

ASX ANNOUNCEMENT (ASX:BLY)

25 February 2022

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

FULL-YEAR 2021 RESULTS PRESENTATION

Please find attached for release to the market, Boart Longyear Group Limited's Full-Year 2021 results presentation.

Authorised for lodgement by:

Jeffrey Olsen, President and Chief Executive Office

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. To get Boart Longyear news direct, follow us on [Twitter](#), [LinkedIn](#) and [Facebook](#).

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Full-Year 2021 Results

February 25, 2022

Jeff Olsen – Chief Executive Officer

Miguel Desdin – Chief Financial Officer



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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 are audited.





TruScan™ Operation
Image captured pre-COVID-19

Full Year Highlights and Operational Overview

Jeff Olsen

Boart Longyear: Unique Industry Leader, Diverse Revenue Mix, Revolutionary Technology Platform



Unique integrated provider of best-in-class drilling services, products, and technology offerings with a global footprint and strong balance sheet



Diverse revenue mix providing exposure to most-attractive geographies and commodities



Highly-attractive macro and industry tailwinds supporting strong organic growth



Robust set of initiatives driving compelling top and bottom-line growth



GDS driving industry change with disruptive technology platform



Three Business Units Driving Long-Term Growth

Drilling Services

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

More than 4,000 employees around the world operate more than 310 rigs



- Experienced, deep-benched management team
- 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 950 employees and six manufacturing sites around globe



- 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

65 employees worldwide

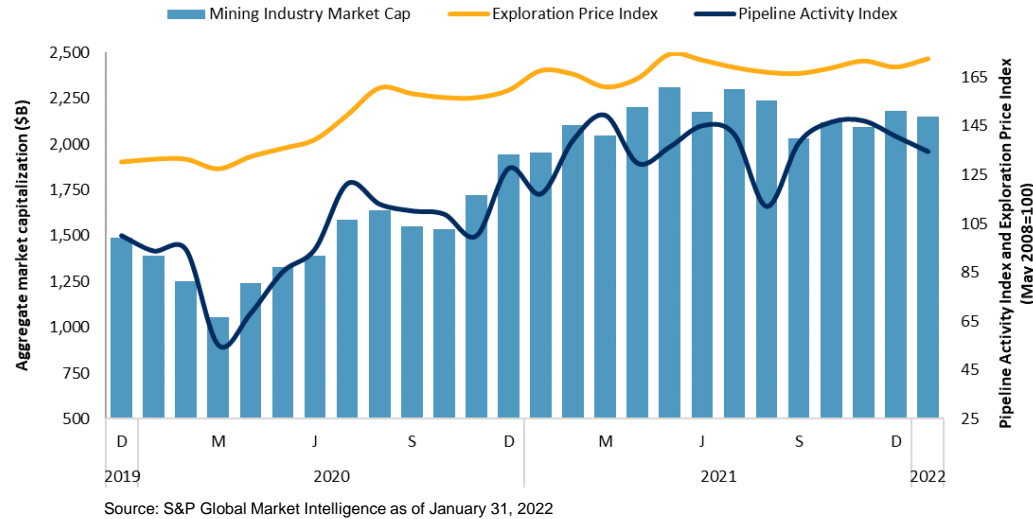


- Industry-leading safety record
- Large customer base with proud 130+ year history



Exploration Investment Expanding to Meet Surging Demand

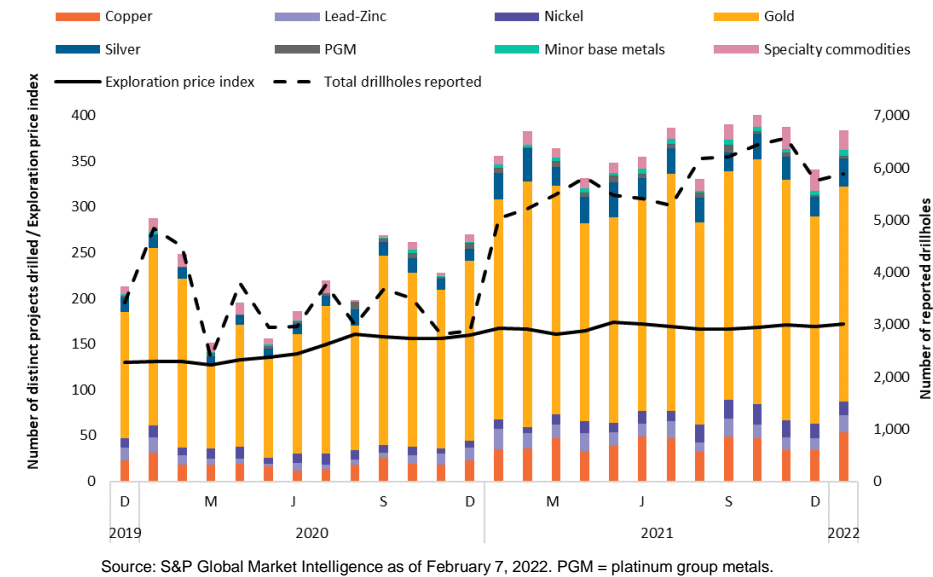
Exploration Price Index, Pipeline Activity Index and Aggregate Market Capitalization, Dec 2019 – Jan 2022



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, Dec 2019 – Jan 2022



Robust commodity environment

- Goldman Sachs: Commodities overall set for a supercycle that could potentially last a decade
- As commodity prices rise, historical underinvestment in exploration will see influx of capital
- Metals and mining fundraising for 2021 increased 78% over 2020 to more than \$21B
- Base and other metals financings totaled nearly \$8B in 2021, more than double amount raised in 2020



Strong Operational and Financial Performance During 2021

↓ 40%
LTIR¹

FY'21 0.06 vs. FY'20 0.10

Critical Risk Management and refocusing
on EHS fundamentals

↑ 40%
REVENUE

FY'21 \$921M vs. FY'20 \$657M

Volume and price growth across all regions

↑ 87%
ADJ. EBITDA²

FY'21 \$112M vs. FY'20 \$60M

Volume and price growth as well as
operational efficiencies

↓ 81%
NET DEBT

FY'21 \$164M vs. FY'20 \$855M

Impact of right-sized balance sheet

↑ 15%
LIQUIDITY

FY'21 \$47M vs. FY'20 \$41M

\$26M cash balances and \$21M available
under Company's ABL facility

↑ 81%
CAPITAL DEPLOYED

FY'21 \$58M vs. FY'20 \$32M

Reinvestment back into business



Creating a Sustainable Future for Our Stakeholders

5,314

Global employees in 26 countries around the world demonstrating Company is a world-class partner

55,000

Individual safety training courses completed by our employees during 2021

15x25

In 2021, the Company established a diversity goal of 15% female employees by year end 2025 – almost 10% females in workforce at end of 2021

485

Number of employees who participated during 2021 in BLY Academy, a key component of the Company's talent management programme



Global Drilling Services – Robust Growth for 2021

Key Financials (\$ in millions)	FY 2021	FY 2020	% Change
Revenue	615	456	35%
COGS	533	408	31%
SG&A	22	19	16%
EBITDA	94	50	88%
EBITDA as % of Revenue	15%	11%	

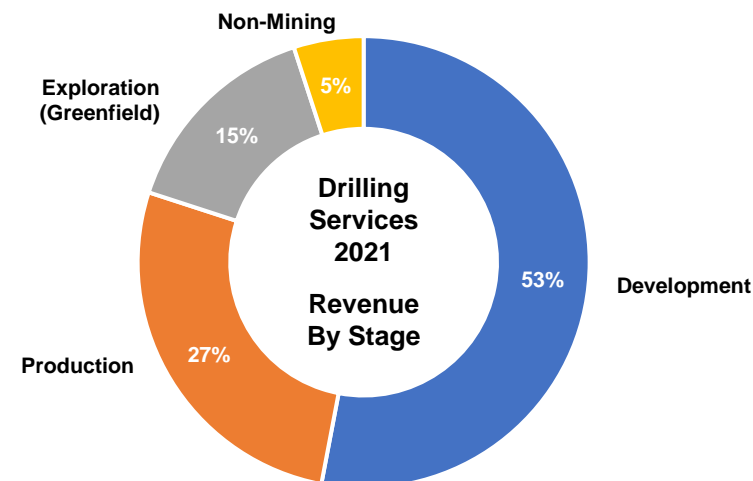
2021 Financial Highlights

Revenue

- Volume growth driven by higher market demand
- Price increases to offset inflationary and wage growth

EBITDA

- Significant increase driven by higher volume, price increases and operational efficiencies



2021 Operating Highlights

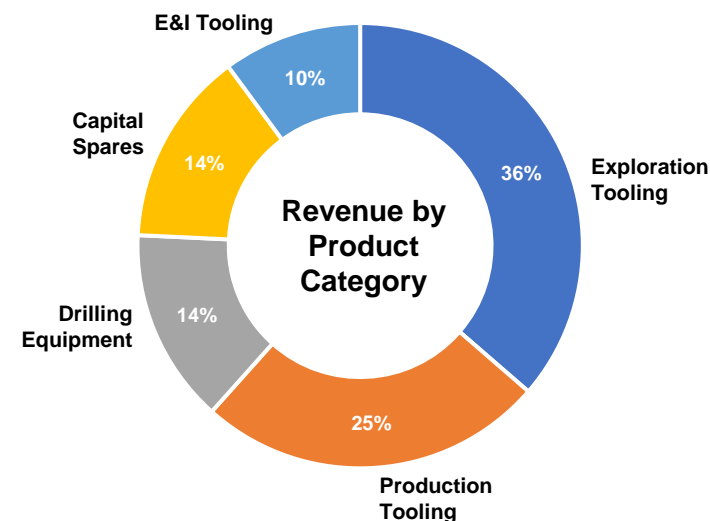
- Fourth quarter volumes approaching levels last seen in 2013
- Strong exploration demand in key geographies: US (surface coring), Canada (underground core), and Australia (underground core)
- Demand primarily driven by major customers



Global Products – Vigorous Market Demand and Healthy Backlog

Key Financials (\$ in millions)	FY 2021	FY 2020	% Change
Revenue	307	201	53%
COGS	215	155	39%
SG&A	37	29	28%
EBITDA	62	25	148%
EBITDA as % of Revenue	20%	12%	

Pro Forma ³ Revenue	FY 2021	FY 2020	% Change
Sales to BLY Drilling Services	74	56	32%
Pro Forma Revenue	380	257	48%



2021 Financial Highlights

Revenue

- Growth driven by sales expansion in mining and exploration tooling, capital equipment, and production tooling
- Price increases to offset inflationary and wage growth

EBITDA

- Dynamic increase driven by price realisation, continued cost control and manufacturing improvements

2021 Operating Highlights

- Robust market demand for our products during year with a healthy backlog and book-to-bill ratio above 1.1 globally
- Price realisation during 2021 reflect increases implemented due to strong market demand and inflationary cost pressure
- Continued customer conversion activity throughout 2021, particularly in our Percussive Tooling and Diamond Bits product lines



GDS Revolutionising Industry with Disruptive Technology



GDS unlocks more value from every dollar spent on drilling

- Cost savings
- Improved accuracy
- Faster results



Giving Boart Longyear competitive strengths

- Leader in digitised drilling
- Platform for long-term growth
- Continuous revenue stream

Drilling tools



Hi-definition
Sensors



In-field Assays



Cloud services



Better orebody knowledge

- TruScan can reduce time to log core by >60% and drive logging consistency
- TruScan reduces time from drill core to assay result from ~1 month to < 1 day
- On-site sampling and higher definition assays can significantly reduce carbon emissions by up to 95% on core freight





**BOART
LONGYEAR™**



Longyear Diamond Exploration Drill Bits

Financial Performance
Miguel Desdin

Building Financial Momentum During 2021

\$921M

REVENUE

+ 40% vs. FY'20 \$657M

Volume and price growth across all regions

\$112M

ADJ. EBITDA

+ 87% vs. FY'20 \$60M

Volume and price growth as well as
operational efficiencies

\$164M

NET DEBT

(81%) vs. FY'20 \$855M

Impact of right-sized balance sheet [from
recapitalization]

\$47M

LIQUIDITY

+15% vs. FY'20 \$41M

\$26M cash balances and \$21M available
under Company's ABL facility

28.1%

NET WORKING CAPITAL

(13.8%) vs. FY'20 32.6%

Decrease result of increased revenue

\$58M

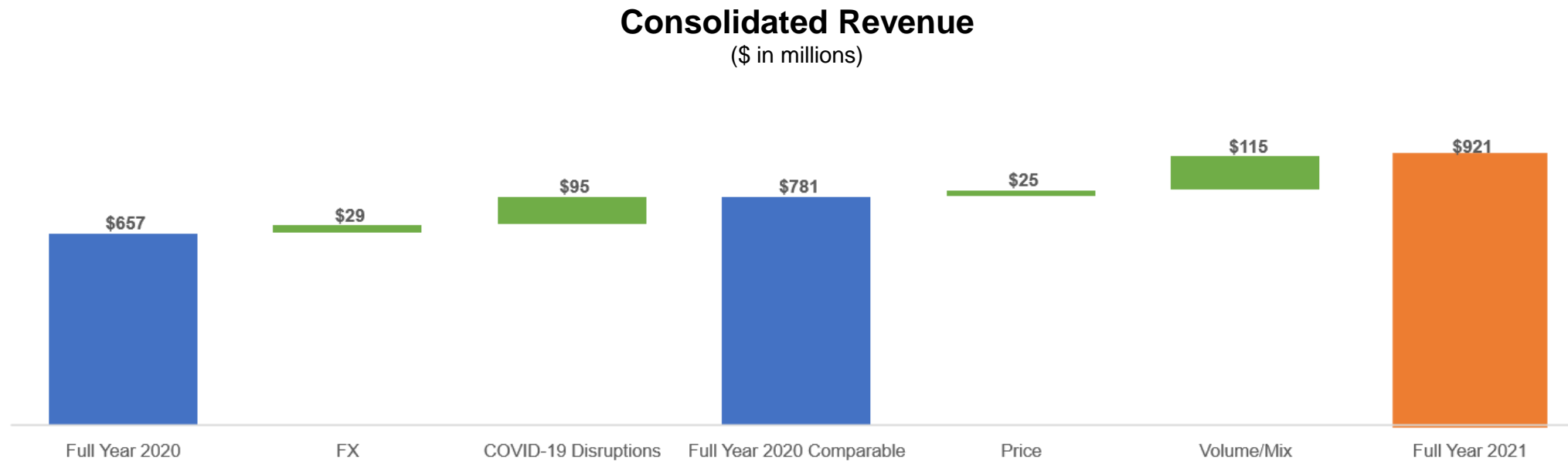
CAPITAL DEPLOYED

+81% vs. FY'20 \$32M

Reinvestment back into business



Robust Revenue Growth Expected to Continue

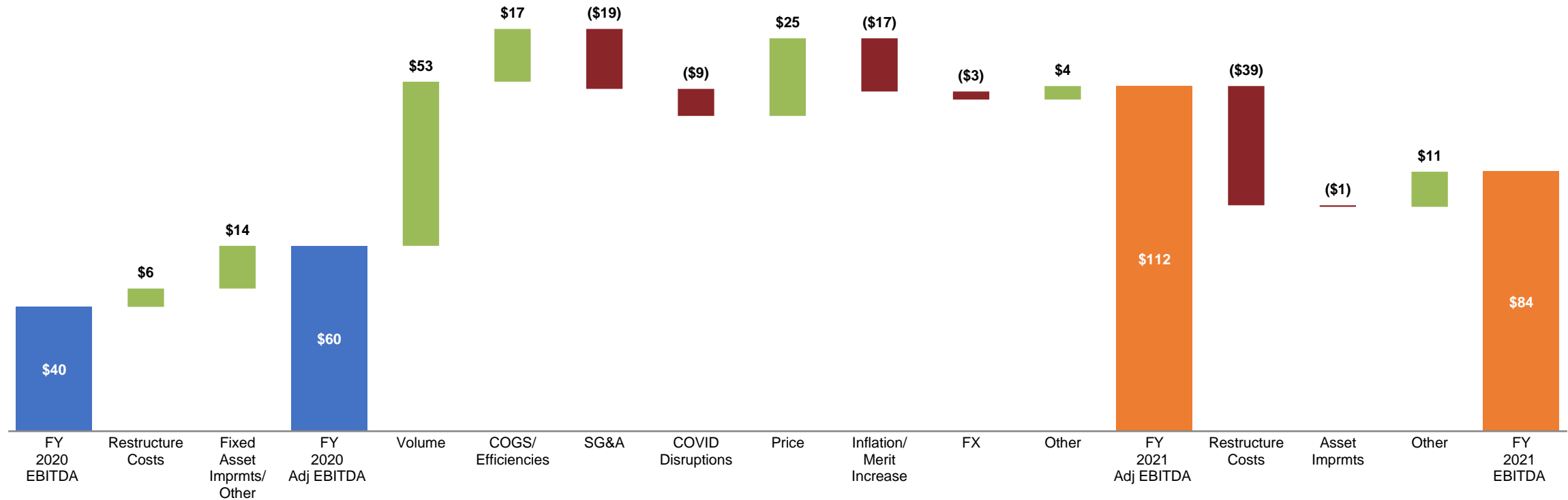


Revenue driven by higher DS and Products market demand and price increases to offset material and wage inflation



Expanding Adjusted EBITDA

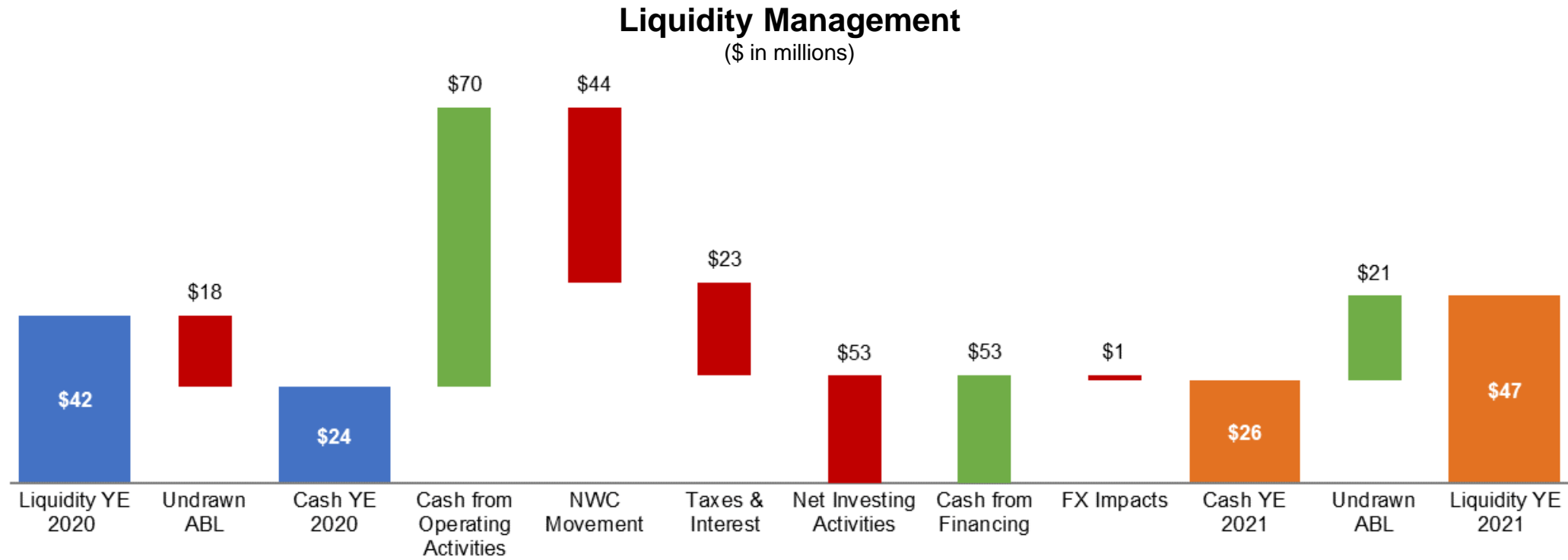
Consolidated Adjusted² EBITDA (\$ in millions)



- EBITDA driven by higher volumes, price increase, DS operational efficiencies as well as Products cost control and manufacturing improvements
- Offset by impact of inflation and increased SG&A to support overall business growth



Cash Flow Discipline



- Net working capital impacted by inventory investment to continue meeting customer commitments
- Taxes driven primarily by timing of prior year deferrals and increased profitability
- Capital investment of \$58M increased 81% over 2020
- Financing proceeds impacted by recapitalisation as well as exit term loan and ABL facility



Market Overview and 2022 Opportunities

Jeff Olsen

Growth Opportunities for 2022



Global mining sector expected to continue surging investment in exploration and development during 2022



Expect strong growth from increased customer demand for drilling, equipment, and tooling needs



Growth Opportunities

Revenue

- Volume expansion
- Competitive pricing
- Dynamic GDS adoption

EBITDA

- Volume growth
- Strategic pricing impact
- Leveraging use of GDS technology



Future Targets



Explore dual listing on TSX



Accelerate growth of GDS



Broaden ESG programme



Margin expansion



Conservative balance sheet

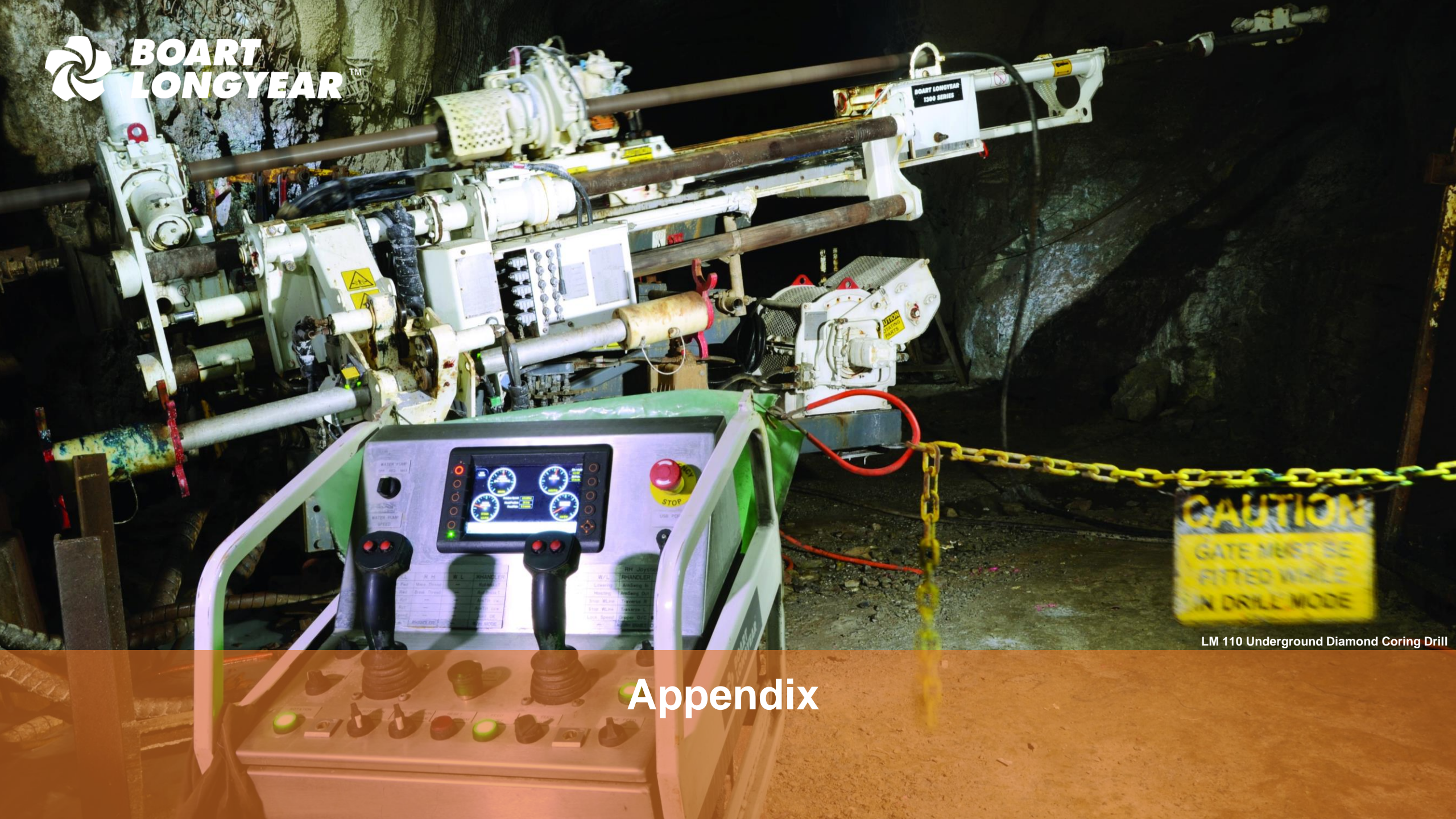


Opportunistic geographic growth



Q&A

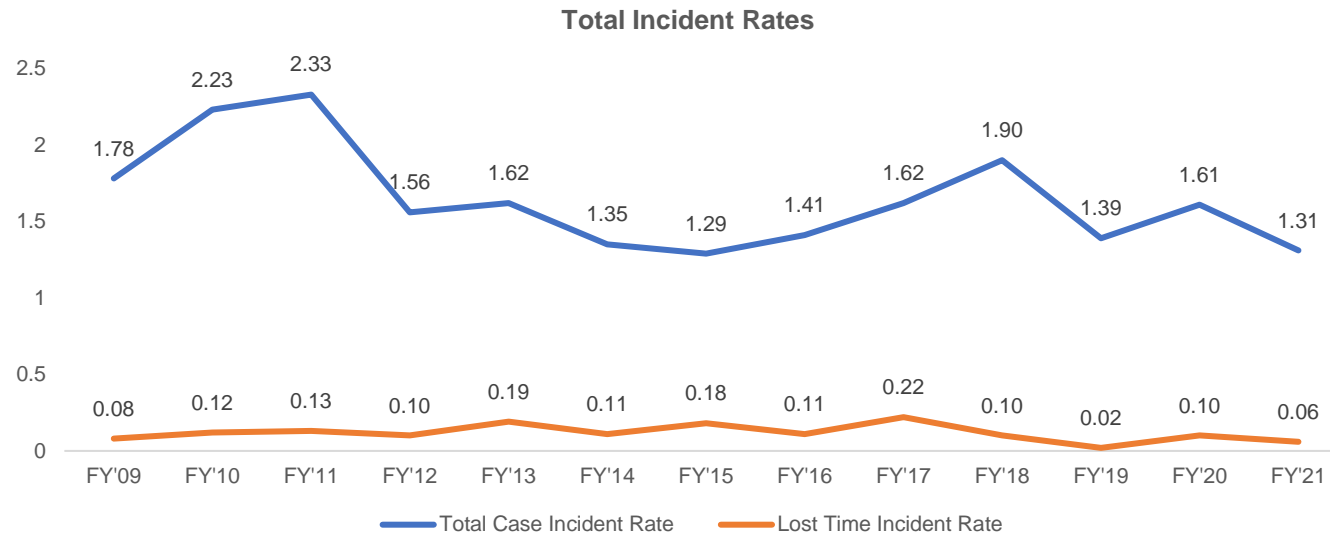




LM 110 Underground Diamond Coring Drill

Appendix

Leading Safety Performance Focused on Continuous Improvement



Key Initiatives

Competency Training Programs

- 1,000s of Driller Assistants and driller-level employees completed packages to enhance safety culture and refine their skills and career development pathways

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

- Added specific COVID-19 critical control verifications to our proactive GEMS system
- Leadership conducted over 9,700 verifications to ensure critical controls are in place

Refocus on EHS fundamentals

- Developed Making Safety Personal – Leadership training modules focused on enhancing safety culture, this was delivered to all supervisors and management level employees
- Hand injury elimination program region-specific campaigns targeting hazards and behaviours
- In partnership with the University of Utah, delivered *Foundational Leadership Training* to all supervisor-level employees focused on EHS system element and culture at Boart Longyear

Chief Operating Officer Compliance, Safety and Operations Virtual Sessions

- Regional focus with open lines of communications between COO and operations teams. Clear visible felt leadership with commitment to “Compliance, Safety and then we operate”



Leading safety performance KPIs

2021 LTIR: 0.06

2021 TCIR: 1.31

Lost Time Incidents

2021: 4

2020: 5

“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)	FY 2021	FY 2020	% Change
Revenue	921	657	40%
Gross Margin	174	98	78%
Gross Margin as % of Revenue	19%	15%	
Operating Profit	36	(1)	3,700%
Operating Profit as % of Revenue	4%	0%	
EBITDA	84	40	110%
EBITDA as % of Revenue	9%	6%	
NPAT ⁴	(57)	(99)	NMF
NPAT as % of Revenue	(6%)	(15%)	
EPS (cents)	(68.7)	(2,245.2)	NMF

Adjusted			
(\$ in millions, except EPS)	FY 2021	FY 2020	% Change
Revenue	921	657	40%
Adjusted EBITDA ²	112	60	87%
Adj. EBITDA as % of Revenue	12%	9%	

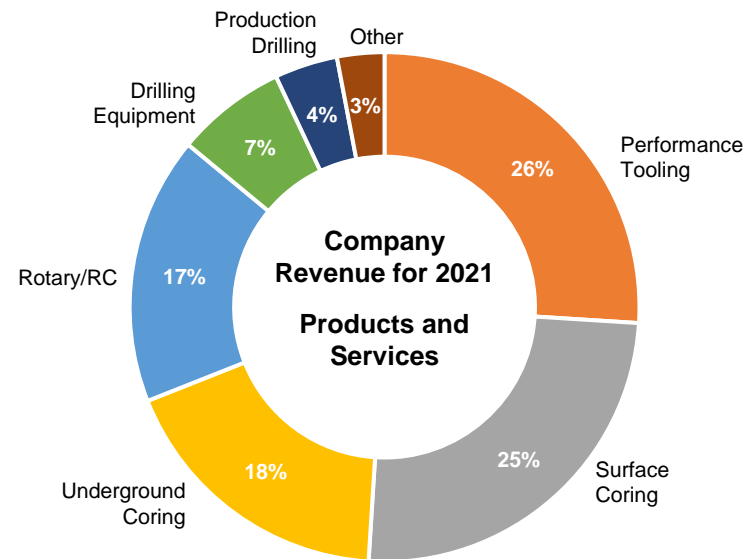
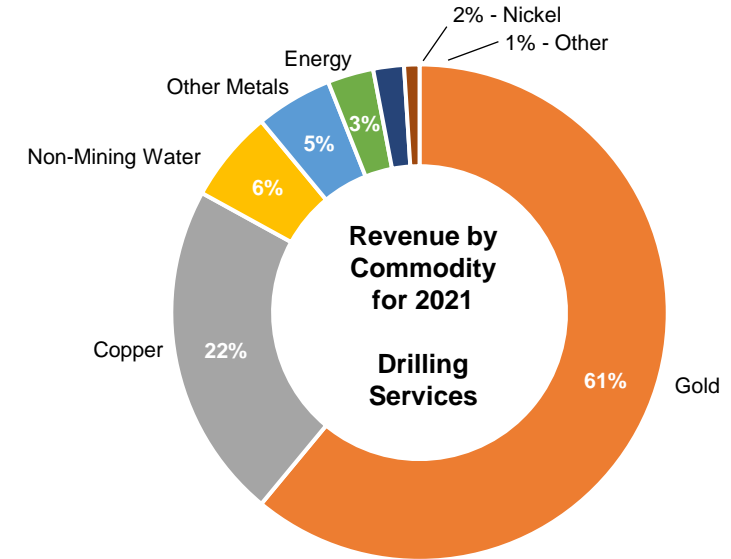
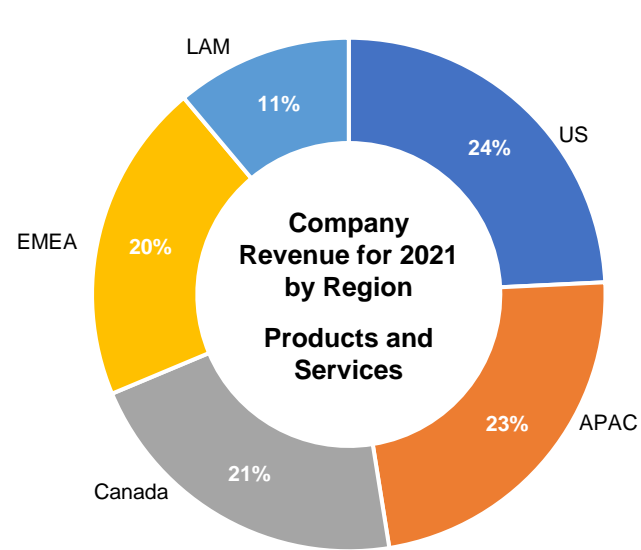


Key Performance Indicators by Quarter

(\$ in millions)	Q4'21	Q3'21	Q2'21	Q1'21	Q4'20	Q3'20	Q2'20	Q1'20	Q4'19	Q3'19	Q2'19	Q1'19
Total Company												
Revenue	238.4	236.0	238.0	209.0	175.8	172.3	138.3	170.9	166.0	191.1	198.0	189.9
Statutory EBITDA	(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	19.4	30.0	36.2	26.1	15.1	20.8	15.5	8.6	1.9	27.7	36.2	21.6
Operating Profit (Loss)	(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	(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	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	30.1	25.4	26.4	21.2	23.0	19.1	15.0	23.8	26.2	21.8	23.9	22.2
Global Drilling Services												
Revenue	155.5	158.0	106.6	140.6	121.4	121.0	96.9	117.0	115.1	130.3	138.9	132.0
Statutory EBITDA	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	654	651	645	638	664	687	691	689	691	689	691	691
Average Rig Utilisation	48%	49%	50%	45%	40%	38%	35%	38%	40%	41%	42%	41%
Global Products												
Revenue	83.0	78.0	77.4	68.4	54.5	51.0	41.5	53.9	50.9	60.8	59.0	58.0
Statutory EBITDA	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	70.4	74.0	70.9	51.3	37.9	29.0	30.0	36.5	32.3	24.5	30.6	30.9



Diversified Revenue Mix



Footnote Disclosures

Footnote 1: Per 200,000 work hours.

Footnote 2: 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 recognized 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 3: Transactions between segments are carried out at arm's length and are eliminated on consolidation.

Footnote 4: Net Profit after Tax was impacted through the year by a number of Non-Cash and Non-Recurring adjustments, including impairments, debt modification, and other restructuring charges.

