



**PHX**

**ENERGY SERVICES CORP.**

**ANNUAL GENERAL MEETING**  
**MAY 5, 2022**

# Breaking News

## *PHX Energy increases its 2022 Capital Expenditure Program by Approximately 80% to \$85 million*

- Our premium technology fleet is currently running at capacity as activity levels continue to grow and demand strengthens.
- Supply chain challenges persist with long lead times, increased costs and shortages, this situation will continue for the foreseeable future. Past expenditures placed well in advance have been extremely advantageous.
- With this massive proactive increase to capital expenditures, PHX Energy is locked and loaded for a strong 2023 with minimal capital expenditures needed next year.

# Who Is PHX ?

## LARGEST INDEPENDENT DIRECTIONAL PROVIDER IN NORTH AMERICA

- We are the largest independent supplier of directional drilling services in the North American land market and strategic international locations
  - *Directional drilling is the process of steering the well path towards an intended target and doing so in a manner that increases the overall efficiency and speed of the operation.*
- We are a vertically integrated supplier and control the full value chain of our products and services through in-house R&D, engineering, manufacturing field operations and servicing of our tools
- We are a technology leader in our sector and have developed and deployed a proprietary fleet of premium down hole technology in a sustainable manner
- We remain focused on being the best pure play directional provider while exploring options to diversify our operations into new markets where we can leverage our technology and expertise

**27**

Years (est. 1995)

**700**

Employees

**14%**

Executive Ownership

# Q1 2022 Financial Results

**Strong profitability and cash positive position**

**US division generated highest quarterly revenue**

**Tripled dividend per share from Q1 2021**

*Stated in thousands of dollars rig counts and operating days*

	Three-month period ended March 31,			Years ended Dec 31,		
	2022	2021	% Chg	2021	2020	% Chg
<b>Operating Results</b>						
Revenue	112,126	70,106	60	349,920	246,402	42
Adjusted EBITDA <sup>(1)</sup>	6,360	13,950	(54)	60,382	39,719	52
Adjusted EBITDA <sup>(1)</sup> excluding cash-settled share-based	18,432	16,632	11	73,655	41,850	76
Free Cash Flow <sup>(1)</sup>	(3,720)	7,732	n.m.	34,193	22,596	51
Dividend Paid Per Share	0.05	0.025	100	0.125	-	n.m.
<b>Industry Activity</b>						
Canadian Rig Count	193	145	35	131	88	50
US Rig Count	636	396	61	478	433	10
<b>Operating Day</b>						
Canadian Operating Days	2,730	1,765	55	7,269	5,184	40
US Operating Days	4,046	3,084	31	14,041	10,492	34

<sup>(1)</sup> See Non-GAAP Measures section of quarterly report



Dividend Per Share  
Effective for dividend  
payable April 18, 2022



Net Debt (in millions)  
As at March 31, 2022



Working Capital (in millions)  
As at March 31, 2022



of Shares as at 12-31-2017  
Re-Purchased/Cancelled

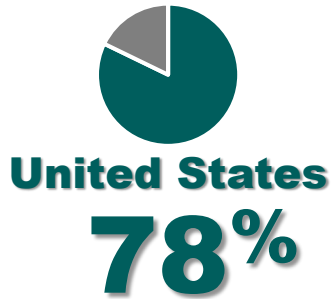
# 2021 North American Activity

**PHX DRILLED AN INCREDIBLE 9 MILLION METERS IN 2021**

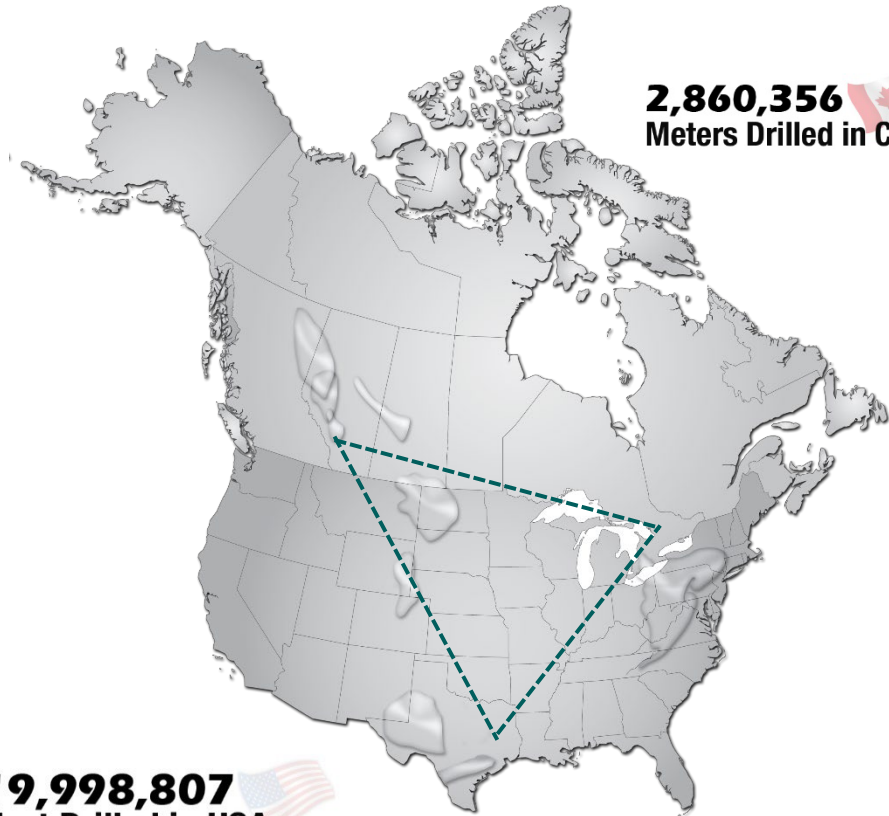
**2,191** WELLS

## GEOGRAPHICAL REVENUE

*As a percentage of 2021 revenue*



THIS IS EQUAL TO DRIVING FROM  
**YYC to YYZ to IAH to YYC**



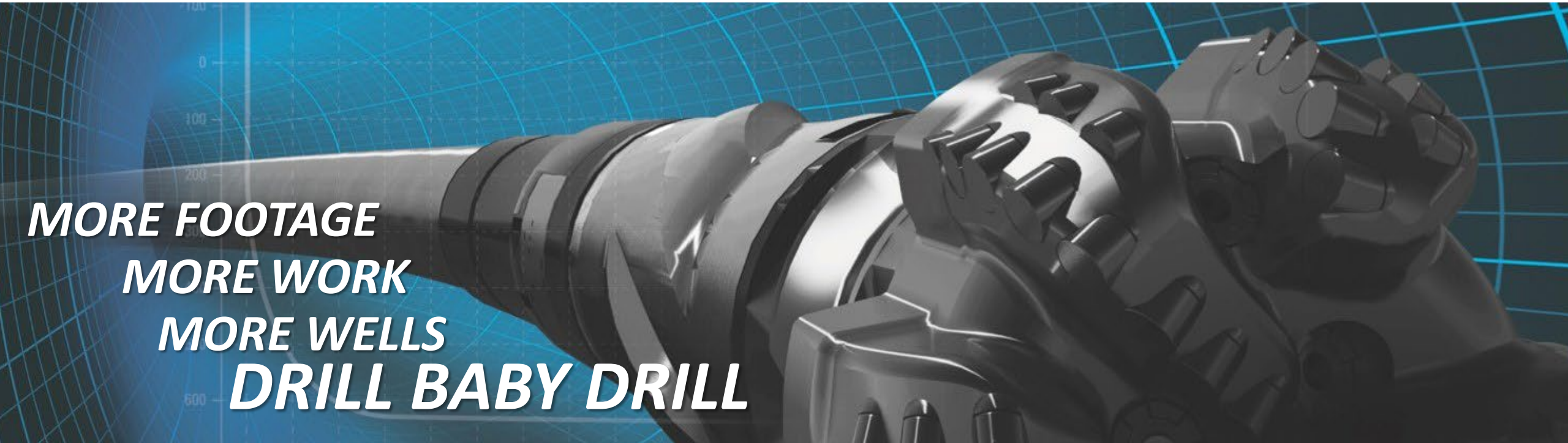
**19,998,807**   
Feet Drilled in USA

**100+** CLIENTS



# Tell Me What You Want What You Really Really Want

- Operators are in a race, ongoing demand to continually drill faster
- Premium technology needs to be ultra reliable and provide fast data and well bore information
- Operators have no tolerance for non-productive time



***MORE FOOTAGE  
MORE WORK  
MORE WELLS  
DRILL BABY DRILL***

# Recent History of Drilling Efficiencies

## DRILLING TECHNOLOGY - 10 YRS AGO

### Conventional 6.5" Drilling Motor

Max Torque	10,460 lb-ft
Horsepower Output	310 HP



**114% Increase**

**Game Changer**

## CURRENT PHX DRILLING TECHNOLOGY

### Atlas 7.25" High Performance Motor

Max Torque	19,050 lb-ft
Horsepower Output	664HP



*The Real Driver of Record Fast Drilling*  
*Atlas Motors*

# It's the Name of the Game

## Technology Case Study: The Impact of Faster Drilling

***SAME AREA - SAME WELL PROFILE - NEW TECHNOLOGY***

### **2017 - Permian Basin, Midland County**

- 10,000ft Lateral
- Conventional technology
- **Drilling Days 8.76**

### **2021 - Permian Basin, Midland County**

- 11,282ft Lateral
- Premium MWD and Motors technology (*Atlas and Velocity*)
- **Drilling Days - 3.80**

***5 DAYS SAVED***

***230% IMPROVEMENT***

***TIME IS MONEY!***

***PHX MAKES THIS HAPPEN***





# Record After Record

EDDY COUNTY, TX



**BACK TO BACK  
CLIENT RECORDS**

**New Record  
20,064' Spud to TD  
in 9.5 days**

Drilled with the Unmatched Combination of Atlas & Velocity

ENERGY

MCCLAIN COUNTY, OK

**RECORD LATERAL SECTION  
2,939 Ft/Day**

**1 Pad  
3 Wells  
Average Spud to TD 9.5 days**



PHOENIX TECHNOLOGY SERVICES

DRILLED WITH **THE 7.25" ATLAS**

MONTNEY

PHOENIX TECHNOLOGY SERVICES

**AVERAGE LATERAL ROP  
123.4 m/hr**

**New** Drilled with the  
**5.75" 6/7 11.7 Atlas Motor**



PHOENIX TECHNOLOGY SERVICES

McClain County, OK

**Spud to Rig Release  
11.24 Days  
2.76 Days Under AFE**

**One Run Lateral  
7814' drilled in 63.5 hrs**

DRILLED WITH VELOCITY & 7.25 ATLAS MOTOR



# PHX is the Enabler

**PREMIUM TECHNOLOGY FLEET IS COMPRISED OF THE INDUSTRY'S TOP TECHNOLOGIES, CANNOT BE OUTPERFORMED DESIGNED, DEVELOPED, MANUFACTURED, AND OPERATED BY PHX**



## VELOCITY REAL-TIME SYSTEM

*New generation MWD system, with improved reliability, unified telemetry, faster data rates, and advanced measurements*

98

Velocity MWD Kits  
2018 – 67  
2020 – 77

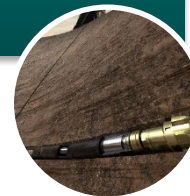


## ATLAS PERFORMANCE DRILLING MOTORS

*Engineered to be the most powerful motor and deliver unmatched performance on high specification drilling rigs*

511

Atlas Drilling Motors  
2018 – 178  
2020 – 396

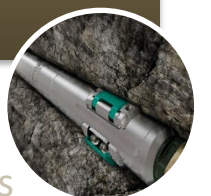


## POWERDRIVE ORBIT RSS

*The industry's leading RSS technology, with ability to steer the well without pausing the drill string rotation for faster drilling*

39

Rotary Steerable Systems  
2018 – 6  
2020 – 18



# Low Valuation = Share Buy Back

*Strong profitability and cash positive position*

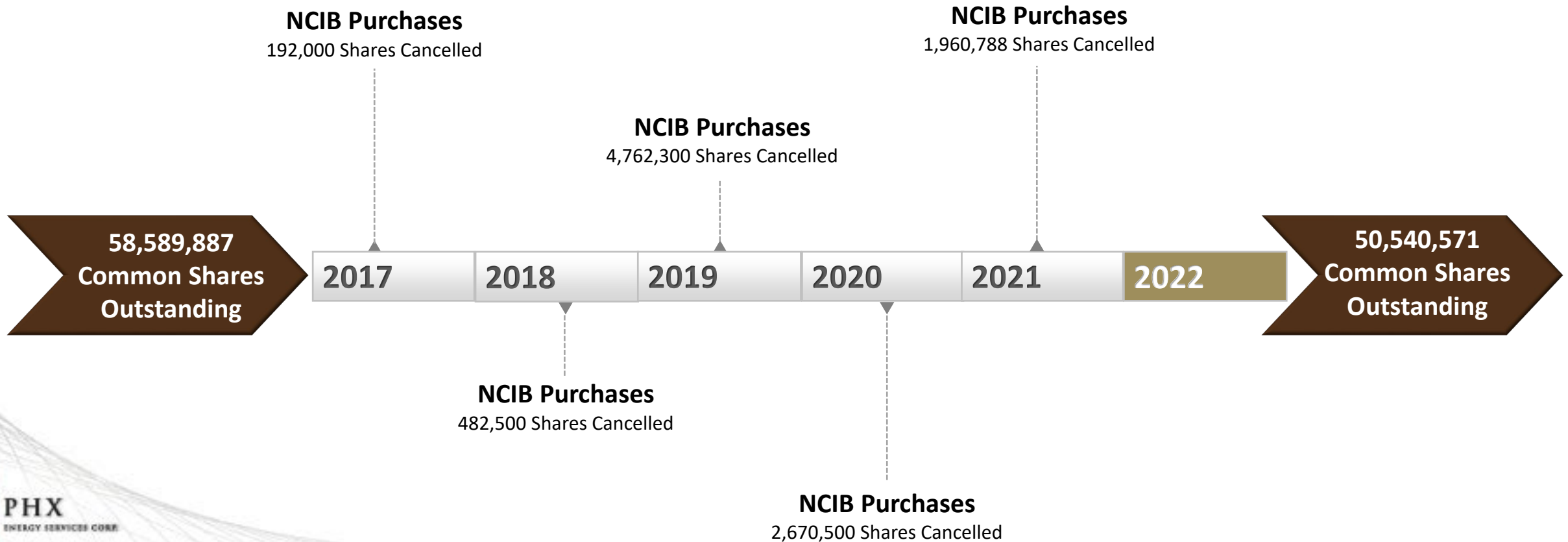
*= Opportunity*

*17% of Shares repurchased since March 2017*

*= Opportunity*

*Reinstated quarterly dividend and increased two times*

## SHAREHOLDER REWARD



# PHX is Energy Service Sector Outlier

- PHX is one of the few fortunate companies to be positioned to initiate dividend since worldwide pandemic
- Superior performance allowed two increases dividend in just over a year – unmatched!

Record Date	Ex-Dividend Date	Payment Date	Amount Per Share
<b>2020</b>			
Dec 31, 2020	Dec 30, 2020	Jan 15, 2021	\$0.025
<b>2021</b>			
Mar 31, 2021	Mar 30, 2021	Apr 15, 2021	\$0.025
Jun 30, 2021	Jun 29, 2021	Jul 15, 2021	\$0.025
Sep 30, 2021	Sep 28, 2021	Oct 15, 2021	\$0.05
Dec 31, 2021	Dec 30, 2021	Jan 17, 2022	\$0.05
<b>2022</b>			
Mar 31, 2022	Mar 30, 2022	Apr 18, 2022	\$0.075

***BUY BACKS WILL CONTINUE***

# Experience/ Tenure = Success

## ***PHX HAS 27 YRS. HISTORY***



**John Hooks**

*Chairman of the Board  
CEO*

***27 YEARS***



**Mike Buker**

*President*

***24 YEARS***



**Cameron Ritchie**

*Senior VP Finance  
CFO*

***25 YEARS***



**Craig Brown**

*Senior VP  
Engineering & Technology*

***10 YEARS***



**Jeff Shafer**

*Senior VP Sales & Marketing*

***23 YEARS***

***TOTAL EXECUTIVE TENURE – 109 YRS***