- Innovator with differentiated offerings resulting in real competitive advantages.

- Significant FCF generator with 5-year runway before any debt maturity.

- Profitable fluids business alone is worth 150% of the company's current EV; non-energy fluids business segment over $100 million in revenue with 20% plus EBITDA margin.

- Fully aligned, blue-chip management team and board, underscored by recent open-market purchases.

**Business Overview:**

TETRA Technologies (TTI) is an oil and gas services company and provider of bromine fluids to the O&G markets and calcium chloride products to the industrial market. TTI has three business segments as follows:

Completion Fluids & Products - Manufactures and markets clear brine fluids, additives, and associated products and services primarily for use in offshore completions, well drilling and workover operations. Importantly, TTI also markets calcium chloride products to markets outside the energy industry (additive in plastics, products for wastewater treatment, flame retardants, products used as a de-icer, road handling and dust control, food additives, etc.).

Water & Flowback Services – TTI provides onshore oil and gas operators with comprehensive water management services. These services include water transport, blending, flowback analysis, sand mitigation and wellhead recycling. In recent periods many operators are aggressively moving toward the re-use of produced water to reduce their dependence on fresh water to frac wells. TTI has made significant progress in providing treatment services to support this move. Once a well is flowing, sand flowback must be "captured", otherwise it gets ingested in downstream equipment. TTI expanded its presence in this vertical just one year ago with its new TETRA Sandstorm cyclone technology, a highly differentiated offering (with 95% sand recapture rates compared to typical industry solutions of around 50%) that we believe is taking market share.

Compression – TTI's consolidated investment in publicly traded CSI Compressco LP (CCLP) provides compression services for natural gas and oil production, gathering, artificial lift, transmission, processing, and storage. This Division provides its services and equipment to a broad base of natural gas and oil exploration and production, midstream, transmission, and storage companies operating throughout many of the onshore producing regions of the United States, as well as in a number of international locations. TTI owns 34% of the publicly-traded CCLP equity in addition to owning the GP interest in the partnership.

**Investment thesis and attractive investment considerations:**

TTI is misunderstood and overlooked by the investment community because of a perceived complicated capital structure. Summarized below are several attractive investment considerations that we believe will significantly enhance TTI's valuation over time.

- Consolidation of CCLP's highly levered balance sheet with the accounts of TTI is not fully understood. A screen of TTI's financial statements shows a highly levered balance sheet. However, the consolidated balance sheet includes CCLP's debt for which TTI has no responsibility with no cross defaults, no cross collateral and no cross guarantees. On a standalone basis, TTI has a much better balance sheet and two valuable business segments with no near-term debt maturities. TTI has indicated that it is supportive of actions to enhance shareholder value, including the potential to deconsolidate CCLP in the near term.

- TTI's standalone debt does not mature until September 2025. TTI's debt schedule provides a long liquidity runway. While the investment thesis is not dependent upon higher energy prices, it is a valuable "option" providing considerable time for a recovery in energy prices.

- TTI is an industry leader, and technology innovator, in its core Completion Fluids business segment. It has an estimated 30% market share in the important Completion Fluids industry for high end fluids that is generating mid-20% EBITDA margins even during a period of uncertainty in the energy sector.

    - Favorable raw material supply agreement. TTI has a long-term supply agreement with Lanxess, under which it purchases bromine. The long-term Lanxess supply agreement provides a secure supply of bromine at materially more favorable terms as compared to spot prices. TTI entered into this agreement several years ago in a more favorable pricing environment. We understand there are approximately 8 years remaining on this supply agreement. Additionally, TTI recently announced that it has entered into another long-term supply agreement for another key raw material to produce calcium chloride.

    - TTI's profitable Completion Fluids segment has a sizable business that is not correlated to the oil and gas industry. About 40% of revenue in the Completion Fluids & Products segment is to non-energy market industrial customers. TTI is the largest supplier of Calcium Chloride in Northern Europe (market leader in Scandinavia) and the second largest in the United States. The industrial applications of calcium chloride are many, including de-icing, road maintenance/dust control, paper products and food additives. It is also a key component in the manufacture of flame-retardant products. **Bottom line: TTI's non-energy fluids business is estimated to be a $100 million plus revenue business with low 20% EBITDA margins and is expected to generate roughly $20 million in FCF in '20.** In fact, 1H 2020 revenue was essentially unchanged from 1H 2019.

    - TTI developed "TETRA CS Neptune" which are high-density fluids that are free of undissolved solids, zinc (which is very corrosive), priority pollutants, and formate ions. This is an environmentally friendly alternative to traditional zinc bromide high-density completion fluids and environmentally friendly and cost-effective alternatives to cesium formate high-density completion fluids. TTI received the prestigious E&P Special Meritorious for Engineering Award, Innovation for Drilling Fluids and Stimulation category for this technology. High-pressure wells, typically deep-water, are Neptune's sweet spot. TTI expects the solution to "breakthrough" in 2021 and expects major wins next year in the North Sea. Basically, Neptune provides the weight and density of zinc without the corrosive effects. In many jurisdictions (Brazil, N. Sea), zinc is banned. In these locations, the solution used is Cesium Formate, but it is over 2x the cost of Neptune. This technology is patented, and the company is seeking additional patents. We estimate Neptune has a two-year head start on potential competing solutions.

- A recent Rystad report indicated a meaningful pick-up in deep water drilling. The report noted, "Considering all new production wells to be drilled for the top 10 most active deepwater drilling countries towards 2025, we see 1,570 well to be drilled, or 260 wells on average per year." We assume roughly 10% of these wells are ultra-deep water, high compression Neptune candidates. Further, we assume 10% to 20% market share wins, or the potential of two to four Neptune wells per year. The company indicates that two or three ultra-deepwater wells adopting Neptune technology would be a giant win for TTI's bottom line, albeit it does not provide margin information.

- Underscoring Neptune's value, in July 2018, the TTI announced a joint marketing agreement with Halliburton's (HAL) fluids division, Baroid. It worth noting that HAL's CEO, Jeff Miller, once ran the Baroid division, i.e., he has a fluids background. http://ir.tetratec.com/2018-07-02-TETRA-Technologies-Inc-and-Halliburton-Sign-Global-Marketing-and-Development-Agreement-for-TETRA-CS-Neptune-R-Completion-Fluids

- TTI's Water and Flowback segment has an essential recurring business that is not dependent on new oil wells being drilled (i.e. transfer and treatment of produced water, and sand recovery, from existing producing wells). **We believe the company's technology innovations are resulting in market share gains in the areas of sand mitigation and in water recycling at the wellhead.**

- Valuable option on Compression business. CCLP generated $26 million of EBITDA in the first quarter of 2020 and $26.3 million in the second quarter of 2020. Additionally, CCLP recently restructured its capital structure by pushing out significant debt maturities several years, reducing its liquidity risk. The company has a modest $80 million due in August of '22. The '22 maturity should be relatively easy to resolve as the company will likely have $60 million plus of cash on its balance sheet at that time as a result of eliminating growth cap-ex and focusing on FCF generation. CCLP's next maturity is not until 2025. The current (depressed) $108 million EBTIDA run rate (based on annualizing 2nd Q 2020), results in roughly $30 million in annual FCF. After the '22 maturity is resolved, CCLP's debt will be $570 million, or roughly 4.5x its current (depressed) EBITDA run-rate. Assuming no increase in utilization/pricing, FCF would be over $35 million post the '22 payoff versus a current CCLP market cap of $40 million. If natural gas demand requires more compression services, and CCLP can increase EBITDA to $125 million, the company's annual FCF generation goes from $30 million to $50 million. **As cash builds, and CCLP's leverage ratio declines, we believe value will be transferred from TTI's debt to its equity.** 8x the current depressed EBITDA run-rate of $108 million translates into to $75 million for TTI shareholders ($108 mill * 8 = $864 million less $640 million debt = $224 million * TTI's 34% ownership = $75 million), or roughly $0.60/share – versus today's share price of $0.53. The above analysis ascribes no value to TTI's 100% ownership of CCLP's GP. Recent M&A comparables in the compression sector have been between 8.0x to 10x EBITDA given the persistence and stickiness of these assets.

- Archrock bought ELITE compression in June 2019 for an estimated 8.2x EBITDA multiple
- Kodiak acquired Pegasus in Sept 2019 for a reported, but unverified, 9.0x EBITDA multiple
- EQT bought Kodiak in Feb 2019. According to Kodiak management, this was done at a 10.0x run rate EBITDA at the time of the transaction (Dec 2018 annualized EBITDA)
- USA Compression bought CDM from Energy Transfer in Jan 2018 for 10.0x EBITDA multiple
- Enerflex bought Mesa Compression in mid-2017 for a reported 10.0x EBITDA multiple

- **Management is aligned with shareholders** – 60% of the CEO's 2019 compensation was in equity and 35% of the CFO's compensation was in equity. Directors and officers as a group own 5.4% of the stock. We noted that in June 2020 several Directors purchased an aggregate of about one million shares. Change of control payments are appropriate and incentivize Management to consider all strategic alternative to create value for shareholders. **On August 20th, there was a $60K open-market purchase of CCLP by one of its directors.**

**<u>Potential value catalyst – Deconsolidation of the Compression business:</u>**

The compression business is provided through a separate public entity called CSI Compressco LP (Nasdaq ticker "CCLP"). TTI is the General Partner and has a 35% ownership interest in CCLP. Due to TTI's control of CCLP's General Partner, accounting rules require that TTI consolidate CCLP for financial reporting purposes. As such, the publicly reported financial statements of TTI include the assets, liabilities, and operations of CCLP. CCLP is highly leveraged with $637.7 million of debt at June 30, 2020. Even though TTI must consolidate this CCLP debt for financial reporting purposes, it has no responsibility for it. To be clear, in the event of a CCLP debt default, there is no recourse to TTI. We do not believe this fact is well understood in the market. TTI does not "screen" well. Many investors take a high-level look at the levered consolidated balance sheet and walk away.

We believe there are several value creating actions TTI Management could take regarding CCLP. This includes selling the General Partner interest back to CCLP in exchange for more equity. For example, TTI could exchange its GP interest in CCLP for 14% more CCLP common equity which would bring its ownership of CCLP to 49%. This transaction would allow TTI to no longer consolidate CCLP and also increase the value of its economic interest in CCLP's recovery. Should oil prices rise back to $52+ WTI, or natural gas prices increase, the CCLP stake could be quite valuable. Note that CCLP generated $26 million of EBITDA in the first quarter of 2020 when WTI oil prices averaged about $45.76 and $26.3 million in the second quarter of 2020 when oil prices averaged $27.84.

We believe Management is well aware of the potential value of the above CCLP option. For example, in the recent CCLP debt restructuring, certain important "change of control" (COC) provisions were eliminated from the CCLP unsecured bond indenture. Prior to the restructuring, TTI's sale of its GP interest might have triggered a COC which would have accelerated certain CCLP unsecured debt. The CCLP first lien and second lien notes have a double trigger change of control (change in TTI as the controlling party plus a downgrade in the notes post a transaction). The elimination of the single trigger COC provisions in the unsecured notes and the extension of the maturities eliminates significant risk and provides TTI

Management with valuable new strategic options for its CCLP investment. Although this analysis is focused on TTI equity, it is helpful to understand that CCLP's debt maturities are not short-term. CCLP has $81 million maturing in August 2022, $400 million in April 2025 and $156 million in April 2026.

**Capital structure:**

TTI balance sheet/capitalization (consolidated with CCLP as reported in Q1 2020 financials):

| | |
|---|---|
| Share price | $0.53 |
| Shares O/S | 126 mil |
| Market cap | 67 |
| Cash | 57 |
| Debt | 858 |
| EV | 868 |

TTI standalone (excluding the consolidation of CCLP):

| | |
|---|---|
| Cash | 50 |
| Debt | 221 |

**Operating results:**

Adjusted EBITDA consolidated:

| | Q2 2020 | Q2 2019 | Change |
|---|---|---|---|
| Completion fluids | 18.3 | 17.9 | 2% |
| Water and flow back | 0.4 | 10.9 | -96% |
| Compression | 26.3 | 32.8 | -20% |
| Corporate | (9.7) | (11.5) | -16% |
| Combined EBITDA | 35.3 | 50.1 | -30% |

The above results were achieved with the following oil prices:

Average prices for West Texas Intermediate oil (WTI):

| | WTI |
|---|---|
| Jan 2020 | 57.52 |
| Feb 2020 | 50.54 |

| | |
|---|---|
| Mar 2020 | 29.21 |
| Apr 2020 | 16.55 |
| May 2020 | 28.56 |
| Jun 2020 | 38.41 |

Prices for the month of July 2020 were $40.71 and current spot price is $40.62.

Source: https://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=PET&s=RWTC&f=M

**Adjusted EBITDA/Free Cash Flow – projected full year 2020 (TTI only)**

| | Q1 2020 (1) | Q2 2020 (1) | Q3 2020 | Q4 2020 | FY 2020 |
|---|---|---|---|---|---|
| Completion fluids (2) | 21.6 | 18.3 | 12.5 | 12.5 | 64.9 |
| Water and flow back (3) | 6.8 | 0.4 | 0.5 | 0.5 | 8.2 |
| Corporate | (6.6) | (9.7) | (5.5) | (5.5) | (27.3) |
| Combined EBITDA | 21.8 | 9.0 | 7.5 | 7.5 | 45.8 |
| Interest expense | (5.5) | (4.7) | (4.0) | (4.0) | (18.2) |
| Working capital/other | (7.3) | 29.1 | - | - | 21.8 |
| Approximate OCF | 9.0 | 33.4 | 3.5 | 3.5 | 49.4 |
| CapX | (4.5) | (2.2) | (2.0) | (2.0) | (10.7) |
| Approximate FCF | 4.5 | 31.2 | 1.5 | 1.5 | 38.7 |

(1) Actual Q1 2020 and Q2 2020 results
(2) Assumes a 32% decline from Q2 2020 for the remainder of the year.
(3) Assumes near breakeven EBITDA for the remainder of the year.

In estimating the above, we considered WTI pricing (averaged $45.76 in Q1 2020 and $27.84 in Q2 2020), current WTI pricing of $40.62 and other elements of our knowledge of TTI's business.

It should be noted that TTI generated $9 million of adjusted EBITDA in the second quarter of 2020, which was a quarter that saw a historic collapse in oil prices. The rig count and frac crew count dropped dramatically. TTI was able to remain adjusted EBITDA and free cash flow positive in this challenging environment given its variable cost structure and revenue diversification (industrial products, onshore, offshore, domestic, international) and favorable long-term supply agreements.

**Highlights of Management commentary on second quarter 2020 operating results:**

Completion Fluids & Products segment (Q2 2020 Revenue/Adjusted EBITDA of $71.3 million/$18.3 million) – *“**We continue to see the benefit from our market diversification as approximately half of the second quarter revenue came from industrial chemicals. Our European Chemicals business ended the quarter with its highest EBITDA since the second quarter of 2015**. Revenue for this segment declined by only 5% in contrast to the dramatic decline in overall operator spend and activity during the quarter, reflecting the resiliency of our revenue stream.”*

Water & Flowback Services segment (Q2 2020 Revenue/Adjusted EBITDA of $24.7 million/$0.4 million) – *"Water & Flowback Services segment second quarter revenue of $24.7 million decreased 57% sequentially compared to an estimated 80% reduction in active frac crews. We were able to maintain a slightly positive Adjusted EBITDA through exceptional cost management, market share gains and customer adoption of our latest technology. **In the second quarter, our revenue per active frac crew has more than doubled in the two years since we first deployed our Integrated Water Management strategy.** Our BlueLinx™ automation solution, which allows us to remotely and efficiently deliver services to our customers with less field staff, is now deployed on all of our Integrated Water management projects. We also maintained full utilization of our SandStorm™ sand separation technology through most of the quarter.*

Compression segment (Q2 2020 Revenue/Adjusted EBITDA of $96.4 million/$26.3 million) – *“Second quarter 2020 Compression segment performance exceeded internal expectations with a loss before taxes of $23 million and Adjusted EBITDA of $26.3 million, up 1% from the first quarter. **Compression Services margins improved sequentially by 300 basis points to 54.9% - the highest in CSI Compressco’s history driven by aggressive cost reductions.** Approximately 15% of our US domestic fleet was on standby during the quarter as customers shut in production given the low oil prices. The majority of the shut-ins were from two of our largest customers, both supermajors, that have the balance sheet to shut in production in anticipation of higher oil prices. **Starting August 1st, we began returning to service most of units on standby with one of those two customers**. CSI Compressco announced yesterday that the Midland fabrication real estate and buildings had been sold for gross proceeds of $17 million in early July. Additionally, CSI Compressco announced that it expects to receive $9 million in cash proceeds in the third quarter from the sale of idle compressor units. This $26 million of gross proceeds will further strengthen CSI Compressco’s balance sheet.”*

**Debt – TTI only (1):**

| | |
|---|---|
| Asset based credit agreement | - |
| Term credit agreement | 221 |
| | 221 |

(1) Balance as of June 30, 2020. Differs slightly from the 10Q as we add back unamortized discount and deferred financing costs.

Asset-Based Credit Agreement – As of June 30, 2020, TTI had no outstanding balance and $6.4 million in letters of credit against its asset-based credit agreement. As of June 30, 2020, TTI had an availability of $37.1 million under this agreement.

Term Credit Agreement - Scheduled to mature on September 10, 2025. The Term Credit Agreement bears interest at a rate per annum equal to, at the option of TTI, either (i) LIBOR plus a margin of 6.25% per annum or (ii) a base rate plus a margin of 5.25% per annum.

**Litigation/Contingent matters:**

There is one matter that is disclosed in TTI's financial statements that we believe is misunderstood by the investment community.

From 2001 to 2012, TTI's former subsidiary, Maritech Resources, Inc. ("Maritech"), sold various oil and gas producing properties in numerous transactions to different buyers. In connection with those sales, the buyers assumed the decommissioning liabilities associated with the properties and became the successor operator. To the extent that a buyer of these properties fails to perform the decommissioning work required, a previous owner, including Maritech, may be required to perform operations to satisfy the decommissioning liabilities. As a result of corporate guaranties TTI provided as the former parent of Maritech, TTI may be responsible for satisfying these decommissioning obligations if they are not satisfied by the current owners and operators of the properties or by Maritech.

There might be some confusion in the market over the company's 2019 10K Maritech disclosure. We confirmed with TTI Management that the original surety bond for $46.8 million is non-revocable and is in place and available to TTI. We believe the potential confusion lies in the language of the 10K noting Orinoco's failure to provide replacement bonds. This issue relates to the fact that the current surety bond is issued on a project specific basis (3 projects with numerous components such as rig, refilling holes, etc.). The replacement bond would have been blanket coverage for all projects. We understand that the existing surety bonds have been reinsured with Lloyds of London.

**Valuation (TTI standalone):**

Pro-forma TTI standalone:

| | |
|---|---|
| Share price | $0.53 |
| Shares O/S | 126 mil |
| Market cap | 67 |
| Cash | 50 |
| Debt | 221 |
| EV | 238 |

- Net debt/EBITDA (our projected FY 2020) = 3.7X ($171 million/$46 million)
- EV/EBITDA (our projected FY 2020) = 5.2X ($238 million/$46 million)
- Free cash flow yield (our projected FY 2020) = 58% ($39 million/$67 million)
- Free cash flow yield (our projected FY 2020 excluding working capital) = 254% ($17 mil/$67 mil)

TTI (excluding CCLP) generated $21.8 million of Adjusted EBITDA in Q1 2020 (with average oil prices of $45.76) and $9 million of Adjusted EBITDA in 2Q 2020 (with average oil prices of $27.84). Oil price has recovered recently to about $41.

We are projecting full year 2020 TTI only Adjusted EBITDA of $45.8 million. Note we are not incorporating a material rise in oil prices into our projections. Should oil rise above $52, we believe that our Adjusted EBITDA projections will be proven low. Using our projection for 2020 ($45.8 million of Adjusted EBITDA) results in a net debt to EBITDA ratio of 3.7X. In our opinion, TTI would not have an issue refinancing its debt in 2025 even if this current low pricing environment persisted.

In a sustained $52+ WTI environment, annual free cash flow should be meaningfully above our $35 million 2020 estimate. At $52+ oil, $25 million of quarterly EBITDA seems reasonable (as noted above, TTI generated $21.8 million in Q1 2020 with average oil at $45.76). Assuming $4 million of quarterly interest expense, $2 million quarterly tax expense (see tax loss carry-forward benefit discussion below) and $5 million of quarterly capital expenditures gives you $14 million quarterly free cash flow before working capital adjustments ($56 million FCF annually).

As summarized above, even in this stressed 2020 energy price environment, TTI was able to generate positive free cash flow. Based on current energy prices in the range of $40 to $46 we are projecting full year 2020 FCF of about $38.7 million (including working capital adjustments) and $16.9 million (excluding working capital adjustments). Based on today's market capitalization this results in Free Cash flow yields of 58% and 25%, respectively. As illustrated above, we believe that in a consistent $52+ oil environment, free cash flow should be about $56 million annually. Even in the highly depressed second quarter 2020, where WTI oil price averaged only $27.84 TTI was able to generate positive free cash flow of $2.1 million excluding working capital adjustments ($31.2 million including working capital adjustments).

**We consider a 12% *after-tax* Free Cash Flow yield adequate for the risk**. For comparison, the current CCC corporate debt yield is about 12.5% ***pre-tax*** (it was approximately 11% pre-tax in mid-February, before Covid). Using a 12% after tax FCF yield requirement and $35 million of estimated FCF would result in a stock price of roughly $2.32/share (a 338% return compared to the current stock price of $0.53/share). This illustrates TTI's significant option value with modestly rising WTI prices. Of course, any material, and sustained, rise in oil prices will likely provide TTI shareholders an even far greater return because of the company's CCLP equity stake and other oil sensitive business segments.

Pure play Completion Fluids businesses at last peak traded at 9x to 10x EBITDA. In the first half of 2020, TTI's Completion Fluids business produced $39.9 million of Adjusted EBITDA. We expect that TTI's Completion Fluids business will generate approximately $25 million of Adjusted EBITDA in the second half of 2020. This amounts to an estimated $64.9 million of full year 2020 Adjusted EBITDA. Using a conservative 6x multiple (on depressed operating results) equates to $390 million of segment value versus TTI's current EV of roughly $240 million. Effectively, investors are purchasing the company's prized Fluids business at a discount to what we believe is its private market value *and* getting "free" optionality on its Water/Flowback business and its ownership interest in CCLP. **In fact, it is likely that the company's non-energy fluids business ($100 million plus in revenue, low 20% EBITDA margin, and an estimated $20 million in FCF in 2020), is worth $150 million itself.**

Similar to the innovation occurring in the company's Fluids business, with the introduction of CS Neptune, we believe TTI's Water & Flowback business is gaining market share as a result of the introduction of innovative technology solutions. We spoke to one customer who is now widely deploying TTI's Sandstorm cyclone technology and is achieving excellent results in capturing sand at the wellhead before it can affect downstream equipment. **This customer indicated that by year-end over 50% of its wells will be utilizing TTI's cyclone technology, up from zero two years ago.** While the Water market is highly fragmented, and difficult to segment because of small regional players, management estimates it has the #2 market share position with approximately 10% of this market segment. Select Energy, (NYSE – WTTR), is estimated to possess roughly 2x the market share of TTI's water business.

In addition to integrating more tech-savvy services for its Water & Flowback customers, TTI has introduced automated, remote-monitoring technology to create a higher margin, bundled offering, materially increasing its competitive position. These initiatives are allowing it to differentiate itself from the local and regional competitors and gain market share. All of these Water & Flowback initiatives are paying off. In the 2nd quarter, when drilling activity plunged, and TTI's Water & Flowback business revenue dropped to $25 million (compared to the '19 2Q revenue of $73 million) this division was *still* EBITDA positive.

It should be noted that WTTR has been an industry consolidator, and has nearly $170 million of cash on its balance, and no debt. WTTR's current enterprise value of roughly $530 million is about 90% of the company's estimated $600 million in '20 revenue, and .95x its estimated '21 revenue of $550 million. WTTR's '19 revenue was $1.3 billion, and includes services other than last-mile water business (sourcing of water, disposal of water, pipeline infrastructure).

TTI's Water & Flowback business's revenue was roughly $300 million in both 2018 and in 2019. Currently running at one-third of recent annual revenue, that's still an estimated $100 million in annual revenue. This business generated $63 million in EBITDA in 2018, $38 million in 2019 and is estimated to generate $8.2 million in 2020. Using a mid-cycle EBITDA estimate of $35 million (midpoint between $63 million and $8 million), at a modest 5x multiple, equates to $175 million in value for the company's Water and Flowback business; 4x would still be over $100 million. While we do not necessarily believe today is the optimal time to monetize this business, we're very confident it possesses real intrinsic value to the company, and will remain a source of value creation going forward, underscoring TTI's overall investment narrative.

**Valuation Based on EBITDA Multiples**

| | |
|---|---|
| Fluids Business: 6x 2020 EBITDA of $65 million | $390 million |
| Water & Flowback 4.5x Midpoint EBITDA of $35 million | $158 million |
| CCLP Equity Stake: 8x EBITDA of $108 mm less $640 mm debt * 34% | $ 75 million |
| Sum | $623 million |
| Corporate Overhead ($22 million at 5x) | $110 million |
| Net Debt | $170 million |
| Total Sum | $343 million |
| **@126 million shares = $2.70** | |

Based on the above, we feel we have downside protection from the attractive Completion Fluids and Water/Flowback businesses weathering the storm of low oil prices, combined with the significant time afforded to shareholders as a result of TTI's debt maturity schedule.

**Whether you consider the valuation on a free cash flow basis (which approximates $2.32 per share), or a traditional EBITDA multiple basis (which approximates $2.70 per share), the result is a potential return in the range of 340% to 400% based on the current $0.53 stock price.**

Further, our "reasonable near-term upside valuation" does not pick-up the potential game-changing nature of the company's introduction of its Neptune fluids products into the marketplace. We understand that the company's Gulf of Mexico customer has agreed to jointly write an article and present a paper outlining the success of its Neptune technology. This possible presentation will facilitate discussions on the customer, projects, and the customer's perspective on TTI's Neptune technology.

Finally, another important contributor to value is the fact that TTI has a U.S. tax loss carryforward of over $250 million. It will likely be a long time before TTI is paying any cash taxes in the US. It will probably incur about $3 million internationally. Additionally, if TTI were to sell any of its businesses, or its CCLP shares, it has enough tax loss carryforwards to offset significant gains.

The primary risk to our thesis is low oil prices being sustained for a long period of time ($30 and below). Sub $30 oil persisting for multiple years would have a material adverse impact on TTI's primary business segments. Fortunately, TTI does not have any near-term debt maturities. As such, it can easily withstand short-term dips in oil prices as demonstrated over the last couple quarters.

**In summary, TTI enjoys a key RAM attribute – multiple shots on goal from three distinct assets (Fluids, Water and Compression). It also possesses another coveted attribute – time.**

**Disclosure:** I am/we are long TTI. I wrote this article myself, and it expresses my own opinions. I am not receiving compensation for it. I have no business relationship with any company whose stock is mentioned in this article.

**Additional disclosure:** The specific security identified and described does not represent all of the securities purchased, sold, or recommended for advisory clients, and the reader should not assume that investment in the security identified and discussed was or will be profitable.