



**Boart Longyear Limited**  
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20 April 2020

### **Boart Longyear Announces First Quarter 2020 Results & statement covering COVID-19**

Boart Longyear Limited (**ASX: BLY**) - [Boart Longyear](http://www.boartlongyear.com), the world's leading provider of drilling services, an expert in providing valuable orebody knowledge, and a pioneer in innovative drilling equipment and performance tooling, announces results for the first quarter ended 31 March 2020. All results are referenced in US dollars.

Jeff Olsen, Boart Longyear's CEO, commented on the Company's results, stating, "Q1 through February was a good start to the year, although we started to see impacts of COVID-19, primarily in our drilling services group, in late February and increasing through March. The full impacts of COVID-19 are not yet known but will likely have greater impact in Q2. We are encouraged by the fact that in many parts of the world that mining activities have been designated as essential services. This means that over the coming weeks we anticipate that we can continue to work with mines to create the necessary process changes to maintain safe working conditions for our employees to return to work, where appropriate."

#### **KEY METRICS FOR YEAR THROUGH 31 MARCH 2020 (Compared to 31 MARCH 2019)**

- **REVENUE - \$171M - Down \$19M - After eliminating impacts of FX revenue was lower by \$11M or 5.7% on 2019**
- **ADJUSTED EBITDA - \$9M - Down \$13M (61%) with largest impact coming from COVID-19**
- **NET PROFIT AFTER TAX - (\$22M) - Lower by \$16M, impacted by underlying operational activity of \$11M and additional tax expense of \$5M**
- **NET DEBT - \$774M - Increase of \$45M from PIK Interest**
- **NET CASH FLOWS FROM OPERATING ACTIVITIES - \$5M - Improvement of \$2M due to Net Working Capital improvement initiatives**

**COMPARATIVE RESULTS**

(US \$M)	<b>Consolidated Results</b>		
	<b>3 Months Ended</b>		<b>% Change Fav/(Unfav)</b>
	<b>31-Mar-20</b>	<b>31-Mar-19</b>	
<b>Total Company</b>			
Revenue	171	190	(10%)
Statutory EBITDA	8	19	(59%)
Adjusted EBITDA	9	22	(59%)
Statutory Net Profit After Tax	(22)	(6)	(272%)
Net Cash Flows from Operating Activities	5	3	65%
Net Debt	774	729	(6%)
SG&A	24	22	(8%)

	<b>Divisional Results</b>		
	<b>3 Months Ended</b>		<b>% Change Fav/(Unfav)</b>
	<b>31-Mar-20</b>	<b>31-Mar-19</b>	
<b>Global Drilling Services</b>			
Revenue	117	132	(11%)
Statutory EBITDA	11	26	(58%)
Average Number of Operating Drill Rigs	260	284	(8%)
Average Number of Drill Rigs	689	691	(0%)
Average Rig Utilisation	38%	41%	(3%)
<b>Global Products</b>			
Revenue	54	58	(7%)
Statutory EBITDA	6	6	(8%)
Average Backlog	37	31	18%



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## **RESULTS COMMENTARY**

Revenues for the first quarter closed lower compared to the prior year and were impacted by FX currency movements. Adjusting for the effect of FX currency movements, revenue decreased 5.7% from the prior year period. Lower demand in the business was directly related to the impacts of COVID-19 on exploration activities in March. Adjusted EBITDA decreased from \$22M to \$9M, driven by impacts directly related to COVID-19 on March results along with additional upfront expenditures on recently awarded contracts in the Drilling Services business.

The Company saw an improvement in cash from operations through March of \$2M (\$5M source through March 2020 compared to \$3M through March 2019). Net working capital increased from 31 December 2019 levels in line with the 2020 drill program start-ups.

Liquidity at 31 March 2020 was \$41M, comprised of cash balances totalling \$19M and a further \$22M of availability under the Company's asset-based loan facility.

## **STRATEGIC PRIORITIES**

Boart Longyear achieved a tremendous safety milestone in 2019 with the accomplishment of over 14.5 million man-hours worked with no Lost Time Injuries (**LTI**). This included more than 16 consecutive months of completely LTI-free work - a record running from mid-2018 through late 2019. Our focus on safety is an integral part of Company culture and this recent performance sets the industry benchmark standard for drilling and mining customers.

Underlying demand for the Company's Drilling Services, Drilling Products, and Geological Data Services (**GDS**) remain strong, however we anticipate a postponement of some exploration spend in the second quarter of 2020 due to impacts from the COVID-19 Pandemic. Overall, we saw drilling activity down as customers delayed decisions and through continued lack of funding for junior mining companies in some jurisdictions. We anticipate, following a recovery from COVID-19 impacts, that exploration spend levels will regain momentum heading into the second half of 2020. In response to the COVID-19 crisis, the Company continues to focus on a number of additional operational initiatives to reduce overhead costs and improve margins, during this period of uncertainty.

Boart Longyear continues to have a presence at this year's mining and exploration tradeshow highlighting the latest in drilling services, drilling products, and performance tooling. GDS recently launched the TruSub™ Drilling System, a productivity-enhancing system at PDAC 2020, along with showcasing advancements in the cutting-edge TruScan™ technology and the latest TruCore™ UPIX release. These and other GDS products continue to capitalize on mining companies shifting to digitalization and data analytical technologies for more timely and informed decisions.



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## **STATEMENT COVERING COVID-19**

Boart Longyear holds the health and safety of our employees and surrounding communities as a top priority. With rising concerns regarding the COVID-19 pandemic, the Company implemented in early March its business continuity plan. The plan included measures required to protect the health and wellbeing of employees while ensuring ongoing operational sustainability; transitioning of corporate and regional offices staff to work from home; and ceasing all non-essential international and domestic travel.

Impacts from COVID-19 on the Boart Longyear operations increased through March with exploration activities declining, impacted by government-imposed closures along with customers choosing to delay projects. The Company continues to work closely with our customers to continue operations where possible, while ensuring we protect our people and the communities in which they work. At this point in time, Boart Longyear has no confirmed cases of COVID-19 of any of its employees at any of its drilling operations, manufacturing facilities and administrative offices.

The Company has further responded to the current environment by reducing all non-essential operating and capital expenditures. As part of these cost reduction measures, the Board, CEO and all Group Executives have elected to temporarily reduce their cash remuneration by 75-100% collectively. Effective from 6 April 2020, the Company has temporarily moved into a partial or full stand down of the workforce in most parts of the business, including significant but temporary reductions to compensation. We will be matching our workforce to the activity in each of our business units with a view to continue to provide quality support to our customers.

What is unclear to us currently is the duration of the impacts of COVID-19 on the industry and ultimately our operations. The steps taken to date by the Executive team have been measured to ensure that Boart Longyear will be in a position to continue to support the Mining industry when it returns to its normal operating levels.

**Authorised for lodgement by:**

Robert Closner,  
Company Secretary



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### **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.*

### **About Boart Longyear**

Established in 1890, Boart Longyear is in its 130th year as the world’s leading provider of drilling services, orebody-data-collection technology, and innovative, safe and productivity-driven drilling equipment. With its main focus in mining and exploration activities spanning a wide range of commodities, including copper, gold, nickel, zinc, uranium, and other metals and minerals, the company also holds a substantial presence in the energy, oil sands exploration, and environmental sectors.

The Global Drilling Services division operates for a diverse mining customer base with drilling methods including diamond coring exploration, reverse circulation, large diameter rotary, mine dewatering, water supply drilling, pump services, production, and sonic drilling services.

The Geological Data Services division utilizes innovative scanning technology and down-hole instrumentation tools to capture detailed geological data from drilled core and chip samples. This valuable orebody knowledge gives mining companies the ability to make timely decisions for more efficient exploration activities.

The Global Products division offers sophisticated research and development and holds hundreds of patented designs to manufacture, market, and service reliable drill rigs, innovative drill string products, rugged performance tooling, durable drilling consumables, and quality parts for customers worldwide.

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](http://www.boartlongyear.com). To get Boart Longyear news direct, follow us on [Twitter](#), [LinkedIn](#) and [Facebook](#).

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