

PrairieSky Announces First Quarter 2025 Results

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CALGARY, April 14, 2025 - [PrairieSky Royalty Ltd.](#) ("PrairieSky" or the "Company") (TSX: PSK) is pleased to announce its first quarter operating and financial results for the period ended March 31, 2025.

First Quarter Highlights:

- Oil royalty production volumes averaged a record 13,502 barrels per day, a 3% increase over Q1 2024⁽¹⁾. Total royalty production volumes averaged 25,339 BOE per day.
- Royalty production revenue of \$119.9 million combined with other revenue of \$8.2 million to generate total revenue of \$128.1 million, a 10% increase over Q1 2024.
- Funds from operations totaled \$85.8 million or \$0.36 per share, an increase of 3% over Q1 2024 primarily due to higher oil royalty production.
- Declared a first quarter dividend of \$61.2 million (\$0.26 per common share), representing a payout ratio of 71%.
- Purchased and cancelled 3,415,900 common shares under the Company's normal course issuer bid ("NCIB") for \$90.0 million.
- Completed acquisitions of both producing and non-producing royalty interests for \$63.6 million, including the previously announced acquisition of heavy oil royalty interests in the Mannville play.
- Net debt totaled \$258.8 million as at March 31, 2025.

President's Message

It was a busy first quarter across PrairieSky's royalty properties with 200 wells spud on PrairieSky's royalty acreage at an average royalty rate of 6.9%, an increase from 174 wells spud in Q1 2024 at an average royalty rate of 6.0%. In addition to robust activity in the Mannville heavy oil play with 39 wells spud, there were 20 wells spud in the Clearwater, 15 wells spud in the Duvernay light oil play, 8 wells spud in the liquids-rich Montney, and an incremental 118 oil and natural gas wells spud elsewhere across the basin.

PrairieSky earned \$119.9 in royalty revenues, 93% liquids, from total royalty production volumes of 25,339 BOE per day in Q1 2025, 3% lower than Q1 2024. Oil royalty revenue totaled \$101.1 million, a 10% increase over Q1 2024, and was generated from record oil royalty production of 13,502 barrels per day, an increase of 3% over Q1 2024. Oil royalty production volumes were positively impacted by continued activity in the Clearwater, Mannville and Duvernay and the addition of 177 barrels per day of production from the previously announced royalty acquisition that closed on January 10, 2025. Natural gas royalty production added 55.9 MMcf per day, a decrease of 10% from Q1 2024, and included an estimate of 1.1 MMcf per day of downtime related to cold weather in the quarter. Natural gas royalty production added \$8.7 million of royalty revenue with continued weak natural gas benchmark pricing with daily AECO index pricing averaging \$2.16 per Mcf, a decrease of 14% from Q1 2024. NGL royalty production averaged 2,520 barrels per day, a slight decrease of 1% from Q1 2024. NGL royalty production generated total NGL royalty revenue of \$10.1 million in the quarter.

Other revenue totaled \$8.2 million in Q1 2025 and included \$5.0 million in bonus consideration from entering into 52 new leases with 39 separate counterparties. In addition to active leasing in the quarter, PrairieSky acquired incremental producing and non-producing royalty interests focused on heavy and light oil plays in Central Alberta and Saskatchewan for \$63.6 million. Acquisitions included the previously announced purchase of fee lands, lessor interests and gross overriding royalty interests for cash consideration of \$50.0 million, before customary closing adjustments, which closed on January 10, 2025.

Funds from operations totaled \$85.8 million (\$0.36 per share) in the quarter. PrairieSky declared a dividend of \$0.26 per share or \$61.2 million in the quarter with a resulting payout ratio of 71%. Excess funds from operations were allocated to acquisitions, including the purchase and cancellation of common shares under PrairieSky's NCIB. Under the NCIB, PrairieSky purchased 3,415,900 common shares at a weighted average price of \$26.36 per share for \$90.0 million, including commissions and before income tax of \$1.8 million. The NCIB is a key component of our capital allocation strategy and the recent share repurchase represents a high-quality acquisition of 1.4% more of the business, equivalent to purchasing approximately 259,000 acres of royalty lands. Repurchased common shares were cancelled prior to PrairieSky's March 31, 2025 dividend.

record date. Share repurchases were funded using PrairieSky's credit facility, which PrairieSky expects to pay down using excess cash flow above its quarterly dividend over time. At March 31, 2025, PrairieSky maintained a strong balance sheet with net debt of \$258.8 million.

We will be holding our 2025 investor day and releasing our updated Royalty Playbook on May 14, 2025 which will highlight the unique attributes of our long-duration, high margin business model. The investor day will be broadcast via webcast for interested parties. Thank you to our staff for their hard work and our shareholders for their continued support.

Andrew Phillips, President & CEO

ACTIVITY ON PRAIRIESKY'S ROYALTY PROPERTIES

Third-party operators spud 200 wells in Q1 2025 (Q1 2024 - 174 wells) comprised of 108 wells on gross overriding royalty acreage, 81 wells on fee lands, and 11 unit wells. There were a total of 186 oil wells (93% of wells) spud during the quarter which included 53 Mannville light and heavy oil wells, 38 Viking wells, 20 Clearwater wells, 17 Mississippian wells, 15 Duvernay wells and 43 additional oil wells across Alberta and Saskatchewan and including 11 Lindbergh and 6 Onion Lake thermal oil wells which are expected to come on production in 2026. There were 14 natural gas wells spud in Q1 2025 including 8 Montney wells as well as additional gas wells in the Mannville, Spirit River and Duvernay formations. PrairieSky's average royalty rate for wells spud in Q1 2025 was 6.9% (Q1 2024 - 6.0%).

NORMAL COURSE ISSUER BID

PrairieSky will apply to the Toronto Stock Exchange ("TSX") to extend its NCIB for an additional one-year period. The renewal of the NCIB has been approved by the Company's board of directors; however, the NCIB, including the limit of purchases thereunder, will be subject to acceptance by the TSX and, if accepted, will be made in accordance with the applicable rules and policies of the TSX and applicable securities laws. Under the NCIB, common shares may be repurchased in open market transactions on the TSX, and/or other Canadian exchanges or alternative trading systems. The price that PrairieSky will pay for common shares in open market transactions will be the market price at the time of purchase. Common shares acquired under the NCIB will be cancelled. If approved, the NCIB is expected to commence shortly after regulatory approvals are obtained and after expiry of the current program on June 3, 2025.

PrairieSky believes renewing the NCIB as part of its capital management strategy is in the best interests of the Company and represents an attractive opportunity to use cash resources to reduce PrairieSky's share count over time and thereby enhance the value of the common shares held by remaining shareholders. Decisions regarding increases to the NCIB will be based on market conditions, share price, best use of funds from operations, and other factors including debt repayment and options to expand our portfolio of royalty assets.

2025 INVESTOR DAY

PrairieSky will be hosting an investor day on May 14, 2025, in Calgary, Alberta, where members of PrairieSky's management team will present details on the Company's oil and natural gas plays. The investor day will be webcast starting at 9:30 a.m. MDT (11:30 a.m. EDT). Interested parties may participate in the webcast which will be available through PrairieSky's investor center at www.prairiesky.com. The webcast will be archived and accessible for replay after the event.

NOTES AND REFERENCES

(1) In this press release, the financial reporting periods are referred to as follows: "Q1 2025" or "the quarter" refers to the three months ended March 31, 2025; "Q1 2024" refers to the three months ended March 31, 2024.

Unless otherwise indicated or the context otherwise requires, terms used in this press release but not

defined above are as defined in the Company's Annual Information Form for the year ended December 31, 2024 which is available on SEDAR+ at www.sedarplus.com and PrairieSky's website at www.prairiesky.com.

FINANCIAL AND OPERATIONAL INFORMATION

The following table summarizes select 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 unaudited interim condensed consolidated financial statements and notes thereto for the fiscal period ended March 31, 2025 are available on SEDAR+ at www.sedarplus.com and PrairieSky's website at www.prairiesky.com.

(\$ millions, except \$ per share or as otherwise noted)	Three months ended		
	March 31 2025	December 31 2024	March 31 2024
FINANCIAL			
Royalty production revenue	119.9	115.6	113.2
Other revenue	8.2	20.0	7.5
Revenues	128.1	135.6	120.7
Funds from operations	85.8	99.0	83.0
Per share - basic and diluted ⁽¹⁾	0.36	0.41	0.35
Net earnings	58.4	60.2	47.5
Per share - basic and diluted ⁽¹⁾	0.25	0.25	0.20
Dividends declared ⁽²⁾	61.2	59.9	59.7
Per share	0.26	0.25	0.25
Dividend payout ratio ⁽³⁾	71	% 61	% 72
Acquisitions - including non-cash consideration ⁽⁴⁾	63.6	31.5	8.8
Net debt ⁽⁵⁾	258.8	134.9	208.3
Common share repurchases, inclusive of all costs	91.8	-	-
Shares outstanding (millions)			
Shares outstanding at period end	235.5	239.0	239.0
Weighted average - basic and diluted	238.3	239.0	239.0
OPERATIONAL			
Royalty production volumes			
Crude oil (bbls/d)	13,502	13,317	13,142
NGL (bbls/d)	2,520	2,482	2,535
Natural gas (MMcf/d)	55.9	55.1	62.1
Royalty Production (BOE/d) ⁽⁶⁾	25,339	24,982	26,027
Realized pricing			
Crude oil (\$/bbl)	83.16	81.66	77.18
NGL (\$/bbl)	44.51	40.68	44.18
Natural gas (\$/Mcf)	1.73	1.23	1.89
Total (\$/BOE) ⁽⁶⁾	52.58	50.30	47.79
Operating netback per BOE (\$) ⁽⁷⁾	42.85	45.86	39.60
Funds from operations per BOE (\$)	37.62	43.07	35.04
Oil price benchmarks			
West Texas Intermediate (WTI) (US\$/bbl)	71.39	70.27	76.95
Edmonton light sweet (\$/bbl)	95.20	94.90	92.18
Western Canadian Select (WCS) crude oil differential to WTI (US\$/bbl)	(12.67)	(12.55)	(19.33)

Natural gas price benchmarks

AECO Monthly Index (\$/Mcf)	2.02	1.46	2.05
AECO Daily Index (\$/Mcf)	2.16	1.48	2.50
Foreign exchange rate (US\$/CAD\$)	0.6976	0.7147	0.7411

(1) Funds from operations and net earnings per share are calculated using the weighted average number of basic and diluted common shares outstanding.

(2) A dividend of \$0.26 per share was declared on March 10, 2025. The dividend will be paid on April 15, 2025 to shareholders of record as at March 31, 2025.

(3) Dividend payout ratio is defined under the "Non-GAAP Measures and Ratios" section of this press release.

(4) Excluding right-of-use asset additions.

(5) See Note 13 "Capital Management" in the interim condensed consolidated financial statements for the three months ended March 31, 2025 and 2024 and Note 16 "Capital Management" in the annual audited consolidated financial statements for the years ended December 31, 2024 and 2023.

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

(7) Operating netback per BOE is defined under the "Non-GAAP Measures and Ratios" section of this press release.

CONFERENCE CALL DETAILS

A conference call to discuss the results will be held for the investment community on Tuesday, April 15, 2025, beginning at 6:30 a.m. MST (8:30 a.m. EST). To participate in the conference call, you are asked to register at one of the links provided below. Details regarding the call will be provided to you upon registration.

Live call participant registration

URL: <https://register-conf.media-server.com/register/Bladb5efe7e21145bda3895f295f81b293>

Live webcast participant registration (listen in only)

URL: <https://edge.media-server.com/mmc/p/be75c3go>

FORWARD-LOOKING STATEMENTS

This press release includes certain forward-looking information and forward-looking statements (collectively, "forward-looking statements") which may include, but are not limited to PrairieSky's future plans, current expectations and views of future operations and contains forward-looking statements that the Company believes allow readers to better understand the Company's business and prospects. All statements other than statements of historical fact may be forward-looking statements. The use of any of the words "expect", "expected to", "anticipate", "continue", "estimate", "objective", "ongoing", "may", "will", "project", "should", "could", "likely", "believe", "plans", "intends", "strategy" and similar expressions (including negative variations) are intended to identify forward-looking information or statements. Forward-looking statements contained in this press release include, but are not limited to, estimates regarding the impact of cold weather downtime on natural gas royalty production volumes, our expectations with respect to PrairieSky's business and growth strategy and trajectory, including the benefits of the Company's strategy of investing in low-cost oil plays, expectation that the 11 Lindbergh and 6 Onion Lake thermal oil wells spud in Q1 2025 will come on production in 2026 and the application of PrairieSky to renew the NCIB, the timing of when the NCIB will commence, the limit thereunder, and PrairieSky's belief that repurchasing such common shares under the NCIB is a good allocation of PrairieSky's capital resources and will enhance the value of the common shares held by remaining shareholders, and other statements.

With respect to forward-looking statements contained in this press release, PrairieSky has made several assumptions including those described in detail in our MD&A and the Annual Information Form for the year ended December 31, 2024. Readers and investors are cautioned that the assumptions used in the preparation of such forward-looking 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. PrairieSky's actual results, performance, or achievements could differ materially from those expressed in, or implied by, these forward-looking statements. PrairieSky can give no assurance that any of the events anticipated will transpire or occur, or if any of them do, what benefits the Company will derive from them.

By their nature, forward-looking statements are subject to numerous risks and uncertainties, some of which are beyond PrairieSky's control, including but not limited to the impact of general economic conditions including inflation, industry conditions, volatility of commodity prices, lack of pipeline capacity, currency fluctuations, increasing interest rates, 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, the risks and impacts of tariffs imposed between Canada and the United States (and other countries) or other restrictive trade measures, retaliatory or countermeasures implemented by such governments affecting trade between Canada and the United States (and other countries), including the potential introduction of regulatory barriers to trade and the effect on the demand and/or market price for commodities, and the Company's 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, uncertainties and assumptions are described in more detail in PrairieSky's MD&A and the Annual Information Form for the year ended December 31, 2024 under the headings "Risk Management" and "Risk Factors", respectively, each of which is available on SEDAR+ at www.sedarplus.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 statements contained in this press release are 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 AND RATIOS

Certain measures and ratios in this press release do not have any standardized meaning as prescribed by IFRS and, therefore, are considered non-GAAP measures and ratios. These measures and ratios may not be comparable to similar measures and ratios presented by other issuers. These measures and ratios are commonly used in the 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 and ratios include operating netback per BOE and dividend payout ratio. Management's use of these measures and ratios is discussed further below. Further information can be found in the Non-GAAP Measures and Ratios section of PrairieSky's MD&A for the three months ended March 31, 2025 and 2024.

"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 (royalty production revenue less production and mineral taxes and cash administrative expenses) 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 and the comparability of the underlying performance between years. Operating netback per BOE measures are commonly used in the oil and natural gas industry to assess performance comparability. Refer to the Operating Results table on page 6 of PrairieSky's MD&A for the three months ended March 31, 2025 and 2024 and page 7 of PrairieSky's MD&A for the year ended December 31, 2024.

(\$ millions)	Three months ended		
	March 31 2025	December 31 2024	March 31 2024
Cash from operating activities	90.7	91.3	79.7
Other revenue	(8.2)	(20.0)	(7.5)
Other revenue - non-cash	-	8.2	-
Amortization of debt issuance costs	(0.1)	(0.2)	(0.1)
Finance expense	2.9	2.3	3.7
Current tax expense	17.3	16.2	14.7
Interest on lease obligation	-	(0.1)	-
Net change in non-cash working capital	(4.9)	7.7	3.3
Operating netback	97.7	105.4	93.8

"Operating Margin" represents operating netback as a percentage of royalty production revenue. Management uses this measure to demonstrate the comparability between the Company and production and exploration companies in the oil and natural gas industry as it shows net revenue generation from operations.

(\$ millions)	Three months ended		
	March 31 2025	December 31 2024	March 31 2024
Royalty production revenue	119.9	115.6	113.2
Operating netback	97.7	105.4	93.8
Operating margin	81	% 91	% 83

"Dividend 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.

(\$ millions, except otherwise noted)	Three months ended		
	March 31 2025	December 31 2024	March 31 2024
Funds from operations	85.8	99.0	83.0
Dividends declared	61.2	59.9	59.7
Dividend payout ratio	71	% 61	% 72

ABOUT PRAIRIESKY ROYALTY LTD.

PrairieSky is a royalty company, generating royalty production revenues as oil 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.

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