



*Deal Insight:*  
ARC Financial Take-Private of STEP Energy Services

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A roll-up opportunity in the energy services industry

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## Deal Sourcing Dashboard

BISSETT PRIVATE CAPITAL Dashboard Analytics Comparables Acquisitions

**Potential Acquisitions – ARC Financial / STEP Energy Platform Roll-Up**

ARC Financial (Fund B) completed the take-private of STEP Energy Services in December 2020 for C\$5.50/share. In March 2026, STEP combined with Sargel Energy Services and its subsidiary Wayfinder Corp. (big Moly sand mine), creating one of Canada's largest oilfield services companies. The following analysis identifies potential bolt-on and transformative acquisition targets to continue building the STEP platform across completions, production services, and adjacent verticals.

🌐 PLATFORM

**STEP + Sargel + Wayfinder**

Coiled tubing, frac, cementing, stimulation, proppant supply

➡ STRATEGY

**Roll-Up / Consolidation**

Acquire complementary services, consolidate fragmented market

🏢 SPONSOR

**ARC Financial Corp.**

C\$6.3B+ raised across 11 energy-focused PE funds since 1989

📄 THESIS

**Full-Lifecycle Services**

Drilling → completions → production → abandonment

**PUBLIC COMPANY TARGETS**

124-rated energy services companies with real-time financial data

<p style="font-size: 0.8em; margin-bottom: 0;"><b>Calfrac Well Services</b> <span style="font-size: 0.7em;">CFW.TO High Synergy</span></p> <p style="font-size: 0.6em; margin-bottom: 0;">Well Services - Alberta, BC, International (Argentina)</p>	<p style="font-size: 0.7em; margin-bottom: 0;">Mkt Cap</p> <p style="font-size: 0.8em; margin-bottom: 0;"><b>C\$484.7M</b></p>	<p style="font-size: 0.7em; margin-bottom: 0;">EV/EBITDA</p> <p style="font-size: 0.8em; margin-bottom: 0;"><b>4.1x</b></p>
<p style="font-size: 0.8em; margin-bottom: 0;"><b>Source Energy Services</b> <span style="font-size: 0.7em;">SHEL.TO High Synergy</span></p> <p style="font-size: 0.6em; margin-bottom: 0;">Proppant / Well Services - Alberta, BC (Manway, Duvernay, Deep Basin)</p>	<p style="font-size: 0.7em; margin-bottom: 0;">Mkt Cap</p> <p style="font-size: 0.8em; margin-bottom: 0;"><b>C\$299.5M</b></p>	<p style="font-size: 0.7em; margin-bottom: 0;">EV/EBITDA</p> <p style="font-size: 0.8em; margin-bottom: 0;"><b>4.1x</b></p>
<p style="font-size: 0.8em; margin-bottom: 0;"><b>Western Energy Services</b> <span style="font-size: 0.7em;">WES.TO Medium Synergy</span></p> <p style="font-size: 0.6em; margin-bottom: 0;">Drilling - Western Canada (Alberta, BC, Saskatchewan)</p>	<p style="font-size: 0.7em; margin-bottom: 0;">Mkt Cap</p> <p style="font-size: 0.8em; margin-bottom: 0;"><b>C\$110.8M</b></p>	<p style="font-size: 0.7em; margin-bottom: 0;">EV/EBITDA</p> <p style="font-size: 0.8em; margin-bottom: 0;"><b>4.6x</b></p>
<p style="font-size: 0.8em; margin-bottom: 0;"><b>CES Energy Solutions</b> <span style="font-size: 0.7em;">CES.TO Medium Synergy</span></p> <p style="font-size: 0.6em; margin-bottom: 0;">Drilling Chemicals / Production Chemicals - Canada, US</p>	<p style="font-size: 0.7em; margin-bottom: 0;">Mkt Cap</p> <p style="font-size: 0.8em; margin-bottom: 0;"><b>C\$3.9B</b></p>	<p style="font-size: 0.7em; margin-bottom: 0;">EV/EBITDA</p> <p style="font-size: 0.8em; margin-bottom: 0;"><b>11.6x</b></p>

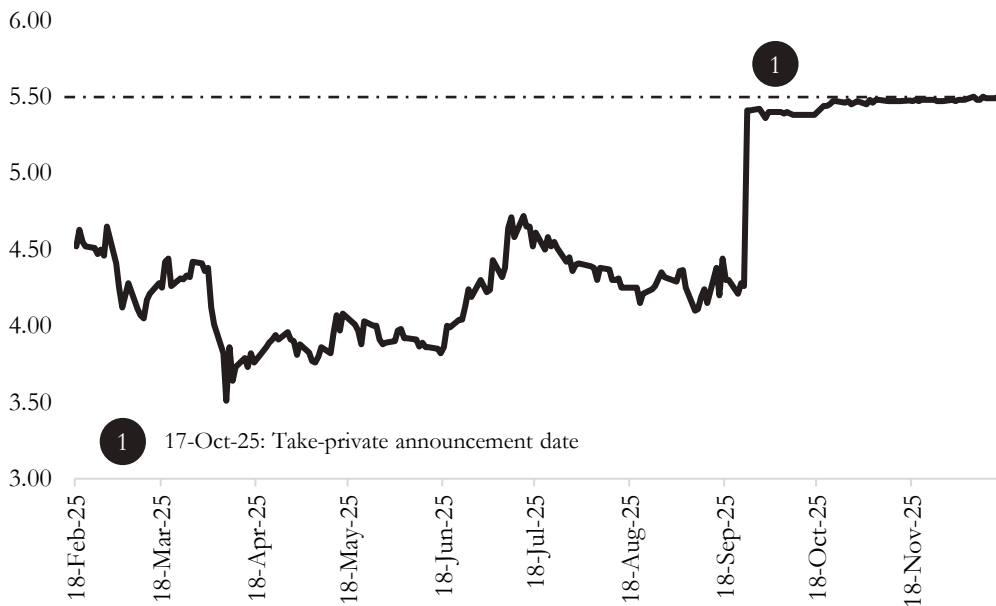
# Deal Overview

On December 16<sup>th</sup>, 2025, Alberta-based energy services provider STEP Energy Services was taken private by private equity firm ARC Financial. On December 17<sup>th</sup>, following the successful acquisition by ARC Energy Fund 8, STEP's shares were delisted from the TSX. STEP was taken private at \$5.50 a share with assumed debt of \$66 million, for a total enterprise value of \$466 million.

STEP was founded in 2011 with a \$75 million investment from ARC. At the time of the take-private ARC owned approximately 55% of the company's shares outstanding through ARC Energy Fund 6 and ARC Energy Fund 8.

Exhibit 1: On October 17<sup>th</sup>, 2025, Step Energy Services announced it would be taken private by ARC Financial.

## STEP Energy Services (STEP) Share Price



Source: Bloomberg

**Transaction Summary**

\$ and shares is thousands except per share data

Offer Share Price	5.50
Average Shares	72,873
Equity Value	400,800
Plus: Net Debt	66,140
<b>Enterprise Value</b>	<b>466,940</b>
EBITDA	156,411
<b>EV / EBITDA</b>	<b>3.0x</b>
Unaffected Share Price	4.32
<i>Premium %</i>	27%

# ARC Financial

ARC Financial is a private equity and research firm founded in 1989 and based in Calgary, Alberta. The firm does buyouts and growth equity investments in the oil and gas and energy transition sectors. Since its inception, the firm has invested \$6.4 billion in 11 ARC Energy Funds. ARC is Canada's largest energy focused private equity firm.

**Investment Criteria:**

- Growth focused energy companies
- High quality management teams
- Minimum \$200 million in enterprise value

**Portfolio Companies**

# STEP Energy Services

STEP provides hydraulic fracturing (~80% of revenue) and coiled tubing (~20% of revenue) services to North American clients in British Columbia, Alberta, Texas, North Dakota, Utah, and Colorado. The company also has a small fluid and nitrogen operation. In the first quarter of 2025, STEP began winding down its U.S. fracturing operations citing a weakening market due to increased consolidation. STEP has focused on advancing oil and gas service technology while improving operational efficiency through the development of logistics and monitoring software.

ARC Financial has been involved with the company since its founding, seeding an initial equity investment of \$75 million and taking the company public in 2017.

## Operating Locations



## Management Team



**Steve Glanville**  
CEO

Ex-Calfrac Well Services  
Coiled Tubing Manager



**Klass Deemter**  
CFO

Ex-Trican Well Services  
Interim CFO



**Rory Thompson**  
COO

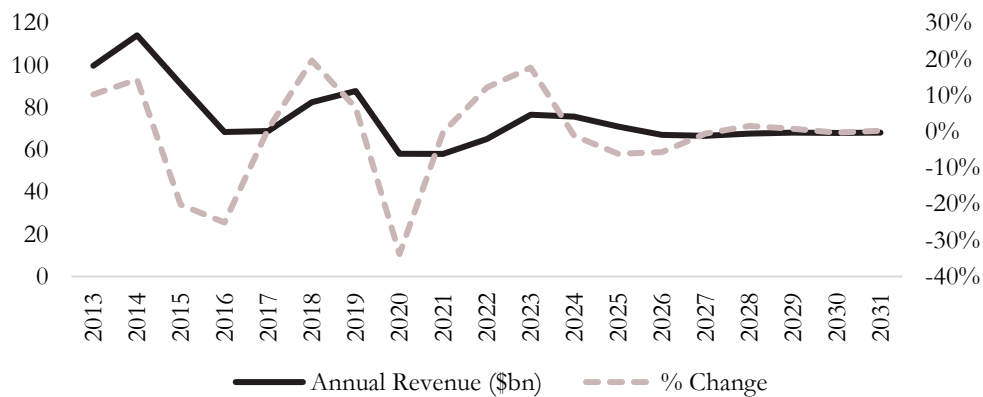
Ex-Technicoil Corp.  
Field Superintendent

# Energy Services Industry

Energy service companies operate in a cyclical industry where revenues, and ultimately, their bottom line are highly reactive to oil and natural gas prices. Service companies operate within a seasonal business cycle, with increased operating days in the first quarter of the year. Service providers are better suited to operate when client budgets are high and for Canadian servicers, the colder months provide for superior operating conditions. Margins in the industry are relatively weak, and the cyclical nature of the business can lead to unpredictable cash flows, requiring firms to maintain a disciplined approach to capital structure.

Exhibit 2: Revenues of major U.S. service companies demonstrates the cyclical nature of the industry.

## Annual Revenue of U.S. Oil and Gas Service Companies (2013 – 2031P)



Source: Bloomberg

### Top Players



SLB (U.S.)  
EqV: \$66bn



Baker Hughes (U.S.)  
EqV: \$55bn



Halliburton (U.S.)  
EqV: \$29bn



TechnipFMC (U.K.)  
EqV: \$27bn



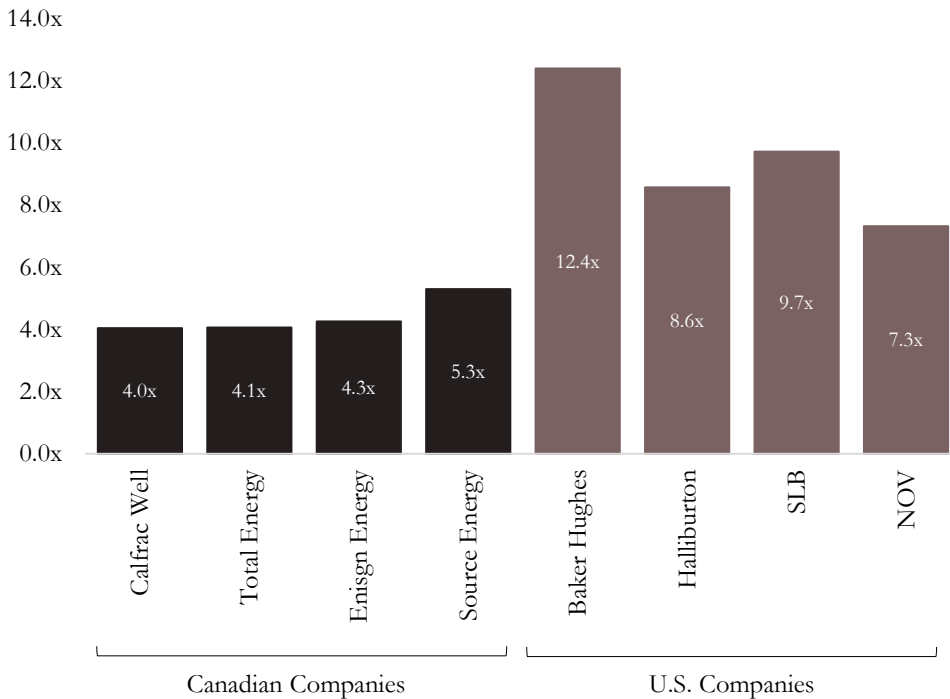
NOV (U.S.)  
EqV: \$6bn

# North American Market

Canadian service providers trade, on average, at lower multiples compared to their American peers. This is because of their smaller size, less diversification across field operations, and more geographical concentration resulting in reduced client diversification. In recent years, the U.S. has seen a spike in M&A across exploration and production (E&P) companies.

Exhibit 3: U.S. oil field service providers trade at over double the multiple of Canadian service providers.

**EBITDA Multiples of Major Oil and Gas Service Companies**

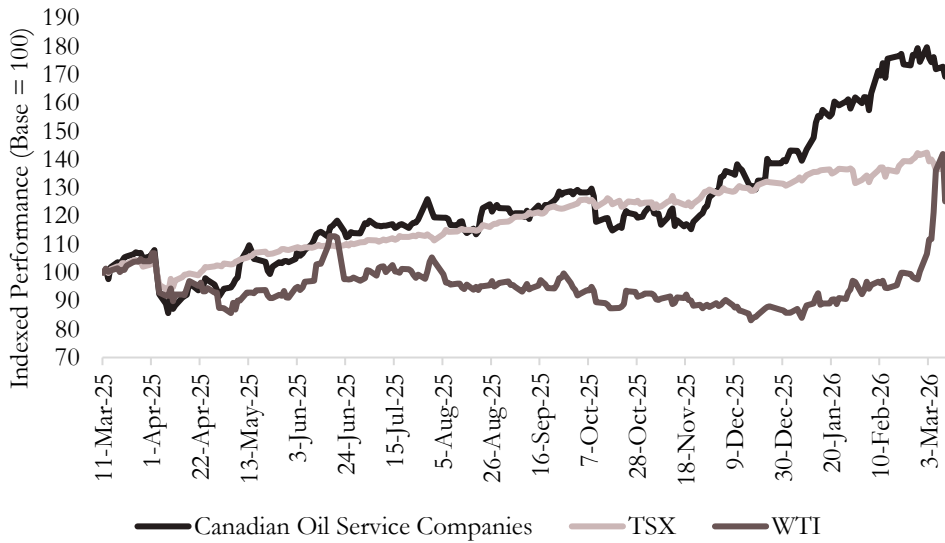


Source: Bloomberg

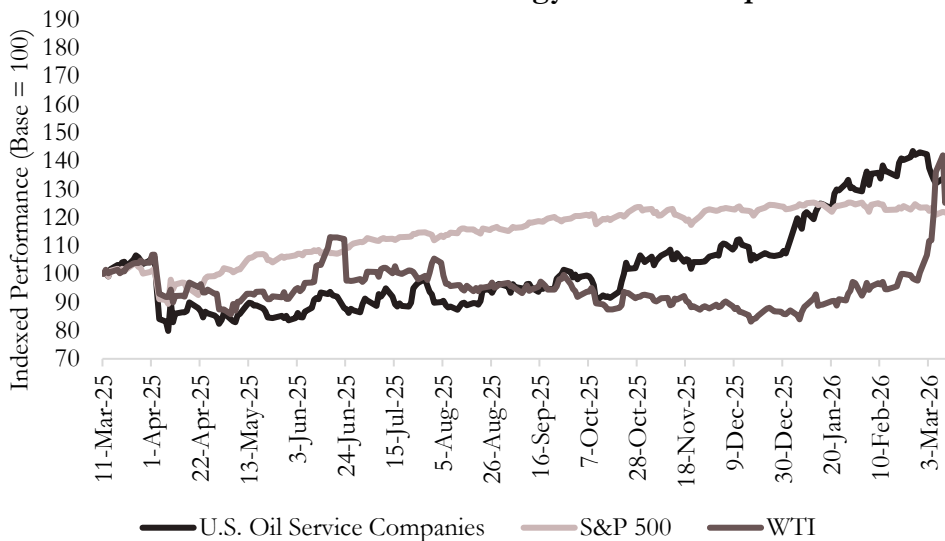
As E&P companies consolidated, their service providers followed suit. This consolidation has enabled U.S. service companies to generate more stable and diversified cash flows, supporting a valuation premium relative to smaller Canadian peers.

Exhibit 4: Canadian and U.S. energy service companies have outperformed their relative indexes in the first quarter of 2026.

### Stock Performance of Select Canadian Energy Service Companies



### Stock Performance of Select U.S. Energy Service Companies



Source: Bloomberg

# Valuation

Despite the wind-down of its U.S. fracturing operations, STEP is projected to generate stable revenue in 2026, supported by a fully booked first quarter. Future revenue is expected to steadily increase as Canadian E&P companies begin to benefit from the recently completed Trans Mountain Expansion pipeline and LNG Canada terminal in Kitimat B.C. Additionally, there is untapped potential for E&P growth in the Montney and Duvernay formations in Alberta. Key risks to revenue are commodity price volatility. Revenue is highly sensitive to geopolitical events, and it is uncertain whether STEP can maintain stable cash flows into the future.

Exhibit 5: Implied price assumes growth in the Montney and Duvernay regions and increased energy exports from the completion of TMX and LNG. Assumes stable commodity prices over the next 5 years.

## Share Price Comparison



For full financials, please contact us at: [info@bissettprivatecapital.com](mailto:info@bissettprivatecapital.com)

STEP was taken private at \$5.50 per share, a 27% premium to its unaffected share price of \$4.32. Using a discounted cash flow analysis, based on a base case scenario, STEP is valued at \$9.71 per share, a 77% premium to the take-private share price.

Exhibit 6: Implied share price based on different exit multiples and WACC estimates.

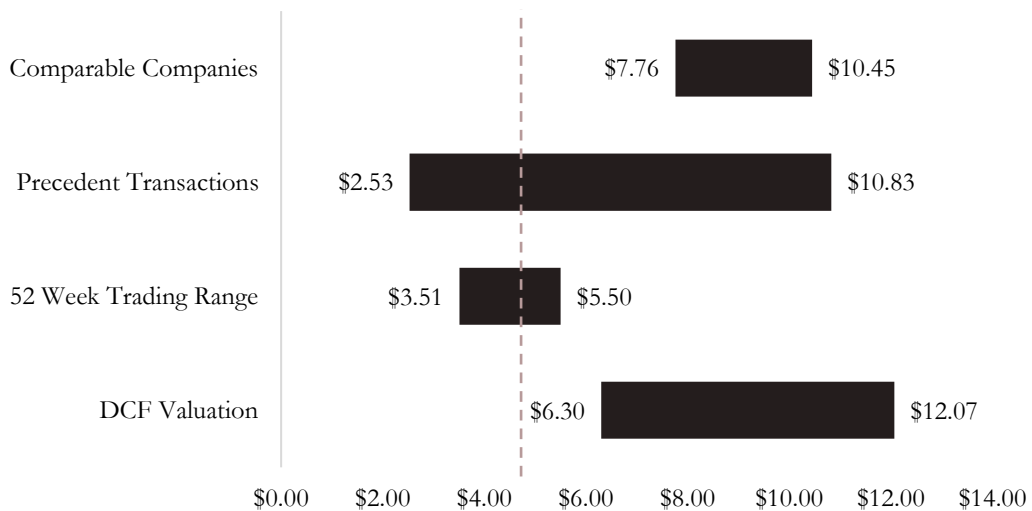
### DCF Share Price Sensitivity Analysis

		Exit Multiple					
		9.71	2.41x	3.41x	4.41x	5.41x	6.41x
WACC	7.09%	7.09	8.72	10.36	12.00	13.64	
	8.09%	6.90	8.46	10.03	11.59	13.15	
	9.09%	6.73	8.22	9.71	11.20	12.70	
	10.09%	6.56	7.99	9.41	10.84	12.26	
	11.09%	6.40	7.77	9.13	10.49	11.85	

For full financials and the detailed model, please contact us at: [info@bissettprivatecapital.com](mailto:info@bissettprivatecapital.com)

Exhibit 7: Valuation football field.

### Football Field



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# Hypothetical Leveraged Buyout

At the time of the take-private transaction, ARC Financial owned approximately 55% of STEP's shares outstanding. The remaining equity purchase was likely funded with cash, consistent with ARC's approach as a growth equity investor rather than a traditional LBO sponsor. Highly leveraged financing of the acquisition would be risky considering the cyclical nature of the business.

Exhibit 8: Sensitivity analysis on expected IRR based on different levels of debt used for the purchase.

## IRR Sensitivity Analysis

		Exit Multiple				
		2.4x	3.4x	4.4x	5.4x	6.4x
Debt Multiple	19%					
	0.0x	-3%	4%	10%	14%	18%
	0.5x	1%	8%	14%	18%	23%
	1.0x	5%	13%	19%	24%	28%
	1.5x	11%	19%	26%	31%	35%
	2.0x	14%	25%	32%	38%	44%

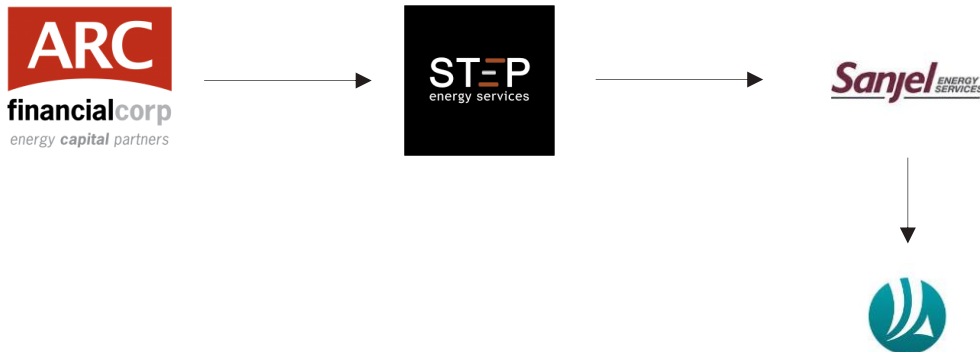
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# Roll-up Opportunity

On March 9<sup>th</sup>, 2026, STEP acquired Sanjel Energy Services, a Calgary-based energy services provider with operations across Canada. In the announcement press release, STEP stated “the combined organization will benefit from a strong, vertically integrated service offering across well cementing, stimulation and completions, and proppant supply.”

A combined STEP and Sanjel acts as a durable platform to acquire and grow oil field service companies. The opportunity for growth through a roll-up strategy is grounded in three key areas:

1. Diversified revenue streams
2. Improved competitive position in a consolidating industry
3. Growth in scale supports multiple expansion



## 1 | Diversified Revenue Streams

STEP primarily operates as a hydraulic fracturing, coiled tubing, fluid pumping, and nitrogen service provider, with ancillary services in logistics and data monitoring. STEP is a specialist operator that focuses on well completions. Acquiring companies in other service areas will allow STEP to generate a more

diversified revenue stream, ultimately reducing the volatility of cash flows, allowing for more acquisitions and improved corporate planning processes.

Exhibit 9: Services of STEP and a major U.S. energy service company.

### Service Breakdown

Stage	Major U.S. Service Company	STEP Energy Services
Find Reservoir	✓	✗
Drill Well	✓	✗
Complete Well	✓	✓
Produce / Maintain	✓	✗
Subsea / Infrastructure	✓	✗

## 2 | Improved Competitive Position in a Consolidating Industry

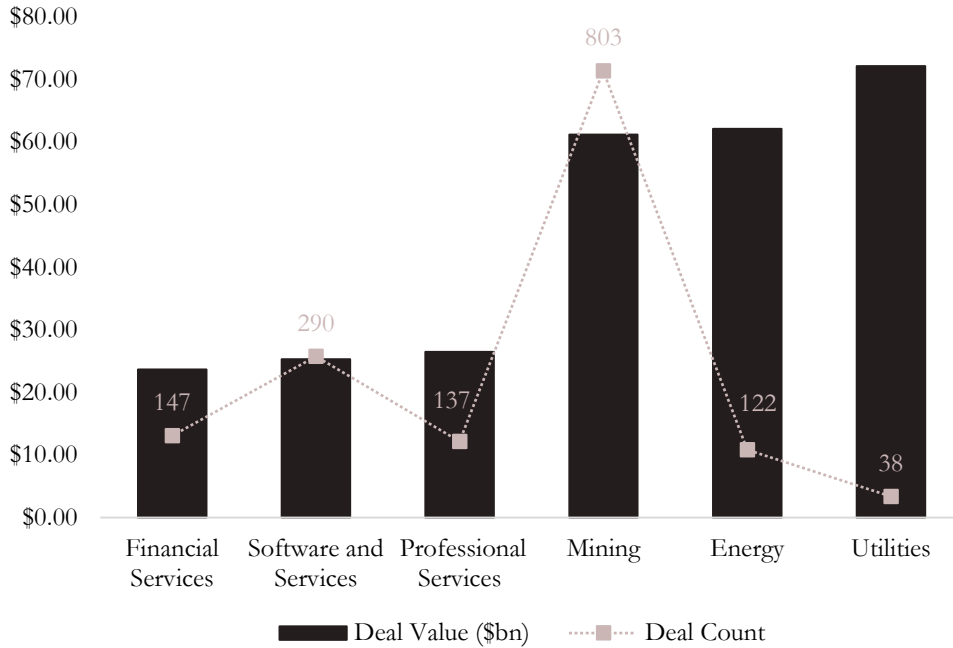
Over the past decade, as U.S. shale production increases, the oil and gas sector has seen significant M&A activity. As E&P companies began to consolidate and grow, they looked to service providers who could match their scale and scope. This caused STEP to terminate its U.S. fracturing operations. To prevent a similar situation from happening in Canada's also consolidating market, STEP should increase its scale through acquisitions of smaller service providers.

“As our clients continue to grow in scale through consolidation, smaller service providers have found it increasingly difficult to compete.”

- Steve Glanville (CEO) – Q1 2025 Conference Call

Exhibit 10: In Canada, the energy sector saw the second most M&A activity.

### M&A Activity by Industry in Canada



Source: Bennett Jones LLP

As Canada's energy sector begins to consolidate, STEP needs to grow to compete. The most effective way to rapidly grow would be through the acquisition of energy service companies with an enterprise value of \$50M - \$400M.

## 3 | Growth in Scale Supports Multiple Expansion

Large energy service providers tend to trade at multiples significantly above their smaller peers. These large servicers are viewed as less risky to investors due to their diversified operations. As scale increases, companies benefit from broader service offerings and improved utilization, resulting in more predictable cash flows. Growth through a roll-up strategy would support expansion into higher valuation multiples.

# Deal Sourcing Dashboard

BISSETT PRIVATE CAPITAL Dashboard Analytics Comparables Acquisitions

ALBERTA OIL AND GAS COMPANIES

TOTAL COMPANIES <b>16,318</b> 42 public, 16,276 private	PUBLIC MKT CAP <b>C\$839.0B</b> 42 publicly traded	AVG EV/EBITDA (E&P) <b>7.5x</b> 32 public E&P	AVG EV/EBITDA (EVC) <b>6.0x</b> 6 public services	AVG EV/EBITDA (MID) <b>13.0x</b> 4 public midstream
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E&P (13,695) Energy Services (2,298) Midstream (325) Search companies...

Public companies only (32) 13,695 companies

COMPANY	LICENCE TYPE	TICKER	PRICE	MKT CAP	EV/EBITDA
Advantage Energy <span>PUBLIC</span>	None	AAV.TB	C\$11.77	C\$2.0B	7.8x
ARC Resources <span>PUBLIC</span>	None	ARX.TB	C\$29.14	C\$16.8B	6.6x
Athabasca Oil <span>PUBLIC</span>	Limited	ATF.TB	C\$9.71	C\$4.7B	8.9x
Baytex Energy <span>PUBLIC</span>	None	BTE.TB	C\$5.76	C\$4.4B	4.9x
Bengal Energy <span>PUBLIC</span>	None	BNG.TB	C\$0.83	C\$12.1M	N/M
Birchcliff Energy <span>PUBLIC</span>	General	BIR.TB	C\$7.63	C\$2.1B	7.1x
Canadian Natural Resources <span>PUBLIC</span>	None	CND.TB	C\$68.47	C\$142.8B	8.8x
Cenovus Energy <span>PUBLIC</span>	General	CVE.TB	C\$34.63	C\$65.3B	7.8x
Freehold Royalties <span>PUBLIC</span>	None	FRI.TB	C\$17.48	C\$2.9B	12.2x

BISSETT PRIVATE CAPITAL Dashboard Analytics Comparables Acquisitions

### Potential Acquisitions — ARC Financial / STEP Energy Platform Roll-Up

ARC Financial (Fund II) completed the take-private of STEP Energy Services in December 2025 for C\$5.50/share. In March 2026, STEP combined with Sanjel Energy Services and its subsidiary Wayfinder Corp. (Big Moly sand mine), creating one of Canada's largest oilfield services companies. The following analysis identifies potential bolt-on and transformative acquisition targets to continue building the STEP platform across completions, production services, and adjacent verticals.

<b>PLATFORM</b> <b>STEP + Sanjel + Wayfinder</b> Coiled tubing, frac, cementing, stimulation, proppant supply	<b>STRATEGY</b> <b>Roll-Up / Consolidation</b> Acquire complementary services, consolidate fragmented market	<b>SPONSOR</b> <b>ARC Financial Corp.</b> C\$6.2B+ raised across II energy-focused PE funds since 1999	<b>THESES</b> <b>Full-Lifecycle Services</b> Drilling → completions → production → abandonment
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**PUBLIC COMPANY TARGETS**  
TSX-listed energy services companies with real-time financial data

<b>Calfrac Well Services</b> CFW.TB <span>High Synergy</span> Well Services - Alberta, BC, International (Argentina)	Mkt Cap <b>C\$484.7B</b>	EV/EBITDA <b>4.1x</b>
<b>Source Energy Services</b> SHEL.TB <span>High Synergy</span> Proppant / Well Services - Alberta, BC (Montney, Dovesmay, Deep Basin)	Mkt Cap <b>C\$289.5M</b>	EV/EBITDA <b>4.1x</b>
<b>Western Energy Services</b> WRE.TB <span>Medium Synergy</span> Drilling - Western Canada (Alberta, BC, Saskatchewan)	Mkt Cap <b>C\$110.0M</b>	EV/EBITDA <b>4.6x</b>
<b>CES Energy Solutions</b> CEI.TB <span>Medium Synergy</span> Drilling Chemicals / Production Chemicals - Canada, US	Mkt Cap <b>C\$3.9B</b>	EV/EBITDA <b>11.6x</b>

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For any questions or inquiries, please reach out to our team at [info@bissettprivatecapital.com](mailto:info@bissettprivatecapital.com)

BPCC