

Teck Reports Unaudited Third Quarter Results for 2015

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VANCOUVER, BRITISH COLUMBIA -- (Marketwired - Oct. 22, 2015) - [Teck Resources Limited](#) (TSX: TCK.A and TCK.B, NYSE: TCK) ("Teck") reported adjusted profit attributable to shareholders of \$29 million, or \$0.05 per share, in the third quarter of 2015. Teck also reported non-cash after-tax impairment charges of \$2.2 billion resulting in a third quarter loss attributable to shareholders of \$2.1 billion, or \$3.73 per share. The impairment charges are non-cash revaluations of assets to reflect lower market expectations of commodity prices.

"We are taking significant steps to meet the challenge of low commodity prices," said Don Lindsay, President and CEO. "We have reduced costs throughout the company and we've raised nearly \$1 billion in two streaming transactions. We used a portion of those proceeds to reduce debt by \$400 million and our current cash balance of \$1.8 billion exceeds our remaining \$1.5 billion share of capital required for Fort Hills."

Highlights and Significant Items

- Gross profit before depreciation and amortization was \$670 million in the third quarter compared with \$752 million in the third quarter of 2014.
- Cash flow from operations, before working capital changes, was \$302 million in the third quarter of 2015 compared with \$553 million a year ago.
- Adjusted EBITDA (not including non-cash impairment charges of \$2.9 billion) was \$389 million in the third quarter. Adjusted EBITDA before final pricing adjustments was \$530 million.
- We recorded impairment charges in the aggregate of \$2.2 billion on an after-tax basis (\$2.9 billion pre-tax) including \$1.5 billion on our steelmaking coal assets, \$0.3 billion on copper and \$0.4 billion on the Fort Hills oil sands project resulting in a loss attributable to shareholders of \$2.1 billion.
- Our debt to debt-plus-equity ratio was 36% at September 30, and our net debt to net-debt-plus-equity ratio was 32%. Giving effect to the impairments and our recent streaming transaction and debt repayments, our pro forma debt to debt-plus-equity ratio and net debt to net-debt-plus-equity ratios at September 30, 2015 were 35% and 30%, respectively.
- Subsequent to quarter end, we completed the sale of a silver stream linked to our share of the Antamina mine. Taken together with the gold stream sold from the Carmen de Andacollo Operations which closed during the third quarter, these transactions have increased our cash position by approximately \$1 billion.
- Our cash balance of \$1.8 billion as of October 21 is more than our \$1.5 billion share of costs required to complete Fort Hills. We also have an additional US\$3 billion undrawn credit facility that can be used for general corporate purposes and US\$1.2 billion available for cash draws or for letters of credit. We have certain contractual arrangements that may result in us having to issue letters of credit that would utilize substantially all of this US\$1.2 billion facility.
- Our cost reduction program combined with a falling Canadian dollar, lower oil prices, and higher copper grades have contributed to reduce our U.S. dollar unit costs for our products with copper and steelmaking coal unit costs falling by US\$0.20 per pound and US\$20 per tonne, respectively, compared to last year.
- In response to steelmaking coal market conditions, our steelmaking coal mines took three-week shutdowns during the third quarter to reduce production and product inventory. In the fourth quarter we expect that production rates will be aligned with sales volumes.
- We have reached agreements with the majority of our customers for the fourth quarter of 2015, based on a quarterly benchmark of US\$89 per tonne for the highest quality product and we expect total sales in the fourth quarter, including spot sales, to be at least 6 million tonnes of steelmaking coal.
- The Red Dog concentrate shipping season is expected to be completed on October 22 with shipments of

1,048,000 tonnes of zinc concentrate. We expect sales of 200,000 tonnes in the fourth quarter reflecting the normal seasonal pattern of Red Dog sales.

- Our Quebrada Blanca operation restarted normal production activities in late August after unexpected ground movement in late June caused a temporary shutdown of processing facilities. We expect to produce 38,000 tonnes of copper cathode in 2015, a reduction of about 10,000 tonnes compared to the original plan.

This management's discussion and analysis is dated as at October 22, 2015 and should be read in conjunction with the unaudited consolidated financial statements of Teck Resources Limited ("Teck") and the notes thereto for the three and nine months ended September 30, 2015 and with the audited consolidated financial statements of Teck and the notes thereto for the year ended December 31, 2014. In this news release, unless the context otherwise dictates, a reference to "the company" or "us," "we" or "our" refers to Teck and its subsidiaries. Additional information, including our annual information form and management's discussion and analysis for the year ended December 31, 2014, is available on SEDAR at www.sedar.com.

This document contains forward-looking statements. Please refer to the cautionary language under the heading "CAUTIONARY STATEMENT ON FORWARD-LOOKING INFORMATION" below.

Overview

Prices for our products continued to fall in the third quarter. These declines have had a significant effect on our reported earnings this period, as we recorded \$141 million of negative pricing adjustments in addition to the direct effect of lower prices on gross profit. Furthermore, we recorded \$2.9 billion (pre-tax) (\$2.2 billion after-tax) of impairment charges based on market expectations of lower prices over the short, medium and long terms. The details of these charges are noted below. Lower price forecasts also resulted in negative credit rating actions. More details on our credit rating impacts are included in the "Financial Position and Liquidity" section below.

To meet the challenge of low prices, we have taken significant steps. We reduced costs across all aspects of our organization in an ongoing and highly focused program. We reduced capital expenditures in the current year and are reducing our planned spending in future years. After the end of the quarter, we completed the sale of a silver stream linked to our share of the Antamina mine. Taken together with the gold stream sold from the Carmen de Andacollo Operation which closed during the third quarter, these transactions have increased our cash position by approximately \$1 billion. Subsequent to quarter end we reduced our debt, repaying US\$300 million on October 1.

While we have reduced spending, we continue to advance our growth plans on a selective basis. The construction of the Fort Hills project remains on time and on budget and we continue to advance permitting and design optimization activities for the Quebrada Blanca Phase 2 project with a clear focus on capital expenditure reduction. In the longer term, the merging of our Relincho project with Goldcorp's El Morro project in Project Corridor is expected to result in a less capital intensive project with higher potential returns. We continue to focus on capital discipline and cost reduction.

Profit and Adjusted Profit (1)

Profit (loss) attributable to shareholders was \$(2.1) billion, or \$(3.73) per share, in the third quarter compared with \$84 million or \$0.14 per share in the same period last year.

Adjusted profit attributable to shareholders, before items identified in the table below, was \$29 million, or \$0.05 per share, in the third quarter compared with \$159 million or \$0.28 per share in the same period last year.

Profit and Adjusted Profit

<http://www.marketwired.com/press-release/teck-reports-unaudited-third-quarter-results-for-2015-tsx-tck.a-2066051.htm>

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