

A black and white photograph of an oil drilling rig at night. The rig is illuminated by bright lights, creating a high-contrast scene. A crane is visible on the right side of the rig. The background shows a dark sky and some trees in the distance.

KLX Energy Services

Second Quarter 2019

Conference Call

August 21, 2019

Disclaimer

Forward-Looking Statements

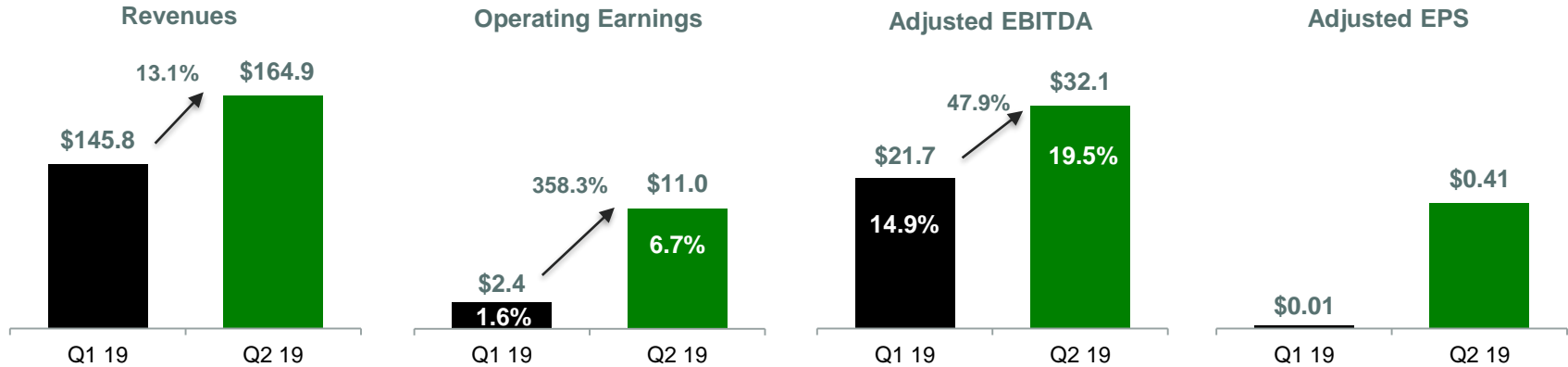
This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Exchange Act. Such forward-looking statements involve risks and uncertainties. The Company's actual experience and results may differ materially from 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 and non-cash compensation expense. This presentation also includes "Adjusted EBITDA," which excludes non-cash compensation expense. 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").

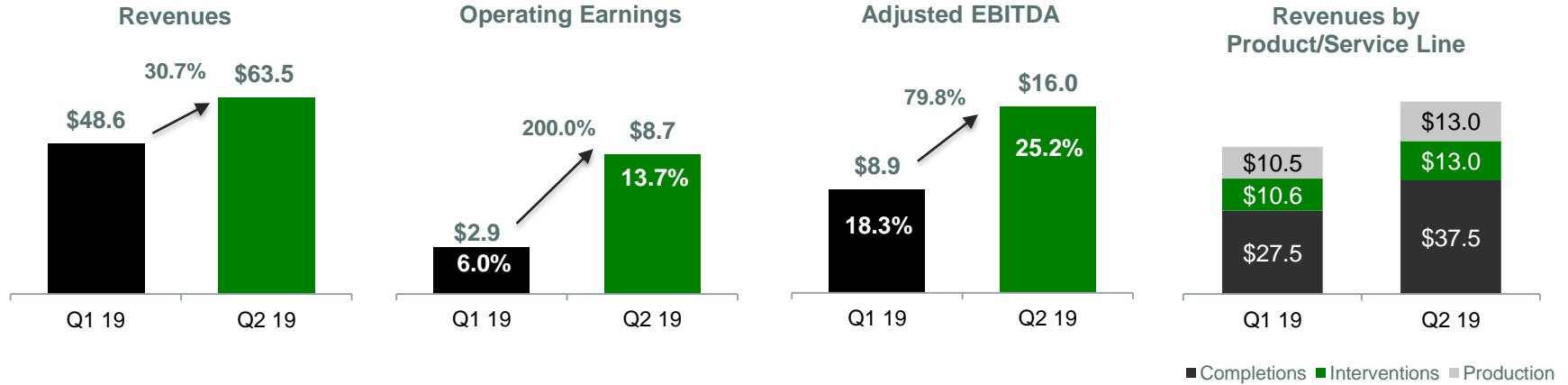
The Company uses the above described adjusted measures to evaluate and assess the operational strength and performance of the business and of particular segments of the business. The Company believes these financial measures are relevant and useful for investors because it allows investors to have a 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.

Second Quarter Consolidated 2019 Results



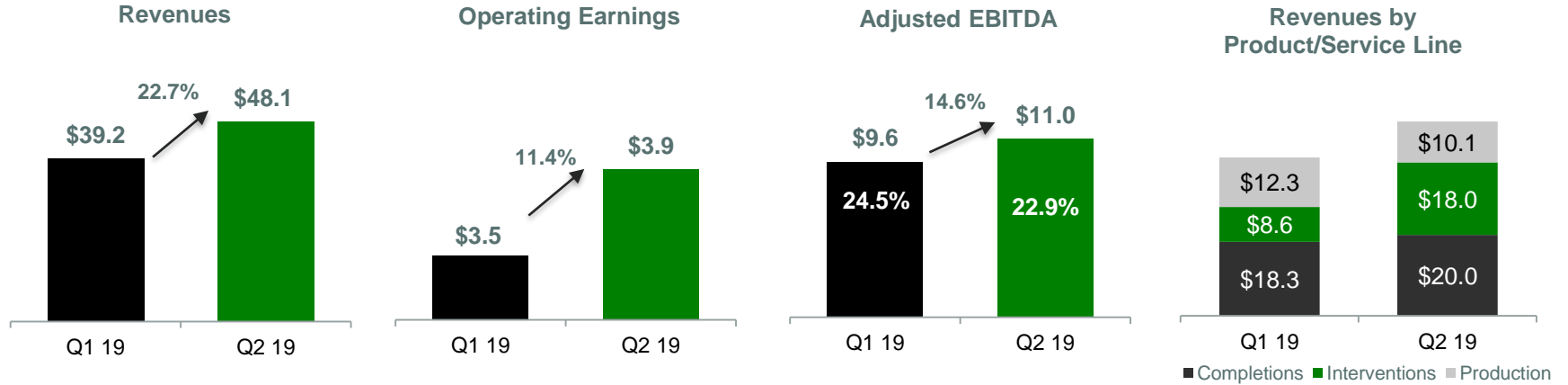
- Revenues of \$164.9 million increased 13.1%, reflecting an 30.7% increase in Rocky Mountains segment revenues and a 22.7% increase in Northeast/Mid-Con segment revenues, partially offset by a 8.1% decline in Southwest segment revenues
- Operating earnings were \$11.0 million, or 6.7% of revenues
- Adjusted EBITDA was \$32.1 million, or 19.5% of revenues
- Adjusted EPS was \$0.41 per share

Segment Results | Rocky Mountains



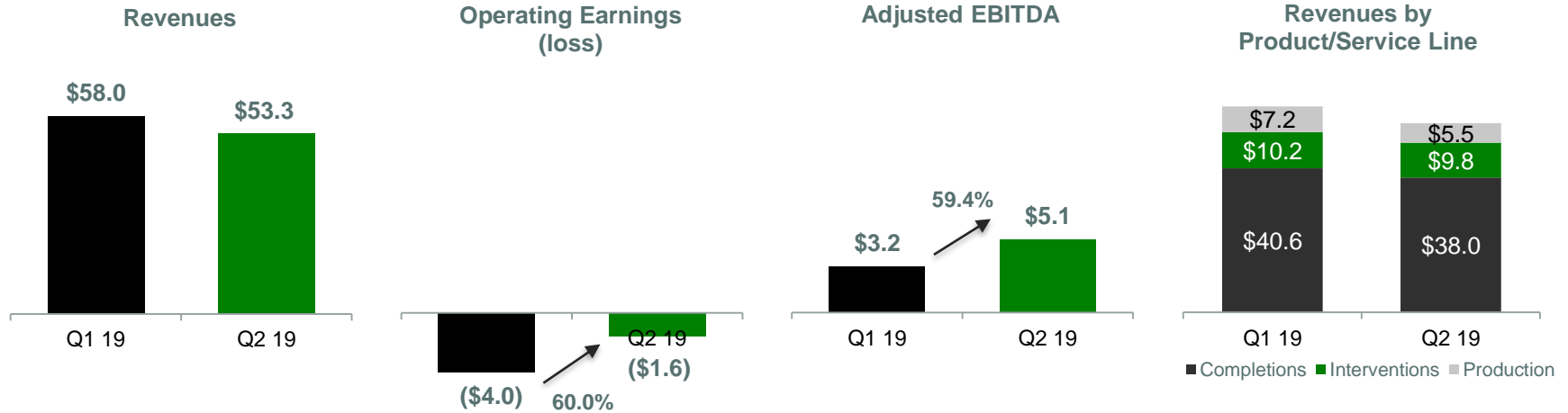
- Revenues increased 30.7% to \$63.5 million. Organic revenue growth was approximately 25%, driven by a significant increase in the number of customers served, increased activity across substantially all product lines and improved adoption rates of recently introduced proprietary tools. The segment also benefited from approximately \$3 million of inorganic growth from an additional six weeks of Tecton flowback and testing revenues
- Operating earnings increased \$5.8 million or 200.0% to \$8.7 million
- Adjusted EBITDA increased \$7.1 million or 79.8% to \$16.0 million, or 25.2% of revenues

Segment Results | Northeast/Mid-Con



- Revenues increased 22.7% to \$48.1 million. Organic revenue growth was approximately 13%, driven primarily by a significant increase in the number of customers served and improved adoption rates of proprietary tools, offset by severe weather conditions in the Mid-Con in May and June that substantially reduced activity
- Operating earnings increased 11.4% to \$3.9 million
- Adjusted EBITDA increased 14.6% to \$11.0 million, or 22.9% of revenues

Segment Results | Southwest



- Revenues of \$53.3 million, declined 8.1% driven primarily by lower activity levels by existing customers and low utilization of wireline assets as the Company decided not to deploy these assets at prices being offered by competitors
- Adjusted operating loss was \$(1.6) million, and increased by \$2.4 million
- Adjusted EBITDA was \$5.1 million, or 9.6% of revenues, and increased by \$1.9 million

Financial Position

	July 31, 2019
	<u>(\$ in millions)</u>
Cash	\$ 92
Long-term debt, net of cash	\$ 158
Stockholders' equity	\$ 396
Net-debt-to-net-capital ratio	29%
LTM Leverage Ratio¹	1.3X

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

Third Quarter 2019 Guidance

- Revenues are expected to be approximately \$170 million, an increase of approximately 3 percent as compared to the second quarter of 2019 and an increase of approximately 38 percent as compared to the same period of the prior year. GAAP Net Earnings and GAAP Net Earnings per diluted share are expected to be approximately \$9 million and \$0.40 per diluted share, with each increasing approximately 150%. EBITDA is expected to be approximately \$30 million or approximately 18% of revenues, reflecting an increase in EBITDA of approximately 9%
- Adjusted EBITDA is expected to be approximately \$35 million, or approximately 21 percent of revenues, reflecting increases of approximately 10 percent and approximately 100 basis points as compared to the second quarter of 2019
- Net Earnings and Net Earnings per diluted share, adjusted to exclude non-cash compensation and amortization expense, are expected to be approximately \$15 million and approximately \$0.65 per diluted share, increasing approximately 63 percent and approximately 59 percent, respectively, as compared to the second quarter of 2019
- Return on invested capital is expected to be approximately 15 percent

Reconciliation of Non-GAAP Financial Measures

Reconciliation of Non-GAAP Measures

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

	THREE MONTHS ENDED	
	July 31, 2019	April 30, 2019
Net earnings (loss)	\$ 3.5	\$ (5.0)
Amortization expense	1.1	0.8
Non-cash compensation	4.6	4.5
Income taxes	0.1	0.3
Adjusted earnings before tax expense	9.3	0.6
Income taxes ¹	0.1	0.3
Adjusted Net Earnings	<u>\$ 9.2</u>	<u>\$ 0.3</u>
Adjusted Net Earnings per diluted share	\$ 0.41	\$ 0.01
Diluted weighted average shares	22.3	21.2

Reconciliation of Non-GAAP Measures

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

	THREE MONTHS ENDED	
	July 31, 2019	April 30, 2019
Operating earnings	\$ 11.0	\$ 2.4
Depreciation and amortization	16.5	14.8
Non-cash compensation	4.6	4.5
Adjusted EBITDA	\$ 32.1	\$ 21.7

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

	THREE MONTHS ENDED	
	July 31, 2019	April 30, 2019
Rocky Mountains operating earnings	\$ 8.7	\$ 2.9
Depreciation and amortization	5.5	4.5
Non-cash compensation	1.8	1.5
Rocky Mountains Adjusted EBITDA	\$ 16.0	\$ 8.9

Reconciliation of Non-GAAP Measures

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

	THREE MONTHS ENDED	
	July 31, 2019	April 30, 2019
Northeast/Mid-Con operating earnings	\$ 3.9	\$ 3.5
Depreciation and amortization	5.8	4.9
Non-cash compensation	1.3	1.2
Northeast/Mid-Con Adjusted EBITDA	<u>\$ 11.0</u>	<u>\$ 9.6</u>

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

	THREE MONTHS ENDED	
	July 31, 2019	April 30, 2019
Southwest operating loss	\$ (1.6)	\$ (4.0)
Depreciation and amortization	5.2	5.4
Non-cash compensation	1.5	1.8
Southwest Adjusted EBITDA	<u>\$ 5.1</u>	<u>\$ 3.2</u>

Reconciliation of Non-GAAP Measures

KLX ENERGY SERVICES HOLDINGS, INC.
RECONCILIATION OF Q3 2019 GUIDANCE; NET EARNINGS
TO ADJUSTED NET EARNINGS AND ADJUSTED NET EARNINGS PER DILUTED SHARE
(In Millions, Except Per Share Data)

	Q3 2019 Guidance	
	(Approximate Amounts)	
Net earnings	\$	9
Amortization		1
Non-cash compensation		5
Income taxes		1
Adjusted earnings before tax expense	\$	16
Income taxes		(1)
Adjusted Net Earnings	\$	15
Adjusted Net Earnings per diluted share	\$	0.65
Diluted weighted average shares		22.7

Reconciliation of Non-GAAP Measures

KLX ENERGY SERVICES HOLDINGS, INC.
RECONCILIATION OF Q3 2019 GUIDANCE; OPERATING EARNINGS
TO EBITDA
(In Millions)

	Q3 2019 Guidance	
	<u>(Approximate Amounts)</u>	
Operating earnings	\$	15
Depreciation and amortization		15
EBITDA	\$	<u>30</u>

Reconciliation of Non-GAAP Measures

KLX ENERGY SERVICES HOLDINGS, INC.
RECONCILIATION OF Q3 2019 GUIDANCE; OPERATING EARNINGS
TO ADJUSTED EBITDA
(In Millions)

	Q3 2019 Guidance	
	(Approximate Amounts)	
Operating earnings	\$	15
Depreciation and amortization		15
Non-cash compensation		5
Adjusted EBITDA	\$	<u>35</u>

Reconciliation of Non-GAAP Measures

KLX ENERGY SERVICES HOLDINGS, INC.
RECONCILIATION OF ROIC CALCULATIONS
(In Millions)

	Q3 2019 (Annualized)
	(Approximate Amounts)
Net earnings	36
Amortization	4
Non-cash compensation expense	20
Income taxes	2
Adjusted earnings before tax expense	\$ 62
Income taxes	(3)
Adjusted Net Earnings	\$ 59
Adjusted Net Earnings	59
Amortization	(4)
Non-cash compensation expense	(20)
Interest expense	28
Income tax expense	3
Operating earnings	\$ 66
Operating earnings	66
Income tax expense	(3)
After-tax net operating earnings	\$ 63
Average total capital	\$ 409
Return on invested capital	15%



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