VAL-D'OR, QC, May 11, 2016 /CNW/ - Orbit Garant Drilling Inc. (TSX: OGD) ("Orbit Garant" or the "Company") today announced its financial results for the three and nine-month periods ended March 31, 2016. All dollar amounts are in Canadian dollars 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.

Third Quarter Summary

($ amounts in millions, except per share amounts)	Three months ended March 31, 2016	Three months ended March 31, 2015	Nine months ended March 31, 2016	Nine months ended March 31, 2015
Revenue	$28.1	$18.7	$74.1	$56.2
Gross Profit (loss)	$1.3	$0.0	$5.9	$1.6
Gross Margin (%)	4.7	0.2	8.0	2.9
Adjusted Gross Margin (%)[1]	14.9	11.8	17.5	14.8
EBITDA[2]	$0.3	$0.2	$3.2	$1.5
Net loss	$(2.6)	$(2.0)	$(4.6)	$(5.4)
Net loss per share				
- Basic and diluted	$(0.07)	$(0.06)	$(0.13)	$(0.16)
Total metres drilled	313,469	215,776	817,595	640,060

[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.

"We are pleased with our sustained positive business momentum. This quarter marks our seventh consecutive quarter of year-over-year growth in our domestic drilling revenues and our fifth consecutive quarter of year-over-year growth for international revenue. Gross margins and EBITDA also continue to improve despite continued domestic pricing pressure," said Eric Alexandre, President and CEO of Orbit Garant. "Our net loss in the quarter reflects additional costs incurred to support new business development initiatives in both Canada and internationally, and expenses related to our acquisition of Santiago, Chile-based Captagua Ingeniería S.A."

"Our international business expansion strategy is progressing well. Our acquisition of Captagua has enhanced our market presence in Chile, and strengthened our platform for future growth throughout South America. The integration of Captagua is advancing according to plan. We are currently working on new projects in Chile and actively pursuing new opportunities in that region. During the quarter, we also commenced new drilling contracts in Ghana and Kazakhstan," continued Mr. Alexandre. "Looking ahead, we will continue to focus on capturing increased market share in Canada and internationally, while maintaining financial discipline and a sound balance sheet. We are well positioned to capitalize on growth opportunities."

Third Quarter Results

For the three months ended March 31, 2016 ("Q3 FY2016") revenue totaled $28.1 million, an increase of 50.0% from the three-month period ended March 31, 2015 ("Q3 FY2015"). Drilling Canada revenue was $21.4 million, up 20.1% from $17.8 million in Q3 FY2015, reflecting increased metres drilled during the quarter, partially offset by a decline in average revenue per metre drilled. Drilling International revenue increased to $6.7 million, up from $0.9 million in Q3 FY2015, reflecting increased specialized drilling activity in Chile, Kazakhstan and Ghana. Orbit Garant's fleet drilled a total of 313,469 metres in Q3 FY2016, an increase of 45.3% from 215,776 metres drilled in Q3 FY2015. Consolidated average revenue per metre drilled was $87.86, up from $80.72 in Q3 FY2015. The increase in consolidated average revenue per metre drilled is attributable to the impact of increased international drilling activity in the quarter, which was priced higher than the Company's domestic drilling contracts.

Gross profit for Q3 FY2016 increased to $1.3 million, compared to a negligible amount in Q3 FY2015. Gross margin for Q3 FY2016 increased to 4.7% from 0.2% in Q3 FY2015. In accordance with IFRS, depreciation expenses totalling $2.9 million are included in cost of contract revenue for Q3 FY2016, compared to depreciation expenses of $2.2 million in Q3 FY2015. Adjusted gross margin, excluding depreciation expenses, was 14.9% in Q3 FY2016, up from 11.8% in Q3 FY2015. The increase in gross profit, gross margin and adjusted gross margin was primarily attributable to the increased metres drilled in Canada and internationally, and increased higher margin specialized drilling activity. The Company also incurred higher start-up and demobilization costs in the quarter, reflecting increased shorter duration surface drilling contracts.

General and administrative (G&A) expenses were $3.9 million (representing 13.9% of revenue) in Q3 FY2016, compared to $2.8 million (representing 14.7% of revenue) in Q3 FY2015. The increase in G&A expenses is primarily attributable to the Company incurring additional costs in support of its business development initiatives and expenses related to the acquisition of Captagua.

In accordance with IFRS, depreciation and amortization expenses of $0.4 million are included in G&A expenses for Q3 FY2016, in line with Q3 FY2015. Adjusted G&A expenses, excluding depreciation and amortization expenses, and $0.3 million in acquisition expenses related to Captagua, totalled $3.1 million (representing 11.5% of revenue) in Q3 FY2016. This compares to adjusted G&A expenses, excluding amortization and depreciation of $0.4 million, of $2.4 million (representing 12.5% of revenue) in Q3 FY2015. The Company continues to maintain discipline in managing its expenses in line with current market conditions.

Earnings before interest, taxes, depreciation and amortization ("EBITDA")[1] was $0.3 million in Q3 FY2016, up from $0.2 million in Q3 FY2015.

The Company's net loss for Q3 FY2016 was $2.6 million, or $0.07 per share, compared to a net loss of $2.0 million, or $0.06 per share, in Q3 FY2015. The increased net loss is primarily attributable to additional costs incurred to support business development initiatives, expenses related to the acquisition of Captagua, a $0.3 million foreign exchange loss, and the decline in average revenue per metre drilled in Canada, as discussed above.

During Q3 FY2016, the Company drew a net amount of $1.1 million on its $25.0 million revolving credit facility. As at March 31, 2016, the Company had $8.8 million drawn from its revolving credit facility. Orbit Garant had working capital of $44.0 million at March 31, 2016 ($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 nine month periods ended March 31, 2016 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, May 12, 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 webcast of the call will be available on 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: 97372363. The replay will be available until May 19, 2016. The webcast will be archived following conclusion of the call.

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 more than 900 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.

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