

**RESEARCH UPDATE**
**Dave Storms, CFA**
[dave@stonegateinc.com](mailto:dave@stonegateinc.com)

214-987-4121

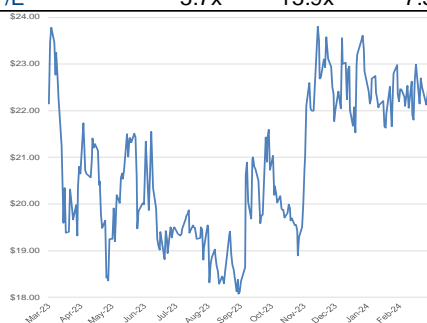
**Market Statistics**

Price	\$ 23.42
52 week Range	\$17.87 - \$25.18
Daily Vol (3-mo. average)	49,420
Market Cap (M):	\$ 345.3
Enterprise Value (M):	\$ 419.7
Shares Outstanding: (M)	14.7
Float (M)	9.8
Public Ownership	13.0%
Institutional Ownership	78.2%

**Financial Summary**

Cash (M)	\$ 3.3
Cash/Share	\$ 0.23
Debt (M)	\$ 65.6
Equity (M)	\$ 323.0
Equity/Share	\$ 21.91

FYE: Dec	2023	2024E	2025E
<i>(in \$M)</i>			
Rev	\$ 700.8	\$ 677.8	\$ 690.2
Chng%	1%	-3%	2%
EBITDA	\$ 102.0	\$ 87.8	\$ 98.5
Net Income	\$ 30.2	\$ 1.5	\$ 3.1
EPS	\$ 2.01	\$ 0.10	\$ 0.22
EV/Revenue	0.6x	0.6x	0.6x
EV/EBITDA	4.4x	4.8x	4.3x
P/E	5.7x	15.9x	7.5x


**COMPANY DESCRIPTION**

Civeo Corporation provides hospitality services to the natural resource industry in Canada, Australia, and the United States. The company develops lodges and villages; and mobile accommodations, including modular, skid-mounted accommodation, and central facilities that provide long-term and temporary work force accommodations. It owns and operates 26 lodges and villages with approximately 28,000 rooms; and a fleet of mobile accommodation assets. Civeo Corporation is headquartered in Houston, Texas.

**CIVEO CORPORATION (NYSE: CVEO)**
**COMPANY UPDATES**

**Significant Free Cash Flow Generation:** Civeo has been free cash flow positive every year since 2014 and is expected to maintain positive FCF going forward. After posting a negative FCF in 1Q CVEO became FCF positive ending FY23 with FCF of \$81.7M. CVEO stated its FCF guidance for FY24 in a range of \$45.0M to \$60.0M with a midpoint of \$52.5M.

**Quarterly Results:** CVEO reported revenue, adj EBITDA, and adj EPS of \$170.8M, \$17.4M, and \$1.57, respectively. This compares to our/consensus estimates of \$153.5M/\$151.1M, \$12.5M/\$12.5M, and \$0.74/(\$0.27), respectively. Revenue was higher than expectations, driven by strength in the Australian market and greater than expected billed rooms. The operating margin was above our expectations by ~880bps. This led to an Adj. EBITDA beat of \$4.8M vs our expectations.

**Capital Allocation:** In 2022 Civeo initiated a share repurchase program as part of its plan to return capital to shareholders. CVEO continued to return capital through share repurchases in FY23 worth approximately \$18.8M, or 23% of full year free cash flows. Additionally, the Company used cash to decrease debt by \$37.7M sequentially to \$65.6M. This translates into a net leverage ratio of 0.6x. CVEO also maintained its dividend for a third straight quarter at an annualized value of \$1.00, equal to a dividend yield of 4.3%. CVEO ended the quarter with \$133.1M in revolver availability and \$3.3M in cash for \$136.4M in liquidity.

**Canadian Market:** With the upcoming construction wind down of the TMX and Coastal GasLink pipelines, Civeo saw further demobilization of its mobile camps in 4Q23. The Company will incur demobilization costs of \$6M in 2024, which will significantly impact EBITDA and is expected to be contained to the first half of the year. CVEO has now completed the sale of its McClelland Lake Lodge for a net gain of ~\$28.3M in the year.

**Room Rates:** The Canadian segment saw an increase in its average daily room rates from \$93 in 4Q22 to \$95 in 4Q23 and billed rooms decreasing 0.8% over the same period. The Canada segment saw a year over year EBITDA decrease of 72% due to the wind-down of mobile camp activities. The Australian segment saw an increase in rates, going from \$73 in 4Q22 to \$75 in 4Q23 and an increase in billed rooms of 22.9% over that time. This resulted in a year over year EBITDA increase of 64% in Australia further aided by an increase in integrated services. Notably, CVEO stated a goal to get integrated services to A\$500.0M in top line revenues by 2027. The movements in roommates were affected by the weakening of the Australian and Canadian dollars compared to the U.S. dollar.

**Guidance Update:** Current 2024 Adj. EBITDA guidance is in the range of \$80.0M to \$90.0M. This is a year-over-year decrease of 16.7% at the midpoint to account for the McClelland Lake sale as well as demobilization costs. We have adjusted our model accordingly.

**Valuation:** We use both a DCF and EV/EBITDA comp analysis to guide our valuation. Our DCF analysis produces a valuation range of \$30.30 to \$36.06 with a mid-point of \$32.81. Our EV/EBITDA valuation results in a range of \$30.65 to \$37.33 with a mid-point of \$33.99.

## Business Overview

Civeo Corporation provides workforce accommodations and hospitality services in the United States, Canada, and Australia. These services include lodging, catering/food service, housekeeping and maintenance at accommodation facilities either owned by Civeo or owned by the customer and leased by Civeo. Civeo serves oil, mining, engineering, and oilfield and mining service companies. The Company currently owns and operates 23 lodges & villages with approximately 26,000 rooms.

## Company History

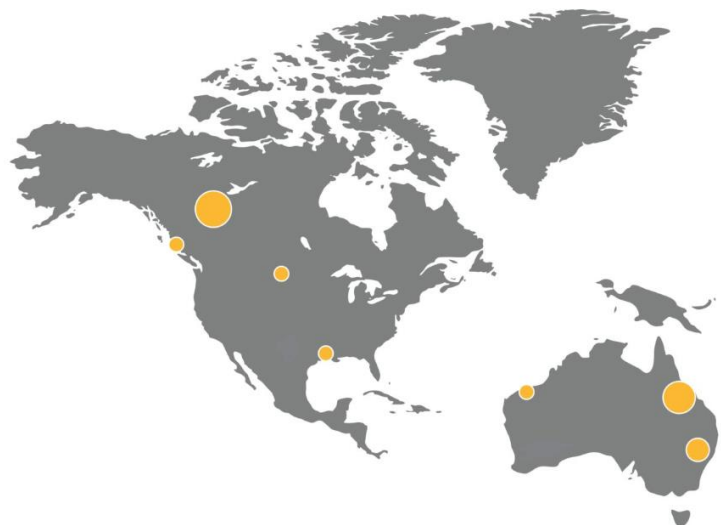
Civeo Corporation was originally founded in 1977, accommodating Canadian energy companies. In the following decades, Civeo expanded its business by increasing its permanent housing properties, helping customers manage their own assets, and improving properties by adding luxury amenities. The Company was a segment of Oil States International (NYSE: OIS), acting as its accommodations division before being spun-off on June 2, 2014, and operating as an independent publicly traded company.

On April 2, 2018, the Company acquired Noralta Lodge Ltd. As a result of this acquisition, the Company expanded its footprint in Canada and grew its customer base in the Oil and Gas industry. On July 1, 2019, It acquired Action Catering, whose relationship with blue chip mining customer and operations in Western Australia allowed Civeo to further expand its business and substantially grow its revenues in 2019 and 2020. Civeo primarily operates in the Canadian oil sands, Canadian LNG, Australian met coal, and Australian iron ore markets.

Civeo's business depends on commodity prices, customer's capital spending, available infrastructure, headcount requirements, and competition, which all influence the demand for the Company's services. Specifically, the production of oil sands deposits, met coal, and iron ore as well as activity levels in support of extractive industries such as liquefied natural gas (LNG) and related pipeline activity all significantly influence the Company's business.

### Exhibit 1: Geographic Positioning

---



---

Source: Company Website

## Business Segments

### Overview

Civeo provides services to areas where traditional accommodations are inaccessible, inefficient, and not cost effective for companies to build. Over the last two decades natural resource companies have transitioned to outsourcing their accommodation and hospitality to third party providers. Civeo operates in 2 geographic regions: Australia and North America. North America represented ~54% of the Company’s revenue in FY23 while Australia accounted for ~46% of FY23 revenues. The Company has a solid roster of clients that includes blue chip companies such as ConocoPhillips, Suncor Energy, Imperial Oil Limited, and Fortescue Metals Group Ltd.

### Exhibit 2: Blue Chip Customer Base



Source: January 2024 Company Presentation

The majority of Civeo’s contracts are take-or-pay or exclusivity. Take-or-pay contracts require customers to commit a minimum number of rooms over a specified time period while exclusivity contracts require that customers exclusively hire Civeo’s services and/or use their facilities. Most of the contracts have minimum occupancy requirements. The length of these contracts is affected on the type and size of projects serviced and can be influenced by seasonal changes. Civeo bills customers based on daily occupied room rates. The room rates are used to compensate the costs of hospitality services, including meals, housekeeping, utilities, etc.

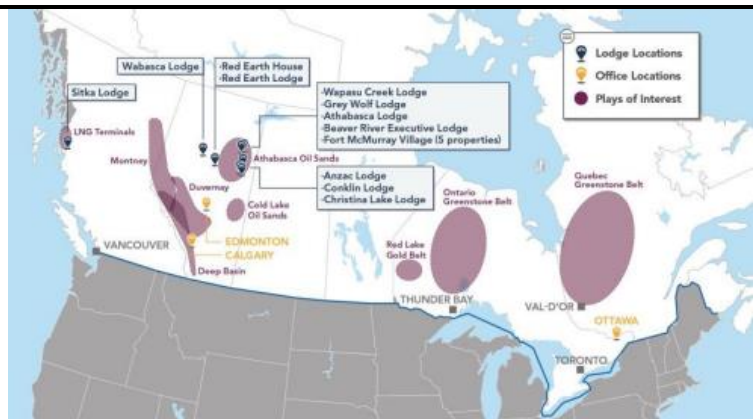
### North American Segment: 15 Lodges with about 17,000 Rooms

Civeo is Western Canada’s largest hospitality service provider for remote locations. It operates its own lodges, mobile assets, and customer owned locations for the LNG and oil sands markets as well as oil and natural gas drilling, mining, and other natural resource industries. Civeo primarily operates permanent lodges in the oil sands region in Alberta and mobile camps in British Columbia. The oil sands region represents one of the largest heavy oil reserves in the world and the Company currently controls ~47% of the third-party provider market share in the region.

Demand for services in the Canadian segment is primarily driven by the long-term outlook of crude oil prices. When there is a positive price outlook, companies commence new expansionary and exploratory projects, which are typically long-term and require large workforces. During 2Q22, Civeo renewed a take-or-pay contract at the oil sands Wapasu Lodge for 12-years totaling roughly C\$500 million. The renewal demonstrates continued confidence in the outlook for oil prices.

The Company’s mobile camps are tied to LNG and oil pipeline development. Civeo currently has contracted camps with Coastal GasLink (CGL) and Trans Mountain Pipeline (TMX). TMX pipeline construction is progressing but has seen delays, extending the project timeline and deferring the demobilization of its related mobile camps.

**Exhibit 3: Canadian Operations**



Source: Company Reports

The American market is segmented and difficult to consolidate. From this, Civeo began divesting the U.S. segment's offshore and wellsite businesses in 2H22, leaving Killdeer and Acadian Acres as the two remaining lodges. The Company is actively seeking opportunities to divest the remaining portion of its U.S. segment. With progress made in 1Q23 as the Company divested ~\$1.7M worth of Acadian Acres housing.

**Australian Segment: 8 Villages with about 9,000 Rooms**

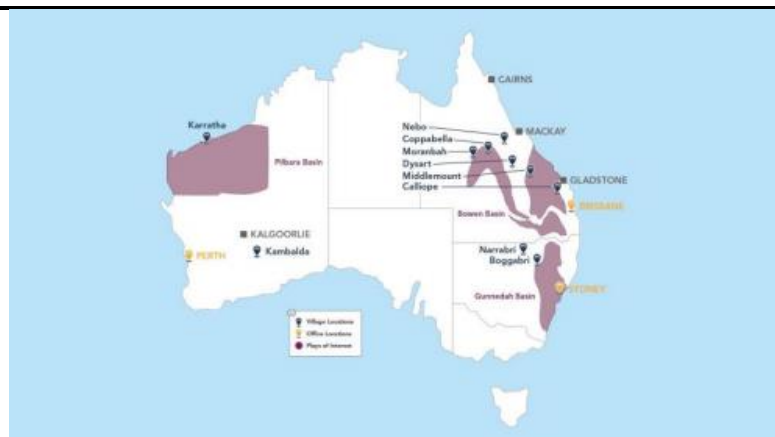
Civeo's Australian segment is the largest third-party accommodations provider in Australia, controlling 34% of the Bowen Basin market. This segment's owned village operations primarily serve met coal production in the Bowen Basin, as well as LNG and precious metals mining in Western Australia. The segment's integrated services operations primarily service iron ore and precious metals mining in Western Australia.

Customer activity related to met coal and iron ore production is a primary demand driver in the Australian segment. Consistently robust met coal prices have sustained customer production and maintenance in the region, maintaining village occupancy levels. While 2022 saw a slight reversal in iron ore prices, activity levels in Western Australia have persisted.

The strong commodity environment could lead to increased expansion projects and capex spending by Civeo's customers, growing the company's occupancy in the region. Unlike the Canadian segment, the Australian segment is more fragmented with many smaller independent village operators. Since few companies provide the same breadth of services as Civeo, there is room for organic growth and M&A opportunities. This is visible with recent contract wins in the Integrated Services Business and Owned Villages Segment.

In 4Q22 the Integrated Services Segment announced two five-year contracts totaling A\$720M with current customers, with an additional 5-year contract worth A\$337M announced in the owned Bowen Basin village. In 1Q23 the Company announced additional wins in the Bowen Basin which included A\$135M in contract renewals and A\$35M in new contracts. The contracts increased locations and room commitments in the iron ore market of Western Australia, while also taking share from competitors.

**Exhibit 4: Australian Operations**



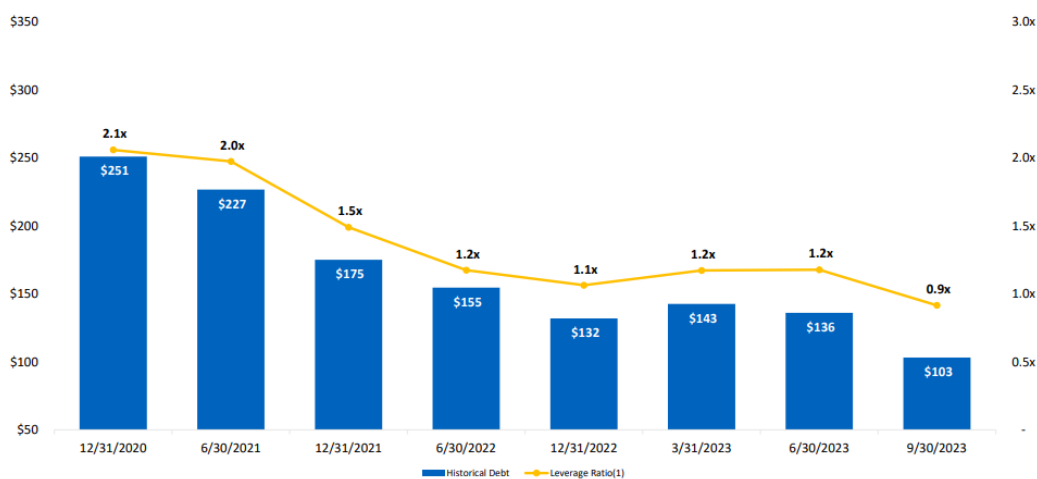
Source: Company Reports

### Free Cash Flow

Management prioritizes generating free cash flow, achieving free cash flow positivity every year since 2014. Civeo generated about \$81.7 million in free cash flow in 2023 and is guiding to a midpoint of roughly \$52.5 million in 2024. The Company uses its strong free cash flow generation to reduce its leverage, return capital to shareholders, and seek opportunities to expand its customer base and presence within core markets.

Since 2019, Civeo has significantly decreased its debt balance and leverage. Over the last four years, its debt position decreased from \$405 million to \$62.2M and its net leverage from 4.1x to 0.6x, in FY18 and 4Q23 respectively. In 2023, the Company used 23% of FCF for opportunistic share repurchases to compliment the initiation of its quarterly dividend. Since management emphasizes reducing leverage and returning capital to shareholders, this trend is expected to continue.

### Exhibit 5: Debt Reduction and Deleveraging



Source: Company Presentation

### Operating Income

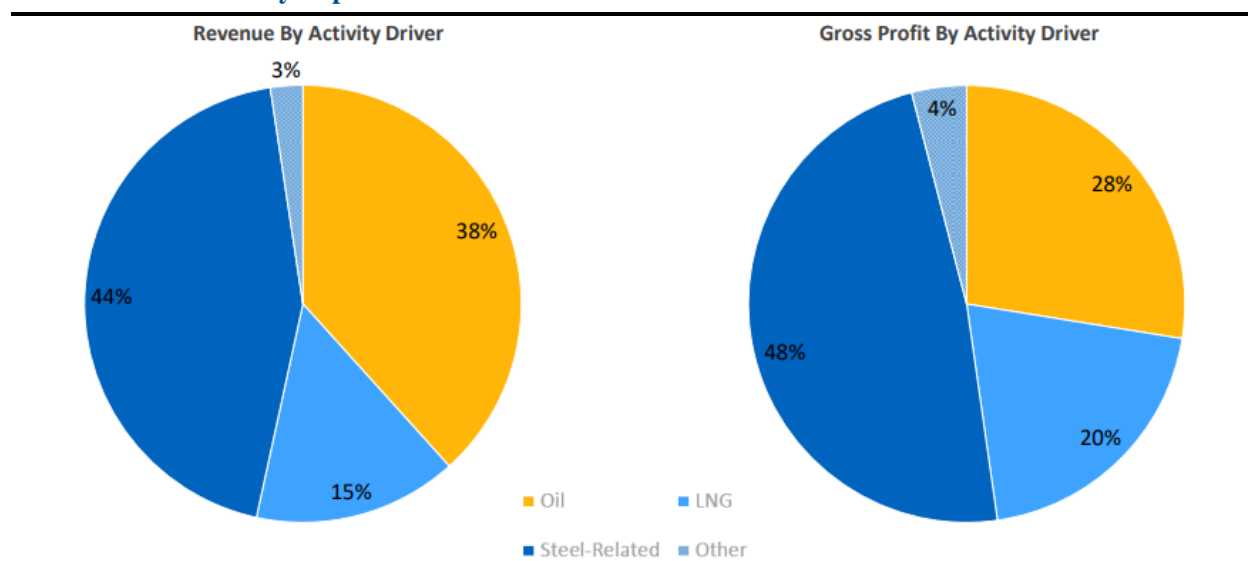
In 2023, Civeo generated \$44.4 million in operating income, an increase of 160.6% over 2022. This was primarily influenced by strong operational execution and above expectation room occupancy, despite inflationary pressures that increased food, wage, fuel, and utility prices. Additionally, the weakening of the Australian and Canadian dollars to the U.S. dollar were a headwind to revenues in both segments.

Seasonal factors may continue to provide a slight rebound as the middle quarters are historically stronger for the Company.

**Market Overview**

Civeo Corporation operates in a competitive and fragmented market. Historically, natural resource extractors built and operated their own accommodations due to a lack of third-party providers. The Company estimates that over 50% of the market is represented by customer-owned rooms. However, these companies are currently transitioning to outsourcing their accommodations. While there are providers that offer pieces of customer accommodation needs, few offer a full array of services. This gives Civeo a competitive advantage as they can offer a wider range of services that capitalize on economies of scale and is cost-effective for their customers.

**Exhibit 6: Commodity Exposure**



Source: Company January 2024 Presentation

Due to the cyclicity of natural resource industry, diversification is key to sustained growth and reduced revenue volatility. The development of LNG projects in British Columbia is an important catalyst for the Sitka Lodge in Kitimat, which can support the long-term needs of large labor forces. Maintaining occupancy levels in the Sitka Lodge could help offset the demobilization of LNG pipeline camps.

For the Australian market, met coal prices were impacted by the Chinese embargo of Australian coal in 2020. However, Australian producers recovered by exporting to Europe and India, which restabilized the market. Despite this, healthy iron prices prompted strong customer activity, helping to mitigate the dip in revenues. As of December 2022, the value of met coal exports in Australia have continued to rebound by increasing 191% Y/Y, per the Australian Department of Science and Resources.

Expanding into new geographies and commodity markets will further diversify the business model and facilitate revenue growth. In this regard, management had made it clear that it will continue to seek to diversify revenue drivers through both organic growth and M&A opportunities.

## Risks

As with any investment, there are certain risks associated with CVEO's operations as well as with the surrounding economic and regulatory environments common to the accommodations and hospitality industry and operating in foreign countries.

**Highly Competitive Industry** – Civeo operates in a highly competitive industry with several key players, many of which are larger than the Company. Should the Company fail to expand its customer base or lose its current customers, the business will suffer. An overall decrease in the demand for workforce accommodations can increase competition and shrink Civeo's market share.

**Commodity Price Volatility** – The business depends on the capex spending of its customers. If there is a negative outlook for commodity pricing, customers are less likely to continue producing current projects or develop new projects. Should current and potential customers reduce their capex spending, Civeo would struggle to retain and attract customers for their services.

**A Few Significant Customers** – The Company relies on few significant customers. The loss of any of their largest customers could lead to a significant reduction in revenues. In FY23 two separate companies each accounted for at least 10% of revenue. Additionally, the concentration of customers in the natural resource industry exposes Civeo to increased credit risk. Volatility in commodity prices could affect customers' ability to pay their obligations.

**Regulatory Changes** – The Company is exposed to regulatory changes. As governments change environmental regulations, Civeo's customer's business become more at risk, especially those in Canadian oil sand and the Australian met coal markets. Trade disputes or embargoes also expose the Company to a potential downturn in demand.

**Remote Locations** – Civeo operates in remote locations which exposes it to various climate and natural disaster related setbacks. Events such as floods, wildfires, and severe storms could limit the Company's access to supplies and utilities required to operate its facilities. Damage to surrounding infrastructure could also make it increasingly difficult for customers and labor to travel to Civeo's lodges/villages.

## VALUATION SUMMARY

We use a DCF Analysis and Comparison Analysis to frame valuation.

### DCF Analysis

We are modeling near-term revenue growth rates driven by continued spend from customers on both production and maintenance, offset by the discussed headwinds. Our longer-term revenue growth is normalized between 2% to 2.5%.

Our DCF analysis relies on a range of discount rates between 10.5% and 11.5% with a midpoint of 11.0% and terminal growth rates between 1.0% and 3.0%. We selected this discount rate to account for near term risks, CVEO's smaller market cap, and current interest rate environment. This arrives at a valuation range of \$30.30 to \$36.06 with a mid-point of \$32.81.

### Sensitivity Analysis:

		Terminal Growth Rates				
		0%	1%	2%	3%	4%
Discount rate	10.50%	\$31.45	\$33.00	\$34.91	\$37.34	\$40.51
	10.75%	\$30.61	\$32.06	\$33.83	\$36.06	\$38.96
	11.00%	\$29.81	\$31.16	\$32.81	\$34.87	\$37.52
	11.25%	\$29.04	\$30.30	\$31.84	\$33.74	\$36.17
	11.50%	\$28.31	\$29.49	\$30.92	\$32.68	\$34.92

### Comparison Analysis

Company Name	Symbol	Price <sup>(1)</sup>	Market Cap	EV	EV/Revenue <sup>(2,3)</sup>			EV/EBITDA <sup>(2,3)</sup>			P/E <sup>(2,3)</sup>		
					2023	2024E	2025E	2023	2024E	2025E	2023	2024E	2025E
<b>Diversified Support Services</b>													
ATCO Ltd.	ACO.X	\$ 27.39	\$ 3,079.3	\$ 13,874.9	3.94x	3.62x	3.50x	8.3x	7.9x	7.9x	0.09x	0.08x	0.08x
Black Diamond Group Limited	BDI	\$ 7.08	\$ 432.7	\$ 598.3	1.82x	2.09x	1.99x	6.8x	7.6x	7.0x	0.27x	0.28x	0.31x
Dexterra Group Inc.	DXT	\$ 4.29	\$ 276.3	\$ 396.3	0.48x	0.47x	0.46x	4.8x	5.1x	4.9x	0.16x	0.14x	0.10x
Target Hospitality Corp.	TH	\$ 9.68	\$ 984.1	\$ 1,106.4	2.00x	2.70x	2.58x	3.3x	5.5x	5.0x	0.06x	0.17x	0.12x
<b>Average</b>					<b>2.1x</b>	<b>2.2x</b>	<b>2.1x</b>	<b>5.8x</b>	<b>6.5x</b>	<b>6.2x</b>	<b>0.14x</b>	<b>0.17x</b>	<b>0.15x</b>
<b>Median</b>					<b>1.9x</b>	<b>2.4x</b>	<b>2.3x</b>	<b>5.8x</b>	<b>6.6x</b>	<b>6.0x</b>	<b>0.12x</b>	<b>0.15x</b>	<b>0.11x</b>
<b>Food and Support Services</b>													
Aramark	ARMK	\$ 30.33	\$ 7,960.2	\$ 13,827.4	0.74x	0.79x	0.75x	9.3x	11.0x	9.8x	0.04x	0.07x	0.06x
Compass Group PLC	CPG	\$ 27.41	\$46,751.8	\$ 51,340.3	1.30x	1.23x	1.14x	13.6x	12.7x	11.6x	0.01x	0.01x	0.01x
Sodexo S.A.	SW	\$ 79.67	\$11,637.0	\$ 16,405.2	0.84x	0.64x	0.60x	10.4x	10.2x	9.2x	0.11x	0.10x	0.09x
<b>Average</b>					<b>1.0x</b>	<b>0.9x</b>	<b>0.8x</b>	<b>11.1x</b>	<b>11.3x</b>	<b>10.2x</b>	<b>0.06x</b>	<b>0.06x</b>	<b>0.05x</b>
<b>Median</b>					<b>0.8x</b>	<b>0.8x</b>	<b>0.8x</b>	<b>10.4x</b>	<b>11.0x</b>	<b>9.8x</b>	<b>0.04x</b>	<b>0.07x</b>	<b>0.06x</b>
Civeo Corporation	CVEO	\$ 23.42	\$ 345.35	\$ 419.71	0.6x	0.6x	0.6x	4.4x	4.8x	4.3x	5.7x	15.9x	7.5x

(1) Previous day's closing price

(2) Estimates are from Capital IQ

(3) All Values in USD at an exchange rate of \$1.36 CAD/USD

Source: Company reports, Capital, Stonegate Capital Partners

We note that CVEO generated approximately 29% of revenue from Food and Other Services in the TTM. While the Company generated approximately 7.3% of gross profit from the same revenue stream over the same period, we believe it is appropriate to include a blended EBITDA value in our Comparative Analysis. For this revenue stream we chose a valuation range between 8.0x to 9.0x with a midpoint of 8.5x. This values Civeo's Food and Other Services segment at a significant discount to the average Food and Support Services FY25 EV/EBITDA multiple. This accounts for the smaller size of CVEO vs comps.

2025 EV/EBITDA			
Diversified Support Services	5.00x	5.50x	6.00x
Food and Support Services	8.00x	8.50x	9.00x
% of GP from food segment	7.3%	7.3%	7.3%
<b>Blended EBITDA Multiple</b>	<b>5.22x</b>	<b>5.72x</b>	<b>6.22x</b>
Adj EBITDA	98.5	98.5	98.5
TEV	514.2	563.4	612.7
Cash	3.3	3.3	3.3
Debt	65.6	65.6	65.6
Mrkt Cap	451.9	501.2	550.5
S/O	14.7	14.7	14.7
<b>Price</b>	<b>\$ 30.65</b>	<b>\$ 33.99</b>	<b>\$ 37.33</b>

For the majority of CVEO's earnings we are using a 5.0x to 6.0x EV/EBITDA multiple range with a midpoint of 5.5x. This moves CVEO closer to comp companies, which we believe is appropriate due to Civeo's diversification, market share, and market cap.

When we blend these two multiple ranges, we arrive at a valuation range of 5.2x to 6.2x with a midpoint of 5.7x, resulting in a price range of \$30.65 to \$37.33 with a mid-point of \$33.99.



BALANCE SHEET

Civeo Corporation																	
Consolidated Balance Sheets (\$Ms)																	
Fiscal Year End: December																	
ASSETS	FY 2019	FY 2020	Q1 Mar-21	Q2 Jun-21	Q3 Sep-21	Q4 Dec-21	FY 2021	Q1 Mar-22	Q2 Jun-22	Q3 Sep-22	Q4 Dec-22	FY 2022	Q1 Mar-23	Q2 Jun-23	Q3 Sep-23	Q4 Dec-23	FY 2023
Cash and Equivalents	3.3	6.2	5.5	4.4	4.9	6.3	6.3	6.4	4.8	8.4	8.0	8.0	12.4	11.4	7.8	3.3	3.3
Accounts Receivable	99.5	89.8	87.8	114.2	108.1	114.9	114.9	124.5	134.8	122.3	119.8	119.8	123.0	140.1	153.9	143.2	143.2
Inventories	5.9	6.2	6.7	7.0	6.1	6.5	6.5	7.3	7.4	7.0	6.9	6.9	7.4	7.2	6.3	7.0	7.0
Assets held for sale	7.6	3.9	-	2.2	15.5	11.8	11.8	10.8	11.4	13.8	8.7	8.7	8.2	8.2	8.2	5.9	5.9
Prepaid expenses and other	15.2	13.2	8.7	15.5	23.4	17.8	17.8	12.9	11.3	13.3	10.3	10.3	7.7	9.0	14.4	15.8	15.8
<b>Total Current Assets</b>	<b>131.4</b>	<b>119.2</b>	<b>108.7</b>	<b>143.3</b>	<b>158.0</b>	<b>157.2</b>	<b>157.2</b>	<b>161.8</b>	<b>169.7</b>	<b>164.7</b>	<b>153.5</b>	<b>153.5</b>	<b>158.6</b>	<b>175.9</b>	<b>190.6</b>	<b>175.2</b>	<b>175.2</b>
Property Plant and Equipment	590.3	486.9	469.0	442.8	400.0	390.0	390.0	386.0	349.1	309.8	301.9	301.9	284.4	275.6	263.4	270.6	270.6
Goodwill	110.2	8.7	8.6	8.5	8.1	8.2	8.2	8.5	7.8	7.3	7.7	7.7	7.6	7.5	7.3	7.7	7.7
Other intangible	111.8	99.7	99.3	99.0	94.7	93.6	93.6	93.5	88.9	82.0	81.7	81.7	80.4	80.6	77.5	78.0	78.0
Operating lease	24.9	22.6	22.3	21.4	19.3	18.3	18.3	17.9	16.3	14.3	15.7	15.7	15.1	14.0	12.9	12.3	12.3
Other noncurrent assts	1.3	3.6	2.3	2.7	4.0	5.4	5.4	5.3	5.6	5.3	5.6	5.6	5.2	5.3	4.8	4.3	4.3
<b>Total Assets</b>	<b>969.9</b>	<b>740.9</b>	<b>710.2</b>	<b>717.7</b>	<b>684.0</b>	<b>672.7</b>	<b>672.7</b>	<b>673.1</b>	<b>637.4</b>	<b>583.3</b>	<b>566.2</b>	<b>566.2</b>	<b>551.2</b>	<b>559.0</b>	<b>556.6</b>	<b>548.1</b>	<b>548.1</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>																	
Accounts payable	37.0	42.1	42.3	44.0	45.2	49.3	49.3	47.2	45.4	46.2	51.1	51.1	47.8	47.8	53.1	58.7	58.7
Accrued liabilities	21.8	27.3	20.8	24.0	31.1	33.6	33.6	22.8	28.3	32.4	39.2	39.2	21.3	27.5	48.7	40.5	40.5
Income taxes	0.3	0.2	0.3	0.2	0.3	0.2	0.2	0.2	0.1	0.1	0.2	0.2	0.2	0.1	0.2	3.8	3.8
Current portion of long-term debt	35.1	34.6	35.0	35.6	30.5	30.6	30.6	30.9	29.9	28.0	28.4	28.4	21.5	14.7	7.1	-	-
Deferred revenue	7.2	6.8	6.0	21.5	24.2	18.5	18.5	13.6	7.3	2.1	1.0	1.0	4.0	3.1	6.9	4.8	4.8
Other liabilities	8.7	5.8	6.4	6.0	5.7	4.8	4.8	4.4	8.5	8.9	8.3	8.3	8.4	9.5	9.3	6.3	6.3
<b>Total Current Liabilities</b>	<b>110.0</b>	<b>116.8</b>	<b>110.8</b>	<b>131.2</b>	<b>136.9</b>	<b>136.9</b>	<b>136.9</b>	<b>119.2</b>	<b>119.4</b>	<b>117.7</b>	<b>128.3</b>	<b>128.3</b>	<b>103.2</b>	<b>102.7</b>	<b>125.3</b>	<b>114.2</b>	<b>114.2</b>
Long-term debt	321.8	214.0	200.8	189.2	162.7	142.6	142.6	145.0	123.0	96.7	102.5	102.5	120.4	121.0	95.9	65.6	65.6
Deferred income tax	9.5	-	-	-	-	0.9	0.9	2.5	4.0	7.3	4.8	4.8	5.9	11.4	10.4	11.8	11.8
Operating lease liabilities	21.2	19.8	18.9	18.0	16.4	15.4	15.4	14.9	13.4	11.7	12.8	12.8	12.0	8.6	7.0	9.3	9.3
Other noncurrent liabilities	16.6	14.9	15.6	15.8	15.2	13.8	13.8	18.5	14.1	13.7	14.2	14.2	17.5	19.9	24.1	24.2	24.2
<b>Total Liabilities</b>	<b>479.1</b>	<b>365.5</b>	<b>346.0</b>	<b>354.3</b>	<b>331.3</b>	<b>309.6</b>	<b>309.6</b>	<b>300.1</b>	<b>273.9</b>	<b>247.1</b>	<b>262.5</b>	<b>262.5</b>	<b>259.0</b>	<b>263.6</b>	<b>262.6</b>	<b>225.0</b>	<b>225.0</b>
Preferred shares	58.1	60.0	60.5	61.0	61.5	61.9	61.9	62.4	62.9	63.4	-	-	-	-	-	-	-
Common shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Additional paid-in capital	1,572.2	1,578.3	1,579.3	1,580.2	1,581.2	1,582.4	1,582.4	1,583.5	1,584.4	1,585.3	1,624.5	1,624.5	1,625.4	1,626.6	1,627.8	1,629.0	1,629.0
Accumulated deficit	(771.6)	(907.7)	(917.7)	(918.2)	(918.5)	(913.0)	(913.0)	(912.0)	(903.5)	(911.9)	(930.1)	(930.1)	(940.2)	(940.0)	(935.9)	(919.0)	(919.0)
Treasury Stock	(5.5)	(6.9)	(8.1)	(8.1)	(8.1)	(8.1)	(8.1)	(9.1)	(9.1)	(9.1)	(9.1)	(9.1)	(9.1)	(9.1)	(9.1)	(9.1)	(9.1)
Accumulated other comprehensive loss	(363.2)	(349.0)	(350.6)	(352.2)	(364.4)	(361.9)	(361.9)	(353.9)	(373.8)	(394.4)	(385.2)	(385.2)	(387.4)	(385.4)	(392.1)	(380.7)	(380.7)
<b>Total Parent Net Equity</b>	<b>490.1</b>	<b>374.7</b>	<b>363.5</b>	<b>362.8</b>	<b>351.8</b>	<b>361.5</b>	<b>361.5</b>	<b>370.9</b>	<b>360.9</b>	<b>333.3</b>	<b>300.1</b>	<b>300.1</b>	<b>288.7</b>	<b>292.2</b>	<b>290.7</b>	<b>320.2</b>	<b>320.2</b>
Minority interest	0.7	0.7	0.6	0.6	1.0	1.6	1.6	2.1	2.6	2.9	3.6	3.6	3.5	3.2	3.2	2.9	2.9
<b>Total Consolidated Equity</b>	<b>490.8</b>	<b>375.4</b>	<b>364.1</b>	<b>363.4</b>	<b>352.8</b>	<b>363.1</b>	<b>363.1</b>	<b>373.0</b>	<b>363.5</b>	<b>336.2</b>	<b>303.7</b>	<b>303.7</b>	<b>292.2</b>	<b>293.3</b>	<b>294.0</b>	<b>323.0</b>	<b>323.0</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>969.9</b>	<b>740.9</b>	<b>710.2</b>	<b>717.7</b>	<b>684.0</b>	<b>672.7</b>	<b>672.7</b>	<b>673.1</b>	<b>637.4</b>	<b>583.3</b>	<b>566.2</b>	<b>566.2</b>	<b>551.2</b>	<b>559.0</b>	<b>556.6</b>	<b>548.1</b>	<b>548.1</b>
<b>Liquidity</b>																	
Current Ratio	1.2x	1.0x	1.0x	1.1x	1.2x	1.1x	1.1x	1.4x	1.4x	1.4x	1.2x	1.2x	1.5x	1.7x	1.5x	1.5x	1.5x
Quick Ratio	1.1x	1.0x	0.9x	1.0x	1.1x	1.1x	1.1x	1.3x	1.4x	1.3x	1.1x	1.1x	1.5x	1.6x	1.5x	1.5x	1.5x
Working Capital (\$M)	21.4	2.4	(2.1)	12.0	21.1	20.3	20.3	42.7	50.4	47.0	25.3	25.3	55.4	73.2	65.3	61.0	61.0
<b>Leverage</b>																	
Net Debt to Equity	76.4%	69.9%	70.2%	67.3%	59.6%	51.4%	50.2%	50.6%	46.8%	40.7%	46.0%	44.7%	48.5%	45.0%	34.8%	22.1%	22.1%
Net Debt to Capital	43.2%	40.8%	40.9%	40.0%	37.1%	33.7%	33.1%	33.4%	31.7%	28.6%	31.2%	30.6%	32.0%	30.4%	25.5%	18.1%	18.1%

Source: Company Reports, Stonegate Capital Partners

INCOME STATEMENT

Civeo Corporation																			
Consolidated Statements of Income (in \$M, except per share amounts)																			
Fiscal Year End: December																			
	FY 2019	FY 2020	FY 2021	FY 2022	Q1	Q2	Q3	Q4	FY 2023	Q1 E	Q2 E	Q3 E	Q4 E	FY 2024E	Q1 E	Q2 E	Q3 E	Q4 E	FY 2025E
					Mar-23	Jun-23	Sep-23	Dec-23		Mar-24	Jun-24	Sep-24	Dec-24		Mar-25	Jun-25	Sep-25	Dec-25	
Revenues	\$ 527.6	\$ 529.7	\$ 594.5	\$ 697.1	\$ 167.6	\$ 178.8	\$ 183.6	\$ 170.8	\$ 700.8	\$ 157.4	\$ 176.6	\$ 180.5	\$ 163.4	\$ 677.8	\$ 159.7	\$ 181.3	\$ 183.7	\$ 165.4	\$ 690.2
<b>Total Revenues</b>	<b>527.6</b>	<b>529.7</b>	<b>594.5</b>	<b>697.1</b>	<b>167.6</b>	<b>178.8</b>	<b>183.6</b>	<b>170.8</b>	<b>700.8</b>	<b>157.4</b>	<b>176.6</b>	<b>180.5</b>	<b>163.4</b>	<b>677.8</b>	<b>159.7</b>	<b>181.3</b>	<b>183.7</b>	<b>165.4</b>	<b>690.2</b>
Cost of sales and services	366.8	382.1	436.5	517.1	133.5	131.4	130.3	135.1	530.3	124.2	131.6	130.7	128.3	514.8	125.4	135.2	131.6	129.8	521.9
<b>Gross Profit</b>	<b>160.7</b>	<b>147.6</b>	<b>158.0</b>	<b>180.0</b>	<b>34.1</b>	<b>47.4</b>	<b>53.3</b>	<b>35.7</b>	<b>170.5</b>	<b>33.2</b>	<b>44.9</b>	<b>49.8</b>	<b>35.1</b>	<b>162.9</b>	<b>34.4</b>	<b>46.2</b>	<b>52.1</b>	<b>35.6</b>	<b>168.2</b>
SG&A	59.6	53.7	60.6	70.0	16.2	16.5	20.2	19.7	72.6	16.4	18.5	19.4	17.6	71.9	16.3	19.0	19.7	18.0	73.1
D&A	123.8	96.5	83.1	87.2	21.7	20.7	16.9	15.9	75.1	18.0	18.0	18.0	18.0	72.0	17.5	17.5	17.5	17.5	70.0
Other operating costs	0.3	0.5	0.3	0.1	0.1	0.1	0.1	(23.3)	(23.0)	0.1	0.1	0.1	0.1	0.4	0.1	0.1	0.1	0.1	0.4
Impairment Expense	26.1	144.1	7.9	5.7	-	-	-	1.4	1.4	-	-	-	-	-	-	-	-	-	-
Total Operating Expenses	209.8	294.8	151.9	163.0	38.0	37.2	37.2	13.7	126.2	34.5	36.6	37.5	35.7	144.3	33.9	36.6	37.3	35.6	143.5
<b>Operating Income</b>	<b>(49.1)</b>	<b>(147.2)</b>	<b>6.1</b>	<b>17.0</b>	<b>(3.9)</b>	<b>10.2</b>	<b>16.0</b>	<b>22.0</b>	<b>44.4</b>	<b>(1.3)</b>	<b>8.3</b>	<b>12.3</b>	<b>(0.6)</b>	<b>18.6</b>	<b>0.5</b>	<b>9.5</b>	<b>14.7</b>	<b>(0.0)</b>	<b>24.7</b>
Interest Expense	(27.4)	(16.7)	(13.0)	(11.5)	(3.7)	(3.6)	(3.4)	(2.6)	(13.2)	(2.1)	(2.1)	(2.0)	(2.0)	(8.2)	(1.9)	(1.9)	(1.9)	(1.9)	(7.5)
Interest and Invest. Income	0.1	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.2	0.1	0.1	0.1	0.1	0.2	0.1	0.1	0.1	0.1	0.2
Other gains/losses	7.3	20.4	12.8	5.1	2.5	0.4	(4.7)	10.8	9.0	1.3	1.3	1.3	1.3	5.2	1.5	1.5	1.5	1.5	5.8
<b>Profit Before Taxes</b>	<b>(69.1)</b>	<b>(143.4)</b>	<b>5.9</b>	<b>10.7</b>	<b>(5.1)</b>	<b>7.0</b>	<b>8.0</b>	<b>30.4</b>	<b>40.4</b>	<b>(2.1)</b>	<b>7.6</b>	<b>11.6</b>	<b>(1.3)</b>	<b>15.8</b>	<b>0.1</b>	<b>9.1</b>	<b>14.4</b>	<b>(0.4)</b>	<b>23.2</b>
Provision for Income Tax	10.7	10.6	(3.4)	(4.4)	(1.2)	(2.9)	1.2	(7.7)	(10.6)	1.6	(5.9)	(9.0)	1.0	(12.3)	(0.1)	(7.1)	(11.2)	0.3	(18.1)
<b>Net Income</b>	<b>(58.3)</b>	<b>(132.8)</b>	<b>2.5</b>	<b>6.3</b>	<b>(6.3)</b>	<b>4.2</b>	<b>9.2</b>	<b>22.7</b>	<b>29.7</b>	<b>(0.5)</b>	<b>1.7</b>	<b>2.5</b>	<b>(0.3)</b>	<b>3.5</b>	<b>0.0</b>	<b>2.0</b>	<b>3.2</b>	<b>(0.1)</b>	<b>5.1</b>
Minority Interest	0.2	1.5	1.1	2.3	0.0	(0.3)	0.2	(0.4)	(0.4)	0.5	0.5	0.5	0.5	2.0	0.5	0.5	0.5	0.5	2.0
Preferred Dividends	1.8	1.9	1.9	1.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net Income To Common Stkhdrs</b>	<b>(60.3)</b>	<b>(136.1)</b>	<b>(0.6)</b>	<b>2.2</b>	<b>(6.4)</b>	<b>4.5</b>	<b>9.0</b>	<b>23.0</b>	<b>30.2</b>	<b>(1.0)</b>	<b>1.2</b>	<b>2.0</b>	<b>(0.8)</b>	<b>1.5</b>	<b>(0.5)</b>	<b>1.5</b>	<b>2.7</b>	<b>(0.6)</b>	<b>3.1</b>
<b>Basic EPS</b>	<b>\$ (4.33)</b>	<b>\$ (9.64)</b>	<b>\$ (0.04)</b>	<b>\$ 0.16</b>	<b>\$ (0.42)</b>	<b>\$ 0.30</b>	<b>\$ 0.61</b>	<b>\$ 1.57</b>	<b>\$ 2.02</b>	<b>\$ (0.07)</b>	<b>\$ 0.08</b>	<b>\$ 0.14</b>	<b>\$ (0.05)</b>	<b>\$ 0.10</b>	<b>\$ (0.03)</b>	<b>\$ 0.11</b>	<b>\$ 0.19</b>	<b>\$ (0.04)</b>	<b>\$ 0.22</b>
<b>Diluted EPS</b>	<b>\$ (4.33)</b>	<b>\$ (9.64)</b>	<b>\$ (0.04)</b>	<b>\$ 0.16</b>	<b>\$ (0.42)</b>	<b>\$ 0.30</b>	<b>\$ 0.61</b>	<b>\$ 1.55</b>	<b>\$ 2.01</b>	<b>\$ (0.07)</b>	<b>\$ 0.08</b>	<b>\$ 0.14</b>	<b>\$ (0.05)</b>	<b>\$ 0.10</b>	<b>\$ (0.03)</b>	<b>\$ 0.11</b>	<b>\$ 0.19</b>	<b>\$ (0.04)</b>	<b>\$ 0.22</b>
WTD Shares Out - Basic	13.9	14.1	14.2	14.0	15.2	15.0	14.8	14.7	14.9	14.6	14.5	14.5	14.4	14.5	14.3	14.3	14.2	14.1	14.2
WTD Shares Out - Diluted	13.9	14.1	14.2	14.0	15.2	15.0	14.9	14.7	15.0	14.6	14.5	14.5	14.4	14.5	14.3	14.3	14.2	14.1	14.2
<b>EBITDA</b>	<b>81.8</b>	<b>(31.3)</b>	<b>101.2</b>	<b>107.0</b>	<b>20.2</b>	<b>31.6</b>	<b>28.0</b>	<b>49.1</b>	<b>128.9</b>	<b>17.5</b>	<b>27.1</b>	<b>31.1</b>	<b>18.2</b>	<b>93.8</b>	<b>18.9</b>	<b>28.0</b>	<b>33.2</b>	<b>18.4</b>	<b>98.5</b>
<b>Adjusted EBITDA</b>	<b>\$ 108.4</b>	<b>\$ 108.1</b>	<b>\$ 109.1</b>	<b>\$ 112.8</b>	<b>\$ 20.2</b>	<b>\$ 31.6</b>	<b>\$ 32.9</b>	<b>\$ 17.4</b>	<b>\$ 102.0</b>	<b>\$ 14.5</b>	<b>\$ 24.1</b>	<b>\$ 31.1</b>	<b>\$ 18.2</b>	<b>\$ 87.8</b>	<b>\$ 18.9</b>	<b>\$ 28.0</b>	<b>\$ 33.2</b>	<b>\$ 18.4</b>	<b>\$ 98.5</b>

Margin Analysis																			
Gross Margin	30.5%	27.9%	26.6%	25.8%	20.3%	26.5%	29.0%	20.9%	24.3%	21.1%	25.4%	27.6%	21.5%	24.0%	21.5%	25.5%	28.4%	21.5%	24.4%
Operating Margin	-9.3%	-27.8%	1.0%	2.4%	-2.3%	5.7%	8.7%	12.9%	6.3%	-0.8%	4.7%	6.8%	-0.4%	2.7%	0.3%	5.2%	8.0%	0.0%	3.6%
EBITDA Margin	20.5%	20.4%	18.4%	16.2%	12.0%	17.7%	17.9%	10.2%	14.6%	9.2%	13.6%	17.2%	11.1%	12.9%	11.8%	15.4%	18.1%	11.1%	14.3%
Pre-Tax Margin	-13.1%	-27.1%	1.0%	1.5%	-3.0%	3.9%	4.4%	17.8%	5.8%	-1.3%	4.3%	6.4%	-0.8%	2.3%	0.0%	5.0%	7.8%	-0.2%	3.4%
Net Income Margin	-11.1%	-25.1%	0.4%	0.9%	-3.8%	2.3%	5.0%	13.3%	4.2%	-0.3%	0.9%	1.4%	-0.2%	0.5%	0.0%	1.1%	1.7%	0.0%	0.7%
Tax Rate	-15.5%	-7.4%	-57.5%	-41.0%	24.3%	-40.9%	15.2%	-25.5%	-26.3%	-78.0%	-78.0%	-78.0%	-78.0%	-78.0%	-78.0%	-78.0%	-78.0%	-78.0%	-78.0%
Growth Rate Y/Y																			
Total Revenue	13.0%	0.4%	12.2%	17.3%	1.2%	-3.3%	-0.4%	5.3%	0.5%	-6.1%	-1.3%	-1.7%	-4.3%	-3.3%	1.5%	2.7%	1.8%	1.2%	1.8%
Total cost of revenues	-5.6%	40.5%	-48.5%	7.3%	6.7%	-8.4%	-6.8%	-70.7%	-22.6%	-9.3%	-1.6%	0.7%	160.9%	14.4%	-1.7%	0.0%	-0.4%	-0.3%	-0.6%
Operating Income	-44.3%	200.1%	-104.1%	181.2%	-192.1%	-28.6%	48.7%	-280.0%	160.6%	-66.4%	-18.7%	-23.6%	-102.9%	-58.1%	-136.1%	15.0%	20.3%	-97.0%	33.1%
Pre-Tax Income	-39.0%	107.6%	-104.1%	82.7%	-246.6%	-41.5%	-19.7%	-305.9%	276.1%	-59.5%	7.3%	44.5%	-104.3%	-60.9%	-103.8%	20.8%	24.2%	-71.4%	47.2%
Net Income	-28.7%	127.6%	-101.9%	153.5%	-430.8%	-59.3%	47.3%	-287.6%	369.7%	-92.8%	-60.1%	-72.4%	-101.3%	-88.3%	-103.8%	20.8%	24.2%	-71.4%	47.2%
Adj. EBITDA	60.1%	-0.2%	nm	3.3%	-21.1%	-14.8%	-6.0%	15.0%	-9.5%	-28.2%	-23.8%	-5.6%	4.6%	-14.0%	30.6%	16.2%	6.9%	1.5%	12.2%

Source: Company Reports, Stonegate Capital Partners estimates

CASH FLOW STATEMENT

Civeo Corporation Consolidated Cash Flow Statements (\$Ms) Fiscal Year End: December																	
CASH FLOW	FY 2019	FY 2020	Q1 Mar-21	Q2 Jun-21	Q3 Sep-21	Q4 Dec-21	FY 2021	Q1 Mar-22	Q2 Jun-22	Q3 Sep-22	Q4 Dec-22	FY 2022	Q1 Mar-23	Q2 Jun-23	Q3 Sep-23	Q4 Dec-23	FY 2023
<b>Operating Activities</b>																	
Net Income	(58.3)	(132.8)	(9.4)	0.0	1.0	10.9	2.5	1.9	10.2	6.3	(12.1)	6.3	(6.3)	4.2	9.2	22.7	29.7
Depreciation and Amortization	123.8	96.5	21.3	21.4	20.3	20.2	83.1	20.1	23.1	22.6	21.4	87.2	21.7	20.7	16.9	15.9	75.1
Impairment Charges	26.1	144.1	-	7.9	-	-	7.9	-	-	-	5.7	5.7	-	-	-	1.4	1.4
Loss on extinguishment of debt	-	0.4	-	-	0.4	-	0.4	-	-	-	-	-	-	-	-	-	-
Deferred income tax expense	(11.7)	(11.1)	1.0	(0.6)	1.7	1.0	3.1	1.5	1.8	3.7	(2.8)	4.2	1.2	2.8	(1.3)	4.1	6.8
Non-cash compensation charge	10.1	6.1	1.0	0.9	1.0	1.2	4.1	1.0	0.9	0.9	0.9	3.8	0.9	1.2	1.3	1.2	4.5
Gain on disposals of assets	(3.9)	(2.9)	(1.9)	(0.0)	(0.4)	(3.9)	(6.2)	(1.5)	(0.4)	(2.2)	(0.8)	(4.9)	(2.0)	(0.4)	4.7	(23.5)	(21.2)
Provision for loss on receivables	(0.0)	0.0	0.2	(0.0)	0.0	(0.0)	0.1	(0.0)	(0.0)	0.0	0.2	0.2	(0.1)	0.0	0.2	0.0	0.1
Other	2.7	(2.9)	0.7	0.8	1.0	(0.2)	2.2	0.7	0.9	0.9	0.8	3.2	0.6	0.7	0.7	(0.2)	1.7
<b>Cash Flow from operating activities before working capital changes</b>	<b>88.7</b>	<b>97.5</b>	<b>12.9</b>	<b>30.3</b>	<b>25.0</b>	<b>29.1</b>	<b>97.3</b>	<b>23.7</b>	<b>36.5</b>	<b>32.1</b>	<b>13.4</b>	<b>105.7</b>	<b>15.9</b>	<b>29.1</b>	<b>31.6</b>	<b>21.5</b>	<b>98.1</b>
Accounts receivable	(20.5)	13.7	1.8	(26.4)	3.1	(6.6)	(28.1)	(7.1)	(16.0)	4.0	4.7	(14.4)	(4.3)	(15.4)	(17.7)	15.1	(22.3)
Inventories	(0.1)	0.2	(0.5)	(0.3)	0.6	(0.3)	(0.5)	(0.6)	(0.6)	(0.4)	(0.3)	(1.8)	(0.5)	0.2	0.7	(0.4)	0.0
Accounts payable and accrued liabilities	8.5	6.9	(5.3)	4.7	10.4	5.6	15.4	(13.7)	7.0	10.2	8.8	12.3	(20.1)	5.4	19.5	2.7	7.4
Taxes payable	(0.1)	(0.1)	0.1	(0.0)	0.0	(0.1)	(0.0)	0.1	(0.2)	0.0	0.1	0.0	0.0	(0.1)	0.1	3.6	3.6
Other	(2.0)	(0.7)	3.9	8.3	(5.3)	(2.4)	4.5	(0.4)	(5.1)	(7.2)	2.7	(10.0)	9.3	0.2	2.7	(2.5)	9.7
<b>Cash flow generated/(absorbed) from operating Activities</b>	<b>74.5</b>	<b>117.4</b>	<b>12.8</b>	<b>16.5</b>	<b>33.9</b>	<b>25.3</b>	<b>88.5</b>	<b>2.0</b>	<b>21.7</b>	<b>38.7</b>	<b>29.4</b>	<b>91.8</b>	<b>0.4</b>	<b>19.4</b>	<b>36.8</b>	<b>40.0</b>	<b>96.6</b>
<b>Investing Activities</b>																	
Capital expenditures	(29.8)	(10.1)	(3.4)	(3.2)	(3.1)	(5.9)	(15.6)	(3.6)	(5.1)	(8.8)	(8.0)	(25.4)	(4.8)	(6.9)	(9.5)	(10.5)	(31.6)
Proceeds from disposition of PP&E	5.9	3.7	6.7	0.4	0.5	6.8	14.3	2.4	0.9	8.7	4.3	16.3	2.3	0.5	4.4	9.7	16.7
Cash Acquisitions	(16.4)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	1.8	4.6	-	-	-	0.6	0.6	0.2	-	-	-	0.2	-	-	-	0.4	0.4
<b>Cash flow generated by Investing Activities</b>	<b>(38.6)</b>	<b>(1.8)</b>	<b>3.3</b>	<b>(2.8)</b>	<b>(2.6)</b>	<b>1.4</b>	<b>(0.7)</b>	<b>(1.0)</b>	<b>(4.1)</b>	<b>(0.1)</b>	<b>(3.6)</b>	<b>(8.9)</b>	<b>(2.5)</b>	<b>(6.5)</b>	<b>(5.1)</b>	<b>(0.4)</b>	<b>(14.5)</b>
<b>Financing Activities</b>																	
Term loan repayments	(34.9)	(39.9)	(8.9)	(9.0)	(9.7)	(7.9)	(125.5)	(8.0)	(7.8)	(7.3)	(7.4)	(30.4)	(7.4)	(7.6)	(7.4)	(7.6)	(29.9)
Revolving credit borrowings (repayments)	(3.5)	(70.3)	(6.7)	(5.4)	74.6	(13.3)	49.2	7.7	(10.3)	(12.2)	11.5	(3.4)	17.7	(1.7)	(22.7)	(31.1)	(37.8)
Dividends Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3.7)	(3.7)	(7.4)
Debt issuance costs	(2.0)	(2.6)	-	-	(4.4)	(0.0)	(4.4)	-	-	-	-	-	-	-	-	-	-
Repurchase of common shares	-	-	-	-	(0.4)	(4.2)	(4.6)	(0.0)	(0.5)	(13.7)	-	(14.2)	(3.8)	(4.2)	(1.3)	(2.4)	(11.6)
Repurchase of preferred shares	-	-	-	-	-	-	-	-	-	-	(30.6)	(30.6)	-	-	-	-	-
Other	(4.3)	(1.5)	(1.0)	1.2	(1.3)	-	(1.1)	(1.0)	-	-	(0.1)	(1.1)	-	-	-	-	-
<b>Cash flow generated/(absorbed) by financing Activities</b>	<b>(44.6)</b>	<b>(114.2)</b>	<b>(16.6)</b>	<b>(13.2)</b>	<b>(31.3)</b>	<b>(25.4)</b>	<b>(86.5)</b>	<b>(1.3)</b>	<b>(18.5)</b>	<b>(33.2)</b>	<b>(26.6)</b>	<b>(79.7)</b>	<b>6.6</b>	<b>(13.5)</b>	<b>(35.1)</b>	<b>(44.8)</b>	<b>(86.8)</b>
Effect of exchange rate changes on cash	(0.3)	1.4	0.6	(1.0)	(0.8)	0.1	(1.2)	0.6	(0.7)	(1.8)	0.4	(1.5)	(0.0)	(0.4)	(0.2)	0.7	0.1
<b>Net Cash flow</b>	<b>(9.0)</b>	<b>2.8</b>	<b>0.1</b>	<b>(0.5)</b>	<b>(0.8)</b>	<b>1.3</b>	<b>0.1</b>	<b>0.1</b>	<b>(1.6)</b>	<b>3.6</b>	<b>(0.4)</b>	<b>1.7</b>	<b>4.4</b>	<b>(0.9)</b>	<b>(3.6)</b>	<b>(4.5)</b>	<b>(4.6)</b>
<b>Cash and Cash Equivalents</b>																	
Beginning Cash balance	12.4	3.3	6.2	6.2	5.7	4.9	6.2	6.3	6.4	4.8	8.4	6.3	8.0	12.4	11.4	7.8	8.0
Ending Cash balance	3.3	6.2	6.2	5.7	4.9	6.3	6.3	6.4	4.8	8.4	8.0	8.0	12.4	11.4	7.8	3.3	3.3

## IMPORTANT DISCLOSURES AND DISCLAIMER

- (a) The research analyst and/or a member of the analyst's household do not have a financial interest in the debt or equity securities of the subject company.
- (b) The research analyst responsible for the preparation of this report has not received compensation that is based upon Stonegate's investment banking revenues.
- (c) Stonegate or any affiliate have not managed or co-managed a public offering of securities for the subject company in the last twelve months, received investment banking compensation from the subject company in the last 12 months, nor expects or receive or intends or seek compensation for investment banking services from the subject company in the next three months.
- (d) Stonegate's equity affiliate, Stonegate Capital Partners, "SCP" has a contractual agreement with the subject company to provide research services, investor relations support, and investor outreach. SCP receives a monthly retainer for these non-investment banking services.
- (e) Stonegate or its affiliates do not beneficially own 1% or more of any class of common equity securities of the subject company.
- (f) Stonegate does not make a market in the subject company.
- (g) The research analyst has not received any compensation from the subject company in the previous 12 months.
- (h) Stonegate, the research analyst, or associated person of Stonegate with the ability to influence the content of the research report knows or has reason to know of any material conflicts of interest at the time of publication or distribution of the research report.
- (i) No employee of Stonegate has a position as an officer or director of the subject company.

**Ratings** - Stonegate does not provide ratings for the covered companies.

**Distribution of Ratings** - Stonegate does not provide ratings for covered companies.

**Price Chart** - Stonegate does not have, nor has previously had, a rating for its covered companies.

**Price Targets** - Stonegate does not provide price targets for its covered companies. However, Stonegate does provide valuation analysis.

### **Regulation Analyst Certification:**

I, Dave Storms, CFA, hereby certify that all views expressed in this report accurately reflect my personal views about the subject company or companies and its or their securities. I also certify that no part of my compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this report.

### **For Additional Information Contact:**

Stonegate Capital Markets, Inc.

Dave Storms, CFA

Dave@stonegateinc.com

214-987-4121

---

Please note that this report was originally prepared and issued by Stonegate for distribution to their market professional and institutional investor customers. Recipients who are not market professional or institutional investor customers of Stonegate should seek the advice of their independent financial advisor prior to taking any investment decision based on this report or for any necessary explanation of its contents. The information contained herein is based on sources which we believe to be reliable but is not necessarily complete and its accuracy cannot be guaranteed. Because the objectives of individual clients may vary, this report is not to be construed as an offer or the solicitation of an offer to sell or buy the securities herein mentioned. This report is the independent work of Stonegate Capital Markets and is not to be construed as having been issued by, or in any way endorsed or guaranteed by, any issuing companies of the securities mentioned herein. The firm and/or its employees and/or its individual shareholders and/or members of their families and/or its managed funds may have positions or warrants in the securities mentioned and, before or after your receipt of this report, may make or recommend purchases and/or sales for their own accounts or for the accounts of other customers of the firm from time to time in the open market or otherwise. While we endeavor to update the information contained herein on a reasonable basis, there may be regulatory, compliance, or other reasons that prevent us from doing so. The opinions or information expressed are believed to be accurate as of the date of this report; no subsequent publication or distribution of this report shall mean or imply that any such opinions or information remains current at any time after the date of this report. All opinions are subject to change without notice, and we do not undertake to advise you of any such changes. Reproduction or redistribution of this report without the expressed written consent of Stonegate Capital Markets is prohibited. Additional information on any securities mentioned is available on request.