

Q2:2019 Investor Presentation

August 14, 2019



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DEFINITIONS AND FOOTNOTES FOR DATA PROVIDED HEREIN ARE PROVIDED IN THE APPENDIX SECTION OF THIS PRESENTATION.

UNLESS OTHERWISE INDICATED, DATA PROVIDED HEREIN IS AS OF JUNE 30, 2019.

Key Investment Highlights

Growing market for produced water

Strategically located water logistic assets

Scale in basins we serve

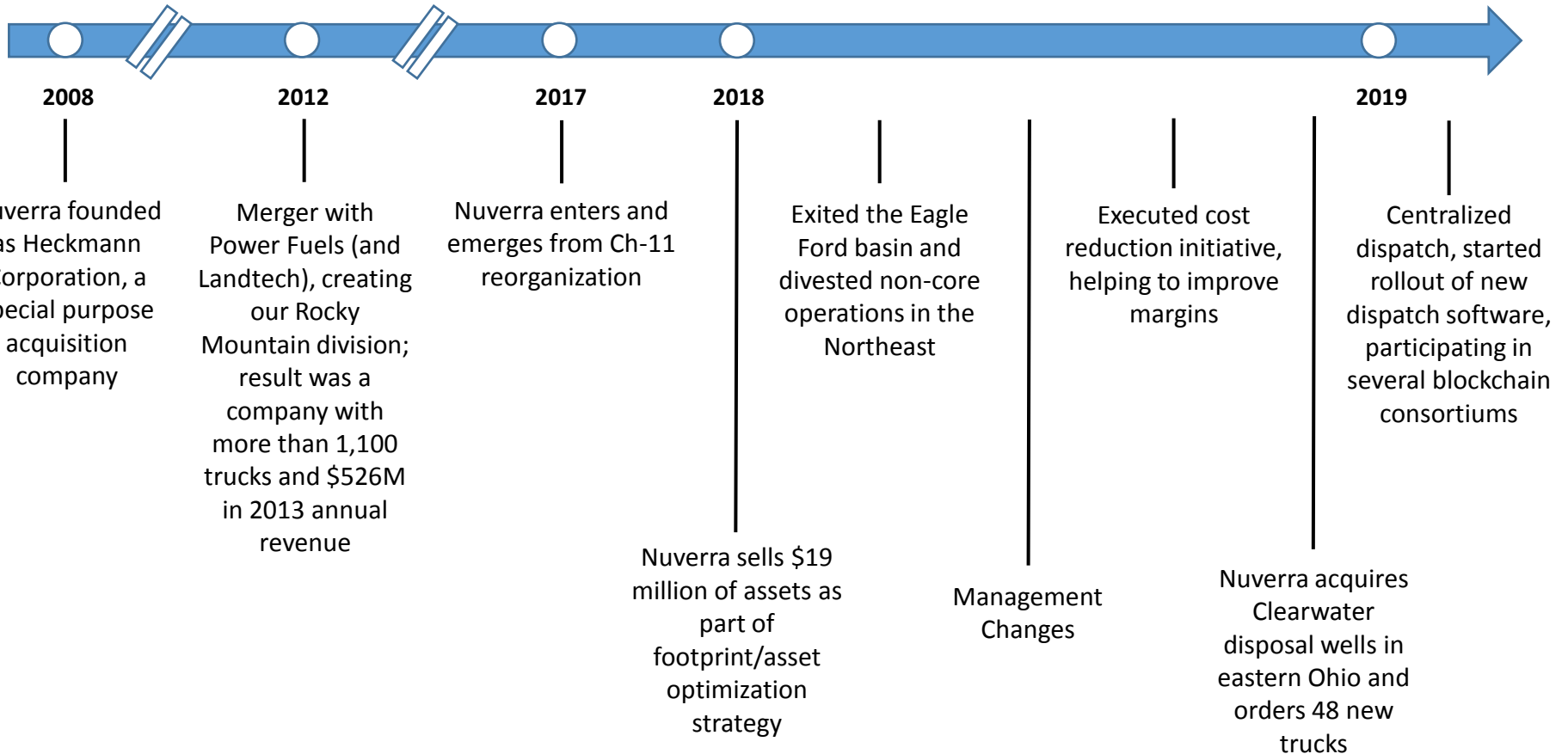
Focused on increasing asset utilization



Rigorous capital allocation discipline

Healthy financial profile

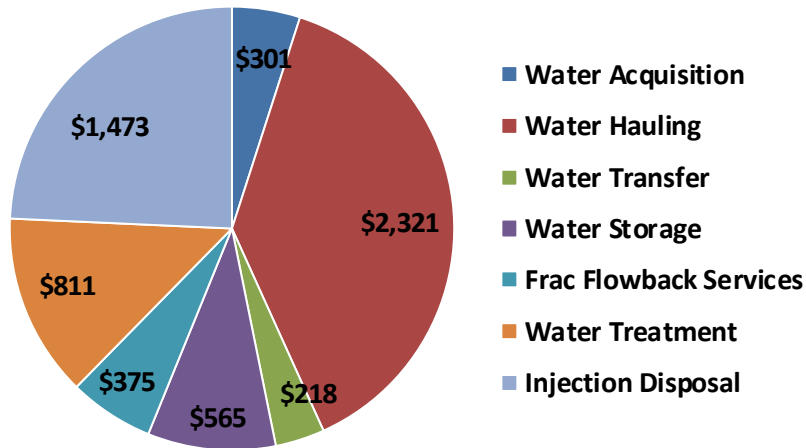
Nuverra Timeline



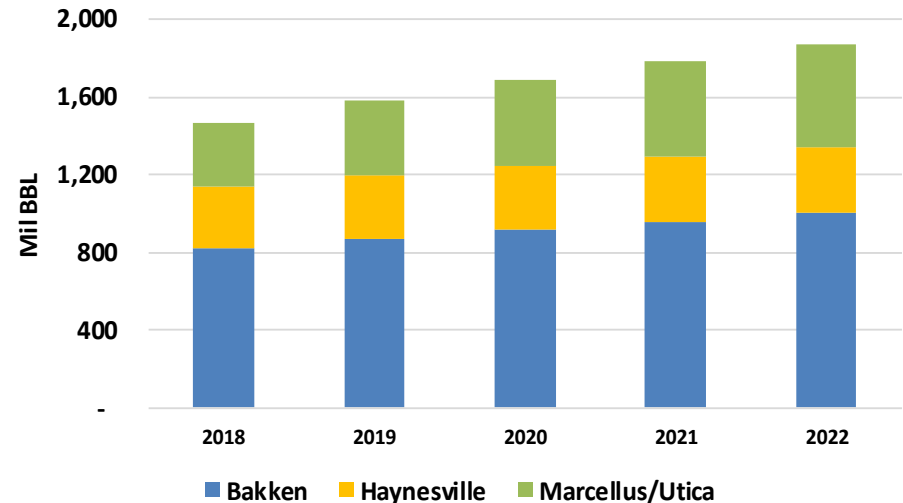
Water Market

US Oilfield Water Management Services

Water Mgmt Market (\$Mil)



Total Produced & FB Water



- Total water management size for markets Nuverra serves estimated at \$6.1B in 2019
 - Nuverra provides produced and flowback water services in 5 of the 7 market segments, including the two largest (water hauling and injection disposal)
- 1,685 mil bbls of produced and flowback water expected in 2020; up 7% from 2019
 - 1,482 mil bbls of fresh water will also be needed in 2019

Strategically Located Network of Assets

Rocky Mountain Division

Bakken Basin

- 362 Employees
- 6 Yards, 231 HD Trucks
- 18 Salt Water Disposal Wells
- Services Offered: Trucking, SWD, Rental, Landfill, Water Transfer

Northeast Division

Marcellus & Utica Basins

- 243 Employees
- 4 Yards, 217 HD Trucks
- 15 Salt Water Disposal Wells
- Services Offered: Trucking, SWD, Rental

Corporate HQ

Scottsdale, AZ

- 22 Employees
- Finance/Accounting, Legal, Audit, & IT

Southern Division

Haynesville Basin

- 76 Employees
- 1 Yard, 33 HD Trucks
- 14 Salt Water Disposal Wells
- Services Offered: Trucking, SWD, Water Pipeline, Rental

Serving a Diverse Base of Top E&P Industry Customers

- Deep, long-standing relationships across the industry



Revenue: Q2 2019 Total Company by Source & Segment

Water Transfer Services

Transportation of flowback and produced salt water originating from oil and natural gas wells; transportation of fresh and salt water to customer sites for use in drilling and frac activity by trucks, lay flat, or pipelines

Disposal Services

Disposal of oilfield wastes in our landfill and disposal of fluids in our disposal wells

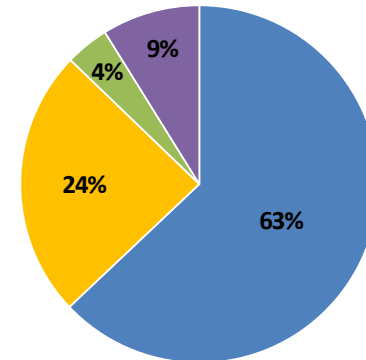
Other Revenue

Sale of fresh water and “junk” or “slop” oil obtained through the skimming of disposal water; also includes oilfield labor services, referred to as “roustabout work”

Rental Revenue

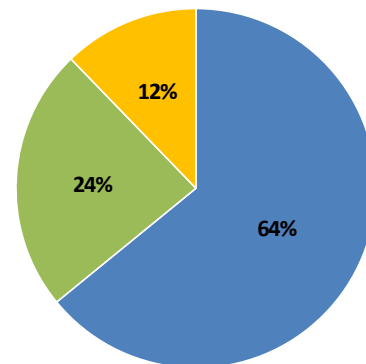
Rental of various equipment used in wellsite services

Revenue by Source



■ Water Transfer Services ■ Disposal Services
■ Other Revenue ■ Rental Revenue

Revenue by Segment

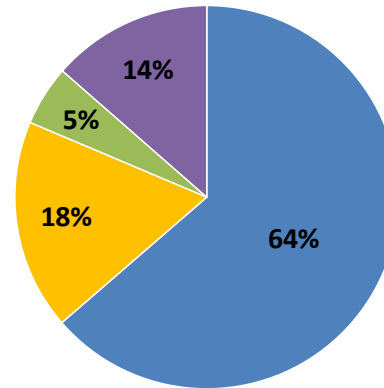


■ Rocky Mountains ■ Northeast ■ Southern

Revenue: Q2 2019 Segment Detail

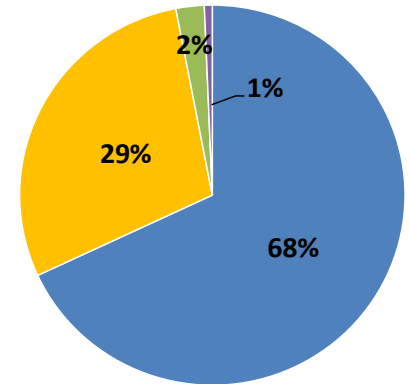
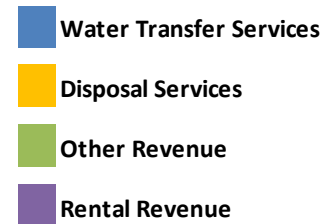
Rocky Mountain

Market leader in Bakken trucking and disposal services; large rental fleet of tanks, loaders and related oil field equipment; landfill located in heart of tier 1 Bakken acreage near Watford City



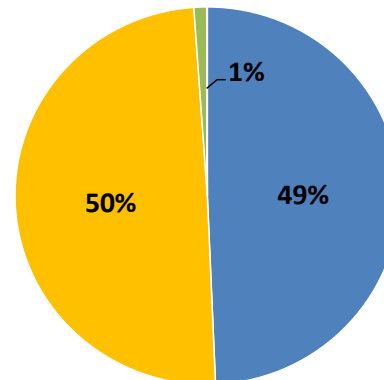
Northeast

Following Clearwater acquisition in Q4 2018, Nuverra has become one of the top disposal operators in the Marcellus/Utica region, in addition to one of the largest truck operators



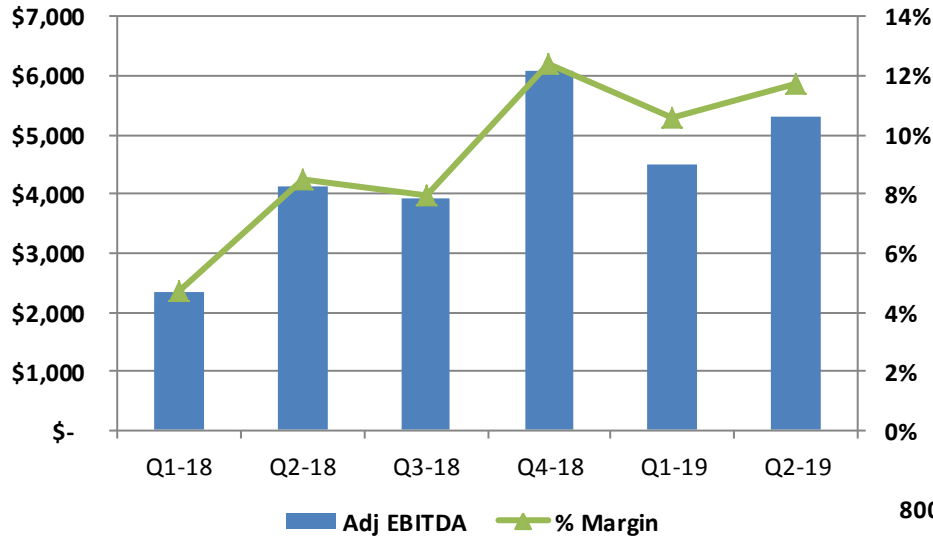
Southern

Leading the Haynesville market with permitted pipeline connected disposal capacity of 100K BPD; additional 100K BPD of permitted non-pipeline connected disposal capacity



Business Summary

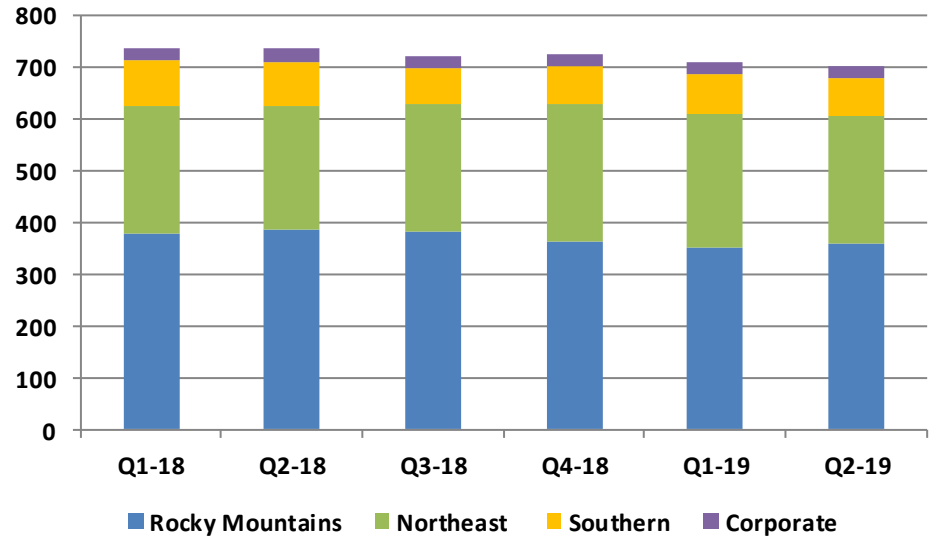
Adj EBITDA (\$'000) & Margin



- 3 Distinct Divisions
- 703 Employees
- 11 Yards, 481 HD Trucks
- 47 Salt Water Disposal Wells
- 60-miles of fixed underground produced water pipeline

- EBITDA improvement seen on an absolute and bottom-line margin basis over the past 6 quarters

Headcount



Capitalization and Liquidity (\$000)

Strong financial position, conservative leverage and sufficient liquidity

Cash Flow

Quarter Ended	Q318	Q418	Q119	Q219	TTM
Net cash: Operating	\$ 4,692	\$ 5,229	\$ (505)	\$ 4,959	\$ 14,375
Proceeds: Sale of PP&E	\$ 1,307	\$ 74	\$ 3,665	\$ 860	\$ 5,906
Purchases of PP&E	\$ (2,584)	\$ (2,554)	\$ (3,626)	\$ (1,393)	\$ (10,157)
Net CAPEX	\$ (1,277)	\$ (2,480)	\$ 39	\$ (533)	\$ (4,251)
Free Cash Flow	\$ 3,415	\$ 2,749	\$ (466)	\$ 4,426	\$ 10,124

Debt Detail

Debt Detail	6/30/2019	Maturity
Revolving Facility	\$ -	Feb-2021
1st Lien Term Loan	\$ 19,654	Feb-2021
2nd Lien Term Loan	\$ 9,803	Oct-2021
Finance Leases	\$ 7,655	Various
Total	\$ 37,112	
Cash & Restricted Cash	\$ (7,853)	
Net Debt	\$ 29,259	

Debt Ratios

Leverage	6/30/2019
Adjusted EBITDA (TTM)	\$ 19,829
Net Debt/TTM Adj. EBITDA	1.48
FCCR Covenant (Ares)	6/30/2019
Trailing 12 Months	1.78
Permitted	1.20

Liquidity

	6/30/2019
Cash & Restricted Cash	\$ 7,853
Revolver Availability	\$ 9,034
Delayed Draw Availability	\$ 5,737
Total Available Liquidity	\$ 22,624
Revolver Facility Size	\$ 30,000
Total A/R	\$ 28,777
Total PP&E	\$ 203,354

Accomplishments

Organizational Improvements

- New leadership team
- Org chart has been right-sized and streamlined, resulting in lower overhead and improved accountability
- New KPI's, goals, and accountability metrics

Efficiency Gains

- Centralized dispatch operations and implemented new dispatch software in Rocky Mountains
- Improved driver training and recruiting efforts
 - Driver count up 12 (4%) from Jun-18
- Cut unprofitable customers and diversified customer base

Asset Optimization

- Sold significant underutilized assets and underperforming businesses
- Purchased Clearwater in Q3 2018; 2 optimally located disposal sites in the Utica basin (3 total disposal wells)
- Reinvested to improve trucking fleet
 - 28 new trucks in Northeast: load size 115 bbls vs 65-90 bbls for old trucks
 - Existing Northeast fleet upgraded to increase load size through capacity modifications (axle extensions, tank replacements)
 - 20 new trucks in Rocky Mountains to replace aging units (Q3-19 delivery)

Initiatives and Strategy

Increase Utilization of Existing Asset Base

- New sales org structure and compensation plan focuses efforts on largest customers and highest margin service offerings
- Expecting recent fleet upgrades to improve efficiencies and sales effort

Continued Focus on Cost

- Companywide roll-out of dispatch software will improve route economics and reduce transaction costs
- Ongoing efforts to decrease costs through process improvements, vendor negotiations and technology driven efficiencies

Execute on Growth Opportunities

- Targeting SWD and pipeline infrastructure projects
- Filling out field sales team to drive growth
- Seeking opportunities to gain scale in basins we operate in

Safety is always our number 1 priority!

Value Proposition

Room for Growth

- Nuverra is positioned in a growing sector of the industry
- Highest margin assets have spare capacity:
 - Our pipeline and most SWDs currently have excess daily capacity and the ability to increase capacity with minimal investment
 - Plenty of capacity in rental fleet, landfill, and other assets
- Opportunities to deploy growth capital into infrastructure assets

Improving Financial Performance

- Adj EBITDA margins improving steadily
- Positive free cash flow
- Steady reduction in SG&A

Conservative Leverage & Liquidity

- No pending debt maturities
- Undrawn revolver
- Net debt to Adj TTM EBITDA ratio of 1.48

Additional Considerations

- Enterprise-to-book value of 0.61x
- Taken major steps to integrate a roll-up of diverse businesses
- Clarifying value proposition internally and to customers

Appendix

Reconciliation of Non-GAAP Financial Measures

Non-GAAP Reconciliations – Adjusted EBITDA

Reconciliation of Net Loss to EBITDA and Total Adjusted EBITDA

(\$000's)	Three Months Ended						TTM
	3/31/2018	6/30/2018	9/30/2018	12/31/2018	3/31/2019	6/30/2019	
Net Loss	\$ (32,167)	\$ (11,176)	\$ (7,117)	\$ (8,714)	\$ (6,355)	\$ (5,006)	\$ (27,192)
Depreciation and amortization	14,744	11,969	10,018	9,614	9,135	9,277	38,044
Interest expense, net and income tax expense	1,250	1,204	1,310	2,416	1,500	1,343	6,569
EBITDA	\$ (16,173)	\$ 1,997	\$ 4,211	\$ 3,316	\$ 4,280	\$ 5,614	\$ 17,421
Adjustments							
Transaction-related costs, net	-	52	393	846	(208)	57	1,088
Stock-based compensation	10,978	416	98	1,225	852	563	2,738
Change in FV of derivative warrant liability	192	(482)	(33)	(120)	41	(69)	(181)
Reorganization items, net ¹	118	1,654	(138)	70	223	(13)	142
Legal and environmental costs, net	(347)	(49)	(81)	111	53	-	83
Impairment of long-lived assets	4,131	332	100	252	117	-	469
Restructuring and exit costs	599	469	49	2	-	(6)	45
Gain on sale of UGSI	(75)	-	-	-	-	-	-
Executive and severance costs	2,937	-	-	371	-	-	371
(Gain) loss on disposal of assets	(8)	(246)	(665)	24	(858)	(848)	(2,347)
Total Adjusted EBITDA	\$ 2,352	\$ 4,143	\$ 3,934	\$ 6,097	\$ 4,500	\$ 5,298	\$ 19,829

¹ Reorganization items, net represents the costs related to the chapter 11 filing incurred after the May 1, 2017 filing date.