



Valuation and Corporate Finance Services for the Oilfield Industry

www.mercercapital.com



Valuation and Corporate Finance Services for the Oilfield Services Industry

Mercer Capital provides Oilfield Services companies with business valuation and financial advisory services related to corporate disputes, litigated matters, shareholder transactions, and financial reporting requirements.

Services Provided

- Fairness Opinions
- M&A Representation, Transaction Advisory, and Consulting
- Buy-Sell Agreement Valuation and Consulting
- Financial Reporting Valuation (Purchase Price Allocation and Impairment Testing)
- Strategic Planning and Consulting
- Litigation & Dispute Resolution Consulting/Testimony
- Tax Compliance Valuations
- ESOP Valuations

Mercer Capital's Energy industry group publishes research on the industry via its weekly [Energy Valuation Insights](#) and special topic whitepapers.

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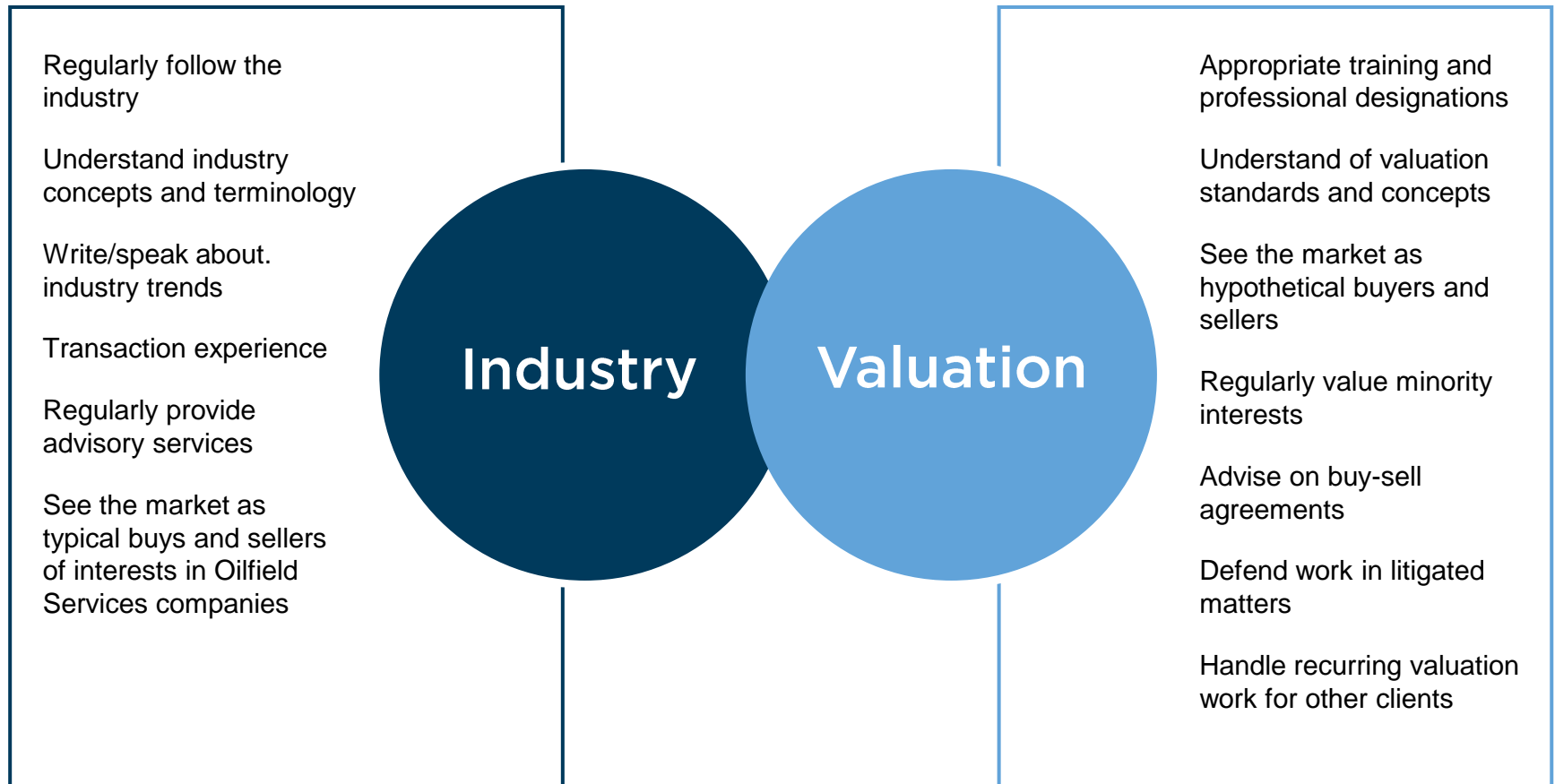


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Market Segments

- Casing & Tubing Services
- Coatings
- Coiled Tubing
- Directional Drilling
- Drilling & Completion Fluids
- Downhole Drilling Tools
- Fishing Services
- Fluid Systems
- Geophysical Equipment & Services
- Hydraulic Fracturing
- Inspection Services
- Offshore Supply Services
- Rental Services
- Specialty Chemicals
- Subsea Equipment
- Testing Services
- Tubular Goods
- Unit Manufacturing
- Waste Disposal Services
- Water Services
- Wireline services

There Are Two Types of Experts



You Need Both

We Are Industry Specialists

We are a valuation firm that is organized according to industry specialization

Our energy team has extensive specialty oil & gas background, experience and training

We value Oilfield Services companies for a variety of purposes: M&A, equity compensation, dispute resolution, portfolio valuations, and other financial statement reporting

We also have experience valuing Oilfield Services companies of all sizes from single location service providers to worldwide services/equipment providers

We write and speak regularly on industry topics through multiple respected industry channels including Forbes.com & Hart Energy

Industry

Valuation

We Are Valuation Specialists

We regularly provide valuations and other third-party opinions for a variety of purposes

We also speak, write and train other professionals within the valuation, accounting, and legal communities

Since our founding in 1982, Mercer Capital has provided expert valuation opinions to over 16,000 clients throughout the U.S. and on six continents

We have had our opinions upheld by numerous court jurisdictions and regulatory bodies

We are active in leadership roles throughout the valuation profession

Valuation Approaches

Asset-Based Approach

Often not a reliable indication of value for OFS companies.

Although many OFS businesses are asset-intensive, they have significant value beyond their net asset value

Income Approach

Discounted cash flow analysis to develop a range of value based upon a subject company's projections

Also considers the probability of different exit scenarios (IPO, sale to strategic or financial buyer)

Market Approach

Pricing metrics based upon public companies, M&A transactions (public and private), and capital raises by comparable companies

Reconciling Indicated Values

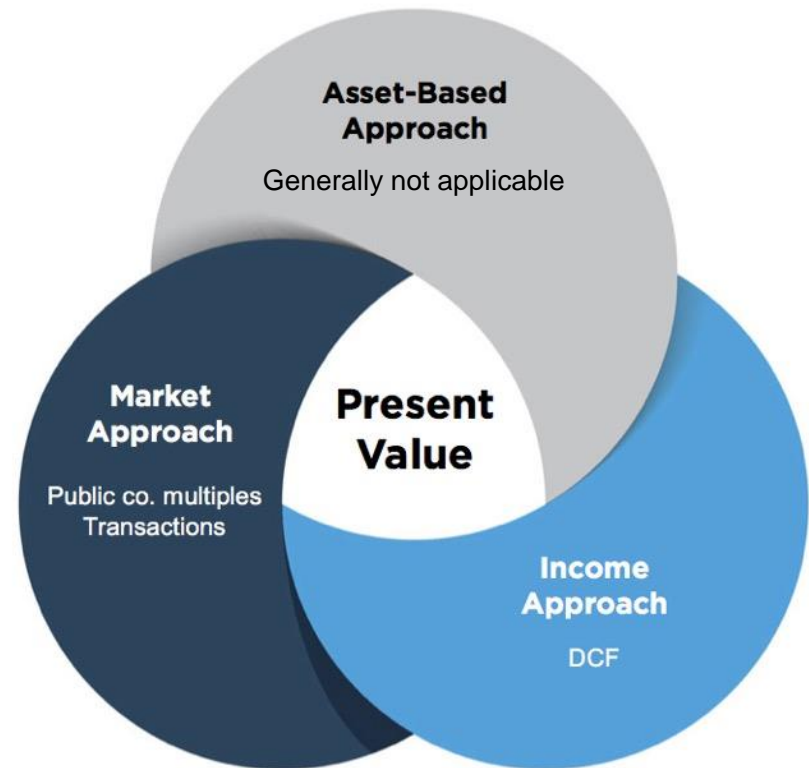
It would be unusual for the indicated values from the various income and market methods to align perfectly.

Value indications from the market approach can be fairly volatile, since the market for OFS companies is tied to the performance of the market in general. Because valuation for fair market value purposes is more of a descriptive exercise than a prescriptive one, this is a perspective we consider.

In our experience, though, investors in private companies think longer term. The more enduring indications of value from income approaches, such as DCF models, are often more representative of the actual behavior of buyers and sellers of interests in OFS companies.

Nonetheless, using multiple valuation approaches serves to generate tests of reasonableness against which the different indications can be evaluated.

Note: We often do not consider the asset approach to be relevant to the valuation of particular OFS companies. However, the balance sheet can be important in situations where there are excess or non-operating assets or contingent liabilities that need to be considered apart from the value of the firm's ongoing operations.



Representative Experience



Financial Reporting

Appraisal of an oilfield equipment manufacturing business for financial reporting purposes



Transaction Advisory

Worked with the shareholders of an oilfield testing service provider in evaluation of unsolicited purchase offers



Tax Reporting

Appraisal of incentive units of oilfield waste management services company for financial reporting and Federal tax purposes



Corporate Planning

Appraisal of an international oilfield equipment manufacturer for corporate planning purposes



Transaction Advisory

Advised the acquirer of a \$1.4 billion oilfield services provider regarding the value of >25 facilities



Transaction Advisory

Completed transaction-related appraisal services for \$250 million acquisition of a leading directional drilling services company



Financial Reporting

Advised a publicly traded provider of services & equipment for complex deepwater applications on the value of intellectual property



Financial Reporting

Advised a publicly traded acquirer of a \$200 million ROV service provider servicing offshore construction, & maintenance needs



Industry & Professional Leadership

Mercer Capital's *Energy Valuation Insights* is a weekly blog covering valuation issues in the Energy Industry



Bryce Erickson is a Contributing Editor to Forbes.com writing about oil & gas valuation and economic issues

Forbes



Our opinions have been reviewed and accepted by:
State and Federal Courts
PCAOB and Big 4 Audit Firms
Internal Revenue Service



Our Energy Team members have been sought for commentary and insight by various publications



Experience in nearly every domestic oil & gas basin and have international experience across the globe including Europe, Middle East & South America



Trusted by:

- Clients
- Boards of Directors
- Legal Community
- Accounting Firms
- Wealth Management Firms

Teachers and trainers for CLE and CPE approved courses

Speak frequently on oil & gas issues to industry and professional service audiences



Mercer Capital

Valuation & Advisory Services

Mercer Capital, an employee-owned firm, is one of the largest independent valuation and advisory services firms in the nation. Founded in 1982, we serve a national and international client base.

We have provided thousands of valuation opinions for corporations and financial institutions of all sizes across virtually every industry vertical.

We offer a broad range of valuation services, including corporate valuation, gift, estate, and income tax valuation, buy-sell agreement valuation, financial reporting valuation, ESOP and ERISA valuation services, and litigation support services.

In addition, Mercer Capital provides investment banking, transaction advisory, and restructuring services to a broad range of public and private companies and financial institutions. Mercer Capital leverages our historical valuation and investment banking experience to help you navigate a critical transaction, providing timely, accurate and reliable results. We have significant experience advising boards of directors, management, trustees, and other fiduciaries of middle-market public and private companies in a wide range of industries.

Our work has been reviewed and accepted by major federal agencies charged with regulating business transactions, as well as by the largest accounting and law firms in the nation on behalf of their clients.

Mercer Capital

List of Services

Valuation & Financial Opinions

- Valuations for Gift & Estate Tax Planning
- Litigation-Related Expert Witness Opinions
- Succession & Shareholder Planning
- Valuations for Corporate Tax Planning
- Valuations for Buy-Sell Agreements
- Fairness Opinions
- ESOP & ERISA Advisory Services
- Bankruptcy-Related Valuation Services

Transaction Advisory Services

- M&A and Investment Banking Services
- Bankruptcy/Restructuring Advisory
- Fairness Opinions
- Solvency Opinions
- Quality of Earnings

Financial Reporting Valuation Services

- Purchase Price Allocation Services
- Impairment Testing Services
- Portfolio Valuation Services
- Equity-Based Compensation Valuation

Family Business Advisory Services

- Customized Board Advisory Services
- Management Consulting
- Independent Valuation Opinions
- Transaction Advisory Services
- Confidential Shareholder Surveys
- Benchmarking/Business Intelligence
- Shareholder Engagement
- Shareholder Communication Support

Litigation Support Services

- Tax-Related Controversies
- Business Damages & Lost Profits
- Corporate Restructuring & Dissolution
- Statutory Fair Value
- Valuation, Labor & Contract Disputes
- Family Law & Divorce
- Initial Consultation & Analysis
- Testimony & Trial Support



BUSINESS VALUATION &
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