

Orbit Garant Drilling Reports Fiscal 2015 Fourth Quarter and Year-end Financial Results

VAL-D'OR, QC, Sept. 22, 2015 /CNW/ - Orbit Garant Drilling Inc. (TSX: OGD) ("Orbit Garant" or the "Company") today announced its financial results for the fourth quarter and fiscal year ended June 30, 2015 ("Fiscal 2015"). All dollar amounts are in Canadian currency unless otherwise stated. Percentage calculations are based on numbers in the financial statements and may not correspond to rounded figures presented in this news release.

Fourth Quarter Summary

(\$ amounts in millions, except per share amounts)	Three months ended Jun. 30, 2015	Three months ended Jun. 30, 2014	Year ended Jun. 30, 2015	Year ended Jun. 30, 2014
Revenue	\$22.8	\$20.2	\$79.0	\$71.5
Gross profit	\$1.6	\$1.8	\$3.2	\$3.8
Gross margin (%)	7.1	8.4	4.1	5.2
Adjusted gross margin (%)*	16.4	20.5	15.2	18.5
EBITDA**	\$0.3	\$1.9	\$1.8	\$3.4
Net loss	\$2.0	\$0.8	\$7.4	\$6.3
Net loss per share				
- Basic and diluted	\$0.06	\$0.02	\$0.22	\$0.19
Total metres drilled	252,815	234,287	892,875	825,271

* In accordance with IFRS, reported gross profit and margin include certain depreciation expenses. For comparative purposes, adjusted gross margin is also shown excluding these depreciation expenses.

** EBITDA is defined as earnings before interest, taxes, depreciation and amortization.

"During Fiscal 2015, we achieved four consecutive quarters of year-over-year growth in our domestic drilling revenue, which we believe is an indicator of the stabilization of our core business in Canada. We are encouraged by our 10.4 percent overall revenue growth in Fiscal 2015, marking our first full year of top line growth since the industry downturn began in the second half of calendar 2012," said Eric Alexandre, President and CEO of Orbit Garant. "Our gross margin and bottom line results continue to reflect the highly competitive pricing environment resulting from current industry conditions. We have maintained disciplined cost controls and have paid down debt throughout this market downturn, while improving, where possible, our core competitive strengths, so that we are well positioned to capture market share as industry conditions improve."

"Our computerized monitoring and control drilling technology is a good example of a key competitive differentiator that we continue to advance. This next generation technology continues to draw interest from customers around the world and we currently have all 24 of our computerized drill rigs deployed on customer project sites," added Mr. Alexandre. "We have also invested in strengthening our international market presence with new subsidiaries in Chile and Ghana. We achieved an important milestone in Fiscal 2015 in commencing work on our first project in Chile. We see opportunities in this market and we have made significant inroads with our market development activities to date. West Africa is another important international market for us and we are now well positioned to service customers in this region from our base in Ghana. Finally, we are about to reach another important international milestone, as we expect to commence work on our first project in Kazakhstan within the next month with a senior mining customer."

"Looking ahead, we will continue to maintain financial discipline in managing our costs and balance sheet to ensure we have the financial flexibility to exploit market opportunities. We will also strategically invest in our operational growth platform," continued Mr. Alexandre. "Orbit Garant has a long history of mineral drilling expertise. Our extensive field experience, technical knowledge and constant focus on innovation and customized solutions are well known in Canada. We are confident that we can successfully penetrate these new international markets and establish greater long-term value creation potential for our stakeholders as industry conditions improve."

Fourth Quarter Results

For the three months ended June 30, 2015 ("Q4 FY2015"), revenue totalled \$22.8 million, an increase of 12.4% from \$20.2 million for the three-month period ended June 30, 2014 ("Q4 FY2014"). Drilling Canada revenue increased 7.8% to \$21.6 million, up from \$20.0 million in Q4 FY2014, reflecting increased metres drilled and the sale of two drill rigs during the quarter. Drilling International revenue increased to \$1.2 million in Q4 FY2015, up from \$0.2 million in Q4 FY2014. The \$1.0 million increase is attributable to the Company's new drilling contract in Chile, which commenced during the second quarter of Fiscal 2015. Orbit Garant's fleet drilled a total of 252,815 metres in Q4 FY2015, an increase of 7.9% from 234,287 metres drilled in Q4 FY2014. Average revenue per metre drilled was \$87.59 compared to \$85.33 in Q4 FY2014. Average revenue per metre drilled remains at the lower end of the Company's trailing three-year range, primarily due to current conditions in the mineral industry, which has resulted in pricing pressure from customers.

Gross profit for Q4 FY2015 decreased to \$1.6 million from \$1.8 million in Q4 FY2014. Gross margin for Q4 FY2015 was 7.1% compared with 8.4% in Q4 FY2014. In accordance with IFRS, depreciation expenses totalling \$2.1 million are included in cost of contract revenue for Q4 FY2015, compared to \$2.4 million in Q4 FY2014. Adjusted gross margin, excluding depreciation expenses, was 16.4% in Q4 FY2015 compared to 20.5% in Q4 FY2014. The decline in gross profit, gross margin and adjusted gross margin is primarily attributable to the Company incurring additional project related costs, new operating subsidiaries in Chile and Ghana, the temporary suspension of operations at the Company's Chilean project site due to local area flooding caused by heavy rains, and start-up costs related to a new international drilling project in Kazakhstan.

General and administrative ("G&A") expenses totalled \$3.7 million, or 16.0% of revenue, in Q4 FY2015, compared to \$2.4 million, or 11.7% of revenue, in Q4 FY2014. A one-time gain of \$1.0 million, associated with the reversals of portions of contingent earn-out

considerations related to the Company's acquisitions of Advantage Control Technologies (1085820 Ontario Limited) and Lantech Drilling Services Inc., reduced G&A expenses in Q4 FY2014. In accordance with IFRS, depreciation and amortization expenses of \$0.4 million are included in G&A expenses for Q4 FY2015, compared to \$0.3 million in Q4 FY2014. Adjusted G&A expenses, excluding the reversal of contingent earn-out considerations noted above, and depreciation and amortization expenses, were \$3.2 million, or 14.2% of revenue, in Q4 FY2015, compared to \$3.1 million, or 15.2% of revenue, in Q4 FY2014. Additional G&A expenses have been incurred to support the Company's new operating subsidiaries in Chile and West Africa, which were both opened during the first quarter of Fiscal 2015.

Earnings before interest, taxes, depreciation and amortization ("EBITDA")¹ was \$0.3 million in Q4 FY2015, compared to \$1.9 million in the fourth quarter a year ago.

The Company's net loss for Q4 FY2015 was \$2.0 million, or \$0.06 per common share, compared to a net loss of \$0.8 million, or \$0.02 per share, in Q4 FY2014. The increased net loss was primarily attributable to lower gross margins in Q4 FY2015 and the one-time gain of \$1.0 million associated with the reversal of portions of contingent earn-out considerations in Q4 FY2014, as discussed above.

Fiscal 2015 Results

For Fiscal 2015, revenue increased 10.4% to \$79.0 million, compared to \$71.5 million for the fiscal year ended June 30, 2014 ("Fiscal 2014"). Revenue growth was primarily attributable to an increase in metres drilled in Canada and the sale of six new drill rigs in the second half of Fiscal 2015, partially offset by a decline in international drilling revenue. During Fiscal 2015, Orbit Garant drilled 892,875 metres, an 8.2% increase from 825,271 metres drilled during Fiscal 2014. The growth in metres drilled reflects an increase in demand from customers. The Company's average revenue per metre drilled in Fiscal 2015 was \$86.01 compared to \$85.17 in Fiscal 2014. Average revenue per metre drilled remains at the low end of the Company's trailing three-year range, primarily due to current conditions in the mineral industry, which has resulted in pricing pressure from customers.

Gross profit for Fiscal 2015 was \$3.2 million, compared to \$3.8 million in Fiscal 2014. Gross margin for Fiscal 2015 decreased to 4.1% compared to 5.2% in Fiscal 2014. In accordance with IFRS, depreciation expenses totalling \$8.8 million are included in cost of contract revenue for Fiscal 2015, compared to \$9.5 million for Fiscal 2014. Adjusted gross margin, excluding depreciation expenses, decreased to 15.2% in Fiscal 2015, from 18.5% in Fiscal 2014. The decrease in gross profit, gross margin and adjusted gross margin is attributable to competitive pressures that have affected contract pricing terms and resulted in the Company incurring additional project related costs, costs incurred to set up international operating subsidiaries in Chile and Ghana, start-up costs of new international drilling projects in Chile and Kazakhstan, and the temporary suspension of operations at the Company's project site in Chile due to local area flooding caused by heavy rains.

G&A expenses were \$12.0 million for Fiscal 2015, compared to \$11.4 million in Fiscal 2014. G&A expenses represented 15.2% of revenue during Fiscal 2015, compared to 16.0% in Fiscal 2014. A one-time gain of \$0.2 million, associated with the reversal of a portion of a contingent earn-out consideration related to the Company's acquisition of Lantech Drilling Services Inc. in December 2011, reduced G&A expenses in Fiscal 2015. A one-time gain of \$1.0 million, associated with the reversal of portions of contingent earn-out considerations related to the Company's acquisitions of Advantage Control Technologies in November 2010 and Lantech Drilling Services Inc., reduced G&A expenses in 2014. Adjusted G&A expenses, excluding gains associated with the reversal of portions of contingent earn-out considerations, and depreciation and amortization expenses, totalled \$10.5 million, or 13.4% of revenue, for Fiscal 2015, compared to \$10.9 million, or 15.2% of revenue, for Fiscal 2014. The decrease in adjusted G&A expenses resulted from the actions taken by the Company to reduce expenses due to current market conditions, despite additional administrative costs incurred to support the Company's new offices in Chile and West Africa.

EBITDA¹ was \$1.8 million in Fiscal 2015, compared to \$3.4 million in Fiscal 2014.

The net loss in Fiscal 2015 totalled \$7.4 million, or \$0.22 per common share, compared to \$6.3 million, or \$0.19 per share, in Fiscal 2014. Reduced international revenue in the first half of Fiscal 2015, lower gross margins, and international market development expenses as discussed above, contributed to the Company's net loss in Fiscal 2015. Moreover, a reversal of portions of contingent earn-out considerations generated a gain of \$0.2 million in Fiscal 2015, compared to a gain of \$1.0 million in Fiscal 2014.

During Fiscal 2015, the Company repaid a net amount of \$1.0 million on its \$25.0 million revolving credit facility. As at June 30, 2015, the Company's long-term debt, including the current portion, was \$7.4 million compared to \$8.5 million at June 30, 2014. Orbit Garant had working capital of \$43.5 million as at June 30, 2015 (\$37.1 million as at June 30, 2014), and 33,276,519 common shares issued and outstanding.

Orbit Garant also announced that Guthrie Stewart, Chairman of the board, has advised the board that due to his recent appointment as an officer of The Public Sector Pension Investment Board (PSP Investments), he does not intend to stand for re-election at the upcoming Annual and Special Meeting of the Company, to be held on November 24, 2015 in Montréal. The Corporate Governance and Compensation Committee has recommended to the board that current director Paul Carmel be appointed Chairman, effective immediately after and assuming his re-election as a director at the Annual Meeting.

Orbit Garant's audited consolidated financial statements and management's discussion and analysis for the fourth quarter and Fiscal year ended June 30, 2015 are available via the Company's website at www.orbitgarant.com or SEDAR at www.sedar.com.

Conference call

Eric Alexandre, President and CEO, and Alain Laplante, Vice President and CFO, will host a conference call for analysts and investors on Wednesday, September 23, 2015 at 10:00 a.m. (ET). The dial-in numbers for the conference call are 647-427-7450 or 1-888-231-8191. A live and archived webcast of the call will be accessible via Orbit Garant's website at <http://www.orbitgarant.com/en/sites/fog/investors.aspx>

To access a replay of the conference call dial 416-849-0833 or 1-855-859-2056, passcode: 31550419. The replay will be available

until September 30, 2015.

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 209 drill rigs and more than 600 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

(1) Management believes that EBITDA is a useful supplemental measure of operating performance before interest, taxes, depreciation and amortization. However, EBITDA is not a recognized earnings measure under IFRS and does not have a standardized meaning prescribed by IFRS. Investors are cautioned that EBITDA should not be construed as an alternative to net income or loss (which is determined in accordance with IFRS) as an indicator of the performance of the Company or as a measure of liquidity and cash flows. The Company's method of calculating EBITDA may differ materially from the methods used by other public companies and, accordingly, may not be comparable to similarly named measures used by other public companies.

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.

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