

Teck Reports Unaudited Annual and Fourth Quarter Results for 2019

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VANCOUVER, Feb. 21, 2020 - [Teck Resources Ltd.](#) (TSX: TECK.A and TECK.B, NYSE: TECK) (‘Teck’) reported unaudited⁽¹⁾ adjusted EBITDA^{(2) (3)} of \$4.3 billion in 2019 compared with \$5.4 billion in 2018. Our 2019 unaudited adjusted profit attributable to shareholders^{(2) (3)} was \$1.6 billion (\$2.77 per share) compared with \$2.4 billion (\$4.13 per share) in 2018. In the fourth quarter, adjusted profit attributable to shareholders was \$122 million (\$0.22 per share) compared with \$500 million (\$0.87 per share) in the fourth quarter of last year.

‘Ongoing global economic uncertainty negatively impacted commodity prices in the fourth quarter and that has continued into 2020, exacerbated by the effect on markets from the Coronavirus and the impact of severe weather conditions in British Columbia, followed by blockades on rail lines,’ said Don Lindsay, President and CEO. ‘Our focus remains on those aspects of our business within our control including executing on our Quebrada Blanca Phase 2 and Neptune Bulk Terminals expansion projects, taking steps to improve our steelmaking coal logistics chain, controlling costs and implementing our RACE21™ program, which has exceeded initial expectations.’

Significant Items

- Adjusted profit attributable to shareholders in 2019 was \$1.6 billion (\$2.77 per share), compared with \$2.4 billion (\$4.13 per share) in 2018. Profit attributable to shareholders in 2019 was \$339 million (\$0.61 per share) compared with \$3.1 billion (\$5.41 per share) a year ago.
- Adjusted profit attributable to shareholders in the fourth quarter was \$122 million (\$0.22 per share) compared with \$500 million (\$0.87 per share) in the fourth quarter of last year. In the fourth quarter, we had a loss attributable to shareholders of \$891 million, or a \$1.62 loss per share, compared with a profit of \$433 million (\$0.75 per share) a year ago.
- Our adjusted EBITDA was \$4.3 billion in 2019 compared to \$5.4 billion in 2018 and our annual EBITDA^{(2) (3)} was \$2.5 billion in 2019 compared with \$6.2 billion in 2018. Adjusted EBITDA for the fourth quarter was \$649 million compared with \$1.3 billion last year. We had an EBITDA loss of \$755 million in the fourth quarter, compared with EBITDA of \$1.2 billion a year ago.
- Our loss in the fourth quarter included non-cash, after-tax impairments charges of \$999 million, including \$910 million relating to our interest in Fort Hills (resulting from lower market expectations for future oil prices), \$75 million relating to our Cardinal River Operations and \$14 million relating to the remaining assets of the cathode operations at Quebrada Blanca. For 2019, total non-cash, after-tax impairment charges were \$1.1 billion.
- Our RACE21™ innovation-driven business transformation program has implemented initiatives aimed at achieving \$160 million in annualized EBITDA improvements as of the end of 2019 based on commodity prices at December 31, 2019, exceeding our initial target of \$150 million. At prices in effect when the program was implemented on May 31, 2019, the annualized EBITDA improvements associated with these initiatives would have been \$184 million.
- Under our cost reduction program, we achieved \$210 million of capital and operating cost reductions during the fourth quarter against our target of \$170 million.
- Construction at QB2 continues with over 7,500 people actively working across the six major construction areas on the project. Although the project continues to target first production in the fourth quarter of 2021 with ramp-up to full production expected during 2022, there have been delays in the schedule primarily due to permitting and social unrest, which will also affect cost. A new baseline schedule is being developed in conjunction with an updated capital estimate planned for the first quarter of 2020.

- Our liquidity remains strong at \$5.8 billion, including \$532 million in cash at February 20, 2020, of which \$270 million is on deposit in Chile for the development of the QB2 project. We paid our regular base dividend of \$0.05 per share, which totaled \$27 million in the quarter.
- The US\$2.5 billion limited recourse project financing to fund the development of QB2 closed in the fourth quarter. With funding from the project financing and the partnering transaction with Sumitomo Metal Mining Co. Ltd. and Sumitomo Corporation, our next contributions to project capital are not expected until early 2021.
- We were recognized as one of the Global 100 Most Sustainable Corporations by Corporate Knights in January 2020, and in February 2020, we announced an objective to be carbon neutral across all operations and activities by 2050.
- Our first quarter 2020 steelmaking coal sales are being negatively affected by severe weather in British Columbia causing rail and port terminal performance issues and by blockades on rail lines. The estimated impact on first quarter sales is expected to be in excess of 1.0 million tonnes. We have included our first quarter 2020 sales guidance along with our 2020 annual guidance for production, unit costs and capital expenditures in our Guidance tables on pages 38 to 41 in the full unaudited annual and fourth quarter results at link below.

Notes:

(1) All financial information in this news release is unaudited.

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

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

This news release is dated as at February 20, 2020. Unless the context otherwise dictates, a reference to "Teck," "the company," "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 STATEMENTS" below.

Profit (Loss) and Adjusted Profit

(CAD\$ in millions)	Three months ended December 31,		Year ended December 31,	
	2019	2018	2019	2018
Profit (loss) attributable to shareholders	\$ (891)	\$ 433	\$ 339	\$ 3,107
Add (deduct):				
Asset impairments	999	30	1,108	30
Debt prepayment option loss (gain)	–	24	(77)	31
Debt redemption or purchase loss	–	–	166	19
Gain on sale of Waneta Dam	–	–	–	(812)
Taxes and other	14	13	16	(3)
Adjusted profit attributable to shareholders ^{1 2}	\$ 122	\$ 500	\$ 1,552	\$ 2,372
Adjusted basic earnings per share ^{1 2}	\$ 0.22	\$ 0.87	\$ 2.77	\$ 4.13
Adjusted diluted earnings per share ^{1 2}	\$ 0.22	\$ 0.86	\$ 2.75	\$ 4.07

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 and other environmental expenses. Taken together, these items resulted in \$105 million of after-tax charges (\$149 million before tax) in the fourth quarter, or \$0.19 per share. We do not adjust our reported profit for these items.

[Click here to view Teck's full unaudited annual and fourth 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 as forward-looking statements). These statements relate to future events or our future performance. All statements other than statements of historical fact are forward-looking statements. The use of any of the words "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "should", "believe" and similar expressions is 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. These statements speak only as of the date of this news release.

These forward-looking statements include, but are not limited to, statements concerning: our focus and strategy; anticipated global and regional supply, demand and market outlook for our commodities; the potential impact of the Coronavirus; assumptions relating to future market prices of our commodities and future exchange rates; production, sales, unit costs and other cost guidance, expectations and forecasts for our products, business units and individual operations and our expectation that we will meet that guidance; capital expenditure guidance and expectations; capitalized stripping guidance; mine lives and duration of operations at our various mines and operations; our ability to extend the lives of certain mines and to increase production to offset the closure of other operations; the timing of first and full production at our QB2 project; the timing for an updated capital estimate in respect of QB2; timing of next project capital contributions to QB2; targeted cost reduction amounts and timing; expected annualized EBITDA improvements and other benefits that will be generated from our RACE21™ innovation-driven business transformation program and the associated implementation costs and timing; our intention to implement certain RACE21™ programs more broadly across other operations and to identify and implement additional RACE21™ projects; expectations relating to the closure of Cardinal River and the timing thereof; expectations regarding the plant expansion project at our Elkview Operations and the timing thereof; anticipated reductions in strip ratios; estimated effects of rail and port performance and the impact on our sales thereof; expectations regarding the Neptune Bulk Terminals facility upgrade including costs, benefits and timing thereof and the frequency and length of our planned outages at Neptune Bulk Terminals and the impact thereof; planned plant outages at their effects on our production; anticipated benefits of our new long-term rail agreement with CN; Elk Valley Water Quality Plan spending guidance, including projected 2020 capital spending and other capital spending guidance; timing of construction and completion of our proposed AWTFs and SRFs and expected treatment capacity thereof; our expectations regarding our water treatment capacity in the future; expectations regarding operating costs associated with water treatment; our expectation that Fording River AWTF will be the last full-scale AWTF and that future treatment facilities will be SRFs; timing of discussions in respect of potential charges under the *Fisheries Act*; the potential to debottleneck at Fort Hills and expand production capacity and potential to increase Fort Hills production generally; the effect and duration of production curtailment measures imposed by the Government of Alberta; the timing of a federal decision statement on Frontier; our belief regarding the impact of project technology and operational improvements on Frontier's technical feasibility and commercial viability; plans relating to tailings and water-related projects at Red Dog and their expected benefits, our intention to make additional returns to shareholders in certain situations; the sensitivity of our profit and EBITDA to changes in currency exchange rates and commodity price changes; all guidance appearing in this news release including but not limited to the production, sales, unit cost, capital expenditure, cost reduction and other guidance under the heading "Guidance"; the expectations regarding the amount of Class B subordinate voting shares that might be purchased under the normal course issuer bid and the mechanics thereof; the impact of certain accounting initiatives and estimates and our expectations, projections and sensitivities under the heading "Commodity Prices and Sensitivities";

These statements are based on a number of assumptions, including, but not limited to, assumptions

regarding general business and economic conditions, interest rates, commodity and power prices, acts of foreign or domestic governments and the outcome of legal proceedings, the supply and demand for, deliveries of, and the level and volatility of prices of copper, coal, zinc and blended bitumen and our other metals and minerals, as well as oil, natural gas and other petroleum products, the timing of the receipt of regulatory and governmental approvals for our development projects and other operations, including mine extensions; positive results from the studies on our expansion and development projects; our ability to secure adequate transportation, including rail, pipeline and port service, for our products our costs of production and our production and productivity levels, as well as those of our competitors, continuing availability of water and power resources for our operations, our ability to secure adequate transportation, pipeline and port services for our products; changes in credit market conditions and conditions in financial markets generally, the availability of funding to refinance our borrowings as they become due or to finance our development projects on reasonable terms; our ability to procure equipment and operating supplies in sufficient quantities and on a timely basis; the availability of qualified employees and contractors for our operations, including our new developments and our ability to attract and retain skilled employees; the satisfactory negotiation of collective agreements with unionized employees; the impact of changes in Canadian-U.S. dollar and other foreign exchange rates on our costs and results; engineering and construction timetables and capital costs for our development and expansion projects; the benefits of technology for our operations and development projects, including the impact of our RACE21™ program; costs of closure, and environmental compliance costs generally, of 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; tax benefits and tax rates; the outcome of our coal price and volume negotiations with customers; the outcome of our copper, zinc and lead concentrate treatment and refining charge negotiations with customers; curtailment measures on oil production taken by the Government of Alberta; the resolution of environmental and other proceedings or disputes; the future supply of low-cost power to the Trail smelting and refining complex; our ability to obtain, comply with and renew permits in a timely manner; and our ongoing relations with our employees and with our business and joint venture partners.

In addition, assumptions regarding the Elk Valley Water Quality Plan include assumptions that additional treatment will be effective at scale, and that the technology and facilities operate as expected, as well as additional assumptions discussed under the heading “Elk Valley Water Management Update”. Assumptions regarding QB2 include current project assumptions and assumptions regarding the final feasibility study. 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. Expectations regarding our operations are based on numerous assumptions regarding the operations. 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 that the relevant projects will achieve the expected production and operating results, and are based on current commodity price assumptions and forecast sale volumes. Statements regarding the availability of our credit facilities are based on assumptions that we will be able to satisfy the conditions for borrowing at the time of a borrowing request and that the credit facilities are not otherwise terminated or accelerated due to an event of default. 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. 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. Certain operations and projects are not controlled by us; schedules and costs may be adjusted by our partners, and timing of spending and operation of the operation or 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. EBITDA improvements may be impacted by the effectiveness of our projects, actual commodity prices and sales volumes, among other matters.

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 in this quarterly report regarding our coal properties was reviewed, approved and verified by Messrs. Don Mills P.Geol. and Robin Gold P.Eng., each employees of Teck Coal Limited and each a Qualified Person as defined under National Instrument 43-101. Scientific and technical information in this quarterly report regarding our other properties was reviewed, approved and verified by Rodrigo Alves Marinho, P.Geol., an employee of Teck and a Qualified Person as defined under National Instrument 43-101.

WEBCAST

Teck will host an Investor Conference Call to discuss its Q4/2019 financial results at 11:00 AM Eastern time, 8:00 AM Pacific time, on Friday, February 21, 2020. 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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