



PHX

ENERGY SERVICES CORP.

CAPP SCOTIABANK INVESTMENT SYMPOSIUM 2017

APRIL 11 & 12, 2017

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 Results

	Three-Month Period ended December 31,			Twelve-Month Period ended December 31,		
	2016	2015	% Chg	2016	2015	% Chg
<i>Stated in thousands of dollars except per unit amounts, percentages and operating days</i>						
Operating Results	<i>(unaudited)</i>	<i>(unaudited)</i>		<i>(unaudited)</i>	<i>(unaudited)</i>	
Revenue	46,629	56,138	(17)	148,401	286,780	(48)
Adjusted EBITDA ⁽¹⁾	3,182	9,662	(67)	5,048	23,631	(79)
Cash Flow						
Funds from operations ⁽¹⁾	2,060	9,529	(78)	559	13,846	(96)
Capital expenditures	2,555	873	n.m	7,811	18,029	(57)
Operating Days						
Consolidated Operating Days	5,074	4,763	7	15,536	22,784	(32)
Financial Position						
Working Capital				44,230	61,041	(28)
Long-term debt				29,014	60,000	(52)

Entering 2017

- As industry conditions are improving, PHX Energy is positioned to leverage competitive advantages to gain market share, expand margins and outperform
 - A leader in creating drilling efficiency and outperforming at the well site
- We have remained strategically focused on developing differentiating technologies that support the growth of higher margin service offerings
 - Velocity Real-Time System
 - Stream Services EDR Division

Focus on Efficiency Gains

- Directional drilling operations have a very large impact on overall drilling efficiency
- PHX Energy's long term objectives have been focused on being a leader in developing solutions that increase well site efficiency and reduce operating costs
 - Remote operations that reduced personnel
 - Technology that provides faster data transmission and higher Rate of Penetration (ROP)
 - Optimization center and expertise
 - Recommendations on drilling practices
 - Performance tracking and continuous improvement cycle
- Advancing well site software for improved data acquisition and greater automation



Velocity Operations Update

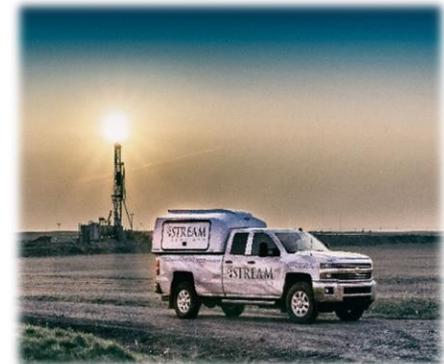
Over 2,700 downhole runs in the most active basins across North America

- Today we are operating Velocity for the most active operators in all key North American basins
- Velocity is producing additional market share gains in these basins for PHX Energy
- Currently, Velocity is operating at full capacity
 - PHX Energy intends to increase fleet capacity in upcoming quarters



Diversifying PHX Energy with Stream

- A new growth platform with attractive returns
 - Low capital requirement to expand
 - Attractive sector with minimal competitors
- At the end of 2016 Stream was operating at maximum capacity
 - 30 rigs in Canada
 - Intend to increase Stream's job capacity to 70 in 2017
- Stream's strategic marketing is focused on areas of high density drilling rig activity
 - With additional capacity, we will be poised to expand to additional basins in Canada and the US



Performance Drilling Motor Development

- Engineering efforts are focused on developing one of the most powerful performance drilling motors on the market
 - Further adding to our suite of differentiating technology
- Our new design is one of the most rugged and reliable in the market and will offer a significant advantage in the Permian basin
 - Shorter bit-to-bend
 - Proprietary flow options
 - Proprietary power section
- Will be compatible for in-house manufacturing which will allow us to maintain lower maintenance costs



Introducing Connect

*PHOENIX DEVELOPED A PROPRIETARY SOFTWARE APPLICATION
ENABLING AUTOMATED DRILLING OPERATIONS WITH REMOTE SUPPORT*

WELLSITE

**TWO-WAY
COMMUNICATION**

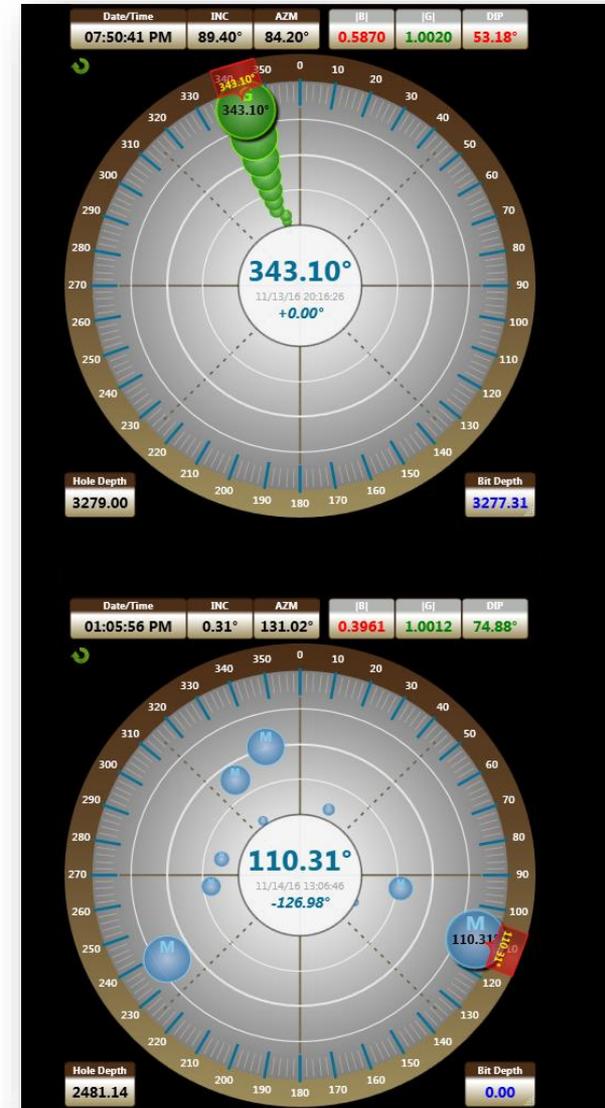


**DESKTOP
APPLICATIONS**



Connect Powers Remote Drilling Center

- Client's remote directional drilling center is powered by Connect
 - They can view multiple rigs at one time
- Directional drillers and MWD operators on location can be reduced
 - Opportunity to deploy 1 MWD operator for every 2 rigs in the field and have all other directional personnel in a remote center
 - Steering decisions made using Connect
- Currently deployed with select clients with the opportunity to expand as demand grows



Capitalize on Market Improvement

- PHX Energy is positioned to thrive in “new” market and provide unmatched performance with disruptive technology
- 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 continue to provide benefits
- Permian basin is the prize with approximately 38% of all rigs operating in North America today
 - Strong presence in the Permian
 - Leverage strong operational performance and relationships
 - Maintain presence in all key operating areas in North America