



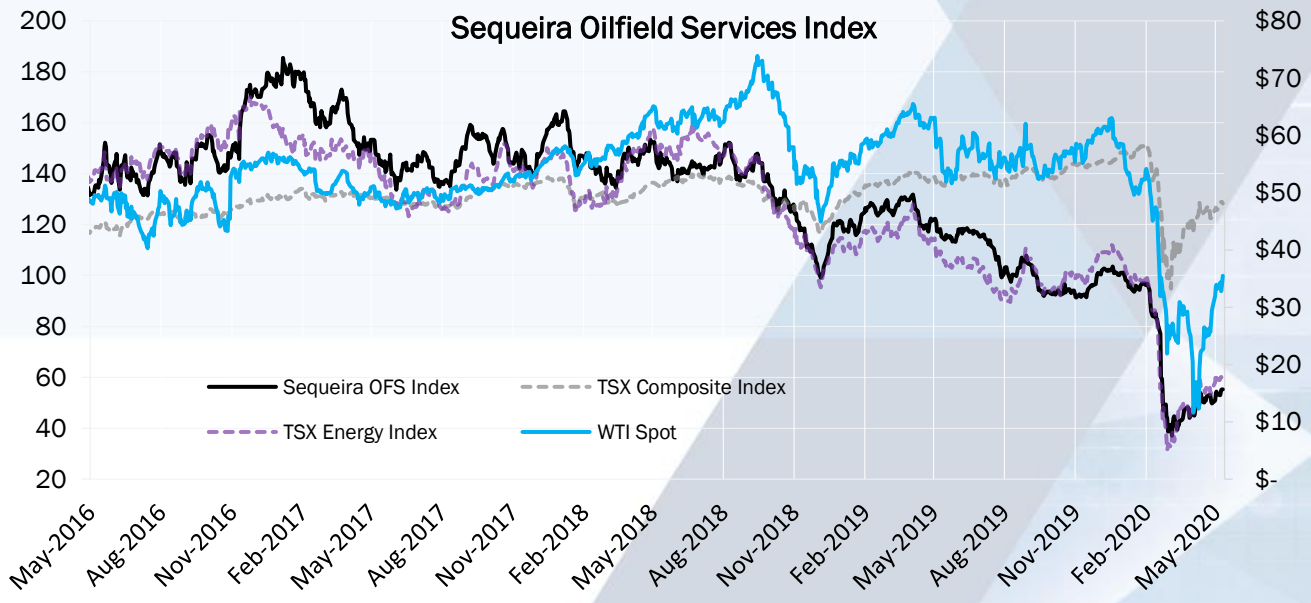
THE SEQUEIRA SYNOPSIS

Oilfield Services and Equipment Overview
2020 | May Report

May 2020 | Overview

Coming off one of the most difficult economic periods in history, oil prices improved substantially in May largely driven by anticipation for improved demand coupled with unprecedented cuts to supply. Despite improved pricing, operators are being disciplined with spending with the number of active rigs in Canada hitting a record low in May down to 21 active rigs. As we write this today that number is even lower.

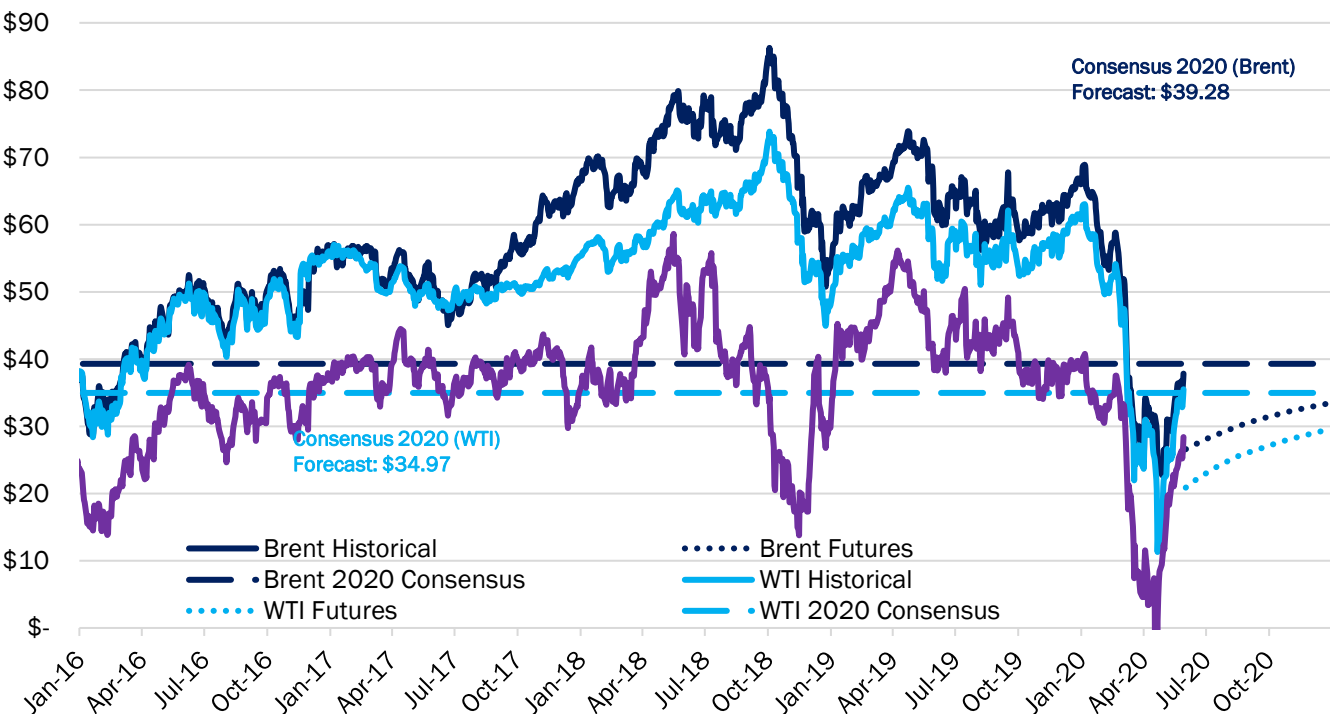
With improvements in pricing the Sequeira OFS Index and the TSX Energy Index have begun to recover. Both indexes ending the month up 3% from the prior month. With economies beginning to re-open after a concerted global COVID-19 shutdown, there is optimism that pricing will continue to improve throughout the summer months.



Commodity Pricing and Analyst Forecasts

May 2020 saw oil prices improve significantly from the historic oil price crash experienced in April. WTI, Brent, and WCS ended the month up 62%, 43% and 129% respectively. The rebound experienced in May is driven by the combination of returning demand as lockdown measures have eased around the world and supply restrictions from OPEC+'s material production cuts in concert with voluntary supply cuts from operators. Although the improved pricing environment provides a glimmer of hope after an abysmal March and April, significant inventory builds over these months will need to be released before we see pricing return to their pre-COVID levels.

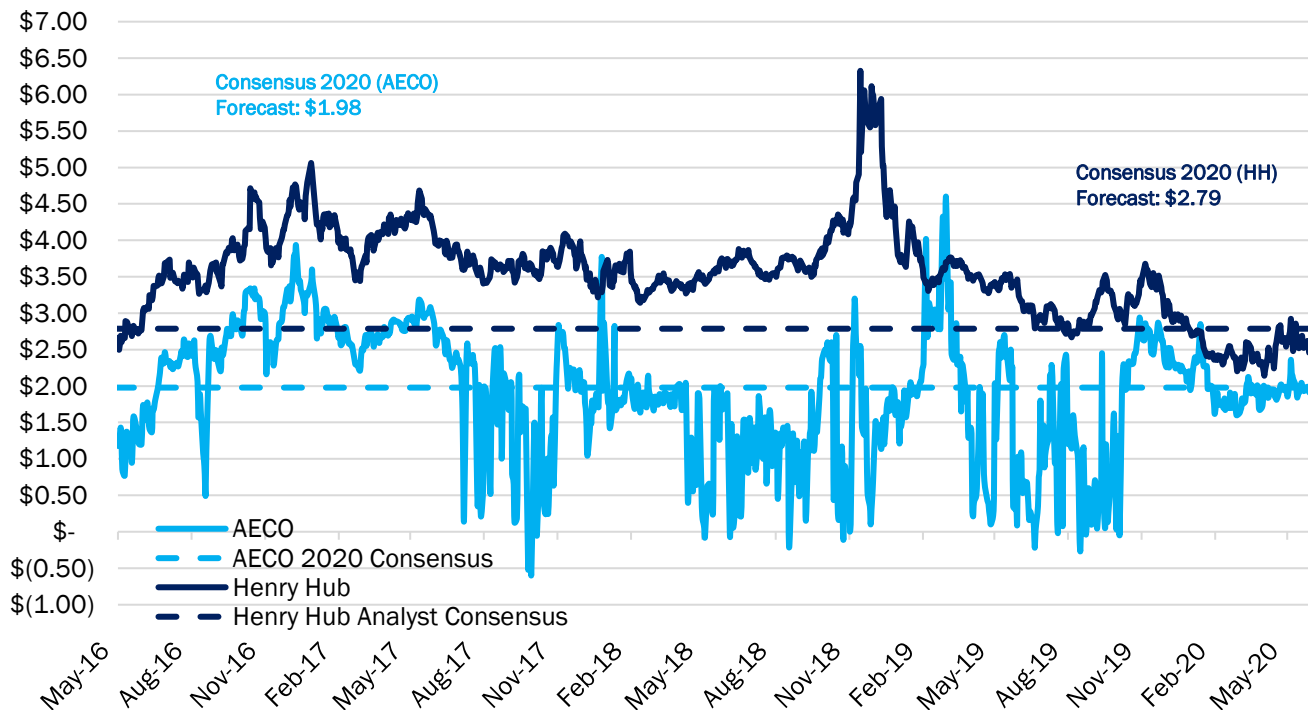
In Canada, the key WCS benchmark improved steadily through the month of May, rebounding from the negative prices seen at the end of April. Although WCS has improved, it remains challenged as a result of the global inventory surplus.



Commodity Pricing and Analyst Forecasts

AECO pricing experienced marginal improvements over May. With additional midstream assets and expansions having come online, the volatility in pricing that was becoming normal course from outages has not been observed over 2020. Despite heading into the summer months, AECO pricing has held steady and is expected to continue to do so.

With limited new drilling activity, its expected increases in supply of both natural gas and oil will be limited. In the Permian, natural gas is often a natural byproduct for oil wells. The EIA is predicting that limited demand will keep spot Henry Hub prices low throughout the summer. However, with rising demand heading into the winter months coupled with reduced production, pricing should rise heading into the winter. Limited new production should bode well for pricing into 2021 as well.



Our Team

Aron Sequeira, FCA, FCBV, ICD.D
asequeira@sequeirapartners.com
780.784.0114

Mark McRae, CA, CBV
mmcrae@sequeirapartners.com
780.784.0115

Julie Afanasiff, CA, CBV
jafanasiff@sequeirapartners.com
780.784.0116

Ken Tarry, MBA
ktarry@sequeirapartners.com
604.687.5300 ext. 201

Kellie Manchester, CFA
kmanchester@sequeirapartners.com
604.687.5300 ext. 202

Jordan Martel, CBV, ASA, MBA
jmartel@sequeirapartners.com
587.352.2500 ext. 302

Scott Acheson, CA, CBV, CFA
sacheson@sequeirapartners.com
780.784.0124

Erica McGuinness, CA, CBV
emcguinness@sequeirapartners.com
604.687.5300 ext. 203

Kira Gregson, CA, CBV
kgregson@sequeirapartners.com
780.784.0125

Ryan Turpin, CPA, CBV
rturpin@sequeirapartners.com
780.784.0121

Wenlei Tang, CA, CBV
wtang@sequeirapartners.com
587.352.2500 ext. 306

Tannie Lam, CA
tlam@sequeirapartners.com
604.687.5300 ext. 207

David Cameron, CPA
dcameron@sequeirapartners.com
780.784.0127

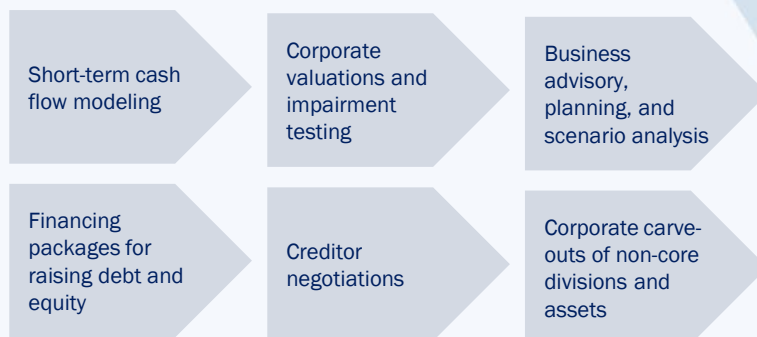
Griffin Steele
gsteel@sequeirapartners.com
604.687.5300 ext. 207

John Scott, CPA
jscott@sequeirapartners.com
780.784.0128

How We Can Help

While the drivers are different, this is not the first time we've seen unanticipated events disrupt the economy or the energy industry. We saw rapid changes play out in 2008-2009 with the global financial crisis and in 2014-2016 with the oil market downturn. During both instances, we stood by our clients providing strategic advisory to best position businesses for post-downturn economies. The businesses that survive and subsequently thrive are those that were prepared and took decisive, measured actions to adjust for the conditions.

If you need assistance navigating these challenging times, we're happy to help. Services provided to help clients overcome these challenging times include:



About Us

With offices in Edmonton, Calgary, and Vancouver, Sequeira Partners is a professional finance advisory firm focused on mergers and acquisitions, corporate carve-outs and recapitalizations. We've become known for providing boutique advisory services with big experience. Collectively, our professionals have over 100 years of industry experience and have completed more than 200 transactions. We possess in-depth industry experience and the highest accreditations available for professionals in our respective disciplines.



400, 520 – 5TH Avenue SW 2250, 10088 102 Avenue NW 1790, 999 West Hastings Street
Calgary, AB T2P 3R7 Edmonton, AB T5J 2Z1 Vancouver, BC V6C 2W2
587-352-2500 780-633-5200 604-687-5300

Appendix A

Sequeira Oilfield Services Index – Sector Drilldown

As at May 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 2020E	2021E	Price/Book	Net Debt/EBITDA	Book Value
Drilling & Equipment														
			(%)	(\$mm)	(\$mm)	(\$mm)	(\$mm)	(%)	(x)	(x)	(x)	(x)	(x)	(x)
AKITA Drilling Ltd.	TSX:AKT.A	\$ 0.36	-	15	101	177	17	9.8%	5.8x	11.5x	15.6x	0.1x	9.0x	194
Cathedral Energy Services Ltd.	TSX:CET	\$ 0.12	-	6	25	120	(7)	NM	NM	NM	NM	0.1x	NM	68
CWC Energy Services Corp.	TSXV:CWC	\$ 0.14	-	71	115	111	12	10.5%	9.9x	16.4x	11.5x	0.4x	6.2x	165
Ensign Energy Services Inc.	TSX:ESI	\$ 0.72	-	117	1,736	1,531	373	24.4%	4.7x	8.4x	9.5x	0.1x	7.3x	1,515
Essential Energy Services Ltd.	TSX:ESN	\$ 0.15	-	21	44	135	9	6.9%	4.7x	9.6x	16.0x	0.1x	4.4x	145
High Arctic Energy Services Inc	TSX:HWO	\$ 0.65	-	32	24	179	15	8.6%	1.6x	NM	4.1x	0.2x	7.9x	210
McCoy Global Inc.	TSX:MCB	\$ 0.44	-	12	15	50	4	7.0%	4.2x	NM	NM	0.3x	ND	41
Pason Systems Inc.	TSX:PSI	\$ 7.18	10.6%	604	448	287	106	36.9%	4.2x	14.4x	13.3x	1.6x	NM	373
PHX Energy Services Corp.	TSX:PHX	\$ 0.97	-	52	110	373	47	12.6%	2.3x	6.3x	8.9x	0.3x	2.7x	153
Precision Drilling Corporation	TSX:PD	\$ 0.76	-	208	1,686	1,487	363	24.4%	4.7x	8.0x	9.1x	0.1x	6.5x	1,557
Total Energy Services Inc.	TSX:TOT	\$ 2.09	-	94	366	670	102	15.2%	3.6x	7.9x	8.5x	0.2x	5.0x	553
Western Energy Services Corp.	TSX:WRG	\$ 0.26	-	23	263	182	19	10.3%	14.0x	NM	NM	0.1x	NM	260
Mean								15.1%	5.4x	10.3x	10.7x	0.3x	6.1x	
Median								10.5%	4.7x	9.0x	9.5x	0.1x	6.4x	
Production & Completion														
			(%)	(\$mm)	(\$mm)	(\$mm)	(\$mm)	(%)	(x)	(x)	(x)	(x)	(x)	(x)
Bri-Chem Corp.	TSX:BRY	\$ 0.07	-	2	23	87	1	1.6%	17.1x	NM	NM	0.1x	ND	17
CEC Energy Solutions Corp.	TSX:CEU	\$ 1.01	-	266	693	1,294	156	12.1%	4.4x	9.6x	9.6x	0.5x	5.3x	515
Computer Modelling Group Ltd.	TSX:CMG	\$ 4.60	4.3%	369	371	76	34	44.5%	11.0x	NM	14.3x	9.6x	0.1x	38
Enerflex Ltd.	TSX:EFX	\$ 5.52	1.4%	495	967	1,926	345	17.9%	2.8x	6.2x	7.1x	0.3x	2.7x	1,459
Source Energy Services Ltd.	TSX:SHLE	\$ 0.06	-	3	240	333	17	5.1%	14.1x	12.7x	12.7x	0.0x	12.3x	199
Wolverine Energy and Infrastructure Inc.	TSXV:WEII	\$ 0.32	-	34	158	106	27	25.3%	5.9x	7.4x	5.5x	0.4x	5.3x	92
Mean								17.7%	9.2x	9.0x	9.8x	1.8x	5.1x	
Median								15.0%	8.5x	8.5x	9.6x	0.4x	5.3x	
Oilfield & Facility Construction														
			(%)	(\$mm)	(\$mm)	(\$mm)	(\$mm)	(%)	(x)	(x)	(x)	(x)	(x)	(x)
Badger Daylighting Ltd.	TSX:BAD	\$ 28.76	2.1%	1,002	1,186	644	141	21.9%	8.4x	11.5x	7.6x	2.8x	1.7x	356
ClearStream Energy Services Inc.	TSX:CSM	\$ 0.03	-	3	357	507	14	2.7%	26.2x	NM	NM	NM	ND	(33)
Enterprise Group, Inc.	TSX:E	\$ 0.14	-	7	19	19	1	6.5%	15.5x	NM	NM	0.2x	ND	41
Macro Enterprises Inc.	TSXV:MCR	\$ 2.53	-	79	69	337	42	12.4%	1.7x	2.8x	2.3x	0.7x	NM	116
North American Construction Group Ltd.	NYSE:NOA	\$ 8.90	-	256	713	731	182	24.9%	3.9x	4.8x	4.1x	0.0x	3.0x	188
Shawcor Ltd.	TSX:SCL	\$ 1.79	-	126	568	1,459	75	5.1%	7.6x	26.2x	8.5x	0.2x	15.3x	774
Mean								12.3%	10.5x	11.3x	5.6x	0.8x	6.7x	
Median								9.4%	8.0x	8.2x	5.8x	0.2x	3.0x	
Pressure Pumping														
			(%)	(\$mm)	(\$mm)	(\$mm)	(\$mm)	(%)	(x)	(x)	(x)	(x)	(x)	(x)
Calfrac Well Services Ltd.	TSX:CFW	\$ 0.21	-	30	995	1,621	128	7.9%	7.8x	NM	17.7x	0.1x	NM	369
STEP Energy Services Ltd.	TSX:STEP	\$ 0.41	-	27	275	686	59	8.6%	4.7x	11.4x	15.4x	0.1x	9.8x	292
Trican Well Service Ltd.	TSX:TCW	\$ 0.83	-	221	264	590	11	1.8%	24.8x	NM	21.9x	0.4x	6.6x	582
Mean								6.1%	12.4x	11.4x	18.4x	0.2x	8.2x	
Median								7.9%	7.8x	11.4x	17.7x	0.1x	8.2x	
Transportation & Logistics														
			(%)	(\$mm)	(\$mm)	(\$mm)	(\$mm)	(%)	(x)	(x)	(x)	(x)	(x)	(x)
ENTREC Corporation	TSX:ENT	\$ 0.03	-	3	251	180	21	11.9%	11.7x	NM	NM	0.3x	ND	12
Gibson Energy Inc.	TSX:GEI	\$ 21.30	6.4%	3,114	4,431	7,046	406	5.8%	10.9x	10.7x	9.9x	4.0x	3.1x	781
Mullen Group Ltd.	TSX:MTL	\$ 5.96	-	624	1,184	1,277	190	14.9%	6.2x	8.5x	7.5x	0.7x	3.7x	902
Mean								10.8%	9.6x	9.6x	8.7x	1.7x	3.4x	
Median								11.9%	10.9x	9.6x	8.7x	0.7x	3.4x	
Environmental & Geophysical														
			(%)	(\$mm)	(\$mm)	(\$mm)	(\$mm)	(%)	(x)	(x)	(x)	(x)	(x)	(x)
Pulse Seismic Inc.	TSX:PSD	\$ 0.80	-	43	75	21	15	72.4%	4.9x	12.0x	5.1x	1.3x	3.8x	29
Secure Energy Services Inc.	TSX:SES	\$ 1.16	2.6%	184	704	2,895	141	4.9%	5.0x	7.6x	6.9x	0.2x	4.5x	798
Tervita Corporation	TSX:TEV	\$ 3.75	-	424	1,340	2,278	195	8.6%	6.9x	8.5x	7.8x	2.3x	5.6x	185
Vertex Resource Group Ltd.	TSXV:VTX	\$ 0.27	-	25	133	168	18	10.5%	7.5x	6.2x	4.9x	0.4x	4.1x	54
Mean								24.1%	6.1x	8.6x	6.2x	1.1x	4.5x	
Median								9.5%	5.9x	8.1x	6.0x	0.9x	4.3x	
Camps & Catering														
			(%)	(\$mm)	(\$mm)	(\$mm)	(\$mm)	(%)	(x)	(x)	(x)	(x)	(x)	(x)
Black Diamond Group Limited	TSX:BDI	\$ 1.30	-	72	208	186	33	17.7%	6.4x	6.3x	5.7x	0.3x	3.9x	224
Civeo Corporation	NYSE:CVEO	\$ 0.70	-	119	651	791	154	19.5%	4.2x	9.4x	6.8x	0.4x	6.0x	421
Horizon North Logistics Inc.	TSX:HNL	\$ 0.61	-	198	358	444	12	2.7%	29.8x	10.6x	6.8x	0.5x	4.6x	219
Mean								13.3%	13.5x	8.8x	6.4x	0.4x	4.9x	
Median								17.7%	6.4x	9.4x	6.8x	0.4x	4.6x	