

# Gibson Energy Announces 2020 Third Quarter Results

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CALGARY, Nov. 02, 2020 - [Gibson Energy Inc.](#) announced today its financial and operating results for the three and nine months ended September 30, 2020.

"In what remains a challenging environment for our industry, the resilient nature of our Infrastructure segment's long-term, contracted cash flows continued to underpin our strong quarterly operating and financial results as well as our solid financial position," said Steve Spaulding, President and Chief Executive Officer. "Despite the challenges brought on by COVID-19, during the third quarter we placed additional gathering and terminalling infrastructure in the U.S. into service ahead of schedule and expect to put three additional tanks at Hardisty into service in the fourth quarter. This reflects our ability to continue to grow our Infrastructure cash flows even in the current environment, and looking into 2021, with the resumption of commercial discussions, our outlook remains that we will sanction additional high-quality infrastructure growth opportunities through next year."

## Financial Highlights:

- Distributable cash flow<sup>(1)</sup> of \$65 million in the third quarter, a \$7 million or 10% decrease over the third quarter of 2019, due to a decreased contribution from the Marketing segment being only partly offset by an increase in the Infrastructure segment
- Infrastructure segment profit of \$93 million in the third quarter, a \$12 million or 14% increase over the third quarter of 2019, due to additional tankage in service at Hardisty and the expansion of the HURC Facility
- Marketing segment profit of \$23 million in the third quarter, a \$26 million or 53% decrease over the third quarter of 2019, driven by reduced margins as well as both limited opportunities with the Crude Marketing business and reduced sales volumes in the Refined Products business in the current quarter
- Adjusted EBITDA<sup>(2)</sup> of \$96 million in the third quarter, a \$14 million or 13% decrease over the third quarter of 2019 on a comparable basis<sup>(3)</sup>, a result of a reduced contribution from the Marketing Segment as noted above
- Maintained a strong financial position, with Net Debt to Pro Forma Adjusted EBITDA at September 30, 2020 of 2.7x, below the Company's 3.0x to 3.5x target range, and remain fully-funded for all sanctioned capital
- Payout ratio on a trailing twelve-month basis of 62%, well below the Company's 70% to 80% target range

## Strategic Developments and Highlights:

- Continued its advance Gibson's sustainability and ESG initiatives, including through the:

• Submission of its inaugural climate change questionnaire to CDP (formerly Carbon Disclosure Project), providing increased transparency regarding Gibson's environmental and climate-related performance

• Establishment of a stand-alone Sustainability and ESG Committee chaired by Judy Cotte, a recognized expert on ESG and responsible investment, to ensure appropriate Board oversight

• Donation of \$1 million, the largest in Gibson's history, to Trellis (formerly the Boys & Girls Clubs of Calgary and Aspen Family & Community Network Society) to improve mental health support to youth in the community through a five-year partnership

- Announced the addition of Ms. Peggy Montana to the Company's Board of Directors effective August 31, 2020. Ms. Montana's experience includes various board and senior executive roles within the midstream and refined products sectors, and brings a wealth of knowledge of global best practices in health, safety and the successful implementation of processes across an organization

- Issued \$650 million of Senior Unsecured Medium Term Notes, comprised of \$325 million of 2.45% notes due July 14, 2025 and \$325 million of 2.85% notes due July 14, 2027. A portion of the proceeds were used to redeem the Company's outstanding \$600 million 5.25% notes due 2024 in full on July 22, 2020, resulting in annualized interest savings of approximately \$16 million over the remaining term of the redeemed notes
- Announced the initiation of a Normal Course Issuer Bid, enabling the Company to purchase and cancel up to 10% of the public float for the issued and outstanding common shares through August 30, 2021

(1) Distributable cash flow from combined operations is defined in Gibson's Management's Discussion and Analysis (MD&A). See MD&A sections Liquidity and Capital Resources; and Results of Discontinued Operations; for cash flow from operations discussion, which is the most closely related GAAP measure.

(2) Adjusted EBITDA from continuing operations is defined in Gibson's MD&A. See MD&A section Results of Continuing Operations; for segment profit from continuing operations discussion, which is the most closely related GAAP measure and disclosed in note 1 of the condensed consolidated financial statements.

(3) Comparisons made after adjusting for a \$10.8 million credit related to the amendment of the Company's retirement benefits plan.

#### Management's Discussion and Analysis and Financial Statements

The 2020 third quarter Management's Discussion and Analysis and unaudited Condensed Consolidated Financial Statements provide a detailed explanation of Gibson's financial and operating results for the three and nine months ended September 30, 2020, as compared to the three and nine months ended September 30, 2019. These documents are available at [www.gibsonenergy.com](http://www.gibsonenergy.com) and at [www.sedar.com](http://www.sedar.com).

#### 2020 Third Quarter Results Conference Call

A conference call and webcast will be held to discuss the 2020 third quarter financial and operating results at 7:00am Mountain Time (9:00am Eastern Time) on Tuesday, November 3, 2020.

The conference call dial-in numbers are:

- 478-219-0003 / 844-358-6759
- Participant Pass Code: 4345718

This call will also be broadcast live on the Internet and may be accessed directly at the following URL:

- <https://edge.media-server.com/mmc/p/k5ecscsk>

The webcast will remain accessible for a 12-month period at the above URL. Additionally, a digital recording will be available for replay two hours after the call's completion until November 11, 2020, using the following dial-in numbers:

- 404-537-3406 / 855-859-2056
- Participant Pass Code: 4345718

#### Supplementary Information

Gibson has also made available certain supplementary information regarding the third quarter financial and operating results, available at [www.gibsonenergy.com](http://www.gibsonenergy.com).

#### About Gibson

[Gibson Energy Inc.](http://www.gibsonenergy.com) (Gibson; or the Company), (TSX: GEI) is a Canadian-based oil infrastructure company with its principal businesses consisting of the storage, optimization, processing, and gathering of crude oil and refined products. Headquartered in Calgary, Alberta, the Company's operations are focused around its core terminal assets located at Hardisty and Edmonton, Alberta, and also include the Moose Jaw Facility and an infrastructure position in the U.S.

Gibson shares trade under the symbol GEI and are listed on the Toronto Stock Exchange. For more information, visit [www.gibsonenergy.com](http://www.gibsonenergy.com).

#### Forward-Looking Statements

Certain statements contained in this press release constitute forward-looking information and statements (collectively, forward-looking statements) including, but not limited to, statements concerning Gibson's business, anticipated in-service dates for tankage and Gibson's ability to sanction growth opportunities.

These statements relate to future events or future performance. All statements other than statements of historical fact are forward-looking statements. The use of any of the words anticipate, plan, aim, target, contemplate, continue, estimate, expect, intend, propose, might, may, will, shall, project, should, could, would, believe, predict, forecast, pursue, potential, and capable, and similar expressions are intended to identify forward-looking statements. The forward-looking statements reflect Gibson's beliefs and assumptions with respect to, among other things, future operating and financial results, future growth in world-wide demand for crude oil and petroleum products; crude oil prices; no material defaults by the counterparties to agreements with Gibson; Gibson's ability to obtain qualified personnel, owner-operators, lease operators and equipment in a timely and cost-efficient manner; the regulatory framework governing taxes and environmental matters in the jurisdictions in which Gibson conducts and will conduct its business; changes in credit ratings applicable to Gibson; operating costs; future capital expenditures to be made by Gibson; Gibson's ability to obtain financing for its capital programs on acceptable terms; the Company's future debt levels; the impact of increasing competition on the Company; the impact of changes in government policies on Gibson; the impact of future changes in accounting policies on the Company's consolidated financial statements; the impact of the COVID-19 pandemic, including related government responses thereto, on demand for crude oil and petroleum products and Gibson's operations generally; Gibson's ability to effectively transition its operations as required in response to the COVID-19 pandemic; the availability of coverage under Gibson's insurance policies (including in respect of Gibson's business interruption insurance policy); the Company's ability to successfully implement the plans and programs disclosed in Gibson's strategy and other assumptions inherent in management's expectations in respect of the forward-looking statements identified herein.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Although Gibson believe these statements to be reasonable, no assurance can be given that the results or events anticipated in these forward-looking statements will prove to be correct and such forward-looking statements included in this press release should not be unduly relied upon. Actual results or events could differ materially from those anticipated in these forward-looking statements as a result of, among other things, risks inherent in the businesses conducted by Gibson; competitive factors in the industries in which Gibson operates; prevailing global and domestic financial market and economic conditions; world-wide demand for crude oil and petroleum products; volatility of commodity prices, currency and interest rates fluctuations; product supply and demand; operating costs and the accuracy of cost estimates; exposure to counterparties and partners, including ability and willingness of such parties to satisfy contractual obligations in a timely manner; future capital expenditures; capital expenditures by oil and gas companies; production of crude oil; decommissioning, abandonment and reclamation costs; changes to Gibson's business plans or strategy; ability to access various sources of debt and equity capital, generally, and on terms acceptable to Gibson; changes in government policies, laws and regulations, including environmental and tax laws and regulations; competition for employees and other personnel, equipment, material and services related thereto; dependence on certain key suppliers and key personnel; reputational risks; acquisition and integration risks; risks associated with the Hardisty DRU project; capital project delivery and success; risks associated with Gibson's use of technology; ability to obtain regulatory approvals necessary for the conduct of Gibson's business; the availability and cost of employees and other personnel, equipment, materials and services; labour relations; seasonality and adverse weather conditions, including its impact on product demand, exploration, production and transportation; inherent risks associated with the exploration, development, production and transportation of crude oil and petroleum products; risks related to widespread epidemics or pandemic outbreaks, including the COVID-19 pandemic and government responses related thereto, and the impact thereof to the other risks inherent in the businesses conducted by Gibson; risks related to actions of OPEC and non-OPEC countries, including the effect thereof on the demand for crude oil and petroleum products and commodity prices; and political developments around the world, including the areas in which Gibson operates, many of which are beyond the control of Gibson. Readers are cautioned that the foregoing lists are not exhaustive. For an additional discussion of material risk factors relating to Gibson and its operations, please refer to those included in Gibson's Annual Information Form dated February 24, 2020 as filed on SEDAR and available on the Gibson website at [www.gibsonenergy.com](http://www.gibsonenergy.com).

**Non-GAAP Measures**

*This news release refers to certain financial measures that are not determined in accordance with IFRS. Distributable cash flow is not a measure recognized under IFRS and does not have standardized meaning prescribed by IFRS and, therefore, may not be comparable to similar measures reported by other entities. Management considers this to be an important supplemental measure of the Company's performance and believes this measure is frequently used by securities analysts, investors and other interested parties in the evaluation of companies in industries with similar capital structures. Distributable cash flow is used to assess the level of cash flow generated and to evaluate the adequacy of internally generated cash flow to fund dividends. Changes in non-cash working capital are excluded from the determination of distributable cash flow because they are primarily the result of fluctuations in product inventories or other temporary changes. Upgrade and replacement capital expenditures are deducted from distributable cash flow as there is an ongoing requirement to incur these types of expenditures. The Company may deduct or include additional items in its calculation of distributable cash flow; these items would generally, but not necessarily, be items of a non-recurring nature. Additional information about reconciliation of historical distributable cash flow to its most closely related IFRS measure, cash flow from operating activities can be found in Gibson's Management Discussion and Analysis available on SEDAR at [www.sedar.com](http://www.sedar.com) and at [www.gibsonenergy.com](http://www.gibsonenergy.com).*

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**SELECTED FINANCIAL INFORMATION**

	Three months ended September 30		Nine months ended September 30
	2020	2019	2020
Continuing operations <sup>1</sup>			
Revenue	\$ 1,364,213	\$ 1,993,440	\$ 3,617,375
Segment profit	116,704	131,217	384,702
Net income	17,550	45,525	108,867
Basic income per share	0.12	0.31	0.74
Diluted income per share	0.11	0.30	0.73
Adjusted EBITDA <sup>2</sup>	95,677	121,232	367,143
Distributable cash flow <sup>2</sup>	64,932	71,939	244,792
Dividends declared	49,742	48,011	149,173
Cash flow from operating activities	106,072	231,331	414,611
Growth capital including equity investments <sup>3</sup>	72,053	82,180	248,137
Combined operations <sup>1</sup>			
Combined Adjusted EBITDA <sup>1,2</sup>	95,677	121,232	367,143
Distributable cash flow <sup>2</sup>	\$ 64,932	\$ 71,939	\$ 244,792

	Last twelve months &#8211; As at September 30,	
	2020	2019
Debt and dividend payout ratios		
Debt to capitalization ratio	50 %	47 %
Interest coverage ratio	8.1	6.7
Combined dividend payout ratio <sup>62</sup>	%	60 %

1. See definition of non-GAAP measures on pages 13 to 14 and 27. Combined Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization (&#8220;EBITDA&#8221;) and Combined distributable cash flow, represents the aggregated results of both continuing and discontinued operations
2. See pages 14 to 15 and 20 to 21 for a reconciliation of Adjusted EBITDA to segment profit and distributable cash flow to cash flow from operations, respectively
3. Growth capital expenditures includes contributions to our equity accounted investments

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