



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

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Boart Longyear Announces First Quarter 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 quarter ended 31 March 2018. All results are unaudited and referenced in US dollars.

Jeff Olsen, Boart Longyear's CEO, commented on the Company's results, stating, "In the first quarter, we continued our trend of improved results. Compared to the first quarter of 2017, our revenues were up \$24 million (15%), EBITDA was \$13 million equating to a \$17 million year on year improvement. Adjusted EBITDA, which excludes restructuring costs, was up \$6 million. These results can be attributed to improved market conditions, which directly impacted increased rig and tooling sales, productivity improvements in Drilling Services, as well as a rigorous and continued focus on cost control."

Mr. Olsen continued, "We continue to see improvement in the market and the strategic activities executed over the last couple of years have us well placed to capture our full 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 31 MARCH 2018 (compared to 31 March 2017)

- **REVENUE – \$188M - Up \$24M (15%) driven by higher volume**
- **PRICING – Up circa 1% driven by improved market conditions**
- **ADJUSTED EBITDA – \$15M - Up \$6M (67%) on improved volume, productivity and efficiency**
- **CASH FROM OPERATING ACTIVITIES – Zero cash used, \$39M YOY improvement**
- **SG&A – \$23M - US\$4M YOY improvement (15%)**
- **ADJUSTED NET PROFIT AFTER TAX – \$20M YOY improvement (59%)**
- **NET DEBT – US\$110M (15%) lower with the recapitalisation program completed in 2017**

COMPARATIVE RESULTS

| (US \$M) | Consolidated Results | | |
|---|-----------------------------|------------------|-----------------------------|
| | 3 Months Ended | | % Change Fav/(Unfav) |
| | 31-Mar-18 | 31-Mar-17 | |
| Total Company | | | |
| Revenue | 188 | 164 | 15% |
| Statutory EBITDA | 13 | (4) | 425% |
| Adjusted EBITDA | 15 | 9 | 67% |
| Statutory Net Profit After Tax | (17) | (47) | 64% |
| Adjusted Net Profit After Tax | (14) | (34) | 59% |
| Net Cash Flows Used in Operating Activities | - | (39) | NMF |
| Net Debt | 616 | 726 | 15% |
| SG&A | 23 | 27 | 15% |
| Number of Employees | 4,882 | 4,444 | -10% |
| | | | |
| | Divisional Results | | |
| | 3 Months Ended | | % Change Fav/(Unfav) |
| | 31-Mar-18 | 31-Mar-17 | |
| Global Drilling Services | | | |
| Revenue | 122 | 107 | 14% |
| Statutory EBITDA | 12 | 10 | 20% |
| Average Number of Operating Drill Rigs | 300 | 277 | 8% |
| Average Number of Drill Rigs * | 677 | 738 | -8% |
| Average Rig Utilisation | 44% | 38% | 7% |
| Number of Employees | 3,647 | 3,146 | -16% |
| | | | |
| Global Products | | | |
| Revenue | 66 | 56 | 18% |
| Statutory EBITDA | 8 | 6 | 33% |
| Average Backlog | 32 | 22 | 45% |
| Number of Employees | 947 | 974 | 3% |

* A number of drill rigs have been sold, scrapped or decommissioned since Q1 2017. Q1 2017 release overstated operating rigs at 300 being average operating rigs in the month of March 2017 and not representing the full quarter avg



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RESULTS COMMENTARY

Revenues for the first quarter ended 31 March 2018 were up 15% compared to the corresponding period in 2017, driven by higher volume both in the Drilling Services and Products divisions.

Company saw a positive cash generation from operations in the first quarter compared to \$39 million used in the corresponding period in 2017. Net working capital increased from 31 December 2017 levels, primarily due to higher receivables related to increasing revenues. The Company typically sees a net working capital build-up during the first half of the year followed by a release during the second half. The \$39 million improvement demonstrates the positive impact of the Company's ongoing focus on operating improvement and efficiency.

Liquidity at 31 March 2018 was \$55 million, comprised of cash balances totalling \$37 million and a further \$18 million of availability under the Company's asset-based loan facility.

STRATEGIC PRIORITIES

The customer is at the core of the Company's strategic priorities. By building on the Company's history of safety commitment, product innovation, drilling expertise, and longstanding customer relationships, it can identify, develop and respond rapidly to customer needs and new opportunities, through improving safety standards, advancing operational excellence, increasing product innovations and delivering new downhole digital tools.

In November 2017, the Company launched its versatile new line of Longyear™ diamond coring bits engineered to drill faster, last longer and outperform existing bit technology. During the first quarter, the Company continued its excellence in the field of Coring Rod technology with the launch of its patented XQ product line, engineered to provide the ultimate result in performance and longevity.

TruScan™ core scanning technology officially launched during the first quarter and is offered through the Company's Drilling Services. Utilising the advanced, innovative, and proprietary XRF technology in TruScan™, our drilling teams capture accurate, real-time geological data at the exploration site. The Company plans to launch additional digital technologies, along with new products within our traditional product lines through the remainder of 2018. These innovations represent steps in executing the Company's strategy to be the drilling partner of choice.

In accordance with section 7.3(b) (iii) of the Restructuring Support Agreement the Company agreed to take the requisite steps to re-domicile its business in an agreed jurisdiction. Notwithstanding the initial noted timeframe for such a transaction, the Company and the Initial Supporting Creditors continue to review the potential and benefits of such a transaction.

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 uniquely positioned to realise significant operational leverage as the market recovers.



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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](#).

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