

Capital Drilling Ltd

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Capital Drilling highlights "a year of significant progress" as it reveals 2018 revenue, profit growth

Capital Drilling Ltd (LON:CAPD) executive chairman Jamie Boyton spoke of "a year of significant progress" as the mining contractor released results for 2018.

The group reported US\$116m of revenue, slightly above guidance of US\$105m to US\$115m, while underlying earnings (EBITDA) rose by 16% to US\$28.3m. Operating cash flow increased by 9% to US\$22.5m from US\$20.7m in the prior year. Net profit was reported at US\$7.7m which represented a 48% improvement from the US\$5.2m achieved in 2017.

It finished the year with net cash of US\$10.9m, up 122% on 2017, and announced a 25% increase to the final dividend to 1.5 US cents per share to be paid on 3 May.

WATCH: Improved performance 'a validation' of Capital Drilling's strategy Boynton said: "Capital Drilling enjoyed a year of significant progress with record net cash generated from our assets, a further strengthening of the balance sheet, as well as key strategic growth into West Africa."

He added: "The quality of our business mix further improved with extensions to a number of our long-term drilling contracts, ARPOR remaining consistently robust, whilst utilisation saw a further improvement in the second half of the year, particularly with our exploration rig fleet.

"All of these metrics were underpinned by an exceptional safety record with zero LTIs and a halving of our AIFR to an industry leading 0.45, which demonstrates the management's focus on our goal of a zero harm strategy."

Looking to the current year, Capital Drilling said it anticipates revenue of between US\$110m and US\$120m and noted that its business is underpinned by existing contracts.

The company expects to benefit from investments made in 2018, including new infrastructure and maintaining a high-quality rig fleet.

Boyton concluded: "The outlook for 2019 remains encouraging, albeit amidst mixed market drivers, specifically supportive commodity prices, in particular gold which represents circa 90% of group revenue, offset by continued weak capital markets that impacted the funding for exploration activity.

"Our significantly increased presence in the key West African markets provides optimism for further contract wins over the year ahead."

Price: 53.5p

Market Cap: £72.66M

1 Year Share Price Graph



March 2018 August 2018 March 2019

Share Information

Code: CAPD

Listing: LSE

52 week High Low
57.00p 33.50p

Sector: Support Services

Website: www.capdrill.com

Company Synopsis:

At Capital, we provide complete exploration and production drilling solutions to customers within the global minerals industry, with a focus on the African markets. Our services include: blast hole, directional, grade control, resource development and underground drilling services, together with geo-technical capabilities.

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