

# Select Sands Reports Results for Fourth Quarter and Full Year 2022

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Houston, May 1, 2023 - [Select Sands Corp.](#) ("Select Sands" or the "Company") (TSXV:SNS) (OTC:SLSDF) today announced operational and financial results for Q4 and full year 2022, and the filing of its financial statements and associated management's discussion and analysis on [www.sedar.com](http://www.sedar.com). All dollar references in this release are in U.S. dollars.

## KEY HIGHLIGHTS

- Sold 81,451 tons of frac and industrial sand during Q4 2022 compared to 83,222 tons in Q3 2022 and 94,670 tons in Q4 2021.
  - For full year 2022, the Company sold 355,307 tons of frac and industrial sand - an 8% increase from 328,978 tons sold during full year 2021.
  - Recorded revenue of \$5.4 million and gross margin of \$0.5 million in Q4 2022 versus \$5.4 million of revenue and gross margin of \$0.7 million in Q3 2022, and revenue of \$6.1 million and gross margin of \$0.7 million for Q4 2021.
  - For the twelve months ended December 31, 2022, the Company recorded revenue of \$22.3 million and gross margin of \$3.0 million - an increase of 13% and 86%, respectively, from revenue of \$19.7 million and gross margin of \$1.6 million for the twelve months ended December 31, 2021.
  - Reported a net loss of \$0.7 million, or \$0.01 per share, in Q4 2022 compared to a net loss of \$0.1 million, or \$0.00 per share, in Q3 2022 and a net loss of \$0.8 million, or \$0.01 per share, in Q4 2021.
  - For full year 2022, the Company reported a net loss of \$0.9 million, or \$0.01 per share, versus a net loss of \$1.7 million, or \$0.02 per share, for full year 2021.
  - Generated adjusted EBITDA(1) of \$0.2 million for Q4 2022 versus \$0.5 million in Q3 2022 and \$0.5 million for Q4 2021.
  - For the twelve months ended December 31, 2022, the Company generated adjusted EBITDA of \$1.9 million - 3.4 times higher than the \$0.5 million of adjusted EBITDA generated during the twelve months ended December 31, 2021.
  - As of December 31, 2022, cash and cash equivalents were \$0.6 million, accounts receivable was \$1.0 million, inventory was \$4.8 million, working capital was \$1.1 million and total debt was \$8.4 million (including \$7.3 million long-term).
1. Adjusted EBITDA is a non-IFRS financial measure and is described and reconciled to net (loss) income in the table later in this release under the section titled "Non-IFRS Financial Measures".

Zig Vitols, President and Chief Executive Officer, commented, "The fourth quarter marked the successful conclusion to another solid year for the Company, which was highlighted by year-over-year growth in sales volumes, revenue, gross margin and adjusted EBITDA. Throughout the year we continued to work closely with our customers to ensure we met their needs while also capitalizing on available opportunities to strategically enhance our cost structure for the benefit of our shareholders. Of course, none of this would have been possible without the efforts of our workforce and I want to thank them for their continued hard work and dedication. As in the past, we remain squarely focused on providing our customers with

outstanding service as we meet growing demand for our premium quality Northern White Sand and other product offerings."

## FINANCIAL SUMMARY

The following table includes summarized financial results for the three months ended December 31, 2022, September 30, 2022 and December 31, 2021, and for full year 2022 and 2021:

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## SALES VOLUMES

Select Sands sold 81,451 tons of frac and industrial sand during Q4 2022, with sales levels impacted by certain early shutdown of fracking operations late in the period, which was contrary to expectations developed during Q3 2022. Sales volume levels for Q4 2022 were below the full shipment capability of the Company's Arkansas' operations (approximately 150,000 tons per quarter). This presents the opportunity for continued improvement in sales volumes (and the ability to spread fixed costs over a wider base of tons produced) over time.

For Q1 2023, the Company expects frac and industrial sand sales volumes of approximately 83,000 tons.

## OPERATIONS UPDATE

Contributing to Select Sands' positive outlook is Baker Hughes' recently published weekly drilling rig count estimates that show a U.S. onshore count of 748 rigs as of April 14, 2023 - an 8% increase from the same time last year. The Company remains focused on positioning its operations to capitalize on this positive trend by further leveraging its high-quality product offerings. This includes serving the increasing needs of customers in the Eagle Ford shale basin in South Texas. Select Sands' George West transload facility continues to operate 24 hours per day and seven days per week, including offering transload for other rail shippers as appropriate.

## OUTLOOK

Mr. Vitols concluded, "Supported by an expected ongoing positive hydrocarbon pricing backdrop as a result of solid industry fundamentals, we anticipate oil and gas operators will continue to need significant volumes of frac sand to develop their respective asset bases throughout 2023. With the superior quality characteristics of our Northern White and other product offerings, we will continue to provide our customers excellent products and service at a compelling price point as our operations are located much closer to key oil basins in the Southern U.S. compared to the majority of other Northern White Sand producers. We appreciate the ongoing support of our shareholders as we remain focused on growing the business through targeted internal initiatives. Complementing these efforts, we will also continue to evaluate external opportunities designed to prudently expand our scope and/or footprint of operations at attractive risk-adjusted rates of return on investment."

## ADDITIONAL MANAGEMENT COMMENTARY

An audio recording of management's additional comments related to its results and outlook will be posted to the Company's website (<https://www.selectsands.com/>) under the Investors section before the market opens Tuesday, May 2, 2023.

## ABOUT SELECT SANDS CORP.

[Select Sands Corp.](#) is an industrial silica product company, which wholly owns a Northern White silica sands

property and related production facilities located near Sandtown, Arkansas. Select Sands' goal is to become a key supplier of premium industrial silica sand and frac sand to North American markets. Select Sands' Arkansas properties have a significant logistical advantage of being significantly closer to oil and gas markets located in Oklahoma, Texas, Louisiana, and New Mexico than the majority of sources of similar sands from the Northern mid-west area such as Wisconsin. Select Sands also operates a transload facility in George West, Texas in Live Oak County that serves customers operating in the Eagle Ford Shale Basin. The facility has a capacity for 180 rail cars and is equipped with two offload/loading stations with dedicated silos for a high throughput capacity. In addition to transloading Select Sands products, the Company sells other sand products from this facility and is able to offer transload services.

## FORWARD-LOOKING STATEMENTS

This news release includes forward-looking information and statements, which may include, but are not limited to, information and statements regarding or inferring the future business, operations, financial performance, prospects, and other plans, intentions, expectations, estimates, and beliefs of the Company. Information and statements which are not purely historical fact are forward-looking statements. The forward-looking statements in this press release relate to comments that include, but are not limited to, statements related to expected current and future state of operations, sales volumes for 2023, customer activity levels, and the unique market position of the Company. Forward-looking information and statements involve and are subject to assumptions and known and unknown risks, uncertainties, and other factors which may cause actual events, results, performance, or achievements of the Company to be materially different from future events, results, performance, and achievements expressed or implied by forward-looking information and statements herein. Although the Company believes that any forward-looking information and statements herein are reasonable, in light of the use of assumptions and the significant risks and uncertainties inherent in such information and statements, there can be no assurance that any such forward-looking information and statements will prove to be accurate, and accordingly readers are advised to rely on their own evaluation of such risks and uncertainties and should not place undue reliance upon such forward-looking information and statements. Any forward-looking information and statements herein are made as of the date hereof, and except as required by applicable laws, the Company assumes no obligation and disclaims any intention to update or revise any forward-looking information and statements herein or to update the reasons that actual events or results could or do differ from those projected in any forward-looking information and statements herein, whether as a result of new information, future events or results, or otherwise, except as required by applicable laws.

## COMPANY CONTACTS

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## NON-IFRS FINANCIAL MEASURES

The following information is included for convenience only. Generally, a non-IFRS financial measure is a numerical measure of a company's performance, cash flows or financial position that either excludes or includes amounts that are not normally excluded or included in the most directly comparable measure calculated and presented in accordance with IFRS. Adjusted EBITDA is not a measure of financial performance (nor does it have a standardized meaning) under IFRS. In evaluating non-IFRS financial measures, investors should consider that the methodology applied in calculating such measures may differ among companies and analysts.

The Company uses both IFRS and certain non-IFRS measures to assess operational performance and as a component of employee remuneration. Management believes certain non-IFRS measures provide useful supplemental information to investors in order that they may evaluate Select Sands' financial performance using the same measures as management. Management believes that, as a result, the investor is afforded greater transparency in assessing the financial performance of the Company. These non-IFRS financial measures should not be considered as a substitute for, nor superior to, measures of financial performance prepared in accordance with IFRS.

As reflected in the above tables for the periods presented, the Company defines EBITDA as net loss adjusted for items listed. The Company defines Adjusted EBITDA as net loss adjusted for select items used to estimate EBITDA with additional adjustments as listed in the above table to estimate Adjusted EBITDA. Select Sands uses Adjusted EBITDA as a supplemental financial measure of its operational performance. Management believes Adjusted EBITDA to be an important measure as they exclude the effects of items that primarily reflect the impact of long-term investment and financing decisions, rather than the performance of the Company's day-to-day operations. As compared to net loss according to IFRS, this measure is limited in that it does not reflect the periodic costs of certain capitalized tangible and intangible assets used in generating revenues in the Company's business, the charges associated with impairments, termination costs, transaction costs or other items management views as unusual or one-time in nature. Management evaluates such items through other financial measures such as capital expenditures and cash flow provided by operating activities. The Company believes that these measurements are useful to measure a company's ability to service debt and to meet other payment obligations or as a valuation measurement.

## INDICATED RESOURCES DISCLOSURE

The Company advises that the production decision on the Sandtown deposit (the Company's current "Sand Operations") was not based on a Feasibility Study of mineral reserves, demonstrating economic and technical viability, and, as a result, there may be an increased uncertainty of achieving any level of recovery of minerals or the cost of such recovery, including increased risks associated with developing a commercially mineable deposit. Historically, such projects have a much higher risk of economic and technical failure. There is no guarantee that production will occur as anticipated or that anticipated production costs will be achieved.

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