

# Gibson Energy Announces 2021 Second Quarter Results

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All financial figures are in Canadian dollars unless otherwise noted

CALGARY, Aug. 3, 2021 - [Gibson Energy Inc.](#) announced today its financial and operating results for the three and six months ended June 30, 2021.

"We are pleased to report another solid quarter from both an operational and financial perspective, with our Infrastructure segment performing in-line with our expected run-rate on a normalized basis and Marketing moderately above our initial outlook," said Paul Spaulding, President and Chief Executive Officer. "Having resumed our commercial discussions with customers around the year, these have now translated to the announcement of several new projects, including new tankage at Edmonton and a biofuels blending project, such that we expect to deploy \$200 million in growth capital in 2021. We continue to advance other opportunities and remain confident in our ability to deploy similar levels of capital going forward while maintaining EBITDA build multiples that we have consistently achieved over the past several years."

#### Financial Highlights:

- Revenue of \$1,675 million in the second quarter, a \$880 million or 111% increase over the second quarter of 2020, driven by higher commodity prices and volumes increasing contribution from the Marketing Segment
- Infrastructure Adjusted EBITDA<sup>(1)</sup> of \$118 million in the second quarter, a \$29 million or 32% increase over the second quarter of 2020, due to additional tankage in service at Hardisty and the benefit of a \$20 million payment for the present value of the remaining term of a rail loading contract in the current quarter
- Marketing Adjusted EBITDA of \$19 million in the second quarter, a \$45 million or 71% decrease over the second quarter of 2020, driven by the availability of time-based opportunities created by significant volatility in commodity markets compared to the prior quarter as well as limited opportunities and reduced margins within the Crude Marketing business in the current quarter
- Adjusted EBITDA on a consolidated basis of \$128 million, a \$17 million or 12% decrease over the second quarter of 2020, due to the factors discussed above with G&A comparable between the two periods
- Net Income of \$32 million in the second quarter, a \$9 million or 22% decrease over the second quarter of 2020, largely as a result of the factors described above
- Distributable cash flow of \$92 million in the second quarter, a \$2 million or 2% decrease over the second quarter of 2020, with a decreased contribution from the Marketing segment being offset by an increase in the Infrastructure segment and lower taxes in the current quarter
- Payout ratio on a trailing twelve-month basis of 73%, near the low end of Gibson's 70% - 80% target range
- Maintained a strong financial position, with Net Debt to Pro Forma Adjusted EBITDA at June 30, 2021 of 3.2x, within the Company's 3.0x - 3.5x target range, and remain fully-funded for all sanctioned capital

#### Strategic Developments and Highlights:

- Completed the construction of the DRU on-schedule and within expected capital costs
- Subsequent to the quarter, sanctioned the construction of a new tank, representing 435,000 barrels of storage, at the Edmonton Terminal underpinned by a long-term, take-or-pay and stable fee-based agreement with a new Investor-owned energy customer to the terminal
- Sanctioned the biofuels blending project, new tankage at Edmonton and several incremental projects since the start of the year, such that Gibson anticipates growth capital in 2021 of approximately \$200 million, in addition to replacement of existing tankage at approximately \$30 million
- Upgraded to an "AA" status in the MSCI ESG Ratings, denoting top quartile performance within their rated constituents, and added to both the S&P/TSX Composite ESG Index and the Sustainalytics Jantzi Social Index
- Became the first public energy company in North America to fully transition its principal syndicated credit facility into sustainability-linked terms, while extending the maturity of the \$750 million facility to a full five years into 2026

(1) Adjusted Earnings before Interest, Tax, Depreciation and Amortization and other adjustments ("Adjusted EBITDA"), Distributable Cash Flow, Interest Coverage Ratio and Dividend Payout Ratio are non-GAAP measures as noted in the section titled "Non-GAAP Financial Measures" section in Gibson's Management Discussion and Analysis for the three and six months ended June 30, 2021 ("MD&A"). The applicable definitions and reconciliations of these non-GAAP measures to the most directly comparable GAAP measures are set out in the "Non-GAAP Financial Measures" section of the MD&A. Effective Q1 2021, the Company has updated the manner in which it determines Adjusted EBITDA and prior period comparative figures have been restated to conform to this new presentation. See "Adjusted EBITDA" in this news release and "Non-GAAP Financial Measures" in the MD&A for the definition and reconciliations of Adjusted EBITDA.

Management's Discussion and Analysis and Financial Statements

The 2021 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, 2021, compared to the three and six months ended June 30, 2020. These documents are available at [www.gibsonenergy.com](http://www.gibsonenergy.com)

[www.sedar.com](http://www.sedar.com).

#### 2021 Second Quarter Results Conference Call

A conference call and webcast will be held to discuss the 2021 second quarter financial and operating results at 7:00am Eastern Time (9:00am Eastern Time) on Wednesday, August 4, 2021.

The conference call dial-in numbers are:

- 416-764-8659 / 1-888-664-6392
- Conference ID: 57683564

This call will also be broadcast live on the Internet and may be accessed directly at the following URL:

- [https://produceredition.webcasts.com/starthere.jsp?ei=1479689&tp\\_key=a9628481e6](https://produceredition.webcasts.com/starthere.jsp?ei=1479689&tp_key=a9628481e6)

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 18, 2021, using the following dial-in numbers:

- 416-764-8677 / 1-888-390-0541
- Replay Entry Code: 683564#

#### Supplementary Information

Gibson has also made available certain supplementary information regarding the 2021 second quarter financial and operating results, available at [www.gibsonenergy.com](http://www.gibsonenergy.com).

#### About Gibson

[Gibson Energy Inc.](#) ("Gibson" or the "Company"), (TSX: GEI) 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, 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](http://www.gibsonenergy.com).

#### Forward-Looking Statements

Certain statements contained in this press release constitute forward-looking information and statements (collectively, "forward-looking statements"). These statements relate to future events or future performance. All statements other than statements of historical fact are forward-looking statements. The use of any of the words "anticipate", "plan", "aim", "target", "contemplate", "continue", "estimate", "expect", "intend", "propose", "might", "may", "will", "shall", "project", "should", "could", "would", "predict", "forecast", "pursue", "potential" and "capable" and similar expressions are intended to identify forward-looking statements. The forward-looking statements reflect Gibson's beliefs and assumptions with respect to, among other things, future operating results, future growth in worldwide demand for crude oil and petroleum products; crude oil prices; no material adverse change in the counterparties to agreements with Gibson; Gibson's ability to obtain qualified personnel, owner-operators, lease operators and equipment in a timely and cost-efficient manner; the regulatory framework governing taxes and environmental matters in the jurisdictions in which Gibson conducts and will conduct its business; changes in credit ratings applicable to Gibson; operating future capital expenditures to be made by Gibson; Gibson's ability to obtain financing for its capital programs on acceptable terms; the Company's future debt levels; the impact of increasing competition on the Company; the impact of changes in government policies on Gibson; the impact of future changes in accounting policies on the Company's consolidated financial statements; the impact of the COVID-19 pandemic, including related government responses thereto, on demand for crude oil and petroleum products and Gibson's operations generally; Gibson's ability to effectively transition its operations as required in response to the COVID-19 pandemic; the availability of coverage under Gibson's insurance policies (including in respect of Gibson's business interruption insurance policy); the Company's ability to successfully implement the plans and programs disclosed in Gibson's strategy and other assumptions inherent in management's expectations in respect of the forward-looking statements identified herein.

Forward-looking 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. Although Gibson believes these statements to be reasonable, no assurance can be given that the results or events anticipated in these forward-looking statements will

be correct and such forward-looking statements included in this press release should not be unduly relied upon. Actual events could differ materially from those anticipated in these forward-looking statements as a result of, among other things, inherent in the businesses conducted by Gibson; competitive factors in the industries in which Gibson operates; prevailing and domestic financial market and economic conditions; world-wide demand for crude oil and petroleum products; volatile commodity prices, currency and interest rates fluctuations; product supply and demand; operating costs and the accuracy of estimates; exposure to counterparties and partners, including ability and willingness of such parties to satisfy contractual obligations in a timely manner; future capital expenditures; capital expenditures by oil and gas companies; production and decommissioning, abandonment and reclamation costs; changes to Gibson's business plans or strategy; ability to access sources of debt and equity capital, generally, and on terms acceptable to Gibson; changes in government policies, laws and regulations, including environmental and tax laws and regulations; competition for employees and other personnel, equipment, material and services related thereto; dependence on certain key suppliers and key personnel; reputational risks; acquisition and integration risks; risks associated with the Hardisty DRU project; capital project delivery and success; risks associated with Gibson's use of technology; ability to obtain regulatory approvals necessary for the conduct of Gibson's business; the availability and cost of employees and other personnel, equipment, materials and services; labour relations; seasonality and adverse conditions, including its impact on product demand, exploration, production and transportation; inherent risks associated with exploration, development, production and transportation of crude oil and petroleum products; risks related to widespread fires or pandemic outbreaks, including the COVID-19 pandemic and government responses related thereto, and the impact of such events on the other risks inherent in the businesses conducted by Gibson; risks related to actions of OPEC and non-OPEC countries, including the effect thereof on the demand for crude oil and petroleum products and commodity prices; and political developments around the world, including the areas in which Gibson operates, many of which are beyond the control of Gibson. Readers are cautioned that the foregoing lists are not exhaustive. For an additional discussion of material risk factors relating to Gibson's operations, please refer to those included in Gibson's Annual Information Form dated February 22, 2021 as filed on SEDAR and available on the Gibson website at [www.gibsonenergy.com](http://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 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 adequacy of cash flow generated and to evaluate the adequacy of internally generated cash flow to fund dividends. Changes in non-recurring 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 certain 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 of cash flow from operating activities can be found in Gibson's Management Discussion and Analysis available on SEDAR and [www.sedar.com](http://www.sedar.com) and at [www.gibsonenergy.com](http://www.gibsonenergy.com).

#### Select Financial Information

#### CONSOLIDATED FINANCIAL RESULTS

	Three months ended June 30,			Six months ended June 30,		
(\$ thousands, except where noted)	2021	2020	Change	2021	2020	Change
Revenue	1,674,756	794,474	880,282	3,284,488	2,253,164	1,031,324
Segment Profit	123,118	133,887	(10,769)	238,227	267,998	(29,771)
Adjusted EBITDA <sup>(1,2)</sup>	127,678	144,516	(16,838)	230,740	262,202	(31,462)
Net income	32,363	41,314	(8,951)	65,140	91,317	(26,177)
Cash flow from operating activities	76,624	152,843	(76,219)	120,201	308,542	(188,341)
Distributable cash flow <sup>(1)</sup>	92,409	93,911	(1,502)	156,162	179,863	(23,701)
Growth capital including equity investments	41,444	117,152	(75,708)	69,963	176,084	(106,121)
Basic income per share (\$/share)	0.22	0.28	(0.06)	0.45	0.62	(0.17)
Diluted income per share (\$/share)	0.22	0.28	(0.06)	0.44	0.62	(0.18)
Dividends declared	51,279	49,720	1,559	102,545	99,431	3,114
Dividends (\$/share)	0.35	0.34	0.01	0.70	0.68	0.02
	Trailing twelve months ended June 30,					
				2021	2020	Change
Ratios <sup>(1)</sup>						
Debt to capitalization ratio				48%	48%	-
Interest coverage ratio				9.3	7.8	1.5
Dividend payout ratio				73%	60%	13%

1. Adjusted EBITDA, Distributable Cash Flow, Interest Coverage Ratio and Dividend Payout Ratio are non-GAAP measures as defined in "Non-GAAP Financial Measures"

2. Effective Q1 2021, the Company has updated the manner in which it determines Adjusted EBITDA and prior period comparative figures have been restated to conform to this new presentation. See "Adjusted EBITDA" in this news release and "Non-GAAP Financial Measures" in the MD&A for the definition and reconciliations of Adjusted EBITDA.

Adjusted EBITDA

Adjusted EBITDA is defined as earnings before net interest, tax, depreciation, amortization and impairment charges, and specific non-cash charges, including but not limited to unrealized gain/loss on derivative financial instruments, stock based compensation, adjustment for equity accounted investees (to remove non-cash charges), and corporate foreign exchange gain/loss. These adjustments are made to exclude non-cash charges and other items that are not reflective of ongoing earning capacity of the operations.

Effective Q1 2021, the Company has updated the definition of Adjusted EBITDA to remove the corporate foreign exchange gains / losses and interest income, while adding an adjustment for equity accounted investees to remove the depreciation, amortization and other non-cash items that are not reflective of the ongoing earnings capacity of the operations. In accordance with IFRS, certain jointly controlled investments are accounted for using equity method accounting whereby the assets and liabilities of the investment are presented in a single line item in the consolidated balance sheet and net earnings from investments in equity accounted investees are recognized within the infrastructure segment profit or within the gross profit in the statement of operations. Cash contributions and distributions from investments in equity accounted investees represent the Company's share paid and received in the period to and from the investments in equity accounted investees. To assist in understanding and evaluating the performance of these investments, the Company adjusts for its proportionate share of select non-cash expenses, included in equity accounted investees in Adjusted EBITDA.

Prior period comparative figures have been restated in accordance with the updated definition of Adjusted EBITDA set out above.

Noted below is the reconciliation to the most directly comparable GAAP measures of the Company's segmented and consolidated Adjusted EBITDA for the three and six months ended June 30, 2021 and 2020:

Three months ended June 30	Infrastructure		Marketing		Corporate & Adjustments		Total	
(\$ thousands)	2021	2020 <sup>(1)</sup>	2021	2020 <sup>(1)</sup>	2021	2020 <sup>(1)</sup>	2021	2020 <sup>(1)</sup>
Segment Profit	117,573	89,846	5,545	44,041	-	-	123,118	133,887
Unrealized loss on derivative financial instruments	-	-	12,970	19,600	-	-	12,970	19,600
General and administrative	-	-	-	-	(8,675)	(8,377)	(8,675)	(8,377)
Adjustments to share of profit from equity accounted investees	265	(594)	-	-	-	-	265	(594)
Adjusted EBITDA <sup>(1)</sup>	117,838	89,252	18,515	63,641	(8,675)	(8,377)	127,678	144,516

(1) Adjusted EBITDA for periods prior to March 31, 2021 has been restated on the basis described above

Six months ended June 30	Infrastructure		Marketing		Corporate & Adjustments	
(\$ thousands)	2021	2020 <sup>(1)</sup>	2021	2020 <sup>(1)</sup>	2021	2020 <sup>(1)</sup>
Segment Profit	225,848	187,918	12,379	80,080	-	-
Unrealized loss on derivative financial instruments	-	-	9,386	15,338	-	-
General and administrative	-	-	-	-	(17,407)	(17,300)
Adjustments to share of profit from equity accounted investees	534	(3,834)	-	-	-	-
Adjusted EBITDA <sup>(1)</sup>						

226,382

184,084



21,765

95,418

(17,407)

(17,300)







(1) Adjusted EBITDA for periods prior to March 31, 2021 has been restated on the basis described above

	Three months ended June 30,	
(\$ thousands)	2021	2020 <sup>(1)</sup>
Net Income	32,363	41,314
Income tax expense	10,185	13,489
Depreciation, amortization, and impairment charges	51,897	40,303
Net finance costs	15,783	23,331
Unrealized loss on derivative financial instruments	12,970	19,600
Stock based compensation	4,284	4,710
Adjustments to share of profit from equity accounted investees	265	(594)
Corporate foreign exchange loss (gain)	(69)	2,363
Adjusted EBITDA <sup>(1)</sup>	127,678	144,516

(1) Adjusted EBITDA for periods prior to March 31, 2021 has been restated on the basis described above

	Six months ended June 30,	
(\$ thousands)	2021	2020 <sup>(1)</sup>
Net Income	65,140	91,317
Income tax expense	18,269	30,806
Depreciation, amortization, and impairment charges	93,181	80,440
Net finance costs	30,771	42,663
Unrealized loss on derivative financial instruments	9,386	15,338
Stock based compensation	13,236	10,735
Adjustments to share of profit from equity accounted investees	534	(3,834)
Corporate foreign exchange loss (gain)	223	(5,263)
Adjusted EBITDA <sup>(1)</sup>	230,740	262,202

(1) Adjusted EBITDA for periods prior to March 31, 2021 has been restated on the basis described above

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