



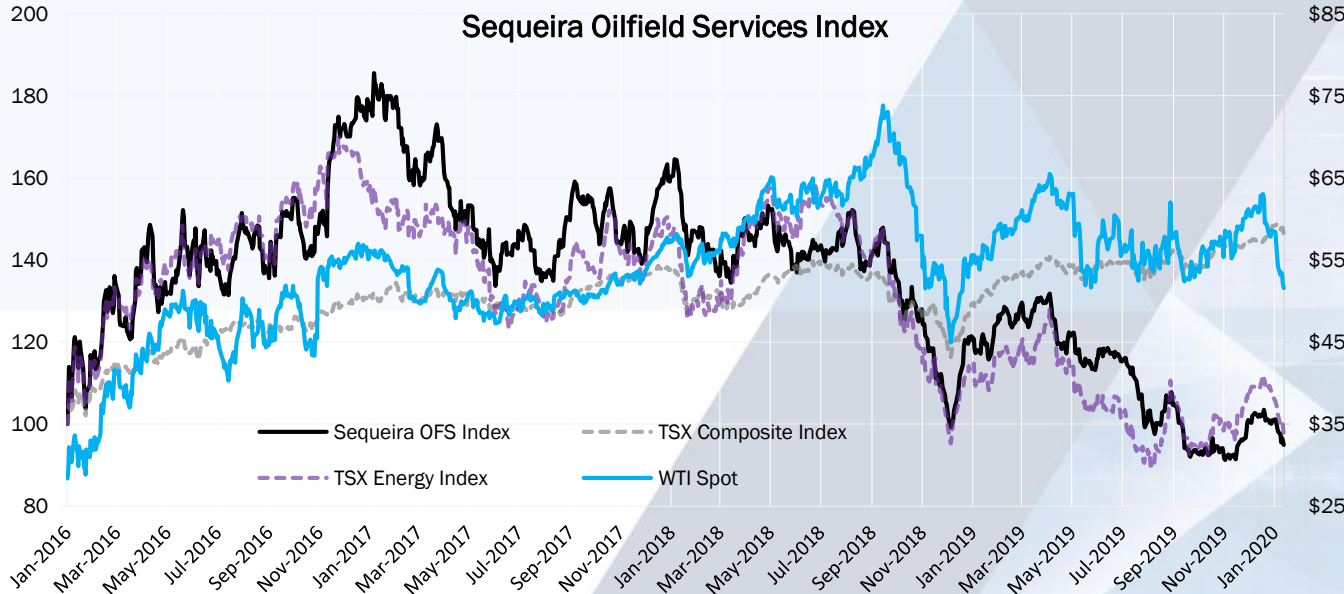
THE SEQUEIRA SYNOPSIS

Oilfield Services and Equipment Overview
2020 | January Report

January 2020 | Overview

Crude pricing declined steadily throughout January in response to global economic concerns, while the Canadian active rig count ended the month at 247, the highest count recorded since March of 2018.

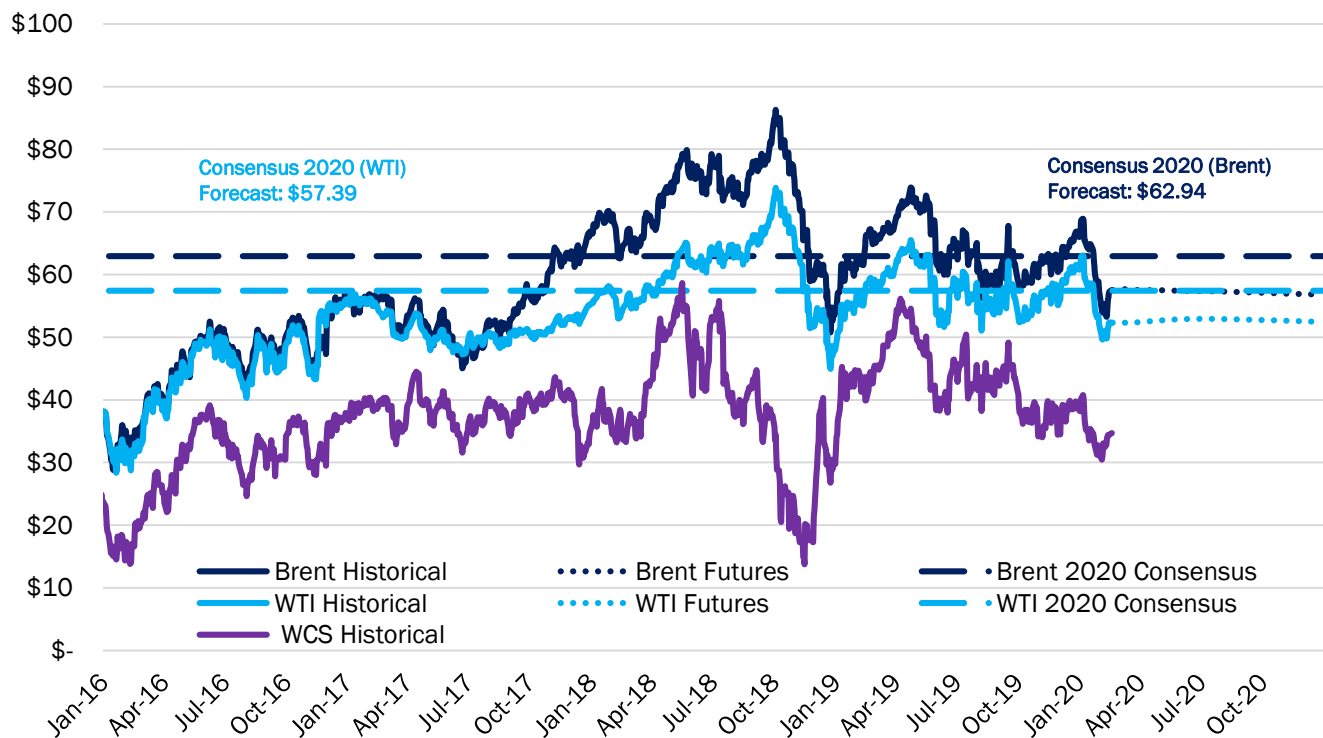
The lower prices, which largely resulted from fears of a COVID-19 pandemic, have put a damper on what was shaping up to be a positive month. Both the Sequeira OFS Index and the TSX Energy Index declined on the month as the TSX remained relatively flat. The progress of the disease and its impact on global supply chains will play a key part in governing the outcome for the oil and gas in 2020.



Commodity Pricing and Analyst Forecasts

January 2020 saw oil prices decline sharply, with prices for WTI, Brent, and WCS ending the month down 15%, 14%, and 19% respectively. This decline was largely due to concerns surrounding global demand as a result of the COVID-19 outbreak in China and the impacts that that may result on economic activity.

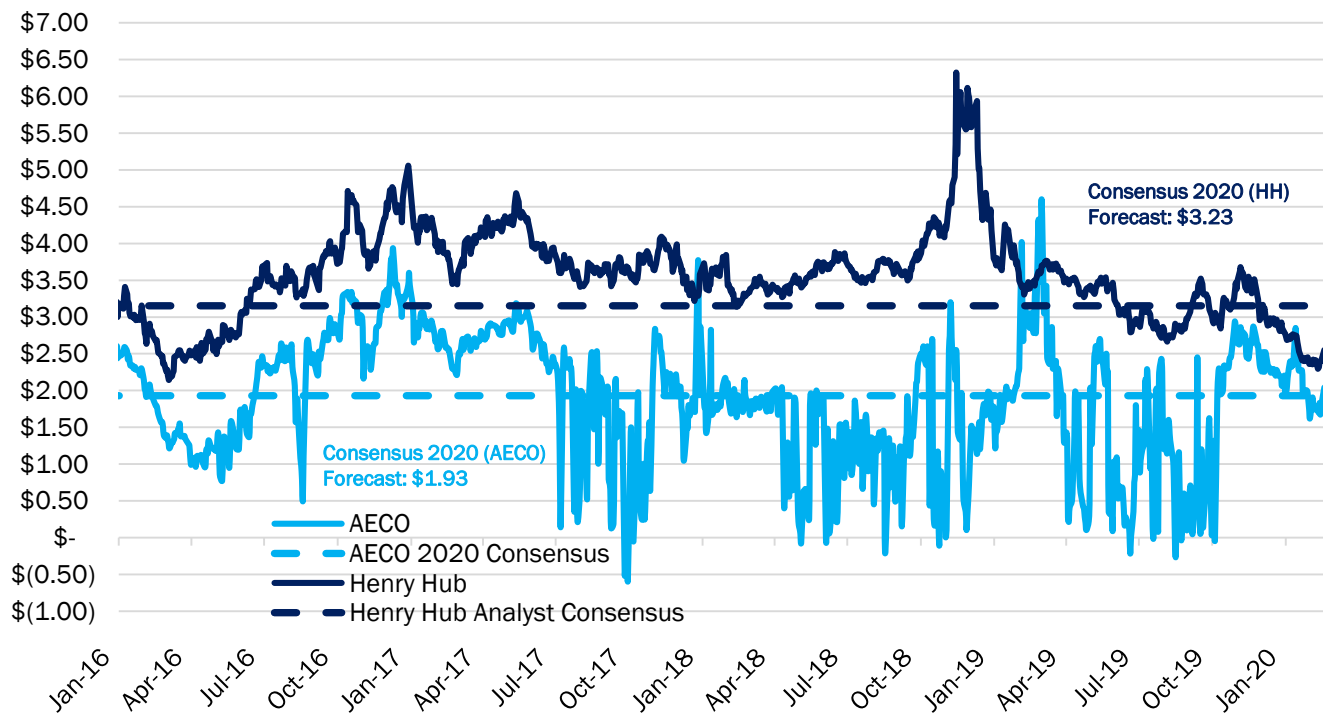
In Canada, the key WCS benchmark remained challenged for much of January, with the spread widening through to the middle of the month as Alberta relaxed its mandatory curtailment program and exempted crude-by-rail and conventional oil production. The January 17 Jason Kenney speech proved to be a turning point, as the Premier reaffirmed the governments commitment to both curtailments beyond March and taking further action as needed to “protect the value of the resource”. These statements, combined with shrinking inventories and increasing crude-by-rail exports, have resulted in a significant decrease to the differential which has continued through February.



Commodity Pricing and Analyst Forecasts

January 2020 was also a challenging month for natural gas prices in Canada. Save for a temporary spike in mid-January due to unseasonably cold weather, even by Alberta standards, the AECO benchmark declined steadily throughout the month ending down 17%. This shift was largely due to long-range weather forecasts which lowered the probability of further sustained cold weather.

Henry Hub prices were also down in the month, seeing a 14% decline for similar weather related reasons and reaching its lowest point since 2016. While short-term fluctuations are weather driven, the overall low price trend is not unique to North America, as European and Asian indexes are also experiencing 3-year low spot prices on the backs of a fundamental market oversupply. Analysts expect the global gas market to remain depressed for the next couple of years, though continued cheap gas supply will likely drive further gas-fired generation development and therefore demand.



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Sequeira Spotlight

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Giving back to the community has always been a priority for the team at Sequeira Partners. Whether through formal sponsorship or giving our time to sit on the board of charitable and not-for-profit organizations, we've made it a part of our DNA.

Since 2011 we have supported the Citadel Theatre in Edmonton. The Citadel Theatre is one of the largest not-for profit theatres in North America, drawing patrons from a large geographic region that includes the greater Edmonton area as well as central and northern Alberta. In addition to being a performance sponsor annually, team members have sat on the board including Aroon Sequeira as past chair and Julie Afanasiff as a current board member and finance committee chair.

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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 services, industrial and diversified 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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Appendix A

Sequeira Oilfield Services Index – Sector Drilldown

As at January 31, 2020

Source: Capital IQ

Company	Ticker	Share Price	Dividend Yield	Market Cap	Enterprise Value	Revenue	TTM EBITDA	EBITDA Margin	EV/EBITDA TTM	EV/EBITDA 2019E	EV/EBITDA 2020E	Price/Book	Net Debt/EBITDA 2019E
Drilling & Equipment			(%)	(\$mm)	(\$mm)	(\$mm)	(\$mm)	(%)	(x)	(x)	(x)	(x)	(x)
AKITA Drilling Ltd.	TSX:AKT.A	\$ 1.00	-	41	127	186	27	14.6%	4.7x	5.8x	4.9x	0.2x	4.0x
Cathedral Energy Services Ltd.	TSX:CET	\$ 0.24	-	12	33	144	(3)	NM	NM	6.3x	7.7x	0.2x	3.9x
CWC Energy Services Corp.	TSX:CWC	\$ 0.11	-	54	95	113	13	11.1%	7.6x	8.8x	7.0x	0.3x	3.5x
Ensign Energy Services Inc.	TSX:ESI	\$ 2.36	10.2%	385	2,009	1,563	383	24.5%	5.2x	5.1x	5.4x	0.2x	4.0x
Essential Energy Services Ltd.	TSX:ESN	\$ 0.35	-	50	76	155	15	9.5%	5.2x	4.0x	3.8x	0.3x	1.5x
High Arctic Energy Services Inc	TSX:HWO	\$ 1.88	10.5%	93	92	191	20	10.4%	4.6x	4.6x	3.2x	0.4x	NM
McCoy Global Inc.	TSX:MCB	\$ 0.51	-	14	13	55	4	7.3%	3.2x	2.9x	2.1x	0.4x	NM
Pason Systems Inc.	TSX:PSI	\$ 13.20	5.8%	1,116	952	309	126	40.7%	7.6x	7.7x	8.3x	3.0x	NM
PHX Energy Services Corp.	TSX:PHX	\$ 2.42	-	129	187	361	43	12.1%	4.3x	3.9x	3.9x	0.9x	1.2x
Precision Drilling Corporation	TSX:PD	\$ 1.56	-	433	1,924	1,541	370	24.0%	5.2x	NM	5.3x	0.3x	3.7x
Total Energy Services Inc.	TSX:TOT	\$ 5.40	4.4%	244	545	826	105	12.7%	5.2x	5.1x	7.2x	0.5x	2.7x
Western Energy Services Corp.	TSX:WRG	\$ 0.32	-	29	267	214	26	12.1%	10.3x	11.5x	11.8x	0.1x	10.1x
Mean								16.3%	5.7x	6.0x	5.9x	0.6x	3.9x
Median								12.1%	5.2x	5.1x	5.3x	0.3x	3.7x
Production & Completion			(%)	(\$mm)	(\$mm)	(\$mm)	(\$mm)	(%)	(x)	(x)	(x)	(x)	(x)
Bri-Chem Corp.	TSX:BRY	\$ 0.13	-	3	30	98	4	4.4%	6.9x	NM	NM	0.2x	ND
CES Energy Solutions Corp.	TSX:CEU	\$ 1.95	3.1%	515	933	1,310	148	11.3%	6.3x	5.8x	5.8x	0.8x	2.6x
Computer Modelling Group Ltd.	TSX:CMG	\$ 8.08	5.0%	648	644	78	35	44.2%	18.6x	NM	17.7x	15.5x	0.2x
Enerflex Ltd.	TSX:EFX	\$ 10.12	4.5%	908	1,156	2,038	288	14.1%	4.0x	3.4x	4.8x	0.7x	0.7x
Source Energy Services Ltd.	TSX:SHLE	\$ 0.23	-	14	248	318	9	2.9%	26.7x	5.8x	5.6x	0.1x	5.5x
Strad Inc.	TSX:SDY	\$ 1.80	-	98	119	123	31	25.2%	3.8x	3.4x	2.7x	0.8x	0.6x
Wolverine Energy and Infrastructure Inc.	TSXV:WEII	\$ 0.60	-	64	181	87	22	24.9%	8.4x	NM	4.1x	0.7x	7.2x
Mean								18.2%	10.7x	4.6x	6.8x	2.7x	2.8x
Median								14.1%	6.9x	4.6x	5.2x	0.7x	1.6x
Oilfield & Facility Construction			(%)	(\$mm)	(\$mm)	(\$mm)	(\$mm)	(%)	(x)	(x)	(x)	(x)	(x)
Badger Daylighting Ltd.	TSX:BAD	\$ 34.53	1.7%	1,206	1,380	670	149	22.3%	9.2x	8.3x	7.3x	3.6x	1.1x
ClearStream Energy Services Inc.	TSX:CSM	\$ 0.05	-	5	365	405	20	4.8%	18.6x	NM	NM	NM	ND
Enterprise Group, Inc.	TSX:E	\$ 0.20	-	10	20	20	1	6.9%	14.3x	NM	NM	0.2x	ND
Macro Enterprises Inc.	TSXV:MCR	\$ 3.75	-	117	119	471	71	15.2%	1.7x	1.9x	2.2x	1.0x	0.0x
North American Construction Group Ltd.	NYSE:NOA	\$ 14.42	-	371	824	719	161	22.4%	5.1x	NM	4.0x	0.0x	2.4x
Shawcor Ltd.	TSX:SCL	\$ 10.52	5.7%	738	1,192	1,510	98	6.5%	12.1x	9.6x	7.2x	0.7x	3.5x
Mean								13.0%	10.2x	6.6x	5.2x	1.1x	1.8x
Median								11.1%	10.7x	8.3x	5.6x	0.7x	1.8x
Pressure Pumping			(%)	(\$mm)	(\$mm)	(\$mm)	(\$mm)	(%)	(x)	(x)	(x)	(x)	(x)
Calfrac Well Services Ltd.	TSX:CFW	\$ 0.97	-	141	1,100	1,803	189	10.5%	5.8x	7.0x	7.7x	0.3x	6.2x
STEP Energy Services Ltd.	TSX:STEP	\$ 1.33	-	89	342	711	69	9.7%	5.0x	4.2x	4.4x	0.3x	3.2x
Trican Well Service Ltd.	TSX:TCW	\$ 1.04	-	282	340	660	22	3.4%	15.3x	11.5x	7.9x	0.4x	2.0x
Mean								7.9%	8.7x	7.5x	6.7x	0.3x	3.8x
Median								9.7%	5.8x	7.0x	7.7x	0.3x	3.2x
Transportation & Logistics			(%)	(\$mm)	(\$mm)	(\$mm)	(\$mm)	(%)	(x)	(x)	(x)	(x)	(x)
ENTREC Corporation	TSX:ENT	\$ 0.07	-	8	263	183	21	11.5%	12.5x	9.9x	8.6x	0.4x	9.5x
Gibson Energy Inc.	TSX:GEI	\$ 26.56	5.0%	3,869	5,136	6,984	432	6.2%	11.9x	11.7x	11.9x	5.0x	2.8x
Mullen Group Ltd.	TSX:MTL	\$ 9.03	6.6%	947	1,492	1,279	189	14.8%	7.9x	NM	7.1x	1.0x	2.6x
Mean								10.8%	10.7x	10.8x	9.2x	2.1x	5.0x
Median								11.5%	11.9x	10.8x	8.6x	1.0x	2.8x
Environmental & Geophysical			(%)	(\$mm)	(\$mm)	(\$mm)	(\$mm)	(%)	(x)	(x)	(x)	(x)	(x)
Pulse Seismic Inc.	TSX:PSD	\$ 1.75	-	94	127	24	17	71.6%	7.4x	NM	5.9x	2.9x	1.5x
Secure Energy Services Inc.	TSX:SES	\$ 4.55	5.9%	716	1,238	2,997	157	5.2%	7.9x	7.2x	7.0x	0.9x	2.8x
Tervita Corporation	TSX:TEV	\$ 7.41	-	848	1,651	2,134	207	9.7%	8.0x	7.1x	6.8x	2.3x	3.5x
Vertex Resource Group Ltd.	TSXV:VTX	\$ 0.29	-	27	135	174	19	11.2%	7.0x	5.0x	4.5x	0.4x	4.0x
Mean								24.4%	7.5x	6.5x	6.0x	1.6x	3.0x
Median								10.4%	7.6x	7.1x	6.3x	1.6x	3.1x
Camps & Catering			(%)	(\$mm)	(\$mm)	(\$mm)	(\$mm)	(%)	(x)	(x)	(x)	(x)	(x)
Black Diamond Group Limited	TSX:BDI	\$ 1.93	-	108	228	184	29	15.9%	7.8x	5.9x	5.4x	0.5x	3.1x
Civeo Corporation	NYSE:CVEO	\$ 1.77	-	300	919	653	122	18.6%	7.6x	7.1x	6.6x	0.5x	4.1x
Horizon North Logistics Inc.	TSX:HNL	\$ 1.02	7.8%	169	300	468	30	6.4%	10.0x	9.4x	6.0x	0.5x	4.1x
Mean								13.7%	8.4x	7.5x	6.0x	0.5x	3.8x
Median								15.9%	7.8x	7.1x	6.0x	0.5x	4.1x