Gibson Energy Announces Sanction of $50 Million Viking Pipeline Project and Revised 2018 Capital Guidance

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CALGARY, Alberta, Feb. 21, 2018 (GLOBE NEWSWIRE) -- Gibson Energy Inc. (“Gibson” or the “Company”), (TSX:GEI), announced today the sanction of the $50 million Viking Pipeline Project.

“The Viking Pipeline Project is aligned with our strategy of leveraging our core terminals position to secure complementary growth beyond tankage,” said Steve Spaulding, President and Chief Executive Officer. “The sanction of the Viking Pipeline Project provides further confidence that we will reach our double-digit distributable cash flow per share growth through the end of 2019 based on projects already under construction and anticipated cost savings. Additionally, as our prior estimates anticipated the sanction of other projects through the end of 2019, we continue to expect that our growth capital is fully funded from divestiture proceeds.”

Consistent with Gibson’s intention to expand its pipeline gathering network in the Viking Basin by leveraging existing storage, optimization capabilities and access to egress pipelines at its Hardisty Terminal, the Viking Pipeline Project will extend the reach of the existing Provost Pipeline to support development by several regional producers. The 120 km pipeline will have an initial capacity of 13,300 bbl/d, with the potential to expand to an estimated 25,000 bbl/d in the future. The Viking Pipeline Project is expected to be in service in Q1 2019, and is underpinned by shippers through take-or-pay commitments with an area of dedication.

Revised Capital Guidance
Reflecting the sanction of the Viking Pipeline Project, Gibson’s 2018 capital expenditure budget is now expected to be allocated as follows:

Growth Capital *($ millions)*					
Hardisty Terminal	$	90	-	$	110
Edmonton Terminal		25	-		30
Viking Pipeline		45	-		55
Total CDN Infrastructure	$	160	-	$	195
U.S. Infrastructure		5	-		10
Total	$	165	-	$	205
Upgrade and Replacement Capital *($ millions)*					
Infrastructure	$	15	-	$	20
Logistics(1)		5	-		10
Other		0	-		5

(1) Logistics excludes U.S. Environmental Services which is expected to be divested by the end of the first half of 2018.

Based on current commercial discussions and evaluation of additional investment opportunities, the Company continues to believe there is the opportunity to invest up to $250 million in growth capital in 2018.

About Gibson
Gibson is a Canadian-based, dividend paying oil infrastructure growth 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 injections stations in Texas and Oklahoma.

Gibson 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 within the meaning of applicable securities laws (collectively, “forward-looking statements”) including, but not limited to, statements concerning the future payment of dividends by Gibson and the projected growth and sources thereof, management’s expectations with respect to the business and the financial prospects and opportunities of the Company, including but not limited to the Viking Pipeline Project and the potential expansion and in-service date thereof, proposed divestitures, including the potential sale of the Company’s United States Environmental Services business, and the anticipated timing, use of proceeds and completion thereof and management’s expectations with respect to capital investment and the amount, sources and timing thereof and opportunities related thereto.

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 press release should not be unduly relied upon. These statements speak only as of the date of this press release. In addition, this press 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 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 (“DCF”) 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.

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