

Orbit Garant Drilling Reports Its Highest Quarterly Net Earnings In Four Years In Fiscal 2025 First Quarter Results

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VAL-D'OR, Nov. 13, 2024 - [Orbit Garant Drilling Inc.](#) (TSX: OGD) ("Orbit Garant" or the "Company") today announced its financial results for the three-month period ended September 30, 2024 ("Q1 2025"). All dollar amounts are in Canadian dollars unless otherwise stated.

Financial Highlights

(\$ amounts in millions, except per share amounts)	Three months ended September 30, 2024	Three months ended September 30, 2023
Revenue	48.4	44.3
Gross Profit	7.4	4.1
Gross Margin (%)	15.2	9.4
Adjusted Gross Margin (%) ¹	19.7	15.2
Adjusted EBITDA ¹	6.5	3.0
Net earnings (loss)	3.2	(0.4)
Net earnings (loss) per share		
- Basic and diluted (\$)	0.08	(0.01)

(1) This is a non-IFRS measure and is not a standardized financial measure. The Company's method of calculating such financial measures may differ from the methods used by other issuers and, accordingly, the definition of these non-IFRS financial measures may not be comparable to similar measures presented by other issuers. Refer to "Reconciliation of Non-IFRS financial measures" on page 3 of this news release for more information about each non-IFRS measure and for the reconciliations to the most directly comparable IFRS financial measures.

"Our margins improved in our fiscal first quarter compared to Q1 last year, reflecting stronger operating earnings in both our Canadian and international operations," said Pierre Alexandre, President and CEO of Orbit Garant. "In Canada, our overall drilling activity increased, including the proportion of higher-margin specialized drilling. Our revenue and operating earnings were also higher in our international operations, where we benefitted from increased activity in Chile and Guyana, and the cessation of our operations in West Africa in Q2 last year."

"Our improved performance reflects the strong progress we have made in advancing our strategy of focusing on senior and well-financed intermediate mining company customers in Canada and Chile," continued Mr. Alexandre. "With gold prices currently trading at elevated levels near US\$2,600 per ounce, and copper prices trading above US\$4.00 per pound, we expect that customer demand from senior and well-financed intermediate mining companies will remain strong. While demand from junior exploration companies is still constrained, we are well positioned to capture more business from juniors as their access to capital improves."

First Quarter Results

Revenue for Q1 2025 totalled \$48.4 million, an increase of 9.3% compared to \$44.3 million for the three-month period ended September 30, 2023 ("Q1 2024"). Canada revenue totalled \$35.4 million in Q1 2025, an increase of 7.4% compared to \$33.0 million in Q1 2024, reflecting increased drilling activity and an increased proportion of specialized drilling operations. International revenue totalled \$13.0 million in Q1 2025, an increase of 14.8% compared to \$11.3 million in Q1 2024, reflecting increased drilling activity in Chile and Guyana, partially offset by the absence of drilling activity in West Africa as the Company completed its exit from West Africa during Fiscal 2024.

Gross profit for Q1 2025 was \$7.4 million, or 15.2% of revenue, compared to \$4.1 million, or 9.4% of revenue, in Q1 2024. Adjusted gross margin¹, excluding depreciation expenses, was 19.7% in Q1 2025, compared to adjusted gross margin¹, excluding depreciation expenses, of 15.2% in Q1 2024. The increases in gross profit, gross margin and adjusted gross margin¹ were primarily attributable to increased drilling activity in Canada, Chile and Guyana during the quarter, including a higher proportion of specialized drilling in Canada, and the cessation of drilling activities in West Africa.

General and Administrative expenses were \$3.5 million, or 7.2% of revenue, in Q1 2025, compared to \$4.0 million, or 8.9% of revenue, in Q1 2024.

Adjusted EBITDA¹ totalled \$6.5 million in Q1 2025 compared to \$3.0 million in Q1 2024. Net earnings for Q1 2025 were \$3.2 million, or \$0.08 per share (diluted), compared to a net loss of \$0.4 million, or \$0.01 per share (diluted), in Q1 2024. The increases in Q1 2025 were primarily attributable to increased operating earnings across all segments.

Liquidity and Capital Resources

The Company repaid a net amount of \$0.5 million on its Credit Facility in Q1 2025, compared to a withdrawal of \$2.7 million in Q1 2024. The Company's long-term debt under the Credit Facility, including US\$3.0 million (\$4.0 million) drawn from the US\$5.0 million revolving credit facility and the current portion, was \$21.0 million as at September 30, 2024, compared to \$21.5 million as at June 30, 2024.

Subsequent to Q1 2025, the Company announced that the Toronto Stock Exchange ("TSX") accepted its notice of intention to make a normal course issuer bid (the "NCIB Program") to purchase outstanding common shares of Orbit Garant on the open market in accordance with the rules of the TSX. Pursuant to the NCIB Program, Orbit Garant may purchase, from time to time, in aggregate up to 1,868,637 common shares (being approximately 5% of the 37,372,756 issued and outstanding common shares of Orbit Garant as of October 22, 2024) over a 12-month period commencing on October 31, 2024, and terminating on October 30, 2025. Further information on the NCIB Program can be found in the Company's news release dated October 28, 2024.

As at September 30, 2024, the Company's working capital totalled \$50.4 million, compared to \$48.6 million as at June 30, 2024. Orbit Garant's working capital requirements are primarily related to the funding of inventory and the financing of accounts receivable. As at September 30, 2024, Orbit Garant had 37,372,756 common shares issued and outstanding.

Orbit Garant's unaudited interim consolidated financial statements and management's discussion and analysis for Q1 2025 are available via the Company's website at www.orbitgarant.com or SEDAR+ at www.sedarplus.ca.

Conference Call

Pierre Alexandre, President and CEO, and Daniel Maheu, CFO, will host a conference call for analysts and investors on Thursday, November 14, 2024 at 10:00 a.m. (ET). To join the conference call without operator assistance, you can register and enter your phone number at <https://emportal.ink/3U3bKU6> to receive an instant automated call back. Alternatively, you can dial 416-945-7677 or 1-888-699-1199 to reach a live operator that will join you into the call.

A live webcast of the call will be available on Orbit Garant's website at: <http://www.orbitgarant.com/en/events>. The webcast will be archived following conclusion of the call. To access a replay of the conference call dial 289-819-1450 or 1-888-660-6345, passcode: 90516 #. The replay will be available until November 21, 2024.

RECONCILIATION OF NON - IFRS FINANCIAL MEASURES

Financial data has been prepared in conformity with International Financial Reporting Standards ("IFRS"). However, certain measures used in this discussion and analysis do not have any standardized meaning under IFRS and could be calculated differently by other companies. The Company believes that certain non-IFRS financial measures, when presented in conjunction with comparable IFRS financial measures, are useful to investors and other readers because the information is an appropriate measure to evaluate the Company's operating performance. Internally, the Company uses this non-IFRS financial information as an indicator of business performance. These measures are provided for information purposes, in addition to, and not as a substitute for, measures of financial performance prepared in accordance with IFRS.

EBITDA, adjusted EBITDA and adjusted EBITDA margin: EBITDA is defined as net earnings (loss) before interest, taxes, depreciation and amortization. Adjusted EBITDA is defined as EBITDA excluding the impact of (i) the interest revenue on long-term receivable and expected credit loss, and (ii) the interest revenue on long-term receivable. Adjusted EBITDA margin is defined as the percentage of adjusted EBITDA to contract revenue.

Adjusted gross profit and adjusted gross margin: Adjusted gross profit is defined as gross profit excluding depreciation and amortization. Adjusted gross margin is defined as the percentage of adjusted gross profit to contract revenue.

EBITDA, Adjusted EBITDA and Adjusted EBITDA Margin

Management believes that EBITDA is an important measure when analyzing its operating profitability, as it removes the impact of financing costs, certain non-cash items, income taxes and restructuring costs. As a result, Management considers it a useful and comparable benchmark for evaluating the Company's performance, as companies rarely have the same capital and financing structure.

Reconciliation of EBITDA, Adjusted EBITDA and Adjusted EBITDA Margin

(unaudited)	3 months ended	3 months ended
(in millions of dollars)	September 30, 2024	September 30, 2023
Net earnings (loss) for the period	3.2	(0.4)
Add:		
Finance costs	0.8	0.9
Income tax expense (recovery)	0.6	(0.2)
Depreciation and amortization	2.3	2.7
EBITDA	6.9	3.0
Interest revenue on long-term receivable (0.4)		-
Adjusted EBITDA	6.5	3.0
Contract Revenue	48.4	44.3
Adjusted EBITDA margin (%) ⁽¹⁾	13.4	6.8

⁽¹⁾ Adjusted EBITDA, divided by contract revenue X 100

Adjusted Gross Profit and Adjusted Gross Margin

Although adjusted gross profit and adjusted gross margin are not recognized financial measures defined by IFRS, Management considers them to be important measures as they represent the Company's core profitability, without the impact of depreciation expense. As a result, Management believes they provide a useful and comparable benchmark for evaluating the Company's performance.

Reconciliation of Adjusted Gross Profit and Adjusted Gross Margin

(unaudited)	3 months ended	3 months ended
(in millions of dollars)	September 30, 2024	September 30, 2023
Contract revenue	48.4	44.3
Cost of contract revenue (including depreciation)	41.1	40.2
Less depreciation	(2.2)	(2.6)
Direct costs	38.9	37.6
Adjusted gross profit	9.5	6.7
Adjusted gross margin (%) ⁽¹⁾	19.7	15.2

⁽¹⁾ Adjusted gross profit, divided by contract revenue X 100

About Orbit Garant

Headquartered in Val-d'Or, Québec, 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 188 drill rigs and approximately 1,000 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.

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. Risks and uncertainties that could cause actual results, performance or achievements to differ materially include the world economic climate as it relates to the mining industry; the Canadian economic environment; the Company's ability to attract and retain customers and to manage its assets and operating costs; the political situation in certain jurisdictions in which the Company operates and the operating environment in the jurisdictions in which the Company operates, as well as the risks and uncertainties are discussed in the Company's regulatory filings available at www.sedarplus.ca. 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 except as required by applicable securities laws.

SOURCE Orbit Garant Drilling Inc.

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