



PHX

ENERGY SERVICES CORP.

ANNUAL GENERAL MEETING

MAY 9, 2018

Forward-Looking Statements

Some matters discussed in this presentation may be considered to be forward- looking statements. Such statements include declarations regarding management's intent, belief or current expectations. Prospective investors are cautioned that any such forward-looking statements are not guarantees of future performance and involve a number of risks and uncertainties. Actual results could differ materially from those indicated by such forward-looking statements. Such risks and uncertainties include: the possible unavailability of financing, risks related to the uncertainty inherent in the oil and gas horizontal and directional services industry, the impact of energy price fluctuations, the seasonal nature of business, the dependence on third party suppliers and contractors, changes in government regulation, the impact of competition, the successful commercialization of certain technologies, the dependence upon competent employees including senior management, and fluctuations in currency exchange rates and interest rates.

Entering 2018

- 2017 was the start of a recovery from the downturn and in 2018 positive momentum has continued
 - North American rig counts and crude oil prices have climbed upward
 - PHX Energy's operational and financial results improved over the prior year
- Strong financial position with solid balance sheet and reduced debt
- Diversified operations with US and international segments representing 61% of revenue in Q1



***PHOENIX TECHNOLOGY SERVICES**, our directional drilling division is one of the largest independent directional providers in North America*



***STREAM SERVICES**, our EDR division, was acquired in 2013 and recently commercialized a new product line (DataStream) to fuel future growth*

Financial Results

- In Q1 2018, highest level of quarterly revenue achieved since Q1 2015
- Improved profitability as a result of increased activity, improved day rates and cost controls
- Further reduction to long-term debt

	Three-Month Period ended March 31,			Year Ended December 31,		
	2018	2017	% Chg	2017	2016	% Chg
<i>Stated in thousands of dollars except per unit amounts, percentages and operating days</i>						
Operating Results	<i>(unaudited)</i>	<i>(unaudited)</i>				
Revenue	70,759	61,122	16	241,001	148,401	62
Adjusted EBITDA ⁽¹⁾	6,768	3,743	81	20,103	(5,011)	n.m
Cash Flow						
Funds from operations ⁽¹⁾	5,757	3,983	45	15,023	559	n.m
Capital expenditures	3,067	1,799		25,673	7,811	228
Operating Days						
Consolidated Operating Days	6,769	6,684	(n.m)	23,504	15,536	51
Financial Position		Dec. 31, 2017				
Working Capital ⁽¹⁾	54,061	49,787	9	49,787	44,230	13
Long-term debt	12,000	14,000	(14)	14,000	29,014	(52)

n.m - not meaningful

(1) Refer to non-GAAP measures section of First Quarter Report – Annual Adjusted EBITDA has been re-stated using Q1 2018 methodology

Canada

Highlights

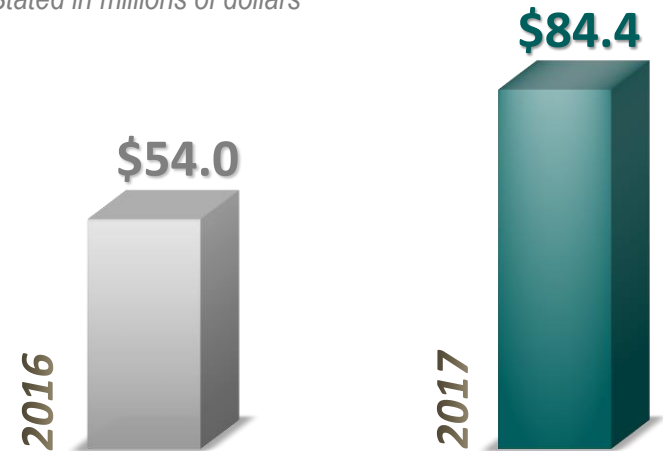
- Revenue and operating days increased 56% year-over-year
 - Flat in Q1 2018
- Improved day rates and disciplined job selection resulted in improved profitability in Q1 2018

Outlook

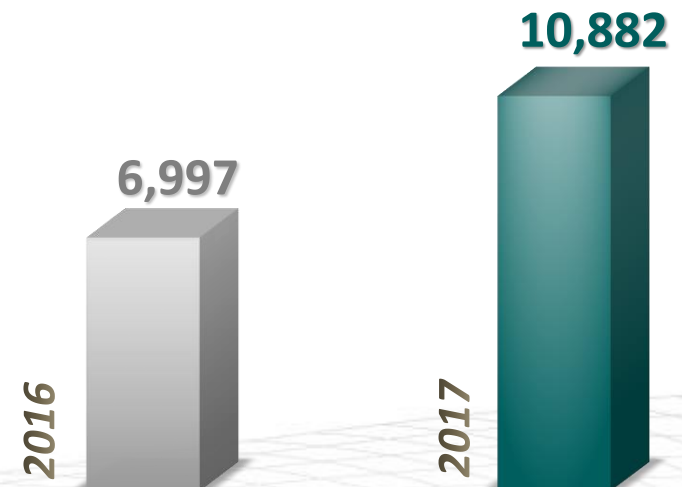
- Market remains challenged as a result of uncertainty in macro-environment

CDN Revenue

Stated in millions of dollars



CDN Operating Days



United States

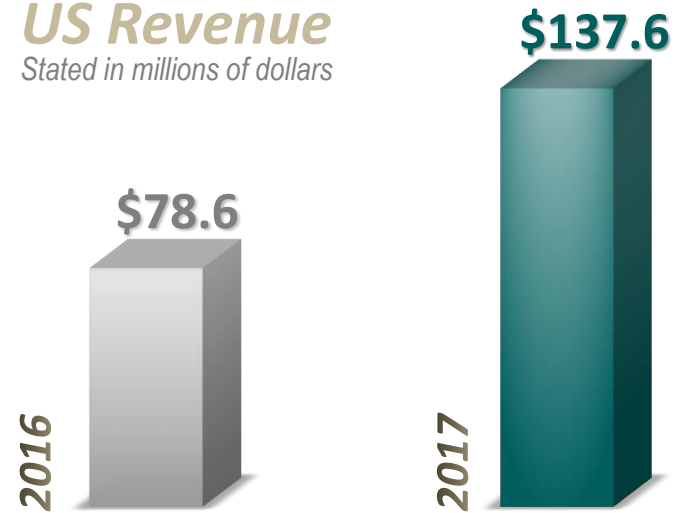
Highlights

- 57% of 2017 consolidated revenue
- Q1 2018 highest revenue since 2015
- Improved day rates in USD

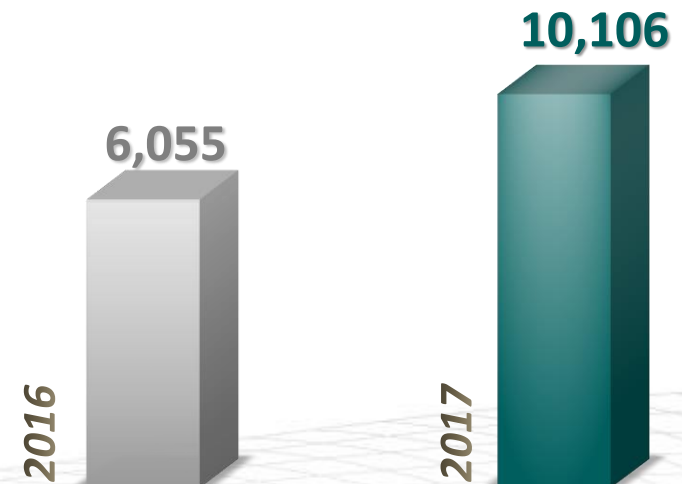
Outlook

- Focused on gaining greater market share in the US
 - Focal point is Permian basin
- Well positioned to execute growth strategy
- Deploying high performance technologies to this market

US Revenue
Stated in millions of dollars



US Operating Days



International & Stream

International

- Russia increased operating days both in 2017-year and Q1 2018
- Both full service and MWD rental divisions continue to secure new work
- Albania re-commenced operations on 1 rig in Q1 2018 after being idle exiting 2017

Stream Services

- Operations in Canada and the US are ongoing
- Operating days increased quarter-over-quarter in Q1 2018
- Remain focused on having competitive EDR market
- Continue to focus on advancing the DataStream product line and marketing this technology

Capital Expenditures

2018 Capital Expenditure Budget = \$10.5 million

- Dedicated to Velocity and Atlas High Performance Drilling Motor
- \$3.1 million spent in Q1; \$4.8 million in commitments to be delivered in Q3

Velocity

- Continues to be in high demand in all operating areas
- Majority of the fleet is deployed to the Permian
- Clients include Shell, Chevron, Pioneer and COG

Atlas

- Engineered to be the most powerful motor and deliver unmatched performance on high specification drilling rigs
- Successfully delivering a higher level of drilling performance
- Faster drilling rates are reducing overall drilling time



Driving Forces for Technology Development

Strategically focused on developing **differentiating technologies** with unique **competitive advantages**



CREATE EFFICIENCIES & OUTPERFORM

Withstand harsh drilling, faster drilling, fewer failures and greater downhole accuracy



SUPPORT DATA DRIVEN DRILLING PRACTICES

Provide advanced downhole measurements, streamline data analysis and enable remote operations



HIGHER MARGIN POTENTIAL

Lower cost of execution and create additional revenue streams

Direction for 2018

- Execute on strategies that will *propel further growth* in the US
 - Permian will be most active area in the North American market
- Leverage high performance technology to differentiate PHX Energy and *gain greater market share*
 - Atlas motor and Velocity are in demand and are well-suited to perform under the demanding parameters of high spec rigs
- Further *improve profitability* with disciplined approach to costs and job selection and by capturing premiums for high performance technologies

