

# VALUE FOCUS

## Energy



### SEGMENT FOCUS

## Alternative Energy

## 2014

#### Segment Focus

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## Segment Focus

# Alternative Energy

2014 Third Quarter

## Alternative Energy Overview

In 2013, energy from renewable sources represented just under 10% of U.S. energy consumption. While overall energy consumption has been relatively flat over the past ten years, renewable energy consumption has risen 56.2% since 2003. Biomass and hydroelectric currently represent the two largest sources of renewable energy, though wind and solar power are rapidly growing.<sup>1</sup>

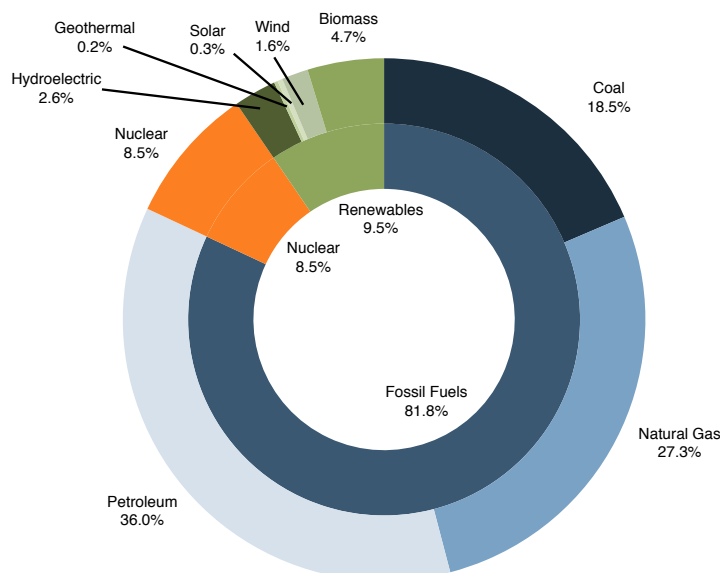
Growth in renewable energy production and consumption has been driven by the following factors:

- » Federal/state tax credits, grants, and other incentives
- » State renewable portfolio standards (RPS), which mandate minimum thresholds for electricity generation from renewable sources
- » Increased consumer sensitivity regarding environmental issues, specifically greenhouse gas emissions
- » Declining costs

Going forward, the U.S. Energy Information Administration (“EIA”) expects the share of primary energy consumption from renewable sources to increase to 12% by 2040 under the “Reference Case.”<sup>2</sup> The EIA cautions that projections

regarding renewable energy “are sensitive to assumptions about government policies and external market factors. Key uncertainties affecting projected growth include expiration of policies that affect financial incentives for deployment or operation of particular technologies, the costs and performance of the technologies, the costs of competing generation sources, and macroeconomic conditions that affect growth ....”<sup>3</sup> Under alternative scenarios, including renewable technology breakthroughs, continuation of tax credits or incentives currently set to expire, and/or carbon taxation, the share of energy sourced from renewable resources would be higher.

**U.S. Energy Consumption by Source (2013)**



Source: EIA  
Note: Figures may not total 100% due to rounding

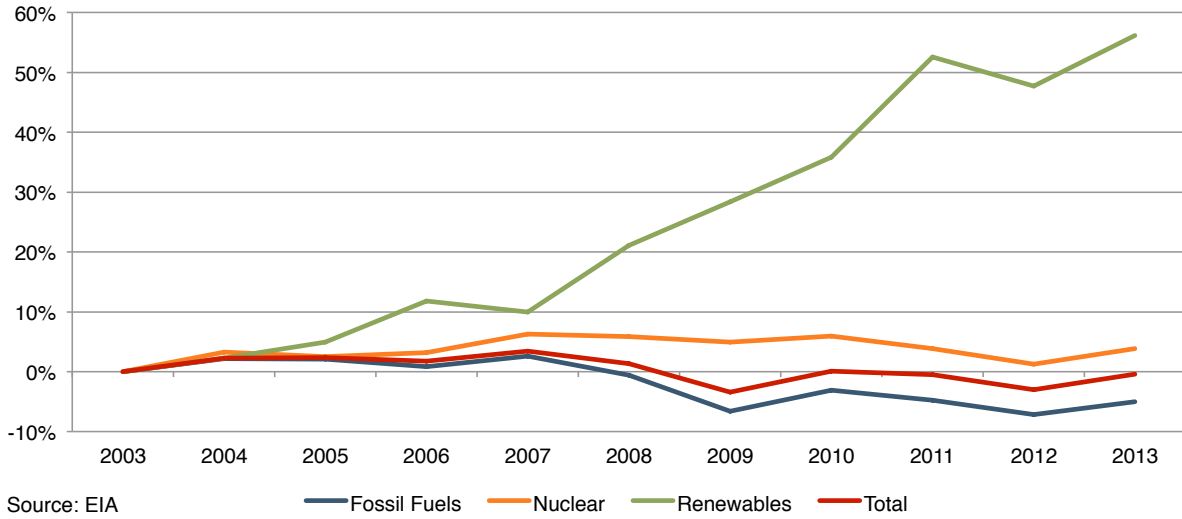
<sup>1</sup> U.S. Energy Information Administration’s “Monthly Energy Review: July 2014”

<sup>2</sup> U.S. Energy Information Administration’s “Annual Energy Outlook 2014: with projections to 2040.” See p. MT-6

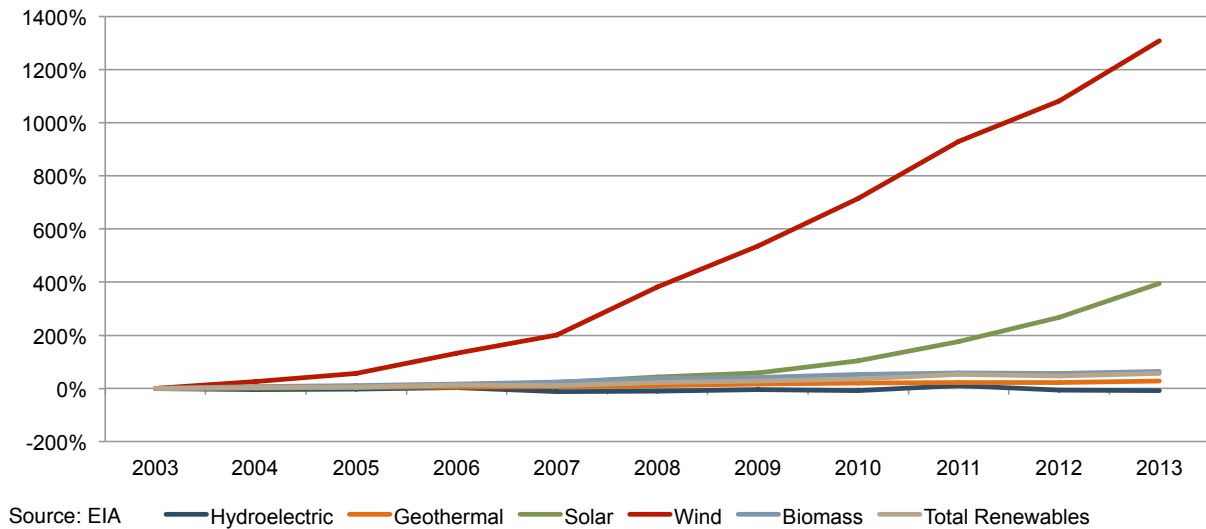
<sup>3</sup> Ibid. See p. IF-41

## Alternative Energy Overview (cont.)

Change in U.S. Energy Consumption by Source



Change in U.S. Renewable Energy Consumption by Source



# Market Valuations, Transaction Activity, & Investment Activity

## Market Valuations

Given negative or breakeven levels of profitability and the relatively small sample size of publicly-traded companies in the alternative energy sector, implied valuation multiples are highly volatile. As shown in Appendix B, mean and median enterprise to EBITDA multiples were 19.1x and 8.2x, respectively, as of August 15, 2014. Historical valuation multiples (as shown in Appendix C) further highlight the volatility of relative valuations for alternative energy companies.

## Transaction Activity

After peaking in 2011 (in terms of both deal value and the number of announced transactions), transaction activity declined in both 2012 and 2013. However, activity in 2014 has been fairly robust. Year-

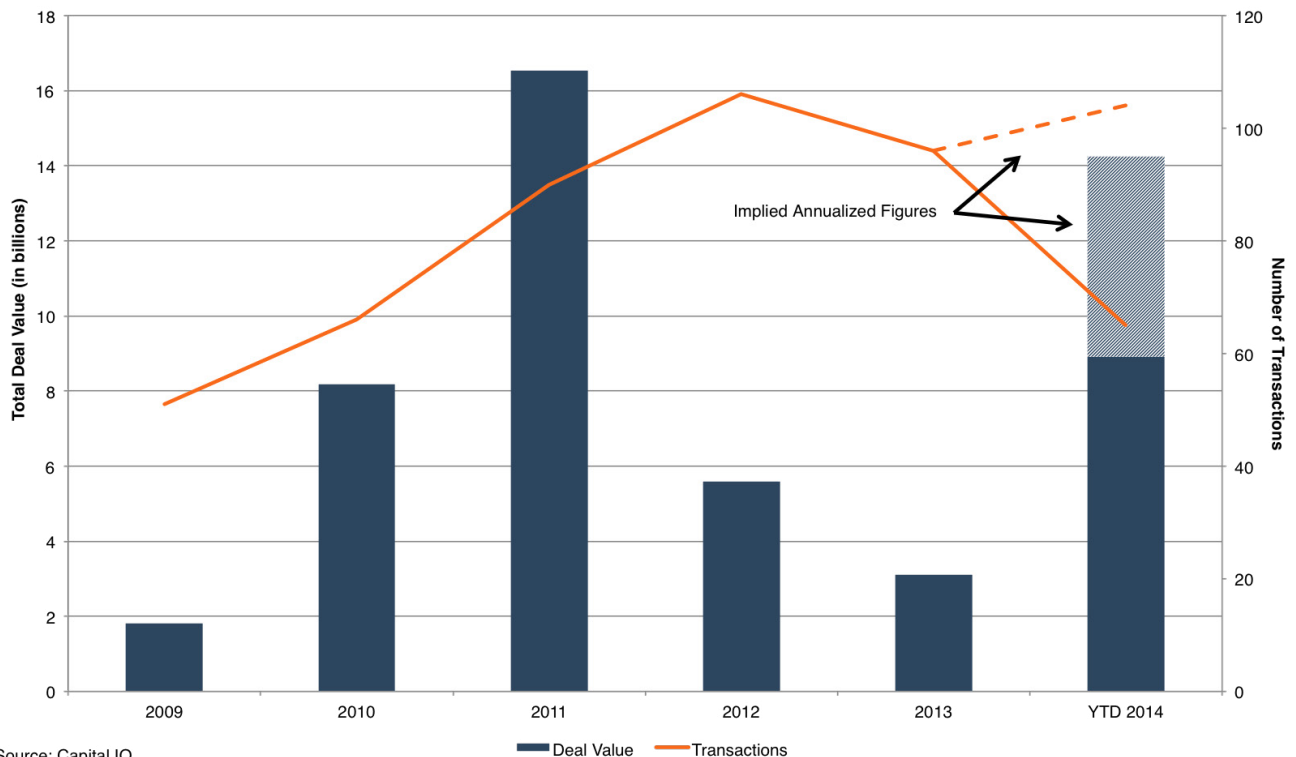
to-date deal volume has exceeded full year volumes for 2009, 2010, 2012, and 2013.

The largest transaction of the year has been NRG's acquisition of the Alta Wind facility located in Tehachapi, California. The Alta Wind facility is the largest in North America and has 947 megawatts of operating wind capacity. The \$2.5 billion transaction consisted of \$870 million in cash and the assumption of \$1.6 billion in project financing costs.

## Investment Activity

According to Bloomberg New Energy Finance, total new investment in clean energy in the U.S. totaled \$10.6 billion in the second quarter of 2014. This is 1.9% higher than the amount invested in the second quarter of 2013. However, investment activity declined 8.9% for all of 2013 compared to 2012.

### U.S. Alternative Energy Transaction Activity



Source: Capital IQ

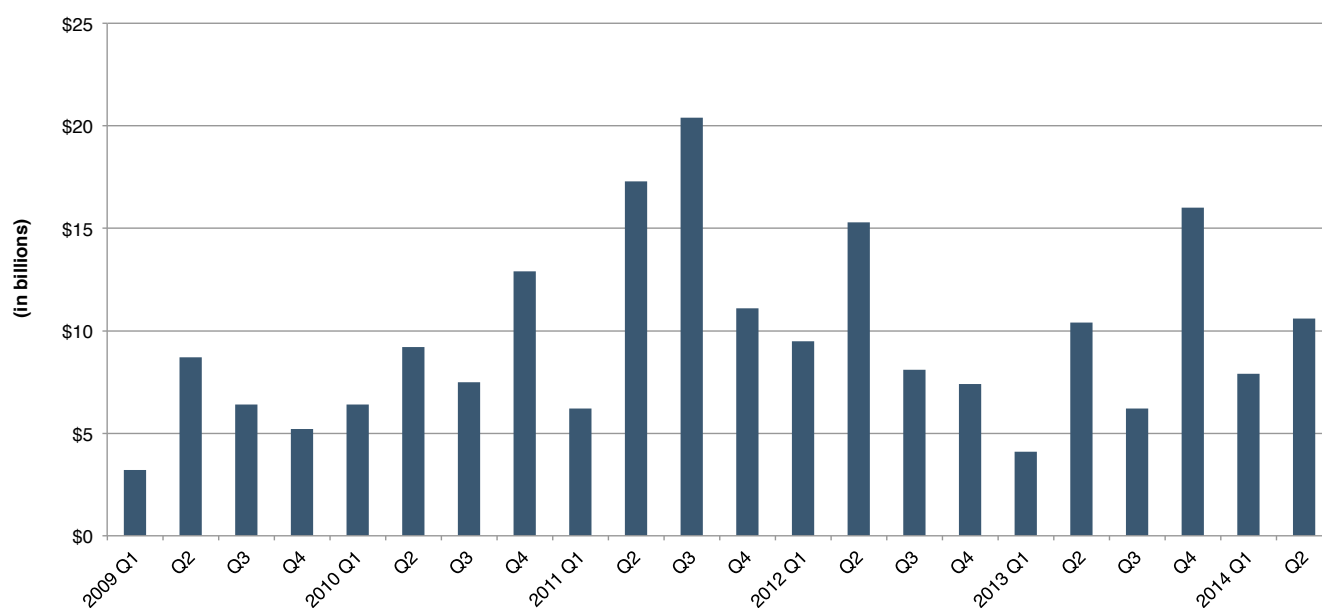
**Selected Alternative Energy Transactions**

Enterprise Value to:

| Target Name                    | Transaction Announcement Date | Transaction Value | Implied Enterprise Value | LTM            |              | EBITDA Margin | Revenues    | EBITDA      |
|--------------------------------|-------------------------------|-------------------|--------------------------|----------------|--------------|---------------|-------------|-------------|
|                                |                               |                   |                          | Revenues       | EBITDA       |               |             |             |
| Wheelabrator Technologies Inc. | 7/29/14                       | \$1,940.0         | \$1,940.0                | \$845.0        | na           | nm            | 2.3x        | nm          |
| Alta Wind                      | 6/4/14                        | 2,470.0           | 2,470.0                  | 183.7          | na           | nm            | 13.4        | nm          |
| Meridian Energy USA, Inc.      | 5/16/14                       | 14.3              | 12.8                     | 2.6            | 2.2          | 84.3%         | 4.9         | 5.8         |
| <b>Average</b>                 |                               | <b>\$1,474.8</b>  | <b>\$1,474.3</b>         | <b>\$343.8</b> | <b>\$2.2</b> | <b>84.3%</b>  | <b>6.9x</b> | <b>5.8x</b> |
| <b>Median</b>                  |                               | <b>\$1,940.0</b>  | <b>\$1,940.0</b>         | <b>\$183.7</b> | <b>\$2.2</b> | <b>84.3%</b>  | <b>4.9x</b> | <b>5.8x</b> |

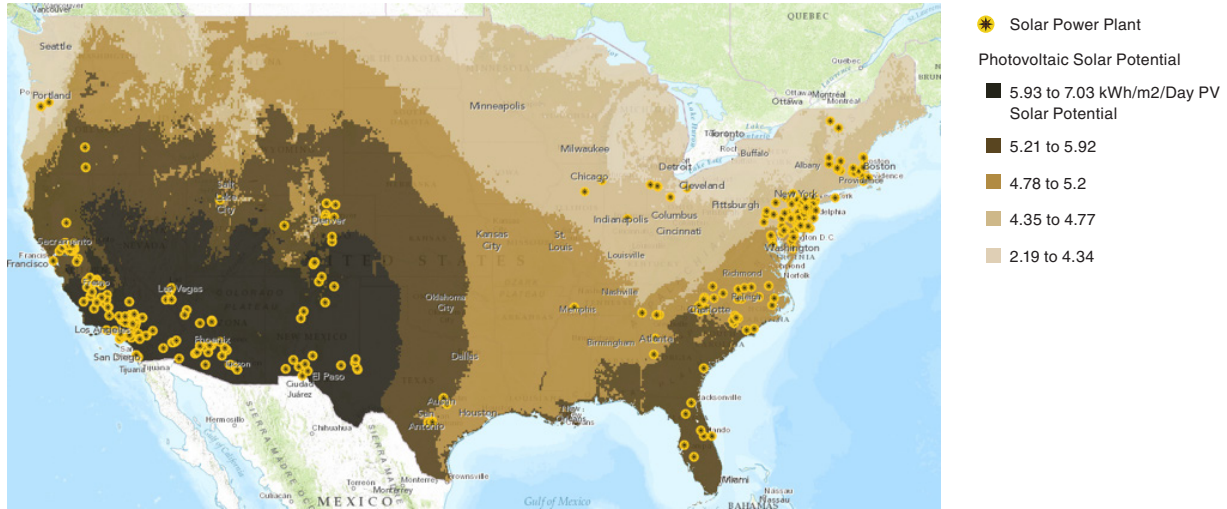
Presented in \$000,000s  
Source: Capital IQ

**New Investment in Clean Energy in the U.S.**



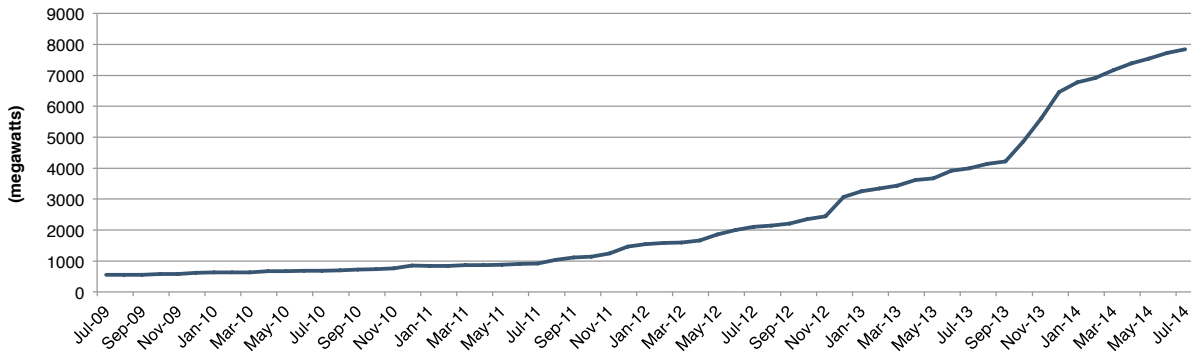
Source: Bloomberg New Energy Finance

# Solar



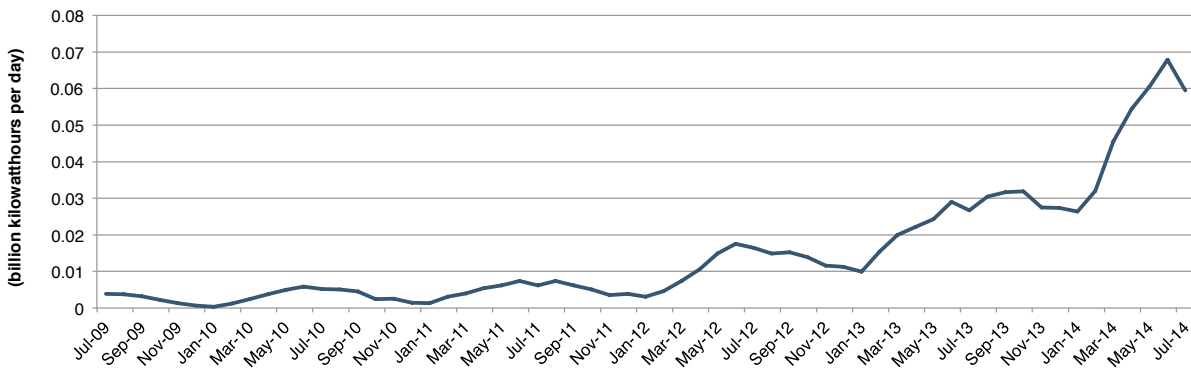
Source: EIA

## Power Capacity // U.S. Electric Power Sector Solar Net Summer Capacity



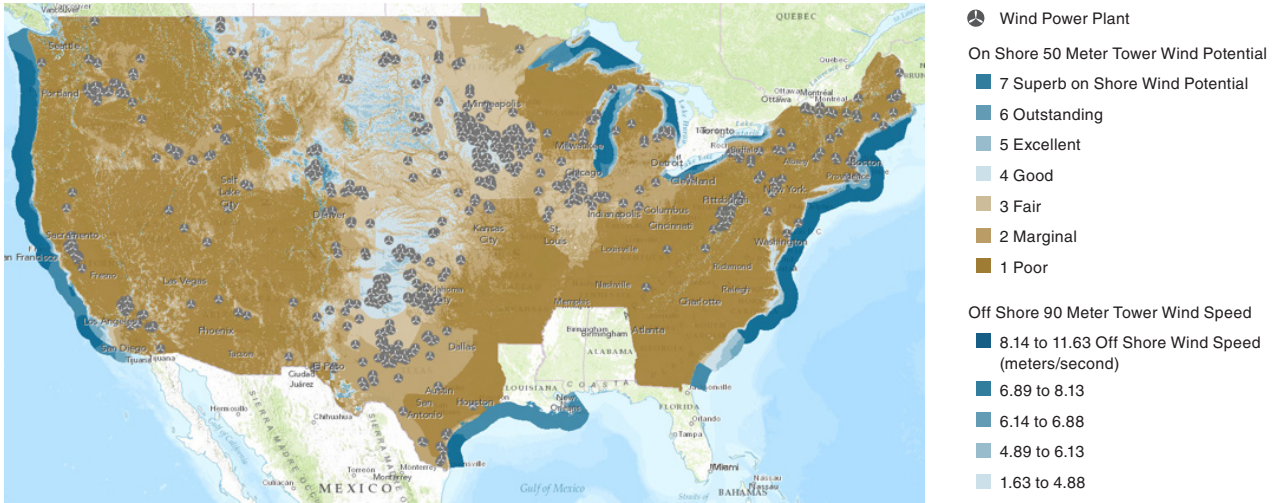
Source: EIA

## Power Generation // U.S. Solar Power Generation



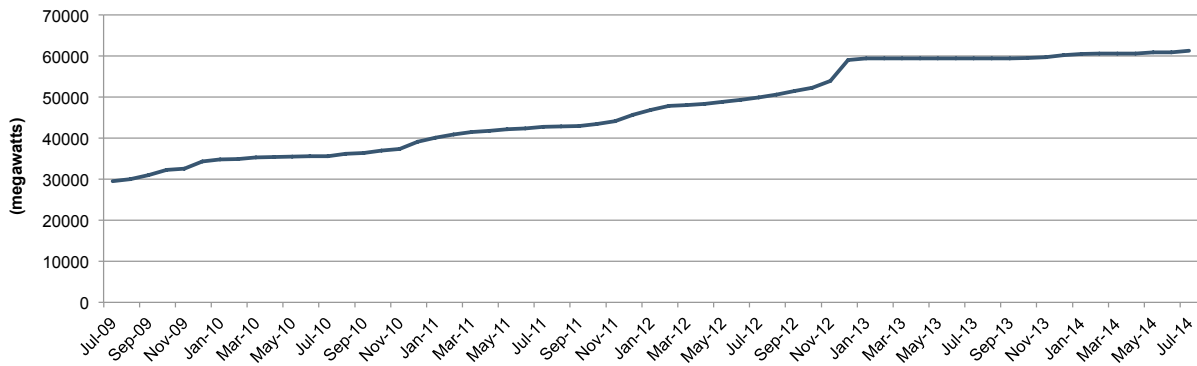
Source: EIA

# Wind



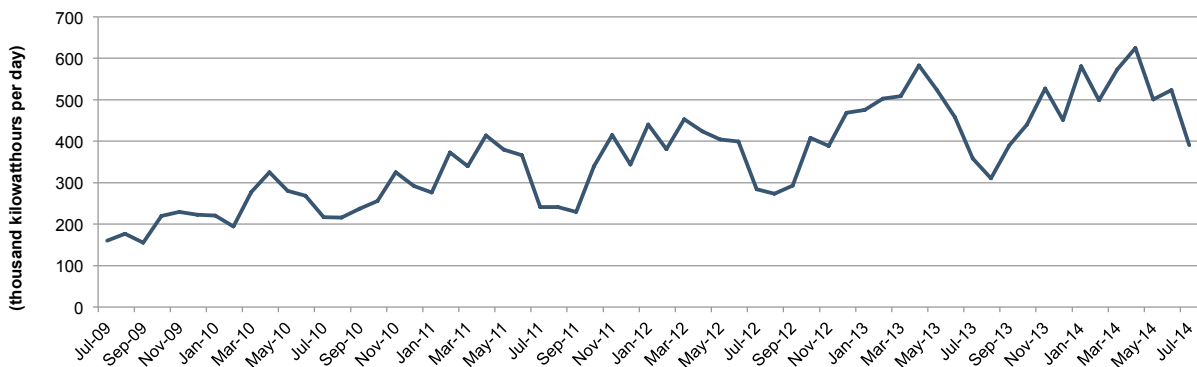
Source: EIA

## Power Capacity // U.S. Electric Power Sector Wind Net Summer Capacity



Source: EIA

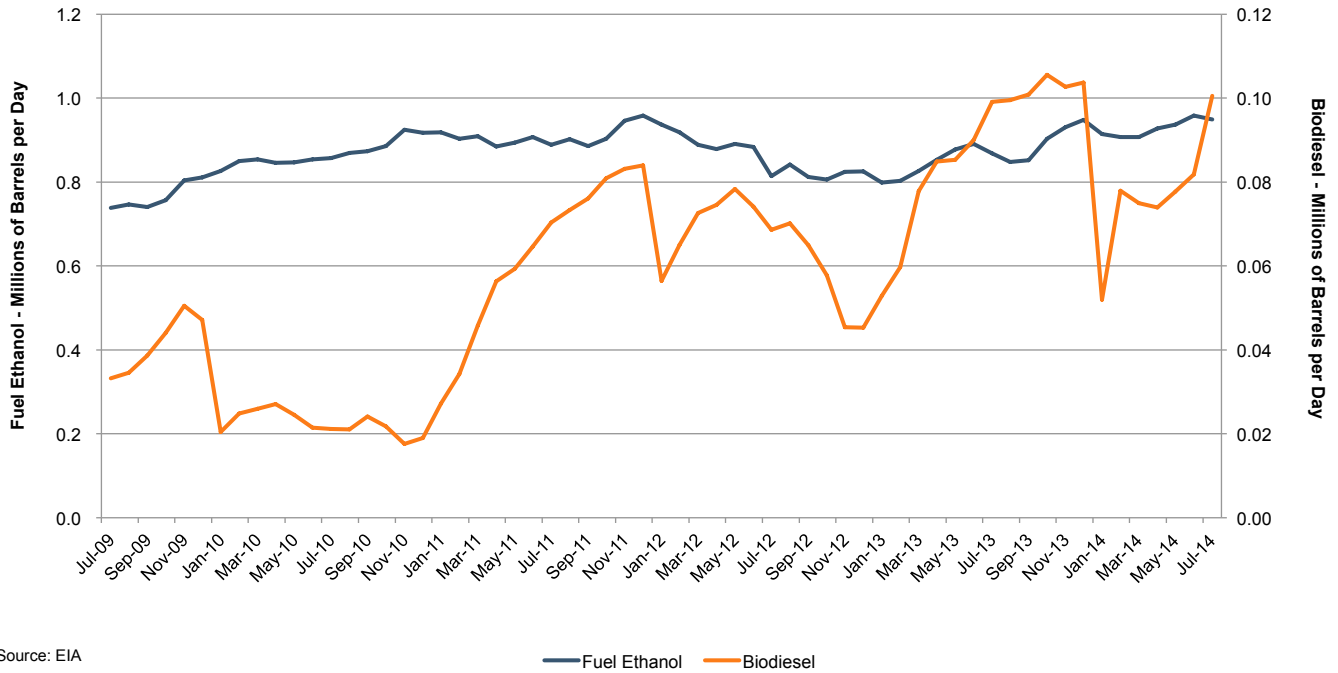
## Power Generation // U.S. Wind Power Generation



Source: EIA

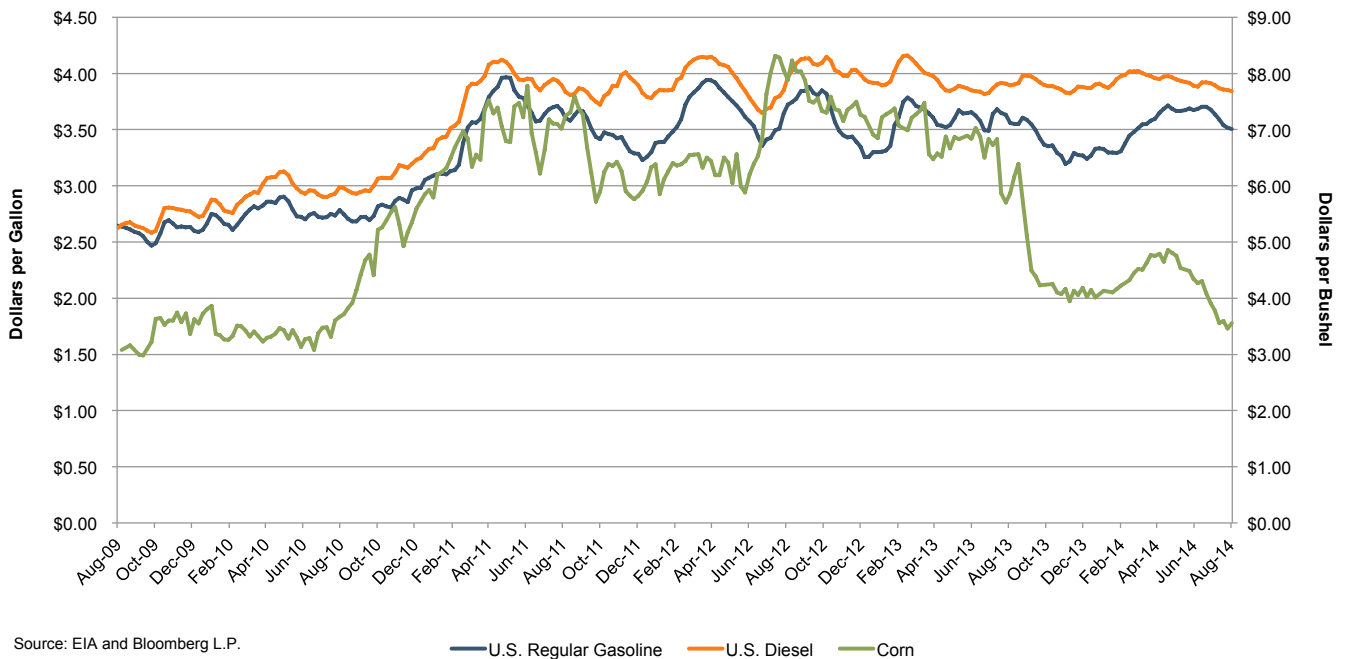
# Biofuels

## Production



Source: EIA

## Commodity Prices

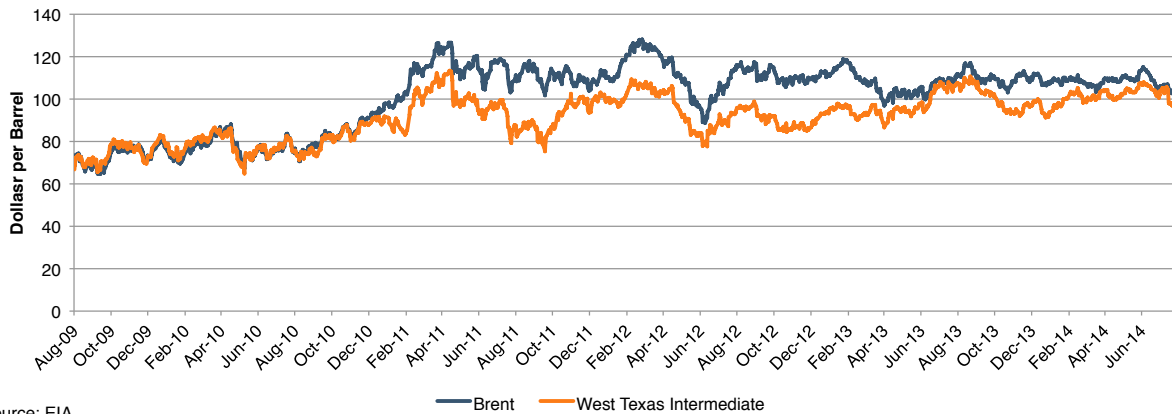


Source: EIA and Bloomberg L.P.



## Appendix A – Commodity Prices

Crude Oil Spot Prices



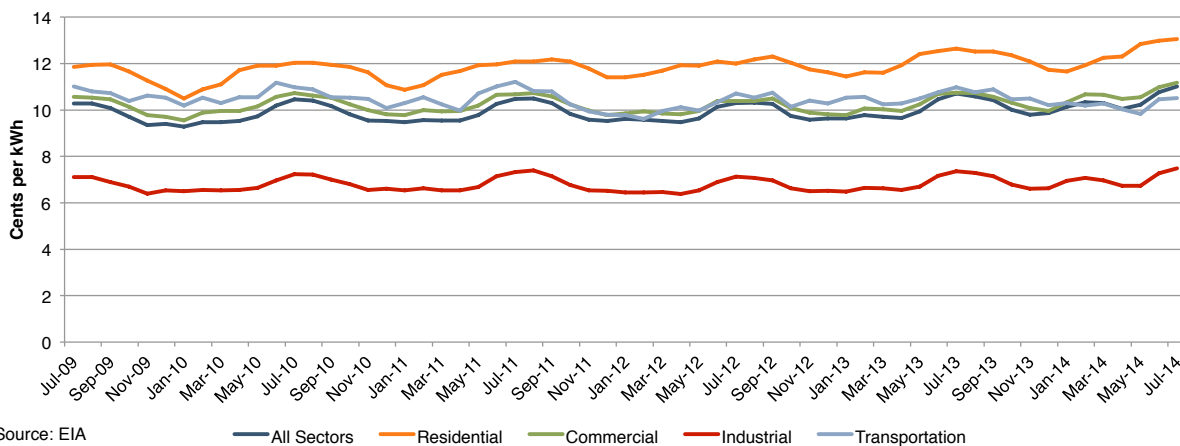
Source: EIA

Henry Hub Natural Gas Spot Price



Source: EIA

U.S. Electricity Prices



Source: EIA

## Appendix B – Selected Public Company Information

### Exploration & Production

| Company Name                   | Ticker | LTM      |         | EBITDA Margin | Enterprise Value @ 8/15/14 | EV/EBITDA Multiple |
|--------------------------------|--------|----------|---------|---------------|----------------------------|--------------------|
|                                |        | Revenues | EBITDA  |               |                            |                    |
| Anadarko Petroleum Corp        | APC    | \$17,474 | \$8,375 | 47.9%         | \$64,640                   | 7.7x               |
| Apache Corp                    | APA    | 14,894   | 10,594  | 71.1%         | 49,030                     | 4.6                |
| Approach Resources Inc         | AREX   | 233      | 156     | 67.0%         | 992                        | 6.4                |
| Antero Resources Corp          | AR     | 1,775    | 804     | 45.3%         | 17,900                     | 22.3               |
| Bill Barrett Corp              | BBG    | 541      | 91      | 16.9%         | 2,109                      | 23.1               |
| Bonanza Creek Energy Inc       | BCEI   | 513      | 329     | 64.1%         | 2,824                      | 8.6                |
| Cabot Oil & Gas Corp           | COG    | 1,953    | 1,348   | 69.0%         | 14,926                     | 11.1               |
| Carrizo Oil & Gas Inc          | CRZO   | 610      | 380     | 62.3%         | 3,650                      | 9.6                |
| Chesapeake Energy Corp         | CHK    | 19,606   | 4,929   | 25.1%         | 32,283                     | 6.5                |
| Cimarex Energy Co              | XEC    | 2,308    | 1,739   | 75.4%         | 13,254                     | 7.6                |
| Comstock Resources Inc         | CRK    | 507      | 357     | 70.4%         | 2,096                      | 5.9                |
| Concho Resources Inc           | CXO    | 2,570    | 1,735   | 67.5%         | 17,641                     | 10.2               |
| Continental Resources Inc/OK   | CLR    | 4,102    | 2,991   | 72.9%         | 32,249                     | 10.8               |
| Denbury Resources Inc          | DNR    | 2,495    | 1,367   | 54.8%         | 9,417                      | 6.9                |
| Devon Energy Corp              | DVN    | 14,416   | 7,600   | 52.7%         | 45,237                     | 6.0                |
| Diamondback Energy Inc         | FANG   | 349      | 281     | 80.5%         | 5,039                      | 17.9               |
| Energen Corp                   | EGN    | 1,606    | 699     | 43.5%         | 7,365                      | 10.5               |
| EOG Resources Inc              | EOG    | 16,110   | 8,351   | 51.8%         | 62,759                     | 7.5                |
| EV Energy Partners LP          | EVEP   | \$350    | \$145   | 41.5%         | \$2,891                    | 19.9               |
| EXCO Resources Inc             | XCO    | 727      | 331     | 45.5%         | 2,677                      | 8.1                |
| Gulfport Energy Corp           | GPOR   | 370      | 243     | 65.7%         | 5,090                      | 20.9               |
| Halcon Resources Corp          | HK     | 1,156    | (769)   | -66.5%        | 5,569                      | nm                 |
| Hess Corp                      | HES    | 13,842   | 6,005   | 43.4%         | 34,403                     | 5.7                |
| Whiting Canadian Holding Co UL | KOG    | 1,068    | 773     | 72.4%         | 6,292                      | 8.1                |
| Laredo Petroleum Inc           | LPI    | 681      | 448     | 65.8%         | 4,535                      | 10.1               |
| Magnum Hunter Resources Corp   | MHR    | 397      | (57)    | -14.3%        | 2,657                      | nm                 |
| Marathon Oil Corp              | MRO    | 12,202   | 5,209   | 42.7%         | 31,579                     | 6.1                |

Presented in \$000,000s  
Source: Bloomberg L.P.

## Appendix B – Selected Public Company Information

### Exploration & Production (cont.)

| Company Name                   | Ticker | LTM            |                | EBITDA Margin | Enterprise Value @ 8/15/14 | EV/EBITDA Multiple |
|--------------------------------|--------|----------------|----------------|---------------|----------------------------|--------------------|
|                                |        | Revenues       | EBITDA         |               |                            |                    |
| Matador Resources Co           | MTDR   | \$323          | \$229          | 70.9%         | \$2,023                    | 8.8x               |
| Murphy Oil Corp                | MUR    | 5,353          | 3,009          | 56.2%         | 13,469                     | 4.5                |
| Newfield Exploration Co        | NFX    | 2,096          | 1,477          | 70.5%         | 8,681                      | 5.9                |
| Noble Energy Inc               | NBL    | 5,186          | 3,177          | 61.3%         | 29,586                     | 9.3                |
| Northern Oil and Gas Inc       | NOG    | 395            | 289            | 73.2%         | 1,668                      | 5.8                |
| Oasis Petroleum Inc            | OAS    | 1,350          | 1,120          | 83.0%         | 6,997                      | 6.2                |
| PDC Energy Inc                 | PDCE   | 541            | 257            | 47.5%         | 2,669                      | 10.4               |
| Pioneer Natural Resources Co   | PXD    | 3,975          | 492            | 12.4%         | 31,273                     | 63.5               |
| QEP Resources Inc              | QEP    | 3,114          | 1,150          | 36.9%         | 9,890                      | 8.6                |
| Range Resources Corp           | RRC    | 2,014          | 1,365          | 67.8%         | 15,639                     | 11.5               |
| Rex Energy Corp                | REXX   | 305            | 124            | 40.7%         | 1,328                      | 10.7               |
| Rosetta Resources Inc          | ROSE   | 939            | 647            | 68.9%         | 4,889                      | 7.6                |
| Sanchez Energy Corp            | SN     | 495            | 334            | 67.4%         | 2,918                      | 8.7                |
| SandRidge Energy Inc           | SD     | 1,776          | 855            | 48.2%         | 6,874                      | 8.0                |
| SM Energy Co                   | SM     | 2,535          | 1,467          | 57.9%         | 6,505                      | 4.4                |
| Southwestern Energy Co         | SWN    | 3,923          | 2,305          | 58.8%         | 15,708                     | 6.8                |
| Stone Energy Corp              | SGY    | 927            | 528            | 57.0%         | 2,627                      | 5.0                |
| Ultra Petroleum Corp           | UPL    | 1,021          | 688            | 67.3%         | 6,184                      | 9.0                |
| Vanguard Natural Resources LLC | VNR    | 519            | 322            | 62.0%         | 3,949                      | 12.3               |
| W&T Offshore Inc               | WTI    | 1,007          | 599            | 59.4%         | 2,249                      | 3.8                |
| Whiting Petroleum Corp         | WLL    | 2,955          | 1,810          | 61.3%         | 12,502                     | 6.9                |
| WPX Energy Inc                 | WPX    | 3,126          | (551)          | -17.6%        | 6,564                      | nm                 |
| <b>Average</b>                 |        | <b>\$3,607</b> | <b>\$1,758</b> | <b>51.9%</b>  | <b>\$13,741</b>            | <b>10.4x</b>       |
| <b>Median</b>                  |        | <b>\$1,606</b> | <b>\$699</b>   | <b>59.4%</b>  | <b>\$6,564</b>             | <b>8.1x</b>        |

Presented in \$000,000s  
Source: Bloomberg L.P.

## Appendix B – Selected Public Company Information

### Midstream Operations

| Company Name                   | Ticker | LTM      |        | EBITDA Margin | Enterprise Value @ 8/15/14 | EV/EBITDA Multiple |
|--------------------------------|--------|----------|--------|---------------|----------------------------|--------------------|
|                                |        | Revenues | EBITDA |               |                            |                    |
| Atlas Pipeline Partners LP     | APL    | \$2,579  | \$325  | 12.6%         | \$5,179                    | 15.9x              |
| Blueknight Energy Partners LP  | BKEP   | 197      | 65     | 32.8%         | 690                        | 10.7               |
| Boardwalk Pipeline Partners LP | BWP    | 1,239    | 687    | 55.5%         | 8,165                      | 11.9               |
| Buckeye Partners LP            | BPL    | 6,530    | 649    | 9.9%          | 12,709                     | 19.6               |
| Crestwood Midstream Partners L | CMLP   | 1,719    | 320    | 18.6%         | 6,334                      | 19.8               |
| DCP Midstream Partners LP      | DPM    | 3,453    | 375    | 10.9%         | 8,165                      | 21.8               |
| El Paso Pipeline Partners LP   | EPB    | 1,495    | 1,096  | 73.3%         | 14,854                     | 13.6               |
| Enbridge Energy Partners LP    | EEP    | 7,702    | 1,042  | 13.5%         | 21,204                     | 20.4               |
| Energy Transfer Partners LP    | ETP    | 49,195   | 2,854  | 5.8%          | 43,022                     | 15.1               |
| EnLink Midstream Partners LP   | ENLK   | 2,801    | 528    | 18.9%         | 9,514                      | 18.0               |
| Enterprise Products Partners L | EPD    | 50,625   | 4,729  | 9.3%          | 90,647                     | 19.2               |
| EQT Midstream Partners LP      | EQM    | 313      | 243    | 77.7%         | 6,152                      | 25.3               |
| Genesis Energy LP              | GEL    | 4,086    | 188    | 4.6%          | 6,403                      | 34.1               |
| Holly Energy Partners LP       | HEP    | 318      | 210    | 66.2%         | 2,978                      | 14.2               |
| Kinder Morgan Energy Partners  | KMP    | 14,081   | 5,200  | 36.9%         | 66,815                     | 12.8               |
| Magellan Midstream Partners LP | MMP    | 2,136    | 988    | 46.2%         | 21,681                     | 22.0               |
| MarkWest Energy Partners LP    | MWE    | 1,936    | 670    | 34.6%         | 18,330                     | 27.4               |
| Martin Midstream Partners LP   | MMLP   | 1,758    | 133    | 7.6%          | 1,935                      | 14.5               |
| Memorial Production Partners L | MEMP   | 410      | 236    | 57.7%         | 2,830                      | 12.0               |
| MPLX LP                        | MPLX   | 521      | 227    | 43.6%         | 5,162                      | 22.7               |
| NuStar Energy LP               | NS     | 3,162    | 504    | 15.9%         | 7,735                      | 15.3               |
| Oiltanking Partners LP         | OILT   | 248      | 172    | 69.6%         | 4,328                      | 25.1               |

Presented in \$000,000s  
Source: Bloomberg L.P.

## Appendix B – Selected Public Company Information

### Midstream Operations (cont.)

| Company Name                   | Ticker | LTM            |              | EBITDA Margin | Enterprise Value @ 8/15/14 | EV/EBITDA Multiple |
|--------------------------------|--------|----------------|--------------|---------------|----------------------------|--------------------|
|                                |        | Revenues       | EBITDA       |               |                            |                    |
| ONEOK Inc                      | OKE    | 13,506         | 1,425        | 10.5%         | 23,808                     | 16.7               |
| Phillips 66 Partners LP        | PSXP   | 188            | 118          | 63.1%         | 5,440                      | 45.9               |
| Plains All American Pipeline L | PAA    | 44,213         | 1,946        | 4.4%          | 29,608                     | 15.2               |
| Regency Energy Partners LP     | RGP    | 3,383          | 497          | 14.7%         | 18,175                     | 36.6               |
| SemGroup Corp                  | SEMG   | 1,796          | 139          | 7.7%          | 4,737                      | 34.2               |
| Spectra Energy Partners LP     | SEP    | 2,126          | 1,477        | 69.5%         | 21,872                     | 14.8               |
| Sunoco Logistics Partners LP   | SXL    | 18,114         | 817          | 4.5%          | 13,567                     | 16.6               |
| Tallgrass Energy Partners LP   | TEP    | 318            | 83           | 26.0%         | 2,303                      | 27.9               |
| Targa Resources Partners LP    | NGLS   | 7,985          | 859          | 10.8%         | 11,155                     | 13.0               |
| TC PipeLines LP                | TCP    | 342            | 261          | 76.3%         | 5,409                      | 20.7               |
| Teekay LNG Partners LP         | TGP    | 408            | 287          | 70.3%         | 5,789                      | 20.2               |
| Teekay Offshore Partners LP    | TOO    | 997            | 345          | 34.6%         | 5,517                      | 16.0               |
| Tesoro Logistics LP            | TLLP   | 453            | 212          | 46.8%         | 5,250                      | 24.8               |
| TransMontaigne Partners LP     | TLP    | 156            | 69           | 44.4%         | 926                        | 13.4               |
| Western Gas Partners LP        | WES    | 1,162          | 526          | 45.3%         | 11,403                     | 21.7               |
| Williams Partners LP           | WPZ    | 1,159          | 667          | 57.5%         | 16,605                     | 24.9               |
| <b>Average</b>                 |        | <b>\$6,653</b> | <b>\$820</b> | <b>34.4%</b>  | <b>\$14,379</b>            | <b>20.4x</b>       |
| <b>Median</b>                  |        | <b>\$1,777</b> | <b>\$436</b> | <b>33.7%</b>  | <b>\$7,950</b>             | <b>19.4x</b>       |

Presented in \$000,000s  
Source: Bloomberg L.P.

## Appendix B – Selected Public Company Information

### Alternative Energy

| Company Name                      | Ticker    | LTM            |               | EBITDA Margin | Enterprise Value @ 8/15/14 | EV/EBITDA Multiple |
|-----------------------------------|-----------|----------------|---------------|---------------|----------------------------|--------------------|
|                                   |           | Revenues       | EBITDA        |               |                            |                    |
| <b>Solar</b>                      |           |                |               |               |                            |                    |
| Enphase Energy Inc                | ENPH      | \$269          | (\$8)         | -2.9%         | \$512                      | nm                 |
| First Solar Inc                   | FSLR      | 3,529          | 651           | 18.4%         | 5,771                      | 8.9                |
| Real Goods Solar Inc              | RGSE      | 92             | (21)          | -22.5%        | 109                        | nm                 |
| SolarCity Corp                    | SCTY      | 221            | (163)         | -74.0%        | 7,363                      | nm                 |
| SunEdison Inc                     | SUNE      | 2,355          | (99)          | -4.2%         | 10,682                     | nm                 |
| SunPower Corp                     | SPWR      | 2,496          | 329           | 13.2%         | 4,868                      | 14.8               |
| <b>Average</b>                    |           | <b>\$1,493</b> | <b>\$115</b>  | <b>-12.0%</b> | <b>\$4,884</b>             | <b>11.8x</b>       |
| <b>Median</b>                     |           | <b>\$1,312</b> | <b>(\$14)</b> | <b>-3.5%</b>  | <b>\$5,320</b>             | <b>11.8x</b>       |
| <b>Wind Turbine Manufacturing</b> |           |                |               |               |                            |                    |
| Suzlon Energy Ltd                 | SUEL      | 3,348          | 32            | 1.0%          | 3,213                      | 100.3              |
| Gamesa Corp Tecnologica SA        | GAM       | 3,367          | 419           | 12.4%         | 3,751                      | 9.0                |
| Xinjiang Goldwind Science & Te    | 2208 HK   | 2,186          | 217           | 9.9%          | 5,529                      | 25.5               |
| Sinovel Wind Group Co Ltd         | 601558 CH | 704            | (211)         | -30.0%        | 2,449                      | nm                 |
| <b>Average</b>                    |           | <b>\$2,401</b> | <b>\$114</b>  | <b>-1.7%</b>  | <b>\$3,736</b>             | <b>44.9x</b>       |
| <b>Median</b>                     |           | <b>\$2,767</b> | <b>\$124</b>  | <b>5.4%</b>   | <b>\$3,482</b>             | <b>25.5x</b>       |

Presented in \$000,000s  
Source: Bloomberg L.P.

## Appendix B – Selected Public Company Information

### Alternative Energy (cont.)

| Company Name                      | Ticker | LTM            |             | EBITDA Margin  | Enterprise Value @ 8/15/14 | EV/EBITDA Multiple |
|-----------------------------------|--------|----------------|-------------|----------------|----------------------------|--------------------|
|                                   |        | Revenues       | EBITDA      |                |                            |                    |
| <b>Biofuels</b>                   |        |                |             |                |                            |                    |
| Amyris Inc                        | AMRS   | \$38           | (\$88)      | -233.7%        | \$457                      | nm                 |
| FutureFuel Corp                   | FF     | 397            | 67          | 17.0%          | 439                        | 6.5                |
| Gevo Inc                          | GEVO   | 11             | (47)        | -414.3%        | 84                         | nm                 |
| Green Plains Inc                  | GPRE   | 3,043          | 269         | 8.8%           | 1,885                      | 7.0                |
| Pacific Ethanol Inc               | PEIX   | 1,025          | 95          | 9.3%           | 538                        | 5.7                |
| Renewable Energy Group Inc        | REGI   | 1,326          | 86          | 6.5%           | 643                        | 7.4                |
| REX American Resources Corp       | REX    | 619            | 116         | 18.7%          | 719                        | 6.2                |
| Solazyme Inc                      | SZYM   | 50             | (111)       | -220.8%        | 642                        | nm                 |
| <b>Average</b>                    |        | <b>\$814</b>   | <b>\$48</b> | <b>-101.1%</b> | <b>\$676</b>               | <b>6.6x</b>        |
| <b>Median</b>                     |        | <b>\$508</b>   | <b>\$77</b> | <b>7.7%</b>    | <b>\$590</b>               | <b>6.5x</b>        |
| <b>Alternative Energy Overall</b> |        |                |             |                |                            |                    |
| <b>Average</b>                    |        | <b>\$1,393</b> | <b>\$85</b> | <b>-49.3%</b>  | <b>\$2,759</b>             | <b>19.1x</b>       |
| <b>Median</b>                     |        | <b>\$865</b>   | <b>\$50</b> | <b>3.7%</b>    | <b>\$1,302</b>             | <b>8.2x</b>        |

Presented in \$000,000s  
Source: Bloomberg L.P.

## Appendix B – Selected Public Company Information

### Oilfield Services & Equipment

| Company Name                  | Ticker | LTM             |                | EBITDA Margin | Enterprise Value @ 8/15/14 | EV/EBITDA Multiple |
|-------------------------------|--------|-----------------|----------------|---------------|----------------------------|--------------------|
|                               |        | Revenues        | EBITDA         |               |                            |                    |
| <b>Diversified</b>            |        |                 |                |               |                            |                    |
| Baker Hughes Inc              | BHI    | \$23,313        | \$3,991        | 17.1%         | \$33,043                   | 8.3x               |
| Halliburton Co                | HAL    | 30,510          | 6,428          | 21.1%         | 63,674                     | 9.9                |
| Schlumberger Ltd              | SLB    | 46,807          | 12,924         | 27.6%         | 144,821                    | 11.2               |
| Weatherford International PLC | WFT    | 14,865          | 1,765          | 11.9%         | 25,523                     | 14.5               |
| <b>Average</b>                |        | <b>\$28,874</b> | <b>\$6,277</b> | <b>19.4%</b>  | <b>\$66,765</b>            | <b>11.0x</b>       |
| <b>Median</b>                 |        | <b>\$26,912</b> | <b>\$5,210</b> | <b>19.1%</b>  | <b>\$48,359</b>            | <b>10.6x</b>       |
| <b>Contract Drilling</b>      |        |                 |                |               |                            |                    |
| Atwood Oceanics Inc           | ATW    | \$1,143         | \$566          | 49.5%         | \$4,487                    | 7.9x               |
| Diamond Offshore Drilling Inc | DO     | 2,834           | 1,055          | 37.2%         | 7,243                      | 6.9                |
| EnSCO PLC                     | ESV    | 4,690           | 1,309          | 27.9%         | 15,993                     | 12.2               |
| Helmerich & Payne Inc         | HP     | 3,599           | 1,526          | 42.4%         | 10,401                     | 6.8                |
| Hercules Offshore Inc         | HERO   | 960             | 271            | 28.2%         | 1,537                      | 5.7                |
| Nabors Industries Ltd         | NBR    | 6,365           | 1,464          | 23.0%         | 11,307                     | 7.7                |
| Noble Corp plc                | NE     | 3,857           | 2,091          | 54.2%         | 13,694                     | 6.5                |
| Parker Drilling Co            | PKD    | 965             | 264            | 27.3%         | 1,298                      | 4.9                |
| Patterson-UTI Energy Inc      | PTEN   | 2,825           | 927            | 32.8%         | 5,372                      | 5.8                |
| Pioneer Energy Services Corp  | PES    | 981             | 233            | 23.8%         | 1,397                      | 6.0                |
| Rowan Cos Plc                 | RDC    | 1,577           | 556            | 35.3%         | 5,235                      | 9.4                |
| Transocean Ltd                | RIG    | 9,368           | 3,675          | 39.2%         | 22,546                     | 6.1                |
| Unit Corp                     | UNT    | 1,485           | 748            | 50.4%         | 3,736                      | 5.0                |
| Vantage Drilling Co           | VTG    | 867             | 449            | 51.8%         | 3,295                      | 7.3                |
| <b>Average</b>                |        | <b>\$2,966</b>  | <b>\$1,081</b> | <b>37.4%</b>  | <b>\$7,681</b>             | <b>7.0x</b>        |
| <b>Median</b>                 |        | <b>\$2,201</b>  | <b>\$838</b>   | <b>36.3%</b>  | <b>\$5,303</b>             | <b>6.7x</b>        |

Presented in \$000,000s  
Source: Bloomberg L.P.



## Appendix B – Selected Public Company Information

### Oilfield Services & Equipment (cont.)

| Company Name                   | Ticker | LTM            |              | EBITDA Margin | Enterprise Value @ 8/15/14 | EV/EBITDA Multiple |
|--------------------------------|--------|----------------|--------------|---------------|----------------------------|--------------------|
|                                |        | Revenues       | EBITDA       |               |                            |                    |
| <b>Equipment</b>               |        |                |              |               |                            |                    |
| Cameron International Corp     | CAM    | \$10,121       | \$1,426      | 14.1%         | \$17,624                   | 12.4x              |
| Dresser-Rand Group Inc         | DRC    | 2,788          | 369          | 13.2%         | 6,222                      | 16.9               |
| Dril-Quip Inc                  | DRQ    | 892            | 273          | 30.6%         | 3,669                      | 13.4               |
| Exterran Holdings Inc          | EXH    | 2,897          | 582          | 20.1%         | 4,809                      | 8.3                |
| FMC Technologies Inc           | FTI    | 7,582          | 1,145        | 15.1%         | 15,029                     | 13.1               |
| Forbes Energy Services Ltd     | FES    | 438            | 67           | 15.3%         | 396                        | 5.9                |
| Forum Energy Technologies Inc  | FET    | 1,616          | 286          | 17.7%         | 3,443                      | 12.0               |
| National Oilwell Varco Inc     | NOV    | 21,197         | 4,330        | 20.4%         | 34,676                     | 8.0                |
| Tesco Corp                     | TESO   | 535            | 98           | 18.3%         | 699                        | 7.1                |
| <b>Average</b>                 |        | <b>\$5,341</b> | <b>\$953</b> | <b>18.3%</b>  | <b>\$9,618</b>             | <b>10.8x</b>       |
| <b>Median</b>                  |        | <b>\$2,788</b> | <b>\$369</b> | <b>17.7%</b>  | <b>\$4,809</b>             | <b>12.0x</b>       |
| <b>Services</b>                |        |                |              |               |                            |                    |
| Basic Energy Services Inc      | BAS    | \$1,329        | \$256        | 19.2%         | \$1,819                    | 7.1x               |
| C&J Energy Services Ltd        | CJES   | 2,077          | 1,254        | 60.4%         | 5,082                      | 4.1                |
| Helix Energy Solutions Group I | HLX    | 1,006          | 364          | 36.2%         | 2,766                      | 7.6                |
| Hornbeck Offshore Services Inc | HOS    | 585            | 259          | 44.2%         | 2,385                      | 9.2                |
| Key Energy Services Inc        | KEG    | 1,459          | 169          | 11.6%         | 1,618                      | 9.6                |
| McDermott International Inc    | MDR    | 2,284          | (274)        | -12.0%        | 1,988                      | nm                 |
| Newpark Resources Inc          | NR     | 1,046          | 148          | 14.1%         | 1,184                      | 8.0                |
| Oceaneering International Inc  | OII    | 3,516          | 796          | 22.6%         | 7,249                      | 9.1                |
| RPC Inc                        | RES    | 2,063          | 541          | 26.2%         | 5,068                      | 9.4                |
| Superior Energy Services Inc   | SPN    | 4,341          | 809          | 18.6%         | 6,805                      | 8.4                |
| TETRA Technologies Inc         | TTI    | 935            | 83           | 8.8%          | 1,328                      | 16.1               |
| Willbros Group Inc             | WG     | 2,029          | 93           | 4.6%          | 773                        | 8.3                |
| <b>Average</b>                 |        | <b>\$1,889</b> | <b>\$375</b> | <b>21.2%</b>  | <b>\$3,172</b>             | <b>8.8x</b>        |
| <b>Median</b>                  |        | <b>\$1,744</b> | <b>\$257</b> | <b>18.9%</b>  | <b>\$2,186</b>             | <b>8.4x</b>        |

Presented in \$000,000s  
Source: Bloomberg L.P.

## Appendix B – Selected Public Company Information

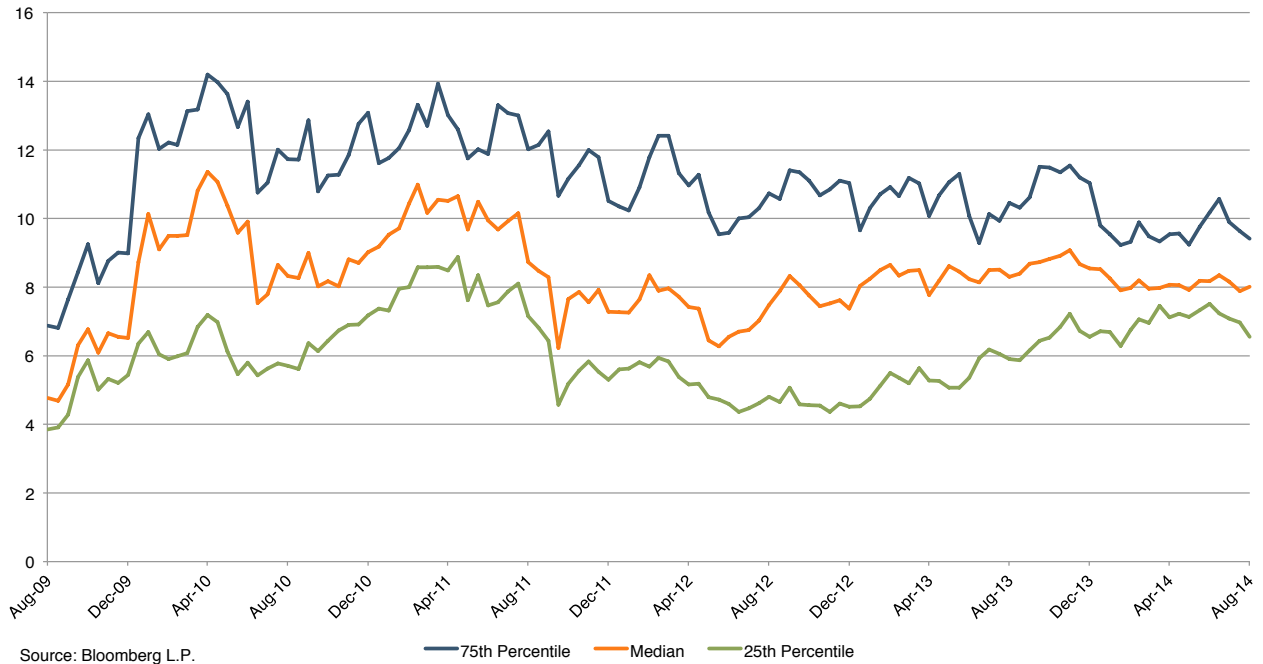
### Oilfield Services & Equipment (cont.)

| Company Name                               | Ticker | LTM            |                | EBITDA Margin | Enterprise Value @ 8/15/14 | EV/EBITDA Multiple |
|--|--------|----------------|----------------|---------------|----------------------------|--------------------|
|  |        | Revenues       | EBITDA         |               |                            |                    |
| <b>Geophysical Services</b>                |        |                |                |               |                            |                    |
| Bolt Technology Corp                       | BOLT   | \$68           | \$14           | 21.4%         | \$126                      | 8.7x               |
| Dawson Geophysical Co                      | DWSN   | 107            | 10             | 9.0%          | 66                         | 6.9                |
| Geospace Technologies Corp                 | GEOS   | 279            | 92             | 33.0%         | 453                        | 4.9                |
| ION Geophysical Corp                       | IO     | 565            | 139            | 24.6%         | 593                        | 4.3                |
| <b>Average</b>                             |        | <b>\$255</b>   | <b>\$64</b>    | <b>22.0%</b>  | <b>\$310</b>               | <b>6.2x</b>        |
| <b>Median</b>                              |        | <b>\$193</b>   | <b>\$53</b>    | <b>23.0%</b>  | <b>\$290</b>               | <b>5.9x</b>        |
| <b>Oilfield Serv. &amp; Equip. Overall</b> |        |                |                |               |                            |                    |
| <b>Average</b>                             |        | <b>\$5,320</b> | <b>\$1,246</b> | <b>25.8%</b>  | <b>\$11,639</b>            | <b>8.6x</b>        |
| <b>Median</b>                              |        | <b>\$2,029</b> | <b>\$541</b>   | <b>23.0%</b>  | <b>\$4,487</b>             | <b>8.0x</b>        |

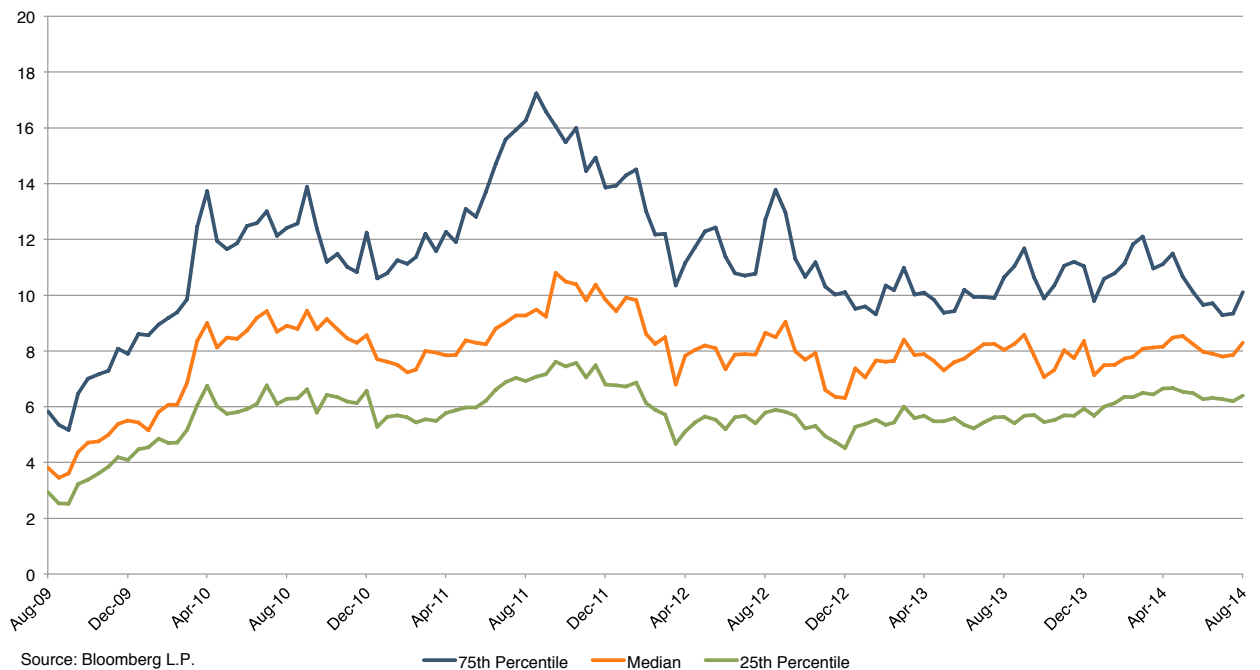
Presented in \$000,000s  
Source: Bloomberg L.P.

## Appendix C – Historical Valuations

### Oilfield Services & Equipment EV/EBITDA Multiples

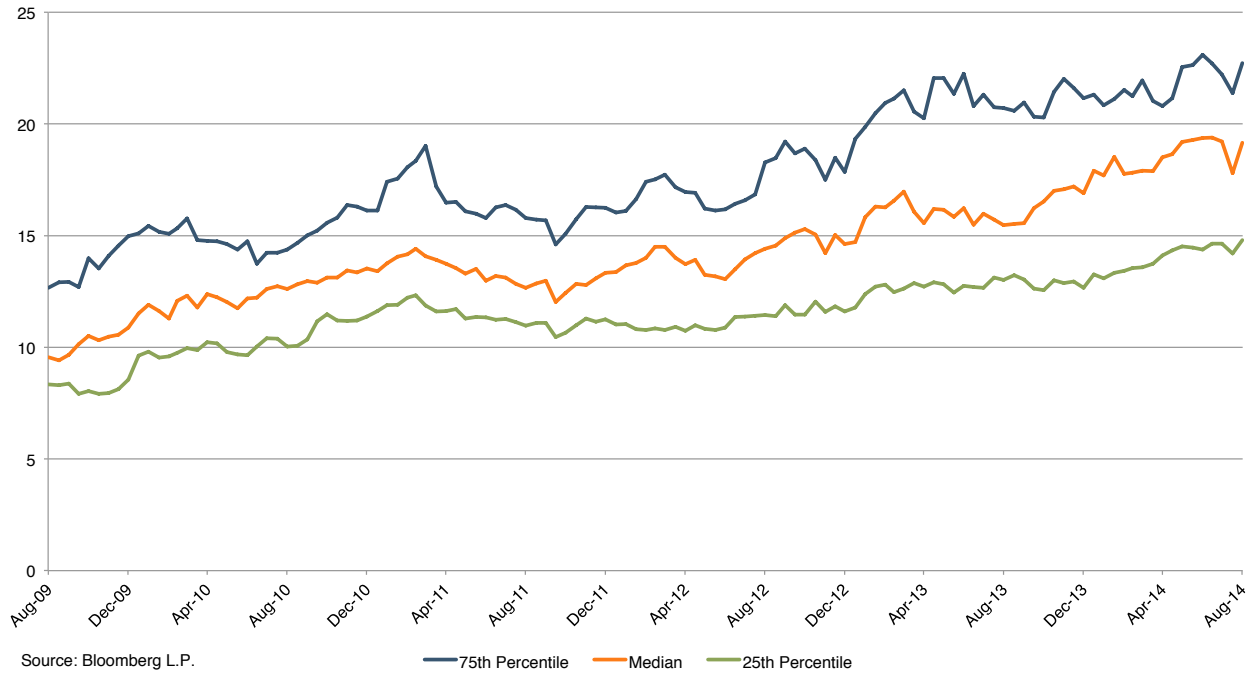


### Exploration & Production EV/EBITDA Multiples

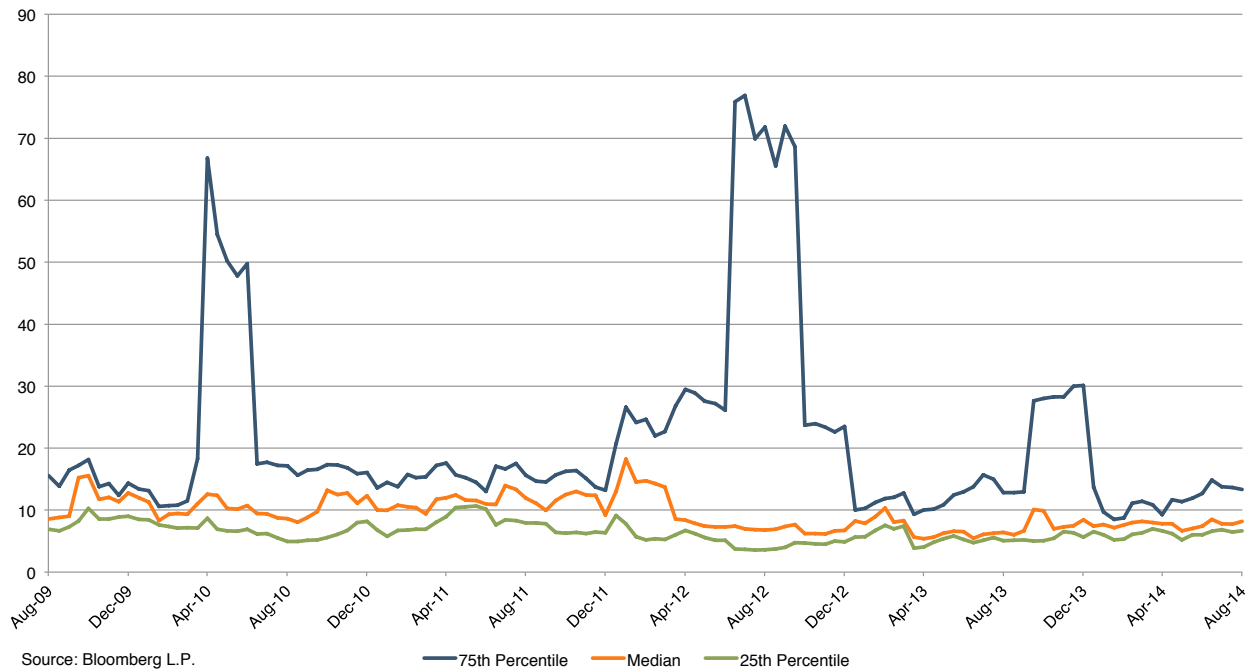


## Appendix C – Historical Valuations (cont.)

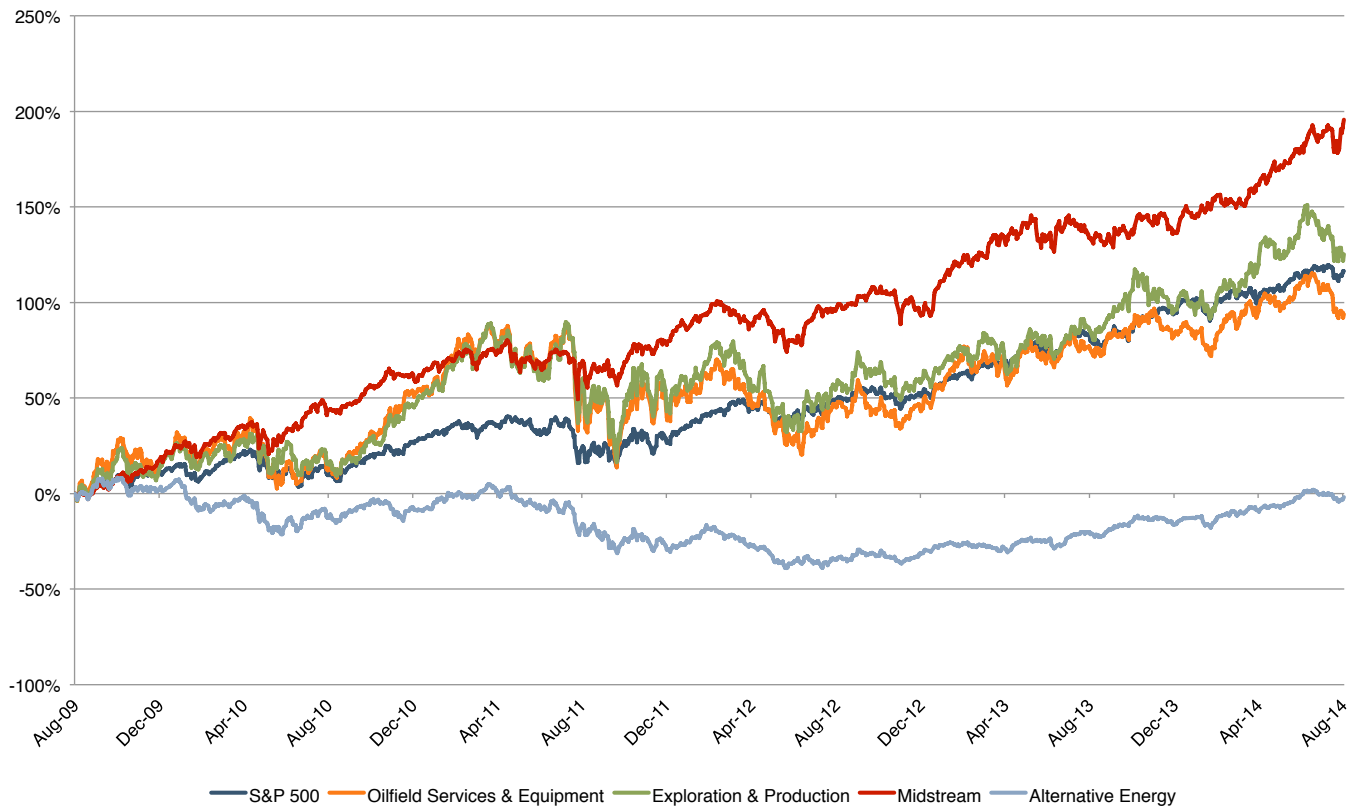
### Midstream EV/EBITDA Multiples



### Alternative Energy EV/EBITDA Multiples



## Appendix D – Stock Performance



Source: Bloomberg L.P.  
 Note: Performance shown on a total return basis

Segment indices are as follows:

- » S&P 500 – S&P 500 Total Return Index (SPXT)
- » Oilfield Services & Equipment – S&P Oil & Gas Equipment and Services Select Industry (SPSIOSTR)
- » Exploration & Production – S&P Oil & Gas Exploration and Production Select Industry Index (SPSIOPTR)
- » Midstream – Alerian MLP Index (AMZX)
- » Alternative Energy – Credit Suisse Alternative Energy Index (CSAETRUS)

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- Oil Field Services
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- Valuations for purchase accounting and impairment testing
- Fairness and solvency opinions
- Litigation support for economic damages and valuation and shareholder disputes

Contact a Mercer Capital professional to discuss your needs in confidence.

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