

# Orbit Garant Drilling Reports Fiscal 2018 First Quarter Financial Results

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- Strong customer demand, scaled-up operations and higher drill utilization rates drive 39.2% year-over-year growth in and enhanced profitability -

VAL-D'OR, QC, Nov. 8, 2017 /CNW/ - [Orbit Garant Drilling Inc.](#) (TSX: OGD) ("Orbit Garant" or the "Company") today announced its financial results for the three-month period ended September 30, 2017 ("Q1 FY2018"). 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.

#### Q1 FY2018 Financial Highlights

(\$ amounts in millions, except per share amounts)	Three months ended September 30, 2017	Three months ended September 30, 2016
Revenue	\$42.5	\$30.5
Gross Profit	\$6.7	\$2.9
Gross Margin (%)	15.9	9.4
Adjusted Gross Margin (%) <sup>1</sup>	20.5	17.8
EBITDA <sup>2</sup>	\$5.1	\$2.4
Net earnings (loss)	\$1.7	(\$0.2)
Net earnings (loss) per share		
- Basic and diluted	\$0.05	(\$0.01)
Total metres drilled	404,262	318,382

<sup>1</sup>  
Reported gross profit and EBITDA include depreciation expenses. Before comparative purposes, depreciation, gross margin is also shown excluding these depreciation expenses.

"We are experiencing continued strong customer demand for our drilling services both in Canada and international markets."

our volume of metres drilled up 27 percent from the first quarter a year ago. Our fiscal 2018 first quarter marked our eleventh consecutive quarter of year-over-year revenue growth, underlining the sustained increase in mineral exploration and development activity from our customers," said Eric Alexandre, President & CEO of Orbit Garant. "In Canada, we have made significant investments in project mobilization and employee training over the past several quarters to scale up our operations to meet increased customer demand. We have also invested in expanding our international operations over the past 21 months to diversify our revenue base and access new growth opportunities. We are now realizing a strong return on these investments with higher drill utilization rates driving strong top line growth, and improved productivity and a more diversified project portfolio contributing to enhanced profitability."

"We are encouraged by the significant improvement in our financial performance in the quarter and believe the Company is well positioned to build value as we continue to focus on growing our business both in Canada and in our international markets," he added Mr. Alexandre. "We recently entered into an amended and restated credit agreement with our Lender that replaces our existing credit facility with a new three-year facility that will provide us with enhanced financial flexibility and support of our growth plans."

#### First Quarter Results

Revenue in Q1 FY2018 totalled \$42.5 million, an increase of 39.2% from \$30.5 million for the three-month period ended September 30, 2016 ("Q1 FY2017"). Drilling Canada revenue was \$31.9 million, up 25.4% from \$25.4 million in Q1 FY2017, reflecting increased metres drilled during the quarter. Drilling International revenue was \$10.6 million, up from \$5.1 million in Q1 FY2017. Drilling International revenue for Q1 FY2018 includes \$8.0 million of revenue from operations in Chile, compared to \$3.8 million in Q1 FY2017. The remaining increase in International revenue was primarily attributable to increased drilling activity in Ghana and new project revenue from Burkina Faso.

Orbit Garant's fleet drilled a total of 404,262 metres in Q1 FY2018, an increase of 27.0% from 318,382 metres drilled in Q1 FY2017. Consolidated average revenue per metre drilled was \$104.78, up 9.6% from \$95.58 in Q1 FY2017. The increase in consolidated average revenue per metre drilled is attributable to a significant increase in specialized drilling activity in Canada which is priced at a higher rate than conventional drilling.

Gross profit for Q1 FY2018 was \$6.7 million, up from \$2.9 million in Q1 FY2017. Gross margin for Q1 FY2018 increased to 15.9% from 9.4% in Q1 FY2017. Depreciation expenses totalling \$2.0 million are included in cost of contract revenue for Q1 FY2018, compared to \$2.6 million in Q1 FY2017. Adjusted gross margin, excluding depreciation expenses, was 20.5% in Q1 FY2018, up from 17.8% in Q1 FY2017. The increase in gross profit, gross margin and adjusted gross margin was primarily attributable to higher drilling volumes in Canada and increased specialized drilling in international markets.

General and administrative (G&A) expenses were \$3.7 million (representing 8.8% of revenue) in Q1 FY2018, compared to \$4.2 million (representing 11.1% of revenue) in Q1 FY2017. Increased G&A expenses reflect the Company's recent growth in Canada and internationally.

Earnings before interest, taxes, depreciation and amortization ("EBITDA")<sup>1</sup> were \$5.1 million in Q1 FY2018, up significantly from \$2.4 million in Q1 FY2017.

The Company's net earnings for Q1 FY2018 were \$1.7 million, or \$0.05 per share, compared to a net loss of \$0.2 million, or \$0.01 per share, in Q1 FY2017.

During Q1 FY2018, the Company generated \$1.7 million from financing activities, compared to a negligible amount in Q1 FY2017. The Company withdrew a net amount of \$1.5 million during Q1 FY2018 on its secured, three-year revolving credit facility (the "Credit Facility") with National Bank of Canada Inc. (the "Lender"), compared to a draw of \$1.7 million in Q1 FY2017. In addition to the above, the Company provided a letter of credit to a bank of one of its subsidiaries of US\$1.0 million (or approximately CAN\$1.3 million) from the Credit Facility. As at September 30, 2017, the Company had \$15.1 million drawn on the Credit Facility, compared to \$13.6 million as at June 30, 2017, with the full amount re-classified from long-term debt to current debt, as the Credit Facility matures on December 19, 2017.

Subsequent to Q1 FY2018, on November 2, 2017, Orbit Garant and the Lender entered into a new credit agreement that replaces the Credit Facility with a new three-year credit facility (the "New Credit Facility") consisting of a \$30 million revolving credit facility, a US\$3.0 million letter of credit facility and a US\$3.0 million revolving credit facility. As a result of the New Credit Facility, Orbit Garant's \$15.1 million in current debt as at September 30, 2017 will be re-classified as long-term debt (subject to any interim draws or repayments) at the end of the second quarter of Fiscal 2018, and the Company's working capital will be adjusted accordingly.

In December 2016, the Company entered into a credit facility with Export Development Canada in the amount of \$2.5 million. The purpose of the loan was to assist in financing capital expenditure requirements for the Company's international operations

As at September 30, 2017, Orbit Garant had working capital of \$33.5 million (\$30.8 million as at June 30, 2017), and 30 common shares issued and outstanding.

Orbit Garant's unaudited interim condensed consolidated financial statements and management's discussion and analysis for the first quarter ended September 30, 2017 are available via the Company's website at [www.orbitgarant.com](http://www.orbitgarant.com) or SEDAR at [www.sedar.com](http://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, November 9, 2017 at 10:00 a.m. (ET). The dial-in numbers for the conference call are 647-427-1188-231-8191. 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: 8188719. The replay will be available until November 16, 2017. The webcast will be archived following conclusion of the call.

#### Annual General Meeting

Orbit Garant will host its Annual General Meeting of shareholders on Tuesday, December 5, 2017 at 10:00 am at the Fairmont Queen Elizabeth Hotel in Montreal, Quebec. The meeting will be held in the Diesel Room (3<sup>rd</sup> floor).

#### 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 220 drill rigs and approximately 1,000 employees. Orbit Garant provides services to major, intermediate and junior mining companies, through each stage of mineral 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](http://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 measure of net income or loss (which is determined in accordance with IFRS) as an indicator of the performance of the Company or a measure of liquidity and cash flows. The Company's method of calculating EBITDA may differ materially from the method 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 the business of [Orbit Garant Drilling Inc.](http://www.orbitgarant.com) (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 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](http://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.](http://www.orbitgarant.com)  
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