

Trinidad Drilling Ltd. Shows Progress on Strategic Review with Sale of Saudi Arabian Rigs

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CALGARY, Alberta, April 12, 2018 (GLOBE NEWSWIRE) -- [Trinidad Drilling Ltd.](#) (TSX:TDG) ("Trinidad" or "the Company") announced that it has agreed to sell its three remaining rigs located in Saudi Arabia owned by its international joint venture, Trinidad Drilling International (TDI) ¹. The rigs and related equipment will be sold for approximately US\$30 million each, or US\$91 million in total gross proceeds. Trinidad's share of these proceeds totals approximately US\$55 million (C\$68 million).

TDI had initially planned to relocate these rigs to the Permian Basin in the US, where customer demand is strong for high specification rigs; however, TDI was recently approached by parties interested in acquiring the equipment. The Company assessed the possible sale relative to the relocation alternative and determined that the value being offered and cash proceeds, which will provide Trinidad increased financial flexibility, were sufficiently attractive to pursue with the sale.

"As part of the strategic review we announced earlier this year, our Board and management have been evaluating opportunities to create additional value for shareholders," said Brent Conway, Trinidad's President and Chief Executive Officer. "While these rigs have been strong performers for our joint venture operations in Saudi Arabia, we believe that selling the rigs at an attractive price will add more value for our shareholders. In addition, the proceeds from the sale of the assets can be used to fund our existing capital program or to repay debt outstanding on our credit facility. Our strategic review process is ongoing and we will continue to look for additional opportunities to add value for shareholders."

Trinidad has identified three wholly-owned US rigs to upgrade to meet customer demand in the Permian in substitution for the Saudi Arabian rigs. Due to the different style of these rigs and the varying upgrades required, combined with changes to the prior capital program largely driven by customer requests, Trinidad expects that an additional \$16 million in upgrade capital will be needed to meet customer specifications. Including these changes, Trinidad expects to spend a total of \$57.5 million in growth capital in 2018. This total includes a contingent RigMinder earnout of US\$10 million and the previously disclosed upgrade and relocation of existing rigs from Canada and areas of weaker demand in the US. Trinidad continues to believe that the costs associated with relocating these rigs to the Permian will be largely covered by customers and that it will be able to generate a full cycle return on the invested upgrade capital of approximately 20% and a payback of approximately 1.5 years.

Following the close of the sale, which is anticipated to occur in the second quarter of 2018, TDI expects to distribute the net proceeds from the asset sale to its partners. TDI is currently awaiting the announcement of upcoming international tender awards and, if successful, Trinidad may use a portion of the proceeds to fund upgrades to bring two existing TDI rigs located in Mexico to meet the required tender specifications. If needed, Trinidad's 60% share of these upgrades are expected to cost US\$15 to US\$20 million per rig. Trinidad expects the return generated from these upgrades to meet or exceed internal capital return benchmarks.

The following table outlines the updated total 2018 capital budget, before the impact of upcoming international tender awards:

2018 Capital Budget Reconciliation

C\$ million

Maintenance capital	51.0	
Growth capital ²	57.5	
Total Trinidad 2018 capital spending budget	108.5	
Plus TDI capital (Trinidad's 60% share) ³	1.5	
Less proceeds from sale of Saudi Rigs ⁴	(68.0)
Total 2018 capital budget including TDI	42.0	
Less proceeds from expected sale of unused facilities	(20.0)
Total net 2018 capital budget including TDI	22.0	

¹ TDI is a joint venture between Trinidad and a wholly-owned subsidiary of Halliburton. Trinidad owns 60% of the shares of TDI and Halliburton owns 40%.

² Growth capital includes conditional RigMinder earnout of US\$10 million, dependent on meeting pre-determined milestones

³ TDI capital does not include capital upgrades related to upcoming tender awards

⁴ Proceeds of US\$91 million at 60% interest, in Canadian dollars

Following the sale of the Saudi Arabian rigs, TDI will have four rigs located in Mexico and, one rig in Bahrain. The rig located in Bahrain and one Mexican rig were recently re-activated and are expected to continue operating for the remainder of 2018. In addition to its North American fleet, Trinidad also has one wholly-owned rig located in the United Arab Emirates. Trinidad and TDI remain committed to their international operations, with a focus on Bahrain, Kuwait and Mexico.

TD Securities Inc. is acting as financial advisor to Trinidad.

About Trinidad

Trinidad is an industry-leading contract driller, providing safe, reliable, expertly-designed equipment operated by well-trained and experienced personnel. Trinidad's drilling fleet is one of the most adaptable, technologically advanced and competitive in the industry. Trinidad provides contract drilling and related services in Canada, the US, the Middle East and Mexico.

Trinidad is headquartered in Calgary, Alberta, Canada. The Company's common shares are listed on the Toronto Stock Exchange under the trading symbol TDG. For more information, please visit www.trinidaddrilling.com.

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FORWARD-LOOKING STATEMENTS

This document contains certain forward-looking statements relating to Trinidad's plans, strategies, objectives, expectations and intentions. The use of any of the words "expect", "anticipate", "continue", "estimate", "objective", "ongoing", "may", "will", "project", "should", "believe", "plans", "intends", "confident", "might" and similar expressions are intended to identify forward-looking information or statements. Various assumptions were used in drawing the conclusions or making the projections contained in the forward-looking statements throughout this document. The forward-looking information and statements included in this document are not guarantees of future performance and should not be unduly relied upon. Forward-looking statements are based on current expectations, estimates and projections that involve a number of risks and uncertainties, which could cause actual results to differ materially from those anticipated

and described in the forward-looking statements. In particular, but without limiting the foregoing, this document may contain forward-looking information and statements pertaining to:

- the assumption that Trinidad's customers will honour their long-term contracts, and Trinidad's ability to sign future long-term contracts;
- future liquidity levels;
- fluctuations in the demand for Trinidad's services;
- the ability for Trinidad to attract and retain qualified personnel, in particular field staff to crew the Company's rigs;
- the assumption that customers will sign contracts and fund all or a portion of the cost to move equipment;
- the assumption that the re-deployed rigs will operate where and as expected;
- The cost of future upgrades;
- The timing of closing the sale of the rigs;
- Trinidad's ability to fund capital expenditures with cash from operations;
- Trinidad's ability to achieve return on capital and payback expectations;
- Trinidad's ability to pay cash distributions from TDI, and the potential timing of such distributions;
- Trinidad's ability to win future international awards;
- Trinidad's ability to sell under-utilized facilities;
- RigMinder's ability to meet predetermined milestones;
- the existence of competitors, technological changes and developments in the oilfield services industry;
- the existence of operating risks inherent in the oilfield services industry;
- assumptions respecting internal capital expenditure programs and expenditures by oil and gas exploration and production companies;
- assumptions regarding commodity prices, in particular oil and natural gas;
- assumptions respecting supply and demand for commodities, in particular oil and natural gas;
- assumptions regarding foreign currency exchange rates and interest rates;
- the existence of regulatory and legislative uncertainties; and
- the possibility of changes in tax laws; and general economic conditions including the capital and credit markets;

Trinidad cautions that the foregoing list of assumptions, risks and uncertainties is not exhaustive. Additional information on these and other factors that could affect Trinidad's business, operations or financial results are described in reports filed with securities regulatory authorities, accessible through the SEDAR website (www.sedar.com) including but not limited to Trinidad's annual management discussion and analysis, financial statements, Annual Information Form and Management Information Circular. The forward-looking information and statements contained in this document speak only as of the date of this document and Trinidad assumes no obligation to publicly update or revise them to reflect new events or circumstances, except as may be required pursuant to applicable securities laws.

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