

Orbit Garant Drilling Inc. Reports Increased Net Earnings In Fiscal 2025 Third Quarter

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[Orbit Garant Drilling Inc.](#) (TSX: OGD) ("Orbit Garant" or the "Company") today announced its financial results for the three-month ("Q3 2025") and nine-month periods ended March 31, 2025. All dollar amounts are in Canadian dollars unless otherwise stated.

Financial Highlights

(\$ amounts in millions, except per share amounts)	Three months ended March 31, 2025	Three months ended March 31, 2024	Nine months ended March 31, 2025	Nine months ended March 31, 2024
Revenue	50.0	48.2	141.9	135.9
Gross Profit	5.9	6.4	20.7	13.6
Gross Margin (%)	11.9	13.2	14.6	10.0
Adjusted Gross Margin (%) ¹	16.5	17.6	19.3	15.3
Adjusted EBITDA ¹	6.2	3.9	18.3	8.0
Net earnings (loss)	2.7	2.0	7.4	(0.1)
Net earnings (loss) per share				
- Basic and diluted (\$)	0.08	0.05	0.20	0.00

(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.

"We generated year-over-year revenue growth of 3.9% in the quarter, driven by increased drilling activity in South America, which more than offset slower activity in Canada. Our fiscal third quarter is typically our slowest period of the year in Canada, and we experienced lower demand for surface drilling projects in the quarter which impacted our overall margins, though demand for underground drilling services remains strong," said Daniel Maheu, President and CEO of Orbit Garant. "We expect demand for surface drilling from senior and well-financed intermediate companies to pick up throughout calendar year 2025. Our year-to-date margins and profitability are substantially improved from a year ago, reflecting our strategic focus on senior and well-financed intermediate customers, continued execution of our operational improvement program and supportive commodity prices."

Third Quarter Results

Revenue for Q3 2025 totalled \$50.0 million, an increase of 3.9% compared to \$48.2 million for the three-month period ended March 31, 2024 ("Q3 2024"). Canada revenue totalled \$36.1 million in Q3 2025, compared to \$37.2 million in Q3 2024, reflecting slower drilling activity. International revenue totalled \$13.9 million in Q3 2025, an increase of 26.3% compared to \$11.0 million in Q3 2024, reflecting increased drilling activity in South America.

Gross profit for Q3 2025 was \$5.9 million, or 11.9% of revenue, compared to \$6.4 million, or 13.2% of revenue, in Q3 2024. Adjusted gross margin¹, excluding depreciation expenses, was 16.5% in Q3 2025, compared to adjusted gross margin¹, excluding depreciation expenses, of 17.6% in Q3 2024. The decreases in gross profit, gross margin and adjusted gross margin¹ were primarily attributable to slower drilling activity in Canada during the quarter, partially offset by increased drilling activity in South America.

General and Administrative expenses were \$4.3 million, or 8.6% of revenue, in Q3 2025, compared to \$3.7 million, or 7.7% of revenue, in Q3 2024. The increase in Q3 2025 primarily reflects annual inflationary wage adjustments and recent increases in promotional and marketing activities.

Adjusted EBITDA¹ totalled \$6.2 million in Q3 2025 compared to \$3.9 million in Q3 2024. The increase was primarily attributable to a favourable foreign exchange gain and increased operating earnings in South America, partially offset by reduced operating earnings in Canada. Net earnings for Q3 2025 were \$2.7 million, or \$0.08 per share (diluted), compared to net earnings of \$2.0 million, or \$0.05 per share (diluted), in Q3 2024. The increase was primarily attributable to a favourable foreign exchange gain and increased operating earnings in South America, partially offset by reduced operating earnings in Canada and higher income tax expense.

Liquidity and Capital Resources

The Company withdrew a net amount of \$0.8 million on its Credit Facility in Q3 2025, compared to a repayment of \$1.3 million in Q3 2024. The Company's long-term debt under the Credit Facility, including an undrawn US\$5.0 million revolving credit facility and the current portion, was \$19.4 million as at March 31, 2025, compared to \$21.5 million as at June 30, 2024.

On October 28, 2024, 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 over a 12-month period commencing on October 31, 2024, and terminating on October 30, 2025. During Q3 2025, the Company repurchased and cancelled 24,628 of its common shares at a weighted average price of \$0.83 per share pursuant to its NCIB Program.

As at March 31, 2025, the Company's working capital totalled \$52.9 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 March 31, 2025, Orbit Garant had 37,348,840 common shares issued and outstanding.

Orbit Garant's unaudited interim consolidated financial statements and management's discussion and analysis for Q3 2025 are available via the Company's website at www.orbitgarant.com or SEDAR+ at www.sedarplus.ca.

Conference Call

Daniel Maheu, President and CEO, and Pier-Luc Laplante, CFO, will host a conference call for analysts and investors on Thursday, May 8, 2025 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/4lpueue> 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: 69245 #. The replay will be available until May 15, 2025.

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, Adjusted EBITDA and Adjusted EBITDA Margin are important measures when analyzing its operating profitability, as they remove the impact of financing costs, certain non-cash items, income taxes and restructuring costs. As a result, Management considers these measures as useful and comparable benchmarks 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 9 months ended 9 months ended			
(in millions of dollars)	March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024
Net earnings (loss) for the period	2.7	2.0	7.4	(0.1)
Add:				
Finance costs	0.7	0.9	2.3	2.6
Income tax expense (recovery)	0.7	(1.3)	2.4	(2.5)
Depreciation and amortization	2.5	2.3	7.5	8.0
EBITDA	6.6	3.9	19.6	8.0
Interest revenue on long-term receivable (0.4)	-	-	(1.3)	-
Adjusted EBITDA	6.2	3.9	18.3	8.0
Contract Revenue	50.0	48.2	141.9	135.9
Adjusted EBITDA margin (%) ⁽¹⁾	12.4	8.2	12.9	5.9

(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 9 months ended 9 months ended			
(in millions of dollars)	March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024
Contract revenue	50.0	48.2	141.9	135.9
Cost of contract revenue (including depreciation)	44.0	41.8	121.2	122.2
Less depreciation	(2.3)	(2.1)	(6.8)	(7.2)
Add gain on disposal of property, plant and equipment -	-	-	0.1	0.2
Direct costs	41.7	39.7	114.5	115.2
Adjusted gross profit	8.3	8.5	27.4	20.7
Adjusted gross margin (%) ⁽¹⁾	16.5	17.6	19.3	15.3

(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 187 drill rigs and approximately 1,100 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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