

# Gibson Energy Announces 2018 Third Quarter Results

06.11.2018 | [GlobeNewswire](#)

All financial figures are in Canadian dollars unless otherwise noted

CALGARY, Nov. 06, 2018 - [Gibson Energy Inc.](#) (‘Gibson’ or the ‘Company’), (TSX: GEI), announced today its operating and financial results for the three and nine months ended September 30, 2018.

## Financial Highlights:

- Infrastructure segment profit of \$76 million, a \$14 million or 22% increase over the third quarter of 2017, with the increase primarily due to additional tankage entering service in early 2018 under take-or-pay, stable fee-based contracts
- Wholesale segment profit of \$68 million, an increase of \$79 million compared to the third quarter of 2017, as a result of improved sales prices and discounted feedstocks driving strong margins at the Moose Jaw Facility and in Crude Wholesale
- Segment profit from continuing operations of \$142 million, a \$91 million or 177% increase relative to the third quarter of 2017, driven by stronger performance from Infrastructure and Wholesale, as described above
- Adjusted EBITDA from continuing operations<sup>(1)</sup> of \$140 million, a \$98 million or 228% increase relative to the third quarter of 2017
- Distributable cash flow from combined operations<sup>(2)</sup> of \$85 million, a \$46 million or 119% increase over the third quarter of 2017, and an increase of \$28 million or 50% relative to the second quarter of 2018
- Distributable cash flow from combined operations during the trailing twelve months increased to \$272 million, resulting in a payout ratio of approximately 70%

## Strategic Developments and Highlights:

- Achieved a payout at the bottom end of the Company’s target range of between 70% and 80%, with Net Debt to Pro Forma Adjusted EBITDA of 2.9x below the Company’s 3.0x – 3.5x target range, as a result of continued stable performance from Infrastructure and a larger contribution from Wholesale
- On August 8, announced the sanction of an additional \$200 million to \$250 million of incremental growth opportunities, including two additional tanks at Hardisty representing one million barrels of incremental storage, the acceleration of the U.S. strategy and the expansion of the Moose Jaw Facility
- Subsequent to the end of the quarter, announced the sanction of a further two tanks, totaling an additional one million barrels of storage at Hardisty, and increasing Gibson’s infrastructure growth capital in 2018 and 2019 to approximately \$500 million, above the top end of its growth capital target range and providing line of sight to exceeding the Company’s distributable cash flow per share growth target of 10% through to 2020
- Remain fully funded for all sanctioned capital through a combination of disposition proceeds and retained distributable cash flow from combined operations in excess of dividends declared through the first nine months of the year invested at target leverage
- Subsequent to the end of the quarter, announced that Ms. Susan Jones will join the Company’s Board of Directors effective December 1, 2018

‘We are very pleased with our third quarter financial and operational results, which represent a high water mark for Gibson on an Adjusted EBITDA basis,’ said Steve Spaulding, President and Chief Executive Officer. ‘With stable cash flows from Infrastructure that continue to grow as we place additional projects into service and a favorable market environment driving robust earnings from Wholesale, both our payout ratio and leverage are now at the low-end of or below our target ranges. Looking to sustain our momentum, we remain focused on continuing to execute the strategy of growing distributable cash flow per share at least 10% a year, and completing our non-core divestitures, which are currently ahead of our initial schedule with proceeds expected to be at the top end of our target range.’

(1) Adjusted EBITDA from continuing operations is defined in Gibson's Management's Discussion and Analysis ("MD&A"). See MD&A section "Results of Continuing Operations" for segment profit from continuing operations discussion, which is the most closely related GAAP measure and disclosed in note 1 of the condensed consolidated financial statements.

(2) Distributable cash flow from combined operations is defined in Gibson's MD&A. See MD&A sections "Liquidity and Capital Resources" and "Results of Discontinued Operations" for cash flow from operations discussion, which is the most closely related GAAP measure.

#### Management's Discussion and Analysis and Financial Statements

The third quarter 2018 Management's Discussion and Analysis and unaudited Condensed Consolidated Financial Statements provide a detailed explanation of Gibson's operating results for the three and nine months ended September 30, 2018, as compared to the three and nine months ended September 30, 2017. These documents are available at [www.gibsonenergy.com](http://www.gibsonenergy.com) and at [www.sedar.com](http://www.sedar.com).

#### 2018 Third Quarter Results Conference Call

A conference call and webcast will be held to discuss the 2018 third quarter financial and operating results at 7:00am Mountain Time (9:00am Eastern Time) on Wednesday, November 7, 2018.

The conference call dial-in numbers are:

- 478-219-0003 / 844-358-6759
- Participant Pass Code: 7477598

This call will also be broadcast live on the Internet and may be accessed directly at the following URL:

<https://edge.media-server.com/m6/p/j4v2r8kr>

The webcast will remain accessible for a 12-month period at the above URL. Additionally, a digital recording will be available for replay two hours after the call's completion until November 14, 2018, using the following dial-in numbers:

- 404-537-3406 / 855-859-2056
- Participant Pass Code: 7477598

#### Supplementary Information

Gibson has also made available certain supplementary information regarding the third quarter operational and financial results, available at [www.gibsonenergy.com](http://www.gibsonenergy.com)

#### About Gibson

Gibson is a Canadian-based oil infrastructure 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 an infrastructure position in the U.S.

Gibson shares trade under the symbol GEI and are listed on the Toronto Stock Exchange. For more information, visit [www.gibsonenergy.com](http://www.gibsonenergy.com).

#### Forward-Looking Statements

*Certain statements contained in this news 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 and growth thereof, distributable cash flow and growth thereof, 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, proposed divestitures, including the use of proceeds and timing thereof and opportunities and areas for potential growth. All statements other than statements of historical fact are forward-looking statements. The use of any of the words "anticipate", "plan",*

“contemplate”, “estimate”, “intend”, “might”, “shall”, “should”, “would”, “predict”, “pursue”, “capable” and similar expressions 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 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 and forward-looking information 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 Statements” and “Risk Factors” included in the Company’s Annual Information Form dated March 5, 2018 as filed on SEDAR and available on the Gibson website at [www.gibsonenergy.com](http://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](http://www.sedar.com) and on our website at [www.gibsonenergy.com](http://www.gibsonenergy.com).

For further information, please contact:

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#### Selected Financial Information

|                                | Three months ended September 30 |                   | Nine months ended September 30 |                   |
|--------------------------------|---------------------------------|-------------------|--------------------------------|-------------------|
|                                | 2018                            | 2017 <sup>1</sup> | 2018                           | 2017 <sup>1</sup> |
| Continuing operations          |                                 |                   |                                |                   |
| Revenue <sup>1, 4</sup>        | \$ 2,130,022                    | \$ 1,293,863      | \$ 5,531,984                   | \$ 4,009,201      |
| Segment profit <sup>4</sup>    | 142,227                         | 51,265            | 333,518                        | 190,371           |
| Net income (loss) <sup>4</sup> | 6,822                           | (5,410)           | 33,849                         | (10,475)          |

|                                                  |            |           |   |            |            |   |
|--------------------------------------------------|------------|-----------|---|------------|------------|---|
| Basic income (loss) per share <sup>4</sup>       | 0.05       | (0.04     | ) | 0.24       | (0.07      | ) |
| Diluted income (loss) per share <sup>4</sup>     | 0.05       | (0.04     | ) | 0.23       | (0.07      | ) |
| Adjusted EBITDA <sup>3,4</sup>                   | 140,448    | 42,762    |   | 323,314    | 160,726    |   |
| Distributable cash flow <sup>3,4,6</sup>         | 81,015     | 30,887    |   | 180,937    | 110,516    |   |
| Dividends declared                               | 47,588     | 47,081    |   | 142,622    | 141,213    |   |
| Cash flow from operating activities <sup>4</sup> | 118,239    | (9,497    | ) | 265,042    | 137,901    |   |
| Growth capital expenditures <sup>4</sup>         | \$ 63,702  | \$ 46,618 |   | \$ 139,453 | \$ 94,893  |   |
| Combined operations <sup>2</sup>                 |            |           |   |            |            |   |
| Combined Adjusted EBITDA <sup>2, 3,4</sup>       | \$ 146,625 | \$ 55,708 |   | \$ 349,604 | \$ 209,001 |   |
| Distributable cash flow <sup>3,4,6</sup>         | \$ 85,155  | \$ 38,949 |   | \$ 198,394 | \$ 106,918 |   |

Last twelve months - as at  
September 30,

2018                      2017

#### Ratios <sup>5</sup>

|                                      |     |     |
|--------------------------------------|-----|-----|
| Total and senior debt leverage ratio | 2.9 | 3.6 |
| Interest coverage ratio              | 6.0 | 3.4 |

<sup>1</sup> The current period results include the impacts from the adoption of new accounting standards as discussed on page 32 of the MD&A. Comparative information has not been restated and, therefore, may not be comparable.

<sup>2</sup> See definition of non-GAAP measures on pages 19 to 22 and 35. Combined Adjusted EBITDA and Combined distributable cash flow, represents the aggregated results of both continuing and discontinued operations.

<sup>3</sup> See pages 20 to 21 and 27 to 28 for a reconciliation of Adjusted EBITDA to segment profit and distributable cash flow to cash flow from operations, respectively.

<sup>4</sup> Comparative period information has been restated to reflect the impact of discontinued operations.

<sup>5</sup> Refer to page 26 and 31 for more information on the ratio calculation and impact of new accounting standards on covenant calculations.

<sup>6</sup> The distributable cash flow calculation was revised during Q3 2018 and comparative information is restated, refer to page 27 for more information.

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