

Geodrill Limited reports 2013 first quarter financial results

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TORONTO, May 13, 2013 /CNW/ - Geodrill Limited ("Geodrill" or the "Company") (TSX: GEO), a leading West African based drilling company, reported its financial results for the three months ended March 31, 2013. All figures are reported in U.S. dollars (\$), unless otherwise indicated. Geodrill's financial statements are prepared in accordance with IFRS.

US\$ 000's (except earnings per share)	For the three months ended March 31, 2013	For the three months ended March 31, 2012
Revenue	15,032	21,659
Gross profit	6,391	11,523
Gross profit margin	43%	53%
Earnings per share - basic	0.03	0.10
EBITDA (1)(2)(3)	4,270	7,537
EBITDA margin	28%	35%
Meters drilled	176,494	317,741

Notes:

(1) EBITDA = earnings before interest, taxes, depreciation, and amortization

(2) Please see "Non-IFRS Measures" below for additional discussion

(3) For the three months ended March 31, 2012, the foreign exchange loss was included in the EBITDA calculation which was previously disclosed at \$7.94 million.

"We improved our revenue, gross profit and EBITDA from the previous two quarters that were impacted by a challenging drilling environment in the second half of 2012," said Dave Harper, President and CEO of [Geodrill Limited](#). "As we continue to see volatility in 2013 and uncertainty in the market, we are maintaining a strategy of adaption to these factors by increasing efficiency of our rig operations, cutting back staffing levels and growth plans. Our focus in this market contraction is to capture new business opportunities while mitigating risk."

Q1-2013 Operational Highlights:

- Began drilling on a gold project for a new client in Guinea;
- Continued drilling a manganese project in Burkina Faso for a new client; and
- Completed a uranium project in Niger for a new client.

Financial Review

Revenue

The Company's revenue sequentially increased by \$2.11M in Q1-2013 compared to Q4-2012. However, on a quarter to quarter basis, the Company's revenue decreased 31% to \$15.03M, compared to \$21.66M in Q1-2012. The decrease in revenue in Q1-2013 was reflective of an industry wide slowdown in which customers significantly reduced the number of drill rigs operating on their sites. The decrease in revenue is primarily attributable to the number of meters drilled decreasing from 317,741 meters in Q1-2012 to 176,494 in Q1-2013.

Gross Profit

The gross profit for Q1-2013 was \$6.39M, compared to a gross profit of \$11.52M for Q1-2012, being a decrease of \$5.13M or 45%. The gross profit percentage for the Q1-2013 was 43% compared to 53% for the Q1-2012. The decrease in the gross profit reflects the decrease in revenue of 31% and the decrease in cost

of sales of 15%.

Selling, General and Administrative ("SG&A") Expenses

SG&A expenses were \$4.50M for Q1-2013, compared to \$5.30M for Q1-2012 or a reduction of approximately \$0.80M. Repair and maintenance decreased by \$0.24M and share-based payment expense decreased by \$0.23M in Q1-2013 compared to Q1-2012.

Depreciation and Amortization

Depreciation and amortization of property, plant and equipment was \$2.39M for Q1-2013 compared to \$1.71M Q1-2012.

EBITDA

EBITDA margin for Q1-2013 was 28% compared to 35% for Q1-2012.

Net Income

Net income were \$1.42M, being 9% of revenue for the Q1-2013, or \$0.03 per Ordinary Share (\$0.03 per Ordinary Share fully diluted), compared to \$4.43M, being 20% of revenue, for Q1-2012, or \$0.10 per Ordinary Share (\$0.10 per Ordinary Share fully diluted).

As at March 31, 2013 the Company had cash and cash equivalents equal to \$5.20M.

The Company currently has 42,512,000 ordinary shares issued and outstanding.

Outlook

The Company continues to believe that there is an industry wide slowdown in drilling activities as there is pressure on early stage exploration companies as financing from the capital markets continues to be challenging. In addition, there is pressure on producing companies as they continue to need to manage their exploration costs in light of increasing costs on the production side of their business. The Company had certain customers reduce the number of drill rigs operating at their sites and have parked certain rigs. The Company believes that the slowdown in drilling activity will continue throughout 2013 and, as such, the Company continues to actively bid on new jobs and has taken immediate steps to control costs, monitor its workforce and is reviewing its capital expenditures.

As at March 31, 2013 the Company had 34 drill rigs that were available for operation, three drill rigs were in the workshop and two drill rigs were on hold and with the manufacturer.

Geodrill's financial statements and management's discussion & analysis ("MD&A"), for the three months ended March 31, 2013 are available via Geodrill's website at www.geodrill-gh.com and will be available on SEDAR at www.sedar.com.

Annual General Meeting of Shareholders

Following the release, the Company will host its Annual Meeting of Shareholders at the Design Exchange, 234 Bay Street, TD Centre, Toronto at 10:00 am (EST) in which management will discuss the quarterly financial results.

A live audio webcast will be available through:

<http://www.newswire.ca/en/webcast/detail/1135563/1238859>

An archived replay of the webcast will be available for 7 days.

Non-IFRS Measures

EBITDA is defined as Earnings before Interest, Taxes, Depreciation, and Amortization. EBITDA is used as a measure of financial performance. The Company believes EBITDA is useful to investors because it is frequently used by securities analysts, investors and other interested parties to evaluate companies in the Company's industry. However, EBITDA is not a measure recognized by IFRS and does not have a standardized meaning prescribed by IFRS. EBITDA should not be viewed in isolation and does not purport to be an alternative to net income or gross profit as an indicator of operating performance or cash flows from operating activities as a measure of liquidity.

EBITDA does not have a standardized meaning prescribed by IFRS and therefore it may not be comparable to similarly titled measures presented by other publicly traded companies, and EBITDA should not be construed as an alternative to other financial measures determined in accordance with IFRS.

Additionally, EBITDA is not intended to be a measure of free cash flow for management's discretionary use, as it does not consider certain cash requirements such as capital expenditures, contractual commitments, interest payments, tax payments and debt service requirements. Please see the Company's MD&A for the three months ended March 31, 2013 for the EBITDA reconciliation.

About Geodrill Limited

[Geodrill Limited](#) is a leading West African based drilling company currently operating in Ghana Burkina Faso, Cote d'Ivoire and Guinea. Geodrill provides exploration and development drilling services to major, intermediate and junior mining companies with exploration and development operations in West Africa. The Company specializes in providing reverse circulation, diamond core and air-core drilling services using a modern fleet of drill rigs. The Company plans to grow organically and build its current client base while continuing to assess expansion opportunities throughout West Africa and other jurisdictions of Africa, to meet demand for its services and expertise.

Forward Looking Information

This press release and the management's discussions may contain "forward-looking information" which may include, but is not limited to, statements with respect to the future financial or operating performance of the Company, its subsidiaries, future growth, results of operations, performance, business prospects and opportunities. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "believes", or variations (including negative variations) of such words and phrases, or by the use of words or phrases that state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved.

Forward-looking statements are based on certain assumptions and analyses made by the Company in light of its experience and perception of historical trends, current conditions and expected future developments and other factors it believes are appropriate. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company and/or its subsidiaries to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements contained in this press release including, without limitation those described in the Management's Discussion & Analysis for the three months ended March 31, 2013 and the Company's Annual Information Form dated March 27, 2013 under the heading "Risk Factors". Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in such forward-looking statements, there may be other factors that may cause actions, events or results to differ from those anticipated, estimated or intended. Should one or more of these risks or uncertainties materialize or should assumptions underlying such forward-looking statements prove incorrect, actual results, performance or achievements may vary materially from those expressed or implied by the forward-looking statements contained in this press release. The forward-looking information and forward-looking statements contained herein and statement which may be made on the conference call are made as of the date of this press release and the Company disclaims any obligation to update or review such information or statements, whether as a result of new information, future events or results of otherwise, except as required by law.

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