

27 August 2020

Boart Longyear Announces First Half 2020 Results

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 half ended 30 June 2020. All results are referenced in US dollars.

Jeff Olsen, Boart Longyear's CEO, commented on the Company's results, stating, "I am extremely proud of how the organisation has come together to support the business through the first half of the year. Faced head on by a global pandemic and uncertainty around the activity levels of our Customers, our people implemented necessary process changes to maintain safe working conditions for our employees to return to work, where appropriate. Many parts of the world classified mining activities as essential services which allowed the business to continue to support our customer base; however, we were far from immune to the impacts of the pandemic and this saw a heavy impact to the Company's revenue. Management implemented plans in March that would ensure the Company would be able to continue to support the mining industry when normal activity levels resumed. The actions taken, including significant pay reductions across the world, ensured the business would generate positive EBITDA and cash from operations and were vital in supporting the company with having the required liquidity to support a growing business through the second half of 2020."

KEY METRICS FOR YEAR THROUGH 30 JUNE 2020 (Compared to restated 30 JUNE 2019)

- **REVENUE – \$309M – Down \$79M - After eliminating impacts of FX revenue was lower by \$70M or 18% on 2019**
- **ADJUSTED EBITDA – \$24M - Down \$34M (58%) with largest impact coming from the effects of COVID-19 during the second quarter**
- **NET PROFIT AFTER TAX – (\$61M) – Lower by \$58M, from the impact of decreased operational activity of \$34M, impairments of \$8M and additional financing costs of \$15M**
- **NET DEBT - \$815M – Increase of \$73M from financing costs**
- **NET CASH FLOWS FROM OPERATING ACTIVITIES – \$30M – Improvement of \$10M due to Net Working Capital initiatives**

COMPARATIVE RESULTS

(US \$M)	Consolidated Results		
	Half-Year Ended		% Change Fav/(Unfav)
	30-Jun-20	30-Jun-19	
Total Company			
Revenue	309	388	(20%)
Statutory EBITDA	13	54	(75%)
Adjusted EBITDA	24	58	(58%)
Statutory Net Loss After Tax	(61)	(3)	NMF
Net Cash Flows from Operating Activities	30	20	47%
Net Debt	815	742	(10%)
SG&A	39	46	16%

(US \$M)	Divisional Results		
	Half-Year Ended		% Change Fav/(Unfav)
	30-Jun-20	30-Jun-19	
Global Drilling Services			
Revenue	214	271	(21%)
Statutory EBITDA	26	57	(55%)
Average Number of Operating Drill Rigs	239	288	(17%)
Average Number of Drill Rigs	691	692	(0%)
Average Rig Utilisation	35%	42%	(17%)

(US \$M)	Divisional Results		
	Half-Year Ended		% Change Fav/(Unfav)
	30-Jun-20	30-Jun-19	
Global Products			
Revenue	95	117	(18%)
Statutory EBITDA	12	17	(29%)
Average Backlog	33	31	8%

RESULTS COMMENTARY

Revenues for the first half were lower compared to the prior year and were impacted by FX currency movements. Adjusting for the FX effect, revenue decreased 18% from the prior year period. Lower demand in the business was directly related to the impacts of COVID-19 on exploration activities between March and June. Adjusted EBITDA decreased from \$58M to \$24M, driven by impacts directly related to COVID-19 along with additional upfront expenditures on recently awarded contracts in the Drilling Services business.

The Company saw an improvement in cash from operations through June of \$10M (\$30M source through June 2020 compared to \$20M through June 2019). Net working capital reductions from 31 December 2019 levels supported by initiatives implemented to preserve liquidity as the Company navigated the impacts of the COVID-19 pandemic.

As announced to the market on 24 July 2020 the Company corrected an accounting error for the Applicable Premium following its addition to the Senior Secured Notes as part of the 2017 debt restructure. The correction to first half 2019 accounts resulted in an increase of the Company's debt of \$11.6M and financing costs for the first half period of \$5.4M.

Liquidity at 30 June 2020 was \$38M, comprised of cash balances totalling \$32M and a further \$6M of availability under the Company's asset-based loan facility.

STRATEGIC PRIORITIES

Our focus on safety continues to be an integral and strategic priority for the business and is deeply embedded in the Company culture. Boart Longyear continues to set the industry benchmark standard for drilling and mining customers.

Leading indicators for the underlying demand for the Company's Drilling Services, Drilling Products, and Geological Data Services (GDS) continue to show positive outlook, however the Company anticipate a postponement of some exploration spend in the third quarter of 2020 due to impacts from the COVID-19 pandemic. Overall, the Company saw drilling activity down as customers delayed decisions and through continued lack of funding for junior mining companies in some jurisdictions. The Company anticipates, following a recovery from COVID-19 impacts, that exploration spend levels will regain momentum heading into 2021. In response to the COVID-19 crisis, the Company took swift actions in Q1 2020 to reduce operational overhead. The Company continues to focus on a number of additional operational initiatives to reduce overhead costs and improve the quality of revenue, during this period of uncertainty.

Boart Longyear continues to focus on improving the way it does business with customers, as well as, delivering innovative solutions that help our customers unlock orebody knowledge. The Company's Geological Data Services ("GDS") division 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 peaked in April with exploration activities declining, impacted by government-imposed closures along with customers choosing to delay projects.

The Company continues to eliminate all non-essential operating and capital expenditures. As part of these cost reduction measures, the Board, CEO, all Group Executives, and the majority of employees in overhead positions elected to temporarily reduce their cash remuneration by 50-100% collectively during the second quarter. Additionally, the Company agreed with the senior secured note holders to convert cash pay interest to Payment in Kind interest for 2020 and is exploring options to further preserve liquidity and address an over-levered balance sheet.

The duration of the impacts of COVID-19 and the speed of recovery of the industry remains unclear and the resultant impacts on our operations, but we continue to see improvements since April.

Authorised for lodgement by:

Nora Pincus,
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. To get Boart Longyear news direct, follow us on [Twitter](#), [LinkedIn](#) and [Facebook](#).

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