FORACO

NEWS RELEASE

FORACO INTERNATIONAL REPORTS Q4 2020

Toronto, Ontario/Marseille, France – Thursday March 4, 2021. Foraco International SA (TSX:FAR) (the "Company" or "Foraco"), a leading global provider of mineral drilling services, today released its unaudited financial results for the fourth quarter 2020. All figures are expressed in US Dollars (US$) unless otherwise indicated.

"2020 has been incredibly challenging for billions of people and many parts of the world economy have been badly impacted: indeed our first thoughts go to those who have lost beloved ones, are in pain or lost their job. We together with most of our customers have been fortunate to be spared by most of Covid-19 pandemic adverse economic consequences. The pandemic irruption early 2020 slowed down our activity for a couple of months but growth resumed during the second part of the year and we are pleased to report a 2020 revenue at USD 207 million, 1% above the USD 205 million recorded in 2019 and 8% at constant exchange rates. In Q4 2020, we generated USD 54.2 million in revenue, an increase of 12% compared to USD 48.4 million in Q4 2019. The rigs utilization rate reached an average of 53% in Q4 2020 compared to 45% in Q4 2019. As at December 31, 2020, our order backlog was USD 270.1 million of which USD 174.1 million to be executed in 2021 vs USD 158.1 million last year. " said Daniel Simoncini, Chairman and Co-CEO. "We would like to thank the Foraco family for our solid performances during this extraordinary period and our customers for their growing trust into Foraco. Going forward, the metals market will be driven by both economic growth, and by the global transition to Green Energy which will increase the need for key resources like copper, nickel, lithium, cobalt, etc, and will demand a growing attention to water management. At Foraco, we are well organized and ready to be part of this evolution".

"We are pleased to report an EBITDA of USD 34.1 million for 2020 versus USD 29.3 million in 2019, an increase of 16% year -on-year. In the fourth quarter of 2020, we recorded an EBITDA of USD 7.8 million compared to the USD 8.2 million reported in Q4 2019, a slight decrease linked to mobilization and phasing of contracts. Over the full year 2020, we recorded solid performances on contracts, and we posted a net profit of USD 7.6 million for 2020." said Jean-Pierre Charmensat Co-CEO and Chief Financial Officer. "We generated a free cash flow before debt service of USD 20.1 million this year versus USD 11.4 million in 2019. Our net debt was impacted by the foreign exchange rates fluctuations and went from USD 128.9 million in 2019 to USD 136.2 million in 2020. Given the continuing improvement of our financial situation and the sustained demand for commodities, we are progressing with our lenders to refinance our outstanding secured bonds due in May 2022, which may involve new sources of funds with the goal of deleveraging our balance sheet and improving the terms of and extending the maturity of our debt."

Highlights – Q4 2020

Revenue

- Revenue of the period amounted to US$ 54.2 million compared to US$ 48.4 million in Q4 2019, a 12% increase. At constant exchange rates the Q4 2020 revenue increased by 17% vs Q4 2019

- The rigs utilization rate reached 53% in Q4 2020 compared to 45% in Q4 2019.

Profitability

- The Q4 2020 gross margin including depreciation within cost of sales was US$ 9.0 million (or 16.5% of revenue) compared to US$ 8.9 million (or 18.4% of revenue) in Q4 2019. Ongoing contracts reported solid performances while some new contracts in mobilization phase generated lower percentage of gross margin.

- During the quarter, EBITDA amounted to US$ 7.8 million (or 14.5% of revenue), compared to US$ 8.2 million (or 17.0% of revenue) for the same quarter last year.

- The Free Cash Flow for the period was US$3.9 million.

Highlights – FY 2020

Revenue

- After a stand-by period due to the Covid-19 pandemic which slowed down the activity in the first part of 2020, growth resumed during the second part of the year. FY 2020 revenue reached US$ 207.1 million compared to US$ 205.4 million in FY 2019 an increase of 1%. Excluding foreign exchange variances, revenue increased by 8% compared to the same period last year.

Profitability

- FY 2020 gross margin including depreciation within cost of sales was US$ 38.2 million (or 18.5% of revenue) compared to US$ 32.1 million (or 15.6% of revenue) in FY 2019. This improvement results from the combination of higher contribution of the water segment and solid overall performance on contracts despite unprecedented logistic and human challenges linked to Covid-19.

- During the period, EBITDA amounted to US$ 34.1 million (or 16.4% of revenue), compared to US$ 29.3 million (or 14.2% of revenue) for the same period last year.

- The Free Cash Flow of the year was US$17.2 million compared to US$ 8.0 million in FY 2019.

Net debt

- The net debt excluding the impact of the implementation of IFRS 16 was US$ 136.2 million as at December 31, 2020 compared to US$ 128.9 million as at December 31, 2019. The net debt including the impact of IFRS 16 was US$ 141.7 million as at December 31, 2020.

- The net debt position of the company is penalized by non-cash items including adverse foreign exchange variations (US$ 15.1 million) mainly due to the exchange rate between the euro and the dollar and capitalized interests (US$ 6.7 million).

Backlog

- As at December 31, 2020, the Company's order backlog for continuing operations was US$ 270.1 million of which US$ 174.7 million is expected to be executed during the FY 2021. Last year at the same period, the order backlog for continuing operations was US$ 269.1 million of which US$ 158.1 million was expected to be executed during FY 2020.

Selected financial data

(In thousands of US$) *(unaudited)*	**Three-month period ended December 31,**		**Year ended December 31,**	
	2020	**2019**	**2020**	**2019**
Revenue	**54,177**	**48,379**	**207,122**	**205,444**
Gross profit (1)	**8,963**	**8,920**	**38,225**	**32,100**
As a percentage of sales	*16.5%*	*18.4%*	*18.5%*	*15.6%*
EBITDA	**7,846**	**8,230**	**34,054**	**29,251**
As a percentage of sales	*14.5%*	*17.0%*	*16.4%*	*14.2%*
Operating profit / (loss)	**3,377**	**3,584**	**17,185**	**10,951**
As a percentage of sales	*6.2%*	*7.4%*	*8.3%*	*5.3%*
Profit / (loss) for the period	**2,060**	**2,269**	**7,519**	**2,632**
Attributable to:				
Equity holders of the Company	1,604	2,756	4,236	1,085
Non-controlling interests	456	(487)	3,283	1,547
EPS (in US cents)				
Basic	1.79	3.07	4.72	1.21
Diluted	1.74	2.99	4.61	1.18

(1) This line item includes amortization and depreciation expenses related to operations

Financial results

Revenue

(In thousands of US$) - *(unaudited)*	Q4 2020	% change	Q4 2019	FY 2020	% change	FY 2019
Reporting segment						
Mining	45,007	+6%	42,411	169,305	-9%	185,325
Water	9,170	+54%	5,968	37,817	+88%	20,119
Total revenue	***54,177***	***+12%***	***48,379***	***207,122***	***+1%***	***205,444***
Geographic region						
Europe, Middle East and Africa	18,228	+41%	12,931	68,209	+30%	52,386
South America	9,099	-10%	10,145	33,130	-29%	46,404
North America	17,294	+6%	16,245	67,563	-4%	70,499
Asia Pacific	9,556	+6%	9,058	38,220	+6%	36,155
Total revenue	***54,177***	***+12%***	***48,379***	***207,122***	***+1%***	***205,444***

Q4 2020

Revenue of the quarter increased from US$ 48.4 million in Q4 2019 to US$ 54.2 million in Q4 2020 (+12%). Excluding currency fluctuations, revenue increased by 17%.

The long-standing presence of the Company in the water segment enabled it to develop unique applications for the mining sector. These applications which require the use of certain specific assets and which now represent a growing part of the Company's revenue led the management to assess the performance of these activities separately from the mining sector. These activities which include the mining dewatering are classified in the water segment in 2020, the historical figures presented in the table above having been restated to present comparative data in a homogeneous manner.

The 54% increase in revenue in the water segment is the result of (i) the leveraging of the Company's expertise applied to mining dewatering and (ii) the deep-water wells contracts in Africa.

In EMEA revenue for the quarter was US$ 18.2 million compared to US$ 12.9 million in Q4 2019, an increase of 41% (55% excluding foreign exchange variances). All countries increased their level of activity. In Africa, new deep-water wells contracts mobilized in 2019 performed successfully in Q4 2020 and will continue throughout 2021. In Russia, the activity increased by 27% excluding foreign exchange variations and the main important contracts continued through the first part of 2021.

Revenue in South America decreased by 10% (excluding adverse foreign exchange rate variances, revenue increased by 6%) at US$ 9.1 million in Q4 2020 (US$ 10.1 million in Q4 2019). The activity in the region was particularly impacted by the effect of the pandemic which disrupts the commercial and operational activities since Q2 2020.

Activity in North America increased by 6% with revenue at US$ 17.3 million in Q4 2020 compared to US$ 16.2 million in Q4 2019. This increase is mainly due to new contracts which will continue throughout 2020.

In Asia Pacific, Q4 2020 revenue was stable compared to the same period last year at constant foreign exchange rates,

FY 2020

Despite the impact of the Covid-19 pandemic in the first part of the year, FY 2020 revenue amounted to US$ 207.1 million compared to US$ 205.4 million in FY 2019, an increase of 1%. The FY 2020 revenue increased by 8% after adjusting for currency fluctuations.

In EMEA, revenue increased by 30%, to US$ 68.2 million in FY 2020 from US$ 52.4 million in FY 2019. Russia, Africa and France showed improved activity.

Revenue in South America decreased by 29% (11% excluding foreign exchange variance) at US$ 33.1 million in FY 2020 (US$ 46.4 million in FY 2019). The activity in the region was particularly impacted by the Covid-19 pandemic which continued to disrupt the commercial and operational activities throughout the year.

Revenue in North America decreased by 4% to US$ 67.6 million in FY 2020 from US$ 70.5 million in FY 2019. This decrease is mainly due to disruptions affecting a certain number of contracts in Q2 2020 linked to the Covid-19 pandemic. The activities resumed progressively in Q3 2020.

In Asia Pacific, FY 2020 revenue amounted to US$ 38.2 million, an increase of 6%. New contracts were mobilized during the period and will continue through 2021.

Gross profit

(In thousands of US$) - *(unaudited)*	Q4 2020	% change	Q4 2019	FY 2020	% change	FY 2019
Reporting segment						
Mining..	7,406	-9%	8,118	29,347	+2%	28,773
Water	1,557	+94%	802	8,878	*x 1.7*	3,327
Total gross profit / (loss)	***8,963***	***0%***	***8,920***	***38,225***	***19%***	***32,100***

Q4 2020

The Q4 2020 gross margin including depreciation within cost of sales was US$ 9.0 million compared to US$ 8.9 million in Q4 2019.. Ongoing contracts reported solid performances while some new contracts in mobilization phase generated lower percentage of gross margin.

FY 2020

FY 2020 gross margin including depreciation within cost of sales was US$ 38.2 million (or 18.5% of revenue) compared to US$ 32.1 million (or 15.6% of revenue) in FY 2019. This improvement results from the combination of higher contribution of the water segment and solid overall performance on contracts despite unprecedented logistic and human challenges linked to Covid-19.

Selling, General and Administrative Expenses

(In thousands of US$) - *(unaudited)*	Q4 2020	% change	Q4 2019	FY 2020	% change	FY 2019
Selling, general and administrative expenses	5,586	5%	5,336	21,040	-1%	21,149

Q4 2020

SG&A expenses increased by 5% compared to the same quarter last year but decreased in percentage of revenue from 11% to 10.3%.

FY 2020

SG&A expenses decreased by 1% compared to the same period last year.

Operating result

(In thousands of US$) - *(unaudited)*	Q4 2020	% change	Q4 2019	FY 2020	% change	FY 2019
Reporting segment						
Mining	2,765	-19%	3,422	12,122	+31%	9,277
Water.................................	612	x 2.8	162	5,063	x 3.0	1,674
Total operating profit / (loss) .	**3,377**	***-6%***	**3,584**	**17,185**	***+57%***	**10,951**

Q4 2020

The operating profit was US$ 3.4 million in Q4 2020 compared to US$ 3.6 million in Q4 2019.

FY 2020

The operating profit was US$ 17.2 million in FY 2020, a US$ 6.2 million improvement as a result of improved gross margin rate and tight control over SG&A expenses.

Financial position

The following table provides a summary of the Company's cash flows for FY 2020 and FY 2019:

(In thousands of US$)	FY 2020	FY2019
Cash generated by operations before working capital requirements	**34,054**	**29,251**
Working capital requirements	3,349	(637)
Income tax paid (received)	(3,982)	(4,696)
Purchase of equipment in cash	(13,320)	(12,533)
Free Cash Flow before debt servicing	**20,100**	**11,385**
Debt variance	(9,239)	(1,161)
Interests paid	(2,904)	(3,364)
Acquisition of treasury shares	(163)	(19)
Dividends paid to non-controlling interests	(2,536)	(1,046)
Net cash generated / (used in) financing activities	**(14,842)**	**(5,590)**
Net cash variation	**4,576**	**5,795**
Foreign exchange differences	(354)	(830)
Variation in cash and cash equivalents	**4,907**	**4,965**

In 2020, the cash generated from operations before working capital requirements amounted to US$ 34.1 million compared to US$ 29.3 million in 2019.

The working capital decreased by US$3.3 million compared to an increase of US$ 0.6 million in the same period last year.

During the period, the Capex was US$ 13.3 million in cash compared to US$ 12.5 million in FY 2019. The Capex mainly relates to major rigs overhauls, ancillary equipment and rods.

Free cash flow before debt servicing was US$ 20.1 million in FY 2020 compared to US$ 11.4 million in FY 2019.

As at December 31, 2020, cash and cash equivalents totaled US$ 21.0 million compared to US$ 16.1 million as at December 31, 2019. Cash and cash equivalents are mainly held at or invested within top tier financial institutions.

As at December 31, 2020, net debt excluding IFRS 16 implementation amounted to US$ 136.2 million (US$ 128.9 million as at December 31, 2019). The net debt position of the Company is penalized by non-cash items including adverse foreign exchange variations (US$ 15.1 million) mainly due to the exchange rate between the euro and the dollar and capitalized interests (US$ 6.7 million).

Bank guarantees as at December 31, 2020 totaled US$ 8.1 million compared to US$ 6.5 million as at December 31, 2019. The Company benefits from a confirmed contract guarantee line of € 12.7 million (US$ 15.6 million).

Going concern and impairment testing

After a stand-by period due to the Covid-19 pandemic which slowed down the activity in the first part of 2020, growth resumed during the second part of the year. The fiscal year 2020 revenue exceeded that of fiscal year 2019. Key profitability indicators also improved year-on-year.

On this basis, taking into consideration the market for commodities supported by the demand from the global energy transition and for water management, the Company believes that it will have adequate financial resources to continue in operation for a period of at least twelve months.

As at December 31, 2020, the Company met its financial covenants.

Currency exchange rates

The exchange rates for the periods under review are provided in the Management's Discussion and Analysis of Q4 2020.

Non-IFRS measures

EBITDA represents Net income before interest expense, income taxes, depreciation, amortization and non-cash share based compensation expenses. EBITDA is a non-IFRS quantitative measure used to assist in the assessment of the Company's ability to generate cash from its operations. The Company believes that the presentation of EBITDA is useful to investors because it is frequently used by securities analysts, investors and other interested parties in the evaluation of companies in the drilling industry. EBITDA is not defined in IFRS and should not be considered to be an alternative to Profit for the period or Operating profit or any other financial metric required by such accounting principles.

Net debt corresponds to the current and non-current portions of borrowings and the consideration payable related to acquisitions, net of cash and cash equivalents.

Reconciliation of the EBITDA is as follows:

(In thousands of US$) *(unaudited)*	Q4 2020	Q4 2019	FY 2020	FY 2019
Operating profit / (loss)..	3,377	3,584	17,185	10,951
Depreciation expense	4,409	4,601	16,673	18,119
Non-cash employee share-based compensation	60	45	195	180
EBITDA	***7,846***	***8,230***	***34,054***	***29,251***

Conference call and webcast

On March 4, 2021, Company Management will conduct a conference call at 10:00 am ET to review the financial results. The call will be hosted by Daniel Simoncini, Chairman and co-CEO, and Jean-Pierre Charmensat, co-CEO and CFO.

You can join the call by dialing 1-888-231-8191 or 1-647-427-7450. You will be put on hold until the conference call begins. A live audio webcast of the Conference Call will also be available through:

https://produceredition.webcasts.com/starthere.jsp?ei=1437713&tp_key=c3afa4d003

An archived replay of the webcast will be available for 90 days.

About Foraco International SA

Foraco International SA (TSX: FAR) is a leading global mineral drilling services company that provides a comprehensive and reliable service offering in mining and water projects. Supported by its founding values of integrity, innovation and involvement, Foraco has grown into the third largest global drilling enterprise with a presence in 22 countries across five continents. For more information about Foraco, visit www.foraco.com.

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Caution concerning forward-looking statements

This document may contain "forward-looking statements" and "forward-looking information" within the meaning of applicable securities laws. These statements and information include estimates, forecasts, information and statements as to Management's expectations with respect to, among other things, the future financial or operating performance of the Company and capital and operating expenditures. Often, but not always, forward-looking statements and information can be identified by the use of words such as "may", "will", "should", "plans", "expects", "intends", "anticipates", "believes", "budget", and "scheduled" or the negative thereof or variations thereon or similar terminology. Forward-looking statements and information are necessarily based upon a number of estimates and assumptions that, while considered reasonable by Management, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Readers are cautioned that any such forward-looking statements and information are not guarantees and there can be no assurance that such statements and information will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from the Company's expectations are disclosed under the heading "Risk Factors" in the Company's Annual Information Form dated March 30, 2020, which is filed with Canadian regulators on SEDAR (www.sedar.com). The Company expressly disclaims any intention or obligation to update or revise any forward-looking statements and information whether as a result of new information, future events or otherwise. All written and oral forward-looking statements and information attributable to Foraco or persons acting on our behalf are expressly qualified in their entirety by the foregoing cautionary statements.