



**PHX**

**ENERGY SERVICES CORP.**

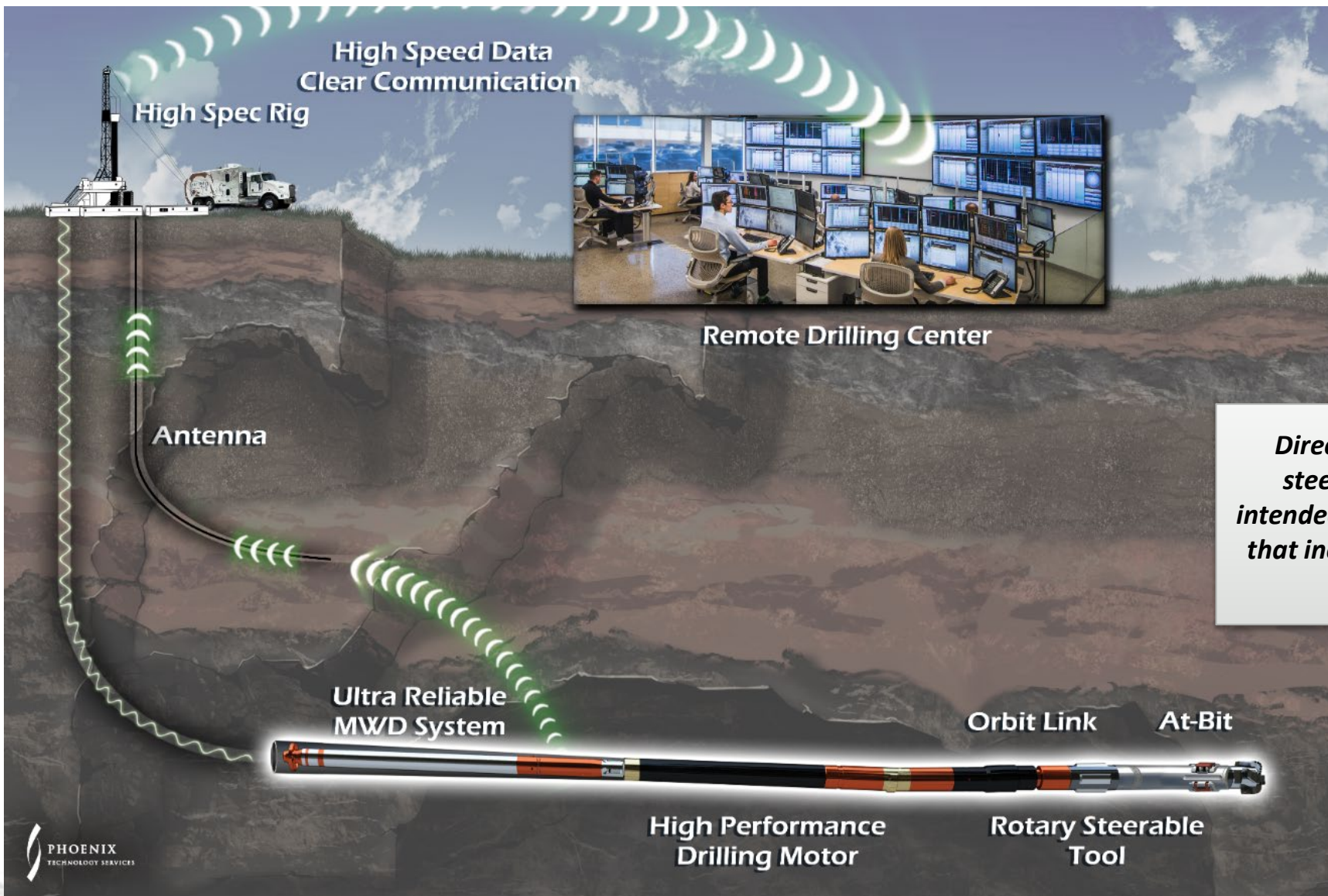
**PETERS & CO. LIMITED CONFERENCE  
SEPTEMBER 13, 2023**

# Forward-Looking Statements

*Some matters discussed in this presentation may be considered to be forward- looking statements. Such statements include declarations regarding management's intent, belief or current expectations. Prospective investors are cautioned that any such forward-looking statements are not guarantees of future performance and involve a number of risks and uncertainties. Actual results could differ materially from those indicated by such forward-looking statements. Such risks and uncertainties include: the Corporation will continue to conduct its operations in a manner consistent with past operations; the general continuance of current industry conditions and the accuracy of the Corporation's market outlook expectations for 2023 and in the future; the expectation that the Corporation will be able to expand its motor rentals and sales and that revenue will continue to grow in in future periods and that this will also enhance profitability, that future business, regulatory and industry conditions will be within the parameters expected by the Corporation, anticipated financial performance, business prospects, impact of competition, strategies, the general stability of the economic and political environment in which the Corporation operates; the impact of pandemics and the Russian-Ukrainian war on the global economy, specifically trade, manufacturing, supply chain, inflation and energy consumption, among other things and the resulting impact on the Corporation's operations and future results which remain uncertain, the anticipated impact of global supply chain disruptions and inflation on the Corporation's operations, results, and the Corporation's planned responses thereto, exchange and interest rates including the potential for further interest rate hikes by global central banks and the impact on financing charges and foreign exchange and the anticipated global economic response to concerted interest rate hikes; the Corporation's intent to preserve balance sheet strength and continue to reward shareholders, including through the ROCS Program; the continuance of existing (and in certain circumstances, the implementation of proposed) tax, royalty and regulatory regimes; the sufficiency of budgeted capital expenditures in carrying out planned activities; the availability and cost of labour and services and the adequacy of cash flow; debt and ability to obtain financing on acceptable terms to fund its planned expenditures, which are subject to change based on commodity prices; market conditions and future oil and natural gas prices; and potential timing delays. Although Management considers these material factors, expectations, and assumptions to be reasonable based on information currently available to it, no assurance can be given that they will prove to be correct.*



# Who Is PHX ?



*Directional drilling is the process of steering the well path towards an intended target and doing so in a manner that increases the overall efficiency and speed of the operation*

# It's the Name of the Game

## Technology Case Study: The Impact of Faster Drilling

***SAME AREA - SAME WELL PROFILE - NEW TECHNOLOGY***

### **2017 - Permian Basin, Midland County**

- 10,000ft Lateral
- Conventional technology
- **Drilling Days 8.76**

### **Today - Permian Basin, Midland County**

- 11,282ft Lateral
- Premium RSS, MWD and Motors technology (*Atlas, Velocity, RSS*)
- **Drilling Days - 3.80**

***5 DAYS SAVED***

***230% IMPROVEMENT***

***TIME IS MONEY!***

***PHX MAKES THIS HAPPEN***



# Q2 2023 Financial Results

**Highest level of second quarter revenue on record**

**US revenue represents 78% of consolidated revenue**

**Maintained a strong financial position**

*Stated in thousands of dollars rig counts and operating days*

	Three-month period ended June 30,			Six-month period ended June 30,		
	2023	2022	% Chg	2022	2021	% Chg
<b>Operating Results</b>						
Revenue	155,618	126,238	23	321,641	235,568	37
Adjusted EBITDA <sup>(1)</sup>	34,802	25,084	39	71,804	31,528	128
Excess Cash Flow <sup>(1)</sup>	25,508	9,116	180	44,743	(2,277)	n.m.
Dividend Paid Per Share	0.15	0.075	100	0.30	0.125	140
<b>Industry Activity</b>						
Canadian Rig Count	117	113	4	168	153	10
US Rig Count	719	713	1	740	675	10
<b>Operating Day</b>						
Canadian Operating Days	2,076	1,688	23	5,127	4,418	16
US Operating Days	4,364	4,707	(7)	9,184	8,753	5

<sup>(1)</sup> See Non-GAAP Measures section of quarterly report



Dividend Per Share  
As at June 30, 2023



Net Debt (in millions)  
As at June 30, 2023



Working Capital (in millions)  
As at June 30, 2023



of Shares as at 12-31-2017  
Re-Purchased/Cancelled



# Capital Expenditures

## 2023 Capital Expenditure Budget of \$61.5 million

- Expect \$38.5 million towards growth capital and \$23 million towards maintenance of the existing fleet and replacement of equipment lost downhole during drilling operations.
  - *Maintenance capital could increase throughout the year if there are more downhole equipment losses than forecasted, and these increases would likely be funded by proceeds on disposition of drilling equipment.*

	Periods Ended June 30, 2023	
<i>Stated in thousands of dollars</i>	Three-month Period	Six-month Period
Growth capital expenditures	4,931	14,885
Maintenance capital expenditures from asset retirements	3,860	8,718
Maintenance capital expenditures from downhole equipment losses	3,281	7,051
	12,072	30,654
Deduct:		
Proceeds on disposition of drilling equipment	(8,589)	(21,007)
Net capital expenditures <sup>(1)</sup>	3,483	9647

<sup>(1)</sup> See Non-GAAP and Other Financial Measures section of most recently filed annual/quarterly report

- Our premium technology fleet is currently running at capacity as our technology and services are in high demand.

# Recipe for Return of Capital Strategy (“ROCS”)

ROCS announced November 2022, and establishes our intention to create unprecedented shareholder rewards by *returning up to 70% of Excess Cash Flow to Shareholders*



*in thousands of dollars*

Six Month Period Ended June 30, 2023

Excess Cash Flow <sup>(1)</sup>	44,743
70% of Excess Cash Flow	31,320

<sup>(1)</sup> See Non-GAAP and Other Financial Measures section of most recently filed annual/quarterly report

Shareholder Returns To Date (September 8, 2023)

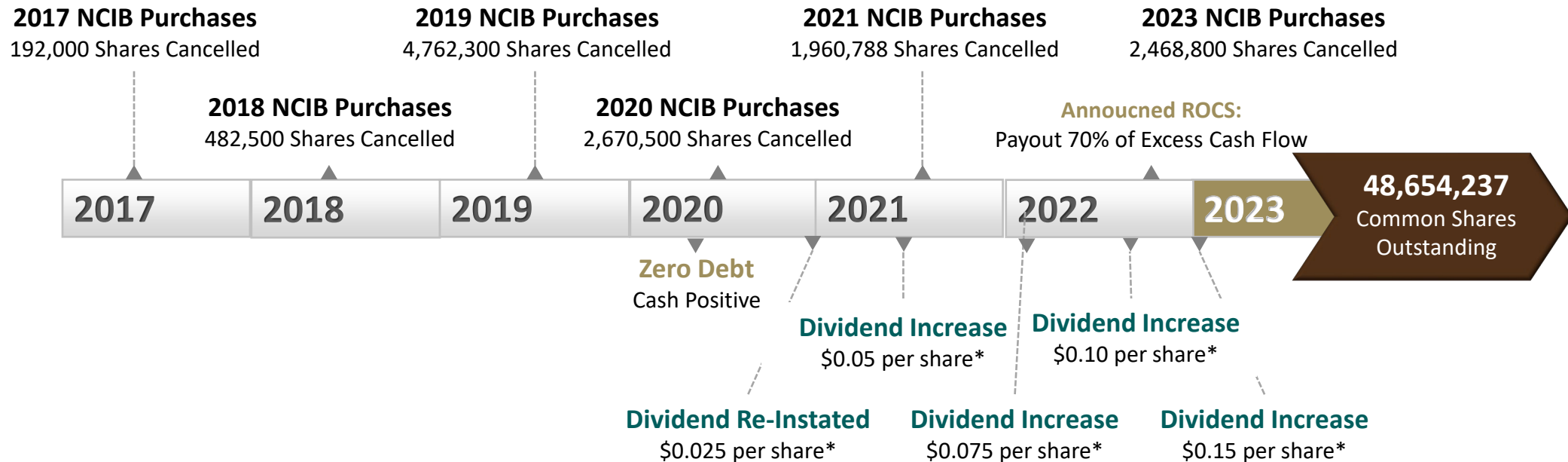
Dividends Paid	15,292
NCIB Purchases	17,200

**PREMIUM TECHNOLOGY + SUPERIOR OPERATIONAL PERFORMANCE + STRONG BALANCE SHEET  
= EXCESS CASH FLOW**

# Shareholder Returns

*Our strategy to reward shareholders has progressed over a 6-year period and adhering to it has proven paramount*

- Since March 2017, **20% of shares repurchased**
- Reinstated quarterly dividend in December 2020 and increased four times to total **\$36.7 million paid to shareholders** since reinstatement



\* per quarter dividend per share



# Second Quarter Outlook

- Expect the softening US rig count to stabilize with the recent strengthening of oil commodity prices and tightening supply.
- Anticipate the Canadian industry activity will continue to trend above the levels seen in the prior year.
- In Canada, we expect our activity to continue to show an improvement over 2022 and revenues to track accordingly.
  - The second quarter was a record spring break up period for our Canadian division and currently this division is very active.
- In the US, we anticipate that the premiums generated from our technology offering, particularly RSS, will continue to offset the subtle decline in activity.
- Believe our motor rental and sales division will continue to see growth in the remainder of the year.
- Continue to leverage our business strengths to reward our shareholders through the various mechanism of ROCS

