

Boart Longyear: Drilling through the downturn

As the mining industry continues to struggle through an abnormally prolonged downcycle, *Kasia Patel*, *North American Editor*, speaks with equipment manufacturer Boart Longyear about how the company is shielding its business from the worst effects of the market trough.

Like the majority of companies providing technology and equipment to the mining sector last year, Boart Longyear saw a dip in earnings. In February, the company reported that its revenues for 2015 had fallen 15% year-on-year to \$131m, while EBITDA* was down by \$31m.

Boart's mining sector customers keep telling it what it already knows; that the industry is going through one of the longest and deepest downturns in their careers – many of which span more than half a century.

"That goes to show how depressed the market really is," Monika Portman, Boart's director of product management, told *IM* at this year's Prospectors and Developers Association of Canada (PDAC) Convention in Toronto in March.

She said that there is still an undertone of positivity, however, based on the belief that the mining industry must, and will, bounce back. "It's just a question of time," she said. "Even though we've been in a downturn for a while, the products that we offer continue to remain steady, particularly in our underground line of equipment and tooling."

While the company has been focusing on cost-cutting initiatives, it has also been working on productivity and delivering more efficient drilling products.

Boart caters to four main sectors, the first of which is the minerals business, where much of its equipment is designed for underground mining. While products for surface and greenfield exploration are the first to be curtailed in a downturn, underground exploration is not cut out of budgets nearly as much owing to preexisting infrastructure.

"Back in mid-2012, when it was very obvious we were going to remain in a downturn for a while, we shifted our product development to more non-cyclical activity," Portman explained.

As part of this focus, the company launched its TruCore core orientation system, which reduces manual handling time and results in a



The DCi panel was Boart's first foray into automation, which the company says is likely to become key for both mining companies and equipment suppliers.

better ergonomic position for reading core orientations. Boart's mini sonic rig also has applications in the environmental, infrastructure and construction sectors – areas where Boart's business has been fairly steady.

"I think diversifying is the right strategy. My experience in this industry is that when things are booming, everyone focuses on surface greenfield exploration, while other areas tend to get pushed to the wayside," Portman said. "Our strategy is to focus and invest on these other areas and then, when the upturn comes, we will come out on top."

As well as making overburden-type tooling for the construction industry, an area where Portman said the company was still seeing activity in tunneling work, along with environmental and infrastructure products, Boart also caters to the energy sector.

A number of countries are carrying out slimhole drilling to obtain natural gas and some of the company's deep-hole surface exploration rigs, which can drill smaller holes more cheaply than standard rigs, have been used for this purpose.

"We saw it as an opportunity that a lot of our customers were diversifying into this

space, especially in Central and Latin America and the mini sonic rig has been put to work in the oil sands up in Canada," Portman said.

A unique downturn

According to Portman, previous mining downturns have led a number of Boart's customers to diversify into slimhole oil and gas, but in this downcycle, both the mining and energy sectors are in depression.

"That's what makes this downturn unique. There isn't one mineral that's doing better than others," she said.

Water supply to mines has remained an active area for Boart, however. "There's a lot of pressure on mines because of water; either there's not enough or there's too much and from that aspect this end market continues to remain strong".

The company has also seen an increase in demand for automation, a trend which led it to launch its DCi panel – the first market console offering semi-automation for underground mines. The equipment eliminates the problem of productivity lost between shifts, allowing drilling to continue without a break.

"It saved drilling contractors and mining companies a tremendous amount of money because they saw productivity increase, and that's one of our longer term perspectives," Portman said.

Initially, the interest in cutting costs and increasing safety at mine sites, which also results in lower incident-related costs by taking people out of the equation, transpired via the automation of large haulers. Portman explained that while it is relatively easy to automate a hauler, which carries out the same work every day, it is more of a challenge to automate a rig.

"The difficulty of automating a rig is that there is a lot of variability in the drilling process; ground conditions change and there's so much that happens in a hole that's unpredictable, so I think we're still years away from having full automation at mines," she told *IM*.

"But we have learned a lot from automation so far and we've continued to improve upon that – now the next big race is how to take automation to the surface," she added.

*Earnings before interest, taxes, depreciation and amortisation