



HIGH ARCTIC
ENERGY SERVICES



Corporate Presentation

August 9th 2019

TSX : HWO



CORPORATE SNAPSHOT



■ Cyrus Capital 44%
 ■ Insiders 4%
 ■ Public 52%

Shares Outstanding (Aug 09, 2019): **49.8 million**

Share Price (Aug 09, 2019): **\$2.96**

Market Cap (Aug 09, 2019): **\$147.4 million**

Cash Balances (June 30, 2019): **\$14.7 million**

Working Capital (June 30, 2019): **\$37.5 million**

Adjusted EBITDA (Three Months June 30, 2019): **\$4.0 million**

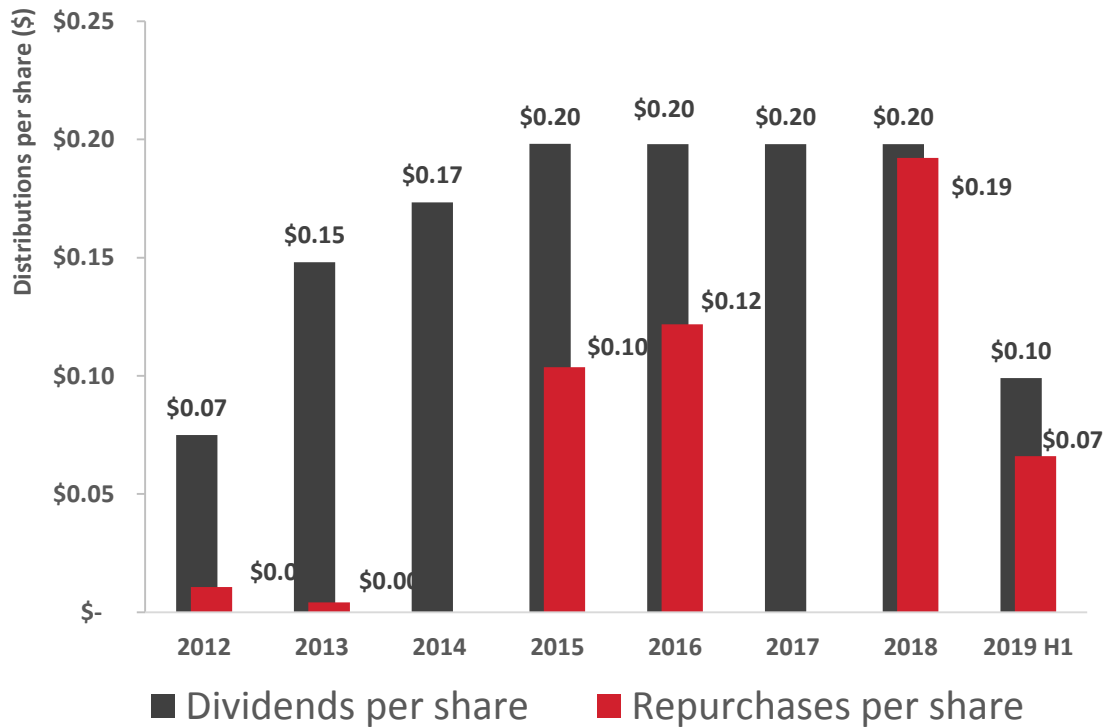
Annual Dividend: **\$0.198**

Dividend Yield (Aug 09, 2019): **6.7%**



TRACK RECORD OF Shareholder Returns

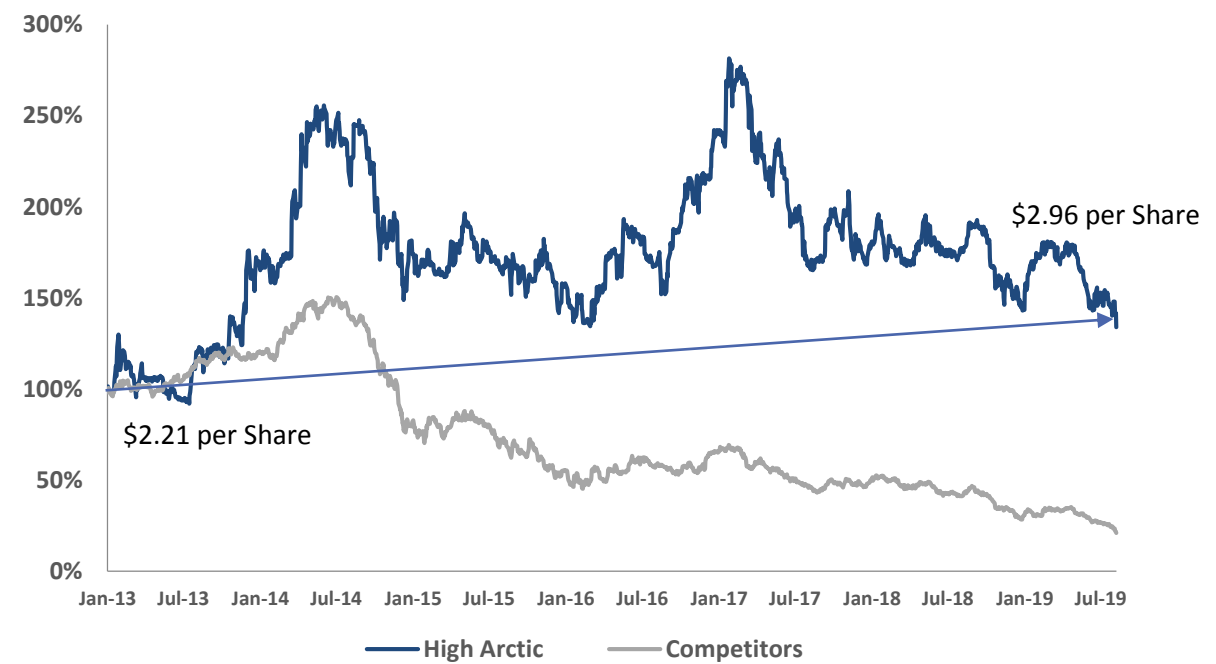
DISTRIBUTIONS TO SHAREHOLDERS (per share)



Sources: Company Reports

- \$1.79 per share of Shareholder Distributions over the past 7.5 years
- \$0.75 per Share of Working Capital

INDEXED SHARE PRICE PERFORMANCE



Comps include ESI, PD, TOT, WRG, AKT.A, CWC

- High Arctic's share price has increased 34% since January 2013 and maintained disciplined distributions, without sacrificing capital to execute on growth opportunities
- High Arctic has delivered industry leading returns to shareholders-
- Competitors' share prices have decreased 79% since January 2013

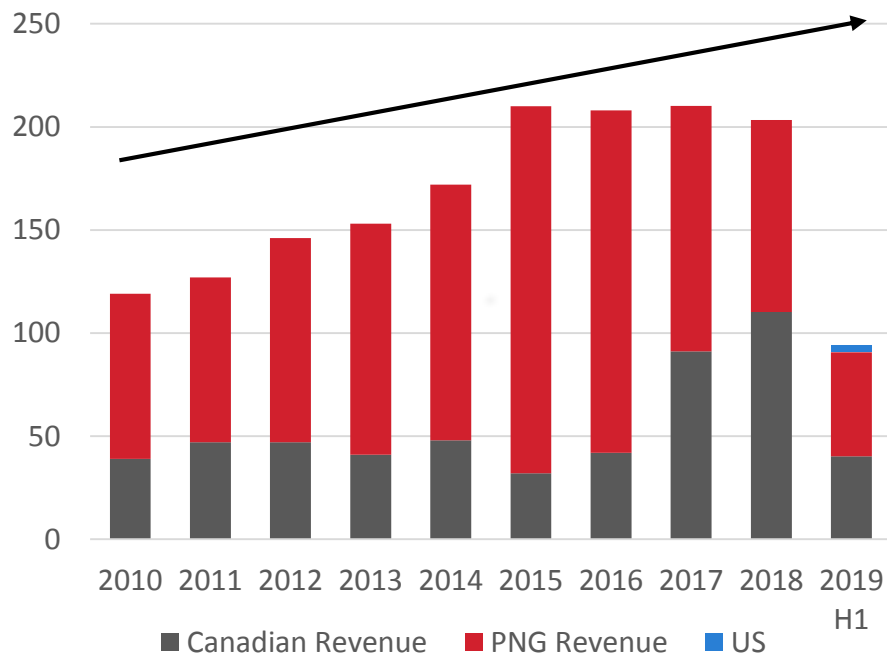
TIER 1 STRATEGY: DEFENSIBLE NICHES, BETTER MARGIN, SAFETY & PERFORMANCE

TIER 1 RESULTS LEADS TO PERFORMANCE IN TRACK RECORD OF:

Track Record of Profitable Growth

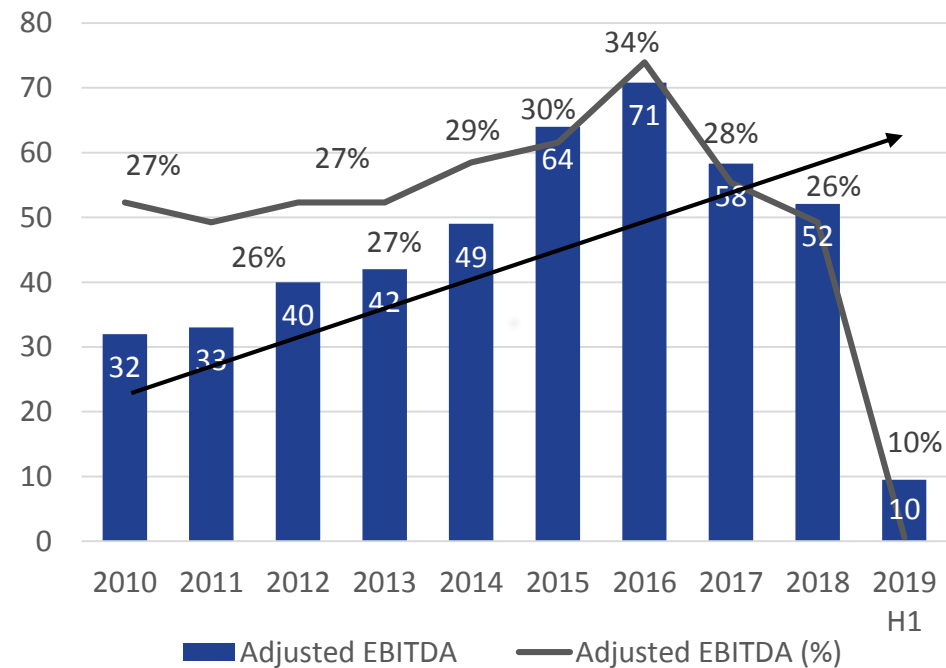
REVENUE

(as at Jun 30, 2019)



ADJUSTED EBITDA

(as at Jun 30, 2019)



Why High Arctic

- ❑ Specialty niche operations with significant barriers to entry
- ❑ Ten year history of profitable operations with superior returns on equity
- ❑ Very strong balance sheet with access to in excess of \$80 million in liquidity, which includes non-cash Working Capital
- ❑ Continued growth in Canada and recent expansion into the US
- ❑ Seven years of consistent growing dividends with low payout ratio <30%



Business Overview

High Arctic Energy Services is a tier one drilling and service rig provider to the leading exploration and production companies in Papua New Guinea (PNG), Canada and the United States

2019 Q2 Revenue

PNG \$27.4 m
Canada \$17.3 m
US \$1.9 m



LNG

PNG



- Dominant market position for contract drilling, well completion and rental services in PNG
- Provides services in PNG to super majors and regional energy companies under long-term contracts
- PNG's enviable position as a low cost provider of LNG to Asia reduces exposure to lower world energy prices.

Oil+Liquids

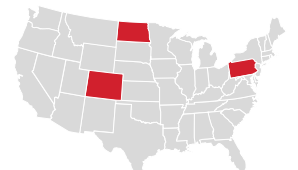
Canada



- Owns and operates Canada's largest fleet of stand alone snubbing units-*original niche market*
- Acquired a tier 1 service rig platform in Q3 2016 that works for large Canadian E&P's and international supermajors
- Solid platform established for growth across completion & production services landscape

Oil+Liquids

US



- In August 2018, High Arctic acquired PowerStroke Well Control, through which will roll out US expansion plan in North Dakota, Colorado and Pennsylvania
- In April 2019, High Arctic acquired Precision Drilling's snubbing division, which further strengthens High Arctic's leading position in the snubbing market in Canada and complements PowerStroke's expansion effort in the US

Canadian Operations

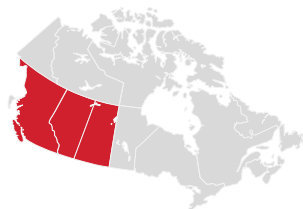
Quality Equipment

	Total	Marketed
Service Rigs	85	59
Snubbing	27	20
Nitrogen Pumpers	12	7
Nitrogen Bulkers	5	3
Rental Equipment	1,050	1,050

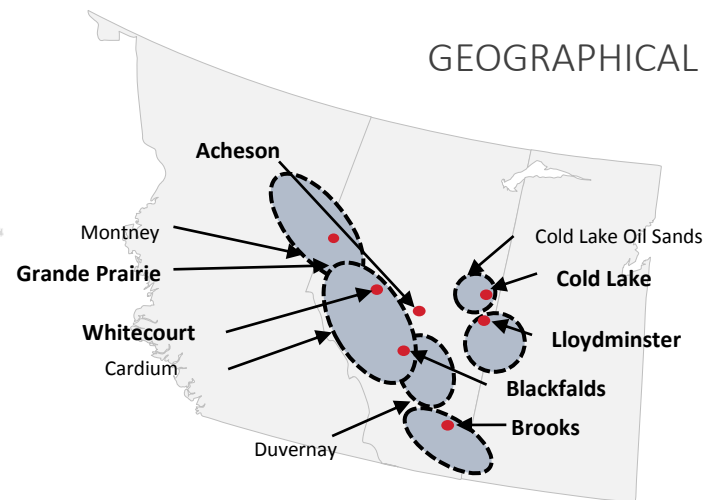
Geographical Footprint

- Facilities strategically located to cover major basins in WCSB
- Exposure to heavy oil, light oil and natural gas basins

Oil+Liquids



GEOGRAPHICAL FOOTPRINT



OUR CUSTOMERS



Shell



REPSOL

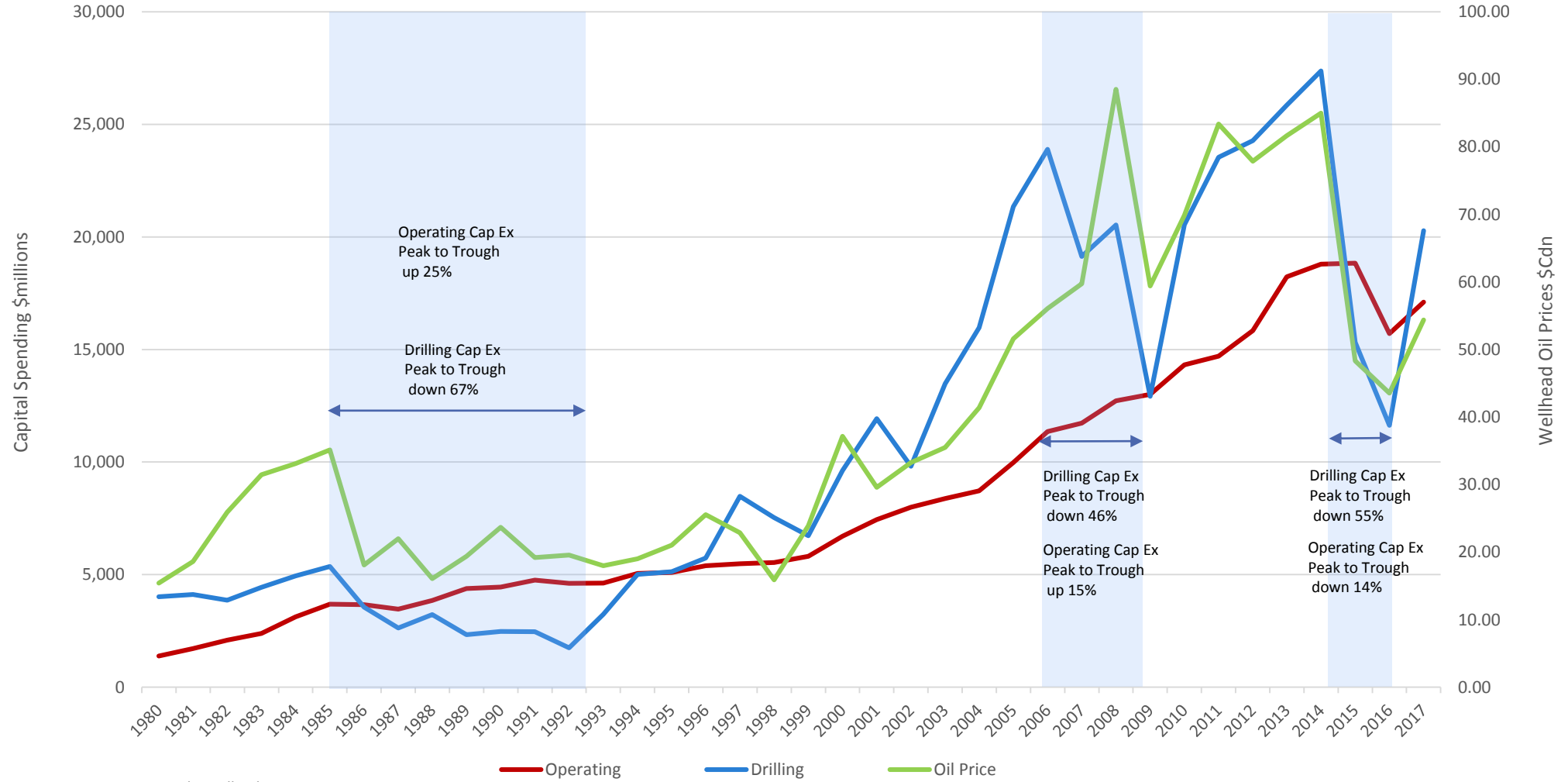


Imperial Oil



84% of Canada Revenue derived from Contracted Arrangements
95% Well Servicing Related to Oil Production

Canadian Industry Capital Expenditures

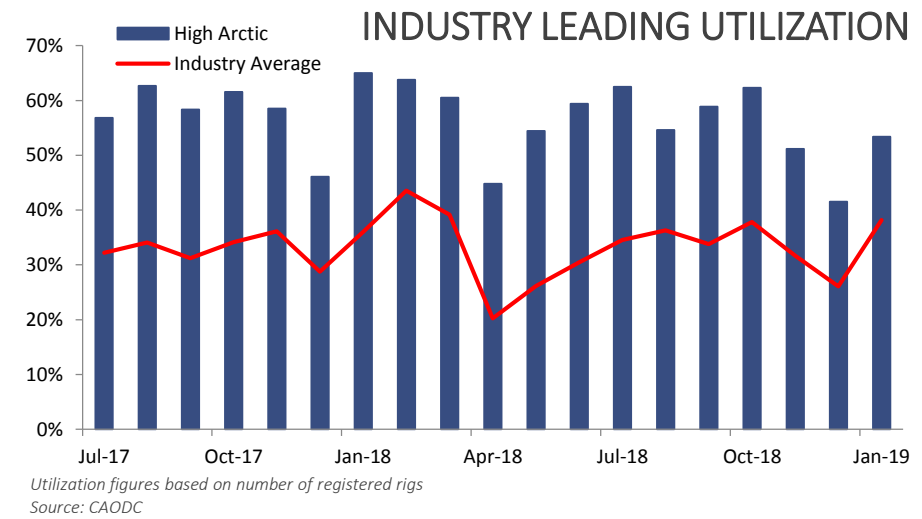
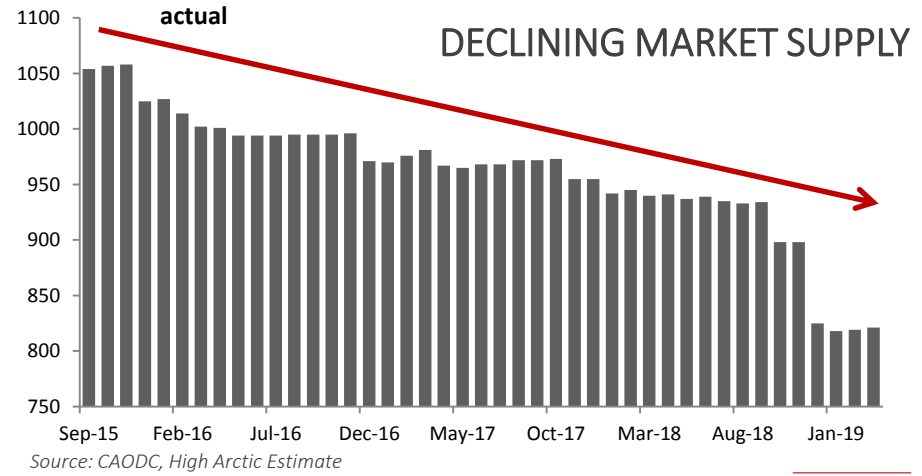


Sources: CAPP Statistical Handbook



Concord Well Servicing

- High quality asset base, defensive barrier to entry, superior utilization and top tier safety and performance
- Operates one of the largest fleets of service rigs in WCSB
- Solid client base that includes international supermajors top tier Canadian E&P companies
- Operate 6% of rigs available and over 10% of total industry hours
- Pricing and market fundamentals improving as market supply compresses with labor shortages



Papua New Guinea



LNG

- Overview – One of the world’s great emerging markets
 - Part of the British Commonwealth with a parliamentary government

- Oil and Gas Activities – Long History, with New Growth
 - After early years of “Turner Valley-type” exploration, PNG found it’s Leduc
 - World class wells
 - Drilling for decades and High Arctic is the first mover
 - Remote jungle locations requires specialized logistics skills and experience

- Macro Drivers for Growth
 - Low cost source of LNG to Asian markets
 - Recent OSL/Exxon discovery at Muruk opens new development area
 - Exxon carrying out large seismic program to support a long term exploration program
 - ExxonMobil, Total and partners announced expansion with three new LNG trains to develop Elk-Antelope and the P’nyang fields.

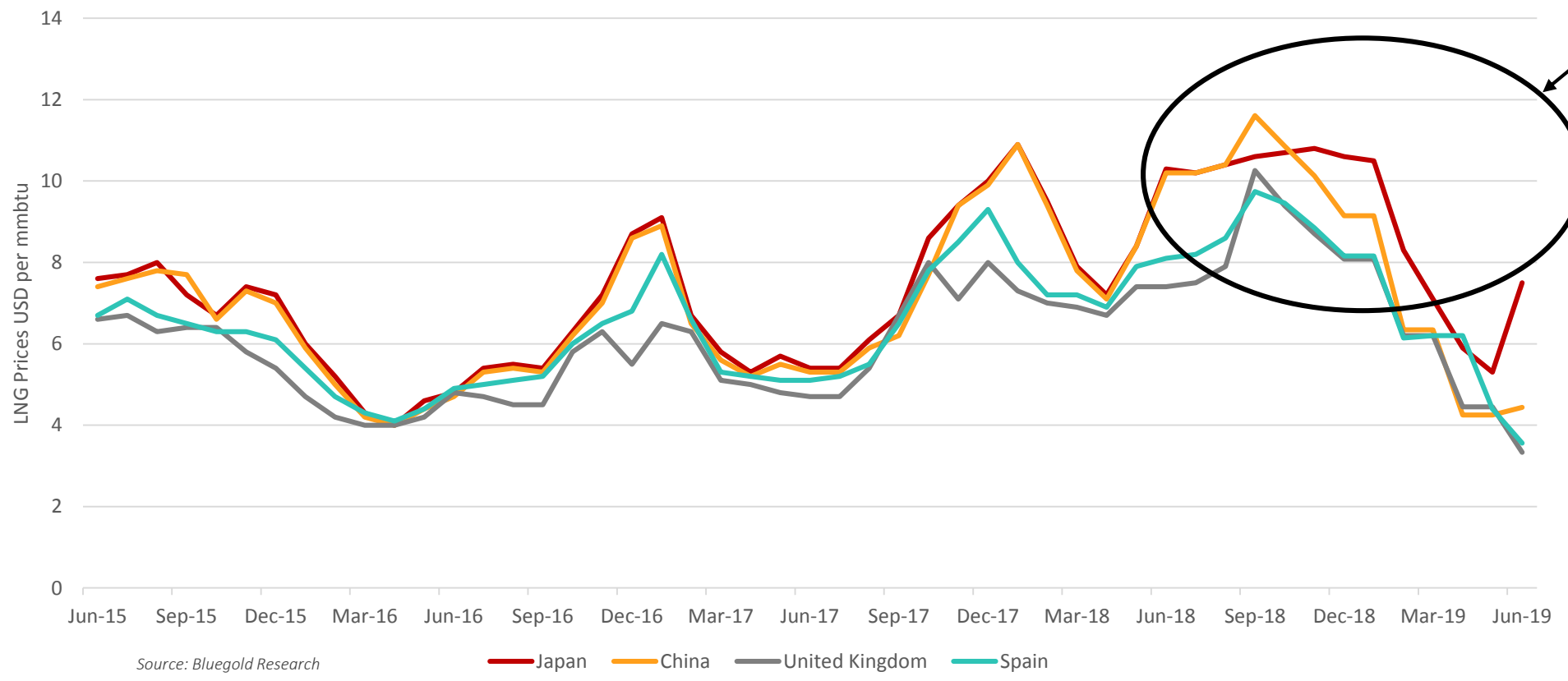


LNG Development

THE LONG TERM PNG ADVANTAGE



Japan and China LNG Price have increased ~70% in the past 12 months



Proximity to growing Asian market's provides incentive to develop LNG projects despite industry downturn

PNG Outlook & Development: Building a Country

□ PNG LNG:

- Exxon is the operator
- Total forecast production includes 9.0 tcf of natural gas and 200+ million bbls of associated liquids over 30 years
- Exploration to support expansion

□ OSL:

- Targeting 4 to 6 exploration wells/yr
- Ongoing / planned drilling programs in Elk-Antelope, Muruk and P'nyang
- Muruk gas discovery – confirmation of very good quality reservoir leading to potential appraisal program in 2018.
- Focusing investment in PNG to support 10 year growth platform

□ Elk-Antelope:

- Ownership: TOTAL, Exxon and OSL
- Proven certification of 5.2tcf
- Development wells required to feed existing LNG facility and Papua LNG.
- FID expected by end of 2018 / early 2019 on Papua LNG plant.

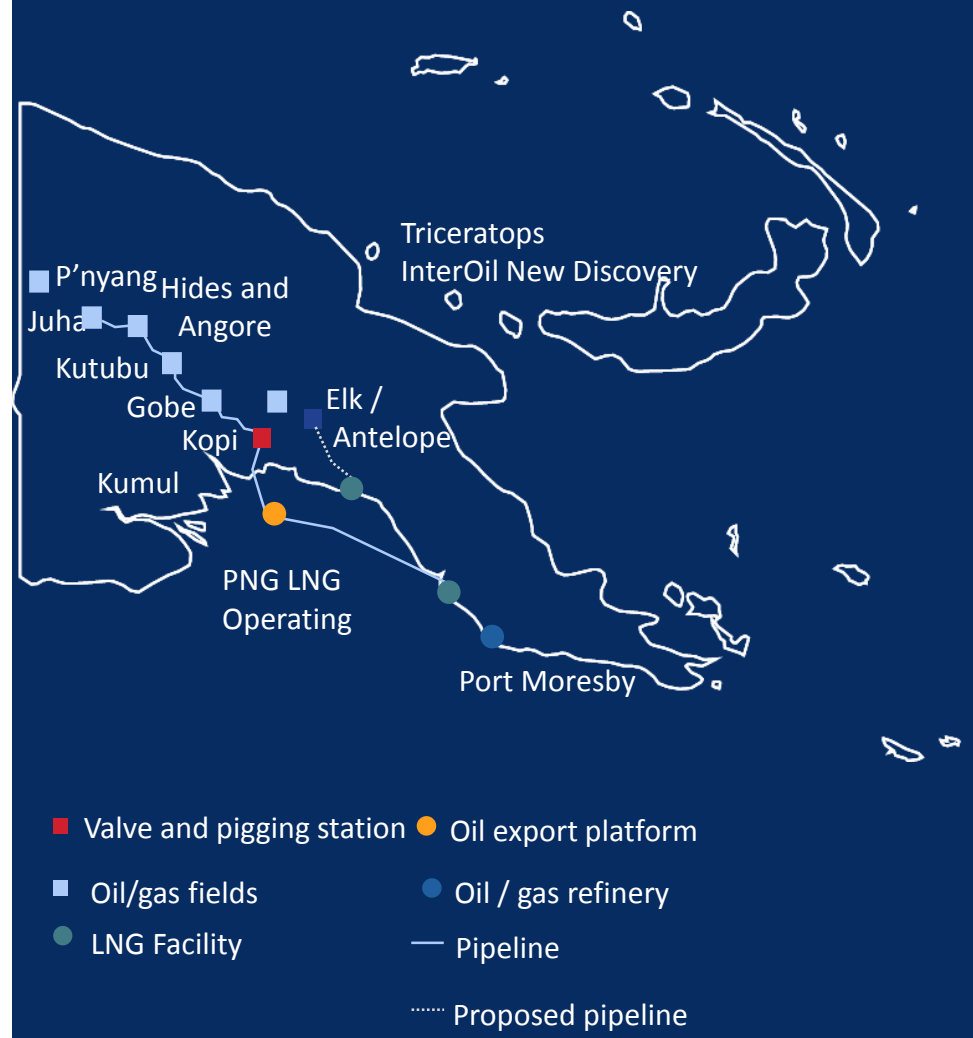
□ Exxon:

- Completed acquisition of InterOil
- Significant unexplored acreage
- Discussed expanding LNG capacity in PNG
- Recently announced new natural gas discovery in PNG North Highlands

Customer Base



NATURAL GAS + OIL PRODUCTION



LNG



PNG Equipment Rentals

□ Matting

- Inventory exceeding 10,000 rental mats in PNG
- High Arctic has PNG distributor rights
- Possible expansion into other countries with similar challenging environments

□ Camp Services

- Owns and manages two 103 man Heli-portable man camps
- Operates and manages two 93 man Heli- portable drilling rig camps

□ Other Rental Equipment

- Cranes (ranging from 30 ton to 160 ton)
- Rig moving trucks and other rolling stock
- Forklifts
- River pumps



US Operations

- Acquired PowerStroke Well Control Ltd. enabling expansion into the US
- High Arctic now operates the largest snubbing fleet in Canada with 33 high-spec snubbing units, of which 8 will be marketed in US
- Begun deploying Well Service Rigs with 2 currently active 3 additional rigs to follow
- Established fully operational facilities in Williston, ND and Greeley, CO

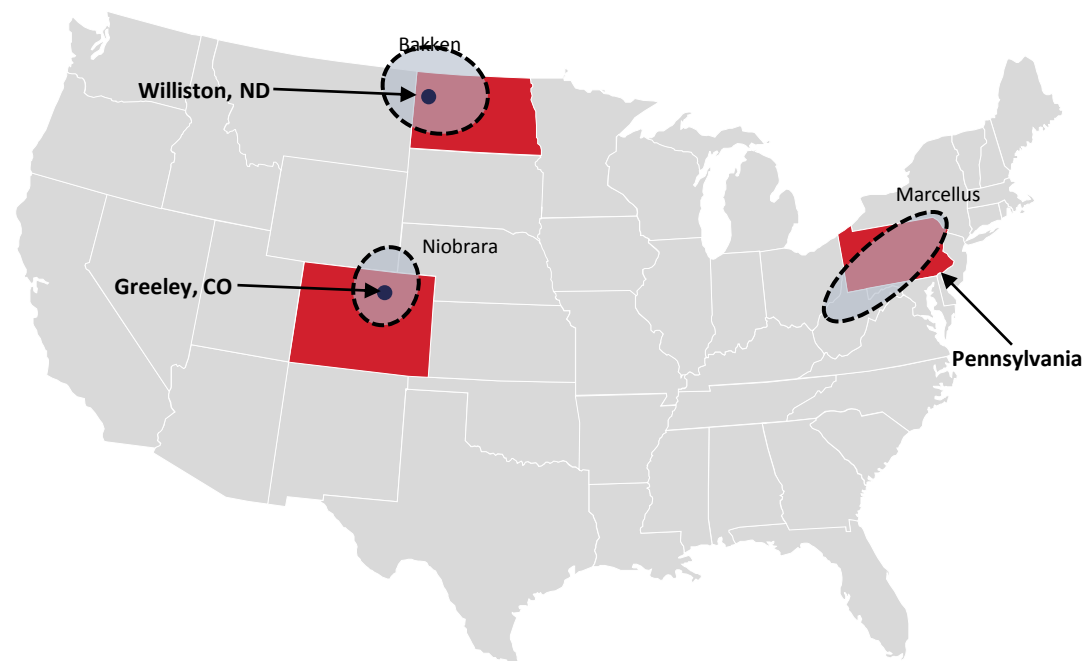
Equipment Deployment Plan

	Currently In US	Moving from Canada	Total US Planned
Service Rigs	2	3	5
Snubbing	6	2	8

EXPANSION FOOTPRINT



Oil+Liquids



Precision Snubbing Acquisition

- On April 16, 2019, High Arctic acquired Precision Drilling's snubbing assets for \$8.25m
- Part of a continued growth plan which strengthen High Arctic's leading position in the snubbing market in Canada and expansion into the US
- The acquisition provides High Arctic with 12 additional marketed snubbing units (6 stand-alone and 6 rig-assist), as well as certain patent rights related to the design and configuration of standalone snubbing units and spare equipment
- Post acquisition, High Arctic operates the largest snubbing fleet in Canada with 33 high-spec snubbing units
- As of Aug 2019, High Arctic has 6 active snubbing units working in Colorado and North Dakota and is moving an additional 2 units to meet growing demands by end of 2019



Financial Summary

\$m (except per share amounts)	<u>2019</u>	<u>2018</u>	<i>% Change</i>
	Six Months Ended June 30	Six Months Ended June 30	
Consolidated Revenue	93.1	100.8	<i>(8%)</i>
Canada	40.2	45.5	<i>(12%)</i>
US	3.3		
International	49.5	55.3	<i>(10%)</i>
Adjusted EBITDA	9.5	27.6	<i>(66%)</i>
Adjusted EBITDA % of Revenue	10%	27%	<i>(63%)</i>
Net Earnings per Share (basic and diluted)	-0.10	0.12	<i>(183%)</i>
Funds from Operations per Share (basic and diluted)	0.14	0.39	<i>(64%)</i>
Dividends per Share	0.05	0.05	<i>0.0%</i>

Outlook



Solidify High Arctic's leading position in PNG as the driller of choice

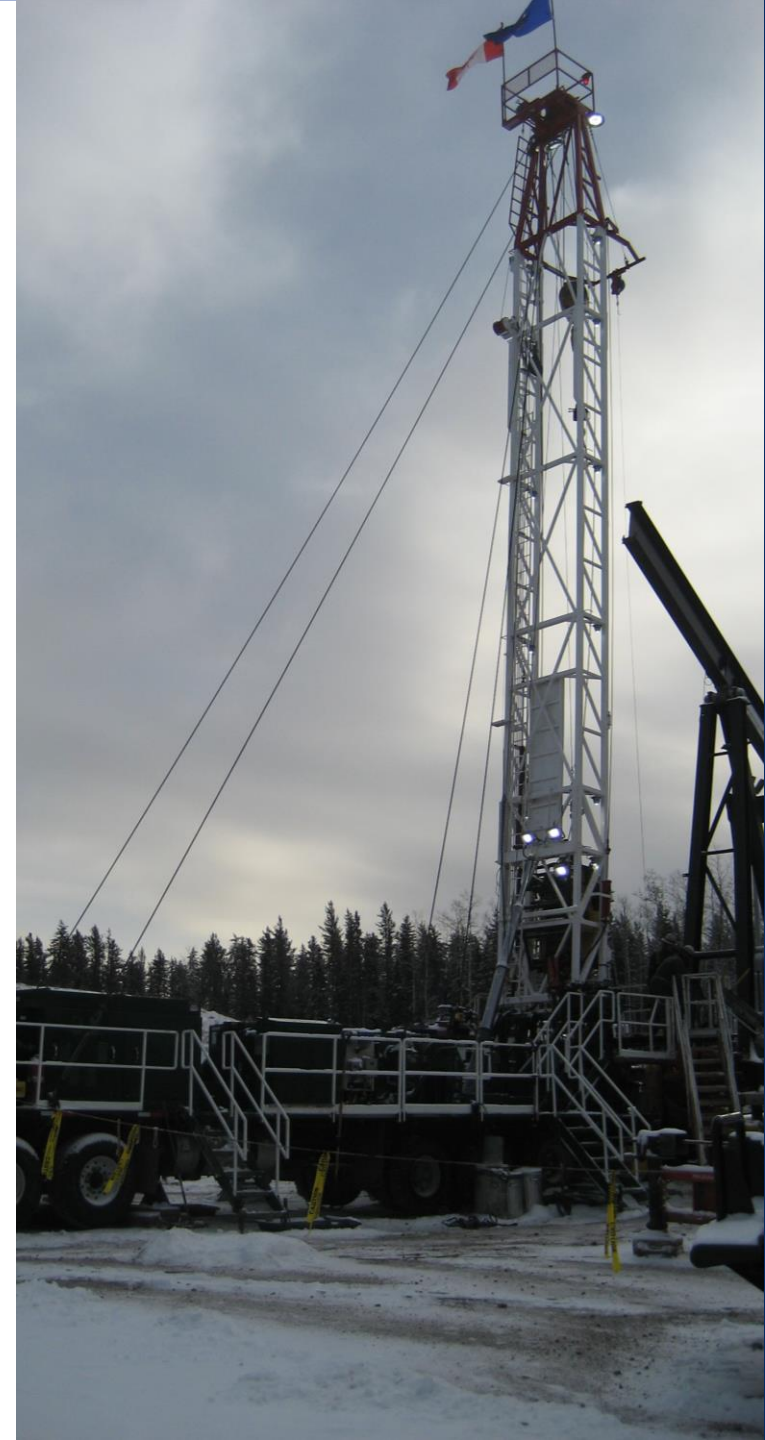


Continue organic roll out opportunities in Canada and the US



Actively pursue accretive acquisition opportunities within the North American energy services sector

Geographically and Operationally Diversified Energy Services Company



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