



Flotek Industries, Inc.

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Lead. . .Support. . .Accelerate





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Flotek Today

- Overview & Business Strategy
- 2010 Preliminary Highlights and Accomplishments
- Segment Review & Business Drivers
 - Specialty Chemicals
 - Drilling Products
 - Artificial Lift
- Financial Overview
- 2011 Objectives
- Conclusions



Flotek's Business Units

- **Houston-based oilfield services company with focus on value-added drilling, completion and production products.**
 - **Specialty Chemical Segment** focused on Drilling, Completing & Production Enhancements for natural gas and oil drilling. Well-regarded for innovative products that address emerging drilling and completion challenges.
 - **Drilling Tools Segment** focused on value-added downhole tools and motors as well as Teledrift MWD tool.
 - **Artificial Lift Segment** focused on production systems for Coal Bed Methane (CBM) production, primarily in Powder River Basin. In addition, game-changing production valve (Petrovalve) used primarily in international heavy oil applications.



2010 Highlights

- **Financial Highlights (preliminary and unaudited)**
 - > \$145 million in revenue for year
 - > \$45 million in revenue for 4Q2010. Consistent sequential growth in revenue in each calendar quarter
 - Managed and grew cash position of Company. Year-end cash of \$20 million vs. \$600,000 in 3Q2009.
 - Renegotiated Senior Credit Facility and portion of convertible debt in March, 2010 to provide needed stability of lenders and additional capital.
 - Reduced Senior Credit Facility by 13% in 2010; Expect additional reductions by end of 1Q2011.
 - Self-funded operations and capital needs in 2010.



2010 Highlights

- **Strengthened leadership team with the Addition of Johnna Kokenge as Chief Accounting Officer**
 - More timely and accurate reporting, both internal and external
 - Focus on information management systems
 - Improved efficiency and accounting support for all Flotek operations
- **Strengthened Board of Directors** by adding key Board Members: Bud McGuire (petroleum engineer with global exposure); Mel Cooper (CFO of Forbes Energy)
- **Refocused sales efforts** by (a) Focusing on both key customers as well as ultimate beneficiaries of Flotek products; (b) Focusing on selling “all of Flotek” rather than individual products; and (c) Refocusing from sales agents to internal operations.



Chemicals & Logistics Segment

- **Core Competencies**

- Proprietary Specialty Chemicals Used in Drilling & Completion including Cementing, Fracture Stimulation, Acidizing. Protected by Patents and Trade Secrets
- Key Product: Complex Nano-fluids (microemulsifiers) that are environmentally friendly and used to meaningfully improve production and reservoir integrity in unconventional oil and natural gas completions.

- **Key Business Drivers**

- Continued trend toward unconventional resource plays in North America.
- International growth in unconventional resource plays – Flotek chemicals involved in recent activity in Poland, Turkey & Paris Basin
- New product innovations, including focus on liquids, enhanced recovery and basin-specific solutions.
- Marketing penetration to service companies and ultimate beneficiaries with better understanding of positive economic impact of Flotek proprietary chemicals.
- Environmental sensitivity benefits Flotek – First patent focused on “environmentally friendly” chemistry filed in 2003.





Downhole Tool Segment

- **Core Competencies**
 - Flotek Rental Tools on > 25% of all rigs in the United States, from “commodity” tools to “specialty” tools and equipment such as drilling motors, jars and stabilizers. 2010 was focused on increasing penetration and stabilizing pricing. 2011 focus on increased service density per well and continued growth in overall market share.
 - Key Product: Teledrift Measurement While Drilling (MWD) tool. A leading choice of drillers needing accurate, uninterrupted drilling measurements in vertical section of all wells.
- **Key Business Drivers**
 - Downhole tool growth in key regions including Oklahoma and Eagleford
 - Improvement in market share and pricing in drilling motors – focus on key regions including Barnett, Bakken, Haynesville & Eagleford.
 - Teledrift is important focus: Continued growth in domestic markets. Pricing strength in Permian Basin.
 - International growth in Teledrift is key. Focus on Saudi Arabia and Middle East, Central & South America, Russian Federation.



Artificial Lift Segment

- **Core Competencies**
 - Full service production and water separation systems for Coal Bed Methane (CBM), including Electric Submersible Pumps (ESPs) and related assemblies. Full service installation, service & repair and production efficiency analysis.
 - Petrovalve mechanical production valves. Alternative to traditional “ball and seat” valve assemblies primarily used in international, heavy oil markets.
- **Key Business Drivers**
 - Key customer relationships in Powder River CBM. Flotek improved key customer relationships in 2010. (One key customer increased revenue from \$42,000 in 2Q2010 to \$1.4 million in 3Q2010 which should be sustainable).
 - Work to find new markets for niche CBM product applications. Gas price and regulatory considerations will drive opportunities.
 - Petrovalve is wildcard. Orders are “lumpy” but margins are superior in international markets.



Select Balance Sheet Data (unaudited)

Outstanding Debt (in millions)

- Senior Secured Debt Due 11/2012 \$ 33.6
- Secured (Second Lien) Convertible Notes* \$ 36.0
- Convertible Subordinate Debt* \$ 75.0

Total Outstanding Debt **\$ 144.6**

**Debt matures in 2/2028; Put/Call Option 2/2013.*

Equity Recap

- Shares Outstanding 1/31/2011 38.6
- To be Issued Upon Pfd Conversion 4.4
- Other Potential Issuance (Warrants, Options) 6.0

Total Potential Fully Diluted Common **49.0**

Data as of December 31, 2010 except as noted





2011 Financial Objectives & Action Plan

- **Conversion of Preferred Equity to Common Equity (2/3/2011)**
- **Continue to Focus on Balance Sheet Improvement**
 - Consider options for outstanding convertible debt. Toolbox is more robust than it was a year ago.
 - Consider options for more conventional senior-level financing.
 - Analyze options for growing cash balances
- **Continue Improvement in Measurement & Reporting**
 - Implement new accounting and inventory management systems
 - Create more dynamic corporate-to-field information sharing
 - Focus on relative profitability based on productivity
- **Continuous Improvement in Efficiency and Service from Leadership Team**



2011: Our Objectives

Lead

- **Lead in innovation, responsiveness and service quality for our customers in each of our key business units.**
- **Senior management leads by example, setting the tone and course of success for our front-line team members.**
- **Lead our industry in performance and returns for our stakeholders.**

Support

- **Support our customers by anticipating their needs, developing new products and innovative ways to provide “best-in-class” service.**
- **Support the Flotek team by anticipating their needs, providing the tools for success and listening to every suggestion on how to improve our operations, culture and results.**

Accelerate

- **Accelerate Innovation**
- **Accelerate Efficiency and Teamwork**
- **Accelerate Growth**



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