



# Peters & Co. Limited Energy Conference



# Disclaimer

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# Strategic Growth

Recapitalized  
Western Energy  
Services with  
**\$7 million**  
December 2009

Acquired  
Horizon Drilling,  
Cedar Creek  
Drilling, Impact  
Drilling, Pantera  
Drilling and  
Stoneham  
Drilling

Issued a **20-1  
stock  
consolidation**,  
moved to the  
TSX and  
implemented  
**\$0.30 annual  
dividend**

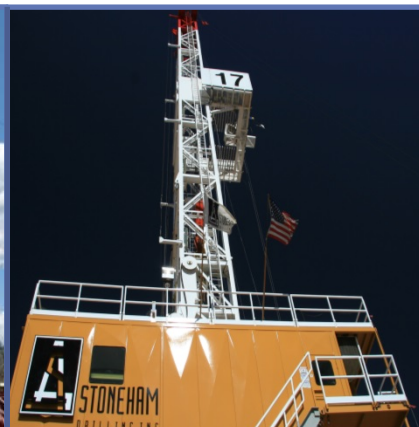
Acquired IROC  
Energy  
Services with  
Eagle Well  
Servicing and  
Aero Rental  
Services  
**Market  
Capitalization  
\$597 million**  
January 17, 2014



# Western Energy Services Today



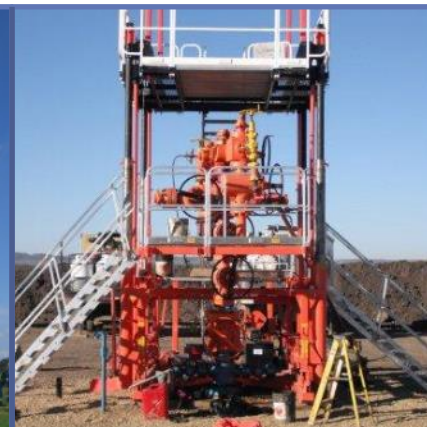
**48 Canadian  
Based  
Drilling Rigs**



**5 U.S.  
Based  
Drilling Rigs**



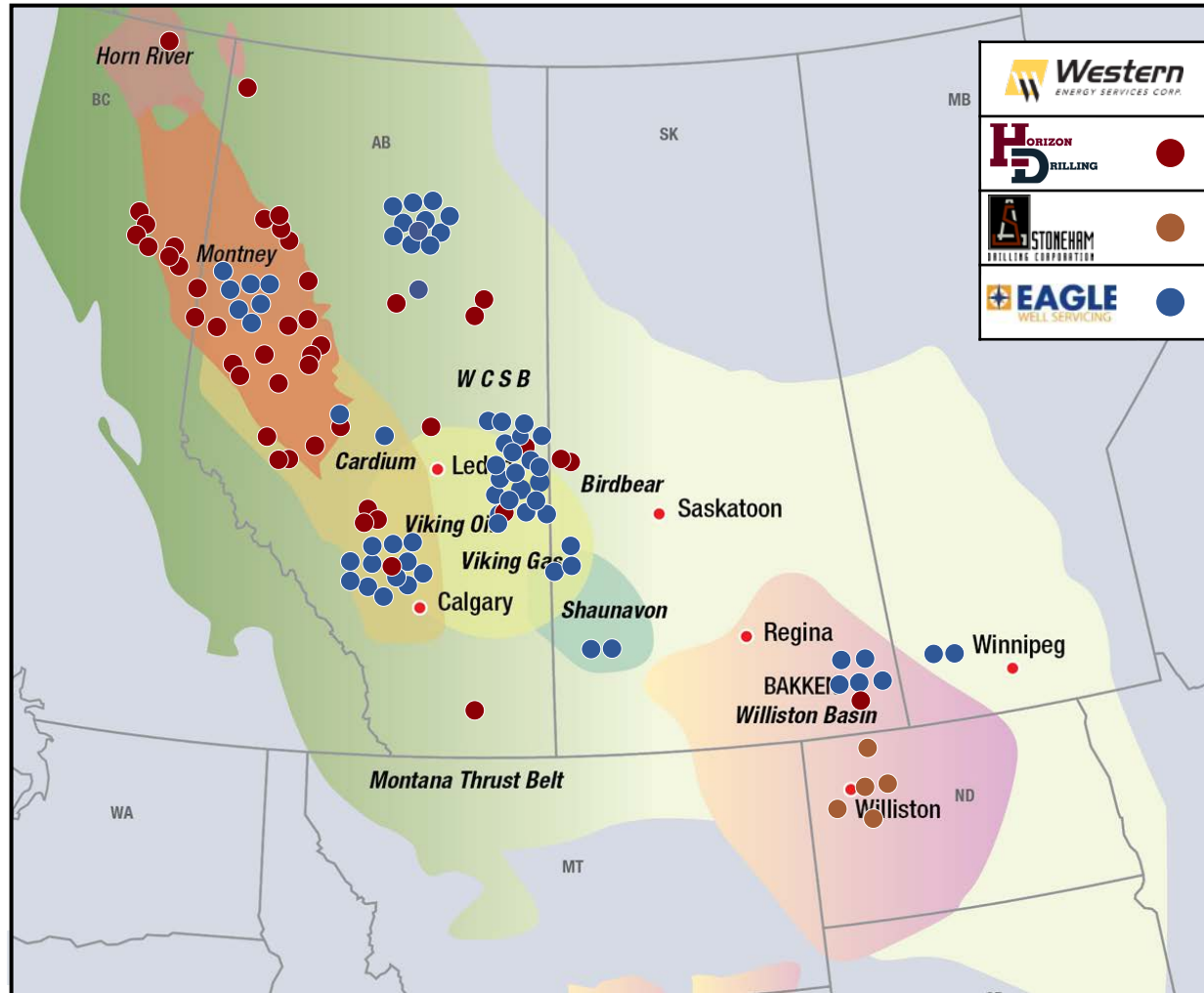
**65 Canadian  
Based Well  
Servicing  
Rigs**



**Canadian  
Rental  
Equipment**



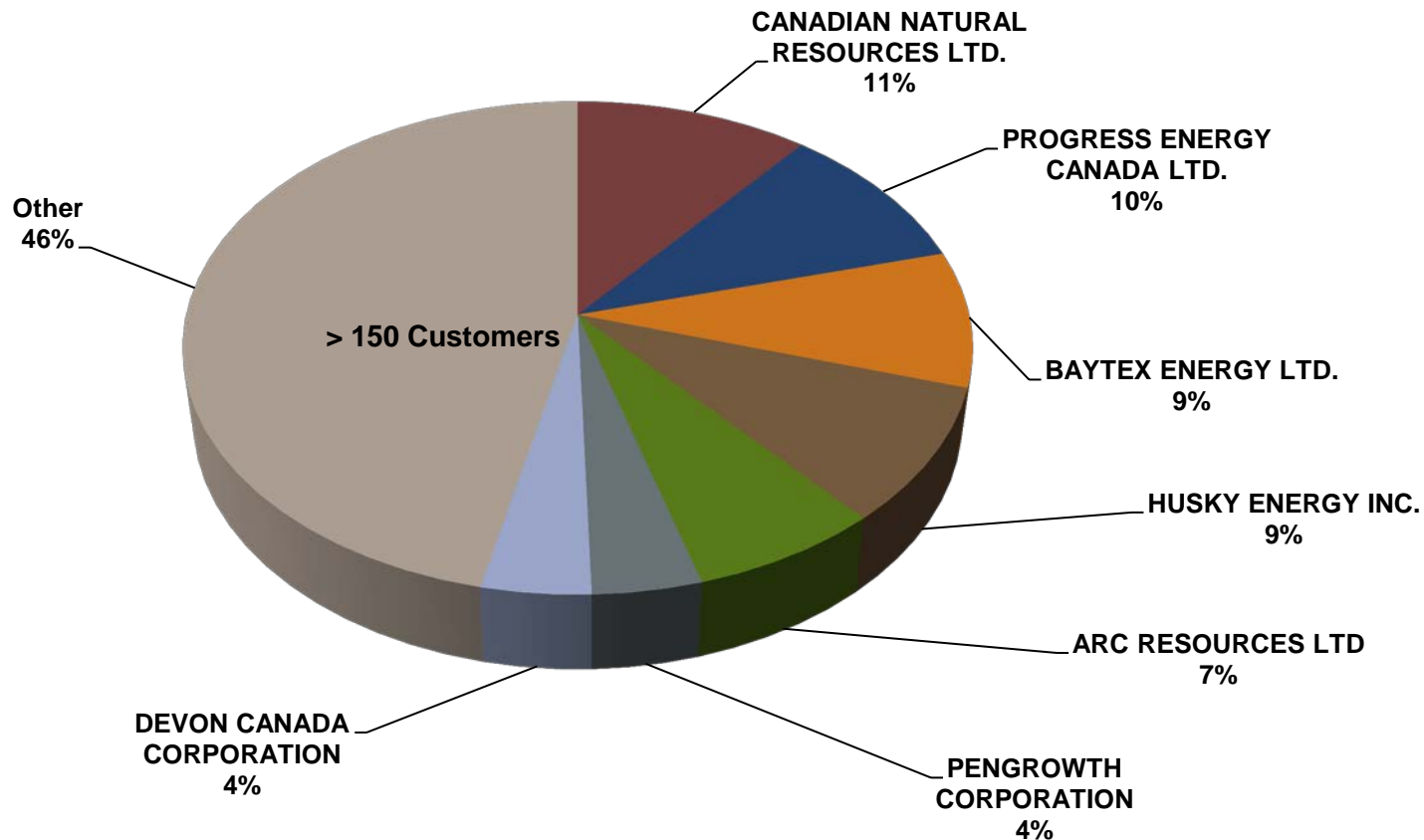
# Operations Focus on Most Robust Resource Plays



Diverse resource play coverage across business lines



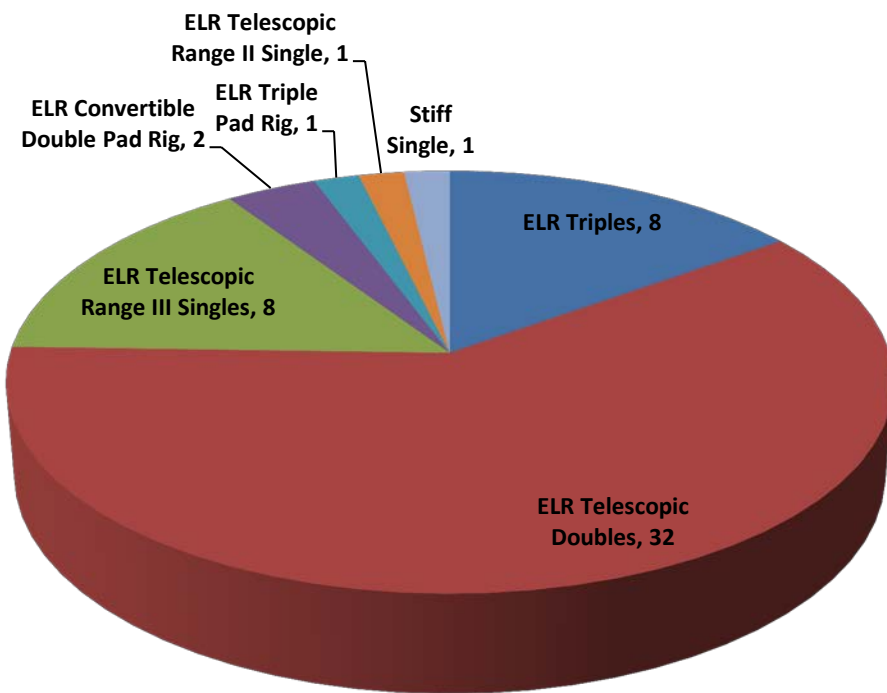
# High Quality Customer Base



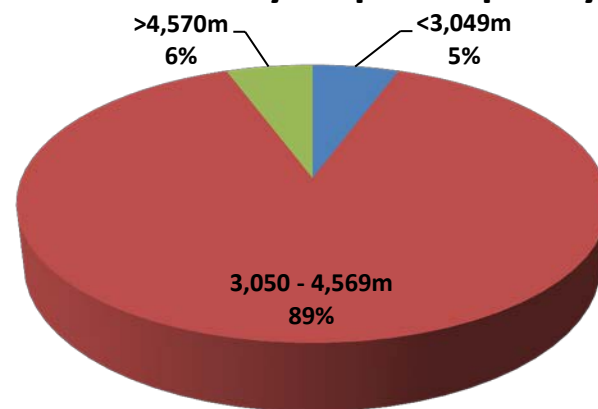
YTD September 2013 Consolidated Revenue Composition by Customer



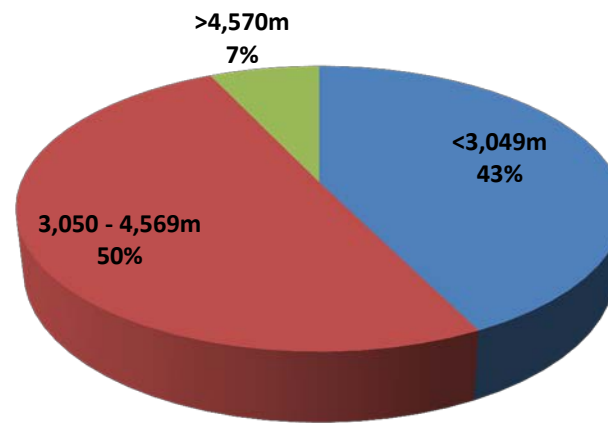
# Western's Drilling Rig Fleet



## WESC Fleet by Depth Capacity



## WCSB by Depth Capacity\*



Horizon is the leading deep driller in the WCSB

\*Source: Divestco November 26, 2013 – Canada Only



# Western's Competitive Advantage

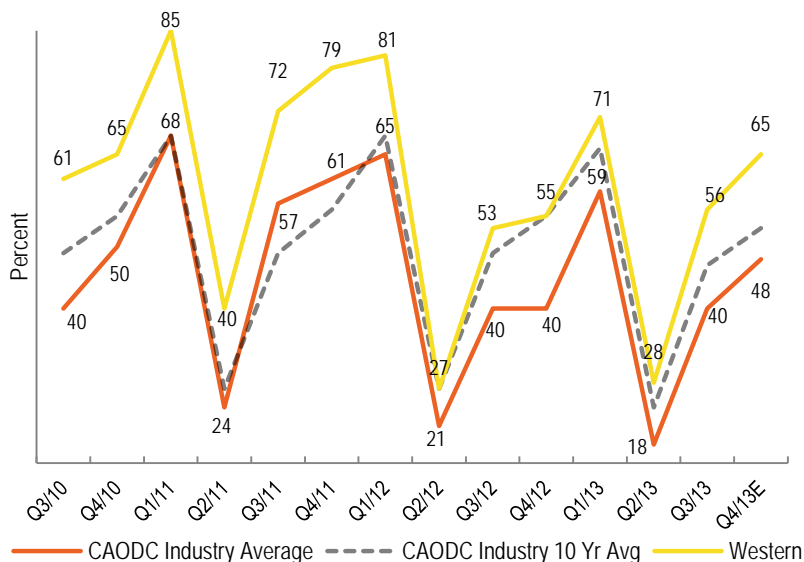
- ❑ Modern efficient fleet
  - Small footprint and efficient moves
  - Rig-up and drill efficiently
  - Average age 6 years
  - Automated pipe handling and hydraulic BOP handling
  - 66% of fleet have a minimum of 1,300hp mud pumps
- ❑ Pad drilling capability:
  - Commissioned first two ELR convertible pad rigs
  - Completed first 1,500hp AC ELR triple pad rig conversion
  - 2 more 1,500hp AC ELR triple pad rig conversions are under construction
- ❑ 100% of fleet have top drives available at customer request
- ❑ 6<sup>th</sup> largest drilling rig fleet in WCSB



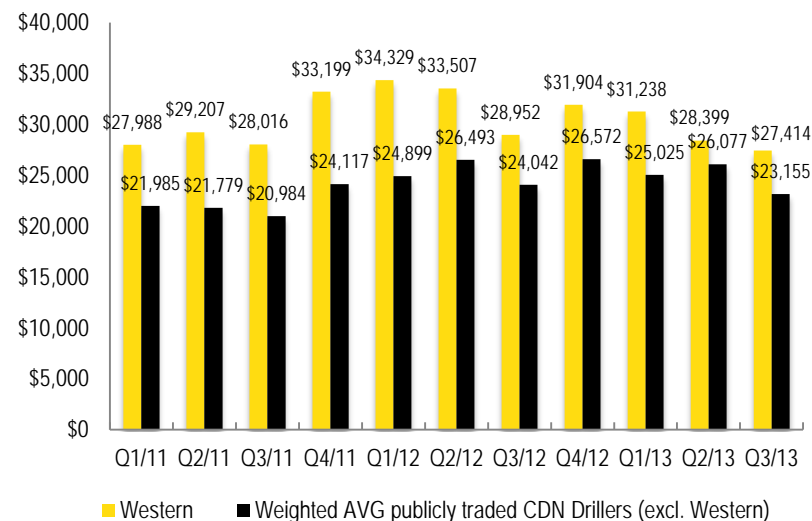
# WCSB Drilling Utilization and Day Rates

- Western's premium drilling rig fleet has realized above average utilization and industry leading day rates in the WCSB

WCSB Utilization Rates <sup>(1)</sup>



WCSB Day Rates <sup>(2)</sup>

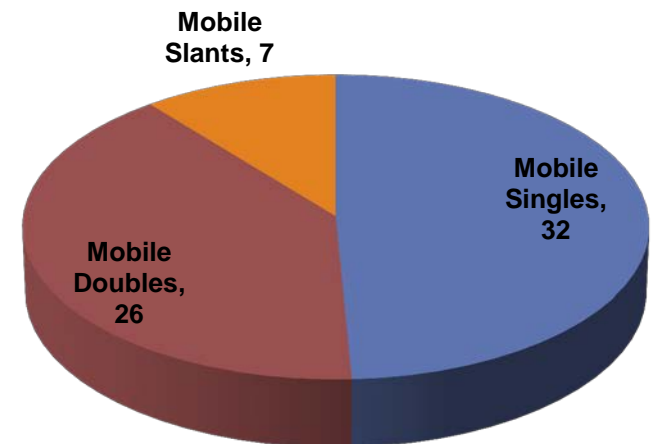


(1) Source: Industry Research, CAODC

(2) Source: Industry Research, Company Disclosure, estimated as at December 31, 2013 (Western only)

# Western's Well Servicing Fleet

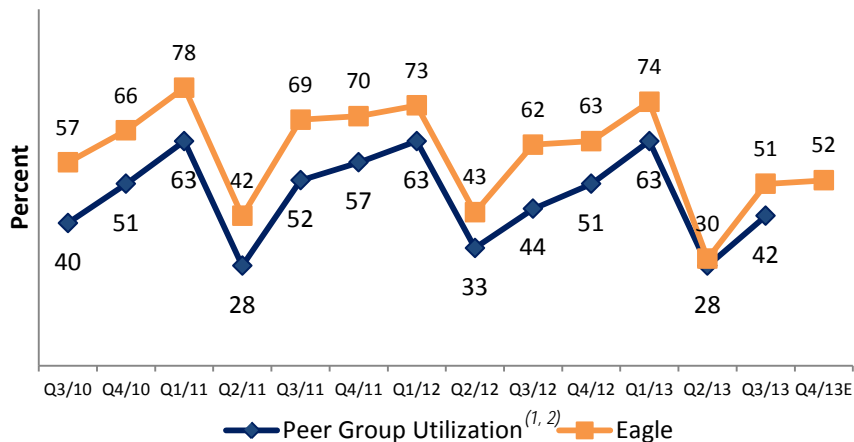
- ❑ One of the newest fleets in WCSB
  - Average age of the fleet ~4 years
  - 7<sup>th</sup> largest well servicing fleet in Canada
- ❑ Fleet design evolved to meet changing needs of market
- ❑ Cost efficiencies achieved from new fleet attractive to customers
- ❑ Built for purpose SAGD rig with long-term customer contract
- ❑ Bidding on 2<sup>nd</sup> SAGD rig contract
- ❑ Quality equipment and strong employee base drives higher utilization



# Utilization and Hourly Rates

- Eagle's well servicing rigs have realized above average industry utilization, signifying the quality of the respective fleets and operations

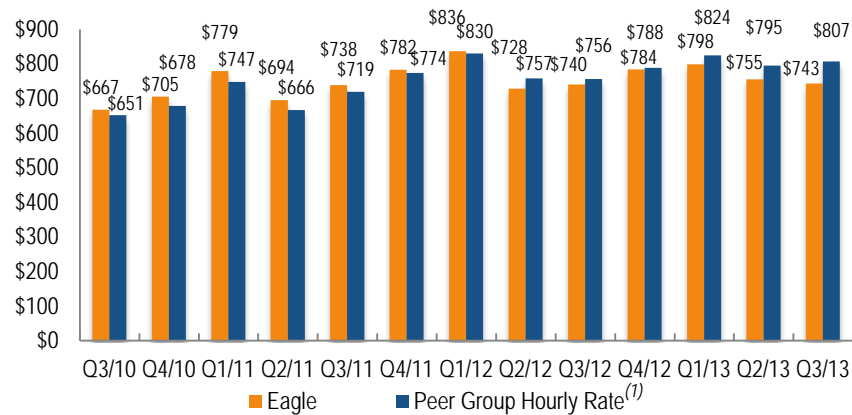
## Canadian Well Servicing Rig Utilization Rates



Source: Industry Research, Company Disclosure as at September 30, 2013

- Peer group includes Precision Drilling, Savanna Energy Services, Essential Energy Services, Ensign Energy Services and CWC Well Services.
- Based on full utilization of 10 hours per day

## Canadian Well Servicing Rig Hourly Rates



Source: Industry Research, Company Disclosure as at September 30, 2013

- Peer group includes Precision Drilling, Savanna Energy Services, Essential Energy Services and CWC Well Services.



# Quality Oilfield Rental Equipment

- ❑ Broad range of surface pressure control assets for:
  - Coil Tubing Services
  - Frac Services
  - Drilling
  - Well Completions
- ❑ Larger customer base as we rent to both service providers and direct to oil & gas companies
- ❑ Replacement cost of assets - approximately \$45 million
- ❑ Quality equipment with new assets being deployed to meet current demand
- ❑ Increased customer demand for SAGD packages
- ❑ Evolving business in WCSB providing opportunities to deploy long life assets for our customers and changing rental mix



# Corporate Overview

|                                                         |                 |
|---------------------------------------------------------|-----------------|
| Common shares                                           |                 |
| Basic                                                   | 73 Million      |
| Diluted                                                 | 78 Million      |
| Current share price (as at January 17, 2014)            | \$7.65          |
| 52 Week Range                                           | \$6.49 – \$8.86 |
| Market capitalization (f.d.) (January 17, 2014)         | \$597 Million   |
| Net debt                                                | \$254 Million   |
| Enterprise value (f.d.)                                 | \$851 Million   |
| Working capital (excl. cash and current-portion of LTD) | \$37 Million    |
| Capital assets (NBV)                                    | \$771 Million   |
| Book value per share (f.d.)                             | \$7.07          |



# Q3 2013 – WRG Consolidated Results

| Operating Highlights                            | Third Quarter |        |          | YTD Q3 |        |          |
|-------------------------------------------------|---------------|--------|----------|--------|--------|----------|
|                                                 | 2013          | 2012   | % Change | 2013   | 2012   | % Change |
| <b>Contract drilling</b>                        |               |        |          |        |        |          |
| <i><b>Canadian Operations</b></i>               |               |        |          |        |        |          |
| Rig fleet (end of period)                       | 46            | 43     | 7%       | 46     | 43     | 7%       |
| Operating revenue per operating day (CDN\$)     | 25,385        | 26,837 | (5%)     | 26,918 | 29,189 | (8%)     |
| Drilling rig utilization rate per operating day | 56%           | 53%    | 6%       | 52%    | 53%    | (2%)     |
| CAODC industry average utilization rate         | 40%           | 40%    | -        | 39%    | 42%    | (7%)     |
| <i><b>United States Operations</b></i>          |               |        |          |        |        |          |
| Rig fleet (end of period)                       | 5             | 5      | -        | 5      | 5      | -        |
| Operating revenue per operating day (US\$)      | 24,410        | 32,137 | (24%)    | 27,128 | 32,850 | (17%)    |
| Drilling rig utilization rate per operating day | 88%           | 60%    | 47%      | 60%    | 69%    | (13%)    |
| <b>Well Servicing</b>                           |               |        |          |        |        |          |
| Rig fleet (end of period)                       | 65            | 5      | 1,200%   | 65     | 5      | 1,200%   |
| Operating revenue per operating hour (CDN\$)    | 743           | 582    | 28%      | 740    | 581    | 27%      |
| Well servicing rig utilization rate             | 51%           | 39%    | 31%      | 40%    | 31%    | 29%      |



# Q3 2013 – WRG Consolidated Results (cont'd)

| Financial Highlights (Thousands CDN\$)      | Third Quarter |        |          | Nine Months Ended September 30 |         |          |
|---------------------------------------------|---------------|--------|----------|--------------------------------|---------|----------|
|                                             | 2013          | 2012   | % Change | 2013                           | 2012    | % Change |
| Operating Revenue                           | 96,473        | 64,999 | 48%      | 234,563                        | 206,401 | 14%      |
| Gross Margin                                | 37,547        | 29,382 | 28%      | 94,579                         | 93,703  | 1%       |
| EBITDA                                      | 30,297        | 23,944 | 27%      | 73,880                         | 77,550  | (5%)     |
| EBITDA as a percentage of operating revenue | 31%           | 37%    | (16%)    | 31%                            | 38%     | (18%)    |
| Net Income                                  | 7,927         | 8,251  | (4%)     | 19,449                         | 32,086  | (39%)    |
| per share (basic)                           | 0.11          | 0.14   | (21%)    | 0.29                           | 0.55    | (47%)    |
| Dividends per share                         | 0.075         | 0.075  | -        | 0.225                          | 0.075   | 200%     |
| Capital expenditures                        | 31,002        | 30,898 | -        | 67,705                         | 106,903 | (37%)    |



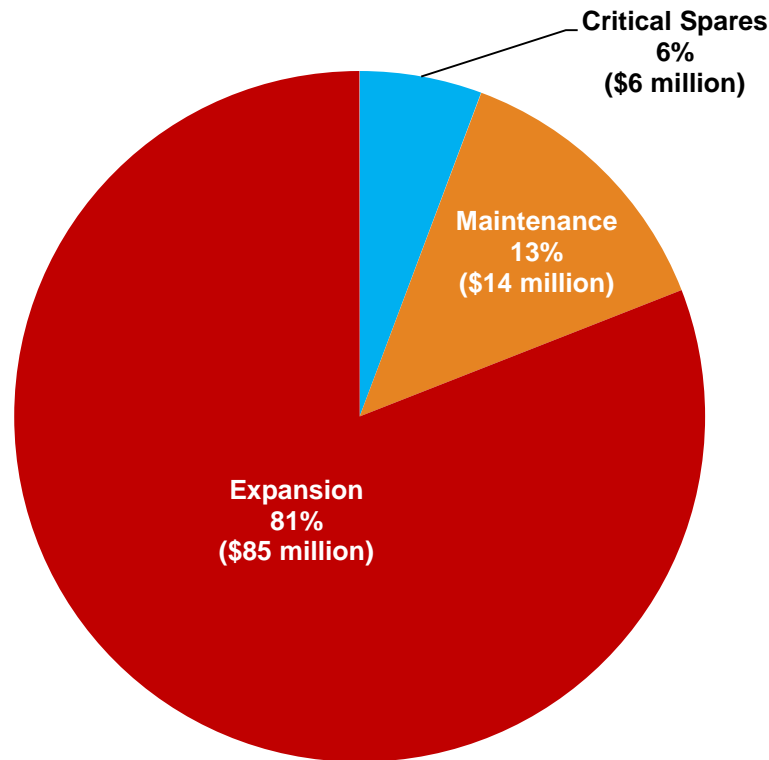
## Q3 2013 – WRG Consolidated Results (cont'd)

| Financial Highlights (Thousands CDN\$) | Year Ended December 31 |         |        |
|----------------------------------------|------------------------|---------|--------|
|                                        | 2012                   | 2011    | 2010   |
| Revenue                                | 308,617                | 262,519 | 56,009 |
| Gross Margin                           | 131,063                | 114,837 | 22,902 |
| EBITDA                                 | 108,931                | 99,324  | 16,504 |
| EBITDA as a percentage of revenue      | 35%                    | 38%     | 29%    |
| Net Income                             | 45,178                 | 64,746  | 26,590 |
| per share (basic)                      | 0.77                   | 1.25    | 1.17   |
| Dividends per share                    | 0.15                   | -       | -      |
| Capital expenditures                   | 127,231                | 88,869  | 21,282 |

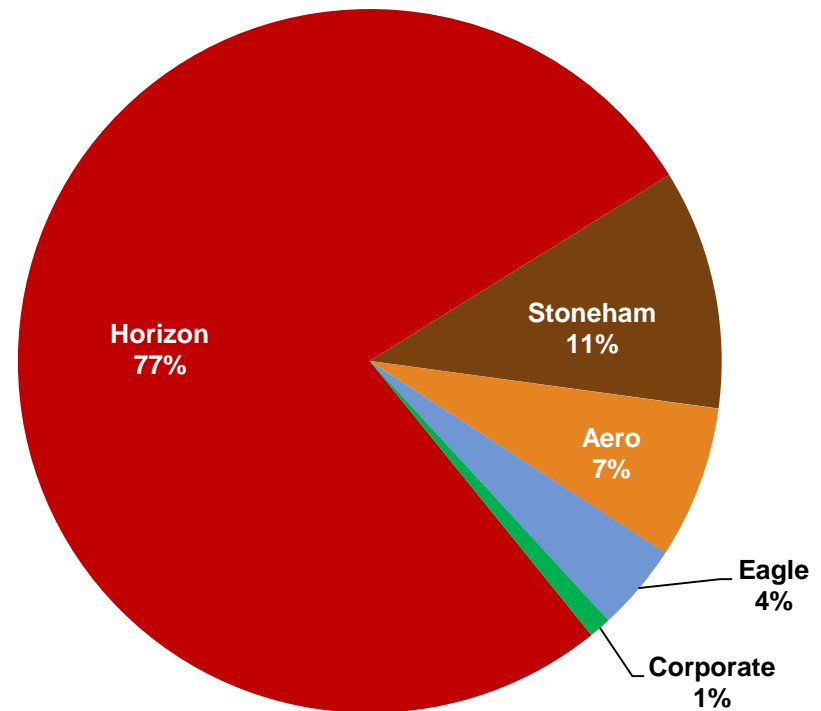


# 2013 Consolidated Budgeted Capital Expenditures

## Consolidated Capital Spending - Expansion vs. Maintenance & Critical Spares



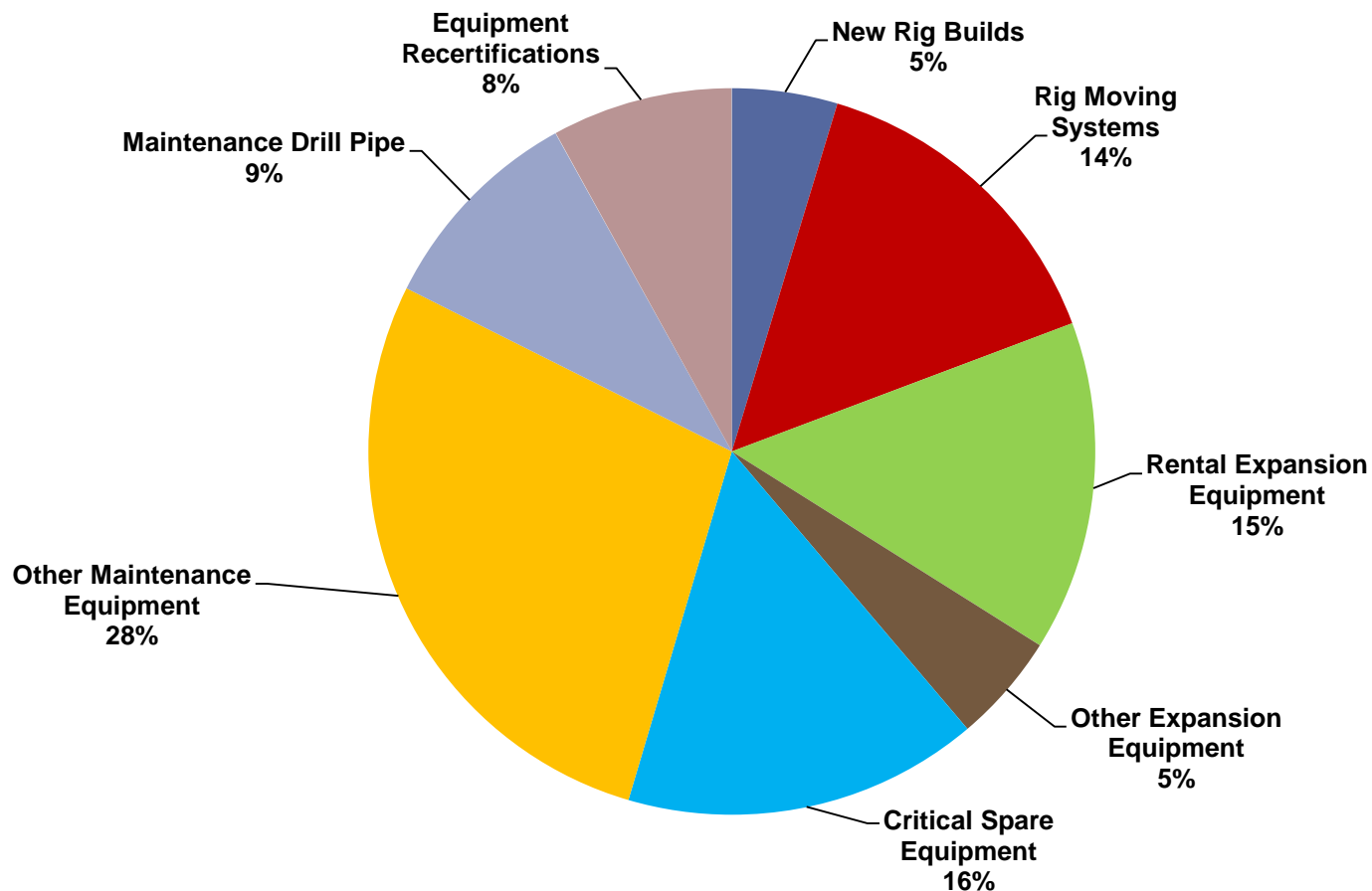
## Consolidated Capital Spending By Entity





# 2014 Budgeted Capital Expenditures

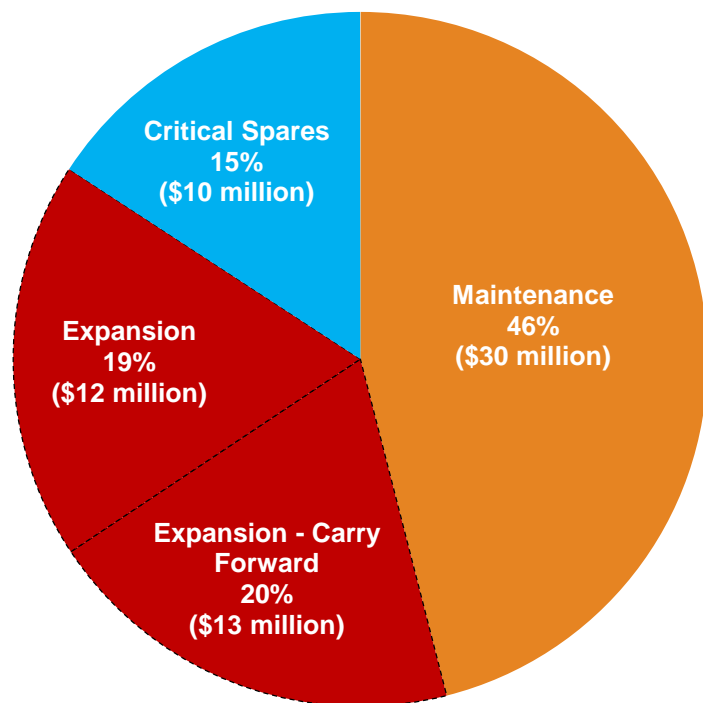
Consolidated Total Expected Spend (\$65 million)



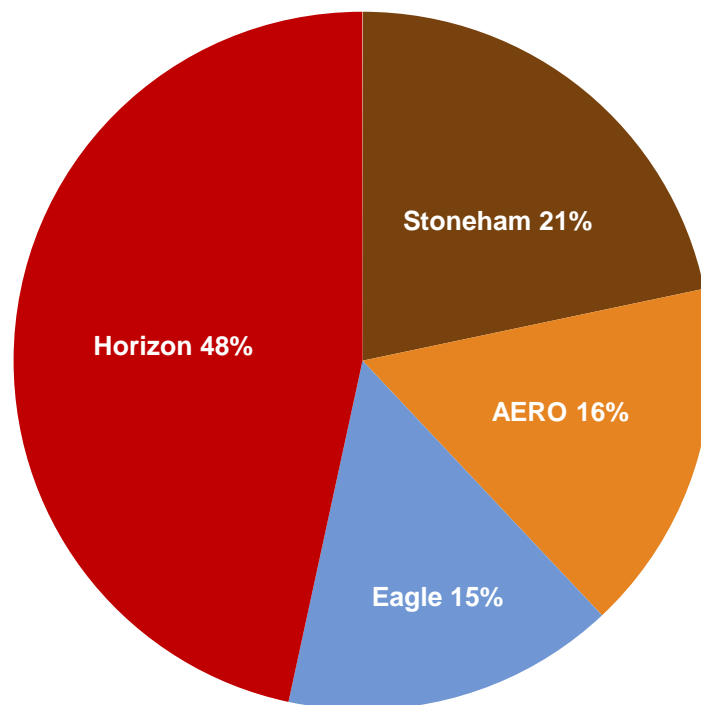


# 2014 Consolidated Budgeted Capital Expenditures

Consolidated Capital Spending –  
Expansion vs. Maintenance & Critical  
Spares



Consolidated Capital Spending by  
Entity





# Continued Strategic Growth

- ❑ Western's key initiatives over the next three years:
  - Stay financially flexible with a well structured balance sheet
  - Continue to offer an annual dividend
  - Focus on capital discipline while maintaining the ability to respond to strategic initiatives across all divisions
  - Ensure safe and efficient operations remain at the forefront of every element of the business
  - Continue to focus on enhancing and fine tuning existing business lines for optimum performance

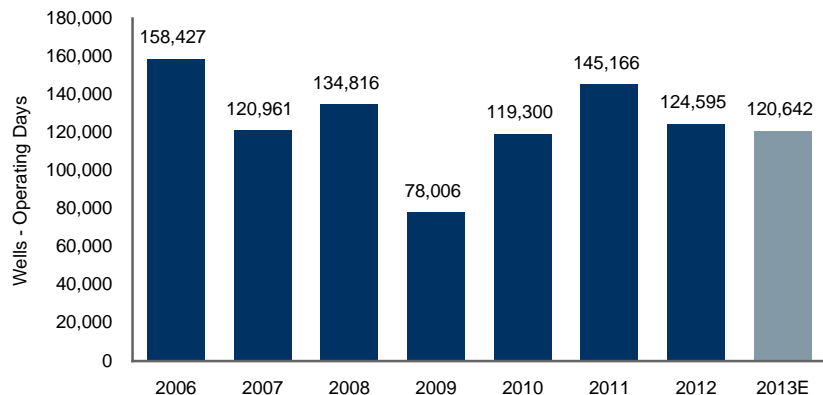


# Appendix

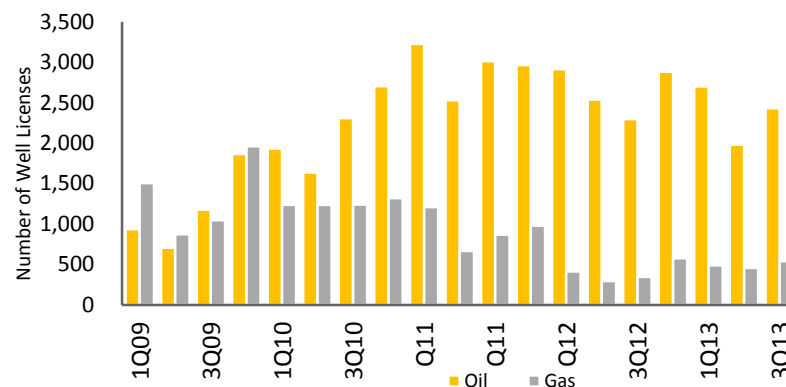


# WCSB Well Licenses Support a Steady Near-Term Outlook

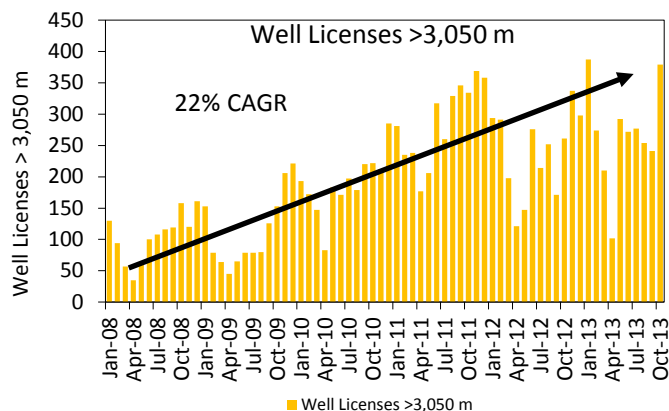
## Canadian Wells – Operating Days <sup>(1)</sup>



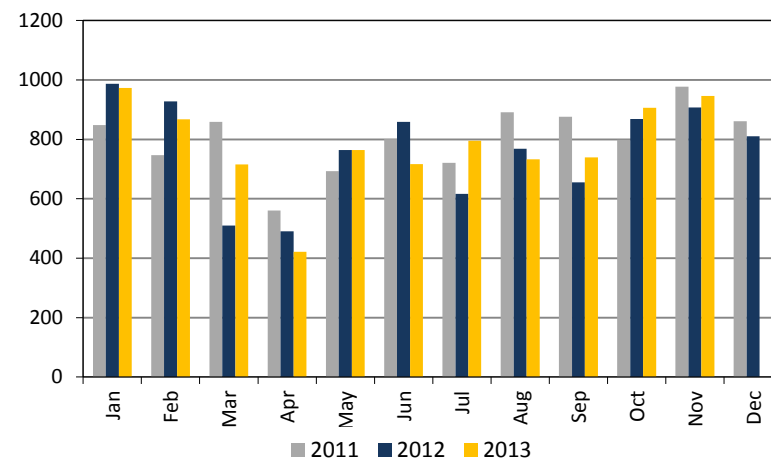
## Well Licenses by Objective <sup>(2)</sup>



## WCSB Well Licenses > 3,050m <sup>(2)</sup>



## Horizontal Well Licenses <sup>(2)</sup>





# Western's Drilling Rig Depth Capacity

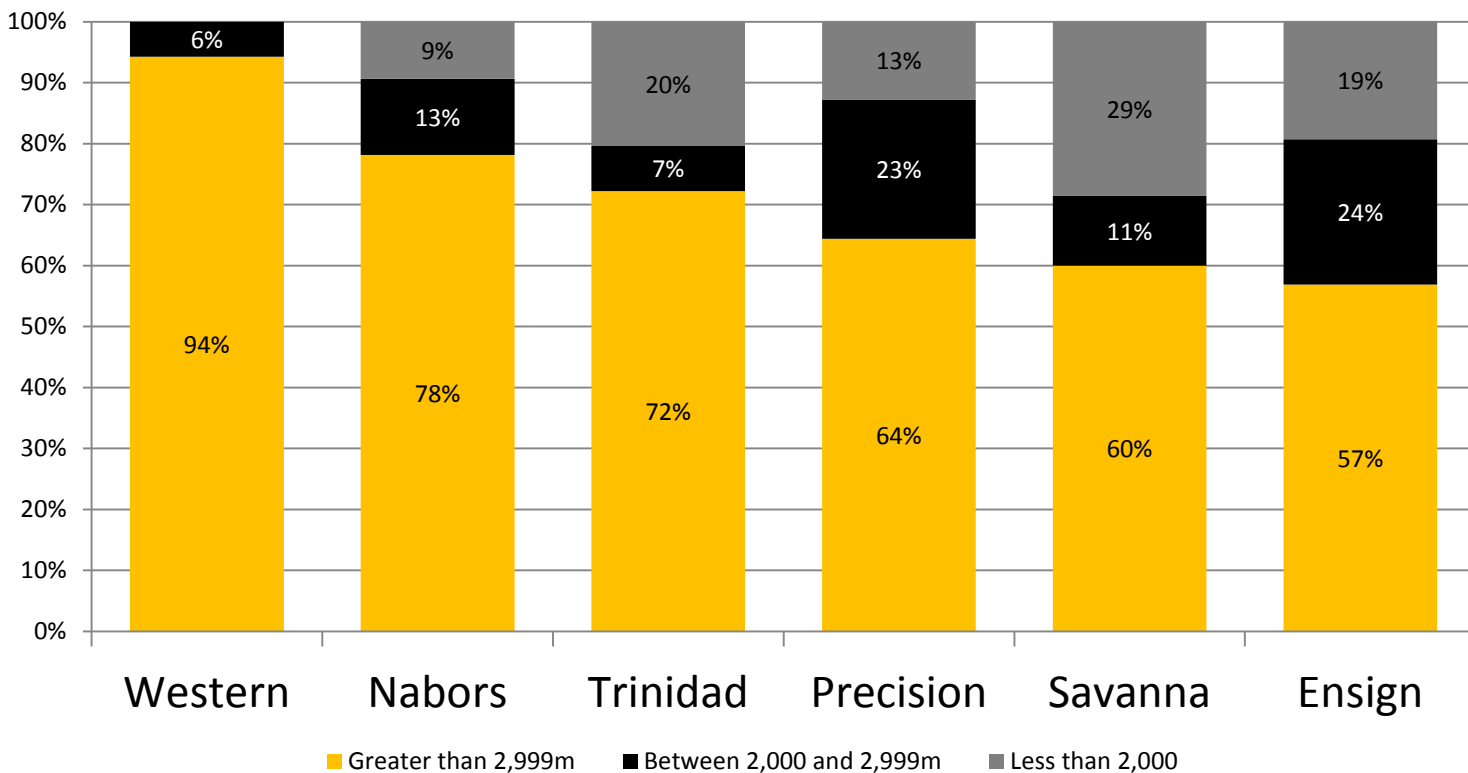
| Depth (m)       | WCSB # of Rigs* | % of Fleet | WESC      | % of Fleet |
|-----------------|-----------------|------------|-----------|------------|
| 760 to 1524     | 105             | 13%        | -         | -          |
| 1525 to 2270    | 67              | 8%         | 3         | 6%         |
| 2280 to 3049    | 168             | 21%        | -         | -          |
|                 | <b>340</b>      | <b>43%</b> | <b>3</b>  | <b>6%</b>  |
| 3050 to 3799    | 255             | 32%        | 29        | 55%        |
| 3800 to 4569    | 146             | 18%        | 18        | 34%        |
| 4570 to 6099    | 51              | 6%         | 3         | 6%         |
| 6100 and deeper | 5               | 1%         |           |            |
|                 | <b>457</b>      | <b>57%</b> | <b>50</b> | <b>94%</b> |
| Total           | 797             | 100%       | 53        | 100%       |

Source: Divestco November 26, 2013



# Leading Deep Driller in the WCSB

Construction of one fit for purpose telescopic ELR™ double drilling rig is currently underway



Source: CAODC, Nickle's, Industry Research as at December 10, 2013 (based on companies of Western's size or greater)

Note: Data divided by depth in meters



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