

1 November 2019

**Boart Longyear Announces Third Quarter 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 third quarter ended 30 September 2019. All results are referenced in US dollars.

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

- **REVENUE – \$578M – Down \$12M - After eliminating impacts of FX, discontinued operations and slow-moving inventory revenue grew 3.6%**
- **ADJUSTED EBITDA – \$85M - Up \$24M (40%) on improved volume, pricing, and productivity gains**
- **NET PROFIT AFTER TAX – \$2M – Improvement of \$30M**
- **LEVERAGE – 7.0X and continuing to improve**
- **NET CASH FLOWS FROM OPERATING ACTIVITIES – \$31M – Improvement of \$44M**

The Company's steadfast commitment to safe operations saw the company deliver over 14 million consecutive man-hours with no Lost-Time Injury (LTI), including a company-wide accomplishment of being completely LTI free through 2019. These safety records demonstrate industry leading performance across the global drilling services providers.

Jeff Olsen, Boart Longyear's CEO commented, "Our Q3 results demonstrate the continued improvements we are making to the underlying business. Like many in our industry we have seen organic global demand slow through the quarter which we attribute to the delayed investment by mining houses, with many working to re-prioritise their investment after recent consolidations, and uncertainty in the global economy. We maintain the position that the industry demand will improve with major and intermediate mining houses expanding their investment in exploration activities. Industry metrics reported around commodity pricing, reserve lives and levels of debt held by mining houses all indicate a need to reinvest into exploration activities. It is however encouraging to see our focus on simplification and productivity initiatives continuing to reward the company through improvements to our bottom line. This is clearly demonstrated by the \$24 million improvement in Adjusted EBITDA on \$12 million lower revenues through Q3. Based on current market activity we estimate the company leverage to be below 7X by the year end"

**COMPARATIVE RESULTS**

(US \$M)	<b>Consolidated Results</b>					
	<b>3 Months Ended</b>		<b>% Change Fav/(Unfav)</b>	<b>9 Months Ended</b>		<b>% Change Fav/(Unfav)</b>
	<b>30-Sep-19</b>	<b>30-Sep-18</b>		<b>30-Sep-19</b>	<b>30-Sep-18</b>	
<b>Total Company</b>						
Revenue	191	196	(3%)	578	590	(2%)
Statutory EBITDA	26	21	27%	80	49	63%
Adjusted EBITDA	28	24	13%	85	61	40%
Statutory Net Profit/(Loss) After Tax	0	(11)	NMF	2	(28)	NMF
Net Cash Generated / (Used) in Operating Activities	11	(2)	NMF	31	(13)	NMF
Net Debt	742	667	10%			

	<b>Divisional Results</b>					
	<b>3 Months Ended</b>		<b>% Change Fav/(Unfav)</b>	<b>9 Months Ended</b>		<b>% Change Fav/(Unfav)</b>
	<b>30-Sep-19</b>	<b>30-Sep-18</b>		<b>30-Sep-19</b>	<b>30-Sep-18</b>	
<b>Global Drilling Services</b>						
Revenue	130	140	(7%)	401	407	(1%)
Statutory EBITDA	24	24	0%	81	63	28%
Average Number of Operating Drill Rigs	285	317	(10%)	288	316	(9%)
Average Number of Drill Rigs *	689	672	3%	691	674	3%
Average Rig Utilisation	41%	47%	(6%)	42%	47%	(5%)
<b>Global Products</b>						
Revenue	61	56	8%	178	183	(3%)
Statutory EBITDA	16	9	81%	31	24	29%
Average Backlog	25	23	7%	29	28	4%

**RESULTS COMMENTARY**

Revenues for the nine months closed lower compared to the prior year and were impacted by FX currency movements, discontinued operations and higher sales from 2018 initiatives to reduce slow moving inventory. Adjusting for the effect of those factors revenue increased 3.6% from the prior year period. Adjusted EBITDA increased from \$61M to \$85M, driven by productivity initiatives, cost reductions and improved pricing. Net Profit After Tax closed at a positive \$2M which was a \$30M improvement over the same period of 2018.

The Company experienced a notable improvement in cash from operations through September of \$44M (\$31M generated through September 2019 compared to \$13M use through September 2018).

Liquidity at 30 September 2019 was \$57M, comprised of cash balances totalling \$28M and a further \$29M of availability under the Company's asset-based loan facility. During the quarter the Company agreed on commercial terms with its financiers to increase and extend its Asset Based Lending Revolver (ABL) and Backstop Term Loan Facility.



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## **STRATEGIC PRIORITIES**

Boart Longyear welcomes the addition of two new board members, Kevin McArthur (Chair and Director) and Tye Burt (Director), who bring extensive global mining industry knowledge. This combined experience will be leveraged to explore additional growth opportunities across the industry. As cost-saving initiatives are in full swing, the focus for the fourth quarter and into 2020 is on growing the business and profitability of the Company.

The industry is increasingly recognizing the value of geological information provided by the Geological Data Services division (GDS). At a recent drilling conference in Australia, two large mining companies – Rio Tinto and Newcrest Mining – included Boart Longyear's TruScan™ technology in their company presentations as key parts of their exploration technology roadmaps. Adding to its portfolio, GDS is preparing for the launch of a new Wireless Sub drilling system designed to increase the efficiency and productivity of drilling programs through a real-time drill parameter display and automated reporting of key drilling performance metrics. These and other GDS products continue to capitalize on mining companies shifting to digitalization and data analytical technologies.

To strengthen the Company's position globally, the Company's Drilling Services division (DS) is strategically aligning with key customers to better understand and meet customer needs across the drilling value chain. By improving service and more promptly addressing customer concerns, the DS division aims to improve the customer loyalty and nurture healthy, long-term relationships for continued growth.

The Products division is poised to expand in the production drilling and construction markets with new offerings like DM35 and DriftMaster™ top-hammer tools that are being recognized for their increased strength, load capacity, and durability. The division plans for maximum exposure of these and other advanced drilling products at several industry-leading, and largely attended exhibitions during 2020, including CONEXPO in March and MINEXPO in September. The growing demand for sonic technology is also driving demand for the LST™250 and LST™600 sonic models to customers who are looking for technology that increases accessibility while reducing environmental impact. The development of additional safety features, hands-free and automated drilling technologies remain at the forefront of engineering efforts.

### 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 IFRS16 accounting change which requires capitalization of previously off-balance sheet operating leases (\$34M).
- 2) Q3 YTD EBITDA was benefited \$9M by the IFRS16 accounting change
- 3) Profit on Sale of Fixed Assets through the company's simplification project improved 2018 adjusted EBITDA by \$4M. 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](http://www.boartlongyear.com). To get Boart Longyear news direct, follow us on [Twitter](#), [LinkedIn](#) and [Facebook](#).

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