

May 2, 2018



Mammoth Energy Services, Inc. Announces First Quarter 2018 Operational and Financial Results

OKLAHOMA CITY, May 02, 2018 (GLOBE NEWSWIRE) -- Mammoth Energy Services, Inc. ("Mammoth" or the "Company") (NASDAQ:TUSK) today reported financial and operational results for the three months ended March 31, 2018.

Key Highlights for the First Quarter 2018:

- Total revenue was \$494.2 million for the three months ended March 31, 2018, up 34% sequentially from \$369.0 million for the three months ended December 31, 2017 and up 559% from \$75.0 million for the three months ended March 31, 2017.
- Net income for the three months ended March 31, 2018 was \$55.5 million, a \$10.4 million decrease from \$65.9 million for the three months ended December 31, 2017 and an improvement of \$60.5 million from a net loss of \$5.0 million for the three months ended March 31, 2017. The three months ended December 31, 2017 included a provisional benefit of \$31.0 million due to changes in tax policy as a result of the Tax Cut and Jobs Act ("Tax Act").
- Adjusted EBITDA (as defined and reconciled below) was \$130.8 million for the three months ended March 31, 2018, up 18% sequentially from \$110.5 million for the three months ended December 31, 2017 and up 1,037% from \$11.5 million for the three months ended March 31, 2017.
- Reduced debt to \$39.0 million as of March 31, 2018, which is down \$60.9 million from December 31, 2017.
- Executed two amendments to Mammoth subsidiary Cobra Acquisitions LLC's contract with the Puerto Rico Electric Power Authority ("PREPA") to aid in the restoration of the electric utility infrastructure in Puerto Rico, increasing the total contract value to approximately \$945 million, up from \$200 million originally.
- Completed the expansion of Mammoth subsidiary Taylor Frac LLC's sand facility, increasing company-wide functional sand production capacity to approximately 4.0 million tons per year, up from 3.0 million tons per year at December 31, 2017.

Arty Straehla, Mammoth's Chief Executive Officer, stated, "The first quarter was challenging due to several factors including harsh working environments, severe winter weather and logistics issues, but our teams were able to overcome these obstacles and continue to execute at a high level. The first quarter of 2018 was our third sequential record quarter on an EBITDA basis, which was underpinned by the hard work performed by our teams in Puerto Rico. Debt was reduced by \$61 million during the quarter, despite spending approximately \$36 million on growth capital, highlighting our significant cash flow. The outlook for all of our operating divisions is strong and we intend to continue to grow both organically and through accretive acquisitions."

Pressure Pumping Services

Mammoth's pressure pumping division contributed revenues (inclusive of inter-segment revenues) of \$101.1 million on 1,672 stages for the three months ended March 31, 2018, a 10% decrease from \$111.9 million on 1,375 stages for the three months ended December 31, 2017 and a 149% increase from \$40.6 million on 860 stages for the three months ended March 31, 2017. The sequential decline in the first quarter of 2018 was a result of a combination of significant winter weather and sand logistics constraints.

Infrastructure Services

Mammoth's infrastructure services segment contributed revenues of \$325.5 million for the three months ended March 31, 2018, a 56% increase from \$209.2 million for the three months ended December 31, 2017. The infrastructure services segment did not generate revenues during the three months ended March 31, 2017.

During the first quarter of 2018, Cobra and PREPA amended the initial PREPA contract to increase the total contract amount by an additional \$745.4 million.

Natural Sand Proppant Services

Mammoth's natural sand proppant division contributed revenues (inclusive of inter-segment revenues) of \$51.0 million for the three months ended March 31, 2018, up 16% from \$43.9 million for the three months ended December 31, 2017 and up 227% from \$15.6 million for the three months ended March 31, 2017. The Company sold 735,584 tons of sand for the three months ended March 31, 2018, a 23% increase from 600,182 for the three months ended December 31, 2017 and a 187% increase from 255,865 for the three months ended March 31, 2017.

The Company completed the expansion of its Taylor Frac facility during the first quarter of 2018, increasing Mammoth's total processing capacity to approximately 4.0 million tons per year. The Company is currently upgrading certain equipment at its Piranha facility, which is expected to further increase Mammoth's total sand processing capacity to 4.4 million tons per year by mid-2018.

Contract Land and Directional Drilling Services

Mammoth's contract land and directional drilling services division contributed revenues (inclusive of inter-segment revenues) of \$15.2 million for the three months ended March 31, 2018, an 11% increase from \$13.7 million for the three months ended December 31, 2017 and a 41% increase from \$10.8 million for the three months ended March 31, 2017. The average drilling day rate was \$16,541, \$15,964 and \$14,400, respectively, for the three months ended March 31, 2018, December 31, 2017 and March 31, 2017.

Mammoth anticipates that it will operate, on average, five to six rigs throughout 2018.

Other Services

Mammoth's other services, including coil tubing, pressure control, flowback, cementing, equipment rentals and remote accommodations, contributed revenues (inclusive of inter-segment revenues) of \$22.9 million for the three months ended March 31, 2018, a 51%

increase from \$15.2 million for the three months ended December 31, 2017 and a 157% increase from \$8.9 million for the three months ended March 31, 2017. The increase in revenues was primarily due to increase in utilization.

Selling, General and Administrative Expenses

Selling, general and administrative ("SG&A") expenses increased to \$38.5 million for the three months ended March 31, 2018 from \$27.4 million for the three months ended December 31, 2017 and \$6.7 million for the three months ended March 31, 2017. The increase is primarily attributable to increased bad debt expense and increased compensation and benefits.

SG&A expenses, as a percentage of total revenue, were 8% for the three months ended March 31, 2018 compared to 7% for the three months ended December 31, 2017 and 9% for the three months ended March 31, 2017.

Liquidity

As of March 31, 2018, Mammoth had cash on hand totaling \$10.4 million and borrowings outstanding under its revolving credit facility of \$39.0 million. As of March 31, 2018, the Company had approximately \$123.7 million of available borrowing capacity under its revolving credit facility, after giving effect to \$6.5 million of outstanding letters of credit.

Capital Expenditures

The following table summarizes Mammoth's capital expenditures by operating division for the periods indicated (in thousands):

| | Three Months Ended | | |
|---|--------------------|------------------|------------------|
| | March 31, | | December 31, |
| | 2018 | 2017 | 2017 |
| Pressure pumping services ^(a) | \$ 7,866 | \$ 28,665 | \$ 12,870 |
| Infrastructure services ^(b) | 15,778 | — | 8,131 |
| Natural sand proppant services ^(c) | 5,700 | 175 | 8,478 |
| Contract and directional drilling services ^(d) | 3,618 | 2,269 | 669 |
| Other services ^(e) | 2,812 | 1 | 1,431 |
| Net change in cash | <u>\$ 35,774</u> | <u>\$ 31,110</u> | <u>\$ 31,579</u> |

- Capital expenditures primarily for pressure pumping equipment for the three months ended March 31, 2018, March 31, 2017 and December 31, 2017.
- Capital expenditures primarily for trucks and other equipment for the three months ended March 31, 2018 and December 31, 2017.
- Capital expenditures primarily for plant upgrades for the three months ended March 31, 2018 and December 31, 2017.
- Capital expenditures primarily for upgrades to our rig fleet for the three months ended March 31, 2018, March 31, 2017 and December 31, 2017.
- Capital expenditures primarily for equipment for our rental business for the three months ended March 31, 2018 and December 31, 2017.

Explanatory Note Regarding Financial Information

The financial information contained in this release should be read in conjunction with the financial information contained in Mammoth's Annual Report filed on Form 10-K with the Securities and Exchange Commission ("SEC") on February 28, 2018, Current Reports on Form 8-K and other filings.

The Company's Chief Executive Officer and Chief Financial Officer comprise the Company's Chief Operating Decision Maker function ("CODM"). Segment information is prepared on the same basis that the CODM manages the segments, evaluates the segment financial statements and makes key operating and resource utilization decisions. Segment evaluation is determined on a quantitative basis based on a function of operating income (loss) as well as a qualitative basis, such as nature of the product and service offerings and types of customers.

On June 5, 2017, the Company completed the acquisition of (1) Sturgeon Acquisitions, LLC and its wholly owned subsidiaries Taylor Frac LLC, Taylor RE, LLC and South River, LLC (collectively, "Sturgeon"); (2) Stingray Energy Services and (3) Stingray Cementing (together with Stingray Energy Services, the "Stingray Acquisition") in exchange for the issuance by Mammoth of an aggregate of 7,000,000 shares of its common stock.

Prior to the acquisition, the Company and Sturgeon were under common control and it is required under accounting principles generally accepted in the United States of America ("GAAP") to account for this common control acquisition in a manner similar to the pooling of interest method of accounting. Therefore, the Company's historical financial information has been recast to combine Sturgeon with the Company as if the acquisition had been completed at commencement of Sturgeon's operations on September 13, 2014.

Conference Call Information

Mammoth will host a conference call on Thursday, May 3, 2018 at 10:00 a.m. CST (11:00 am EST) to discuss its first quarter 2018 financial and operational results. The telephone number to access the conference call is 844-265-1561 in the U.S. and the international dial in is 216-562-0385. The conference ID for the call is 4096257. The conference call will also be webcast live on www.mammothenergy.com in the "Investors" section.

About Mammoth Energy Services, Inc.

Mammoth is an integrated, growth-oriented energy service company serving (i) companies engaged in the exploration and development of North American onshore unconventional oil and natural gas reserves and (ii) government-funded utilities, private utilities, public investor-owned utilities and co-operative utilities through its energy infrastructure services division. Mammoth's suite of services and products include: pressure pumping services, infrastructure services, natural sand and proppant services, contract land and directional drilling services and other services. For additional information about Mammoth, please visit its website at www.mammothenergy.com, where Mammoth routinely posts announcements, updates, events, investor information and presentations and recent news releases.

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Forward-Looking Statements and Cautionary Statements

This news release (and any oral statements made regarding the subjects of this release, including on the conference call announced herein) contains certain statements and information that may constitute “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts that address activities, events or developments that we expect, believe or anticipate will or may occur in the future are forward-looking statements. The words “anticipate,” “believe,” “ensure,” “expect,” “if,” “intend,” “plan,” “estimate,” “project,” “forecasts,” “predict,” “outlook,” “aim,” “will,” “could,” “should,” “potential,” “would,” “may,” “probable,” “likely,” and similar expressions, and the negative thereof, are intended to identify forward-looking statements. Without limiting the generality of the foregoing, forward-looking statements contained in this press release specifically include statements, estimates and projections regarding our business outlook and plans, future financial position, liquidity and capital resources, operations, performance, acquisitions, returns, capital expenditure budgets, costs and other guidance regarding future developments. Forward-looking statements are not assurances of future performance. These forward-looking statements are based on management’s current expectations and beliefs, forecasts for our existing operations, experience, and perception of historical trends, current conditions, anticipated future developments and their effect on us, and other factors believed to be appropriate. Although management believes that the expectations and assumptions reflected in these forward-looking statements are reasonable as and when made, no assurance can be given that these assumptions are accurate or that any of these expectations will be achieved (in full or at all). Moreover, our forward-looking statements are subject to significant risks and uncertainties, including those described in our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and other filings we make with the SEC, including those relating to our acquisitions and our contracts, many of which are beyond our control, which may cause actual results to differ materially from our historical experience and our present expectations or projections which are implied or expressed by the forward-looking statements. Important factors that could cause actual results to differ materially from those in the forward-looking statements include, but are not limited to, risks relating to economic conditions; volatility of crude oil and natural gas commodity prices; delays in or failure of delivery of current or future orders of specialized equipment; the loss of or interruption in operations of one or more key suppliers or customers; solvency of counterparties to our contracts and their ability to timely pay for our services; oil and gas market conditions; the effects of government regulation, permitting and other legal requirements, including new legislation or regulation of hydraulic fracturing; operating risks; the adequacy of our capital resources and liquidity; weather; litigation; competition in the oil and natural gas and infrastructure industries; and costs and availability of resources.

Investors are cautioned not to place undue reliance on any forward-looking statement which speaks only as of the date on which such statement is made. We undertake no obligation to correct, revise or update any forward-looking statement after the date such statement is made, whether as a result of new information, future events or otherwise, except as required by applicable law.

MAMMOTH ENERGY SERVICES, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS (unaudited)

| ASSETS | March 31, 2018 | December 31, 2017 |
|---|---------------------------|------------------------------|
| CURRENT ASSETS | (in thousands) | |
| Cash and cash equivalents | \$ 10,447 | \$ 5,637 |
| Accounts receivable, net | 243,913 | 243,746 |
| Receivables from related parties | 46,338 | 33,788 |
| Inventories | 12,189 | 17,814 |
| Prepaid expenses | 12,030 | 12,552 |
| Other current assets | 1,112 | 886 |
| Total current assets | <u>326,029</u> | <u>314,423</u> |
| Property, plant and equipment, net | 365,757 | 351,017 |
| Sand reserves | 74,682 | 74,769 |
| Intangible assets, net - customer relationships | 7,436 | 9,623 |
| Intangible assets, net - trade names | 6,296 | 6,516 |
| Goodwill | 99,811 | 99,811 |
| Deferred income tax asset | 16,829 | 6,739 |
| Other non-current assets | 4,245 | 4,345 |
| Total assets | <u><u>\$ 901,085</u></u> | <u><u>\$ 867,243</u></u> |
| LIABILITIES AND EQUITY | | |
| CURRENT LIABILITIES | | |
| Accounts payable | \$ 151,509 | \$ 141,306 |
| Payables to related parties | 2,228 | 1,378 |
| Accrued expenses and other current liabilities | 42,919 | 40,895 |
| Income taxes payable | 62,272 | 36,409 |
| Total current liabilities | <u>258,928</u> | <u>219,988</u> |
| Long-term debt | 39,000 | 99,900 |
| Deferred income tax liabilities | 31,897 | 34,147 |
| Asset retirement obligation | 3,124 | 2,123 |
| Other liabilities | 3,999 | 3,289 |
| Total liabilities | <u>336,948</u> | <u>359,447</u> |
| COMMITMENTS AND CONTINGENCIES | | |
| EQUITY | | |
| Equity: | | |
| Common stock, \$0.01 par value, 200,000,000 shares authorized, 44,714,296 and 44,589,306 issued and outstanding at March 31, 2018 and December 31, 2017, respectively | 447 | 446 |
| Additional paid in capital | 509,265 | 508,010 |
| Retained earnings | 57,547 | 2,001 |
| Accumulated other comprehensive loss | (3,122) | (2,661) |
| Total equity | <u>564,137</u> | <u>507,796</u> |

Total liabilities and equity

| | |
|------------|------------|
| \$ 901,085 | \$ 867,243 |
|------------|------------|

MAMMOTH ENERGY SERVICES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(unaudited)

| | Three Months Ended | | |
|--|--------------------|-------------|--------------|
| | March 31, | | December 31, |
| | 2018 | 2017 | 2017 |
| (in thousands, except per share amounts) | | | |
| REVENUE | | | |
| Services revenue | \$ 408,659 | \$ 27,092 | \$ 315,545 |
| Services revenue - related parties | 49,088 | 32,962 | 31,639 |
| Product revenue | 25,040 | 3,372 | 18,024 |
| Product revenue - related parties | 11,462 | 11,540 | 3,755 |
| Total revenue | 494,249 | 74,966 | 368,963 |
| COST AND EXPENSES | | | |
| Services cost of revenue (exclusive of depreciation, depletion, amortization and accretion of \$24,575, \$15,838 and \$25,044, respectively, for the three months ended March 31, 2018, March 31, 2017 and December 31, 2017) | 290,979 | 45,461 | 198,201 |
| Services cost of revenue - related parties (exclusive of depreciation, depletion, amortization and accretion of \$0, \$0 and \$0, respectively, for the three months ended March 31, 2018, March 31, 2017 and December 31, 2017) | 1,792 | 430 | 707 |
| Product cost of revenue (exclusive of depreciation, depletion, amortization and accretion of \$2,314, \$1,362 and \$2,790, respectively, for the three months ended March 31, 2018, March 31, 2017 and December 31, 2017) | 33,330 | 12,607 | 33,290 |
| Selling, general and administrative | 38,082 | 6,413 | 26,931 |
| Selling, general and administrative - related parties | 429 | 324 | 495 |
| Depreciation, depletion, amortization and accretion | 26,908 | 17,237 | 27,770 |
| Impairment of long-lived assets | — | — | 4,146 |
| Total cost and expenses | 391,520 | 82,472 | 291,540 |
| Operating income (loss) | 102,729 | (7,506) | 77,423 |
| OTHER (EXPENSE) INCOME | | | |
| Interest expense, net | (1,237) | (397) | (1,381) |
| Other, net | (28) | (184) | 28 |
| Total other expense | (1,265) | (581) | (1,353) |
| Income (loss) before income taxes | 101,464 | (8,087) | 76,070 |
| Provision (benefit) for income taxes | 45,918 | (3,106) | 10,155 |
| Net income (loss) | \$ 55,546 | \$ (4,981) | \$ 65,915 |
| OTHER COMPREHENSIVE INCOME (LOSS) | | | |
| Foreign currency translation adjustment, net of tax of \$186, \$20 and (\$167), respectively, for the three months ended March 31, 2018, March 31, 2017 and December 31, 2017 | (461) | 228 | (482) |
| Comprehensive income (loss) | \$ 55,085 | \$ (4,753) | \$ 65,433 |

| | | | |
|---|---------|------------|---------|
| Net income (loss) per share (basic) | \$ 1.24 | \$ (0.13) | \$ 1.48 |
| Net income (loss) per share (diluted) | \$ 1.24 | \$ (0.13) | \$ 1.48 |
| Weighted average number of shares outstanding (basic) | 44,650 | 37,500 | 44,579 |
| Weighted average number of shares outstanding (diluted) | 44,884 | 37,500 | 44,683 |

MAMMOTH ENERGY SERVICES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)

| | Three Months Ended | |
|---|---------------------------|------------------|
| | March 31, | |
| | 2018 | 2017 |
| | (in thousands) | |
| Cash flows from operating activities: | | |
| Net income (loss) | \$ 55,546 | \$ (4,981) |
| Adjustments to reconcile net loss to cash provided by operating activities: | | |
| Equity based compensation | 1,256 | 570 |
| Depreciation, depletion, accretion and amortization | 26,908 | 17,237 |
| Amortization of coil tubing strings | 565 | 492 |
| Amortization of debt origination costs | 100 | 151 |
| Bad debt expense | 25,527 | (41) |
| Gain on disposal of property and equipment | (184) | (79) |
| Deferred income taxes | (12,117) | (3,801) |
| Changes in assets and liabilities, net of acquisitions of businesses: | | |
| Accounts receivable, net | (25,722) | (4,357) |
| Receivables from related parties | (12,550) | (4,842) |
| Inventories | 5,060 | (466) |
| Prepaid expenses and other assets | 294 | 77 |
| Accounts payable | 8,302 | 13,302 |
| Payables to related parties | 851 | 451 |
| Accrued expenses and other liabilities | 1,636 | 733 |
| Income taxes payable | 25,851 | (28) |
| Net cash provided by operating activities | <u>101,323</u> | <u>14,418</u> |
| Cash flows from investing activities: | | |
| Purchases of property and equipment | (35,176) | (31,110) |
| Purchases of property and equipment from related parties | (598) | — |
| Proceeds from disposal of property and equipment | 286 | 369 |
| Net cash used in investing activities | <u>(35,488)</u> | <u>(30,741)</u> |
| Cash flows from financing activities: | | |
| Borrowings from lines of credit | 31,000 | — |
| Repayments of lines of credit | (91,900) | — |
| Repayments of equipment financing note | (72) | — |
| Net cash used in financing activities | <u>(60,972)</u> | <u>—</u> |
| Effect of foreign exchange rate on cash | (53) | 11 |
| Net change in cash and cash equivalents | 4,810 | (16,312) |
| Cash and cash equivalents at beginning of period | 5,637 | 29,239 |
| Cash and cash equivalents at end of period | <u>\$ 10,447</u> | <u>\$ 12,927</u> |
| Supplemental disclosure of cash flow information: | | |
| Cash paid for interest | \$ 1,442 | \$ 254 |
| Cash paid for income taxes | \$ 32,184 | \$ 701 |

Supplemental disclosure of non-cash transactions:

Purchases of property and equipment included in trade accounts payable \$ 16,558 \$ 9,346

MAMMOTH ENERGY SERVICES, INC. RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

| Three months ended March 31, 2018 | Pressure Pumping | Infrastructure | Sand | Drilling | All Other | Eliminations | Total |
|---|------------------|----------------|-----------|-------------|-----------|--------------|------------|
| Revenue from external customers | \$ 96,579 | \$ 325,459 | \$ 36,503 | \$ 15,228 | \$ 20,480 | \$ — | \$ 494,249 |
| Intersegment revenues | 4,559 | — | 14,512 | 2 | 2,415 | (21,488) | — |
| Total revenue | 101,138 | 325,459 | 51,015 | 15,230 | 22,895 | (21,488) | 494,249 |
| Cost of revenue, exclusive of depreciation, depletion, amortization and accretion | 66,612 | 194,076 | 33,330 | 14,475 | 17,608 | — | 326,101 |
| Intersegment cost of revenues | 15,402 | 1,791 | 4,286 | 162 | 105 | (21,746) | — |
| Total cost of revenue | 82,014 | 195,867 | 37,616 | 14,637 | 17,713 | (21,746) | 326,101 |
| Selling, general and administrative | 2,663 | 31,851 | 1,644 | 1,253 | 1,100 | — | 38,511 |
| Depreciation, depletion, amortization and accretion | 13,986 | 2,407 | 2,316 | 4,355 | 3,844 | — | 26,908 |
| Operating income (loss) | 2,475 | 95,334 | 9,439 | (5,015) | 238 | 258 | 102,729 |
| Interest expense | 504 | 76 | 80 | 395 | 182 | — | 1,237 |
| Other expense | 12 | 2 | (13) | 40 | (13) | — | 28 |
| Income (loss) before income taxes | \$ 1,959 | \$ 95,256 | \$ 9,372 | \$ (5,450) | \$ 69 | \$ 258 | \$ 101,464 |
| Total expenditures for property, plant and equipment | \$ 7,866 | \$ 15,778 | \$ 5,700 | \$ 3,618 | \$ 2,812 | \$ — | \$ 35,774 |

| Three months ended March 31, 2017 | Pressure Pumping | Infrastructure | Sand | Drilling | All Other | Eliminations | Total |
|---|------------------|----------------|-----------|-------------|-----------|--------------|-------------|
| Revenue from external customers | \$ 40,453 | \$ — | \$ 14,912 | \$ 10,751 | \$ 8,850 | \$ — | \$ 74,966 |
| Intersegment revenues | 187 | — | 685 | — | — | (872) | — |
| Total revenue | 40,640 | — | 15,597 | 10,751 | 8,850 | (872) | 74,966 |
| Cost of revenue, exclusive of depreciation, depletion, amortization and accretion | 28,707 | 86 | 12,608 | 10,953 | 6,144 | — | 58,498 |
| Intersegment cost of revenues | 685 | — | 187 | — | — | (872) | — |
| Total cost of revenue | 29,392 | 86 | 12,795 | 10,953 | 6,144 | (872) | 58,498 |
| Selling, general and administrative | 1,777 | 48 | 2,058 | 1,293 | 1,561 | — | 6,737 |
| Depreciation, depletion, amortization and accretion | 9,158 | — | 1,363 | 4,968 | 1,748 | — | 17,237 |
| Operating income (loss) | 313 | (134) | (619) | (6,463) | (603) | — | (7,506) |
| Interest expense | 128 | — | 133 | 217 | (81) | — | 397 |
| Other expense | 3 | — | 14 | 164 | 3 | — | 184 |
| Income (loss) before income taxes | \$ 182 | \$ (134) | \$ (766) | \$ (6,844) | \$ (525) | \$ — | \$ (8,087) |
| Total expenditures for property, plant and equipment | \$ 28,665 | \$ — | \$ 175 | \$ 2,269 | \$ 1 | \$ — | \$ 31,110 |

MAMMOTH ENERGY SERVICES, INC.
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

| Three Months Ended December 31, 2017 | Pressure Pumping | Infrastructure | Sand | Drilling | All Other | Eliminations | Total |
|---|---------------------|----------------|-----------|-------------|-------------|--------------|------------|
| Revenue from external customers | \$ 111,244 | \$ 209,229 | \$ 21,779 | \$ 13,208 | \$ 13,503 | \$ — | \$ 368,963 |
| Intersegment revenues | 617 | — | 22,167 | 446 | 1,708 | (24,938) | — |
| Total revenue | 111,861 | 209,229 | 43,946 | 13,654 | 15,211 | (24,938) | 368,963 |
| Cost of revenues, exclusive of depreciation, depletion, amortization and accretion | 65,594 | 108,289 | 33,289 | 12,117 | 12,909 | — | 232,198 |
| Intersegment cost of revenues | 22,928 | 1,443 | 373 | 101 | 58 | (24,903) | — |
| Total cost of revenue | 88,522 | 109,732 | 33,662 | 12,218 | 12,967 | (24,903) | 232,198 |
| Selling, general and administrative | 2,810 | 20,365 | 1,875 | 1,406 | 970 | — | 27,426 |
| Depreciation, depletion, amortization and accretion | 13,590 | 1,805 | 2,791 | 4,657 | 4,927 | — | 27,770 |
| Impairment of long-lived assets | — | — | 324 | 3,822 | — | — | 4,146 |
| Operating income (loss) | 6,939 | 77,327 | 5,294 | (8,449) | (3,653) | (35) | 77,423 |
| Interest expense | 599 | 168 | 107 | 467 | 40 | — | 1,381 |
| Other, net | 2 | (4) | (40) | (6) | 20 | — | (28) |
| Income (loss) before income taxes | \$ 6,338 | \$ 77,163 | \$ 5,227 | \$ (8,910) | \$ (3,713) | \$ (35) | \$ 76,070 |
| Total expenditures for property, plant and equipment | \$ 12,870 | \$ 8,131 | \$ 8,478 | \$ 669 | \$ 1,431 | \$ — | \$ 31,579 |

Adjusted EBITDA

Adjusted EBITDA is a supplemental non-GAAP financial measure that is used by management and external users of the Company's financial statements, such as industry analysts, investors, lenders and rating agencies. Mammoth defines Adjusted EBITDA as net income (loss) before depreciation, depletion, amortization and accretion expense, impairment of long-lived assets, acquisition related costs, equity based compensation, interest expense, net, other (income) expense, net (which is comprised of the (gain) or loss on disposal of long-lived assets) and provision (benefit) for income taxes. The Company excludes the items listed above from net income (loss) in arriving at Adjusted EBITDA because these amounts can vary substantially from company to company within the energy service industry depending upon accounting methods and book values of assets, capital structures and the method by which the assets were acquired. Adjusted EBITDA should not be considered as an alternative to, or more meaningful than, net income (loss) or cash flows from operating activities as determined in accordance with GAAP or as an indicator of Mammoth's operating performance or liquidity. Certain items excluded from Adjusted EBITDA are significant components in understanding and assessing a company's financial performance, such as a company's cost of capital and tax structure, as well as the historic costs of depreciable assets, none of which are components of Adjusted EBITDA.

Mammoth's computations of Adjusted EBITDA may not be comparable to other similarly titled measures of other companies. The Company believes that Adjusted EBITDA is a widely followed measure of operating performance and may also be used by investors to measure its ability to meet debt service requirements.

The following tables provide a reconciliation of Adjusted EBITDA to the GAAP financial measure of net income (loss) on a consolidated basis and for each of the Company's segments (in thousands):

Consolidated

| | Three Months Ended | | |
|--|--------------------|------------------|-------------------|
| | March 31, | | December 31, |
| | 2018 | 2017 | 2017 |
| Reconciliation of Adjusted EBITDA to net income (loss): | | | |
| Net income (loss) | \$ 55,546 | \$ (4,981) | \$ 65,915 |
| Depreciation, depletion, accretion and amortization expense | 26,908 | 17,237 | 27,770 |
| Impairment of long-lived assets | — | — | 4,146 |
| Acquisition related costs | (46) | 1,247 | 51 |
| Equity based compensation | 1,256 | 570 | 1,093 |
| Interest expense, net | 1,237 | 397 | 1,381 |
| Other expense, net | 28 | 184 | (28) |
| Provision (benefit) for income taxes | 45,918 | (3,106) | 10,155 |
| Adjusted EBITDA | <u>\$ 130,847</u> | <u>\$ 11,548</u> | <u>\$ 110,483</u> |

MAMMOTH ENERGY SERVICES, INC. RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

Pressure Pumping Services

| | Three Months Ended | | |
|--|--------------------|-----------------|------------------|
| | March 31, | | December 31, |
| | 2018 | 2017 | 2017 |
| Reconciliation of Adjusted EBITDA to net income (loss): | | | |
| Net income | \$ 1,959 | \$ 182 | \$ 6,338 |
| Depreciation and amortization expense | 13,986 | 9,158 | 13,590 |
| Equity based compensation | 418 | 271 | 438 |
| Interest expense | 504 | 128 | 599 |
| Other expense, net | 12 | 3 | 2 |
| Adjusted EBITDA | <u>\$ 16,879</u> | <u>\$ 9,742</u> | <u>\$ 20,967</u> |

Infrastructure Services

| | Three Months Ended | | |
|--|--------------------|-----------|--------------|
| | March 31, | | December 31, |
| | 2018 | 2017 | 2017 |
| Reconciliation of Adjusted EBITDA to net income (loss): | | | |
| Net income (loss) | \$ 47,299 | \$ (134) | \$ 47,873 |
| Depreciation and amortization expense | 2,407 | — | 1,805 |
| Acquisition related costs | (8) | — | 8 |
| Equity based compensation | 457 | — | 316 |
| Interest expense | 76 | — | 168 |
| Other expense (income), net | 2 | — | (4) |
| Provision for income taxes | 47,957 | — | 29,290 |

Adjusted EBITDA

| | | |
|-----------|-----------|-----------|
| \$ 98,190 | \$ (134) | \$ 79,456 |
|-----------|-----------|-----------|

Natural Sand Proppant Services

Reconciliation of Adjusted EBITDA to net income (loss):

| | | | |
|---|-----------|-----------|----------|
| Net income (loss) | \$ 9,372 | \$ (766) | \$ 5,263 |
| Depreciation, depletion, accretion and amortization expense | 2,316 | 1,363 | 2,791 |
| Impairment of long-lived assets | — | — | 324 |
| Acquisition related costs | (38) | 1,038 | 42 |
| Equity based compensation | 186 | 70 | 184 |
| Interest expense | 80 | 133 | 107 |
| Other (income) expense, net | (13) | 14 | (40) |
| Benefit for income taxes | — | — | (36) |
| Adjusted EBITDA | \$ 11,903 | \$ 1,852 | \$ 8,635 |

| Three Months Ended | | |
|--------------------|--------------|----------|
| March 31, | December 31, | |
| 2018 | 2017 | 2017 |
| \$ 9,372 | \$ (766) | \$ 5,263 |
| 2,316 | 1,363 | 2,791 |
| — | — | 324 |
| (38) | 1,038 | 42 |
| 186 | 70 | 184 |
| 80 | 133 | 107 |
| (13) | 14 | (40) |
| — | — | (36) |
| \$ 11,903 | \$ 1,852 | \$ 8,635 |

MAMMOTH ENERGY SERVICES, INC. RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

Contract Land and Directional Drilling Services

Reconciliation of Adjusted EBITDA to net loss:

| | | | |
|---------------------------------|-------------|-------------|-------------|
| Net loss | \$ (5,450) | \$ (6,844) | \$ (8,910) |
| Depreciation expense | 4,355 | 4,968 | 4,657 |
| Impairment of long-lived assets | — | — | 3,822 |
| Acquisition related costs | — | 22 | — |
| Equity based compensation | 107 | 112 | 77 |
| Interest expense, net | 395 | 217 | 467 |
| Other expense (income), net | 40 | 164 | (6) |
| Adjusted EBITDA | \$ (553) | \$ (1,361) | \$ 107 |

| Three Months Ended | | |
|--------------------|--------------|-------------|
| March 31, | December 31, | |
| 2018 | 2017 | 2017 |
| \$ (5,450) | \$ (6,844) | \$ (8,910) |
| 4,355 | 4,968 | 4,657 |
| — | — | 3,822 |
| — | 22 | — |
| 107 | 112 | 77 |
| 395 | 217 | 467 |
| 40 | 164 | (6) |
| \$ (553) | \$ (1,361) | \$ 107 |

Other Services^(a)

Reconciliation of Adjusted EBITDA to net income:

| | | | |
|---------------------------------------|----------|----------|-----------|
| Net income | \$ 2,107 | \$ 2,581 | \$ 15,386 |
| Depreciation and amortization expense | 3,844 | 1,748 | 4,927 |
| Acquisition related costs | — | 187 | 2 |
| Equity based compensation | 89 | 117 | 77 |
| Interest expense (income), net | 182 | (81) | 40 |
| Other (income) expense, net | (13) | 3 | 20 |
| Benefit for income taxes | (2,038) | (3,106) | (19,099) |
| Adjusted EBITDA | \$ 4,171 | \$ 1,449 | \$ 1,353 |

| Three Months Ended | | |
|--------------------|--------------|-----------|
| March 31, | December 31, | |
| 2018 | 2017 | 2017 |
| \$ 2,107 | \$ 2,581 | \$ 15,386 |
| 3,844 | 1,748 | 4,927 |
| — | 187 | 2 |
| 89 | 117 | 77 |
| 182 | (81) | 40 |
| (13) | 3 | 20 |
| (2,038) | (3,106) | (19,099) |
| \$ 4,171 | \$ 1,449 | \$ 1,353 |

(a) Includes results for the Company's coil tubing, pressure control, flowback, cementing, equipment rentals and remote accommodations services and corporate related activities.



Source: Mammoth Energy Services, Inc.