



BUILDING MOMENTUM FROM NEW TECHNOLOGY

Results presentation
For the six months ended 30 June 2017



Group Summary

Strong US onshore markets, but uncertainties remain



- Improved results driven by US onshore activity levels.
- New technologies continue to be developed helping customers enhance production and contain cost.
- Manufacturing and distribution footprint maintained.
 - 3.1m square foot of capacity
 - 38 manufacturing facilities
 - 23 distribution centres
 - 2,359 employees at 30 June 2017 (2,107 at 31 December 2016)
- Strength of balance sheet maintained with minimal net debt.
- Cost controls and capital investment restraint remain in place.
- Change of Chief Executive : Jim Johnson appointed effective 1 September 2017.

Summary Income Statement¹

Higher activity levels with improving margins



	H1 2017 \$m	Margin %	H1 2016 \$m	Margin %
Revenue	318.9		228.4	
Gross profit	71.0	22	23.8	10
EBITDA²	12.1		(29.5)	
Loss from operations	(9.1)		(50.8)	
Finance expense	(1.1)		(0.6)	
Loss before tax	(10.7)		(51.5)	
Tax credit	0.1		7.5	
Loss after tax	(10.6)		(44.0)	
Diluted EPS	(6.7)c		(27.8)c	

¹ Results are based on continuing operations before amortisation of acquired intangible assets and exceptional items.

² EBITDA is a non-GAAP measure that is defined in the “Non-GAAP measures” section of the Half Year Report.

Segmental Results¹

Perforating systems sales driving Well Completion



	H1 2017		H1 2016	
	Revenue	Results from Operations	Revenue	Results from Operations
	\$m	\$m	\$m	\$m
Hunting Energy Services				
Well Construction	62.9	(9.5)	51.3	(10.8)
Well Completion	226.6	8.0	149.1	(28.5)
Well Intervention	27.4	(7.1)	26.7	(9.9)
	316.9	(8.6)	227.1	(49.2)
Exploration & Production	2.0	(0.5)	1.3	(1.6)
	318.9	(9.1)	228.4	(50.8)

¹ Results are based on continuing operations before amortisation of acquired intangible assets and exceptional items.

Geographical Segmental Results¹

Strong North American onshore market



	H1 2017		H1 2016	
	Revenue	Results from Operations	Revenue	Results from Operations
	\$m	\$m	\$m	\$m
Hunting Energy Services				
USA	212.9	5.8	144.3	(20.5)
Canada	23.4	(2.0)	18.6	(3.0)
Europe	43.3	(3.3)	40.5	(13.5)
Asia Pacific	29.5	(5.5)	18.3	(7.5)
Middle East, Africa and Other	7.8	(3.6)	5.4	(4.7)
	316.9	(8.6)	227.1	(49.2)
Exploration and Production	2.0	(0.5)	1.3	(1.6)
	318.9	(9.1)	228.4	(50.8)

¹ Results are based on continuing operations before amortisation of acquired intangible assets and exceptional items.

Amortisation & Exceptional Items

No exceptional charges in H1 2017



	H1 2017 \$m	H1 2016 \$m
Amortisation of acquired intangible assets	14.6	17.4
Restructuring costs	-	3.9
European drill tools rental business	-	2.9
UK Pension Scheme closure	-	2.0
Continuing operations	14.6	26.2

Balance Sheet

Net debt and working capital controls remain in place



	June 2017 \$m	December 2016 \$m
Property, plant and equipment	403.2	419.0
Goodwill	230.0	229.8
Other intangible assets	137.1	150.7
Working capital¹	333.7	300.2
Taxation	1.8	(3.4)
Provisions	(17.3)	(15.7)
Other	22.3	38.7
Net debt	(5.7)	(1.9)
Net assets	1,105.1	1,117.4

¹ Working capital is a non-GAAP measure that is defined in the "Non-GAAP measures" section of the Half Year Report.

Capital Investment

Spend remains restricted to essential investment only



	H1 2017 \$m
Facilities	
- Premium Threading and Testing – AmeriPort, Texas	0.1
- Other facility spend	0.3
Machinery and Equipment	
- EMEA	0.7
- North America	3.0
- Asia	0.4
	<hr/> 4.5 <hr/>

Cash Flow

Working capital includes \$22m inventory increase due to activity levels



	H1 2017 \$m	H1 2016 \$m
Underlying EBITDA	12.1	(29.5)
Add: share-based payments	7.1	4.8
	19.2	(24.7)
Working capital	(32.0)	26.7
Interest and bank fees	(1.6)	(1.8)
Tax (paid) received	(0.1)	29.2
Capital investment	(4.5)	(13.1)
Pension scheme refund	9.7	-
Proceeds from held for sale assets	1.2	-
Tax indemnity receipt	-	7.9
Other	4.3	(1.2)
(Increase) / reduction in net debt	(3.8)	23.0

Market Overview



- US Onshore
 - The increase in wells drilled and shortage of frack equipment/crews has left the industry with a sizeable backlog of uncompleted wells.
 - Over 6,000 drilled but uncompleted (DUCs) a 50% increase since January 2014.
- Offshore
 - Offshore spending is down, but a few key projects can improve utilisation of manufacturing for Hunting.
- Relief of Pricing Pressure
 - Manpower and equipment shortages are driving improved pricing.
- Growing Concern
 - Under investment offshore and talk of future oil shortage is a common industry theme.



We Provide Technology That Assists Our Customers With Completion Efficiencies



■ All About Well Cost and Production:

• **Increase production**

Customers are willing to spend 10% more to extend the lateral, increasing production by 25%.

• **Lower total cost**

Customers looking at the overall cost of the project, not just the component cost.

In the US onshore market, the lateral section is the highest spend per foot of the well.

Allows Hunting an increase in product volume.

Customers are willing to spend more on technology and quality to mitigate costs, avoid problems and complete wells more efficiently.

US Onshore Average Lateral Growth



2007

- 2,500 ft lateral
- 7 Stages, spaced 300 to 400 ft apart
- 400,000 lbs of sand



2012

- 7,000 ft lateral
- 20 Stages, spaced more than 250 ft apart
- 4.5 million lbs of sand



2016

- 8,300 foot lateral
- 41 Stages, spaced less than 200 ft apart
- 14.6 million lbs of sand



Longest Lateral In History

Maersk Oil Qatar
Al-Shaheen Field
Well BD-04A
35,770 Feet

Used Hunting Premium Connections

Recent Notables

19,300 foot super lateral and over **120** frac stages in Utica shale.

50 million pounds of sand used on a single frac in Haynesville shale.

Source: EIA, Journal of Petroleum Technology, E&P Magazine, Marcellus Drilling, Halliburton, Bloomberg, Chesapeake, Oil and Gas 360

US Onshore Perforating System Game Changer



**Fewer and
Less
Experienced
Hands**



H-1™ Perforating Gun System

**Run More
Guns Per
Hour**

- By eliminating the labour intensive and high margin for error assembly process, the H-1 system requires not only less people, but also a lower level of technical ability to deploy.
- Reducing cost and increasing efficiency is a decision differentiator for the customer.
 - Cost Lowering 3 to 1 Ratio : a 10 gun string of H-1 assembles in 15 minutes versus a conventional string taking 45 minutes.
- Hunting's Quick Connect Control Fire module features industry leading safety.
 - 99.9996% success rate based on over a half million runs.
 - Eliminates the need to pull a misfired gun set out of the hole, which is one of the most dangerous scenarios in the industry.
- Operators are mandating service companies to use the H-1 system after experiencing the overall cost savings, increased reliability and safety.

**Everyone
Goes Home
Safe**

Offshore



- Two trillion dollars of E&P investment stripped out of the industry since 2014.
- The impact of production decline rates and increased demand means that 20 million barrels of new oil production is needed over the next five years.
- A gap in new production this size can not be filled by US shale alone!



Hunting Key Offshore Markets

Connection Technology

Generates profit in all market conditions

Manufacturing

Our manufacturing capabilities and global footprint serves the most active drilling and completion areas in the world

Subsea

For metal seal hydraulic couplings, Hunting has over 80% of the global market share

Well Intervention

Offshore, rig floor space is tight. Hunting was awarded a sole license to the EZI-Shear Valve technology, providing efficient wireline and thru-tubing shear and seal capabilities

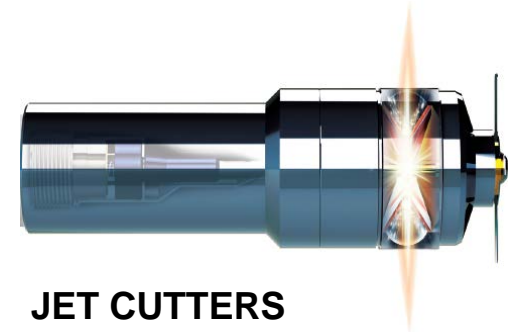
We Remain Technology Focused



H-1 PERFORATING SYSTEM



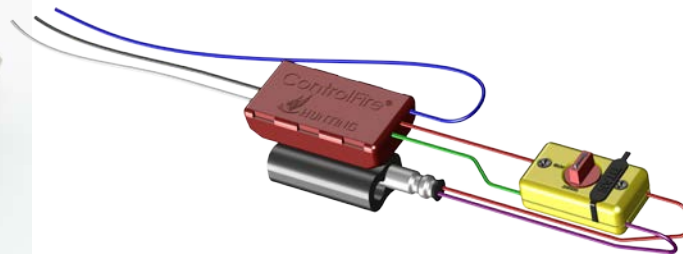
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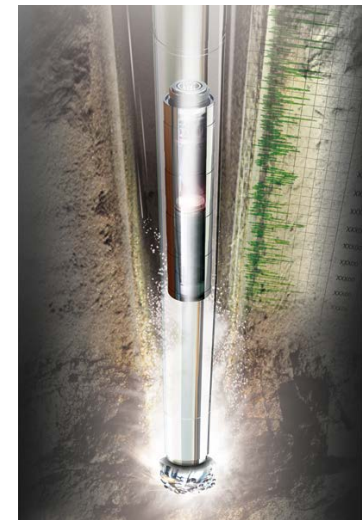
JET CUTTERS



SUBSEA VALVES



CONTROLFIRE SWITCHES



LOGGING TOOLS

Manufacturing

- Subsea Equipment
- HDD Equipment
- Perforating Systems
- Premium Connections
- Downhole Accessories
- Ultra Precision Machining

Distribution

- Perforating Systems
- MWD Tools
- OCTG / Premium Connections
- Drilling Tools
- Cased Hole Tools
- HDD Equipment



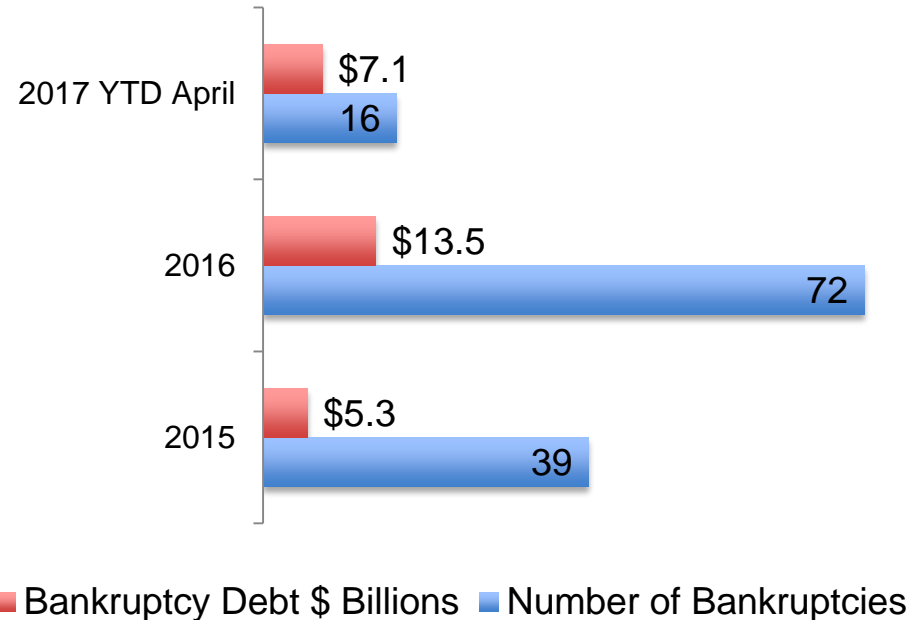
Highly Leveraged Firms Are Folding

- Bankruptcies continue in North America:
 - Since the end of 2014, 127 companies filed for bankruptcy protection with \$25.9 billion of associated debt.
 - So far in 2017, the number of companies filing has slowed. However, the amount of debt per filing has more than doubled from an average of \$187M in 2016 to a current average of \$442M per company.
 - In 2017, seeing more larger specialised offshore companies filing.

Oilfield Manufacturing Capacity Lost

- ***For instance in Houston, over one third of oilfield service manufacturing employees remain unemployed.***
- ***Based on a survey of oilfield workers laid off during the downturn, over half have found work in other industries and four out of five have said they would not return to the industry even if they could get their old jobs back or a better one.***

North America Oilfield Services Bankruptcies



Booked to billed ratio improves

- 2016 booked to billed ratio was 0.93 on a backlog of \$82 million.
- First half of 2017 improved booked to billed ratio to 1.35 with a backlog of \$144.6 million.
- 76% increase in backlog based on dollar volume.

Not included in our booked to billed ratio is a large shift of work previously performed by vendors now internalised

- Hunting has internalised the production of our industry leading ControlFire Switch, pulling the majority of production in from outside vendors – annualised outside purchase cost \$25m.
- This component is highly labour intensive and Hunting now retains the margin on production our vendor would have received.

Footnote: US Drilling Tools and Hunting Titan are excluded from booked to billed ratios

Our strategy has left us in a good position for the future:

- There is an opportunity to re-stock the Well Completion market
 - High levels of DUC's and re-frac opportunities increases our deliverable perforating and completion kit offerings.
 - Strategically positioned Distribution Centre model.
- Our vigilance to our quality culture remains intact and continues to inspire customer confidence in our products' performance
 - With cost pressures our customers cannot afford a product issue.
- When opportunities to increase utilisation emerge, we are in a position to take advantage of it
 - Facilities, processes and people are maintained and remain ready.





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