

# Acquisition of Coretrax

February 2024

NYSE: **XPRO**



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The Company is not able to provide a reconciliation of Coretrax’s forward-looking Adjusted EBITDA, Adjusted EBITDA Margin and Free Cash Flow Margin to the most directly comparable measure in accordance with U.S. generally accepted accounting principles without unreasonable effort because of the inherent difficulty in forecasting and quantifying certain amounts necessary for such a reconciliation, including net income (loss) and net cash from operations.

# Transaction Overview

Acquisition of a global technology leader in Performance Drilling Tools, Wellbore Cleanup (WBCU) and Well Integrity Solutions

## Strategic Rationale

### Highly Accretive to Well Construction Business

Market-leading portfolio of performance drilling and WBCU solutions adds meaningful scale to Expro's Well Construction business

### Technologically-Differentiated Solutions

+50 technologies to (i) address issues commonly encountered during drilling (e.g., loss of circulation, stuck pipe), (ii) optimize drilling and completions time (and thereby reduce well construction costs), (iii) extend well life, and (iv) cost-effectively increase production

### Expands International Business

Strong ESSA and MENA footprint increases exposure to a growth markets and strengthens and expands key IOC, NOC and Service Partner relationships

### Revenue Synergies

Complimentary capabilities and customer relationships provide scope for fast-track revenue synergies at high incremental margins



## Transaction and Financing Overview

### Total Consideration of \$210 million

Base case assumes not less than \$75 million of cash and 5.70 to 6.75 million newly issued Expro common shares (with any equity consideration to be unitized based on 30 trading day VWAP prior to close)

Cash consideration may be increased at Expro's election

### Accretive to Revenue Growth, EBITDA Margin, FCF Margin, and Shareholder Value

Coretrax 2024E Revenue of \$140-\$160 million

Adjusted EBITDA and FCF Margins of ~30% and 12-15%, respectively

Implied 4.5-5.0 x 2024E EV/Adjusted EBITDA transaction multiple

Closing expected in Q2 2024

### Strong Pro Forma Balance Sheet and Liquidity

Pro forma Net Debt/2024E Adjusted EBITDA expected to remain below 0.5x, even with 100% cash consideration

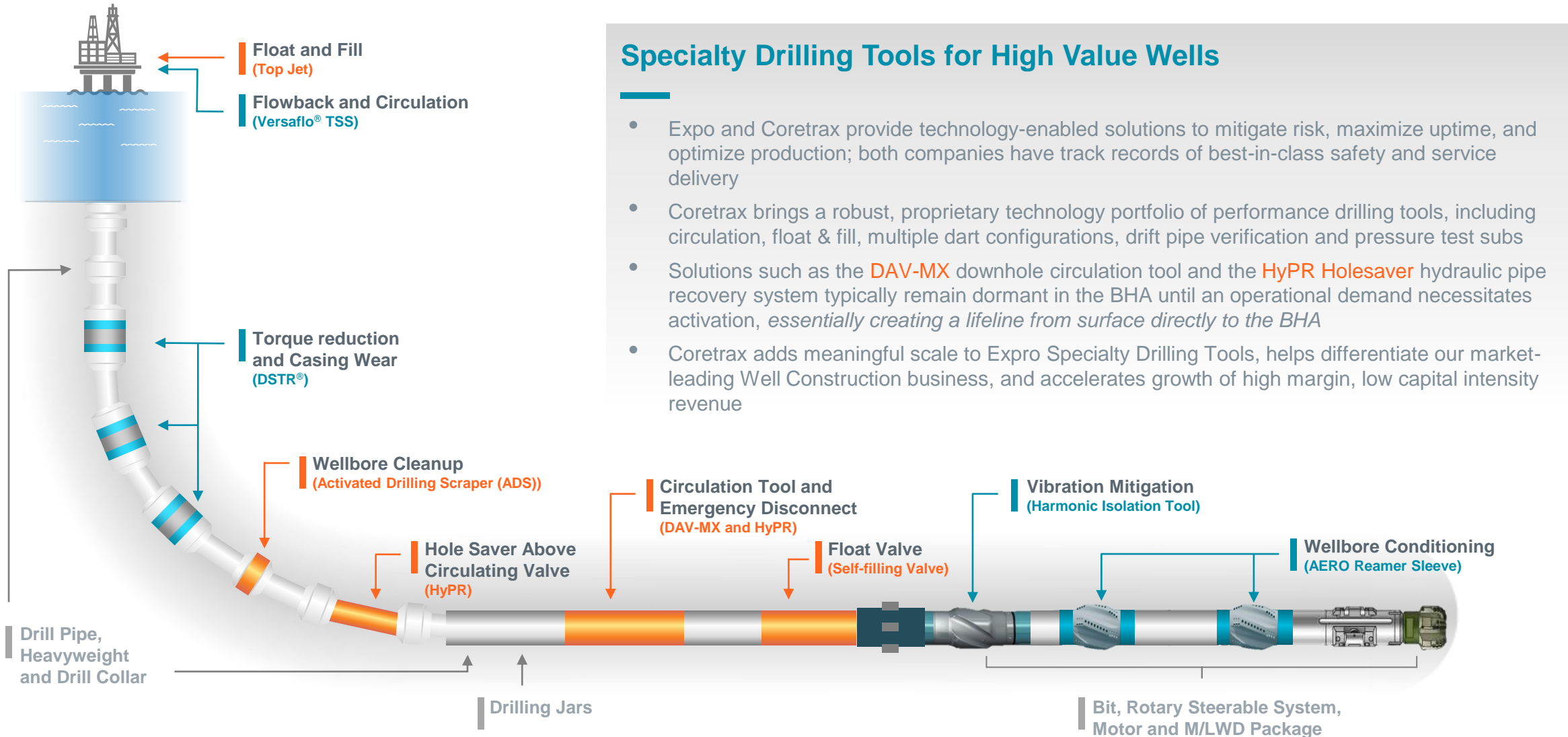
Current available liquidity expected to be maintained through exercise of accordion feature on existing RCF; offer of committed financing on \$75 million to support the transaction received from current lender in bank group

### Cost Synergies

Cost synergies of up to \$10 million can be captured within 18 months, primarily through leveraging Expro's global operating footprint and avoiding incremental overheads to support expected growth of Coretrax's business

# Expro / Coretrax Specialty Drilling Tools

Designed to harness the power of circulation tools, Coretrax solutions offer operators reliability across a wide range of applications



## Specialty Drilling Tools for High Value Wells

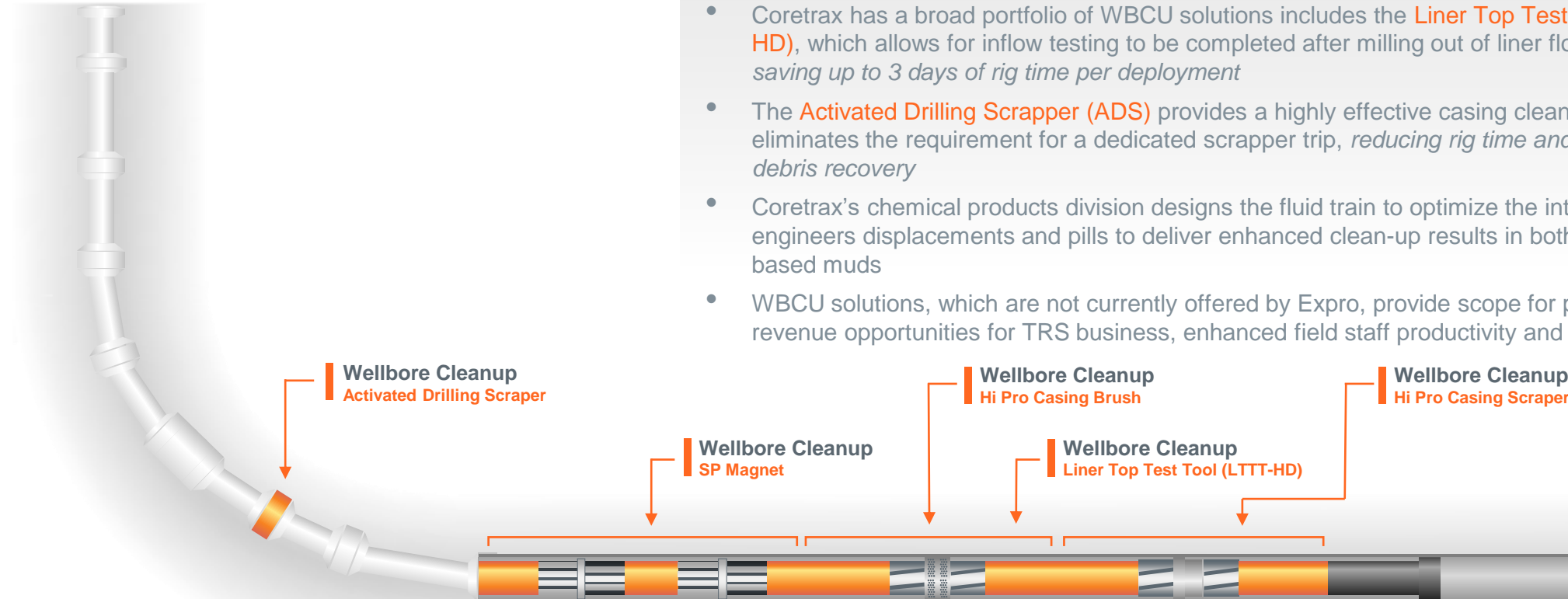
- Expro and Coretrax provide technology-enabled solutions to mitigate risk, maximize uptime, and optimize production; both companies have track records of best-in-class safety and service delivery
- Coretrax brings a robust, proprietary technology portfolio of performance drilling tools, including circulation, float & fill, multiple dart configurations, drift pipe verification and pressure test subs
- Solutions such as the **DAV-MX** downhole circulation tool and the **HyPR Holesaver** hydraulic pipe recovery system typically remain dormant in the BHA until an operational demand necessitates activation, *essentially creating a lifeline from surface directly to the BHA*
- Coretrax adds meaningful scale to Expro Specialty Drilling Tools, helps differentiate our market-leading Well Construction business, and accelerates growth of high margin, low capital intensity revenue

# Coretrax Wellbore Cleanup

Downhole solutions designed to maximize debris recovery to deliver valuable rig time savings

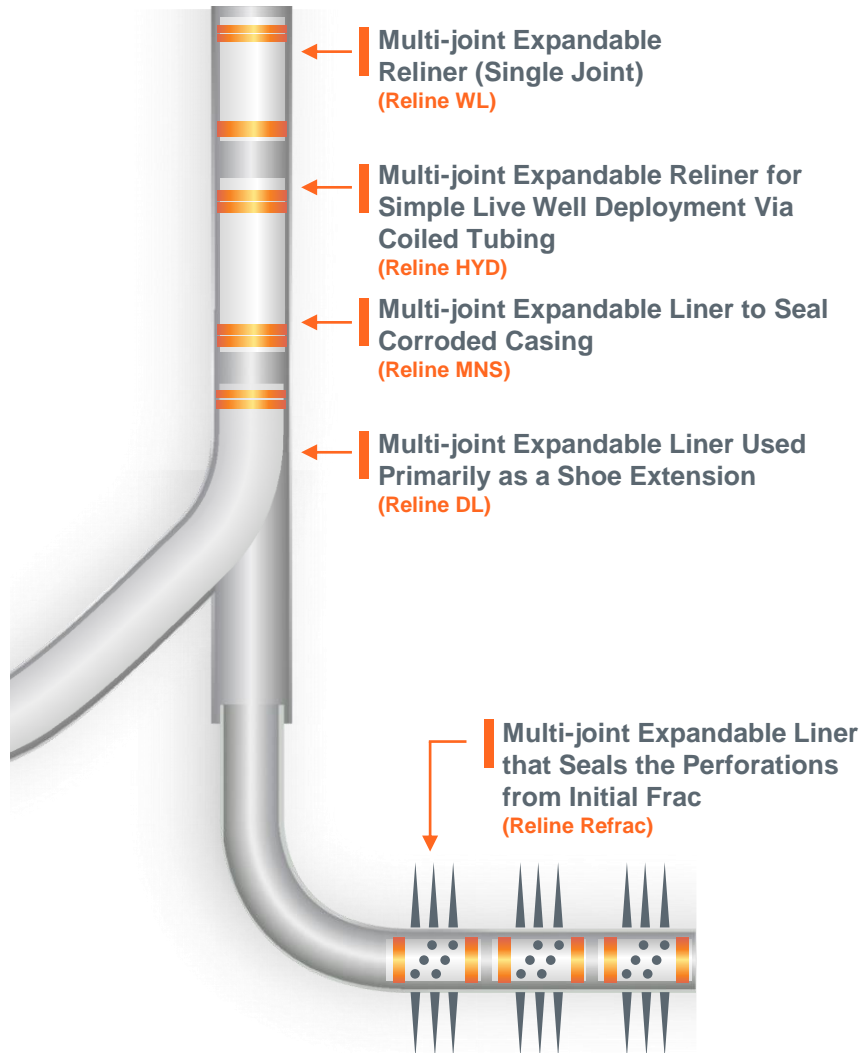
## Wellbore Cleanup (WBCU)

- Debris and residues left in the wellbore from drilling or production activities can result in reduced productivity or even significant non-productive time (NPT)
- Coretrax has a broad portfolio of WBCU solutions includes the **Liner Top Test Tool (LTTT-HD)**, which allows for inflow testing to be completed after milling out of liner floats and shoes, *saving up to 3 days of rig time per deployment*
- The **Activated Drilling Scraper (ADS)** provides a highly effective casing clean up solution and eliminates the requirement for a dedicated scrapper trip, *reducing rig time and increasing debris recovery*
- Coretrax's chemical products division designs the fluid train to optimize the interface and engineers displacements and pills to deliver enhanced clean-up results in both water and oil-based muds
- WBCU solutions, which are not currently offered by Expro, provide scope for pull-through revenue opportunities for TRS business, enhanced field staff productivity and margin uplift



# Coretrax Expandables

Differentiated technologies designed to solve critical downhole challenges to maintain well integrity and enhance production



## Expandables

- Tubular technology designed and manufactured to solve critical downhole challenges to maintain well integrity and provide production enhancement; applications include isolating leaking casings, perforations and corroded casings
- Expandable casing patches offer a reliable and cost-effective alternative to traditional solutions like cement squeezes or synthetic rubber packers; the expandable, stainless-steel patch creates a high-pressure inner lining with minimal loss of diameter (and high burst and collapse ratings), *achieving well integrity restoration and maximizing production from existing well stock*
- Coretrax provides the only expandables solution able to be deployed on coil tubing, wireline or drill pipe
- The flagship **Reline MNS** system provides a single trip isolation solution, enabling the relining and isolation of various casing integrity concerns (with the added value of no shoe milling); Reline MNS provides differentiated technology currently being used to reline corroded areas with corrosion resistant steel, allowing the operator to reuse the existing completion due to the large internal diameter
- Existing Coretrax business is primarily tied to production optimization; however, expandables are used across the life-cycle of the well as a permanent solution to repair damaged pipe or to isolate existing perforations prior to frac (“patch and perf”)
- Expandables at Coretrax is primarily an opex-levered business that will complement Expro’s existing Well Intervention & Integrity product line