

16 November 2015

Boart Longyear Announces Third Quarter 2015 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 third quarter ended 30 September 2015. All results are unaudited and are referenced in US dollars.

Business Highlights:

- Revenues for the 3 months ended September 2015 were down 22% from the corresponding period in 2014, primarily driven by volume decreases and unfavourable currency movements due to the strengthening US Dollar. Absent currency movements, revenues would have been down 10%.
- Significant items for the 3 months ended September 2015 totalled \$4 million, consistent with amounts recorded in the corresponding period in 2014. These items reflect non-cash impairments.
- The statutory operating loss of \$25 million for the 3 months ended September 2015 reflects a \$9 million deterioration over the corresponding period in 2014. While revenues were down \$53 million compared to the prior period, the loss from trading activities¹ of \$8 million was unfavourable by \$2 million. This indicates that the Company's ongoing operational improvements, especially cost and productivity improvements, are favourably impacting results and continue to gain traction.
- Pricing in the Drilling Services division continues to be unfavourable compared to the corresponding period in 2014 due to price erosion that occurred in connection with 2014 contract negotiations, the impact of which flows into 2015. Pricing remains relatively flat for the Products division.
- Product innovation and vitality remain priorities despite ongoing cost reduction efforts. The Company recently launched the MDR700, a powerful mobile underground coring rig that offers wide drilling angles, quick and easy setup, advanced mobility, and engineered safety controls.
- Net working capital decreased from 30 June 2015 levels primarily due to continued reductions in excess inventory and lower receivables due to lower revenues, partially offset by lower payables on reduced spending.
- Liquidity at 30 September 2015 was approximately \$153 million, comprised of cash balances totalling \$129 million and a further \$24 million of availability under the Company's ABL facility, and represents an increase in liquidity of \$8 million from 30 June 2015. Subsequent to the quarter end, the Company used approximately \$20 million of its cash to fund senior note interest payments due 1 October 2015.
- Subsequent to quarter end, the Company initiated additional SG&A actions that are expected to reduce the company's future annual SG&A run rate to approximately \$145-150 million. Full-year 2015 SG&A is now estimated at \$155-160 million, down from prior estimates of \$165-170 million.
- A thorough review of the company's operating and commercial practices was also undertaken in the third quarter and is ongoing. While final details of this review and its resulting impact are not yet available, we believe they will provide significant benefits to the Company as they materialise.

Comparative Information:

(Millions) ² Total Company	Consolidated Results - September 2015					
	3 Months Ended		% Change Fav/(Unfav)	9 Months Ended		% Change Fav/(Unfav)
	2015	2014		2015	2014	
Revenue	186.8	239.3	(21.9%)	574.3	660.8	(13.1%)
Statutory EBITDA	(0.7)	12.3	(105.7%)	(40.1)	(20.7)	(93.7%)
Adjusted EBITDA ¹	3.1	15.9	(80.5%)	4.8	34.6	(86.1%)
Statutory Operating Loss	(24.8)	(15.7)	(58.0%)	(108.8)	(101.7)	(7.0%)
Loss from Trading Activities ¹	(7.7)	(6.2)	(24.2%)	(35.5)	(33.6)	(5.7%)
Net Cash Flows Generated/(Used) in Operating Activities	2.0	10.1	(80.2%)	(83.1)	(4.5)	(1746.7%)
Net Debt ³	554.6	550.9	(0.7%)			
Adjusted SG&A ¹	37.5	40.4	7.2%	117.3	123.7	5.2%
Number of Employees	5,089	5,972	14.8%			

Global Drilling Services	Divisional Results - September 2015					
	3 Months Ended		% Change Fav/(Unfav)	9 Months Ended		% Change Fav/(Unfav)
	2015	2014		2015	2014	
Revenue	135.4	176.0	(23.1%)	416.6	484.3	(14.0%)
Statutory EBITDA	15.8	22.9	(31.0%)	37.9	59.5	(36.3%)
Average Number of Operating Drill Rigs	339	382	(11.3%)	339	350	(3.1%)
Average Number of Drill Rigs	917	953	(3.8%)	924	950	(2.7%)
Average Rig Utilisation	37%	40%	(7.5%)	37%	37%	0.0%
Number of Employees	3,419	4,208	18.8%			
Global Products						
Revenue	51.4	63.3	(18.8%)	157.7	176.5	(10.7%)
Statutory EBITDA	3.4	7.0	(51.4%)	10.5	12.8	(18.0%)
Average Backlog	16.7	20.3	(17.7%)	18.0	17.5	2.9%
Number of Employees	1,314	1,407	6.6%			

Marcus Randolph, Boart Longyear's Executive Chairman, commented on the Company's third quarter 2015 results, stating, "Drilling activity levels continue to be low and we are also battling headwinds in prices and foreign exchange rates. However, we are aggressively tackling costs and a big push is underway to improve our drilling productivity. Initial results in both areas are encouraging although we do not expect this to be visible in our results until early-2016."

Mr Randolph continued, "Our liquidity remains strong, as evidenced by about \$153 million of cash and available capacity under our ABL facility. Good operating performance, careful management of our working capital and strong liquidity means that Boart Longyear continues to be the premium provider of drilling equipment and services."

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 a leading global supplier of drilling services, drilling equipment and performance tooling. 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 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. To get Boart Longyear news direct, visit <http://www.boartlongyear.com/rssfeed>.

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¹ Loss from Trading Activities, Adjusted EBITDA and Adjusted SG&A are non-IFRS measures and are used internally by management to assess the underlying performance of the business and have been derived from the Company’s financial results by adding back significant items (i.e., charges relating to recapitalisation, impairments, restructuring, and employee and related costs). In the case of Loss from Trading Activities, additional adjustments are made to remove other expense/income.

² Except number of employees, utilisation and rigs. Figures are period end, except where averages are indicated.

³ Net Debt includes accreted interest associated with company’s term loans.