Total Energy Services Inc. Announces Q2 2021 Results

11.08.2021 | GlobeNewswire

CALGARY, Aug. 11, 2021 - Total Energy Services Inc. ("Total Energy" or the "Company") (TSX:TOT) announces its consolidated financial results for the three and six months ended June 30, 2021.

Financial Highlights
($000's except per share data)

	Three months ended June 30			Six months ended June 30		
	2021	2020	Change	2021	2020	Change
Revenue	$ 84,876	$ 70,770	20 %	$ 178,066	$ 205,038	(13 %)
Operating loss	(4,089)	(37,161)	(89 %)	(9,508)	(26,632)	(64 %)
EBITDA (1)	19,716	12,886	53 %	36,433	43,789	(17 %)
Cashflow	16,462	13,793	19 %	31,794	35,704	(11 %)
Net loss	(2,136)	(28,845)	(93 %)	(5,743)	(24,121)	(76 %)
Attributable to shareholders	(2,108)	(28,765)	(93 %)	(5,687)	(24,093)	(76 %)
Per Share Data (Diluted)						
EBITDA (1)	$ 0.44	$ 0.29	52 %	$ 0.81	$ 0.97	(16 %)
Cashflow	$ 0.37	$ 0.31	19 %	$ 0.70	$ 0.79	(11 %)
Attributable to shareholders:						
Net loss	$ (0.05)	$ (0.64)	(92 %)	$ (0.13)	$ (0.53)	(75 %)
Common shares (000's)(4)						
Basic	44,830	45,081	(1 %)	44,950	45,084	-
Diluted	45,066	45,081	-	45,158	45,084	-

	June 30	December 31	
Financial Position at	2021	2020	Change
Total Assets	$ 811,615	$ 849,579	(4 %)
Long-Term Debt and Lease Liabilities (excluding current portion)	210,132	238,937	(12 %)
Working Capital (2)	127,201	138,940	(8 %)
Net Debt (3)	82,931	99,997	(17 %)
Shareholders' Equity	492,259	510,987	(4 %)

Notes 1 through 4 please refer to the Notes to the Financial Highlights set forth at the end of this release.

Total Energy's results for the three months ended June 30, 2021 reflect challenging but improving industry conditions in North America and lower Australian activity levels as compared to the second quarter of 2020. Included in the financial results for the three months ended June 30, 2021 was $0.6 million of non-recurring equipment reactivation costs. $8.1 million was recorded during the second quarter of 2021 under various COVID-19 relief programs, including the forgiveness of $2.5 million of loans received in 2020 under the United States Paycheck Protection Program.

Contract Drilling Services ("CDS")

	Three months ended June 30			Six months ended June 30		
	2021	2020	Change	2021	2020	Change
Revenue	$ 25,740	$ 14,170	82 %	$ 54,311	$ 57,195	(5 %)

EBITDA [1]	$ 4,708	$ 1,864	153 %	$ 10,976	$ 10,082	9 %
EBITDA [1] as a % of revenue	18 %	13 %	38 %	20 %	18 %	11 %
Operating days[2]	1,235	440	181 %	2,773	2,606	6 %
Canada	563	72	682 %	1,647	1,529	8 %
United States	467	41	1,039 %	768	368	109 %
Australia	205	327	(37 %)	358	709	(50 %)
Revenue per operating day[2], dollars	$ 20,842	$ 32,205	(35 %)	$ 19,586	$ 21,947	(11 %)
Canada	15,625	14,417	8 %	16,175	16,833	(4 %)
United States	19,340	25,537	(24 %)	19,046	21,239	(10 %)
Australia	38,590	36,957	4 %	36,433	33,346	9 %
Utilization	14 %	5 %	180 %	16 %	14 %	14 %
Canada	8 %	1 %	700 %	11 %	10 %	10 %
United States	39 %	3 %	1,200 %	33 %	11 %	200 %
Australia	45 %	72 %	(38 %)	40 %	78 %	(49 %)
Rigs, average for period	97	98	(1 %)	98	106	(8 %)
Canada	79	80	(1 %)	80	82	(2 %)
United States	13	13	-	13	19	(32 %)
Australia	5	5	-	5	5	-

[1] See Note 1 of the Notes to the Financial Highlights set forth at the end of this release.
[2] Operating days includes drilling and paid stand-by days.

Drilling activity in North America for the second quarter of 2021 was higher compared to the same period in 2020. Second quarter Canadian industry activity levels improved from the historic lows experienced in 2020 and market share gains in the United States drove a significant year over year increase in operating days despite a more muted increase in United States industry activity relative to Canada. Australian industry activity was lower on a year over year basis due to reduced drilling programs and prolonged wet weather conditions that restricted field activity. The first of two Australian drilling rigs removed from service in the third quarter of 2020 for recertification and upgrades was completed during the second quarter and commenced operations in late April 2021. Second quarter CDS segment revenue increased by 82% in 2021 compared to 2020 despite a decrease in revenue per operating day arising from changes in the geographic revenue mix and the mix of equipment operating. Despite incurring $0.6 million of non-recurring equipment reactivation costs during the second quarter of 2021 as several idle drilling rigs were put back into service in the United States and one rig was returned to service in Australia, ongoing cost management, efficiencies of scale and the receipt of COVID-19 relief funds contributed to the significant year over year second quarter improvement in segment EBITDA. Three mechanical double drilling rigs were decommissioned in Canada during the second quarter of 2021, bringing the current Canadian drilling rig fleet to 77 rigs.

Rentals and Transportation Services ("RTS")

	Three months ended June 30			Six months ended June 30		
	2021	2020	Change	2021	2020	Change
Revenue	$ 6,053	$ 4,782	27 %	$ 13,788	$ 21,615	(36 %)
EBITDA [1]	$ 3,324	$ 865	284 %	$ 5,290	$ 4,731	12 %
EBITDA [1] as a % of revenue	55 %	18 %	206 %	38 %	22 %	73 %
Revenue per utilized piece of equipment, dollars	$ 7,111	$ 9,001	(21 %)	$ 16,198	$ 22,265	27 %
Pieces of rental equipment	10,630	10,640	-	10,630	10,640	-
Canada	9,670	9,710	-	9,670	9,710	-
United States	960	930	3 %	960	930	3 %
Rental equipment utilization	8 %	5 %	60 %	8 %	9 %	(11 %)
Canada	7 %	5 %	40 %	8 %	8 %	-
United States	12 %	11 %	9 %	12 %	28 %	(57 %)
Heavy trucks	80	87	(8 %)	80	87	(8 %)
Canada	56	63	(11 %)	56	63	(11 %)
United States	24	24	-	24	24	-

(1) See Note 1 of the Notes to the Financial Highlights set forth at the end of this release.

Second quarter revenue in the RTS segment increased as compared to 2020 due to higher Canadian industry activity levels and the commencement of several major Canadian projects that were delayed in the first quarter of 2021 due to COVID-19 and other health and safety concerns unrelated to the Company's operations or personnel. During the quarter the RTS segment realized a $1.6 million gain on the sale of access matting, underutilized rental equipment and older heavy trucks. While second quarter revenue increased 27% on a year over year basis, excluding the gain on sale of equipment, segment EBITDA increased 102% as a result of ongoing efforts to right-size this segment's Canadian operating infrastructure and the receipt of COVID-19 funds.

Compression and Process Services ("CPS")

	Three months ended June 30			Six months ended June 30		
	2021	2020	Change	2021	2020	Change
Revenue	$ 33,657	$ 30,212	11 %	$ 67,813	$ 70,956	(4 %)
EBITDA (1)	$ 7,682	$ 5,886	31 %	$ 11,257	$ 11,116	1 %
EBITDA (1) as a % of revenue	23 %	19 %	21 %	17 %	16 %	6 %
Horsepower of equipment on rent at period end	27,420	33,200	(17 %)	27,420	33,200	(17 %)
Canada	11,840	18,440	(36 %)	11,840	18,440	(36 %)
United States	15,580	14,760	6 %	15,580	14,760	6 %
Rental equipment utilization during the period (HP)(2)	47 %	65 %	(28 %)	45 %	67 %	(33 %)
Canada	31 %	52 %	(40 %)	31 %	53 %	(42 %)
United States	74 %	97 %	(24 %)	67 %	99 %	(32 %)
Sales backlog at period end, $ million	$ 57.5	$ 43.8	31 %	$ 57.5	$ 43.8	31 %

(1) See Note 1 of the Notes to the Financial Highlights set forth at the end of this release.
(2) Rental equipment utilization is measured on a horsepower basis.

The year over year increase in the CPS segment's second quarter revenue was due primarily to higher fabrication sales and increased equipment overhaul activity. Quarterly rental fleet utilization began to recover following the return of 6,500 horsepower of rental compression in late 2020 due to the bankruptcy of a United States customer, with a 20% increase in horsepower on rent at June 30, 2021 compared to March 31, 2021. Ongoing cost management, increased overhead absorption as a result of higher fabrication activity and the receipt of COVID-19 relief funds contributed to a significant year over year improvement in second quarter EBITDA margin. The fabrication sales backlog continued to recover during the second quarter of 2021, with a $9.8 million, or 21% increase from March 31, 2021 and a 55% increase from the low of $37.0 million recorded at September 30, 2020.

Well Servicing ("WS")

	Three month ended June 30			Six months ended June 30		
	2021	2020	Change	2021	2020	Change
Revenue	$ 19,426	$ 21,606	(10 %)	$ 42,154	$ 55,272	(24 %)
EBITDA (1)	$ 4,667	$ 5,739	(19 %)	$ 9,819	$ 13,490	(27 %)
EBITDA (1) as a % of revenue	24 %	27 %	(11 %)	23 %	24 %	(4 %)
Service hours(2)	22,201	21,497	3 %	51,134	63,027	(19 %)
Canada	8,303	3,191	160 %	25,425	19,743	29 %
United States	3,449	1,430	141 %	6,060	7,001	(13 %)
Australia	10,449	16,876	(38 %)	19,649	36,283	(46 %)
Revenue per service hour(2), dollars	$ 875	$ 1,005	(13 %)	$ 824	$ 877	(6 %)
Canada	686	599	15 %	659	656	-
United States	664	803	(17 %)	674	746	(10 %)
Australia	1,095	1,099	-	1,084	1,023	6 %
Utilization(3)	21 %	15 %	40 %	27 %	28 %	(4 %)

Canada	16 %	6 %	167 %	25 %	19 %	32 %
United States	27 %	11 %	145 %	24 %	27 %	(11 %)
Australia	40 %	64 %	(38 %)	38 %	69 %	(45 %)
Rigs, average for period	83	83	-	83	83	-
Canada	57	57	-	57	57	-
United States	14	14	-	14	14	-
Australia	12	12	-	12	12	-

[1] See Note 1 of the Notes to the Financial Highlights set forth at the end of this release.
[2] Service hours is defined as well servicing hours of service provided to customers and includes paid rig move and standby.
[3] The Company reports its service rig utilization for its operational service rigs in North America based on service hours of 3,650 per rig per year to reflect standard 10 hour operations per day. Utilization for the Company's service rigs in Australia is calculated based on service hours of 8,760 per rig per year to reflect standard 24 hour operations.

WS segment revenue decreased in the second quarter of 2021 as compared to 2020 as a result of lower activity levels in Australia that was due in part to prolonged wet weather conditions that restricted field activity. The increase in North American activity from the severely depressed levels experienced during the second quarter of 2020 was driven by the substantial improvement in oil prices over the past year and increased well abandonment activity in Canada.

Corporate

Total Energy continued to focus on the safe and efficient operation of its business and the preservation of its balance sheet strength and financial liquidity during the second quarter of 2021. Bank debt was reduced by $18.6 million, or 8%, during the quarter. The Company also resumed share buybacks under its normal course issuer bid with the purchase of 529,100 shares at an average price of $4.26 (including commissions). There were 44,600,000 common shares outstanding at June 30, 2021.

The Company exited the second quarter of 2021 with $127.2 million of positive working capital (including $29.2 million of cash) and $113 million of available credit under its $255 million of revolving bank credit facilities. The weighted average interest rate on the Company's outstanding debt at June 30, 2021 was 2.75%.

Outlook

While oil and natural gas prices remained relatively strong during the second quarter of 2021 and North American activity levels began to improve from the historic lows experienced following the COVID-19 outbreak and collapse in oil prices, producers generally remained disciplined with their capital expenditure budgets. Wet weather and the removal of two drilling rigs in Australia from service for recertification and upgrades negatively impacted second quarter Australian activity compared to 2020.

North American activity levels continue to modestly improve and in late-July the second Australian drilling rig returned to service. The CDS segment currently has 16 rigs operating in Canada, eight in the United States and four in Australia. Drilling activity is usually a leading indicator for industry activity levels and current activity levels in Total Energy's other business segments have improved in concert with increased drilling activity. Current indications are that North American industry activity levels will continue to improve during the remainder of 2021 provided oil and natural gas prices remain relatively stable.

In response to increasing activity levels and longer lead times for certain equipment due to global supply chain issues, the Board of Directors of Total Energy has approved an increase to the Company's 2021 capital expenditure budget to $26.7 million. Included in this $13.1 million increase is $8.0 million for upgrades to several drilling rigs and new drill pipe and $5.1 million of light duty vehicles for use in all business segments. The rig upgrades are in response to specific customer requests and include pressure upgrades and the addition of walking systems and bi-fuel capacity as Total Energy continues to collaborate with its customers to minimize the environmental impact of drilling operations and increase the capabilities of the

Company's drilling rig fleet. The light duty vehicle capital expenditure relates to 2022 fleet requirements for all business segments but a significant increase in production lead times dictates that such requirements be addressed at this time. Total Energy intends to finance its 2021 capital expenditure budget with cash on hand, proceeds from the disposal of older and underutilized equipment and, in respect of the light duty vehicles, $5.1 million of capital leases.

Director Appointment

Total Energy is pleased to announce the appointment of Jessica Kirstine to the Company's Board of Directors. Ms. Kirstine currently serves as Vice-President of System Operations and Engineering, Liquid Pipelines for TC Energy. Based in Calgary, Ms. Kirstine is responsible for Liquid Pipelines Operation Control Centre, Pipe and Facility Integrity and overall engineering support of TC Energy's liquid pipelines operating assets across North America. Prior to joining TC Energy in 2019, Ms. Kirstine spent 17 years in the Canadian upstream oil and gas industry in operations, engineering and exploration roles, serving in both technical and management capacities.

Ms. Kirstine has her Professional Engineering designation from the Association of Professional Engineers and Geoscientists of Alberta (APEGA) and earned her Chemical Engineering degree from the University of Saskatchewan in 2002.

Conference Call

At 9:00 a.m. (Mountain Time) on August 12, 2021 Total Energy will conduct a conference call and webcast to discuss its second quarter financial results. Daniel Halyk, President & Chief Executive Officer, will host the conference call. A live webcast of the conference call will be accessible on Total Energy's website at www.totalenergy.ca by selecting "Webcasts". Persons wishing to participate in the conference call may do so by calling (800) 319-4610 or (416) 915-3239. Those who are unable to listen to the call live may listen to a recording of it on Total Energy's website. A recording of the conference call will also be available until September 12, 2021 by dialing (855) 669-9658 (passcode 7340).

Selected Financial Information

Selected financial information relating to the three and six months ended June 30, 2021 and 2020 is enclosed to this news release. This information should be read in conjunction with the condensed interim consolidated financial statements of Total Energy and the notes thereto as well as management's discussion and analysis to be issued in due course and the Company's 2020 Annual report.

Consolidated Statements of Financial Position
(in thousands of Canadian dollars)

	June 30 2021 (unaudited)	December 31 2020 (audited)
Assets		
Current assets:		
Cash and cash equivalents	$ 29,231	$ 22,996
Accounts receivable	72,763	73,373
Inventory	92,786	95,586
Prepaid expenses and deposits	4,835	6,876
Income taxes receivable	1,226	1,287
Current portion of lease asset	462	566
	201,303	200,684
Property, plant and equipment	597,799	636,996

Income taxes receivable	7,070	7,070
Deferred income tax asset	792	57
Lease asset	598	719
Goodwill	4,053	4,053
	$ 811,615	$ 849,579
Liabilities & Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ 56,297	$ 46,410
Deferred revenue	11,057	6,365
Current portion of lease liabilities	4,172	6,417
Current portion of long-term debt	2,576	2,552
	74,102	61,744
Long-term debt	201,218	230,517
Lease liabilities	8,914	8,420
Deferred tax liability	35,122	37,911
Shareholders' equity:		
Share capital	280,829	284,077
Contributed surplus	5,356	4,966
Accumulated other comprehensive loss	(29,858)	(18,736)
Non-controlling interest	573	629
Retained earnings	235,359	240,051
	492,259	510,987
	$ 811,615	$ 849,579

Consolidated Statements of Comprehensive Loss
(in thousands of Canadian dollars except per share amounts)
(unaudited)

	Three months ended June 30		Six months ended June 30	
	2021	2020	2021	2020
Revenue	$ 84,876	$ 70,770	$ 178,066	$ 205,038
Cost of services	63,092	52,483	134,180	153,166
Selling, general and administration	6,069	5,756	12,608	16,341
Other (income) expense	(1,114)	536	(2,180)	(7,392)
Share-based compensation	189	264	390	669
Depreciation	20,729	48,892	42,576	68,886
Operating loss	(4,089)	(37,161)	(9,508)	(26,632)
Gain on sale of property, plant and equipment	3,076	1,155	3,365	1,535
Finance costs, net	(1,772)	(2,518)	(3,579)	(5,957)
Net loss before income taxes	(2,785)	(38,524)	(9,722)	(31,054)
Current income tax expense (recovery)	16	957	(455)	2,293
Deferred income tax recovery	(665)	(10,636)	(3,524)	(9,226)
Total income tax recovery	(649)	(9,679)	(3,979)	(6,933)
Net loss	$ (2,136)	$ (28,845)	$ (5,743)	$ (24,121)
Net loss attributable to:				
Shareholders of the Company	$ (2,108)	$ (28,765)	$ (5,687)	$ (24,093)
Non-controlling interest	(28)	(80)	(56)	(28)

Loss per share				
Basic and diluted	$ (0.05)	$ (0.64)	$ (0.13)	$ (0.53)

Consolidated Statements of Comprehensive Loss
(unaudited)

	Three months ended June 30		Six months ended June 30	
	2021	2020	2021	2020
Net loss for the period	$ (2,136)	$ (28,845)	$ (5,743)	$ (24,121)
Foreign currency translation	(5,820)	(5)	(11,122)	4,842
Deferred tax effect	-	(305)	-	(1)
Total other comprehensive (loss) income for the period	(5,820)	(310)	(11,122)	4,841
Total comprehensive loss	$ (7,956)	$ (29,155)	$ (16,865)	$ (19,280)
Total comprehensive loss attributable to:				
Shareholders of the Company	$ (7,928)	$ (29,075)	$ (16,809)	$ (19,252)
Non-controlling interest	(28)	(80)	(56)	(28)

Consolidated Statements of Cash Flows
(in thousands of Canadian dollars)
(unaudited)

	Three months ended June 30		Six months ended June 30	
	2021	2020	2021	2020
Cash provided by (used in):				
Operations:				
Net loss for the period	$ (2,136)	$ (28,845)	$ (5,743)	$ (24,121)
Add (deduct) items not affecting cash:				
Depreciation	20,729	48,892	42,576	68,886
Share-based compensation	189	264	390	669
Gain on sale of property, plant and equipment	(3,076)	(1,155)	(3,365)	(1,535)
Finance costs	1,772	2,518	3,579	5,957
Unrealized (gain) loss on foreign currencies translation	(1,114)	748	(2,180)	(7,828)
Current income tax expense (recovery)	16	957	(455)	2,293
Deferred income tax recovery	(665)	(10,636)	(3,524)	(9,226)
Income taxes recovered	747	1,050	516	609
Cashflow	16,462	13,793	31,794	35,704
Changes in non-cash working capital items:				
Accounts receivable	3,738	37,486	(159)	43,099
Inventory	972	6,727	2,129	(672)
Prepaid expenses and deposits	1,068	2,825	2,041	6,327
Accounts payable and accrued liabilities	7,123	(27,955)	7,991	(38,192)
Deferred revenue	2,259	3,286	4,692	6,239
Cash provided by operating activities	31,622	36,162	48,488	52,505
Investing:				
Purchase of property, plant and equipment	(8,079)	(7,944)	(13,153)	(10,190)
Proceeds on disposal of property, plant and equipment	8,005	1,638	8,445	3,343
Changes in non-cash working capital items	79	(690)	1,051	(1,998)

Cash provided by (used in) investing activities	5	(6,996)	(3,657)	(8,845)
Financing:				
Advances on long-term debt	-	9,796	-	29,796
Repayment of long-term debt	(18,637)	(42,647)	(29,275)	(58,342)
Repayment of lease liabilities	(1,802)	(2,205)	(3,622)	(4,264)
Dividends to shareholders	-	-	-	(2,710)
Repurchase of common shares	(1,924)	-	(2,253)	(427)
Partnership distributions	-	(125)	-	(125)
Interest paid	(738)	(2,834)	(3,446)	(6,364)
Cash used in financing activities	(23,101)	(38,015)	(38,596)	(42,436)
Change in cash and cash equivalents	8,526	(8,849)	6,235	1,224
Cash and cash equivalents, beginning of period	20,705	29,946	22,996	19,873
Cash and cash equivalents, end of period	$ 29,231	$ 21,097	$ 29,231	$ 21,097

Segmented Information

The Company provides a variety of products and services to the energy and other resource industries through five reporting segments, which operate substantially in three geographic regions. These reporting segments are Contract Drilling Services, which includes the contracting of drilling equipment and the provision of labour required to operate the equipment, Rentals and Transportation Services, which includes the rental and transportation of equipment used in energy and other industrial operations, Compression and Process Services, which includes the fabrication, sale, rental and servicing of gas compression and process equipment and Well Servicing, which includes the contracting of service rigs and the provision of labour required to operate the equipment. Corporate includes activities related to the Company's corporate and public issuer affairs.

As at and for the three months ended June 30, 2021 (unaudited, in thousands of Canadian dollars)

	Contract Drilling Services	Rentals and Transportation Services	Compression and Process Services	Well Servicing	Corporate[1]	Total
Revenue	$ 25,740	$ 6,053	$ 33,657	$ 19,426	$ -	$ 84,8
Cost of services	20,355	3,029	25,932	13,776	-	63,0
Selling, general and administration	949	1,276	1,180	1,061	1,603	6,06
Other income	-	-	-	-	(1,114)	(1,1
Share-based compensation	-	-	-	-	189	189
Depreciation [2]	9,461	5,042	2,265	3,749	212	20,7
Operating income (loss)	(5,025)	(3,294)	4,280	840	(890)	(4,0
Gain on sale of property, plant and equipment	272	1,576	1,137	78	13	3,07
Finance costs	(8)	(30)	(74)	(5)	(1,655)	(1,7
Net income (loss) before income taxes	(4,761)	(1,748)	5,343	913	(2,532)	(2,7
Goodwill	-	2,514	1,539	-	-	4,05
Total assets	313,553	186,423	212,647	95,469	3,523	811,
Total liabilities	55,394	8,253	38,462	4,887	212,360	319,
Capital expenditures	5,482	61	2,413	123	-	8,07

Three months ended June 30, 2021	Canada	United States	Australia	Other	Total
Revenue	$ 42,548	$ 22,894	$ 19,434	$ -	$ 84,876

Non-current assets [3]	395,471	142,563	64,416	-	602,450

As at and for the three months ended June 30, 2020 (unaudited, in thousands of Canadian dollars)

	Contract Drilling Services	Rentals and Transportation Services	Compression and Process Services	Well Servicing	Corporate(1
Revenue	$ 14,170	$ 4,782	$ 30,212	$ 21,606	$ -
Cost of services	11,674	3,159	22,910	14,740	-
Selling, general and administration	1,297	1,141	1,413	1,121	784
Other expense	-	-	-	-	536
Share-based compensation	-	-	-	-	264
Depreciation [2]	36,689	5,882	2,378	3,760	183
Operating income (loss)	(35,490)	(5,400)	3,511	1,985	(1,767)
Gain (loss) on sale of property, plant and equipment	665	383	(3)	(6)	116
Finance costs	(36)	(19)	(99)	(9)	(2,355)
Net income (loss) before income taxes	(34,861)	(5,036)	3,409	1,970	(4,006)
Goodwill	-	2,514	1,539	-	-
Total assets	334,273	215,558	227,113	107,687	14,309
Total liabilities	59,669	15,474	35,754	5,210	258,854
Capital expenditures	1,158	319	6,023	436	8

Three months ended June 30, 2020	Canada	United States	Australia	Other	Total
Revenue	$ 24,765	$ 14,542	$ 31,412	$ 51	$ 70,770
Non-current assets [3]	448,723	170,282	66,630	-	685,635

As at and for the six months ended June 30, 2021 (unaudited, in thousands of Canadian dollars)

	Contract Drilling Services	Rentals and Transportation Services	Compression and Process Services	Well Servicing	Corporate[1]	Total
Revenue	$ 54,311	$ 13,788	$ 67,813	$ 42,154	$ -	$ 178,
Cost of services	41,270	7,701	55,156	30,053	-	134,
Selling, general and administration	2,345	2,528	2,624	2,329	2,782	12,6
Other income	-	-	-	-	(2,180)	(2,18
Share-based compensation	-	-	-	-	390	390
Depreciation [2]	19,326	10,560	4,672	7,601	417	42,5
Operating income (loss)	(8,630)	(7,001)	5,361	2,171	(1,409)	(9,50
Gain on sale of property, plant and equipment	280	1,731	1,224	47	83	3,36
Finance costs	(9)	(46)	(152)	(11)	(3,361)	(3,57
Net income (loss) before income taxes	(8,359)	(5,316)	6,433	2,207	(4,687)	(9,72
Goodwill	-	2,514	1,539	-	-	4,05
Total assets	313,553	186,423	212,647	95,469	3,523	811,
Total liabilities	55,394	8,253	38,462	4,887	212,360	319,
Capital expenditures	9,739	280	2,581	553	-	13,1

Six months ended June 30, 2021	Canada	United States	Australia	Other	Total
Revenue	$ 102,293	$ 41,203	$ 34,568	$ 2	$ 178,066
Non-current assets [3]	395,471	142,563	64,416	-	602,450

As at and for the six months ended June 30, 2020 (unaudited, in thousands of Canadian dollars)

	Contract Drilling Services	Rentals and Transportation Services	Compression and Process Services	Well Servicing	Corporate[1]	Total
Revenue	$ 57,195	$ 21,615	$ 70,956	$ 55,272	$ -	$ 205
Cost of services	44,131	13,776	56,321	38,938	-	153
Selling, general and administration	3,738	3,644	3,629	2,848	2,482	16,
Other income	-	-	-	-	(7,392)	(7,3
Share-based compensation	-	-	-	-	669	669
Depreciation[2]	44,525	12,033	4,671	7,290	367	68,
Operating income (loss)	(35,199)	(7,838)	6,335	6,196	3,874	(26
Gain on sale of property, plant and equipment	756	536	110	4	129	1,5
Finance costs	(78)	(42)	(197)	(18)	(5,622)	(5,9
Net income (loss) before income taxes	(34,521)	(7,344)	6,248	6,182	(1,619)	(31
Goodwill	-	2,514	1,539	-	-	4,0
Total assets	334,273	215,558	227,113	107,687	14,309	898
Total liabilities	59,669	15,474	35,754	5,210	258,854	374
Capital expenditures	2,019	842	6,079	1,238	12	10,

Six months ended June 30, 2020	Canada	United States	Australia	Other	Total
Revenue	$ 96,205	$ 47,161	$ 61,619	$ 53	$ 205,038
Non-current assets [3]	448,723	170,282	66,630	-	685,635

[1] Corporate includes the Company's corporate activities and obligations pursuant to long-term credit facilities.
[2] Effective April 1, 2020 the Company changed certain estimates relating to the useful life and residual value of equipment in the Contract Drilling Services segment. See note 10 to the 2020 Financial Statements for further details.
[3] Includes property, plant and equipment, lease asset (excluding current portion) and goodwill.

Total Energy provides contract drilling services, equipment rentals and transportation services, well servicing and compression and process equipment and service to the energy and other resource industries from operation centers in North America and Australia. The common shares of Total Energy are listed and trade on the TSX under the symbol TOT.

For further information, please contact Daniel Halyk, President & Chief Executive Officer at (403) 216-3921 or Yuliya Gorbach, Vice-President Finance and Chief Financial Officer at (403) 216-3920 or by e-mail at: investorrelations@totalenergy.ca or visit our website at www.totalenergy.ca

Notes to the Financial Highlights

(1) EBITDA means earnings before interest, taxes, depreciation and amortization and is equal to net income before income taxes plus finance costs plus depreciation. EBITDA is not a recognized measure under IFRS. Management believes that in addition to net income, EBITDA is a useful supplemental measure as it provides an indication of the results generated by the Company's primary business activities prior to consideration of how those activities are financed, amortized or how the results are taxed in various jurisdictions as well as the cash generated by the Company's primary business activities without consideration of the timing of the monetization of non-cash working capital items. Readers should be cautioned, however, that EBITDA should not be construed as an alternative to net income determined in accordance with IFRS as an indicator of Total Energy's performance. Total Energy's method of calculating EBITDA may differ from other organizations and, accordingly, EBITDA may not be comparable to measures used by other organizations.

(2) Working capital equals current assets minus current liabilities.

(3) Net Debt equals long-term debt plus lease liabilities plus current liabilities minus current assets.

(4) Basic and diluted shares outstanding reflect the weighted average number of common shares outstanding for the periods. See note 5 to the Company's condensed interim consolidated financial statements.

Certain statements contained in this press release, including statements which may contain words such as "could", "should", "expect", "believe", "will" and similar expressions and statements relating to matters that are not historical facts are forward-looking statements. Forward-looking statements are based upon the opinions and expectations of management of Total Energy as at the effective date of such statements and, in some cases, information supplied by third parties. Although Total Energy believes the expectations reflected in such forward-looking statements are based upon reasonable assumptions and that information received from third parties is reliable, it can give no assurance that those expectations will prove to have been correct.

In particular, this press release contains forward-looking statements concerning industry activity levels, including expectations regarding Total Energy's future activity levels, market share and compression and process production activity. Such forward-looking statements are based on a number of assumptions and factors including fluctuations in the market for oil and natural gas and related products and services, political and economic conditions, central bank interest rate policy, the demand for products and services provided by Total Energy, Total Energy's ability to attract and retain key personnel and other factors. Such forward-looking statements involve known and unknown risks and uncertainties which may cause the actual results, performance or achievements of Total Energy to be materially different from any future results, performances or achievements expressed or implied by such forward-looking statements. Reference should be made to Total Energy's most recently filed Annual Information Form and other public disclosures (available at www.sedar.com) for a discussion of such risks and uncertainties.

The TSX has neither approved nor disapproved of the information contained herein.