

# Ensign Energy Services Inc. Reports 2018 Results

08.03.2019 | [CNW](#)

CALGARY, March 7, 2019 /CNW/ -

## OVERVIEW

Revenue for the year ended December 31, 2018 was \$1,156.4 million, an increase of 16 percent from 2017 revenue of \$1,000.7 million. Revenue, net of third party, for the year ended December 31, 2018 was \$1,021.9 million, an increase of 17 percent from Revenue, net of third party, for the year ended December 31, 2017 of \$873.9 million. Adjusted EBITDA for 2018, totaled \$255.7 million, which includes \$15.1 million from [Trinidad Drilling Ltd.](#) for the month of December 2018 (\$1.63 per common share), 27 percent higher than Adjusted EBITDA of \$201.8 million (\$1.29 per common share) for year 2017.

Net income attributed to shareholders for the year ended December 31, 2018 was \$58.3 million (\$0.37 per common share), compared to net loss attributed to shareholders of \$37.6 million (\$0.24 per common share) for the year ended December 31, 2017. Funds flow from operations increased 60 percent to \$225.9 million (\$1.44 per common share) in 2018 compared to \$141.4 million (\$0.90 per common share) in the prior year.

During the fourth quarter of 2018, the Company acquired 89.3 percent of [Trinidad Drilling Ltd.](#) ("Trinidad"), the largest acquisition in the Company's history (the "Trinidad Acquisition"), adding 68 drilling rigs in Canada, 66 in the United States and one internationally. The Trinidad Acquisition also expands the Company's geographic footprint with the addition of three new countries of operation (Bahrain, Kuwait and Mexico) with the joint venture described below, expands the Company's existing customer base, and provides the Company additional exposure to the United States market in particular. Results for the fourth quarter and year ended December 31, 2018 were materially impacted by the Trinidad Acquisition. The acquisition includes a 60 percent interest in Trinidad Drilling International ("TDI"), which is a joint venture with a wholly-owned subsidiary of Halliburton Company.

The Company's improved operating and financial results for 2018 resulted from increased demand for oilfield services caused by price recovery of crude oil and natural gas commodity prices during the year as well as the Trinidad Acquisition in the fourth quarter of 2018. Operating and financial results were lower in Canada in 2018 compared to 2017, mainly due to geopolitical factors and the lack of transportation infrastructure to transport oil and natural gas to other markets.

The Company decommissioned three well servicing rigs in Canada and transferred one ADR® drilling rig from Canada to the United States in 2018. The Company also decommissioned one drilling rig and two well servicing rigs in the United States and added three new-build well servicing rigs in the United States in 2018.

The Company declared total dividends of \$0.48 per common share in 2018.

The Company exited 2018 with a working capital deficit of \$156.2 million, compared to a working capital deficit of \$342.2 million as at December 31, 2017. The change in working capital year-over-year was largely due to the financing obtained from a new Credit Facility (as defined below) in the fourth quarter of 2018, which was partially offset by the Ensign Notes (as defined below) that were optionally repaid on January 10, 2019. The Company's bank credit facilities provided unused and available borrowings of \$401.5 million at December 31, 2018, compared to \$11.2 million at December 31, 2017, up by \$390.3 million, primarily due to a higher current principal amount under the Credit Facility and additional available borrowing as a consequence of the Trinidad Acquisition.

## FINANCIAL AND OPERATING HIGHLIGHTS

(Unaudited, in thousands of Canadian dollars, except per share data and operating information)

	Three months ended December 31			Twelve months ended December 31		
	2018	2017	% change	2018	2017	% change
Revenue	346,136	270,013	28	1,156,357	1,000,650	16
Revenue, net of third party <sup>1</sup>	308,651	241,987	28	1,021,913	873,864	17
Adjusted EBITDA <sup>2</sup>	81,678	69,252	18	255,677	201,784	27
Adjusted EBITDA per share <sup>2</sup>						
Basic	\$ 0.52	\$ 0.34	53	\$ 1.63	\$ 1.29	26
Diluted	\$ 0.52	\$ 0.35	49	\$ 1.63	\$ 1.29	26
Net (loss) income attributable to shareholders	154,472	46,488	nm	58,302	(37,644)	nm
Net (loss) income per share						
Basic	\$ 0.98	\$ 0.30	nm	\$ 0.37	\$ (0.24)	nm
Diluted	\$ 0.98	\$ 0.30	nm	\$ 0.37	\$ (0.24)	nm
Cash provided by operating activities	61,037	38,124	60	152,133	135,147	13
Funds flow from operations <sup>3</sup>	63,834	12,244	nm	225,939	141,438	60
Funds flow from operations per share <sup>3</sup>						
Basic	\$ 0.41	\$ 0.07	nm	\$ 1.44	\$ 0.90	60
Diluted	\$ 0.41	\$ 0.07	nm	\$ 1.44	\$ 0.90	60
Total debt, net of cash	1,641,830	707,559	132	1,641,830	707,559	132
Weighted average shares - basic (000s)	156,794	156,794	&mdash;	156,863	156,546	&mdash;
Weighted average shares - diluted (000s)	156,976	156,976	&mdash;	157,042	156,728	&mdash;
Drilling						
Number of rigs						
Canada	124	57	nm	124	57	nm
United States	133	69	93	133	69	93
International <sup>4</sup>	44	44	0	44	44	0
Operating days <sup>5</sup>						
Canada	1,691	1,649	3	6,002	6,860	(13)
United States	4,711	3,066	54	14,173	10,944	30
International <sup>4</sup>	1,588	1,547	3	6,061	6,106	(1)
Well Servicing						
Number of rigs						

Canada	62	65	(5)	62	65	(5)
United States	46	45	2	46	45	2
Operating hours						
Canada	12,377	16,947	(27)	57,068	70,556	(19)
United States	30,747	23,644	30	112,224	90,281	24

nm - calculation not meaningful.

1. Revenue, net of third party is defined as "gross revenue less third party reimbursable items".
2. Adjusted EBITDA is defined as "(loss) income before interest, income taxes, depreciation, asset decommissioning and write-downs, share-based compensation and foreign exchange, gain on bargain purchase, restructuring costs and other". Management believes that, in addition to net (loss) income, Adjusted EBITDA is a useful supplemental measure as it provides an indication of the results generated by the Company's principal business activities prior to consideration of how these activities are financed, how the results are taxed in various jurisdictions, how the results are impacted by foreign exchange or how the results are impacted by the accounting standards associated with the Company's share-based compensation plans. Adjusted EBITDA also takes into account the Company's portion of the principal activities of the joint venture arrangements by removing the loss (gain) from investments in joint ventures and including adjusted EBITDA from investments in joint ventures. Adjusted EBITDA and Adjusted EBITDA per share are not recognized measures under International Financial Reporting Standards and thus may not be comparable to measures used by other companies.
3. Funds flow from operations are defined as "cash provided by operating activities before the change in non-cash working capital". Management believes that, in addition to net loss, Funds flow from operations constitute a measure that provides additional information regarding the Company's liquidity and its ability to generate funds to finance its operations. Management utilizes this measure to assess the Company's ability to finance operating activities and capital expenditures. Funds flow from operations and Funds flow from operations per share are not measures that have any standardized meaning prescribed by International Financial Reporting Standards and thus may not be comparable to similar measures used by other companies.
4. Includes workover rigs.
5. Defined as contract drilling days, between spud to rig release.

#### 2018 HIGHLIGHTS

- Revenue for 2018 was \$1,156.4 million, a 16 percent increase from 2017 revenue of \$1,000.7 million.
- Revenue amounts and percentage of total by geographic area:
  - Canada - \$241.0 million, 21 percent;
  - United States - \$641.6 million, 55 percent; and
  - International - \$273.8 million, 24 percent.
- Canadian drilling recorded 6,002 operating days in 2018, a 13 percent decrease from 6,860 operating days in 2017. Canadian well servicing recorded 57,068 operating hours in 2018, a 19 percent decrease from 70,556 operating hours in 2017.
- United States drilling recorded 14,173 operating days in 2018, a 30 percent increase from 10,944 operating days in 2017. United States well servicing recorded 112,224 operating hours in 2018, a 24 percent increase from 90,281 operating hours in 2017.
- International drilling recorded 6,061 operating days in 2018, a one percent decrease from 6,106 operating days recorded in 2017.
- Adjusted EBITDA for 2018 was \$255.7 million, which includes \$15.1 million from Trinidad for the month of December 2018, a 27 percent increase from Adjusted EBITDA of \$201.8 million for 2017. Funds flow from operations for 2018 increased 60 percent to \$225.9 million from \$141.4 million in the year prior.
- The Company acquired an 89.3 percent interest in Trinidad, now having a global marketed rig fleet of 302 rigs.
- In connection with the Trinidad acquisition, obtained a \$1,250 million Credit Facility.
- Recognized a \$200.7 million gain on the bargain purchase of Trinidad.
- Three new well servicing rigs were added to the Company's North American equipment fleet.
- Net capital expenditures for the calendar year 2018 was \$73.3 million, of which \$9.1 million was customer funded
  
- Net capital expenditures for the calendar year 2019 are targeted to be \$102 million.
- The Company declared a first quarter cash dividend on common shares of \$0.12 per common share payable April 4, 2019. The Company declared total dividends of \$0.48 per common share in 2018.
- Shareholders are eligible to participate in the Company's reintroduced dividend reinvestment plan (the "DRIP"). The DRIP provides eligible holders of Common Shares with an option to elect to reinvest their dividends in Common Shares of the Company at a discount of up to five percent of the average market price on each dividend payment date.

#### REVENUE AND OILFIELD SERVICES EXPENSE

(\$ thousands)	Three months ended December 31			Twelve months ended	
	2018	2017	% change	2018	2017
Revenue					
Canada	65,565	64,260	2	241,034	262,793
United States	209,890	129,188	62	641,558	459,496
International	70,681	76,565	(8)	273,765	278,361
Total revenue	346,136	270,013	28	1,156,357	1,000,650
Revenue, net of third party	308,651	241,987	28	1,021,913	873,864
Oilfield services expense	251,907	206,750	22	855,824	759,700
Gross margin	94,229	63,263	49	300,533	240,950
Gross margin as a percentage of Revenue, net of third party	30.5	26.1		29.4	27.6

Revenue for the year ended December 31, 2018 totaled \$1,156.4 million, a 16 percent increase from the year ended December 31, 2017 of \$1,000.7 million. The increase in revenue largely result from the increased demand for oilfield services in the United States, resulting in higher equipment utilization rates and additions to revenue from the Trinidad Acquisition. The Company recorded revenue of \$346.1 million for the three months ended December 31, 2018, a 28 percent increase from the \$270.0 million recorded in the three months ended December 31, 2017.

Revenue, net of third party, for the year ended December 31, 2018 totaled \$1,021.9 million, an increase of 17 percent from the previous year of \$873.9 million. As a percentage of Revenue, net of third party, gross margin for the year ended December 31, 2018 was 29.4 percent (2017 - 27.6 percent) as a result of a recovery in energy prices. Moreover, the Company has increased revenue rates along with maintaining effective cost controls. Revenue, net of third party, for the three months ended December 31, 2018 increased 28 percent to \$308.7 million from \$242.0 million in the fourth quarter of 2017.

#### CANADIAN OILFIELD SERVICES

	Three months ended December 31			Twelve months ended December 31	
	2018	2017	Change %	2017	% change
Marketed drilling rigs <sup>1,2</sup>					
Opening balance	56	58	58	57	
Additions	&mdash;	1	&mdash;	2	
Acquisition of <a href="#">Trinidad Drilling Ltd.</a>	68		68		
Transfers, net	&mdash;	&mdash;	(1)	&mdash;	
Placed into reserve	&mdash;	&mdash;	(1)	&mdash;	
Placed into marketed fleet	1	&mdash;	1	&mdash;	
Decommissions/Disposals	&mdash;	(1)	&mdash;	(1)	
Ending balance	125	58	<del>125</del>	58	116
Drilling operating days	1,691	1,649	<del>6,002</del>	6,860	(13)
Drilling rig utilization (%) <sup>1</sup>	19.74	25.3	<del>(22.9)</del>	26.8	(18)
Well servicing rigs					
Opening balance	62	65	65	65	
Decommissions/Disposals	&mdash;	&mdash;	(3)	&mdash;	
Ending balance	62	65	<del>(5)</del>	65	(5)
Well servicing operating hours	12,377	16,947	<del>(57,068)</del>	70,556	(19)
Well servicing utilization (%)	21.7	28.3	<del>(23.2)</del>	29.7	(15)

<sup>1</sup> Excludes coring rig fleet

<sup>2</sup> Total rigs: Canada - 137, (2017 - Canada - 70)

The Company recorded revenue of \$241.0 million in Canada for the year ended December 31, 2018, a decrease of eight percent from \$262.8 million recorded for the year ended December 31, 2017. Revenue generated in Canada increased two percent to \$65.6 million for the three months ended December 31, 2018, from \$64.3 million for the three months ended December 31, 2017. During the year ended December 31, 2018, Canadian total revenues were 21 percent, of the total Company's revenue compared with 26 percent in the prior year. In the fourth quarter of 2018, Canadian revenues accounted for 19 percent of the total revenue (2017 &ndash; 24 percent).

For the year ended December 31, 2018, the Company recorded 6,002 drilling days in Canada, compared to 6,860 drilling days for the year ended December 31, 2017, a decrease of 13 percent. During the fourth quarter of 2018 the Company recorded 1,691 operating days in Canada, an increase of three percent from 1,649 operating days recorded during the fourth quarter of the prior year. Well servicing hours decreased by 19 percent to 57,068 operating hours compared with 70,556 operating hours for the year ended December 31, 2017. Well servicing hours in the fourth quarter of 2018 were down 27 percent to 12,377 compared to the 16,947 hours in the fourth quarter of the prior year.

Despite, the moderate increase in oil and natural gas commodity prices, demand for the Company's oilfield

services was lower compared to prior year mainly due to commodity pricing differentials caused by limited access to other markets for Canadian oil and natural gas, due to a lack of transportation infrastructure in Western Canada. During 2018, the Company transferred one ADR® drilling rig from Canada to the United States and decommissioned three well servicing rigs. During fourth quarter, 2018 the Company through the Trinidad Acquisition, added 68 drilling rigs to its Canadian fleet.

## UNITED STATES OILFIELD SERVICES

	Three months ended December 31		Twelve months ended December 31		
	2018	2017	%2018 change	2017	% change
Marketed drilling rigs <sup>1</sup>					
Opening balance	67	69	70	69	
Additions	&mdash;	&mdash;	&mdash;	1	
Acquisition of <a href="#">Trinidad Drilling Ltd.</a>	66	&mdash;	66		
Transfers, net <sup>1</sup>	&mdash;	&mdash;	1	&mdash;	
Placed into reserve	&mdash;	&mdash;	(3)	&mdash;	
Decommissions/Disposals	&mdash;	&mdash;	(1)	&mdash;	
Ending balance	133	69	933	70	90
Drilling operating days	4,711	3,066	54,173	10,944	30
Drilling rig utilization (%)	47.9	39.4	23.4	35.6	22
Well servicing rigs					
Opening balance	45	44	45	44	
Additions	1	&mdash;	3	1	
Decommissions/Disposals	&mdash;	&mdash;	(2)	&mdash;	
Ending balance	46	44	86	45	&mdash;
Well servicing operating hours	30,747	23,644	302,224	90,281	24
Well servicing utilization (%)	73.7	57.1	20.1	55.6	26

<sup>1</sup> Total rigs: United States - 151, (2017 - United States - 85)

For the year ended December 31, 2018, revenue of \$641.6 million was recorded in the United States, an increase of 40 percent from the \$459.5 million recorded in the prior year. Revenues recorded in the United States were \$209.9 million in the fourth quarter of 2018, a 62 percent increase from the \$129.2 million recorded in the corresponding period of the prior year. The Company's United States operations accounted for 55 percent of the Company's revenue in 2018 (2017 - 46 percent) and were the largest contributor to the Company's consolidated revenues in 2018, consistent with the prior year. During the fourth quarter of 2018 United States operations accounted for 61 percent of the Company's revenue (2017 - 48 percent), also the largest contributor to the Company's consolidated revenues and consistent with the prior year.

In the United States, drilling operating days increased by 30 percent from 10,944 operating days in 2017 to 14,173 operating days in 2018. For the year ended December 31, 2018, well servicing activity increased 24

percent to 112,224 operating hours from 90,281 operating hours in 2017. During the fourth quarter drilling operating days increased by 54 percent from 3,066 operating days in 2017 to 4,711 operating days in 2018. For the fourth quarter ended December 31, 2018, well servicing activity increased 30 percent from 23,644 operating hours in 2017 to 30,747 operating hours.

Overall operating and financial results for the Company's United States operations were positively impacted by a significant increase in demand for oilfield services, due primarily to renewed optimism regarding oil and natural gas commodity prices, as well as the Trinidad Acquisition during the fourth quarter of 2018. Revenue rates in the United States have modestly rebounded with operating activity. During 2018, the Company transferred one ADR® drilling rig from Canada to the United States and deployed three new well servicing rigs to the United States fleet. The Company also decommissioned one drilling rig and two well servicing rigs. During fourth quarter, 2018 the Company, through the Trinidad Acquisition, added 66 drilling rigs to the United States fleet and placed three drilling rigs into reserve.

## INTERNATIONAL OILFIELD SERVICES

	Three months ended December 31			Twelve months ended December 31		
	2018	2017	%change	2018	2017	% change
Marketed drilling and workover rigs <sup>1</sup>						
Opening balance	44	46		44	46	
Acquisition of <a href="#">Trinidad Drilling Ltd.</a>	1	&mdash;		1	&mdash;	
Transfers	&mdash;	&mdash;		&mdash;	&mdash;	
Placed into reserve	(1)	(2)		&mdash;	(2)	
Ending balance	44	44	&mdash;	45	44	2
Drilling operating days	1,588	1,547	3	6,061	6,106	(1)
Drilling rig utilization (%)	37.5	36.4	3	36.1	36.4	(1)

<sup>1</sup> Total rigs: 47, (2017 - 46)

The Company's international revenues for the year ended December 31, 2018, decreased two percent to \$273.8 million from \$278.4 million recorded in the year ended December 31, 2017. International revenue totaled \$70.7 million in the fourth quarter of 2018, an eight percent decrease from \$76.6 million recorded in the corresponding period of the prior year. The Company's international operations contributed 24 percent of the Company's revenue in 2018 (2017 - 28 percent). The Company's international operations contributed 20 percent of the Company's fourth quarter revenue in 2018 (2017 - 28 percent).

International operating days totaled 6,061 compared to 6,106 drilling days for the year ended December 31, 2017, a decrease of one percent compared to the year prior. International operating days for the three months ended December 31, 2018 increased three percent to 1,588 compared to 1,547 operating days in the fourth quarter of 2017.

The Company's international operations expanded in 2018 through the 60 percent TDI joint venture, acquired pursuant to the Trinidad Acquisition and discussed below. One additional international drilling rig was acquired through the Trinidad Acquisition and one of the Company's international drilling rigs was placed into reserve.

## JOINT VENTURE

	Three months ended December 31			Twelve months ended December 31		
	2018	2017	% change	2018	2017	% change
Revenue (\$ thousands)	3,643	&mdash;	nm	3,643	&mdash;	nm
Marketed drilling and workover rigs						
Acquisition of Trinidad	5	&mdash;	nm	5	&mdash;	nm
Ending balance	5	&mdash;	nm	5	&mdash;	nm
Drilling operating days	47	0	nm	47	&mdash;	nm
Drilling rig utilization (%)	66.7	0.0	nm	67	&mdash;	nm
nm - calculation not meaningful						

Pursuant to the Trinidad Acquisition, Ensign acquired a 60% ownership in TDI, a joint venture with a wholly-owned subsidiary of Halliburton Company, which operates rigs in Bahrain, Mexico and Kuwait. TDI has five drilling rigs. For the period November 30, 2018 to December 31, 2018, Ensign portion of TDI's income was \$1,094.

#### DEPRECIATION

	Three months ended December 31			Twelve months ended December 31		
	2018	2017	% change	2018	2017	% change
(\$ thousands)						
Depreciation	113,565	91,736	24	415,036	325,811	27

Depreciation expense for the year increased by 27 percent to \$415.0 million compared with \$325.8 million for the year ended 2017. Depreciation expense totaled \$113.6 million for the fourth quarter of 2018 compared with \$91.7 million for the fourth quarter of 2017, an increase of 24 percent. In the first quarter of 2018, the Company reviewed the useful life estimates for all rigs and related equipment and determined that using a straight-line method (versus unit of production) would more accurately reflect the future economic benefits related to these assets. These adjustments were applied prospectively and, as such, have increased depreciation expenses for the year ended December 31, 2018 when compared to the year ended December 31, 2017. Furthermore, the increase is also partially attributed to the acquisition of Trinidad's fixed asset base.

#### GENERAL AND ADMINISTRATIVE EXPENSE

	Three months ended December 31			Twelve months ended December 31		
	2018	2017	% change	2018	2017	% change
(\$ thousands)						
General and administrative	14,132	8,443	67	46,437	39,166	19
% of revenue	4.1	3.1		4.0	3.9	

For the year ended December 31, 2018, general and administrative expense totaled \$46.4 million (4.0 percent of revenue) compared to \$39.2 million (3.9 percent of revenue) for the year ended December 31, 2017, an increase of 19 percent. General and administrative expense increased 67 percent to \$14.1 million (4 percent of revenue) for the fourth quarter of 2018. The increase was due primarily to the Trinidad Acquisition and includes \$1.5 million of non-recurring acquisition and integration costs relating to such acquisition. Management continues to focus on managing costs, but expects further restructuring costs to be incurred into 2019.

#### FOREIGN EXCHANGE AND OTHER

(\$ thousands)	Three months ended December 31			Twelve months ended December 31		
	2018	2017	% change	2018	2017	% change
Foreign exchange and other	3,514	17,302	(80)	(19,001)	21,903	nm

nm - calculation not meaningful

Included in this amount is the impact of foreign currency fluctuations in the Company's subsidiaries that have functional currencies other than the Canadian dollar.

#### INTEREST EXPENSE

(\$ thousands)	Three months ended December 31			Twelve months ended December 31		
	2018	2017	% change	2018	2017	% change
Interest expense	22,154	14,505	53	52,421	41,491	26
Interest income	(1)	(73)	(99)	(5)	(281)	(98)
	22,153	14,432	53	52,416	41,210	27

Interest is incurred on the Company's \$1.25 billion revolving credit facility (the "Credit Facility"), a \$200 million existing Trinidad credit facility (the "Trinidad Facility") and USD \$350 million of Trinidad's senior notes due February 2025 (the "Trinidad Notes") assumed through the Trinidad Acquisition, and the USD \$200 million in senior guaranteed notes (the "Ensign Notes") due February 2019 and 2022. The amortization of deferred financing costs associated with the issuance of the Ensign Notes is included in interest expense.

Interest expense increased by 26 percent for the year ended December 31, 2018 compared to the same period in 2017 as a result of increased borrowings and interest rates. In January and February 2019, the Company: (i) utilized a portion of the Credit Facility to redeem the Ensign Notes, including the principal, make whole and accrued interest; (ii) entered into USD \$700 million senior loan facility (the "Senior Loan"); utilized a portion of the proceeds of the Senior Loan to repurchase 99.93% of the Trinidad Notes and pay related consent fees (the remaining 0.07% of which will be repurchased in March 2019) and to repay the Trinidad Facility; and (iii) reduced the outstanding balance of the Credit Facility to below \$900 million utilizing a portion of the Senior Loan. For the three months ended December 31, 2018, interest expense increased 53 percent to \$22.2 million compared to the comparative period in 2017.

#### INCOME TAXES

(\$ thousands)	Three months ended December 31			Twelve months ended December 31		
	2018	2017	% change	2018	2017	% change
Current income tax	377	(1,362)	nm	1,044	(2,353)	nm
Deferred income tax	(11,071)	(114,807)	(90)	(53,224)	(147,799)	(64)
Total income tax	(10,694)	(116,169)	(91)	(52,180)	(150,152)	(65)
Effective income tax rate (%) (7.4)		166.7		26.9	80.0	

nm - calculation not meaningful

The effective income tax rate for the year ended December 31, 2018 was 26.9 percent compared with 80.0 percent for the year ended December 31, 2017. The effective tax rate was significantly lower than the effective tax rate of 2017 due mainly to the impact of US Tax Reform and its effect on the US deferred income tax liability in 2017.

#### FUNDS FLOW FROM OPERATIONS AND WORKING CAPITAL

(\$ thousands, except per share amounts)	Three months ended December 31			Twelve months ended December 31		
	2018	2017	% change	2018	2017	% change
Funds flow from operations	63,834	12,244	nm	225,939	141,438	60
Funds flow from operations per share	\$0.41	\$0.07	nm	\$ 1.44	\$ 0.90	60
Working capital	(156,223)	(342,199)	(54)	(156,223)	(342,199)	(54)

nm - calculation not meaningful

For the year ended December 31, 2018, the Company generated Funds flow from operations of \$225.9 million (\$1.44 per common share) an increase of 60 percent from \$141.4 million (\$0.90 per common share) for the year ended December 31, 2017. The Company generated Funds flow from operations of \$63.8 million (\$0.41 per common share) in the three months ended December 31, 2018, compared in the three months ended December 31, 2017 \$12.2 million (\$0.07 per common share). The change in Funds flow from operations in 2018 compared to 2017 is primarily due to higher operating results and the Trinidad Acquisition.

As at December 31, 2018 the Company's working capital was a deficit of \$156.2 million, compared to a working capital deficit of \$342.2 million at December 31, 2017. The change in working capital in 2018 was mainly related to refinancing the Credit Facility, which is due November 2021. The increase was partially offset by the financial statement reclassification of the Ensign Notes (\$200 million USD were redeemed in January 2019) maturing within the next 12 months to current liabilities. The Company expects funds generated by operations, combined with current and future credit facilities, to fully support current operating and capital requirements. Existing revolving credit facilities provide for total borrowings of \$1.5 billion and, of which \$401.5 million was undrawn and available at December 31, 2018.

#### INVESTING ACTIVITIES

(\$ thousands)	Three months ended December 31			Twelve months ended December 31		
	2018	2017	% change	2018	2017	% change
Purchase of property and equipment	(20,257)	(25,738)	(21)	(80,044)	(123,763)	(35)
Proceeds from disposals of property and equipment	3,400	512	nm	6,748	6,051	12
Acquisition of <a href="#">Trinidad Drilling Ltd.</a> (net)	(294,264)	&mdash;	nm	(294,264)	0	nm
Contributions to joint venture	(26,144)	&mdash;	nm	(26,144)	0	nm
Net change in non-cash working capital	7,369	(1,331)	nm	17,734	(2,667)	nm
Cash used in investing activities	(329,896)	(26,557)	nm	(375,970)	(120,379)	nm

nm - calculation not meaningful

In the fourth quarter, the Company acquired an 89.3 percent interest in Trinidad for net cash consideration of \$320.3 million and made a \$26.1 million contribution to TDI. Net purchases of property and equipment during the fiscal year ending 2018 totaled \$73.3 million (2017 - \$117.7 million) and \$16.9 million for the fourth quarter (2017 - net proceeds of \$25.2 million). The purchase of property and equipment relates predominantly to expenditures made pursuant to the Company's new build and major retrofit program, and for maintenance capital costs incurred during the year. The Company completed construction of a total of three well servicing rigs for the United States during 2018.

#### FINANCING ACTIVITIES

(\$ thousands)	Three months ended December 31			Twelve months ended December 31		
	2018	2017	% change	2018	2017	% change
Proceeds from long-term debt	356,253	6,388	nm	490,886	171,976	nm
Repayments of long-term debt	(30,814)	&mdash;	nm	(182,391)	(129,787)	41
Purchase of shares held in trust	(250)	(280)	(11)	(1,047)	(1,103)	(5)
Subordinate convertible debenture	&mdash;	&mdash;	nm	37,000	0	nm
Dividends	(18,849)	(18,849)	&mdash;	(75,396)	(52,577)	43
Net change in non-cash working capital	7,579	0	nm	11,609	(482)	nm
Cash used in financing activities	313,919	(12,741)	nm	280,661	(11,973)	nm

nm - calculation not meaningful

The Company made a net withdrawal on the Credit Facility of \$308.5 million during the year ended December 31, 2018, increasing the outstanding long-term debt balance. As of December 31, 2018, the Credit Facility is primarily being used to fund capital expenditures and the Trinidad Acquisition.

During the first quarter of 2018, the Company issued a non-brokered private placement of unsecured, subordinated convertible debentures (the "Debentures") for gross proceeds of \$37.0 million. The Debentures bear interest from the date of closing at 7.0% per annum, payable semi-annually in arrears, on April 1 and October 1 each year. The Debentures will mature on January 31, 2022.

## NEW BUILDS AND MAJOR RETROFITS

During the year ended December 31, 2018, the Company added three new-build well servicing rigs in the United States. The Company decommissioned three well servicing rigs in Canada, one drilling rig and two well servicing rigs in the United States during 2018. One new-build well servicing rig will be added early 2019 in the United States. The Company continues to selectively add new ADR® drilling rigs to meet the increasing technical demands of its customers.

## OUTLOOK

### Industry Overview

The oilfield services industry continues to experience volatility. The benchmark price of West Texas Intermediate experienced a significant decrease in Q4, 2018 with prices rebounding in the first two months of 2019. The price volatility has caused some oil and gas producers to reduce capital spending or to adopt a cautious tone. The Company has responded with a prudent net capital spending budget of \$102 million consisting of maintenance capital only. The Company is continuing to focus on costs and is expecting annualized synergies of \$40 million from the Trinidad Acquisition.

### Canadian Activity

The Canadian market continues to be volatile, with the differential for light and heavy Canadian oil improving since Q4, 2018. The improvement of pricing has created more cash flow for Canadian producers which could result in increased activity in the summer and fall of 2019. Takeaway capacity is still the largest concern weighing on the Canadian market and, until this issue is resolved, pricing volatility is expected to continue.

Of our 125 marketed Canadian rigs, approximately 53 percent are engaged in contracts, with 41 percent of the contracts having term that is six months or greater.

### United States Activity

The drilling rig count in the United States has been relatively flat and is expected to remain steady for the remainder of the year. Day rates have increased modestly year over year, with the expectation that future increases will abate until the drilling rig count begins to increase.

Of our 133 marketed United States drilling rigs, approximately 64 percent are contracted, with 55 percent of the contracts having term that is six months or greater.

### International Activity

The Company expects modest growth in Australia with additional drilling rigs being contracted in Q4 2018 that will begin working in 2019. Our Latin American operations are expected to see a decrease in activity due to the January 2019 expansion of sanctions against Venezuela by the United States. Activity in the Middle East is expected to remain consistent with 2018 activity levels during 2019.

Our 50 marketed international rigs, approximately 46 percent are contracted, with 78 percent of the contracts having term that is six months or greater.

### 2019 Capital Expenditures and Debt Reduction

The Company has budgeted net capital expenditures for 2019 of approximately \$102 million for the combined entity. The disciplined capital plan focuses on certifications and preventative maintenance for its

combined global high/super spec drilling rig fleet, other service lines, and select upgrade projects. In addition to a disciplined capital plan, The Company will focus on debt reduction throughout 2019 and beyond, with an initial reduction target of \$100 million in 2019 (before asset dispositions such as duplicate operating facility locations).

#### Trinidad Acquisition Update

The acquisition of Trinidad has allowed the Company to substantially increase the size of the Company's global operations and geographic footprint, in particular within active U.S. shale basins such as the Permian, and new international jurisdictions such as Kuwait and Bahrain. The acquisition is expected to be accretive to the Company's cash flow per share on a debt-adjusted basis and is expected to provide approximately \$40 million in annual cost saving synergies relating to the elimination of duplicate public company costs, facility overlap and staff efficiencies. This number does not include potential revenue and purchasing efficiencies which could further add to the accretive nature of the acquisition, increase our liquidity and allow the Company to proactively reduce debt on a go-forward basis.

The integration of Trinidad's high/super-spec drilling rig fleet continues to progress as planned and management is very impressed with the equipment and people that they have seen in the field. We continue to focus on ensuring that during this integration that the Company's people are safe and operations and customers are not impacted. Customer feedback has been positive and this acquisition will allow the Company to take a market share leadership position in key markets and drive stronger financial results on a go-forward basis, which in combination with the Company's financial flexibility and agreed-to incremental customer funded upgrades, the Company has a platform for additional growth and financial strength."

#### RISKS AND UNCERTAINTIES

This document contains forward-looking statements based upon current expectations that involve a number of business risks and uncertainties. The factors that could cause results to differ materially include, but are not limited to, political, economic and market conditions, crude oil and natural gas prices, foreign currency fluctuations, weather conditions, the Company's defense of lawsuits and the ability of oil and natural gas companies to pay accounts receivable balances and raise capital or other unforeseen conditions which could impact on the use of the services supplied by the Company. For a more detailed description of the risk factors and uncertainties that face the Company and the industry in which it operates, refer to the "Risks and Uncertainties" section of our current Management's Discussion & Analysis and the section titled "Risk Factors" in our current Annual Information Form.

#### CONFERENCE CALL

A conference call will be held to discuss the Company's fourth quarter 2018 results at 2:00 p.m. MDT (4:00 p.m. EDT) on Friday, March 8, 2019. The conference call number is 1-647-427-7450 (in Toronto) or 1-888-231-8191 (outside Toronto). A taped recording will be available until March 15, 2019 by dialing 1-416-849-0833 (in Toronto) or 1-855-859-2056 (outside Toronto) and entering the reservation number 3492669. A live broadcast may be accessed through the Company's web site at [www.ensignenergy.com](http://www.ensignenergy.com).

[Ensign Energy Services Inc.](#) is an international oilfield services contractor and is listed on the Toronto Stock Exchange under the trading symbol ESI.

#### [Ensign Energy Services Inc.](#)

##### Consolidated Statements of Financial Position

As at	December 31 2018	December 31 2017
-------	---------------------	---------------------

(Unaudited - in thousands of Canadian dollars)

Assets

## Current Assets

Cash and cash equivalents	\$ 84,823	\$ 32,374
Accounts receivable	351,596	232,155
Inventories, investments, prepaid and other	58,175	92,424
Assets held for sale	18,806	&mdash;
Income taxes receivable	1,994	3,546
Total current assets	515,394	360,499
Property and equipment	3,201,704	2,597,966
Investment in joint ventures	\$ 177,010	&mdash;
Total assets	\$ 3,894,108	\$ 2,958,465

## Liabilities

## Current Liabilities

Accounts payable and accruals	\$ 271,374	\$ 190,152
Dividends payable	18,849	18,849
Share-based compensation	975	3,021
Income taxes payable	3,807	3,419
Current portion of long-term debt	376,612	487,257
Total current liabilities	671,617	702,698

Long-term debt	1,350,041	252,676
Share-based compensation	3,033	2,708
Deferred income taxes	72,727	311,007
Non-controlling interest	6,007	&mdash;
Total liabilities	2,103,425	1,269,089

## Shareholders' Equity

Share capital	206,328	206,042
Contributed surplus	1,013	1,126
Equity component of convertible debenture	3,193	&mdash;
Foreign currency translation reserve	315,095	237,885
Minority interest	72,078	&mdash;
Retained earnings		

1,192,976

1,244,323



Total shareholders' equity	1,790,683	1,689,376
Total liabilities and shareholders' equity	\$ 3,894,108	\$ 2,958,465

[Ensign Energy Services Inc.](#)  
Consolidated Statements of Loss

	Three months ended		Twelve months ended	
	December 31 2018	December 31 2017	December 31 2018	December 31 2017
(Unaudited - in thousands of Canadian dollars, except per share data)				
Revenue	\$ 346,136	\$ 270,013	\$ 1,156,357	\$ 1,000,000
Expenses				
Oilfield services	251,907	206,750	855,824	759,700
Depreciation	113,565	91,736	415,036	325,800
General and administrative	14,132	8,443	46,437	39,100
Share-based compensation	(1,729)	1,031	707	656
Foreign exchange and other	3,514	17,302	(19,001)	21,900
Total expenses	381,389	325,262	1,299,003	1,147,152
Loss before interest and income taxes	(35,253)	(55,249)	(142,646)	(146,152)
Gain from investment in joint ventures	(874)	&mdash;	(874)	&mdash;
Gain on bargain purchase	(200,672)	&mdash;	(200,672)	&mdash;
Interest expense	22,153	14,432	52,416	41,200
Income (loss) before income taxes	144,140	(69,681)	6,484	(187,052)
Income taxes				
Current tax	377	(1,362)	1,044	(2,350)
Deferred tax	(11,071)	(114,807)	(53,224)	(147,000)
Total income taxes	(10,694)	(116,169)	(52,180)	(150,350)
Net income (loss)	\$ 154,834	\$ 46,488	\$ 58,664	\$ (37,302)
Net income (loss) attributable to:				
Shareholders of Ensign	154,472	46,488	58,302	(37,600)
Minority interests	362	&mdash;	362	&mdash;
Net income (loss) per share	\$ 154,834	\$ 46,488	\$ 58,664	\$ (37,302)
Net income (loss) per share				
Basic	\$ 0.98	\$ (0.30)	\$ 0.37	\$ (0.20)
Diluted				

\$





(0.30)

\$









[Ensign Energy Services Inc.](#)

## Consolidated Statements of Cash Flows

	Three months ended		Twelve months ended	
	December 31 2018	December 31 2017	December 31 2018	December 31 2017
(Unaudited - in thousands of Canadian dollars)				
Cash provided by (used in)				
Operating activities				
Net (loss) income	\$ 154,834	\$ 46,488	\$ 58,664	\$ (37,644)
Items not affecting cash				
Depreciation	113,565	91,736	415,036	325,811
Share-based compensation, net of cash paid	(1,729)	812	707	145
Loss from joint ventures	(874)	&mdash;	(874)	&mdash;
Unrealized foreign exchange and other	9,401	(13,522)	5,571	(918)
Accretion on long-term debt	380	1,537	731	1,843
Deferred income tax	(11,071)	(114,807)	(53,224)	(147,799)
Gain on bargain purchase	(200,672)	&mdash;	(200,672)	&mdash;
Funds flow from operations	63,834	12,244	225,939	141,438
Net change in non-cash working capital	(2,797)	25,880	(73,806)	(6,291)
Cash provided by operating activities	61,037	38,124	152,133	135,147
Investing activities				
Purchase of property and equipment	(20,257)	(25,738)	(80,044)	(123,763)
Proceeds from disposals of property and equipment	3,400	512	6,748	6,051
Acquisition of <a href="#">Trinidad Drilling Ltd.</a> (net)	(294,264)	&mdash;	(294,264)	&mdash;
Contributions to joint ventures	(26,144)	&mdash;	(26,144)	&mdash;
Net change in non-cash working capital	7,369	(1,331)	17,734	(2,667)
Cash used in investing activities	(329,896)	(26,557)	(375,970)	(120,379)
Financing activities				

Proceeds from long-term debt	356,253	6,388	490,886	171,976
Repayments of long-term debt	(30,814)	&mdash;	(182,391)	(129,787)
Purchase of shares held in trust	(250)	(280)	(1,047)	(1,103)
Subordinate convertible debenture	&mdash;	&mdash;	37,000	&mdash;
Dividends	(18,849)	(18,849)	(75,396)	(52,577)
Net change in non-cash working capital	7,579	&mdash;	11,609	(482)
Cash provided by (used in) financing activities	313,919	(12,741)	280,661	(11,973)
Net increase (decrease) in cash and cash equivalents	45,060	(1,174)	56,824	2,795
Effects of foreign exchange on cash and cash equivalents	(1,736)	1,889	(4,375)	(258)
Cash and cash equivalents &ndash; beginning of period	41,499	31,659	32,374	29,837
Cash and cash equivalents &ndash; end of period	\$ 84,823	\$ 32,374	\$ 84,823	\$ 32,374
<b>Supplemental information</b>				
SOURCE <a href="#">Ensign Energy Services Inc.</a>				
Interest paid	\$ 13,575	\$ 12,351	\$ 39,784	\$ 37,161
Income taxes paid (recovered)	\$ 4,594	\$ (1,852)	\$ 896	\$ (19,688)
Michael Gray, Chief Financial Officer, (403) 262-1361				

Dieser Artikel stammt von [Rohstoff-Welt.de](#)

Die URL für diesen Artikel lautet:

<https://www.rohstoff-welt.de/news/321221--Ensign-Energy-Services-Inc.-Reports-2018-Results.html>

Für den Inhalt des Beitrages ist allein der Autor verantwortlich bzw. die aufgeführte Quelle. Bild- oder Filmrechte liegen beim Autor/Quelle bzw. bei der vom ihm benannten Quelle. Bei Übersetzungen können Fehler nicht ausgeschlossen werden. Der vertretene Standpunkt eines Autors spiegelt generell nicht die Meinung des Webseiten-Betreibers wieder. Mittels der Veröffentlichung will dieser lediglich ein pluralistisches Meinungsbild darstellen. Direkte oder indirekte Aussagen in einem Beitrag stellen keinerlei Aufforderung zum Kauf-/Verkauf von Wertpapieren dar. Wir wehren uns gegen jede Form von Hass, Diskriminierung und Verletzung der Menschenwürde. Beachten Sie bitte auch unsere [AGB/Disclaimer!](#)

Die Reproduktion, Modifikation oder Verwendung der Inhalte ganz oder teilweise ohne schriftliche Genehmigung ist untersagt!  
Alle Angaben ohne Gewähr! Copyright © by Rohstoff-Welt.de -1999-2026. Es gelten unsere [AGB](#) und [Datenschutzrichtlinien](#).