VAL-D'OR, QC, Feb. 10, 2016 /CNW/ - Orbit Garant Drilling Inc. (TSX: OGD) ("Orbit Garant" or the "Company") today announced its financial results for the three and six-month periods ended December 31, 2015. All dollar amounts are in Canadian currency unless otherwise stated. Percentage calculations are based on numbers in the financial statements and may not correspond to rounded figures presented in this news release.

Second Quarter Summary

($ amounts in millions, except per share amounts)	Three months ended Dec. 31, 2015	Three months ended Dec. 31, 2014	Six months ended Dec. 31, 2015	Six months ended Dec. 31, 2014
Revenue	$21.7	$16.8	$46.0	$37.5
Gross Profit (loss)	$1.3	$(0.4)	$4.6	$1.6
Gross Margin (%)	5.7	(2.4)	10.0	4.2
Adjusted Gross Margin (%)[1]	15.5	10.9	19.0	16.2
EBITDA[2]	$0.3	$(0.8)	$2.9	$1.3
Net loss	$(1.8)	$(2.8)	$(2.0)	$(3.4)
Net loss per share				
- Basic and diluted	$(0.05)	$(0.08)	$(0.06)	$(0.10)
Total metres drilled	244,664	193,362	504,126	424,284

[1] In accordance with IFRS, reported gross profit and margin include certain depreciation expenses. For comparative purposes, adjusted gross margin is also shown excluding these depreciation expenses.
[2] EBITDA is defined as earnings before interest, taxes, depreciation, and amortization.

"The second quarter of fiscal 2016 was highlighted by our acquisition of Santiago, Chile-based Captagua Ingeniería S.A. ("Captagua")," said Eric Alexandre, President and CEO of Orbit Garant. "Captagua is a great fit for Orbit Garant, providing surface drilling services to the Chilean mineral exploration and mining industry. The acquisition significantly enhances our presence in Chile, a major mining jurisdiction, and strengthens our platform for future growth throughout South America. By harnessing our combined strengths in surface drilling and adding Orbit Garant's underground drilling expertise and computerized monitoring and control technology, along with Captagua's water drilling capabilities, we offer a strong, comprehensive drilling services business for the Chilean and South American markets."

"We were also pleased with the progress of our business in the quarter in the face of continued difficult market conditions," added Mr. Alexandre. "This marks the sixth consecutive quarter of year-over-year growth in our domestic drilling revenues and our fourth consecutive quarter of year-over-year growth for international revenue, reflecting a strong year-over-year increase in metres drilled. Gross profit, EBITDA and net earnings also continued to improve. Throughout the cyclical downturn in the industry, Orbit Garant has been consistently cash flow positive on an annual basis, reflecting our focus on cost control and balance sheet management. We are well positioned to capitalize on growth opportunities when market conditions improve."

Second Quarter Results
For the three months ended December 31, 2015 ("Q2 FY2016") revenue totaled $21.7 million, an increase of 29.5% from the three-month period ended December 31, 2014 ("Q2 FY2015"). Drilling Canada revenue was $20.2 million, an increase of 24.9% from $16.2 million in Q2 FY2015, reflecting increased metres drilled during the quarter. Drilling International revenue was $1.5 million, representing an increase from $0.6 million in Q2 FY2015, attributable to an increase in specialized drilling activity. Orbit Garant's fleet drilled a total of 244,664 metres in Q2 FY2016, an increase of 26.5% from 193,362 metres in Q2 FY2015. Average revenue per metre drilled was $84.70 compared to $86.14 in Q2 FY2014. Average revenue per metre drilled remains at the lower end of the Company's trailing three-year range, primarily due to current conditions in the mineral industry that have resulted in pricing pressure from customers.

Gross profit for Q2 FY2016 was $1.3 million compared to a gross loss of $0.4 million in Q2 FY2015. Gross margin for Q2 FY2016 was 5.7% compared with (2.4%) in the second quarter a year ago. In accordance with IFRS, depreciation expenses totalling $2.1 million are included in cost of contract revenue for Q2 FY2016, compared to $2.2 million in Q2 FY2015. Adjusted gross margin, excluding depreciation expenses, was 15.5% in Q2 FY2016, compared to 10.9% in Q2 FY2015. The increases in gross profit, gross margin and adjusted gross margin were attributable to the higher number of metres drilled in Canada, partially offset by the lower average revenue per metre drilled.

General and administrative (G&A) expenses totalled $3.5 million, or 16.2% of revenue, in Q2 FY2016, compared to $2.9 million, or 17.6% of revenue, in Q2 FY2015. The increase in G&A expenses is primarily attributable to additional administrative costs in support of business development initiatives and the acquisition of Captagua. A one-time gain of $0.2 million, associated with the reversal of a portion of a contingent earn-out consideration, reduced G&A expenses in Q2 FY2015. In accordance with IFRS, depreciation and amortization expenses of $0.4 million are included in G&A expenses for Q2 FY2016, in line with Q2 FY2015. Adjusted G&A expenses, excluding depreciation and amortization expenses and $0.3 million in expenses related to the acquisition of Captagua, totalled $2.8 million, or 12.9% of revenue, in Q2 FY2016. This compares to adjusted G&A expenses, excluding amortization and depreciation of $0.4 million and the $0.2 million gain from the reversal of a portion of a contingent earn-out consideration, of $2.7 million, or 16.0% of revenue, in Q2 FY2015.

Earnings before interest, taxes, depreciation and amortization ("EBITDA")[1] was $0.3 million in Q2 FY2016, compared to ($0.8) million in the second quarter a year ago.

The Company's net loss for Q2 FY2016 was $1.8 million, or $0.05 per share, compared to a net loss of $2.8 million, or $0.08 per share, in Q2 FY2015. The improvement is primarily attributable to increased domestic drilling revenue.

During Q2 FY2016, the Company withdrew a net amount of $2.0 million of its $25.0 million revolving credit facility. As at December 31, 2015, the Company had $7.6 million drawn from its revolving credit facility. Orbit Garant had working capital of $44.0 million at December 31, 2015 ($43.5 million as at June 30, 2015), and 35,101,419 common shares issued and outstanding.

Orbit Garant's unaudited consolidated financial statements and management's discussion and analysis for the three and six month periods ended December 31, 2015 are available via the Company's website at www.orbitgarant.com or SEDAR at www.sedar.com.

Conference call
Eric Alexandre, President and CEO, and Alain Laplante, Vice President and CFO, will host a conference call for analysts and investors on Thursday, February 11, 2016 at 10:00 a.m. (ET). The dial-in numbers for the conference call are 647-427-7450 or 1-888-231-8191. A live and archived webcast of the call will be accessible via Orbit Garant's website at: http://www.orbitgarant.com/en/sites/fog/investors.aspx

To access a replay of the conference call dial 416-849-0833 or 1-855-859-2056, passcode: 30383795. The replay will be available until February 18, 2016.

About Orbit Garant
Headquartered in Val-d'Or, Quebec, Orbit Garant is one of the largest Canadian-based mineral drilling companies, providing both underground and surface drilling services in Canada and internationally through its 226 drill rigs and approximately 850 employees. Orbit Garant provides services to major, intermediate and junior mining companies, through each stage of mining exploration, development and production. The Company also provides geotechnical drilling services to mining or mineral exploration companies, engineering and environmental consultant firms, and government agencies. For more information, please visit the Company's website at www.orbitgarant.com.

(1) Management believes that EBITDA is a useful supplemental measure of operating performance before interest, taxes, depreciation and amortization. However, EBITDA is not a recognized earnings measure under IFRS and does not have a standardized meaning prescribed by IFRS. Investors are cautioned that EBITDA should not be construed as an alternative to net income or loss (which is determined in accordance with IFRS) as an indicator of the performance of the Company or as a measure of liquidity and cash flows. The Company's method of calculating EBITDA may differ materially from the methods used by other public companies and, accordingly, may not be comparable to similarly named measures used by other public companies.

Forward-looking information
This news release may contain forward-looking statements (within the meaning of applicable securities laws) relating to business of Orbit Garant Drilling Inc. (the "Company") and the environment in which it operates. Forward-looking statements are identified by words such as "believe", "anticipate", "expect", "intend", "plan", "will", "may" and other similar expressions. These statements are based on the Company's expectations, estimates, forecasts and projections. They are not guarantees of future performance and involve risks and uncertainties that are difficult to control or predict. These risks and uncertainties are discussed in the Company's regulatory filings available at www.sedar.com. There can be no assurance that forward-looking statements will prove to be accurate as actual outcomes and results may differ materially from those expressed in these forward-looking statements. Readers, therefore, should not place undue reliance on any such forward-looking statements. Further, a forward-looking statement speaks only as of the date on which such statement is made. The Company undertakes no obligation to publicly update any such statement or to reflect new information or the occurrence of future events or circumstances.

SOURCE Orbit Garant Drilling Inc.

Contact

Alain Laplante, Vice President and Chief Financial Officer, (819) 824-2707 ext. 122; Bruce Wigle, Investor Relations, (647) 496-7856