15 August 2018
ASX code: BOL

Boom Logistics Limited
Full Year Result – 30 June 2018

- Revenue up 22% at $183.1 million (FY17: $150.1 million)
- Gross margin of 28.7% (FY17: 27.1%)
- Trading EBITDA at $21.1 million (FY17: $10.6 million)[1]
- Trading EBITDA margin of 11.5% (FY17: 7.1%) demonstrating continued operating leverage off the fixed cost base
- EBIT at $2.4 million (FY17: loss of $19.5 million)
- Net loss after tax of $1.55 million (FY17: loss of $22.6 million)
- Operating cash up $5.2 million to $11.5 million (FY17: $6.3 million)
- Net debt reduced by $7.8 million (17%) to $37.3 million (30 June 2017: $45.1 million)

Building towards sustainable profit

Boom Logistics Limited ("Boom" or the "Group") reported a statutory net loss after tax (NPAT) of $1.55 million for the financial year ended 30 June 2018 (FY18) compared to FY17 net loss of $22.6 million.

Statutory earnings before interest expense, tax, depreciation and amortisation (EBITDA) reported a profit of $20.6 million compared to the FY17 loss of $1.3 million. Statutory earnings before interest expense and tax (EBIT) reported a profit of $2.4 million compared to the FY17 loss of $19.5 million.

CEO Brenden Mitchell said the company had reached an important turning point and that the business demonstrates positive momentum in a challenging environment.

> "We have over the last three years worked hard to improve the fundamentals of the business by ensuring we can respond with flexible service offerings to our customers. We have demonstrated the operational leverage in the business and with further growth can deliver positive earnings and ultimately deliver real value to our shareholders."

Operating performance delivering growth

In a year that has delivered significant growth in revenue and profit, Boom is pleased to note that the Lost Time Injury Frequency Rate ("LTIFR") was zero at the end of the period. During the year, safety observations conducted by managers and supervisors increased by 20% reaffirming the key

[1] Trading EBITDA is a non-IFRS financial measure that excludes net non-trading expenses of $0.5 million. This comprises non-trading expenses of $0.6 million, comprising restructure costs of $0.4 million and legal fees of $0.2 million, net of a profit on sale of assets of $0.1 million.

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focus that Boom places on its safety performance and risk management and the relationship between good safety performance and good financial performance.

Over the past few years, with continued market price pressures, Boom has worked hard to transform the business and transition it to a more flexible operating model. This has allowed Boom to capitalise on the improved operating environment experienced in the Group's key industry sectors.

Strong revenue growth
Revenue increased by 22% for the period, with the growth particularly strong in both the key resources sector and in wind farm construction:

- Revenue from mining maintenance contracts increased during the year as customers increased their production schedules and increased activity on customer sites generated revenue from other contractors and OEM's operating on these sites; and
- Boom carried out construction on three wind farms during the year, with further construction activity set to continue for at least two years. Boom is also well placed to capitalise on maintenance revenue from wind farms as the number of turbines in operation continues to increase.

Operational leverage demonstrated
Boom built its revenue base around existing overhead structures during FY18, helping the Group increase margins for the period. Gross margin increased to 28.7% compared to 27.1% in FY17 and trading EBITDA margin increased to 11.5% from 7.1% in the prior year.
Boom's labour hire business *readi* played a significant role in supporting the business by delivering labour to support operations, major projects at wind farms and shutdowns for resources customers.

Boom's flexible and cost effective operating model will help maintain the Group's competitive position and allow the Group to capitalise on an improving operating environment.

Cash Flow and Financial Position

Cash flow strengthened in the second half and delivered a solid operating cash flow of $11.5 million, compared to $6.3 million in the previous year. This reduced debt to a net position of $37.3 million at 30 June 2018 (30 June 2017: $45.1 million).

Gearing, net debt to equity, reduced to 26%, affording the Company a strong base for both growth and capital management opportunities in FY19.

Chief Executive Officer Transition

Brenden Mitchell has announced his intention to retire from the position of Chief Executive Officer and Managing Director, having led the Company for ten years.

The Board is pleased to announce that Tony Spassopoulos will assume the role of CEO and Managing Director from 20 September 2018.Mr Mitchell will remain in the business for six months to ensure a smooth transition. Tony has been with Boom in a number of Executive roles for ten years and is currently the Group's Chief Operating Officer.

Tony is supported in his new role by an experienced and cohesive management team as he brings further growth initiatives to the Group through FY19.

Outlook

FY19 is an exciting year for Boom with new opportunities developing in the market and new leadership at the helm. Tony Spassopoulos, with his team, will lead a growth program for the Group and continue to build its leading reputation in the market.

Boom expects continued improvement in performance in FY19:

- Revenue growth of circa 15%;
- Operational leverage to continue;
- Earnings per share of around 2 cents per share;
- Capital expenditure of around $15 million for the year, remaining below depreciation;
- Operating fleet supplemented with assets procured on flexible rental arrangements; and
- Gearing (net debt/equity) to remain in the 20% to 30% range.

The Company is pleased to announce that it intends to undertake a minimum holding buy-back for shareholders who hold less than a marketable parcel of shares being shareholdings with a value of $500 or less. The buy-back price will be the volume-weighted average price of Boom shares sold on the ASX over the 5 trading days prior to Thursday 23 August 2018. Further details about the buy-back will be provided on 28 August 2018.

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