

# Investor Presentation

January 2024

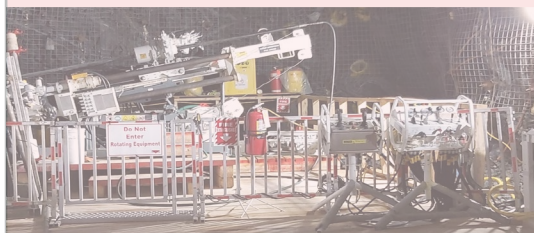


# Foraco at a glance

Foraco is a leading diversified drilling services company, providing innovative solutions to our mining and water clients for over 60 years.

## Mining segment

*Drilling services offered to the mining and energy industry in exploration, development and the production of mining projects*



# #3

Market position<sup>1</sup>

- Advanced drilling techniques with ability to operate in complex environments
- Positioned to capitalize on battery metals commodities

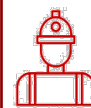
## Water management services

*Vital water services with a primary emphasis on environmentally responsible water management within mining operations*



- Expertise in deep water wells and in all types of geological formations.
- Long-term historical presence results in deep technical capability and expertise enabling us to understand and manage the resource

## Foraco by the numbers



~3,000 employees



>300 rigs

## World Class Customer Base



Teck



RioTinto



BHP



GLENCORE



In million US\$

TTM as of Q3'22

TTM as of Q3'23

Revenue

\$315m

+17%

\$368m

EBITDA

\$59m

+44%

\$85m

EBITDA %

19%

+21%

23%

Note:

1. Based on fleet of drilling rigs worldwide

# Investment highlights



## What we do?

1

Critical services to the mining industry

2

High value added to customer

## How we do it?

3

Well-diversified exposure

4

Capturing high-growth areas

5

Long-term customer relationships

6

Experienced management team

## Why invest in Foraco?

7

Clear profitable growth vision to create value

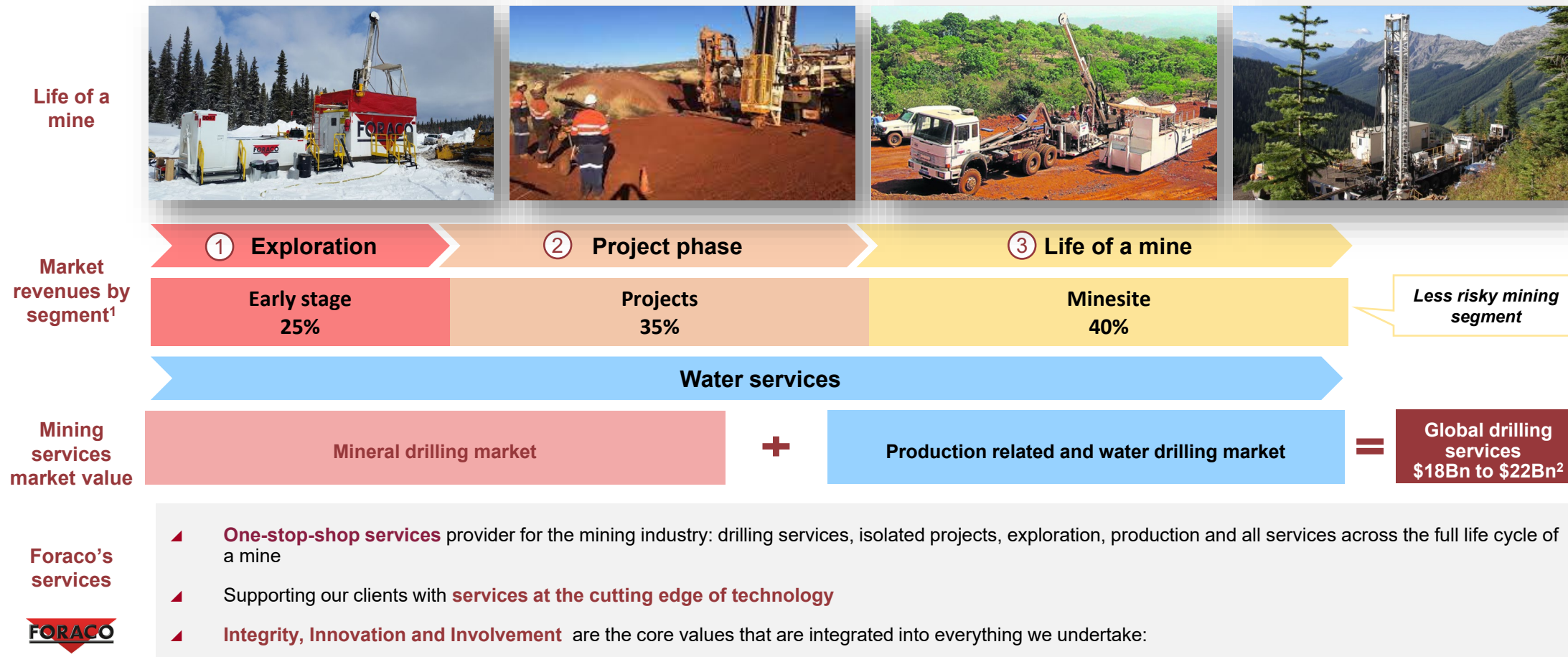
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Proven financial and ESG track record



# ① Foraco provides critical services to the mining industry through the entire life of a mine

## Mining services overview



Source Management

Note:

1. Market breakdown percentages based on 2022 market reported drilling expenses

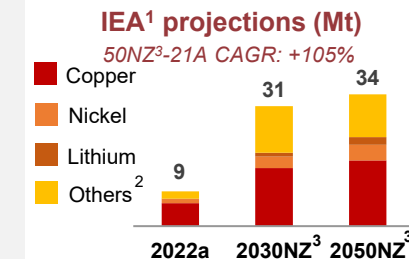
2. Management estimates that the Global drilling services market is 140 to 170% of reported mineral exploration expenditures. Based on SP Global Markets figures, 2022 reported mineral drilling expenses represent c.\$13Bn (+16% YoY)

# ① Positioned on the most dynamic commodities and water

## Key commodities markets

### EV transition

- ▲ Battery metals, including lithium, nickel, and copper, are at the **forefront of the renewable energy revolution**
- ▲ As the world transitions to cleaner energy source, the **demand for critical metals is expected to surge** due to their critical role in the production of **electric vehicle batteries and energy storage systems**



### Gold

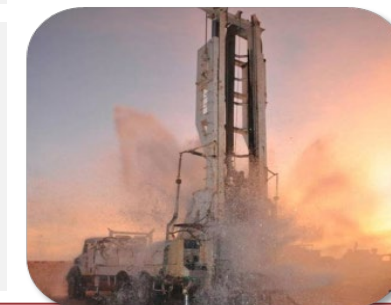
- ▲ Gold is a **resilient** and **versatile commodity** characterized by **long-term stability**
- ▲ Value of gold has stood the test of time, making it an attractive and **reliable asset**
- ▲ Its **wide range of applications** spans industries such as jewelry, electronics, medicine, and finance, further **bolstering its demand and market stability**



### Water management

- ▲ Foraco **delivers vital water services** with a primary emphasis on **environmentally responsible water management within mining operations**
- ▲ Helping clients to **monitor and manage their water resource** in the most sustainable way

A segment in line with some UN SGDs



▲ Foraco is a responsible contributor to ESG-driven transition: electrification and reasoned water management

#### Notes:

1. International Energy Agency
2. Others includes mainly Graphite, Manganese and Cobalt
3. Net Zero scenario – A normative IEA scenario that shows a pathway for the global energy sector to achieve net zero CO2 emissions by 2050

## ② High value added to customer

### Mining segment

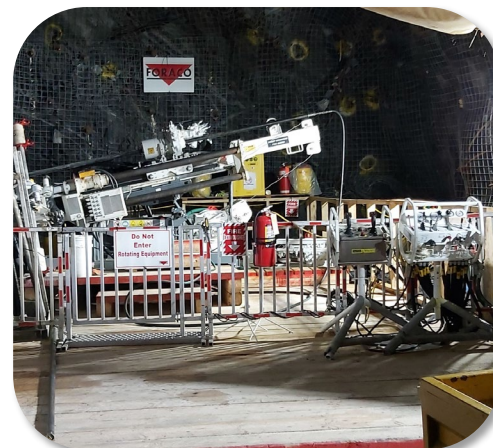
### Water segment

#### Exploration drilling

#### Development drilling

#### Production drilling

#### Water management services



We offer **complete drilling solutions** utilizing a variety of **drilling techniques**, specializing in operating under **harsh environments** and the most **inaccessible locations** on earth

It is during the development stage that we market some of our **more technical** drilling techniques given the **longer duration** / **higher volume** of these projects

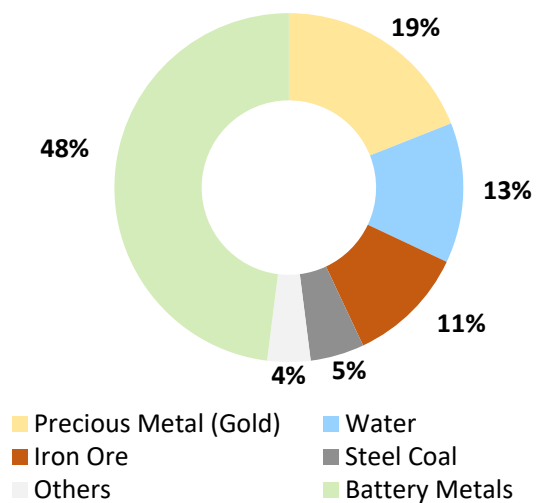
Specializing in **underground coring as well as long hole drilling and blasting** which demands a **high degree of accuracy** to minimize dilution  
Both pneumatic and electric drills are used for these methods some of which require inverse and drop raising operations

**Expertise in deep water wells** and in all types of geological formations.  
Committed to **environmentally responsible** water management that support mining operations globally

### ③ Well-diversified exposure

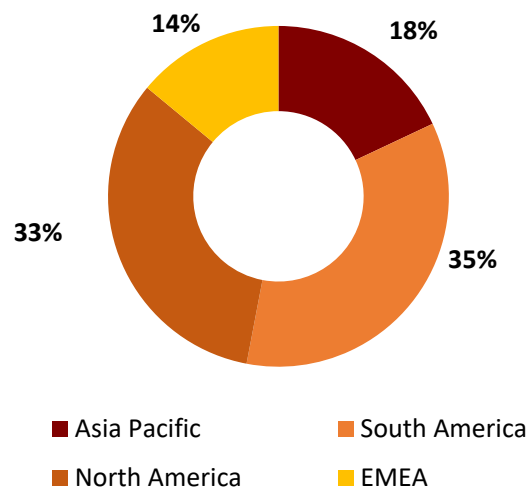
TTM Q3 2023 revenues of US\$368m

Revenue split by commodities (TTM Q3 2023)



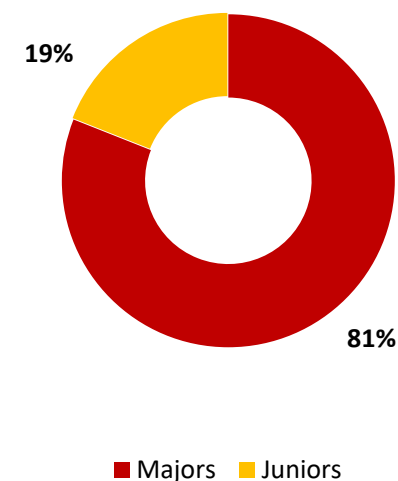
- ▲ **Gold and water:** secular demand supports c.33% of the business
- ▲ **Battery metals** fuels growth

Revenue split by geographies (TTM Q3 2023)



- ▲ **Concentrated on stable jurisdictions**
- ▲ Focus on **Americas** where **growth is expected to surge**

Revenue split by customers (TTM Q3 2023)



- ▲ **Tier 1 Customers** make up more than 80% of revenue.



## ④ Capturing high-growth areas

### Core growth pillars

#### Growth with Tier 1 clients

Continue to broaden use of high-tech drilling services with Tier 1 clients



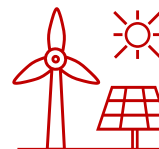
#### Strengthen leadership in water management services

New generation of in-house deep water well rigs



#### Increase exposure to transition metals

Global energy transition increasing demand for battery metals (copper, nickel and lithium)



#### Innovation in additional regions

Wireless remote RC rig and deep directional coring drilling lead



Continue to renew and extend long-term contracts

***Sustained free cash flow generation and accelerated growth***



## ⑤ Long-term customer relationships

### Customer relationship characteristics

We are the **preferred one-stop-shop** services provider for the mining industry:

- ✓ **Loyal customer base:** 70% of our revenue consists of renewals of contracts which have been in place for more than 10 years
- ✓ **Multi-commodities contracts** with capacity to deliver services **all over the world**
- ✓ **Majors account for >80% of revenues**
- ✓ **Partnerships with clients** provide stability and visibility to build on a long-term vision

### Primary customers



Teck

RioTinto



BHP



GLENCORE



# 6 Experienced management team

Executive Committee organized to cover the main regional priorities

Executive oversight from C-suite



Timothy Bremner  
Chief Executive Officer

40+ years

2006



Fabien Sevestre  
Chief Financial Officer

23 years

2001



Laurence Girard-Mahieux  
General Counsel

20 years

2008



Agile business model informed by diverse managerial experiences



Focus on innovation, safety and environmental awareness



Balance and inclusion culture

Empowered regional heads



Olivier Demesy  
Senior VP SAM & EMEA

26 years

2010



Hans Vanderlinden  
Manager Canada

30 years

2011



Nathan Elford  
VP Australia

24 years

2013

Joined Foraco in

## ⑦ The path forward



### Stay on top of our game...

- ✓ Deploy specific and innovative techniques across all regions
- ✓ Growth with Tier 1 clients and long term contracts
- ✓ Further develop the US market.
- ✓ Increased exposure to EV metals
- ✓ Strengthen leadership in water services management



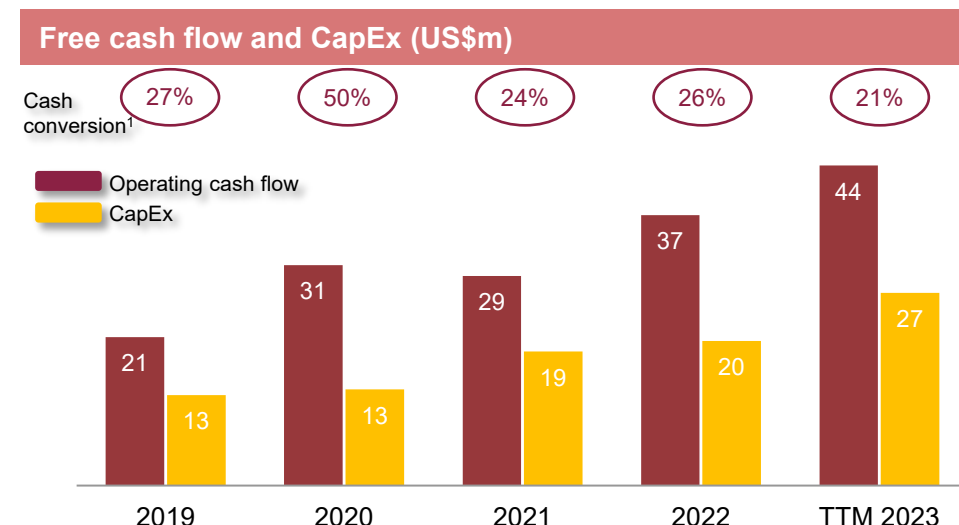
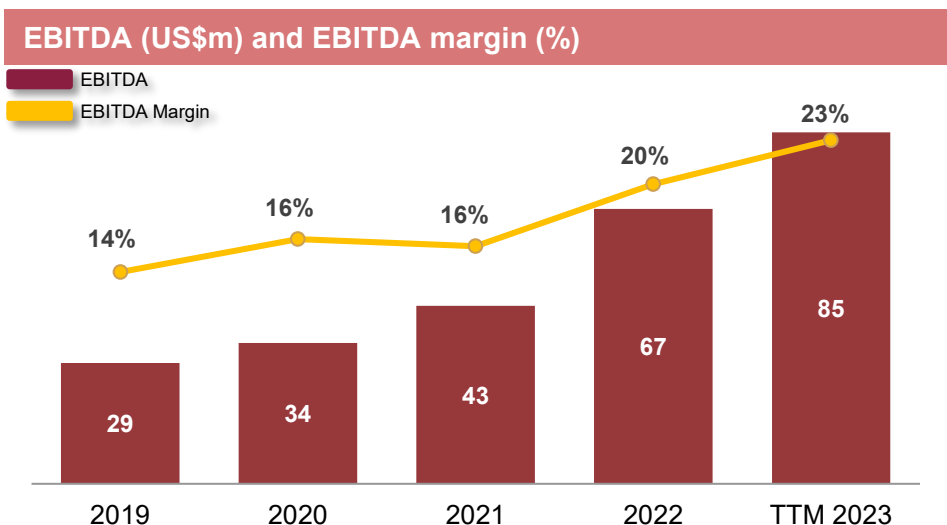
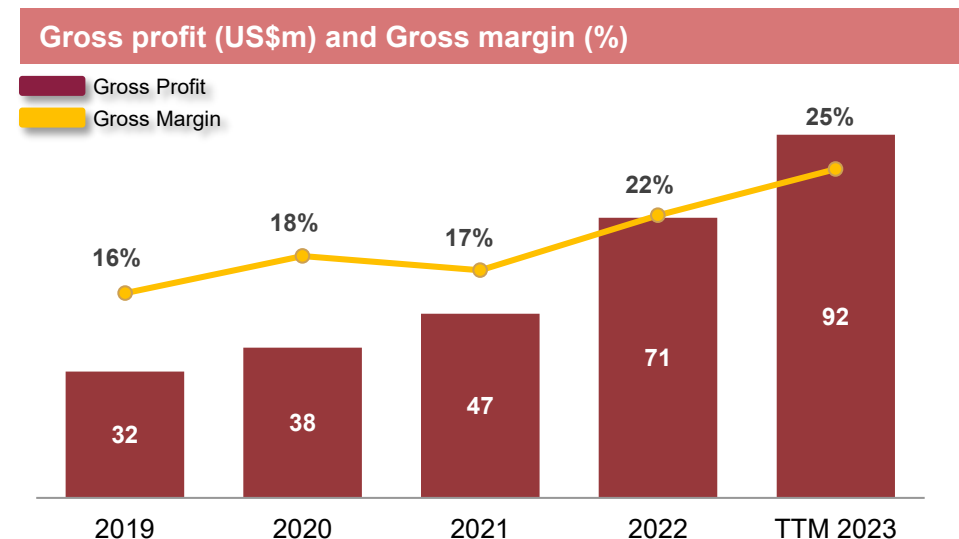
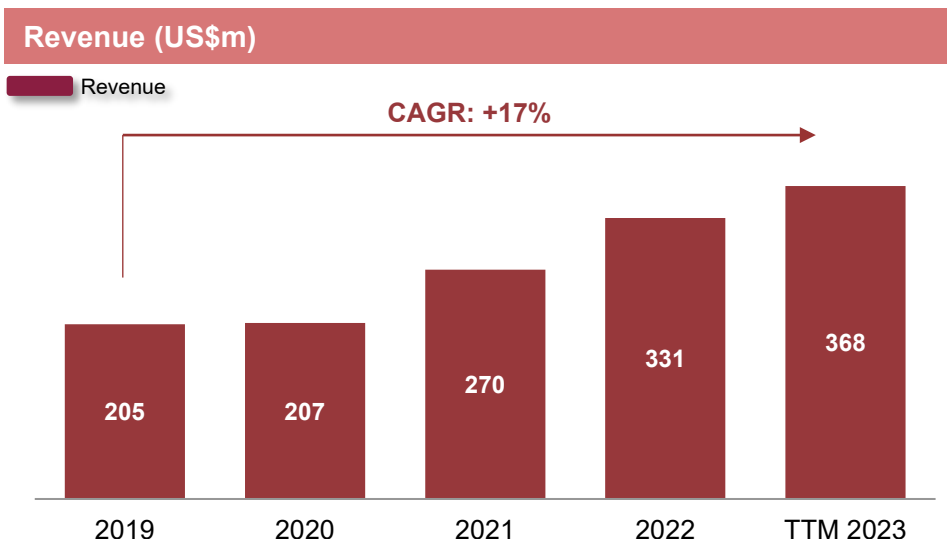
### To create value for our stakeholders

- ✓ Generate significant cash flows on the back of solid economic activity
- ✓ Continue to deleverage the balance sheet (0.9x Q32023 Net debt to EBITDA)
- ✓ Optimize capital allocation



## ⑧ Demonstrated financial performance

- Revenue growth fueled by market share acquisition and ability to capture the most dynamic segment of the market
- Improved margins through optimized rig utilization rate
- Disciplined cash conversion allowed by top industry standards



Note:

1. Cash conversion = (Operating CFs – capex) / EBITDA

## ⑧ A versatile drill fleet in constant evolution

### 302 Drill rigs

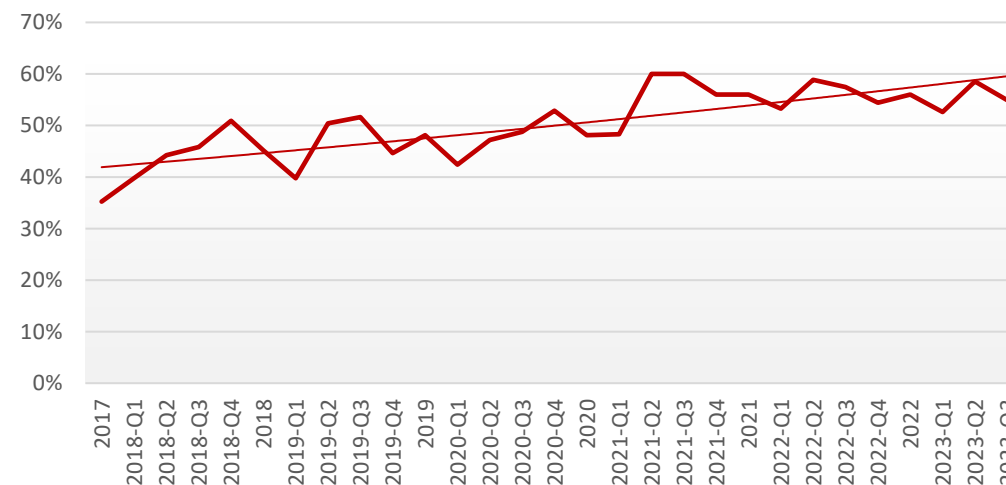
54 Rotary & RC

196 Diamond

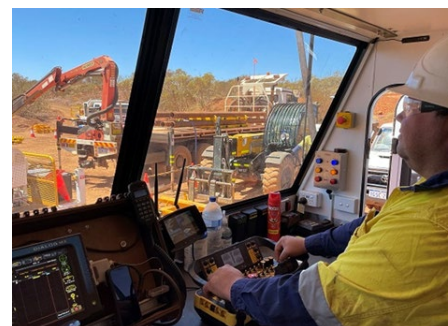
12 Combination

40 Underground

- 50 new rigs were added to the fleet since 2017
- All rigs purchased on the back of long-term contracts
- Current market value of equipment estimated at \$200m
- New rig has an operational life of 15 to 20 years (ability to refurbish for 10+ years)



**Current utilization rate is near 60%**

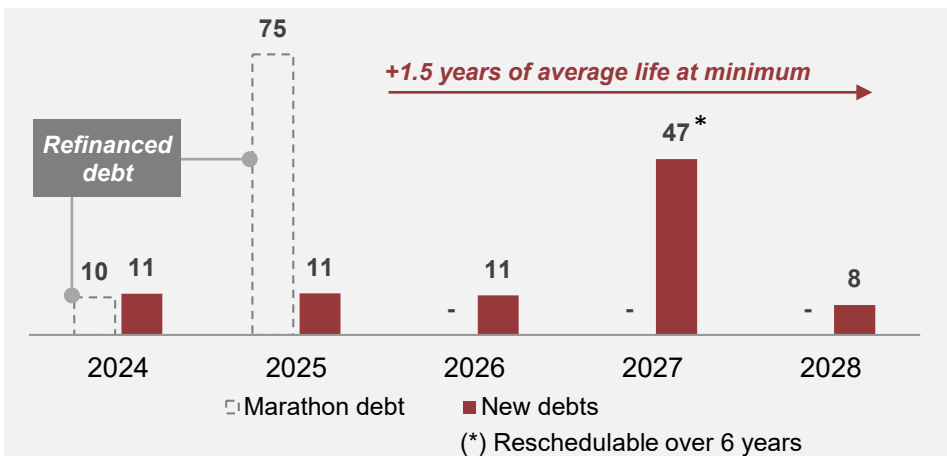


## 8 Solid balance sheet and liquidity

- On November 8th 2023, Foraco completed the early repayment of its US \$85 million outstanding senior secured bonds facility provided by Marathon Asset Management LP by raising US \$87 million in new debt from Desjardins and Caisse d'Epargne

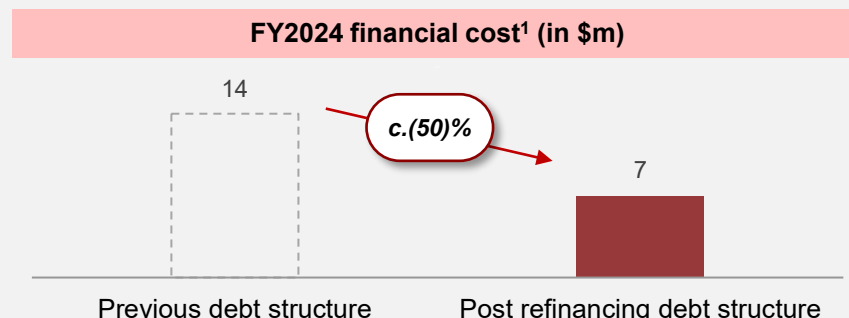


### Back-ended amortisation profile (US\$m)



### Reduced financial expenses

- The refinancing significantly reduced the cost of debt by approximately 50%



### Solid credit profile

	As of Q3'23
Long-term gross debt	\$97m
Net debt	\$80m
EBITDA TTM	\$85m
Net leverage	0.9x

### Strong liquidity to finance growth

	As of Q3'23
Cash and cash equivalent	\$26m
New committed facilities from Desjardins (proforma refinancing)	\$11m

- Strong cash profile amplified with the refinancing providing us with the opportunity to review our capital allocation

#### Notes:

- Estimated financial interests, excluding other operational debts
- Excluding overdrafts



## ⑧ Strong ESG focus



Comply with SASB Sustainability Accounting Standards: Metals and Mining 2018-2010



Foraco has collective bargaining agreements covering 56% of its workforce in complement of labor laws



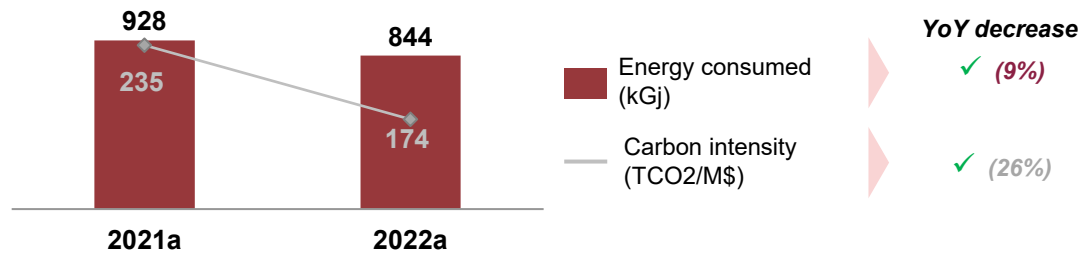
Foraco does not work in war zones and has developed a systematic cooperation approach with natives or local community groups wherever possible



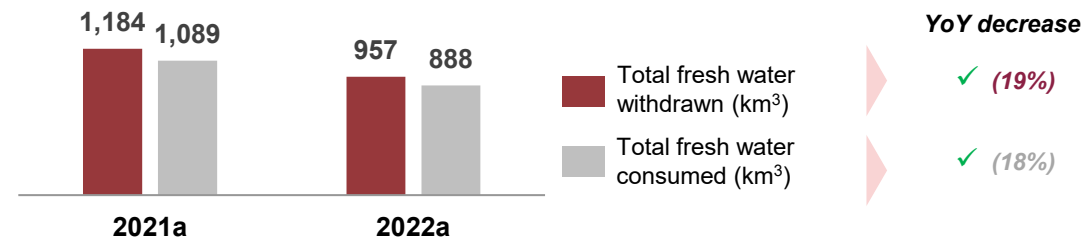
Foraco has a strong business ethics policy and procedures that are compliant with Europe's most stringent anti-corruption rules like Sapin 2 law and OECD rules (no whistleblow in 2023)

### Strong ESG focus with significant reductions in the relevant Climate change SASB metrics

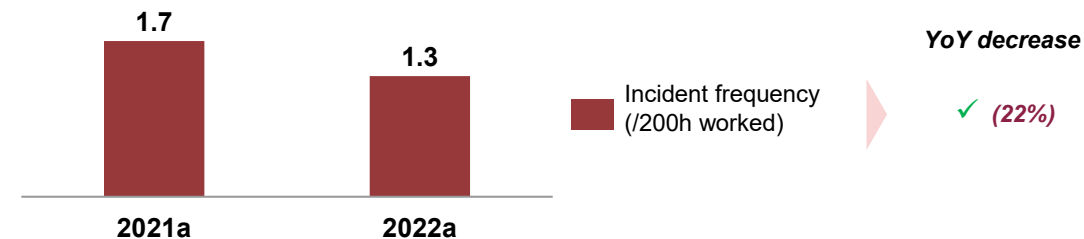
#### CO2 and energy evolution



#### Water consumption



#### Health and safety







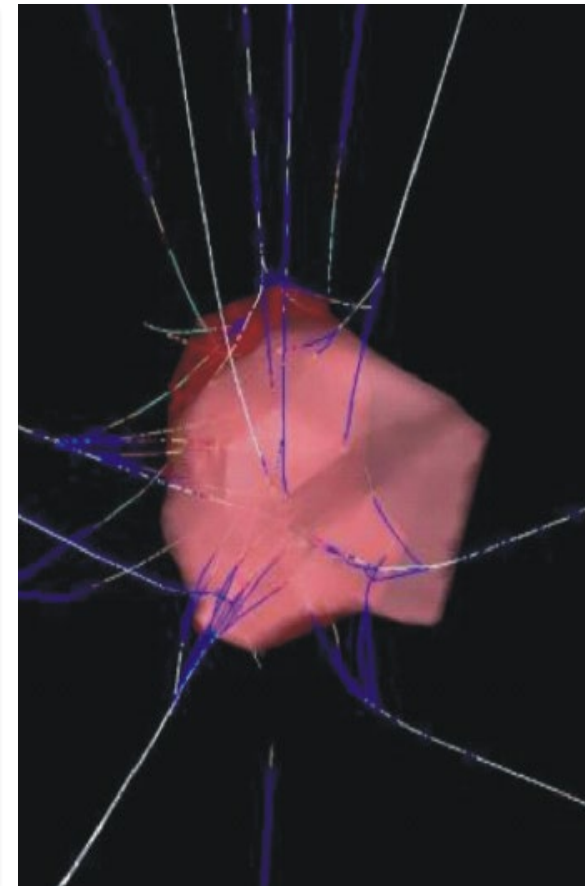
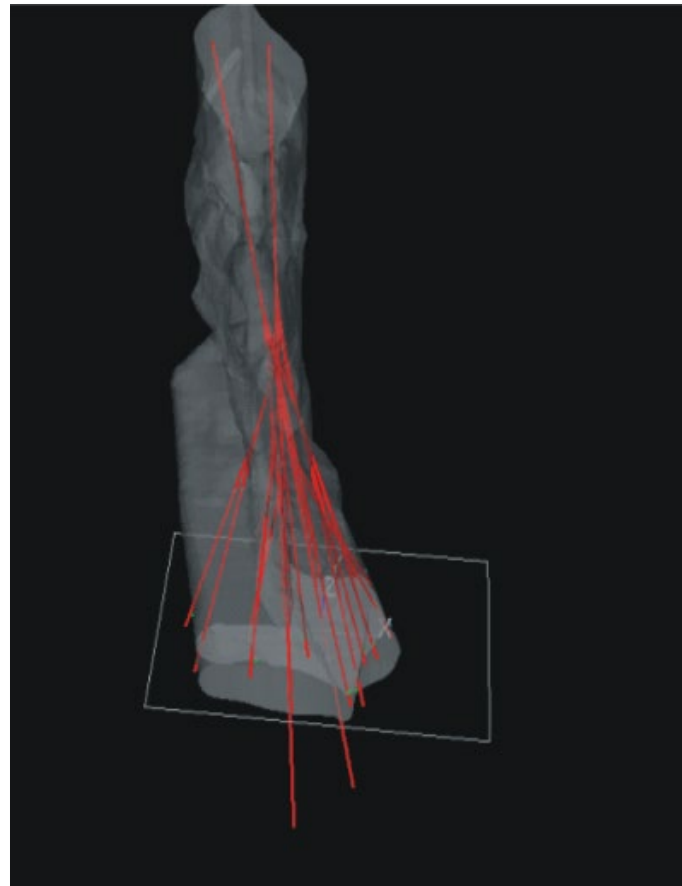
# Appendix





# Deep directional coring drilling lead

- Techniques and tools which allow 3D drill steering through hard rock in order to follow a preset 3D trajectory
- Without directional drilling, the hole geometry is dictated by the geological natural conditions
- FAR setup a JV with the developers of the Continuous Wedging Tool (CWT) to market and operate their tool in North America, Brazil and West Africa
- The CWT complements Foraco's existing deep directional drilling expertise
- Customer benefits: significant financial savings together with the best geo data





# Innovation as one of our founding values

- Pioneered first wireless remote RC rig with fully featured Measure While Drilling (MWD)
- Awarded DMIRS Engineering Award of Merit
- In 2019, introduced next generation of remote RC (functional isolation / electronic exclusion zones)
- New generation of water well specialized rig – roll out in early-2023
- **We aim to reduce drill time and enhance crew safety**







B

## Appendix – Financials





# Historical performance

In US\$m, FYE 31/12	2019A	2020A	2021A	2022A	CAGR 19A-22A	2023 Q3 TTM
<b>INCOME STATEMENT</b>						
Revenues	205.4	207.1	269.7	330.6	17.2%	368.4
% Growth	14.1%	0.8%	30.2%	22.6%		17.1%
Gross Profit	32.1	38.2	46.8	71.3	30.5%	92.4
% Margin	15.6%	18.4%	17.4%	21.6%		25.1%
EBITDA	29.3	34.1	43.0	66.5	31.5%	85.1
% EBITDA	14.2%	16.5%	15.9%	20.1%		23.1%
EBIT	11.0	17.2	24.1	46.4	61.8%	65.2
% EBIT	5.3%	8.3%	8.9%	14.0%		17.7%
<b>CASH FLOW STATEMENT</b>						
EBITDA	29.3	34.1	43.0	66.5	31.5%	85.1
Var. of Working Capital	(0.6)	3.3	(4.0)	(9.7)		(14.2)
Other	(8.1)	(6.9)	(10.0)	(19.4)		(26.6)
Cash from operations	20.6	30.5	29.0	37.4		44.3
Capex	(12.5)	(13.3)	(18.6)	(20.0)		(26.7)
Free Cash Flow (post interests and taxes)	8.1	17.2	10.4	17.4		17.6
Rigs	302	302	302	302		302
Employees	1,946	2,109	2,891	2,789	12.7%	2,850

Source: Management

Notes: (1) Includes amortization and depreciation expenses related to operations





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