

ENERGY

FOURTH QUARTER

2018



MERGERS, ACQUISITIONS, AND CAPITAL RESOURCES SINCE 1956

FOR MORE INFORMATION CONTACT

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For over 60 years CFA has been advocating on behalf of business owners. Whether you're selling, buying or recapitalizing your company, our business is your business.

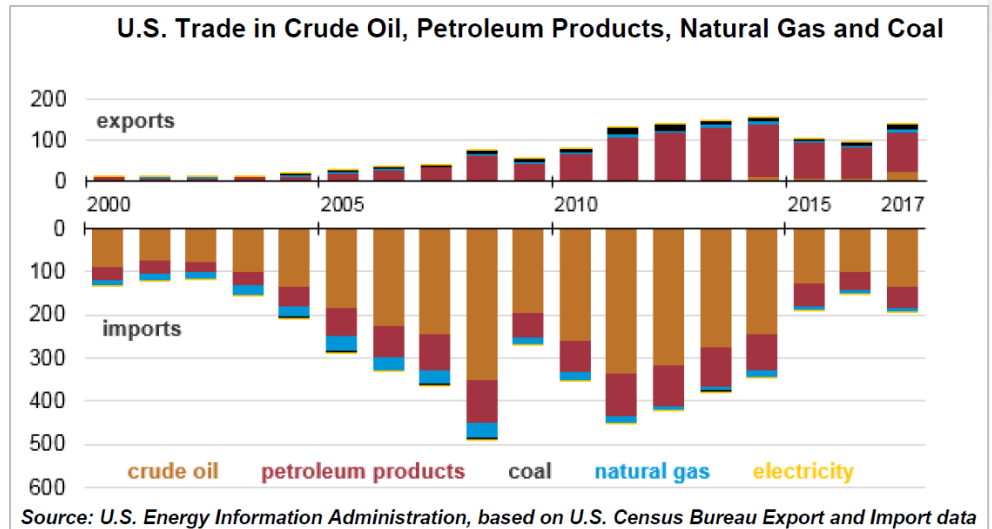
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The Energy Industry Practice Group draws on the experience of CFA dealmakers, who as former business owners, CEOs, and industry professionals, have first-hand knowledge and have completed many transactions in sectors throughout the Energy category. Working with your local CFA representative, you can be sure that the collective wealth of knowledge is available to every CFA client.

Energy M&A

M&A activity for North American based target companies in the Energy sector for Q3 2018 included 130 closed deals, according to data published by industry data tracker *FactSet*.

One of the notable middle market transactions was announced in July when Independence Contract Drilling, Inc. acquired Sidewinder Drilling, LLC for US\$148.8 million in stock. The acquisition complements Independence Contract Drilling's existing pad-optimal drilling fleets and operations focused in the Permian Basin, Haynesville region and other basins in Texas. Independence Contract Drilling engages in the provision of land-based contract drilling services for oil and natural gas producers. Founded in 2011, Sidewinder Drilling is located in Houston, Texas and owns and operates a fleet of premium land drilling rigs and provides contract drilling services.



During the past decade, the U.S. trade gap for energy products narrowed. From 2003 to 2007, the value of energy imports was about 10 times greater than the value of exports.

Transactional Overview

Notable closed lower middle market transactions for the period in the Energy sector include:

September 2018 - Altamont Capital Management, LLC acquired The Bayou Cos, LLC from Aegion Corp for US\$50 million in cash, contingent payout and debt notes. Founded in 2010, Altamont Capital Management is a private equity firm located in Palo Alto, California. The Bayou Cos provides pipe coating, concrete weight

coating and insulation services. It offers three-layer coating, InnerGrad, insulated coating, multi-layer polypropylene and ID flow efficiency coating. The company was founded in 1942 and is headquartered in New Iberia, LA.

August 2018 - TORC Oil & Gas Ltd acquired Villanova 4 Oil Corp, a portfolio company of Westcap Mgt Ltd and PFM Capital, Inc., for CAD62.3 million (US\$47.8 million) in cash and stock. TORC Oil & Gas Ltd. operates as an exploration company.

Villanova 4 Oil Corp. engages in the exploration and development of oil and gas properties. It pursues both medium depth

drilling in Mississippian reservoirs and deeper Bakken reservoirs in Southeast Saskatchewan. The company was founded in 2012 and is headquartered in Regina, Canada.

August 2018 - Sunoco LP acquired Sandford Oil Co, Inc. for a reported value US\$66 million in cash. Sunoco engages in the management and distribution of fuel products. Sandford Oil Co. operates as a distillate fuel distributor. Its products include unleaded gasoline, diesel, farm diesel, kerosene and oil & lubricants. The company was founded in 1988 and is headquartered in Decatur, TX.

Selected Q4 Closed Transactions	
Target/Issuer	Buyers/Investors
Croix Oil Co. /Wholesale Fuel Assets	D&M Oil Co., Inc.
HP Piping Solutions LLC	Henderson Rigs & Equipment LLC
E-n-E Consultants LLC	MPS Group, Inc. (Michigan)
PowerTeam Services LLC	Clayton Dubilier & Rice LLC
Harbor City Oil Co.	Superior Fuel Co.
Accurate Lubricants & Metalworking Fluids, Inc.	Vesco Oil Corp.
Neutronics, Inc.	FFL Partners LLC; Bacharach, Inc.
Diamond Offshore Drilling, Inc. Ocean Scepter Jack-Up/	Shelf Drilling Ltd.

Industry Update

More oil and gas firms are participating in The Environmental Partnership, an industry group focused on sharing technology and data to lower harmful emissions. Formed in late 2017, the group now has more than 40 members, including BP, Chevron, Royal Dutch Shell, ConocoPhillips, and Total. Participants agree to attend workshops and conferences to learn about new technology and best practices for environmental stewardship. The programs use EPA emissions data to teach companies how to reduce their environmental impact by limiting releases of methane and volatile organic compounds (VOCs). Participants' progress toward reducing emissions will be tracked and reported.

Industry Indicators

- The average US retail price for diesel and regular gas, rose 16.3% and 5.5%, respectively, in the week ending September 10, 2018, compared to the same week in 2017.
- The spot price of crude oil rose 46.8% in the week ending September 7, 2018, compared to the same week in 2017.
- US retail sales for gasoline stations increased 15.6% in the first eight months of 2018 compared to the same period in 2017.

Collectively, the Energy Practice Group provides M&A advice to independent and integrated energy companies in all sectors of the energy industry, including power generation, oil & gas, utilities, mining and natural resources, renewable energy and businesses that serve the energy industry, in all aspects of oil and gas land-based transactions, mergers, acquisitions, joint ventures and financial resources. For information on mergers, acquisitions, divestitures, recapitalizations, joint ventures or financial resources, contact your local Corporate Finance Associates office.

