



## Gibson Energy Announces 2023 Second Quarter Results

All financial figures are in Canadian dollars unless otherwise noted

**Calgary, Alberta (July 31, 2023)** – Gibson Energy Inc. announced today its financial and operating results for the three months ended June 30, 2023.

“Exiting the first half of 2023, we are pleased to report strong results from both the Infrastructure and Marketing segments, with Marketing segment profit above previously communicated expectations,” said Steve Spaulding, President and Chief Executive Officer. “Beyond our financial results, we are very excited to have announced the expansion of our Infrastructure platform with the acquisition of the South Texas Gateway Terminal which is expected to close in the very near term. In addition, during the quarter, we continued to expand our existing Infrastructure business in Edmonton with the sanctioning of two tanks underpinned by a 15 year contract with Cenovus Energy Inc.”

### Financial Highlights:

- Revenue of \$2,613 million in the second quarter decreased by \$582 million or 18% relative the second quarter of 2022, primarily due to decreased revenues within the Marketing segment driven by lower commodity prices, only partially offset by higher volumes
- Infrastructure Adjusted EBITDA<sup>(1)</sup> of \$94 million in the second quarter, an \$18 million or 16% decrease relative to the second quarter of 2022 due to a \$17 million environmental remediation provision taken in the quarter; absent the provision, Infrastructure Adjusted EBITDA was relatively flat
- Marketing Adjusted EBITDA<sup>(1)</sup> of \$34 million in the second quarter, a \$22 million or 177% increase from the second quarter of 2022, primarily due to an improvement in the availability of location, time, and quality-based opportunities for Crude Marketing as well as higher refined product margins
- Adjusted EBITDA<sup>(1)</sup> on a consolidated basis of \$116 million in the second quarter, a \$2 million or 2% increase over the second quarter of 2022, as result of the factors described above, higher general and administrative expenses as well as the impact of removing the unrealized gains and losses on financial instruments
- Net Income of \$52 million in the second quarter, a \$16 million or 45% increase over the second quarter of 2022, due to the factors described above and lower depreciation and finance costs partially offset by higher income tax expense in the current periods
- Distributable Cash Flow<sup>(1)</sup> of \$82 million in the second quarter, a \$9 million or 12% increase from the second quarter of 2022, a result of the factors described above
- Dividend Payout ratio<sup>(2)</sup> on a trailing twelve-month basis of 55%, below the Company’s 70% – 80% target range
- Net Debt to Adjusted EBITDA ratio<sup>(2)</sup> of 2.5x, below the bottom end of the Company’s 3.0x – 3.5x target range

### Strategic Developments and Highlights:

- Announced the acquisition of 100% of the membership interests of South Texas Gateway Terminal LLC for U.S.\$1.1 billion, through which Gibson will acquire the South Texas Gateway Terminal (“STGT”), a newly constructed high-quality crude oil export facility in Ingleside, Texas which enhances Gibson’s North American terminal footprint by establishing a third liquids hub underpinned by over 95% take-or-pay revenue
- Sanctioned two 435,000 barrel tanks as well as significant supporting infrastructure at Edmonton with an expected in service date in 2024 which will further increase our high-quality, long-term infrastructure revenues
- Closed a \$403.2 million bought deal offering of subscription receipts; upon closing of the acquisition of STGT, each receipt will be exchanged for one common share of the Company partially funding the purchase price
- Subsequent to the quarter, closed debt offerings comprised of \$900 million of medium term notes and \$200 million of hybrid notes issued to partially fund the remainder of the STGT purchase price
- Repurchased 1 million shares for an aggregate \$22 million in the second quarter, and a total of approximately 2 million shares or 1.5% of outstanding shares to date this year; with the acquisition of STGT, the share repurchase program has been suspended for the remainder of 2023 and will be re-assessed as part of the Company’s annual budgeting process for 2024

(1) Adjusted EBITDA and Distributable Cash Flow are non-GAAP financial measures. See the “Specified Financial Measures” section of this release.

(2) Net debt to Adjusted EBITDA ratio and Dividend Payout ratio are non-GAAP financial ratios. See the “Specified Financial Measures” section of this release.

## Management's Discussion and Analysis and Financial Statements

The 2023 second quarter Management's Discussion and Analysis and unaudited Condensed Consolidated Financial Statements provide a detailed explanation of Gibson's financial and operating results for the three and six months ended June 30, 2023, as compared to the three and six months ended June 30, 2022. These documents are available at [www.gibsonenergy.com](http://www.gibsonenergy.com) and at [www.sedar.com](http://www.sedar.com).

## Earnings Conference Call & Webcast Details

A conference call and webcast will be held to discuss the 2023 second quarter and operating results at 7:00am Mountain Time (9:00am Eastern Time) on Tuesday, August 1, 2023.

The conference call dial-in numbers are:

- 416-764-8659 / 1-888-664-6392

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

- <https://app.webinar.net/4Egg5P1R0r6>

The webcast will remain accessible for a 12-month period at the above URL. Additionally, a digital recording will be available for replay two hours after the call's completion until August 15, 2023, using the following dial-in numbers:

- 416-764-8677 / 1-888-390-0541
- Replay Entry Code: 138840

## Supplementary Information

Gibson has also made available certain supplementary information regarding the 2023 second quarter financial and operating results, available at [www.gibsonenergy.com](http://www.gibsonenergy.com).

## About Gibson

Gibson Energy Inc. is a leading liquids infrastructure company with its principal businesses consisting of the storage, optimization, processing, and gathering of liquids and refined products. Headquartered in Calgary, Alberta, the Company's operations are currently focused around its core terminal assets located at Hardisty and Edmonton, Alberta, and include the Moose Jaw facility in Saskatchewan and an infrastructure position in the U.S.

Gibson shares trade under the symbol GEI and are listed on the Toronto Stock Exchange. For more information, visit [www.gibsonenergy.com](http://www.gibsonenergy.com).

## Forward-Looking Statements

*Certain statements contained in this press release constitute forward-looking information and statements (collectively, forward-looking statements) including, but not limited to, statements concerning Gibson's dividend payment, share repurchase and growth capital targets and sanction of incremental infrastructure projects and continued progress in Gibson's sustainability journey. All statements other than statements of historical fact are forward-looking statements. The use of any of the words "anticipate", "plan", "contemplate", "continue", "estimate", "expect", "intend", "propose", "might", "may", "will", "shall", "project", "should", "could", "would", "believe", "predict", "forecast", "pursue", "potential" and "capable" and similar expressions are intended to identify forward looking statements. The forward-looking statements reflect Gibson's beliefs and assumptions with respect to, among other things, dividend payment, ability to meet share repurchase and growth capital targets and ability to sanction incremental infrastructure projects. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. No assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this press release should not be unduly relied upon. These statements speak only as of the date of this press release. The Company does not undertake any obligations to publicly update or revise any forward-looking statements except as required by securities law. Actual results could differ materially from those anticipated in these forward-looking statements as a result of numerous risks and uncertainties including, but not limited to, the risks and uncertainties described in "Forward-Looking Information" and "Risk Factors" included in the Company's Annual Information Form and Management's Discussion and Analysis, each dated February 21, 2023, as filed on SEDAR and available on the Gibson website at [www.gibsonenergy.com](http://www.gibsonenergy.com).*

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### **Specified Financial Measures**

*This press release refers to certain financial measures that are not determined in accordance with GAAP, including non-GAAP financial measures and non-GAAP financial ratios. Readers are cautioned that non-GAAP financial measures and non-GAAP financial ratios do not have standardized meanings prescribed by GAAP and, therefore, may not be comparable to similar measures presented by other entities. Management considers these to be important supplemental measures of the Company's performance and believes these measures are frequently used by securities analysts, investors and other interested parties in the evaluation of companies in industries with similar capital structures.*

*For further details on these specified financial measures, including relevant reconciliations, see the "Specified Financial Measures" section of the Company's MD&A for the three and six months ended June 30, 2023 and 2022, which is incorporated by reference herein and is available on Gibson's SEDAR profile at [www.sedar.com](http://www.sedar.com) and Gibson's website at [www.gibsonenergy.com](http://www.gibsonenergy.com).*

a) **Adjusted EBITDA**

Noted below is the reconciliation to the most directly comparable GAAP measures of the Company's segmented and consolidated adjusted EBITDA for the three and six months ended June 30, 2023, and 2022:

Three months ended June 30, (\$ thousands)	Infrastructure		Marketing		Corporate & Adjustments		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Segment Profit	92,185	109,817	34,231	6,271	—	—	126,416	116,088
Unrealized loss on derivative financial instruments	—	—	150	6,124	—	—	150	6,124
General and administrative	—	—	—	—	(12,502)	(10,650)	(12,502)	(10,650)
Adjustments to share of profit from equity accounted investees	1,426	2,010	—	—	—	—	1,426	2,010
Other	—	—	—	—	218	—	218	—
<b>Adjusted EBITDA</b>	<b>93,611</b>	<b>111,827</b>	<b>34,381</b>	<b>12,395</b>	<b>(12,284)</b>	<b>(10,650)</b>	<b>115,708</b>	<b>113,572</b>

Six months ended June 30, (\$ thousands)	Infrastructure		Marketing		Corporate & Adjustments		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Segment Profit	198,756	216,794	106,062	36,919	-	-	304,818	253,713
Unrealized gain on derivative financial instruments	-	-	(12,931)	(3,916)	-	-	(12,931)	(3,916)
General and administrative	-	-	-	-	(24,419)	(19,586)	(24,419)	(19,586)
Adjustments to share of profit from equity accounted investees	2,861	4,021	-	-	-	-	2,861	4,021
Other	-	-	-	-	218	-	218	-
<b>Adjusted EBITDA</b>	<b>201,617</b>	<b>220,815</b>	<b>93,131</b>	<b>33,003</b>	<b>(24,201)</b>	<b>(19,586)</b>	<b>270,547</b>	<b>234,232</b>

(\$ thousands)	Three months ended June 30,	
	2023	2022
Net Income	52,026	35,919
Income tax expense	16,139	11,055
Depreciation, amortization, and impairment charges	28,091	38,015
Net finance costs	11,716	15,765
Unrealized loss on derivative financial instruments	150	6,124
Stock based compensation	4,743	4,703
Adjustments to share of profit from equity accounted investees	1,426	2,010
Corporate foreign exchange loss (gain) and other	1,417	(19)
<b>Adjusted EBITDA</b>	<b>115,708</b>	<b>113,572</b>

(\$ thousands)	Six months ended June 30,	
	2023	2022
Net Income	140,277	87,889
Income tax expense	43,186	27,057
Depreciation, amortization, and impairment charges	56,246	76,454
Net finance costs	30,135	30,686
Unrealized gain on derivative financial instruments	(12,931)	(3,916)
Stock based compensation	8,889	10,858
Adjustments to share of profit from equity accounted investees	2,861	4,021
Corporate foreign exchange loss and other	1,884	1,183
<b>Adjusted EBITDA</b>	<b>270,547</b>	<b>234,232</b>

b) **Distributable Cash Flow**

The following is a reconciliation of distributable cash flow from operations to its most directly comparable GAAP measure, cash flow from operating activities:

(\$ thousands)	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
<b>Cash flow from operating activities</b>	69,712	15,847	229,239	321,583
Adjustments:				
Changes in non-cash working capital and taxes paid	51,378	96,932	46,499	(93,721)
Replacement capital	(7,491)	(5,660)	(12,826)	(7,828)
Cash interest expense, including capitalized interest	(16,588)	(14,137)	(33,387)	(27,756)
Lease payments	(8,121)	(9,524)	(17,693)	(20,120)
Current income tax	(6,399)	(9,520)	(21,940)	(19,101)
<b>Distributable cash flow</b>	<b>82,491</b>	<b>73,938</b>	<b>189,892</b>	<b>153,057</b>

(\$ thousands)	Twelve months ended June 30,	
	2023	2022
<b>Cash flow from operating activities</b>	505,968	418,188
Adjustments:		
Changes in non-cash working capital and taxes paid	58,644	13,880
Replacement capital	(27,239)	(23,818)
Cash interest expense, including capitalized interest	(65,447)	(55,539)
Lease payments	(32,970)	(36,308)
Current income tax	(45,913)	(28,435)
<b>Distributable cash flow</b>	<b>393,043</b>	<b>287,968</b>

**c) Dividend Payout Ratio**

	Twelve months ended June 30,	
	2023	2022
Distributable cash flow	393,043	287,968
Dividends declared	217,490	211,379
Dividend payout ratio	55 %	73 %

**d) Net Debt to Adjusted EBITDA Ratio**

	Twelve months ended June 30,	
	2023	2022
Long-term debt	1,642,367	1,576,186
Lease liabilities	63,092	73,917
Less: unsecured hybrid debt	(250,000)	(250,000)
Less: cash and cash equivalents	(55,215)	(38,753)
Net debt	1,400,244	1,361,350
Adjusted EBITDA	557,294	448,710
<b>Net debt to adjusted EBITDA ratio</b>	<b>2.5</b>	<b>3.0</b>