

# Energold Drilling Announces Third Quarter 2018 Financial Results

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VANCOUVER, Nov. 26, 2018 - [Energold Drilling Corp.](#) ("Energold" or "the Company") is pleased to announce third quarter revenue of \$21.9 million across three business divisions, representing a 11% increase over revenue of \$19.8 million in the same quarter of 2017. The Company achieved a combined gross margin of 17% during the period compared to 14% in the same quarter in 2017. The net loss for the period was \$2.5 million compared to \$4.1 million in the same period of 2017, owing to impairment activity and a stronger gross margin. Earnings before interest, taxes, depreciation and amortization was \$1.0 million in the period compared to a loss of \$0.8 million in Q3-2017.

Mineral activity levels have been reflective of commodity prices over the last 18 months with a general improvement since the second quarter of 2016. Recent metal price weakness in the second quarter of 2018 has led to a more cautious approach on the part of some customers, while others expect to continue to move forward on their exploration plans. The Company has experienced a significant increase in non-mineral drilling activity. Both sustainable energy drilling and Horizontal Directional Drilling (HDD) have been a major area of strong momentum this year with increases in revenues year-to-date by almost double, compared to 2017.

The company ended the third quarter with cash \$4.1 million and with working capital of \$47.7 million. Management continues to focus on expanding current markets while ensuring working capital levels remain suitable to meet current and future projects.

## Quarter-to-date and year-to-date results comparison

	For three months ended September 30		For nine months ended September 30	
CAD\$ (000s)	2018	2017	2018	2017
Revenue				
Mineral	9,513	11,582	32,763	34,346
Manufacturing	1,295	1,839	8,926	4,725
Energy and infrastructure	11,107	6,362	27,870	17,625
Total Revenue	\$21,915	\$19,783	\$69,559	\$56,696
Gross profit	3,776	2,780	13,177	9,092
Operating loss	(1,583)	(3,260)	(3,551)	(8,798)
Net loss	(2,546)	(4,062)	(7,232)	(11,692)

## MINERAL DRILLING DIVISION

During the third quarter of 2018, Energold's mineral division drilled 56,400 meters compared to 75,600 meters in the third quarter of 2017. Despite a higher price per meter in the period of \$169 compared to \$153 per meter in the same period in 2017, revenue was \$9.5 million compared to \$11.6 million.

the mineral segment dropped slightly to \$9.5 million from \$11.6 million in the same period of 2017. The market for mineral services remained strong in the quarter as junior and intermediate companies continued to deploy capital to exploration and development.

The margin for the three months ended September 30, 2018 in this division was \$1.5 million or 16% compared to \$1.3 million or 11% in the comparable period in 2017. The margin improvement in the period is demonstrative of management's continued focus on cost control as activity remains stronger than in past years.

#### Meters Drilled During the Quarter

Q3-2018 Q2-2018 Q1-2018 Q4-2017 Q3-2017

Meters Drilled 56,400 83,100 72,400 66,300 75,600

At September 30, 2018 the Company has 139 rigs in its mineral drilling fleet. The Company intends to add new equipment on an as-needed basis and may modify existing equipment to meet customer demand. The Company will continue to work with clients who require specific equipment to meet challenging conditions at various projects.

#### OIL AND GAS, SUSTAINABLE DRILLING & INFRASTRUCTURE DIVISION

Revenues for the three months ended September 30, 2018 were \$11.1 million compared to \$6.4 million in same period of 2017. The margin for the three months ended September 30, 2018 in this division was \$2.2 million or 20% compared to \$1.4 million or 22% in the comparable period in 2017. Revenue growth is a result of management's focus on adding more revenue streams and reduce rig downtime during the summer months, especially in the area of sustainable drilling where the Company is building a leading market share position across Canada and the United States. There is considerable room for margin expansion as revenue streams mature and economies of scale develop.

#### Meters drilled:

	For the three months ended September 30		For the nine months ended September 30	
	2018	2017	2018	2017
Infrastructure	19,200	13,900	45,000	32,200
Oil sands	2,800	1,800	22,500	13,600
Sustainable drilling	114,700	53,200	217,800	94,000
	136,700	68,900	285,300	139,800

#### MANUFACTURING DIVISION & DANDO DRILLING

Revenues for Dando in the third quarter of 2018 were \$1.3 million with a margin of 6% compared to revenues of \$1.8 million with a margin of 5% in the third quarter of 2017. This improvement in margins demonstrates the results of the completion of restructuring activities in 2017 which have led to a more streamlined manufacturing process.

Management is currently considering several options for the manufacturing division, including a possible sale of Dando as a separate venture.

#### INDUSTRY OUTLOOK

Management expects the balance of the year to be reflective of typical, seasonal trends in the mineral drilling market while it expects some areas of lower activity due to recent mineral price weakness. The Company is actively bidding several projects in its key Latin American and African markets where demand has recovered from multi-year lows, despite a more cautious customer base. Improvements in efficiencies should help offset some lower activity levels and assist in maintaining margins across this division.

In the energy drilling business, the Company's clients are in the planning stages of work programs for the upcoming winter. While these programs are not yet finalized until mid-fall, management expects activity to continue to improve this winter as higher oil prices drive activity in Western Canada and have helped expand budgets in the oil patch. Meanwhile, efforts to grow the Company's green energy business has been successful as the Company has completed several large-scale projects across North America and is bidding on several others at this time.

A conference call is planned for Tuesday, November 27, 2018 at 4:15p.m. Eastern Time. Dial-in numbers are 647-689-4231 or 1-833-297-9922.

About Energold Drilling Corp.

[Energold Drilling Corp.](#) is a leading global specialty drilling company that services the mining, energy, infrastructure, geothermal, water and manufacturing sectors in 25 countries. Specializing in a socially and environmentally sensitive approach to drilling, Energold provides a comprehensive range of drilling services from early stage exploration to onsite operations as well as manufacturing.

On behalf of the Directors of [Energold Drilling Corp.](#),

"Frederick W. Davidson"  
President, CEO

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Some statements in this news release contain forward-looking information. These statements include, but are not limited to, statements with respect to proposed activities, work programs and future expenditures. These statements address future events and conditions and, as such, involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the statements. Such factors include, among others, the effects of general economic conditions, a reduction in the demand for Company's drilling services, the failure of certain customers to pay for services rendered, the loss of key personnel, the ability for operational and other reasons to complete proposed activities and work programs, the need for additional financing and the timing and amount of expenditures. [Energold Drilling Corp.](#) does not assume the obligation to update any forward-looking statements.

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