

Capital Drilling Ltd

08:00 15 Oct 2019

Capital Drilling highlights quarter-on-quarter growth as it gears up for busier end to 2019

Capital Drilling Limited (LON:CAPD) highlighted a 6.1% increase in quarter-on-quarter revenue as it released a Q3 update and told investors it is trading in-line with expectations.

The rig contractor, in a statement, said it is "well on track" to hit full-year revenue guidance of US\$110m to US\$120m.

It highlighted that increasing activity is expected through the remainder of this year which will see revenues further increase in the fourth quarter.

The Q3 update revealed revenue of US\$29.4m, which was a 6.1% improvement on Q2 but a 5.2% decline on the same three months of 2018.

READ: Capital Drilling wins first full service mining contract

Rig rates, measured as 'average monthly revenue per rig', were marked at US\$174,000 in the quarter versus US\$198,000 a year ago. This reflected a temporary reduction in drilling activities at Acacia's North Mara gold mine in Tanzania, where the government has suspended the use of tailings facilities - an issue which has subsequently been resolved.

Fleet utilisation remained fairly consistent with 48 rigs running, as there were in Q2, compared to 49 in the 2018 period. Capital Drilling retains a fleet of 92 rigs.

The company noted that it ended the quarter with US\$2.5m of cash, and declared an interim dividend of 0.7 cents per share for the first half of 2019.

Capital Drilling chief executive Jamie Boyton commented: "In the first nine months of 2019 Capital Drilling has positioned itself for further growth, which is now bearing fruit with strong exploration contracting and mobilisation activity and, as recently announced, broadening our service offering with the award of our first comprehensive mining services contract with Allied Gold Corp at their Bonikro gold project.

He added: "Our West African growth strategy continues to pay dividends, with a record number of contracts commencing in Q4. During the quarter, we have invested to support the new contracts, and we are confident that Capital Drilling is building a stronger, broader revenue base as a result.

"With increasing activity levels already seen in Q4, underpinned by high-quality long term contracts, we are optimistic of a solid performance for the remainder of the year as well as into 2020."

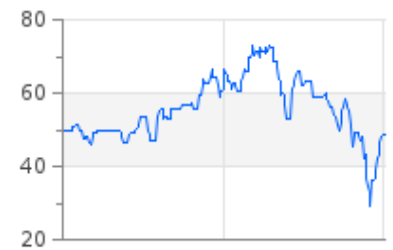
A busier fourth quarter

In the trading update, Capital Drilling noted that it has a strong pipeline of work including three new exploration contracts commencing in the fourth quarter - for Mali Lithium (in Mali), Perseus Mining (in Côte d'Ivoire) and Tanga Resources (Namibia).

Price: 48.5

Market Cap: £66.44 m

1 Year Share Price Graph



April 2019 October 2019 April 2020

Share Information

Code: CAPD

Listing: LSE

52 week	High	Low
	75	25

Sector: Business & education services

Website: www.capdrill.com

Company Synopsis:

At Capital, we provide full service drilling solutions to customers within the global minerals industry, focussing on the African markets. Our drilling services include: blast hole, delineation, directional, exploration, grade control and underground drilling.

action@proactiveinvestors.com

It is also starting work on seven previously announced contracts - Allied Gold Corp (Côte d'Ivoire), Arrow Minerals (Burkina Faso), Awale Resources (Côte d'Ivoire), Compass Gold Corp (Mali), Desert Gold Ventures (Mali), Golden Rim Resources (Burkina Faso) and Thor Explorations Ltd (Nigeria).

Meanwhile operations continue under long term site contracts such as its deals with Centamin, at the Sukari mine, and AngloGold Ashanti's Geita mine in Tanzania, Capital Drilling said.

Proactive Investors facilitate the largest global investor network across 4 continents in 4 languages. With a team of analysts journalists & professional investors Proactive produce independent coverage on 1000's of companies across every sector for private investors, private client brokers, fund managers and international investor communities.

Contact us +44 (0)207 989 0813 action@proactiveinvestors.com

No investment advice

The Company is a publisher. You understand and agree that no content published on the Site constitutes a recommendation that any particular security, portfolio of securities, transaction, or investment strategy is suitable or advisable for any specific person. You understand that the Content on the Site is provided for information purposes only, and none of the information contained on the Site constitutes an offer, solicitation or recommendation to buy or sell a security. You understand that the Company receives either monetary or securities compensation for our services. We stand to benefit from any volume which any Content on the Site may generate.

You further understand that none of the information providers or their affiliates will advise you personally concerning the nature, potential, advisability, value, suitability or profitability of any particular security, portfolio of securities, transaction, investment, investment strategy, or other matter.

You understand that the Site may contain opinions from time to time with regard to securities mentioned in other products, including Company-related products, and that those opinions may be different from those obtained by using another product related to the Company. You understand and agree that contributors may write about securities in which they or their firms have a position, and that they may trade such securities for their own account. In cases where the position is held at the time of publication and such position is known to the Company, appropriate disclosure is made. However, you understand and agree that at the time of any transaction that you make, one or more contributors may have a position in the securities written about. You understand that price and other data is supplied by sources believed to be reliable, that the calculations herein are made using such data, and that neither such data nor such calculations are guaranteed by these sources, the Company, the information providers or any other person or entity, and may not be complete or accurate.

From time to time, reference may be made in our marketing materials to prior articles and opinions we have published. These references may be selective, may reference only a portion of an article or recommendation, and are likely not to be current. As markets change continuously, previously published information and data may not be current and should not be relied upon.

The Site does not, and is not intended to, provide investment, tax, accounting, legal or insurance advice, and is not and should not be construed as providing any of the foregoing. You should consult an attorney or other relevant professional regarding your specific legal, tax, investment or other needs as tailored to your specific situation.

In exchange for publishing services rendered by the Company on behalf of Capital Drilling Ltd named herein, including the promotion by the Company of Capital Drilling Ltd in any Content on the Site, the Company receives from said issuer annual aggregate cash compensation in the amount up to Twenty Five Thousand dollars (\$25,000).