

28 February 2020

Full Year 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 innovative drilling equipment and performance tooling, announces results for the full year ended 31 December 2019. All results are referenced in US dollars.

KEY METRICS FOR YEAR THROUGH 31 DECEMBER 2019 (Compared to 31 DECEMBER 2018)

- **REVENUE – \$745M – Down \$25M - After eliminating impacts of FX, discontinued operations and slow-moving inventory revenue was comparable to 2018**
- **ADJUSTED EBITDA – \$87M - Up \$6M (8%) on improved pricing, productivity gains and adoption of AASB 16 Standard**
- **NET PROFIT AFTER TAX – (\$45M) – Lower by \$1M impacted by Impairments of Intangibles of \$9M and additional tax expense of \$16M.**
- **NET DEBT - \$764M – Increase of \$81M from PIK Interest and the adoption of AASB 16 Standard**
- **NET CASH FLOWS FROM OPERATING ACTIVITIES – \$35M – Improvement of \$31M due to improved EBITDA and initiatives to improve Net Working Capital**

The Company's steadfast commitment to safe operations resulted in over 14 million consecutive man-hours with no Lost-Time Injury (LTI), including a company-wide accomplishment of only one LTI through 2019. This safety record demonstrates the commitment to safety by our employees which has resulted in an industry leading performance.

Jeff Olsen, Boart Longyear's CEO commented, "With the support of our global workforce the Company was able to increase its EBITDA and Cash Flow from Operations on lower revenue. Like many in our industry we witnessed organic global demand decline through the second half which we attribute to the several significant mergers and acquisitions within the mining industry, which in turn delayed mineral exploration projects and reduced overall market activity. We maintain the position that after the recent M&A activity there will be medium to long term benefits to the company with demand improving as major and intermediate mining houses expand their investment in exploration activities. Industry metrics reported around commodity pricing, reserves and levels of debt held by mining houses all indicate a need to reinvest in exploration activities. Our commercial pipeline remains strong and the Company will likely benefit from strengthening gold prices (>\$1,600/Oz) with gold making up approximately 65% of the Company revenue."

COMPARATIVE RESULTS

(US \$M)	Consolidated Results		
	Full-Year Ended		% Change Fav/(Unfav)
	31-Dec-19	31-Dec-18	
Total Company			
Revenue	745	770	(3%)
Statutory EBITDA	67	54	23%
Adjusted EBITDA	87	81	8%
Statutory Net Profit After Tax	(45)	(44)	NMF
Net Cash Flows from Operating Activities	35	4	NMF
Net Debt	764	683	(12%)
Adjusted SG&A	94	88	(7%)

(US \$M)	Divisional Results		
	Full-Year Ended		% Change Fav/(Unfav)
	31-Dec-19	31-Dec-18	
Global Drilling Services			
Revenue	516	534	(3%)
Statutory EBITDA	90	83	9%
Average Number of Operating Drill Rigs	284	310	(8%)
Average Number of Drill Rigs	691	676	2%
Average Rig Utilisation	41%	46%	(10%)

(US \$M)	Divisional Results		
	Full-Year Ended		% Change Fav/(Unfav)
	31-Dec-19	31-Dec-18	
Global Products			
Revenue	229	237	(3%)
Statutory EBITDA	24	31	(23%)
Average Backlog	30	28	7%

RESULTS COMMENTARY

Revenues for the year closed lower compared to the prior year and were impacted by FX currency movements, discontinued operations and higher 2018 sales from initiatives to reduce slow moving inventory. Adjusting for the effect of those factors revenue was flat from the prior year period. Adjusted EBITDA increased from \$81M to \$87M, driven by improved pricing, productivity initiatives, cost reductions and adoption of AASB 16 Standard. Net Profit After Tax closed at a loss of \$45M which was \$1M lower over the same period of 2018 due to impairment of intangibles of \$9M and additional tax expense of \$16M.

The Company experienced a notable improvement in cash from operations through December of \$31M (\$35M generated through December 2019 compared to \$4M through December 2018).

Liquidity at 31 December 2019 was \$45M, comprised of cash balances totalling \$20M and a further \$25M of availability under the Company's asset-based loan facility.

STRATEGIC PRIORITIES

Boart Longyear achieved a tremendous safety milestone in 2019 with the accomplishment of over 14.5 million man-hours worked with no Lost Time Injuries (LTI). This included more than 16 consecutive months of completely LTI-free work—a record running from mid-2018 through late 2019. Respected by the industry, excellence in safety is an integral part of Company culture and is the expected standard for drilling and mining customers. The Company continues to place safety as a high priority in 2020 and promote its impressive track record.

The Company's Drilling Services, Drilling Products, and Geological Data Services (GDS) are all in demand with stable growth despite some delays in exploration spend seen in the latter part of 2019. Anticipated drilling activity was marginally down, with customer decisions being delayed due to the impact of large mergers in the mining sector and a lack of funding for junior mining companies in some jurisdictions. We anticipate that exploration spend levels will regain momentum heading into the remainder of 2020. The Company continues to focus on a number of operational initiatives to reduce cost, deplete older inventory, increase workflow efficiency, and improve margins, while continuing to supply competitive pricing to the marketplace.

In December, the Company initiated a customer feedback mechanism to evaluate completed Drilling Services' projects and to look for opportunities to improve services and customer satisfaction. Additional ongoing customer experience programs are being implemented in the first half of 2020 to enhance understanding of Products and GDS customers and to better align with our customers' strategic priorities.

This year's large mining, construction, and exploration tradeshow will have a prominent Boart Longyear presence highlighting the latest in drilling services, drilling products, and performance tooling. GDS will be launching the TruSub™ Drilling System, a productivity-enhancing system at PDAC 2020, along with showcasing advancements in the cutting-edge TruScan™ technology and the latest TruCore™ UPIX release. These and other GDS products continue to capitalize on mining companies shifting to digitalization and data analytical technologies for more timely and informed decisions. Addressing the need to lower environmental impact, the LS™600 sonic rig will be displayed at CONEXPO in March, along with tooling for anchoring, micro-piling, and jet grouting to help the Company expand into the construction market.

With additional event and marketing exposure, a renewed emphasis on sustainable solutions, capturing and positively reacting to customer feedback, and streamlining for greater productivity, the Company anticipates market growth and increased penetration into new markets.

PUBLIC HEALTH RISK

From time to time, various diseases such as the avian flu and recent COVID-19 outbreak have spread across the world. The Company has global manufacturing facilities, employees, suppliers and customers, and if a disease spreads sufficiently to cause a pandemic (or to cause the fear of a pandemic to rise) or governments regulate or restrict the flow of labour or products, the Company's operations, employees, suppliers, and customers could be severely impacted. Such a pandemic could also have an adverse impact on consumer demand and commodity prices.

Authorised for lodgement by:

Robert Closner,
Company Secretary

Footnotes:

- 1) Increase in Net Debt during the year was due to PIK interest being converted to debt as anticipated, and the impact of the AASB 16 accounting change which requires capitalisation of previously off-balance sheet operating leases (\$27M).
- 2) Full Year EBITDA was benefited \$9M by the AASB 16 accounting change
- 3) Profit on Sale of Fixed Assets through the Company's simplification project improved 2018 adjusted EBITDA by \$5M. This benefit was not repeated in 2019.



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

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