

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 from continuing operations, which is the directly comparable financial measure determined in accordance with GAAP, to loss from continuing operations (non-GAAP financial measure).

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

	Three months ended, December 31, 2019		Three months ended, September 30, 2019		Three months ended, December 31, 2018	
	Consolidated	Per Share	Consolidated	Per Share	Consolidated	Per Share
Reported net loss from continuing operations	\$ (6,162)	\$ (0.42)	\$ (20,507)	\$ (1.31)	\$ (317,014)	\$ (20.51)
Reduction in value of assets	-	-	9,571	0.61	322,713	20.88
Restructuring costs	2,896	0.20	1,877	0.12	3,934	0.25
Merger-related transaction costs	3,095	0.21	-	-	-	-
Legal settlement	-	-	(5,776)	(0.37)	-	-
Income taxes	(1,390)	(0.10)	(1,315)	(0.08)	(20,069)	(1.30)
Adjusted net loss from continuing operations	<u>\$ (1,561)</u>	<u>\$ (0.11)</u>	<u>\$ (16,150)</u>	<u>\$ (1.03)</u>	<u>\$ (10,436)</u>	<u>\$ (0.68)</u>

The following table reconciles net income/loss from continuing 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 December 31, 2019

	Drilling Products and Services	Onshore Completion and Workover Services	Production Services	Technical Solutions	Corporate and Other	Consolidated □
Reported net income (loss) from continuing operations	\$ 27,618	\$ 3,187	\$ (10,068)	\$ 8,612	\$ (35,511)	\$ (6,162)
Restructuring costs	13	1,076	1,304	503	-	2,896
Merger-related costs	-	-	-	-	3,095	3,095
Interest expense, net	-	-	-	(1,068)	25,106	24,038
Other expense	-	-	-	-	(1,993)	(1,993)
Income taxes	-	-	-	-	(12,333)	(12,333)
Adjusted income (loss) from continuing operations	<u>\$ 27,631</u>	<u>\$ 4,263</u>	<u>\$ (8,764)</u>	<u>\$ 8,047</u>	<u>\$ (21,636)</u>	<u>\$ 9,541</u>
Depreciation, depletion, amortization and accretion	19,315	5,760	12,052	5,467	1,147	43,741
Adjusted EBITDA	<u>\$ 46,946</u>	<u>\$ 10,023</u>	<u>\$ 3,288</u>	<u>\$ 13,514</u>	<u>\$ (20,489)</u>	<u>\$ 53,282</u>

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 continuing operations	\$ 37,991	\$ (927)	\$ (734)	\$ (4,531)	\$ (52,306)	\$ (20,507)
Reduction in value of assets	-	566	1,997	7,008	-	9,571
Restructuring costs	-	1,343	377	157	-	1,877
Legal settlement	-	-	(5,776)	-	-	(5,776)
Interest expense, net	-	-	-	(1,051)	25,556	24,505
Other expense	-	-	-	-	3,353	3,353
Income taxes	-	-	-	-	1,708	1,708
Adjusted income (loss) from continuing operations	<u>\$ 37,991</u>	<u>\$ 982</u>	<u>\$ (4,136)</u>	<u>\$ 1,583</u>	<u>\$ (21,689)</u>	<u>\$ 14,731</u>
Depreciation, depletion, amortization and accretion	20,168	6,853	12,063	4,909	1,169	45,162
Adjusted EBITDA	<u>\$ 58,159</u>	<u>\$ 7,835</u>	<u>\$ 7,927</u>	<u>\$ 6,492</u>	<u>\$ (20,520)</u>	<u>\$ 59,893</u>

Three months ended December 31, 2018

	Drilling Products and Services	Onshore Completion and Workover Services	Production Services	Technical Solutions	Corporate and Other	Consolidated □
Reported net income (loss) from continuing operations	\$ 26,678	\$ (224,877)	\$ (97,425)	\$ 7,280	\$ (28,670)	\$ (317,014)
Reduction in value of assets	-	227,801	92,252	-	2,660	322,713
Restructuring costs	465	1,611	1,280	78	500	3,934
Interest expense, net	-	-	-	(1,002)	25,747	24,745
Other expense	-	-	-	-	(2,717)	(2,717)
Income taxes	-	-	-	-	(24,574)	(24,574)
Adjusted income (loss) from continuing operations	<u>\$ 27,143</u>	<u>\$ 4,535</u>	<u>\$ (3,893)</u>	<u>\$ 6,356</u>	<u>\$ (27,054)</u>	<u>\$ 7,087</u>
Depreciation, depletion, amortization and accretion	26,050	16,429	16,325	5,321	1,353	65,478
Adjusted EBITDA	<u>\$ 53,193</u>	<u>\$ 20,964</u>	<u>\$ 12,432</u>	<u>\$ 11,677</u>	<u>\$ (25,701)</u>	<u>\$ 72,565</u>

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

Reconciliation of Adjusted EBITDA
(in thousands)
(unaudited)

	Years Ended December 31,	
	2019	2018
Reported net loss from continuing operations	\$ (77,753)	\$ (427,403)
Reduction in value of assets	17,185	322,713
Restructuring and other related costs	6,035	9,374
Gain on legal settlement	(5,776)	-
Merger-related costs	3,095	-
Interest expense, net	98,312	99,477
Other expense	2,484	1,678
Income taxes	(4,626)	(43,003)
Depreciation, depletion, amortization and accretion	196,459	278,439
Adjusted EBITDA	<u>\$ 235,415</u>	<u>\$ 241,275</u>

The following table reconciles free cash flow (deficit) (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 (Deficit)
(in thousands)
(unaudited)

	For the Twelve Months	For the Twelve Months
	Ended December 31, 2019	Ended December 31, 2018
Net cash provided by operating activities	\$ 146,428	\$ 165,057
Less: capital expenditures	(140,465)	(221,370)
Free cash flow (deficit)	<u>\$ 5,963</u>	<u>\$ (56,313)</u>