May 7, 2019

ProPetro Reports Results for the First Quarter 2019

MIDLAND, Texas--(BUSINESS WIRE)-- ProPetro Holding Corp. (“ProPetro” or “the Company”) (NYSE: PUMP) today announced financial and operational results for the first quarter of 2019.

First Quarter 2019 Highlights

- Total revenue for the quarter was $546.2 million, as compared to $425.4 million for the fourth quarter of 2018.
- Net income was $69.8 million, or $0.67 per diluted share, an increase of 35% from $51.8 million, or $0.59 per diluted share, for the fourth quarter of 2018.
- Adjusted EBITDA(1) for the quarter was $150.3 million, an increase of 34% from $112.4 million for the fourth quarter of 2018.
- Effective utilization for the first quarter was 27.0 fleets.
- Plans to deploy two new-build electrically powered *DuraStim*® fleets(2) in late 2019.

(1) Adjusted EBITDA is a Non-GAAP financial measure and is described and reconciled to net income (loss) in the table under “Non-GAAP Financial Measures.”

(2) DuraStim® is a registered trademark of AFGlobal Corporation (“AFGlobal”)

Dale Redman, Chief Executive Officer, commented, “ProPetro’s success in the first quarter is yet another example of our differentiated, customer-centric and performance driven business model. We remain extremely proud of our best-in-class team and the consistent results they produce. I’m also proud to report that we’ve integrated approximately 500 employees from our Pioneer transaction and that they are already adding significant value as members of the ProPetro team. Our team continues to support some of the most effective and efficient operators in the upstream space, and we will remain closely focused on their needs as we execute plans for an exciting 2019.”

First Quarter 2019 Financial Summary

Revenue for the first quarter of 2019 was $546.2 million, an increase of 28% as compared to revenue of $425.4 million for the fourth quarter of 2018. The increase was primarily attributable to the acquisition of 510,000 Hydraulic Horsepower (“HHP”) on December 31, 2018. During the first quarter of 2019, 97.4% of total revenue was associated with pressure pumping services, compared to 97.8% in the fourth quarter.

Costs of services excluding depreciation and amortization for the first quarter of 2019 increased to $381.5 million from $300.4 million during the fourth quarter of 2018 primarily due to increased active fleet size and activity levels. As a percentage of pressure pumping

segment revenues, pressure pumping costs of services decreased to 69.7% from 70.3% in the fourth quarter of 2018.

General and administrative expense was $18.5 million as compared to $15.0 million in the fourth quarter of 2018. The increase was primarily attributable to overhead in connection with the added capacity from our transaction with Pioneer Natural Resources (“Pioneer”). General and administrative expense, exclusive of stock-based compensation, deferred IPO bonus and retention expense, was $14.4 million, or 2.6% of revenue, for the first quarter of 2019.

Net income for the first quarter of 2019 totaled $69.8 million, or $0.67 per diluted share, versus $51.8 million, or $0.59 per diluted share, for the fourth quarter of 2018.

Adjusted EBITDA increased approximately 34% to $150.3 million for the first quarter of 2019 from $112.4 million in the previous quarter. Adjusted EBITDA margin for the first quarter of 2019 was 27.5%, as compared to 26.4% for the fourth quarter of 2018.

Operational Highlights and Fleet Expansion

As previously announced, ProPetro expanded its fracturing capacity by 510,000 HHP, representing 8 fleets and related pump down equipment, through its transaction with Pioneer. This transaction increased the Company’s total capacity to 1,415,000 HHP. Effective utilization of the Company’s fracturing assets during the first quarter of 2019 was 27.0 fleets. ProPetro expects effective utilization in the second quarter of 2019 to be approximately 26.0 fleets.

The Company also plans to build and deploy two electrically powered *DuraStim* (for further information, see “The *DuraStim* Difference” section later in this release) fleets by the end of 2019. Each of these fleets consists of 36,000 HHP and related power equipment. Both of these fleets will be deployed to existing customers under dedicated agreements.

During the quarter the Company also expanded its cementing operation by deploying one additional unit, bringing total current cementing capacity to 21 units. Also, as previously announced, ProPetro plans to organically expand its cementing operation by 3 additional units this year as well as organically expand its coil tubing capacity by 1 additional unit.

Liquidity and Capital Spending

As of March 31, 2019, total cash was $79.5 million and total debt was $160.0 million. Total liquidity at the end of the first quarter of 2019 was $156.1 million, including cash and $76.6 million of available capacity under the Company’s $300 million revolving credit facility.

Capital expenditures incurred during the first quarter of 2019 were $86.1 million. This reflects spending on ProPetro’s growth initiatives as well as maintenance capital.

Outlook

Mr. Redman concluded, “We remain confident in our ability to produce consistent results driven by our high performing workforce and close partnerships with a blue-chip customer base. The Permian Basin is the premier resource play in North America, and we expect it will remain so for decades to come. We believe we are uniquely positioned for

outperformance through 2019 and beyond."

The *DuraStim* Difference

Designed by AFGlobal Corporation's ("AFGlobal") Pressure Pumping Technologies group, the *DuraStim* frac pump, at 6,000 HHP, offers the equivalent of three times the effective horsepower of a conventional frac unit, while operating at approximately 10% of the cyclic rate. Upon deployment, we expect the *DuraStim* pump will offer many advantages, including a substantial reduction in fleet footprint and manpower, while dramatically extending equipment life and reducing maintenance costs. This novel system, when coupled with an electric drive, is also expected to deliver a significant reduction in fuel consumption and emissions.

Curtis Samford, AFGlobal CEO, commented, "The AFGlobal team is excited to take the next step in the commercialization of our *DuraStim* pump with ProPetro. ProPetro and AFGlobal have a long history of collaboration that will prove to be very helpful as we deploy the first full *DuraStim* fleets."

Dale Redman commented, "Due to the success of *DuraStim's* initial field trial alongside one of our conventional fleets in late 2018, we are proud to continue our strong relationship with AFGlobal by assisting them in the commercialization of the first 2 full fleets of *DuraStim* pumps."

Conference Call Information

The Company will host a conference call at 8:00 AM Central Time on Wednesday, May 8, 2019 to discuss financial and operating results for the first quarter of 2019 and recent developments. This call will also be webcast, along with a presentation slide deck on ProPetro's website at www.propetroservices.com. The slide deck will be published on the website the morning of the call. To access the conference call, U.S. callers may dial toll free 1-844-340-9046 and international callers may dial 1-412-858-5205. Please call ten minutes ahead of the scheduled start time to ensure a proper connection. A replay of the conference call will be available for one week following the call and can be accessed toll free by dialing 1-877-344-7529 for U.S. callers, 1-855-669-9658 for Canadian callers, as well as 1-412-317-0088 for international callers. The access code for the replay is 1012994.

About ProPetro

ProPetro Holding Corp. is a Midland, Texas-based oilfield services company providing pressure pumping and other complementary services to leading upstream oil and gas companies engaged in the exploration and production of North American unconventional oil and natural gas resources. For more information, visit www.propetroservices.com.

About AFGlobal

AFGlobal is an oil and gas OEM specializing in technology, products, and services. Our fully-integrated manufacturing capabilities serve clients around the world. We align well-established precision engineering with industry-leading innovation. AFGlobal provides strategic technologies to the upstream market for onshore, offshore and connectors and precision manufacturing requirements. For more information visit www.afglobalcorp.com.

Forward-Looking Statements

The information above includes forward-looking statements within the meaning of the Securities Act of 1933 and the Securities Exchange Act of 1934. These forward-looking statements are subject to certain risks, uncertainties and assumptions identified above or as disclosed from time to time in the Company's filings with the Securities and Exchange Commission. As a result of these factors, actual results may differ materially from those indicated or implied by such forward-looking statements.

PROPETRO HOLDING CORP. AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)
(Unaudited)

	Three Months Ended		
	March 31 2019	**December 31 2018**	**March 31 2018**
REVENUE - Service revenue	$546,179	$ 425,414	$385,219
COSTS AND EXPENSES			
Cost of services (exclusive of depreciation and amortization)	381,523	300,421	298,122
General and administrative (inclusive of stock-based compensation)	18,524	15,015	11,944
Depreciation and amortization	33,117	24,710	18,936
Loss on disposal of assets	19,228	16,159	7,665
Total costs and expenses	452,392	356,305	336,667
OPERATING INCOME	93,787	69,109	48,552
OTHER EXPENSE:			
Interest expense	(1,903)	(1,916)	(1,261)
Other expense	(187)	(158)	(230)
Total other income (expense)	(2,090)	(2,074)	(1,491)
INCOME BEFORE INCOME TAXES	91,697	67,035	47,061
INCOME TAX EXPENSE	(21,892)	(15,257)	(10,353)
NET INCOME	$ 69,805	$ 51,778	$ 36,708
NET INCOME PER COMMON SHARE:			
Basic	$ 0.70	$ 0.62	$ 0.44
Diluted	$ 0.67	$ 0.59	$ 0.42
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:			
Basic	100,232	83,758	83,081
Diluted	104,123	87,218	86,848

PROPETRO HOLDING CORP. AND SUBSIDIARY
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except share data)
(Unaudited)

	March 31, 2019	**December 31, 2018**
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 79,518	$ 132,700
Accounts receivable - net of allowance for doubtful accounts of $199 and $100, respectively	357,472	202,956
Inventories	5,870	6,353
Prepaid expenses	5,597	6,610
Other current assets	1,198	638
Total current assets	449,655	349,257

PROPERTY AND EQUIPMENT - Net of accumulated depreciation	945,089	912,846
OPERATING LEASE RIGHT-OF-USE ASSETS	1,734	-
OTHER NONCURRENT ASSETS:		
Goodwill	9,425	9,425
Intangible assets - net of amortization	-	13
Other noncurrent assets	3,102	2,981
Total other noncurrent assets	12,527	12,419
TOTAL ASSETS	$ 1,409,005	$ 1,274,522
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 274,016	$ 214,460
Operating lease liabilities	416	-
Finance lease liabilities	3,042	-
Accrued and other current liabilities	24,492	138,089
Accrued interest payable	691	211
Total current liabilities	302,657	352,760
DEFERRED INCOME TAXES	75,366	54,283
LONG-TERM DEBT	160,000	70,000
NONCURRENT OPERATING LEASE LIABILITIES	1,441	-
OTHER LONG-TERM LIABILITIES	-	124
Total liabilities	539,464	477,167
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY:		
Common stock, $0.001 par value, 200,000,000 shares authorized, 100,294,098 and 100,190,126 shares issued, respectively	100	100
Additional paid-in capital	820,071	817,690
Accumulated surplus (deficit)	49,370	(20,435)
Total shareholders' equity	869,541	797,355
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 1,409,005	$ 1,274,522

PROPETRO HOLDING CORP. AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Three Months Ended March 31,	
	2019	**2018**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 69,805	$ 36,708
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	33,117	18,936
Deferred income tax expense	21,083	10,054
Amortization of deferred revenue rebate	-	462
Amortization of deferred debt issuance costs	134	89
Stock-based compensation	1,829	758
Loss on disposal of assets	19,228	7,529
Changes in operating assets and liabilities:		
Accounts receivable	(154,516)	(53,461)
Other current assets	(274)	(338)
Inventories	482	(1,327)
Prepaid expenses	759	(742)
Accounts payable	45,324	38,750
Accrued liabilities and other current liabilities	(1,366)	(3,252)
Accrued interest	480	468
Net cash provided by operating activities	36,085	54,634
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(178,912)	(75,148)
Proceeds from sale of assets	1,027	317

Net cash used in investing activities	(177,885)	(74,831)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from borrowings	90,000	46,735
Repayments of borrowings	-	(2,343)
Repayments of insurance financing	(1,934)	(1,371)
Payment of debt issuance costs	-	(360)
Proceeds from exercise of equity awards	552	-
Net cash provided by financing activities	88,618	42,661
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(53,182)	22,464
CASH AND CASH EQUIVALENTS — Beginning of period	132,700	23,949
CASH AND CASH EQUIVALENTS — End of period	$ 79,518	$ 46,413

Non-GAAP Financial Measures

Reportable Segment Information

	Three Months Ended					
	March 31, 2019			December 31, 2018		
($ in thousands)	Pressure Pumping	All Other	Total	Pressure Pumping	All Other	Total
Service revenue	$ 532,064	$14,115	$546,179	$ 416,117	$ 9,297	$425,414
Adjusted EBITDA	$ 151,040	$ (765)	$150,275	$ 116,446	$ (4,003)	$112,443
Depreciation and amortization	$ 31,783	$ 1,334	$ 33,117	$ 23,573	$ 1,136	$ 24,709
Capital expenditures	$ 82,035	$ 4,112	$ 86,147	$ 359,059	$ 8,845	$367,904

Adjusted EBITDA is not a financial measure presented in accordance with GAAP. We believe that the presentation of this non-GAAP financial measure 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 should not be considered as alternatives to the most directly comparable GAAP financial measure. 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. Because Adjusted EBITDA may be defined differently by other companies in our industry, our definitions of this non-GAAP financial measure may not be comparable to similarly titled measures of other companies, thereby diminishing their utility.

Reconciliation of Net Income (loss) to Adjusted EBITDA

	Three Months Ended					
	March 31, 2019			December 31, 2018		
($ in thousands)	Pressure Pumping	All Other	Total	Pressure Pumping	All Other	Total
Net income (loss)	$ 98,094	$(28,289)	$ 69,805	$ 76,244	$(24,466)	$ 51,778
Depreciation and amortization	31,783	1,334	33,117	23,574	1,136	24,710
Interest expense	-	1,903	1,903	-	1,916	1,916
Income tax expense	-	21,892	21,892	-	15,257	15,257
Loss on disposal of assets	19,006	222	19,228	16,194	(35)	16,159
Stock-based compensation	-	1,829	1,829	-	1,650	1,650
Other expense and legal settlement	-	187	187	-	343	343

Deferred IPO bonus and retention expense	2,157	157	2,314	434	196	630
Adjusted EBITDA	$ 151,040	$ (765)	$150,275	$ 116,446	$ (4,003)	$112,443

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