

# PROPETRO<sup>®</sup>

## 2018 Full Year and 4Q Earnings Presentation

February 27, 2019

NYSE: **PUMP**

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Certain information included in this presentation constitutes forward-looking statements within the meaning of the Private Securities Litigation Reform Act. These forward-looking statements are subject to numerous risks and uncertainties, many of which are difficult to predict, and generally beyond our control. Actual results may differ materially from those indicated or implied by such forward-looking statements. For information on identified risks and uncertainties that could impact our forecasts, expectations, and results of operations, please review the risk factors and other information disclosed from time to time in our filings with the Securities and Exchange Commission.

This presentation references “Adjusted EBITDA,” a non-GAAP financial measure. This non-GAAP measure is not intended to be an alternative to any measure calculated in accordance with GAAP. We believe the presentation of Adjusted EBITDA provides useful information to investors in assessing our financial condition and results of operations. Net income is the GAAP measure most directly comparable to Adjusted EBITDA. Non-GAAP financial measures have important limitations as analytical tools because they exclude some, but not all, items that affect the most directly comparable GAAP financial measures. You should not consider Adjusted EBITDA in isolation or as a substitute for an analysis of our results as reported under GAAP. Further, Adjusted EBITDA may be defined differently by other companies in our industry, and our definition of Adjusted EBITDA may not be comparable to similarly titled measures of other companies, thereby diminishing their utility. A reconciliation of non-GAAP measures to the most directly comparable measures calculated in accordance with GAAP, is set forth in the Appendix hereto.

- **ProPetro at a Glance**
- **Permian Basin Update**
- **2018 Full Year and Q4 Highlights**
- **2018 Q4 Financial Review**
- **Unique Positioning**

- **100% Frac Operations Permian Concentrated**
  - 1,415,000 HHP Spread over 28 Crews
- **Customer and Employee Focused Business Model**
- **Highly Utilized Fleet**
  - Including a 10 year strategic, long-term service agreement for ~30% of the fleet

28 Hydraulic Fracturing Units

21 Cementing Units

8 Coiled Tubing Units

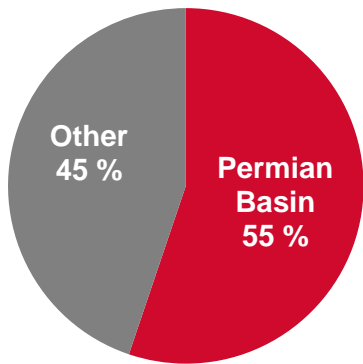
Flowback Operations

- **Permian Focused Customers**

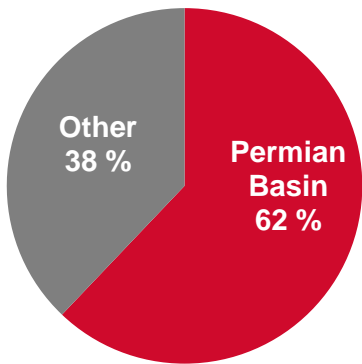


- **Healthy demand for efficient services**
  - Driven by E&P acquisitions, attractive economics, and completion intensity
- **Permian shift to manufacturing mode**
  - Driven by customer shift to multi-well pad development
  - Short supply of HHP capable of intensifying workload
- **Mature and evolving infrastructure**
  - Driven by historic activity levels and new regional sand mines

Total U.S. Onshore  
Oil Directed Rig Count: 857<sup>(1)</sup>



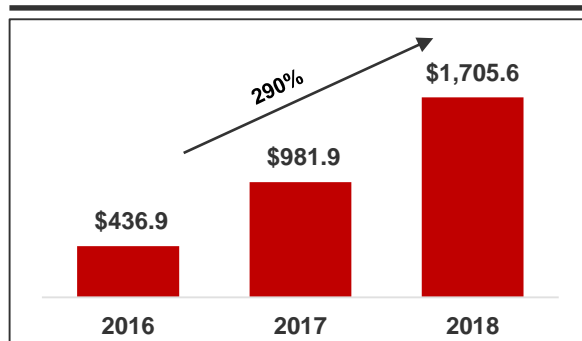
Total U.S. Onshore Oil Rigs Added  
Since Trough (May 2016): 541<sup>(1)</sup>



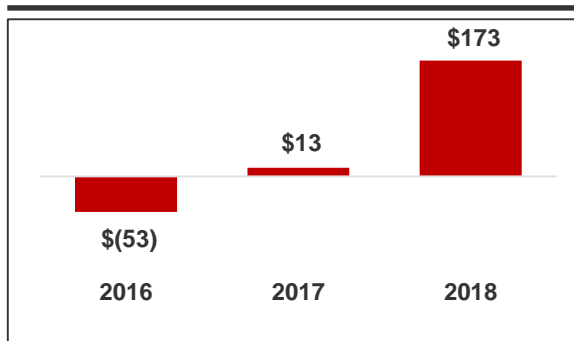
(1) Baker Hughes Rig Data, February 15, 2019

## ■ Consistent Financial Improvement

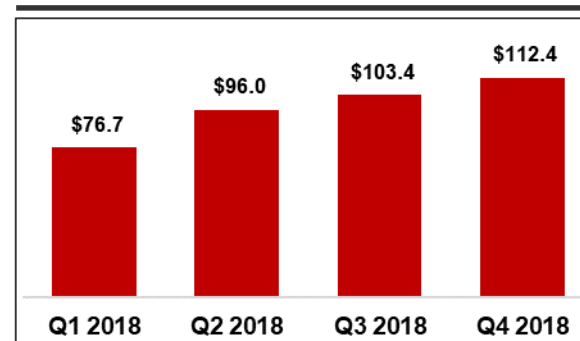
Revenue (MM)



Net Income (MM)



Adj. EBITDA (MM) <sup>(1)</sup>



## ■ Industry leading utilization

- Exited Q4 with 20 deployed frac fleets

## ■ Expanded cementing and coiled tubing operations

- Exited 2018 with 20 deployed cementing units, and 4 coiled tubing units

## ■ Announced and closed transaction with Pioneer Natural Resources<sup>(2)</sup>

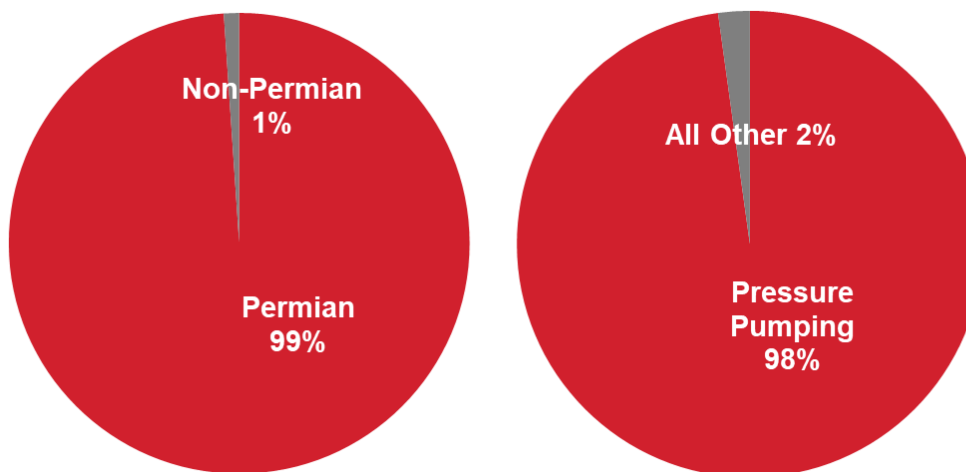
- Acquired 510,000 HHP, or 8 frac crews, as well as 4 coiled tubing units
- Entered into 10-year service agreement with Pioneer

(1) For a reconciliation to net income (loss), please see Appendix  
 (2) Pioneer Transaction closed effective 1/1/2019

# 2018 Q4 FINANCIAL HIGHLIGHTS

- **Revenue:** \$425.4 MM
- **Adjusted EBITDA:** \$112.4 MM
- **Diluted Earnings Per Share (EPS):** \$0.59
- **Conservative Leverage Profile:<sup>(1)</sup>**
  - **Cash:** \$132.7 MM
  - **Total Debt:** \$70.0 MM
  - **Total Liquidity:** \$257.7 MM <sup>(2)</sup>

2018 Q4 Revenue Mix



(1) As of December 31, 2018

(2) Including partially drawn revolving credit facility with remaining capacity of \$125 MM

- **56% Increase in Total Horsepower<sup>(1)</sup>**
  - 510,000 total HHP additions
- **Homogenous Fleet**
- **Fully Maintained Through the Downturn**
- **Continue to Maintain Industry Leading Utilization**
- **Consistent Profitability Improvement**

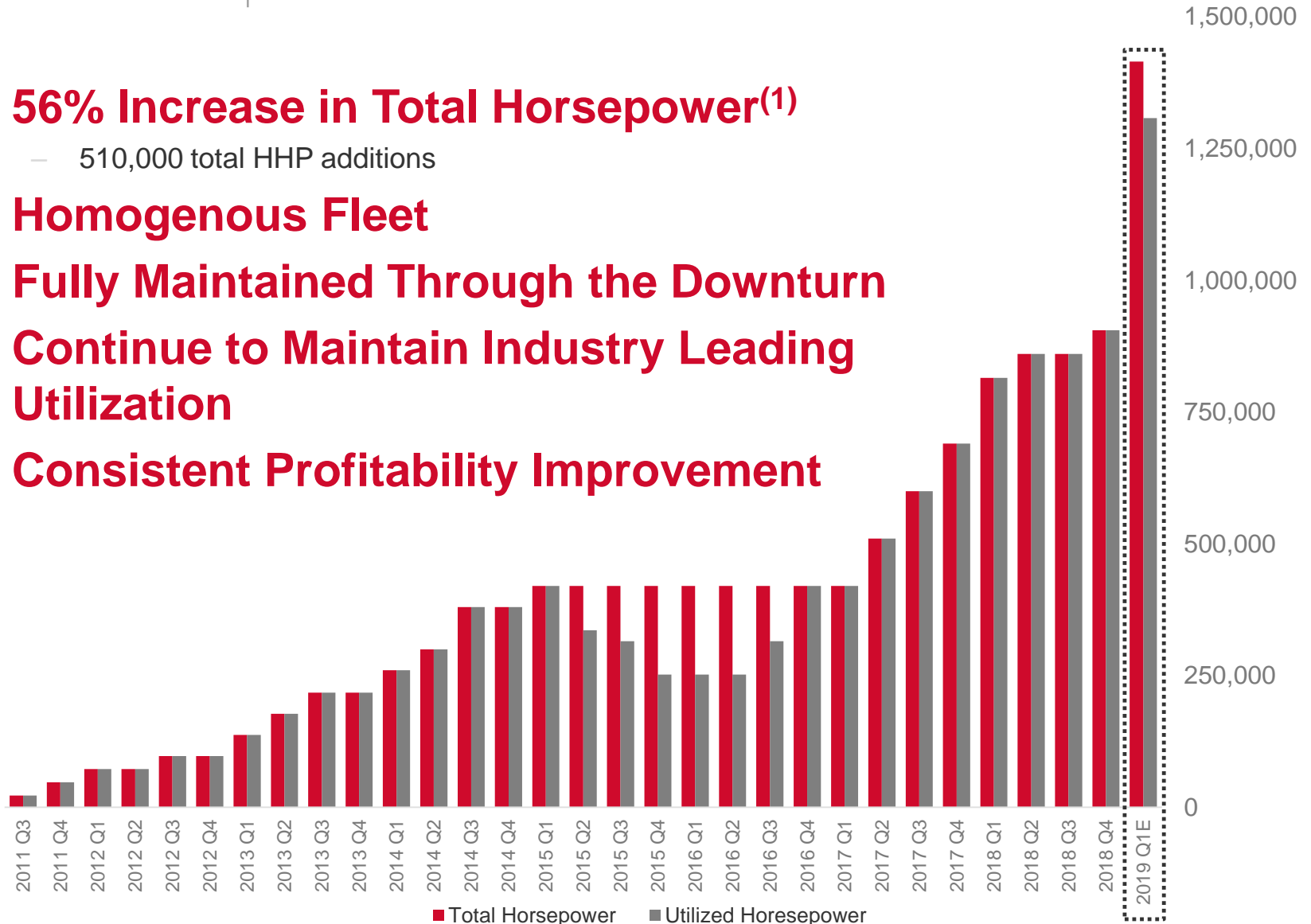


Chart based on end of period HHP counts  
 (1) Added HHP from PXD transaction



- **Permian Focus**
  - Positioned in the low cost basin with sector leading operating scale
- **Blue Chip Customers**
  - Large drilling inventories and sizeable rig programs
- **Superior Performance**
  - Consistently outperforming the competition on location
- **Full Calendar**
  - Premium visibility throughout 2019
- **Strong Balance Sheet**
  - Minimal debt with disciplined capital allocation
- **No Speculative New-Builds**
  - Strong customer commitments and long term service agreements
- **High Utilization Through Cycles**
  - Great history of battling cyclicalities
- **Delaware Upside**
  - Significant opportunities with current customers and beyond



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**Reconciliation of Net Income (Loss) to Adjusted EBITDA**

(\$ in thousands)	Three Months Ended								
	December 31, 2018			September 30, 2018			December 31, 2017		
	Pressure Pumping	All Other	Total	Pressure Pumping	All Other	Total	Pressure Pumping	All Other	Total
Net income (loss)	\$ 76,244	\$ (24,466)	\$ 51,778	\$ 66,493	\$ (20,208)	\$ 46,285	\$ 20,330	\$ (10,251)	\$ 10,079
Depreciation and amortization	\$ 23,574	1,136	24,710	22,026	1,191	23,217	15,927	1,099	17,026
Interest expense	\$ -	1,916	1,916	-	1,480	1,480	-	878	878
Income tax expense	\$ -	15,257	15,257	-	13,592	13,592	-	3,000	3,000
Loss on disposal of assets	\$ 16,194	(35)	16,159	16,117	290	16,407	10,117	(1)	10,116
Stock-based compensation	\$ -	1,650	1,650	-	1,631	1,631	-	759	759
Other expense and legal settlement	\$ -	343	343	-	93	93	-	233	233
Deferred IPO bonus expense	\$ 434	196	630	433	230	663	452	247	699
Adjusted EBITDA	<u>\$ 116,446</u>	<u>\$ (4,003)</u>	<u>\$ 112,443</u>	<u>\$ 105,069</u>	<u>\$ (1,701)</u>	<u>\$ 103,368</u>	<u>\$ 46,826</u>	<u>\$ (4,036)</u>	<u>\$ 42,790</u>

(\$ in thousands)	Twelve Months Ended					
	December 31, 2018			December 31, 2017		
	Pressure Pumping	All Other	Total	Pressure Pumping	All Other	Total
Net income (loss)	\$ 253,196	\$ (79,334)	\$ 173,862	\$ 50,417	\$ (37,804)	\$ 12,613
Depreciation and amortization	83,404	4,734	88,138	51,155	4,473	55,628
Interest expense	-	6,889	6,889	-	7,347	7,347
Income tax expense	-	51,255	51,255	-	3,128	3,128
Loss on disposal of assets	59,962	(742)	59,220	38,059	1,027	39,086
Stock-based compensation	-	5,482	5,482	-	9,489	9,489
Other expense and legal settlement	2	866	868	-	1,747	1,747
Deferred IPO bonus expense	1,832	977	2,809	5,491	2,914	8,405
Adjusted EBITDA	<u>\$ 398,396</u>	<u>\$ (9,873)</u>	<u>\$ 388,523</u>	<u>\$ 145,122</u>	<u>\$ (7,679)</u>	<u>\$ 137,443</u>

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