



Boart Longyear Limited
ABN 49 123 052 728

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www.boartlongyear.com

26 February 2019

Full Year 2018 Results

Boart Longyear Limited (**ASX: BLY**) – Boart Longyear, the world's leading supplier of drilling services, equipment and tooling for mining and drilling companies, announces results for the full year ended 31 December 2018. All results are referenced in US dollars.

Jeff Olsen, Boart Longyear's CEO, commented, "Boart Longyear is a much-improved company from 4 years ago, with Adjusted EBITDA increasing to US\$81 Million on only a slight increase in revenue. This trend continued in the last year while revenue improved \$31 million year-over-year, adjusted EBITDA improved by \$38 million. We expect results to improve strongly again in 2019 as we see a shortage of reserves developing across the industry, and our productivity and cost improvements are accelerating. This may mean our business prospects are diverging from underlying assumptions about world economic growth. We feel confident that the underlying financial metrics of the business will continue to improve which will allow the Company to refinance and reduce debt prior to maturity of our loans in 2022."

Mr. Olsen continued, "The other change over the past four years has been in technology. We have been talking for several years about developing a data business alongside our drilling services and products business. We are succeeding in this, with strong customer acceptance and good margins – particularly in TruScan™ (immediate, site-based assaying). Due to high customer demand, we are building these units as fast as we can and expect our data business to be a material contributor to our 2019 performance."

KEY METRICS FOR YEAR THROUGH 31 DECEMBER 2018 (Compared to 31 DECEMBER 2017)

- **REVENUE – \$770M - Up \$31M (4%) driven by higher volume**
- **PRICING – Up circa 2% driven by improved market conditions**
- **ADJUSTED EBITDA – \$81M - Up \$38M (87%) on improved volume, pricing & productivity gains**
- **CASH FROM OPERATING ACTIVITIES – Improvement of \$58M**
- **SG&A ON CONTINUED OPERATIONS – \$88M – Improvement of \$15M (15%)**
- **NET PROFIT AFTER TAX – \$107M Improvement (71%)**
- **NET DEBT – \$683M - Up \$84M (14%) with interest converted to debt through 2018**

RESULTS COMMENTARY

Revenues for the year remained strong at 4% growth compared to the corresponding period. Comparative growth from continued operations indicated higher demand for our services and products closing at 12.5% (eliminating impacts of foreign exchange, higher sales from company initiatives to reduce slow moving inventory and discontinued operations in low margin geographical locations).

The Company reported a significant improvement in Adjusted EBITDA increasing by \$38M (\$81M in 2018 compared to \$43M in 2017). The Company continues to reduce the underlying cost structures, implement productivity improvements and take actions to combat inflationary and tariff impacts associated with our input materials and services. Significant items for the year totalled \$27 million, compared to \$80 million



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recorded in the 2017 financial year. These items related to restructuring charges associated with organisational structural and operational improvements.

The Company experienced a strong improvement in cash generated from operations reporting a positive cash generated of \$4M for the full year (2017 – \$54M Use). The Company last reported a positive net cash flow provided by operating activities in the 2013 financial year. Net working capital increased from 31 December 2017 levels, primarily due to demands from growth and higher payables in 2017 associated with the 2017 recapitalisation project.

Liquidity at 31 December 2018 was \$53 million, comprised of cash balances totalling \$39 million and a further \$14 million of availability under the Company's asset-based loan facility.

COMPARATIVE RESULTS

(US \$M)	Consolidated Results		
	Full-Year Ended		% Change Fav/(Unfav)
	31-Dec-18	31-Dec-17	
Total Company (US\$M)			
Revenue	770	739	4%
EBITDA	54	(37)	NMF
Adjusted EBITDA	81	43	87%
Net Profit After Tax	(44)	(150)	71%
Net Cash Flows Used in Operating Activities	4	(54)	107%
Net Debt	683	599	-14%
SG&A	88	103	15%
Number of Employees	4,604	4,337	-6%
	Divisional Results		
	Full-Year Ended		% Change Fav/(Unfav)
	31-Dec-18	31-Dec-17	
Global Drilling Services (US\$M)			
Revenue	534	501	7%
Statutory EBITDA	83	69	20%
Average Number of Operating Drill Rigs	310	308	1%
Average Number of Drill Rigs	676	720	-6%
Average Rig Utilisation	46%	43%	7%
Number of Employees	3,406	3,320	-3%
Global Products (US\$M)			
Revenue	237	239	-1%
Statutory EBITDA	31	11	172%
Average Backlog	28	26	7%
Number of Employees	927	976	5%



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STRATEGIC PRIORITIES

Boart Longyear services the mineral industry that mines a non-renewable resource base. As the search for new ore bodies becomes more technically challenging, customers require more efficient exploration techniques. This includes the need to extract greater geological knowledge to enhance decision-making abilities and help each site become productive and profitable.

The Company understands customer needs and leadership has redefined strategic initiatives around providing customers with equipment, services, and tools that deliver geological data and valuable orebody knowledge. A focus on time-sensitive and critical information has enabled the Company's Geological Data Services (GDS) technologies (TruCore™, TruShot™, TruScan™) to double revenues in 2018. This was a direct result of early customer adoption of TruScan™ technology and the tiered introduction of new TruShot™ digital downhole survey technology. Global expansion into more regions is expected to continue in 2019. Additionally, the Drilling Services business had a 99% net renewal rate and the Products business had a 101% net renewal rate in 2018, showing strong customer relationships.

In January 2019, Boart Longyear launched its newest top hammer tooling, the DriftMaster™ series of rods and bits for tunneling, bolting, and drifting applications. With global field testing of DriftMaster™ products exceeding expectation and an increased worldwide demand for durable percussive tooling, it is expected that adoption and growth will continue in this sector throughout 2019.

Keeping drilling personnel safe is a high priority and Boart Longyear's available semi-automated and hands-free systems also saw growth with LF™160 rig production doubling in 2018, partially due to its hand-free rod handling capabilities when combined with the FL262 Freedom™ Loader. The LF™160 rig has now been deployed on every continent including Africa in late 2018. There is strong potential for the LF™160 rig and Freedom Loader globally.

Boart Longyear is a pioneer in diamond coring bits and continues to innovate with the introduction of the full line of Longyear™ bits in 2018. This led to a 70% increase in sales from 1H to 2H of 2018. These sophisticated bits cut through the ground more efficiently and last much longer. Recently, a Yellow bit, rated for 6 to 8.5 on the Mohs hardness scale, achieved 938 meters (3,078 feet) drilled which demonstrates the durability and increased productivity gained by using these bits in coring activities. Longyear bits marketing efforts are being stepped up in 2019 to show customers how they will be able to save time and money while retrieving more valuable core knowledge.

RE-DOMICILIATION

The Company has elected not to proceed with a further vote, as permitted by the Australian courts, to approve the scheme of arrangement to re-domicile Boart Longyear to Canada and intends to file a notice of discontinuance. While the Company believes the business logic for re-domiciliation is compelling we will continue our present focus on running the underlying business and, in the future, may again consider the merits of re-domiciliation.



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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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