

Total Energy Services Inc. Announces Q4 2020 Results

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CALGARY, March 11, 2021 - [Total Energy Services Inc.](#) ("Total Energy" or the "Company") (TSX:TOT) announces its consolidated financial results for the three months and the year ended December 31, 2020.

Financial Highlights

(\$000's except per share data)

	Three months ended December 31			Year ended December 31		
	2020	2019	Change	2020	2019	Change
Revenue	\$ 83,472	\$ 151,500	(45%)	\$ 365,750	\$ 757,398	(52%)
Operating (loss) income	(4,013)	14,468	nm	(36,539)	16,802	nm
EBITDA (1)	19,546	35,805	(45%)	81,204	107,679	(25%)
Cashflow	18,431	36,896	(50%)	73,437	111,727	(34%)
Net (loss) income	(1,732)	8,593	nm	(30,455)	10,091	nm
Attributable to shareholders	(1,739)	8,523	nm	(33,450)	10,527	nm
Per Share Data (Diluted)						
EBITDA (1)	\$ 0.43	\$ 0.79	(46%)	\$ 1.80	\$ 2.36	(24%)
Cashflow	\$ 0.41	\$ 0.82	(50%)	\$ 1.63	\$ 2.45	(33%)
Attributable to shareholders:						
Net (loss) income	\$ (0.04)	\$ 0.19	nm	\$ (0.68)	\$ 0.23	nm
Financial Position at						
Total Assets				December 31 2020	December 31 2019	Change
Long-Term Debt and Lease Liabilities (excluding current portion)				\$ 849,579	\$ 997,161	(15%)
Working Capital (2)				238,937	248,448	(4%)
Net Debt (3)				138,940	103,234	35%
Shareholders' Equity				99,997	145,214	(31%)
Common shares (000's)(4)				510,987	543,142	(6%)
Basic and diluted	45,081	45,262	-	45,083	45,553	(1%)

Notes 1 through 4 please refer to the Notes to the Financial Highlights set forth at the end of this release.

"nm" - calculation not meaningful

Total Energy's results for the three months ended December 31, 2020 reflect an ongoing focus on operational safety and efficiency and preservation of the Company's financial strength and liquidity in the face of continued challenging global industry conditions. Included in the financial results for the three months ended December 31, 2020 was \$3.2 million of incremental depreciation expense resulting from a change in depreciation estimates in the Contract Drilling Services segment effective April 1, 2020, \$0.9 million of unrealized foreign exchange losses on the translation of intercompany working capital balances of foreign subsidiaries and a \$0.1 million increase to the Company's allowance for doubtful accounts. \$9.1 million was received during the fourth quarter of 2020 under various COVID-19 relief programs in Canada, the United States and Australia.

Contract Drilling Services ("CDS")

	Three months ended December 31			Year ended December 31		
	2020	2019		2020	2019	
Revenue ⁽¹⁾	\$ 23,288	\$ 59,688	(61 %)	\$ 96,661	\$ 186,868	(48 %)
EBITDA ⁽²⁾	\$ 6,275	\$ 26,076	(76 %)	\$ 19,499	\$ 41,388	(53 %)
Revenue per operating day, dollars	\$ 19,246	\$ 32,056	(40 %)	\$ 21,324	\$ 25,266	(16 %)
Operating days ⁽³⁾	1,210	1,862	(35 %)	4,533	7,396	(39 %)
Canada	747	902	(17 %)	2,648	3,602	(26 %)
United States	286	564	(49 %)	781	2,253	(65 %)
Australia	177	396	(55 %)	1,104	1,541	(28 %)
Utilization, %	13 %	19 %	(32 %)	12 %	18 %	(33 %)
Canada	10 %	12 %	(17 %)	9 %	12 %	(25 %)
United States	24 %	31 %	(23 %)	13 %	28 %	(54 %)
Australia	38 %	86 %	(56 %)	60 %	84 %	(29 %)
Rigs	98	107	(8 %)	98	107	(8 %)
Canada	80	82	(2 %)	80	82	(2 %)
United States	13	20	(35 %)	13	20	(35 %)
Australia	5	5	-	5	5	-

⁽¹⁾ Revenue for the three and 12 months ended December 31, 2019 includes a \$17.6 million contract termination payment.

⁽²⁾ See Note 1 of the Notes to the Financial Highlights set forth at the end of this release.

⁽³⁾ Operating days includes drilling and paid stand-by days.

Revenue per operating day during the fourth quarter of 2020 was lower than the comparable quarter of 2019 due primarily to the receipt of a \$17.6 million contract termination payment in 2019. Excluding this termination payment, fourth quarter revenue per operating day decreased approximately 15% on a year over year basis due to lower average pricing and the mix of equipment operating and segment EBITDA decreased by approximately 26%. Despite the year over year decline in revenue and EBITDA and excluding the termination payment received in 2019, the quarterly segment EBITDA margin increased from 20% in 2019 to 27% in 2020 as a result of cost management efforts and the receipt of COVID assistance. Fourth quarter operating days in Australia were negatively impacted with two rigs having been removed from service in the third quarter of 2020 for recertifications and upgrades. Both rigs have been contracted, with one rig scheduled to return to service in the second quarter and the second in the third quarter of 2021.

Rentals and Transportation Services ("RTS")

	Three months ended December 31			Year ended December 31		
	2020	2019		2020	2019	
Revenue	\$ 6,975	\$ 15,907	(56 %)	\$ 34,529	\$ 65,446	(47 %)
EBITDA ⁽¹⁾	\$ 2,198	\$ 2,019	9 %	\$ 9,473	\$ 9,548	(1 %)
Revenue per utilized piece of equipment, dollars	\$ 9,361	\$ 11,554	(19 %)	\$ 40,642	\$ 38,607	5 %
Pieces of rental equipment	10,650	10,590	1 %	10,650	10,590	1 %
Canada	9,710	9,710	-	9,710	9,710	-
United States	940	880	7 %	940	880	7 %
Rental equipment utilization, %	7 %	13 %	(46 %)	8 %	16 %	(50 %)
Canada	6 %	10 %	(40 %)	7 %	14 %	(50 %)
United States	13 %	42 %	(69 %)	19 %	38 %	(50 %)
Trucks	87	87	-	87	87	-

⁽¹⁾ See Note 1 of the Notes to the Financial Highlights set forth at the end of this release.

Fourth quarter revenue in the RTS segment was 56% lower in 2020 as compared to 2019 due to a substantial decrease in equipment utilization, particularly in the United States. Despite this substantial decline in revenue, fourth quarter segment EBITDA increased by 9% on a year over year basis and the segment EBITDA margin increased by 146% from 13% in 2019 to 32% in 2020. The improvement in EBITDA

margins is a result of efforts to right-size this segment's operating infrastructure in response to prolonged reduced industry activity levels in Canada and the receipt of COVID relief funds. In addition, a substantial portion of the heavy truck fleet was taken out of service during 2020 to reduce operating costs and equipment wear and tear until such time as North American industry conditions warrant placing such units back into service.

Compression and Process Services ("CPS")

	Three months ended December 31			Year ended December 31		
	2020	2019		2020	2019	
Revenue	\$ 32,767	\$ 40,666	(19 %)	\$ 136,005	\$ 366,738	(63 %)
EBITDA ⁽¹⁾	\$ 5,068	\$ 4,155	22 %	\$ 21,906	\$ 38,779	(44 %)
Sales backlog at period end, \$ millions	\$ 43.9	\$ 48.6	(10 %)	\$ 43.9	\$ 48.6	(10 %)
Horsepower of equipment on rent at period end	23,700	34,800	(32 %)	23,700	34,800	(32 %)
Rental equipment utilization ⁽²⁾	45	% 72	(38 %)	61	% 69	(12 %)

⁽¹⁾ See Note 1 of the Notes to the Financial Highlights set forth at the end of this release.

⁽²⁾ Rental equipment utilization is measured on a horsepower basis.

The year over year decrease in the CPS segment's fourth quarter revenue was due primarily to a decrease in fabrication bookings over the past year and lower rental fleet utilization. Rental utilization was negatively impacted with the return of 6,500 horsepower of rental compression during the fourth quarter of 2020 following the bankruptcy of a United States customer. Cost control measures and the receipt of COVID relief funds contributed to a 52% year over year increase in the quarterly segment EBITDA margin which in turn resulted in a 22% increase in 2020 fourth quarter segment EBITDA relative to 2019. The fabrication sales backlog increased by \$6.9 million, or 19%, from September 30, 2020 as the conversion rate of quoting activity to sales orders saw a modest increase during the fourth quarter of 2020.

Well Servicing ("WS")

	Three months ended December 31			Year ended December 31		
	2020	2019		2020	2019	
Revenue	\$ 20,442	\$ 35,239	(42 %)	\$ 98,555	\$ 138,346	(29 %)
EBITDA ⁽¹⁾	\$ 7,055	\$ 8,273	(15 %)	\$ 28,126	\$ 31,350	(10 %)
Revenue per service hour, dollars	\$ 840	\$ 836	1 %	\$ 869	\$ 875	(1 %)
Service Hours ⁽²⁾	24,333	42,175	(42 %)	113,428	158,142	(28 %)
Canada	13,042	18,387	(29 %)	42,011	66,995	(37 %)
United States	1,837	4,716	(61 %)	10,734	17,961	(40 %)
Australia	9,454	19,072	(50 %)	60,683	73,186	(17 %)
Utilization, % ⁽³⁾	25	% 41	(39 %)	26	% 38	(32 %)
Canada	25	% 35	(29 %)	20	% 32	(38 %)
United States	14	% 37	(62 %)	21	% 35	(40 %)
Australia	36	% 72	(50 %)	58	% 70	(17 %)
Rigs	83	83	-	83	83	-
Canada	57	57	-	57	57	-
United States	14	14	-	14	14	-
Australia	12	12	-	12	12	-

⁽¹⁾ See Note 1 of the Notes to the Financial Highlights set forth at the end of this release.

⁽²⁾ Service hours is defined as well servicing hours of service provided to customers and includes paid rig move and standby.

⁽³⁾ The Company reports its service rig utilization for its operational service rigs in North America based on service hours of 3,650 per rig per year to reflect standard 10 hour operations per day. Utilization for the Company's service rigs in Australia is calculated based on service hours of 8,760 per rig per year to reflect standard 24 hour operations.

WS segment revenue decreased in the fourth quarter of 2020 as compared to 2019 as a result of lower

activity levels in all geographic regions. North American results were impacted by challenging market conditions following the outbreak of COVID-19 in March of 2020 while activity in Australia began to moderate in the third quarter of 2020 and remained lower through to the end of 2020. Cost management and the receipt of COVID relief funds contributed to a 47% year over year increase in fourth quarter segment EBITDA margin that mitigated the decline in EBITDA.

Corporate

With the implementation of additional procedures and safeguards, the Company maintained continuous operations in all jurisdictions throughout 2020. Despite the additional health and safety challenges presented by the COVID-19 pandemic and a substantial decline in total hours worked, Total Energy achieved the lowest annual consolidated total recordable injury frequency (TRIF) rate in its 24-year history.

Significant measures were taken during 2020 to protect the financial strength and liquidity of the Company in the face of a historic decline in North American oil and natural gas drilling and completion activity. As a result, Total Energy was able to generate substantial free cash flow despite a 52% decrease in annual consolidated revenue. Cash from operating activities after changes in working capital was \$86.1 million for 2020. After funding \$13.5 million of net capital expenditures, \$10.3 million of interest expense, \$8.3 million of lease liability obligations and \$2.7 million of dividends that were declared in 2019, the remaining \$51.3 million of free cash flow was directed primarily towards the repayment of bank debt, which was reduced by \$44.8 million, or 16%, during the year. The Company's year-end cash position increased by 16%, or \$3.1 million, compared to December 31, 2019.

Total Energy exited 2020 with \$138.9 million of positive working capital (including \$23.0 million of cash) and \$85 million was available on the Company's \$255 million of revolving bank credit facilities. The weighted average interest rate on the Company's outstanding debt at December 31, 2020 was 2.72%.

Outlook

The COVID-19 pandemic and consequential historic decline in global economic activity resulted in extremely difficult industry conditions during 2020. While oil and natural gas prices have recovered substantially over the past several months, producers remain cautious and North American activity levels remain low by historical measures. As such, Total Energy remains focused on the safe and efficient operation of its business, the disciplined deployment of capital and the repayment of bank debt. Subsequent to December 31, 2020, the amount drawn on the Company's revolving credit facilities has been further reduced by \$10 million to \$160 million, resulting in \$95 million of currently undrawn and available credit.

Total Energy's Well Servicing segment has seen an increase in Canadian activity levels in 2021, driven in part by an increase in well abandonment activity as funding from the Government of Canada's \$1.7 billion well abandonment program began to accelerate in late 2020.

During the third quarter of 2020, two drilling rigs were removed from service in Australia for required recertifications. The first rig is expected to be completed and commence operations in April 2021. The second drilling rig has recently been contracted and requires \$2.0 million of additional upgrades. This rig is expected to commence operations in July 2021.

Demand for compression equipment has also begun to slowly recover as evidenced by the modest increase in the fabrication sales backlog during the fourth quarter of 2020 that has continued into 2021 with improving fundamentals for North American natural gas. The Board of Directors of Total Energy has approved a \$2.5 million increase to the 2021 capital budget for compression rental fleet additions. Including the second Australian rig upgrade, Total Energy's 2021 capital expenditure budget now stands at \$13.6 million plus \$1.1 million of capital expenditure commitments that have been carried forward from 2020. Total Energy expects to finance its 2021 capital expenditure budget with cash on hand and cashflow from operations.

Conference Call

At 9:00 a.m. (Mountain Time) on March 12, 2021 Total Energy will conduct a conference call and webcast to

discuss its fourth quarter financial results. Daniel Halyk, President & Chief Executive Officer, will host the conference call. A live webcast of the conference call will be accessible on Total Energy's website at www.totalenergy.ca by selecting "Webcasts". Persons wishing to participate in the conference call may do so by calling (800) 319-4610 or (416) 915-3239. Those who are unable to listen to the call live may listen to a recording of it on Total Energy's website. A recording of the conference call will also be available until April 12, 2021 by dialing (855) 669-9658 (passcode 6086).

Selected Financial Information

Selected financial information relating to the three months and the year ended December 31, 2020 and 2019 is attached to this news release. This information should be read in conjunction with the 2020 Annual Consolidated Financial Statements of Total Energy and the notes thereto as well as management's discussion and analysis to be issued in due course and reproduced in the Company's 2020 Annual Report.

Consolidated Statements of Financial Position (in thousands of Canadian dollars)

	December 31, 2020 (audited)	December 31, 2019 (audited)
Assets		
Current assets:		
Cash and cash equivalents	\$ 22,996	\$ 19,873
Accounts receivable	73,373	113,934
Inventory	95,586	105,672
Prepaid expenses and deposits	6,876	10,878
Income taxes receivable	1,287	4,403
Current portion of finance lease asset	566	664
	200,684	255,424
Property, plant and equipment	636,996	730,435
Income taxes receivable	7,070	7,070
Deferred income tax asset	57	-
Lease asset	719	179
Goodwill	4,053	4,053
	\$ 849,579	\$ 997,161
Liabilities & Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 46,410	\$ 95,742
Deferred revenue	6,365	3,883
Dividends payable	-	2,710
Current portion of lease liabilities	6,417	8,270
Current portion of long-term debt	2,552	41,585
	61,744	152,190
Long-term debt	230,517	236,278
Lease liabilities	8,420	12,170
Deferred income tax liability	37,911	53,381
Shareholders' equity:		
Share capital	284,077	284,510
Contributed surplus	4,966	7,528
Accumulated other comprehensive loss	(18,736)	(16,722)

Non-controlling interest	629	(236)
Retained earnings	240,051	268,062
	510,987	543,142
	\$ 849,579	\$ 997,161

Consolidated Statements of Comprehensive Income (Loss)
(in thousands of Canadian dollars except per share amounts)

	Three months ended December 31		Year ended December 31	
	2020 (unaudited)	2019 (unaudited)	2020 (audited)	2019 (audited)
Revenue	\$ 83,472	\$ 151,500	\$ 365,750	\$ 757,398
Cost of services	59,107	102,212	266,720	597,336
Selling, general and administration	5,277	11,778	27,309	49,393
Other expense (income)	844	2,070	(5,969)	3,928
Share-based compensation	176	199	866	1,499
Depreciation	22,081	20,773	113,363	88,440
Operating income (loss)	(4,013)	14,468	(36,539)	16,802
Gain on sale of property, plant and equipment	1,478	564	4,380	2,437
Finance costs, net	(2,283)	(3,233)	(10,346)	(12,938)
Net income (loss) before income taxes	(4,818)	11,799	(42,505)	6,301
Current income tax expense (recovery)	768	(235)	3,075	(161)
Deferred income tax expense (recovery)	(3,854)	3,441	(15,125)	(3,629)
Total income tax expense (recovery)	(3,086)	3,206	(12,050)	(3,790)
Net income (loss)	(1,732)	\$ 8,593	\$ (30,455)	\$ 10,091
Net income (loss) attributable to:				
Shareholders of the Company	\$ (1,739)	\$ 8,523	\$ (30,450)	\$ 10,527
Non-controlling interest	7	\$ 70	\$ (5)	\$ (436)
Income (loss) per share:				
Basic and diluted earnings per share	\$ (0.04)	\$ 0.19	\$ (0.68)	\$ 0.23

Consolidated Statements of Comprehensive Income (Loss)

	Three months ended December 31		Year ended December 31	
	2020	2019	2020	2019
Net income (loss)	\$ (1,732)	\$ 8,593	\$ (30,455)	\$ 10,091
<i>Other Comprehensive Income (Loss) (OCI):</i>				
Foreign currency translation adjustment	(5,052)	19	(2,416)	(10,626)
Deferred tax effect	528	15	402	(776)
Total other comprehensive income (loss)	(4,524)	34	(2,014)	(11,402)
Total comprehensive income (loss)	\$ (6,256)	\$ 8,627	\$ (32,469)	\$ (1,311)
Total comprehensive income (loss) attributable to:				
Shareholders of the Company	\$ (6,263)	\$ 8,557	\$ (32,464)	\$ (875)
Non-controlling interest	\$ 7	\$ 70	\$ (5)	\$ (436)

Consolidated Statements of Cash Flows

(in thousands of Canadian dollars)

	Three months ended December 31		Year ended December 31	
	2020 (unaudited)	2019 (unaudited)	2020 (audited)	2019 (audited)
Cash provided by (used in):				
Operations:				
Net (loss) income for the period	\$ (1,732)	\$ 8,593	\$ (30,455)	\$ 10,091
Add (deduct) items not affecting cash:				
Depreciation	22,081	20,773	113,363	88,440
Share-based compensation	176	199	866	1,499
Gain on disposal of property, plant and equipment	(1,478)	(564)	(4,380)	(2,437)
Finance costs	2,283	3,234	10,346	12,257
Unrealized (gain) loss on foreign currencies translation	903	2,025	(5,910)	2,610
Current income tax expense (recovery)	768	(235)	3,075	(161)
Deferred income tax expense (recovery)	(3,854)	3,441	(15,125)	(3,629)
Income taxes recovered (paid)	(716)	(570)	1,657	3,057
Cashflow	18,431	36,896	73,437	111,727
Changes in non-cash working capital items:				
Accounts receivable	(3,569)	21,559	41,129	39,641
Inventory	6,522	(22,614)	10,086	(20,929)
Prepaid expenses and deposits	(3,506)	2,179	2,386	9,306
Accounts payable and accrued liabilities	3,192	4,222	(43,398)	(34,554)
Onerous leases	-	-	-	1,297
Deferred revenue	(1,844)	(1,697)	2,482	(33,433)
	19,226	40,545	86,122	73,055
Investments:				
Purchase of property, plant and equipment	(4,606)	(9,013)	(16,904)	(49,313)
Acquisition of non-controlling interest	-	-	-	(128)
Proceeds on sale of other assets	-	-	-	682
Proceeds on disposal of property, plant and equipment	468	1,573	5,936	8,422
Changes in non-cash working capital items	238	92	(2,570)	1,128
	(3,900)	(7,348)	(13,538)	(39,209)
Financing:				
Advances under long-term debt	-	5,000	29,796	15,000
Repayment of long-term debt	(10,626)	(8,759)	(74,590)	(22,912)
Repayment of lease liabilities	(1,912)	(1,881)	(8,266)	(7,164)
Partnership distributions to non-controlling interests	-	(691)	(125)	(1,241)
Payment of dividends	-	(2,721)	(2,710)	(10,949)
Repurchase of common shares	-	(1,074)	(427)	(5,346)
Interest paid	(4,645)	(3,198)	(13,139)	(12,001)
	(17,183)	(13,324)	(69,461)	(44,613)
Change in cash and cash equivalents	(1,857)	19,873	3,123	(10,767)
Cash and cash equivalents, beginning of period	24,853	-	19,873	30,640
Cash and cash equivalents, end of period	\$ 22,996	\$ 19,873	\$ 22,996	\$ 19,873

Segmented Information

The Company provides a variety of products and services in the oil and natural gas industry through five reporting segments, which operate substantially in three geographic regions. These reporting segments are Contract Drilling Services, which includes the contracting of drilling equipment and the provision of labour required to operate the equipment, Rentals and Transportation Services, which includes the rental and transportation of equipment used in drilling, completion and production operations, Compression and

Process Services, which includes the fabrication, sale, rental and servicing of natural gas compression and oil and natural gas process equipment and Well Servicing, which includes the contracting of service rigs and the provision of labour required to operate the equipment. Corporate includes activities related to the Company's corporate and public issuer affairs.

As at and for the three months ended December 31, 2020 (unaudited, in thousands of Canadian dollars)

	Contract Drilling Services	Rentals and Transportation Services	Compression and Process Services	Well Servicing	Corporate (1)	Total
Revenue	\$ 23,288	\$ 6,975	\$ 32,767	\$ 20,442	\$ -	\$ 83,472
Cost of services	16,006	4,062	26,516	12,523	-	59,107
Selling, general and administration	1,068	868	1,263	875	1,203	5,217
Other expense	-	-	-	-	844	844
Share-based compensation	-	-	-	-	176	176
Depreciation (3)	9,822	5,651	2,481	3,957	170	22,081
Operating income (loss)	(3,608)	(3,606)	2,507	3,087	(2,393)	(4,013)
Gain on sale of property, plant and equipment	61	153	80	11	1,173	1,478
Finance costs	(32)	(36)	(85)	(6)	(2,124)	(2,383)
Net income (loss) before income taxes	(3,579)	(3,489)	2,502	3,092	(3,344)	(4,818)
Goodwill	-	2,514	1,539	-	-	4,053
Total assets	319,075	199,793	215,533	104,743	10,435	849,580
Total liabilities	56,557	11,022	29,229	5,899	235,885	338,592
Capital expenditures	2,163	167	988	1,288	-	4,606

	Canada	United States	Australia	Other	Total
Revenue	\$ 46,821	\$ 18,896	\$ 17,755	\$ -	\$ 83,472
Non-current assets (4)	419,332	155,175	67,261	-	641,768

As at and for the three months ended December 31, 2019 (unaudited, in thousands of Canadian dollars)

	Contract Drilling Services	Rentals and Transportation Services	Compression and Process Services	Well Servicing	Corporate (1)	Total
Revenue	\$ 59,688	\$ 15,907	\$ 40,666	\$ 35,239	\$ -	\$ 151,500
Cost of services	31,582	10,955	34,408	25,267	-	102,212
Selling, general and administration	2,206	3,275	2,143	1,726	2,428	11,778
Other expense	-	-	-	-	2,070	2,070
Share-based compensation	-	-	-	-	199	199
Depreciation (2)	8,086	6,173	2,176	4,080	258	20,773
Operating income (loss)	17,814	(4,496)	1,939	4,166	(4,955)	14,468
Gain (loss) on sale of property, plant and equipment	176	342	40	27	(21)	564
Finance costs	(71)	(31)	(107)	(9)	(3,015)	(3,233)
Net income (loss) before income taxes	17,919	(4,185)	1,872	4,184	(7,991)	11,700
Goodwill	-	2,514	1,539	-	-	4,053
Total assets	392,832	233,124	222,820	119,823	28,562	1,007,161
Total liabilities	75,670	26,515	56,547	8,104	287,183	453,919
Capital expenditures	3,405	2,209	2,720	679	-	8,013

	Canada	United States	Australia	Other	Total
Revenue	\$ 72,042	\$ 47,174	\$ 32,564	\$ (280)	\$ 151,500
Non-current assets ⁽⁴⁾	490,960	173,779	69,928	-	734,667

As at and for the year ended December 31, 2020 (audited, in thousands of Canadian dollars)

	Contract Drilling Services	Rentals and Transportation Services	Compression and Process Services	Well Servicing	Corporate ⁽¹⁾	Total
Revenue	\$ 96,661	\$ 34,529	\$ 136,005	\$ 98,555	\$ -	\$ 365,750
Cost of services	72,388	20,429	108,197	65,706	-	266,720
Selling, general and administration	5,900	5,692	6,474	4,750	4,493	27,319
Other income	-	-	-	-	(5,969)	(5,969)
Share-based compensation	-	-	-	-	866	866
Depreciation ⁽³⁾	64,297	23,493	9,603	15,241	729	113,363
Operating income (loss)	(45,924)	(15,085)	11,731	12,858	(119)	(36,539)
Gain on sale of property, plant and equipment	1,126	1,065	572	27	1,590	4,380
Finance costs	(161)	(93)	(374)	(31)	(9,687)	(10,346)
Net income (loss) before income taxes	(44,959)	(14,113)	11,929	12,854	(8,216)	(42,305)
Goodwill	-	2,514	1,539	-	-	4,053
Total assets	319,075	199,793	215,533	104,743	10,435	849,580
Total liabilities	56,557	11,022	29,229	5,899	235,885	338,592
Capital expenditures	4,703	1,024	7,922	3,243	12	16,904

	Canada	United States	Australia	Other	Total
Revenue	\$ 177,519	\$ 84,294	\$ 103,884	\$ 53	\$ 365,750
Non-current assets ⁽⁴⁾	419,332	155,175	67,261	-	641,768

As at and for the year ended December 31, 2019 (audited, in thousands of Canadian dollars)

	Contract Drilling Services	Rentals and Transportation Services	Compression and Process Services	Well Servicing	Corporate ⁽¹⁾	Total
Revenue	\$ 186,868	\$ 65,446	\$ 366,738	\$ 138,346	\$ -	\$ 757,398
Cost of services	135,999	42,764	318,267	100,306	-	697,336
Selling, general and administration	8,599	14,581	11,299	6,759	8,155	49,393
Other expense	-	-	-	-	3,928	3,928
Share-based compensation	-	-	-	-	1,499	1,499
Depreciation ⁽²⁾	32,478	29,512	9,303	16,537	610	88,439
Operating income (loss)	9,792	(21,411)	27,869	14,744	(14,192)	16,802
Gain (loss) on sale of property, plant and equipment	(882)	1,447	1,607	69	196	2,437
Finance costs	(345)	(138)	(427)	(29)	(11,999)	(13,138)
Net income (loss) before income taxes	8,565	(20,102)	29,049	14,784	(25,995)	7,201
Goodwill	-	2,514	1,539	-	-	4,053
Total assets	392,832	233,124	222,820	119,823	28,562	1,037,161
Total liabilities	75,670	26,515	56,547	8,104	287,183	474,019

Capital expenditures			10,168	19,420	14,312	4,929	484
	Canada	United States	Australia	Other	Total		
Revenue	\$ 308,274	\$ 289,012	\$ 152,736	\$ 7,376	\$ 757,398		
Non-current assets ⁽⁴⁾	490,960	173,779	69,928	-	734,667		

(1) Corporate includes the Company's corporate activities and obligations pursuant to long-term credit facilities.

(2) Effective July 1, 2019 the Company changed certain estimates relating to the useful life and residual value of equipment in the Rental and Transportation Services segment. See note 10 to the 2020 Annual Consolidated Financial Statements for further details.

(3) Effective April 1, 2020 the Company changed certain estimates relating to the useful life and residual value of equipment in the Contract Drilling Services segment. See note 10 to the 2020 Annual Consolidated Financial Statements for further details.

(4) Includes property, plant and equipment, leased assets and goodwill.

[Total Energy Services Inc.](#) is a growth oriented energy services corporation involved in contract drilling services, rentals and transportation services, the fabrication, sale, rental and servicing of natural gas compression and oil and natural gas process equipment and well servicing. The common shares of Total Energy are listed and trade on the TSX under the symbol TOT.

For further information, please contact Daniel Halyk, President & Chief Executive Officer at (403) 216-3921 or Yuliya Gorbach, Vice-President Finance and Chief Financial Officer at (403) 216-3920 or by e-mail at: investorrelations@totalenergy.ca or visit our website at www.totalenergy.ca

Notes to the Financial Highlights

(1) EBITDA means earnings before interest, taxes, depreciation and amortization and is equal to net income before income taxes plus finance costs plus depreciation. EBITDA is not a recognized measure under IFRS. Management believes that in addition to net income, EBITDA is a useful supplemental measure as it provides an indication of the results generated by the Company's primary business activities prior to consideration of how those activities are financed, amortized or how the results are taxed in various jurisdictions as well as the cash generated by the Company's primary business activities without consideration of the timing of the monetization of non-cash working capital items. Readers should be cautioned, however, that EBITDA should not be construed as an alternative to net income determined in accordance with IFRS as an indicator of Total Energy's performance. Total Energy's method of calculating EBITDA may differ from other organizations and, accordingly, EBITDA may not be comparable to measures used by other organizations.

(2) Working capital equals current assets minus current liabilities.

(3) Net Debt equals long-term debt plus lease liabilities plus current liabilities minus current assets.

(4) Basic and diluted shares outstanding reflect the weighted average number of common shares outstanding for the periods. See note 16 to the Company's 2020 Annual Consolidated Financial Statements.

Certain statements contained in this press release, including statements which may contain words such as "could", "should", "expect", "believe", "will" and similar expressions and statements relating to matters that are not historical facts are forward-looking statements. Forward-looking statements are based upon the opinions and expectations of management of Total Energy as at the effective date of such statements and, in some cases, information supplied by third parties. Although Total Energy believes the expectations reflected in such forward-looking statements are based upon reasonable assumptions and that information received from third parties is reliable, it can give no assurance that those expectations will prove to have been correct.

In particular, this press release contains forward-looking statements concerning industry activity levels, including expectations regarding Total Energy's future activity levels, market share and compression and process production activity. Such forward-looking statements are based on a number of assumptions and factors including fluctuations in the market for oil and natural gas and related products and services, political and economic conditions, central bank interest rate policy, the demand for products and services provided by

Total Energy, Total Energy's ability to attract and retain key personnel and other factors. Such forward-looking statements involve known and unknown risks and uncertainties which may cause the actual results, performances or achievements of Total Energy to be materially different from any future results, performances or achievements expressed or implied by such forward-looking statements. Reference should be made to Total Energy's most recently filed Annual Information Form and other public disclosures (available at www.sedar.com) for a discussion of such risks and uncertainties.

The TSX has neither approved nor disapproved of the information contained herein.

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