



**Select Energy Services, Inc.**

Credit Suisse 24<sup>th</sup> Annual Energy Summit | February 10-13, 2019

# Disclaimer Statement

## Cautionary Statement Regarding Forward Looking Statements

This presentation, including the oral statements made in connection herewith, contains certain statements and information that may constitute “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements, other than statements of historical fact, regarding Select Energy Services, Inc.’s (“Select” or the “Company”) strategy, future operations, financial position, estimated revenues and losses, projected costs, prospects, plans and objectives of Select’s management are forward-looking statements. When used in this presentation, the words “could,” “believe,” “anticipate,” “intend,” “estimate,” “expect,” “project,” “preliminary,” “forecast,” and similar expressions or variations are intended to identify forward-looking statements, although not all forward-looking statements contain such identifying words. These forward-looking statements are based on current expectations and assumptions of Select’s management about future events and are based on currently available information as to the outcome and timing of future events. Although we believe that the expectations reflected, and the assumptions or bases underlying our forward-looking statements are reasonable, we can give no assurance that such expectations will prove to be correct. Such statements are not guarantees of future performance or events and are subject to known and unknown risks and uncertainties that could cause our actual results, events or financial positions to differ materially from those included within or implied by such forward-looking statements. Accordingly, investors should not place undue reliance on forward-looking statements as a prediction of actual results. Each forward-looking statement in this presentation speaks only as of the date of this presentation. Except as required by applicable law, Select disclaims any intention or obligation to revise or update any forward-looking statements contained in this presentation.

Factors that could cause our actual results to differ materially from the results contemplated by such forward-looking statements include, but are not limited to the factors discussed or referenced in the “Risk Factors” section of our Annual Report on Form 10-K (our “Form 10-K”) filed with the U.S. Securities and Exchange Commission (the “SEC”) on March 19, 2018. The information contained in this presentation has not been independently verified other than by the Company and no representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information contained herein and no reliance should be placed on it.

## Industry and Market Data

This presentation has been prepared by Select and includes market data and other statistical information from third-party sources, including independent industry publications, government publications or other published independent sources. Although Select believes these third-party sources are reliable as of their respective dates, the Company has not independently verified the accuracy or completeness of this information. Some data is also based on the Company’s good faith estimates, which are derived from its review of internal sources and the third-party sources described above.

## Additional Information and Where to Find It

For additional information regarding Select, please see our Form 10-K, Quarterly Reports on Form 10-Q and any recent Current Reports on Form 8-K, which are available at no charge at the SEC’s website, <http://www.sec.gov>. In addition, documents will also be available for free from the Company by contacting the Company at 515 Post Oak Blvd, Houston, TX 77027 or (713) 235-9500.

## Non-GAAP Financial Measures

This presentation includes Adjusted EBITDA, a financial measure not calculated in accordance with generally accepted accounting principles in the U.S. (“GAAP”). Select uses Adjusted EBITDA as a supplemental financial measure in this presentation. Adjusted EBITDA is defined as net income/(loss), plus interest expense, taxes and depreciation and amortization, plus/(minus) loss/(income) from discontinued operations, plus any impairment charges or asset write-offs pursuant to GAAP, plus/(minus) non-cash losses/(gains) on the sale of assets or subsidiaries, non-recurring compensation expense, non-cash compensation expense, and nonrecurring or unusual expenses or charges, including severance expenses, transaction costs, or facilities-related exit and disposal-related expenditures, plus/(minus) foreign currency losses/(gains) and plus any inventory write-downs. Please see the appendix for a reconciliation of net income, the most directly comparable GAAP measure to Adjusted EBITDA. This presentation may have other material or supplemental disclosures that are not presented in accordance with GAAP.

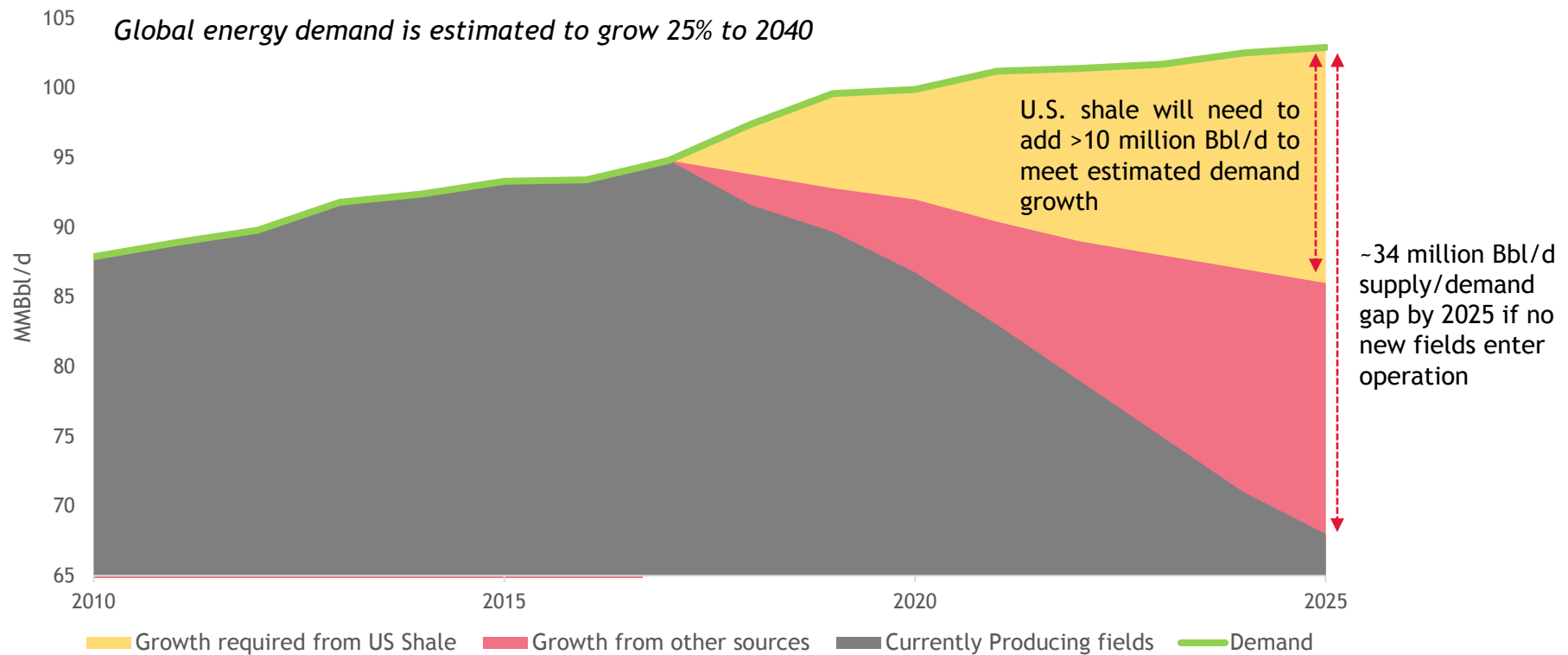
While the Company’s management believes that certain non-GAAP financial measures are useful for investors, such measures do not have any standardized meaning and are therefore unlikely to be comparable to similar measures presented by other companies. The presentation of non-GAAP financial measures should not be used as a replacement for, and should not be considered in isolation from, financial measures that are in accordance with GAAP.

# Select's Value Proposition



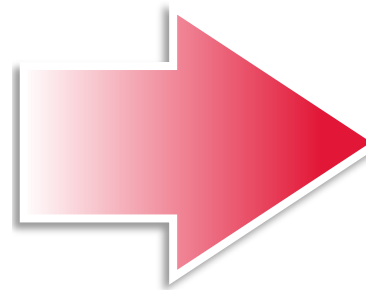
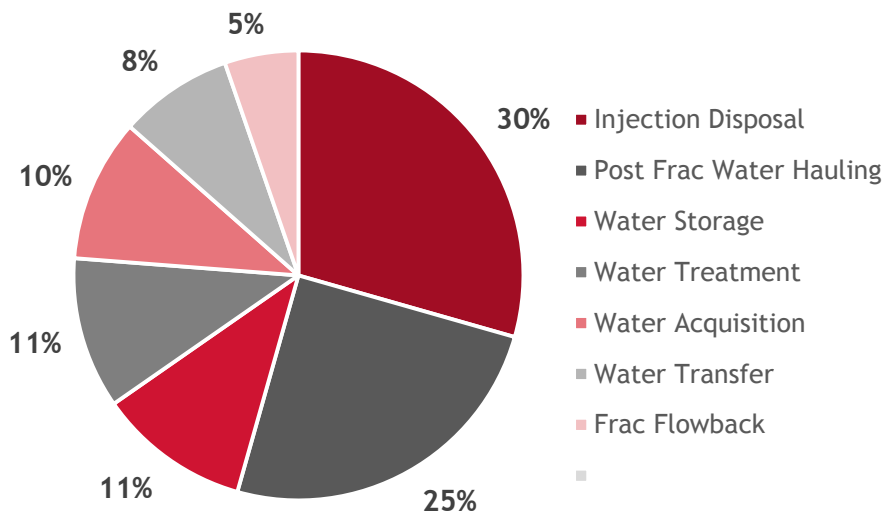
# U.S. Shale: Best Solution to Global Oil Demand Growth

## IEA Projected Future Oil Supply/Demand Balance



# Water Market Growing in Size and Complexity

**2019 U.S. Water Market Estimated to be \$20-\$25 Billion<sup>1</sup>**



U.S. water market growing with continued shale production growth

- + ~5 Billion barrels of water used in drilling and completion activities in 2018
- + Over 20 Billion barrels of water produced in 2018
- + Increasing complexity of water sourcing, logistics, treatment and disposal

1. Dollar values and volumes based on Spears & Associates January 2019 US Oilfield Water Management Services Market report

# Select Energy Services – Company Snapshot

## Segment Overviews

### Water Solutions

- + Leading provider of total water solutions to the U.S. unconventional oil and gas industry
- + Comprehensive water solutions extending from sourcing to disposal
- + Logistics served through permanent infrastructure and temporary solutions
- + Operations supported by leading edge technology

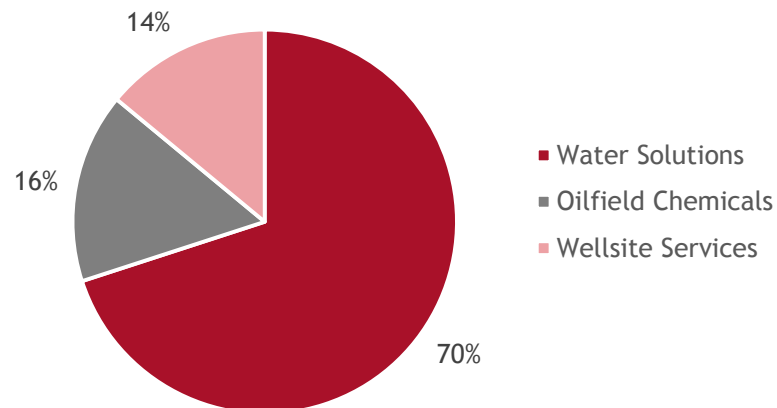
### Oilfield Chemicals

- + Develop and manufacture full suite of completion and production chemicals
- + In-basin manufacturing facilities and distribution facilities to support complete frac fluid systems

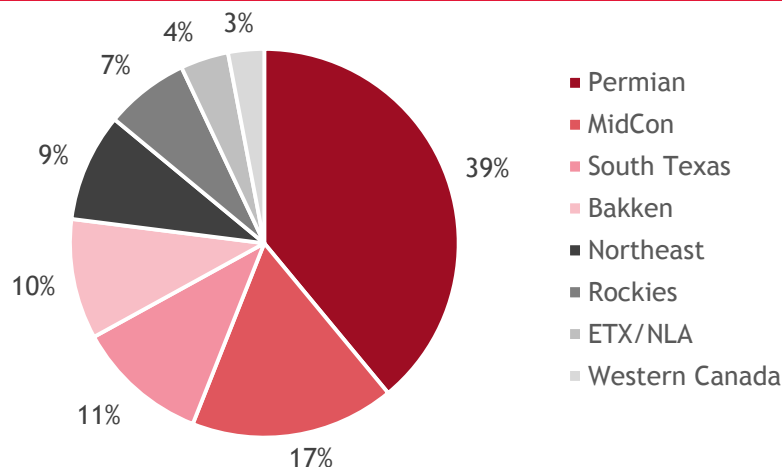
### Wellsite Services

- + Rentals and other wellsite services
- + Canadian water solutions and related services

## 9M18 Revenue by Segment<sup>1</sup>



## 9M18 Revenue by Geography<sup>1</sup>



1. Based on financials for the nine month period ended September 30, 2018

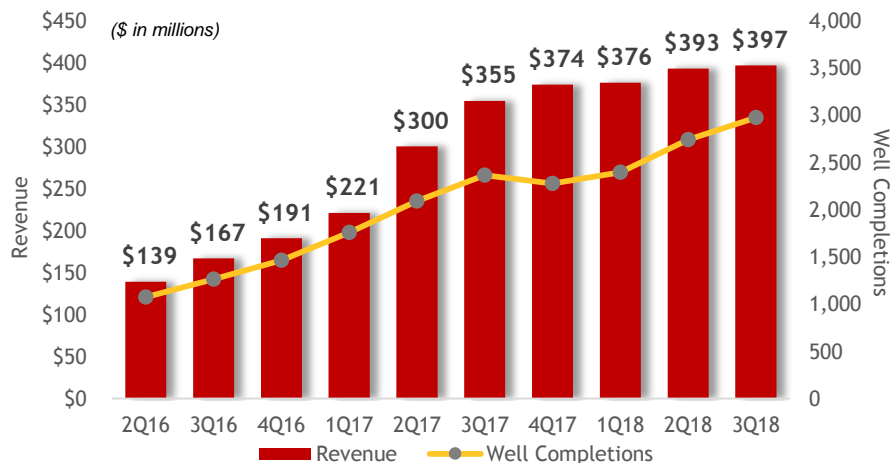
# Strategic Infrastructure Project

## Northern Delaware Pipeline Project

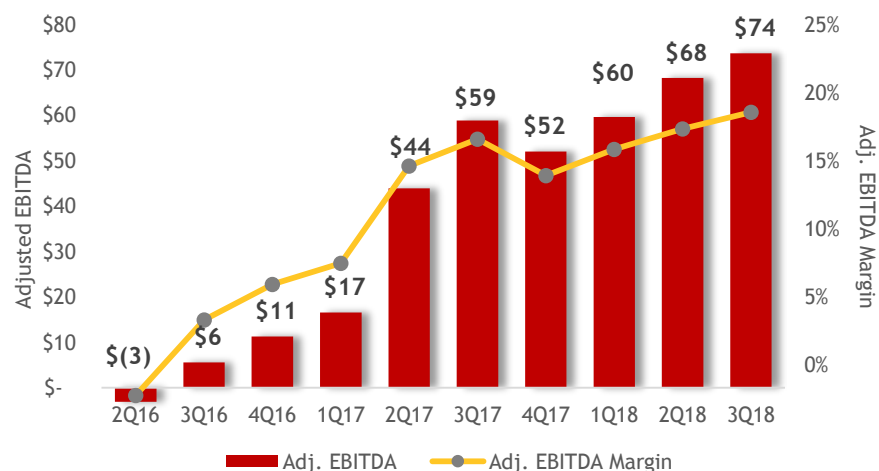
- + Select recently announced the commencement of a new ~\$25 million permanent pipeline infrastructure development in Eddy and Lea Counties in New Mexico
  - Operations commencing by 3Q19
  - Complements existing GRR infrastructure
  - Initial build-out capacity of ~100,000 bpd
- + 5 year take-or-pay contract with major global integrated oil company for 75 million barrels of water
- + Supported by existing rights-of-way and source water rights from recently signed long-term supply agreements with industrial sources
- + To be funded within proceeds from the divestment of non-core assets, including Affirm and Canadian operations

# Growth in Financial Performance & Liquidity

## Quarterly Revenue<sup>1</sup>



## Quarterly Adjusted EBITDA<sup>1,2</sup>



## Financial Performance Commentary<sup>1</sup>

- + Efficiency, execution and pricing improvements have led to increased profitability, even as labor and equipment markets remained tight
- + Scale in all major U.S. shale basins provides the ability to direct resources to the region where they are most in demand
- + Strong balance sheet with significant available liquidity

## Net Debt & Liquidity Profile As Of Sept 30, 2018

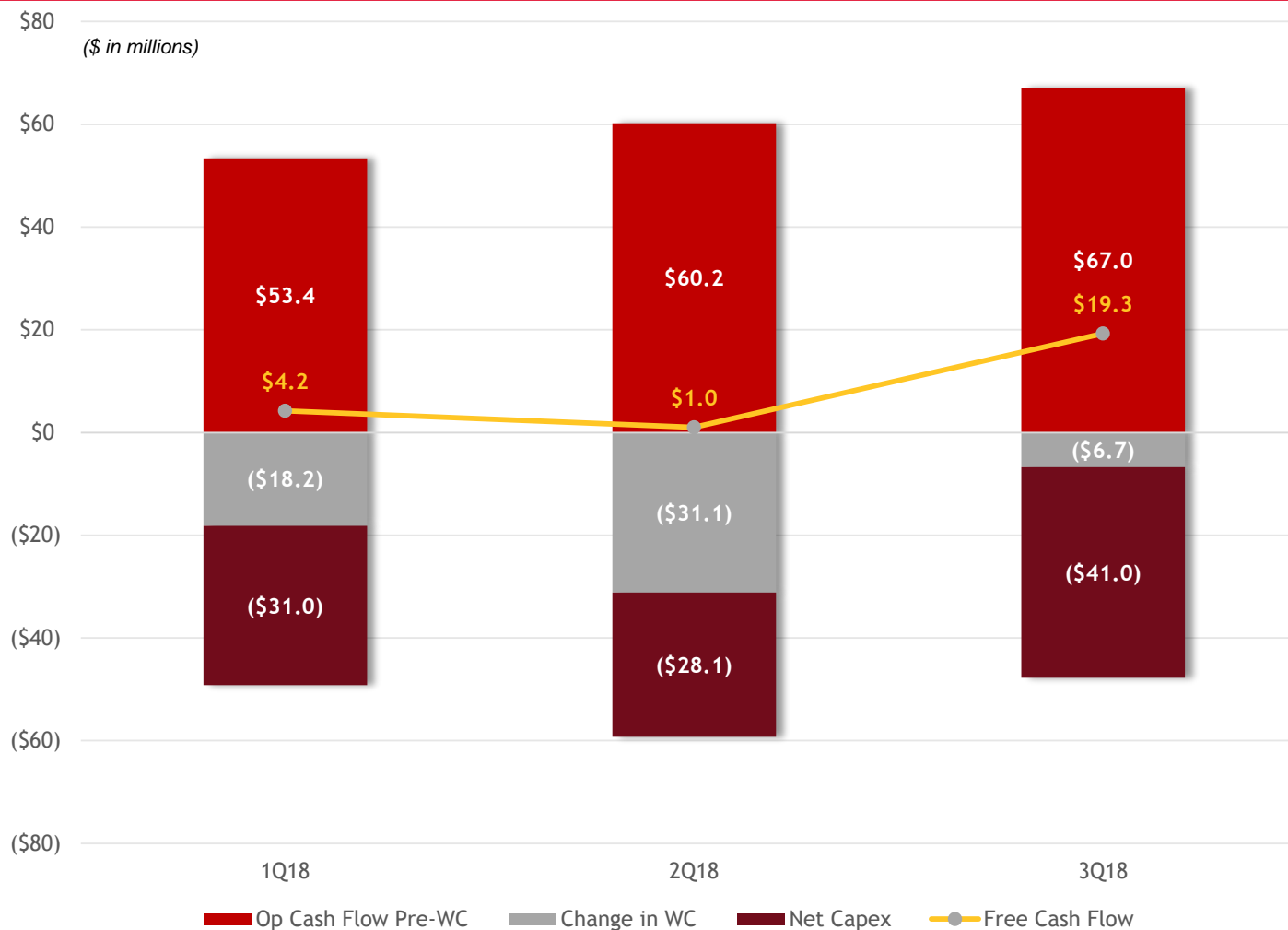
<b>Cash</b>	<b>\$</b>	<b>13.1</b>
Bank Debt		65.0
Accrued Lease Obligations & Capital Leases		22.7
<b>Total Debt</b>	<b>\$</b>	<b>87.7</b>
<b>Net Debt</b>	<b>\$</b>	<b>74.6</b>
<b>Liquidity:</b>		
Cash	\$	13.1
Plus: Revolver Borrowing Base		290.8
Less: Outstanding Borrowings		(65.0)
Less: Outstanding Letters of Credit		(20.8)
<b>Total Liquidity</b>	<b>\$</b>	<b>218.1</b>

- Historical financial results are based on the combined Select + Rockwater numbers, excluding divested operations. 4Q17 based on combined company financial results including Select actual results and Rockwater's standalone October results. Completions per the EIA Drilling Productivity Report.
- See Disclaimer on page 2 for important disclosures regarding non-GAAP financial measures and the Appendix for a reconciliation of non-GAAP measures to their most directly comparable financial measures calculated in accordance with GAAP



# Robust Cash Flow Generation with Room to Expand

**9M18 Cash Flow from Operations exceeded Net Capex by ~\$25 million<sup>1</sup>**



1. Net Capex represents capital expenditures related to the purchase of property and equipment net of the proceeds received from the sale of property and equipment  
 2. Free Cash Flow represents Operating Cash Flow before changes in Working Capital, plus changes in Working Capital, less Net Capex

# Industry Leading Customer Base in Every Basin

## Top Water Solutions Customers







## Top Oilfield Chemicals Customers



Expertise/technology allow Select to provide solutions to meet the ever growing complexity of leading edge customers

# Differentiation through Technology

Technology Capability	Differentiated Results
 <b>AquaView® monitoring &amp; measurement</b>	<ul style="list-style-type: none"><li>• <b>Operational visibility</b></li><li>• <b>Data collection</b></li><li>• <b>Quality control</b></li></ul>
 <b>AquaLogic™ automation systems</b>	<ul style="list-style-type: none"><li>• <b>Decreased OpEx</b></li><li>• <b>Increased HSE safeguards</b></li><li>• <b>Improved operational control</b></li></ul>
 <b>Water Treatment &amp; Recycling</b>	<ul style="list-style-type: none"><li>• <b>Provides flexible solutions for frac water supply &amp; disposal complexities</b></li><li>• <b>Have treated over 235 million barrels over last 7 years</b></li></ul>
 <b>Proprietary Chemistry</b>	<ul style="list-style-type: none"><li>• <b>Improved well performance</b></li><li>• <b>Reduced production costs</b></li></ul>

# Strategic Infrastructure

- + With 10+ years of operations, Select has the relationships, the asset portfolio and the balance sheet to support the ever increasing scale and complexity of the water needs of our customers with high-return, long-lived infrastructure developments

## Water Sources

- ~1.85 billion barrels of annual water rights across the major U.S. unconventional basins
- Recently signed long-term industrial source agreements in the Northern Delaware for an additional 200 million barrels per year

## Pipeline Infrastructure

- Two active pipeline systems supporting McKenzie County, ND with 10-year AMI agreements
- GRR Infrastructure - over 1,200 miles of pipeline through Eddy and Lea County, NM
- Northern Delaware Pipeline Project - \$25 million development with 5yr take-or-pay

## Right-of-Ways & SUAs

- Dedicated team of individuals focused on developing and maintaining local relationships
- Significant portfolio of rights-of-way and exclusive surface use agreements for both fresh water and produced water activities and development

## Disposal Infrastructure

- Active SWD portfolio across five U.S. basins supported by gathering pipelines and fluids hauling operations
- Meaningful backlog of pending permits across multiple basins

# Growth Opportunities in Services

## Margin Enhancement

- Margin enhancement through increased operational efficiency
- Investments to reduce labor and expand higher-capacity equipment



## Technological Innovation

- Enhanced technological innovation with focus on equipment automation and data capture
- Continue to develop and expand water treatment capabilities



## Consolidation

- Highly fragmented market
  - Acquisitions can add scale across basins and increase speed to market
  - Long history of successful M&A with 50+ acquisitions closed in last 10 years
  - Closed on ~\$13 million flowback acquisition in the Northern Delaware in November 2018, expanding service line into new geographic area



# Growth Opportunities in Both Pre-Frac and Post-Frac Infrastructure

## Water Infrastructure Development

- Continuing to evaluate multiple organic projects that involve the development of fixed infrastructure connecting both:
  - *Strategic water sources to E&P operator activity*
  - *Producing wells to disposal and recycling facilities*
- Multiple avenues for growth and an attractive balance sheet to execute the strategy



# Strategies to Maximize Value Per Share

- 1 Operational excellence and innovation/technical achievements
- 2 Maximizing Free Cash Flow
- 3 Disciplined approach to growth, achieve strong returns through cycles
- 4 Maintain a strong balance sheet
- 5 Return excess capital to shareholders

# Select's Value Proposition





## Appendix

# Select Corporate Profile

## Select Corporate Profile<sup>1</sup>

**Listing and Ticker Symbol**

**NYSE: WTTR**

**Recent Share Price**

**\$8.92**

**Market Capitalization**

**~\$952M**

**Enterprise Value**

**~\$1,004M**

**Total Outstanding Shares**

**106.7M**

**Average Daily Trading Volume  
(last 3 months)**

**661,173**

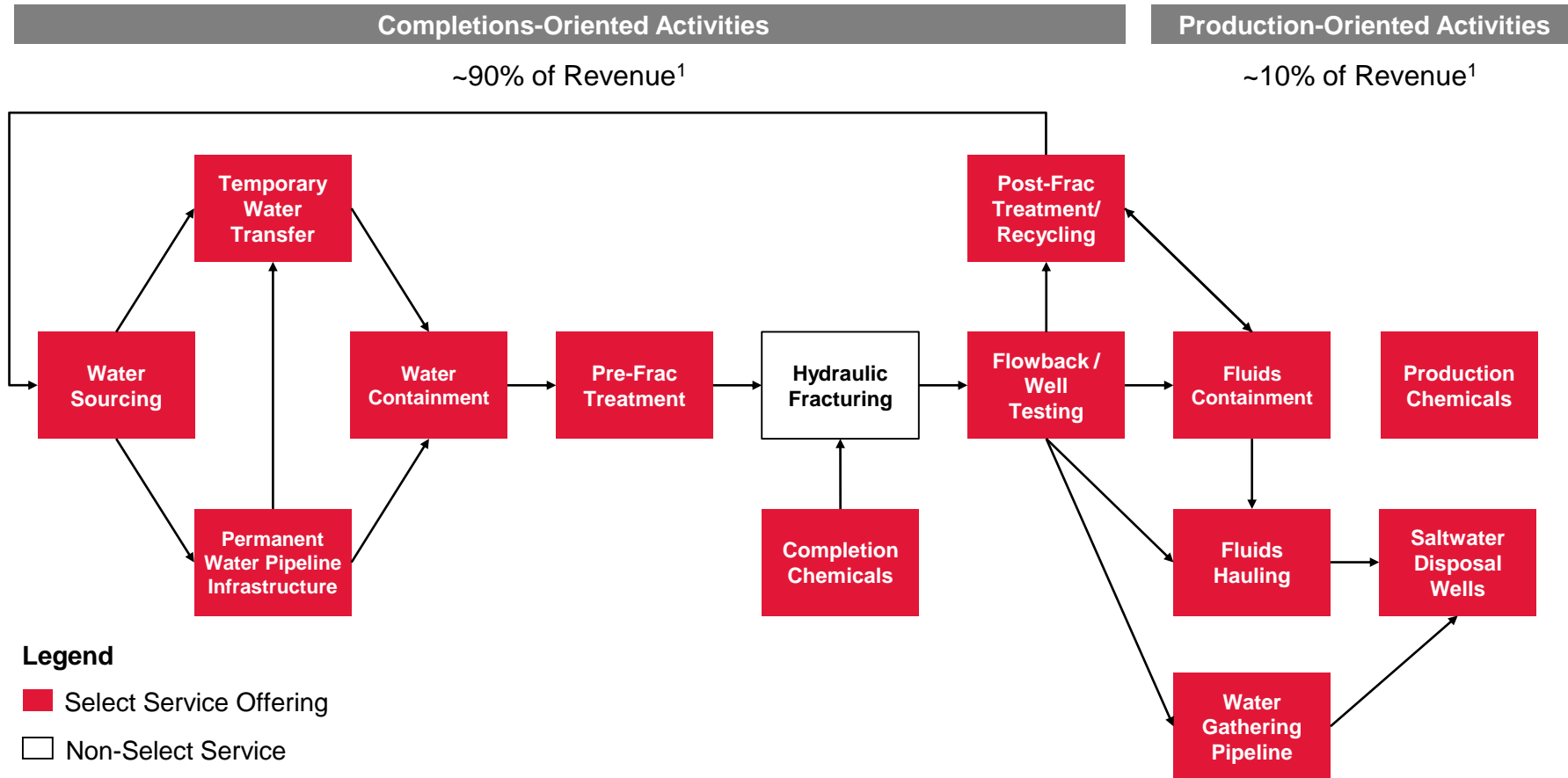
**Headquarters**

**Houston, TX**

Note:

1. Share price and trading volume as of February, 5 2019. Includes net debt of ~\$74.6 million at third quarter ended September 30, 2018. Outstanding shares as of November 2, 2018 and includes all shares of Class A and Class B common stock

# Market Leading Comprehensive Water and Chemical Solutions Company



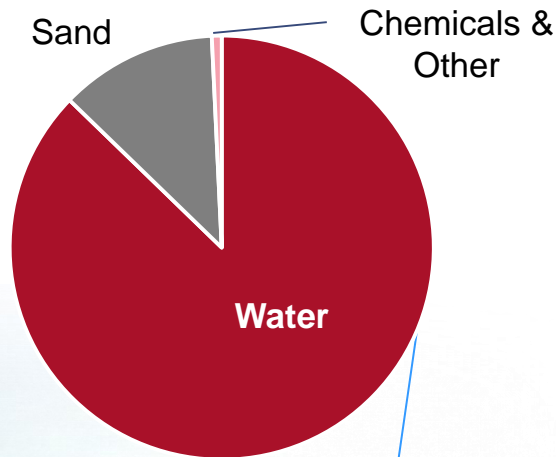
**Select provides value-added water and chemical services throughout the well life cycle, with a primary focus on services related to well completions intensity**

1. Represents % of total Water Solutions and Oilfield Chemicals combined segment revenues for the nine months ended September 30, 2018

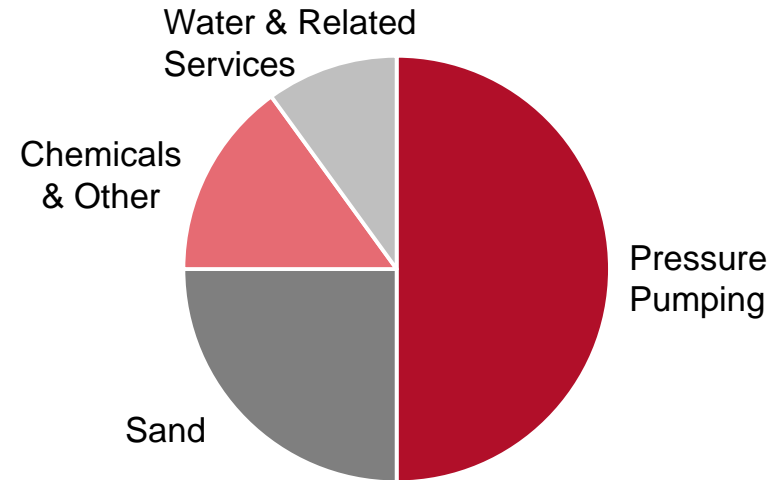
# Water Represents a Critical, but Lower-Cost Input to the Frac, with Less Price Volatility

- Secular trends driving demand for increasingly complex and sophisticated water solutions
- Water is a critical component of a successful well completion, but a relatively small % of the overall well completion cost, resulting in less price volatility for water-related services

## Ingredients of a Frac Fluid System<sup>1</sup>



## Representative Cost Breakdown of a Potential Well Completion



**~5 Billion Barrels**  
of Water used for new well  
completions in 2018<sup>2</sup>

1. Source: RS Energy Group; based on representative sampling of 2018 wells across multiple basins  
2. Source: Spears and Associates

# Select is a Proven Partner Meeting the Complexity Demanded in Today's Oilfield

## Technology

- + Expansive suite of remote monitoring and automation technologies within our AquaView portfolio
- + Full suite of comprehensive water quality and frac fluid compatibility testing and laboratory capabilities
- + Proprietary friction reducer product line

## Scale

- + Largest water solutions service provider in the oil and gas industry
- + Comprehensive service offerings across every major unconventional shale basin
- + Strong liquidity with minimal debt
- + Q3 annualized Revenue of \$1.6 billion

## Sourcing & Infrastructure

- + 1.85bn barrels of water sources across the active U.S. basins
- + 1,200+ miles of infrastructure in Permian Basin
- + Unique Bakken source permits and permanent pipeline infrastructure
- + Pre- & post-frac capable, with ability to integrate treatment/reuse for closed loop systems

## Service Quality

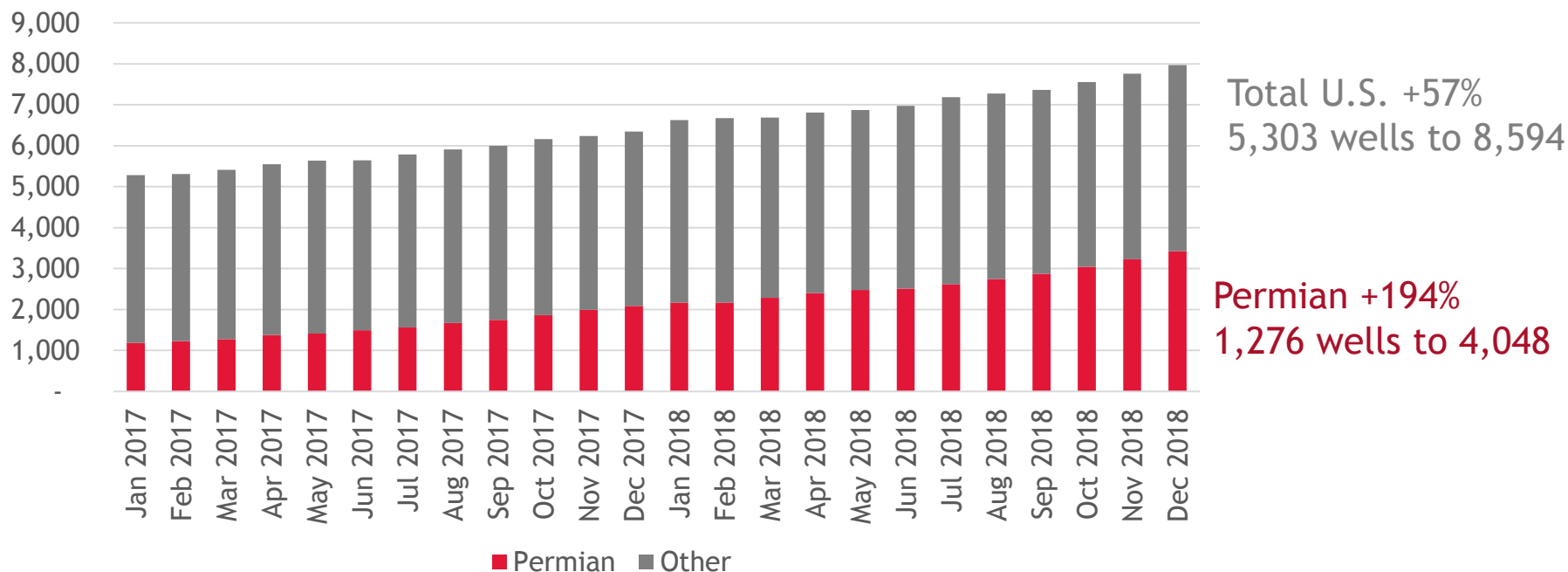
- + Trusted partner of blue-chip customers
- + Deep expertise gained through the 2017 combination of three of the top water service businesses in North America
- + Increased HSSE safeguards from technologies including leak detection and automation



***Market Leader, Strong Capital Discipline with a Focus on Return on Assets***

# Growth in Permian Drilled but Uncompleted Wells Supports Future Growth in Completions Activity



U.S. Drilled but Uncompleted (DUC) Well Inventory:  
Last 2 Years



- Significant increase in DUC count over the last two years, driven primarily by the Permian Basin
- The DUC count has gone from under 5 months of working inventory two years ago to an estimated 9 months today, & over the same 2 years the Permian has increased at a 5% monthly compounding rate
- Select is well-positioned to capture much of this work with our robust service offering across all business lines in the Permian

# Scalable and Reliable Water Sourcing and Logistics Are Critical to Unconventional Production

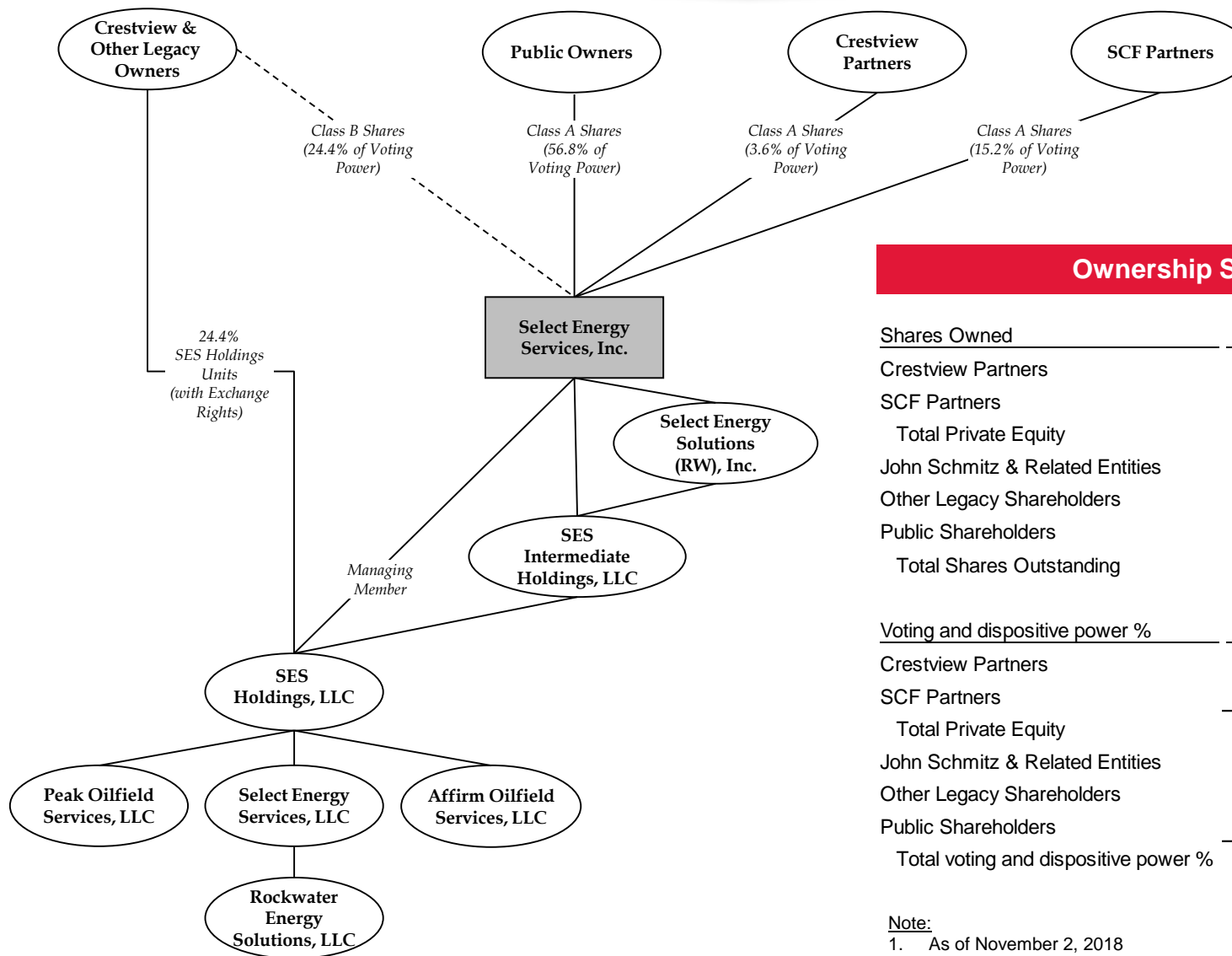
## Evolution of the Oil & Gas Industry's Approach To Water

	Pre - 2008 Conventional Vertical	2008 - 2010 Early Horizontal	Current Leading Edge Horizontal	Emerging Multi-Well Pad Development
Frac Water per Well <sup>1</sup>	~15,000 bbls	~75,000 bbls	~600,000 bbls	Up to 6 million bbls on a multi-well pad
Equivalent Tank Truck Loads <sup>2</sup>	~115	~575	~4,620	~46,200
Lateral Length (Feet) <sup>3</sup>	~1,500	~3,500	~10,500	~10,500
Logistical Challenges	Minor 			Complex
E&P Approach	Minimal Attention 			Mission Critical

***Secular trends have driven increases in water demand per well by more than 30x during the past 10 years, driving demand for complex, sophisticated water solutions***

1. Water per well based on current management estimates of well completion intensity
2. Assumes single tank truck capacity of 130 barrels
3. United States Energy Information Administration ("EIA") and other third party research

# Select Legal & Ownership Structure



## Ownership Summary<sup>1</sup>

Shares Owned	Class A	Class B	Total
Crestview Partners	3.8	16.2	20.0
SCF Partners	16.2	-	16.2
Total Private Equity	20.0	16.2	36.2
John Schmitz & Related Entities	-	7.4	7.4
Other Legacy Shareholders	-	2.4	2.4
Public Shareholders	60.7	-	60.7
Total Shares Outstanding	80.7	26.0	106.7

Voting and dispositive power %	Class A	Class B	Total
Crestview Partners	3.6%	15.2%	18.8%
SCF Partners	15.2%	-	15.2%
Total Private Equity	18.7%	15.2%	33.9%
John Schmitz & Related Entities	-	6.9%	6.9%
Other Legacy Shareholders	-	2.3%	2.3%
Public Shareholders	56.8%	-	56.9%
Total voting and dispositive power %	75.6%	24.4%	100.0%

### Note:

1. As of November 2, 2018



# Non-GAAP Reconciliations

## Select Energy Services, Inc.

	2016			2017				2018		
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
(\$ in millions)										
<b>Net Income/(Loss)</b>	(\$228)	(\$35)	(\$25)	(\$12)	(\$10)	\$3	(\$15)	\$16	\$25	\$31
Taxes	0	0	(1)	0	(0)	(0)	(1)	0	1	1
Interest Expense	4	4	4	1	1	0	5	1	0	1
Depreciation and Amortization	27	22	22	22	23	24	35	31	31	33
<b>EBITDA</b>	<b>(\$197)</b>	<b>(\$9)</b>	<b>\$0</b>	<b>\$10</b>	<b>\$13</b>	<b>\$27</b>	<b>\$24</b>	<b>\$49</b>	<b>\$58</b>	<b>\$67</b>
Impairment of Investments & Assets	199	0	0	0	0	0	0	2	2	0
Lease Abandonment costs	0	13	6	2	0	1	1	1	2	1
Non-recurring severance expense <sup>(1)</sup>	0	0	0	0	0	0	4	0	0	0
Non-recurring transaction costs <sup>(2)</sup>	0	0	0	1	0	4	5	3	2	3
Non-cash compensation expense	(1)	(0)	0	1	1	1	6	2	3	3
Non-cash (gain)/loss on sale of subsidiaries and other assets	(0)	(0)	(0)	0	0	0	1	2	0	0
Non-recurring phantom equity and IPO-related compensation	0	0	0	0	13	0	0	0	0	0
Foreign currency (gains) losses	0	0	0	0	0	0	(1)	0	0	(0)
Other	0	0	0	0	0	0	4	0	0	0
<b>Adjusted EBITDA</b>	<b>\$1</b>	<b>\$4</b>	<b>\$7</b>	<b>\$14</b>	<b>\$27</b>	<b>\$32</b>	<b>\$44</b>	<b>\$60</b>	<b>\$68</b>	<b>\$74</b>

- In 2017, these costs were associated with severance incurred in connection with the transactions contemplated by the Agreement and Plan of Merger, dated as of July 18, 2017, by and among Select, SES Holdings, LLC, Raptor Merger Sub, Inc., Raptor Merger Sub, LLC, Rockwater Energy Solutions, Inc. and Rockwater LLC (the "Rockwater Merger"). In 2016, these costs were associated with the reduction in headcount as a result of the industry downturn.
- In 2017, these costs were primarily associated with the Rockwater Merger and our acquisition of Gregory Rockhouse Ranch, Inc. and certain other affiliated entities and assets. In 2016, these costs were associated with our evaluation and negotiation of various transactions that never materialized.

## Rockwater Energy Solutions, Inc.

	2016			2017			
	Q2	Q3	Q4	Q1	Q2	Q3	October
(\$ in millions)							
<b>Net Income/(Loss)</b>	(\$26)	(\$20)	(\$15)	(\$9)	(\$4)	\$10	\$1
Taxes	(0)	1	(1)	(13)	0	(5)	0
Interest Expense	2	3	2	2	1	1	0
Depreciation and Amortization	19	18	17	16	16	15	5
<b>EBITDA</b>	<b>(\$6)</b>	<b>\$2</b>	<b>\$4</b>	<b>(\$4)</b>	<b>\$14</b>	<b>\$21</b>	<b>\$6</b>
Impairment of longed-lived and intangible assets	1	0	(0)	0	0	0	0
Restructuring costs	0	(0)	(1)	0	0	2	0
Restructuring related severance expenses	0	(0)	0	0	0	0	0
Bad debt expense	(0)	1	(1)	0	0	0	(0)
Inventory write downs	0	0	0	0	0	0	0
Foreign currency (gains) losses	0	0	0	0	(0)	(0)	0
(Gain) loss on the valuation of contingent obligations	(0)	(0)	(0)	(0)	(0)	(0)	0
Non-cash compensation expense	1	1	0	1	1	1	0
Non-cash (gain) loss on sale of subsidiaries and other assets	(1)	(0)	(0)	0	(0)	(1)	(0)
Transaction related costs	0	0	0	6	2	4	1
<b>Adjusted EBITDA</b>	<b>(\$5)</b>	<b>\$2</b>	<b>\$3</b>	<b>\$3</b>	<b>\$17</b>	<b>\$26</b>	<b>\$8</b>

Note: The financial data for Rockwater Energy Solutions, Inc. is for the standalone company prior to the close of the merger on November 1, 2017, excluding certain divested operations