

PATTERSON-UTI ENERGY, INC.

4Q20 Earnings Recap: Convergent Land Rigs Margins

Quick Take: We maintain Sector Outperform on PTEN as a way to play North American activity improvement. Interestingly, the difference between contracted rig margins in backlog and spot margins is not much. Also, term dayrate and spot dayrate including ancillary services is similar, currently around \$21-22K.

Thesis/Update

We maintain Sector Outperform on Patterson-UTI Energy (PTEN) as a way to play North American activity improvement. PTEN expects company EBITDA to trough in 1Q21 and improve from there on. We agree.

PTEN mentioned spot and term dayrates currently are at similar levels, which we estimate around \$21-22K including ~\$3K/day from ancillary services at high margins. The company expects rigs to increase in 1Q21 to 69 including five idle but contracted (IBC) rigs from 62 rigs in 4Q20 (10 IBC rigs). The visibility beyond March is low but PTEN expects higher WTI prices should help in further increases. We model U.S. land rigs exiting at ~415 by end of 2021 vs 375 currently.

PTEN has introduced EcoCell battery to replace one of the generators on the rig and is generating returns (included in ancillary services). It could ultimately result in replacing more than one generator with a single EcoCell but too early to say for sure. An EcoCell costs ~\$750K but could face potential supply constraints.

The northeast pressure pumping activity declined in late 2020 and has remained low. The company expects it to improve in late 1Q. PTEN is also moving a fleet from northeast to TX in 1Q. Accordingly, utilization on seven working fleets will be low in 1Q. PTEN's guidance implies about \$2M ann. EBITDA/fleet in 1Q21. We model fleets returning to closer to \$5-6M ann. EBITDA/fleet in 2Q-4Q21, similar to 3Q20 levels. Pricing has not improved so far and expected flattish in 1Q21.

Numbers Matter

We model \$27M EBITDA for 1Q21, in line with PTEN's guide. Our 2021 EBITDA est. decline from ~\$175M to \$155M owing to lower pressure pumping profitability. Our 2022 EBITDA essentially remains unchanged at \$275M.

Our one-year price target for PTEN remains unchanged at \$7, based on 60% weight to 2030E DCF/share value of \$6.00, 20% on \$7 implying 10% FCF yield of ~\$0.70 on average over the next 5 years and 20% on a mix of 2024E DCF/share value of \$9.00 and \$5.00 based on 4.5x 2023E EV/EBITDA discounted back 2 years at 10%.

Risks to Thesis

- Over-supplied rig market. There are about ~700 super spec land rigs available in the market vs our est. of U.S. through cycle rig demand of ~550. This could keep a lid on pricing. Better market structure with top three holding more than 75% of super-spec rigs provides some offset.
- Leverage. We est. PTEN is trading at 4.2/2.1x net debt/EBITDA on 2021/22E, highest within our coverage universe. However, PTEN only has ~\$50M debt due in 2022 and then ~\$525/\$350M in 2028/29. Also, the company has been and is expected to remain FCF positive consistently.

OILFIELD SERVICES & ENERGY TRANSITION

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Company Model (US\$M)

Summary	1Q20	2Q20	3Q20	4Q20	1Q21E	2Q21E	3Q21E	4Q21E	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E	2024E	2025E	2026E
Revenue	446	242	201	221	243	266	274	273	3,182	1,821	898	2,357	3,327	2,460	1,109	1,056	1,382	1,566	1,621	1,621	1,621
Consensus	439	245	199	219	242	265	280	276	3,182	1,891	916	2,357	3,327	2,471	1,124	1,093	1,307	1,551	1,677	-	-
EBITDA	87	53	36	30	27	41	44	44	1,002	513	192	546	808	573	207	155	275	357	393	393	393
Consensus	76	40	30	30	31	38	43	42	1,002	582	212	491	806	560	174	151	264	432	483	-	-
EPS	(\$0.45)	(\$0.58)	(\$0.64)	(\$0.58)	(\$0.58)	(\$0.53)	(\$0.51)	(\$0.52)	\$1.11	(\$1.47)	(\$2.25)	(\$0.80)	(\$0.34)	(\$1.17)	(\$2.23)	(\$2.13)	(\$1.62)	(\$1.25)	\$0.40	\$0.43	\$0.46
Consensus	(\$0.46)	(\$0.53)	(\$0.62)	(\$0.62)	(\$0.57)	(\$0.54)	(\$0.52)	(\$0.53)	\$1.53	(\$0.73)	(\$2.16)	(\$0.80)	(\$0.34)	(\$0.97)	(\$2.45)	(\$2.13)	(\$1.68)	(\$0.97)	(\$0.24)	-	-
Contract Drilling																					
U.S. Land + Inland Rig Count	785	392	254	308	369	401	413	413	1,806	925	486	862	1,033	943	434	399	492	537	543	543	543
Growth	-4%	-50%	-35%	21%	20%	9%	3%	0%	6%	-49%	-47%	77%	20%	-9%	-54%	-8%	23%	9%	1%	0%	0%
U.S.																					
Operating Days	11,188	7,450	5,499	5,720	6,310	7,116	7,409	7,409	74,099	43,685	22,975	49,751	62,971	54,282	29,857	28,244	35,936	39,188	39,639	39,639	39,639
Rigs Working	123	82	60	62	70	78	81	81	203	120	63	136	173	149	82	77	98	107	109	109	109
Market Share	16%	21%	24%	20%	19%	20%	20%	20%	11%	13%	13%	16%	17%	16%	19%	19%	20%	20%	20%	20%	20%
Spot Super Spec Dayrate (\$)	23,200	20,600	17,600	17,100	17,100	17,100	17,100	17,100	-	-	-	-	24,300	24,000	17,100	17,100	17,100	17,100	17,100	17,100	17,100
Other Working Rigs Dayrate (\$)	15,000	14,800	14,500	14,500	14,500	14,500	14,500	14,500	-	-	-	-	17,500	15,500	14,500	14,500	14,500	14,500	14,500	14,500	14,500
Blended Dayrate (\$)	23,200	23,641	21,217	20,161	19,692	19,155	19,020	19,020	23,621	23,843	21,686	20,688	22,997	23,930	20,161	19,020	18,020	17,852	17,852	17,852	17,852
Daily Opex (\$)	(14,500)	(11,650)	(10,620)	(12,430)	(14,500)	(14,300)	(14,300)	(14,300)	(13,810)	(12,420)	(13,750)	(12,890)	(13,580)	(15,470)	(12,430)	(14,300)	(14,300)	(14,300)	(14,300)	(14,300)	(14,300)
Daily Margins (\$)	9,252	10,122	8,992	7,765	6,599	6,448	6,373	6,310	9,811	11,423	7,936	7,303	8,568	9,335	9,054	6,431	6,819	7,752	8,500	8,500	8,500
Revenues	266	162	109	116	133	148	153	153	1,750	1,042	498	1,029	1,398	1,294	640	587	761	866	906	906	906
Canada																					
Revenues	1	0	0	0	0	0	0	0	87	38	16	14	9	5	1	0	0	0	0	0	0
Total Contract Drilling Revenues	267	163	109	116	133	148	153	153	1,839	1,084	531	1,040	1,430	1,298	654	587	761	866	906	906	906
Growth	-1%	-39%	-33%	6%	15%	11%	4%	0%	-	-41%	-51%	96%	38%	-9%	-50%	-10%	30%	14%	5%	0%	0%
Opex	(163)	(87)	(59)	(71)	(91)	(102)	(106)	(106)	(1,067)	(609)	(306)	(667)	(886)	(785)	(381)	(405)	(515)	(562)	(569)	(569)	(569)
EBITDA	102	74	49	43	41	45	46	46	766	458	219	367	538	506	269	178	242	300	333	333	333
EBITDA Margin	38.3%	45.6%	44.7%	37.6%	30.6%	30.4%	30.2%	30.0%	41.7%	42.2%	41.3%	35.3%	37.6%	39.0%	41.1%	30.3%	31.7%	34.6%	36.8%	36.8%	36.8%
EBIT	(9)	(33)	(54)	(61)	(64)	(60)	(59)	(59)	242	(161)	(249)	(143)	15	11	(157)	(242)	(178)	(120)	173	173	173
EBIT Margin	-3.4%	-20.2%	-49.5%	-53.2%	-48.3%	-40.6%	-38.3%	-38.7%	13.2%	-14.8%	-46.9%	-13.7%	1.1%	0.9%	-24.0%	-41.3%	-23.4%	-13.8%	19.1%	19.1%	19.1%
Pressure Pumping																					
U.S. Horizontal Rig Count	703	353	217	269	323	342	348	348	1,278	731	401	737	900	825	385	340	416	459	465	465	465
Growth	-2%	-50%	-38%	24%	20%	6%	2%	0%	16%	-43%	-45%	84%	22%	-8%	-53%	-12%	22%	10%	1%	0.0%	0.0%
U.S. Well Completions	3,340	1,227	1,364	1,679	1,978	2,087	2,107	1,806	21,370	13,059	8,132	11,810	14,749	14,562	7,611	7,978	8,999	9,303	8,728	8,704	8,704
Growth	-5%	-63%	11%	23%	18%	6%	1%	-14%	-	-39%	-38%	45%	25%	-1%	-48%	5%	13%	3%	-6%	0%	0.0%
U.S. Frac Fleets Working	314	78	115	123	137	154	165	165	452	264	162	314	413	377	157	155	197	215	217	217	217
Growth	-4%	-75%	47%	7%	11%	13%	7%	0%	-	-41%	-39%	93%	32%	-9%	-58%	-1%	27%	9%	1%	0.0%	0.0%
U.S. Working HHP (MM)	14,755	3,683	5,425	5,786	6,423	7,249	7,764	7,764	-	9,251	6,485	14,110	19,411	17,719	7,402	7,305	9,255	10,092	10,208	10,208	10,208
Growth	-4%	-75%	47%	7%	11%	13%	7%	0%	-	-	-30%	118%	38%	-9%	-58%	-1%	27%	9%	1%	0.0%	0.0%
Average Fleet Working	10	4	5	7	7	7	7	7	-	-	-	18	23	15	6	7	9	10	10	10	10
Market Share	3%	5%	4%	6%	5%	5%	5%	5%	-	-	-	6%	6%	4%	4%	5%	4%	5%	5%	5%	5%
Avg Annualized Rev/Fleet Working	50	60	64	45	46	49	50	50	-	-	-	63	69	59	55	49	53	54	54	54	54
Avg Adj EBITDA/Fleet Working	3	2	6	1	2	5	6	6	-	-	-	11	13	8	3	5	9	10	10	10	10
Pressure Pumping Revenues	125	60	72	79	80	86	88	88	1,293	712	354	1,200	1,573	869	336	341	465	528	541	541	541
Growth	-23%	-52%	21%	10%	0%	8%	2%	0%	-	-45%	-50%	239%	31%	-45%	-61%	2%	36%	13%	3%	0%	0%
Gross Profit	10	3	8	4	4	11	12	12	257	100	19	233	310	133	26	40	86	105	107	107	107
Gross Profit %	8.2%	5.5%	11.5%	5.1%	5.6%	12.3%	14.0%	14.0%	19.9%	14.1%	5.5%	19.5%	19.7%	5.5%	7.7%	11.6%	18.5%	19.8%	19.8%	19.8%	19.8%
EBITDA	7	2	6	2	3	9	11	11	237	84	8	219	294	120	17	32	79	98	100	100	100
EBITDA Margin	5.7%	2.7%	8.7%	2.9%	3.3%	10.2%	12.0%	12.0%	18.3%	11.8%	2.3%	18.2%	18.7%	13.9%	5.1%	9.5%	17.0%	18.5%	18.5%	18.5%	18.5%
EBIT	(35)	(37)	(31)	(32)	(31)	(25)	(24)	(24)	89	(130)	(177)	21	62	(93)	(135)	(104)	(57)	(39)	40	40	40
EBIT Margin	-28.4%	-62.5%	-42.9%	-40.0%	-39.3%	-29.4%	-26.8%	-26.8%	6.9%	-18.3%	-49.9%	1.8%	3.9%	-10.7%	-40.3%	-30.4%	-12.3%	-7.3%	7.4%	7.4%	7.4%
Directional Drilling																					
U.S. Horizontal Rig Count	703	353	217	269	323	342	348	348	1,278	731	401	737	900	825	385	340	416	459	465	465	465
Growth	-2%	-50%	-38%	24%	20%	6%	2%	0%	16%	-43%	-45%	84%	22%	-8%	-53%	-12%	22%	10%	1%	0%	0%
Directional Drilling Revenues	34	12	10	17	20	21	22	22	-	-	-	46	209	189	73	85	104	115	117	117	117
Growth	-11%	-66%	-13%	64%	20%	6%	2%	0%	-	-	-	-	359%	-10%	-61%	16%	22%	10%	1%	0%	-
vs Rig Count	-9%	-16%	26%	40%	-	0%	0%	0%	-	-	-	-	337%	-1%	-8%	28%	0%	0%	0%	0%	-
EBITDA	(0)	(2)	(0)	1	2	2	2	2	-	-	-	9	18	16	(1)	8	14	17	17	17	17
EBITDA Margin	-0.5%	-13.1%	-3.0%	6.4%	8.7%	9.6%	9.9%	9.9%	-	-	-	20.5%	8.4%	8.7%	-1.3%	9.5%	13.2%	14.7%	14.9%	14.9%	14.9%
Incr EBITDA Margin	34%	6%	-83%	21%	20%	25%	25%	25%	-	-	-	0%	5%	5%	15%	76%	29%	30%	30%	-	-
EBIT	(11)	(11)	(10)	(6)	(5)	(5)	(5)	(5)	-	-	-	(0)	(28)	(36)	(37)	(19)	(14)	(10)	(10)	(10)	(10)
EBIT Margin	-30.7%	-95.5%	-96.5%	-33.9%	-24.9%	-22															

Company Model Contd. (US\$M)

Income Statement	1Q20	2Q20	3Q20	4Q20	1Q21E	2Q21E	3Q21E	4Q21E	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E	2024E	2025E	2026E
Total Revenues	446	242	201	221	243	266	274	273	3,182	1,821	898	2,357	3,327	2,460	1,109	1,056	1,382	1,566	1,621	1,621	1,621
EBIT	(89)	(112)	(121)	(124)	(127)	(113)	(110)	(110)	283	(352)	(475)	(209)	(42)	(237)	(446)	(460)	(340)	(258)	114	114	114
EBIT Margin	-19.9%	-46.1%	-60.3%	-56.2%	-52.1%	-42.5%	-40.1%	-40.3%	8.9%	-19.3%	-52.9%	-8.9%	-1.3%	-9.7%	-40.2%	-43.5%	-24.6%	-16.5%	7.0%	7.0%	7.0%
D&A	(176)	(165)	(157)	(154)	(154)	(154)	(154)	(154)	(719)	(865)	(667)	(754)	(850)	(810)	(652)	(615)	(615)	(615)	(279)	(279)	(279)
EBITDA	87	53	36	30	27	41	44	44	1,002	513	192	546	808	573	207	155	275	357	393	393	393
EBITDA Margin	19.6%	22.1%	18.1%	13.4%	11.1%	15.3%	16.1%	16.0%	31.5%	28.2%	21.3%	23.2%	24.3%	23.3%	18.6%	14.7%	19.9%	22.8%	24.3%	24.3%	24.3%
Interest Expense	(11)	(11)	(11)	(7)	(7)	(10)	(10)	(10)	(29)	(36)	(40)	(36)	(49)	(53)	(40)	(37)	(39)	(35)	(28)	(20)	(12)
Tax	14	13	13	25	27	25	24	24	(92)	174	186	84	17	54	65	99	76	58	(17)	(19)	(20)
Tax Rate	14%	11%	10%	19%	20%	20%	20%	20%	36%	45%	36%	34%	18%	18%	13%	20%	20%	20%	20%	20%	20%
Net Income	(85)	(109)	(119)	(107)	(106)	(97)	(95)	(95)	163	(214)	(329)	(160)	(74)	(237)	(419)	(393)	(299)	(230)	73	79	86
Other	(349)	(42)	6	-	-	-	-	-	-	44	15	166	(247)	(193)	(384)	-	-	-	-	-	-
Diluted Shares	191	187	187	184	184	184	184	184	146	146	146	199	219	203	188	184	184	184	184	184	184
Clean EPS	(\$0.45)	(\$0.58)	(\$0.64)	(\$0.58)	(\$0.58)	(\$0.53)	(\$0.51)	(\$0.52)	\$1.11	(\$1.47)	(\$2.25)	(\$0.80)	(\$0.34)	(\$1.17)	(\$2.23)	(\$2.13)	(\$1.62)	(\$1.25)	\$0.40	\$0.43	\$0.46
Cash Flows																					
Net Income	(435)	(150)	(112)	(107)	(106)	(97)	(95)	(95)	163	(294)	(319)	6	(321)	(426)	(804)	(393)	(299)	(230)	73	79	86
D&A	187	173	157	154	154	154	154	154	719	865	668	783	916	1,004	671	615	615	615	279	279	279
WC Changes	(15)	97	33	(33)	26	(9)	(3)	0	(208)	387	96	(171)	(45)	135	82	14	(37)	(14)	(2)	-	-
Stock Comp	9	4	7	7	7	7	7	7	27	29	28	44	38	39	27	28	28	32	32	32	32
Other	395	41	(7)	-	-	-	-	-	(15)	114	(17)	(31)	184	47	428	-	-	-	-	-	-
CFO	73	146	64	1	54	30	39	42	729	999	305	301	731	696	284	164	221	334	389	390	397
Capex	(72)	(50)	(13)	(13)	(30)	(30)	(30)	(30)	(1,052)	(744)	(120)	(567)	(641)	(348)	(148)	(121)	(138)	(199)	(201)	(201)	(201)
FCF	1	96	51	(13)	24	(0)	9	12	(324)	256	185	(266)	89	349	136	44	83	135	188	189	195
Changes in Debt	-	-	-	(63)	(20)	4	(5)	(8)	303	(132)	(258)	268	253	(176)	(63)	(29)	(69)	(121)	(173)	(174)	(180)
Changes in Equity	(20)	(1)	(0)	-	-	-	-	-	(14)	(8)	(4)	465	(161)	(255)	(21)	-	-	-	-	-	-
Dividends	(8)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(58)	(59)	(24)	(16)	(31)	(32)	(19)	(15)	(15)	(15)	(15)	(15)	(15)
Other	-	(0)	-	-	-	-	-	-	30	-	0	0	(4)	(1)	(0)	-	-	-	-	-	-
Cash at Beginning	174	152	247	304	225	225	225	225	250	43	113	35	43	245	174	225	225	225	225	225	225
Cash at End	152	247	304	225	225	225	225	225	43	113	35	43	245	174	225	225	225	225	225	225	225
Balance Sheet																					
Cash	152	247	304	225	225	225	225	225	43	113	35	43	245	174	225	225	225	225	225	225	225
Receivables	319	158	131	164	138	147	150	150	663	663	148	580	559	340	164	150	187	201	203	203	203
Inventories	34	35	34	34	34	34	34	34	32	32	20	69	66	36	34	34	34	34	34	34	34
Payables	140	73	74	74	74	74	74	74	382	382	126	320	289	170	74	74	74	74	74	74	74
Total Debt	967	967	967	904	884	888	883	875	683	683	598	599	1,119	967	904	875	807	686	513	339	159
Ratios																					
Net Debt/Cap	24%	23%	21%	23%	24%	25%	25%	26%	18%	16%	20%	12%	19%	21%	23%	26%	27%	25%	17%	7%	-4%
Net Debt/EBITDA	1.7x	2.0x	2.5x	3.3x	4.5x	5.0x	4.7x	4.2x	0.6x	1.1x	2.9x	1.0x	1.1x	1.4x	3.3x	4.2x	2.1x	1.3x	0.7x	0.3x	-0.2x
Capex/Sales	16%	21%	7%	6%	0%	0%	0%	0%	33%	41%	13%	24%	19%	14%	13%	11%	10%	13%	12%	12%	12%
Working Capital/Sales	12%	12%	11%	14%	10%	10%	10%	10%	10%	17%	5%	14%	10%	8%	11%	10%	11%	10%	10%	10%	10%

Source: Bloomberg; Company reports; CPI est.

Appendix A – Required Disclosures

Analyst Certification

I, Vaibhav (Vebs) Vaishnav, certify that to the best of my knowledge, the views and opinions in our research reports accurately reflect my personal views about the subject company (companies) and its (their) securities. I have not and will not receive direct or indirect compensation related to the specific recommendations or opinions of this report. Unless otherwise stated, the individuals listed on the cover page of this report are analysts for Coker Palmer Institutional (CPI). Coker Palmer Institutional (CPI) is the brand name used to distinguish Coker & Palmer's institutional only, sell side equity research operations.

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Conflicts

Vaibhav (Vebs) Vaishnav, Oilfield Services & Energy Transition Analyst, does not hold any stocks from those sectors in his personally managed accounts.

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Rating Methodology

Coker Palmer Institutional (CPI) is restarting formal rating systems. The firm has a three-tiered rating system, with ratings of Sector Outperform, Sector Perform, and Sector Underperform. Each Research Analyst assigns a rating that is relative to his or her coverage universe or an index identified by the Research Analyst that includes, but is not limited to, stocks covered by the Research Analyst.

The rating assigned to each security covered in this report is based on the CPI Research Analyst's 12-month view on the security. Research Analysts may sometimes express in research reports shorter-term views on these securities that may impact the price of the equity security in a manner directly counter to the Research Analyst's 12-month view.

Appendix A – Required Disclosures Contd.

These shorter term views are based upon catalysts or events that may have a shorter-term impact on the market price of the equity securities discussed in research reports, including but not limited to the inherent volatility of the marketplace. Any such shorter-term views expressed in research report are distinct from and do not affect the Research Analyst's 12-month view and are clearly noted as such.

Ratings

Sector Outperform (SO)

The stock is expected to outperform the average 12-month total return of the analyst's coverage universe or an index identified by the analyst that includes, but is not limited to, stocks covered by the analyst.

Sector Perform (SP)

The stock is expected to perform approximately in line with the average 12-month total return of the analyst's coverage universe or an index identified by the analyst that includes, but is not limited to, stocks covered by the analyst.

Sector Underperform (SU)

The stock is expected to underperform the average 12-month total return of the analyst's coverage universe or an index identified by the analyst that includes, but is not limited to, stocks covered by the analyst.

Coker & Palmer Institutional Ratings Distribution as of 01/10/21

Category	Count	Percent
Sector Outperform	3	33%
Sector Perform	3	33%
Sector Underperform	3	33%
Total	9	100%

Price Target Methodology:

Coker Palmer Institutional (CPI) price targets are based on 60% weighting to DCF value through 2030, 20% weighting to FCF yield and a combined 20% weighting to traditional EV/EBITDA and DCF based through 2024.

Valuation/Risk Factors

Oilfield Services (OFS) business is inherently risky. OFS investors should be fully aware of these risks, which include, but are not limited to, volatile natural gas, NGL's and crude oil prices, demand for and competition for a company's product and/or service, asset quality, customer risks, changes in operating costs, company capital structures, operating and working capital needs and ability to raise both debt and equity capital to fund operations. We value OFS equities on many different metrics, including but not limited to, our subjective view as to the quality of management, discounted cash flows, net asset values, enterprise value to EBITDA or cash flow multiples, price to earnings or cash flow multiples, reinvestment risk and full cycle economics. These factors are uncertain and our outlook is subject to change, sometimes quite quickly. Any changes in the above factors can impede achievement of our valuation assessments.

Appendix A – Required Disclosures Contd.

The Exploration and Production (E&P) business is inherently risky. Investors in E&P equities should be fully aware of these risks, which include, but are not limited to, volatile natural gas, NGL's and crude oil prices, regional pricing differences, field and company asset quality, reserve depletion factors, drilling risks, operating costs, company capital structures, operating and working capital needs and ability to raise both debt and equity capital to fund operations. . E&P Valuation Methods used to determine the Price Target: We value E&P companies on many different metrics, including, but not limited to, our estimate of net asset value (NAV), enterprise value to EBITDA or cash flow multiples, price/earnings or cash flow multiples, discounted cash flow analysis and breakup/acquisition values. All our estimates and valuations are highly and inherently uncertain. They are based on, but not limited to, our outlook for the commodity price, our subjective view as to the quality of management, net asset value, quality of the proven and unproven reserves and resources, ability to develop and produce these reserves/resources, financial strength, cash flow, access to capital, and full cycle economics of investments. These factors are uncertain and our outlook is subject to change, sometimes quite quickly. Any changes in the above factors can impede achievement of our valuation assessments.

Industrials: This category might cover many different types of companies with various business models and various factors affecting the operations and stock prices, some of which include overall economic growth, end market demand, product inventories and competition. Some of these companies might have various energy-related exposure through both sales and/or costs. In general, industrial company risks include, but not limited to, high fixed operating costs, rising input costs, currency and commodity price fluctuations, variable demand, inventory levels, quality of management, competition and obsolesce.

E&P, Oilfield Service, Energy Transition, as well as investments in the other subsectors we follow are subject to a myriad of external factors, including but not limited to, commodity price risk, geopolitical risk, changes in interest rates, the value of worldwide currencies, especially the U.S. dollar, changing regulations, both domestically and abroad, regulatory enforcement levels, and changes in domestic or global economic fundamentals. Please see specific companies' most recent SEC filings, including 10-Ks, 10-Qs, 8-Ks, and proxy filings for additional risks and considerations. For companies based outside the US, please see country specific regulatory filings for additional risks and considerations.