

Ensign Energy Services Inc. Reports 2025 Third Quarter Results

07.11.2025 | [CNW](#)

FINANCIAL HIGHLIGHTS

(Unaudited, in thousands of Canadian dollars, except per common share data)

	Three months ended September 30 Nine months ended December 31			
	2025	2024	% change	2025
Revenue	\$ 411,157	\$ 434,617	(5)	\$ 1,220,500
Adjusted EBITDA ¹	98,596	119,049	(17)	282,333
Adjusted EBITDA per common share ¹				
Basic	\$0.53	\$0.65	(18)	\$1.53
Diluted	\$0.53	\$0.64	(17)	\$1.53
Net (loss) income attributable to common shareholders	(3,263)	5,268	nm	(25,975)
Net (loss) income attributable to common shareholders per common share				
Basic	\$(0.02)	\$0.03	nm	\$(0.14)
Diluted	\$(0.02)	\$0.03	nm	\$(0.14)
Cash provided by operating activities	100,605	103,201	(3)	262,243
Funds flow from operations	88,221	116,914	(25)	257,279
Funds flow from operations per common share				
Basic	\$0.48	\$0.64	(25)	\$1.40
Diluted	\$0.47	\$0.63	(25)	\$1.39
Total debt, net of cash	925,043	1,066,356	(13)	925,043
Weighted average common shares - basic (000s)	183,833	183,781	-	184,062
Weighted average common shares - diluted (000s)	184,102	184,467	-	184,444
nm - calculation not meaningful				

¹ Please refer to Adjusted EBITDA calculation in Non-GAAP Measures.

- Revenue for the third quarter of 2025 was \$411.2 million, a five percent decrease from the third quarter of 2024 revenue of \$434.6 million.
- Revenue for the third quarter of 2025 by geographic area:
 - Canada - \$129.7 million, 32 percent of total;
 - United States - \$217.3 million, 53 percent of total; and
 - International - \$64.2 million, 15 percent of total.

- Adjusted EBITDA for the third quarter of 2025 was \$98.6 million, a 17 percent decrease from Adjusted EBITDA of \$116.9 million for the third quarter of 2024.
- Funds flow from operations for the third quarter of 2025 decreased 25 percent to \$88.2 million from \$116.9 million in the third quarter of the prior year.
- Net loss attributable to common shareholders for the third quarter of 2025 was \$3.3 million, down from net income of \$5.3 million for the third quarter of 2024.
- On September 29, 2025, the Company amended and restated its existing credit agreement with its syndicate of lenders, which provides a revolving Credit Facility. The amendments include an extension to the maturity date of the now \$125.0 million Credit Facility to September 29, 2028.
- During the third quarter of 2025, \$40.8 million of debt was repaid and a total of \$83.8 million was repaid during the first nine months of 2025. The Company expects total debt repayments for the year of approximately \$125.0 million. With these debt reductions in Adjusted EBITDA the stated debt reduction target of \$600.0 million for the period beginning of 2023 and ending in 2025 will now likely be achieved in the first half of 2026. The revision is the result of current industry conditions and the Company reinvesting into the Company through capital expenditure. If industry conditions change, this target could be increased or decreased.
- Total debt, net of cash has decreased \$98.5 million during the first nine months 2025 due to debt repayments and the exchange translation of converting USD denominated debt.
- Interest expense decreased by 23 percent to \$18.4 million from \$23.8 million. The decrease is the result of lower interest rates and effective interest rates.

OPERATING HIGHLIGHTS (Unaudited)

	Three months ended September 30			Nine months ended September 30		
	2025	2024	% change	2025	2024	% change
Drilling						
Number of marketed rigs						
Canada ¹	88	94	(6)	88	94	(6)
United States	71	77	(8)	71	77	(8)
International ²	27	31	(13)	27	31	(13)
Total	186	202	(8)	186	202	(8)
Operating days ³						
Canada ¹	3,509	3,861	(9)	10,006	10,064	(1)
United States	3,194	3,065	4	8,909	9,111	(2)
International ²	935	1,269	(26)	3,165	3,843	(18)
Total	7,638	8,195	(7)	22,080	23,018	(4)
Well Servicing						
Number of rigs	2025	2024	% change	2025	2024	% change
Canada	41	46	(11)	41	46	(11)
United States	47	47	-	47	47	-
Total	88	93	(5)	88	93	(5)
Operating hours						
Canada	13,687	12,161	13	38,011	36,114	5
United States	27,033	35,518	(24)	76,962	97,081	(21)
Total	40,720	47,679	(15)	114,973	133,195	(14)

¹ Excludes coring rigs.

² Includes workover rigs.

³ Defined as contract drilling days, between spud to rig release.

- Canadian drilling recorded 3,509 operating days in the third quarter of 2025, a nine percent decrease from 3,861 days in the third quarter of 2024. Canadian well servicing recorded 13,687 operating hours in the third quarter of 2025, a 5 percent increase from 12,161 operating hours in the third quarter of 2024.
- United States drilling recorded 3,194 operating days in the third quarter of 2025, a four percent increase from 3,065 days in the third quarter of 2024. United States well servicing recorded 27,033 operating hours in the third quarter of 2025, a 24 percent decrease from 35,518 operating hours in the third quarter of 2024.
- International drilling recorded 935 operating days in the third quarter of 2025, a 26 percent decrease from 1,269 operating days recorded in the third quarter of 2024.

FINANCIAL POSITION HIGHLIGHTS

As at (\$ thousands)	September 30 2025	December 31 2024	September 30 2024
Working capital surplus (deficit) ¹	38,256	(100,906)	(8,128)
Cash	16,733	28,113	24,517
Total debt, net of cash	925,043	1,023,498	1,066,356
Total assets	2,750,660	2,910,490	2,883,811
Total debt to total debt plus equity ratio	0.42	0.43	0.45

¹ See non-GAAP Measures section.

CAPITAL EXPENDITURE HIGHLIGHTS

(\$ thousands)	Three months ended September 30			Nine months ended September 30		
	2025	2024	% change	2025	2024	% change
Capital expenditures						
Upgrade	13,866	5,033	nm	30,112	9,171	nm
Maintenance	50,549	32,345	56	123,578	131,402	(6)
Proceeds from disposals of property and equipment	(1,966)	(3,844)	(49)	(5,228)	(15,231)	(66)
Net capital expenditures	62,449	33,534	86	148,462	125,342	18

nm - calculation not meaningful

- Net purchases of property and equipment for the third quarter of 2025 totaled \$62.4 million, consisting of \$13.9 million in upgrade capital and \$50.5 million in maintenance capital, offset by disposition proceeds of \$2.0 million. Maintenance expenditures for 2025 are targeted to be approximately \$154.0 million, with selective upgrade capital of approximately \$19.0 million, of which \$19.0 million is customer funded. The increase in capital expenditures in second half of 2025 relates to previously announced awarded five year contract for two rigs in the Company's Oman operating region as well as one rig relocated from Canada to the United States. The Company continues to consider rig relocation or upgrade projects in response to customer demand and under appropriate contract terms, which may impact capital expenditures.

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, Adjusted EBITDA per common share and working capital. These measures do not have any standardized meaning prescribed by IFRS Accounting Standards ("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 measures from which they are derived or to which they are compared. See "Non-GAAP Measures" later in this news release.

OVERVIEW

Revenue for the third quarter of 2025 was \$411.2 million, a five percent decrease from \$434.6 million in revenue for the third quarter of 2024. Revenue for the nine months ended September 30, 2025, was \$1,220.1 million, a decrease of three percent from revenue for the nine months ended September 30, 2024, of \$1,257.7 million.

Adjusted EBITDA totaled \$98.6 million (\$0.53 per common share) in the third quarter of 2025, 17 percent lower than Adjusted EBITDA of \$119.0 million (\$0.65 per common share) in the third quarter of 2024. For the nine months ended September 30, 2025, Adjusted EBITDA totaled \$282.3 million (\$1.53 per common

share), 16 percent lower than Adjusted EBITDA of \$336.7 million (\$1.83 per common share) in the first nine months ended September 30, 2024.

Net loss attributable to common shareholders for the third quarter of 2025 was \$3.3 million (\$0.02 per common share) compared to a net income attributable to common shareholders of \$5.3 million (\$0.03 per common share) for the third quarter of 2024. Net loss attributable to common shareholders for the nine months ended September 30, 2025, was \$26.0 million (\$0.14 per common share), compared to a net loss attributable to common shareholders of \$0.5 million (\$0.00 per common share) for the nine months ended September 30, 2024.

Funds flow from operations decreased 25 percent to \$88.2 million (\$0.48 per common share) in the third quarter of 2025 compared to \$116.9 million (\$0.64 per common share) in the third quarter of the prior year. Funds flow from operations decreased 20 percent to \$257.3 million (\$1.40 per common share) for the nine months ended September 30, 2025, compared to \$323.6 million (\$1.76 per common share) for the nine months ended September 30, 2024.

The oilfield services sector maintains a generally constructive outlook despite a year-over-year activity decline in some operating regions. Geopolitical tensions and global trade uncertainties have kept activity in the United States subdued and reinforced customer capital discipline in regard to drilling programs. Volatile commodity prices and shifts in the United States trade policies under the new administration, including tariffs, are further clouding the global economic outlook and pressuring commodity prices. Additionally, OPEC+ nations easing voluntary production cuts has increased crude supply, keeping a ceiling on crude oil commodity prices.

Geopolitical tensions, hostilities in areas of the Middle East, the ongoing Russia-Ukraine conflict, and global trade policy changes continue to impact global commodity prices and add uncertainty to the outlook for crude oil supply and commodity prices over the short-term.

The Company's operating days were lower for the nine months ended September 30, 2025, when compared with the same periods in 2024 as operations were negatively impacted by the above-mentioned uncertainty in the global economy and volatility in the crude oil and natural gas commodity pricing.

The average United States dollar exchange rate was \$1.40 for the first nine months of 2025 (2024 - \$1.36), higher than the first nine months of 2024. The higher exchange rate helped offset the net loss for the three and nine months ended September 30, 2025, with the positive foreign exchange translation on USD denominated earnings.

The Company's working capital surplus as at September 30, 2025, was \$38.3 million, compared to working capital deficit of \$100.9 million as at December 31, 2024. The change in working capital is the result of the classification of the current portion of long-term debt, following the recent amendment and restatement of the existing credit agreement.

The Company's available liquidity, consisting of cash and available borrowings under its \$950.0 million revolving credit facility (the "Credit Facility"), was \$44.9 million as at September 30, 2025 (December 31, 2024: \$31.9 million).

REVENUE AND OILFIELD SERVICES EXPENSE

(\$ thousands)	Three months ended September 30			Nine months ended September 30		
	2025	2024	% change	2025	2024	% change
Revenue						
Canada	129,671	131,007	(1)	382,504	362,860	5
United States	217,307	216,172	1	620,326	633,185	(2)
International	64,179	87,438	(27)	217,253	261,671	(17)
Total revenue	411,157	434,617	(5)	1,220,083	1,257,716	(3)
Oilfield services expense	299,394	301,763	(1)	896,713	876,628	2

Revenue for the three months ended September 30, 2025, totaled \$411.2 million, a decrease of five percent from the three months ended September 30, 2024 of \$434.6 million. Revenue for the nine months ended September 30, 2025, totaled \$1,220.1 million, a three percent decrease from the nine months ended September 30, 2024 of \$1,257.7 million.

The decrease in total revenue during the first nine months of 2025 was primarily due to lower operating activity. Offsetting the decrease is a three percent positive foreign exchange translation of converting USD denominated revenue.

CANADIAN OILFIELD SERVICES

Revenue decreased one percent to \$129.7 million for the three months ended September 30, 2025, from \$131.0 million for the three months ended September 30, 2024. The Company recorded revenue of \$382.5 million in Canada for the nine months ended September 30, 2025, an increase of five percent from \$362.9 million recorded for the nine months ended September 30, 2024.

Canadian revenue accounted for 32 percent of the Company's total revenue in the third quarter of 2025 (2024 - 30 percent) and 31 percent (2024 - 29 percent) for the first nine months of 2025.

The Company's Canadian drilling operations recorded 3,509 operating days in the third quarter of 2025, compared to 3,861 operating days for the third quarter of 2024, a decrease of nine percent. For the nine months ended September 30, 2025, the Company recorded 10,006 operating days compared to 10,064 days for the nine months ended September 30, 2024, a decrease of one percent. Canadian well servicing hours increased by 13 percent to 13,687 operating hours in the third quarter of 2025 compared to 12,161 operating hours in the corresponding period of 2024. For the nine months ended September 30, 2025, Canadian well servicing hours increased by five percent totaling 38,011 compared to 36,114 in the corresponding period of 2024.

The financial results for the Company's Canadian operations for the third quarter of 2025 were relatively flat, compared to the third quarter of 2024, despite a nine percent decrease in operating activity. The Canadian operations continue to see growth opportunities following the completion of the Trans Mountain Pipeline expansion in May 2024 and the recent start of LNG Canada in July 2025, but economic uncertainty and commodity price volatility has tempered operating activity.

During the first nine months of 2025, the Company transferred five under-utilized Canadian drilling rigs into its reserve fleet and transferred one marketed rig to its United States operations.

UNITED STATES OILFIELD SERVICES

The Company's United States operations recorded revenue of \$217.3 million in the third quarter of 2025, an

increase of one percent from the \$216.2 million recorded in the corresponding period of the prior year. During the nine months ended September 30, 2025, revenue of \$620.3 million was recorded, a decrease of two percent from the \$633.2 million recorded in the corresponding period of the prior year.

The Company's United States operations accounted for 53 percent of the Company's revenue in the third quarter of 2025 (2024 - 50 percent) and 51 percent of the Company's revenue in the first nine months of 2025 (2024 - 50 percent).

Drilling rig operating days increased by four percent to 3,194 operating days in the third quarter of 2025 from 3,065 operating days in the third quarter of 2024 and decreased by two percent to 8,909 operating days in the first nine months of 2025 from 9,111 operating days in the first nine months of 2024. United States well servicing recorded 27,033 operating hours in the third quarter of 2025 which was a 24 percent decrease from 35,518 operating hours recorded in the third quarter of 2024. For the first nine months of 2025, well servicing activity decreased by 21 percent to 76,962 operating hours from 97,081 operating hours in the first nine months of 2024.

Operating and financial results for the Company's United States operations were impacted by the uncertainty over the global economy, the volatility in the crude oil and natural gas commodity pricing, customer capital discipline and one time expenses related to the reactivation and deactivation of drilling rigs. Offsetting the decline is the three percent positive USD translation difference.

During the first nine months of 2025, the Company transferred seven under-utilized United States drilling rigs into its reserve fleet and transferred one marketed rig from its Canadian operations to the United States.

INTERNATIONAL OILFIELD SERVICES

The Company's international operations recorded revenue of \$64.2 million in the third quarter of 2025, a 27 percent decrease from the \$87.4 million recorded in the corresponding period of the prior year. International revenues for the nine months ended September 30, 2025, decreased 17 percent to \$217.3 million from \$261.7 million recorded for the nine months ended September 30, 2024.

The Company's international operations contributed 15 percent of the total revenue in the third quarter of 2025 (2024 - 20 percent) and 18 percent of the Company's revenue in the third quarter of 2025 (2024 - 21 percent).

International operating days for the three months ended September 30, 2025, totaled 935 operating days, a decrease of 26 percent from 1,269 operating days in the same period of 2024. For the nine months ended September 30, 2025, international operating days totaled 3,165 operating days compared to 3,843 operating days for the nine months ended September 30, 2024, a decrease of 18 percent.

Operating and financial results from international operations declined as a result of rigs coming off contract. Offsetting the decline is the three percent positive USD translation difference.

During the first nine months of 2025, the Company transferred four under-utilized international drilling rigs into its reserve fleet.

DEPRECIATION

Three months ended September 30 Nine months ended September 30

(\$ thousands)	2025	2024	% change	2025	2024	% change
Depreciation	87,356	91,028	(4)	252,016	261,793	(4)

Depreciation expense totaled \$87.4 million for the third quarter of 2025 compared with \$91.0 million for the third quarter of 2024, a four percent decrease. Depreciation expense for the first nine months of 2025

decreased by four percent, to \$252.0 million compared with \$261.8 million for the same period of 2024. The decrease in depreciation is due to certain operating assets having become fully depreciated in which case no further depreciation expense will be incurred on such assets. Offsetting the decrease is the negative three percent translation effect on converting depreciation on USD denominated assets.

GENERAL AND ADMINISTRATIVE

	Three months ended September 30			Nine months ended September 30		
(\$ thousands)	2025	2024	% change	2025	2024	% change
General and administrative	13,167	13,805	(5)	41,037	44,361	(7)
% of revenue	3.2	3.2		3.4	3.5	

General and administrative expense decreased five percent to \$13.2 million (3.2 percent of revenue) for the third quarter of 2025 compared to \$13.8 million (3.2 percent of revenue) for the third quarter of 2024. For the nine months ended September 30, 2025, general and administrative expense totaled \$41.0 million (3.4 percent of revenue) compared to \$44.4 million (3.5 percent of revenue) for the nine months ended September 30, 2024, a seven percent decrease. General and administrative expenses decreased due to non-recurring expenses incurred in the prior year. Offsetting the decrease is the annual wage increases and the negative three percent translation effect of converting USD denominated expenses.

FOREIGN EXCHANGE AND OTHER

	Three months ended September 30			Nine months ended September 30		
(\$ thousands)	2025	2024	% change	2025	2024	% change
Foreign exchange and other	(7,024)	(7,973)	(12)	(6,484)	(3,309)	96

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. In addition, during the nine months ended September 30, 2025, the Company received \$2.6 million in premiums from foreign exchange financial instruments offset by settlement costs of \$6.9 million.

INTEREST EXPENSE

	Three months ended September 30			Nine months ended September 30		
(\$ thousands)	2025	2024	% change	2025	2024	% change
Interest expense	18,371	23,772	(23)	57,436	75,790	(24)

Interest expense was incurred on the Company's Credit Facility, previously held Term Facility, Convertible Debentures (defined below), capital lease and other obligations.

Interest expense decreased by 24 percent for the first nine months of 2025 compared to the same period of 2024, as a result of lower debt levels and effective interest rates. The Company remains committed to disciplined capital allocation and debt repayment. Offsetting the decrease is the negative three percent translation effect on converting USD denominated interest expense.

INCOME TAXES (RECOVERY)

(\$ thousands)	Three months ended September 30			Nine months ended September 30		
	2025	2024	% change	2025	2024	% change
Current income taxes	454	655	(31)	2,511	2,137	18
Deferred taxes income (recovery) (2,718)	2,142	nm		(10,408)	(1,971)	nm
Total income taxes (recovery)	(2,264)	2,797	nm	(7,897)	166	nm

nm - calculation not meaningful

FUNDS FLOW FROM OPERATIONS AND WORKING CAPITAL

(\$ thousands, except per common share data) Three months ended September 30 Nine months ended September 30

	2025	2024	% change	2025	2024	% change
Cash provided by operating activities	100,605	103,201	(3)	262,245	323,481	(19)
Funds flow from operations	88,221	116,914	(25)	257,279	323,602	(20)
Funds flow from operations per common share \$0.48	\$0.64	(25)		\$1.40	\$1.76	(20)
Working capital surplus (deficit) ¹	38,256	(100,906)	nm	38,256	(100,906)	nm

nm - calculation not meaningful

¹ Comparative figure as at December 31, 2024

During the three months ended September 30, 2025, the Company generated funds flow from operations of \$88.2 million (\$0.48 per common share) compared to funds flow from operations of \$116.9 million (\$0.64 per common share) for the three months ended September 30, 2024, a decrease of 25 percent. For the nine months ended September 30, 2025, the Company generated funds flow from operations of \$257.3 million (\$1.40 per common share), a decrease of 20 percent from \$323.6 million (\$1.76 per common share) for the nine months ended September 30, 2024. The decrease in funds flow from operations for the nine months ended September 30, 2025, compared to the same period of 2024, is largely due to the decrease in operating activity and cost escalation year over year. Offsetting the decrease is the positive three percent translation effect on converting USD denominated earnings.

At September 30, 2025, the Company's working capital surplus was \$38.3 million, compared to a working capital deficit of \$100.9 million at December 31, 2024. The improvement in working capital is the result of the classification of the current portion of long-term debt, following the recent amendment and restatement of the existing credit agreement.

The Company's existing bank facility provides for total borrowings of \$950.0 million, of which \$28.1 million was undrawn and available as at September 30, 2025 (December 31, 2024: \$3.8 million).

INVESTING ACTIVITIES

(\$ thousands)	Three months ended September 30			Nine months ended September 30		
	2025	2024	% change	2025	2024	% change
Purchase of property and equipment	(64,415)	(37,378)	72	(153,690)	(140,573)	9
Proceeds from disposals of property and equipment	1,966	3,844	(49)	5,228	15,231	(66)
Distribution to non-controlling interest	(750)	(500)	50	(750)	(500)	50
Net change in non-cash working capital	25,124	4,300	nm	28,351	28,625	(1)
Cash used in investing activities	(38,075)	(29,734)	28	(120,861)	(97,217)	24
nm - calculation not meaningful						

Net purchases of property and equipment for the third quarter of 2025 totaled \$62.4 million (2024 - \$33.5 million). Net purchases of property and equipment during the first nine months of 2025 totaled \$148.5 million (2024 - \$125.3 million). The purchase of property and equipment for the first nine months of 2025 consists of \$30.1 million in upgrade capital and \$123.6 million in maintenance capital.

FINANCING ACTIVITIES

(\$ thousands)	Three months ended September 30			Nine months ended September 30		
	2025	2024	% change	2025	2024	% change
Proceeds from long-term debt	208,024	9,415	nm	256,242	66,129	nm
Repayments of long-term debt	(248,853)	(54,126)	nm	(340,008)	(201,150)	69
Lease obligation principal	(5,501)	(5,459)	1	(13,790)	(10,251)	35
repayments						
Interest paid	(13,922)	(23,429)	(41)	(52,892)	(75,987)	(30)
Issuance of common shares under share option plan	44	30	47	54	226	(76)
Purchase of common shares held in trust	(603)	(544)	11	(1,689)	(1,576)	7
Cash used in financing activities	(60,811)	(74,113)	(18)	(152,083)	(222,609)	(32)
nm - calculation not meaningful						

As at September 30, 2025, the amount of available borrowings under the Credit Facility was \$28.1 million.

On September 29, 2025, the Company amended and restated its existing credit agreement with its syndicate of lenders, which provides a revolving Credit Facility. The amendments include an extension to the maturity date of the now \$950.0 million Credit Facility to September 29, 2028.

Furthermore, on September 29, 2025, the Company repaid the remaining balance of its previously held Term Credit Facility, which had an outstanding balance of \$203.0 million at the time of repayment.

The amended and restated Credit Facility provides the Company with continued access to revolver capacity in a dynamic industry environment.

The Company's amended and restated credit agreement includes a US \$50.0 million secured Letter of Credit

Facility. Furthermore, the Company has an additional US \$25.0 million unsecured Letter of Credit Facility. As at September 30, 2025, the amount available was US \$19.6 million on the Letter of Credit Facilities.

On December 31, 2024, the Company issued a non-brokered private placement of unsecured, subordinated convertible debentures ("Convertible Debentures") for aggregate gross proceeds of \$25.0 million. The Convertible Debentures bear interest from the date of closing at 7.5% per annum, payable semi-annually in arrears, on April 1 and October 1 each year. The Convertible Debentures will mature on January 31, 2029, and have a conversion price of \$3.50 per common share.

If, on and after March 31, 2028, the closing price of the Company's common shares on the Toronto Stock Exchange exceeds 125% of the Conversion Price for at least 30 consecutive trading days, the Convertible Debentures may be redeemed by the Company for cash on a pro rata basis, in whole or in part from time to time, on not more than 90 days and not less than 60 days prior notice, at a redemption price equal to the outstanding principal amount of the Convertible Debentures plus accrued and unpaid interest thereon (if any), up to, but excluding, the date of redemption.

The liability component of the Convertible Debentures was recognized initially at fair value and revalued quarterly using a similar liability that does not have an equity conversion option, which was calculated based on an estimated market interest rate of 7.6%.

There was no material difference between the principal amount of the Convertible Debentures and the fair value of the liability component.

The Convertible Debentures include \$20.8 million issued to management and directors of the Company.

The current capital structure of the Company consisting of the Credit and Term Facility and the Convertible Debentures, 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.

Covenants

The following is a list of the Company's currently applicable covenants pursuant to the Credit Facility and the associated calculations as at September 30, 2025:

	Covenant	September 30, 2025
The Credit Facility		
Consolidated Net Debt to Consolidated EBITDA ¹	≤ 3.50	2.40
Consolidated EBITDA to Consolidated Interest Expense ^{1,2} ≥ 3.00	5.23	
Consolidated Net Senior Debt to Consolidated EBITDA ^{1,3}	≤ 2.50	2.29

¹ Consolidated Net Debt is defined as consolidated total debt, less cash and cash equivalent. 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.

² Consolidated Interest Expense is defined as all interest expense calculated on twelve month rolling consolidated basis.

³ Consolidated Net Senior Debt is defined as Consolidated Total Debt minus subordinated debt, cash and cash equivalent.

As at September 30, 2025, 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 Consolidated Net Debt to Consolidated EBITDA ratio, a Consolidated EBITDA to Consolidated Interest Expense ratio and a Consolidated Net Senior Debt to Consolidated EBITDA ratio.

OUTLOOK

Industry Overview

The outlook for oilfield services continues to be relatively constructive despite a complex backdrop. Global oil demand continues to remain steady in 2025; however, the market is currently well supplied keeping a ceiling on global crude oil prices. OPEC+ has announced further easing of production cuts, adding additional supply to the market. The benchmark price of West Texas Intermediate ("WTI") crude prices averaged \$65/bbl during the third quarter of 2025 but more recently has fallen to the low \$60/bbl. The United States renewed trade policy changes, economic growth concerns, and OPEC+ production changes continue to add uncertainty to the oil and natural gas market and commodity prices.

Oil producers have shown capital discipline keeping drilling programs steady in the Company's United States operating region, while Canadian activity continues to show strength as a result of the completion of the Trans Mountain Pipeline expansion in May of 2024. The recent start of LNG Canada in July 2025, are expected to drive longer-term growth in Canada.

In the present environment, the Company remains committed to disciplined capital allocation, driving free cash flow generation, and debt repayment. The Company has revised its previously announced debt reduction target of \$600,0 million which will now likely be achieved in the first half of 2026. The revision is the result of current industry conditions and reinvesting into the Company through capital expenditure. If industry conditions change, these targets may be increased or decreased.

The Company has budgeted maintenance capital expenditures for 2025 of approximately \$154.0 million and selective upgrade capital of approximately \$35.5 million, of which \$19.0 million is customer funded. The increase in capital expenditures in second half of 2025 in part, due to a recently awarded five year contract for two rigs in the Company's Oman operating region as well as a rig being relocated from Canada to the United States. The Company continues to consider rig relocation or upgrade projects in response to customer demand and under appropriate contract terms, which may impact capital expenditures.

Canadian Activity

Canadian activity, representing 31 percent of total revenue in the first nine months of 2025, increasing in the third quarter of 2025 following the seasonal spring break-up. Canadian activity is expected to remain steady in the fourth quarter of 2025 due to positive market conditions. However, potential future trade tariffs imposed between Canada and the United States, including tariffs on crude oil, may impact Canadian activity over the near term.

As of October 30, 2025, of our 88 marketed Canadian drilling rigs, approximately 56 percent were engaged under term contracts of various durations. Approximately 61 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 represents 51 percent of total Company revenue in the first nine months of 2025. Operating activity improved in the third quarter with rig additions and following the Company moving one rig from Canada down to the United States on a long-term contract in the Rockies region. United States activity is expected to remain steady or modestly improve in the fourth of 2025 due to potential rig additions in the Company's California region.

As of October 30, 2025, of our 71 marketed United States drilling rigs, approximately 54 percent were

engaged under term contracts of various durations. None of our contracted rigs have a remaining term of six months or longer.

International Activity

International activity, representing 18 percent of total revenue in the first nine months of 2025, declined in the third quarter in Latin America and the Middle East, but were offset with additional activity in Australia. International operations are expected to remain steady and improve exiting the year due to a restart of activity in Latin America.

Activity in Oman remained steady in the third quarter with three rigs. In addition, the Company was recently awarded a five-year contract with a major international producer for two rigs. The two rigs are currently in-country and both are expected to begin operations by the first half of 2026. Operations in Bahrain and Kuwait remained steady in the third quarter with one and two rigs, respectively. In the fourth quarter, the Company expects activity in the Middle East to remain steady.

Operations in Australia improved by an additional rig in the third quarter to four active rigs. The Company expects activity to remain flat in the fourth quarter.

Operations in Argentina remained steady at one rig in the third quarter of 2025. Exiting the quarter, activity in Argentina increased by one rig and is expected to remain steady at two rigs in the fourth quarter of 2025. In Venezuela there were no operations in the third quarter of 2025. Currently there is one rig that restarted in Venezuela with the expectation that a second rig will be added in the fourth quarter of 2025.

As of October 30, 2025, of our 27 marketed international drilling rigs, approximately 59 percent were engaged under term contracts of various durations. Approximately 75 percent of our contracted rigs have a remaining term of six months or longer, although they may be subject to early termination.

RISK AND UNCERTAINTIES

The Company is subject to numerous risks and uncertainties. A discussion of certain risks faced by the Company may be found under the "Risk Factors" section of the Company's Annual Information Form ("AIF") and the "Risks and Uncertainties" section of the Company's Management's Discussion & Analysis ("MD&A") for the year ended December 31, 2024, which are available under the Company's SEDAR+ profile at www.sedarplus.com.

The Company's risk factors and management of those risks have not changed substantially from those as disclosed in the AIF. Additional risks and uncertainties not presently known by the Company, or that the Company does not currently anticipate or deem material, may also impair the Company's future business operations or financial condition. If any such potential events described in the Company's AIF or otherwise actually occur, or described events intensify, overall business, operating results and the financial condition of the Company could be materially adversely affected.

CONFERENCE CALL

A conference call will be held to discuss the Company's third quarter 2025 results at 10:00 a.m. MDT (12:00 p.m. EDT) on Friday, November 7, 2025. The conference call number is 1-888-510-2154 and the conference call ID is: 62327. A taped recording of the conference call will be available until November 14, 2025, by dialing 1-888-660-6345 and entering the reservation number 62327#. A live broadcast may be accessed through the Company's website at www.ensignenergy.com/presentations.

[Ensign Energy Services Inc.](http://www.ensignenergy.com) 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	September 30 2025	December 31 2024
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(Unaudited - in thousands of Canadian dollars)

Assets

Current Assets

Cash	\$ 16,733	\$ 28,113
Accounts receivable	295,692	310,453
Inventories, prepaid, investments and other	45,360	50,473
Total current assets	357,785	389,039
Property and equipment	2,175,058	2,305,985
Deferred income taxes	217,817	215,466
Total assets	\$ 2,750,660	\$ 2,910,490

Liabilities

Current Liabilities

Accounts payable and accruals	\$ 298,317	\$ 280,627
Share-based compensation	8,200	8,730
Income taxes payable	2,481	5,811
Current portion of lease obligation	10,531	12,848
Current portion of long-term debt	-	181,929
Total current liabilities	319,529	489,945

Share-based compensation	4,470	7,952
Long-term debt	941,776	869,682
Lease obligations	25,219	11,469
Income tax payable	5,549	5,738
Deferred income taxes	142,795	156,165
Total liabilities	1,439,338	1,540,951

Shareholders' Equity

Shareholders' capital	268,420	267,987
Contributed surplus	22,739	23,354

Accumulated other comprehensive income	304,127	336,187
Retained earnings	716,036	742,011
Total shareholders' equity	1,311,322	1,369,539
Total liabilities and shareholders' equity	\$ 2,750,660	\$ 2,910,490

Ensign Energy Services Inc.
Consolidated Statements of (Loss) Income

	Three months ended	Nine months ended	
	September 30 2025	September 30 2024	September 30 2025
(Unaudited - in thousands of Canadian dollars, except per common share data)			
Revenue	\$ 411,157	\$ 434,617	\$ 1,220,000
Expenses			
Oilfield services	299,394	301,763	896,713
Depreciation	87,356	91,028	252,016
General and administrative	13,167	13,805	41,037
Share-based compensation	2,679	3,475	3,052
Foreign exchange and other	(7,024)	(7,973)	(6,484)
Total expenses	395,572	402,098	1,186,333
Income before interest expense, accretion of deferred financing charges and other gains and income taxes	15,585	32,519	33,749
Loss (gain) on asset sale	2,114	177	8,663
Interest expense	18,371	23,772	57,436
Accretion of deferred financing charges	417	417	1,251
(Loss) income before income taxes	(5,317)	8,153	(33,601)
Income taxes (recovery)			
Current income taxes	454	655	2,511
Deferred income taxes (recovery)	(2,718)	2,142	(10,408)
Total income taxes (recovery)	(2,264)	2,797	(7,897)
Net (loss) income	\$ (3,053)	\$ 5,356	\$ (25,704)
Net (loss) income attributable to:			
Common shareholders	(3,263)	5,268	(25,975)
Non-controlling interests	210	88	271
	(3,053)	5,356	(25,704)
Net (loss) income attributable to common shareholders per common share			
Basic	\$ (0.02)	\$ 0.03	\$ (0.14)
Diluted	\$ (0.02)	\$ 0.03	\$ (0.14)

Ensign Energy Services Inc.
Consolidated Statements of Cash Flows

	Three months ended		Nine months ended	
	September 30 2025	September 30 2024	September 30 2025	September 30 2024
(Unaudited - in thousands of Canadian dollars)				
Cash provided by (used in)				
Operating activities				
Net (loss) income	\$ (3,053)	\$ 5,356	\$ (25,704)	\$ (274)
Items not affecting cash				
Depreciation	87,356	91,028	252,016	261,793
Loss (gain) on asset sale	2,114	177	8,663	(6,231)
Share-based compensation, net cash settlements	2,137	3,834	(3,051)	(1,439)
Unrealized foreign exchange and other	(16,403)	(9,812)	(22,924)	(5,317)
Accretion of deferred financing charges	417	417	1,251	1,251
Interest expense	18,371	23,772	57,436	75,790
Deferred income taxes (recovery)	(2,718)	2,142	(10,408)	(1,971)
Funds flow from operations	88,221	116,914	257,279	323,602
Net change in non-cash working capital	12,384	(13,713)	4,966	(121)
Cash provided by operating activities	100,605	103,201	262,245	323,481
Investing activities				
Purchase of property and equipment	(64,415)	(37,378)	(153,690)	(140,573)
Proceeds from disposals of property and equipment	1,966	3,844	5,228	15,231
Distribution to non-controlling interest	(750)	(500)	(750)	(500)
Net change in non-cash working capital	25,124	4,300	28,351	28,625
Cash used in investing activities	(38,075)	(29,734)	(120,861)	(97,217)
Financing activities				
Proceeds from long-term debt	208,024	9,415	256,242	66,129
Repayments of long-term debt	(248,853)	(54,126)	(340,008)	(201,150)
Lease obligation principal repayments	(5,501)	(5,459)	(13,790)	(10,251)
Interest paid	(13,922)	(23,429)	(52,892)	(75,987)
Issuance of common shares under share option plan 44	30	54	226	
Purchase of common shares held in trust	(603)	(544)	(1,689)	(1,576)
Cash used in financing activities				

(60,811)

(74,113)

(152,083)

(222,609)

Net increase (decrease) in cash	1,719	(646)	(10,699)	3,655
Effects of foreign exchange on cash	40	(63)	(681)	361
Cash - beginning of period	14,974	25,226	28,113	20,501
Cash - end of period	\$ 16,733	\$ 24,517	\$ 16,733	\$ 24,517

Ensign Energy Services Inc.

Non-GAAP Measures

Adjusted EBITDA, Adjusted EBITDA per common share, working capital and Consolidated EBITDA. These non-GAAP 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.

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 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 and fair value adjustments on financial assets and liabilities, as the Company does not deem these to relate to its core drilling and well services business. Adjusted EBITDA is not intended to represent income (loss) as calculated in accordance with IFRS.

ADJUSTED EBITDA (\$ thousands)	Three months ended September 30		Nine months ended September 30	
	2025	2024	2025	2024
(Loss) income before income taxes	(5,317)	8,153	(33,601)	(108)
Add-back/(deduct):				
Interest expense	18,371	23,772	57,436	75,790
Accretion of deferred financing charges	417	417	1,251	1,251
Depreciation	87,356	91,028	252,016	261,793
Share-based compensation	2,679	3,475	3,052	7,541
Loss (gain) on asset sale	2,114	177	8,663	(6,231)
Foreign exchange and other	(7,024)	(7,973)	(6,484)	(3,309)
Adjusted EBITDA	98,596	119,049	282,333	336,727
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. Consolidated EBITDA is calculated on a rolling twelve-month basis.

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 herein 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", "contemplates" 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 herein 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 "Financial Instruments" section regarding Venezuela and information provided in the "Outlook" section regarding the general outlook for 2025 and beyond, are examples of forward-looking statements.

Forward-looking 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 commodity prices which may pressure customers to modify their capital programs; the status of current negotiations with the Company's customers and vendors; customer focus on safety performance; royalty regimes and effects of regulation by government agencies; existing term contracts that may not be renewed or are terminated prematurely; the Company's ability to provide services on a timely basis and successfully bid on new contracts; successful integration of acquisitions; future operating costs; the general stability of the economic and political environments in the jurisdictions where we operate; tariffs, economic sanctions, inflation, interest rate and exchange rate expectations; pandemics; and impacts of geopolitical events such as the hostilities in the Middle East and between Ukraine and the Russian Federation, and the global community responses thereto; that the Company will have sufficient cash flow, debt or equity sources or other financial resources required to fund its capital and operating expenditures and requirements as needed; that the Company's conduct and results of operations will be consistent with its expectations; and other matters.

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 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 commodity prices; foreign exchange exposure; fluctuations in currency and interest rates; inflation; 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; risks associated with long-term contracts; force majeure events; artificial intelligence development and implementation; cyber-attacks; determinations the by Organization of Petroleum Exporting Countries ("OPEC") and other countries (OPEC and various other countries are referred to as "OPEC+") regarding production levels; loss of key customers; litigation risks, including the Company's defence of lawsuits; risks associated with contingent liabilities and potential unknown liabilities; availability and cost of labour and other equipment, supplies and services; business interruption and casualty losses; 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; availability of sufficient cash flow to service and repay its debts; impairment of capital assets; the Company's ability to amend or comply with covenants under the credit facility and other debt instruments; actions by governmental authorities; impact of and changes to laws and regulations impacting the Company and the Company's customers, 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); safety performance; environmental contamination; shifting interest to alternative energy sources; environmental activism; the adequacy of the Company's provision for taxes; tax challenges; the impact of, and the Company's response to future pandemics; workforce and reliance on key management; technology; cybersecurity risks; seasonality and weather risks; risks associated with acquisitions and ability to successfully integrate acquisitions; risks associated with internal controls over financial reporting; the impact of the ongoing hostilities in the Middle East and between Ukraine and the Russian Federation and the global community responses thereto; the economic and tariff policies pursued by the United States administration, including the impact of recent United States Government pronouncements regarding imposition of global tariffs and potential curtailment of our customer's license to operate in Venezuela, which have recently

reactivated our operations in the area, along with any retaliatory policies by other governments and other risks and uncertainties affecting the Company's business, revenues and expenses.

In addition, 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 tariffs, economic sanctions, 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, pandemics, pandemic mitigation strategies and the impact thereof upon the Company, its customers and its business, ongoing hostilities in the Middle East and between Ukraine and the Russian Federation, including recent developments in discussions regarding cessation of hostilities in Ukraine and pursuit of a resolution of the dispute, related potential future impact on the supply of oil and natural gas to Europe by Russia and the impact of global community responses to the ongoing conflicts, including the impact of shipping through the Red Sea and governmental energy policies, laws, rules or regulations that limit, restrict or impede exploration, development, production, transportation or consumption of hydrocarbons and/or incentivize development, production, transportation or consumption of alternative fuel or energy sources.

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. Unpredictable or unknown factors not discussed herein could also have material adverse effects on forward-looking statements.

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Readers are cautioned that the lists of important factors contained herein are not exhaustive. For additional information on these and other factors that could affect the Company's business, operations or financial condition, refer to the "Risk Factors" section of the Company's Annual Information Form for the year ended December 31, 2024 available on SEDAR+ at www.sedarplus.ca

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The forward-looking statements contained herein 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.

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