Quinn Fanning: Welcome to Expro's third quarter 2023 conference call.

I am joined today by Expro's CEO, Mike Jardon. First, Mike and I have some prepared remarks. Then we will open it up for questions.

We have an accompanying presentation on our third quarter results that is posted on the Expro website, expro.com, under the Investors section.

In addition, supplemental financial information for the third quarter and prior periods is downloadable on the Expro website, likewise under the Investors section.

I'd like to remind everyone that some of today's comments may refer to or contain forward-looking statements.

Such remarks are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements.

Such statements speak only as of today's date. And the company assumes no responsibility to update forward-looking statements as of any future date.

The company has included in its SEC filings cautionary language identifying important factors that could cause actual results to be materially different from those set forth in any forward-looking statements.

A more complete discussion of these risks is included in the company's SEC filings, which may be accessed on the SEC's website, sec.gov, or on our website, again at expro.com.

Please note that any non-GAAP financial measures discussed during this call are defined and reconciled to the most directly comparable GAAP financial measure in our third quarter 2023 earnings release, which can also be found on our website.

With that, I'd like to turn the call over to Mike.

Mike Jardon: Good afternoon, everyone. As Quinn noted, we posted slides with Q3 highlights to the Expro website. We will refer to several of these slides during our prepared remarks today.

In my remarks this afternoon, I will begin by reviewing the third quarter financial results presented in today's earnings release. Then I will discuss the macro environment, which we believe supports a favorable multi-year outlook for energy services and the international and offshore markets to which Expro is most leveraged. Quinn will then share our revised outlook for the fourth quarter and full year.

Q3 2023

As highlighted in our press release, third quarter revenue was $370 million and Adjusted EBITDA was $50 million, or 14% of revenue. Adjusted EBITDA for the three months ended September 30 includes

$15 million of LWI-related demobilization and other unrecoverable operating costs. Excluding such costs, Adjusted EBITDA would have been $66 million, or 18% of revenue.

Our net loss for the third quarter was $14 million, or $0.13 per diluted share, compared to a net income in the second quarter of $9 million, or $0.08 per diluted share. Adjusted net income for the third quarter of 2023 was $6 million, or $0.06 per diluted share, compared to the second quarter adjusted net income of $19 million, or $0.17 per diluted share, primarily reflecting lower Adjusted EBITDA.

Our third quarter was a challenging quarter, with headline results and several discrete issues masking what we believe to be a favorable long-term outlook and good business momentum for Expro. We acknowledge headwinds in certain geographies and several Expro specific challenges as well, all of which we are addressing with appropriate urgency. We also want investors to understand underlying business trends and what we are doing to capitalize on those trends.

As a recap, on September 27, we issued a press release describing an incident offshore Australia that occurred on September 19 that involved our vessel-deployed LWI system and our suspension of vessel-deployed LWI operations. We have not yet recovered our equipment, but we are coordinating recovery operations with our customer and other stakeholders and expect to recover our equipment within the next several months, after which we will determine the time and cost required to return our LWI system to operational status and a path forward for our vessel-deployed LWI business.

We believe that there is strong customer demand for cost-effective subsea interventions and vessel-deployed light well solutions, and that the value proposition for our technology is compelling. Less clear at this point is the best service delivery alternative and the most appropriate apportionment of commercial risk amongst stakeholders. As we gather additional information and refine our go-to-market strategy, we will try to be as transparent with investors as circumstances permit. Quinn will have some additional comments on this topic in a few moments.

In addition to LWI-related costs, our third quarter results reflected reduced activity in our North and Latin America, or NLA, region. NLA results fell short of expectations for several reasons.

First, revenue from our U.S. onshore tubular running services business, which is part of our well construction product line, was down about 10% sequentially to approximately $7 million, continuing what has been a multi-quarter reduction in activity and weaker pricing in the U.S. onshore TRS market.

Overall, Expro currently generates less than 5% of its revenue from U.S. onshore TRS operations, but quarterly revenue is about 40% lower than our expectations when we prepared our 2023 budget. Similarly, the quarterly shortfall in contribution margin has been about $3 million. Consequently, we are simply not generating acceptable returns from this business.

In our view, there is too much marketed TRS capacity in the U.S. onshore market and several competitors appear to be prioritizing market share more so than pricing. As a result, we have begun to rationalize our TRS operating footprint in the U.S. land market and re-deploy equipment to select U.S. basins and international markets. While rationalizing costs and re-positioning assets may take a few quarters, I believe we will achieve better utilization, pricing, and returns with a more focused U.S. onshore strategy.

Second, consistent with recent comments from some of our public peers, Q3 results also reflected drilling related softness in some of the offshore markets within NLA, which we believe will rebound over the near- to medium term.

In Mexico, a series of dry wells negatively impacted scheduled well test activity, which is captured within our well flow management product line. In addition, during the third quarter, several contracted rigs in the U.S. Gulf of Mexico and the Caribbean were undergoing maintenance or conducting non-drilling operations, which negatively impacted offshore TRS activity within the NLA region, which is captured within our well construction product line.

Relative to our expectations for NLA offshore, the impact on Q3 revenue and contribution margin was approximately $17 million and $10 million, respectively. As noted in our press release, sequentially lower revenue resulting from dry wells and rig schedules should be transitory in nature and we expect a rebound in NLA offshore activity in the coming quarters.

Results for Europe and Sub-Saharan Africa, the Middle East and North Africa and Asia Pacific, excluding LWI, were generally consistent with expectations. Activity is picking up and our business mix is trending in a positive direction.

Notable Awards and Achievements

In addition to a number of technology awards that are highlighted in our press release, we had a number of operational and commercial highlights during the third quarter.

In **North and Latin America**, we delivered a well cementing project for a large international operator in the U.S. Gulf of Mexico. Compared to offset wells, we saved approximately 18 hours of cement related drill-out, clean-out and waiting on cement time, and we are building momentum within our cementing technologies offering that was bolstered with the recent acquisition of cementing specialist, DeltaTek Global.

As we have discussed on previous earnings conference calls, DeltaTek supplements our offering of low-risk, open water cementing solutions, including cure technology, which allows customers to increase operational efficiency, reduce rig time and costs, and improve the quality of cementing operations.

In the **Europe and Sub-Saharan Africa** region, our ENI Congo project to design, construct, operate and maintain a fast-track onshore LNG pre-treatment facility continues to progress on time and on budget with first production scheduled for the first half of 2024.

During the third quarter, the ENI Congo project team achieved 250,000 hours LTI free, and long-lead items have begun to arrive on site for assembly. We really appreciate the Congo team's dedication to safe and sustainable operations and best-in-class service delivery.

The Congo facility expansion is designed to allow incremental gas production for low carbon electricity generation. It will link to ENI's offshore floating LNG operations, supporting both the local

energy market and increased global demand for LNG to help secure energy supplies, particularly for Europe.

In the **Middle East and North Africa**, Expro completed the first worldwide installation of our Kinley check valves using a non-explosive technology for an Omani customer that was challenged with a failed electric submersible pump on a production well. Following two successful runs and a gas lift stimulation, the well achieved a 2,000 Bbls/Day total production.

Lastly, in the **Asia Pacific** region, we achieved 5.5 million man-hours without a loss time incident, which is a testament to the APAC team's commitment to champion safety at all times.

Also in Asia Pacific, Expro's Octopoda™ annulus intervention technology was utilized to assist with the remediation of sustained casing pressure for a major LNG project. Following the success of the work provided, Octopoda is being used on a multi-well trial project.

Octopoda is the only certified annular intervention system in the world that enables direct intervention of a live annulus without the expense of a heavy workover rig and with a reduced environmental footprint. The system offers a safe and efficient method for addressing sustained casing pressure. It can be deployed to replace annulus fluid, increase hydrostatic pressure, and solve casing shoe leaks by placing sealing material on the bottom of the annulus. Utilizing a unique design, Octopoda is deployed on annulus inlets, removing workover rig requirements, offering an alternative that can be rapidly deployed across all types of installations -- onshore and offshore -- to maximize operational uptime while reducing overall HSE exposure.

Commercial Recap

In terms of commercial activity, we started 2023 with a healthy order book, and I'm pleased that we have continued to build on this momentum. During the third quarter, we captured an approximately $235 million of new contract awards, including an integrated services contract worth approximately $30 million with a customer in Norway for which Expro will provide drilling, well test, subsea and our proprietary CoilHose services. As a reminder, CoilHose is a cost-effective, lightweight alternative to traditional coiled tubing intervention.

Other notable contract awards during the quarter included several well test contracts in MENA and a well construction contract in ESSA from a customer with whom we are currently providing well flow management services.

I will also note that, where we have complementary services and operating footprints, Expro is increasingly working with the larger energy services companies to deliver integrated solutions for our common customers, leveraging our reputation for safety, service delivery and cost-effective, innovative solutions.

At quarter end, our backlog was approximately $2.4 billion, up approximately 6% from June 30.

Other

In early October, we also completed the previously announced acquisition of PRT Offshore. PRT Offshore is Houston-based and is the only company to provide a complete Hook-to-Hanger™ solution enabling comprehensive well completions, interventions, and decommissioning services from surface to subsea. Its unique system is designed to allow customers to access the wellbore safely and efficiently, all while reducing personnel on board.

The PRT acquisition will enable Expro to expand our portfolio of cost-effective, technology-enabled services within the subsea well access sector in the North and Latin America (NLA) region and accelerate the growth of PRT Offshore's surface equipment offering in the Europe and Sub-Saharan Africa (ESSA) and Asia Pacific (APAC) regions.

As was noted in our press release, October 1 marked the second anniversary of our completing the business combination of Expro and Frank's International. In addition to broadening our services and solutions offering and leveraging complementary operating footprints and customer relationships, the Expro/Frank's merger has allowed us to substantially reduce support costs and improve the combined company's operating leverage in advance of an anticipated upcycle.

Over the last five quarters, support costs have averaged 20% of revenue, an improvement of approximately ten percentage points relative to pre-merger overheads. Over the same period, capital expenditures have remained within our guidance range of 7-8% of revenue. As we progress through what we believe will be a multi-year growth phase, cost and capital discipline should result in margin expansion and a step change in free cash flow generation.

Also in early October, Quinn and his team reached an agreement to amend our revolving credit facility and extend the maturity of the facility for a further three years. Total bank commitments are $250 million, of which two-thirds is available for drawdowns as loans and one-third is available for letters of credit. Expro can increase the facility size to $350 million, utilizing a conventional accordion feature.

We very much appreciate the support of our bank group during the amend and extend process and their vote of confidence in our business plan.

At September 30, $50 million was drawn on the facility in anticipation of closing the PRT Offshore transaction, $35 million of which was repaid this week. Total liquidity, including cash on the balance sheet and borrowing capacity under the amended credit facility, is currently in excess of $350 million.

Macro outlook

Turning to our outlook for the remainder of 2023 and into 2024, we expect the energy services market to further strengthen as oil demand continues to increase, with consumption expected to reach an all-time high of more than 102m bbl/d in Q4. With positive macro-economic data from China and a continuing stabilization of US and European economies, demand is forecast to further rise in 2024. Against this, supply remains constrained following the announced production cuts from OPEC+

and additional voluntary cuts by Saudi Arabia, resulting in a liquids market that is in balance, if not trending toward a deficit.

As of now, supply/demand fundamentals are supporting the recent rise in oil prices, with EIA revising upwards their average Brent price forecasts to $84/bbl in 2023 and $95/bbl in 2024. The impact on both supply and demand of conflicts in Europe and the Middle East of course remains a key risk factor for the energy services industry and otherwise.

In the gas markets, robust storage in Europe and slower demand growth in Asia have eased upward pricing pressure, resulting in a global gas market that remains in an uneasy near-term equilibrium, seemingly tied to winter demand in the Eurozone. As with liquids, the ongoing conflicts in Europe and the Middle East increase near- to medium-term risk for supply and demand and gas prices.

Longer-term, supply/demand dynamics, energy security, and diversification of supply considerations support continued investment in LNG as a structural source of low carbon electricity generation and a critical transition fuel on the path towards global net zero.

Strong and generally stable commodity prices are allowing operators to reduce debt, increase investments in conventional and renewable resources, and increase distributions to shareholders. Consequently, our sense is that operators (particularly the IOCs but increasingly the NOCs too) are taking a balanced, portfolio type approach to their medium-term spending plans, which we expect will result in a steady, but more sustainable upcycle. Operators are prioritizing projects with high and sustainable returns, with significant emphasis on both cost and carbon intensity.

While the recent announcements by ExxonMobil and Chevron highlight the premium operators place on scale-based economies, there is also a recognition that, if global liquids demand will remain above 100m bbl/d through at least 2030, significant investment is required to replace produced reserves.

Operators' desire to maximize production from existing well stock and reduce emissions is driving increased demand for production-related activities within our well flow management and well intervention and integrity product lines, especially across the Asia Pacific and Latin America regions.

Perhaps more importantly, despite some near-term macroeconomic uncertainty, long cycle development -- and particularly deepwater development -- is generally cost and carbon advantaged, and offshore project sanctioning has grown significantly in 2023, with further growth expected in 2024, and a robust pipeline of projects poised to be sanctioned between now and 2030.

The growth in our backlog reflects positive trends in international and offshore markets, especially across our Europe and Sub-Saharan Africa and Asia Pacific regions as well as in Latin America and the Caribbean as operators look to progress new developments such as we have observed in Norway, Angola, India, Indonesia, Brazil and Guyana. In recent investor meetings, I've noted that Africa has been under-represented in the recently sanctioned projects. If, as I suspect will be the case, we see additional projects sanctioned in Africa in 2024 and 2025 that will be a sign that the current growth cycle will likely have legs into 2027 or beyond.

This combination of increasing investments and sanctioning is driving demand for our services and

solutions, especially within our well construction, subsea well access and elements of our well flow management businesses, for which we expect good growth in 2024 and beyond.

In support of the industry's sustainability goals and demand for low carbon energy sectors, we are also seeing additional activity in the geothermal sector and increased investments in carbon capture, use and storage projects, further indicators of expected growth in offshore activity and a positive longer-term outlook.

Despite the positive macroeconomic outlook and robust commodity pricing, the number of mature assets reaching the end of their economic and environmentally sustainable life also continues to increase. This is underpinning increased activity, particularly in Europe and the Gulf of Mexico, in the decommissioning market and additional demand for cost-effective plug and abandonment solutions, which we expect will become a growth driver for the energy services industry and Expro.

A significant increase in global activity and capacity constraints across the energy services sector -– both for people and equipment -– should support net pricing gains for value-adding services providers over the next several years. As a result of Expro's global operating footprint and differentiated offering across our product lines, we should be able to extract more value for our services and solutions.

All combined, the outlook for Expro and the broader sector remains quite positive.

With that I will hand the call over to Quinn to discuss our updated outlook for Q4 and the full year.

Quinn Fanning: Thank you, Mike.

First, as was noted in our September 27 press release, there is an ongoing investigation regarding the crane wire failure on the vessel that was deploying the subsea module of our vessel-deployed LWI system. As Mike noted, we have not yet recovered our equipment, but expect to do so in Q4 or early in Q1 of 2024. Third quarter results reflect unrecoverable operating costs totaling $15 million, including an estimate for de-mobilization costs.

As noted in our earnings press release, third quarter results do not include an estimate for recovery and repair costs; however, based on the information that is currently available to us, we do not think that such recovery and repair costs, net of insurance, will be material to Expro's financial results.

After we have recovered our equipment, we will also be able to determine when our LWI system will return to operational status, what alternative service delivery options and service partner options are available to the company, and the timing and cost of completing LWI-related customer work scopes. At this time, we are not able to assess the timing and potential cost of completing customer work scopes, and whether such costs could be material to Expro's financial results.

Once we had moved beyond the start-up and commissioning phase (i.e., in 2024 and beyond), we expected annual revenue from our vessel-deployed LWI business of $50 to $75 million. Until we return to operational status, this expected revenue will obviously not be a part of our financial results. Contribution margin from vessel-deployed LWI services has been negative to date, however, our further expectation was that we would have achieved 20%-25% contribution margin in 2024. This is generally lower than the contribution margin generated by our other product lines, and reflects higher pass-through costs, including the cost of chartering a vessel as part of delivering an integrated solution to the end-user customer.

As Mike noted, we believe there is a strong customer interest in cost-effective subsea interventions and vessel-deployed LWI solutions, and that Expro has compelling LWI technology and a differentiated offering of services and solutions. As a result, we would like to participate in this space, subject to finding an appropriate contracting model and our ability to achieve sustainable risk-adjusted returns.

Slide #3 of our accompanying presentation summarizes our revised guidance for full-year 2023.

The mid-point of our previous full-year guidance for revenue and Adjusted EBITDA was $1.5 billion and $300 million, respectively. Our current expectation is for Q4 revenue of $375 to $385 million, Adjusted EBITDA of $75 to $85 million, and Adjusted EBITDA Margin of +20%.

Our Q4 outlook implies a full-year revenue range of $1.48 billion to $1.49 billion, an Adjusted EBITDA range of between $235 and $245 million, and an Adjusted EBITDA Margin range of between 16% and 17%.

Note that Q4 and full-year 2023 guidance does not contemplate additional LWI-related charges.

Excluding LWI-related unrecoverable operating costs of approximately $32 million that we have

recognized year-to-date, our expectation is for full-year Adjusted EBITDA of between $265 and $275 million and an Adjusted EBITDA Margin of between 18% and 19%.

As you can see from the bridge provided, other than LWI-related unrecoverable operating costs, the key negative variances are the year-to-date underperformance in our U.S. Land business and what we believe to be a transient trough in NLA offshore activities included within our well flow management and well construction product lines. Offsetting such negative variances is a modest Adjusted EBITDA contribution from recently acquired PRT Offshore, and a combination of additional activity and better activity mix across regions and product lines.

Net pricing gains are not currently a material driver to expected 2023 results.

I will now turn the call back over to Mike for a few closing comments.

Mike Jardon: Thanks, Quinn.

I'd like to leave all of you with three key takeaways before we open up the call to Q&A.

First, Expro continues to outpace market growth, delivering and expecting double-digit revenue growth by capturing market share and by introducing new technologies in our established markets. This is a result of us being able to leverage our global operating footprint, excellent track record, and world-class service delivery.

Second, while LWI-related start-up and commissioning costs, the recent incident involving our vessel partner's crane wire failure, and the softness in NLA, particularly in Q3, have resulted in downward adjustments to our 2023 outlook, Expro remains well-positioned to deliver strong top-line growth and benefit from improved operating leverage. As we drive more activity and revenue across a more efficient support structure, we should be able to expand EBITDA margins and improve free cash flow generation.

Finally, we win business because of the quality of our execution. We were successful in achieving and exceeding our merger-related synergies targets because we worked very hard to develop strong and detailed plans, and then we set about implementing them.

As the inevitable challenges arise in a dynamic operating environment, we will address them in a straight-away manner. We will also continue to be transparent with investors regarding any course corrections to our business plan. What will not change is our commitment to deliver and derive value by providing cost-effective, technology-enabled services and solutions.

With that, I'll turn the call back to the operator for the Q&A session.

With that, I'll turn the call back to the operator for the Q&A session.

QUESTION & ANSWER:

Operator: (Operator Instructions) Our first question comes from the line of Luke Lemoine with Piper Sandler. Luke, please go ahead. Your line is now open.

Luke Lemoine: Mike, Quinn, I hope you all talk about the issues and impacts in NLA in 3Q as far as Well Flow Management, U.S. Land TRS, Well Construction, Gulf of Mexico and Caribbean. Just kind of want to understand this piece is a little bit better, but maybe if we could start with U.S. Land. And Mike, you touched on it a little bit, but what are you doing here? How is the business restructured? Do you need to divest the pieces? You talked about mobilizing equipment in different basins, and just kind of how you see this, U.S. Land TRS business evolving kind of in the next 6 to 12 months? And then I'll have a few follow-ups as well, related to the rest of NLA.

Mike Jardon: Sure. No problem, Luke. And thanks for the questions. So fundamentally, what we're really experiencing within TRS in U.S. Land is, it's a very competitive landscape and as I said in the prepared remarks, what we're really seeing is, and these are much smaller competitors, these aren't the bigger, broader, normal competitors you'd think of, they're smaller, privately held, one- and two-man shop kind of operations.

And it really appears right now that they're really just trying to stay afloat and they're chasing market share; they're not chasing pricing. So, we've been continuing to press price in U.S. Land. And frankly, what we're not seeing is the type of discipline that you see from the drillers or you see from the pressure pumpers in U.S. Land where they've all kind of consciously made a decision that they will lay equipment down before they start giving up pricing.

So really, what we've been doing is, we've been closing a few facilities. We're starting to concentrate our assets to some of the basins that we think we can achieve some better pricing with. We do still have some technology elements in U.S. Land, special cementation that we think is valuable to our customers, which allows us to have some pricing traction.

But we're going to contract that business back to a level that we can maintain some better margins. We won't necessarily divest assets. We will move those same assets internationally. We've got land markets in Latin America or in the Middle East or even in Asia that we can utilize those TRS assets.

So, I think we've all been trying to understand when does bottom occur in U.S. Land and what happens with rig rates and rig count and those type of things, and it's just been softer than I think what anybody anticipated. For us, we're starting to accelerate moving equipment outside the U.S. and to a few basins within the U.S. that makes sense, Luke.

Luke Lemoine: And then on the well testing in NLA, is this just you had the jobs on the calendar, you mobilized and then there were dry holes, so there were no revenues where the job didn't occur and you just kind of absorb some costs along with that?

Mike Jardon: Absolutely, that's a really good read of what we were trying to talk about. We had dry holes in Mexico, in particular, and we had a series of dry wells. Normally, we test about 50% to 60% of our wells that are on the calendar and the way things lined up for the quarter, we didn't test wells at

the same rate we normally would.

And overall, what we really had was, and I think you've seen it from some of the comments from some of our other peers, that there was a reduction in the Gulf of Mexico, in particular, on drilling related activity within the quarter. It just happened that there was more completions activity.

There was a large number of completion operations being run in the quarter and not quite as balanced between drilling and completions operation as what you normally have. So, it really was a timing of operations. It was rigs in Guyana being in a maintenance mode; it was just how things stacked up from an operational standpoint as the operations layer in over the quarter.

Luke Lemoine: And then just one final one to wrap it altogether for NLA. You provided the bridge for the annual EBITDA guidance change, but how do you think NLA performs in 4Q? And when do you think you can kind of get back to more normalized 2Q performance levels, maybe or acts a smaller U.S. Land TRS business?

Quinn Fanning: If you rolled it all up, Luke, we were at approximately $130 million, trending toward a $140 million of revenue quarter in NLA. As I am sure you saw from our conference call slides and the press release, we are just a bit over $100 million in the third quarter. So at least our expectation is that, in the fourth quarter or, if not the fourth quarter, in the first quarter, you are going to be back in that $130 million to $140 million our zip code in terms of revenue, at least that's our expectation where we sit today.

Operator: Our next question comes from Atidrip Modak with Goldman Sachs. Please go ahead. Your line is open.

Atidrip Modak: Hi. Thanks for taking my question. Quinn, on the LWI business, do you now expect, I mean I know you mentioned some expectations there, but is that going to be a different approach to the business? Maybe help unpack the expectations around that compared to the approach so far? And what would that mean for cost after you resolve the current issue?

Mike Jardon: Yes, it is a good question. And really – the biggest challenges and the biggest shortcomings we have had trying to go operational with the LWI system over the course of last year really has been the vessel partner. We have had a number of vessel-related issues, most significantly around the crane, whether it was a hydraulics issue or it was this now, a crane wire failure.

And we have had somebody that we have partnered with and we willingly partnered with them upfront. And they really have -- they have left us kind of standing at the altar, so to speak. And so, what we're looking at, is that the ideal vessel to be partnered with? Is there -- we are doing over the side deployments today. The original plan was to do deployments through our tower.

So, it is really just looking at, who do we partner with? How do we partner with? Do we run the operations? We are the front facing element of the customer engagement. Do we move to more of a traditional arrangement? We provide the LWI system and the operator secures the vessel on their own.

We are really working through all of those options here now, because it frankly, in the construct we have had, as Quinn alluded to, we are taking a disproportionate amount of the risk here. Even though our equipment has not been problematic, the end customer has had to deal with some downtime. So that's why we're really trying to look at and evaluate this.

The one thing I can tell you is that the operations we completed and we completed a significant number of these de-suspensions. They were very efficient. They operationally went well and there was a lot of customer interest and excitement around that technology. So how do we or can we deploy that and how will we be able to provide it to customers is really what we are trying to evaluate right now.

Atidrip Modak: Got it. Thanks for that. And then you mentioned rationalization of the North American onshore footprint. Is this something that became more specific during this quarter that brought future challenges to light or was this contemplated for some time now? And maybe also talk about the competitive landscape elsewhere, what kind of structural revenue EBITDA impact does that net out to?

Mike Jardon: Sure. And so this is not -- the U.S. Land TRS, kind of slimming down our operations, that's not something that's new for us. We've been working on that for several quarters. We've closed some facilities. We've been reducing some of our footprint. It was just really exacerbated in this quarter because we really kind of had the -- and I don't want to say the stars all aligned here because that sounds like an excuse.

But what we really had was -- we just had a series of things that kind of happened all concurrently, and it wouldn't normally be that way. We had some well test operations in Mexico. We had rigs in the Gulf of Mexico that were in a completions phase, not in a drilling phase. So it probably put a brighter light on the U.S. Land, impact, than what it normally would have.

Fundamentally, it's a highly competitive marketplace. I can tell you an area like the Permian, there are 34 TRS providers today and these aren't the big guys. These are small privately held companies. And as we alluded to in the call, they really appear to be chasing market share and not chasing pricing. And they're not showing the level of discipline that we see around the pressure pumpers or some of the drilling guys.

So, we're continuing to try to flex our operational footprint to the right size. The other thing that we do bring to this, and I alluded to it when I answered the question for Luke, we do have technology that we can deploy into this, whether it's around cementation, improving some efficiencies around those kinds of things.

So we're trying to get that balance of providing some higher value added services that we can get paid for and get credit for, so to speak, in U.S. Land, but not trying to compete in a highly commoditized business. That's what we're trying to balance in there, and we'll continue to move those assets, to other parts of the world, because we can redeploy them in places like the Middle East or Asia in particular.

Operator: Our next question comes from Arun Jayaram with JPMorgan. Please go ahead. Your line is open.

Arun Jayaram: I wanted to follow up on the 4Q kind of earnings power of the Company, which you highlighted around an EBITDA outlook around $80 million. As we think about 2024, do you think that this represents a good baseline given some of the challenges you cited? Is that a good baseline for thinking about 2024? And would you expect to see some growth on top of that, just given further expansion of activity, particularly in international offshore markets?

Quinn Fanning: I guess in terms of what the business as currently constituted can do in terms of adjusted EBITDA if you back out the LWI related issues, $75 million, $80 million in the second and third quarter. The fourth quarter is typically a good quarter for us. The first quarter tends to be the weakest of the year.

So, the $75 million to $80 million, I would say is kind of normalized performance where we sit today. And we're in the budget season today. We will present our budget to the Board in mid-December, so I would expect we'll give guidance sometime between the first of the year and, at the latest, when we report fourth quarter results. So that's when we can speak specifically to 2024.

But we'll have, obviously a bit of a revenue headwind if we have LWI out of the mix, at least for a couple of quarters potentially. As I mentioned, that was a $50 million to $75 million revenue contributor on paper before we had this incident. But the business is otherwise trending in a positive direction.

I think as we've talked about in previous calls, we have a relatively significant revenue contribution from Eni Congo project, which will continue until delivery in the first half of 2024, at least on that project, we'd expect a revenue step down as we move into an O&M phase. But the margin should be better during that.

But even with LWI out of the mix and as Eni Congo change in phases, we think we'll see good growth in 2024. Tough to put a finer point on it before we finalize our budget.

Mike Jardon: Yes, and I guess Arun, all I would add to that is we continue to see positive customer engagements, technical inquiries, bidding, tendering activity, those type of things. And the softness that we've had here in Q3, when you look at the numbers, LWI notwithstanding, it was an NLA related issue, and it was just the timing of a number of those projects.

We still continue to see good solid activity everywhere, and customer engagement and customer sentiment, I think continues to be positive overall. So I don't see any difference in -- I still believe in the fundamentals of offshore international, and that's where we're really well positioned.

Arun Jayaram: Understood. And just my follow-up, as we think about pricing for well construction in 2024, you highlighted how you saw some reduced activity in the Gulf of Mexico, the U.S. and Mexican side and the Caribbean, does that potentially impact any thoughts on potential for pricing gains as we think about 2024?

Mike Jardon: No, because it really, it was not -- normally, you would have 65% of our activity would be

drilling-related and 35% would be completions-related in a quarter, and it was flip flopped this time. It really just happened to be how the rigs were -- so, it wasn't like rigs were stacked or those kinds of things. It just happened to be whether they were in a drilling mode or a completions mode.

And for us, we have a greater service intensity when the customer is in a drilling mode as opposed to completions. So it wasn't a fundamental change in the market. It just happened to be how things kind of stacked up.

To be honest, as I've looked through the history of well construction over the last 8 or 10 years, we've never seen that phenomenon. It just happened to kind of line up within this quarter. So, I don't think that that's going to have a pricing effect.

You take the activity in the Caribbean, we have very strong market share there. We didn't lose share. There wasn't a change in share. It just happened to be -- there were several rigs that were on maintenance in the quarter, and that's not a typical event. So, it's just more kind of how the activity sets lined up.

Quinn Fanning: At risk of redundancy, I guess the point is that contracted rigs hasn't changed. It's just what they were doing was different during the quarter.

Operator: Our next question comes from Eddie Kim with Barclays. Eddie, please go ahead. Your line is open.

Eddie Kim: I just wanted to follow-up on the softness NLA this past quarter. You mentioned one of the factors here was maintenance activity on certain drilling rigs. Just curious, if this was unexpected or unanticipated maintenance activity? I know the offshore drillers have five-year special periodic surveys, which I understood are scheduled or planned for the most part. So just curious, if you could start to see higher maintenance activity on rigs and other regions besides NLA, and just generally, if you could speak to your visibility on offshore rig maintenance going forward?

Mike Jardon: Sure. It is a great question, and thanks for asking it. Fundamentally, it was not unanticipated activity. It just happened to be that, there was maintenance activity at the same time, we had dry holes in Mexico, at the same time, we had a greater proportion of our activity being tied to completions related activity than drilling. It really was just kind of how things kind of feathered in and layered in within the quarter.

We had anticipated the slowness because of the maintenance activity. But quite frankly, we did not anticipate, completely un-forecasted, that we were going to have dry wells in Mexico that would relate to no wells being tested throughout the quarter. So, I don't think this is just -- this is kind of a unique situation to NLA. It wasn't that maintenance took longer or they did maintenance, that wasn't planned. So, I don't see where it will have an effect on operations elsewhere in the world.

Eddie Kim: Okay understood. And just a clarification here, Quinn, you mentioned that your 4Q guide does not include additional LWI charges. Is that because you don't expect additional LW charges in 4Q, or was that comment made more to indicate that, there could potentially be a risk to your $75 million to $85 million EBITDA guide, if additional charges are incurred?

Quinn Fanning: So, what I'll try to do is re-bucket it and do a couple of different pieces, first of which is operating expenses, they are unrecoverable. We did recognize costs for the third quarter and provided for de-mobilization costs. And so at least we think we have that covered. The second piece, which is recovery and repair related, as I mentioned in my prepared remarks, we do not believe that those costs would be material to results because there is insurance in that at play whether it's Expro's or third parties.

The other final piece, which we really aren't in a position to assess until we recover the equipment, is what is the cost and timing of completing customer work scopes. So I wasn't trying to hedge the guidance by highlighting the fact we have not provided for additional LWI related costs, it is that we just don't have visibility on additional costs or have any ability to put a specificity around it. So, I am not saying that there is no chance that we would have costs recognized that is related to LWI in the fourth quarter. We don't have visibility on those today and to the extent that we did, we provided for it in third quarter.

Operator: Our next question comes from Steve Ferazani with Sidoti & Company. Steve, please go ahead. Your line is open.

Steve Ferazani: Thanks Mike, Quinn, we appreciate all the detail on the call. I do want to circle around a topic I know you have already covered. But in terms of your 20% margin guidance for 4Q, there will be a pretty big jump from 3Q and you went through some of the issues. But you are at 18% even without excluding LWI, knowing that in 4Q you are not going to get a lot of start-up projects late in the quarter and maybe some early winding down. Just your general visibility because you haven't been a 20% plus margin in quite some time.

Quinn Fanning: In fact, we have excluding LWI related costs.

Mike Jardon: I mean Steve, I guess I would try to frame it up for you. We do have good visibility of that activity for the fourth quarter. It's kind of a project-by-project activity set, and we gave that guidance because those were good ranges based upon the activity that we see in fourth quarter.

And right now, we're a third of the way through the quarter almost right now, and we still see good alignment with that kind of guidance. So, it's based on projects that are known, activity sets that are known, and that's how we anticipate we'll be able to finish up the fourth quarter.

Steve Ferazani: So is that primarily just a recovery in NLA offshore from where it was the lower level in 3Q, because if you're redeploying land assets, is that primarily where the margin bump comes from?

Mike Jardon: So I mean, we won't see much of a benefit from redeployment of U.S. Land assets in the fourth quarter. It will take us more quarters than that but that was an ongoing process. But what you are seeing is kind of a more normalized level of activity in NLA overall in the fourth quarter versus Q3. Q3 was just abnormally low because of how the activity sets were.

But again, it was not a change in the market. It was not a change in market share or those kinds of things. It was just kind of how some of the operations laid out within the quarter. And that's why we've got good visibility and I have a good level of confidence that we'll be able to deliver the fourth quarter

as we've given guidance to.

Steve Ferazani: And if I could get one more in just on the buyback, you haven't bought back for a couple of quarters, but now you've expanded it to $100 million, any reason for the expansion now? And as I look at the stock today obviously the balance sheet is in great shape.

Mike Jardon: Sure. I'll let Quinn comment on it in more detail. But part of it was we were able to go through and -- we had some limitations previously because of the structure of our original revolver. We were able to build in some additional flexibility with the new revolver that was put in place. And we think that we'll continue to be, as we've done previously, I won't say opportunistic, but we'll go in and buy back stock when we think it makes good sense for us, and we have a balance sheet that gives us that kind of flexibility to be able to do.

So part of it for us was the previous $50 million allowance we had on stock buyback was going to expire at the end of November. So, this was the right time for us to be able to go and reload that. And because we had the latitude to increase it, we felt like that was a good opportunity for us as well.

Steve Ferazani: The $50 million in borrowings in the quarter that's paid down, that was just related to the acquisition. Just because it seemed odd given the amount of cash you have on the balance sheet to begin with.

Quinn Fanning: Yes, it was really a pre-closing draw in regard to the PRT Offshore acquisition. It was largely about moving cash around the organization and wanting to make sure that we were sufficiently topped up with the parent company in advance of the PRT closing. As we've closed it, as Mike mentioned on the call, we've repaid the vast majority of what we drew down.

Operator: We have no further questions. So I'll turn the call back to the management team for any closing comments.

Mike Jardon: Emily, thank you. Everyone, appreciate you joining this afternoon for the conference call. I know we've got a number of, as usual, a number of sessions set up with individual investors.

So look forward to catching up with all of you in due course.

Thank you and have a good day.

Operator: Thank you everyone for joining us today. This concludes our call.

And you may now disconnect your line.