



pason

Second Quarter 2020

Investor Presentation

Technology • Deployed • Simply

Forward-Looking Statements

This presentation may contain forward-looking statements and information which reflects the current view of Pason Systems Inc. ("Pason" or the "Company") with respect to future events and financial performance. Any such forward-looking statements are subject to risks and uncertainties and Pason's actual results of operations could differ materially from historical results or current expectations. Pason assumes no obligation to publicly update or revise its forward-looking statements even if experience or future changes make it clear that any projected results expressed or implied therein will not be realized. Refer to Pason's annual report, management information circular, annual information form and other filings with Canadian securities regulatory authorities for further information on risks and uncertainties that could cause actual results to differ materially from forward-looking statements contained in this presentation.

Who We Are

Pason is a leading energy services and technology company.

We develop and deliver high-value hardware, software and services, primarily for the drilling industry.

Our motto is:

Technology Deployed Simply



Pason Highlights

1 Clear Market Leader

- Sustained leading market positions in North America, South America, and Australia
- Access to the majority of land rigs and users of drilling data in the Western Hemisphere
- High barriers to entry for profitable operations driven by scope of technology, service intensity, and required scale

2 Distinctive Technology Position and Unique Capability Set

- Distinctive field and remote support service capabilities
- Flexible platform can host new Pason and third-party software (at the rigsite and in the cloud)
- Unrivalled capabilities for UI/UX design and ruggedization for field users

3 Outstanding Financial Profile

- No interest-bearing debt on the balance sheet
- Low capital intensity
- Historically outstanding cash-generating capability and consistent delivery of returns in excess of cost of capital

4 Well Positioned for Growth

- Existing product growth: 1) product penetration; 2) US market share; 3) product value/price; 4) international expansion
- New products for well completions and workovers: Minority investment in Intelligent Wellhead Systems (IWS)
- Solar and energy storage market: Energy Toolbase (ETB) – Pason Power
- New products and services in a rapidly transforming energy industry

Overview of Pason



Company Snapshot



HISTORY Established 1978; public since 1996

CORPORATE HEAD OFFICE Calgary, AB, Canada

US HEAD OFFICE Houston, TX, United States

INTERNATIONAL PRESENCE Argentina, Australia, Bolivia, Brazil, Colombia, Dubai, Ecuador, Mexico, Peru, Saudi Arabia (JV)

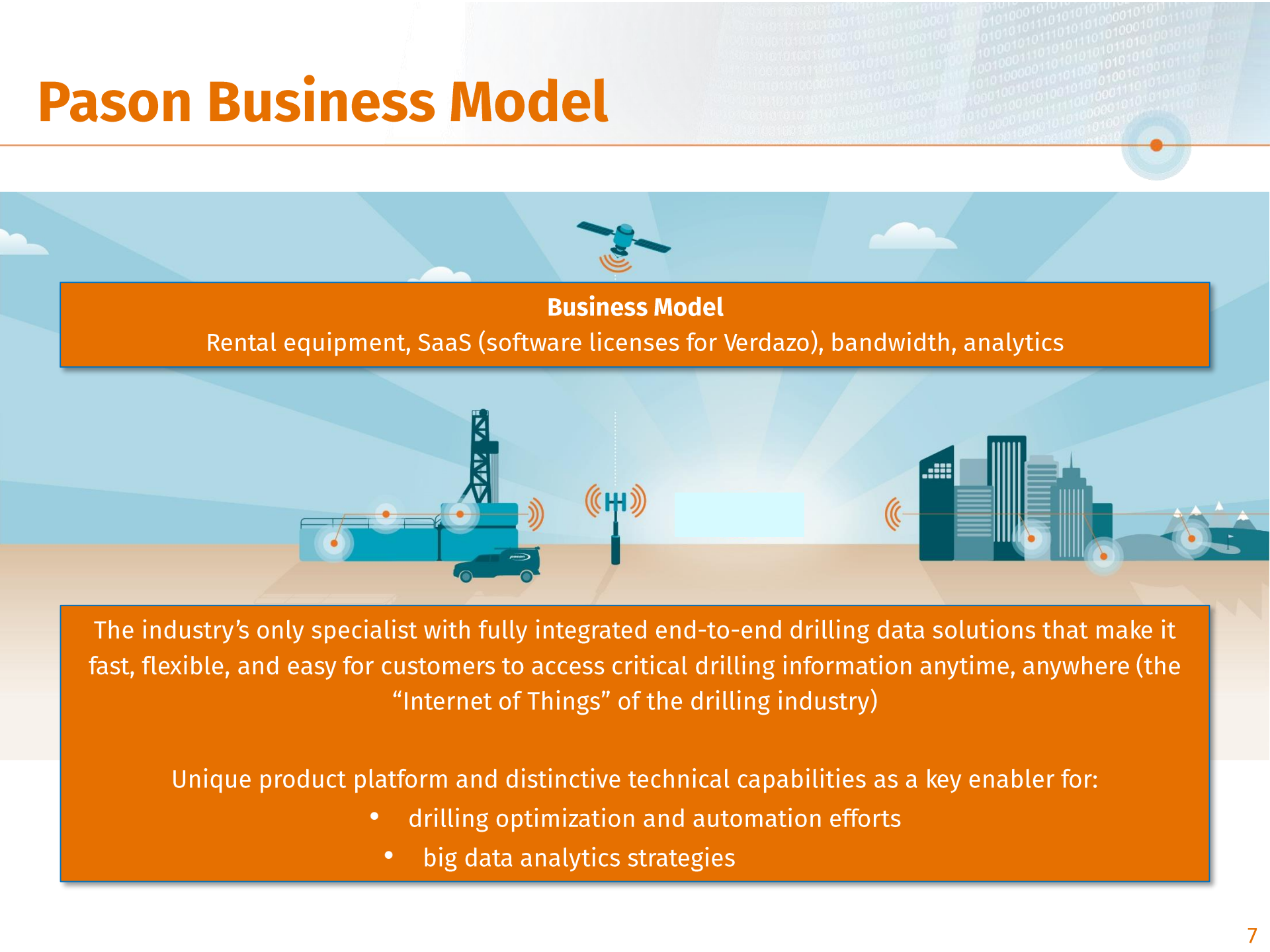
CUSTOMERS E&P Operators
Drilling Contractors
Other Oilfield Service Companies

OUTSTANDING SHARES 84.1 million

MARKET CAPITALIZATION \$505 million

QUARTERLY DIVIDEND PER SHARE \$0.05

Pason Business Model

The background of the slide features a stylized illustration of the Pason Business Model ecosystem. At the top, a satellite orbits in a blue sky with white clouds. Below it, an orange banner contains the text 'Business Model' and 'Rental equipment, SaaS (software licenses for Verdazo), bandwidth, analytics'. The middle section shows a drilling rig on the left, a central antenna tower, and a city skyline on the right, all connected by a network of lines and signal waves. The bottom section is an orange box containing text about the company's role in the drilling industry and its unique product platform.

Business Model

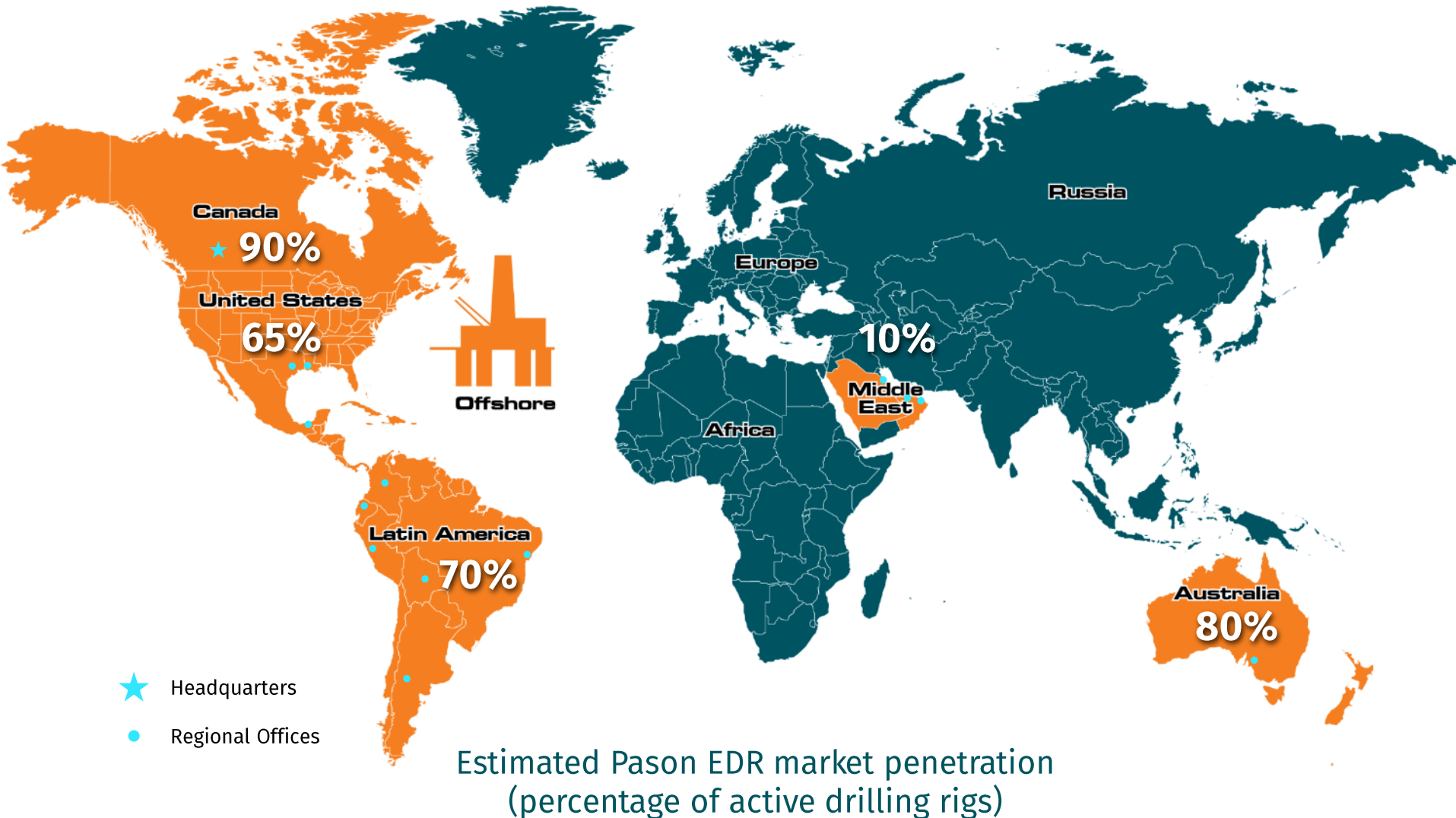
Rental equipment, SaaS (software licenses for Verdazo), bandwidth, analytics

The industry's only specialist with fully integrated end-to-end drilling data solutions that make it fast, flexible, and easy for customers to access critical drilling information anytime, anywhere (the "Internet of Things" of the drilling industry)

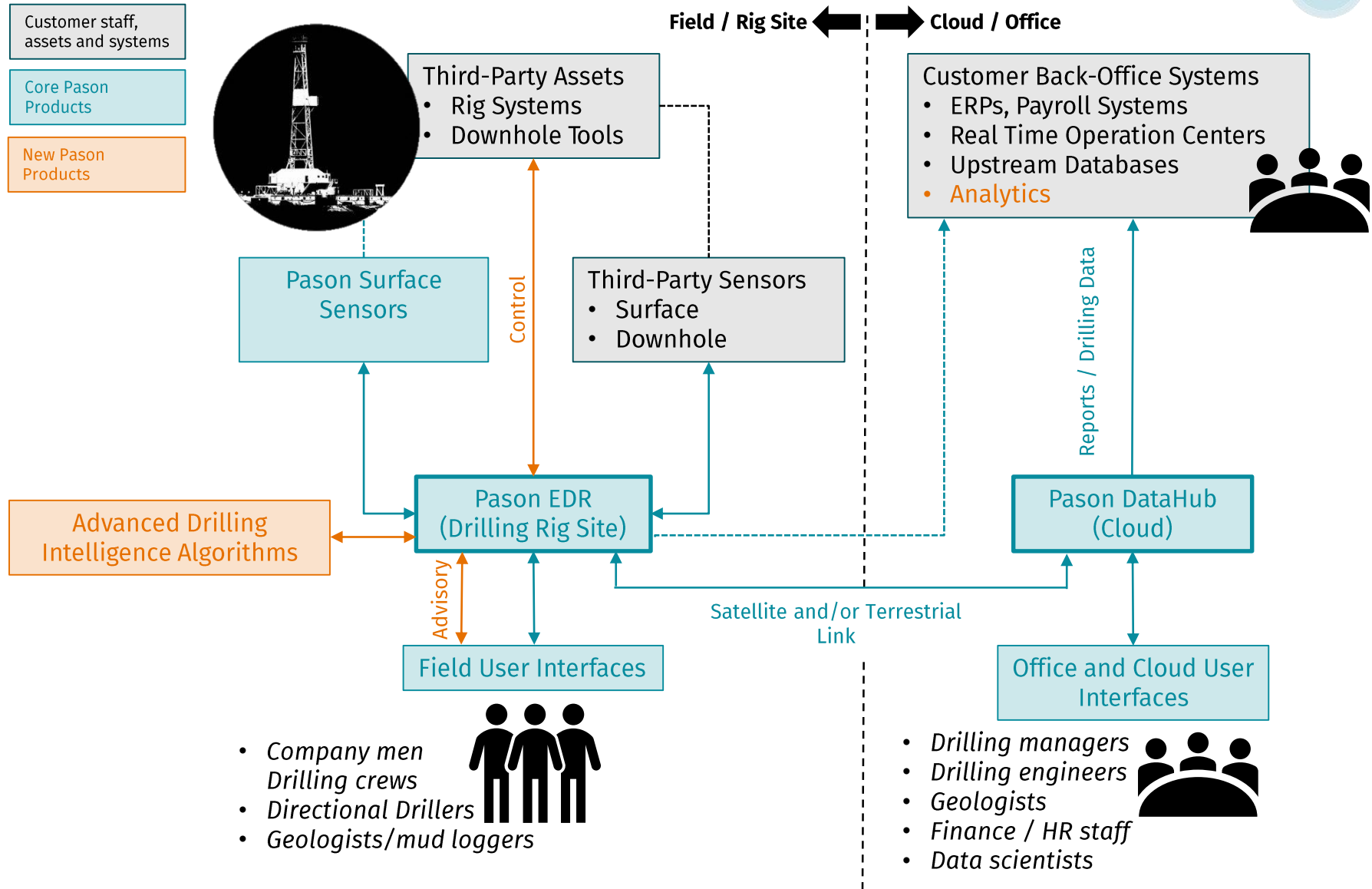
Unique product platform and distinctive technical capabilities as a key enabler for:

- drilling optimization and automation efforts
- big data analytics strategies

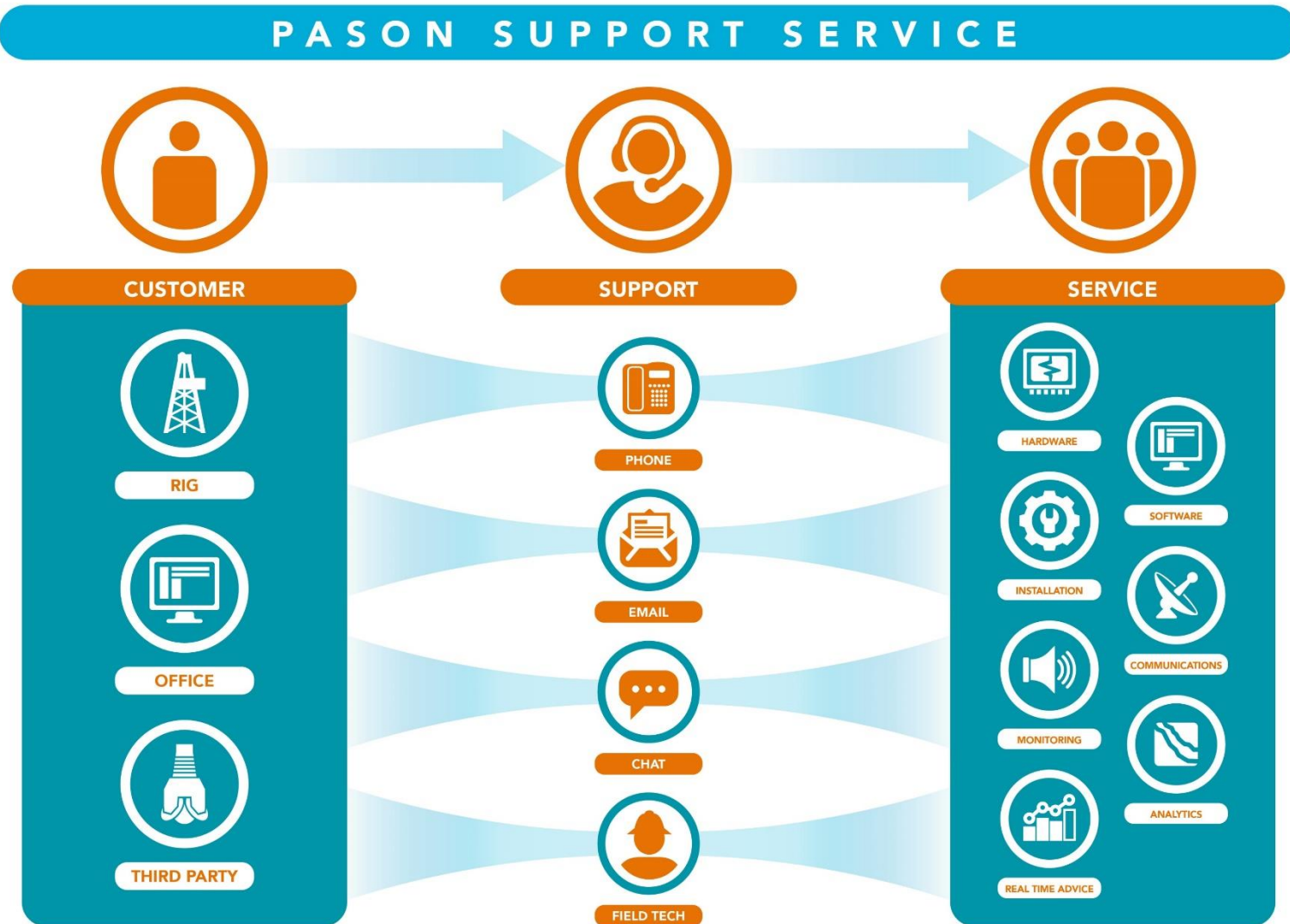
Strong Market Positions and Global Reach



Overview of the Pason Data Ecosystem



Superior Service Model



Overview of Pason's Product Segments

	Operator Benefits	Contractor Benefits	3rd Party Benefits
DRILLING DATA (ACQUIRE, VIEW, STORE, DELIVER)			
Electronic Drilling Recorder (EDR), Electronic Service Recorder (ESR)	•	•	•
DataHub / Pason Live (incl. Mobile)	•	•	
Data Delivery & Reporting (incl. WellView™)	•	•	
Rig Display, SideKick, Workstation, Monitor	•	•	•
MUD MANAGEMENT AND SAFETY			
Pit Volume Totalizer (PVT), Smart Alarms, Digital Trip Sheets	•	•	
Gas Analyzer	•		
Hazardous Gas Alarm	•	•	
COMMUNICATIONS			
Internet Bandwidth (Satellite and Terrestrial)	•	•	•
Bandwidth Management	•	•	•
Wireless Rigsite, VOIP and Intercom	•	•	•
DRILLING INTELLIGENCE			
AutoDriller(s)	•	•	
Drilling Advisory System™ (DAS)	•	•	
ANALYTICS & OTHER			
Verdazo (Discovery Analytics), Reports, KPIs	•		•
Energy Toolbase SaaS	Solar / Storage Project Developers		
Pason Power iEMS control system and Energy DataHub	Asset Owners / Managers		

Data Capture by Pason

675,000+ oil and gas wells in Pason DataHub, including more than 150,000 drilled since 2014

2,300+ active drilling rigs simultaneously feeding data to the Pason DataHub during peak activity levels (in 2014)

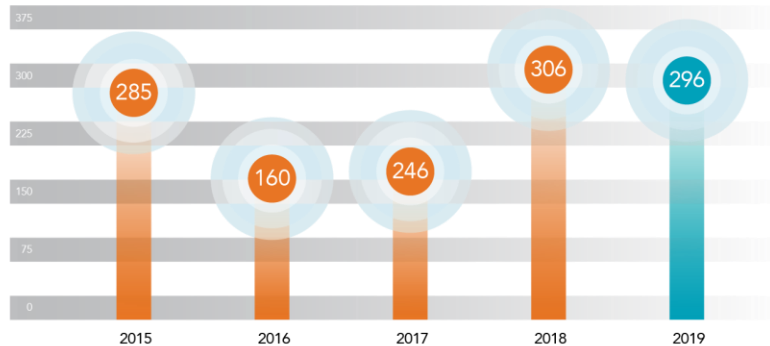
Categories of Data Captured	Examples of Data
Pason Surface Sensors Data	Time/depth-based sensor data: Depth, standpipe pressure, hook load, rotary RPM, torque, pump strokes, drilling mud levels and flow, gases, volumes, temp
Calculated Data	Rate of penetration (ROP), weight on bit (WOB), mechanical specific energy (MSE), drilling mud volume changes (kicks, lost circulation), rig states etc.
Third-Party Sensor Data	Wide variety of third-party sensor (e.g., gas systems, generator/engine monitors) and rig PLC control system data
Directional Data	Directional survey data, downhole tool information (inclination and azimuth, gamma, resistivity)
Operator and Contractor Reporting	General well information, operational data, safety info, wellbore info, geological evaluation, equipment and downhole details, test info, bit reports, service rig info
Drilling Contractor Payroll Data	Accurate crew lists and payroll data between the rig and the contractor's payroll system

Financials



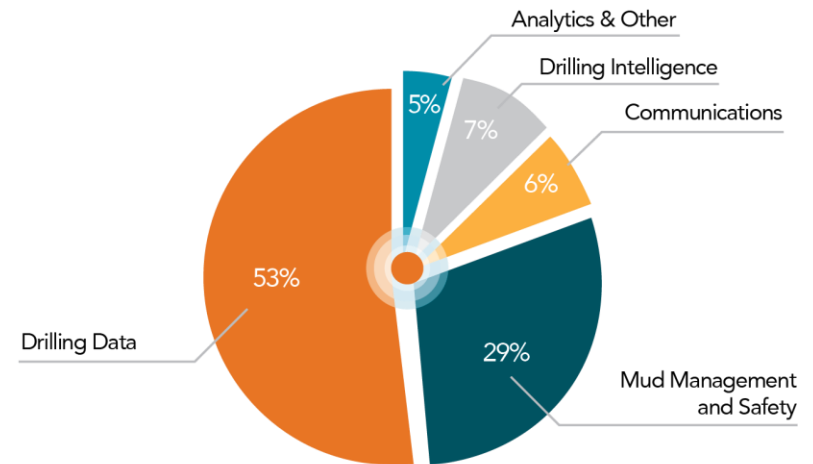
Financial Summary

TOTAL REVENUE (\$MILLIONS)

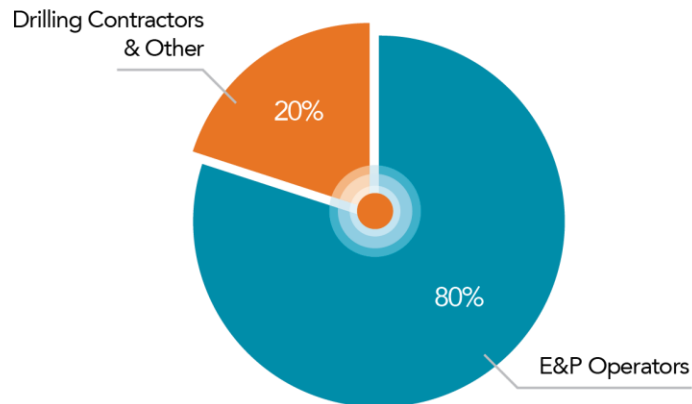


REVENUE BY PRODUCT

12 MONTHS ENDED DECEMBER 31, 2019

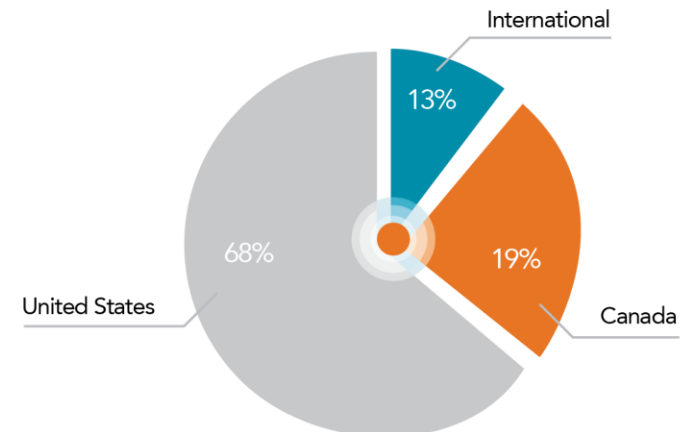


BY CUSTOMER TYPE



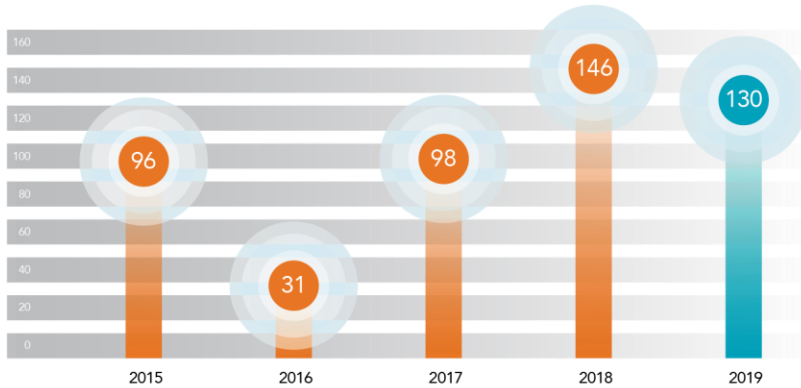
REVENUE BY BUSINESS UNIT

12 MONTHS ENDED DECEMBER 31, 2019

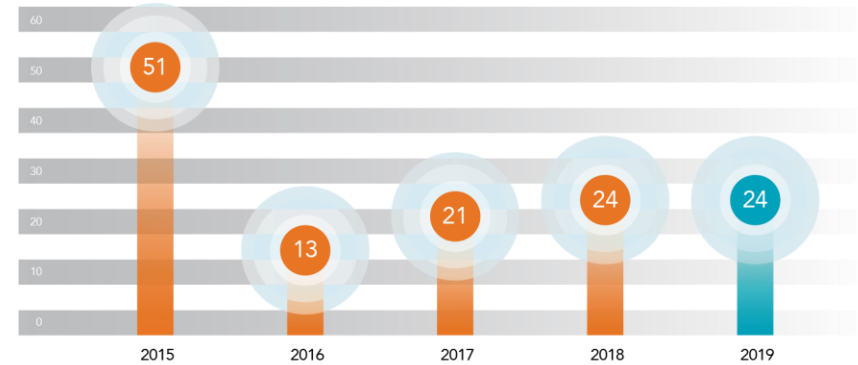


Financial Summary

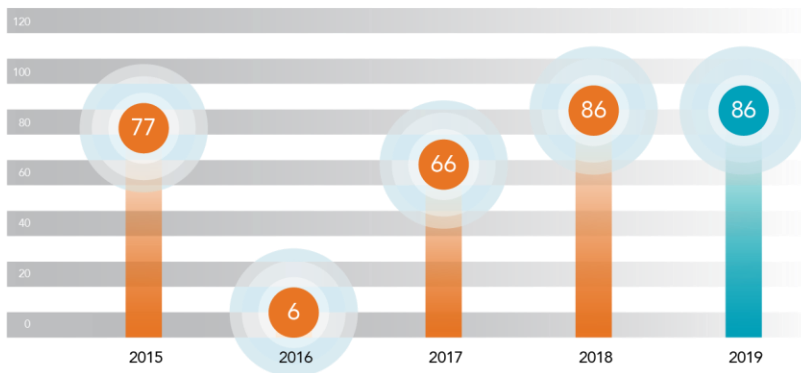
ADJUSTED EBITDA (\$MILLIONS)



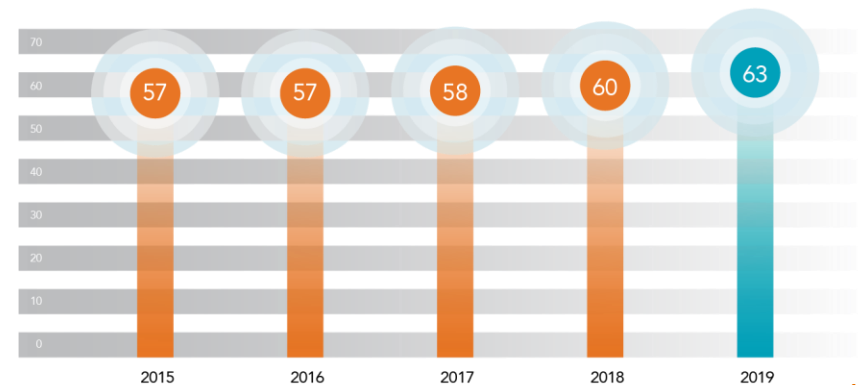
CAPITAL EXPENDITURES (\$MILLIONS)



FREE CASH FLOW (\$MILLIONS)



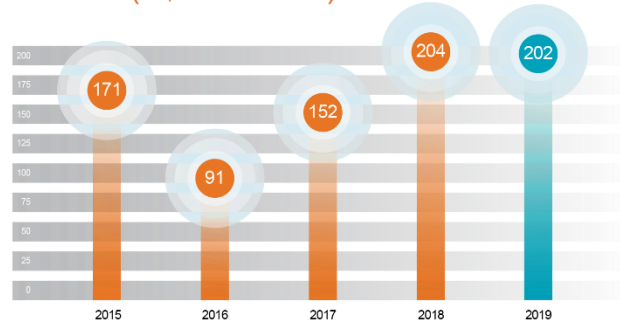
DIVIDENDS PAID (\$MILLIONS)



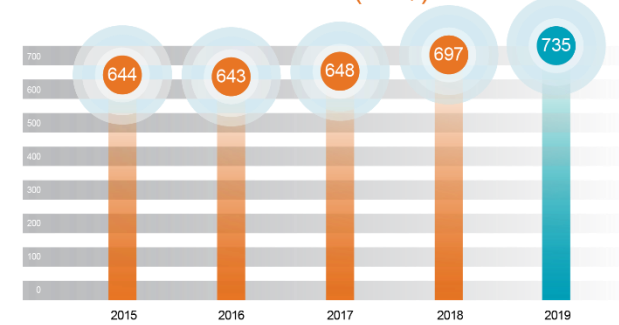
Financial Summary

UNITED STATES

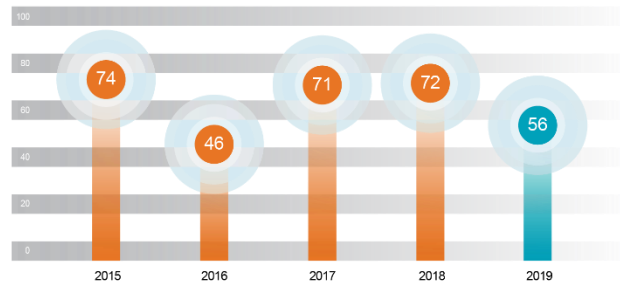
REVENUE (C\$ MILLIONS)



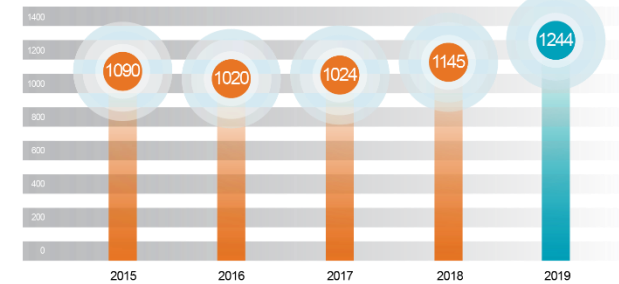
REVENUE PER EDR DAY (US\$)



REVENUE (C\$ MILLIONS)

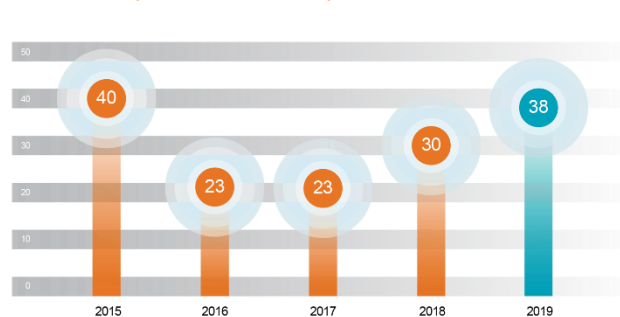


REVENUE PER EDR DAY (C\$)

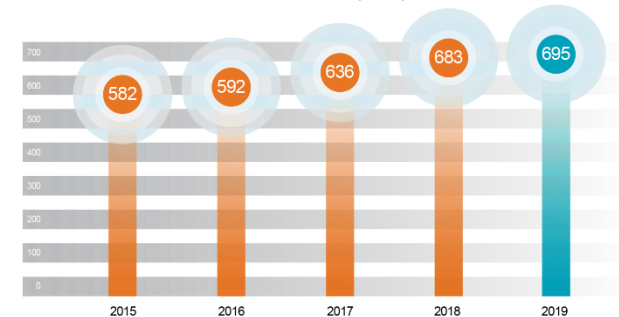


INTERNATIONAL

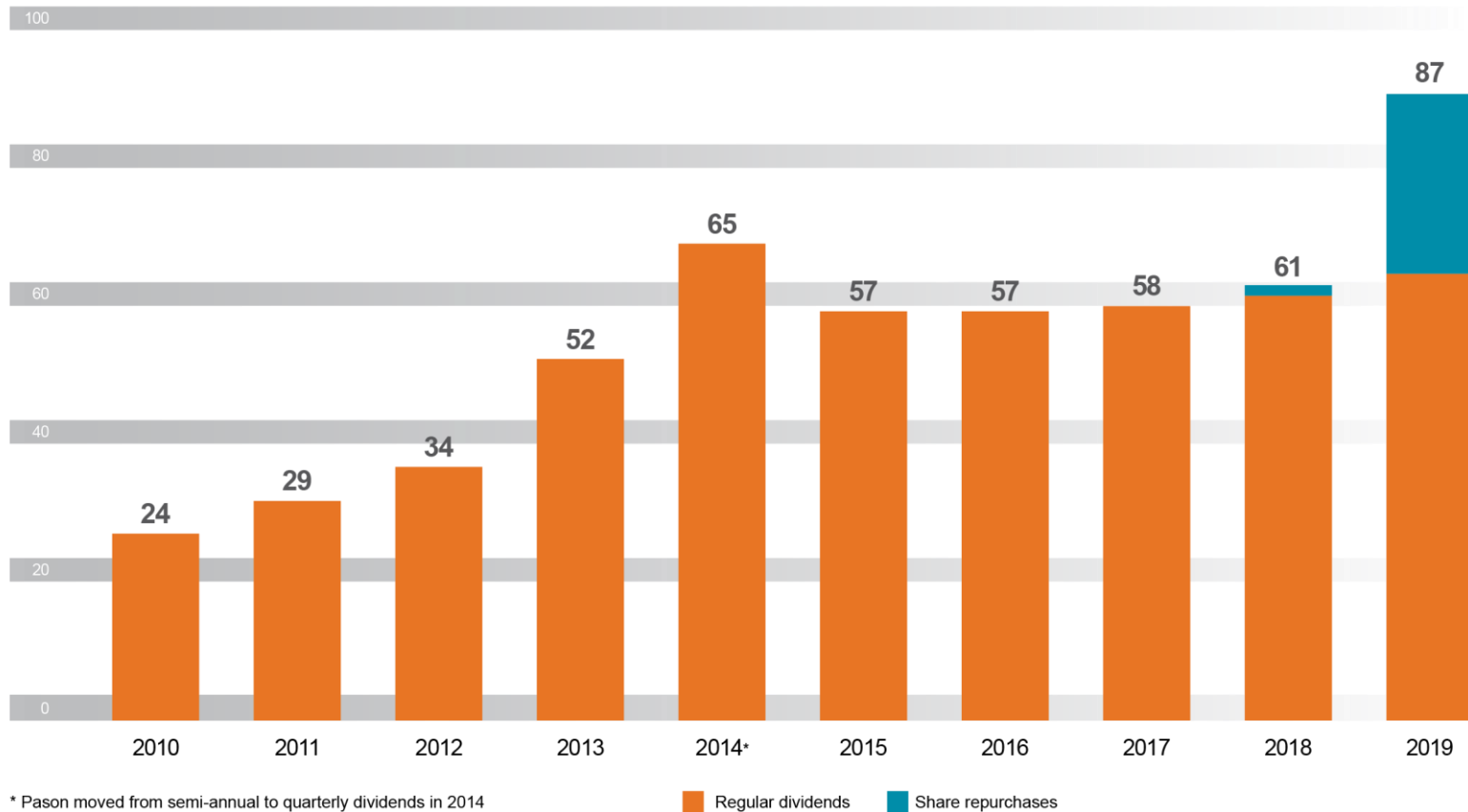
REVENUE (C\$ MILLIONS)



REVENUE PER EDR DAY (C\$)



Cash Returns to Shareholders



Over \$500 million returned to shareholders over the past 10 years

Financial Results

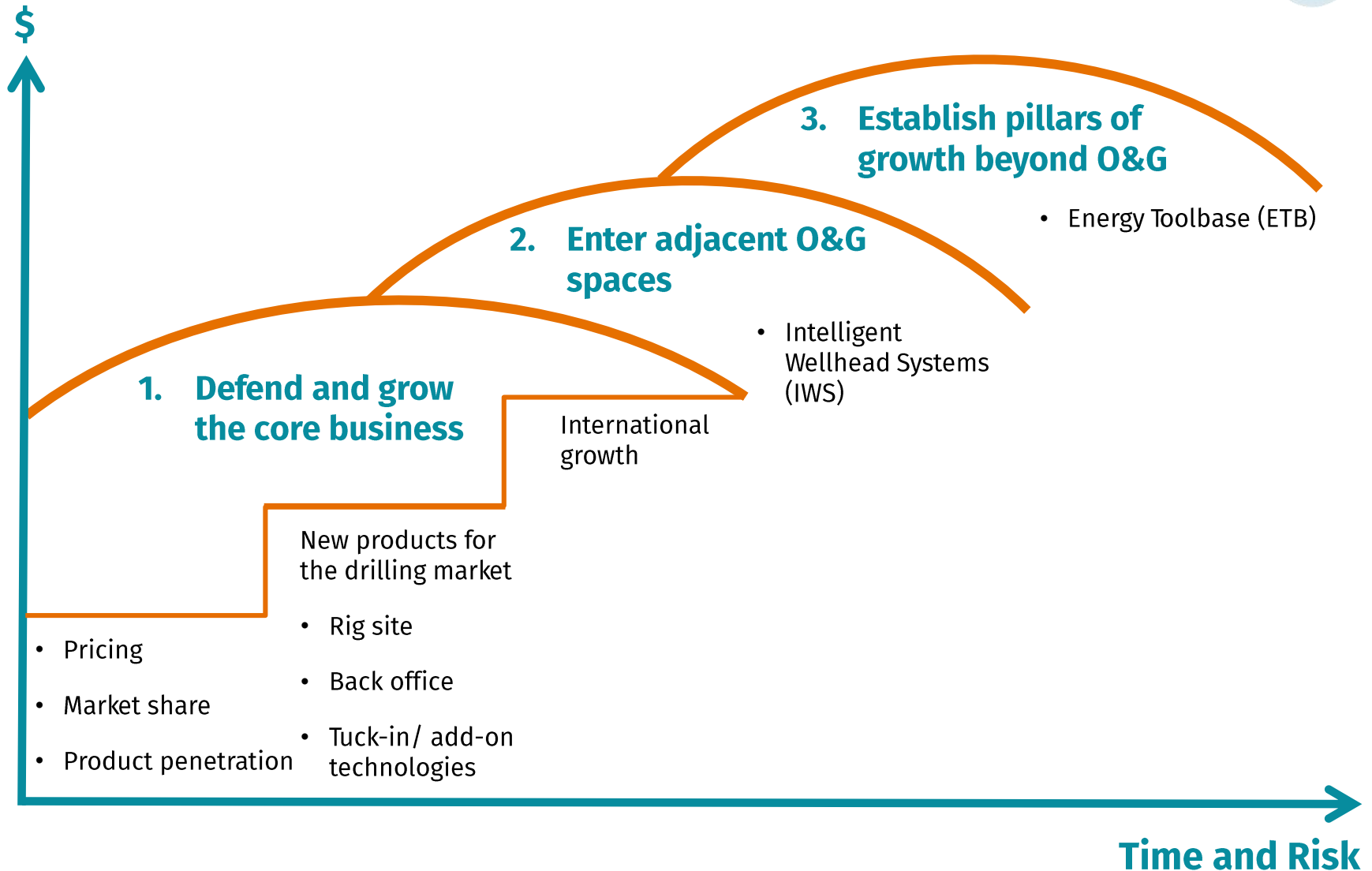
in C\$000s

	6 months ended June 30, 2020	6 months ended June 30, 2019	Change
Revenue			
United States	\$66,107	\$108,096	-39%
Canada	22,416	27,728	-19%
International	12,287	19,213	-36%
	100,810	155,037	-35%
Adjusted EBITDA	32,457	71,540	-55%
Net income	11,753	28,289	-58%
Capital expenditures	\$3,887	\$14,533	-73%
Dividends paid	32,064	30,856	+4%

Outlook



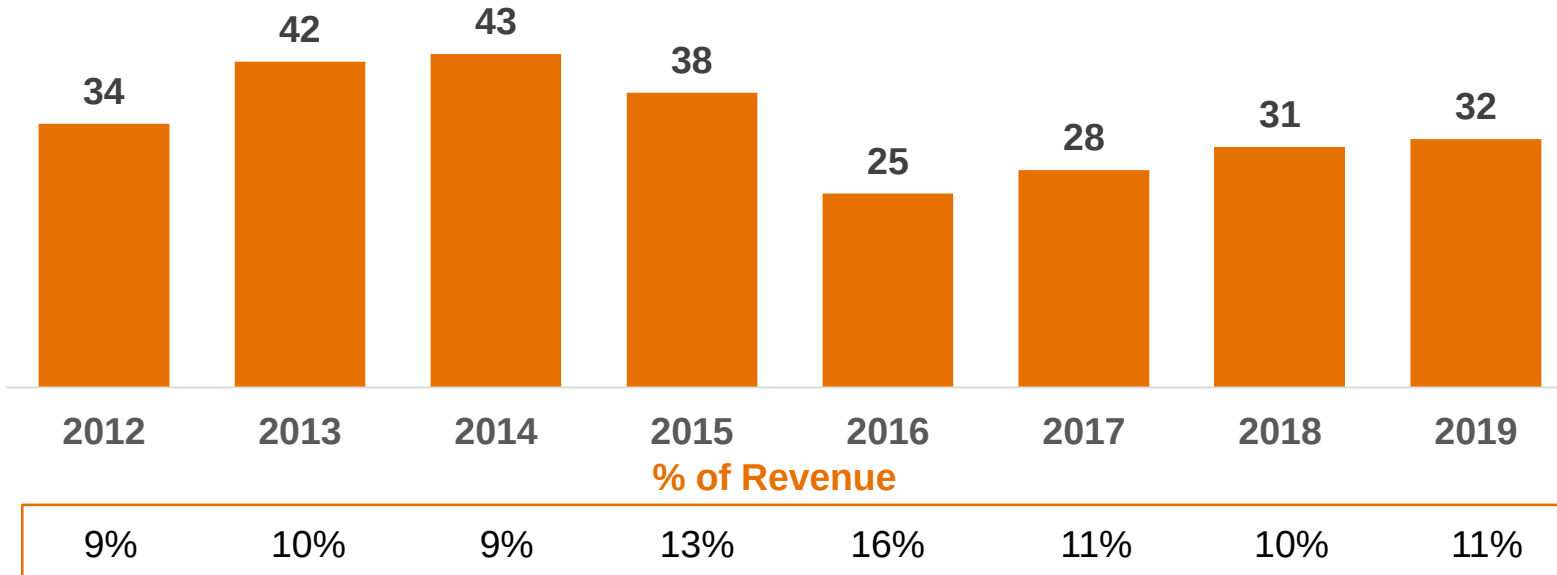
Well-Positioned for Growth



Significant Investments in R&D and IT

R&D and IT Spending

In CAD millions (includes expensed and deferred development costs)

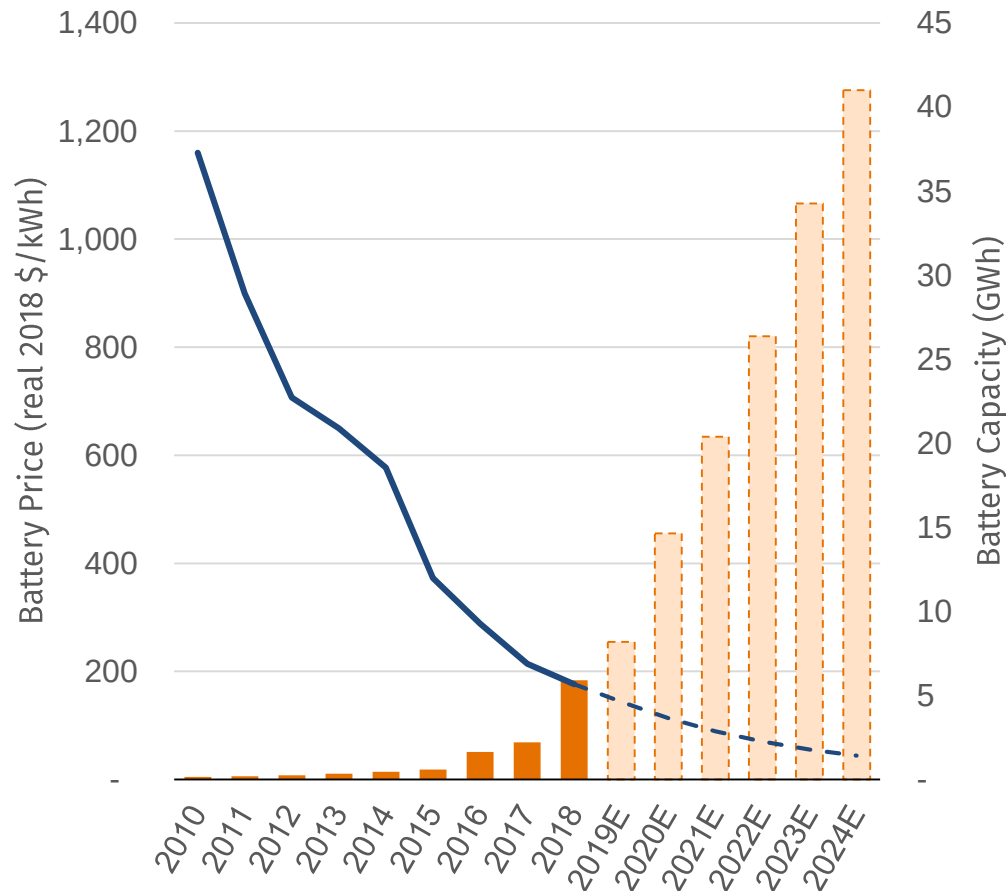


Portfolio of R&D initiatives balanced between:

1. Sustaining and improving existing products vs. developing new
2. Catering to the needs of O&G companies vs. drilling contractors
3. Focused on needs in the field vs. in the office / in the cloud
4. Hardware vs. software (incl. analytics and machine learning)
5. Safe bets vs. “moonshots” (need to expect and accept failures)

The Energy Storage Market is Poised for Exceptional Growth

Battery Price and Installed
Battery Capacity
GWh, \$/kWh



“Energy storage could even be bigger than automotive...but it will certainly be of a similar magnitude.”

- Elon Musk, Tesla 3Q19 Earnings Call

“Energy storage systems market to hit \$500 billion by 2025.”

- Global Market Insights, Inc.

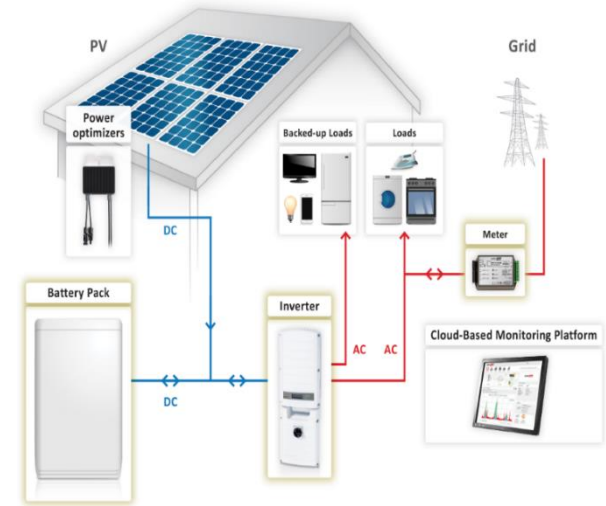
“Simply put, accelerated rollout of energy storage has to happen, and we need to see more subsidies to make it happen faster”

- Bill Gates

Energy Toolbase well-positioned in the “Intelligence Layer” of Energy Storage



- In Sep. 2019, announced the acquisition of an 80% interest of Energy Toolbase (ETB), a US-based SaaS company.
- ETB provides industry-leading software package to model economics and build proposals for solar and energy storage (battery) projects.
- The ETB product is utilized by distributed energy project developers, primarily in the United States. Currently over 1,000 active ETB software licenses with 1,800 users.
- Over the past two years, Pason Power built foundation in the solar and energy storage market through iEMS control system and Energy DataHub products.
- With the combined capabilities of Pason Power and ETB we are positioning ourselves for meaningful long-term growth in the “intelligence layer” of solar and energy storage market.
- We provide the tools to: **Model – Control – Monitor**



Appendix



Pason's History

1978: Founded by Wayne Parks and Ron Mason who created the name "Pason" based on a hybrid of their last names

Early 1990s: Inventor Brian Taylor designed and introduced the Pit Volume Totalizer

1994: First EDR rental

2006: Entered Australia

1997: Entered the US market and acquired Rocky Mountain Geo Engineering

2014: Entered into joint venture in Saudi Arabia

2016: Acquired Verdazo Analytics

2019: Acquired Energy Toolbase

1980: Acquired by Badger Drilling Ltd.

1987: Acquired by Jim Hill (current Chairman of the Board)

1996: Went public at \$0.70 per share (effectively \$0.17 per share with two splits)

2003: Entered Latin America

2009: Purchased Petron Industries based in Houston

2015: Opened Dubai office

2017: Entered into DAS licensing agreement with ExxonMobil

2019: Invested in IWS

