Fourth Quarter 2015 Financial Results Conference Call

March 11, 2016

NYSE MKT: SDPI

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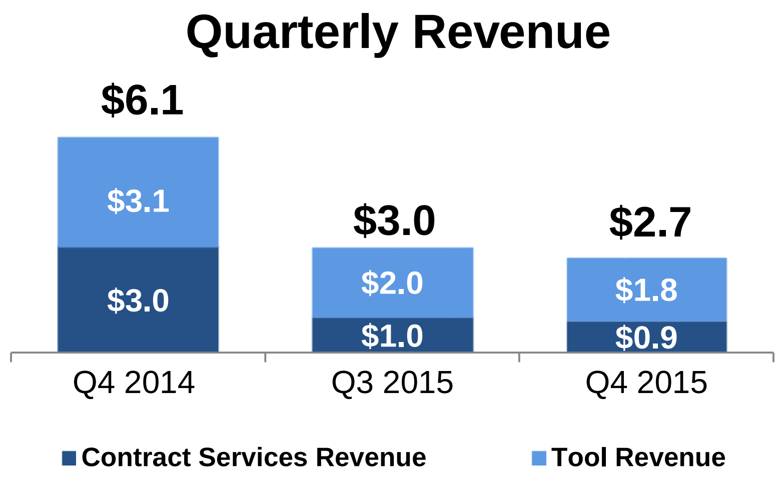
Troy Meier

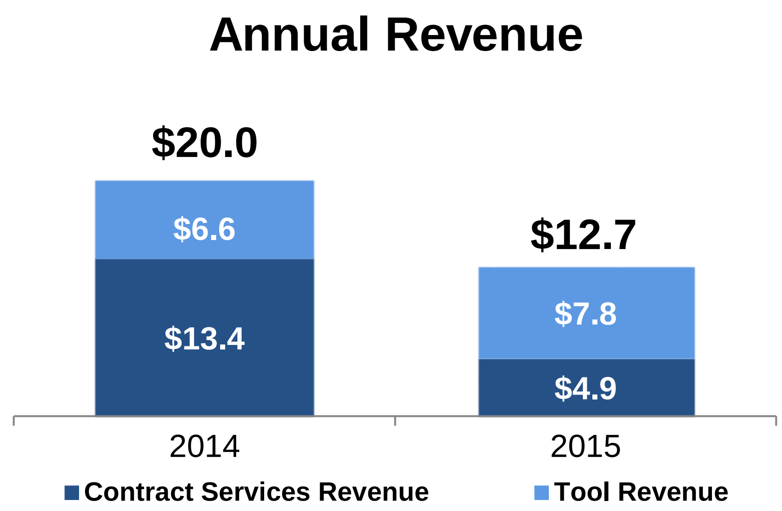
Chairman and Chief Executive Officer

Pushing Through Challenging Market

($ in millions)

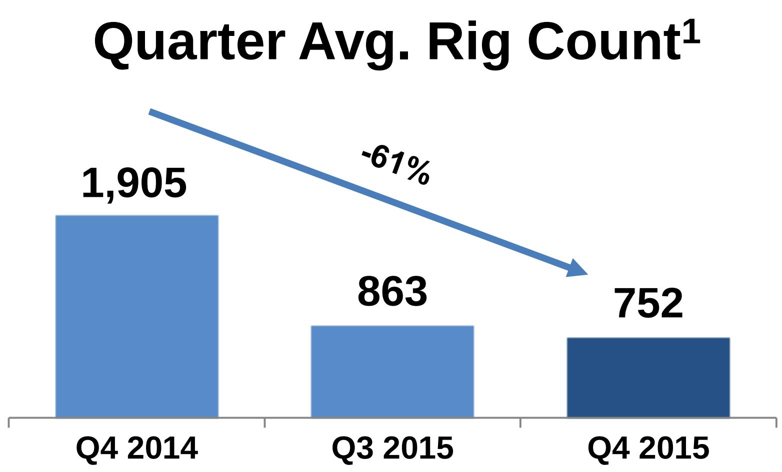
- Contract services 70% y/y reduction reflects heavy rig count declines in contracted areas and reduced outsourced order flow
- Tool revenue declined 42%
  - Reflects 61% rig count declines & pricing
  - Strider ramping up
  - Q4 2015: 155 tool runs
  - 2015: 687 tool runs
- 2015 tool revenue up 18%

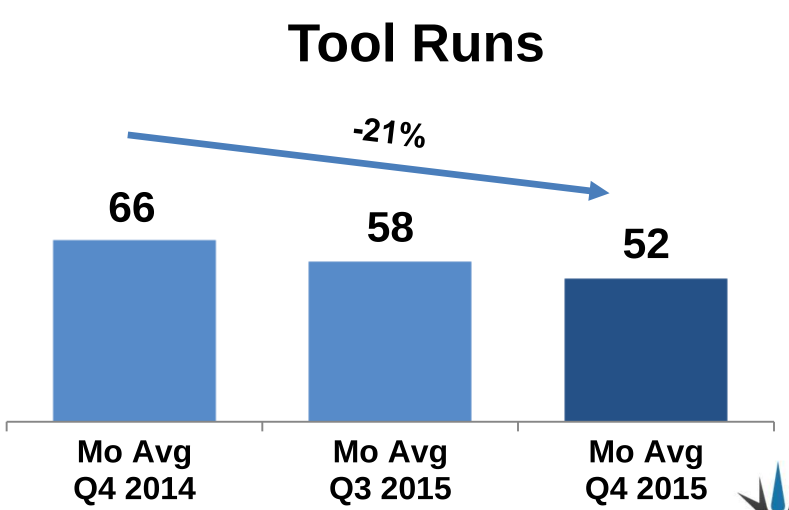




Penetrating Market in Tough Times

- Growing market penetration:
  - Rig count decline significantly greater than tool run decline
  - Estimated market share up to 8% from 2%
- Average revenue per run was \$9.2k versus \$14.6k in Q4 2014
  - Basin diversification & pricing pressure
- Average revenue per run relatively stable with \$9.6k in trailing third quarter
- Tool introduced to 40 customers to date up from 7 at IPO





[1] *Source: Baker Hughes U.S. Rig Count*

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New Channel to Market: Blue Chip OFS[1]

Baker Hughes to include Strider in tool offering

- Engaging a proven, well-trained, well-connected sales force
  - Elevated reach to new customers
  - Eliminated time consuming MSA[2] process
- Increased exposure builds proof of Strider performance
  - Announced agreement January 28, 2016
- Developing marketing materials
  - Training sessions
- Build up the Fleet
  - Provide the size of tools required

(1) Oilfield Service Companies
(2) Master Service Agreement

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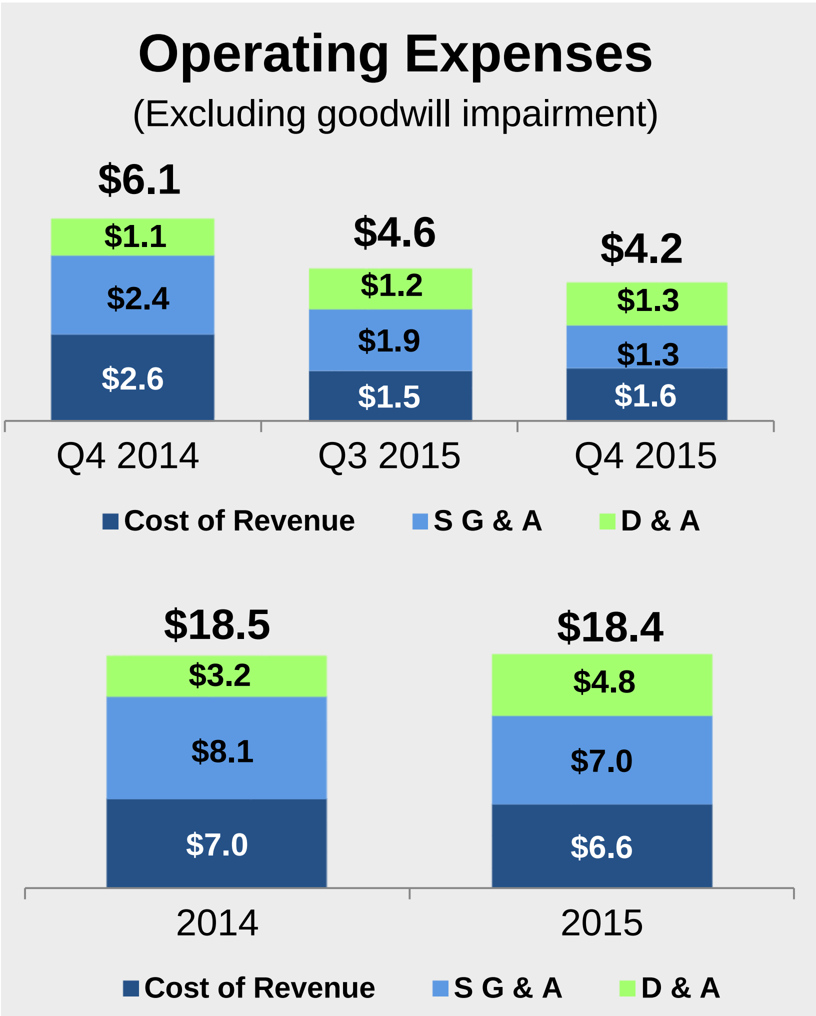
Financial Results

Chris Cashion

Chief Financial Officer

Managing Costs and Investments

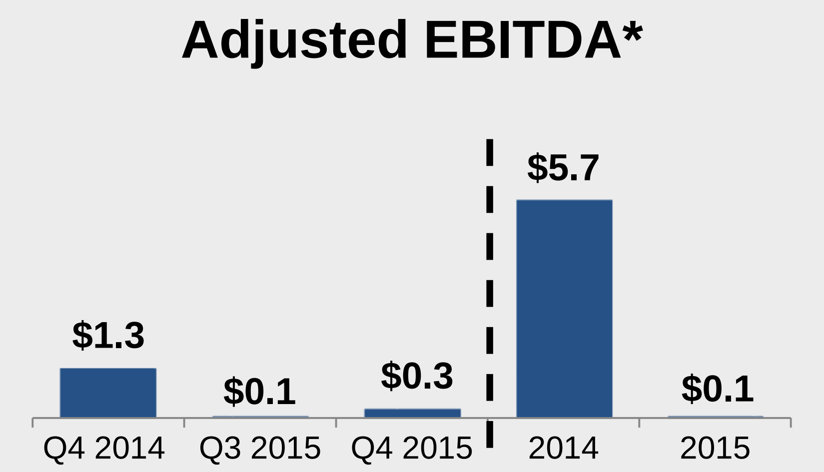
($ in millions)

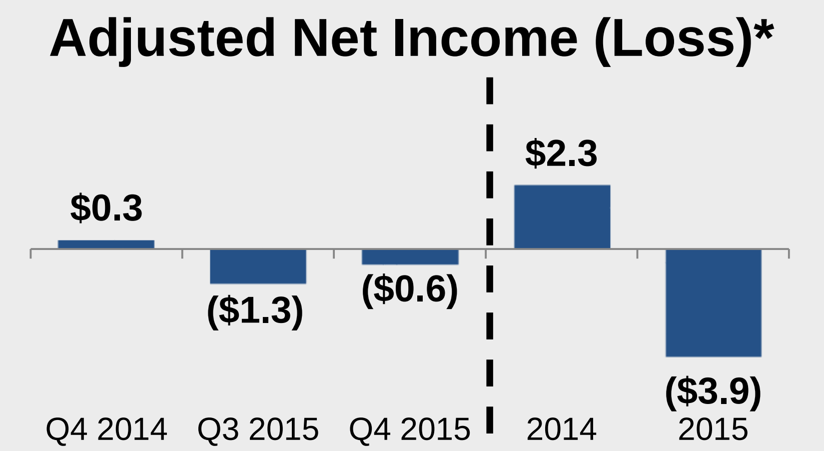


- Unusual items in Q4 2015
  - $7.8 million goodwill impairment
  - $125k OrBit inventory valuation reserve charge (COGS)
  - $117k prior-period payroll adjustment charge (SG&A)
- $300k savings in salary reductions
- Reduced staffing by 31% in 2015
- 2015 operating expenses, less non-cash D&A, down $1.5 million
  - 2015 had 12 months of public company costs, 2014 only 7 months

Focused on Cash Generation

($ in millions)



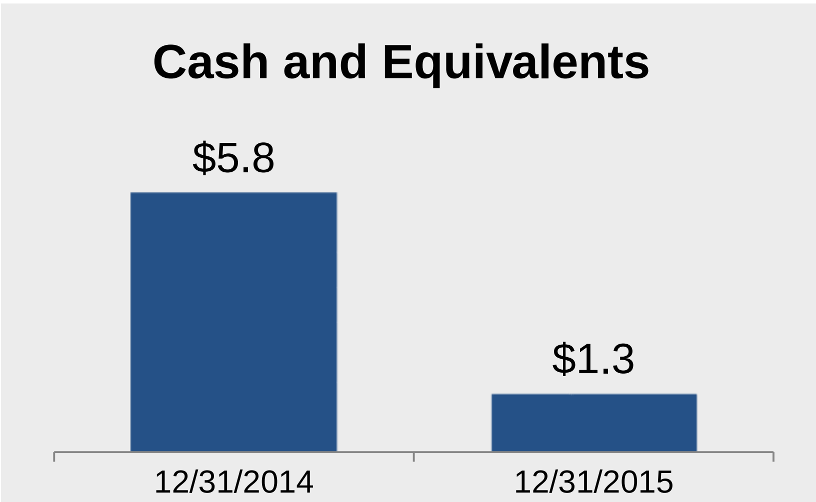


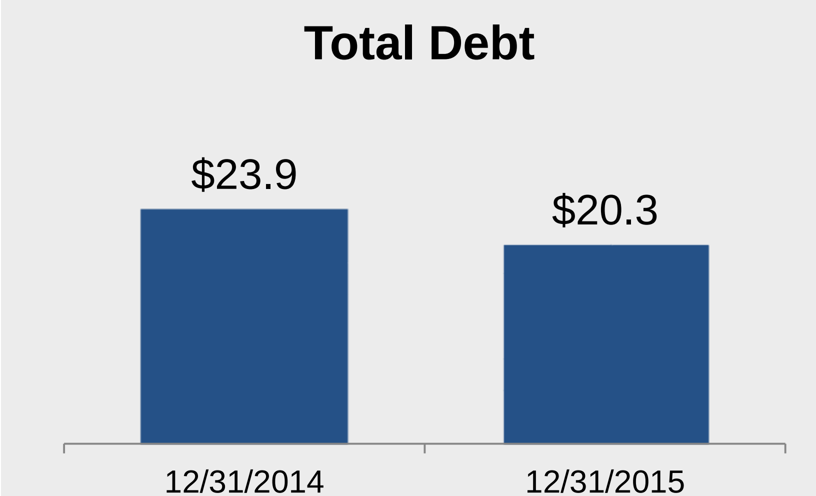
- Rapidly adapted to market environment: Reduced loss on lower revenue, from trailing quarter
- Reductions in:
  - Staffing
  - Salaries
  - Tool repair costs
  - Freight costs
  - Sales & marketing materials and activities
- Revenue breakeven under current cost structure: ~$1.1 million / month

** Adjusted EBITDA and adjusted net income are non-GAAP measures. Please see supplemental slides for a reconciliation between GAAP net income and non-GAAP adjusted EBITDA and adjusted net income and other important disclaimers regarding Superior Drilling Products's use of adjusted EBITDA and adjusted net income.*

Managing Balance Sheet

($ in millions)





- Secured new $3.0 million credit facility to finance growth
  - $2.5 million accounts receivable (AR) revolver, allows 85% advance on eligible AR
  - $0.5 million asset backed term loan
  - Testament to quality of customers & lender confidence
- Capital expenditures
  - Q4: $0.4 million
  - 2015: $1.3 million
  - 2016E: $1.5 million
- Financing strategy: Renegotiate long-term debt

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Initial Take on 2016 - Financial

- Complex market conditions – difficult to provide quantitative guidance
  - Demonstrated very adept at adapting to changing conditions
  - Rig count decline to 489 as of March 4 from 698 at year end, or 30%
  - Upside with market channel expansion and tool value
- Continued cost reductions
  - Staffing down additional 24%
  - Reducing office costs: Denver, Oklahoma
  - $160k cash savings in Q1 2016: options for salary program
- Renegotiate long-term debt

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Overview and Outlook

Troy Meier

Chairman and Chief Executive Officer

Initial Take on 2016 – Market

- Mixed start to 2016
  - Backyard rig count decline of 40% since beginning of 2016
  - Added 5 new customers
  - Added 10th basin
- Challenging market unveiled new opportunities
  - More channel partner agreements
  - Licensing intellectual property
- Building larger Drill N Reams for monobores and verticals
- Creating Strider inventory for customer requirements

Strong Progress – Great Future

Innovative solutions for drilling

Continued customer acceptance

- **Growing customer base**
- **New basin introduction**

Expanding market channels

- **Supporting time-honored relationships with value-added tools**
- **Delivering high quality incremental tools to a global proven sales force**

Innovative performance drilling

- **Drill N Ream enhances RRS performance**
- **Strider increases performance while minimizing BHA failures**

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Supplemental Information

Adjusted Net Income Reconciliation

	Three Months Ended					
	December 31, 2015		September 30, 2015		December 31, 2014	
	$	per diluted share	$	per diluted share	$	per diluted share
GAAP net (loss) income	$ (9,236,483)	$ (0.53)	$ (1,940,313)	$ (0.11)	$ (149,898)	$ (0.01)
Add back:						
Impairment of goodwill	7,802,903	0.45	-	-	-	-
Intangible amortization	611,667	0.04	611,667	0.04	622,000	0.04
OrBit valuation reserve	124,872	0.01	-	-	-	-
Non-recurring expenses	117,000	0.01	-	-	77,579	-
(Gain) loss on sale of assets	(710)	-	10,200	-	(230,889)	(0.01)
Employee severance	-	-	45,000	-	-	-
Non-GAAP adjusted net (loss) income	$ (580,751)	$ (0.03)	$ (1,273,444)	$ (0.07)	$ 318,789	$ 0.02

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Adjusted EBITDA Reconciliation

	Three Months Ended		
	December 31, 2015	September 30, 2015	December 31, 2014
GAAP net loss	$ (9,236,483)	$ (1,940,313)	$ (149,898)
Add back:			
Impairment of goodwill	7,802,903	-	-
Depreciation and amortization	1,292,520	1,220,548	1,107,040
Interest expense, net	285,566	348,023	541,132
Stock-based compensation	127,427	331,496	44,490
OrBit valuation reserve	124,872	-	-
Non-recurring expenses	117,000	-	77,576
(Gain) loss on sale of assets	(710)	10,202	(230,889)
Income tax (benefit) expense	(256,189)	47,223	(77,944)
Employee severance	-	45,000	-
Non-GAAP Adjusted EBITDA(1)	$ 256,906	$ 62,179	$ 1,311,507

(1) Adjusted EBITDA represents net income adjusted for income taxes, interest, depreciation and amortization, unusual expenses and loss on disposition of assets. The Company believes Adjusted EBITDA is an important supplemental measure of operating performance and uses it to assess performance and inform operating decisions. However, Adjusted EBITDA is not a GAAP financial measure. The Company's calculation of Adjusted EBITDA should not be used as a substitute for GAAP measures of performance, including net cash provided by operations, operating income and net income. The Company's method of calculating Adjusted EBITDA may vary substantially from the methods used by other companies and investors are cautioned not to rely unduly on it.