

PrairieSky Announces 2019 Fourth Quarter and Year End Results

10.02.2020 | [GlobeNewswire](#)

CALGARY, Feb. 10, 2020 - [PrairieSky Royalty Ltd.](#) ("PrairieSky" or the "Company") (TSX: PSK) is pleased to announce its fourth quarter ("Q4 2019") and 2019 year-end operating and financial results for the period ended December 31, 2019. In addition, PrairieSky's Board of Directors has confirmed the annual dividend of \$0.78 per share for the upcoming year.

PRESIDENT'S MESSAGE

Fourth Quarter 2019 Highlights:

- Funds from Operations totaled \$55.8 million (\$0.24 per common share basic and diluted).
- Revenues totaled \$67.1 million, comprised of royalty production revenues of \$63.4 million and other revenues of \$3.7 million.
- Royalty production averaged 22,203 BOE per day (53% liquids up from 50% in Q3 2019), an overall increase of 8%. Oil production and NGL production increased 11% and 21%, respectively, bringing total liquids volumes to 11,703 bbls/d compared to Q3 2019 liquids volumes of 10,345 bbls/d.
- Operating netback of \$28.88 per BOE, an increase of 24% from \$23.31 per BOE in Q3 2019.
- Dividends declared in the fourth quarter of \$45.4 million (\$0.1950 per share), representing a payout ratio of 81%.
- Common share repurchases of \$2.8 million under the normal course issuer bid ("NCIB") representing a payout ratio of 86% when combined with the dividend.

2019 Highlights:

- Funds from Operations totaled \$220.4 million (\$0.94 per common share basic and diluted).
- Revenues totaled \$268.4 million, comprised of royalty production revenues of \$244.9 million and other revenues of \$23.5 million.
- Royalty production averaged 21,757 BOE per day (52% liquids up from 49% in 2018).
- Operating netback of \$27.28 per BOE, an increase of 4% from \$26.14 per BOE in 2018.
- Cash administrative expenses of \$2.68 per BOE, 14% below 2018 cash administrative expenses of \$3.10 per BOE.
- Dividends declared in the year of \$182.1 million (\$0.78 per share), representing a payout ratio of 83%.
- Common share repurchases of \$19.0 million under the NCIB representing a payout ratio of 91% when combined with the dividend.

PrairieSky's high margin, low cost business continued to deliver strong financial results, generating \$55.8 million of funds from operations during Q4 2019 and \$220.4 million for the year. PrairieSky declared dividends of \$45.4 million and cancelled 0.2 million common shares for \$2.8 million in Q4 2019 and declared \$182.1 million in dividends and cancelled 1.1 million common shares for \$19.0 million for the full year. During 2019, PrairieSky increased its position in the emerging Clearwater oil play bringing its total acreage to over 850,000 acres in the last two years. PrairieSky has maintained a strong balance sheet since inception, with a minor working capital deficiency of \$3.1 million at December 31, 2019 and no long-term debt.

In 2019, an estimated \$1.1 billion (net - \$58 million) in third-party capital was spent drilling and completing wells on PrairieSky lands as compared to \$1.3 billion (net - \$75 million) in 2018. This represents approximately 5% of total Canadian conventional capital expenditures. Capital spending on PrairieSky lands targeted plays where PrairieSky has made strategic investments over several years and is also a reflection of active leasing on PrairieSky's vast inventory of undeveloped land.

PrairieSky's proved plus probable reserves totaled 45,835 MBOE at December 31, 2019 (December 31, 2018 - 47,482 MBOE). During the year, third-party capital on PrairieSky lands replaced 121% of 2019 oil

royalty production volumes and 151% of 2019 NGL royalty production volumes, increasing year-end proved plus probable oil reserves by 4% and NGL reserves by 8%. Natural gas proved plus probable reserves decreased to 140,881 MMcf at December 31, 2019, from 157,676 MMcf at December 31, 2018, due to limited third-party natural gas drilling activity. PrairieSky's reserves include only developed assets (developed producing and developed non-producing properties) and does not include any future development capital on undeveloped land.

Royalty production volumes for 2019 totaled 21,757 BOE per day, as compared to 2018 royalty production volumes of 23,358 BOE per day. Fourth quarter royalty production volumes increased 8% to 22,203 BOE per day from 20,512 BOE per day in Q3 2019, as third-party drilling and field activity on PrairieSky lands increased in the second half of the year.

Q4 2019 revenue totaled \$67.1 million, which included royalty production revenue of \$63.4 million. Average oil royalty production volumes of 8,884 barrels per day increased 11% from 8,011 barrels per day in Q3 2019, generating revenue of \$46.9 million (Q3 2019 - \$43.4 million). Q4 2019 oil royalty production volumes were positively impacted by increased drilling activity across our land base including the Viking light oil play in both Saskatchewan and Alberta. Increased production volumes were partially offset by a lower realized price due to wider differentials for Canadian light and heavy oil. Average NGL royalty production volumes of 2,819 barrels per day were up 21% from Q3 2019 NGL royalty production volumes of 2,334 barrels per day due to new Montney wells in the Pipestone area. NGL royalty production revenue totaled \$6.7 million, up from Q3 2019 NGL royalty production revenue of \$4.4 million, as a result of higher average royalty production volumes combined with improved NGL pricing which averaged \$25.92 per barrel, up 28% from Q3 2019 due to additional plant condensate volumes. Average natural gas production volumes of 63.0 MMcf per day, were up 3% from Q3 2019 natural gas royalty production volumes of 61.0 MMcf per day, contributing \$9.8 million of revenue, up 139% from \$4.1 million in Q3 2019. This increase was due primarily to the significant increase in AECO pricing during the quarter as well as increased production from new Montney wells on stream in the Pipestone area.

For 2019, revenue totaled \$268.4 million (2018 - \$273.8 million) which included royalty production revenue of \$244.9 million (2018 - \$248.0 million). Crude oil revenue was \$188.7 million in 2019, up from \$184.7 million in 2018 as lower average West Texas Intermediate ("WTI") index pricing was offset by narrowed Canadian light and heavy oil differentials. Crude oil royalty production volumes averaged 8,633 barrels per day (2018 - 9,004 barrels per day), due to lower activity across Western Canada and as a result of takeaway capacity constraints and mandated oil production curtailments in Alberta. NGL revenue totaled \$26.7 million (2018 - \$31.2 million) as lower average realized pricing was partially offset by increased NGL production which totaled 2,607 barrels per day, up 6% from 2,463 barrels per day in 2018. The production increase was primarily due to increased Montney royalty production. Liquids revenue represented 88% of total royalty production revenue in 2019, consistent with 87% in 2018. Natural gas prices in Western Canada remain challenged in 2019 and exploration and development activity limited. Natural gas revenue for the year totaled \$29.5 million from 63.1 MMcf per day of royalty production compared to 2018 natural gas revenue of \$32.1 million from 71.3 MMcf per day of royalty production as significantly improved AECO index pricing in Q4 2019 partially offset lower royalty production volumes.

PrairieSky entered 33 leasing arrangements with 31 different counterparties in Q4 2019, earning bonus consideration of \$1.4 million. During 2019, PrairieSky entered into 127 leasing arrangements with 80 different counterparties and earned bonus consideration of \$12.1 million. Throughout the year, leasing activity was focused on crude oil targets across a number of plays and areas.

Drilling activity was down year over year across Western Canada. There were 150 wells (99% oil) spud on PrairieSky lands in Q4 2019, as compared to 202 wells (89% oil) spud in Q4 2018. There were 50 wells spud on Fee Lands (Q4 2018 - 77 wells), 67 wells spud on GORR lands (Q4 2018 - 57 wells) and 33 wells spud on unitized lands (Q4 2018 - 68 wells). The average net royalty rate of wells spud in the quarter was approximately 6.0% as compared to 8.1% in Q3 2019 and 6.0% in Q4 2018. Activity was focused on the Viking light oil play in both Saskatchewan and Alberta where 81 wells were spud in Q4 2019. In addition, there were 21 Clearwater oil wells, 8 Duvernay oil wells, 14 Mannville heavy oil wells, and 24 other wells spud in Q4 2019, targeting a number of different plays including the Cardium, Mannville and Mississippian. There were 2 natural gas wells spud in Q4 2019. In 2019, there were 661 wells (95% oil) spud on PrairieSky lands as compared to 810 wells in 2018 (93% oil).

PrairieSky continues to focus on efficiencies, costs, and optimizing technology across our business. Cash administrative expenses totaled \$4.1 million or \$2.01 per BOE in the quarter and \$21.3 million or \$2.68 per

BOE for the year, the lowest since PrairieSky's inception. PrairieSky's staff continued their focus on ensuring timely and accurate royalty payments, collecting compliance recoveries totaling \$1.6 million in Q4 2019 bringing total 2019 compliance recoveries to \$7.2 million.

Thank you to our shareholders for their ongoing support as well as our staff for their dedication and efforts. Please contact Pam Kazeil, our Chief Financial Officer, at 587-293-4089 or myself at 587-293-4005 with any questions.

Andrew Phillips, President & CEO

ANNUAL DIVIDEND MAINTAINED AT \$0.78 PER SHARE

PrairieSky will maintain its current dividend level at \$0.78 per common share in 2020. The Board of Directors considers a number of factors in determining the dividend level, including current and projected activity levels on PrairieSky's royalty lands, the current commodity price environment, the working capital balance and earnings of the Company.

PrairieSky's NCIB started on May 13, 2019, and expires on May 12, 2020. During 2019, PrairieSky purchased and cancelled 1.1 million common shares at an average price of \$17.58 at an aggregate cost of \$19.0 million, funded entirely from funds from operations. PrairieSky expects to apply to the TSX to renew the NCIB for an additional year, in accordance with TSX rules. Future amounts to be allocated to the NCIB will be announced in conjunction with application to the TSX prior to expiration of the existing NCIB.

FINANCIAL AND OPERATIONAL INFORMATION

The following table summarizes selected operational and financial information of the Company for the periods noted. All dollar amounts are stated in Canadian dollars unless otherwise noted.

A full version of PrairieSky's Management's Discussion and Analysis ("MD&A") and Audited Consolidated Financial Statements and notes thereto for the fiscal period ended December 31, 2019 is available on SEDAR at www.sedar.com and PrairieSky's website at www.prairiesky.com.

	Three months ended December 31		Year ended December 31	
(millions, except per share or as otherwise noted)	2019	2018	2019	2018
FINANCIAL				
Revenues	\$ 67.1	\$ 51.6	\$ 268.4	\$ 273.8
Funds from Operations	55.8	48.5	220.4	229.7
Per Share – basic and diluted ⁽¹⁾	0.24	0.21	0.94	0.98
Net Earnings and Comprehensive Income	24.3	6.0	111.4	79.4
Per Share - basic and diluted ⁽¹⁾	0.10	0.03	0.48	0.34
Dividends declared ⁽²⁾	45.4	45.7	182.1	182.1
Per Share	0.1950	0.1950	0.7800	0.7750
Acquisitions, including non-cash consideration	3.4	13.7	11.2	58.6
Working Capital (Deficiency) at period end	(3.1)	(10.4)	(3.1)	(10.4)
Shares Outstanding				
Shares outstanding at period end	233.1	234.2	233.1	234.2
Weighted average – basic	233.2	234.4	233.6	235.1
Weighted average – diluted	233.6	234.7	234.0	235.4
OPERATIONAL				
Royalty Production Volumes				
Crude Oil (bbls/d)	8,884	9,163	8,633	9,004
NGL (bbls/d)	2,819	2,676	2,607	2,463

Natural Gas (MMcf/d)	63.0	70.0	63.1	71.3
Total (BOE/d) ⁽³⁾	22,203	23,506	21,757	23,358
Realized Pricing				
Crude Oil (\$/bbl)	\$ 57.29	\$ 33.17	\$ 59.88	\$ 56.18
NGL (\$/bbl)	25.92	23.04	28.02	34.75
Natural Gas (\$/Mcf)	1.70	1.35	1.28	1.23
Total (\$/BOE) ⁽³⁾	\$ 31.04	\$ 19.61	\$ 30.84	\$ 29.09
Operating Netback per BOE ⁽⁴⁾	\$ 28.88	\$ 17.07	\$ 27.28	\$ 26.14
Funds from Operations per BOE	\$ 27.32	\$ 22.43	\$ 27.75	\$ 26.94
Oil Price Benchmarks				
Western Texas Intermediate (WTI) (US\$/bbl)	\$ 56.96	\$ 58.81	\$ 57.03	\$ 64.98
Edmonton Light Sweet (\$/bbl)	\$ 68.10	\$ 42.71	\$ 69.22	\$ 69.35
Western Canadian Select (WCS) crude oil differential to WTI (US\$/bbl)	\$ (15.84)	\$ (39.43)	(12.76)	\$ (26.29)
			\$)	
Foreign Exchange Rate (US\$/CAD\$)	0.7575	0.7557	0.7537	0.7715
Natural Gas Price Benchmarks				
AECO monthly index (\$/Mcf)	\$ 2.31	\$ 1.90	\$ 1.62	\$ 1.52
AECO daily index (\$/Mcf)	\$ 2.47	\$ 1.59	\$ 1.76	\$ 1.51

(1) Net Earnings and Comprehensive Income and Funds from Operations per Common Share are calculated using the weighted average number of common shares outstanding.

(2) A dividend of \$0.065 per common share was declared on December 10, 2019. The dividend was paid on January 15, 2020 to shareholders of record as at December 31, 2019.

(3) See "Conversions of Natural Gas to BOE".

(4) A non-GAAP measure which is defined under the Non-GAAP Measures section in the MD&A.

2019 RESERVES INFORMATION

PrairieSky's year end 2019 reserves were evaluated by independent reserves evaluators GLJ Petroleum Consultants Ltd. ("GLJ"). The evaluation of PrairieSky's royalty properties was done in accordance with the definitions, standards and procedures contained in the Canadian Oil and Gas Evaluation Handbook and National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities*. PrairieSky's reserves information is included in the Company's Annual Information Form which is available on SEDAR at www.sedar.com and PrairieSky's website at www.prairiesky.com.

CONFERENCE CALL DETAILS

A conference call to discuss the results will be held for the investment community on Tuesday, February 11, 2020 beginning at 6:30 a.m. MDT (8:30 a.m. EDT). To participate in the conference call, approximately 10 minutes prior to the conference call, please dial:

(844) 657-2668 (toll in free in North America)
(612) 979-9882 (International)

FORWARD-LOOKING STATEMENTS

This press release includes certain statements regarding PrairieSky's future plans and operations and contains forward-looking statements that we believe allow readers to better understand our business and prospects. The use of any of the words "expect", "anticipate", "continue", "estimate", "objective", "ongoing", "may", "will", "project", "should", "believe", "plans", "intends", "strategy" and similar expressions are intended to identify forward-looking information or statements. Forward-looking statements contained in this press release include estimates regarding industry capital spent during 2018 and 2019 on PrairieSky lands and

royalty assets on a gross and net basis, our expectations with respect to PrairieSky's business and growth strategy, future collections from compliance activities and future activity on PrairieSky's lands, and the Company's expectations regarding future dividends, amounts allocated to the NCIB, the application of PrairieSky to renew the NCIB, and the timing thereof.

With respect to forward-looking statements contained in this press release, we have made several assumptions including those described in detail in our MD&A and the Annual Information Form for the period ended December 31, 2019. Readers and investors are cautioned that the assumptions used in the preparation of such forward-looking information and statements, 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. Our actual results, performance, or achievements could differ materially from those expressed in, or implied by, these forward-looking statements. We can give no assurance that any of the events anticipated will transpire or occur, or if any of them do, what benefits we will derive from them.

By their nature, forward-looking statements are subject to numerous risks and uncertainties, some of which are beyond our control, including the impact of general economic conditions, industry conditions, volatility of commodity prices, lack of pipeline capacity, currency fluctuations, imprecision of reserve estimates, competitive factors impacting royalty rates, environmental risks, taxation, regulation, changes in tax or other legislation, competition from other industry participants, the lack of availability of qualified personnel or management, stock market volatility, political and geopolitical instability and our ability to access sufficient capital from internal and external sources. In addition, PrairieSky is subject to numerous risks and uncertainties in relation to acquisitions. These risks and uncertainties include risks relating to the potential for disputes to arise with counterparties, and limited ability to recover indemnification under certain agreements. The foregoing and other risks are described in more detail in PrairieSky's MD&A, and the Annual Information Form for the year ended December 31, 2019 under the headings "Risk Management" and "Risk Factors", respectively, each of which is available at www.sedar.com and PrairieSky's website at www.prairiesky.com.

Further, any forward-looking statement is made only as of the date of this press release, and PrairieSky undertakes no obligation to update or revise any forward-looking statement or statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events, except as required by applicable securities laws. New factors emerge from time to time, and it is not possible for PrairieSky to predict all of these factors or to assess in advance the impact of each such factor on PrairieSky's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

The forward-looking information contained in this document is expressly qualified by this cautionary statement.

CONVERSIONS OF NATURAL GAS TO BOE

To provide a single unit of production for analytical purposes, natural gas production and reserves volumes are converted mathematically to equivalent barrels of oil (BOE). PrairieSky uses the industry-accepted standard conversion of six thousand cubic feet of natural gas to one barrel of oil (6 Mcf = 1 bbl). The 6:1 BOE ratio is based on an energy equivalency conversion method primarily applicable at the burner tip. It does not represent a value equivalency at the wellhead and is not based on either energy content or current prices. While the BOE ratio is useful for comparative measures and observing trends, it does not accurately reflect individual product values and might be misleading, particularly if used in isolation. As well, given that the value ratio, based on the current price of crude oil to natural gas, is significantly different from the 6:1 energy equivalency ratio, using a 6:1 conversion ratio may be misleading as an indication of value.

NON-GAAP MEASURES

Certain measures in this document do not have any standardized meaning as prescribed by International Financial Reporting Standards ("IFRS") and, therefore, are considered non-GAAP measures. These measures may not be comparable to similar measures presented by other issuers. These measures are commonly used in the crude oil and natural gas industry and by PrairieSky to provide potential investors with additional information regarding the Company's liquidity and its ability to generate funds to conduct its business. Non-GAAP measures include operating netback, operating netback per BOE, payout ratio, cash

administrative expenses and cash administrative expenses per BOE. Management's use of these measures is discussed further below. Further information can be found in the Non-GAAP Measures section of PrairieSky's MD&A.

"Operating Netback" represents the cash margin for products sold. Operating netback is calculated as royalty production revenues less production and mineral taxes and administrative expenses. Operating netback provides a consistent measure of the cash generating and operating performance of PrairieSky's royalty properties to assess the comparability of the underlying performance between years.

"Operating Netback per BOE" represents the cash margin for products sold on a BOE basis. Operating netback per BOE is calculated by dividing the operating netback by the average daily production volumes for the period. Operating netback per BOE is used to assess the cash generating and operating performance per unit of product sold. Operating netback per BOE measures are commonly used in the crude oil and natural gas industry to assess performance comparability.

"Payout Ratio" is calculated as dividends declared as a percentage of funds from operations. Payout ratio is used by dividend paying companies to assess dividend levels in relation to the funds generated and used in operating activities. A further calculation of payout ratio includes cash used for the repurchase and cancellation of common shares and dividends declared as a percentage of funds from operations to assess returns to shareholders in relation to funds from operations and financing activities. The calculation of payout ratio is described each time it is used.

"Cash Administrative Expenses" represents administrative expenses excluding the volatility and fluctuations in share-based compensation expense that was not settled in cash in the current period. Cash administrative expenses are calculated as total administrative expenses, adjusting for share-based compensation expense (recovery) in the period, plus any actual cash payments made under plans as described in further detail in PrairieSky's MD&A. Management believes cash administrative expenses are a common benchmark used by investors when comparing companies to evaluate operating performance.

"Cash Administrative Expenses per BOE" represents cash administrative expenses on a BOE basis. Cash administrative expenses per BOE is calculated by dividing cash administrative expenses by the average daily production volumes for the period. Cash administrative expenses per BOE assists management and investors in evaluating operating performance on a comparable basis.

Cash Administrative Expenses

The following table presents the computation of Cash Administrative Expenses:

	Three months ended December 31		Year ended December 31	
(millions)	2019	2018	2019	2018
Total Administrative Expenses	\$ 3.1	\$ 4.2	\$ 23.7	\$ 20.0
Share-Based Compensation Recovery (Expense)	1.0	0.2	(4.6)	1.3
Cash Payments made under RSU and PSU Plans ⁽¹⁾	-	-	2.2	5.1
Cash Administrative Expenses	\$ 4.1	\$ 4.4	\$ 21.3	\$ 26.4

⁽¹⁾ See PrairieSky's MD&A for details on its share-based compensation plans.

ABOUT PRAIRIESKY ROYALTY LTD.

PrairieSky is a royalty company, generating royalty production revenues as petroleum and natural gas are produced from its properties. PrairieSky has a diverse portfolio of properties that have a long history of generating funds from operations and that represent the largest and most consolidated independently-owned fee simple mineral title position in Canada. PrairieSky's common shares trade on the Toronto Stock Exchange under the symbol PSK.

FOR FURTHER INFORMATION PLEASE

CONTACT:

Andrew Phillips
President & Chief Executive Officer
[PrairieSky Royalty Ltd.](#)
587-293-4005

Pamela Kazeil
Vice President, Finance & Chief Financial Officer
[PrairieSky Royalty Ltd.](#)
587-293-4089

Investor Relations
(587) 293-4000
www.prairiesky.com

PDF available: <http://ml.globenewswire.com/Resource/Download/25c3cb70-0207-43df-8093-62a4bc236e02>

Dieser Artikel stammt von [Minenportal.de](#)

Die URL für diesen Artikel lautet:

<https://www.minenportal.de/artikel/299345--PrairieSky-Announces-2019-Fourth-Quarter-and-Year-End-Results.html>

Für den Inhalt des Beitrages ist allein der Autor verantwortlich bzw. die aufgeführte Quelle. Bild- oder Filmrechte liegen beim Autor/Quelle bzw. bei der vom ihm benannten Quelle. Bei Übersetzungen können Fehler nicht ausgeschlossen werden. Der vertretene Standpunkt eines Autors spiegelt generell nicht die Meinung des Webseiten-Betreibers wieder. Mittels der Veröffentlichung will dieser lediglich ein pluralistisches Meinungsbild darstellen. Direkte oder indirekte Aussagen in einem Beitrag stellen keinerlei Aufforderung zum Kauf-/Verkauf von Wertpapieren dar. Wir wehren uns gegen jede Form von Hass, Diskriminierung und Verletzung der Menschenwürde. Beachten Sie bitte auch unsere [AGB/Disclaimer](#)!

Die Reproduktion, Modifikation oder Verwendung der Inhalte ganz oder teilweise ohne schriftliche Genehmigung ist untersagt!
Alle Angaben ohne Gewähr! Copyright © by [Minenportal.de](#) 2007-2025. Es gelten unsere [AGB](#) und [Datenschutzrichtlinien](#).