BOOM

Boom Logistics 1H FY22 result – NPAT $2.9M

- EBITDA $22.5 million
- EBIT $4.6 million
- NPAT $2.9 million
- Operating cash flow before tax $23.4 million
- Interim dividend 0.5 cents per share

24 February 2022: Boom Logistics Limited (ASX:BOL) today announced a net profit after tax of $2.9 million for the half year ended 31 December 2021, up $2.5million compared to the previous corresponding period (pcp) (1H FY21: $0.4 million)[1]. EBITDA was $22.5 million, up 26% (1H FY21: $17.9 million), as the group benefited from new mining maintenance shutdown works, renewable energy and infrastructure projects.

Revenue was $123.5 million, up 47% (1H FY21: $84.2 million) with major projects including the SCM21 BHP Olympic Dam shutdown, Bango wind farm construction and Snowy 2.0 infrastructure tunnel work.

Operational cash flow was $23.4 million before tax, up from $14.4 million. Net debt was $27.9 million at 31 December 2021, down from $29.4 million at 30 June 2021. Gearing at 31 December 2021 was 25%, in line with guidance of between 20% to 35%, which allows capacity for growth. Working capital is being carefully managed to meet the timing of major projects. At 31 December 2021, net tangible assets per share was $0.26.

Capital expenditure for the half was $9.4 million, increasing capacity for future growth through utilisation of the group's fleet of more than 275 cranes and 80 travel towers. The group continues use of its flexible asset rental model, which allows the group to enter into operating leases on large assets to match requirements for contracted project work. Total asset utilisation for the half was 82%, up from 73%.

The board has resolved to pay an interim dividend consistent with the pcp. An unfranked interim dividend of 0.5 cents per share will be paid on 6 April 2022 to shareholders on the register at 18 March 2022.

Results summary for half year to	31 Dec 21	31 Dec 20	Change
Revenue ($m)	123.5	84.2	47%
EBITDA ($m)	22.5	17.9	26%
EBIT ($m)	4.6	2.3	100%
Net profit after tax ($m)	**2.9**	**0.4**	**566%**
Interim dividend	**0.5 cents**	**0.5 cents**	-

[1] Unless otherwise stated, all comparisons refer to the previous corresponding period.

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Tony Spassopoulos, Boom Logistics managing director, said: "Our strategy of seeking work from diverse and growing market sectors has enabled a strong result. We benefited from the SCM21 BHP Olympic Dam shutdown and other mining maintenance programs, the Bango wind farm construction project and Snowy 2.0 infrastructure work where we support a large tunnel boring project.

"A high rate of utilisation was achieved through focus on optimal allocation of assets and increased use of our rental model for projects resulted in improved revenue. Our approach is to win work where our technical expertise and safety practices differentiate our services and positions our company for growth.

"However, in the COVID-19 environment we experienced some higher costs due to border restrictions, labour shortages, supply chain expenses and delays to project starts.

"Our return on capital employed grew to 5.1% (from 2.8%) as we rejuvenate the fleet, selling older assets and purchasing or renting equipment for new work.

"During the first half, renewables, energy, infrastructure and telecommunications provided 48% of revenue, with mining maintenance and services contributing 52%.

"We continue our focus on safety planning and processes. Our safe act observation frequency rate improved to 8,606 for the half, and the total recordable injury frequency rate was 5.4."

Operational Report

Crane and Shutdown Services

Crane and shutdown services experienced strong demand in the first half, with major projects including the SCM21 BHP Olympic Dam shutdown (which mostly completed by December 2021 generating non-recurring revenue of circa $19 million), and other mining sector shutdowns. Divisional revenue increased to $71.4 million for the first half, up from $44.8 million.

Maintenance activity and industrial work was steady, despite skilled labour shortages affecting some regions. The group increased volumes in Western Australia including work for Boddington Gold, in Queensland with higher demand from the Anglo American group of companies and the BHP Mitsubishi Alliance, and at the Mt Arthur mine in New South Wales.

Although constrained by COVID-19 restrictions and border closures, the business continued to service mining and maintenance customers nationally.

Travel Towers

The travel towers business, which supports telco 5G and data installations, experienced slower demand as telecommunication works were deferred in metropolitan areas, primarily due to COVID-19 restrictions and lockdowns.

Project work at wind farms and demand for electrical 'string-line' connector work remained consistent, with the Powerlines Plus high-voltage transmission line project in Western Australia and mining sector work continuing. Divisional revenue was $11.4 million, down from $12.9 million in the pcp.

Projects

Infrastructure and wind farm work experienced strong demand in the first half with divisional revenue of $32.2 million, up from $17.4 million.

Work commenced at the Bango wind farm, where Boom is installing 38 wind turbines. The group has also increased its focus on maintenance activities on wind farms which provides recurring revenue, securing work with several customers.

Infrastructure work continued at the Snowy 2.0 infrastructure project where the group is supporting the construction of a 27km tunnel. Other projects included the Parramatta light rail in New South Wales, Martinus Rail in Queensland and the Armadale Road Bridge in Western Australia.

Outlook

Looking ahead, and based on current expectations of COVID-19 impacts, the group anticipates EBITDA for the second half of FY22 to be commensurate with the second half of FY21, therefore expecting EBITDA for the full year of circa $41 million (FY21: $36.3m). The group forecasts net capital expenditure for the full year of circa $15 million.

Tony Spassopoulos said: "We have a strong infrastructure sector tender pipeline, which spans civil engineering, rail crossing and tunnel projects. Various energy interconnector and high voltage power line projects are also planned over the next five years, which we expect to participate in. We are tendering for new wind farm and energy projects as the Bango and Snowy 2.0 construction work continue in the second half of FY22.

"The mining sector is performing well with strong demand for commodities expected to continue. Following completion of the SCM21 BHP Olympic Dam shutdown, we have mobilised assets to support and develop opportunities in Western Australia and central Queensland. Our work for telecommunications 5G and NBN rollout is ongoing, with regional activity planned. The travel towers ordered in FY21 are expected to arrive in the second half of FY22, further extending our capacity to service the energy and renewables sectors. We are continuing to recycle older assets to reduce maintenance costs and benefit from new technologies.

"Our strategy for profitable growth remains in place, with a focus on recurring earnings from mining maintenance services, and new project revenues from renewables, energy, and infrastructure sectors which are undergoing significant long-term growth.

"The company's solid balance sheet provides us with capacity to strengthen our business model and build on the progress of recent years. This includes new assets for new customer contracts. In addition to organic growth, we are pursuing opportunities that enhance our capability and increase our competitive advantage when bidding for new work. These may include selective acquisitions where they complement our strategy and create shareholder value. The Board continues to assess all capital management initiatives.

"While constraints from the impacts of the COVID-19 pandemic remain, affecting labour and supply chain costs and project start times, the company has a strong pipeline of new business in all key sectors. We remain well placed to capitalise on the opportunities ahead of us."

Authorised for release by the Board

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