



# SCOTIABANK CAPP ENERGY SYMPOSIUM

FOCUS DISCIPLINE GROWTH



# Cautionary Statements

## Forward-Looking Information

*Certain information presented in these remarks and in this presentation that is not historical factual information and/or based on current views and assumptions and is subject to uncertainties may constitute forward-looking information within the meaning of securities laws. Actual results could differ materially from a conclusion, forecast or projection contained in such forward-looking information. Forward-looking information may relate to our future outlook and anticipated events or results and may include statements about Total Energy Services Inc. or its subsidiaries ("Total Energy" or "Total"), including business operations, strategy and expected financial performance and condition. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as could, "should", "can", "anticipate", "estimate", "intend", "plan", "expect", "believe", "will", "may", "continue", "project", "potential" and similar expressions and statements, or negative versions thereof. In addition, any statement that may be made concerning future financial performance, ongoing business strategies or prospects, and possible future action on our part, is also a forward-looking statement. Undue reliance should not be placed on forward-looking information and statements. Whether actual results, performance or achievements will conform to our expectations and predictions is subject to a number of known and unknown risks and uncertainties which could cause actual results to differ materially from our expectations.*

*Certain material factors or assumptions were also applied in drawing a conclusion or making a forecast or projection as reflected in such forward-looking information. Additional information about the material factors that could cause actual results to differ materially from the conclusions, forecasts or projections in the forward looking information, details regarding the material factors or assumptions that were applied in drawing such conclusions or making such forecasts or projections, and more exhaustive information on the risks and uncertainties can be found in Total's continuous disclosure documents, including but not limited to its most recent Annual Information Form which is available on [www.sedar.com](http://www.sedar.com)*

## Non-IFRS Measures

*EBITDA means earnings before interest, taxes, depreciation and amortization and is equal to net income before income taxes plus finance costs plus depreciation minus finance income. Cashflow means cash provided by operations before changes in non-cash working capital items. EBITDA is not a recognized measure under International Financial Reporting Standards ("IFRS"). Management believes that in addition to net income, EBITDA is a useful supplemental measure as it provides an indication of the results generated by the Company's primary business activities prior to consideration of how those activities are financed, amortized or how the results are taxed in various jurisdictions. Readers should be cautioned, however, that EBITDA should not be construed as an alternative to net income determined in accordance with IFRS as an indicator of Total Energy's performance. Total Energy's method of calculating EBITDA may differ from other organizations and, accordingly, EBITDA may not be comparable to measures used by other organizations.*

# Corporate Information

<b>Shares outstanding</b> <i>(at March 1, 2020)</i>	<b>45.08 million</b>
<b>Options outstanding</b> <i>(at March 31, 2020, \$12.35 weighted avg exercise price)</i>	<b>3.9 million</b>
<b>Market capitalization</b> <i>(basic, at \$1.70 share price)</i>	<b>\$76.6 million</b>
<b>Working Capital</b> <sup>(1)</sup> <i>(at December 31, 2019)</i>	<b>\$103.2 million</b>
<b>Property, Plant &amp; Equipment</b> <i>(at December 31, 2019)</i>	<b>\$730.4 million</b>
<b>Long-term debt</b> <sup>(2)</sup> <i>(at December 31, 2019)</i>	<b>\$236.3 million</b>
<b>Tangible NBV/share</b> <sup>(3)</sup> <i>(at December 31, 2019)</i>	<b>\$11.96</b>
<b>Director/Officer ownership,%</b>	<b>5.9%</b>

*(1) Working capital equals current assets minus current liabilities*

*(2) Long-term debt, excluding current portion and lease liabilities*

*(3) Shareholders' Equity minus goodwill divided by shares outstanding*



# TOT Business Segments

## *Diversified Exposure to Global Energy Development*

### **Contract Drilling Services**

- 107 drilling rigs
- 3<sup>rd</sup> largest Canadian drilling fleet (82 rigs)
- Operations in USA (20 rigs) and Australia (5 rigs)

### **Rentals and Transportation Services**

- Leading North American provider of oilfield surface equipment rentals and transportation services
- 10,590 major rental pieces and 87 heavy trucks

### **Well Servicing**

- 83 service rigs - Canada (57), USA (14) and Australia (12)

### **Compression & Process Services**

- Leading Canadian natural gas compression packager with growing US and international business
- Established market presence in the oil and natural gas process equipment fabrication industry



# Historical Financial Performance

(in thousands of CDN dollars, except per share amounts and shares outstanding)

	3 months ended December 31		Year ended December 31	
	2019	2018	2019	2018
Revenue	\$ 151,500	\$ 219,846	\$ 757,398	\$ 851,809
EBITDA <sup>(1)</sup>	35,805	29,153	107,679	114,666
Cashflow	36,896	23,070	111,727	101,490
Net Income	8,593	8,570	10,091	24,215
Net Income, attributable to shareholders	8,523	8,555	10,527	24,458
<i>Per Share, Diluted</i>				
EBITDA <sup>(1)</sup>	\$ 0.79	\$ 0.63	\$ 2.36	\$ 2.49
Cashflow	0.82	0.50	2.45	2.20
Net Earnings	0.19	0.19	0.23	0.53
Total Assets			\$ 997,161	\$1,078,124
Working Capital <sup>(2)</sup>			103,234	124,967
Net Long-term Debt <sup>(3)</sup>			216,405	251,696
Shareholder's Equity			543,142	560,576
Shares Outstanding (diluted, 000's) <sup>(4)</sup>			45,553	46,122

(1) As defined under "Non-IFRS Measures".

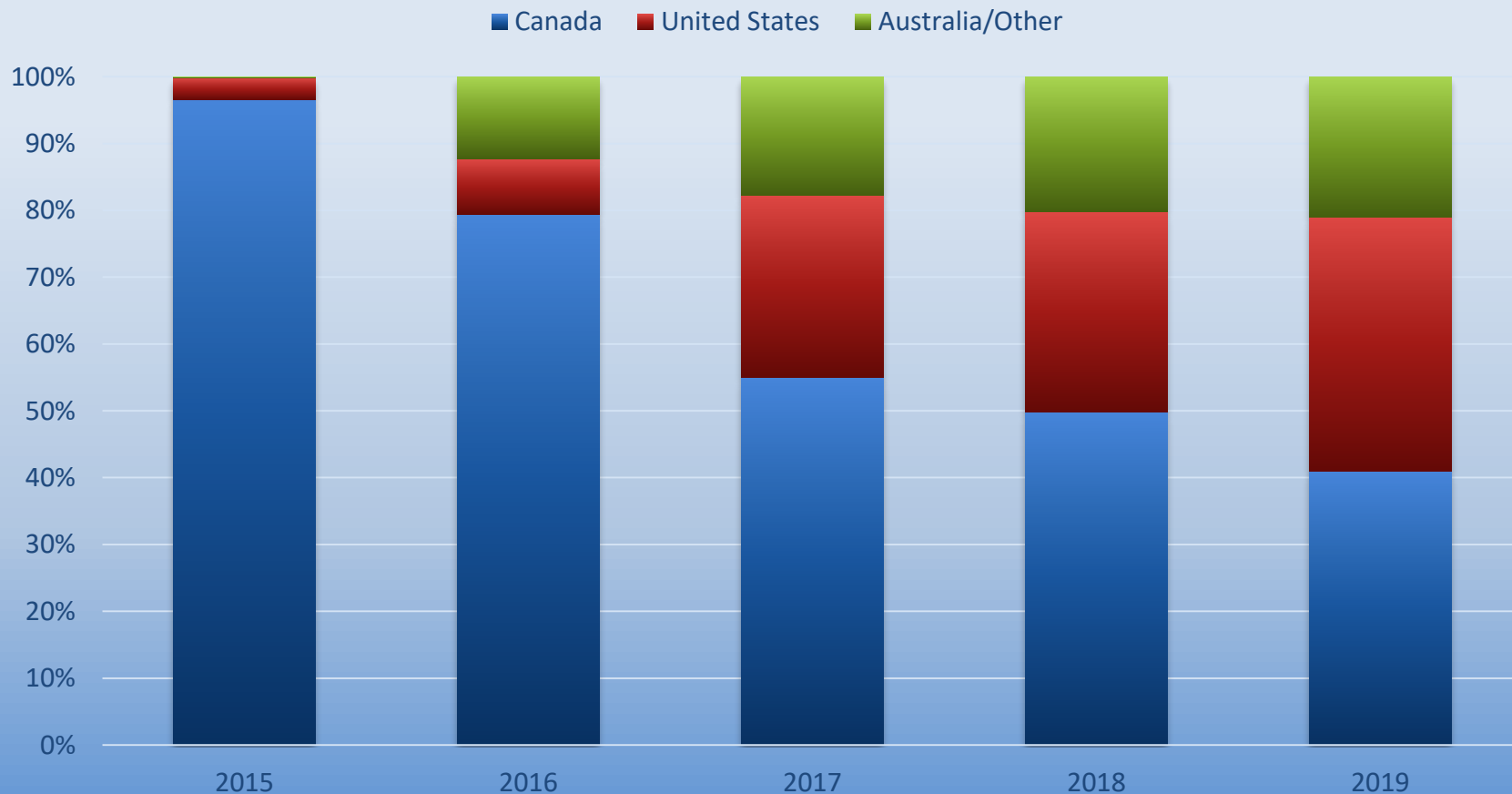
(2) Working capital equals current assets minus current liabilities.

(3) Long-term debt, excluding current portion thereof and lease liabilities, less cash and marketable securities.

(4) Weighted Average outstanding during the period

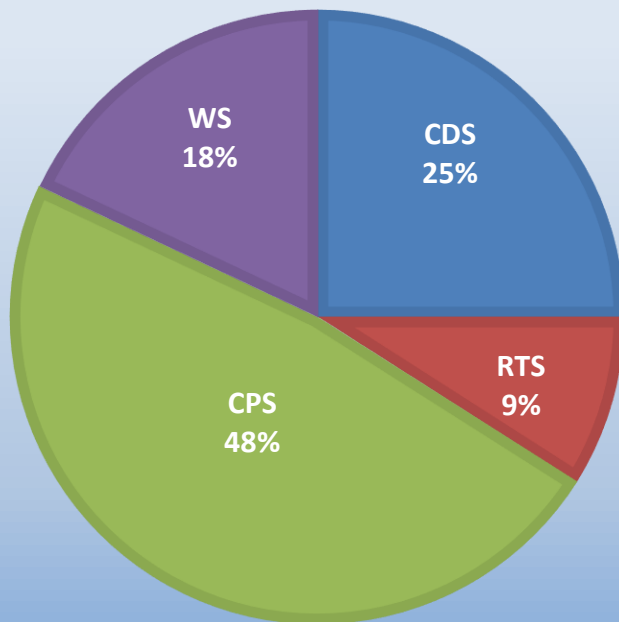
# Growing International Presence

## Geographic Revenue Mix

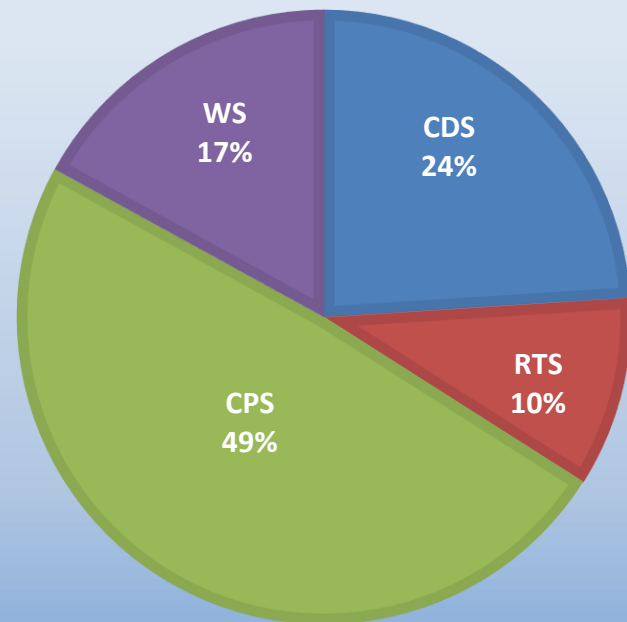


# Revenue Diversification

2019 REVENUE BY SEGMENT



2018 REVENUE BY SEGMENT



# Contract Drilling Services

## Savanna Drilling

- Diversified drilling rig fleet:

By type		By Geography	
AC triples	3		
AC doubles	13		
Mechanical doubles	45	Canada	82
Australian shallow	5	United States	20
TDS singles	26	Australia	5
CT 1500 singles	15		
	107		107

- Mechanical doubles have drilled 6,000 meter Duvernay and Montney horizontal wells
- AC double drilled 7,050 meter Alberta Deep Basin well in January 2020
- Australian rigs purpose built for niche onshore CSG drilling market
- TDS fleet active in the Viking and other W3/W4 oil plays
- CT 1500 rigs specialize in oil sands delineation and coring programs
- Rig fleet supported by extensive fleet of owned top drives, walking systems, pumps and other ancillary equipment required to operate in most North American resource plays





# Rentals and Transportation Services

## Total Oilfield Rentals

- Leading provider of surface rental equipment and oilfield transportation services in Western Canada with growing US presence
- Provide equipment used in the drilling, completion and production of oil and natural gas wells
- Current fleet of  $\approx 10,590$  pieces of major rental equipment (excluding access mats) and 87 heavy trucks
- $>1.0$  million barrels of portable tank storage capacity
- Relocated underutilized equipment from Canada to support US growth
- Continue to rationalize Canadian operations



# Compression and Process Services

## Bidell Gas Compression/Spectrum Process Systems

- Leading Canadian compression and process equipment manufacturer with significant US and international presence
- 346,000 sq ft of North American manufacturing space (Calgary, AB and Weirton, WV)
- Design and manufacture full range of gas compression equipment including patented NOMAD™ mobile packages
- Specialize in the design and fabrication of dehydration, regeneration, separation and custom engineered process equipment
- Commissioning and maintenance field support from parts and service field locations throughout North America
- 50,200 hp compression rental fleet at December 31, 2019; Q4 2019 utilization of 72% and 2019 utilization of 69%
- \$48.6 million fabrication sales backlog at December 31, 2019



# Well Servicing

## Savanna Well Servicing

- Operate a fleet of 83 service rigs across Western Canada, Northwest United States and Australia

By type		By Geography	
Singles	38	Canada	57
Doubles	32	United States	14
Australian spec	9	Australia	12
Flush-by	4		
	83		83

- Competitive Canadian service rig fleet supported by extensive infrastructure
- Well abandonment work expected to increase following recent Alberta government funding
- US service rigs have well established presence in the North Dakota Bakken with recent expansion into Wyoming
- Australian service rigs incorporate latest technologies and are capable of working in any existing onshore basin



# Proven Track Record

## Capital Stewardship

- Prudent use of equity – IPO in Q1 1997 raised \$260,000 at \$0.10/share and last public equity offering completed in 2005 for gross proceeds of \$27 million
- Completed over 35 acquisitions since inception with no capital asset impairments ever recorded (including goodwill)
- \$268.1 million of retained earnings represents 94% of \$284.5 million of paid up share capital at December 31, 2019
- Executive compensation strongly aligned with capital discipline

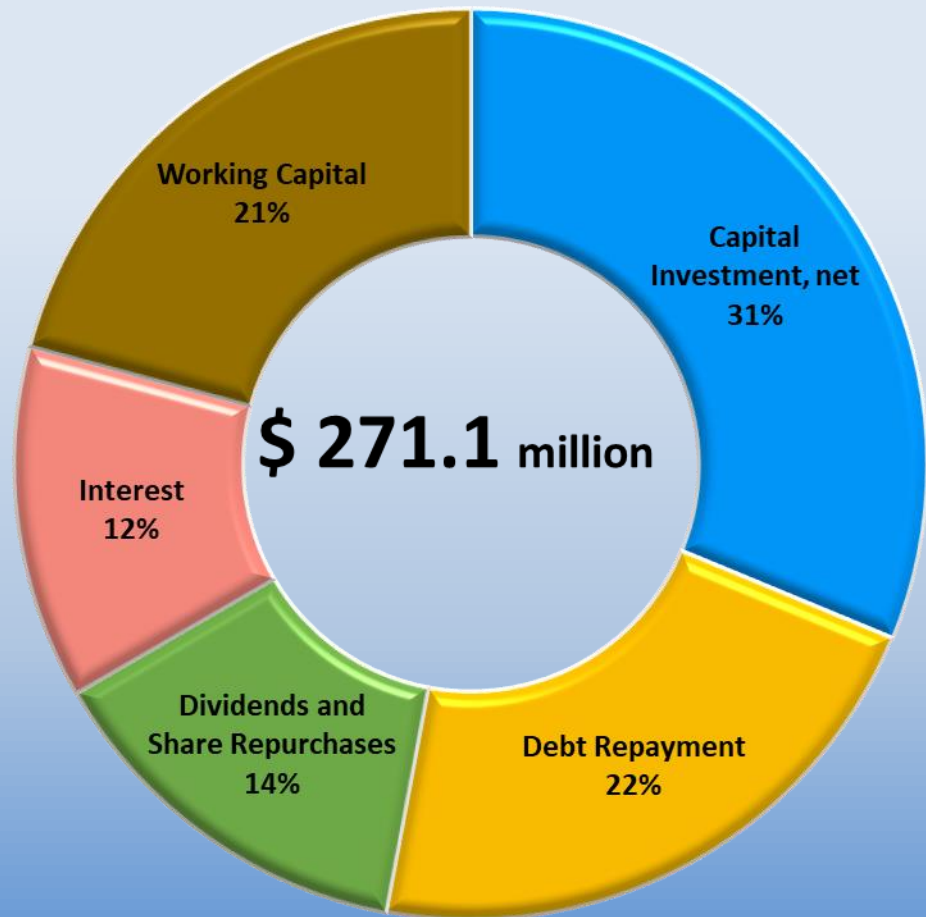
## Shareholder Returns

- Returned ≈\$234 million to shareholders through dividends and share buy backs to December 31, 2019 (\$5.47/share in dividends/trust distributions)
- Geographically and operationally diversified - provides stability and future growth opportunities



# Significant Free Cashflow Post SVY Acquisition

*\$271.1 million of cashflow (before changes in non-cash working capital items) from July 1, 2017 to December 31, 2019 allocated as follows:*





# Covid-19/Oil Price Shock – Impact to Date

- Material pullback in North American producer budgets will result in significant decrease in near-term activity, particularly in oil producing basins
- Australian operations less affected (at least for now)
- Global field and North American manufacturing operations continuing with added procedures/safeguards to protect worker health
- Office/administration functions being conducted remotely to the extent reasonably possible
- Significant reduction in TOT interest expense – current rate of 3.45% on RCF (4.25% at 12/31/19) and 3.05% on variable mortgage (4.55% at 12/31/19)
- Significant US and Canadian government assistance programs announced - \$ yet to be received

# Covid-19/Oil Price Shock – TOT Response to Date

- Objective is to adjust cost structure to generate free cash flow at very low activity levels
- Suspended dividend and reduced 2020 capex budget - \$23.8 million in 2020 cash savings
- Reduced North American salaried staffing levels by approximately 30%, including through temporary layoffs
- North American and executive/board salary/wage rollbacks from 10%-20% and reduced benefit programs
- Consolidating operations in owned facilities and vacating leased properties where possible
- Mothballing a significant portion of the Canadian heavy truck and trailer fleet until market conditions improve
- Review entire supply chain to reduce costs

# Contact Information

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