CAPD XLON Capital Limited

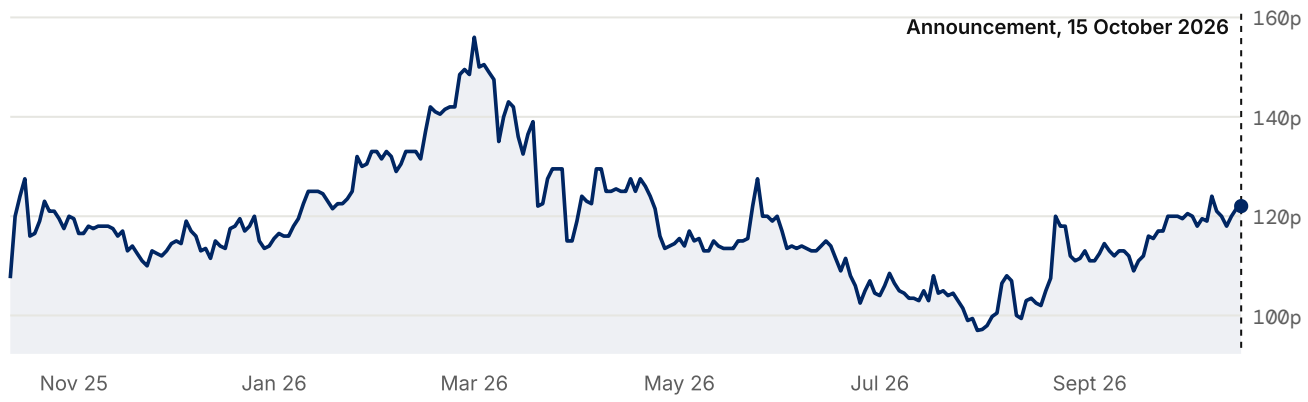
Q3 2026 Trading Update · RNS 0991Z · 15 October 2026

Capital's Q3 revenue slips 1.4% on Q2 as drilling softens and MSALABS sets a record

Share price	122p
Market cap	£275m
52-week range	96.86p - 158.3p
Shares in issue	225.7m
12-month change	+13.5%

Ticker Data API, as at 14 Oct 2026, 16:29

SHARE PRICE, 12 MONTHS



SUMMARY

Capital's trading update today showed Q3 2026 revenue of $115.7m, up 23.2% on a year earlier but 1.4% below Q2. Drilling revenue fell 5.1% on the quarter as rigs moved off the NGM and Sadiola contracts. MSALABS, the laboratory arm, had a record quarter, and mining revenue held steady. Nine-month revenue of $334.7m supports the 2026 guidance of $435–455m. The latest raise to that guidance was announced on 6 October and comes from consolidating the Metres Down Under (MDU) acquisition, so it is not new organic growth. The investment case now depends less on revenue, which management has delivered all year, and more on cash. H1 adjusted operating cash flow fell even as EBITDA rose 70.4%, and capex is weighted to the second half.

KEY FIGURES

FIGURE	VALUE	PERIOD	CHANGE
Group revenue	$115.7m	Q3 2026	+23.2% vs Q3 2025; -1.4% vs Q2 2026
Nine-month revenue	$334.7m	9 months to 30 Sep 2026	+32.2% year on year
Drilling and associated revenue	$64.5m	Q3 2026	-5.1% vs Q2 2026; -0.9% vs Q3 2025
MSALABS revenue	$26.0m	Q3 2026	+23.8% vs Q3 2025; +9.2% vs Q2 2026
Average utilised rigs	94	Q3 2026	97 in Q2 2026; 102 in Q3 2025
2026 group revenue guidance	$435 - $455 million	FY 2026	Up from $430 - $450 million at H1 results
Investment portfolio value	$126.7 million	30 Sep 2026	Up from $116.5 million at 30 Jun 2026
Adjusted operating cash flow	$41.4m	H1 2026	Down from $54.7m in H1 2025
Net debt	$43.3m	30 Jun 2026	Down from $55.4m

Sources: Q3 2026 Trading Update RNS, 15 Oct 2026; H1 2026 Results (Unaudited) RNS, 20 Aug 2026

THE ANNOUNCEMENT

- Q3 2026 group revenue was $115.7m, up 23.2% on Q3 2025 ($93.9m) and down 1.4% on Q2 2026 ($117.3m). Nine-month revenue reached $334.7m, up 32.2%.
- Drilling and associated revenue fell 5.1% on Q2 to $64.5m. Average utilised rigs dropped to 94 from 97, fleet utilisation was 72% against 76% a year earlier, and average monthly revenue per operating rig fell 4.6% to $208,000. Management attributes this to redeploying equipment from NGM and Sadiola to higher-returning contracts.
- Mining revenue was $25.2m, up 223.1% year on year, with Reko Diq and Sukari performing in line with their contracts. Additional equipment is en route to Reko Diq and due in Q4. MSALABS revenue rose 23.8% to a record $26.0m, with laboratory utilisation at 56%.
- 2026 revenue guidance stands at $435–455m, first announced on 6 October to reflect MDU's consolidation from 30 September. MSALABS guidance of $85–95m and capex guidance of $55–65m are reiterated.
- Capital completed the MDU acquisition, an Australian underground drilling contractor that generated approximately $25m of revenue and $6m of adjusted EBITDA in the twelve months to September 2026. Fortescue awarded a two-year extension at Belinga that takes the project to 10 rigs.
- The investment portfolio rose to $126.7m at 30 September from $116.5m at 30 June, helped by $4.3m of realised and unrealised gains. Tim Donnelly joins as Chief Operating Officer for Drilling and Mining.

AGAINST GUIDANCE

Revenue is on track for the $435–455m 2026 range. Nine-month revenue of $334.7m leaves $100.3m–$120.3m to find in Q4, and the midpoint of that requirement sits below Q3's $115.7m before any help from MDU. This update adds no new upgrade. The $5m increase in guidance came with the MDU completion announcement on 6 October and reflects consolidating that business from 30 September. Guidance stood at $410–440m at the FY 2025 results and at $430–450m in August, so the August raise was the last organic one. MSALABS and capex guidance are unchanged. Ticker's earnings surprise model leaned towards an ahead outcome before the update. That is an estimate with modest confidence, and the revenue figures themselves show delivery in line rather than a beat.

BULL CASE

- Growth before MDU is real. MDU was consolidated only from 30 September, so the 32.2% rise in nine-month revenue came from the existing group. Mining revenue more than tripled year on year on the Reko Diq and Sukari contracts.
- MSALABS is building a steadier income stream alongside drilling. It posted a record $26.0m quarter, has a lab at Montage Gold's Koné project now receiving samples, and expects first samples at Korhogo and Amulsar in Q4 2026.
- The drilling dip may be the cost of moving rigs to better work. Belinga expands to 10 rigs with Fortescue, mobilisation with Maaden is under way, and revenue per operating rig of $208,000 is still 5.1% above a year earlier.
- MDU looks cheap on its trailing figures. Approximately $6m of adjusted EBITDA cost an upfront payment of approximately $11m, with total consideration of up to approximately $16m, and it opens Australia and deepens the AngloGold Ashanti relationship. The $126.7m investment portfolio returned 11.8% year to date, against a 0.1% fall in the VanEck Junior Gold Miners ETF.

BEAR CASE

- Cash has not kept pace with profit. H1 adjusted operating cash flow fell to $41.4m from $54.7m while adjusted EBITDA rose 70.4% to $54.7m. Reiterated capex guidance of $55–65m implies $30.9m–$40.9m of second-half spending after H1's $24.1m, before the MDU payment and dividends.
- The drilling core is shrinking for now. Utilised rigs fell from 102 a year ago to 94, and utilisation is 72%. The claim that redeployed rigs earn higher returns has not yet shown up in revenue per rig, which fell 4.6% on the quarter.
- Reko Diq is the largest project-timing risk. Press reports from dailypakistan.com.pk and energyupdate.com.pk on 30 September said Barrick had slowed development over security concerns, while Capital is sending more equipment there in Q4. Capital reports the contract performing in line, so this is a risk to test, not an observed shortfall.
- Headline earnings overstate the operating business. 2025 net profit of $71.0m sat on operating profit of $46.6m, with pre-tax profit of $93.5m lifted by investment gains. The portfolio is concentrated in a few junior miners, including WIA Gold, Asara Resources and Apollo Minerals.

WHAT TO WATCH

- Average utilised rigs and revenue per operating rig in the Q4 update. A return towards the 102 rigs of Q3 2025 would support the redeployment argument, while a further fall below 94 would undercut it.
- Second-half operating cash flow against capex, and year-end net debt after MDU, at the full-year results (Ticker's records expect these around 12 March 2027). Compare net debt with the $43.3m at H1.
- Any change to the scope, timing or equipment plan at Reko Diq. Also watch whether the extra equipment due in Q4 arrives and goes to work.
- Whether the Korhogo and Amulsar laboratories receive first samples in Q4 2026 as planned. Two portfolio events are also due in Q4: WIA Gold's permitting and Asara's infill drilling towards a resource update.

This research is produced by Ticker using automated analysis of company announcements, filings and market data. It is for information only, is not personal advice or a recommendation to buy or sell any security, and may contain errors. Past performance is not a reliable indicator of future results. The value of investments can fall as well as rise. Market data from Ticker's Data API as at 14 Oct 2026, 16:29.