



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

11 May 2015

### Boart Longyear Announces 2015 First Quarter 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 first quarter ended 31 March 2015. All results are unaudited and are referenced in US dollars.

#### 2015 first quarter financial results:

- Revenue of \$187 million (1Q 2014: \$197 million)
- Statutory EBITDA loss of \$14 million (1Q 2014: loss of \$2 million)
- Adjusted<sup>1</sup> EBITDA loss of \$10 million (1Q 2014: profit of \$4 million)
- Statutory operating loss of \$39 million (1Q 2014: loss of \$29 million)
- Loss from trading activities<sup>2</sup> of \$24 million (Q1 2014: loss of \$23 million)
- Net cash flows used in operating activities of \$75 million (1Q 2014: use of \$6 million)

#### Financial highlights

Consolidated revenue declined 5% (\$10 million) in the first quarter of 2015 compared to the first quarter of 2014. On a consolidated basis, improved volumes in the Drilling Services division were offset by the unfavourable impact of foreign currency translation against a stronger US dollar (totalling \$15 million) and by \$4 million due to lower prices within Drilling Services. Drilling Services revenue decreased 3% (\$3 million) primarily as a result of unfavourable currency movements and price reductions, which were partially offset by higher volumes of drilling activity. Products revenue decreased 12% (\$7 million) primarily due to adverse currency movements, although demand for the Company's products continues to be tempered by low utilisation rates globally and by customer purchasing patterns that limit orders to amounts necessary to support only short-term drilling activity.

Consolidated statutory EBITDA for the first quarter of 2015 was a loss of \$14 million compared to a loss of \$2 million for the same period in 2014. The \$12 million reduction in EBITDA was primarily attributable to the Drilling Services division, foreign exchange losses and non-recurring other income from 2014 related to a \$3 million litigation settlement. Drilling Services EBITDA was down \$7 million primarily as a result of higher expenses for consumables in 2015 to support increased drilling levels in the Company's North American operations, plus the impact of year-over-year unfavourable currency movements and price reductions. Products EBITDA increased by \$2 million driven by improved fixed cost absorption in the Company's manufacturing plants and SG&A reductions. Both Drilling Services and Products experienced a relatively muted impact from foreign currency movements as the unfavourable impact on revenues translated into US dollars was partially offset by a favourable impact on costs translated into US dollars.

Net cash flows used in operating activities for the first quarter of 2015 totaled \$75 million, compared to \$6 million in the first quarter of 2014, as a result of changes in working capital and approximately \$19 million in cash payments for fees related to the Company's recapitalisation, which were accrued at year-end 2014 and paid during the first quarter of 2015. Working capital changes were driven by a \$34 million decrease in trade and other payables, reflecting the Company's continued tight cost and purchasing controls as well as reduced inputs (and thus lower payables) at the Company's factories, and by a \$17 million increase in trade and other receivables due to increased activity levels in Drilling Services. Inventory balances continue to reduce, with \$11 million in cash conversion achieved during the first quarter of 2015, similar to the \$12 million cash conversion in the first quarter of 2014. Aggregate cash released from inventory since the end of 2012 exceeds \$152 million.

Net Debt totaled \$538 million at 31 March 2015, a decrease of \$10 million from the year-end 2014 total of \$548 million but an increase of \$72 million from the *pro forma* total of \$466 million adjusting for the recapitalisation transactions that occurred in January 2015. Gross debt balances of \$707 million at 31 March 2015, inclusive of accreted interest on the Company's term loans, decreased slightly from year-end 2014 due to equitisation of \$16 million of the Company's senior unsecured notes held by Centerbridge. Cash and cash equivalents totaled \$169 million as at 31 March 2015, which is unchanged from year-end 2014 but down \$65 million from the *pro forma* total due to the recapitalisation transactions that occurred in January 2015. Subsequent to the quarter end, the Company used approximately \$20 million of its cash to fund senior note interest payments due 1 April 2015.

Richard O'Brien, Boart Longyear's President and Chief Executive Officer, commented on the Company's first quarter 2015 results, stating, "Despite continuing challenges we face from historically weak demand for our services and products, we are seeing the benefits of our aggressive cost actions and other strategies to streamline and improve productivity in our core operations, as reflected in a Loss from Trading Activities<sup>2</sup> for the period which was unfavourable by only \$1 million compared to the same period in 2014 even though comparable period revenue decreased by \$10 million. Along with our ongoing efforts to improve financial performance, we remain focused on supporting the needs of our customers, operating safely and pursuing new product innovations, all supported by an improved capital structure as a result of the recapitalisation completed in January of this year."

**Comparative information:**

(Millions) <sup>3</sup>	First Quarter Ended			Fourth Quarter Ended
	2015	2014	2013	2014
<b>Total Company</b>				
Revenue	187.2	197.4	370.2	205.8
Statutory EBITDA	(14.2)	(1.9)	34.6	(61.9)
Adjusted EBITDA <sup>1</sup>	(9.5)	3.8	40.3	(3.2)
Statutory Operating Profit (Loss)	(39.4)	(29.4)	(2.2)	(83.4)
Profit (Loss) from Trading Activities <sup>2</sup>	(24.2)	(23.3)	7.9	(14.3)
Net Cash Flows Provided By (Used In) Operating Activities	(74.9)	(6.3)	(46.5)	(6.8)
Net Debt	538.1	544.4	571.3	547.6
Net Debt ( <i>Pro Forma</i> ) <sup>4</sup>	N/A	N/A	N/A	466.0
SG&A	39.5	41.2	59.0	40.7
Number of Employees	5,537	5,593	8,283	5,933
<b>Global Drilling Services</b>				
Revenue	136.1	139.6	272.3	151.8
Statutory EBITDA	4.0	11.2	41.1	9.1
Average Number of Operating Drill Rigs <sup>5</sup>	327	300	425	362
Average Number of Drill Rigs <sup>5</sup>	933	950	1,044	944
Average Rig Utilisation	35%	32%	39%	38%
Number of Employees	3,833	3,874	6,749	4,172
<b>Global Products</b>				
Revenue	51.1	57.8	97.9	53.9
Statutory EBITDA	2.6	0.8	13.0	1.2
Average Backlog	18.9	15.2	43.3	19.3
Number of Employees	1,338	1,363	1,103	1,393

**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**

Celebrating its 125 year anniversary in 2015, Boart Longyear is the world's leading provider of drilling services, drilling equipment, and performance tooling for mining and drilling companies globally. It also has a substantial presence in aftermarket parts and service, energy, mine de-watering, oil sands exploration, and production drilling. The Global Drilling Services division operates in over 30 countries 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, 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](http://www.boartlongyear.com). To get Boart Longyear news direct, visit <http://www.boartlongyear.com/rssfeed>.

**Investor Relations:**

**Jay Clement**  
Vice President, Investor Relations & Treasurer  
Australia: (08) 8375 8300  
USA: +1 801 401 3712  
[ir@boartlongyear.com](mailto:ir@boartlongyear.com)

**Media:**

**David Symons**  
Cato Counsel  
Sydney: (02) 8306 4244  
Mobile: 410 559 184  
[david@catocounsel.com.au](mailto:david@catocounsel.com.au)

<sup>1</sup> Adjusted EBITDA is a non-IFRS measure and is used internally by management to assess the underlying performance of the business and has been derived from the Company's financial results by adding back charges (made against Statutory EBITDA) relating to restructuring, recapitalisation and impairments

<sup>2</sup> Profit (Loss) from Trading Activities is a non-IFRS measure and is used internally by management to assess the underlying performance of the business and has been derived from the Company's financial results by eliminating from Statutory Operating Profit (Loss) charges relating to restructuring, recapitalisation and impairments and other expense/income

<sup>3</sup> Except number of employees, utilisation and rigs. Figures are period end, except where averages are indicated.

<sup>4</sup> Pro forma inclusive of the final recapitalisation transactions that occurred in January 2015

<sup>5</sup> The Company sold its US-based environmental and infrastructure drilling services operations on 15 July 2013. Figures shown exclude drill rigs held by these operations which totalled 102 in the first quarter of 2013.