

2Q 2018 Earnings Call

August 1, 2018

Forward-Looking Statements



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2Q 2018 Financial Recap



(in millions)

Three Months Ended

	6/30/18	3/31/18	6/30/17
Revenue			
Completion & Remedial	\$126.9	\$117.6	\$107.4
Well Servicing	64.4	57.5	53.1
Water Logistics	59.7	56.5	50.7
Contract Drilling	2.4	3.0	2.1
	\$253.4	\$234.7	\$213.3
Gross Profit			
Completion & Remedial	\$26.4	\$28.0	\$26.2
Well Servicing	14.7	9.3	11.3
Water Logistics	15.7	15.6	9.2
Contract Drilling	0.6	0.5	0.3
	\$57.4	\$53.4	\$46.9
Net Loss	(\$40.1)	(\$30.5)	(\$23.9)
FD Loss per Share	(\$1.51)	(\$1.16)	(\$0.92)
Adj EBITDA	\$27.0	\$22.8	\$18.3

2Q 2018 Operational Highlights



- Steady growth in Well Servicing and Water Logistics segments:
 - Well Servicing segment revenue up 12% sequentially to \$64.4 mm, with margins up 670 bps q/q to 22.9%
 - Water Logistics segment revenue increased 6% sequentially to \$59.7 mm
- Increased utilization across production service segments:
 - 2Q18 rig utilization totaled 82% with an average of 24 24-hour rig packages working
 - Average revenue per fluid service truck increased 12% sequentially to \$66,000
 - 23% of total SWD disposal volumes via pipeline, with total volumes of 9.0 mm bbls for the second quarter
- Completion & Remedial Segment revenue growth of 8% sequentially

Operational Update



	<u>2Q18</u>	<u>1Q18</u>	<u>4Q17</u>
Well servicing rig hours	181,600	168,500	159,500
Well servicing utilization rate	82%	76%	53%
Number of well servicing rigs - end of period	310	310	421
Fluid services truck hours	486,800	479,600	492,800
Number of fluid service trucks - end of period	882	934	975
Number of fluid service trucks - average	903	960	967
Total pressure pumping HHP - end of period	516,500	522,565	522,565
Active frac HHP	407,800	413,300	413,300
Purchased frac HHP undergoing make-ready	-	-	-
Total frac HHP - end of period		413,300	413,300
Coiled tubing units - end of period	18	18	18

Notes:

HHP is hydraulic horsepower.

CapEx and Liquidity



- Capital expenditures (including capital leases) for 2Q18 totaled \$24.4 million
 - Maintenance/sustaining expenditures were \$21.5 million
 - Expansion projects and other totaled \$2.9 million
- 2018 capital expenditures anticipated to be \$80.0 mm, including \$20 mm of capital leases and other financings
- At June 30, total liquidity stood at \$45.4 mm
 - On April 11, 2018, Basic amended its \$120 mm ABL to increase commitments to \$150 mm
 - Will give the company additional access to liquidity as the accounts receivable base grows

Balance Sheet and Liquidity



	<u>June 30, 2018</u>
\$millions	
Cash and cash equivalents	\$ 31
Restricted Cash	47
\$150 million Revolver	\$ 90
Term Note Facility	162
Other debt and capital leases (net of discounts)	76
Total debt	\$ 328
Shareholders' Equity	283
Total Capitalization	\$ 611
Net debt ¹	\$ 252
Total liquidity ²	\$ 45
Net Debt/Book Cap	47%
Net Debt/Adjusted EBITDA (TTM)	2.3

¹ Net debt excludes the portion of debt that was used to fund the letters of credit for insurance collateral as well as restricted cash

² Liquidity is computed using cash balance of \$31 million, plus availability under the revolver of \$15 million

Completion and Remedial Services



Operational Highlights

- Pressure pumping experienced a stronger May and June after choppiness in April
- Pricing pressure in the Permian and Delaware Basins remained throughout the quarter

Segment Outlook

- We are relocating frac equipment out of the Midland market to the Mid-Con
- Pressure pumping calendar is booked through 3Q18, though choppiness could persist while assets are relocated
- We expect segment maintenance capex of <10% of revenue as we continue to focus on lower wear-and-tear jobs with strong operating margins

Segment Revenue Breakdown

	2Q18	1Q18	4Q17
Pumping	68%	62%	62%
Coiled Tubing	12%	17%	20%
Rental Tools	17%	18%	15%
Other	3%	3%	3%



Operational Highlights

- Rigs working with 24-hour packages increased from an average of 21 in 1Q to 24 in 2Q
- Rental and fishing tool revenue (part of C&R segment) was up 5% sequentially, driven by increased completion work and workover projects
- Rig rates are up sequentially across all regions on average, with revenue per rig hour at \$348, up 3% sequentially

Segment Outlook

- Pricing continues to climb in the mid-single digit range in 2Q, with the industry at what appears to be full utilization based on available labor
- Completion and 24-hour work continues to increase, presenting significant additional revenue potential (booked in C&R segment)

Segment Analysis

	2Q18	1Q18	4Q17
Rig Hours (000s)	181.6	168.5	159.5
Utilization	82%	76%	53%
Revenue/Hour*	\$348	\$338	\$339
Segment Margin	23%	16%	19%

**Excludes rental tool revenue as a part of larger rig packages*



Water Logistics

Operational Highlights

- Average revenue per truck up 12% from 1Q
- Approximately 23% of SWD volumes were fed by pipeline during the quarter
- Segment margins were down 130 bps in 2Q due to the temporary effect of weather in one region

Segment Outlook

- Fluid service truck likely to continue as focus on pipeline volumes continues to strengthen
- Move towards higher-margin pipeline input of water to SWDs continues, with target of nearly 30% of total fluid disposal by year end

Segment Analysis

	2Q18	1Q18	4Q17
Trucks (Avg.)	900	960	967
Rev/Truck (000s)	\$66.0	\$59.0	\$57.4
Disposal Wells	85	85	85
Segment Margin	26.3%	27.6%	20.3%



2Q18 Takeaways



- Well Servicing appears to have passed an inflection point, with improved utilization and rates driving margins higher
 - Several opportunities to increase rates remain, with several rate increases incorporated throughout the quarter
- 2Q well service rig utilization of 82% for fleet of 310 rigs
 - Number of 24-hour packages continues to increase, averaging 24 for 2Q, with the current number of packages running close to 30
 - Equipment rentals associated with completions and larger workovers can double or triple overall rate paid on jobs (booked as C&R segment revenue)
- Transition of water disposal volumes to pipe continues, with 23% of total 2Q water volumes coming via pipeline
- After significant choppiness in April, pressure pumping revenues increased over 60% in May sequentially
 - Coiled tubing faced inconsistent utilization in early 2Q, in line with other completion services

3Q18 Outlook



- Despite revenue trending higher thus far in the third quarter, the strategic realignment initiative could result in choppiness as we move assets and close underperforming yards.
 - We anticipate revenue to be relatively flat sequentially, with the potential to be slightly higher.
- Production-oriented segment revenue pricing gains are likely to continue in the mid-single digit range for Well Servicing and low single digits for Water Logistics
 - Average 24-hour packages should continue to climb from the average of 24 in 2Q to near or above 30 for 3Q.
 - Large disposal projects in the Permian Basin present significant pipeline opportunities for the Water Logistics segment in 2H18
- Pumping services revenue has rebounded from April, though additional choppiness could persist through 3Q as frac assets are relocated from Midland to the Mid-Con
 - Focus on work that is 8,500 psi or less (vs. working at 11,500 psi) resulting in lower relative capex
 - Monthly revenue run-rate exiting September should be 10%-20% above the quarter average

Non-GAAP Reconciliation



(000s)	Three Months Ended	
	6/30/18	6/30/17
Net Loss	(\$40.1)	(\$23.9)
Adjustments		
Income Tax Provision (Benefit)	0.3	0.0
Interest Expense	12.7	9.2
Depreciation & Amortization	31.2	26.0
EBITDA	\$4.1	\$11.2
Adjustments:		
(Gain) Loss on Sale of Assets	1.9	(0.2)
Non-cash stock compensation	6.0	6.3
Audit-related state sales & use tax	6.0	0.0
Restructuring Costs, Other	0.0	1.0
Executive Retirement	3.9	0.0
Bad Debt	3.1	0.0
Strategic Consulting	2.0	0.0
Adjusted EBITDA	\$27.0	\$18.3

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