

# VALUE FOCUS

## Energy



### SEGMENT FOCUS

## Oilfield Services & Equipment

## 2014

#### Segment Focus

#### Oilfield Services & Equipment Overview

Domestic Oil & Gas Production Activity	2
Rig Counts	3
Market Valuations & Transaction Activity	5

<b>Appendix A: Commodity Prices</b>	7
-------------------------------------	---

#### Appendix B: Selected Public Company Information

Exploration & Production	8
Midstream Operations	10
Alternative Energy	12
Oilfield Services & Equipment	14

#### Appendix C: Historical Valuations

#### Appendix D: Stock Performance

#### About Mercer Capital

Q1: Exploration & Production

Q2: Midstream Operations

Q3: Alternative Energy

Q4: Oilfield Services & Equipment

## Segment Focus

# Oilfield Services & Equipment

2014 Fourth Quarter

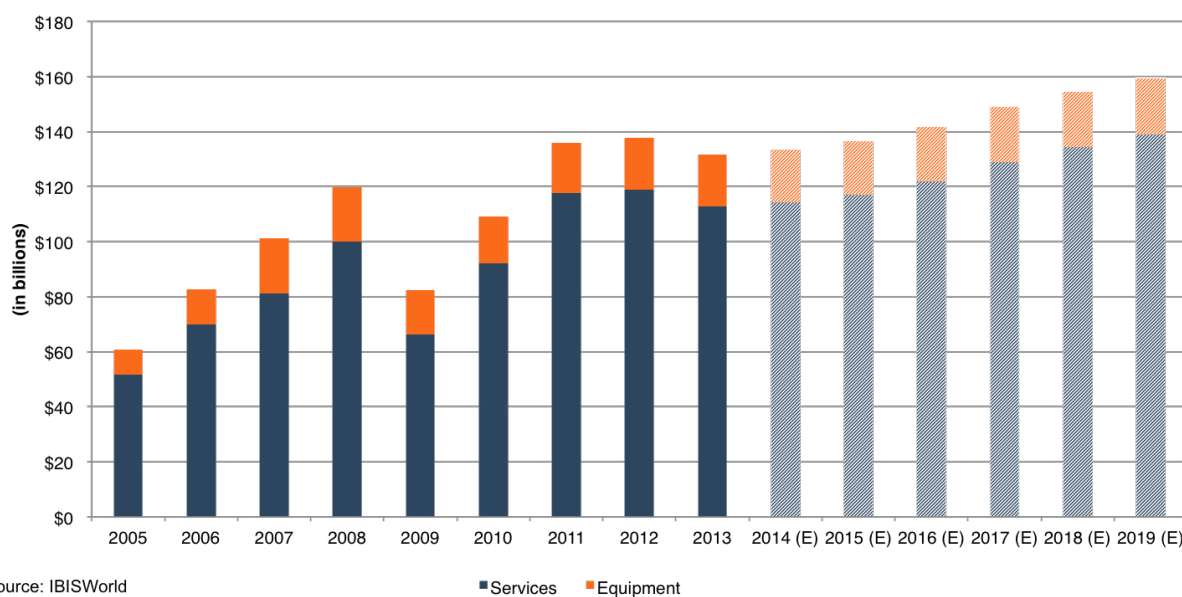
## Oilfield Services & Equipment Overview

In 2014, the oilfield services & equipment industry is expected to generate \$133.6 billion in revenues in the United States.<sup>1</sup> This represents a 1.5% increase from 2013. Industry revenues declined materially in 2009, driven by the decline in energy demand resulting from the lower level of economic activity during the recession. Despite the Deepwater Horizon oil spill in 2010 (for which oilfield service companies Halliburton and Transocean were partially responsible, according to a government report), industry revenues rebounded given higher energy prices and resurgence in domestic energy production.

Hydraulic fracturing and horizontal drilling practices, coupled with higher oil prices, have allowed exploration & production companies to profitably operate in areas which were previously not economically viable. However, with the recent decline in oil prices, there is a considerable amount of uncertainty related to future drilling activity. Unlike traditional wells, which have high up-front costs but relatively low costs for marginal production, hydraulically fractured wells have higher marginal costs of production. As such, drillers are more likely to suspend activity sooner than they would with traditional wells.

Industry revenues, as estimated by IBISWorld, are expected to rise over the next several years due to increases in global energy demand and the continued growth of domestic drilling activity. However, we note that these estimates do not take into account the recent decline in oil prices.

### Oilfield Services & Equipment U.S. Revenues



<sup>1</sup> Sourced from "IBISWorld Industry Report 21311: Oil & Gas Field Services in the US" and "IBISWorld Industry Report OD4724: Oil Drilling Equipment Manufacturing in the US."

## Domestic Oil & Gas Production Activity

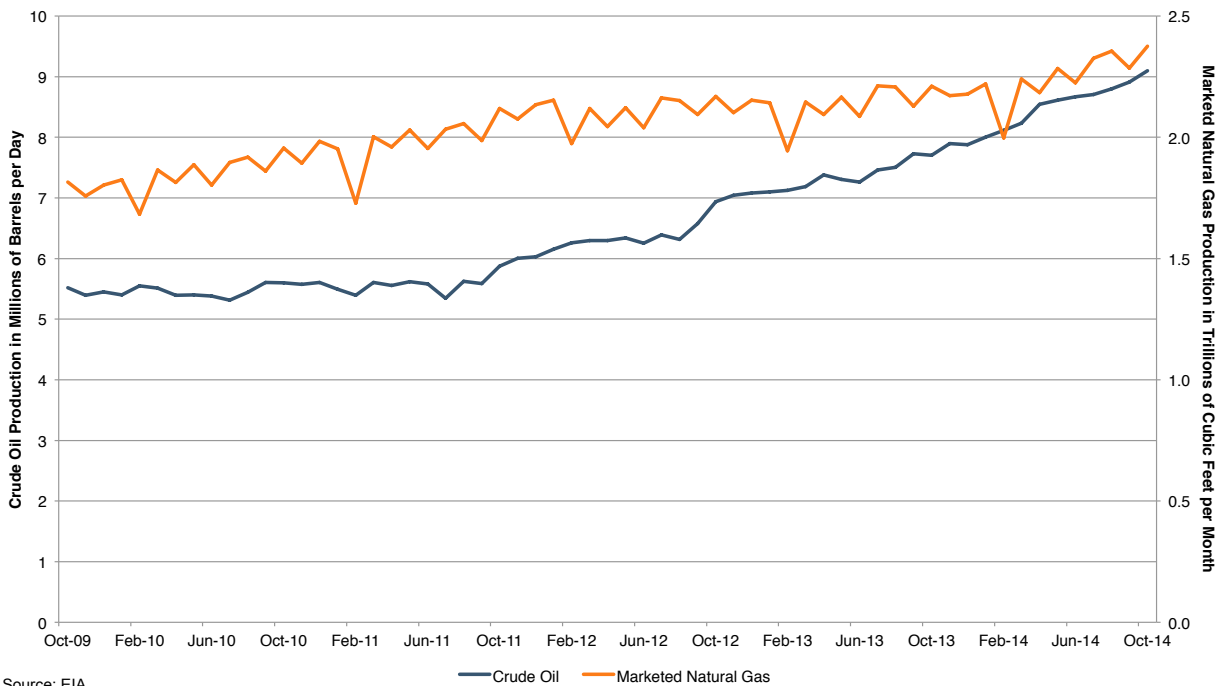
Domestic crude oil and natural gas production have continued to increase over the past several years. According to the U.S. Energy Information Administration (EIA), U.S. crude oil production averaged approximately 9 million barrels per day (bbl/d) in October 2014. In 2015, the EIA estimates that U.S. crude production will increase to 9.4 million bbl/d, even with lower oil prices.<sup>2</sup>

Technological improvements, most notably hydraulic fracturing and horizontal drilling, have increased the efficiency and profitability of tight oil production. Multi-well drilling pads and “walking” drilling rigs have decreased the overall time it takes to drill a well. Additionally, micro-seismic imaging has increased the accuracy, therefore, productivity, of hydraulically fractured wells.

Domestic natural gas production hit a record level in October 2014, despite low natural gas prices and a general decline in gas drilling activity (as measured by active oil rigs and discussed in the next section). Marketed natural gas production during October 2014 totaled approximately 2.4 trillion cubic feet. The EIA forecasts a 2.3% increase in marketed natural gas production for 2015.

Overall, the EIA projects declines in both crude oil and natural gas imports as domestic production continues to grow.

### U.S. Crude Oil and Natural Gas Production



Source: EIA

<sup>2</sup> U.S. Energy Information Administration's "Short-Term Energy Outlook" for November 2014.

## Rig Counts

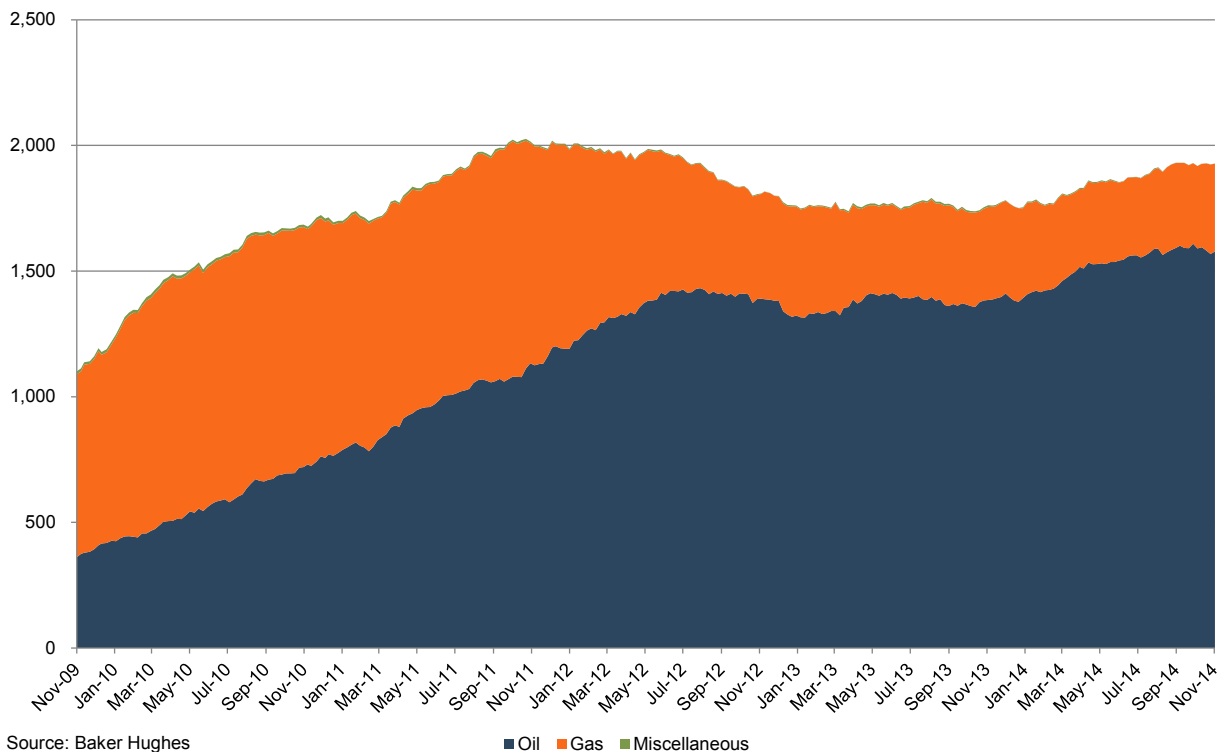
Baker Hughes collects and publishes information regarding active drilling rigs in the United States and internationally. The number of active rigs is a key indicator of demand for oilfield services & equipment. Factors influencing rig counts include energy prices, investment climate, technological changes, regulatory activity, weather, and seasonality. The number of active rigs in the United States as of November 14, 2014, stood at 1,928, representing a 9.4% increase from the same period in 2013. However, activity remains below levels observed in late 2011 and early 2012.

The number of active oil rigs has increased since 2009, driven by rising oil prices, growth in hydraulic fracturing and horizontal drilling, and the continued recovery of the economy, though numbers have leveled off recently. The number of gas rigs has generally been declining due to sustained low natural gas prices, increases in drilling efficiency (as measured by natural gas output per rig), and production of associated natural gas from oil wells.

Texas remains the most active state for drilling, followed by Oklahoma. North Dakota has seen the sharpest increase in activity, with the number of active rigs more than tripling during the past five years. This is primarily attributable due to drilling in the Bakken formation.

The increase in active drilling rigs over the past several years has been driven by horizontal drilling. Horizontal wells, coupled with hydraulic fracturing, are particularly well suited for many of the tight oil and gas plays recently discovered in the United States. Unlike traditional vertical drilling, in which wells are drilled down to a pooled reservoir of hydrocarbons, in tight oil and gas plays the hydrocarbons are trapped in rock formations. Horizontal drilling allows for greater exposure to the formations containing oil and gas, and thus more efficient production.

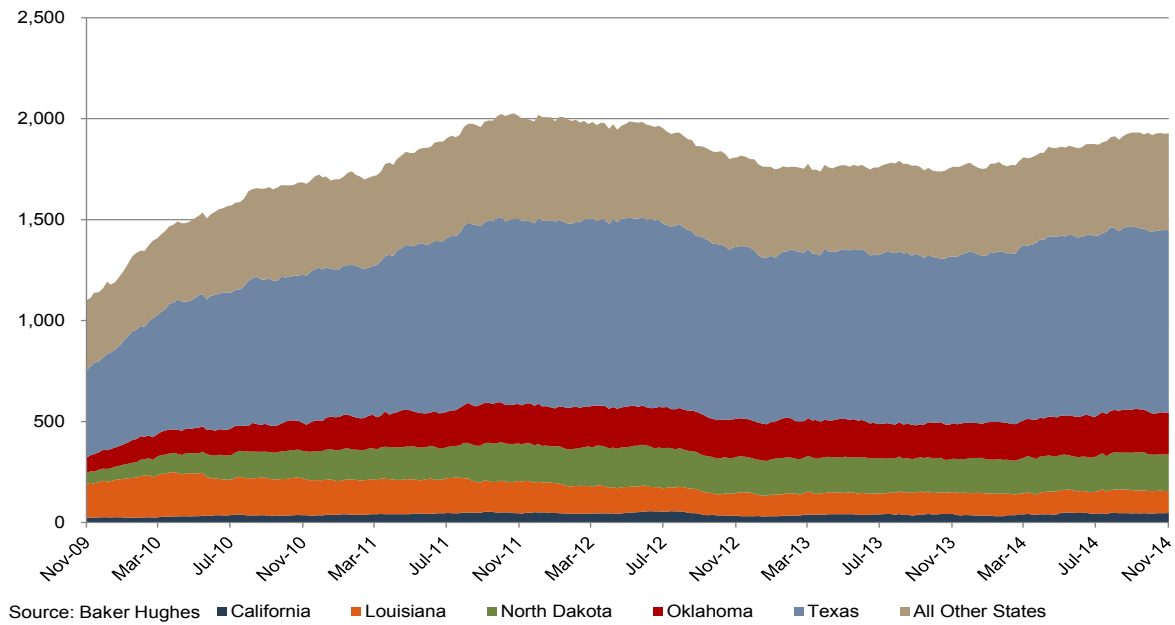
### U.S. Rig Count by Oil vs. Gas



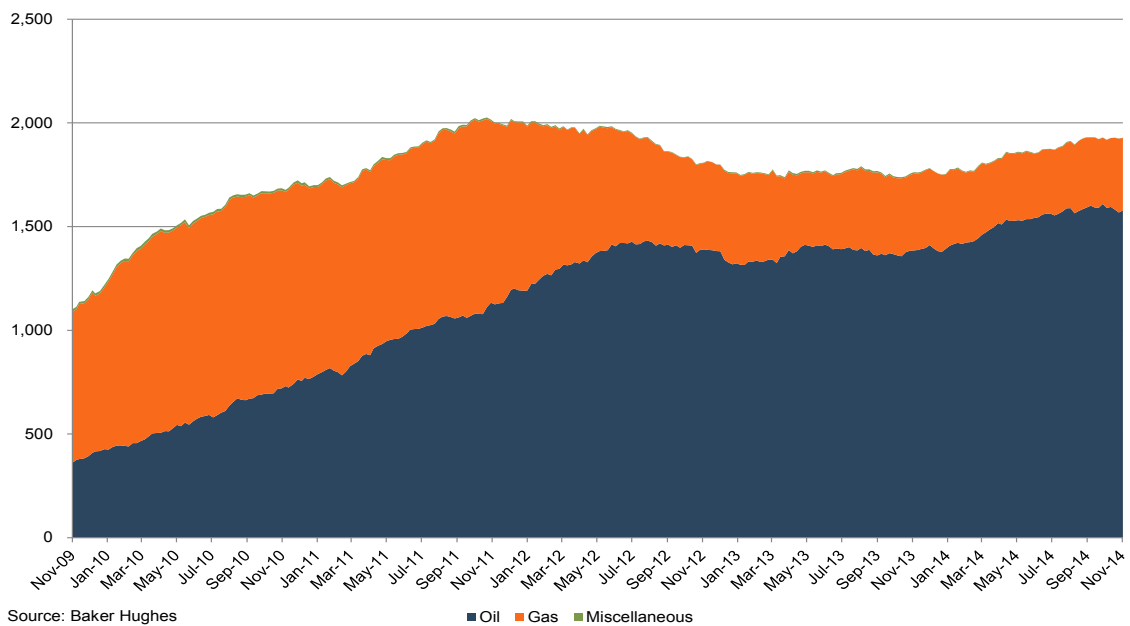
<sup>3</sup> Data provided by Baker Hughes. See <http://www.bakerhughes.com/rig-count>.

# Rig Counts (cont.)

U.S. Rig Count by State



U.S. Rig Count by Trajectory



# Market Valuations & Transaction Activity

## Public Company Valuation Multiples

As shown in Appendix B, central tendencies of public company valuation multiples (calculated on an enterprise value to EBITDA basis) are as follows:

- » Diversified: ~8.5-9x
- » Contract Drilling: ~5.5-7x
- » Equipment: ~9.5x
- » Services: ~7-9x (including geophysical services). Note that valuation multiples for service companies exhibit a fairly high degree of variability.

As shown in Appendix C, valuation multiples have compressed significantly over the past two months (though November 15, 2014), driven by lower crude oil prices and the resulting uncertainty regarding drilling activity.

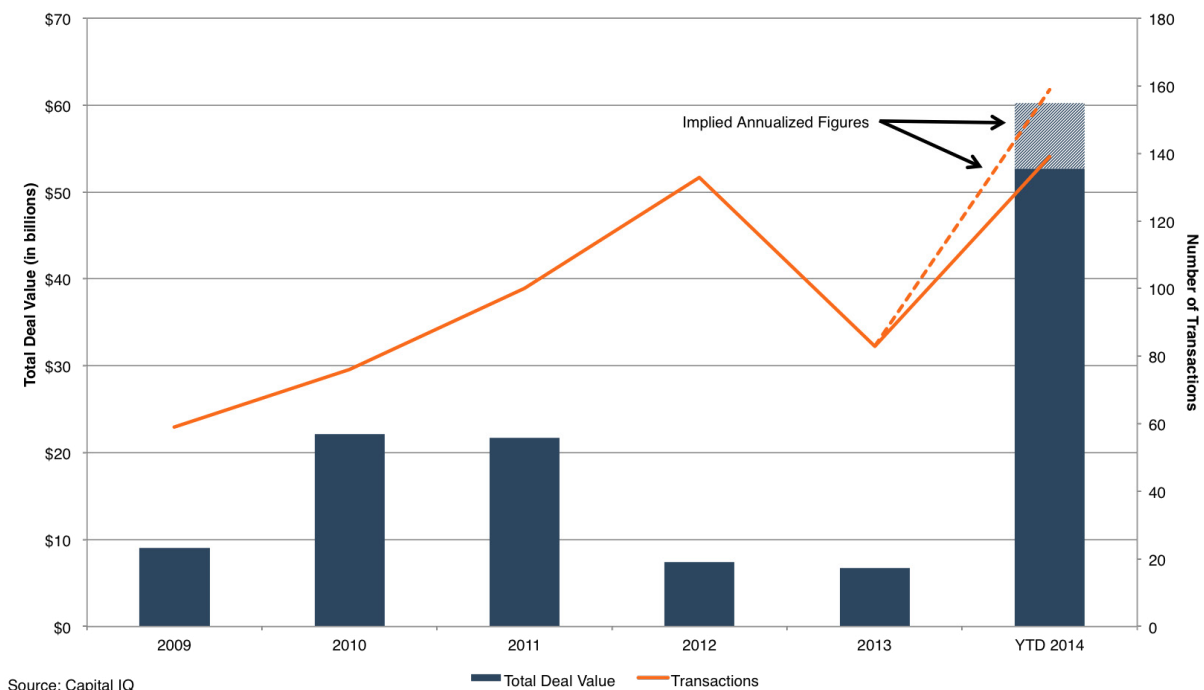
## Transaction Activity

Year-to-date transaction activity through November 15, 2014, in terms of both deal value and the number of announced transactions, is significantly higher than full-year activity in 2013. This is due in large part to Halliburton's proposed acquisition of Baker Hughes, with an estimated transaction value of nearly \$40 billion, according to Capital IQ. The tie-up would allow the combined company to reduce expenses and better compete against industry leader Schlumberger.

If oil prices remain low, transaction activity will likely remain elevated as companies seek scale and efficiencies amidst a difficult operating environment. There will likely be opportunities for strategic or financial buyers to acquire distressed companies at attractive valuations.

Selected individual transaction data (including implied valuation multiples) is shown in the table, "Selected Oilfield Services and Equipment Transactions."

### U.S. Oilfield Services & Equipment Transaction Activity



Source: Capital IQ

## Selected Oilfield Services &amp; Equipment Transactions

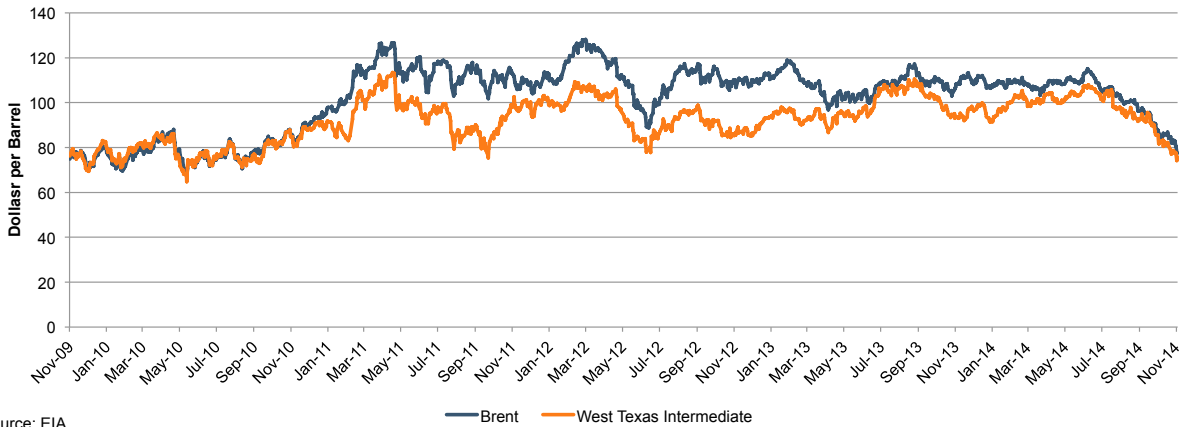
Enterprise Value to:

Target Name	Transaction Announcement Date	Transaction Value	Implied Enterprise Value	LTM		EBITDA Margin	Revenues	EBITDA
				Revenues	EBITDA			
Baker Hughes	11/4/14	\$39,520.2	\$38,311.2	\$23,776.0	\$4,271.0	18.0%	1.6x	9.0x
Bolt Technology Corp.	9/3/14	192.0	167.8	67.5	16.9	25.1%	2.5	9.9
Hamilton Investment Group, Inc.	8/13/14	14.5	11.8	15.9	6.6	41.5%	0.7	1.8
SSP Offshore	8/8/14	21.0	20.1	1.8	(0.8)	-42.4%	11.3	nm
MonDak Tank Inc.	7/21/14	10.9	10.9	7.1	na	nm	1.5	nm
Cadre Services, Inc.	7/16/14	98.0	98.0	na	11.1	nm	nm	8.8
Anchor Drilling Fluids USA, Inc.	3/18/14	342.1	337.3	309.4	33.4	10.8%	1.1	10.1
PPI Technology Services, LLC	3/14/14	145.0	145.0	133.0	21.5	16.2%	1.1	6.7
HY-BON, Inc.	2/7/14	77.6	77.6	57.0	na	nm	1.4	nm
<b>Average</b>		<b>\$4,491.3</b>	<b>\$4,353.3</b>	<b>\$3,046.0</b>	<b>\$622.8</b>	<b>11.5%</b>	<b>2.7x</b>	<b>7.7x</b>
<b>Median</b>		<b>\$98.0</b>	<b>\$98.0</b>	<b>\$62.3</b>	<b>\$16.9</b>	<b>17.1%</b>	<b>1.4x</b>	<b>8.9x</b>

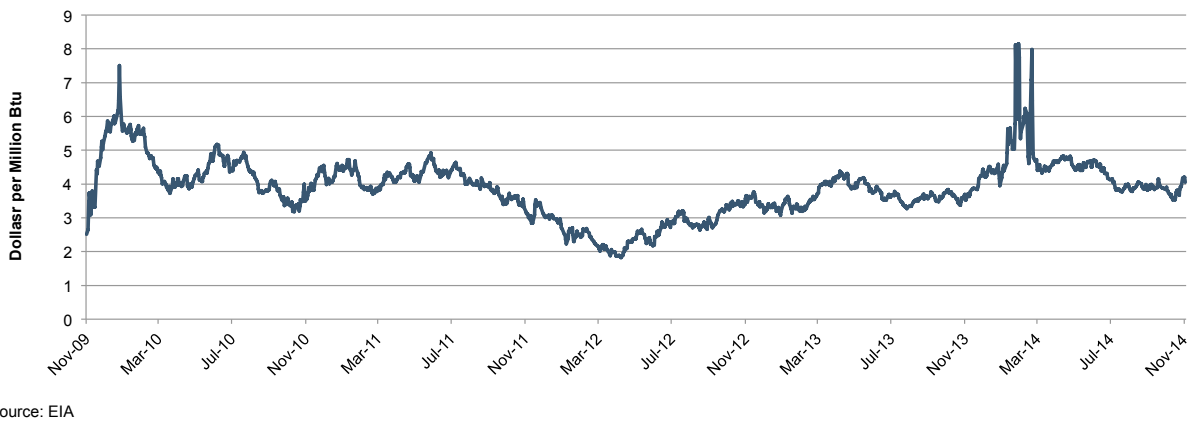
Presented in \$000,000s  
Source: Capital IQ

# Appendix A: Commodity Prices

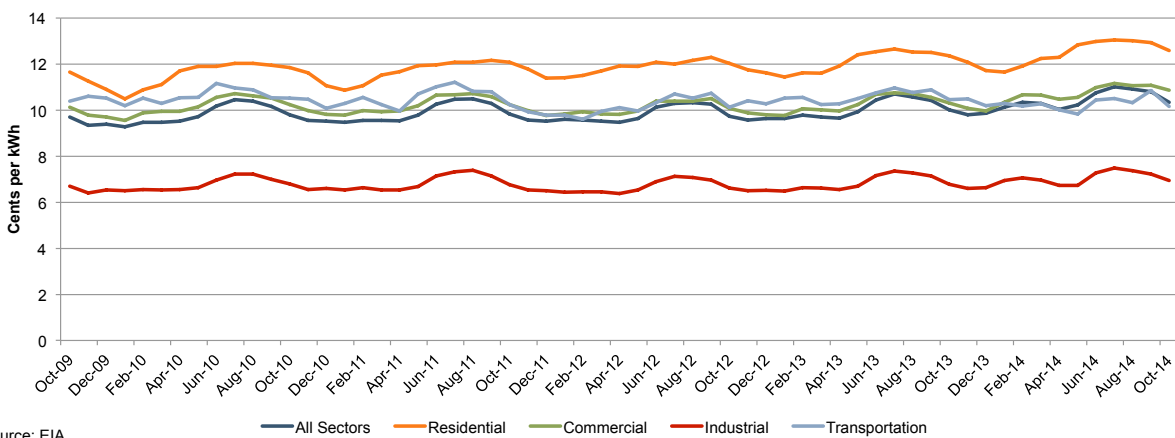
## Crude Oil Spot Prices



## Henry Hub Natural Gas Spot Price



## U.S. Electricity Prices





## Appendix B: Selected Public Company Information

### Exploration & Production

Company Name	Ticker	LTM		EBITDA Margin	Enterprise Value @ 11/15/14	EV/EBITDA Multiple
		Revenues	EBITDA			
Anadarko Petroleum Corp	APC	\$18,631	\$9,551	51.3%	\$53,956	5.6x
Apache Corp	APA	14,089	10,099	71.7%	40,195	4.0
Approach Resources Inc	AREX	257	175	68.3%	852	4.9
Antero Resources Corp	AR	2,016	885	43.9%	17,893	20.2
Bill Barrett Corp	BBG	528	177	33.6%	1,235	7.0
Bonanza Creek Energy Inc	BCEI	543	345	63.4%	2,328	6.8
Cabot Oil & Gas Corp	COG	1,998	1,358	68.0%	15,188	11.2
Carrizo Oil & Gas Inc	CRZO	653	422	64.7%	3,391	8.0
Chesapeake Energy Corp	CHK	20,586	5,805	28.2%	31,312	5.4
Cimarex Energy Co	XEC	2,402	1,790	74.5%	11,193	6.3
Comstock Resources Inc	CRK	544	384	70.6%	1,559	4.1
Concho Resources Inc	CXO	2,677	1,788	66.8%	16,597	9.3
Continental Resources Inc/OK	CLR	4,246	3,048	71.8%	25,770	8.5
Denbury Resources Inc	DNR	2,430	1,324	54.5%	7,524	5.7
Devon Energy Corp	DVN	16,160	7,914	49.0%	39,499	5.0
Diamondback Energy Inc	FANG	434	346	79.8%	4,631	13.4
Energen Corp	EGN	1,596	704	44.1%	5,588	7.9
EOG Resources Inc	EOG	16,826	8,668	51.5%	58,221	6.7
EV Energy Partners LP	EVEP	\$348	\$138	39.8%	\$2,604	18.8
EXCO Resources Inc	XCO	713	328	46.0%	2,389	7.3
Gulfport Energy Corp	GPOR	472	323	68.5%	4,960	15.4
Halcon Resources Corp	HK	1,167	452	38.8%	4,859	10.7
Hess Corp	HES	13,867	6,067	43.8%	26,815	4.4
Whiting Canadian Holding Co UL	KOG	1,080	758	70.2%	5,063	6.7
Laredo Petroleum Inc	LPI	710	464	65.3%	4,065	8.8
Magnum Hunter Resources Corp	MHR	406	14	3.5%	2,457	172.5
Marathon Oil Corp	MRO	12,068	4,996	41.4%	27,502	5.5

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 @ 11/15/14	EV/EBITDA Multiple
		Revenues	EBITDA			
Matador Resources Co	MTDR	\$338	\$234	69.3%	\$1,930	8.2x
Murphy Oil Corp	MUR	5,418	3,107	57.3%	12,111	3.9
Newfield Exploration Co	NFX	2,213	1,511	68.3%	7,269	4.8
Noble Energy Inc	NBL	5,083	2,954	58.1%	24,633	8.3
Northern Oil and Gas Inc	NOG	408	296	72.5%	1,458	4.9
Oasis Petroleum Inc	OAS	1,421	1,146	80.6%	5,173	4.5
PDC Energy Inc	PDCE	577	272	47.2%	2,177	8.0
Pioneer Natural Resources Co	PXD	4,347	739	17.0%	27,526	37.2
QEP Resources Inc	QEP	3,275	1,165	35.6%	8,027	6.9
Range Resources Corp	RRC	2,098	1,478	70.4%	15,131	10.2
Rex Energy Corp	REXX	331	136	41.1%	1,208	8.9
Rosetta Resources Inc	ROSE	1,002	677	67.6%	4,176	6.2
Sanchez Energy Corp	SN	614	426	69.4%	2,137	5.0
SandRidge Energy Inc	SD	1,677	823	49.1%	6,563	8.0
SM Energy Co	SM	2,535	1,444	57.0%	5,502	3.8
Southwestern Energy Co	SWN	3,983	2,314	58.1%	13,705	5.9
Stone Energy Corp	SGY	848	413	48.7%	2,144	5.2
Ultra Petroleum Corp	UPL	1,081	732	67.6%	6,936	9.5
Vanguard Natural Resources LLC	VNR	563	354	63.0%	4,271	12.0
W&T Offshore Inc	WTI	997	612	61.4%	1,979	3.2
Whiting Petroleum Corp	WLL	3,054	1,790	58.6%	9,467	5.3
WPX Energy Inc	WPX	3,304	(348)	-10.5%	5,376	nm
<b>Average</b>		<b>\$3,727</b>	<b>\$1,849</b>	<b>54.7%</b>	<b>\$11,970</b>	<b>11.7x</b>
<b>Median</b>		<b>\$1,596</b>	<b>\$739</b>	<b>58.1%</b>	<b>\$5,502</b>	<b>6.8x</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 @ 11/15/14	EV/EBITDA Multiple
		Revenues	EBITDA			
Targa Pipeline Partners LP	APL	\$2,722	\$350	12.9%	\$5,262	15.0x
Blueknight Energy Partners LP	BKEP	190	59	30.9%	663	11.3
Boardwalk Pipeline Partners LP	BWP	1,242	656	52.8%	7,527	11.5
Buckeye Partners LP	BPL	7,030	687	9.8%	14,140	20.6
Crestwood Midstream Partners L	CMLP	2,317	358	15.5%	6,386	17.8
DCP Midstream Partners LP	DPM	3,559	401	11.3%	8,067	20.1
El Paso Pipeline Partners LP	EPB	1,478	1,080	73.1%	14,495	13.4
Enbridge Energy Partners LP	EEP	7,855	1,178	15.0%	22,560	19.2
Energy Transfer Partners LP	ETP	50,911	3,032	6.0%	49,939	16.5
EnLink Midstream Partners LP	ENLK	3,074	588	19.1%	8,334	14.2
Enterprise Products Partners L	EPD	50,862	4,858	9.6%	90,850	18.7
EQT Midstream Partners LP	EQM	331	257	77.5%	6,032	23.5
Genesis Energy LP	GEL	3,960	208	5.3%	5,841	28.1
Holly Energy Partners LP	HEP	322	211	65.5%	2,952	14.0
Kinder Morgan Energy Partners	KMP	14,633	5,544	37.9%	66,803	12.0
Magellan Midstream Partners LP	MMP	2,214	1,062	47.9%	22,553	21.2
MarkWest Energy Partners LP	MWE	2,085	758	36.3%	18,520	24.4
Martin Midstream Partners LP	MMLP	1,788	136	7.6%	2,138	15.7
Memorial Production Partners L	MEMP	464	254	54.9%	2,908	11.4
MPLX LP	MPLX	535	231	43.3%	5,626	24.3
NuStar Energy LP	NS	3,179	532	16.7%	7,337	13.8
Oiltanking Partners LP	OILT	256	175	68.5%	4,229	24.2

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 @ 11/15/14	EV/EBITDA Multiple
		Revenues	EBITDA			
ONEOK Inc	OKE	13,490	1,465	10.9%	21,833	14.9
Phillips 66 Partners LP	PSXP	211	135	63.8%	4,960	36.8
Plains All American Pipeline L	PAA	44,637	2,059	4.6%	28,332	13.8
Regency Energy Partners LP	RGP	4,201	642	15.3%	18,631	29.0
SemGroup Corp	SEMG	2,033	152	7.5%	4,205	27.6
Spectra Energy Partners LP	SEP	2,190	1,529	69.8%	22,785	14.9
Sunoco Logistics Partners LP	SXL	18,501	894	4.8%	14,792	16.5
Tallgrass Energy Partners LP	TEP	339	85	25.2%	3,429	40.2
Targa Resources Partners LP	NGLS	8,808	958	10.9%	9,665	10.1
TC PipeLines LP	TCP	337	253	75.1%	6,353	25.1
Teekay LNG Partners LP	TGP	408	283	69.4%	5,339	18.8
Teekay Offshore Partners LP	TOO	1,020	424	41.6%	4,854	11.4
Tesoro Logistics LP	TLLP	507	261	51.5%	5,908	22.6
TransMontaigne Partners LP	TLP	153	68	44.3%	827	12.2
Western Gas Partners LP	WES	1,215	552	45.5%	10,588	19.2
Williams Partners LP	WPZ	1,212	624	51.4%	17,212	27.6
<b>Average</b>		<b>\$6,849</b>	<b>\$868</b>	<b>34.4%</b>	<b>\$14,549</b>	<b>19.3x</b>
<b>Median</b>		<b>\$2,059</b>	<b>\$478</b>	<b>33.6%</b>	<b>\$7,432</b>	<b>18.3x</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 @ 11/15/14	EV/EBITDA Multiple
		Revenues	EBITDA			
<b>Solar</b>						
Enphase Energy Inc	ENPH	\$306	(\$0)	0.0%	\$444	nm
First Solar Inc	FSLR	3,152	530	16.8%	3,962	7.5
Real Goods Solar Inc	RGSE	94	(26)	-27.1%	48	nm
SolarCity Corp	SCTY	231	(189)	-82.1%	6,167	nm
SunEdison Inc	SUNE	2,425	(224)	-9.2%	10,984	nm
SunPower Corp	SPWR	2,501	239	9.6%	3,860	16.1
<b>Average</b>		<b>\$1,452</b>	<b>\$55</b>	<b>-15.3%</b>	<b>\$4,244</b>	<b>11.8x</b>
<b>Median</b>		<b>\$1,365</b>	<b>(\$13)</b>	<b>-4.6%</b>	<b>\$3,911</b>	<b>11.8x</b>
<b>Wind Turbine Manufacturing</b>						
Suzlon Energy Ltd	SUEL	3,348	32	1.0%	2,975	92.9
Gamesa Corp Tecnologica SA	GAM	3,559	442	12.4%	2,965	6.7
Xinjiang Goldwind Science & Te	2208 HK	2,186	217	9.9%	6,804	31.4
Sinovel Wind Group Co Ltd	601558 CH	704	(211)	-30.0%	2,832	nm
<b>Average</b>		<b>\$2,449</b>	<b>\$120</b>	<b>-1.7%</b>	<b>\$3,894</b>	<b>43.7x</b>
<b>Median</b>		<b>\$2,767</b>	<b>\$124</b>	<b>5.4%</b>	<b>\$2,970</b>	<b>31.4x</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 @ 11/15/14	EV/EBITDA Multiple
		Revenues	EBITDA			
<b>Biofuels</b>						
Amyris Inc	AMRS	\$47	(\$82)	-173.6%	\$386	nm
FutureFuel Corp	FF	379	62	16.3%	348	5.7
Gevo Inc	GEVO	20	(40)	-194.6%	66	nm
Green Plains Inc	GPRE	3,119	321	10.3%	1,469	4.6
Pacific Ethanol Inc	PEIX	1,067	108	10.1%	340	3.1
Renewable Energy Group Inc	REGI	1,252	48	3.8%	454	9.5
REX American Resources Corp	REX	591	134	22.7%	484	3.6
Solazyme Inc	SZYM	57	(122)	-213.4%	225	nm
<b>Average</b>		<b>\$816</b>	<b>\$54</b>	<b>-64.8%</b>	<b>\$472</b>	<b>5.3x</b>
<b>Median</b>		<b>\$485</b>	<b>\$55</b>	<b>7.0%</b>	<b>\$367</b>	<b>4.6x</b>
<b>Alternative Energy Overall</b>						
<b>Average</b>		<b>\$1,391</b>	<b>\$69</b>	<b>-34.3%</b>	<b>\$2,490</b>	<b>18.1x</b>
<b>Median</b>		<b>\$885</b>	<b>\$40</b>	<b>2.4%</b>	<b>\$977</b>	<b>7.1x</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 @ 11/15/14	EV/EBITDA Multiple
		Revenues	EBITDA			
<b>Diversified</b>						
Baker Hughes Inc	BHI	\$23,776	\$4,108	17.3%	\$29,313	7.1x
Halliburton Co	HAL	31,739	7,008	22.1%	52,492	7.5
Schlumberger Ltd	SLB	47,845	13,213	27.6%	129,157	9.8
Weatherford International PLC	WFT	14,922	1,819	12.2%	21,093	11.6
<b>Average</b>		<b>\$29,571</b>	<b>\$6,537</b>	<b>19.8%</b>	<b>\$58,014</b>	<b>9.0x</b>
<b>Median</b>		<b>\$27,758</b>	<b>\$5,558</b>	<b>19.7%</b>	<b>\$40,903</b>	<b>8.6x</b>
<b>Contract Drilling</b>						
Atwood Oceanics Inc	ATW	\$1,174	\$586	49.9%	\$3,957	6.8x
Diamond Offshore Drilling Inc	DO	2,866	1,020	35.6%	6,087	6.0
EnSCO PLC	ESV	4,789	1,420	29.6%	13,881	9.8
Helmerich & Payne Inc	HP	3,720	1,578	42.4%	8,270	5.2
Hercules Offshore Inc	HERO	957	161	16.8%	1,260	7.8
Nabors Industries Ltd	NBR	6,627	1,746	26.3%	8,603	4.9
Noble Corp plc	NE	4,045	2,099	51.9%	10,642	5.1
Parker Drilling Co	PKD	969	264	27.3%	1,032	3.9
Patterson-UTI Energy Inc	PTEN	2,940	930	31.6%	3,769	4.1
Pioneer Energy Services Corp	PES	1,010	261	25.9%	960	3.7
Rowan Cos Plc	RDC	1,662	606	36.5%	5,058	8.3
Transocean Ltd	RIG	9,189	785	8.5%	17,269	22.0
Unit Corp	UNT	1,553	789	50.8%	2,956	3.7
Vantage Drilling Co	VTG	898	452	50.3%	2,969	6.6
<b>Average</b>		<b>\$3,028</b>	<b>\$907</b>	<b>34.5%</b>	<b>\$6,194</b>	<b>7.0x</b>
<b>Median</b>		<b>\$2,264</b>	<b>\$787</b>	<b>33.6%</b>	<b>\$4,507</b>	<b>5.6x</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 @ 11/15/14	EV/EBITDA Multiple
		Revenues	EBITDA			
<b>Equipment</b>						
Cameron International Corp	CAM	\$10,482	\$1,518	14.5%	\$14,549	9.6x
Dresser-Rand Group Inc	DRC	2,838	363	12.8%	7,217	19.9
Dril-Quip Inc	DRQ	909	294	32.4%	3,137	10.7
Exterran Holdings Inc	EXH	2,845	593	20.8%	4,397	7.4
FMC Technologies Inc	FTI	7,834	1,273	16.3%	13,556	10.6
Forbes Energy Services Ltd	FES	447	74	16.5%	334	4.5
Forum Energy Technologies Inc	FET	1,695	304	17.9%	2,905	9.6
National Oilwell Varco Inc	NOV	21,921	4,445	20.3%	29,868	6.7
Tesco Corp	TESO	545	97	17.8%	545	5.6
<b>Average</b>		<b>\$5,502</b>	<b>\$996</b>	<b>18.8%</b>	<b>\$8,501</b>	<b>9.4x</b>
<b>Median</b>		<b>\$2,838</b>	<b>\$363</b>	<b>17.8%</b>	<b>\$4,397</b>	<b>9.6x</b>
<b>Services</b>						
Basic Energy Services Inc	BAS	\$1,398	\$285	20.4%	\$1,353	4.8x
C&J Energy Services Ltd	CJES	2,077	1,254	60.4%	4,593	3.7
Helix Energy Solutions Group I	HLX	1,127	414	36.8%	2,847	6.9
Hornbeck Offshore Services Inc	HOS	619	285	46.0%	1,954	6.9
Key Energy Services Inc	KEG	1,435	68	4.7%	1,100	16.2
McDermott International Inc	MDR	2,012	(233)	-11.6%	1,366	nm
Newpark Resources Inc	NR	1,075	161	14.9%	1,151	7.2
Oceaneering International Inc	OII	3,635	833	22.9%	7,425	8.9
RPC Inc	RES	2,192	566	25.8%	3,637	6.4
Superior Energy Services Inc	SPN	4,454	858	19.3%	5,091	5.9
TETRA Technologies Inc	TTI	987	77	7.8%	1,967	25.5
Willbros Group Inc	WG	2,110	93	4.4%	431	4.6
<b>Average</b>		<b>\$1,927</b>	<b>\$388</b>	<b>21.0%</b>	<b>\$2,743</b>	<b>8.8x</b>
<b>Median</b>		<b>\$1,723</b>	<b>\$285</b>	<b>19.8%</b>	<b>\$1,961</b>	<b>6.9x</b>

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



## Appendix B: Selected Public Company Information

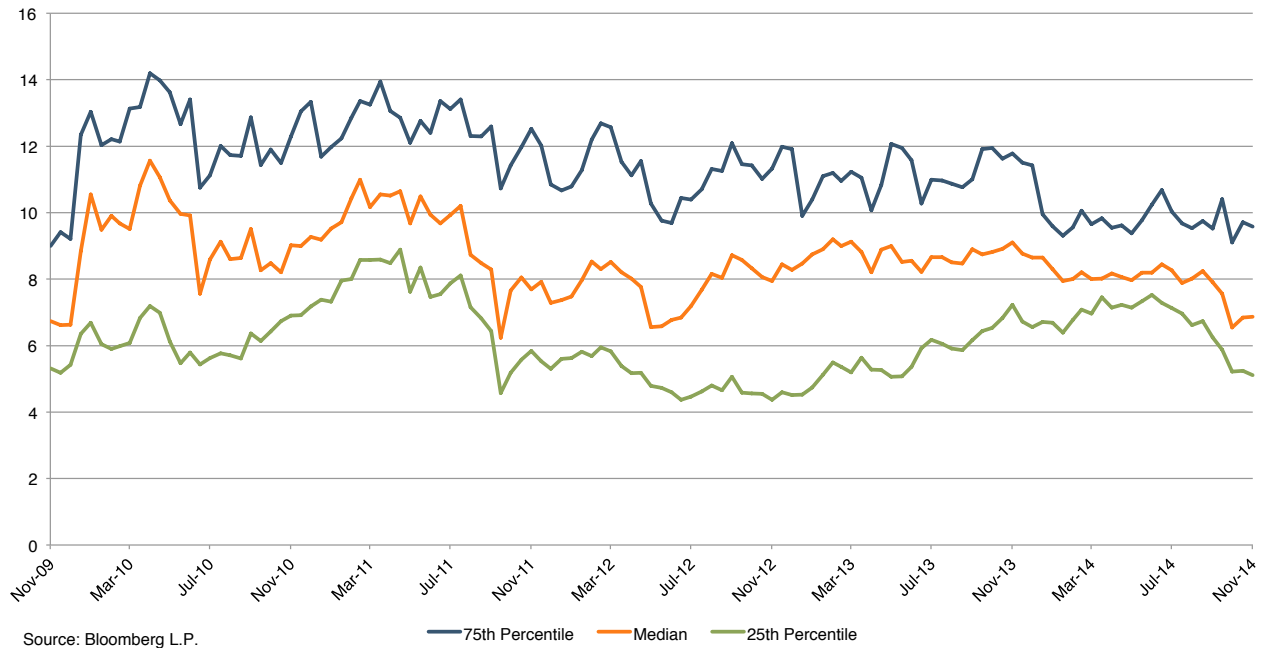
### Oilfield Services & Equipment (cont.)

Company Name	Ticker	LTM		EBITDA Margin	Enterprise Value @ 11/15/14	EV/EBITDA Multiple
		Revenues	EBITDA			
<b>Geophysical Services</b>						
Bolt Technology Corp	BOLT	\$63	\$11	16.9%	\$169	15.8x
Dawson Geophysical Co	DWSN	112	8	7.3%	60	7.4
Geospace Technologies Corp	GEOS	237	72	30.2%	385	5.4
ION Geophysical Corp	IO	591	189	32.0%	500	2.6
<b>Average</b>		<b>\$251</b>	<b>\$70</b>	<b>21.6%</b>	<b>\$279</b>	<b>7.8x</b>
<b>Median</b>		<b>\$174</b>	<b>\$41</b>	<b>23.6%</b>	<b>\$277</b>	<b>6.4x</b>
<b>Oilfield Serv. &amp; Equip. Overall</b>						
<b>Average</b>		<b>\$5,449</b>	<b>\$1,227</b>	<b>24.9%</b>	<b>\$9,984</b>	<b>8.3x</b>
<b>Median</b>		<b>\$2,012</b>	<b>\$566</b>	<b>22.1%</b>	<b>\$3,637</b>	<b>6.9x</b>

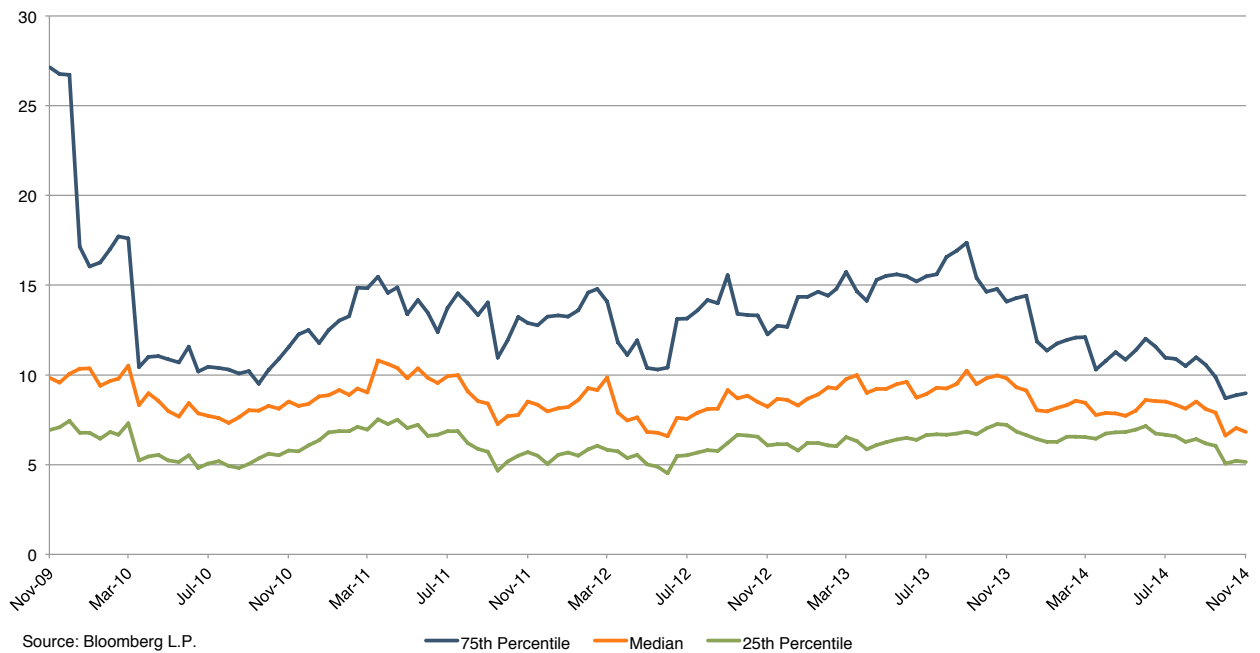
Presented in \$000,000s  
Source: Bloomberg L.P.

## Appendix C: Historical Valuations

### Oilfield Services & Equipment EV/EBITDA Multiples

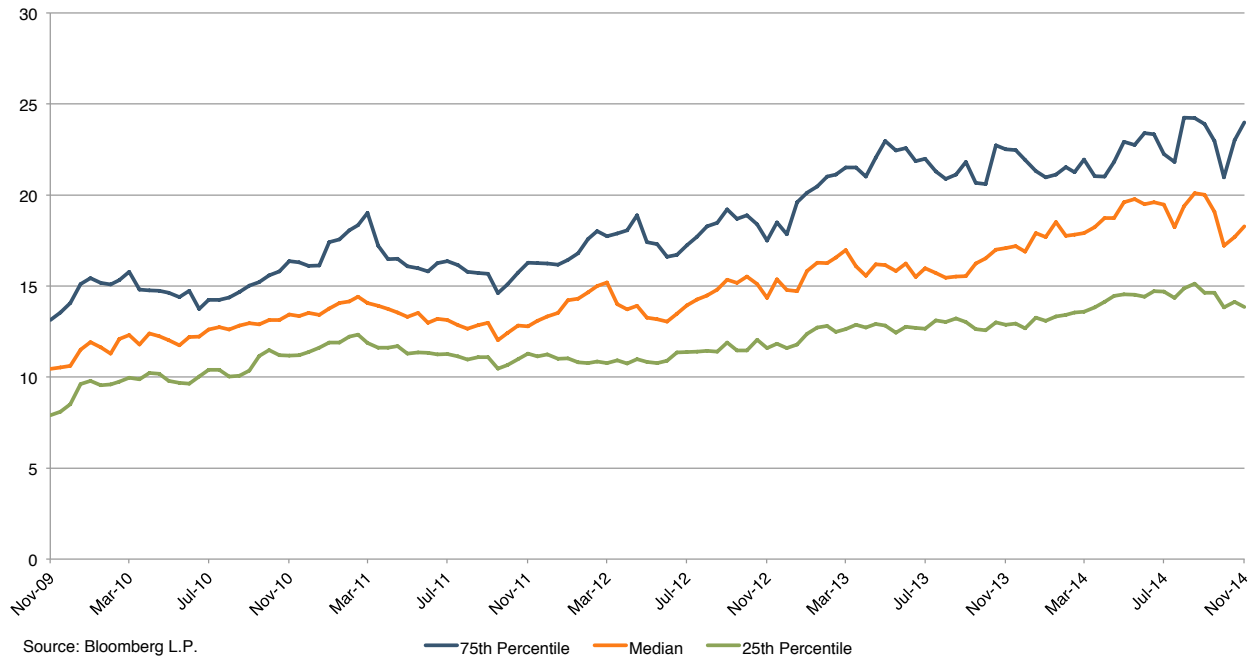


### Exploration & Production EV/EBITDA Multiples

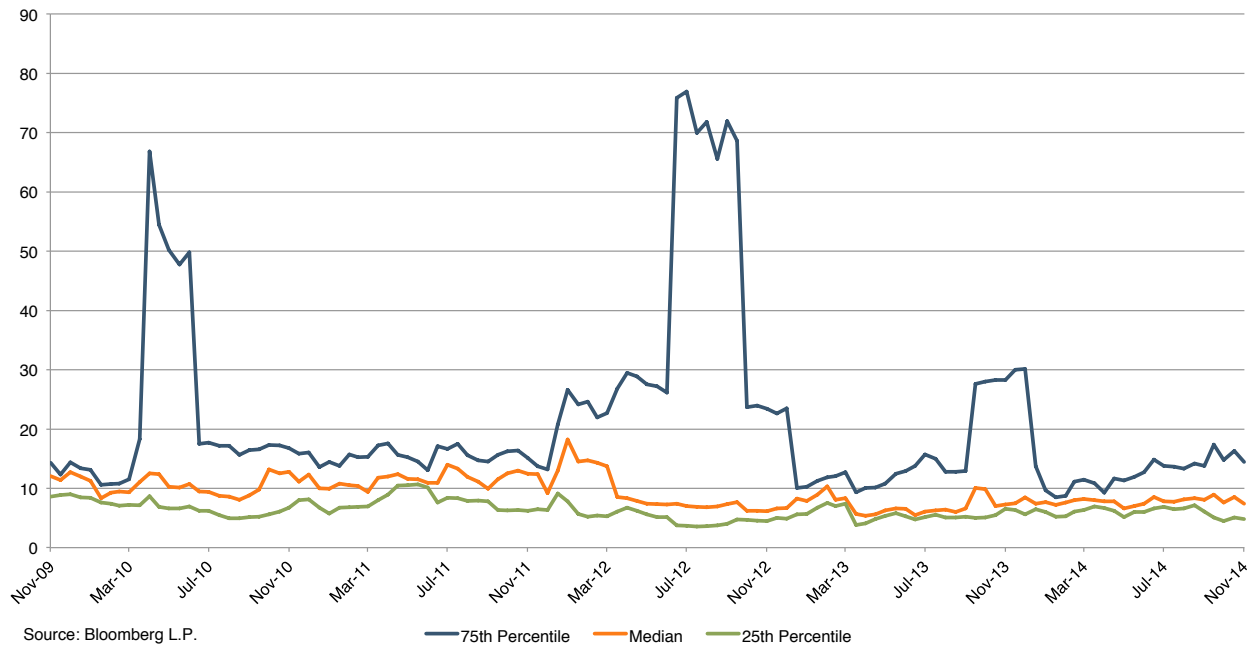


## Appendix C: Historical Valuations (cont.)

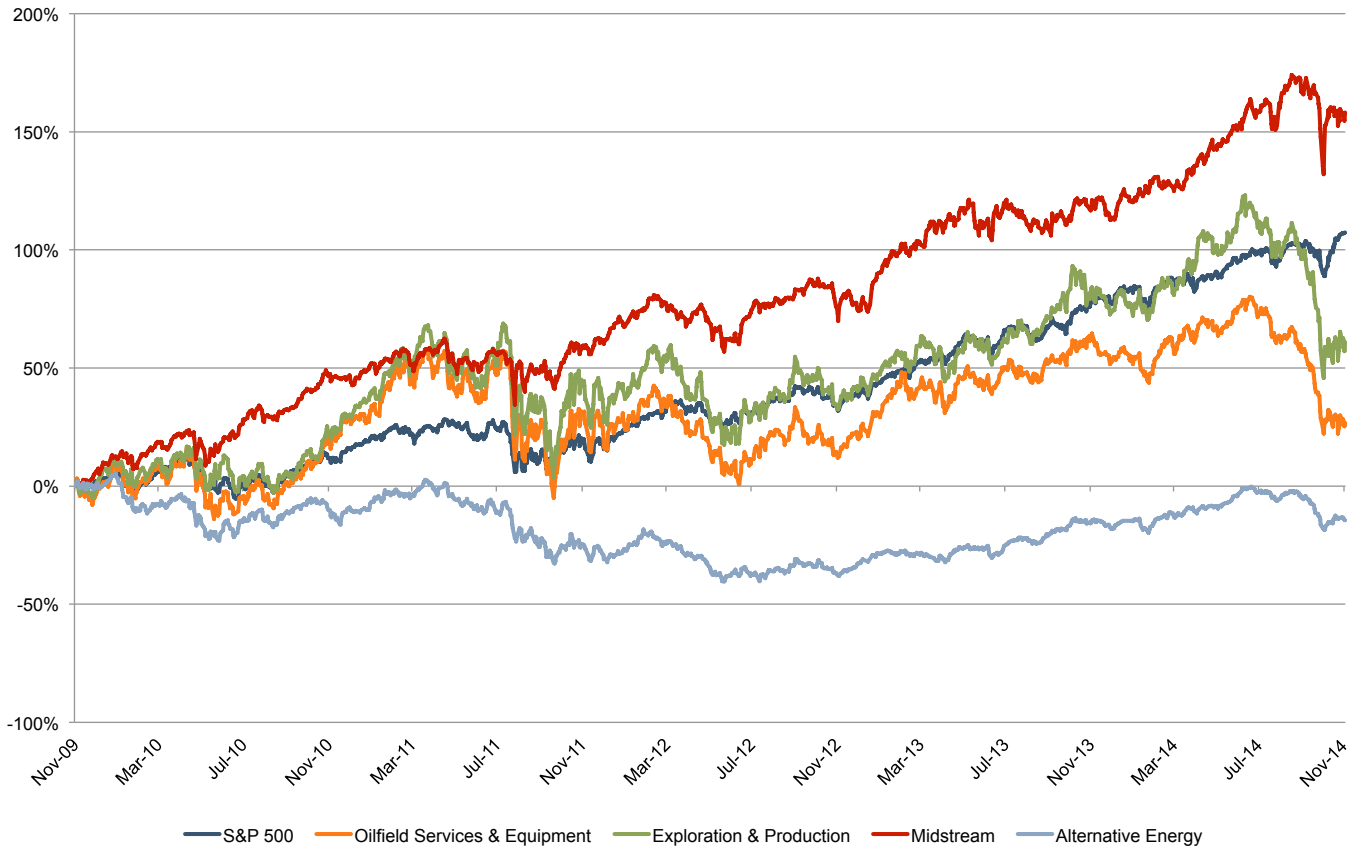
### Midstream EV/EBITDA Multiples



### 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)

# Mercer Capital

Energy Industry Services

Mercer Capital has expertise providing business valuation and financial advisory services to companies in the energy industry.

## Industry Segments

Mercer Capital serves the following industry segments:

- Exploration & Production
- Oil Field Services
- Midstream Operations
- Alternative Energy

## Services Provided

- Valuation of energy companies
- Transaction advisory for acquisitions and divestitures
- 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.

## Contact Us

**Matthew R. Crow, CFA, ASA**  
901.685.2120  
crowm@mercercapital.com

**Eden G. Stanton, CFA**  
901.270.7250  
stantone@mercercapital.com

**Timothy R. Lee, ASA**  
901.322.9740  
leet@mercercapital.com

**Nicholas J. Heinz, ASA**  
901.322.9788  
heinzn@mercercapital.com

**Mercer Capital**  
5100 Poplar Avenue, Suite 2600  
Memphis, Tennessee 38137  
901.685.2120 (P)

[www.mercercapital.com](http://www.mercercapital.com)