



Boart Longyear Limited
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Boart Longyear Announces First Half 2019 Results

Boart Longyear Limited (**ASX: BLY**) – [Boart Longyear](http://www.boartlongyear.com), the world's leading provider of drilling services, an expert in providing valuable orebody knowledge, and a pioneer in drilling equipment and performance tooling, announces results for the first half ended 30 June 2019. All results are referenced in US dollars.

KEY METRICS FOR YEAR THROUGH 30 JUNE 2019 (Compared to 30 JUNE 2018)

- **REVENUE – \$388M – Up \$17M (4.6%) after eliminating impacts of FX, discontinued operations and slow-moving inventory**
- **ADJUSTED EBITDA – \$58M - Up \$21M (58%) on improved volume, pricing, and productivity gains**
- **NET PROFIT AFTER TAX – \$2M – Improvement of \$18M and first period of reported positive NPAT in seven years**
- **NET CASH FLOWS FROM OPERATING ACTIVITIES –\$20M and greater than full year 2018 generation**

The Company reached an impressive milestone in July recording 10 million consecutive man-hours worked with no Lost-Time Injury (LTI) and additionally, the company-wide global accomplishment of one full year completely LTI free. These safety records are industry firsts for a drilling services provider.

Jeff Olsen, Boart Longyear's CEO commented, "The first half of the year continued our trend of improved financial performance. On a similar revenue stream, we generated \$21 million (58%) additional adjusted EBITDA compared to one year ago. Total adjusted EBITDA was \$58 million and net profit after tax (NPAT) was \$2 million. Organic revenue continued to grow during the half but at a slower rate than previous periods with delayed investment by mining houses, with many working to re-prioritise their investment after recent consolidations, and uncertainty in the global economy."

COMPARATIVE RESULTS

(US \$M)	Consolidated Results		
	Half-Year Ended		% Change Fav/(Unfav)
	30-Jun-19	30-Jun-18	
Total Company			
Revenue	388	394	(2%)
Statutory EBITDA	54	28	90%
Adjusted EBITDA	58	37	58%
Statutory Net Profit After Tax	2	(16)	NMF
Net Cash Flows from Operating Activities	20	(12)	NMF
Net Debt	731	650	(12%)
SG&A	46	45	(3%)
Number of Employees	4,833	4,990	3%

(US \$M)	Divisional Results		
	Half-Year Ended		% Change Fav/(Unfav)
	30-Jun-19	30-Jun-18	
Global Drilling Services			
Revenue	271	267	1%
Statutory EBITDA	57	39	46%
Average Number of Operating Drill Rigs	289	315	(8%)
Average Number of Drill Rigs	691	672	3%
Average Rig Utilisation	42%	47%	(11%)
Number of Employees	3,596	3,763	4%

(US \$M)	Divisional Results		
	Half-Year Ended		% Change Fav/(Unfav)
	30-Jun-19	30-Jun-18	
Global Products			
Revenue	117	127	(8%)
Statutory EBITDA	17	15	14%
Average Backlog	31	30	2%
Number of Employees	926	946	2%



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RESULTS COMMENTARY

Revenues for the first half closed lower compared to the prior year and were impacted by FX currency movements, discontinued operations and higher sales from H1 2018 initiatives to reduce slow moving inventory. Adjusting for the effect of those factors revenue increased 4.6% from the prior year period. Adjusted EBITDA increased from \$37M to \$58M, driven by improvement in pricing, cost reductions and productivity initiatives. Net Profit After Tax closed at a positive \$2M which was an \$18M improvement over the first half of 2018.

The Company experienced a notable improvement in cash from operations through June of \$32M (\$20M generated through June 2019 compared to \$12M use through June 2018). Net working capital increases through the first half each year to meet the needs of drill program start-ups.

Liquidity at 30 June 2019 was \$48M, comprised of cash balances totalling \$29M and a further \$19M of availability under the Company's asset-based loan facility.

STRATEGIC PRIORITIES

The Drilling Services group is currently rolling out the TruProductivity™ system through its North American operations starting in August and will be rolled out globally shortly after that. TruProductivity™ analyzes rig operational data and drilling activities, which will assist in timely decisions to optimize performance and reduce unplanned rig downtime.

Increased industry focus on hands-free rod handling, has supported adoption of the Company's LF™ 160 surface coring rig and accompanying Freedom™ Loader technologies including in our own Drilling Services fleet. Boart Longyear engineers are also currently working on "no hands-on steel" rig technologies which in the future will be capable of remote and automated drilling processes, keeping drillers at an even safer distance.

Drilling customers requesting more accurate drill data are recognizing the advantages of the Geological Data Services (GDS) arm of Boart Longyear. To accommodate the growing requirements, GDS is adding to its instrumentation offerings to provide more connectivity, easier collection, and software interfaces for operational oversight and data interpretation. Further and more comprehensive promotion of previously announced TruScan™, TruCore™, and TruShot™ GDS products is planned globally, to capitalize on mining companies shifting to digitalization and data analytical technologies. These products and services provide timely geological information to assist in critical decision making for more efficient exploration activities.



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Footnotes:

- 1) Increase in Net Debt during the half was due to PIK interest being converted to debt as anticipated, and the impact of the IFRS16 accounting change which requires capitalization of previously off-balance sheet operating leases (\$32M).
- 2) H1 EBITDA was benefited \$9M by the IFRS16 accounting change
- 3) Profit on Sale of Fixed Assets through the company's simplification project improved 2018 H1 adjusted EBITDA by \$4M. This benefit was not repeated in H1 2019.

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. To get Boart Longyear news direct, follow us on [Twitter](#), [LinkedIn](#) and [Facebook](#).

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