

Ensign Energy Services Inc. Reports 2023 First Quarter Results

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or growth projects in response to customer demand and appropriate contract terms.

- **Capital debt and investigative expense increased non-current portions, and totaled \$145 million reduced the quarter since December 31 compared 2022. \$10.9 million reduction the 2023 quarter targeted 2022. be approximately \$200.0 million. Our target debt reduction for the period beginning 2023 to the end of 2025 is approximately \$600.0 million. If industry conditions change, this target could be**

increased or decreased.

OVERVIEW

Revenue for the three months ended March 31, 2023 was \$484.1 million, an increase of 46 percent from revenue for the three months ended March 31, 2022 of \$332.7 million. Adjusted EBITDA totaled \$127.3 million (\$0.69 per common share) in the first quarter of 2023, 82 percent higher than Adjusted EBITDA of \$70.0 million (\$0.43 per common share) in the first quarter of 2022.

Net income attributable to common shareholders for the three months ended March 31, 2023 was \$4.2 million (\$0.02 per common share), compared with net income attributable to common shareholders of \$6.6 million (\$0.04 per common share) for the three months ended March 31, 2022.

Funds flow from operations increased 54 percent to \$118.3 million (\$0.64 per common share) in the first quarter of 2023, compared with \$76.7 million (\$0.47 per common share) in the first quarter of the prior year.

The outlook for oilfield services continues to be constructive reflecting increased demand for oilfield services year-over-year, resulting in steady activity levels. Global inflationary concerns have prompted central banks to tighten monetary policies and raise interest rates, largely resulting from efforts to quell rising inflation, have subsequently engendered uncertainty for global economic growth regarding recession risk and contracting economic growth. Furthermore, recent stress in the financial sector has contributed to overall economic concerns. These factors continue to impact global energy commodity prices and add uncertainty to the macro-economic outlook over the short-term. However, despite these short-term headwinds, demand for crude oil continues to improve year-over-year. Furthermore, OPEC+ nations continue to moderate supply and respond to market conditions with the most recent production cut announced in April of 2023. Moderated crude oil supply has supported commodity prices over the short-term.

Over the near term, there remains uncertainty regarding the impacts of ongoing hostilities in Ukraine on the global economic health and recessionary pressures in certain operating environments. Furthermore, there are several other factors that may impact the future demand for crude oil and natural gas, commodity prices, and the demand for oilfield services.

The Company's operating days were higher in the first quarter of 2023 when compared with the first quarter of 2022 as activity was positively impacted by improving industry conditions, driving activity improvements year-over-year.

The average United States dollar exchange rate was \$1.35 for the first three months of 2023 (2022 - \$1.27) versus the Canadian dollar, an increase of six percent, compared with the same period of 2022.

Working capital at March 31, 2023 was a deficit of \$678.1 million compared to a deficit of \$707.8 million at December 31, 2022. This deficit was largely due to its revolving credit facility (the "Credit Facility") being classified as current. The Company has been successful with successfully negotiating contractual terms and extending the maturity of the Credit Facility. At the end of the first quarter of 2023, the Company's available liquidity, consisting of cash and available borrowings under its \$900.0 million revolving credit facility (the "Credit Facility"), totaled \$97.9 million compared with \$67.2 million at December 31, 2022.

This news release contains "forward-looking information and statements" within the meaning of applicable securities legislation. For a full disclosure of the forward-looking information and statements and the risks to which they are subject, see the "Advisory Regarding Forward-Looking Statements" later in this news release. This news release contains references to Adjusted EBITDA and Adjusted EBITDA per common share. These measures do not have any standardized meaning prescribed by IFRS and accordingly, may not be comparable to similar measures used by other companies. The non-GAAP measures included in this news release should not be considered as an alternative to, or more meaningful than, the IFRS measure from which they are derived or to which they are compared. See "Non-GAAP Measures" later in this news release.

FINANCIAL AND OPERATING HIGHLIGHTS

(Unaudited, in thousands of Canadian dollars, except per common share data and operating information)

	Three months ended March 31		
	2023	2022	% change
Revenue	484,052	332,676	46
Adjusted EBITDA ¹	127,324	69,965	82
Adjusted EBITDA per common share ¹			
Basic	\$ 0.69	\$ 0.43	60
Diluted	\$ 0.69	\$ 0.38	82
Net income attributable to common shareholders	4,241	6,587	(36)
Net income attributable to common shareholders per common share			
Basic	\$ 0.02	\$ 0.04	(50)
Diluted	\$ 0.02	\$ 0.04	(50)
Cash provided by operating activities	104,574	54,556	92
Funds flow from operations	118,291	76,741	54
Funds flow from operations per common share			
Basic	\$ 0.64	\$ 0.47	36
Diluted	\$ 0.64	\$ 0.42	52
Long-term debt, net of cash ²	513,685	1,378,699	(63)
Weighted average common shares - basic (000s)	183,828	162,895	13
Weighted average common shares - diluted (000s)	185,476	184,441	1
Drilling	2023	2022	% change
Number of marketed rigs ³			
Canada ⁴	114	123	(7)
United States	86	90	(4)
International ⁵	32	34	(6)
Total	232	247	(6)
Operating days ⁶			
Canada ⁴	3,800	3,728	2
United States	4,617	3,688	25
International ⁵	1,104	873	26
Total	9,521	8,289	15

Well Servicing	2023	2022	% change
Number of rigs			
Canada	47	52	(10)
United States	47	48	(2)
Total	94	100	(6)
1. Please refer to Adjusted EBITDA calculation in Non-GAAP Measures.			
Operating hours			
2. Change in long-term debt, net of cash was largely due to the \$900.0 million revolving credit facility being classified as current.	13,776	11,260	22
3. Total owned rigs: Canada - 131, United States - 117, International - 43 (2022 total owned rigs: Canada - 137, United States - 127, International - 46)	27,917	29,689	(6)
Total	41,693	40,949	2

4. Excludes coring rigs.

5. Includes workover rigs.

6. Defined as contract drilling days, between spud to rig release.

FINANCIAL POSITION AND CAPITAL EXPENDITURES HIGHLIGHTS

As at (\$ thousands)	March 31 2023	March 31 2022	December 31 2022
Working capital ^{1, 2}	(678,115)	114,625	(707,800)
Cash	44,850	29,706	49,880
Long-term debt	558,535	1,408,405	556,889
Long-term debt, net of cash	513,685	1,378,699	507,009
Total long-term financial liabilities	569,373	1,418,140	562,837
Total assets	3,144,424	2,963,853	3,183,904
Long-term debt to long-term debt plus equity ratio	0.30	0.54	0.30

¹ See Non-GAAP Measures section.

² Change in working capital (deficit), was largely due to its revolving credit facility being classified as current.

	Three months ended March 31		
(\$ thousands)	2023	2022	% change
Capital expenditures			
Upgrade/growth	8,256	8,091	2
Maintenance	41,623	23,860	74
Proceeds from disposals of property and equipment (155)	(42,747)		nm
Net capital expenditures (proceeds)			

49,724

(10,796)

nm

nm - calculation not meaningful

REVENUE AND OILFIELD SERVICES EXPENSE

(\$ thousands)	Three months ended March 31		
	2023	2022	% change
Revenue			
Canada	140,116	111,266	26
United States	274,553	166,823	65
International	69,383	54,587	27
Total revenue	484,052	332,676	46
Oilfield services expense	342,199	251,821	36

Revenue for the three months ended March 31, 2023 totaled \$484.1 million, an increase of 46 percent from the first quarter of 2022 of \$332.7 million.

The increase in total revenue during the first quarter of 2023 was primarily due to favourable industry conditions, rig rate improvements, foreign exchange translation, and supportive oil commodity prices.

CANADIAN OILFIELD SERVICES

The Company recorded revenue of \$140.1 million in Canada for the three months ended March 31, 2023, an increase of 26 percent from \$111.3 million recorded for the three months ended March 31, 2022. Canadian revenues accounted for 29 percent of the Company's total revenue in the first quarter of 2023 (2022 - 34 percent).

The financial results for the Company's Canadian operations for the first quarter 2023 were positively impacted by revenue rate increases from improved industry conditions.

For the three months ended March 31, 2023, the Company recorded 3,800 drilling days compared to 3,728 drilling days for the three months ended March 31, 2022, an increase of two percent. Well servicing hours increased by 22 percent to 13,776 operating hours in the first quarter of 2023 compared with 11,260 operating hours in the corresponding period of 2022.

During the first quarter of 2023, the Company transferred nine under-utilized drilling rigs into its Canadian operations reserve fleet.

UNITED STATES OILFIELD SERVICES

During the three months ended March 31, 2023, revenue of \$274.6 million was recorded by the Company's United States operations, an increase of 65 percent from the \$166.8 million recorded in the corresponding period of the prior year. The United States operations accounted for 57 percent of the Company's revenue in the first quarter of 2023 (2022 - 50 percent).

Drilling days increased by 25 percent to 4,617 drilling days in the first quarter of 2023 from 3,688 drilling days in the first quarter of 2022. Well servicing hours decreased by six percent in the first quarter of 2023 to 27,917 operating hours from 29,689 operating hours in the first quarter of 2022.

Overall operating and financial results for the Company's United States operations reflect supportive industry conditions, increasing drilling activity and rig revenue rates and steady well servicing rig utilization. The financial results from the Company's United States operations were further positively impacted on the currency translation, as the United States dollar strengthened relative to the Canadian dollar in the first quarter of 2023.

During the first quarter of 2023, the Company transferred four under-utilized drilling rigs into its United States reserve fleet and transferred one drilling rig from the reserve fleet to the marketed fleet.

INTERNATIONAL OILFIELD SERVICES

The Company's international operations recorded revenue of \$69.4 million in the first quarter of 2023, a 27 percent increase from the \$54.6 million recorded in the corresponding period of the prior year. The Company's international operations contributed 14 percent of the Company's total revenue in the first quarter of 2023 (2022 - 16 percent).

For the three months ended March 31, 2023, international operating days totaled 1,104 operating days compared with 873 days for the three months ended March 31, 2022, an increase of 26 percent.

Operating and financial results from international operations reflect improving industry conditions, increasing drilling activity and rig revenue rates. In addition, operational activity increased year-over-year as a result of two drilling rigs in Oman commencing drilling programs in the fourth quarter of 2022. The financial results from the Company's international operations were further positively impacted on the currency translation, as the United States dollar strengthened relative to the Canadian dollar for the first quarter of 2023, as international operations paid in United States dollars were positively impacted on the conversion.

During the first quarter of 2023, the Company transferred two under-utilized drilling rigs into its international operations reserve fleet.

DEPRECIATION

Three months ended March 31

(\$ thousands) 2023 2022 % change

Depreciation 77,855 69,980 11

Depreciation totaled \$77.9 million for the first quarter of 2023 compared to \$70.0 million for the first quarter of 2022. The increase in depreciation is the result of depreciating recently upgraded property and equipment and a higher foreign exchange rate on United States dollar denominated property and equipment values.

GENERAL AND ADMINISTRATIVE

Three months ended March 31

(\$ thousands) 2023 2022 % change

General and administrative 14,529 10,890 33

% of revenue 3.0 3.3

General and administrative expenses increased 33 percent to \$14.5 million (3.0 percent of revenue) for the first quarter of 2023 compared to \$10.9 million (3.3 percent of revenue) for the first quarter of 2022. General and administrative expenses increased due to support of increased operational activity, annual wage

increases and higher foreign exchange rate on United State dollar translation.

FOREIGN EXCHANGE LOSS (GAIN) AND OTHER

	Three months ended March 31		
(\$ thousands)	2023	2022	% change
Foreign exchange loss (gain) and other	5,026	(1,345)	nm
nm - calculation not meaningful			

Included in this amount is the impact of foreign currency fluctuations in the Company's subsidiaries that have functional currencies other than the Canadian dollar.

INTEREST EXPENSE

	Three months ended March 31		
(\$ thousands)	2023	2022	% change
Interest expense	34,398	25,184	37

Interest expense was incurred on the Company's \$900.0 million Credit Facility, US \$417.5 million unsecured Senior Notes ("Senior Notes") and capital lease obligations.

Interest expense increased by \$9.2 million in the first quarter of 2023 compared to the same period in 2022 as a result of higher interest rates and higher foreign exchange rate on United State dollar translation. As the Company's financial position improves the interest rate on the Company's Credit Facility will decrease.

INCOME TAX (RECOVERY)

	Three months ended March 31		
(\$ thousands)	2023	2022	% change
Current income tax (recovery)	401	(1,670)	nm
Deferred income tax (recovery)	1,360	(11,532)	nm
Total income tax (recovery)	1,761	(13,202)	nm
Effective income tax rate (%)	28.3	202.7	
nm - calculation not meaningful			

The effective income tax rate for the three months ended March 31, 2023 was 28.3 percent compared with 202.7 percent for the three months ended March 31, 2022. The effective income tax rate in the first quarter of the current year was lower than the effective income tax rate in the first quarter of 2022 as the prior year was significantly impacted by gains on the sale of capital assets in foreign jurisdictions.

FUNDS FLOW FROM OPERATIONS AND WORKING CAPITAL

(\$ thousands, except per common share amounts) Three months ended March 31

	2023	2022	% change
Cash provided by operating activities	104,574	54,556	92
Funds flow from operations	118,291	76,741	54
Funds flow from operations per common share	\$ 0.64	\$ 0.47	36
Working capital ¹	(678,115)	(707,800)	4

¹ Comparative figure as of December 31, 2022

For the three months ended March 31, 2023, the Company generated funds flow from operations of \$118.3 million (\$0.64 per common share) an increase of 54 percent from \$76.7 million (\$0.47 per common share) for the three months ended March 31, 2022. The increase in funds flow from operations in 2023 compared to 2022 is largely due to the increase in activity compared to the prior period.

As at March 31, 2023 the Company's working capital was a deficit of \$678.1 million, compared to a deficit of \$707.8 million at December 31, 2022. The deficit was largely due to its the Credit Facility being classified as current. The Company has a history with successfully negotiating contractual terms and extending the maturity of the Credit Facility. The Company expects funds generated by operations, combined with current and future credit facilities, to fully support its current operating and capital requirements. The existing bank facility provides for total borrowings of \$900.0 million of which \$53.0 million was undrawn and available at March 31, 2023 (December 31, 2022 - \$17.3 million).

INVESTING ACTIVITIES

	Three months ended March 31		
(\$ thousands)	2023	2022	% change
Purchase of property and equipment	(49,879)	(31,951)	56
Proceeds from disposals of property and equipment	155	42,747	nm
Net change in non-cash working capital	7,538	5,697	32
Cash provided by (used in) investing activities	(42,186)	16,493	nm

nm - calculation not meaningful

Net purchases of property and equipment for the first quarter of 2023 totaled \$49.7 million (2022 - net proceeds of \$10.8 million). The purchase of property and equipment for the first three months of 2023 consists of \$41.6 million in maintenance capital and \$8.3 million in upgrade capital.

FINANCING ACTIVITIES

(\$ thousands)	Three months ended March 31		
	2023	2022	% change
Proceeds from long-term debt	8,262	1,900	nm
Repayments of long-term debt	(43,905)	(41,934)	5
Lease obligation principal repayments	(8,944)	(1,898)	nm
Purchase of common shares held in trust	(535)	(375)	43
Issuance of common shares under the share option plan -		36	nm
Interest paid	(22,769)	(12,453)	83
Cash used in financing activities	(67,891)	(54,724)	24
nm - calculation not meaningful			

The Company's available bank facilities consist of a \$900.0 million Credit Facility, of which \$53.0 million was available and undrawn as of March 31, 2023. In addition, the Company has available a US \$50.0 million secured letter of credit facility, of which US \$5.4 million was available as of March 31, 2023.

In the fourth quarter of 2022, the Company classified its Credit Facility as current. The Company has a history with successfully negotiating contractual terms and extending the maturity of the Credit Facility.

The Company may at any time and from time to time acquire Senior Notes for cancellation by means of open market repurchases or negotiated transactions. The Company is limited in the acquisition and cancellation of the Senior Notes up to \$25.0 million under applicable covenants. Senior Notes may be repurchased for redemption in excess of \$25.0 million if certain criteria are met. No such repurchases occurred during the first quarter of 2023.

Covenants

The following is a list of the Company's currently applicable covenants and the calculations as at March 31, 2023:

	Covenant March 31, 2023	
The Credit Facility		
Consolidated Total Debt to Consolidated EBITDA ¹	? 5.00	3.18
Consolidated EBITDA to Consolidated Interest Expense ^{1,2}	? 2.50	3.43
Consolidated Senior Debt to Consolidated EBITDA ^{1,3}	? 2.50	1.86

¹ Please refer to Non-GAAP Measures for Consolidated EBITDA definition.

² Consolidated Interest Expense is defined as all interest expense calculated on a twelve month rolling consolidated basis.

³ Consolidated Senior Debt is defined as Consolidated Total Debt minus Subordinated Debt.

As at March 31, 2023 the Company was in compliance with all covenants related to the Credit Facility.

The Credit Facility

The Credit Facility agreement, available including amendments on SEDAR, requires that the Company comply with certain covenants including Consolidated Total Debt to Consolidated EBITDA ratio, Consolidated EBITDA to Consolidated Interest Expense ratio and a Consolidated Senior Debt to Consolidated EBITDA ratio as detailed above.

The Credit Facility also contains certain covenants that place restrictions on the Company's ability to repurchase or redeem Senior Notes; to create, incur or assume additional indebtedness; change the Company's primary business; enter into mergers or amalgamations; and dispose of property. In the most recent amendment and restatement of the credit agreement, dated December 17, 2021, permitted encumbrances are limited to \$25.0 million.

The Senior Notes

The note indenture governing the Senior Notes, available on SEDAR, contains certain restrictions and limitations on the Company's ability to pay dividends; purchase and redeem shares and subordinated debt of the Company; and make certain restricted investments. These restrictions and limitations are tempered by the existence of a number of exceptions to the general prohibitions, including baskets allowing for restricted payments.

The note indenture also restricts the Company's ability to incur additional indebtedness if the Fixed Charge Coverage Ratio determined on a pro forma basis for the most recently ended four fiscal quarter period for which internal financial statements are available is not at least 2.0 to 1.0. As at March 31, 2023, the Company has not incurred additional indebtedness that would require the Fixed Charge Coverage Ratio to be calculated. As is the case with restricted payments, there are a number of exceptions to this prohibition on the incurrence of additional indebtedness, including the incurrence of additional debt under credit facilities up to the greater of \$900.0 million or 22.5 percent of the Company's consolidated tangible assets and of additional secured debt subordinated to the credit facilities up to the greater of US \$125.0 million or four percent of the Company's consolidated tangible assets.

NEW BUILDS AND MAJOR RETROFITS

As at March 31, 2023, the Company transferred nine, four and two under-utilized drilling rigs to its Canadian, United States and international operations reserve fleet respectively. Furthermore, one drilling rig was transferred from the reserve fleet to the marketed fleet in the United States. The Company is currently directing capital expenditures primarily to maintenance capital items and selective rig or fleet upgrades.

OUTLOOK

Industry Overview

The outlook for oilfield services continues to be constructive despite volatile commodity prices and macro-economic headwinds. Recessionary pressures, inflationary concerns, financial sector stress, and the potential for slowing economies continue to weigh on commodity prices. In addition, these factors continue to add uncertainty to the outlook for crude oil demand. However, demand for crude oil is generally expected to improve year-over-year. Furthermore, OPEC+ nations continue to monitor the oil markets and implement cuts to production to moderate supply. As a result, global crude oil prices have recently improved, with the benchmark price of West Texas Intermediate ("WTI") averaging US \$77/bbl in February, \$73/bbl in March and increasing to average \$79/bbl in April.

We expect crude oil demand to remain relatively steady and anticipate that moderated oil supply in a positive oil price environment will continue to support steady oilfield services activity and revenue rates over the course of the 2023. The Company continues to expect North American oil and natural gas producers to remain committed to prioritizing shareholder returns. However, the Company also anticipates that producers will keep relatively steady drilling programs to maintain or grow production in consideration of well productivity declines and low drilled but uncompleted ("DUC") well inventory.

Over the short-term, there remains uncertainty regarding macroeconomic conditions that may impact supply and demand for, and pricing of, crude oil and natural gas and related oilfield services. These factors include but are not limited to, recession risk and global economic health, financial sector stress, the impact of ongoing hostilities in Ukraine, and the future supply of Russian oil and natural gas.

The Company remains committed to disciplined capital allocation and debt retirement. The Company has targeted approximately \$200 million in debt reduction for the 2023 year. In addition, from the period beginning 2023 to the end of 2025, the Company has targeted debt reduction of approximately \$600 million. If industry conditions change, this target could be increased or decreased.

The Company has budgeted base capital expenditures for 2023 of approximately \$157.0 million, related to maintenance expenditures and selective growth projects. The Company may consider additional upgrade or growth projects in response to customer demand and appropriate contract terms.

Canadian Activity

Canadian activity, representing 29 percent of total revenue in the first quarter of 2023, improved in the first quarter due to supportive industry conditions and winter drilling conditions. We expect activity to decrease in the second quarter as operations enter seasonal spring break-up and then improve in the third quarter of the year. The Canadian market remains constructive as Canadian producers, familiar with capital and egress constrained environments, balanced capital programs in the current commodity price environment.

As of May 5, 2023, of our 114 marketed Canadian drilling rigs, approximately 38 percent are engaged under term contracts of various durations. Approximately 43 percent of our contracted rigs have a remaining term of six months or longer, although they may be subject to early termination.

United States Activity

United States activity, representing 57 percent of total revenue in the first quarter of 2023, declined modestly in the first quarter of 2023 compared to the fourth quarter of 2022 as a result of suspended drilling programs in California. Producers operating in California are currently working through drilling permit challenges that have impacted drilling programs over the short-term.

The remaining areas the Company is active in continue to remain steady and are expected to remain stable throughout the second quarter of 2023. Furthermore, the Company currently has limited exposure to natural gas directed drilling programs with no active rigs working in the Haynesville or Marcellus basins.

As of May 5, 2023, of our 86 marketed United States drilling rigs, approximately 73 percent are engaged under term contracts of various durations. Approximately 30 percent of our contracted rigs have a remaining term of six months or longer, although they may be subject to early termination.

International Activity

International activity, representing 14 percent of total revenue in the first quarter of 2023, remained steady for the first quarter of 2023. International activity is expected to improve in the second quarter of 2023 when a third Company rig in Oman is scheduled to commence drilling, joining the two rigs which are currently active in Oman. The Company expects the two rigs active in Bahrain and the two rigs active in Kuwait to remain steady.

In the second quarter of 2023, the Company expects seven of the eight Company marketed rigs in the Middle East will be active and operating on long-term contracts. Operations in Australia are expected to improve in the second quarter of 2023 and over the course of the 2023 year. Operations in Argentina, with two Company rigs active, are also expected remain steady in the second quarter of 2023.

As of May 5, 2023, of our 32 marketed international drilling rigs, approximately 53 percent, were engaged

under term contracts of various durations. Approximately 76 percent of our contracted rigs have a remaining term of six months or longer, although they may be subject to early termination.

RISKS AND UNCERTAINTIES

The Company is subject to several risks and uncertainties. A discussion of certain risks faced by the Company may be found under the "Risk Factors" section of the Company's Annual Information Form ("AIF") and the "Risks and Uncertainties" section of the Company's Management's Discussion & Analysis ("MD&A") for the year ended December 31, 2022, which are available under the Company's SEDAR profile at www.sedar.com [sedar.com].

Other than as described within this document, the Company's risk factors and management of those risks have not changed substantially from as disclosed in the AIF. Additional risks and uncertainties not presently known by the Company, or that the Company does not currently anticipate or deem material, may also impair the Company's future business operations or financial condition. If any of the events described in the risk factors in this document or the Company's AIF actually occur, overall business, operating results and the financial condition of the Company could be materially adversely affected.

CONFERENCE CALL

A conference call will be held to discuss the Company's first quarter 2023 results at 10:00 a.m. MDT (12:00 p.m. EDT) on Monday, May 8, 2023. The conference call number is 1-416-764-8659 (in Toronto) or 1-888-664-6392 (outside Toronto). The conference call reservation number is: 53874848. A taped recording will be available until May 15, 2023 by dialing 1-416-764-8677 (in Toronto) or 1-888-390-0541 (outside Toronto) and entering the reservation number 874848#. A live webcast may be accessed through the Company's web site at www.ensignenergy.com/presentations/.

[Ensign Energy Services Inc.](#) is an international oilfield services contractor and is listed on the Toronto Stock Exchange.

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Consolidated Statements of Financial Position

As at	March 31 2023	December 31 2022
(Unaudited - in thousands of Canadian dollars)		
Assets		
Current Assets		
Cash	\$ 44,850	\$ 49,880
Accounts receivable	356,343	359,933
Inventories, prepaid, investments and other	56,839	60,758
Income taxes receivable	42	40
Total current assets	458,074	470,611
Property and equipment	2,486,337	2,516,923
Deferred income taxes	\$ 200,013	\$ 196,370
Total assets		

\$ 3,144,424

\$ 3,183,904

Liabilities

Current Liabilities

Accounts payable and accruals	\$ 266,659	\$ 268,243
Share-based compensation	11,748	11,735
Income taxes payable	4,815	4,423
Current portion of lease obligations	6,013	11,324
Current portion of long-term debt	846,954	882,686
Total current liabilities	1,136,189	1,178,411

Share-based compensation	7,040	13,635
Long-term debt	558,535	556,889
Lease obligations	5,449	5,948
Income tax payable	5,389	5,394
Deferred income taxes	140,010	134,857
Total liabilities	\$ 1,852,612	\$ 1,895,134

Shareholders' Equity

Shareholders' capital	\$ 268,748	\$ 267,790
Contributed surplus	22,521	23,398
Accumulated other comprehensive income	274,773	276,053
Retained earnings	725,770	721,529
Total shareholders' equity	1,291,812	1,288,770
Total liabilities and shareholders' equity	\$ 3,144,424	\$ 3,183,904

[Ensign Energy Services Inc.](#)
Consolidated Statements of Income

	Three months ended	
	March 31 2023	March 31 2022
(Unaudited - in thousands of Canadian dollars, except per common share data)		
Revenue	\$ 484,052	\$ 332,676
Expenses		
Oilfield services	342,199	251,821
Depreciation	77,855	69,980
General and administrative	14,529	10,890
Share-based compensation	1,725	10,399
Foreign exchange loss (gain) and other	5,026	(1,345)
Total expenses	441,334	341,745
Income (loss) before interest expense, accretion of deferred financing charges and other (gains) and income taxes	42,718	(9,069)
Gain on asset sale	(108)	(29,942)
Interest expense	34,398	25,184
Accretion of deferred financing charges	2,200	2,202
Income (loss) before income taxes	6,228	(6,513)
Income tax (recovery)		
Current income tax (recovery)	401	(1,670)
Deferred income tax (recovery)	1,360	(11,532)
Total income tax (recovery)	1,761	(13,202)
Net income	4,467	6,689
Net income attributable to:		
Common shareholders	4,241	6,587
Non-controlling interests	226	102
	4,467	6,689
Net income attributable to common shareholders per common share		
Basic	\$ 0.02	\$ 0.04
Diluted		

\$ 0.02

\$ 0.04

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Consolidated Statements of Cash Flows

	Three months ended	
	March 31 2023	March 31 2022
(Unaudited - in thousands of Canadian dollars)		
Cash provided by (used in)		
Operating activities		
Net income	\$ 4,467	\$ 6,689
Items not affecting cash		
Depreciation	77,855	69,980
Gain on asset sale	(108)	(29,942)
Share-based compensation, net of cash paid	(5,963)	10,399
Unrealized foreign exchange and other loss	4,082	3,761
Accretion of deferred financing charges	2,200	2,202
Interest expense	34,398	25,184
Deferred income tax expense (recovery)	1,360	(11,532)
Funds flow from operations	118,291	76,741
Net change in non-cash working capital	(13,717)	(22,185)
Cash provided by operating activities	104,574	54,556
Investing activities		
Purchase of property and equipment	(49,879)	(31,951)
Proceeds from disposals of property and equipment	155	42,747
Net change in non-cash working capital	7,538	5,697
Cash (used in) provided by investing activities	(42,186)	16,493
Financing activities		
Proceeds from long-term debt	8,262	1,900
Repayments of long-term debt	(43,905)	(41,934)
Lease obligations principal repayments	(8,944)	(1,898)
Purchase of common shares held in trust	(535)	(375)
Issuance of common share under the share option plan -		36
Interest paid	(22,769)	(12,453)

Cash used in financing activities	(67,891)	(54,724)
Net (decrease) increase in cash	(5,503)	16,325
Effects of foreign exchange on cash	473	76
Cash		
Beginning of period	49,880	13,305
End of period	\$ 44,850	\$ 29,706

[Ensign Energy Services Inc.](#)

Non-GAAP Measures

Adjusted EBITDA, Adjusted EBITDA per common share and Consolidated EBITDA. These measures do not have any standardized meaning prescribed by IFRS and accordingly, may not be comparable to similar measures used by other companies.

Adjusted EBITDA is used by management and investors to analyze the Company's profitability based on the Company's principal business activities prior to how these activities are financed, how assets are depreciated, amortized and how the results are taxed in various jurisdictions. Additionally, in order to focus on the core business alone, amounts are removed related to foreign exchange, share-based compensation expense, the sale of assets and fair value adjustments on financial assets and liabilities, as the Company does not deem these to relate to its core drilling and well services business. Adjusted EBITDA is not intended to represent net income as calculated in accordance with IFRS.

ADJUSTED EBITDA

	Three months ended March 31	
(\$ thousands)	2023	2022
Income (loss) before income taxes	\$ 6,228	\$ (6,513)
Add-back/(deduct):		
Interest expense	34,398	25,184
Accretion of deferred financing charges	2,200	\$ 2,202
Depreciation	77,855	69,980
Gain on asset sale	(108)	(29,942)
Share-based compensation	1,725	10,399
Foreign exchange loss (gain) and other	5,026	(1,345)
Adjusted EBITDA	\$ 127,324	\$ 69,965

Working Capital

Working capital is defined as current assets less current liabilities as reported on the consolidated statements of financial position.

ADVISORY REGARDING FORWARD-LOOKING STATEMENTS

Certain statements herein 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 other expressions of a similar nature suggesting future outcome or statements regarding an outlook.

Disclosure related to expected future commodity pricing or trends, revenue rates, equipment utilization or

operating activity levels, operating costs, capital expenditures and other prospective guidance provided herein, including, but not limited to, information provided in the "Funds Flow from Operations and Working Capital" section regarding the Company's expectation that funds generated by operations combined with current and future credit facilities will support current operating and capital requirements, information provided in the "New Builds and Major Retrofits" section, information provided in the "Financial Instruments" section regarding Venezuela and information provided in the "Outlook" section regarding the general outlook for the remainder of 2023, are examples of forward-looking statements.

These statements are not representations or guarantees of future performance and are subject to certain risks and unforeseen results. The reader should not place undue reliance on forward-looking statements as there can be no assurance that the plans, initiatives, projections, anticipations or expectations upon which they are based will occur. The forward-looking statements are based on current assumptions, expectations, estimates and projections about the Company and the industries and environments in which the Company operates, which speak only as of the date such statements were made or as of the date of the report or document in which they are contained. These assumptions include, among other things: the fluctuation in commodity prices may pressure customers to modify their capital programs; the status of current negotiations with the Company's customers and vendors; customer focus on safety performance; existing term contracts that may not be renewed or are terminated prematurely; the Company's ability to provide services on a timely basis and successfully bid on new contracts; successful integration of acquisitions; the general stability of the economic and political environments in the jurisdictions where we operate, pandemics, and impacts of geopolitical events such as the hostilities between Ukraine and the Russian Federation and the global community responses thereto.

The forward-looking statements are subject to known and unknown risks, uncertainties and other factors that could cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such risk factors include, among others: general economic and business conditions which will, among other things, impact demand for and market prices of the Company's services and the ability of the Company's customers to pay accounts receivable balances; volatility of and assumptions regarding commodity prices; foreign exchange exposure; fluctuations in currency and interest rates; inflation; economic conditions in the countries and regions in which the Company conducts business; political uncertainty and civil unrest; the Company's ability to implement its business strategy; impact of competition and industry conditions; risks associated with long-term contracts; force majeure events; pandemics; determinations by Organization of Petroleum Exporting Countries ("OPEC") and other countries (OPEC and various other countries are referred to as "OPEC+") regarding production levels; loss of key customers; litigation risks, including the Company's defence of lawsuits; risks associated with contingent liabilities and potential unknown liabilities; availability and cost of labour and other equipment, supplies and services; business interruption and casualty losses; the Company's ability to complete its capital programs; operating hazards and other difficulties inherent in the operation of the Company's oilfield services equipment; availability and cost of financing and insurance; access to credit facilities and debt capital markets; availability of sufficient cash flow to service and repay our debts; impairment of capital assets; the Company's ability to amend or comply with covenants under the credit facility and other debt instruments; actions by governmental authorities; impact of and changes to laws and regulations impacting the Company and the Company's customers, 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); safety performance; environmental contamination; shifting interest to alternative energy sources; environmental activism; the adequacy of the Company's provision for taxes; tax challenges; the impact of, and the Company's response to COVID-19 or other pandemics; workforce and reliance on key management; technology; cybersecurity risks; seasonality and weather; risks associated with acquisitions and ability to successfully integrate acquisitions; risks associated with internal controls over financial reporting; the impact of the ongoing hostilities between Ukraine and the Russian Federation and the global community responses thereto and other risks and uncertainties affecting the Company's business, revenues and expenses.

In addition, the Company's operations and levels of demand for its services have been, and at times in the future may be, affected by political risks and developments, such as expropriation, nationalization, or regime change, and by national, regional and local laws and regulations such as changes in taxes, royalties and other amounts payable to governments or governmental agencies, environmental protection regulations, the global COVID-19 or other pandemics, the potential reinstatement or removal of COVID-19 mitigation strategies and the impact thereof upon the Company, its customers and its business, new pandemics, ongoing hostilities between Ukraine and the Russian Federation, related potential future impact on the supply of oil and natural gas to Europe by Russia and the impact of global community responses to the ongoing conflict, and governmental energy policies, laws, rules or regulations that limit, restrict or impede exploration, development, production, transportation or consumption of hydrocarbons and/or incentivize development, production, transportation or consumption of alternative fuel or energy sources.

Should one or more of these risks or uncertainties materialize, or should any of the Company's assumptions prove incorrect, actual results from operations may vary in material respects from those expressed or implied by the forward-looking statements. The impact of any one factor on a particular forward-looking statement is not determinable with certainty as such factors are interdependent upon other factors, and the Company's course of action would depend upon its assessment of the future considering all information then available. Unpredictable or unknown factors not discussed herein could also have material adverse effects on forward-looking statements.

Contact

~~Michael Gray, Chief Financial Officer, (403) 262-1361, Nicole Romanow, Investor Relations, (403) 267-6224~~

of the Company's Annual Information Form for the year ended December 31, 2022 available on SEDAR at

~~www.sedar.com~~ www.sedar.com. Readers are cautioned that the lists of important factors contained herein are not

~~exhaustive. Unpredictable or unknown factors not discussed herein could also have material adverse effects on forward-looking statements.~~

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