

Gibson Energy Announces Corporate Strategy and Actions to Accelerate Transition to Focused Oil Infrastructure Growth Company

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CALGARY, Alberta, Jan. 30, 2018 (GLOBE NEWSWIRE) -- [Gibson Energy Inc.](#) (“Gibson” or the “Company”), (TSX:GEI), announced today its corporate strategy to accelerate its transition to a focused oil infrastructure growth company. As part of that strategy, the Company will divest several non-core businesses and target competitive distributable cash per share and dividend growth.

The key attributes of the go-forward strategy are:

- Oil Infrastructure Focus: infrastructure to comprise approximately 85% of segment profit by the end of 2019, with the Hardisty and Edmonton terminals representing approximately 75% of segment profit
- Targeting 10% Distributable Cash Flow Per Share Growth: aim to invest \$150 million to \$200 million in growth capital per year, inclusive of the expected sanction of at least 1 to 2 tanks per year that provides mid- to upper-single digit distributable cash flow per share growth
- Secure, Growing Dividend: underpinned by long-term contracts with Investment Grade counterparties at its terminal assets, with total company cash flows comprised of approximately 85% take-or-pay or stable fee-based structures by the end of 2019

“Accelerating the shift towards an oil infrastructure focus meaningfully improves the quality of our cash flows and better positions Gibson to target double-digit distributable cash flow per share growth,” said Steve Spaulding, President and Chief Executive Officer. “We believe we have high visibility to reaching these targets through 2019 based on projects already under construction and anticipated cost savings, with disposition proceeds expected to fully fund related growth capital. Longer term, to secure the capital investment opportunities we require to drive our growth, we need to be focused on the business lines and basins in which we have the strongest competitive positions.”

Canadian Business Strategy

Gibson’s world-class terminals position forms the core of its Canadian business strategy. The Company expects that the long-term growth of oil sands production will continue to increase heavy oil flows into Hardisty, driving producer demand for additional tankage. Gibson has a very strong competitive position at Hardisty and expects that the Company will continue to secure a significant proportion of incremental third-party tank build opportunities. These factors are expected to support the sanction of at least 1 to 2 tanks per year on run-rate basis in an approximately US\$45 to US\$65 per barrel oil price environment, with potential upside if oil prices continue to strengthen or if producer demand for days of storage increases.

The Company will also continue to grow its businesses that leverage the core terminal position. Ancillary services within the terminals are expected to continue to generate smaller-scale investment opportunities, including additional pipeline connections, blending and other optimizations on behalf of terminal customers. The Company also seeks to expand its pipeline gathering network surrounding Hardisty in the Viking Basin by leveraging existing storage capabilities and access to egress pipelines at its terminals.

At its Moose Jaw Facility, the Company believes there are opportunities to realize further operating and maintenance capital cost efficiencies. The Company is also evaluating potential high-return capital projects, including increasing throughput at the facility at an attractive relative cost. Consistent with its infrastructure focus, the Company has initiated a process to reduce cash flow variability by securing take-or-pay tolling structures on a portion of output capacity and will re-evaluate the role of the Moose Jaw Facility in the future.

U.S. Business Strategy

In the U.S., Gibson will focus on the Permian and SCOOP / STACK basins and leverage its injection station position in these plays as a competitive advantage to build gathering systems relative to other regional

players. Over the next 12 to 24 months, the Company will seek to restore its U.S. business profitability to prior levels of \$10 million to \$15 million on a run-rate basis by establishing the producer relationships required to drive incremental volumes to the injection stations and existing gathering systems. The longer-term objective in the U.S. will be to translate trucked volumes and producer relationships into infrastructure capital investment opportunities, including the development of regional gathering pipelines, in order to establish an additional growth platform that provides an incremental \$25 million to \$50 million of capital investment opportunities each year.

Non-Core Divestitures

Gibson is committed to divesting of its non-core business lines in a timely, structured manner. The Company has continued to advance the sale of its U.S. Environmental Services business as previously announced, and expects to complete the divestiture by the end of the first half of 2018. As part of the new strategy, the Company also intends to divest of several other businesses that have been deemed non-core based on their strategic fit with Gibson's oil infrastructure focus and target basins:

Business	Target Closing Date
NGL Wholesale	Q3 2018
Canadian Truck Transportation	Mid 2019
Non-Core Canadian Environmental Services	Mid 2019
Non-Core U.S. Injection Stations and Truck Transportation	Q4 2018

The Company has engaged an advisor to support the sale of NGL Wholesale and expects to place all the remaining assets to be disposed into the market by the end of 2018, with a target of concluding the non-core divestiture process by mid-2019. Aggregate proceeds from the sale of non-core businesses are expected to range between \$275 million and \$375 million, and will be reinvested into the core infrastructure business through funding future growth capital expenditures.

Balance Sheet

Gibson remains committed to maintaining a strong financial position to underpin its dividend, fund future growth capital and preserve flexibility. In its funding strategy through the end of 2019, the Company expects that disposition proceeds will fully fund growth capital requirements while distributable cash flow will approximate dividends paid over the period.

With the continued growth of the terminals business, the Company has achieved its goal of covering its fixed capital charges with infrastructure cash flows. As part of its desire to maintain a strong financial position, the Company will target a payout ratio of 70% to 80% of distributable cash flow and leverage of 3.0x – 3.5x Net Debt to Adjusted EBITDA, which the Company believes are achievable in the medium term. The Company will also continue to focus on improving the quality of its cash flows, targeting greater than 80% of segment profit from take-or-pay and stable fee-based contract structures with over 85% of long-term contract exposures to be with investment-grade counterparties.

“Through the strategic disposition of a significant portion of our non-infrastructure businesses, there are the additional benefits of improving both the quality of our cash flows and our balance sheet strength,” said Sean Brown, Senior Vice President and Chief Financial Officer. “We believe that the disposition proceeds will fully fund our growth capital expenditures through to the end of 2019, with the resulting growth in infrastructure cash flows and cost savings moving us towards our payout ratio and leverage targets. Over the longer term, we will maintain a conservative balance sheet through balanced funding of growth capital investment as part of our goal of translating our distributable cash flow growth into dividend per share growth and our pursuit of an investment grade credit rating.”

Investor Day Webcast Details

Gibson is hosting an Investor Day on the morning of Tuesday, January 30, 2018 in downtown Toronto during which management will provide a discussion of the Company's strategy, operations and future opportunities for interested investors and analysts.

The Investor Day will be webcast beginning at 8:45am Eastern Time (6:45am Mountain Time) and will be available through Gibson's website www.gibsonenergy.com or may be accessed directly at the

following URL:

<https://edge.media-server.com/m6/p/yxaxezte>

The presentation materials, which include certain estimates for 2017 to 2019 year end, and beyond, will be made available immediately prior to the start time of 8:45am Eastern Time on Gibson's website at: www.gibsonenergy.com/investors/presentation-and-events and a replay of the webcast will be available shortly after the conclusion of the event. The presentation materials will also be available on SEDAR by accessing the Company's profile at www.sedar.com.

About Gibson

Gibson is a Canadian-based, dividend paying oil infrastructure growth company with its principal businesses consisting of the storage, blending, 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 injections stations in Texas and Oklahoma.

[Gibson Energy Inc.](http://www.gibsonenergy.com) shares trade under the symbol GEI and are listed on the Toronto Stock Exchange. For more information, visit 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 the future payment of dividends by [Gibson Energy Inc.](http://www.gibsonenergy.com), and management's expectations with respect to the business and financial prospects and opportunities of the Company, transition of the Company to a focused oil infrastructure growth company, forecast operating and financial results of Gibson and its respective business segments, business and funding strategy and plans of management (including targeted timing), anticipated growth (including segment growth and annualized growth rate projections) and the sources of financing thereof, capital investment and the amount, sources and timing thereof, proposed divestitures and the announcement, anticipated proceeds, use of proceeds and timing thereof, objectives of or involving Gibson, expectations of future market conditions, expectations regarding existing and future counterparties, capital allocation, cost savings and the sources thereof, investments, opportunities and areas for potential growth, anticipated transition of Moose Jaw facility to a tolling model and the timing thereof, Gibson's ability to re-build and grow its U.S. business and the timing thereof, anticipated impact of commodity prices, projections for 2018 and future years and Gibson's plans and strategies to realize such projections, expectations and targets for segment operations, growth capital, segment profit and contribution to EBITDA and cash flows, cash flows, distributable cash flow, net debt to Adjusted EBITDA ratios, payout ratio, anticipated leverage, nature of parties contracting with Gibson and contract life, credit rating and the Company's ability to pay dividends and the amount and sources thereof.

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", "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, general economic trends, industry trends, commodity prices, capital markets, the governmental, regulatory and legal environment in the various jurisdictions in which Gibson conducts and will conduct its business, Gibson's ability to obtain qualified personnel, owner operators, lease operators and equipment in a timely and cost-efficient manner, Gibson's ability to generate sufficient cash to meet its current and future obligations, achievability of leverage and payout targets and timing thereof, Gibson's ability to obtain financing for its capital programs on acceptable terms, the successful and timely implementation of capital projects in a manner consistent with financial expectations, expectations regarding the sources of funding of growth initiatives, Gibson's financial results for year end 2017, Gibson's ability to generate sufficient cash flow to meet Gibson's current and future obligations, Gibson's future debt levels, Gibson's dividend policy and ability to generate sufficient cash flow to pay dividends, Gibson's ability to re-build and grow its U.S. business in a manner consistent with expectations, Gibson's ability to complete anticipated

divestiture transactions on acceptable terms, product supply and demand (including demand for tankage), costs, and other assumptions inherent in management's expectations of future operating and financial results of Gibson and its respective business segments and other 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 the Company believes these statements to be reasonable, no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this press release should not be unduly relied upon. The Company's actual results 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, regulatory decisions, competitive factors in the industries in which the Company operates, prevailing economic conditions, world-wide demand for crude oil and petroleum products, volatility of commodity prices, currency and interest rates fluctuations, product supply and demand (including demand for tankage), risk that actual financial results for the year ended December 31, 2017 may be different from management expectations, changes in credit ratings applicable to Gibson, 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, Gibson's ability to obtain necessary regulatory approvals, the successful and timely implementation of capital projects or stages thereof, changes to Gibson's business plans or strategy, Gibson's ability to access various sources of debt and equity capital, generally, and on terms acceptable to Gibson, Gibson's ability to complete anticipated divestiture transactions on acceptable terms, Gibson's ability to finance growth and sustaining capital expenditures, changes to Gibson's dividend plans or strategy and other factors, many of which are beyond the control of the Company. Readers are cautioned that the foregoing lists are not exhaustive. For a full discussion of our material risk factors, see "Risk Factors" in the Company's Annual Information Form dated March 7, 2017 as filed on SEDAR and available on the Gibson website at 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 per share 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 per share 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 our Management Discussion and Analysis ("MD&A") available on SEDAR at www.sedar.com and on our website at www.gibsonenergy.com.

Supplementary Disclosure

(in \$ millions)	2017		2016				FY
	Q3	Q2	Q1	Q4	Q3	Q2	
Segment profit from reportable segments							
Infrastructure	63	58	60	56	52	44	200
Logistics	12	12	9	15	12	3	40
Wholesale	(10)	4	18	17	1	1	24
Other	-	-	-	-	-	-	1
Total segment profit	64	74	87	88	65	48	265
Select operating segment profit							
Terminals and pipelines and injection stations	55	53	53	49	44	42	177
Canadian trucking and transportation	6	6	6	7	4	2	18
U.S. environmental services	7	8	2	3	4	(2)	8

All other operating segments	(4)	7	26	28	13	5	15	61
Total segment profit	64	74	87	88	65	48	64	265	
Select operating segment maintenance capital									
Terminals and pipelines and injection stations	3	-	-	2	1	1	1	4	
Canadian trucking and transportation	1	-	1	1	1	1	1	5	
U.S. environmental services	2	1	1	2	-	1	1	4	
All other operating segments	2	4	3	3	3	7	2	16	
Total maintenance capital	7	5	5	8	5	11	5	29	
Select operating segment growth capital									
Terminals and pipelines and injection stations	45	19	23	28	46	47	49	170	
Canadian trucking and transportation	-	-	-	-	-	-	1	1	
U.S. environmental services	2	1	-	3	-	-	-	3	
All other operating segments	2	4	2	3	15	6	5	29	
Total growth capital	49	24	25	34	61	53	55	203	

For further information, please contact:

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