

28 February 2018

### Full-Year 2017 Results

Boart Longyear Limited (**ASX:BLY**) – [Boart Longyear](http://www.boartlongyear.com) announces results for the full-year ended 31 December 2017. All results are referenced in US dollars.

Jeff Olsen, Boart Longyear's CEO, commented on the Company's results, highlighting, "The fourth quarter saw a continued trend of improved results. Our full-year revenues were up \$97 million (or 15%), Adjusted EBITDA (excluding restructuring costs) also improved by \$11 million (35%) versus 2016".

Mr. Olsen stated, "We continue to see signs of improvement in our markets and this has translated to improvement in revenue, marginally higher utilization of our drill fleet and further improvement in our product backlog compared to 2016. Our Products business has historically been a leading indicator of activity in our Drilling Services business, so we see the improvement in Products revenues as a positive sign. This trend is further supported by improved commodity prices, increased exploration spend, and strong equity raisings by junior mining companies."

Mr. Olsen continued, "Our focus on efficiencies and costs continues, but we are also preparing for the future of the industry. We believe our new products and innovations (survey geophysics, logging, core orientation and assay) are technologies that will help move Boart Longyear from being a drilling company that not only provides core, but also to an industry-leading provider of exploration data and analytics."

### FINANCIAL RESTRUCTURING PROCESS

As announced on 25 September 2017, the company reached a conclusion of the recapitalisation program, which resulted in a reduction of its debt, extension of its debt maturities, and improvement of its liquidity position. Completion of the comprehensive recapitalisation program was an important step towards enabling the company to meet the demands of the improving industry sector.

### KEY METRICS AS OF 31 DECEMBER 2017 (compared to 31 December 2016)

- **REVENUE – Up \$97M (15%) driven by higher volume**
- **PRICING – Down circa 1% driven by initiatives to reduce excess inventory**
- **ADJUSTED EBITDA – Up \$11M (35%) on improved volume, productivity and efficiency**
- **CASH FROM OPERATING ACTIVITIES – \$54M used, \$4M higher YOY.**
- **OPERATING MARGIN – Down \$27M (44%)**
- **ADJUSTED NET PROFIT AFTER TAX – Up \$50M (47%)**
- **NET DEBT – US\$77M (11%) lower with the recapitalisation program now complete**

**COMPARATIVE RESULTS**

(US \$M)	<b>Consolidated Results</b>		
	<b>Full-Year Ended</b>		<b>% Change Fav/(Unfav)</b>
	<b>31-Dec-17</b>	<b>31-Dec-16</b>	
<b>Total Company</b>			
Revenue	739	642	15%
Statutory EBITDA	(37)	2	NMF
Adjusted EBITDA	43	32	35%
Statutory Net Profit After Tax	(150)	(157)	4%
Adjusted Net Profit After Tax	(58)	(108)	47%
Net Cash Flows Used in Operating Activities	(54)	(50)	-7%
Net Debt	599	676	11%
Adjusted SG&A	103	113	9%
Number of Employees	4,604	4,337	-6%
	<b>Divisional Results</b>		
	<b>Full-Year Ended</b>		<b>% Change Fav/(Unfav)</b>
	<b>31-Dec-17</b>	<b>31-Dec-16</b>	
<b>Global Drilling Services</b>			
Revenue	501	448	12%
Statutory EBITDA	69	52	33%
Average Number of Operating Drill Rigs	308	287	7%
Average Number of Drill Rigs	720	889	-19%
Average Rig Utilisation	43%	32%	34%
Number of Employees	3,320	3,011	-10%
<b>Global Products</b>			
Revenue	239	195	22%
Statutory EBITDA	11	13	-16%
Average Backlog	26	15	73%
Number of Employees	976	1,001	2%



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## **RESULTS COMMENTARY**

Revenues for the fourth quarter remained strong, contributing to the full year closing 15% higher compared to full year 2016, driven by higher volumes in both the Drilling Services and Products divisions. The improvement in volume was partially offset by the negative impact on price of circa 1%, driven by the Company's continued initiative to reduce excess inventory.

Significant items for the year totalled \$80 million, compared to \$30 million recorded in the 2016 Financial Year. These items primarily related to restructuring charges associated with the recapitalisation program, other organisational structural changes, and operational improvements.

Cash used in operating activities was \$54 million during the full year of 2017, compared to \$50 million used in the 2016 Financial Year. Increase in cash used was driven by increasing Net Working Capital requirements for increased sales and outgoings associated with professional fees incurred through the recapitalisation program. The increase was mitigated by the positive impact delivered by the Company's ongoing focus on productivity and efficiency improvements.

Liquidity at 31 December 2017 was \$59 million, comprised of cash balances totalling \$44 million and a further \$15 million of availability under the Company's asset-based loan facility.

## **STRATEGIC PRIORITIES**

The customer is at the core of the Company's strategic priorities. By building on the Company's history of innovation, drilling expertise, and long-standing customer relationships, it can identify, develop and respond rapidly to needs and new opportunities, through improved safety standards, higher productivity, product innovations and new downhole digital tools.

In November 2017, the Company launched its versatile new line of Longyear™ diamond coring bits engineered to drill faster, last longer and outperform existing bit technology. Boart Longyear continues its innovation and excellence in the field of coring rod technology with the launch of its patented XQ™ product line.

TruScan™ core scanning technology is being introduced this year through the Company's Drilling Services offerings. Utilising innovative and proprietary XRF technology, our drilling teams using TruScan equipment capture accurate, real-time geological data at the exploration site. The Company plans to launch additional digital technologies, along with new products within our traditional product lines in 2018. These innovations represent steps in executing the Company's strategy to be the drilling partner of choice.

With our industry-leading safety record, unparalleled operating performance and the latest in drilling technology, coupled with the improvements we have made in our cost structure and productivity, Boart Longyear remains uniquely positioned to realise significant operational leverage as the market recovers.



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**Disclaimer**

*This announcement contains certain “forward-looking statements.” The words “anticipate, “believe”, “expect”, “project”, “forecast”, “estimate”, “likely”, “intend”, “should”, “could”, “may”, “target”, “plan” and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Due care and attention has been used in the preparation of forecast information. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the Company’s control and may cause actual results to differ materially from those expressed or implied in such statements. There can be no assurance that actual outcomes will not differ materially from these statements.*

**About Boart Longyear**

Established in 1890, Boart Longyear is the world’s leading provider of drilling services, drilling equipment and performance tooling for mining and drilling companies. It also has a substantial presence in aftermarket parts and service, energy, mine de-watering, oil sands exploration, production drilling, and down-hole instrumentation.

The Global Drilling Services division operates for a diverse mining customer base spanning a wide range of commodities, including copper, gold, nickel, zinc, uranium, and other metals and minerals. The Global Products division designs, manufactures and sells drilling equipment, performance tooling, down-hole instrumentation and parts and services.

Boart Longyear is headquartered in Salt Lake City, Utah, USA, and listed on the Australian Securities Exchange in Sydney, Australia (ASX:BLY). More information about Boart Longyear can be found at [www.boartlongyear.com](http://www.boartlongyear.com). To get Boart Longyear news direct, follow us on [Twitter](#), [LinkedIn](#) and [Facebook](#).

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