

ENERGY, POWER & INFRASTRUCTURE

QUARTERLY OILFIELD SERVICES SECTOR REVIEW | 3Q 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

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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^{1,2}

Announced June 17, 2019

Kean Group to merge with C&J Energy Services

Diversified Oilfield Services



Enterprise Value: \$1.8 B

- Keane Group and C&J Energy Services entered into a definitive agreement to combine in an all-stock merger of equals.
- Combined platform will increase diversification across geographies and services.
- Significant synergy opportunity with an estimated run-rate cost savings of ~\$100 million.
- Robert Drummond of Keane will serve as President and Chief Executive Officer of the combined platform.
- Combined company's new corporate name and ticker symbol to be announced prior to transaction closing in 4Q 2019.

Announced June 12, 2019

Innovex Downhole Solutions acquires Quick Connectors

Artificial Lift



Enterprise Value: Undisclosed

- Innovex Downhole Solutions, a portfolio company of Intervale Capital, acquires Quick Connectors.
- Quick Connectors is a provider of artificial lift wellhead systems with a focus on ESP wellhead solutions, including a complete line of ESP hangers, ESP Adapters, and continuous fluid level monitoring systems & production BOP solutions.
- The acquisition of Quick Connectors further diversifies Innovex's offering by expanding into the artificial lift market, one of the fastest growing segments within the broader energy services market.
- Adam Anderson, the current CEO of Innovex, will oversee the combined platform.

Announced April 24, 2019

XRI acquires Fountain Quail Water Treatment

Water & Environmental Services



Enterprise Value: Undisclosed

- XRI Holdings acquires the water treatment and recycling division of Fountain Quail Energy Services.
- Fountain Quail Water Treatment is a produced water treatment, recycling, and reuse business with operations throughout the Permian Basin, as well as other key producing basins across the U.S.
- Combined with XRI's existing water midstream system, the acquisition will enhance XRI's capabilities by adding comprehensive recycle and reuse capabilities for water used in advanced completion techniques in the Permian Basin.

1) S&P CapIQ.
2) PitchBook.

PUBLIC MARKET OBSERVATIONS^{1,2}

LARGE CAP DIVERSIFIED SERVICES	<p>Key Public Comps</p> <p>Enterprise Value / 2018 EBITDA 2019E EBITDA</p> <p>9.6x 12.9x</p>	<p>Stock Price Performance</p> <p>— S&P 500 — Large Cap Diversified Services</p>	<p>Transaction Spotlight</p> <p>--</p> <p>N/A</p> <p>Transaction TEV: NA</p>
LARGE CAP CAPITAL EQUIPMENT	<p>Key Public Comps</p> <p>Enterprise Value / 2018 EBITDA 2019E EBITDA</p> <p>8.7x 12.3x</p>	<p>Stock Price Performance</p> <p>— S&P 500 — Large Cap Capital Equipment</p>	<p>Transaction Spotlight</p> <p>--</p> <p>N/A</p> <p>Transaction TEV: NA</p>
SMID CAP CAPITAL EQUIPMENT	<p>Key Public Comps</p> <p>Enterprise Value / 2018 EBITDA 2019E EBITDA</p> <p>10.0x 10.3x</p>	<p>Stock Price Performance</p> <p>— S&P 500 — SMID Cap Capital Equipment</p>	<p>Transaction Spotlight</p> <p>June 12, 2019</p> <p>Transaction TEV: Undisclosed</p>
SMID CAP NICHE TECHNOLOGY	<p>Key Public Comps</p> <p>Enterprise Value / 2018 EBITDA 2019E EBITDA</p> <p>10.3x 13.8x</p>	<p>Stock Price Performance</p> <p>— S&P 500 — SMID Cap Niche Technology</p>	<p>Transaction Spotlight</p> <p>April 4, 2019</p> <p>Transaction TEV: Undisclosed</p>

1) S&P CapIQ.
2) PitchBook.

PUBLIC MARKET OBSERVATIONS^{1,2}

PRODUCTION AND COMPLETION SERVICES	<p>Key Public Comps</p> <p>Enterprise Value / 2018 EBITDA 2019E EBITDA</p> <p>3.1x 6.9x</p>	<p>Stock Price Performance</p> <p>— S&P 500 — Production and Completion Services</p>	<p>Transaction Spotlight June 17, 2019</p> <p>KEANE / C&J ENERGY SERVICES</p> <p>Transaction TEV: \$1.8B</p>
OILFIELD DISTRIBUTORS	<p>Key Public Comps</p> <p>Enterprise Value / 2018 EBITDA 2019E EBITDA</p> <p>11.3x 12.2x</p>	<p>Stock Price Performance</p> <p>— S&P 500 — Oilfield Distributors</p>	<p>Transaction Spotlight April 4, 2019</p> <p>Transaction TEV: \$70M</p>
SMID CAP DIVERSIFIED SERVICES	<p>Key Public Comps</p> <p>Enterprise Value / 2018 EBITDA 2019E EBITDA</p> <p>6.3x 8.7x</p>	<p>Stock Price Performance</p> <p>— S&P 500 — SMID Cap Diversified Services</p>	<p>Transaction Spotlight</p> <p>--</p> <p>N/A</p> <p>Transaction TEV: NA</p>
ONSHORE DRILLERS	<p>Key Public Comps</p> <p>Enterprise Value / 2018 EBITDA 2019E EBITDA</p> <p>6.1x 7.1x</p>	<p>Stock Price Performance</p> <p>— S&P 500 — Onshore Drillers</p>	<p>Transaction Spotlight</p> <p>--</p> <p>N/A</p> <p>Transaction TEV: NA</p>

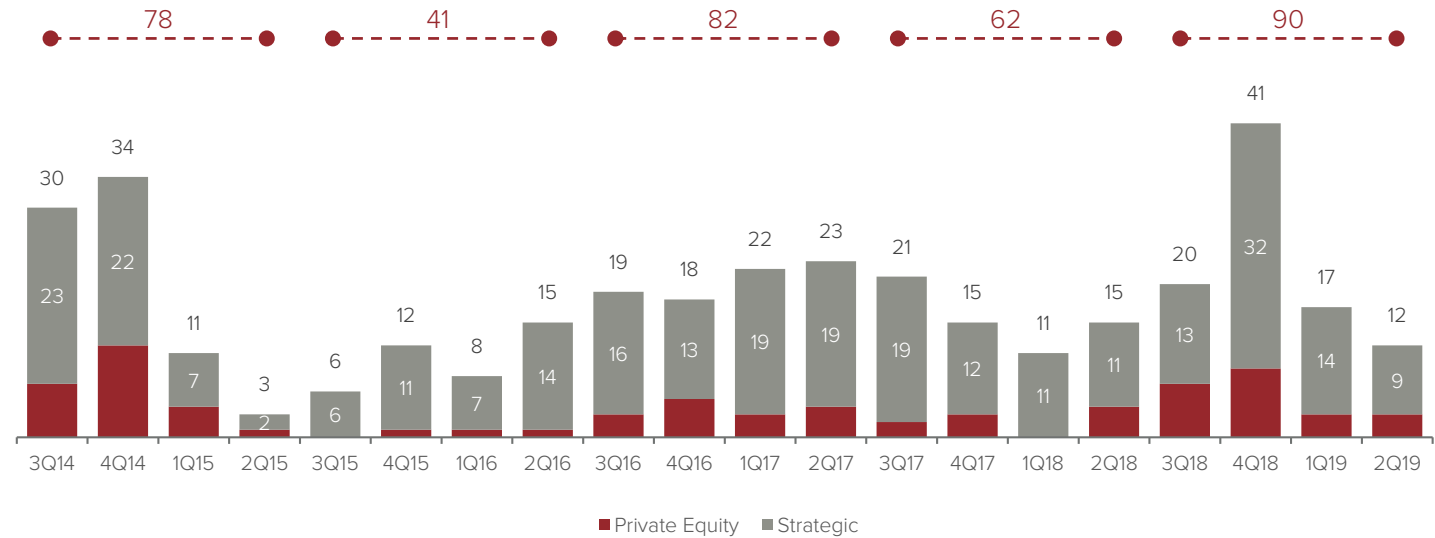
1) S&P CapIQ.
2) PitchBook.

STRATEGIC M&A ACTIVITY^{1,2}

ACQUIRERS OF OFS ASSETS BY VOLUME

(total # of transactions)

- Strategic acquirers represented 75% of OFS M&A transaction volume in Q2 2019
- Strategic acquirers completed 9 transactions in Q2 2019, down slightly from 11 in Q2 2018 and remaining well below market peak of 34 transactions completed in Q1 2014
- Private equity buyers continue to show increased investment appetite for OFS assets, particularly for differentiated assets of scale

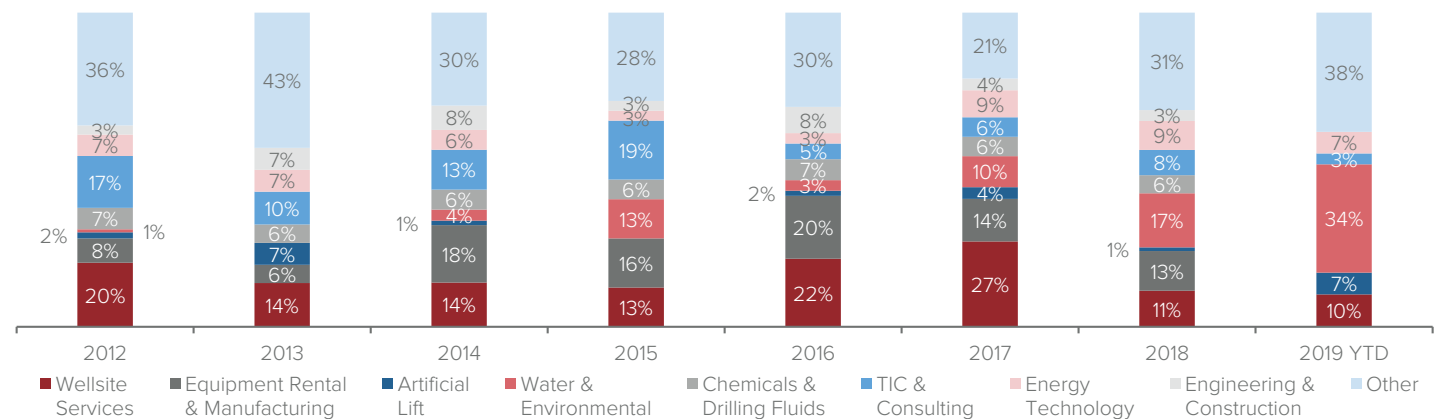


Note: Does not include add-on transactions or minority purchases

ANNUAL SUB-SECTOR M&A ACTIVITY BY VOLUME

(as a % of total transactions)

- The Keane and CJ Energy merger, combined with the acquisition appetites of KLX Energy and WaterBridge, support the market consolidation theme that is expected to continue to unfold in 2H2019
- Water & environmental assets continue to see significant interest from both strategic and private buyers seeking to add scale to current holdings



Note: Includes only major NAM and EUR transactions

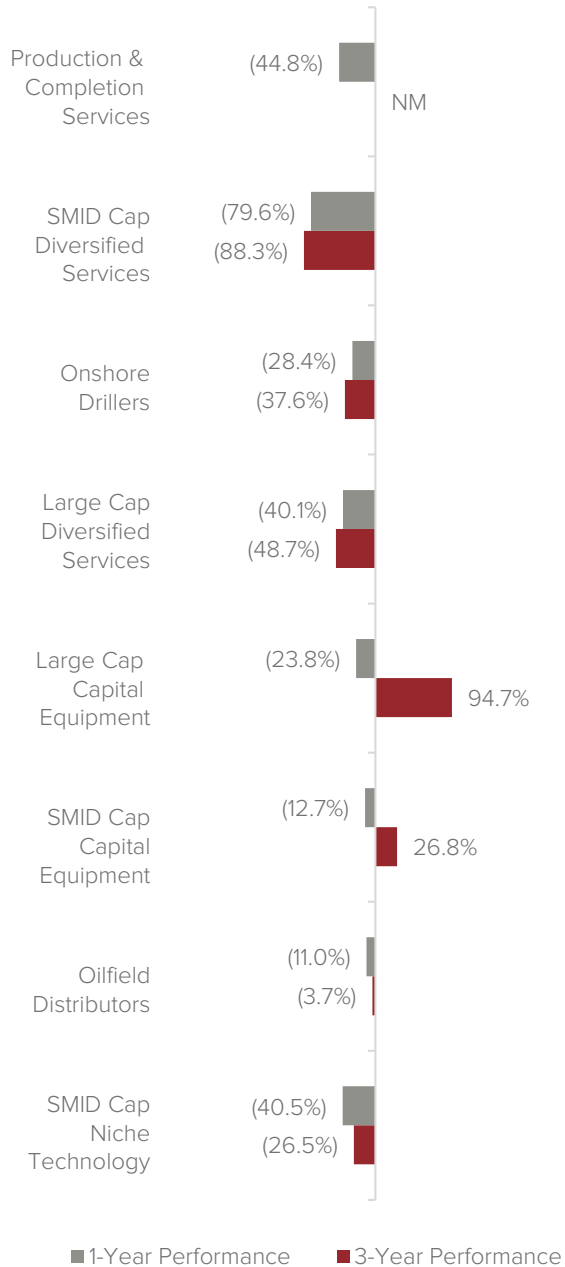
1) S&P CapIQ.

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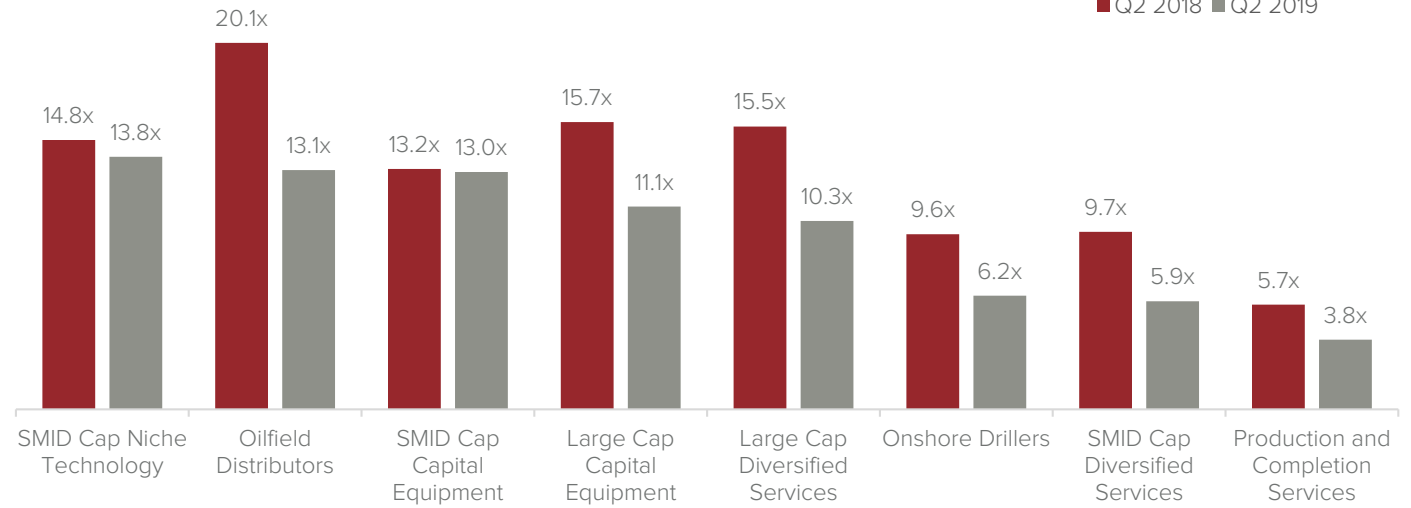


PUBLIC OFS VALUATION MULTIPLES BY SECTOR¹

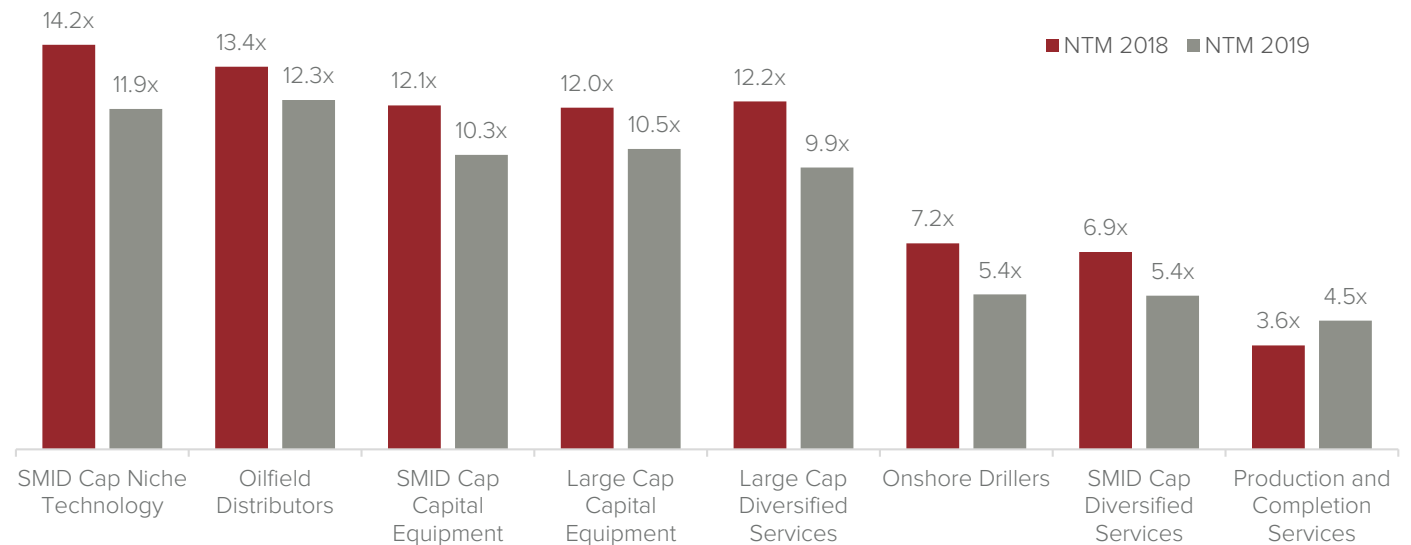
Stock Performance (1- & 3-Year)



EBITDA MULTIPLE COMPARISON Q2 2018 VS. Q2 2019



EBITDA Multiple COMPARISON NTM Q2 2018 VS. NTM Q2 2019



¹) S&P CapIQ.

SELECT HW EPI TRANSACTIONS

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Sources

1. S&P CapIQ.
2. PitchBook.

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