

Tough times mean tough decisions and a stronger future.

Dear Oilfield Service Provider:

We don't have to tell you how challenging the economic climate is for your industry. You live it every day.

But what MNP, one of Canada's largest accounting, tax and business consulting firms, can do is help you navigate this downturn to help you create a stronger future, with better margins and increased creditor protection.

You have invested much of your life and most of your capital into building up your business. How can you ensure that investment comes back to you?

We will work with you to make sure you get to savour the fruits of your labour, whatever direction you choose to take.

Our experienced oilfield services business advisors have deep understanding of the industry. MNP will assist with accountability thorough detailed financial reporting to help keep creditors happy and help improve operations with effective performance measures. Our Corporate Recovery team will assist in formulating a formal plan to address different creditor groups and restructure your balance sheet for a more viable business moving forward.

We can also help you improve your margins by analysing cash flow and identifying areas for efficiency improvement.

Times are tough, but with the proper information and strategic planning, you'll be even tougher.

Signed:



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HOW MNP CAN HELP

- Assist accountability with detailed financial reporting
- Improve your business margins by analysing cash flow
- Work together drafting plan to address creditor groups
- Keep creditors at bay while plan is put in place
- Experienced, with more than 5,000 Oilfield Service clients
- Advisors in 15 Alberta communities, including Fort McMurray, Grande Prairies, Red Deer and Rocky Mountain House





Slump Survival Strategies for OFS Companies

What Should OFS Managers Do?

It's a challenging time for oilfield services companies. Today, putting your company's survival first is critical because, although the situation is expected to improve, it's impossible to know for sure when that will happen. The following strategies will give you the best chance of surviving the slump and emerging from this low period stronger than ever.

Don't hope the market will bail you out.

Holding tight for recovery won't work as the timing of the turnaround is anyone's guess, so remember:

- No major investment or spending decisions will be made until the majority is confident the bottom has been reached.
- You need to work to protect your investment by not selling assets or issuing equity (selling all or part of the company) at current valuations.

Figure out your costs to the nearest penny.

It's more important than ever to know what you're spending so follow these survival strategies:

- Know the exact cash costs of every sale or job.
- Don't move unless you know the cash gain will zero or better.
- You have to have some cash profit on every sale or job to keep the company afloat.

Stay friends with your banker.

It's tempting to keep your company's situation a secret when things aren't going well but that's a mistake. Instead, remember the following:

- Get ahead of the game with your banker. Give plenty of notice of tough times.
- Give your loans manager whatever he wants and needs because he has to sell your continued support to credit.
- If you don't have the internal resources, hire somebody. MNP can help.
- Bankers don't want your company or your assets but they need your help.

Make your business work with whatever business is out there.

If you have revenue and a cash profit of sales or jobs, you have a chance and business will pick up once people figure the bottom has been reached. To stay afloat:

- Be merciless in cutting costs to prevent having to sell assets or all or part of the company at current valuations.
- Be cautious of credit / collection risk in this market.

Consider a merger with a competitor to protect your investment.

This can be a good option when times are tough because:

- It is better to own part of something bigger that has a chance than 100% of a company that may not survive.
- A valuation with a competitor is simple as long as they offer the same type of service.
- Oil service must reduce the CEOs and managers per dollar of revenue to adjust to a smaller market (Ensign & Precision in 1980s).
- Bringing in an equity investor / partner who can provide strategic help (financial administration, capital, M&A experience) may be an option.

About MNP

MNP is a leading national accounting, tax and business consulting firm in Canada. We proudly serve and respond to the needs of our clients in the public, private and not-for-profit sectors. Through partner-led engagements, we provide a collaborative, cost-effective approach to doing business and personalized strategies to help organizations succeed across the country and around the world.

For more strategies to get through these challenging times, contact:

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