



PHX

ENERGY SERVICES CORP.

ANNUAL GENERAL MEETING

MAY 18, 2016

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 possible unavailability of financing, risks related to the uncertainty inherent in the oil and gas horizontal and directional services industry, the impact of energy price fluctuations, the seasonal nature of business, the dependence on third party suppliers and contractors, changes in government regulation, the impact of competition, the successful commercialization of certain technologies, the dependence upon competent employees including senior management, and fluctuations in currency exchange rates and interest rates.

Financial Highlights

(Stated in thousands of dollars except per unit amounts, percentages and operating days)

	Years ended December 31,			Three-Month Period ended March 31,		
	2015	2014	% Chg	2016	2015	% Chg
Operating Results	<i>(unaudited)</i>	<i>(unaudited)</i>		<i>(unaudited)</i>	<i>(unaudited)</i>	
Revenue	286,780	521,467	(45)	40,449	103,928	(61)
Net (loss) earning	(42,489)	36,995	(215)	(7,404)	(5,898)	26
Adjusted EBITDA ⁽¹⁾	27,929	82,237	(66)	3,978	6,829	(42)
Cash Flow						
Funds from operations ⁽¹⁾	13,846	82,263	(83)	3,584	3,300	9
Capital expenditures	18,029	68,282	(74)	857	10,604	(92)
Operating Days						
Consolidated Operating Days	22,784	39,222	(42)	4,069	8,002	(49)
Financial Position						
Working Capital	61,041	80,974	(25)	55,571	61,041	(9)
Long-term debt	60,000	104,281	(42)	50,000	60,000	(17)

(1) Refer to non-GAAP measures section of Annual and Quarterly Report

Lowlights for PHX

- Profitability impacted by:
 - Weak activity levels in all operating segments, except Russia
 - Losses resulting from Stream Services division
- Pricing pressures and increased competition are lowering day rates significantly
- Eliminated dividend to preserve funds from operations for future capital expenditures and maintain balance sheet strength



Highlights for PHX

- Continued to pay down long term debt
- Significant cost reductions to “right size” the company
- Profitability (as measured by adjusted EBITDA as a percentage of revenue) has increased over the last three quarters
- Continued to gain in market share despite challenges

Capital Expenditures

- Focusing capital expenditure dollars on technology based differentiators
 - Velocity real-time measurement system
 - Stream Services



Positioned for Upswing

- Mandate is to maintain a healthy financial position and be poised to leverage our strengths to grow when the industry does turn around
- Ability to operate at a lower cost is vital for generating positive cash flow
 - Prudent balance sheet management is our main focus
 - Downturn has created internal efficiencies and a lean business model that will benefit us in the upswing
- PHX Energy is positioned to pick up momentum when the market begins to rebound
 - New technology provides a differentiator
 - Optimistic outlook for Stream Services and Russian operations
 - Dedicated team of the industry's top professionals committed to market share growth