

**ASX ANNOUNCEMENT (ASX:BLY)**

24 August 2022

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

**HALF YEAR 2022 RESULTS PRESENTATION**

Please find attached for release to the market, Boart Longyear Group Limited's Half Year 2022 results presentation.

**Authorised for lodgement by:**

Nicholas R. Nash  
Company Secretary

**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](#).

**Investor Relations:****Tony Shaffer**

Head of Investor Relations  
Australia +61 8 8375 8300  
USA +1 801 243 5216  
[ir@boartlongyear.com](mailto:ir@boartlongyear.com)

**Media:****Michael Weir**

Citadel-MAGNUS  
Australia: +61 8 6160 4903  
Mobile: +61 402 347 032  
[mweir@citadelmagnus.com](mailto:mweir@citadelmagnus.com)





**NOTICE**  
SAFETY GLASSES  
SAFETY SHOES  
REQUIRED  
BEYOND THIS POINT



# Half-Year 2022 Results

August 24, 2022

Jeff Olsen, Chief Executive Officer  
Miguel Desdin, Chief Financial Officer

Preparing TruCore for shipment



# Important Notice and Disclaimer

This presentation has been prepared by Boart Longyear Group, ARBN 652 848 103 (Boart Longyear or the Company). It contains general information about the Company's activities as at the date of the presentation. It is information given in summary form and does not purport to be complete. The distribution of this presentation in jurisdictions outside Australia may be restricted by law, and you should observe any such restrictions.

This presentation is not, and nothing in it should be construed as an offer, invitation or recommendation in respect of securities, or an offer, invitation or recommendation to sell, or a solicitation of an offer to buy, securities in any jurisdiction. Neither this document nor anything in it shall form the basis of any contract or commitment. This presentation is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any investor. All investors should consider such factors in consultation with a professional advisor of their choosing when deciding if an investment is appropriate.

The Company has prepared this presentation based on information available to it, including information derived from public sources that have not been independently verified. No representation or warranty, express or implied, is provided in relation to the fairness, accuracy, correctness, completeness or reliability of the information, opinions or conclusions expressed herein.

This presentation includes forward-looking statements within the meaning of securities laws. 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.

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 may not be audited.



# Three Business Units Driving Long-Term Growth

## Drilling Services

Industry-leading provider of drilling services and largest, global, specialised and diversified driller

More than 4,500 employees around the world operate more than 320 rigs



- Seasoned management team with deep sector experience
- Strong balance sheet

## Global Products

Offers the most advanced technology tooling and drill rigs, specifically engineered for long life and high performance while boasting world-class safety features

Almost 1,100 employees and six manufacturing sites globally



- Global footprint operating on five continents
- Fleet of >650 drill rigs

## Geological Data Services

Redefining the future of mineral exploration through innovative and emerging technologies delivered through industry-leading products and services

More than 75 employees worldwide



- Industry-leading safety record
- Large customer base with proud 130+ year history



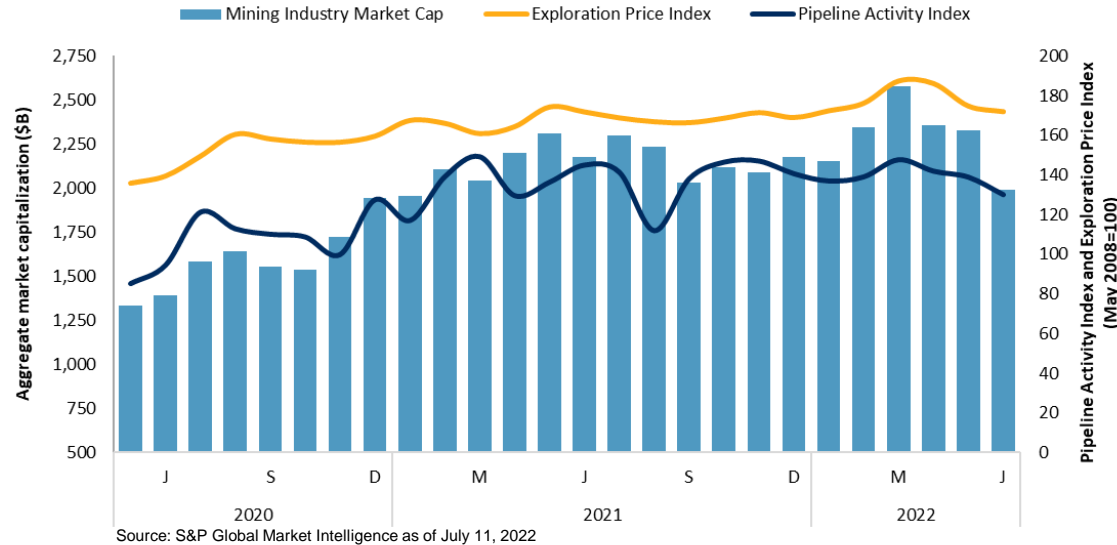
# Strongest First Half Performance since 2013

- Healthy macroeconomic environment driven by electrification and green economy – industry facing long-term supply challenges, not demand concerns
- Robust 1H'22 revenue growth driven by substantial demand for Company's products and services
- Adjusted EBITDA<sup>1,2</sup> expansion during 1H'22; however, experiencing higher input costs and supply chain headwinds
- Both Drilling Services and Products experienced price and volume growth during 1H'22
- GDS continues product development and business expansion
- Expanding ESG initiatives within operations
- Positioning business for long-term growth through capital investment



# Exploration Investment Expanding to Meet Surging Demand

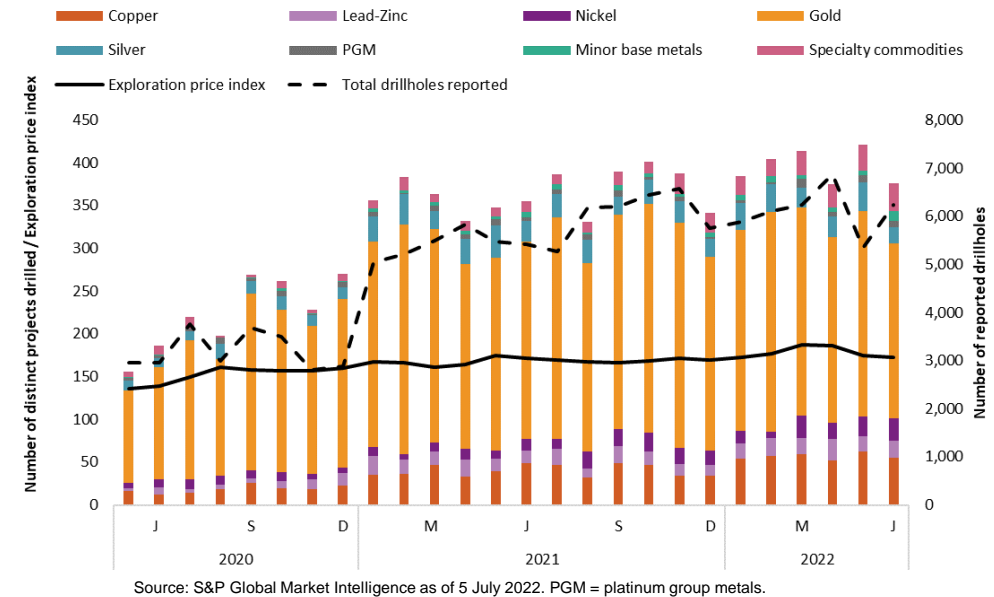
Pipeline Activity Index, January 2020 – June 2022



## Exploration struggling to keep up with demand

- Miners increasing exploration budgets after near decade of underinvestment to address growing supply demand
- Electrification and demand for green metals, such as copper, driving exploration and development spending
- Exploration industry rebounded quickly from COVID-19 impacts
- According to S&P, 2021 non-ferrous exploration budgets increased 35% to \$11B over 2020

Project Drilling Activity by Commodity, May 2020 – June 2022



## Dynamic commodity environment

- Green energy transition continues to drive strong long-term mineral demand
- In late Q2'22, metals prices eased from historic highs due to inflationary pressures, rising interest rate and strong US\$
- S&P's Pipeline Activity Index reached a ten-year high in March 2022 but edged lower by the end of Q2'22
- June 2022 financings of \$1.1B were second-highest monthly total of 2022, after the \$2.5B raised in March





# Dynamic Financial and Operational Performance in 1H'22

**↑129%**  
**LTIR<sup>3</sup>**

1H'22 0.16 vs. 1H'21 0.07

Refocusing on Critical Risk Management  
and EHS fundamentals to address increase

**↑18%**  
**REVENUE**

1H'22 \$528M vs. 1H'21 \$447M

Volume and price growth across Drilling  
Services and Products

**↑14%**  
**ADJ. EBITDA<sup>1,2</sup>**

1H'22 \$69 vs. 1H'21 \$61M

Volume and price growth and operational efficiencies  
offset by higher manufacturing costs and inflation

**↑18%**  
**CAPITAL DEPLOYED**

1H'22 \$28M vs. 1H'21 \$26M

Positioning business for long-term growth

**↓81%**  
**NET DEBT**

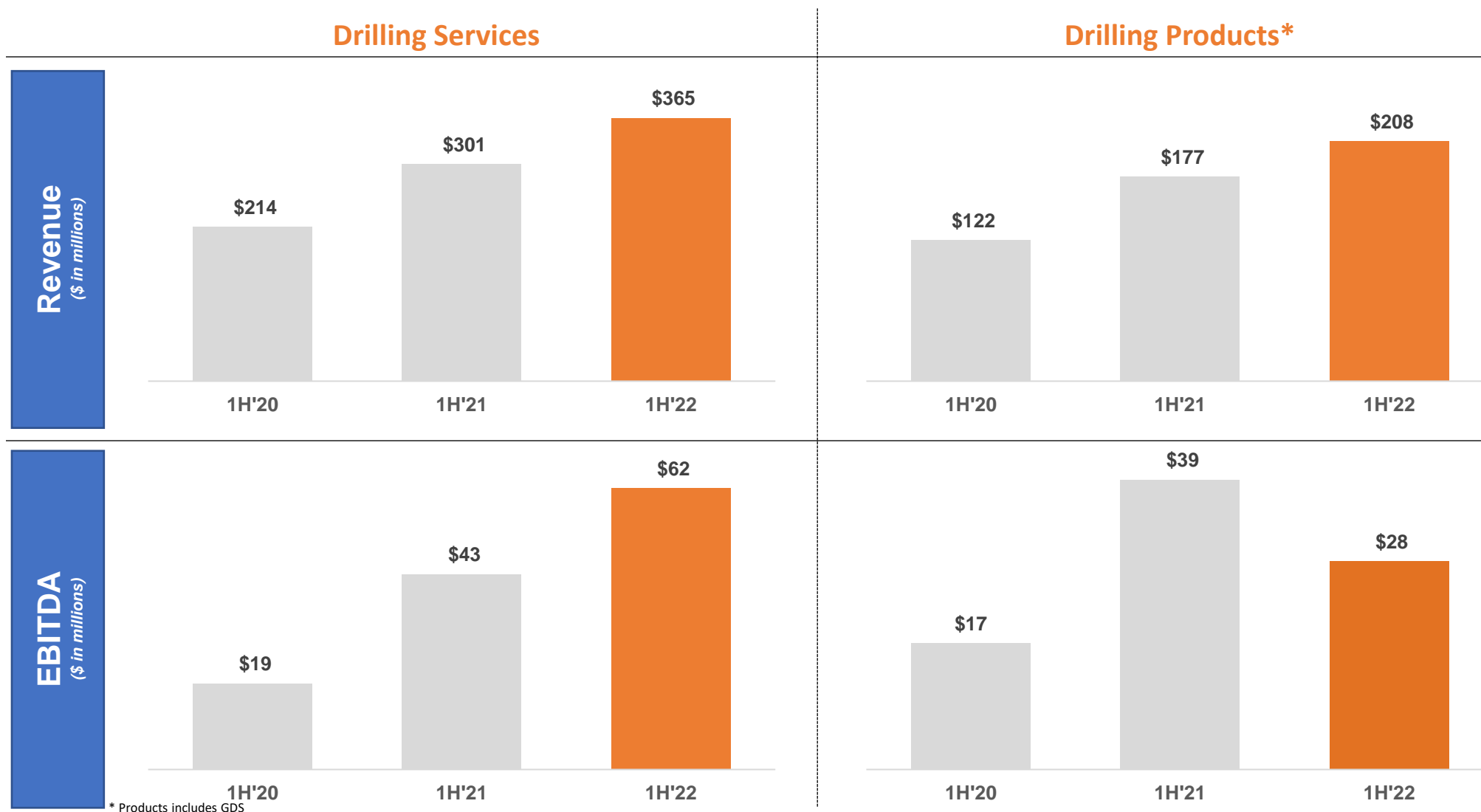
1H'22 \$176M vs. 1H'21 \$911M

Impact of 2021 recapitalisation



# H1'22 Business Unit Performance

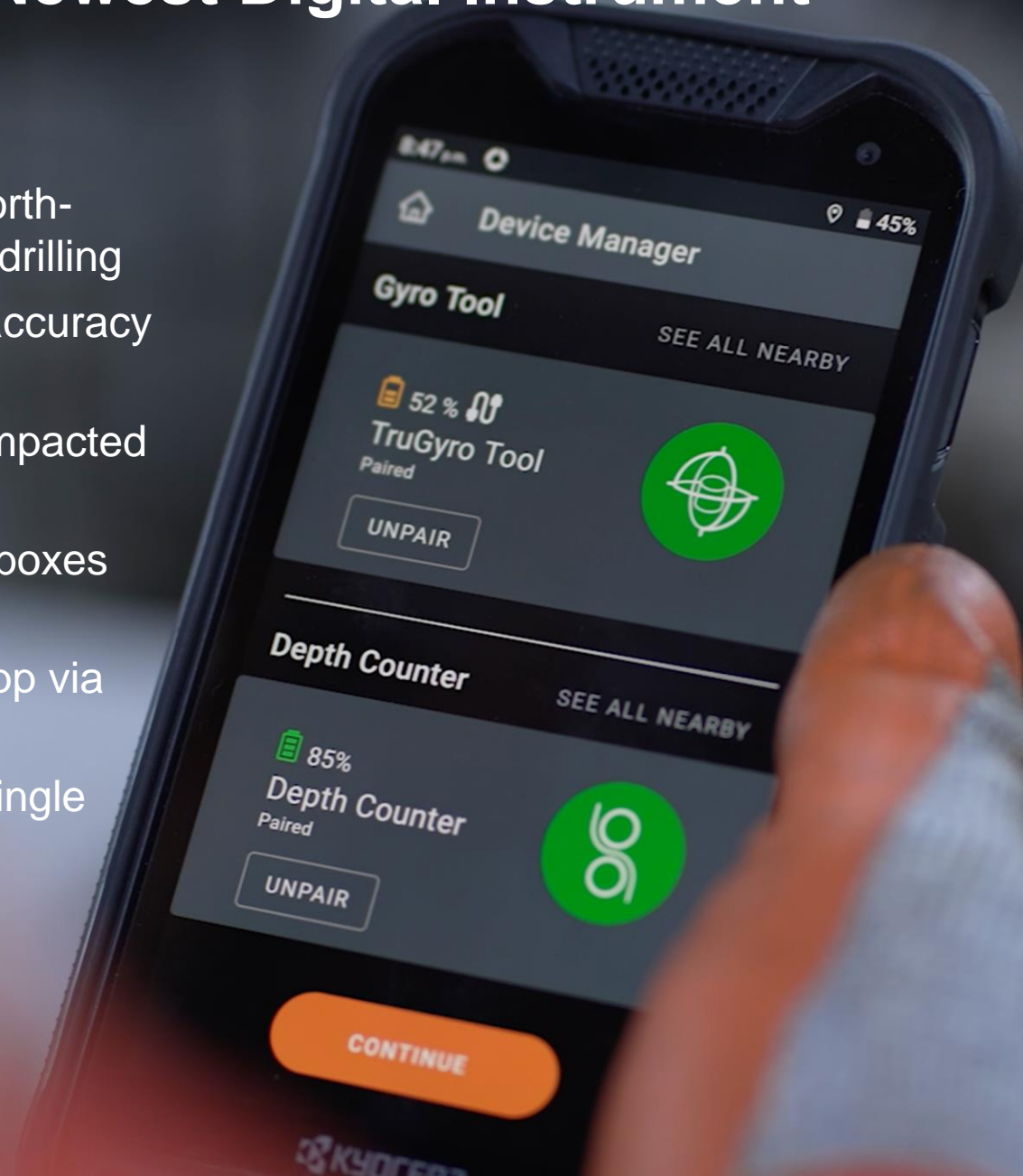
The information presented is before inter-segment eliminations in order to reflect each business unit's revenue and EBITDA assuming all inter-segment sales were made to third parties instead. This financial information is provided so that investors can better understand each business unit's true scale. Transactions between Company segments are carried out at arm's length and are eliminated on consolidation.





# TruGyro – GDS' Newest Digital Instrument

- Most compact and integrated north-seeking gyro tool in exploration drilling
- Industry-leading gyrocompass accuracy in as little as 30 seconds
- Finds true north without being impacted by magnetic interference
- Packaged in two boxes vs. five boxes for competing products
- Easy-to-use intuitive operator app via handheld device
- Offers standard north-seeking single shot and multi-shot surveys



# Creating a Sustainable Future for Our Stakeholders

## ESG Highlights for 1H'22

Published inaugural  
ESG report



Baselining Scope 1 &  
Scope 2 emissions in  
manufacturing plants



Finalised three-year  
ESG strategy



Distributed >1,000  
mosquito nets to  
local African  
communities for  
World Malaria Day







# Financial Performance

Miguel Desdin  
Chief Financial Officer

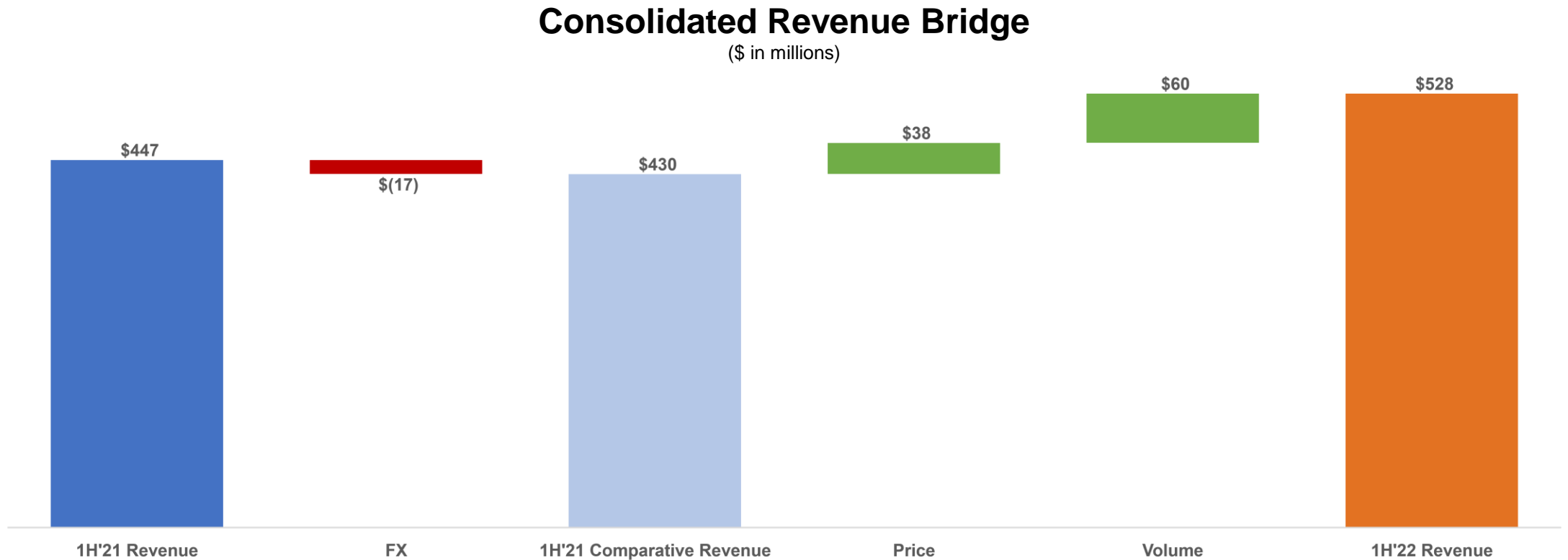


# Managing Inflation and Supply Chain Headwinds

<b>Input Cost Inflation</b>	<ul style="list-style-type: none"><li>▪ Expanded capacity by introducing a rod line manufactured in Germany to leverage lower cost steel within the European market</li><li>▪ Heavily impacted by rising energy costs, and tightening metals and freight markets</li><li>▪ Investing capital in manufacturing plants to lower cost of production</li></ul>
<b>Labour Inflation</b>	<ul style="list-style-type: none"><li>▪ Offering and paying competitive wage rates to attract high-quality candidates</li><li>▪ Differentiating Company with industry-leading training</li><li>▪ Focusing on gender diversity to expand talent pool</li><li>▪ Refining recruitment and onboarding to increase employee retention</li><li>▪ Implementing actions to address employee engagement survey</li></ul>
<b>Supply Chain Management</b>	<ul style="list-style-type: none"><li>▪ Increased investment in inventory to address supplier lead time delays</li><li>▪ Developed vendor management strategy focused on opportunities to lower input costs through diversification</li><li>▪ Continuous leveraging of global manufacturing footprint to support elevated consumption levels</li></ul>



# Revenue Growth and Momentum



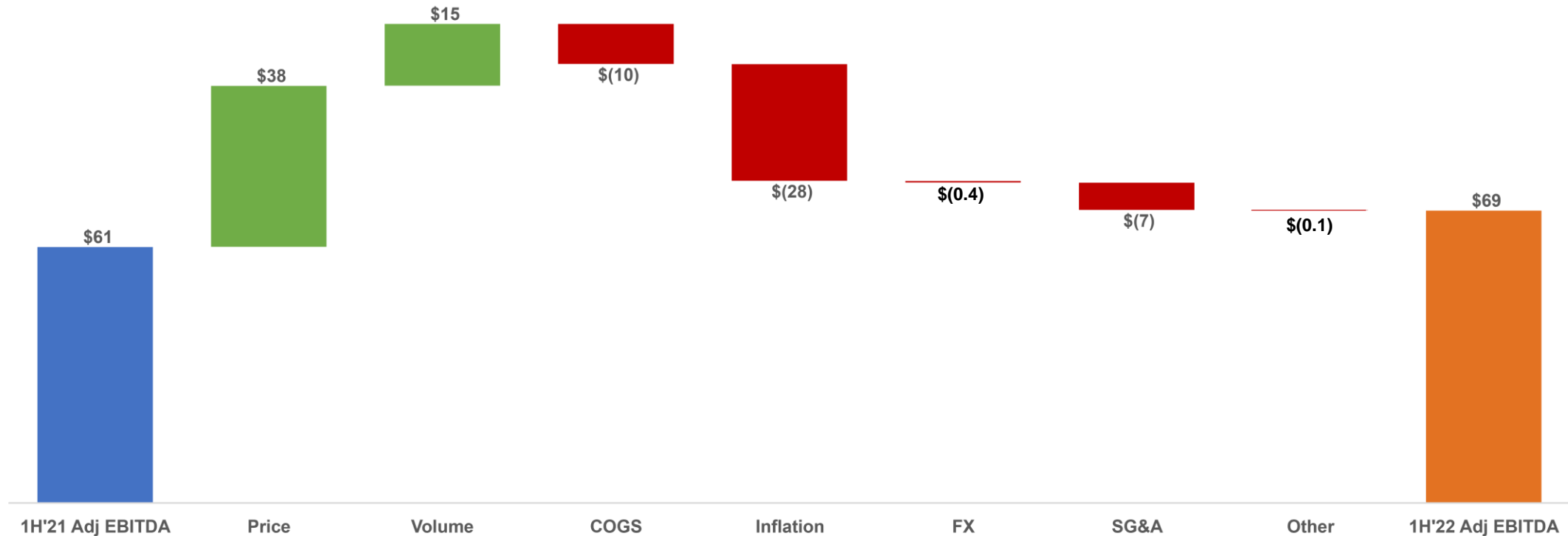
- FX impacted mainly from Canada and Australia
- Price and volume driven primarily by Drilling Services' performance with Products contributing in both categories



# Strongest Adjusted EBITDA since 1H'13

## Consolidated Adjusted EBITDA<sup>1,2</sup> Bridge

(\$ in millions)

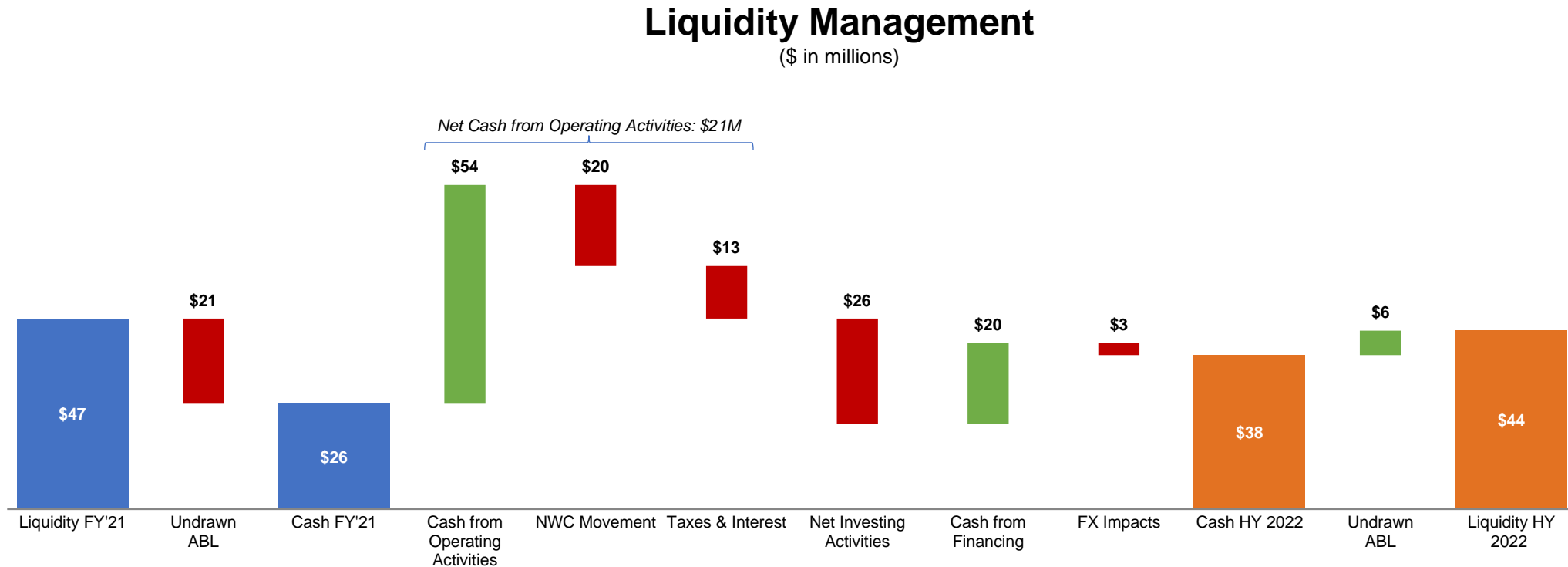


- Benefitted from price and volume growth as well as Drilling Services' 2021 productivity improvements
- Negatively impacted by increased manufacturing costs and input price inflation
- Costs of good sold (COGS) includes increased manufacturing costs
- Inflation represents increased input prices
- SG&A reflects increased headcount supporting strong growth and professional fees





# Cash Flow Discipline



- Received six-month ABL expansion in December 2021, made permanent in June 2022
- Proactively managing working capital
- Higher cash interest in 2022 vs. payment in kind interest in 2021 on outstanding debt

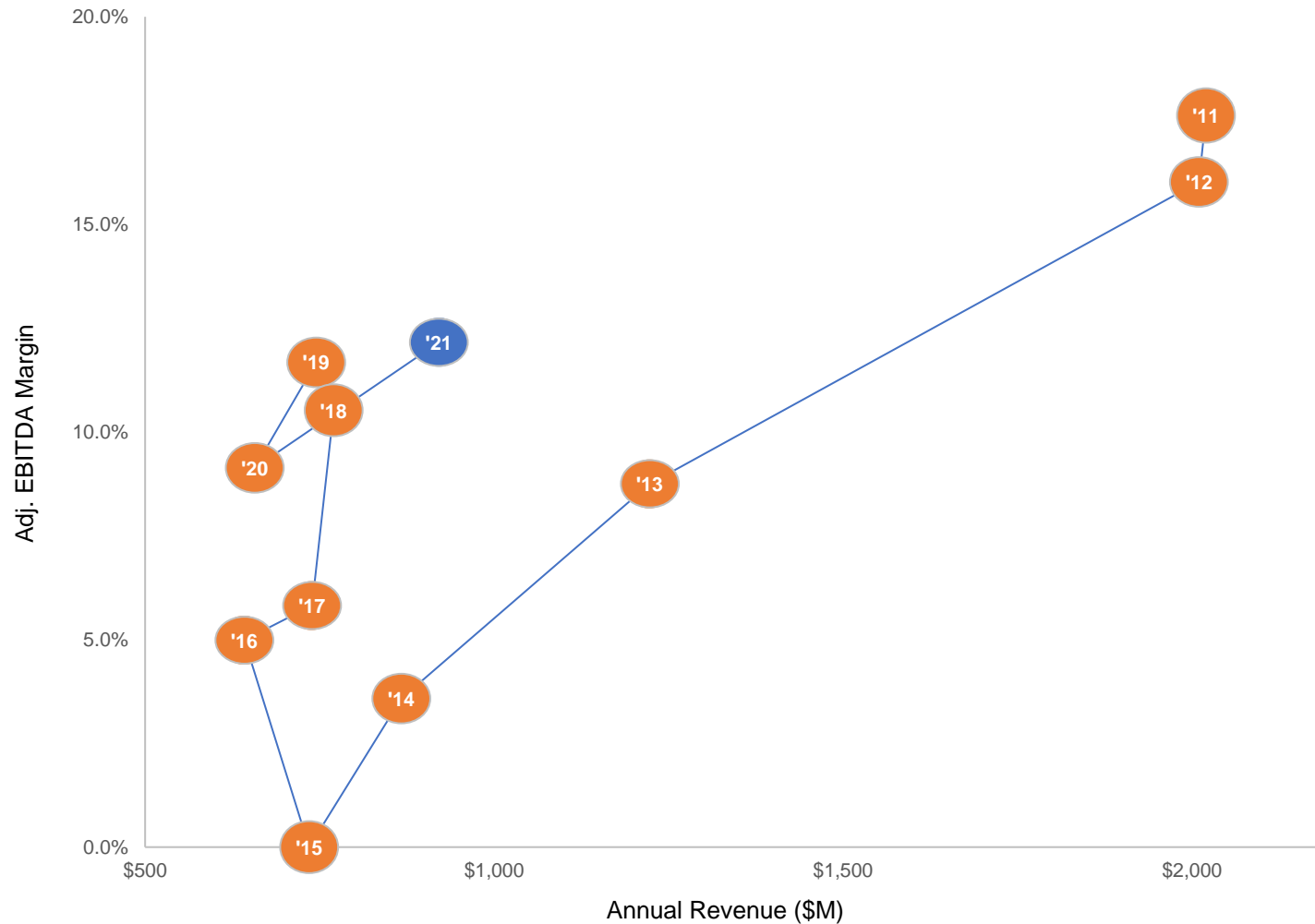




# Corporate Summary

Jeff Olsen  
Chief Executive Officer

# Improved Cost Structure Delivering Adj. EBITDA Margin Momentum

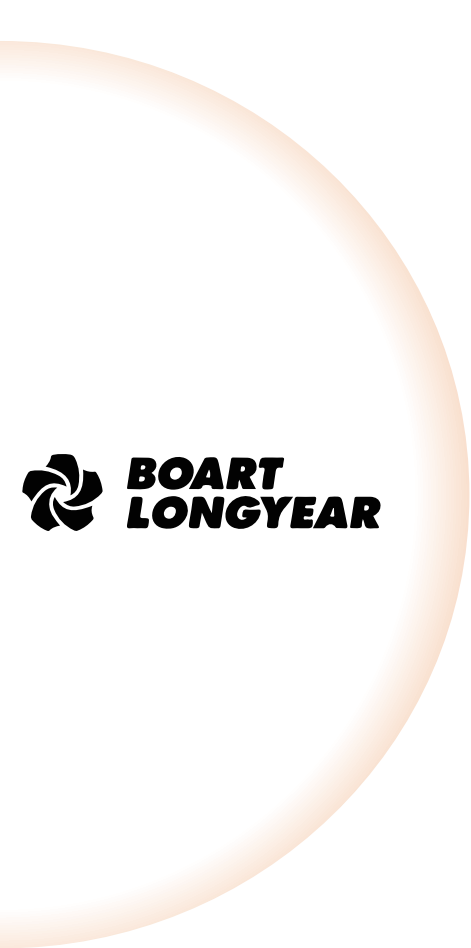


- Diligently working to improve cost structure for several years
- Made significant progress during 2021 with results showing via an increased adj. EBITDA<sup>1,2</sup> margin
- Margins for 1H'22 and FY'21 nearing 2011 and 2012 levels
- Company can generate strong margins without significant revenue increase





# Investment Highlights



- 1** | Vertically Integrated Industry Leader with Differentiated Offerings Providing Competitive Advantages
- 2** | Unique Integrated Provider of Best-in-Class Drilling Services, Products and Technology Offerings
- 3** | Diverse Revenue Mix Providing Exposure to Most-Attractive Geographies and Commodities
- 4** | Disruptive GDS Technology to Upend Traditional Logging and Assaying for Miners
- 5** | Robust Growth Profile
- 6** | Strong Balance Sheet Positioned for Growth
- 7** | Stable Capital Structure, Improved Profitability and Significant Growth Tailwinds
- 8** | Best-in-Class Management Team with Decades of Experience





Q&A





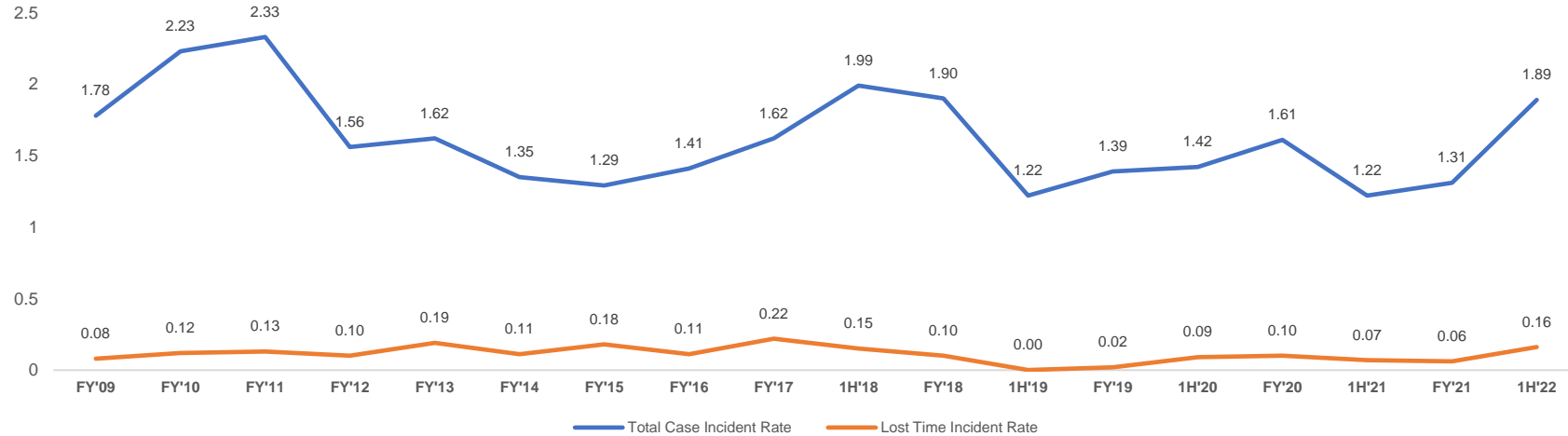
# Appendix





# Safety Performance Focused on Continuous Improvement

Total Incident Rates<sup>3</sup>



## Key Initiatives

### Competency Training Programs

- Strengthen and grow the program continually increasing the numbers of driller assistants and drillers that will complete the course
- Roll out newly developed curriculum for tradespersons – level I, and continue developing level II, III, & IV

### Critical Risk Management – Focused on Identifying and Controlling Potentially Fatal Risks

- Critical control verifications are a centrepiece for leadership field engagement, elevating the focus by our teams to ensure critical controls remain in place and effective

### Refocus on EHS Fundamentals

- Revamped new hire onboarding training to enhance the new hire experience, emphasising fundamentals and building competency relating to our EHS tools
- Incident reduction focused on reducing critical risk events, hand injuries, as well as vehicle incidents

### Chief Operating Officer Compliance, Safety and Operations Virtual Sessions

- Regional communication and open discussions with field leaders and crews reinforcing expectations for two-way accountability relative to how we approach our work, and our commitment to compliance, safety, and operations



## Leading Safety Performance KPIs

	1H'22	1H'21
LTIR	0.16	0.07
TCIR	1.89	1.22

## Lost Time Incidents

1H'22: 5  
1H'21: 2

“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.”



# Year-Over-Year Comparison

Statutory			
(\$ in millions, except EPS)	1H'22	1H'21	% Change
Revenue	528	447	18%
Gross Margin	101	90	12%
<i>Gross Margin as % of Revenue</i>	19%	20%	
Operating Profit	29	28	5%
<i>Operating Profit as % of Revenue</i>	6%	6%	
EBITDA	52	50	4%
<i>EBITDA as % of Revenue</i>	10%	11%	
NPAT <sup>4</sup>	18	(38)	147%
<i>NPAT as % of Revenue</i>	3%	(8%)	
EPS (cents)	6.0	(42.7)	114%

Adjusted			
(\$ in millions, except EPS)	1H'22	1H'21	% Change
Revenue	528	447	18%
Adjusted EBITDA <sup>1,2</sup>	69	61	14%
<i>Adj. EBITDA as % of Revenue</i>	13%	14%	



# Key Performance Indicators by Quarter

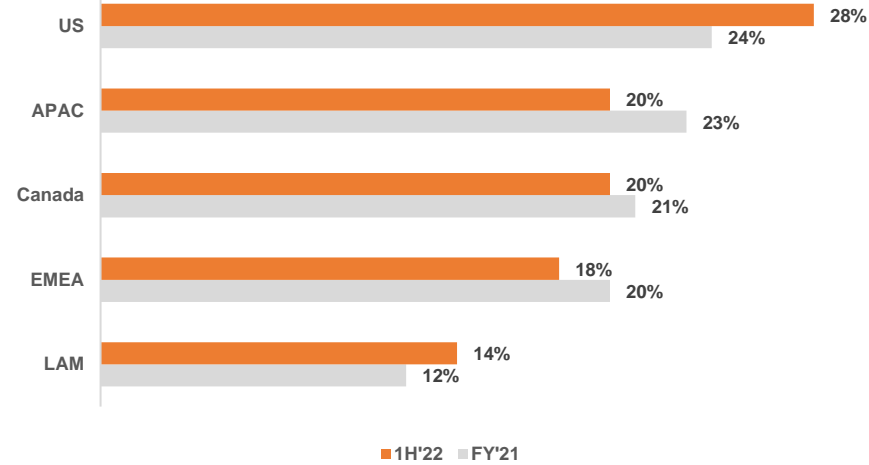
(\$ in millions)	Q2'22	Q1'22	Q4'21	Q3'21	Q2'21	Q1'21	Q4'20	Q3'20	Q2'20	Q1'20	Q4'19	Q3'19	Q2'19	Q1'19
<b>Total Company</b>														
Revenue	266.2	261.4	238.4	236.0	238.0	209.0	175.8	172.3	138.3	170.9	166.0	191.1	198.0	189.9
EBITDA	17.9	34.5	(4.8)	38.6	27.2	23.2	7.4	19.5	5.6	7.8	(13.5)	26.3	34.2	19.5
Adjusted EBITDA <sup>1,2</sup>	32.1	37.1	19.4	30.0	32.4	28.1	15.1	20.8	15.5	8.6	1.9	27.7	36.2	21.6
Operating Profit (Loss)	6.1	23.3	(18.8)	26.6	15.7	12.2	(3.1)	8.9	(4.7)	(1.8)	(30.0)	16.7	25.0	9.5
Net Cash Flows (Used In) Provided by Operating Activities	22.8	(2.1)	(11.3)	(10.6)	14.7	10.4	10.8	9.0	24.6	4.9	4.3	11.0	16.6	3.4
Net Debt	175.8	177.8	164.0	129.7	910.7	869.2	855.1	823.0	815.0	791.0	781.5	770.4	742.5	735.2
SG&A	34.3	29.5	30.1	25.4	26.5	21.2	23.0	19.1	15.0	23.8	26.2	21.8	23.9	22.2
<b>Global Drilling Services</b>														
Revenue	186.4	179.0	155.5	158.0	160.6	140.6	121.4	121.0	96.9	117.0	115.1	130.3	138.9	132.0
EBITDA	36.2	34.8	20.4	24.0	29.3	21.1	10.6	21.0	7.8	11.0	9.1	24.2	31.0	26.0
Average # Drill Rigs	657	657	654	651	645	638	664	687	691	689	691	689	691	691
Average Rig Utilisation <sup>5</sup>	50%	47%	48%	49%	50%	45%	40%	38%	35%	38%	40%	41%	42%	41%
<b>Global Products*</b>														
Revenue	79.8	82.4	83.0	78.0	77.4	68.4	54.5	51.0	41.5	53.9	50.9	60.8	59.0	58.0
EBITDA	6.0	12.6	11.0	19.0	15.7	16.3	5.5	7.1	6.8	5.5	3.6	12.8	9.4	5.1
Average Backlog	58.2	60.7	70.4	74.0	70.9	51.3	37.9	29.0	30.0	36.5	32.3	24.5	30.6	30.9

\* Includes GDS

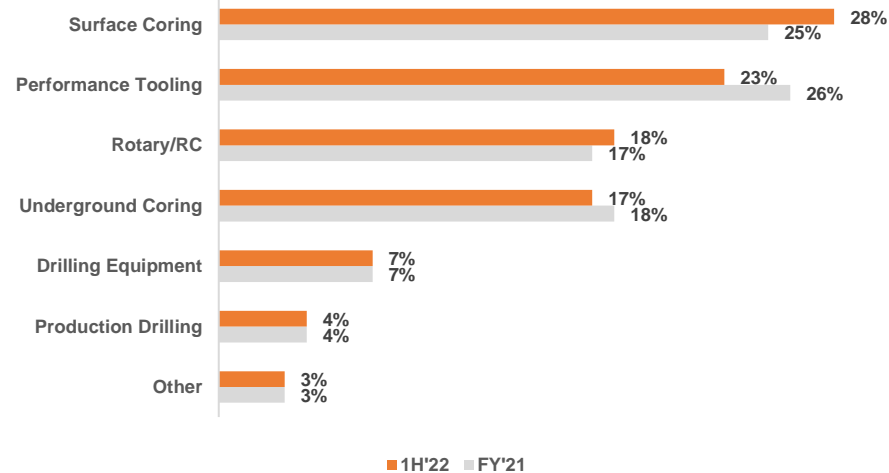


# Consolidated and Products Performance Metrics

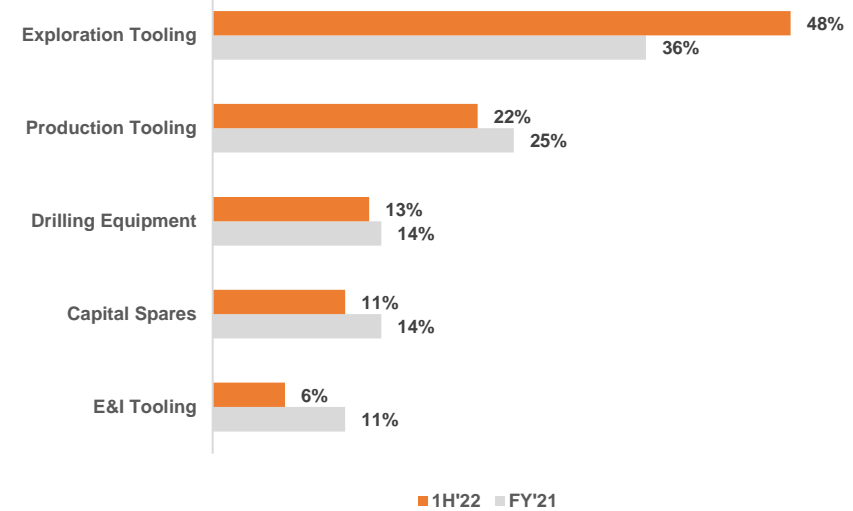
Consolidated – Revenue by Region



Consolidated – Revenue by Products and Services



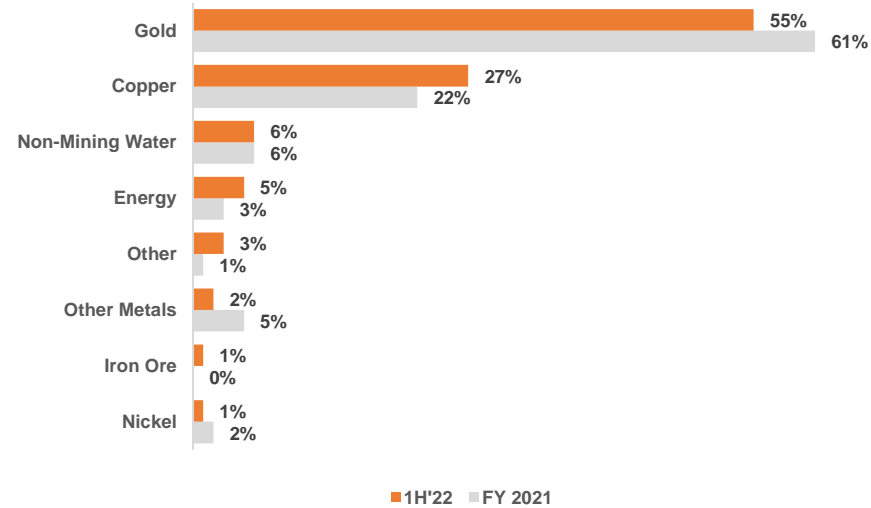
Products – Revenue by Product Category



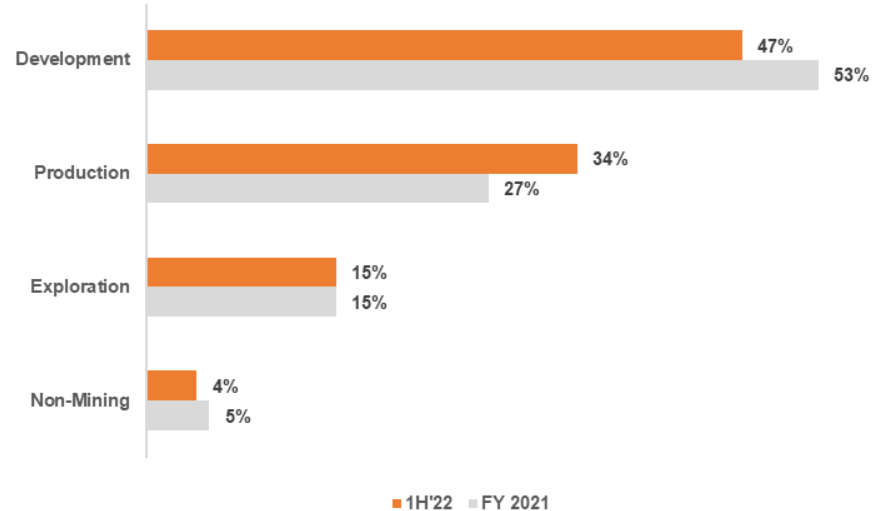


# Drilling Services Performance Metrics

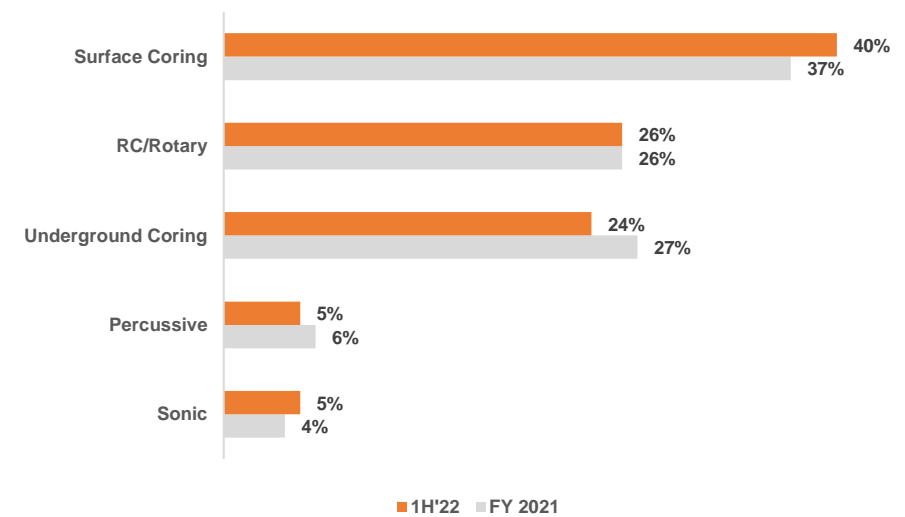
Drilling Services – Revenue by Commodity



Drilling Services – Revenue by Stage



Drilling Services – Revenue by Drilling Type



# Summary of Inter-Segment Eliminations

Summary of Inter-Segment Eliminations <sup>(1)</sup>				
	1H'20	1H'21	1H'22	
<b>Drilling Services (DS)</b>				
DS Revenue Prior to InterCo Elimination	\$ 214	\$ 301	\$ 365	
(-) DS InterCo Revenue	-	-	-	
<b>DS Segment Revenue</b>	<b>\$ 214</b>	<b>\$ 301</b>	<b>\$ 365</b>	
DS Segment EBITDA Prior to InterCo Profit Elimination	\$ 19	\$ 43	\$ 62	
(+) DS InterCo Costs Prior to InterCo Elimination <sup>(2)(3)(4)</sup>	7	7	9	
<b>DS Segment EBITDA, Net of Adjustments</b>	<b>\$ 26</b>	<b>\$ 50</b>	<b>\$ 71</b>	
<i>Memo: Eliminated Capital Expenditures<sup>(2)(3)(4)</sup></i>				
<b>Drilling Products (DP)<sup>(5)</sup></b>				
DP Revenue Prior to InterCo Elimination	\$ 122	\$ 177	\$ 208	
(-) DP InterCo Revenue	27	31	46	
<b>DP Segment Revenue</b>	<b>\$ 95</b>	<b>\$ 146</b>	<b>\$ 162</b>	
DP Segment EBITDA Prior to InterCo Elimination	\$ 17	\$ 39	\$ 28	
(-) DP InterCo EBITDA Prior to InterCo Elimination <sup>(2)(3)(4)</sup>	(5)	(7)	(9)	
<b>DP Segment EBITDA, Net of Adjustments</b>	<b>\$ 12</b>	<b>\$ 32</b>	<b>\$ 19</b>	
<b>Segment Reconciliation to Total Results, Revenue and Adjusted EBITDA</b>				
	1H'20	1H'21	1H'22	
DS Segment Revenue	\$ 214	\$ 301	\$ 365	
DP Segment Revenue	95	146	162	
<b>Total Third Party Revenue</b>	<b>\$ 309</b>	<b>\$ 447</b>	<b>\$ 528</b>	
DS Segment EBITDA <sup>(6)</sup>	\$ 26	\$ 50	\$ 71	
DP Segment EBITDA	12	32	19	
Corporate and Other Income / (Expense)	(14)	(22)	(21)	
<b>Total Adjusted EBITDA<sup>(7)</sup></b>	<b>\$ 24</b>	<b>\$ 61</b>	<b>\$ 69</b>	

1. Transactions between segments are carried out at arm's length and are eliminated on consolidation
2. Represents inter-segment profits from Drilling Services / Costs of Drilling Services, which are eliminated upon consolidation
3. Eliminated Drilling Products' profits are greater than eliminated expenses as some inter-segment purchases represent capital expenditures
4. Inter-segment purchases in 2019 excluded capital spending and were recorded at 25% arms-length margin vs. 20% thereafter
5. GDS results are reported within Drilling Products segment
6. 2020 Segment EBITDA includes \$7.8 million adjustment for fixed asset impairment
7. Adjusted EBITDA at 30 June 2021 has been restated from the prior year figure to make it comparable to the current year calculation



# Footnote Disclosures

- Footnote 1:** EBITDA is 'Earnings before interest, tax, depreciation and amortisation.' Adjusted EBITDA is 'Earnings before interest, tax, depreciation, and amortization 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 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 2:** Adjusted EBITDA at 30 June 2021 has been restated from the prior year figure to make it comparable to the current year calculation.
- Footnote 3:** Per 200,000 work hours.
- Footnote 4:** Net Profit after Tax in 2021 was impacted by a number of Non-Cash and Non-Recurring adjustments, including impairments, debt modification, and other restructuring charges.
- Footnote 5:** 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.

