



MACQUARIE
ACN 002 574 923

Macquarie Private Wealth

Snapshot

Boart Longyear

Business Description

Boart Longyear Limited (BLY) is an integrated drilling services and drilling products provider, producing, manufacturing and operating equipment for the minerals industry, with a presence in the Environmental & Infrastructure and Energy industries. BLY operates in the Asia Pacific region, Canada, USA, South America, Europe and Africa.

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 of US\$74.08m for the half-year ended 30 June 2011. Revenues from ordinary activities were US\$958.77m, up 39.9% from the same period last year. This period-on-period increase is primarily attributable to the improvement of the worldwide economic outlook that has positively impacted the company's drilling services and products businesses. Basic and Diluted EPS was 16.2 US cents compared to 7.1 US cents last year. The net operating cash inflow was US\$21.8m compared to an outflow of US\$12.94m in the pcp. The interim dividend declared was 4.8 US cents compared with 2.1 US cents last year.

27 January 2012

Recommendation

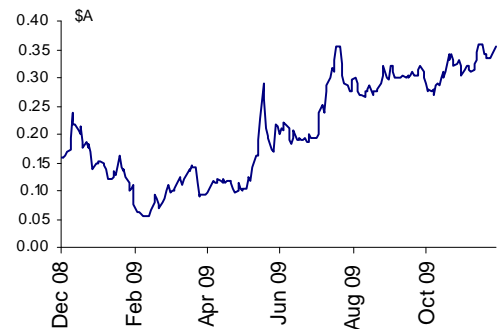
Recommendation: Outperform
Relative to: All Ind (ex Fins)

Investment Fundamentals

ASX code: BLY
Stock price: \$3.67
Market cap: \$1,692m

Y/E	31/12/2012	2011e	2012e	2013e	2014e
Reported e	\$m	163.5	215.7	243.7	243.2
Adjusted e	\$m	163.5	215.7	243.7	243.2
EPS adjusted	¢	35.5	46.8	52.8	52.7
EPS growth	%	78.7	31.9	12.9	-0.2
PE	x	10.3	7.8	6.9	7.0
PE relative	x	0.9	0.8	0.7	0.7
DPS	¢	10.6	14.0	15.9	15.8
Yield	%	2.9	3.8	4.3	4.3
Franking	%	35.0	35.0	35.0	35.0

Share Price



Source: ASX and Company accounts

Segment Performance

Results by Industry	Revenue (%)	Return on Sales (%)	Return on Assets (%)	Annual Shareholders' Return	
				1 year	3 year
Global Drilling Services	73.2	0.0	10.9	-13.0%	35.0%
Global Products	26.8	0.0	21.5	0.0%	0.0%
Total	100.0	0.0	32.4		
Results by Geography				Dividend Reinvestment Plan	
North America	42.1	0.0	0.0	No	
Asia Pacific	27.3	0.0	0.0	Shareholder	
Africa	13.1	0.0	0.0	Discounts	No
Latin America	12.6	0.0	0.0		
Europe	4.9	0.0	0.0		
Total	100.0				

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