



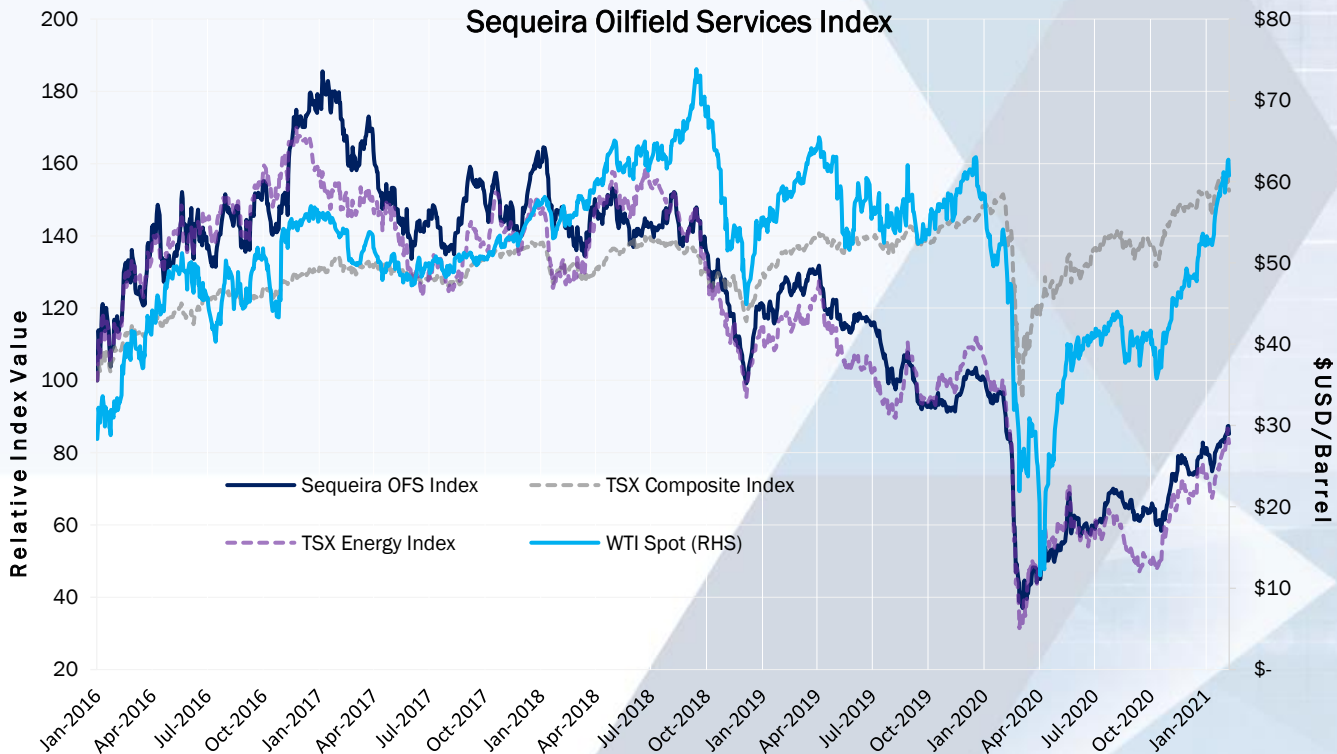
# THE SEQUEIRA SYNOPSIS

Oilfield Services and Equipment Overview  
2021 | February Report

# February 2021 | Overview

February was a strong month for the energy sector with higher prices driving both the Sequeira OFS index and the TSX Energy index higher by 14% and 22% in the month respectively.

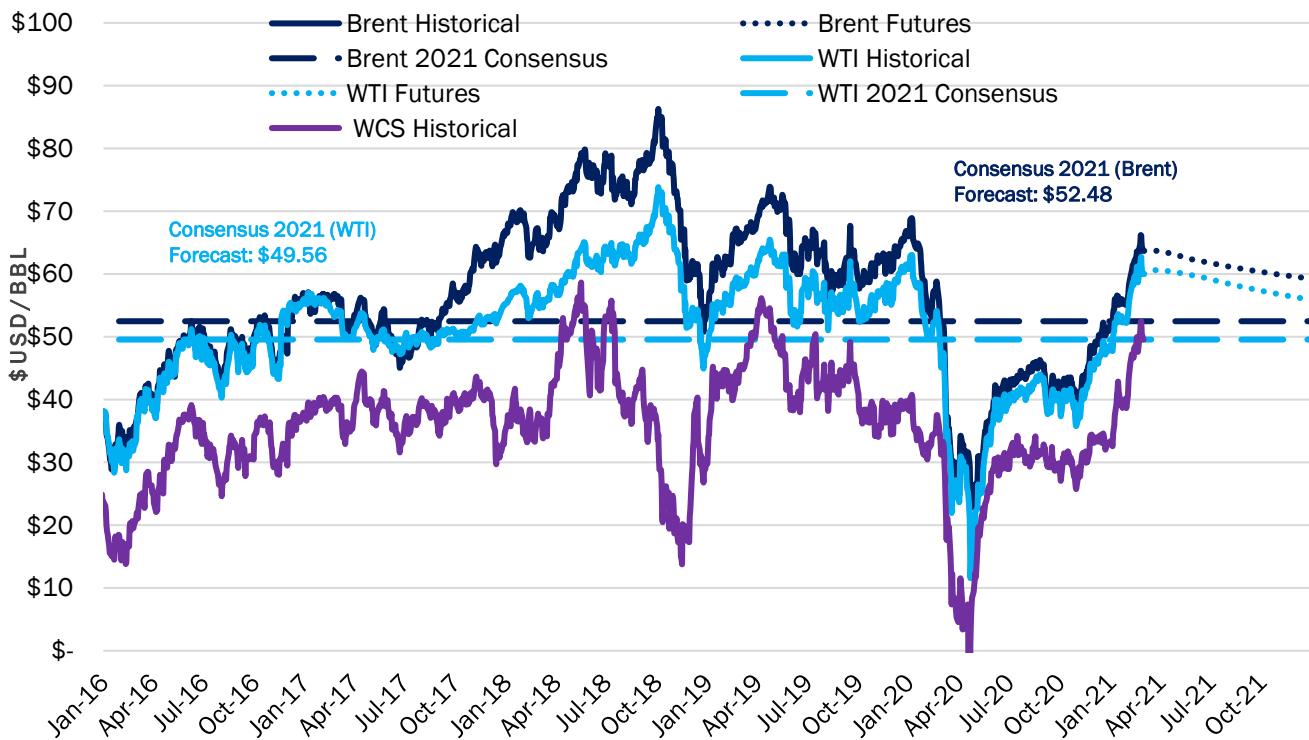
That said, investors, many burned by promises of past recoveries, have hesitated to return capital to the Canadian energy sector and performance has lagged broader market activity. As pricing remains strong and demand returns, analysts today are beginning to see the opportunity for outsized returns. Scotiabank recently highlighted the “attractive valuations” of Canadian producers compared to their U.S. counterparts, and RBC has suggested investors may want to rethink previously underweighting energy in their portfolios. While we don’t expect GameStop-sized returns anytime soon, energy is likely to be a focus area in the coming months as investors struggle to allocate capital in a stock market many consider to be overheated.



# Commodity Pricing and Analyst Forecasts

Oil prices demonstrated continued strength through February with Brent, WTI, and WCS soaring 17%, 16%, and 31% month over month. Encouraging progress with vaccinations in the U.S., combined with continued support from OPEC+ and an unexpected cold snap that impacted U.S. production vaulted WTI over \$60/bbl for the first time since the beginning of 2020.

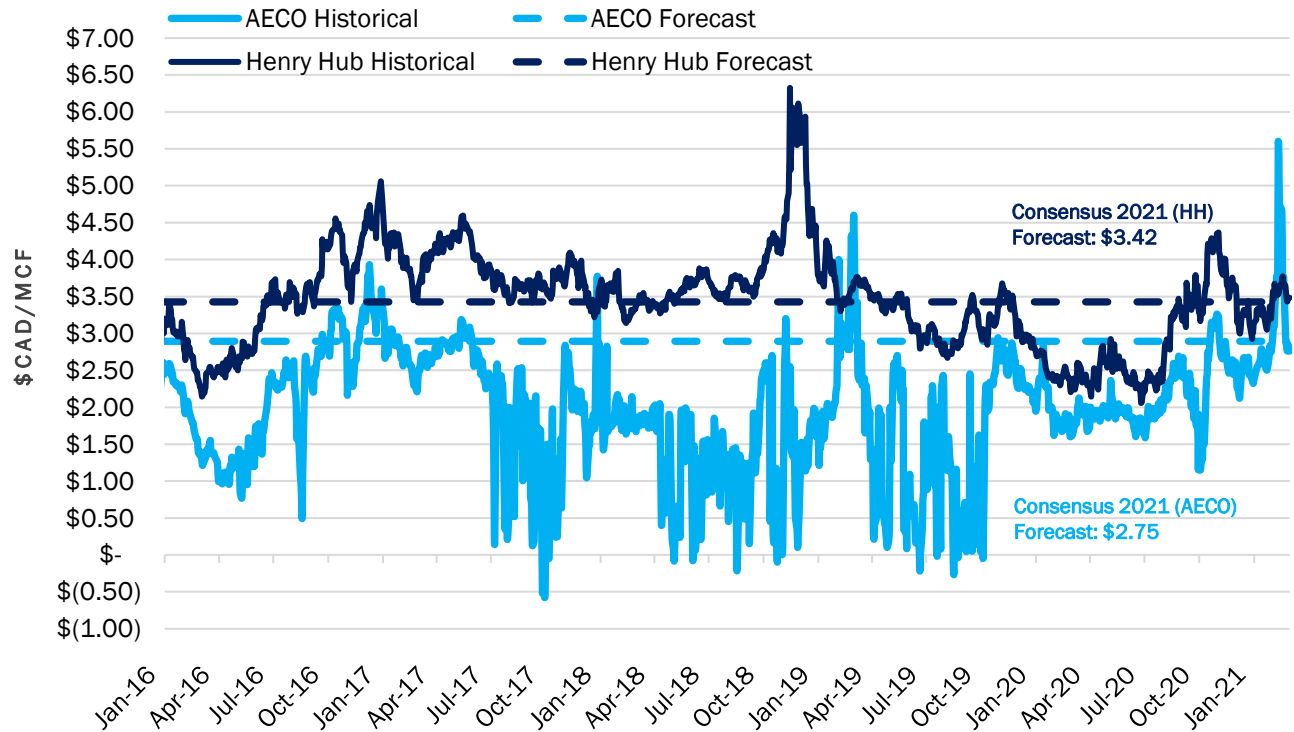
While analyst consensus estimate updates have lagged the recent surge in pricing, optimism continues to grow. Adding to the growing number of oil bulls this month was Bank of America which expects oil demand to rise over the next few years by the fastest rate since the 1970s, driven by a recovery in transportation. The bank also stated it expects oil prices to average between \$50 and \$70 per barrel through 2026, with demand not peaking until 2030.



# Commodity Pricing and Analyst Forecasts

Cold temperatures resulted in a significant spike in AECO prices in February with prices averaging \$3.65/MCF in the month, up from \$2.64/MCF in January. A polar vortex which swept through much of the continent drove increased demand in Western Canada before reeking havoc on the energy supply chain in the U.S. mid-month. Natural gas production in Texas plummeted, as gas wells in the state needed to be shut-in just as demand for generation spiked. This created significant opportunity for Canadian producers who were able to ship large volumes of product into the U.S. at elevated rates.

Not surprisingly, Henry Hub pricing also increased during the month, averaging \$3.58/MCF vs. \$3.26/MCF in January. However, the chaos in cash markets was not fully captured in the NYMEX futures activity tracked below – Henry Hub prices were over 10 times that average at points during the day on February 16<sup>th</sup>, and the ONEOK hub in Oklahoma saw trades executed at \$999 USD per MMBTU.



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Sequeira Partners is Western Canada's leading sell-side transaction advisor to private and public industrial, energy and diversified businesses. From our offices in Vancouver, Edmonton and Calgary, the team at Sequeira Partners has completed more than 200 mid-market transactions in Canada, the United States, and countries around the world. [www.sequeirapartners.com](http://www.sequeirapartners.com).

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# Appendix A

## Sequeira Oilfield Services Index – Sector Drilldown

As at February 28, 2021

Source: Capital IQ

Company	Ticker	Share Price	Dividend Yield	Market Cap	Enterprise Value	Revenue	TTM EBITDA	EBITDA Margin	EV/EBITDA TTM	EV/EBITDA 2020	EV/EBITDA 2021E	Price/Book	Net Debt/2020E EBITDA
			(%)	(\$mm)	(\$mm)	(\$mm)	(\$mm)	(%)	(x)	(x)	(x)	(x)	(x)
<b>Drilling &amp; Equipment</b>													
AKITA Drilling Ltd.	TSX:AKT.A	\$ 0.90	-	37	108	141	15	10.5%	7.3x	6.6x	7.4x	0.2x	3.9x
Cathedral Energy Services Ltd.	TSX:CET	\$ 0.32	-	16	35	41	(5)	NM	NM	N/A	10.1x	0.3x	NM
CWC Energy Services Corp.	TSXV:CWC	\$ 0.14	-	71	99	68	3	4.0%	NM	N/A	NM	0.4x	ND
Ensign Energy Services Inc.	TSX:ESI	\$ 1.18	-	191	1,629	937	227	24.2%	7.2x	N/A	7.6x	0.1x	6.1x
Essential Energy Services Ltd.	TSX:ESN	\$ 0.29	-	40	48	96	8	8.3%	6.0x	N/A	3.6x	0.3x	0.5x
High Arctic Energy Services Inc	TSX:HWO	\$ 1.51	-	74	60	91	8	9.3%	7.1x	N/A	8.5x	0.4x	NM
McCoy Global Inc.	TSX:MCB	\$ 0.61	-	17	22	41	2	5.7%	9.2x	N/A	NM	0.4x	ND
Pason Systems Inc.	TSX:PSI	\$ 9.70	2.1%	806	661	157	30	18.9%	22.3x	22.3x	15.5x	2.6x	NM
PHX Energy Services Corp.	TSX:PHX	\$ 2.84	3.5%	143	156	234	27	11.5%	5.8x	5.8x	4.7x	1.1x	0.4x
Precision Drilling Corporation	TSX:PD	\$ 29.40	-	396	1,584	936	281	30.1%	5.6x	5.6x	7.2x	0.3x	4.4x
Total Energy Services Inc.	TSX:TOT	\$ 3.50	-	158	394	366	50	13.6%	7.9x	N/A	5.8x	0.3x	3.1x
Western Energy Services Corp.	TSX:WRG	\$ 0.40	-	36	260	104	20	19.1%	13.1x	13.1x	14.2x	0.2x	12.3x
Mean								14.1%	9.2x	10.7x	8.5x	0.6x	4.4x
Median								11.5%	7.2x	6.6x	7.5x	0.3x	3.9x
<b>Production &amp; Completion</b>													
Bri-Chem Corp.	TSX:BRY	\$ 0.13	-	3	15	57	(1)	NM	NM	N/A	NM	0.2x	ND
CES Energy Solutions Corp.	TSX:CEU	\$ 1.54	-	398	690	888	53	6.0%	13.0x	N/A	6.9x	0.9x	3.3x
Computer Modelling Group Ltd.	TSX:CMG	\$ 5.71	3.5%	458	461	69	30	42.7%	15.6x	13.7x	14.4x	10.7x	0.1x
Enerflex Ltd.	TSX:EFX	\$ 8.74	0.9%	784	1,140	1,217	184	15.1%	6.2x	6.2x	7.7x	0.6x	1.9x
Source Energy Services Ltd.	TSX:SHLE	\$ 2.60	-	35	255	260	(16)	NM	NM	8.2x	9.4x	2.5x	7.1x
Wolverine Energy and Infrastructure Inc.	TSXV:WEII	\$ 0.89	-	93	218	141	7	4.7%	NM	12.0x	11.9x	1.4x	6.3x
Mean								17.1%	11.6x	10.0x	10.1x	2.7x	3.7x
Median								10.5%	13.0x	10.1x	9.4x	1.2x	3.3x
<b>Oilfield &amp; Facility Construction</b>													
Badger Daylighting Ltd.	TSX:BAD	\$ 40.50	1.5%	1,412	1,559	559	100	17.8%	15.7x	N/A	11.1x	4.1x	1.0x
ClearStream Energy Services Inc.	TSX:CSM	\$ 0.07	-	8	321	393	2	0.6%	NM	N/A	NM	NM	ND
Enterprise Group, Inc.	TSX:E	\$ 0.20	-	10	20	16	5	31.3%	4.1x	N/A	NM	0.3x	ND
Macro Enterprises Inc.	TSXV:MCR	\$ 2.50	-	79	94	265	24	9.1%	3.9x	2.9x	4.1x	0.6x	0.4x
North American Construction Group Ltd.	NYSE:NOA	\$ 15.18	-	440	842	500	159	31.8%	5.3x	5.3x	4.4x	0.0x	2.5x
Shawcor Ltd.	TSX:SCL	\$ 5.11	-	360	774	1,178	26	2.2%	NM	N/A	7.2x	0.5x	6.4x
Mean								15.5%	7.2x	4.1x	6.7x	1.1x	2.6x
Median								13.5%	4.7x	4.1x	5.8x	0.5x	1.7x
<b>Pressure Pumping</b>													
Calfrac Well Services Ltd.	TSX:CFW	\$ 4.04	-	151	1,026	705	(18)	NM	NM	N/A	6.1x	NM	17.2x
STEP Energy Services Ltd.	TSX:STEP	\$ 1.35	-	91	310	424	12	2.7%	26.6x	9.9x	6.9x	0.4x	6.4x
Trican Well Service Ltd.	TSX:TCW	\$ 1.89	-	482	473	397	24	6.1%	19.5x	19.5x	10.1x	1.0x	NM
Mean								4.4%	23.1x	14.7x	7.7x	0.7x	11.8x
Median								4.4%	23.1x	14.7x	6.9x	0.7x	11.8x
<b>Transportation &amp; Logistics</b>													
Gibson Energy Inc.	TSX:GEI	\$ 21.66	6.5%	3,155	4,654	4,938	379	7.7%	12.3x	12.3x	10.8x	4.6x	3.3x
Mullen Group Ltd.	TSX:MTL	\$ 10.02	4.8%	970	1,473	1,164	206	17.7%	7.1x	7.1x	8.0x	1.1x	2.3x
Mean								12.7%	9.7x	9.7x	9.4x	2.9x	2.8x
Median								12.7%	9.7x	9.7x	9.4x	2.9x	2.8x
<b>Environmental &amp; Geophysical</b>													
Pulse Seismic Inc.	TSX:PSD	\$ 1.26	-	68	97	11	7	62.5%	13.7x	13.7x	9.2x	2.7x	4.2x
Secure Energy Services Inc.	TSX:SES	\$ 3.26	0.9%	520	978	1,824	85	4.7%	11.5x	11.5x	7.7x	0.8x	3.3x
Tervita Corporation	TSX:TEV	\$ 3.43	-	397	1,224	1,417	184	13.0%	6.7x	N/A	7.2x	1.9x	4.1x
Vertex Resource Group Ltd.	TSXV:VTX	\$ 0.31	-	28	111	139	17	12.5%	6.4x	4.7x	4.9x	0.6x	3.3x
Mean								23.2%	9.5x	9.9x	7.3x	1.5x	3.7x
Median								12.7%	9.1x	11.5x	7.5x	1.3x	3.7x
<b>Camps &amp; Catering</b>													
Black Diamond Group Limited	TSX:BDI	\$ 3.19	-	186	323	180	29	16.2%	11.1x	N/A	7.1x	0.8x	4.9x
Civeo Corporation	NYSE:CVEO	\$ 23.86	-	341	757	675	119	17.6%	6.4x	6.4x	6.3x	0.8x	2.6x
Dexterra Group Inc.	TSX:DXT	\$ 5.93	5.1%	385	519	471	64	13.7%	8.0x	N/A	7.8x	1.3x	1.5x
Mean								16.9%	8.7x	6.4x	6.7x	0.8x	3.8x
Median								16.9%	8.7x	6.4x	6.7x	0.8x	3.8x