

# FY19 FULL YEAR RESULTS

**BOOM**



21 August 2019

# FY19 RESULTS

## Financial Performance

- Revenue \$182.7m FY19 v \$183.1m FY18
- Trading Result \*
  - EBITDA \$20.1m FY19 v \$21.1m FY18
  - EBIT \$2.8m FY19 v \$2.9m FY18

\* Industrial action in NSW had significant impact on results, reducing EBIT by \$4.5m

- EBIT loss \$1.6m and Net loss \$5.3m
  - \$2.0m restructure costs
  - \$2.0m loss on sale of assets
  - \$2.0m impairment
- Free cash flow
  - \$8.8m FY19 v \$8.4m FY18
- Cash from operating activities
  - \$13.2m FY19 v \$11.5m FY18
- Settlement of Sherrin legal case resulting in \$1.6m payment

## Capital Management

- Solid Balance Sheet with net debt at \$36.6m, in line with pcp and Gearing (net debt/equity) at 27%
- Debt refinance completed with extended term, increased capacity and lower cost
- CAPEX of \$12.9m to support revenue growth contracts and projects
- Asset sales of \$7.6m, 48 cranes and 55 small obsolete travel towers sold
- \$6.0m buy-back as at 30/6/19, 35.7m shares representing 7.5% of share capital.

**We have  
restructured  
and positioned  
the business  
for sustainable  
profit growth  
next year**

# OPERATIONS UPDATE

## Business Update

- TRIFR at 8.6 and achieved 2 years and 3.2 million hours without an LTI
- Major resource customer contracts extended/renewed representing circa 50% of mining revenues, with the majority of customers under contract
- Rate improvements being applied on new contract negotiations
- New EBA approved at Olympic Dam for next 3 years, in line with the existing contract term
- Travel Towers business restructured and reduced depot footprint - focus on new business development in the energy sector
- Newcastle crane depot closed – was economically unsustainable

## Asset Management

- Large cranes introduced on a flexible rental model to win major wind farm projects and contracts
- Relocated Newcastle depot cranes to wind farm projects and Queensland for growth
- New skel-trailer transport assets introduced to improve safety practices and reduce counter weight double-handling
- Crane utilisation at 73%  
Travel Tower utilisation at 55%

**Major mining contracts renewed this year**

**TRIFR reduced to 8.6 in FY19**



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**\$30 million  
wind farm  
projects won  
this year**

**\$415 million  
wind farm  
sales pipeline  
to tender over  
next 3 years**

## REVENUE BY MARKET SECTOR



### Mining & Resources

Revenue down by 13% - \$20m non-recurring major shutdown at Olympic Dam & impact from the NSW strike



### Infrastructure

Revenue remained similar to last year working on major civil and bridge construction projects



### Wind, Energy & Utilities

Revenue increased by 32%, \$30m in wind farm projects won at Coopers Gap - QLD and Cattle Hill - TAS



### Industrial Maintenance

Revenue increased by 8% as industrial maintenance services remained steady



### Telecommunications

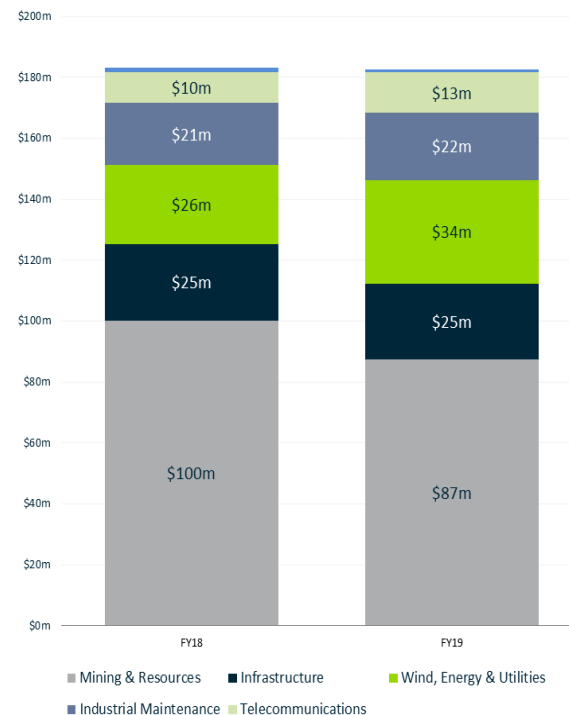
Revenue increased by 31% as the 5G roll out program continues to gain momentum

## readi

### Readi labour hire \*

Revenue increased by 12% servicing Boom customers across mining, wind farm and infrastructure sectors

Revenue by Market Segment



\* readi provides services across all market sectors

## REVENUE BY SERVICES

### Projects – Fixed Fee Structure & Contracted Rates

- Wind farm construction projects
- Bridge installations and infrastructure construction
- Wind farm maintenance programs
- Rail and Infrastructure maintenance works

### Travel Towers – Contracted Hourly Rates

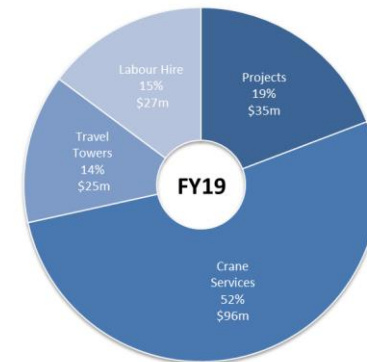
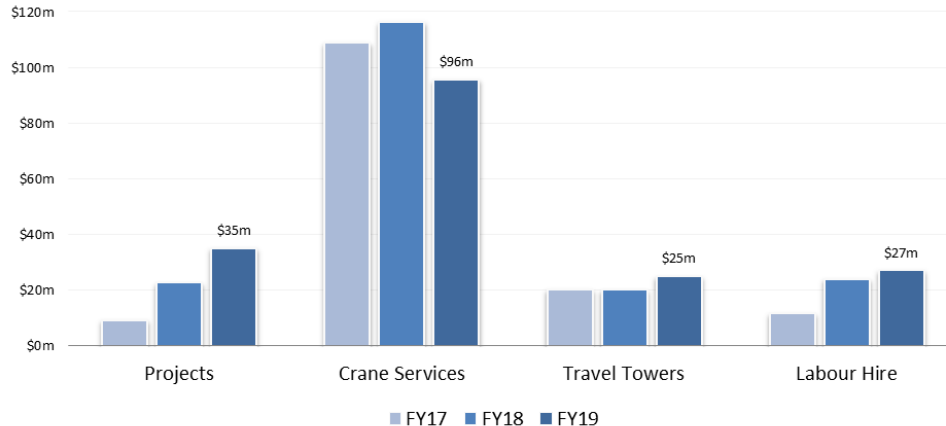
- Telecommunications - 5G installations & roll-out
- Wind farm transmission 'string-line' works to sub-stations
- Major Infrastructure project works
- High voltage transmission line maintenance

### Crane Services – Contracted Hourly Rates

- Mining maintenance – fixed and mobile plant & equipment
- Engineered and specialised lift studies
- Shutdown and programmed maintenance services
- Industrial and maintenance services

### Labour Hire & readi – Project Hourly Rates

- Mining shutdown labour hire services
- Oil & Gas maintenance services
- Construction & Infrastructure project labour hire
- Heavy Industry/Specialised skills in mining maintenance



## REVENUE BY REGION

### Projects – 61% increase in revenue

- Completion of Acciona Mt Gellibrand wind farm
- GE Coopers Gap wind farm commenced in QLD
- Goldwind Cattle Hill wind farm commenced in TAS
- Wind farm works at BMS & Catcon

### NSW and SA/VIC – major impacts on revenue

- Olympic Dam - non-recurring \$10m major shutdown in FY18, reduction of revenue in FY19
- NSW strike - impact circa \$10m revenue in FY19

### QLD – 14% increase in revenue

- Increased mining maintenance works with our key contracted customers at Coronado, Glencore and Anglo Coal and renewed a 3 year contract with BMA
- Continue to deliver solid growth with mining contractors; Thiess, Downer and Hastings Deering

### WA - revenue was below expectations

- Major customer contracts renewed; Alcoa for 3 years and Newmont Boddington for 5 years
- Infrastructure and contract work slowed in Q4. Reduced activity impacted revenue by circa \$2m



\* closure of Port Kembla & Sydney crane depots  
# closure of Newman depot



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**Alcoa  
contract  
renewed for  
3 years**

**Newmont  
Boddington  
contract  
renewed for  
5 years**



## OPERATING PROFIT

- **Revenue from Services at \$182.7m**
- **Trading EBITDA of \$20.1m**
- **Direct expenses include circa \$5.9m (FY18: \$0.5m) of lease payments for rented equipment**
  - Changing asset model impacts comparison of GP% and EBITDA%
- **Trading EBIT of \$2.8m**
  - NSW industrial action negatively impacted full year result by circa \$4.5m with revenue slow to return in 2H
  - Wind farm & Project delays due to adverse weather in 2H
- **Non-Trading Expenses**
  - \$1.6m resolution of Sherrin legal case with reimbursement of legal fees (\$0.8m to be paid in Q1 FY20)
  - \$2.0m costs incurred in restructure of NSW and Travel Tower businesses and provision for contracted retirement payment to former CEO (paid in July 2019)
  - \$2.0m loss on sale of under-utilised and obsolete assets, including 48 cranes and 55 smaller travel tower assets
  - \$2.0m impairment: \$1.0 million relating to damaged 500t crane in Q1 FY19 – crane operational for FY20. \$1.0 million to depot property value in Newman

	30-Jun-19 \$'m	30-Jun-18 \$'m	Change %
Revenue from Services	182.7	183.1	0%
Other Income	2.6	0.0	
Direct Expenses	(134.3)	(130.5)	3%
<b>Gross Profit</b>	<b>51.0</b>	<b>52.6</b>	-3%
<i>GP%</i>	<i>27.9%</i>	<i>28.7%</i>	
Indirect Expenses	(24.6)	(24.0)	2%
Central Costs	(6.3)	(7.5)	-16%
<b>Trading EBITDA</b>	<b>20.1</b>	<b>21.1</b>	-5%
<i>Trading EBITDA%</i>	<i>11.0%</i>	<i>11.5%</i>	
less: Depreciation	(17.3)	(18.2)	-5%
<b>Trading EBIT</b>	<b>2.8</b>	<b>2.9</b>	-3%
<i>Trading EBITDA%</i>	<i>1.5%</i>	<i>1.6%</i>	
<i>Non-Trading Income</i>	<i>1.6</i>	<i>0.0</i>	
<i>Non-Trading Expenses</i>	<i>(2.0)</i>	<i>(0.6)</i>	
<i>(Loss)/Profit on sale of assets</i>	<i>(2.0)</i>	<i>0.1</i>	
<i>Impairment to PPE</i>	<i>(2.0)</i>	<i>0.0</i>	
<b>Statutory EBIT</b>	<b>(1.6)</b>	<b>2.4</b>	
Net Borrowing Costs	(3.7)	(4.0)	-7%
Income Tax	0.0	0.0	
<b>Net Loss After Tax</b>	<b>(5.3)</b>	<b>(1.5)</b>	

# BALANCE SHEET

- **Net Debt Down**
  - Net debt reduced by \$0.7m in period to \$36.6m
  - Gearing (net debt/equity) at 27%
  - Core finance facilities extended to January 2022
- **Trade working capital managed to deliver good operating cash conversion**
- **Capital allocation tightly managed**
  - Acquisition of mostly smaller crane assets to service contracts in 1H FY19
  - Use of flexible rental model to supply assets for projects and upgrade operating fleet
  - Asset rental model allows low gearing to be maintained and flexibility to allow free cash flow to be applied to return funds to shareholders
- **Net Tangible Assets per share at 30 cents**
- **ROCE<sup>1</sup> at 1.5%**

	30-Jun-19	30-Jun-18	mvmt
	\$m	\$m	\$m
Cash	1.5	1.7	(0.2)
Trade and Other Receivables	35.5	37.1	(1.6)
Assets Held for Sale	0.2	0.8	(0.6)
Property Plant and Equipment	152.1	167.5	(15.4)
Other Assets	9.8	6.3	3.5
<b>Total Assets</b>	<b>199.1</b>	<b>213.4</b>	<b>(14.3)</b>
Payables	13.9	14.6	(0.7)
Bank and Other Loans	38.1	39.0	(0.9)
Pre paid borrowing costs	(0.2)	(0.4)	0.2
Employee Provisions	8.4	9.4	(1.0)
Other Liabilities	5.0	5.6	(0.6)
<b>Total Liabilities</b>	<b>65.2</b>	<b>68.2</b>	<b>(3.0)</b>
<b>Net Assets</b>	<b>133.9</b>	<b>145.2</b>	<b>(11.3)</b>
<b>Gearing (Net Debt/ Equity)</b>	<b>27%</b>	<b>26%</b>	

<sup>1</sup> ROCE is trading EBIT / Capital Employed

# CASH FLOW

- Cash from Operations strengthened**
  - Debtor days reduced by 2 days
  - Further \$0.8m cash to be received in Q1 FY20 from legal settlement completed in June 2019
- Capital Expenditure**
  - Cash cost of CAPEX \$10.8m with a further \$2.0m funded through non-cash finance lease arrangements
  - Crane assets acquired predominantly in 1H to service contracts
  - \$7.6m of assets sold exceeded target of \$3.0m in FY19 with \$1.2m of proceeds to be received in Q1 FY20
  - Flexible rental arrangements – larger capacity cranes introduced for growth and projects – preserving free cash
- Capital Management**
  - Share buy back funded from free cash flow
  - \$6.0m to fund on-going on-market buy back

	30-Jun-19	30-Jun-18	mvmt
	\$m	\$m	\$m
Trading EBITDA	20.1	21.1	(1.0)
less: cash component of non-trading expenses paid in period	(1.6)	(0.9)	(0.7)
Cash proceeds from legal settlement	0.8	1.4	(0.6)
Movement in working capital	(2.8)	(6.6)	3.8
<b>Cash Flow from operations before interest and tax</b>	<b>16.5</b>	<b>15.0</b>	<b>1.5</b>
Interest paid (net of interest received)	(3.3)	(3.5)	<b>0.2</b>
<b>Net cash provided by operating activities</b>	<b>13.2</b>	<b>11.5</b>	<b>1.7</b>
Purchase of property, plant, equipment and software	(10.8)	(5.5)	(5.3)
Proceeds from the sale of plant and equipment	6.4	2.4	4.0
<b>Net cash used in investing activities</b>	<b>(4.4)</b>	<b>(3.1)</b>	<b>(1.3)</b>
<b>Free cash flow</b>	<b>8.8</b>	<b>8.4</b>	<b>0.4</b>
Transaction costs related to borrowings	(0.2)	0.0	(0.2)
Net repayment of borrowings	(2.8)	(8.9)	6.1
<b>Payments for Shares Bought Back</b>	<b>(6.0)</b>	<b>0.0</b>	<b>(6.0)</b>
<b>Net Decrease in Cash</b>	<b>(0.2)</b>	<b>(0.5)</b>	<b>0.3</b>

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Travel Tower  
growth on  
wind farm  
projects and  
5G roll-out



# GROWTH PLANS FOR FY20

## Profitable Revenue Growth

- Asset utilisation to continue to improve for core crane services with mining maintenance customers across Australia
- Wind farm construction projects in full-swing 1H and travel towers used for infrastructure 'string-line' works
- Telco 5G sector to remain strong for travel towers across Australia
- Re-building the Hunter region with new mining customers which are opting for dual suppliers for maintenance services
- New "value added" maintenance services being introduced to mining customers

## Expand Geographic Footprint

- Returning to Moranbah depot in Central Queensland and secure new service mining contracts in the region
- Re-establishing back into the Northwest WA region focusing on new construction projects commencing in 2H FY20
- Developing alliances with small local operators in the Melbourne market. Introduce new 750t crane to capture major bridge/rail infrastructure works and wind farm projects

**We are expanding  
our footprint to  
more regions  
to deliver growth**

## Sales & Business Development

- General Manager – Strategic Growth appointed to focus on new market growth opportunities
- New General Manager – **readi**, appointed with labour hire and HR/IR background
- Increase in Business Development resources and focus on profitable revenue growth in current markets
- Leadership training program underway to up-skill our frontline managers and employees with the focus on growth and performance
- **readi** to focus on new external revenue opportunities in oil & gas, mining, infrastructure and construction projects



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**Returning to  
Moranbah depot  
to service new  
mining  
customers**

1300 362 666 **BL370A**

**BOOM**  
CRAWLER CRANES

**BL519F**

## Operational Management

- Maintain safety culture and disciplines, and continue zero harm industry leadership
- Focus on labour recovery improvement and introduction of metrics to increase margins
- New Queensland EBA agreed and in Fair Work Commission for approval
- Complete roll-out of in-field tablet technology to streamline invoicing processes and real-time collection of data and information

## Asset Management

- Upgrade the Olympic Dam fleet using the flexible rental model and aligned with current contract term
- Asset allocation to new growth areas: new opportunities in Northwest WA, Central Queensland and Projects – competition for internal capital
- Continued focus on improving asset utilisation or sell under-utilised assets
- New 750t mobile crane to be delivered in early 2H FY20 for the infrastructure and construction market

## Financial Metrics

- Revenue of circa \$210 million, target of 15% growth
- EBITDA\* of circa \$24 - \$28 million
- CAPEX of circa \$5 million limited to ancillary equipment for contracts
- Interest expense\* circa \$3.3 million
- Continue current on-market share buy back after release of results
- Deliver strong operating cash flows

**The outlook for  
FY20 is positive to  
achieve sustainable  
profit growth**

\* Not adjusted for the impact of new AASB16 accounting standard

A large green BOOM crane is lifting a massive concrete beam at a construction site. The crane's boom is extended upwards, and the beam is suspended by cables. The crane has 'BOOM' written on its boom. The background shows a construction site with various structures and equipment.

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New 750t crane  
for Melbourne  
infrastructure  
project works



# CREATING SHAREHOLDER VALUE

## Restructure & Reset in FY19

Target ROCE of ~ 5%

- Renewed 50% of major contracted mining customers with rate improvements
- Asset utilisations improved, relocated equipment to new contracts / projects and growth markets
- Flexible capital model; larger assets introduced on a rental basis for projects and contracts
- \$7.6m in assets sales – sold 48 cranes and 55 obsolete small travel towers
- Consolidated & reduced travel tower depot footprint, re-structured to deliver \$1m in cost savings for FY20
- 35.7m share buy-back completed

## Sustainable Growth in FY20

Target ROCE\* of ~ 7%

- Upgrade the Olympic Dam fleet with flexible rental asset model in line with current contract term
- Transfer assets to high demand areas and growth markets to improve asset utilisations and margins
- Growth in new regions, wind farm projects and roll-out of 5G Telco network
- Introduce new “value added” maintenance services to mining and resources customers
- Grow external revenues via **readi** in mining, oil & gas, utilities, energy, infrastructure and construction
- Further capital management initiatives to deliver returns to shareholders

## Deliver Returns in FY21

Target ROCE\* of ~ 10%

- Target revenues of circa \$250 million
- Further growth through expansion into oil & gas, mining maintenance services, shutdowns and engineering solutions
- Expand the **readi** labour model to new growth sectors and markets
- Maintain low CAPEX and growth using flexible rental asset model

**Boom is well positioned to deliver solid returns to shareholders**

\* Not adjusted for the impact of new AASB16 accounting standard



**BOOM**

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