

Results Presentation for the full year ending  
31 December 2020



# Resilience Through A Global Crisis



# Resilience



- Enpro acquisition completed expanding our Subsea Portfolio, RTI, continuing to perform well and growing backlog
- Returning cash to shareholders
- Strategic Investment in Well Data Labs
- Balance sheet remains robust. Cash in bank, no debt, liquidity
- Generated Positive EBITDA in worst market ever
- Decisive actions taken to address market challenges
- Continued development of proprietary technologies
- Disposal of the Drilling Tools division to Rival Downhole Tools



## ■ Financial Overview

### ***Income Statement***

- Group performance impacted by decline in economic activity in 2020
- Revenue declined 35% to \$626.0m (2019 – \$960.0m)
- EBITDA \$26.1m (2019 – \$139.7m), largely generated in Q1
- Underlying loss from operations \$16.4m (2019 – \$94.3m profit)
- Exceptional items totalling \$203.6m charged in the year (2019 – \$47.5m)

### ***Balance Sheet***

- Strong cash and bank position reported at year-end of \$101.7m (2019 – \$127.0m)
- Net assets of \$976.6m (2019 – \$1,223.8m)
- Working capital \$358.3m (2019 – \$433.3m)

### ***Dividend***

- 2020 Final Dividend of 4.0 cents per share proposed, subject to approval at the Company's AGM

### ***Restructuring***

- Annualised cost savings of c.\$86.0m
- Five operating sites and three distribution centres closed or mothballed
- 35% of workforce released as market conditions declined

## ■ Strategic Developments

### ***\$32.8m acquisition of Enpro Subsea***

- Revenue from Subsea products increased 57% to \$69.8m (2019 – \$44.5m), largely as a result of our Enpro and RTI acquisitions

### ***Divestment of US Drilling Tools business***

- Transferred assets to Rival Downhole Tools LC, in exchange for a 23.5% equity position in Rival

### ***\$2.5m investment in Well Data Labs***

- Key investment in the high growth data analytics sub-sector of the drilling market

### ***New products launched to broaden customer offering***

- Completion of detonating cord manufacturing line at Milford, Texas, with an annual capacity of c.3.0 million feet
- New V3.0 ControlFire<sup>®</sup> switch launched to enable higher level of in-field reliability
- Additional variants of the E-SUB<sup>™</sup>, H-1<sup>®</sup> and H-2<sup>™</sup> Perforating Systems launched in the year.
- Rental offering launched for T-Set<sup>™</sup> One setting tool

### ***Non-oil and gas revenue more resilient in the year, with good progress in this area within the Advanced Manufacturing group***

- Medical and aviation certifications secured at Hunting Electronics to support diversification.
- Hunting Dearborn reports increase in non-oil and gas order book, including aviation and space orders
- UK business secured new geothermal project win

# Group Income Statement<sup>1</sup>



	2020 \$m	<i>Margin</i> %	2019 \$m	<i>Margin</i> %
<b>Revenue</b>	<b>626.0</b>		960.0	
<b>Gross profit</b>	<b>124.8</b>	<b>20</b>	266.4	28
<b>EBITDA</b>	<b>26.1</b>	<b>4</b>	139.7	15
<b>(Loss) profit from operations</b>	<b>(16.4)</b>	<b>(3)</b>	94.3	10
<b>Net finance expense</b>	<b>(3.0)</b>		(1.2)	
<b>(Loss) profit before tax</b>	<b>(19.4)</b>		93.1	
<b>Tax credit (charge)</b>	<b>0.9</b>		(17.0)	
<b>(Loss) profit after tax</b>	<b>(18.5)</b>		76.1	
<b>Effective tax rate</b>	<b>5%</b>		18%	
<b>Diluted EPS</b>	<b>(10.0)c</b>		43.9c	
<b>Final dividend per share proposed</b>	<b>4.0c</b>		n/a	
<b>Total dividend per share declared</b>	<b>9.0c</b>		5.0c	
<b>ROCE</b>	<b>(2)%</b>		8%	

<sup>1</sup> Results are before amortisation of acquired intangible assets and exceptional items.

# Segmental Results<sup>1</sup>



	2020		2019	
	Revenue	Results from Operations	Revenue	Results from Operations
	\$m	\$m	\$m	\$m
Hunting Titan	161.7	(5.6)	375.5	68.6
US	292.2	(1.0)	363.2	26.9
Canada	20.0	(2.5)	35.7	(4.3)
EMEA	78.8	(12.0)	123.0	(1.3)
Asia Pacific	109.3	4.7	146.3	4.4
Inter-segment elimination	(36.0)	-	(83.7)	-
	<b>626.0</b>	<b>(16.4)</b>	<b>960.0</b>	<b>94.3</b>

<sup>1</sup> Results are before amortisation of acquired intangible assets and exceptional items.

# Revenue by Product Grouping



	2020 \$m	2019 \$m	Change %
<b>Perforating Systems</b>	<b>154.5</b>	363.0	-57
<b>OCTG</b>	<b>264.7</b>	357.0	-26
<b>Advanced Manufacturing</b>	<b>74.3</b>	104.5	-29
<b>Intervention Tools</b>	<b>30.7</b>	44.3	-31
<b>Subsea</b>	<b>69.8</b>	44.5	57
<b>Drilling Tools</b>	<b>9.9</b>	22.3	-56
<b>Other</b>	<b>22.1</b>	24.4	-9
	<b>626.0</b>	960.0	-35
<b>Oil and gas</b>	<b>586.2</b>	918.7	-36
<b>Non-oil and gas</b>	<b>39.8</b>	41.3	-4
	<b>626.0</b>	960.0	-35

# Amortisation & Exceptional Items



	2020 \$m	2019 \$m
<b>Amortisation of acquired intangible assets</b>	<b>17.3</b>	<b>28.5</b>
<b>Impairment:</b>		
- Goodwill	79.8	-
- Other intangible assets	39.2	-
- Property, plant and equipment	19.4	19.0
- Right-of-use assets	4.1	-
- Inventory	34.2	-
- Receivables	1.2	-
	<b>177.9</b>	<b>19.0</b>
<b>Restructuring costs</b>	<b>10.3</b>	<b>-</b>
<b>Acquisition costs</b>	<b>1.4</b>	<b>-</b>
<b>Reversal of Enpro contingent consideration</b>	<b>(2.5)</b>	<b>-</b>
<b>Profit on disposal of Canada assets</b>	<b>(0.8)</b>	<b>-</b>
	<b>203.6</b>	<b>47.5</b>



# Group Balance Sheet

*Solid financial footing*



	2020 \$m	2019 \$m
<b>Property, plant and equipment</b>	<b>307.1</b>	354.7
<b>Right-of-use assets</b>	<b>29.8</b>	36.7
<b>Goodwill and other intangible assets</b>	<b>207.1</b>	308.7
<b>Working capital</b>	<b>358.3</b>	433.3
<b>Taxation</b>	<b>6.0</b>	19.8
<b>Provisions</b>	<b>(8.9)</b>	(8.4)
<b>Other net assets</b>	<b>19.7</b>	1.1
<b>Total cash and bank</b>	<b>101.7</b>	127.0
<b>Lease liabilities</b>	<b>(40.3)</b>	(45.2)
<b>Other borrowings</b>	<b>(3.9)</b>	(3.9)
<b>Net cash</b>	<b>57.5</b>	77.9
<b>Net Assets</b>	<b>976.6</b>	1,223.8

# Working Capital



	2020 \$m	2019 \$m
<b>Inventories</b>		
- Hunting Titan	114.1	127.5
- US	111.6	135.9
- Other segments	99.9	113.9
<b>Gross inventories</b>	<b>325.6</b>	<b>377.3</b>
<b>Provision for inventories</b>	<b>(37.2)</b>	<b>(26.5)</b>
<b>Net inventories</b>	<b>288.4</b>	<b>350.8</b>
<b>Receivables</b>	<b>137.9</b>	<b>203.2</b>
<b>Payables</b>	<b>(68.0)</b>	<b>(120.7)</b>
<b>Total</b>	<b>358.3</b>	<b>433.3</b>
<i>Inventory days</i>	<b>270</b>	<b>214</b>
<i>Receivable days</i>	<b>92</b>	<b>79</b>

# Group Cash Flow



	2020 \$m	2019 \$m
<b>EBITDA</b>	<b>26.1</b>	139.7
<b>Add: share based payments</b>	<b>9.0</b>	9.1
	<b>35.1</b>	148.8
<b>Working capital</b>	<b>38.8</b>	7.6
<b>Net tax paid</b>	<b>(5.0)</b>	(7.7)
<b>Proceeds from business and asset disposals</b>	<b>3.9</b>	8.9
<b>Gains on business and asset disposals</b>	<b>(2.4)</b>	(5.8)
<b>Lease payments</b>	<b>(10.4)</b>	(10.6)
<b>Restructuring costs</b>	<b>(10.7)</b>	-
<b>Other</b>	<b>(1.5)</b>	(2.4)
<b>Free cash flow</b>	<b>47.8</b>	138.8
<b>Capital and intangible asset investments</b>	<b>(19.0)</b>	(46.2)
<b>Acquisition of business</b>	<b>(34.2)</b>	(12.5)
<b>Dividends paid to Hunting PLC shareholders and NCI</b>	<b>(9.1)</b>	(16.6)
<b>Net purchase of treasury shares</b>	<b>(9.2)</b>	(4.7)
<b>Share buyback</b>	<b>(5.1)</b>	-
<b>Share issue</b>	<b>-</b>	0.6
	<b>(28.8)</b>	59.4
<b>Foreign exchange</b>	<b>3.5</b>	2.4
<b>Movement in total cash and bank</b>	<b>(25.3)</b>	61.8

# Capital and Intangible Investment



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	<b>2020</b> <b>\$m</b>
<b>Hunting Titan - Detonation Cord Facility</b>	<b>2.8</b>
<b>Hunting Titan - Other</b>	<b>1.1</b>
<b>US – Investment in Subsea business</b>	<b>1.5</b>
<b>US – Electronics</b>	<b>1.2</b>
<b>US – US Manufacturing plant and machinery</b>	<b>1.8</b>
<b>US – Other</b>	<b>4.0</b>
<b>Other</b>	<b>2.3</b>
<b>Capital Investment</b>	<b>14.7</b>
<b>Intangible asset Investment</b>	<b>4.3</b>
<b>Total</b>	<b>19.0</b>

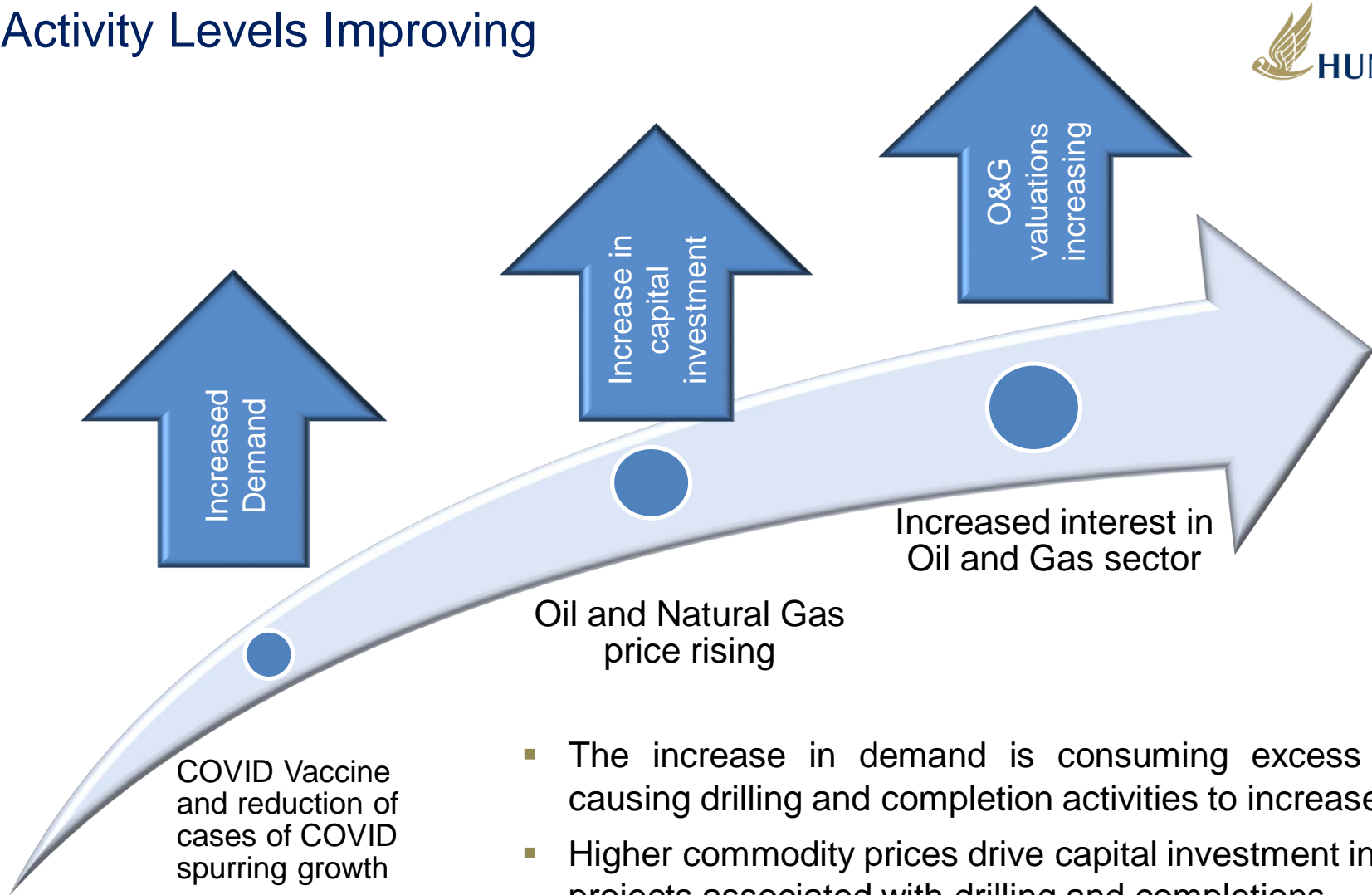
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# Well Positioned for the Inevitable Recovery



- Opec+ holding to the production agreements
  - Covid vaccine deployment increases commodity demand
  - DUC inventory being reduced
  - EIA projects petroleum and liquids demand will increase from 93.9 million b/d to 97.7 million b/d in 2021 and to 101.2 million b/d in 2022
- Capabilities intact ready to respond to the market
  - Continued technology development throughout the cycle supporting customers needs
  - New product line development and ongoing investment in technology

# Activity Levels Improving



- The increase in demand is consuming excess supply causing drilling and completion activities to increase
- Higher commodity prices drive capital investment into new projects associated with drilling and completions
- Steady improvement in US onshore and International rig counts

# Taking Decisive Action



- Head count reductions
  - Reduced our workforce: 35%
- Changing our strategy in Canada
- Sale of Drilling Tools division
- Strategic investment in Well Data Labs
- Facility closures
  - Skyline facility in Canada
  - Ramsey Road
  - Oklahoma City
  - Various Distribution Centres
- Compensation frozen
- Capex spend for 2020 was 59% lower than in 2019
- Annualised cost savings approximately \$86m

# COVID-19 Response

## *Meeting Operational challenges*



- Work environment
  - Staggered shifts
  - Work-from-home
  - Team alignment to ensure continuity, health and safety
  - Adherence to local Government policies and procedures
  - Reconfiguration of plant specific workshop footprints to support social distancing
  
- Hunting cares
  - Production of PPE in our Asia Pacific facilities
  - Providing PPE to employees and distributing into the Group's wider communities
  - Deep-cleaning of facilities
  
- Market discontinuity, added cost
  - Productivity impacted
  - Clients delaying or cancelling orders
  - Client connectivity hampered

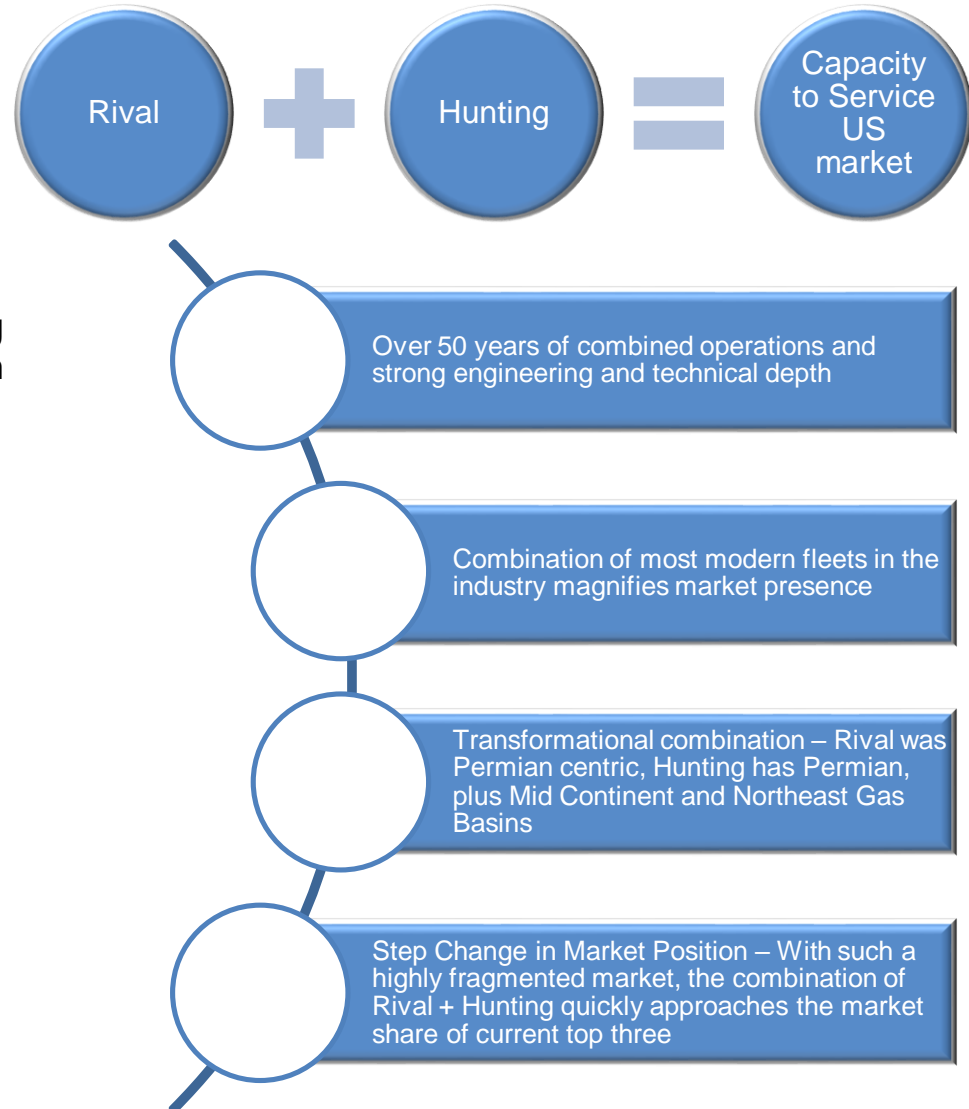
Our work place safety cost associated with COVID-19 is over \$1.3m FY 2020



# Strategic exit of US Drilling Tools and Rival Investment



- Our US Drilling Tools division was at a strategic crossroads
  - Consolidation was needed
  - US land centric, highly fragmented market with numerous competitors
  - Is this the right market for Hunting to continue to operate and invest considering the high capex and the low to no free cash flow history of the division
- Hunting was able to contribute the US Drilling Tools operating assets for 23.5% equity stake in Rival Downhole Tools
  - Hunting retains high value real estate, however rents back two of the three locations.
  - Rival gains geographic expansion and manufacturing capacity to lower cost
  - Hunting benefits from Rival's strategic advantage and long-term service contract with a major service provider
  - Rival can grow with limited capex and leverage their cost structure with a much larger scale of operations

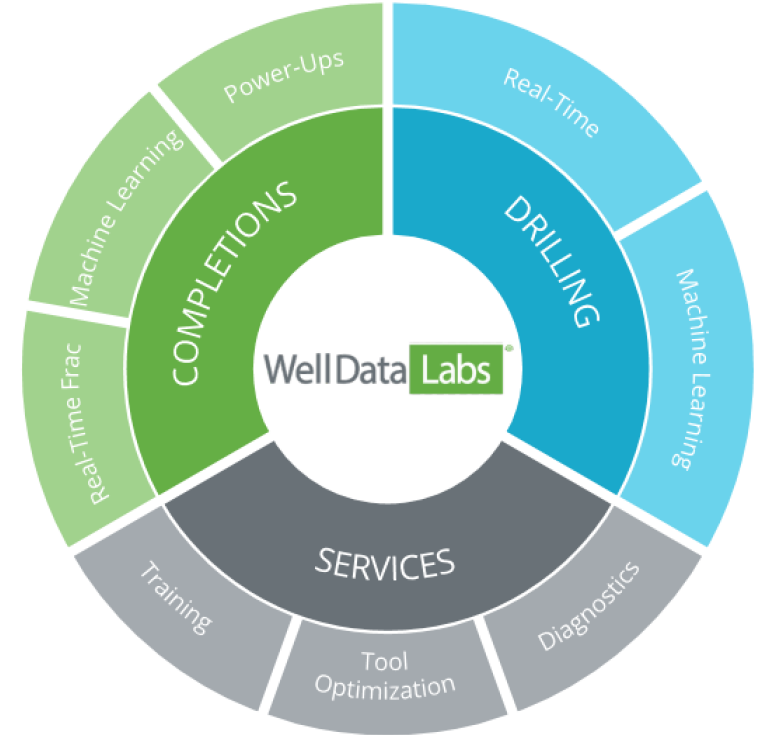


# Investment in Well Analytics and Big Data

## Well Data Labs



- Hunting invested \$2.5m in February 2021 in Well Data Labs (WDL)
- WDL was founded in 2014 and quickly emerged as a leader in downhole well analytics and machine learning
- WDL's proprietary software allows operators to increase efficiency by seeing what is happening downhole in minutes versus days allowing them to adjust and optimise the job
- WDL is currently used on 50% of US frac jobs, analysing data on over half a million frac stages and has over 30 blue chip customers



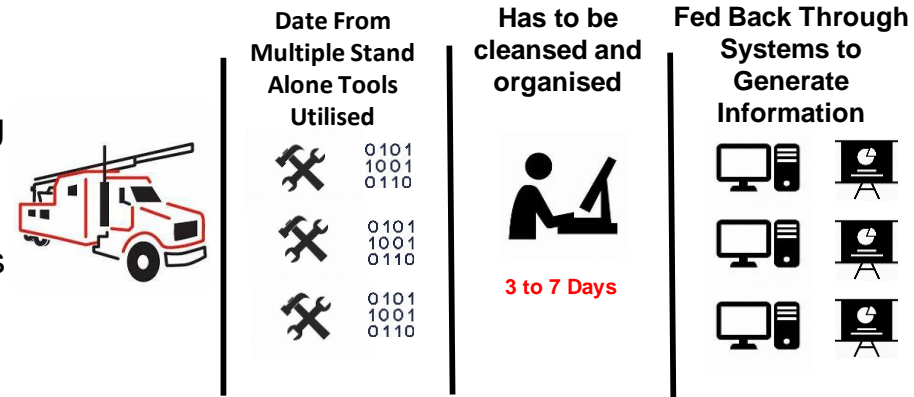
- Not just an investment, it is a partnership in the completions data analytics market
  - Hunting Titan and WDL have entered into an exclusive agreement to promote each other's products as the preferred solution within the completions data arena. Hunting Titan's products will be optimally interfaced into WDL's tool set to provide most seamless flow of data regarding the frac. Hunting will promote WDL through our marketing and distribution channels and be an active business partner
  - Hunting Titan will have access to data that will enable enhanced performance of existing products and the development of new products to meet industry challenges

# The Problem Well Data Labs Solves

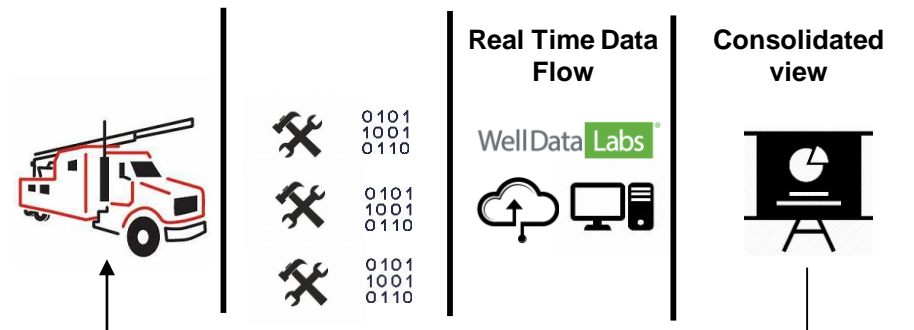


- The industry has been collecting wellbore data for years, but the process is slow, costly and lacks a clear comprehensive view as a result of data silos
  - Since operators use various tools for the processes of drilling, completing and operating a well the data comes from a variety of sources
  - The data derived from these tools typically has to be reviewed, cleaned, anomaly checked by a data analyst
  - The data is then loaded into a system/s to be reviewed by the well engineering team
  - This process may take a week to complete
  - By the time the information is available it is historical information
- WDL eliminates the delay by providing a tool that cleans, consolidates, analyses the different data sets, providing a real time flow of downhole information allowing the operator to adjust based on what they are seeing
- The WDL partnership moves us past the competition by interfacing our perforating systems and WDL's software, providing the customer with enhanced perforating tool performance that is clearer, faster and simpler than competitors

## Wellbore Data Flow is too Slow and Labour Intensive



## Well Data Labs Eliminates the Time Delay, Creating a Single View



**Allowing the operator to adjust completion activity on the fly**

# Operational Overview

## *Hunting Titan*



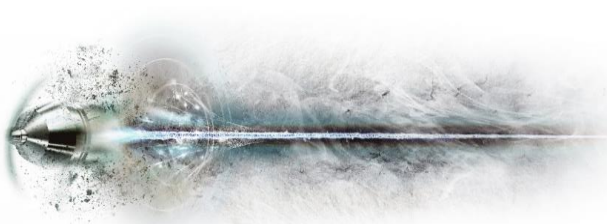
- Excessive system + component inventory = pricing pressure (2020)
- Capacity output increases to meet upswing in demand
- Re-opened distribution facility in Broussard, Louisiana
- Setting tool sales increasing
- Bundled by Stage gaining traction with service companies
- Continued development of cutting-edge technologies
- Detonation cord facility operational
- 38 patents awarded with 104 pending in 2020
- Factory Assembled Guns shipping from Milford and Odessa



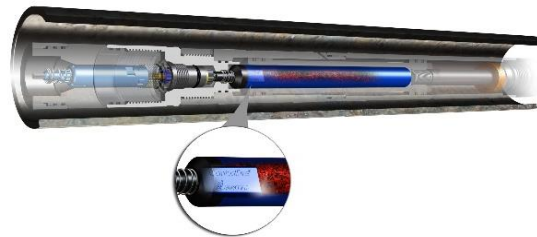
ControlFire® Recon



E-Gun™ Prewired Gun



Perfecta® Rock Charge



Powerset® Recon



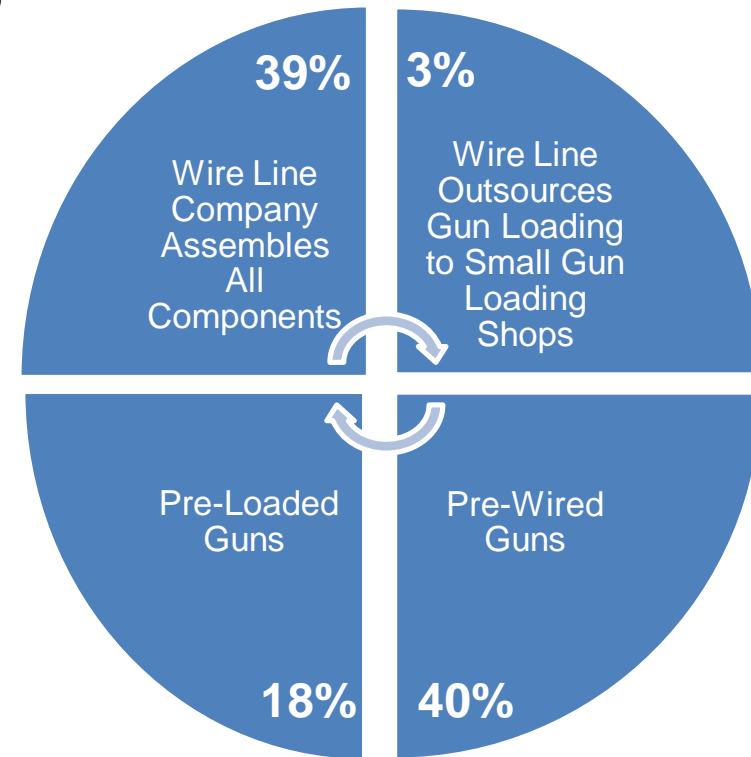
Modular OTL Weight Bar

# Operational Overview

## US Perforating Gun Market Structure



- The market for perforating components continues to evolve with the industry demanding a mix ranging from fully assembled guns to an array of components that can be assembled into a working system
- The common thread with all systems is the demand for addressable technology
  - Hunting ControlFire® has been an industry standard for this technology for years
- Titan offers all assembly options to the marketplace unlike leading competitors
  - Titan offers open architecture components whereby our system can work with other industry components
- Flexibility and adaptability remain key to servicing the industry and optionality demand is based on:
  - The amount of latent inventory that has to be consumed
  - The balance of component cost versus assembly labour cost
  - The ability to adjust the charges within the string to optimise the next stage
  - Allowing wireline operators to reduce staff
- Titan services all markets, configurations and levels of system sophistication and assembly



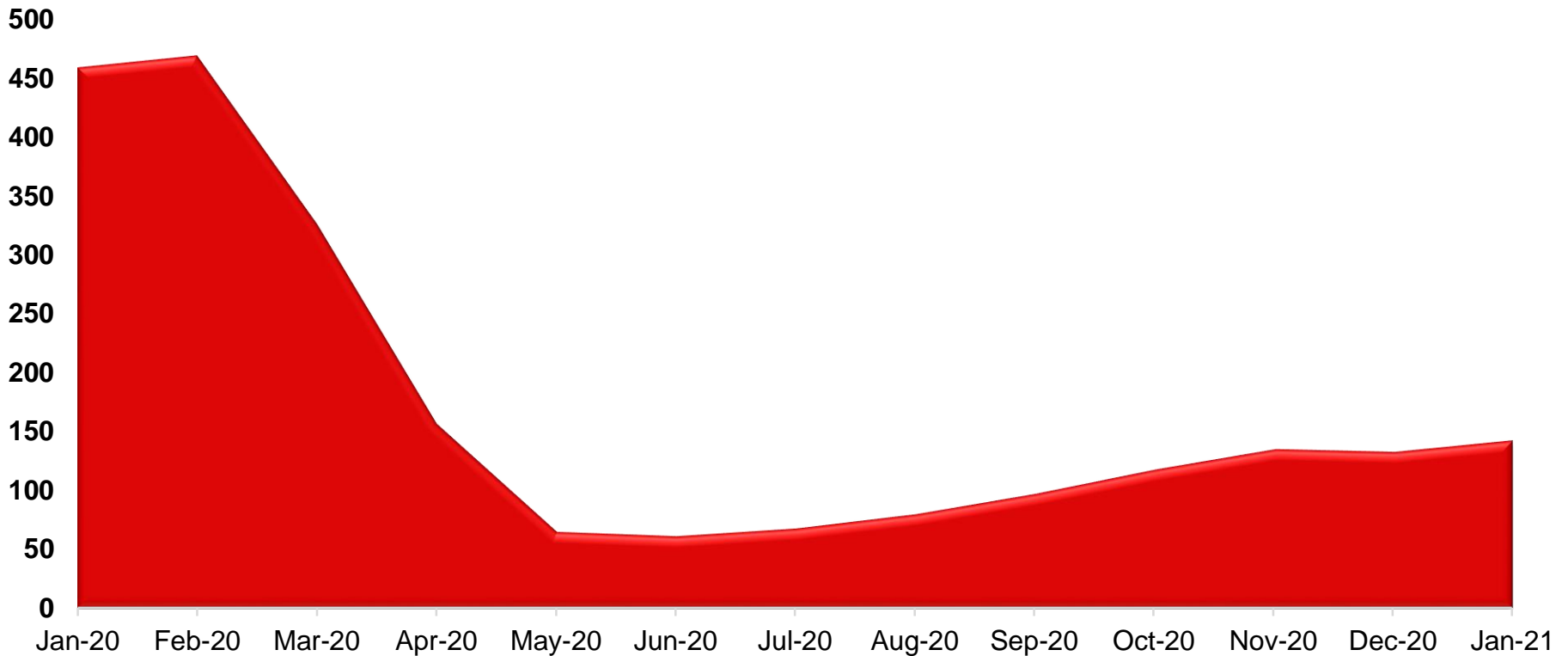
# Operational Overview

## *Frac Spread*

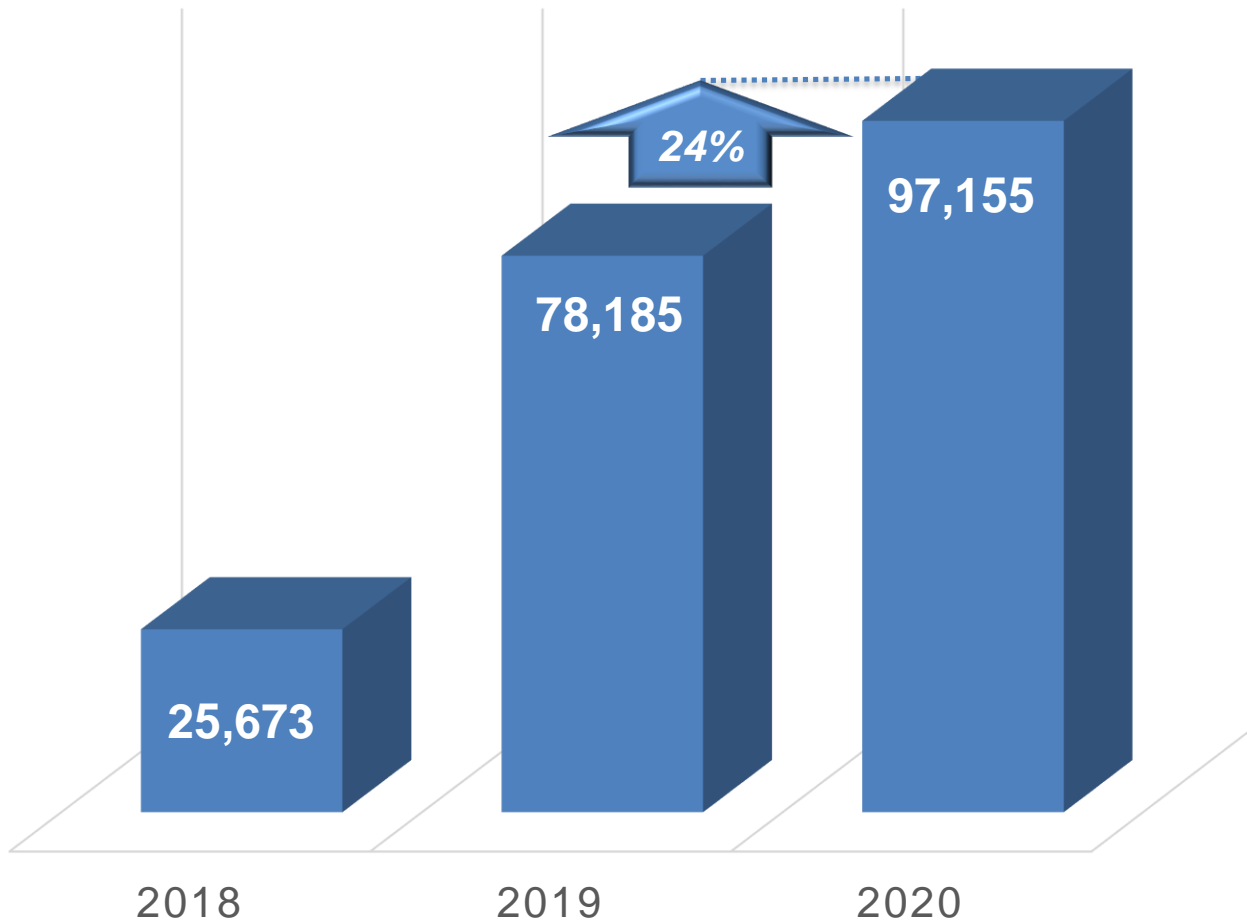


- Significant drop in the Frac spread count
- Rebound in activity beginning in Q3,Q4 (2020) and expanding into Q1 (2021)

## US Frac Spread



## Joins Threaded



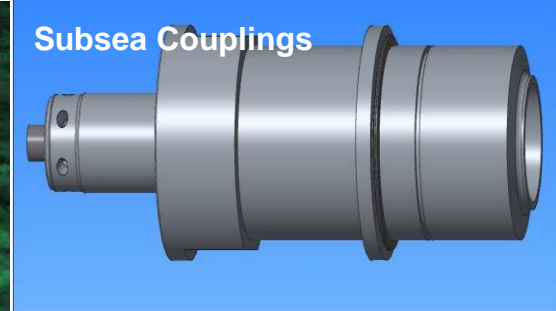
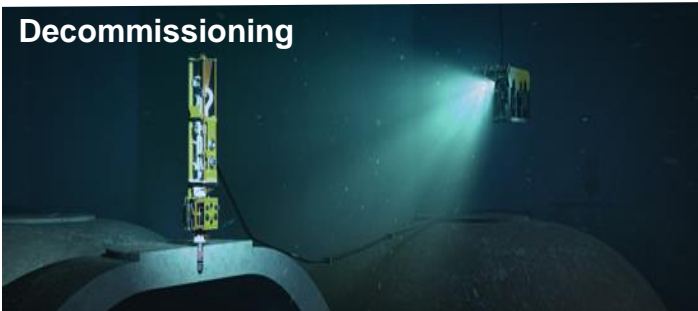
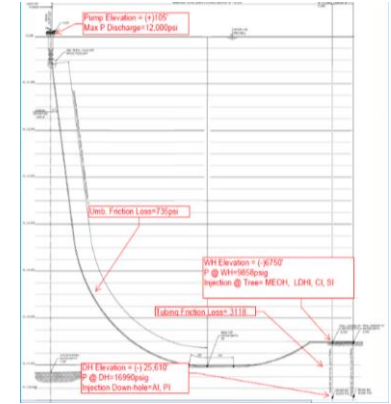
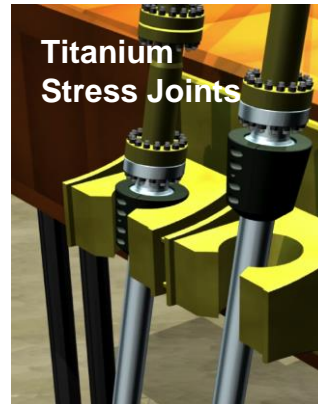
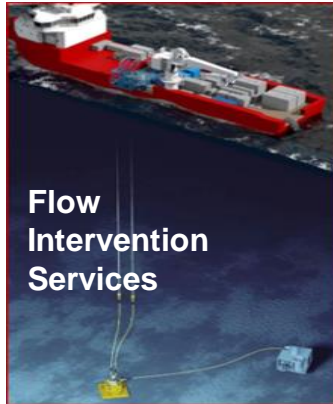


# Operational Overview

## Subsea Technologies Platform for Growth



- With the acquisition of Enpro and our already commercialised TSJ (RTI), Couplings, Valves and Chemical Injection Metering Valve products we are uniquely positioned to assist our offshore customers



- OCTG
  - Projects cancelled or delayed in 2020
  - Seeing uptick in order book and positive outlook for 2021
  - Successful tender for Geothermal Operations in the UK
- Well Intervention
  - Impacted by tightened customer capital expenditure discipline
  - Expecting improved inquiry levels in Q1 2021
- Organic Oil Recovery
  - Successful testing results in significant order for North Sea
  - Several positive pilot test programmes throughout EMEA

# Operational Overview

*Asia Pacific*



- Continued COVID related market deterioration
- Amalgamation of operations (Well Intervention) to reduce costs in Singapore
- Exceptionally strong year given market dynamics
- Jindal alliance progressing well

- Closure of Calgary manufacturing operations
- Establishment of Premium Connection licensee programs in conjunction with OCTG Distributors (replicating US model)
- Reduction in inventory and working capital
- Titan Canada generating positive returns

## Environment

- Published our Climate Policy in January 2021, committing the Group to acknowledging the Paris accords and reducing the Group's carbon footprint
- Encouraging all business groups to source electricity from renewable energy – now c.12% of Group consumption
- Aligning the monitoring and reporting of climate issues to Task Force for Climate-related Financial Disclosures framework

## Social

- Maiden employee engagement survey in 2019, likely to be repeated in 2021 – good feedback received
- Strong community initiatives with the donation of face masks to charities throughout the pandemic
- Supply chain monitoring continued throughout the year with virtual engagement of key partners

## Governance

- Increased Board monitoring of Climate and ESG issues
- Strong QA and HSE performance delivered in 2020
- Diversity and inclusion initiatives being worked on in 2021

# Summary of Investment Case



- Robust financial footing
- Broad technology-based product portfolio focused on the oil and gas industry
- Modern, well-equipped and geographically well-positioned facilities within global energy markets
- Financial strength for bolt on technology-focused acquisitions
- Experienced and focused team to take the Group forward
- Excellent HS&E standards maintained
- ESG credentials position Hunting well with its peers – MSCI AA+
- Established reputation for quality branded products and services
- Returning cash to shareholders