

Teck Reports Unaudited Annual and Fourth Quarter Results for 2018

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- Record annual revenue of \$12.6 billion
- Record annual EBITDA^{1 2} of \$6.2 billion
- Record annual profit of \$3.1 billion
- QB2 project sanctioned for construction and US\$1.2 billion partnering transaction announced

VANCOUVER, Feb. 13, 2019 - [Teck Resources Ltd.](#) (TSX: TECK.A and TECK.B, NYSE: TECK) (‘Teck’) reported record annual profit attributable to shareholders of \$3.1 billion for 2018. In the fourth quarter, adjusted profit attributable to shareholders^{1 2} was \$500 million (\$0.87 per share) and profit attributable to shareholders was \$433 million (\$0.75 per share) compared with \$680 million (\$1.18 per share) and \$740 million (\$1.28 per share) a year ago.

‘2018 was another very good year for Teck,’ said Don Lindsay, President and CEO. ‘We achieved record earnings of \$3.1 billion and record EBITDA of \$6.2 billion, we were very pleased with the extremely successful start-up of production at Fort Hills and we announced the sanctioning of our Quebrada Blanca Phase 2 project and a US\$1.2 billion partnering transaction. Our financial position remains very strong, leaving us well positioned for the coming year.’

Highlights and Significant Items

- In 2018, we achieved records in annual profit attributable to shareholders of \$3.1 billion, revenues of \$12.6 billion and EBITDA of \$6.2 billion.
- Annual profit attributable to shareholders was a record \$3.1 billion (\$5.41 per share), compared with \$2.5 billion (\$4.26 per share) a year ago. Annual adjusted profit attributable to shareholders was, \$2.4 billion (\$4.13 per share) compared with \$2.5 billion (\$4.36 per share) a year ago.
- Adjusted profit in the fourth quarter was \$500 million (\$0.87 per share) compared with \$680 million (\$1.18 per share) in the fourth quarter of last year. Profit attributable to shareholders was \$433 million (\$0.75 per share) in the fourth quarter compared with \$740 million (\$1.28 per share) a year ago.
- Our annual EBITDA was a record \$6.2 billion in 2018 compared to \$5.6 billion in 2017 and adjusted EBITDA¹ was \$5.4 billion in 2018 compared with \$5.7 billion in 2017. Adjusted EBITDA for the fourth quarter was \$1.3 billion compared with \$1.5 billion last year. EBITDA was \$1.2 billion in the fourth quarter, compared with \$1.6 billion a year ago.
- In December, our Board approved the construction of the Quebrada Blanca Phase 2 (QB2) project, with first production targeted for the second half of 2021.
- We also announced a transaction through which Sumitomo Metal Mining Co. Ltd. and Sumitomo Corporation will subscribe for a 30% indirect interest in the subsidiary that owns the QB2 project by contributing US\$1.2 billion to the project. Additional payments are contingent on further development.
- On February 11, 2019, we agreed with Posco Canada Limited (Poscan), pursuant to a reopener in the Greenhills joint venture agreement, to substantially increase the royalty paid by Poscan in respect of its 20% share of Greenhills coal production. At current coal prices the increase in the royalty will amount to approximately \$90 million annually.
- Our steelmaking coal operations achieved a quarterly production record of 7.3 million tonnes in the fourth quarter and set an annual record for total material moved in 2018.

- Antamina achieved record annual combined copper and zinc concentrate production of 2.4 million tonnes in 2018.
- Fort Hills achieved plant production of 201,000 barrels of bitumen per day in December, exceeding design nameplate capacity of 194,000 barrels per day.
- As a result of a significant decline in global benchmark crude oil prices and a significant widening of Western Canadian Select (WCS) price differentials, we incurred a fourth quarter loss of \$92 million in our energy business unit before depreciation, amortization and inventory write-downs.
- In December, the Government of Alberta announced a temporary curtailment of provincial crude oil and bitumen production, effective January 1, 2019. Subsequent to this announcement, the spot WCS price differentials narrowed significantly from a high at US\$52.55 per barrel to the current differentials of approximately US\$10.50 per barrel.
- In December, we paid a dividend of \$0.15 per share consisting of a supplemental dividend of \$0.10 per share and our regular base dividend of \$0.05 per share, which totaled \$86 million. In addition, our Board directed management to apply \$400 million to the repurchase of Class B subordinate voting shares. To date, we have purchased approximately 8.5 million Class B subordinate voting shares for \$247 million, of which \$131 million was spent in the fourth quarter. As previously announced, our Board will consider an additional return of capital to shareholders on closing of the QB2 transaction.
- In November 2018, we increased our US\$3.0 billion committed credit facility to US\$4.0 billion (undrawn at December 31, 2018) and extended the maturity date from October 2022 to November 2023. We also reduced our US\$1.2 billion committed credit facility to US\$600 million and extended the maturity date to November 2021.
- Our liquidity remains strong at \$6.6 billion including \$1.3 billion in cash at February 12, 2019 and US\$4.0 billion of undrawn, committed credit facilities.
- Moody's upgraded our corporate family credit rating to investment grade in early January 2019 to Baa3 with a stable outlook from Ba1 with a positive outlook. We have credit ratings of BB+ with a positive outlook from each of S&P and Fitch.
- In November we were named as one of Canada's Top 100 Employers by Mediacorp for the second year in a row and in January 2019, we were recognized as one of the Global 100 Most Sustainable Corporations by Corporate Knights, a media and investment research company. Teck was the top-ranked company in the Metals and Mining category.

Notes:

1) Non-GAAP Financial Measure. See "Use of Non-GAAP Financial Measures" section for further information.

2) See "Use of Non-GAAP Financial Measures" section for reconciliation.

This news release is dated as at February 12, 2019. Unless the context otherwise dictates, a reference to "Teck," "the company," "us," "we," or "our" refers to Teck and its subsidiaries. Additional information, including our annual information form and management's discussion and analysis for the year ended December 31, 2017, is available on SEDAR at www.sedar.com.

This document contains forward-looking statements. Please refer to the cautionary language under the heading "CAUTIONARY STATEMENT ON FORWARD-LOOKING INFORMATION" below.

Profit and Adjusted Profit

(CAD\$ in millions)	Three months ended December 31,		Year ended December 31,	
	2018	2017	2018	2017
Profit attributable to shareholders	\$ 433	\$ 740	\$ 3,107	\$ 2,460
Add (deduct):				
Debt purchase losses	–	–	19	159

Debt prepayment option loss (gain)	24	10	31	(38)
Asset sales	–	(4)	(809)	(5)
Foreign exchange (gain) loss	(3)	15	(8)	(4)
Environmental provisions	13	60	13	60
Asset impairments (reversals)	30	(100)	30	(100)
Other	3	(41)	(11)	(12)
Adjusted profit ¹	\$ 500	\$ 680	\$ 2,372	\$ 2,520
Adjusted basic earnings per share ^{1 2}	\$ 0.87	\$ 1.18	\$ 4.13	\$ 4.36
Adjusted diluted earnings per share ^{1 2}	\$ 0.86	\$ 1.16	\$ 4.07	\$ 4.30

Notes:

1) Non-GAAP Financial Measure. See “Use of Non-GAAP Financial Measures” section for further information.

2) See “Use of Non-GAAP Financial Measures” section for reconciliation.

In addition to the items identified in the table above, our results include gains and losses due to changes in market prices in respect of pricing adjustments, commodity derivatives, inventory write-downs, share-based compensation and changes in the discounted value of decommissioning and restoration costs at closed mines. Taken together, these items resulted in \$61 million of after-tax losses (\$89 million before tax) in the fourth quarter, or \$0.11 per share. We do not adjust our reported profit for these regularly occurring items.

To view Teck’s full unaudited fourth quarter results for 2018, please visit the following link:
<https://www.teck.com/media/Q4-2018-NR-F1n8I.pdf>

CAUTIONARY STATEMENT ON FORWARD-LOOKING STATEMENTS

This news release contains certain forward-looking information and forward-looking statements as defined in applicable securities laws (collectively referred to in this news release as “forward-looking statements”). All statements other than statements of historical fact are forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of Teck to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

These forward-looking statements, including under the headings “Outlook,” that appear in various places in this release, include estimates, forecasts, and statements as to management’s expectations with respect to, among other things, anticipated global and regional supply and demand for our commodities, production, sales and unit cost guidance and forecasts for our products and individual operations, capital expenditure guidance, capitalized stripping guidance, mine lives and duration of operations at our various mines and operations, expectations regarding the closing of the subscription by SMM and SC in QBSA; timing and amount of our equity contributions to the QB2 project; ability or intention to return capital to shareholders and pursue other opportunities, our expectation that coal production volumes can be adjusted to reflect market demand, mine lives and the expected life of our various operations, including our expectation that we will be able to extend the mine lives of Fording River, Elkview and Greenhills our strategy to maintain a level of production in the Elk Valley and benefits of expansion at Elkview Operations, expectations regarding the potential for the proposed MacKenzie Redcap development at Cardinal River to supply additional coal production or extend production at Cardinal River and the costs associated therewith, Elk Valley Water Quality Plan spending guidance, including projected 2019 capital spending and other capital spending guidance, expected operating costs associated with the Plan, timing of AWTF construction and projected number of AWTFs required, expectations regarding the additional treatment steps associated with the water quality plan and related benefits, operating cost increase guidance associated with the Plan, potential for saturated fills to reduce capital and operating costs associated with active water treatment, expected spending on research and development and the potential of the projects to reduce energy consumption and GHG emissions, expectations regarding the Neptune facility upgrade, including costs, timing and anticipated benefits, anticipated benefits and timing of our ball mill project at Highland Valley, expected spending and activities on our Project Satellite properties, the anticipated benefits of the Red Dog mill upgrade project and the associated timing and cost, potential to debottleneck at Fort Hills and expand production capacity, potential to increase Fort Hills production, the timing of a decision statement regarding the Frontier Project, our expectations regarding the Antamina tax assessment, including the expectation that Antamina’s original filing positions will ultimately prevail, projections and

sensitivities under the heading “Commodity Prices and Sensitivities”; projections under the heading “2019 Production and Other Guidance”; impact of certain accounting initiatives and estimates, all guidance appearing in this news release including but not limited to the production, sales, unit cost and capital expenditure guidance under the heading “Guidance”; the sensitivity of our profit and EBITDA to changes in currency exchange rates and commodity price changes, the expectation that our efforts have helped insulate our company from the effects of price volatility, the expectations regarding the number of Class B shares that might be purchased under the normal course issuer bid and demand and market outlook for commodities and our products. These forward-looking statements involve numerous assumptions, risks and uncertainties and actual results may vary materially.

These statements are based on a number of assumptions, including, but not limited to, assumptions regarding general business and economic conditions, the supply and demand for, deliveries of, and the level and volatility of prices of, zinc, copper and steelmaking coal and other primary metals and minerals as well as oil, and related products, the timing of the receipt of regulatory and governmental approvals for our development projects and other operations, our costs of production and production and productivity levels, as well as those of our competitors, power prices, continuing availability of water and power resources for our operations, market competition, the accuracy of our mineral reserve and resource estimates (including with respect to size, grade and recoverability) and the geological, operational and price assumptions on which these are based, conditions in financial markets, the future financial performance of the company, our ability to attract and retain skilled staff, our ability to procure equipment and operating supplies, positive results from the studies on our expansion projects, our steelmaking coal and other product inventories, our ability to secure adequate transportation, including rail and port service, for our products, assumptions that rail and port services perform adequately, our ability to obtain permits for our operations and expansions, and our ongoing relations with our employees, business partners, joint venturers and communities in which we operate. Assumptions regarding Quebrada Blanca Phase 2 are based on current project assumptions and the final Feasibility Study. Assumptions regarding the benefits of SRF and efforts to reduce water treatment costs are based on the assumption that technologies will work on a wide scale. Assumptions regarding the costs and benefits of the Highland Valley, Red Dog, Neptune and other projects include assumptions that the project performs as expected. Our Guidance tables include footnotes with further assumptions. The foregoing list of assumptions is not exhaustive. Events or circumstances could cause actual results to vary materially.

Factors that may cause actual results to vary materially include, but are not limited to, changes in commodity and power prices, changes in market demand for our products, changes in interest and currency exchange rates, acts of governments and the outcome of legal proceedings, inaccurate geological and metallurgical assumptions (including with respect to the size, grade and recoverability of mineral reserves and resources), unanticipated operational difficulties (including failure of plant, equipment or processes to operate in accordance with specifications or expectations, cost escalation, unavailability of materials and equipment, government action or delays in the receipt of government approvals, industrial disturbances or other job action, adverse weather conditions and unanticipated events related to health, safety and environmental matters), union labour disputes, political risk, social unrest, failure of customers or counterparties (including logistics suppliers) to perform their contractual obligations, changes in our credit ratings, unanticipated increases in costs to construct our development projects, difficulty in obtaining permits, inability to address concerns regarding permits of environmental impact assessments, and changes or further deterioration in general economic conditions. Fort Hills is not controlled by us and schedules and costs may be adjusted by our partners, and timing of spending and continued development is not in our control. Current and new technologies relating to our Elk Valley water treatment efforts may not perform as anticipated. Purchases of Class B shares under the normal course issuer bid may be affected by, amount other things, availability of Class B shares, share price volatility, and availability of funds to purchase shares. Closing of the QB2 transaction depends on certain regulatory approvals; if all required approvals are not received in a timely manner, or other conditions to closing are not satisfied, the timing and ability to close will be negatively affected.

Statements concerning future production costs or volumes are based on numerous assumptions of management regarding operating matters and on assumptions that demand for products develops as anticipated, that customers and other counterparties perform their contractual obligations, that operating and capital plans will not be disrupted by issues such as mechanical failure, unavailability of parts and supplies, labour disturbances, interruption in transportation or utilities, adverse weather conditions, and that there are no material unanticipated variations in the cost of energy or supplies. Statements regarding anticipated steelmaking coal sales volumes and average steelmaking coal prices depend on timely arrival of vessels and performance of our steelmaking coal-loading facilities, as well as the level of spot pricing sales.

We assume no obligation to update forward-looking statements except as required under securities laws.

Further information concerning risks and uncertainties associated with these forward-looking statements and our business can be found in our Annual Information Form for the year ended December 31, 2017, filed under our profile on SEDAR (www.sedar.com) and on EDGAR (www.sec.gov) under cover of Form 40-F, as well as subsequent filings that can also be found under our profile.

Scientific and technical information regarding our material mining projects in this quarterly report was reviewed, approved and verified by Mr. Rodrigo Alves Marinho, P.Geo., an employee of Teck. Mr. Marinho is a qualified person, as defined under National Instrument (NI) 43-101.

WEBCAST

Teck will host an Investor Conference Call to discuss its Q4/2018 financial results at 11:00 AM Eastern time, 8:00 AM Pacific time, on Wednesday, February 13, 2019. A live audio webcast of the conference call, together with supporting presentation slides, will be available at our website at www.teck.com. The webcast will be archived at www.teck.com

Reference:

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