



**PHX**

**ENERGY SERVICES CORP.**

**PETERS & CO LIMITED ENERGY CONFERENCE**

**SEPTEMBER 17, 2020**

# 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; anticipated financial performance, business prospects, impact of competition, strategies, the general stability of the economic and political environment in which the Corporation operates; the continuing impact of COVID-19 on the global economy, specifically trade, manufacturing, supply chain and energy consumption, among other things and the resulting impact on the Corporation's operations and future results which remain uncertain; exchange and interest rates; 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 and maintain financing on acceptable terms to fund its ongoing operations and 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 We Are

## LARGEST INDEPENDENT DIRECTIONAL PROVIDER IN NORTH AMERICA



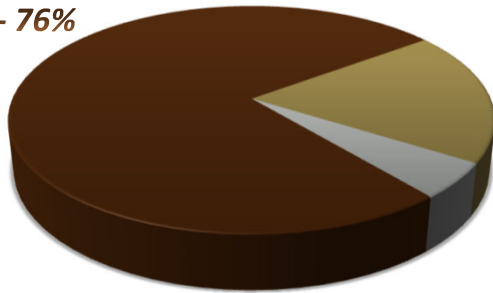
- Provide full service and equipment rentals to oil and gas producers
- Engineer and manufacture proprietary high performance technologies

### GEOGRAPHICAL REVENUE

*As a percentage of H1 2020 consolidated revenue*

#### UNITED STATES - 76%

- PERMIAN
- GRANITE WASH
- SCOOP/STACK
- MARCELLUS
- BAKKEN
- NIOBRARA



#### CANADA - 19%

- MONTNEY
- DUVERNAY

#### INTERNATIONAL - 5%

- ALBANIA
- RUSSIA

**25**

Years  
(est. 1995)

**\$150<sub>MM</sub>**

H1 Consolidated  
Revenue

**39,000+**

Wells Drilled

**16**

Locations

## Driving Force

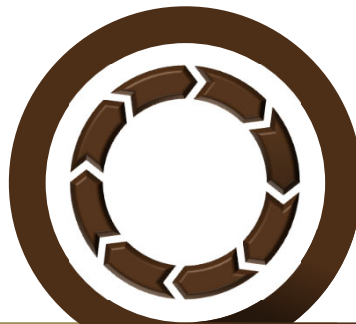
Focused on creating long-term relationships by leveraging our technology, expertise and committed personnel to provide

***UNMATCHED SERVICE***



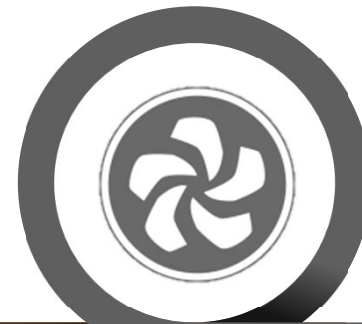
### People

*Retain and continue to develop a team of **qualified and highly trained personnel***



### Process

Invested in **continuous improvements** and the **strictest quality control** to deliver superior reliability at the wellsite



### Technology

Deploy **industry leading technologies** that enable faster and more precise drilling operations

# Unprecedented Reality: Industry Conditions

	Six-month periods ended June 30,		
<i>Stated in thousands of dollars rig counts and operating days</i>	2020	2019	% Chg
	(unaudited)	(unaudited)	
<b>Operating Results</b>			
Revenue	149,788	175,104	(14)
Adjusted EBITDA <sup>(1)</sup>	23,994	22,426	7
<b>Industry Activity</b>			
Canadian Rig Count	110	132	(17)
US Rig Count	588	1,016	(42)
<b>Operating Day</b>			
Canadian operating days	3,053	3,834	(20)
US operating days	6,200	7,652	(19)
Consolidated operating days	10,231	12,592	(19)

# Our Response & Priorities

*Reacted quickly and decisively to address safety, operational and financial challenges associated with COVID-19 and oil price decline*



## ***Protect the health and safety of our stakeholders***

Implemented proactive safety measures to ensure a safe working environment for office, shop and field employees  
Encouraging employees to work from home where possible



## ***Maintain financial strength***

Diligent cost management strategies implemented including leveraging government assistance where possible  
Suspended new capital expenditures only fulfilling commitments made late 2019 and early 2020



## ***Leverage our reputation as a technology leader***

Sustain our market share in all operating regions, with potential to grow in the US despite industry downturn  
Performance of premium technologies have proven our ability to drill wells faster and more efficiently

# Competitive & Resilient

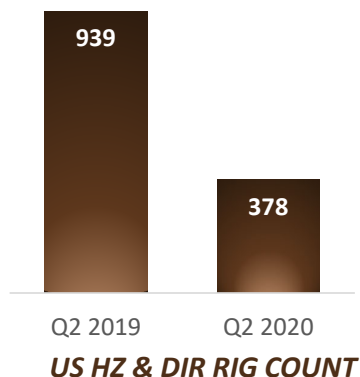
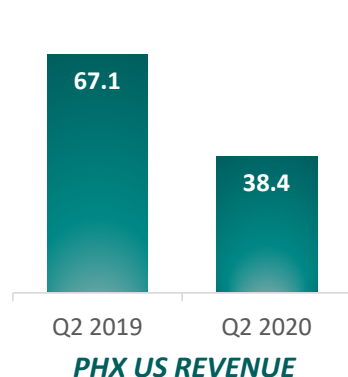
Our industry leading technology, unmatched performance and strong operational results helped lessen the decline in our activity as compared to the industry in this time of historically low rig counts

## United States

**43% Decline**

**vs**

**60% Decline**

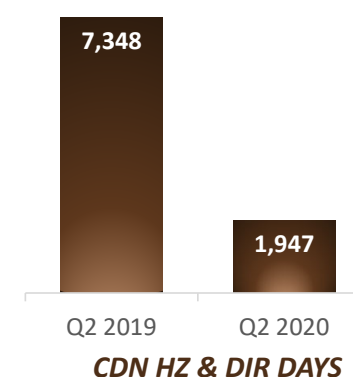
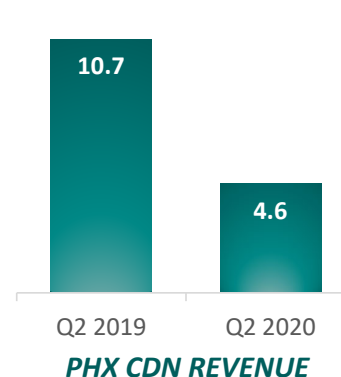


## Canada

**57% Decline**

**vs**

**74% Decline**



# Balance Sheet Strength

- Entering this period with a healthy balance sheet allowed us to end Q2 with net cash and zero bank debt
  - Strong first quarter results will help support us through the uncertainties ahead
- Renewed NCIB as another tool to enhance total long-term shareholder returns



Bank Debt  
As at June 30, 2020



Net Cash (in millions)  
As at June 30, 2020



Working Capital (in millions)  
As at June 30, 2020



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

# Reputation as a Technology Leader

**UNWAVERING FOCUS ON BEING A TECHNOLOGY LEADER HAS EQUIPPED PHX WITH A PREMIUM FLEET THAT DIFFERENTIATES US FROM OUR COMPETITION**



## **VELOCITY REAL-TIME SYSTEM**

*New generation MWD system, with improved reliability, unified telemetry, faster data rates, and advanced measurements*



## **ATLAS PERFORMANCE DRILLING MOTORS**

*Engineered to be the most powerful motor and deliver unmatched performance on high specification drilling rigs*



## **POWERDRIVE ORBIT RSS**

*The industry's leading RSS technology, with ability to steer the well without pausing the drill string rotation for faster drilling*

# Conventional Motor vs High Performance Atlas Motor

*Comparison is based on one client's operations in the Midland basin on over 50 wells drilled with conventional motors compared to 7 wells drilled with the Atlas motor*

**40%**

**FASTER DRILLING**

113 ft/hr

**7.25" Atlas**

81 ft/hr

**6.75 " Conventional**

Average ROP

**50%**

**FEWER DRILLING DAYS**

4 days

1.7 days

**7.25" Atlas**

**6.75 " Conventional**

Avg Drilling Days For Well Section



# Market Leader in the US

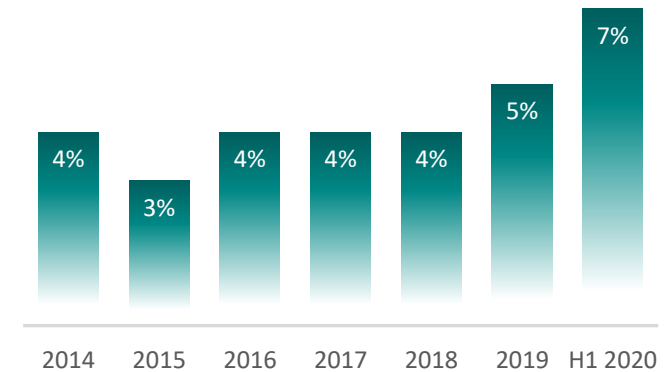
## OVER 16,000 WELLS DRILLED IN USA

*Proven ability to drill wells faster and more efficiently with introduction of fleet of high-performance technologies and data driven processes*



**12** of the **15**  
Largest Operators in  
the US are our clients

## DOUBLED US MARKET SHARE OVER PAST 5 YEARS



# Our Direction

- Continue to monitor and implement HSE protocols to safeguard our stakeholders and people through these challenging times
- Relentlessly protect our reputation as a technology leader and market share position
  - Remain the market share leader in Canada through volatility
  - Continue to further penetrate the larger US industry
- Remain diligent with our cost management strategies to preserve our healthy financial position
- Prepared to exit this cycle ready for the upside
  - Core team of personnel remains intact
  - Opportunity to grow with minimal capital expenditures
  - Fleet of premium technology has capacity for greater activity

