



GLOBAL MOMENTUM

Hunting PLC
2014 Half Year Report

2014



Highlights

- **Performance***
 - **Revenue increased to \$687.5m (2013 – \$655.7m) +4.8%**
 - **EBITDA \$121.3m (2013 – \$116.7m) +3.9%**
 - **Operating profit \$97.1m (2013 – \$94.5m) +2.8%**
 - **Profit before tax \$93.9m (2013 – \$91.5m) +2.6%**
 - **Diluted EPS 44.9 cents (2013 – 42.2 cents) +6.4%**
 - **Net debt \$229.0m (YE 2013 – \$205.8m)**
- **Capital investment \$54.6m (2013 – \$32.2m)**
- **Increase in interim dividend to 8.1 cents (2013 – 7.7 cents) +5.2%**



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

Half Year Results Summary*

	H1 2014 \$m	<i>Margin</i> %	H1 2013 \$m	<i>Margin</i> %	<i>Change</i> %
Revenue	687.5		655.7		+4.8
EBITDA	121.3	18	116.7	18	+3.9
Profit from operations	97.1	14	94.5	14	+2.8
Finance expense	2.9		3.3		
Profit before tax	93.9	14	91.5	14	+2.6
Effective tax rate	27%		29%		
Diluted EPS	44.9c		42.2c		+6.4
Interim dividend per share	8.1c		7.7c		+5.2

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

Segmental Results*



	H1 2014			H1 2013		
	Revenue \$m	Profit from Operations \$m	Margin %	Revenue \$m	Profit from Operations \$m	Margin %
Hunting Energy Services						
Well Construction	182.2	24.6	14	192.1	27.8	14
Well Completion	410.7	60.5	15	388.0	60.9	16
Well Intervention	65.7	10.1	15	51.4	5.7	11
	658.6	95.2	14	631.5	94.4	15
Other Activities						
Exploration & Production	5.5	1.6		4.3	0.4	
Gibson Shipbrokers	23.4	0.3		19.9	(0.3)	
	687.5	97.1	14	655.7	94.5	14

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

Geographical Segmental Results*



	H1 2014			H1 2013		
	Revenue	Profit from Operations	Margin	Revenue	Profit from Operations	Margin
	\$m	\$m	%	\$m	\$m	%
Hunting Energy Services						
USA	407.1	74.8	18	397.4	74.2	19
Canada	41.5	0.8	2	30.7	(1.0)	(3)
UK	77.7	2.2	3	74.6	5.7	8
Rest of Europe	15.2	1.4	9	13.2	1.5	11
Asia Pacific	109.1	15.4	14	107.4	13.7	13
Middle East, Africa and Other	8.0	0.6	8	8.2	0.3	4
	658.6	95.2	14	631.5	94.4	15

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

Amortisation & Exceptional Items – Continuing Operations



	H1 2014 \$m	H1 2013 \$m
Amortisation of intangible assets	21.9	21.7
Oil & Gas reserve impairment and dry hole cost	2.9	3.7
Inventory fair value charge	-	3.2
Settlement of litigation and associated legal expenses	-	2.9
Continuing operations	24.8	31.5

Balance Sheet



	June 2014 \$m	December 2013 \$m
Property, plant and equipment	450.0	431.8
Goodwill	495.8	495.2
Other intangible assets	243.6	263.0
Working capital	521.7	467.6
Provisions	(32.7)	(33.4)
Taxation (current and deferred)	(45.1)	(48.7)
Other	43.3	45.1
Net debt	(229.0)	(205.8)
Net assets	1,447.6	1,414.8
Gearing	16%	15%

Capital Investment – by Project



	H1 2014 \$m
Hunting Energy Services	
New drill tools and other rental equipment	11.9
Manufacturing facility – Houma, Louisiana	14.7
Premium Threading facility – Houston, Texas	5.5
Other facility expansion	1.5
Asia Pacific machinery and equipment	2.0
North American machinery and equipment	12.1
EMEA machinery and equipment	4.2
	<hr/>
	51.9
Exploration and Production	2.4
Other	0.3
	<hr/>
	54.6

Capital Investment – Major projects underway

	\$m
Capacity:	
Premium Threading facility – Houston, Texas	43.0
Manufacturing facility – Houma, Louisiana	36.4
Hunting Dearborn expansion – Fryeburg, Maine	18.8
New regional growth:	
South Africa facility – Cape Town	20.0
Saudi Arabia facility (60:40)	3.8
Kenya facility (60:40)	3.0
Investing to support growth:	
Test and Certification facility – Houston, Texas	11.0
	136.0

Cash Flow



	H1 2014 \$m	H1 2013 \$m
EBITDA	121.3	116.7
Working capital	(36.8)	(50.2)
Interest and bank fees	(2.9)	(3.1)
Tax paid	(18.1)	(5.2)
Replacement capital investment	(33.2)	(20.9)
Other	4.7	(1.5)
Free cash flow	35.0	35.8
Expansion capital investment	(21.4)	(11.3)
Purchase / Disposal of subsidiaries and costs	(3.0)	(10.7)
Dividend to equity holders	(32.1)	-
Tax indemnity	-	14.6
Other including foreign exchange	(1.7)	(2.8)
Net cash (outflow) / inflow in the period	(23.2)	25.6

Platform Overview

Well Construction

- Excellent MWD tool sales expanding into Canada and Middle East
- Testing completed for new OCTG connections
- OCTG contracts secured in Asia Pacific and North Sea

Well Completion

- Vacuum Insulated Tubing contracts in Canada
- Perforating Systems penetration in Romania, Middle East and Australia
- Continued R&D of Energetics and Instrumentation kit

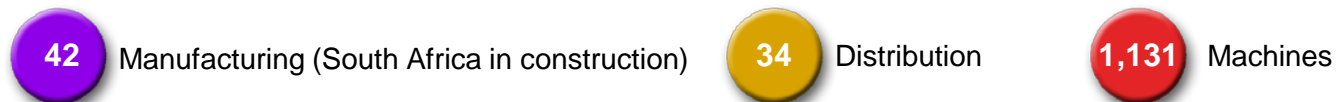
Well Intervention

- Contract growth of Well Intervention tools, PCE and Thru Tubing in Middle East, Asia Pacific , US and Canadian Markets
- Contract growth of Subsea Couplings, Valves and Chemical Injection Systems

Locations Worldwide

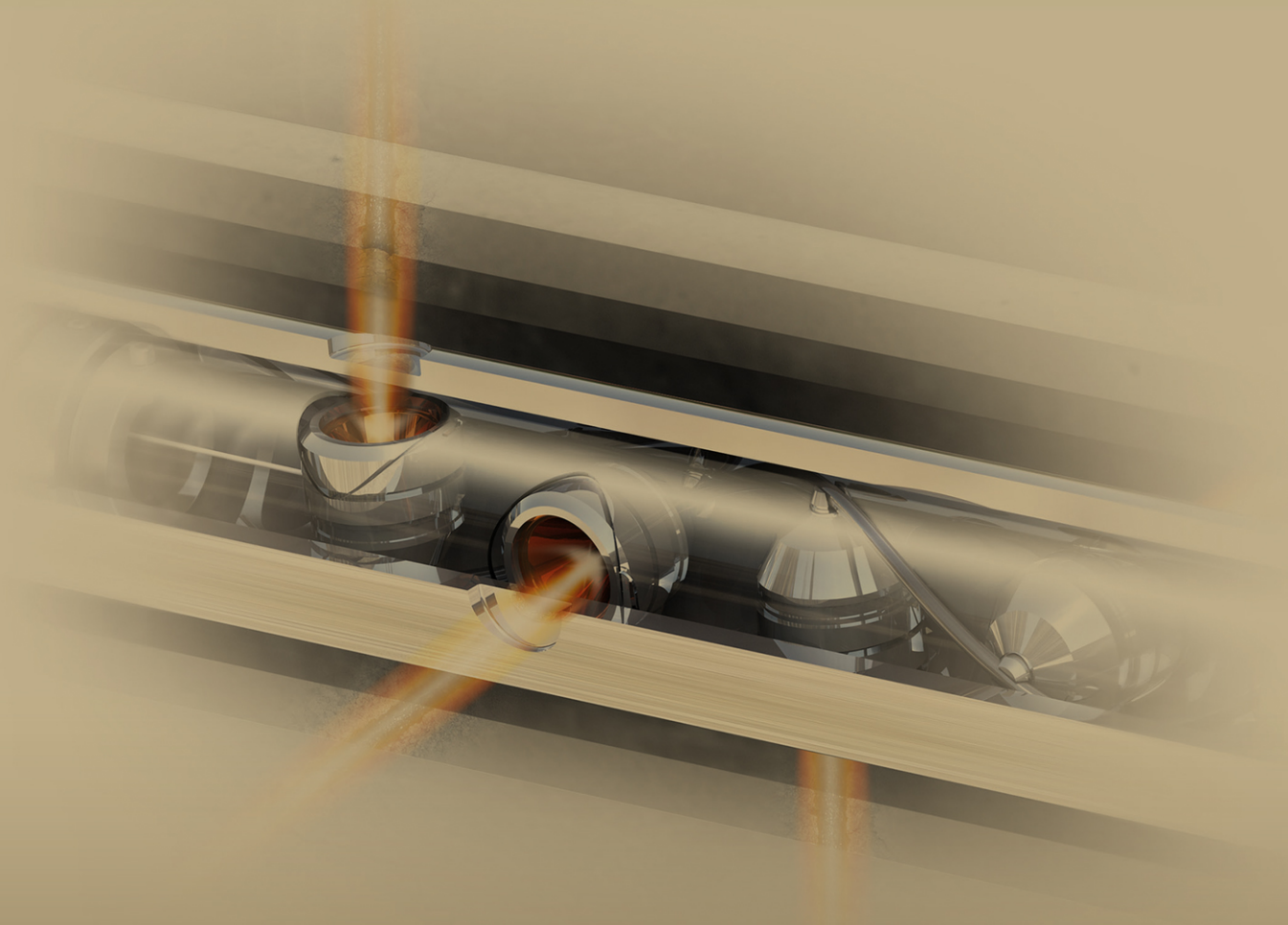


Manufacturing Distribution and Machine Locations Worldwide





REGIONAL UPDATE



United States

Market Overview – Fourth consecutive year of increased E&P spending. For 2014, a 10% increase in spending is forecasted. Since 2010, the US market has grown at a CAGR of 12%.

Business Highlights:

- WEDGE-LOCK™ SF testing completed
- SEAL-LOCK XD™ testing completed
- Expanding products and services to Permian Basin
- Growth in pressure equipment sales

Hunting's Market Presence:

25 Manufacturing

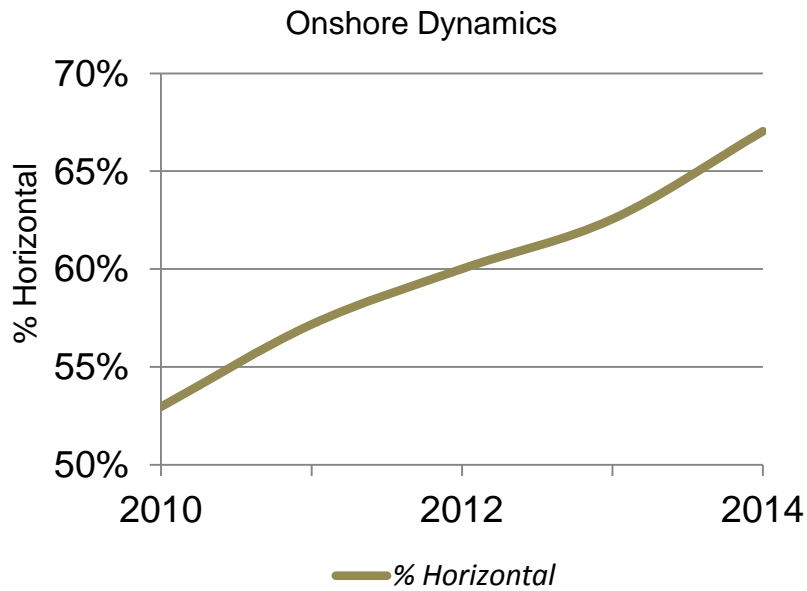
21 Distribution

- Fryeburg, Maine – expansion of Ultra Precision machining facility, completion Q1 2015
- AmeriPort, Texas – ground broken for threading facility, completion Q2 2015
- Houma, Louisiana – final phase expansion, completion Q1 2015

US Macro Market Drivers

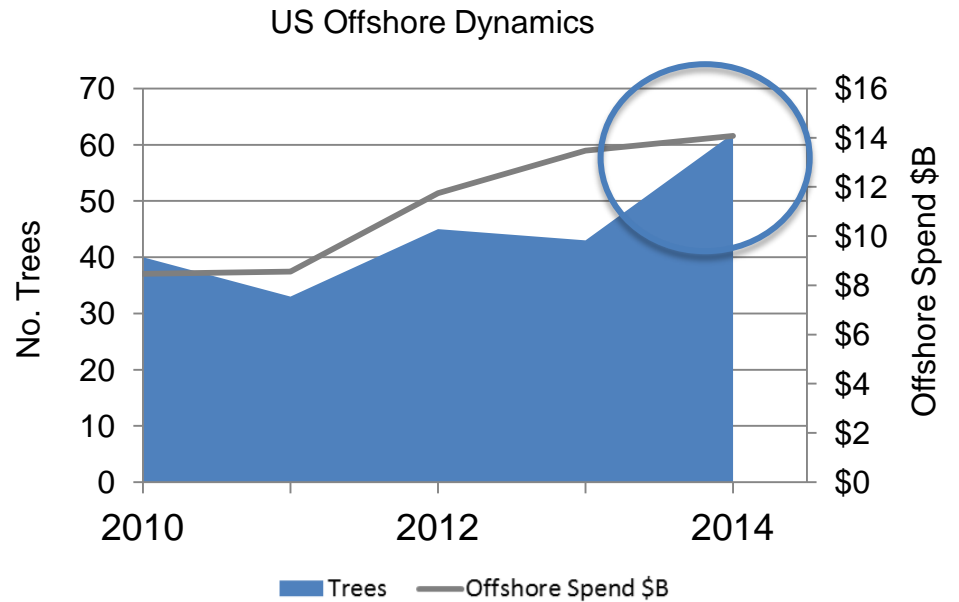


Impact of Horizontal Trend



CAGR Since 2010
Footage +12% Spending +12%

Offshore



CAGR Since 2010
Footage +17% Spending +14%

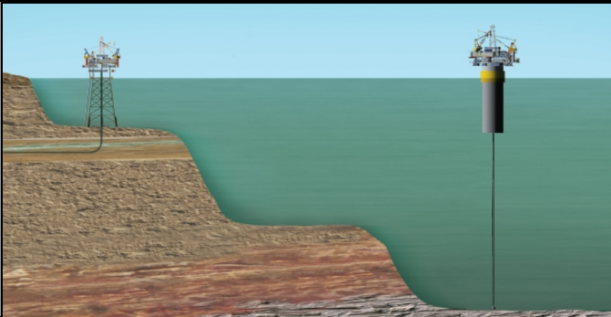
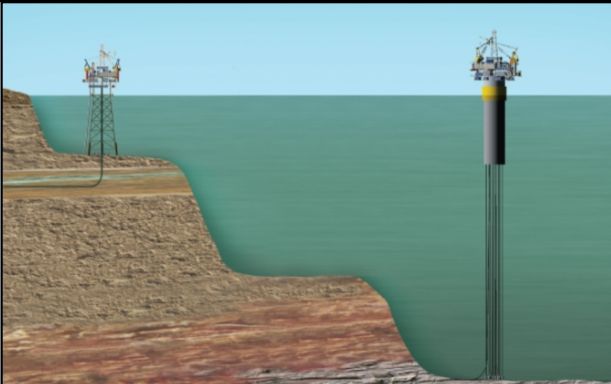
Service Intensity and Kit Density Comparison US Onshore Market Comparison, Then and Now



	Vertical Well	Horizontal Well	
JUST A FEW YEARS AGO			
	Kit	Short runs using low cost OCTG	Almost two times the length requiring semi-premium OCTG
	Intensity	Low tech, limited variation	More engineered, requires electronics, varied kit options and upsell
	Density	Not kit intensive	Spacing of components 300 feet
NOW			
	Kit	Re-entry into older wells with new kit	Pad drilling and multi-run / frac wells
	Intensity	More intervention and infusion of kit	Wells are drilled faster and with more runs per well. The speed, volume and sophistication of advanced products increases
	Density	Increased density now when re-entered	High density with spacing as dense as 50 feet between stages with multiple lateral runs

Service Intensity and Kit Density Comparison US Offshore Market Then and Now



Program Type	Offshore Shelf	Deepwater	
JUST A FEW YEARS AGO			
	Kit	Simplistic, quick set up, however low kit consumption	Highly engineered, wells planned and constructed one at a time
	Intensity	Common off the shelf components	Custom engineered for the platform
	Density	Low saturation of product	Limited well monitoring
NOW			
	Kit	Trend to re enter wells with better technology and kit	Now four to five wells are designed and procured increasing kit bundles
	Intensity	Re entering wells with increased intensity	Custom engineered, plus Smart Well Technology increasing service intensity
	Density	More product opportunities in the wellbore	More Smart Well technology to monitor the wellbore in a multi well environment

Canada

Market Overview – Canada was negatively affected by bad weather last year. This year, Canada is experiencing large increases in E&P activity.

Business Highlights:

- Growth in Vacuum Insulated Tubing Sales
- Q4 completion of heavy oil premium connection testing
- Expansion of perforating systems, instrumentation and MWD tools market penetration
- High speed Mud Motors deployed to Canadian market

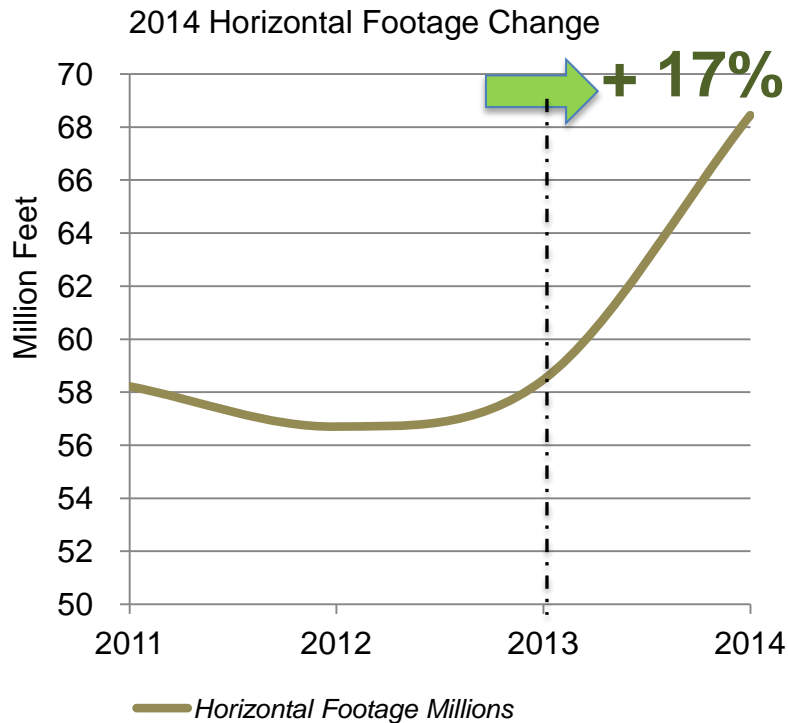
Hunting's Market Presence:

2 Manufacturing
9 Distribution

- Integration of XL acquisition with Perforating systems and instrumentation

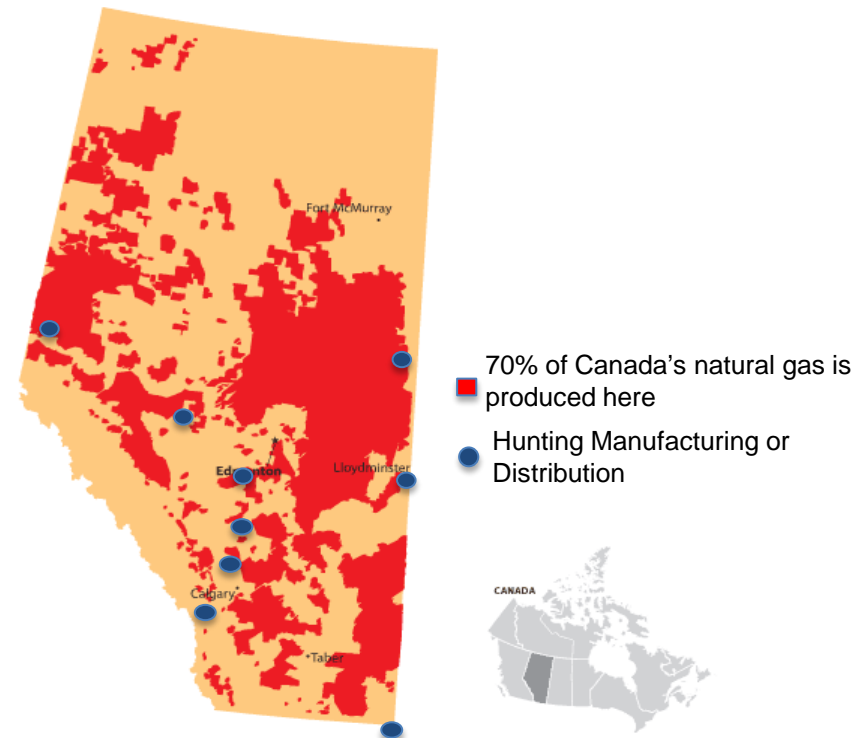
Canada Macro Market Drivers

Steep Increase in Horizontal Footage



Heavy oil is only part of the mix, natural gas saturation is high

- Hunting is positioned strategically in the heart of it



UK - North Sea and Europe

Market Overview – Overall, Europe's E&P spending is expected to be flat in 2014. Fortunately, Hunting's key business areas in the North Sea have seen E&P spending growth in the mid single digits.

Business Highlights:

- Continued growth of OCTG contract business in North Sea with EnQuest, Sumitomo/Statoil
- Expansion of product to market for Pressure Control Equipment, Well Testing and Thru Tubing
- OSC contract for Perforating Systems going to Romania

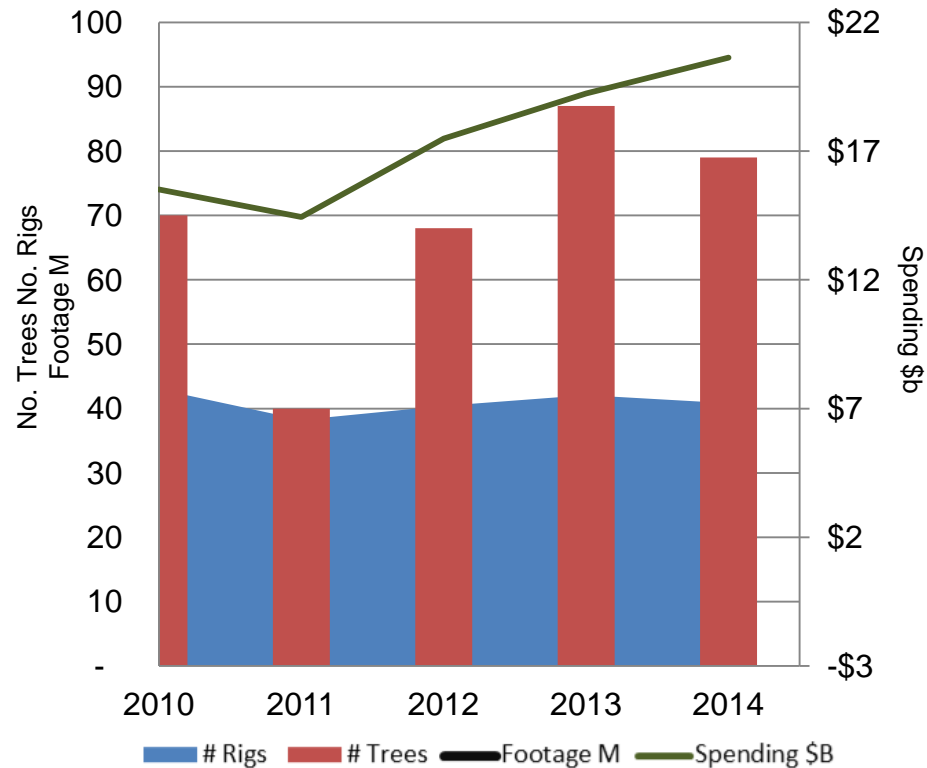
Hunting's Market Presence:

6 Manufacturing
2 Distribution

- Hunting's highly automated OCTG threading facility in Aberdeen is one of the largest in Europe
- New sales office in Stavanger Norway
- Capacity increase of Netherlands manufacturing facility

UK - North Sea and Europe Macro Market Drivers

North Sea Market Growth



North Sea Key Markets

- High performance OCTG
- Pressure control equipment for the most extreme conditions
- Hunting provides a premier rental fleet of drilling tools
 - New fleet in prime condition
 - Equipment delivered ready for service reducing rig downtime

Asia Pacific

Market Overview – While E&P spending is increasing at a slower pace than previous years, the region is still posting high single digit expansion.

Business Highlights:

- Awarded significant 2 year OCTG supply contract with Pertamina
- Large Well Intervention contract with Deleum
- Distribution Centre in Jakarta enhancing product to market opportunities within the region

Hunting's Market Presence:

6 Manufacturing
1 Distribution

- Q4 completion of production lines for Slickline Tools
- The contribution of Hunting's investments in Asia continues to grow. In 2012 Asia represented 9% of the Company's profit from operations, today above 15%

Middle East

Market Overview – As a percentage, the Middle East has the largest increase in E&P spending (approximately 16%).

Business Highlights:

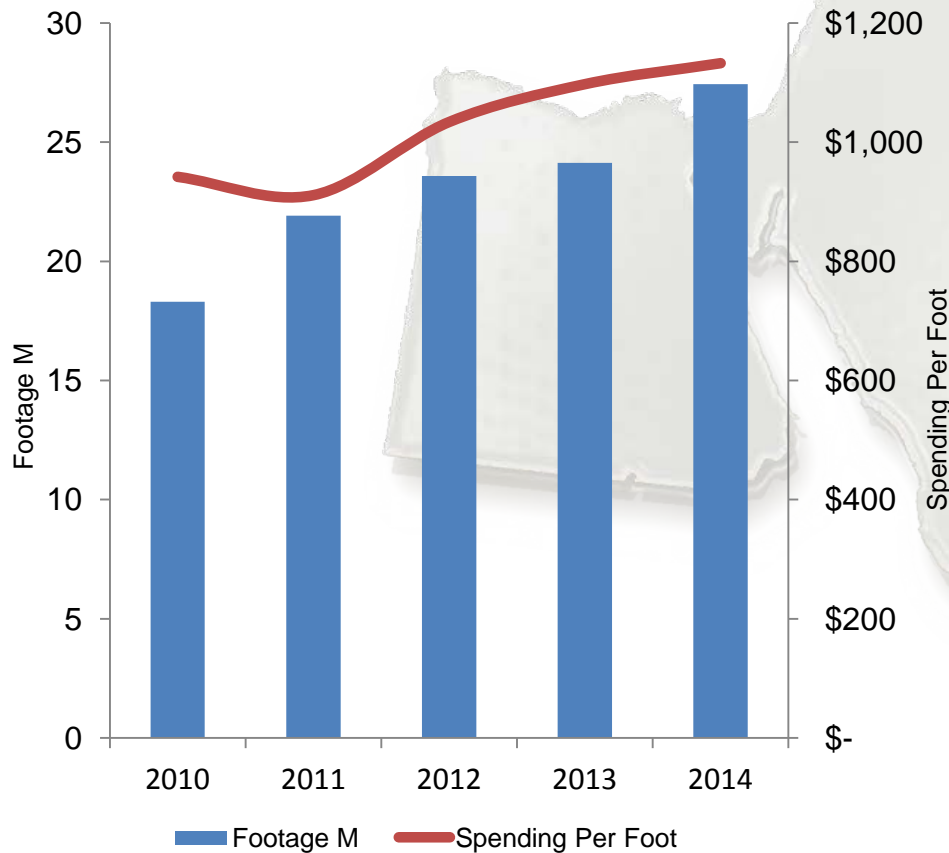
- Increase in Thru Tubing geographical market
- Large contract for perforating systems to Saudi Arabia and Abu Dhabi
- Increase in Pressure Control equipment to Oman and Saudi Arabia

Hunting's Market Presence:

1 Manufacturing

- Expansion of Dubai footprint due to growth of perforating systems and instrumentation platforms
- JV facility will be complete in Q4 2014 in Dammam, Saudi Arabia

Middle East Macro Market Drivers



Footage and Well Intervention

- Footage and cost per foot continue to increase
- Many fields are old and they must be re-entered to increase production

Five Largest Fields	Discovered
Ghawar – Saudi Arabia	1950's
Burgan – Kuwait	1940's
Safaniya – Saudi Arabia	1950's
Rumaila – Iraq	1950's
West Qurna – Iraq	1970's

Mexico and South America

Market Overview – In 2014, E&P spending is projected to be down 7%. In 2015, spending is expected to return to 2013's levels.

Business Highlights:

- Increased enquiries for product shipment to Mexico and South America
- Re-tooled the Monterrey facility to build perforating components

Market:

- This year, Mexico's E&P spending is expected to be down 10% while the government and private companies divide up exploration
- South America shows significant increases in drilling in Argentina, while Venezuela and Brazil are trimming their E&P activities

Future Potential

- Mexico and Argentina combined have more shale gas than North America
- As the gas is drilled, demand for perforating related products will increase

Sub Sahara

Market Overview – Since 2010, E&P spending in the sub Sahara has more than doubled. Growth in 2015 is projected at 10%.

Business Highlights:

- Cape Town facility to be complete early 2015
- Opening an operations base in Mombasa
- Significant increase in global enquiries shipping to Sub Sahara locations

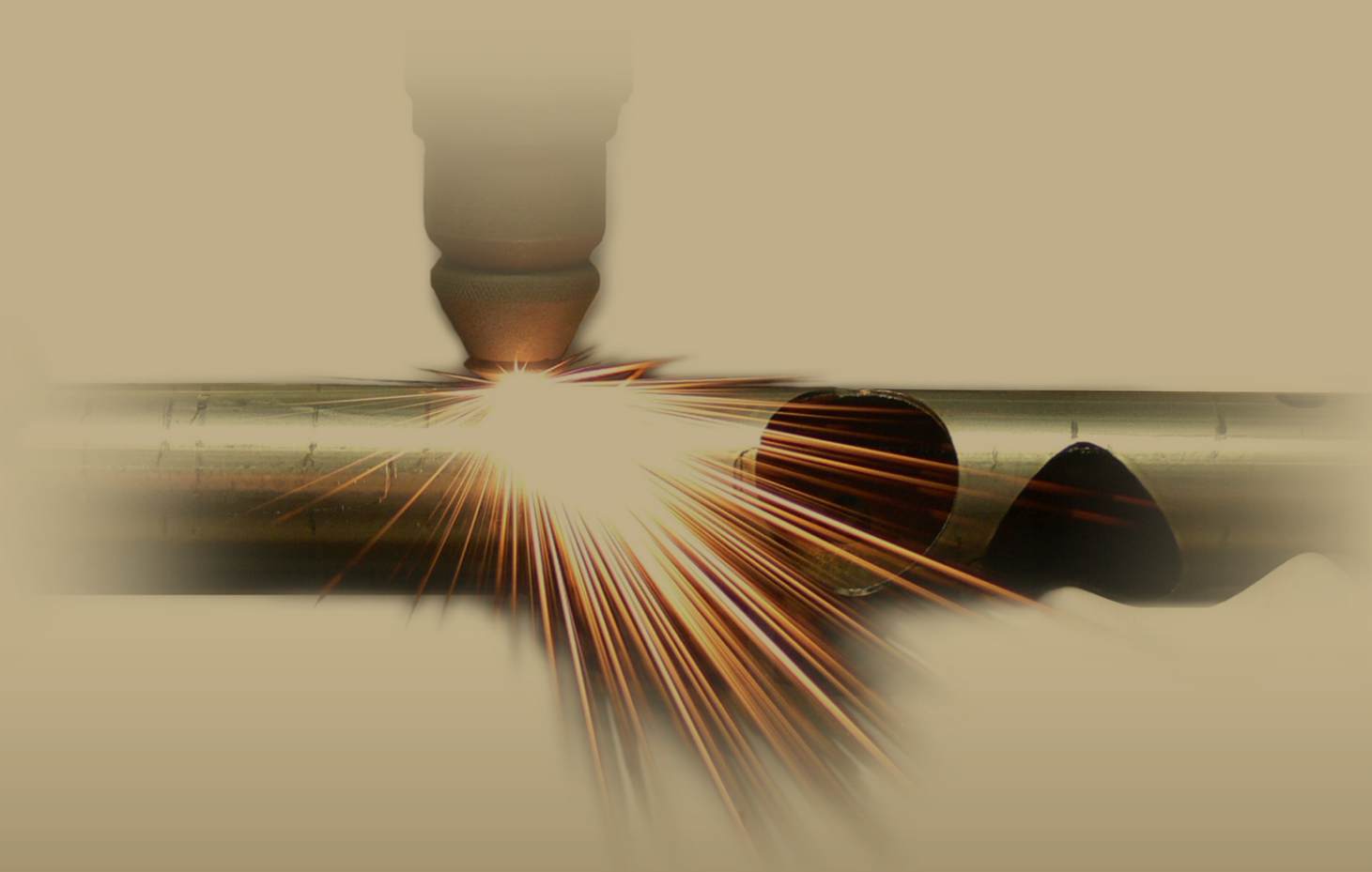
Market:

The Oil and Gas Frontier

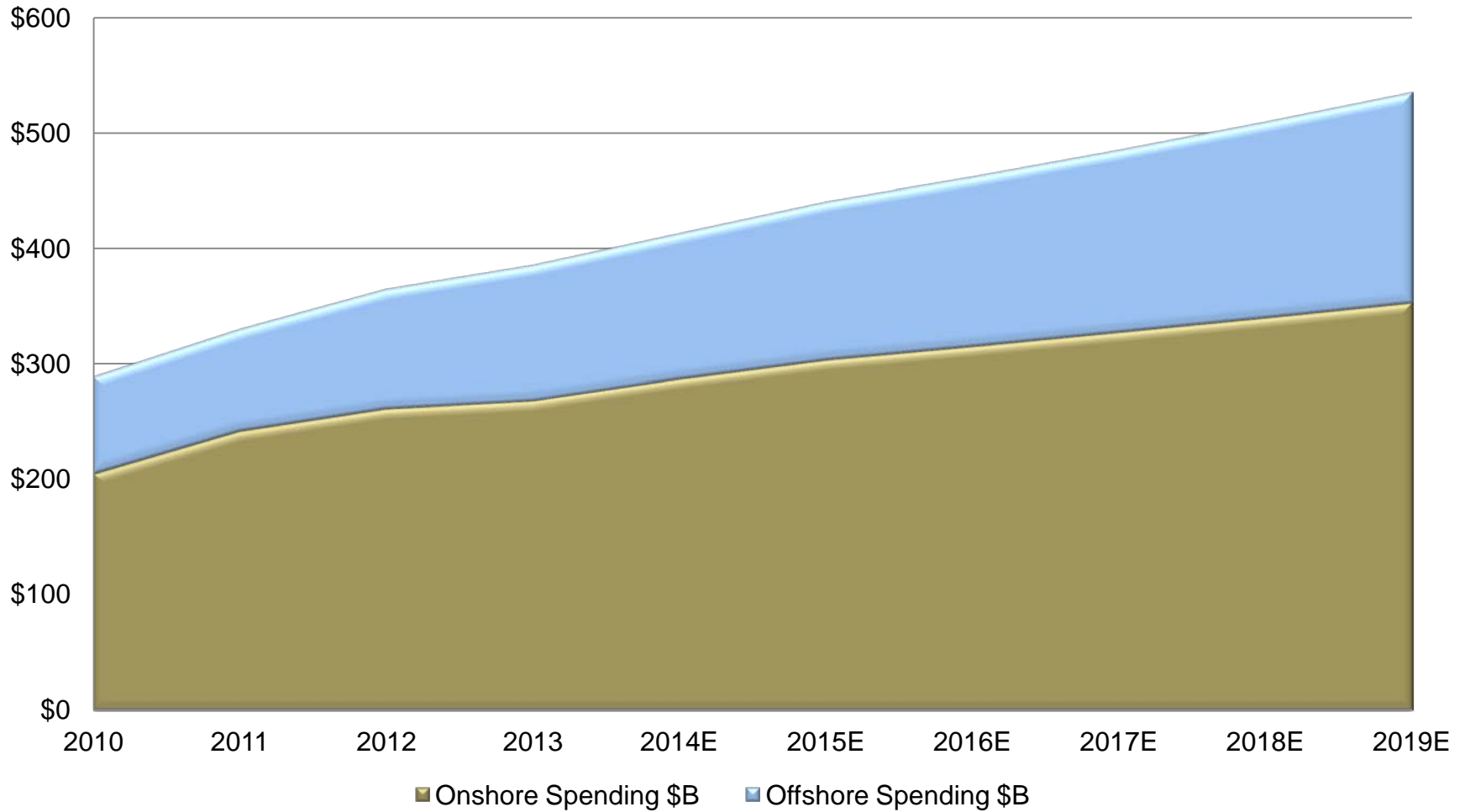
- The sub Sahara is large enough to hold China, The United States, India and Mexico. This market covers 18% of the world's land area
- Within the sub Sahara, 85% of the oil production is concentrated in approximately 25% of the territory
 - As reserves are proved and infrastructure is built, these under producing areas will need product
- Today, offshore is a key market consuming over 90% of the E&P spending
- In South Africa, deep water drilling is in the early phases
 - Requires higher technology components
 - Extreme quality assurance required



APPENDIX



Global Spending Onshore and Offshore (\$B)



Global Subsea Spend

