



## **Gibson Energy Announces One Million Barrel Expansion at Hardisty Terminal, Expansion of Moose Jaw Facility, Acceleration of U.S. Strategy and Increased 2018 Capital Budget**

All financial figures are in Canadian dollars unless noted otherwise

**Calgary, Alberta (August 8, 2018)** – Gibson Energy Inc. (“Gibson” or the “Company”), (TSX: GEI), announced today it has secured an additional \$200 million to \$250 million of growth capital opportunities, consisting of the sanction of one million barrels of new tankage at the Hardisty Terminal, the expansion of the Moose Jaw Facility and the acceleration of the U.S. strategy through the extension of the Pyote gathering system.

“Our announcement today represents the continued delivery of the strategy we outlined at the start of the year, providing visibility to the infrastructure projects to exceed the top end of our growth capital target range through the end of 2019 and ensuring we meet or exceed our 10% distributable cash flow per share growth objective into 2020,” said Steve Spaulding, President and Chief Executive Officer. “Our infrastructure growth projects under construction now include five tanks at Hardisty, representing 2.1 million barrels of storage, as well as gathering systems on both sides of the border, and we are optimistic that we will sanction additional tankage over the balance of the year. Importantly, we remain fully funded through our non-core dispositions and retained cash flows during the first half of the year, with strong performance from Wholesale helping to push our payout ratio and leverage into our target ranges much sooner than initially anticipated.”

### **Hardisty Expansion**

The construction of two new 500,000 barrel tanks represents the second phase of development at the Top of the Hill portion of the Hardisty Terminal. The new tankage will be constructed at a capital cost consistent with the Company’s target build multiple of 5x to 7x EBITDA. The second phase is expected to be in service in the fourth quarter of 2019, and will leverage infrastructure being constructed as part of the initial three tank, 1.1 million barrel development that is now expected to enter service ahead of schedule in the first quarter of 2019.

The construction of the two additional tanks is underpinned by separate long-term agreements with a large, multinational producer and with a refining customer at the Hardisty Unit Rail Facility. Gibson has also contracted its 500,000 barrel operational tank from the first phase of development at Top of the Hill for use by one of the parties once it is in service in the first quarter of 2019 until the second phase of construction is completed.

### **Moose Jaw Facility Expansion**

As part of the strategy outlined at the start of the year, the Company undertook a review of opportunities for meaningful cost reductions and high-impact capital investment at the Moose Jaw Facility. The Company has been successful in identifying and undertaking several actions to reduce crude oil supply costs, operating expenses and maintenance capital costs, and has also continued to progress the initiative to convert a portion of throughput capacity to a longer-term tolling structure with wider, more volatile differentials impacting the pace of discussions.

Additionally, the Company will proceed with an expansion project that will increase throughput capacity by approximately 30% to between 19,500 and 22,000 barrels per day. Gibson expects the capital expenditures for the Moose Jaw Facility Expansion will be between \$20 million and \$25 million, with an in-service date in the third quarter of 2019. The build multiple is projected to be slightly above 1x EBITDA at current Western Canadian heavy crude differentials, and around 3x EBITDA at more normalized differential levels.

## Acceleration of U.S. Strategy

Seizing an opportunity to accelerate its U.S. strategy, Gibson has entered into an agreement to acquire, develop and operate a gathering pipeline network backed by the dedication of approximately 65,000 net acres in the Permian Basin in Texas, directly adjacent to its existing Pyote system. The increased scale will support the connection of the expanded Pyote system into Wink, an emerging hub in the Permian Basin, with the potential to access up to six major egress pipelines in the future.

With the increased scale and connectivity, the Company will immediately meet its goal of having a platform in the U.S. that can generate \$25 million to \$50 million in growth capital investment opportunities per year. Through the end of 2019, Gibson expects to deploy an additional US\$90 million to US\$110 million in capital, of which the Board of Directors has sanctioned US\$75 million, on gathering infrastructure, inclusive of acquisition costs, to place the Pyote expansion into service and connect it into the existing system, connect the expanded Pyote system to the Wink Hub and build out the gathering system network to support continued development. The investment will also bring forward the timing of cash flows, with the expectation of incremental EBITDA of approximately US\$10 million in 2019 and over US\$20 million in the medium-term.

The expanded Pyote system is also expected to complement other facets of the Company's U.S. strategy, particularly the ability to secure third-party infrastructure opportunities in the surrounding area. Over the medium to long term, the Company also believes the expanded Pyote system and connectivity into the Wink Hub will provide further upside through optimization and terminalling opportunities.

## Increased 2018 Capital Budget

With the additional capital spending during the current year from the sanction of the new Hardisty tankage, the expansion of the Moose Jaw Facility and accelerating the U.S. strategy, the Company has increased its 2018 growth capital expenditure budget to be in the range of \$250 million to \$300 million.

### Growth Capital (\$ millions)

	Current		Prior			
Hardisty Terminal	\$110	-	\$130	\$90	-	\$110
Edmonton Terminal	\$25	-	\$30	\$25	-	\$30
Total Terminals	\$135	-	\$160	\$115	-	\$140
U.S. Infrastructure <sup>(1)</sup>	\$65	-	\$75	\$5	-	\$10
Viking Pipeline	\$45	-	\$55	\$45	-	\$55
Moose Jaw Expansion	\$5	-	\$10			
Total	\$250	-	\$300	\$165	-	\$205

(1) Inclusive of acquisition costs.

"Gibson remains fully funded for all its existing capital commitments even after the meaningful increase of our capital budget for 2018 as well as spending commitments into the following year," said Sean Brown, Senior Vice President and Chief Financial Officer. "Funding capacity from our retained cash flows in the first half of the year and expected proceeds from our non-core dispositions exceed our sanctioned capital, ensuring we fund our infrastructure growth in a manner consistent with the principles we laid out as part of our strategy earlier this year. To remain aligned with those principles, we do not rely on future outsized contributions from cyclical businesses in our consideration of our funding position, although there remains the potential that our funding capacity continues to increase each quarter to the extent the wide differential for Canadian crudes persists."

As part of its review of opportunities to reduce cash costs, Gibson has also decreased its expectation of maintenance capital expenditures to be approximately \$25 million for the year

#### Maintenance Capital (\$ millions)

	Current		Prior	
Infrastructure	\$15	-	\$20	\$20
Logistics <sup>(1)</sup>	\$0	-	\$5	\$10
Other	\$0	-	\$5	\$5

(1) Logistics excludes \$1 million incurred for U.S. Environmental Services, which Gibson divested the second quarter of 2018.

#### Supplementary Information

Gibson has also made available certain supplementary information regarding the incremental opportunities, available at [www.gibsonenergy.com](http://www.gibsonenergy.com)

#### About Gibson

Gibson is a Canadian-based oil infrastructure company with its principal businesses consisting of the storage, optimization, processing, and gathering of crude oil and refined products. Headquartered in Calgary, Alberta, the Company's operations are focused around its core terminal assets located at Hardisty and Edmonton, Alberta, and also include the Moose Jaw Facility and an infrastructure position in the U.S.

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

#### Forward-Looking Statements

*Certain statements contained in this news release constitute forward-looking information and statements (collectively, "forward-looking statements") including, but not limited to, statements concerning the growth capital opportunities discussed herein, including the timing, completion and in-services date of such opportunities, the cash flows provided by such opportunities, further growth and investment opportunities related thereto and the Company's ability to sanction of additional tankage, the amount and timing of capital expenditures, other areas for potential growth and an increase to funding capacity. 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. 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 news release should not be unduly relied upon. These statements speak only as of the date of this news release. In addition, this news release may contain forward-looking statements and forward-looking information attributed to third party industry sources. 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 Statements" and "Risk Factors" included in the Company's Annual Information Form dated March 5, 2018 as filed on SEDAR and available on the Gibson website at [www.gibsonenergy.com](http://www.gibsonenergy.com).*

#### Non-GAAP Measures

*This news release refers to certain financial measures that are not determined in accordance with IFRS. Adjusted EBITDA from continuing operations and Distributable cash flow ("DCF") from combined operations are not a measure recognized under IFRS and does not have standardized meaning prescribed by IFRS and, therefore, may not be comparable to similar measures reported by other entities. Management considers 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. Adjusted EBITDA from continuing operations and Distributable cash flow are used to assess the level of cash flow generated and to evaluate the adequacy of internally generated cash flow to fund dividends. Additional information about reconciliation of historical distributable cash flow and Adjusted EBITDA to its most closely related IFRS measure, cash flow from operating activities and segment profit, respectively, can be found in our MD&A available on SEDAR at [www.sedar.com](http://www.sedar.com) and on our website at [www.gibsonenergy.com](http://www.gibsonenergy.com).*

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