



*LSTM250 MiniSonic™ Drill Rig*

**2015 Full-Year Results**  
**February 2016**



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- All references to dollars are to United States currency unless otherwise stated.

**Footnotes referred to throughout presentation are described on slide 26**

# FY 2015 Summary



## ➤ **Safety**

- Total case rate moderately better – 8% improvement year-over-year
- Increase in lost time rate – 0.18 vs. 0.11 in 2014
- No fatalities

## ➤ **Revenues**

- Down 131M (15%)
- FX the key driver – \$74M of the decrease
- Price down \$30M; volume down \$27M

## ➤ **Costs**

- Dramatically improved
- COGS down \$124M (16%)
- Significant SG&A reductions in 2H 2015; \$25M reduction in run rate compared to 1H 2015

## ➤ **Cash from Operations**

- \$85M used in 1H and \$30M generated in 2H
- Improvement driven by cost control and productivity measures implemented in 2H plus seasonality

## ➤ **Productivity**

- Big push started September 1<sup>st</sup>
- Significant improvement in drill meters per shift in first 5 months

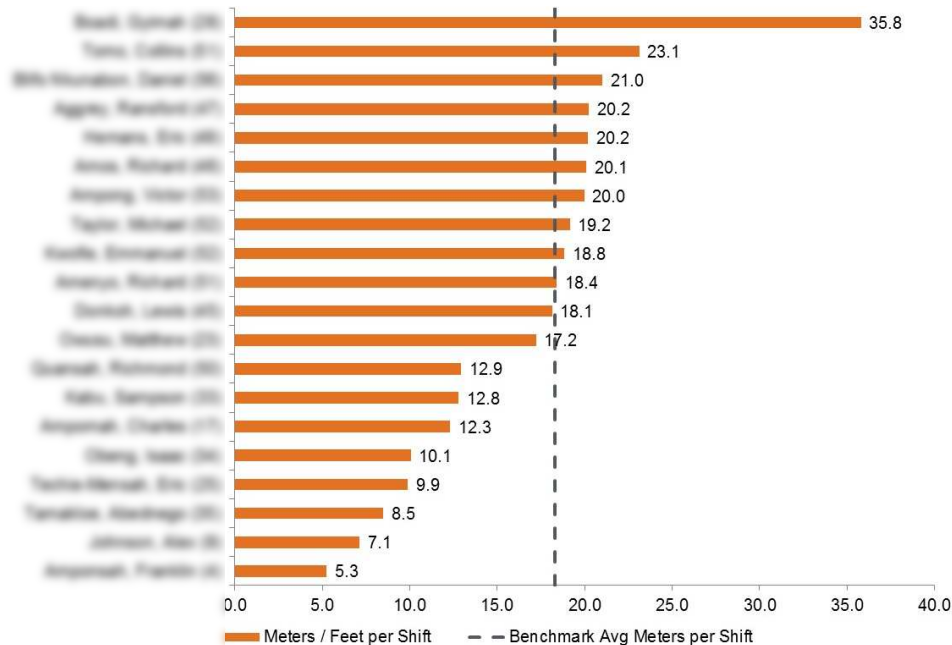
## ➤ **Business Environment**

- All major minerals down in 2015
- Gold up 15% YTD
- Gold represented ~47% of Drilling Services revenue in 2015

# Productivity Initiative



Example of Driller Productivity Chart



Progress Reviewed Regularly

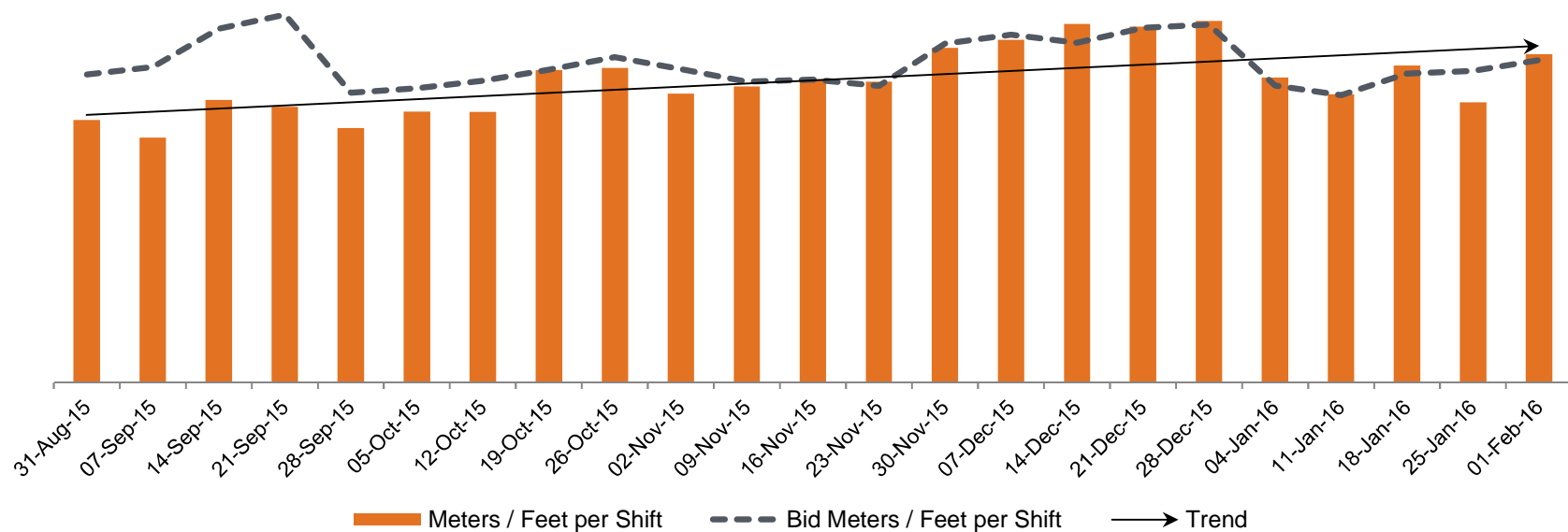


- Every drill crew gets instantaneous feedback on shift results (compared to other drillers & target)
- New incentive program with substantial bonuses for high performers
- Following metrics reported in detail:
  - Drill meters per shift
  - Time to first and last meter drilled
  - Revenue per shift
  - Drilling time and non-billable time

# Significant improvement in productivity in first 5 months



## Meters per Shift: First 5 Months



- Good data in a timely manner with meaningful incentives works!
- Expect trend to continue



# Productivity & cost control efforts have moved the needle



(US \$M)	FY 2014			FY 2015			Variance (YOY)		
	1H	2H	Total	1H	2H	Total	1H	2H	Total
Revenue	421	445	867	387	348	735	(34)	(97)	(131)
Adjusted EBITDA	19	13	31	2	(2)	(0)	(17)	(14)	(31)
Cash From Operations	(15)	3	(11)	(85)	30	(55)	(71)	27	(44)

↑

*2H 2015 cash from ops \$115M higher than 1H 2015*

↑

*2H 2015 cash from ops \$27M higher than 2H 2014*

Cash from operations improved in 2H 2015 despite lower revenue driven by business improvement initiatives and seasonality

# Innovative New Products



## Evolutionary

Released in 2015



### LS250 MiniSonic™ Rig

- Compact sonic rig
- Strong potential in environmental applications

Coming soon: 2 new surface coring rigs



### LF160

- Compact surface coring rig w/ deep hole capabilities



### LF350

- Deep hole surface coring rig
- High performance & productivity at record depths

## Revolutionary

- Suite of survey, geophysical, assaying & logging tools
- All at the rig
- All done by our drill crew

Released in 2015



### TruCore™ Core Orientation

- Makes marking core easy w/ wireless communication

In development:

- TruProbe™
- TruShot™
- Other on-site analysis tools



## Financial Overview



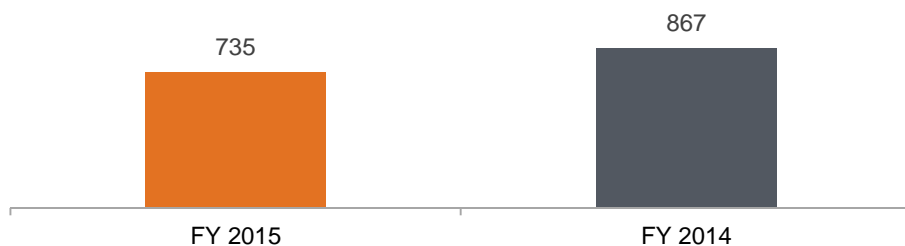


# Consolidated Results Summary: FY 2015



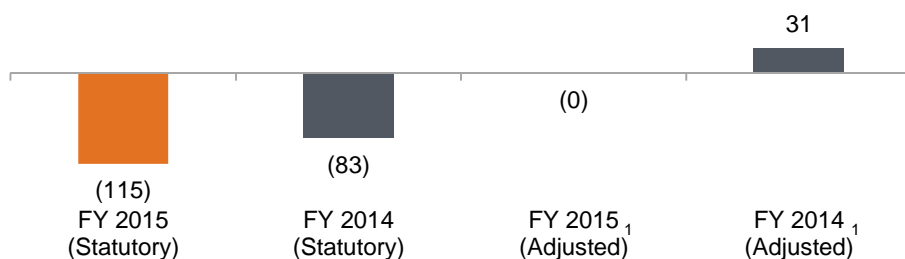
(US \$M)

## Revenue



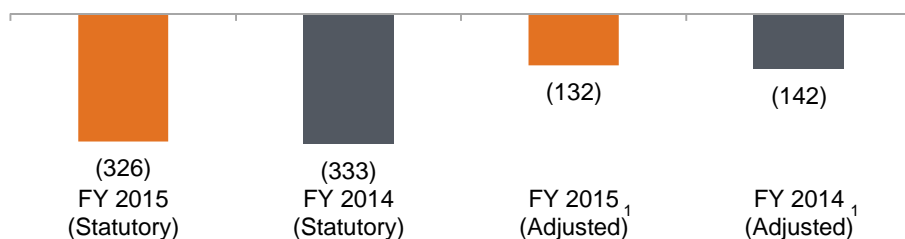
- FY 2015 was a difficult year for the industry and the Company due to lower commodity prices
- Demand stable for underground and production drilling and products
- Revenue down \$131M, driven by unfavorable currency translation as well as lower price and volume

## EBITDA



- Adjusted EBITDA down \$31M, driven by lower price and volume in the Drilling Services division
- Impacts of price and volume were partially offset by improvements in productivity and lower SG&A

## Net Profit After Tax



- Statutory loss of 36.0 cents compared to a loss of 70.8 cents in FY 2014
- No dividend to be paid

# Year-Over-Year Comparison



Statutory			
(US \$M except EPS)	FY 2015	FY 2014	Change Fav / (Unfav)
Revenue	735	867	-15%
Gross Margin	0	44	-99%
<i>GM as % of Revenue</i>	0%	5%	
Operating Margin	(199)	(185)	-8%
<i>OM as % of Revenue</i>	-27%	-21%	
EBITDA	(115)	(83)	-40%
<i>EBITDA as % of Revenue</i>	-16%	-10%	
NPAT	(326)	(333)	2%
<i>NPAT as % of Revenue</i>	-44%	-38%	
EPS (cents)	(36.0)	(70.8)	49%

Adjusted <sup>1</sup>			
(US \$M)	FY 2015	FY 2014	Change Fav / (Unfav)
Revenue	735	867	-15%
Adjusted Gross Margin	77	84	-9%
<i>Adj. GM as % of Revenue</i>	10%	10%	
Adjusted Operating Margin	(101)	(71)	-42%
<i>Adj. OM as % of Revenue</i>	-14%	-8%	
Adjusted EBITDA	(0)	31	NMF
<i>Adj. EBITDA as % of Revenue</i>	0%	4%	
Adjusted NPAT	(132)	(142)	7%
<i>Adj. NPAT as % of Revenue</i>	-18%	-16%	

Statutory results are adjusted by restructuring and related impairment charges of \$115M to arrive at adjusted results

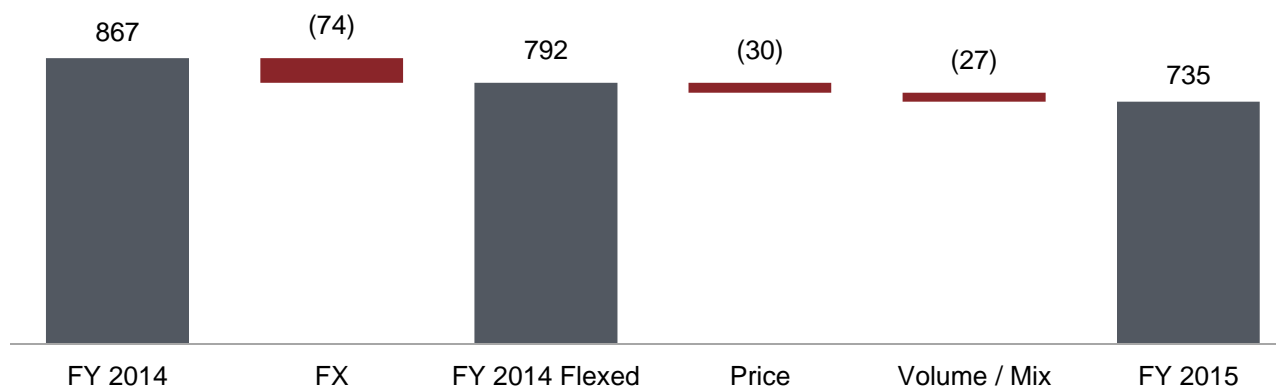
# Consolidated Overview: FY 2015

Price concessions partially offset by productivity improvements and SG&A cost reductions

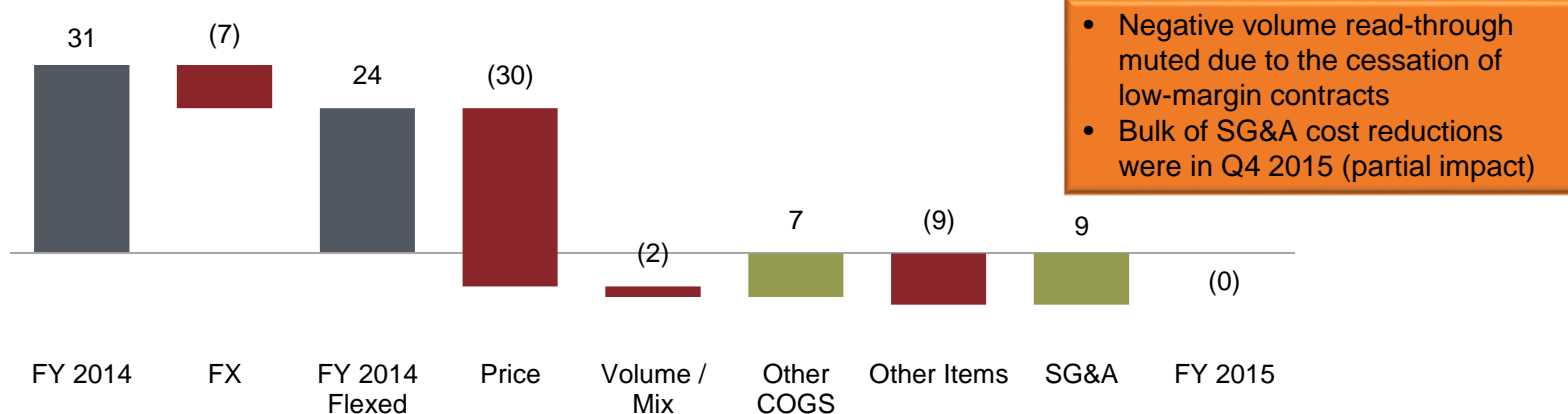


(US \$M)

## Consolidated Revenue Bridge



## Consolidated Adjusted EBITDA<sup>1</sup> Bridge



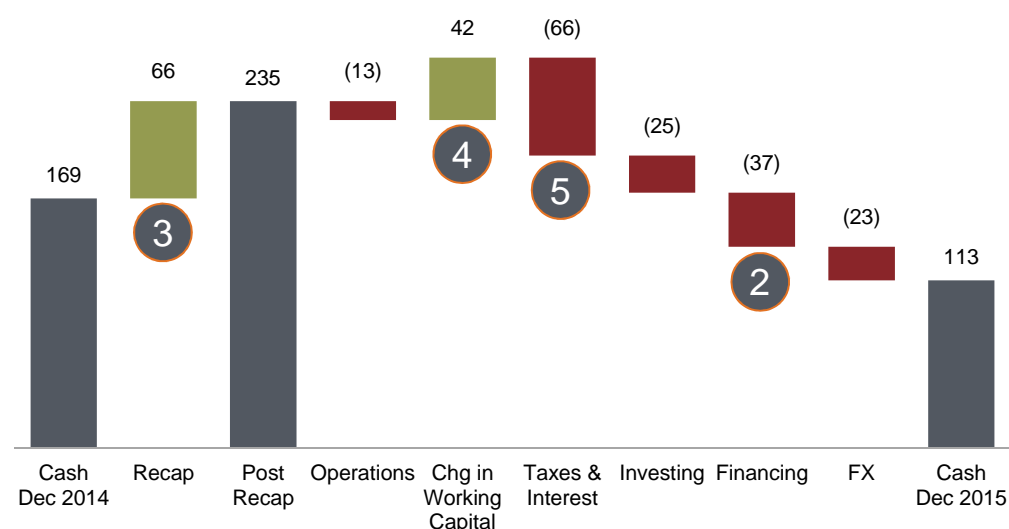
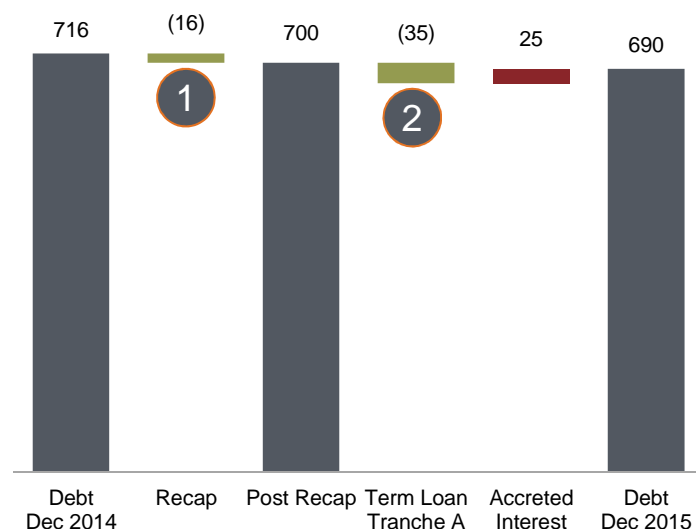
# Debt and Cash Bridges



(US \$M)

## Gross Debt

## Cash



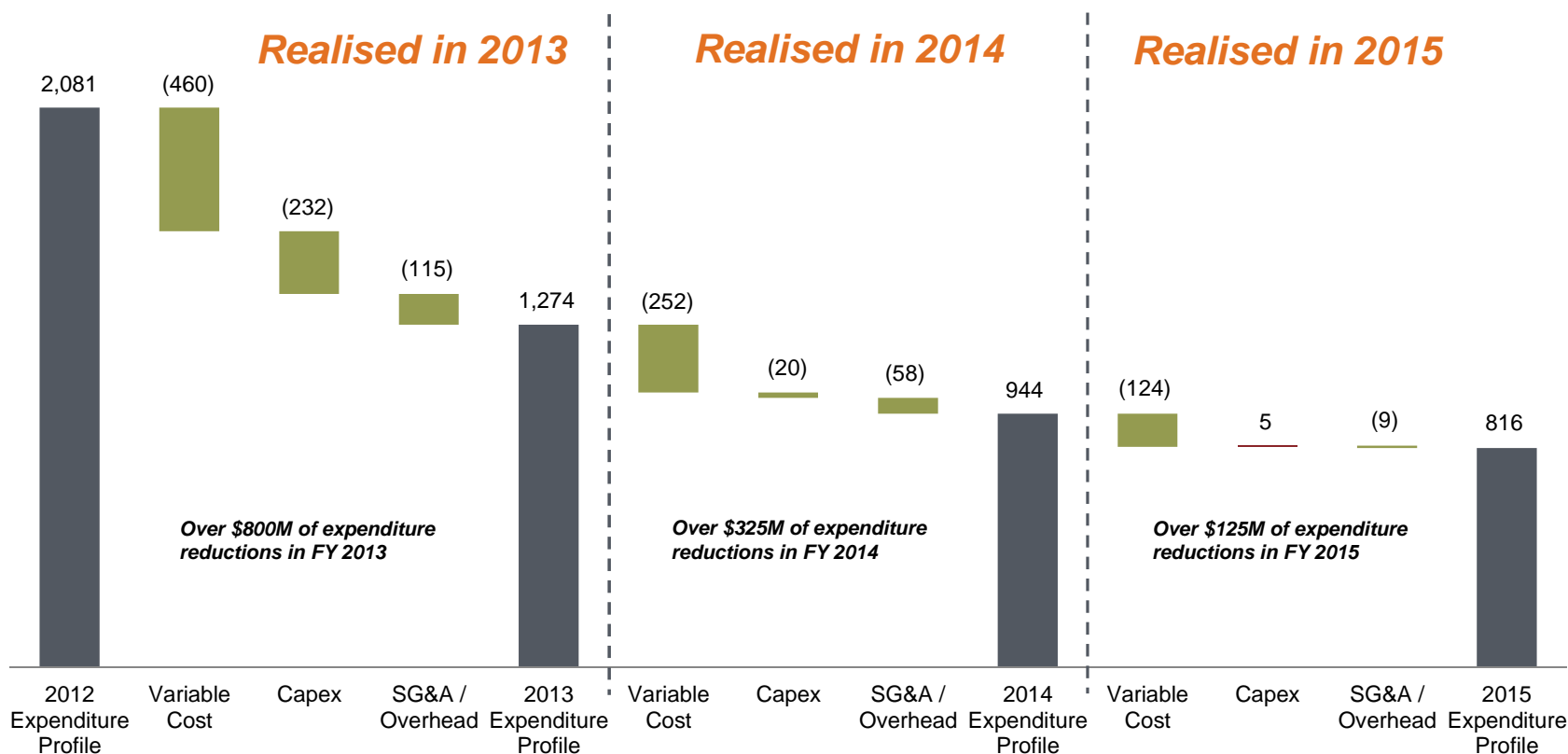
- 1 Equitisation of Senior Unsecured Notes of \$16M
- 2 Reflects pay-down of Term Loan, Tranche A with cash concurrent with closing of new ABL facility
- 3 Rights issue proceeds of \$84M, less accrued recapitalisation costs of \$18M
- 4 Primarily driven by \$21M of cash from inventory reduction
- 5 Primarily driven by net cash interest of \$43M and cash taxes of \$23M

# Continuing to manage our cost structure



(US \$M)

Reduced expenditure profile by over ~\$1.3 billion since 2012



Q4 2015 cost actions will further reduce our cost profile in 2016





## Business Overview



# Drilling Services: FY 2015 Operations

Significant headwinds from price as well as volume reductions and currency movements



Key Financials (US \$M):	FY 2015	FY 2014	Change Fav / (Unfav)
Revenue	528	636	-17%
COGS	493	597	17%
SG&A	38	42	10%
EBITDA	41	69	-40%
<i>EBITDA as % of Revenue</i>	<i>8%</i>	<i>11%</i>	

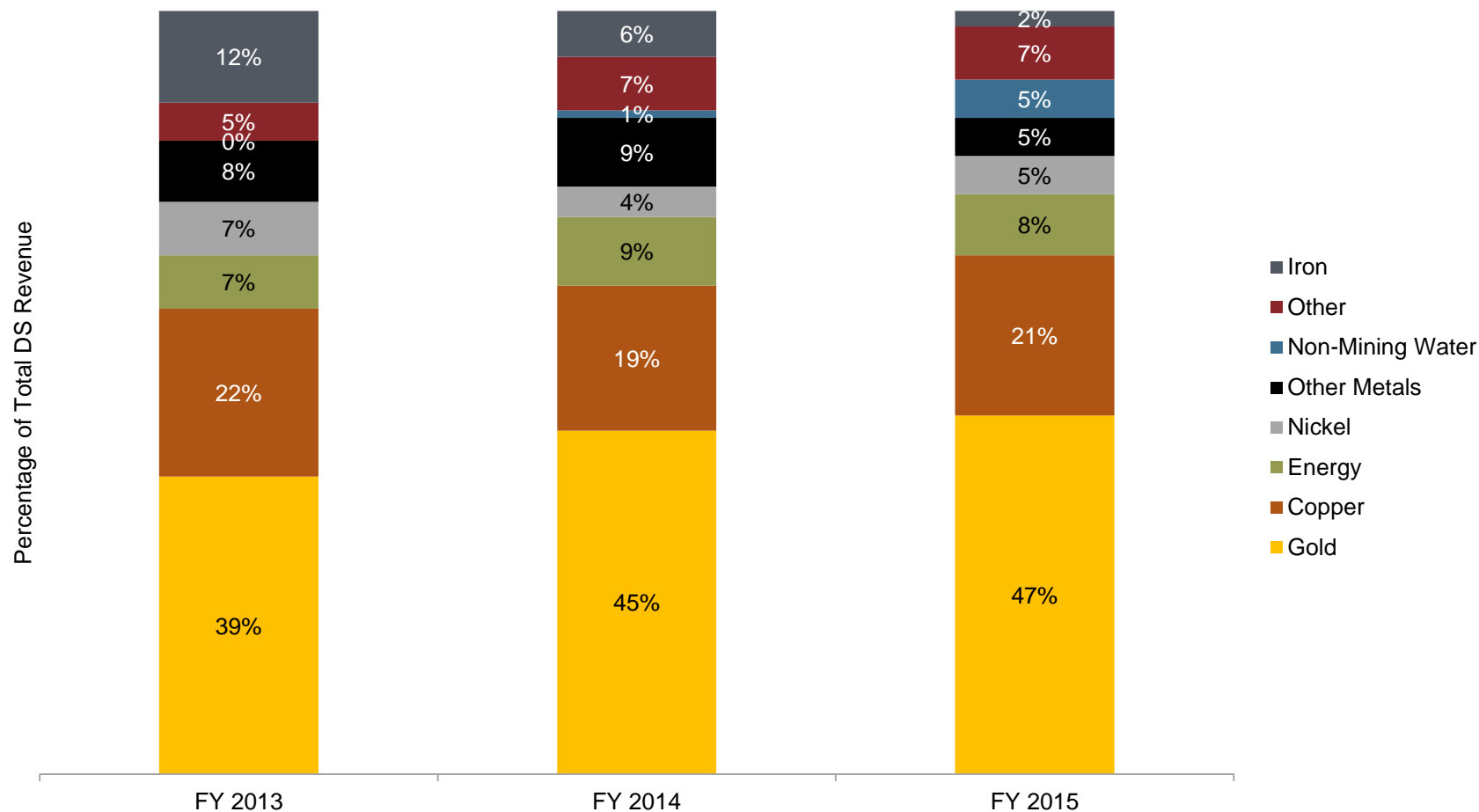
Key Performance Indicators	FY 2015	FY 2014	Change Fav / (Unfav)
Average Operating Rigs <sup>2</sup>	331	354	-6%
Average Rig Utilisation <sup>2</sup>	36%	37%	-1%
Average # of Drill Rigs	921	948	-3%
Headcount (year-end)	3,127	4,172	25%

- Revenue down 17% from FY 2014
- Key driver of decline = unfavorable currency translation
- Lower pricing and volume also factors
- Underground and non-mining applications more stable
- Improved productivity partially offset revenue headwinds



# Drilling Services: Revenue by Commodity

Gold drives bulk of revenue





# Global Products: FY 2015 Operations

## Increase in volume offset by headwinds in currency translations



Key Financials (US \$M):	FY 2015	FY 2014	Change Fav / (Unfav)
Revenue	207	230	-10%
COGS	166	186	11%
SG&A	36	40	11%
EBITDA	14	14	3%
<i>EBITDA as % of Revenue</i>	7%	6%	
Pro Forma <sup>4</sup> Revenue (US \$M)	FY 2015	FY 2014	Change Fav / (Unfav)
Sales to BLY Drilling Services	53	72	-27%
Pro Forma Revenue	260	303	-14%

- Revenue down 10% from FY 2014
- Key driver of decline = unfavorable currency translation
- Volume up YOY net of FX
- Pricing relatively flat
- EBITDA up due to disciplined cost control

Key Performance Indicators	FY 2015	FY 2014	Change Fav / (Unfav)
Average Backlog <sup>3</sup> (US \$M)	17	18	-6%
Headcount (year-end)	1,258	1,393	10%





Conclusion



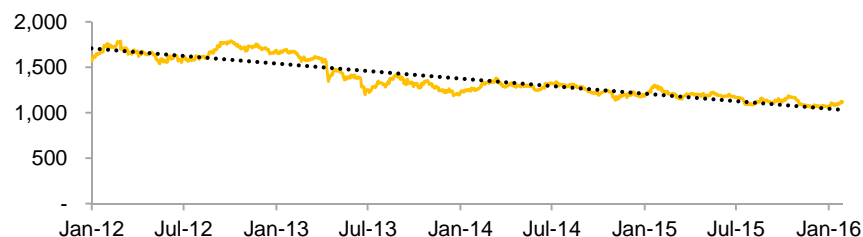


# Key indicators negative but recent gold trend positive

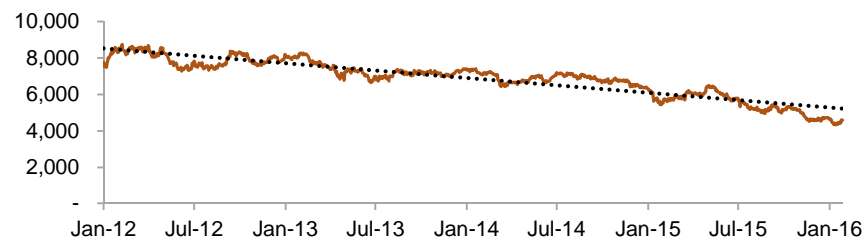


## Long-Term Commodity Trends<sup>6</sup>

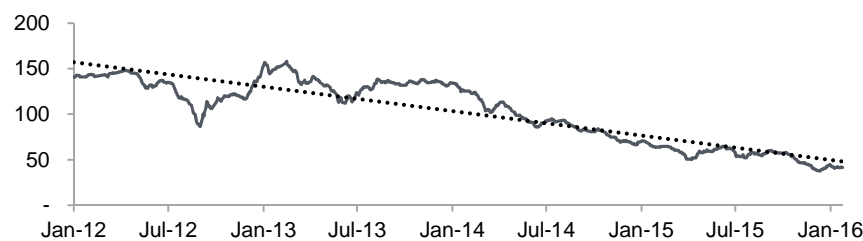
Gold (\$/oz.)



Copper (\$/MT)

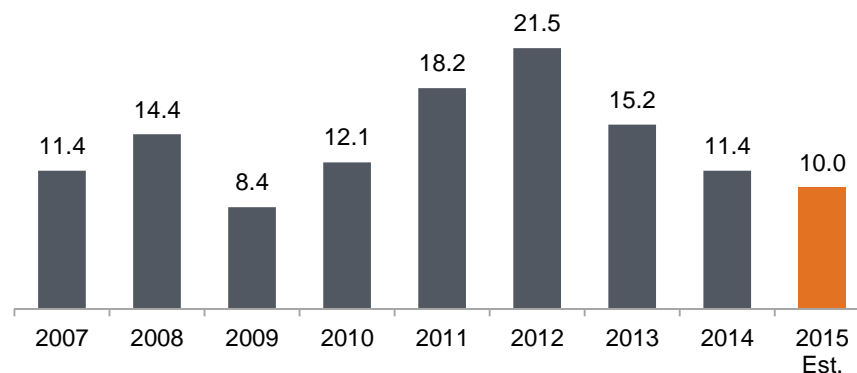


Iron Ore (\$/MT)



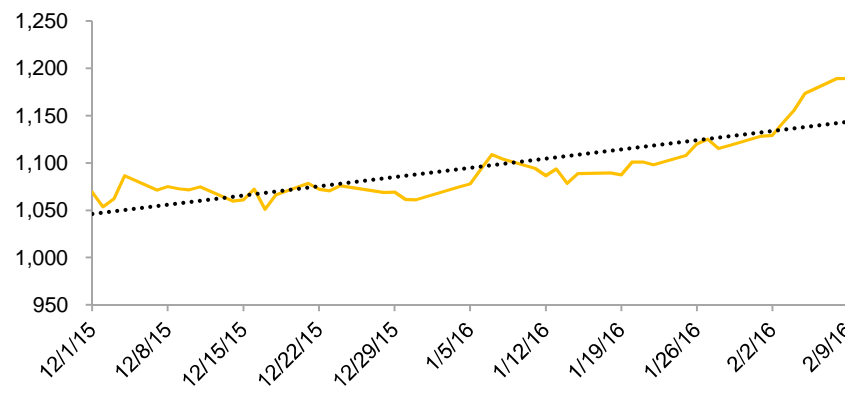
## Exploration Spend Trend

SNL MEG<sup>5</sup> - Exploration Spend (US \$B)



## Recent Gold Trend<sup>6</sup>

Gold (\$/oz.)



# 2016 Outlook



2016 Outlook	
<b>Safety</b>	More focus on leading indicators
<b>Revenue</b>	Volumes broadly consistent with second-half 2015 run rate
<b>Costs</b>	COGS - Continued productivity gains will reduce costs SG&A - Cost reductions implemented in second-half 2015 will lower SG&A profile by \$25M vs. first-half 2015
<b>Capex</b>	Full-year target of \$15M, but subject to market conditions
<b>Cash</b>	Seasonal working capital build expected during first-half with release during second-half
<b>Business Environment</b>	Minerals - Flat at current level Gold - Potential for more activity, but not yet visible in business Water Drilling - Potential for more activity



# Questions?



## Appendix



# Key Performance Indicators



	Quarters ended 2015				Quarters ended 2014				Quarters ended 2013			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
<b>Total Company</b>												
Revenue (US\$ millions)	160.9	186.8	200.3	187.2	205.8	239.3	224.1	197.4	224.5	279.5	348.7	370.2
EBITDA (US\$ millions)	(75.2)	(0.7)	(25.2)	(14.2)	(61.9)	12.3	(31.1)	(1.9)	(100.8)	(1.2)	(269.7)	34.6
Adjusted EBITDA (US\$ millions)	(4.9)	3.1	11.2	(9.5)	(3.2)	15.9	14.9	3.8	8.0	18.8	40.1	40.3
Operating Loss	(90.4)	(24.8)	(44.6)	(39.4)	(83.3)	(15.7)	(56.6)	(29.4)	(130.8)	(30.4)	(304.3)	(2.2)
(Loss) Profit from Trading Activities	(10.3)	(7.7)	(3.6)	(24.2)	(14.3)	(6.2)	(4.1)	(23.3)	(19.3)	(4.9)	16.4	7.9
Net cash flows (used in) provided by operating activities	28.2	2.0	(10.2)	(74.9)	(6.8)	10.1	(8.3)	(6.3)	4.1	36.1	17.8	(46.5)
Net Debt (US\$ millions)	576.4	554.6	556.1	538.1	547.6	550.9	555.8	544.4	526.4	523.0	563.8	571.3
Adjusted SG&A (US\$ millions)	5.0	37.9	40.0	39.5	31.6	32.7	34.6	32.7	35.0	40.0	39.2	46.8
# of employees	4,725	5,089	5,151	5,537	5,933	5,972	5,871	5,593	5,681	6,020	7,270	8,283
<b>Global Drilling Services</b>												
Revenue (US\$ millions)	111.3	135.4	145.1	136.1	151.8	176.0	168.7	139.6	163.4	216.3	265.3	272.3
EBITDA (US\$ millions)	3.0	15.8	18.1	4.0	9.1	22.9	25.4	11.2	15.5	42.7	42.6	41.1
Average rig utilisation	33%	37%	38%	35%	38%	40%	39%	32%	31%	37%	43%	39%
Average # of drill rigs (w ith E&I)	914	917	921	933	944	953	945	950	1,031	1,037	1,139	1,146
Average # of drill rigs (w ithout E&I)	914	917	921	933	944	953	945	950	1,031	1,037	1,037	1,044
# of employees	3,127	3,420	3,478	3,833	4,172	4,208	4,130	3,874	4,338	4,737	5,859	6,749
<b>Global Products</b>												
Revenue (US\$ millions)	49.6	51.4	55.2	51.1	53.9	63.3	55.4	57.8	61.1	63.2	83.3	97.9
EBITDA (US\$ millions)	4.0	3.4	4.5	2.6	1.2	7.0	5.0	0.8	2.6	(8.2)	8.7	13.0
Average backlog (US\$ millions)	13.3	16.7	18.4	18.9	19.3	20.3	16.9	15.2	19.4	19.8	31.5	43.3
# of employees	1,258	1,314	1,321	1,338	1,393	1,407	1,382	1,363	910	899	990	1,103

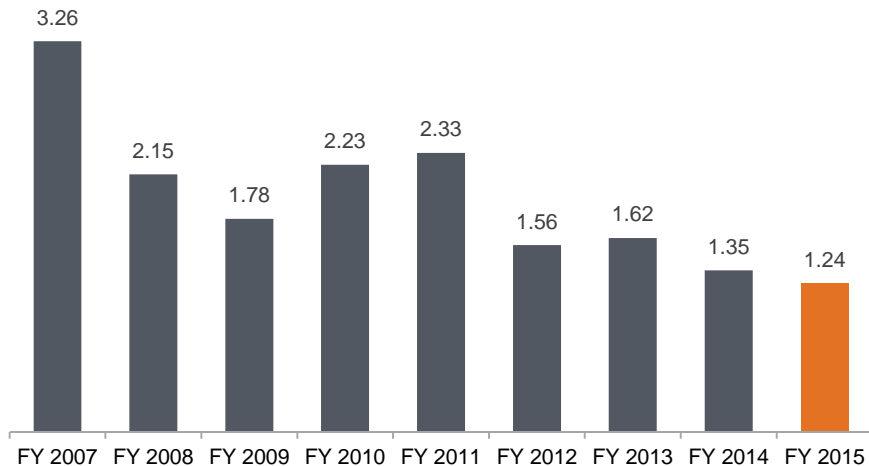


# Safety & Environment

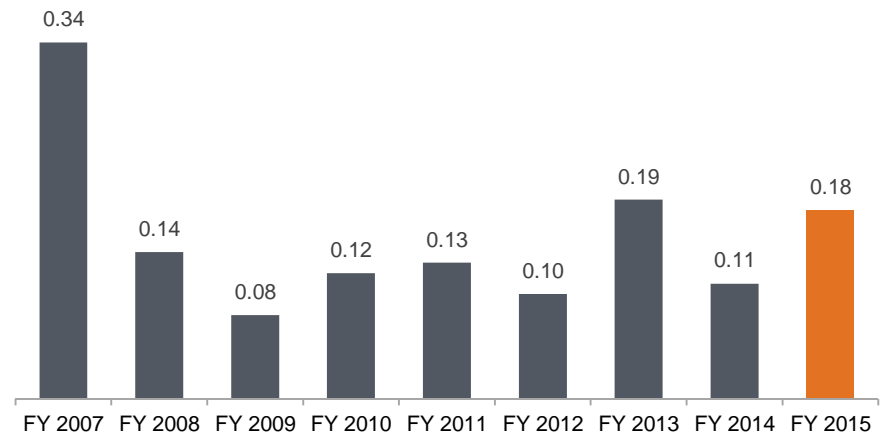
Our goal is to add value with zero harm – leading our industry with our employees returning home safely each day and performing our work with minimal impact to our neighbors or the environment.



## Total Case Incident Rate<sup>7</sup>



## Lost Time Incident Rate<sup>7</sup>



- **Safety Performance**

- Significant improvement in overall recordable injury cases
- Moderate increase in lost time injuries
- No fatalities

- **Proactive Safety Culture**

- Focused field leadership interactions with field employees covering significant areas of risk
- Continuation of drilling supervisor “Boots on the Ground” training program throughout LAM and EMEA regions

- **Continual Improvement**

- Focus on significant incident root cause analysis and corrective actions, supported by operations-centric incident reviews

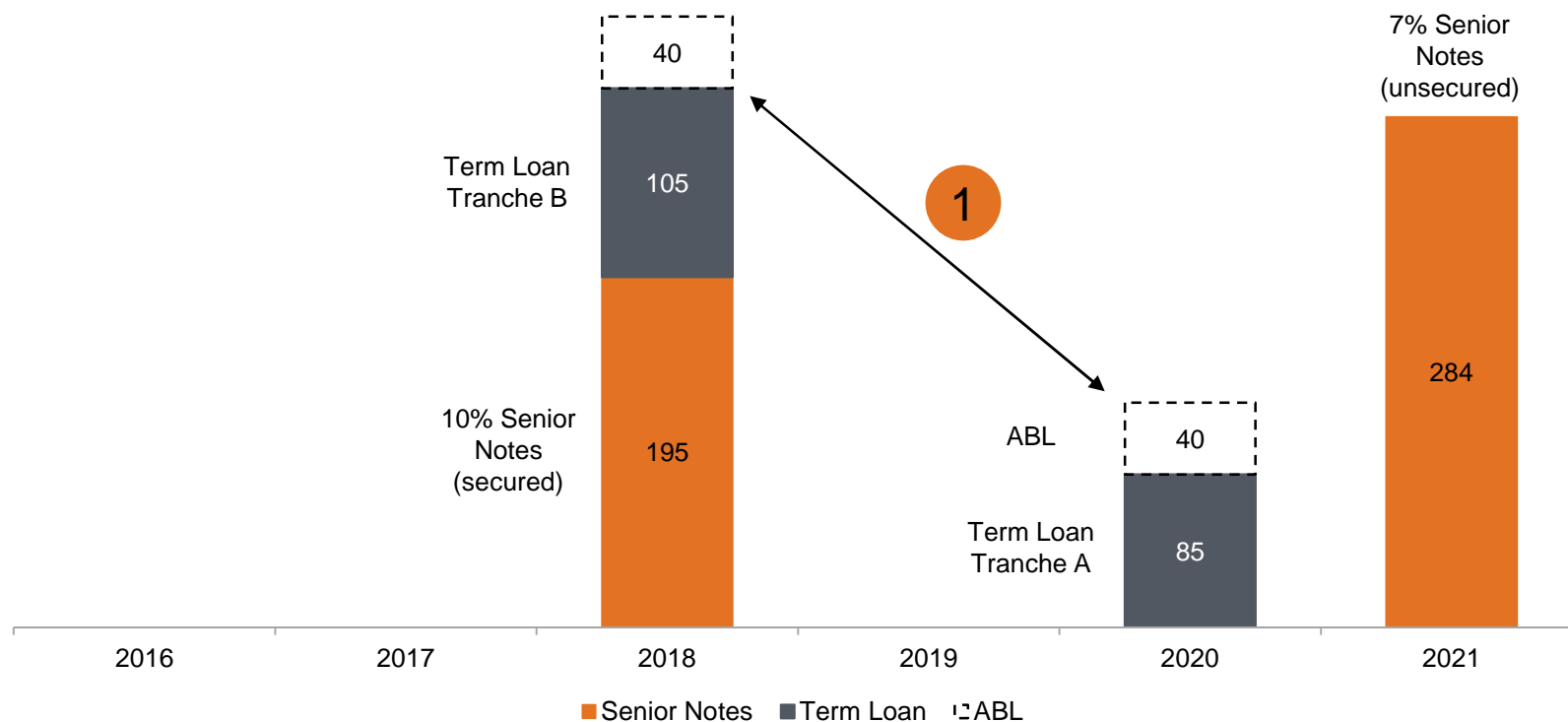


**Improvement in total case safety performance in 2015 and no fatalities**

# Debt Maturity Schedule



(US \$M)



1

If Term Loan – Tranche B and 10% Senior Secured Notes have not been refinanced prior to July 2018, ABL maturity accelerates to 2018 (in advance of Term Loan – Tranche B and 10% Notes) instead of 2020

# Footnote Disclosures



- **Footnote 1:** Loss from Trading Activities, Adjusted Gross Margin, Adjusted Operating Loss, Adjusted SG&A, Adjusted EBITDA and Adjusted NPAT Loss 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 recapitalisation, 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 Adjusted NPAT, additional adjustments are made to account for the tax effect of significant items and other tax write-offs and, in the case of Loss from Trading Activities, adjustments are made to Adjusted Operating Loss to remove other expense/income.
- **Footnote 2:** Operating rigs defined as the number of weekly operating rigs generating revenue. Utilisation figures based on operating rigs divided by rigs held in the fleet.
- **Footnote 3:** Backlog as of 31 December 2015 was \$13M.
- **Footnote 4:** Transactions between segments are carried out at arm's length and are eliminated on consolidation.
- **Footnote 5:** Source: SNL Metals Economics Group.
- **Footnote 6:** Source: Bloomberg.
- **Footnote 7:** Per 200,000 work hours.