



**Boart Longyear Limited**  
**ABN 49 123 052 728**

26 Butler Boulevard, Burbridge Business Park  
Adelaide Airport  
South Australia 5950, Australia  
Tel: +61 8 8375 8375 • Fax: +61 8 8375 8498  
[www.boartlongyear.com](http://www.boartlongyear.com)

31 July 2020

### **Boart Longyear Annual General Meeting - CEO's Presentation**

Please find attached for release to the market, the *President and CEO's Presentation Slides* to be presented this morning to the Company's Annual General Meeting.

#### **Authorised for lodgement by:**

Robert Closner,  
Company Secretary

#### **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](#).

#### **Investor Relations:**

**Matthew Broomfield**

Director, Investor Relations

Australia +61 8 8375 8300

USA +1 801 952 8343

[ir@boartlongyear.com](mailto:ir@boartlongyear.com)

#### **Media:**

**Michael Weir**

Citadel-MAGNUS

Australia: +61 8 6160 4903

Mobile: +61 402 347 032

[mweir@citadelmagnus.com](mailto:mweir@citadelmagnus.com)





TruScan™ Technology



# Annual General Meeting July 2020 Virtual Meeting



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- Due care and attention should be undertaken when considering and analysing the financial performance of the Company.
- All references to dollars are to United States currency unless otherwise stated, and financial results presented are not audited.





*LST<sup>TM</sup>250 Sonic Rig*



**CEO's Address  
Jeff Olsen**



# Boart Longyear is



**The world's leading provider  
of drilling services**

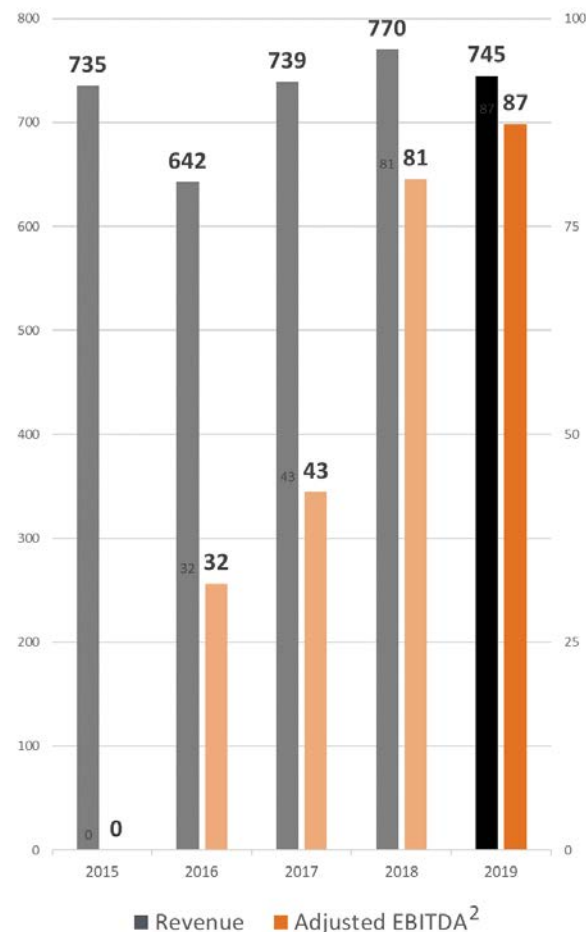
**An expert in providing valuable  
orebody knowledge**



**A pioneer in drilling equipment  
and performance tooling**

# FULL YEAR 2019 HIGHLIGHTS

- Return to meaningful operating cash generation



## FINANCIAL PERFORMANCE

REVENUE<sup>3</sup>

1.3%



NET PROFIT AFTER TAX

Neg US\$ **45M**  
(2018 – Neg US\$44M)



ADJUSTED EBITDA<sup>2</sup>

US\$ **87M**  
(2018 – US\$81M)



OPERATING CASH FLOW

US\$ **35M**  
(2018 – \$4M)



## STRATEGIC OBJECTIVES

GEOLOGICAL DATA SERVICES

REVENUE GROWTH  
>60%



NEXT MATURING DEBT FACILITY  
JULY 2022



MAINTAINED BALANCE SHEET DISCIPLINE

CASH RETURN ON INVESTMENT  
**10.5%**



## SAFETY

LTIR

**0.02**

(2018 – 0.10)<sup>1</sup>  
OVER 14 MILLION HOURS  
WORKED LTI FREE

TCIR

**1.37**

(2018 - 1.90)<sup>1</sup>  
LOWEST REPORTED RESULT  
OVER LAST 4 YEARS

# World's leading provider... of drilling services, equipment, tooling and resource knowledge

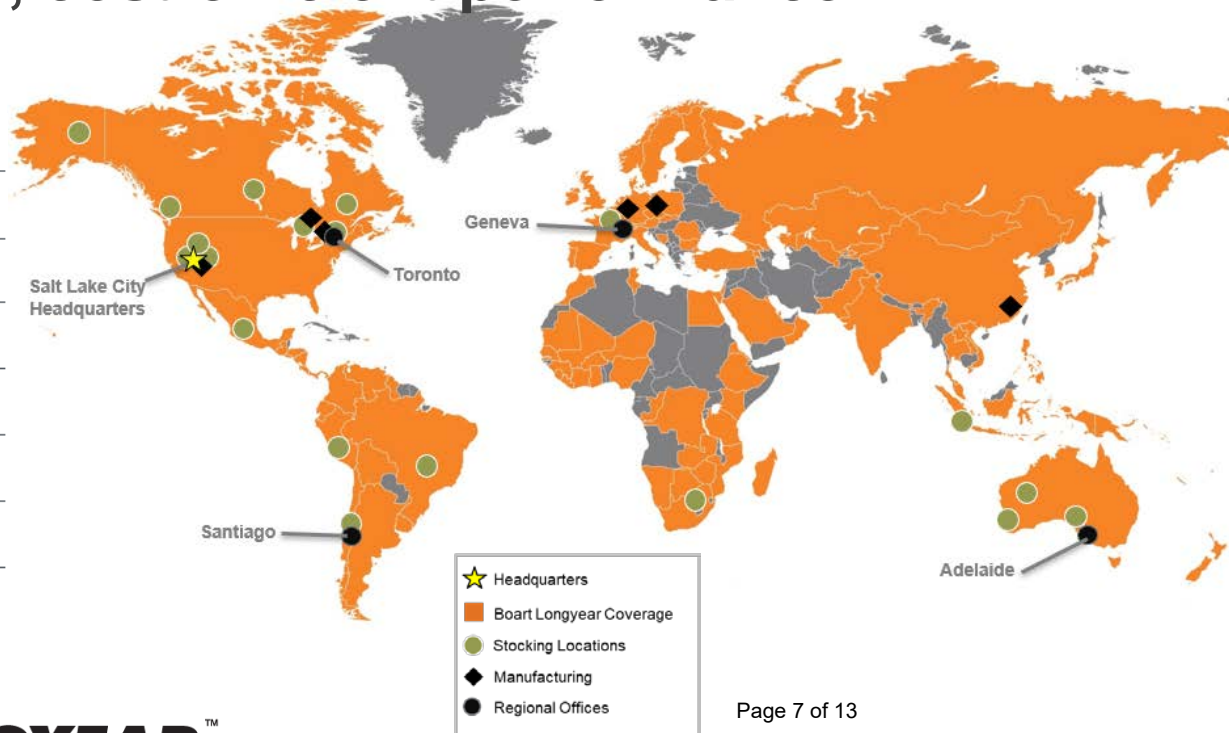


## Our Focus

- Building our customers' orebody knowledge
- Innovative drilling products and data management
- Safe, reliable, cost-efficient performance

## Commodity Revenue

Gold	63%
Copper	18%
Non-Mining Water	7%
Other Metals	5%
Energy	3%
Nickel	2%
Iron	1%
Other	1%



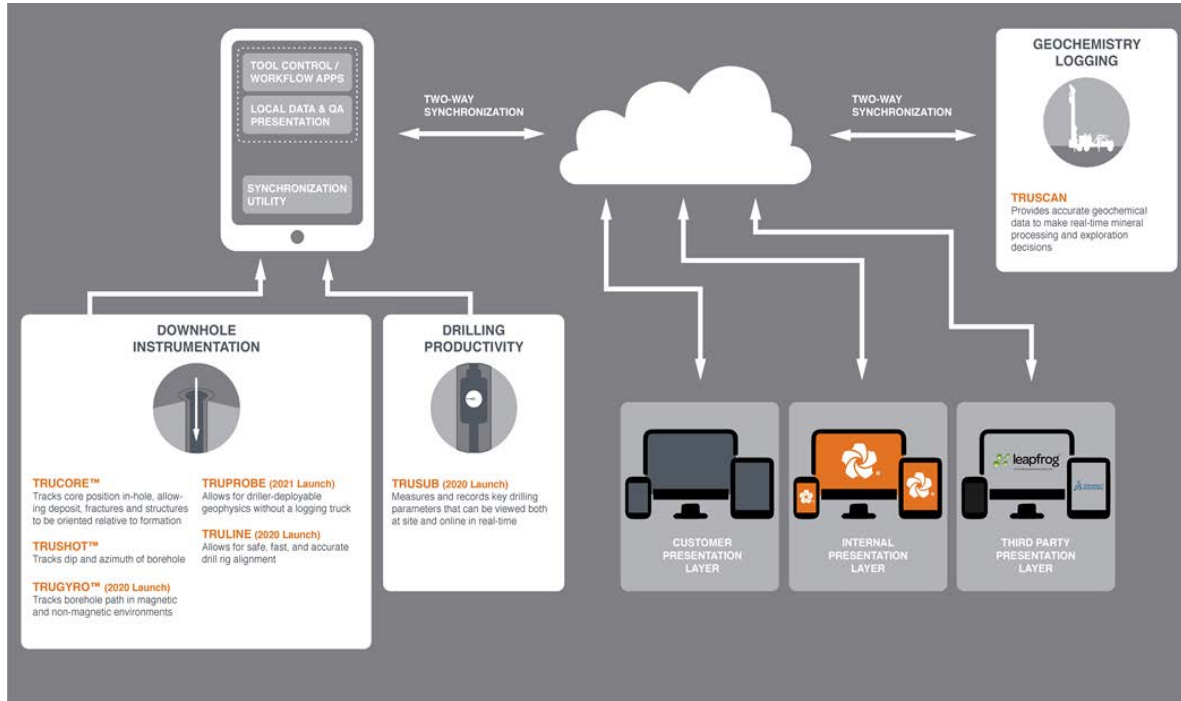
## Regional Revenue

USA	27%
Asia Pacific	23%
Canada	19%
EMEA	18%
Latin America	13%



# Geological Data Services

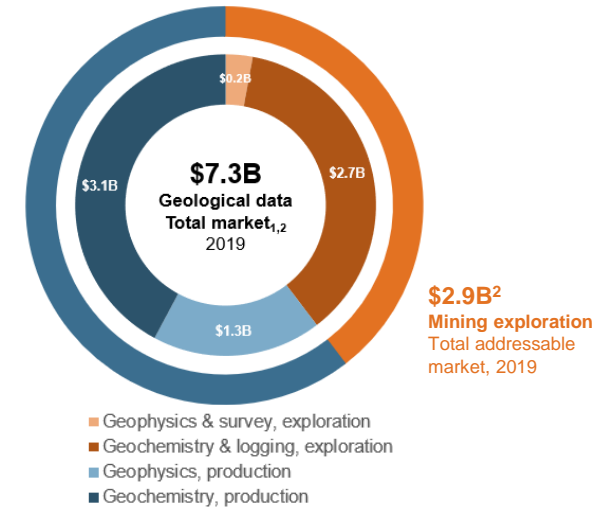
## - Digital technologies unlocking Orebody Knowledge



### Significant Growth Opportunities



### Market Opportunity



#### NOTES

- 2019 estimate of global annual revenues
- Team analysis based on customer research and available market size information (Research & Markets Global Geophysical Services Market Analysis 2019 and Zion Market Research Global Geochemical Services Market 2019)

### Current Key Clients

"[...] this technology provides data vital for our geologists to make more accurate and timely decisions, through faster and smarter targeting. [...] this is transforming how we explore."

**Newcrest Mining Limited**  
2019 Annual Report



**Rio Tinto**

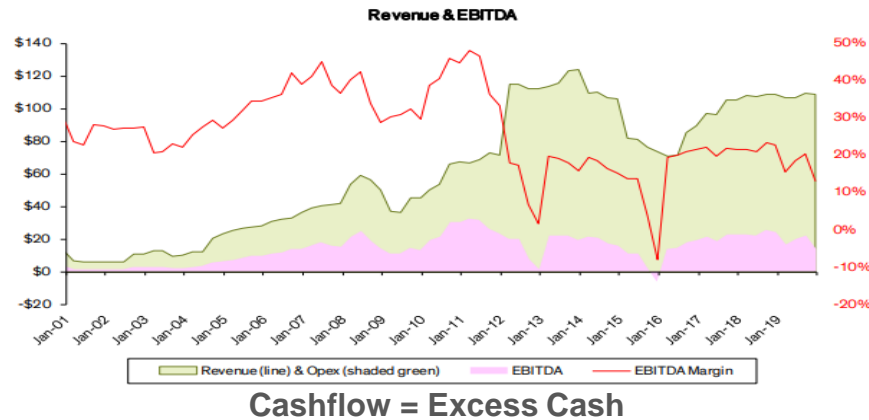


# Global Exploration Market

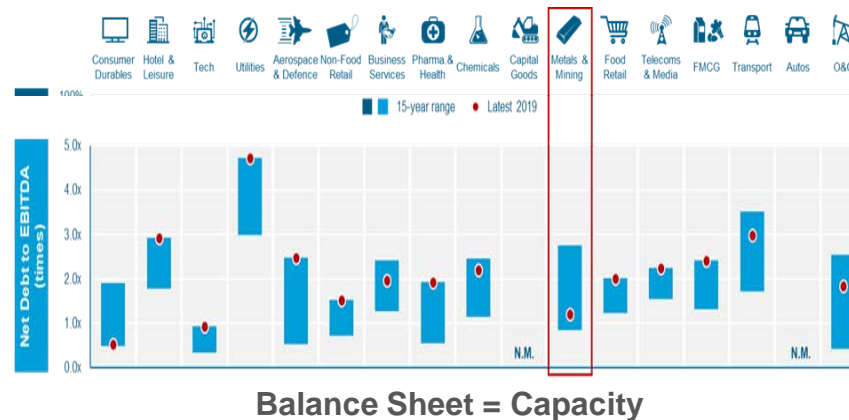
- Strong Leading Indicators point to increased demand for exploration spend



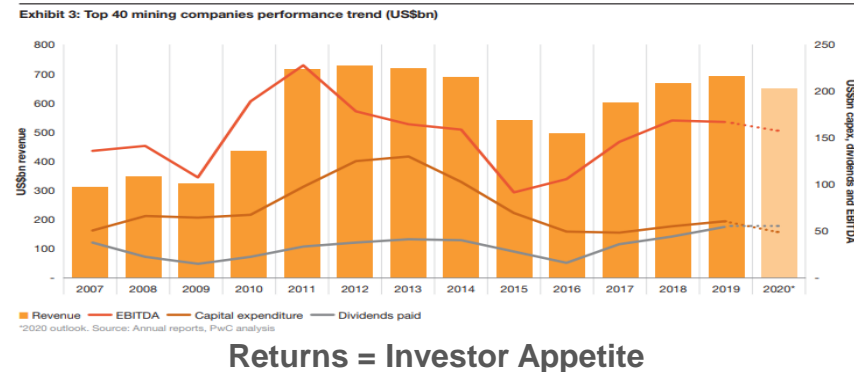
## Industry Cashflows



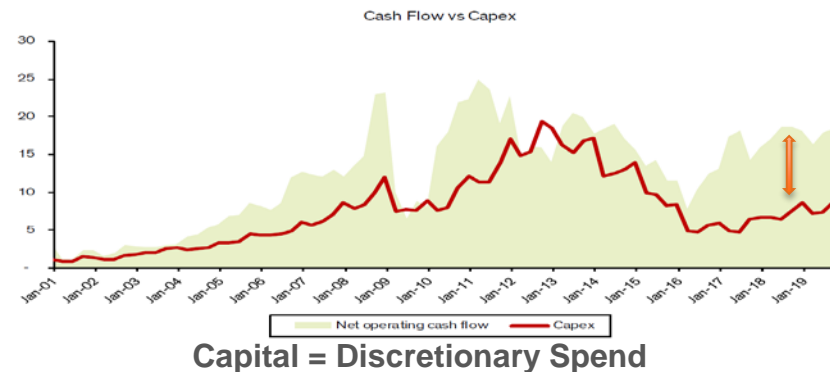
## Industry Balance Sheet



## Industry Returns



## Industry Capital



## Exploration Spend

### Strong Leading Indicators:

**Cashflow** – Commodity prices & revenues back at 2012 levels

- Strong operating margins
- Strong FCF generation

**Balance Sheets** – Mining House balance sheets are strong

- Strongest position in prior 15 years
- 3<sup>rd</sup> strongest sector globally

**Returns** – Significant investment interest returning to sector

- MSCI & Gold Indices close to 2012
- Nearing peak dividend yield ~5%
- 2012 EBITDA Margins achieved

**Industry Capital** – Starting to see increased capex investment

- 5+ years of under-investment
- HME has similar discretionary nature to exploration spend



# First Quarter 2020 – BUSINESS METRICS

- Management implemented business continuity plan to combat impacts of Covid-19

## VOLUMES

**(5.7%)**

After eliminating impacts of FX. Impacts of Covid-19 started through March

## PROFITABILITY

US\$ **9M**  
(2019 – US\$22M)  
Adjusted EBITDA<sup>2</sup>

Results impacted by Covid-19 on March along with additional expenditures to support recently awarded contracts

## OPERATING CASH FLOW

US\$ **5M**  
(2019 – US\$3M)

Improved net cash flow provided by operating activities with NWC initiatives achieving targets

## LIQUIDITY

us\$ **41M**  
(2019 - \$44M)

Business holds liquidity levels to meet its forward looking commitments

## CAPITAL DEPLOYED

US\$ **7.4M**  
(2019 – US\$10M)

Investment in Organic opportunities

## LEVERAGE

Net Debt/EBITDA Leverage  
**10.4x**  
(2019 – 8.1x)

Net Debt Remains too high  
US\$ **774M**  
(2019 – US\$729M)

## CASH RETURN ON INVESTMENT

**9.4%**  
(2019 – 10.3%)

Business maintaining returns through more efficient use of assets

## SAFETY PERFORMANCE

LTIR  
**0.19**  
(2019 – 0.0)

TCIR  
**1.43**  
(2019 – 1.73)



# Delivering on Strategic Objectives

We build our customers' orebody knowledge



## Summary

### Demonstrating strong improvement

- Achieved over 14 million hours Lost Time Injury Free
- Adjusted EBITDA up 8% on comparable revenue over 2019
- Reinvesting in business to capitalise on market growth, adding 35 technology advanced rigs in 2019

## Market

### Progressing with strong upside potential

- Gold prices strengthening (>\$1800/oz) which supports business with ~65% revenue from sector
- Prolonged underinvestment in new capital and new projects to meet increasing demand
- Market conditions favourable for solid organic growth

## Balance Sheet

### Stabilising Net Debt to EBITDA; next Debt maturity 2022

- Continuing to invest in technology, growth & productivity
- Secured additional liquidity through refinancing of Senior Secured Notes

## Year Ahead

### Advancing towards a healthier business

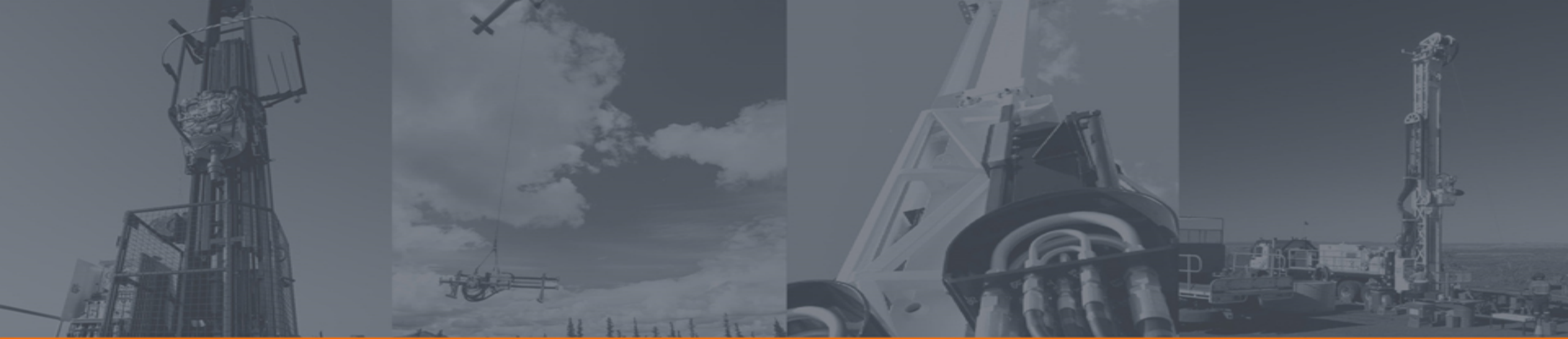
- Building track record of operating and financial performance and discipline
- Meaningful growth in Data Tools and Services (GDS) expected
- COVID-19 outbreak has had adverse impact on the business through the second quarter

# Footnote Disclosures



- **Footnote 1:** Per 200,000 work hours.
- **Footnote 2:** Loss from Trading Activities, Adjusted Gross Margin, Adjusted Operating Loss, Adjusted SG&A, Adjusted EBITDA and are non-IFRS measures and are used internally by management to assess the underlying performance of the business and have been derived from the Company's financial results by adding back significant items (i.e., charges relating to recapitalization, impairments, restructuring, and employee and related costs). In the case of Pro Forma Adjusted EBITDA, additional adjustments are made to account for one-time items. In the case of Loss from Trading Activities, adjustments are made to Adjusted Operating Loss to remove other expense/income.
- **Footnote 3:** Volume has been calculated on a comparable basis and eliminates impacts of FX
- **Footnote 4:** Transactions between segments are carried out at arm's length and are eliminated on consolidation.
- **Footnote 5:** Source: S&P Global Market Intelligence.





# Questions?

