

10 November 2017

Boart Longyear Announces Third Quarter 2017 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 third quarter ended 30 September 2017. All results are unaudited and referenced in US dollars.

Jeff Olsen, Boart Longyear's CEO, commented on the Company's results, highlighting, "The third quarter saw a continued trend of improved results. Our third quarter YTD revenues were up \$70 million (or 14%), Adjusted EBITDA (excluding restructuring costs) also improved by \$6 million (21%) versus 2016".

Mr. Olsen stated, "We continue to see signs of improvement in our markets and this has translated to improvement in revenue, marginally higher utilization of our drill fleet and further improvement in our product backlog compared to the third quarter of 2016. Our Products business has historically been a leading indicator of activity in our Drilling Services business, so we see that the improvement in Products revenues as a positive sign. This trend is further supported by improved commodity prices, increased exploration spend, and strong equity raisings by junior mining companies."

As announced on 25 September 2017, the company reached a conclusion of the recapitalisation program, which resulted in a reduction in its debt, extension of its debt maturities, and improvement of its liquidity position. Completion of the comprehensive recapitalisation program was an important step towards enabling the company to meet the demands of the improving industry sector.

YEAR TO DATE KEY METRICS AS OF 30 SEPTEMBER 2017 (compared to 30 SEPTEMBER 2016)

- **REVENUE – Up \$70M (14%) driven by higher volume**
- **PRICING – Down circa 1% driven by initiatives to reduce excess inventory**
- **ADJUSTED EBITDA – Up \$6M (21%) on improved volume, productivity and efficiency**
- **CASH FROM OPERATING ACTIVITIES – \$92M used, \$36M higher YOY driven \$54M in restructuring expenses.**
- **OPERATING MARGIN – Up \$19M**
- **ADJUSTED NET PROFIT AFTER TAX – Up \$31M (37%)**
- **NET DEBT – US\$78M (13%) lower with the recapitalisation program now complete**

COMPARATIVE RESULTS

(US \$M)	Consolidated Results					
	3 Months Ended		% Change Fav/(Unfav)	9 Months Ended		% Change Fav/(Unfav)
	30-Sep-17	30-Sep-16		30-Sep-17	30-Sep-16	
Total Company						
Revenue	199	175	14%	555	486	14%
Statutory EBITDA	(4)	14	-132%	(17)	17	-197%
Adjusted EBITDA	16	17	-8%	37	31	21%
Statutory Net Profit After Tax	(23)	(26)	13%	(108)	(100)	-9%
Adjusted Net Profit After Tax	(3)	(23)	89%	(54)	(86)	37%
Net Cash Generated / (Used) in Operating Activities	(34)	17	-305%	(92)	(56)	-64%
Net Debt	596	674	-13%			
SG&A	29	28	2%	83	84	-1%
Number of Employees	4,812	4,626	4%			

	Divisional Results					
	3 Months Ended		% Change Fav/(Unfav)	9 Months Ended		% Change Fav/(Unfav)
	30-Sep-17	30-Sep-16		30-Sep-17	30-Sep-16	
Global Drilling Services						
Revenue	137	124	10%	378	343	10%
Statutory EBITDA	24	20	19%	58	43	35%
Average Number of Operating Drill Rigs	329	310	6%	314	289	9%
Average Number of Drill Rigs *	715	878	-19%	751	893	-16%
Average Rig Utilisation	46%	35%	11%	42%	32%	9%
Number of Employees	3,511	3,307	6%			
Global Products						
Revenue	63	51	22%	177	142	25%
Statutory EBITDA	6	5	11%	12	11	1%
Average Backlog	27	13	108%	24	13	85%
Number of Employees	979	988	-1%			

* A number of drill rigs have been sold, scrapped or decommissioned since Q3 2016.

RESULTS COMMENTARY

Revenues for the third quarter remained stronger, closing 14% higher compared to the corresponding period in 2016, driven by higher volumes both in the Drilling Services and Products divisions. The improvement in volume was partially offset by the negative impact on price of circa 1%, driven by the Company's continued initiative to reduce excess inventory.

Significant items for the quarter totalled \$20 million, compared to \$3 million recorded in the corresponding period in 2016. These items primarily related to restructuring charges associated with the recapitalisation program, other organisational structural changes, and operational improvements.

Cash used in operating activities was \$34 million during the third quarter of 2017, compared to \$17 million generated in the corresponding period in 2016. Increase in cash used for the quarter was driven by increasing Net Working Capital requirements for increased sales and outgoings associated with

professional fees incurred through the recapitalisation program. The increase was mitigated by the positive impact delivered by the Company's ongoing focus on productivity and efficiency improvements. The Company anticipates a Working Capital release through the fourth quarter in line with previous seasonality trends.

Liquidity at 30 September 2017 was \$45 million, comprised of cash balances totalling \$30 million and a further \$15 million of availability under the Company's asset-based loan facility.

STRATEGIC PRIORITIES

Technology and product innovation remain strategic priorities for the Company's future growth, supported by disciplined and prudent control over capital expenditures. New product development efforts largely remain focused on incremental product changes that increase productivity so customers are willing to pay for them regardless of the business environment. The Company has now launched TruCore™ globally following the successful rollout of the tool in APAC and Latin America in 2016. TruCore™ provides accurate core orientation measurements and is the first in a broad range of down-hole digital instrumentation tools. The Company plans to launch additional digital technologies later this year and will roll out in 2018. These technologies represent steps in executing the Company's strategy to develop and implement digital technologies that will provide subsurface resource information to mining companies through its Geological Data Services initiative.

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.

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.



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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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