





**Fund IV Investor Presentation** ///

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## Performance through September 30, 2017<sup>1</sup> ///

Hastings Equity Partners is a Houston-based private equity firm that invests in lower middle market service and equipment-based businesses in the energy sector. With extensive financial and operational expertise in this specific market, Hastings has a track record of helping businesses grow rapidly and responsibly while delivering attractive exit multiples. The Firm is currently seeking select investors for Fund IV, which has a target Fund size of \$250M with a planned investment breakdown of 50% Permian Basin and 50% Downstream Gulf Coast.

- + Well positioned within the Permian Basin and Downstream Services markets
- + Direct deal sourcing delivers significant discounts
- + Strong track record of attractive exit multiples
- + Proven model for rapid portfolio company growth
- + Core team has 10+ years of collaborative, operational experience
- + Close, productive collaboration with business owners

**10+**  
years  
Core Team Collaboration


**87%**  
O&G Deal Visibility

**33**  
O&G Investments  
as of Nov. 1, 2017

**29%**  
Gross IRR<sup>2,4</sup> on  
O&G Investments  
held over 12 months

**2.5<sup>x</sup>**  
Gross MOI<sup>2,3</sup> on  
O&G Investments  
held over 12 months

# Fund Performance<sup>1</sup>

FUND ONE As of September 9, 2016 (End of Fund) 

**33%** | **14%** | **2.1X** | **1.5X** | **2005**  
GROSS IRR<sup>4</sup> | NET IRR<sup>5</sup> | GROSS MOI<sup>3</sup> | NET MOI<sup>3</sup> | **PORTFOLIO COMPANIES**

- SeaCon Phoenix
- Advanced Precision Products
- RL Drake
- Tannin Energy Services

\$22<sub>M</sub>


 **FOUNDED 2004**

**2008**  
**PORTFOLIO COMPANIES**

- Taylor Services
- Quality Aircraft Accessories
- Marport
- Fluid Management Holdings
- Danlin Industries
- Advanced Pipeline Services
- CP Well Testing

\$61<sub>M\*</sub>

**21%** | **13%** | **1.9X** | **1.5X**  
GROSS IRR<sup>4</sup> | NET IRR<sup>5</sup> | GROSS MOI<sup>3</sup> | NET MOI<sup>3</sup>


FUND TWO As of November 30, 2016 (End of Fund) 

**2018**  
**FUND IV ESTABLISHED**

**2014**  
**PORTFOLIO COMPANIES**

- Extreme Plastics Plus
- WadeCo Specialties
- Southern Petroleum Laboratories
- Hybrid Tool Solutions
- Cactus Fuel
- Bullseye Testing
- Desert Downhole
- Impact! Chemical Technologies
- FloCap Injection Services
- Reach Wireline
- Specialty Welding & Turnarounds

**44%** | **27%** | **1.6X** | **1.4X**  
GROSS IRR<sup>4</sup> | NET IRR<sup>5</sup> | GROSS MOI<sup>3</sup> | NET MOI<sup>3</sup>

FUND THREE As of September 30, 2017 

\$172<sub>M\*</sub>

<sup>1</sup>Includes employee co-invest. Please refer to the End Notes for important disclosures and defined terms.

## Structured for Total Investment

Rather than silo companies under single accountable individuals, our corporate structure enables everyone to contribute. That means, as a team, we're all invested in the success of each portfolio company.

- + Extensive operational background
- + Deep oil and gas experience
- + Well connected to the industry
- + Collaborative

### PORTFOLIO MANAGEMENT

**12** YRS  
Joe Conlon  
MANAGING DIRECTOR

**3** YRS  
Marco Rodriguez  
VICE PRESIDENT

**1** YR  
Chris Martin  
VICE PRESIDENT

**1** YR  
Lauren Roberge  
VICE PRESIDENT

**1** YR  
Bill Larkin  
ASSOCIATE

**12** YRS  
Steve Biggs  
OPERATING PARTNER

**6** YRS  
Keith Curlee  
OPERATING PARTNER

**1** YR  
Randy McMullen  
OPERATING PARTNER

### CHIEF EXECUTIVE OFFICER

**13** YRS  
Ted Patton  
MANAGING DIRECTOR/FOUNDER

### BUSINESS DEVELOPMENT

**9** YRS  
Tanner Moran  
MANAGING DIRECTOR

**2** YRS  
Ben Matthews  
ASSOCIATE

### FINANCE & OPERATIONS

**10** YRS  
Katrina Starr-Frederick  
CFO and CCO

**4** YRS  
Katie Zikakis  
ACCOUNTING MANAGER

**1** YR  
Tenley Lien  
FINANCIAL ADMINISTRATOR



## Team Leadership: A Decade of Dedication

Our core team has faced, and fixed, every imaginable business challenge lower middle market companies could encounter. And they've been successfully transforming companies together for 10 years.



**Ted Patton**

- + Managing Director/Founder
- + Co-founder Boston Light Software
- + Former head of QuickBooks
- + Goldman Sachs & Co M&A
- + Olympic bronze medalist
- + U.S. Rowing Hall of Fame
- + Brown University graduate
- + MBA, Northwestern University



**Tanner Moran**

- + Managing Director
- + Formerly operational finance at State Street Bank
- + St. Anselm College graduate



**Joe Conlon**

- + Managing Director
- + Joined Hastings with Seacon Phoenix
- + Started at KPMG with manufacturing and technology clients
- + Certified Public Accountant, Inactive
- + Finance and Accounting degree, Boston College



**Katrina Starr-Frederick**

- + Chief Financial Officer and Chief Compliance Officer
- + Formerly at Cambridge Incubator, Matritech, Inc., and Peoplestreet, Inc.
- + Began career at PricewaterhouseCoopers
- + Economics and Accounting degree, College of the Holy Cross
- + Certified Public Accountant

## Why Lower Middle Market Energy Services? ///

- + Overlooked due to perceived lack of sophistication
- + Operational inefficiencies in the sector are holding back business growth
- + Large demand for investor capital within sector (~30,000 companies vs. Only ~\$3B available PE funds)
- + Need help managing growth
- + Constrained by capital, not market or vision
- + Lower-risk growth; high-upside, low-debt companies

## Investment Criteria ///

Industry Focus	Energy Services and Equipment (Upstream - Permian Basin; Downstream Services)
Size	Trailing EBITDA of \$4 - \$20 million (Add-on opportunities greater than \$1 million)
History	3 - 5 years of profitable operations
Management	Continuity required
Location	North America

## Investment Structure ///

Platform Size	\$25 - \$40 million of total equity invested
Leverage	Modest debt for purchase price and ongoing capital needs
Horizon	5 years
Ownership	Voting control ( > 50%)
Transactions	LBOs, MBOs, Recaps, Growth Capital
Representation	Board of Directors, Advisors to senior management

## Up Front Operational Support

We invest in strong businesses with market-validated models and specialized expertise that adds value.

But these businesses have limitations they need to break through in order to scale up.

Because of our operational experience and focus within this sector, we help them push past these limitations and live up to their potential.

### Extensive Pre-Close Diligence

#### 1. Assess Limitations

- + Perform 360° enterprise assessment
- + Work closely with key stakeholders
- + Identify pain points, bottlenecks and adverse issues
- + Embed interim CFO

#### 2. Build a Game Plan

- + Develop strategy to eliminate constraints
- + Potential planning for additional human capital
- + Potential planning for infrastructure/technology

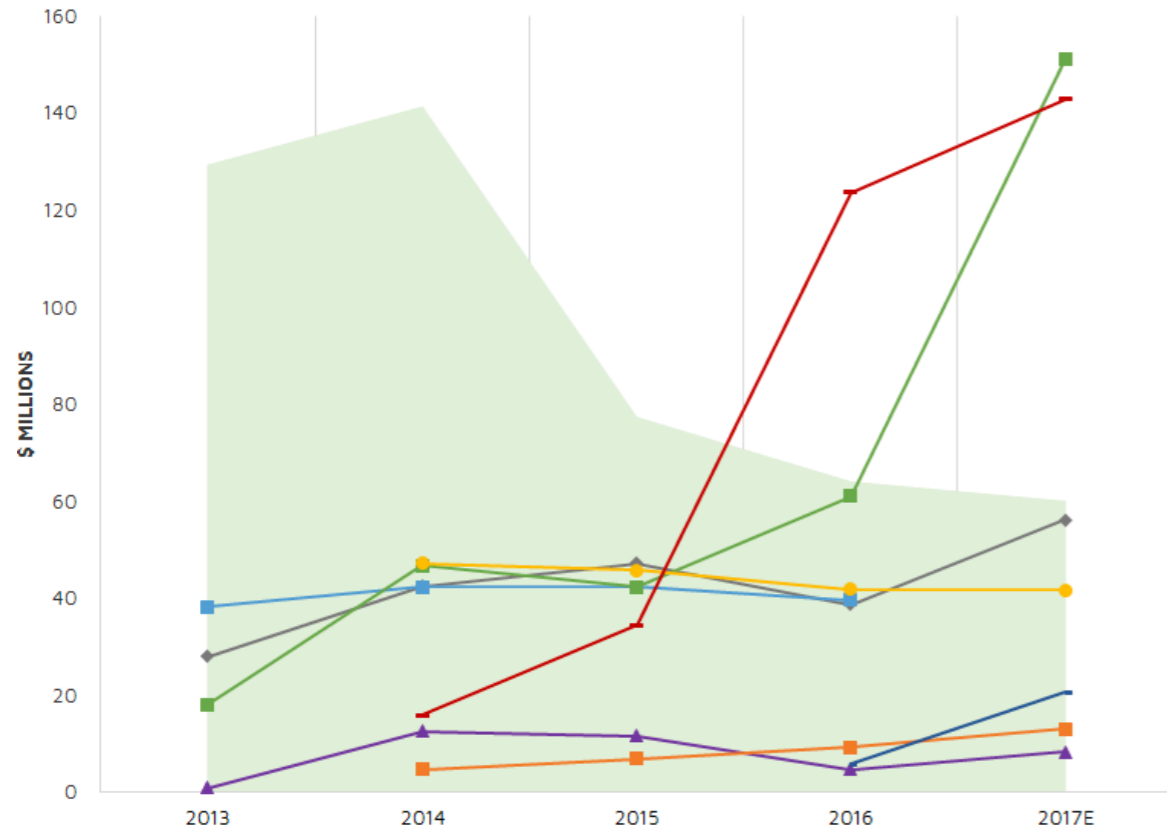
#### 3. Implement Support

- + Put custom growth strategy into motion
- + Implement structure and processes to scale up
- + Deliver managerial/resource backup as needed

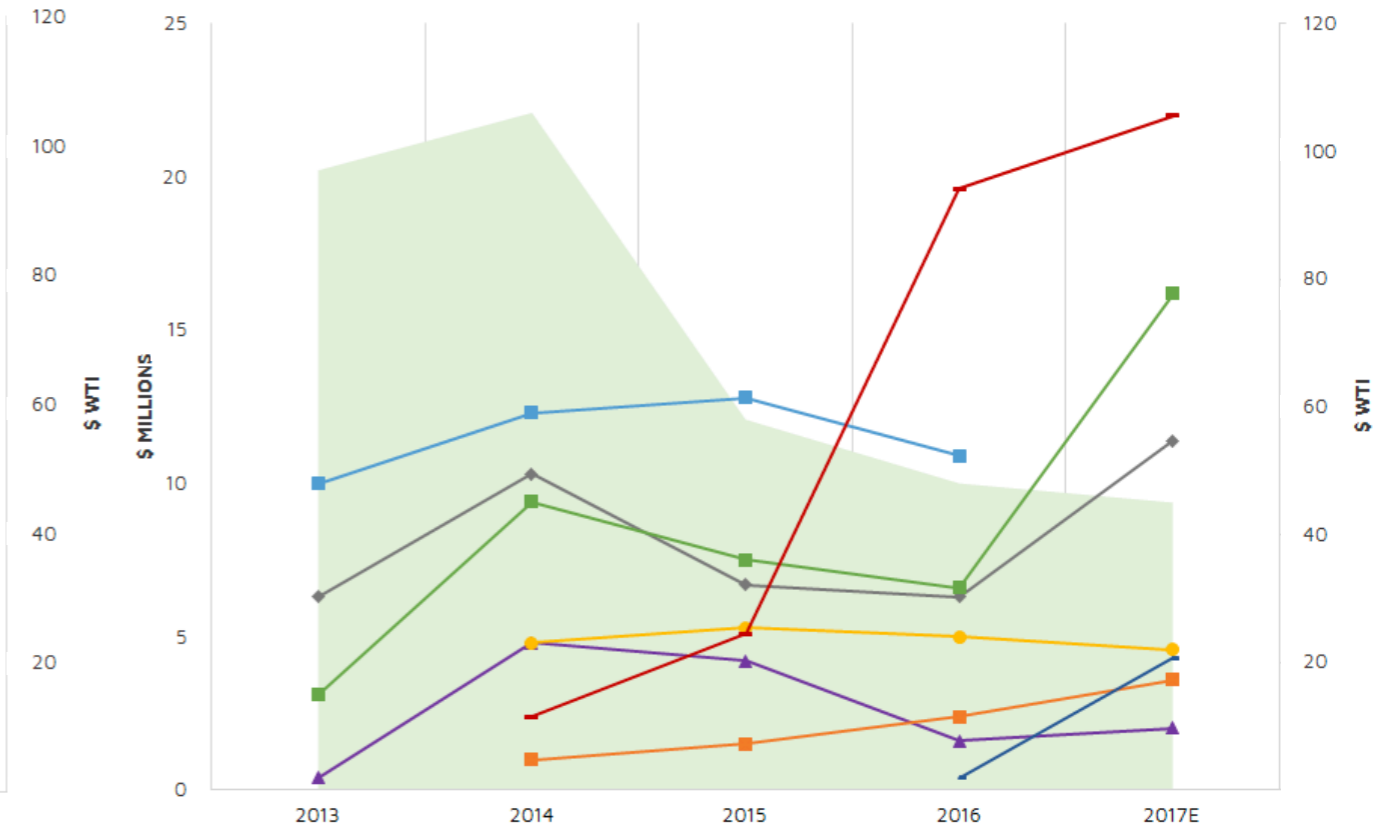


# Resilience During the Downturn ///

## HISTORICAL & PROJECTED REVENUE



## HISTORICAL & PROJECTED EBITDA



■ \$ WTI

### PORTFOLIO COMPANIES

- WadeCo Specialties
- Southern Petroleum Labs
- Hybrid Tool Solutions
- Cactus Fuels
- Desert Downhole & Bullseye Testing
- Impact Chemical
- FloCap Holdings
- Specialty Welding & Turnarounds

Notes:

1. Southern Petroleum Labs 2016 figures represent LTM as of June 2016
2. Not pictured - Reach Wireline, a greenfield investment made in Q1 2017

## Hastings Fund III Revenue & EBITDA Performance 2017 (\$ in millions)

COMPANY	REVENUE \$ millions			EBITDA \$ millions		
	2016	2017E	% GROWTH 2016-2017	2016	2017E	% GROWTH 2016-2017
WadeCo Specialties	\$38.80	\$56.21	45%	\$6.27	\$11.40	82%
Hybrid Tool Solutions*	\$4.80	\$8.30	73%	\$1.60	\$2.02	26%
Cactus Fuel	\$61.10	\$151.20	147%	\$6.58	\$16.18	146%
Bullseye Testing	\$4.20	\$6.20	48%	\$1.10	\$2.10	91%
Desert Downhole	\$5.10	\$6.90	35%	\$1.30	\$1.53	17%
Impact! Chemical Technologies	\$41.90	\$41.69	-1%	\$5.00	\$4.59	-8%
Reach Wireline	n/a	n/a	n/a	n/a	n/a	n/a
FloCap Injection Services	\$5.80	\$20.60	255%	\$0.42	\$4.30	914%
Specialty Welding & Turnarounds	\$123.80	\$143.00	16%	\$19.60	\$22.00	12%
			Avg = 77%			Avg = 160%

\*Hybrid Tool Solutions' financials exclude discontinued operations in Oklahoma and South Texas.



## Specialty Welding and Turnarounds (Current)

Headquartered in Gonzales, LA, and founded in 2014, SWAT is a full scale turnaround company providing specialty welding and mechanical services to large scale repair and maintenance projects at refineries and chemical facilities. The team includes 60 field supervisors and over 1,000 skilled craftsman. Management has been together for over ten years.

### Financial Performance

- + Grew from inception to \$150M in revenue in three years
- + Strong EBITDA (15%) and free cash flow (>90%) profile

Invested		
<b>\$30.6</b>		<b>\$22</b>
Million		Million EBITDA*

## Investment Reasoning

### Why SWAT?

- + Nationwide service to blue chip customers including the largest refiners in the country
- + Attractive market growth; downstream processing plants expected to spend \$242B over next 5 years on maintenance and capital projects
- + Combination of high growth and demonstrated operational excellence.
- + Serving less than 20% of the refining base and a small fraction of chemical plants leaves sufficient room for continued growth

### Value Creation

- + Created the company's first board of directors including independent position filled by industry expert, Carin Barth
- + Expanded operations to California and navigated unique regulatory environment
- + Established self sustaining back office and administrative team to support next phase of company's growth
- + Rebranded and positioned the company as a leader in the downstream services space
- + Recruited additional talent to join SWAT in leadership roles
- + Created and distributed incentive unit plan to align ownership and employees
- + Utilized Hastings' network to expand customer relationships

\*a/o 2017

Please refer to the End Notes for important disclosures and defined terms.



## Southern Petroleum Laboratories (Exited)<sup>12</sup>

Headquartered in Houston, TX, and founded in 1944, SPL provides a complete array of services necessary for the accurate measurement of volume and composition of hydrocarbon products for the oil and gas production industry.

- + Hastings Equity Fund III sold SPL on September 29, 2016 for \$78M + 5% warrants
- + Represents 7.6x reported multiple on LTM August 2016 EBITDA
- + 76% gross IRR, 2.9x gross multiple

Sold for  
**\$78**  
Million

**76%**  
Gross IRR<sup>4</sup>

**2.9<sup>x</sup>**  
Gross MOI<sup>3</sup>

### Investment Reasoning

#### Why SPL?

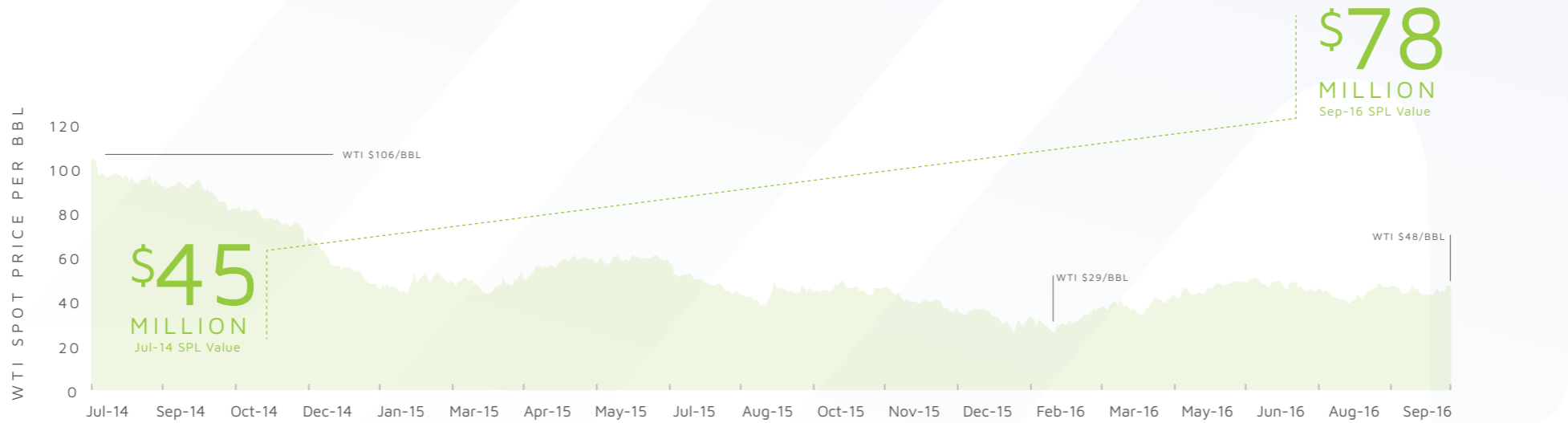
- + Stable company with 70+ year legacy
- + Consistent revenues despite poor management
- + Strong portfolio of blue chip customers
- + High barrier of entry means limited competition
- + Attractive entry multiple

#### Value Creation

- + Integrated four companies under consolidated management team
- + Hired new CEO
- + Established board of directors (including industry experts)
- + Expanded operations to the Permian Basin
- + Oversaw implementation of laboratory management system
- + Established operational and sales metrics to monitor and drive performance
- + Established incentive stock and bonus programs with non-competes to reward and retain key employees
- + Navigated sale process resulting in successful sale to Industrial Growth Partners

## SPL Timeline

### Oil Prices Declined 55% During Hastings' Investment<sup>13</sup>



**JULY 2014**  
Hastings closes initial investment

**JANUARY 2015**  
Added Ross Kirtley, Gulfport COO, and Rick Cargile, Energy Transfer President to BOD

**MAY 2015**  
Ian Milne hired as CEO

**JULY 2015**  
Shareholders received dividend of 40% of initial investment

**OCTOBER 2015**  
SPL expands into Permian Basin with acquisition of Caprock Labs

**MAY 2016**  
Hastings initiates sale process of SPL (hires Harris Williams)

**JUNE 2016**  
SPL expands Permian offering with acquisition of Meter Proving Services

**SEPTEMBER 2016**  
SPL sold to Industrial Growth Partners for a 2.9x return to Hastings

## Fund IV Terms

### Legal Structure

Delaware Limited Partnership

### General Partner

Hastings Fund IV GP, L.P.,  
a Delaware Limited Partnership

### Target Fund

Size \$250 million; Hard cap \$300 million

### GP Commitment

At least 3.0% of commitments

### Minimum Capital Commitment

\$5 million

### Investment Period

5 years

### Term

10 years from final closing

### Management Fee

2.0% of committed capital during investment period;  
and 1.5% of invested capital thereafter

### Carried Interest

20%, subject to an 8% preferred return

## Fund IV Investors

**\$150<sub>M</sub>**

Existing Investors

**\$100–\$150<sub>M</sub>**

New Investors

### Highlights

- + Returning Fund III investors are expected to commit \$150M to Fund IV
- + Selecting new investors that add value to the group

Above is a summary of certain key terms of Fund IV and is qualified in its entirety by reference to the final Limited Partnership Agreement and other applicable definitive documentation.

## Disclaimer

These materials are being provided solely for informational purposes for use in evaluating a potential investment (an "Investment") in Hastings Equity Fund IV, L.P. ("Hastings IV" or the "Fund"). The information contained herein has been prepared to assist interested parties in making their own evaluation of the Fund and Hastings Equity Partners, LLC (collectively, with its affiliates, "Hastings") and does not purport to be all-inclusive or to contain all of the information that a prospective investor may desire respecting a potential Investment. In all cases, interested parties should conduct their own investigations and analyses of the Fund and Hastings and the data set forth in this presentation.

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Neither the Fund nor Hastings is making any representation or warranty to an investor regarding the legality of an investment in the Fund by such investor or about the income and other tax consequences to it of such an investment or about the suitability of such investment for such investor.

## End Notes

1. Past performance is not indicative of future results. No assurance can be given that the Hastings' investment objective will be achieved or that an investor will receive a return of all or any part of such investor's investment. Investment results may vary significantly over any given time period. Performance returns included herein reflect the reinvestment of proceeds and other account earnings except in those situations where a distribution was made to the applicable investors that has not been recalled for investment.
2. Hastings' O&G Track Record is a subset of Fund I, II & III investments and does not represent any actual fund or investors' return. Presenting performance on a net basis is not meaningful because carried interest, management fees and fund expenses are calculated based on the overall performance of Funds I, II & III and cannot be allocated to the subset presented. The application of carried interest, management fees and expenses will reduce performance the gross returns shown, and would have a significant effect on the results portrayed. The following investments were excluded since they are not oil and gas services companies: SeaCon Phoenix, RL Drake, Taylored Services, Quality Aircraft Accessories and Marport. The non-oil and gas services companies were excluded as Fund IV is focused exclusively on investments in oil and gas services companies. The following oil and gas services companies were excluded from the Hastings Oil & Gas Transactions held over 12 months since they have not been held for more than 12 months: SWAT, Reach, FloCap, Impact, Desert and Bullseye. If all oil and gas services companies were included, gross IRR would be 28% and gross MOI would be 1.8x.
3. Gross MOI represents the ratio of Total Value to the corresponding amount of total capital invested, expressed as a multiple. Gross MOI is calculated before giving effect to management fees, carried interest and other expenses, the application of which would reduce performance and the rate of return. Net MOI represents the ratio of aggregate net assets (residual value) of the limited partners' capital, which gives effect to management fees, carried interest and other fund expenses, plus total distributions received to the amount of total capital contributed.
4. Gross Internal Rates of Returns ("Gross IRRs") for each investment are calculated using actual monthly cash flows to the Fund and to consolidated entities from each investment beginning with the month of initial investment and continuing through the earlier of the exit date or September 30, 2017, plus any unrealized value (as calculated in note 7). Gross IRRs do not reflect deductions for carried interest, management fees, fund and similar expenses, all of which in the aggregate may be substantial and have the effect of lowering returns.
5. The Net Internal Rates of Return ("Net IRRs") of the limited partners since inception of a Fund is calculated based on the actual dates of capital contributions and distributions to the applicable fund and to consolidated entities and the aggregate net assets (residual value) of the limited partners' capital at September 30, 2017. It is net of management fees, fund expenses, and the carried interest allocation to the General Partner. We do not present Net IRRs for individual investments because carried interest, management fees and fund expenses are calculated based on the overall performance of the fund and not on a deal-specific basis. The actual Net IRR on the unrealized portion of the portfolio could vary dramatically as actual future results may differ dramatically from our current expectation of future performance.
6. Realized Proceeds includes cash dividends, tax distributions, and gross sale proceeds to the Fund and to consolidated entities.
7. Unrealized Value represents the remaining value of the Fund's interest based on the General Partner's best estimate of fair market value of such investment as of September 30, 2017 and have not been audited. The unrealized values of remaining investments were determined in accordance with ASC 820-10 and based on the Fund's valuation policy. While Hastings' valuations of unrealized investments are based on assumptions that Hastings believes are reasonable under the circumstances, the actual realized returns on unrealized investments will depend on, among other factors, future operating results, the value of the assets and market conditions at the time of disposition, any related transaction costs, and the timing and manner of the sale, all of which may differ from the assumptions on which the valuations used in the performance data contained herein are based. Accordingly, the actual realized returns on unrealized investments may differ materially and adversely from the (assumed) unrealized returns indicated herein. There can be no assurance that unrealized investments will be realized at the valuations shown.
8. Total Value is the sum of Realized Proceeds and Unrealized Value.
9. Reflects the percentage of subscriptions in Fund III attributable to each type of investor.
10. Any partial list of investors contained herein has been compiled based on objective non-performance based criteria. It is not known whether the listed investors approve or disapprove of Hastings Equity or the advisory services provided.
11. Reach Wireline is a greenfield effort initiated in Q1 2017.
12. We have chosen SPL as a case study because it is a Fund III company that has gone through the typical sales process. Please see page 14 for Fund III performance.
13. Source: <https://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=PET&s=RWTC&f=D>
14. Source: Information pulled from Drillinginfo.com on 11-15-2017
15. Source: Douglas-Westwood World Downstream Maintenance Market Forecast 2017-2021
16. We have chosen Chemical Holdings as a case study because it represents our longest holding. Please see page 14 for Fund III performance.



