



**Select Energy Services, Inc.**

CEO Energy - Power Conference | September 2021

# 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 February 24, 2021. 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 1233 W Loop S, Suite 1400, Houston, TX 77027 or (713) 235-9500.

## Non-GAAP Financial Measures

EBITDA, Adjusted EBITDA, gross profit before depreciation and amortization (D&A) and gross margin before D&A are not financial measures presented in accordance with GAAP. We define EBITDA as net income, plus interest expense, taxes and depreciation & amortization. We define Adjusted EBITDA as EBITDA 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 non-recurring 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. We define gross profit before D&A as revenue less cost of revenue, excluding cost of sales D&A expense. We define gross margin before D&A as gross profit before D&A divided by revenue. EBITDA, Adjusted EBITDA, gross profit before D&A and gross margin before D&A are supplemental non-GAAP financial measures that we believe provide useful information to external users of our financial statements, such as industry analysts, investors, lenders and rating agencies because it allows them to compare our operating performance on a consistent basis across periods by removing the effects of our capital structure (such as varying levels of interest expense), asset base (such as depreciation and amortization) and non-recurring items outside the control of our management team. We present EBITDA, Adjusted EBITDA, gross profit before D&A and gross margin before D&A because we believe they provide useful information regarding the factors and trends affecting our business in addition to measures calculated under GAAP.

Net income is the GAAP measure most directly comparable to EBITDA and Adjusted EBITDA. Gross profit is the GAAP measure most directly comparable to gross profit before D&A. Our non-GAAP financial measures should not be considered as alternatives to the most directly comparable GAAP financial measure. Each of these non-GAAP financial measures has important limitations as an analytical tool due to exclusion of some but not all items that affect the most directly comparable GAAP financial measures. You should not consider EBITDA, Adjusted EBITDA or gross profit before D&A in isolation or as substitutes for an analysis of our results as reported under GAAP. Because EBITDA, Adjusted EBITDA and gross profit before D&A may be defined differently by other companies in our industry, our definitions of these non-GAAP financial measures may not be comparable to similarly titled measures of other companies, thereby diminishing their utility. For further discussion, please see “Item 6. Selected Financial Data” in our Annual Report on Form 10-K for the year ended December 31, 2020.



## Company Overview

# Select Energy Services, Inc. – Company Snapshot

## Segment Overviews

### Water Services

- + Comprehensive water services including water transfer, flowback and well testing, water storage and containment, fluids hauling, water monitoring and automation and other on-site rental and support equipment

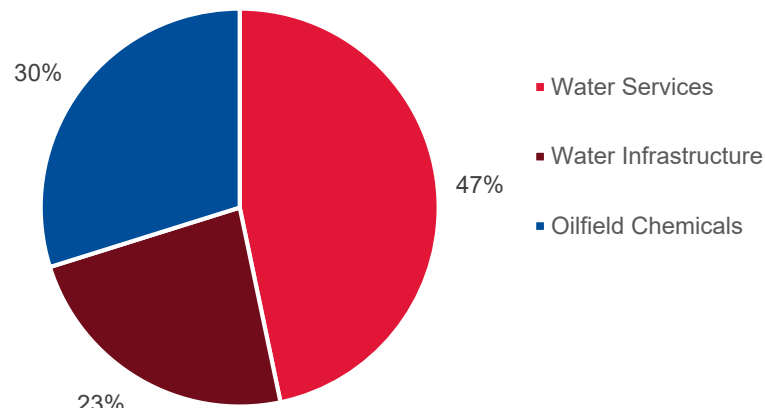
### Water Infrastructure

- + Infrastructure assets and operations associated with water sourcing and distribution pipelines, produced water gathering, water treatment & recycling systems, storage reservoirs and salt water disposal wells

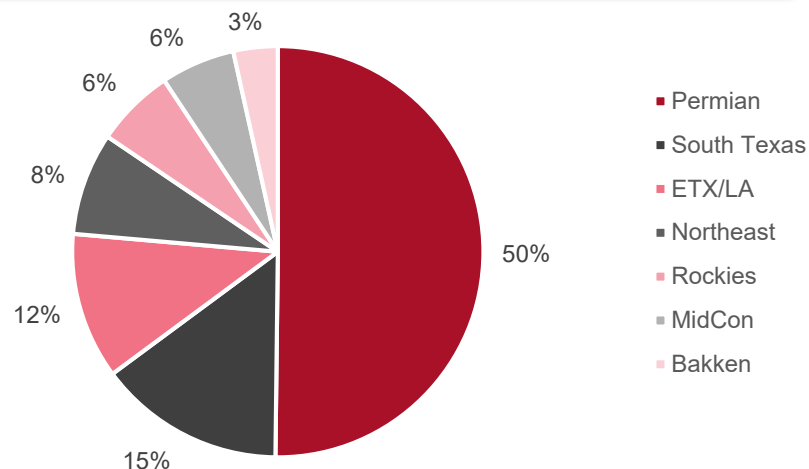
### Oilfield Chemicals

- + Develop and manufacture full suite of completion and production chemicals
- + In-basin manufacturing facilities and distribution centers to support complete frac fluid systems
- + Advanced water treatment solutions and flow assurance

## 1H21 Revenue by Segment<sup>1</sup>



## 1H21 Revenue by Geography<sup>1</sup>

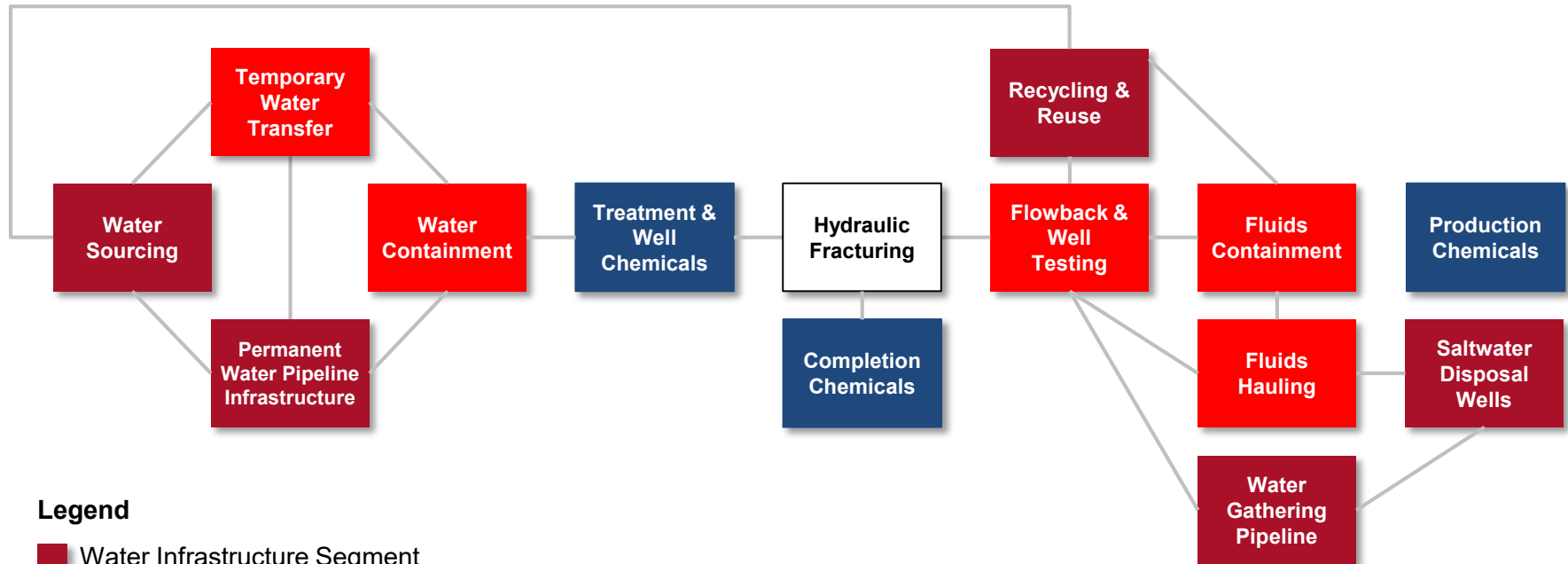


1. Based on results for the six months ended June 30, 2021

# Market Leading Sustainable Water & Chemical Solutions

## Completions-Oriented Activities

## Production-Oriented Activities



### Legend

- Water Infrastructure Segment
- Water Services Segment
- Oilfield Chemicals Segment
- Non-Select Service



# Key Strategies to Maximize Shareholder Value

1

## Build and Bolster the Market Leading Base Business

- **Proven market leader** in sustainable water and chemical solutions that will grow market share through scale, operational efficiency, innovation and technical achievements
- **Improving Customer Activity** – Sequential quarterly revenue growth every quarter since 2Q20
- **Water Recycling** -- Continue to invest in water recycling infrastructure with 5 new facilities opening in 2021, backed by long-term contracts

2

## Advance our Technology, ESG and Diversification Strategies



3

## Execute Strategic M&A



1. On August 17, 2021 announced asset purchase agreement for the acquisition of substantially all of the assets of Agua Libre Midstream, LLC and other water-related assets, operations and assumed liabilities (together "Agua Libre") from Basic Energy Services, Inc. ("Basic")

- + **On July 9, 2021 closed on the acquisition of Complete Energy Services, the water solutions subsidiary of Superior Energy Services**
  - Total consideration of ~\$34.5 million<sup>(1)</sup>, made up of \$14.2 million in cash and 3.6 million Class A shares
  - Anticipate 2H21 annualized run-rate of \$100+ million of revenue and \$10 – 12 million of EBITDA
  - ~60% of revenue weighted to production-related activities
  - Produced water gathering and disposal, fluids handling, water transfer, flowback and well testing, water heating and containment
  - Operations across the United States, including the Permian, Mid-Continent, DJ and Powder River Basins and the Marcellus and Utica Shales
  - Adds 300,000 barrels per day of disposal capacity across Texas and Oklahoma
- **On August 17, 2021 announced asset purchase agreement for the acquisition of substantially all of the assets of Agua Libre Midstream, LLC and other water-related assets, operations and assumed liabilities (together "Agua Libre") from Basic Energy Services, Inc. ("Basic")**
  - Based in Fort Worth, TX, Agua Libre is a leading provider of water midstream, logistics and production services to the oil and gas industry, including operations in the Permian and Mid-Continent Basins and the Bakken, Eagle Ford, and Haynesville Shales
  - If consummated, the Agua Libre acquisition would significantly expand Select's produced water infrastructure footprint and water reuse capabilities, particularly across the Permian Basin, and further increase the Company's revenue weighting towards production-related services and solutions

1. Based on share price as of July 9, 2021 of \$5.64 per share  
2. Excluding certain non-recurring costs such as severance and deal costs



# Strong Balance Sheet & Liquidity Position

Select maintains a strong balance sheet with a \$143 million net cash position

## Preliminary Net Debt & Liquidity Profile As Of 06/30/21

Cash	\$ 143.7
Bank Debt	-
Capital Leases	0.3
<b>Total Debt</b>	<b>\$ 0.3</b>
<b>Net Cash</b>	<b>\$ 143.4</b>

## Liquidity:

Cash	\$ 143.7
Plus: Revolver Borrowing Base <sup>1</sup>	128.3
Less: Outstanding Borrowings	-
Less: Outstanding Letters of Credit	(15.1)
<b>Total Liquidity</b>	<b>\$ 257.0</b>

## Select Corporate Profile<sup>2</sup>

<b>Listing and Ticker Symbol</b>	<b>NYSE: WTTR</b>
<b>Recent Share Price</b>	<b>\$5.36</b>
<b>Market Capitalization</b>	<b>~\$621MM</b>
<b>Enterprise Value</b>	<b>~\$477MM</b>
<b>Total Outstanding Shares<sup>3</sup></b>	<b>110.2MM</b>
<b>Average Daily Trading Volume (last 30 days)</b>	<b>344,901</b>
<b>Headquarters</b>	<b>Houston, TX</b>

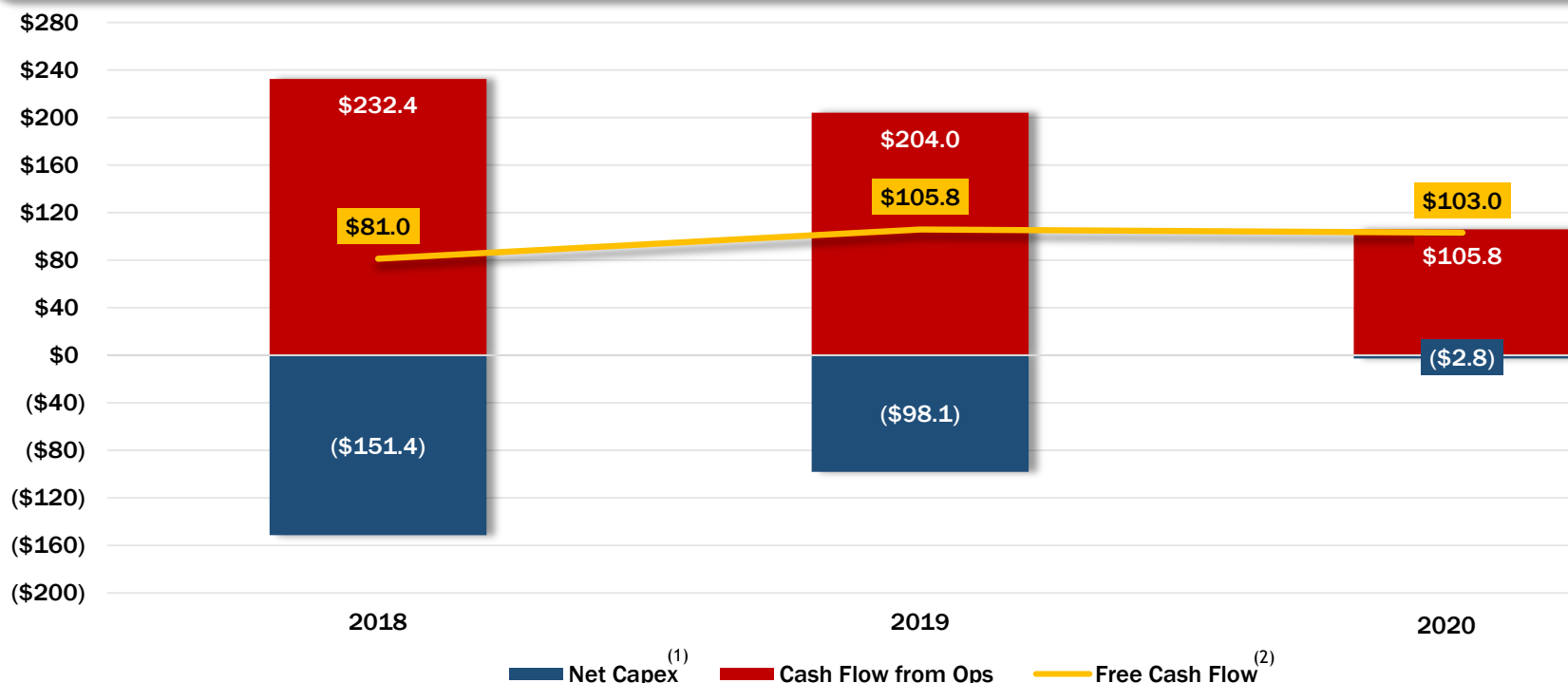
- \$300 million total facility size, with current borrowing base availability based on accounts receivable and inventory balances as of June 30, 2021
- Share price as of August 30, 2021. Outstanding shares includes all shares of Class A and Class B common stock as of August 27, 2021
- Represents fully diluted share count as of August 27, 2021



# Robust Cash Flow Generating Capabilities

(\$ in millions)

- Asset light business model and flexible and disciplined capital allocation program allow for meaningful positive free cash flow generation even across significantly varying market conditions over the last three years
- Though working capital needs have driven near term headwinds resulting from continued revenue growth throughout 1H21, we anticipate positive free cash flow generation in 2H21 and 2022FY



Share Buy-backs

\$15.7

\$18.6

\$9.4

1. Net Capex represents capital expenditures related to the purchase of property and equipment net of the proceeds received from the ordinary course sale of property and equipment, excluding divested Wellsite Services businesses
2. Free Cash Flow represents Operating Cash Flow less Net Capex

# Free Cash Flow Supports Balanced Long-Term Capital Allocation Strategy

## Strong Cash Flow from Operations Supports Key Strategic Initiatives

### Strong Debt-free Balance Sheet

- Debt-free balance sheet with \$143mm in cash on hand and \$257 million of total liquidity as of 2Q21
- Provides significant optionality for future R&D initiatives, recycling development and other organic growth opportunities, investments and M&A
- Asset-light business model results in limited capex requirements

### Organic Investment in Sustainable Water & Chemicals

- Commencing operations at five water recycling facilities in the Midland and Delaware basins during 2021 with 200K+ bbl/day capacity, anchored by long-term contracts w/blue chip E&Ps
- Completed 150,000 bpd pipeline in the Northern Delaware with 5 year take-or-pay contract with IOC
- Increased market share with expanded in-basin chemical manufacturing capabilities & enhanced proprietary FRs

### Strategic Acquisitions & Investments in Energy Transition

- \$34.5mm acquisition of Complete Energy Services provides significant production revenue and recycling expansion opportunities
- Invested \$2mm in 1Q21 in ICE Thermal Harvesting, a provider of zero-emission geothermal electric power
- Invested \$4mm in Deep Imaging Technologies & ESG Solutions since 4Q20
- \$10mm acquisition in 4Q19 of the WCS water treatment division of Baker Hughes Co.

### Returning Value to Shareholders

- Repurchased ~4.7 million shares for \$44 million over last 10 quarters from within free cash flow
- Additional production-weighted revenue allows for consideration of other long-term shareholder return options



## ESG & Technology Updates

# Select is Dedicated to ESG

Water is vital to the health, economic, and social well-being of the communities in which we live and work. Select focuses on developing sustainable water and chemical solutions every day, with a commitment to conservation and reuse. In addition to improving efficiency and reducing costs, we support E&P companies in reducing their environmental impact by successfully delivering on their ESG goals

## ESG HIGHLIGHTS



### WATER SUSTAINABILITY

**Treated or recycled over 6 billion gallons of water** in 2020, significantly reducing the need for fresh water for our customers



### REDUCING EMISSIONS

In 2020 alone, eliminated 1.6 million truck loads through pipeline logistics solutions, **reducing CO<sub>2</sub> emissions by more than 48,000 metric tons**



### HEALTH & SAFETY

**Rapidly implemented COVID-19 health and safety protocols** across the country to ensure a safe operating environment for our personnel



### DIVERSITY & INCLUSION

Select fosters a diverse and inclusive culture with **>50% minority workforce** at the company today

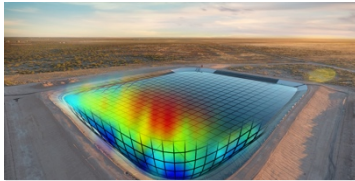


### SUSTAINABLE TECHNOLOGY

Widely deployed monitoring and automation technology to reduce spills and to **provide visibility to further optimize the water lifecycle**

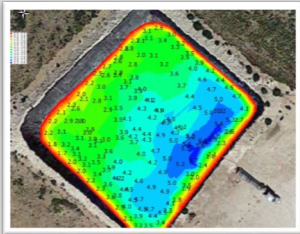
# Select – Technology From Start to Finish

## Pre-Frac



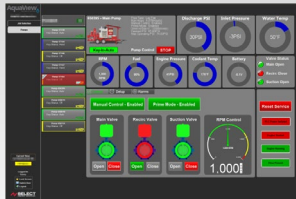
### Measuring & Monitoring

- Pond and Pit Mapping
- 100% Water Network Monitoring/Audit
- VFD-Water Well Automation
- Boat & Drone Survey



### Pump Automation

- Increased Operational Efficiency & Safety
- Spill Prevention
- Engine Monitoring
- 24/7 Monitoring
- Reduced Downtime



## Frac



### Automated Tank Manifolds

- Automated Actuated Control Valves & Storage Tank Sensors
- Local Command Center to monitor all job operations and equipment



### Automated Proportioning & Recycling Technologies

- Automated Proportioning Systems for blending multiple water streams to specific conductivity, TDS, or flow % KPIs
- Oxidative Treatment Services & Trailers
- Organic Biocides and Preservatives
- Mobile, semi-permanent, and fixed facility produced water recycling services

## Post-Frac



### Well Testing Technology

- Tank Monitoring with Interface Levels
- Wellhead, Choke, and Plug Catcher Pressures
- H<sub>2</sub>S & LEL Sensors
- Green Completions to reduce or eliminate emissions on site
- Temperature Monitoring

 **WATERONE™** Technology Suite

**WellONE®**  
Technology Suite

Select's technologies provide real-time monitoring, feedback, automation and control of water throughout the completions lifecycle



Select's suite of AquaView® monitoring & measurement solutions provide real-time and reliable data that ensures best-in-class environmental management that's customizable, powered by SCADA and accessible from phone, tablet, or laptop

## Pond/Impoundment Mapping & Monitoring

Monitor levels & volumes from Select's mapping via boat & drone survey

## Water Quality KPI Matching & Automated Blending

Temperature, Conductivity, TDS, and more

## Leak Detection

Automatic notification

## Flow Meters

Follow water through the entire process

## VFD Water Well Control

Remotely and automatically control a well

## Reporting

Automatic, customizable daily reports

## Local Command Center

24 / 7 Monitoring & Support



## Fleet Management of WaterONE™ Automated Equipment



Automated Pumps



Automated Proportioning Systems



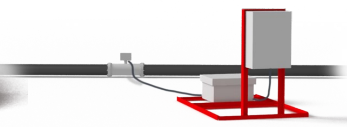
Meter Trailers



Automated Manifolds



Automated Tank Monitoring



VFD Automation Equipment

**AquaView® provides the ability to have a 100% water audit in real-time**

**Rockwater** is a leading developer & manufacturer of oilfield chemical & water treatment technologies

## Completion & Specialty Chemicals

Full suite of chemicals utilized during the completion stage of the well life-cycle

Differentiated value proposition through the combination of chemical expertise and focus on customer service

Only in-basin manufacturing plant in Permian Basin

Sustainability conscious formulations

## Well Chemical Services

Water treatment, specialized stimulation, and flow assurance solutions to protect the well and maximize production

## Production Chemicals

Test, customize, manufacture, and distribute full suite of chemicals to enhance production, improve overall well performance and reduce LOE costs



Our job is not to find the cheapest water source, not to find the cheapest treatment solution, but to find the cheapest total solution - that is **fluidmatch**



# Key Summary Highlights

## Market Leader

- **Market Leader in sustainable water and chemical solutions through scale, operational excellence, innovation and technical achievements**

## Strong Balance Sheet

- **Strong debt-free balance sheet with meaningful cash position enables operational and strategic optionality**

## Deliver Free Cash Flow

- **\$288 million of FCF generation since Rockwater merger driven by differentiated asset-light business model**

## Strong Safety & ESG Focus

- **Critical focus on safety, water sustainability and emissions reduction**

## Disciplined Approach to Growth

- **Focused on achieving strong returns through cycles, diversifying growth into industrial solutions, and opportunistic and strategic M&A**