

17 May 2016

Boart Longyear Announces First Quarter 2016 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 2016. All results are unaudited and are referenced in US dollars.

Jeff Olsen, Boart Longyear's President and Chief Executive Officer, commented on the Company's first quarter 2016 results, saying, "The first quarter of 2016 was another challenging quarter for the resources sector. Though we have seen recent improvements in commodity prices, gold in particular, exploration levels remain low. That said, we continue to make progress in our productivity and cost cutting initiatives, and this is apparent when comparing our first quarter 2016 margins to first quarter 2015. While revenues were down \$45 million from first quarter 2015 to first quarter 2016, adjusted EBITDA was up \$4 million and net cash flows used in operating activities improved by \$25 million (improvement was \$6 million net of fees associated with the Company's recapitalisation in the first quarter of 2015). When comparing the first quarters of 2015 and 2016, it is helpful to recognize that the first quarter in 2015 was the strongest quarter of the year, which is contrary to what occurs in a typical year. Key drivers to our margin and cash improvements were careful cost control and a significant improvement in drilling performance as a result of our productivity initiative started in August 2015. We expect to see continued improvement in profitability as our productivity initiative is rolled out to all drill sites."

Mr. Olsen continued, "Looking forward, our goal is to be the industry leader in safety, productivity, and innovation. As we continue to drive improvement in these areas, we aim to operate the Company on a cash-neutral basis beginning in 2017 and prepare to address our 2018 debt repayment schedule."

KEY YTD PERFORMANCE INDICATORS AS OF 31 MARCH 2016 (compared to Q1 2015)

- **REVENUE – Down \$45M (24%) driven by lower volume and unfavourable currency translations. Absent currency movements, revenue was down 19%.**
- **PRICING – Down 3% in Drilling Services; relatively flat in Products**
- **ADJUSTED EBITDA – Up \$4M on lower cost and improved productivity**
- **CASH FROM OPERATING ACTIVITIES – \$50M used in Q1 2016; \$75M used in Q1 2015 (\$25M improvement)**
- **ADJUSTED COGS – Down \$34M (20%) driven by lower volume and productivity initiatives**
- **ADJUSTED SG&A COSTS – Down \$13M (32%) driven by cost-out actions taken in 2H 2015**
- **NET DEBT – Up \$101M (19%)**

COMPARATIVE RESULTS

(US \$M)	Consolidated Results		
	Quarter Ended		% Change Fav/(Unfav)
	31-Mar-16	31-Mar-15	
Total Company			
Revenue	142	187	-24%
Statutory EBITDA	(12)	(14)	13%
Adjusted EBITDA	(6)	(10)	34%
Statutory Net Profit After Tax	(61)	(71)	14%
Adjusted Net Profit After Tax	(55)	(66)	17%
Net Cash Flows Generated/(Used) in Operating Activities	(50)	(75)	33%
Net Debt	639	538	-19%
Adjusted SG&A	27	40	32%
Number of Employees	4,611	5,537	17%
	Divisional Results		
	Quarter Ended		% Change Fav/(Unfav)
	31-Mar-16	31-Mar-15	
Global Drilling Services			
Revenue	97	136	-29%
Statutory EBITDA	2	4	-53%
Average Number of Operating Drill Rigs	257	329	-22%
Average Number of Drill Rigs	911	932	-2%
Average Rig Utilisation	28%	35%	-7%
Number of Employees	3,300	3,833	14%
Global Products			
Revenue	44	51	-13%
Statutory EBITDA	2	3	-29%
Average Backlog	15	19	-21%
Number of Employees	974	1,338	27%

RESULTS COMMENTARY

Revenues for the first quarter ended 31 March 2016 were down 24% from the corresponding period in 2015, primarily driven by lower volume and unfavourable currency movements due to the stronger US dollar. Absent currency movements, revenues would have been down 19%.

While revenues were down, adjusted EBITDA was up 34% from the first quarter of 2015 to the first quarter of 2016. Significant items for the quarter totalled \$6 million, compared to \$5 million recorded in the corresponding period in 2015.



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

Cash used in operations was \$25 million lower in the first quarter of 2016 than in the first quarter of 2015. Net of transaction fees associated with the Company's recapitalisation in first quarter 2015, cash used in operations improved by \$6 million. This improvement, despite significantly lower revenue, indicates that the Company's cost reduction measures and the productivity initiatives started in the third quarter of 2015 are positively affecting financial performance.

Pricing was down 3% in the Drilling Services division in the first quarter of 2016 compared to the first quarter of 2015, while pricing in the Products division was relatively flat. We expect that the worst of the pricing pressure experienced by the Company over the past few years, particularly in the Drilling Services division, is done.

Technology and product innovation continues to be a priority despite limited capital expenditures by the Company. The Company spent most of the first quarter of 2016 field testing its new LF160 surface coring rig along with new tooling and instrumentation innovations that will help with productivity on the drill site.

Net working capital decreased from 31 March 2015 levels primarily due to continued reductions in excess inventory and lower receivables due to lower revenues, which were partially offset by lower payables on reduced spending. Liquidity at 31 March 2016 was approximately \$81 million, comprised of cash balances totalling \$71 million and a further \$10 million of availability under the Company's asset-based loan facility.

The Company remains focused on cash, with the positive impact of cost reductions and productivity improvement initiatives becoming increasingly visible in its cash flow from operations. Simultaneously, the Company is firmly focused on the future by continuing to prioritize industry-leading safety, performance, value, capability and innovation.

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

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 dewatering, 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 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

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>.

Investor Relations:

Nate Stubbs

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