

23 August 2018

Boart Longyear Announces First Half 2018 Results

Boart Longyear Limited (**ASX: BLY**) – [Boart Longyear](http://www.boartlongyear.com), the world's leading supplier of drilling services, equipment and tooling for mining and drilling companies, announces results for the first half ended 30 June 2018. All results are referenced in US dollars.

Jeff Olsen, Boart Longyear's CEO, commented on the Company's results, stating, "In the first half, we continued our trend of improved results. The Company has now posted year on year growth in six consecutive quarters. Compared to the first half of 2017, our revenues were up \$38 million (11%), which has flowed through to our Adjusted EBITDA, (excludes restructuring costs) increasing by \$15 million (71%). These results can be attributed partially to the improved market conditions, but also to the delivery of productivity initiatives and our continued focus on cost control across all parts of the business. It was encouraging to see these improvements recognized by the external rating agencies." (Refer to BLY ASX release 8th August 2018 - Debt Rating Agency Actions)

Mr. Olsen continued, "We are pleased to see continued improvement in the mining and exploration market. The strategic activities that we have focussed on and executed over the last several years have positioned us well to capture our share of increased demand, for both drilling services and products. We remain committed to meeting the needs of our customers through provision of innovative technologies, quality services and a steadfast commitment to safe operations."

KEY METRICS AS OF 30 JUNE 2018 (compared to 30 JUNE 2017)

- **REVENUE – \$394M - Up \$38M (11%) driven by higher volume**
- **PRICING – Up circa 2% driven by improved market conditions**
- **ADJUSTED EBITDA – \$37M - Up \$16M (71%) on improved volume, productivity and efficiency**
- **CASH FROM OPERATING ACTIVITIES – Improvement of \$46M**
- **SG&A – \$45M - US\$10M YOY improvement (18%)**
- **ADJUSTED NET PROFIT AFTER TAX – \$44M YOY improvement (82%)**
- **NET DEBT – US\$51M (8%) lower with the recapitalisation program completed in 2017**

COMPARATIVE RESULTS

(US \$M)	Consolidated Results		
	Half-Year Ended		% Change Fav/(Unfav)
	30-Jun-18	30-Jun-17	
Total Company			
Revenue	394	356	11%
Statutory EBITDA	28	(12)	NMF
Adjusted EBITDA	37	21	71%
Statutory Net Profit After Tax	(16)	(85)	81%
Adjusted Net Profit After Tax	(10)	(54)	82%
Net Cash Flows Used in Operating Activities	(12)	(58)	79%
Net Debt	650	599	(8%)
SG&A	45	55	18%
Number of Employees	4,990	4,636	(8%)

	Divisional Results		
	Full-Year Ended		% Change Fav/(Unfav)
	30-Jun-18	30-Jun-17	
Global Drilling Services			
Revenue	267	241	11%
Statutory EBITDA	39	34	14%
Average Number of Operating Drill Rigs	315	300	5%
Average Number of Drill Rigs	674	729	(8%)
Average Rig Utilisation	47%	41%	14%
Number of Employees	3,763	3,338	(13%)
Global Products			
Revenue	127	115	11%
Statutory EBITDA	15	6	167%
Average Backlog	30	24	26%
Number of Employees	946	983	4%

RESULTS COMMENTARY

Revenues for the first half ended 30 June 2018 were up 11% compared to the corresponding period in 2017, driven by higher volume both in the Drilling Services and Products divisions.

The Company experienced a strong improvement in cash use from operations in the first half of \$46 million (\$12 million use in 2018 compared to \$58 million use in 2017). Net working capital increased from 31 December 2017 levels, primarily due to higher receivables related to increasing revenues. The Company



Boart Longyear Limited
ABN 49 123 052 728

26 Butler Boulevard, Burbridge Business Park
Adelaide Airport
South Australia 5950, Australia
Tel: +61 8 8375 8375 • Fax: +61 8 8375 8498
www.boartlongyear.com

typically sees a net working capital build-up during the first half of the year followed by a release during the second half. The improvement demonstrates the positive impact of the Company's ongoing focus on costs, operating improvement and efficiency.

Liquidity at 30 June 2018 was \$47 million, comprised of cash balances totalling \$38 million and a further \$9 million of availability under the Company's asset-based loan facility.

The Company is pleased to announce a partial resolution of the Canadian tax assessments for the 2007-2014 tax years. During the period, Canada and the U.S. reached agreement under the Competent Authority process on a portion of the transfer pricing issues, resulting in no cash outlay in addition to what was previously deposited with the Canadian Treasury. Of the original reassessment of US\$95 million, approximately US\$22 million remains under appeal with the Canadian Revenue Agency (CRA).

STRATEGIC PRIORITIES

The customer is at the core of the Company's strategic priorities. Building on a strong history of safety, product innovation, drilling expertise, and longstanding customer relationships, the Company remains agile and is able to identify, develop and respond rapidly to customer needs and new opportunities.

With the objective to provide mining clients with beneficial, high-quality geological data, in June, Boart Longyear introduced its TruShot™ downhole survey technology for field deployment in mineral exploration activities. This tool is an addition to its growing instrumentation offerings that includes TruCore™ core orientation tools and TruScan™ core scanning technology. TruShot provides immediate access to accurate survey results. The tool is now available in the Asia Pacific region and is already being used by drilling companies in Australia with good results. The company plans to roll out the TruShot tool globally through the remainder of 2018.

Since rolling out its XQ™ coring rod technology in the first quarter, trials and use of the rods in a number of regions around the world have proven the XQ rods to be performing well to date. The rods have shown to be stronger, have longer life, and can drill 33% deeper than previous coring rod technologies which is generating significant positive feedback.

The Company was recently granted a patent on a new back-reaming feature on its high productivity drill bits used in top hammer drilling applications. User feedback from Asia Pacific and North America has been very positive and additional patents on the product line are pending. 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 well positioned to realise significant operational leverage as the market recovers.



Boart Longyear Limited
ABN 49 123 052 728

26 Butler Boulevard, Burbridge Business Park
Adelaide Airport
South Australia 5950, Australia
Tel: +61 8 8375 8375 • Fax: +61 8 8375 8498
www.boartlongyear.com

REDOMICILIATION

Boart Longyear Limited (the Company or Boart Longyear) announces that, subject to shareholder and regulatory approvals, it is proposing to re-domicile to Canada by way of a scheme of arrangement (the Re-domiciliation). Importantly, the Re-domiciliation will not result in any changes to Boart Longyear's management, operations or strategy and it will continue to be an ASX listed company.

Today's announcement reflects the company's commitment under the Restructuring Support Agreement entered into with certain creditors which supported the 2017 recapitalisation (the Supporting Creditors), to take all requisite steps to re-domicile to the US, Canada or the UK unless the Company determined, jointly with the Supporting Creditors, that a re-domicile would not be in the best interests of the Company.

The company has today entered into a Scheme Implementation Agreement with Boart Longyear Incorporated (Boart Canada), a new holding company incorporated in British Columbia, Canada. If the scheme of arrangement is implemented, Boart Canada will acquire all the ordinary shares in Boart Longyear and eligible Boart Longyear shareholders will receive the same proportionate interests in Boart Canada as they currently have in Boart Longyear. Boart Canada will apply to be listed on the ASX and Boart Longyear will be delisted from the ASX. Boart Canada will effectively replace Boart Longyear as the listed entity on the ASX.

The Re-domiciliation is consistent with the Company's broader strategy to minimise overhead costs and to streamline and make more efficient its group structure. It is expected that the Re-domiciliation will assist in achieving these objectives.

Implementation of the Re-domiciliation

Implementation of the Re-domiciliation is conditional upon the satisfaction of certain conditions, including:

- an Independent Expert (Grant Thornton) concluding that the scheme is in the best interest of Boart Longyear shareholders;
- Boart Longyear shareholders approving the scheme;
- the Federal Court of Australia approving the scheme; and
- Boart Canada obtaining FIRB approval.

The Scheme Implementation Deed will be posted separately with the ASX today (23 August 2018)

Indicative timetable

It is expected that the Scheme Booklet for the Re-domiciliation will be sent to shareholders in the coming months and, assuming satisfaction or waiver of all the conditions precedent, the Re-domiciliation will be implemented in early 2019. The Scheme Booklet will outline further details of the Re-domiciliation and will include a report from the Independent Expert.



Boart Longyear Limited
ABN 49 123 052 728

26 Butler Boulevard, Burbridge Business Park
Adelaide Airport
South Australia 5950, Australia
Tel: +61 8 8375 8375 • Fax: +61 8 8375 8498
www.boartlongyear.com

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](#).

Investor Relations:

Matthew Broomfield

Director, Investor Relations
Australia +61 8 8375 8300
USA +1 801 952 8343
ir@boartlongyear.com

Media:

Michael Weir

Citadel-MAGNUS
Australia: +61 8 6160 4903
Mobile: +61 402 347 032
mweir@citadelmagnus.com