



## GOLDMAN SACHS GLOBAL ENERGY CONFERENCE 2017

January 2017

# Forward-looking Statements



This presentation contains various forward-looking statements and information that are based on management's current expectations and assumptions about future events. Forward-looking statements are generally accompanied by words such as "estimate," "project," "predict," "expect," "anticipate," "plan," "intend," "seek," "will," "should," "goal" and other words that convey the uncertainty of future events and outcomes. Forward-looking information includes, among other matters, statements regarding the proposed offering and the Company's anticipated performance, quality of assets, rig utilization rate, capital spending by oil and gas companies, and the Company's international operations.

Although the Company believes that the expectations and assumptions reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations and assumptions will prove to have been correct. Such statements are subject to certain risks, uncertainties and assumptions, including general economic and business conditions and industry trends, levels and volatility of oil and gas prices, the continued demand for drilling services or production services in the geographic areas where we operate, decisions about exploration and development projects to be made by oil and gas exploration and production companies, the highly competitive nature of our business, technological advancements and trends in our industry and improvements in our competitors' equipment, the loss of one or more of our major clients or a decrease in their demand for our services, future compliance with covenants under our senior secured revolving credit facility and our senior notes, operating hazards inherent in our operations, the supply of marketable drilling rigs, well servicing rigs, coiled tubing and wireline units within the industry, the continued availability of drilling rig, well servicing rig, coiled tubing and wireline unit components, the continued availability of qualified personnel, the success or failure of our acquisition strategy, including our ability to finance acquisitions, manage growth and effectively integrate acquisitions, the political, economic, regulatory and other uncertainties encountered by our operations, and changes in, or our failure or inability to comply with, governmental regulations, including those relating to the environment.

Should one or more of these risks, contingencies or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those expected. Many of these factors have been discussed in more detail in the Company's annual report on Form 10-K for the fiscal year ended December 31, 2015. Other unpredictable or unknown factors that the Company has not discussed in this presentation or in its filings with the Securities and Exchange Commission could also have material adverse effects on actual results of matters that are the subject of the forward-looking statements. All forward-looking statements speak only as the date on which they are made and the Company undertakes no duty to update or revise any forward-looking statements. We advise investors to use caution and common sense when considering our forward-looking statements.

# Pioneer Energy Services – Diversified Services



## COMPANY OVERVIEW

**TTM REVENUE<sup>1</sup>: \$310 MILLION**

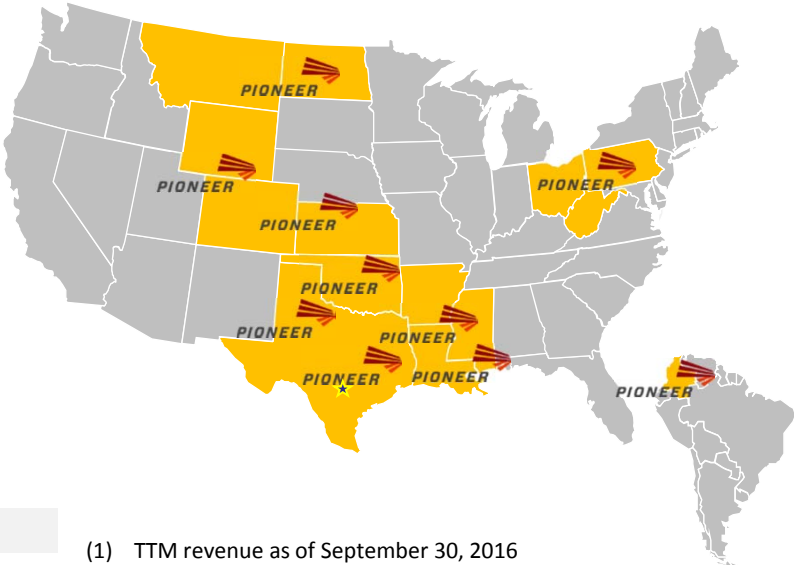
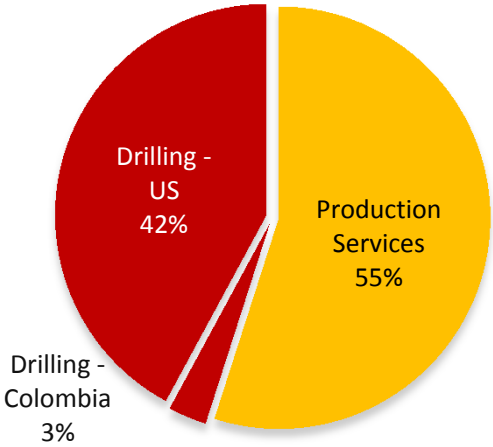
**MARKET CAPITALIZATION<sup>2</sup>: \$529 MILLION**

**ENTERPRISE VALUE<sup>2</sup>: \$926 MILLION**

**SERVICE LINES: LAND DRILLING, WELL SERVICING, WIRELINE, COILED TUBING**

**EMPLOYEES: 1,509**

## % of TTM REVENUE



## PRODUCTION SERVICES

Well Servicing	125 Rigs
Wireline	114 Units
Coiled Tubing	17 Units

## DRILLING SERVICES

Drilling Services - US	16 Rigs
Drilling Services – Colombia	8 Rigs
<b>Total Drilling</b>	<b>24 Rigs</b>

(1) TTM revenue as of September 30, 2016  
 (2) Market Capitalization as of January 4, 2017; debt and cash as of September 30, 2016

# Recent Updates



## Overall

- Finalized sale of three SCR walking rigs previously announced for aggregate gross proceeds of \$11.0 million.
- Completed equity offering in December resulting in net proceeds of \$65.4 million. All proceeds from the rig sales and equity offering were applied to reduce borrowings under the revolving credit facility. Current revolver balance is \$39.7 million.

## Fourth Quarter Guidance

- Drilling Services margin per day expected to be at the high-end or exceed the guided range of \$6,500 to \$7,000.
- Production Services revenue expected to be flat to down approximately 2% as compared to guidance of flat to up 3%.
- Production Services gross margin % is expected to be approximately 13 to 16% as compared to guidance of 20 to 22%, due to start-up costs related to activity increases in late December and unanticipated costs associated with recovering well servicing drill pipe lost in a wellbore in December.
- Despite lower production services margin guidance, we expect to maintain compliance with the credit facility covenants.

# Recent Updates



## **Drilling**

- Of the four remaining SCR rigs in the US, two were retired with components to be used as spare parts inventory, and two were designated as held-for-sale effective 12/31/16.
- Current marketed US fleet is 100% pad-capable AC rigs.
- Current utilization is 71% based on a fleet of 24 rigs.

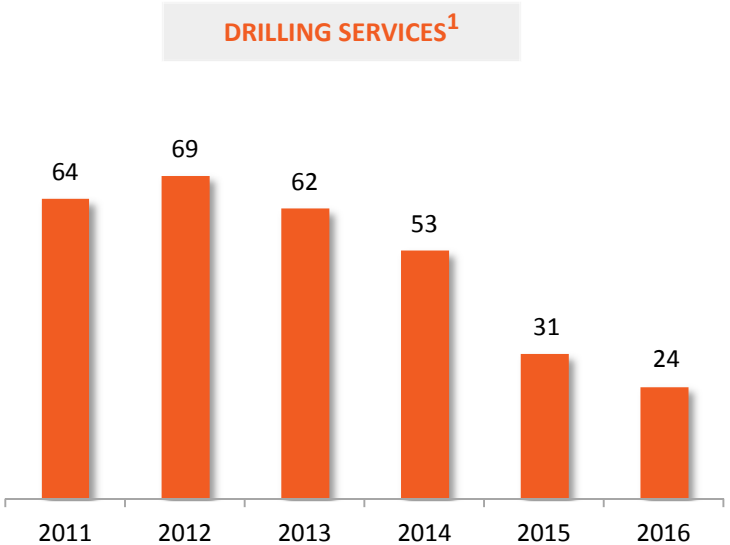
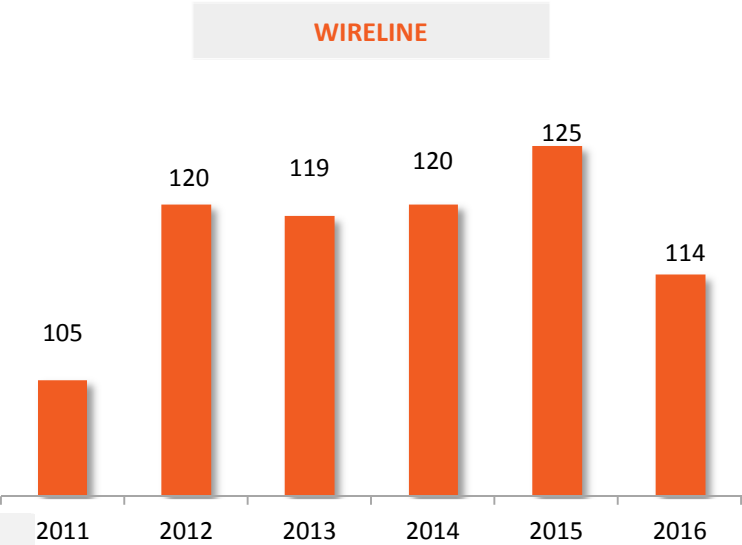
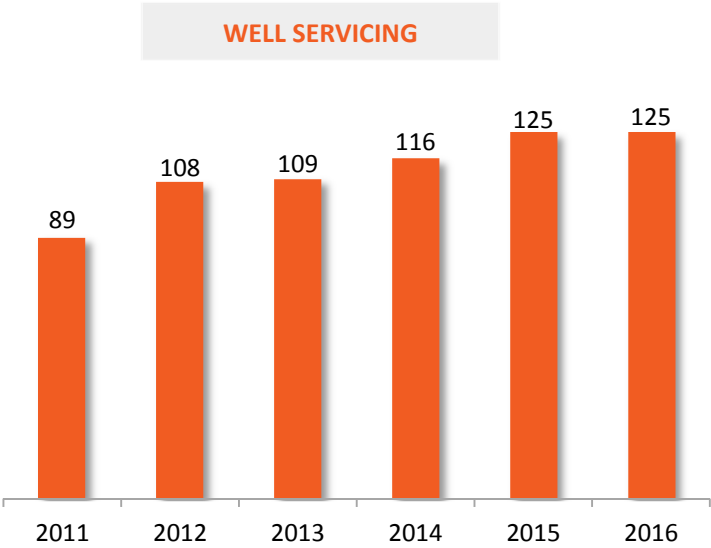
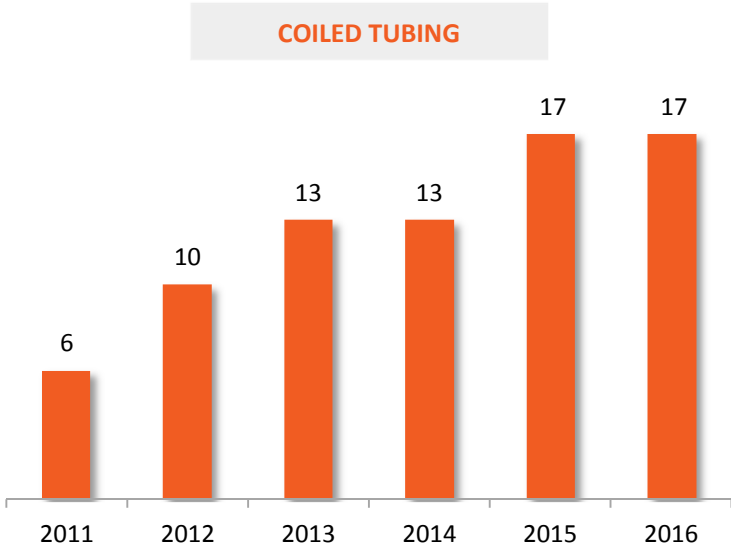
## **Production Services**

- Well servicing fourth quarter utilization was 40% as compared to 41% in the prior quarter. Expect to put 10 to 15 additional rigs back to work by the end of January.
- Coiled tubing fourth quarter utilization was 21% as compared to 22% in the prior quarter.
- Reactivated five additional wireline units in late December to meet January demand.

## Key Investment Highlights

- **Exposure to the full well life cycle:**
  - *Drilling*
  - *Completions*
  - *Workovers*
  - *On-going well maintenance*
- **Premium shale-oriented assets in all business lines with balanced exposure to completion and maintenance activity**
  - *Drilling* - **100%** of current fleet is **pad-capable**
  - *Well Servicing* - **100%** of fleet **550-600hp** and tall-masted
  - *Wireline* – Well-positioned in the **Eagle Ford, Bakken** and **Niobrara**
  - *Coiled Tubing* - **75%** of on-shore units offer **larger diameter coil**
- **Conservative approach to cash flow and balance sheet management with continued focus on delevering**
- **Industry-leading safety results**

# Fleet Composition



(1) Since year-end 2011, added 15 AC rigs and disposed of 55 non-AC rigs which includes six designated as held-for-sale as of 12/31/16  
 Note: all counts are as of year-end

# Exposure to the Full Well Life Cycle



**Drilling**



**Toe Prep**



**Plug and Perforate**



**Drill Out Plugs**



**Complete and Install Artificial Lift**



**Maintenance until Plug and Abandon**



# Premium Shale-Oriented Assets



## US DRILLING SERVICES

- Fleet comprised of 100% pad-capable AC rigs
- One of the most versatile and competitive 1,500 horsepower AC drilling rigs on the market
  - 2,000hp mud pumps and 7,500psi mud systems with bi-fuel capability
  - Moves in less than three days from release to acceptance by the operator on new pad
  - Walks 150' x 50' while racking over 24,000' of 5" drill pipe

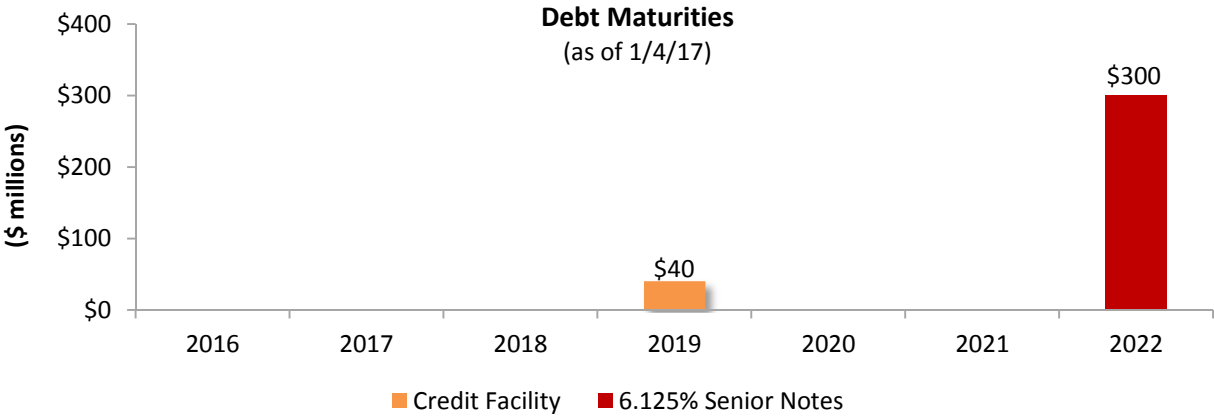
## PRODUCTION SERVICES

- Premium shale-capable equipment
  - 100% of well servicing fleet is 550-600hp with 104', 112' or 116' masts
  - Full suite of coiled tubing offerings from 1 1/4" to 2 5/8" coil
- Balanced exposure to completion and production-oriented activity in major shale plays

# Balance Sheet and Cash Flow Management

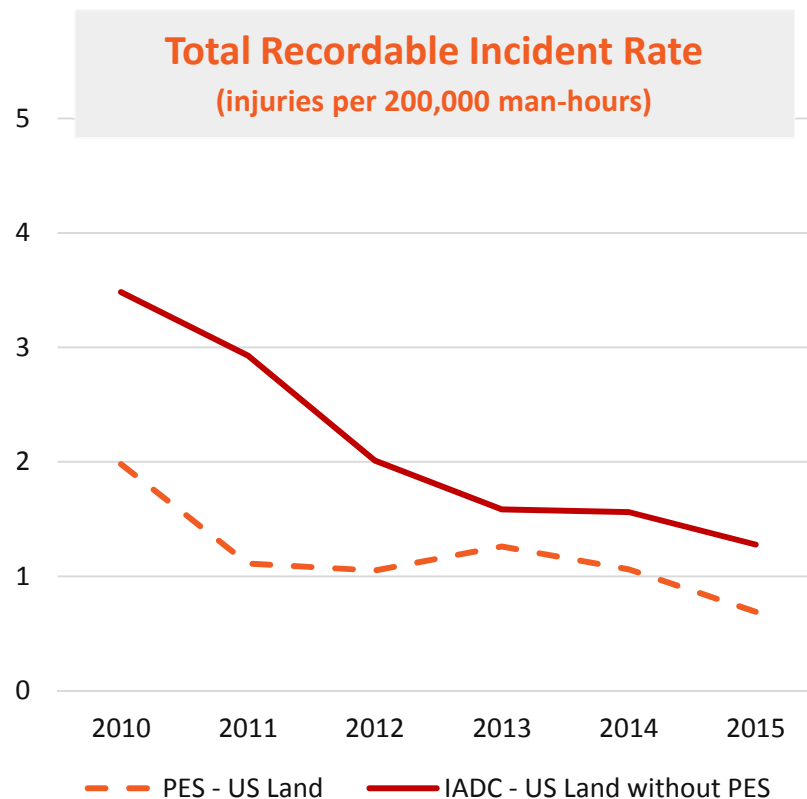


- Completed equity offering in December 2016 with net proceeds of \$65.4 million applied to outstanding borrowings under the credit facility
- Paid down \$60 million on the revolving credit facility in 2015 and reduced total debt approximately \$220 million since the first quarter of 2013
- Amended the revolving credit facility in the second quarter of 2016
  - Minimum EBITDA covenant introduced from the fourth quarter of 2016 through the second quarter of 2017
  - Adjusted Senior Debt to EBITDA (ratio excludes unsecured debt) and Interest Coverage ratios through maturity
  - Total commitments of \$150 million



## Industry-Leading Safety

- For many years, Pioneer has been a leader safety. Our commitment to industry-leading safety helps us retain high-quality employees, broaden our client base, and reduce operating costs.
- Pioneer recognized by IADC as the safest land contract driller in 2015 of the top 15 busiest contractors



Source: IADC

**Wireline**  
(Annual AESC Safety Awards)

2015  
**1<sup>st</sup> place**

**Well Servicing**  
(Annual AESC Safety Awards)

2015  
**3<sup>rd</sup> place** (Division IV)

2014  
**2<sup>nd</sup> place** (Division V)

2013  
**1<sup>st</sup> place** (Division V)



# PRODUCTION SERVICES

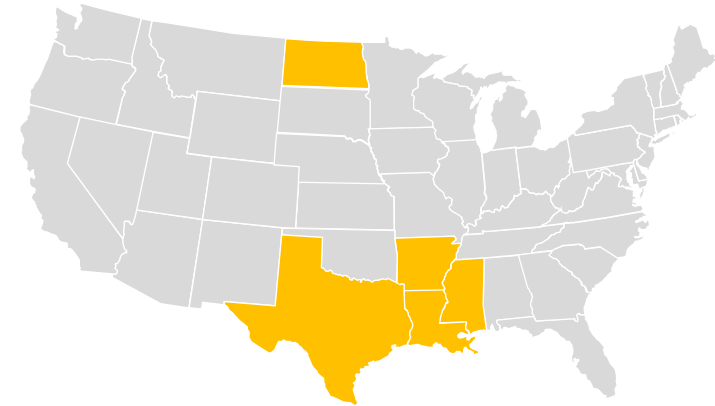
# Well Servicing



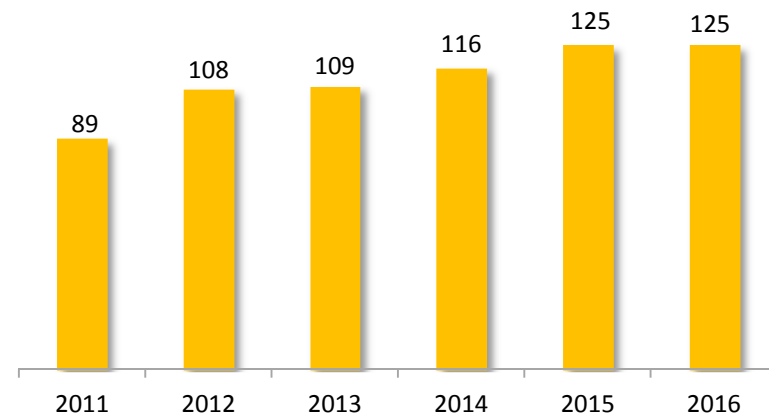
## SERVICE OVERVIEW

- Of the top-tier well servicing providers, Pioneer has the:
  - **Highest utilization rate**
  - **Highest average hourly rate**
  - **Highest average horsepower fleet** with all rigs either **550hp** or **600hp**
  - **Highest percentage of taller mast rigs** with all masts either **104'**, **112'** or **116'** in height
- **100% of rigs** are capable of working in the **unconventional plays**
- Established in the **Bakken, Eagle Ford, Fayetteville**, and along the **Texas/Louisiana Gulf Coast**

## OPERATING LOCATIONS



## FLEET GROWTH<sup>1</sup>



(1) Year-end rig count

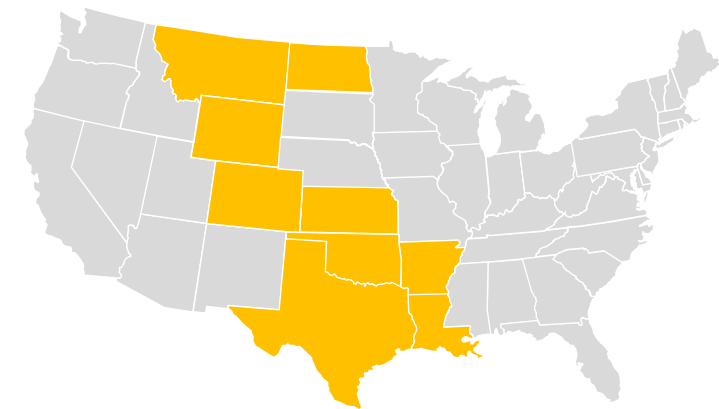
# Wireline



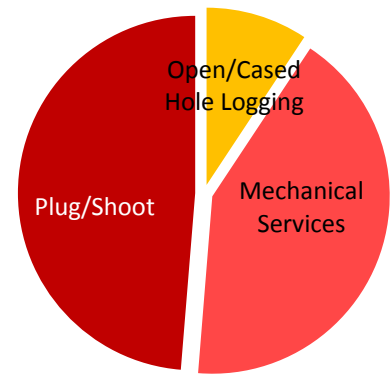
## SERVICE OVERVIEW

- **Leading market share position** in a number of key geographic markets
- Majority of revenue derived from cased-hole operations that include **perforating, logging, and pipe recovery**
- Established in the **Bakken, Eagle Ford, Niobrara, Mississippian, and onshore/offshore Louisiana**

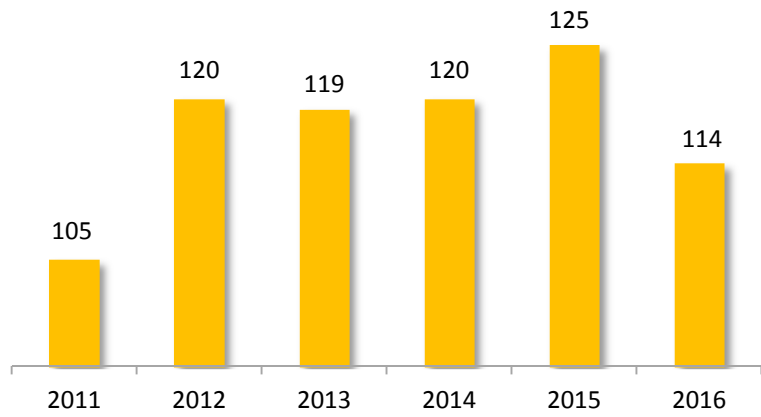
## OPERATING LOCATIONS



## DIVERSIFIED SERVICE OFFERINGS<sup>1</sup>



## FLEET GROWTH<sup>2</sup>



(1) Based on Q3 2016 revenue  
 (2) Year-end unit count

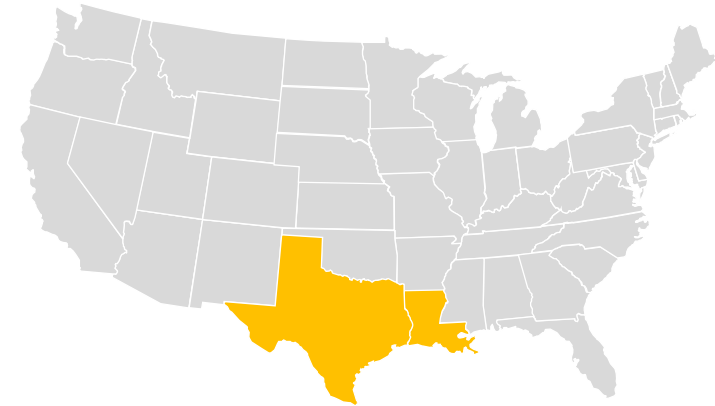
# Coiled Tubing



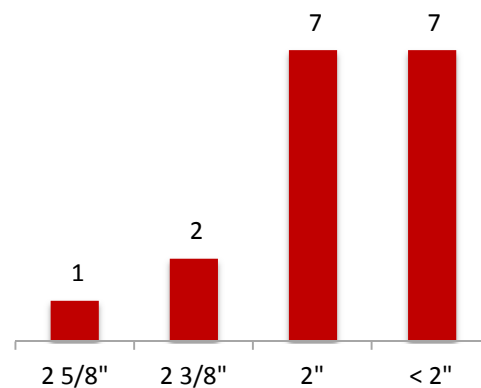
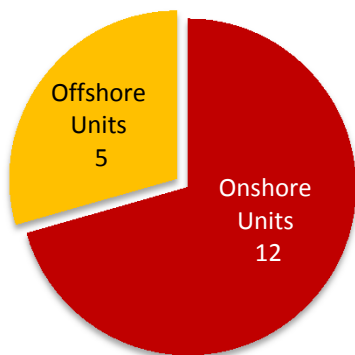
## SERVICE OVERVIEW

- Significant player in the *offshore* coiled tubing market
- Fleet currently provides an array of services with coil capabilities ranging from **1 1/4" to 2 5/8"** coiled tubing
- Established in the *Eagle Ford* and *onshore/offshore Louisiana*

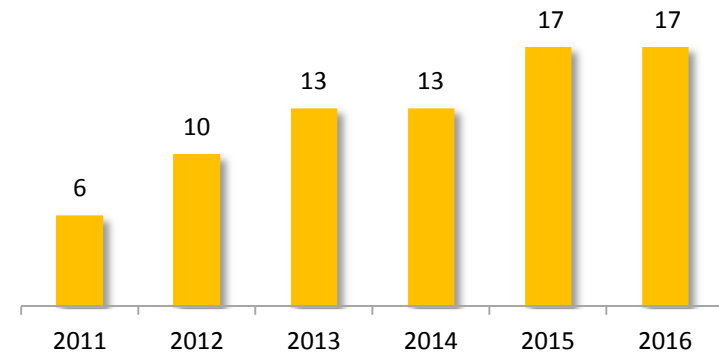
## OPERATING LOCATIONS



## UNIT COUNT<sup>1</sup>: 17



## FLEET GROWTH<sup>2</sup>



(1) Coil unit size is based on most common configuration; all units are capable of running 2" and <2" coil  
 (2) Year-end rig count



# DRILLING SERVICES



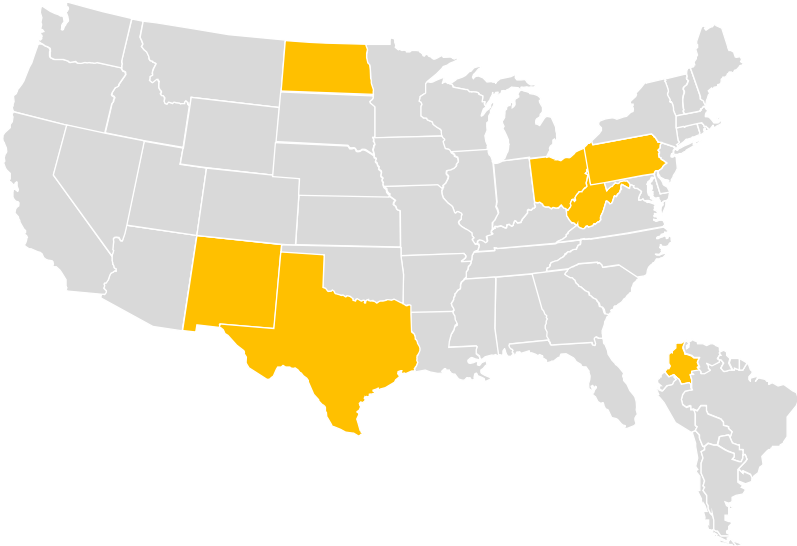
# Drilling Services



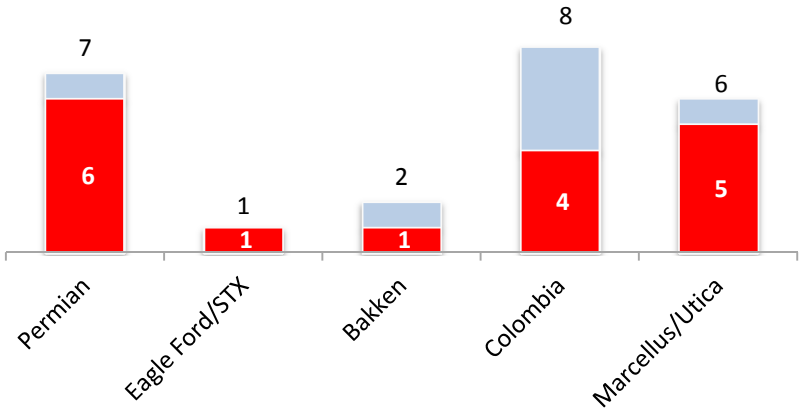
## 1,500HP AC NEW-BUILD TECHNOLOGY

- ***Walks*** 150’ in X-direction and 50’ in Y-direction while racking over 24,000’ of 5” drill pipe
- ***2,000hp mud pumps*** and ***7,500psi mud system***
- ***Moves in less than three days*** from release to acceptance by operator on a new pad
- ***Bi-fuel*** capable
- ***Dark-sky compliant***

## OPERATING LOCATIONS



## TOTAL RIG FLEET UTILIZATION



\*red indicates active rigs



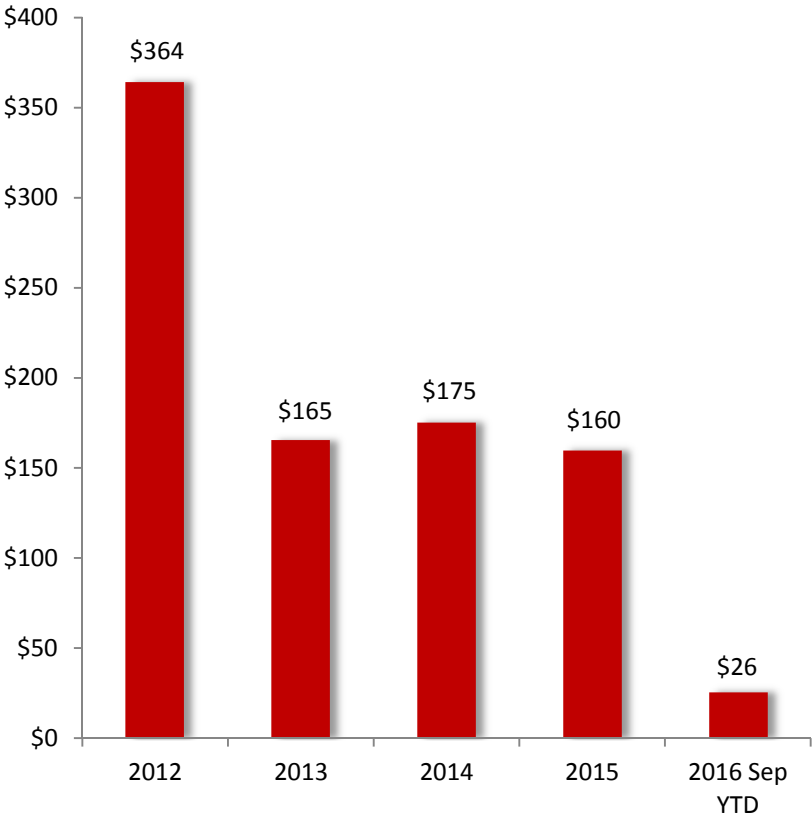
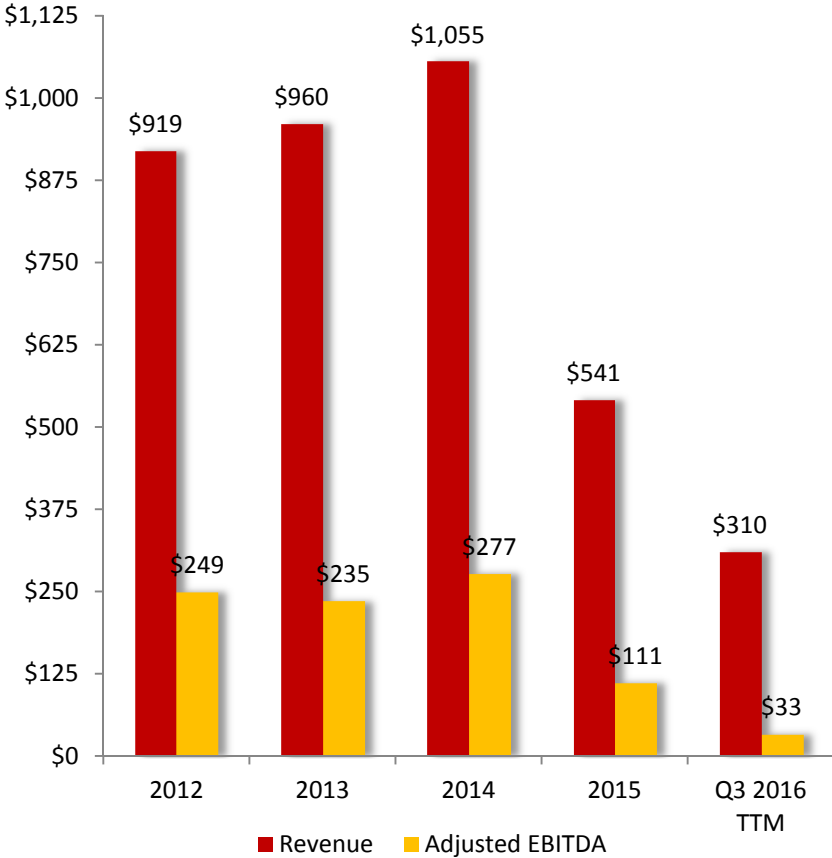
# FINANCIAL PERFORMANCE

# Historical Financial Results



REVENUE / ADJUSTED EBITDA (\$ millions)

CAPEX SPEND (\$ millions)



Note: All data points reflect calendar year and trailing twelve months information derived from 10-K and 10-Q filings. Please refer to Reconciliation of Adjusted EBITDA to Net Income

# Liquidity and Capital Structure



	September 30 <sup>th</sup> , 2016	
(\$ millions)	Actual	
Cash	\$	9.7
Senior Secured Revolving Credit Facility due 2019		106.5
6.125% Senior Unsecured Notes due 2022		300.0
Other <sup>1</sup>		(7.0)
<b>Total Debt</b>	<b>\$</b>	<b>399.5</b>
Shareholders' Equity		251.1
<b>Total Capitalization</b>	<b>\$</b>	<b>650.6</b>
<b>Senior Consolidated Leverage Ratio<sup>2</sup> (excludes unsecured debt)</b>		<b>3.1x</b>
<b>Interest Coverage Ratio<sup>2</sup></b>		<b>1.6x</b>

(1) Unamortized debt issuance costs

(2) Senior consolidated leverage ratio and interest coverage ratio as reported in Form 10-Q for the quarter ending September 30, 2016; calculated in accordance with the covenants on the senior secured revolving credit facility

# Reconciliation of Adjusted EBITDA to Net Income



Adjusted EBITDA represents income (loss) before interest expense, income tax (expense) benefit, depreciation and amortization, loss on extinguishment of debt, impairments, and the Colombian Net Equity Tax. Adjusted EBITDA is a non-GAAP measure that our management uses to facilitate period-to-period comparisons of our core operating performance and to evaluate our long-term financial performance against that of our peers. We believe that this measure is useful to investors and analysts in allowing for greater transparency of our core operating performance and makes it easier to compare our results with those of other companies within our industry. Adjusted EBITDA should not be considered (a) in isolation of, or as a substitute for, net income (loss), (b) as an indication of cash flows from operating activities or (c) as a measure of liquidity. In addition, Adjusted EBITDA does not represent funds available for discretionary use. Adjusted EBITDA may not be comparable to other similarly titled measures reported by other companies. A reconciliation of net income (loss) as reported to Adjusted EBITDA is included in the tables below:

	Year-Ending December 31,				
(\$ in millions)	2011	2012	2013	2014	2015
<b>Net Income (Loss)</b>	<b>11.2</b>	<b>30.0</b>	<b>(35.9)</b>	<b>(38.0)</b>	<b>(155.1)</b>
Colombian Net Equity Tax	7.3	-	-	-	-
Depreciation & Amortization	132.8	164.7	187.9	183.4	150.9
Net Interest	29.7	37.0	48.3	38.8	21.2
Loss on Extinguishment of Debt	-	-	-	31.2	2.2
Impairment Expense	0.5	1.1	54.3	73.0	129.2
Income Tax (Expense) Benefit	9.7	16.4	(19.8)	(11.3)	(37.6)
<b>Adjusted EBITDA</b>	<b>191.2</b>	<b>249.3</b>	<b>234.7</b>	<b>277.1</b>	<b>110.8</b>

	Q4	Q1	Q2	Q3	TTM
(\$ in millions)	2015	2016	2016	2016	
<b>Net Income (Loss)</b>	<b>(48.3)</b>	<b>(27.7)</b>	<b>(30.0)</b>	<b>(34.6)</b>	<b>(140.6)</b>
Depreciation & Amortization	35.4	29.8	28.9	28.7	122.8
Net Interest	5.1	6.3	6.4	6.7	24.4
Impairment Expense	49.5	-	-	4.3	53.8
Loss on Extinguishment of Debt	2.2	-	0.3	-	2.5
Income Tax (Expense) Benefit	(23.9)	(2.0)	(2.0)	(1.7)	(29.5)
<b>Adjusted EBITDA</b>	<b>20.0</b>	<b>6.4</b>	<b>3.6</b>	<b>3.3</b>	<b>33.3</b>



***PIONEER***

Pioneer Energy Services