

23 August 2010

**2010 First Half Results**

Boart Longyear Limited (**ASX: BLY**) announces its financial results for the six months ended 30 June 2010. This release also provides upgraded guidance for the remainder of 2010 and reports the determination of a dividend, payable in October 2010.

**STRONG REVENUE AND EARNINGS RECOVERY IN FIRST HALF 2010****RESULTS SUMMARY**

First Half 2010 Results:

- Revenue US\$685 million, up 48 percent versus first half 2009
- EBITDA US\$98 million, up 92 percent versus first half 2009
- Net Profit after tax US\$33 million, up US\$38 million versus the first half 2009
- Dividend of 2.1 US cents per share

Revised Full Year 2010 Outlook:

- Full year revenue outlook US\$1.37 billion, up 40 percent over 2009
- Full year EBITDA US\$205 million, up 85 percent over 2009

Boart Longyear's 2010 first half results reflect strong growth in both its Drilling Services and Products businesses and also across all global regions. The Products business' backlog was up 144 percent at the end of the first half of 2010 compared to the same period last year. Drilling Services' rig utilisation rose to over 70 percent at the end of the first half of 2010, compared to 52 percent utilisation in the same period last year. The Company has hired over 1800 full time employees since January 2010, taking the current global workforce to 8,800.

**RESULTS OVERVIEW**

Total revenue for the first half of 2010 was US\$685 million, an increase of 48 percent as compared to US\$463 million for the first half of 2009. The Drilling Services division generated US\$511 million in revenue, up 47 percent over the same time period in 2009. The Products division generated US\$175 million in revenue, up 50 percent over the same period in 2009.

Total EBITDA for the half year was US\$98 million, an increase of 92 percent over the same period last year. The Drilling Services division generated US\$91 million in EBITDA, up 27 percent over the same period in 2009. The Products division generated US\$37 million in EBITDA, up 235 percent over the same time period in 2009.

Gross margins in the first half totalled US\$165 million, up 43 percent over the same period last year. Drilling Services' margins remain under some pressure as work continues on lower priced contracts signed during 2009. However, prices improved during the first half of 2010 as global rig utilisation continued to increase.

A net profit after tax of US\$33 million was achieved in the first half of 2010. This represents a US\$38 million increase over the first half of 2009. Much of this improvement is the result of fixed cost leverage on higher revenue, especially in SG&A which in the first half of 2010 was 15 percent of sales compared to 20 percent of sales in the first half of 2009.

Cash from operations for the first half of 2010 was negative US\$13 million, with US\$93 million of cash applied to grow working capital to support the rapid US\$222 million increase in revenue.

**DIVIDEND**

Statutory earnings per share were US\$0.07, up US\$0.11 from the first half last year. An interim dividend of 2.1 US cents per share has been determined, representing 30 percent of net profit after tax for the first half of this year. The dividend will be 35 percent franked at the Australian corporate

taxation rate of 30 percent and will be paid on 14 October 2010 to shareholders of record on 16 September 2010.

## OUTLOOK

Boart Longyear's operating trends continue to improve and demand for products and services continue to be robust. Taking these and other positive business indicators into consideration and assuming normal seasonality in November and December, the Company is upgrading its previous guidance given in May 2010. Estimated revenues for full year 2010 are now expected to be 40 percent higher than full year 2009 and EBITDA for the year is expected to be US\$205 million, an 85 percent increase over 2009.

US \$M	2009 Actual	Previous Guidance	NEW Guidance	YOY % change
Revenue	978	1,300	1,370	40%
EBITDA	111	195	205	85%
EBITDA Margin %	11%	15%	15%	

The Company remains focused on increasing shareholder value through organic growth, product innovation, and margin expansion. Capital expenditure in 2010 is still projected to be US\$150 million, as announced in May. Acquisition multiples for drilling services businesses remain challenging, but the Company continues to cautiously evaluate opportunities as they arise.

The Company experienced a rapid recovery in market conditions during the first half and expects market demand to stabilise during the latter half of 2010. Pricing in the drilling services business continues to improve steadily, and the Products division continues to benefit from excellent cost leverage.

Boart Longyear's CEO Craig Kipp commented, "This significant improvement in earnings represents a return to Boart Longyear's historic earnings growth, and gives us the ability to both increase our 2010 earnings guidance and to pay an interim dividend. The first half of 2010 was characterised by robust growth in both our Products and Services businesses. While the growth rate appears to have stabilised during the latter part of the first half, we continue to see ongoing if modest improvements in margins, pricing and utilisation. And as planned, seven new products were launched in the first half, with more planned by year end. With a strong balance sheet and an industry leading safety performance, Boart Longyear is well-positioned for the remainder of 2010."

## About Boart Longyear

Boart Longyear is a global mineral exploration company with over 120 years of experience headquartered in Salt Lake City, Utah and listed on the ASX (Australian Securities Exchange) in Australia. Regional offices and operations are located in Asia Pacific, North and South America, Europe and Africa. Boart Longyear is the leading provider of mineral exploration services and drilling products for the global mining industry and also has a substantial drilling presence for water exploration, environmental sampling, energy, and oil sands exploration.

With 2009 sales of US\$978 million and over 8,500 employees worldwide, Boart Longyear conducts contract drilling services in more than 40 countries, and provides mining products to customers in over 100 countries.

### Contacts:

#### Tom Wright

Vice President, Investor Relations  
 Australia 08 8375 8300  
 USA +1 801 977 3334  
[ir@boartlongyear.com](mailto:ir@boartlongyear.com)

#### Monika Portman

Corporate Communications Manager  
 USA +1 801 952 8451  
[monika.portman@boartlongyear.com](mailto:monika.portman@boartlongyear.com)