Gibsons Reports Third Quarter Results and Announces Investor Day

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CALGARY, Alberta, Nov. 08, 2017 (GLOBE NEWSWIRE) -- Gibson Energy Inc. ("Gibsons” or the “Company"), (TSX:GEI), announces financial performance driven by continued growth in its crude oil infrastructure business, resulting in increased profit and distributable cash flow.

Highlights:
(Comparisons made between fiscal Q3 2017 and fiscal Q3 2016 results, unless otherwise noted.)

- On August 1, 2017, announced the intention to divest the United States Environmental Services business;
- On September 11, 2017, announced the construction of 1.1 million barrels of new tankage at the Hardisty Terminal, which is expected to be placed into service in the third quarter of 2019, increasing total capacity at the terminal to approximately 10 million barrels;
- On September 26, 2017, completed the final closing of the sale of the Industrial Propane Business for $433 million;
- Combined segment profit[1] of $64 million supported by a strong contribution from Infrastructure;
- Infrastructure segment profit of $63 million, a 21% increase driven by additional tank capacity and associated fixed fee contracts added late in 2016;
- Combined adjusted EBITDA[2] of $56 million, with strong contributions from the Infrastructure and Logistics segments tempered by weak Western Canadian crude oil margins within the Wholesale segment despite strong volumes;
- Distributable cash flow[3] from continuing operations increased by 17% to $31 million;
- The Company expects 2017 growth capital spending to be below the previous range of $170 and $200 million as a result of capital costs savings at the Edmonton Terminal expansion as well as the timing of spend. The preliminary estimate of 2018 growth capital spend remains between $150 and $250 million, and will be further refined following the approval of the 2018 Capital Budget in December; and
- On October 5, 2017, issued $250 million of 5.25% notes due 2024, with proceeds used to redeem the remaining US$211 million of 6.75% notes due 2021 in addition to the July 17, 2017 repayment of the remaining $39 million of its 7% senior notes due 2020, adding to the previously announced program to create approximately $35 million in run rate cost savings, inclusive of debt repayment during the year.

“We continue to deliver strong operations while executing on our strategy to focus on growing our long-term, high quality cash flows within the Infrastructure segment,” said Steve Spaulding, President and Chief Executive Officer. “During the quarter, Gibsons’ sanctioned an additional 1.1 million barrels of new tankage at the Hardisty Terminal, demonstrating the asset’s commercial competitiveness in a modest oil price environment and providing additional visibility on how the company will continue to grow its Infrastructure segment. We continue to actively review each of Gibsons’ businesses, and have already taken several steps to refocus the company through the divestiture of the Industrial Propane segment as well as initiating a process to sell the United States Environmental Services business. Additionally, we recently made significant changes to our organizational structure which will increase our customer emphasis, capture synergies and provide a significant reduction in costs.”

(1) Combined segment profit is defined in Gibsons’ Management’s Discussion and Analysis
(2) Combined adjusted EBITDA is defined in Gibsons’ Management’s Discussion and Analysis
(3) Distributable cash flow from continuing operations is defined in Gibsons’ Management’s Discussion and Analysis

Management’s Discussion and Analysis and Financial Statements
The Third Quarter 2017 Management’s Discussion and Analysis and Condensed Consolidated Financial Statements provide a detailed explanation of Gibsons’ operating results for the three and six months ended September 30, 2017, as compared to the three and six months ended September 30, 2016. These documents are available at www.gibsons.com and at www.sedar.com.

2017 Third Quarter Results Conference Call
A conference call to discuss Gibsons’ third quarter results will be held at 7:00 a.m. MT (9:00 a.m. ET) on Thursday, November 9, 2017, for interested investors, analysts and media representatives.

The conference call dial-in numbers are:

- 647-427-2311 / 866-521-4909
- Participant Pass Code: 97287020

Shortly after the call, an audio archive will be posted on the Investor/News section at www.gibsons.com. The call will also be recorded and available for playback 120 minutes after the meeting end time, until February 9, 2018, using the following dial in process:

- 416-621-4642 / 800-585-8367
- Participant Pass Code: 97287020

Investor Day
Gibsons will host an Investor Day on the morning of Tuesday, January 30, 2018 in Toronto during which members of the senior executive team will provide a discussion of the company’s strategy, its operations, recent developments and future opportunities. The Investor Day will be webcast and a replay will be available after the conclusion of the event.

About Gibsons
Gibsons is a Canadian-based midstream energy company with operations in most of the key hydrocarbon-rich basins in North America. With headquarters in Calgary, Alberta, the Company’s North American operations include the storage, blending, processing, transportation, marketing and distribution of crude oil, natural gas liquids and refined products.

Gibson Energy Inc. shares trade under the symbol GEI and are listed on the Toronto Stock Exchange. For more information, visit www.gibsons.com.

Forward-Looking Statements
Certain statements contained in this news release constitute forward-looking information and statements within the meaning of applicable securities laws (collectively, “forward-looking statements”) including, but not limited to, statements concerning the potential sale of the Company’s United States Environmental Services business, the timing and completion of construction projects, the Company’s growth capital spending, the Company’s ability to grow the Infrastructure segment, the ability to improve customer emphasis, the ability to improve synergies or reduce costs, and management’s expectation with respect to the Company’s business and financial prospects and opportunities. These statements relate to future events or the Company’s future performance. All statements other than statements of historical fact are forward-looking statements. The use of any of the words ‘‘anticipate’’, ‘‘plan’’, ‘‘contemplate’’, ‘‘continue’’, ‘‘estimate’’, ‘‘expect’’, ‘‘intend’’, ‘‘propose’’, ‘‘might’’, ‘‘may’’, ‘‘will’’, ‘‘shall’’, ‘‘project’’, ‘‘should’’, ‘‘could’’, ‘‘would’’, ‘‘believe’’, ‘‘predict’’, ‘‘forecast’’, ‘‘pursue’’, ‘‘potential’’ and ‘‘capable’’ and similar expressions expressing future outcomes or statements regarding an outlook are intended to identify forward-looking statements. These 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. No assurance can be given that these expectations will prove to be correct and such forward-looking statements included or referred to in this news release should not be unduly relied upon. These statements speak only as of the date of this news release. In addition, this news release may contain forward-looking statements attributed to third party industry sources. The Company does not undertake any obligations to publicly update or revise any forward looking statements except as required by securities law. Actual results could differ materially from those anticipated in these forward-looking statements as a result of numerous risks and uncertainties including, but not limited

to, the risks and uncertainties described in “Forward-Looking Information” and “Risk Factors” included in the Company’s Annual Information Form dated March 7, 2017 as filed on SEDAR and available on the Gibsons’ website at www.gibsons.com.
This news release refers to certain financial measures that are not determined in accordance with International Financial Reporting Standards (“IFRS”). Adjusted EBITDA and Pro Forma Adjusted EBITDA are not measures recognized under IFRS and do not have standardized meanings prescribed by IFRS. Management considers these to be important supplemental measures of the Company’s performance and believes these measures are frequently used by securities analysts, investors and other interested parties in the evaluation of companies in its industries with similar capital structures. See ‘‘Summary of Quarterly Results” in the Company’s MD&A for a reconciliation of EBITDA to net income, the IFRS measure most directly comparable to EBITDA, and for a reconciliation of Adjusted EBITDA and Pro Forma Adjusted EBITDA to EBITDA. Distributable cash flow is used to assess the level of cash flow generated from ongoing operations and to evaluate the adequacy of internally generated cash flow to fund dividends. See ‘‘Distributable Cash Flow” in the Company’s MD&A for a reconciliation of distributable cash flow to cash flow from operations, the IFRS measure most directly comparable to distributable cash flow. Investors are encouraged to evaluate each adjustment and the reasons the Company considers it appropriate for supplemental analysis. Investors are cautioned, however, that these measures should not be construed as an alternative to net income determined in accordance with IFRS as an indication of the Company’s performance.

Selected Financial Information

	Three months ended September 30		Nine months ended September 30	
	2017	2016 [4]	2017	2016 [4]
Continuing operations				
Revenue	$ 1,404,194	$ 1,178,741	$ 4,333,952	$ 3,179,994
Segment profit	64,211	64,636	225,009	176,012
Net loss	(8,497)	(30,777)	(23,928)	(127,570)
Basic and diluted loss per share	(0.06)	(0.22)	(0.17)	(0.95)
Adjusted EBITDA [2,3]	55,708	60,691	195,364	160,165
EBITDA [2,3]	48,043	45,580	142,048	69,098
Distributable cash flow [2,3]	31,263	26,692	116,567	51,397
Dividends declared	47,080	46,769	141,212	135,222
Cash flow from operating activities	5,245	14,690	159,656	144,019
Growth capital expenditures	$ 48,579	$ 60,503	$ 98,078	$ 168,951
Combined operations [1]				
Segment profit [1]	$ 64,211	$ 66,508	$ 238,646	$ 197,086
Combined Adjusted EBITDA [1, 2,3]	55,708	62,563	209,001	180,887
Combined EBITDA [1, 2,3]	44,265	47,452	327,271	90,172
Distributable cash flow [2,3]	$ 31,263	$ 27,639	$ 118,425	$ 68,943

	Last Twelve Months	
Ratios [5]	As at September 30, 2017	As at December 31, 2016
Total and senior debt leverage ratio	3.6	4.4
Interest coverage ratio	3.4	3.0

[1] See discussion on non-GAAP measures on page 38. Combined segment profit, Adjusted EBITDA and EBITDA represent the aggregated results of both continuing and discontinued operations which are provided separately in this document.

[2] See discussion on non-GAAP measures on pages 21 to 23 and 38.

[3] See pages 31 and 22 to 25 for a reconciliation of distributable cash flow to cash flow from operations and EBITDA to net income (loss), respectively. Distributable cash flow from combined operations include results from continuing and discontinued operations.

[4] Comparative period information has been restated to reflect the impact of discontinued operations In accordance with the requirements of IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations. Unless otherwise stated, the Industrial Propane segment is referred to as “Discontinued Operations”, and the remaining operations as “Continuing Operations”, and the total discontinued and continuing operations as “Combined Operations” throughout this MD&A.

[5] See ratio discussion on page 24 for more information on the ratio calculation which includes calculation of Proforma Adjusted EBITDA for covenant calculations.

For further information, please contact:

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