

24 August 2017

Boart Longyear First-Half 2017 Results and Financial Restructuring Update

Boart Longyear Limited (**ASX:BLY**) – [Boart Longyear](http://www.boartlongyear.com) announces results for the half-year ended 30 June 2017. All results are referenced in US dollars.

Jeff Olsen, Boart Longyear's CEO, commented on the Company's half-year results, stating, "We started to see signs of an improving market during the second half of 2016 and that trend has continued in the first half of 2017, as evidenced by improvements in virtually all of our financial and operating metrics. Comparing first-half 2017 to first-half 2016, revenue was up 15%, primarily driven by higher volume. Adjusted EBITDA was up 58%, adjusted SG&A was down 2% and cash from operating activities improved by 20%, showing that we continue to make clear and steady progress on our productivity and cost control initiatives. We also continue to see positive macro signs, including the recovery of prices for the commodities for which we drill as well as the strongest levels of equity raisings by junior mining companies since 2012. Our goal is still to be cash positive in 2017, net of professional fees related to our recapitalisation and severance costs."

Mr. Olsen continued, "While our focus on cost control has been high, we continue to invest in our future. We have already started rolling out at-site drilling data tools (survey geophysics, logging, core orientation and assay) and expect this to accelerate in the second half of 2017. While Boart Longyear will continue to be the world's leading provider of mineral drilling services and products, we also aim to be the leading provider of a full suite of industry-leading data."

RESTRUCTURING UPDATE

Mr. Olsen continued, "With Australian court approval of the schemes of arrangement, the financial restructuring process we announced in August 2016 is nearing completion. When we set out on this process, our primary objectives were to reduce our debt, secure additional liquidity and extend the maturities on our debt, and these objectives have all been accomplished. We have a hearing scheduled on 30 August 2017 to conclude the US Chapter 15 process, and, assuming a successful outcome at that hearing, we expect the schemes to be implemented in early September, with several other components of the recapitalisation – most notably, the issuance of ordinary warrants and completion of the share purchase plan – to occur by the end of September."

KEY METRICS AS OF 30 JUNE 2017 (compared to 30 June 2016, except as noted)**NEGATIVE FACTORS:**

- **PRICING – Down ~1%**
- **NET DEBT – Up 11% compared to 31 December 2016**

POSITIVE FACTORS:

- **REVENUE – Up \$46M (15%) driven by higher volume**

- **ADJUSTED EBITDA – Up \$8M (58%) driven by improved productivity and lower costs**
- **CASH FROM OPERATING ACTIVITIES – Improved by \$15M (20%)**
- **ADJUSTED SG&A – Down \$1M (2%) despite higher revenue**
- **ADJUSTED NPAT – Up \$10M (20%)**

COMPARATIVE RESULTS

(US \$M)	Consolidated Results		
	Half-Year Ended		% Change
	30-Jun-17	30-Jun-16	Fav/(Unfav)
Total Company			
Revenue	356	310	15%
Statutory EBITDA	(12)	3	NMF
Adjusted EBITDA	21	13	58%
Statutory Net Profit After Tax	(85)	(73)	-16%
Adjusted Net Profit After Tax	(42)	(52)	20%
Net Cash Flows Used in Operating Activities	(58)	(73)	20%
Net Debt	753	676	-11% (vs. 31-Dec-16)
Adjusted SG&A	55	56	2%
Number of Employees	4,636	4,629	0%
	Divisional Results		
	Half-Year Ended		% Change
	30-Jun-17	30-Jun-16	Fav/(Unfav)
Global Drilling Services			
Revenue	241	220	10%
Statutory EBITDA	34	23	47%
Average Number of Operating Drill Rigs	300	279	8%
Average Number of Drill Rigs	728	900	-19%
Average Rig Utilisation	41%	31%	10%
Number of Employees	3,338	3,349	0%
Global Products			
Revenue	115	91	26%
Statutory EBITDA	6	6	-7%
Average Backlog	23	13	73%
Number of Employees	983	960	-2%

RESULTS COMMENTARY

Revenue for the half-year ended 30 June 2017 was up 15% compared to the corresponding period in 2016, primarily driven by higher volume. The negative impact of price on revenue was roughly 1%.



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Significant items for the half-year totalled \$33 million, compared to \$10 million recorded in the corresponding period in 2016. In the current period, these items primarily related to restructuring charges for operational improvements as well as recapitalisation costs.

Adjusted EBITDA was \$21 million for the half-year ended 30 June 2017, up 58% compared to \$13 million in the corresponding period in 2016. This improvement demonstrates the positive impact of the Company's ongoing focus on operating improvements, including cost-out measures and the Drilling Services productivity initiative started in third-quarter 2015.

Net working capital increased from 31 December 2016 levels, primarily due to higher receivables on additional revenue. This increase in receivables was partially offset by higher payables on increased spending to support the additional revenue. The Company typically sees a net working capital build during the first half of the year followed by a release in the second half, and first-half 2017 was consistent with this historical pattern. Liquidity at 30 June 2017 was \$40 million, consisting of \$35 million of cash and \$5 million of availability under the ABL (a portion of which is restricted).

STRATEGIC PRIORITIES

Technology and product innovation remain strategic priorities for the Company's future growth, supported by disciplined and prudent control over capital expenditures. New product development efforts largely remain focused on incremental product changes that increase productivity for our customers. In the next few months, we expect to launch exciting new technologies in coring rods and diamond bits that will keep Boart Longyear at the leading edge of performance and productivity. In addition to being the leader in drilling services and products, the Company remains committed to its strategy to be the global technology leader in providing subsurface resource information to mining companies through its Geological Data Services business.

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



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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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