Total Energy Services Inc. Announces Q1 2026 Results

12.05.2026 | GlobeNewswire

CALGARY, May 12, 2026 - Total Energy Services Inc. ("Total Energy" or the "Company") (TSX:TOT) announces its consolidated financial results for the three months ended March 31, 2026.

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

	Three months ended March 31		
	2026	2025	Change
Revenue	$ 314,896	$ 251,909	25 %
Operating income	27,129	26,063	4 %
EBITDA[1]	55,158	50,488	9 %
Cashflow	54,290	44,934	21 %
Net income	24,222	18,952	28 %
Attributable to shareholders	24,137	18,966	27 %
Per Share Data (Diluted)			
EBITDA[1]	$ 1.49	$ 1.31	14 %
Cashflow	$ 1.46	$ 1.16	26 %
Attributable to shareholders:			
Net income	$ 0.65	$ 0.49	33 %
Common shares (000's)[4]			
Basic	36,459	38,041	(4 %)
Diluted	37,118	38,685	(4 %)
	March 31	December 31	
Financial Position at	2026	2025	Change
Total Assets	$ 1,069,786	$ 1,000,102	7 %
Long-Term Debt and Lease Liabilities (excluding current portion)	64,507	75,236	(14 %)
Working Capital[2]	113,404	108,023	5 %
Net Debt[1]	-	-	-
Shareholders' Equity	623,554	601,311	4 %

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

Total Energy's results for the three months ended March 31, 2026 reflect continued strong North American demand for natural gas compression and process equipment and the deployment of upgraded drilling and service rigs in Australia and Canada that more than offset a year over year decline in North American drilling and completion activity. Negatively impacting first quarter financial results was a $6.5 million year over year increase in share-based compensation expense due to the 52% increase in the Company's share price during the first quarter of 2026. This was partially offset by a $2.9 million year over year increase on the gain on sale of property, plant and equipment following the sale of certain well servicing equipment in the United States in February 2026.

Contract Drilling Services ("CDS")

	Three months ended March 31		
	2026	2025	Change
Revenue	$ 97,178	$ 91,087	7 %
EBITDA[1]	$ 24,020	$ 25,228	(5 %)
EBITDA[1] as a % of revenue	25 %	28 %	(11 %)
Operating days[2]	2,615	2,723	(4 %)
Canada	1,545	1,889	(18 %)
United States	115	144	(20 %)
Australia	955	690	38 %
Revenue per operating day[2], dollars	$ 37,162	$ 33,451	11 %
Canada	28,386	27,245	4 %
United States	26,913	30,507	(12 %)
Australia	52,594	50,659	4 %
Utilization	31 %	29 %	7 %
Canada	27 %	28 %	(4 %)
United States	11 %	13 %	(15 %)
Australia	62 %	45 %	38 %
Rigs, average for period	93	103	(10 %)
Canada	64	74	(14 %)
United States	12	12	-
Australia	17	17	-

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

First quarter CDS segment activity in 2026 was modestly lower than the first quarter of 2025. Reactivation of upgraded equipment at higher day rates in Australia and higher day rates received for upgraded Canadian equipment contributed to increased first quarter segment revenue. However, a year over year decline in North American first quarter drilling activity more than offset a significant increase in Australian rig utilization and resulted in lower first quarter segment EBITDA relative to 2025.

Rentals and Transportation Services ("RTS")

	Three months ended March 31		
	2026	2025	Change
Revenue	$ 19,467	$ 23,024	(15 %)
EBITDA[1]	$ 6,494	$ 8,426	(23 %)
EBITDA[1] as a % of revenue	33 %	37 %	(11 %)
Revenue per utilized piece of equipment, dollars	$ 14,165	$ 15,503	(9 %)
Pieces of rental equipment	8,023	7,813	3 %
Canada	6,839	6,879	(1 %)
United States	1,184	934	27 %
Rental equipment utilization	17 %	19 %	(11 %)
Canada	14 %	16 %	(13 %)
United States	37 %	41 %	(10 %)
Heavy trucks	57	68	(16 %)
Canada	37	47	(21 %)
United States	20	21	(5 %)

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

RTS segment revenue decreased in the first quarter of 2026 compared to 2025 due to lower North American drilling and completion activity and decreased revenue per utilized piece resulting from a change in the mix of equipment operating. The acquisition of 280 major rental pieces located in Oklahoma on June 10, 2025 mitigated the year over year decline in industry activity levels in the United States. First quarter segment EBITDA decreased compared to 2025 given this segment's relatively high fixed cost structure and competitive market conditions that did not allow for price increases necessary to offset cost inflation.

Compression and Process Services ("CPS")

	Three months ended March 31		
	2026	2025	Change
Revenue	$ 164,639	$ 106,216	55 %
EBITDA[1]	$ 21,807	$ 15,740	39 %
EBITDA[1]as a % of revenue	13 %	15 %	(13 %)
Horsepower of equipment on rent at period end	31,970	43,558	(27 %)
Canada	17,320	14,468	20 %
United States	14,650	29,090	(50 %)
Rental equipment utilization during the period (HP)[2]	70 %	67 %	4 %
Canada	69 %	62 %	11 %
United States	71 %	74 %	(4 %)
Sales backlog at period end, $ million	$ 446.9	$ 265.4	68 %

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

2026 first quarter CPS segment revenue was higher compared to 2025 due to increased North American fabrication sales and parts and service activity that was partially offset by lower compression rental fleet revenue in the United States following the sale of several active compression rental units in 2025. The year over year increase in first quarter segment EBITDA was due to increased fabrication and parts and service activity and improved fabrication margins although the decline in higher margin rental revenues resulted in a lower segment EBITDA margin compared to 2025. The quarter end fabrication sales backlog increased to $446.9 million compared to the $265.4 million backlog at March 31, 2025. Sequentially the quarter-end fabrication sales backlog increased by $0.2 million compared to the $446.7 million backlog at December 31, 2025.

Well Servicing ("WS")

	Three months ended March 31		
	2026	2025	Change
Revenue	$ 33,612	$ 31,582	6 %
EBITDA[1]	$ 11,135	$ 5,306	110 %
EBITDA[1] as a % of revenue	33 %	17 %	94 %
Service hours[2]	30,342	29,068	4 %
Canada	16,281	15,056	8 %
United States	108	2,229	(95 %)
Australia	13,953	11,783	18 %
Revenue per service hour[2], dollars	$ 1,108	$ 1,086	2 %
Canada	947	964	(2 %)
United States	898	919	(2 %)
Australia	1,297	1,275	2 %
Utilization[3]	40 %	31 %	29 %
Canada	37 %	30 %	23 %
United States	3 %	21 %	(86 %)
Australia	54 %	45 %	20 %

Rigs, average for period	61	79	(23 %)
Canada	49	55	(11 %)
United States	-	12	(100 %)
Australia	12	12	-

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

First quarter Well Servicing segment revenue increased in 2026 as compared to 2025 due to increased activity in Australia and Canada following the upgrade and reactivation of several service rigs over the past year. Increased revenue from Australian and Canadian operations was partially offset by lower WS segment revenue in the United States following the discontinuance of U.S. operations in January 2026. Segment EBITDA for the first quarter of 2026 was higher compared to 2025 due to the deployment of upgraded rigs in Australia and Canada and the cessation of operating losses in the United States.

Corporate

During the first quarter of 2026, Total Energy began to execute on its $87.4 million 2026 capital expenditure program with $20.7 million of capital expenditures that were primarily directed towards the upgrade of drilling and service rigs in Australia and Canada and the expansion of CPS segment fabrication capacity in the United States. Included in 2026 first quarter capital expenditures was approximately $8.5 million of the $24.5 million of capital commitments carried forward from 2025.

Total Energy exited the first quarter of 2026 with $113.4 million of positive working capital, including $91.4 million of cash. At March 31, 2026 there was $130.0 million of available credit under the Company's $175.0 million of revolving bank credit facilities and the interest rate on the Company's outstanding bank debt was 4.07%.

$6.5 million was returned to shareholders during the first quarter of 2026 by way of dividends and share repurchases. Bank debt was also reduced by $10.0 million during the quarter. Cash on hand exceeded bank debt by $46.4 million at March 31, 2026.

Outlook

Global economic and political uncertainty, commodity price volatility and producer capital discipline continued to weigh on North American drilling and completion activity during the first quarter of 2026. Offsetting this uncertainty were stable Australian industry conditions and continued strong North American demand for compression and process equipment. The CPS segment's record $446.9 million fabrication sales backlog at March 31, 2026 provides visibility for the CPS segment's fabrication business well into 2027 and current quoting activity remains strong. In January 2026 the Company ceased well servicing operations in the United States and substantially all of the operating equipment was sold in February. An agreement to sell the associated real estate has been entered into, with closing expected to occur by June 30, 2026.

The escalation of hostilities in the Middle East in February 2026 resulted in a substantial increase in global oil and LNG prices following supply disruptions. While capital discipline arising from a commitment to improving shareholder returns continued to restrain North American drilling and completion activity during the first quarter of 2026, should higher commodity prices persist, they are expected to provide a tailwind for increased North American industry activity. Relatively high natural gas prices in Australia continue to support stable industry conditions.

In early May, an upgraded service rig was reactivated in Australia, bringing the Company's current Australian active rig count to 13 drilling rigs and eight service rigs. An active Australian drilling rig will be taken out of service during the third quarter for approximately two months to complete certain upgrades, following which it will commence operations under a new long term contract. A new Australian service rig is currently under construction and is scheduled to commence operations in the first quarter of 2027. In Canada, the upgrade of a second idle mechanical double drilling rig into a state of the art AC electric triple pad rig is underway and is expected to be completed by the first quarter of 2027. Demand for this style of drilling rig remains very strong and, similar to the first upgrade completed in November 2025, the Company will look to contract this rig closer to the completion date. Total Energy continues to evaluate several acquisition and equipment upgrade opportunities in North America and Australia and will pursue those which meet its investment criteria.

Conference Call

At 9:00 a.m. (Mountain Time) on May 13, 2026 Total Energy will conduct a conference call and webcast to discuss its first quarter financial results. Daniel Halyk, President & Chief Executive Officer, will host the conference call. A live webcast of the conference call will be accessible on Total Energy's website at www.totalenergy.ca by selecting "Webcasts". Persons wishing to participate in the conference call may do so by calling (800) 715-9871 or (647) 932-3411. Those who are unable to listen to the call live may listen to a recording of it on Total Energy's website. A recording of the conference call will also be available until June 12, 2026 by dialing (800) 770-2030 (passcode 1002576).

Selected Financial Information

Selected financial information relating to the three months ended March 31, 2026 and 2025 is included in this news release. This information should be read in conjunction with the condensed interim consolidated financial statements of Total Energy and the notes thereto as well as management's discussion and analysis to be issued in due course and the Company's 2025 Annual Report.

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

	March 31 2026 (unaudited)	December 31 2025 (audited)
Assets		
Current assets:		
Cash and cash equivalents	$ 91,373	$ 59,637
Accounts receivable	178,473	165,991
Inventory	143,207	127,022
Prepaid expenses and deposits	22,555	18,268
	435,608	370,918
Property, plant and equipment	630,125	625,131
Goodwill	4,053	4,053
	$ 1,069,786	$ 1,000,102
Liabilities & Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ 188,048	$ 152,214
Deferred revenue	107,736	89,826
Contingent consideration on business acquisition	2,744	2,796
Income taxes payable	12,590	7,518
Dividends payable	4,405	3,635
Current portion of lease liabilities	6,681	6,906
	322,204	262,895
Long-term debt	45,000	55,000
Lease liabilities	19,507	20,236
Deferred income tax liability	59,521	60,660

Shareholders' equity:		
Share capital	231,558	228,041
Contributed surplus	3,749	5,841
Accumulated other comprehensive loss	(8,448)	(16,523)
Non-controlling interest	462	377
Retained earnings	396,233	383,575
	623,554	601,311
	$ 1,069,786	$ 1,000,102

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

	Three months ended March 31	
	2026	2025
Revenue	$ 314,896	$ 251,909
Cost of services	244,855	189,128
Selling, general and administration	13,434	13,968
Other income	(834)	(308)
Share-based compensation	6,614	108
Depreciation	23,698	22,950
Operating income	27,129	26,063
Gain on sale of property, plant and equipment	4,331	1,475
Finance costs, net	(786)	(1,468)
Net income before income taxes	30,674	26,070
Current income tax expense	8,001	4,614
Deferred income tax expense (recovery)	(1,549)	2,504
Total income tax expense	6,452	7,118
Net income	$ 24,222	$ 18,952
Net income (loss) attributable to:		
Shareholders of the Company	$ 24,137	$ 18,966
Non-controlling interest	85	(14)
Income per share		
Basic	$ 0.66	$ 0.50
Diluted	$ 0.65	$ 0.49

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

	Three months ended March 31	
	2026	2025
Net income	$ 24,222	$ 18,952
Foreign currency translation	8,075	1,786
Total other comprehensive income for the period	8,075	1,786
Total comprehensive income	$ 32,297	$ 20,738
Total comprehensive income (loss) attributable to:		
Shareholders of the Company	$ 32,212	$ 20,752

Non-controlling interest	85	(14)

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

	Three months ended March 31	
	2026	2025
Cash provided by (used in):		
Operations:		
Net income for the period	$ 24,222	$ 18,952
Add (deduct) items not affecting cash:		
Depreciation	23,698	22,950
Share-based compensation	6,614	108
Gain on sale of property, plant and equipment	(4,331)	(1,475)
Finance costs, net	786	1,468
Foreign currency translation	219	1,353
Current income tax expense	8,001	4,614
Deferred income tax expense (recovery)	(1,549)	2,504
Income taxes paid	(3,370)	(5,540)
Cashflow	54,290	44,934
Changes in non-cash working capital items:		
Accounts receivable	(12,483)	(15,228)
Inventory	(16,185)	(6,177)
Prepaid expenses and deposits	(4,287)	(1,614)
Accounts payable and accrued liabilities	23,406	22,168
Deferred revenue	17,910	13,467
Cash provided by operating activities	62,651	57,550
Investing:		
Purchase of property, plant and equipment	(20,744)	(34,457)
Proceeds on disposal of property, plant and equipment	5,713	2,492
Changes in non-cash working capital items	3,231	10,314
Cash used in investing activities	(11,800)	(21,651)
Financing:		
Repayment of long-term debt	(10,000)	(528)
Repayment of lease liabilities	(1,857)	(1,902)
Dividends to shareholders	(3,635)	(3,429)
Repurchase of common shares	(2,883)	(2,019)
Shares issued on exercise of stock options	87	-
Interest paid	(827)	(1,359)
Cash used in financing activities	(19,115)	(9,237)
Change in cash and cash equivalents	31,736	26,662
Cash and cash equivalents, beginning of period	59,637	38,419
Cash and cash equivalents, end of period	$ 91,373	$ 65,081

Segmented Information

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

As at and for the three months ended March 31, 2026 (unaudited, in thousands of Canadian dollars)

As at and for the three months ended March 31, 2026	Contract Drilling Services	Rentals and Transportation Services	Compression and Process Services	Well Servicing	Corporate [1]	Total
Revenue	$ 97,178	$ 19,467	$ 164,639	$ 33,612	$ -	$ 314
Cost of services	70,617	11,255	138,228	24,755	-	244
Selling, general and administration	2,680	1,851	4,618	1,767	2,518	13,4
Other income	-	-	-	-	(834)	(834
Share-based compensation	-	-	-	-	6,614	6,61
Depreciation	12,861	5,299	2,827	2,553	158	23,6
Operating income (loss)	11,020	1,062	18,966	4,537	(8,456)	27,1
Gain on sale of property, plant and equipment	139	133	14	4,045	-	4,33
Finance costs, net	31	(48)	(104)	(9)	(656)	(786
Net income (loss) before income taxes	11,190	1,147	18,876	8,573	(9,112)	30,6
Goodwill	-	2,514	1,539	-	-	4,05
Total assets	448,109	159,243	334,353	121,736	6,345	1,06
Total liabilities	63,747	37,119	208,667	6,148	130,551	446
Capital expenditures	9,421	2,109	4,531	4,335	348	20,7

	Canada	United States	Australia	International	Total
Revenue	$ 146,305	$ 100,173	$ 68,418	$ -	$ 314,896
Non-current assets[2]	364,540	110,577	159,061	-	634,178

As at and for the three months ended March 31, 2025 (unaudited, in thousands of Canadian dollars)

As at and for the three months ended March 31, 2025	Contract Drilling Services	Rentals and Transportation Services	Compression and Process Services	Well Servicing	Corporate [1]	Total
Revenue	$ 91,087	$ 23,024	$ 106,216	$ 31,582	$ -	$ 251,9
Cost of services	63,943	12,340	87,185	25,660	-	189,1
Selling, general and administration	2,661	2,281	3,595	1,019	4,412	13,96
Other income	-	-	-	-	(308)	(308
Share-based compensation	-	-	-	-	108	108
Depreciation	12,349	5,060	2,935	2,334	272	22,95
Operating income (loss)	12,134	3,343	12,501	2,569	(4,484)	26,06
Gain on sale of property, plant and equipment	745	23	304	403	-	1,475
Finance costs, net	7	(41)	(91)	(15)	(1,328)	(1,46
Net income (loss) before income taxes	12,886	3,325	12,714	2,957	(5,812)	26,07
Goodwill	-	2,514	1,539	-	-	4,053
Total assets	449,682	167,067	291,774	85,352	5,696	999,5
Total liabilities	94,518	33,251	134,643	9,183	141,720	413,3

Capital expenditures	23,625	1,181	935	8,687	29	34,45

	Canada	United States	Australia	International	Total
Revenue	$ 119,347	$ 78,815	$ 50,074	$ 3,673	$ 251,909
Non-current assets[2]	373,223	133,742	132,259	-	639,224

[1] *Corporate includes the Company's corporate activities and obligations pursuant to long-term credit facilities.*
[2] *Includes property, plant and equipment, lease asset (excluding current portion) and goodwill.*

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

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

Notes to the Financial Highlights

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

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

(3) Net Debt equals long-term debt plus lease liabilities plus current liabilities minus current assets. Management believes this measure provides a useful indication of the Company's liquidity.

(4) Basic and diluted shares outstanding reflect the weighted average number of common shares outstanding for the periods. See note 5 to the Company's Q1 2026 Condensed Interim Consolidated Financial Statements.

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

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

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