

Whitecap Resources Inc. Accelerates Return Of Capital With \$419 Million In Dispositions And A 32% Dividend Increase

19.12.2022 | [CNW](#)

CALGARY, Dec. 19, 2022 - [Whitecap Resources Inc.](#) ("Whitecap" or the "Company") (TSX: WCP) is pleased to announce that the Company has entered into three definitive agreements to dispose of certain non-strategic assets, effective October 1, 2022 for an aggregate consideration of \$419 million, consisting of \$394 million in cash and producing assets that consolidate working interest in the operated Butte, Saskatchewan core area. Current production from the disposed assets is approximately 11,000 boe/d¹ and is expected to average approximately 10,000 boe/d in 2023 (in each case, net of acquired production). The transactions are expected to close in January 2023, subject to customary closing considerations. Upon closing, Whitecap will have successfully disposed of the non-strategic assets that were marketed for disposition.

Consistent with our return of capital framework, our Board of Directors has approved a 32% increase to the monthly dividend. Our first net debt² milestone of \$1.8 billion will be achieved on or before the close of the transactions. The new monthly dividend of \$0.0483 per share is up from the current monthly dividend of \$0.0367 per share, which equates to \$0.58 per share annually effective with the January 2023 dividend, payable in February 2023. The increased dividend represents an attractive yield based on the December 16, 2022 closing price of \$9.68 per share and is a significant step towards us achieving our target annual dividend level of \$0.73 per share. Pro forma the dispositions, our targeted dividend plus maintenance capital requirements are funded within funds flow at US\$50/bbl WTI and C\$4.00/GJ AECO.

Our next net debt milestone of \$1.3 billion is now expected to be achieved by mid-2023, approximately five months earlier than initially forecasted based on current strip prices³. Once our \$1.3 billion net debt milestone is achieved, we plan to return free funds flow back to shareholders which includes the targeted \$0.73 per share base dividend, supplemented with share buybacks and/or special dividends. The remaining 25% of free funds flow will be used to continue to strengthen our balance sheet, providing us with significant financial flexibility to consider future opportunities.

For 2023, as a result of the asset dispositions, we are now forecasting production to average 160,000 - 162,000 boe/d (including liquids) with no change to our capital budget of \$900 - \$950 million. The assets being disposed of are non-strategic to our operations and, therefore, had minimal capital expenditures allocated to them in 2023 and beyond.

We will now begin 2023 with an even stronger balance sheet, and we look forward to updating shareholders on our production throughout the year.

NOTES

¹ Disclosure of production on a per boe basis in this press release consists of the constituent product types and their respective quantities disclosed herein. Refer to Barrel of Oil Equivalency and Production and Product Type Information in this press release for additional disclosure.

² Net debt is a capital management measure. Refer to the Specified Financial Measures section in this press release for additional disclosures.

³ See Note Regarding Forward-Looking Statements for underlying commodity price and exchange rate

NOTE REGARDING FORWARD-LOOKING STATEMENTS

This press release contains forward-looking statements and forward-looking information (collectively "forward-looking information") within the meaning of applicable securities laws relating to the Company's plans and other aspects of our anticipated future operations, management focus, strategies, financial, operating and production results and business opportunities, including to the proposed dispositions and the Company after completing the proposed dispositions. Forward-looking information uses words such as "anticipate", "believe", "continue", "trend", "sustain", "project", "expect", "forecast", "budget", "goal", "plan", "objective", "strategy", "target", "intend", "estimate", "potential", or similar words suggesting future outcomes, strategies

that actions, events or conditions "may", "would", "could" or "will" be taken or occur in the future, including statements of strategy, plans, focus, objectives, priorities and position, including the rationale for, and anticipated benefits to be derived from proposed dispositions.

In particular, and without limiting the generality of the foregoing, this press release contains forward-looking information with respect to: the anticipated terms of the proposed dispositions, including the effective date and amount and type of consideration to be received by the Company; the 2023 annual average daily production forecast for the disposed assets net of acquisitions (including by product type); that the transactions are expected to close in January 2023; that our first net debt milestone of \$1.3 billion will be achieved on or before the close of the transactions; that our targeted annual dividend level is \$0.73 per share pro forma the dispositions, our targeted annual dividend plus maintenance capital remains fully funded within funds flow of US\$50/bbl WTI and C\$4.00/GJ AECO; our expectation to reach our next net debt milestone of \$1.3 billion by mid-2023; we anticipate returning 75% of free funds flow back to shareholders once our \$1.3 billion net debt milestone is reached, which is expected to include a \$0.73 per share annual dividend, supplemented by share buybacks and/or special dividends; that the remaining 25% of free funds flow will be used to continue to strengthen our balance sheet, providing us with significant flexibility for future opportunities; our average daily production (including by product type) and capital expenditure forecast for 2023; and, that we will now begin 2023 with an even stronger balance sheet.

The forward-looking information is based on certain key expectations and assumptions made by our management, including that the parties to each of the proposed dispositions will be able to satisfy all conditions precedent to closing the dispositions; that the receipt of all applicable regulatory approvals, and that the proposed dispositions will be completed on the terms and conditions contemplated herein; that we will continue to conduct our operations in a manner consistent with past operations except as specifically noted herein (and for greater certainty, the forward-looking information contained herein excludes the potential impact of any acquisitions or dispositions that we may complete in the future other than as disclosed herein); the general continued improvement in current industry conditions; the continuance of existing (and in certain circumstances, the implementation of the proposed) tax, royalty and regulatory regimes; expectations and assumptions concerning prevailing and forecast commodity prices, exchange rates, interest rates, inflation rates, applicable royalty rates and tax laws, including the assumptions specifically set forth herein; the impact (and the duration thereof) that the COVID-19 pandemic will have on (i) the demand for crude oil, NGLs and natural gas, (ii) our supply chain, including our ability to obtain the equipment and services we require, and (iii) our ability to produce, transport and/or sell our crude oil, NGLs and natural gas; the ability of OPEC+ nations and other major producers of crude oil to adjust crude oil production levels and thereby manage world crude oil prices; the impact (and the duration thereof) of the ongoing military actions between Russia and Ukraine and related sanctions on crude oil, NGLs and natural gas prices; the impact of rising and/or sustained high inflation rates and interest rates on the North American and world economies and the corresponding impact on our costs, our profitability, and on crude oil, NGLs and natural gas prices; future production rates and estimates of operating costs and development capital, including as specifically set forth herein; performance of existing wells; reserve volumes and net present values thereof; anticipated timing and results of capital expenditures / development projects including as specifically set forth herein; the success obtained in drilling new wells; the sufficiency of budgeted capital expenditures in carrying out planned activities; the timing, location and extent of future drilling operations; the state of the economy and the exploration and production business; results of operations; performance; business prospects and opportunities; the availability and cost of financing, labour and services; future dividend levels and share repurchase levels; the impact of increasing commodity prices; our ability to efficiently integrate assets and employees acquired through acquisitions or asset exchange transactions; our ability to access oil and natural gas successfully; and our ability to access capital and the cost and terms thereof. In addition, our expectation to reach our net debt milestone of \$1.3 billion in mid-2023 is based on the following commodity pricing and exchange rate assumptions: WTI of US\$73.90/bbl, USD/CAD of \$1.37 and AECO of C\$4.57/GJ.

Although we believe that the expectations and assumptions on which such forward-looking information is based are reasonable, undue reliance should not be placed on the forward-looking information because Whitecap can give no assurance that they will prove to be correct. Since forward-looking information addresses future events and conditions, by its very nature they involve inherent risks and uncertainties. These include, but are not limited to: the risk that we do not complete one or more of the aforementioned dispositions at all or on the terms and/or on the timing contemplated herein; the risk that we do not realize all of the anticipated benefits of the proposed dispositions; the risk that the funds that we ultimately return to shareholders through dividends and/or share buybacks is less than currently anticipated and/or is delayed, whether due to the risks identified herein or otherwise; the risk that any of our material assumptions prove to be materially inaccurate, including our 2023 forecasts for commodity prices and exchange rates; the risks associated with the oil and gas industry in general such as operational challenges, development, exploration and production; pandemics and epidemics; delays or changes in plans with respect to exploration and development projects or capital expenditures; the uncertainty of estimates and projections relating to reserves, production and expenses; risks associated with increasing costs, whether due to high inflation rates, high interest rates, supply chain disruptions or other factors; health, safety and environmental risks; commodity price and exchange rate fluctuations; interest rate fluctuations; inflation rate fluctuations; marketing and transportation; loss of markets; environmental risks; competition; the assessment of the value of acquisitions; failure to complete or realize the anticipated benefits of acquisitions or dispositions; our inability to access sufficient capital from internal and external sources on acceptable terms or at all; failure to obtain required regulatory or other approvals; reliance on third parties and pipeline systems; changes in legislation, including but not limited to tax law changes; production curtailment, royalties and environmental regulations; and the risk that the amount of future cash dividends paid and/or shares repurchased for cancellation by us, if any, will be subject to the discretion of our Board of Directors and may vary depending on a variety of factors and conditions existing from time to time, including, among other things, fluctuations in

commodity prices, production levels, capital expenditure requirements, debt service requirements, operating costs, royalty and foreign exchange rates, contractual restrictions contained in our debt agreements, and the satisfaction of the liquidity and solvency tests imposed by applicable corporate law for the declaration and payment of dividends and/or the repurchase of shares. Our actual performance or achievement could differ materially from those expressed in, or implied by, the forward-looking information provided accordingly, no assurance can be given that any of the events anticipated by the forward-looking information will transpire or if any of them do so, what benefits that we will derive therefrom. Management has included the above summary of assumptions and risks related to forward-looking information provided in this press release in order to provide security holders with a complete perspective on our future operations and such information may not be appropriate for other purposes.

Readers are cautioned that the foregoing lists of factors are not exhaustive. Additional information on these and other factors that could affect our operations or financial results are included in reports on file with applicable securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com).

These forward-looking statements are made as of the date of this press release and we disclaim any intent or obligation to update or publicly any forward-looking information, whether as a result of new information, future events or results or otherwise, or as required by applicable securities laws.

This press release contains future-oriented financial information and financial outlook information (collectively, "FOFI"). Whitecap's 2023 average daily production and capital expenditures pro forma the proposed asset dispositions, the timing of reaching our first net debt milestone of \$1.8 billion, our targeted annual dividend level and the timing thereof, the percentage of funds flow to be returned to shareholders based on reaching our net debt milestone of \$1.3 billion, that our targeted annual dividend plus maintenance capital remains fully funded within funds flow at US\$50/bbl WTI and C\$4.00/GJ AECO and the amount of free funds flow to be used to strengthen our balance sheet and the timing thereof all of which are subject to the same assumptions, risk factors, limitations, and qualifications as set forth in the above paragraphs. The actual results of operations of Whitecap and the resulting financial results will likely vary from the amounts set forth herein and such variation may be significant. Whitecap and its management believe that the FOFI has been prepared on a reasonable basis, reflecting management's estimates and judgments. However, because this information is subjective and subject to numerous risks, it should not be taken as necessarily indicative of future results. Except as required by applicable securities laws, Whitecap undertakes no obligation to update such FOFI. FOFI contained in this press release was made as of the date of this press release and was provided for the purpose of providing further information about Whitecap's anticipated future business operations. Readers are cautioned that the FOFI contained in this press release should not be used for purposes other than for which it is disclosed herein.

OIL AND GAS ADVISORIES

Barrel of Oil Equivalency

"Boe" means barrel of oil equivalent. All boe conversions in this press release are derived by converting gas to oil at the rate of one thousand cubic feet ("Mcf") of natural gas to one barrel ("Bbl") of oil. Boe may be misleading, particularly if used in isolation. A conversion rate of 1 Bbl : 6 Mcf is based on an energy equivalency conversion method primarily applicable at the burner end and does not represent a value equivalency at the wellhead. Given that the value ratio of oil compared to natural gas based on currently prevailing prices is significantly different than the energy equivalency ratio of 1 Bbl : 6 Mcf, utilizing a conversion rate of 1 Bbl : 6 Mcf may be misleading as an indication of value.

Production and Product Type Information

References to petroleum, crude oil, natural gas liquids ("NGLs"), natural gas and average daily production in this press release refer to the light and medium crude oil, tight crude oil, conventional natural gas, shale gas and NGLs product types, as defined in National Instrument 51-101 ("NI 51-101").

NI 51-101 includes condensate within the NGLs product type. The Company has disclosed condensate as combined with natural gas and separately from other NGLs since the price of condensate as compared to other NGLs is currently significantly higher. The Company believes that this crude oil and condensate presentation provides a more accurate description of its operations and results therefrom. Crude oil therefore refers to light oil, medium oil, tight oil and condensate. NGLs refers to ethane, propane, butane and pentane combined. Natural gas refers to conventional natural gas and shale gas combined.

The Company's current and forecast 2023 annual average daily production for the three dispositions and the mid-point of the Company's forecast average daily production for the full year 2023 disclosed in this press release consists of the following product types, as defined in NI 51-101 and using a conversion ratio of 1 Bbl : 6 Mcf where applicable:

	Dispositions (current)	Dispositions 2023	2023 (mid-point)
Light and medium oil (bbls/d)	6,050	5,500	72,500
Tight oil/condensate (bbls/d)	-	-	13,500
Crude oil (bbls/d)	6,050	5,500	86,000
NGLs (bbls/d)	1,000	900	17,600
Shale gas (Mcf/d)	-	-	207,000
Conventional natural gas (Mcf/d)	23,700	21,600	137,400
Natural gas (Mcf/d)	23,700	21,600	344,400
Total (boe/d)	11,000	10,000	161,000
SPECIFIED FINANCIAL MEASURES			

This press release includes various specified financial measures, including capital management measures as further described herein. These financial measures are not standardized financial measures under International Financial Reporting Standards ("IFRS" or, alternatively, "GAAP") and, therefore, may not be comparable with the calculation of similar financial measures disclosed by other companies.

"Net Debt" is a capital management measure that management considers to be key to assessing the Company's liquidity. See Note 5(e)(i) "Capital Management - Net Debt and Total Capitalization" in the Company's unaudited interim consolidated financial statements for the three and nine months ended September 30, 2022 and in the Company's audited annual consolidated financial statements for the year ended December 31, 2021 for additional disclosures.

Per Share Amounts

Per share amounts noted in this press release are based on fully diluted shares outstanding.

SOURCE [Whitecap Resources Inc.](#)

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Die URL für diesen Artikel lautet:

<https://www.rohstoff-welt.de/news/431118--Whitecap-Resources-Inc.-Accelerates-Return-Of-Capital-With-419-Million-In-Dispositions-And-A-32Prozent-Dividende>

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