Hunting PLC
Results presentation for the 2022 Half Year

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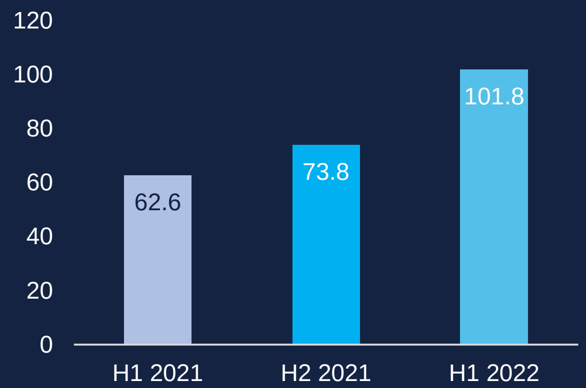
The Macro Picture

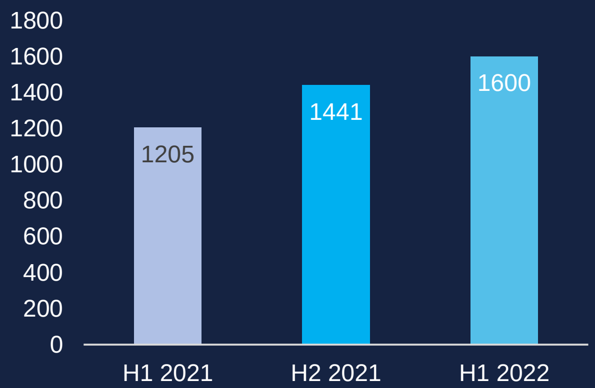
- Macro-economic and geopolitical developments have changed the landscape and sentiment towards oil and gas in the first half of the year.
- Energy supply and security – as well as cost to the consumer – is driving a new agenda.
- Stakeholders are re-assessing the value of a ‘western friendly’ energy supply chain.
- North America is likely to benefit strongly from long term primary energy supply requirements.

Oil Price ($ per barrel WTI)



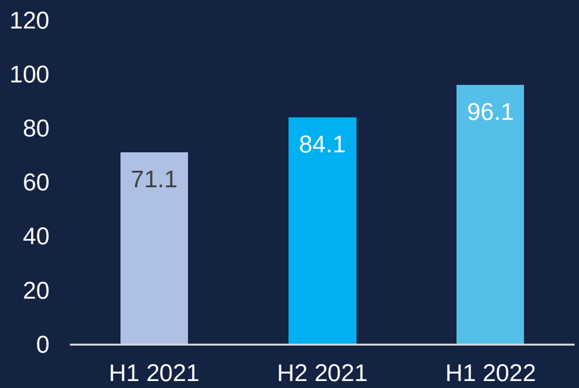
Source: Bloomberg

Average Global Rig Count (#)

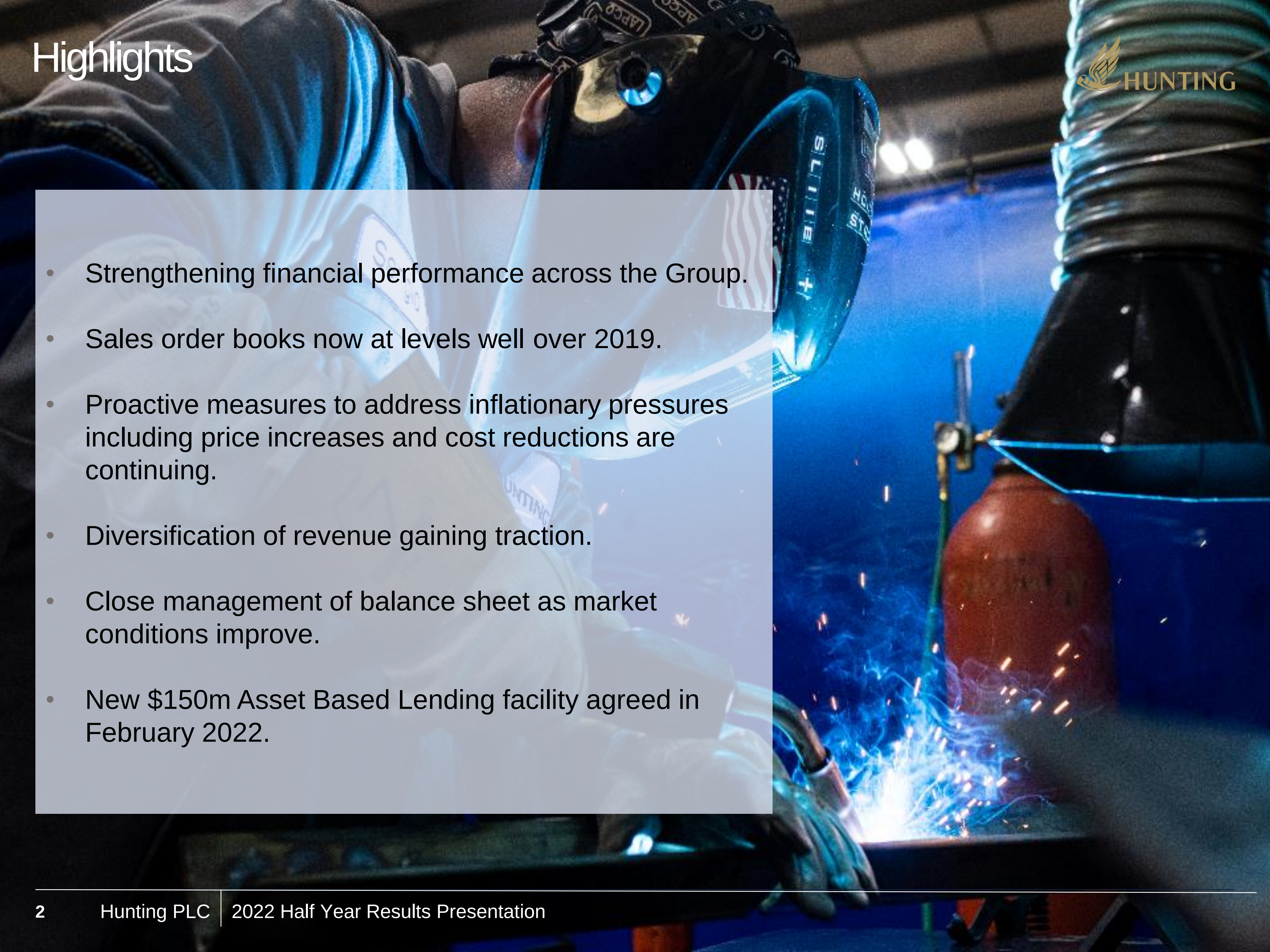


Source: Spears and Associates

Global Drilling Capex ($bn)



Source: Spears and Associates



Highlights

- Strengthening financial performance across the Group.
- Sales order books now at levels well over 2019.
- Proactive measures to address inflationary pressures including price increases and cost reductions are continuing.
- Diversification of revenue gaining traction.
- Close management of balance sheet as market conditions improve.
- New $150m Asset Based Lending facility agreed in February 2022.

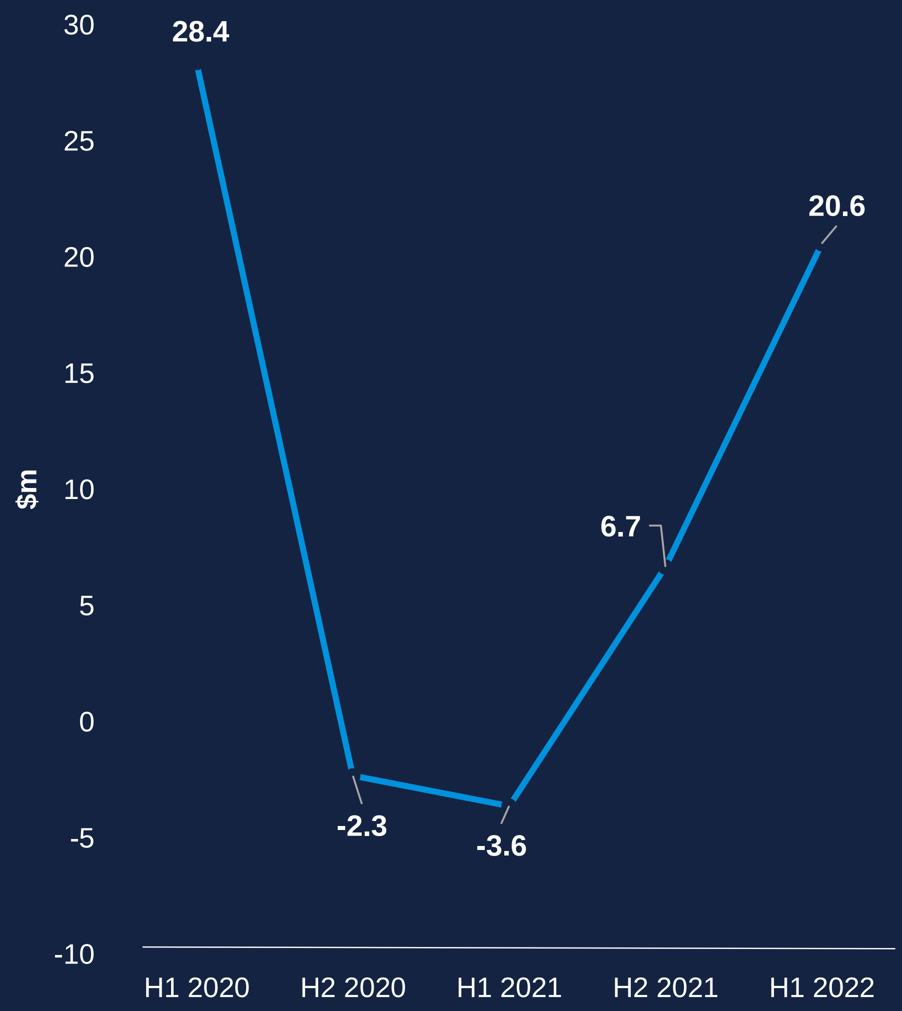
Adjusted Group Income Statement*

	H1 2021 $m	*Margin %*	H2 2021 $m	*Margin %*	**H1 2022 $m**	***Margin %***
Revenue	244.4		277.2		**336.1**	
Gross profit	44.1	*18*	56.5	*20*	**75.8**	***23***
EBITDA	(3.6)	*(1)*	6.7	*2*	**20.6**	***6***
(Loss) profit from operations	(23.0)	*(9)*	(12.1)	*(4)*	**1.7**	***1***
Share of associates' losses	(1.1)		(2.4)		**(1.3)**	
Loss before tax	(25.1)		(15.5)		**(0.5)**	
Tax charge	(2.1)		(2.8)		**(3.2)**	
Loss after tax	(27.2)		(18.3)		**(3.7)**	
Diluted loss per share	(16.1c)		(11.0c)		**(2.4c)**	
Dividend per share	4.0c		4.0c		**4.5c**	

*Adjusted results being before amortisation and exceptional items

EBITDA

- EBITDA of $20.6m reported for H1 2022 (H1 2021 – $(3.6)m; H2 2021 – $6.7m).
- EBITDA margin improving to 6% (H1 2021 – (1)%; H2 2021 – 2%).
- Further strengthening anticipated for the full year driven by improving economic outlook and higher facility utilisation.

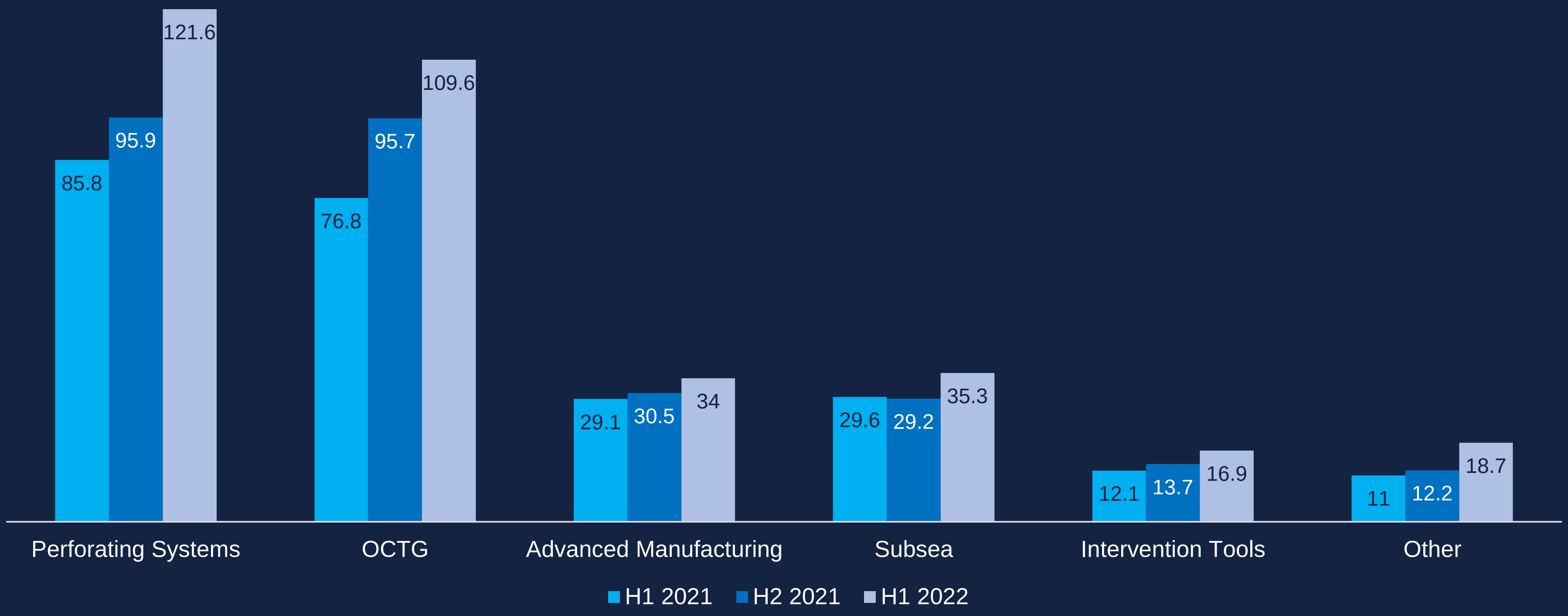


Adjusted Segmental Results

	H1 2021			H2 2021			**H1 2022**		
	Revenue $m	Results from operations $m	Margin %	Revenue $m	Results from operations $m	Margin %	**Revenue $m**	**Results from operations $m**	**Margin %**
Hunting Titan	88.7	(1.6)	*(2)*	100.6	0.7	*1*	**127.2**	**4.3**	***4***
North America	122.2	(10.4)	*(9)*	132.4	(5.7)	*(4)*	**158.7**	**-**	***0***
EMEA	27.6	(6.6)	*(24)*	30.5	(4.6)	*(15)*	**37.1**	**(2.2)**	***(6)***
Asia Pacific	19.1	(4.4)	*(23)*	29.0	(2.5)	*(9)*	**31.9**	**(0.4)**	***0***
Inter-segment elimination	(13.2)	-		(15.3)	-		**(18.8)**	**-**	
	244.4	(23.0)		277.2	(12.1)		**336.1**	**1.7**	

Revenue by Product Grouping

Revenue by Product ($m)



	H1 2021	H2 2021	**H1 2022**
Oil and gas	226.9	257.1	**312.0**
Non-oil and gas	17.5	20.1	**24.1**
	244.4	277.2	**336.1**

Group Balance Sheet

	31 December 2021 $m	**30 June 2022 $m**
Property, plant and equipment	274.4	**260.5**
Right-of-use assets	24.7	**20.1**
Goodwill and other intangible assets	200.3	**196.6**
Associates and joint ventures	19.4	**20.0**
Working capital	278.0	**299.7**
Taxation	1.4	**0.8**
Provisions	(8.1)	**(6.8)**
Other net assets	2.7	**5.4**
Total bank and cash	114.2	**85.6**
Lease liabilities	(31.8)	**(24.8)**
Other borrowings	(3.9)	**(3.9)**
Net cash	78.5	**56.9**
Net assets	871.3	**853.2**
Inventory days	163 days	**143 days**
Receivables days	87 days	**80 days**

Working capital

	31 December 2021 $m	**30 June 2022 $m**
Inventories		
- **Hunting Titan**	95.4	**98.9**
- **North America**	114.3	**126.1**
- **Other segments**	54.2	**47.5**
Gross inventories	263.9	**272.5**
Provision for inventories	(59.5)	**(52.3)**
Net inventories	204.4	**220.2**
Receivables	157.2	**188.2**
Payables	(83.6)	**(108.7)**
Total	278.0	**299.7**

Group Cash Flow

	H1 2021 $m	H2 2021 $m	**H1 2022 $m**
EBITDA	(3.6)	6.7	**20.6**
Add: Share-based payments	5.1	4.1	**4.6**
	1.5	10.8	**25.2**
Working capital	24.0	(1.2)	**(22.1)**
Net interest and bank fees received (paid)	0.7	(1.1)	**(3.2)**
Net tax received (paid)	1.1	(0.5)	**(2.3)**
Proceeds from business and asset disposals	4.4	31.5	**7.5**
Gains on business and asset disposals	(0.7)	0.1	**(2.2)**
Lease payments	(6.2)	(4.4)	**(4.5)**
Warranty claim settlement	-	(1.7)	**-**
Restructuring costs	(1.2)	(0.8)	**-**
Other	(1.2)	(0.7)	**(1.6)**
Free cash flow	22.4	32.0	**(3.2)**
Capital and intangible asset investment	(4.7)	(4.6)	**(8.9)**
Investment in businesses	(2.5)	(8.9)	**(1.9)**
Dividends paid to equity shareholders	(6.4)	(6.4)	**(6.4)**
Net purchase of treasury shares	(5.0)	(2.6)	**(4.0)**
	3.8	9.5	**(24.4)**
Foreign exchange	0.2	(1.0)	**(4.2)**
Movement in total bank and cash	4.0	8.5	**(28.6)**

Fundamentals For A Sustained Upcycle

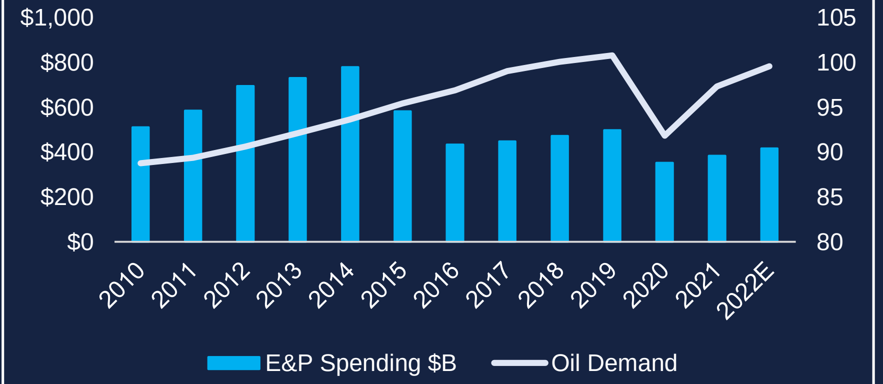
- Reduced investment in E&P capex and increasing global hydrocarbon demand has set the stage for a long-term upcycle for the oil and gas industry.

E&P Capex
- Responding to various economic or shareholder pressures, E&P spending has been cut dramatically since 2014.
- The reward system to E&Ps has also shifted from production growth to improving cash flows and increasing investor returns.

Demand
- While investment trended down, global demand trended up with lower commodity prices until the impacts of COVID-19 reduced mobility. Post-COVID, demand is expected to approach 100 million barrels per day.

Industry Upcycle View
- Multi-year process to get some projects to first oil (offshore, or field development)
- Many of these projects are long lead and build predictable order book.
- Interim solutions involving hydrocarbons also required to run in tandem with tight labour markets.

E&P Capex Vs. Global Oil Demand



Source: EIA, IEA

Market Overview

- Underlying core markets continue to strengthen with drilling capex likely to be robust through to 2025.
- Rig counts continue to increase with a period-on-period increase of 58% in the US onshore.
- DUC counts are declining as completions outpace new wells.
- New urgency for LNG and natural gas supplies.

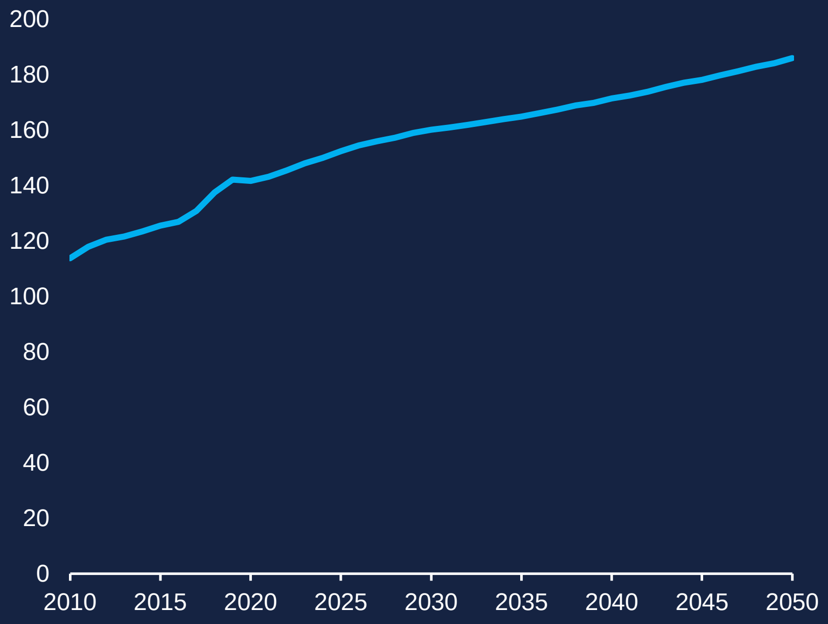
Spears & Associates - Onshore Drilling Spend Projections $bn - June 2022

Spears and Associates - Offshore Drilling Spend Projections $bn - June 2022

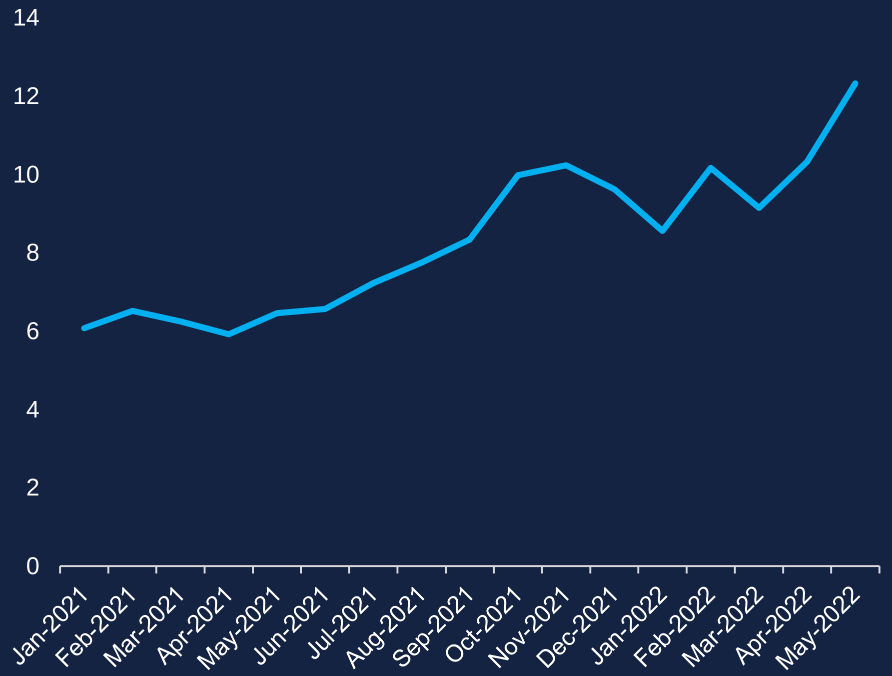
World Natural Gas Market

- Global natural gas production is expected to grow by 72 TCF (61%) by 2050.
- Short term demand for natural gas has dramatically increased.

World natural gas production (TCF)



US LNG Export pricing USD/TCF



- Hunting remains agnostic to type of field development or project, given its broad product offering.

Source: EIA

Outlook for Offshore Activity

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H1 2022
3X
increase in awards vs H1 2021

Forecasted Awards 2022–2026
71%
Increase vs prior five year average

- Years of lower commodity prices and the impacts of COVID19, the industry scaled back on offshore EPC spending by either cancelling many projects due to current economics, or re-engineering the project based on the uncertainty of oil prices and more recently many simply had logistical delays associated with supply chain and manpower needed for the project.

- With a brighter outlook on commodity prices and a focus on energy security, many of the pent up offshore projects are being sanctioned at an accelerated pace creating opportunities for long term product demand.

- As a premier supplier to the offshore segment, Hunting is well positioned with manufacturing located in key global markets. Hunting's reach is now for all stages of the recovery in offshore project spend with specialised products focused on OCTG connections, completion equipment, subsea infrastructure and tree connectivity and a reputation for quality and reliability earned over many years within the industry.

Source: Westwood Global Energy Group

Group – Key Performance Themes

- Hunting Titan continues to have a leading market share in North America onshore completions driven by strong technology and agile manufacturing footprint.
- North America is seeing broad-based increases in order books across whole product range with strong progress in both oil and gas and other sectors.
- EMEA is positioned for growth following UK OCTG restructuring, Europe energy security concerns and increasing activity in Middle East.
- Asia Pacific is now emerging from COVID-19 pressures and, with the CNOOC order and the new facility in Singapore, is positioned for strong growth. India JV also progressing well.
- Businesses are well positioned for a strong H2 2022 and 2023.
- Inventory and working capital builds are occurring gradually but only on the basis of firm orders received or component delivery times.

Hunting Titan – US Market Backdrop

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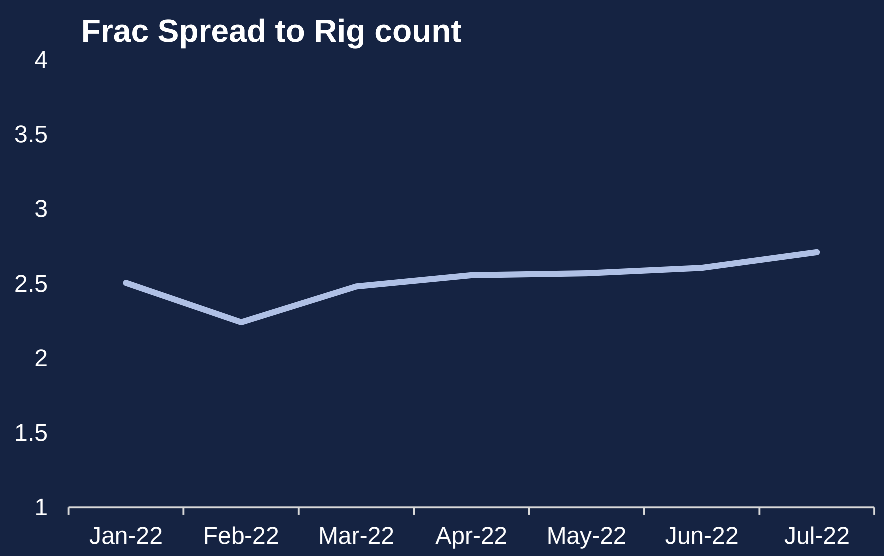
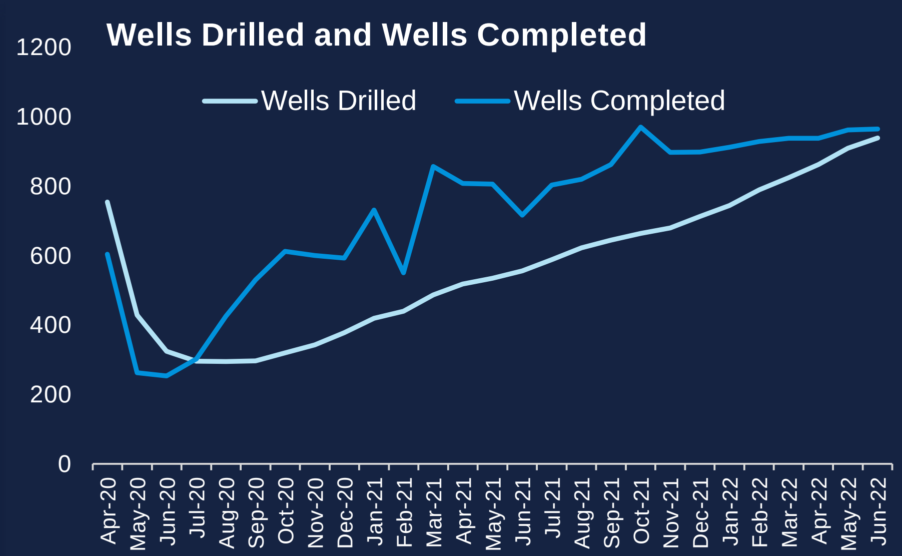
- Frac Spread growth from 234 (31/12/2021) to 289 (24/6/2022).
- DUC counts reducing, as completions outpace new drilling, but rig efficiencies also continue to improve.
- Uptick in recompletions being seen in the onshore US.
- Continued efficiencies in stages per day and overall footage completed by Operators.
- Labour, sand and steel constraints affecting frac fleet growth.





Source: OilPrice.com, EIA

Hunting Titan – International

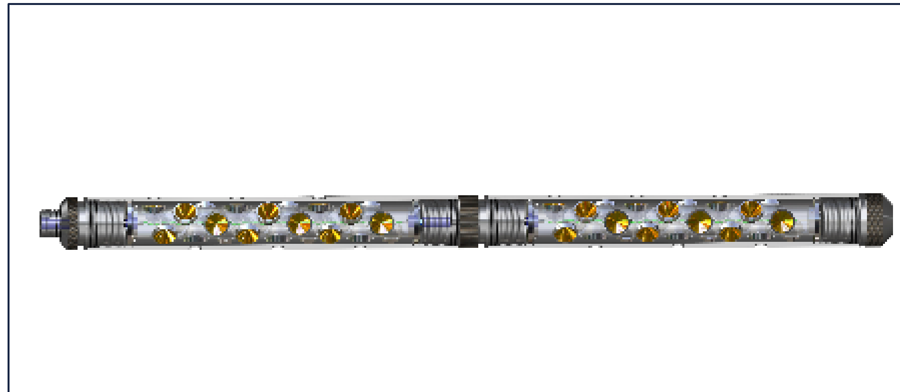
- International sales also seeing traction in the period, particularly in China, Middle East and South America. Sales of unconventional technologies have doubled since 2021.
- China market seeing good recovery despite ongoing impact of pandemic.
- Substantial increase in MWD detector technologies.
- Canadian sales improving in line with increased drilling and completion activities.

Hunting Titan – Strategic Initiatives

- Clients migrating to higher efficiency technologies, such as the H-3 perforating system.
- Pre-loaded gun offering seeing strong increases in sales during period.
- Detonation cord increasing market penetration in US to >30%.
- Perforating system capacity ramping up – including automated cells at Pampa and reactivation of Oklahoma City and planned expansion of Mexico.
- Continued focus on efficiency and cost controls.

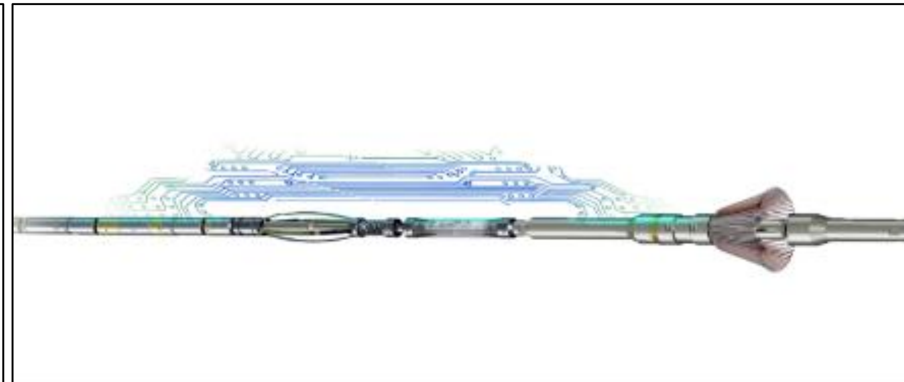
Hunting Titan – New Products Roadmap

ControlFire Perf+
Automated Perforating + Data Acquisition



KnockOut 360°
Consistent, 360° Circulating Charges

HMX & RDX Detonating Cord
Now Available Globally with Air-Pack Shipping



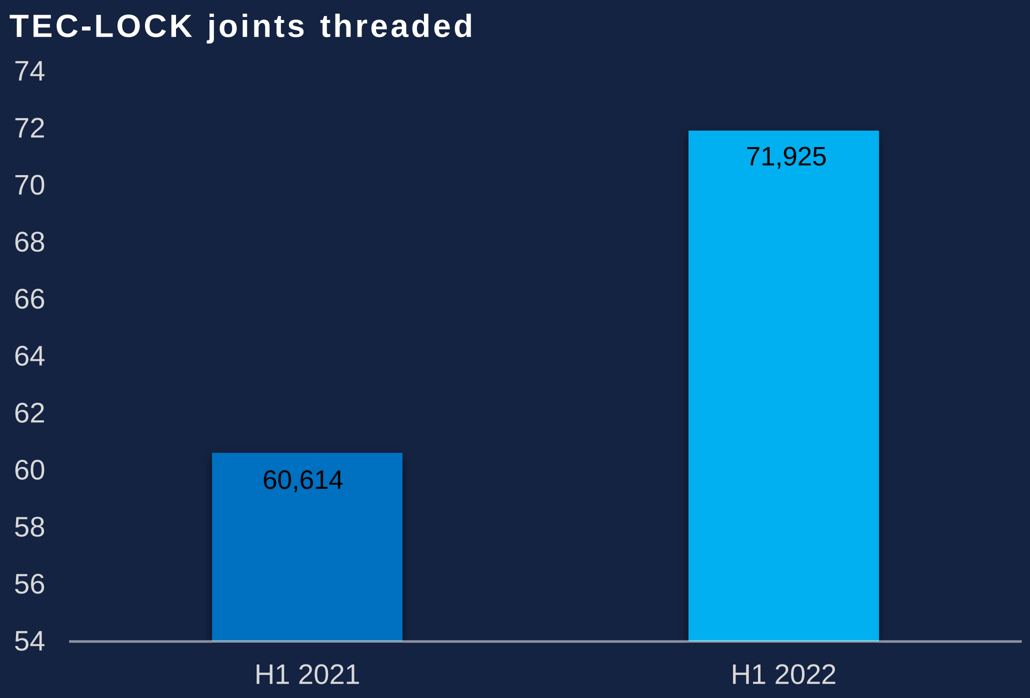
RIB-C & RIB-C Adapter
Creating Additional Instrumentation Tool Compatibility

North America – Overview

- Strong increases in order books within the Premium Connections, Accessories Manufacturing, Subsea Technologies and Advanced Manufacturing product groups.
- Premium Connections business seeing stronger demand, with Canada delivering good profits, following change to business model in 2020.
- Subsea Technologies Spring run of order wins positions the business well for FPSO market development.
- Advanced Manufacturing continues to grow non-oil and gas markets.
- Trenchless business trading strongly, as US infrastructure build-out continues.
- Collaborations with Well Data Labs and Cumberland Additive progressing as the market outlook improves.

North America – Connection Technologies

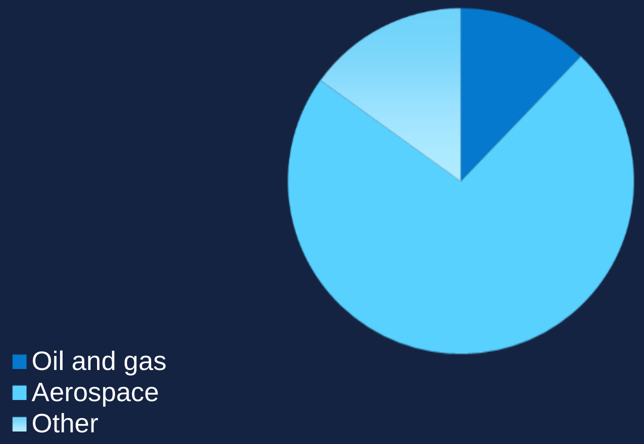
- TEC-LOCK sales continue to be robust within US onshore market.
- SEAL-LOCK and WEDGE-LOCK volumes also increasing as offshore demand slowly returns to growth.
- TKC 4040 connection seeing good year-on-year increases, as Canada markets remain strong.



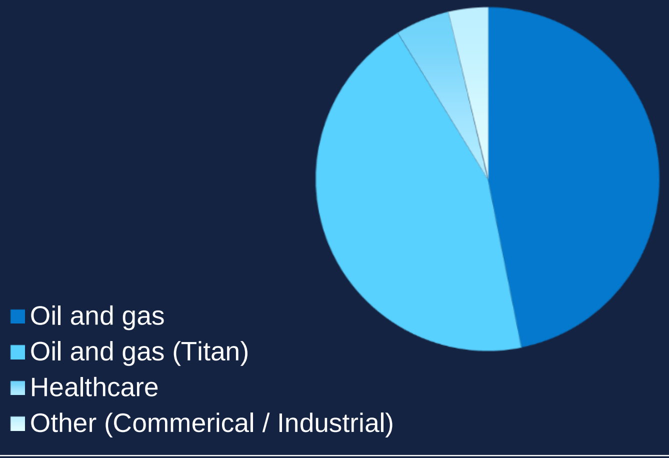
North America – Advanced Manufacturing Group

- Dearborn is increasing its non-oil and gas order books, with good progress made within the aviation sector. Dearborn has been ITAR accredited since 2017.
- Strong growth in the Oilfield Service Companies order books.
- Electronics also recording strong momentum within oil and gas markets but also seeing increases in medical and defence orders.
- Order book strong through Full Year 2022 and into 2023.

Dearborn Order book FY22 and into 2023



Electronics Order book FY22 and into 2023



North America – Subsea Stafford

- Offshore markets continue to grow given the wider geopolitical and commodity price backdrop.
- Good co-ordination between three subsea businesses is leading to increased opportunities, given the Group's broader product offering.
- Developing new non-metal seal solution to broaden customer offering.
- Opportunities for valves used in drilling control activities now being used in production control applications.
- Qualification complete for pressure control valve and annular block manifolds for Brazil.

North America – Subsea Spring

- $85.5m of awarded work since acquisition in September 2019.
- Awarded projects include Jack St Malo, King's Quay, Anchor and Shenandoah.
- Growth in direct pull through guide tubes for Guyana and Brazil.
- Sales profile now strong into 2023 and 2024.

North America – FPSO Market Potential

- The ExxonMobil Yellowtail development is an exciting development for Subsea Spring. Application of stress joints to FPSOs allows for more oil to be removed from the facility, thus increasing the returns to the operator.

North America – Enpro Subsea

- Sales order book increased in Q2 2022, equalling total sales in 2021.
- Good progress for Fluid Intervention Services and Flow Access Module products.
- Decommissioning product offering also seeing strong interest in North Sea applications.
- Building out US business team, for push into North / South America markets.

North America – Other Businesses

USM / Specialty Supply

- Significant increase in backlog.
- Offshore GOM business increasing.
- Oilfield Services order book significantly up.
- OEM and print part work continues to be strong.
- Continued improvement of MWD product order book due to favourable replacement cycle.

Trenchless

- Strong order book H1 2022 and H2 2022.
- Expectations of US government Infrastructure package to greatly enhance sales opportunities.
- Development of new drilling heads, HDD dirt transmitters, and HDD motor designs.
- Adding dealers in US and Europe to increase distribution coverage.

OCTG - Canada

- Market conditions have markedly improved since 2020, with well counts and investments projected to steadily increase.
- New business model producing profitability.
- Key threads being ordered:
  - 4040 HOC / VIT.
  - TEC-LOCK.
  - SEAL-LOCK XP.

EMEA – Overview

- UK OCTG restructuring and cost saving initiatives positions business for future profitable growth.
- Well Testing performance improved driven by Middle East and South America.
- Increase in Well Intervention business throughout the region.
- Saudi Arabia facility reporting a step up in activity.
- Organic Oil Recovery making inroads with OSC's globally.

EMEA – OCTG: UK / Netherlands

- UK OCTG restructuring delivered $27.7m (net) to Hunting in December 2021.
- Preferred manufacturer agreement in place with Marubeni Itochu. Good inspection and storage revenue secured in the period.
- Outlook for the North Sea positive due to energy security concerns.
- Netherlands business benefiting from the Tubacex Brazil contract which will extend into 2024. Aberdeen facility supporting contract.

Asia Pacific – Overview

- Challenging H1 2022 due to closure of Shanghai port, H2 2022 and beyond looking very positive. CNOOC order supports visibility well into 2023.

- OSC's turnkey manufacturing increasing significantly.

- Facility consolidation in Singapore and inventory reduction to mitigate cost.

- Expanding OCTG mill portfolio.

- India JV generating sales for the segment. New threading facility in Nashik on track for commissioning for H1 2023.

Summary

- Hunting well placed for the ongoing recovery in activity.
- Sales order books likely to increase further due to commodity price environment.
- Margins likely to strengthen as utilisation levels increase, pricing improves and efficiency gains are captured.
- Continued focus on streamlining core businesses while growing new revenue streams.

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Financial Appendices
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Diluted loss per share	(18.9c)		(34.3c)		**(2.4c)**	
Dividend per share	4.0c		4.0c		**4.5c**	

Adjusting Items

	H1 2021 $m	H2 2021 $m	**H1 2022** **$m**
Amortisation of acquired intangible assets	(4.3)	(2.7)	**-**
Impairments:			
- **Net inventory**	0.8	(26.7)	**-**
- **Property, plant and equipment**	-	(8.6)	**-**
Restructuring costs	(1.2)	(0.8)	**-**
Loss on disposal of business	-	(0.9)	**-**
Rival settlement	-	(1.7)	**-**
Gain on lease surrender	1.0	-	**-**
Other adjusting items	0.2	-	**-**
	(3.5)	(41.4)	**-**

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