

Oilfield Services

Quarterly Update | Q2 2023



North American Mid-Market Oilfield Services - M&A Activity (Transaction Count)

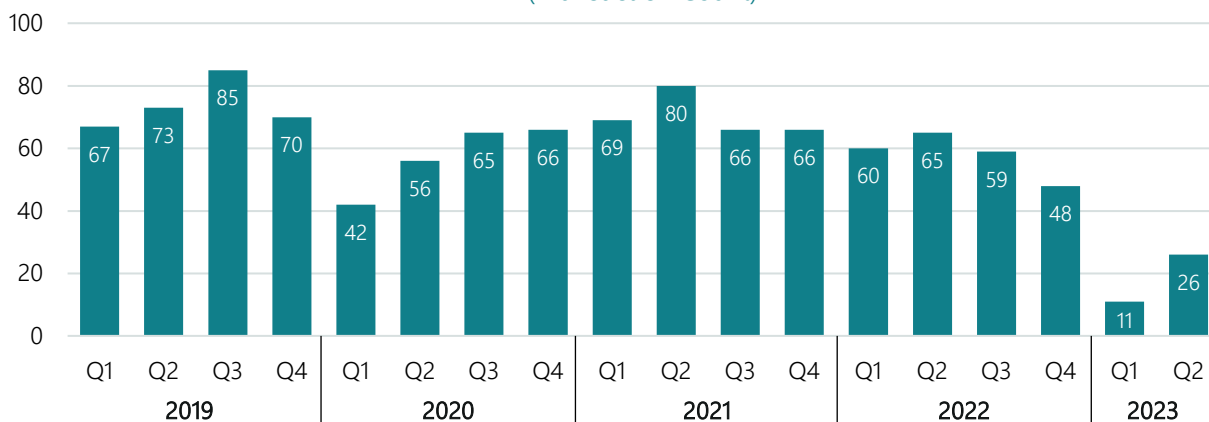


Source: Capital IQ. Data as of June 30, 2023.

Above noted mid-market M&A activity includes disclosed transactions not exceeding a total transaction value of \$500 million.

Oilfield Services - Merger and acquisition (M&A) activity in Q2 2023 exceeded \$132.5 million in disclosed transaction value across 12 deals in Canada and the United States (U.S.). The average deal size among disclosed transactions was \$33.1 million, a 26.8% decrease from \$45.3 million in Q1 2023. Canada and the U.S. accounted for three and nine disclosed deals in the quarter, respectively.

North American Mid-Market Oil & Gas Exploration & Production - M&A Activity (Transaction Count)



Source: Capital IQ. Data as of June 30, 2023.

Above noted mid-market M&A activity includes disclosed transactions not exceeding a total transaction value of \$500 million.

Oil and Gas Exploration and Production - M&A activity in Q2 2023 exceeded \$1.1 billion in disclosed transaction value across 26 deals in Canada and the U.S. The average deal size among disclosed transactions was \$69.4 million, a 38.7% decrease from \$113.2 million in Q1 2023. Canada and the U.S. accounted for four and 22 disclosed deals in the quarter, respectively.

Royal Bank, the number one financier of fossil fuel development in the world ¹

- **April 13, 2023:** A report from a coalition of environmental groups shows that the Royal Bank of Canada was the biggest fossil fuel financier in the world last year after providing over US\$42 billion in funding.
 - American bank, JP Morgan was the largest financier to the industry in 2021, before being overtaken by RBC in 2022.
 - All five big Canadian banks make the list of Top 20 oil and gas funders, globally. Warren Mabee, Director of the Institute for Energy and Environmental Policy at Queen's University in Kingston, Ontario, says it is not surprising to see Canadian banks being major financiers to fossil fuel companies since they are a major part of Canada's economy.
 - However, environmental advocates have been pushing banks to phase out fossil fuel funding as a way to make it harder to build new oil and gas projects and to accelerate the transition to net-zero emissions.
-

Some Canadian oil and gas producers re-curtail output as wildfires persist ²

- **May 18, 2023:** Some Alberta (the nation's main crude-producing province) oil and gas companies were forced to re-curtail output as record-high temperatures and tinder-dry vegetation led to an intense, early start to wildfire season in western Canada this year.
 - The fires pushed more than 30,000 people out of their homes while oil and gas producers shut in at least 319,000 barrels of oil equivalent per day (boepd), or 3.7% of national production.
-

Canada commits to backing C\$3 billion in new Trans Mountain loans ³

- **June 1, 2023:** The Canadian government is backing up to \$3 billion in loans for Trans Mountain Corp (TMC), the crown corporation building an over-budgeted and long-delayed oil pipeline expansion to Canada's Pacific Coast.
- However, the project has faced challenges, including regulatory obstacles, environmental opposition, and construction delays, leading to a substantial increase in the budgeted cost from \$7.4 billion in 2017 to \$30.9 billion now.
- Last year, Finance Minister Chrystia Freeland stated that public funds would no longer be invested in the project, and the TMC is now seeking external financing. To support the project, the Finance Ministry provided a loan guarantee, which TMC is paying a fee for.
- The expanded pipeline is expected to begin transporting oil in the first quarter of 2024.

Source 1: <https://www.cbc.ca/news/business/royal-bank-oil-and-gas-1.6809011>

Source 2: <https://www.reuters.com/business/energy/some-canadian-oil-gas-producers-re-curtail-output-wildfires-persist-2023-05-18/>

Source 3: <https://www.reuters.com/markets/commodities/canada-commits-backing-c3-bln-new-trans-mountain-oil-pipeline-loans-2023-06-01/>

Market Update

Select Recent M&A Transactions



has acquired



Closed	May 8, 2023
Transaction Value	\$20.1MM
TEV/EBITDA	Not disclosed
Location	Calgary, AB

- **GreenPath Energy Ltd.** provides emission management and solutions including detection, quantification and elimination solutions for oil and gas producers. ¹
- **Montrose Environmental Group, Inc.** (NYSE:MEG) operates as an environmental services company in the U.S. and internationally. The company provides advisory and consulting, measurement and analysis and remediation services. ¹



has acquired



Closed	June 30, 2023
Transaction Value	\$104MM
TEV/EBITDA	Not disclosed
Location	El Reno, OK

- **Spinnaker Oilfield Services LLC** offers oilfield cementing services, including primary cementing with blends and slurries and secondary cementing for zonal isolation, abandonment, and casing repairs. ¹
- **RPC, Inc.** (NYSE:RES) provides a wide range of oilfield services and equipment rentals for oil and gas companies involved in exploration, production, and development. ¹

Enbridge acquires gas storage facility in British Columbia for \$295 million ¹

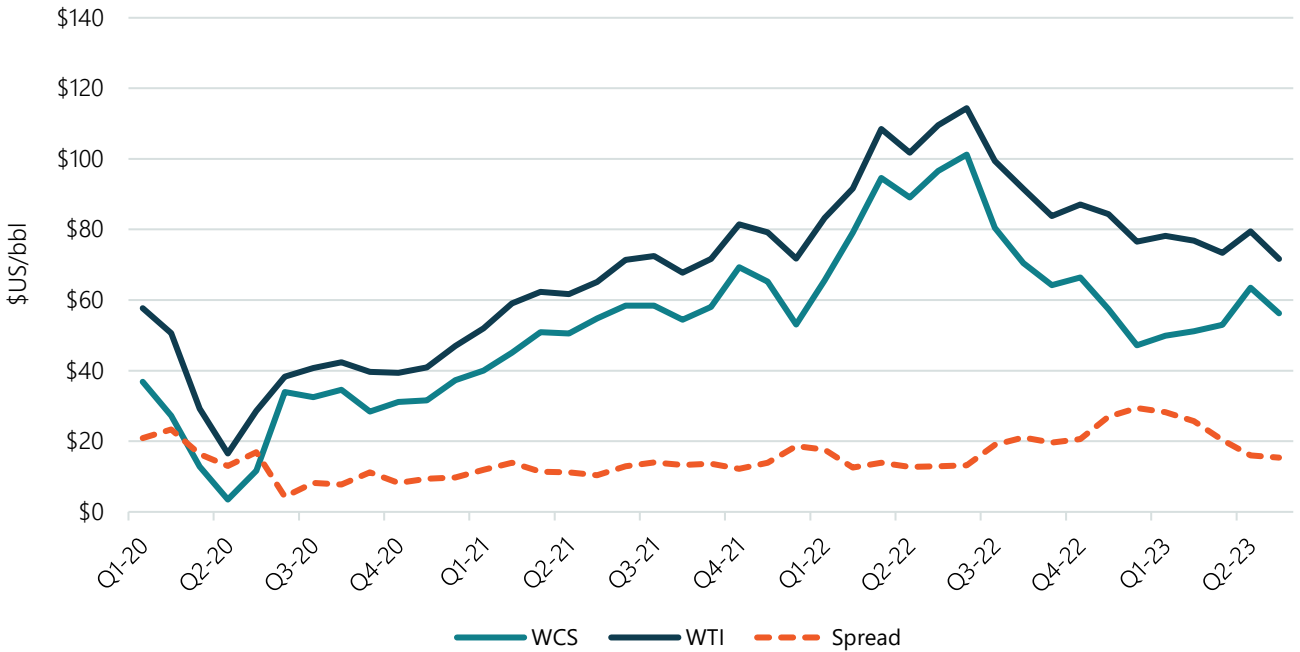
- **May 1, 2023:** Canadian pipeline operator, Enbridge Inc (ENB.TO) is to acquire the Aitken Creek natural gas storage facility in British Columbia (B.C.) from FortisBC Holdings Inc for \$400 million.
- Aitken Creek Storage is an underground reservoir located in the Montney area, one of Canada's most attractive oil regions.
- The storage facility, which is connected to all three major long-haul natural gas transportation lines in Western Canada, has a working storage capacity of 77 billion cubic feet, the company said.
- B.C. is witnessing a flurry of LNG projects as the world tries to secure alternatives to Russian gas supply following Moscow's invasion of Ukraine.

Source 1: Capital IQ.

Source 2: <https://www.reuters.com/business/energy/enbridge-acquires-gas-storage-facility-british-columbia-295-million-2023-05-01/>

All figures are in \$CAD millions.

WTI Versus WCS

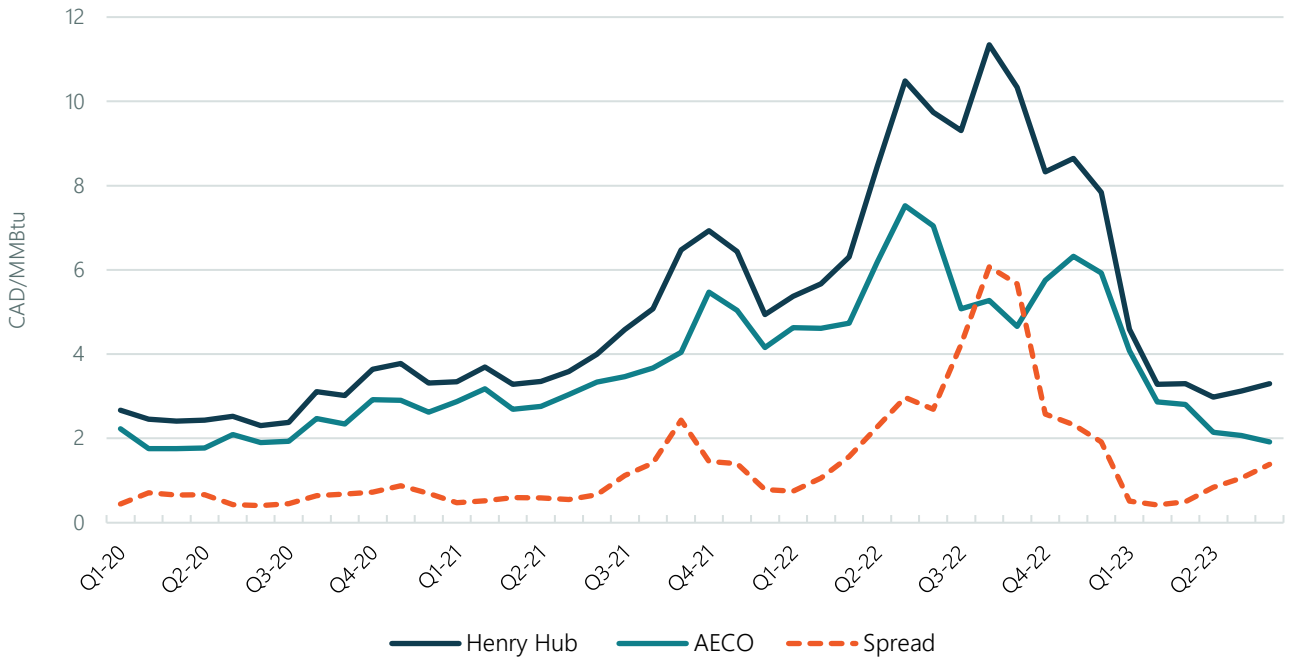


Average Barrel and BOE¹ Production Per Day in Alberta

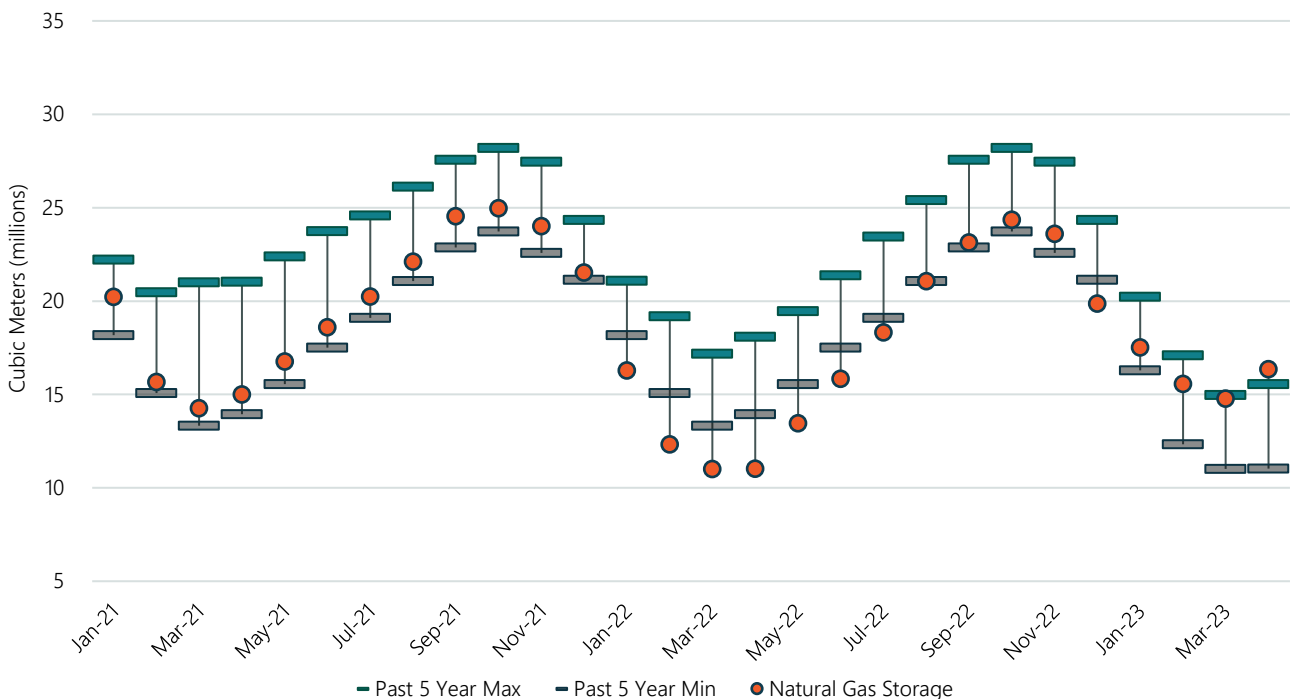


Note 1: Barrel of oil equivalent (BOE) summarizes the amount of energy of natural gas equivalent to that contained in a barrel of oil.
 Source: Alberta Government <https://economicdashboard.alberta.ca/dashboard/wcs-oil-price/>,
 Alberta Energy Regulator <https://www.aer.ca/providing-information/data-and-reports/statistical-reports/st3>

Natural Gas Prices: Henry Hub vs. AECO

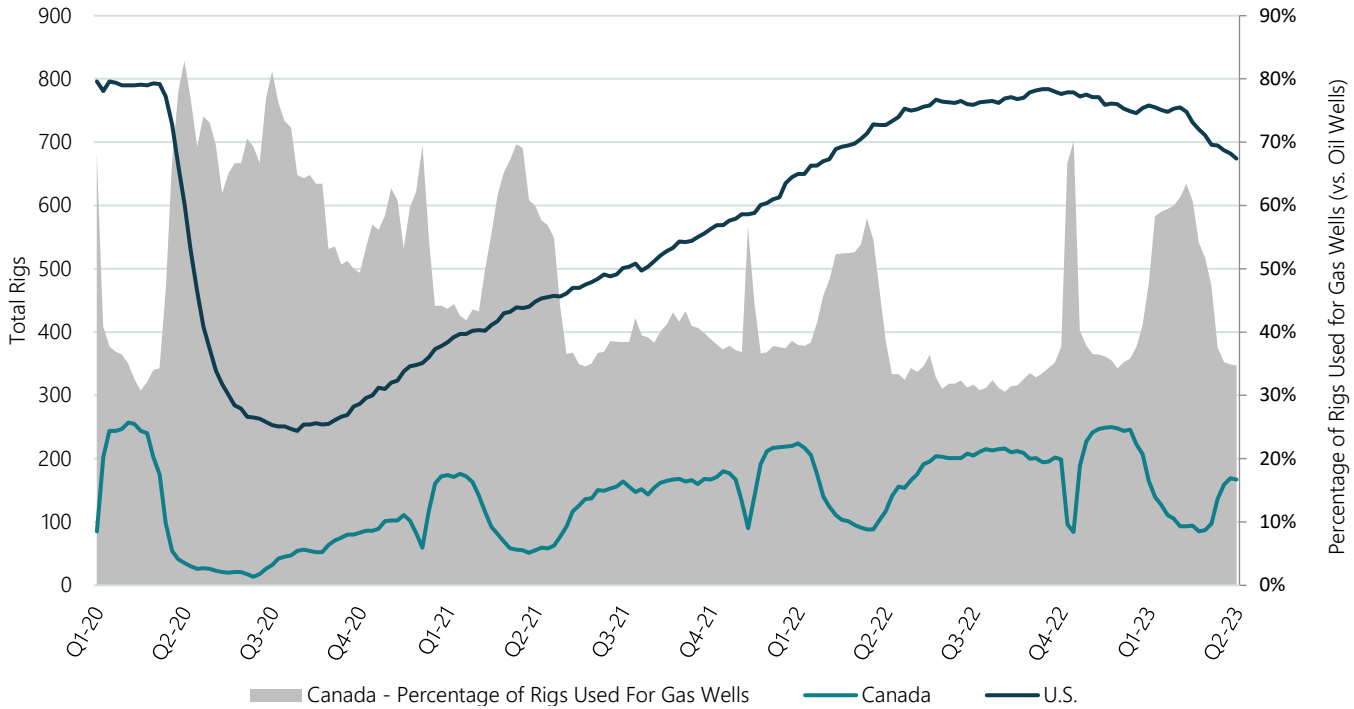


Canadian Natural Gas Storage

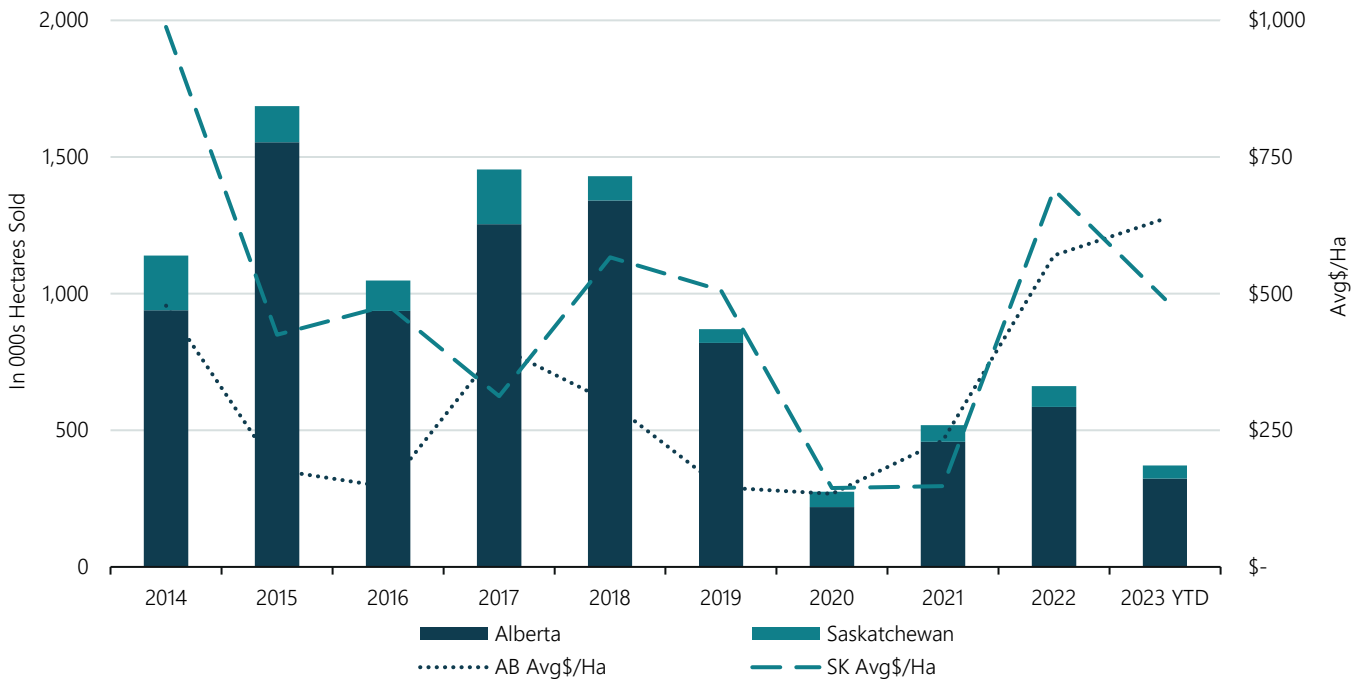


Sources: GLJ Petroleum Consultants Commodity Price Forecasts as at June 30, 2023.
 Statistics Canada – Canadian Natural Gas Storage as at June 30, 2023.

Total Rig Count: Canada Vs. United States



Oil & Gas Land Sales - AB and SK

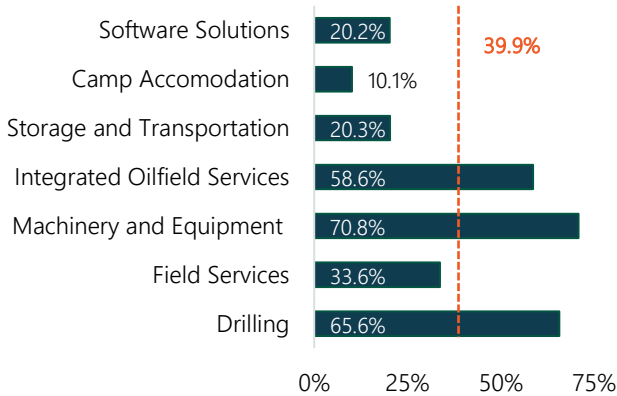


Sources: Government of Alberta and Saskatchewan; Data as of June 30, 2023.
Baker Hughes rig count report as of June 30, 2023

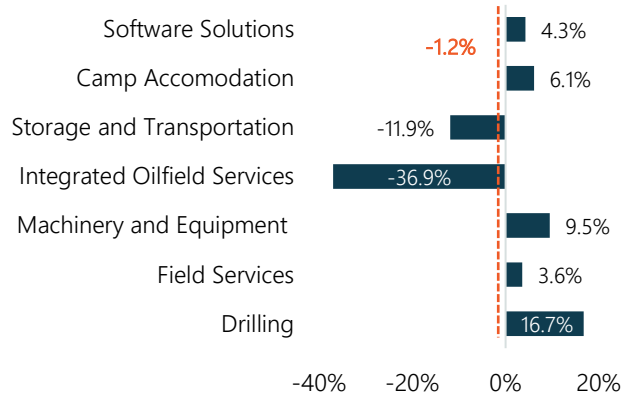
Public Comparable Analysis

Growth, Margins & Multiples

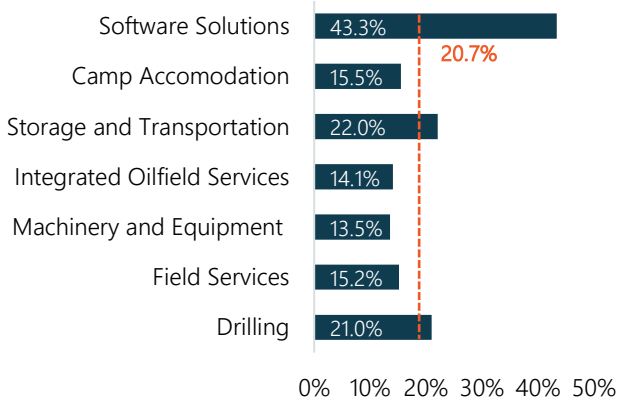
LTM Median Revenue Growth



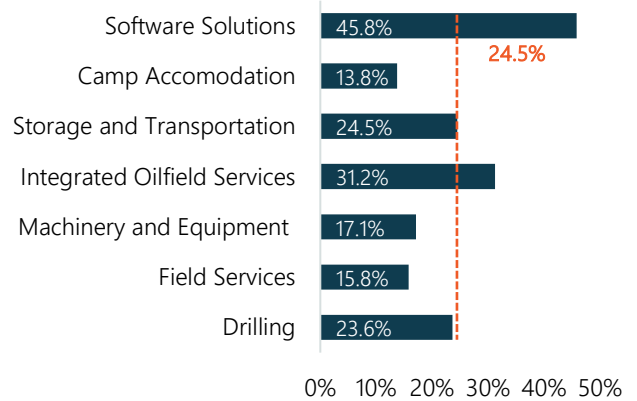
NTM Revenue Growth



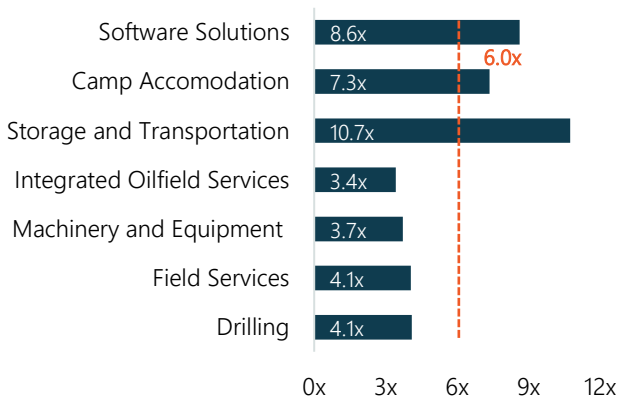
LTM Median EBITDA Margin



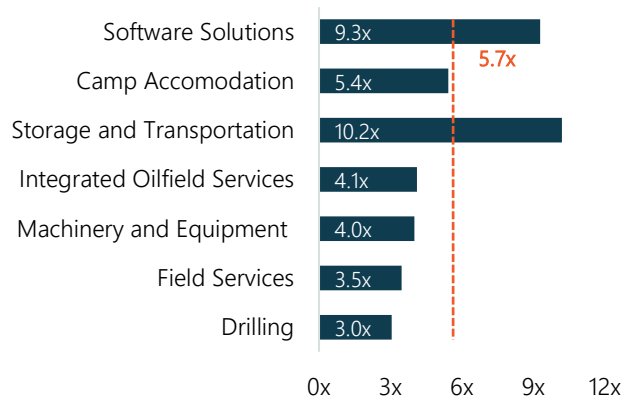
NTM EBITDA Margin



LTM Median EV/EBITDA



NTM EV/EBITDA



Source: Capital IQ. Data as of June 30, 2023.

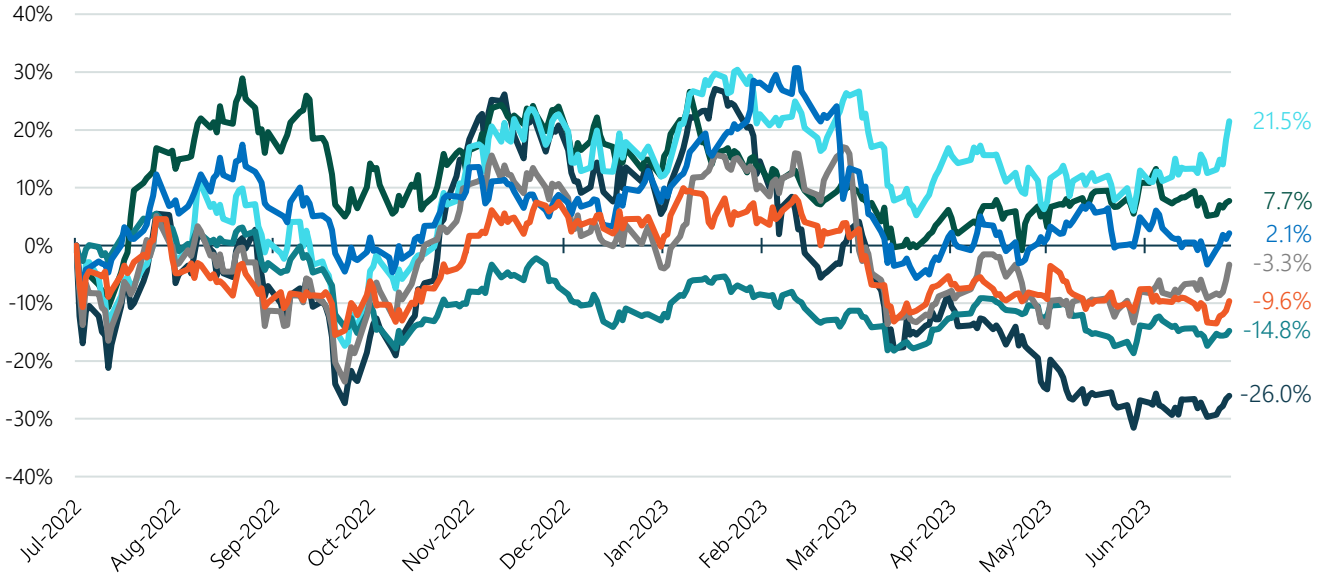
Above noted oilfield service peer groups are market capitalization weighted indexes.

LTM refers to last twelve months. NTM refers to next twelve months. Figures above are based on median peer group metrics.

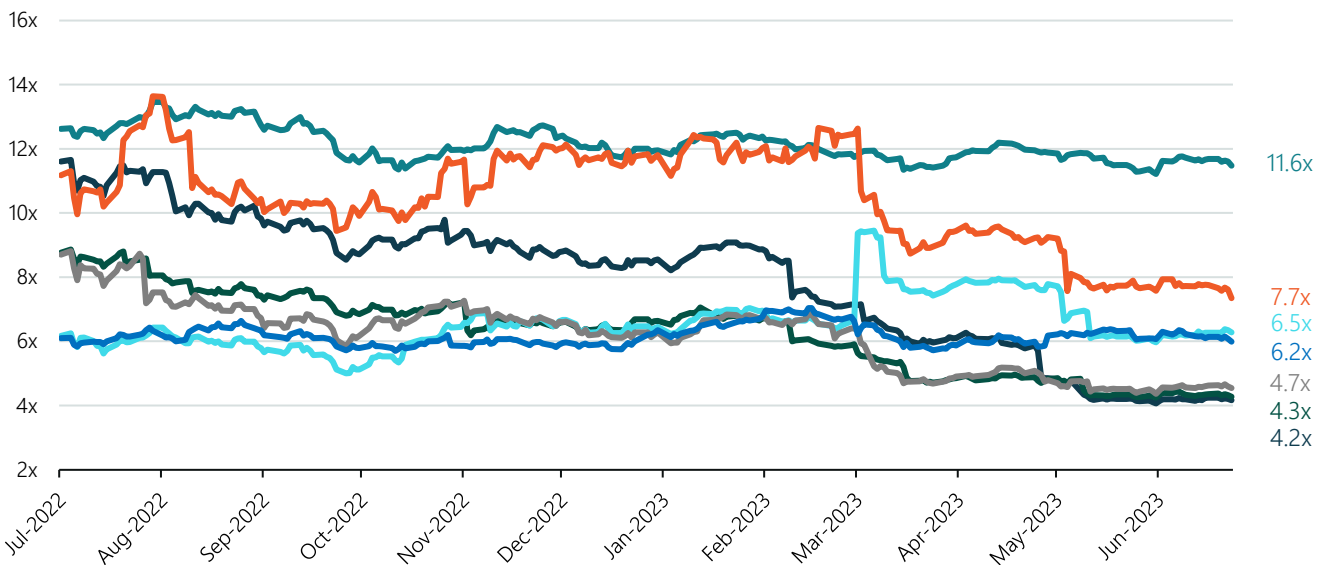
Public Comparable Analysis

Performance Analysis

Oilfield Service Group Share Prices



Oilfield Service Group EBITDA Multiples



- Oil and Gas Drilling
- Oil and Gas Field Services
- Oil and Gas Machinery and Equipment
- Oil and Gas Storage and Transportation
- Integrated Oilfield Services
- Camp Accommodations
- Oil and Gas Software Solutions

Source: Capital IQ. Data as of June 30, 2023.

Above noted oilfield service peer groups are market capitalization weighted indexes.

Public Comparable Analysis

Trading Multiples & Operating Statistics

We have selected a group of publicly traded oil and gas entities for this high-level analysis. These public companies help act as a proxy for the industry and provide a strong industry context.

(Figures in \$CAD millions, except percentages and ratios)

Company	Market Capitalization	Enterprise Value	LTM Operating Figures				NTM Consensus Estimates			Valuation	
			Revenue	Revenue Growth	EBITDA	EBITDA Margin	Revenue Growth	EBITDA Margin	NTM EV/EBITDA	LTM EV/EBITDA	LTM EV/REV
Oil and Gas Drilling											
Precision Drilling Corporation	\$882	\$2,070	\$1,824	65.6%	\$474	26.0%	11.0%	30.5%	3.2x	4.4x	1.1x
Ensign Energy Services Inc.	\$348	\$1,721	\$1,729	55.8%	\$420	24.3%	8.7%	26.2%	3.4x	4.1x	1.0x
PHX Energy Services Corp.	\$309	\$363	\$592	55.6%	\$96	16.3%	6.5%	20.0%	3.0x	3.8x	0.6x
Western Energy Services Corp.	\$101	\$231	\$229	57.8%	\$46	20.0%	19.2%	21.1%	4.0x	5.0x	1.0x
AKITA Drilling Ltd.	\$53	\$138	\$221	72.8%	\$52	23.5%	16.7%	23.6%	2.2x	2.7x	0.6x
Stampede Drilling Inc.	\$50	\$76	\$78	123.7%	\$16	21.0%	35.0%	25.0%	2.9x	4.7x	1.0x
Cathedral Energy Services Ltd.	\$150	\$225	\$392	357.9%	\$58	14.7%	37.3%	23.4%	1.8x	3.9x	0.6x
Median	\$150	\$231	\$392	65.6%	\$58	21.0%	16.7%	23.6%	3.0x	4.1x	1.0x
Mean	\$271	\$689	\$724	112.7%	\$166	20.8%	19.2%	24.3%	2.9x	4.1x	0.8x
Oil and Gas Field Services											
Mullen Group Ltd.	\$1,355	\$2,112	\$2,040	24.1%	\$355	17.4%	(0.6%)	15.4%	6.8x	5.9x	1.0x
Calfrac Well Services Ltd.	\$310	\$652	\$1,698	76.7%	\$274	16.1%	12.8%	16.3%	2.1x	2.4x	0.4x
STEP Energy Services Ltd.	\$235	\$386	\$1,033	66.8%	\$197	19.1%	(0.2%)	19.7%	1.9x	2.0x	0.4x
Wolverine Energy and Infrastructure Inc.	\$9	\$105	\$61	(23.6%)	(\$0)	(0.7%)	N/A	N/A	7.0x	NM	1.7x
Essential Energy Services Ltd.	\$48	\$58	\$158	22.8%	\$18	11.5%	3.6%	12.5%	2.8x	3.2x	0.4x
Vertex Resource Group Ltd.	\$45	\$171	\$230	33.6%	\$35	15.2%	15.3%	15.8%	4.1x	4.9x	0.7x
Flint Corp.	\$4	\$336	\$645	54.7%	\$24	3.7%	N/A	N/A	N/A	14.1x	0.5x
Median	\$48	\$336	\$645	33.6%	\$35	15.2%	3.6%	15.8%	3.5x	4.1x	0.5x
Mean	\$286	\$546	\$838	36.5%	\$129	11.7%	6.2%	15.9%	4.1x	5.4x	0.7x
Oil and Gas Machinery and Equipment											
Enerflex Ltd.	\$1,116	\$2,407	\$2,280	111.1%	\$204	9.0%	39.4%	17.1%	4.3x	11.8x	1.1x
CES Energy Solutions Corp.	\$665	\$1,178	\$2,079	55.5%	\$270	13.0%	3.3%	13.7%	4.0x	4.4x	0.6x
Total Energy Services Inc.	\$375	\$478	\$827	65.5%	\$155	18.8%	9.5%	19.9%	2.6x	3.1x	0.6x
McCoy Global Inc.	\$40	\$26	\$60	76.0%	\$9	14.1%	N/A	N/A	N/A	3.0x	0.4x
Median	\$520	\$828	\$1,453	70.8%	\$180	13.5%	9.5%	17.1%	4.0x	3.7x	0.6x
Mean	\$549	\$1,022	\$1,311	77.0%	\$159	13.7%	17.4%	16.9%	3.7x	5.6x	0.7x
Integrated Oilfield Services											
Trican Well Service Ltd.	\$775	\$798	\$944	49.1%	\$233	24.7%	7.7%	24.5%	3.2x	3.4x	0.8x
Secure Energy Services Inc.	\$1,862	\$2,934	\$8,159	68.1%	\$561	6.9%	(81.5%)	37.9%	5.1x	5.2x	0.4x
CWC Energy Services Corp.	\$104	\$147	\$222	88.6%	\$47	21.3%	N/A	N/A	N/A	3.1x	0.7x
High Arctic Energy Services Inc.	\$61	\$20	\$61	(30.4%)	(\$1)	(1.4%)	N/A	N/A	N/A	NM	0.3x
Median	\$439	\$473	\$583	58.6%	\$140	14.1%	(36.9%)	31.2%	4.1x	3.4x	0.5x
Mean	\$700	\$975	\$2,347	43.8%	\$210	12.9%	(36.9%)	31.2%	4.1x	3.9x	0.5x
Oil and Gas Storage and Transportation											
Enbridge Inc.	\$99,620	\$189,415	\$50,287	0.5%	\$16,324	32.5%	(2.6%)	33.3%	11.6x	11.6x	3.8x
TC Energy Corporation	\$55,118	\$117,122	\$15,405	14.1%	\$10,368	67.3%	1.8%	66.4%	11.2x	11.3x	7.6x
Pembina Pipeline Corporation	\$22,924	\$36,463	\$10,870	12.7%	\$3,116	28.7%	(20.8%)	42.9%	9.9x	11.7x	3.4x
Keyera Corp.	\$7,001	\$11,238	\$7,160	26.6%	\$1,103	15.4%	(4.7%)	15.7%	10.5x	10.2x	1.6x
Gibson Energy Inc.	\$2,950	\$4,554	\$10,713	29.2%	\$540	5.0%	(20.8%)	6.9%	7.9x	8.4x	0.4x
Tidewater Midstream and Infrastructure Ltd.	\$397	\$1,419	\$2,831	41.8%	\$158	5.6%	(19.0%)	11.8%	5.3x	9.0x	0.5x
Median	\$14,962	\$23,850	\$10,791	20.3%	\$2,109	22.0%	(11.9%)	24.5%	10.2x	10.7x	2.5x
Mean	\$31,335	\$60,035	\$16,211	20.8%	\$5,268	25.7%	(11.0%)	29.5%	9.4x	10.4x	2.9x
Camp Accommodations											
Dexterra Group Inc.	\$374	\$513	\$1,016	26.6%	\$53	5.2%	6.1%	8.8%	5.4x	9.7x	0.5x
Civeo Corporation	\$388	\$591	\$946	10.1%	\$146	15.5%	(11.7%)	13.8%	5.1x	4.1x	0.6x
Black Diamond Group Limited	\$367	\$602	\$336	(2.4%)	\$82	24.4%	8.2%	26.8%	6.2x	7.3x	1.8x
Median	\$374	\$591	\$946	10.1%	\$82	15.5%	6.1%	13.8%	5.4x	7.3x	0.6x
Mean	\$376	\$569	\$766	11.5%	\$94	15.0%	0.9%	16.5%	5.6x	7.1x	1.0x
Oil and Gas Software Solutions											
Pason Systems Inc.	\$924	\$747	\$359	50.4%	\$168	46.7%	1.9%	46.7%	4.2x	4.5x	2.1x
Computer Modelling Group Ltd.	\$537	\$508	\$74	11.5%	\$30	40.0%	6.7%	44.9%	14.4x	17.2x	6.9x
Dawson Geophysical Company	\$67	\$72	\$61	28.9%	(\$20)	(32.7%)	N/A	N/A	N/A	NM	1.2x
Pulse Seismic Inc.	\$91	\$80	\$16	(65.1%)	\$9	57.6%	N/A	N/A	N/A	8.6x	5.0x
Median	\$314	\$294	\$67	20.2%	\$19	43.3%	4.3%	45.8%	9.3x	8.6x	3.5x
Mean	\$405	\$352	\$127	6.4%	\$47	27.9%	4.3%	45.8%	9.3x	10.1x	3.8x

Source: Capital IQ. Data as of June 30, 2023.

LTM refers to last twelve months. NTM refers to next twelve months.

In order to derive more accurate valuation multiples, MNP Corporate Finance Inc. has eliminated results which skew the averages excessively.

About Us



MNP Corporate Finance (MNPCF) has a dedicated team of over 100 M&A, capital markets, and due diligence professionals across Canada. MNPCF works with clients in virtually all industries as they prepare, plan, and execute transactions.

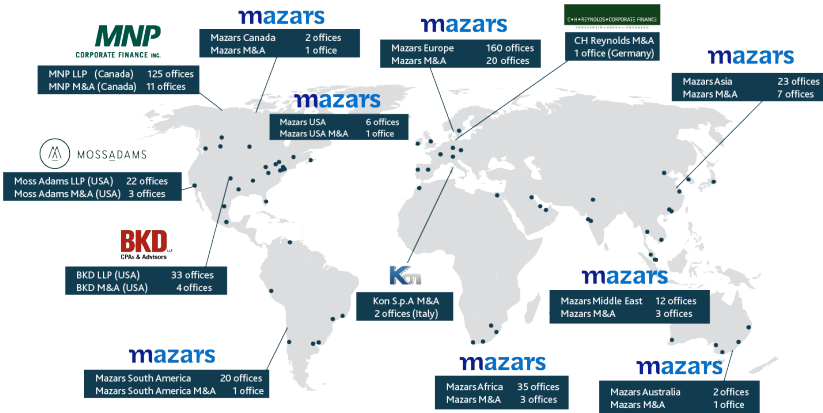
Our typical transactions range in value between \$3 million and \$300 million.

Local and International Reach

MNP is a participating firm within Praxity, a unique global alliance of independent accounting/advisory firms created to answer global business needs. As a member of Praxity, we are able to offer access to corporate finance, accounting and tax advisory services worldwide. We are also affiliated with Corporate Finance Cross Border, which consists of 250+ M&A professionals in more than 30 countries.



CFxB CFXborder - Global reach with local relationships
Our corporate finance team through CFXb consists of 250 plus M&A professionals in more than 30 countries



Services

- Divestitures
- Acquisitions
- Debt Financing
- Due Diligence
- Transaction Advisory Services

Recently Closed Deals (National)

MNP Corporate Finance Inc. provided financial and tax due diligence services to Lab One Capital Corp.

MNP Corporate Finance Inc. acted as exclusive financial advisor to IFR Workwear Inc. in structuring and negotiating this transaction.

MNP Corporate Finance Inc. acted as exclusive financial and tax due diligence services to Case Furniture Ltd. in structuring and negotiating this transaction.

MNP Corporate Finance Inc. acted as exclusive financial advisor to RNN Medical Division Inc. in structuring and negotiating this transaction.

MNP Corporate Finance Inc. provided financial and tax due diligence services to TerraNova Partners LP.

MNP Corporate Finance Inc. acted as exclusive financial advisor to Lawson Sales Ltd. in structuring and negotiating this transaction.

MNP Corporate Finance Inc. acted as exclusive financial advisor to Prairie Gold Produce Ltd. in structuring and negotiating this transaction.

MNP Corporate Finance Inc. provided due diligence services to York Analytical Laboratories Inc.

MNP Corporate Finance Inc. acted as exclusive financial advisor to Enviro-Works Inc. in structuring and negotiating this transaction.

MNP Corporate Finance Inc. provided financial and tax due diligence services to Danilee Capital.

About Us

Deal Experience

Since our inception, our team has advised on hundreds of transactions, in a wide range of industries with diverse enterprise values. In the past ten years alone, we have completed over 250 transactions worth over \$4.5 billion (not including due diligence engagements).

Industry Experience

- Food & Beverage
- Retail & Distribution
- Manufacturing
- Agriculture
- Automotive
- Materials
- Health Care
- Pharmaceutical
- Transportation
- Construction
- Software
- Financial Services
- Technology
- Energy
- Oilfield Services
- Real Estate

Hands-on Approach

Current M&A transactions require a hands-on approach from start to finish including the active engagement of senior resources. Our senior resources are dedicated to our clients and are available as necessary and appropriate. We keep our clients regularly informed of the engagement status, issues we are encountering, successes, and overall progress.

Integrated Service Offering

We draw on the vast experience and deep specialist knowledge network of our partners locally, nationally and internationally as specialty issues arise, such as pre-transaction tax planning, transaction structuring, estate planning, valuation, due diligence, performance improvement, and risk management.

Recently Closed Deals (National)



mb CAPITAL and **Groupe GEP Capital Inc.**
has acquired
Compagnie Motoparts

MNP Corporate Finance Inc. acted as exclusive financial advisor to Compagnie Motoparts Inc. in structuring and negotiating this transaction.



Newlook Capital
We Are Invested
has acquired
K KOST
FIRE - SAFETY

MNP Corporate Finance Inc. acted as exclusive financial advisor to Kost Fire Equipment Ltd. in structuring and negotiating this transaction.



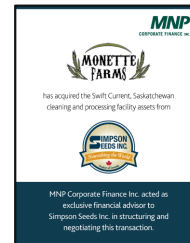
mb CAPITAL
has acquired
QUAIS
ACQUISITIONS INC.

MNP Corporate Finance Inc. acted as exclusive financial advisor to Quais Bertrand Inc. in structuring and negotiating this transaction.



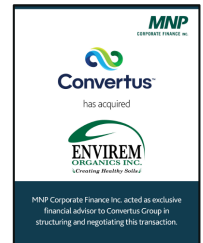
FYihealth group.
has partnered with
ESTEEM

MNP Corporate Finance Inc. acted as exclusive financial advisor to Estem Medical Ethics in structuring and negotiating this transaction.



MONETTE FARMS
has acquired the Swift Current, Saskatchewan clearing and processing facility assets from
SIMPSON SEEDS INC.

MNP Corporate Finance Inc. acted as exclusive financial advisor to Simpson Seeds Inc. in structuring and negotiating this transaction.



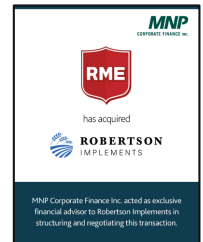
Convertus
has acquired
ENVIREM
ORGANICS INC.
Lifelong Beauty Within

MNP Corporate Finance Inc. acted as exclusive financial advisor to Convertus Group in structuring and negotiating this transaction.



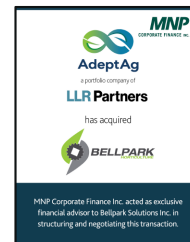
E360S
Specialized Environmental Management
has acquired select industrial waste and recycling facilities from
GFL

MNP Corporate Finance Inc. provided financial due diligence services to Environmental 360 Solutions Ltd.



RME
has acquired
ROBERTSON
IMPLEMENTS

MNP Corporate Finance Inc. acted as exclusive financial advisor to Robertson Implements in structuring and negotiating this transaction.



AdeptAg
a part of company of
LLR Partners
has acquired
BELLPARK

MNP Corporate Finance Inc. acted as exclusive financial advisor to Bellpark Solutions Inc. in structuring and negotiating this transaction.



PFM CAPITAL INC.
has provided financial and tax due diligence services to
SEXTON
FAMILY OF COMPANIES

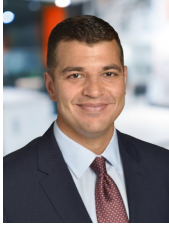
MNP Corporate Finance Inc. provided financial and tax due diligence services to PFM Capital Inc.

Leadership Team

Transaction Leadership



Brett Franklin
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Aleem Bandali
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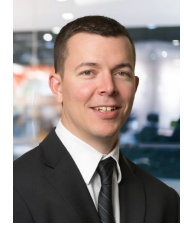
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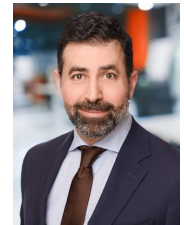
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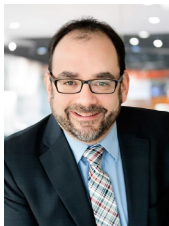
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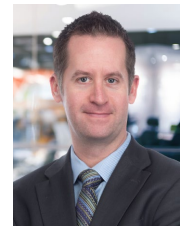
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