

## DESK NOTE

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### **Nine Energy Service, Inc. (NINE) – A Speculative Buy Opportunity with +126% Upside and Buyout Potential.**

**Conclusive Summary:** NINE stock offers an attractive yet high-risk investment opportunity for speculative investors, with a **potential upside of 126% based on the target price of \$3.39**. We believe the company is a candidate for buyout driven by its intellectual property and specialized oilfield completion services. Investors should consider adding to their positions if the stock trades below an average price of \$1.42 for more than 15 trading days, anticipating strategic interest or intervention to maintain NYSE compliance. The risks for NINE remain significant, including negative shareholder equity and substantial debt with steep servicing costs. Fixed-income investors may find value in NINE's 2028 notes, offering attractive yields (18% YTW, 27% YTA) but tempered by the company's asset coverage and cash flow challenges. **Overall, we recommend NINE as a speculative buy around the last closing price of \$1.59**, best suited for investors with a high tolerance for risk and a focus on potential outsized returns.

**Competitive Position:** competes in a challenging oilfield services market against industry leaders like Halliburton and Schlumberger, as well as regional and specialized firms. **Its competitive edge lies in proprietary technologies, such as dissolvable frac plugs, strong technical expertise, and a proven focus on safety and reliability.** Operating across major North American basins and select international markets, NINE mitigates regional risks while addressing cost-conscious, bid-driven customer demands. By delivering innovative, efficient, and customer-focused solutions, NINE strives to maintain its position as a trusted partner in unconventional oil and gas development.

**Valuation:** We derive a **target price (TP) of \$3.39 (+126% upside)** for NINE stock based on a combination of EV/EBITDA and EV/Revenue target multiples, which incorporate a discount to industry averages to reflect NINE's current financial challenges. Additionally, the M&A multiple table highlights the potential for a higher buyout price, underscoring the stock's speculative appeal. The M&A hypothetical table assumes a slightly higher than reported forward Revenue and an EBITDA margin based on HAL and SKB mean margins. **We recommend buying NINE at current prices as a speculative investment opportunity.**

**Ticker:** NINE US

Previous day close price: \$1.59

Price range (52w.): \$0.75 - \$3.26

Target price: \$3.39 (+126% upside)

**Recommendation:** *Buy@Current*

**Description:** Nine Energy Service, Inc. ("Nine") is a Delaware-based completion services provider focused on unconventional oil and gas resource development across North America and select international markets. The company partners with exploration and production (E&P) firms to enhance well completions using advanced downhole solutions tailored to optimize production and operational outcomes. Its service portfolio spans cementing, completion tools, wireline, and coiled tubing services, each supported by proprietary technologies designed to improve efficiency, safety, and environmental sustainability. Operating across key U.S. onshore basins, including the Permian, Eagle Ford, and Marcellus Shales, as well as the Western Canada Sedimentary Basin, Nine leverages its geographic footprint and innovative solutions to compete in a highly competitive market. Its growing international presence further underscores its emphasis on technology-driven, customer-focused completion strategies.

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Multiple Next 12 Months		Financial Metric	Target EV	Net Debt	Target MCap	Shares	Target Price
EV/EBITDA	7.00	60.3	422	341	81	42.4	\$1.91
EV/Rev	1.00	547.0	547	341	206	42.4	\$4.86
Average Multiple							\$3.39
M&A Multiple (Industry Median)							
EV	1.02	415.0	423	341	83	42.4	\$1.96
EV/Rev	1.62	547.0	519	341	579	42.4	\$13.65
EV/EBITDA	5.25	46.1	242	341	-99	42.4	N/A
M&A Hypothetical	Revenue	EBITDA	Target EV	Net Debt	Target MCap	Shares	Target Price
EV/EBITDA	5.25	600	135	710	341	369	\$8.70

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