3Q 2017 Earnings Call

November 3, 2017

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3Q 2017 Financial Recap

(in millions)	Three Months Ended		
	9/30/17	6/30/17	9/30/16
Revenue			
Completion & Remedial	$123.7	$107.4	$49.4
Well Servicing	54.6	53.1	43.2
Water Logistics	52.3	50.7	47.2
Contract Drilling	2.8	2.1	1.8
	$233.5	$213.3	$141.6
Gross Profit			
Completion & Remedial	$39.2	$26.2	$9.1
Well Servicing	11.4	11.3	8.1
Water Logistics	11.1	9.2	7.9
Contract Drilling	0.3	0.3	0.2
	$61.9	$46.9	$29.9
Net Loss	($13.8)	($23.9)	($92.1)
FD Loss per Share	($0.53)	($0.92)	($2.16)
Adj EBITDA	$26.5	$12.0	($4.7)

3Q 2017 Operational Highlights

BASIC ENERGY SERVICES

- Strong growth in Completion and Remedial Services segment:
  - Segment revenue up 15% sequentially to $123.7 mm
  - Successfully placed remaining 37,000 new HHP into field in late August
    - Half of newbuild 74,000 HHP deployed mid-2Q
  - Successfully deployed two newbuild, large-diameter coiled tubing units in August

- Increased utilization across production service segments:
  - Service rig utilization of 55% in 3Q, up from 54% in 2Q, including impact of Hurricane Harvey
  - Fluid service truck hours of 483k in 3Q, up from 474k in 2Q

- Significantly improved financial results sequentially
  - Grew revenue 9.5% q/q to $233.5 mm
  - Adjusted EBITDA of $26.5 mm, up from $12.0 mm in 2Q

Operational Update

	3Q17	2Q17	1Q17
Well servicing rig hours	165,200	162,300	157,600
Well servicing utilization rate	55%	54%	52%
Number of well servicing rigs - end of period	421	421	421
Fluid services truck hours	483,300	473,500	484,300
Number of fluid service trucks - end of period	958	938	944
Number of fluid service trucks - average	947	943	935
Total pressure pumping HHP - end of period	522,565	518,365	443,320
Active frac HHP	413,300	372,850	356,900
Purchased frac HHP undergoing make-ready	-	55,000	-
Total frac HHP - end of period	413,300	427,850	356,900
Coiled tubing units - end of period	18	18	16

Notes:

HHP is hydraulic horsepower.

CapEx and Liquidity

- Capital expenditures (including capital leases) for 2017 are expected to be $135 million
  - Maintenance/sustaining expenditures of $70 million
  - Expansion projects $45 million
    - Purchased 74,000 hydraulic horsepower (HHP) in late 2Q at a total cost of $28.5 million, <$400 per HHP
      - Half of the HHP was deployed in mid 2nd quarter while the remaining half was deployed in late August
    - Two 2-3/8” coiled tubing units at a cost of $14 million for our Niobrara operations were deployed in early August

- 3Q spending totaled $28.9 mm

- 2018 spending to be limited to maintenance CapEx at this point

Balance Sheet and Liquidity

(000s)	9/30/2017	6/30/2017
Cash and cash equivalents	$43	$34
Restricted cash	48	2
$100 million revolver	64	0
Term note facility	163	163
Other debt and capital leases	105	121
Unamortized discount on capital leases	(13)	(15)
Total debt	**$320**	**$269**
Shareholders' equity	352	363
Total Capitalization	**$672**	**$632**
Net debt	$229	$233
Total liquidity	$74	$67
Net debt/book cap	39%	37%

Note 1: Liquidity is computed using cash balance of $43 mm plus availability under the revolver of $31 mm (adjusted for growth in accounts receivable)

Note 2: $64 million was drawn on revolver upon closing in September 2017, consisting of $45 mm to collateralize insurance obligations and the remainder to pay closing fees and provide working capital

Completion and Remedial Services

Operational Highlights

- Successfully deployed 37,000 HHP in August to the SCOOP/STACK and the Piceance
  - Revenue per frac stage up 29% from 2Q
- Coiled tubing saw a 40% sequential increase in revenue, due to strong completion activity in the Niobrara and the introduction of two newbuild 2-3/8" units
- Transitioned later in the quarter from a self-sourced client to one with full sourcing

Segment Revenue Breakdown

	3Q17	2Q17	1Q17
Frac	59%	63%	63%
Coiled Tubing	24%	20%	18%
Rental Tools	15%	15%	19%
Other	2%	2%	1%

Segment Outlook

- Pressure pumping calendar is booked through 1Q18, with demand outpacing supply on coiled tubing
- Due to strong demand, continue to high-grade client base
- Maintenance capex looks to trend below 8% of revenue as customer selection is resulting in lower wear-and-tear jobs with strong operating margins

Well Services

Operational Highlights

- Fleet of 296 Class IV and higher rigs saw 3Q utilization of above 70%
- Ancillary and rental tool revenue associated with service rig completion work (booked in C&R segment) often matches or exceeds rig rate revenue per job
- Rental and fishing tool revenue (part of C&R segment) was up 14% sequentially, driven by increased amount of completion work by service rigs
- Lost several days of revenue due to Hurricane Harvey while incurring operational expenses during post-storm clean-up, impacting margins in September

Segment Outlook

- Completion and 24-hour work a growing portion of total utilization, up 5% so far in October from 3Q
- Pricing continues to climb in single digit range per quarter, with utilization of higher-end assets seeing increasing potential of faster moving dayrates

Segment Analysis

	3Q17	2Q17	1Q17
Rig Hours (000s)	165.2	162.3	157.6
Utilization	55%	54%	52%
Revenue/Hour	$329	$321	$307
Segment Margin	20.9%	21.2%	15.8%

Water Logistics

Segment Analysis

	3Q17	2Q17	1Q17
Trucks (Avg.)	947	943	935
Rev/Truck (000s)	$55.3	$53.8	$53.7
Disposal Wells	86	86	86
Segment Margin	20.7%	18.1%	17.3%

Operational Highlights

- Average revenue per truck up 3% from 2Q
- Approximately 20% of SWD capacity fed by pipeline during the quarter, up to over 21% currently
- A third of the water disposed into our Permian SWDs came via pipeline

Segment Outlook

- Continuing to move toward much higher-margin pipeline input of water to SWDs, targeting nearly 25% of fluid disposal by year end
- With 4-6 saltwater disposal wells in process at any time, look to be over 90 SWDs by mid-2018

3Q17 Takeaways

BASIC ENERGY SERVICES

- Supply chain operating at high levels of efficiency, little to no delays on jobs due to proppant, chemicals, cement, acid
- Pumping services seeing strong revenue growth and margin progression in 3Q and into 4Q due to
  - Move from self-sourced client to fully-sourced
  - Incremental pricing traction
  - More complete impact of incremental HHP as equipment relieved by newbuild pumps is repaired and re-enters the field
- Well service rig utilization >70% for Class IV and above, or 296 of our fleet of 421 service rigs
  - More completion and 24-hour work increasing utilization, which includes significant revenue for rental and fishing tools, booked in C&R segment
  - Ancillary services and equipment rentals associated with completions can double overall rate paid on jobs (booked as C&R segment revenue)

4Q17 Outlook

We expect 4Q17 revenues to increase sequentially with the cyclical recovery, offset partially by seasonality and decreased daylight hours

- Increase expected to be driven mainly by higher completion and remedial services activity, particularly frac services, cement, acid, and coiled tubing
- Production-oriented well servicing and water logistics segment revenue pricing gains will likely be offset by reduced daylight hours
- Oil prices have not held stable above $50 long enough to allow stronger activity increases in production services.
- Early 4Q weather update:
    - Recovery from Harvey was quicker than expected
    - Heavy rains resulted in a slow start to 4Q for Well Services and Water Logistics in the Permian

Margin Outlook

- Pumping Services looks to benefit from a full quarter of a fully-sourced spread vs. <50% of 3Q, which could push margins slightly higher on higher revenue.
- Depending on holiday activity levels, completion and remedial services segment margins could improve 50-100 bps sequentially

Non-GAAP Reconciliation

(000s)	Three Months Ended		
	9/30/2017	6/30/2017	9/30/2016
Net Loss	($13.8)	($23.9)	($92.1)
Adjustments			
Income Tax Provision (Benefit)	(1.7)	0.0	0.0
Interest Expense	8.9	9.2	23.9
Depreciation & Amortization	29.5	26.0	53.1
EBITDA	$22.8	$11.3	($15.0)
Adjustments:			
(Gain) Loss on Sale of Assets	(0.0)	(0.2)	(0.1)
Restructuring Costs	0.0	1.0	10.4
Due diligence on M&A activities	3.7	0.0	0.0
Goodwill Impairment	0.0	0.0	0.0
Adjusted EBITDA	$26.5	$12.1	($4.7)

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