



# Corporate Presentation

April, 2017

**This presentation contains forward-looking statements, including, in particular, statements about Superior Energy’s plans, strategies and prospects. These statements are based on the Company’s current assumptions, expectations and projections about future events, which are subject to a wide range of business risks.**

**Although the Company believes that the assumptions reflected in these forward-looking statements are reasonable, the Company can give no assurance that these assumptions will prove to be correct or that financial or market forecasts, savings or other benefits anticipated in the forward-looking statements will be achieved.**

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# Agenda

- Outlook
- Company Overview
- Operational Platform
- Financial Overview



20

Countries with operations

22+

Product / Service offerings

\$188 M

12/31/16 cash balance

<10%

Global Market Share

- **5<sup>th</sup> Largest Globally Diversified Oilfield Services Provider**
  - » Product lines deployed across International, U.S. Land and Gulf of Mexico markets
  - » Scale will matter during US land recovery
- **Managed the downturn, positioned for recovery**
  - » Cash management critical during transition
  - » Disciplined equipment reactivation and hiring standards during transition period
  - » Proactive price and cost recovery effort underway
- **Uniquely Positioned**
  - » Scale and international reach are advantageous for strategic investments

## ■ 2016 Fourth Quarter

- » U.S. Land rig count increased ~28%
- » Superior Energy's deployed Hydraulic Horsepower (HHP) increased by 28%
  - 450,000 HHP deployed by quarter-end
- » Equipment reactivation costs cause margins to lag increased activity & utilization
- » Customer "urgency" remained tepid

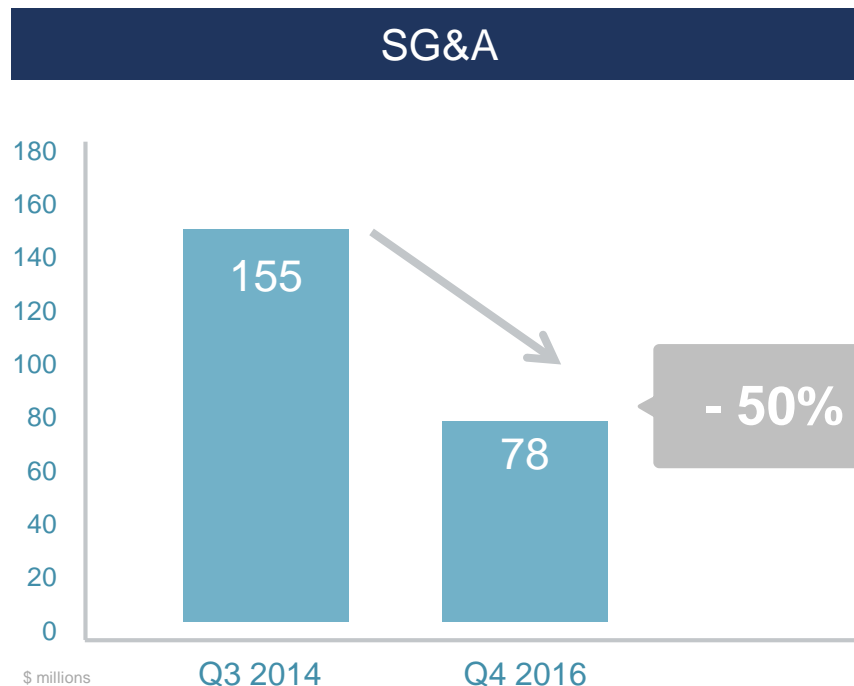
## ■ 2017 First Quarter

- » Sand costs increasing rapidly
- » Other costs, i.e. labor, equipment, components are entering inflationary periods
- » Service pricing is now moving higher
- » Service intensity and utilization rates increasing

## ■ 2017 Themes

- » Pressure pumping capacity will tighten as rig count increases
- » Execution capability and service quality will be prioritized by customers
- » Strong incremental margins as pricing power migrates to horsepower from inputs
- » Must be in the market delivering execution to win new work
- » Permian Basin (large SPN presence) most favorable geographically

- More than 150 U.S. Land facility closures during downturn
- Permanent in nature
- Every part of company impacted
- Continuous asset portfolio optimization & rationalization
- Optimal structure allows for significant incremental margins during recovery



*Our position as the only globally diversified middle market services provider affords us advantages over small and large cap providers*

## Small Cap

- Narrow product offering
- Limited financial resources
- Inability to create global scale
- Little integration



## Mid Cap

- Broad product offering with clear market leaders
- Flexible management approach
- Fit for purpose technologies

## Large Cap

- One-size fits all
- Heavy R&D influence
- Legacy cost structures
- Primary focus on premium projects

Market  
Leading  
Global  
Brands

- » Global mobility
- » Able to handle world's most complex wells
- » High barrier to entry
- » High margin
- » High return



Hybrid  
Operating  
Model

## GEOMARKET STRUCTURE

- Production & completion oriented
- Labor intensive
- Suited for scale

## ASSET STRUCTURE

- Drilling & completion oriented
- Higher barriers to entry
- Specialized work





## Hydraulic Fracturing

- Superior Energy is a first responder during current market recovery
- Up to ~600,000 HHP in excellent working condition before June 30, 2017
- Refurbishment opportunity
  - » \$60 - \$80 mm capital investment required to restore 150,000 additional HHP to like new condition and build component inventories
- Ongoing cash commitment of ~\$70 million to maintain full 750,000 HHP fleet capacity



## Premium Drill Pipe

- Significant NAM upside
- Limited investment requirements
- Longer laterals are driving larger hole sizes requiring larger diameter drill pipe
- SPN owns largest inventory of 5.5" drill pipe globally



## SPN Well Services

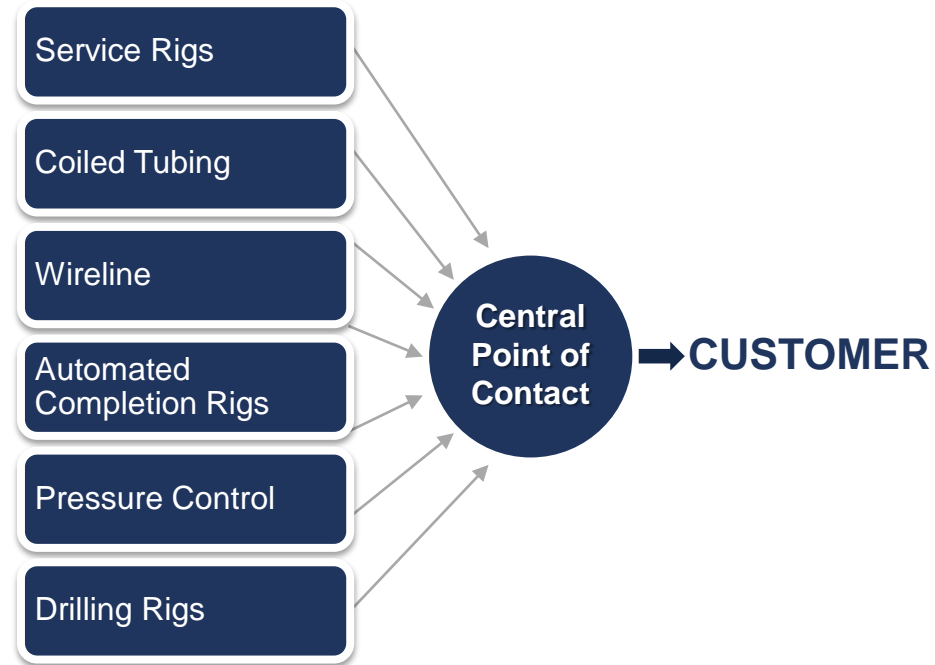
- Recently integrated:
  - » Multiple Product lines
  - » 16 Basins
  - » 49 Locations
- Aligned with increased customer emphasis on central procurement practices
- Efficiency focus attractive to customers with highest quality assets
- Catalyst for international expansion

# Individual Services vs Packaged Approach

## Individual Services Approach



## SPN Packaged Approach

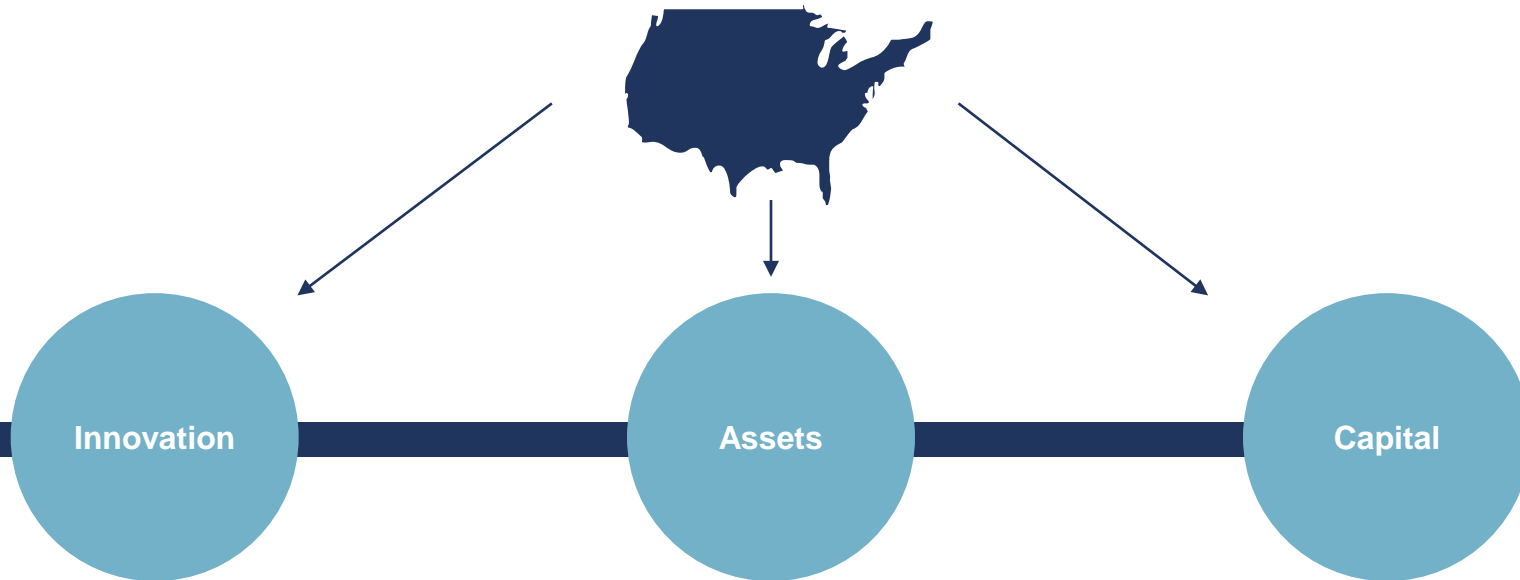


### Prior Model for U.S. Operations

- » Multiple Points of Contact
- » Separation of Services
- » Lack of Packaging Opportunities

### Packaging Model

- » Central Point of Contact
- » Integration of Services / Synergies
- » Better Solutions Provider
- » Easier to do Business With



## Core Markets

### LATIN AMERICA

Argentina  
Brazil

Colombia

### MIDDLE EAST

Kuwait  
Saudi Arabia

### ASIA PACIFIC

Australia  
India

Indonesia  
Malaysia

## Legacy & Potential Markets

North Sea  
Europe

Trinidad  
Angola

Ghana  
Nigeria

Gabon

## Well Services Integration

- Integrated Gulf Coast well services
  - » Coiled Tubing
  - » Wireline
  - » Shelf Plug & Abandonment
  - » Specialty Services
- Substantial cost structure reductions
- Enhanced capabilities and responsiveness

## Key Strategies

- Maintain drilling products market share leadership, leverage to any activity increase
  - » >80% share of drilling rigs
  - » >70% share of platforms
- Practical Innovation
  - » Assess commercial opportunities for 7 Series Subsea P&A system which field tested successfully during 2016

### 7 Series Subsea P&A System



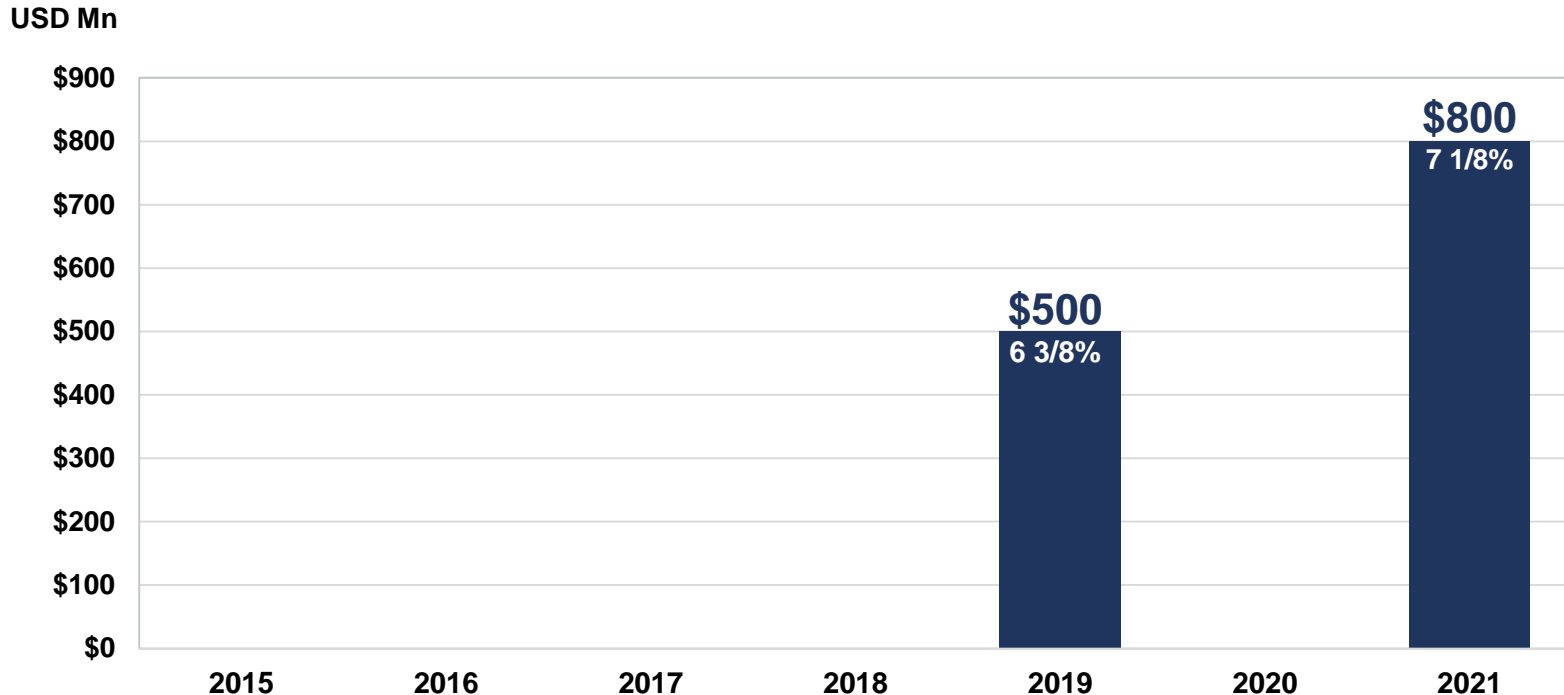
(Full Utilization Scenario\*)

Subsea Intervention System	
Annual Revenue	~\$60 mm
Gross Margin	~50%
EBITDA Margin	~45%
Operating Margin	~35%

- » Building second system
- » 2017 CAPEX = \$12mm
- » ~25 - 30% rate of return
- » 12-14 month payback
- » Expected system delivery during Q4 2017

\*Due to project oriented nature of market, full utilization scenario is useful as a reference point and not an expected outcome.

## Senior Notes Maturity Schedule



### Other Borrowings:

- \$300 million revolving line of credit (no borrowings outstanding)
- Line of credit matures 2019

## Liquidity

- Cash on hand – \$188 million as of 12/31/16
- Cash on hand and cash flows expected to entirely fund early stages of recovery.

## Financial Priorities

- Disciplined cash deployment
- Cost reduction
- Investments that advance core strategy of geographic expansion

## Flexibility

- 2017 capital expenditures:
  - » Low levels of maintenance capital required
  - » 2017 CAPEX less than \$100 million
  - » Discretionary projects identified if recovery continues ahead of expectations
- Lowered cost structure during down-cycle
- More competitive and profitable during up-cycle

- **Strong balance sheet**
- **Weathered extended market downturn without compromising ability to respond to recovery**
- **Early responder to U.S. Land market improvement**
- **Positioned to seize market share as industry recovers**
- **Full-cycle focus through diversified product and geographical mix**





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