

Teck Reports Unaudited Second Quarter Results for 2019

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- Updated capital allocation policy and increased share buy-back by \$600 million to \$1.0 billion
- B.C. Government has endorsed the use of saturated rock fills for water treatment at our steelmaking coal operations
- Implementing our RACE21™; innovation-driven efficiency program to generate an initial \$150 million in annualized EBITDA¹ improvements by the end of 2019

VANCOUVER, British Columbia, July 25, 2019 -- [Teck Resources Ltd.](#) (TSX: TECK.A and TECK.B, NYSE: TECK) (“Teck”) reported adjusted EBITDA² of \$1.2 billion for the second quarter. Profit attributable to shareholders was \$231 million (\$0.41 per share) for the second quarter of 2019 compared with \$634 million (\$1.10 per share) a year ago. Adjusted profit attributable to shareholders^{1 2} was \$459 million (\$0.81 per share) compared with \$653 million (\$1.14 per share) a year ago.

“We achieved a number of important milestones in the second quarter that have put Teck in a strong position moving forward,” said Don Lindsay, President and CEO. “The B.C. Government endorsed saturated rock fills to treat water at our steelmaking coal operations, we updated our capital allocation framework to reflect our focus on returning additional cash to shareholders and we are accelerating our innovation-driven efficiency program RACE21™; and aim to generate annualized EBITDA improvements.”

“These measures are part of Teck’s straightforward strategy of running our operations safely, efficiently and sustainably to generate cash, successfully executing our QB2 Project and returning excess capital to shareholders,” added Lindsay.

Significant Items

- We have updated our capital allocation framework to reflect our intention to make additional returns to shareholders by supplementing our base dividend with at least an additional 30% of available cash flow¹ through supplemental dividends and/or share repurchases.
- We announced that we will apply an additional \$600 million to repurchase Class B subordinate voting shares, bringing the previously announced share buy-back under our normal course issuer bid to \$1.0 billion. To date, we have repurchased approximately 18.8 million in shares for \$552 million.
- The B.C. Government has endorsed saturated rock fills (SRFs) and we have received approval to begin construction to expand the SRF at our Elkview Operations. We estimate that over the long term, SRFs will significantly reduce capital and operating costs compared to active water treatment facilities of similar capacity.
- We expect to generate an initial \$150 million in annualized EBITDA improvements by the end of 2019 through the implementation of our RACE21™; innovation-driven efficiency program. We continue to review additional initiatives and will provide guidance on further potential EBITDA improvements for 2020 in February 2020 along with our normal annual guidance.
- Profit attributable to shareholders was \$231 million (\$0.41 per share) in the second quarter compared with \$634 million (\$1.10 per share) a year ago. Adjusted profit attributable to shareholders was \$459 million (\$0.81 per share) compared with \$653 million (\$1.14 per share) in the second quarter of last year.
- EBITDA was \$808 million in the second quarter compared with \$1.4 billion in the second quarter of 2018. Our adjusted EBITDA in the second quarter totaled \$1.2 billion compared with \$1.4 billion last year.

- Gross profit was \$1.1 billion in the second quarter compared with \$1.2 billion a year ago. Gross profit before depreciation and amortization^{1 2} was \$1.4 billion compared with \$1.6 billion in the second quarter of 2018.
- Despite government-imposed production curtailments, our energy business unit had strong performance in the second quarter. Our share of Fort Hills EBITDA was \$70 million compared with \$22 million in the first quarter of this year and \$13 million in the second quarter of last year.
- Consistent with our capital allocation framework, we announced that we will not proceed with the MacKenzie Redcap extension at our Cardinal River steelmaking coal operation and the operation will close in the second half of 2020. As a result of this decision, we have recorded an after-tax asset impairment charge in the second quarter of \$109 million.
- Construction at QB2 continues to advance. Critical path construction activities are on track and the project continues to ramp-up civil and infrastructure activities with over 3,100 people actively working on site across the six major construction areas. First production is targeted for the fourth quarter of 2021.
- In May we signed a US\$2.5 billion limited recourse project financing facility to fund the development of the QB2 Project, which is expected to close in the third quarter.
- We redeemed US\$600 million of outstanding 8.5% notes due in 2024, reducing our outstanding notes to US\$3.2 billion with no significant maturities until 2035. We recorded an after-tax charge of \$166 million on the transaction.
- Our liquidity remains strong at \$6.8 billion, including \$1.6 billion in cash at July 24, 2019, of which \$1.0 billion is on deposit in Chile for the development of the QB2 Project.
- We were recognized as one of the top companies in Canada for corporate citizenship, placing fourth on the Best 50 Corporate Citizens in Canada ranking by Corporate Knights. This marks the thirteenth consecutive year that we have been named to the Best 50.
- We have amended our 2019 capital expenditure guidance, operating cost guidance for our copper and zinc business units and production guidance in our steelmaking coal business unit. All changes are outlined in our Guidance tables on pages 32 to 35 in the full unaudited second quarter results at link below.

Notes:

1) Non-GAAP Financial Measure. See "Use of Non-GAAP Financial Measures" section for further information.

2) See "Use of Non-GAAP Financial Measures" section for reconciliation.

This management's discussion and analysis is dated as at July 24, 2019 and should be read in conjunction with the unaudited consolidated financial statements of [Teck Resources Ltd.](#) ("Teck") and the notes thereto for the three and six months ended June 30, 2019, the unaudited condensed financial statements of Teck and the notes thereto for the three months ended March 31, 2019 and with the audited consolidated financial statements of Teck and the notes thereto for the year ended December 31, 2018. In this news release, unless the context otherwise dictates, a reference to "the company" or "us," "we" or "our" refers to Teck and its subsidiaries. Additional information, including our Annual Information Form and Management's Discussion and Analysis for the year ended December 31, 2018, is available on SEDAR at www.sedar.com.

This document contains forward-looking statements. Please refer to the cautionary language under the heading "CAUTIONARY STATEMENT ON FORWARD-LOOKING INFORMATION" below.

Profit and Adjusted Profit

| (CAD\$ in millions) | Three months ended June 30, | | Six months ended June 30, | |
|-------------------------------------|--------------------------------|--------|------------------------------|----------|
| | 2019 | 2018 | 2019 | 2018 |
| Profit attributable to shareholders | \$ 231 | \$ 634 | \$ 861 | \$ 1,393 |
| Add (deduct): | | | | |

| | | | | |
|---|---------|---------|----------|----------|
| Debt prepayment option (gain) loss | (26) | 15 | (77) | 24 |
| Debt redemption loss | 166 | – | 166 | – |
| Asset impairment | 109 | – | 109 | – |
| Taxes and other | (21) | 4 | (32) | (11) |
| Adjusted profit attributable to shareholders ¹ | \$ 459 | \$ 653 | \$ 1,027 | \$ 1,406 |
| Adjusted basic earnings per share ^{1 2} | \$ 0.81 | \$ 1.14 | \$ 1.82 | \$ 2.45 |
| Adjusted diluted earnings per share ^{1 2} | \$ 0.81 | \$ 1.12 | \$ 1.80 | \$ 2.41 |

Notes:

1. Non-GAAP Financial Measure. See “Use of Non-GAAP Financial Measures” section for further information.
2. See “Use of Non-GAAP Financial Measures” section for reconciliation.

In addition to the items identified in the table above, our results include gains and losses due to changes in market prices in respect of pricing adjustments, commodity derivatives, inventory write-downs and reversals, share-based compensation and changes in the discounted value of decommissioning and restoration costs at closed mines. Taken together, these items resulted in \$77 million of after-tax losses (\$113 million before tax) in the second quarter, or \$0.14 per share. We do not adjust our reported profit for these items.

[Click here to view Teck’s full unaudited second quarter results for 2019.](#)

CAUTIONARY STATEMENT ON FORWARD-LOOKING STATEMENTS

This news release contains certain forward-looking information and forward-looking statements as defined in applicable securities laws (collectively referred to in this news release as “forward-looking statements”). All statements other than statements of historical fact are forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of Teck to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

These forward-looking statements, including under the headings “Outlook,” that appear in various places in this release, include estimates, forecasts, and statements as to management’s expectations with respect to, among other things, anticipated global and regional supply and demand for our commodities, production, sales and unit cost guidance and forecasts for our products and individual operations, and our expectation that we will meet that guidance, capital expenditure guidance, capitalized stripping guidance, mine lives and duration of operations at our various mines and operations, expected annualized EBITDA and other benefits that will be generated from our RACE21™ innovation-driven efficiency program and the associated implementation costs, the expectation that we will provide guidance on further potential EBITDA gains for 2020, Elk Valley Water Quality Plan spending guidance, including projected 2019 capital spending and other capital spending guidance, expected operating costs associated with the Plan, timing of AWTF construction and projected number of AWTFs required and ability to have the Elkview SRF replace an AWTF, operating cost increase guidance associated with the Plan, potential for SRFs to reduce capital and operating costs associated with active water treatment, timing of first contributions to QB2, timing of the closing of the QB2 Project financing and first borrowing, expectations regarding the Neptune facility upgrade, including costs and timing, anticipated benefits and timing of our ball mill project at Highland Valley, timing of construction completion, first and full production at QB2 and expansion potential relating to QB3, the anticipated benefits of the Red Dog VIP2 mill upgrade project and the associated timing and cost, potential to debottleneck at Fort Hills and expand production capacity, potential to increase Fort Hills production, the timing of a decision statement regarding the Frontier Project, our expectations, projections and sensitivities under the heading “Commodity Prices and Sensitivities,” impact of certain accounting initiatives and estimates, all guidance appearing in this news release including but not limited to the production, sales, unit cost and capital expenditure guidance under the heading “Guidance”, the sensitivity of our profit and EBITDA to changes in currency exchange rates and commodity price changes, the expectations regarding the amount of Class B subordinate voting shares that might be purchased under the normal course issuer bid and demand and market outlook for commodities and our products, expectations regarding the amount of cash returns to shareholders under our capital allocation framework and more generally. These forward-looking statements involve numerous assumptions, risks and uncertainties and actual results may vary materially.

These statements are based on a number of assumptions, including, but not limited to, assumptions regarding general business and economic conditions, the supply and demand for, deliveries of, and the level and volatility of prices of, zinc, copper and steelmaking coal and other primary metals and minerals as well as oil, and related products, the timing of the receipt of regulatory and governmental approvals for our development projects and other operations, our costs of production and production and productivity levels, as well as those of our competitors, power prices, continuing availability of water and power resources for our operations, market competition, the accuracy of our mineral reserve and resource estimates (including with respect to size, grade and recoverability) and the geological, operational and price assumptions on which these are based, conditions in financial markets, the future financial performance of the company, our ability to attract and retain skilled staff, our ability to procure equipment and operating supplies, positive results from the studies on our expansion projects, our steelmaking coal and other product inventories, our ability to secure adequate transportation, including rail and port service, for our products, assumptions that rail and port services perform adequately, our ability to obtain permits for our operations and expansions, and our ongoing relations with our employees, business partners, joint venturers and communities in which we operate. Assumptions regarding Quebrada Blanca Phase 2 are based on current project assumptions. Assumptions regarding the benefits of SRF and efforts to reduce water treatment costs are based on the assumption that technologies will work on a wide scale. Assumptions regarding the costs and benefits of the Highland Valley, Red Dog, Neptune and other projects include assumptions that the project performs as expected. Our Guidance tables include footnotes with further assumptions relating to our guidance. Our anticipated RACE21™ related EBITDA improvements and associated costs assume that the relevant projects are implemented in accordance with our plans and budget, and are based on current commodity price assumptions and forecast sale volumes. The foregoing list of assumptions is not exhaustive. Events or circumstances could cause actual results to vary materially.

Factors that may cause actual results to vary materially include, but are not limited to, changes in commodity and power prices, changes in market demand for our products, changes in interest and currency exchange rates, acts of governments and the outcome of legal proceedings, inaccurate geological and metallurgical assumptions (including with respect to the size, grade and recoverability of mineral reserves and resources), unanticipated operational difficulties (including failure of plant, equipment or processes to operate in accordance with specifications or expectations, cost escalation, unavailability of materials and equipment, government action or delays in the receipt of government approvals, industrial disturbances or other job action, adverse weather conditions and unanticipated events related to health, safety and environmental matters), union labour disputes, political risk, social unrest, failure of customers or counterparties (including logistics suppliers) to perform their contractual obligations, changes in our credit ratings, unanticipated increases in costs to construct our development projects, difficulty in obtaining permits, inability to address concerns regarding permits of environmental impact assessments, and changes or further deterioration in general economic conditions. Fort Hills is not controlled by us and schedules and costs may be adjusted by our partners, and timing of spending and continued development is not in our control. Current and new technologies relating to our Elk Valley water treatment efforts may not perform as anticipated. Purchases of Class B subordinate voting shares under the normal course issuer bid may be affected by, among other things, availability of Class B subordinate voting shares, share price volatility and availability of funds to purchase shares. Timing of closing of the QB2 Project financing is subject to satisfaction of conditions to closing, and unanticipated changes to assumed QB2 schedules or costs may affect timing of first borrowing under the financing. Capital allocation expectations depend on availability of cash, and are subject to changes in policies or priorities. EBITDA improvements may be impacted by the effectiveness of our projects, actual commodity prices and sales volumes.

Statements concerning future production costs or volumes are based on numerous assumptions of management regarding operating matters and on assumptions that demand for products develops as anticipated, that customers and other counterparties perform their contractual obligations, that operating and capital plans will not be disrupted by issues such as mechanical failure, unavailability of parts and supplies, labour disturbances, interruption in transportation or utilities, adverse weather conditions, and that there are no material unanticipated variations in the cost of energy or supplies. Statements regarding anticipated steelmaking coal sales volumes and average steelmaking coal prices depend on timely arrival of vessels and performance of our steelmaking coal-loading facilities, as well as the level of spot pricing sales.

We assume no obligation to update forward-looking statements except as required under securities laws. Further information concerning risks and uncertainties associated with these forward-looking statements and our business can be found in our Annual Information Form for the year ended December 31, 2018, filed under our profile on SEDAR (www.sedar.com) and on EDGAR (www.sec.gov) under cover of Form 40-F, as well as subsequent filings that can also be found under our profile.

Scientific and technical information regarding our material mining projects in this quarterly report was

reviewed, approved and verified by Mr. Rodrigo Alves Marinho, P.Geo., an employee of Teck. Mr. Marinho is a qualified person, as defined under National Instrument (NI) 43-101.

WEBCAST

Teck will host an Investor Conference Call to discuss its Q2/2019 financial results at 11:00 AM Eastern time, 8:00 AM Pacific time, on Thursday, July 25, 2019. A live audio webcast of the conference call, together with supporting presentation slides, will be available at our website at www.teck.com. The webcast will be archived at www.teck.com

Reference:

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