



# Investor Presentation

## National Energy Services Reunited Corp.

February 2019



Sherif Foda  
Chairman and Chief Executive Officer

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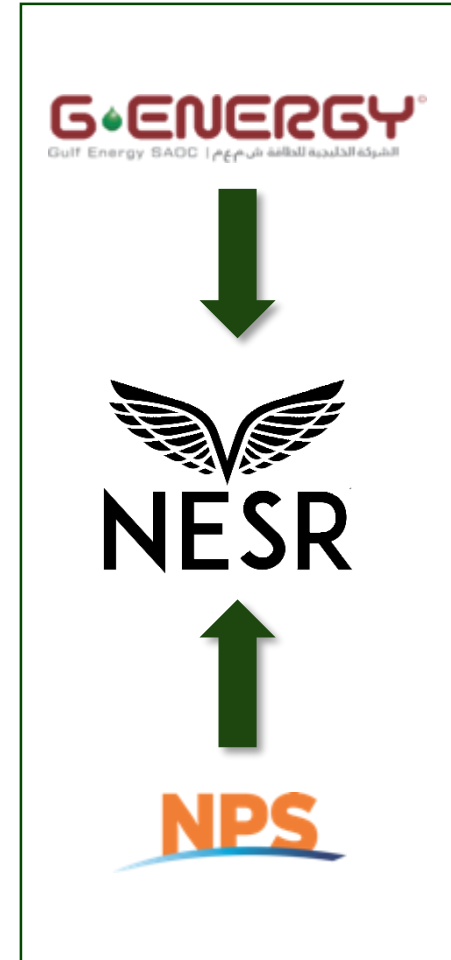
# NESR – An Introduction



# NESR – a MENA focused Oilfield Services

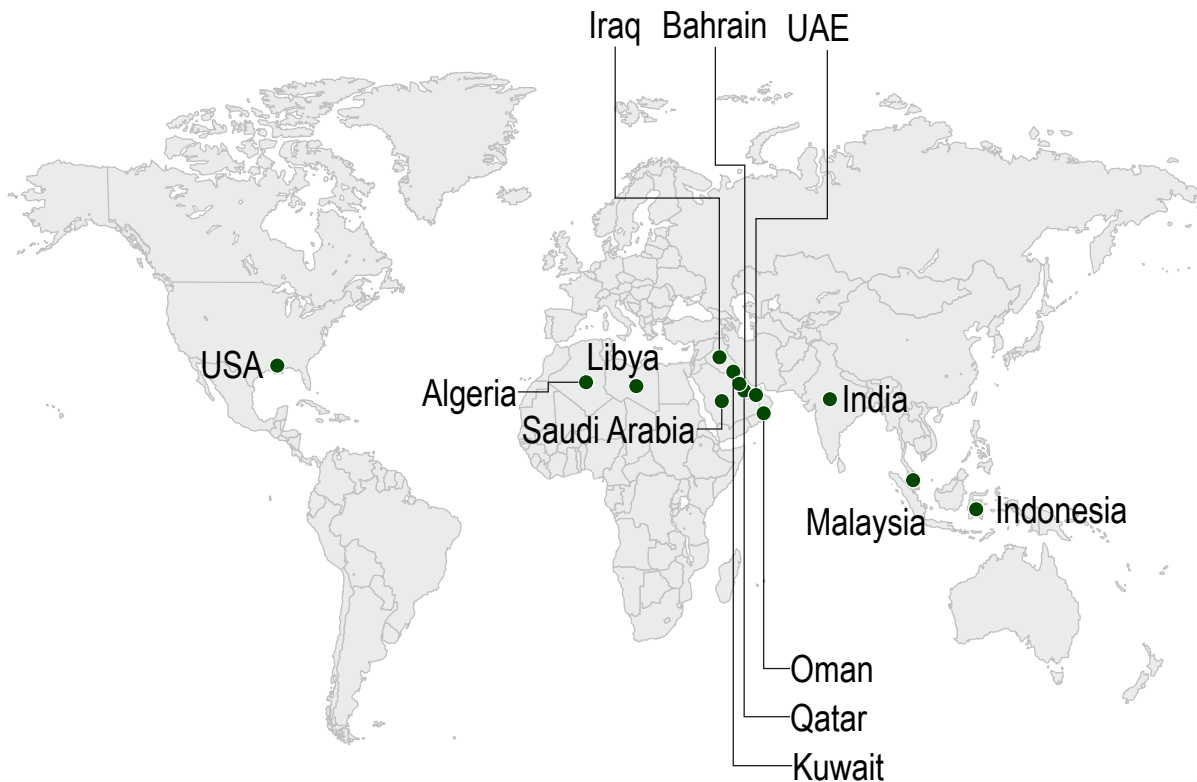


- Raised \$230 million from an IPO on NASDAQ in May 2017
- Agreed to acquire National Petroleum Services (NPS) and Gulf Energy SAOC (GES) in November 2017 in a 1.1 B\$ transaction
- Transaction closed June 2018
- Trades under the “NESR” ticker on NASDAQ
- The first and only NASDAQ-listed national oilfield services company focused on the MENA region
- Diverse shareholder base and board representation from marquee investors and industry experts

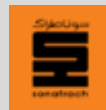




# NESR – Largest indigenous OFS in the region



- Head office in Houston and regional offices across MENA and Asia Pacific
- Operations Bases: 14 Countries
- 3,600 Employees
- 20 Product Lines
- Clients Portfolio: 25+ Customers (Major IOCs | NOCs | Independents)
- Major Operations: KSA | Oman | Qatar | Iraq | Algeria | UAE
- Top Tier service provider in the region

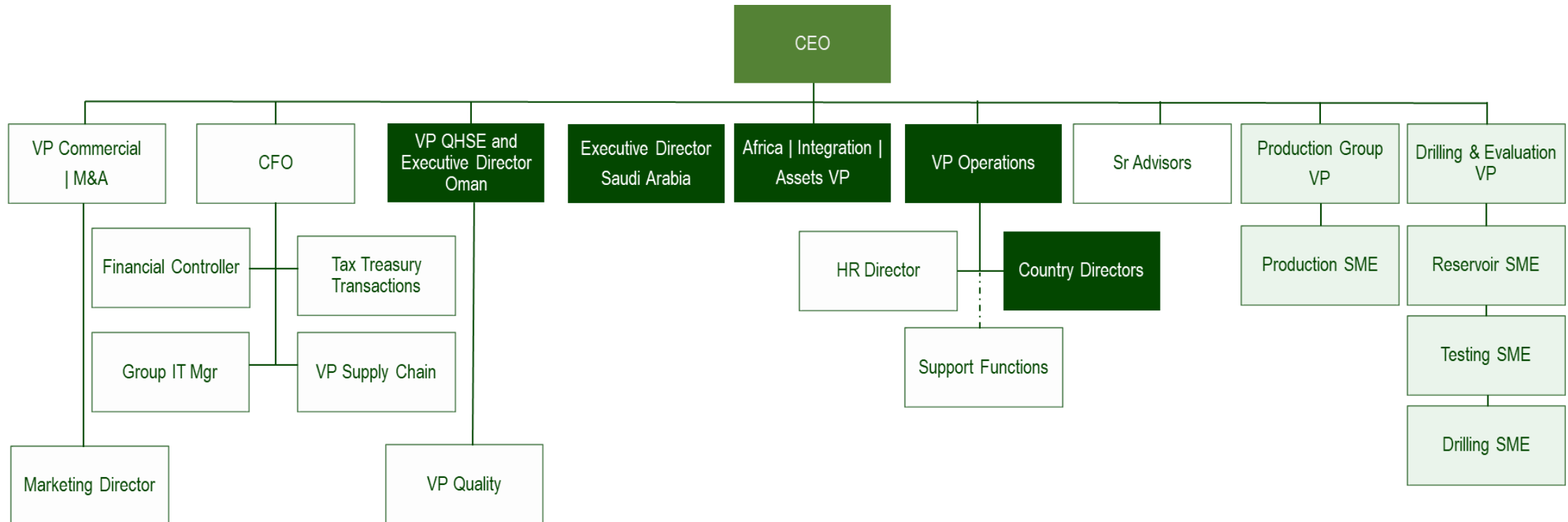


# Management Structure



Geographical management focused on delivery

Technology Groups focused on portfolio and growth



# Our Values



## Customer Centric

Customer satisfaction is at the center of everything we do

We deliver fit-for-purpose technologies & solutions with best-in-class service



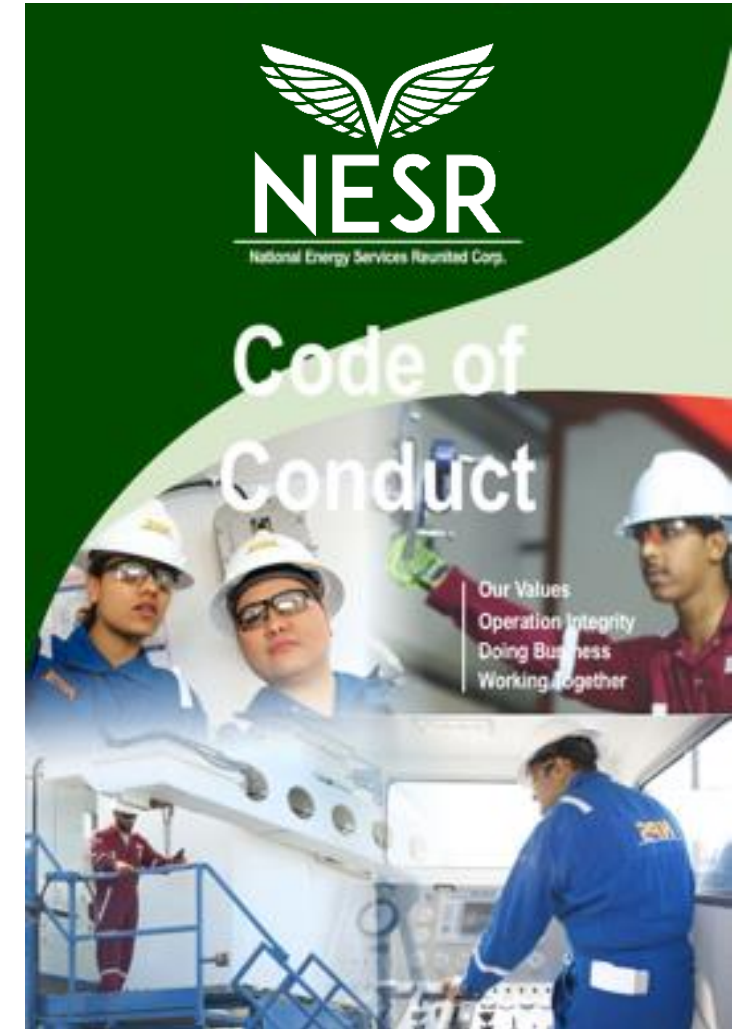
## People and Teamwork

Employee engagement, professional development, diversity and health & safety are top priorities



## Social Responsibility

Committed to developing local talent, contributing to local economies, protecting the environment and operating with the highest standards of integrity



## Unlock Customer's Full Reservoir Potential

### Construct



#### **Cementing**

Primary & remedial cementing



#### **Laboratory Services**

Engineering design & all mobile labs



#### **Completions**

Safety systems, HP packers, flow controls

### Intervene



#### **Coiled Tubing**

Well intervention services



#### **Stimulation & Pumping**

Stimulation pumping and frac services



#### **Filtrations Services**

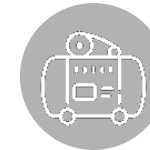
Filtration equipment for fluids

### Produce



#### **Artificial Lifting Services**

Wide range of artificial lift solutions



#### **Nitrogen Services**

N2 equipment and applications



#### **Pipelines**

Pipeline services to plants & refineries



#### **Water and Production Assurance**

To improve well productivity



## Reach the Reservoir Smarter and Faster

### Drill



#### **Drilling and Workover Rigs**

Oil and gas well drilling & work overs



#### **Drilling Services and Rentals**

Drilling tools & services



#### **Rig Services**

Machine shop & rig services



#### **Drilling Fluids**

Drilling fluid systems

### Reach



#### **Directional Drilling**

Directional drilling services & solutions



#### **Fishing and Remedials**

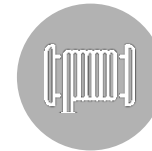
Fishing, milling, workover, casing repairs



#### **Turbines Drilling**

Turbines designed for all drilling conditions

### Evaluate and Intervene



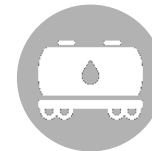
#### **Slicklines Services**

All slickline applications



#### **Wireline Logging**

Open hole & cased hole logging



#### **Well Testing Services**

Testing equipment and services

# Large and growing portfolio



Cementing Units



Coiled Tubing Units



Fluids Pumps



N2 Units



Machine Shops



SMS | FBU



Well Testing Packages



CH Wireline Trucks



Slickline



WO Rigs/Hoists



Thru Tubing Tools



Fishing & Milling Tools



Drilling Tools



Directional Drilling



Fracturing

# From the region, for the region...



One of the largest indigenous fishing and drilling equipment manufacturing center in the region (Oman)



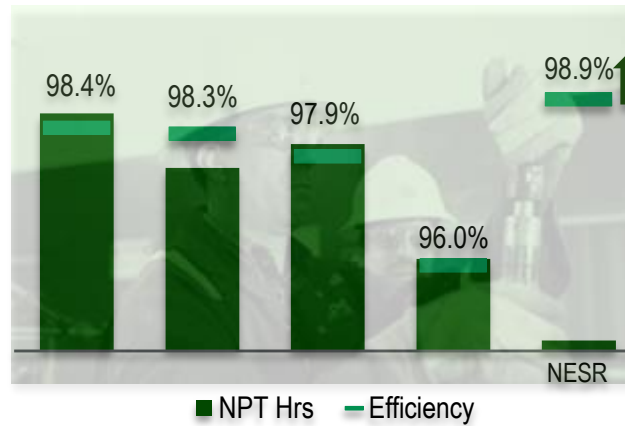
Signing Ceremony With Saudi Aramco & Dhahran Techno Valley for Opening of R&D Center



Selected as part of the first round of OFSE cos. to build a state of the art facility in King Salman Energy Park



A top tier service provider recognized for its service delivery as well as an open source tech platform



One of the largest client's quarterly quality stats  
Top of the line equipment and processes



National champion and Philosophy of development of core expertise regionally



# Open Platform approach on Technology

## Strategic partnerships for R&D and portfolio expansion



Rotary Steerable System  
(RSS)



Mutiphase Flow Meter  
(MPFM)



Perforation Systems  
(PERF)



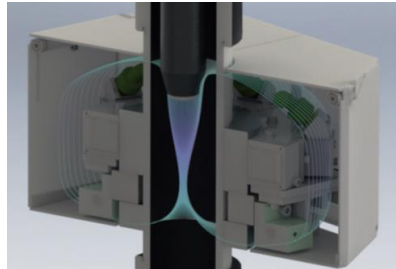
Wireless Tools for  
Slickline



Production Chemicals  
(CHEM)



Advanced Production  
Logging



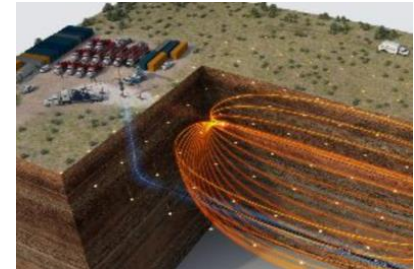
Well Head System for  
Coil, WL and SL



Next Gen Well Head  
System



Downhole Coil Tools  
And Intelligent Coil



Fracturing and  
Stimulation Monitoring

# Macro Outlook



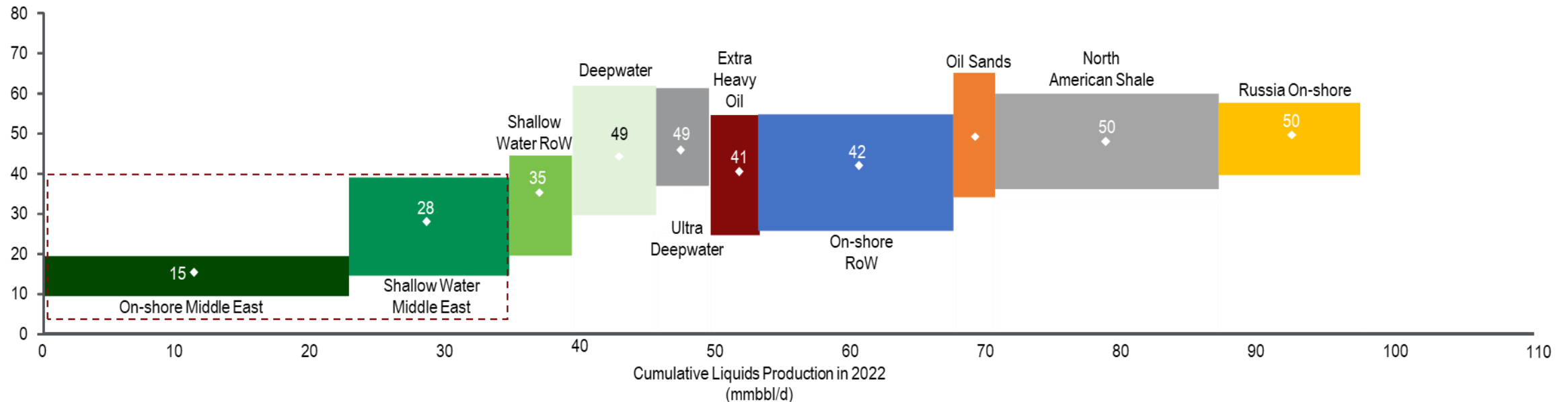


# Middle East Fundamentals

The Middle East remains amongst the most profitable regions globally due to development costs at the bottom end of the curve

## Global Liquids Cost Curve

Brent Equivalent Forward Looking Breakeven Oil Price, USD/bbl

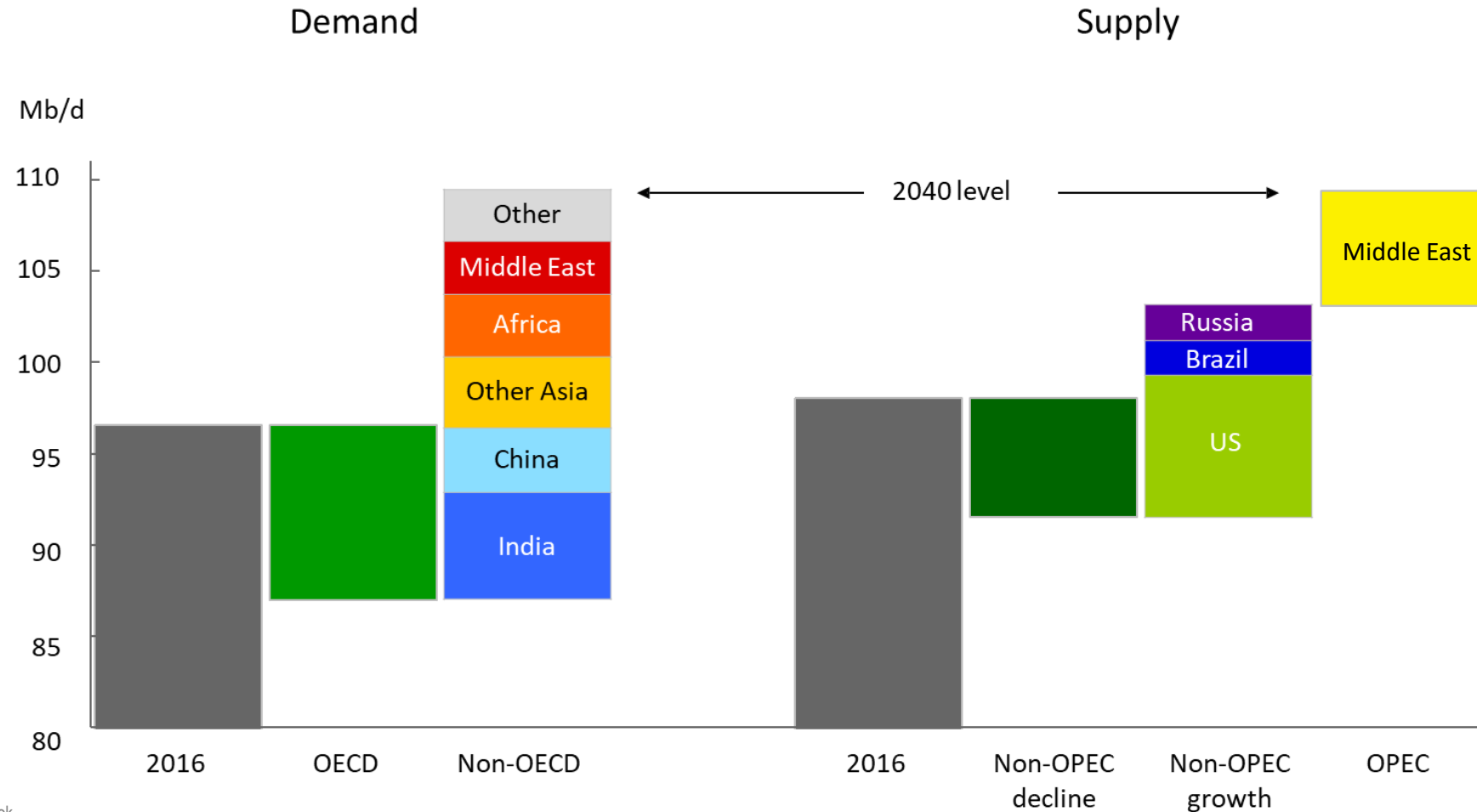


- Full-cycle break-even oil prices are among the lowest globally
- Service costs as \$ per bbl produced are the lowest globally

Source: Rystad Energy, IHS Petrodata; NESR Estimates Breakeven calculated as of 2017 and in the case of Deepwater (Wood Mackenzie November 27, 2018) and North American Shale from recent market estimates ; all historical cash flows are sunk; assumes 10% discount rate. These figures may differ significantly from actual market data and results.

# Last drop of oil will come from...

Growing demand for liquid fuels in emerging economies met largely by OPEC and US supplies



Source: 2018 BP Energy Outlook

# 2019 will be a solid year for MENA

- 2019 v 2018 growth estimates are in the 8%-9%\* range compared to 2% estimated growth for 2018 over 2017
- Low end consensus estimate of 6% CAGR growth for Middle East market over the next 4 years
- NESR objective is to grow as a minimum at double the market CAGR

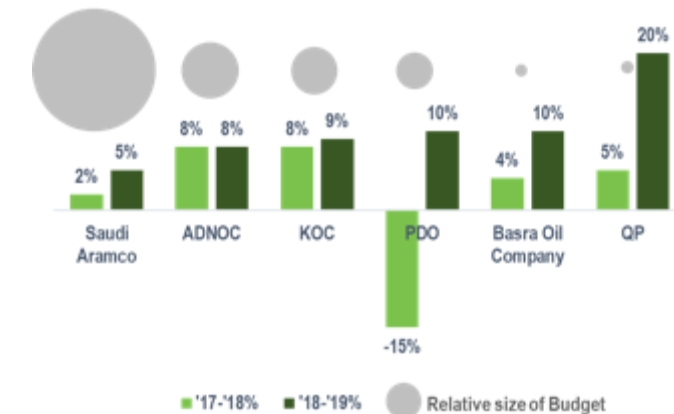
*With numerous projects to chase, the service sector is in for a bumper year. The mood is notably more buoyant and confidence is on the rise. But with 12 billion boe in the region sanctioned in 2018, and the potential for over 5 billion boe in 2019, there are doubts about whether the supply chain can take on all the additional work.*

*MENA upstream: 5 things to look for in 2019  
Wood MacKenzie, Jan 2019*

Worldwide E&P Capital Spending by Company Type / Region, 2017A-2019E

(\$mm)	2017A	2018E	2019E	2017-2018 %	2018-2019 %
IOCs	33,079	39,418	45,507	19%	15%
US Large-E&Ps	30,797	37,034	38,836	20%	5%
US Smid-E&Ps	18,154	19,677	21,895	8%	11%
Other E&Ps	17,938	21,509	21,834	20%	2%
<b>North America Spending</b>	<b>\$99,968</b>	<b>\$117,638</b>	<b>\$128,072</b>	<b>18%</b>	<b>9%</b>
Middle East	39,388	40,087	43,146	2%	8%
Latin America	32,828	30,521	34,005	(6%)	11%
Russia/FSU	31,435	32,623	33,818	4%	4%
India, Asia & Australia	57,192	66,290	71,843	16%	8%
Europe	19,480	20,152	21,913	3%	9%
Africa	15,916	16,099	17,999	1%	12%
Majors/IOCs (International)	54,248	50,935	54,234	(6%)	6%
NAM Independents	3,472	4,819	4,896	39%	2%
Other E&Ps (International)	3,291	4,658	4,558	42%	(2%)
<b>International Spending Total</b>	<b>\$257,050</b>	<b>\$266,185</b>	<b>\$286,410</b>	<b>4%</b>	<b>8%</b>
<b>Worldwide E&amp;P Spending:</b>	<b>\$357,018</b>	<b>\$383,823</b>	<b>\$414,483</b>	<b>8%</b>	<b>8%</b>

Source: Barclays Research, Company Reports



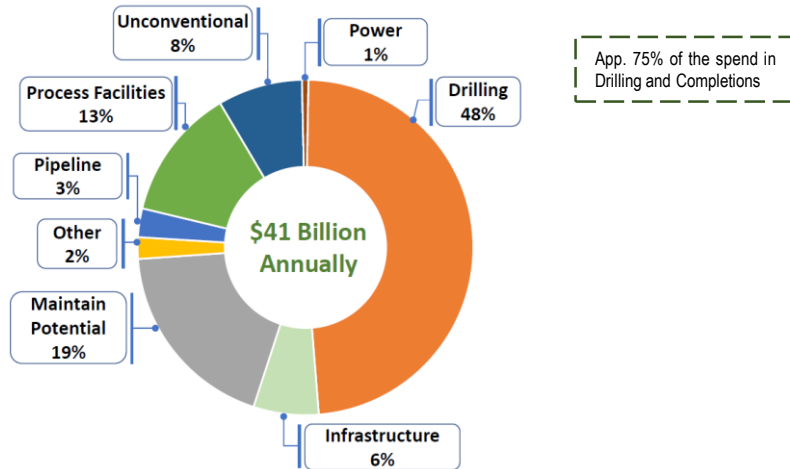
These figures may differ significantly from actual market data and results and there are no guarantees that the company will be able to successfully implement this strategy

Source: \*8% - 8th January 2019 - Barclays 34th Global 2019 E&P Spending Outlook; 9% - January 2019 - Wood MacKenzie – MENA Upstream – 5 things to look for in 2019; Source of the chart detailing client spend and YoY growth: - Barclays 34th Global 2019 E&P Spending Outlook; Wood MacKenzie – MENA Upstream – 5 things to look for in 2019 - Wood MacKenzie's viewpoint as of January 2019 and they take no responsibility for any decisions made based on this information

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# Long term trends show significant growth potential for OFS

## Saudi Aramco 10 yr plan updated to \$414 Billion update in Dec 2017

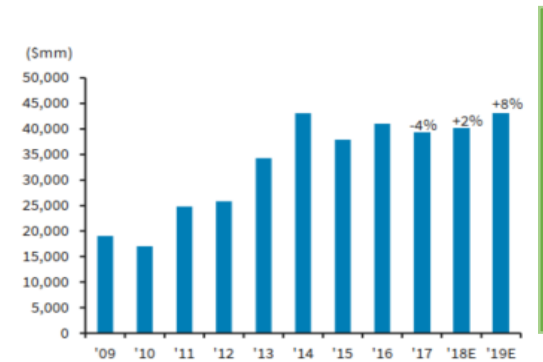


## Unconventionals spend to increase 5x over the plan (as above)

*CEO Amin Nasser said in November 2018 the company plans to increase gas production to 23bcf/d (from 14bcf/d today) and that **\$150bn of investments would be required over the next decade.** (up from \$30bn as per the plan). The NOC currently has 16 land rigs focused on unconventional gas resources.*

Barclays 34<sup>th</sup> Global 2019 E&P Spending outlook

## ~65-70 B\$ average spend on D&C over the next 5 yrs Vs 40-45 B\$ over the last 5 yrs



Source: Barclays Research, Company Reports  
Note: Dollars in millions

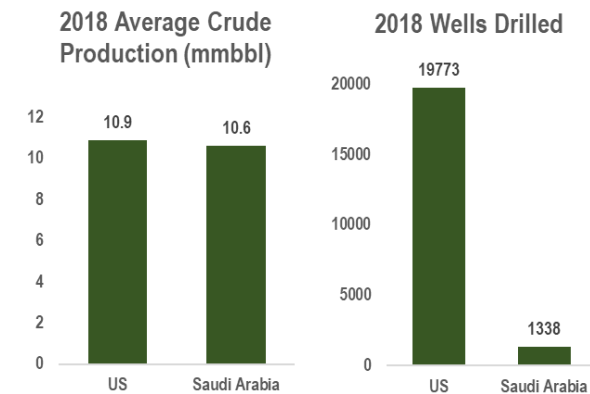
\* Our estimates include leading Middle East spenders including Saudi Aramco, Kuwait Oil Company, Abu Dhabi National Oil Co. (ADNOC) and others.

KPC said they expect to spend ~\$114bn in capex over the next 5 years, and an additional \$394bn beyond that to 2040.

ADNOC announced capex of \$132bn (includes both upstream and downstream) over a 5yr period from 2019-2023, 21% higher than the prior year's 5yr capex plan of \$109bn.

Aramco announced capex of \$414bn for spend till 2025

## Well Counts and activity intensity is slated to increase



These figures may differ significantly from actual market data and results, there are no guarantees that the company will be able to successfully implement this strategy.

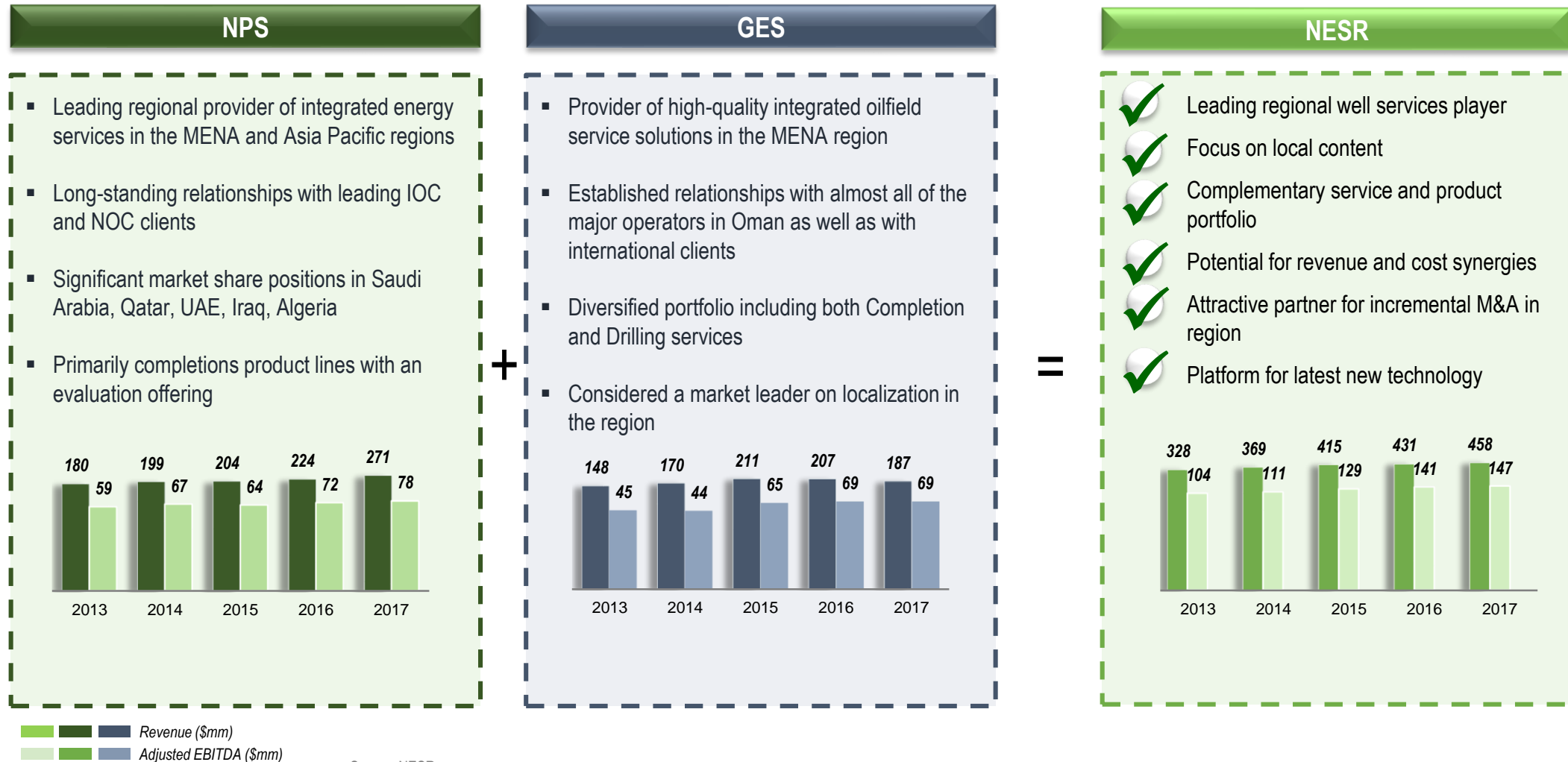
<sup>1</sup>Crude Production data from US EIA; Production data from US EIA and oil Rig count from BHI International Rig Count

# Investment Opportunity





# NESR – 9% CAGR growth (2013-2017)



■ ■ Revenue (\$mm)  
■ ■ Adjusted EBITDA (\$mm)

Source: NESR

Note: Detailed Adjusted EBITDA reconciliations are available in the Appendix

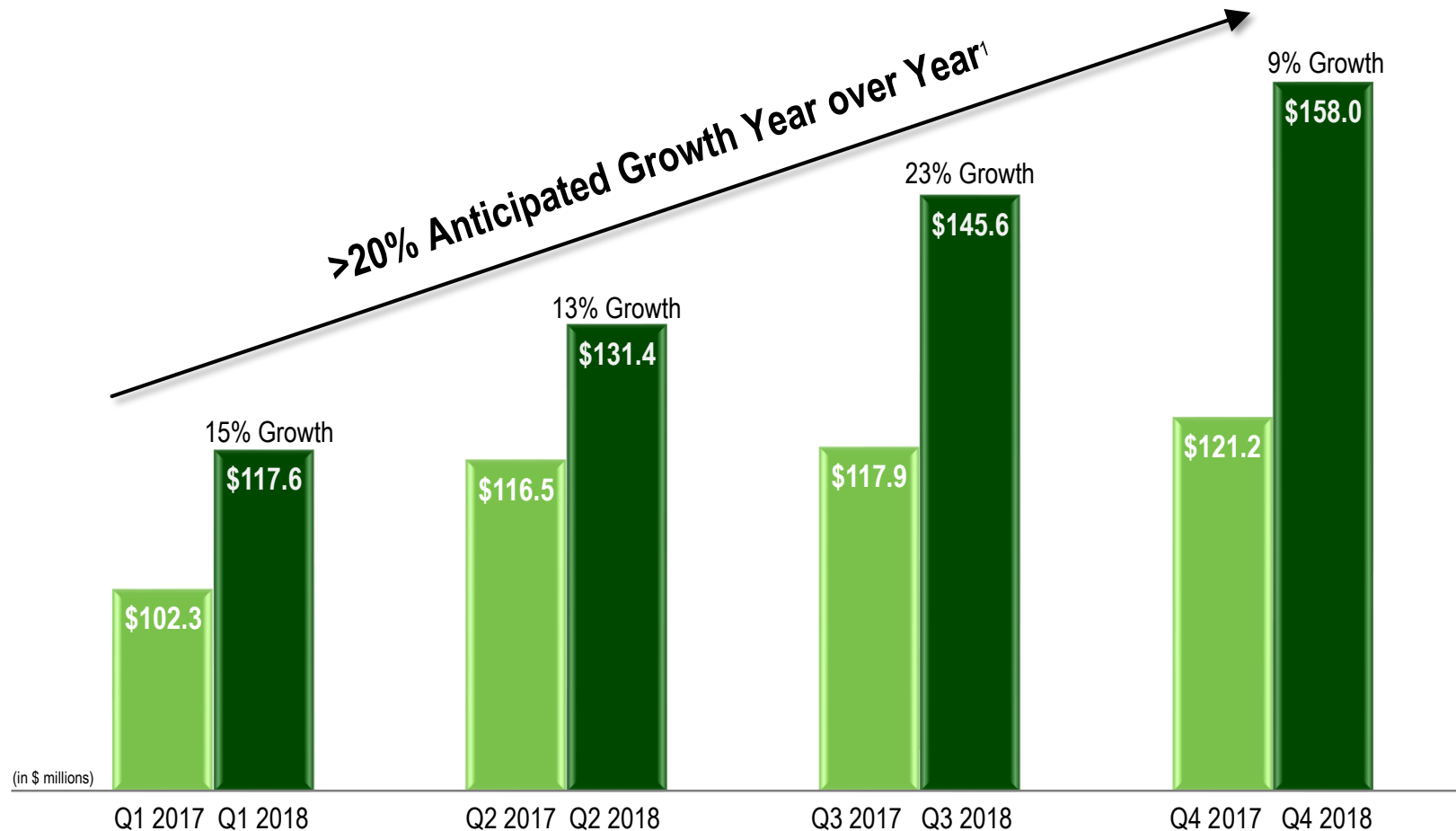
NPS financial results for 2013, 2014 are prepared under IFRS and 2015-2017 are prepared under USGAAP; GES 2013-2017 financial results are prepared under IFRS

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# Industry leading revenue growth



Turbo charged growth when the rest of the industry was contracting and an accelerated trend going forward

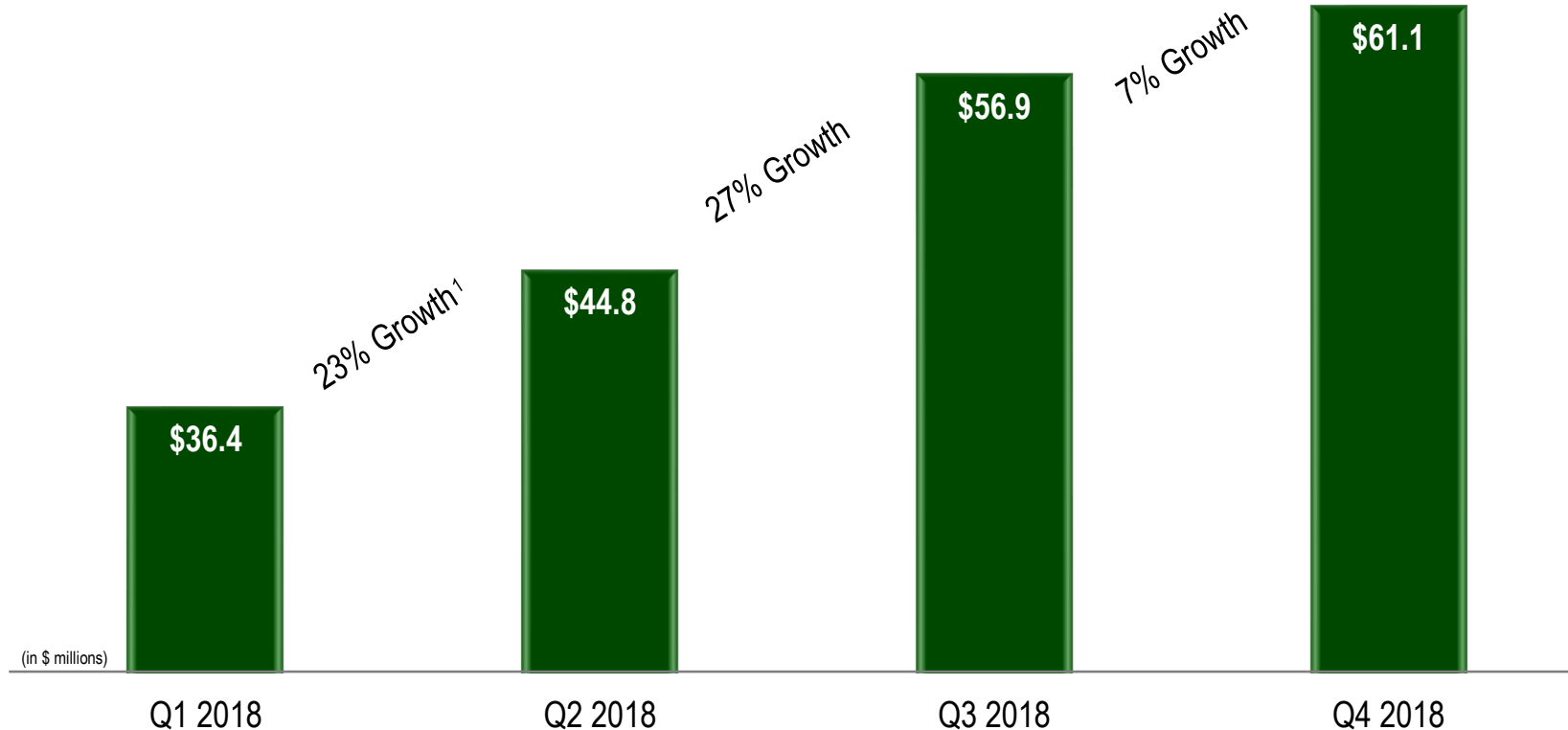


<sup>1</sup> All growth rates on this slide are year-over-year comparisons.

# Drilling & Evaluation integration on track



Drilling and Evaluation revenue grew in excess of 50% over the course of two quarters

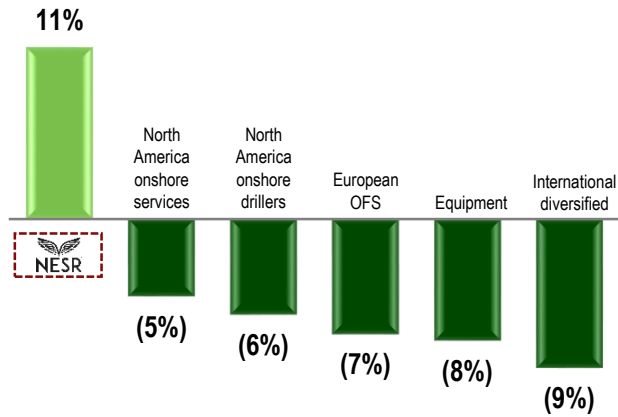


<sup>1</sup> All growth rates on this slide are quarter-over-quarter comparisons.

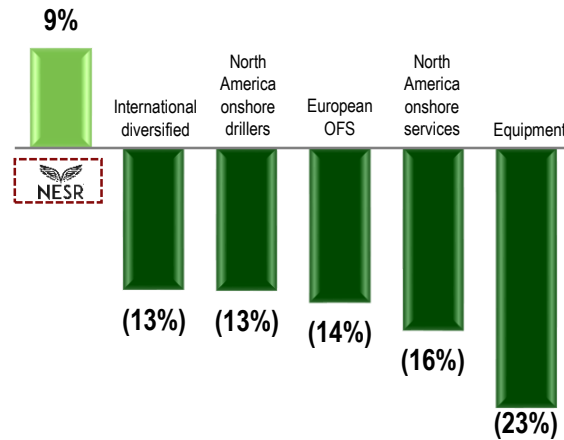
# Strong growth profile and attractive leverage



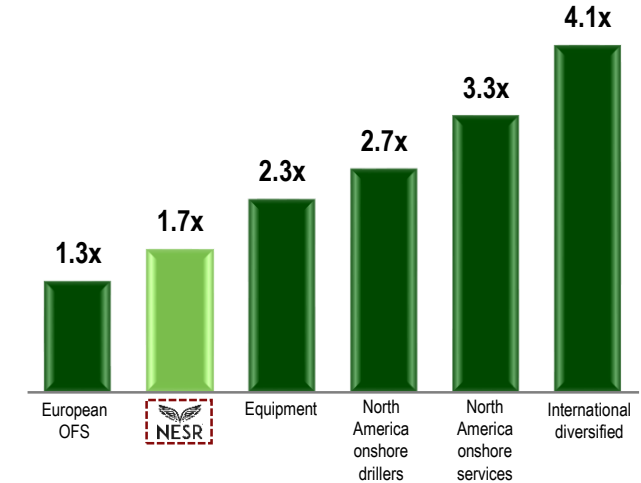
## Revenue CAGR 2013-2018A/E<sup>1</sup>



## EBITDA CAGR 2013-2018A/E<sup>1</sup>



## Leverage (2018A/E)<sup>2</sup>



## Positioning vs. key peers

- ✓ **Growth track record**
- ✓ **Resiliency through downturn**
- ✓ **Better margin profile**
- ✓ **Leverage capacity**
- ✓ **Cash flow generation**
- ✓ **Lower tax rate**

Source: S&P Capital IQ as of February 2019 including NESR estimates

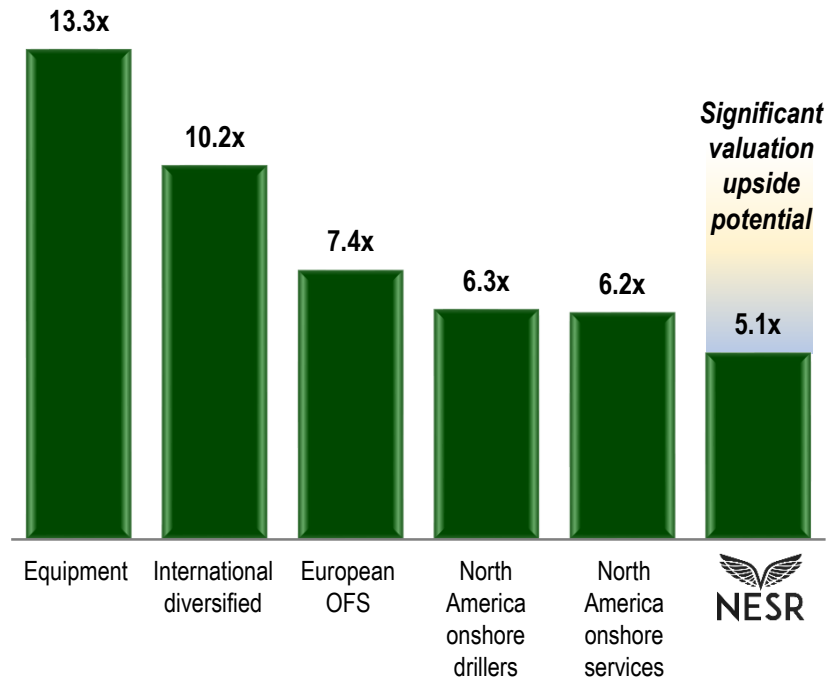
Note: North America onshore services include Basic Energy Services, C&J Energy Services, Key Energy Services, RPC and Superior Energy Services; North America onshore drillers include Patterson, Helmerich & Payne, Nabors Industries and Pioneer Industry Services; Equipment include Cactus, Drill-Quip, TechnipFMC, Forum Energy Technologies, National Oilwell Varco, Oil States International and NCS Multistage; International diversified includes Schlumberger, Halliburton, Baker Hughes and Weatherford; European OFS includes Schoeller-Bleckmann Oilfield Equipment, Hunting plc and Fugro.

<sup>1</sup> Actual figures reported for RES, HP, SLB, HAL, BHGE, and WFT. Sell-side consensus estimates were used for the remaining companies.

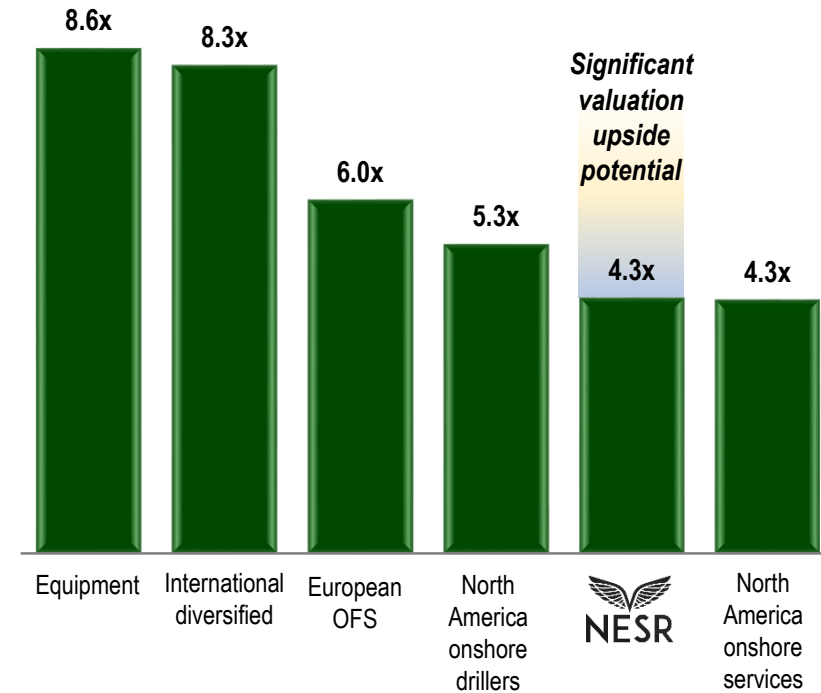
<sup>2</sup> Calculated as last reported net debt / EBITDA 2018 (actual or estimate depending on whether the company has reported fiscal year 2018 earnings).

# Significant upside potential

## TEV/EBITDA 2019E



## TEV/EBITDA 2020E



Source: S&P Capital IQ as of February 2019 including NESR estimates of 2019 and 2020 EBITDA

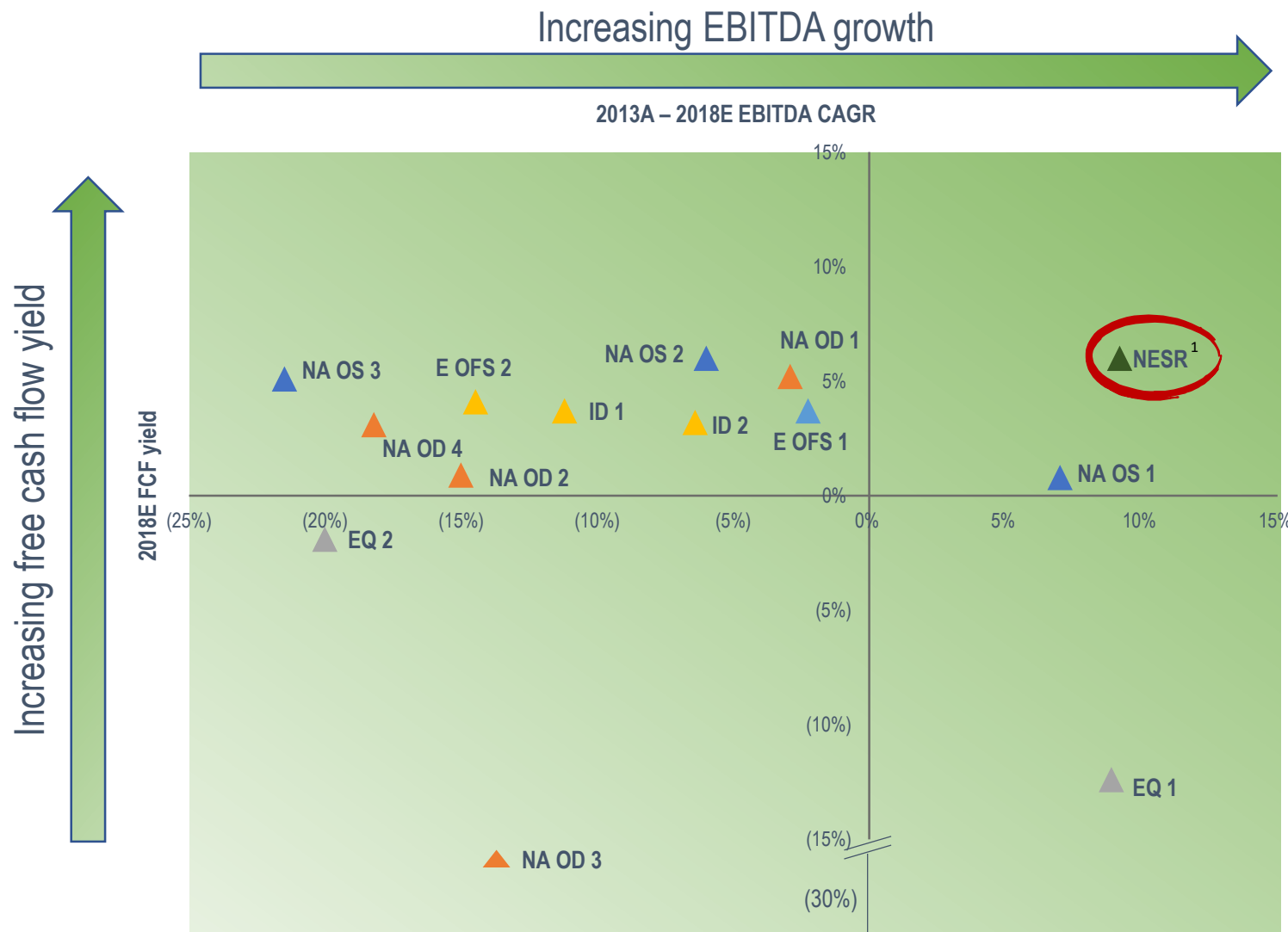
Note: North America onshore services include Basic Energy Services, C&J Energy Services, Key Energy Services, RPC and Superior Energy Services; North America onshore drillers include Patterson, Helmerich & Payne, Nabors Industries and Pioneer Industry Services; Equipment include Cactus, Dril-Quip, TechnipFMC, Forum Energy Technologies, National Oilwell Varco, Oil States International and NCS Multistage (Cactus excluded as no estimates available); International diversified includes Schlumberger, Halliburton, Baker Hughes and Weatherford; European OFS includes Schoeller-Bleckmann Oilfield Equipment, Hunting plc and Fugro.



# NESR out performed over the last cycle



- Analyst consensus estimate of NESR 2017- 2018 revenue growth at ~ 20%  
(Barclays estimate of market growth at 2%)
- Objective for 2018 to repay short term \$50 million loan, which was taken in mid 2018 to fund transaction
- 2017 Operating Cash Flows in excess of \$100 million (\$52 million in FCF)
- Relatively newer equipment pool and consequently high proportion of growth capex



Source: S&P Capital IQ, as of February 2019

<sup>1</sup>NESR - Estimated FCF based on available Analyst estimates – which may differ from actual results

FCF Yield defined as FCF (actual/estimated)/Market Capitalization as of February 2019.

Note: North America onshore services (NA OS) include C&J Energy Services, RPC and Superior Energy Services; North America onshore drillers (NA OD) include Patterson, Helmerich & Payne, Nabors Industries and Pioneer Industry Services; Equipment (EQ) includes TechnipFMC, Oil States International Diversified (ID) includes Schlumberger, Halliburton; European OFS (EOFS) includes Schoeller-Bleckmann Oilfield Equipment, Hunting.

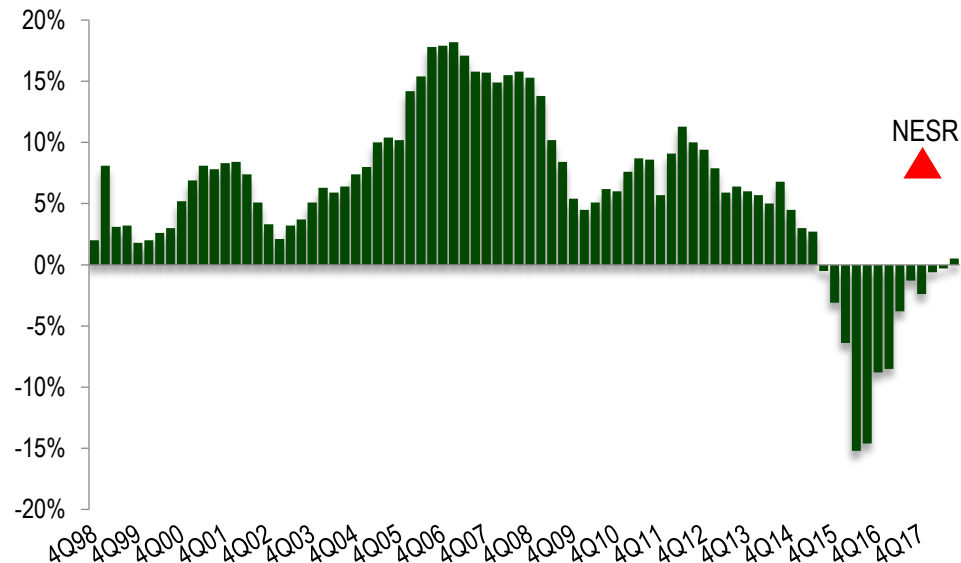
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# Differentiated ROIC over peers



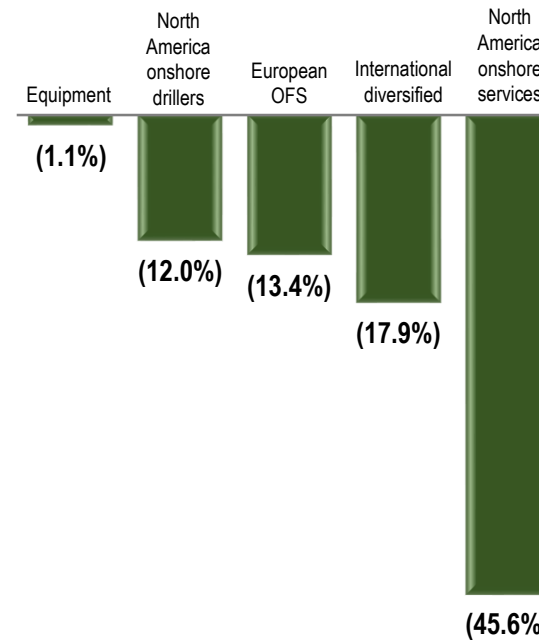
NESR 2017 ROIC<sup>1</sup> of 8.5%<sup>2</sup> - Well in excess of industry averages

## 4-Quarter Trailing ROIC for OFS Sector

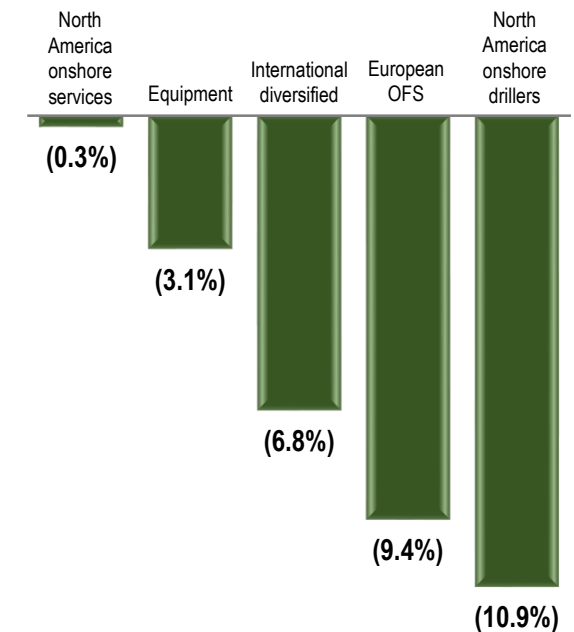


Source: Evercore ISI

## 10-Year ROIC



## 5-Year ROIC



Source: S&P Capital IQ, as of February 2019

Note: North America onshore services include Basic Energy Services, C&J Energy Services, Key Energy Services, RPC and Superior Energy Services; North America onshore drillers include Patterson, Helmerich & Payne, Nabors Industries and Pioneer Industry Services; Equipment include Cactus, Dril-Quip, TechnipFMC, Forum Energy Technologies, National Oilwell Varco, Oil States International and NCS Multistage (Cactus excluded as no estimates available); International diversified includes Schlumberger, Halliburton, Baker Hughes and Weatherford; European OFS includes Schoeller-Bleckmann Oilfield Equipment, Hunting plc and Fugro.

<sup>1</sup> ROIC defined as (Net Income-Dividends)/Invested Capital. NESR ROIC 2017 does not include the \$20 million dividend prior to signing of the NPS purchase agreement. Invested Capital is defined as Invested Capital (IC) = Short-term debt + Long-term debt + Shareholder equity - Cash/equivalents

<sup>2</sup> If Goodwill/Intangibles are excluded from the Invested Capital then NESR's 2017 ROIC was 11.3%

# NESR represents an unparalleled investment opportunity



1

Strong growth profile

2

Experienced mgmt. team and board

3

Attractive returns on invested capital



5

Attractive EBITDA margins

4

Strong free cash flow profile

**Diversified Business Model**

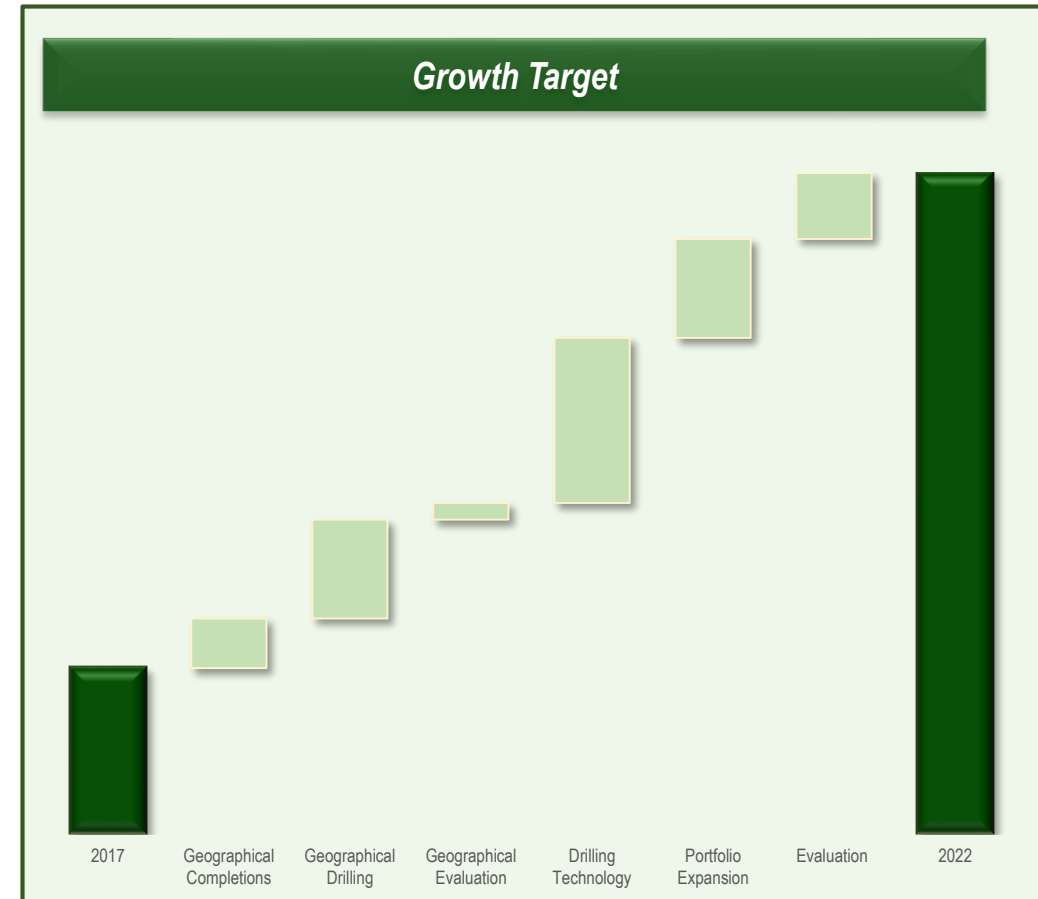
**Leading Market Share**

**100% MENA-Focused**

# Executing on our Strategic Vision



- Customer focused
- National champion
- Flawless execution
- Open source platform for technologies
- Regional value-enhancing acquisitions
- People focused to attract the best talent



Source: Based solely on NESR estimates. These figures may differ significantly from actual results. There are no guarantees that the company will be able to successfully implement this strategy.

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# Solving Customers Challenges





# Appendix



# Adjusted EBITDA and Free Cash Flow

(Non-GAAP reconciliation)



## Adjusted EBITDA

NPS (\$million)	2013	2014	2015	2016	2017
Revenue	180	199	204	224	271
Net income (loss)	25	32	5	8	28
Depreciation and amortization	19	23	52	52	38
Finance Cost	10	9	4	6	7
Goodwill Impairment	-	-	-	-	-
Impairment	-	-	-	3	-
Tax	5	3	2	3	5
<b>Adjusted EBITDA</b>	<b>59</b>	<b>67</b>	<b>64</b>	<b>72</b>	<b>78</b>

GES (\$million)	2013	2014	2015	2016	2017
Revenue	148	170	211	207	187
Net income (loss)	24	19	31	32	36
Depreciation	15	21	25	27	23
Finance Cost	3	4	4	4	4
Interest income	-	(4)	(1)	(1)	(2)
Impairment	-	-	-	2	-
Tax	3	4	5	6	7
<b>Adjusted EBITDA</b>	<b>45</b>	<b>44</b>	<b>65</b>	<b>69</b>	<b>69</b>

## 2017 Free Cash Flow

Reconciliation	2017 NPS	2017 GES	2017 Combined
Net income (loss)	28	36	64
Depreciation and amortization	38	23	61
Working Capital Change	(3)	19	16
<b>Operating Cash Flow</b>	<b>69</b>	<b>41</b>	<b>110</b>
Capital Expenditures	49	9	58
<b>Free Cash Flow</b>	<b>20</b>	<b>32</b>	<b>52</b>

NPS financial results for 2013,2014 are prepared under IFRS and 2015-2017 are prepared under USGAAP; GES 2013-2017 financial results are prepared under IFRS  
EBITDA is adjusted for impairment which is not recognized as part of EBITDA under US GAAP

# 2018 Adjusted EBITDA (Non-GAAP reconciliation)



NESR (\$million)	2018
Revenue	552.5
Net income (loss)	39.5
Depreciation and amortization	69.5
Finance Cost	19.5
Goodwill Impairment	-
Impairment	-
Tax	13.1
Transaction & Integration Costs	26.2
Earn-out Adjustment	(6.1)
Adjusted EBITDA	161.7

Source: Company financial information as published in fourth quarter earnings release.