

Gibson Energy Announces 2019 Second Quarter Results

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CALGARY, Aug. 06, 2019 - [Gibson Energy Inc.](#) ("Gibson" or the "Company"), (TSX: GEI), announced today its financial and operating results for the three and six months ended June 30, 2019.

"Gibson continued to deliver strong operational and financial results in the second quarter, with distributable cash flow up 40% relative to the comparable quarter in 2018, while also advancing our strategy, including the completion of our non-core asset disposition process," said Steve Spaulding, President and Chief Executive Officer. "We also reached another major milestone recently with the receipt of our second Investment Grade credit rating, which will improve our access to the capital markets and reduce our cost of capital. We remain confident in our ability to keep executing our strategy, advancing several commercial opportunities on both sides of the border and continuing to be fully-funded for all sanctioned capital with our leverage and payout ratios well below target levels."

Financial Highlights:

- Infrastructure segment profit of \$72 million in the second quarter before a \$15 million future environmental remediation provision relating to a claim filed against an adjacent operator at the Hardisty Terminal, or \$57 million inclusive of the provision, represents a \$5 million increase on a comparable basis to the second quarter of 2018, primarily due to additional tankage at Hardisty, the expansion of the HURC Facility and the Viking Pipeline entering service
- Marketing segment profit of \$38 million in the second quarter, a \$10 million increase over the second quarter of 2018, due to higher margins earned from the Crude Marketing business
- Adjusted EBITDA from continuing operations⁽¹⁾ of \$109 million in the second quarter before the future environmental remediation provision noted above, or \$94 million inclusive of the provision, represents a \$13 million increase on a comparable basis relative to the second quarter of 2018
- Distributable cash flow from combined operations⁽²⁾ of \$80 million in the second quarter, a \$23 million increase over the second quarter of 2018, resulting in a payout ratio on a trailing twelve-month basis of approximately 58%, well below the Company's 70% to 80% target range

Strategic Developments and Highlights:

- Placed the Moose Jaw Expansion Project into service at the end of the second quarter, on budget and ahead of schedule
- Refined the 2019 growth capital expenditure outlook to be between \$230 million and \$280 million, an increase of approximately 15%, reflecting the sanction of additional infrastructure growth projects, including the fourth phase of development at the Top of the Hill portion of the Hardisty Terminal, inside the fence projects at both the Hardisty and Edmonton terminals, as well as certain preparatory work for the two remaining tanks at the Top of the Hill to take advantage of synergies with on-going construction of other phases
- Remain fully funded for all sanctioned capital, with a strong balance sheet and a Net Debt to Pro Forma Adjusted EBITDA at June 30, 2019 of 2.5x, below the Company's 3.0x – 3.5x target range
- Assigned an Investment Grade issuer rating by DBRS Limited of "BBB (low)" with a "Stable" trend
- Subsequent to the end of the quarter, S&P Global Ratings raised its long-term issuer rating for Gibson to Investment Grade at "BBB–" with a "Stable" outlook
- Subsequent to the end of the quarter, the Company closed the sale of the Canadian Truck Transportation business for aggregate proceeds of \$70 million prior to customary closing adjustments and contingent bonus payments to Gibson

- 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.
- (1) Distributable cash flow from combined operations is defined in Gibson's MD&A. See MD&A sections (2) "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 2019 second quarter Management's Discussion and Analysis and unaudited Condensed Consolidated Financial Statements provide a detailed explanation of Gibson's financial and operating results for the three and six months ended June 30, 2019, as compared to the three and six months June 30, 2018. These documents are available at www.gibsonenergy.com and at www.sedar.com.

2019 Second Quarter Results Conference Call

A conference call and webcast will be held to discuss the 2019 second quarter financial and operating results at 7:00am Mountain Time (9:00am Eastern Time) on Wednesday, August 7, 2019.

The conference call dial-in numbers are:

- 478-219-0003 / 844-358-6759
- Participant Pass Code: 2846589

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/i32iwaba>

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 August 13, 2019, using the following dial-in numbers:

- 404-537-3406 / 855-859-2056
- Participant Pass Code: 2846589

Supplementary Information

Gibson has also made available certain supplementary information regarding the second quarter financial and operating results, available at 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.

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 management's expectations with respect to the business and financial prospects and opportunities of the Company, the Company's ability to reduce capital costs and/or have improved market access, the Company's ability to remain fully-funded for sanctioned capital expenditures, the financial position of the Company, the anticipated in-service dates of various projects and estimated growth capital expenditures and current and other growth opportunities of the Company. 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 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 4, 2019 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”) 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 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.

For further information, please contact:

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SELECTED FINANCIAL INFORMATION

	Three months ended June 30		Six months ended June 30	
	2019	2018 ¹	2019	2018 ¹
Continuing operations ¹				
Revenue ²	\$ 1,927,634	\$ 1,714,335	\$ 3,676,322	\$ 3,401,962
Segment profit ²	95,244	95,801	231,018	191,291
Net income ²	34,693	15,242	93,370	27,027
Basic income per share ²	0.24	0.11	0.65	0.19

Diluted income per share ²	0.24	0.11	0.64	0.19
Adjusted EBITDA	93,555	96,113	212,038	182,866
Distributable cash flow ^{2,3,4}	74,840	54,343	153,790	98,609
Dividends declared	47,980	47,562	95,917	95,034
Cash flow from operating activities ²	37,651	27,669	25,154	146,803
Growth capital expenditures ²	\$ 59,124	\$ 49,372	\$ 100,198	\$ 75,751
Combined operations ¹				
Combined Adjusted EBITDA ^{1, 3}	\$ 96,590	\$ 101,499	\$ 220,135	\$ 202,979
Distributable cash flow ^{1,2,3,4}	\$ 79,786	\$ 56,874	\$ 162,619	\$ 113,689
Last twelve months – As at June 30				
2019 2018				
Debt and dividend payout ratios				
Total and senior debt leverage ratio			2.5	3.5
Interest coverage ratio			7.3	4.8
Combined dividend payout ratio ⁴			58%	84%

- See definition of non-GAAP measures on pages 15 to 16 and 28. Combined Adjusted Earnings Before
1. Interest, Taxes, Depreciation and Amortization ("EBITDA") and Combined distributable cash flow, represents the aggregated results of both continuing and discontinued operations.
 2. Comparative period information has been represented to reflect the impact of discontinued operations.
 3. See pages 16 to 17 and 22 to 23 for a reconciliation of Adjusted EBITDA to segment profit and distributable cash flow to cash flow from operations, respectively.
 4. The distributable cash flow calculation was revised during 2018 and comparative information has been restated, refer to page 23 for details.

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