

# Ensign Energy Services Inc. Reports 2021 Results

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## 2021 HIGHLIGHTS

- Revenue for 2021 was \$995.6 million, a six percent increase from 2020 revenue of \$936.8 million.
- Revenue amounts and percentage of total by geographic area:
  - Canada - \$249.7 million, 25 percent;
  - United States - \$538.9 million, 54 percent; and
  - International - \$207.0 million, 21 percent.
- Canadian drilling recorded 8,979 operating days in 2021, a 60 percent increase from 5,599 operating days in 2020. Well servicing recorded 36,254 operating hours in 2021, a 28 percent increase from 28,338 operating hours in 2020.
- United States drilling recorded 12,242 operating days in 2021, a 12 percent increase from 10,899 operating days in 2020. United States well servicing recorded 124,916 operating hours in 2021, a 26 percent increase from the 99,016 operating hours in 2020.
- International drilling recorded 3,574 operating days in 2021, a seven percent decrease from 3,829 operating days in 2020.
- Adjusted EBITDA for 2021 was \$213.2 million, a 12 percent decrease from Adjusted EBITDA of \$241.5 million for 2020.
- Funds flow from operations for 2021 decreased nine percent to \$190.7 million from \$210.3 million in the year prior to 2021.
- In 2021, the Company received a \$16.0 million Canada Emergency Wage Subsidy payment from the Government of Canada.
- Net capital expenditures for the calendar year 2021 totaled \$176.0 million. During the third quarter of 2021, the Company acquired a fleet of 35 land-based drilling rigs located in Canada, as well as related equipment and certain real property for \$117.9 million. The remaining expenditures consist of \$20.5 million in upgrade capital, \$44.8 million in maintenance capital, offset by proceeds of \$7.3 million from equipment disposals. Base capital expenditures for the calendar year 2021 are expected to be approximately \$89.0 million, largely related to maintenance expenditures. In addition, the Company has a number of growth projects available to it that will result in additional funds being spent on upgrading certain drilling rigs and bringing drilling rigs that are currently idle back to work. The estimated spend on this is currently targeted at approximately \$100 million.
- General and administrative expense decreased 12 percent to \$38.2 million for year-ended 2021 from \$43.6 million for year-ended 2020.
- Over the 2021 year, the Company repurchased US \$25.7 million face value of unsecured Senior Notes, in the open market for cancellation and recorded a gain on repurchase of \$7.4 million (US \$5.9 million).
- On December 17, 2021, the Company amended and extended the existing \$900.0 million revolving credit facility with its syndicate of lenders. The amendments and extension provide the Company continued access to revolver financing and near-term flexibility in a volatile oil price environment.
- Subsequent to December 31, 2021, the Company completed the sale of two 3,000 HP AC drilling rigs that were currently idle in Mexico for cash proceeds of US \$34.0 million. The transaction resulted in a gain of US \$23.9 million before tax and increased the Company's liquidity position.

## OVERVIEW

Revenue for the year ended December 31, 2021 was \$995.6 million, an increase of six percent from 2020 revenue of \$936.8 million. Adjusted EBITDA for 2021 totaled \$213.2 million (\$1.31 per common share), 12 percent lower than Adjusted EBITDA of \$241.5 million (\$1.49 per common share) for the year ended 2020.

Net loss attributed to common shareholders for the year ended December 31, 2021 was \$159.5 million (\$0.98 per common share) compared to net loss attributed to common shareholders of \$79.3 million (\$0.49 per common share) for the year ended December 31, 2020.

During the third quarter of 2021, the Company acquired a fleet of 35 land-based drilling rigs located in Canada, as well as related equipment and certain real property, for \$117.9 million. The Company funded the purchase price with cash on hand and revolver financing from its Credit Facilities.

The Company's operating days were higher in 2021, as compared to 2020, as a result of global activity improvements and the Company's acquisition of 35 land-based drilling rigs in Canada.

During 2021, the Company received \$16.0 million (2020 - \$12.5 million) from the Government of Canada's "Canada Emergency Wage Subsidy" ("CEWS") program. The wage subsidies received partially offset the decrease in Adjusted EBITDA and net loss attributable to common shareholders.

The macro-economic conditions impacting the oil and natural gas industry continued to recover over the course of the 2021 year from the impact of the novel coronavirus ("COVID-19") pandemic, which began in early 2020. The wide distribution of COVID-19 vaccines and subsequent rising vaccination rates globally resulted in governments and health authorities easing travel and social distancing restrictions, which increased global economic activity and mobility. The increase in global mobility and economic activity in 2021 as compared to 2020 supported, in part, the recovery of global crude oil demand.

Furthermore, OPEC+ nations, while incrementally adding supply to the market throughout 2021, continued to manage overall crude oil supply. OPEC+ supply cuts, together with moderated production by US-based oil and natural gas producers contributed to an increasingly positive commodity price environment, with the benchmark price of West Texas Intermediate ("WTI") trading above US \$60/bbl for the majority of 2021. Recovering demand post Covid-19 along with restricted crude oil supply subsequently resulted in meaningful crude oil inventory draws, further supporting commodity prices. Recent geopolitical events, prompted by the Russian Federation's invasion of Ukraine, have caused crude oil to increase to above US \$90/bbl.

The constructive general industry fundamentals resulted in meaningful activity improvements in 2021 as compared to 2020, in the Company's North American segments. However, oil and natural gas producers in the Company's Canadian and US segments continued to be conservative with capital allocation, preferring to prioritize shareholder returns, which contributed to a prolonged recovery in demand for oilfield services to approach pre-COVID-19 pandemic levels.

In addition, the surge of the Omicron COVID-19 variant towards the end of 2021 reinforced the ongoing conservative approach to travel and a cautious outlook to the recovery of crude oil demand. Over the short term, uncertainty remains regarding COVID-19 variants and virus mutation. These and other factors may impact the future demand for and pricing of crude oil and natural gas, and as a result the demand for oilfield services.

Working capital as of December 31, 2021 was a surplus of \$104.2 million, compared to a working capital surplus of \$103.0 million as of December 31, 2020. Working capital year-over-year was largely unchanged due to increase in operating activity being offset by the negative impact of foreign exchange. The Company's available liquidity consisting of cash and available borrowings under its \$900.0 million revolving credit facility (the "Credit Facility") totaled \$15.8 million as of December 31, 2021, compared to \$136.5 million at December 31, 2020. The available liquidity decreased by \$120.7 million primarily due to higher borrowings on the Company's Credit Facility to fund above-noted third quarter acquisition of 35 land-based drilling rigs in Canada.

This news release contains "forward-looking information and statements" within the meaning of applicable securities legislation. For a full disclosure of the forward-looking information and statements and the risks to which they are subject, see the "Advisory Regarding Forward-Looking Statements" later in this news release. This news release contains references to Adjusted EBITDA and Adjusted EBITDA per common share. These measures do not have any standardized meaning prescribed by IFRS and accordingly, may not be comparable to similar measures used by other companies. The non-GAAP measures included in this news release should not be considered as an alternative to, or more meaningful than, the IFRS measure from which they are derived or to which they are compared. See "Non-GAAP Measures" later in this news release.

## FINANCIAL AND OPERATING HIGHLIGHTS

(Unaudited, in thousands of Canadian dollars, except per share data and operating information)

	Three months ended December 31			Twelve months ended
	2021	2020	% change	2021
Revenue	296,166	201,265	47	995,5
Adjusted EBITDA <sup>1</sup>	57,861	52,742	10	213,6
Adjusted EBITDA per common share <sup>1</sup>				
Basic	\$ 0.35	\$ 0.33	6	\$ 1.3
Diluted	\$ 0.36	\$ 0.33	9	\$ 1.3
Net (loss) income attributable to common shareholders	(29,235)	3,092	nm	(159,6)
Net (loss) income attributable to common shareholders per common share				
Basic	\$ (0.18)	\$ 0.02	nm	\$ (0.1)
Diluted	\$ (0.18)	\$ 0.02	nm	\$ (0.1)
Cash provided by operating activities	39,221	17,393	nm	178,6
Funds flow from operations	46,644	69,630	(33)	190,6
Funds flow from operations per common share				
Basic	\$ 0.28	\$ 0.44	(36)	\$ 1.1
Diluted	\$ 0.29	\$ 0.44	(34)	\$ 1.1
Long-term debt	1,453,884	1,384,605	5	1,453,884
Weighted average common shares - basic (000s)	162,385	162,629	-	162,5
Weighted average common shares - diluted (000s)	163,453	162,721	-	163,1
Drilling	2021	2020	% change	2021
Number of marketed rigs <sup>2</sup>				
Canada <sup>3</sup>	127	101	26	127
United States	93	122	(24)	93
International <sup>4</sup>	42	48	(13)	42
Total	262	271	(3)	262
Operating days <sup>5</sup>				
Canada <sup>3</sup>	3,229	1,434	nm	8,979
United States	3,688	2,108	75	12,240
International <sup>4</sup>	942	907	4	3,574

Total	7,859	4,449	77	24,79
Well Servicing	2021	2020	% change	2021
Number of rigs				
Canada	52	52	-	52
United States	48	47	2	48
Total	100	99	1	100
Operating hours				
nm - calculation not meaningful				
Canada	9,821	6,955	41	36,29
1. Refer to Adjusted EBITDA calculation in Non-GAAP Measures.				
United States	29,419	26,764	10	124,9
2. Total rigs: Canada - 137, United States - 127, International - 48 (2020: Canada - 118, United States - 136, International - 53).				
Total	39,240	33,719	16	161,1

3. Excludes coring rigs.

4. Includes workover rigs

5. Defined as contract drilling days, between spud to rig release.

#### FINANCIAL POSITION AND CAPITAL EXPENDITURES HIGHLIGHTS

As at (\$ thousands)	2021	2020	2019
Working capital <sup>1, 2</sup>	104,228	103,036	131,107
Cash	13,305	44,198	28,408
Long-term debt	1,453,884	1,384,605	1,581,529
Long-term debt, net of cash	1,440,579	1,340,407	1,553,121
Total long-term financial liabilities	1,458,211	1,390,647	1,591,047
Total assets	2,977,054	3,054,493	3,470,601
Long-term debt to long term-debt plus shareholder's equity ratio	0.55	0.50	0.52

<sup>1</sup> See Non-GAAP Measures section.

<sup>2</sup> Comparative working capital has been revised to conform with current year's presentation

(\$ thousands)	Three months ended December 31			Twelve months ended December 31	
	2021	2020	% change	2021	2020
Capital expenditures					
Upgrade/growth	3,395	-	nm	20,492	10,492
Maintenance	19,518	5,032	nm	44,760	40,760
Proceeds from disposals or property and equipment	(2,581)	(8,371)	(69)	(7,228)	(3,371)
Net capital expenditures before acquisitions	20,332	(3,339)	nm	58,024	18,851
Acquisition of 35 drilling rigs, related equipment, land and buildings	-	-	-	117,928	-
Net capital (proceeds) expenditures	20,332	(3,339)	nm	175,952	18,851

nm - calculation not meaningful

#### REVENUE AND OILFIELD SERVICES EXPENSE

(\$ thousands)	Three months ended December 31			Twelve months ended December 31		
	2021	2020	% change	2021	2020	% change
Revenue						
Canada	90,243	40,885	nm	249,679	176,872	41
United States	152,361	104,629	46	538,896	531,030	1
International	53,562	55,751	(4)	207,019	228,916	(10)
Total revenue	296,166	201,265	47	995,594	936,818	6
Oilfield services expense	228,146	136,708	67	744,195	658,201	13

nm - calculation not meaningful

Revenue for the year ended December 31, 2021 totaled \$995.6 million, a six percent increase from the year ended December 31, 2020 revenue of \$936.8 million. The increase in total revenue during the year ended December 31, 2021 was primarily due to the global economic recovery, improving industry fundamentals, and the Company's acquisition of 35 land-based drilling rigs in Canada. The increase in financial results from the Company's global operations were offset by the negative impact of currency translation, as the United States dollar weakened relative to the Canadian dollar. The Company recorded revenue of \$296.2 million for the three months ended December 31, 2021, a 47 percent increase from the \$201.3 million recorded in the three months ended December 31, 2020.

#### CANADIAN OILFIELD SERVICES

	Three months ended December 31			Twelve months ended December 31		
	2021	2020	% change	2021	2020	% change
Marketed drilling rigs <sup>1,2</sup>						
Opening balance	127	101		101	101	
Acquisition	-	-		35	-	
Placed into reserve	-	-		(9)	-	
Ending balance	127	101	26	127	101	26
Drilling operating days <sup>3</sup>	3,229	1,434	nm	8,979	5,599	60
Drilling rig utilization (%) <sup>1</sup>	22.9	13.2	73	18.5	13.0	42
Well servicing rigs						
Opening balance	52	52		52	52	
Ending balance	52	52	-	52	52	-
Well servicing operating hours	9,821	6,955	41	36,254	28,338	28
Well servicing utilization (%)	20.5	14.5	41	19.1	14.9	28

nm - calculation not meaningful

<sup>1</sup> Excludes coring rig fleet.

<sup>2</sup> Total rigs: 137, (2020 - 118).

<sup>3</sup> Defined as contract drilling days, between spud to rig release.

The Company recorded revenue of \$249.7 million in Canada for the year ended December 31, 2021, an increase of 41 percent from \$176.9 million recorded for the year ended December 31, 2020. During the year-ended December 31, 2021, the Company recognized \$3.5 million of standby revenue and \$4.8 million of early contract termination fees (2020 - \$3.6 million and \$nil respectively). Revenue generated in Canada increased by \$49.3 million to \$90.2 million for the three months ended December 31, 2021, from \$40.9 million for the three months ended December 31, 2020. During three months ended December 31, 2021, the Company recognized \$0.2 million of standby revenue (2020 - \$2.0 million). For the year ended December 31, 2021, total revenue generated from the Company's Canadian operations were 25 percent of the Company's total revenue compared with 19 percent in the prior year. In the fourth quarter of 2021, Canadian revenues accounted for 30 percent of the total revenue compared with 20 percent in 2020.

For the year ended December 31, 2021, the Company recorded 8,979 drilling operating days in Canada, an increase of 60 percent as compared to 5,599 drilling operating days for the year ended December 31, 2020. During the fourth quarter of 2021 the Company recorded 3,229 operating days in Canada, an increase of 1,795 operating days from 1,434 operating days recorded during the fourth quarter of the prior year. Well servicing hours increased by 28 percent to 36,254 operating hours compared with 28,338 operating hours for the year ended December 31, 2020. Well servicing hours in the fourth quarter of 2021 were up 41 percent to 9,821 compared to the 6,955 hours in the fourth quarter of the prior year.

The operating and financial results for the Company's Canadian operations for 2021, were positively impacted by improved industry fundamentals and increasing operational activity that primarily resulted from the Company's acquisition of 35 land-based drilling rigs during the third quarter. In addition, the Company moved nine under-utilized drilling rigs into its Canadian operations reserve fleet in 2021, and

decommissioned 16 non-marketed drilling rigs.

#### UNITED STATES OILFIELD SERVICES

	Three months ended December 31			Twelve months ended December 31		
	2021	2020	% change	2021	2020	% change
Marketed drilling rigs <sup>1</sup>						
Opening balance	93	122		122	122	
Placed into reserve	-	-		(29)	-	
Ending balance	93	122	(24)	93	122	(24)
Drilling operating days <sup>2</sup>	3,688	2,108	75	12,242	10,899	12
Drilling rig utilization (%)	29.4	16.6	77	24.7	21.6	14
Well servicing rigs						
Opening balance	48	47		47	47	
Additions	-	-		1	-	
Ending balance	48	47	2	48	47	2
Well servicing operating hours	29,419	26,764	10	124,916	99,016	26
Well servicing utilization (%)	66.6	61.9	8	71.7	57.6	24

<sup>1</sup>Total rigs: 127, (2020 - 136).

<sup>2</sup> Defined as contract drilling days, between spud to rig release.

For the year ended December 31, 2021, revenue of \$538.9 million was recorded in the United States, an increase of one percent from the \$531.0 million recorded in the prior year. Revenues recorded in the United States were \$152.4 million in the fourth quarter of 2021, a 46 percent increase from the \$104.6 million recorded in the corresponding period of the prior year. The Company's United States operations accounted for 54 percent of the Company's total revenue in the 2021 fiscal year (2020 - 57 percent) and was the largest contributor to the Company's total revenue in 2021, consistent with the prior year. In the United States, the Company recognized US \$9.9 million of standby revenue and US \$4.5 million of early contract termination fees in 2021 (2020 - US \$10.0 million and US \$23.2 million respectively). During the fourth quarter of 2021, United States operations accounted for 51 percent of the Company's revenue (2020 - 52 percent), also the largest contributor to the Company's consolidated fourth quarter revenues and consistent with the prior year.

In the United States, drilling operating days increased by 12 percent from 10,899 drilling operating days in 2020 to 12,242 operating days in 2021. For the year ended December 31, 2021, well servicing activity increased 26 percent to 124,916 operating hours, from 99,016 operating hours in 2020. During the fourth quarter drilling operating days increased by 75 percent from 2,108 operating days in 2020 to 3,688 operating days in 2021. For the fourth quarter ended December 31, 2021, well servicing activity increased 10 percent from 26,764 operating hours in 2020 to 29,419 operating hours.

Overall operating and financial results for the Company's United States operations reflect a slow recovery from the negative impacts of the COVID-19 pandemic, as the Company's customers in the United States segment were conservative regarding capital allocation in 2021. Over the course of 2021, the Company's United States operations continued to see quarter-over-quarter increases in activity due to the economic

recovery, following what appears to have been a peak in severity of the COVID-19 pandemic. The financial results from the Company's United States operations were negatively impacted on currency translation, as the United States dollar weakened relative to the Canadian dollar in 2021.

During 2021, the Company acquired one well servicing rig, moved 29 under-utilized drilling rigs into its United States reserve fleet, and decommissioned nine non-marketed drilling rigs.

#### INTERNATIONAL OILFIELD SERVICES

	Three months ended December 31			Twelve months ended December 31		
	2021	2020	% change	2021	2020	% change
Marketed drilling and workover rigs <sup>1</sup>						
Opening balance	42	48		48	43	
Acquisition of TDI joint venture	-	-		-	5	
Placed into reserve	-	-		(6)	-	
Ending balance	42	48	(13)	42	48	(13)
Drilling operating days <sup>2</sup>	942	907	4	3,574	3,829	(7)
Drilling rig utilization (%)	20.1	19.3	4	19.3	21.2	(9)

<sup>1</sup> Total rigs: 48, (2020 - 53).

<sup>2</sup> Defined as contract drilling days, between spud to rig release.

The Company's international revenues for the year ended December 31, 2021 decreased 10 percent to \$207.0 million from \$228.9 million recorded in the year ended December 31, 2020. International revenue totaled \$53.6 million in the fourth quarter of 2021, a four percent decrease from \$55.8 million recorded in the corresponding period of the prior year. The Company's international operations accounted for 21 percent of the Company's total revenue in 2021 (2020 - 24 percent). The Company's international operations recognized US \$0.6 million of standby revenue in 2021 (2020 - US \$7.8 million). The Company's international operations contributed 18 percent of the Company's fourth quarter revenue in 2021 (2020 - 28 percent).

International drilling operating days totaled 3,574 in 2021 compared to 3,829 drilling operating days for the prior year, a decrease of seven percent. International operating days for the three months ended December 31, 2021 increased four percent to 942 compared to 907 operating days in the fourth quarter of 2020.

As was the case in the Company's United States operations, operating and financial results from the international operations reflect a slow recovery from the negative impacts of the COVID-19 pandemic, in particular due to COVID-19-related disruptions delaying planned new drilling programs. The financial results from the Company's international operations were further negatively impacted on currency translation, as the United States dollar weakened relative to the Canadian dollar in 2021.

During 2021, the Company sold one rig from its discontinued operations in Kurdistan, moved six under-utilized drilling rigs into its international reserve fleet and decommissioned four non-marketed drilling rigs.

#### DEPRECIATION

	Three months ended December 31			Twelve months ended December 31		
(\$ thousands)	2021	2020	% change	2021	2020	% change
Depreciation	74,194	96,338	(23)	288,188	374,705	(23)

Depreciation expense for the year decreased by 23 percent to \$288.2 million compared with \$374.7 million for the year ended 2020. Depreciation expense totaled \$74.2 million for the fourth quarter of 2021 compared with \$96.3 million for the fourth quarter of 2020, a decrease of 23 percent. The decrease in depreciation is primarily due to certain operating assets having become fully depreciated, after which no further depreciation expense is incurred on such assets. Furthermore, the positive translational impact of United States dollar-denominated assets also decreased the depreciation expense. Offsetting the overall decrease was the depreciation incurred on the additional 35 drilling rigs acquired in Canada during the third quarter of 2021.

#### GENERAL AND ADMINISTRATIVE

	Three months ended December 31			Twelve months ended December 31		
(\$ thousands)	2021	2020	% change	2021	2020	% change
General and administrative	10,159	11,815	(14)	38,226	43,567	(12)
% of revenue	3.4	5.9		3.8	4.7	

For the year ended December 31, 2021, general and administrative expense totaled \$38.2 million (3.8 percent of revenue) compared to \$43.6 million (4.7 percent of revenue) for the year ended December 31, 2020, a decrease of 12 percent. General and administrative expense decreased 14 percent to \$10.2 million (3.4 percent of revenue) for the fourth quarter of 2021. General and administrative expense decreased as a result of cost saving initiatives implemented in response to the COVID-19 pandemic, including organizational restructuring, and the CEWS wage subsidy received from the Government of Canada.

#### RESTRUCTURING

	Three months ended December 31			Twelve months ended December 31		
(\$ thousands)	2021	2020	% change	2021	2020	% change
Restructuring	350	4,448	nm	4,580	16,042	(71)

nm - calculation not meaningful

For the year ended December 31, 2021, restructuring expense totaled \$4.6 million (2020 - \$16.0 million). Restructuring expense consists of costs relating to the organizational restructuring of the Company due to the significant decline in activity as a result of the COVID-19 pandemic.

#### FOREIGN EXCHANGE AND OTHER (GAIN) LOSS

	Three months ended December 31			Twelve months ended December 31		
(\$ thousands)	2021	2020	% change	2021	2020	% change
Foreign exchange and other (gain) loss	(208)	(8,788)	(98)	11,102	(5,726)	nm

nm - calculation not meaningful



Included in this amount is the impact of foreign currency fluctuations in the Company's subsidiaries that have functional currencies other than the Canadian dollar.

#### GAIN ON REPURCHASE OF UNSECURED SENIOR NOTES

Three months ended December 31				Twelve months ended December 31		
(\$ thousands)	2021	2020	% change	2021	2020	% change
Gain on repurchase of unsecured Senior Notes	-	(59,260)	nm	(7,431)	(162,849)	(95)

nm - calculation not meaningful

For the year ended December 31, 2021, the Company repurchased for cancellation US \$25.7 million (2020 - US \$198.7 million) face value of unsecured Senior Notes (the "Senior Notes"), in the open market, and recorded a gain on repurchase of \$7.4 million (US \$5.9 million) (2020 - US 120.9 million).

#### INTEREST EXPENSE

	Three months ended December 31			Twelve months ended December 31		
(\$ thousands)	2021	2020	% change	2021	2020	% change
Interest expense	25,027	24,236	3	97,596	107,374	(9)

Interest expenses were incurred on the Company's Credit Facility, the United States dollar denominated Senior Notes, \$37.0 million of subordinate convertible debentures (the "Convertible Debentures"), a mortgage (the "Mortgage") and capital lease obligations. Included within interest expense for 2021 is \$0.5 million of accrued interest relating to the Senior Notes, paid in cash as part of the repurchase in 2021 of US \$25.7 million in face value of the Senior Notes (2020 - \$5.2 million), as described above.

Interest expense decreased by \$9.8 million for the year ended December 31, 2021 compared to the same period in 2020. The decrease is the result of a lower effective interest rate. The positive translational impact on US dollar-denominated debt further decreased interest expense for the year ended December 31, 2021. For the three months ended December 31, 2021, interest expense increased three percent to \$25.0 million compared to the comparative period in 2020 as a result of the higher outstanding debt balance held in the second half of 2021.

#### INCOME TAXES (RECOVERY)

	Three months ended December 31			Twelve months ended December 31		
(\$ thousands)	2021	2020	% change	2021	2020	% change
Current income tax	296	51	nm	989	1,140	(13)
Deferred income tax (recovery)	(11,693)	(34,061)	(66)	(39,443)	(54,928)	(28)
Total income tax (recovery)	(11,397)	(34,010)	(66)	(38,454)	(53,788)	(29)
Effective income tax rate (%)	28.1	9.6		19.8	44.6	

nm - calculation not meaningful

The effective income tax rate for the year ended December 31, 2021 was 19.8 percent compared with 44.6

percent for the year ended December 31, 2020. The effective tax rate was impacted by earnings in foreign jurisdictions.

#### FUNDS FLOW FROM OPERATIONS AND WORKING CAPITAL

(\$ thousands, except per share amounts)	Three months ended December 31			Twelve months ended December 31		
	2021	2020	% change	2021	2020	% change
Cash provided by operating activities	39,221	17,393	nm	178,642	246,974	(28)
Funds flow from operations	46,644	69,630	(33)	190,695	210,265	(9)
Funds flow from operations per common share	\$ 0.28	\$ 0.44	(36)	\$ 1.17	\$ 1.30	(10)
Working capital <sup>1</sup>	104,228	103,036	1	104,228	103,036	1

nm - calculation not meaningful

<sup>1</sup> Comparative working capital has been revised to conform with current year's presentation

For the year ended December 31, 2021, the Company generated funds flow from operations of \$190.7 million (\$1.17 per common share) a decrease of nine percent from \$210.3 million (\$1.30 per common share) for the year ended December 31, 2020. The Company generated funds flow from operations of \$46.6 million (\$0.28 per common share) in the three months ended December 31, 2021, compared to \$69.6 million (\$0.44 per common share) for the three months ended December 31, 2020. The decrease in funds flow from operations in 2021 compared to 2020 is primarily due to the decline in standby and early termination fee revenues.

As of December 31, 2021, the Company's working capital was a surplus of \$104.2 million, compared to a working capital surplus of \$103.0 million as of December 31, 2020. Working capital remained largely consistent with the prior year as the increase in operating activity was offset by the negative impact of the foreign exchange. The Company's Credit Facility provides for total borrowings of \$900.0 million of which \$2.5 million was undrawn and available at December 31, 2021.

#### INVESTING ACTIVITIES

(\$ thousands)	Three months ended December 31			Twelve months ended December 31		
	2021	2020	% change	2021	2020	% change
Acquisition of 35 drilling rigs, related equipment, land and buildings	-	-	-	(117,928)	-	(-)
Purchase of property and equipment	(22,913)	(5,032)	nm	(65,252)	(4,815)	(-)
Proceeds from disposals of property and equipment	2,581	8,371	(69)	7,228	3,315	(3)
Acquisition of joint venture and minority interest, net of cash	-	-	-	-	(3,315)	(-)
Net change in non-cash working capital	(755)	(524)	44	1,366	5,115	(5)
Cash (used in) provided by investing activities	(21,087)	2,815	nm	(174,586)	(1,205)	(-)

nm - calculation not meaningful

Net purchases of property and equipment during the fiscal year ending 2021 totaled \$176.0 million (2020 -

\$18.4 million) and net purchases of property and equipment totaled \$20.3 million for the fourth quarter (2020 - net proceeds of \$3.3 million). During the third quarter of 2021, the Company acquired a fleet of 35 land-based drilling rigs located in Canada, as well as related equipment and certain real property, for \$117.9 million. The remaining purchase of property and equipment relates primarily to \$44.8 million in maintenance capital and \$20.5 million in upgrade capital (2020 - \$40.2 million and \$10.0 million respectively).

## FINANCING ACTIVITIES

(\$ thousands)	Three months ended December 31			Twelve months ended December 31		
	2021	2020	% change	2021	2020	% change
Proceeds from long-term debt	13,143	12,951	1	162,269	121,520	34
Repayments of long-term debt	(4,789)	(15,732)	(70)	(89,532)	(164,518)	(46)
Lease obligation principal repayments	(1,713)	(1,812)	(5)	(6,845)	(9,216)	(26)
Interest paid	(38,594)	(32,452)	19	(99,751)	(107,956)	(8)
Purchase of common shares held in trust	(379)	(244)	55	(1,173)	(969)	21
Cash dividends	-	-	-	-	(19,574)	nm
Cash used in financing activities	(32,332)	(37,289)	(13)	(35,032)	(180,713)	(81)

nm - calculation not meaningful

As at December 31, 2021, the amount of available borrowings under the Credit Facility was \$2.5 million. In addition, the Company has available a US \$50.0 million secured letter of credit facility, of which US \$8.0 million was available as of December 31, 2021.

On December 17, 2021, the Company amended and restated its existing credit agreement with its syndicate lenders, which provides a revolving Credit Facility of \$900.0 million. The amendments include an extension to the maturity date of the Credit Facility to the earlier of: (i) six months prior to maturity date of the Senior Notes due April 15, 2024, and (ii) November 25, 2024. No principal payments are due until then. The amended and restated Credit Facility provides the Company with continued access to revolver capacity in a dynamic industry environment.

On March 18, 2021, the Company amended the terms of the Convertible Debentures to:

- i. extend the maturity date from January 31, 2022 to May 1, 2023,
- ii. increase the interest rate from 7.00% to 7.75% per annum payable semi-annually in arrears, and
- iii. reduce the per share conversion price from \$7.00 to \$1.75.

During the second quarter of 2019, the Company issued US \$700.0 million of Senior Notes due 2024 bearing interest at 9.25% per annum. The net proceeds of the Senior Notes offering and cash on hand were used to repay all outstanding amounts under the Company's US \$700.0 million senior loan facility and terminate that facility. The Senior Notes may be redeemed by the Company, in whole or in part, at any time on or after April 15, 2021 at a redemption price of 104.625% of the principal amount, after April 15, 2022 at a redemption price of 102.313% of the principal amount; and after April 15, 2023 at 100% of the principal amount, in all cases plus accrued interest up to but excluding the redemption rate.

The current capital structure of the Company consisting of the Credit Facility and the Senior Notes, allows the Company to utilize funds flow generated to reduce debt in the near term with greater flexibility than a more non-callable weighted capital structure.

The Company generally may, at any time and from time to time acquire Senior Notes for cancellation by means of open market purchases or negotiated transactions. However, applicable covenants in the Credit Facility limit the Company's ability to make further repurchases of the Senior Notes to \$25.0 million, except that additional Senior Notes may be repurchased for redemption in excess of the \$25.0 million limit if certain criteria are met. During the year ended December 31, 2021, the Company purchased US \$25.7 million of face value Senior Notes in the open market for cancellation, for US \$19.8 million.

On December 15, 2021, the Company secured a \$10.0 million mortgage. The Mortgage is secured with various real properties. Interest rate varies from 10.00% to 14.00% over the course of the term of Mortgage. The Mortgage maturity date is six months following the Credit Facility maturity date, with the Company option of early redemption.

## Covenants

The following is a list of the Company's currently applicable covenants pursuant to the Credit Facility and the covenant calculations as at December 31, 2021:

	Covenant	December 31, 2021	
The Credit Facility			
Consolidated EBITDA <sup>1</sup>	> \$140.0 million	\$	232,649
Consolidated EBITDA to Consolidated Interest Expense <sup>1,2</sup>	? 1.75		2.47
Consolidated Senior Debt to Consolidated EBITDA <sup>1,3</sup>	? 4.00		3.80

<sup>1</sup> Please refer to "Non-GAAP Measures" and "Overview and Select Annual Information" sections for Consolidated EBITDA definition.

<sup>2</sup> Consolidated Interest Expense is defined as all interest expense calculated on twelve month rolling consolidated basis and excluding Senior Notes interest in repurchase.

<sup>3</sup> Consolidated Senior Debt is defined as Consolidated Total Debt minus Subordinated Debt.

As at December 31, 2021 the Company was in compliance with all covenants related to the Credit Facility.

## The Credit Facility

The amended and restated credit agreement, a copy of which is available on SEDAR, provides the Company with its Credit Facility and includes requirements that the Company comply with certain covenants including a minimum Consolidated EBITDA requirement, a Consolidated EBITDA to Consolidated Interest Expense ratio and a Consolidated Senior Debt to Consolidated EBITDA ratio.

The Credit Facility also contains certain covenants that place restrictions on the Company's ability to repurchase or redeem Senior Notes and Convertible Debentures; to create, incur or assume additional indebtedness; change the Company's primary business; enter into mergers or amalgamations; and dispose of property. In the most recent amendment and restatement of the credit agreement, dated December 17, 2021, permitted encumbrances are limited to \$25.0 million.

## Senior Notes

The note indenture governing the Senior Notes, a copy of which is available on SEDAR, contains certain restrictions and limitations on the Company's ability to pay dividends; purchase and redeem shares and subordinated debt of the Company; and make certain restricted investments. These restrictions and

limitations are tempered by the existence of a number of exceptions to the general prohibitions, including baskets allowing for restricted payments.

The note indenture also restricts the Company's ability to incur additional indebtedness if the Fixed Charge Coverage Ratio determined on a pro forma basis for the most recently ended four fiscal quarter period for which internal financial statements are available is not at least 2.0 to 1.0. As at December 31, 2021, the Company has not incurred additional indebtedness that would require the Fixed Charge Coverage Ratio to be calculated. As is the case with restricted payments, there are a number of exceptions to this prohibition on the incurrence of additional indebtedness, including the incurrence of additional debt under credit facilities up to the greater of \$900.0 million or 22.5 percent of the Company's consolidated tangible assets and of additional secured debt subordinated to the credit facilities up to the greater of US \$125.0 million or four percent of the Company's consolidated tangible assets.

## NEW BUILDS AND MAJOR RETROFITS

During the year-ended December 31, 2021, the Company:

- acquired a fleet of 35 land-based drilling rigs as well as related equipment and certain real property located in Canada for a total cost of \$117.9 million;
- added one well servicing rig to the United States fleet;
- sold one drilling rig from its discontinued operation in Kurdistan;
- moved nine, 29, and six under-utilized drilling rigs to its Canadian, United States, and international reserve fleets and;
- decommissioned 16, nine, and four rigs from its non-marketed Canadian, United States and international fleets.

The Company is currently directing capital expenditures primarily to maintenance capital items and selective upgrades.

## OUTLOOK

### Industry Overview

The outlook for oilfield services continues to be rather constructive, as the crude oil and natural gas industry continues its recovery from the adverse impact of the COVID-19 pandemic. Despite the surge of the Omicron COVID-19 variant at the end of 2021 and early in 2022, vaccination rates globally have aided economic growth and mobility, which has continued to support the recovery of crude oil demand to pre-COVID-19 pandemic levels.

Furthermore, the crude oil market has continued to absorb increased supply from OPEC+ nations as they continue to reduce supply cuts, as well as increased production from North American producers. Strengthening oil demand coupled with moderated oil supply resulted in strong global commodity prices over the fourth quarter of 2021 and into the first quarter of 2022, with the benchmark price of West Texas Intermediate ("WTI") averaging a low of US \$77/bbl in the fourth quarter of 2021 to an average high of US \$92/bbl in February 2022. The recent invasion of Ukraine by the Russian Federation has placed upward pressure on crude oil prices.

We expect global economic growth to continue in 2022, albeit at a slower pace in comparison to 2021, as COVID-19 related fiscal stimulus continues to dissipate and inflationary concerns prompt a tightening of monetary policy. However, despite a slower pace in economic growth, we expect oil demand to continue to recover to pre-pandemic levels, and tight crude oil supply under a sustained commodity price environment are expected to drive oilfield services activity improvements in 2022. We continue to expect oil and natural gas producers to remain committed to prioritizing shareholder returns and moderate production growth with steady activity increases. Higher industry utilization is further expected to drive day-rate pricing improvements year-over-year in the Company's North American segments.

Moreover, short-term uncertainty remains regarding the macroeconomic conditions, including commodity price fluctuations, potential setbacks in COVID-19 vaccine efficacy, demand for hydrocarbons, and OPEC+ production and supply decisions that may impact the short-term demand for oilfield services. The invasion of

Ukraine by the Russian Federation also may impact future crude oil prices.

The Company remains committed to strategic capital allocation and debt retirement. The Company has budgeted base capital expenditures for 2022 of approximately \$89.0 million, largely related to maintenance expenditures. In addition, the Company has a number of growth projects available to it that will result in additional funds being spent on upgrading certain drilling rigs and bringing other drilling rigs that are currently idle back to work. The estimated spend on this is currently targeted at approximately \$20.0 million. As at January 1, 2022, the Company moved four, five, and eight under-utilized drilling rigs to its Canadian, United States, and international reserve fleets respectively.

#### Canadian Activity

Canadian activity, representing 25 percent of total revenue in 2021, improved over the fourth quarter of 2021 and into the first quarter of 2022 due to improved industry conditions over the winter drilling season and the Company's acquisition of 35 land-based drilling rigs in July 2021. We expect activity to decline exiting the first quarter of 2022, as operations enter seasonal spring break-up in the second quarter of 2022.

As of March 3, 2022, of 123 marketed Canadian drilling rigs, approximately 42 percent are engaged under term contracts of various durations. Approximately 27 percent of our contracted rigs have a remaining term of six months or longer, although they may be subject to early termination.

#### United States Activity

United States activity, representing 54 percent of total revenue in 2021, improved over the fourth quarter of 2021 and into the first quarter of 2022 due to improved industry conditions. We currently expect the United States activity to remain positive and to continue to steadily improve in the second quarter of 2022.

As of March 3, 2022, of 88 marketed United States drilling rigs, approximately 55 percent are engaged under term contracts of various durations. Approximately 25 percent of our contracted rigs have a remaining term of six months or longer, although they may be subject to early termination.

#### International Activity

International activity, representing 21 percent of total revenue in 2021, remained steady over the fourth quarter of 2021 and into the first quarter of 2022. Operations in Argentina are expected to improve in 2022, with two drilling rigs currently active. In the Middle East, operations in Bahrain (two rigs) and Kuwait (two rigs) are expected to remain steady. Operations in Australia, which currently has seven active drilling rigs, are expected to remain steady or to modestly improve over 2022.

As of March 3, 2022, of 34 marketed international drilling rigs, approximately 41 percent are engaged under term contracts of various durations. Approximately 50 percent of our contracted rigs have a remaining term of six months or longer, although they may be subject to early termination.

## RISKS AND UNCERTAINTIES

This document contains forward-looking statements based upon current expectations that involve a number of business risks and uncertainties. The factors that could cause results to differ materially include, but are not limited to, the impact of the COVID-19 virus, the potential reinstatement COVID-19 mitigation strategies, such as stay-at-home orders and lockdown related restrictions, economic and market conditions, crude oil and natural gas prices, political events including the recent invasion of Ukraine by the Russian Federation, foreign currency fluctuations, weather conditions, the Company's defense of lawsuits and other claims, and the ability of oil and gas companies to pay accounts receivable balances and raise capital or other unforeseen conditions which could ongoing impact on the use of the services supplied by the Company. For a more detailed description of the risk factors and uncertainties that face the Company and the industry in which it operates, refer to the "Risks and Uncertainties" section of our current Management's Discussion & Analysis and the section titled "Risk Factors" in our current Annual Information Form.

## CONFERENCE CALL

A conference call will be held to discuss the Company's fourth quarter 2021 results at 10:00 a.m. MST (12:00 p.m. EST) on Friday, March 4, 2022. The conference call number is 1-416-764-8659 (in Toronto) or 1-888-664-6392 (outside Toronto). A taped recording will be available until March 11, 2022 by dialing 1-416-764-8677 (in Toronto) or 1-888-390-0541 (outside Toronto) and entering the reservation number 207260. A live broadcast may be accessed through the Company's web site at [www.ensignenergy.com/presentations](http://www.ensignenergy.com/presentations).

[Ensign Energy Services Inc.](#) is an international oilfield services contractor and is listed on the Toronto Stock Exchange under the trading symbol ESI.

[Ensign Energy Services Inc.](#)

## Consolidated Statements of Financial Position

As at	December 31 2021	December 31 2020
(Unaudited - in thousands of Canadian dollars)		
Assets		
Current Assets		
Cash	\$ 13,305	\$ 44,198
Accounts receivable	226,807	164,395
Inventories, prepaid and other	49,172	52,679
Income taxes receivable	580	290
Total current assets	289,864	261,562
Property and equipment	2,512,953	2,649,702
Deferred income taxes	174,237	143,229
Total assets	\$ 2,977,054	\$ 3,054,493
Liabilities		
Current Liabilities		
Accounts payable and accruals	\$ 177,932	\$ 146,011
Share-based compensation	1,055	251
Income taxes payable	1,389	4,005
Current portion of lease obligations	5,260	8,259
Total current liabilities	185,636	158,526

Lease obligations	4,327	6,042		
Long-term debt	1,453,884	1,384,605		
Share-based compensation	7,966	2,743		
Income taxes payable	7,647	4,424		
Deferred income taxes	120,100	128,276		
Non-controlling interest	4,832	4,853		
Total liabilities	1,784,392	1,689,469		
Shareholders' Equity				
Shareholder's capital	230,376	230,354		
Contributed surplus	23,197	23,324		
Equity component of subordinate convertible debenture	2,380	3,193		
Accumulated other comprehensive income	223,308	235,277		
Ensign Energy Services Inc.				
Consolidated Statements of (Loss) Income	713,401	872,876		
Retained earnings				
Total shareholders' equity	1,192,662	1,365,024		Three m
Total liabilities and shareholders' equity	\$ 2,977,054	\$ 3,054,493		Decemb
(Unaudited - in thousands of Canadian dollars, except per share data)				
Revenue			\$	296,
Expenses				
Oilfield services				228,146
Depreciation				74,194
General and administrative				10,159
Impairment				-
Restructuring				350
Share-based compensation				(5)
Foreign exchange and other (gain) loss				(208)
Total expenses				312,636
Loss before interest expense, accretion of deferred financing charges, other losses (gains) and income taxes				(16,470)
Loss from investment in joint ventures				-

(Gain) loss on asset sale					(3,596)
Gain on repurchase of unsecured Senior Notes					-
Interest expense					25,027
Accretion of deferred financing charges					2,710
Loss before income taxes					(40,611)
Income tax (recovery)					
Current income tax					296
Deferred income tax (recovery)					(11,693)
Total income tax (recovery)					(11,397)
Net (loss) Income from continued operations					(29,214)
Loss from discontinued operations					(30)
Net (loss) income					(29,244)
Net income (loss) attributable to:					
Common shareholders					(29,235)
Non-controlling interests					(9)
<a href="#">Ensign Energy Services Inc.</a>					\$ (29,244)
<b>Consolidated Statements of Cash Flows</b>					
Net (loss) income attributable to common shareholders per common share	Three months ended		Twelve months ended		
Basic			\$ (0.18)		
(Unaudited - in thousands of Canadian dollars)	December 31	December 31	December 31	December 31	December 31
Diluted	2021	2020	2021	2020	2019
Cash provided by (used in)					
Operating activities					
Net (loss) income	\$ (29,244)	\$ 3,082	\$ (159,460)	\$ (79,468)	\$ (79,468)
Items not affecting cash					
Depreciation	74,194	96,338	288,188	374,700	374,700
Loss from discontinued operations, net of cash	-	9,468	-	9,468	9,468
Impairment	-	11,480	-	11,480	11,480
Share-based compensation	(5)	772	6,377	(2,120)	(2,120)
Loss from investment in joint ventures	-	-	-	1,349	1,349

Loss in asset sale	(3,596)	-	(3,596)	3,437
Gain on repurchase of unsecured Senior Notes	-	(59,260)	(7,431)	(162,300)
Unrealized foreign exchange and other (gain) loss	(10,749)	14,603	(2,355)	(9,990)
Accretion on deferred financing charges	2,710	2,972	10,819	11,880
Interest expense	25,027	24,236	97,596	107,300
Deferred income tax recovery	(11,693)	(34,061)	(39,443)	(54,900)
Funds flow from operations	46,644	69,630	190,695	210,200
Net change in non-cash working capital	(7,423)	(52,237)	(12,053)	36,700
Cash provided by operating activities	39,221	17,393	178,642	246,900
Investing activities				
Acquisition of 35 drilling rigs, related equipment, land and buildings	-	-	(117,928)	-
Purchase of property and equipment	(22,913)	(5,032)	(65,252)	(50,200)
Proceeds from disposals of property and equipment	2,581	8,371	7,228	31,800
Acquisition of joint venture, net of cash	-	-	-	(31,800)
Net change in non-cash working capital	(755)	(524)	1,366	590
Cash (used in) provided by investing activities	(21,087)	2,815	(174,586)	(50,200)
Financing activities				
Proceeds from long-term debt	13,143	12,951	162,269	121,500
Repayments of long-term debt	(4,789)	(15,732)	(89,532)	(164,000)
Lease obligation principal repayments	(1,713)	(1,812)	(6,845)	(9,210)
Interest paid	(38,594)	(32,452)	(99,751)	(107,000)
Purchase of common shares held in trust	(379)	(244)	(1,173)	(969)
Cash dividends	-	-	-	(19,500)
Cash used in financing activities	(32,332)	(37,289)	(35,032)	(180,000)
Net (decrease) increase in cash	(14,198)	(17,081)	(30,976)	16,000
<a href="#">Ensign Energy Services Inc.</a>				
Effects of foreign exchange on cash	3,177	4,306	83	(232)
Cash - beginning of period	24,326	56,973	44,198	28,400
Cash - end of period	\$ 13,305	\$ 44,198	\$ 13,305	\$ 44,198

Adjusted EBITDA, Adjusted EBITDA per common share and Consolidated EBITDA. These measures do not have any standardized meaning prescribed by IFRS and accordingly, may not be comparable to similar measures used by other companies. The non-GAAP measures included in this press release should not be considered as an alternative to, or more meaningful than, the IFRS measure from which they are derived or to which they are compared.

Adjusted EBITDA is used by management and investors to analyze the Company's profitability based on the Company's principal business activities prior to how these activities are financed, how assets are depreciated, amortized, and impaired and how the results are taxed in various jurisdictions. Additionally, in order to focus on the core business alone, amounts are removed related to foreign exchange, share-based compensation expense, the sale of assets, restructuring expenses, gain on repurchase of unsecured Senior Notes and fair value adjustments on financial assets and liabilities, as the Company does not deem these to relate to its core drilling and well servicing business. Adjusted EBITDA is not intended to represent net loss as calculated in accordance with IFRS.

## Adjusted EBITDA

	Three months ended December 31		Twelve months ended Decem	
(\$ thousands)	2021	2020	2021	2020
Loss before income taxes	(40,611)	(19,456)	(194,462)	(120,528)
Add-back/(deduct)				
Interest expense	25,027	24,236	97,596	107,374
Accretion of deferred financing charges	2,710	2,972	10,819	11,887
Depreciation	74,194	96,338	288,188	374,705
Impairment	-	11,480	-	11,480
Share-based compensation	(5)	772	6,377	(2,121)
(Gain) loss on asset sale	(3,596)	-	(3,596)	3,437
Gain on repurchase of unsecured Senior Notes	-	(59,260)	(7,431)	(162,849)
Foreign exchange and other (gain) loss	(208)	(8,788)	11,102	(5,726)
Loss from investments in joint ventures	-	-	-	1,349
Restructuring	350	4,448	4,580	16,042
Adjusted EBITDA from investments in joint ventures	-	-	-	6,475
Adjusted EBITDA	57,861	52,742	213,173	241,525

## Consolidated EBITDA

Consolidated EBITDA, as defined in the Company's Credit Facility agreement, is used in determining the Company's compliance with its covenants. The Consolidated EBITDA is substantially similar to Adjusted EBITDA.

## Working Capital

Working capital is defined as current assets less current liabilities as reported on the consolidated statements of financial position.

## ADVISORY REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this document constitute forward-looking statements or information (collectively

referred to herein as "forward-looking statements") within the meaning of applicable securities legislation. Forward-looking statements generally can be identified by the words "believe", "anticipate", "expect", "plan", "estimate", "target", "continue", "could", "intend", "may", "potential", "predict", "should", "will", "objective", "project", "forecast", "goal", "guidance", "outlook", "effort", "seeks", "schedule" or other expressions of a similar nature suggesting future outcome or statements regarding an outlook.

Disclosure related to expected future commodity pricing or trends, revenue rates, equipment utilization or operating activity levels, operating costs, capital expenditures and other prospective guidance provided throughout this document, including, but not limited to, information provided in the "Funds Flow from Operations and Working Capital" section regarding the Company's expectation that funds generated by operations combined with current and future credit facilities will support current operating and capital requirements, information provided in the "New Builds and Major Retrofits" section, information provided in the "Financial Instruments" section regarding Venezuela and information provided in the "Outlook" section regarding the general outlook for 2022, are examples of forward-looking statements. These statements are not representations or guarantees of future performance and are subject to certain risks and unforeseen results. The reader should not place undue reliance on forward-looking statements as there can be no assurance that the plans, initiatives, projections, anticipations or expectations upon which they are based will occur.

The forward-looking statements are based on current assumptions, expectations, estimates and projections about the Company and the industries and environments in which the Company operates, which speak only as of the date such statements were made or as of the date of the report or document in which they are contained. These assumptions include, among other things: the fluctuation in oil prices may pressure customers to modify their drilling budgets; the status of current negotiations with the Company's customers and vendors; customer focus on safety performance; existing term contracts that may not be renewed or are terminated prematurely; the Company's ability to provide services on a timely basis; successful integration of acquisitions; the general stability of the economic and political environments in the jurisdictions where we operate, and geopolitical events such as the recent invasion of Ukraine by the Russian Federation.

The forward-looking statements are subject to known and unknown risks, uncertainties and other factors that could cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

Such risk factors include, among others: general economic and business conditions which will, among other things, impact demand for and market prices of the Company's services and the ability of the Company's customers to pay accounts receivable balances; volatility of and assumptions regarding crude oil and natural gas commodity prices; fluctuations in currency and interest rates; economic conditions in the countries and regions in which the Company conducts business; political uncertainty and civil unrest; the Company's ability to implement its business strategy; impact of competition and industry conditions; determinations by Organization of Petroleum Exporting Countries ("OPEC") and other countries (OPEC and various other countries are referred to as "OPEC +") regarding production levels; changes to laws and regulations; the Company's defence of lawsuits; availability and cost of labour and other equipment, supplies and services; the Company's ability to complete its capital programs; operating hazards and other difficulties inherent in the operation of the Company's oilfield services equipment; availability and cost of financing and insurance; access to credit facilities and debt capital markets; the Company's ability to amend covenants under the Credit Facility with its Credit Facility syndicate, timing and success of integrating the business and operations of acquired companies; actions by governmental authorities; government regulations and the expenditures required to comply with them (including safety and environmental laws and regulations and the impact of climate change initiatives on capital and operating costs); the adequacy of the Company's provision for taxes; the impact of, and the Company's response to, the global COVID-19 pandemic and the success of vaccinations for COVID-19; foreign operations; foreign exchange exposure and interest rate changes; workforce and reliance on key management; technology; seasonality and weather; ability to successfully integrate acquisitions; and the impact thereof upon the business environments in which the Company is or may become engaged; and other circumstances affecting the Company's business, revenues and expenses.

The Company's operations and levels of demand for its services have been, and at times in the future may be, affected by political risks and developments, such as expropriation, nationalization, or regime change, and by national, regional and local laws and regulations such as changes in taxes, royalties and other amounts payable to governments or governmental agencies, environmental protection regulations, the global COVID-19 pandemic, the potential reinstatement or removal of COVID-19 mitigation strategies, such as stay-at-home orders and lockdown related restrictions, and the impact thereof upon the Company, its customers and its business. Should one or more of these risks or uncertainties materialize, or should any of

the Company's assumptions prove incorrect, actual results from operations may vary in material respects from those expressed or implied by the forward-looking statements. The impact of any one factor on a particular forward-looking statement is not determinable with certainty as such factors are interdependent upon other factors, and the Company's course of action would depend upon its assessment of the future considering all information then available.

For additional information refer to the "Risks and Uncertainties" section of the Management Discussion & Analysis and the "Risk Factors" section of the Company's Annual Information Form. Readers are cautioned that the lists of important factors contained herein are not exhaustive. Unpredictable or unknown factors not discussed in this document could also have material adverse effects on forward-looking statements.

The forward-looking statements contained in this document are expressly qualified in their entirety by this cautionary statement. The forward-looking statements contained herein are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, except as required by law.

SOURCE [Ensign Energy Services Inc.](#)

#### Contact

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