

**ASX ANNOUNCEMENT (ASX:BLY)**

25 August 2023

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

**FIRST HALF 2023 RESULTS PRESENTATION**

Please find attached for release to the market, Boart Longyear Group Limited's first half 2023 results presentation.

**Authorised for lodgement by:**

Nicholas R. Nash  
Company Secretary

**About Boart Longyear**

Established in 1890, Boart Longyear is in its 133<sup>rd</sup> year as the world's leading provider of drilling services, orebody-knowledge 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 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.

Veracio, a wholly owned Boart Longyear subsidiary, offers mining clients a range of solutions that improve, automate, and digitally transform their orebody sciences by championing a modern approach through a diverse product portfolio by fusing science and technology together with digital accessibility. Veracio leverages AI and advanced analytics to accelerate real-time decision making and significantly lower the cost of mineral exploration.

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)





Half Year 2023 Results  
August 25, 2023



# 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.

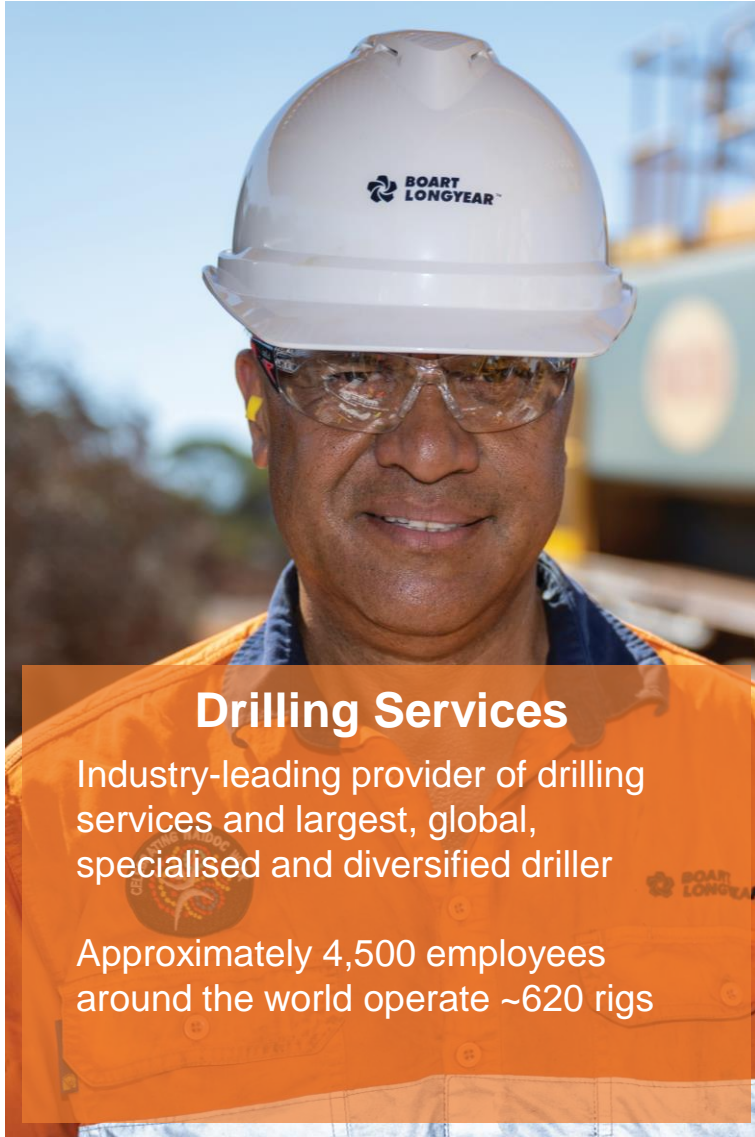
This presentation includes forward-looking statements within the meaning of securities laws. Any forward-looking statements involve known and unknown risks and uncertainties, many of which are outside the control of the Company and its representatives. Forward-looking statements may also be based on 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.



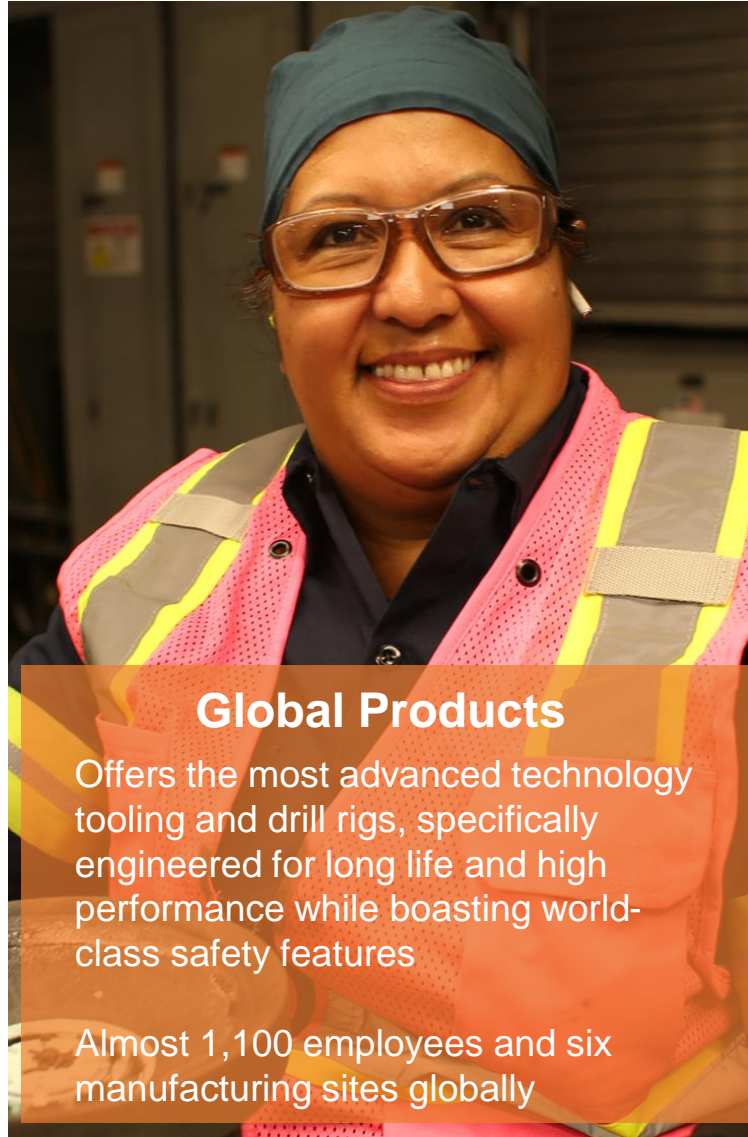
# Three Divisions Driving Long-Term Growth



**Drilling Services**

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

Approximately 4,500 employees around the world operate ~620 rigs



**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



**Veracio**

Leveraging artificial intelligence and advanced analytics to accelerate real-time decision making and significantly lower the cost of mineral exploration

More than 100 employees worldwide



# Delivered Strong First Half Performance

## Consolidated

**Revenue: \$545.7M**

+3.4% vs. HY'22

Best first half since HY'2013

**Adj. EBITDA<sup>1</sup>: \$70.7M**

+2.2% vs. HY'22

Best first half since HY'2013

**LTIR<sup>2</sup>: 0.03**

vs. 0.16 in HY'22

Best first half since HY'2019

## Drilling Services

**Revenue: \$382.7M**

+4.7% vs. HY'22

Best first half since HY'2013

**EBITDA: \$72.9M**

+2.7% vs. HY'22

Best first half since HY'2013

**Revenue expansion in  
Latin America and US**

## Global Products

**Revenue: \$159.3M**

+0.6% vs. HY'22

Best first half since HY'2013

**EBITDA: \$30.0M**

+44.2% vs. HY'22

Second best first half since HY'2013

**Revenue expansion in  
EMEA and Latin  
America**

## Veracio

**Continued positioning  
for growth**

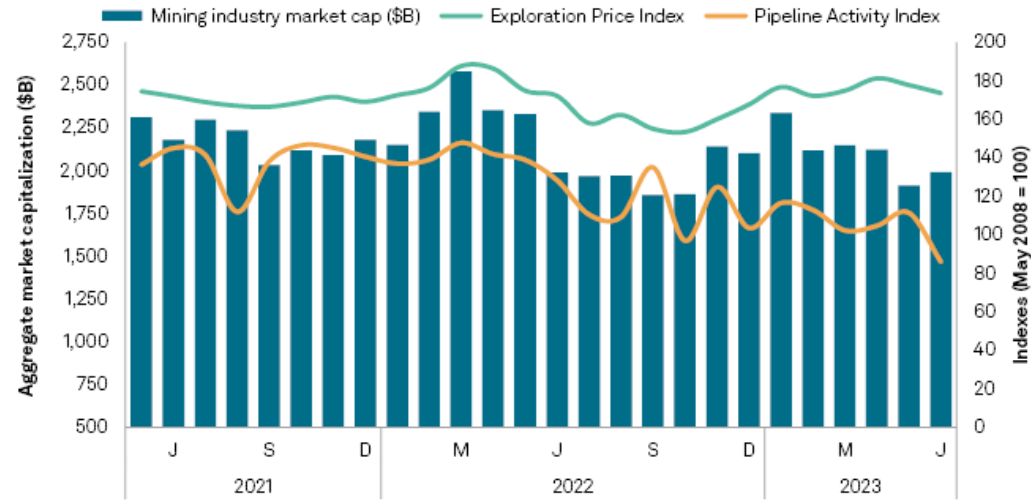
**Strong TruScan  
customer placement**

**Revenue expansion in  
US, Latin America and  
Africa**



# Electrification Driving Long-Term Demand for Green Metals

Pipeline Activity Index, May 2021 – Jun 2023

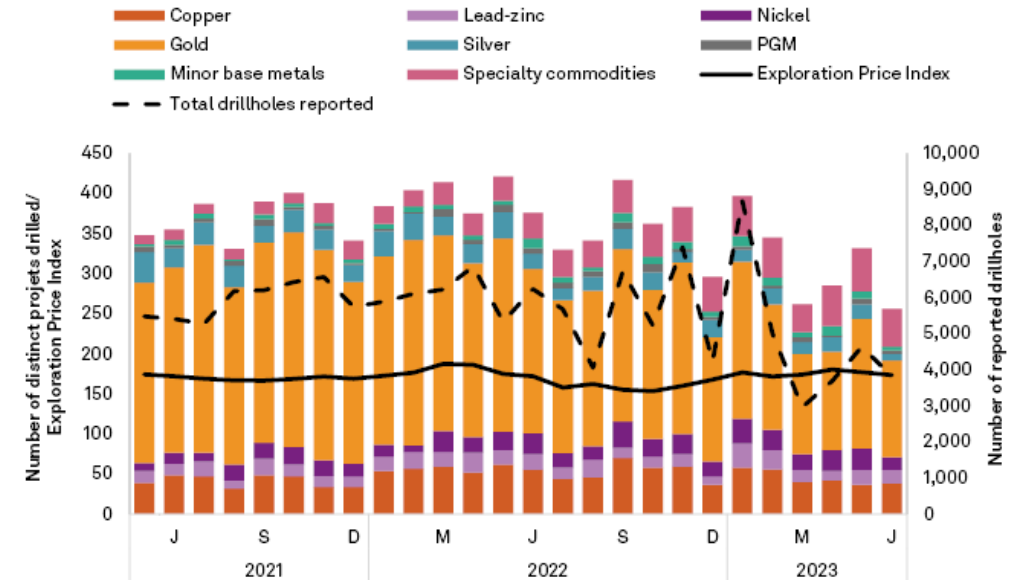


Source: S&P Global Market Intelligence as of 15 July 2023.

## Exploration struggling to keep up with demand

- Strategic exploration spending after near decade of mine underinvestment to address growing supply demand
- Electrification and demand for green metals, such as copper, driving exploration and development spending
- Weakness in financing market for junior and intermediate firms reducing near-term exploration spend
- Market ascertaining impact of Chinese economic stimulus program and US credit rating downgrade

Project Drilling Activity by Commodity, May 2021 – Jun 2023



Source: S&P Global Market Intelligence as of 4 July 2023. PGM = platinum group metals.

## Dynamic commodity environment

- Appetite for electric vehicles continues to drive long-term minerals demand
- Growing use of mining technology to enhance more efficient exploration and mine development programs
- Gold prices surpasses \$2,000/oz in HY'23, while ending period ~\$1,900/oz
- Copper exceeded \$4.00/lb in HY'23 before settling at ~\$3.90 at period end



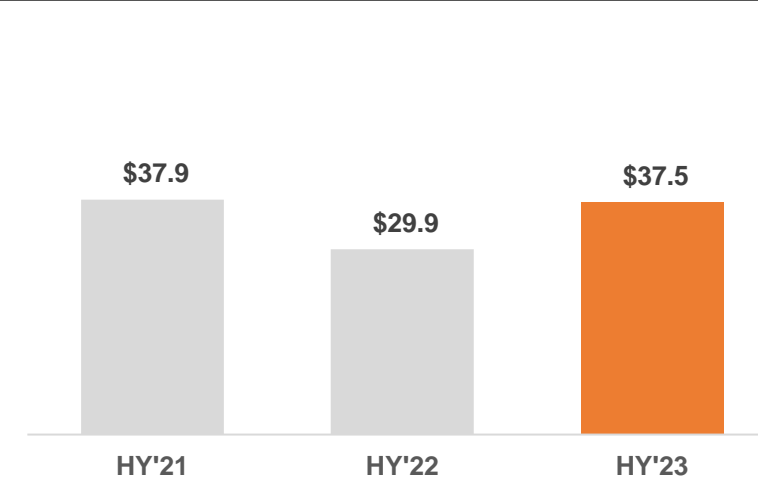
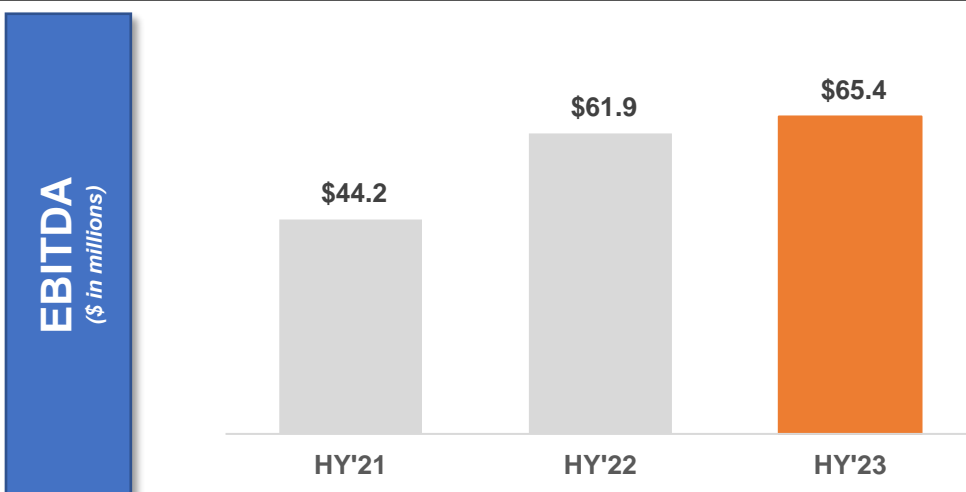
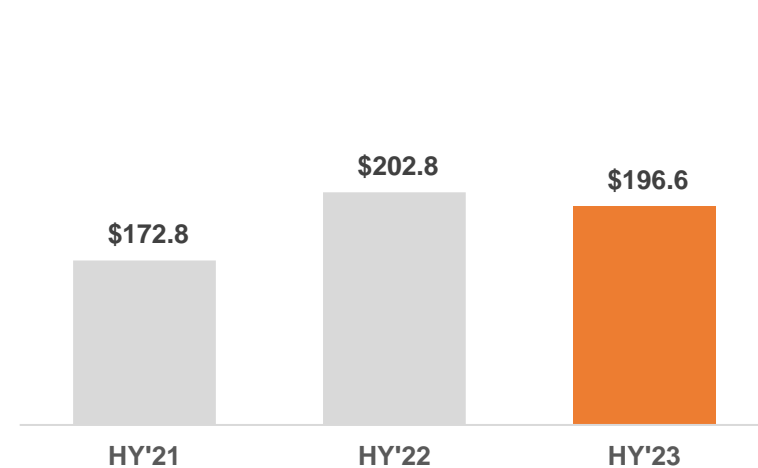
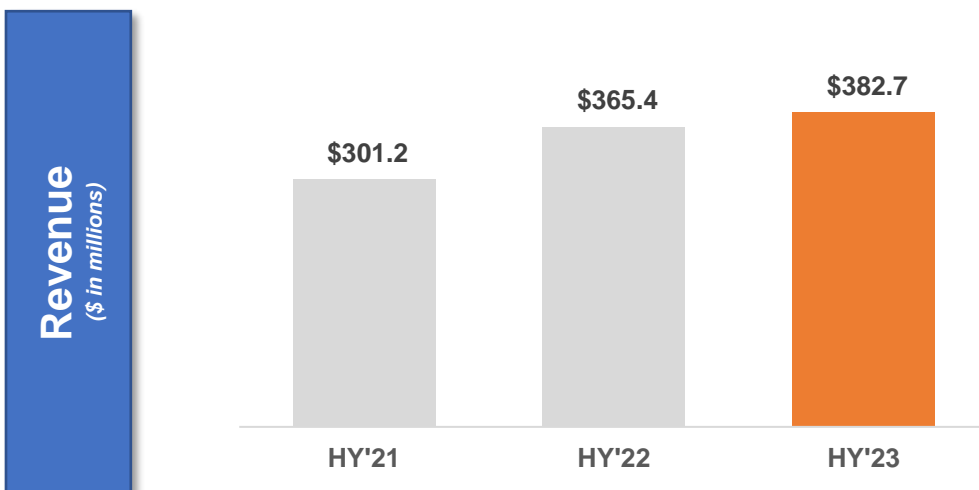


# HY'23 Divisional Performance

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.

## Drilling Services

## Global Products





Bigger vision. Smarter data. Smaller footprint.

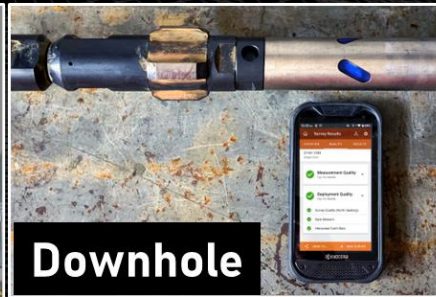
By fusing science and technology, Veracio helps miners leverage their opportunities while mitigating the social and environmental impact of their decisions.

Unlocking the value and utility of scarce resources.

- Sensing, automation and AI technologies
- Accelerating exploration and orebody confidence
- With high-definition data that leads to better decisions
- Creating more economically efficient operations
- While improving sustainability and reducing waste



**Samples**



**Downhole**



**Drill String**

### Drilling

CONTINUOUS CORE  
DRILLING AT 100M+ /SHIFT

- Fluid RC drilling
- Patented diamond bit
- Continuous chip/core

ACCURATE, IN-FIELD  
SAMPLE SCANNING

- Calibrated XRF Scanning
- Hi-res Photography
- Chips and Core

USER-FRIENDLY, HIGH-  
DEFINITION, DOWNHOLE SURVEY

- Most accurate & fastest gyro
- Gamma sensors
- Down-hole televiews
- Expandable platform

RIG PERFORMANCE FROM THE  
DRILL STRING

- Fully digital
- Real-time drilling parameters
- Operator app + cloud reports
- Rock Properties R&D

### AI / Data mgmt

DERIVED DATA THROUGH  
AI + MACHINE LEARNING

- TruAccess
- TruStructure
- Autologger

MORE DATA, FASTER

- Increased m /shift
- Lower drilling costs /m

Sc TruScan™

Pr TruProbe™

Su TruSub™

Ac St Lo





# ESG Achievements for HY'23



## Sustainability Reporting

Published our second annual ESG report highlighting our sustainability progress



## Safety Achievement

Commemorated a four-year injury free milestone at our operations in Ghana



## Diversity

Celebrated diversity across our global operations with International Women's Day and International Day of Women in Mining



## Community Engagement

Planted over 100 trees in collaboration between Boart Longyear Lao and Lao Ministry of Agriculture and Forestry







**Financial Performance**

# Financial Process Improvement – Focal Areas

## Capital Allocation

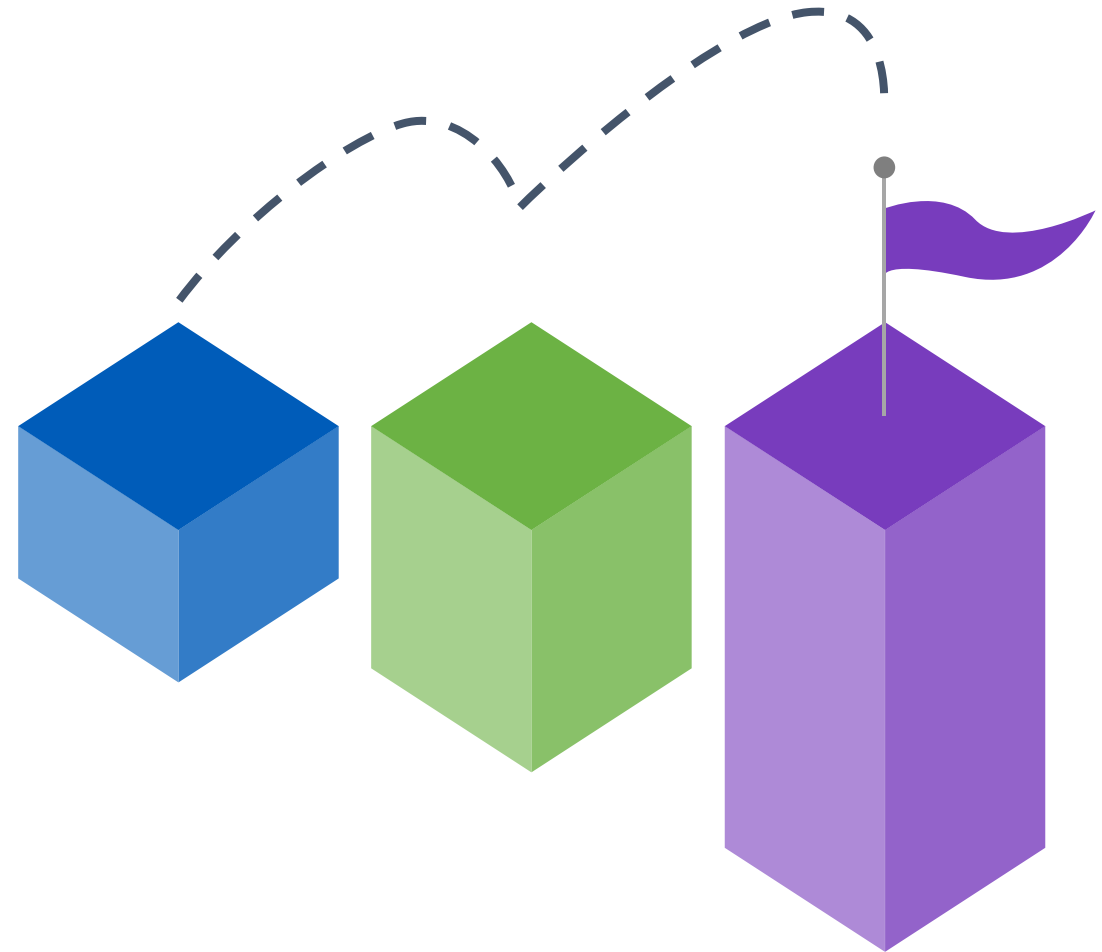
Evaluating investment opportunities based on risks and returns, particularly for Veracio's growth

## Cash Flow Management

Continue optimising receivables, payables and inventory

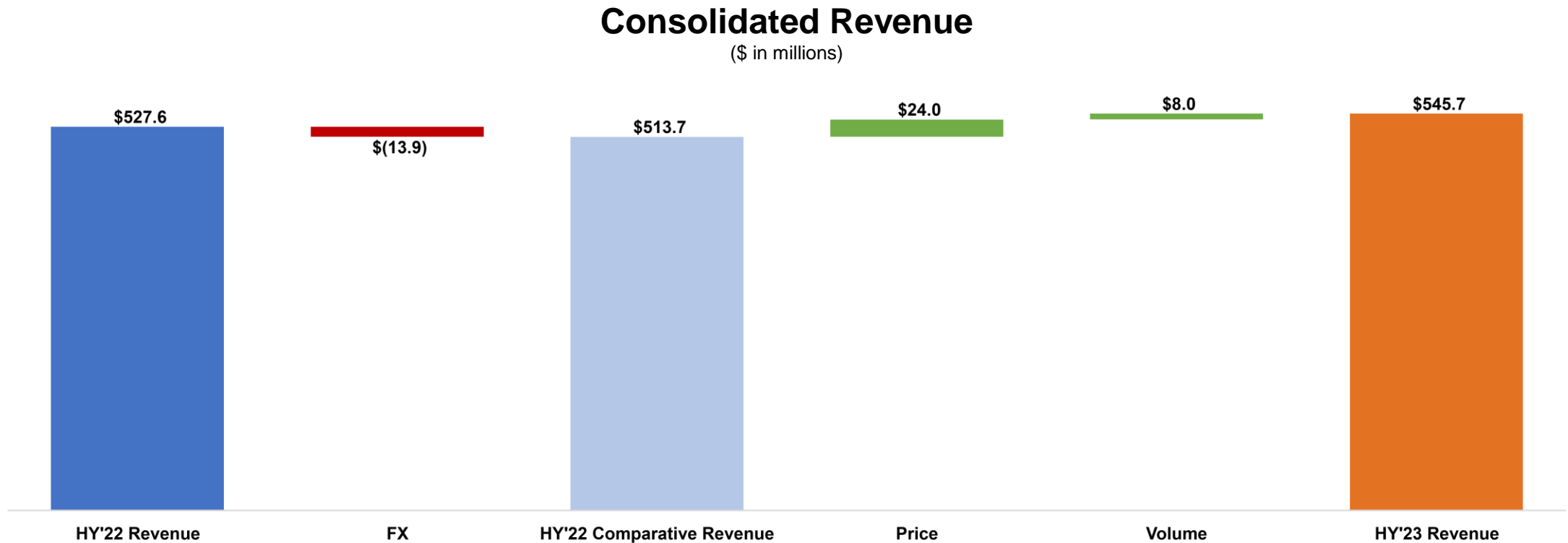
## Risk Management

Managing political, geopolitical and commodity price risks





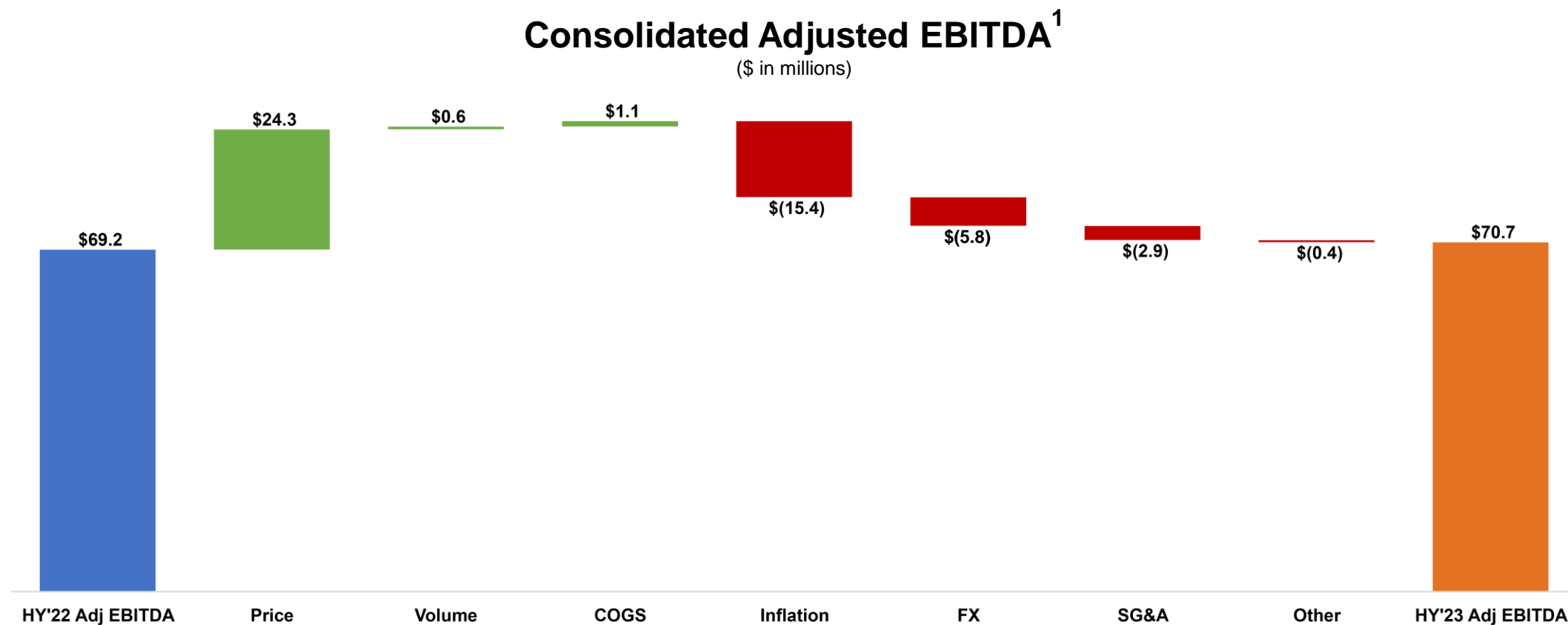
# Driving Revenue Expansion



- Driven by price and volume gains in Drilling Services and Global Products
- FX impacted mainly from Canada and Australia



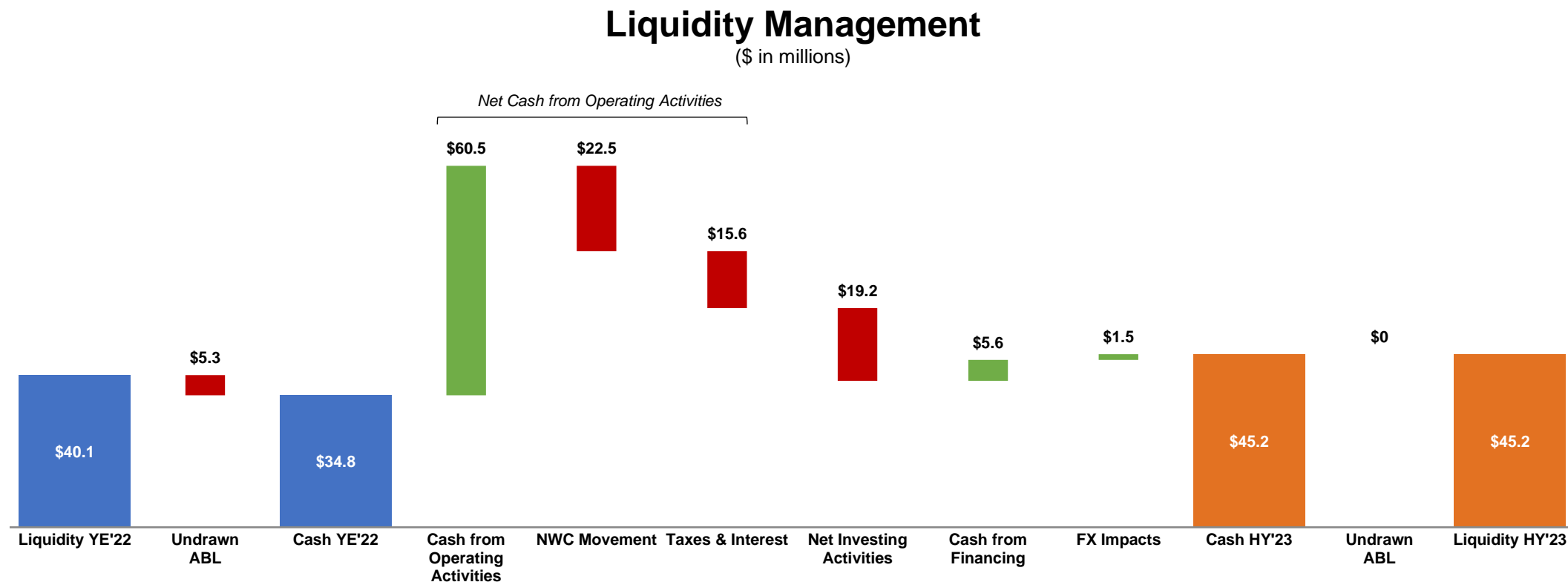
# Adjusted EBITDA Expansion in Inflationary Environment



- Benefitted from improved profitability within Global Products and Drilling Services
- Negatively impacted by inflation, mainly labour, freight, consumables, and raw materials
- FX impacted mainly from Canada and Australia



# Cash Flow Discipline through Working Capital Management



- Implementing a robust cash-flow forecasting process to better predict cash needs
- Identifying cost-saving opportunities to free up cash for working capital purposes

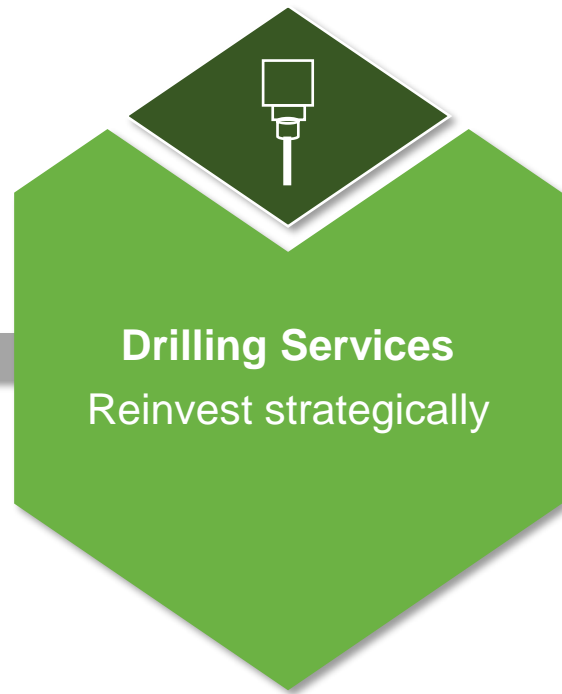




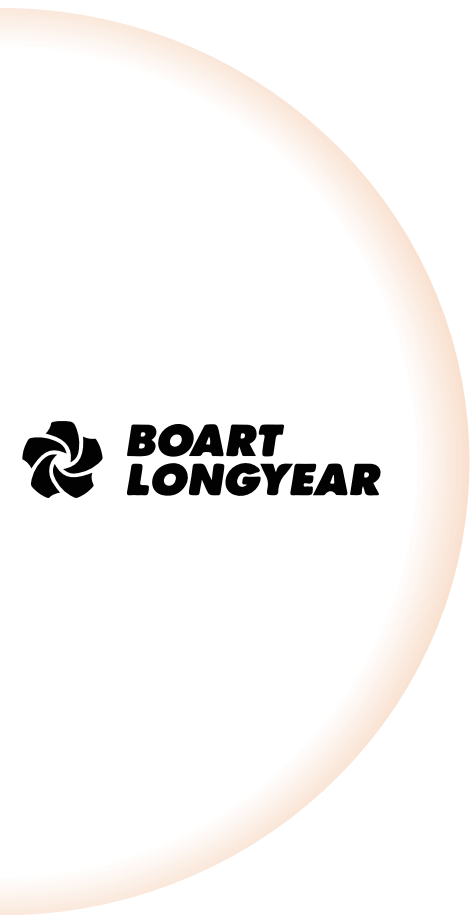


## Corporate Summary

# Driving Growth in 2023



# 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 Veracio Technology Unifying Orebody Knowledge Across Entire Mining Value Chain and Enabling Rapid Decisions in Near Real-Time
- 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

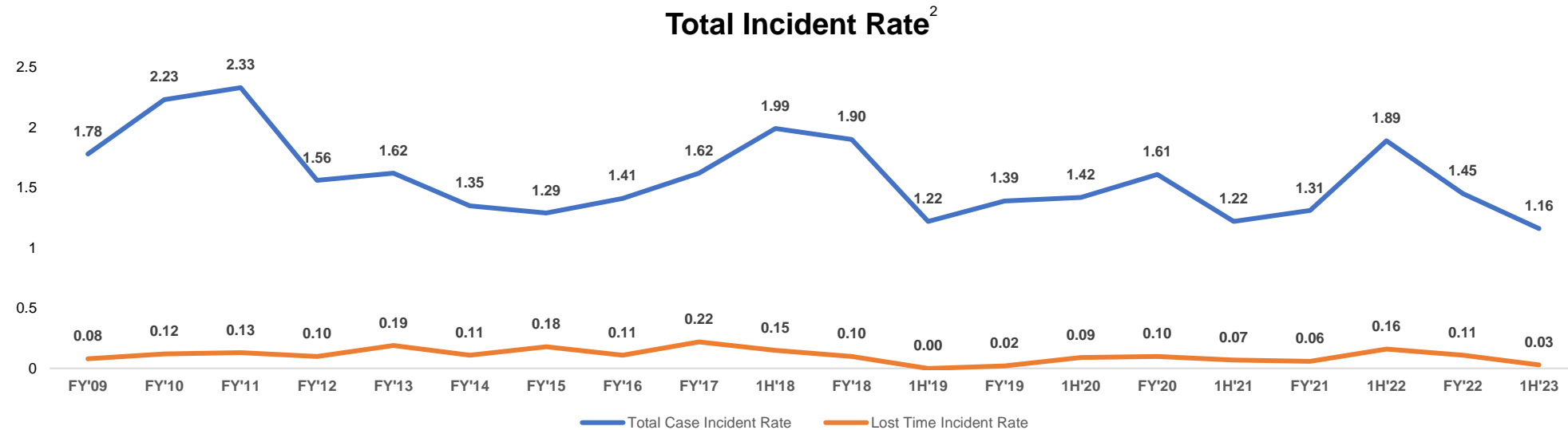






# Appendix

# Safety Performance Focused on Continuous Improvement



## Key Initiatives

- Introduced Field Focus Time interactions in early 2023 as a key performance indicator between leaders and field employees to reinforce safety and improve worker knowledge
- Expanded baseline emissions data for Drilling Services and Manufacturing
- Enhanced focus on No Hands of Steel and prioritised use of automated rod handling
- Surveyed regional workforce to better understand safety issues to enable implementation of bespoke action plans for to correctly fill gaps





# Year-Over-Year Comparison

Statutory			
(\$ in millions, except EPS)	HY'23	HY'22	% Change
Revenue	545.7	527.6	3.4%
Gross Margin	106.1	101.0	5.0%
<i>Gross Margin as % of Revenue</i>	19.4%	19.1%	
Operating Profit	45.5	29.4	54.8%
<i>Operating Profit as % of Revenue</i>	8.3%	5.6%	
EBITDA	72.9	52.4	39.1%
<i>EBITDA as % of Revenue</i>	13.4%	9.9%	
NPAT	41.6	17.7	135.0%
<i>NPAT as % of Revenue</i>	7.6%	3.4%	
EPS (cents)	14.1	6.0	135.0%

Adjusted			
(\$ in millions, except EPS)	HY'23	HY'22	% Change
Revenue	545.7	527.6	3.4%
Adjusted EBITDA <sup>1</sup>	70.7	69.2	2.2%
<i>Adj. EBITDA as % of Revenue</i>	13.0%	13.1%	



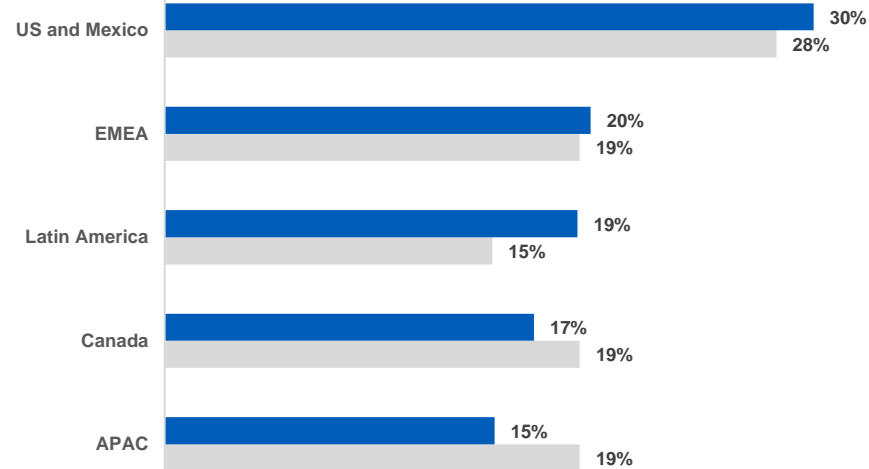
# Key Performance Indicators by Quarter

(\$ in millions)	Q2'23	Q1'23	Q4'22	Q3'22	Q2'22	Q1'22	Q4'21	Q3'21	Q2'21	Q1'21
<b>Total Company</b>										
Revenue	275.6	270.1	245.9	265.4	266.2	261.4	238.4	236.0	238.0	209.0
EBITDA	40.0	32.9	12.2	17.2	17.9	34.5	(4.8)	38.6	27.2	23.2
Adjusted EBITDA <sup>1</sup>	36.4	34.3	22.4	32.6	32.1	37.1	19.4	32.8	32.4	28.1
Operating Profit (Loss)	26.1	19.4	(0.7)	4.6	6.1	23.3	(18.8)	26.6	15.7	12.2
Net Cash Flows (Used In) Provided by Operating Activities	20.0	3.4	38.7	9.4	22.8	(2.1)	(11.3)	(10.6)	14.7	10.4
Net Debt <sup>3</sup>	139.3	142.7	133.8	154.3	142.5	143.9	127.8	96.3	874.5	832.1
SG&A	35.0	29.2	30.2	37.1	34.3	29.5	30.1	25.4	26.5	21.2
<b>Global Drilling Services</b>										
Revenue	193.4	189.3	169.5	188.9	186.4	179.0	155.5	158.0	160.6	140.6
Revenue per rig	0.31	0.31	0.27	0.30	0.28	0.27	0.24	0.24	0.25	0.22
EBITDA	37.9	35.0	19.3	34.6	36.2	34.8	20.4	24.0	29.3	21.1
EBITDA per rig	0.06	0.06	0.03	0.05	0.06	0.05	0.03	0.04	0.05	0.03
Average # Drill Rigs	619	617	633	638	657	657	654	651	645	638
Average Rig Utilisation <sup>4</sup>	48%	47%	47%	50%	50%	47%	48%	49%	50%	45%
<b>Global Products</b>										
Revenue	80.0	79.3	74.8	74.3	77.5	80.8	80.7	75.3	74.8	66.6
EBITDA	13.8	16.1	9.7	12.0	6.8	14.0	12.9	18.8	15.2	16.4
Average Backlog	51.2	58.0	60.0	61.1	58.2	60.7	70.4	74.0	70.9	51.3
<b>Veracio</b>										
Revenue	2.0	1.6	1.5	2.3	2.3	1.6	1.8	2.6	2.5	2.2
EBITDA	(5.0)	(3.7)	(1.4)	(0.8)	(3.3)	(11.6)	(0.1)	0.5	0.2	(1.7)

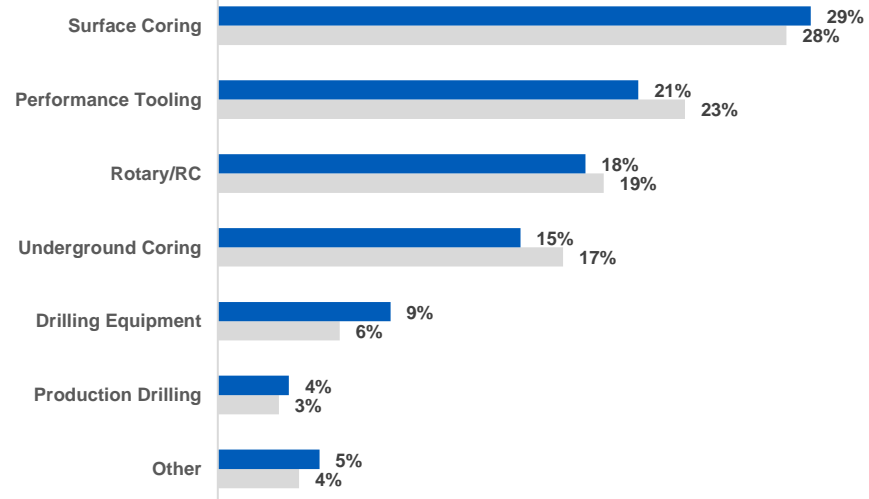


# Consolidated and Products Performance Metrics

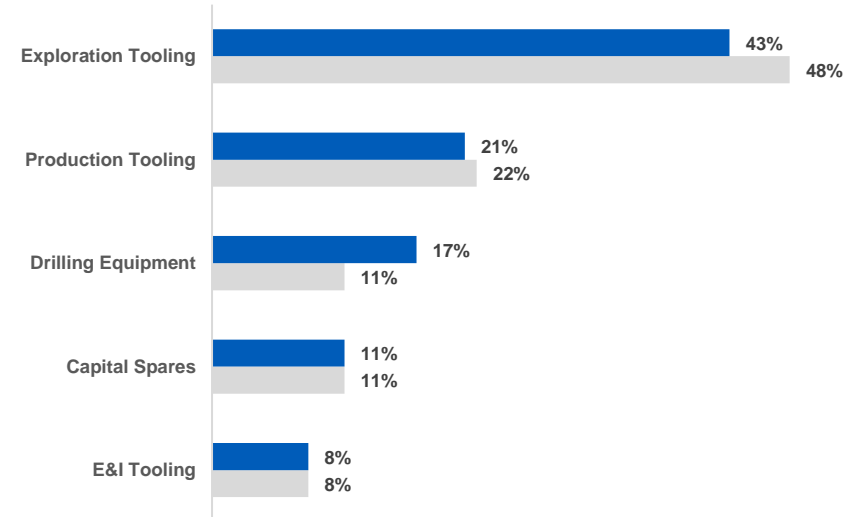
## Consolidated – Revenue by Region



## Consolidated – Revenue by Products and Services



## Products – Revenue by Product Category



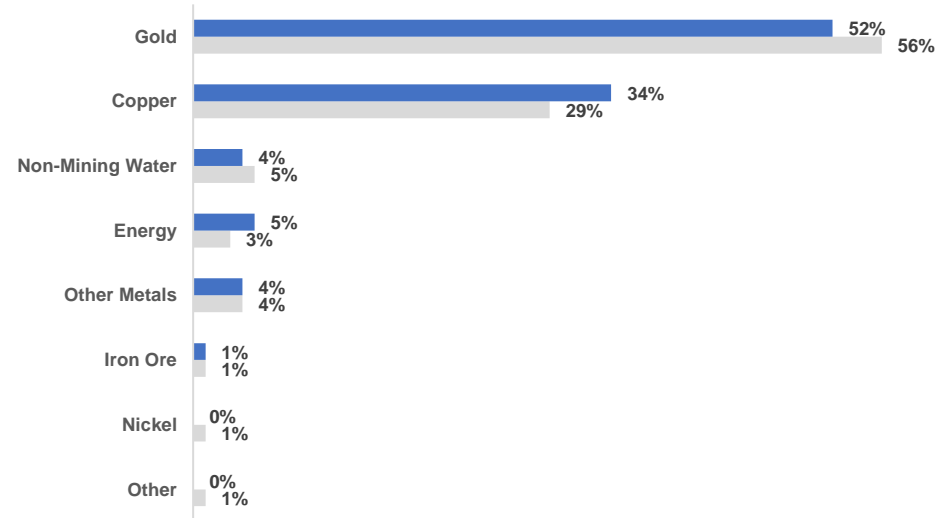
■ HY'23 ■ FY'22



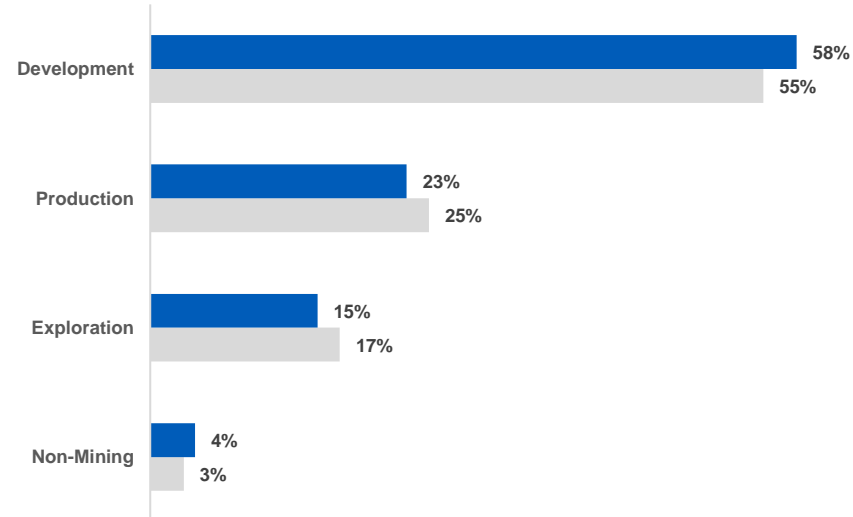


# Drilling Services Performance Metrics

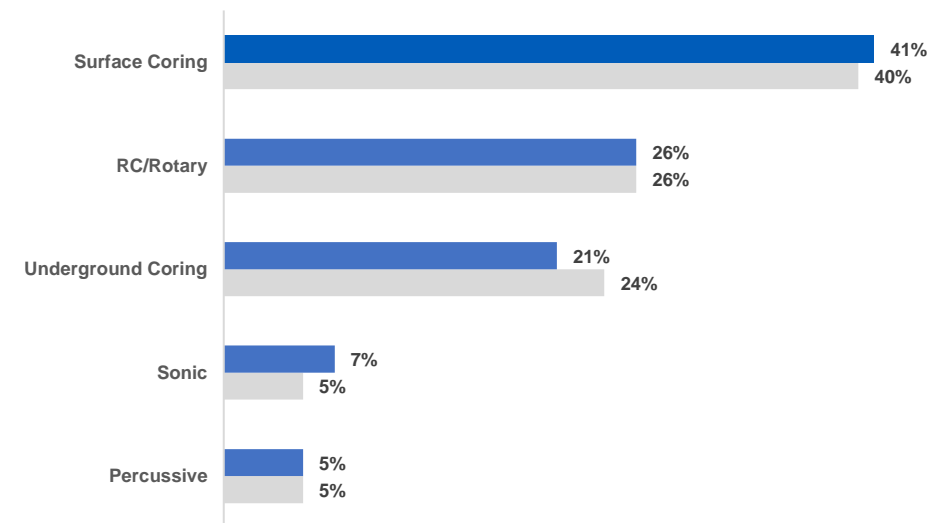
## Drilling Services – Revenue by Commodity



## Drilling Services – Revenue by Stage



## Drilling Services – Revenue by Drilling Type



■ HY'23 ■ FY'22



# Summary of Inter-Segment Eliminations

Summary of Inter-Segment Eliminations <sup>(1)</sup>				
	HY'23	HY'22	HY'21	
<b>Drilling Services (DS)</b>				
DS Revenue Prior to InterCo Elimination	\$ 383	\$ 365	\$ 301	
(-) DS InterCo Revenue	-	-	-	
<b>DS Segment Revenue</b>	<b>\$ 383</b>	<b>\$ 365</b>	<b>\$ 301</b>	
DS Segment EBITDA Prior to InterCo Profit Elimination	\$ 65	\$ 62	\$ 44	
(+) DS InterCo Costs Prior to InterCo Elimination <sup>(2)(3)</sup>	8	9	6	
<b>DS Segment EBITDA, Net of Adjustments</b>	<b>\$ 73</b>	<b>\$ 71</b>	<b>\$ 50</b>	
<b>Drilling Products (DP)</b>				
DP Revenue Prior to InterCo Elimination	\$ 196	\$ 203	\$ 172	
(-) DP InterCo Revenue	37	45	31	
<b>DP Segment Revenue</b>	<b>\$ 159</b>	<b>\$ 158</b>	<b>\$ 141</b>	
DP Segment EBITDA Prior to InterCo Elimination	\$ 38	\$ 30	\$ 38	
(-) DP InterCo EBITDA Prior to InterCo Elimination <sup>(2)(3)</sup>	(8)	(9)	(6)	
<b>DP Segment EBITDA, Net of Adjustments</b>	<b>\$ 30</b>	<b>\$ 21</b>	<b>\$ 32</b>	
<b>Veracio</b>				
Veracio Revenue Prior to InterCo Elimination	\$ 5	\$ 5	\$ 6	
(-) Veracio InterCo Revenue	(1)	(1)	(1)	
<b>Veracio Segment Revenue</b>	<b>\$ 4</b>	<b>\$ 4</b>	<b>\$ 5</b>	
Veracio Segment EBITDA Prior to InterCo Elimination	\$ (9)	\$ (2)	0	
(-) Veracio InterCo EBITDA Prior to InterCo Elimination	-	-	-	
<b>Veracio Segment EBITDA, Net of Adjustments</b>	<b>\$ (9)</b>	<b>\$ (2)</b>	<b>0</b>	
<b>Segment Reconciliation to Total Results, Revenue and Adjusted EBITDA</b>				
	HY'23	HY'22	HY'21	
DS Segment Revenue	\$ 383	\$ 365	\$ 301	
DP Segment Revenue	159	158	141	
Veracio Segment Revenue	4	4	5	
<b>Total Third Party Revenue</b>	<b>\$ 546</b>	<b>\$ 527</b>	<b>\$ 447</b>	
DS Segment EBITDA	\$ 73	\$ 71	\$ 50	
DP Segment EBITDA	30	21	32	
Veracio Segment EBITDA	(9)	(2)	-	
Corporate and Other Income / (Expense)	(23)	(21)	(21)	
<b>Total Adjusted EBITDA<sup>(4)</sup></b>	<b>\$ 71</b>	<b>\$ 69</b>	<b>\$ 61</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. Adjusted EBITDA at 31 December 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 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 recognised throughout the year. For example, it includes gains from sales of assets and excludes contract termination costs, legal fees, and indirect tax write-offs.
- Footnote 2:** Per 200,000 work hours.
- Footnote 3:** Net debt does not include leasing facilities as reported under Australian Accounting Standards Board (AASB) 16.
- Footnote 4:** 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.

