

**ASX ANNOUNCEMENT (ASX:BLY)**

29 April 2022

**BOART LONGYEAR ANNOUNCES ROBUST FIRST QUARTER 2022 RESULTS,  
REVENUE INCREASES 25% AND ADJUSTED EBITDA UP 42%**

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 first quarter ended 31 March 2022. All results are referenced in US dollars.

**Highlights**

- **Revenue increased 25% over Q1'21 driven by an increase in Drilling Services of 27% and Global Products growth of 21%**
- **Adjusted EBITDA<sup>1</sup> increased 42% over Q1'21 driven by strong demand resulting in price and volume growth**
- **Net profit after tax increased 290% over Q1'21 to \$19 million due to the Company's robust performance**
- **During Q1'22, Geological Data Services (GDS) expanded the rollout of its TruGyro product, which produces industry-leading gyrocompass accuracy more quickly than the competition**

Jeff Olsen, Boart Longyear's Chief Executive Officer, commenting on the Company's results said, "During the first quarter, dynamic growth in the mining sector contributed to our strong revenue and adjusted EBITDA growth. Drilling services had an impressive quarter due to robust demand and price growth. Products implemented a new pricing programme during the quarter in order to contend with aggressive input cost inflation. We continue to work around supply chain constraints to meet customer commitments.

"GDS's TruTools portfolio gained traction during the quarter with the expanded rollout of TruGyro. This easy-to-use digital instrument delivers north-seeking gyrocompass technology that produces industry-leading accuracy more quickly than the competition.

"We continue to see customers invest in exploration and development and remain confident in the strength of our business. Our unique integrated service and product offering combined with our global footprint allows us to provide clients a differentiated value proposition to meet their broad drilling needs and build their orebody knowledge."

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<sup>1</sup> See page 4 of this press release for footnote descriptions

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### COMPARATIVE RESULTS

(\$ in millions)

<b>Total Company</b>	<b>Consolidated Results</b>		
	<b>Three Months Ended</b>		
	<b>31-Mar-22</b>	<b>31-Mar-21</b>	<b>% Change</b>
Revenue	<b>261</b>	209	25%
Statutory EBITDA	<b>35</b>	23	52%
Adjusted EBITDA <sup>1</sup>	<b>37</b>	26	42%
Statutory Net Profit / (Loss) After Tax	<b>19</b>	(10)	290%
Net Cash Generated / (Used) in Operating Activities	<b>(2)</b>	10	(120%)
Net Debt	<b>178</b>	869	(80%)

<b>Global Drilling Services</b>	<b>Divisional Results</b>		
	<b>Three Months Ended</b>		
	<b>31-Mar-22</b>	<b>31-Mar-21</b>	<b>% Change</b>
Revenue	<b>179</b>	141	27%
Statutory EBITDA	<b>35</b>	21	67%
Average Number of Operating Drill Rigs	<b>308</b>	285	8%
Average Number of Drill Rigs	<b>657</b>	638	3%
Average Rig Utilisation	<b>47%</b>	45%	4%

<b>Global Products*</b>			
Revenue	<b>82</b>	68	21%
Statutory EBITDA	<b>13</b>	16	(19%)
Average Backlog	<b>62</b>	51	22%

\* = Includes GDS

### RESULTS COMMENTARY

First quarter revenues of \$261 million increased 25% compared to the prior year, which is the strongest first quarter performance since 2014. The Company continues to benefit from strong global exploration and development fundamentals of the mining industry. Drilling Services experienced a combination of price and volume increases during the quarter and in several regions, is nearing operational capacity. The impacts of COVID-19 on a global scale have decreased; however, in some regions, risks of operational interruptions remain.

Adjusted EBITDA<sup>1</sup> in the first quarter of \$37 million increased 42% over the prior year, largely driven by Drilling Services' price and volume growth as well as productivity efficiencies implemented in 2021. Global Products' EBITDA was negatively impacted by input cost inflation.

Cash generated from operations of (\$2) million for the first quarter decreased compared to 2021. The decrease was primarily driven by increased receivables related to revenue growth and inventory investments to meet customer commitments. Due to seasonality, first quarter cash flow is traditionally the lowest of the year.

<sup>1</sup> See page 4 of this press release for footnote descriptions

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Net Debt in the first quarter decreased 80% following the Company's recapitalisation in September 2021. Liquidity on 31 March 2022 was \$45 million, comprised of cash balances totalling \$35 million and a further \$9 million available under the Company's asset-based loan (ABL) facility.

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

- Growing demand for the Company's products and services;
- COVID-19-related labour shortages across key suppliers and the organisation's manufacturing group;
- Raw material inflation; and
- Constraints on available global shipping capacity.

Boart Longyear is actively working around supply chain constraints and took measures early in the second half of 2021 to secure capacity that should enable the Company to continue meeting customer commitments. The steps taken saw an increased investment in working capital, which was secured by the increase in the Company's ABL facility as announced on 12 January 2022. 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.

## **GLOBAL MINING AND EXPLORATION UPDATE**

The outlook for the mining and exploration industries reflects current commodity pricing trends and increased investment into the sector after a decade of underinvestment. Current market commentary indicates the industry has now entered a significantly improved commodity cycle driven by the impact of economic growth and environmental policies on demand and supply for metals.

Mining firms have underinvested in finding and developing new resources in recent years. More current investments in exploration activities have focused on extending existing assets and improving reserves and resources to meet future demand.

S&P Global Market Intelligence's exploration index (Pipeline Activity Index) reached a ten-year high in March 2022. The index's growth was driven by a sharp increase in significant financings and a slight rise in positive project milestones. The Pipeline Activity Index measures the level and direction of overall activity in the commodity supply pipeline by incorporating significant drill results, initial resource announcements, significant financings and positive project development milestones into a single comparable index.

According to S&P, the Russian-Ukrainian conflict is adding strain to the metals market and the global supply chain with a potentially material impact on the metals sector.

In March 2021, the aggregate market value of the mining industry's listed companies (2,353 firms) as tracked by S&P reached an all-time high of almost \$3 trillion. The aggregate market value of the industry's top 100 mining companies increased 10% in March 2022 to more than \$2 trillion.

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Over the long term, gold has accounted for approximately 40-50% of global exploration activities with copper making up approximately 20-30% of the remaining base metal commodities. Historically, both copper and gold prices have held a strong correlation to exploration spend levels, and both commodities have seen a run up in price. For example, gold miners have seen a reduction in average mine life from highs of 20 years in 2011 to approximately ten years in many reports, indicating a serious reserve crisis is in front of the sector. The base metals sector, in which copper is a dominant indicator, has analysts predicting insufficient supply over the next five years, even when factoring in the current project pipelines. Electrification and green technologies will increasingly consume more copper, thereby contributing to supply shortages.

**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 COVID-19. 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 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.'

**Authorised for lodgement by:**

Nicholas R. Nash  
Company Secretary

**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.*

## **ASX ANNOUNCEMENT (ASX:BLY)**

### **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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