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ESSENTIAL
ENERGY SERVICES

Investor Presentation

March 30, 2021

Disclaimer



FORWARD-LOOKING STATEMENTS

This presentation contains forward-looking statements and forward-looking information regarding Essential Energy Services Ltd. (the “Corporation” or “Essential”) within the meaning of applicable securities laws. In particular, this presentation contains forward-looking statements including expectations regarding 2021 capital spending; industry outlook including E&P capital spending; the implications of COVID-19; expectations regarding Essential’s businesses/service lines, areas of growth, product development, opportunities, activity, cost structure, outlook, market share, competitive advantages, services offered, the demand for those services and pricing for services; scalability of the coil tubing fleet; activity from the Government Site Rehabilitation Programs; Essential’s cash position provides a competitive advantage; implications of Essential’s cash position includes no bank covenant concerns and along with the credit facility provides liquidity and financial flexibility to meet financial needs in 2021; Essential is well positioned for 2021; and Essential’s low/zero debt strategy is beneficial as the industry is expected to transition to a period of improved activity. By their nature, forward-looking statements and information involve known and unknown risks and uncertainties that may cause actual results to differ materially from those anticipated. Many of these factors and risks are described under the heading “Risk Factors” in the Corporation’s Annual Information Form for the year ended Dec 31/20 and the Corporation’s other filings on record with the securities regulatory authorities, which may be accessed through the SEDAR website (www.sedar.com). Although the Corporation believes the expectations and assumptions on which such forward-looking statements and information are based are reasonable, the Corporation can not provide assurance these expectations will prove to be correct. Accordingly, readers should not place undue reliance on the forward-looking statements and are cautioned that the foregoing factors are not exhaustive. The forward-looking statements and information contained in this presentation are made as of the date hereof and the Corporation undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws. This presentation contains an EV/EBITDAS measure based on analyst consensus estimates for EBITDAS as of a particular point in time. The Corporation includes this measure for reference only and not for the purpose of endorsement. The estimates underlying the EBITDAS estimate reflect the views of the analysts and may not reflect the views of management of the Corporation as at the point in time when the applicable estimate was given or as of the date of this presentation.

NON-IFRS MEASURES

Throughout this presentation, certain terms used are not measures recognized by IFRS and do not have standardized meanings prescribed by IFRS including:

- EBITDAS – earnings before finance costs, income taxes, depreciation, amortization, transaction costs, losses or gains on disposal, write-down of assets, impairment loss, foreign exchange gains or losses and share-based compensation, which includes both equity-settled and cash-settled transactions.
- Working capital – current assets less current liabilities.

A reconciliation of EBITDAS to the IFRS measure, net loss, can be found in Essential’s Management’s Discussion & Analysis (“MD&A”), which may be accessed through the SEDAR website (www.sedar.com). These measures may not be consistent with the calculation of other companies.

ESG: Environment, Social, Governance



“We care about the safety of each other and our environment”

Our Way of Conducting Business

Environment

- **Strict regard for:** environmental laws, industry standards, Essential's policies
- **Best practices:** spill prevention, noise mitigation, fluid handling
- **Training:** well-control to prevent unintended releases, spill containment

Social

- **Safety:** established targets / measurement / follow-up, continuous improvement; COVID-19 protocols at the forefront of work processes
- **Training programs:** new employees, specific skills, leadership
- **Supporting local charities:** STARS Air Ambulance, Calgary Drop-in Centre, United Way, local Food Banks...to name a few

Governance

- **Code of Conduct**
- **Whistleblower Policy**
- **Board of Director commitment**
- **Safety** factors into management compensation
- **Diversity** in the workplace – gender, background, religion, ethnicity

Q4/20 and 2020 Financial Results; Cash Position



Q4/20 vs. Q4/19

(\$MM)	3 Months	
	Q4/20	Q4/19
Essential		
Revenue	\$25	\$27
EBITDAS	\$4	\$2
EBITDAS %	17%	6%

(\$MM)	3 Months	
	Q4/20	Q4/19
ECWS		
Revenue	\$13	\$14
Gross margin %	28%	8%

(\$MM)	3 Months	
	Q4/20	Q4/19
Tryton		
Revenue	\$11	\$13
Gross margin %	24%	16%

WCSB:

- Q4/20 industry well completions 57% below Q4/19

Essential:

- Lower revenue
- Cost reductions
- \$1.4MM Canadian Emergency Wage Subsidy (CEWS) in Q4/20
- Strong margins

Financial and Operating Results - Year

(\$MM)	Annual	
	2020	2019
Essential		
Revenue	\$96	\$141
Gross margin	\$20	\$26
EBITDAS	\$14	\$17
Cash, net of long-term debt	\$6	\$(6)

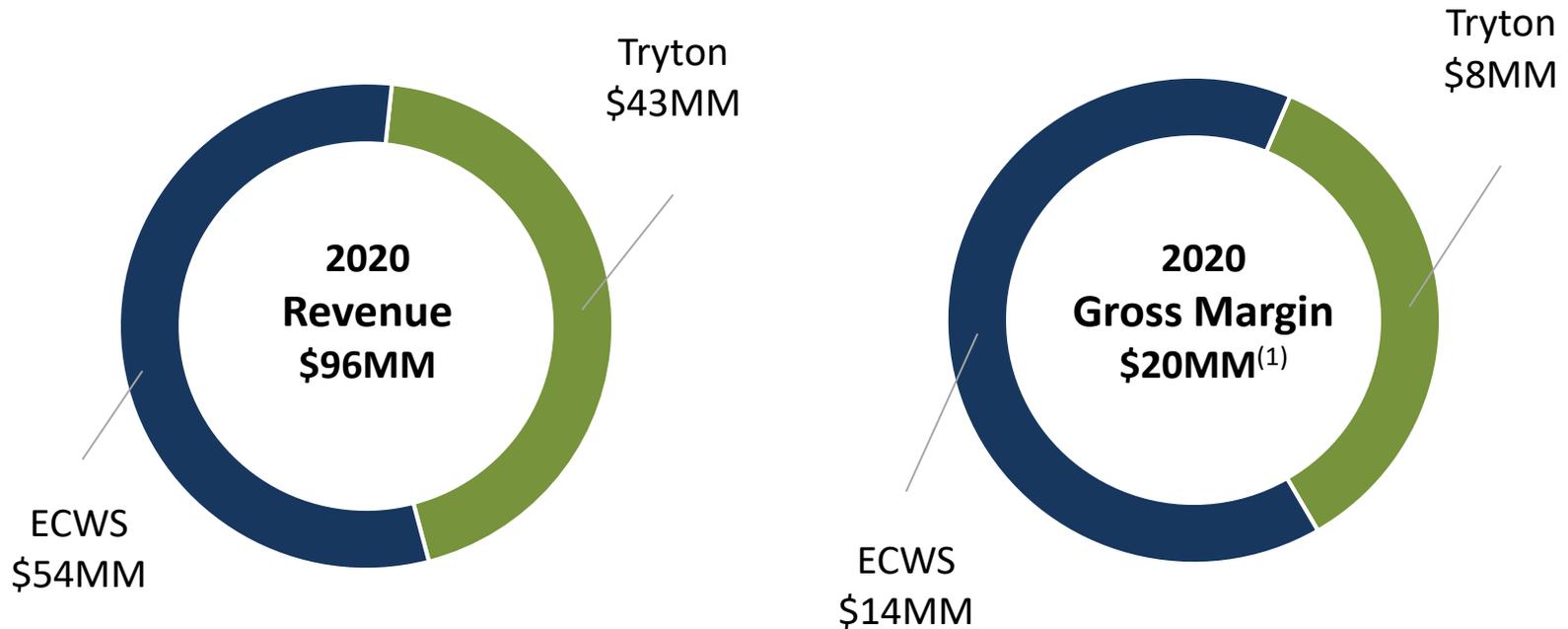
ECWS Operating Hours	2020	2019
Coil Tubing Rigs	28,468	38,752
Pumpers	35,977	48,773

Tryton Revenue Split	2020	2019
MSFS®	35%	28%
Conventional Tools & Rentals	65%	72%



2020: Strong performance in a challenging year

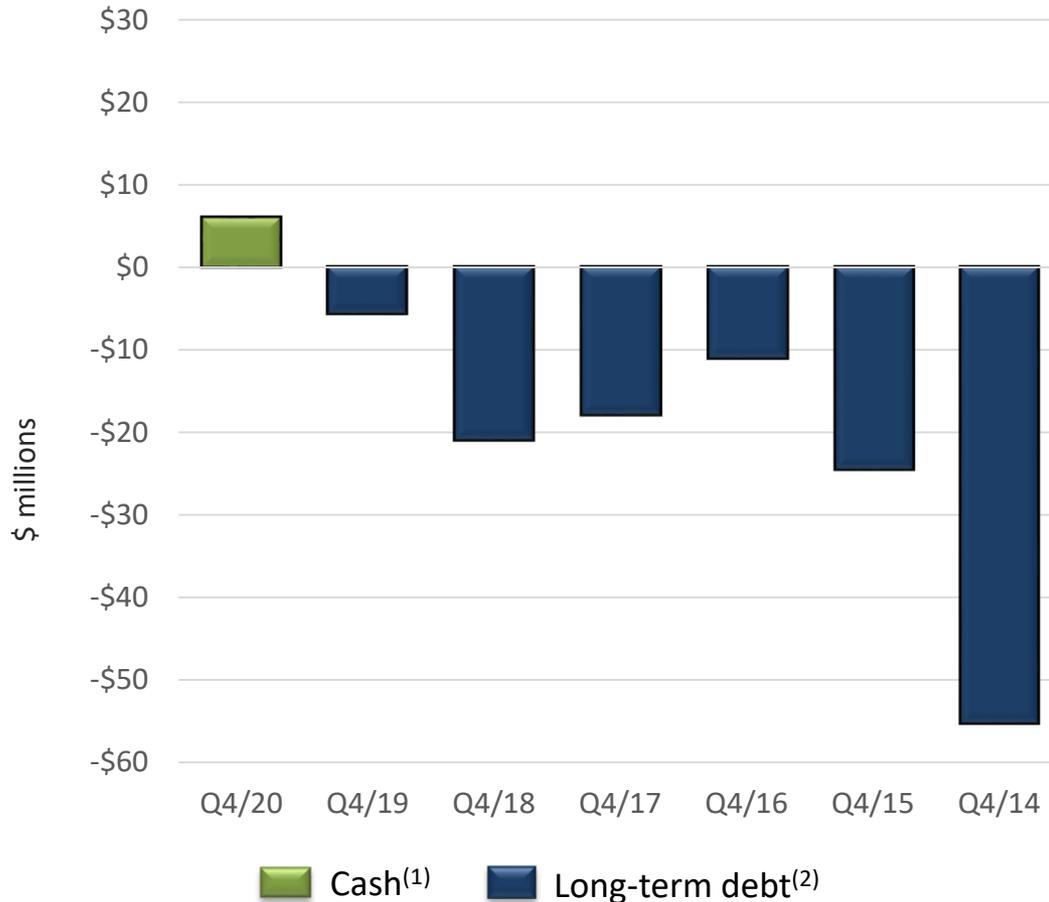
Segmented Results - Year



Gross Margin as a % of Revenue	2020	2019
ECWS	27%	20%
Tryton	18%	18%

(1) Chart excludes centralized overhead costs.

Cash Position



At Dec 31/20:

- \$6MM cash net of Paycheck Protection Program (PPP) loans⁽¹⁾
- Working capital: \$48MM

At Mar 3/21:

- \$6MM cash⁽¹⁾

Implications:

- No bank covenant concerns
- Cash position and credit facility - liquidity and financial flexibility to meet financial needs in 2021

(1) Cash net of PPP loans. At Dec 31/20 and Mar 3/21 the PPP loans were the only long-term debt outstanding.

(2) Long-term debt net of cash.

Capital Spending

Modest capital spending in 2020 and 2021

- 2020: critical maintenance activities
- 2021B: critical maintenance and opportunistic growth capital

(\$MM)	2021 Budget	2020 Actual	2019 Actual
Capital Spending	\$5	\$2	\$8

Strong financial position facilitates opportunistic capital spending

2020 – A Year Beyond Comparison

Essential's Tactical Response



Summary of the Events and Impact

Global Events

- COVID-19 – global oil demand destruction
- Oversupply of oil
- Brent / WTI oil price – significant decrease

Impact on

Oil Industry

- Significantly lower E&P cash flow and spending
- Reduced drilling and completion activity
- Minimal free cash flow

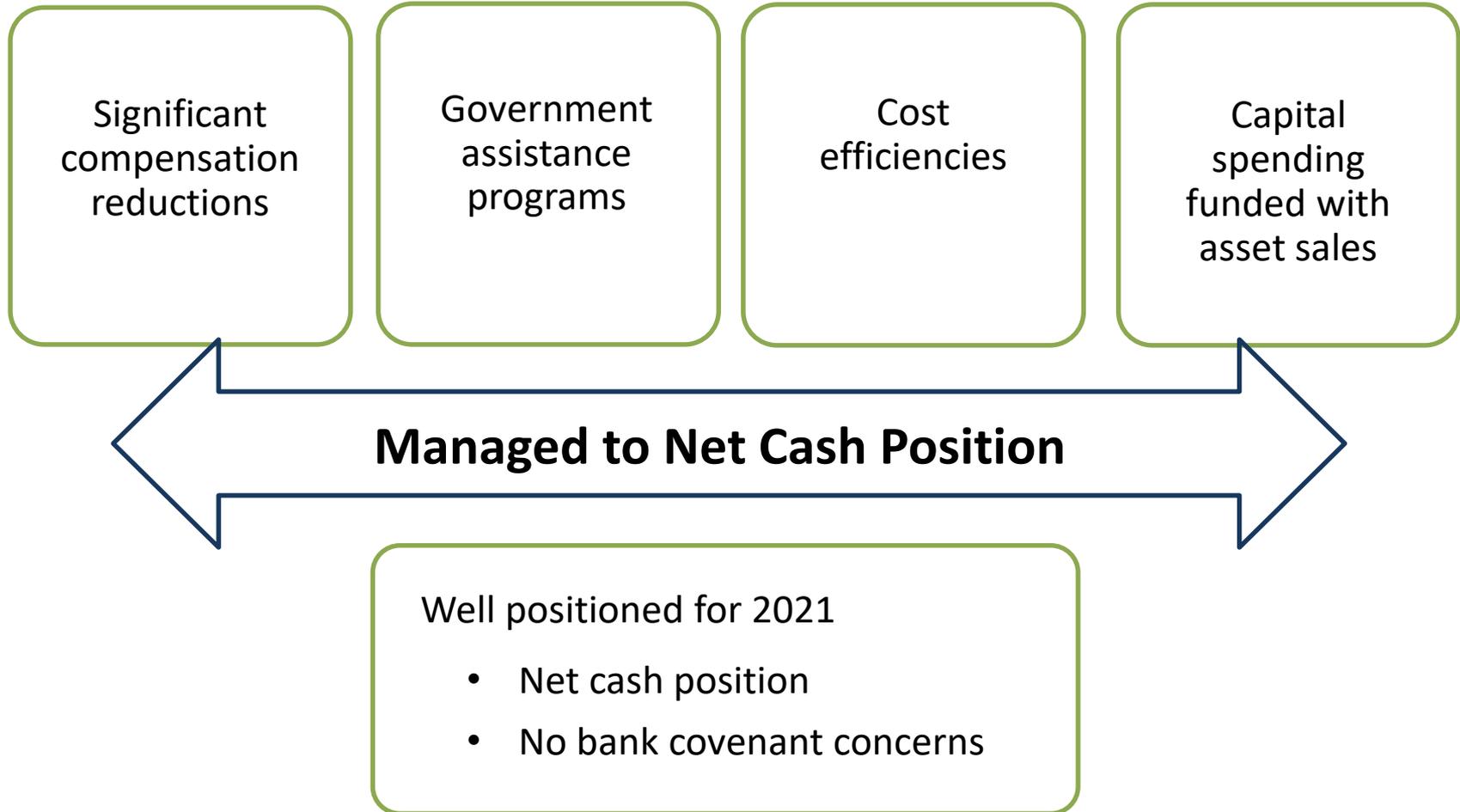
Impact on

Essential – Operational and Financial Discipline

- Reduced demand for services / lower activity
- Reduced cost structure in Q2/20
- Right-sized fleet and workforce
- Reduced capital spending

Rapid changes to the industry demanded an immediate response

Essential – Steps Taken in 2020



Operational and financial discipline

Our Services



Essential - Operational Strengths

Customer Diversity

- Strong customer relationships
- The spectrum of small to large; regional to multi-national

Industry Leading Coil Tubing Fleet

- Montney and Duvernay exposure
- Suitable for complex, long-reach horizontal wells
- Fleet is scalable to meet market demand

Innovative Tool Business

- Variety of MSFS[®] tools provide customers with choice
- Low capital intensity
- Completions, production and decommissioning work – provides some stability of demand

Essential - Top Customers

Customers are Looking for:

- Stable (or reduced) pricing
- Strong safety record (e.g. low TRIF)
- The right technology for the task
- Crew competency and continuity
- Efficiencies

Proud to have Customers like:



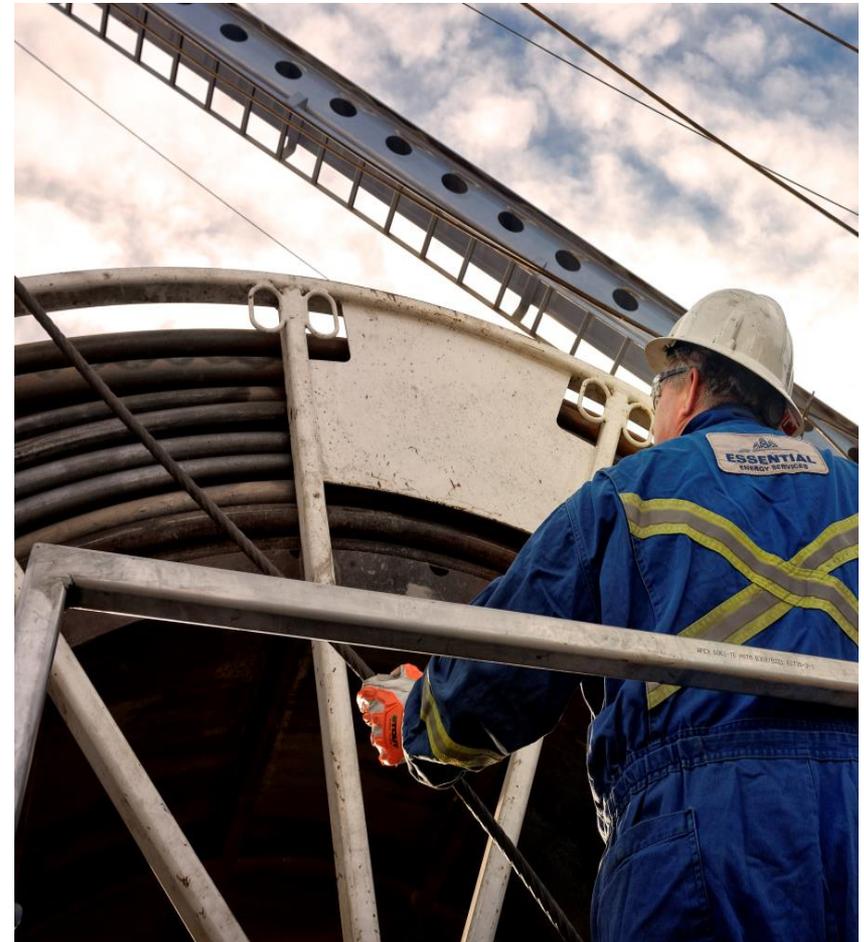
ECWS - Business Overview

ECWS

- One of the largest deep coil tubing fleets in Canada – *completions work*
- Strongest demand for Gen III and IV rigs and high-rate fluid pumpers
- Canadian operations
- 180 employees

2020 vs. 2019

- Significant decline in industry completions
- ECWS:
 - Revenue down 32%
 - Gross margin 27% vs. 20%



ECWS - Coil Tubing Fleet

At Feb 28/21	Active Fleet	Reach/ Depth (m at 2 3/8")	Target Market	Total Fleet
Gen I	1	2,700	Cleanouts	2
Gen II	3	4,500	Bakken, Cardium, Montney, Viking	14
Gen III	6	6,500	Montney, Duvernay	8
Gen IV	2	8,000+(1)	Montney, Duvernay	5
Total	12			29

(1) 8,000+ m when coil tubing is transported on the rig; 9,400 m if coil tubing is transported separately.

- 12 active coil tubing and pumper “packages” in Q1/21
- Fewer crewed packages than active; varies with demand
- Packages can be re-activated and re-enter service as demand dictates
- Fleet includes masted and conventional rigs
- Greatest customer demand for the Gen III and IV rigs and high-rate fluid pumpers

Active and crewed fleet is managed to customer activity and demand

- WCSB exposure - Montney and Duvernay
- Wells are deeper, horizontal, often high pressure and complex
- Gen III and IV coil tubing rigs and high-rate fluid pumpers are best-suited for these regions
- Require skilled, experienced crews with a focus on safety

ECWS Depth Record

Coil completion 7,760 m with a Gen IV rig in Apr/20 in the Duvernay - conducting mill-out work

Tryton Tools - Business Overview

Tryton

- Multi-stage frac system (MSFS®) tools – *completions work*
- Conventional downhole tools – *production and decommissioning work*
- Canada, U.S. and international
- 80 employees

2020 vs. 2019

- Significant decline in industry completions
- Tryton:
 - Revenue down 32%
 - Gross margin unchanged at 18%



MSFS®: Composite Bridge Plug



MSFS®: Ball & Seat "Cut-away"



Conventional Packers

Conventional Tools:

- Production and decommissioning/abandonment work
- Activity from the Government Site Rehabilitation Programs
- Large and diverse customer base
- Experienced toolhands, suitable inventory and well-dispersed locations
 - **Canada:** Likely #1 market share in Canada
 - **U.S.:** Extensive client list with Master Service Agreements (MSA) established; operations predominantly in Midland, Texas

MSFS® Tools:

- Completions work (ball & seat; plug & perf; hybrid of the two)
- Innovation - new product development ongoing

2021 Outlook and Recap



Commodity Prices have Improved:

- Price of oil (WTI) steadily increased since mid-Nov 2020 to U.S. \$65 per barrel in mid-Mar 2021
- AECO natural gas futures (12 months) currently between \$2.25 and \$2.75 per GJ

Canadian E&P Spending:

- Modest increase in capital spending generally anticipated in 2021 from 2020
- Excess E&P cash flow from recent increase in commodity prices:
 - Largely anticipated to strengthen their balance sheets and returns to shareholders
 - A portion may result in additional capital spending
 - Pricing for oilfield services remains challenged

Activity:

- Essential's services are suitable for oil and natural gas focused work
- ECWS:
 - Active fleet of 12 coil tubing and pumping packages in Q1/21 ensures suitable equipment is available for customer / regional needs
 - Fewer crewed packages than active – adjust with demand
- Tryton:
 - Site Rehabilitation Programs anticipated to provide meaningful activity in 2021

Strong Financial Position:

- Essential's low/zero debt strategy - beneficial as the industry is expected to transition to a period of improved activity

Valuation Metrics

	Mar 29/21
Market capitalization	\$41 million
Cash (net of PPP loans) (Mar 3/21) ⁽¹⁾	\$6 million
Enterprise value ⁽²⁾	\$35 million
Working capital (Dec 31/20)	\$48 million
Valuation metrics:	
EV/2021 EBITDAS ⁽³⁾	2.1x
Price/book ⁽⁴⁾	0.3x

(1) There was no long-term debt at Mar 3/21 except the PPP loans. Lease liability under IFRS 16 is excluded.

(2) Mar 29/21 market capitalization less Mar 3/21 cash (net of PPP loans).

(3) Enterprise value and Mar 29/21 analyst consensus.

(4) Mar 29/21 share price and Dec 31/20 book value of shareholders' equity.

Why Invest in Essential?

Operational/Financial Discipline

- Appropriate steps taken in 2020 – Essential is in a strong financial position for 2021

Net Cash Position

- Cash net of PPP loans: \$6MM at Mar 3/21
- Working capital: \$48MM at Dec 31/20

Customer Diversity

- Strong customer relationships
- The spectrum of small to large; regional to multi-national

Industry Leading Coil Tubing Fleet

- Suitable for complex, long-reach horizontal wells
- Fleet is scalable to meet market demand

Innovative Tool Business

- Variety of tools provide customers a choice
- Completions, production and decommissioning work

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