

## ASX ANNOUNCEMENT (ASX:BLY)

29 October 2021

### **BOART LONGYEAR – THIRD QUARTER TRADING UPDATE & APPENDIX 4C**

Boart Longyear Group Ltd (ASX:BLY) (the **Company** or **Boart Longyear**) is pleased to provide an update to the market regarding the Company's trading performance through the third quarter.

#### **Commenting on the trading update, Jeff Olsen, President and CEO, stated:**

“The third quarter of 2021 was one of the most successful quarters on record for the Company. After a decade of managing with an unsustainable capital structure the Company successfully deleveraged its balance sheet to a net debt position of \$93M at the end of September. During the quarter, demand for the Company's products and services continued to increase, resulting in asset utilisation rates not seen since 2013. The Company was also awarded several extensions and new contracts in the Latin American operations, increasingly in the copper space, driving strong growth through the fourth quarter thereby absorbing all the current capacity in that region. Our Products business has seen significant year on year growth with all regions and business segments witnessing demand not seen since the super cycle years of 2011-2013. The Company has implemented a number of strategies across the manufacturing operations to increase output in order to support the growing backlog.”

“I am extremely excited by the progress of our Geological Data Services business. The group has successfully rolled out its TruScan™ Trailers (Proprietary XRF Technologies) on both long-term commercial contracts and customer funded trials. We continue to build more TruScan™ units and are progressing additional functionality that will drive future growth in this space.

“We see a bright future across our global and business offerings with the Company's services tender pipeline expanding along with our products backlog outpacing our increasing manufacturing capacity increases”

#### **Result Commentary**

Revenues for the third quarter closed 37% higher compared to the prior year, representing the strongest third quarter since 2014. Continued expansion of drilling and mining activity is visible in the Company's operating trends. The impacts of COVID-19 on a global scale have now decreased; however, we continue to experience interruptions to our operations in some regions.

Adjusted EBITDA for the third quarter increased \$9M year-over-year to \$30M, driven largely by the increasing demand for our products and services. Company-wide work to reduce operating costs and improve productivity also contributed to the improvement. With increasing utilisation, significant increases in steel pricing, supply and logistical delays, and the ongoing challenges in hiring additional employees in certain markets, the Company has and will continue to implement price increases where required.

The Company was able to capitalise on the market growth by accessing additional liquidity through the recapitalisation project. The additional liquidity was used to support our capital

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investment, working capital and to finance the costs associated with the recapitalisation project. The Company's reinvestment in growth saw an investment in operating activities through the third quarter of \$11M (compared to \$9M generated in corresponding period in 2020). The impacts of the reported supply chain and logistics delays saw the Company needing to invest an additional \$32M in its inventory to meet the demands of its customers.

Liquidity on 30 September 2021 was \$77.3M, comprised of cash balances totalling \$55.3M and a further \$22.0M of availability under the Company's asset-based loan facility.

Consolidated Results						
(US \$M)	3 Months Ended		% Change Fav/(Unfav)	9 Months Ended		% Change Fav/(Unfav)
	30-Sep-21	30-Sep-20		30-Sep-21	30-Sep-20	
<b>Total Company</b>						
Revenue	236	172	37%	683	481	42%
Adjusted EBITDA <sup>1</sup>	30	21	46%	93	45	108%
Net Cash Generated / (Used) in Operating Activities	(11)	9	(218%)	14	39	(63%)
Net Debt <sup>2</sup>				93	784	(739%)

  

Divisional Results						
	3 Months Ended		% Change Fav/(Unfav)	9 Months Ended		% Change Fav/(Unfav)
	30-Sep-21	30-Sep-20		30-Sep-21	30-Sep-20	
<b>Global Drilling Services</b>						
Revenue	158	121	31%	459	335	37%
Statutory EBITDA	24	14	72%	74	40	86%
Average Number of Operating Drill Rigs	318	262	21%	309	247	25%
Average Number of Drill Rigs	651	687	(5%)	645	690	(7%)
Average Rig Utilisation	49%	38%	11%	48%	36%	12%
<b>Global Products</b>						
Revenue	78	51	51%	224	147	52%
Statutory EBITDA	19	7	168%	51	19	163%
Average Backlog	74	29	153%	65	32	104%

*Footnote<sup>1</sup> - 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. This benchmark is provided in lieu of statutory EBITDA and profit or loss for the period as the company is continuing to finalise the accounting for the recapitalisation and the related tax impacts. Adjusted EBITDA is not impacted by the outcome of the recapitalisation.*

*Footnote<sup>2</sup> - Net Debt does not include leasing facilities as reported under AASB 16*

## Appendix 4C

The Company has provided its quarterly cash flow report for the quarter ended 30 September 2021.



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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. 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 the virus. 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 while humanity comes to grips with managing through this pandemic.

**Authorised for lodgement by:**  
Nora Pincus, Company Secretary

### **Disclaimer**

No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions and conclusions contained in this announcement. To the maximum extent permitted by law, neither Boart Longyear nor its directors, employees, agents or advisers, nor any other person, accepts any liability, including, without limitation, any liability arising from fault or negligence on the part of any of them or any other person, for any loss arising from the use of this announcement or its contents or otherwise arising in connection with it.

### **Forward looking statements**

This announcement may contain forward-looking statements within the meaning of securities laws. Forward looking statements can generally be identified by the use of words such as "project", "foresee", "plan", "expect", "aim", "intend", "anticipate", "believe", "estimate", "may", "should", "will" or similar expressions. Any forward-looking statements involve known and unknown risks and uncertainties, many of which are outside the control of the Company and its representatives. Forward-looking statements may also be based on estimates and assumptions with respect to future business decisions, which are subject to change. Any statements, assumptions, opinions or conclusions as to future matters may prove to be incorrect, and actual results, performance or achievement may vary materially from any projections and forward-looking statements.

Except as required by law or the ASX Listing Rules, Boart Longyear assumes no obligation to provide any additional or updated information or to update any forward looking statements, whether as a result of new information, future events or results, or otherwise. Nothing in this announcement will, under any circumstances (including by reason of this announcement remaining available and not being superseded or replaced by any other presentation or publication with respect to the Company, or the subject matter of this announcement), create an implication that there has been no change in the affairs of the Company since the date of this announcement.



## ASX ANNOUNCEMENT (ASX:BLY)

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

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## Appendix 4C

### Quarterly cash flow report for entities subject to Listing Rule 4.7B

**Name of entity**

Boart Longyear Group Ltd.

**ABN**

49 123 052 728

**Quarter ended ("current quarter")**

30 September 2021

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$'000 USD</b>	<b>Year to date 9 months \$'000 USD</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	227,373	643,318
1.2 Payments for		
(a) research and development	(771)	(2,449)
(b) product manufacturing and operating costs	(191,213)	(503,922)
(c) advertising and marketing	(1,183)	(3,375)
(d) leased assets	(5,384)	(17,740)
(e) staff costs	(9,341)	(27,194)
(f) administration and corporate costs	(9,420)	(25,060)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	4	11
1.5 Interest and other costs of finance paid	(2,798)	(7,764)
1.6 Income taxes paid	(2,174)	(8,688)
1.7 Government grants and tax incentives	-	-
1.8 Other (Unrealized FX, gain on disposal of fixed assets, recapitalization and restructuring charges)	(15,730)	(32,669)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(10,637)</b>	<b>14,468</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-

Consolidated statement of cash flows	Current quarter \$'000 USD	Year to date 9 months \$'000 USD
(c) property, plant and equipment	(13,864)	(35,364)
(d) investments	-	-
(e) intellectual property	(1,601)	(6,504)
(f) other non-current assets	-	-
<b>2.2</b> Proceeds from disposal of:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	1,095	3,837
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-
<b>2.3</b> Cash flows from loans to other entities	-	-
<b>2.4</b> Dividends received (see note 3)	-	-
<b>2.5</b> Other (provide details if material)	-	-
<b>2.6</b> Net cash from / (used in) investing activities	<b>(14,370)</b>	<b>(38,031)</b>

<b>3.</b> Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	1,578	1,578
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5 Proceeds from borrowings	152,311	241,202
3.6 Repayment of borrowings	(101,824)	(184,483)
3.7 Transaction costs related to loans and borrowings	(4,200)	(4,300)
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	(5)	(5)
<b>3.10</b> Net cash from / (used in) financing activities	<b>47,860</b>	<b>53,992</b>

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$'000 USD</b>	<b>Year to date 9 months \$'000 USD</b>
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	32,596	23,513
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(10,637)	14,468
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(14,370)	(38,031)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	47,860	53,992
4.5	Effect of movement in exchange rates on cash held	(64)	1,443
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>55,385</b>	<b>55,385</b>

<b>5. Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		<b>Current quarter \$'000 USD</b>	<b>Previous quarter \$'000 USD</b>
5.1	Bank balances	55,385	32,596
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>55,385</b>	<b>32,596</b>

<b>6. Payments to related parties of the entity and their associates</b>		<b>Current quarter \$'000 USD</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1 (Reimbursement of recapitalization expenses incurred on behalf of Boart Longyear)	14
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

*Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.*

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$'000 USD</b>	<b>Amount drawn at quarter end \$'000 USD</b>
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>		
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	190,000	153,500
7.2 Credit standby arrangements	-	5,169
7.3 Other (ABL "Springing Dominion")	-	9,375
<b>7.4 Total financing facilities</b>	<b>190,000</b>	<b>168,044</b>
<b>7.5 Unused financing facilities available at quarter end</b>		<b>21,956</b>
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
See schedule 7.6 for information about each facility. Items outlined as drawn under 7.2 & 7.3 reduce the amount that can be drawn under facilities listed in 7.1 (ABL).		

<b>8. Estimated cash available for future operating activities</b>	<b>\$'000 USD</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	14,468
8.2 Cash and cash equivalents at quarter end (item 4.6)	55,385
8.3 Unused finance facilities available at quarter end (item 7.5)	21,956
8.4 Total available funding (item 8.2 + item 8.3)	77,341
<b>8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	<b>N/A</b>
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer:	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer:	
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer:	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	



### Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 29 October 2021

Authorised by:   
Nora Pincus, Company Secretary

## Schedule 7.6

Description	Principal Outstanding as at 30 September 2021 (millions)	Interest Rate	Scheduled Maturity	Total Facility Amount as at 30 September 2021 (millions)	Amount drawn as at 30 September 2021 (millions)	Lender	Security
ABL <sup>1,3</sup>	\$38.5	Variable <sup>2</sup>	12-May-25	\$75.0	\$38.5	PNC Bank	Secured
Exit Term Loan	\$115.0	Variable <sup>4</sup>	08-Sep-26	\$115.0	\$115.0	HPS Investment Partners, LLC and Blue Torch Capital LP	Secured

(1) Letters of credit of \$5.169 million were issued in addition to the \$38.50 million borrowings that were outstanding.

(2) Based on LIBOR + margin (grid-based margin is currently 3.25%).

(3) In 2021 the Company amended terms to provide the Company additional liquidity and extend maturities from July 2022 to May 2025.

(4) Based on LIBOR + margin (grid-based margin is currently 7.5%).