

Boom Logistics Limited Announcement

25 February 2011
ASX code: BOL

Boom Logistics Limited – Recovery Continues

Half-Year Result – 31 December 2010

Boom Logistics Limited (“Boom”), Australia’s leading provider of crane logistics and lifting solutions, today announces a trading profit after tax for the half-year ended 31 December 2010 of \$5.1 million (1H10 trading profit after tax of \$0.5 million).

This trading result was impacted by one-off restructuring costs of \$3.3 million and including these one-off items, the statutory NPAT for 1H11 was \$2.8 million (1H10 statutory NPAT of \$0.4 million).

Boom’s significantly improved trading profit was driven by continued recovery in the core crane logistics business.

December weather impacts

As announced to the market on 12 January 2011, the severe Queensland weather in December 2010 impacted the December result by \$1.2 million EBIT. The weather impacted Brisbane and the Bowen Basin in the crane business (\$0.9m impact) and the Boom Sherrin operations throughout Queensland (\$0.3m). These weather impacts are included in the trading NPAT.

Half-year results highlights

Crane logistics

Boom’s core business is crane logistics. This business delivered an EBIT of \$19.9 million. This 1H11 result is 94% of the FY10 full year result.

The crane logistics business delivered a 22% revenue increase on the prior corresponding period with an associated 113% increase at EBIT.

The crane logistics business also exhibited significant EBIT margin recovery:

- 1H10 8.7%
- 2H10 10.0%
- 1H11 15.2%

There was continued strong demand in the core market segments of resources, energy, utilities and infrastructure, particularly:

- coal mining in the Bowen Basin and Hunter Valley;
- iron ore and gold mining in Western Australia; and
- oil and gas.

There were a number of contract wins and contract renewals during the period, including:

- the renewal of the Mount Arthur Coal contract in the Hunter Valley - an industrial maintenance contract with a key growth customer; and
- the award of the Banora Point contract – a road infrastructure project serviced by our Brisbane business with Boom providing both craneage and haulage services.

In line with Boom's strategy to focus on key customers in high growth markets, further restructuring occurred with the closure of the Melbourne Mobile business and further headcount reductions in Brisbane and Port Kembla. Equipment was redeployed to Boom's key coal customers in the Bowen Basin and the Hunter Valley and to Boom's key iron ore customers in the Pilbara.

Boom Sherrin

The Boom Sherrin result in the first quarter was impacted by weather events with significant rains in Queensland and Victoria. In addition, some specific contracts finished earlier than expected and the next phase of projects was subject to delays and deferrals.

Even with the abnormal weather events in December, the second quarter run rate performance was an improvement on the first quarter, as asset utilisation improved. This resulted in an EBIT of \$2.0 million in the second quarter (first quarter - \$1.5 million).

Boom Sherrin has a solid pipeline of work with performance dependant on project timing and the opportunity for Boom Sherrin involvement in Queensland recovery efforts.

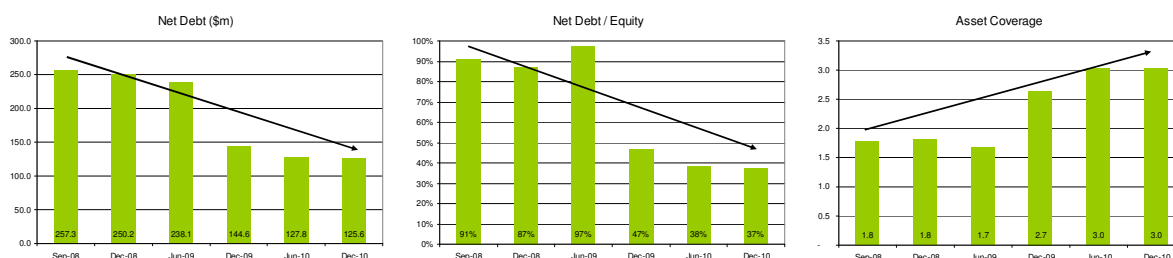
James Equipment

As announced in October 2010, the James Equipment business has been exited. All costs of exit are reflected in the half year result with no further costs expected in the second half.

Debt refinancing

Boom's existing syndicated debt facility expires in September 2011. As this is within 12 months of the balance date, the total syndicated debt of \$70.2 million as at 31 December 2010 is classified as a current liability in Boom's balance sheet. This will be reclassified as a non-current liability following the refinancing of the syndicated debt facility.

Boom has commenced its refinancing process with a significantly improved capital structure to that of September 2008 when the original deal was executed.



As well as the improved capital structure, a successful refinancing is further supported by the earnings recovery that commenced in 4Q10 and has continued since.

The Group is well progressed with its debt refinancing process. The National Australia Bank has been appointed as the Mandated Lead Arranger and Bookrunner and is currently working through its credit approval process. Full syndication of the debt facility is expected to be completed well ahead of the current facility's September expiry.

Outlook

Boom's strategy and key market activity is on track

Boom expects recovery to continue in crane logistics underpinned by strong growth projections from our key customers. There is also further opportunity for Boom as new contracts are fully transitioned and those in tender process come to fruition.

Strengthening demand from resources, energy, utilities and infrastructure sectors is expected to continue.

The pipeline for Boom Sherrin is solid, subject to timing of project commencements and involvement in recovery efforts in Queensland.

Weather

Weather is always a factor for our major customers and for Boom. Business performance in the first half was generally resilient against the adverse weather conditions, with financial impacts not severe.

Boom has experienced further business disruptions due to the abnormal weather events in Queensland and Western Australia during January and February.

Whilst some Boom employees were personally impacted, none were harmed and there was virtually no damage to Boom's facilities and equipment.

Whilst these abnormal weather events will impact on the third quarter result, the impact on the full year is uncertain as increased demand is likely through recovery efforts and to compensate for lost production.

Mr Brenden Mitchell, CEO of Boom Logistics stated: "Boom's profit improvement was driven by our core crane logistics business. The significant uplift in EBIT in crane logistics confirms our recovery story and our strategy focussing on our key customers in high-growth industrial services and major project development markets in the resources, energy, utilities and infrastructure sectors."