

KLX Energy Services

Third Quarter 2019
Conference Call
December 5, 2019

Disclaimer

Forward-Looking Statements

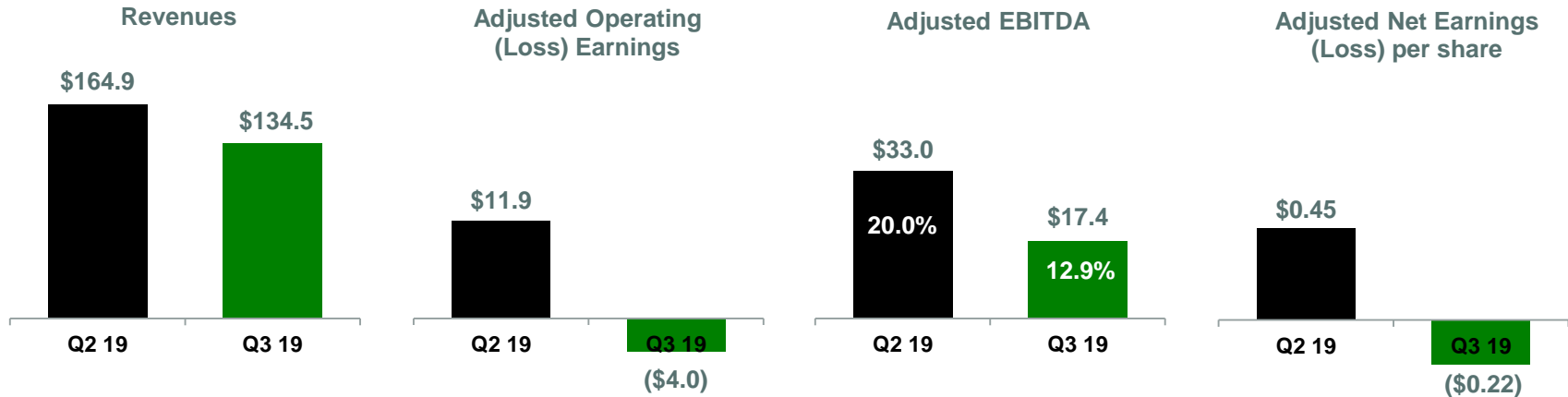
This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Exchange Act. Such forward-looking statements involve risks and uncertainties. The Company's actual experience and results may differ materially from the experience and results anticipated in such statements. Factors that might cause such a difference include those discussed in the Company's filings with the SEC, which include its Annual Report on Form 10-K, Quarterly reports on Form 10-Q and Current Reports on Form 8-K. For more information, see the section entitled "Forward-Looking Statements" contained in the Company's Annual Report on Form 10-K and in other filings. The forward-looking statements included in this presentation are made only as of the date of this presentation and, except as required by federal securities laws and rules and regulations of the SEC, the Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Non-GAAP Financial Measures

This presentation includes "Adjusted Net Earnings (Loss)" and "Adjusted Net Earnings (Loss) per diluted share" to reflect net earnings before amortization, non-cash compensation expense and Costs as Defined. This presentation includes "Adjusted operating (loss) earnings," which excludes Costs as Defined. This presentation also includes "Adjusted EBITDA (Loss)," which excludes non-cash compensation expense and Costs as Defined. Each of the aforementioned metrics are "non-GAAP financial measures" as defined in Regulation G of the Securities Exchange Act of 1934, as amended (the "Exchange Act").

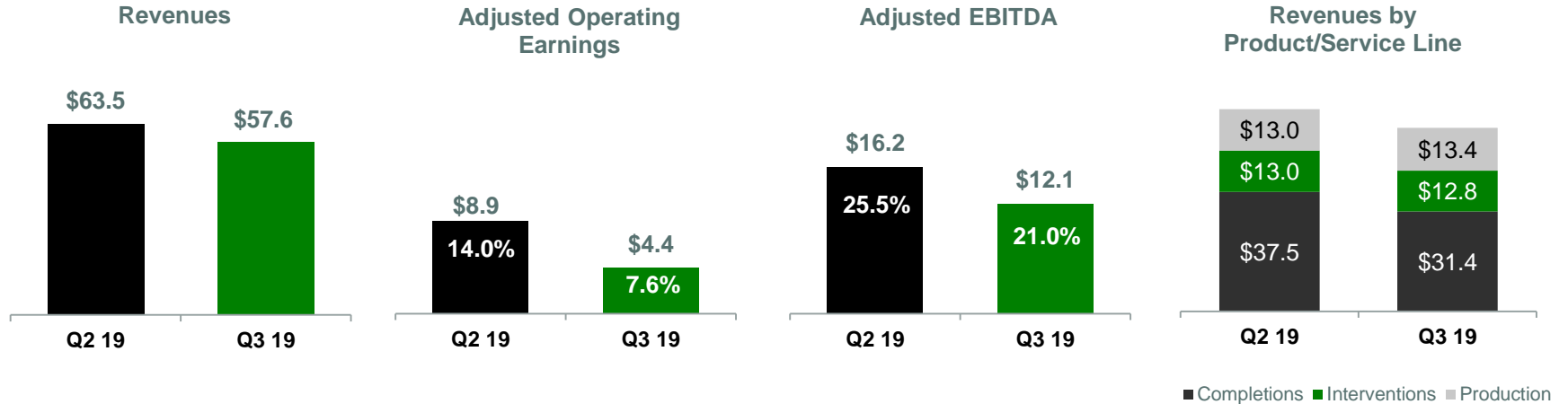
The Company uses the above described adjusted measures to evaluate and assess the operational strength and performance of the business and of particular segments of the business. The Company believes these financial measures are relevant and useful for investors because it allows investors to have a better understanding of the Company's actual operating performance unaffected by the impact of the Costs as Defined. These financial measures should not be viewed as a substitute for, or superior to, operating earnings, net earnings or net cash flows provided by operating activities (each as defined under GAAP), the most directly comparable GAAP measures, as a measure of the Company's operating performance.

Third Quarter Consolidated 2019 Results



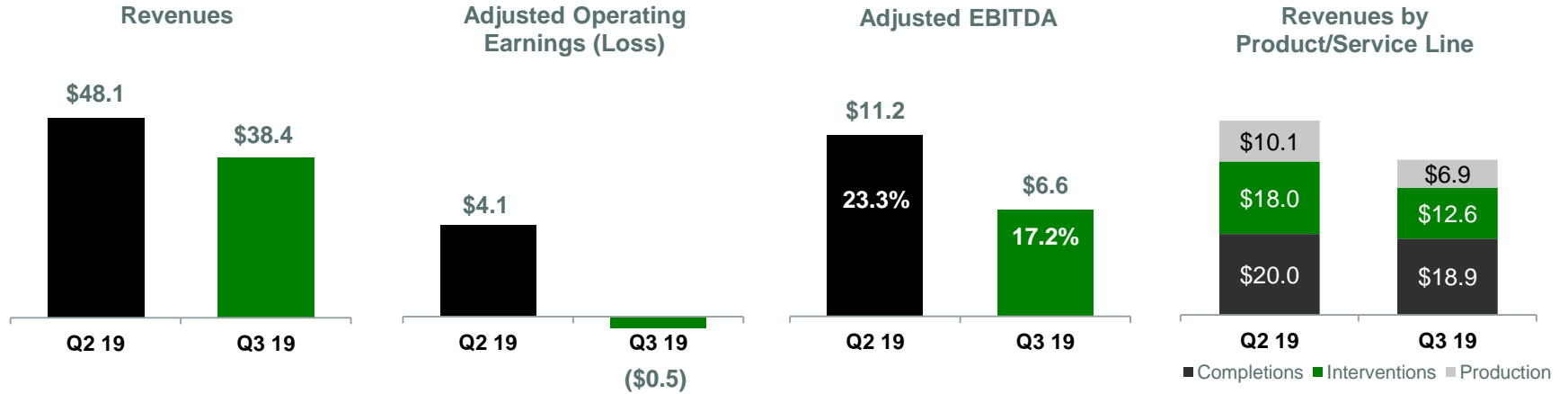
- Revenues of \$134.5 million decreased 18.4%, reflecting an approximate 9% decrease in Rocky Mountains segment revenues, an approximate 20% decrease in Northeast/Mid-Con segment revenues and an approximate 28% decline in Southwest segment revenues
- Adjusted operating loss was \$(4.0) million, as compared to second quarter Adjusted operating earnings of \$11.9 million
- Adjusted EBITDA was \$17.4 million, or 12.9% of revenues, as compared to second quarter Adjusted EBITDA of \$33.0 million, or 20.0% of revenues
- Adjusted Net Loss per share was \$(0.22) per share as compared to second quarter Adjusted Net Earnings per share of \$0.45 per share

Segment Results | Rocky Mountains



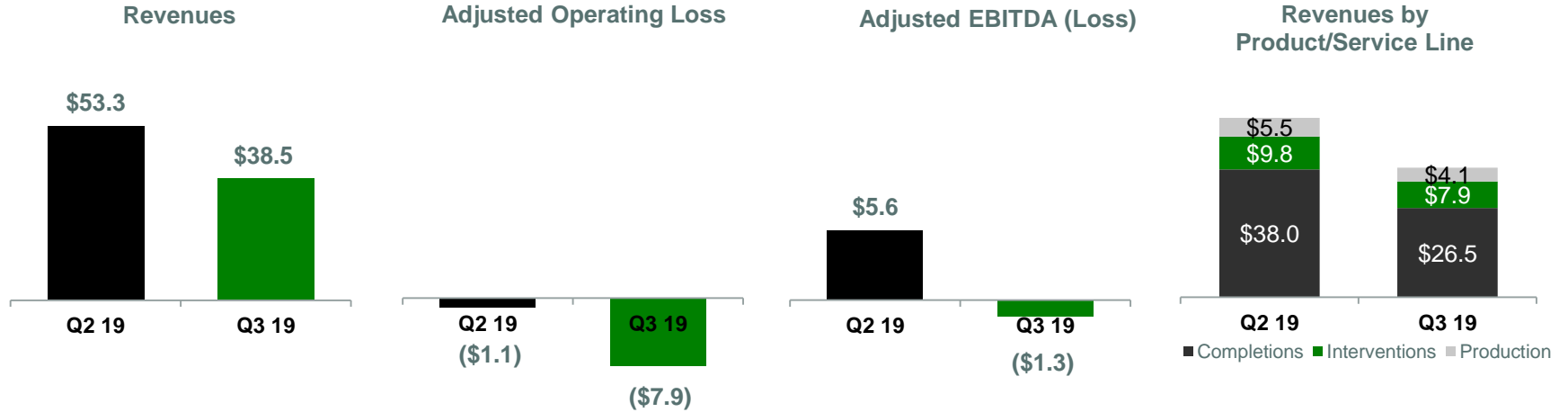
- Revenues decreased 9% to \$57.6 million, driven by a number of customers suspending operations for the balance of the year and lower activity levels among other certain customers
- Adjusted operating earnings were \$4.4 million, as compared to second quarter Adjusted operating earnings of \$8.9 million
- Adjusted EBITDA was \$12.1 million, or 21.0% of revenues, as compared to second quarter Adjusted EBITDA of \$16.2 million, or 25.5% of revenues

Segment Results | Northeast/Mid-Con



- Revenues decreased 20.2% to \$38.4 million, driven primarily by a number of customers suspending operations for the balance of the year, together with a substantial decline in completion activity and increased pricing pressure
- Adjusted operating loss was \$(0.5) million, as compared to second quarter Adjusted operating earnings of \$4.1 million
- Adjusted EBITDA was \$6.6 million, or 17.2% of revenues, as compared to second quarter Adjusted EBITDA of \$11.2 million, or 23.3% of revenues

Segment Results | Southwest



- Revenues of \$38.5 million, declined 28% driven primarily by lower activity levels by existing customers and a decline in wireline revenues as the Company elected to warm stack the vast majority of its wireline assets due to the weak pricing environment
- Adjusted operating loss was \$(7.9) million, as compared to a second quarter Adjusted operating loss of \$(1.1) million
- Adjusted EBITDA (Loss) was \$(1.3) million, as compared to a second quarter Adjusted EBITDA of \$5.6 million

Financial Position

	October 31, 2019	
	<u>(\$ in millions)</u>	
Cash	\$	121
Long-term debt, net of cash	\$	129
Stockholders' equity	\$	329
Net-debt-to-net-capital ratio		28%
LTM Leverage Ratio ¹		1.2X

No debt maturities until 2025
\$100 million undrawn credit facility

¹ Net debt to trailing four quarters of Adjusted EBITDA, excluding Costs as Defined, spin-off and other one-time costs of approximately \$21 million.

Reconciliation of Non-GAAP Financial Measures

Reconciliation of Non-GAAP Measures

KLX ENERGY SERVICES HOLDINGS, INC.
RECONCILIATION OF NET (LOSS) EARNINGS
TO ADJUSTED NET (LOSS) EARNINGS PER DILUTED SHARE
(In Millions, Except Per Share Data)

	THREE MONTHS ENDED	
	October 31, 2019	July 31, 2019
Net (loss) earnings	\$ (69.8)	\$ 3.5
Amortization expense	1.0	1.1
Non-cash compensation	4.7	4.6
Income taxes	(0.5)	0.1
Costs as Defined ¹	59.1	0.9
Adjusted (loss) earnings before tax expense	(5.5)	10.2
Income taxes ²	(0.5)	0.1
Adjusted net (loss) earnings	\$ (5.0)	\$ 10.1
Adjusted net (loss) earnings per diluted share	\$ (0.22)	\$ 0.45
Diluted weighted average shares	22.5	22.3

¹ Costs as Defined in Q2 2019 include costs associated with Red Bone Services and Tecton Energy Services acquisitions, costs associated with regional launches of the coiled tubing and filtration, testing and flow back product service lines, and in Q3 2019 costs related to the goodwill impairment charge of approximately \$46 million and business realignment costs and other measures of approximately \$13 million.

² Prior period income taxes are calculated at the effective tax rate.

Reconciliation of Non-GAAP Measures

KLX ENERGY SERVICES HOLDINGS, INC.
RECONCILIATION OF CONSOLIDATED OPERATING (LOSS) EARNINGS
TO ADJUSTED EBITDA
(In Millions)

	THREE MONTHS ENDED	
	October 31, 2019	July 31, 2019
Operating (loss) earnings	\$ (63.1)	\$ 11.0
Costs as Defined ¹	59.1	0.9
Adjusted operating (loss) earnings	(4.0)	11.9
Depreciation and amortization	16.7	16.5
Non-cash compensation	4.7	4.6
Adjusted EBITDA	\$ 17.4	\$ 33.0

RECONCILIATION OF ROCKY MOUNTAINS OPERATING EARNINGS
TO ADJUSTED EBITDA
(In Millions)

	THREE MONTHS ENDED	
	October 31, 2019	July 31, 2019
Rocky Mountains operating earnings	\$ 2.6	\$ 8.7
Costs as Defined ¹	1.8	0.2
Adjusted Rocky Mountains operating earnings	4.4	8.9
Depreciation and amortization	5.7	5.5
Non-cash compensation	2.0	1.8
Rocky Mountains Adjusted EBITDA	\$ 12.1	\$ 16.2

¹ Costs as Defined in Q2 2019 include costs associated with Red Bone Services and Tecton Energy Services acquisitions, costs associated with regional launches of the coiled tubing and filtration, testing and flow back product service lines, and in Q3 2019 costs related to the goodwill impairment charge of \$46 million and business realignment costs and other measures of approximately \$13 million.

Reconciliation of Non-GAAP Measures

RECONCILIATION OF NORTHEAST/MID-CON OPERATING (LOSS) EARNINGS TO ADJUSTED EBITDA (In Millions)

	THREE MONTHS ENDED	
	October 31, 2019	July 31, 2019
Northeast/Mid-Con operating (loss) earnings	\$ (26.1)	\$ 3.9
Costs as Defined ¹	25.6	0.2
Adjusted Northeast/Mid-Con operating (loss) earnings	(0.5)	4.1
Depreciation and amortization	5.7	5.8
Non-cash compensation	1.4	1.3
Northeast/Mid-Con Adjusted EBITDA	\$ 6.6	\$ 11.2

RECONCILIATION OF SOUTHWEST OPERATING LOSS TO ADJUSTED EBITDA (LOSS) (In Millions)

	THREE MONTHS ENDED	
	October 31, 2019	July 31, 2019
Southwest operating loss	\$ (39.6)	\$ (1.6)
Costs as Defined ¹	31.7	0.5
Adjusted Southwest operating loss	(7.9)	(1.1)
Depreciation and amortization	5.3	5.2
Non-cash compensation	1.3	1.5
Southwest Adjusted EBITDA (Loss)	\$ (1.3)	\$ 5.6

¹ Costs as Defined in Q2 2019 include costs associated with Red Bone Services and Tecton Energy Services acquisitions, costs associated with regional launches of the coiled tubing and filtration, testing and flow back product service lines, and in Q3 2019 costs related to the goodwill impairment charge of \$46 million and business realignment costs and other measures of approximately \$13 million

Reconciliation of Non-GAAP Measures

**RECONCILIATION OF NET CASH FLOW PROVIDED BY
OPERATING ACTIVITIES TO FREE CASH FLOW**
(In Millions)

	THREE MONTHS ENDED	
	October 31, 2019	July 31, 2019
Net cash flow provided by operating activities	\$ 41.3	\$ 7.7
Capital expenditures	(10.6)	(27.2)
Free cash flow	<u>\$ 30.7</u>	<u>\$ (19.5)</u>

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