

Introduction

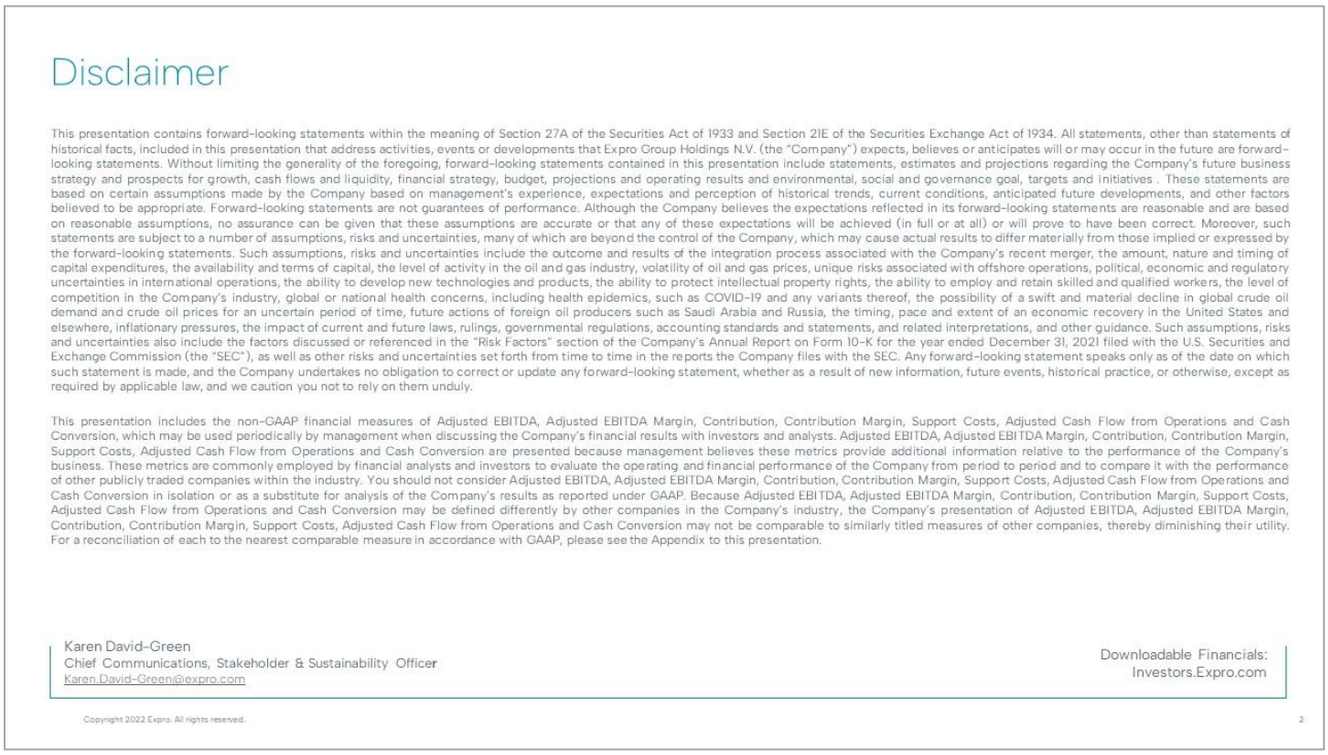
Thank you, David, I appreciate the opportunity to speak with everyone today.

My name is Mike Jardon and I am the CEO of Expro.

I'm pleased to be here today at the Barclays conference to talk with you about Expro and why we believe we're well-positioned for long-term success and represent an attractive investment opportunity.

Since closing our merger with Frank's International almost a year ago, we have made significant progress bringing the legacy businesses together to capture the full potential of our platform. Our strong second quarter performance demonstrated the benefits of Expro's leading and differentiated portfolio, and the depth of our expertise as we continue to bring value to our clients across the life of their wells.

So, let me jump in and tell you about Expro…



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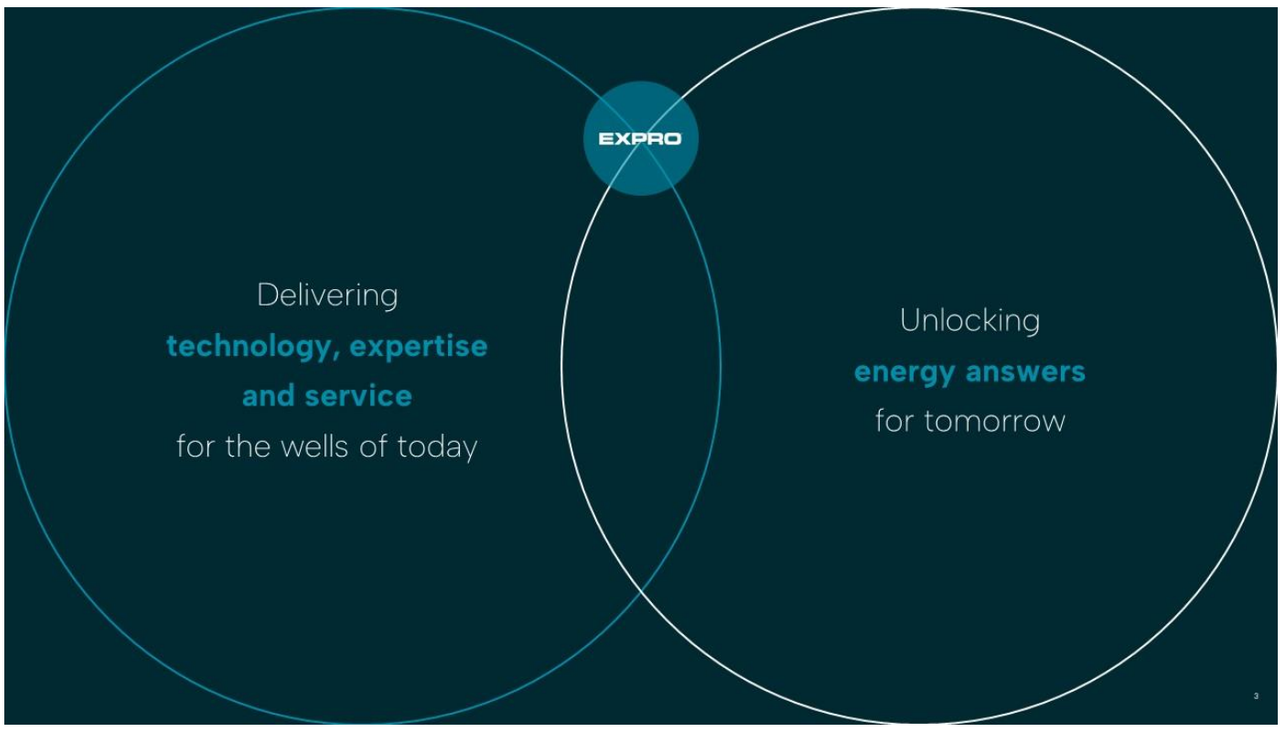
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Slide 2 - Disclaimer

But before I begin my discussion, I'd like to remind you to reference our safe-harbor statement.



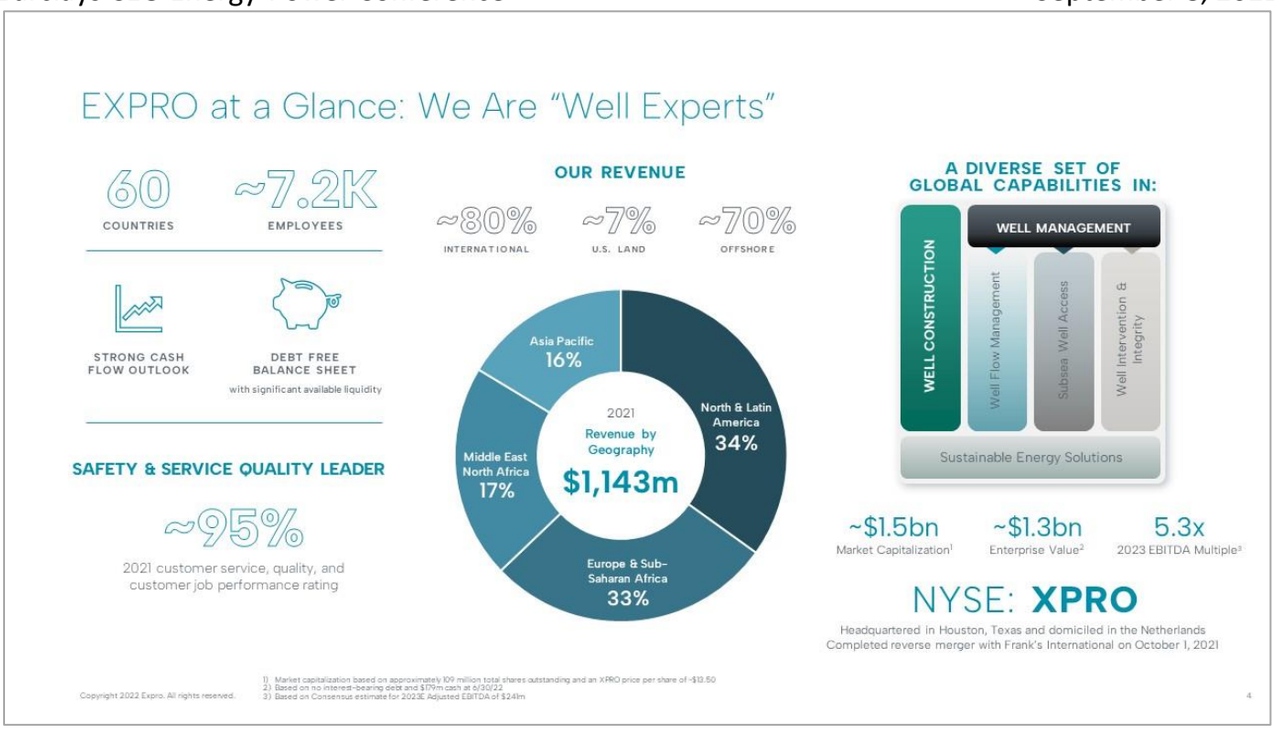
Slide 3 – Delivering Technology… Unlocking Energy Answers

Expro. Who are we, what do we do, and perhaps most importantly, what drives our business?

We are recognized as well experts and as trusted partners to our customers throughout the life cycle of their wells. With market-leading positions across our business and a differentiated portfolio with high barriers to entry, well expertise is in our DNA.

Customers look to Expro for technology, expertise, and service delivery to help them cost-effectively unlock the production potential of today's wells. With our commitment to continuous improvement and innovation, we believe that they will look to Expro for tomorrow's solutions. We are very focused on environmentally driven sustainable energy solutions that greatly reduce hydrocarbon emissions… more on that later.

We win business because of our relentless focus on execution, not because we are the biggest.



Slide 4 – Expro at a Glance

At a glance, Expro has a diverse set of global capabilities in well construction and well management that will allow us to capitalize on a growth cycle that we expect to be multi-year in duration, global in scope, span all phases of oil and gas development, and include all operating environments.

We have exposure to both new wells being drilled and to management of existing wells; in other words, a good balance of business aligned to customer capital spend and operating spend activities. This enables us to better weather the ups and downs of customer capital spending in our business.

As in past upcycles, we expect the significant increases in activity observed in the North American onshore basins will migrate internationally beginning in H2 2022 and into 2023, resulting in a significant increase in international and offshore activity.

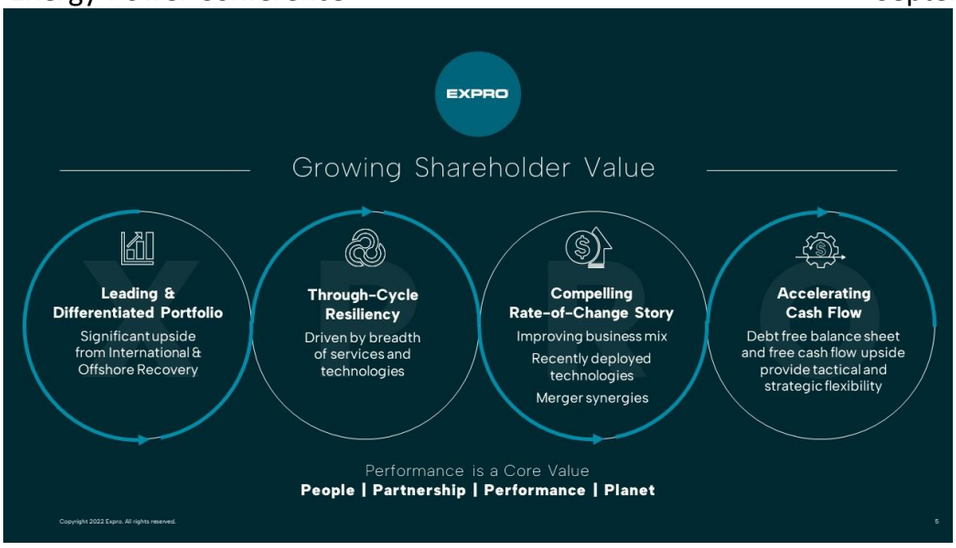
Expro operates in 60 countries globally, with approximately 80% of our revenue coming from operations outside of the U.S. Approximately 70% of our business is offshore.

As I will cover later in my prepared remarks when we discuss merger-related synergies, the "new" Expro will also be able to leverage the complimentary capabilities, customer relationships and operating footprints of the two predecessor companies. In some countries, we are just scratching the surface of what I believe we will deliver as a combined company.

With our debt-free balance sheet and strong cash flow outlook, we are well positioned to fully participate in an improving energy services market, opportunistically invest in growth, and deliver value for (and to) our shareholders.

Underpinning all of this is a performance-oriented team of 7,200 employees, individually and collectively focused on safety, service quality and delivering value for all stakeholders.

I believe we have the best team in the business. In 2021 we received service, quality, and overall job performance ratings from customers of approximately 95%. For this and other reasons, Expro has earned a reputation as one of the most trusted service providers in the world.



Slide 5 – Growing Shareholder Value

For Expro, sustained growth in shareholder value begins with strong, defensible market positions, a robust mix of growth opportunities, delivering value with integrity, and a clear strategic vision. Today, I want to share four elements of our outlook and business plan with you.

- First, market fundamentals are very favorable following +5 years of constrained upstream investment, with an increasingly urgent need to replace produced reserves and add capacity to accommodate expected demand growth. With leading positions in several of our businesses, including complex well construction, subsea landing strings, well testing and fast-track production facilities, Expro is well positioned to support increased customer activity, in general, and increased international and offshore activity, in particular, and thereby capitalize on the favorable outlook for our business.

- Second, as well experts, we work across the full well lifecycle, with good leverage to both the expected increase in Drilling & Completions activity and brownfield enhancement programs designed to maximize production from existing well stock. A leading and technologically differentiated portfolio of services and solutions allows us to be relevant across the many geographies where we expect a step-up in activity.

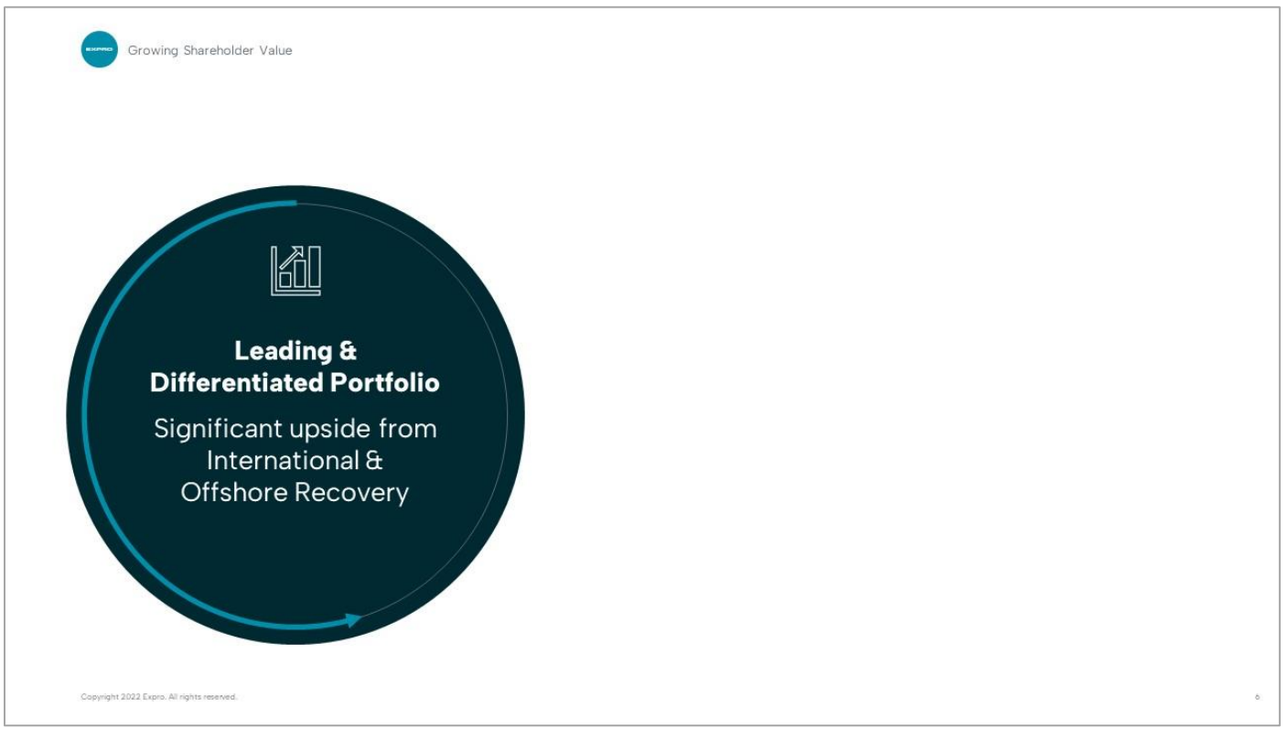
- Third, increased activity, a more favorable business mix, and cost discipline should allow us to expand Adjusted EBITDA margins, with merger-related synergies facilitating both enhanced financial and operational flexibility and outperformance relative to peer energy services companies. Tightening capacity within the services sector should also provide scope for net pricing gains for which fall-through is 100%.

  We continued to invest in the business during the weaker markets of the last several years. In particular, proprietary technologies such as iCAM®, iTong™ and Centri-Fi™ within Well Construction; CoilHose™, Octopoda™ and DFOS within Well Intervention & Integrity; and our vessel-deployed Light Well Intervention system within Subsea Well Access should support above-market growth for Expro.

  Each of these leading technologies reduces emissions by either reducing the rig time required to drill a well or using a smaller, more energy efficient footprint of equipment such as our light well intervention services. Improving profitability and cash generation provides us with the flexibility to continue to invest in our innovation and technology engine.

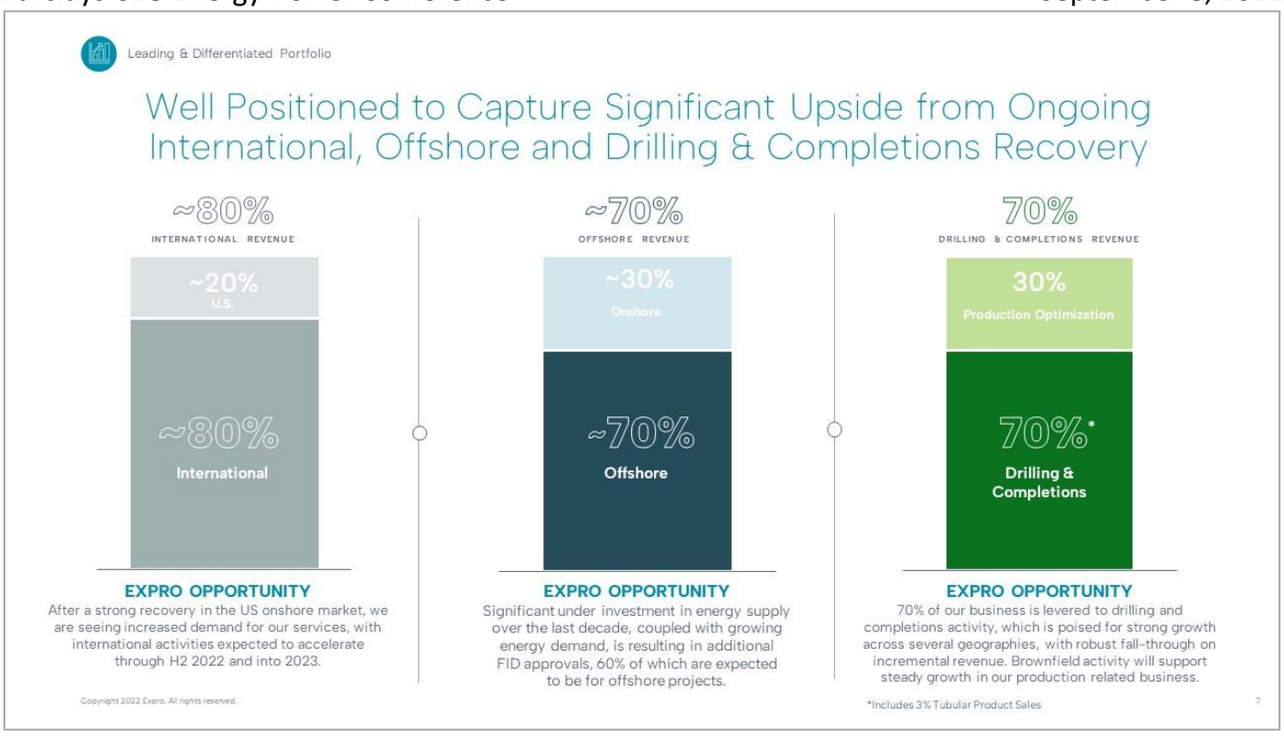
  We remain focused on developing next generation solutions to address our customers' well needs of today and tomorrow. Our near-term objective, however, is to unlock growth from recently deployed technologies.

- And finally with a debt-free balance sheet, improved pricing and profitability, and capital discipline, we should see an acceleration in cash flow generation. While we are a relatively new public company, we are committed to instituting and clearly articulating a shareholder-friendly capital allocation framework.



Slide 6 – Leading & Differentiated Portfolio

As the industry recovery continues, by leveraging our leading market positions, we believe that we are well-positioned to capture significant cyclical upside and take advantage of decarbonization and other secular trends.



Slide 7 – Well Positioned to Capture Significant Upside from Ongoing International, Offshore and Drilling & Completions Recovery

We are operating in a dynamic environment and Expro's business is built to ride the tailwinds that we expect to persist for the next several years, driven by favorable supply-demand dynamics and heightened emphasis on energy security and diversification of supply.

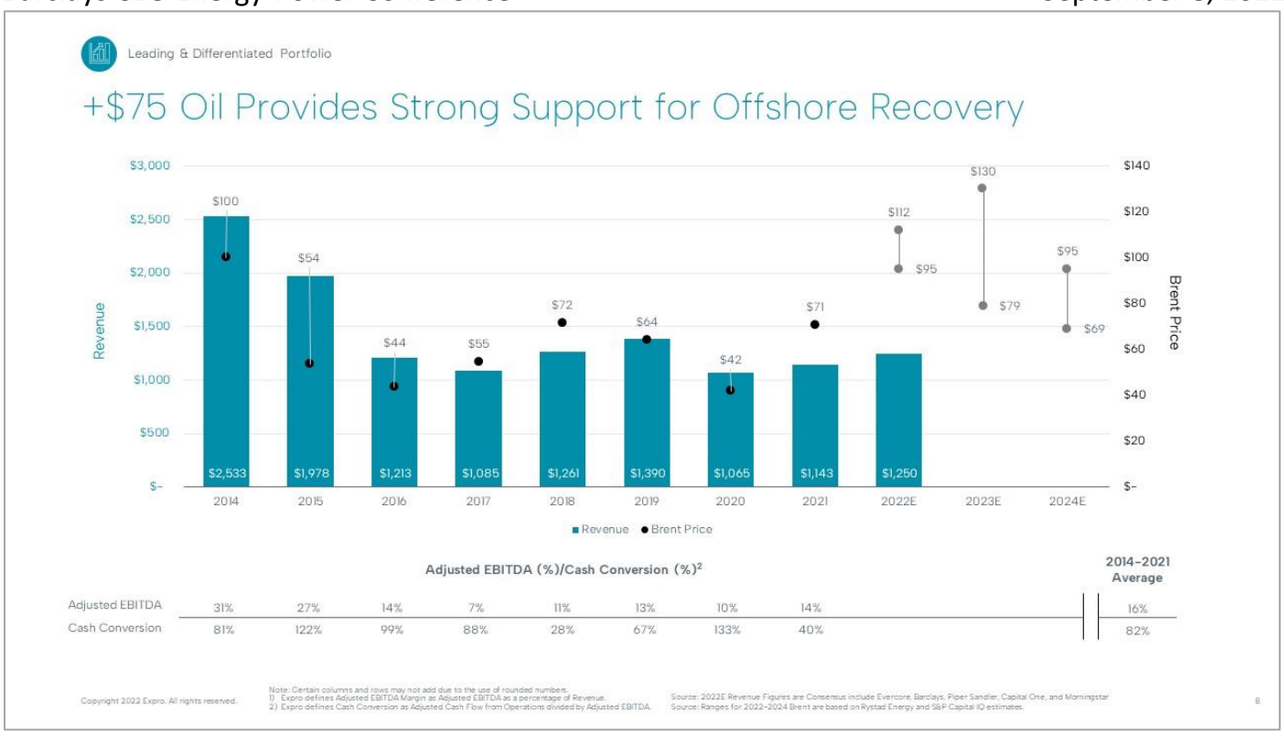
We are seeing increased demand for our services and solutions as the recovery that began within the U.S. onshore market has begun to gain traction in the international markets, which represents 80% of our business. With good momentum building in longer-cycle projects, we expect international demand to accelerate through the remainder of 2022 and into next year as international customers, in general, and the NOCs, in particular, ramp up their activity.

As we and our public peers have previously noted, FID approvals are expected to be up approximately 50% in 2022 to 2026 as compared to the four-year period from 2016 to 2019. Importantly for our company, 70% of our revenue is generated offshore and nearly 60% of new customer commitments are expected to be in the offshore market.

Moreover, with 70% of our business geared to Drilling & Completions activity, we are positioned to drive significant growth as customers continue to increase investments in exploration and development activity. As our mix of business shifts to higher-margin activities, we should see good fall-through on incremental revenue, margin expansion and a material improvement in Expro's cash generation.

Supporting brownfield activity is a differentiator that helps protect us during downcycles and positions us well for longer-term revenue generation as we will look to provide production optimization services to many of those same customers.

Our strong second quarter results demonstrate our ability to successfully capitalize on these trends, and we expect to continue to build on our momentum as the market trends upwards.



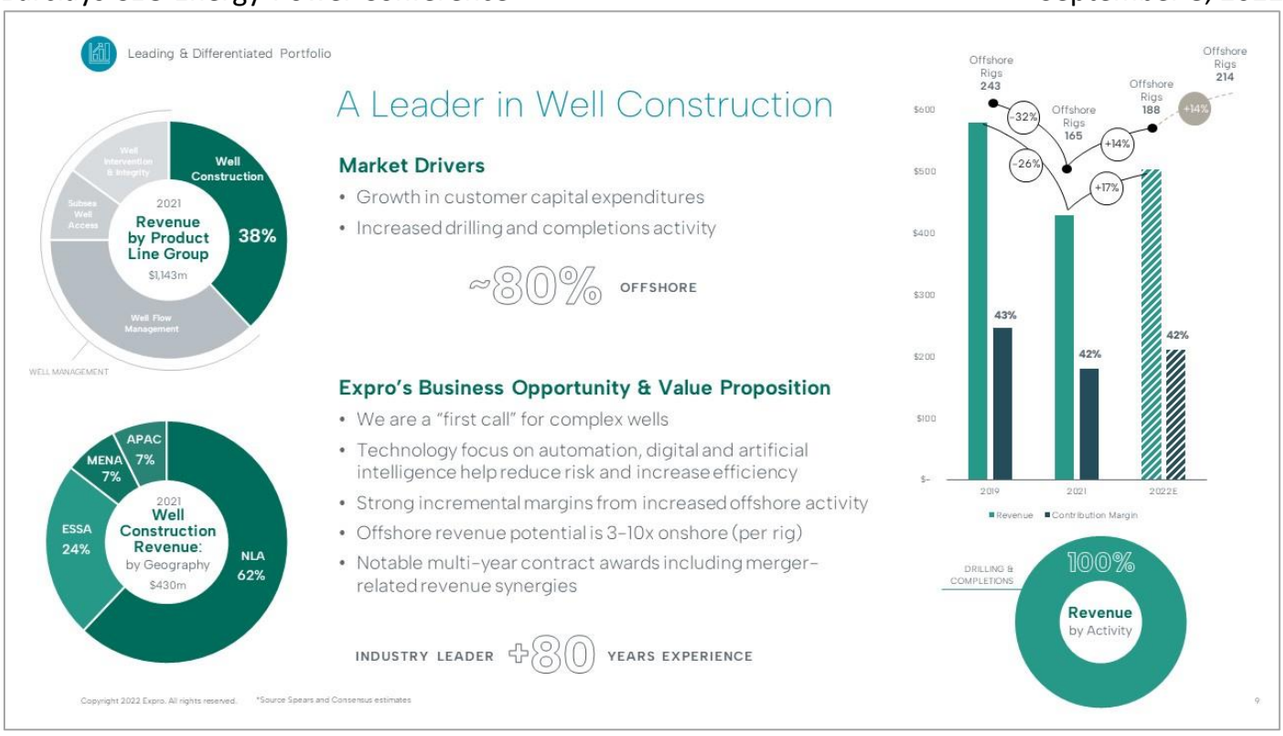
Slide 8 – +$75 Oil Provides Strong Support for Offshore Recovery

After multiple years of limited upstream investment and despite both the potential for a slowdown in the pace of economic growth and ongoing volatility in commodity prices, the fundamental backdrop for energy services is quite constructive.

In our view, the need to replace produced reserves and increase capacity to meet projected demand growth sets up a potential energy super-cycle. Short-term supply dislocations -- such as those created by the tragic Russia/Ukraine conflict -- may create a heightened focus on energy security and diversification of supply and drive incremental short-cycle activity. However, after an extended period of underinvestment, it is the need for reliable energy supply and the need for reinvestment that supports a material increase in E&P investment.

As I just noted, 70% of our business is offshore. An oil price of ~$75 per barrel, which represents the low end of the forecast range over the next few years, strongly supports a recovery in the offshore market.

The market outlook for natural gas also remains robust largely driven by European energy security initiatives.



Slide 9 – A Leader in Well Construction

We have one of the most advanced well construction portfolios in the industry. We specialize in complex and technically demanding wells, with solutions that transform how these wells are built to enhance efficiency and production across their lifetime.

With over 80 years of tubular running services, or TRS, experience we are both a pioneer and leader of the market.

Our solutions are backed by one of the most experienced teams in the industry and excellent on-site support.

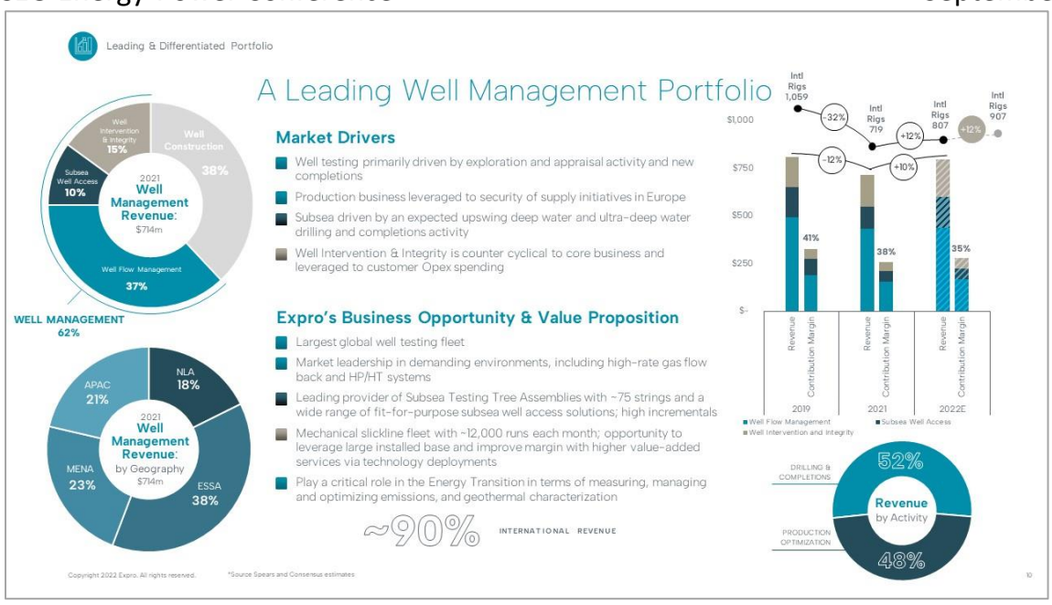
With approximately 80% of our well construction revenue generated from offshore activity and an expected rebound in working offshore rigs, we are anticipating meaningful growth in our well construction business over the next couple of years.

We also continue to expand into new regions as our international customers increase drilling activity and as we begin to realize merger-related revenue synergies. Specifically, in the first half of 2022, we were awarded a multi-year TRS contract in Saudi Arabia and our first TRS contract in Algeria. These revenue synergies highlight the benefit of our portfolio, customer relationships and operating footprint.

In addition, we recently completed our first operational campaign utilizing our intelligent autonomous connections system, or i-TONG™, well construction technology, which represents a large market growth opportunity for us. Remember, our technologies in well construction reduce rig time, and since rigs consume a great deal of energy—shaving a few days off a deep water offshore well reduces the operators carbon footprint.

In 2021, well construction accounted for 38% of our pro forma revenue with a contribution margin of 42%.

Well construction is levered to the expected step-up in Drilling & Completions activity, and we expect very good fall-through on incremental revenue.



Slide 10 - A Leading Well Management Portfolio

The remaining 62% of pro forma 2021 revenue was generated from Well Management. This includes our well flow management, subsea well access and well intervention and integrity product lines. Each of these businesses is a market leader providing differentiated value to customers through advanced technology and best-in-class service. Approximately 90% of well management revenue is generated from international markets.

First, our **well flow management** solutions, which accounted for 37% of 2021 revenue.

- We have one of the broadest sets of solutions and what we consider to be one of the most experienced teams in the industry, with more than 200 global well test packages.
- We have the largest fleet of well flow management equipment with a broad range of capabilities across exploration and appraisal services, well clean-up and fast track production services to support the full life-of-field for our customers.
- Importantly, well flow management plays a critical role in sustainable energy solutions in terms of measuring, analyzing and optimizing emissions.

Turning to our **subsea well access** business, we are a leading provider of subsea test tree assemblies with a leading market position.

- accounted for 10% of 2021 revenue.
- historically driven by offshore deepwater and ultra-deepwater Drilling & Completions activity. More recently, we have developed a suite of rig and vessel-deployed light well intervention capabilities. Customer interest in these capabilities is demonstrated by a significant backlog of multi-year commitments.

Finally, is our **well intervention and integrity** business, which accounted for 15% of 2021 revenue.

- Our well intervention and integrity business provides deployment, insight and enhancement solutions to advance well surveillance, production optimization and asset integrity assurance.
- We expect above market growth from this product line as a result of both organic investments in technology and our acquisitions of Quality Intervention in Q3 2019 and SolaSense in Q1 2022.
- This business plays a pivotal role in helping customers achieve their carbon reduction goals by reducing Greenhouse emissions in old wells and supporting sustainable decommissioning.

With 48% of revenues generated from production optimization, our leading well management portfolio supports sustainable growth and better insulates us from the cyclicality of customer capital spending through market cycles.



Slide 11 – A Leading Well Expert with Global Presence

Central to our ability to continue to grow is a well-balanced and scalable global operating footprint. We have a strong presence with a full range of capabilities in both mature and emerging markets around the world.

You can see that in 2021, on a pro-forma basis, approximately one-third of our revenue was generated in each of North and Latin America and Europe and Sub-Saharan Africa, with the remaining one-third roughly evenly split between Middle East and North Africa and Asia Pacific.

Also on a pro forma basis, in 2014, Segment EBITDA margin, which excludes corporate and other central costs, was 38% of approximately $2.5 billion of revenue and was strong across the regions, reflecting high and sustained levels of Drilling & Completions activity.

In 2019, Segment EBITDA was 21% of approximately $1.4 billion of revenue, with regions such as MENA showing greater resiliency in margins due to a more balanced mix of Drilling & Completions- and production optimization-levered activities.

I think there are three points that I would want you to take away from this rather busy side.

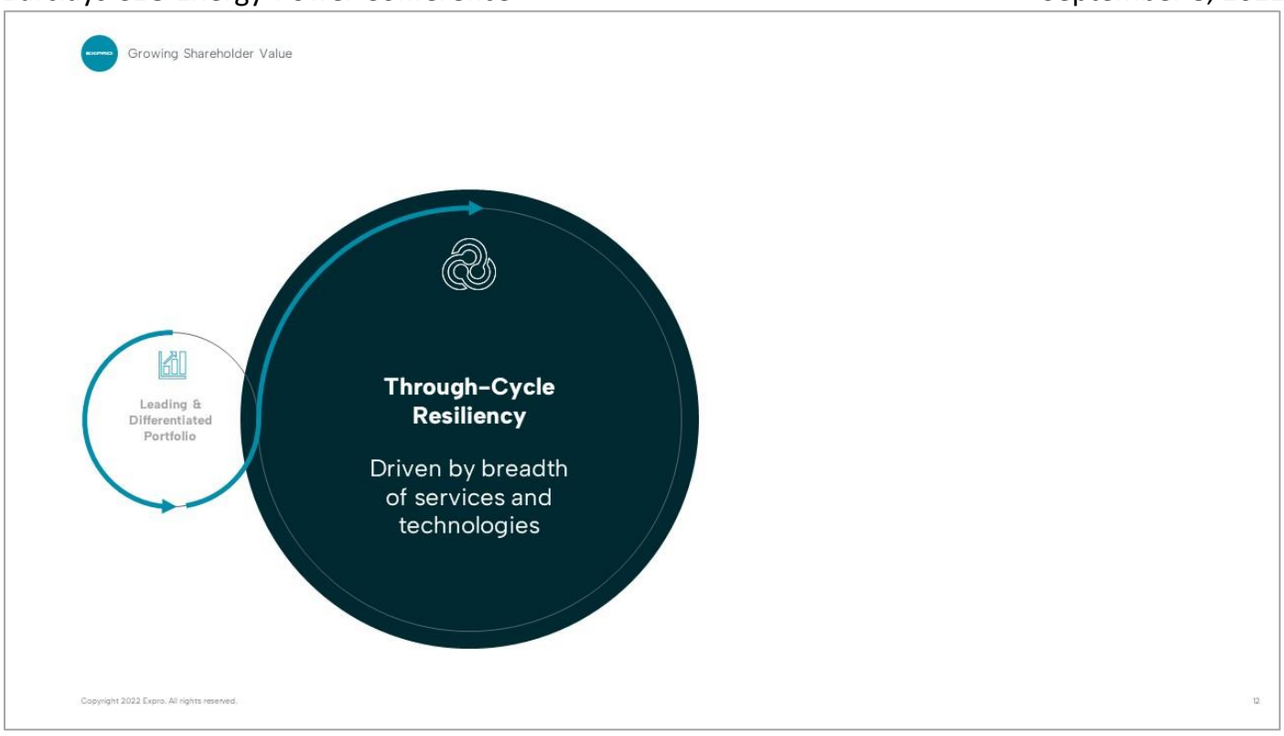
First, I believe we are in the early innings of an international and offshore recovery in Drilling & Completions activity, and fall-through contribution margin on incremental Drilling & Completions revenue should be +50%, somewhat mirroring the decremental margins experienced during the reduction in activity following the 2014 peak.

Second, given our strong position in complex well construction, subsea completions and well testing – particularly in key markets where we expect activity to accelerate, including North and Latin America, ESSA and APAC – Expro expects to fully participate in the expected increase in Drilling & Completions activity. A balanced business mix, however, provides through-cycle resiliency and we will look to maintain this balance by continuing to invest in our production optimization-levered portfolio of services and solutions.

Third and finally, cost and capital discipline also provide through-cycle resiliency, which is why we remain laser-focused on synergies capture across the organization.

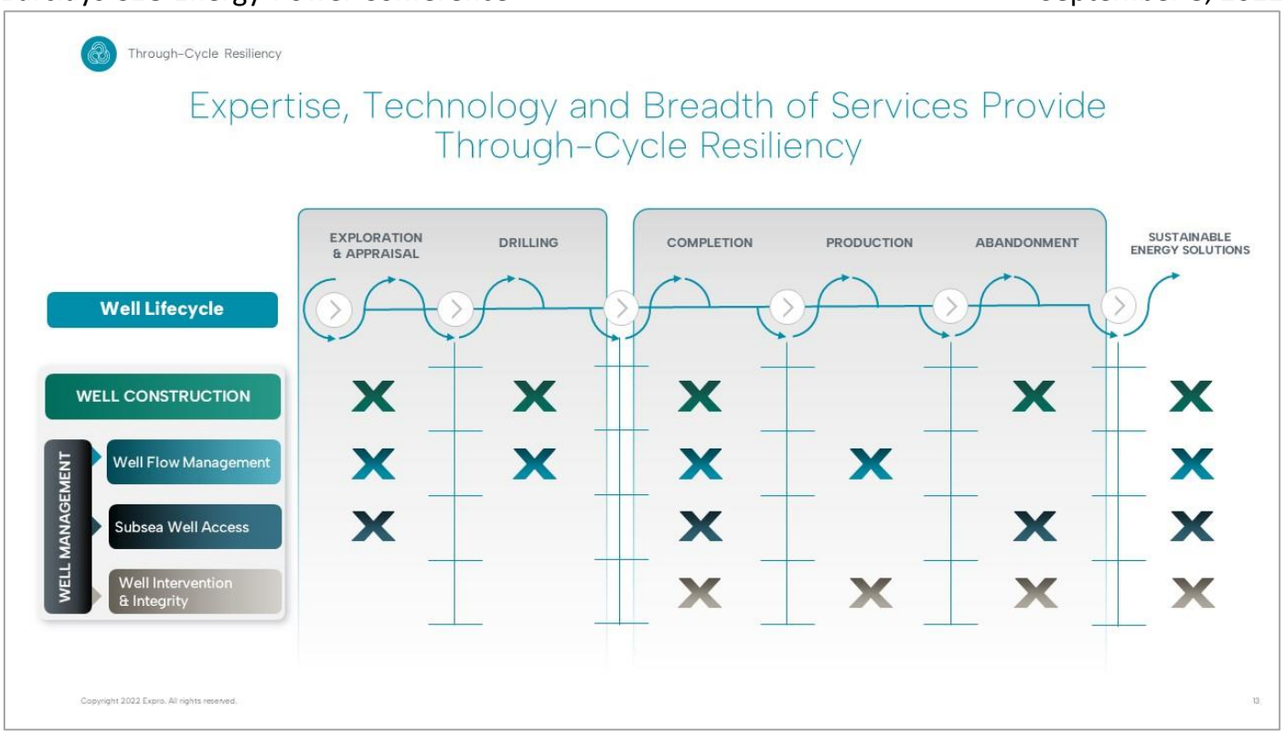
We are just beginning to see these dynamics at work. Last month, we reported second quarter Adjusted EBITDA of $51 million, representing 39% sequential growth, and sequential margin expansion of approximately 300 basis points.

This was highlighted by strong sequential and year-over-year growth in our North and Latin America region, driven by a pick-up in well construction activity in the U.S. Gulf of Mexico and well test activity in Mexico. In Q2, revenue from Drilling & Completions-levered activities was up approximately 20% sequentially and fall-through on incremental revenue was 52%.



Slide 12 – Through-Cycle Resiliency

When you look at our portfolio holistically, what stands out is that we have services and solutions covering the full spectrum of our customers' needs.

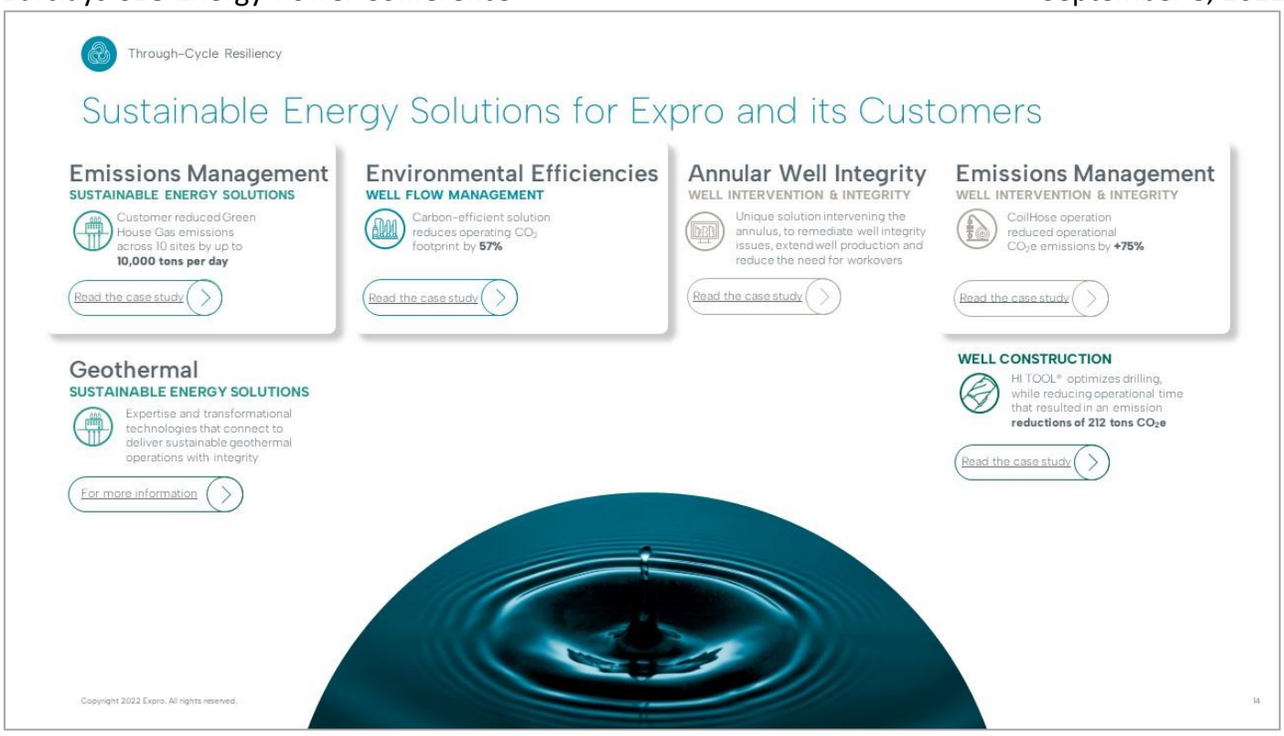


Slide 13 - Expertise x Technology - Through-Cycle Resilience

With leading solutions across the well lifecycle, we support customers from the exploration and well planning stages through abandonment, positioning us to expand our relationships with our diverse customer base comprising national and international oil companies, as well as the leading independents and other service providers, as we introduce new solutions.

Whether customers are focused on maximizing production from existing well stock or drilling to replace produced reserves or add capacity to meet expected demand growth, we provide great services and solutions to meet their needs.

We are also anticipating our customers' needs of tomorrow. Our focus on technology and innovation means we can be one of the leaders in our industry that is so critical for a lower carbon future.



Slide 14 - Sustainable Solutions for Expro and its Customers

We're proud to support our customers' carbon reduction goals and progress toward a more sustainable future.

In 2021, we allocated 40% of our research and development spending to carbon reduction innovations and efforts, and we expect that percentage to approach 50% in 2022.

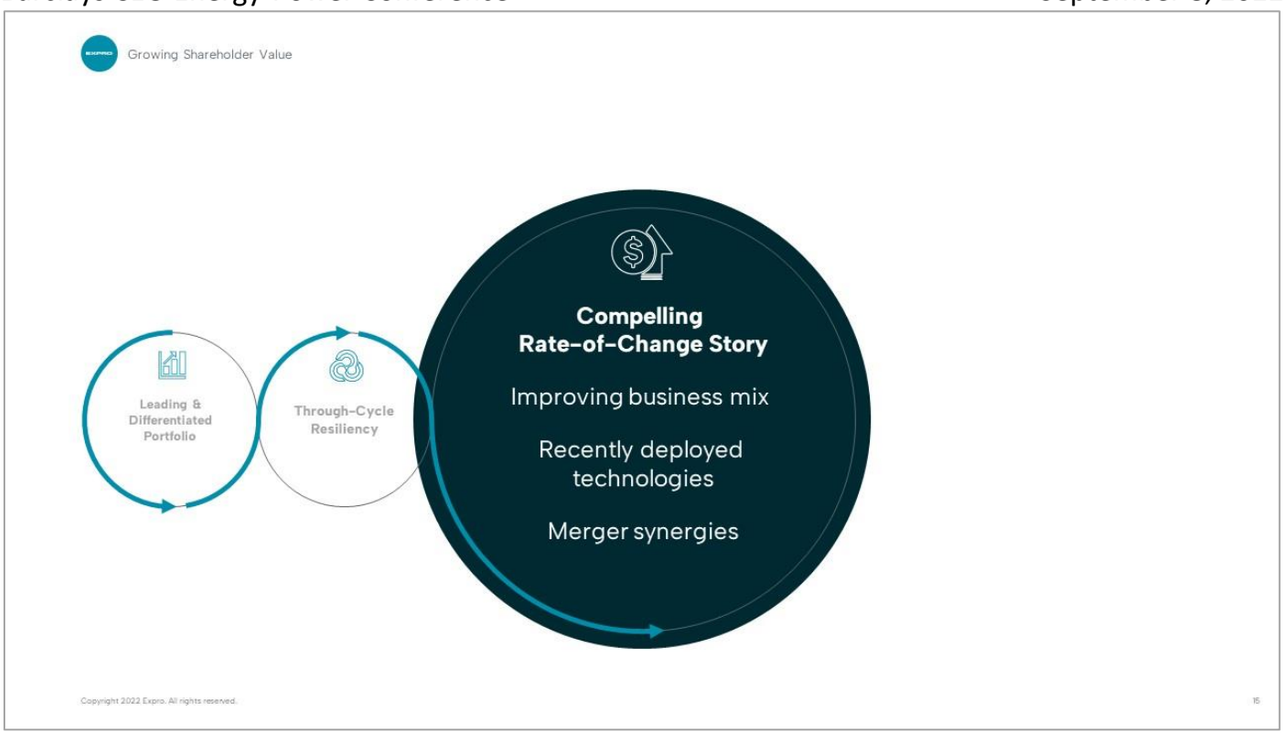
In doing so, we are developing and advancing solutions that will play a critical role in enabling our customers to achieve their own emission reduction goals.

You can see a few specific case studies that highlight these efforts here, including:

- Our flare emission project in which we helped a customer reduce greenhouse gas emissions across 10 sites by up to 10,000 tons of carbon dioxide per day.
- Our recent carbon-efficiency reservoir project in which we improved the water separation to meet client specification levels and reduced the client's CO_2 footprint by 57%.
- A recent CoilHose™ project, which we completed in 12 hours and enabled our customer to meet their testing objectives by reducing CO_2 emissions by more than 75%.

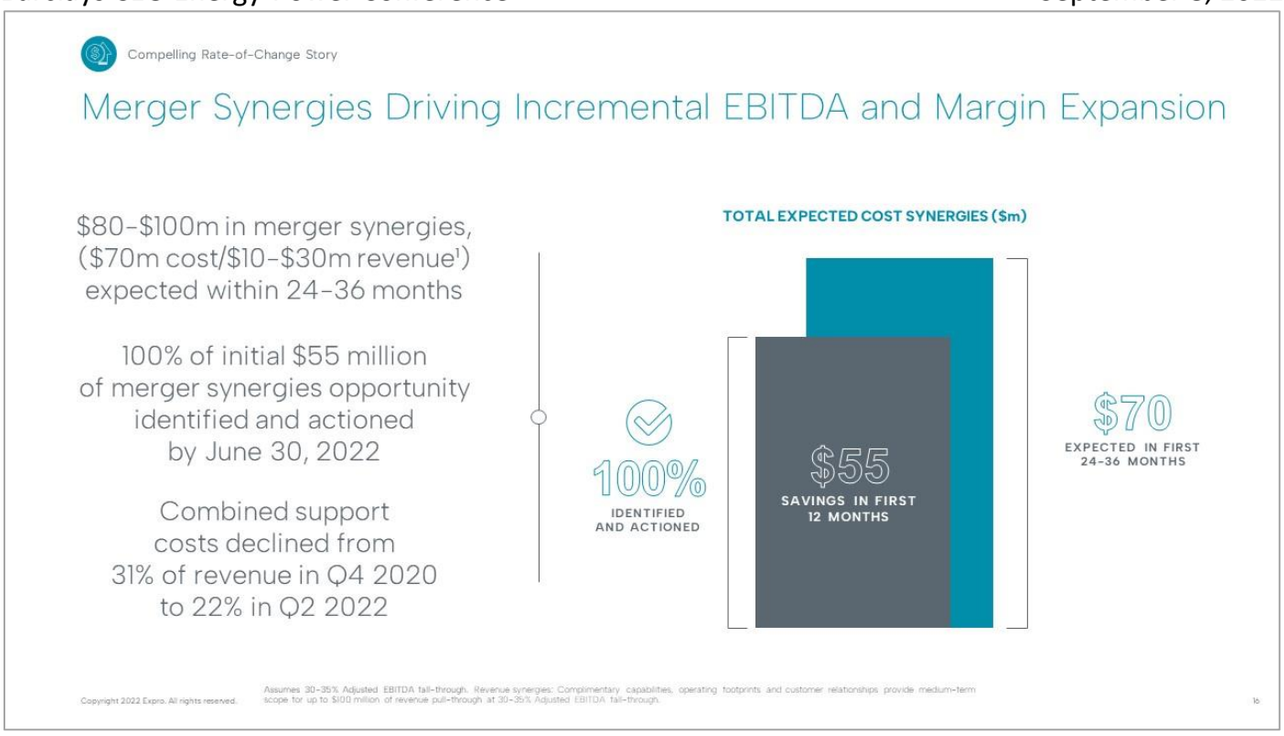
In addition, our Octopoda™ technology is the only certified annular intervention system in the world that enables direct intervention of a live annulus without a workover rig while reducing the environmental footprint and the impact of fugitive emissions.

These are just a few recent examples of how we're putting our carbon reduction commitment into practice and creating truly value-added outcomes for customers. Expro is committed to its target of net zero carbon emissions by 2050, and we believe the steps we're taking now will position us to achieve that objective.



Slide 15 – Compelling Rate-of-Change Story

We have a compelling rate-of-change story driven by an improving business mix, recently deployed technologies, and merger synergies. I will go into a bit more detail on how these growth drivers will positively impact our performance going forward.



Slide 16 - Merger Synergies Driving Incremental EBITDA and Margin Expansion

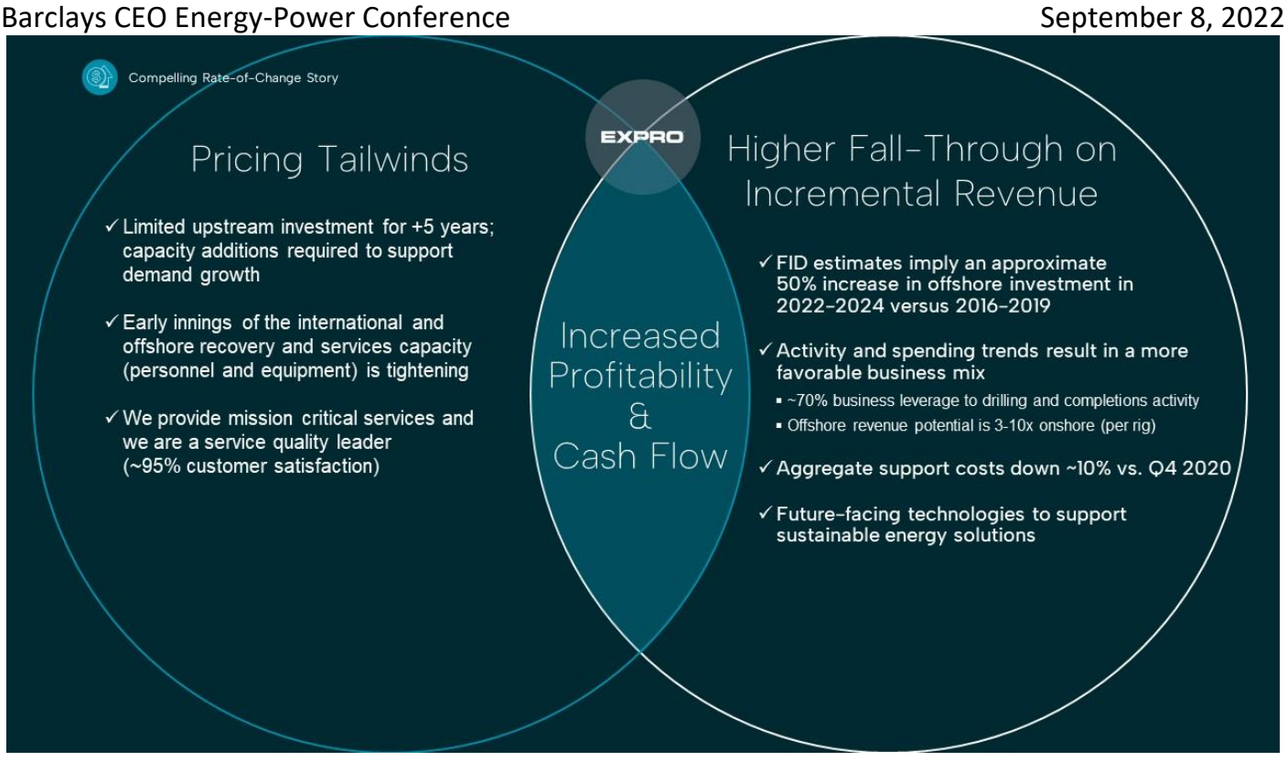
We are making significant progress on capturing the expected synergies from the Expro and Frank's transaction, with improved operating leverage providing a compelling margin expansion opportunity.

We are well on our way to capturing the full $70 million in cost synergies we are targeting within 24 to 36 months following close. We are achieving these synergies largely through indirect cost consolidation and optimization of business processes.

We also expect to generate incremental EBITDA of up to $30 million through revenue synergies by expanding customer relationships, better leveraging our global footprint, and greater exposure to the full life of field. Specifically in some Middle East and Asia Pacific countries, we are just scratching the surface of what I believe we will deliver as a combined company.

Nine months into our integration, we have already identified and actioned more than 100% of the $55M in annualized cost savings we established as our target within the first 12 months. Our goal is to increase annual cost synergies by $15 million to $70 million during 2023.

This has resulted in a more efficient business, with support costs declining from 31% of revenue in Q4 2020, the last full quarter prior to the announcement of the merger, to 22% of revenue as of Q2 2022.



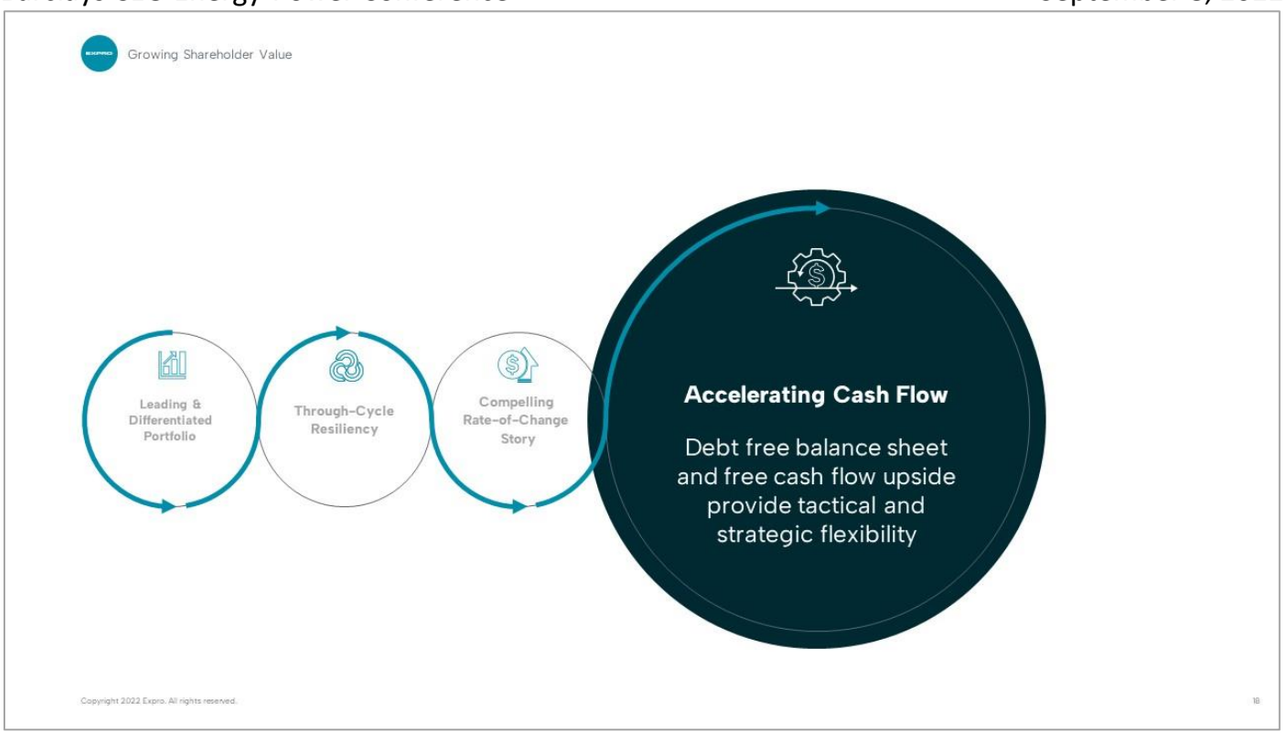
Slide 17 - Increased Profitability & Cash Flow

In addition to cost and revenue synergies, we expect that net pricing gains, particularly in capacity constrained equipment classes such as high-end TRS and subsea landing strings, will lead to continued growth in profitability and cash flow generation.

Contribution Margin in Q2 was 38%. We expect strong incremental margins to be driven by an international and offshore Drilling & Completions recovery that is just gaining traction, with operating leverage supporting good fall-through on incremental revenue and net pricing gains providing scope for additional expansion of contribution margin.

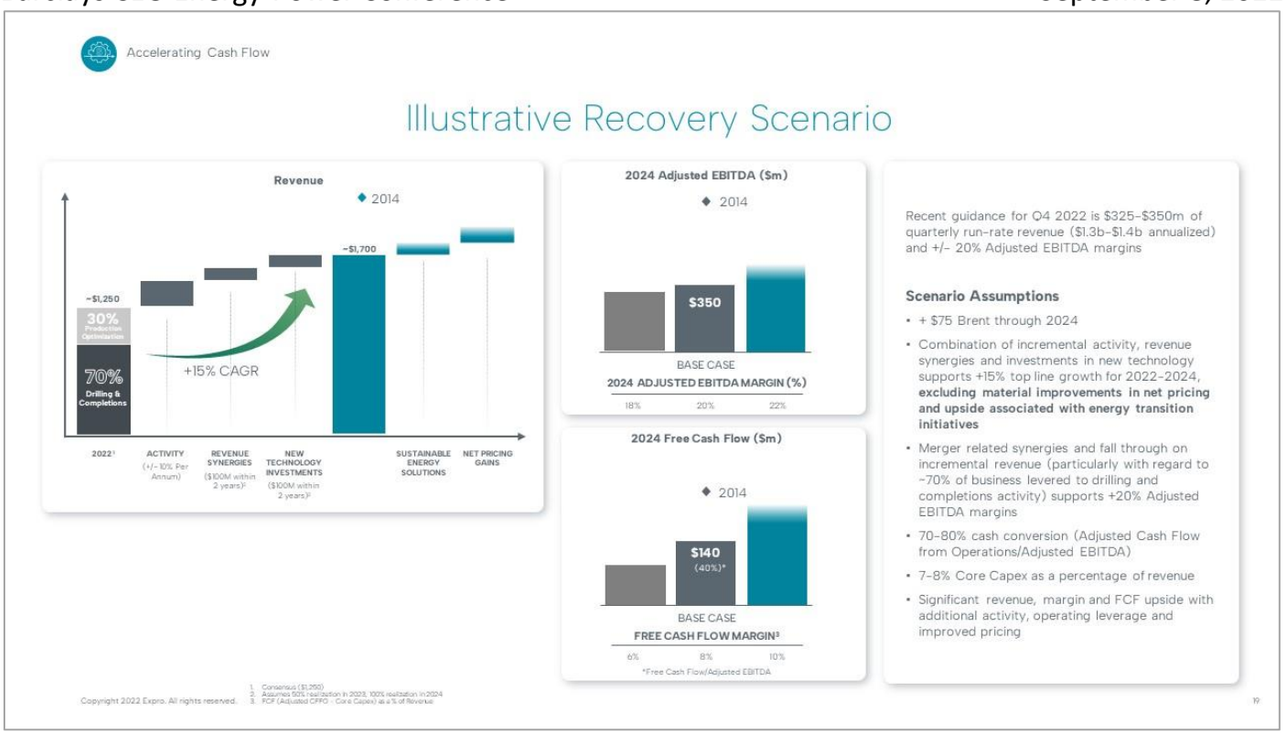
We are also leveraging our global operating footprint to do more with our current support structure. Merger-related synergies will allow us to establish a new baseline for support costs, with more services, new technologies and expanded customer relationships allowing us to fully benefit from improved operating leverage.

Additionally, as customers increase focus on lowering their carbon footprint, we expect more of our business to come from technology-enabled, high-margin services that support sustainability.



Slide 18 – Accelerating Cash Flow

As I noted at the top of my remarks, our goal is to deliver value for (and to) shareholders.



Slide 19 - Illustrative Recovery Scenario

Our business is pretty simple to understand.

A combination of incremental activity, revenue synergies and the investments we have made to date in new technologies should support +15% top line growth for 2022-2024.

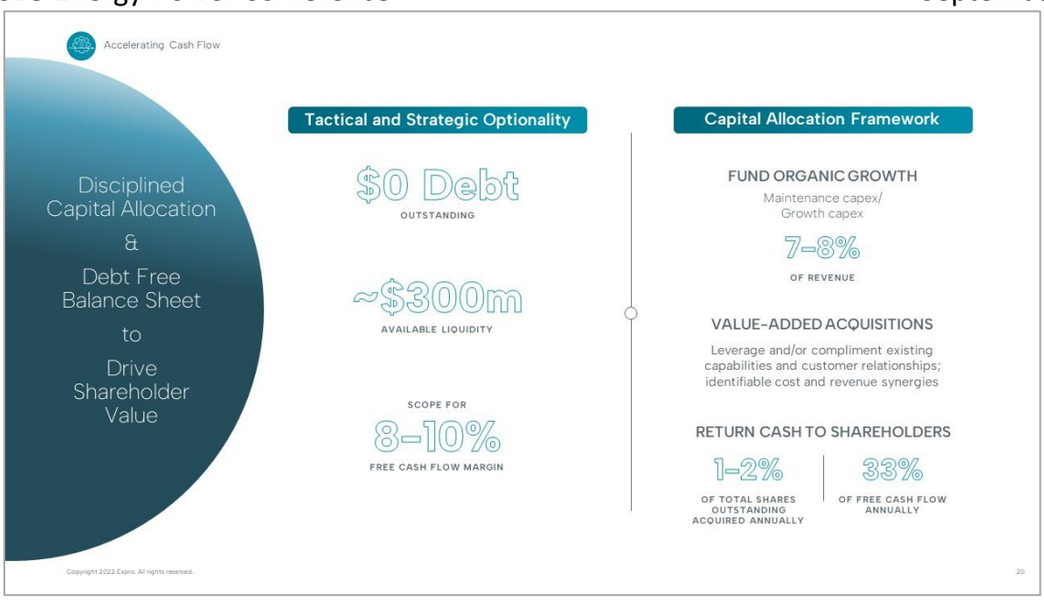
Setting aside net pricing gains and new energy related opportunities, cash-basis gross margin, what we call contribution margin, should be headed higher because of increased activity and a favorable shift in our business mix. As a result, we should be at or above 40% Contribution Margin over the next few years.

At the same time, through merger-related synergies, we are driving support costs toward 20% of revenue, such that with improved operating leverage we can sustain an Adjusted EBITDA margin above 20%.

Based on our assumptions regarding taxes, capex and normalized Net Working Capital requirements, which are detailed on this slide, converting circa 40% of EBITDA into free cash flow should be achievable, implying a near-term target for free cash flow margin, or free cash flow as a percentage of revenue, of about 8%.

As an indication of the combined companies' upcycle potential, on a pro forma basis, in 2014, the most recent upcycle, we generated approximately $2.5 billion in revenue, $800 million in Adjusted EBITDA, and $250 million in free cash flow.

In sum, our medium-term outlook for Adjusted EBITDA and free cash flow margin at Expro is positive. Importantly, this illustrative recovery scenario – and our bullish outlook for the business **-- is not dependent on material improvements in net pricing and/or upside associated with sustainable energy initiatives**, both of which we believe could be positively impactful to the trajectory of our business.



Slide 20 - Disciplined Capital Allocation & Debt Free Balance Sheet to Drive Shareholder Value

We have a debt free balance sheet and significant available liquidity, including approximately $180 million in cash and $130 million in capacity under our credit facility as of the end of Q2 2022.

In addition, with just a couple of quarters under our belt since we completed the Expro/Frank's merger in Q3 2021, our expectation is that free cash flow will begin to gain momentum in H2 2022 and remain strong over the next couple of years.

Taken together, our strong financial profile and free cash flow outlook provides both tactical and strategic optionality.

While our near-term focus is on,

#1, successfully completing the integration of the legacy Expro and Frank's businesses and quickly capturing available synergies,

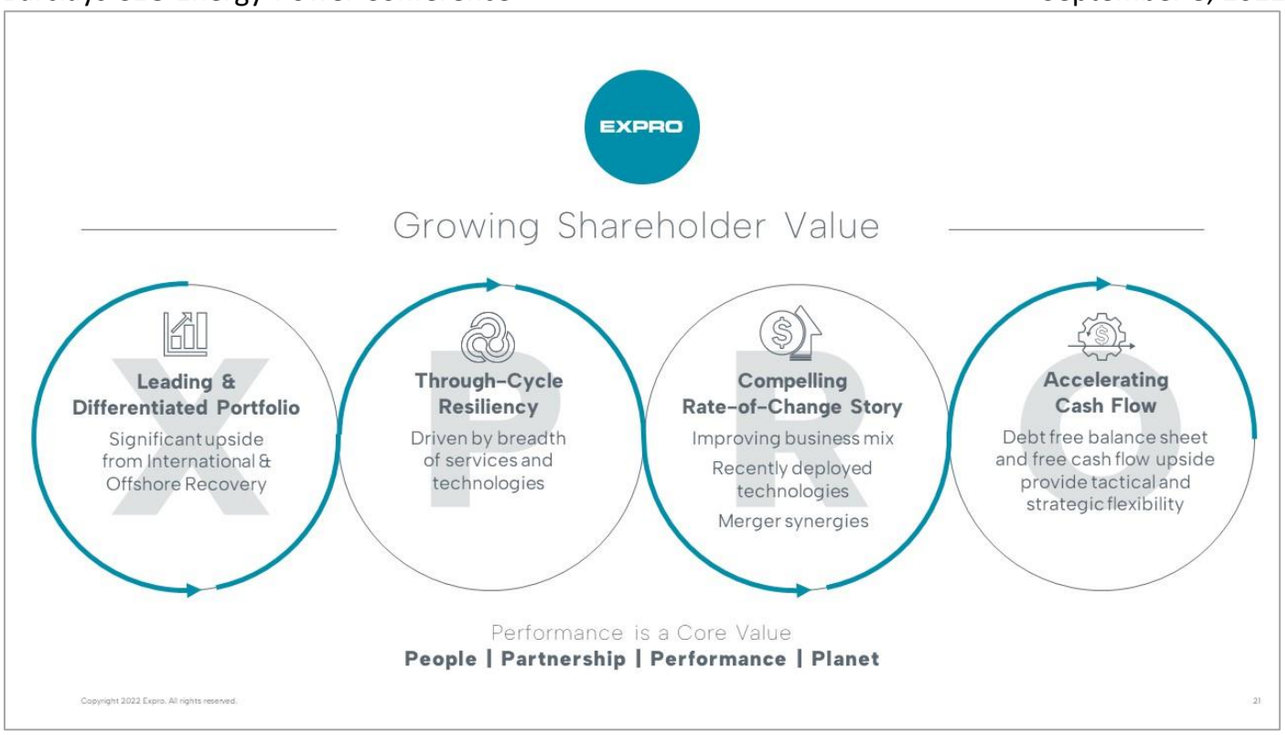
#2, fully participating in what we expect to be a multi-year upcycle, and,

#3, generating cash,

we also expect to have a shareholder-friendly capital allocation framework that will allow us to fund organic growth, opportunistically pursue smart, synergies-focused, and value-added acquisitions, and still return a material amount of cash to our owners.

In due course, we will refine and clearly articulate our return of capital policy. In the interim, as the business begins to consistently generate cash, I'll just note that, in some form or fashion, we will be predisposed to annually returning roughly one-third of our free cash flow to shareholders.

During the second quarter, our Board approved a new stock repurchase program under which we are authorized to acquire up to $50 million of stock. We view the repurchase of our shares as an attractive and prudent use of our capital that is in the best interests of our shareholders. In the second quarter, we repurchased approximately 1% of our shares outstanding.



Slide 21 - Closing

In closing, we are incredibly excited about the platform that we have built and the opportunities ahead for our business. We are just beginning to realize the significant potential and we are confident in our ability to capture substantial growth opportunities.

We believe that our strong financial foundation and our ability to capitalize on industry tailwinds provide us with significant opportunities to accelerate our cash flow generation, which in turn allows us to further invest in our growth and deliver increased value for all stakeholders.

Thank you.


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