

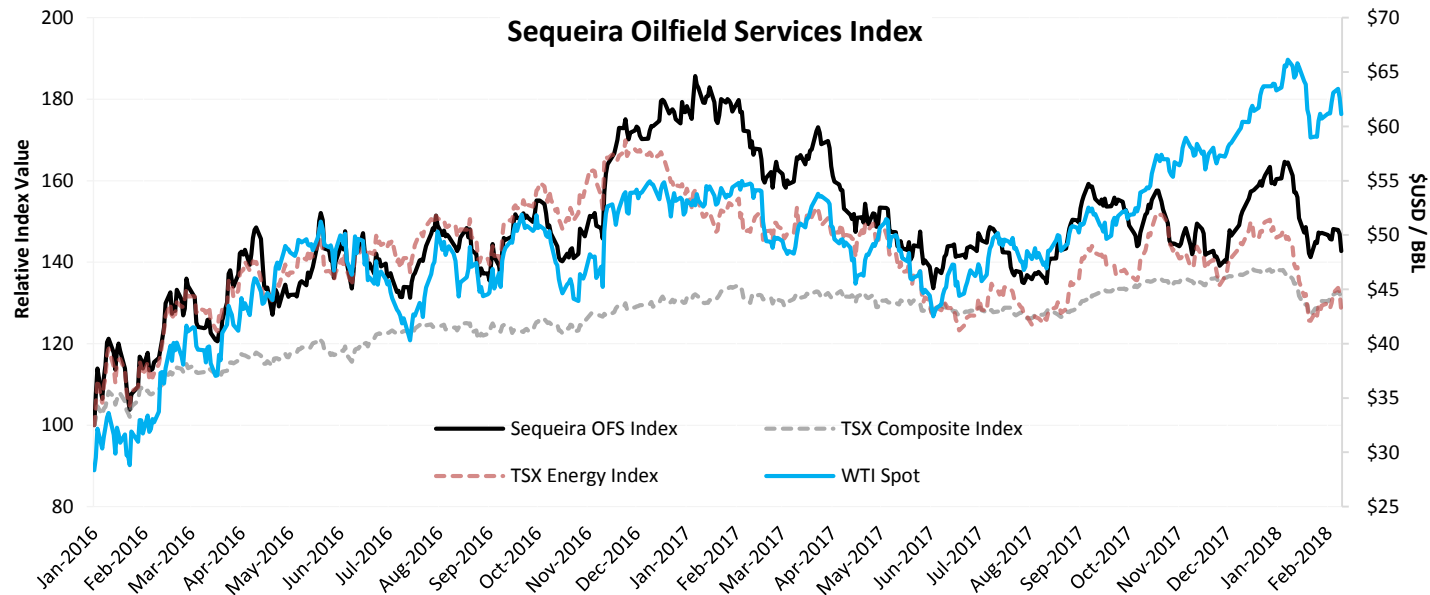
# SEQUEIRA ENERGY SYNOPSIS

## February 2018



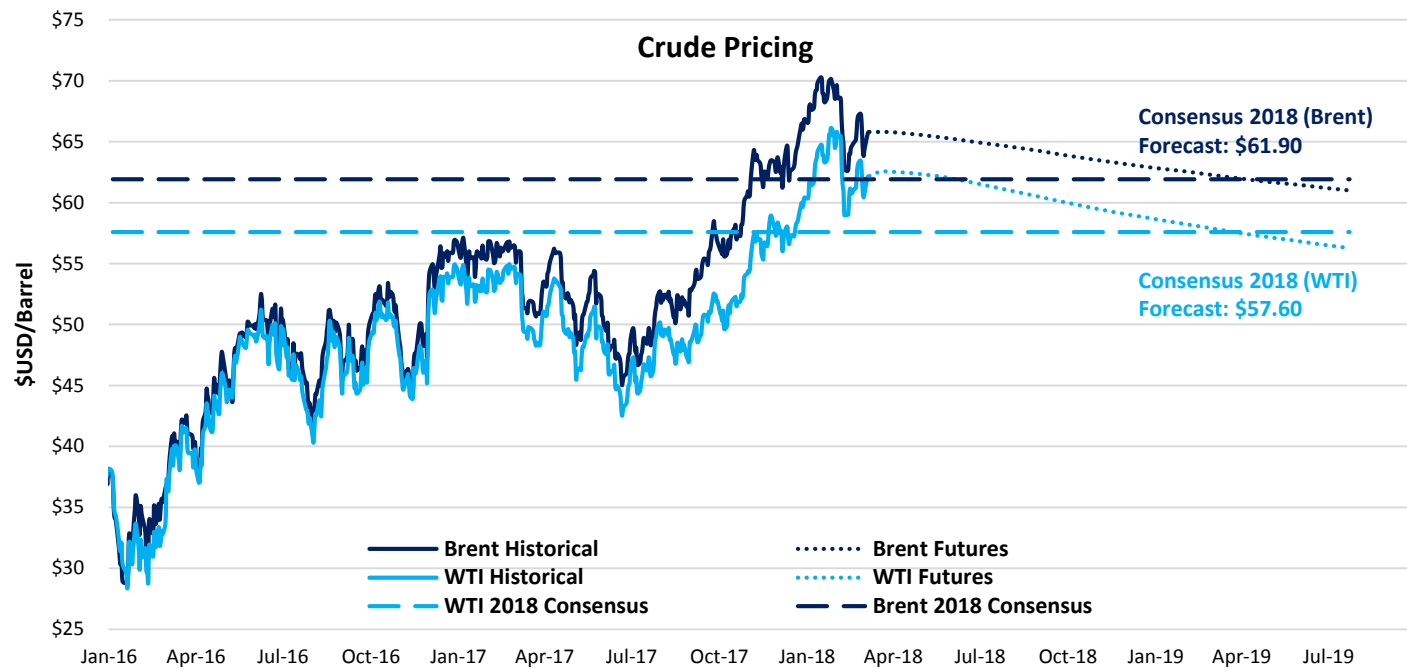
Our Sequeira OFS Index declined 9% month-over-month to the end of February and was down 15% year over year. Q4 2017 earnings for many notable Canadian oilfield service providers have now been released, including Precision Drilling which beat expectations due to strong results out of the United States. On the pressure pumping side, Trican underperformed due to a combination of extreme cold weather and unexpected completion program shutdowns by operators who overspent their budgets earlier in the year. The Canadian outlook has been somewhat tempered by weakness in AECO pricing and WCS differentials; however, the market continues to be strong for natural gas liquids.

### Market Overview

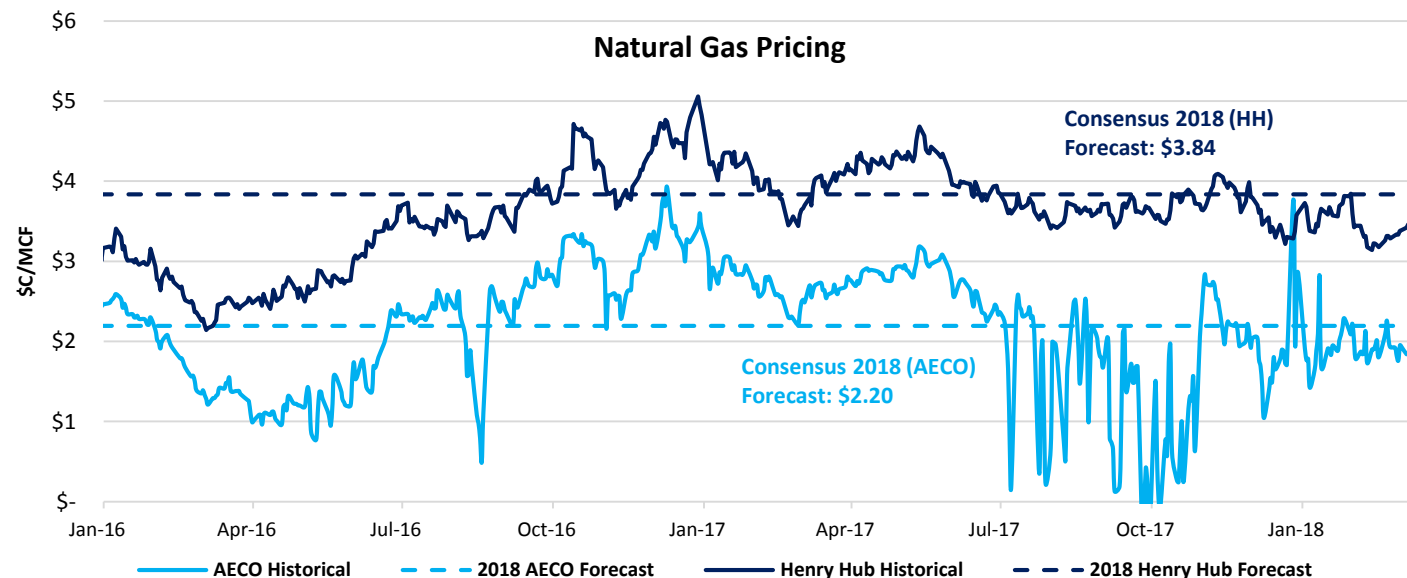


Sources: Capital IQ and Sequeira Partners Research

# Commodity Prices and Analyst Forecasts



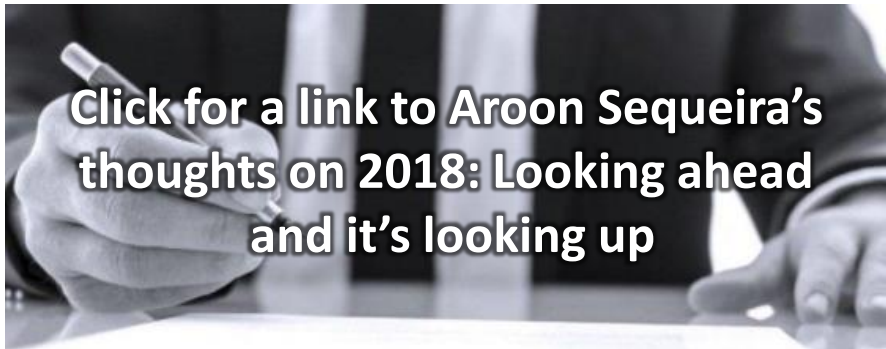
Crude price gains from early 2018 were erased at the beginning of February as enthusiasm was tempered by recent builds in U.S. crude oil inventories, as well as the release of the EIA's Short-Term Energy Outlook Report which projects U.S. production will reach 11 million bbl/d later this year. While growing U.S. production is something we'll be keeping an eye on, some perspective is needed when it comes to concerns over recent U.S. inventory builds. Historically, the period from February to April is refinery shutdown season for annual maintenance programs, resulting in growing inventory builds. Despite this, U.S. crude stocks this February increased by a modest ~5.5 MM bbls compared to the five year average February build of ~30 MM bbls.



After experiencing significant volatility in the latter part of 2017 and early part of 2018, AECO prices have begun to stabilize around \$2/MCF. While storage levels in Western Canada remain high, natural gas producers received some good news this past month with TransCanada announcing plans to move forward with a \$2.4 billion expansion of its NGTL system. The planned expansion will increase export capacity by a billion cubic feet and improve market connectivity including access to Eastern Canada and parts of the Northeast United States.

## In Other News...

The start of another new year had our President and Founder, Aroon Sequeira, reflecting on his 35-plus years of practice. Having seen a lot of ups and downs in the energy business, part of the wisdom that comes from that experience is understanding the cycles and how they drive transactions. Read Aroon's take on what's new, and where the opportunities lie for the year ahead:



## About Us

With offices in Edmonton, Calgary, and Vancouver, Sequeira Partners is focused on providing mergers and acquisition advisory, corporate valuations and financial opinions, and recapitalization services to mid-market energy and industrial service companies.

We welcome your thoughts or comments and inquiries as to how we could assist your business with its transaction needs.



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## Sequeira Oilfield Services Index – Sector Drilldown

As at Feb 28, 2018

Source: Capital IQ

Company	Ticker	Share Price	Dividend Yield	Market Cap	Enterprise Value	Revenue	TTM EBITDA	EBITDA Margin	EV/EBITDA TTM	EV/EBITDA 2018E	EV/EBITDA 2019E	Price/Book	Net Debt/EBITDA 2018E
			(%)	(\$mm)	(\$mm)	(\$mm)	(\$mm)	(%)	(x)	(x)	(x)	(x)	(x)
<b>Drilling &amp; Equipment</b>													
AKITA Drilling Ltd.	TSX:AKT.A	\$ 7.66	4.4%	138	134	61	(4)	NM	NM	11.8x	NM	0.7x	NM
Cathedral Energy Services Ltd.	TSX:CET	\$ 1.52	-	75	71	137	10	7.6%	6.9x	4.2x	3.1x	0.7x	NM
CWC Energy Services Corp.	TSXV:CWC	\$ 0.21	-	110	159	112	15	13.5%	10.5x	6.2x	5.2x	0.9x	2.4x
Ensign Energy Services Inc.	TSX:ESI	\$ 6.56	7.3%	1,030	1,730	1,001	201	20.1%	8.6x	7.6x	6.3x	0.6x	3.0x
Essential Energy Services Ltd.	TSX:ESN	\$ 0.63	-	89	111	166	14	8.5%	7.9x	4.2x	3.0x	0.5x	0.7x
High Arctic Energy Services Inc	TSX:HWO	\$ 3.88	5.1%	207	188	221	64	28.9%	2.9x	3.8x	NM	0.9x	NM
McCoy Global Inc.	TSX:MCB	\$ 1.31	-	36	29	36	(9)	NM	NM	11.2x	4.7x	0.8x	NM
Pason Systems Inc.	TSX:PSI	\$ 17.74	3.8%	1,509	1,355	246	86	35.2%	15.7x	11.3x	10.7x	4.3x	NM
PHX Energy Services Corp.	TSX:PHX	\$ 2.20	-	128	148	241	17	7.2%	8.5x	5.2x	4.9x	0.7x	0.6x
Precision Drilling Corporation	TSX:PD	\$ 4.04	-	1,185	2,850	1,321	305	23.1%	9.3x	7.9x	6.3x	0.7x	4.5x
Total Energy Services Inc.	TSX:TOT	\$ 13.80	1.7%	638	967	482	51	10.5%	19.1x	7.6x	6.5x	1.2x	2.6x
Trinidad Drilling Ltd.	TSX:TDG	\$ 1.84	-	503	1,020	502	97	19.4%	10.5x	6.3x	5.0x	0.4x	3.2x
Western Energy Services Corp.	TSX:WRG	\$ 1.16	-	107	325	238	34	14.2%	9.6x	9.0x	7.0x	0.3x	5.1x
Xtreme Drilling Corp.	TSX:XDC	\$ 2.19	-	164	144	56	(1)	NM	NM	8.1x	8.2x	0.7x	NM
Mean								17.1%	10.0x	7.5x	5.9x	1.0x	2.8x
Median								14.2%	9.3x	7.6x	5.7x	0.7x	2.8x
<b>Production &amp; Completion</b>													
Bri-Chem Corp.	TSX:BRY	\$ 0.63	-	15	45	110	8	7.3%	5.6x	NM	NM	0.5x	ND
CES Energy Solutions Corp.	TSX:CEU	\$ 5.55	0.5%	1,487	1,896	1,030	351	34.1%	5.4x	10.0x	8.2x	2.5x	2.1x
Computer Modelling Group Ltd.	TSX:CMG	\$ 8.98	4.5%	720	668	74	30	40.1%	22.4x	23.1x	19.8x	12.6x	NM
Enerflex Ltd.	TSX:EFX	\$ 16.13	2.4%	1,428	1,662	1,553	199	12.8%	8.4x	5.7x	5.1x	1.3x	0.9x
Source Energy Services Ltd.	TSX:SHLE	\$ 6.17	-	380	487	260	25	9.6%	19.4x	3.9x	3.3x	1.6x	0.8x
Strad Energy Services Ltd.	TSX:SDY	\$ 1.55	-	93	116	118	25	21.0%	4.7x	3.4x	3.1x	0.7x	0.3x
Mean								20.8%	11.0x	9.2x	7.9x	3.2x	1.0x
Median								16.9%	7.0x	5.7x	5.1x	1.4x	0.9x
<b>Oilfield &amp; Facility Construction</b>													
Badger Daylighting Ltd.	TSX:BAD	\$ 24.02	1.9%	891	952	477	117	24.4%	8.2x	6.5x	5.9x	3.1x	0.4x
ClearStream Energy Services Inc.	TSX:CSM	\$ 0.09	-	9	233	357	11	3.0%	21.5x	NM	NM	NM	ND
Enterprise Group, Inc.	TSX:E	\$ 0.39	-	21	42	35	6	18.0%	6.7x	NM	NM	0.4x	ND
Macro Enterprises Inc.	TSXV:MCR	\$ 2.28	-	69	55	98	4	4.0%	14.0x	3.1x	2.1x	0.9x	NM
North American Energy Partners Inc.	NYSE:NOA	\$ 6.60	1.2%	168	300	293	59	20.2%	5.1x	3.5x	3.1x	1.1x	1.8x
ShawCor Ltd.	TSX:SCL	\$ 26.36	2.3%	1,844	1,893	1,567	232	14.8%	8.2x	10.7x	7.9x	1.8x	NM
Mean								14.1%	10.6x	6.0x	4.7x	1.5x	1.1x
Median								16.4%	8.2x	5.0x	4.5x	1.1x	1.1x
<b>Pressure Pumping</b>													
Calfrac Well Services Ltd.	TSX:CFW	\$ 6.30	-	906	1,836	1,528	180	11.8%	10.2x	6.3x	5.2x	1.8x	3.1x
STEP Energy Services Ltd.	TSX:STEP	\$ 9.31	-	561	514	463	86	18.6%	6.0x	3.2x	2.8x	1.4x	NM
Trican Well Service Ltd.	TSX:TCW	\$ 3.15	-	1,066	1,160	930	158	17.0%	7.3x	4.5x	3.8x	0.9x	0.4x
Mean								15.8%	7.8x	4.7x	3.9x	1.3x	1.7x
Median								17.0%	7.3x	4.5x	3.8x	1.4x	1.7x
<b>Transportation &amp; Logistics</b>													
Aveda Transportation and Energy Services Inc.	TSXV:AVE	\$ 0.55	-	32	105	178	12	6.8%	8.6x	4.3x	NM	0.9x	3.1x
ENTREC Corporation	TSX:ENT	\$ 0.18	-	20	171	140	7	5.1%	23.7x	10.6x	7.3x	0.4x	9.2x
Gibson Energy Inc.	TSX:GEI	\$ 16.68	7.9%	2,389	3,485	6,101	236	3.9%	14.7x	10.6x	10.4x	2.3x	3.7x
Mullen Group Ltd.	TSX:MTL	\$ 14.76	4.1%	1,530	1,935	1,138	164	14.4%	11.8x	9.6x	8.4x	1.5x	2.0x
Mean								7.6%	14.7x	8.8x	8.7x	1.3x	4.5x
Median								6.0%	13.3x	10.1x	8.4x	1.2x	3.4x
<b>Environmental &amp; Geophysical</b>													
Newalta Corporation	TSX:NAL	\$ 0.95	-	84	429	248	45	18.3%	9.5x	8.0x	7.3x	0.5x	6.3x
Pulse Seismic Inc.	TSX:PSD	\$ 3.09	-	169	130	44	37	83.9%	3.6x	7.4x	NM	3.4x	NM
Secure Energy Services Inc.	TSX:SES	\$ 8.12	3.3%	1,326	1,595	2,328	134	5.7%	11.9x	8.9x	7.5x	1.5x	1.6x
Vertex Resource Group Ltd.	TSXV:VTX	\$ 0.38	-	34	94	108	11	10.1%	8.6x	NM	NM	0.6x	ND
Mean								29.5%	8.4x	8.1x	7.4x	1.5x	3.9x
Median								14.2%	9.0x	8.0x	7.4x	1.0x	3.9x
<b>Camps &amp; Catering</b>													
Black Diamond Group Limited	TSX:BDI	\$ 2.84	-	157	279	150	29	19.3%	9.7x	7.7x	6.4x	0.5x	3.4x
Civeo Corporation	NYSE:CVCO	\$ 4.55	-	602	937	479	80	16.7%	11.7x	9.7x	8.3x	1.0x	4.0x
Horizon North Logistics Inc.	TSX:HNL	\$ 1.82	4.4%	265	321	302	26	8.7%	12.2x	6.4x	5.8x	0.8x	1.2x
Mean								14.9%	11.2x	7.9x	6.8x	0.8x	2.9x
Median								16.7%	11.7x	7.7x	6.4x	0.8x	3.4x