

15 May 2017

Boart Longyear Announces First 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 first quarter ended 31 March 2017. All results are unaudited and referenced in US dollars.

Jeff Olsen, Boart Longyear's CEO, commented on the Company's results, stating, "In the first quarter, we continued our trend of improved results. Compared to the first quarter of 2016, our revenues were up \$22 million (15%), EBITDA was up \$8 million (64%) and cash from operating activities was up \$11 million (21%). Adjusted EBITDA, which excludes restructuring costs, was up \$15 million. The better results were a result of improved market conditions, increased productivity in Drilling Services and strong cost control."

Mr. Olsen continued, "Looking forward, we started to see signs of improvement in our markets during the second half of 2016, and this trend has continued in the first quarter of 2017. Our Products business has historically been a leading indicator of activity in our Drilling Services business, so we see it as a positive sign that revenues in our Products business are up significantly vs. a year ago. This trend is supported by improved commodity prices, increased exploration spend and strong equity raisings by junior mining companies. As mentioned in our full-year 2016 results, our goal is to be cash positive in 2017 (net of restructuring costs) through continued improvements in our operating performance combined with better volumes from an improving market."

The recapitalisation announced in April 2017 remains ongoing, with an Annual General Meeting and shareholder vote expected in June 2017. The details of the process can be found in the Notice of Meeting that was lodged with the ASX on 12 May 2017. This comprehensive recapitalisation is expected to create a sustainable capital structure by reducing our debt, increasing our liquidity and extending the maturities on our debt.

KEY METRICS AS OF 31 MARCH 2017 (compared to 31 March 2016)

- **REVENUE – Up \$22M (15%) driven by higher volume**
- **PRICING – Down 1% - 2% driven by initiatives to reduce excess inventory**
- **ADJUSTED EBITDA – Up \$15M on improved volume, productivity and efficiency**
- **CASH FROM OPERATING ACTIVITIES – \$39M used in Q1 2017, an \$11M (21%) improvement**
- **COGS – Significant improvement as percentage of sales**
- **SG&A – Relatively flat**
- **OPERATING MARGIN – Up \$15M (63%)**
- **NET PROFIT AFTER TAX – Up \$14M (23%)**
- **NET DEBT – Up \$86M (14%)**

COMPARATIVE RESULTS

(US \$M)	Consolidated Results		
	3 Months Ended		% Change Fav/(Unfav)
	31-Mar-17	31-Mar-16	
Total Company			
Revenue	164	142	15%
Statutory EBITDA	(4)	(12)	64%
Adjusted EBITDA	9	(6)	NMF
Statutory Net Profit After Tax	(47)	(61)	23%
Adjusted Net Profit After Tax	(34)	(55)	38%
Net Cash Flows Used in Operating Activities	(39)	(50)	21%
Net Debt	726	640	-14%
SG&A	27	27	-2%
Number of Employees	4,444	4,611	4%

	Divisional Results		
	3 Months Ended		% Change Fav/(Unfav)
	31-Mar-17	31-Mar-16	
Global Drilling Services			
Revenue	107	97	10%
Statutory EBITDA	10	2	450%
Average Number of Operating Drill Rigs	300	257	17%
Average Number of Drill Rigs *	738	911	-19%
Average Rig Utilisation	41%	28%	12%
Number of Employees	3,146	3,300	5%

Global Products			
Revenue	56	44	27%
Statutory EBITDA	6	2	220%
Average Backlog	22	15	46%
Number of Employees	974	974	0%

* A number of drill rigs have been sold, scrapped or decommissioned since Q1 2016.

RESULTS COMMENTARY

Revenues for the first quarter ended 31 March 2017 were up 15% compared to the corresponding period in 2016, driven by higher volume both in the Drilling Services and Products divisions. The improvement in volume was partially offset by the negative impact of price of 1% - 2%, driven by a Company initiative to reduce excess inventory.



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

Significant items for the quarter totalled \$13 million, compared to \$6 million recorded in the corresponding period in 2016. These items primarily related to restructuring charges for operational improvements and the recapitalisation.

Cash used in operating activities was \$39 million in the first quarter of 2017, compared to \$50 million used in the corresponding period in 2016. The \$11 million improvement demonstrates the positive impact of the Company's ongoing focus on operating improvement and efficiency, including the ongoing productivity initiative started in the Drilling Services division in the second half of 2015. Due to the seasonal nature of the business, the Company typically uses cash during the first half of the year and generates cash during the second half.

Net working capital increased from 31 December 2016 levels, primarily due to higher receivables related to increasing revenues. The Company typically sees a net working capital build-up during the first half of the year followed by a release during the second half. Liquidity at 31 March 2017 was \$42 million, comprised of cash balances totalling \$37 million and a further \$5 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 launched TruCore™ in Canada following the successful rollout of the tool in both Australia and Latin America in 2016. TruCore™ provides accurate core orientation measurements and is the first in a broad range of down-hole instrumentation tools to be rolled out soon. This represents the first step in implementing the Company's strategy to be the global technology leader in providing subsurface resource information to mining companies through its Geological Data Services business.

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](#).

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