



PHX

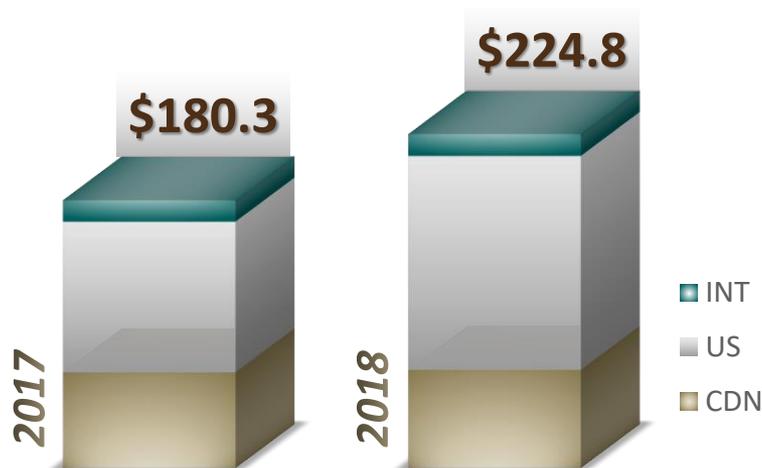
ENERGY SERVICES CORP.

THIRD QUARTER UPDATE

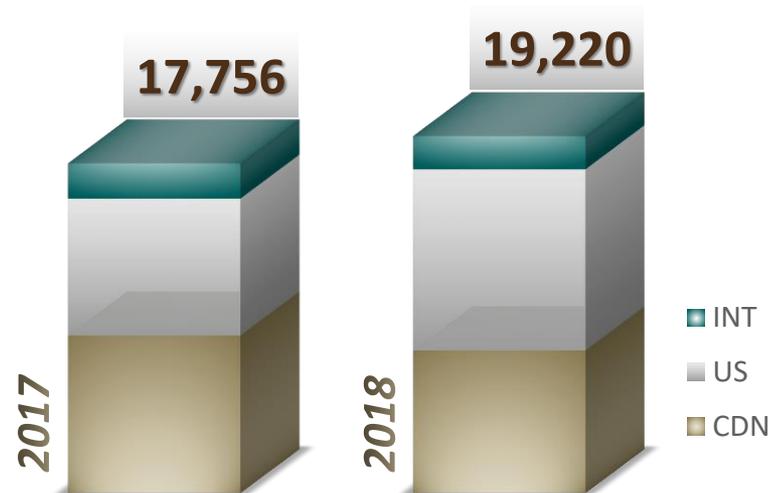
Quarterly Highlights

- Significant improvements in operating and financial results in 2018
 - Highest quarterly earnings per share and net earnings since the third quarter of 2014
 - Highest level of adjusted EBITDA since the fourth quarter of 2014
 - US operations led growth

Nine-Month REVENUE



Nine-Month Operating Days



Financial Results

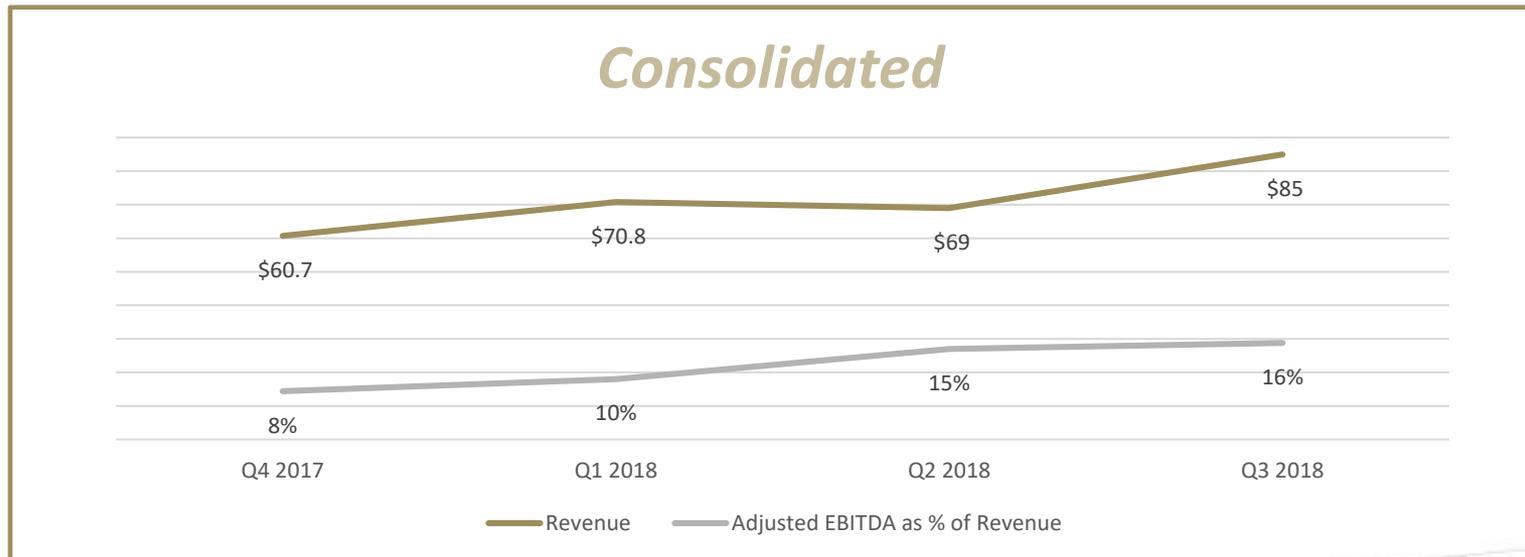
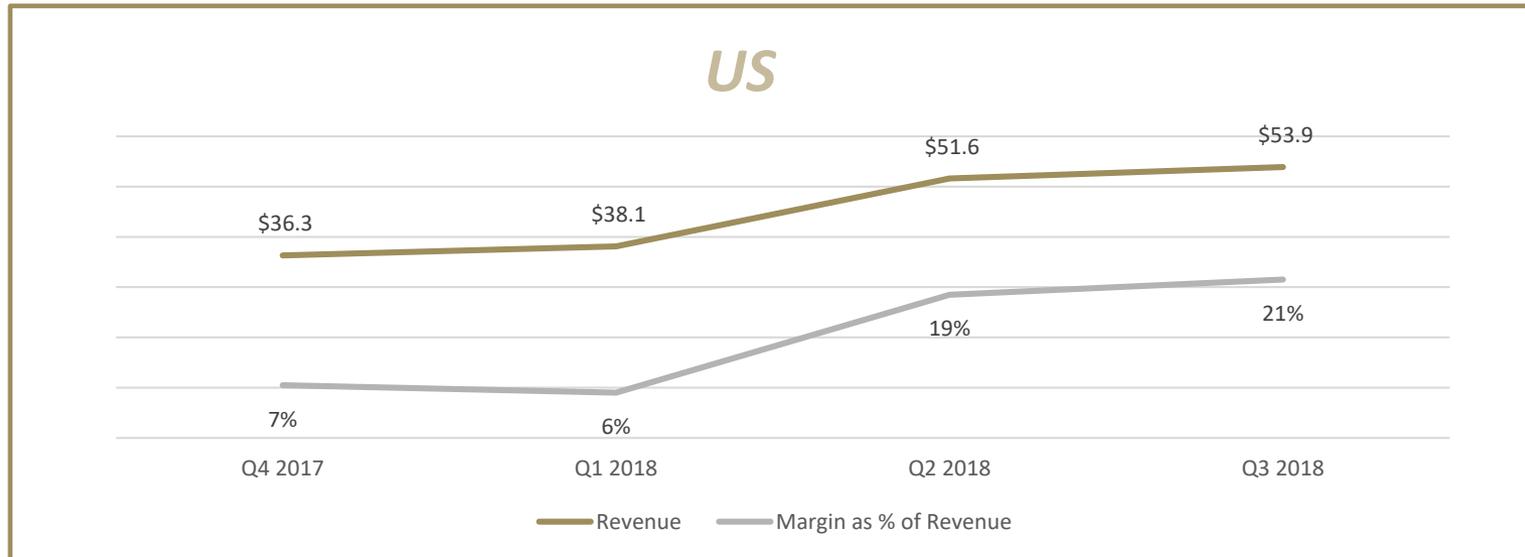
Stated in thousands of dollars except per unit amounts, percentages and operating days

	Three-Month Period ended September 30,			Nine-Month Period ended September 30,		
	2018 <i>(unaudited)</i>	2017 <i>(unaudited)</i>	% Chg	2018	2017	% Chg
Operating Results						
Revenue	85,033	65,396	30	224,800	180,340	25
Adjusted EBITDA ⁽¹⁾	13,934	11,690	19	30,715	15,419	99
Cash Flow						
Funds from operations ⁽¹⁾	11,461	8,436	36	24,376	12,533	94
Capital expenditures	8,067	8,900	(9)	15,831	17,397	(9)
Operating Days						
Consolidated Operating Days	7,008	6,323	11	19,220	17,756	8
Financial Position				Sept 30, '18	Dec 31, '17	
Working Capital				55,089	49,787	11
Long-term debt				5,000	14,000	(64)

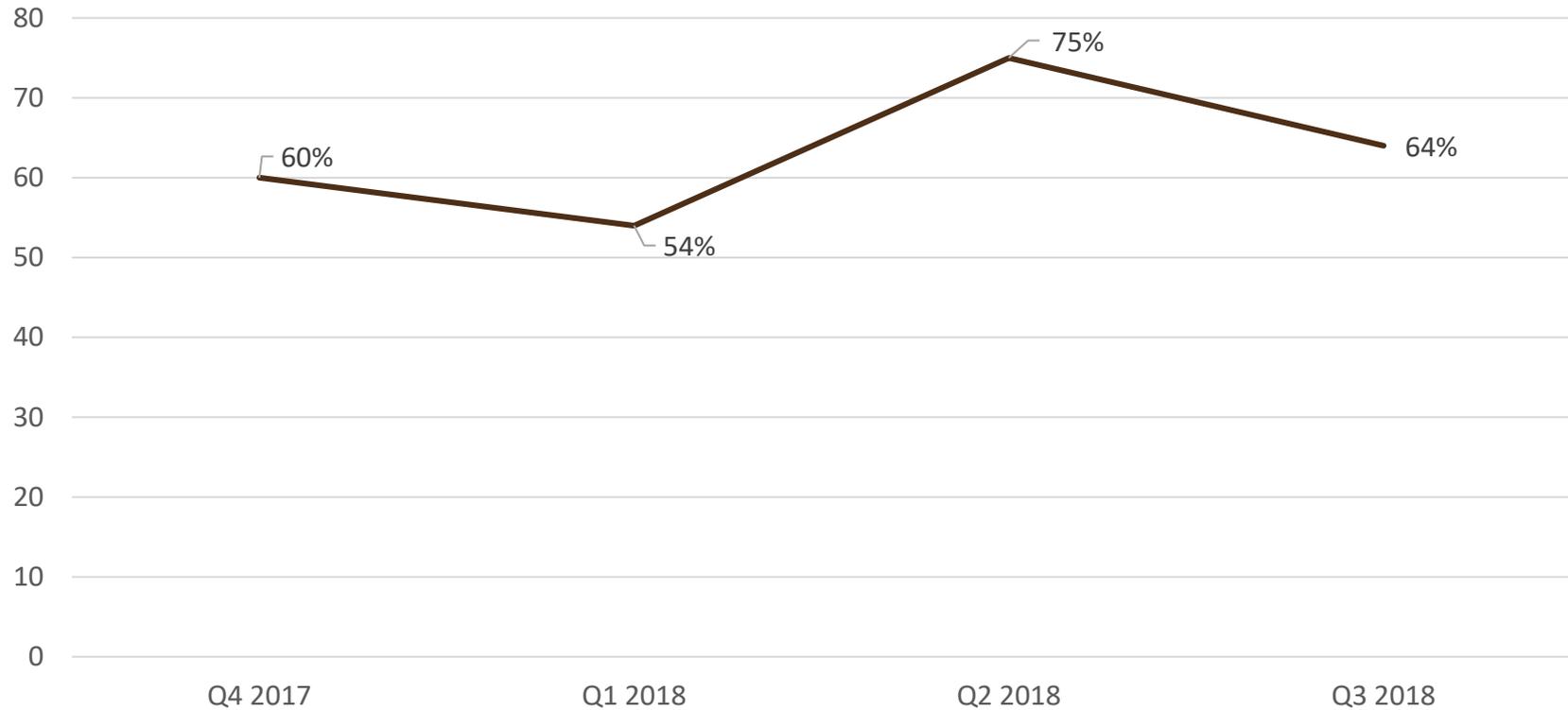
n.m - not meaningful

(1) Refer to non-GAAP measures section of Quarter Report

Focused on Profitability



US Revenue as a Percentage of Revenue



Capital Expenditures

<i>2018 Capital Expenditure Budget</i>	<i>\$33.5 million</i>
<i>Initial 2019 Capital Expenditure Budget</i>	<i>\$15.0 million</i>

- Dedicated to Velocity and Atlas High Performance Drilling Motor

Velocity MWD System

- Continues to be in high demand in all operating areas
- Majority of the fleet is deployed to the Permian
- Diverse client base which includes Super Majors and Mid-Cap Operators

Atlas High Performance Motors

- Engineered to be the most powerful motor and deliver unmatched performance on high specification drilling rigs
- Achieving numerous performance records
- Faster drilling rates are reducing overall drilling time



Phoenix's objective is to offer unique solutions powered by disruptive technologies

DIS·RUP·TIVE TECH·NOL·O·GY

dis 'rəptiv/ tek 'näləjē/

- 1.product/service/idea that radically changes an industry or business strategy
- 2.creating a new market and disrupting an existing one.
- 3.innovative and ground breaking

Velocity MWD System

Atlas High Performance Motors

PowerDrive Orbit Rotary Steerable System

- PHX Energy entered agreement to purchase Schlumberger's PowerDrive Orbit RSS system to operate in US
- PowerDrive Orbit RSS is widely recognized as the industry's leading RSS technology
- PHX Energy has developed internal engineering and operational competencies to successfully deploy this technology
 - Partnered with Schlumberger for a number of years on a rental basis
- Further differentiates the product suite allowing PHX Energy to provide a proprietary and unparalleled drilling solution



Velocity Real-Time MWD System

*THE MOST ADVANCED GUIDANCE SYSTEM IN THE LAND BASED MARKET,
DESIGNED TO MEET THE DRILLING NEEDS OF TODAY & TOMORROW*

- Continues to be in high demand in all operating areas
 - Majority of the fleet is deployed to the Permian
 - Clients include Shell, Chevron, Pioneer and COG

- Benefits include:
 - Unified telemetry
 - Greater reliability
 - Improved data rates
 - Advanced measurements
 - Ex: continuous inclination



The Atlas Motor... Discover the Power

- Industry demanded a motor that could perform with upgraded high specification drilling rigs
- We designed the Atlas to be the ***MOST POWERFUL*** motor
 - Exclusively developed and manufactured by Phoenix with proprietary bearing and power section
 - Propels ***FASTER*** rate of drilling with ability to operate at the higher flow rates
 - Superior ***RELIABILITY*** and lower operating costs driven by rugged high strength components that are built to go beyond the limitations of conventional motors

Atlas Motors are a ***DIFFERENTIATOR***

7¼" Atlas Motor

- Applicable in 8 ½" / 8¾" hole size
 - Largest percent of drilling in North America
 - Typically the curve and lateral section of the well
 - Conventionally drilled with 6½" and 6¾" motors
- Atlas is outperforming today with higher reliability and faster drilling rates
 - The largest motor on the market for this application
 - Superior performance over conventional legacy 6½" and 6¾" motors

BEARING SECTION

Size	7.25" OD
Flow Range	450 -750 gpm
Stall Torque	33,338 ft/lb
Bit-to-Bend - Fixed	49 in
Bit-to-Bend - Adjustable	59 in
Power Section Compatibility	6.75", 7.00", 7.25"

POWER SECTION

Max Diff	2,435 psi
Max Torque	19,050 ft/lb
Flow Range	450 – 750 gpm
Speed Range	122 – 203 rpm
RPM	0.270 rev/gal
Max HP	610 hp

Sizable Opportunity

1,077 US
rigs/day

*2018 Estimated
Rig Count*

647 US
rigs/day with
8 1/2" / 8 3/4"
Hole Size

3,235*
motors
required

7 1/4" High
Performance
Motor

*PHX currently
has a small
fleet of Atlas
Motors*

High
Performance
7" Motors

*Small fleet
from multiple
suppliers*

Est. fleet of 200 Motors

Legacy
6 1/2" / 6 3/4"
Motors

*Conventional
Model - Lower
Operating Spec*

1,000's of Motors

**For each rig to have 1 motor and 1 back up a motor supplier requires 5
motors per rig to compensate for turn around time for servicing*

PERMIAN BASIN



ATLAS DRILLS BACK-TO-BACK 1 RUN CURVE & LATERAL SECTIONS

WOLFCAMP A - FOOTAGE 11,275' • DRILLING HRS 126 • TMD 18,620'
WOLFCAMP B - FOOTAGE 11,505' • DRILLING HRS 136 • TMD 19,235'

Our Atlas high performance motor once again demonstrated the impactful performance its unique design can produce. The Atlas powered our client's first single run curve and lateral in the Wolfcamp B after already achieving an impressive single run on the prior well in the Wolfcamp A (Q2 2018).

DISCOVER THE POWER...

12,929



FEET

89.69



DRILLING HRS

5.92



DAYS

144



ROP

DRILLED WITH 7.25" ATLAS AND 6.75" MOTORS

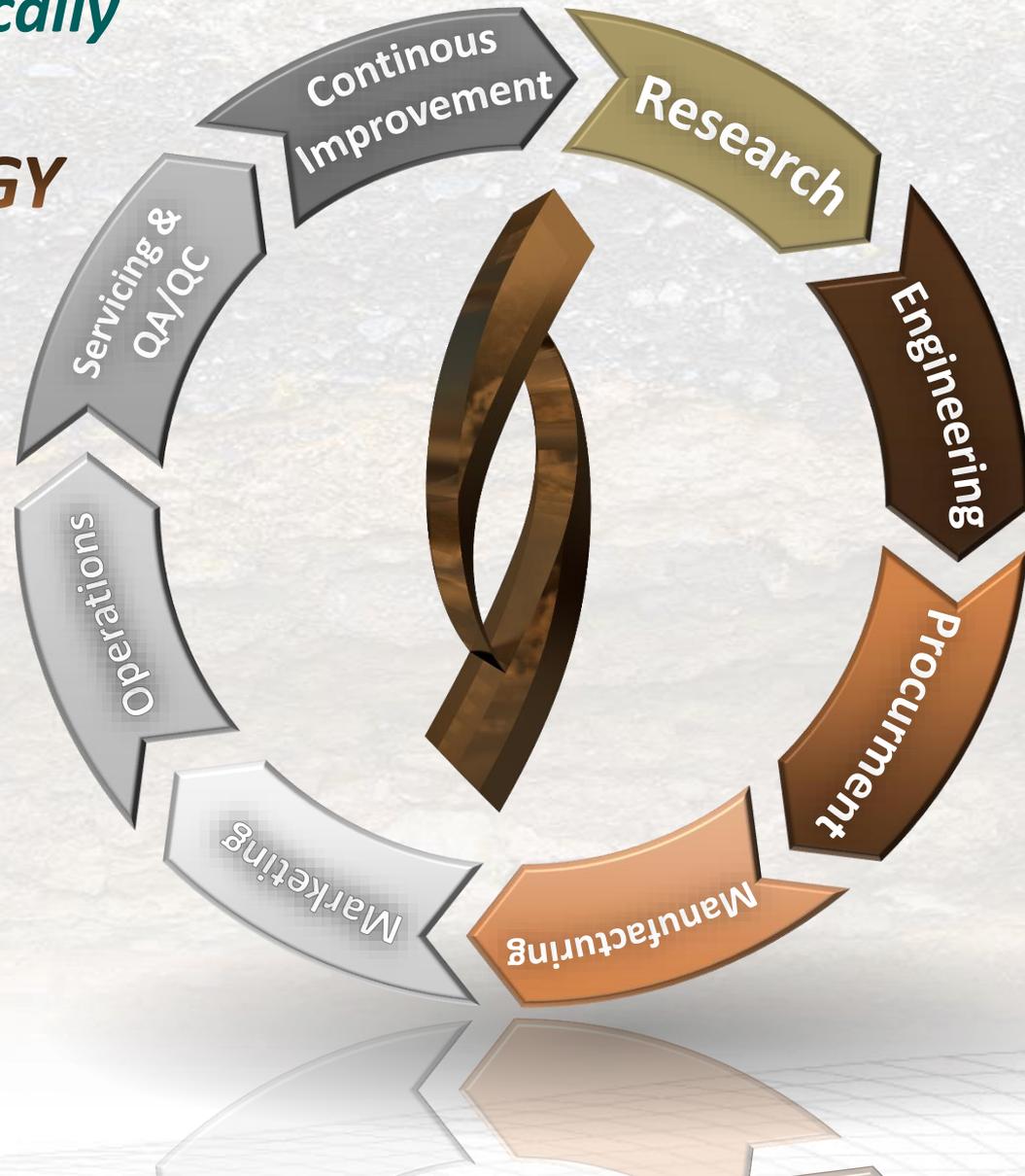
Our 7.25" Atlas High Performance Drilling Motor recently drilled a client's pacesetter well in the Delaware basin. (Q3 2018)

Where We Are and Expansion Plan

- PHX Energy has secured work numerous clients in the Permian to provide a motor fleet that includes exclusive 7¼" Atlas motors
- Demand exceeds supply today in full service division and we are exploring additional contracts with target clients to supply Atlas motors on their rigs regardless of directional provider
- Market these motors at premium hourly rates and higher margins
- Adding additional fleet capacity by leveraging in-house procurement and manufacturing

Vertical Integrated Life Cycle

Phoenix has become a vertically integrated provider of
DISRUPTIVE TECHNOLOGY



Direction for 2018 and Beyond

- Differentiate PHX Energy as a provider of disruptive technology
 - The combination of Atlas and Velocity gives PHX Energy a significant competitive advantage in a market that rewards robust, reliable and efficient technology
 - Other technologies are in development that will further differentiate PHX Energy's suite of technology
- Execute on strategies that will propel further growth in the US
 - Permian will be most active area in the North American market
- Further improve profitability with disciplined approach to costs and analysis of margins