



International Revenue of Canadian Oil and Gas Services Sector Companies

Prepared for Petroleum Services Association of Canada
by Spensley Consulting Corp.

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Introduction

In March 2015, PSAC retained Spensley Consulting Corp. (“SCC”) to update a study previously conducted in 2010 which quantified the international activities of Canadian headquartered public and private oil and gas services sector companies in order to understand their impact on the Canadian economy.

The compiled data included international and domestic revenue for the two most recent fiscal years (in most cases, the years ended December 31, 2013 and 2014) and the countries from which those revenues were earned.

Sources and Methodology

For public companies, all information was taken from audited financial statements publicly posted on sedar.com and accessed in April 2015.

Private companies were contacted individually and asked to provide information for the study. Participation in the study was completely voluntary. All information obtained from private companies is strictly confidential and no identifiable financial information will be reported. Private company information will only be provided in aggregate.

While data was collected from a total of 60 companies, only the 42 companies with international revenue were included in the analysis.

For analysis purposes, companies were grouped into four categories; Contract Drilling, Manufacturing, Oil and Gas Services, and Pipeline, Infrastructure and Processing. Companies were grouped into sectors based on their predominant activity. Many of the companies have operations which would put them in more than one category.

Overview of Study Results

There were 42 companies included in the study. The companies were grouped into four sectors:

- Contract Drillers (7 companies)
- Manufacturing (9 companies)
- Oil and Gas Services (23 companies)
- Pipeline, Infrastructure and Processing (3 companies)

C\$ Billions	Total Revenue			Canadian Revenue			International Revenue			% International		
	2013	2014	Change	2013	2014	Change	2013	2014	Change	2013	2014	Change
Contract Drillers	6.5	7.6	17%	2.9	3.2	10%	3.6	4.4	22%	55%	58%	3%
Manufacturing	3.1	4.0	29%	1.1	1.5	36%	2.0	2.5	25%	65%	63%	-2%
Oil & Gas Services	15.1	19.7	30%	10.6	13.7	29%	4.5	6.0	33%	30%	30%	0%
Pipeline Infrastructure Processing	45.0	51.4	14%	20.1	21.9	9%	24.9	29.6	19%	55%	58%	3%
	69.7	82.7	19%	34.7	40.3	16%	35.0	42.5	21%	50%	51%	1%

These 42 companies earned \$42.5 billion in international revenue in 2014, up 21% from the previous year.

The proportion of revenue from international sources remained essentially unchanged year over year (2014/2013) at approximately 50%.

International Revenue by Company Size

The study companies were grouped into categories based on the amount of revenue earned in 2014. The proportion of international revenue increased as the size of the companies increased. However, even the smaller companies, those with revenue less than \$100 million per year, received more than a third of their revenue outside of Canada.

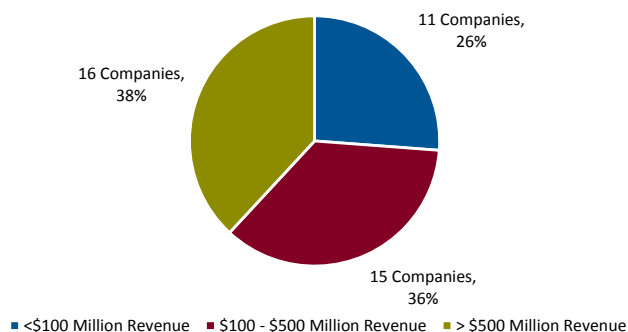
C\$ Millions	Number of Companies	2013 Revenue			2014 Revenue			% International	
		Canada	International	Total	Canada	International	Total	2013	2014
<\$100 Million Revenue	11	232	105	337	279	173	452	31%	38%
\$100 - \$500 Million Revenue	15	1,835	1,458	3,293	2,091	1,832	3,923	44%	47%
> \$500 Million Revenue	16	32,555	33,448	66,003	37,834	40,488	78,322	51%	52%
Total Revenue	42	34,622	35,011	69,633	40,204	42,493	82,697	50%	51%

The smaller companies showed the highest amount of revenue growth, both domestic and international, for 2014 over 2013. In particular, the small companies as a group increased international revenue by 65% in 2014, compared to the overall average of 21%.

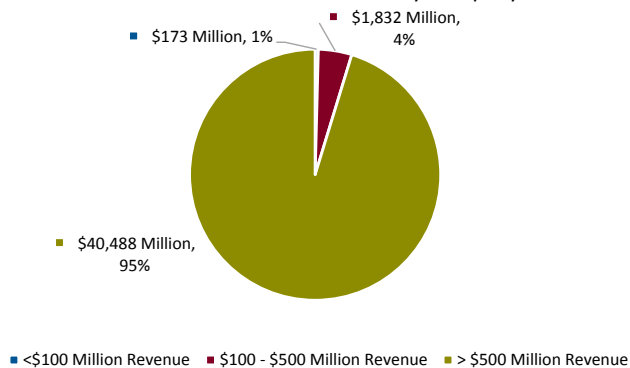
	Revenue Increase (2014/2013)		
	Canada	International	Total
<\$100 Million Revenue	20%	65%	34%
\$100 - \$500 Million Revenue	14%	26%	19%
> \$500 Million Revenue	16%	21%	19%
Total Change	16%	21%	19%

Although revenue groupings contain a similar number of companies, companies with greater than \$500 million in revenue account for 95% of the total reported international revenue.

Number of Companies by Company Size

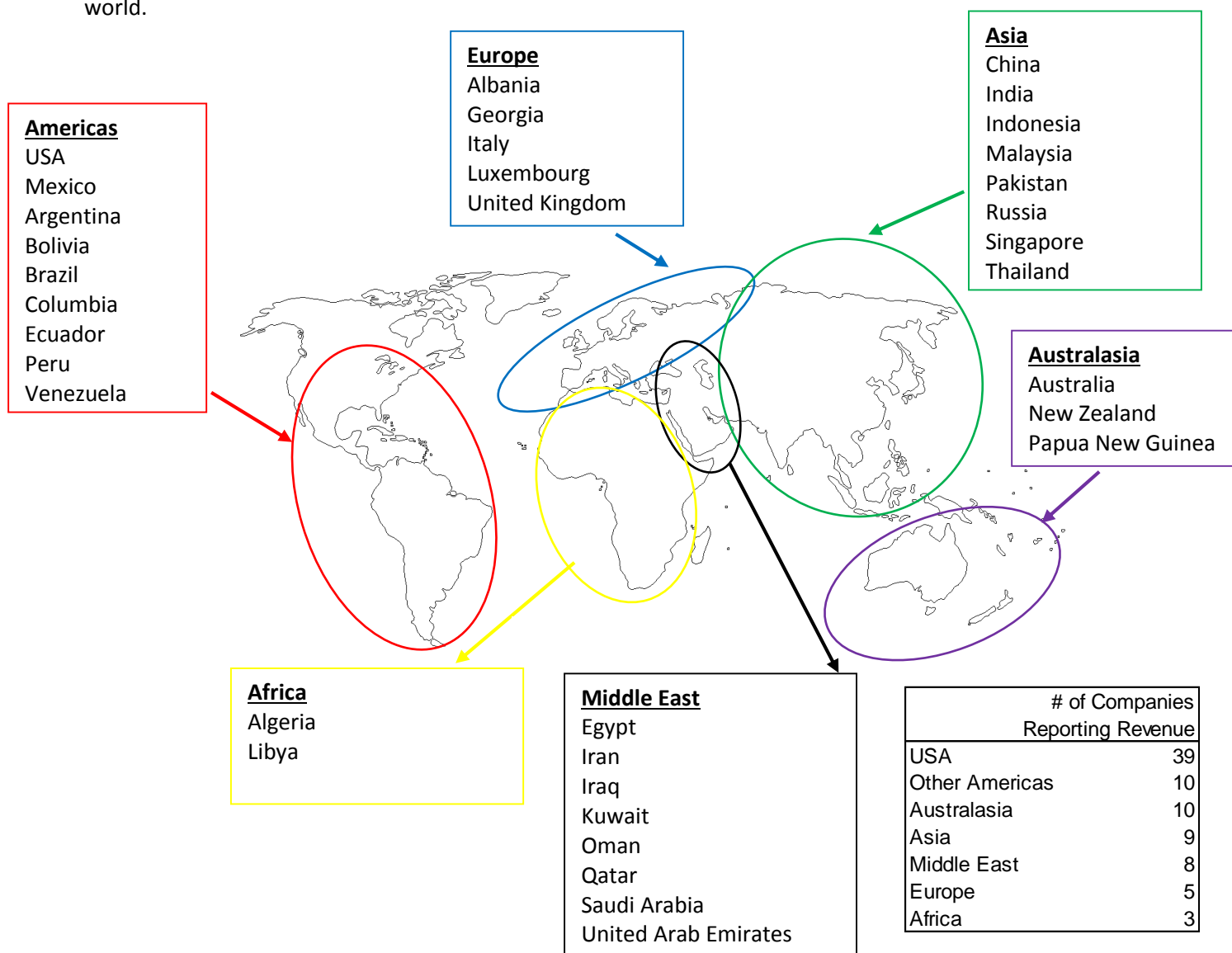


Amount Of International Revenue by Company Size



International Revenue – Country of Origin

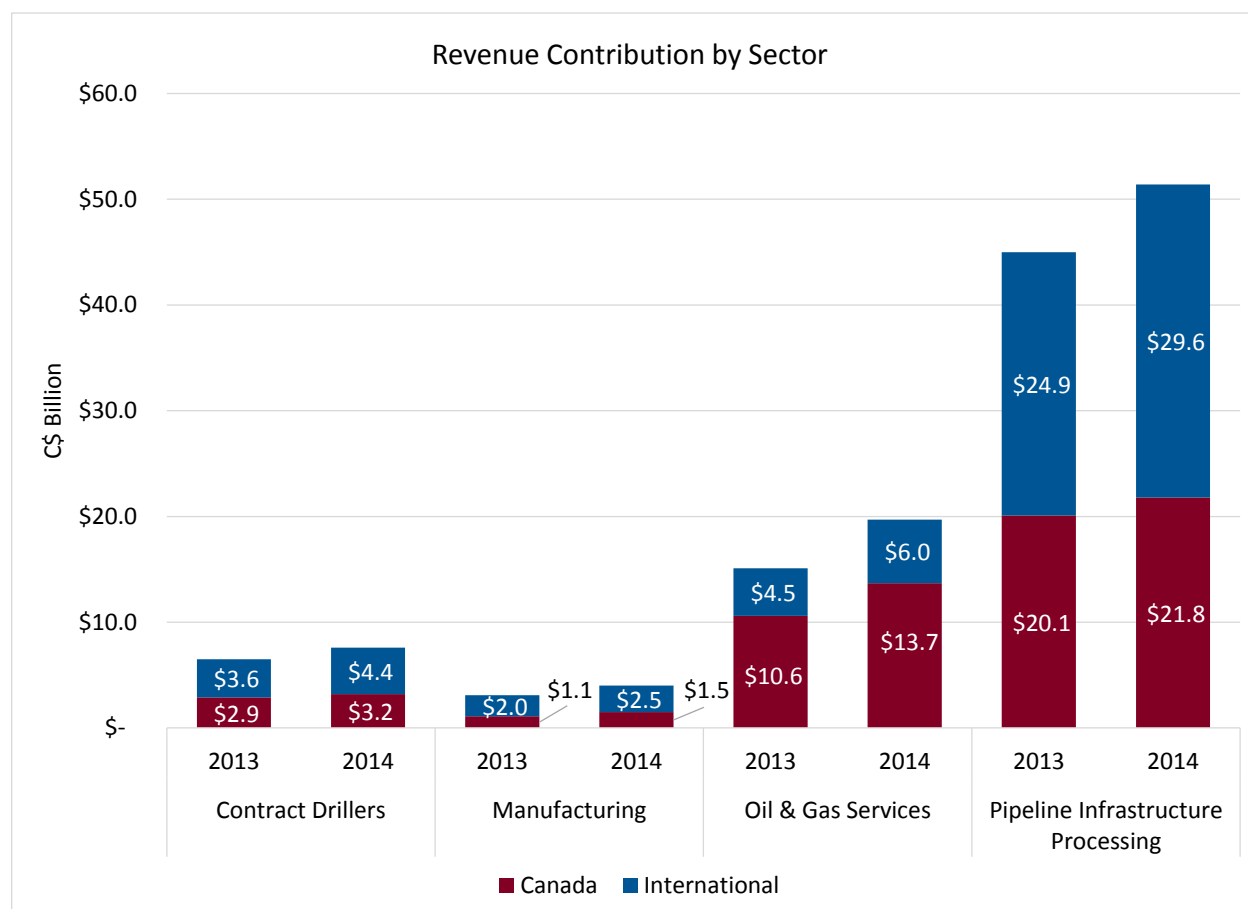
Companies reported revenue from a total of 35 countries, representing a variety of countries around the world.



Of the 42 companies in the study, 39 had revenue from USA. The other predominant sources of revenue are other countries in the Americas and Australasia (primarily Australia). Revenue from Asia and the Middle East was also common. In fact, for 50% of the companies, USA was the only source of international revenue.

C\$ Billions	2013			2014			Increase %		
	Canada	International	Total	Canada	International	Total	Canada	International	Total
Canada and USA	24.6	23.4	47.9	29.9	26.6	56.5	22%	14%	18%
Canada, USA and other International	10.1	11.6	21.7	10.3	15.9	26.2	2%	37%	21%
Total	34.7	35.0	69.6	40.2	42.5	82.7	16%	21%	19%

International Revenue by Sector



Contract Drilling

All seven companies in the Contract Drilling sector are publicly traded.

Contract Drilling Revenue

C\$ Millions	2013			2014			% International	
	Canada	International	Total	Canada	International	Total	2013	2014
CanElson Drilling Inc.	132.3	124.7	257.0	174.6	164.9	339.5	49%	49%
Ensign Energy Services Inc.	661.0	1,437.0	2,098.0	666.1	1,655.7	2,321.8	68%	71%
Precision Drilling Corporation	1,002.2	1,027.8	2,030.0	1,077.8	1,272.7	2,350.5	51%	54%
Savanna Energy Services Corp.	409.2	287.4	696.6	449.1	342.8	791.9	41%	43%
Trinidad Drilling Ltd.	297.7	492.8	790.5	312.9	665.1	978.0	62%	68%
Western Energy Services Corp.	345.3	34.6	379.9	457.5	50.3	507.8	9%	10%
Xtreme Drilling and Coil Services Corp.	14.9	215.0	229.9	15.0	252.4	267.4	94%	94%
Total Contract Drillers	2,862.6	3,619.3	6,481.9	3,153.0	4,403.9	7,556.9	56%	58%

There was a slight increase in the proportion of international revenue for the Contract Drillers year over year, from 56% to 58%. In 2014, international revenue as a percentage of total revenue ranged from 10% to 94%.

C\$ Millions	Revenue Increase (2014/2013)		
	Canada	International	Total
CanEison Drilling Inc.	32%	32%	32%
Ensign Energy Services Inc.	1%	15%	11%
Precision Drilling Corporation	8%	24%	16%
Savanna Energy Services Corp.	10%	19%	14%
Trinidad Drilling Ltd.	5%	35%	24%
Western Energy Services Corp.	32%	45%	34%
Xtreme Drilling and Coil Services Corp.	1%	17%	16%
Total Contract Drillers	10%	22%	17%

# of Companies Reporting Revenue	
USA	7
Other Americas	3
Australasia	3
Asia	2
Middle East	1
Europe	1
Africa	1

Contract Drillers got the majority of their revenue increase from international jurisdictions, a 22% increase compared to 10% from Canada. All of the Contract Drilling companies in the survey reported revenue from the USA.

Manufacturing

Five of the nine companies in the manufacturing sector are publicly traded.

Manufacturing Revenue

C\$ Millions	2013			2014			% International	
	Canada	International	Total	Canada	International	Total	2013	2014
Bri-Chem Corp.	103.2	46.9	150.1	102.6	82.1	184.7	31%	44%
Canadian Energy Services & Technology Corp.	242.7	420.1	662.8	373.0	599.7	972.7	63%	62%
Enerflex Ltd.	408.4	996.6	1,405.0	576.0	1,204.7	1,780.7	71%	68%
McCoy Global	4.1	106.1	110.2	5.1	115.5	120.6	96%	96%
Pason Systems Inc.	126.6	276.5	403.1	146.6	352.7	499.3	69%	71%
Private Companies in Aggregate (4)	220.3	144.1	364.4	248.9	154.0	402.9	40%	38%
Total Manufacturers	1,105.3	1,990.3	3,095.6	1,452.2	2,508.7	3,960.9	64%	63%

The Manufacturing companies have the highest proportion of international revenue at 63%. In 2014, international revenue as a percentage of total revenue ranged from 38% to 96%.

C\$ Millions	Revenue Increase (2014/2013)		
	Canada	International	Total
Bri-Chem Corp.	-1%	75%	23%
Canadian Energy Services & Technology Corp.	54%	43%	47%
Enerflex Ltd.	41%	21%	27%
McCoy Global	24%	9%	9%
Pason Systems Inc.	16%	28%	24%
Private Companies in Aggregate (4)	13%	7%	11%
Total Manufacturers	31%	26%	28%

# of Companies Reporting Revenue	
USA	7
Other Americas	1
Australasia	3
Asia	3
Middle East	1
Europe	1
Africa	3

Manufacturing companies had slightly higher revenue increase from domestic revenue in 2014 (31%), compared to international revenue (26%).

Oil and Gas Services

Oil and Gas Services is the largest sector in the study. There are a total of 23 companies, 16 of which are publicly traded.

Oil and Gas Services Revenue

C\$ Millions	2013			2014			% International	
	Canada	International	Total	Canada	International	Total	2013	2014
Aveda Transportation and Energy Services Inc.	27.3	61.4	88.7	33.7	122.2	155.9	69%	78%
Black Diamond Group Limited	301.2	45.9	347.1	345.0	41.6	386.6	13%	11%
Calfrac Well Services Ltd.	677.1	886.7	1,563.8	942.9	1,554.0	2,496.9	57%	62%
Cathedral Energy Services Ltd.	99.8	124.9	224.7	125.1	150.4	275.5	56%	55%
Computer Modelling Group Ltd.	19.6	34.9	54.5	21.9	42.6	64.5	64%	66%
Enseco Energy Services Corp.	41.3	17.0	58.3	39.6	39.3	78.9	29%	50%
ENTREC Corporation	203.8	9.1	212.9	215.4	16.8	232.2	4%	7%
Gibson Energy Inc.	5,483.1	1,457.5	6,940.6	7,030.3	1,543.2	8,573.5	21%	18%
High Arctic Energy Services Inc.	40.8	111.9	152.7	48.3	123.5	171.8	73%	72%
MATRIX Energy Technologies Inc.	20.1	5.2	25.3	30.8	4.0	34.8	21%	11%
Newalta Corporation	352.5	59.7	412.2	409.6	85.7	495.3	14%	17%
PHX Energy Services Corp.	146.9	233.8	380.7	190.7	330.8	521.5	61%	63%
Questor Technology Inc.	3.8	5.8	9.6	6.6	5.8	12.4	60%	47%
Secure Energy Services Inc.	1,442.3	50.3	1,492.6	2,185.6	86.0	2,271.6	3%	4%
Strad Energy Services Ltd.	131.4	58.2	189.6	144.7	75.1	219.8	31%	34%
Trican Well Service Ltd.	1,021.4	1,094.0	2,115.4	1,229.0	1,474.8	2,703.8	52%	55%
Private Companies in Aggregate (7)	578.2	217.3	795.5	719.9	314.0	1,033.9	27%	30%
Total Oil and Gas Services	10,590.6	4,473.6	15,064.2	13,719.1	6,009.8	19,728.9	30%	30%

The proportion of international revenue in this sector was unchanged in 2014. In 2014, international revenue as a percentage of total revenue ranged from 4% to 78%.

C\$ Millions	Revenue Increase (2014/2013)		
	Canada	International	Total
Aveda Transportation and Energy Services Inc.	23%	99%	76%
Black Diamond Group Limited	15%	-9%	11%
Calfrac Well Services Ltd.	39%	75%	60%
Cathedral Energy Services Ltd.	25%	20%	23%
Computer Modelling Group Ltd.	12%	22%	18%
Enseco Energy Services Corp.	-4%	131%	35%
ENTREC Corporation	6%	85%	9%
Gibson Energy Inc.	28%	6%	24%
High Arctic Energy Services Inc.	18%	10%	13%
MATRIX Energy Technologies Inc.	53%	-22%	38%
Newalta Corporation	16%	44%	20%
PHX Energy Services Corp.	30%	41%	37%
Questor Technology Inc.	74%	0%	30%
Secure Energy Services Inc.	52%	71%	52%
Strad Energy Services Ltd.	10%	29%	16%
Trican Well Service Ltd.	20%	35%	28%
Private Companies in Aggregate (7)	24%	45%	30%
Total Oil and Gas Services	30%	34%	31%

# of Companies Reporting Revenue	
USA	22
Other Americas	4
Australasia	3
Asia	5
Middle East	3
Europe	1
Africa	1

The Oil and Gas Services sector also had the widest variation in revenue growth in 2014. Overall, international revenue grew more than domestic revenue.

Pipeline, Infrastructure and Processing

There are three companies in the Pipeline, Infrastructure and Processing sector. All companies in this sector are publicly traded.

Pipeline Infrastructure Processing Revenue

C\$ Millions	2013			2014			% International	
	Canada	International	Total	Canada	International	Total	2013	2014
Enbridge Inc.	12,690.0	20,228.0	32,918.0	14,963.0	22,678.0	37,641.0	61%	60%
Keyera Corp.	2,715.4	561.8	3,277.2	2,895.6	728.1	3,623.7	17%	20%
TransCanada Pipelines Limited	4,659.0	4,138.0	8,797.0	4,021.0	6,164.0	10,185.0	47%	61%
Total Pipeline Infrastructure Processing	20,064.4	24,927.8	44,992.2	21,879.6	29,570.1	51,449.7	55%	57%

This sector has the largest revenue but the smallest number of companies. In 2014, international revenue as a percentage of total revenue ranged from 20% to 61%.

C\$ Millions	Revenue Increase (2014/2013)		
	Canada	International	Total
Enbridge Inc.	18%	12%	14%
Keyera Corp.	7%	30%	11%
TransCanada Pipelines Limited	-14%	49%	16%
Total Pipeline Infrastructure Processing	9%	19%	14%

It also has the lowest revenue growth, year over year, of any of the sectors with 19% international revenue growth and 14% total revenue growth.

Appendix A

Survey Participants

AMGAS Services Inc.
Apex Distribution Inc.
Aveda Transportation and Energy Services Inc.
Black Diamond Group Limited
Bri-Chem Corp.
Calfrac Well Services Ltd.
Canadian Energy Services & Technology Corp.
CanElson Drilling Inc.
Cathedral Energy Services Ltd.
Computer Modelling Group Ltd.
Corrosion and Abrasion Solutions Ltd.
Enbridge Inc.
Enerflex Ltd.
Engenium Chemicals Corp.
Enseco Energy Services Corp.
Ensign Energy Services Inc.
ENTREC Corporation
Ferus Inc.
Firemaster Oilfield Services Inc.
Gibson Energy Inc.
High Arctic Energy Services Inc.
Kayden Industries Limited Partnership
Keyera Corp.
MATRRIX Energy Technologies Inc.
McCoy Global
Newalta Corporation
Pason Systems Inc.
PHX Energy Services Corp.
Precision Drilling Corporation
Questor Technology Inc.
Resource Well Completion Technologies Inc.
Savanna Energy Services Corp.
Secure Energy Services Inc.
Strad Energy Services Ltd.
Summit Liability Solutions Inc.
TransCanada Pipelines Limited
Trican Well Service Ltd.
Trinidad Drilling Ltd.
United Safety Ltd.
Warrior Manufacturing Services Ltd.
Western Energy Services Corp.
Xtreme Drilling and Coil Services Corp.



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