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Boart Longyear Announces 2014 Third Quarter Results and Key Performance Indicators

Boart Longyear Limited (**ASX: BLY**), a leading global supplier of drilling services, drilling equipment and performance tooling for mining and drilling companies, today announces key performance indicators for the third quarter ended 30 September 2014. All results referenced are in US dollars and are unaudited.

2014 third quarter financial results:

- Revenue of \$239 million (3Q 2013: \$280 million)
- Statutory EBITDA of \$12 million (3Q 2013: negative EBITDA of \$1 million)
- Adjusted EBITDA of \$16 million (3Q 2013: \$19 million)
- Net cash flows provided by operating activities of \$10 million (3Q 2013: \$36 million)
- Demand in Drilling Services and Products appears to be stabilising
- On-track to achieve previously announced SG&A and capital reductions

Comparative information:

(Millions) ¹	Third Quarter Ended			Second Quarter Ended
	2014	2013	2012	2014
Total Company				
Revenue	239.3	279.5	513.6	224.1
EBITDA	12.3	(1.2)	88.8	(31.1)
Adjusted EBITDA ²	15.9	18.8	89.2	14.9
NPAT	(38.3)	(39.4)	36.3	(114.7)
Adjusted NPAT ²	(34.7)	(19.5)	36.7	(68.6)
Net Cash Flows Provided By (Used By) Operating Activities	10.1	36.1	(20.0)	(8.3)
Net Debt ³	550.9	523.0	469.4	555.8
SG&A ⁴	40.4	48.4	76.1	42.1
Headcount	5,984	6,020	10,970	5,871
Global Drilling Services				
Revenue	176.0	216.3	403.1	168.7
Adjusted EBITDA ²	22.9	42.7	80.9	25.4
Average Operating Rigs (w ithout E&I)	382	388	572	366
Average Rig Utilisation	40%	37%	57%	39%
Average # of Drill Rigs (with E&I)	950	1,037	1,176	945
Average # of Drill Rigs (without E&I)	950	1,037	996	945
Headcount	4,220	4,737	8,841	4,130
Global Products				
Revenue	63.3	63.2	110.5	55.4
Adjusted EBITDA ²	7.0	(8.2)	27.0	5.0
Average Backlog	20.3	19.8	48.5	16.9
Headcount ⁵	1,416	899	1,467	1,382

¹ Except headcount utilization and rigs. Figures are period end, except where averages are indicated.

² Adjusted EBITDA and Adjusted NPAT are non-IFRS measures and are used internally by management to assess the performance of the business and have been derived from the Company's financial results by adding back charges relating to restructuring and impairments.

³ Excludes contingent liabilities.

⁴ Includes both direct and indirect SG&A

⁵ Increase in Global Products employees in 2014 due to consolidation of maintenance and supply chain operations into the Global Products division in 1Q2014

Business results for the third quarter of 2014 show a slight volume and earnings uplift

Total Company revenues in the third quarter of 2014 showed a 7% increase compared to the second quarter of 2014 while adjusted EBITDA showed a 7% increase compared to the same period.

Drilling Services experienced an increase in the number of quarterly average operating rigs over the prior quarter

Average rig utilisation in the Drilling Services division was 40% for the third quarter of 2014, a slight improvement compared to 39% achieved in the second quarter of 2014 and up from 37% in the comparable 2013 quarter. Utilisation in surface coring was approximately 30% globally, while underground utilisation is near capacity and demand for rotary and water drilling services continues to strengthen. Revenues for the third quarter of 2014 were \$176 million compared to \$216 million in the third quarter of 2013, but up from the second quarter of 2014. Adjusted EBITDA² for the third quarter of 2014 was \$23 million compared to \$43 million for the same period in 2013 and \$25 million in the second quarter of 2014, primarily as a result of lower price and unfavourable maintenance and mobilisation costs.

Drilling Products backlog is stabilising, supported by capital equipment orders

Products backlog appears to have stabilised in the third quarter, increasing by over 20% from the second quarter and consistent with the comparable period in 2013. Revenues for the third quarter of 2014 were \$63 million and were essentially flat compared to the third quarter of 2013 but higher by 14% compared to the second quarter of 2014. Adjusted EBITDA² for the third quarter of 2014 was \$7 million, compared to an EBITDA loss of \$8 million for the same period in 2013, and represented a 40% improvement over the second quarter of 2014.

Ongoing product development initiatives focused on safety and productivity enhancements

Product development initiatives continue to progress and remain focused on production tooling and equipment and incremental enhancements to existing products to drive improved safety and productivity. The Company continues to demonstrate innovative product leadership, launching TruCore™ to the Australian market in August 2014, a first-in-industry integrated core orientation system that improves productivity and reduces overall cost. This is the first tool in the new instrumentation category for Boart Longyear. In addition, the Company remains focused on its development initiatives around rod handling and automation to enhance safety on the job site.

Cost efficiency measures are on track to achieve previously announced SG&A and capital reductions

The Company is on track to achieve previously announced SG&A reductions of \$58 million in 2014 and expects SG&A levels of between \$165 million and \$170 million for full-year 2014. Additionally, the Company still expects approximately \$25 million of capital spending for full-year 2014, down approximately \$25 million from 2013 levels.

Business Outlook: The Company expects flat utilisation rates and volume levels for the balance of 2014

Barring the impacts of the normal, year-end holiday shutdown, the Company expects to see fairly flat utilisation rates for the balance of 2014. With a substantial excess global supply of drill rigs, see continued pricing pressure until global utilisation rates stabilise and excess rig capacity is deployed. As such, the Company remains focused on countering pricing pressure appears likely through productivity gains and cost efficiency measures.

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



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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

Approaching its 125th year anniversary in 2015, Boart Longyear is the world's leading provider of drilling services, drilling equipment, and performance tooling for mining and drilling companies globally. 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 over 40 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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