Orbit Garant Drilling Reports Fiscal 2018 Third Quarter Financial Results

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VAL-D'OR, QC, May 10, 2018 /CNW/ - Orbit Garant Drilling Inc. (TSX: OGD) ("Orbit Garant" or the "Company") today a financial results for the three and nine-month periods ended March 31, 2018. All dollar amounts are in Canadian dollars otherwise stated. Percentage calculations are based on numbers in the financial statements and may not correspond to figures presented in this news release.

Financial Highlights

($ amounts in millions, except per share amounts)	Three months ended March 31, 2018	Three months ended March 31, 2017	Nine months ended March 31, 2018	Nine months ended March 31, 2017
Revenue	$43.1	$29.9	$128.6	$87.8
Gross Profit	$2.2	$1.2	$14.0	$5.6
Gross Margin (%)	5.2	3.9	10.9	6.3
Adjusted Gross Margin (%)[1]	9.8	10.7	15.5	14.1
EBITDA[2]	$0.9	$(0.5)	$9.2	$2.0
Net earnings (loss)	$(1.3)	$(2.2)	$1.2	$(4.3)
Net earnings (loss) per share				
- Basic and diluted	$(0.04)	$(0.06)	$0.03	$(0.12)
Total metres drilled	378,640	313,184	1,154,060	917,149

[1] Adjusted Gross Margin is a non-IFRS measure and is defined as Gross Profit excluding depreciation expenses. See "Reconciliation of Non-IFRS measures".

[2] EBITDA is a non-IFRS measure and is defined as earnings before interest, taxes, depreciation, and amortization. See "Reconciliation of Non-IFRS measures".

"Customer demand for our drilling services both in Canada and our expanding international operations continues to stre reflected by our 20.9% increase in metres drilled during the quarter. We are also seeing growing demand for specialize services and we are realizing increased pricing on new contracts. These factors have resulted in us achieving our highe total for our first nine-month fiscal period in company history," said Eric Alexandre, President and CEO of Orbit Garant. margins and profitability for the first nine months have improved significantly from a year ago, we experienced a decline in our third quarter. Due to the significant increase in our drilling volumes as we continue to build market share, we have expanding our workforce to meet demand utilizing less experienced drillers on certain projects. Our margins in the quar impacted by higher fuel and maintenance costs partially due to adverse weather conditions. We expect our margins to i forward as our drilling crews gain more experience and higher fuel costs are mitigated by warmer weather in Canada a contract pricing."

Third Quarter Results

Revenue for the three-month period ended March 31, 2018 ("Q3 FY2018") totalled $43.1 million, an increase of 44.3% million for the three-month period ended March 31, 2017 ("Q3 FY2017"). Drilling Canada revenue was $30.2 million in increase of $6.8 million, or 29.1%, from $23.4 million in Q3 FY2017, reflecting higher average revenue per metre drilled metres drilled and increased specialized drilling activity. International revenue, net of inter-segment revenue was $12.9 FY2018, compared to $6.5 million in Q3 FY2017, representing an increase of $6.4 million. International revenue include in revenue from operations in Chile, compared to $5.3 million in Q3 FY2017. Revenue growth in Chile was primarily att increased drilling volumes. The remaining increase in International revenue was primarily attributable to increased drilli Guyana and Burkina Faso.

Orbit Garant drilled a total of 378,640 metres in Q3 FY2018, an increase of 20.9% compared to 313,184 metres drilled The Company's average revenue per metre drilled in Q3 FY2018 increased to $113.56, compared to $95.17 in Q3 FY2 increase in average revenue per metre drilled is primarily attributable to increased specialized drilling activity in Chile a specialized drilling is priced at a higher rate than conventional drilling. The Company also benefited from improved prici drilling contracts in Canada.

Gross profit for Q3 FY2018 increased to $2.2 million, compared to $1.2 million in Q3 FY2017. Gross margin increased 3.9% in Q3 FY2017. Depreciation expenses totalling $2.0 million are included in cost of contract revenue for Q3 FY201 Q3 FY2017. Adjusted gross margin, excluding depreciation expenses, was 9.8% in Q3 FY2018, compared to 10.7% in The increase in gross profit and gross margin was primarily attributable to higher drilling volumes in Canada and Chile, increased specialized drilling activity, partially offset by a decline in productivity and the temporary suspension of a maj Chile. The decline in productivity was primarily attributable to a higher proportion of less experienced drillers on project and Chile. The Company also experienced significantly higher fuel and maintenance costs in Canada compared to Q3 to increased fuel prices and more adverse weather conditions.

General and administrative (G&A) expenses were $3.9 million (representing 9.2% of revenue) in Q3 FY2018, compare (representing 12.6% of revenue) in Q3 FY2017.

Earnings (loss) before interest, taxes, depreciation and amortization ("EBITDA") totalled $0.9 million in Q3 FY2018, co $(0.5) million in Q3 FY2017.

The Company's net loss for Q3 FY2018 was $1.3 million, or $0.04 per share, compared to a net loss of $2.2 million, or share, in Q3 FY2017. Higher gross profit and margins, as discussed above, contributed to the Company's reduced net FY2018.

During Q3 FY2018, the Company generated $1.0 million from financing activities, compared to $5.4 million in Q3 FY20 Company withdrew a net amount of $2.1 million during Q3 FY2018 on its secured, three-year revolving credit facility (th Facility") with National Bank of Canada, compared to a draw of $6.0 million in Q3 FY2017. The Company's long-term d the current portion, under the Credit Facility was $18.8 million as at March 31, 2018, compared to $13.6 million as at Ju Orbit Garant's Chilean subsidiary (OG Chile) enters into receivable purchase agreements (commonly referred to as "fa agreements") with different banks as part of its normal working capital financing. As at March 31, 2018, trade receivabl $4.0 million related to factored accounts, compared to $0.7 million as at June 30, 2017.

As at March 31, 2018, Orbit Garant had working capital of $51.4 million ($30.8 million as at June 30, 2017), and 36,142 shares issued and outstanding. The increase in working capital resulted from the reclassification of the outstanding am Credit Facility from current to non-current liabilities as a new Credit Facility was signed on November 2, 2017.

Orbit Garant's unaudited interim condensed consolidated financial statements and management's discussion and analy three and nine-month periods ended March 31, 2018 are available via the Company's website at www.orbitgarant.com www.sedar.com.

Conference call

Eric Alexandre, President and CEO, and Alain Laplante, Vice President and CFO, will host a conference call for analys on Friday, May 11, 2018 at 10:00 a.m. (ET). The dial-in numbers for the conference call are 647-427-7450 or 1-888-23 webcast of the call will be available on Orbit Garant's website at: http://www.orbitgarant.com/en/sites/fog/investors.asp

To access a replay of the conference call dial 416-849-0833 or 1-855-859-2056, passcode: 4079758. The replay will be available until May 18, 2018. 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 220 drill rigs and more than 1,300 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.

RECONCILIATION OF NON - IFRS FINANCIAL MEASURES

Financial data has been prepared in conformity with 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:	Net earnings (loss) before interest, taxes, depreciation and amortization.
Adjusted gross profit and margin:	Contract revenue less operating costs. Operating expenses comprise material and se personnel expenses, and other operating expenses, excluding depreciation.

EBITDA

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 and income taxes. 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

(unaudited)	Three months ended March 31, 2018	Three months ended March 31, 2017	Nine months ended March 31, 2018	Nine months ended March 31, 2017
(in millions of dollars)				
Net earnings (loss) for the period	$(1.3)	$(2.2)	$1.2	$(4.3)
Add:	$0.4	$0.3		
Finance costs			$1.3	$0.7
Income tax expense (recovery)	$(0.5)	$(0.8)	$0.1	$(1.8)
Depreciation and amortization	$2.3	$2.2	$6.6	$7.4
EBITDA	$0.9	$(0.5)	$9.2	$2.0

Adjusted Gross Profit and Margin

Although adjusted gross profit and 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 expenses. As a result, Management believes they provide useful and comparable benchmarks for evaluating the Company's performance.

(unaudited)	Three months ended March 31, 2018	Three months ended March 31, 2017	Nine months ended March 31, 2018	Nine m March
(in millions of dollars)				
Contract revenue	$43.1	$29.9	$128.6	$87.8
Cost of contract revenue (including depreciation)	$40.9	$28.7	$114.6	$82.2
Less depreciation	$(2.0)	$(2.0)	$(5.9)	$(6.8)
Direct costs	$38.9	$26.7	$108.7	$75.4
Adjusted gross profit	$4.2	$3.2	$19.9	$12.4
Adjusted gross margin (%) (1)	9.8	10.7	15.5	14.1

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

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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