

1 November 2018

Boart Longyear Announces Third 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 third quarter ended 30 September 2018. All results are referenced in US dollars.

Jeff Olsen, Boart Longyear's CEO, commented on the Company's results, stating, "Our Q3 results demonstrate the continued improvements in both the markets and our underlying business. Although there was a slight pullback in mid-2018, exploration activity remains well above the levels seen prior to the start of the recovery in 2016. It is encouraging to see the focus on simplification and productivity initiatives now flowing through to the bottom line. This is clearly demonstrated by the \$24 million improvement in Adjusted EBITDA on \$36 million higher revenues through Q3."

Mr. Olsen continued, "We continue to see a strong outlook across the mining and exploration market, and are strategically positioning ourselves to capture our share of increased demand, for both drilling services and products. Our focus remains meeting the orebody knowledge requirements of our customers, through the continued provision of new and innovative technologies, and leveraging our quality services and steadfast commitment to safe operations."

KEY METRICS FOR YEAR THROUGH 30 SEPTEMBER 2018 (Compared to 30 SEPTEMBER 2017)

- **REVENUE – \$590M - Up \$36M (6%) driven by higher volume**
- **PRICING – Up circa 2% driven by improved market conditions**
- **ADJUSTED EBITDA – \$61M - Up \$24M (63%) on improved volume, pricing & productivity gains**
- **CASH FROM OPERATING ACTIVITIES – Improvement of \$79M**
- **SG&A – \$65M – Improvement of \$18M (22%)**
- **ADJUSTED NET PROFIT AFTER TAX – \$38M Improvement (71%)**
- **NET DEBT – Up \$71M (11%) with interest converted to debt through 2018.**

COMPARATIVE RESULTS

(US \$M)	Consolidated Results					
	3 Months Ended		% Change Fav/(Unfav)	9 Months Ended		% Change Fav/(Unfav)
	30-Sep-18	30-Sep-17		30-Sep-18	30-Sep-17	
Total Company						
Revenue	196	199	(1%)	590	555	6%
Statutory EBITDA	21	(4)	NMF	49	(17)	NMF
Adjusted EBITDA	24	16	53%	61	37	65%
Statutory Net Profit/(Loss) After Tax	(11)	(23)	51%	(27)	(108)	75%
Adjusted Net Profit/(Loss) After Tax	(8)	(3)	(156%)	(16)	(54)	71%
Net Cash Generated / (Used) in Operating Activities	(2)	(34)	96%	(13)	(92)	85%
Net Debt	667	596	11%			
SG&A	21	29	40%	65	83	22%
Number of Employees	4,754	4,812	-1%			

	Divisional Results					
	3 Months Ended		% Change Fav/(Unfav)	9 Months Ended		% Change Fav/(Unfav)
	30-Sep-18	30-Sep-17		30-Sep-18	30-Sep-17	
Global Drilling Services						
Revenue	140	137	2%	407	378	8%
Statutory EBITDA	24	24	1%	63	58	9%
Average Number of Operating Drill Rigs	317	329	(4%)	316	314	1%
Average Number of Drill Rigs *	672	715	(6%)	674	751	(10%)
Average Rig Utilisation	47%	46%	1%	47%	42%	5%
Number of Employees	3,544	3,511	1%			
Global Products						
Revenue	56	63	(11%)	184	177	4%
Statutory EBITDA	9	6	48%	24	12	101%
Average Backlog	23	27	(15%)	28	24	15%
Number of Employees	930	979	(5%)			

RESULTS COMMENTARY

Revenues for the third quarter closed flat compared to the corresponding period partially impacted by higher sales from company initiative to reduce slow moving inventory in 2017. Lower demand for its products through the quarter has been driven by a short-term impact on the sector from the uncertainty in global economies driven by global trade activities. Notwithstanding flat sales for the quarter, adjusted EBITDA increased from \$16M to \$24M, driven by improvement in pricing, cost reductions and productivity initiatives.

The Company experienced a strong improvement in cash use from operations through September of \$79M (\$13M use through September 2018 compared to \$92M use through September 2017). Net working capital increased from 31 December 2017 levels, primarily due to higher receivables related to increasing revenues. The Company also took measures to increase raw material levels prior to implementation of additional tariffs impacted by global trade activities.

Liquidity at 30 September 2018 was \$43M, comprised of cash balances totalling \$34M and a further \$9M of availability under the Company's asset-based loan facility.

STRATEGIC PRIORITIES

The customer is at the core of the Company's strategic priorities. Building on a strong history of safety, product innovation, drilling expertise, and longstanding customer relationships, the Company remains agile and is able to identify, develop and respond rapidly to customer needs and new opportunities.

To increase value-added engagements with customers, content marketing activities have been expanded during 2018 to widely disseminate newly created case studies, expert articles, tips, editorials, and podcasts, securing the Company's position as a thought leader in the industry. As part of the Company's strategy to be the drilling partner of choice, a renewed emphasis has employees focused on delivering increased productivity to customers through enhanced drilling services, a robust portfolio of innovative products, and quicker access to geological data from advanced instrumentation offerings like TruScan™ technology.

After the initial launch of the Longyear™ Green Bit in November 2017, trials of additional colours in the series of diamond drilling bits have proven successful. The Longyear colour series includes a Red, Orange, Yellow, Green, Blue, and Purple Bit for a wide range of drilling conditions and ground formations, with each colour corresponding to specific hardness ratings found on the standard Mohs hardness scale. Field testing on all Boart Longyear Drilling Services sites in Australia and select sites globally has shown Longyear bits have higher penetration rates and longer life. During fourth quarter 2018, the Company will roll out the complete line of Longyear™ diamond drilling bit colours to drilling companies throughout the world.

Adding to its top hammer tooling offerings, the Company has developed and is currently testing new tunnelling rod and bit designs called the DriftMaster™ line which will be used in tunnelling, bolting, and drifting applications. The unique thread geometry is optimized for increased strength and superior fatigue resistance as well as providing excellent rod-bit make-up / break-out properties. The DriftMaster is being readied for launch as extensive field testing in Australia, Canada, Peru, and Chile has shown promising results with evidence of better reliability and longer life.

REDOMICILIATION

Boart Longyear Limited (the Company or Boart Longyear) has announced that, subject to shareholder and regulatory approvals, it is proposing to re-domicile to Canada by way of a scheme of arrangement (the Re-domiciliation). Importantly, the Re-domiciliation will not result in any changes to Boart Longyear management, operations or strategy and it will continue to be an ASX listed company. The Federal Court of Australia made orders to convene a meeting of Boart Longyear shareholders to vote on the proposed re-domiciliation of the Company by way of a scheme of arrangement and the Company has now registered its Scheme Booklet with ASIC.

The Board of Directors unanimously supports the Re-domiciliation and urges shareholders to vote in favour of the Scheme Resolution at the Scheme Meeting to be held at the Adelaide Convention Centre, Riverbank Room 1, North Terrace, Adelaide South Australia 5000 Australia at 11.00 (Adelaide time) on 6 December 2018.



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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](#).

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