

# OILFIELD SERVICES & EQUIPMENT

QUARTERLY SECTOR REVIEW Q1 2020

**HW** Harris Williams

# HARRIS WILLIAMS (“HW”) OVERVIEW

## GLOBAL ADVISORY PLATFORM

- Founded in 1991
- 370+ professionals across eight offices globally
- 170+ closed transactions in the last 24 months
- 10 dedicated industry groups



## ENERGY, POWER, & INFRASTRUCTURE (“EPI”) GROUP

- 17 professionals based in Richmond, VA
- 15+ closed transactions in the last 24 months

### Vertical Focus Areas

- Oilfield Services
- Energy Management
- Renewables and Distributed Energy
- Outsourced Utility Services
- Industrial and Infrastructure Services
- Engineering and Construction
- Environmental Services
- TIC & Integrity Services

### Oilfield Services Focus Areas

- Artificial Lift & Production Optimization
- Completion & Production Chemicals
- Digital Oilfield
- Environmental Services
- Logistics
- Water Management

### Drew Spitzer

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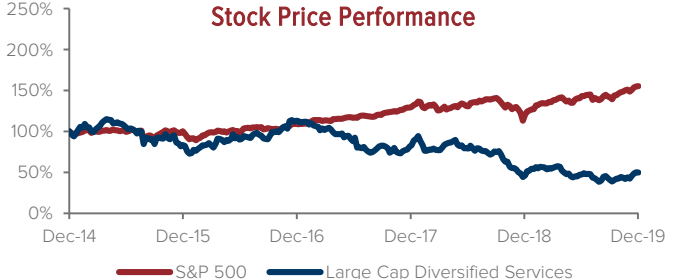



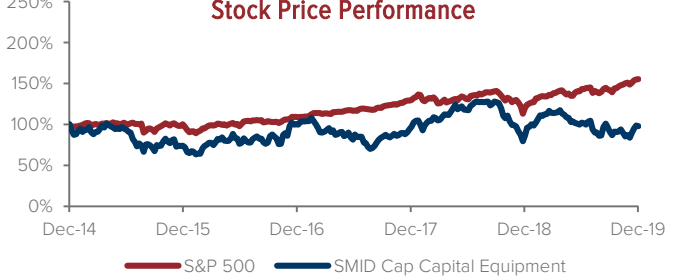

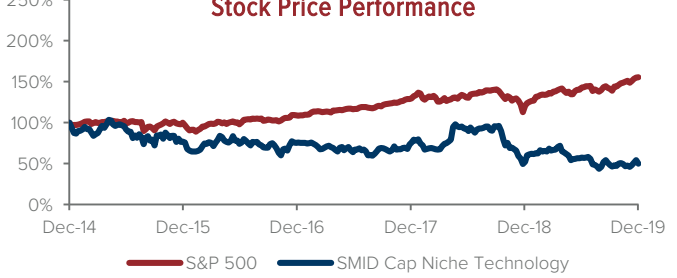

### Luke Semple

Managing Director  
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## SELECT HW TRANSACTIONS

 has been acquired by 	Provider of engineered deep foundation solutions to energy, industrial, and commercial end markets	 better, faster decisions has been acquired by 	Provider of integrated software, data, and analytics solutions to the global energy industry	 has been acquired by 	Leading provider of non-destructive testing and inspection services for oil and gas tubular products	 has been acquired by 	Provider of specialized laboratory and field services to the upstream oil and gas industry	 has been acquired by 	Provider of reinforced polymer tubing solutions for the upstream oil and gas industry
 has been acquired by 	Independent wireline services provider with a presence in major oil and gas plays throughout the continental U.S.	 has been acquired by 	Provider of oil and gas optimization solutions for compression and vapor recovery applications	 has been acquired by 	Provider of specialized plunger lift products and services that allow for uninterrupted production	 has been acquired by 	Provider of cased hole wireline solutions, including logging, perforation, mechanical, plug, and abandonment services	 has been acquired by 	Market-leading provider of engineering and geomatics services for the oil and gas industry in Western Canada

# PUBLIC MARKET OBSERVATIONS<sup>1,2</sup>

LARGE CAP DIVERSIFIED SERVICES	<p><b>Key Public Comps</b></p>  <p>Enterprise Value / LTM EBITDA      2020E EBITDA</p> <p>10.8x              9.9x</p>	<p><b>Stock Price Performance</b></p>  <p>— S&amp;P 500 — Large Cap Diversified Services</p>	<p><b>Transaction Spotlight</b></p> <p>--</p> <p>N/A</p> <p>--</p>
LARGE CAP CAPITAL EQUIPMENT	<p><b>Key Public Comps</b></p>  <p>Enterprise Value / LTM EBITDA      2020E EBITDA</p> <p>8.9x              8.0x</p>	<p><b>Stock Price Performance</b></p>  <p>— S&amp;P 500 — Large Cap Capital Equipment</p>	<p><b>Transaction Spotlight</b></p> <p>--</p> <p>N/A</p> <p>--</p>
SMID CAP CAPITAL EQUIPMENT	<p><b>Key Public Comps</b></p>  <p>Enterprise Value / LTM EBITDA      2020E EBITDA</p> <p>10.5x              8.6x</p>	<p><b>Stock Price Performance</b></p>  <p>— S&amp;P 500 — SMID Cap Capital Equipment</p>	<p><b>Transaction Spotlight</b></p> <p>--</p> <p>N/A</p> <p>--</p>
SMID CAP NICHE TECHNOLOGY	<p><b>Key Public Comps</b></p>  <p>Enterprise Value / LTM EBITDA      2020E EBITDA</p> <p>9.5x              9.1x</p>	<p><b>Stock Price Performance</b></p>  <p>— S&amp;P 500 — SMID Cap Niche Technology</p>	<p><b>Transaction Spotlight</b></p> <p>December 19, 2019</p>  <p>Transaction TEV: \$4.4bn</p>

1) S&P CapIQ.  
2) PitchBook.

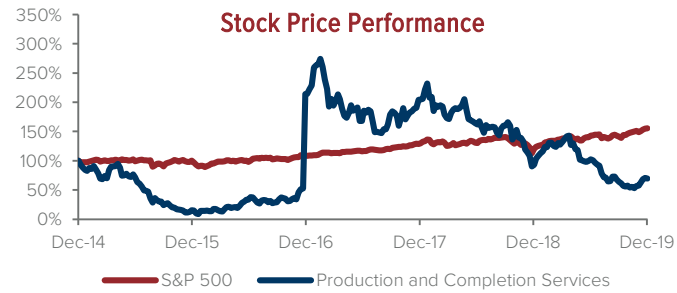
# PUBLIC MARKET OBSERVATIONS<sup>1,2</sup>

## PRODUCTION AND COMPLETION SERVICES

### Key Public Comps



Enterprise Value /	
LTM EBITDA	2020E EBITDA
5.3x	5.3x



### Transaction Spotlight

October 24, 2019



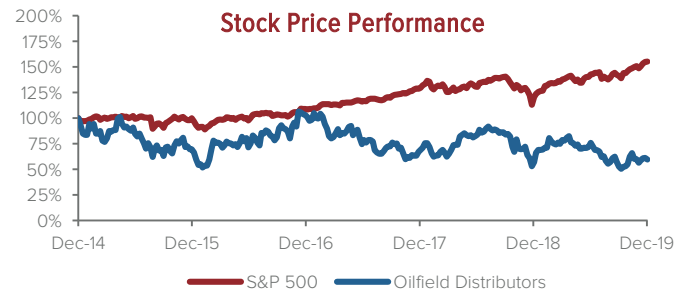
Transaction TEV: Undisclosed

## OILFIELD DISTRIBUTORS

### Key Public Comps



Enterprise Value /	
LTM EBITDA	2020E EBITDA
10.5x	12.0x



### Transaction Spotlight

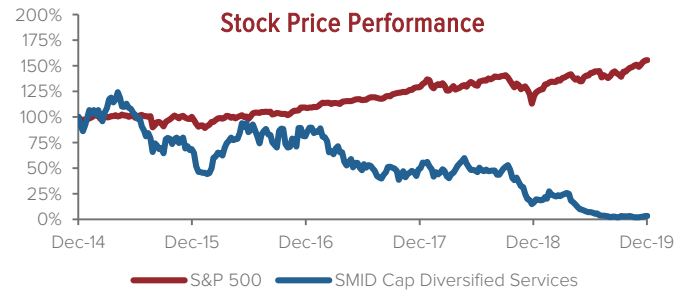
N/A

## SMID CAP DIVERSIFIED SERVICES

### Key Public Comps



Enterprise Value /	
LTM EBITDA	2020E EBITDA
4.3x	5.0x



### Transaction Spotlight

December 18, 2019



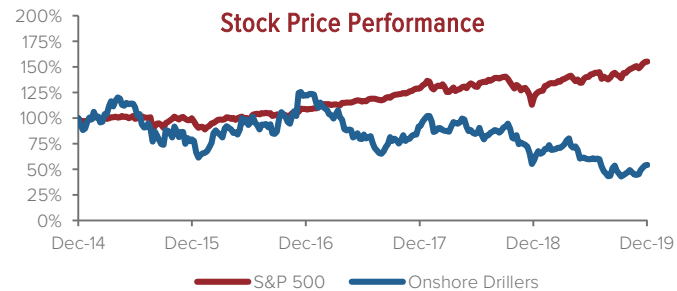
Transaction TEV: Undisclosed

## ONSHORE DRILLERS

### Key Public Comps



Enterprise Value /	
LTM EBITDA	2020E EBITDA
5.3x	5.7x



### Transaction Spotlight

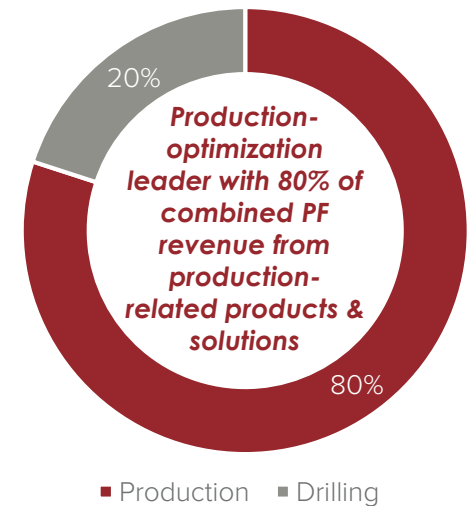
N/A

1) S&P CapIQ.  
2) PitchBook.

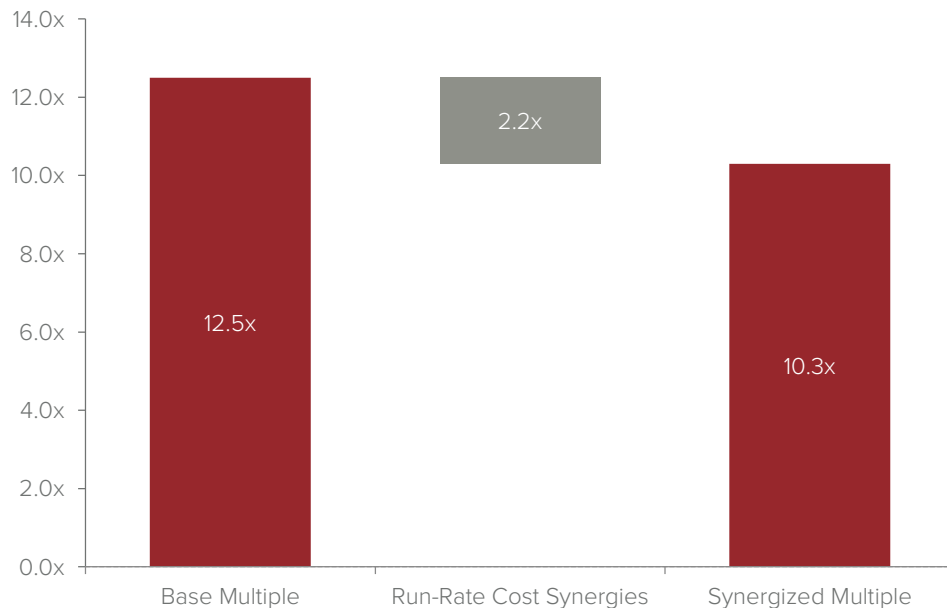
# M&A PROFILE: APERGY – CHAMPIONX MERGER

## TRANSACTION SUMMARY

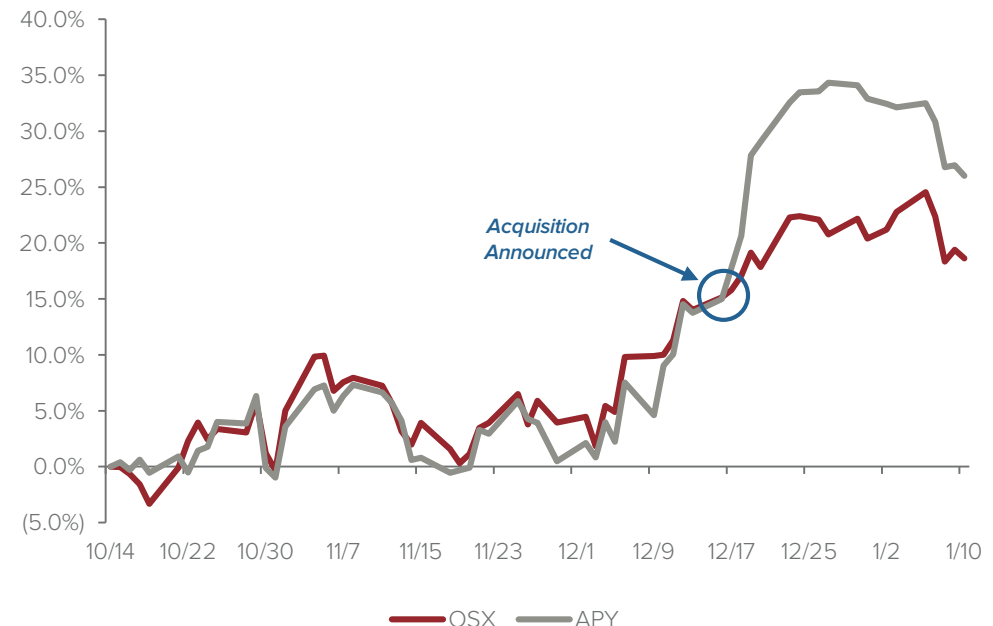
- On December 19, 2019, Apergy Corporation (“Apergy”) and Ecolab Inc. (“Ecolab”) announced that Ecolab will separate the upstream business of Nalco Champion (to be renamed “ChampionX”), and simultaneously combine it with Apergy in a tax-free transaction. The combination creates a global market leader in production optimization solutions with a full suite of artificial lift and chemical capabilities
- Based in The Woodlands, TX, Apergy is a leading provider of highly engineered equipment and technologies throughout the life cycle of a well
- Based in St. Paul, MN, ChampionX is a leader in on-site, technology-driven, sustainable chemistry programs throughout the life cycle of a well, including drilling, completion, and energy production solutions
- The merger is expected to result in the creation of a scaled, global leader in production-optimization solutions, including a differentiated portfolio of complementary products and services with well-known brands



## TRANSACTION MULTIPLE



## APY VS. OSX SHARE PRICE

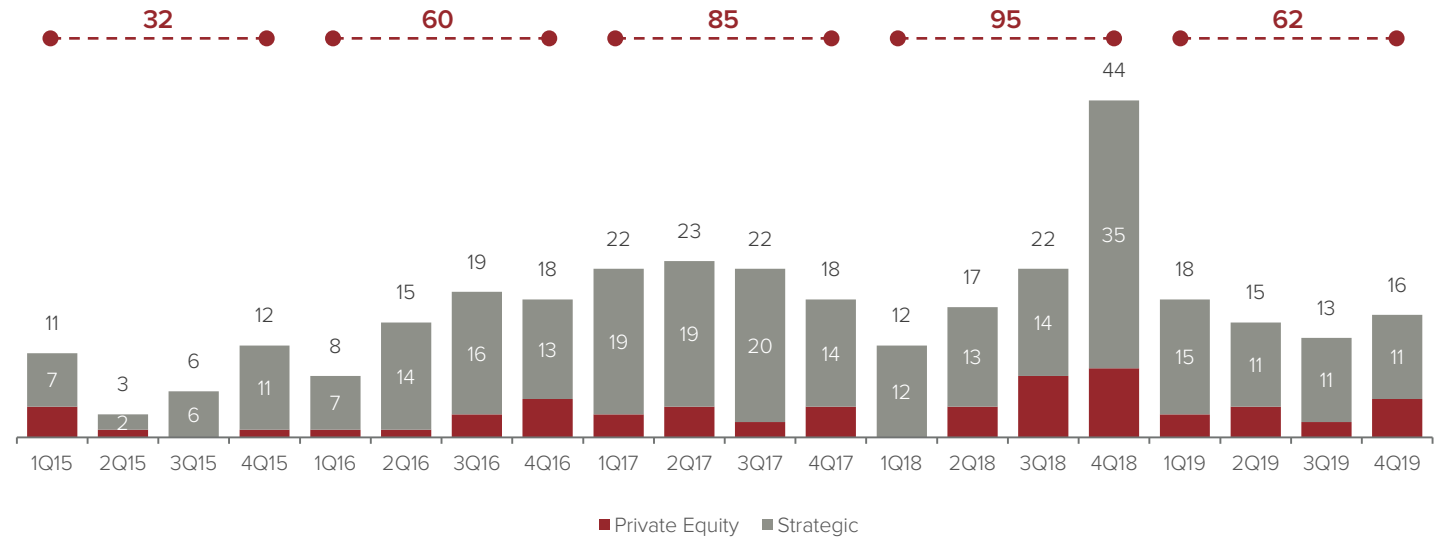


# STRATEGIC M&A ACTIVITY<sup>1,2</sup>

## ACQUIRERS OF OFS ASSETS BY VOLUME

(total # of transactions)

- Strategic acquirers represented 77% of OFS M&A transaction volume in 2019
- Strategic acquirers completed 48 transactions in 2019, down over 30% from 2018
- During 2019, a market shift occurred in which private equity buyers limited investments to highly differentiated technology-enabled companies or environmental-focused assets of scale

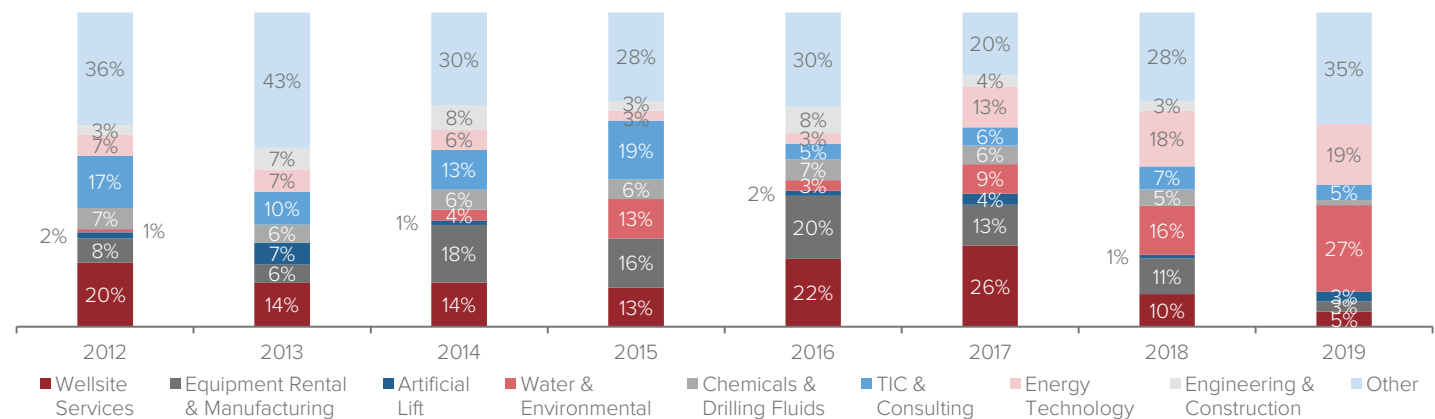


Note: Does not include add-on transactions or minority purchases

## ANNUAL SUB-SECTOR M&A ACTIVITY BY VOLUME

(as a % of total transactions)

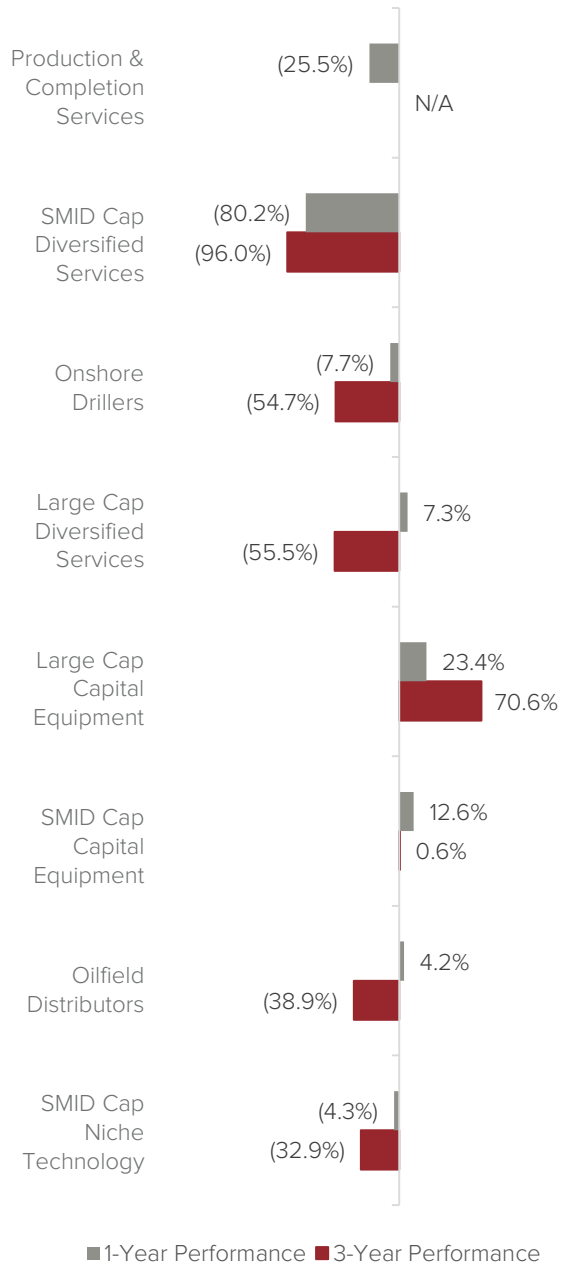
- Despite volatility in the energy industry, deal activity in OFS technology and the water & environmental sub-sector was strong throughout 2019
- As operators look to boost operational efficiencies and increase returns, interest in OFS technology is expected to remain strong in 2020



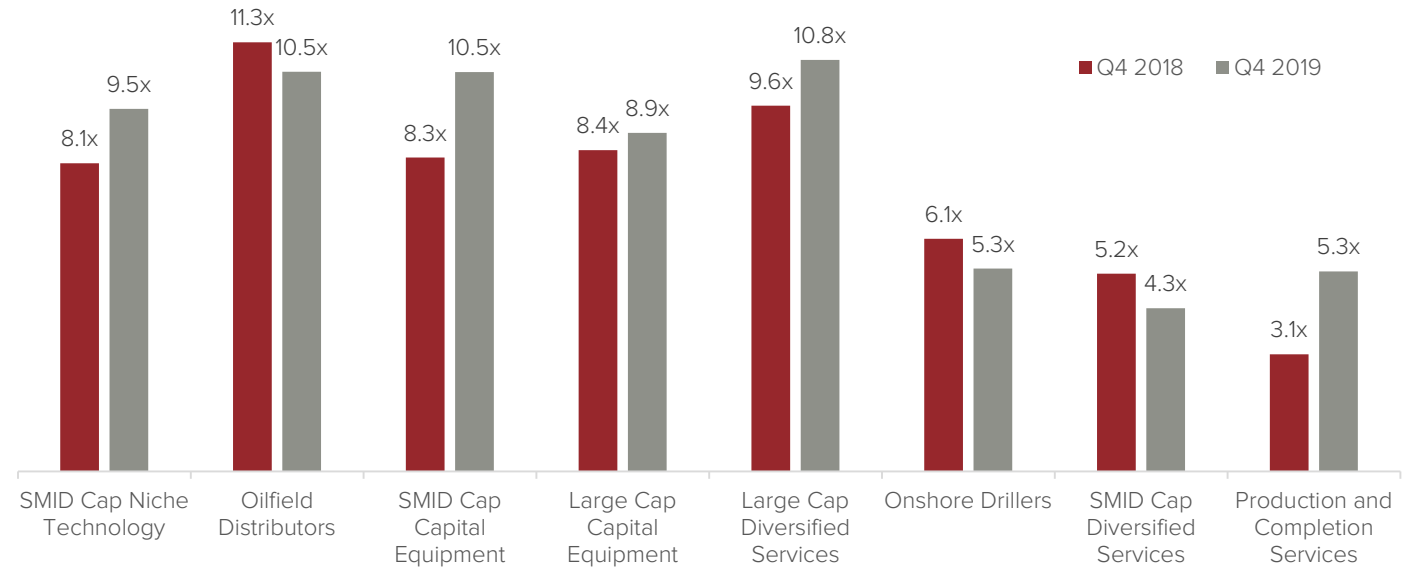
1) S&P CapIQ.  
2) PitchBook.

# PUBLIC OFS VALUATION MULTIPLES BY SECTOR<sup>1</sup>

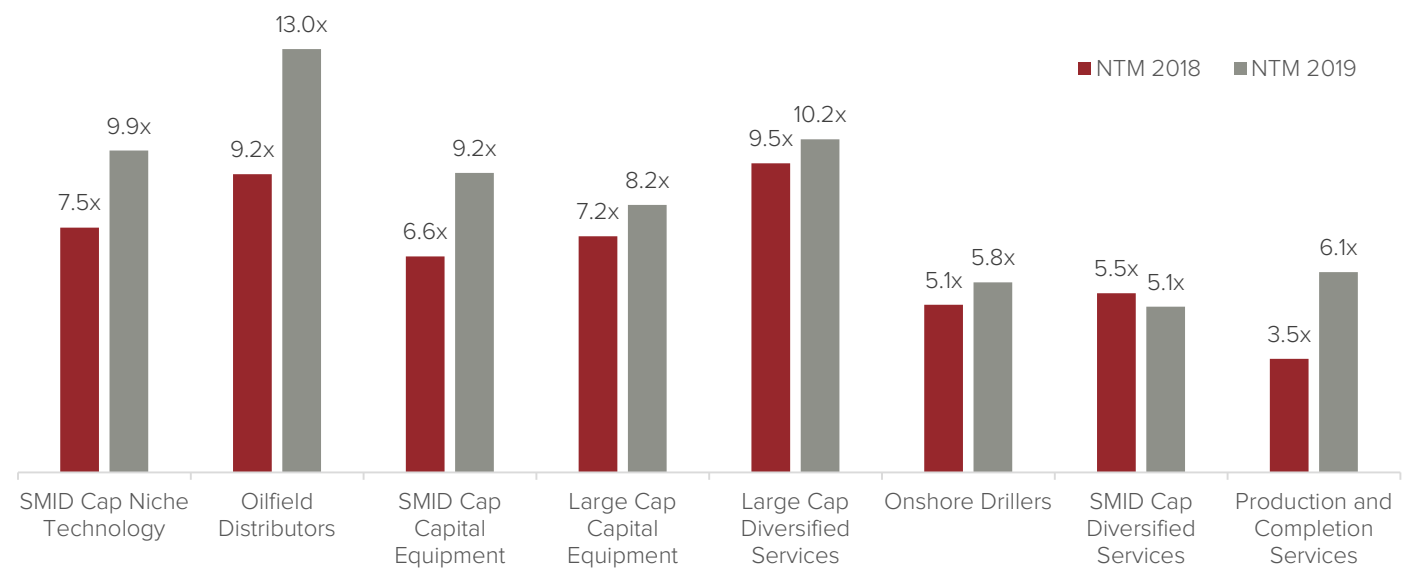
## Stock Performance (1- & 3-Year)



## EBITDA MULTIPLE COMPARISON LTM Q4 2018 VS. LTM Q4 2019



## EBITDA Multiple COMPARISON NTM Q4 2018 VS. NTM Q4 2019



<sup>1)</sup> S&P CapIQ.

# SELECT HW EPI TRANSACTIONS

 acquired by 	 is being acquired by 	 acquired by 	 acquired by 	 RELIABILITY SERVICES acquired by 	 acquired by 	 acquired by 	 acquired by 	 acquired by 	 acquired by 	 acquired by 
 acquired by 	 acquired by 	 merged with 	 acquired by 	 acquired by 	 acquired by 	 acquired by 	 acquired by 	 acquired by 	 acquired by 	 acquired by 
 acquired by 	 acquired by 	 acquired by 	 acquired by 	 acquired by 	 acquired by 	 acquired by 	 acquired by 	 acquired by 	 acquired by 	 acquired by 
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# OUR FIRM

Harris Williams has a broad range of industry expertise, which creates powerful opportunities. Our clients benefit from our deep-sector experience, integrated industry intelligence and collaboration across the firm, and our commitment to learning what makes them unique. For more information, visit our website at [www.harriswilliams.com/industries](http://www.harriswilliams.com/industries).

## Industry Group Expertise

**AEROSPACE, DEFENSE &  
GOVERNMENT SERVICES**

**BUSINESS  
SERVICES**

**ENERGY, POWER  
& INFRASTRUCTURE**

**SPECIALTY  
DISTRIBUTION**

**TRANSPORTATION  
& LOGISTICS**

**BUILDING PRODUCTS  
& MATERIALS**

**CONSUMER**

**HEALTHCARE  
& LIFE SCIENCES**

**INDUSTRIALS**

**TECHNOLOGY,  
MEDIA & TELECOM**

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#### **Mumbai**

#### **New Delhi**

#### **Shanghai**

# HARRIS WILLIAMS

## Sources

1. S&P CapIQ.
2. PitchBook.

## Disclosures

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