

NuVista Energy Ltd. Announces Record Production and Positive Second Quarter 2023 Financial and Operating Results

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CALGARY, Aug. 09, 2023 - [NuVista Energy Ltd.](#) ("NuVista" or the "Company") (TSX:NVA) is pleased to announce record high weekly production and positive financial and operating results for the three and six months ending June 30, 2023. Despite facing temporary production challenges from the Alberta wildfires and moderation in commodity prices, the quality and capacity of our asset base enabled us to continue to deliver strong returns. We continued to invest in a disciplined manner in new high-return wells to fill and optimize existing facilities. New well results continued to be strong, and our most recent Gold Creek pad set a new record for cost and speed of drilling for the Wapiti area. During the quarter, we successfully completed and then renewed our Normal Course Issuer Bid ("NCIB"), reaffirming our commitment to returning capital to shareholders. Additionally, NuVista once again increased our future natural gas export pipeline capacity.

Second Quarter 2023 Operational and Financial Highlights

During the second quarter of 2023, NuVista:

- Produced an average of 71,029 Boe/d in the quarter, in line with our guidance of 71,000 Boe/d following the impact of the wildfires in the Grande Prairie region of Alberta (the "Alberta wildfires"). This represented a 9% increase in production from the second quarter of 2022. Production benefited from the addition of 12 new wells brought online. Included in this figure is the temporary challenge due to the Alberta wildfires, which resulted in approximately 11,000 Boe/d of shut-in production during the quarter, along with delays in certain capital projects. Second quarter production consisted of 31% condensate, 9% NGLs and 60% natural gas;
- Generated adjusted funds flow⁽¹⁾ of \$145.5 million (\$0.67/share, basic⁽³⁾), which includes \$20.8 million of free adjusted funds flow⁽²⁾ despite a decline in commodity prices, particularly natural gas. Adjusted funds flow was enhanced in the quarter due to positive one-time adjustments in royalties and taxes;
- Achieved net earnings of \$87.1 million (\$0.40/share, basic) in the quarter;
- Executed a successful net capital expenditures⁽²⁾ program, investing \$125.1 million in well and facility activities including the drilling of 13 gross (12.8 net) wells and the completion of 14 gross (14.0 net) wells in our condensate rich Wapiti Montney play;
- Expanded on our existing natural gas diversification strategy by successfully acquiring 50 MMcf/d of new Empress delivery capacity along with TC Energy Mainline capacity to deliver to the U.S. Midwest and Central Canadian markets starting in April 2026;
- Exited the quarter with \$8.0 million drawn on our \$450 million credit facility, maintaining a favorable net debt⁽¹⁾ to annualized second quarter adjusted funds flow⁽¹⁾ ratio of 0.3x;
- Redeemed \$22.4 million of senior unsecured notes ("2026 Notes") through open market repurchases, further reducing the outstanding principal to \$165.4 million; and
- Completed our existing NCIB (the "2022 NCIB"), having repurchased and subsequently cancelled 3,646,761 of our outstanding common shares during the quarter. In the quarter, we received TSX approval for the renewal of our NCIB (the "2023 NCIB") to allow for the repurchase of up to 16,793,779 common shares, being 10% of the public float at the time of renewal.

Notes:

- Each of "adjusted funds flow", "net debt" and "net debt to annualized second quarter adjusted funds flow (1) ratio" are capital management measures. Reference should be made to the section entitled "Non-GAAP and Other Financial Measures" in this press release.
- Each of "free adjusted funds flow", "capital expenditures" and "net capital expenditures" are non-GAAP financial measures that do not have any standardized meanings under IFRS and therefore may not be comparable to similar measures presented by other companies where similar terminology is used. Reference should be made to the section entitled "Non-GAAP and Other Financial Measures" in this press release.
- (3) "Adjusted funds flow per share" is a supplementary financial measure. Reference should be made to the section entitled "Non-GAAP and Other Financial Measures" in this press release.

Excellence in Operations

We are pleased to provide another operational update that showcases NuVista's consistent delivery and ability to adapt to various challenges. As previously announced, production at the end of the second quarter had rebounded to approximately 80,000 Boe/d after the Alberta wildfires disrupted much of the industry's northern and central Alberta production. Volumes have now advanced to a weekly high of approximately 85,000 Boe/d.

Although inflationary pressures have not been fully abated, execution on drilling and completion operations has gone exceptionally well in the first half of the year. In Pipestone, year-to-date drilling costs have averaged \$980 per horizontal meter, which is 30% below 2019 pre-Covid corporate levels. Completion costs per tonne of sand have also decreased a similar amount over that time period, to an average of \$670 per tonne. Our latest six-well pad in Pipestone South came on-stream in the second quarter and has reached its IP30 milestone with per-well rates averaging 1,800 Boe/d, including 50% condensate, fully meeting expectations. Current activity in Pipestone includes two drilling rigs active on a 10-well pad, which is expected to come on-stream in early 2024.

In addition, new records have been set drilling on our most recent pad in the Gold Creek area of Wapiti. This pad, which includes three Lower Montney and three Middle Montney wells, represents a clear breakthrough in the area with spud to total depth times which averaged 12 days for 6,500 meters total depth drilled per well. Costs of \$875 per horizontal meter drilled represented a new record low for the Wapiti area, and the drilling time is 20% below our 2022 Wapiti area average. This pad is currently being completed and is expected to come on-stream late in the third quarter. In the Bilbo area of Wapiti, drilling operations are ongoing on a 5-well pad, and flowback has commenced on a new pad that includes a pilot infill well in the Montney C zone between two legacy producers in the Montney B zone. Although we have only a few days on production thus far, early results are highly encouraging.

Pipestone Area Full Cycle Payout - A Major Company Milestone

In the third quarter of this year we expect to reach a major long-term milestone in the Pipestone area where full cycle payout including acquisition costs shall be reached. Production in the area has grown from 9,600 Boe/d in 2018, when the Pipestone North asset was acquired, to more than 45,000 Boe/d. Cumulative net capital expenditures invested through the end of the second quarter is approximately \$1.4 billion. Cumulative adjusted funds flow is anticipated to exceed this amount during the third quarter, despite experiencing extremely low commodity pricing during the Covid period. We have consistently held the view that these assets are among the highest quality in North America, and are looking forward to continuing to develop these properties over the next 20+ post-payout years with exceptional half-cycle returns.

Balance Sheet Strength and Return of Capital to Shareholders

We remain committed to our disciplined and value-adding growth strategy, prioritizing low net debt levels and providing significant shareholder returns. Our target remains to return approximately 75% of free adjusted funds flow to shareholders. The remaining portion will be primarily allocated to further reducing our net debt, while also allowing us to take advantage of potential opportunities for facility repurchases and tuck-in acquisitions.

At the end of the second quarter, our net debt was \$197.9 million, well below our net debt target of \$300 million. The net debt target ensures that based on current production levels, our net debt to adjusted funds flow ratio remains comfortably below 1.0x in a stress test price environment of US\$45/Bbl WTI oil and US\$2.00/MMBtu NYMEX natural gas. Our net debt to annualized second quarter adjusted funds flow was 0.3x. Low debt levels allowed us the flexibility to increase returns to shareholders temporarily above 100% of free adjusted funds flow in the quarter, in order to fully retire the 2022 NCIB prior to its one-year deadline.

On June 12, 2023, we successfully completed our 2022 NCIB having repurchased 18,190,261 common shares at a weighted average price of \$11.59 per share. Since the inception of the 2022 NCIB, repurchases represent a 7.9% net reduction in common shares outstanding and return to shareholders. Our 2023 NCIB became effective on June 16, 2023 and will terminate on June 15, 2024, and allows for the purchase and cancellation of up to a maximum of 16,793,779 common shares of NuVista. As of today, we have purchased and subsequently cancelled 676,000 common shares under the 2023 NCIB at a weighted average price

\$11.06 per share.

We continue to believe that the best method for return of capital to shareholders is initially to repurchase shares, however we will re-evaluate over the next year as our growth plan proceeds. This evaluation will consider commodity prices, the economic and tax environment, and will include all options including continued disciplined growth to facility capacity of 105,000 Boe/d, share repurchases, and dividend payments.

Environment, Social and Governance ("ESG") Update

We have made significant progress on our ESG targets and continue to advance projects that support and enhance our objectives. Our 2022 ESG Report is expected to be released before the fall of this year.

2023 Guidance Update

We are extremely well positioned with top-tier assets and highly favorable economics. Our disciplined execution has allowed us to achieve growth in production and adjusted funds flow, while generating positive free adjusted funds flow, even amid the significant moderation of natural gas pricing in the first half of 2023. Due to our high condensate weighting, our execution economics remain very strong. Although the Alberta wildfires did have an impact on our second-quarter production, all production has since been restored and increased, with no damage to our assets or facilities. We have recently achieved a new weekly production record of approximately 85,000 Boe/d. We have well capability to produce more than this figure, but are currently working through some temporary in-field and midstream facility capacity constraints to allow us to push beyond 85,000 Boe/d. Average production for the third quarter is expected in the range of 80,000 - 82,000 Boe/d, including an impact on the quarter of 1,250 Boe/d due to unplanned third party facility outages which were experienced in July. Our full year production guidance range is tightened to 76,000 - 78,000 Boe/d versus the original range of 76,000 - 79,000 Boe/d.

Cost inflation remained limited but persistent through the first quarter of 2023, partially offset by improving execution and capital efficiency. Inflation appears to have moderated into the summer, but this will remain somewhat dependent on commodity prices. At this time, we are maintaining our outlook for full year spending by optimizing phasing toward the end of the year, and our 2023 net capital expenditure guidance is unchanged at \$425 - \$450 million.

We intend to continue our track record of carefully directing free adjusted funds flow towards a prudent balance of return to shareholders and debt reduction, while investing in production growth until our existing facilities are filled and debottlenecked to maximum efficiency. NuVista has an exceptional business plan that targets production levels, reaching approximately 100,000 Boe/d in 2025.

NuVista possesses top-quality assets, supported by a management team dedicated to continuous improvement. With a strong balance sheet and ample liquidity, we are prepared to deliver significant value for our shareholders. We will continue to adjust to the environment in order to maximize the value of our asset base and ensure the long-term sustainability of our business. We would like to thank our staff, contractors, and suppliers for their continued dedication and delivery, and we thank our Board of Directors and our shareholders for their continued guidance and support.

Please note that our corporate presentation will be available at www.nuvistaenergy.com on August 9, 2023. NuVista's management's discussion and analysis, condensed consolidated interim financial statements for the three and six months ended June 30, 2023 and notes thereto, will be filed on SEDAR (www.sedar.com) under [NuVista Energy Ltd.](#) on August 9, 2023 and can also be accessed on NuVista's website.

FINANCIAL AND OPERATING HIGHLIGHTS

(\$ thousands, except otherwise stated)	Three months ended June 30			Six months ended June 30		
	2023	2022	% Change	2023	2022	% Change
FINANCIAL						
Petroleum and natural gas revenues	282,064	463,273	(39)	672,227	845,100	(20)
Cash provided by operating activities	134,166	227,668	(41)	349,387	390,110	(10)

Adjusted funds flow ⁽³⁾	145,482	199,833	(27	) 352,946	389,702	(9
Per share, basic ⁽⁶⁾	0.67	0.87	(23	) 1.61	1.70	(5
Per share, diluted ⁽⁶⁾	0.65	0.83	(22	) 1.56	1.63	(4
Net earnings	87,133	177,954	(51	) 167,842	248,209	(32
Per share, basic	0.40	0.78	(49	) 0.77	1.08	(29
Per share, diluted	0.39	0.74	(47	) 0.74	1.04	(29
Net capital expenditures ⁽¹⁾	125,130	115,023	9	295,000	234,987	26
Net debt ⁽³⁾				197,894	349,192	(43
OPERATING						
Daily Production						
Natural gas (MMcf/d)	256.6	225.1	14	254.9	227.0	12
Condensate (Bbls/d)	21,990	21,058	4	22,435	21,367	5
NGLs (Bbls/d)	6,277	6,463	(3	) 6,195	6,609	(6
Total (Boe/d)	71,029	65,032	9	71,119	65,811	8
Condensate & NGLs weighting	40	% 42	%	40	% 43	%
Condensate weighting	31	% 32	%	32	% 32	%
Average realized selling prices ⁽⁵⁾						
Natural gas (\$/Mcf)	3.29	7.83	(58	) 5.14	6.80	(24
Condensate (\$/Bbl)	94.92	135.67	(30	) 98.16	127.37	(23
NGLs (\$/Bbl) ⁽⁴⁾	26.51	73.09	(64	) 32.78	61.00	(46
Netbacks (\$/Boe)						
Petroleum and natural gas revenues	43.64	78.28	(44	) 52.23	70.94	(26
Realized gain (loss) on financial derivatives	1.15	(12.77	) (109	) (0.13	) (10.14	) (99
Royalties	(3.29	) (12.11	) (73	) (5.65	) (8.81	) (36
Transportation expense	(5.52	) (5.59	) (1	) (4.83	) (5.08	) (5
Operating expense	(11.91	) (11.55	) 3	(11.81	) (11.22	) 5
Operating netback ⁽²⁾	24.07	36.26	(34	) 29.81	35.69	(16
Corporate netback ⁽²⁾	22.51	33.76	(33	) 27.42	32.71	(16
SHARE TRADING STATISTICS						
High (\$/share)	12.02	14.29	(16	) 12.67	14.29	(11
Low (\$/share)	9.93	9.26	7	9.93	6.94	43
Close (\$/share)	10.62	10.32	3	10.62	10.32	3
Average daily volume (thousands of shares)	566	1,219	(54	) 622	1,396	(55
Common shares outstanding (thousands of shares)				216,215	228,460	(5

Notes:

Non-GAAP financial measure that does not have any standardized meaning under IFRS and therefore may (1) not be comparable to similar measures presented by other companies where similar terminology is used. Reference should be made to the section entitled "Non-GAAP and other financial measures".

Non-GAAP ratio that does not have any standardized meaning under IFRS and therefore may not be (2) comparable to similar measures presented by other companies where similar terminology is used. Reference should be made to the section entitled "Non-GAAP and other financial measures".

(3) Capital management measure. Reference should be made to the section entitled "Non-GAAP and other financial measures".

(4) Natural gas liquids ("NGLs") include butane, propane and ethane revenue and sales volumes, and sulphur revenue.

(5) Product prices exclude realized gains/losses on financial derivatives.

(6) Supplementary financial measure. Reference should be made to the section entitled "Non-GAAP and other financial measures".

Advisories Regarding Oil and Gas Information

BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 Mcf: 1 Bbl is based on

an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. As the value ratio between natural gas and crude oil based on the current prices of natural gas and crude oil is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.

Any references in this press release to initial production rates are useful in confirming the presence of hydrocarbons, however, such rates are not determinative of the rates at which such wells will continue production and decline thereafter. While encouraging, readers are cautioned not to place reliance on such rates in calculating the aggregate production for NuVista.

Basis of presentation

Unless otherwise noted, the financial data presented in this press release has been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") also known as International Financial Reporting Standards ("IFRS"). The reporting and measurement currency is the Canadian dollar. National Instrument 51-101 - "Standards of Disclosure for Oil and Gas Activities" includes condensate within the product type of natural gas liquids. NuVista has disclosed condensate values separate from natural gas liquids herein as NuVista believes it provides a more accurate description of NuVista's operations and results therefrom.

Production split for Boe/d amounts referenced in the press release are as follows:

Reference	Total Boe/d	Natural Gas Condensate NGLs		
		%	%	%
Q2 2023 actual production	71,029	60	%	31 %
Q2 2023 production guidance ⁽¹⁾	71,000	61	%	30 %
Q3 2023 production guidance	80,000 - 82,000	61	%	30 %
2023 annual production guidance (revised)	76,000 - 78,000	61	%	30 %
2023 annual production guidance (original) ⁽¹⁾	76,000 - 79,000	61	%	30 %

Note:

- (1) Where the production guidance includes the impact of the Alberta wildfires, reference should be made to NuVista's press release on June 5, 2023.

Advisory regarding forward-looking information and statements

This press release contains forward-looking statements and forward-looking information (collectively, "forward-looking statements") within the meaning of applicable securities laws. The use of any of the words "will", "expects", "believe", "plans", "potential" and similar expressions are intended to identify forward-looking statements. More particularly and without limitation, this press release contains forward looking statements, including management's assessment of: NuVista's future focus, strategy, plans, opportunities and operations; NuVista's commitment to returning capital to shareholders through its value-adding growth strategy; expectations that the 10-well pad in NuVista's Pipestone area will come on-stream in early 2024; expectations that the recently drilled Gold Creek area pad will come on-stream in the third quarter of 2023; the initial production rates of a 5-well pad drilled in the Bilbo area and anticipated outcome thereof; expectations that in the third quarter of 2023, that full cycle payout including acquisition costs will be reached in the Pipestone area; NuVista's ability to meet its target of returning approximately 75% of free adjusted funds flow to shareholders, with the remaining portion of free adjusted funds flow to be allocated to reducing net debt; expectations that allocated free adjusted funds flow will allow for NuVista to take advantage of opportunities to repurchase facilities and/or complete tuck-in acquisitions and the anticipated outcomes thereof; NuVista's belief that the current best method for returning capital to shareholders is initially to repurchase shares and the anticipated benefits therefrom; NuVista's progress on ESG targets and advancement of ongoing initiatives; the anticipated timing and release of NuVista's 2022 ESG report; that NuVista's assets are top-tier with highly favorable economics; that well execution economics remain very strong due to their high condensate weighting; NuVista's Q3 2023 production guidance; guidance with respect to 2023 capital expenditures amounts, spending timing and allocation; revised guidance with respect to 2023 production and production mix; that NuVista will continue to allocate free adjusted funds flow

towards a balance of return to shareholders and debt reduction, while investing in production growth to fill and debottleneck existing facilities; that NuVista's business plan has the ability to reach production levels of 100,000 Boe/d by 2025; the future capacity of NuVista's facilities; that NuVista's business plan and asset base will ensure its long-term sustainability; and the effect of our financial, commodity, and natural gas risk management strategy and market diversification. Statements relating to "reserves" are also deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described exist in the quantities predicted or estimated and that the reserves can be profitably produced in the future.

By their nature, forward-looking statements are based upon certain assumptions and are subject to numerous risks and uncertainties, some of which are beyond NuVista's control, including the impact of general economic conditions, industry conditions, current and future commodity prices and inflation rates, the impact of ongoing global events including European tensions, with respect to commodity prices, currency and interest rates, anticipated production rates, borrowing, operating and other costs and adjusted funds flow, allocation and amount of capital expenditures and the results therefrom, anticipated reserves and the imprecision of reserve estimates, the performance of existing wells, the success obtained in drilling new wells, the sufficiency of budgeted capital expenditures in carrying out planned activities, access to infrastructure and markets, competition from other industry participants, availability of qualified personnel or services and drilling and related equipment, stock market volatility, effects of regulation by governmental agencies including changes in environmental regulations, tax laws and royalties, the ability to access sufficient capital from internal sources and bank and equity markets, that we will be able to execute our 2023 drilling plans as expected, our ability to carry-out our 2023 production and capital guidance as expected and including, without limitation, those risks considered under "Risk Factors" in our Annual Information Form. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. NuVista's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements, or if any of them do so, what benefits NuVista will derive therefrom. NuVista has included the forward-looking statements in this press release in order to provide readers with a more complete perspective on NuVista's future operations and such information may not be appropriate for other purposes. NuVista disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

This press release also contains future-oriented financial information and financial outlook information (collectively, "FOFI") about NuVista's prospective results of operations including, without limitation, its ability to repay debt, expectations with respect to future net debt to adjusted funds flow ratios, projected adjusted funds flows at current strip prices, capital expenditures and corporate netbacks, which are subject to the same assumptions, risk factors, limitations, and qualifications as set forth above. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on FOFI. NuVista's actual results, performance or achievement could differ materially from those expressed in, or implied by, these FOFI, or if any of them do so, what benefits NuVista will derive therefrom. NuVista has included the FOFI in order to provide readers with a more complete perspective on NuVista's future operations and such information may not be appropriate for other purposes.

These forward-looking statements and FOFI are made as of the date of this press release and NuVista disclaims any intent or obligation to update any forward-looking statements and FOFI, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities law.

Non-GAAP and other financial measures

This press release uses various specified financial measures (as such terms are defined in National Instrument 52-112 - Non-GAAP Disclosure and Other Financial Measures Disclosure ("NI 51-112")) including "non-GAAP financial measures", "non-GAAP ratios", "capital management measures" and "supplementary financial measures" (as such terms are defined in NI 51-112), which are described in further detail below. Management believes that the presentation of these non-GAAP measures provide useful information to investors and shareholders as the measures provide increased transparency and the ability to better analyze performance against prior periods on a comparable basis.

Non-GAAP financial measures

NI 52-112 defines a non-GAAP financial measure as a financial measure that: (i) depicts the historical or expected future financial performance, financial position or cash flow of an entity; (ii) with respect to its composition, excludes an amount that is included in, or includes an amount that is excluded from, the composition of the most directly comparable financial measure disclosed in the primary financial statements of the entity; (iii) is not disclosed in the financial statements of the entity; and (iv) is not a ratio, fraction, percentage or similar representation.

These non-GAAP financial measures are not standardized financial measures under IFRS and might not be comparable to similar measures presented by other companies where similar terminology is used. Investors are cautioned that these measures should not be construed as alternatives to or more meaningful than the most directly comparable IFRS measures as indicators of NuVista's performance. Set forth below are descriptions of the non-GAAP financial measures used in this press release.

Capital expenditures

Capital expenditures are equal to cash used in investing activities, excluding changes in non-cash working capital, other asset expenditures and proceeds on property dispositions. NuVista considers capital expenditures to be a useful measure of cash flow used for capital reinvestment.

The following table provides a reconciliation between the non-GAAP measure of capital expenditures to the most directly comparable GAAP measure of cash used in investing activities for the period:

	Three months ended June 30		Six months ended June 30	
(\$ thousands)	2023	2022	2023	2022
Cash used in investing activities	(134,454)	(107,532)	(278,227)	(234,054)
Changes in non-cash working capital	9,324	(7,491)	(26,273)	(933)
Other asset expenditures	-	-	9,500	-
Proceeds on property disposition	-	-	(26,000)	-
Capital expenditures	(125,130)	(115,023)	(321,000)	(234,987)

Net capital expenditures

Net capital expenditures are equal to cash used in investing activities, excluding changes in non-cash working capital, and other asset expenditures. The Company includes funds used for property acquisition or proceeds from property dispositions within net capital expenditures as these transactions are part of its development plans. NuVista considers net capital expenditures to be a useful measure of cash flow used for capital reinvestment.

The following table provides a reconciliation between the non-GAAP measure of net capital expenditures to the most directly comparable GAAP measure of cash used in investing activities for the period:

	Three months ended June 30		Six months ended June 30	
(\$ thousands)	2023	2022	2023	2022
Cash used in investing activities	(134,454)	(107,532)	(278,227)	(234,054)
Changes in non-cash working capital	9,324	(7,491)	(26,273)	(933)
Other asset expenditures	-	-	9,500	-
Net capital expenditures	(125,130)	(115,023)	(295,000)	(234,987)

Free adjusted funds flow

Free adjusted funds flow is adjusted funds flow less net capital expenditures and asset retirement expenditures. Each of the components of free adjusted funds flow are non-GAAP financial measures. Please refer to disclosures under the headings "Capital management measures" and "Capital expenditures" for a description of each component of free adjusted funds flow. Management uses free adjusted funds flow as a measure of the efficiency and liquidity of its business, measuring its funds available for additional capital

allocation to manage debt levels, pay dividends, and return capital to shareholders. By removing the impact of current period net capital and asset retirement expenditures, management believes this measure provides an indication of the funds the Company has available for future capital allocation decisions.

The following table sets out our free adjusted funds flow compared to the most directly comparable GAAP measure of cash provided by operating activities less cash used in investing activities for the period:

	Three months ended June 30		Six months ended June 30
(\$ thousands)	2023	2022	2021
Cash provided by operating activities	134,166	227,668	349,111
Cash used in investing activities	(134,454)	(107,532)	(278,111)
Excess cash provided by operating activities over cash used in investing activities	(288)	120,136	71,000
Adjusted funds flow	145,482	199,833	352,111
Net capital expenditures	(125,130)	(115,023)	(295,111)
Asset retirement expenditures	479	(1,184)	(9,222)
Free adjusted funds flow	20,831	83,626	48,000

Non-GAAP ratios

NI 52-112 defines a non-GAAP ratio as a financial measure that: (i) is in the form of a ratio, fraction, percentage or similar representation; (ii) has a non-GAAP financial measure as one or more of its components; and (iii) is not disclosed in the financial statements of the entity. Set forth below is a description of the non-GAAP ratios used in this press release.

These non-GAAP ratios are not standardized financial measures under IFRS and might not be comparable to similar measures presented by other companies where similar terminology is used. Investors are cautioned that these ratios should not be construed as alternatives to or more meaningful than the most directly comparable IFRS measures as indicators of NuVista's performance.

Non-GAAP ratios presented on a "per Boe" basis may also be considered to be supplementary financial measures (as such term is defined in NI 51-112).

Operating netback and corporate netback ("netbacks"), per Boe

NuVista calculated netbacks per Boe by dividing the netbacks by total production volumes sold in the period. Each of operating netback and corporate netback are non-GAAP financial measures. Operating netback is calculated as petroleum and natural gas revenues including realized financial derivative gains/losses, less royalties, transportation expense and operating expense. Corporate netback is operating netback less general and administrative expense, cash share-based compensation expense, financing costs excluding accretion expense, and current tax expense.

Management believes both operating and corporate netbacks are key industry benchmarks and measures of operating performance for NuVista that assists management and investors in assessing NuVista's profitability, and are commonly used by other petroleum and natural gas producers. The measurement on a Boe basis assists management and investors with evaluating NuVista's operating performance on a comparable basis.

Capital management measures

NI 52-112 defines a capital management measure as a financial measure that: (i) is intended to enable an individual to evaluate an entity's objectives, policies and processes for managing the entity's capital; (ii) is not a component of a line item disclosed in the primary financial statements of the entity; (iii) is disclosed in the notes to the financial statements of the entity; and (iv) is not disclosed in the primary financial statements of the entity.

Please refer to Note 14 "Capital Management" in NuVista's condensed consolidated interim financial statements for additional disclosure net debt and adjusted funds flow, and net debt to annualized second quarter adjusted funds flow ratio, each of which are capital management measures used by the Company in this press release.

NuVista calculated net debt to annualized second quarter adjusted funds flow ratio by dividing net debt by the annualized adjusted funds flow for the second quarter.

Supplementary financial measure

This press release may contain certain supplementary financial measures. NI 52-112 defines a supplementary financial measure as a financial measure that: (i) is intended to be disclosed on a periodic basis to depict the historical or expected future financial performance, financial position or cash flow of an entity; (ii) is not disclosed in the financial statements of the entity; (iii) is not a non-GAAP financial measure; and (iv) is not a non-GAAP ratio.

NuVista calculates "adjusted funds flow per share" by dividing adjusted funds flow for a period by the number of weighted average common shares of NuVista for the specified period.

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