



Civeo Corp (CVEO)

Growing Cap-Ex Budgets From Oil Sands Producers Support Healthier Civeo Occupancy Levels In 2022; Note Civeo's Improving Balance Sheet And Strong Cash Flow; Maintain \$30 Price Target

| | 2020 | | 2021E | | 2022E | | 2023E | |
|---------------|----------|-----------|-------|----------|-------|----------|-------|--|
| | | OLD | NEW | OLD | NEW | OLD | NEW | |
| Mar. | (\$0.17) | (\$0.70)A | | (\$0.30) | | (\$0.06) | | |
| June | 0.10 | (0.03)A | | 0.50 | | 0.59 | | |
| Sep. | 0.46 | 0.00A | | 0.36 | | 0.54 | | |
| Dec. | (0.16) | (0.01) | | (0.14) | | 0.00 | | |
| EPS | \$0.23 | (\$0.74) | | \$0.44 | | \$1.07 | | |
| P/E | | | | 42.3x | | 17.4x | | |
| FCF per share | \$6.34 | \$5.35 | | \$3.78 | | \$4.79 | | |
| P / FCF | | | | 4.9x | | 3.9x | | |

Note: NR = Not Rated. Risk Ratings: H = Highly risky; M = Moderately risky. EPS may not add due to rounding. 2019 excludes \$1.89 in impairment and transaction costs. 2020 excludes \$10.20 in impairment costs and income of \$0.33 from the settlement of warranties. 2020-2023E exclude share-based compensation of \$0.18, \$0.19, \$0.20 and \$0.20, respectively. *EPS including amortization expense.

| Year | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021E | 2022E | 2023E |
|------------|------|-----------|-----------|----------|-----------|----------|----------|----------|---------|---------|
| Rev.(Mil.) | N/A | \$518.0 | \$397.2 | \$382.3 | \$466.7 | \$527.6 | \$529.7 | \$577.5 | \$622.8 | \$644.1 |
| GAAP EPS* | N/A | (\$14.83) | (\$10.81) | (\$9.88) | (\$10.06) | (\$4.33) | (\$9.64) | (\$0.74) | \$0.44 | \$1.07 |

* Oil States International (NYSE: OIS, NC) completed the spinoff of CVEO on June 2, 2014.

Description: Civeo Corporation (www.civeo.com) offers workforce accommodation to the natural resource industry in Canada, Australia and the U.S. In Canada, the company primarily caters to customers in the Canadian Oil Sands and offers mobile accommodation services to customers in various pipeline projects. In Australia, CVEO's core markets include supporting met coal producers in the Bowen Basin and iron ore producers in Western Australia. Headquarters are in Houston, TX.

- **We expect increased Canadian turnaround activity in 2022, driven by healthy cap-ex budgets from larger oil sands producers and the lack of largescale turnarounds over the previous two COVID-affected years.**
- **We anticipate Civeo will continue to benefit from the ongoing construction of the Coastal GasLink and Trans Mountain pipelines in 2022.**
- **We model only modest improvement in Australian activity, despite healthy met coal prices, given the ongoing Australia-China trade dispute.**
- **We highlight Civeo's hefty cash free flow generation; cash could be returned to shareholders or used to invest in the business.**
- **We project free cash flow of \$5.35 per share in 2021, \$3.78 in 2022 and \$4.79 in 2023.**
- **We suspect the recent stock weakness is in part due to concerns over the spread of the Omicron variant and potential new government limitations. However, we note the largest percentage of Canadian revenue is generated in 2Q and 3Q.**
- **Strong cash flow has enabled Civeo to reduce net leverage to 1.9x at the end of 3Q:21 (from the year-earlier 2.3x); we model net leverage declining below the target 1.5x by early 2022.**
- **Our Moderately Risky rating reflects strong cash conversion rates, declining leverage and the healthy commodity price environment.**
- **We maintain our \$30 price target, which is based on 8x our 2022 free cash flow per share estimate of \$3.78. The multiple is consistent with the 8x forward P/FCF for Civeo and its peers over the last five years.**

We expect higher Canadian turnaround activity in 2022 and ongoing revenue from the two major pipeline projects. Leading Canadian oil sands producers including Suncor Energy (NYSE: SU, NC), Cenovus Energy (NYSE: CVE) and ConocoPhillips (NYSE: COP) are hiking cap-ex in 2022, based on budgets released this month. Oil sands producers are expected to spend about 20% more in 2022, the first annual increase since 2014. While

NR

Price Target: \$30

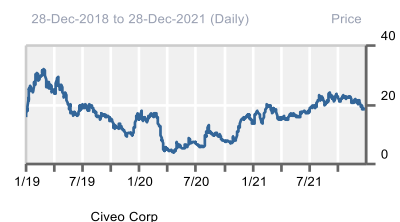
Price: \$18.59

Risk Rating: M

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Key Statistics

| | |
|-------------------------------|----------|
| Analysts Covering | 2 |
| Market Cap (Mil) | \$260 |
| Enterprise Value | \$534 |
| 52-Week Range (NYSE) | 25-13 |
| 5-Year EPS CAGR | 10% |
| Avg. Daily Trading Volume | 29,000 |
| Shares Out (Mil) | 14.250 |
| Float Shares (Mil) | 11.851 |
| Insider Ownership | 19% |
| Institutional Holdings | 60% |
| Annualized Dividend | Nil |
| Dividend Yield | N/A |
| FCF Per Share (2023E) | \$4.79 |
| FCF Yield (2023E) | 25.8% |
| Net Cash Per Share (2023E) | (\$2.71) |
| Price to Book Value | 0.9x |
| Return on Equity (2023E) | 4.9% |
| Total Debt to Capital | 37% |
| Interest Coverage Ratio | 1.9x |
| Short Interest % | 0.2% |
| Short Interest Days To Cover | 1.2 |
| Russell 2000 | 2,249 |
| Russell 2000 – Last 12 Months | 12.5% |
| CVEO – Last 12 Months | 35.0% |



Source: FactSet Prices

higher turnaround activity in 2021 bolstered Civeo's EBITDA, spending still remains well below pre-COVID levels. We anticipate larger turnarounds in 2022-2023 in order to maintain efficient operations while production grows. Larger capital projects could also boost Civeo's lodge occupancy. Western Canadian oil sands production has expanded more than 11% YTD through October, as operations recover to pre-pandemic levels. Production could be further driven in 2022 by increased drilling. The Canadian Association of Energy Contractors (CAOEC) projects 27% more wells will be drilled in Western Canada next year, driven by higher oil prices. While we suspect recent weakness in the stock may relate to concerns regarding the Omicron variant and potential government restrictions, we note that the Coast GasLink pipeline project reached 47% construction completion, according to the project's mid-December update. We expect Civeo to continue to generate significant revenue from the mobile sites for that project and Trans Mountain through 2022. We also note that the largest portion of Civeo's non-mobile facilities is generated during turnaround season in 2Q and 3Q.

Despite the ongoing Australia-China trade dispute, we still model modest improvement in Civeo's Australian occupancy in 2022. We note that Australian met coal exports reached a four-month high in December on increased deliveries to India. Australian miners have continued to find other destinations for its met coal production, also including Japan, South Korea and Vietnam, during the ongoing dispute. The Australian government projects met coal exports to rise more than 2% in the fiscal year ending June 2022 with some pullback from record global price levels due to China's efforts to reduce steel output. Still larger capital projects may be less likely as long as the dispute stretches on. Border restrictions related to COVID also may limit Civeo's ability to add to its workforce

Significant free cash flow over the last two years has enabled Civeo to improve the balance sheet and consider returning cash to shareholders. We estimate Civeo generated nearly \$185 million in free cash (\$11.69 per share) in the two-year period through the end of 4Q:21 despite issues related to COVID. The company has reduced debt by more than \$100 million over the last five quarters while lowering net leverage to 1.9x (from 2.5x as of June 2020). Civeo replaced its previous credit agreement in September, extending the maturity by four years to 2025. In August, the company announced that its board had authorized a 5% share buyback authorization, the maximum permissible under Canadian securities law for normal course issuer bids. The board authorized the repurchase of up to 715,000 shares through August 2022. At the current share price, the repurchase would total about \$14 million. We anticipate that Civeo could explore additional ways to return capital to shareholders or consider tuck-in acquisitions, particularly in Australia. We note the significant growth in Australian EBITDA from the \$17 million acquisition of Action Catering in 2019.

| | | | |
|------------------|---|-------------------------------|-----------------------|
| Valuation | We maintain our \$30 price target, which is based on 8x our 2022 free cash flow per share estimate of \$3.78. We note that Civeo shares and peer stocks have traded at about 8x forward free cash flow over the last five years. We could consider a higher multiple in view of the continued improvement in the balance sheet and stable cash flow. We could also reconsider our EPS and cash flow estimates based on improving Australian occupancy. | | |
| Key Risks | COVID-19 | China/Australia trade dispute | Push for green energy |

CIVEO CORP

Table 1. Civeo Corporation Income Statement

(\$s in thousands, except per share data)

| | 2020 | Mar A | Jun A | Sept A | Dec E | 2021E | Mar E | Jun E | Sept E | Dec E | 2022E | Mar E | Jun E | Sept E | Dec E | 2023E |
|--|----------------|----------------|----------------|----------------|----------------|-----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Revenue | | | | | | | | | | | | | | | | |
| Canada | 269,649 | 61,885 | 83,281 | 84,057 | 74,907 | 304,130 | 75,818 | 95,711 | 83,608 | 79,785 | 334,921 | 75,893 | 95,998 | 89,849 | 84,820 | 346,560 |
| Australia | 234,542 | 59,637 | 64,019 | 65,118 | 63,368 | 252,142 | 63,449 | 67,388 | 67,515 | 65,016 | 263,368 | 67,002 | 71,045 | 69,143 | 66,595 | 273,786 |
| United States | 25,538 | 3,908 | 6,876 | 5,888 | 4,593 | 21,265 | 4,299 | 7,564 | 6,477 | 6,200 | 24,539 | 4,170 | 7,337 | 6,282 | 6,014 | 23,803 |
| Total revenue | 529,729 | 125,430 | 154,176 | 155,063 | 142,868 | 577,537 | 143,566 | 170,663 | 157,599 | 151,000 | 622,828 | 147,065 | 174,380 | 165,275 | 157,429 | 644,149 |
| Costs & expenses | | | | | | | | | | | | | | | | |
| Cost of sales & services | 382,088 | 99,810 | 108,002 | 111,430 | 105,536 | 424,778 | 110,022 | 117,695 | 109,374 | 112,784 | 449,876 | 109,589 | 119,999 | 113,605 | 116,945 | 460,138 |
| SG&A | 53,656 | 14,181 | 14,703 | 17,320 | 15,195 | 61,399 | 15,010 | 19,855 | 17,919 | 17,164 | 69,948 | 15,184 | 19,966 | 18,374 | 17,526 | 71,050 |
| Depreciation and amortization | 96,547 | 21,269 | 21,377 | 20,282 | 20,282 | 83,210 | 20,282 | 20,282 | 20,282 | 20,282 | 81,128 | 20,282 | 20,282 | 20,282 | 20,282 | 81,128 |
| Other operating expense | 506 | 71 | 7,935 | 21 | | 8,027 | | | | | 0 | | | | | 0 |
| Total operating expenses | 532,797 | 135,331 | 152,017 | 149,053 | 141,014 | 577,415 | 145,314 | 157,832 | 147,575 | 150,230 | 600,952 | 145,055 | 160,247 | 152,261 | 154,753 | 612,316 |
| | -3.1% | -5.9% | 30.4% | 9.8% | 3.1% | 8.4% | 7.4% | 3.8% | -1.0% | 6.5% | 4.1% | -0.2% | 1.5% | 3.2% | 3.0% | 1.9% |
| | | -1.0% | 12.3% | -1.9% | -5.4% | | 3.0% | 8.6% | -6.5% | 1.8% | | -3.4% | 10.5% | -5.0% | 1.6% | |
| Operating income | (3,068) | (9,901) | 2,129 | 6,010 | 1,854 | 92 | (1,748) | 12,831 | 10,024 | 770 | 21,876 | 2,010 | 14,132 | 13,014 | 2,676 | 31,833 |
| Adjusted EBITDA | 108,142 | 16,223 | 32,232 | 26,178 | 23,636 | 97,269 | 18,034 | 32,613 | 29,806 | 20,552 | 101,004 | 21,792 | 33,914 | 32,796 | 22,458 | 110,961 |
| Other income/expense | | | | | | | | | | | | | | | | |
| Interest expense | (16,687) | (3,362) | (3,401) | (3,166) | (2,564) | (12,493) | (2,424) | (2,284) | (2,144) | (2,004) | (8,857) | (1,864) | (1,724) | (1,584) | (1,444) | (6,617) |
| Loss on debt extinguishment | (383) | | | (416) | | (416) | | | | | | | | | | |
| Interest income | 20 | | 2 | | | 2 | | | | | | | | | | |
| Other income | 16,133 | 4,914 | 788 | 364 | 2,000 | 8,066 | | | | | | | | | | |
| Pretax income | (3,985) | (8,349) | (482) | 2,792 | 1,290 | (4,749) | (4,173) | 10,546 | 7,880 | (1,234) | 13,019 | 146 | 12,408 | 11,430 | 1,232 | 25,216 |
| Income tax (expense) benefit | 10,635 | (1,076) | 492 | (1,770) | (516) | (2,870) | 835 | (2,109) | (1,576) | 247 | (2,604) | (29) | (2,482) | (2,286) | (246) | (5,043) |
| Net income (loss) | 6,650 | (9,425) | 10 | 1,022 | 774 | (7,619) | (3,338) | 8,437 | 6,304 | (987) | 10,415 | 116 | 9,927 | 9,144 | 986 | 20,173 |
| Non-controlling interest | 1,470 | 59 | (3) | 478 | 500 | 1,034 | 500 | 500 | 500 | 500 | 2,000 | 500 | 500 | 500 | 500 | 2,000 |
| Net income (loss) attrib. CVEO Corp. | 5,180 | (9,484) | 13 | 544 | 274 | (8,653) | (3,838) | 7,937 | 5,804 | (1,487) | 8,415 | (384) | 9,427 | 8,644 | 486 | 18,173 |
| Dividends attributable to Class A preferred | 1,887 | 478 | 480 | 482 | 479 | 1,919 | 480 | 480 | 480 | 480 | 1,920 | 480 | 480 | 480 | 480 | 1,920 |
| Net income (loss) attrib. CVEO common | 3,293 | (9,962) | (467) | 62 | (205) | (10,572) | (4,318) | 7,457 | 5,324 | (1,967) | 6,495 | (864) | 8,947 | 8,164 | 6 | 16,253 |
| EPS: | | | | | | | | | | | | | | | | |
| Basic | 0.23 | (0.70) | (0.03) | 0.00 | (0.01) | (0.74) | (0.30) | 0.52 | 0.37 | (0.14) | 0.45 | (0.06) | 0.61 | 0.56 | 0.00 | 1.11 |
| Diluted | 0.23 | (0.70) | (0.03) | 0.00 | (0.01) | (0.74) | (0.30) | 0.50 | 0.36 | (0.14) | 0.44 | (0.06) | 0.59 | 0.54 | 0.00 | 1.07 |
| Shares: | | | | | | | | | | | | | | | | |
| Basic | 14,149 | 14,211 | 14,265 | 14,306 | 14,354 | 14,284 | 14,403 | 14,452 | 14,499 | 14,547 | 14,475 | 14,596 | 14,645 | 14,693 | 14,742 | 14,669 |
| Diluted | 14,129 | 14,211 | 14,278 | 14,361 | 14,354 | 14,301 | 14,403 | 14,524 | 14,571 | 14,547 | 14,511 | 14,596 | 14,718 | 14,767 | 14,816 | 14,724 |
| Growth analysis: | | | | | | | | | | | | | | | | |
| Revenue | 0.4% | -9.6% | 34.4% | 8.5% | 7.1% | 9.0% | 14.5% | 10.7% | 1.6% | 5.7% | 7.8% | 2.4% | 2.2% | 4.9% | 4.3% | 3.4% |
| EBITDA | -0.4% | -20.2% | 14.7% | -27.3% | -0.3% | -10.1% | 11.2% | 1.2% | 13.9% | -13.0% | 3.8% | 20.8% | 4.0% | 10.0% | 9.3% | 9.9% |
| Margin analysis: | | | | | | | | | | | | | | | | |
| Operating | -0.6% | -7.9% | 1.4% | 3.9% | 1.3% | 0.0% | -1.2% | 7.5% | 6.4% | 0.5% | 3.5% | 1.4% | 8.1% | 7.9% | 1.7% | 4.9% |
| EBITDA | 20.4% | 12.9% | 20.9% | 16.9% | 16.5% | 16.8% | 12.6% | 19.1% | 18.9% | 13.6% | 16.2% | 14.8% | 19.4% | 19.8% | 14.3% | 17.2% |

Sources: Company reports and Sidoti & Company, LLC.

Table 2. Civeo Corporation Cash Flow Statement

(\$s in thousands, except per share data)

| | Mar | Jun | Sept | Dec | 2020 | Mar A | Jun A | Sept A | Dec E | 2021E | 2022E | 2023E |
|--|------------------|-----------------|-----------------|-----------------|------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Cash flows from operating activities: | | | | | | | | | | | | |
| Net income | (145,812) | 6,829 | 7,423 | (1,220) | (132,780) | (9,425) | 10 | 1,022 | 774 | (7,619) | 10,415 | 20,173 |
| Adjustments: | | | | | | | | | | | | |
| Depreciation & amortization | 25,502 | 22,205 | 24,820 | 24,020 | 96,547 | 21,269 | 21,377 | 20,282 | 20,282 | 83,210 | 81,128 | 81,128 |
| Impairment charges | 144,120 | 0 | 0 | 0 | 144,120 | | 7,935 | | | 7,935 | 0 | 0 |
| Loss on debt extinguishment | | 0 | 383 | 0 | 383 | | | 416 | | 416 | 0 | 0 |
| Deferred income tax | (8,941) | 0 | 0 | (2,181) | (11,122) | 1,041 | (625) | 1,689 | | 2,105 | 0 | 0 |
| Non-cash compensation charge | 2,208 | 1,331 | 1,265 | 1,262 | 6,066 | 1,027 | 871 | 1,035 | | 2,933 | 0 | 0 |
| Gain on asset disposal | (21) | (1,798) | (762) | (324) | (2,905) | (1,902) | (39) | (364) | | (2,305) | 0 | 0 |
| Loss (benefit) on receivables | 54 | (29) | 20 | (1) | 44 | 193 | (46) | 8 | | 155 | 0 | 0 |
| Other, net | 693 | (3,933) | 510 | (143) | (2,873) | 716 | 767 | 953 | | 2,436 | 0 | 0 |
| Working capital: | | | | | | | | | | | | |
| Accounts receivable | (1,496) | 11,727 | (4,876) | 8,324 | 13,679 | 1,806 | (26,423) | 3,101 | (4,807) | (26,323) | (4,915) | (3,441) |
| Inventories | (740) | (1,155) | 2,089 | (23) | 171 | (526) | (304) | 637 | (3,912) | (4,105) | (871) | (463) |
| Accounts payable & accrued liabs. | 6,280 | (10,863) | 5,830 | 5,643 | 6,890 | (5,287) | 4,724 | 10,399 | 2,298 | 12,134 | (2,378) | 1,664 |
| Taxes payable | 133 | 118 | (200) | (185) | (134) | 51 | (30) | 40 | 0 | 61 | 0 | 0 |
| Other asstes/liabs, net | (1,143) | 49 | (1,145) | 1,514 | (725) | 3,854 | 8,316 | (5,327) | 16,362 | 23,205 | 319 | (704) |
| Operating cash flow | 20,837 | 24,481 | 35,357 | 36,686 | 117,361 | 12,817 | 16,533 | 33,891 | 30,997 | 94,238 | 83,699 | 98,358 |
| Cash flows from investing | | | | | | | | | | | | |
| CAPEX | (2,651) | (1,196) | (2,397) | (3,839) | (10,083) | (3,372) | (3,158) | (3,115) | (8,000) | (17,645) | (29,000) | (28,000) |
| Acquisitions, net of cash | | 0 | 0 | 0 | | | | | | 0 | 0 | 0 |
| Disposal of PPE | 72 | 1,825 | 1,439 | 354 | 3,690 | 6,651 | 361 | 533 | | 7,545 | 0 | 0 |
| Other, net | | 4,619 | 0 | 0 | 4,619 | | | | | 0 | 0 | 0 |
| Investing cash flow | (2,579) | 5,248 | (958) | (3,485) | (1,774) | 3,279 | (2,797) | (2,582) | (8,000) | (10,100) | (29,000) | (28,000) |
| Financing cash flows | | | | | | | | | | | | |
| Revolving credit borrowings | 74,287 | 48,033 | 202,291 | (324,611) | 0 | | | | | 0 | 0 | 0 |
| Revolving credit payments | (80,367) | (67,583) | (221,172) | 298,812 | (70,310) | (6,691) | (5,413) | 74,578 | | 62,474 | 0 | 0 |
| Term loan repayments, net | (8,109) | (8,442) | (14,541) | (8,763) | (39,855) | (8,872) | (9,002) | (99,721) | (10,000) | (127,595) | (40,000) | (40,000) |
| Debt issuance costs | | 0 | (2,583) | 0 | (2,583) | | | (4,407) | | (4,407) | 0 | 0 |
| Other, net | (1,442) | (16) | 0 | 0 | (1,458) | (1,120) | | (445) | | (1,565) | 0 | 0 |
| Financing cash flow | (15,631) | (28,008) | (36,005) | (34,562) | (114,206) | (16,683) | (14,415) | (29,995) | (10,000) | (71,093) | (40,000) | (40,000) |
| FX changes | (400) | 32 | 1,233 | 578 | 1,443 | (113) | (362) | (780) | | (1,255) | 0 | 0 |
| Net change in cash | 2,227 | 1,753 | (373) | (783) | 2,824 | (700) | (1,041) | 534 | 12,997 | 11,790 | 14,699 | 30,358 |
| Beginning cash | 3,331 | 5,558 | 7,311 | 6,938 | 3,331 | 6,155 | 5,455 | 4,414 | 4,948 | 6,155 | 17,945 | 32,644 |
| Ending cash | 5,558 | 7,311 | 6,938 | 6,155 | 6,155 | 5,455 | 4,414 | 4,948 | 17,945 | 17,945 | 32,644 | 63,001 |
| Free cash flow | 18,186 | 23,285 | 32,960 | 32,847 | 107,278 | 9,445 | 13,375 | 30,776 | 22,997 | 76,593 | 54,699 | 70,358 |
| Free cash flow per share | 1.08 | 1.37 | 1.94 | 1.94 | 6.34 | 0.66 | 0.94 | 2.14 | 1.60 | 5.35 | 3.78 | 4.79 |

Sources: Company reports and Sidoti & Company, LLC.

Table 3. Civeo Corporation Balance sheet

(\$s in thousands, except per share data)

| | Mar | Jun | Sept | 2020 | Mar A | Jun A | Sept A | 2021E | 2022E | 2023E |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Assets | | | | | | | | | | |
| Cash & equivalents | 5,558 | 7,311 | 6,938 | 6,155 | 5,455 | 4,414 | 4,948 | 17,945 | 32,644 | 63,001 |
| Accounts receivable | 91,874 | 85,553 | 92,754 | 89,782 | 87,783 | 114,187 | 108,058 | 112,865 | 117,780 | 121,221 |
| Inventories | 6,050 | 7,683 | 5,775 | 6,181 | 6,677 | 6,958 | 6,089 | 10,001 | 10,872 | 11,335 |
| Prepaid expenses | 4,996 | 7,482 | 9,369 | 6,501 | 4,515 | 2,205 | 23,398 | 12,858 | 12,080 | 12,594 |
| Other current assets | 11,378 | 9,910 | 7,737 | 6,684 | 4,230 | 15,513 | 15,530 | 10,160 | 10,570 | 11,020 |
| Assets held for sale | 6,332 | | | 3,910 | | | | 0 | 0 | |
| Total current assets | 126,188 | 117,939 | 122,573 | 119,213 | 108,660 | 143,277 | 158,023 | 163,829 | 183,945 | 219,171 |
| PPE | 465,087 | 486,815 | 481,394 | 486,930 | 468,961 | 442,819 | 399,962 | 387,680 | 335,552 | 282,424 |
| Goodwill | 6,909 | 7,778 | 8,086 | 8,729 | 8,601 | 8,474 | 8,125 | 8,125 | 8,125 | 8,125 |
| Other intangible assets | 98,944 | 100,423 | 98,907 | 99,749 | 99,269 | 98,967 | 94,680 | 94,680 | 94,680 | 94,680 |
| Operating leases | 21,558 | 21,065 | 20,426 | 22,606 | 22,338 | 21,445 | 19,265 | 19,265 | 19,265 | 19,265 |
| Other non-current assets | 837 | 563 | 1,550 | 3,626 | 2,349 | 2,705 | 3,987 | 3,987 | 3,987 | 3,987 |
| Total Assets | 719,523 | 734,583 | 732,936 | 740,853 | 710,178 | 717,687 | 684,042 | 677,566 | 645,554 | 627,652 |
| Liabilities & stockholders' equity | | | | | | | | | | |
| Accounts payable | 43,258 | 35,168 | 37,116 | 42,056 | 42,336 | 43,956 | 45,193 | 47,491 | 45,114 | 46,778 |
| Accrued liabilities | 16,163 | 16,910 | 22,229 | 27,349 | 20,801 | 23,983 | 31,084 | 31,084 | 31,084 | 31,084 |
| Income taxes | 448 | 571 | 379 | 203 | 255 | 225 | 261 | 261 | 261 | 261 |
| Current portion of LT debt | 32,142 | 33,510 | 32,978 | 34,585 | 35,047 | 35,593 | 30,473 | 30,473 | 30,473 | 30,473 |
| Deferred revenue | 8,250 | 7,853 | 7,801 | 6,812 | 5,983 | 21,486 | 24,219 | 24,219 | 24,219 | 24,219 |
| Other current liabilities | 5,785 | 5,484 | 6,353 | 5,760 | 6,354 | 5,997 | 5,718 | 6,170 | 6,121 | 6,382 |
| Total current liabilities | 106,046 | 99,496 | 106,856 | 116,765 | 110,776 | 131,240 | 136,948 | 139,698 | 137,272 | 139,197 |
| LT debt less current | 280,939 | 264,522 | 236,876 | 214,000 | 200,756 | 189,228 | 162,689 | 152,689 | 112,689 | 72,689 |
| Deferred income taxes | | | | 0 | | | | 0 | 0 | 0 |
| Operating leases | 18,527 | 18,541 | 18,035 | 19,834 | 18,941 | 17,997 | 16,382 | 16,382 | 16,382 | 16,382 |
| Other non-current liabilities | 17,066 | 17,781 | 17,557 | 14,897 | 15,566 | 15,817 | 15,238 | 15,238 | 15,238 | 15,238 |
| Total liabilities | 422,578 | 400,340 | 379,324 | 365,496 | 346,039 | 354,282 | 331,257 | 324,007 | 281,581 | 243,506 |
| Shareholders' equity | | | | | | | | | | |
| Total CVEO shareholders' equity | 296,393 | 333,619 | 352,976 | 374,685 | 363,491 | 362,810 | 351,755 | 352,529 | 362,944 | 383,117 |
| Noncontrolling interest | 552 | 624 | 636 | 672 | 648 | 595 | 1,030 | 1,030 | 1,030 | 1,030 |
| Total shareholders' equity | 296,945 | 334,243 | 353,612 | 375,357 | 364,139 | 363,405 | 352,785 | 353,559 | 363,974 | 384,147 |
| Total liabilities & shareholders' equity | 719,523 | 734,583 | 732,936 | 740,853 | 710,178 | 717,687 | 684,042 | 677,566 | 645,554 | 627,652 |
| Current ratio | 1.2 | 1.2 | 1.1 | 1.0 | 1.0 | 1.1 | 1.2 | 1.2 | 1.3 | 1.6 |
| Total debt to capital | 51.3% | 47.1% | 43.3% | 39.8% | 39.3% | 38.2% | 35.4% | 34.1% | 28.2% | 21.2% |
| Net leverage ratio | 2.7 | 2.5 | 2.3 | 2.2 | 2.2 | 2.0 | 1.9 | 1.7 | 1.1 | 0.4 |
| Book value per share | 21.11 | 23.55 | 24.84 | 26.52 | 25.58 | 25.41 | 24.49 | 24.65 | 25.01 | 26.02 |
| Net debt | (307,523) | (290,721) | (262,916) | (242,430) | (230,348) | (220,407) | (188,214) | (165,217) | (110,518) | (40,161) |
| Net cash (debt) per share | (21.90) | (20.52) | (18.50) | (17.16) | (16.21) | (15.44) | (13.11) | (11.55) | (7.60) | (2.71) |
| ROE | | | | 1.2% | | | | -2.4% | 2.4% | 4.9% |

Sources: Company reports and Sidoti & Company, LLC.

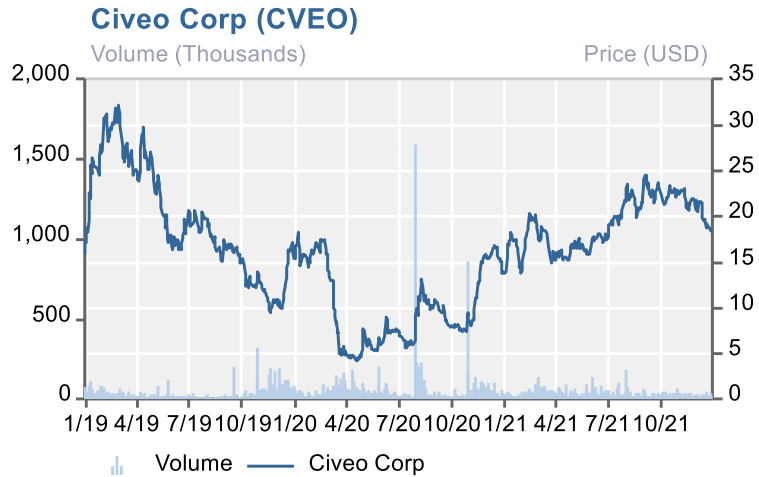
Appendix
Required Disclosures

Required Disclosures

Civeo Corp (CVEO-\$18.59) NR Price Target: \$30 Risk Rating: M

Rating and Price Target History Table

| Action | Date | Px | Rating | PT | Risk Rating |
|------------|----------|------|--------|----|-------------|
| Initiation | 5/17/21 | 16.8 | NR | 22 | M |
| PT | 5/28/21 | 16 | | 22 | |
| PT | 6/7/21 | 17.7 | | 26 | |
| ACHG | 6/21/21 | 17.6 | NR | 26 | |
| PT | 7/26/21 | 19.9 | | 30 | |
| PT | 8/2/21 | 21.7 | | 30 | |
| PT | 8/31/21 | 21.4 | | 30 | |
| PT | 10/21/21 | 22.6 | | 30 | |
| PT | 10/29/21 | 23 | | 30 | |



Source: FactSet Prices

| | | | |
|------------------|--|-------------------------------|-----------------------|
| Valuation | We maintain our \$30 price target, which is based on 8x our 2022 free cash flow per share estimate of \$3.78. We note that Civeo shares and peer stocks have traded at about 8x forward free cash flow over the last five years. We could consider a higher multiple in view of the continued improvement in the balance sheet and stable cash flow. We could also reconsider our EPS and cash flow estimates based on improving Australian occupancy. | | |
| Key Risks | COVID-19 | China/Australia trade dispute | Push for green energy |

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