



MACQUARIE  
ACN 002 574 923

# Macquarie Private Wealth



## Boart Longyear

### Business Description

Boart Longyear Limited (BLY) is an integrated drilling services provider and products manufacturer for the Mineral Industry, with a presence in the Environmental & Infrastructure and Energy industries. BLY operates in the Asia Pacific region, Canada, United States, South America and Europe.

### Strategy Analysis

Organic growth is leveraged to the commodities growth cycle which we think remains strong over the medium term. The manufacturing division recently closed four facilities in Europe and South Africa with production moved to China and Poland. This should improve manufacturing margins over the medium term as scale benefits materialise. Acquisitions are the key growth driver, particularly in emerging markets over the short-medium term. Long term success depends on successful diversification away from minerals exploration and into other growth areas such as environmental and infrastructure drilling. Boart Longyear reported NPAT up 93.2% to US\$156.72m for the year ended 31 December 2008. Revenue from ordinary activities were US\$1.84bn, up 16.7% from last year. Basic and Diluted EPS were 10.4 US cents compared to 5.4 US cents last year. Net operating cash flow was US\$142.87m compared to US\$157.78m last year. The final dividend declared was nil, taking the full year dividend to 2.3 US cents compared with 1.5 US cents last year.

28 July 2010

### Recommendation

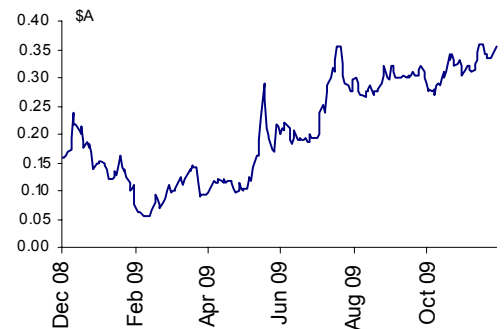
Recommendation: Outperform  
Relative to: All Ind (ex Fins)

### Investment Fundamentals

ASX code: BLY  
Stock price: \$3.07  
Market cap: \$1,416m

Y/E	31/12/2010	2010e	2011e	2012e	2013e
Reported e	\$m	89.2	134.9	218.7	222.8
Adjusted e	\$m	89.2	134.9	218.7	222.8
EPS adjusted	¢	19.4	29.3	47.4	48.3
EPS growth	%	-216975.3	51.2	62.1	1.9
PE	x	15.9	10.5	6.5	6.4
PE relative	x	1.1	0.9	0.6	0.7
DPS	¢	0.0	4.4	7.9	15.5
Yield	%		1.4	2.6	5.1
Franking	%	0.0	35.0	35.0	100.0

### Share Price



Source: ASX and Company accounts

### Segment Performance

Results by Industry	Revenue (%)	Return on Sales (%)	Return on Assets (%)	Annual Shareholders' Return	
				1 year	29.0%
Global Drilling Services	75.4	9.3	9.8	3 year	-44.0%
Global Products	24.6	7.2	6.7	5 year	0.0%
<b>Total</b>	<b>100.0</b>	<b>16.5</b>	<b>16.5</b>	10 year	0.0%
<b>Results by Geography</b>				Dividend Reinvestment Plan	No
North America	47.3	0.0	0.0	Shareholder Discounts	No
Asia Pacific	28.2	0.0	0.0		
Latin America	11.5	0.0	0.0		
Africa	8.4	0.0	0.0		
Europe	4.6	0.0	0.0		
<b>Total</b>	<b>100.0</b>				

### Company contact details:

Boart Longyear Limited  
919 - 929 Marion Rd  
Mitchell Park SA 5043  
Tel: (08) 8375 8375

[www.boartlongyear.com](http://www.boartlongyear.com)

**If you have any queries regarding this Research information or with any aspect of your legalsuper account please call legalsuper on 1800 060 312 (freecall) or email [mail@legalsuper.com.au](mailto:mail@legalsuper.com.au)**

**Disclosure:** In accordance with Section 849 of the Corporations Law, Macquarie Equities Limited states that The Macquarie Group acted as Joint Lead Manager, Joint Underwriter and Joint Bookrunner to Boart Longyear Limited in respect of its placement and entitlement offer as announced 17 August 2009. Within the last 12 months, Macquarie Group has received compensation for investment advisory services from Boart Longyear Limited.

**Disclaimer:** This report is prepared for general circulation and does not have regard to the particular circumstances or needs of any specific person who may read it. The information contained herein is believed to be reliable, but its completeness and accuracy is not guaranteed. Opinions expressed may change without notice. No part of this report is to be construed as a solicitation to buy or sell any security. We do not accept any liability, whether direct or indirect arising from the use of information contained in this report. International investors are reminded of the risks inherent in international investments, such as currency fluctuations and international stock market or economic conditions, which may adversely affect the value of the investment. Any transaction by US persons in any security discussed in this report must be carried out through Macquarie Equities (USA) Inc which has distributed this report in the US. This report is issued in the UK by Macquarie Equities Limited, which is a member of the Securities and Futures Authority. The investments and investment services the subject of this report are not available to private customers in the UK. The material in this publication is copyright and may not be reproduced without consent of the copyright owner.