

Boom Logistics Limited Announcement

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Boom Logistics – Market Update

Recent market announcements and media commentary concerning capital equipment companies servicing the industrial and resource industries have generally created negative sentiment towards this sector. In light of this and to dispel any associated uncertainty, Boom Logistics is providing a market update prior to the release of its FY09 half year results.

Management accounts for the first 6 months of FY09 demonstrate an above budget outcome and an operating result ahead of the first six months of FY08. The after tax operating result is in the region of \$13.7 million compared to the restated FY08 half year result of \$13.2 million. Boom's auditors, KPMG, are in the process of reviewing Boom's half year financial statements.

This result is in line with the improvement strategies developed and has been delivered notwithstanding a lower than budgeted crane sales outcome through the James Equipment business. Of significance during the period has been:

- completion of a \$175 million 3 year revolving credit facility and a \$32 million working capital and general transactional banking facility;
- continuing strong operating cash flows facilitating debt reduction with a consequent decrease in the gearing ratio (net debt / equity) from 92% at 30 June 2008 to 86% at 31 December 2008. This was achieved whilst also continuing to invest in the business, with capital expenditure of \$20.4m during the 6 month period;
- strong improvement in the utilisation levels of the wet hire crane fleet; and
- further strengthening of the management team.

Boom will continue to drive for operational improvements and focus on developing the contracted maintenance and project based businesses with high end equipment requirements and capability. It will also continue to apply operating cash flow to strike a balance between business development and ongoing debt reduction.

As noted at Boom's Annual General Meeting in October, market analysts have been forecasting a 2009 net profit after tax of between \$22m and \$29m. Whilst recognising that the current economic climate makes forecasting the full year outcome challenging, based on Boom's current visibility over its contract base and project pipeline, management believe that an operating result of between \$22m and \$29m (2008 - \$18.6m) is a fair measure of the risk profile in the prevailing market conditions.

Boom is scheduled to release its half year financial statements on Monday, 23 February 2009.

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