



# National Energy Services Reunited Corp.

## The National Champion of MENA

J.P. Morgan 2020 Virtual Energy, Power & Renewables Conference - June 16, 2020



**Sherif Foda**  
Chairman and Chief Executive Officer



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# NESR – Paradigm Shift for the Region





# NESR – Largest Indigenous OFS in the Region



- Head office in Houston and regional offices across MENA and Asia Pacific
- Operations Bases: 15 Countries
- 5,000+ Employees
- 20 Product Lines
- Clients Portfolio: 30+ Customers (Major IOCs | NOCs | Independents)
- Major Operations: KSA | Oman | Iraq | Algeria | UAE | Egypt | Kuwait | Qatar
- Top Tier service provider in the region





## Maintained 100% operational capacity and customer first approach while ensuring personnel wellbeing

- Crisis Management Team (CMT) formed early in the cycle along with country Emergency Response Teams (ERT)
- Coordination with Customers and Local authorities
- Personnel wellbeing, logistics, material and inventory levels, managing evolving customer processes, financial planning and communication all part of the planning process
- Specific HR actions to pay employees in advance and manage their over-stay
- COVID-19 Guidelines & Instructions for Proactive Health Risk Management – New way of working in offices and field locations, revised standard operating procedures to adapt to the new reality
- **NESR readiness allowed for market share gains**

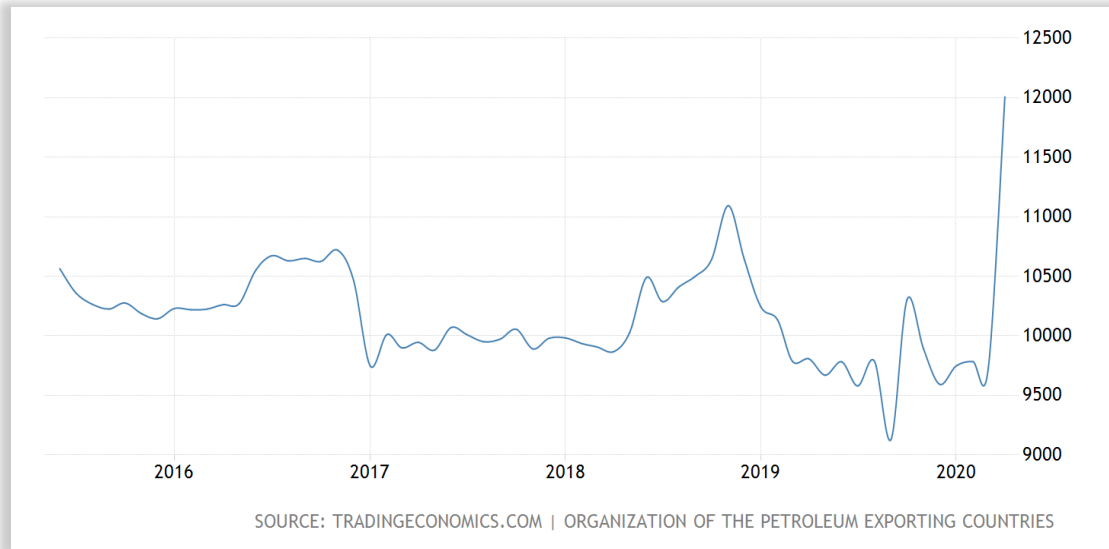




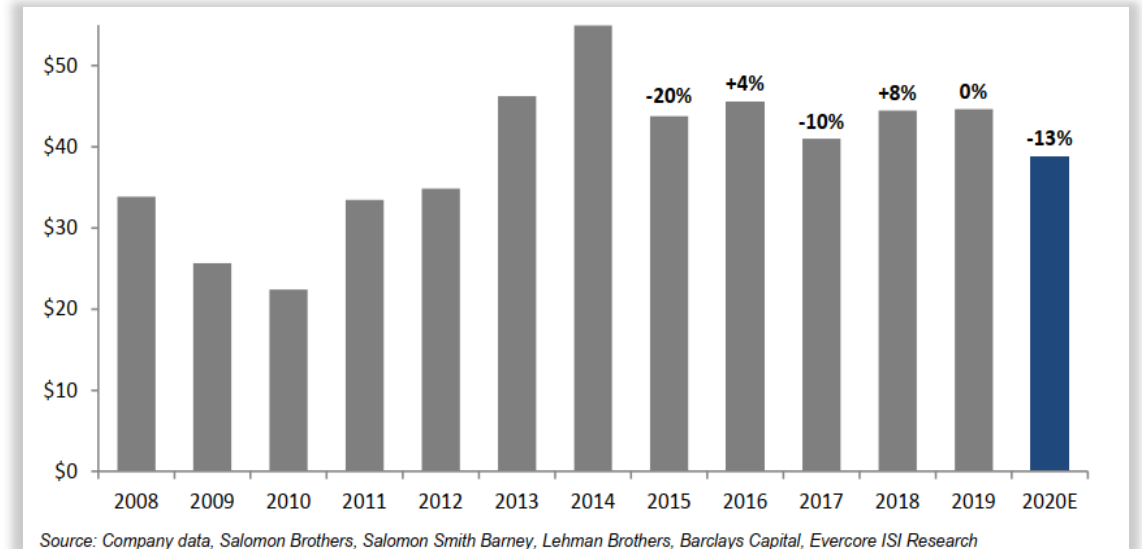
# Middle East – The Strongest Activity Region



The region has the capacity and ability



ME Region - From potentially 8% expected growth to -13%

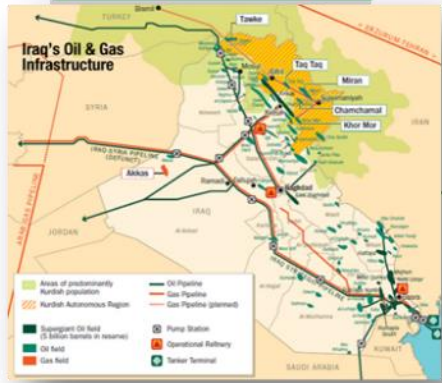


As of now in terms of effect on reducing budgets - Downstream, Drilling and then Production in order of decreasing magnitude



# The Big Story for Each Country

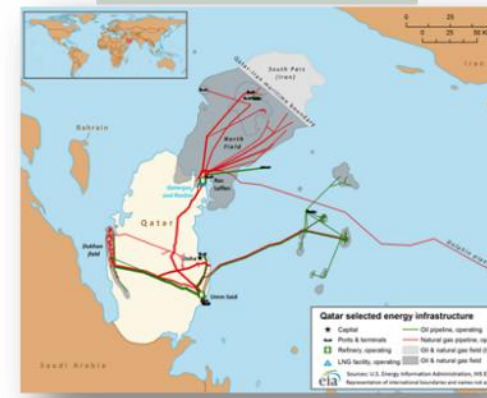
## Iraq



## Kuwait



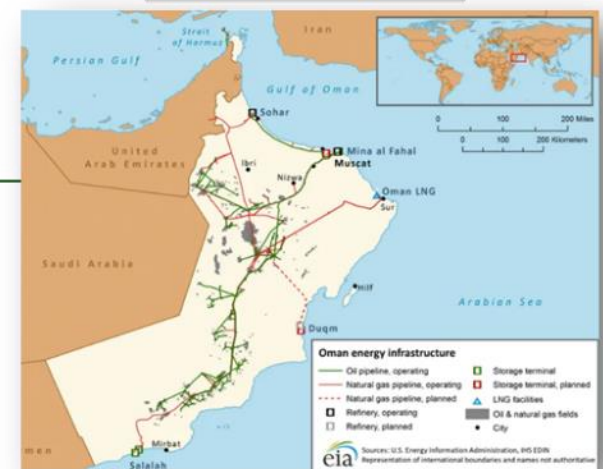
## Qatar



## UAE



## Oman



## Bahrain



## Saudi Arabia

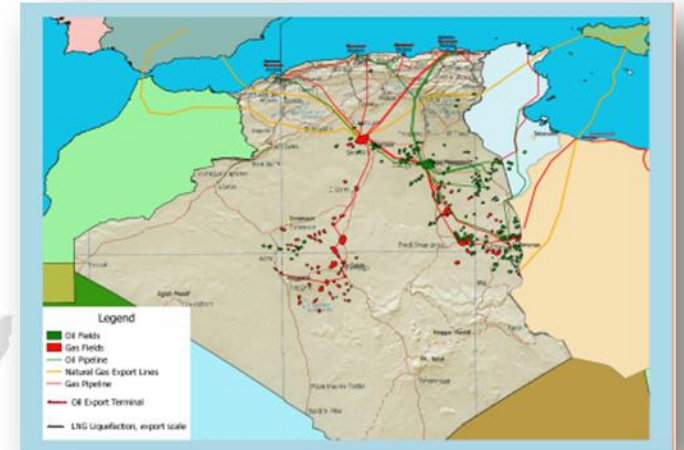




## Libya



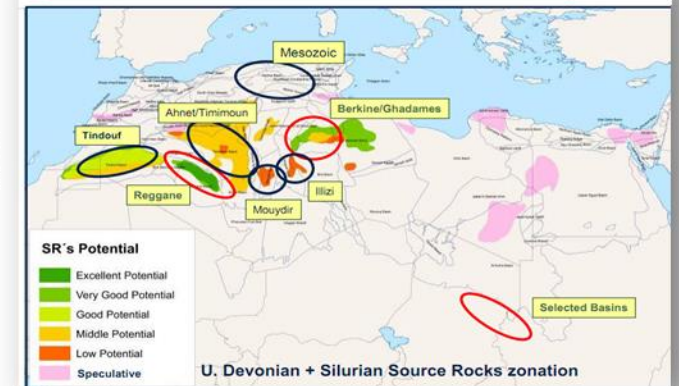
## Algeria



## Egypt



## Algeria Shale Gas Potential





# Unconventionals – A First for a Local Company



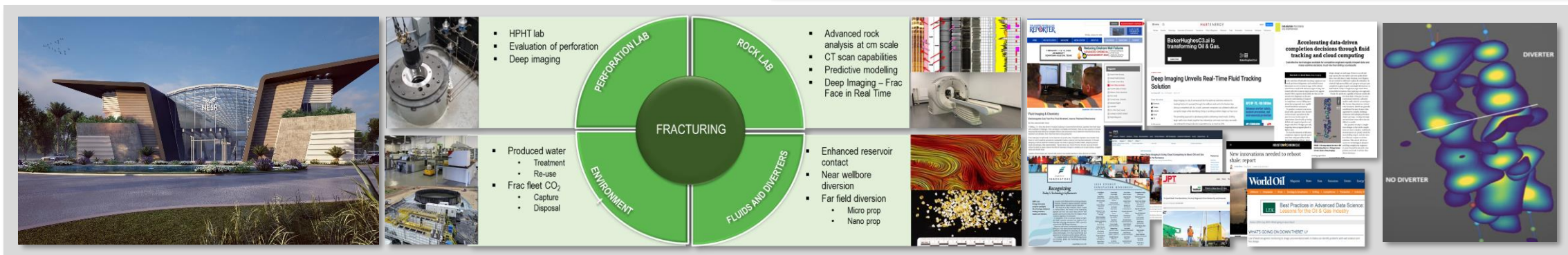
- Proposal to execution < 1yr
- Project management and 24-hour operations
  - Sites & Camp (Pre-Frac, During Frac and in Flowback phase), Frac, Testing, SMS and Flowback, WL, Plugs, Coil, Slickline, Milling, Proppant, Chemicals, Water, Wellheads, Explosives, etc.
- Innovative Asset Light model
- Open Source Platform approach/ strategic partnerships
- In-country capabilities
- US onshore level of
  - Technology
  - Service Quality
  - Efficiency
- Accretive from the start





# ...and then to Conventionals

- Been done in the region for over two decades; primarily Acid Fracs
- Asset light model and leverage existing strategic partnerships
- 100% manned by NESR Nationals
- Smaller HHP fleet compared to Unconventionals, different operating methodology (more data, less stages per well, single wells only)
- Strategic investments in technology & capabilities





# SAPESCO Acquisition



- Oldest oilfield service company in the region
- Transaction effective from June 1, 2020
- Egypt ~ 1 B\$ OFS Market, NESR does not exist in Egypt
- Addition of Industrial Cleaning (pipeline maintenance) product line which can be expanded to other NESR markets
- Non-overlapping product lines in existing NESR markets outside of Egypt
- Accretive – upfront valuation at more than 20% discount to NESR's existing valuation
- In line with NESR precedence of issuing equity at not less than USD10 per ordinary share
- Significant back office synergies and ERP capabilities



**SAPESCO, Providing High-Quality Services at the Pre-Commissioning of Atoll, Zohr, and New Power Stations**



Less than two weeks after the start of the pre-commissioning activities, the Atoll, Zohr and New Power Stations have been successfully commissioned. The company's success in the pre-commissioning of the Atoll, Zohr and New Power Stations is a testament to the company's commitment to providing high-quality services to its clients. The company's success in the pre-commissioning of the Atoll, Zohr and New Power Stations is a testament to the company's commitment to providing high-quality services to its clients.





# ESG & ICV at NESR





# Employee Engagement and Corporate Giving

- 14 Community Involvement Teams (CIT) in the major countries
- Target approximately 5000 hours a year for community volunteering across the Company
- Donated to the Health Endowment Fund of the Saudi Arabian Ministry of Health to help fight the spread of COVID-19 and support healthcare workers
- Supported the initiative of the Supreme Committee in Oman by matching the donations of our employees to the Omani Ministry of Health's COVID-19 efforts





# Diversity and Inclusion

- Gender Diversity Targets
- WIN (Women In NESR) Initiative
- More than 60 nationalities
- Localization/Nationalization Targets and Initiatives
- Engagement on D&I with communities, clients and partners



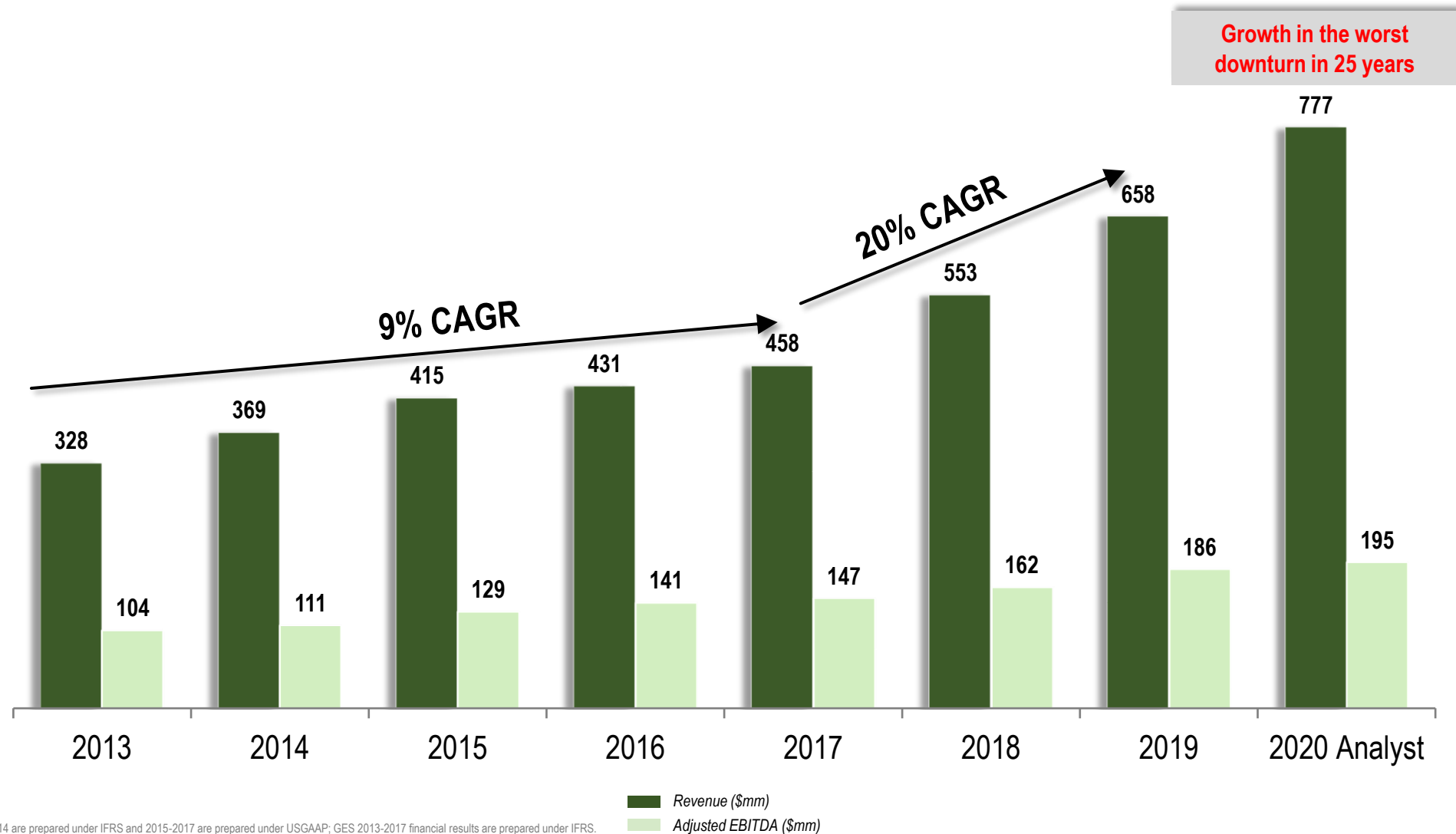


# NESR - The Undervalued Growth Story





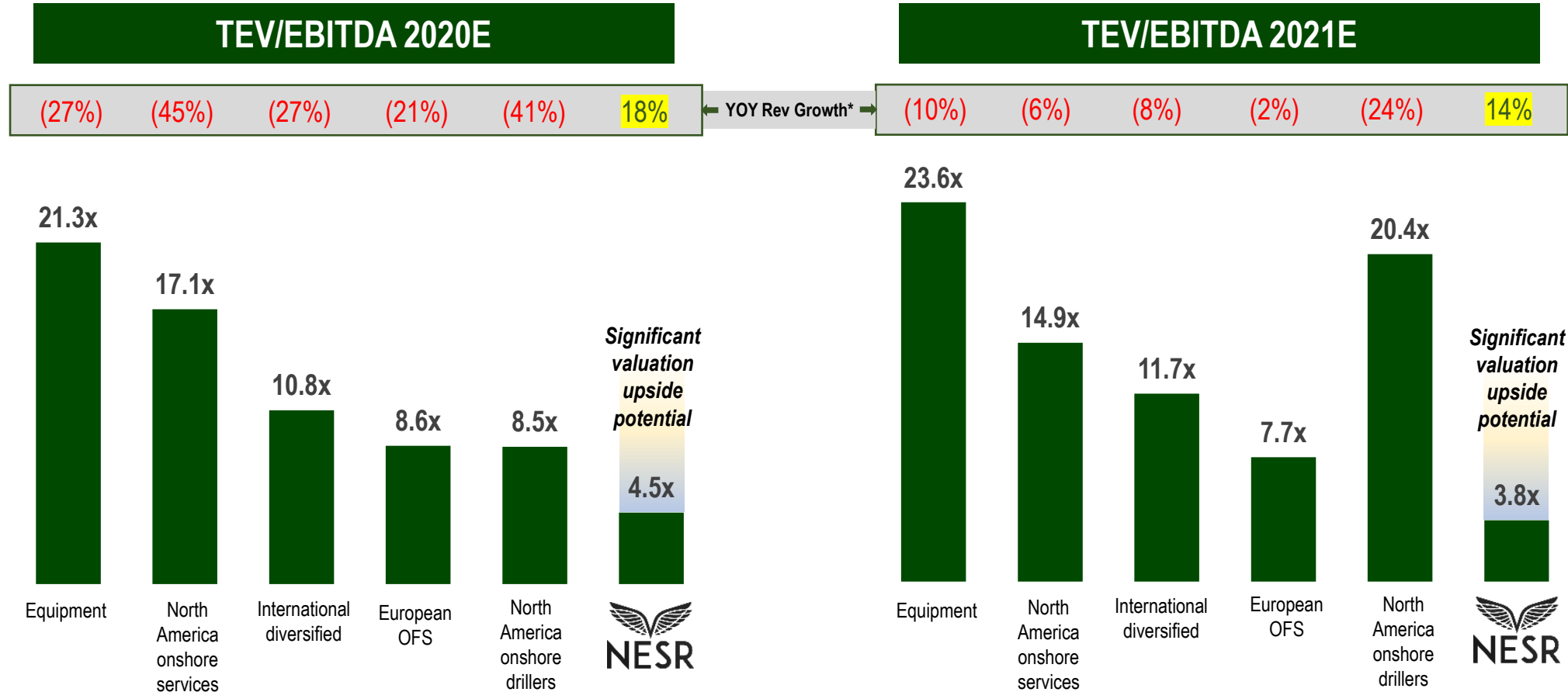
# Exceptional and Unmatched Growth



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. 2019 from Company financial information as published in fourth quarter earnings release. 2020 E from Sell-side estimates from NESR's current coverage list (BTIG, Evercore ISI, J.P. Morgan, National Bank Financial, Wolfe and Peters & Co.). EBITDA is adjusted for impairment which is not recognized as part of EBITDA under US GAAP.



# and Significant Upside Potential



Source: Bloomberg Estimates as of June 14, 2020 including NESR estimates of 2020 and 2021 EBITDA

Note: North America onshore services includes NexTier Oilfield Solutions, ProPetro Holding Corp., Liberty Oilfield Services, and Superior Energy Services; North America onshore drillers includes Patterson, Helmerich & Payne, and Nabors Industries; Equipment includes Cactus, Drill-Quip, TechnipFMC, National Oilwell Varco, and Oil States International; International diversified includes Schlumberger, Halliburton, and Baker Hughes; European OFS includes Schoeller-Bleckmann Oilfield Equipment, Hunting plc and Fugro.

\*2019 Actual Revenue, and Projected 2020 and 2021 Revenue – Bloomberg Estimates as of June 14, 2020





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## The first Nasdaq listed company from MENA

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# 2020 Adjusted EBITDA by Quarter

(Non-GAAP reconciliation)



NESR (\$million)	Q1 2020
Revenue	199.3
Net income (loss)	11.4
Depreciation and amortization	30.8
Finance Cost	4.5
Tax	2.5
Transaction, Integration & Start-Up Costs	1.7
Other Provisions	-
Adjusted EBITDA	50.9

Source: Company financial information as published in 2020 first quarter earnings releases.



# 2018/2019 Adjusted EBITDA

(Non-GAAP reconciliation)



NESR (\$million)	2019	2018 <sup>(1)</sup>
<b>Revenue</b>	<b>658.4</b>	<b>552.5</b>
<b>Net income (loss)</b>	<b>39.4</b>	<b>39.5</b>
Depreciation and amortization	93.8	69.5
Finance cost	19.0	19.5
Tax	13.1	13.1
Charges & credits	20.7	20.1
<b>Adjusted EBITDA</b>	<b>186.0</b>	<b>161.7</b>

<sup>(1)</sup> Successor and Predecessor Combined, January 1, 2018 to December 31, 2018; as presented in February 25, 2019 Press Release.



# Historical Adjusted EBITDA

(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
Adjusted EBITDA	59	67	64	72	78

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
Adjusted EBITDA	45	44	65	69	69

NPS financial results for 2013, 2014 are prepared under IFRS, and 2015-2017 are prepared under US GAAP; 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.