

ENERGY, POWER & INFRASTRUCTURE

QUARTERLY OILFIELD SERVICES SECTOR REVIEW | 2Q 2019

HW Harris Williams

HARRIS WILLIAMS (“HW”) OVERVIEW

GLOBAL ADVISORY PLATFORM

- Founded in 1991
- 300+ professionals across eight offices globally
- 170+ closed transactions in the last 24 months
- 21st record year in 2018
- 10 industry groups



ENERGY, POWER & INFRASTRUCTURE (“EPI”) GROUP

- 15 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

Managing Director
aspitzer@harriswilliams.com
 Office: (804) 915-0174

Luke Semple

Managing Director
lsemple@harriswilliams.com
 Office: (804) 915-0158

SELECT HW TRANSACTIONS

 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 comprehensive natural gas and oil production equipment and services, including, repair, testing, on-site support and consulting	 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

SELECT OILFIELD SERVICES M&A TRANSACTIONS^{1,2}

Announced March 20, 2019

KLX Energy Services acquires Red Bone & Tecton Energy Services

Completion and Wellsite Services



Enterprise Value: \$82 M

- KLX Energy Services has acquired Red Bone Services and Tecton Energy Services
- Red Bone Services provides non-frac high pressure pumping, thru-tubing and fishing services to operators primarily in the Mid-Continent region
- Tecton Energy Services is provider of flowback, drill-out and production services to operators in the greater Rocky Mountains region
- The acquisition of both companies advances KLX's strategic priorities of expanding the customer base and enhancing service offerings in key geographies

Announced March 11, 2019

Waste Management acquires Petro Waste Environmental

Environmental Services



Enterprise Value: Undisclosed

- Waste Management has acquired Petro Waste Environmental from Tailwater Capital
- Petro Waste Environmental is a leading provider of comprehensive oilfield environmental services and solid waste disposal serving the Permian Basin and Eagle Ford
- The acquisition expands Waste Management's energy footprint and enables their company to provide superior and differentiated solid waste disposal services to oil and gas producing customers
- Through Petro Waste's scale, core competencies, high-graded disposal facilities, Waste Management expects to generate momentum for significant and sustainable business growth

Announced February 26, 2019

Quorum Software acquires Coastal Flow Measurement

Energy Technology



Enterprise Value: Undisclosed

- Quorum Software has acquired Coastal Flow Measurement, a portfolio of energy measurement services and software companies including Flow-Cal, a provider of gas and liquid measurement software
- Coastal Flow provides gas and liquids measurement, analytical services and software to the energy industry
- The acquisition of Coastal Flow and its Flow-Cal subsidiary broadens and strengthens Quorum's software and services portfolio in measurement and data management for natural gas and petroleum liquids

SELECT OILFIELD SERVICES M&A TRANSACTIONS^{1,2}

Announced February 11, 2019

EQT acquires Kodiak Gas Services

Contract Compression Equipment



- EQT Infrastructure has acquired Kodiak Gas Services, LLC, the fastest-growing and largest privately held contract compression business providing critical compression equipment in the US
- Kodiak benefits from attractive long-term market dynamics, including growing US oil and gas production, increased centralization of compression needs and growing utilization of large compression to drive improved margins
- EQT Infrastructure will support Kodiak's growth with existing and new customers and will support the Company's continued operational improvement by providing deep sector expertise in the Energy sector and Midstream end markets as well as its network of Industrial Advisors

Enterprise Value: Undisclosed

Announced February 1, 2019

Ansell Limited announces the acquisition of Ringers Gloves

Safety Protection Solutions



- Ansell announces the acquisition of Ringers Gloves, headquartered in Houston, Texas for a total consideration of \$70 million
- Ringers Gloves is a leading provider of specialty impact gloves to oil & gas and general industry segments and has \$34 million in sales and 39 employees
- Ansell's CEO and Managing Director, Magnus Nicolin, said the acquisition provides Ansell with a highly complementary suite of industry leading impact protection products, expanding the company's position in this attractive and growing specialty category
- Acquiring Ringers will advance Ansell's safety protection solutions platform, creating a leading position in the important and growing specialty category of impact protection gloves

Enterprise Value: \$70 M

Announced January 25, 2019

SCF Partners Announces Investment in ProDirectional

Directional Drilling Services



- SCF Partners announces its partnership with and investment in Professional Directional Enterprises. Diamond Castle Partners, ProDirectional's previous capital sponsor, will also maintain an ownership position
- ProDirectional is a leading independent directional drilling services company that has established a track record of providing skilled personnel, differentiated technology, and best-in-class equipment to generate superior performance for its customers
- Through this investment, SCF plans to develop a drilling technologies platform that will enable customers to drill longer, better wells at lower costs

Enterprise Value: Undisclosed

WELL SERVICES | POTENTIAL CONSOLIDATION OF A FRAGMENTED MARKET

As investors call for greater pricing discipline and focus on profitability, cash flow and return on capital, the market for traditional well services remains highly fragmented. This fragmentation is unlikely to be solved via liquidations, as the equipment utilized by failing concerns typically falls back into the hands of an existing or new operator. After an unsuccessful move for exits and liquidity in 2018, many are calling for 2019 to be the year of more aligned expectations between buyers and sellers as some seek to capitalize on the potential for industry consolidation to drive the return on capital improvements so many are seeking from the sector. KLX's recent acquisition of RedBone Services and Tecton Energy Services may represent the start of an active year for M&A in the sector. The below highlights the fragmentation in just a handful of service lines: pressure pumping, coiled tubing, wireline and flowback services.



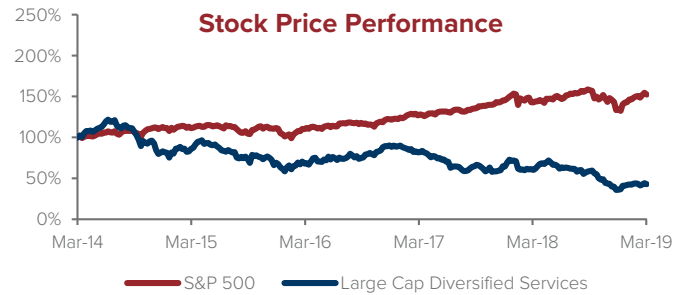
PUBLIC MARKET OBSERVATIONS^{1,2}

LARGE CAP DIVERSIFIED SERVICES

Key Public Comps



Enterprise Value /	
2019E EBITDA	2020P EBITDA
9.7x	7.8x



Transaction Spotlight

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N/A

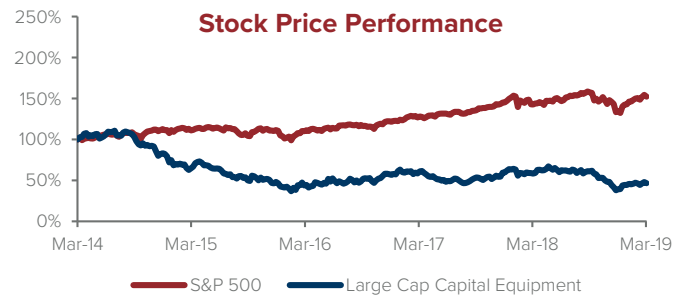
Transaction TEV: NA

LARGE CAP CAPITAL EQUIPMENT

Key Public Comps



Enterprise Value /	
2019E EBITDA	2020P EBITDA
10.1x	8.9x



Transaction Spotlight

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N/A

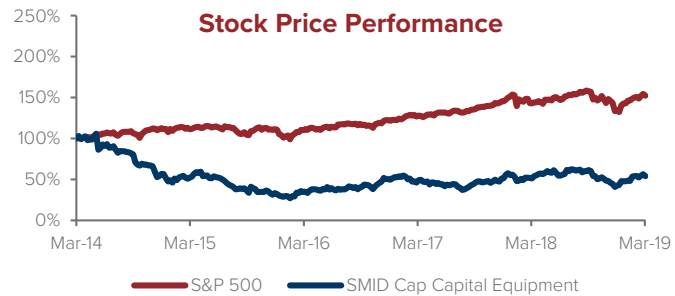
Transaction TEV: NA

SMID CAP CAPITAL EQUIPMENT

Key Public Comps



Enterprise Value /	
2019E EBITDA	2020P EBITDA
11.3x	7.9x



Transaction Spotlight

February 11, 2019



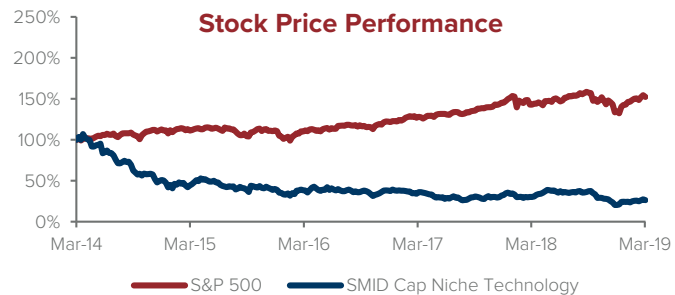
Transaction TEV: Undisclosed

SMID CAP NICHE TECHNOLOGY

Key Public Comps



Enterprise Value /	
2019E EBITDA	2020P EBITDA
12.9x	9.0x



Transaction Spotlight

January 10, 2019



Capital Raise: \$50M

PUBLIC MARKET OBSERVATIONS^{1,2}

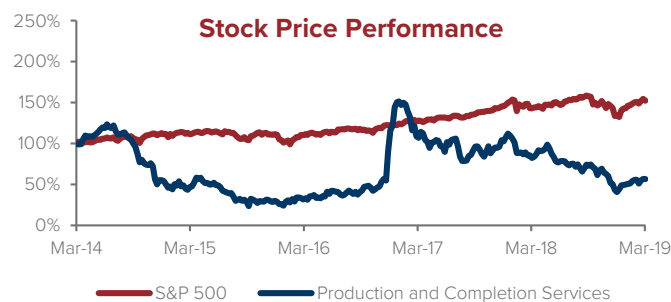
PRODUCTION AND COMPLETION SERVICES

Key Public Comps



Enterprise Value /
2019E EBITDA 2020P EBITDA
5.5x 4.0x

Stock Price Performance



Transaction Spotlight

March 20, 2019



Transaction TEV: \$82M

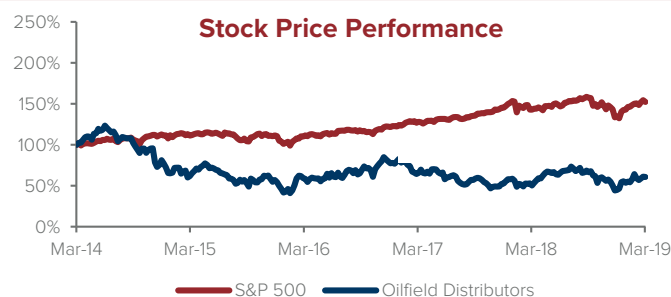
OILFIELD DISTRIBUTORS

Key Public Comps



Enterprise Value /
2019E EBITDA 2020P EBITDA
12.3x 10.0x

Stock Price Performance



Transaction Spotlight

N/A

Transaction TEV: NA

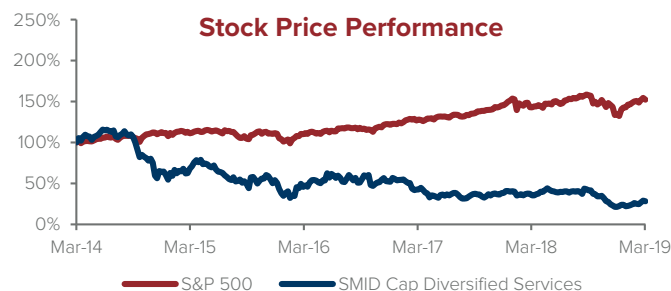
SMID CAP DIVERSIFIED SERVICES

Key Public Comps



Enterprise Value /
2019E EBITDA 2020P EBITDA
6.2x 5.0x

Stock Price Performance



Transaction Spotlight

March 26, 2019



Transaction TEV: Undisclosed

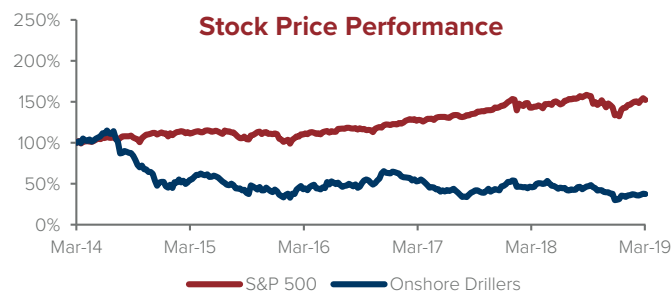
ONSHORE DRILLERS

Key Public Comps



Enterprise Value /
2019E EBITDA 2020P EBITDA
5.9x 5.1x

Stock Price Performance



Transaction Spotlight

January 25, 2019



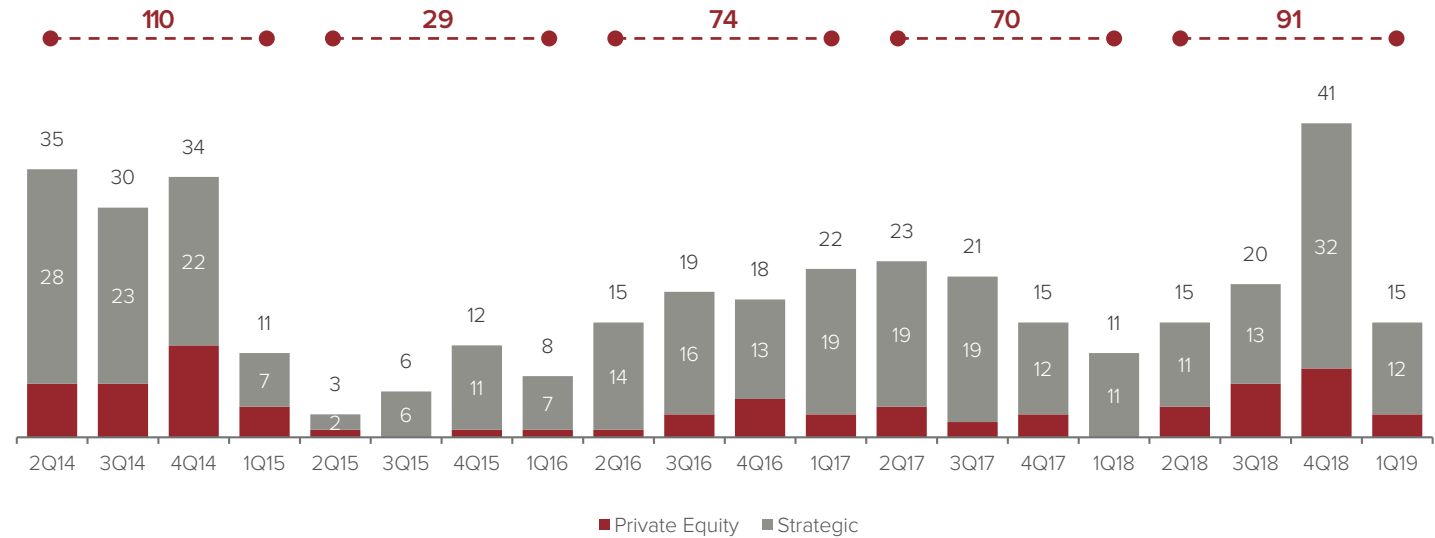
Transaction TEV: Undisclosed

STRATEGIC M&A ACTIVITY^{1,2}

ACQUIRERS OF OFS ASSETS BY VOLUME

(total # of transactions)

- Strategic acquirers represented 80% of OFS M&A transaction volume in Q1 2019
- Strategic acquirers completed 12 transactions in Q1 2019, up slightly from 11 in Q1 2018 and remaining well below market peak of 34 transactions completed in Q1 2014
- Despite recent Q4 2018 commodity price volatility, private equity buyers continue to show increased investment appetite for OFS assets

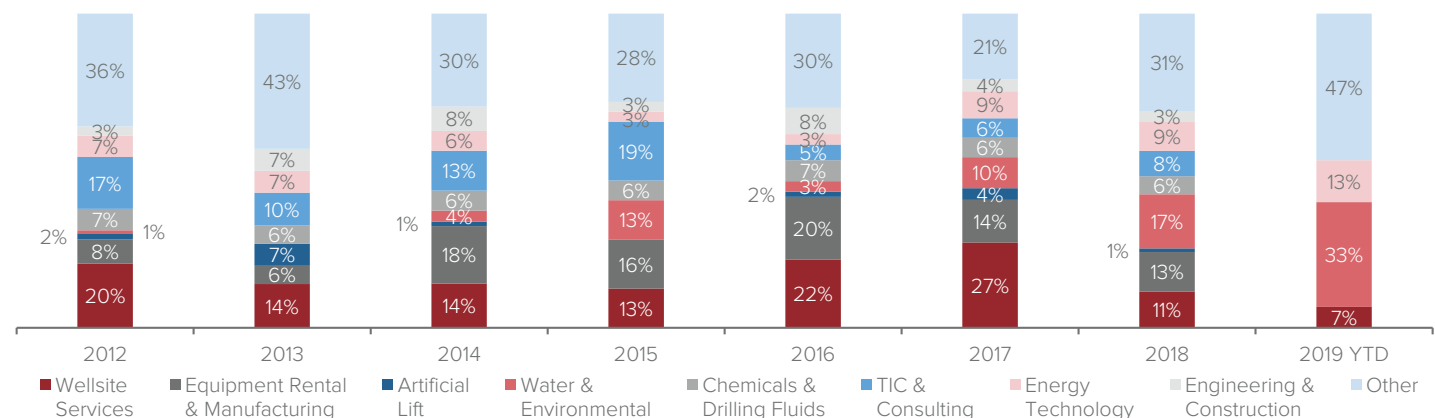


Note: Does not include add-on transactions or minority purchases

ANNUAL SUB-SECTOR M&A ACTIVITY BY VOLUME

(as a % of total transactions)

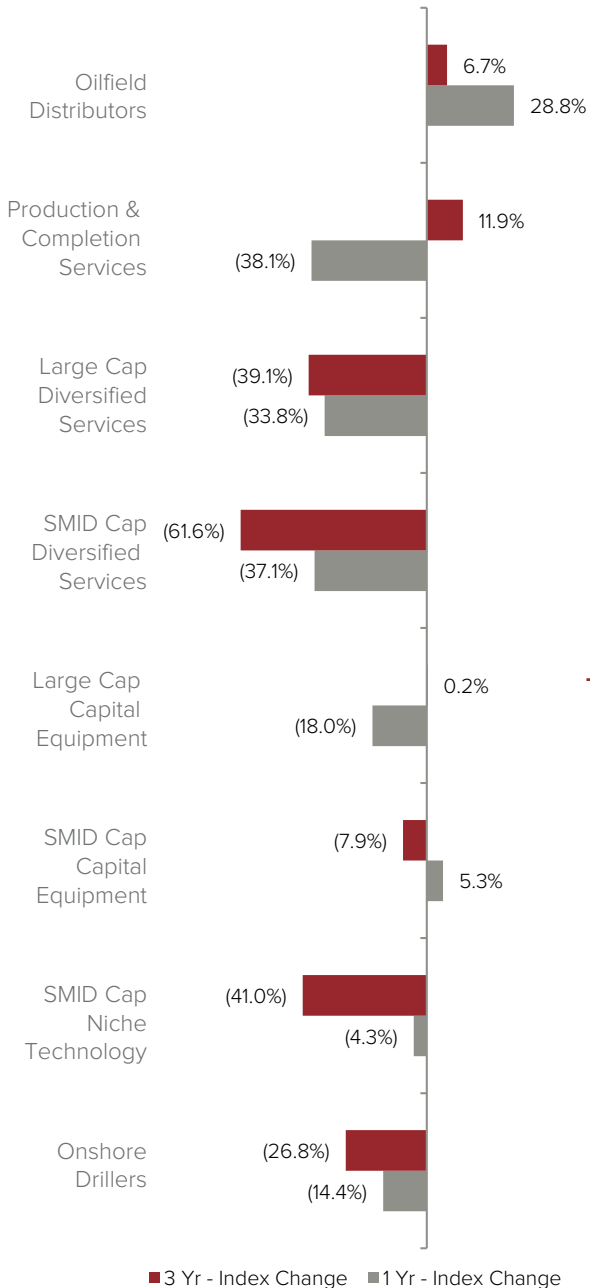
- KLX Energy and WaterBridge's acquisition appetite support the market consolidation theme that is expected to unfold during 2019
- Water and environmental assets and technology focused wellsite service providers are experiencing growing interest from both strategic and private equity buyers



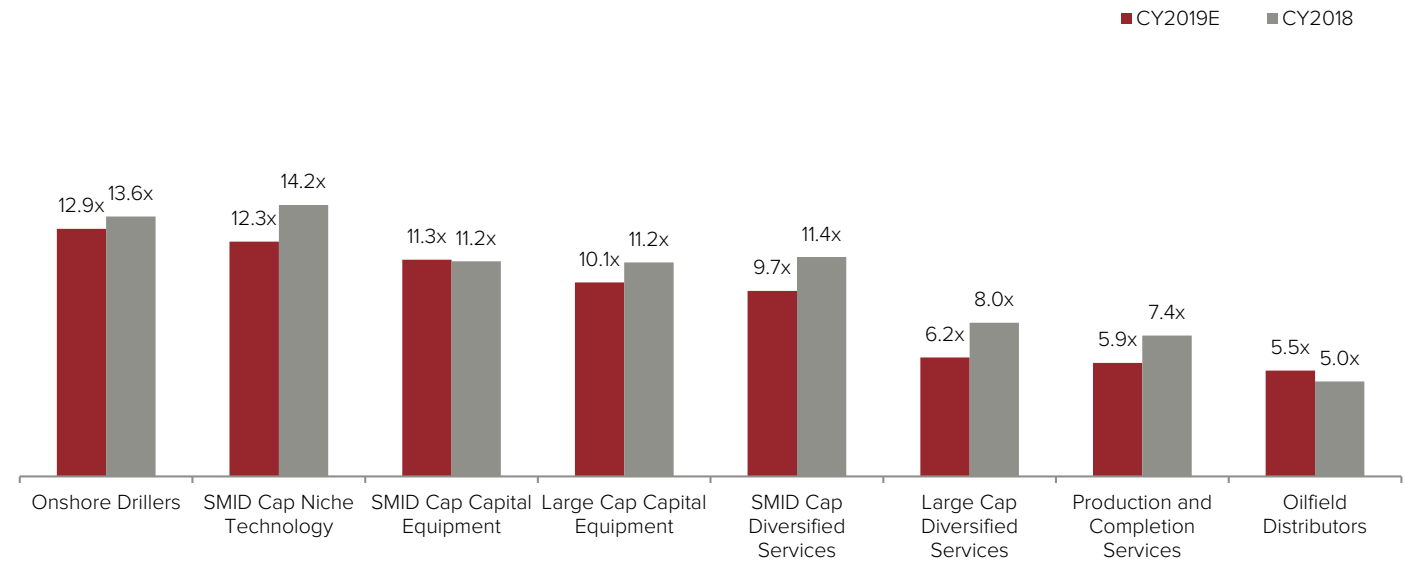
Note: Includes only major NAM and EUR transactions

PUBLIC OFS VALUATION MULTIPLES BY SECTOR¹

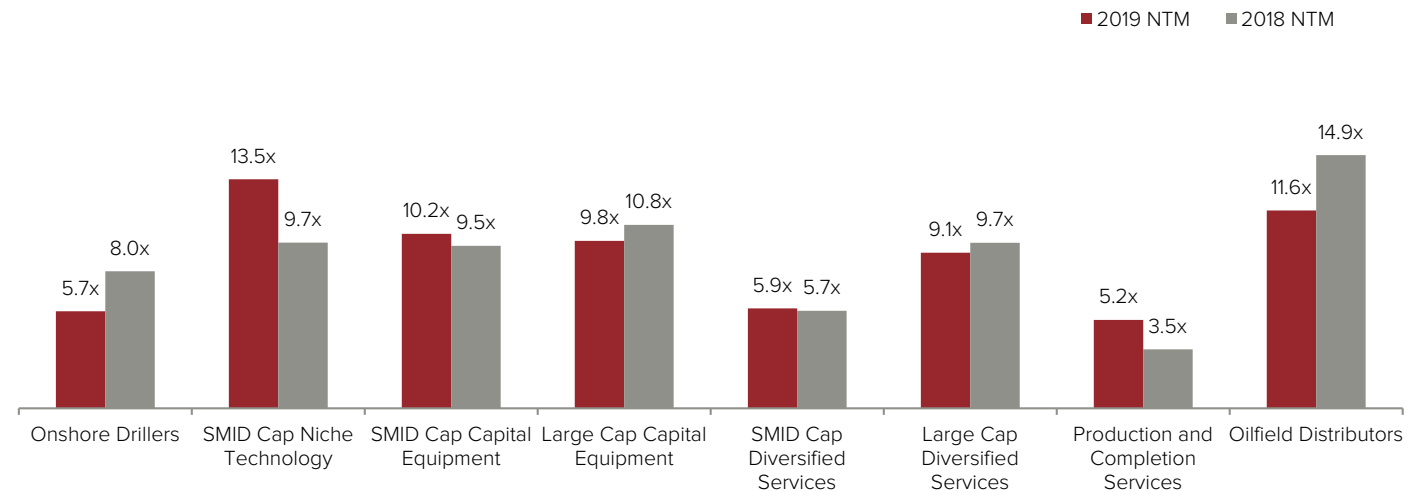
Stock Performance (1- & 3-Year)



EBITDA MULTIPLE COMPARISON CY2019E VS. CY2018



EBITDA Multiple COMPARISON NTM 1Q 2018 VS. NTM 1Q 2019



SELECT HW EPI TRANSACTIONS

 RELIABILITY SERVICES acquired by 	 acquired by 	 acquired by 	 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
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Harris Williams Office Locations

UNITED STATES

Boston

One International Place
Suite 2620
Boston, Massachusetts
02110
Phone: +1 (617) 482-7501

Cleveland

1900 East 9th Street
20th Floor
Cleveland, Ohio 44114
Phone: +1 (216) 689-2400

Minneapolis

222 South 9th Street
Suite 3350
Minneapolis, Minnesota
55402
Phone: +1 (612) 359-2700

Richmond (Headquarters)

1001 Haxall Point
9th Floor
Richmond, Virginia 23219
Phone: +1 (804) 648-0072

San Francisco

575 Market Street
31st Floor
San Francisco, California 94105
Phone: +1 (415) 288-4260

Washington, D.C.

800 17th St. NW
2nd Floor
Washington, D.C. 20006
Phone: +1 (202)-207-2300

EUROPE

Frankfurt

Bockenheimer Landstrasse 33-35
60325 Frankfurt
Germany
Phone: +49 069 3650638 00

London

63 Brook Street
London W1K 4HS, England
Phone: +44 (0) 20 7518 8900

NETWORK OFFICES

Beijing

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Sources

1. FactSet.
2. PitchBook.

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