



**“TO THE POINT” WITH RICHARD AND JOHN SPEARS**

  
**sequeira**  
PARTNERS

**8:30 am WELCOME AND INTRODUCTIONS**

*Mark McRae, Partner, Sequeira Partners*

**8:35 am SEQUEIRA PARTNERS – MARKET UPDATE**

*Mark McRae, Partner, Sequeira Partners*

*Julie Afanasiff, Partner, Sequeira Partners*

**8:50 am A CONVERSATION WITH RICHARD AND JOHN SPEARS**

*Richard Spears, Spears and Associates*

*John Spears, Spears and Associates*

**9:20 am Q&A - SEQUEIRA PARTNERS & SPEARS AND ASSOCIATES**

**9:40 am CLOSING REMARKS**

*Mark McRae, Partner, Sequeira Partners*

*Julie Afanasiff, Partner, Sequeira Partners*

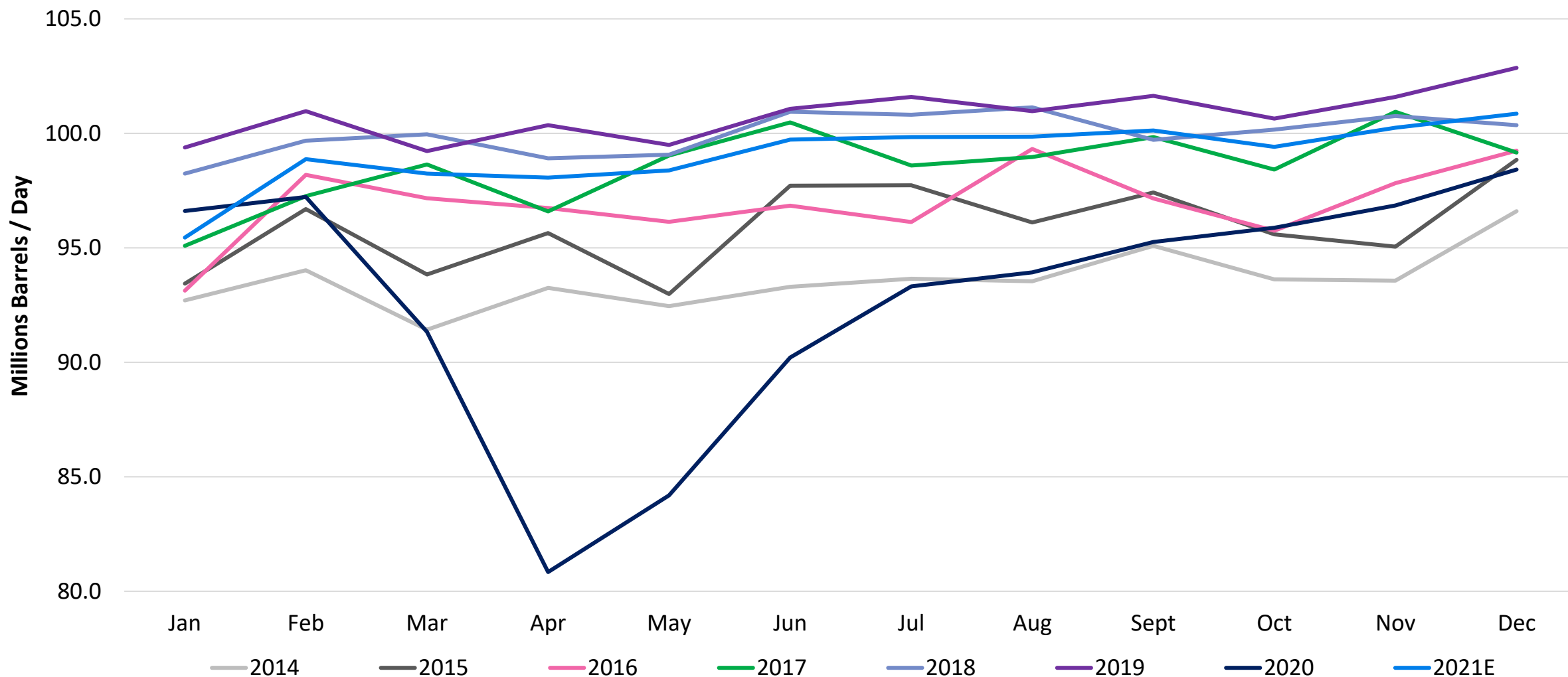


## THE GLOBAL BACKDROP

# The Global Backdrop

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## ANNUAL GLOBAL DEMAND FROM 2013 – 2021E

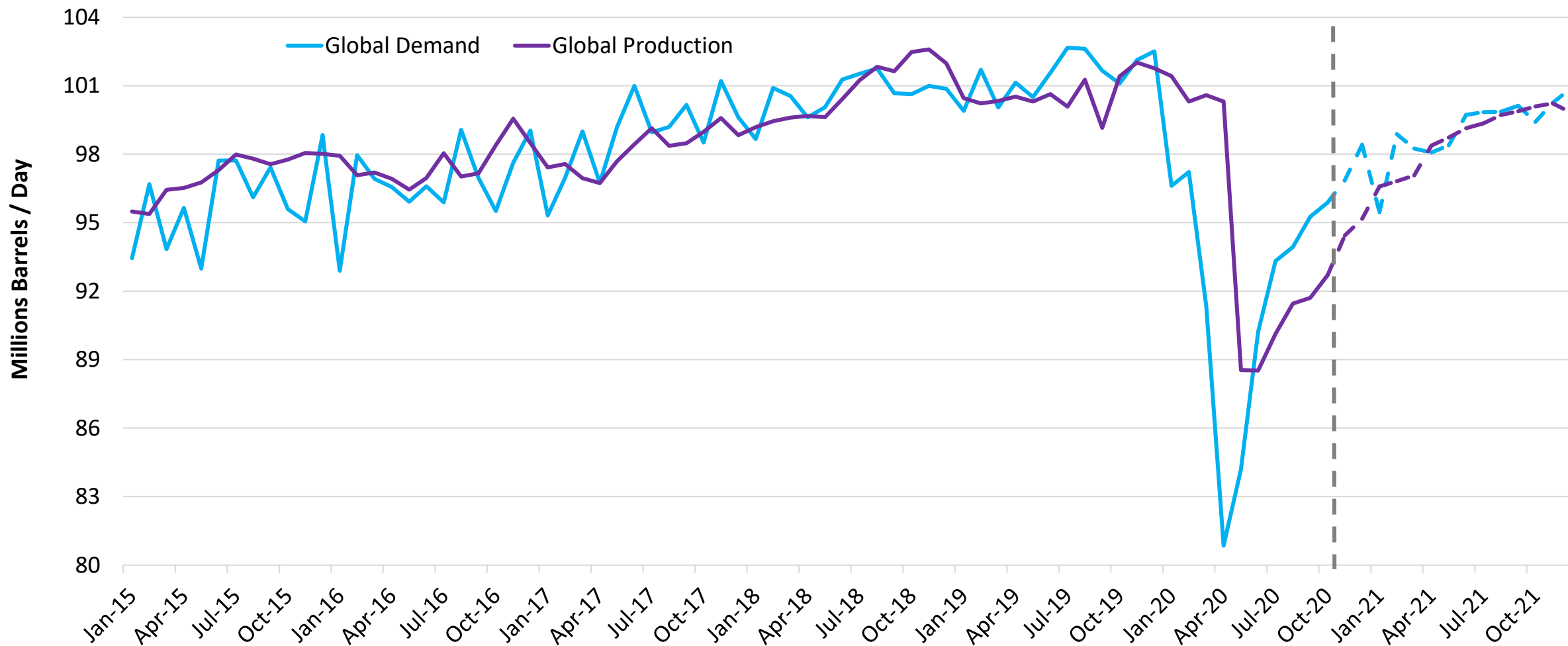


Source: EIA

# The Global Backdrop

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## GLOBAL DEMAND AND SUPPLY

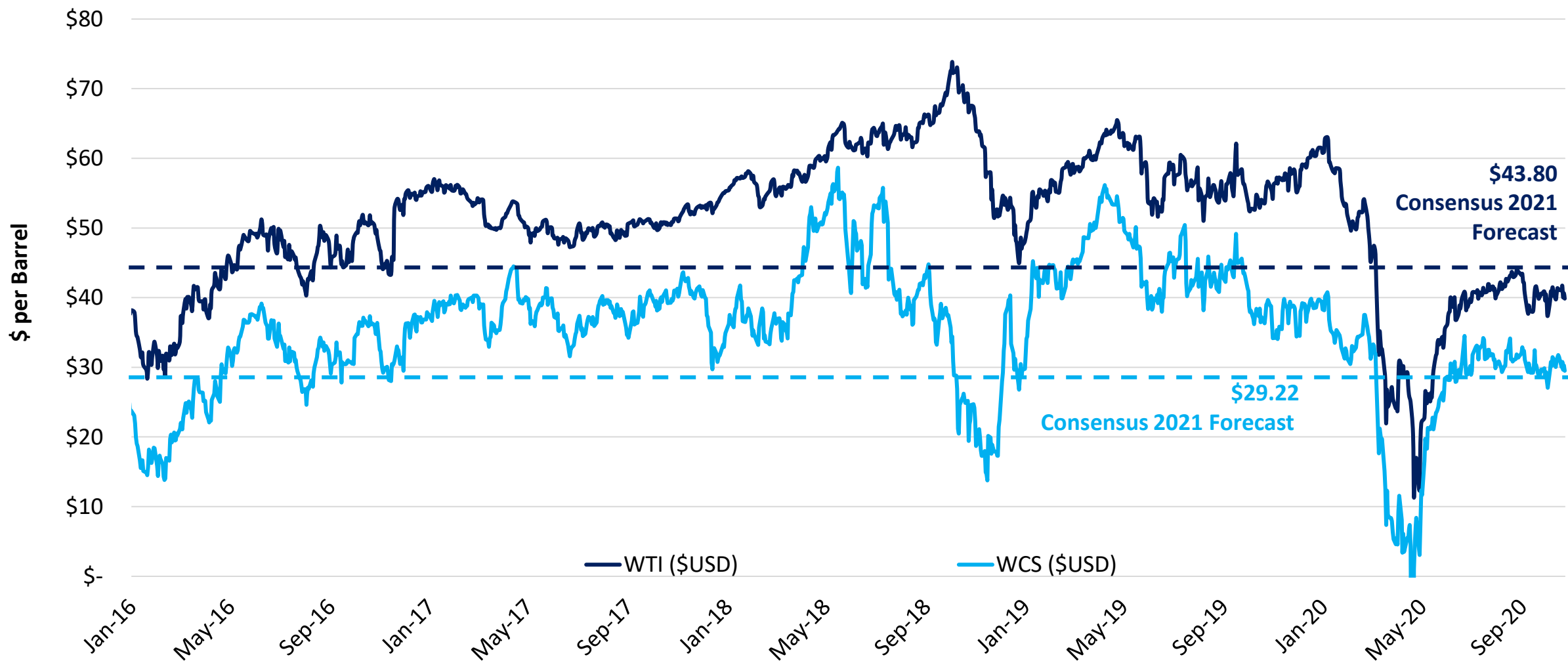


Source: EIA

# The Global Backdrop

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## HISTORICAL CRUDE PRICING

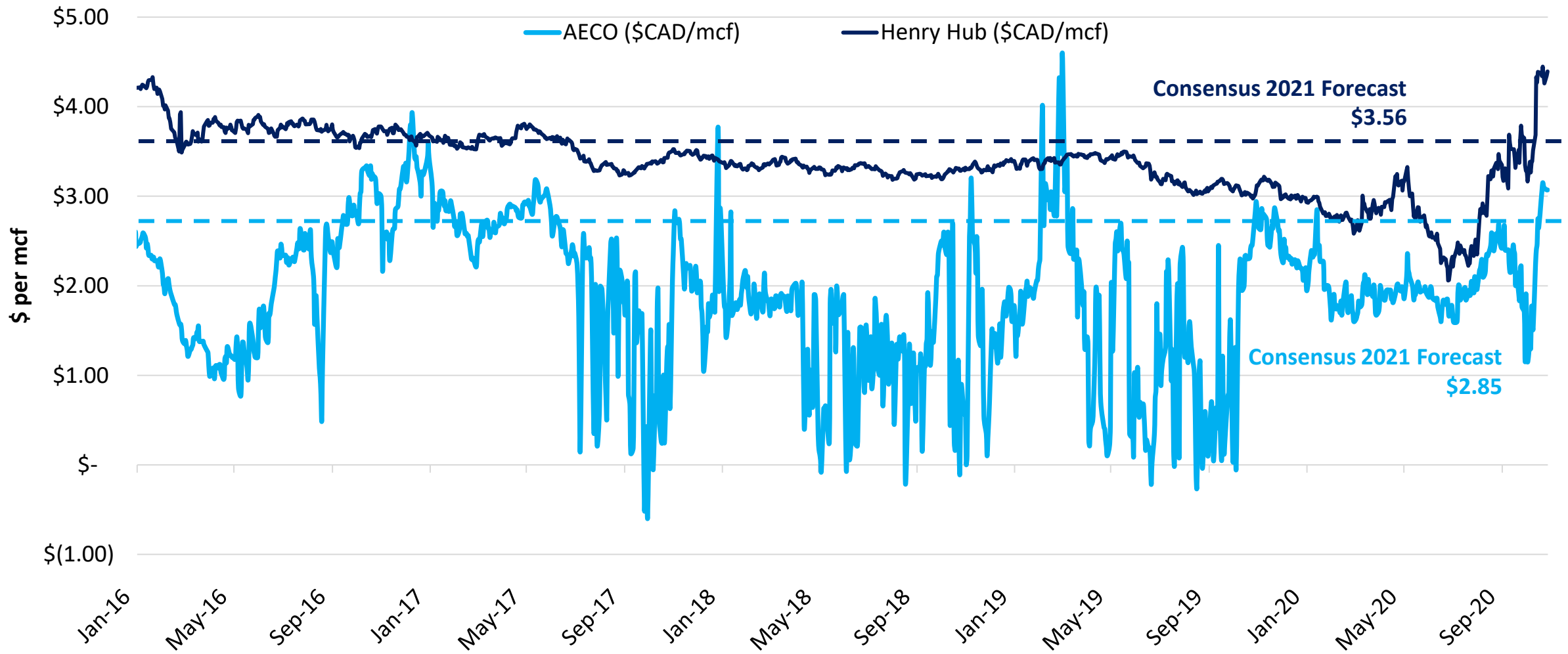


Source: S&P, Analyst Reports

# The Global Backdrop

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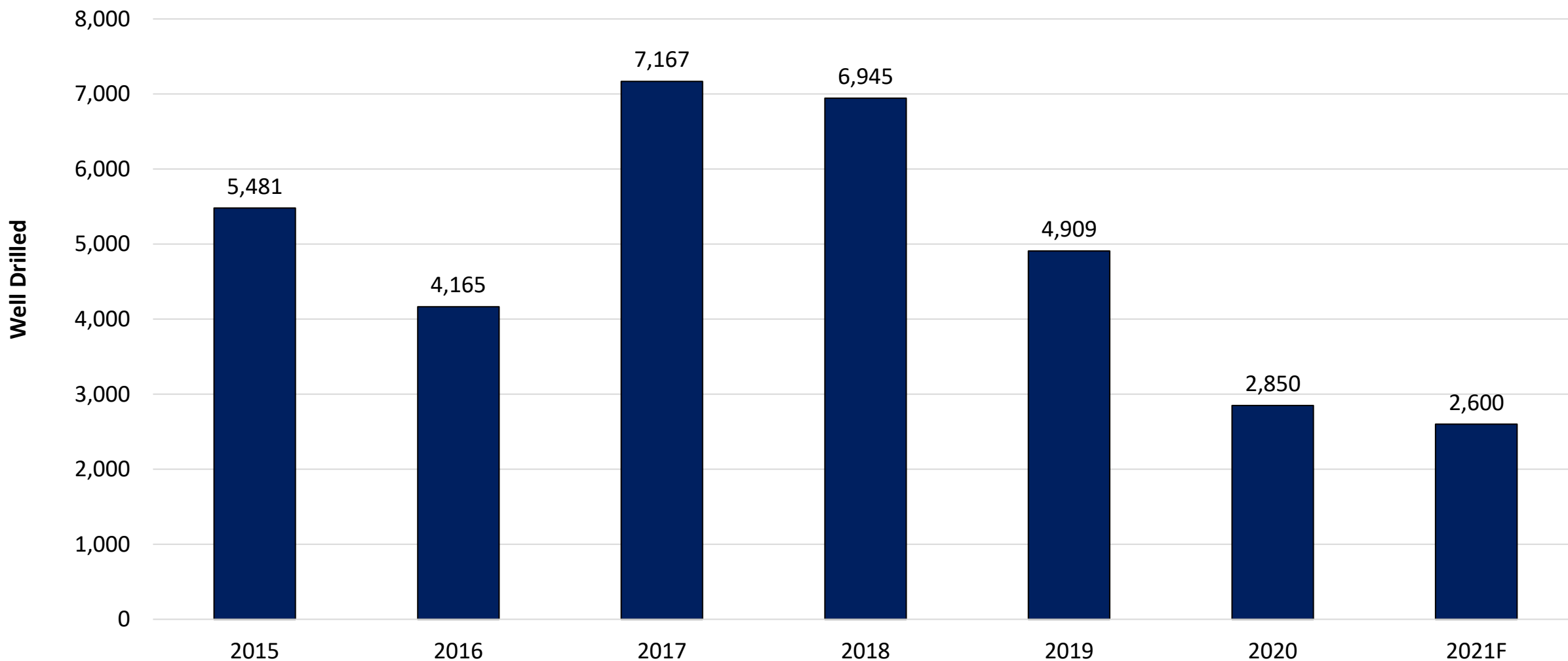
## HISTORICAL NATURAL GAS PRICING



Source: S&P, Analyst Reports



## WELLS DRILLED - CANADA



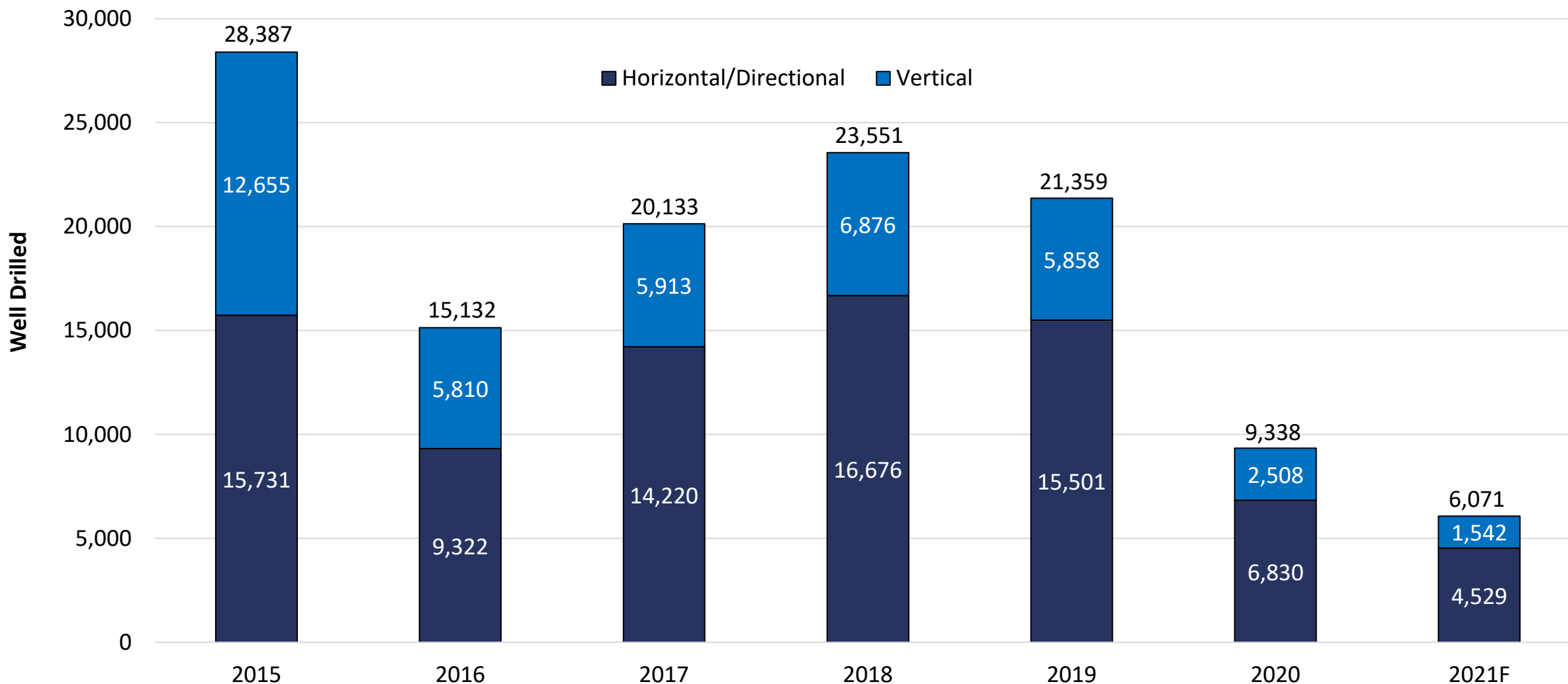


# The Global Backdrop

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## WELLS DRILLED - US



Source: Spears & Associates



## COVID IMPACT

## FINANCIAL AID AND GOVERNMENT PROGRAMS

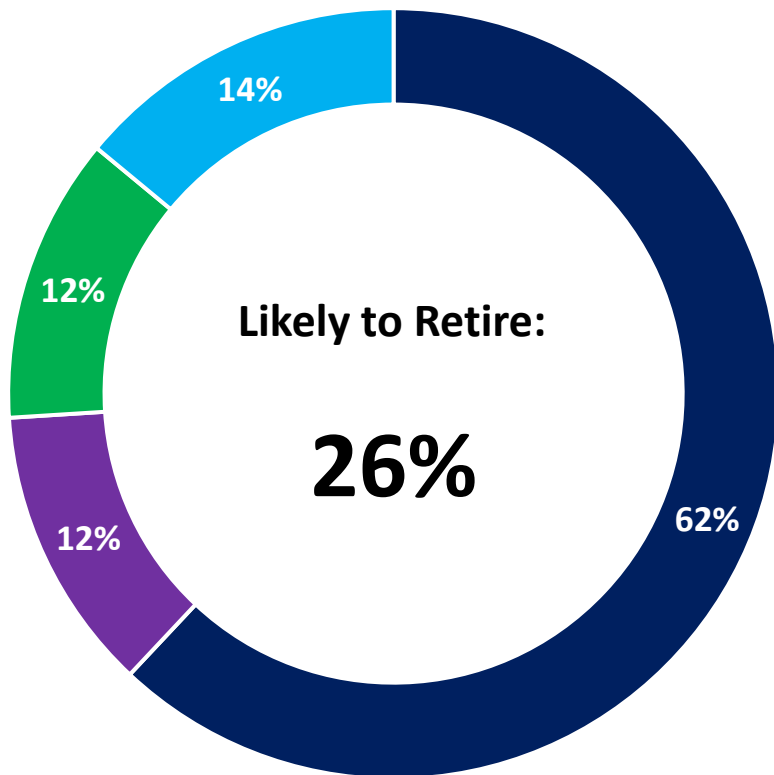
**BDC Lending Programs**

**Canada Emergency Wage  
Subsidy (CEWS)**

**Canada Emergency Business  
Account**

**Large Employer Emergency  
Financing Facility (LEEFF)**

## Likelihood to Retire within the Next 3 Years



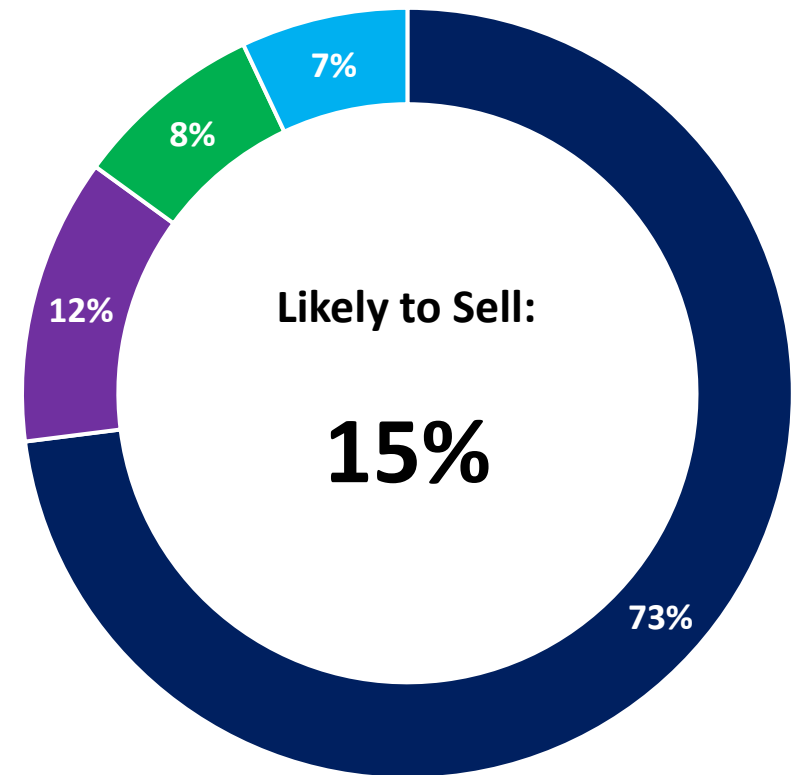
**46%**

Of likely retirees  
were influenced by  
COVID

**12%**

Of business owners  
have a transition  
plan

## Likelihood to Sell Within the Next Year



■ Very Unlikely ■ Somewhat Unlikely ■ Somewhat Likely ■ Very Likely



## TRANSACTIONS IN TODAY'S ENVIRONMENT

## TREND ONE

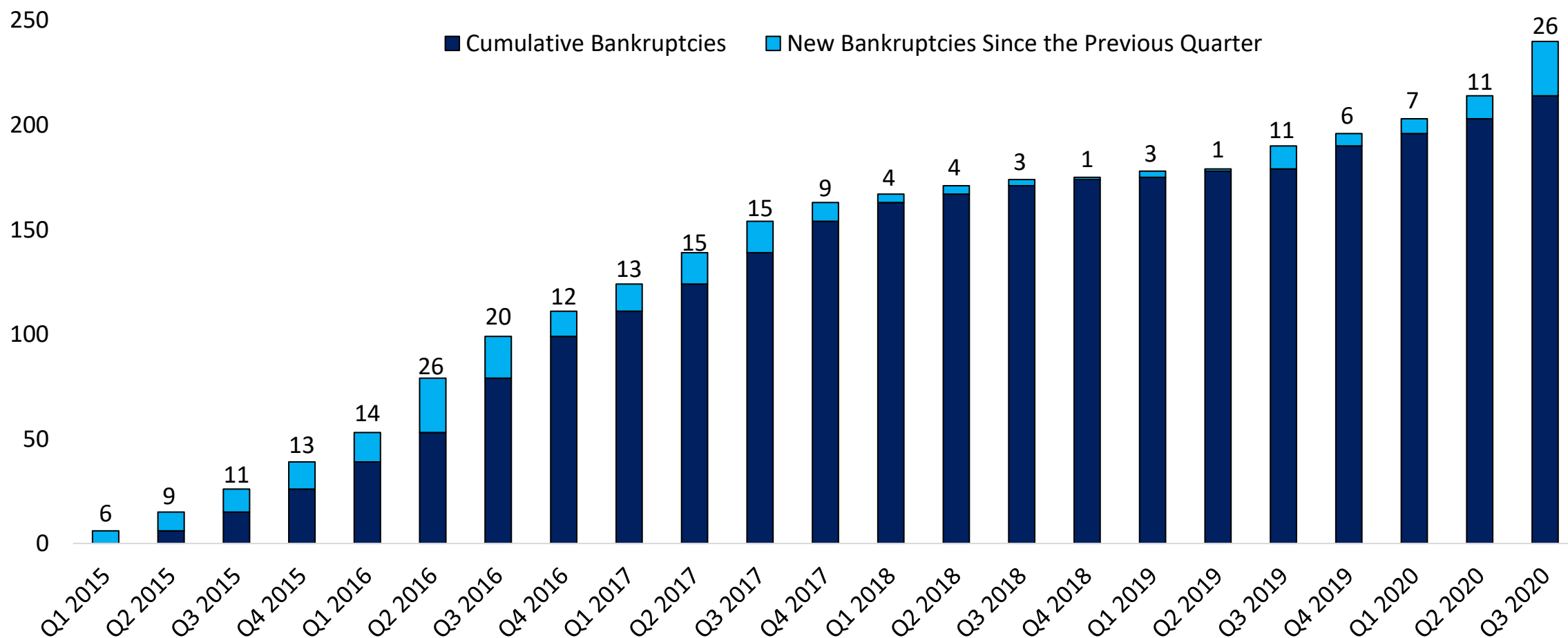
### *Trend One: Distressed M&A*

# Transactions in Today's Environment

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## TREND ONE – DISTRESSED M&A

### U.S. Oilfield Services Bankruptcies



Source: Haynes and Boone

# Transactions in Today's Environment

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## TREND ONE – DISTRESSED M&A



Acquired Assets of



Acquired assets of



Acquired Assets of



Acquired Assets of



July 2020

Debt-For-Equity Exchange



August 2020

All Cash



October 2020

Debt-For-Equity Exchange



November 2020

All Cash



# Transactions in Today's Environment

## TREND ONE – DISTRESSED M&A

### Factors Contributing to the Trend

- Combined Impact of COVID and Low Commodity Prices
- Limited Creditor Appetite for Equity
- Purchaser Ability to Realize Synergies

**Distressed Transactions to Continue**



## *Trend Two: Consolidation*

# Transactions in Today's Environment

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## TREND TWO - CONSOLIDATION



Acquired



Acquired



Acquired



Acquired



Acquired



July 2020

Equity



September 2020

Cash and Equity



September 2020

(Announced)

Equity



October 2020

(Announced)

Cash



October 2020

Cash

# Transactions in Today's Environment

## TREND TWO - CONSOLIDATION

### Factors Contributing to the Trend

- High Fixed Costs as a % of Revenue
- Low Returns on Capital
- Continued Pricing Pressure

Further Consolidation



## *Trend Three: Rationalization*

# Transactions in Today's Environment

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## TREND THREE - RATIONALIZATION

**NEXTIER**

Sold



Sold

**HALLIBURTON**

Sold



Sold

**C&J WELL SERVICES**

To



To

**EUROPUMP**

To

SPC Flow Control Business Unit

To



March 2020

Cash and Debt



June 2020

Cash

**PCM** | Artificial Lift Solutions

July 2020

Cash

**PELICAN ENERGY**  
— PARTNERS —

October 2020

Cash

# Transactions in Today's Environment

## TREND THREE – RATIONALIZATION

### Factors Contributing to the Trend

- Difficulty Generating Returns in Non-Core Businesses
- Scarcity of Free Cash Flow
- Interest from Consolidators

Continued Non-Core Business Divestiture



Resiliency tested once again

Under investment in new wells may create  
supply shortages

Gas activity to lead in the near term

Service line shuffle to continue

“Be fearful when others are greedy,  
and greedy when others are fearful”







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