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ASX code: BOL

Boom Logistics

AGM Address

CHAIR'S ADDRESS

It is a pleasure to welcome shareholders to Boom Logistics' 2022 Annual General Meeting.

I'd like to start by thanking our people for their tremendous work as we navigated our way through the challenges of the pandemic while maintaining our concentration on safety and providing our customers with high-quality services. We did this despite on-site health constraints, supply chain disruptions, delays and border closures.

We stayed focused on the disciplined execution of our strategy which is to develop sustainable revenue streams with acceptable margins in growth sectors and to invest in assets to capitalise on new business opportunities.

A solid result

Against a challenging backdrop the company delivered a sound financial result.

Revenue strengthened to \$215.8 million, up 25% on the previous year. The increase reflected new and renewed contracts as well as successful works undertaken at the BHP Olympic Dam SCM21 shutdown, the Bango windfarm project and the Snowy 2.0 renewable energy project.

Earnings before interest, tax, depreciation and amortisation improved to \$41.6 million and our net profit result of \$3.8 million continued the company's positive growth trend.

We have focused on large industries such as mining, renewable energy and infrastructure that can support sustainable work and offer us opportunities to increase scope and market share.

The company's success in winning new work provided operating cashflow of \$37.6 million, up 45% on the previous year.

Our return on capital employed grew in FY22 to 4.1%, which is a pleasing result with room for improvement.

Rejuvenation of our fleet is an important component of our strategy which enables us to best serve our existing customers and secure new projects. We have implemented a capital recycling program that supports investment in the new assets that service large projects and existing contracts. This maximises our efficiency as an organisation and allows us to maximise our strong pipeline of tender opportunities.

The group's gearing of 29.4% allows capacity for further growth. Demand for Boom's lifting services remains strong and validates the continued investment in our assets and capabilities.

ABN 28 095 466 961

Boom Logistics Limited
Suite B Level 1,
55 Southbank Boulevard
Southbank VIC 3006

T +61 3 9207 2500

E info@boomlogistics.com.au

www.boomlogistics.com.au



Capital management

Increased financial strength has enabled our business to grow and we have taken advantage of this opportunity to invest significantly in assets. Our ambition is to create enduring value for shareholders which will secure new business and profit and dividend growth.

We have consistently received feedback that the Board should focus on maximising returns for shareholders, while prioritising growth opportunities that strengthen the business. We believe that the company is at an inflexion point and needs to invest in assets and keep financial flexibility at this time of growth.

The company paid out \$6.4 million in dividends during FY22, however we took the decision not to pay a final dividend, but rather to capitalise on building our crane fleet to actively participate in the current organic growth opportunities. We understand that some investors appreciate the return on their investment through income from dividends. With this in mind, the Board continues to consider all capital management initiatives including dividends.

The efficient use of our resources is important to maintain the company's growth and our ability to generate medium- to long-term shareholder value. The assets that we acquire with this capital will enable us to strengthen our position in the markets in which we operate.

While we continue to build our business, our plan is to grow in a responsible way. We have begun the process of transitioning toward an overarching environmental, social and governance (ESG) framework, acknowledging the importance of sound ESG practices as part of our responsibility to shareholders, customers and future generations.

Significant market opportunities

Our growth strategy is focused on the mining, renewable energy and infrastructure sectors. These large and growing markets provide depth and diversity for our operations. While we cannot with certainty predict the effects of global inflation and geopolitical challenges, we believe there are significant opportunities to expand our business.

As an example, one sector we are targeting successfully is renewable energy. Our teams have developed significant industry expertise through projects such as the Bango wind farm and Snowy 2.0. renewable energy project. The transition to clean energy sources is accelerating, driven by lower costs, action on climate change and net zero targets to reduce carbon emissions.

New wind farm projects valued at about \$5 billion are planned in Australia over the next three years. Our installation and major component change experience, as well as high-quality engineering solutions, ensure that we are well positioned to actively participate in this growth sector.

Board changes

As a Board, we acknowledge the importance of undergoing a regular process of renewal. I succeeded Max Findlay as independent, non-executive Chair after last year's Annual General Meeting, and thank Max for his contribution. After more than twenty years of service, Jack Hebiton also retired in November 2021. Jack played a key role in the company, first as chief executive officer of Boom Logistics and then as a director. I thank him for his service.



Joining the Board, I am pleased to welcome Damian Banks and James Scott as independent non-executive directors effective from November 2021. Damian's deep financial services, health and employment sector expertise have been an asset to the Board and James' 26 years' media, telecommunications and technology sector experience has also expanded our mix of skills.

Looking ahead

I would like to thank our shareholders for supporting our company.

As I mentioned earlier, we have delivered a solid FY22 performance and the business is well positioned for future growth. Our strategy to improve the company's operations is working, capitalising on a strong business model and the successful delivery of projects and services. Our capital recycling program remains in place, unlocking the benefits of effective asset allocation and profitable business growth, and we retain a sound balance sheet.

Our company has an important part to play as we help our customers to install and maintain the assets which drive Australia's economy. We continue to diversify, win market share and expand the sectors and geographies that we serve as we progress our strong pipeline of growth opportunities.

MANAGING DIRECTOR'S ADDRESS

Thank you Melanie and good morning everyone.

As outlined by our Chair, we delivered a stronger result in 2022. Our strategy of targeting multiple growth sectors and diversifying our revenue streams is progressing well.

At Boom we perform an essential role in the mining and resource sector, providing industrial lifting solutions through our specialist capability, engineering services and technical skills. The industries we target for growth include the renewable, energy and infrastructure sectors.

Our people

Our people make our business strong. Currently, many industries are experiencing skilled labour shortages. At Boom, we are focused on retention and attracting the best talent to advance diversity and build business performance.

We are retaining good quality people and some of the ways we do this include providing leadership development, ongoing safety and technical training and apprenticeship programs.

The complex and technical work we do is our strength which requires specialised skills and experience, and it is our safety and values that differentiate us and guide the way we do business.

Safety

At the heart of everything we do – is safety.

Our safety leadership, best practice safety systems and "safety always" culture ensures that our employees and customers are free from harm as we provide lifting solutions.



Safety performance is a critical operational metric on our path to zero harm. We measure the number of safety-related interactions in the field through our Safe Act Observations Frequency Rate (SAOFR). This increased by 22% from the prior year.

Our Total Recordable Injury Frequency Rate (TRIFR) was higher at 8.7 per million hours worked, above the record set in the previous year; however, we have achieved zero LTIs (Lost Time Injuries) over the last 12 months.

We kept our people and customers safe during the pandemic, although lockdowns and cross-border restrictions created some challenges, COVID Safe practices were in place with employee health and wellbeing, our key priority.

Having a strong safety record contributes to being an employer of choice and maintaining experienced teams helps us renew contracts and win new projects.

ESG (Environmental, social and governance)

Environmental, Social and Governance (ESG) is a significant focus for our company as we transition to an overarching ESG framework.

In May 2022, we were targeted in a cybersecurity incident. We took immediate precautionary steps by shutting down our IT systems and engaged cybersecurity experts to fully investigate the incident. Our systems and process proved to be resilient, enabling us to continue operating and servicing our customers. We have applied the learnings from the incident to further enhance our IT systems and security.

We are implementing strategies to minimise pollution, manage waste, use energy and water efficiently and comply with greenhouse energy reporting obligations.

This will allow us to drive meaningful progress as part of Boom's ESG strategy. We have developed an ESG Charter and intend to formalise our commitment to climate change and emission reduction targets by mid-2023.

We are implementing systems to reduce emissions at our depots and the assets we use.

This includes use of solar energy at the depots and reducing waste through recycling initiatives. The other major area of focus is reducing fuel consumption.

One initiative is the 'E-power pack' mobile crane we have ordered, which is our first investment in hybrid technology in our industry. This new crane system is our first step to reducing emissions while set-up on site. We are working with our key suppliers to develop and introduce new hybrid machines in the coming years.

We constantly evaluate new equipment options and how they fit our customer requirements and ESG principles. Refreshing the fleet with new technology is essential to reduce carbon emissions, improve efficiency and reduce fuel costs.

Our work in the renewable energy sector is another means of progressing our ESG plans. We have an active role installing the infrastructure that provides wind energy as well as the interconnectors that integrate energy generation with the electrical power grid. In FY22, 20% of our revenue was directly linked to the renewable energy sector.



Diversified revenue streams

Turning to our operations, I would like to provide an overview of how we performed by sector and progress to date. Our strategy is focused on developing revenue streams from strong and growing markets. This allows us to build recurring earnings and improve margins.

In FY22 this strategy generated 25% revenue growth through a concentrated focus on four key sectors. In future, we will report results through this market segmentation which reflects our services and demonstrate our progress.

Maintenance and shutdown activities for the mining and resources sector had a strong year on the back of the Smelter Campaign Maintenance 2021 (SCM21) project for BHP Olympic Dam. Our mining sector revenue was up 43% on last year.

We consider other key growth opportunities are the wind, energy and utilities sectors, where revenue grew 10% to \$43 million and the infrastructure sector, where revenue increased 35% to \$31 million. The growth in these markets which have tailwinds behind them was pleasing, providing future growth opportunities.

Industrial maintenance work was steady and telecommunications activity declined due to pandemic and weather-related constraints.

Mining and resources

We have accumulated considerable expertise managing mining shutdowns and associated programmed maintenance services which provide recurring revenue streams.

Our mining services portfolio broadened with contract renewals and growing demand for shutdown and maintenance work in Queensland and Western Australia.

While skilled and labour shortages are affecting some regions, the mining sector remains strong.

We are focused on growth in central Queensland and north west Western Australia, where we are building strong long term relationships. We have new opportunities to increase work volumes and offer competitive advantages in safety, people, performance and service.

This, together with strong demand, allows us to recover labour and supply chain cost increases through negotiations with our customers.

SCM21 shutdown

Major projects such as the BHP Olympic Dam smelter shutdown demonstrate our capability as a company. This was a major organisational program taking over a year to plan and execute, and its successful completion provides a showcase for our services.

In FY22, the SCM21 shutdown contributed \$17.9 million in revenue. The SCM21 project is a once in three-year maintenance program in addition to our regular maintenance contract work at Olympic Dam.

Over 23 assets were allocated, mobilised and positioned on site for the major shutdown. The project involved more than 120 Boom personnel with 142,000 actual worked hours. More than 150 engineered lift studies were developed, to ensure the safety and productivity during the shutdown.



Wind, energy and utilities

We have continued to gain considerable experience and expertise in renewable energy.

During FY22, we completed the Coopers Gap wind farm installation and commenced work at the Bango wind farm.

The federal government has formalised its target to cut carbon emissions by 43% by 2030, and a transition to renewable energy is well under way. The government is supporting this sector, with nearly \$20 billion committed in the recent federal budget.

Renewable Energy is a key growth sector that we are targeting for future revenue streams.

More than 3,500 wind turbines have been installed across Australia over the past decade and over 4,000 new onshore wind turbines to be installed are in the pipeline.

We are also experiencing growth in wind farm maintenance works such as replacing blades, gearboxes and pitch bearings. Maintenance activities on wind farms provides recurring revenue with further growth and value-added opportunities with several key customers.

The offshore wind farm developments are expected to commence in 2025, with over 1,000 turbines planned to be installed.

The opportunities in the renewables market is significant, as we continue growing and servicing this sector.

The 220kv high voltage transmission line project continues in the Western Australia Pilbara region. This is a vital project that integrates port and mining operations across a single network. Our work has been extended to include installation of 285 high-voltage towers.

As more renewable projects are completed, the energy grid requires transmission to facilitate the distribution of clean energy from one region to another.

We are encouraged by our ability to secure new energy interconnector work. This includes the South Australia to New South Wales interconnector project with Downer and the Kidston to Mount Fox interconnector transmission line project with UGL in Queensland. The total revenue anticipated from these major interconnector projects is circa \$12 million.

Bango wind farm project

The Bango wind farm project is 46 wind turbines and the third largest in New South Wales. At Bango we have carried out the cranes and lifting services required on site, installing wind turbines with a lift weight of 136 tonnes at 121 metres hub height. Our engineering skills and wind farm installation experience was required to execute these lifts safely and efficiently.

Onshore wind power is taking on an important role in supplying clean energy in Australia. The wind turbines are getting larger and the height of wind towers are increasing, and going forward, the installation requires specialised assets and skills, which we provide.

The Bango wind farm is now completed and we are tendering on several new projects and maintenance works.



Infrastructure

Infrastructure work increased significantly this year with numerous bridge installation and rail construction works.

Highlights of completed projects included Parramatta Light Rail in New South Wales, Martinus Rail in Queensland and Armadale Road Bridge in Western Australia.

The expanded scope of work at Snowy 2.0, includes installing the tunnel boring machines on-site, which continues in FY23.

Examples of other new and high-quality projects secured included sections of the Sydney Gateway project, Waterloo station, Parkes Special Activation Precinct in New South Wales, Cross River Rail in Queensland and various Western Australian projects.

Infrastructure remains an important growth sector for us, supported by federal and state government spending. Our specialised engineering skills and offer supports projects such as bridge installations for road and rail infrastructure.

The latest federal budget, for example, includes a total investment in transport infrastructure of \$55 billion for new and existing projects, and we aim to capture a component of this work.

Outlook

The opportunities in the markets that we serve are significant over the next three years.

We have a strong pipeline of growth opportunities, and have several tenders under way across renewables, energy, infrastructure and mining maintenance.

The group's portfolio of work is expanding with new clients and projects. This includes work associated with the new high voltage interconnector projects which will link renewable energy to the power grids, and a strong windfarm project pipeline. Although smaller mining maintenance shutdowns are expected in FY23, demand for mining maintenance services remains strong, particularly in Queensland and Western Australia.

As previously advised, the SCM21 shutdown was completed in FY22 and will not repeat in FY23. With recent wet weather events on the east coast and the ongoing supply chain challenges, the first half FY23 revenue and earnings will be lower than last year.

However; we are preparing for a strong second half with the commencement of new projects, delivery of new assets and improvement in skilled labour availability.

Our strategy to achieve sustainable profit growth remains in place. We will continue to build recurring revenues in mining maintenance and shutdowns, increase our participation in wind farm, interconnector and energy projects and prepare for the commencement of new infrastructure works.

We are reinvesting in the business to increase our competitive advantage, tender for significant projects and grow our pipeline of new work. The result of this is a higher return on capital and we are confident this will drive long-term value creation for our shareholders.

Thanks

Before returning you to the Chair and the formal part of the proceedings, I would like to thank the Board for their ongoing support and our customers, suppliers, financial partners, and shareholders who have supported us in the past year.



I would also like to thank Andrew Bendall for his contribution during his time at Boom, who has resigned as CFO. Our search for his replacement is under way and will work through a smooth transition.

And finally, I would like to thank all our people at Boom around the country. Our employees are highly skilled, experienced and experts in their field. They put these attributes to work everyday, on complex projects, focusing on safety and providing value-added customer service.

Thank you. I will now return you to Melanie.

Further information:

Tony Spassopoulos
Managing Director & Chief Executive Officer
+613 9207 2500

Media

Ashley Rambukwella (FCR)
+61 2 8264 1000
a.rambukwella@fcr.com.au

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