



Investor Update

August 2020

Disclaimer

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, 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: 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 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; our inability to comply with the covenants in our debt agreements depending on the duration of the decline in market conditions primarily related to the COVID-19 pandemic and our ability to negotiate with our lenders; risks and uncertainties relating to cost reduction efforts or savings we may realize from such cost reduction efforts; risks and uncertainties related to the potential delisting of our common stock from NASDAQ Global Select Market; loss of significant customers; 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; our inability to accurately predict customer demand, which may result in us holding excess or obsolete inventory; impairment in the carrying value of long-lived assets and goodwill; our inability to successfully develop and implement new technologies, products and services; our inability to protect and maintain critical intellectual property assets; currency exchange rate fluctuations; losses and liabilities from uninsured or underinsured business activities; the financial health of our customers including their ability to pay for products or services provided; our inability to obtain sufficient liquidity on reasonable terms, or at all; our failure to identify and consummate potential acquisitions; our inability to integrate or realize the expected benefits from acquisitions; impact of severe weather conditions; restrictions on the availability of our customers to obtain water essential to the drilling and hydraulic fracturing processes; 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; changes in legislation or regulation governing the oil and natural gas industry, including restrictions on emissions of greenhouse gases; 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, 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 cyber-security breaches, identity theft or other disruptions that could compromise our information; our failure to establish and maintain effective internal control over financial reporting; our success in attracting and retaining qualified employees and key personnel; and our inability to satisfy technical requirements and other specifications under contracts and contract tenders. 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.

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.

Company and Technology Overview

The NCS Investment Proposition

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 (8/7/2020)	\$0.72
Shares Outstanding	47.3
Equity Value	\$34.1
Plus: Total Debt	\$21.4
Plus: Non-controlling Interest	18.4
Less: Cash	(31.3)
Enterprise Value	\$42.6
Trailing 12-month Adjusted EBITDA	
Less Share-based Compensation*	\$12.7
Trailing 12-month Free Cash Flow*	22.0
Net Debt	(\$9.9)
Total Debt/Total Book Capitalization	17.1%
Net Working Capital**	\$48.6

* See appendix for Adjusted EBITDA Less Share-Based Compensation and Free Cash Flow reconciliations

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

1. Focused Portfolio with Leadership Positions

Leading Positions in Technologies that Drive Efficiency and Reduce Cost for Our Customers

- Global leader in pinpoint stimulation
- Innovator in efficient casing buoyancy solutions
- Leader in tracer diagnostics in North America
- Top-five provider of composite frac plugs

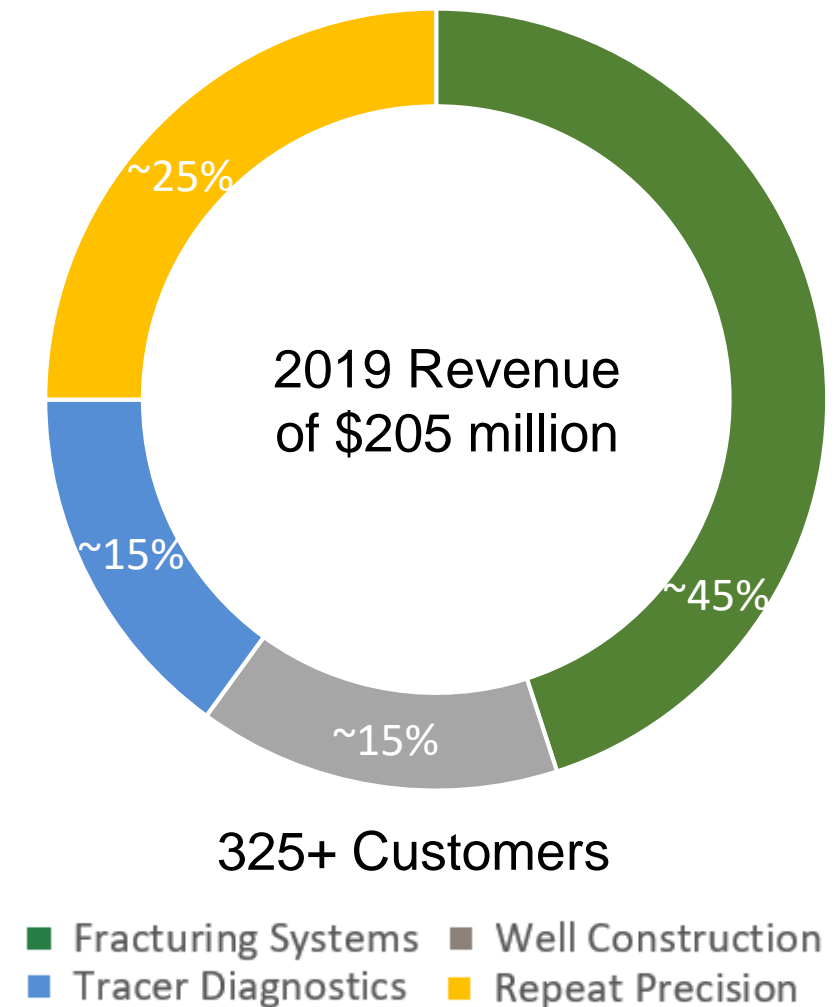
Aker BP Press Release – December 10, 2019

“The new method [Single-Trip Multi-Frac] will make implementation of several projects possible.

It provides more flexibility; we spend less time per well, and it decreases the unit cost of the operations. In turn, this results in a reduced price for the stimulation and we can bring the well on stream earlier compared with the conventional stimulation method that has been used. Therefore, we see a substantial upside through the use of this stimulation method.”

- Tommy Sigmundstad, SVP Drilling and Well – Aker BP

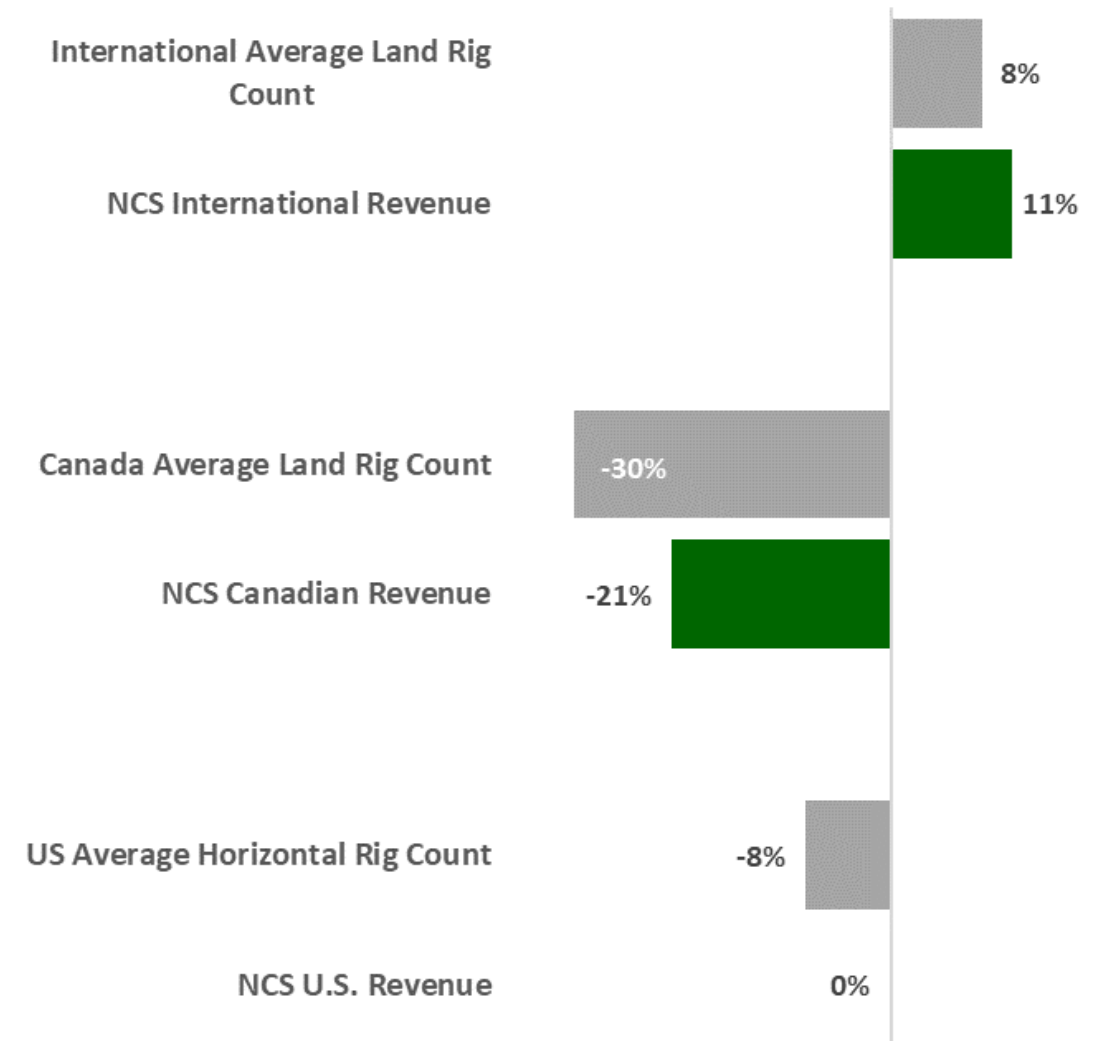
Balanced and Focused Product and Service Offering



2. Market Share Growth Through Innovation

- Revenue outperformance vs. underlying rig count in each geographic market in 2019
 - Market share driven by technology adoption
 - Next-generation sliding sleeves and toe initiation sleeves
 - Purple Seal Express™ system
 - Tracers for frac interference applications
 - Successful cross-selling initiatives
 - Growing international participation

NCS 2019 vs. 2018 Change in Revenue vs. Change in Average Rig Count*

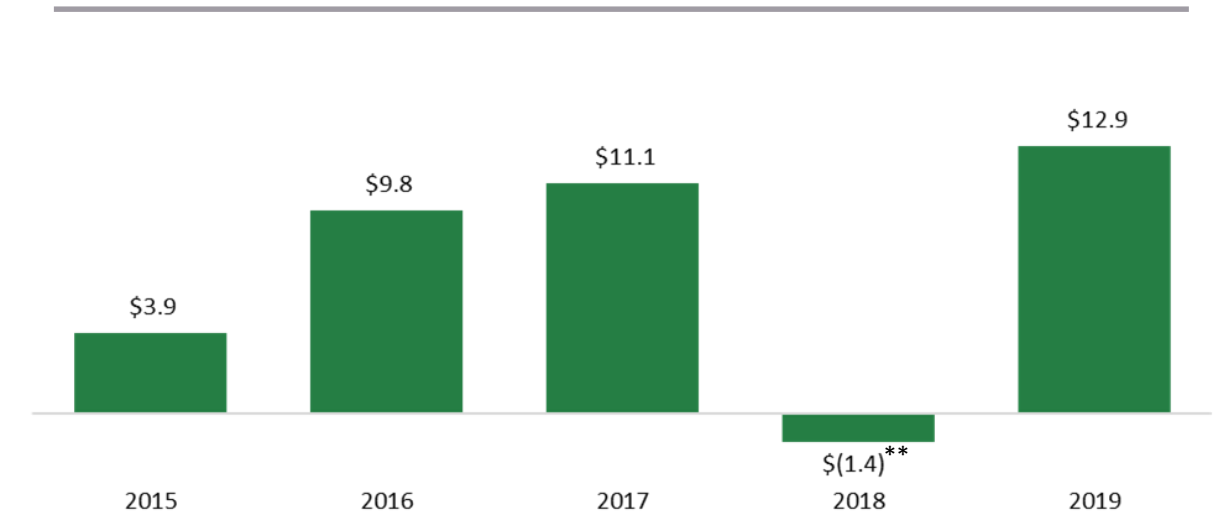


* Rig counts indicate change in average annual rig count in 2019 vs. 2018 per Baker Hughes

3. Free Cash Flow Generation

- Capital light model facilitates free cash flow generation
 - \$12.9mm of free cash flow in 2019*
- Reduced total debt by \$12.8mm in 2019
- Strong balance sheet provides strategic optionality
 - Net debt of (\$9.9)mm at 6/30/2020

Free Cash Flow (mm)*



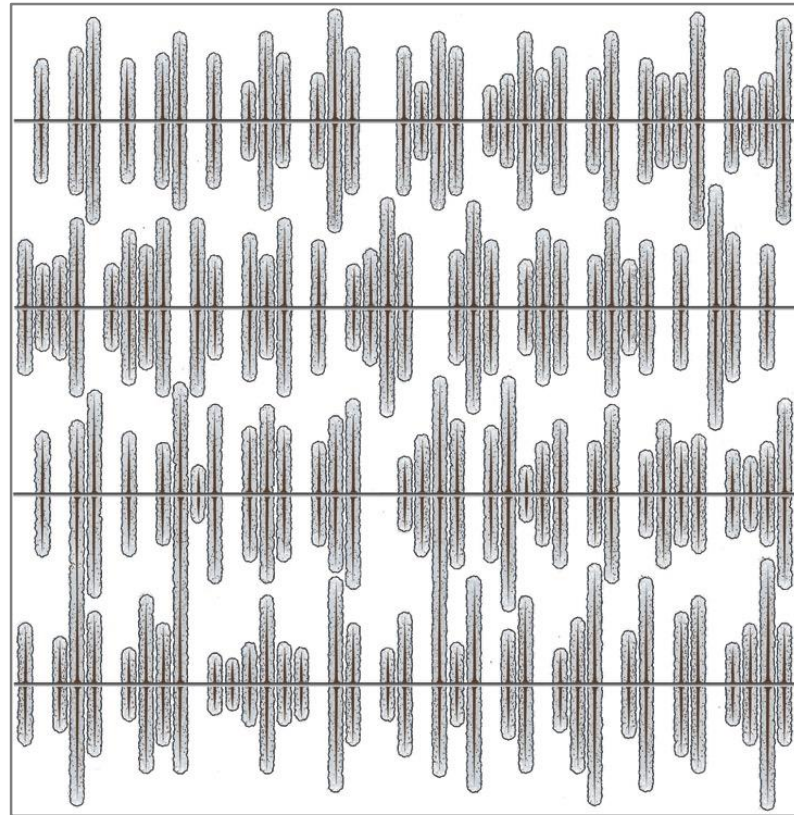
* See appendix for free cash flow reconciliation

** 2018 free cash flow included \$11mm in capital spending related to our Tech Center in Calgary and a new ERP system implementation

Fracturing Systems – Pinpoint Stimulation

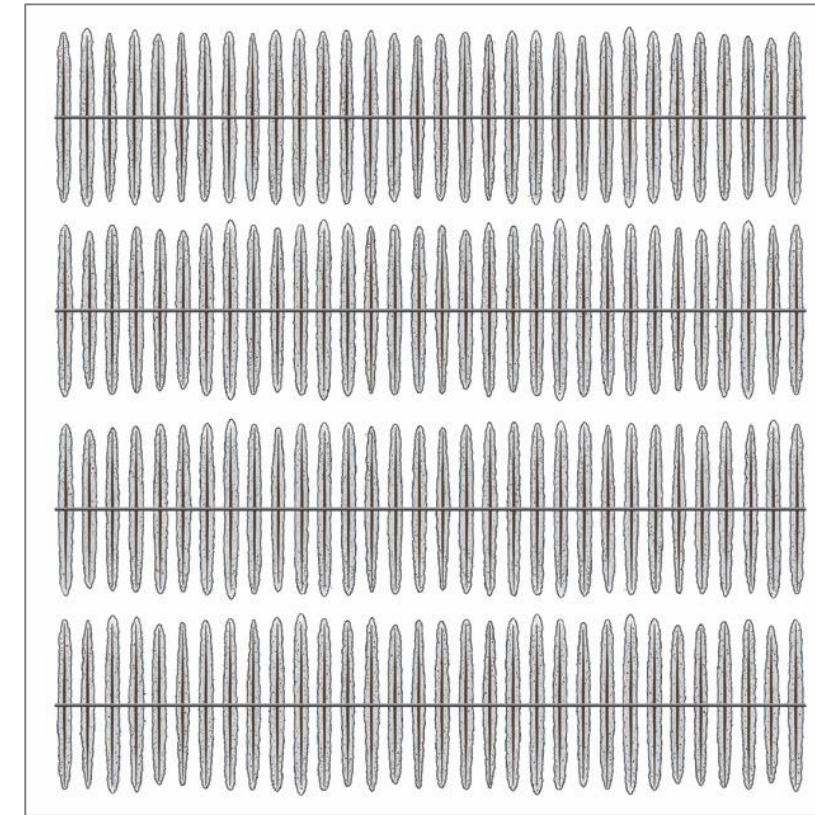
Pinpoint stimulation enables more predictable, repeatable, and verifiable completions that maximize reservoir connectivity, as compared to other completion methods

Other Completion Methods



Unpredictable frac size and location

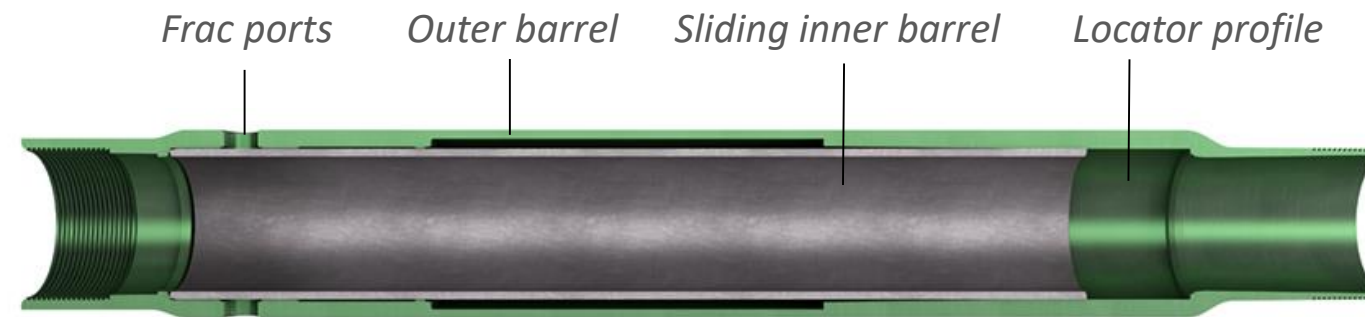
Pinpoint Stimulation



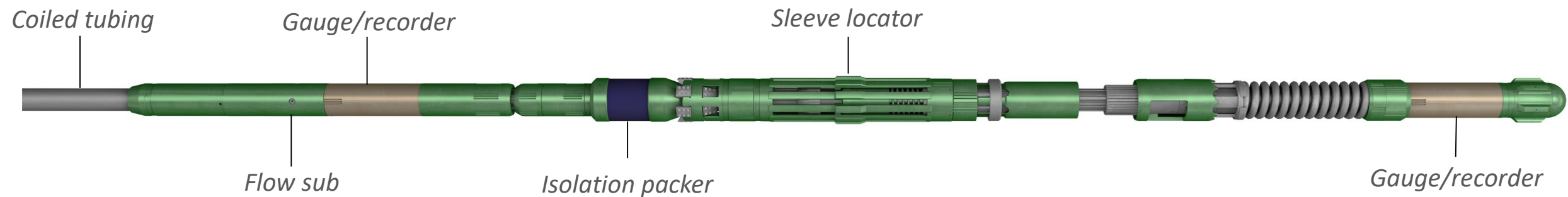
Controlled proppant placement

Fracturing Systems – Pinpoint Stimulation

Innovus™ Casing-Installed MultiCycle® Frac Sleeve

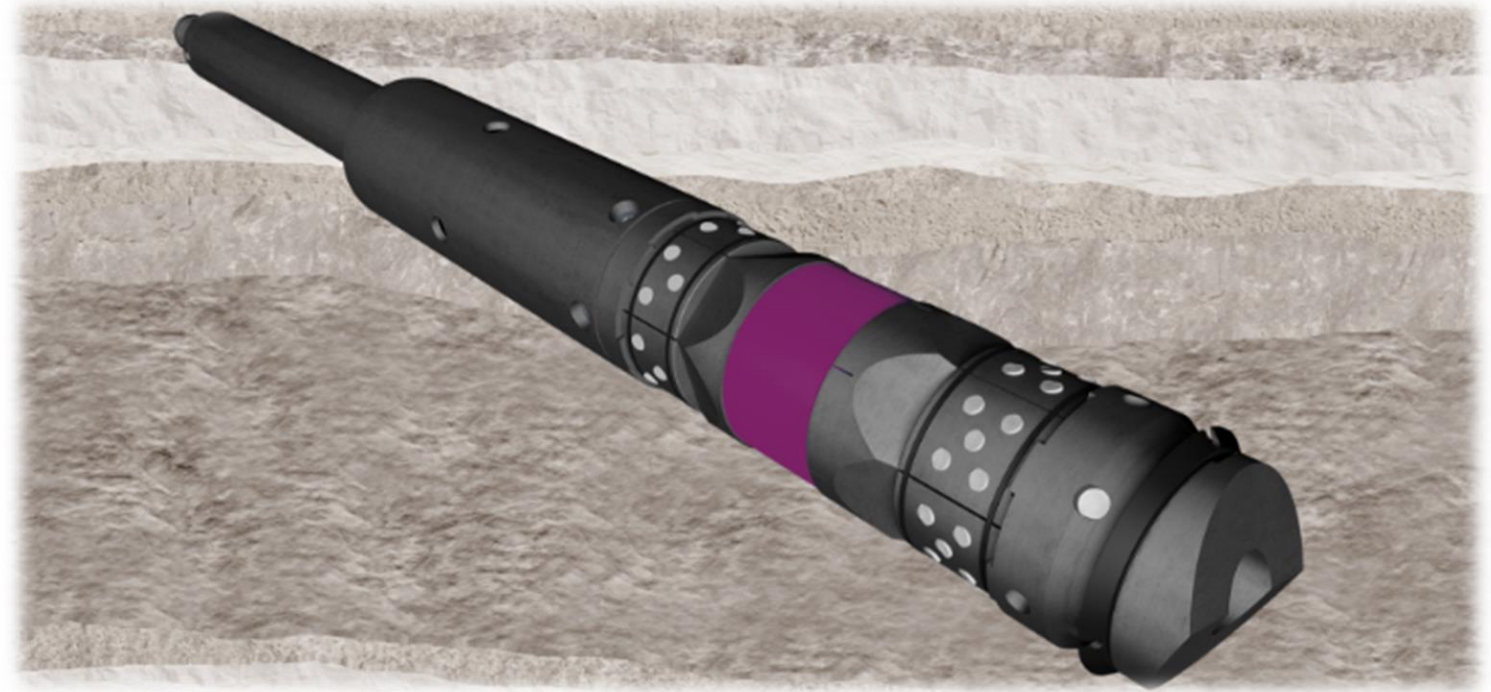


Innovus™ Downhole Frac-Isolation Assembly on Coiled Tubing



Repeat Precision Joint Venture

- 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
- Provides NCS with additional revenue exposure from plug-and-perf wells
- Supply chain partner for NCS



PurpleSeal Express™ frac-plug deployment system

Tracer Diagnostics

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

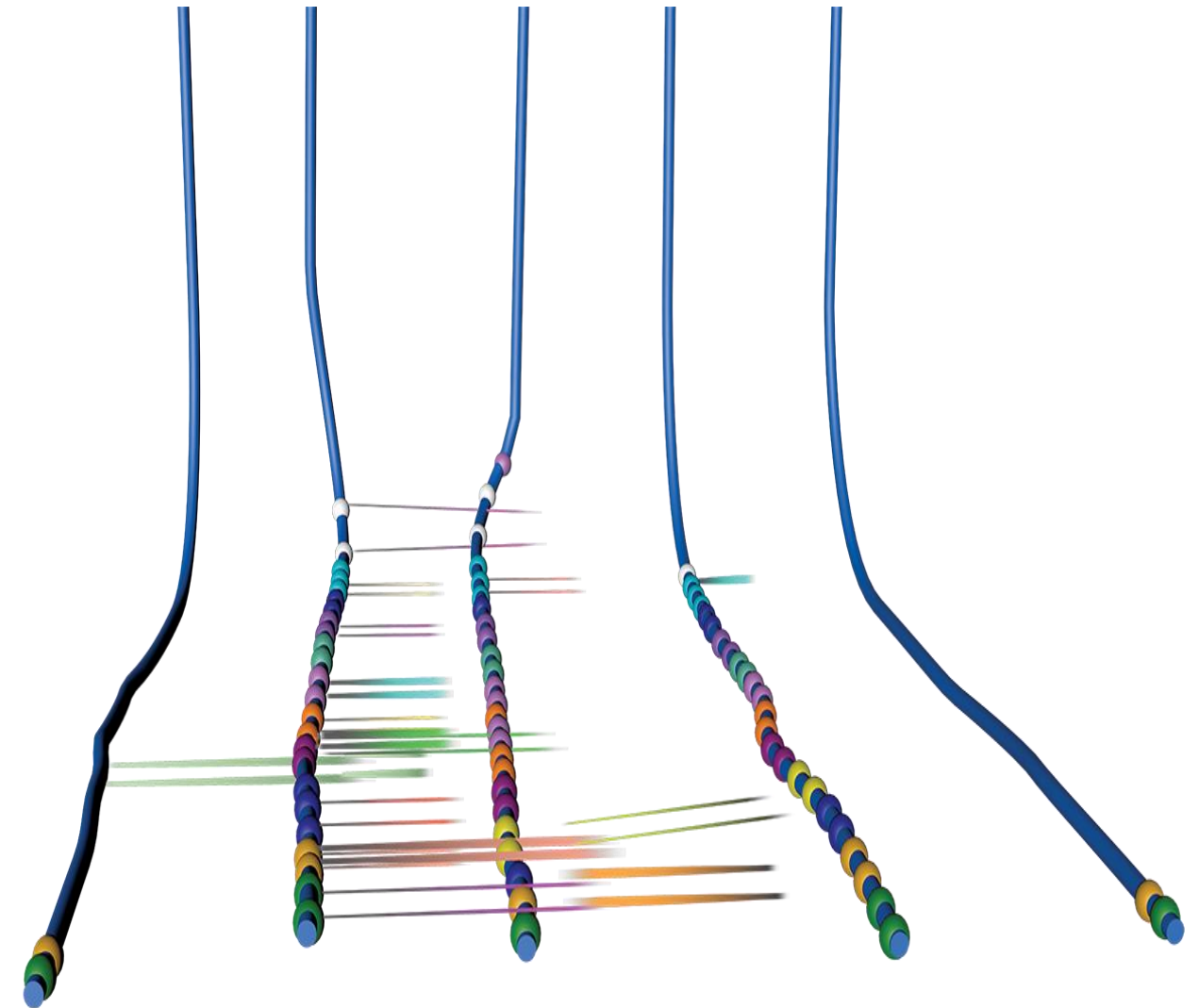
- Cost-effective and reliable service utilized by E&P companies to optimize completion designs and field development
 - Growing portfolio of patented and patent-pending chemical tracers, including:
 - FFI[®] tracers (liquid tracers, for identification of stage-specific fracture fluid returns)
 - OST[®] 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



Well Construction

- Complementary technologies to support casing and liner installation and for initial formation access
 - AirLock[®] casing buoyancy system
 - Vectraset[™] liner hanger assembly
 - Pressure-activated toe initiation sleeves



AirLock[®] casing buoyancy system

Secondary Recovery and EOR Solutions

- 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

Terrus™ Frac / Injection Sleeve

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

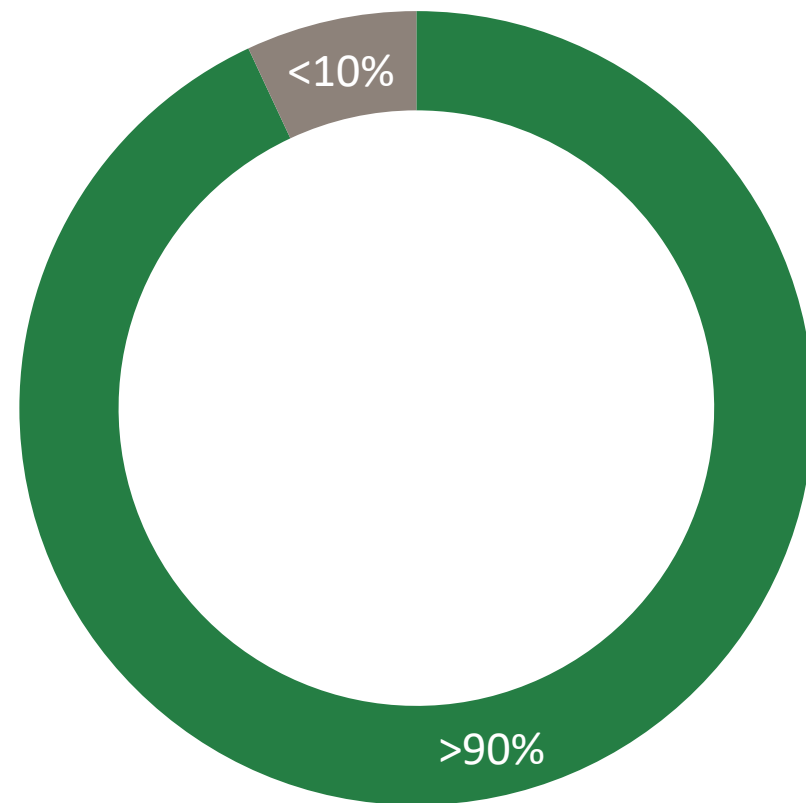
Qumulus™ Ultimate Recovery

- System designed to provide remote, real-time and interventionless actuation of downhole valves to optimize secondary recovery and EOR applications
 - Applicable for floods and single well “huff and puff” applications

Expanded Addressable Market

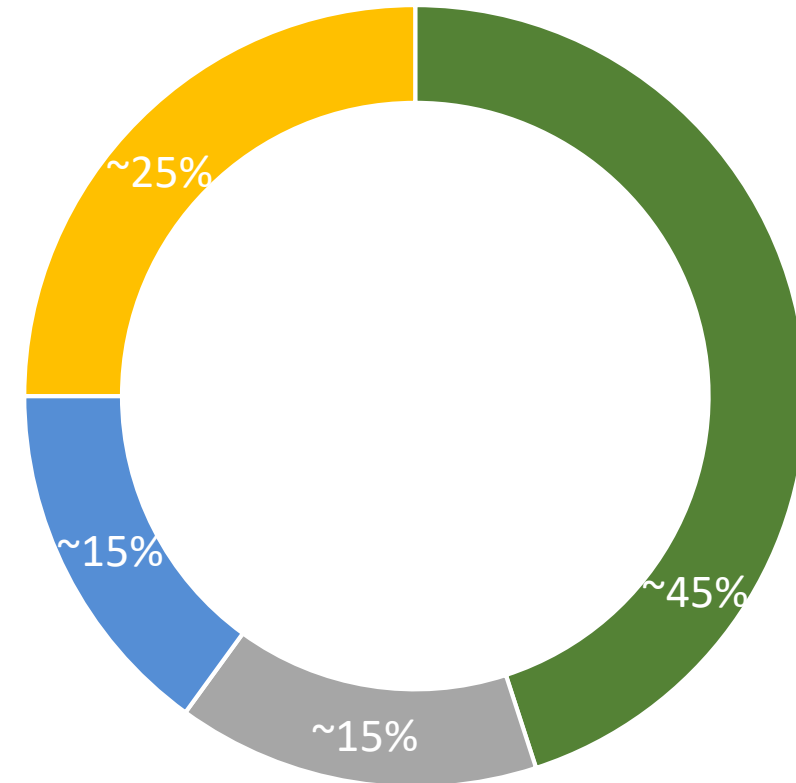
- NCS has expanded its addressable market and diversified its business through organic sales and new product development, the Repeat Precision joint venture and the Spectrum acquisition

2016 - \$98 mm Revenue



140+ Customers

2019 - \$205 mm Revenue



325+ Customers

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

Growth and Financial Execution

Q2 2020 Results

Q2 2020 Performance:

- Total revenue of \$8.7 million
 - U.S. revenue of \$4.6 million; Canadian revenue of \$1.5 million; International revenue of \$2.6 million
- Cost of sales, excluding D&A, of \$6.4 million
- S,G&A of \$15.5 million, including \$3.4 million in severance and \$1.7 million of share-based compensation
- Adjusted EBITDA of (\$7.9) million*

Q2 2020 Balance Sheet and Cash Flow:

- June 30 cash balance of \$31.3 million and total debt of \$21.4 million
- YTD June 30 Net CapEx of \$0.6 million and free cash flow* of \$19.5 million

* See appendix for Adjusted EBITDA and free cash flow reconciliations

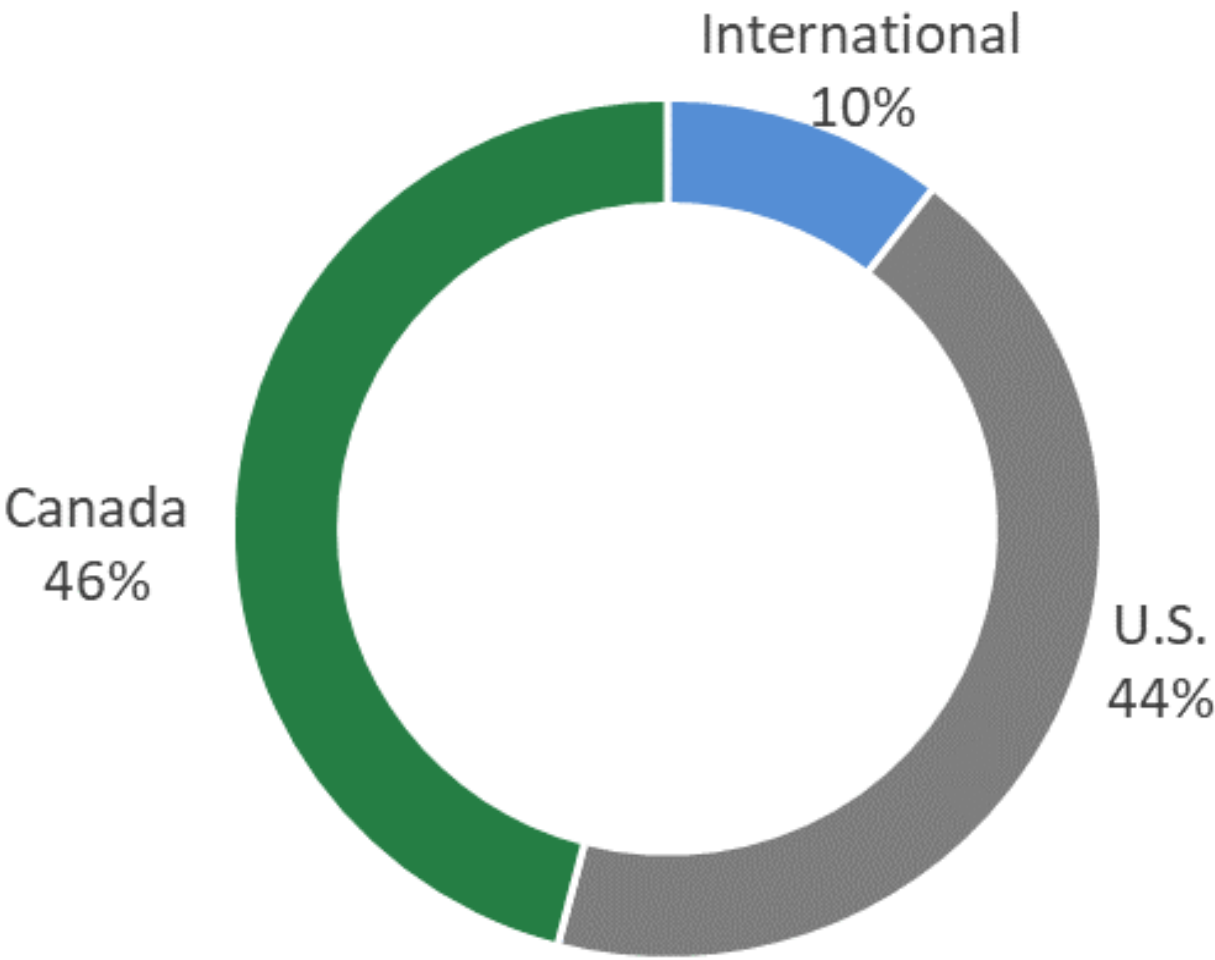
Revolving Credit Facility Amendment

- NCS entered into an amendment to our revolving credit facility on August 6, 2020
 - Total commitments under the facility reduced to \$25.0 million from \$75.0 million
 - Total amount outstanding subject to a borrowing base calculated based on eligible accounts receivable
 - Eliminated financial covenants requiring compliance with maximum leverage, minimum interest coverage and minimum asset coverage tests
 - Added a minimum liquidity covenant and a minimum fixed charge coverage ratio covenant in certain circumstances of reduced liquidity
- NCS repaid the \$15.0 million that was drawn under the credit facility upon entering into the amendment

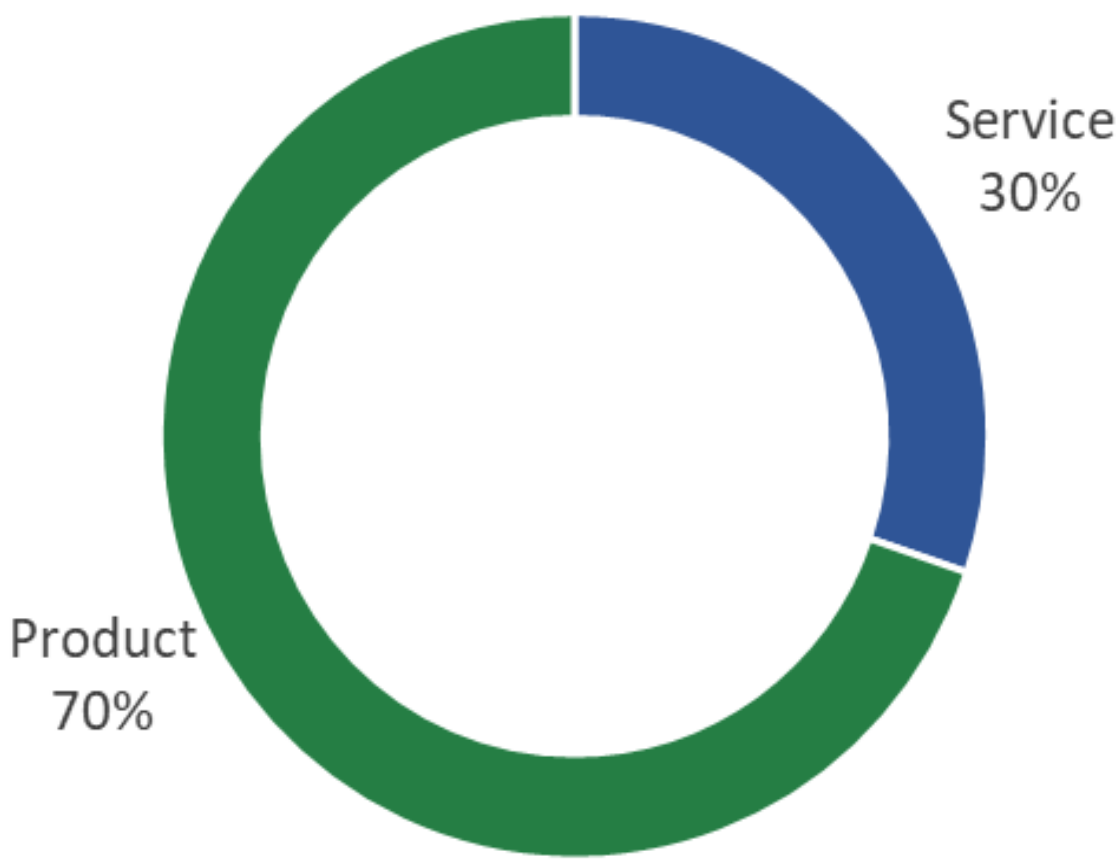
Revenue Profile

Revenue Contribution – LTM Ended June 30, 2020

By Geography



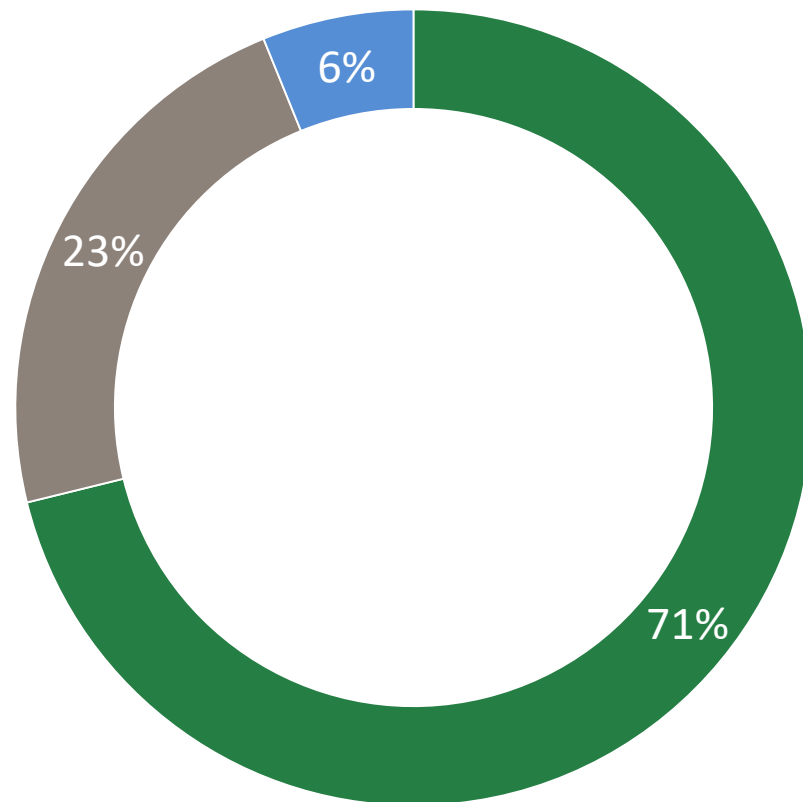
Product and Service Mix



Evolving Geographic Mix

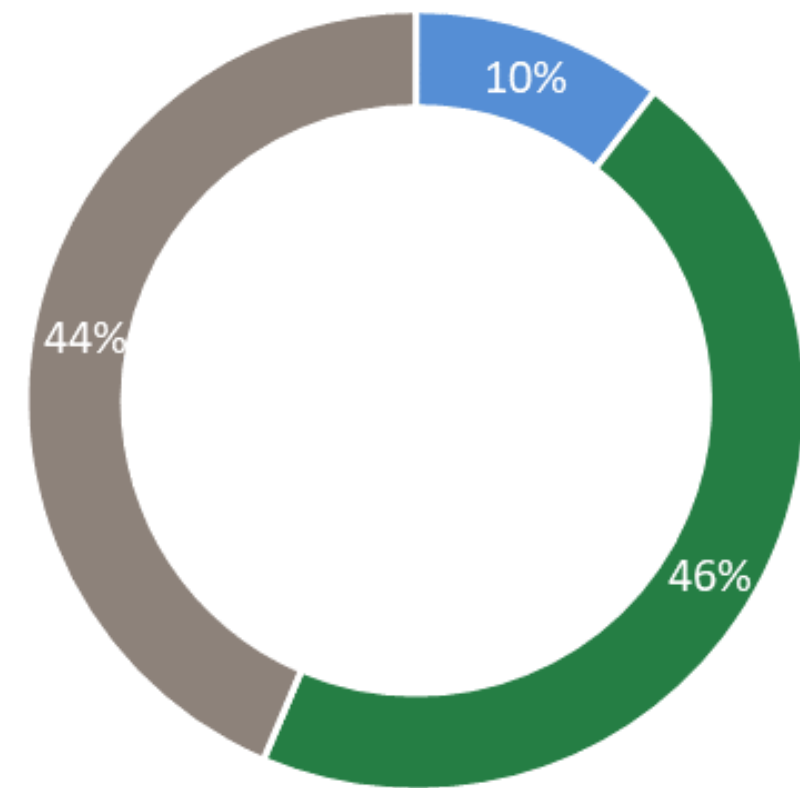
- U.S. and international markets represented 67% of total revenue over the last 12 months as compared to under 30% in 2016

2016 Revenue - \$98 mm



140+ Customers

LTM Revenue – June 30, 2020 – \$176 mm



275+ Customers

■ Canada ■ US ■ International

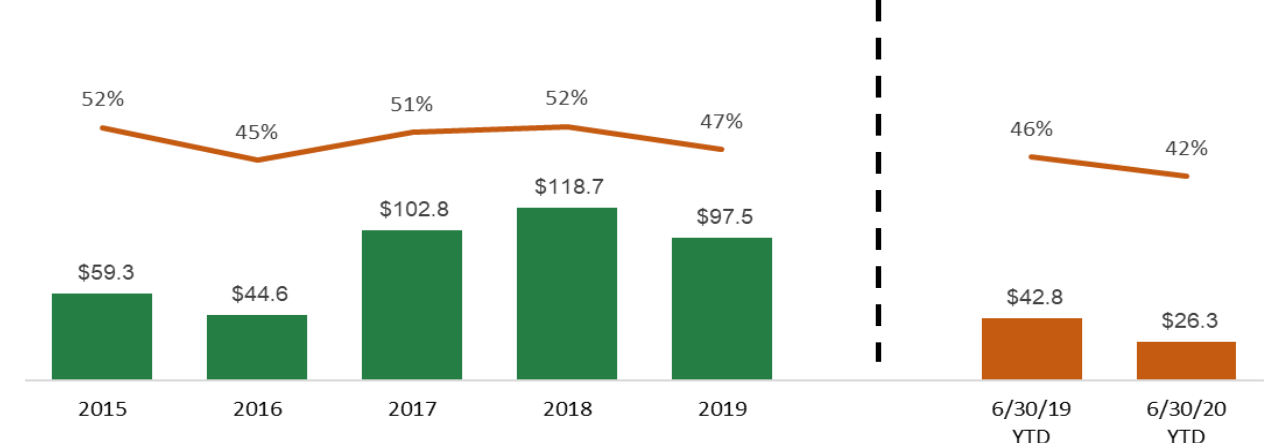
High Margins with Free Cash Flow

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

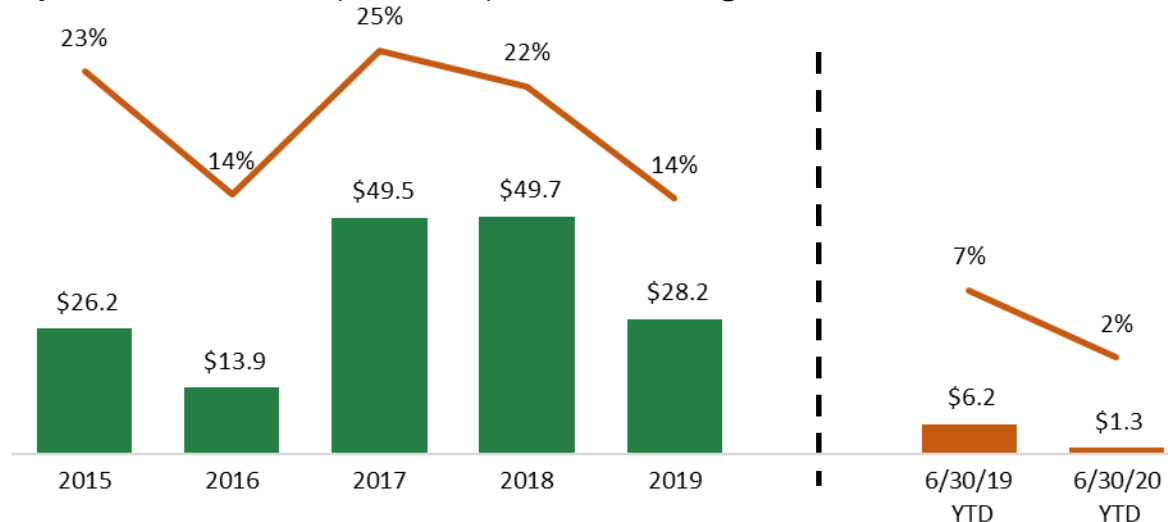
Revenue (millions)



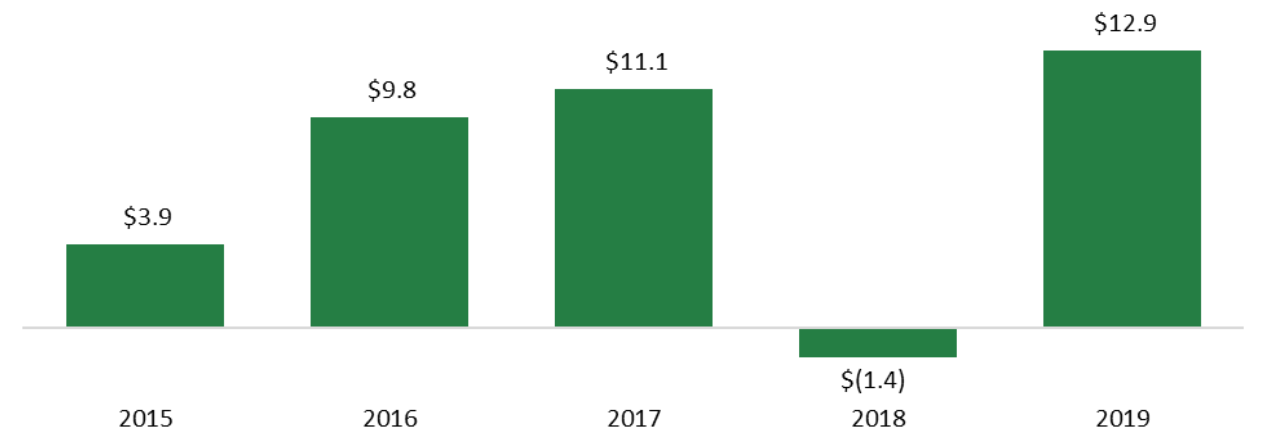
Gross Profit (millions) and % Margin



Adjusted EBITDA (millions) and % Margin*



Free Cash Flow* (millions)



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

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Trailing 12-month Adjusted EBITDA	
Less Share-based Compensation*	\$12.7
Trailing 12-month Free Cash Flow*	22.0
Net Debt	(\$9.9)
Total Debt/Total Book Capitalization	17.1%
Net Working Capital**	\$48.6

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

Appendix

Everything starts with *The Promise*

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

(\$ in millions)

	Year Ended December 31,					Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2016	2017	2018	2019	2019	2020	2019	2020
Net Income (Loss)	\$ 28.0	\$ (17.9)	\$ 1.3	\$ (185.2)	\$ (22.8)	\$ (19.6)	\$ (8.9)	\$ (29.4)	\$ (57.8)
Income Tax Expense (Benefit)	(16.2)	(8.8)	0.7	(23.1)	10.8	2.0	(6.0)	11.6	(6.9)
Interest Expense (a)	8.1	6.3	4.3	2.0	1.9	0.6	0.4	1.1	0.7
Depreciation	2.7	1.8	3.2	4.7	5.9	1.5	1.0	2.9	2.4
Amortization	24.6	23.8	24.5	13.1	4.6	1.1	0.1	2.3	1.2
EBITDA	\$ 47.1	\$ 5.1	\$ 33.9	\$ (188.5)	\$ 0.3	\$ (14.4)	\$ (13.3)	\$ (11.6)	\$ (60.3)
Impairments (b)	-	-	-	227.5	7.9	7.9	-	7.9	50.2
Share-based Compensation (c)	1.3	1.4	6.1	10.9	12.2	3.3	1.7	6.3	4.7
Severance and other termination benefits (d)	0.4	0.3	-	-	0.7	-	3.4	-	4.8
Board Fees and Expenses (e)	0.5	0.5	-	-	-	-	-	-	-
Professional Fees (f)	0.3	3.1	3.9	1.5	5.0	1.6	(0.4)	2.4	1.0
Unrealized Foreign Currency (Gain) Loss (g)	(12.8)	2.6	17.0	1.5	1.7	0.2	(0.1)	0.3	0.1
Realized Foreign Currency (Gain) Loss (h)	(13.0)	(0.1)	(17.2)	(1.6)	(0.7)	0.1	0.3	0.3	0.1
Change in Fair Value of Contingent Consideration (i)	-	-	5.5	(2.9)	0.0	0.0	-	0.0	-
Other (j)	2.3	1.0	0.3	1.2	1.1	0.3	0.5	0.6	0.8
Adjusted EBITDA	\$ 26.2	\$ 13.9	\$ 49.5	\$ 49.7	\$ 28.2	\$ (1.0)	\$ (7.9)	\$ 6.2	\$ 1.3
Adjusted EBITDA Margin	23%	14%	25%	22%	14%	-2%	-91%	7%	2%
2015 - 2019 Average Adjusted EBITDA Margin (k)	20%								
Adjusted EBITDA less Share-based Compensation	\$ 24.9	\$ 12.5	\$ 43.4	\$ 38.8	\$ 16.0	\$ (4.3)	\$ (9.6)	\$ (0.0)	\$ (3.4)

(a) Includes the write-off of the deferred loan costs of \$1,422 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.

(b) Represents non-cash impairment charges for goodwill and intangible assets as the fair values were lower than the carrying values.

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

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

(e) Represents Board fees and travel expenses paid to members of our Board, prior to our initial public offering permitted by the terms of our prior credit agreement.

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

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

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

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

(j) 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.

(k) Calculated as total cumulative Adjusted EBITDA for 2015-2019 divided by total cumulative revenue for 2015-2019

Free Cash Flow and Net Working Capital Reconciliations

Free Cash Flow

	Year Ended December 31,					Six Months Ended June 30,	
	2015	2016	2017	2018	2019	2019	2020
(\$ in millions)							
Net Cash Provided by Operating Activities	\$ 4.4	\$ 10.7	\$ 16.1	\$ 14.0	\$ 17.9	\$ 6.1	\$ 20.1
Purchases of Property & Equipment*	(0.9)	(1.2)	(5.4)	(15.8)	(6.4)	(4.4)	(0.7)
Proceeds from Sales of Property & Equipment	0.4	0.3	0.4	0.4	1.4	0.2	0.1
Free Cash Flow	\$ 3.9	\$ 9.8	\$ 11.1	\$ (1.4)	\$ 12.9	\$ 1.9	\$ 19.5

Net Working Capital

	December 31	June 30
	2019	2020
(\$ in millions)		
Working capital	\$ 80.8	\$ 78.1
Cash and cash equivalents	\$ (11.2)	\$ (31.3)
Current maturities of long term debt	\$ 1.5	\$ 1.7
Net working capital	\$ 71.1	\$ 48.6

* Includes purchase and development of software and technology