



**Boart Longyear Limited**  
ABN 49 123 052 728

## ASX Announcement/Media Release

### **HIGH MARKET DEMAND DELIVERS STRONG FIRST HALF GROWTH**

#### Highlights:

- Statutory revenue up 43%; EBITDA up 82% on first half 2006
- Pro forma revenue US\$753 million (52% of full year Prospectus forecast)
- Pro forma EBITDA US\$156 million (49% of full year Prospectus forecast)
- Pro forma net profit US\$72 million (48% of full year Prospectus forecast)
- Net Working Capital to Revenue ratio reduced from 25% to 21%
- Acquisitions performing as planned; integration well advanced
- Product orders continue to grow, with more capacity expansion planned

In its first financial results announcement since listing on the Australian Securities Exchange on 5 April 2007, Boart Longyear Limited today announced strong revenue and earnings growth in the six months ended 30 June 2007.

Commenting on the results, Boart Longyear's Chief Executive Officer Paul Brunner said that "Boart Longyear's first half results reflect sustained growth from both our Drilling Services and Products divisions resulting from continued high demand from the exploration drilling market. We are off to a good start as a public company and we remain confident that we will meet our statutory and pro forma earnings forecasts for the full year. We see no interruption to current market conditions."

"Our Drilling Services fleet has now passed 1,000 rigs, and the business is benefiting from the recent strategic acquisitions made in Australia, the USA and South America. All acquisitions are performing well. We have been successful in executing multiple strategies to recruit, train and retain staff. Even in Australia, where the labour market is tight, we are managing our costs and have made significant improvements in staff retention. However, the challenge to growth remains in filling the need for drillers and helpers."

Mr Brunner noted with respect to the Products Division that planned capacity increases and restructuring initiatives are being completed on time and on forecast, with benefits expected through 2008. He further commented that market demand continues to exceed expectations and there was a need to review further capacity increases before the end of 2007.

**Footnote: All financial results quoted are on a statutory basis unless expressly stated as being reported on a pro forma basis**

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## FINANCIAL OVERVIEW

US\$M	Statutory basis			Pro forma basis		
	H12006 Actual	H12007 Actual	Year on year Growth	H12007 Actual	FY2007 Prospectus	% of Full Year
Revenue	526	750	43%	753	1461	52%
<b>EBITDA</b>	<b>77</b>	<b>140</b>	<b>82%</b>	<b>156</b>	<b>320</b>	<b>49%</b>
<i>EBITDA Margin</i>	15%	19%		21%	22%	
<b>NPAT</b>	<b>6</b>	<b>17</b>	<b>185%</b>	<b>72</b>	<b>149</b>	<b>48%</b>
EPS (cents)	0.4	1.2		4.8	10.0	

Note: H12006 statutory results for continuing operations are shown for comparative purposes. The full year estimates are as stated in the IPO Prospectus.

Drilling Services and Products demand across all regions was solid, resulting in strong improvement in both revenue and earnings. Total revenue for the period was US\$750 million, an increase of 43% over the prior year. Of the US\$224 million year-on-year revenue increase, US\$155 million was attributable to Drilling Services and US\$69 million to Products.

Total EBITDA in the first half was US\$140 million, an increase of 82% compared to the first half of 2006. On a pro forma basis the first half EBITDA was US\$156 million or 49% of the full year forecast stated in the Prospectus.

Net profit after tax for the first half was US\$17 million. On a pro forma basis, net profit after tax was US\$72 million, 48% of the full year forecast stated in the Prospectus.

The statutory effective tax rate of 41% for the first half is the blended annual rate for 2007, which takes into account the tax weighting of the corporate structure prior to the IPO and post the IPO. In subsequent periods, the effective tax rate is expected to be approximately 32%.

Boart Longyear is on track to deliver strong cash flows from operating activities for the year, as forecast in the Prospectus. Significant improvements made in working capital management resulted in the reduction of the net working capital-to-revenue ratio from 25% to 21% in the past year.

Earnings per share were 1.2 US cents (4.9 US cents on a pro forma basis). No interim dividend has been declared, consistent with the Company's Prospectus.

The statutory and pro forma revenue, earnings and cash flow forecasts for the full year, as stated in the Prospectus, are expected to be met.

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## DIVISIONAL REVIEW

### Drilling Services Division

US\$M	Statutory basis			Pro forma basis		
	H12006 Actual	H12007 Actual	Year on year Growth	H12007 Actual	FY2007 Prospectus	% of Full Year
Revenue	305	460	51%	463	908	51%
<b>EBITDA</b>	<b>59</b>	<b>109</b>	<b>85%</b>	<b>121</b>	<b>251</b>	<b>48%</b>
<i>EBITDA Margin</i>	19%	24%		26%	28%	

Note: The full year estimates are as stated in the IPO Prospectus.

Drilling Services generated revenue of US\$460 million, up 51% on the same period last year. US\$66 million of the revenue increase is attributable to organic growth during the period and US\$89 million is attributable to the acquisitions made in 2006 and the first quarter of 2007.

EBITDA for the half year was US\$109 million, up by 85% over the prior year, and on a pro forma basis was US\$121 million, 48% of the full year Prospectus forecast. Currency movements had a positive effect of approximately US\$2 million on EBITDA.

### Products Division

US\$M	Statutory basis			Pro forma basis		
	H12006 Actual	H12007 Actual	Year on year Growth	H12007 Actual	FY2007 Prospectus	% of Full Year
Revenue	221	290	31%	290	553	53%
<b>EBITDA</b>	<b>39</b>	<b>52</b>	<b>35%</b>	<b>56</b>	<b>121</b>	<b>46%</b>
<i>EBITDA Margin</i>	18%	18%		19%	22%	

Note: H12006 statutory results includes US\$7 million of revenue and US\$0.5 of EBITDA in respect of MCE Poland, a business sold in 2006. The full year estimates are as stated in the IPO Prospectus.

Products division generated revenue of US\$290 million, up 31% on the same period last year. US\$60 million of the revenue is attributable to volume growth, US\$6 million to real price increases and US\$3 million to the positive impact of currency movements.

EBITDA for the half year was US\$52 million up by 35% over the prior year, and on a pro forma basis was US\$56 million, 46% of the full year forecast stated in the Prospectus. Exchange rates had a positive effect of approximately US\$1 million on EBITDA.

## OUTLOOK

Due to the ongoing strength in world commodity markets Boart Longyear remains on track to deliver its forecasts for its Drilling Services and Products business units for the 2007 financial year.

The focus remains on identifying accretive opportunities to consolidate its position as the leader in the mineral exploration drilling industry and is assessing capacity expansion initiatives, as well as a select number of potential acquisitions. Operating improvements, expansion of the Environmental & Infrastructure and Energy business units, and new product development also remain important areas of focus for the Group.

### **Investor enquiries:**

Alison Henriksen, VP Investor Relations  
Boart Longyear Limited  
+61 2 9293 2599  
ir@boartlongyear.com

### **Media enquiries:**

Ian Brown  
Channel Financial Communications  
+61 2 9221 0008  
ibrown@channel.net.au

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