

ASX ANNOUNCEMENT (ASX:BLY)

24 February 2023

**BOART LONGYEAR ANNOUNCES FULL YEAR 2022 RESULTS
REVENUE INCREASES 13% AND ADJUSTED EBITDA UP 7%**

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 full year ended 31 December 2022. All results are referenced in US dollars.

HIGHLIGHTS

- **Consolidated revenue increased 13% over 2021, driven by robust Drilling Services and Global Products' growth.**
- **Adjusted EBITDA¹ expanded 7% over 2021, primarily from Drilling Services' price and volume gains.**
- **Veracio, built to lead growth and innovation in orebody science, was recently introduced as a separate Boart Longyear subsidiary with a new divisional leader.**
- **Net profit after tax increased 121% over 2021 – Boart Longyear's first net profit after tax since 2012.**

Jeff Olsen, Boart Longyear's Chief Executive Officer, commenting on the Company's results, said, "The long-term fundamentals of the mining sector remain attractive as electrification drives ongoing demand for base metals and gold companies continue investing in reserve expansion.

"Boart Longyear had a strong 2022 as we delivered revenue in excess of \$1 billion – our first since 2013 – and net profit after tax of \$12 million – our first since 2012. Drilling Services saw outstanding performance from both price and volume gains driven by operational excellence. Global Products experienced solid revenue growth yet contended with high steel prices, elevated freight rates and unfavourable exchange rates, which negatively impacted EBITDA.

"We recently introduced Veracio, which was built to increase its focus and investment in growth and innovation of orebody sciences. Veracio is ideally suited to combine science and digital technologies to help mining companies leverage their own unique opportunities while mitigating the social and environmental impact of their decisions.

"I am enthusiastic for 2023 as we execute our targeted operating plan focused on strategically growing Drilling Services, selectively expanding Global Products and revolutionising the mining industry through Veracio's breakthrough technology."

¹ See page 4 of this press release for footnote descriptions.

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COMPARATIVE RESULTS

(\$ in millions) Total Company	Consolidated Results					
	Full Year Ended			Three Months Ended		
	31-Dec-22	31-Dec-21	% Change	31-Dec-22	31-Dec-21	% Change
Revenue	1,039	921	13%	246	238	3%
EBITDA	82	84	(3%)	12	(5)	340%
Adjusted EBITDA ¹	124	116	7%	22	19	16%
Statutory Net Profit / (Loss) After Tax	12	(57)	121%	(5)	(18)	72%
Net Cash Generated / (Used) in Operating Activities	69	3	NMF	39	(11)	455%
Net Debt ²	134	128	5%			

Global Drilling Services	Divisional Results					
	Full Year Ended			Three Months Ended		
	31-Dec-22	31-Dec-21	% Change	31-Dec-22	31-Dec-21	% Change
Revenue	724	615	18%	170	155	10%
EBITDA (prior to intercompany profit margin elimination) ³	109	81	35%	15	17	(12%)
EBITDA (after intercompany profit margin elimination) ³	125	94	33%	19	20	(5%)
Average Number of Operating Drill Rigs	315	311	1%	298	316	(6%)
Average Number of Drill Rigs	647	647	0%	633	654	(3%)
Average Rig Utilisation ⁴	49%	48%	2%	47%	48%	(2%)
Global Products*						
Revenue (prior to intercompany eliminations) ³	398	377	6%	101	102	(1%)
Revenue (after intercompany eliminations) ³	315	307	3%	76	83	(8%)
EBITDA (prior to intercompany profit margin elimination) ^{3,5}	42	76	(45%)	3	15	(80%)
EBITDA (after intercompany profit margin elimination) ^{3,5}	25	62	(60%)	(2)	11	(118%)
Average Backlog	60	66	(9%)	60	70	(14%)

* Includes Veracio

RESULTS COMMENTARY

Revenues of \$1,039 million increased 13% over 2021, reflecting the strong underlying fundamentals of the mining industry. Drilling Services' revenue grew 18% over 2021, driven by a combination of robust price and volume growth. Global Products' revenue increased 3% led by expanded exploration and infrastructure tooling. Revenue was negatively impacted by unfavourable exchange rates.

Adjusted EBITDA¹ in 2022 increased 7% over the prior year to \$124 million, mainly driven by Drilling Services' price and volume gains. Global Products' EBITDA was negatively impacted by lower manufacturing efficiency, raw materials inflation and unfavourable exchange rates.

Cash generated from operations of \$69 million increased 2,050% over 2021, driven by strong business performance, price and volume growth as well as operational improvements.

Liquidity on 31 December 2022 was \$40 million, comprised of cash balances totalling \$35 million and a further \$5 million available under the Company's asset-based loan facility. CAPEX for 2022 was \$60 million, which included the addition of 31 drill rigs for the Drilling Services global fleet.

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.

^{1,2,3,4,5} See page 4 of this press release for footnote descriptions.

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INTRODUCTION OF VERACIO

Boart Longyear recently announced the introduction of Veracio, a wholly owned subsidiary built to champion a modern approach to orebody sciences that acknowledges the fundamental impact geological data has on investment decisions, long-term sustainability and remediation of mining assets across the world. Mining expert JT Clark was also appointed as the unit's Chief Executive Officer.

Veracio's digital technologies enable mining and exploration companies to make better, faster decisions, which improves mine planning capabilities and helps the industry set a new bar for productivity and efficiency as well as reduce its carbon footprint.

Veracio will carry the former Geological Data Services offerings, allowing Veracio customers to benefit from the rich heritage afforded by Boart Longyear's long history in drilling, along with nearly a decade of development in sensing, automation and AI technologies.

Beginning in 2023, Boart Longyear will begin disclosing Veracio's divisional performance separately.

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. Market commentary suggests the industry has entered a significantly improved commodity cycle driven by a recovery from the COVID-19 pandemic as well as the anticipated impacts of economic growth and sustainable environmental policies on demand and supply for metals. During 2022, commodity prices, including gold and copper, reached record or near-historic highs.

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

According to S&P Global Market Intelligence (S&P), 2022 global non-ferrous exploration budgets increased 35% to \$13 billion compared to 2021, with gold and copper dominating exploration spend. S&P recently reported that drilling metrics started 2023 strongly, with the total number of distinct holes drilled in January 2023 reaching the highest level since the firm began tracking the metric in 2014.

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.

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ASX ANNOUNCEMENT (ASX:BLY)**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.' Adjusted EBITDA at 31 December 2021 has been restated from the prior year figure to make it comparable to the current year calculation.
2. Net debt does not include leasing facilities as reported under Australian Accounting Standards Board (AASB) 16.
3. 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. EBITDA is a non-AASB financial measure that management uses to assess operating performance. See the section of Boart Longyear's 2022 Full Year Financial Report titled "Non-AASB Financial Measures" for information regarding our use of EBITDA and a reconciliation of net profit (loss) to EBITDA.
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.
 - The Company's full-year rig utilisation metric is an average of the 52 weeks within that year.
5. Veracio's 2022 EBITDA, which is reported with Global Products, was negatively impacted by professional fees and litigation.

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.

About Boart Longyear

Established in 1890, Boart Longyear is in its 133rd 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.

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

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