Tidewater announces regulatory approval of pipeline to TransAlta, updates Q3 guidance and crude oil infrastructure initiatives and announces Q3 release details

CALGARY, Oct. 30, 2018 /CNW/ -

Regulatory approval for TransAlta intra-Alberta pipeline

Tidewater Midstream and Infrastructure Ltd. ("**Tidewater**" or the "**Corporation**") announces today that it received approval from the Alberta Energy Regulator to construct and operate the previously announced 120 km natural gas pipeline connecting Tidewater's Brazeau River Complex to TransAlta Corporation's ("**TransAlta**") generating units at Sundance and Keephills (the "**Pipeline**"). The Pipeline will have initial capacity of 130 MMcf/d which may be expanded to approximately 440 MMcf/d and is supported by a 15 year take or pay commitment from TransAlta. Tidewater expects to commence construction within the next three weeks to meet a projected in-service date in Q3/Q4 of 2019.

"Tidewater is well positioned to commence constructing this very important piece of infrastructure that will provide a source of egress to many Alberta gas producers," said Reed McDonnell, Vice President, Acquisitions and JV of Tidewater. "We are very excited to move forward with our long-term arrangement with TransAlta."

Update to Q3 guidance

Due to reduced customer volume in Q3, 2018, Tidewater expects third quarter Adjusted EBITDA to be approximately 95% of expected Adjusted EBITDA of $18.5 million. Despite the low gas, Natural Gas Liquids and condensate pricing realized in Q3, 2018, Tidewater's mix of customers and contracts maintained Adjusted EBITDA to within 5% of expectations.

Crude oil infrastructure update

Tidewater has executed a total of six crude oil infrastructure agreements to date to deliver crude oil to six end markets including direct to three refiners. Tidewater now expects the impact of these agreements to be greater than 10% of incremental annualized Adjusted EBITDA in 2019 compared to Tidewater's previous forecast of 5%-10% of incremental annualized Adjusted EBITDA in 2019.

Tidewater announces release date for Q3 2018 results and earnings call

Tidewater will release its third quarter 2018 results on Tuesday, November 13th, before the market opens. In conjunction with the earnings release, investors will have the opportunity to listen to Tidewater senior management review its third quarter 2018 results via conference call on Wednesday, November 14th at 9:30 am MST.

To access the conference call by telephone, dial 647-427-7450 (local / international participant dial in) or 1-888-231-8191 (North American toll free participant dial in). A question and answer session for analysts will follow management's presentation.

A live audio webcast of the conference call will be available by following this link: https://event.on24.com/wcc/r/1870668/85ED4619FEA6FCADD1BBD71C4757F867 and will also be archived for 90 days.

The Corporation's Business

Tidewater is traded on the TSX under the symbol "TWM". 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.

Cautionary Notes

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 information" within the meaning of applicable Canadian securities legislation ("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 news release contains forward-looking statements relating to but not limited to: planned construction of the TransAlta intra-Alberta pipeline and projected in-service date of such pipeline; projections regarding third quarter 2018 Adjusted EBITDA; and projections regarding the impact of crude oil infrastructure agreements on annualized Adjusted EBITDA.

Such forward-looking statements of information are based on a number of assumptions which may prove to be incorrect. In addition to other assumptions identified in this document, assumptions have been made regarding, among other things: general economic and industry trends; oil and gas industry expectation and development activity levels; future natural gas, crude oil and NGL prices; the Corporation's ability to obtain and retain qualified staff and equipment in a timely and cost-effective manner; receipt of regulatory approvals; that counterparties will comply with contracts in a timely manner; that there are no unforeseen material costs relating to the facilities which are not recoverable from customers; funds flow from operations and cash flow consistent with expectations; future capital expenditures to be made by the Corporation; the ability to obtain additional financing on satisfactory terms; the ability of Tidewater to successfully market its products; the Corporation's future debt levels and the ability of the Corporation to repay its debt when due; foreign currency, exchange and interest rates; that any third-party projects relating to the Corporation's growth projects will be sanctioned and completed as expected; the amount of future liabilities relating to lawsuits and environmental incidents and the availability of coverage under the Corporation's insurance policies; and anticipated timelines and budgets being met in respect of the Corporation's projects and operations.

Actual results achieved will vary from the information provided herein as a result of numerous known and unknown risks and uncertainties and other factors including but not limited to: general economic, political, market and business conditions, including fluctuations in interest rates, foreign exchange rates and stock market volatility; a failure to conclude definitive agreements with counterparties that contain terms and conditions consistent with executed letters of intent and term sheets; activities of producers and customers, the regulatory environment and decisions and First Nations and landowner consultation requirements; operational matters, including potential hazards inherent in the Corporation's operations and the effectiveness of health, safety, environmental and integrity programs; transportation of hazardous materials; risks and liabilities arising from derailments;

fluctuations in commodity prices, inventory levels and supply/demand trends; actions by governmental authorities, including changes in government regulation including environmental, tariffs and taxation; changes in operating and capital costs, including fluctuations in input costs; competition for, among other things, business, capital, acquisition opportunities, requests for proposals, materials, equipment, labour and skilled personnel; environmental risks and hazards, including risks inherent in the transportation of NGLs which may create liabilities to the Corporation in excess of the Corporation's insurance coverage, if any; non-performance or default by counterparties to agreements which the Corporation or one or more of its subsidiaries has entered into in respect of its business; construction and engineering variables associated with capital projects, including the availability of contractors, engineering and construction services, accuracy of estimates and schedules, and the performance of contractors; the availability of capital on acceptable terms; changes in the credit-worthiness of counterparties; effects of weather conditions; reliance on key personnel; technology and security risks; potential losses which would stem from any disruptions in production, including work stoppages or other labour difficulties; technical and processing problems; changes in gas composition; and failure to realize the anticipated benefits of recently completed acquisitions.

The foregoing lists are not exhaustive. Additional information on these and other factors which could affect the Corporation's operations or financial results are included in the Corporation's most recent Annual Information Form and in other documents on file with the Canadian Securities regulatory authorities.

The above summary of assumptions and risks related to forward-looking statements in this news release is intended 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.

Any financial outlook or future-oriented financial information, as defined by applicable securities legislation, has been approved by management of Tidewater as of October 29, 2018. Financial outlook or future-oriented financial information is provided for the purpose of providing information about management's current expectations and goals relating to the future of Tidewater. Readers are cautioned that reliance on such information may not be appropriate for other purposes. The purpose of the future oriented financial information contained herein including but not limited to future periods, of Adjusted EBITDA is to assist investors, shareholders, and others in understanding certain financial metrics relating to expected future financial results for the purpose of evaluating the performance of Tidewater's business for future periods. This information may not be appropriate for other purposes. The results and conclusions of these assessments, along with the known and unknown risks, uncertainties and other factors referred to above, could impact Tidewater's estimates and the information related to such future periods contained herein and any such impact could be material.

Non-GAAP Financial Measures

This news release refers to "Adjusted EBITDA", which does not have any standardized meaning prescribed by generally accepted accounting principles in Canada ("GAAP"). Adjusted EBITDA is calculated as income or loss before interest, taxes, depreciation and amortization, incentive compensation, unrealized gains/losses, non-cash items, transaction costs and other items considered non-recurring in nature. Annualized Adjusted EBITDA is calculated as the Corporation's Adjusted EBITDA over a 12-month period.

Tidewater Management utilizes Adjusted EBITDA to set objectives and as a key performance indicator of the Corporation's success. In addition to its use by Management, Tidewater also believes Adjusted EBITDA is a measure widely used by securities analysts, investors and others to evaluate the financial performance of the Corporation and other companies in the midstream industry. Investors should be cautioned that Adjusted EBITDA should not be construed as alternatives to earnings, cash flow from operating activities or other measures of financial results determined in accordance with GAAP as an indicator of the Corporation's performance and may not be comparable to companies with similar calculations.

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