



# NCS MULTISTAGE

Leading Global Energy Technology

**Investor Update**

March 2022

# Disclaimer



Leading Global Energy Technology

## **Forward-Looking Statements**

The information in this presentation includes "forward-looking statements" that are subject to risks and uncertainties. All statements, other than statements of historical fact included in this presentation, regarding NCS Multistage Holdings, Inc.'s (the "Company," "NCS," "NCSM," "we" or "us") strategy, financial guidance, future operations, financial position, estimated revenues and losses, projected costs, prospects, plans and objectives of management are forward-looking statements. When used in this presentation, the words "could," "believe," "anticipate," "intend," "estimate," "expect," "project" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain such identifying words.

Forward-looking statements are based on our current expectations and assumptions regarding our business, the economy and other future conditions. Because forward-looking statements relate to the future, by their nature, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. As a result, our actual results may differ materially from those contemplated by the forward-looking statements. Important factors that could cause our actual results to differ materially from those in the forward-looking statements include regional, national or global political, economic, business, competitive, market and regulatory conditions and the following: the risks and uncertainties relating to public health crises, including the COVID-19 pandemic and its continuing impact on market conditions and our business, financial condition, results of operations, cash flows and stock price; declines in the level of oil and natural gas exploration and production activity within Canada and the United States; oil and natural gas price fluctuations; the financial health of our customers including their ability to pay for products or services provided; inability to successfully implement our strategy of increasing sales of products and services into the United States; significant competition for our products and services that results in pricing pressures, reduced sales, or reduced market share; loss of significant customers; our inability to successfully develop and implement new technologies, products and services; our inability to protect and maintain critical intellectual property assets; losses and liabilities from uninsured or underinsured business activities; our failure to identify and consummate potential acquisitions; our inability to integrate or realize the expected benefits from acquisitions; currency exchange rate fluctuations; impact of severe weather conditions; risks resulting from the operations of a joint venture arrangement; restrictions on the availability of our customers to obtain water essential to the drilling and hydraulic fracturing processes; changes in legislation or regulation governing the oil and natural gas industry, including restrictions on emissions of greenhouse gases; our inability to meet regulatory requirements for use of certain chemicals by our tracer diagnostics business; change in trade policy, including the impact of additional tariffs; our inability to accurately predict customer demand, which may result in us holding excess or obsolete inventory; failure to comply with or changes to federal, state and local and non-U.S. laws and other regulations, including anti-corruption and environmental regulations, guidelines and regulations for the use of explosives, the Coronavirus Aid, Relief, and Economic Security Act and the U.S. Tax Cuts and Jobs Act of 2017; loss of our information and computer systems; system interruptions or failures, including complications with our enterprise resource planning system, cyber-security breaches, identity theft or other disruptions that could compromise our information; impairment in the carrying value of long-lived assets and goodwill; our failure to establish and maintain effective internal control over financial reporting; our risks in attracting and retaining qualified employees and key personnel or labor cost inflation; loss of any of our key suppliers or significant disruptions negatively impacting our supply chain; risks and uncertainties relating to cost reduction efforts or savings we may realize from such cost reduction efforts; the reduction in our senior secured credit facility borrowing base or our inability to comply with the covenants in our debt agreements; and our inability to obtain sufficient liquidity on reasonable terms, or at all. For the reasons described above, as well as factors identified in the Company's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q, under the section entitled "Risk Factors" and other filings with the Securities and Exchange Commission, we caution you against relying on any forward-looking statements. Should one or more of these risks or uncertainties occur, or should underlying assumptions prove incorrect, our actual results and plans could differ materially from those expressed in any forward-looking statements. You are cautioned not to place undue reliance on any forward-looking statements, which speak only as of the date of this presentation. Except as otherwise required by applicable law, we disclaim any duty to update and do not intend to update any forward-looking statements, all of which are expressly qualified by the statements in this section, to reflect events or circumstances after the date of this presentation.

## **Non-GAAP Financial Measures**

This presentation includes financial measures that are not presented in accordance with generally accepted accounting principles ("GAAP"), including Adjusted EBITDA, Adjusted EBITDA margin, Adjusted EBITDA less Share-Based Compensation, Free Cash Flow, and Net Working Capital. While management believes such measures are useful for investors, they should not be used as a replacement for financial measures that are in accordance with GAAP. Please see the Appendix for reconciliations of those measures to comparable GAAP measures. We do not present a qualitative or quantitative reconciliation of our forward-looking non-GAAP financial measures to the most directly comparable GAAP measure due to the inherent difficulty, without unreasonable efforts, in forecasting and quantifying with reasonable accuracy significant items required for this reconciliation.

## **Industry and Market Data**

This presentation has been prepared by NCS and includes market data and other statistical information from third-party sources, including independent industry publications, government publications or other published independent sources. Although NCS believes these third-party sources are reliable as of their respective dates, NCS has not independently verified the accuracy or completeness of this information. Some data are also based on the NCS's good faith estimates, which are derived from its review of internal sources as well as the third-party sources described above.





# NCS MULTISTAGE

Leading Global Energy Technology

Company and Technology Overview

# The NCS Investment Proposition



Leading Global Energy Technology

1. Leadership positions across a focused and differentiated portfolio of products and services
  - We enable our customers to operate more efficiently, reduce costs and improve financial returns
2. Leveraging our innovative technology platform to improve market share across geographies
3. Strong balance sheet and capital light model that has consistently generated free cash flow

\* See appendix for Adjusted EBITDA Less Share-Based Compensation and Free Cash Flow reconciliations. All amounts as of 12/31/2021 except as indicated.

\*\* Calculated as current assets (excluding cash and cash equivalents) less current liabilities (excluding current maturities of long-term debt). See appendix for reconciliation.

## Trading Statistics and Selected Financial Metrics\*

(In millions, except per share amounts)

Share Price (3/4/2022)	\$50.58
Shares Outstanding (basic)	2.4
<b>Equity Value</b>	<b>\$121.7</b>
Plus: Total Debt	\$7.8
Plus: Non-controlling Interest	18.1
Less: Cash	(22.2)
<b>Enterprise Value</b>	<b>\$125.4</b>
Trailing 12-month Adjusted EBITDA	
Less Share-based Compensation*	\$4.9
Trailing 12-month Free Cash Flow*	11.1
Net Debt (Cash)	(\$14.3)
Total Debt/Total Book Capitalization	6.6%
<b>Net Working Capital**</b>	<b>\$48.0</b>

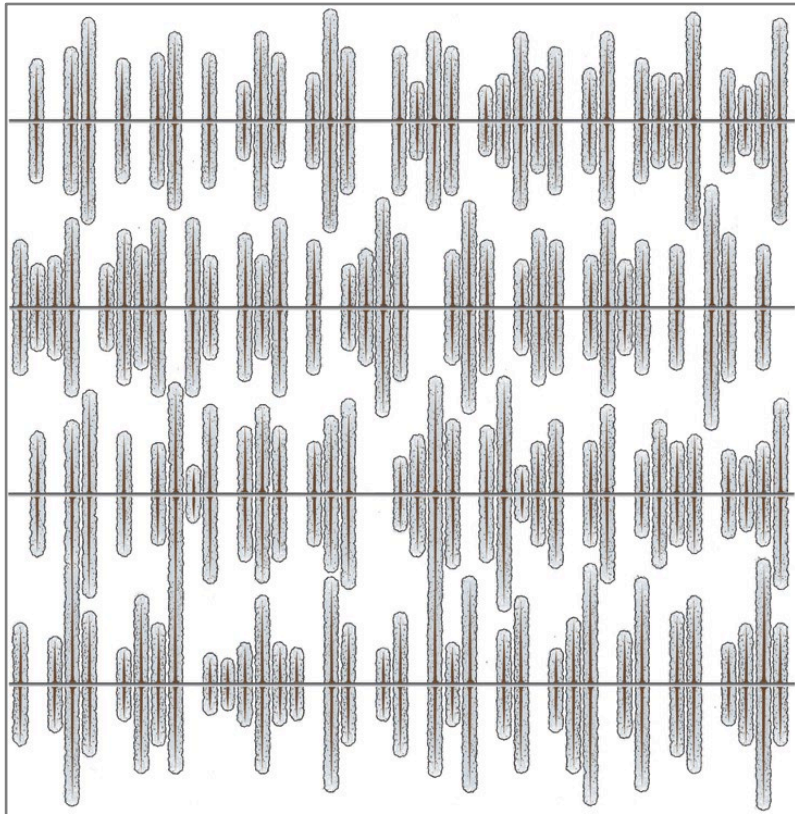


# Fracturing Systems – Pinpoint Stimulation

Fracturing Systems

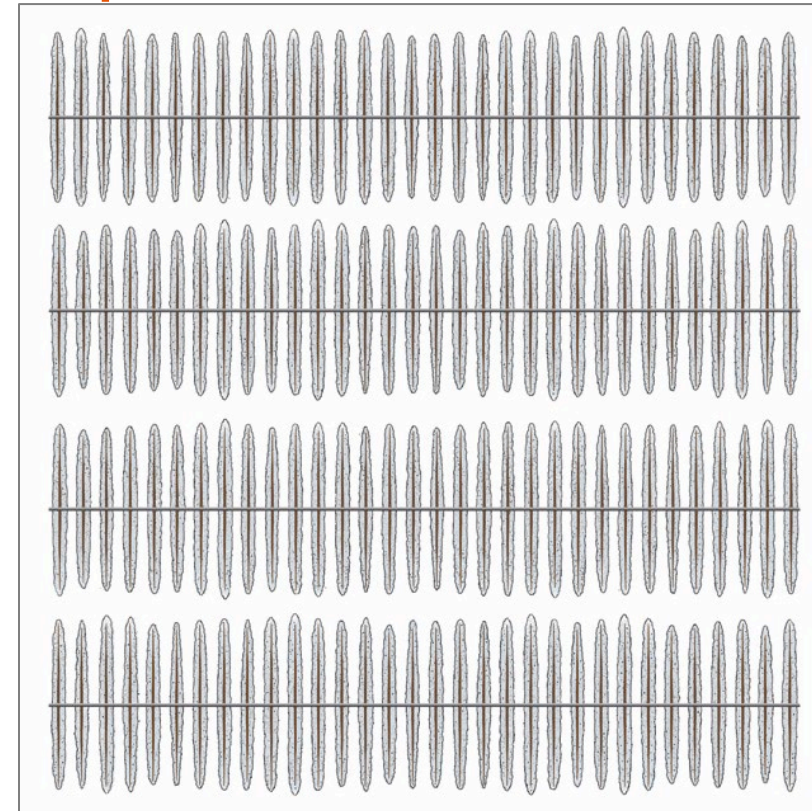
Pinpoint Stimulation enables more predictable, repeatable and verifiable completions that maximize reservoir connectivity, as compared to other completion methods

## Other Completion Methods



Unpredictable frac size and location

## Pinpoint Stimulation

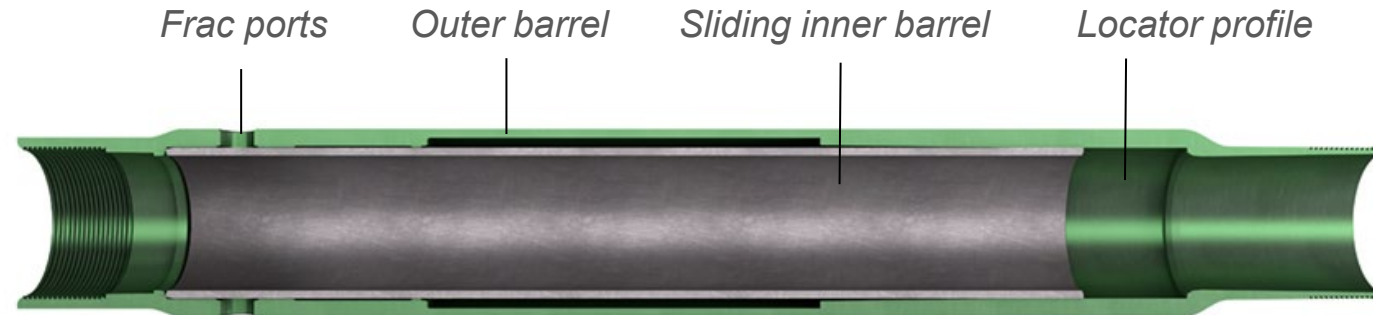


Controlled proppant placement

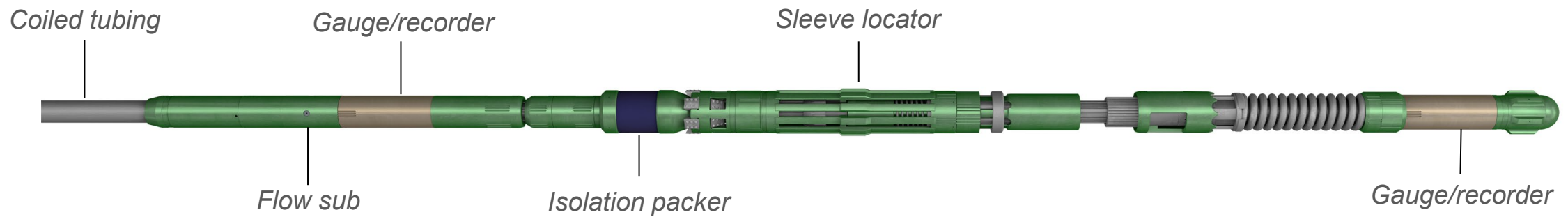
# Fracturing Systems – Pinpoint Stimulation

Fracturing Systems

## Innovus™ Casing-Installed MultiCycle® Frac Sleeve



## Innovus™ Downhole Frac-Isolation Assembly on Coiled Tubing



# RATEK Frac Sleeves

Fracturing Systems

## Key Features and Use Cases

- V0 (gas-tight) qualified MultiCycle™ frac sleeves for use in demanding applications, including:
  - High Collapse
  - High Burst
  - High Torque
  - High Compression



- First installation in December 2021 in the North Sea

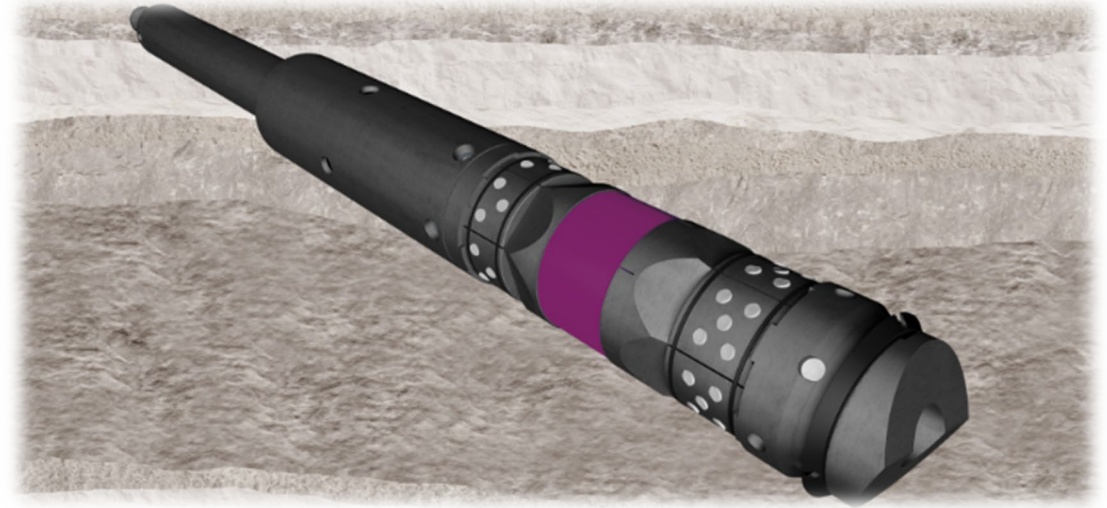




# Repeat Precision Joint Venture

Repeat Precision

- PurpleSeal composite frac plug family of products
  - 4.5", 5.5" and 6.0" specifications
  - All composite, hybrid and dual-cast frac plug designs and hybrid bridge plug
  - PurpleSeal Express™ disposable frac plug deployment system; pre-assembled, compact, single-use system
  - Repeat Precision single-use, disposable frac plug setting tools
- PurpleFire factory-assembled modular perforating gun system currently in field trials
- Provides NCS with additional revenue exposure from plug-and-perf wells
- Supply chain partner for NCS



*PurpleSeal Express™ frac-plug deployment system*



Leading provider of chemical and radioactive tracers for well diagnostics and reservoir characterization

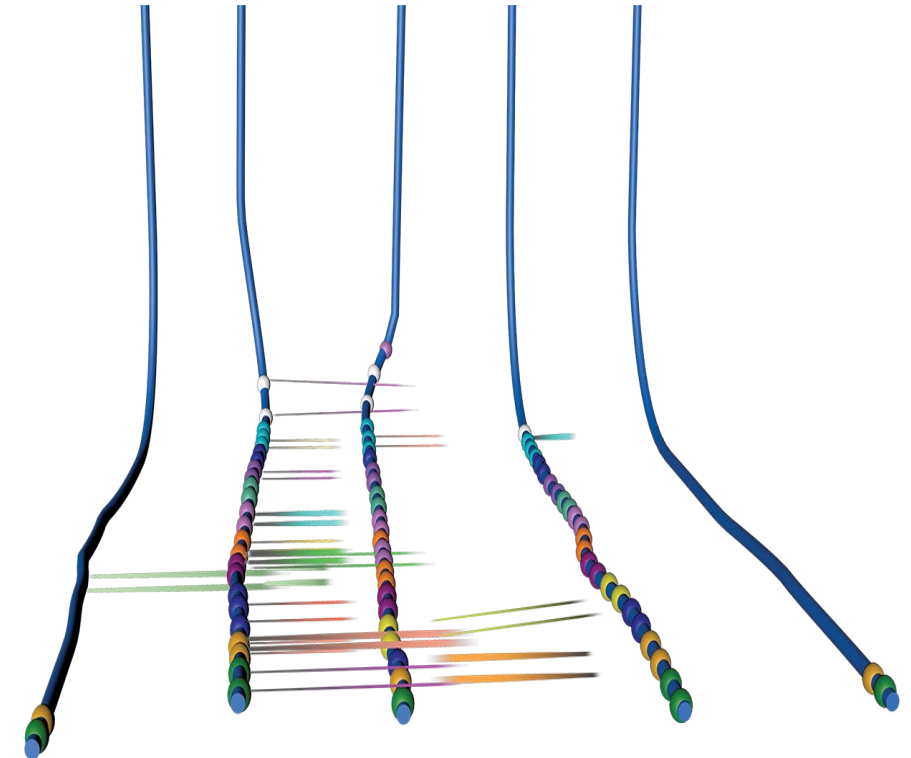
- Cost-effective and reliable service utilized by E&P companies to optimize completion designs and field development
  - Growing portfolio of patented and patent-pending chemical tracers, including:
    - FFI® tracers (liquid tracers, for identification of stage-specific fracture fluid returns)
    - OST® tracers (particulate tracers, oil soluble)
    - WST® tracers (particulate tracers, water soluble)
    - NANO STAGED TRACER® chemicals (partition into gas phase)
  - Radioactive tracer logging services (“RA”) including real-time and memory tools
- Diverse customer base across the U.S., Canada and Argentina; a growing international business

# How Customers Utilize Tracers

## Common Tracer Uses

- Evaluate well spacing and diagnose frac hits
- Fast, economical completion design optimization
- Verify stage contributions
- Calculate cluster efficiency
- Locate wellbore obstructions
- Monitor waterflood efficiency

## FirstView™ 3D interactive animation



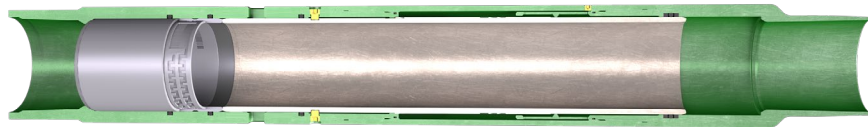
# Secondary Recovery and EOR Solutions

Enhanced Recovery

Solutions to facilitate secondary recovery and EOR in multistage horizontal wells

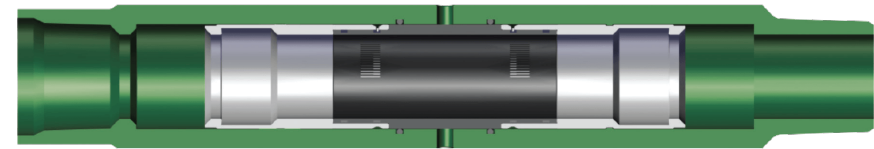
- Secondary recovery and EOR can help customers reduce corporate decline rates and maximize resource recovery

## Innovus™ Convertible Sleeve\*



- Multi-position frac sleeve utilized for both the initial completion and water injection
  - Cost-efficient as compared to tubing-conveyed secondary completions for wellbore compartmentalization

## Terrus™ Select System



- Combines regulated injection sleeves and hydraulically-actuated zone-isolation packers
  - Allows individual zone injection to be adjusted post-installation, optimizing over time
  - Promotes an even injection profile across the lateral, mitigating injection bias and potential short-circuit pathways

[\\*Link to Innovus Case Study](#)



# Well Construction

## Well Construction

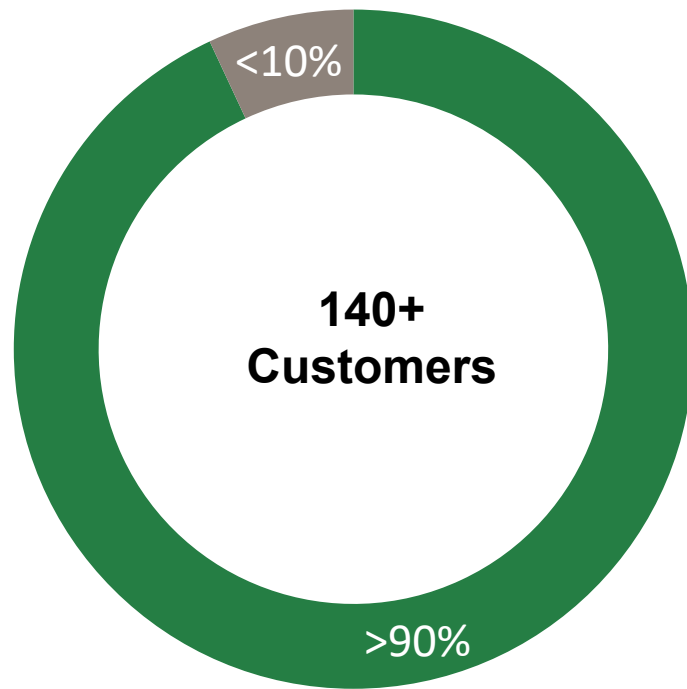
- Single-source provider of well construction solutions
  - Proprietary technologies to support casing and liner installation and for initial formation access
    - AirLock® casing buoyancy system
    - Vectraset™ liner hanger assembly
    - GoPort™ and Innovus™ toe initiation sleeves
- Complemented by full line of casing accessories including shoe tracks, landing collars, centralizers, stage tools and packers



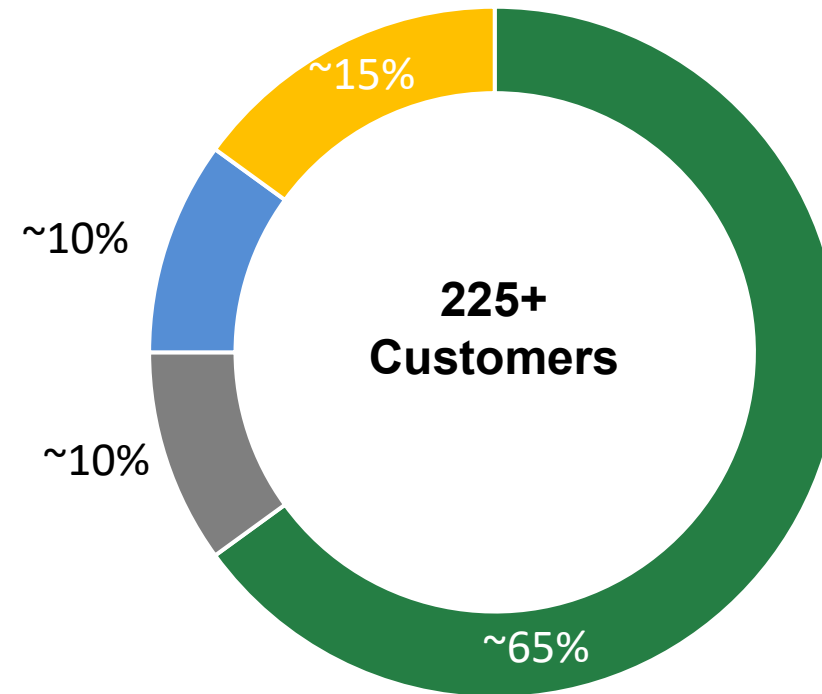
# Expanded Addressable Market

NCS has expanded its addressable market and diversified its business through organic sales and new product development, the Repeat Precision joint venture and the Spectrum acquisition

**2016 - \$98 mm Revenue**



**2021 - \$119 mm Revenue**



■ Fracturing Systems ■ Well Construction ■ Tracer Diagnostics ■ Repeat Precision



# NCS MULTISTAGE

Leading Global Energy Technology

**Growth and Financial Execution**



# Q4 2021 and Full Year 2021 Financial Results



Leading Global Energy Technology

## Q4 2021 Performance:

- Total revenue of \$36.1 million, a 11% sequential increase and a 32% increase compared to Q4 2020
- Adjusted EBITDA of \$6.5 million\*
- Free cash flow of \$4.7 million\*

## Full Year 2021 Performance:

- Total revenue of \$118.5 million, an 11% increase compared to 2020
- Adjusted EBITDA of \$9.1 million\*, an increase of \$6.9 million compared to 2020\*
- December 31 cash balance of \$22.2 million and total debt of \$7.8 million
- Full Year Net CapEx of \$0.4 million and free cash flow\* of \$11.1 million

\* See appendix for Adjusted EBITDA and free cash flow reconciliations.

# 2022 Full Year Financial Guidance



Leading Global Energy Technology

## 1Q 2022 Financial Guidance:

- Total Revenue of \$36.5 - \$40.5 million
- Cost of sales, excluding depreciation and amortization, of 60% - 64% of revenue
- S,G&A of \$15.5 - \$16.5 million, including approximately \$0.8 million of non-cash share-based compensation and approximately \$1.6 million in litigation expense
- Depreciation and amortization expense of \$1.2 million

## Full Year 2022 Financial Guidance:

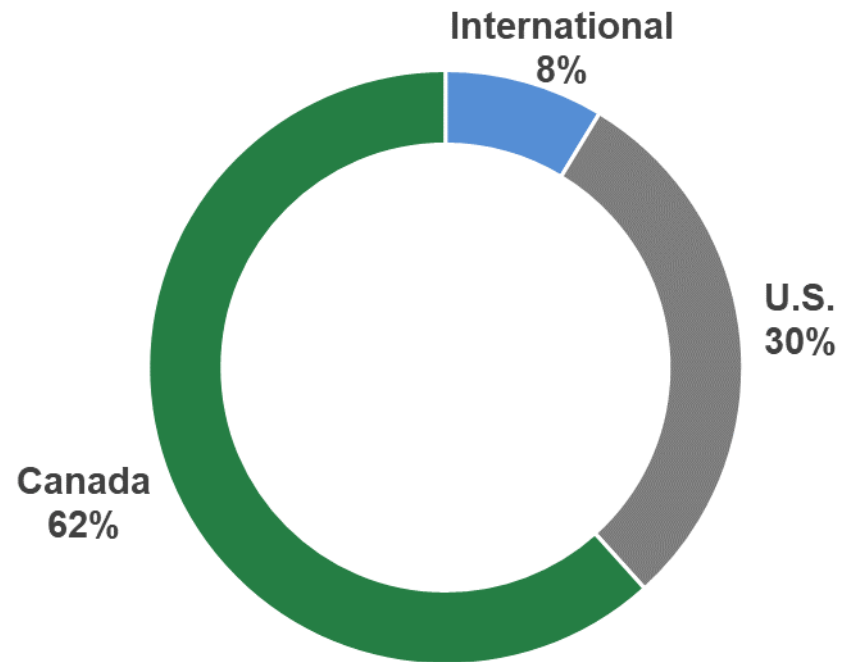
- Total revenue of \$145.0 - \$160.0 million
- Adjusted EBITDA of \$13.0 - \$18.0 million\*
- Gross capital expenditures of \$2.0 - \$3.0 million

\* Financial guidance as of March 7, 2022.

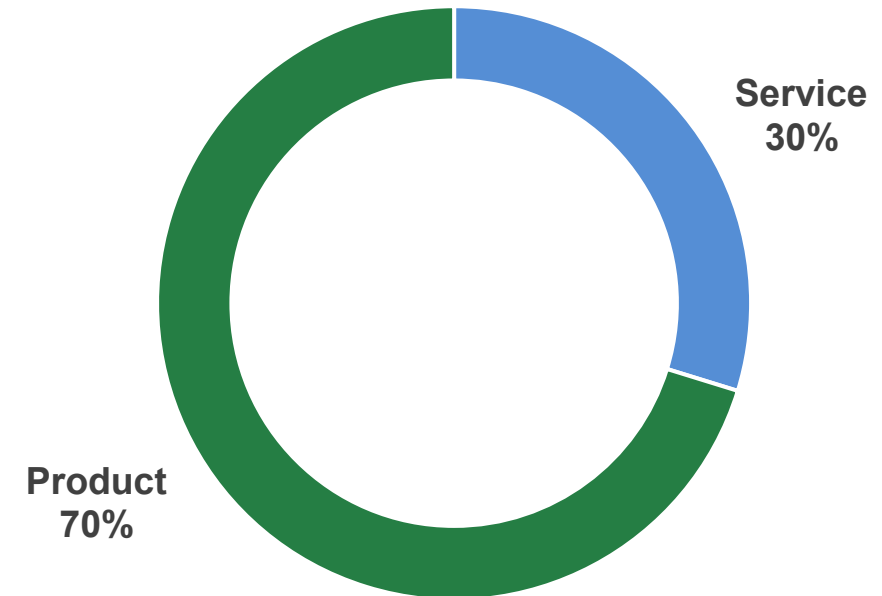
# Revenue Profile

Revenue Contribution – Twelve Months Ended December 31, 2021

**By Geography**



**Product and Service Mix**

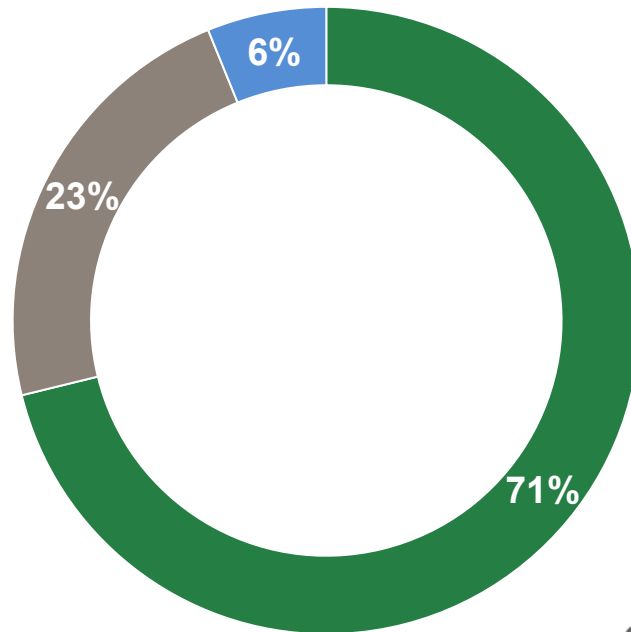




# Evolving Geographic Mix

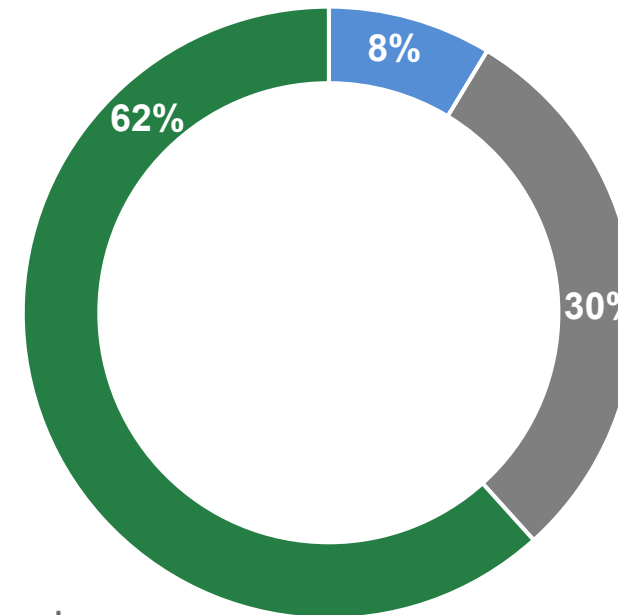
U.S. and International markets represented 38% of total revenue during the twelve months ended December 31, 2021 as compared to under 30% in 2016

**2016 Revenue - \$98 mm**



■ Canada ■ U.S. ■ International

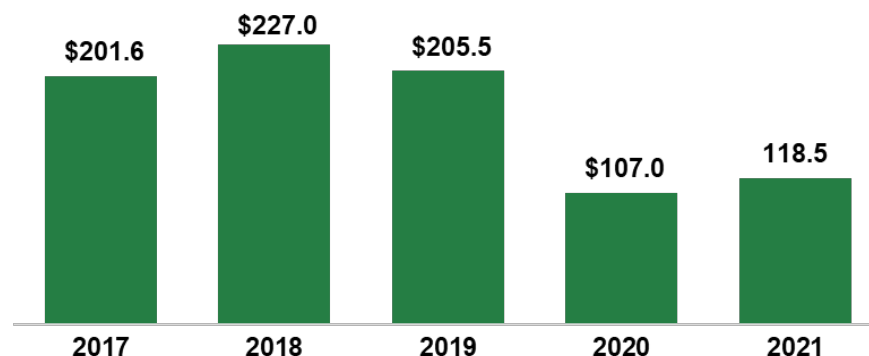
**LTM Revenue – December 31, 2021 - \$119 mm**



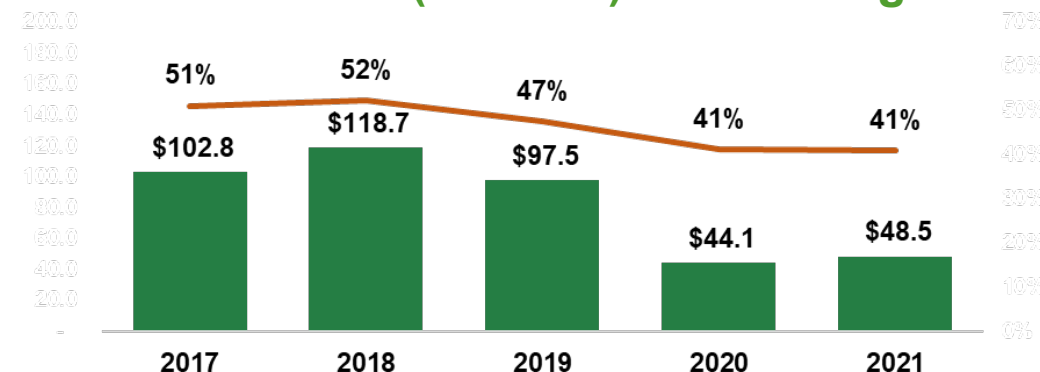
# High Margins with Free Cash Flow

Financial and operating model minimizes capital investment and maximizes free cash flow

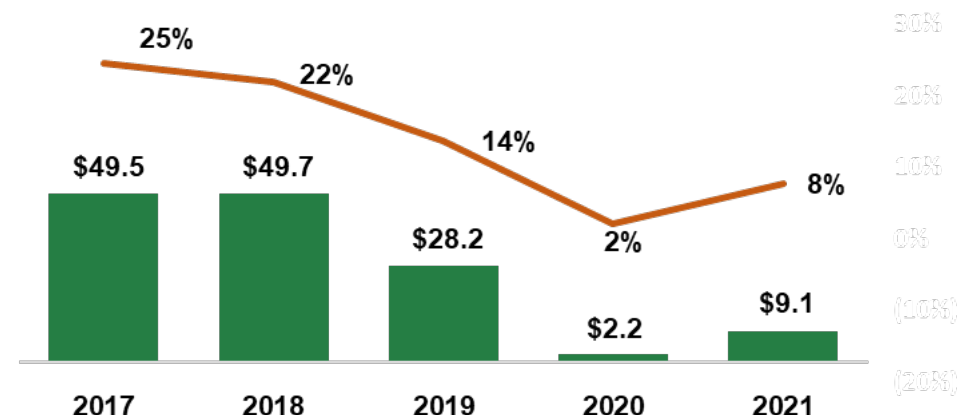
## Revenue (millions)



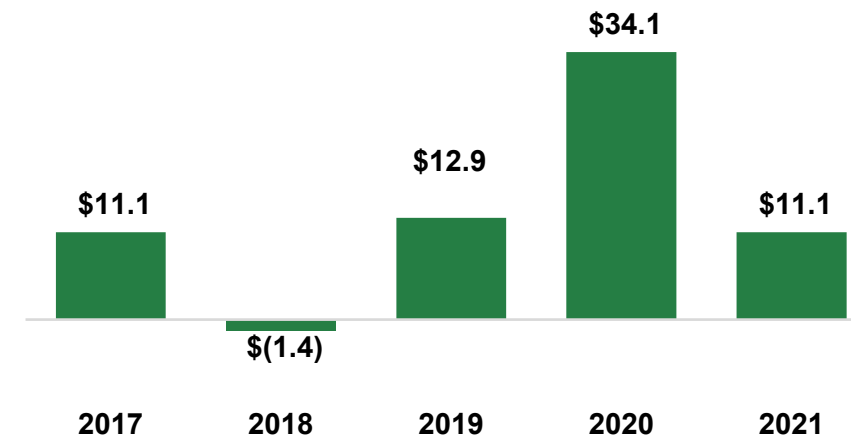
## Gross Profit (millions) and % Margin



## Adjusted EBITDA (millions) and % Margin\*



## Free Cash Flow (millions)\*



\* See Appendix for Adjusted EBITDA, Adjusted EBITDA margin and free cash flow reconciliations

# The NCS Investment Proposition



Leading Global Energy Technology

1. Leadership positions across a focused and differentiated portfolio of products and services
  - We enable our customers to operate more efficiently, reduce costs and improve financial returns
2. Leveraging our innovative technology platform to improve market share across geographies
3. Strong balance sheet and capital light model that has consistently generated free cash flow

## Trading Statistics and Selected Financial Metrics\*

(In millions, except per share amounts)

Share Price (3/4/2022)	\$50.58
Shares Outstanding (basic)	2.4
<b>Equity Value</b>	<b>\$121.7</b>
Plus: Total Debt	\$7.8
Plus: Non-controlling Interest	18.1
Less: Cash	(22.2)
<b>Enterprise Value</b>	<b>\$125.4</b>
Trailing 12-month Adjusted EBITDA	
Less Share-based Compensation*	\$4.9
Trailing 12-month Free Cash Flow*	11.1
Net Debt (Cash)	(\$14.3)
Total Debt/Total Book Capitalization	6.6%
<b>Net Working Capital**</b>	<b>\$48.0</b>

\* See appendix for Adjusted EBITDA Less Share-Based Compensation and Free Cash Flow reconciliations. All amounts as of 12/31/2021 except as indicated.

\*\* Calculated as current assets (excluding cash and cash equivalents) less current liabilities (excluding current maturities of long-term debt). See appendix for reconciliation.





# NCS MULTISTAGE

Leading Global Energy Technology

Appendix

# Everything Starts with *The Promise*



Leading Global Energy Technology

Employees	We will invest in our employees, our most important resource, by providing coaching and training that enables them to learn and grow to their full potential. Together, we will maintain a culture that promotes teamwork and an environment that is challenging, rewarding and fun. We will listen to our employees, treat them with respect and support them when they make decisions that are aligned with <i>The Promise</i> .
Health, Safety & Environment	We will provide leadership, tools and training to empower our employees, customers and vendors to remain healthy and safe. We will integrate environmental stewardship into our business activities and respect the communities in which we operate.
Customers	We will treat our customers as partners and operate in a fair and honest manner. We will listen to our customers, set clear, common expectations and respond with execution excellence.
Technology	We will deliver reservoir analysis, insights and technologies that support our customers' development strategies and resource recovery objectives and develop technology and processes to drive improvement in our products and services.
Quality	We will continuously improve our processes and systems in order to strive to meet or exceed all applicable quality requirements.
Vendors	We will treat our vendors as partners, stand by our commitments to them and expect the same from them.
Stakeholders	We will ethically and responsibly increase stakeholder value by focusing on innovation, sustainable growth and strong financial performance.

# Adjusted EBITDA Reconciliation



Leading Global Energy Technology

(\$ in millions)

	Year Ended December 31,					Three Months Ended December 31,	
	2017	2018	2019	2020	2021	2020	2021
Net Income (Loss)	\$ 1.3	\$ (185.2)	\$ (22.8)	\$ (39.1)	\$ (3.8)	\$ 23.8	\$ 2.0
Income Tax Expense (Benefit)	0.7	(23.1)	10.8	(7.8)	0.3	2.2	0.2
Interest Expense (a)	4.3	2.0	1.9	1.8	0.7	0.2	0.2
Depreciation	3.2	4.7	5.9	4.4	3.8	1.0	1.0
Amortization	24.5	13.1	4.6	1.5	0.7	0.1	0.2
<b>EBITDA</b>	<b>\$ 33.9</b>	<b>\$ (188.5)</b>	<b>\$ 0.3</b>	<b>\$ (39.2)</b>	<b>\$ 1.7</b>	<b>\$ 27.3</b>	<b>\$ 3.6</b>
Impairments (b)	-	227.5	7.9	50.2	-	-	-
Gain on patent infringement settlement (c)	-	-	-	(25.7)	-	(25.7)	-
Share-based Compensation (d)	6.1	10.9	12.2	7.7	4.2	1.4	1.0
Severance and other termination benefits (e)	-	-	0.7	5.7	-	0.0	-
Net benefit of ERC (f)	-	-	-	-	(1.9)	-	(0.0)
Professional Fees (g)	3.9	1.5	5.0	1.3	4.9	(0.9)	2.1
Unrealized Foreign Currency (Gain) Loss (h)	17.0	1.5	1.7	(0.4)	0.4	(0.2)	(0.0)
Realized Foreign Currency (Gain) Loss (i)	(17.2)	(1.6)	(0.7)	1.4	(0.6)	0.8	(0.1)
Change in Fair Value of Contingent Consideration (j)	5.5	(2.9)	0.0	-	-	-	-
Other (k)	0.3	1.2	1.1	1.1	0.5	0.2	0.0
<b>Adjusted EBITDA</b>	<b>\$ 49.5</b>	<b>\$ 49.7</b>	<b>\$ 28.2</b>	<b>\$ 2.2</b>	<b>\$ 9.1</b>	<b>\$ 3.0</b>	<b>\$ 6.5</b>
<b>Adjusted EBITDA Margin</b>	<b>25%</b>	<b>22%</b>	<b>14%</b>	<b>2%</b>	<b>8%</b>	<b>18%</b>	<b>20%</b>
2017 - 2021 Average Adjusted EBITDA Margin (l)	16%						
<b>Adjusted EBITDA less Share-based Compensation</b>	<b>\$ 43.4</b>	<b>\$ 38.8</b>	<b>\$ 16.0</b>	<b>\$ (5.5)</b>	<b>\$ 4.9</b>	<b>\$ 1.5</b>	<b>\$ 5.5</b>

(a) Includes the write-off of the deferred loan costs of \$1.4 million related to the prior credit agreement that were expensed when the debt was repaid with a portion of our net proceeds from the IPO during the second quarter of 2017 and \$0.6 million related to the current credit agreement that were expensed when the facility size was reduced in connection with our amendment in the third quarter of 2020.

(b) Represents non-cash impairment charges for property and equipment, goodwill and intangible assets.

(c) Represents gain realized from the settlement of the final court judgement with Diamondback Industries.

(d) Represents non-cash compensation charges related to share-based compensation granted to our officers, employees and directors.

(e) Represents severance and other expenses associated with headcount reductions and other cost savings initiated as part of our restructuring initiatives.

(f) Represents Employee Retention Credit recorded during the period less the effect on bonus and associated payroll burden accruals.

(g) Represents non-capitalizable costs of professional services incurred in connection with our IPO, financings and refinancings, legal proceedings and the evaluation of potential and completed acquisitions.

(h) Represents unrealized foreign currency translation gains and losses primarily in respect of our indebtedness prior to 2018.

(i) Represents realized foreign currency translation gains and losses with respect to principal and interest payments related to our indebtedness prior to 2018.

(j) Represents the change in the fair value of the earn-outs associated with our acquisitions.

(k) Represents the impact of a research and development subsidy that is included in income tax expense (benefit) in accordance with GAAP, fees incurred in connection with refinancing our credit facilities, arbitration awards and other charges and credits.

(l) Calculated as total cumulative Adjusted EBITDA for 2017-2021 divided by total cumulative revenue for 2017-2021.

# Free Cash Flow and Net Working Capital Reconciliations

## Free Cash Flow

(\$ in millions)

Net Cash Provided by Operating Activities

Purchases of Property & Equipment\*

Proceeds from Sales of Property & Equipment

**Free Cash Flow**

Distribution to Non-controlling Interest

**Free Cash Flow less Distributions to Non-controlling Interest**

Year Ended December 31,				
2017	2018	2019	2020	2021
\$ 16.1	\$ 14.0	\$ 17.9	\$ 35.1	\$ 11.6
(5.4)	(15.8)	(6.4)	(2.2)	(0.8)
0.4	0.4	1.4	1.1	0.4
<b>\$ 11.1</b>	<b>\$ (1.4)</b>	<b>\$ 12.9</b>	<b>\$ 34.1</b>	<b>\$ 11.1</b>
-	(2.3)	(6.0)	(17.6)	(2.8)
<b>\$ 11.1</b>	<b>\$ (3.7)</b>	<b>\$ 6.9</b>	<b>\$ 16.5</b>	<b>\$ 8.4</b>

Three Months Ended December 31,	
2020	2021
\$ 20.6	\$ 4.9
(0.3)	(0.2)
0.4	0.0
<b>\$ 20.7</b>	<b>\$ 4.7</b>
(13.8)	(0.5)
<b>\$ 7.0</b>	<b>\$ 4.2</b>

## Net Working Capital

(\$ in millions)

Working capital

Cash and cash equivalents

Current maturities of long term debt

**Net working capital**

December 31	December 31
2020	2021
\$ 68.8	\$ 68.7
(15.5)	(22.2)
1.3	1.5
<b>\$ 54.6</b>	<b>\$ 48.0</b>

\* Includes purchase and development of software and technology