

ENERGY, POWER & INFRASTRUCTURE

QUARTERLY OILFIELD SERVICES SECTOR REVIEW | 4Q 2019

HW Harris Williams

HARRIS WILLIAMS (“HW”) OVERVIEW

GLOBAL ADVISORY PLATFORM

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

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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

Announced
July 8, 2019

zedi

has been acquired by



Enterprise Value:
Undisclosed

Emerson acquires Zedi's Software & Automation Business

- Zedi's software & automation business is a cloud supervisory control and data acquisition platform that enables customers to monitor over two million sensors and thousands of devices and applications
- Emerson is a global technology and engineering company that services the energy, industrial, commercial, and residential markets
- The acquisition further enables Emerson to help oil and gas producers increase production and reduce operating costs through cloud-based monitoring, control, and optimization that allows for further automation of the overall production process

Announced
August 21, 2019

ogsys

has been acquired by



Enterprise Value:
Undisclosed

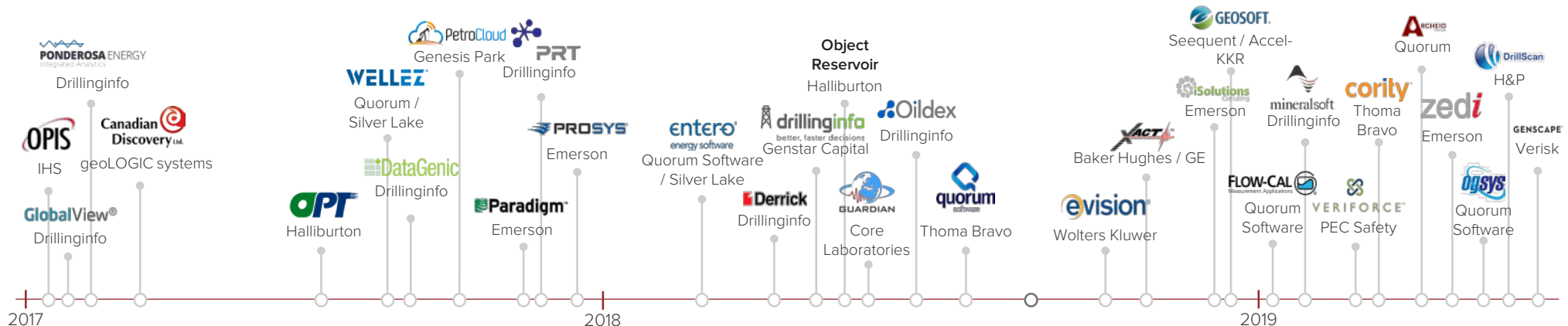
Quorum Software acquires OGsys

- OGsys is the leading provider of cloud-based oil and gas accounting software for small and medium-sized businesses, helping operators and owners properly manage the industry's complex accounting requirements
- Quorum Software is the leader in digital transformation for the oil and gas industry, providing integrated solutions for customer processing demands through innovative software that addresses the upstream, midstream, and downstream segments of the oil and gas value chain
- Quorum Software is backed by Thoma Bravo
- The acquisition expands Quorum's "Upstream on Demand" suite of software, addressing a technology gap in the marketplace for modernized, cloud-based accounting software that is both affordable and accessible to smaller enterprises

THE MARKET FOR ENERGY TECHNOLOGY ASSETS HAS BEEN ROBUST

- More than 30 deals in the sector as strategic players and financial sponsors seek to capitalize on:

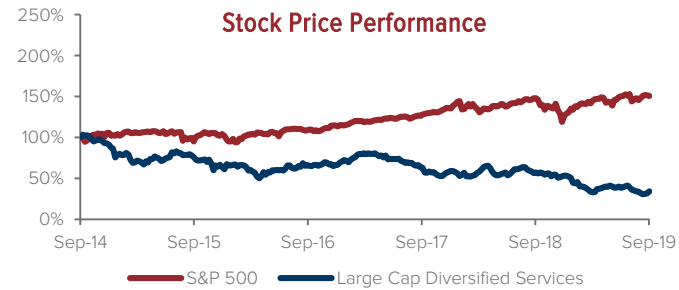
- Digitalization of the energy sector
- Internet of Things
- Automation
- Advanced analytics and business intelligence



PUBLIC MARKET OBSERVATIONS^{1,2}

LARGE CAP DIVERSIFIED SERVICES

Key Public Comps



Transaction Spotlight

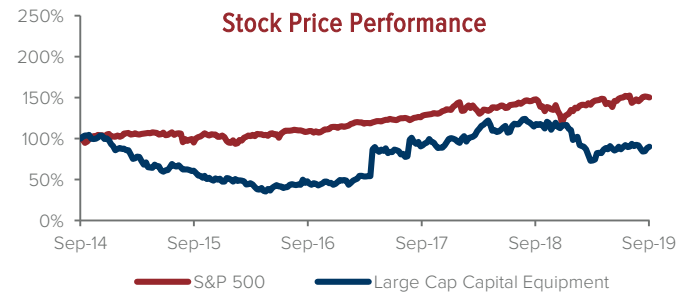
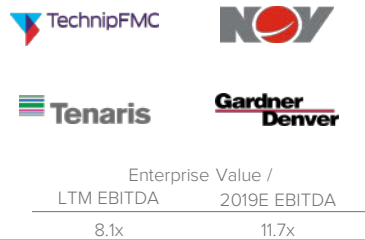
July 18, 2019



Transaction TEV: Undisclosed

LARGE CAP CAPITAL EQUIPMENT

Key Public Comps



Transaction Spotlight

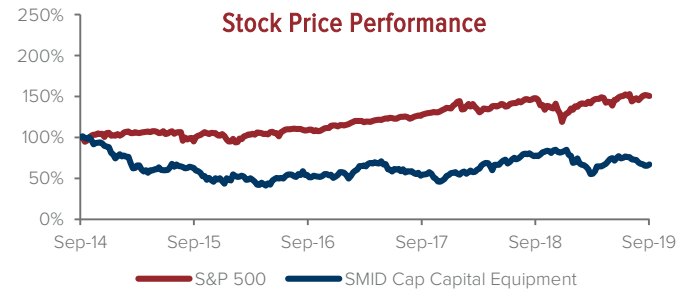
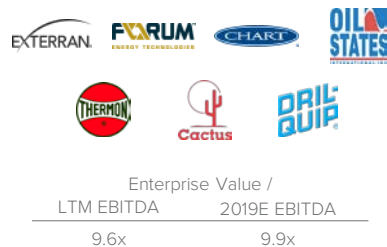
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N/A

Transaction TEV: NA

SMID CAP CAPITAL EQUIPMENT

Key Public Comps



Transaction Spotlight

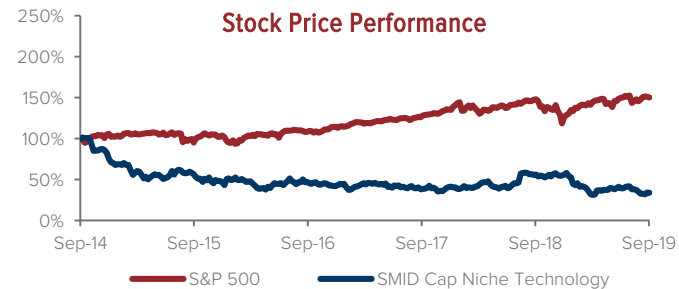
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N/A

Transaction TEV: NA

SMID CAP NICHE TECHNOLOGY

Key Public Comps



Transaction Spotlight

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N/A

Transaction TEV: NA

1) S&P CapIQ.
2) PitchBook.

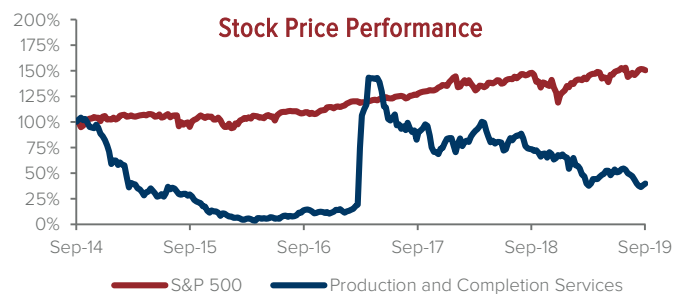
PUBLIC MARKET OBSERVATIONS^{1,2}

PRODUCTION AND COMPLETION SERVICES

Key Public Comps



Enterprise Value /
LTM EBITDA 2019E EBITDA
3.8x 8.5x



Transaction Spotlight

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N/A

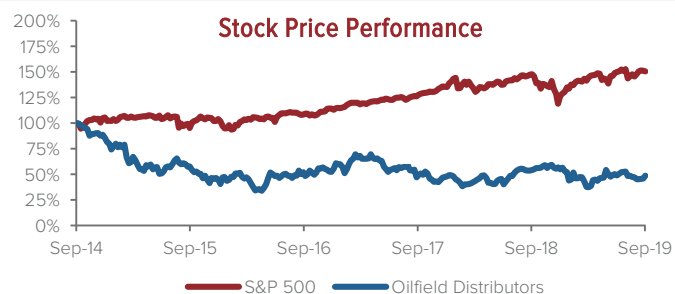
Transaction TEV: NA

OILFIELD DISTRIBUTORS

Key Public Comps



Enterprise Value /
LTM EBITDA 2019E EBITDA
10.8x 15.6x



Transaction Spotlight

—

N/A

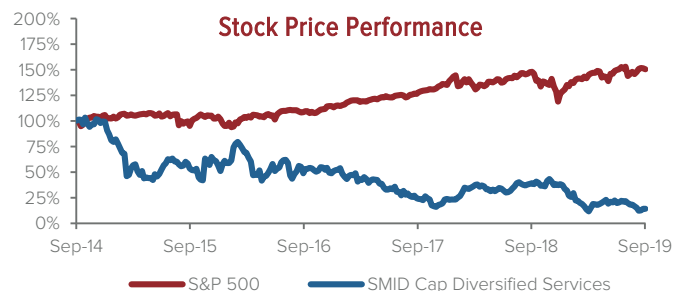
Transaction TEV: NA

SMID CAP DIVERSIFIED SERVICES

Key Public Comps



Enterprise Value /
LTM EBITDA 2019E EBITDA
5.8x 9.2x



Transaction Spotlight

September 25, 2019



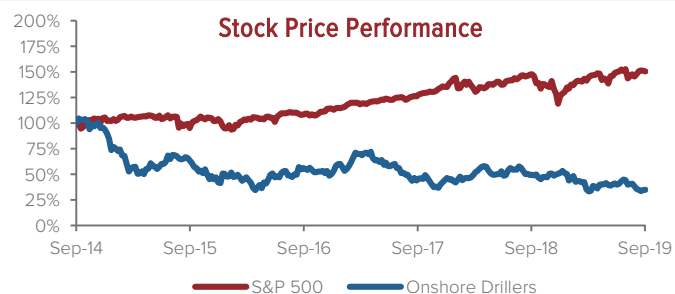
Transaction TEV: Undisclosed

ONSHORE DRILLERS

Key Public Comps



Enterprise Value /
LTM EBITDA 2019E EBITDA
5.2x 7.1x



Transaction Spotlight

August 21, 2019



Transaction TEV: Undisclosed

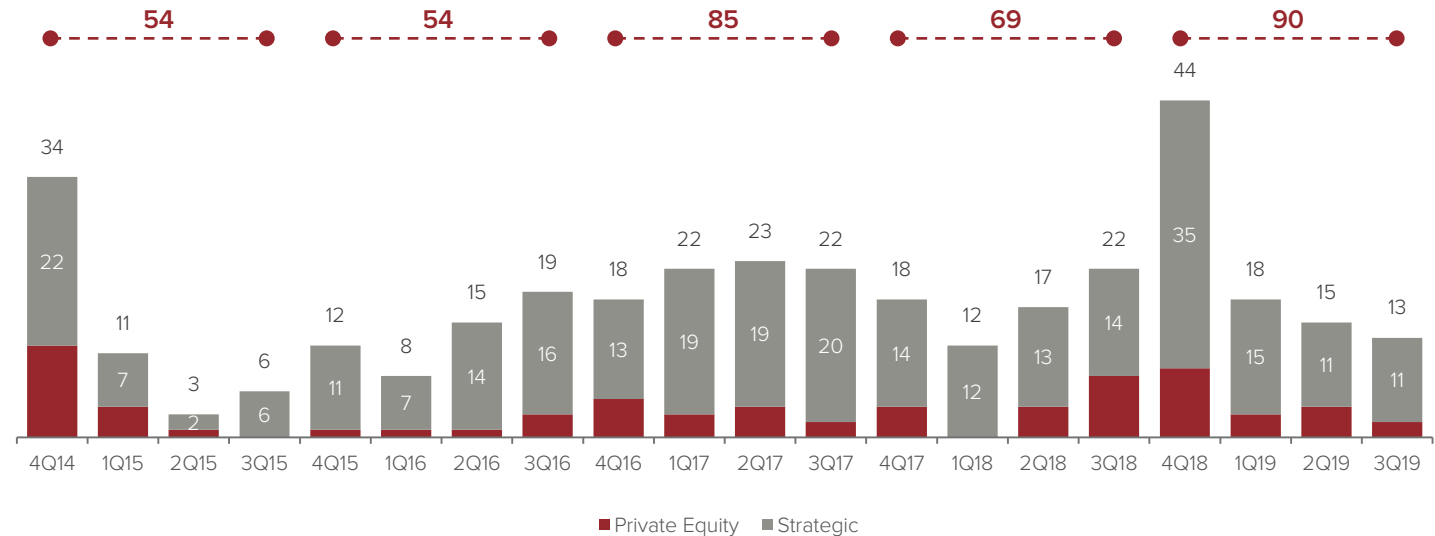
1) S&P CapIQ.
2) PitchBook.

STRATEGIC M&A ACTIVITY^{1,2}

ACQUIRERS OF OFS ASSETS BY VOLUME

(total # of transactions)

- Strategic acquirers represented 85% of OFS M&A transaction volume in Q3 2019
- Strategic acquirers completed 11 transactions in Q3 2019, down slightly from 14 in Q3 2018
- Private equity buyers seeking to deploy capital in the OFS sector are largely focused on differentiated technology or environmental focused assets of scale

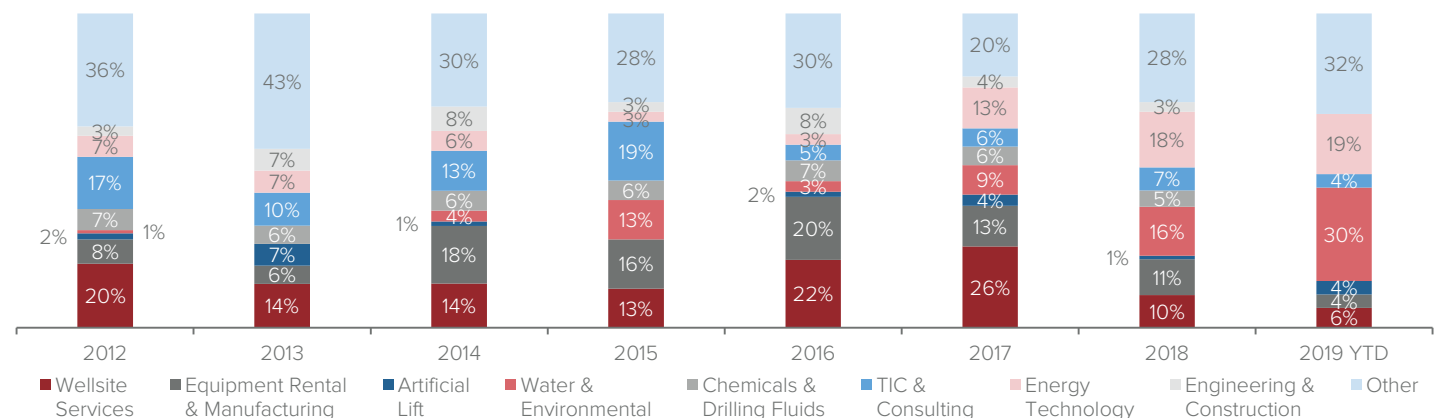


Note: Does not include add-on transactions or minority purchases

ANNUAL SUB-SECTOR M&A ACTIVITY BY VOLUME

(as a % of total transactions)

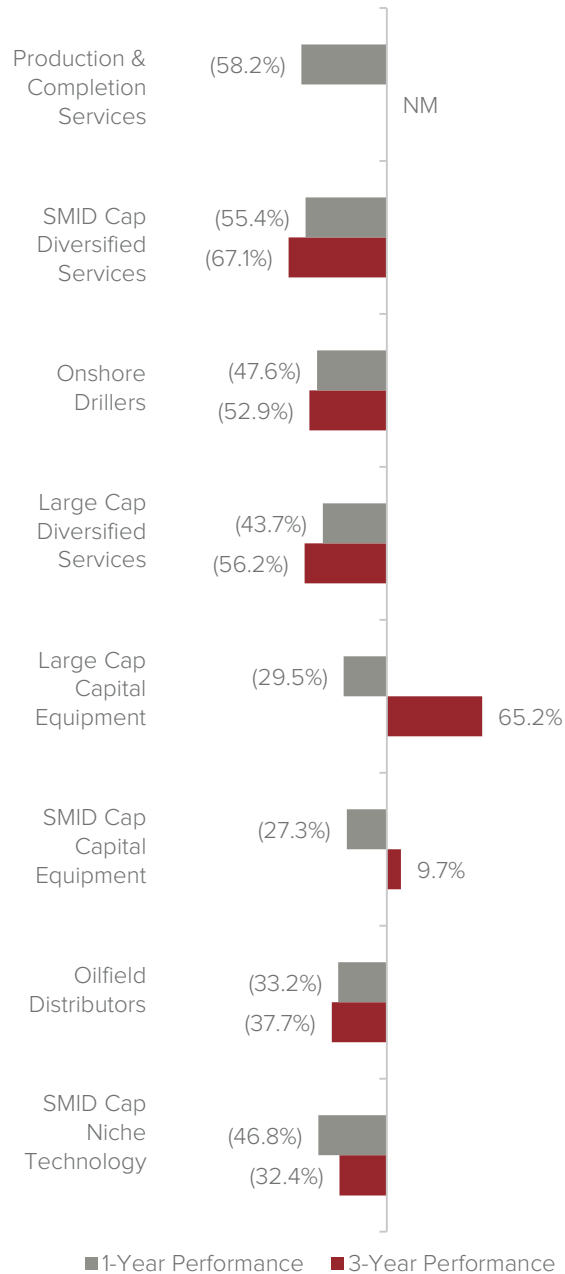
- Interest in water & environmental assets remains high for both strategic and financial buyers
- Consolidation in the water & environmental sub-sector is expected to continue through 2019 as existing platforms look to add scale
- Deal activity in OFS technology remains high as adoption of the digital oilfield concept accelerates



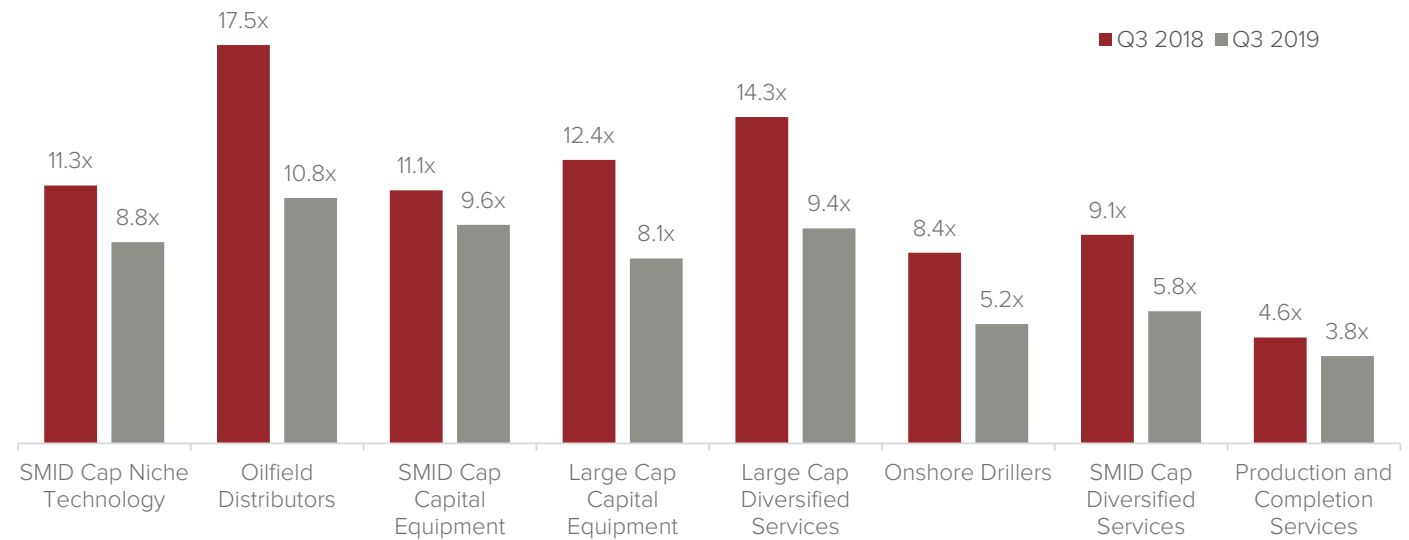
1) S&P CapIQ.
2) PitchBook.

PUBLIC OFS VALUATION MULTIPLES BY SECTOR¹

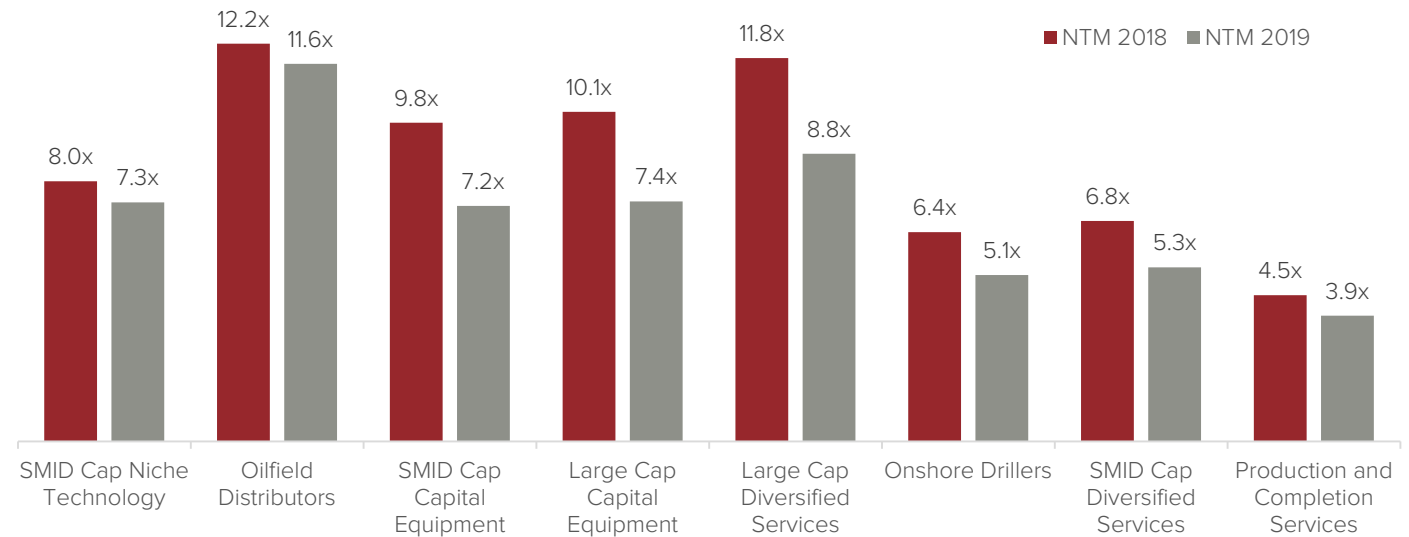
Stock Performance (1- & 3-Year)



EBITDA MULTIPLE COMPARISON LTM Q3 2018 VS. LTM Q3 2019



EBITDA Multiple COMPARISON NTM Q3 2018 VS. NTM Q3 2019



¹⁾ S&P CapIQ.

SELECT HW EPI TRANSACTIONS

 acquired by 	 acquired by 	 RELIABILITY SERVICES acquired by 	 acquired by 	 acquired by 	 acquired by 	 acquired by 	 acquired by 	 acquired by 	 acquired by 	 acquired by
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Sources

1. S&P CapIQ.
2. PitchBook.

Disclosures

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