

Capital Limited

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Capital Drilling says coronavirus impact remains unquantifiable as it posts full-year results

Capital Drilling Ltd (LON:CAPD) chair Jamie Boyton has told investors that the impact of the coronavirus (Covid-19) pandemic remains unquantifiable for the company at present as the company posted its full-year results.

Given that travel bans are increasingly being imposed, the company noted uncertainty in regard to equipment mobilisation, movement of teams and continuity of supply chain.

Whilst the company doesn't yet know all the specific impacts, Boyton noted: "Capital Drilling will remain vigilant in implementing changes to the operation of our existing robust and flexible business model, however, our principal concern remains the wellbeing and safety of our staff."

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Boynton said the company is anticipating that exploration activity to soften, because junior mining firms (which are responsible for a lot of exploration) will find it difficult to access capital markets.

"Conversely producers are likely to continue to experience increased cash flows from operations," he added.

"As such, our focus on having a large proportion of our business derived from recurring mine-site revenue, particularly within the gold sector, provides reassurance during this time of uncertainty."

The Capital Drilling boss continued: "Given the rapidly evolving nature of the COVID-19 outbreak, and the uncertainties associated with it, we remain cautious in providing guidance and will provide an update when the situation stabilises.

"We are closely monitoring the global environment and its impact on our business and have accordingly taken a prudent approach and reduced our final dividend payment for the 2019 period.

"In this period of heightened uncertainty we remain confident in our robust operating platform and strong financial position and will keep shareholders fully informed of any changes as they develop."

Full-year results for 2019

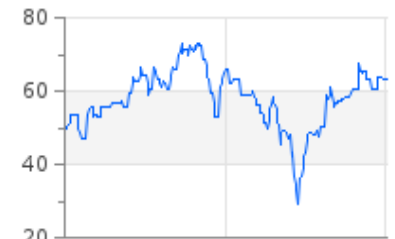
Capital Drilling reported US\$114.8mIn of revenue for full-year 2019, in line with its prior guidance for US\$110mIn to US\$120mIn.

It highlighted a strong net cash position at year-end with US\$4.4mIn and noted that its capital expenditure in the year was focused on building a growth platform for 2020 and 2021.

Price: 63

Market Cap: £86.3 m

1 Year Share Price Graph



July 2019 December 2019 June 2020

Share Information

Code: CAPD

Listing: LSE

52 week High Low
75 25

Sector: Business & education services

Website: www.capdrill.com

Company Synopsis:

We provide full-service mining, drilling, maintenance and geochemical analysis solutions to customers within the global minerals industry, focussing on the African markets. Our services extend across the mining cycle, from initial exploration drilling to load and haul, providing our customers with a fully integrated mining services solution.

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The company noted a significant increase in profitability and a strong balance sheet. It ended 2019 with US\$17.6mIn of cash and equivalents.

Net profit increased by 34% to US\$10.4mIn for the year, up from US\$7.7mIn in 2018, while underlying earnings (EBITDA) reduced by 4% to US\$27.3mIn.

The company confirmed it would pay a final dividend of 7 cents per share.

"The performance of Capital Drilling in 2019 was one of significant progress on a number of key aspects of our growth strategy, which saw rig utilisation increase to a four year high, a broadening of our services into load and haul, significant investment into our fleet and operations, and a further consolidation of our leading position in the rapidly growing West African market," Boyton commented.

"The building of this platform for our next phase of growth was achieved alongside our focus on shareholder returns as we continued to reward shareholders with a final dividend as well delivering a 35% increase in earnings per share during this financial year."

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