21 August 2019
ASX code: BOL

BOOM LOGISTICS LIMITED
FULL YEAR RESULT 30 JUNE 2019

HIGHLIGHTS

- **Revenue of $182.7 million in line with prior year**
- **Trading EBITDA[1] of $20.1 million (FY18: $21.1 million)**
- **Trading EBIT of $2.8 million (FY18: $2.9 million)**
- **Net loss after tax of $5.3 million (FY18: loss of $1.5 million)**
- **Free cash flow of $8.8 million (FY18: $8.4 million)**
- **Share buy back program commenced with 35.7 million shares (7.5% of share capital) purchased and cancelled in FY19**

Boom Logistics Limited (ASX: BOL) ("Boom" or the "Group") today reported a statutory revenue result of $182.7 million and a net loss after tax of $5.3 million for the financial year ended 30 June 2019 (FY19) (FY18: net loss of $1.5 million).

Statutory earnings before expense, tax, depreciation and amortisation (EBITDA) was $15.7 million (FY18: $20.6 million) whilst statutory earnings before interest expense and tax (EBIT) was a loss of $1.6 million (FY18: profit of $2.4 million).

CEO Tony Spassopoulos said: "The financial results were below expectations as the NSW industrial action impacted EBIT by $4.5 million. During the year we restructured the Hunter Valley and travel towers businesses; sold under-utilised assets and positioned the business for sustainable growth. In FY20, we are expanding our footprint to more regions and new markets, focusing on improving operating margins and deliver returns to shareholders."

Operating Performance

The FY19 financial results were affected by the industrial action in NSW that was resolved in the first half of the year by agreeing to significant labour cost increases. This impact carried through to the second half of FY19. Subsequent to the industrial action and labour cost increases, the Newcastle crane business became unviable and was closed and the Singleton depot was restructured.

[1] Trading EBITDA and trading EBIT are non-IFRS financial measures that exclude net non-trading expenses of $4.4 million. Comprising non-trading income of $1.6 million relating to a legal settlement; non-trading expenses of $2.0 million (relating to redundancy and restructuring costs of the NSW and travel towers businesses and retirement payment to former CEO); non-trading impairments of $2.0 million relating to a damaged crane and the Newman depot property; and non-trading $2.0 million loss on sale of old and under utilised assets.
FY18 trading EBITDA and EBIT included net non-trading expenses of $0.5 million.

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During FY19 we commenced two wind farm construction projects. Both projects experienced delays to their expected start dates due to a number of site access and weather delays. Therefore, the projects did not deliver to expectations, with the majority of the projects to be completed in FY20.

The operating environment remains solid in each of the group's key markets:

- Queensland: increased mining maintenance works with our key contracted customers at Coronado, Glencore and Anglo Coal and renewed a 3 year contract with BMA during the year.
- South Australia: new EBA at Olympic Dam was agreed for the next three years, which is aligned to our current contract with BHP.
- Western Australia: renewed major contracts with Alcoa and Newmont Boddington Gold for a further three years and five years, respectively.
- Boom Projects: continued to expand in the wind farm, energy and infrastructure sectors. Completed the Mt Gellibrand wind farm project. Commenced wind farm projects at GE Coopers Gap and Goldwind Cattle Hill, which together are expected to generate $30 million revenue over FY19 and FY20.
- Travel Towers: revenue growth of 24%, working on the 5G network rollout and wind farm infrastructure works, which are expected to continue through FY20.

Our **readi** business continued to fulfil its role as a major labour supplier for Boom's customers during shutdown programs. The focus is now on securing new external revenue through the Boom customer network in the oil and gas, mining and infrastructure sectors.

During the year, Boom achieved two years and over 3.2 million working hours without a lost time injury. The Total Recordable Injury Frequency Rate (TRIFR) was 8.6 at the end of the period. We continue to strive towards our goal to lead the industry on safety performance and continue our journey towards zero harm.

Cash flow and Capital Management

Free cash flow strengthened to $8.8 million which enabled the Company to fund the share buy back program that commenced during the year. The Company bought back and cancelled 35.7 million shares or 7.5% of the share capital. Boom intends to continue with the on-market buy back following the release of FY19 results.

Boom continues to focus on improving return on capital through efficient capital allocation. This was executed in FY19 by leasing a number of large cranes and redeploying owned assets across the business to support growth. Older and under-utilised cranes have been sold, reducing the average age of the fleet.

The travel towers business was restructured during the year, expanding the sales team to capture new growth opportunities. A reduction in overhead costs through downsizing and closing unprofitable depots and rationalising the travel towers fleet was completed. The travel towers business is now well placed to improve profitability and continue to support its core customers in the mobile telecommunications and energy sectors.

Outlook

The business has completed considerable restructuring and consolidation initiatives in FY19 which is expected to underpin an improved operating result in FY20.

Market conditions in the resources sector remain solid and likely to drive increasing maintenance and support higher levels of activity. Focusing on supplying new services to customers including engineering solutions, maintenance programs and specialised labour skills is expected to deliver further sustainable growth in the mining sector.

With a strong pipeline on wind farms projects, growing infrastructure sector and expansion of the 5G rollout, the outlook for FY20 is positive. The business will continue to focus on improving labour productivity and margins, increasing asset utilisation and limiting capital expenditure.

Achieving profitable revenue growth, providing value-added services to customers and delivering returns to shareholders will remain a priority for the business.

Further information:

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