



PHX

ENERGY SERVICES CORP.

2016 PETERS & CO. ENERGY CONFERENCE

SEPTEMBER 13, 2016

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.

Financial Results

	Years ended December 31,			Six-Month Period ended June 30,		
	2015	2014	% Chg	2016	2015	% Chg
<i>Stated in thousands of dollars except per unit amounts, percentages and operating days</i>						
Operating Results	<i>(unaudited)</i>	<i>(unaudited)</i>		<i>(unaudited)</i>	<i>(unaudited)</i>	
Revenue	286,780	521,467	(45)	66,808	162,414	(59)
Adjusted EBITDA ⁽¹⁾	27,929	82,237	(66)	250	8,861	(97)
Cash Flow						
Funds from operations ⁽¹⁾	13,846	82,263	(83)	393	3,639	(89)
Capital expenditures	18,029	68,282	(74)	2,892	14,817	(80)
Operating Days						
Consolidated Operating Days	22,784	39,222	(42)	6,521	12,633	(48)
Financial Position				June 30,	Dec 31,	
				2016	2015	
Working Capital	61,041	80,974	(25)	45,530	61,041	(25)
Long-term debt	60,000	104,281	(42)	22,067	60,000	(63)

Highlights

- 2015 Adjusted EBITDA of \$27.9 million
- Reduced long-term debt from \$60 million to \$22 million in H1 2016



(1) Refer to non-GAAP measures section of Annual and Quarterly Report.

Strategies Executed in Industry Down Turn

- Significant reductions to align cost structure with lower activity levels
- Maintained a core team of top engineering, marketing and operations personnel
- Continued to gain market share year-over-year despite challenges
- Focused capital expenditure dollars on technology based differentiators
- Strategically positioned in the US, one of the largest drilling markets in the world
 - Represented 58% of revenue in H1 2016
 - Majority of activity is in the Permian basin

Diversification: Stream Services

- Commercially released our new DataSteam EDR product line
- Diversification into attractive sector with few competitors
 - Current market of ~600 active drilling rigs in North America

Electronic Drilling Recorder (EDR)

- Advanced data acquisition system installed onto drilling rigs to display parameters in real-time to enhance operations
- Strategic placement of electronic sensors that display data and calculations of pressure, weight, volume, flow, temperature and virtually any other condition a driller would need to efficiently drill a well
- Stream's EDR incorporates advanced wireless technology at the rig site
- Allows any employee the ability to view data and make real-time decisions through office and mobile applications

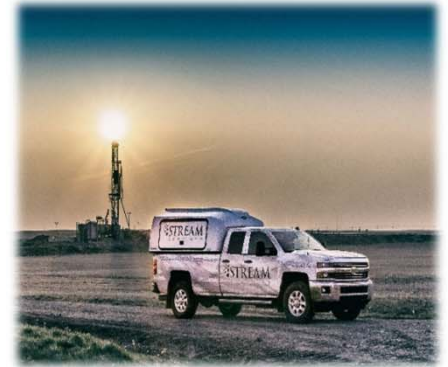
Auto Driller

- Allows the driller to tune the EDR on the fly to optimize performance
- Improve drill string control and achieve faster drilling speeds by allowing subtle changes to parameters



Differentiating Stream

- Client focused engineering and field support
- Stream's strategic marketing is focused on areas of high density drilling rig activity
- Stream's products have been designed in partnership with some of Canada's largest producers
- Additional revenue at higher margins with low capital requirement to expand
- By the close of Q3, Stream will be at full capacity operating on 15 rigs in Canada
- Intend to double Stream's job capacity by early 2017



PHX is Positioned for the Long-Term

- Ability to operate at a lower cost is vital for generating positive cash flow
 - Prudent balance sheet management is our main focus
 - Downturn has created internal efficiencies and a lean business model that will continue to provide benefits
- New technology provides a differentiator
 - Increase capacity of Velocity fleet to gain further market share
 - Diversification with launch of new Stream EDR product line
- Permian basin is the prize with approximately 30% of all rigs operating in North America today
 - Strengthen presence in the Permian
 - Leverage strong operational performance and relationships
 - Maintain presence in all key operating areas in North America