

The background of the slide features a close-up, slightly blurred image of hands stacking wooden blocks. Each block has a black dollar sign (\$) printed on its top surface. The hands are positioned at the top, placing a block onto a growing stack. The overall tone is dark and professional, emphasizing financial themes.

Blue Line Capital

Why 2023 Is Like 2019

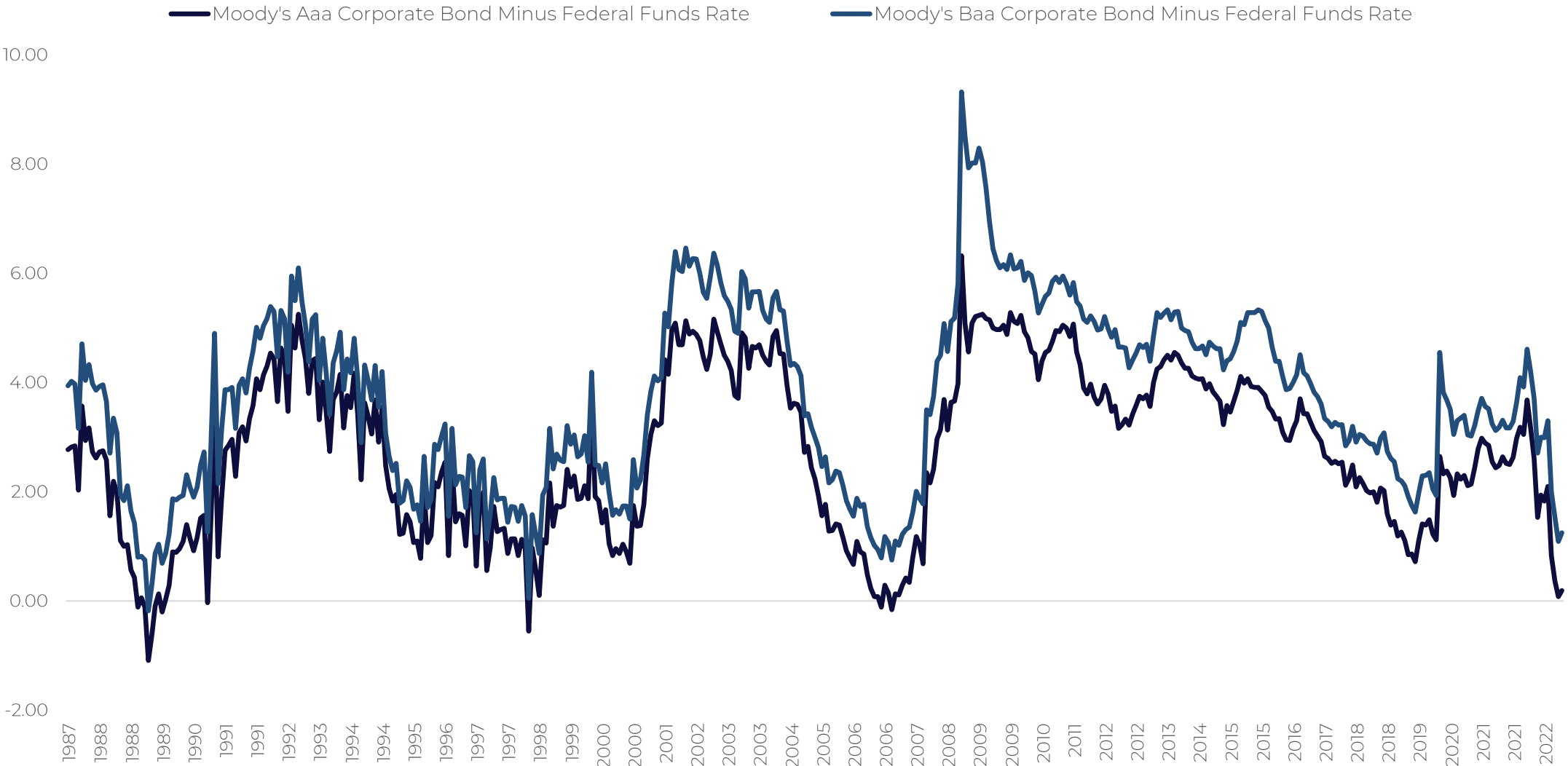
Oil Services, Cybersecurity, Ride-Hailing

A hand is shown placing a wooden block with a dollar sign on top of a pyramid of other wooden blocks, each also marked with a dollar sign. The blocks are arranged in a triangular pattern, with the top block being the only one in its row, the second row having two blocks, the third row having three blocks, and the bottom row having four blocks. The background is a dark, solid color.

Macro Dynamics

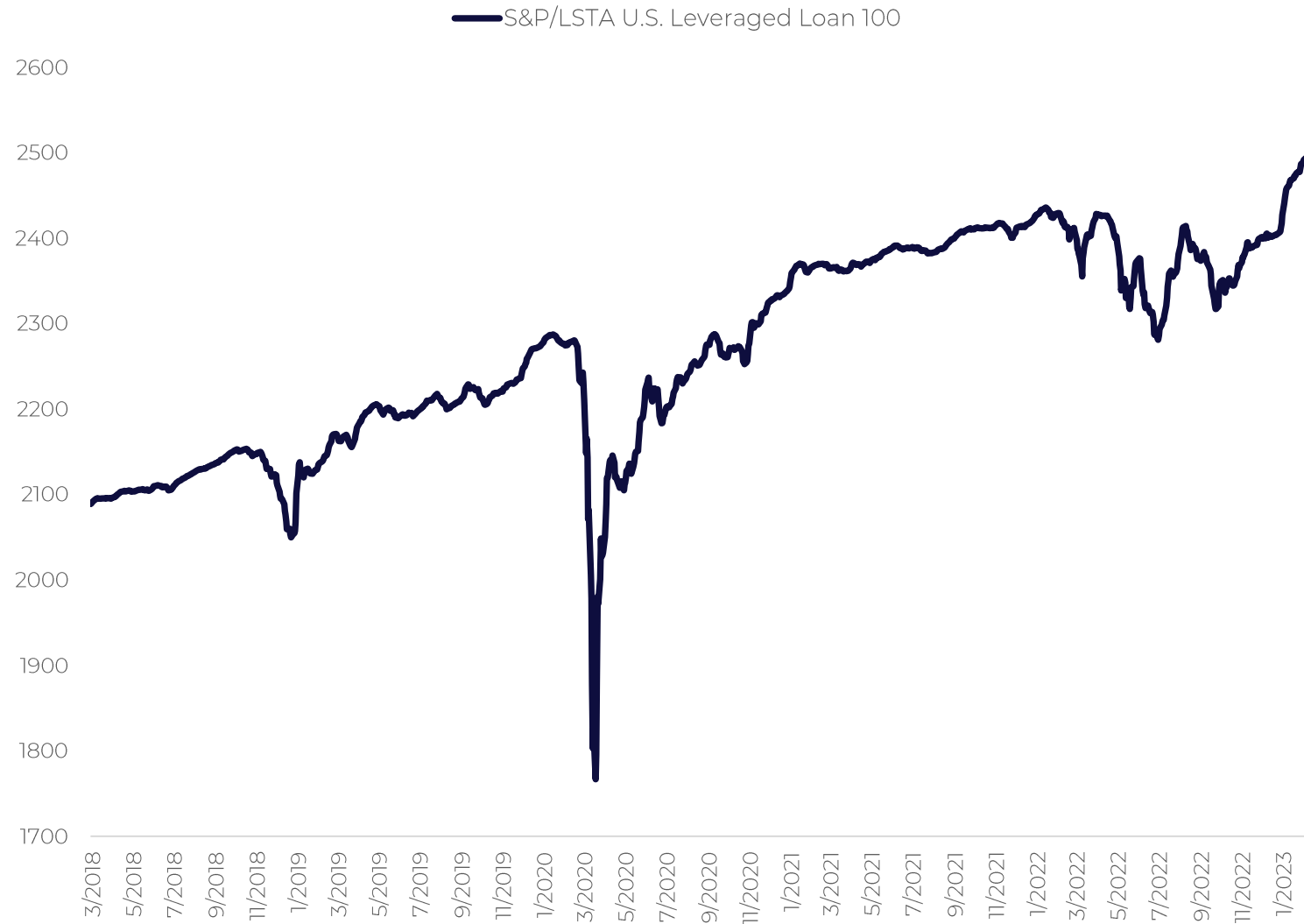
Credit Markets, Private Markets, China Debt

Investment Grade Credit Spreads



Sources: BEA, Blue Line Capital, Blue Line Futures

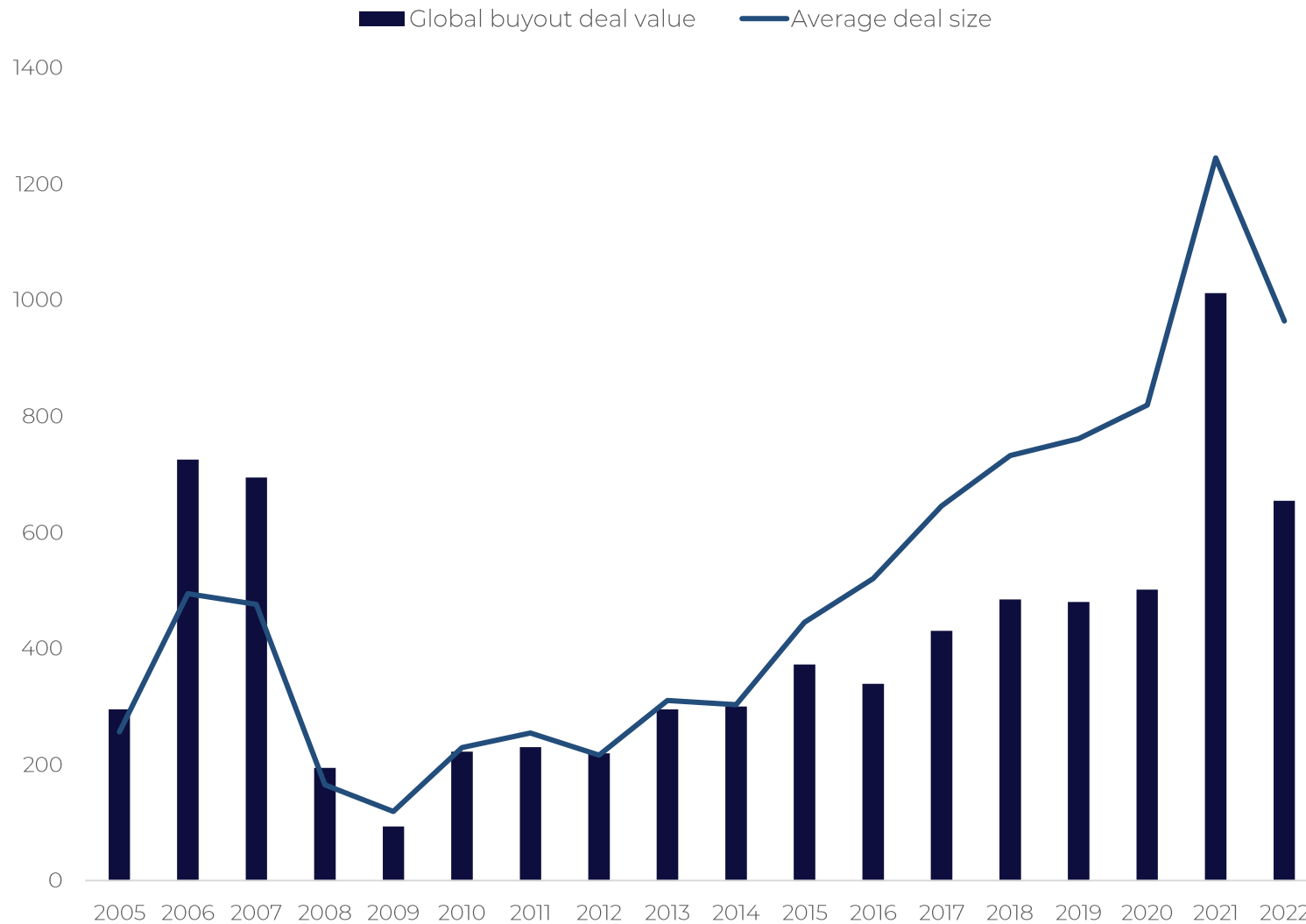
Leveraged Loan Market Remains Robust



- Bloomberg reports distressed debt levels have decreased.
- American Bankruptcy Institute reports an increase of Chapter 7 & Chapter 13 bankruptcy filings compared to 2022.
- Overall, debt maturities were extended by CFOs, buying time for the most vulnerable borrowers. The corporate credit market grew by 300% from 2008 – 2022.

Sources: Refinitiv, Bloomberg, American Bankruptcy Institute, Marathon Asset Management, Blue Line Capital, Blue Line Futures

Global Buyout Value

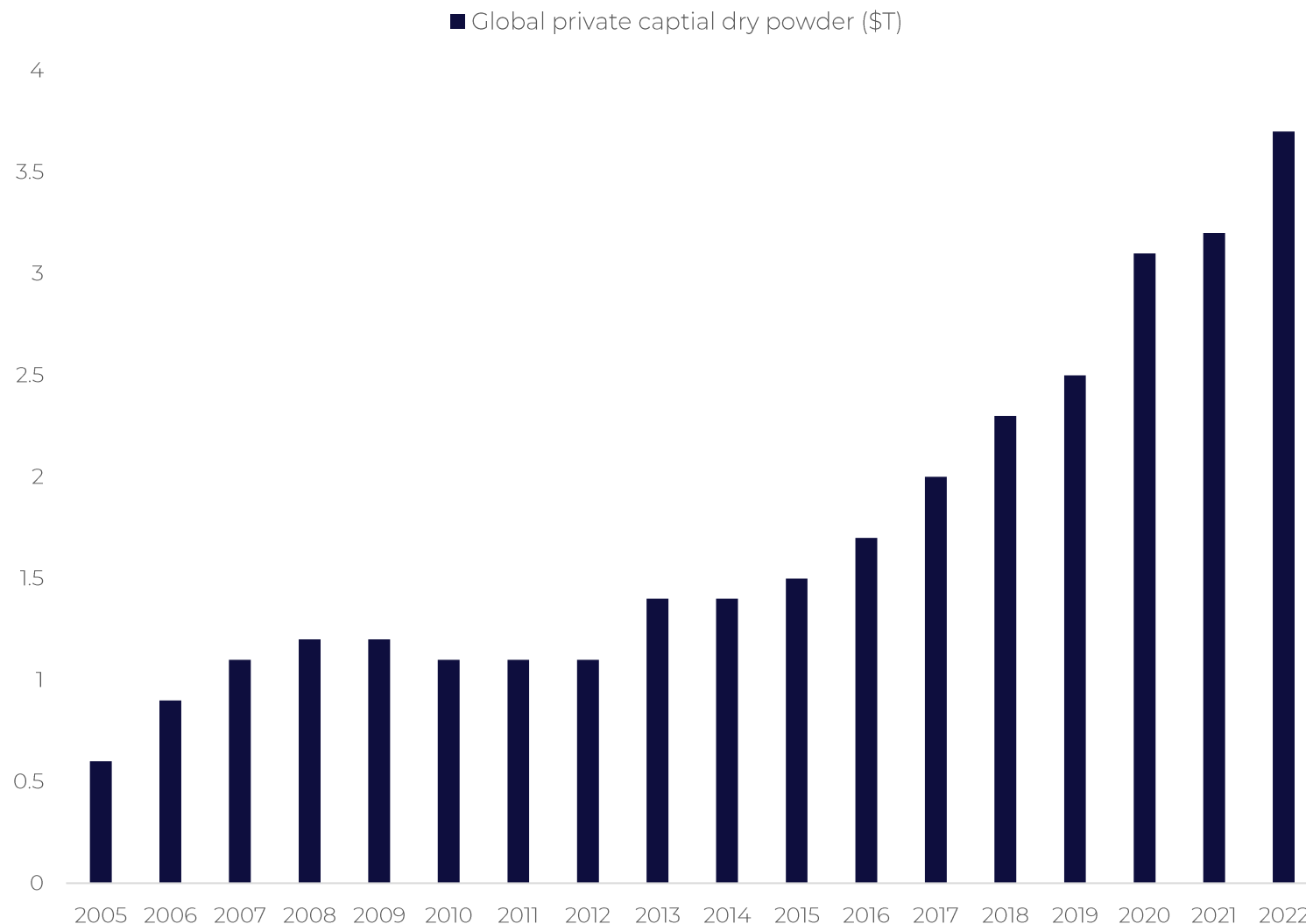


- Global buyout deal value in 2022 was up 12% compared to 2017-21 average.
- Global buyout value fell 35% from 2021.
- Deal count fell by 10% in 2022.

Sources: Bain, Blue Line Capital, Blue Line Futures

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Global Private Capital Dry Powder

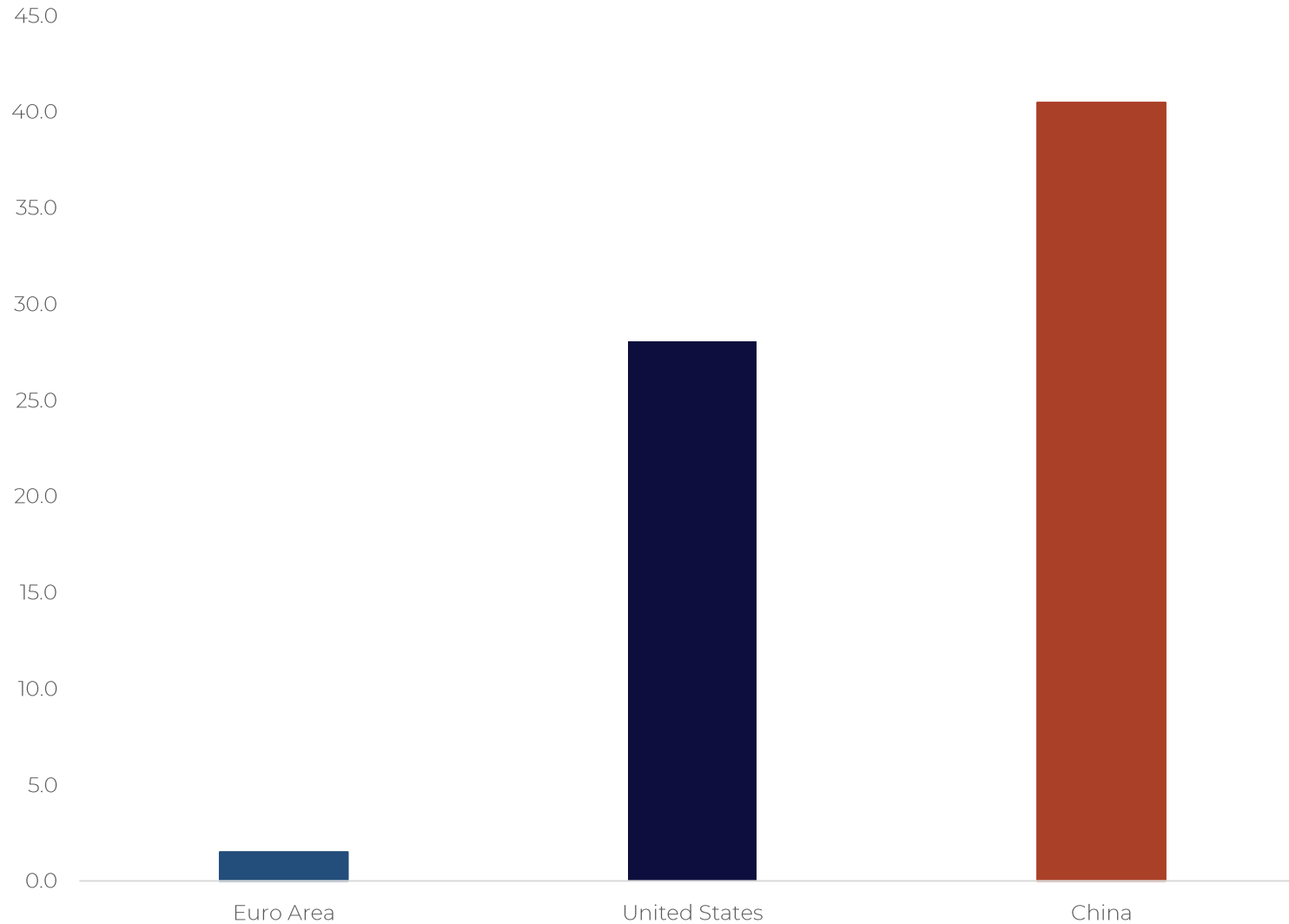


- Dry powder rose to a record \$3.7 trillion in 2022.
- Buyout dry powder finished 2022 at \$1.1 trillion.
- Buyout multiples in the US have remained stable.

Sources: Bain, Blue Line Capital, Blue Line Futures

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China's Systemic Debt Problem – Credit to Non-Financial Sector Change (2010-2022' \$T)



- Credit to the non-financial sector increased by \$1.5 trillion in the Euro Area, \$28.1 trillion in the U.S., and \$40.5 trillion in China.
- Xi Jinping is set to manifest China's economic message at the National People's Congress, focusing on sustainable growth over growth at any cost.
- House price to average income ratios in the 30s continue to dampen economic growth potential in China.

Sources: BIS, Blue Line Capital, Blue Line Futures

3/5/2023

A hand is shown placing a wooden block with a dollar sign on top of a pyramid of other wooden blocks, each also featuring a dollar sign. The blocks are arranged in a 4-3-2-1 pattern, forming a pyramid. The background is a dark, textured surface.

Earnings Data & Corporate Trends

Schlumberger, Palo Alto Networks, Uber

A hand is shown placing a wooden block with a dollar sign on top of a pyramid of similar blocks. The pyramid is composed of 10 blocks in total, arranged in four rows: 1 block in the top row, 2 in the second, 3 in the third, and 4 in the bottom. The background is a dark, textured surface.

Schlumberger

Oil Services Activity

Schlumberger Earnings Highlights & Stock Performance

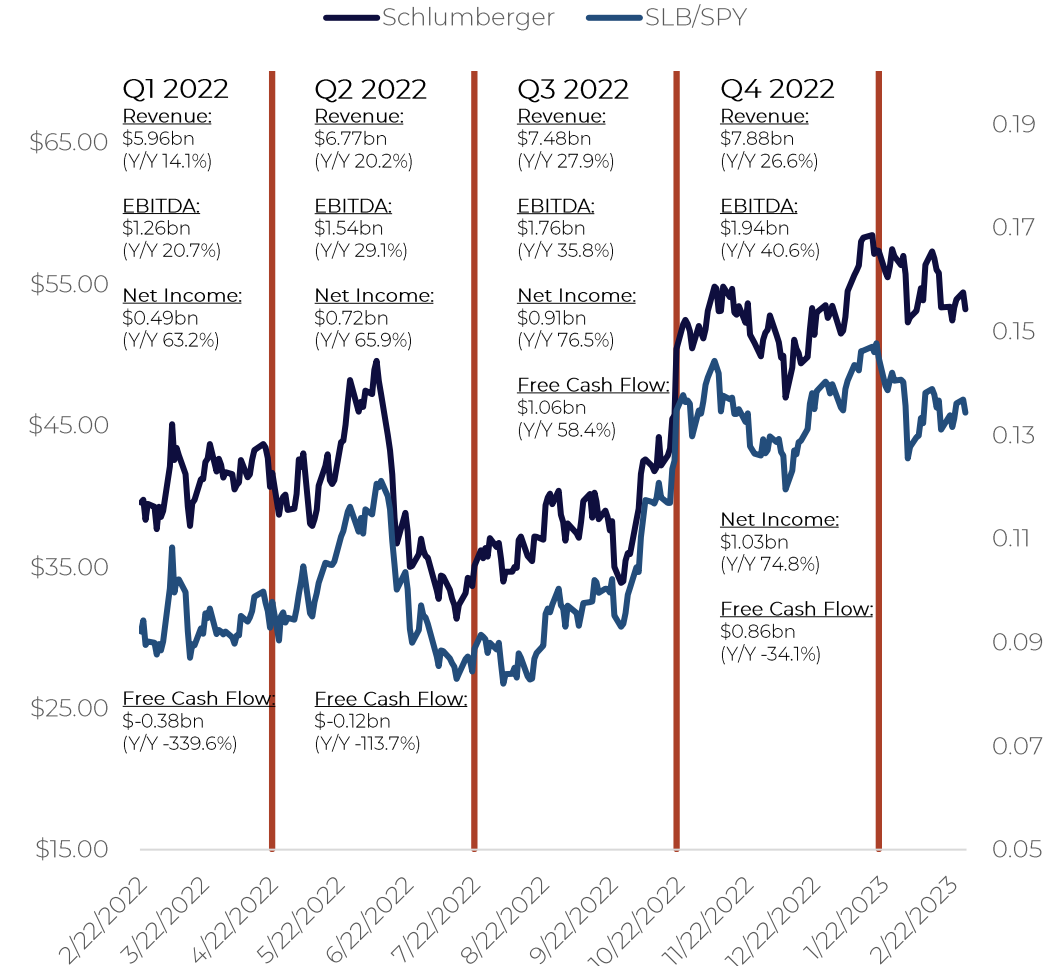
Management Commentary From Q4 2022 Earnings Call

- **International Growth:** International revenue growth rate has visibly outpaced international rig count growth since the cycle trough in 2020. Service pricing, new technology and digital adoption continued to trend positively.
- **North America:** The pace of growth in North America significantly moderated. As the market 2023 unfolds, first day is a little bit of a shift to drilling to rebuild the DUC inventory that will favor us in a month and a couple of quarters to come, before the usual plateauing or a moderation of growth in the second half.
- **Digital:** In Digital, we had strong growth in exploration data, Innovation Factori and AI solution sales, and the adoption of our new tech digital platform is accelerating. We ended the year with more than 270 DELFI customers, more than 70% growth in DELFI users, and our SaaS revenue more than doubled.
- **Offshore:** Offshore deepwater resurgence and strong gas development activity will be a key driver for the multiyear duration of this cycle. The undercurrent are very strong because of this deepwater activity, that includes exploration, appraisal and future development. Offshore FID for 2023 is set to be the highest since 2012, 2013, indicating that there is a pipeline of subsea activity on the horizon.

	P/E	P/S	Market Cap/FCF	EV/EBITDA	P/B
NTM	18.48	2.44	19.87	11.2	NA
TTM	23.43	2.85	307.28	15.51	4.5
*Levered FCF					

Sources: Schlumberger IR, TIKR, Blue Line Capital

Quarterly Data



Schlumberger Expectations & Returns

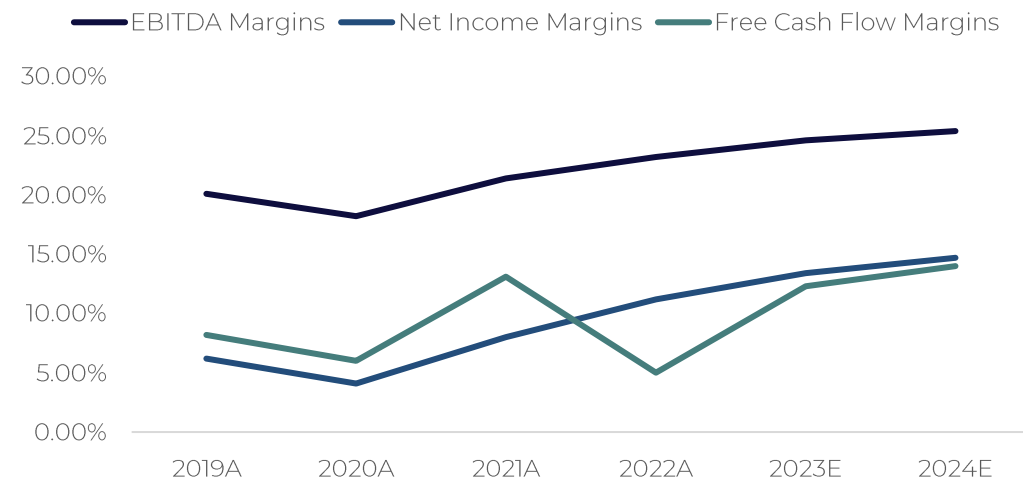
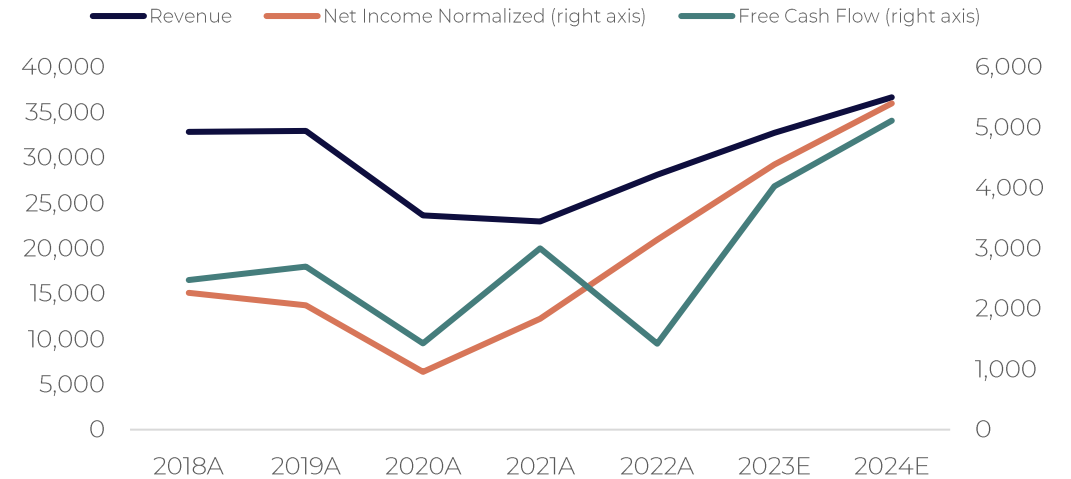
Return Ratios Compared To 2019

Return and margin ratios have improved across the board compared to pre-Covid levels in 2019.

		LTM	2019
Return Ratios	RoA	6.10%	2.90%
	RoC	13.40%	7.20%
	RoE	21.00%	-33.30%
Margins	Gross Profit Margin	18.40%	12.80%
	EBITDA Margin	20.70%	16.90%
	Net Income Margin	12.20%	-30.80%
	Levered Free Cash Flow Margin	0.90%	7.70%
Asset Turnover	Asset Turnover	0.65	0.58
	Fixed Asset Turnover	3.98	2.74
	Receivables Turnover	4.55	4.21
	Working Capital Turnover	9.41	13.53
Solvency	Total Debt/Equity	71.80%	67.40%
	Total Debt/Capital	41.70%	39.80%
	EBITDA/Interest Expense	14.33	11.93
	(EBITDA-Capex)/Interest Expense	9.83	7.81

Sources: Schlumberger IR, TIKR, Blue Line Capital

Revenue and Net Income Estimates



Schlumberger Valuation Vs. Peers

	EV/EBITDA	NTM P/E	Past 3M Return	Past 6m Return	Past 12m Return
Schlumberger (SLB)	11.2	18.48	7%	50%	17%
Halliburton (HAL)	8.25	12.72	1%	33%	-7%
Baker Hughes (BKR)	9.84	20.64	8%	29%	-16%
Tenaris (TS)	4.27	5.8	2%	28%	1%
Valaris (VAL)	22.92	42.59	7%	43%	18%
Chevron (CVX)	5.54	10.57	-11%	5%	-8%
Pioneer Natural Resources (PXD)	5.04	9.05	-12%	-15%	-25%
Median	8.25	12.72	2%	29%	-7%
Mean	9.58	17.12	0%	24%	-3%

Sources: TIKR, Google Finance, Blue Line Capital

3/5/2023

Blue Line Capital maintains a long position in Schlumberger.

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BLUE LINE CAPITAL

A hand is shown placing a wooden block with a dollar sign on top of a pyramid of other wooden blocks, each also featuring a dollar sign. The blocks are arranged in a 4-3-2-1 pattern, with the hand placing the final block on top. The background is dark and textured.

Palo Alto Networks

Cybersecurity From Hardware To Software

Palo Alto Networks Earnings Highlights & Stock Performance

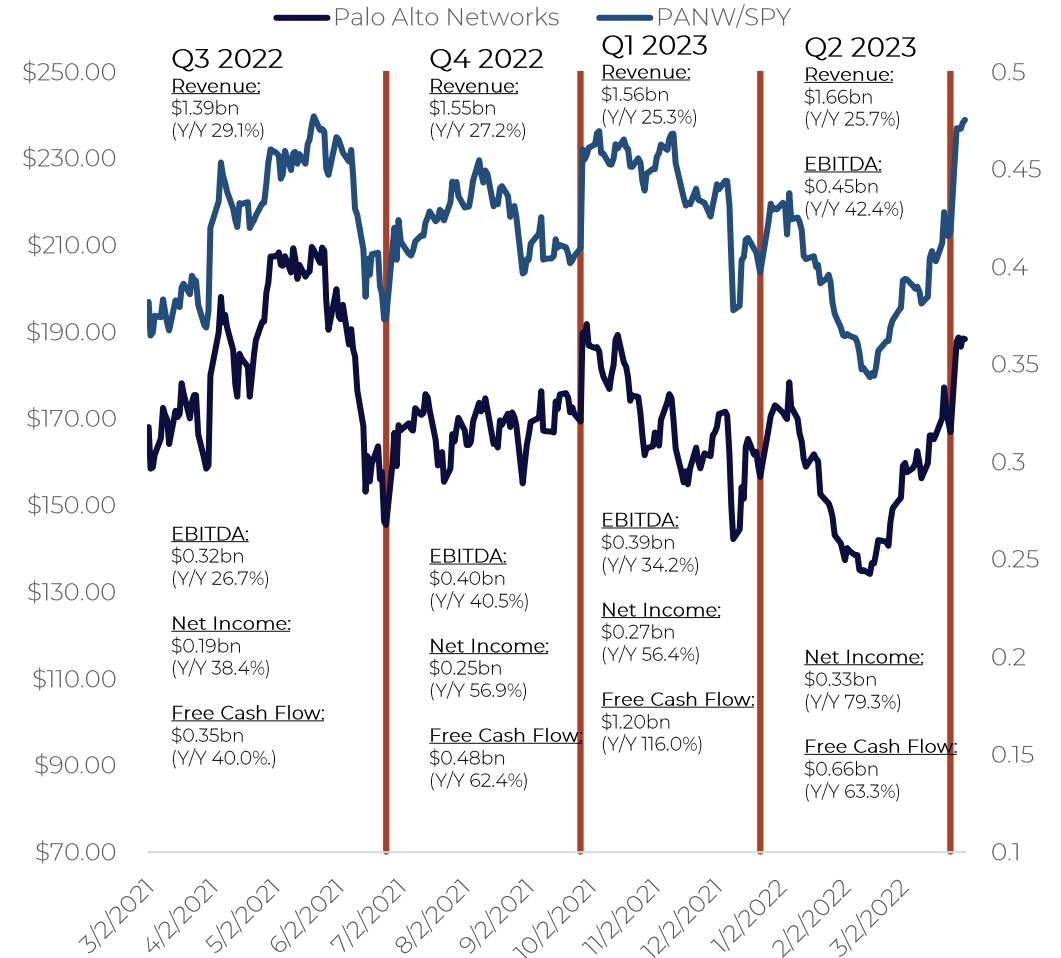
Management Commentary From Q2 2023 Earnings Call

- Revenue Performance Obligation & Customer Base: Our RPO grew 39% as we continue to sign large multiyear deals with our customers. The number of deals we closed over \$1 million grew nearly 20% Y/Y, and the value these transactions grew nearly 60%. Similarly, the number of greater-than-\$5-million deals grew 84% and a number of great-than-\$10-million deals grew over 140%. Almost all of our \$10 million deals involve multiple platforms on an underlying transformation that is driving vendor consolidation.
- Customers' Cost Awareness: It's creating more conversations around payment terms, discounts and scope of deal with purchasing teams. This environment drives the need for consolidation not just to generate clear security outcomes, but also to reduce the security vendor sprawl that has been prevalent in our customers' infrastructure.
- R&D: R&D investment, where we have the largest budget of all dedicated cybersecurity companies, ~\$1bn. This is 2x – 5x as much as our pure-play peers.

	P/E	P/S	Market Cap/FCF	EV/EBITDA	P/B
NTM	44.28	7.54	22.11	29.41	NA
TTM	1781	9.33	26.73	236.97	78.75
*Levered FCF					

Sources: Palo Alto Networks IR, TIKR, Blue Line Capital

Quarterly Data



Palo Alto Networks Expectations & Returns

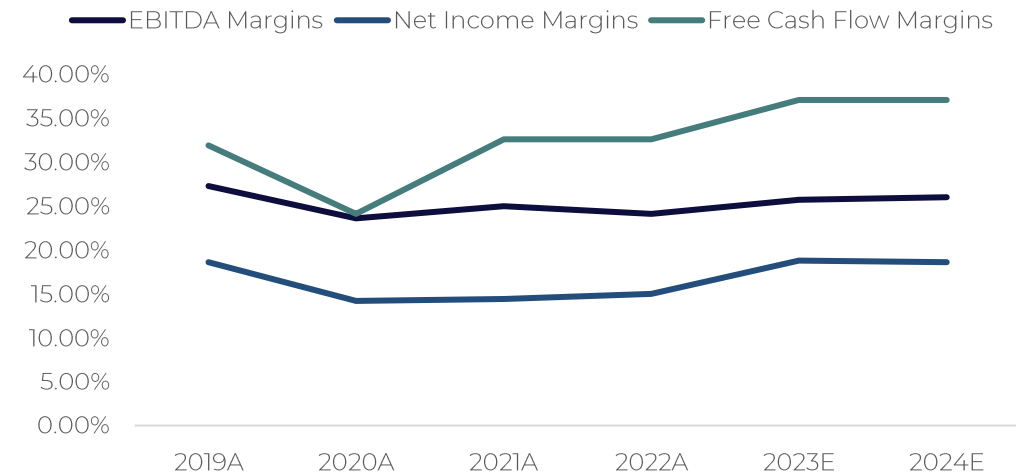
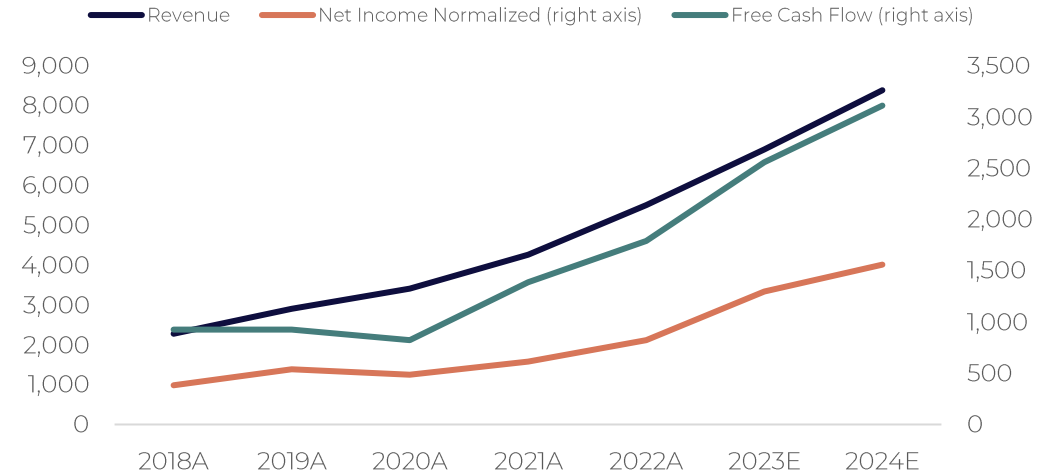
Return Ratios Compared To 2019

Palo Alto Network's return ratios have improved slightly from 2019 levels while debt levels have increased drastically.

		LTM	2019
Return Ratios	RoA	0.10%	-0.30%
	RoC	0.50%	-0.90%
	RoE	8.10%	-6.00%
Margins	Gross Profit Margin	69.80%	72.10%
	EBITDA Margin	4.00%	3.90%
	Net Income Margin	0.60%	-2.80%
	Levered Free Cash Flow Margin	34.90%	41.70%
Asset Turnover	Asset Turnover	0.47	0.44
	Fixed Asset Turnover	10.28	10.19
	Receivables Turnover	5.52	5.53
	Working Capital Turnover	-2.01	1.8
Solvency	Total Debt/Equity	542.50%	90.10%
	Total Debt/Capital	84.40%	47.40%
	EBITDA/Interest Expense	12.48	1.36
	(EBITDA-Capex)/Interest Expense	6.81	-0.21

Sources: Palo Alto Networks IR, TIKR, Blue Line Capital

Revenue, Net Income, and FCF Estimates



Palo Alto Networks Valuation Vs. Peers

	EV/EBITDA	NTM P/E	Past 3M Return	Past 6m Return	Past 12m Return
Palo Alto Networks (PANW)	29.41	44.28	6%	4%	11%
Cisco (CSCO)	8.9	12.45	-3%	7%	7%
CrowdStrike (CRWD)	51.17	66.40	0%	-29%	-27%
Juniper Networks (JNPR)	9.11	13.35	-7%	9%	0%
Oracle (ORCL)	13.57	16.8	3%	15%	19%
VMware (VMW)	10.55	17.29	-9%	-3%	-15%
Cloudflare (NET)	102.03	366.1	20%	0%	10%
Median	13.57	17.29	0%	4%	7%
Mean	32.11	76.67	2%	1%	1%

Sources: TIKR, Google Finance, Blue Line Capital

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Blue Line Capital maintains no position in Palo Alto Networks.

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BLUE LINE CAPITAL

A hand is shown placing a wooden block with a dollar sign on top of a pyramid of other wooden blocks, each also featuring a dollar sign. The blocks are arranged in a pyramid shape, with the top block being the only one in its row, and the bottom row consisting of four blocks. The background is a dark, solid color.

Uber

Looking Beyond Ride-Hailing

Uber Earnings Highlights & Stock Performance

Management Commentary From Q4 2022 Earnings Call

- **Quarterly Trips & Driver Supply:** We crossed 2 billion quarterly trips, and our Mobility consumer base exceeded 100 million for the first time in our history. At the same time, we're laser-focused on making Uber the best platform for earners, with over 5.4 million people earning on Uber around the world, an all-time high.
- **Uber One:** We got over 12 million members up, with membership having nearly doubled for 2022. Members spend monthly 4.1x the amount that nonmembers do on a monthly basis. Members retention is 15% greater than nonmember retention. Globally, about 25% of our gross bookings come from members.
- **Cost Savings in 2020:** During that time, we took over \$1bn of costs out of our infrastructure. We did have to let go over 20% of our headcount.
- **Advertising:** We passed \$500 million in annual run rate, and that's based on increasing the number of active advertisers by 80% Y/Y. Only 25% of our merchants are active in the auctions that we have going on (committed to \$1bn in revenue by 2024.)

	P/E	P/S	Market Cap/FCF	EV/EBITDA	P/B
NTM	35.92	1.83	28.06	23.11	NA
TTM	-7.44	2.12	111.95	-83.68	9.45
*Levered FCF					

Sources: Uber IR, TIKR, Blue Line Capital

Quarterly Data



Uber Expectations & Returns

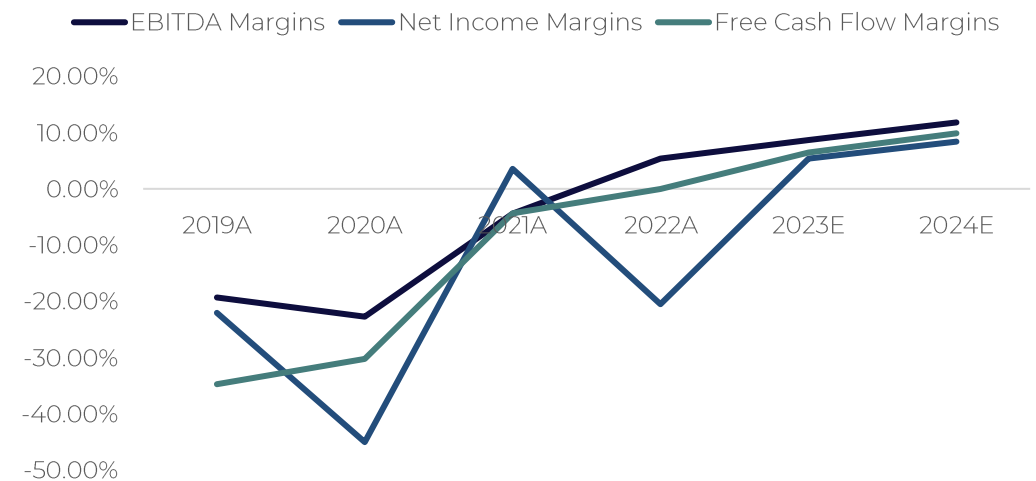
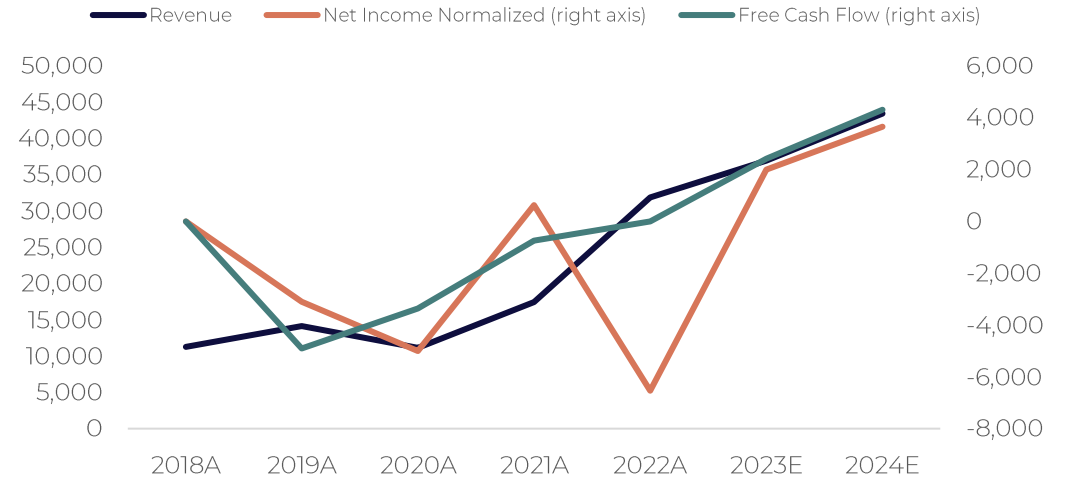
Return Ratios Compared To 2019

Uber now has a clear line of sight to profitability, at which point the company has to improve returns on capital.

		LTM	2019
Return Ratios	RoA	-3.20%	-19.30%
	RoC	-9.10%	-35.90%
	RoE	-76.60%	-77.50%
Margins	Gross Profit Margin	30.80%	35.70%
	EBITDA Margin	-2.80%	-62.70%
	Net Income Margin	-28.70%	-65.40%
	Levered Free Cash Flow Margin	1.90%	-3.60%
Asset Turnover	Asset Turnover	0.99	0.41
	Fixed Asset Turnover	9.41	5.24
	Receivables Turnover	12.22	12.19
	Working Capital Turnover	80.5	1.57
Solvency	Total Debt/Equity	137.10%	51.10%
	Total Debt/Capital	57.80%	32.40%
	EBITDA/Interest Expense	-0.79	-13.77
	(EBITDA-Capex)/Interest Expense	-1.24	-14.82

Sources: Uber IR, TIKR, Blue Line Capital

Revenue, Net Income, and FCF Estimates



Uber Vs. Peers

	EV/EBITDA	NTM P/E	Past 3M Return	Past 6m Return	Past 12m Return
Uber Technologies (UBER)	23.11	35.92	19%	16%	36%
Lyft (LYFT)	12	59.87	-13%	-33%	-43%
XPO (XPO)	7.71	14.35	-3%	15%	8%
Avis Budget Group (CAR)	15.34	8.51	2%	35%	17%
Hertz (HTZ)	15.26	8.01	7%	1%	-3%
Expedia (EXPE)	7.09	11.36	0%	4%	-21%
AirBnB (ABNB)	21.62	35.72	21%	8%	0%
Median	15.26	14.35	2%	8%	0%
Mean	14.59	24.82	5%	7%	-1%

Sources: TIKR, Google Finance, Blue Line Capital

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Blue Line Capital maintains no position in Uber.

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BLUE LINE CAPITAL

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