

## Major Drilling Reports First Quarter Results for Fiscal 2019

**MONCTON, New Brunswick (September 4, 2018)** – Major Drilling Group International Inc. (TSX: MDI) today reported results for its first quarter of fiscal year 2019, ended July 31, 2018.

### Highlights

In millions of Canadian dollars (except loss per share)	Q1-19	Q1-18
Revenue	\$98.5	\$84.0
Gross profit	23.4	16.8
As percentage of revenue	23.8%	20.0%
EBITDA <sup>(1)</sup>	10.1	5.3
As percentage of revenue	10.3%	6.3%
Net loss	(2.5)	(6.9)
Loss per share	(0.03)	(0.09)

(1) Earnings before interest, taxes, depreciation and amortization (see “non-GAAP financial measure”)

- Quarterly revenue was \$98.5 million, up 17% from the \$84.0 million recorded for the same quarter last year.
- Gross margin percentage for the quarter was 23.8%, compared to 20.0% for the corresponding period last year.
- EBITDA was \$10.1 million, increasing by 91% from the same quarter last year.
- Net cash increased \$0.3 million during the quarter to \$2.2 million.
- Net loss was \$2.5 million or \$0.03 per share for the quarter, compared to a net loss of \$6.9 million or \$0.09 per share for the prior year quarter.

“Despite the recent volatility of commodity prices, activity levels continued to grow this quarter,” said Denis Larocque, President and CEO of Major Drilling Group International Inc. “This growth was led by our international operations as South and Central American revenue was up 41% and Asian and African revenue was up 58% compared to last year. In Canada - U.S., our revenue was relatively flat as we concentrated on higher margin contracts due to the high level of labour utilization experienced in these operations, while still facing competitive pressures. With the market improving and our continued efforts on recruitment and training, we should see revenue start to grow in these regions in the coming quarters.”

“While pricing continues to improve in all regions, overall margins were impacted this quarter by seasonal transition costs in South and Central America. Although price improvements will initially be offset to some extent by an increase in consumables and labour costs, the utilization rate increase will help absorb more of our fixed operational costs, giving considerable leverage to improve profits as we move forward.”

“The Company continues to have a strong balance sheet with a net cash position (net of debt) of \$2.2 million at the end of the quarter. Capital expenditures were \$5.8 million this quarter, as we added six new rigs to our fleet, while disposing of seven older, inefficient rigs,” added Mr. Larocque.

“Going into our second quarter, the upward trend in activity levels continues. Despite the recent drop in commodity prices, most senior mining companies are continuing with their original plans as they work to replace their mineral reserves. Ten of the top senior gold mining companies have seen their mineral reserves decrease by almost 15% over the last two years. As well, many industry experts expect the copper market will face a deficit position in the next few years, due to the continued production and high grading of mines, combined with the lack of exploration work conducted to replace reserves.”

“We believe that most commodities will face an imbalance between supply and demand as mining reserves continue to decrease due to the lack of exploration. Therefore, it is expected that at some point in the near future, the need to develop resources in areas that are increasingly difficult to access will significantly increase, at which time we expect to see a resurgence in demand for specialized drilling.”

“We are continuing to make investments in innovation directed towards increased productivity, safety and meeting customers’ demands, including mobile solutions in the field, providing tools to our crews necessary to excel in these areas. This falls in line with the enhancement of our recruiting and training systems as we bring in a new generation of employees,” said Mr. Larocque.

### **First quarter ended July 31, 2018**

Total revenue for the quarter was \$98.5 million, up 17.3% from revenue of \$84.0 million recorded in the same quarter last year, despite the unfavourable foreign exchange translation impact for the quarter, when comparing to the effective rates for the same period last year, estimated at \$2 million on revenue, with a negligible impact on net earnings.

Revenue for the quarter from Canada - U.S. drilling operations decreased by 1.7% to \$51.3 million, compared to the same period last year.

South and Central American revenue increased by 41.3% to \$26.7 million for the quarter, compared to the same quarter last year, due to increased activity levels in most regions.

Asian and African operations reported revenue of \$20.4 million, up 58.1% from the same period last year, driven by stronger activity in most areas, particularly in Indonesia.

The overall gross margin percentage for the quarter was 23.8%, up from 20.0% for the same period last year. While pricing continues to improve in all regions, overall margins were impacted by seasonal transition costs in South and Central America.

General and administrative costs were up 3% from the same quarter last year at \$12.4 million. Although staffing levels and salaries have increased as the industry ramps up and the Company invests in recruitment and information technology, general and administrative expenses as a percentage of revenue have decreased to 12.6% for the current quarter compared to 14.3% for the same period last year.

The income tax provision for the quarter was an expense of \$1.2 million compared to a recovery of \$0.4 million for the prior year period. Tax expense for the quarter was impacted by non-tax affected losses and non-deductible expenses.

Net loss was \$2.5 million or \$0.03 per share (\$0.03 per share diluted) for the quarter, compared to a net loss of \$6.9 million or \$0.09 per share (\$0.09 per share diluted) for the prior year quarter.

The Annual General Meeting of the shareholders of Major Drilling Group International Inc. will be held at McCarthy Tétrault, Suite 2500, 1000 De La Gauchetière Street West, Lafleur Room, Montréal, Québec, on Friday, September 7, 2018 at 3:00pm EDT.

## **Non-GAAP Financial Measure**

The Company uses the non-GAAP financial measure, EBITDA. The Company believes this non-GAAP financial measure is key, for both management and investors, in evaluating performance at a consolidated level. EBITDA is commonly reported and widely used by investors and lending institutions as an indicator of a company's operating performance and ability to incur and service debt, and as a valuation metric. This measure does not have a standardized meaning prescribed by GAAP and therefore may not be comparable to similarly titled measures presented by other publicly traded companies, and should not be construed as an alternative to other financial measures determined in accordance with GAAP.

## **Forward-Looking Statements**

Some of the statements contained in this news release may be forward-looking statements, such as, but not limited to, those relating to: worldwide demand for gold and base metals and overall commodity prices; the level of activity in the mining industry and the demand for the Company's services; the Canadian and international economic environments; the Company's ability to attract and retain customers and to manage its assets and operating costs; sources of funding for its clients (particularly for junior mining companies); competitive pressures; currency movements (which can affect the Company's revenue in Canadian dollars); the geographic distribution of the Company's operations; the impact of operational changes; changes in jurisdictions in which the Company operates (including changes in regulation); failure by counterparties to fulfill contractual obligations; and other factors as may be set forth as well as objectives or goals including words to the effect that the Company or management expects a stated condition to exist or occur. Since forward-looking statements address future events and conditions, by their very nature, they involve inherent risks and uncertainties. Actual results in each case could differ materially from those currently anticipated in such statements by reason of factors such as, but not limited to, the factors set out in the discussion on pages 13 to 16 of the 2018 Annual Report entitled "General Risks and Uncertainties", and such other documents as available on SEDAR at [www.sedar.com](http://www.sedar.com). All such factors should be considered carefully when making decisions with respect to the Company. The Company does not undertake to update any forward-looking statements, including those statements that are incorporated by reference herein, whether written or oral, that may be made from time to time by or on its behalf, except in accordance with applicable securities laws.

## **About Major Drilling**

Major Drilling Group International Inc. is one of the world's largest drilling services companies primarily serving the mining industry. Established in 1980, Major Drilling has over 1,000 years of combined experience within its management team alone. The Company maintains field operations and offices in Canada, the United States, Mexico, South America, Asia, Africa and Europe. Major Drilling provides a complete suite of drilling services including surface and underground coring, directional, reverse circulation, sonic, geotechnical, environmental, water-well, coal-bed methane, shallow gas, underground percussive/longhole drilling, surface drill and blast, and a variety of mine services.

## **Webcast/Conference Call Information**

Major Drilling Group International Inc. will provide a simultaneous webcast and conference call to discuss its quarterly results on Wednesday, September 5, 2018 at 9:00 AM (EDT). To access the webcast, which includes a slide presentation, please go to the investors/webcast section of Major Drilling's website at [www.majordrilling.com](http://www.majordrilling.com) and click on the link. Please note that this is listen-only mode.

To participate in the conference call, please dial 416-340-2216 and ask for Major Drilling's First Quarter Results Conference Call. To ensure your participation, please call in approximately five minutes prior to the scheduled start of the call.

For those unable to participate, a taped rebroadcast will be available approximately one hour after the completion of the call until midnight, Wednesday, September 19, 2018. To access the rebroadcast, dial 905-694-9451 and enter the passcode 1815035#. The webcast will also be archived for one year and can be accessed on the Major Drilling website at [www.majordrilling.com](http://www.majordrilling.com).

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