service the energy and renewables sectors will be deployed in early FY23. Fleet rejuvenation provides a range of benefits such as higher operational efficiency, lower maintenance costs, lower carbon emissions and improved safety systems associated with new technology.

Balance Sheet

The group has focused on investment in new assets to improve capability and successfully bid for new work from increasingly large tenders. Net debt was $32.7 million at 30 June 2022, up from $29.4 million at 30 June 2021. Return on capital employed grew to 4.1% and is expected to increase as new assets ordered for projects are delivered in FY23. Income tax paid remained nil, utilising tax losses from prior periods.

People and ESG

The retention and attraction of employees remains a priority in a resource constrained market with key initiatives to strengthen employee engagement, including workplace flexibility and frontline leadership development.

Tony Spassopoulos said: "Our people remain our priority as we focus on health, safety and well-being, maintaining all necessary requirements during the pandemic. We continue to increase gender diversity and have commenced the transition of our health, safety, environment and quality plan to an overarching environmental, sustainability and governance (ESG) framework. We are focused on positioning our company as the preferred place of work in our industry, for a diverse workforce with various initiatives, including flexible work place arrangements, upskilling, apprenticeships and mentoring programs."

Outlook

The group is actively bidding for a solid pipeline of tender opportunities across renewables, mining maintenance, energy and infrastructure sectors, with significant new projects identified across these sectors over the next three years. Telecommunications sector work is expected to remain steady. Although smaller shutdowns are expected in FY23, the group's portfolio of work is expanding with new clients and ongoing projects. These include, for example, lifting work associated with the new high voltage interconnector, which will link the South Australian and New South Wales power grids.

Tony Spassopoulos said: "Our business is focused on building recurring revenues. In the renewable energy sector, we have focused on wind farm tower installation and maintenance opportunities.

"The mining sector remains strong. We are focused particularly on growth in Queensland and Western Australia, where we are building relationships through high-quality work and have several new opportunities.

"We have strengthened our services for the interconnector and energy infrastructure sectors and are consistently winning work supporting civil engineering road and rail bridge infrastructure projects.

"To capitalise on growth opportunities, we are reinvesting in new assets to increase our competitive advantage, build our business and drive long-term profit growth that creates value for our shareholders. We have a strong balance sheet that provides flexibility for further growth, which may include selective acquisitions where complementary to our strategy. The Board will continue to assess all capital management initiatives.

As SCM21 major shutdown serviced in the first half of FY22 will not repeat in FY23, and due to deferred project start dates and supply chain challenges, we expect that 1H FY23 revenue and earnings will be below 1H FY22.

The key markets in which we operate are expected to continue long-term sustained growth. We anticipate new projects to ramp up resulting in a stronger 2H FY23, with the delivery of new assets and improvement in skilled labour availability. On this basis, the group expects continued profit growth in FY23.

Authorised for release by the Board

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