



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

ASX ANNOUNCEMENT (ASX:BLY)

27 August 2020

ASX Markets Announcement Office
Exchange Centre
20 Bridge Street
Sydney NSW 2000

BY ELECTRONIC LODGEMENT

2020 Half Year Results Presentation

Please find attached for release to the market, Boart Longyear Limited's 2020 Half Year Results Presentation.

-ENDS-

Authorised for lodgement by:

Nora Pincus,
Company Secretary

About Boart Longyear

Established in 1890, Boart Longyear is the world's leading provider of drilling services, drilling equipment and performance tooling for mining and drilling companies. It also has a substantial presence in aftermarket parts and service, energy, mine de-watering, oil sands exploration, production drilling, and down-hole instrumentation.

The Global Drilling Services division operates for a diverse mining customer base spanning a wide range of commodities, including copper, gold, nickel, zinc, uranium, and other metals and minerals. The Global Products division designs, manufactures and sells drilling equipment, performance tooling, down-hole instrumentation and parts and services.

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](#).

Investor Relations:

Matthew Broomfield
Director, Investor Relations
Australia +61 8 8375 8300
USA +1 801 952 8343
ir@boartlongyear.com

Media:

Michael Weir
Citadel-MAGNUS
Australia: +61 8 6160 4903
Mobile: +61 402 347 032
mweir@citadelmagnus.com



First Half 2020 Results
August 2020
Jeff Olsen – Chief Executive Officer

Important Notice and Disclaimer

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- All references to dollars are to United States currency unless otherwise stated, and financial results presented are not audited.

Boart Longyear is

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

**An expert in providing valuable
orebody knowledge**



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

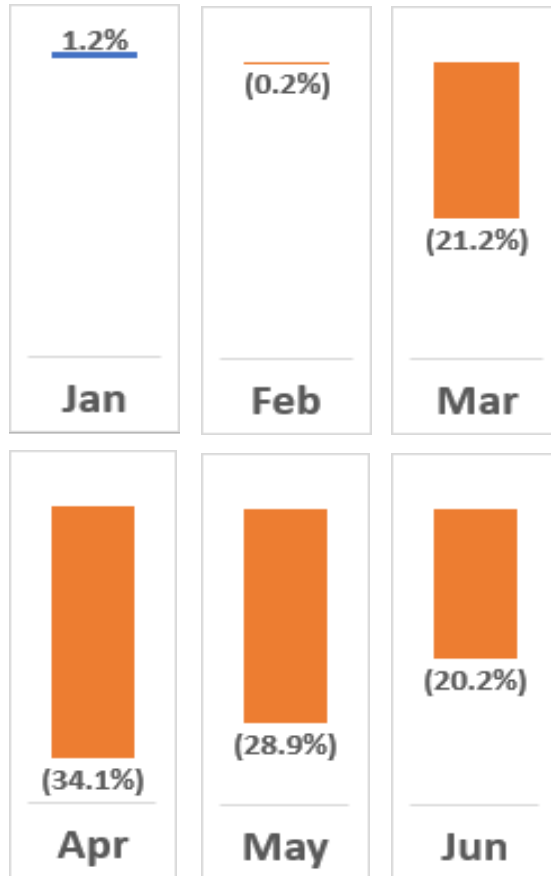
FIRST HALF 2020 HIGHLIGHTS

- Material impact of COVID-19 on operating performance

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REVENUE ³ 2019 vs 2020



FINANCIAL PERFORMANCE

REVENUE ³
(18%) ↓

NET PROFIT AFTER TAX ⁴
Neg \$61M ↓
(2019 – Neg \$3M)

ADJUSTED EBITDA ²
\$24M
(2019 – \$58M)

OPERATING CASH FLOW
\$30M ↑
(2019 – \$20M)

KEY ACHIEVEMENTS

COVID-19 PANDEMIC
Business continuity plan
implemented generating 25%
savings ↑

**SENIOR SECURED
NOTEHOLDERS
99.75% Approval**
2020 Cash Interest
converted to PIK preserving
\$25M liquidity in light of
Pandemic ↑

**MULTIPLE COMMERCIAL
AGREEMENTS SIGNED
FOR TRUSCAN™** ↑

SAFETY

**LTIR
0.09**
(2019 – 0.00) ¹

**TCIR
1.42**
(2019 - 1.22) ¹

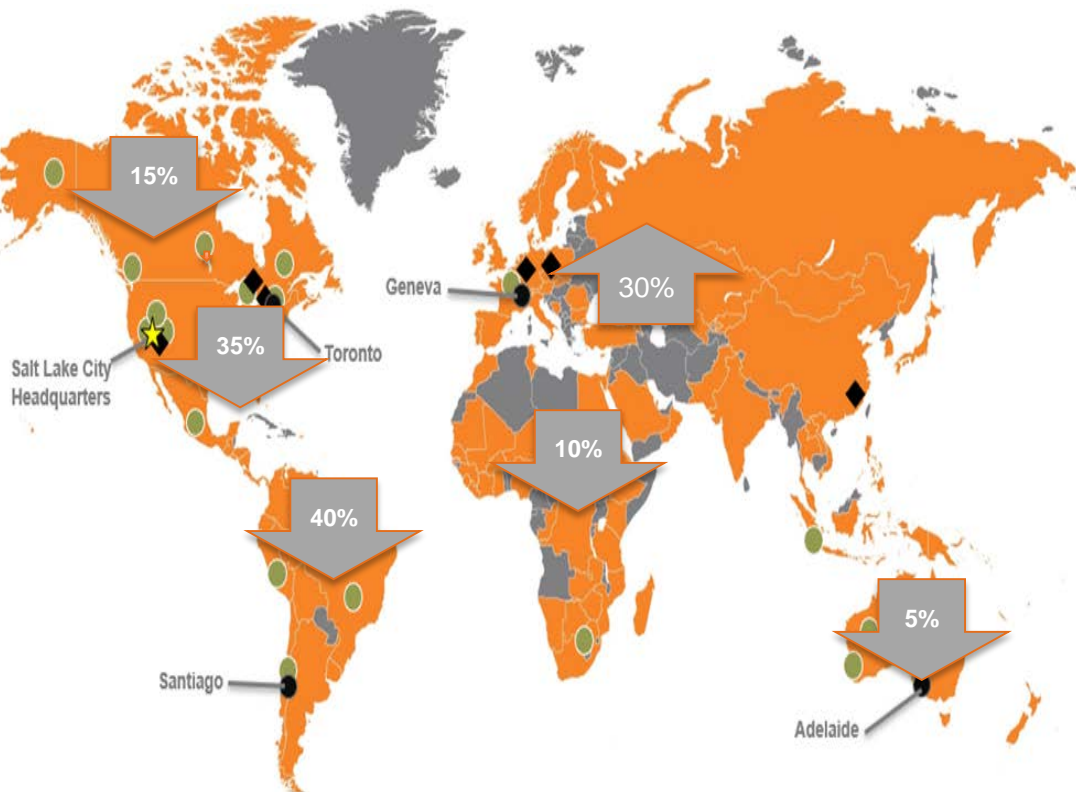
COVID-19 - How has the Company performed?

- Material impact of COVID-19 on operating levels but has been well managed

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Impacts on Jurisdictions through first half 2020



Management Actions Implemented to Reduce COVID-19 Impact

Operating Actions

Management initial assessment of significant decrease in revenue versus expectation

- Acted swiftly & aggressively with a global effort to reduce overhead costs
- Overhead personnel were placed on restricted pay by either:
 - Exco and Board took 75-100% pay reduction for the period
 - Furloughed – working 1 week/month with 75% pay reduction
 - Pay reductions - working full time with 50% pay reduction
- Implemented travel ban on workforce not directly tied to field based projects
- Renegotiated deferred / delayed lease payments on all Rooftops
- Negotiated with customers for assistance / fixed cost relief
- Government support received where available
 - Government emergency wage support
 - Government Tax deferrals achieved across many jurisdictions

Finance Actions

- Senior Secured Notes – 99.75% approval from Lenders to convert cash interest to PIK interest through 2020
- Bank provided relief on ABL covenants through Q2 to combat impact of COVID-19 – \$5M liquidity benefit
- Ceased non-committed capital investment through second quarter
- Implemented further inventory initiatives
- Improved billing and collection cycles



MDR™500 Underground Coring Rig



First Half 2020 Results
August 2020
Miguel Desdin– Chief Financial Officer

Financial Metrics – First Half 2020

- Material impact of COVID-19 on financial performance

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REVENUE

\$309M³

After eliminating
impacts of FX
(18%)

PROFITABILITY

Adjusted EBITDA²

\$24M

(2019 – \$58M)

Net Profit After Tax⁴

Neg \$61M

(2019 – Neg \$3M)

OPERATING CASH FLOW

\$30M

(2019 – \$20M)

Improvements in working
capital management, reduced
tax spend and lower capital
investment

LIQUIDITY

\$38M

(2019 - \$45M)

\$32M cash balances &
\$6M availability under
Company's ABL

CAPITAL DEPLOYED

\$15M

(2019 – \$22M)

Investment in
Organic & Technological
opportunities

NET DEBT

\$815M

(2019 – \$742M)

Inclusion of Applicable
Premium & Debt
Modification on Senior
Secured Notes

NET WORKING CAPITAL

27.9%

(2019 – 30.8%)

2.9%
Sales improvement
over 2019

RATING OUTLOOK

**Moody's
Caa2
Outlook - Stable**

**S&P
CCC+
Outlook – Negative**

Consolidated Results Summary: First Half 2020

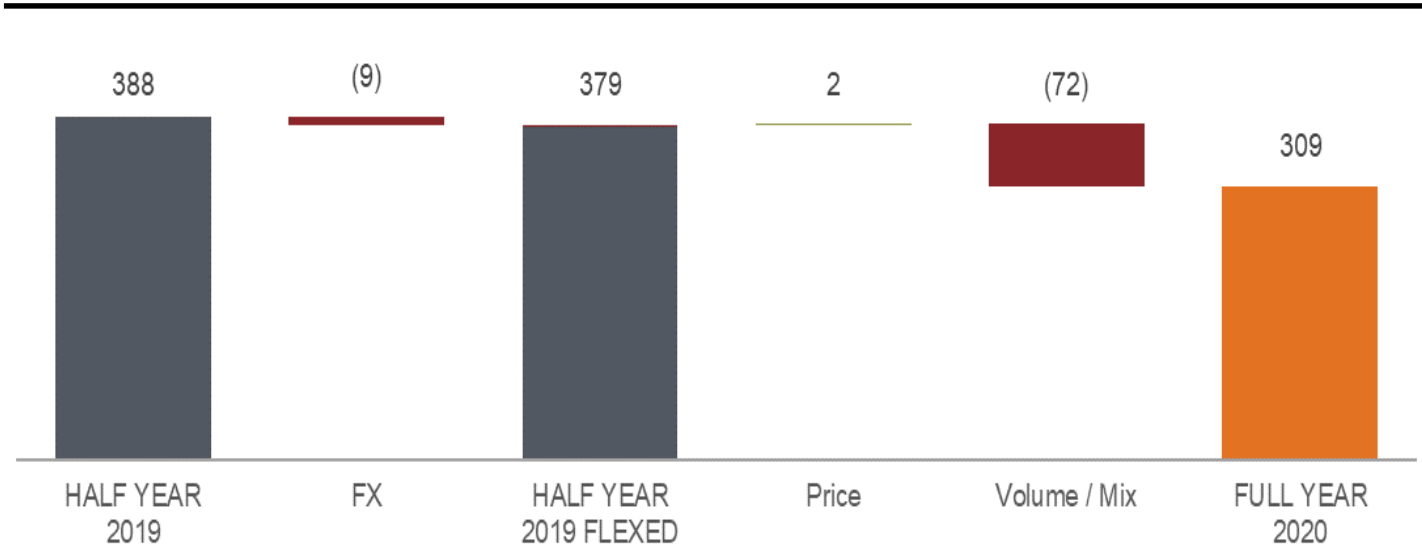
- Volumes directly effected by COVID-19

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(US \$M)

Consolidated Revenue Bridge



- Excluding FX, revenue decreased \$70M (18%)
- April was low point of COVID-19 pandemic

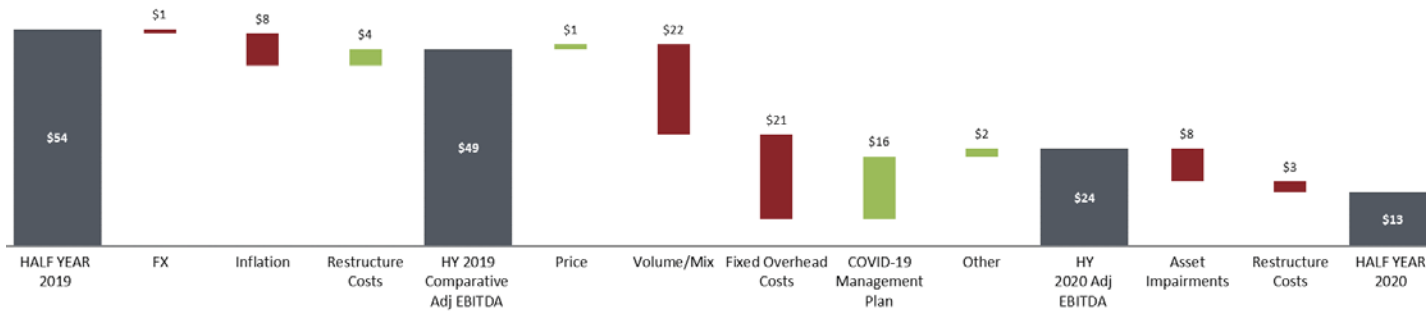
Consolidated Results Summary: First Half 2020

- Positive EBITDA despite combating impacts of COVID-19

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(US \$M) Consolidated Adjusted EBITDA² Bridge



Adjusted EBITDA² down \$34M (58%) driven by:

- Impacts in volume through the second quarter from COVID-19
- Improvements generated through swift & aggressive actions in a global effort to reduce overhead costs

Balance Sheet Improvement

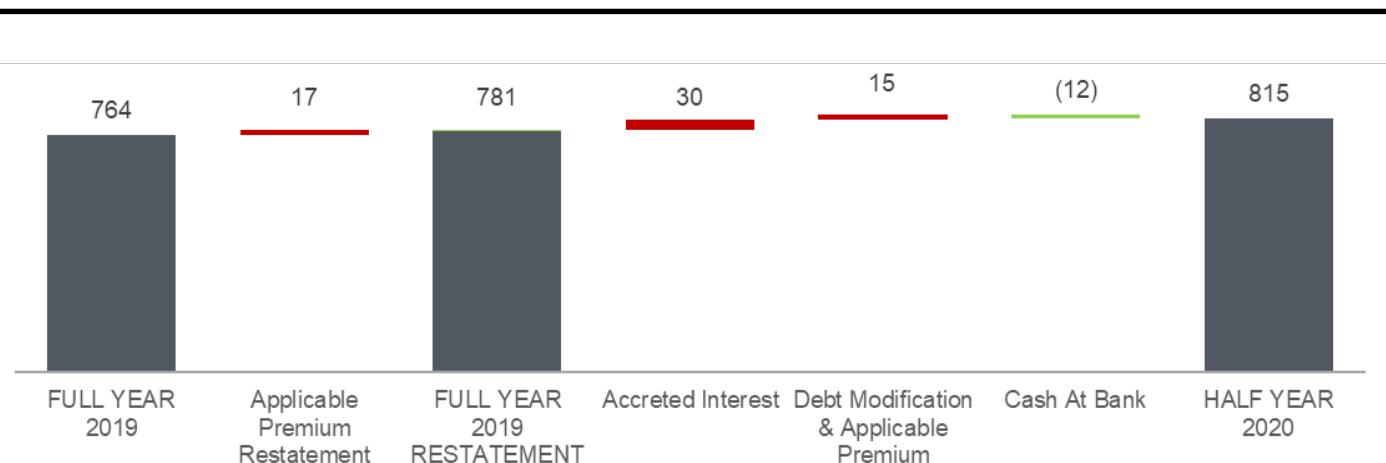
- Short Term impacts of COVID-19 impacting Net Debt Leverage

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(US \$M)

Net Debt Bridge



- Consent of 99.75% of Senior Secured Note holders saw amendment to convert cash interest payments to payment in kind for 2020 to conserve Company's liquidity
- Applicable Premium negotiated into Senior Secured Note as part of the 2017 Debt Restructure and payable at maturity is now accounted for in Debt (\$21.7M)
- **Next maturing Debt Facility – July 2022**

Balance Sheet Improvement

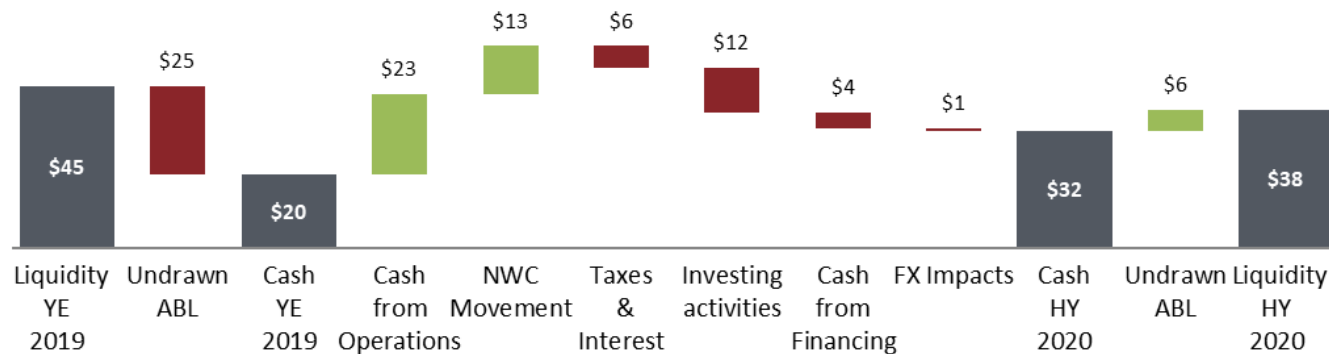
- Liquidity management through COVID-19 interruptions highest priority

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(US \$M)

Liquidity Management



- **First half 2020 Cash generation from operations a positive in light of impacts of COVID-19**
- **ABL** - Borrowing on the facility is limited to the lower of the Lender's commitment (\$65M) or the borrowing base (\$45M @ 30 June). As COVID-19 abates the company expects business activity and the borrowing base to increase.
- **NWC** - Release supported by lower activities as well as initiatives implemented under management business continuity plans



Prospectors & Developers Association of Canada (PDAC)



First Half 2020 Results
August 2020
Jeff Olsen – Business Overview

Global Exploration Market – Commodities

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- Metrics indicate a critical need for further investment in new reserves

Gold Avg. Mine life at 9 years (Down 36%)

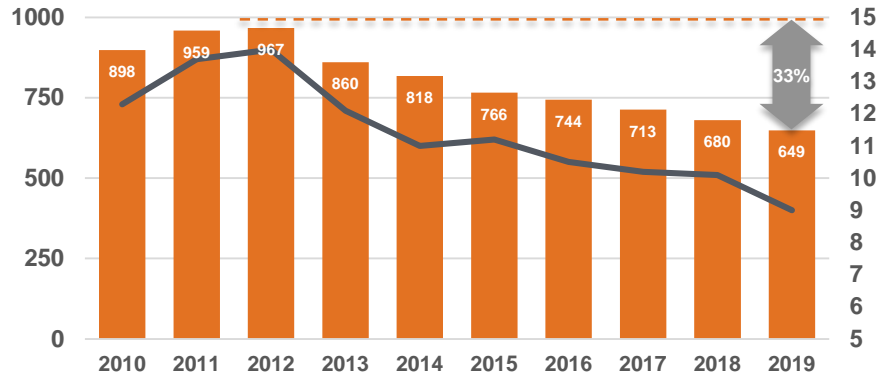
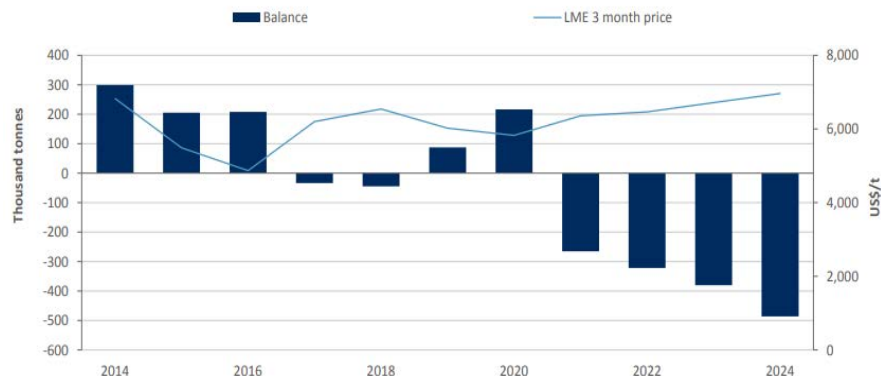


Chart: Gold Reserve Position of top 20 Producers

Source – S&P Global Markets Analysis

S&P forecast material Cu deficit 2021-24



Source – S&P Global Markets Analysis



GOLD

Global Gold Resource & Reserve statement highlight need for material investment in reserve replacement

- Combined gold reserves across majors are down 33%
- New gold discoveries at historic lows
- Majority of miners “high grading” deposits with 60% mining at above average reserve grade
- Junior activity increasing on increased Gold prices

COPPER

Copper supply side requires significant exploration & project development activity to meet forecast deficits

- Analysts predicting an increasing supply deficit for Copper over the next 5 years.
- Project pipeline insufficient to meet rising demand
- Major miners now focusing on Copper Exploration
- Limited greenfield exploration success from Majors in recent years
- Improving Copper and Base Metal pricing

HY 2020 Results – See page 24 for footnote descriptions

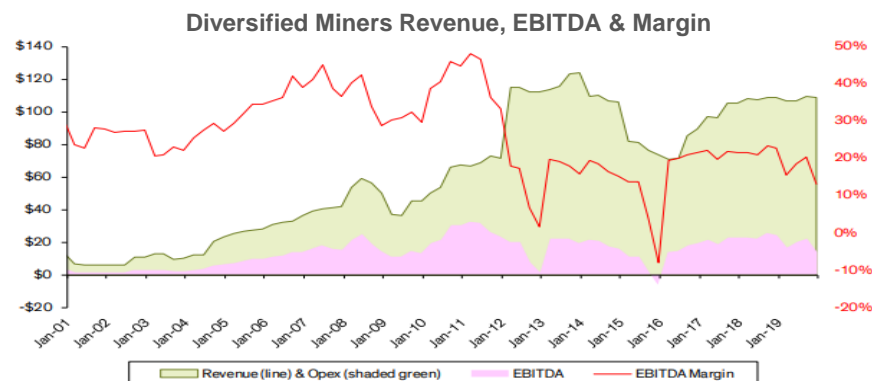
Global Exploration Market - Industry

- Strong leading indicators point to increased demand for exploration spend

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Industry Cashflows



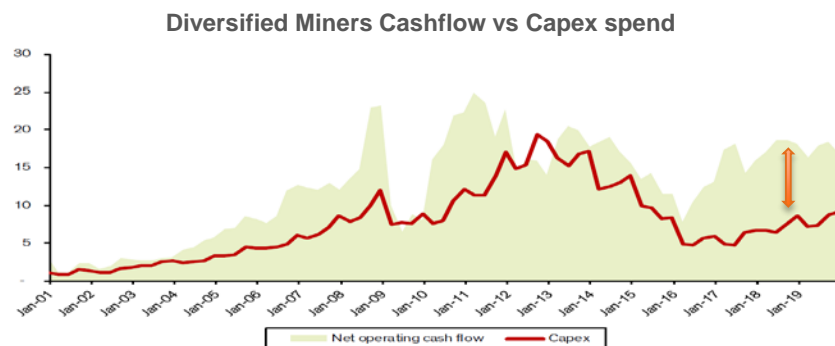
Cashflow = Excess Cash

CASH FLOW

Commodity pricing and revenues returned to 2012 levels

- Strong sector operating margins (EBITDA)
- Significant sector Free Cash Flow (FCF) generation

Industry Capital



Capital = Discretionary Spend

CASH FLOW

Early signs of Increased Capital Investment

- 5+ Years of under-investment
- Heavy Mining Equipment (HME) spend has similar discretionary nature to exploration spend

Global Exploration Market - Industry

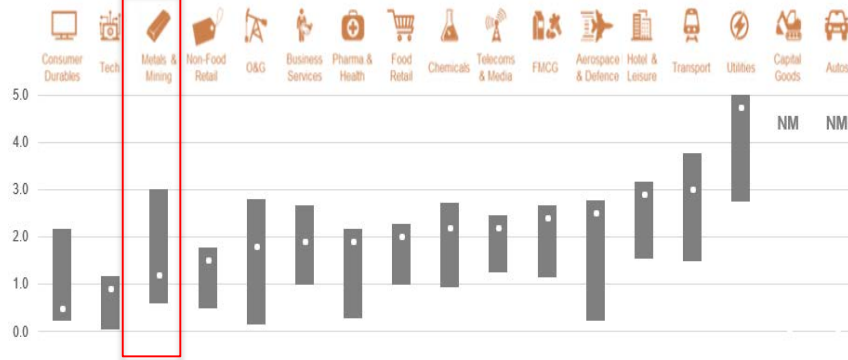
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- Strong leading indicators point to increased demand for exploration spend

Industry Balance Sheet

Sector Indebtedness over last 15 years (Net Debt to EBITDA)



Balance Sheet = Capacity

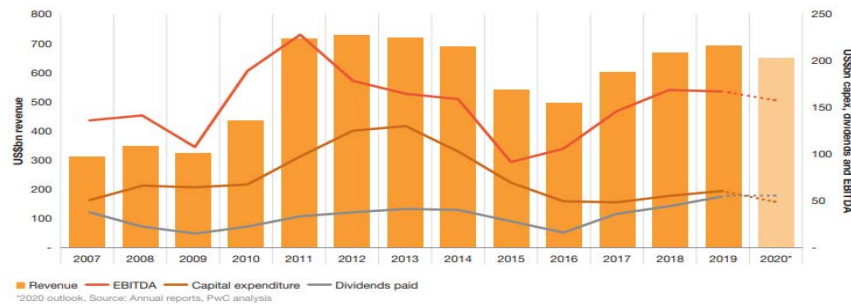
BALANCE SHEET

Mining House balance sheets are strong

- Repair cycle sees strongest position in last 15+ Years
- 3rd strongest global industry sector

Industry Returns

Top 50 Mining Companies Performance



Returns = Investor Appetite

INVESTMENT RETURNS

Equity Markets returning investment to sector

- MSCI & Gold indices close to 2012
- EBITDA in range of 2012 Performance
- Nearing peak dividend yields of ~5%
- Miners will need to invest to maintain long term returns

Geological Data Services

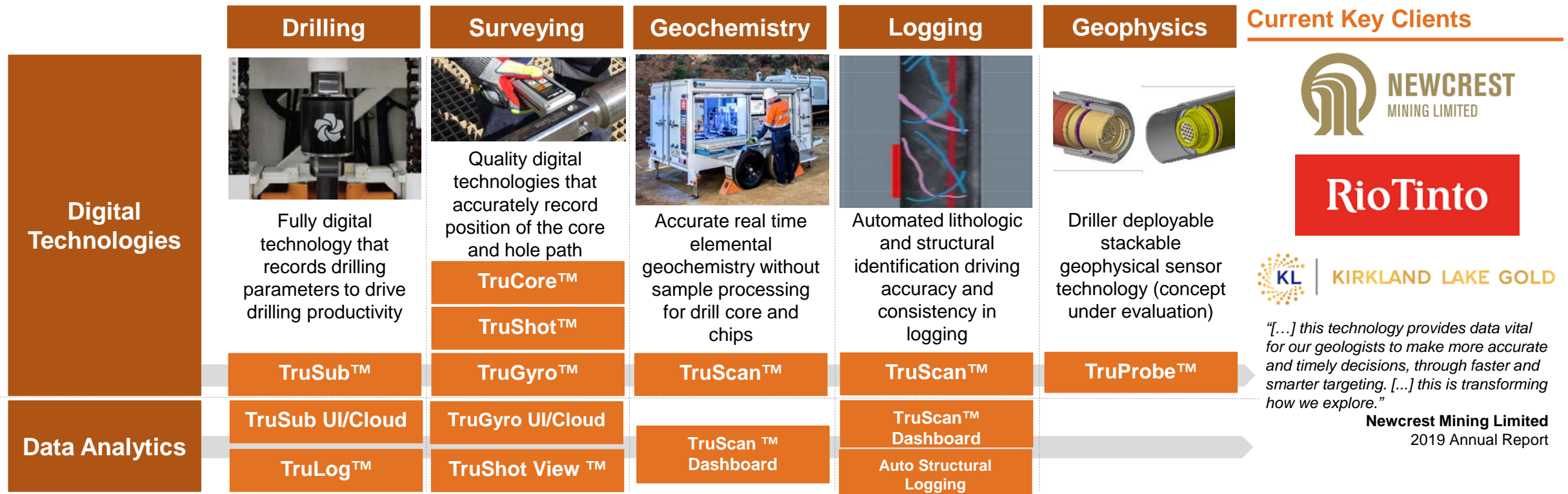
- Providing accurate and consistent data to drive efficient mining

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Unlocking orebody knowledge through a comprehensive approach

- Geoscientist-led technology development with field testing sites in Australia & Canada
- Replaces disjointed, inefficient systems to vastly improve pace and cost of development
- Leveraging global presence, customer relationships, & reputation for quality



Delivering on Strategic Objectives

- We build our customers' orebody knowledge

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Summary

Decisive actions taken through H1 to combat impacts of COVID-19

- Positive Adjusted EBITDA of \$24M despite combating impacts of COVID-19
- Net Cash Flow from Operating Activities increased \$10M on first half 2019
- Successful negotiation on Senior Secured Note facility to generate full year ~\$25M liquidity

Market

Industry metrics indicate strong upside potential

- Gold prices attractive with Copper deficit to drive upside
- Prolonged underinvestment requires correction
- Equity markets returning to investment in sector

Balance Sheet

Challenged capital structure; focus on improving business performance to create options

- **Next maturity 2022**
- Implement capital structure option that balances interests of all stakeholders

Year Ahead

Activity levels improving but potential for continued restrictions in some countries

- Partnering with customer's to manage health and wellbeing of industry workforce
- Investing in equipment to be positioned to capitalise on growing market
- Monitoring impacts of COVID-19 on each Country and will act as required

Questions?





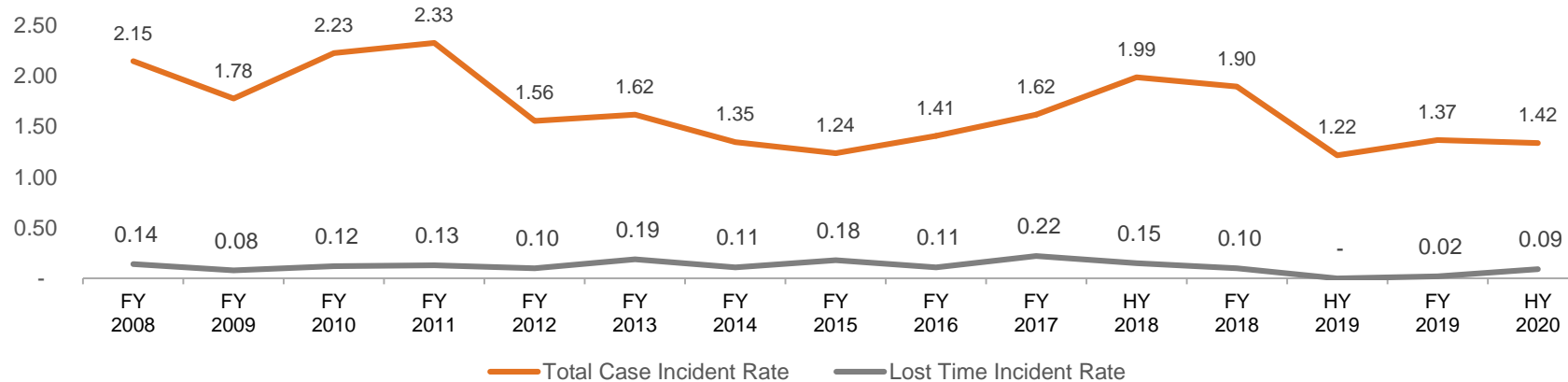
Environment, Health and Safety

Leading safety performance focused on continuous improvement

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Total Incident Rates¹



Safety Performance

- 2020 Lost time incidents – 2 (vs 0 LTI's over same period 2019)

Key initiatives:

- COVID-19 Business Continuity Plans have been implemented
 - Global Directive documents have set a framework for COVID-19 control measures at all operating sites and facilities
 - Tracking and trending COVID-19 through our Global EHS Information Management System (GEMS) allows for timely actions and focuses on our employee's health
 - Partnered with our clients and health authorities to provide a safe work environment
- Critical Risk Program – Eliminating potential fatal and significant injuries
 - Added specific COVID-19 critical control verifications to our proactive GEMS system
- Refocus on our EHS fundamentals as operating rhythms stabilize
 - Region and business line specific plans have been implemented in Q2 focused on achieving our EHST 2020 targets
 - Particular attention will be on crews that have been under lockdown or extended rotations due to the pandemic
 - Virtual or digital leadership interactions and verifications are now part of our employee engagement approach



Leading safety performance KPI's

- LTIR – 0.09
- TCIR – 1.42

“Our goal is to add value with zero harm – leading our industry with our employees returning home safely each day and performing our work with minimal impact to our neighbours and the environment.”



Year-Over-Year Comparison

Weathering the short term impacts of COVID-19 on business

Statutory

(US \$M except EPS)	HY 2020	HY 2019	Change Fav / (Unfav)
Revenue	309	388	(20%)
Gross Margin	45	86	(48%)
<i>GM as % of Revenue</i>	15%	22%	
Operating Profit	7	35	-79%
<i>OM as % of Revenue</i>	2%	9%	
EBITDA	13	54	-75%
<i>EBITDA as % of Revenue</i>	4%	14%	
NPAT	(61)	(3)	NMF
<i>NPAT as % of Revenue</i>	-20%	-1%	
EPS (cents)	(69.6)	(3.5)	NMF

Adjusted²

(US \$M)	HY 2020	HY 2019	Change Fav / (Unfav)
Revenue	309	388	(20%)
Adjusted Gross Margin	46	86	-46%
<i>Adj. GM as % of Revenue</i>	15%	22%	
Adjusted Operating Profit	7	35	-79%
<i>Adj. OM as % of Revenue</i>	2%	9%	
Adjusted EBITDA	24	58	-58%
<i>Adj. EBITDA as % of Revenue</i>	8%	15%	

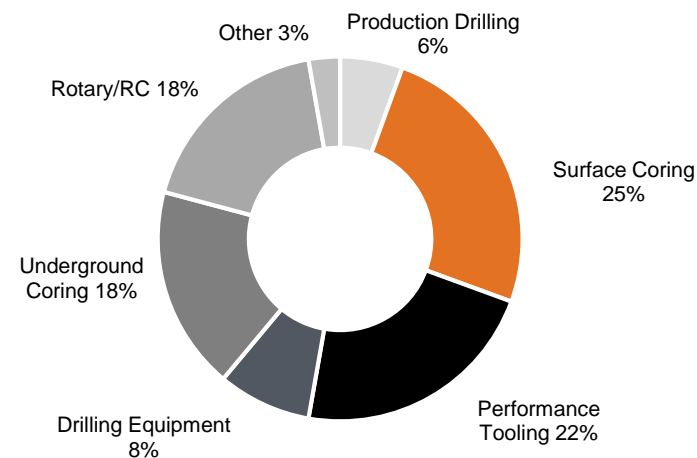
Key Performance Indicators by Quarter

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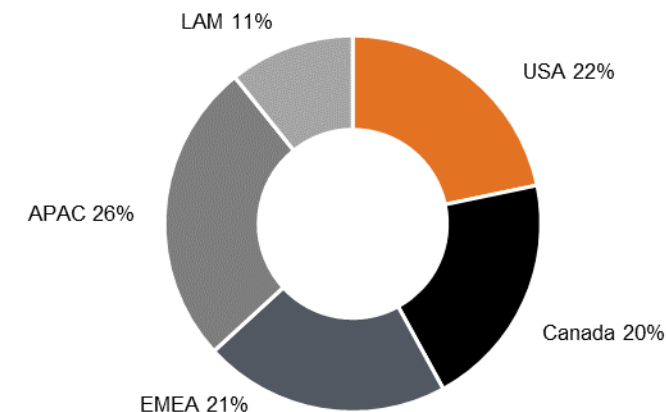


	Quarters ended 2020		Quarters ended 2019				Quarters ended 2018				Quarters ended 2017			
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Total Company														
Revenue (US\$ millions)	138.3	170.9	166.0	191.1	198.0	189.9	180.1	196.4	206.4	187.8	183.7	199.2	192.5	163.7
EBITDA (US\$ millions)	5.6	7.8	(13.5)	26.3	34.2	19.5	5.1	20.7	15.3	13.0	(20.1)	(4.5)	(7.6)	(4.4)
Adjusted EBITDA ² (US\$ millions)	15.5	8.6	1.9	27.7	36.2	21.6	19.7	24.4	21.1	15.5	5.8	15.9	12.8	8.6
Operating Profit (Loss)	(4.7)	(1.8)	(30.0)	16.7	25.0	9.5	(7.8)	10.7	9.6	0.3	(28.8)	(21.5)	(16.9)	(21.8)
Net cash flow s (used in) provided by operating activities	24.6	4.9	4.3	11.0	16.6	3.4	17.2	(1.5)	(12.0)	-	37.9	(34.2)	(18.3)	(39.4)
Net Debt (US\$ millions)	815.0	791.0	781.5	753.2	742.5	735.2	688.7	668.5	651.0	617.0	600.2	595.8	753.2	718.4
SG&A (US\$ millions)	15.0	23.8	26.2	21.8	23.9	22.2	22.2	20.6	21.7	23.0	20.2	28.6	27.2	27.4
Global Drilling Services														
Revenue (US\$ millions)	96.9	117.0	115.1	130.3	138.9	132.0	126.6	140.2	145.2	121.7	122.6	136.6	134.1	107.3
EBITDA (US\$ millions)	14.6	11.0	9.1	24.2	31.0	26.0	19.7	24.3	27.1	11.8	11.0	23.8	23.8	10.5
Average # of drill rigs	691	689	691	689	691	691	685	672	672	677	702	715	718	739
Average rig utilisation	35%	38%	40%	41%	42%	41%	43%	47%	49%	44%	43%	46%	45%	37%
Global Products														
Revenue (US\$ millions)	41.5	53.9	50.9	60.8	59.0	58.0	53.5	56.2	61.2	66.1	61.0	62.7	58.4	56.4
EBITDA (US\$ millions)	12.3	5.5	(2.5)	16.1	11.3	6.0	6.7	8.9	7.9	7.4	(0.2)	5.8	(0.1)	5.8
Average backlog (US\$ millions)	30.0	36.5	32.3	24.5	30.6	30.9	27.9	22.9	29.9	32.0	31.3	27.0	23.7	21.7

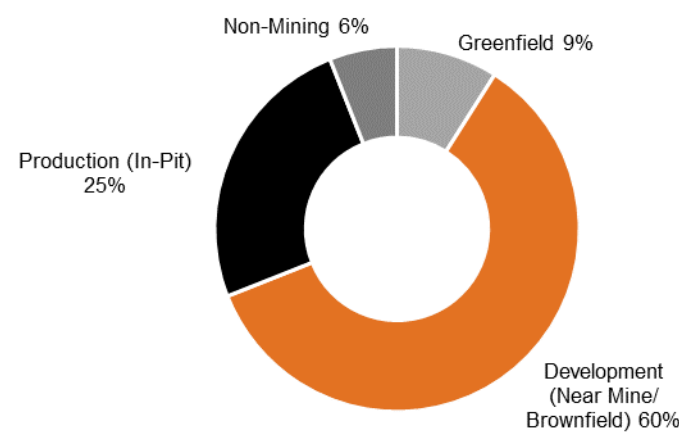
Revenue by Type – Products & Services



Revenue by Region – Products & Services



Drilling Services Revenue by Stage





- **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 recapitalisation, 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:** Revenue has been calculated on a comparable basis and eliminates impacts of FX
- **Footnote 4:** Net Profit after Tax was impacted through the first half by a number of Non-Cash and Non-Recurring adjustments including impairments, debt modification and other restructuring charges