

## ASX ANNOUNCEMENT (ASX:BLY)

28 October 2022

### **BOART LONGYEAR ANNOUNCES THIRD QUARTER 2022 RESULTS**

Boart Longyear Group Ltd (ASX:BLY) (the Company or Boart Longyear), 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 third quarter ended 30 September 2022. All results are referenced in US dollars.

Jeff Olsen, Boart Longyear's Chief Executive Officer, commenting on the Company's results, said, "During the third quarter, long-term metals demand continued to drive our revenue growth as global exploration and development progressed. From all indications, near-term metals demand is expected to remain healthy with limited impact from broader economic headwinds. Our major mining clients, who form most of our portfolio, continue to execute drilling programs, although demand is softening with some junior mining customers.

"Drilling Services posted robust top and bottom-line growth during the quarter. Products continues to navigate a challenging operating environment with EBITDA negatively impacted by increased manufacturing costs, input cost inflation and higher freight rates. GDS is expanding its reach with increased TruScan utilisation, while TruGryo's rollout has been slower than expected due to technical matters that have been resolved.

"Following the inaugural publication of our ESG report in April, we recently launched a formal ESG program under the direction of a dedicated ESG leader. We look forward to showcasing our multiple initiatives with stakeholders as our program takes hold and delivers results.

"Overall, we expect to finish the year with meaningful growth and are positioned for an exciting 2023."

### **RESULTS COMMENTARY**

Q3'22 revenue of \$265 million increased 12% compared to the prior year. Drilling Services' revenue growth was driven by strong operational performance in Latin America, the US and EMEA. Global Products' revenue benefited from growth in overburden tooling as well as exploration and production drilling equipment, while the negative impacts of input and manufacturing constraints slowed sonic rig sales. Revenue was also negatively impacted by Australian and Canadian exchange rates.

Adjusted EBITDA<sup>1</sup> in Q3'22 of \$33 million was flat over the prior year, mainly driven by Drilling Services' price and volume growth. Global Products' EBITDA was negatively impacted by increased manufacturing costs, input price inflation and higher freight rates.

Liquidity on 30 September 2022 was \$31 million, comprised of cash balances totalling \$27 million and a further \$4 million available under the Company's asset-based loan facility.

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<sup>1</sup> See page 3 of this press release for footnote descriptions



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(\$ in millions)	Consolidated Results					
	Three Months Ended			Nine Months Ended		
	30-Sep-22	30-Sep-21	% Change	30-Sep-22	30-Sep-21	% Change
<b>Total Company</b>						
Revenue	265	236	12%	793	683	16%
EBITDA	17	39	(56%)	70	89	(21%)
Adjusted EBITDA <sup>1</sup>	33	33	-	102	93	10%
Statutory Net Profit / (Loss) After Tax	(1)	(1)	-	17	(39)	144%
Net Cash Generated / (Used) in Operating Activities	9	(11)	182%	30	14	114%
Net Debt <sup>2</sup>				152	93	63%

	Divisional Results					
	Three Months Ended			Nine Months Ended		
	30-Sep-22	30-Sep-21	% Change	30-Sep-22	30-Sep-21	% Change
<b>Global Drilling Services</b>						
Revenue	189	158	20%	554	459	21%
EBITDA (prior to intercompany profit margin elimination) <sup>3</sup>	30	20	50%	92	63	46%
EBITDA (after intercompany profit margin elimination) <sup>3</sup>	35	24	46%	106	74	43%
Average Number of Operating Drill Rigs	322	318	1%	320	309	4%
Average Number of Drill Rigs	638	651	(2%)	651	645	1%
Average Rig Utilisation <sup>4</sup>	50%	49%	2%	49%	48%	2%
<b>Global Products*</b>						
Revenue (prior to intercompany eliminations) <sup>3</sup>	98	95	3%	306	281	9%
Revenue (after intercompany eliminations) <sup>3</sup>	77	78	(1%)	239	224	7%
EBITDA (prior to intercompany profit margin elimination) <sup>3</sup>	13	23	(43%)	41	63	(35%)
EBITDA (after intercompany profit margin elimination) <sup>3</sup>	9	19	(53%)	27	51	(47%)
Average Backlog	61	74	(18%)	61	65	(6%)

\* = Includes GDS

Like many companies, Boart Longyear has seen unprecedented impact on its supply chain driven by:

- Robust demand for the Company's products and services;
- Lingering COVID-19-related labour shortages across key suppliers and the Company's manufacturing group;
- Component shortages supporting Boart Longyear's rigs and spares operations;
- Raw material and freight inflation; and
- Constraints on available global sea and air cargo capacity.

Boart Longyear has implemented strategies to work around supply chain constraints and has taken measures to secure capacity enabling the Company to continue meeting customer commitments. Boart Longyear continues to monitor the ongoing constraints and based on current near-term assessments, does not anticipate significant improvement.

Given the current economic and geopolitical environment, the Company could be impacted by risks related to raw material inflation costs, potential interest rate increases, and implications of the Russian-Ukrainian conflict.

### LISTING RULE 4.7C DISCLOSURE

The following information is provided in accordance with ASX Listing Rule 4.7C and reflected in the Company's Appendix 4C. During Q3'22, net cash flows from operating activities were \$9 million, including payments for operating activities totalling \$248 million, all of which were in the normal course of business.

1,2,3,4 See page 3 of this press release for footnote descriptions



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Net cash flows used in investing activities during the quarter were \$15 million and net cash flows used in financing activities were \$4 million.

During the period, payments to related parties were \$2 million for payments to Executive and Non-Executive Directors.

## STATEMENT COVERING COVID-19

Boart Longyear holds the health and safety of its 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. Boart Longyear continues to monitor information released by the World Health Organisation and governments where it operates and adjusts its operating procedures to ensure it complies 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.

## FOOTNOTE DESCRIPTIONS

1. 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.' Adjusted EBITDA at 30 September 2021 has been restated from the prior year figure to make it comparable to the current year calculation.
2. Net debt does not include leasing facilities as reported under AASB16.
3. The information presented is before inter-segment eliminations in order to reflect each business unit's revenue and EBITDA assuming all inter-segment sales were made to third parties instead. This financial information is provided so that investors can better understand each business unit's true scale. Transactions between Company segments are carried out at arm's length and are eliminated on consolidation. EBITDA is a non-AASB financial measure that management use to assess our operating performance. See the section of Boart Longyear's 2022 Half Year Financial Report titled "Non-AASB Financial Measures" for information regarding our use of EBITDA and a reconciliation of net profit (loss) to EBITDA.
4. Boart Longyear calculates rig utilisation on a weekly basis. If a rig generates revenue during a specific seven-day period, it is counted as an *operating rig*.
  - The Company's quarterly rig utilisation metric is an average of the 13 weeks within that quarter.
  - The Company's half-year rig utilisation metric is an average of the 26 weeks within the first half.
  - The Company's full-year rig utilisation metric is an average of the 52 weeks within that year.

### Authorised for lodgement by:

Nicholas R. Nash  
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 132nd 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](http://www.boartlongyear.com). To get Boart Longyear news direct, follow us on [Twitter](#), [LinkedIn](#) and [Facebook](#).

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