

Non-GAAP Financial Measures

From time to time, management may publicly disclose certain “non-GAAP financial measures” in our earnings releases, financial presentations or earnings conference calls. These non-GAAP measures may include adjusted income/loss from continuing operations on a consolidated basis, adjusted income/loss from operations and Adjusted EBITDA on consolidated basis and by segment. The Company provides reconciliations to the nearest Generally Accepted Accounting Principles (GAAP) measure for these and other non-GAAP measures on a quarterly basis.

These non-GAAP measures are not in accordance with, or a substitute for, measures prepared in accordance with GAAP, and may be different from non-GAAP measures used by other companies. In addition, these non-GAAP measures are not based on any comprehensive set of accounting rules or principles. Non-GAAP measures have limitations in that they do not reflect all of the amounts associated with the Company’s results of operations that would be reflected in measures determined in accordance with GAAP.

These financial measures are provided to enhance investors’ overall understanding of the Company’s current financial performance. In addition, because the Company has reported certain non-GAAP measures in the past, the Company believes the inclusion of non-GAAP measures provides consistency in the Company’s financial reporting.

The following table reconciles net income/loss, which is the directly comparable financial measure determined in accordance with GAAP, to net loss (non-GAAP financial measure).

Reconciliation of Consolidated Adjusted Net Loss (in thousands) (unaudited)

	Three months ended, September 30, 2019		Three months ended, June 30, 2019	
	Consolidated	Per Share	Consolidated	Per Share
Reported net loss	\$ (38,441)	\$ (0.25)	\$ (71,050)	\$ (0.46)
Reduction in value of assets	9,571	0.06	31,381	0.20
Restructuring costs	2,003	0.01	1,262	0.01
Legal settlement	(5,776)	(0.04)	-	-
Income taxes	(1,345)	-	(7,573)	(0.04)
Adjusted net loss	<u>\$ (33,988)</u>	<u>\$ (0.22)</u>	<u>\$ (45,980)</u>	<u>\$ (0.29)</u>

The following table reconciles net income/loss from operations by segment, which is the directly comparable financial measure determined in accordance with GAAP, to adjusted income/loss from operations and adjusted EBITDA by segment (non-GAAP financial measures).

Reconciliation of Adjusted Income (Loss) from Operations and Adjusted EBITDA by Segment
(in thousands)
(unaudited)

Three months ended September 30, 2019

	Drilling Products and Services	Onshore Completion and Workover Services	Production Services	Technical Solutions	Corporate and Other	Consolidated
Reported net income (loss) from operations	\$ 37,991	\$ (18,204)	\$ (734)	\$ (4,531)	\$ (52,963)	\$ (38,441)
Reduction in value of assets	-	566	1,997	7,008	-	9,571
Restructuring costs	-	1,469	377	157	-	2,003
Legal settlement	-	-	(1,076)	-	(4,700)	(5,776)
Interest expense, net	-	-	-	(1,051)	25,556	24,505
Other expense	-	-	-	-	3,353	3,353
Income taxes	-	-	-	-	2,366	2,366
Adjusted income (loss) from operations	<u>\$ 37,991</u>	<u>\$ (16,169)</u>	<u>\$ 564</u>	<u>\$ 1,583</u>	<u>\$ (26,388)</u>	<u>\$ (2,419)</u>
Depreciation, depletion, amortization and accretion	20,168	29,080	12,063	4,909	1,169	67,389
Adjusted EBITDA	<u><u>\$ 58,159</u></u>	<u><u>\$ 12,911</u></u>	<u><u>\$ 12,627</u></u>	<u><u>\$ 6,492</u></u>	<u><u>\$ (25,219)</u></u>	<u><u>\$ 64,970</u></u>

Three months ended June 30, 2019

	Drilling Products and Services	Onshore Completion and Workover Services	Production Services	Technical Solutions	Corporate and Other	Consolidated
Reported net income (loss) from operations	\$ 26,087	\$ (51,262)	\$ 3,442	\$ 9,508	\$ (58,825)	\$ (71,050)
Reduction in value of assets	-	31,381	-	-	-	31,381
Restructuring costs	-	-	-	-	1,262	1,262
Interest expense, net	-	-	-	(1,035)	25,685	24,650
Other expense	-	-	-	-	(490)	(490)
Income taxes	-	-	-	-	8,194	8,194
Adjusted income (loss) from operations	<u>\$ 26,087</u>	<u>\$ (19,881)</u>	<u>\$ 3,442</u>	<u>\$ 8,473</u>	<u>\$ (24,174)</u>	<u>\$ (6,053)</u>
Depreciation, depletion, amortization and accretion	21,490	33,387	13,172	5,979	1,190	75,218
Adjusted EBITDA	<u><u>\$ 47,577</u></u>	<u><u>\$ 13,506</u></u>	<u><u>\$ 16,614</u></u>	<u><u>\$ 14,452</u></u>	<u><u>\$ (22,984)</u></u>	<u><u>\$ 69,165</u></u>

Three months ended September 30, 2018

	Drilling Products and Services	Onshore Completion and Workover Services	Production Services	Technical Solutions	Corporate and Other	Consolidated
Reported net income (loss) from operations	\$ 20,255	\$ 2,767	\$ (5,998)	\$ 9,948	\$ (48,788)	\$ (21,816)
Interest expense, net	-	-	-	(986)	25,938	24,952
Other expense	-	-	-	-	277	277
Income taxes	-	-	-	-	(3,521)	(3,521)
Income (loss) from operations	<u>\$ 20,255</u>	<u>\$ 2,767</u>	<u>\$ (5,998)</u>	<u>\$ 8,962</u>	<u>\$ (26,094)</u>	<u>\$ (108)</u>
Depreciation, depletion, amortization and accretion	27,830	47,299	17,085	6,329	1,349	99,892
EBITDA	<u><u>\$ 48,085</u></u>	<u><u>\$ 50,066</u></u>	<u><u>\$ 11,087</u></u>	<u><u>\$ 15,291</u></u>	<u><u>\$ (24,745)</u></u>	<u><u>\$ 99,784</u></u>

The following table reconciles free cash flow (non-GAAP financial measure) to net cash provided by operating activities, which is the directly comparable financial measure determined in accordance with GAAP.

Reconciliation of Free Cash Flow
(in thousands)
(unaudited)

	For the Three Months Ended September 30, 2019	For the Nine Months Ended September 30, 2019
Net cash provided by operating activities	\$ 47,674	\$ 116,504
Less: capital expenditures	(26,257)	(105,393)
Free cash flow	<u>\$ 21,417</u>	<u>\$ 11,111</u>