



HY 2019 Results
August 2019
Jeff Olsen – Chief Executive Officer

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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**

FIRST HALF 2019 HIGHLIGHTS

- Return to Net Profit After Tax



FINANCIAL PERFORMANCE

GROWTH³

+4.6%



NET PROFIT AFTER TAX

US\$ 2M

(2018 – Neg US\$16M)



EARNINGS²

US\$ 58M

(2018 – US\$37M)



OPERATING CASH FLOW

US\$ 20M

(2018 – Neg \$12M)



OPERATING PERFORMANCE

**MANUFACTURING
EFFICIENCY**

>3%



Margin Improvement

PRICE

>3.0%



PRODUCTIVITY

+2%



Labour as % of Revenue

INVENTORY

>10%



LTM reduction

STRATEGIC OBJECTIVES

**ABL & BACKSTOP TERM
LOAN EXTENSION &
UPSIZE**



**NEXT MATURING DEBT
FACILITY
JULY 2022**



**SHARE CAPITAL
CONSOLIDATION
ANNOUNCED**



**ARES EXITED CAPITAL
STRUCTURE**

SAFETY

LTIR

0.00

(2018 – 0.15)¹
OVER 10 MILLION HOURS
WORKED LTI FREE

TCIR

1.22

(2018 - 1.99)¹
LOWEST REPORTED RESULT
SINCE LISTING ON ASX

Drilling Services: 2019 Operations



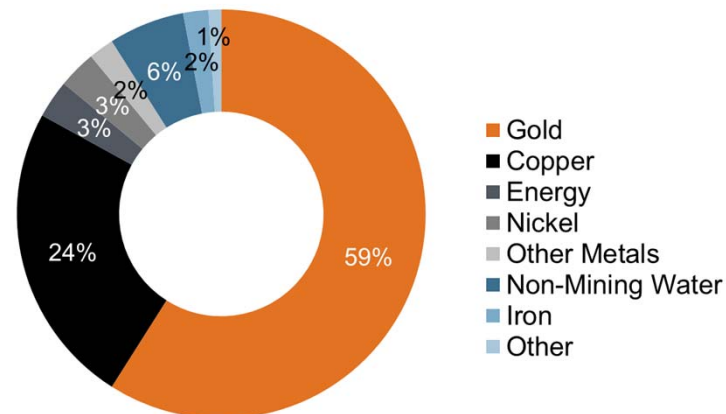
Key Financials (US \$M):	HY 2019	HY 2018	Change Fav / (Unfav)
Revenue	270.9	266.9	1%
COGS	216.7	226.8	4%
SG&A	10.4	11.9	13%
EBITDA	57.0	38.9	46%
<i>EBITDA as % of Revenue</i>	21%	15%	

2019 Financial Highlights

- **GROWTH**³ – 4.4% Increase after eliminating FX and discontinued operations
- **EBITDA** – 46% Improvement over first half 2018
 - Improved pricing, mix and productivity
 - Improving portfolio resulting in improved margins



Revenue by Commodity



2019 Operating Highlights

- **SAFETY** – “Record Breaking” 10 Million hours worked without LTI
- **OPERATING EFFICIENCY IMPROVEMENTS**
 - Unproductive time decreased by 4% per shift
 - 5% reduction in COGS as a % of Revenue
 - 2% Labour reduction as a % of Revenue
 - TruProductivity™ initiative global rollout underway

HY 2019 Results – See page 24 for footnote descriptions

Global Products: 2019 Operations

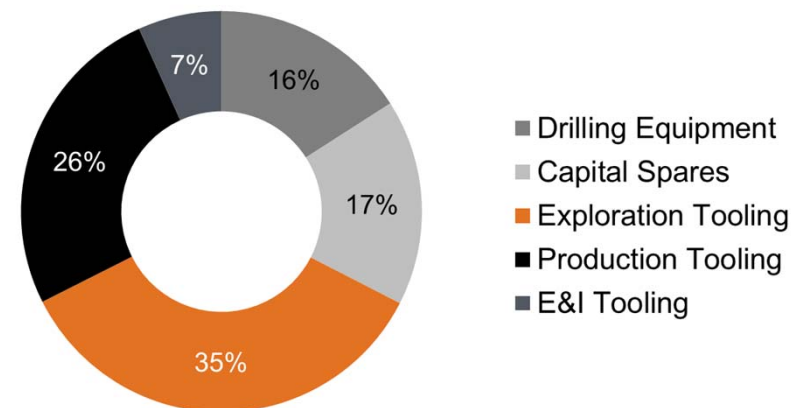


Key Financials (US \$M):	HY 2019	HY 2018	Change Fav / (Unfav)
Revenue	117.0	127.4	(8%)
COGS	85.2	99.5	14%
SG&A	16.4	15.7	(5%)
EBITDA	17.3	15.3	13%
EBITDA as % of Revenue	15%	12%	
Pro Forma ⁴ Revenue (US \$M)	HY 2019	HY 2018	Change Fav / (Unfav)
Sales to BLY Drilling Services	30.6	29.9	2%
Pro Forma Revenue	147.6	157.3	(6%)

2019 Financial Highlights

- **GROWTH³** – 5.1% Increase after eliminating FX, discontinued operations and slow moving inventory sales completed in 2018
- **EBITDA** – 13% Improvement over first half 2018
 - Improved pricing and mix
 - Manufacturing and cost inputs aiding margin growth

Revenue by Product Category



2019 Operating Highlights

- **INCREASED BACKLOG** – 13% higher over June 2018
- **COST MANAGEMENT** – Optimized supply options to minimize impacts of inflation and tariffs
- **MANUFACTURING EFFICIENCY** – improvements generating lower cost to manufacture (3%) contributing to gross margin growth
- **NEW PRODUCT INTRODUCTIONS** – Growing demand for LFTM 160 Rig and FREEDOMTM Loader, XQTM Rods, LongyearTM Bits and DriftMasterTM percussive rods



HY 2019 Results
August 2019
Miguel Desdin– Chief Financial Officer

HY19 – FINANCIAL METRICS

- Significant improvement in all financial performance metrics



GROWTH

+4.6%

After eliminating impacts of FX, discontinued operations and slow moving inventory

PROFITABILITY

US\$ **58M**
(2018 – US\$37M)
Adjusted EBITDA²

US\$ **2M**
(2018 – Neg US\$16M)
Net Profit After Tax

OPERATING CASH FLOW

US\$ **20M**
(2018 – Neg \$12M)

Continued improvement in operational performance enabling investment back into business.

NET WORKING CAPITAL

34.2%
of SALES

(1% of Sales improvement over 2018)

CAPITAL DEPLOYED

US\$ **21.6M**

Investment in Organic & Technological opportunities

NET DEBT

US\$ **731M**
(2018 – US\$650M)
(IFRS16 adoption US\$32M)

Net Debt/Adj EBITDA²
Leverage
7.2x
(2018 – 11.1x)

CASH RETURN ON INVESTMENT

11.5%
(2018 – 6.8%)

RATING OUTLOOK

Moody's
Caa2
Outlook - Stable

S&P
CCC+
Outlook - Stable

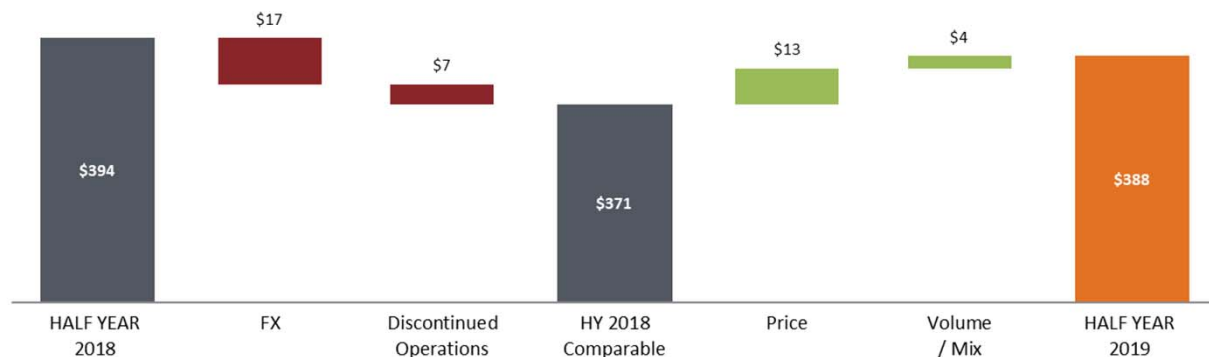
Consolidated Results Summary: HY19

Volumes increasing



(US \$M)

Consolidated Revenue Bridge



- Excluding FX, discontinued operations and slow moving inventory sales, revenue increased \$17M (4.6%)
- Healthy bidding activity in Drilling Services and Products backlogs growing

Consolidated Results Summary: HY19

Continued operational improvements



(US \$M) Consolidated Adjusted EBITDA² Bridge



Adjusted EBITDA² up \$21M (58%) driven by:

- Flow through from increased volumes and price improvements
- Improvements from ongoing productivity initiatives

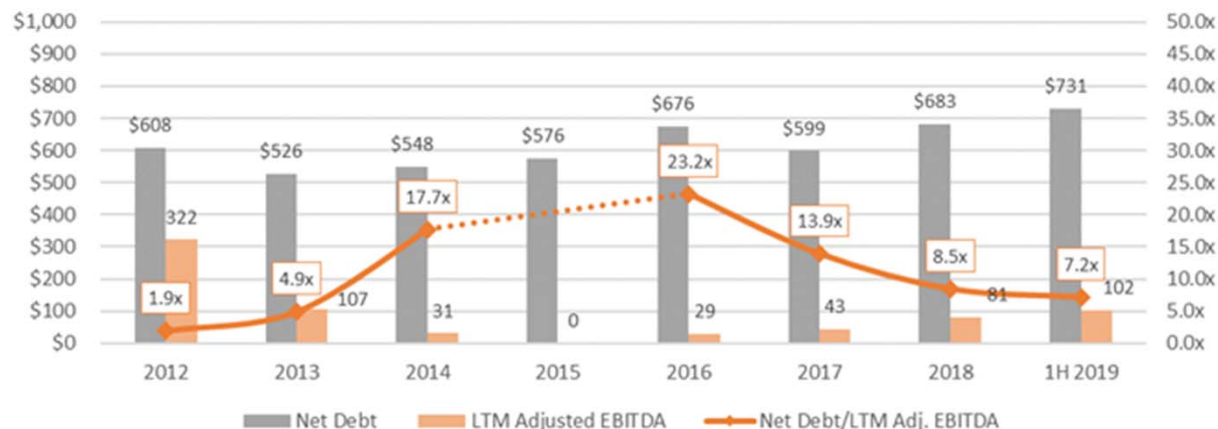
Balance Sheet Improvement

Meeting objectives to improve Net Debt Leverage



(US \$M)

Net Debt Leverage



- Net Debt increasing with adoption of IFRS16 Accounting for Leases (US\$32M)
- Net Debt/Adj EBITDA improved 3.9x on June 2018
- **Next maturing Debt Facility – July 2022**

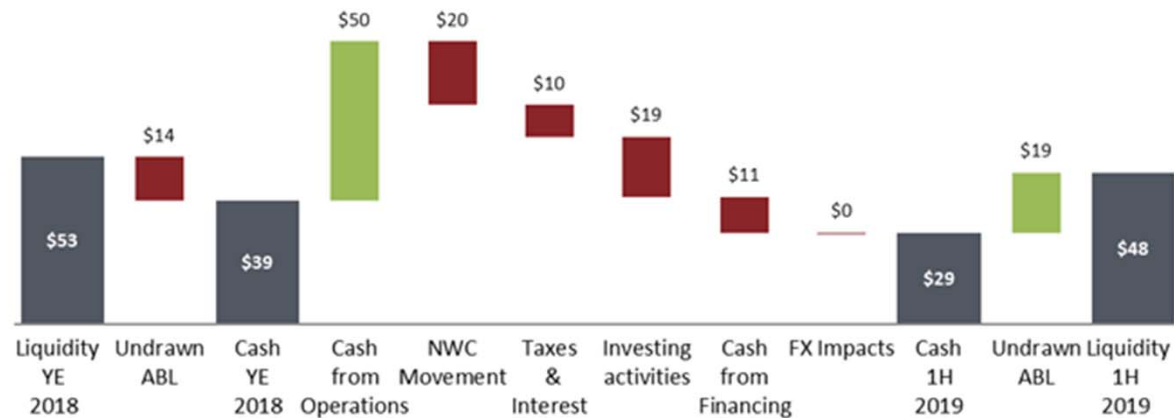
Balance Sheet Improvement

Meeting objectives to improve Liquidity



(US \$M)

Liquidity Management



- **First half 2019 Cash generation from operations greater than full year 2018**
- Financiers agreed to increase (\$25M) and extend the Asset Back Lending Revolver (ABL) and Backstop Term Loan Facilities (2022)
- NWC increase in line with seasonality aspects of business



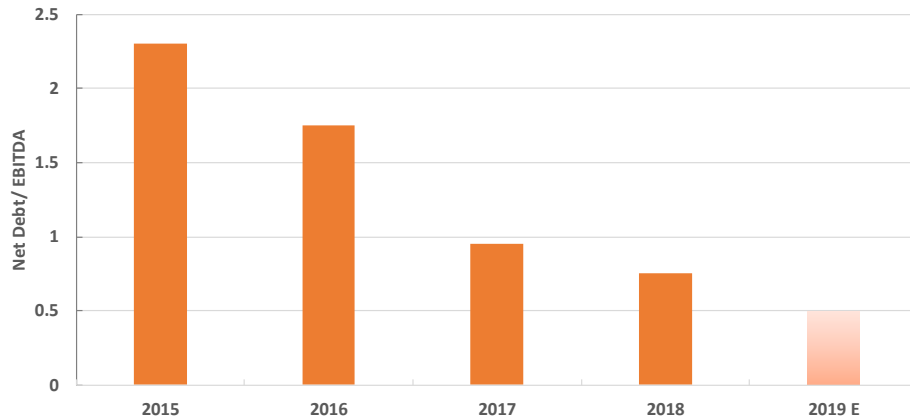
Stronger Industry Fundamentals

- Improving industry metrics mitigate global trade uncertainty



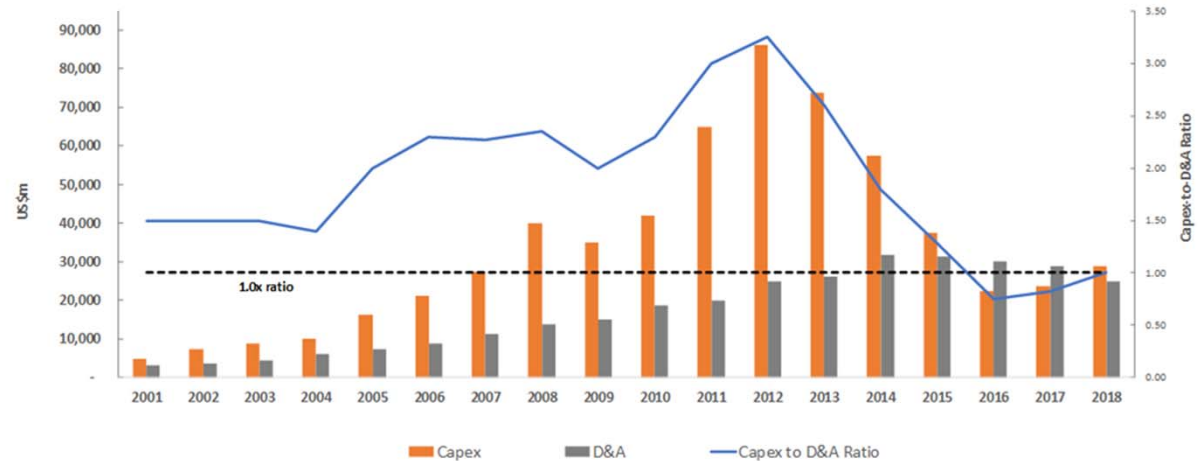
STRONGER BALANCE SHEETS⁶

Net Debt to EBITDA ratio improve 4 x fold since 2015



UNDERINVESTMENT ACROSS SECTOR⁶

Capex vs D&A shows industry running below replacement

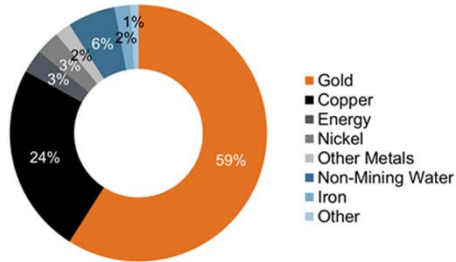


Commodity Price Outlook Continues to Improve



REVENUE SPLIT BY COMMODITY

Significant exposure to Gold & Copper



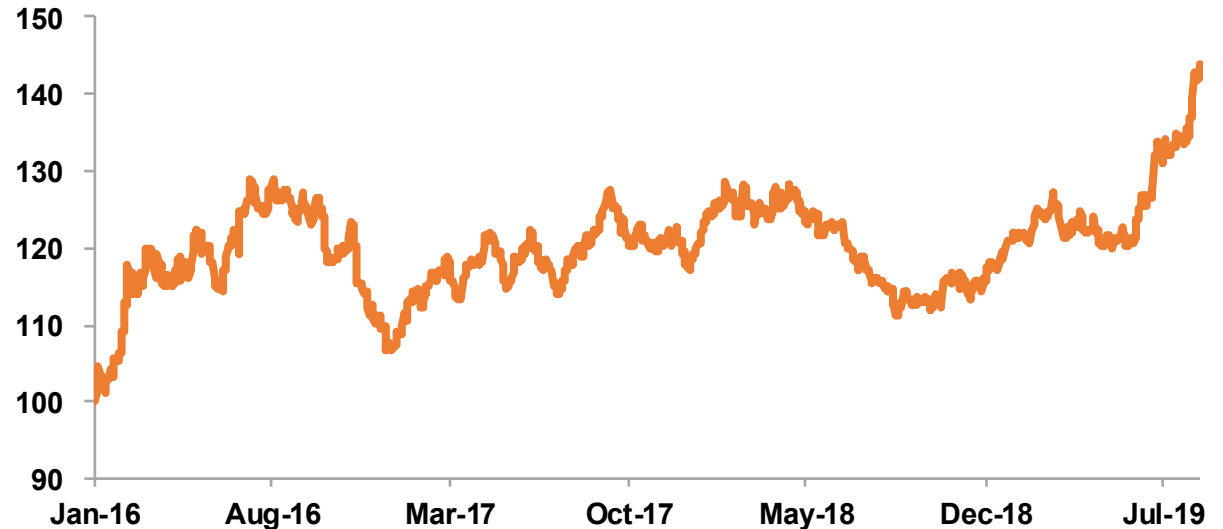
Gold Price History⁵



Copper Price History⁵



BLY WEIGHTED AVERAGE COMMODITY PRICE⁵



Leading innovation in the industry

- Improving drill productivity and data collection



Geological Data Services



In Market

TruScan™

(On-site Assay)

TruShot™

(Down-hole Survey)

TruCore™

(Down-hole Core Orientation)

Wireless Sub™

(Drilling Parameters)

Gyro

(Down-hole Survey)

Laser Aligner

(Rig Alignment)

Developing

Product Offering



In Market

Longyear™ Bits

(Diamond Coring)

XQ™ Rods

(Next Generation Thread Design)

LF™ 160 Rig & FREEDOM™

Loader (Surface Coring)

LS™ 250 MiniSonic Rig

(Sonic Drilling)

MDR700™

(Mobile Underground Coring Rig)

DriftMaster™

(Percussive Rod)

iRig Technology

(Intelligent Rigs)

Developing

Drilling Services Offering



In Market

MDR500™

(Diamond Coring)

TRUPRODUCTIVITY™

(Drilling Productivity)

Trulog™

(Drilling Time Management)

STOPEMASTER™ MDR

(Percussive drilling)

NoHandsOnSteel Rig™

(full-autonomous drilling)

HydroShot™

(Core barrel Technology)

DR-40 Horizontal

(Large Rotary Water Well Rig)

Developing

Delivering on Strategic Objectives

We build our customers' orebody knowledge



Summary

Demonstrating strong improvement

- First positive NPAT in 7 Years
- Adjusted EBITDA up 58% on lower revenue over 2018
- Net Cash Flow from Operating Activities up \$32M

Market

Progressing with strong upside potential

- Gold prices attractive with Copper upside
- Prolonged underinvestment in new capital and new projects to meet increasing demand
- Improved customer balance sheets with increasing focus on growth

Balance Sheet

Improving Net Debt to EBITDA; Next maturity 2022

- 2019 on target to be free cash flow positive
- Continuing to invest in technology, growth & productivity
- Debt still too high

Year Ahead

Advancing towards a healthier business

- Building track record of operating and financial performance
- Meaningful growth in Data Tools (GDS) expected



Questions?





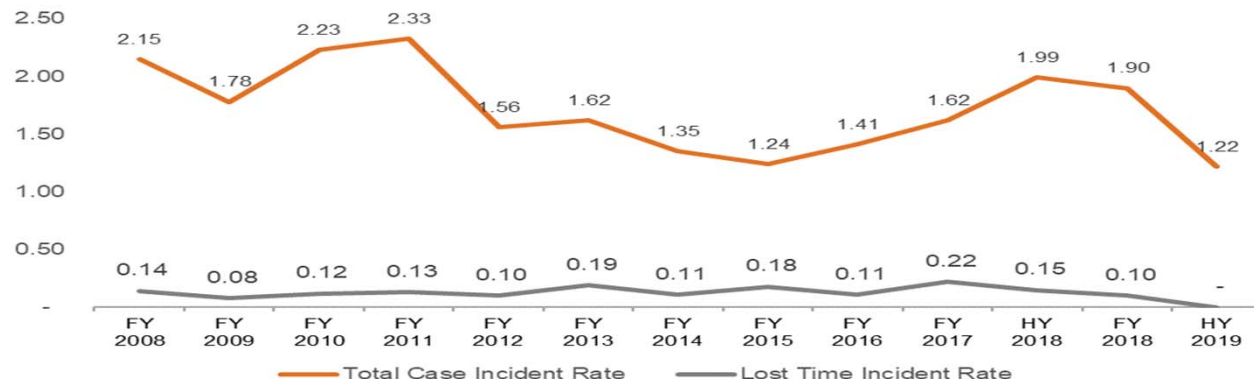
LFTTM500 Surface[®] Coring Rig and Operator

Safety & Environment

Leading safety performance focused on continuous improvement



Total Incident Rates¹



Leading safety performance KPI's

- LTIR – 0.00
- TCIR – 1.22

Safety Performance

- 2019 Lost time incidents – 0 (vs 4 LTI's over same period 2018)
Over 10 Million hours worked Lost Time Free
- Total Case incident rate – Lowest performance on record

Continuous Improvement

Key initiatives have significantly reduced injury rates:

- Global EHS Standards - Drive improve accountability
- Critical Risk Program – Eliminating potential fatal and significant injuries
- Embedded leading indicators into our annual Leadership KPIs:
 - BITS safety training and on time completion
 - Leadership Safety Inspections
 - Corrective Action Closure and In-Vehicle Monitoring Systems Utilization



HY 2019 Results – See page 24 for footnote descriptions

“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 or the environment.”

Year-Over-Year Comparison

Strong focus on productivity and cost control in improving market



Statutory			
(US \$M except EPS)	HY 2019	HY 2018	Change Fav / (Unfav)
Revenue	388	394	(2%)
Gross Margin	86	64	33%
<i>GM as % of Revenue</i>	22%	16%	
Operating Margin	35	10	249%
<i>OM as % of Revenue</i>	9%	3%	
EBITDA	54	28	90%
<i>EBITDA as % of Revenue</i>	14%	7%	
NPAT	2	(16)	NMF
<i>NPAT as % of Revenue</i>	1%	(4%)	
EPS (cents)	-	(0.1)	100%

Adjusted ²			
(US \$M)	HY 2019	HY 2018	Change Fav / (Unfav)
Revenue	388	394	(2%)
Adjusted Gross Margin	86	68	27%
<i>Adj. GM as % of Revenue</i>	22%	17%	
Adjusted Operating Margin	39	18	112%
<i>Adj. OM as % of Revenue</i>	10%	5%	
Adjusted EBITDA	58	37	58%
<i>Adj. EBITDA as % of Revenue</i>	15%	9%	

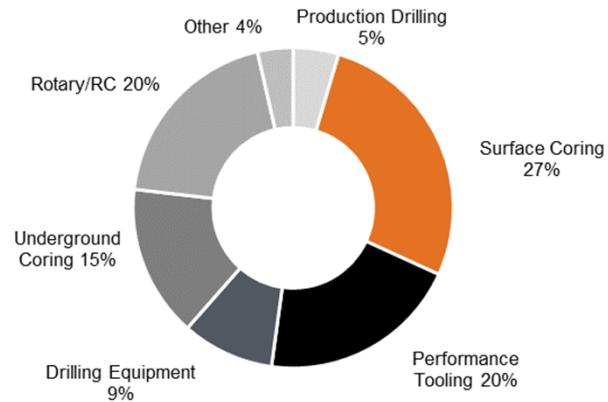
Key Performance Indicators by Quarter



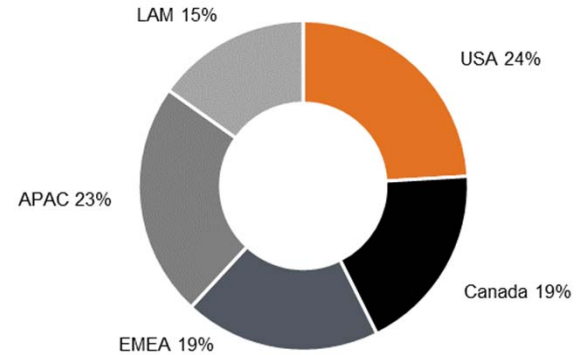
	Quarters ended 2019		Quarters ended 2018				Quarters ended 2017			
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Total Company										
Revenue (US\$ millions)	198.0	189.9	180.1	196.4	206.4	187.8	183.7	199.2	192.5	163.7
EBITDA (US\$ millions)	34.2	19.5	5.1	20.7	15.3	13.0	(20.1)	(4.5)	(7.6)	(4.4)
Adjusted EBITDA ² (US\$ millions)	36.2	21.6	19.7	24.4	21.1	15.5	5.8	15.9	12.8	8.6
Operating Profit (Loss)	25.0	9.5	(3.0)	10.7	9.6	0.3	(27.5)	(21.5)	(16.9)	(21.8)
Profit (Loss) from Trading Activities	25.2	14.7	12.1	19.8	22.6	0.5	7.1	4.0	7.4	(8.5)
Net cash flows (used in) provided by operating activities	16.6	3.4	17.2	(1.5)	(12.0)	-	37.9	(34.2)	(18.3)	(39.4)
Net Debt (US\$ millions)	730.9	729.0	682.5	667.2	649.7	615.7	598.9	595.8	753.2	718.4
SG&A (US\$ millions)	23.9	22.2	22.2	20.6	21.7	23.0	20.2	28.6	27.2	27.4
# of employees	4,833	4,727	4,637	4,754	4,990	4,882	4,604	4,812	4,636	4,444
Global Drilling Services										
Revenue (US\$ millions)	138.9	132.0	126.6	140.2	145.2	121.7	122.6	136.6	134.1	107.3
EBITDA (US\$ millions)	31.0	26.0	19.7	24.3	27.1	11.8	11.0	23.8	23.8	10.5
Average # of drill rig ³	691	691	685	672	672	677	702	715	718	739
Average rig utilisation ³	42%	41%	43%	47%	49%	44%	43%	46%	45%	37%
# of employees	3,596	3,493	3,406	3,544	3,763	3,647	3,320	3,511	3,338	3,146
Global Products										
Revenue (US\$ millions)	59.0	58.0	53.5	56.2	61.2	66.1	61.0	62.7	58.4	56.4
EBITDA (US\$ millions)	11.3	6.0	6.7	8.9	7.9	7.4	(0.2)	5.8	(0.1)	5.8
Average backlog (US\$ millions)	30.6	30.9	27.9	22.9	29.9	32.0	31.3	27.0	23.7	21.7
# of employees	926	927	927	930	946	947	976	979	983	974



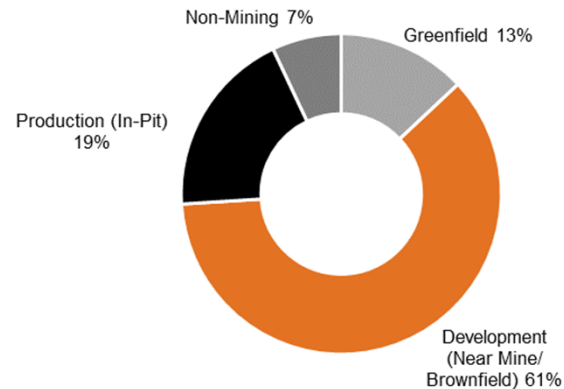
Revenue by Type – Products & Services



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 Earnings 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 recapitalization, 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:** Growth has been calculated on a comparable basis and eliminates impacts of FX, discontinued operations and slow moving inventory.
- **Footnote 4:** Transactions between segments are carried out at arm's length and are eliminated on consolidation.
- **Footnote 5:** Source: S&P Global Market Intelligence
- **Footnote 6:** Source: Sanford Bernstein Analysis
 - Analysis comprises the following Majors; BHP, RioTinto, AngloGold Ashanti, Vale, Antofagasta, Glencore, First Quantum Minerals, South32