



Boart Longyear Limited
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ASX ANNOUNCEMENT (ASX:BLY)

26 August 2021

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

2021 Half Year Results Presentation

Please find attached for release to the market, Boart Longyear Limited's 2021 Half Year Results presentation.

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.



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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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LFTM160 and Freedom™ Loader



Half Year 2021 Results
August 2021
Jeff Olsen – Chief Executive Officer

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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.

Boart Longyear is



*The world's leading provider
of drilling services*

*An expert in providing valuable
orebody knowledge*



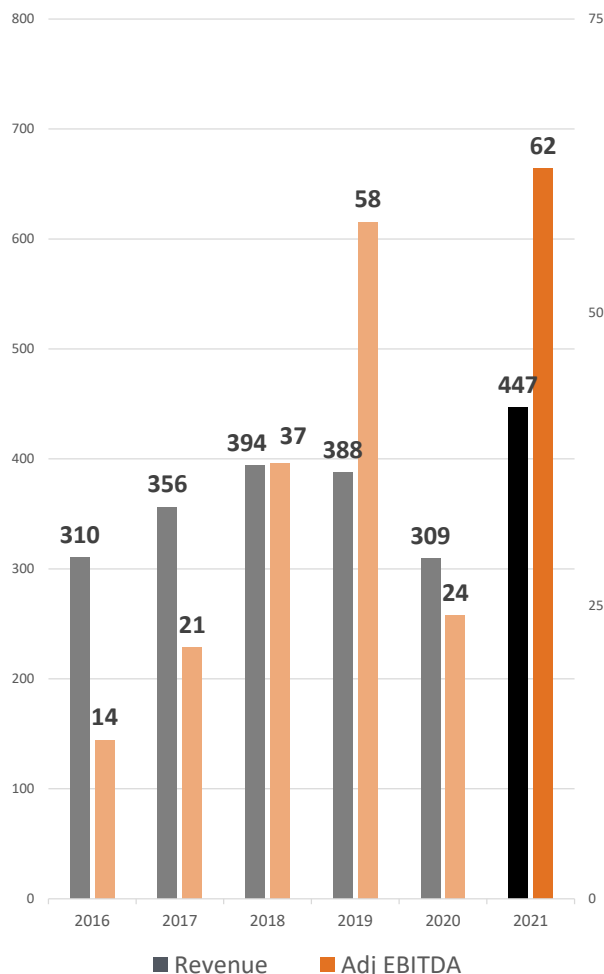
*A pioneer in drilling equipment
and performance tooling*

HALF YEAR 2021 HIGHLIGHTS

- Recapitalisation initiatives driving record financial improvements



(US \$M)



FINANCIAL PERFORMANCE

REVENUE
45%



NET PROFIT AFTER TAX ⁴
Neg \$38M
(2020 – Neg \$61M)



ADJUSTED EBITDA ²
\$62M
(2020 – \$24M)



OPERATING CASH FLOW
\$25M
(2020 – \$30M)

KEY ACHIEVEMENTS

RECAPITALISATION

Reached agreement with overwhelming majority of lenders for proposed substantial recapitalization

FINANCING

Reached agreement to secure short-term financing until recapitalisation is completed. Commitment reached with financier for long-term support

CAPACITY UPLIFT

Incremental headcount increased by 450 employees and plant capacity increased by 50%

SAFETY

LTIR
0.07
(2020 – 0.10) ¹

TCIR
1.22
(2020 - 1.61) ¹

Operating cadence stabilized with robust Covid-19 management plans, including a monetary vaccine incentive for all employees

Environmental, Social and Governance (ESG)

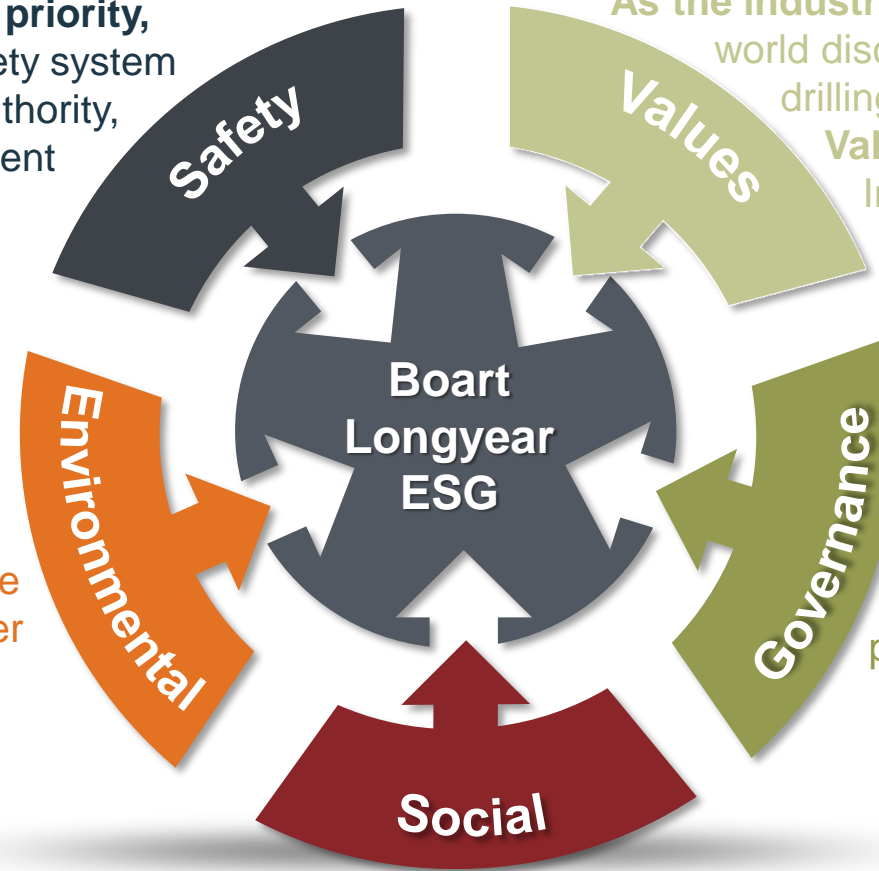
- Delivering on a commitment to our Core Values



Safety is our highest priority, and our advanced safety system includes Stop Work Authority, Global EHS Management Program and multiple other facets

As the industry leader, our **Vision** is to help the world discover its Resource Potential in safety, drilling innovation and productivity. Our **Values** include Health and Safety; Integrity; Customer Focus; and Teamwork

We commit to limiting the environmental impact of our services and manufacturing operations, and are focused on air impacts, energy & water conservation and waste minimization



We are committed to behaving ethically and ensuring all of our employees and vendors abide by our Code of Conduct. Incentives at every level are driven by safe performance.

We are committed to people
our **Employees, Customers and Communities** are at the centre of our success and sustainability.
Our positive **social** impact enables us to create and share benefits across our ecosystem.

Sharing our Story.....



E



Supporting sustainable energy sources and growing electric vehicle demand

S



Competency Training Program roll-out in Mali (CTP)

S



20 years free of lost time incidence in Jakarta

E

Laos Phukham site is named Group Winner of Air Pollution Ideas in celebration of World Environmental Day

G



Winning Certificate of Best Practice for Tax Compliance for BLY Indonesia

S



New Equality, Diversity and Inclusion vision

G

Focus on Governance and Compliance - Chief Legal Counsel, General Counsel and Corporate Secretary appointed August 2020

S

Keeping new starts safe as the market rebounds



People & Talent Building A Safe and Innovative Future

Business and Operationally Focused World-class People



WORKFORCE

5172

Employees Safely Delivering
World-Class Services through our
3 Critical Divisions

Drilling Services
Geological Data Services
Products

PRESENCE

26
**Countries Across
the World**

We Deliver the Safest and Most
Innovative Services in the Industry

DIVERSITY

**Diversity is our
Strength**

Multi-cultural Workforce

Broad Employment and
Educational Horizons

TALENT MANAGEMENT

**People
Development is
Paramount**

BLY Academy and Competency
Based Training Programs



Boart Longyear: A World-class Partner and Employer of Choice



Half Year 2021 Results
August 2021
Miguel Desdin – Chief Financial Officer

Financial Metrics – Half Year 2021

- Operating environment the best we have seen in many years



REVENUE

\$447M

(2020 – \$309M)

Strongest first half since 2013 with surface exploration fleet seeing the largest increase in activity

PROFITABILITY

Net Profit After Tax⁴

Neg \$38M

(2020 – Neg \$61M)

Adjusted EBITDA²

\$62M

(2020 – \$24M)

OPERATING CASH FLOW

\$25M

(2020 – \$30M)

Positive cash generation during a period of reinvestment into working capital

LIQUIDITY

\$110M

(2020 - \$38)

\$33M cash balances and \$77M availability under Company's ABL & Incremental Loan

CAPITAL DEPLOYED

\$26M

(2020 – \$15M)

Investment in fleet and new technologies driving growth in rising market

NET DEBT

\$911M

(2020 – \$815M)

Proposed recapitalisation to reduce debt and strengthen balance sheet

NET WORKING CAPITAL

30%

(2020 – 31%)

Ongoing initiatives improving net working capital investment

OPERATING LEVELS

Average Operating Rigs

306

(2020 – 239)

Average Backlog

\$61M

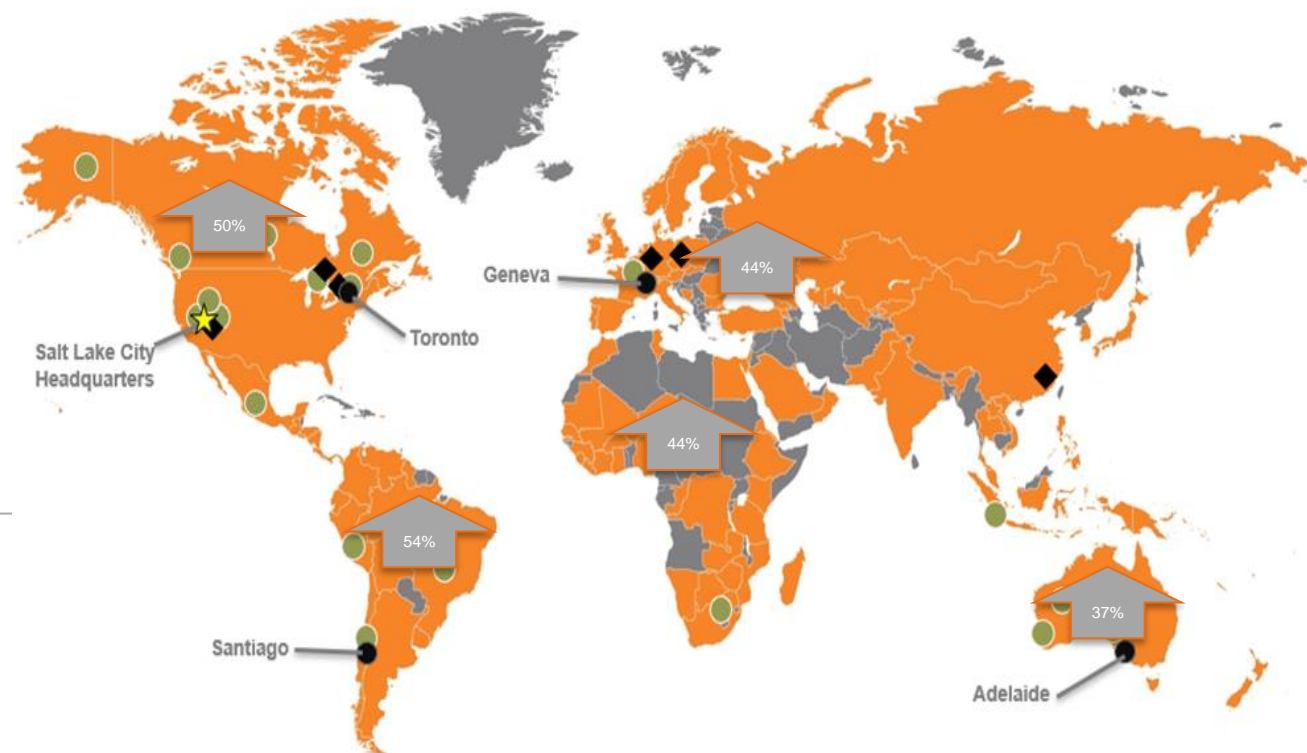
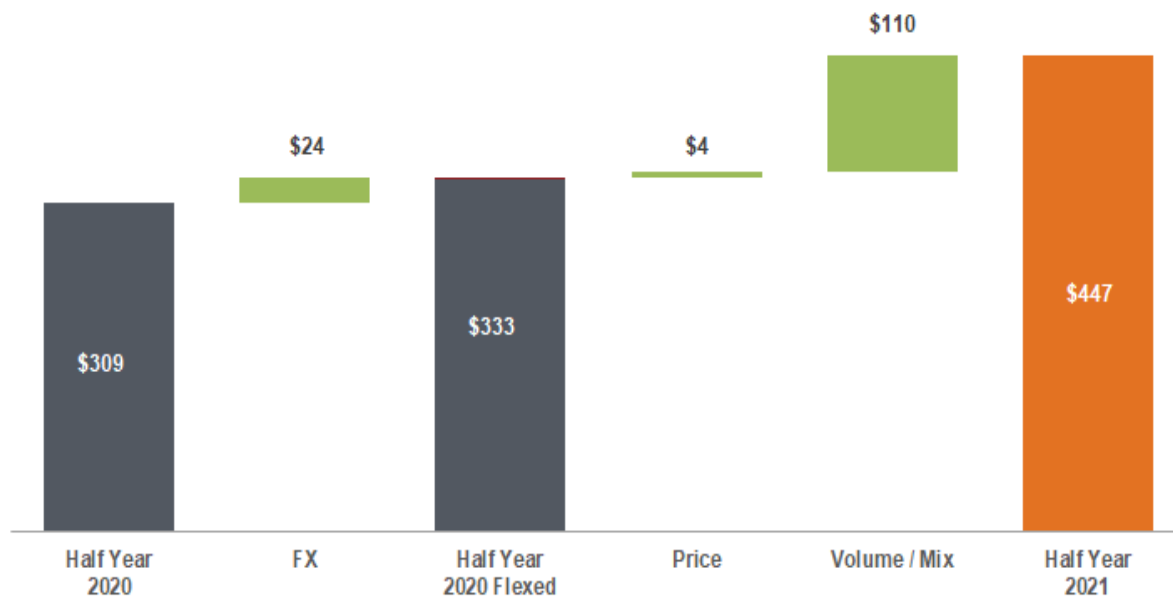
(2020 - \$33M)

Consolidated Revenue Summary: Half Year 2021

- Resurgence in greenfield exploration investment driving growth



(US \$M) Consolidated Revenue Bridge

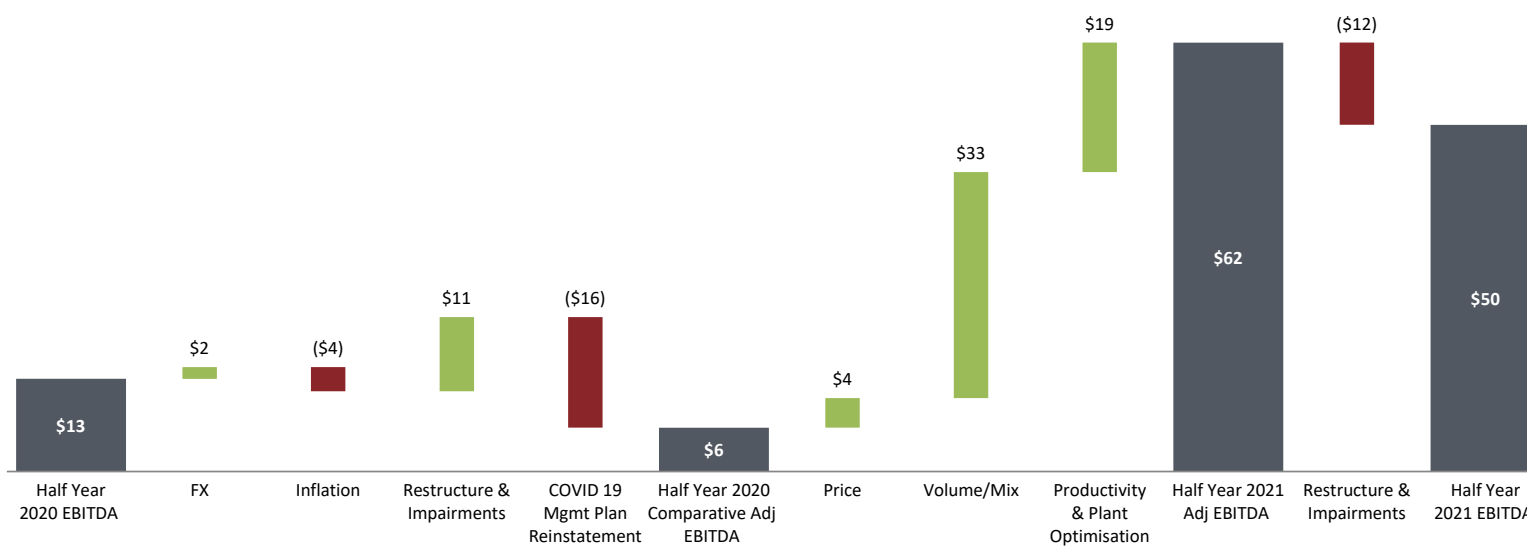


Consolidated Earnings Summary: Half Year 2021

- Our teams responded quickly and safely to meet rising activity levels



(US \$M) Consolidated Adjusted EBITDA² Bridge



Strongest first half earnings since 2013

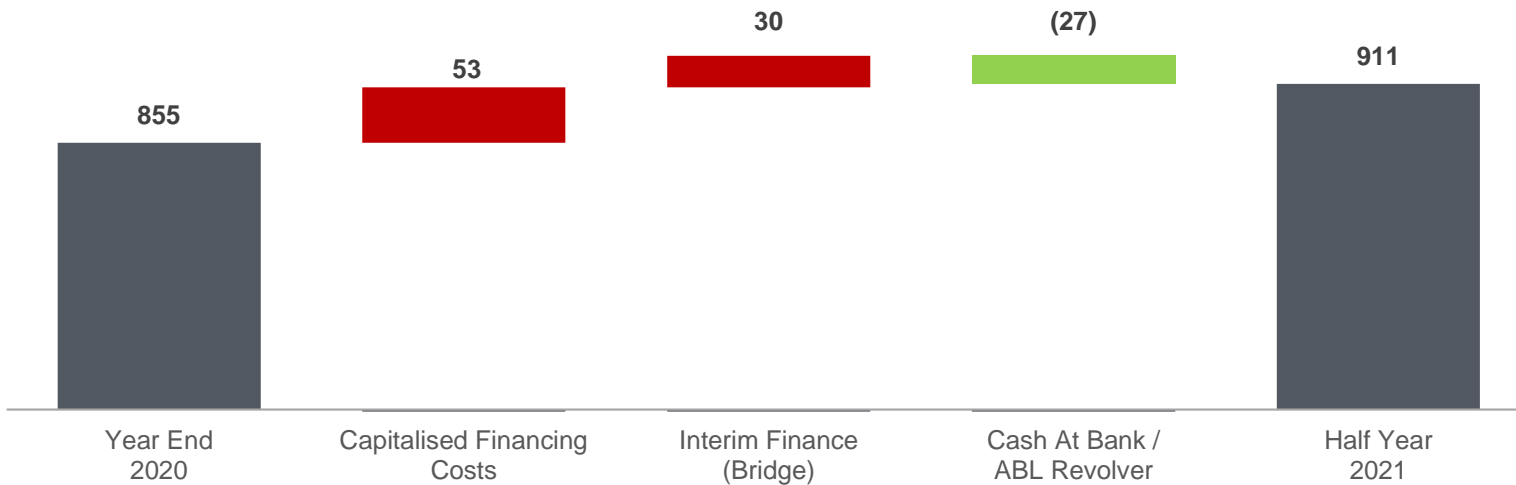
- Price sprint implemented to cover rising costs and improving market fundamentals. Benefit expected through second half performance
- COVID-19 management cost savings plan (including wage cuts) implemented in Q2 2020 not repeated in 2021
- Improved margins despite upfront investment to mobilise fleet and additional human capital to support growth
- Increased utilisation of plant and continuous improvement plans supporting uplift in earnings
- Although no significant impairment charges the Company recognized recapitalisation charges

Balance Sheet: Continuing to Reflect Transition

- Initiatives toward sustainable capital structure under way



(US \$M) Net Debt Bridge



Management actions implemented to reduce COVID-19 impact

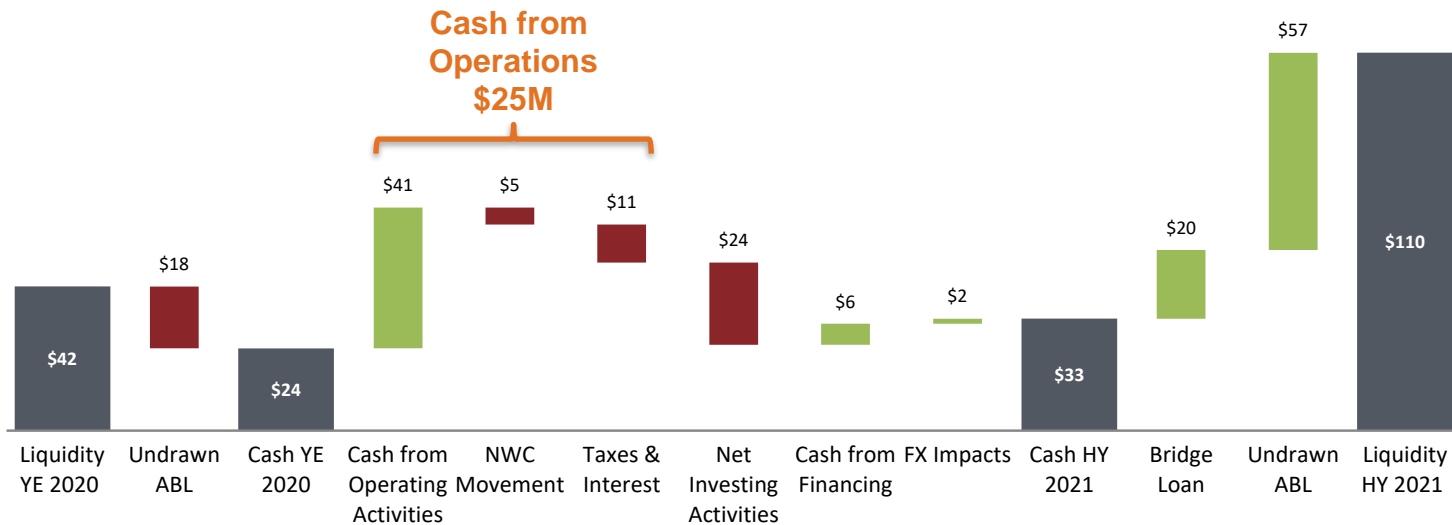
- **Senior Secured Notes** – Received consent from 99.86% of SSN holders to take interest by way of PIK notes at 14.5%
- **Interim Financing** – Short-term loan of \$50M secured to provide additional working capital and restructuring fees to support the business during the recapitalisation process
- **Exit Term Loan** – Commitment received for 5-year facility valued at \$115M. Facility will be used to pay down Interim Financing and existing BackStop ABL, reducing servicing costs

Balance Sheet – Cash Flow Discipline

- Liquidity at levels that will support anticipated growth



(US \$M) Liquidity Management



Interim financing and SSN consent to convert cash interest to debt supported improvement in financial performance

- Bank provided relief on ABL covenants through first half – \$15M liquidity benefit
- Implemented short-term loan to support additional investment in working capital to meet growth needs
- Improved “Order to Cash” cycle allowing reinvestment in inventory to combat rising backlog
- Increased processing times of vendor invoices improving payment times to vendors and reducing interruptions to operations



Longyear™ Diamond Bits



Half Year 2021 Results
August 2021
Jeff Olsen – Business Overview

Update on Initiatives Toward a New Boart Longyear

- Substantial progress toward a sustainable capital structure



- Proposed recapitalisation of the Company announced to the ASX on 13 May 2021
- Extraordinary General Meeting to be held at 10:00 am (Sydney time) on Wednesday, 8 September 2021, with notice dispatched to shareholders on Thursday, 5 August 2021
- Recapitalisation to significantly reduce the Company's debt, strengthen the balance sheet, lower interest expense, and enhance liquidity
- Recapitalisation is absolutely necessary; Boart Longyear's current capital structure is unsustainable due to the Company's debt level and servicing costs and must be addressed
- Independent Expert (KPMG Financial Advisory Services) concluded the recapitalisation is fair and reasonable to shareholders not associated with creditors that are subject to the Creditors' Schemes
- Management and Independent Directors unanimously recommend shareholders vote in favour of recapitalisation resolutions; Represents best feasible opportunity for shareholders to realise value from their shareholding when measured against other alternatives
- Company also seeking to implement redomiciliation to Canada; Company to remain listed on ASX and shareholders can continue to trade their equity. Benefits to redomiciliation include simplified corporate structure, access to lower-cost of capital and potential for broader investment pool
- Actions are also supportive of a planned dual listing in North America at a later date

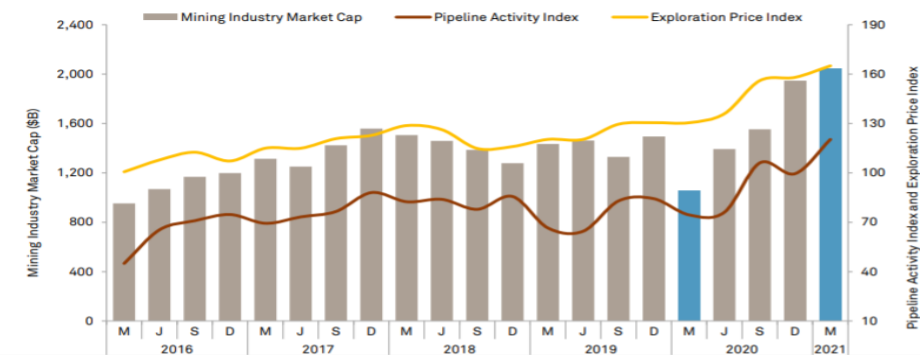
Global Exploration Market - Poised for investment

- Critical need for further investment in new reserves



Pipeline Activity Strong, But Struggling to Keep Up

Pipeline Activity Index, Indexed Metals Price and Mining Industry Market Cap



Data as of April 16, 2021.
The quarterly PAI is calibrated so that the June quarter 2008 = 100.
The quarterly EPI is the average of the monthly EPI, which is calibrated so that May 2008 = 100.
Source: S&P Global Market Intelligence

Source – S&P Global Markets Analysis

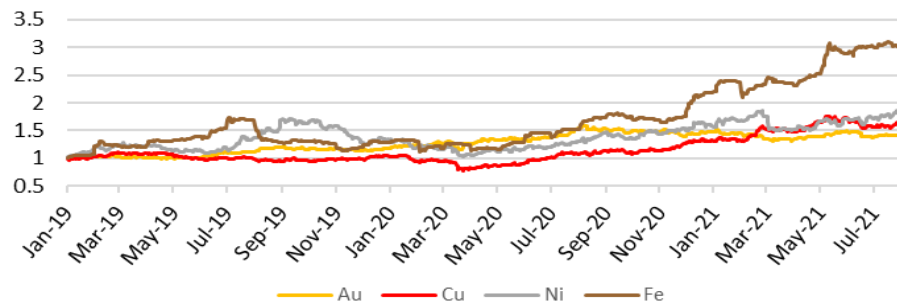
Project Pipeline Activity

Exploration struggling to meet demand

- Gold, copper, nickel, iron ore prices all remain at elevated levels
- High prices emboldening labor unions in Latin America, tightening supply during a period of growing demand
- Labor shortages, long lead times for capital equipment, making it difficult to meet exploration demand

All Key Commodities Strengthening

Commodity Prices (Indexed to 1 Jan 2019)



Source – S&P Global Markets Analysis

Commodities

Pricing of all key commodities remain elevated

- Gold mine life below 10 years; down by 50% of the high of 2011
- Growing consensus that clean-energy drive is creating looming copper supply deficit
- Goehring & Rozencwajg Q2 2021 Natural Resource Market Commentary: “We believe that this copper bull market has just started...the current cycle will ultimately take copper prices above \$10 per pound”

Delivering on Strategic Objectives maintains clear industry leadership

- Improving corporate structure will provide strong opportunities



Summary

Drilling activities now at 2013 levels - and further growth expected over near term

- Our teams responded quickly and safely to rising activity levels
- GDS technologies receiving strong industry support and providing significant value
- Resetting price and terms to reflect rising costs and improved market fundamentals

Market

Industry metrics indicate strong upside potential

- Gold prices attractive with Copper deficit to drive upside. Underinvestment requires correction
- Government stimulus, green energy policies & emergence of EV support upside
- S&P Global Market Intelligence lifted exploration growth to 25-35% for 2021

Balance Sheet

Capital structure inhibiting growth

- EGM scheduled for 8 September 2021. Subject to shareholder approval, recapitalisation initiative expected to be finished in September
- Short-term incremental loan of \$50M implemented to manage through recapitalisation process
- Subject to consummation of the recapitalisation, long-term commitment received for 5-year facility valued at \$115M

Year Ahead

Record levels of activity across the Company's diversified portfolio

- Liquidity secured to take advantage of industry growth and opportunities
- Investing in equipment & technologies to meet the growing demands of our diverse customer base



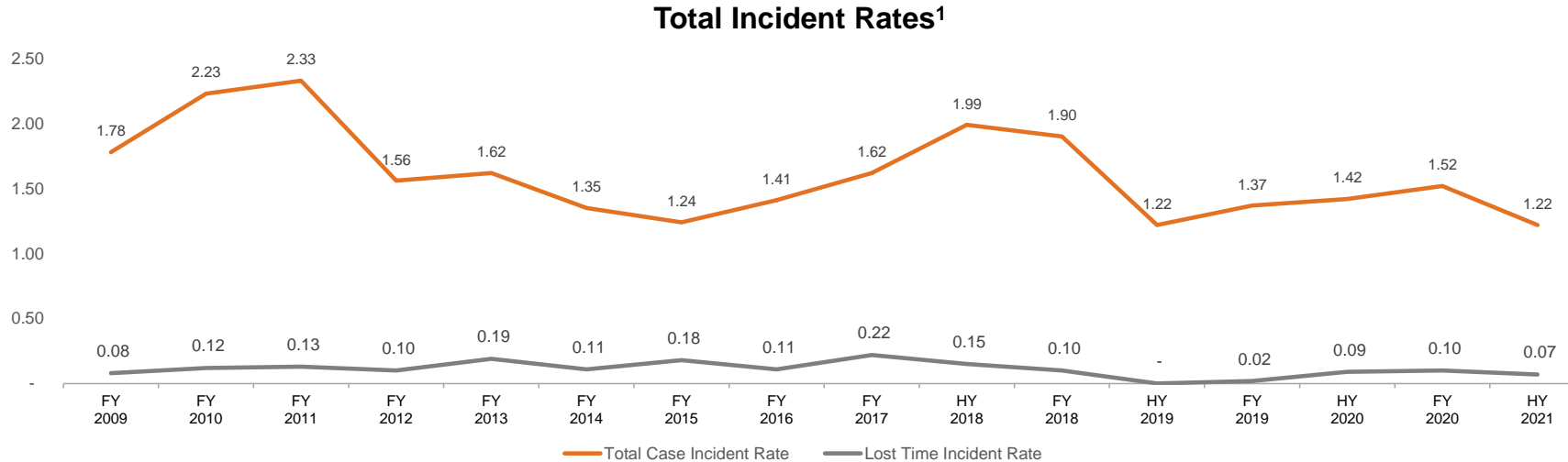
Questions?





Environment, Health and Safety

Leading safety performance focused on continuous improvement



Leading safety performance KPI's

- LTIR – 0.07
- TCIR – 1.22

Lost Time Incidents

2021 – 3
2020 – 5

“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.”

Key initiatives:

Compliance, Safety, Operations Reviews with COO and regional teams

- Focused on transparent conversations on Compliance, Safety and Operations with front line leaders
- Leadership Training module – Making Safety Personal completed by all those in leadership roles

Critical Risk Program – Eliminating potential fatal and significant injuries

- Focused on specific COVID-19 critical control verifications to assist with business continuity
- All frontline leaders completing monthly required verifications to ensure critical controls are in place

Refocus on our EHS fundamentals

- Over 600 driller assistances have completed competency training programs
- Regional specific campaigns targeting hazards and behaviors
- Visible felt leadership in the field via recorded and specific interactions on process safety
- Strong focus on leading indicator programs: IVMS, Inspections & Verifications, Corrective action closure and training



Year-Over-Year Comparison

Weathered the short-term impacts of COVID-19 on business

Statutory			
(US \$M except EPS)	HY 2021	HY 2020	Change Fav / (Unfav)
Revenue	447	309	45%
Gross Margin	90	45	100%
<i>GM as % of Revenue</i>	20%	15%	
Operating Profit	28	(7)	-529%
<i>OM as % of Revenue</i>	6%	-2%	
EBITDA	50	13	276%
<i>EBITDA as % of Revenue</i>	11%	4%	
NPAT	(38)	(61)	-38%
<i>NPAT as % of Revenue</i>	-8%	-20%	
EPS (cents)	(42.7)	(69.6)	-39%

Adjusted ²			
(US \$M)	HY 2021	HY 2020	Change Fav / (Unfav)
Revenue	447	309	45%
Adjusted Gross Margin	90	46	96%
<i>Adj. GM as % of Revenue</i>	20%	15%	
Adjusted Operating Profit	40	4	848%
<i>Adj. OM as % of Revenue</i>	9%	1%	
Adjusted EBITDA	62	24	159%
<i>Adj. EBITDA as % of Revenue</i>	14%	8%	

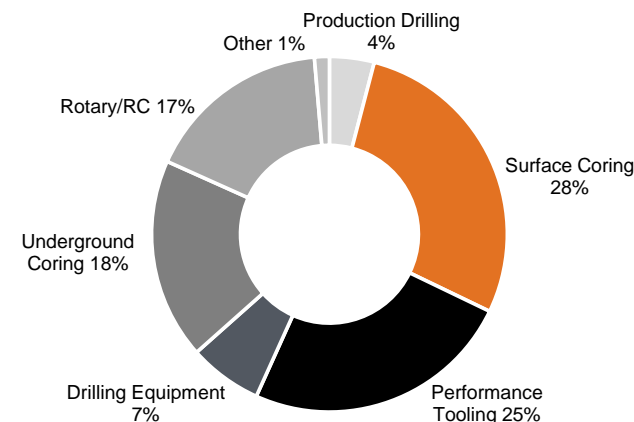
Key Performance Indicators by Quarter



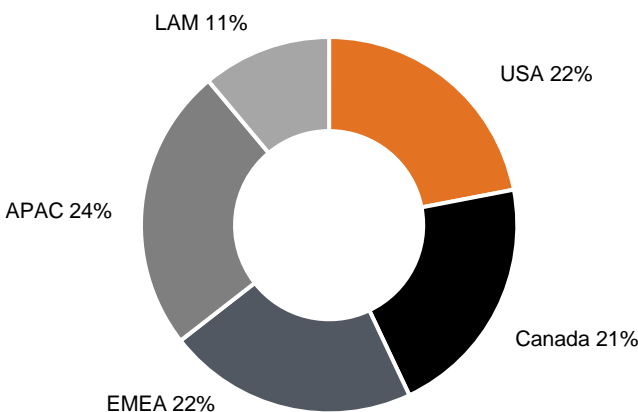
	Quarters ended 2021		Quarters ended 2020				Quarters ended 2019				Quarters ended 2018			
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Total Company														
Revenue (US\$ millions)	238.0	209.0	175.8	172.3	138.3	170.9	166.0	191.1	198.0	189.9	180.1	196.4	206.4	187.8
EBITDA (US\$ millions)	27.2	23.2	7.4	19.5	5.6	7.8	(13.5)	26.3	34.2	19.5	5.1	20.7	15.3	13.0
Adjusted EBITDA ² (US\$ millions)	36.2	26.1	15.1	20.8	15.5	8.6	1.9	27.7	36.2	21.6	19.7	24.4	21.1	15.5
Operating Profit (Loss)	15.7	12.2	(3.1)	8.9	(4.7)	(1.8)	(30.0)	16.7	25.0	9.5	(7.8)	10.7	9.6	0.3
Net cash flow s (used in) provided by operating activities	14.7	10.4	10.8	9.0	24.6	4.9	4.3	11.0	16.6	3.4	17.2	(1.5)	(12.0)	-
Net Debt (US\$ millions)	910.7	869.2	855.1	823.0	815.0	791.0	781.5	770.4	742.5	735.2	688.7	668.5	651.0	617.0
SG&A (US\$ millions)	26.5	21.2	23.0	19.1	15.0	23.8	26.2	21.8	23.9	22.2	22.2	20.6	21.7	23.0
Global Drilling Services														
Revenue (US\$ millions)	160.6	140.6	121.4	121.0	96.9	117.0	115.1	130.3	138.9	132.0	126.6	140.2	145.2	121.7
EBITDA (US\$ millions)	29.3	21.1	10.6	21.0	7.8	11.0	9.1	24.2	31.0	26.0	19.7	24.3	27.1	11.8
Average # of drill rigs	645	638	664	687	691	689	691	689	691	691	685	672	672	677
Average rig utilisation	50%	45%	40%	38%	35%	38%	40%	41%	42%	41%	43%	47%	49%	44%
Global Products														
Revenue (US\$ millions)	77.4	68.4	54.5	51.0	41.5	53.9	50.9	60.8	59.0	58.0	53.5	56.2	61.2	66.1
EBITDA (US\$ millions)	15.7	16.3	5.5	7.1	6.8	5.5	3.6	12.8	9.4	5.1	6.7	8.9	7.9	7.4
Average backlog (US\$ millions)	70.9	51.3	37.9	29.0	30.0	36.5	32.3	24.5	30.6	30.9	27.9	22.9	29.9	32.0



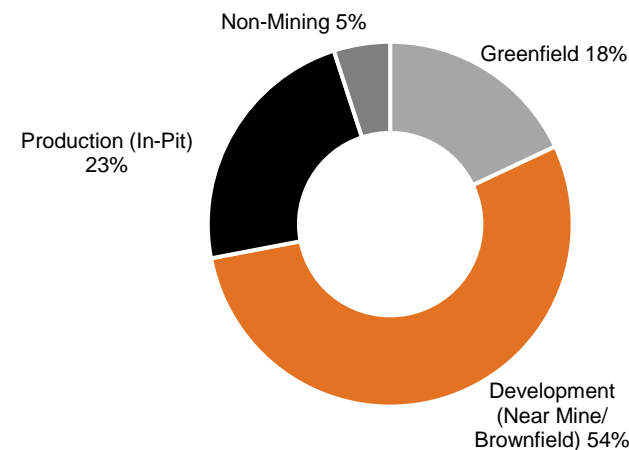
Revenue by Type – Products & Services



Revenue by Region – Products & Services



Drilling Services Revenue by Stage





- **Footnote 1:** Per 200,000 work hours.
- **Footnote 2:** EBITDA is 'Earnings before interest, tax, depreciation and amortisation'. Adjusted 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'. These items are identified by management as not representing the underlying performance of the business. Adjusted EBITDA is not a comprehensive representation of all the significant transactions the Company recognised throughout the year. For example, it includes government aid received throughout the business for COVID-19 relief for the half-year ended 30 June 2020 as well as gains from sales of assets. On the other hand, it excludes costs incurred to quarantine crews unable to work as a result of COVID-19, contract termination costs, legal fees, and indirect tax write-offs.
- **Footnote 3:** Transactions between segments are carried out at arm's length and are eliminated on consolidation
- **Footnote 4:** Net Profit after Tax was impacted through the year by a number of Non-Cash and Non-Recurring adjustments including impairments, debt modification, recapitalisation and other restructuring charges