



Trading Update and Financial Guidance

8 May 2023 Boom Logistics Limited (ASX: BOL, “the Company”), a lifting solutions company, provides the following market update.

SUMMARY

- The impacts of wet weather and supply chain issues, accentuated by specialised labour shortages, have resulted in the delay in the commencement of several large projects.
- The circa \$15m contracted revenue associated with these projects, which was expected to commence in 2H23, will be deferred to FY24.
- Tender activity remains strong across key market sectors with circa \$200m in total contract wins in FY23.
- The Company continues to execute on the review and optimisation of its asset base via the targeted disposal of underperforming and obsolete assets.
- The Company expects FY23 Reported NPAT to be lower than FY22, with improved financial performance in FY24.

FY24 OUTLOOK

Strong demand and tender activity across all key segments and circa \$200m in contract wins in FY23 are expected to contribute to improved performance in FY24 and beyond.

Boom will continue to deliver on its strategy via:

- Ongoing focus on key sectors of mining, renewable energy and infrastructure which provide large and growing addressable markets.
- Top-line revenue growth opportunities and asset utilisation with a program in place to ensure optimal asset allocation.
- Securing opportunities in core markets and executing contracts secured in FY23.
- Continued focus on NPAT, profitable growth and enhanced returns to shareholders.

FLEET REVIEW AND SALE OF ASSETS LEADS TO FY23 IMPAIRMENT CHARGE

As detailed in the 1H FY23 results, Boom’s management team have undertaken a thorough review of all assets including cranes, travel towers and other equipment, taking into account the age and utilisation of each asset.

The review aims to deliver on Boom’s objectives of:

- Reducing its fleet age and sale of old assets to improve its balance sheet.
- Disposing underperforming and obsolete assets.
- Continued investment in new assets to drive growth and improved return on invested capital.

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The program has already achieved circa \$7.7m in sales proceeds in FY23, with an estimated loss on sale of \$1.5m. The balance of the program is expected to generate a further circa \$6.5m in cash in FY24, with the Company to recognise an impairment charge of \$2.0m in its FY23 results.

Once finalised, this initiative is anticipated to have generated over \$14.2m in cash, with an estimated one off loss of circa \$3.5m in FY23.

DELAYS IN PROJECT COMMENCEMENT AND THE FINANCIAL IMPACT

Wet weather in Queensland during 3Q FY23, coupled with specialised labour shortages has resulted in the delay of the commencement of several large projects, including the Clarke Creek Wind Farm project and the Queensland Interconnector, which were originally due to start in early 2023 but are now anticipated to commence in June 2023, with the majority of the works to be undertaken in FY24. The contracted revenue associated with these projects, which was expected to commence in 2H23, will be deferred to FY24.

Some mining and resource maintenance works and shutdowns in WA and Queensland have also been delayed due to supply chain constraints.

The delay in project commencement will not impact the total expected revenue from these projects, however the delay has resulted in lower revenue recognition in FY23 than previously expected.

Ben Pieyre, Boom Logistics' Interim CEO said:

“Whilst we are disappointed that the commencement of a number of key projects has been delayed, these projects will deliver material revenue and contribute to improved performance for the Company in FY24. We continue to remain focused on our strategy which prioritises profitable growth, cash generation and enhanced returns to shareholders.

We are taking the necessary steps to optimise our asset base and execute on the sale of a number underperforming and obsolete assets which will improve our operational efficiencies, reduce our average fleet age and enhance our capital structure.

The success of recent tender wins, strong activity across our core markets, a healthy balance sheet and optimised assets, place the Company in a position to drive enhanced and sustained returns for our shareholders.”

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This release has been approved for distribution by the Board of Directors of Boom Logistics Limited

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