



# Patterson-UTI Energy, Inc.

J.P. Morgan

2022 Energy, Power & Renewables Conference

June 23, 2022



# Forward Looking Statements

This material and any oral statements made in connection with this material include "forward-looking statements" within the meaning of the Securities Act of 1933 and the Securities Exchange Act of 1934. Statements made which provide the Company's or management's intentions, beliefs, expectations or predictions for the future are forward-looking statements and are inherently uncertain. The opinions, forecasts, projections or other statements other than statements of historical fact, including, without limitation, plans and objectives of management of the Company are forward-looking statements. It is important to note that actual results could differ materially from those discussed in such forward-looking statements. Important factors that could cause actual results to differ materially include the risk factors and other cautionary statements contained from time to time in the Company's SEC filings, which may be obtained by contacting the Company or the SEC. These filings are also available through the Company's web site at <http://www.patenergy.com> or through the SEC's Electronic Data Gathering and Analysis Retrieval System (EDGAR) at <http://www.sec.gov>. We undertake no obligation to publicly update or revise any forward-looking statement. Statements made in this presentation include non-U.S. GAAP financial measures. The required reconciliations to U.S. GAAP financial measures are included on our website and/or at the end of this presentation.

# Market Update



**Strong fundamentals** in U.S. drilling and completions markets with tight capacity for premium equipment



**Drilling rig dayrates have never moved up as fast** as over the past six-to-nine months



Leading edge dayrates for Tier-1 rigs including ancillary technologies and equipment are now **over \$30,000**










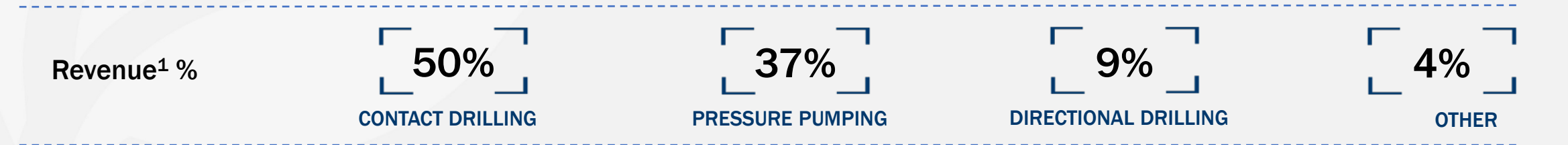
In April, we increased our expectation for 2022 total consolidated adjusted EBITDA to **exceed \$500 million**

**2023**

We are already in contract negotiations for drilling rigs and hydraulic fracturing **services for 2023**

# Patterson-UTI Segments

 <p><b>DRILLING</b></p> <p>Onshore contract drilling in U.S. and Colombia, primarily focused on Tier-1, Super-Spec rigs and rigs capable of using alternative fuel sources such as natural gas, hi-line electrical power, and lithium batteries</p>	 <p><b>PUMPING</b></p> <p>Full-service pressure pumping focused on engineered solutions and dual-fuel capable spreads with a strong reputation for regional knowledge and efficient operations</p>	 <p><b>DIRECTIONAL</b></p> <p>Comprehensive suite of directional drilling services with a strong reputation for the reliability and durability of downhole performance motors, MWD and remote operations</p>	 <p><b>DATA ANALYTICS</b></p> <p>Space flight navigation algorithms to improve the accuracy of horizontal wellbore placement and quality</p>	 <p><b>POWER</b></p> <p>Electrical engineering, equipment, automation software, energy storage and field support to the energy, marine and heavy-equipment industries</p>	 <p><b>RENTALS</b></p> <p>Large selection of equipment and field support used in drilling, completions and production</p>	 <p><b>RELIABILITY</b></p> <p>API-certified drilling equipment recertifications and upgrades for improved rig performance</p>
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<sup>1</sup> Patterson-UTI reported revenue for the three months ended March 31, 2022.

# Leading Provider of Critical Path Services

~50% of E&P total well spend includes services provided by Patterson-UTI

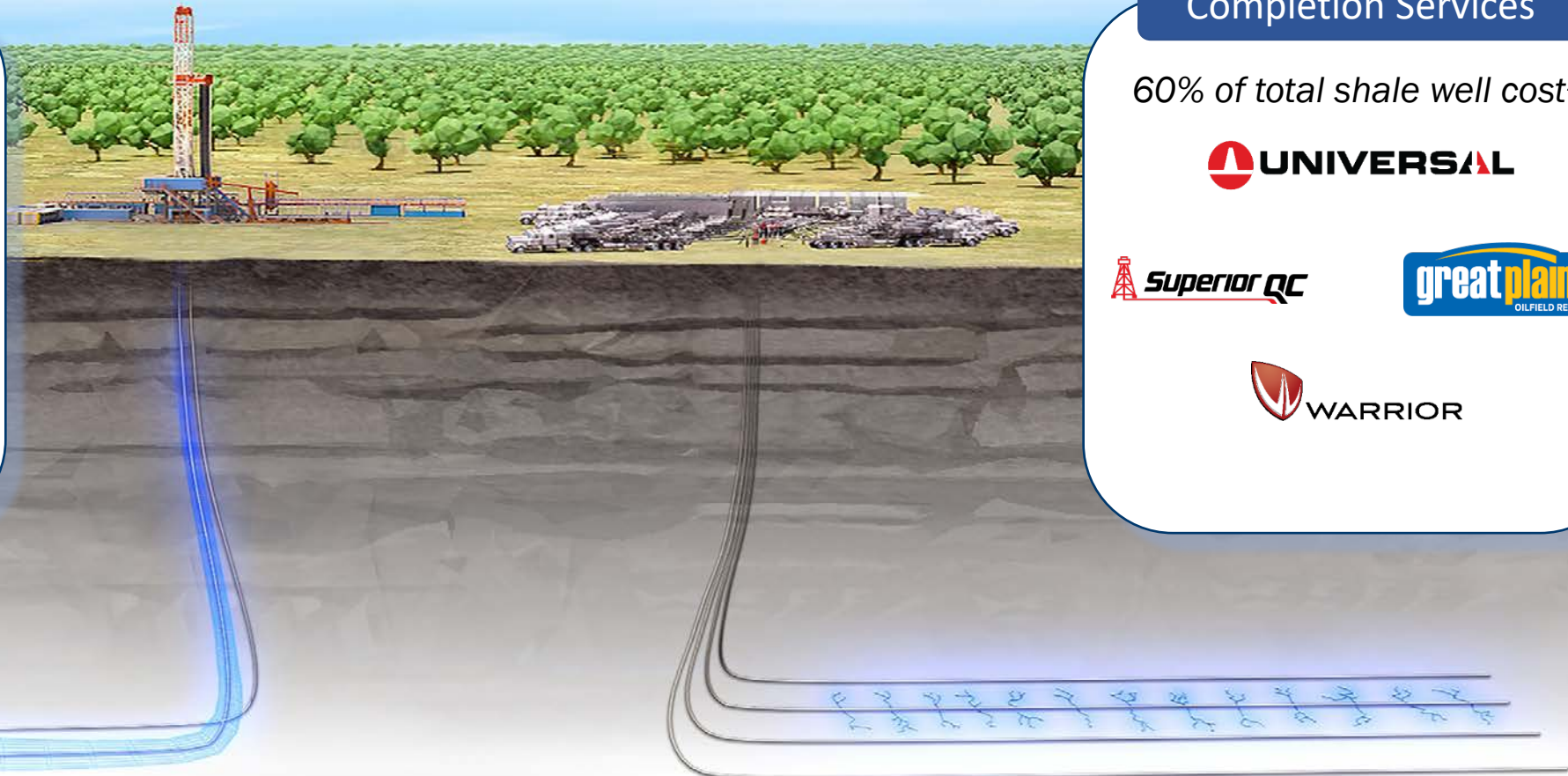
## Drilling Services

35% of total shale well cost<sup>1</sup>



## Completion Services

60% of total shale well cost<sup>1</sup>



1. Estimated well cost data provided by Rystad Energy

# Patterson-UTI Segment Synergies



Breadth of our service offerings provides us with

Deeper customer relationships

Greater market intelligence

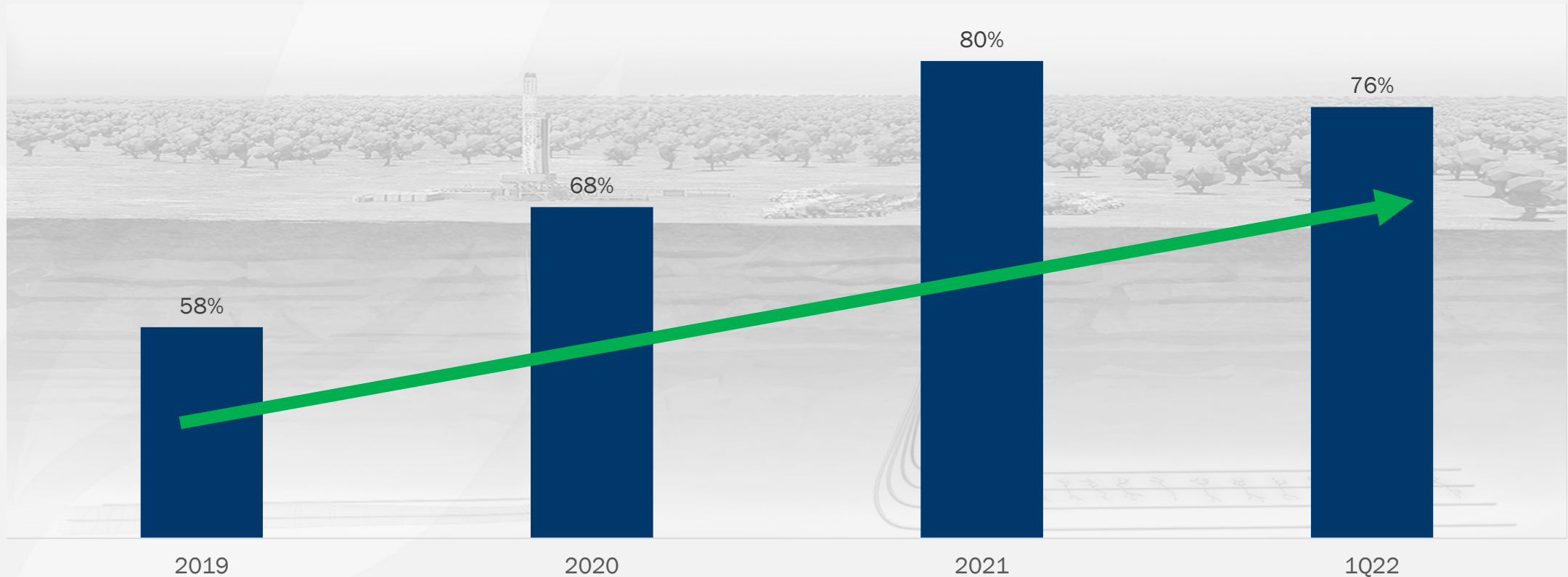
Technical collaborations across businesses

Shared infrastructure for data analytics

# Patterson-UTI Marketing Synergies

*Increasing Customer Alignment Between Contract Drilling and Pressure Pumping*

Percentage of Pressure Pumping Revenues from Contract Drilling Customers



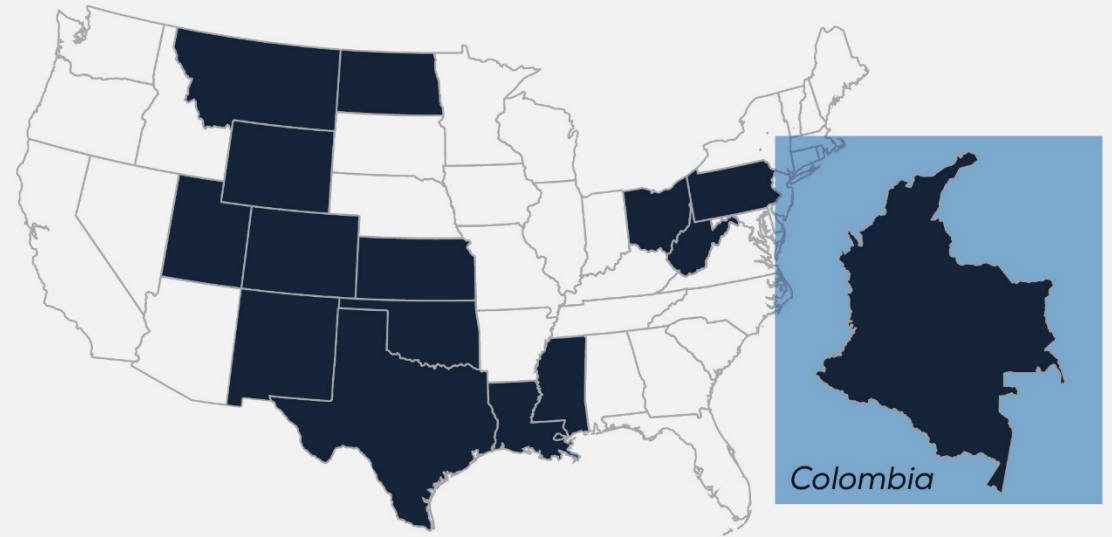
# Contract Drilling



# Patterson-UTI Drilling

## OUR HISTORY

## WHERE WE ARE NOW



1978

Patterson Drilling formed

2001

Patterson Energy and UTI Energy merge

2006

First Walking Rig

2015

PTEN acquires Warrior Rig Technologies

2017

PTEN acquires Seventy Seven Energy

2018

PTEN acquires Current Power

2019

First EcoCell™ unit deployed

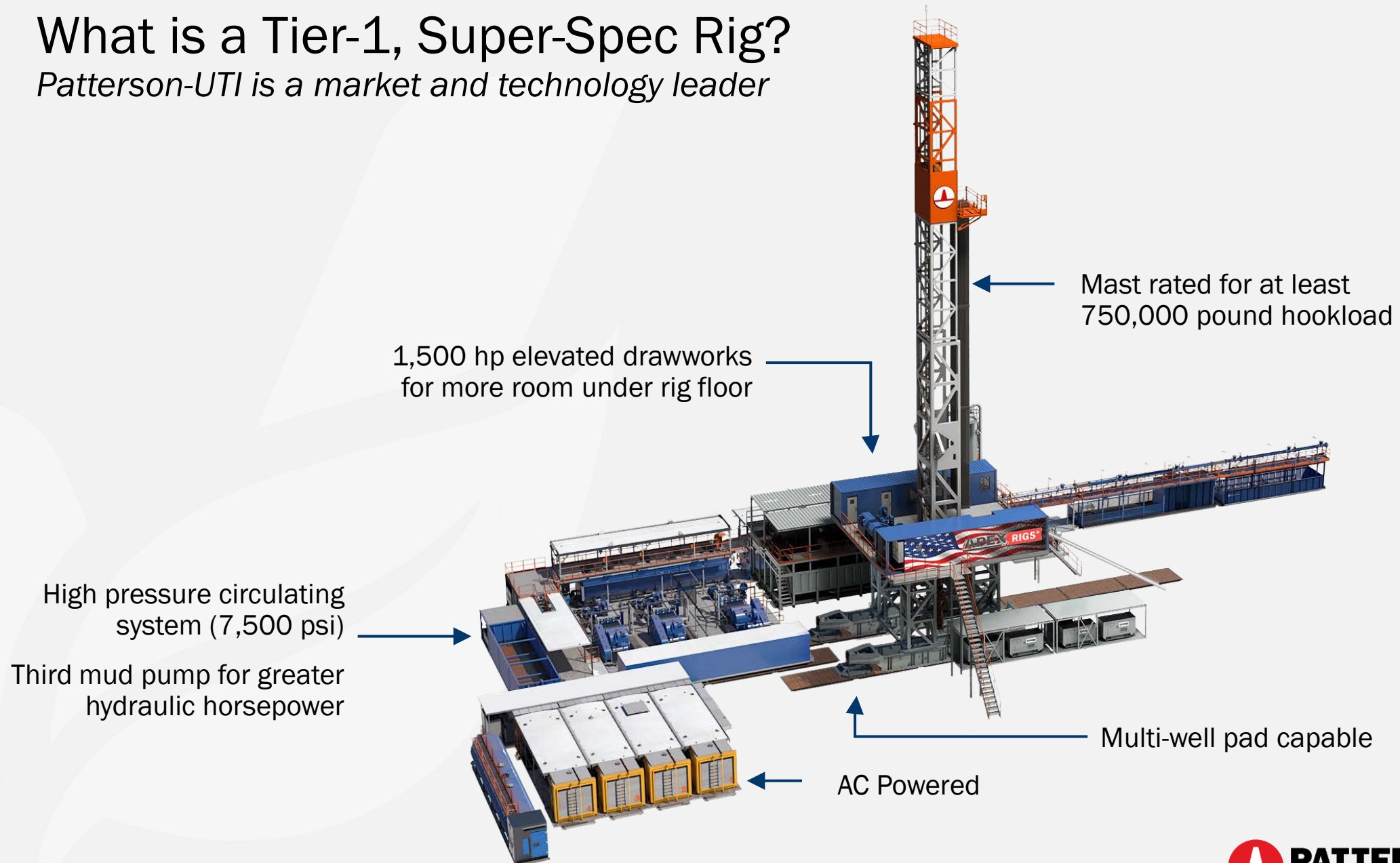
2021

PTEN acquires Pioneer Energy Services

TODAY

# What is a Tier-1, Super-Spec Rig?

*Patterson-UTL is a market and technology leader*



A super-spec rig is defined as at least a 1,500 horsepower, AC-powered rig that has at least a 750,000-pound hookload, a 7,500-psi circulating system, and is pad-capable. A Tier-1, super-spec rig is defined as a super-spec rig that also has a third mud pump and raised drawworks that allow for more clearance underneath the rig floor.

# Patterson-UTI Drilling

*The market is tight!*

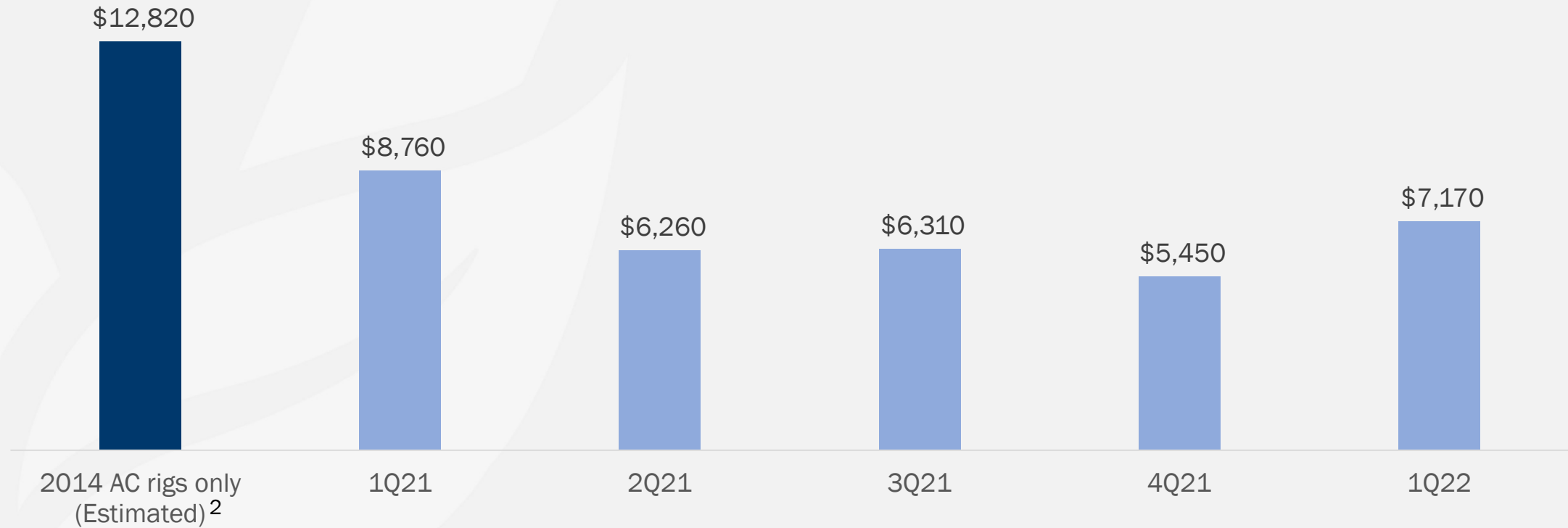
	Total U.S. Rig Fleet	Active U.S. Rigs <sup>1</sup>	Utilization
Tier-1, Super-Spec	115	109	95%
Super-Spec	56	9	16%
<i>Total Super-Spec</i>	<i>171</i>	<i>118</i>	<i>69%</i>
AC-Powered APEX® Rigs	13	6	46%
<i>Total U.S. Land Rig Fleet</i>	<i>184</i>	<i>124</i>	<i>67%</i>

- Industry utilization of Tier-1, Super-Spec rigs is very tight
- We have 100% utilization of our Tier-1, Super-Spec rigs in the Permian basin
- Patterson-UTI is a leader in super-spec rigs available for reactivation

# U.S. Drilling Margins per Operating Day

*Upside remains to prior peak margins*

U.S. Drilling Average Adjusted Gross Margin per Operating Day<sup>1</sup>



1. Adjusted gross margin is defined as revenues less direct operating costs and excludes, other operating expenses, net, selling, general and administrative expenses and depreciation, amortization and impairment. Average adjusted gross margin per operating day is defined as adjusted gross margin divided by operating days.
2. 2014 estimated average adjusted gross margin per operating day includes only AC-powered rigs for purposes of comparability with our current rig fleet. Estimates calculated as total revenue from AC-powered rigs less direct costs for AC-powered rigs less support cost allocation, divided by total operating days for AC-powered rigs.

# Pressure Pumping

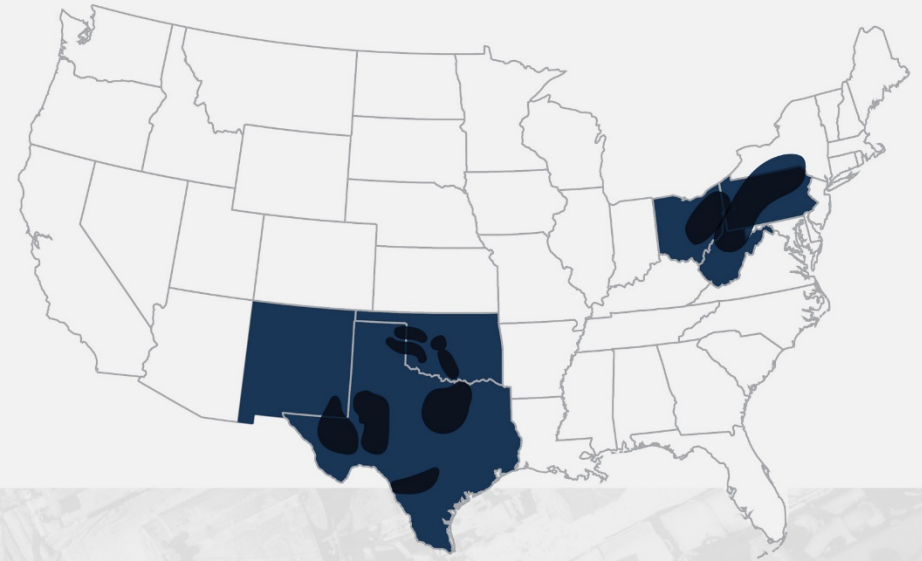


# Universal Pressure Pumping



## OUR HISTORY

## WHERE WE ARE NOW



1980

First frac job

2004

Industry first vertical Marcellus slick water frac

2006

Industry first horizontal Marcellus slick water frac

2010

PTEN acquires Key Energy Services' pressure pumping assets

2014

Acquisitions of Torqued Up and Platinum Energy Services

2017

Acquisition of Seventy Seven Energy

2019

Completed longest lateral in Permian Basin

2020

Celebrating 40 Years

→ TODAY

# Full-Service Pumping



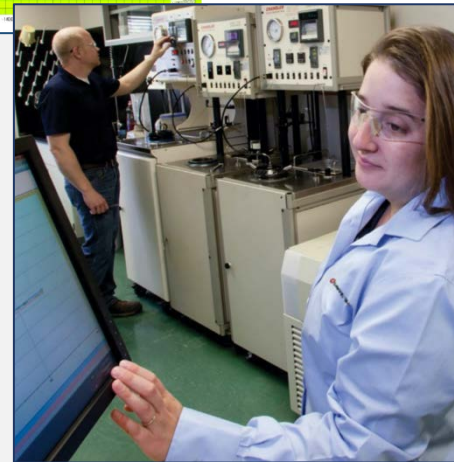
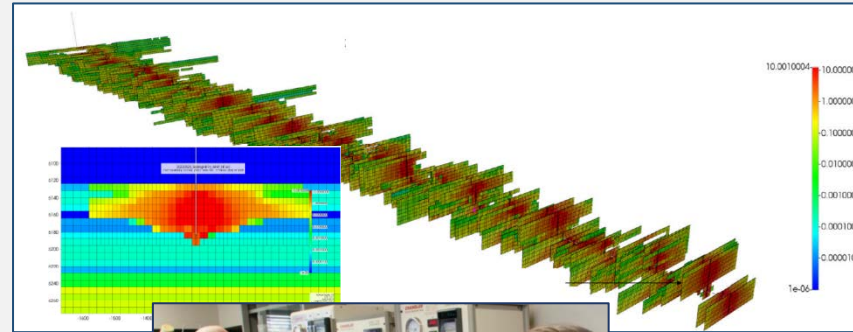
Engineering

Hydraulic Fracturing

Cementing

Lab Services

Logistics



# Directional Drilling and Data Analytics



# MS Directional



A leading provider of directional drilling services



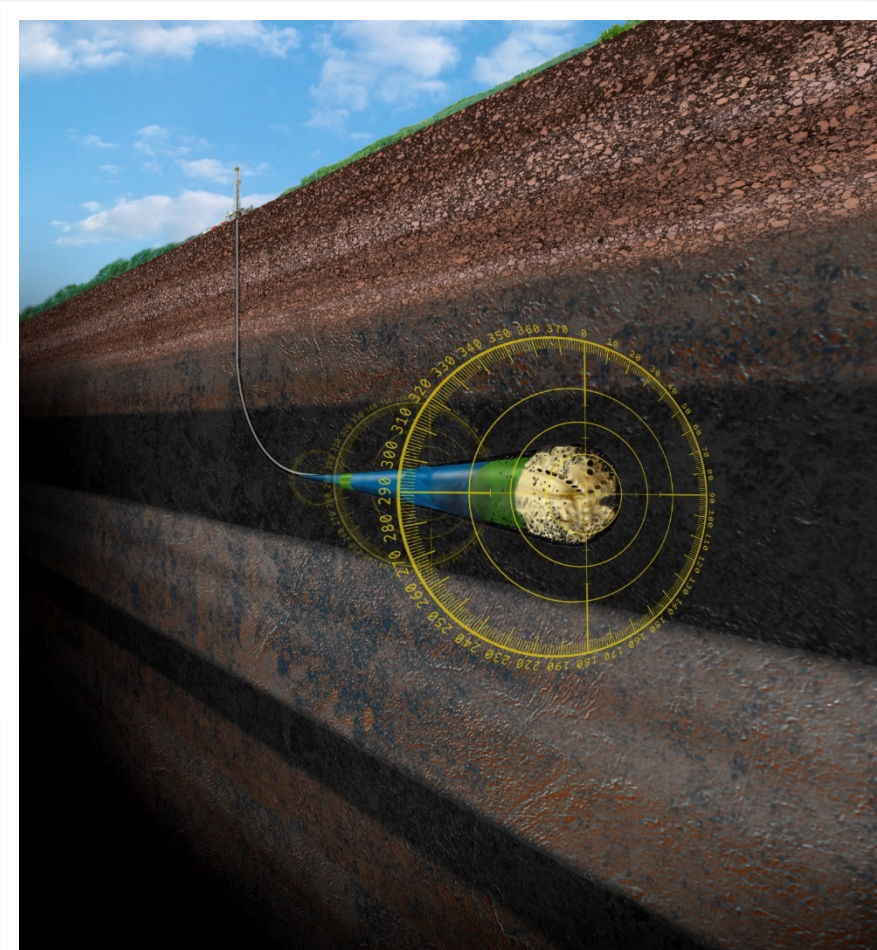
Strong reputation for the reliability and durability of downhole performance motors and measurement-while-drilling (MWD) tools



Remote MWD operations with reduced personnel are standard on all directional drilling jobs

# Superior QC

*Space flight navigation algorithms*



**HIFI NAV™**    **HIFI GUIDANCE™**



Improved well placement



Better steering to target zones

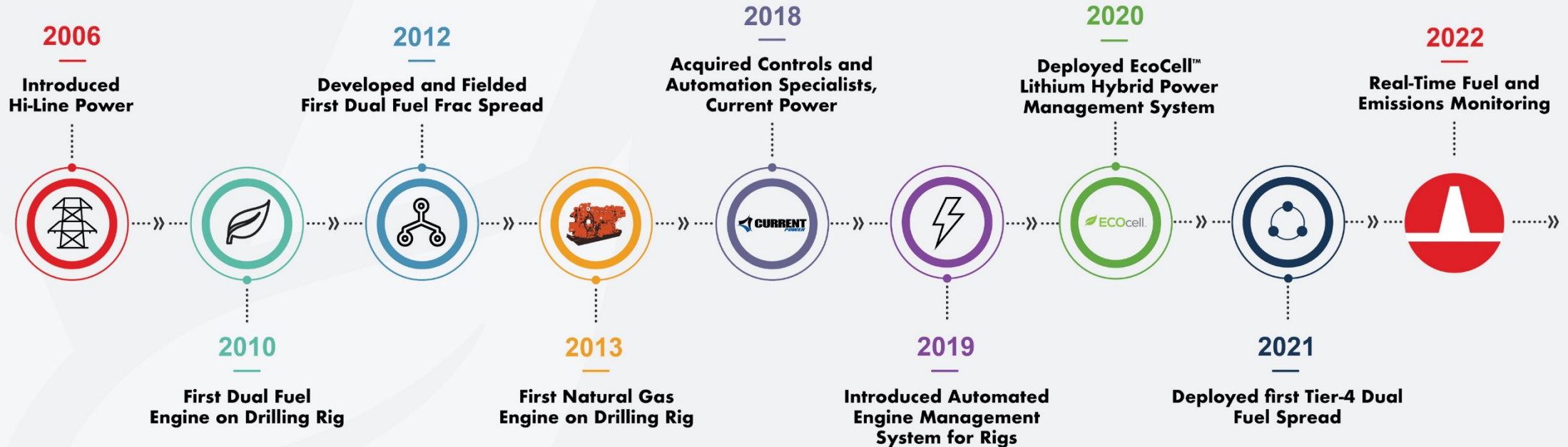


Better wellbore quality

EcoVerse™



# PTEN Sustainability Firsts



# INNOVATIVE SOLUTIONS TO POWER OPERATIONS

*From natural gas to lithium batteries, Patterson-UTI provides sustainable solutions.*



100% Natural Gas  
Generators on  
Drilling Rigs



Dual Fuel Frac  
Spreads and Drilling  
Rigs



Lithium Batteries on  
Drilling Rigs



Hi-Line Power

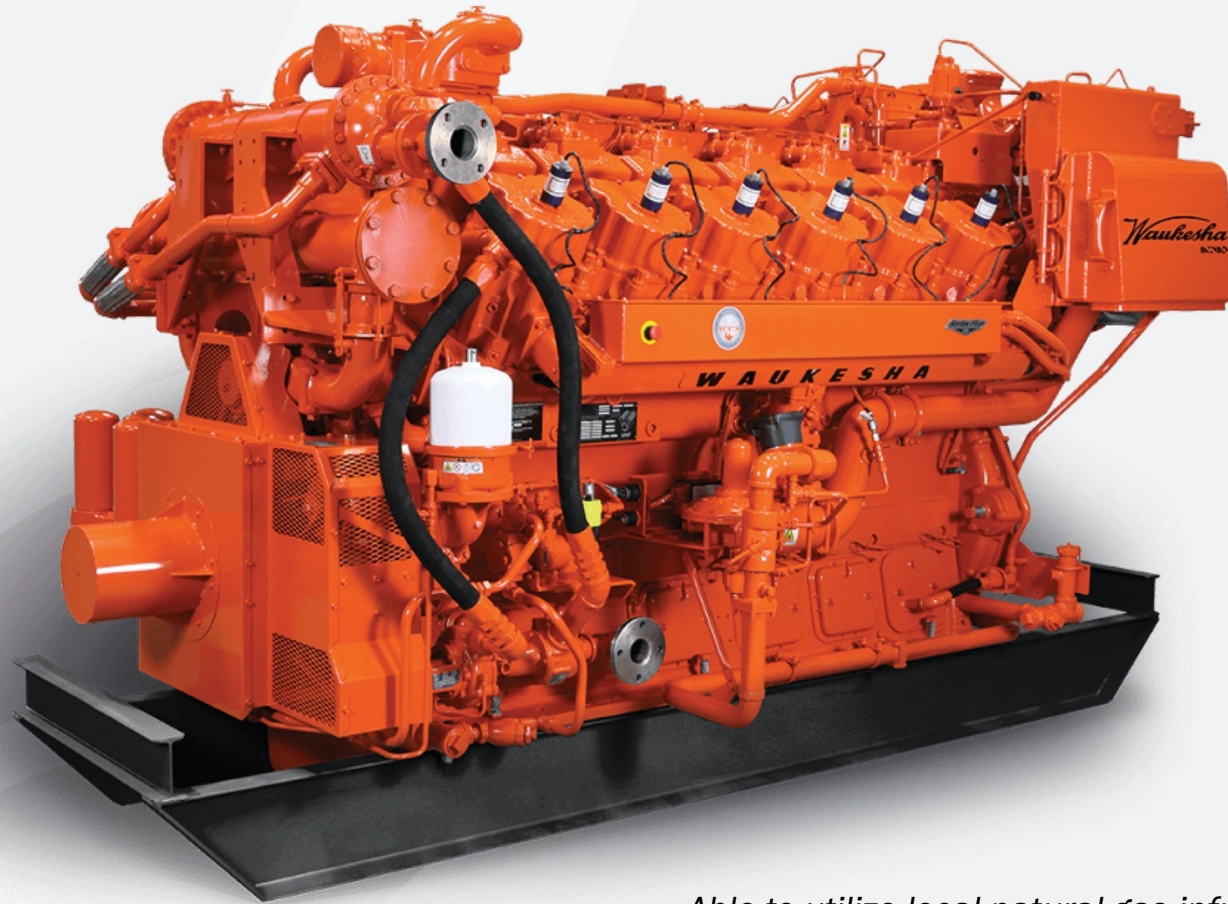



Automated Engine  
Management Software





# Natural Gas Powered Engines on Drilling Rigs

*Offering fuel flexibility and utilizing local infrastructure*



 Substituting natural gas for higher-priced diesel helps to reduce fuel costs

 Cleaner burning natural gas helps to reduce emissions

 PTEN is a leader in rigs capable of using natural gas as a fuel source

*Able to utilize local natural gas infrastructure already available thereby reducing the need for diesel fuel transportation and consumption*

# EcoCell™

*Optimizing efficiency and reducing the carbon footprint of our rig*



- Leveraging stored energy helps to optimize fuel efficiency and reduce fuel costs.
- Reduced fuel consumption helps to reduce emissions.
- Patterson-UTI is a leader in the use of lithium batteries on drilling rigs.

# Hi-Line Electrical Power

*Current Power designed and manufactured utility substation*



- Patterson-UTI provides in-house electrical engineering, hardware packaging, and installation services to power our rigs from electric utility lines
- This full-service offering enables our customers to utilize an optimal power solution on our drilling rig when it comes to emission impacts at the wellsite

# Engine Automation

*Automating efficient engine management to optimize fuel savings and emission reduction*



- Automation to start and stop engines as needed to meet fluctuations in rig power demand
- Helps to reduce fuel costs and emissions by optimizing the average genset load and decreasing the overall genset run hours
- Improves dual-fuel substitution rates
- Available through Patterson-UTI's CORTEX® Automation platform

 **GEN**assist®

# Power Management Dashboard

*Real time remote monitoring of rig fuel consumption and emissions*



Monitors real time rig power usage to effectively manage fuel consumption and reduce fuel costs



Interactive analytical tools allow monitoring of 40 different engine data fields (pressures, temps, speed, alarms, etc.)



Available through Patterson-UTI's PTEN+ customer data portal

# Natural Gas Powered Frac Spreads

*Lowers emissions for environmental sustainability*



Dual fuel spreads can substitute up to 85% natural gas



Lowers emissions for environmental sustainability






PTEN has completed more than 17,000 dual fuel fracturing stages, saving customers more than 13 million gallons of diesel

# EcoStart™

*Automated idle-reduction system*



-  Eliminates engine idle time during frac operations by controlling starting and stopping of all pump engines on location
-  Improves wellsite ESG performance and reduces cost by reducing equipment maintenance
-  Compatible with all manufacturer variants of 2500-HP diesel engines

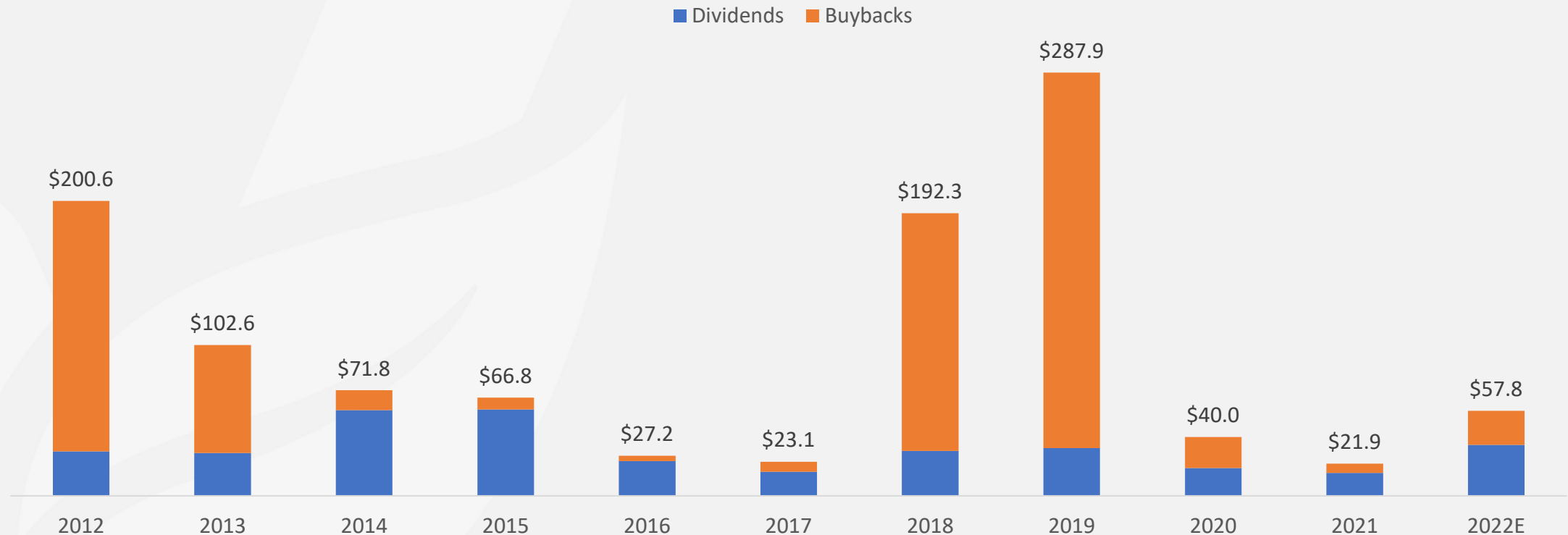
# Financials



# Focused on Shareholder Returns

*PTEN has returned more than \$1 billion to shareholders in the last 10 years*

## Cash Returned to Shareholders (\$ in millions)



# Capital Allocation

## CAPITAL SPENDING

- Primarily focused on maintenance, which increases with activity levels
- Equipment reactivations on a disciplined basis
- Major upgrades backed by term contracts

## SHAREHOLDER RETURNS

- Focused on maintaining a stable dividend with increases when economics allow
- Shareholder returns augmented by opportunistic share repurchases

## MAINTAIN STRONG BALANCE SHEET

- While no near-term debt maturities, opportunistically build cash for future debt repayment

# Strong Financial Position



~1.5x Net Debt to Adjusted EBITDA forecast by end of 2022

- Net debt of \$810 million at March 31, 2022



No near-term debt maturities at March 31, 2022

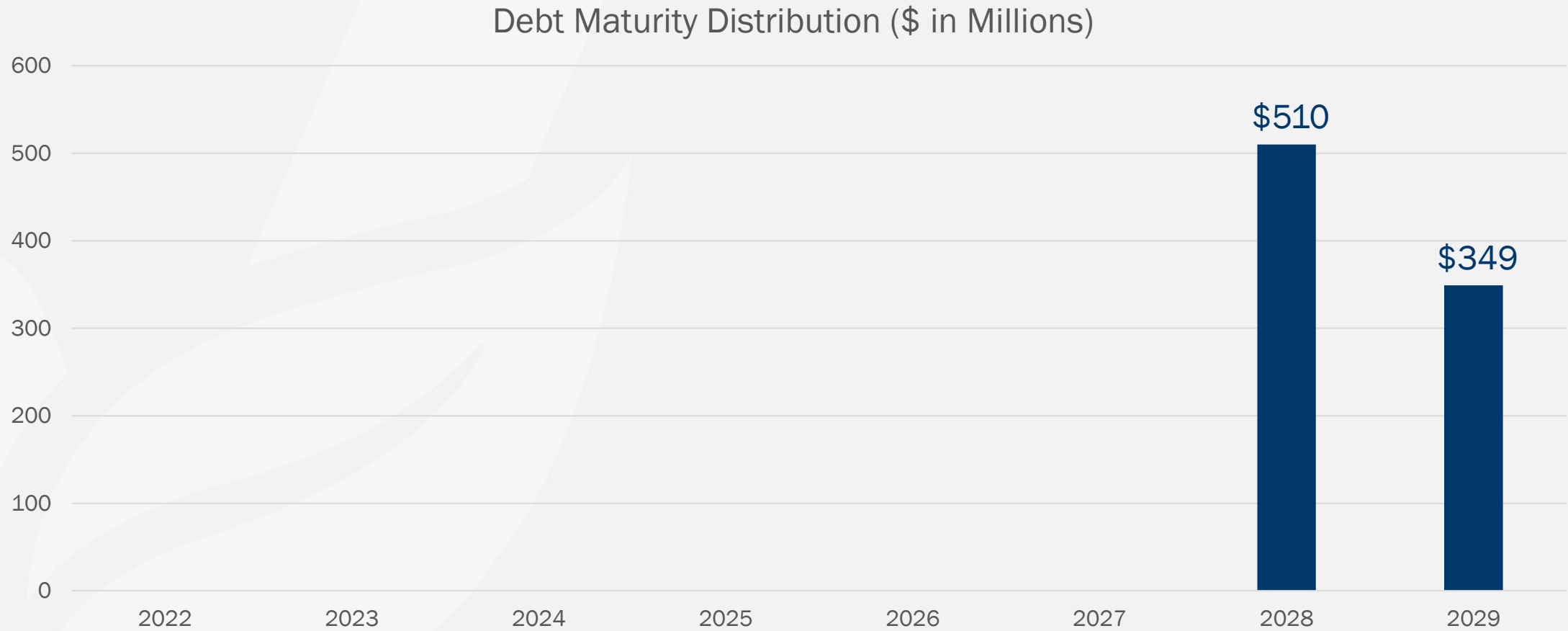
- \$510 million 3.95% senior notes due 2028
- \$349 million 5.15% senior notes due 2029



Favorable credit ratings

- Moody's – Baa3
- S&P – BB+

# No Near-Term Debt Maturities



At March 31, 2022, \$600 million available under revolving line of credit that matures in 2025 (\$550 million available after 2024)



# PATTERSON-UTI



# Appendix



# Non-U.S. GAAP Financial Measures

## U.S. Drilling Average Adjusted Gross Margin

(unaudited, dollars in thousands)

	1Q 2022	4Q 2021	3Q 2021	2Q 2021	1Q 2021
Revenues	\$ 239,683	\$ 215,121	\$ 157,925	\$ 141,732	\$ 133,501
Less cost of sales	\$ (165,339)	\$(161,870)	\$(111,500)	\$(100,070)	\$ (79,339)
Less depreciation, amortization and impairment	\$ (80,470)	\$(319,973)	\$ (97,160)	\$ (98,592)	\$ (101,674)
GAAP gross margin	\$ (6,126)	\$(266,722)	\$ (50,735)	\$ (56,930)	\$ (47,512)
Depreciation, amortization and impairment	\$ 80,470	\$ 319,973	\$ 97,160	\$ 98,592	\$ 101,674
Adjusted gross margin <sup>1</sup>	\$ 74,344	\$ 53,251	\$ 46,425	\$ 41,662	\$ 54,162
Operating days - U.S.	10,362	9,764	7,361	6,652	6,183

1. Adjusted gross margin is defined as revenues less direct operating costs and excludes, other operating expenses, net, selling, general and administrative expenses and depreciation, amortization and impairment. Average adjusted gross margin per operating day is defined as adjusted gross margin divided by operating days. Adjusted gross margin is included as a supplemental disclosure because it is a useful indicator of our operating performance.