



Boart Longyear Limited
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Boart Longyear Announces Full-Year 2015 Results

Boart Longyear Limited (**ASX:BLY**), the world's leading supplier of drilling services, equipment and tooling for mining and drilling companies, today announces results for the full-year ended 31 December 2015. All results are unaudited and are referenced in US dollars.

Marcus Randolph, Boart Longyear's Executive Chairman, commented on the Company's full-year 2015 results, stating, "2015 was another difficult year for the resources sector. Exploration levels are low and foreign currency is moving against us. That said, our productivity and cost cutting initiatives are working and we saw significant results in the second half of the year. Comparing the second half of 2015 to the second half of 2014, revenues were down \$97 million while cash from operations was up \$27 million. Key drivers to this improvement were careful cost control as well as a significant improvement in drilling productivity since we started attacking drilling performance in August 2015. We expect to continue to see gains in both of these areas going forward."

Mr. Randolph continued, "Looking forward, while much of our business is slow, we are encouraged by recent signs of price recovery in gold. Our primary goals are to preserve liquidity, which stands at \$135 million of cash and available capacity under our asset-based loan facility at year-end, and to leverage our strong operating performance to be the best-positioned player for future opportunities."

KEY METRICS AS OF 31 DECEMBER 2015

- **REVENUE – Down \$131M (15%) driven by unfavourable currency translations as well as lower price and volume. Absent currency movements, revenue was down 7%.**
- **PRICING – Down (5%) in Drilling Services, flat in Products**
- **ADJUSTED EBITDA – Down \$31M on read-through of lower pricing**
- **CASH FROM OPERATIONS – \$85M used in 1H 2015; \$30M generated in 2H 2015 (\$27M improvement over 2H 2014)**
- **ADJUSTED COGS – Down \$124M (16%) driven by productivity initiatives started in 2H 2015**
- **ADJUSTED SG&A COSTS – Down \$9M (7%) with additional cost-out actions implemented in 2H 2015. The full impact of a \$25M reduction should be felt in 2016.**
- **NET DEBT – Up \$29M (5%)**

COMPARATIVE RESULTS

(US \$M)	Consolidated Results		
	Full-Year Ended		% Change Fav/(Unfav)
	2015	2014	
Total Company			
Revenue	735	867	-15%
Statutory EBITDA	(115)	(83)	-40%
Adjusted EBITDA	(0)	31	NMF
Statutory Net Profit After Tax	(326)	(333)	2%
Adjusted Net Profit After Tax	(132)	(142)	7%
Net Cash Flows Generated/(Used) in Operating Activities	(55)	(11)	-387%
Net Debt	576	548	-5%
Adjusted SG&A	122	132	7%
Number of Employees	4,725	5,933	20%

	Divisional Results		
	Full-Year Ended		% Change Fav/(Unfav)
	2015	2014	
Global Drilling Services			
Revenue	528	636	-17%
Statutory EBITDA	41	69	-40%
Average Number of Operating Drill Rigs	331	354	-6%
Average Number of Drill Rigs	921	948	-3%
Average Rig Utilisation	36%	37%	-1%
Number of Employees	3,127	4,172	25%
Global Products			
Revenue	207	230	-10%
Statutory EBITDA	14	14	3%
Average Backlog	17	18	-6%
Number of Employees	1,258	1,393	10%

RESULTS COMMENTARY

Revenues for the full-year ended 31 December 2015 were down 15% from the corresponding period in 2014, primarily driven by unfavourable currency movements due to the strengthening US dollar as well as lower pricing and volume. Absent currency movements, revenues would have been down 7%.

Significant items for the year totalled \$98 million compared to \$114 million recorded in the corresponding period in 2014. These items reflect non-cash impairments of \$72 million in 2015 and \$48 million in 2014.



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Cash used in operations was \$44 million greater in full-year 2015 than in 2014. However, when comparing second-half 2015 to first-half 2015, cash from operations improved by \$115 million, and when comparing second-half 2015 to second-half 2014, cash from operations improved by \$27 million, indicating that the company's continuous cost-out measures and the productivity initiatives started in the third quarter of 2015 are beginning to take hold.

Pricing in the Drilling Services division continues to be challenging as evidenced by a 5% decrease from full-year 2014 to full-year 2015. However, pricing in the Products division was relatively flat year-over-year.

Technology and product innovation remain priorities despite limited capital expenditures by the Company. During 2015, the Company launched 4 new products, including the LS™250 MiniSonic™ rig, a compact sonic rig with strong potential in environmental applications, and the TruCore™ core orientation tool, which makes marking core samples easy with accurate wireless communication.

Net working capital decreased from 31 December 2014 levels primarily due to continued reductions in excess inventory and lower receivables due to lower revenues, which were partially offset by lower payables on reduced spending. Liquidity at 31 December 2015 was approximately \$135 million, comprised of cash balances totalling \$113 million and a further \$22 million of availability under the Company's asset-based loan facility.

During the third quarter of 2015, the Company initiated additional SG&A actions that are expected to reduce the annual SG&A run rate by \$25 million versus the run rate in the first half of 2015, with the full impact of these actions reading through in 2016 results. When combined with the significant productivity improvements we have made since August, we are leading the drilling services and products industry in performance, cost, capability, innovation and geographic spread.

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

Boart Longyear is a leading global supplier of drilling services, drilling equipment and performance tooling. It also has a substantial presence in aftermarket parts and service, energy, mine dewatering, oil sands exploration, and production drilling.

The Global Drilling Services division operates in 30 countries for a diverse mining customer base spanning a wide range of commodities, including copper, gold, nickel, zinc, uranium, and other metals



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and minerals. The Global Products division designs, manufactures and sells drilling equipment, performance tooling, and aftermarket parts and services to customers in over 100 countries.

Boart Longyear is headquartered in Salt Lake City, Utah, USA, and listed on the Australian Securities Exchange in Sydney, Australia. More information about Boart Longyear can be found at www.boartlongyear.com. To get Boart Longyear news direct, visit <http://www.boartlongyear.com/rssfeed>.

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