



**Boart Longyear Limited**  
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## **ASX ANNOUNCEMENT (ASX:BLY)**

26 February 2021

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

### **BY ELECTRONIC LODGEMENT**

#### **FY2020 Results Investor Presentation**

Please find attached for release to the market, Boart Longyear Limited's *FY2020 Results Investor Presentation*.

-ENDS-

Authorised for lodgement by:  
Nora Pincus  
Company Secretary

### **About Boart Longyear**

Established in 1890, Boart Longyear is heading into its 131st 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 utilizes 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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TruScan™ Operations



Full Year 2020 Results  
February 2021  
Jeff Olsen – Chief Executive 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.

# Boart Longyear is



**The world's leading provider  
of drilling services**

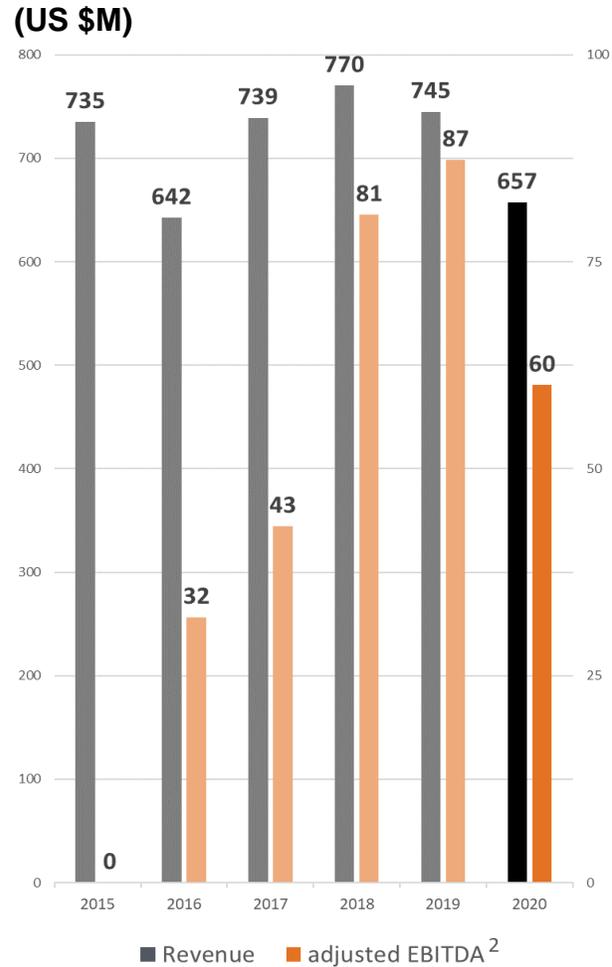
**An expert in providing valuable  
orebody knowledge**



**A pioneer in drilling equipment  
and performance tooling**

# FULL YEAR 2020 HIGHLIGHTS

- Material impact of COVID-19 on operating performance



**FINANCIAL PERFORMANCE**

**REVENUE (11%)** ↓  
After eliminating impacts of FX

**NET PROFIT AFTER TAX<sup>4</sup>** ↓  
**Neg \$99M**  
(2019 – Neg \$57M)

**ADJUSTED EBITDA<sup>2</sup>** ↓  
**\$60M**  
(2019 – \$87M)

**OPERATING CASH FLOW** ↑  
**\$49M**  
(2019 – \$35M)

**KEY ACHIEVEMENTS**

**COVID-19 PANDEMIC**  
Business continuity plan implemented preserving value ↑

**SENIOR SECURED NOTEHOLDERS**  
2020 Cash Interest converted to PIK preserving \$25M liquidity in light of Pandemic

**FOURTH QUARTER GROWTH POSITIVE FOR 2021** ↑

**SAFETY**

**LTIR**  
**0.10**  
(2019 – 0.02)<sup>1</sup>

**TCIR**  
**1.61**  
(2019 - 1.39)<sup>1</sup>

# Global Drilling Services – 2020 Operations

- Material impact of COVID-19 on operating levels but growth shoots witnessed in fourth quarter

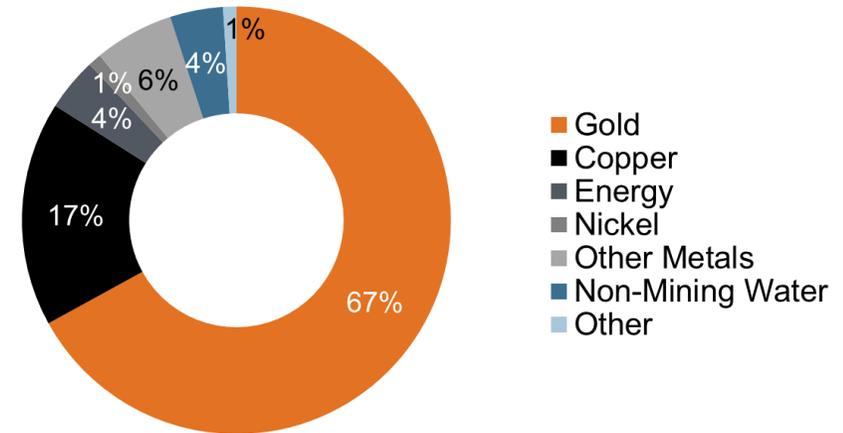


Key Financials (US \$M):	FY 2020	FY 2019	Change Fav / (Unfav)
Revenue	456	516	(12%)
COGS	408	432	6%
SG&A	19	21	10%
EBITDA	50	90	(44%)
<i>EBITDA as % of Revenue</i>	11%	17%	

## 2020 Financial Highlights

- **REVENUE** – COVID-19 impacts driving lower operational levels
  - COVID-19 disruptions lowering revenue \$42M in Q2
  - LAM and USA return to work delays stretched into third quarter before stabilizing in the fourth quarter
  - Canada APAC and EMEA recovered by the end of first half
- **EBITDA** – COVID-19 management plan implemented but rapid cost reductions did not match even faster revenue loss in some regions.
  - Asset impairment raised driven by effects of COVID-19 - \$8M

## Revenue by Commodity



## 2020 Operating Highlights

- **SAFETY** – COVID-19 control measures implemented at all sites with Customer's providing positive feedback
- **OPERATING EFFICIENCY IMPROVEMENTS**
  - Fourth quarter growth promising on the back of improved overall second half performance
  - Fixed costs shed further to combat COVID-19
  - Remote working conditions delivered efficiencies through annual refresher trainings and travel

# Global Products – 2020 Operations

- Material impact of COVID-19 on operating levels but increasing backlog to support 2021

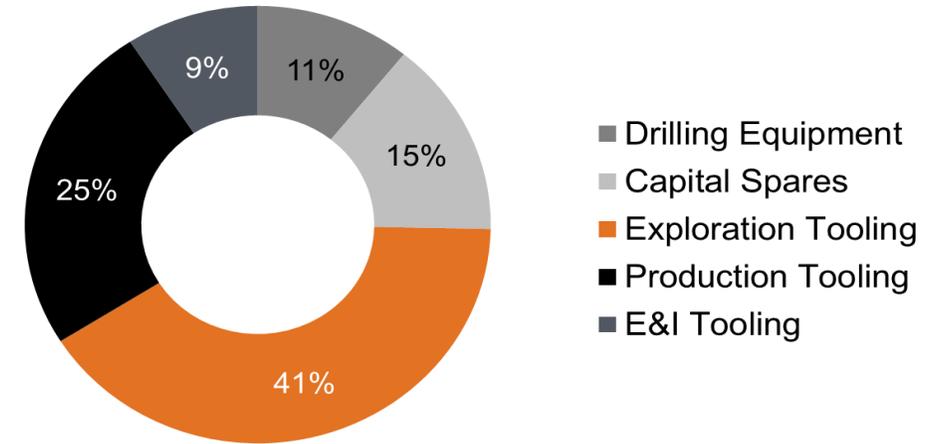


Key Financials (US \$M):	FY 2020	FY 2019	Change Fav / (Unfav)
Revenue	201	229	(12%)
COGS	155	176	12%
SG&A	29	31	5%
EBITDA	25	31	(20%)
<i>EBITDA as % of Revenue</i>	<i>12%</i>	<i>14%</i>	
Pro Forma <sup>3</sup> Revenue (US \$M)	FY 2020	FY 2019	Change Fav / (Unfav)
Sales to BLY Drilling Services	56	57	(1%)
Pro Forma Revenue	257	286	(10%)

## 2020 Financial Highlights

- **REVENUE** – Removing impacts of FX and estimated volume losses from COVID-19 disruption the business posted a modest growth
  - **Longyear™ Bits** – 37% growth on proven performance
- **EBITDA** – Eliminating the impact of estimated volume losses from COVID-19 disruption, along with outcomes from the COVID-19 management plan implemented in March supported an improved EBITDA performance
- **INCREASING BACKLOG** – Year closed >20% over 2019 and growing

## Revenue by Product Category



## 2020 Operating Highlights

- **COST MANAGEMENT** – Continued cost management in all areas of the business
- **MANUFACTURING EFFICIENCY** – Lean manufacturing improvements reduced costs contributing to gross margin improvement
- **RECENT PRODUCT INTRODUCTIONS** – Growing demand for LF™160 Rig and FREEDOM™ Loader, Longyear™ Bits and DriftMaster™ percussive rods



*Image captured Pre-COVID-19*

# Financial Metrics – Full Year 2020

- Material impact of COVID-19 on operating levels but has been well managed



## REVENUE

**\$657M**

After eliminating  
impacts of FX  
**(11%)**

## PROFITABILITY

Adjusted EBITDA<sup>2</sup>  
**\$60M**  
(2019 – \$87M)

Net Profit After Tax<sup>4</sup>  
**Neg \$99M**  
(2019 – Neg \$57M)

## OPERATING CASH FLOW

**\$49M**  
(2019 – \$35M)

Continued improvement in  
operational performance  
enabling investment back into  
business

## LIQUIDITY

**\$41M**  
(2019 - \$35M)

\$23M cash balances and  
\$18M availability under  
Company's ABL

## CAPITAL DEPLOYED

**\$32M**  
(2019 – \$51M)

COVID-19 business  
continuity plans  
implemented in March  
lowering investment

## NET DEBT

**\$855M**  
(2019 – \$781M)

Inclusion of Applicable  
Premium and Senior  
Secured Notes debt  
modifications

## NET WORKING CAPITAL

**32.6%**  
(2019 – 27.2%)

5.4% higher on 2019 driven  
by short term impacts of  
COVID-19 on Revenue

## RATING OUTLOOK

**Moody's  
Caa2  
Outlook - Stable**

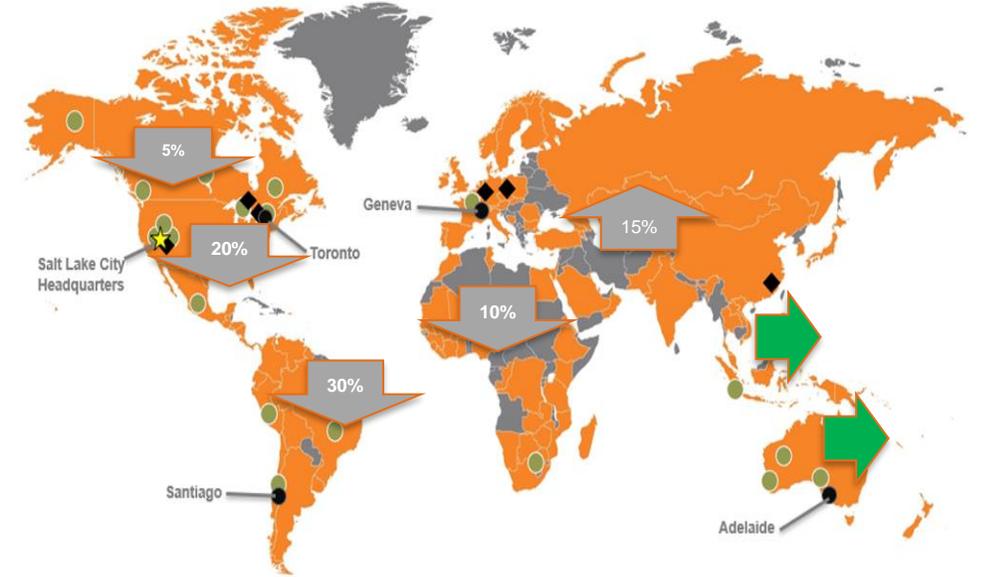
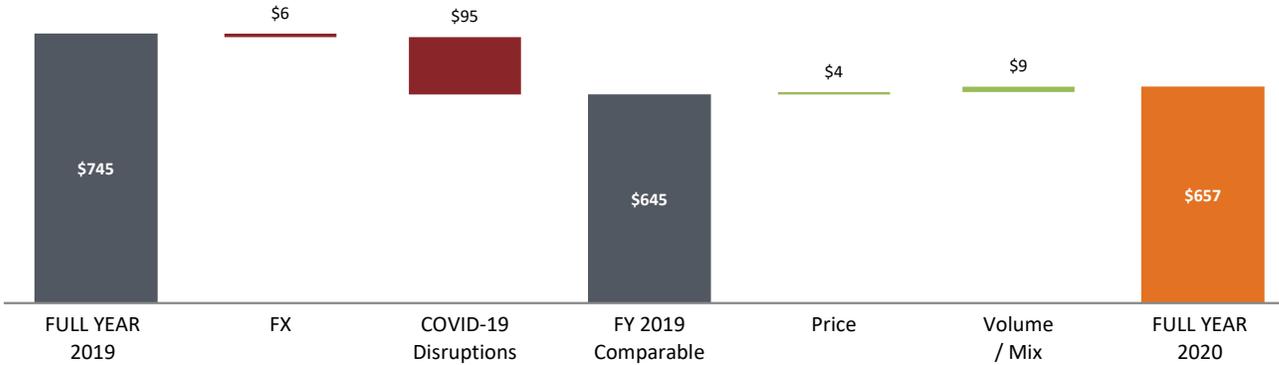
**S&P  
CCC+  
Outlook – Negative**

# Consolidated Revenue Summary: Full Year 2020

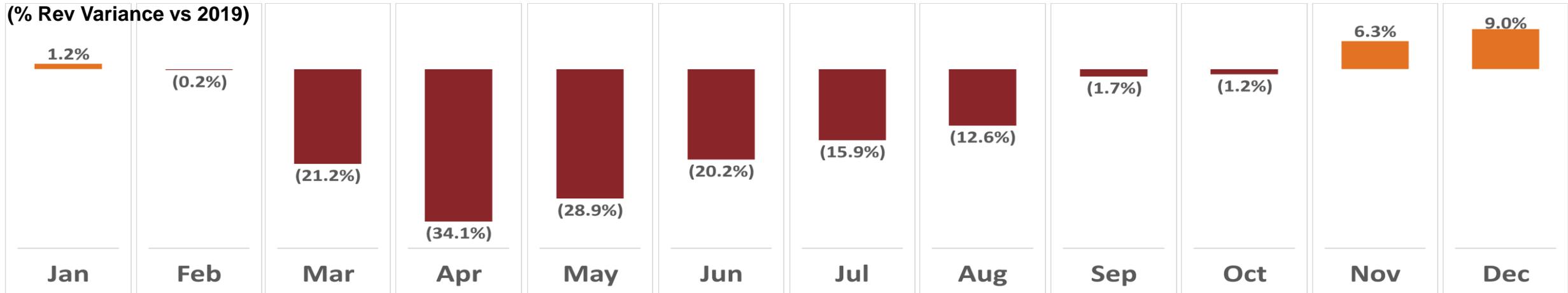
- Volumes directly effected by COVID-19



## (US \$M) Consolidated Revenue Bridge



## COVID-19 Impact through 2<sup>nd</sup>/3<sup>rd</sup> quarter

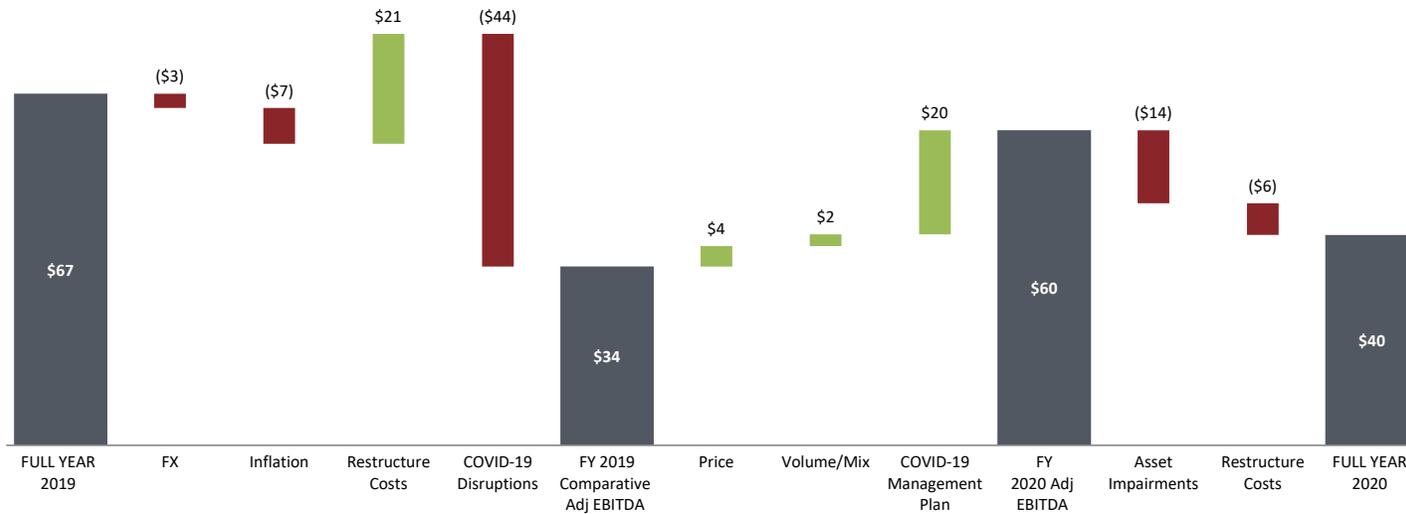


# Consolidated Earnings Summary: Full Year 2020

- Positive EBITDA despite combating impacts of COVID-19



## (US \$M) Consolidated Adjusted EBITDA<sup>2</sup> Bridge



### Management Actions Implemented to Reduce COVID-19 Impact

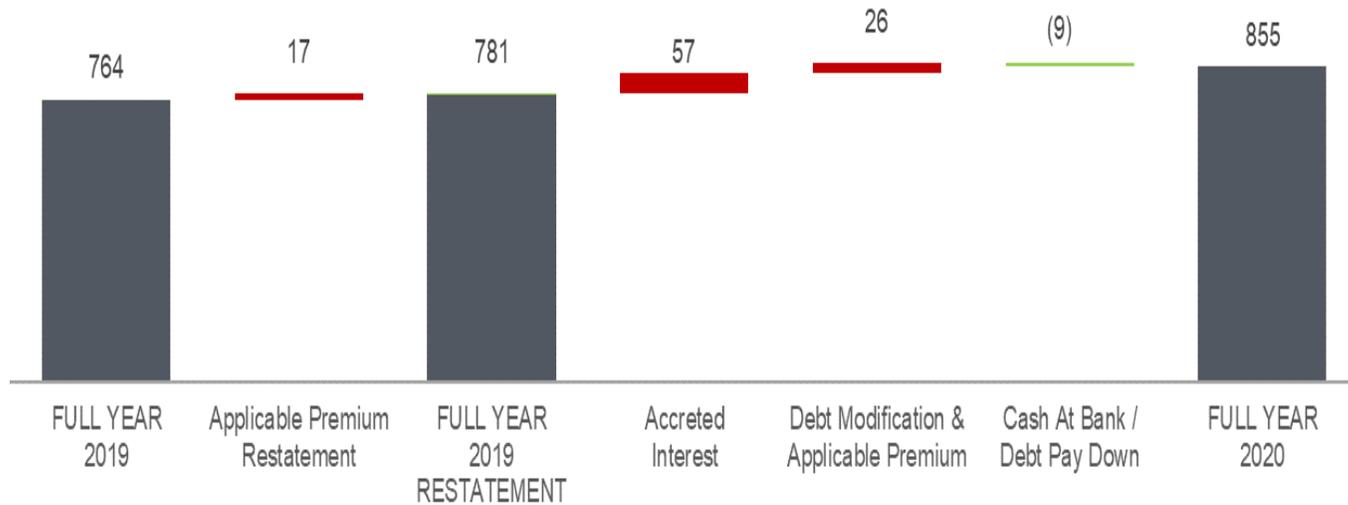
- Acted swiftly & aggressively with a global effort to reduce overhead costs
- Overhead personnel were placed on restricted pay:
  - Exco and Board took 75-100% pay reduction for the period
  - Employees: Furloughed = 75% pay reductions; Others = 50% pay reductions
- Implemented travel ban on workforce not directly tied to field-based projects
- Renegotiated deferred / delayed lease payments on all Facilities
- Negotiated with customers for assistance / fixed cost relief
- Government emergency wage support received where available

# Balance Sheet - Capital structure inhibiting growth

- Strategic review of capital structure underway



## (US \$M) Net Debt Bridge



### Management actions implemented to reduce COVID-19 Impact

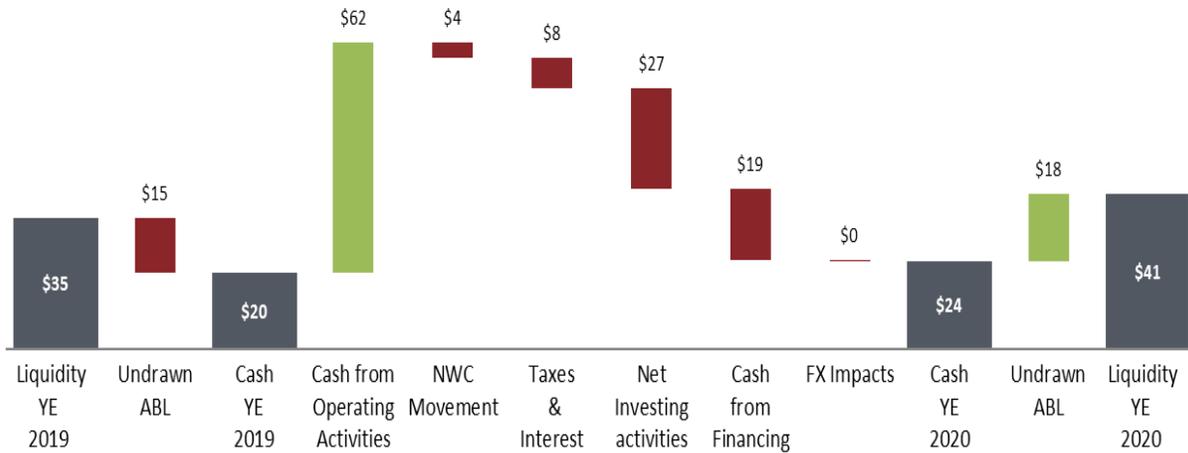
- **Applicable Premium** negotiated into Senior Secured Note as part of the 2017 Debt Restructure and payable at maturity is now accounted for in Debt (\$31.1M)
- Capital structure inhibiting growth; limited by available liquidity
- **Next maturing Debt Facility – July 2022**

# Balance Sheet – Cash Flow Discipline

- Liquidity management through COVID-19 pause supporting improved year-end liquidity



## (US \$M) Liquidity Management



### Management actions implemented to reduce COVID-19 Impact

- Senior Secured Notes – 99.75% approval from Lenders to convert cash interest to PIK interest through 2020
- Bank provided relief on ABL covenants through first half to combat impact of COVID-19 – \$5M liquidity benefit
- Ceased non-committed capital investment through first half
- Implemented further inventory saving initiatives
- Improved “Order to Cash” cycle allowing reinvestment in the business
- Increased processing times of vendor invoices improving payment times to vendors and reducing interruptions to operations
- Government support received where available
  - Government Tax deferrals achieved across many jurisdictions



*MDR™500 Underground Coring Rig*



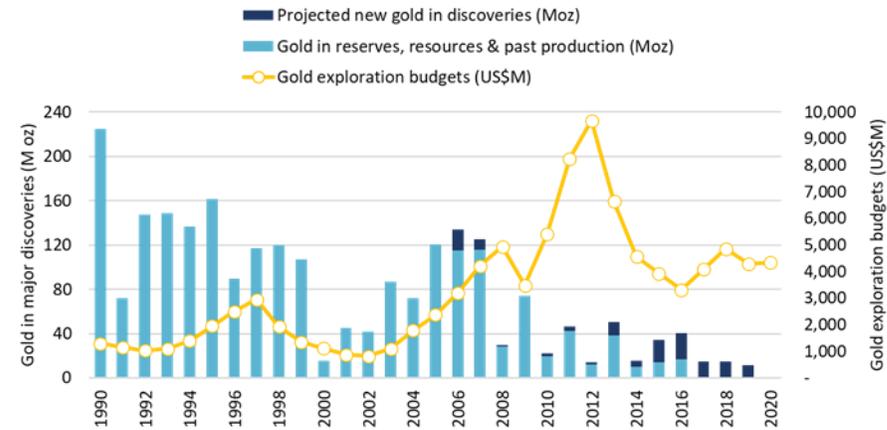
**Full Year 2020 Results**  
**February 2021**  
**Jeff Olsen – Business Overview**

# Global Exploration Market - Poised for investment

- Critical need for further investment in new reserves



## Gold Reserves Steadily Declining



Source – S&P Global Markets Analysis

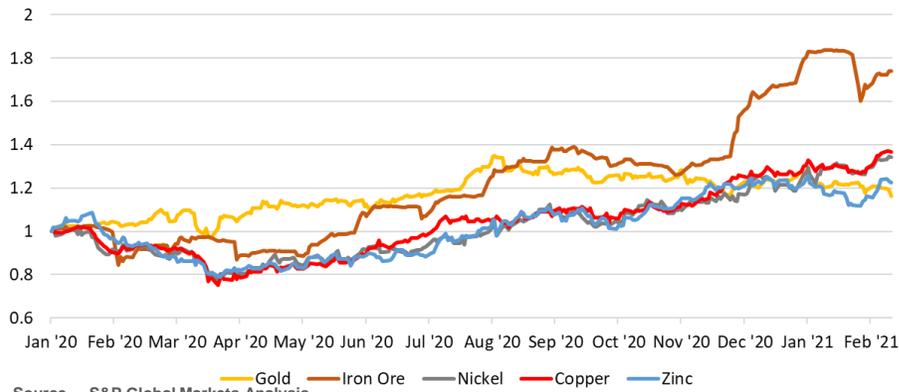
GOLD

## Gold miners reporting strong results and balance sheets, but need to replace reserves

- Gold pricing holding at historic highs of \$1,800 an ounce
- Gold exploration spend remains strong, but well below peak levels
- New gold discoveries at historic lows

## All Key Commodities Strengthening

Key Commodity Prices Indexed to 1 Jan 2020



Source – S&P Global Markets Analysis

Commodities

## Pricing of all key commodities strengthened over the past 12 months

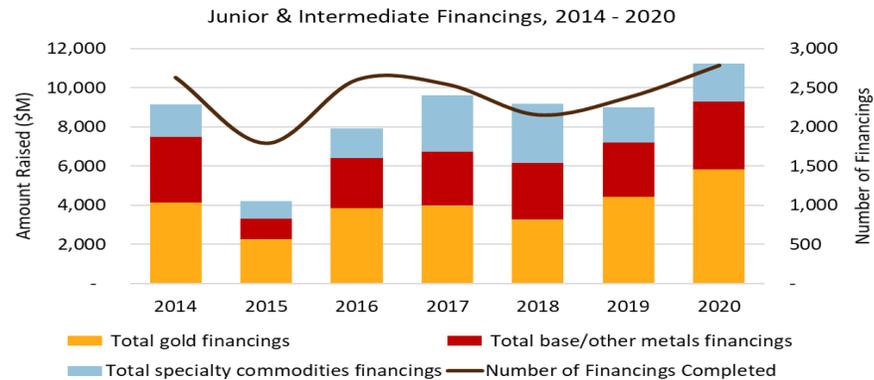
- Goldman Sachs & JP Morgan indicating commodities super-cycle has begun
- Copper prices at 8-year high on projected supply deficits
- Government stimulus, green energy policies, emergence of EV market driving price increases in copper, nickel, lithium

# Global Exploration – Fundamentals attracting investment

- January posted 8<sup>th</sup> consecutive month of raisings greater than \$1 Billion



## Raisings reach an 8-year high

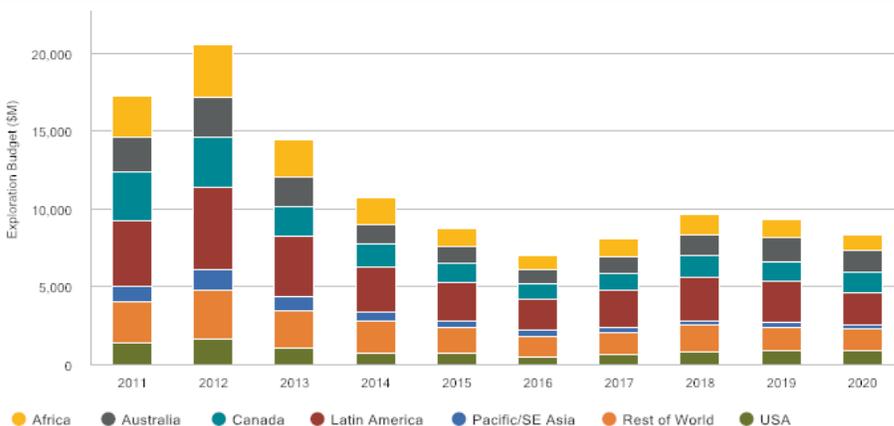


Equity Raisings

## Equity raisings reach an 8-year high in 2020

- Gold capital raisings continue to grow
- Junior & Intermediate financings strong in several markets
- Base metals capital raisings beginning to accelerate on supply deficit forecasts & expected growth in green energy & emergence of EV market

## Underinvestment on replacing reserves requires correction



Reserve Replacements

## Exploration under-investment now at critical levels

- Distinct correlation between exploration investment and commodity pricing
- Exploration expenditure trailing commodity pricing and well below highs
- New discoveries will require an increased exploration investment and new technologies will play a part in limiting rising costs

# Geological Data Services

- A step change in the way we do business



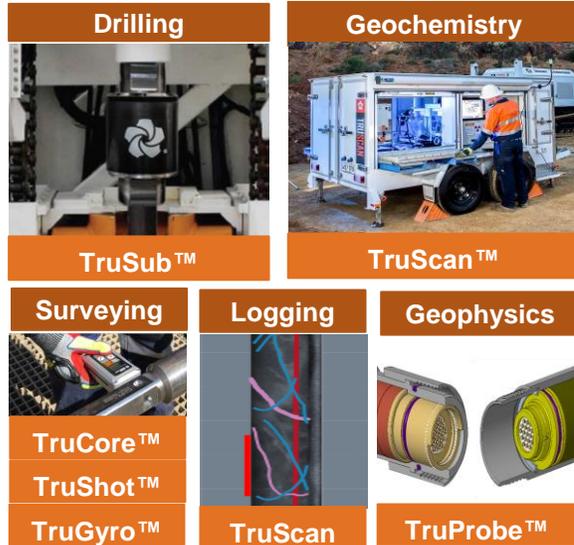
## Problem

Mineral exploration uses inefficient systems for the collection of data to obtain orebody knowledge

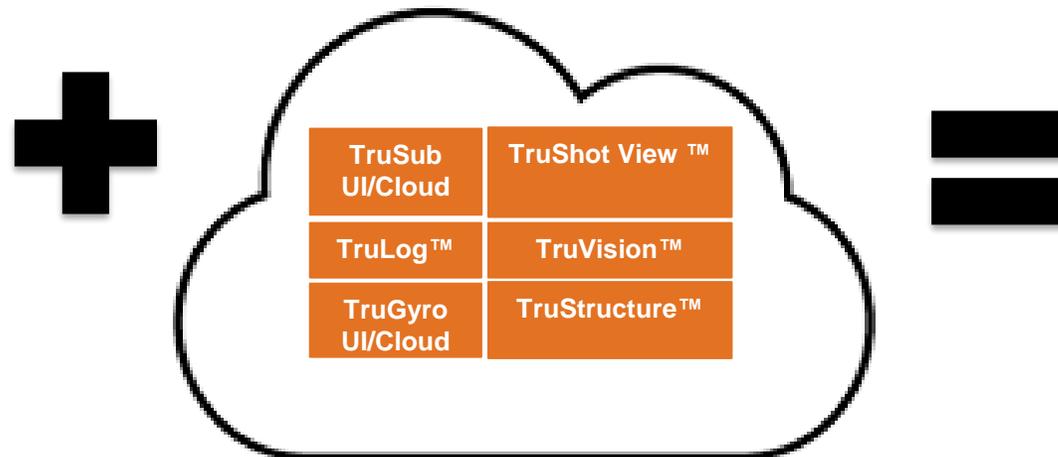
## Solution

We develop digital sensor technologies deployed at the drill rig along with data analytics and machine learning to efficiently deliver high resolution, accurate and consistent data as a service to enhance orebody knowledge

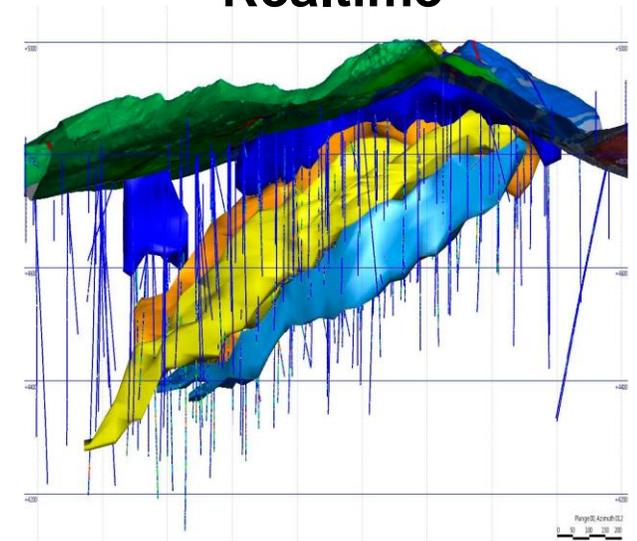
### Innovative Digital Technologies



### Data Analytics, Machine Learning, Data as a Service



### Enhanced Orebody Knowledge in Realtime



# Strategic Review – Capital Structure inhibiting growth

- Underlying earnings strong and entering mining and metals growth cycle



- **Continue to work with advisor and lenders to improve capital structure**
- **Process is ongoing but the outcome is uncertain at this time**
- **Primary objectives include reducing debt and securing additional liquidity to support growth**
- **The Company anticipates the process, if successful, is likely to involve existing lenders converting all or part of their debt to equity, which could be highly dilutive to existing shareholders**
- **Lenders who convert debt to equity could likely have significant governance rights and control**
- **The Company is committed to expeditiously pursuing the best possible outcomes for stakeholders**
- **Company will announce any material updates to the strategic review in accordance with applicable laws**

# Delivering on Strategic Objectives maintains clear industry leadership

- We build our customers' orebody knowledge



Summary

## Drilling activities are improving and market fundamentals support growth in 2021

- Decisive actions taken early to combat impacts of COVID-19; cost structure ready for future growth
- Adjusted EBITDA of \$60M despite combating impacts of COVID-19 with improved net cash flow from operating activities over 2019
- Continued introduction of GDS technologies receiving strong industry support
- Growth through the fourth quarter in line with improving industry metrics

Market

## Industry metrics indicate strong upside potential

- Gold prices attractive with Copper deficit to drive upside. Underinvestment requires correction
- Government stimulus, green energy policies & emergence of EV support upside
- January 2021 the 8<sup>th</sup> consecutive month of equity raisings greater than \$1B

Balance Sheet

## Capital structure and limited liquidity inhibiting growth

- Strategic review of capital structure underway
- **Next maturity 2022**

Year Ahead

## Activity levels improving but potential for liquidity and some COVID-19 limitations

- Implementation of plan for sustainable capital structure and introduction of new money to support liquidity
- Investing in equipment & technologies to meet the growing demands of our diverse customer base



Questions?





*LFT<sup>TM</sup>160 and Freedom<sup>TM</sup> Loader*



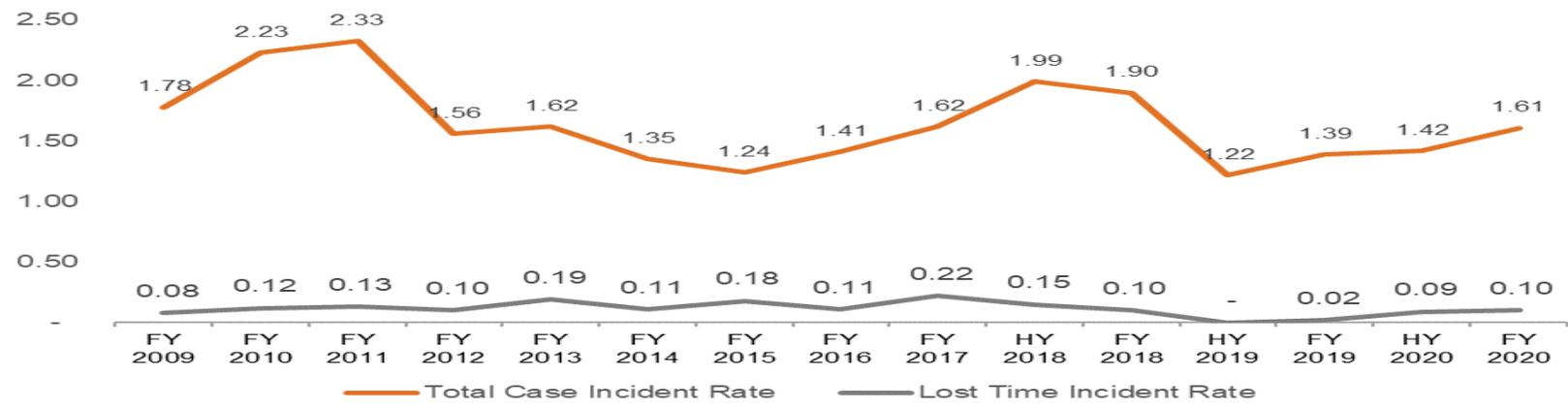
Full Year 2020 Results  
February 2021  
Appendix

# Environment, Health and Safety

Leading safety performance focused on continuous improvement



**Total Incident Rates<sup>1</sup>**



**Leading safety performance KPI's**

- LTIR – 0.10
- TCIR – 1.61

**Lost Time Incidents**

- 2020 – 5
- 2019 – 1

*“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.”*

**Key initiatives:**

**COVID-19 Business Continuity Plans implemented**

- Global Directive documents have set a framework for COVID-19 control measures at all operating sites and facilities
- Partnered with our clients and health authorities to provide a safe work environment

**Critical Risk Program – Eliminating potential fatal and significant injuries**

- Added specific COVID-19 critical control verifications to our proactive GEMS system
- Further developing the program to focus on the operator level

**Refocus on our EHS fundamentals**

- Competency training programs introduced for entry level employees
- Hand injury elimination program saw 32% decrease in hand injuries over 5 years
- Visible felt leadership in the field via recorded and specific interactions on process safety



# Year-Over-Year Comparison

Weathered the short-term impacts of COVID-19 on business

## Statutory

(US \$M except EPS)	FY 2020	FY 2019	Change Fav / (Unfav)
Revenue	657	745	(12%)
Gross Margin	98	139	(30%)
<i>GM as % of Revenue</i>	15%	19%	
Operating Profit	(1)	27	(102%)
<i>OM as % of Revenue</i>	0%	4%	
EBITDA	40	67	(39%)
<i>EBITDA as % of Revenue</i>	6%	9%	
NPAT	(99)	(57)	NMF
<i>NPAT as % of Revenue</i>	-15%	-8%	
EPS (cents)	(112.3)	(64.6)	NMF

## Adjusted<sup>2</sup>

(US \$M)	FY 2020	FY 2019	Change Fav / (Unfav)
Revenue	657	745	(12%)
Adjusted Gross Margin	103	144	(29%)
<i>Adj. GM as % of Revenue</i>	16%	19%	
Adjusted Operating Profit	14	43	(67%)
<i>Adj. OM as % of Revenue</i>	2%	6%	
Adjusted EBITDA	60	87	(31%)
<i>Adj. EBITDA as % of Revenue</i>	9%	12%	

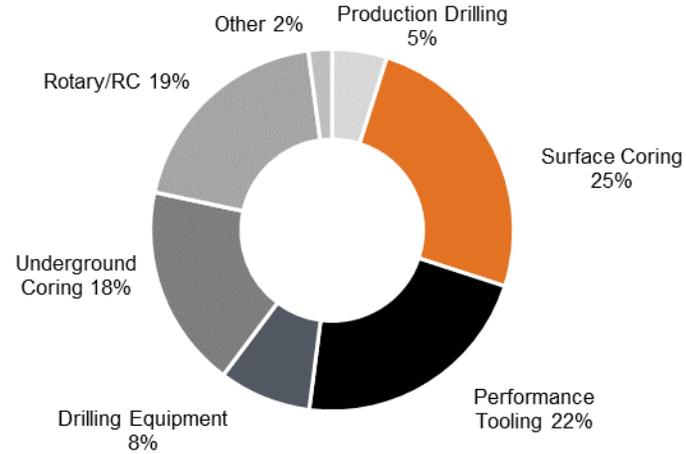
# Key Performance Indicators by Quarter



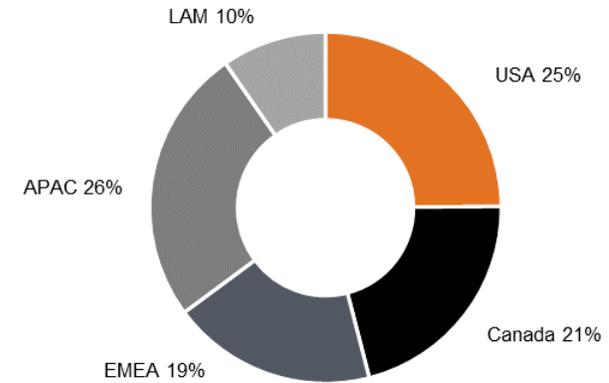
	Quarters ended 2020				Quarters ended 2019				Quarters ended 2018			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
<b>Total Company</b>												
Revenue (US\$ millions)	175.8	172.3	138.3	170.9	166.0	191.1	198.0	189.9	180.1	196.4	206.4	187.8
EBITDA (US\$ millions)	7.4	19.5	5.6	7.8	(13.5)	26.3	34.2	19.5	5.1	20.7	15.3	13.0
Adjusted EBITDA <sup>2</sup> (US\$ millions)	15.1	20.8	15.5	8.6	1.9	27.7	36.2	21.6	19.7	24.4	21.1	15.5
Operating Profit (Loss)	(3.1)	8.9	(4.7)	(1.8)	(30.0)	16.7	25.0	9.5	(7.8)	10.7	9.6	0.3
Net cash flows (used in) provided by operating activities	10.8	9.0	24.6	4.9	4.3	11.0	16.6	3.4	17.2	(1.5)	(12.0)	-
Net Debt (US\$ millions)	855.1	823.0	815.0	791.0	781.5	770.4	742.5	735.2	688.7	668.5	651.0	617.0
SG&A (US\$ millions)	23.0	19.1	15.0	23.8	26.2	21.8	23.9	22.2	22.2	20.6	21.7	23.0
<b>Global Drilling Services</b>												
Revenue (US\$ millions)	121.4	121.0	96.9	117.0	115.1	130.3	138.9	132.0	126.6	140.2	145.2	121.7
EBITDA (US\$ millions)	10.6	21.0	7.8	11.0	9.1	24.2	31.0	26.0	19.7	24.3	27.1	11.8
Average # of drill rigs	664	687	691	689	691	689	691	691	685	672	672	677
Average rig utilisation	40%	38%	35%	38%	40%	41%	42%	41%	43%	47%	49%	44%
<b>Global Products</b>												
Revenue (US\$ millions)	54.5	51.0	41.5	53.9	50.9	60.8	59.0	58.0	53.5	56.2	61.2	66.1
EBITDA (US\$ millions)	5.5	7.1	6.8	5.5	3.6	12.8	9.4	5.1	6.7	8.9	7.9	7.4
Average backlog (US\$ millions)	37.9	29.0	30.0	36.5	32.3	24.5	30.6	30.9	27.9	22.9	29.9	32.0



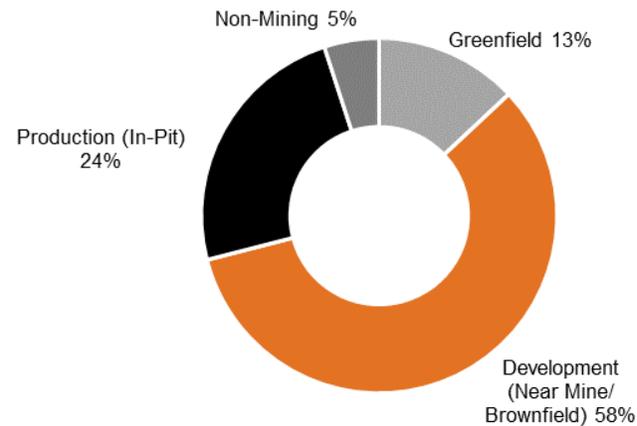
## Revenue by Type – Products & Services



## Revenue by Region – Products & Services



## Drilling Services Revenue by Stage





- **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 amortisation 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