



LAYNE CHRISTENSEN

D.A. Davidson 14th Annual Engineering &
Construction Conference

September 2015



Safe Harbor

This presentation may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements may include, but are not limited to, statements of plans and objectives, statements of future economic performance and statements of assumptions underlying such statements, and statements of management's intentions, hopes, beliefs, expectations or predictions of the future. Forward-looking statements can often be identified by the use of forward-looking terminology, such as "should," "intend," "continue," "believe," "may," "hope," "anticipate," "goal," "forecast," "plan," "estimate" and similar words or phrases. Such statements are based on current expectations and are subject to certain risks, uncertainties and assumptions, including but not limited to: estimates and assumptions regarding our strategic direction and business strategy, our ability to implement our restructuring plan for our Africa operations, the extent and timing of a recovery in the mining industry, prevailing prices for various commodities, longer term weather patterns, unanticipated slowdowns in the our major markets, the seasonality of our business, the availability of credit, the risks and uncertainties normally incident to our construction industries, the impact of competition, the effectiveness of operational changes expected to reduce operating expenses and increase efficiency, productivity and profitability, the availability of equity or debt capital needed for our business, worldwide economic and political conditions and foreign currency fluctuations that may affect our results of operations. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially and adversely from those anticipated, estimated or projected. These forward-looking statements are made as of the date of this filing, and we assume no obligation to update such forward-looking statements or to update the reasons why actual results could differ materially from those anticipated in such forward-looking statements.



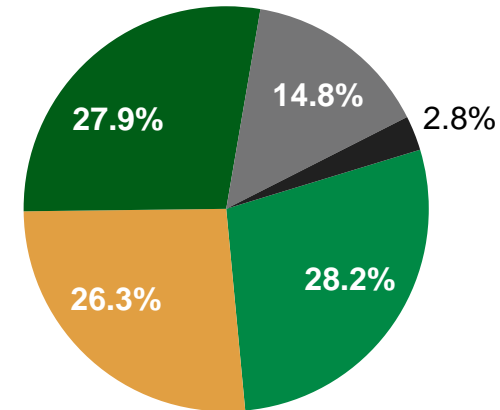
Layne Overview



A leading global water management and services company, providing responsible, integrated solutions to address the world's toughest water, mineral and energy challenges

- NASDAQ: LAYN
- Headquarters: The Woodlands, Texas
- Shares Outstanding⁽¹⁾: 19.7 million
- Stock price⁽²⁾: \$7.48
- Market capitalization⁽²⁾: \$148.0 million
- 5 business segments:
 - Water Resources
 - Inliner
 - Heavy Civil
 - Energy Services
 - Mineral Services
- 130+ years of experience
- 50,000+ wells installed

**% Revenues TTM Q2 FY 2016
by Business Segment**



- Water Resources
- Inliner
- Heavy Civil
- Mineral Services
- Energy Services

Total Revenue: \$727.8 million

(1) As of 8/28/15

(2) As of 9/8/15



Solid Credentials

LAYNE IS THE WORLD LEADER IN WATER WELLS,
WE HAVE DRILLED NEARLY
1,000

wells in the PAST 5 YEARS ALONE, with a combined pumping capacity of **1 billion gallons per day** and a total depth of 167 miles. In our 130 year history, we estimate we have successfully completed more than...

2015 NGWA PROJECT OF THE YEAR For Layne's Saltwater Intrusion Solution using a Scavenger Well Couple in Baton Rouge, Louisiana.



50,000 WATER WELLS

FOUNDED IN
1882



15 MILLION FEET OF 4-96" PIPE WITH CURED-IN-PLACE PIPE LINER.

PLAN B WORKED!
WHEN OTHERS FAILED, LAYNE'S PLAN RESCUED 33 MINERS TRAPPED UNDERGROUND IN CHILE.



WE HAVE CONSTRUCTED MORE THAN




1,000 TREATMENT PLANTS

and installed more than **10 MILLION FEET OF PIPELINE.** *This is a conservative estimate.*

LAYNE AND OUR AFFILIATES HAVE DRILLED MORE THAN
50 MILLION METERS SEARCHING FOR MINERAL RESOURCES AROUND THE GLOBE.



MORE THAN
31,000 MILES IN DEPTH

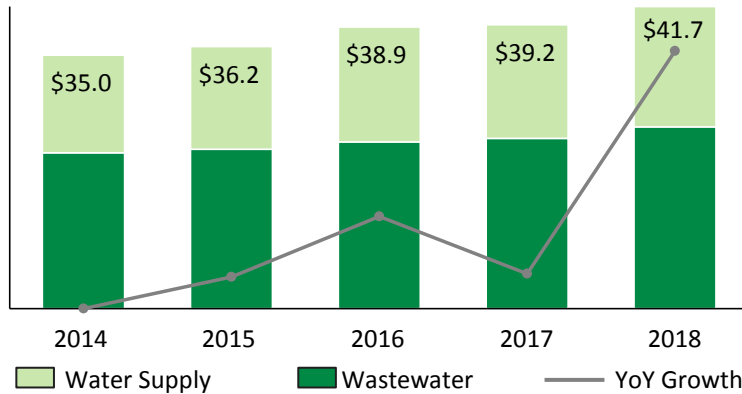
 WATER MANAGEMENT, INFRASTRUCTURE REHABILITATION & MAINTENANCE	 HEAVY CIVIL CONSTRUCTION	 MINERAL SERVICES
<ul style="list-style-type: none">• Water Sourcing• Well & Pump Maintenance• Water Treatment Technologies• Water Transfer• Water Storage• Cured-In-Place Pipe Rehabilitation	<ul style="list-style-type: none">• Treatment Plant Construction• Renewable Energy• Sewer Systems• Water Supply• Intake and Pumping Structures• Water Transmission & Distribution	<ul style="list-style-type: none">• Exploration Drilling• Specialty Drilling• Mine Dewatering• Borehole Services



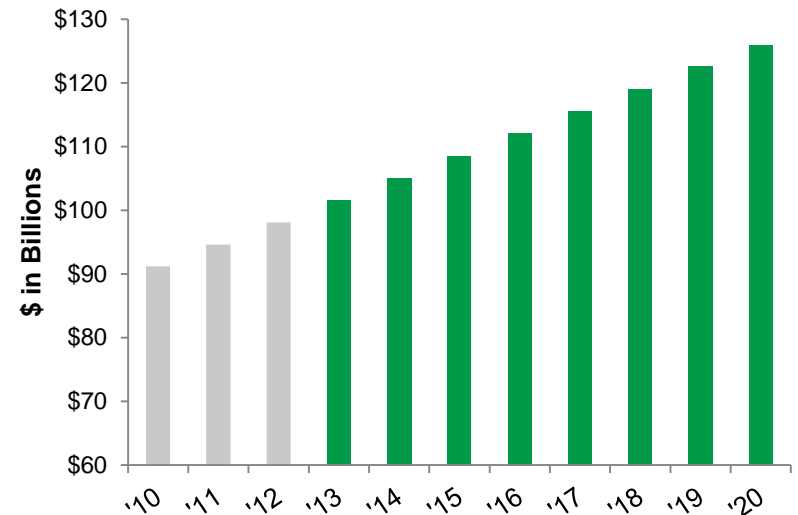
Water is a Large and Growing Industry

Layne participates in large market segments and holds position of #1 in U.S. water well drilling and #2 in U.S. wastewater pipeline trenchless rehabilitation services

Projected Spend on U.S. Water and Wastewater Infrastructure
US\$ billions ⁽¹⁾

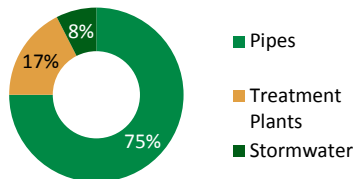


Projected U.S. Water Infrastructure Needs ⁽³⁾

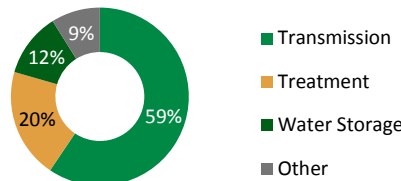


Estimated U.S. Spending Needs by Function (%)⁽²⁾

Wastewater

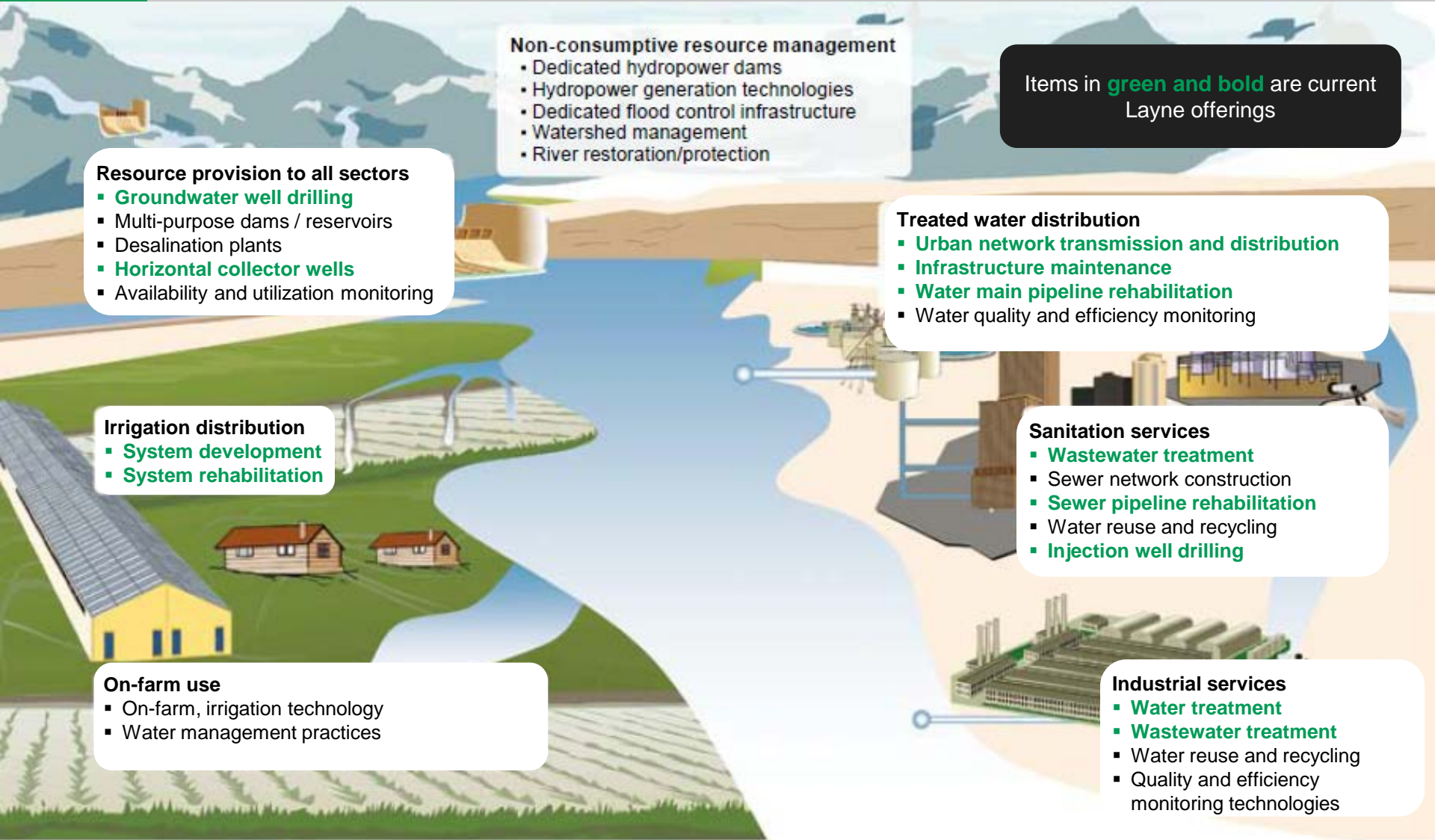


Water Supply



(1) EPA
 (2) EPA and ASCE
 (3) Marketline Outlook June 2013

Broad Presence in Water Ecosystem



Non-consumptive resource management

- Dedicated hydropower dams
- Hydropower generation technologies
- Dedicated flood control infrastructure
- Watershed management
- River restoration/protection

Items in **green and bold** are current Layne offerings

Resource provision to all sectors

- **Groundwater well drilling**
- Multi-purpose dams / reservoirs
- Desalination plants
- **Horizontal collector wells**
- Availability and utilization monitoring

Treated water distribution

- **Urban network transmission and distribution**
- **Infrastructure maintenance**
- **Water main pipeline rehabilitation**
- Water quality and efficiency monitoring

Irrigation distribution

- **System development**
- **System rehabilitation**

Sanitation services

- **Wastewater treatment**
- Sewer network construction
- **Sewer pipeline rehabilitation**
- Water reuse and recycling
- **Injection well drilling**

On-farm use

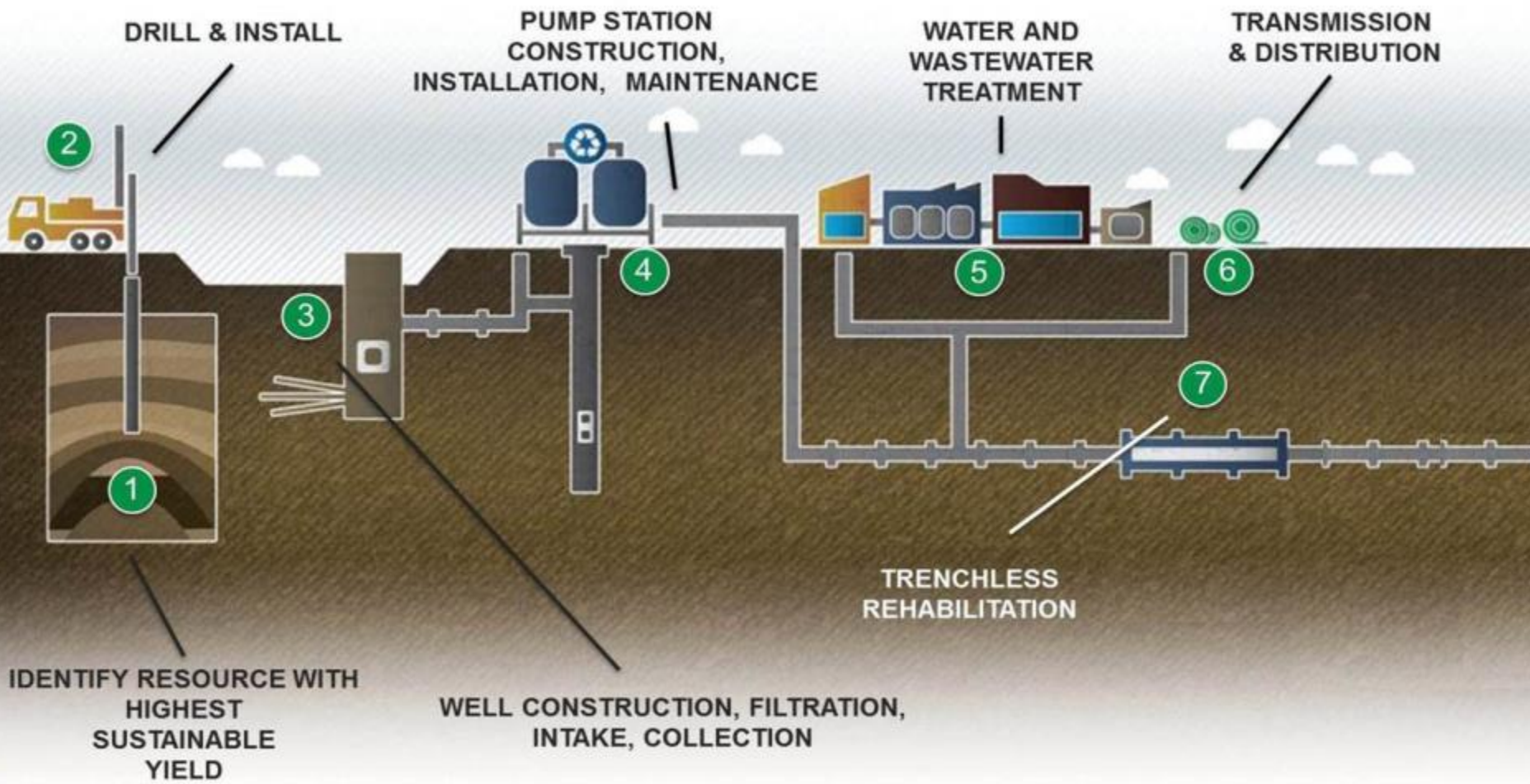
- On-farm, irrigation technology
- Water management practices

Industrial services

- **Water treatment**
- **Wastewater treatment**
- Water reuse and recycling
- Quality and efficiency monitoring technologies



Solutions Lifecycle



Business Segments

Water Resources

Revenues: \$205.4 Million

#1: U.S. water well drilling

- Supply system development
- Sourcing
- Drilling
- Repair & installation
- Water treatment

Inliner

Revenues: \$191.5 Million

#2: U.S. trenchless pipeline rehab

- Proprietary cured-in-place pipe (CIPP) for pipeline and infrastructure rehabilitation

Heavy Civil

Revenues: \$203.0 Million

Top 5 in U.S. sewer repair & construction

- Water & wastewater treatment
- Pipeline installation
- Intake and pumping structures
- Biogas facilities

Energy Services

Revenues: \$20.1 Million

Serving oil & gas clients for drilling and production

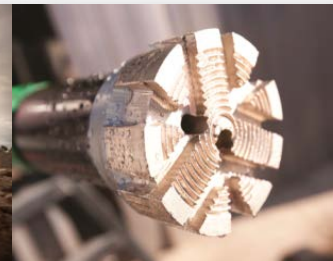
- Complete end-to-end water management solutions for oil & gas clients

Mineral Services

Revenues: \$107.9 Million

#3 in Mineral Exploration

- All phases of core drilling and extracting samples
- Identifying base and precious mineral deposits
- Mine dewatering and water management

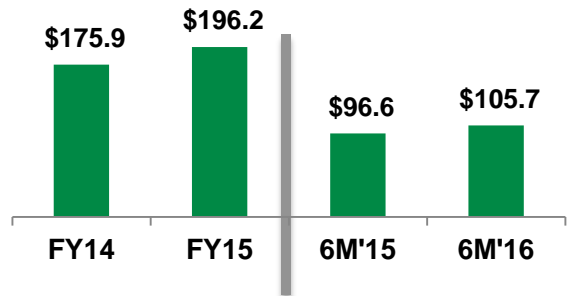




Water Resources

- MARKET ENVIRONMENT: Increasing demand driven by population growth in water-challenged regions, aging water infrastructure and need for water treatment
- CORE MARKETS
 - Municipal
 - Industrial
 - Agribusiness
- GROWTH FOCUS
 - Geographic expansion
 - Water treatment and monitoring
 - Expansion of aftermarket portfolio

Revenues (\$ in Millions)



Pre-Tax Income (\$ in Millions)



Select Customers

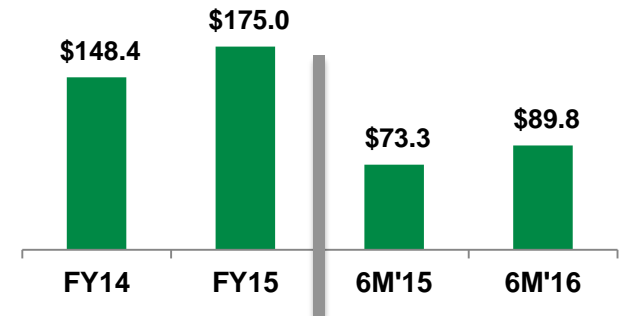




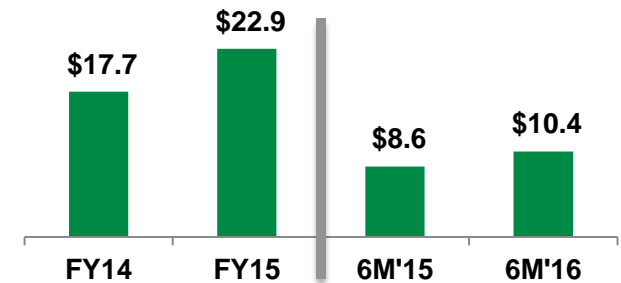
Inliner

- MARKET ENVIRONMENT: Significant aging infrastructure across U.S.; Environmental and water loss issues and government mandate to address those issues
- CORE MARKETS
 - Municipalities
 - Utilities
- GROWTH FOCUS
 - Expanded installation / curing methods
 - Technology to drive productivity
 - Geographic expansion - West, Northeast and New England

Revenues (\$ in Millions)



Pre-Tax Income (\$ in Millions)

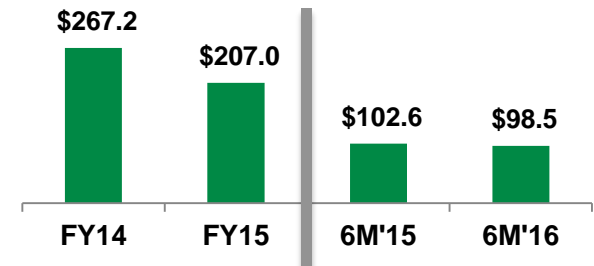


Select Customers

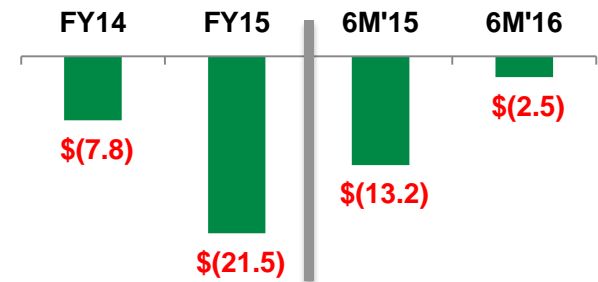


- MARKET ENVIRONMENT: Significant pent-up demand for water infrastructure; Increased demand for water treatment to reduce discharge
- CORE MARKETS
 - Industrial
 - Municipalities
 - Utilities
 - Biogas
- GROWTH FOCUS
 - Refocus from traditional fixed price contracts to negotiated or alternative delivery contracts
 - Geographic refocus on areas of traditional strength
 - Enhanced risk management

Revenues (\$ in Millions)



Pre-Tax (Loss) (\$ in Millions)



Select Customers



AMERICAN WATER

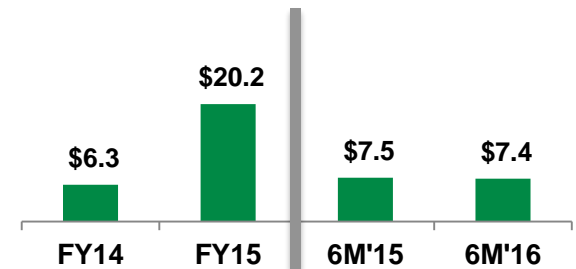




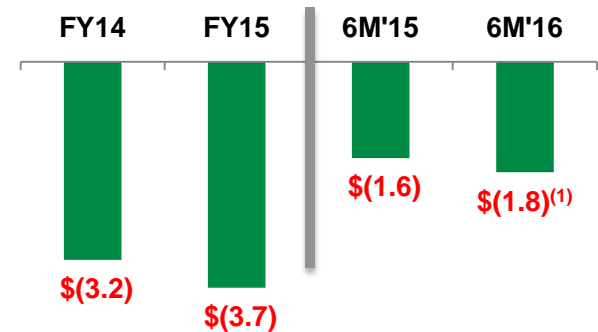
Energy Services

- MARKET ENVIRONMENT: Increasing demand for water management in spite of current commodity price environment
- CORE MARKETS
 - Upstream oil and gas drilling and production
- GROWTH FOCUS
 - Increase share and scope with existing customers
 - Exploit water treatment opportunities
 - Permian Basin and Eagle Ford

Revenues (\$ in Millions)



Pre-Tax Loss (\$ in Millions)



Select Customers



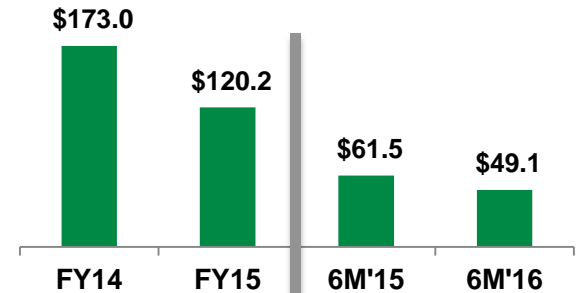
(1) Excludes \$4.6 million of impairment charges in Q2 FY 2016



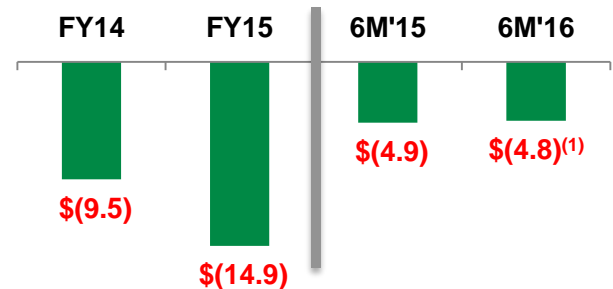
Minerals Services

- MARKET ENVIRONMENT: Deeply cyclical market; current soft market conditions and low global demand although longer-term mining industry fundamentals remain positive
- CORE MARKETS
 - Junior mining companies
 - Mining and mineral processing companies
- GROWTH FOCUS
 - Increase focus on core markets (e.g. North and South America)
 - Mine water management solutions
 - Technology to drive safety and productivity

Revenues (\$ in Millions)



Pre-Tax Loss (\$ in Millions)



Select Customers



(1) Excludes \$11.7 million of restructuring costs in Q2 FY 2016

Strategic Transformation Underway

Q1 FY 2016

Current Focus

FY 2017

**Strategic
Review**

**Business
Performance
Improvement**

Grow

- Sold Geoconstruction business segment
- Announced Minerals Services segment exit from Africa
- Significantly improved balance sheet and bolstered liquidity

- Cost efficiencies
- Procurement savings
- Enhanced working capital management
- Pricing and margin improvements

Strategic focus to reshape Layne around our core offerings and capabilities, leveraging the 130+ years of experience to build a more successful managed services company



Investment Highlights

- **A leading global water management, infrastructure rehabilitation and mineral services company with 130+ years of experience and a proven track record of success**
- **Leadership positions in large markets with favorable long-term growth dynamics**
 - #1 position in Water Resources
 - #2 position in Inliner
 - #3 position in Mineral Services
- **New management team focused on strategic transformation and value creation**
 - Strategic focus on Layne's core strengths
 - Business performance improvement initiatives



Appendix





Financial Information

(in thousands, except per share data)	Three Months Ended July 31, (unaudited)		Six Months Ended July 31, (unaudited)	
	2015	2014	2015	2014
Revenues	\$ 176,317	\$ 184,100	\$ 350,588	\$ 342,745
Cost of revenues (exclusive of depreciation and amortization, and impairment charges shown below)	(151,249)	(155,218)	(294,480)	(293,012)
Selling, general and administrative expenses (exclusive of depreciation and amortization shown below)	(28,829)	(26,097)	(58,075)	(57,253)
Depreciation and amortization	(8,254)	(11,437)	(16,989)	(22,256)
Impairment charges	(4,598)	—	(4,598)	—
Restructuring costs	(4,361)	(1,328)	(4,551)	(1,328)
Equity in losses of affiliates	(1,486)	(212)	(1,593)	(278)
Gain on extinguishment of debt	—	—	4,236	—
Interest expense	(4,295)	(3,025)	(8,147)	(7,074)
Other income, net	252	751	1,293	611
Loss from continuing operations before income taxes	(26,503)	(12,466)	(32,316)	(37,845)
Income tax benefit (expense)	2,993	(213)	2,232	(1,969)
Net loss from continuing operations	(23,510)	(12,679)	(30,084)	(39,814)
Net income (loss) from discontinued operations	5,356	(42,280)	5,372	(41,897)
Net loss	(18,154)	(54,959)	(24,712)	(81,711)
Net income attributable to noncontrolling interests	-	(69)	-	(1,045)
Net loss attributable to Layne Christensen	\$ (18,154)	\$ (55,028)	\$ (24,712)	\$ (82,756)
Earnings per share information attributable to Layne Christensen shareholders:				
Loss per share from continuing operations - basic and diluted	\$ (1.19)	\$ (0.65)	\$ (1.53)	\$ (2.08)
Earnings (loss) per share from discontinued operations - basic and diluted	0.26	(2.16)	0.27	(2.14)
Loss per share attributable to Layne Christensen - basic and diluted	\$ (0.93)	\$ (2.81)	\$ (1.26)	\$ (4.22)
Weighted average shares outstanding - basic and dilutive	19,744	19,629	19,690	19,627



Financial Information, continued

(in thousands)	Three Months Ended July 31,		Six Months Ended July 31,	
	2015	2014	2015	2014
Revenues				
Water Resources	\$ 53,852	\$ 53,431	\$ 105,667	\$ 96,557
Inliner	41,790	39,837	89,810	73,320
Heavy Civil	51,195	53,170	98,522	102,588
Mineral Services	25,821	31,971	49,127	61,459
Energy Services	3,620	4,717	7,411	7,545
Other	4,197	4,957	8,450	8,900
Intersegment eliminations	(4,158)	(3,983)	(8,399)	(7,624)
Total revenues	<u>\$ 176,317</u>	<u>\$ 184,100</u>	<u>\$ 350,588</u>	<u>\$ 342,745</u>
Equity in losses of affiliates				
Mineral Services	<u>\$ (1,486)</u>	<u>\$ (212)</u>	<u>\$ (1,593)</u>	<u>\$ (278)</u>
Income (loss) from continuing operations before income taxes				
Water Resources	\$ 4,554	\$ 5,134	\$ 8,338	\$ 6,959
Inliner	5,040	3,726	10,402	8,569
Heavy Civil	(961)	(4,637)	(2,543)	(13,217)
Mineral Services	(14,137)	(1,144)	(16,458)	(4,943)
Energy Services	(5,416)	(836)	(6,384)	(1,562)
Other	(137)	41	228	161
Unallocated corporate expenses	(11,151)	(11,725)	(21,988)	(26,738)
Gain on extinguishment of debt	—	—	4,236	—
Interest expense	(4,295)	(3,025)	(8,147)	(7,074)
Total loss from continuing operations before income taxes	<u>\$ (26,503)</u>	<u>\$ (12,466)</u>	<u>\$ (32,316)</u>	<u>\$ (37,845)</u>



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