

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 From Continuing Operations (in thousands) (unaudited)

	Three months ended,			
	December 31, 2018		December 31, 2017	
	Consolidated	Per Share	Consolidated	Per Share
Reported net income (loss) from continuing operations	\$ (750,185)	\$ (4.85)	\$ 21,878	\$ 0.14
Reduction in value of assets	739,725	4.79	4,202	0.02
Restructuring costs	3,934	0.02	-	-
Income taxes	(24,082)	(0.16)	(716)	-
US Tax Reform ⁽¹⁾	-	-	(76,529)	(0.49)
Adjusted net loss from continuing operations	<u>\$ (30,608)</u>	<u>\$ (0.20)</u>	<u>\$ (51,165)</u>	<u>\$ (0.33)</u>

(1) Recorded in Income Taxes in the consolidated statement of operations.

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, 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	\$ (662,061)	\$ (97,425)	\$ 7,280	\$ (24,657)	\$ (750,185)
Reduction in value of assets	-	644,813	92,252	-	2,660	739,725
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	-	-	-	-	(28,587)	(28,587)
Adjusted income (loss) from operations	<u>\$ 27,143</u>	<u>\$ (15,637)</u>	<u>\$ (3,893)</u>	<u>\$ 6,356</u>	<u>\$ (27,054)</u>	<u>\$ (13,085)</u>
Depreciation, depletion, amortization and accretion	26,050	48,215	16,325	5,321	1,353	97,264
Adjusted EBITDA	<u><u>\$ 53,193</u></u>	<u><u>\$ 32,578</u></u>	<u><u>\$ 12,432</u></u>	<u><u>\$ 11,677</u></u>	<u><u>\$ (25,701)</u></u>	<u><u>\$ 84,179</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 continuing 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>

Three months ended December 31, 2017

	Drilling Products and Services	Onshore Completion and Workover Services	Production Services	Technical Solutions	Corporate and Other	Consolidated □
Reported net income (loss) from continuing operations	\$ (1,016)	\$ (12,734)	\$ (6,464)	\$ 4,116	\$ 37,976	\$ 21,878
Reduction in value of assets	1,356	2,846	-	-	-	4,202
Interest expense, net	-	-	-	(940)	25,716	24,776
Other expense	-	-	-	-	822	822
Income taxes	-	-	-	-	(87,762)	(87,762)
Adjusted income (loss) from operations	<u>\$ 340</u>	<u>\$ (9,888)</u>	<u>\$ (6,464)</u>	<u>\$ 3,176</u>	<u>\$ (23,248)</u>	<u>\$ (36,084)</u>
Depreciation, depletion, amortization and accretion	31,207	51,199	18,884	4,846	1,429	107,565
Adjusted EBITDA	<u><u>\$ 31,547</u></u>	<u><u>\$ 41,311</u></u>	<u><u>\$ 12,420</u></u>	<u><u>\$ 8,022</u></u>	<u><u>\$ (21,819)</u></u>	<u><u>\$ 71,481</u></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,	
	2018	2017
Reported net loss from continuing operations	\$ (857,386)	\$ (187,011)
Reduction in value of assets	739,725	14,155
Restructuring and other related costs	12,026	-
Interest expense, net	99,477	101,455
Other expense	1,678	3,299
Income taxes	(45,433)	(190,740)
Depreciation, depletion, amortization and accretion	400,848	438,716
Adjusted EBITDA	\$ 350,935	\$ 179,874

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 Three Months Ended December 31, 2018	For the Twelve Months Ended December 31, 2018
	Net cash provided by operating activities	\$ 81,701
Less: capital expenditures	(35,087)	(221,370)
Free cash flow (deficit)	\$ 46,614	\$ (56,313)