

26 August 2021

Boart Longyear Announces First Half 2021 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 2021. All results are referenced in US dollars.

Jeff Olsen, Boart Longyear's CEO, commented on the first half by stating, "activity levels through the first half continued to grow, with the Company posting its strongest half year of revenue since 2013. Exploration and mining volumes rose with the reinvestment into our sector coming from major mining houses expanding their programs, as well as junior and intermediate miners increasing their activities. We anticipate activity levels will continue to increase through 2021 and into 2022 as mining houses look to recover lost ground and implement investment spending to return reserve levels closer to historic levels, particularly through surface exploration."

At the same time Mr. Olsen noted, "the Company is in the middle of implementing the proposed recapitalisation of its debt which is unsustainable, maturing shortly and inhibiting near-term growth. We remain optimistic that the investor community will support the resolutions to recapitalise the balance sheet at the EGM scheduled for 8 September 2021."

HIGHLIGHTS FOR YEAR THROUGH 30 JUNE 2021 (Compared to 30 JUNE 2020)

- **REVENUE - \$447M - Up \$138M (45%) with improving market conditions and growth in exploration spending**
- **NET PROFIT AFTER TAX - (\$38M) - Improvement of \$23M was supported by underlying operational activity**
- **ADJUSTED EBITDA - \$62M - Up \$38M (158%) driven largely by increased demand for our products and services**
- **NET DEBT - \$911M - Increase of \$96M from H2 2020 and H1 2021 interest converting to debt (PIK)**
- **NET CASH FLOWS FROM OPERATING ACTIVITIES - \$25M - A decrease of \$5M year-over-year on higher investment in working capital to support growth**

COMPARATIVE RESULTS

(US \$M)	Consolidated Results		
	Half-Year Ended		% Change Fav/(Unfav)
	30 Jun 21	30 Jun 20	
Total Company			
Revenue	447	309	45%
Statutory EBITDA	50	13	276%
Adjusted EBITDA ¹	62	24	158%
Statutory Net Loss After Tax	(38)	(61)	38%
Net Cash Flows from Operating Activities	25	30	(15%)
Net Debt	911	815	(12%)

(US \$M)	Divisional Results		
	Half-Year Ended		% Change Fav/(Unfav)
	30 Jun 21	30 Jun 20	
Global Drilling Services			
Revenue	301	214	41%
Statutory EBITDA	50	26	97%
Average Number of Operating Drill Rigs	306	239	28%
Average Number of Drill Rigs	642	691	(7%)
Average Rig Utilisation	48%	35%	38%

(US \$M)	Half-Year Ended		% Change Fav/(Unfav)
	30 Jun 21	30 Jun 20	
	Global Products		
Revenue	146	95	53%
Statutory EBITDA	32	12	159%
Average Backlog	61	33	84%

¹Adjusted EBITDA is 'Earnings before interest, tax, depreciation and amortisation and before major restructuring initiatives, impairments of assets, and other significant and non-recurring transactions outside the ordinary course of business'

RESULTS COMMENTARY

Revenues for the first half were \$447M, 45% higher compared to prior year and represents the strongest first half since 2013. Resurgence in drilling activity is visible in the Company's operating rates with all business units and regions contributing. Our surface exploration line saw the largest increase in activity with the Company increasing utilisation of existing rigs as well as deploying new rigs to the field. The Company has also taken several significant surface drilling rig sales orders, fully utilizing available manufacturing capacity. We are now taking orders for 2022 across several rig lines. The impacts of COVID-19 on a global scale have now decreased; however, in some regions risks of interruptions to our operations remain.

Adjusted EBITDA for the first quarter increased by \$38M year-over-year to \$62M, driven largely by increasing demand for our products and services. We have implemented price increases while we deal with challenges in hiring additional employees and supply chain disruptions, particularly significant increases in the price of raw material.

The Company generated cash from operations through the first half of \$25M (\$30M generated through first half 2020). The expansion in operating activities, along with ongoing initiatives to improve net working capital, supported the investment required to capture growth.

Liquidity on 30 June 2021 was \$110M, comprised of cash balances totalling \$33M and a further \$77M of availability under the Company's asset-backed loan facility and incremental financing facility.

GLOBAL MINING AND EXPLORATION UPDATE

The outlook for the mining and exploration industries reflects higher commodity pricing trends and increased investment into the sector that has been depressed for nearly 10 years. Recent market commentary suggests that the industry has now entered a significantly improved commodity cycle driven by a recovery from the COVID-19 pandemic, government stimulus initiatives, and the anticipated impacts of environmental policies on demand and supply for metals.

During the last year, numerous intermediate and junior mining houses entered the capital markets and obtained financing to fund their capital programs. The first half witnessed global equity raisings that generated \$12.8B from 1,108 new issues.

Miners have under-invested in finding and developing new resources in recent years to protect their balance sheets. Recent investment in exploration activities has focused on extending existing assets and improving reserves and resources to meet future demand.

S&P Global Market Intelligence recently upgraded their forecast on exploration investment in 2021 to 25 – 35% year over year growth. Capital financings through the second half of 2020, a recent surge in commodity prices and miners paying more attention to exploration after years of focus on cost controls are the main drivers behind increasing investment into exploration.

Over the long term, gold has accounted for approximately 40-50% of the global exploration activities with copper making up approximately 20-30% of base metal commodities. Historically, both copper and gold prices have held a strong correlation to exploration spend levels, and both commodities have seen a run



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up in price. Gold miners have seen a reduction in average mine life from highs of 20 years in 2011 to closer to 10 years, indicating a serious reserve shortage faces the sector. The base metals sector, of which copper is the dominant player, has analysts predicting insufficient supply over the next 5 years, even when factoring in the current project pipelines. Electric vehicles and green technologies will increasingly consume more copper thereby contributing to supply shortages.

STATEMENT COVERING COVID-19

Boart Longyear holds the health and safety of our employees and surrounding communities as a top priority. The Company has implemented measures required to protect the health and wellbeing of employees while ensuring ongoing operational sustainability. The Company is in constant communication with customers and employees to fine tune these plans to prevent the transmission of COVID-19. We continue to monitor information released by the World Health Organisation and governments where we operate and adjust our operating procedures to ensure we comply with government guidelines.

While the Company believes the worst of the impacts of COVID-19 on the business have been felt, there remains a level of uncertainty as populations around the world continue to navigate through this pandemic.

Authorised for lodgement by:
Nora Pincus,
Company Secretary

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 131st 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 utilises 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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