

Tidewater Midstream and Infrastructure Ltd. Announces Second Quarter 2017 Results and Operational Update

CALGARY, Alberta, Aug. 10, 2017 (GLOBE NEWSWIRE) -- Tidewater Midstream and Infrastructure Ltd. (“**Tidewater**” or the “**Corporation**”) (TSX-V:TWM) is pleased to announce that it has filed its condensed interim consolidated financial statements and Management’s Discussion and Analysis (“**MD&A**”) for the three and six-month periods ended June 30, 2017.

Highlights

- Tidewater delivered strong quarterly adjusted earnings before interest, taxes, depreciation and amortization (“Adjusted EBITDA”) of \$14.9 million or \$0.05 per share for the second quarter of 2017 compared to \$9.3 million or \$0.03 per share for the same period in 2016. Net earnings for the second quarter were \$4.9 million or \$0.01 per share compared to \$3.2 million or \$0.01 per share for the same period in 2016.
- The Corporation maintained a conservative payout ratio of approximately 34% with distributable cash flow of \$9.7 million in the second quarter of 2017 compared to \$9.1 million from the same period in 2016.
- Corporate throughput remained at record levels and fractionation volumes continue to exceed management expectations. Tidewater has commenced expansion plans at the Brazeau River Complex “the BRC” for roughly 50 MMcf/d of incremental processing capacity, due to increasing producer demand, for approximately \$10 million of capital which is expected to be online in December 2017.
- Tidewater closed its previously announced ten-year processing and reserve dedication agreement with a well-capitalized private company at the BRC.
- Tidewater successfully reactivated the recently acquired deep cut extraction plant in late July significantly ahead of schedule and under budget and is currently running at 50% of expected capacity. Management expects the deep cut extraction plant to meet volume and EBITDA forecasts in January 2018 as previously disclosed.
- Tidewater plans to exit 2017 with run-rate Adjusted EBITDA of approximately \$70 million with targeted net debt under 1.0x debt to Adjusted EBITDA on its \$180 million credit facility.
- Tidewater is focused on delivering approximately 20% EBITDA per share growth over the next twelve months and overall 2017 EBITDA remains in-line with management’s expectations.

Selected financial and operating information is outlined below and should be read with Tidewater’s audited consolidated financial statements and related MD&A which are available at www.sedar.com and on our website at www.tidewatermidstream.com.

Financial Overview

(In thousands of Canadian dollars, except per share data)

	Three-months ended June 30,		Six-months ended June 30,	
	2017	2016	2017	2016
Total revenues	\$ 56,221	\$ 25,698	\$ 105,852	\$ 44,036
Income for the period	\$ 4,871	\$ 3,169	\$ 12,389	\$ 9,077
Earnings per common share – basic and diluted	\$ 0.01	\$ 0.01	\$ 0.04	\$ 0.04
EBITDA ¹	\$ 13,752	\$ 8,448	\$ 26,641	\$ 18,000
Adjusted EBITDA ²	\$ 14,858	\$ 9,290	\$ 29,240	\$ 16,580
Adjusted EBITDA per common share - basic ²	\$ 0.05	\$ 0.03	\$ 0.09	\$ 0.07

Adjusted EBITDA per common share - diluted ²	\$ 0.04	\$ 0.03	\$ 0.09	\$ 0.07
Total cash and cash equivalents	\$ 2,565	\$ 17,029	\$ 2,565	\$ 17,029
Total assets	\$ 686,728	\$ 475,301	\$ 686,728	\$ 475,301
Total acquisitions	\$ 20,693	\$ 12,580	\$ 31,091	\$ 147,818
Total capital expenditures	\$ 36,091	\$ 3,926	\$ 72,554	\$ 6,786
Bank debt	\$ 65,000	\$ -	\$ 65,000	\$ -
Total non-current financial liabilities	\$ 194,499	\$ 86,138	\$ 194,449	\$ 86,138
Working capital surplus	\$ 12,427	\$ 37,646	\$ 12,427	\$ 37,646
Cash flow from operating activities ³	\$ 12,027	\$ 9,273	\$ 25,159	\$ 15,965
Cash flow from operating activities per common share – basic ³	\$ 0.04	\$ 0.03	\$ 0.08	\$ 0.07
Cash flow from operating activities per common share – diluted ³	\$ 0.04	\$ 0.03	\$ 0.07	\$ 0.07
Distributable cash flow ⁴	\$ 9,721	\$ 9,089	\$ 21,870	\$ 15,781
Distributable cash flow per common share – basic and diluted ⁴	\$ 0.03	\$ 0.03	\$ 0.07	\$ 0.07
Dividends declared	\$ 3,289	\$ 2,846	\$ 6,577	\$ 5,617
Dividends declared per common share	\$ 0.01	\$ 0.01	\$ 0.02	\$ 0.02
Total common shares outstanding (000s)	328,908	284,158	328,908	284,158
Total RSUs outstanding (000s)	7,053	4,244	7,053	4,244
Total Options outstanding (000s)	5,454	3,373	5,454	3,373

Notes:

1. EBITDA is calculated as income or loss before finance costs, taxes, depreciation and amortization. EBITDA is not a standard measure under GAAP. See “Non-GAAP Financial Measures” in the Corporation’s MD&A for a reconciliation of EBITDA to its most closely related GAAP measure.
2. Adjusted EBITDA is calculated as EBITDA adjusted for incentive compensation, unrealized gains/losses, non-cash items, transaction costs and items that are considered non-recurring in nature. Adjusted EBITDA per common share is calculated as Adjusted EBITDA divided by the weighted average number of common shares outstanding for the three and six-month periods ended June 30, 2017. Adjusted EBITDA and Adjusted EBITDA per common share are not standard measures under GAAP. See “Non-GAAP Financial Measures” in the Corporation’s MD&A for a reconciliation of Adjusted EBITDA and Adjusted EBITDA per common share to their most closely related GAAP measures.
3. Cash flow from operating activities is calculated as net cash used in operating activities before changes in non-cash working capital less any long term incentive plan expenses. Cash flow from operating activities per common share is calculated as cash flow from operating activities divided by the weighted average number of common shares outstanding for the three and six-month periods ended June 30, 2017. Cash flow from operating activities and cash flow from operating activities per common share are not standard measures under GAAP. See “Non-GAAP Financial Measures” in the Corporation’s MD&A for a reconciliation of cash flow from operating activities and cash flow from operating activities per common share to their most closely related GAAP measures.
4. Distributable cash flow is calculated as net cash used in operating activities before changes in non-cash working capital and after any expenditures that use cash from operations. Distributable cash flow per common share is calculated as distributable cash flow over the weighted average number of common shares outstanding for the three and six-month periods ended June 30, 2017. Distributable cash flow and distributable cash flow per common share are not standard measures under GAAP. See “Non-GAAP Financial Measures” in the Corporation’s MD&A for a reconciliation of distributable cash flow and distributable cash flow per common share to their most closely related GAAP measures.

Outlook

Corporate throughput remains at all-time highs with the BRC gas plant and fractionation facility seeing greater volumes than anticipated and certain production being curtailed as a result of capacity restrictions.

Tidewater's 50 MMcf/d expansion at the BRC remains on time and on budget with completion anticipated at the end of 2017. Tidewater also expects to complete construction of the previously disclosed key strategic pipelines in Q4 2017 for approximately \$15 - \$20 million. The pipelines will provide access to a new core area for the BRC which is supported by a 55,000 acre reserve dedication and a three to four horizontal well commitment. Drilling activity in Tidewater's core infrastructure Deep Basin area has continued to accelerate, contributing to strong second quarter 2017 results. Tidewater also continues to evaluate several egress solutions around the BRC including storage and pipeline options which are attracting significant producer support.

Tidewater successfully reactivated the recently acquired deep cut extraction plant in late July significantly ahead of schedule and under budget and is currently running at 50% of expected capacity. Management expects the deep cut extraction plant to meet volume and EBITDA forecasts in January 2018 as previously disclosed.

Tidewater continues to increase its exposure to the Montney resource play development with the move into NEBC and the ongoing development of the Montney Egress Hub in the Pipestone area. Tidewater has received significant interest from Montney producers for processing, fractionation, egress and marketing solutions.

As previously disclosed, Tidewater plans to exit 2017 with annualized run-rate Adjusted EBITDA of approximately \$70 million with target net debt under 1.0x debt to Adjusted EBITDA on its \$180 million Credit Facility. Tidewater is focused on delivering approximately 20% EBITDA per share growth over the next twelve months and overall 2017 EBITDA remains in-line with management's expectations.

Capital Program

Tidewater remains on-time and on-budget on its previously announced 2017 capital program and the EBITDA generated from these capital projects is expected to be in-line with the amount previously disclosed.

Tidewater's 10,000 bbl/d C2+ fractionation facility and 40 MMcf/d of additional deep cut processing capacity at the BRC continues to outperform and throughput levels continue to exceed expectations with no material downtime over the first 90 days of operations.

Tidewater commenced reservoir injections on Phase I of its Montney infrastructure/egress hub in the Pipestone area in the first quarter of 2017, which was completed on-time and on-budget. Despite continued volatility in AECO pricing and seasonal pricing spreads, the Corporation continues to advance toward a final investment decision on Phase II of the project which will include connections to both Alliance and TCPL. Tidewater continues to receive interest from several investment grade counter parties to contract the available capacity on a long term basis, which will further diversify Tidewater's customer base. It is expected the Corporation will make a final investment decision by the end of 2017.

The Corporation continues to progress on its 50 - 100 MMcf/d sour gas plant (the "Pipestone Gas Plant") which would be supported by take or pay contracts and/or reserve dedications. Although no certainty can be provided, Tidewater is encouraged by the progress and support and expects a final investment decision in 2017. The Pipestone Gas Plant is expected to be directly connected to Tidewater's Montney infrastructure/egress hub in the Pipestone area.

Tidewater has commenced expansion plans at the BRC for roughly 50 MMcf/d of incremental processing

capacity for approximately \$10 million of capital which is expected to be online in December of 2017.

Tidewater continues to evaluate several capital projects which would generate returns consistent with previous projects and is fully funded to move these projects forward.

Stock Options and RSUs

The Corporation has approved a grant of 1.9 million restricted share units and 1.5 million stock options to directors, officers, employees and consultants of the Corporation. The options will have an exercise price equal to the price per common share on the date of grant, will vest over a period of three years, and will expire five years from the date of grant. The Corporation has determined that exemptions from the various requirements of TSX Venture Exchange Policies are available for the granting of the options and RSUs.

About Tidewater

Tidewater is traded on the TSX Venture Exchange under the symbol "TWM.V". Tidewater's business objective is to build a diversified midstream and infrastructure company in the North American natural gas and natural gas liquids ("NGL") space. Its strategy is to profitably grow and create shareholder value through the acquisition and development of oil and gas infrastructure. Tidewater plans to achieve its business objective by providing customers with a full service, vertically integrated value chain through the acquisition and development of oil and gas infrastructure including: gas plants, pipelines, railcars, trucks, export terminals and storage facilities.

Additional information relating to Tidewater is available on SEDAR at www.sedar.com and at www.tidewatermidstream.com.

Advisory Regarding Forward-Looking Statements

In the interest of providing Tidewater's shareholders and potential investors with information regarding Tidewater, including management's assessment of Tidewater's future plans and operations, certain statements in this press release are "forward-looking statements" within the meaning of the United States *Private Securities Litigation Reform Act* of 1995 and "forward-looking information" within the meaning of applicable Canadian securities legislation (collectively, "forward-looking statements"). In some cases, forward-looking statements can be identified by terminology such as "anticipate", "believe", "continue", "could", "estimate", "expect", "forecast", "intend", "may", "objective", "ongoing", "outlook", "potential", "project", "plan", "should", "target", "would", "will" or similar words suggesting future outcomes, events or performance. The forward-looking statements contained in this press release speak only as of the date thereof and are expressly qualified by this cautionary statement.

Specifically, this press release contains forward-looking statements relating to but not limited to: our business strategies, plans and objectives. These forward-looking statements are based on certain key assumptions regarding, our ability to execute on our business plan, our operating activities and current industry conditions, laws and regulations continuing in effect (or, where changes are proposed, such changes being adopted as anticipated). Readers are cautioned that such assumptions, although considered reasonable by Tidewater at the time of preparation, may prove to be incorrect.

Actual results achieved will vary from the information provided herein as a result of numerous known and unknown risks and uncertainties and other factors.

The above summary of assumptions and risks related to forward-looking statements in this press release

has been provided in order to provide shareholders and potential investors with a more complete perspective on Tidewater's current and future operations and such information may not be appropriate for other purposes. There is no representation by Tidewater that actual results achieved will be the same in whole or in part as those referenced in the forward-looking statements and Tidewater does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities law.

TSX Venture Exchange

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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