

## Gibson Energy Announces 2020 Fourth Quarter and Year-End Results and Announces a Dividend Increase



All financial figures are in Canadian dollars unless otherwise noted

**Calgary, Alberta (February 22, 2021)** – Gibson Energy Inc. announced today its financial and operating results for the three months and fiscal year ended December 31, 2020.

“Gibson proved very resilient through a challenging year for our industry, a result of our strategic focus on long-term, stable Infrastructure cash flows, maintaining a strong balance sheet and not relying on variable businesses to fund our dividend nor capital program,” said Steve Spaulding, President and Chief Executive Officer. “Despite the challenges of COVID-19, we continued to grow our Infrastructure cash flows, including placing 1.5 million barrels of tankage at our Hardisty Terminal into service near the end of the year and advancing the DRU towards a mid-2021 in-service date. We also significantly progressed our ESG and Sustainability practice, publishing our inaugural Sustainability Report and achieving an A- rating on our first CDP submission.”

### Financial Highlights:

- Distributable cash flow<sup>(1)</sup> for the full year of \$299 million, including \$54 million in the fourth quarter, a \$3 million or 1% decrease over full year 2019, due to a decreased contribution from the Marketing segment being largely offset by an increase in the Infrastructure segment
- Infrastructure segment profit for the full year of \$374 million, including \$93 million in the fourth quarter, a \$60 million or 19% increase over the full year 2019 on a comparable basis<sup>(2)</sup>, primarily due to additional tankage in service at Hardisty
- Marketing segment profit for the full year of \$95 million, including a \$9 million loss in the fourth quarter, a \$100 million or 52% decrease over the full year 2019, driven by reduced margins as well as limited opportunities within the Crude Marketing business and reduced sales volumes in the Refined Products business
- Maintained a strong financial position, with Net Debt to Adjusted EBITDA<sup>(1)</sup> at December 31, 2020 of 2.8x, below the Company’s 3.0x – 3.5x target range, and remain fully-funded for all sanctioned capital
- Payout ratio<sup>(1)</sup> on a trailing twelve-month basis of 66%, below the Company’s 70% to 80% target range

### Strategic Developments and Highlights:

- Advanced its Sustainability and ESG initiatives through the publishing of its inaugural Sustainability Report and climate change questionnaire submission to CDP (formerly Carbon Disclosure Project), the establishment of a dedicated Sustainability and ESG Committee chaired by Judy Cotte, a recognized expert on ESG and responsible investing, and entering a five year, \$1 million partnership to support youth mental health in the community
- Placed three tanks, representing 1.5 million barrels of storage, into service at the Top of the Hill portion of the Hardisty Terminal on schedule in the fourth quarter with capital in-line with budget, increasing Gibson’s tankage in service at the Hardisty Terminal to approximately 13.5 million barrels, an increase of 12.5%
- Finalized long-term, take-or-pay agreements with ConocoPhillips Canada to underpin and sanction the initial 50,000 barrel per day of inlet bitumen capacity phase of the DRU, and have continued to progress its construction while tracking within target costs and towards an on-schedule in-service date in mid-2021
- Completed the transition to an Investment Grade capital structure with the issuance of \$650 million of Senior Unsecured Medium Term Notes and \$250 million of Hybrid Subordinated Notes and the redemption in full of the \$600 million 5.25% Notes due 2024 and the \$100 million Convertible Debentures due 2021, resulting in annualized interest savings of approximately \$16 million over the remaining term of the redeemed notes
- Subsequent to the quarter, Gibson’s Board of Directors approved a quarterly dividend of \$0.35 per common share, an increase of \$0.01 per common share, beginning with the dividend payable in April

(1) Adjusted Earnings before Interest, Tax, Depreciation and Amortization and other adjustments (“Adjusted EBITDA”), Distributable Cash Flow and Dividend Payout Ratio are non-GAAP measures as noted in the section titled “Non-GAAP Financial Measures” section in Gibson’s Management Discussion and Analysis (“MD&A”). See definition and reconciliation of these of non-GAAP measures to the closest GAAP measures in sections in the MD&A titled “Summary of Quarterly Results” and “Distributable Cash flows”.

(2) Comparisons made after adjusting for a \$15 million future environmental remediation provision in the prior period and on a continuing operations basis.

## Management's Discussion and Analysis and Financial Statements

The 2020 fourth quarter and year-end Management's Discussion and Analysis and audited Consolidated Financial Statements provide a detailed explanation of Gibson's financial and operating results for the three and twelve months ended December 31, 2020, as compared to the three and twelve months ended December 31, 2019. These documents are available at [www.gibsonenergy.com](http://www.gibsonenergy.com) and at [www.sedar.com](http://www.sedar.com).

## 2020 Fourth Quarter and Year-End Results Conference Call

A conference call and webcast will be held to discuss the 2020 fourth quarter and year-end financial and operating results at 7:00am Mountain Time (9:00am Eastern Time) on Tuesday, February 23, 2021.

The conference call dial-in numbers are:

- 478-219-0003 / 844-358-6759
- Participant Pass Code: 1694776

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

<https://edge.media-server.com/mmc/p/zztgproi>

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 March 3, 2021, using the following dial-in numbers:

- 404-537-3406 / 855-859-2056
- Participant Pass Code: 1694776

## Supplementary Information

Gibson has also made available certain supplementary information regarding the 2020 fourth quarter and year-end financial and operating results, available at [www.gibsonenergy.com](http://www.gibsonenergy.com).

## About Gibson

Gibson Energy Inc. ("Gibson" or the "Company"), (TSX: GEI) 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 press release constitute forward-looking information and statements (collectively, forward-looking statements). These statements relate to future events or future performance. All statements other than statements of historical fact are forward-looking statements. The use of any of the words "anticipate", "plan", "aim", "target", "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, future operating and financial results, future growth in world-wide demand for crude oil and petroleum products; crude oil prices; no material defaults by the counterparties to agreements with Gibson; Gibson's ability to obtain qualified personnel, owner-operators, lease operators and equipment in a timely and cost-efficient manner; the regulatory framework governing taxes and environmental matters in the jurisdictions in which Gibson conducts and will conduct its business; changes in credit ratings applicable to Gibson; operating costs; future capital expenditures to be made by Gibson; Gibson's ability to obtain financing for its capital programs on acceptable terms; the Company's future debt levels; the impact of increasing competition on the Company; the impact of changes in government policies on Gibson; the impact of future changes in accounting policies on the Company's consolidated financial statements; the impact of the COVID-19 pandemic, including related government responses thereto, on demand for crude oil and petroleum products and Gibson's operations generally; Gibson's ability to effectively transition its operations as required in*

response to the COVID-19 pandemic; the availability of coverage under Gibson's insurance policies (including in respect of Gibson's business interruption insurance policy); the Company's ability to successfully implement the plans and programs disclosed in Gibson's strategy and other assumptions inherent in management's expectations in respect of the forward-looking statements identified herein.

Forward-looking 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. Although Gibson believe these statements to be reasonable, no assurance can be given that the results or events anticipated in these forward-looking statements will prove to be correct and such forward-looking statements included in this press release should not be unduly relied upon. Actual results or events could differ materially from those anticipated in these forward-looking statements as a result of, among other things, risks inherent in the businesses conducted by Gibson; competitive factors in the industries in which Gibson operates; prevailing global and domestic financial market and economic conditions; world-wide demand for crude oil and petroleum products; volatility of commodity prices, currency and interest rates fluctuations; product supply and demand; operating costs and the accuracy of cost estimates; exposure to counterparties and partners, including ability and willingness of such parties to satisfy contractual obligations in a timely manner; future capital expenditures; capital expenditures by oil and gas companies; production of crude oil; decommissioning, abandonment and reclamation costs; changes to Gibson's business plans or strategy; ability to access various sources of debt and equity capital, generally, and on terms acceptable to Gibson; changes in government policies, laws and regulations, including environmental and tax laws and regulations; competition for employees and other personnel, equipment, material and services related thereto; dependence on certain key suppliers and key personnel; reputational risks; acquisition and integration risks; risks associated with the Hardisty DRU project; capital project delivery and success; risks associated with Gibson's use of technology; ability to obtain regulatory approvals necessary for the conduct of Gibson's business; the availability and cost of employees and other personnel, equipment, materials and services; labour relations; seasonality and adverse weather conditions, including its impact on product demand, exploration, production and transportation; inherent risks associated with the exploration, development, production and transportation of crude oil and petroleum products; risks related to widespread epidemics or pandemic outbreaks, including the COVID-19 pandemic and government responses related thereto, and the impact thereof to the other risks inherent in the businesses conducted by Gibson; risks related to actions of OPEC and non-OPEC countries, including the effect thereof on the demand for crude oil and petroleum products and commodity prices; and political developments around the world, including the areas in which Gibson operates, many of which are beyond the control of Gibson. Readers are cautioned that the foregoing lists are not exhaustive. For an additional discussion of material risk factors relating to Gibson and its operations, please refer to those included in Gibson's Annual Information Form dated February 22, 2021 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. Distributable cash flow is 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 this to be an important supplemental measure of the Company's performance and believes this measure is frequently used by securities analysts, investors and other interested parties in the evaluation of companies in industries with similar capital structures. Distributable cash flow is used to assess the level of cash flow generated and to evaluate the adequacy of internally generated cash flow to fund dividends. Changes in non-cash working capital are excluded from the determination of distributable cash flow because they are primarily the result of fluctuations in product inventories or other temporary changes. Upgrade and replacement capital expenditures are deducted from distributable cash flow as there is an ongoing requirement to incur these types of expenditures. The Company may deduct or include additional items in its calculation of distributable cash flow; these items would generally, but not necessarily, be items of a non-recurring nature. Additional information about reconciliation of historical distributable cash flow to its most closely related IFRS measure, cash flow from operating activities can be found in Gibson's Management Discussion and Analysis available on SEDAR at [www.sedar.com](http://www.sedar.com) and at [www.gibsonenergy.com](http://www.gibsonenergy.com).

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## SELECTED FINANCIAL INFORMATION

	Three months ended December 31		Years ended December 31	
	2020	2019	2020	2019
<b>Continuing operations</b>				
Segment profit .....	\$ 84,345	\$ 132,015	\$ 469,047	\$ 494,250
Adjusted EBITDA <sup>(1)</sup> .....	80,356	125,949	447,499	459,219
Cash flow from operating activities .....	44,940	105,670	459,551	362,155
Distributable cash flow <sup>(1)</sup> .....	54,096	75,810	298,888	301,539
Growth capital and equity investments <sup>(3)</sup> .....	\$ 60,807	\$ 46,703	\$ 308,944	\$ 229,081

	Last Twelve Months - As at December 31	
	2020	2019
<b>Debt and dividend payout ratios <sup>(1,2)</sup></b>		
Debt to capitalization ratio .....	46%	49%
Interest coverage ratio .....	8.6	6.7
Dividend payout ratio .....	66%	64%

	Years ended December 31		
	2020	2019	2018
<b>Revenue</b> .....	\$ 4,938,066	\$ 7,336,322	\$ 6,846,589
Net income .....	121,309	176,339	81,125
Basic income per share .....	0.83	1.21	0.57
Diluted income per share .....	0.82	1.19	0.56
Dividends declared .....	198,667	192,001	190,326
Dividends \$ per share .....	\$ 1.36	\$ 1.32	\$ 1.32

	As at December 31		
	2020	2019	2018
Total assets .....	\$ 3,067,160	\$ 2,976,690	\$ 2,809,576
Total non-current liabilities .....	1,856,236	1,626,916	1,461,685

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- Adjusted Earnings Before Interest, Tax, Depreciation and Amortization and other adjustments ("Adjusted EBITDA"), Distributable Cash Flow and Dividend Payout Ratio are non-GAAP measures as noted in the section titled "Non-GAAP Financial Measures". See definition and reconciliation of these non-GAAP measures to the closest GAAP measures in sections titled "Summary of Quarterly Results" and "Distributable Cash flows".
  - Dividend payout ratio for current and prior year is based on results from continuing operations.
  - Growth capital expenditures include contributions to the equity accounted for investments.