



# THE SEQUEIRA SYNOPSIS

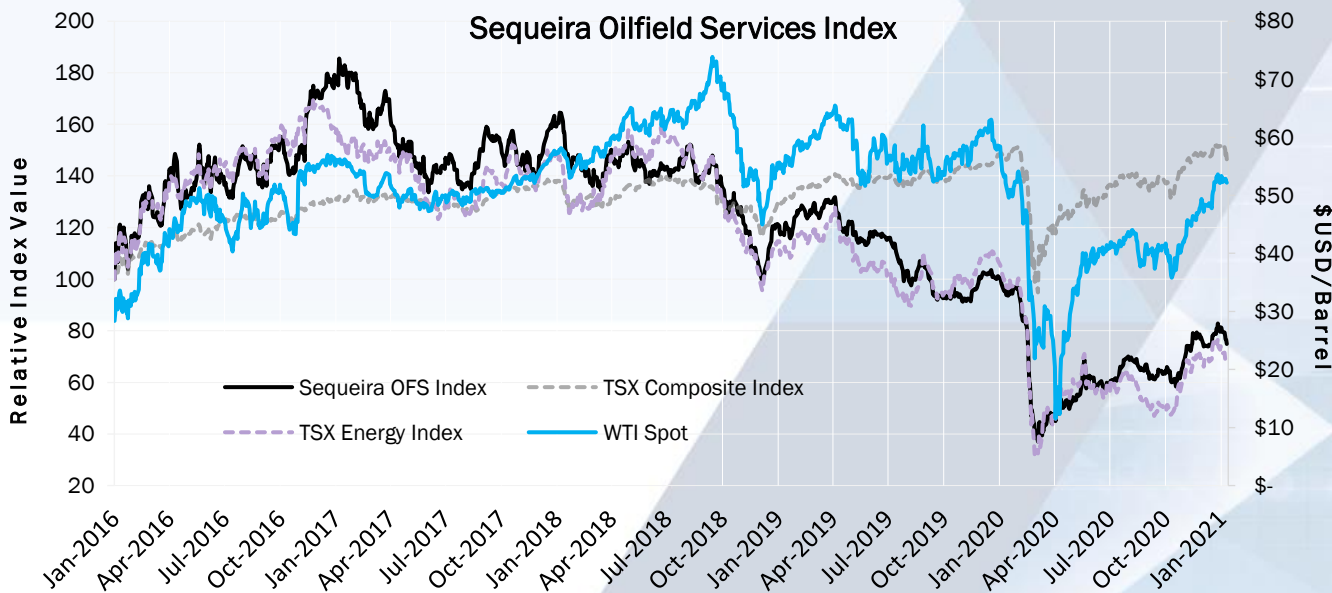
Oilfield Services and Equipment Overview  
2021 | January Report

# January 2021 | Overview

While there's no doubt that 2020 will be engrained in everyone's minds for all the wrong reasons, we're becoming increasingly optimistic that 2021 will be one to remember for all the right reasons. Many countries are in the midst of their vaccination programs with the markets anticipating a return to "normal" in the coming months.

On the oil and gas side, we've seen the markets becoming increasingly bullish with prices rising significantly over the past few months. While OPEC+ continues to holdback surplus production, the bigger story is what analysts expect to see on the demand side over the course of the year and into the latter half.

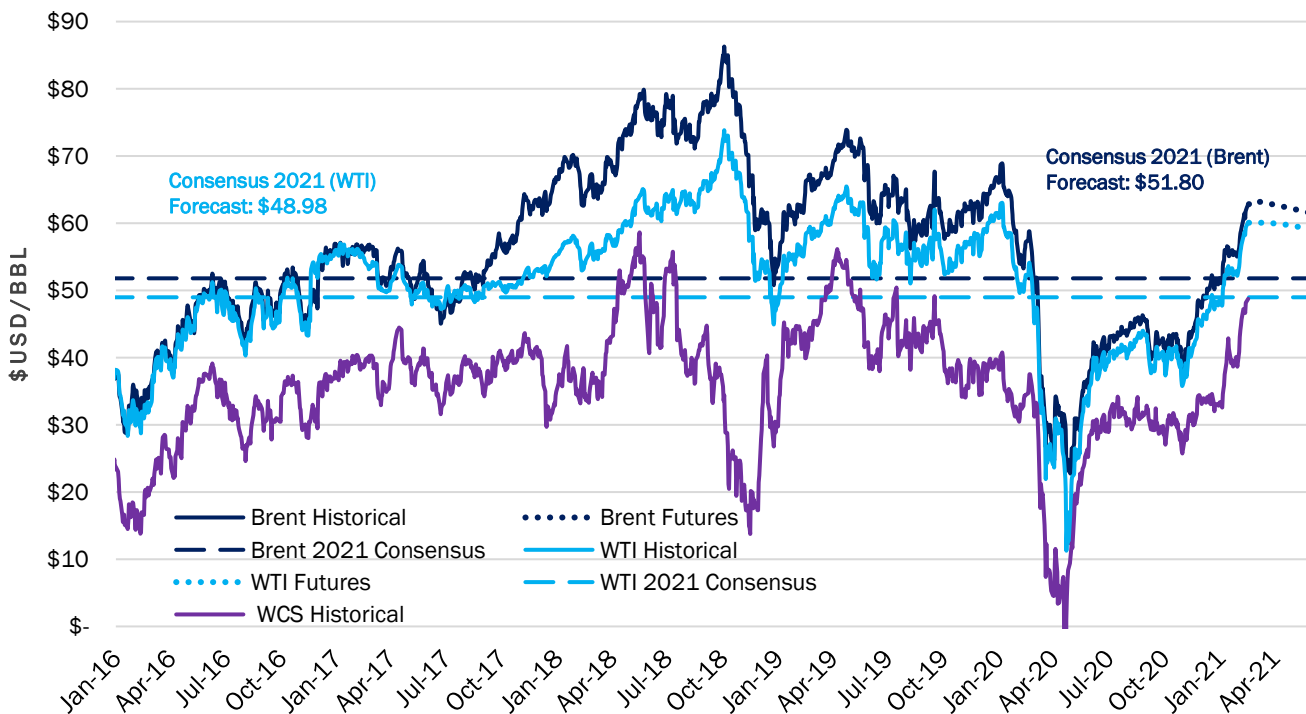
While we see green shoots of optimism returning to the market that we anticipate will begun to be seen in terms of increasing activity levels, both the TSX Energy Index and our Sequeira OFS Index ended the month relatively flat. That said, halfway through February 2021 both are up materially from their January 31 close, prompted by the market's attention to the energy markets brought on by weather related disruptions in the Southern US.



# Commodity Pricing and Analyst Forecasts

While OPEC+ continues to be supportive of removing excess inventories, holding back surplus production capacity, the bigger story is becoming the expectation of strong, growing demand throughout 2021. Since our December newsletter, analysts continue to upgrade their 2021 crude pricing forecasts. Goldman Sachs recently suggested demand will continue outpacing supply over the year, leading to their forecasted 2021 WTI forecast of \$67/bbl. In their note, they anticipate supply remains below demand levels even with an anticipated +4.4 million bbls/d being added by OPEC+ beginning in the summer.

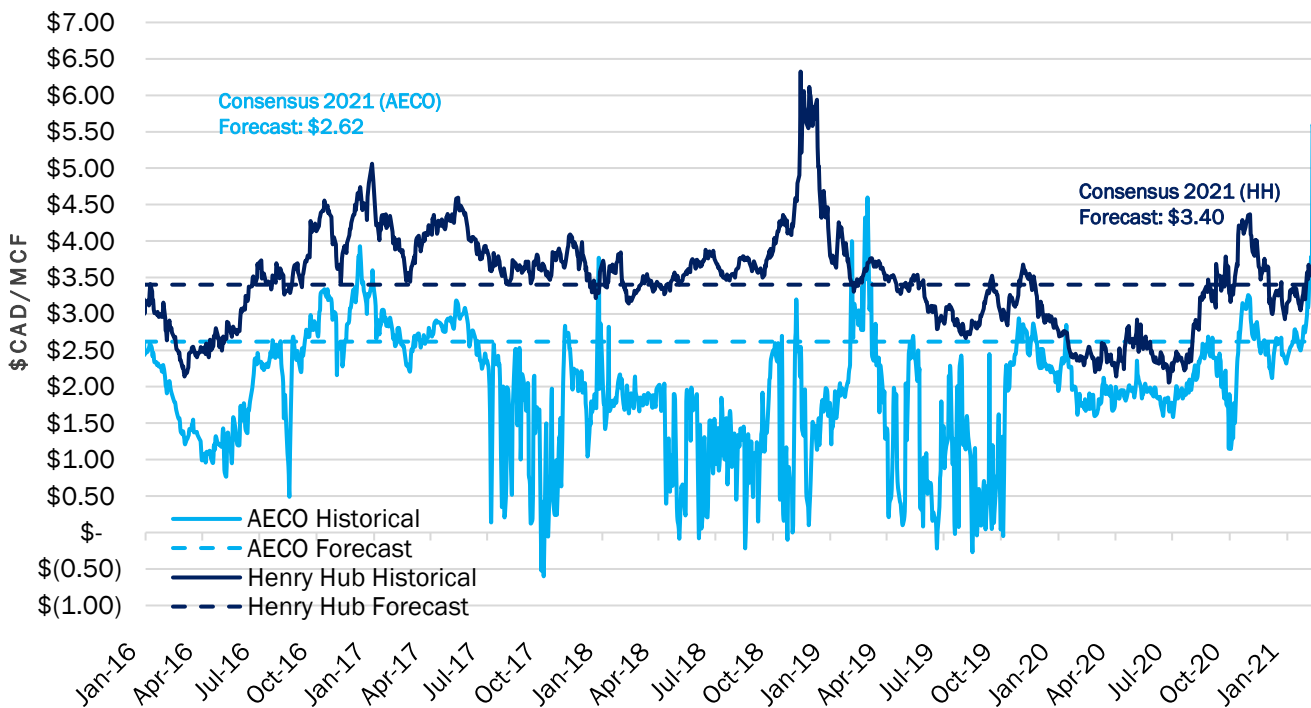
Month over month, WTI, Brent, and WCS ended up by 7%, 6% and 16% respectively with January marking the first time WTI reached over \$50/bbl since February of 2020.



# Commodity Pricing and Analyst Forecasts

AECO pricing ended the month up 8% from the prior month with an average price of \$2.64/MCF in January compared to \$2.44/MCF in December. The improvement in pricing through January is largely attributed to the colder weather that was experienced during the month and increased demand for natural gas. Analysts anticipate that the limited build in new wells over the last year, added takeaway capacity, and oilsands projects ramping up production is cause for optimism for Canadian natural gas producers for 2021.

As expected, Henry Hub pricing experienced a similar increase closing the month up 18% over December pricing. Again, the increase is largely attributable to colder temperatures experienced in the winter months leading to increased demand. Declines in natural gas production as a result of idled rigs over 2020 and recent rebounding demand has led to the expectation that pricing for Henry Hub will remain strong over the near term.



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# Appendix A

## Sequeira Oilfield Services Index – Sector Drilldown

As at January 31, 2021

Source: Capital IQ

Company	Ticker	Share Price	Dividend Yield	Market Cap	Enterprise Value	Revenue	TTM EBITDA	EBITDA Margin	EV/EBITDA TTM	2020E	2021E	Price/Book	Net Debt/2020 EBITDA
			(%)	(\$mm)	(\$mm)	(\$mm)	(\$mm)	(%)	(x)	(x)	(x)	(x)	(x)
<b>Drilling &amp; Equipment</b>													
AKITA Drilling Ltd.	TSX:AKT.A	\$ 0.60	-	24	95	141	15	10.5%	6.4x	6.0x	6.7x	0.1x	3.7x
Cathedral Energy Services Ltd.	TSX:CET	\$ 0.16	-	8	27	52	(11)	NM	NM	NM	10.5x	0.2x	NM
CWC Energy Services Corp.	TSXV:CWC	\$ 0.16	-	78	107	78	4	4.5%	NM	NM	NM	0.5x	ND
Ensign Energy Services Inc.	TSX:ESI	\$ 1.03	-	167	1,605	1,112	273	24.6%	5.9x	7.4x	7.9x	0.1x	6.5x
Essential Energy Services Ltd.	TSX:ESN	\$ 0.26	-	36	43	99	3	2.7%	16.0x	3.9x	3.0x	0.3x	0.6x
High Arctic Energy Services Inc	TSX:HWO	\$ 1.00	-	49	35	117	9	7.6%	4.0x	11.5x	6.6x	0.3x	NM
McCoy Global Inc.	TSX:MCB	\$ 0.52	-	14	19	41	2	5.7%	8.1x	NM	NM	0.4x	ND
Pason Systems Inc.	TSX:PSI	\$ 8.50	2.4%	706	543	192	46	23.9%	11.8x	15.9x	17.2x	2.2x	NM
PHX Energy Services Corp.	TSX:PHX	\$ 2.50	4.0%	127	148	283	35	12.4%	4.2x	4.4x	4.4x	0.9x	0.6x
Precision Drilling Corporation	TSX:PD	\$ 24.91	-	335	1,581	936	281	30.1%	5.6x	NM	7.1x	0.2x	4.4x
Total Energy Services Inc.	TSX:TOT	\$ 3.10	-	140	376	434	75	17.4%	5.0x	6.1x	7.1x	0.3x	3.4x
Western Energy Services Corp.	TSX:WRG	\$ 0.36	-	33	258	122	19	15.2%	13.9x	14.6x	15.1x	0.1x	12.4x
Mean								14.1%	8.1x	8.7x	8.6x	0.5x	4.5x
Median								12.4%	6.2x	6.7x	7.1x	0.3x	3.7x
<b>Production &amp; Completion</b>													
Bri-Chem Corp.	TSX:BRY	\$ 0.09	-	2	14	57	(1)	NM	NM	NM	NM	0.2x	ND
CES Energy Solutions Corp.	TSX:CEU	\$ 1.40	-	362	654	991	76	7.6%	8.6x	8.0x	7.3x	0.8x	3.2x
Computer Modelling Group Ltd.	TSX:CMG	\$ 5.93	3.4%	476	474	69	30	42.7%	16.0x	NM	14.3x	11.6x	0.1x
Enerflex Ltd.	TSX:EFX	\$ 6.58	1.2%	590	977	1,393	224	16.1%	4.4x	5.8x	7.2x	0.4x	2.1x
Source Energy Services Ltd.	TSX:SHLE	\$ 1.19	-	16	236	260	(16)	NM	NM	7.6x	8.7x	1.2x	7.1x
Wolverine Energy and Infrastructure Inc.	TSXV:WEII	\$ 0.57	-	59	186	205	12	5.8%	15.7x	NM	9.8x	0.8x	6.3x
Mean								18.1%	11.2x	7.1x	9.5x	2.5x	3.8x
Median								11.9%	12.2x	7.6x	8.7x	0.8x	3.2x
<b>Oilfield &amp; Facility Construction</b>													
Badger Daylighting Ltd.	TSX:BAD	\$ 37.33	1.6%	1,301	1,449	591	117	19.8%	12.4x	11.2x	9.4x	3.8x	1.1x
ClearStream Energy Services Inc.	TSX:CSM	\$ 0.04	-	4	318	446	1	0.1%	NM	NM	NM	NM	ND
Enterprise Group, Inc.	TSX:E	\$ 0.20	-	10	20	17	2	12.2%	9.7x	NM	NM	0.3x	ND
Macro Enterprises Inc.	TSXV:MCR	\$ 2.50	-	79	94	265	24	9.1%	3.9x	2.6x	3.6x	0.6x	0.4x
North American Construction Group Ltd.	NYSE:NOA	\$ 11.79	-	344	783	553	165	29.8%	4.7x	5.1x	4.5x	0.0x	2.7x
Shawcor Ltd.	TSX:SCL	\$ 4.04	-	285	699	1,187	14	1.2%	NM	19.1x	8.3x	0.4x	10.1x
Mean								12.0%	7.7x	9.5x	6.5x	1.0x	3.6x
Median								10.6%	7.2x	8.2x	6.4x	0.4x	1.9x
<b>Pressure Pumping</b>													
Calfrac Well Services Ltd.	TSX:CFW	\$ 3.82	-	143	1,018	842	(19)	NM	NM	NM	14.9x	NM	NM
STEP Energy Services Ltd.	TSX:STEP	\$ 0.98	-	66	285	424	12	2.7%	24.5x	8.5x	6.1x	0.3x	6.4x
Trican Well Service Ltd.	TSX:TCW	\$ 1.71	-	437	450	458	12	2.5%	NM	24.3x	9.9x	0.9x	0.7x
Mean								2.6%	24.5x	16.4x	10.3x	0.6x	3.5x
Median								2.6%	24.5x	16.4x	9.9x	0.6x	3.5x
<b>Transportation &amp; Logistics</b>													
Gibson Energy Inc.	TSX:GEI	\$ 19.37	7.0%	2,836	4,240	5,284	416	7.9%	10.2x	10.0x	9.9x	3.8x	3.1x
Mullen Group Ltd.	TSX:MTL	\$ 10.34	3.5%	1,001	1,519	1,164	206	17.7%	7.4x	NM	7.1x	1.1x	2.3x
Mean								12.8%	8.8x	10.0x	8.5x	2.5x	2.7x
Median								12.8%	8.8x	10.0x	8.5x	2.5x	2.7x
<b>Environmental &amp; Geophysical</b>													
Pulse Seismic Inc.	TSX:PSD	\$ 1.15	-	62	92	11	7	59.2%	13.5x	13.7x	5.3x	2.5x	4.2x
Secure Energy Services Inc.	TSX:SES	\$ 2.57	1.2%	408	897	2,121	100	4.7%	8.9x	7.5x	6.9x	0.6x	3.6x
Tervita Corporation	TSX:TEV	\$ 3.04	-	352	1,179	1,627	155	9.5%	7.6x	6.1x	5.9x	1.6x	4.2x
Vertex Resource Group Ltd.	TSXV:VTX	\$ 0.28	-	26	108	139	17	12.5%	6.2x	4.4x	4.5x	0.5x	3.3x
Mean								21.5%	9.0x	7.9x	5.6x	1.3x	3.8x
Median								11.0%	8.3x	6.8x	5.6x	1.1x	3.9x
<b>Camps &amp; Catering</b>													
Black Diamond Group Limited	TSX:BDI	\$ 2.66	-	155	292	171	29	16.9%	10.1x	8.4x	6.0x	0.7x	3.4x
Civeo Corporation	NYSE:CVEO	\$ 17.75	-	252	688	726	136	18.8%	5.1x	6.1x	6.5x	0.7x	2.7x
Dexterra Group Inc.	TSX:DXT	\$ 6.00	5.0%	389	523	371	52	14.1%	10.0x	7.1x	8.2x	1.3x	1.7x
Mean								17.8%	7.6x	7.3x	6.3x	0.7x	3.1x
Median								17.8%	7.6x	7.3x	6.3x	0.7x	3.1x