

Teck Reports Unaudited Third Quarter Results for 2019

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VANCOUVER, Oct. 24, 2019 - [Teck Resources Ltd.](#) (TSX: TECK.A and TECK.B, NYSE: TECK) (“Teck”) reported adjusted EBITDA^{1 2} of \$1.1 billion for the third quarter. Adjusted profit attributable to shareholders^{1 2} was \$403 million (\$0.72 per share) compared with \$466 million (\$0.81 per share) a year ago. Profit attributable to shareholders was \$369 million (\$0.66 per share) for the third quarter of 2019 compared with \$1.3 billion (\$2.23 per share) a year ago.

“Over the past few years, we have focused our attention on maximizing production to capture margin during periods of higher commodity prices,” said Don Lindsay, President and CEO. “However, current global economic uncertainties are having a significant negative effect on the prices for our products, particularly steelmaking coal. As a result, we are focusing our attention on our RACE21™ program to improve efficiency and productivity across our business, the development of the QB2 project, which is a key component of Teck’s future growth, and the execution of our priority project at Neptune. We have also implemented a cost reduction program to reduce spending on our capital and operating costs for the balance of 2019 and 2020.”

Significant Items

- Adjusted profit attributable to shareholders was \$403 million (\$0.72 per share) compared with \$466 million (\$0.81 per share) in the third quarter of last year. Profit attributable to shareholders was \$369 million (\$0.66 per share) in the third quarter compared with \$1.3 billion (\$2.23 per share) a year ago.
- EBITDA was \$1.0 billion in the third quarter compared with \$2.1 billion in the third quarter of 2018. Our adjusted EBITDA in the third quarter totaled \$1.1 billion compared with \$1.2 billion last year.
- Gross profit was \$787 million in the third quarter compared with \$1.0 billion a year ago. Gross profit before depreciation and amortization^{1 2} was \$1.2 billion in the third quarter compared with \$1.4 billion in the third quarter of 2018.
- For the tenth straight year, we have been named to the Dow Jones Sustainability World Index, indicating that our sustainability practices are in the top 10% of the 2,500 largest companies in the S&P Global Broad Market Index. We were the top-ranked mining company on both the World and North American index.
- Construction at QB2 continues with over 5,000 people actively working on site across the six major construction areas. The project continues to target construction completion in the fourth quarter of 2021.
- We continued to advance our RACE21™ innovation-driven efficiency program in the third quarter to generate an initial \$150 million in annualized EBITDA improvements by the end of 2019.
- Our liquidity remains strong at \$6.8 billion, including \$1.6 billion in cash at October 23, 2019, of which \$1.0 billion is on deposit in Chile for the development of the QB2 project.
- While our financial position is strong, in light of uncertain economic conditions, we have implemented a company-wide cost reduction program and are deferring some of our planned capital projects, targeting reductions of approximately \$500 million from previously planned spending through the end of 2020.
- The Red Dog concentrate shipping season is expected to be complete in early November. We expect to ship approximately 1.05 million tonnes of zinc concentrate and 175,000 tonnes of lead concentrate, representing all of the concentrate available to be shipped from the operation.
- In August, we signed a new three-year collective agreement with the supervisory union at Carmen de Andacollo. A regulated bargaining process with the workers' union commenced in September. Mediation did not result in an agreement and the workers' union commenced strike action on October 14, 2019.
- The US\$2.5 billion limited recourse project financing to fund the development of QB2 is expected to close in the fourth quarter. With funding from the project financing and the partnering transaction with Sumitomo Metal Mining Co. Ltd. (SMM) and Sumitomo Corporation (SC), our first contributions to the project are not expected until early 2021.

- We have updated our 2019 capital expenditures guidance for targeted reductions and deferrals of capital projects under our cost reduction program. We have lowered 2019 production guidance for our Trail Operations. All changes are outlined in our Guidance tables on pages 31 to 34 in the full unaudited third 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 October 23, 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 nine months ended September 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 September 30, | | Nine months ended September 30, | |
|---|-------------------------------------|----------------|------------------------------------|----------|
| | 2019 | 2018 | 2019 | 2018 |
| Profit attributable to shareholders | \$ 369 | \$ 1,281 | \$ 1,230 | \$ 2,674 |
| Add (deduct): | | | | |
| Debt prepayment option loss (gain) | – (17) | (77) | 7 | |
| Debt redemption loss | – 19 | 166 | 19 | |
| Gain on sale of Waneta Dam | – (812) | – (812) | | |
| Asset impairment | – – | 109 | – | |
| Taxes and other | 34 | (5) | 2 | (16) |
| Adjusted profit attributable to shareholders ¹ | \$ 403 | \$ 466 | \$ 1,430 | \$ 1,872 |
| Adjusted basic earnings per share ^{1 2} | \$ 0.72 | \$ 0.81 | \$ 2.54 | \$ 3.26 |
| Adjusted diluted earnings per share ^{1 2} | \$ 0.72 | \$ 0.80 | \$ 2.52 | \$ 3.21 |

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 \$12 million of after-tax charges (\$23 million before tax) in the third quarter, or \$0.02 per share. We do not adjust our reported profit for these items.

[Click here to view Teck's full unaudited third 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 and other cost guidance and forecasts for our products, business units 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 improvements and other benefits that will be generated from our RACE21™ innovation-driven efficiency program and the associated implementation costs, targeted cost reduction amounts and timing, impact of the electrical equipment failure on Trail production and timing of repairs, Elk Valley Water Quality Plan spending guidance, including projected 2019 capital spending and other capital spending guidance, timing of AWTF construction, expectation that SRFs will be used instead of AWTFs, 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, expansion potential and doubling of production capacity relating to QB2, expectations regarding the Neptune Bulk Terminals facility upgrade, including costs and timing, timing of construction completion at QB2 and first and full production at the project, amount of potential taxes, interest and penalties relating to the Antamina tax dispute and our share of that, potential to debottleneck at Fort Hills and expand production capacity, potential to increase Fort Hills production, 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 and other 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. 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 plans. 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 Neptune Bulk Terminals expansion and other projects include assumptions that the relevant project is constructed and operated in accordance with current expectations. 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; schedules and costs may be adjusted by our partners, and timing of spending and operation of the project is not in our control. Current and new technologies relating to our Elk Valley water treatment efforts may not perform as anticipated, and ongoing monitoring may reveal unexpected environmental conditions requiring additional remedial measures. 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. EBITDA improvements may be impacted by the effectiveness of our projects, actual commodity prices and sales volumes, among other matters.

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 Q3/2019 financial results at 11:00 AM Eastern time, 8:00 AM Pacific time, on Thursday, October 24, 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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