



Global Presence

Hunting PLC – 2014 Full Year Results

2014



Financial Highlights



- Strong 2nd half performance which provided record results for the year.
- Balance sheet in good order with modest net debt.
- Sale of Gibson Shipbrokers on track for 31 March 2015 close.
 - Sale proceeds equal to net asset value.
 - Accounted for as discontinued.
- Capital investment programme continues.
 - Major capital projects on average 55% complete.
 - All to be completed in 2015.

2014 Full Year Results Summary*



	2014 \$m	Margin %	2013 \$m	Margin %	Change %
Revenue	1,386.5		1,293.6		+7.2
EBITDA	269.8	19	244.0	19	+10.6
Depreciation	(52.0)		(44.0)		+18.2
Profit from operations	217.8	16	200.0	15	+8.9
Finance expense	(4.9)		(2.9)		
Share of associate result	(0.5)		0.4		
Profit before tax	212.4	15	197.5	15	+7.5
Diluted EPS	100.0c		94.5c		+5.8
Final dividend per share declared	22.9c		21.8c		+5.0
Total dividend per share for the year	31.0c		29.5c		+5.1
ROCE	13%		12%		
Effective tax rate	27%		26%		

* Results are based on continuing operations before amortisation and exceptional items

Segmental Results*



	2014			2013		
	Revenue	Profit from Operations	Margin	Revenue	Profit from Operations	Margin
	\$m	\$m	%	\$m	\$m	%
Hunting Energy Services						
Well Construction	378.3	53.0	14	380.9	58.6	15
Well Completion	862.6	140.8	16	796.1	124.5	16
Well Intervention	135.5	23.8	18	108.6	15.7	14
	<u>1,376.4</u>	<u>217.6</u>	<u>16</u>	<u>1,285.6</u>	<u>198.8</u>	<u>15</u>
Exploration & Production	10.1	0.2	2	8.0	1.2	15
	<u>1,386.5</u>	<u>217.8</u>	<u>16</u>	<u>1,293.6</u>	<u>200.0</u>	<u>15</u>

* Results are based on continuing operations before amortisation and exceptional items

Geographical Segmental Results*



	2014			2013		
	Revenue \$m	Profit from Operations \$m	Margin %	Revenue \$m	Profit from Operations \$m	Margin %
Hunting Energy Services						
USA	867.3	170.0	20	798.8	155.8	20
Canada	95.5	3.8	4	75.3	(2.4)	
UK	163.5	8.4	5	148.6	11.3	8
Rest of Europe	30.7	2.5	8	27.4	3.0	11
Asia Pacific	199.5	31.0	16	216.9	30.4	14
Middle East, Africa and Other	19.9	1.9	10	18.6	0.7	4
	1,376.4	217.6	16	1,285.6	198.8	15

* Results are based on continuing operations before amortisation and exceptional items

Amortisation & Exceptional Items – Continuing Operations



	2014 \$m	2013 \$m
Amortisation of intangible assets	42.8	43.4
Goodwill impairment	49.6	-
Oil & Gas reserve impairment and dry hole costs	11.3	10.5
Foreign exchange on liquidation of subsidiaries	4.8	-
Excess property provision release	(4.6)	-
Inventory fair value charge	-	4.3
Settlement of litigation and associated legal expenses	-	2.9
Continuing operations	103.9	61.1

Balance Sheet



	2014 \$m	2013 \$m
Property, plant and equipment	473.0	431.8
Goodwill	440.6	495.2
Other intangible assets	224.8	263.0
Working capital	470.6	467.6
Provisions	(24.7)	(33.4)
Taxation	(55.2)	(48.7)
Other	40.2	45.1
Net debt	(131.0)	(205.8)
Net assets	1,438.3	1,414.8
Gearing	9%	15%

Capital Investment



2014
\$m

Hunting Energy Services

New drill tools and rental equipment	28.9
Manufacturing facility – Houma, Louisiana	25.4
Premium threading and test facility – Houston, Texas	23.0
Other facility expansion programmes	9.4
Asia Pacific machinery and equipment	3.1
North American machinery and equipment	21.1
EMEA machinery and equipment	5.1

116.0

Exploration and Production

7.0

Other

0.5

123.5

Cash Flow



	2014 \$m	2013 \$m	Change \$m
EBITDA	269.8	244.0	
Working capital	3.8	(22.7)	
Interest and bank fees	(5.6)	(6.5)	
Tax paid	(26.6)	(19.9)	
Replacement capital investment	(69.0)	(44.8)	
Other	9.9	(4.5)	
Free cash flow	182.3	145.6	+36.7
Expansion capital investment	(54.5)	(50.0)	
Dividend to equity holders	(46.6)	(45.8)	
Other	(5.8)	(7.1)	
Reduction in net debt – continuing	75.4	42.7	+32.7
Tax indemnity refunds – discontinued	0.2	17.7	
Other - discontinued	(0.8)	0.2	
Reduction in net debt	74.8	60.6	

Capital Investment – Major project update



- **Houma, Louisiana**
 - Phase II expansion
 - Serving the Gulf of Mexico and deepwater market
 - Complete Q4 2014
- Total project spend - \$36.4m



- **Ameriport, Houston, Texas**
 - State of the art premium threading and testing facility
 - High speed production
 - Product development accelerated with in house testing
 - Complete late 2015
- Total project spend - \$60.4m
 - Spend to date - \$34.8m
 - Spend to complete - \$25.6m

Capital Investment – Major project update



■ Cape Town

- Anchor base for expansion in Sub Sahara Africa
 - Operational mid 2015
- Total project spend - \$20.0m
- Spend to date - \$8.7m
 - Spend to complete - \$11.3m

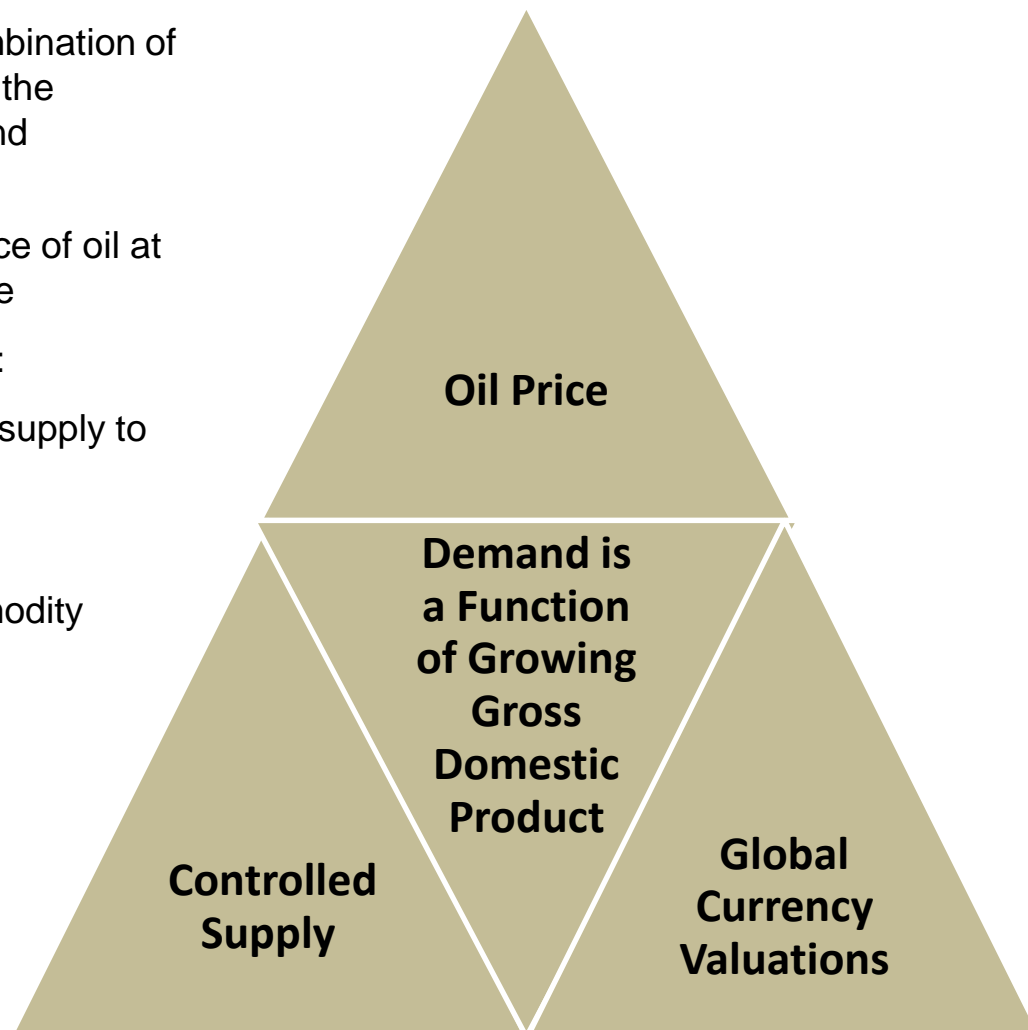


■ Dearborn Expansion (Fryeburg, Maine)

- Expanding our world class ultra precision capabilities
 - Operational Q4 2015
- Total project spend - \$18.8m
- Spend to date - \$3.1m
 - Spend to complete - \$15.7m

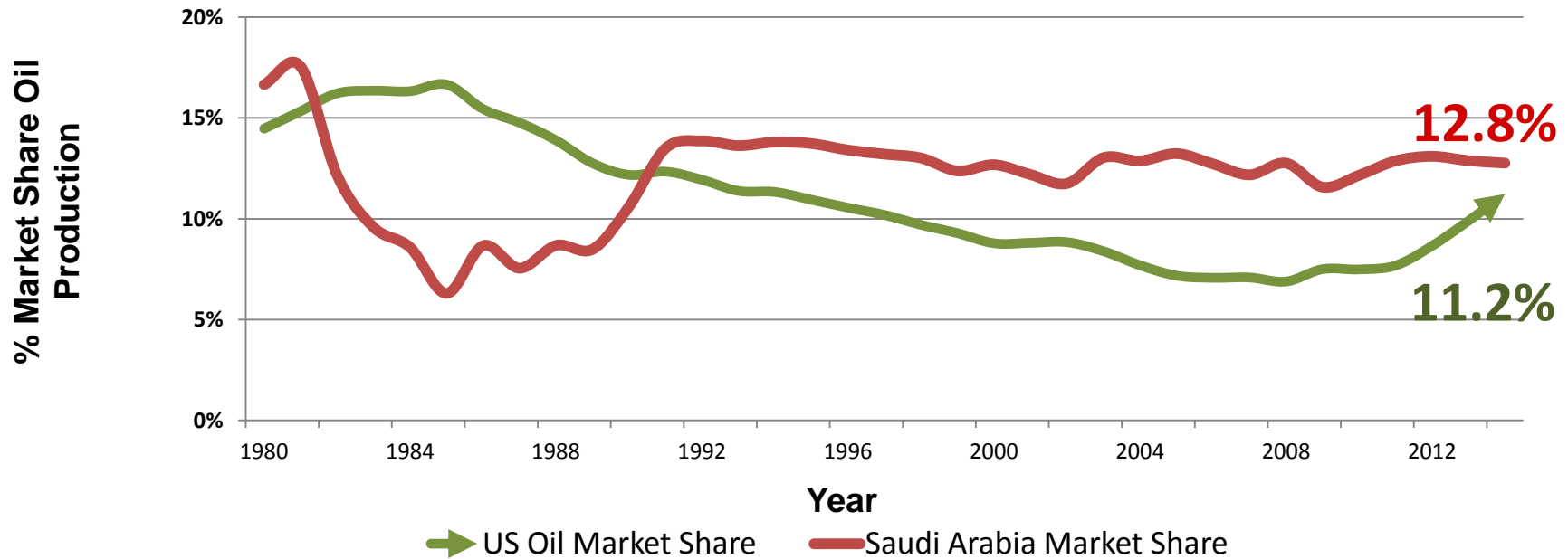
Observations: Commodity Price Fundamentals Support

- The oil price has been supported by a combination of controlled supply, growing economies and the relationship between currency valuation and commodities
- Typically, these fundamentals keep the price of oil at economically viable levels across the globe
- Recently, the fundamentals have changed:
 - Saudi Arabia relinquished control of supply to the market
 - GDP growth slowed
 - Strong US dollar impacting oil commodity trading



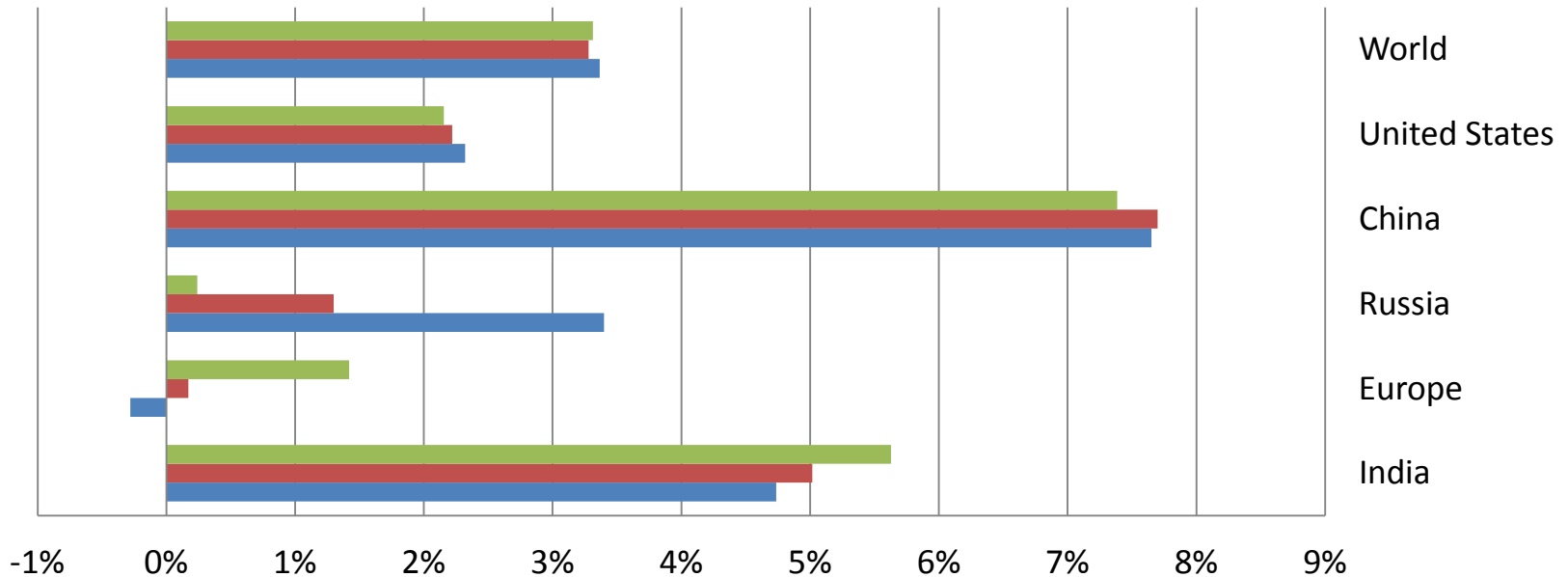
Observations: Crude Oil Market Share – US and Saudi Arabia

- In recent years, the US crude oil production has been increasing rapidly:
 - 2010 to 2014 US crude oil production increased 57%, Saudi Arabia’s production increased 10%
 - From a market share perspective, the US has gained ground on Saudi Arabia



Observations: Gross Domestic Product (GDP)

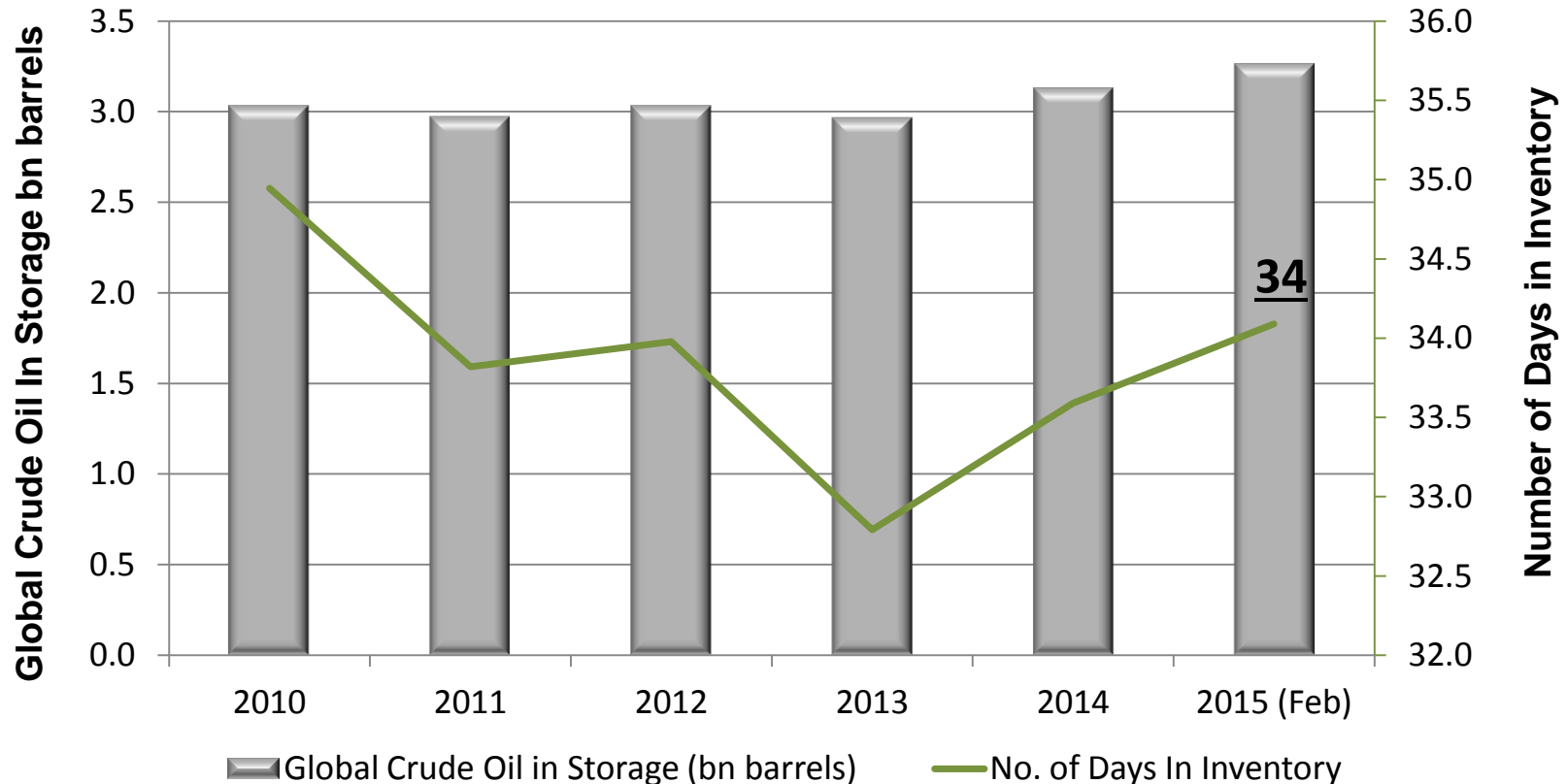
- Global GDP is growing, however at a slower pace
- The rate of GDP growth is flat in the US, down in China and Russia
- India is currently one of the fastest growing economies



	India	Europe	Russia	China	United States	World
■ 2014	5.6%	1.4%	0.2%	7.4%	2.2%	3.3%
■ 2013	5.0%	0.2%	1.3%	7.7%	2.2%	3.3%
■ 2012	4.7%	-0.3%	3.4%	7.7%	2.3%	3.4%

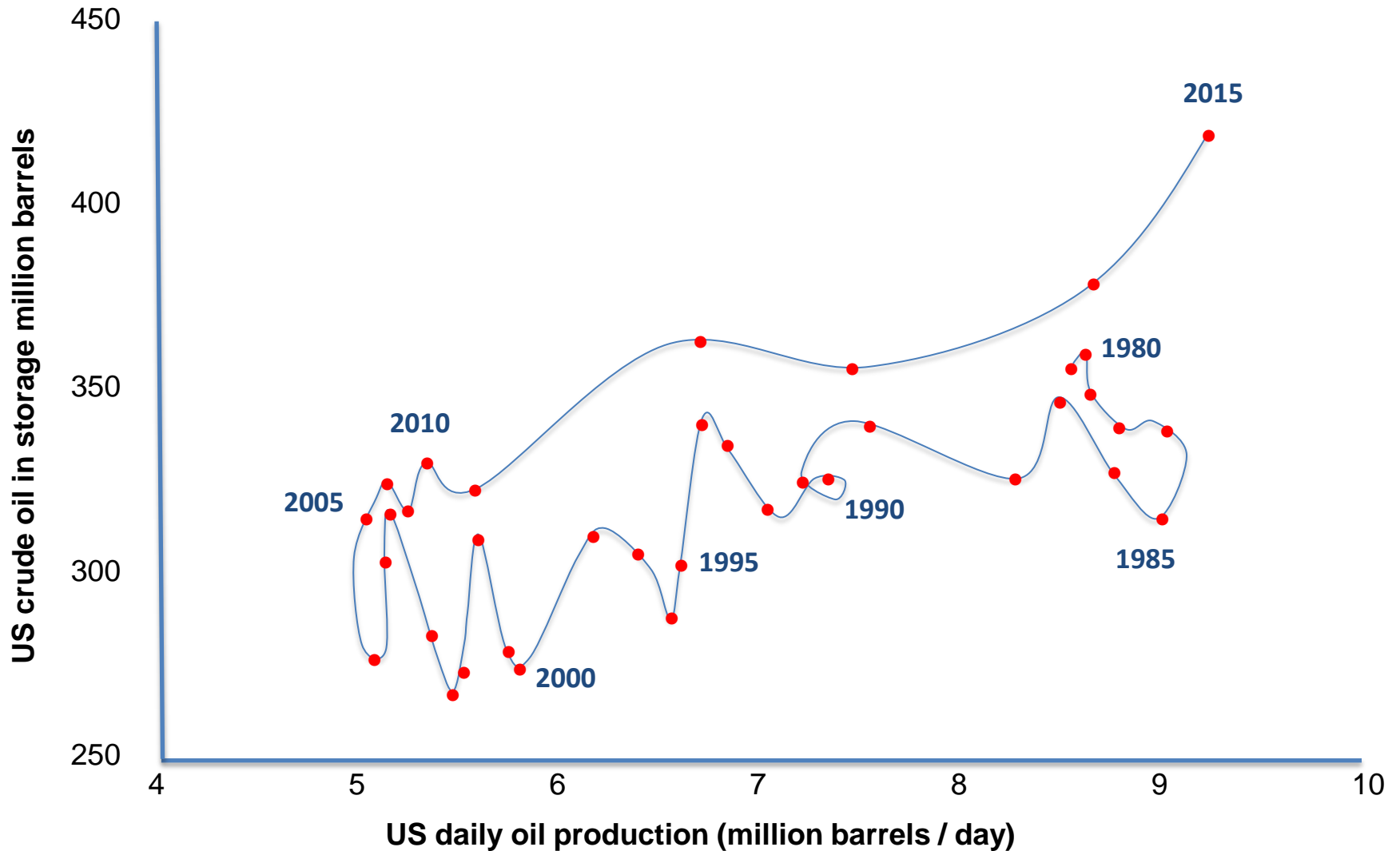
Observations: Build Up of Oil Inventory

- Global crude oil storage = 34 days of consumption



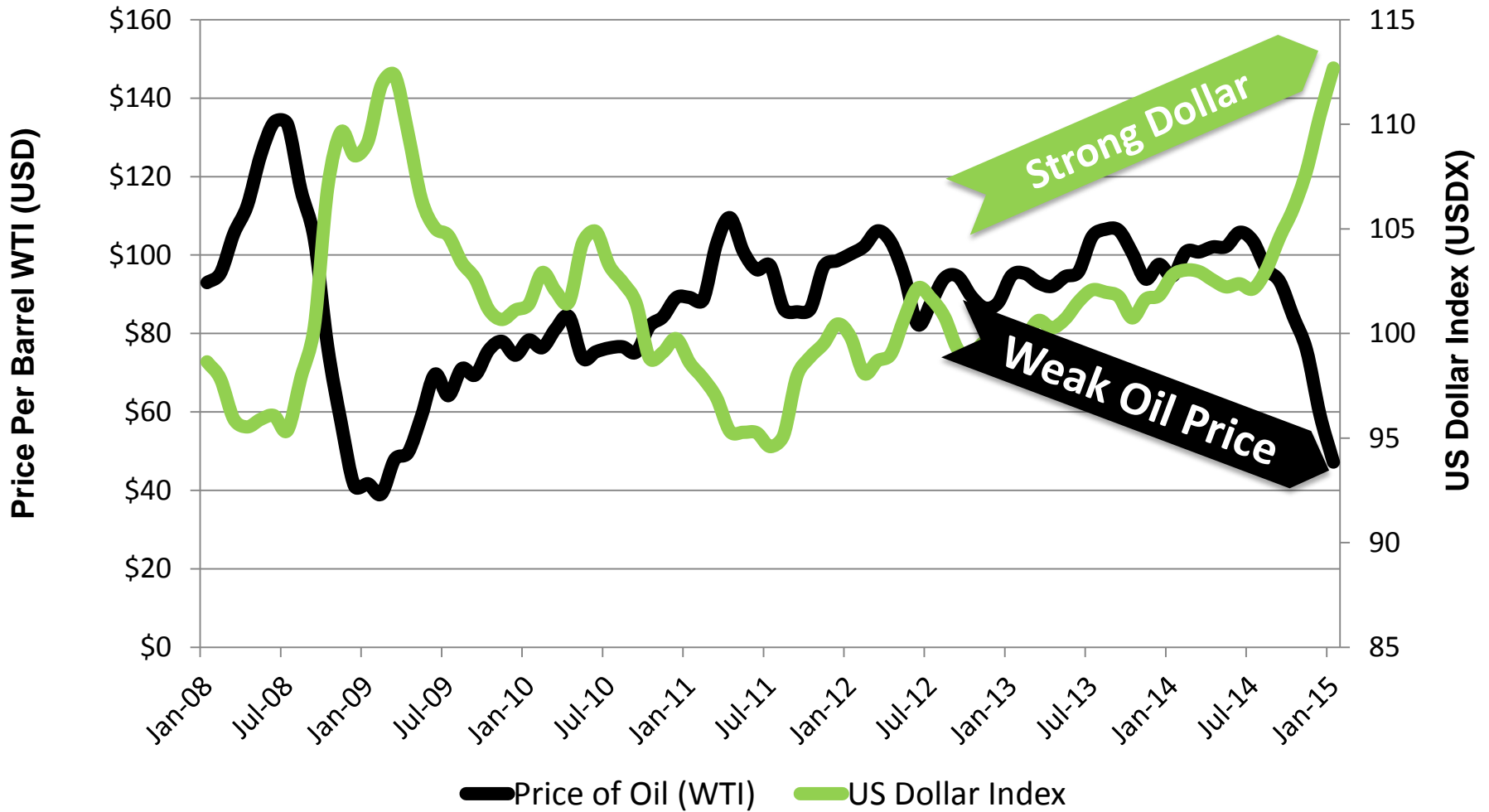
Ship Storage As of Mid January = Approximately 45 million barrels - 20 Very Large Crude Carrier, 1 Ultra Large Crude Carrier, 2 Suezmaxes

Observations: US Oil Stockpiling



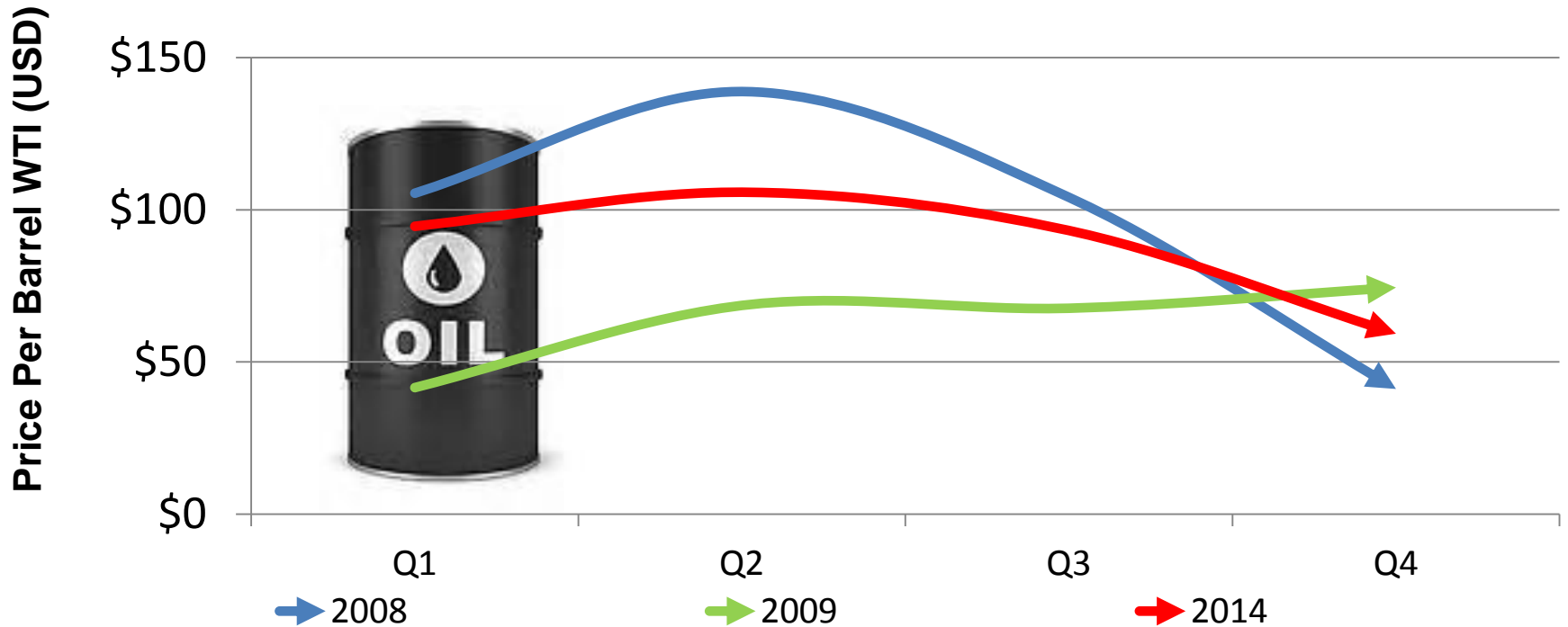
Results for the year ended 31 December 2014

Observations: Strong US Dollar Weak Price of Oil



Observations: Oil Commodity Prices

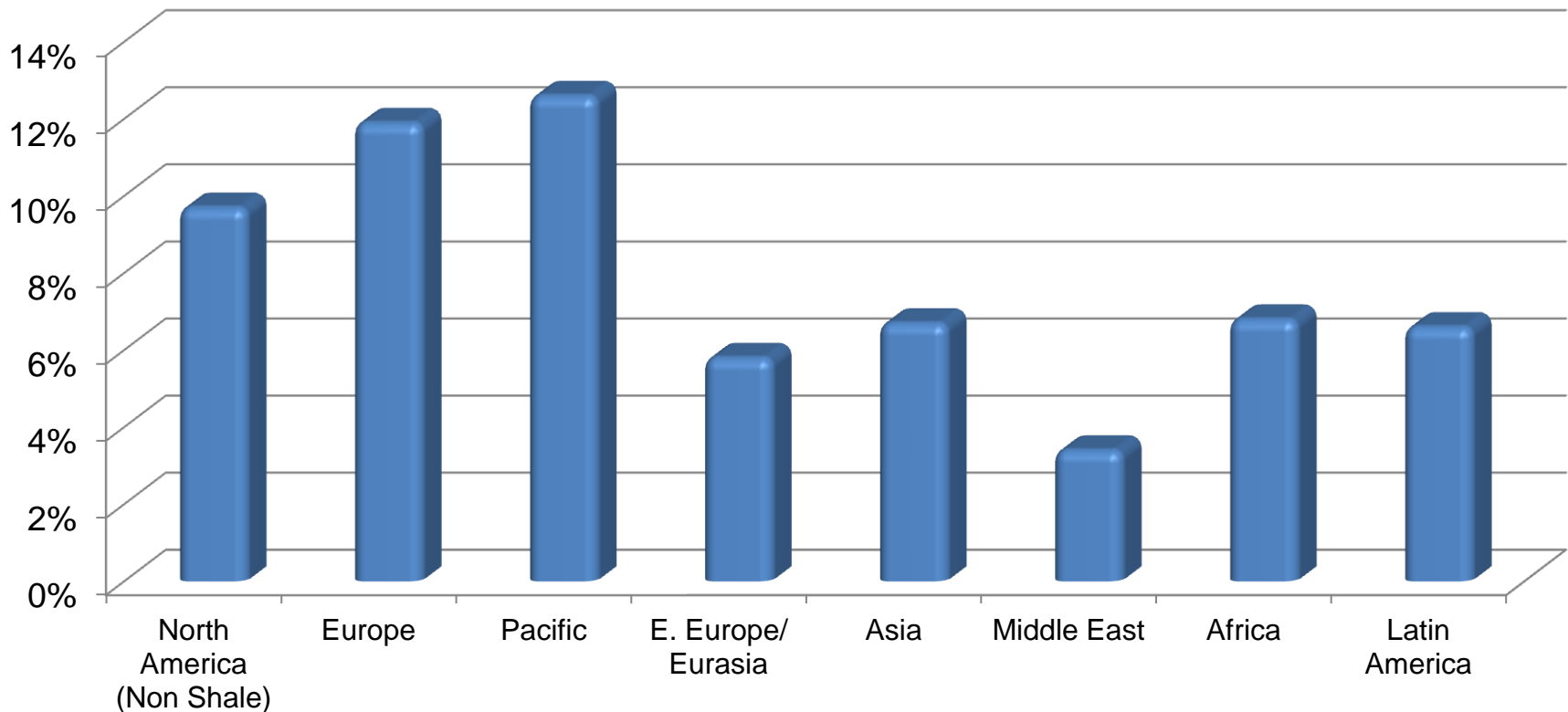
- While exploration and production spending has consistently grown in previous years, 2015 will decline
- The downward movement in commodity prices influencing the industry is very similar to what happened in 2008 and 2009



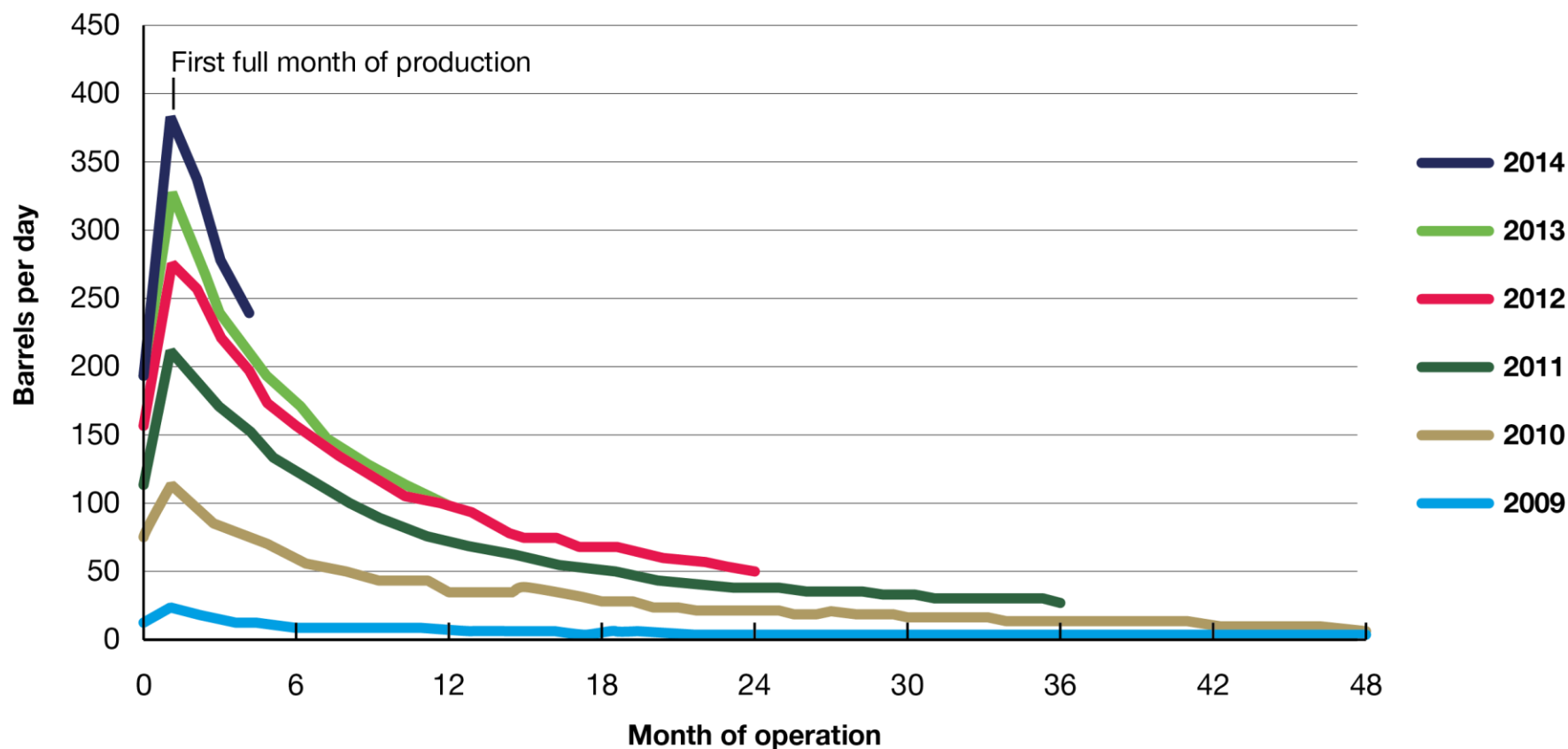
Observations: Estimated Production-Weighted Average Annual Post Peak Decline Rates



- If the average global depletion rate is 6.7%, the net 2015 loss in supply due to depletion is over 6.2 mb/d
- The difference between 2015 and 2020 demand is 5.6 mb/d

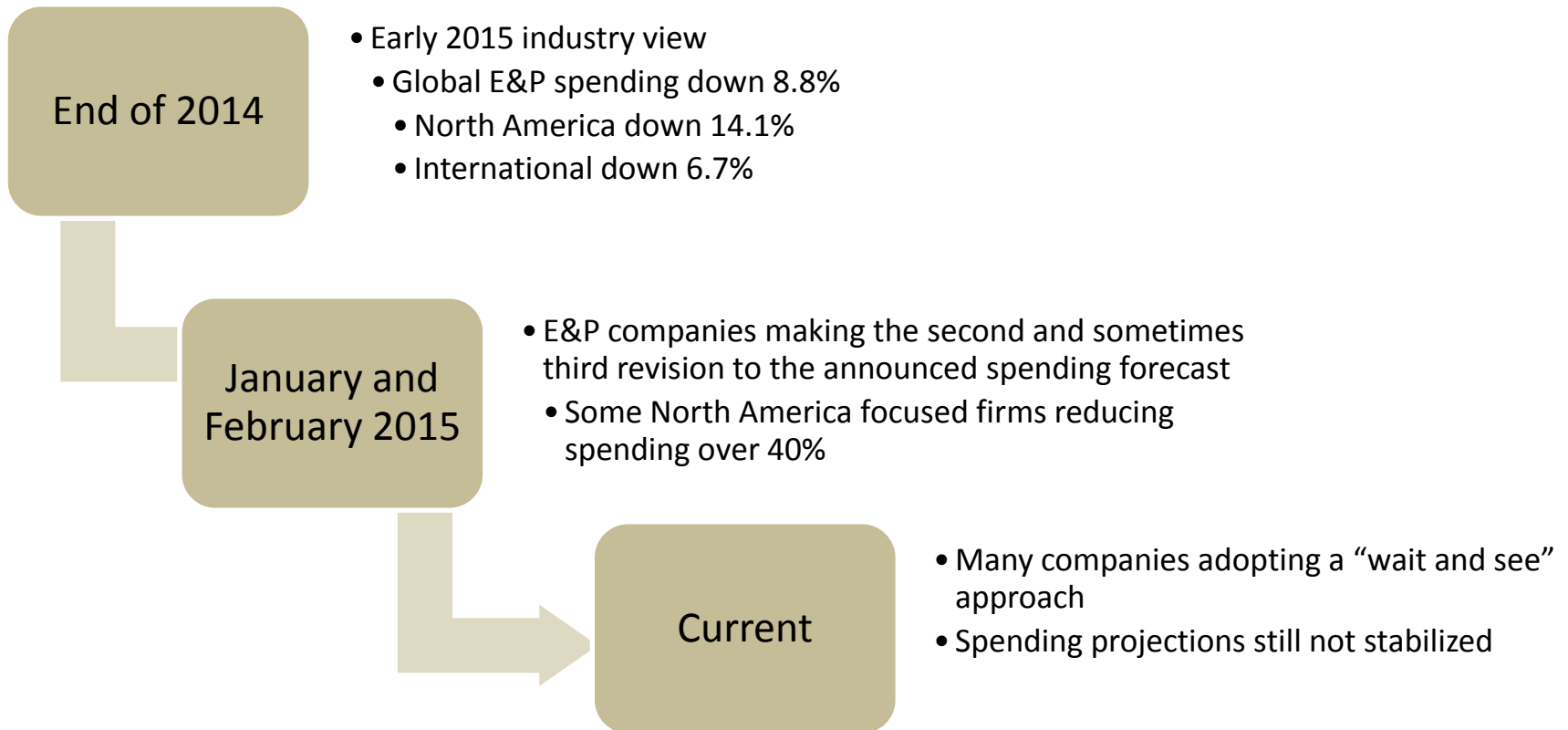


Observations: Average Oil Production Per Shale Well During The First 48 Months Of Operation



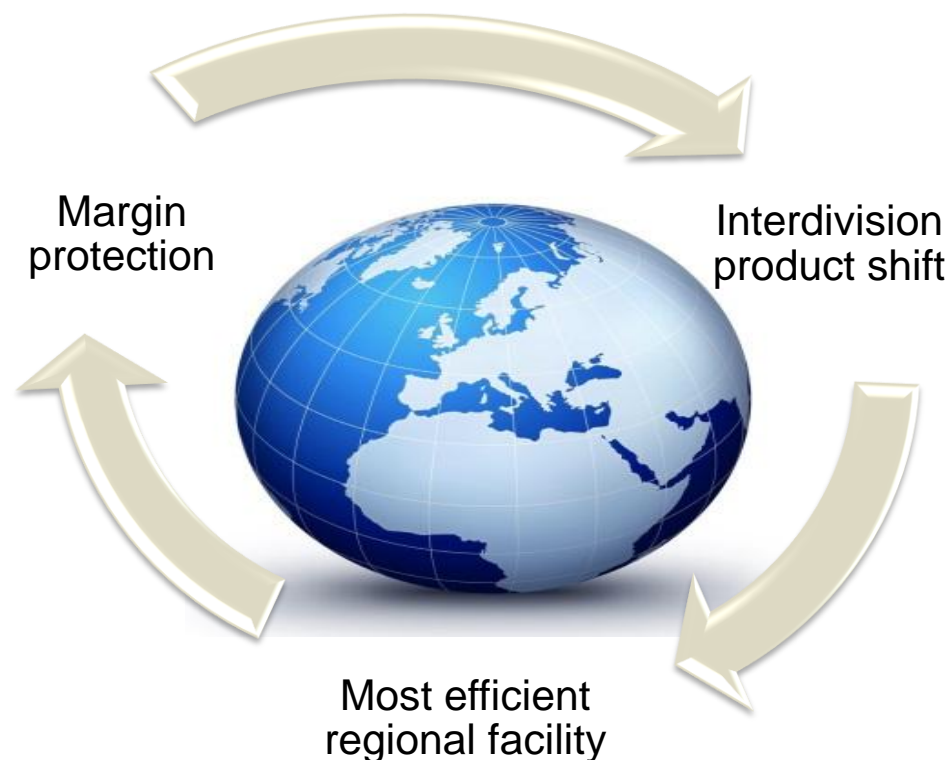
Observation: E&P Spending - A Moving Target

- Driven by economics, the industry players have scaled back spending. Initial projections continue to be revised



Managing Within The Market: Flexing Our Global Presence

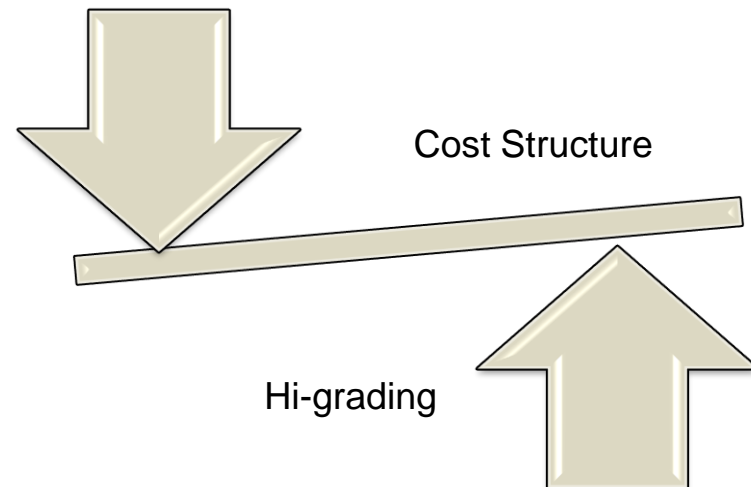
- However, we leverage our global footprint and balance throughput across the organisation to lower cost and maximise production
- Geographic Diversity
 - 43 manufacturing facilities
 - 34 distribution locations
- Experienced local and senior management
 - Top 32 managers have an average of 25 years industry experience
- Machine Tool Flexibility
 - 1,176 machine tools with **90%** cross product capability



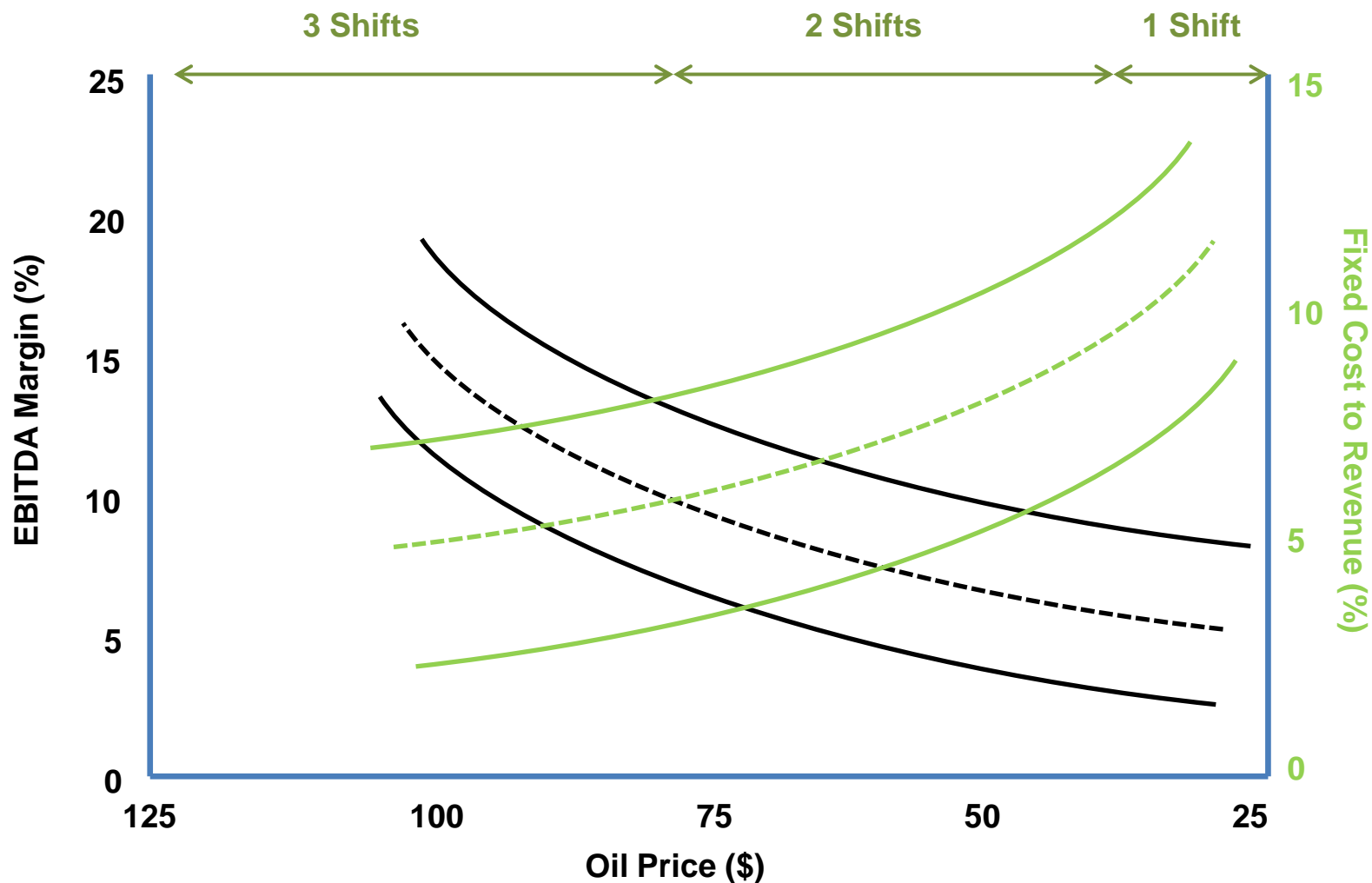
Managing Within The Market: Adjust Locally

- Our philosophy is to operate from a lean, decentralised framework, keeping decision making at the local levels to adapt quickly to the market
- We adjust and apply the correct measures based on market conditions

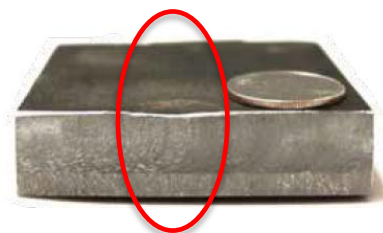
- Measures
 - Reduction in work force
 - Reduce turns (Shifts)
 - Flex our supply chain
 - Manage cost
 - Insource
 - Supply Chain
 - Wage / Hire Freeze



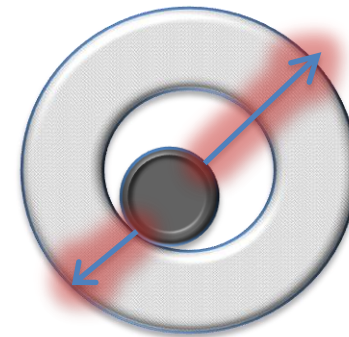
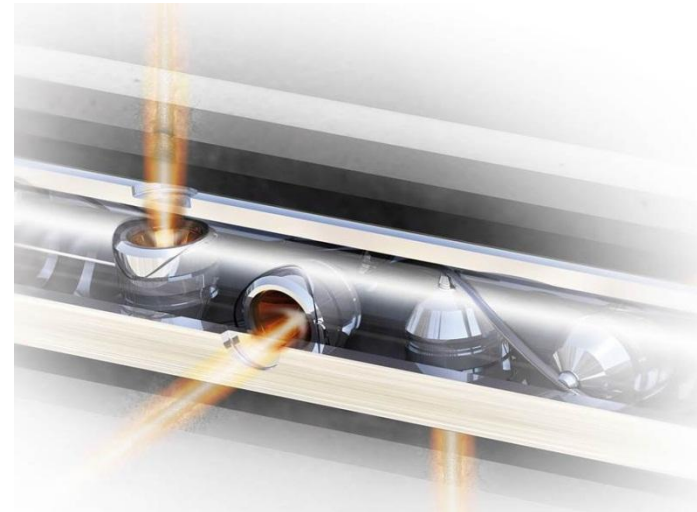
Typical North America Manufacturing Operation



- KnockOut™ Circulating Charge
 - State of the art energetic which allows perforation in horizontal and directional wells that have multiple strings of production tubing
 - Allows a specific charge to maximise hole size in primary production string while minimising damage to the secondary string
 - Allows different intensity of charges within the same string
 - Important for re-fracking to go through producing tubing to hit a specific zone
 - The KnockOut is used to increase the circulation of fluids in the 'annulus' or the void between the casing and the tubing



- EQUAfrac™ Shaped Charge
 - Patented charge technology that provides an industry solution to non-centered perforating systems within the well bore
 - Provides hole consistency no matter where the perforating gun is positioned in the wellbore which allows for reduced time for pumping operations associated with fracking



■ Digital Bonding Tool

- A tool used to evaluate the integrity of the bonding of the casing to the cement
- The design of our transmitter and receiver provides highly directional information and produces an accurate view of the cement bond to the casing
 - This tool provides a 360 degree cement map that identifies voids, channeling and other irregularities
- Other applications
 - Stuck pipe evaluation
 - Location of the top of cement and free pipe



- **Hydraulic Shuttle Valve**
 - Developed for Subsea oilfield drilling control applications, including BOP control systems where high pressure can destroy other shuttle valve technologies
 - Accepts flow from two different sources and directs the highest pressure source to a single outlet, while seating the other inlet source allowing a primary and back-up connection to a single outlet



New Products

■ WEDGE-LOCK SF™

- Patented “Wedge” specially designed for High Pressure High Temperature (HPHT) Deepwater applications
- The full thread engagement and dual metal-to-metal sealing provides maximum performance under tension, compression and bending with torsional loads





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