

# Ensign Provides Update on Credit Facility and 2021 Capital Expenditure Plan

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CALGARY, AB, Dec. 31, 2020 - [Ensign Energy Services Inc.](#) ("Ensign" or the "Company") (TSX: ESI) continues to deliver on 2020 priorities of balance sheet and liquidity preservation amidst a turbulent operating environment.

On December 31, 2020, the Company amended and extended the existing \$900.0 million revolving credit facility agreement (the "Credit Facility") with its syndicate of lenders. The amendments and one-year extension provide Ensign with continued access to revolver capacity and near-term flexibility in a volatile oil price environment.

The amendments to the Credit Facility include revisions to the financial covenants as follows:

- The elimination of the Consolidated Total Debt to Consolidated EBITDA ratio and replacement with a minimum Consolidated EBITDA requirement of \$140.0 million.
- The Consolidated EBITDA to Consolidated Interest Expense ratio shall not be less than: (i) 1.75:1.00 for the Fiscal Quarter ending December 31, 2020, (ii) 1.50:1.00 for the Fiscal Quarters ending March 31, 2021, June 30, 2021, and September 30, 2021, (iii) 1.75:1.00 for the Fiscal Quarter ending December 31, 2021, (iv) 2.00:1.00 for the Fiscal Quarter ending March 31, 2022, (v) 2.25:1.00 for the Fiscal Quarters ending June 30, 2022, and September 30, 2022, and (vi) 2.50:1.00 at any time thereafter.
- The Consolidated Senior Debt to Consolidated EBITDA ratio shall not exceed: (i) 3.50:1.00 for the Fiscal Quarter ending December 31, 2020, (ii) 4.00:1.00 for the Fiscal Quarters ending March 31, 2021, June 30, 2021, September 30, 2021, and December 31, 2021, (iii) 3.50:1.00 for the Fiscal Quarter ending March 31, 2022, (iv) 3.25:1.00 for the Fiscal Quarters ending June 30, 2022, and September 30, 2022, (v) 3.00:1.00 at any time thereafter.

In addition, the permitted encumbrances have been reduced from \$75.0 million to \$25.0 million. The maturity date of the Credit Facility is November 25, 2022; provided that if on or before September 30, 2021, the maturity date of the Company's existing Convertible Debentures is not extended from January 22, 2022, to a date no earlier than February 26, 2023, then the maturity date of the Credit Facility shall automatically be amended to November 29, 2021.

Further, the repurchase or redemption of Senior Notes and Convertible Debentures may only be completed on the following basis:

- Senior Notes and Convertible Debentures may be repurchased or redeemed for a redemption or purchase price up to the aggregate amount of \$25.0 million.
- Senior Notes and Convertible Debentures may be repurchased or redeemed for a redemption or purchase price in excess of \$25.0 million if:
  - On a pro forma basis the Borrower demonstrates to the satisfaction of the Lenders that the aggregate amount of the cash held by the Company on a consolidated basis and the credit available to be advanced to the Company under the Credit Facilities is at least \$175.0 million after completing such repurchase or redemption, and  
The aggregate redemption or repurchase price of all such Senior Notes and Convertible Debentures repurchased or redeemed does not exceed:
    1. One-third of the net proceeds received by the Company from Permitted Dispositions completed after January 1, 2021; plus
    2. One-third of the net proceeds received from permitted dispositions completed between December 10, 2020, and January 1, 2021, to the extent that such net proceeds received by the Company have not directly or indirectly been used to repurchase or redeem Senior Notes between the same period.
- Senior Notes may be repurchased or redeemed for a redemption or purchase price up to the aggregate amount of the net proceeds received from the issuance of Subordinated Debt.

The full amended Credit Facility agreement will be made available on [www.sedar.com](http://www.sedar.com).

## 2021 Capital Expenditures

Ensign has budgeted capital expenditures for 2021 of approximately \$50.0 million. The capital plan focuses on certifications and preventative maintenance for its global high-spec drilling rig fleet and other service lines. In addition to the disciplined capital plan, Ensign will continue to focus on debt reduction throughout 2021 and onward, preserving liquidity and protecting our balance sheet.

## ADVISORY REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this news release constitute forward-looking statements or information (collectively referred to herein as "forward-looking statements") within the meaning of applicable securities legislation. Forward-looking statements generally can be identified by the words "believe", "anticipate", "expect", "plan", "estimate", "target", "continue", "could", "intend", "may", "potential", "predict", "should", "will", "objective", "project", "forecast", "goal", "guidance", "outlook", "effort", "seeks", "schedule" or expressions of a similar nature suggesting future outcome or statements regarding an outlook.

In particular, forward looking statements include, but are not limited to, our planned capital expenditures for 2021, the redemption of the Senior Notes and Convertible Debentures; future financial results and growth for the business; debt reduction in 2021 and beyond, and increases in liquidity.

The forward-looking statements are based on current expectations, estimates and projections about us and the industries in which we operate, which speak only as of the date hereof. They are subject to certain assumptions and analyses made by Ensign based upon our experience and our perception of current conditions, trends, expected future developments, known and unknown risks, uncertainties and other factors that could cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements, and other factors we believe are appropriate under the circumstances. Such assumptions and risk factors relate to and include, among others: general economic and business conditions which will, among other things, impact demand for and market prices of our services and the ability of our customers to pay accounts receivable balances; volatility of and assumptions regarding crude oil and natural gas commodity prices; fluctuations in currency and interest rates; economic conditions in the countries and regions in which we conduct business; political uncertainty and civil unrest; our ability to implement our business strategy; impact of competition; our defense of lawsuits; availability and cost of labour and other equipment, supplies and services; our ability to complete our capital programs; operating hazards and other difficulties inherent in the operation of our oilfield services equipment; availability and cost of financing and insurance; timing and success of integrating the business and operations of acquired companies; actions by governmental authorities; government regulations and the expenditures required to comply with them (including safety and environmental laws and regulations and the impact of climate change initiatives on capital and operating costs); the adequacy of our provision for taxes; and other circumstances affecting our business, revenues and expenses.

For additional information, refer to Ensign's Annual Information Form for the year ended December 31, 2019, available on SEDAR at [www.sedar.com](http://www.sedar.com). Readers are cautioned that the list of important factors contained herein are not exhaustive. Unpredictable or unknown factors could also have material adverse effects on forward-looking statements. Ensign undertakes no obligation to update publicly or revise any forward-looking statement whether as a result of new information, future events or otherwise, except as required by law.

Ensign is a global leader in oilfield services, headquartered out of Calgary, Alberta, operating in Canada, the United States and internationally. We are one of the world's top land-based drilling and well servicing contractors serving crude oil, natural gas and geothermal operators. Our premium services include contract drilling, directional drilling, underbalanced and managed pressure drilling, rental equipment, well servicing and production services. Please visit our website at [ensignenergy.com](http://ensignenergy.com).

Ensign's Common Shares are publicly traded through the facilities of the Toronto Stock Exchange under the trading symbol ESI.

SOURCE [Ensign Energy Services Inc.](http://www.ensignenergy.com)

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