

# PROPETRO<sup>®</sup>

**2018 3Q Earnings Presentation**

**November 7, 2018**

NYSE: **PUMP**

[www.propetroservices.com](http://www.propetroservices.com)

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 Q3 Highlights**
- **2018 Q3 Financial Review**
- **Unique Positioning**

- **100% Frac Operations Permian Concentrated**
  - 905,000 HHP Spread over 20 Crews
- **Over 8x Organic HHP Growth Since 2013<sup>(1)</sup>**
- **Customer and Employee Focused Business Model**

20 Hydraulic Fracturing Units

20 Cementing Units<sup>(2)</sup>

3 Coiled Tubing Units

Flowback Operations

- **Permian Focused Customers**



(1) Growth calculated using YE 2012 to estimated YE 2018  
(2) Estimate as of YE 2018

■ **Healthy Demand for Efficient Frac Services**

- Driven by E&P Acquisitions, Attractive Economics, and Completion Intensity

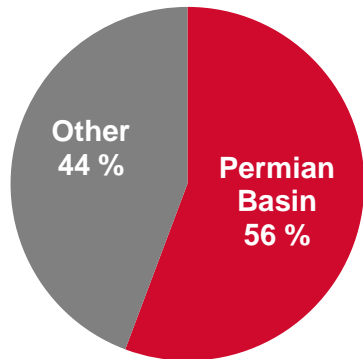
■ **Strong Pricing for Services**

- Driven by Rig Activity and Short Supply of Quality HHP

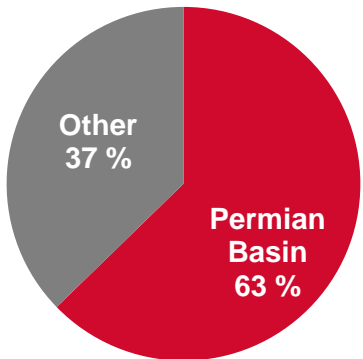
■ **Mature and Evolving Infrastructure**

- Driven by Historical Activity Levels and New Regional Sand Mines

**Total U.S. Onshore  
Oil Directed Rig Count: 874<sup>(1)</sup>**

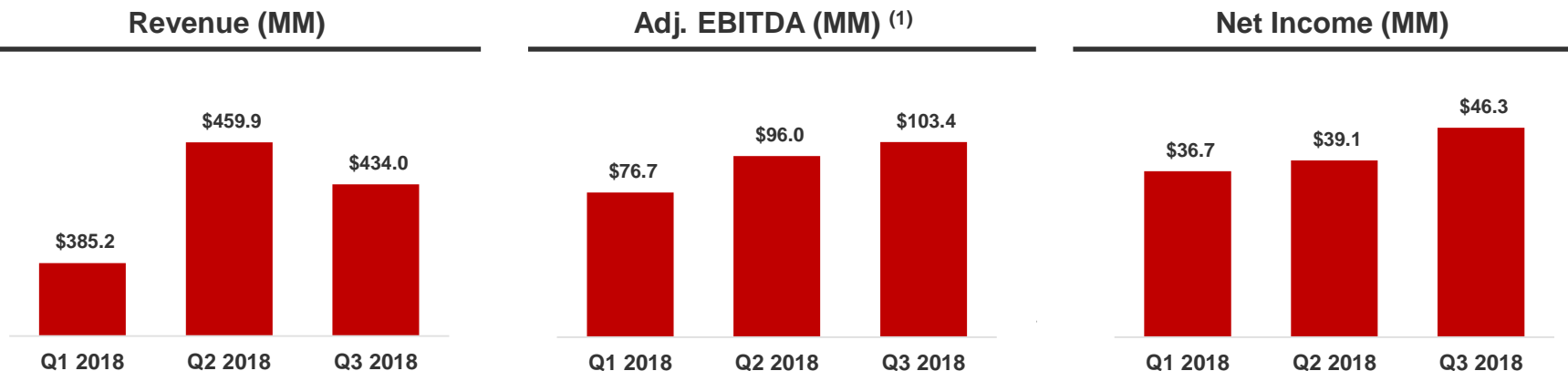


**Total U.S. Onshore Oil Rigs Added  
Since Trough (May 2016): 558<sup>(1)</sup>**



*(1) Baker Hughes Rig Data, [November 2, 2018]*

## ■ Significant financial improvement in 2018



## ■ Industry-leading utilization

- Exited Q3 with 19 deployed fleets

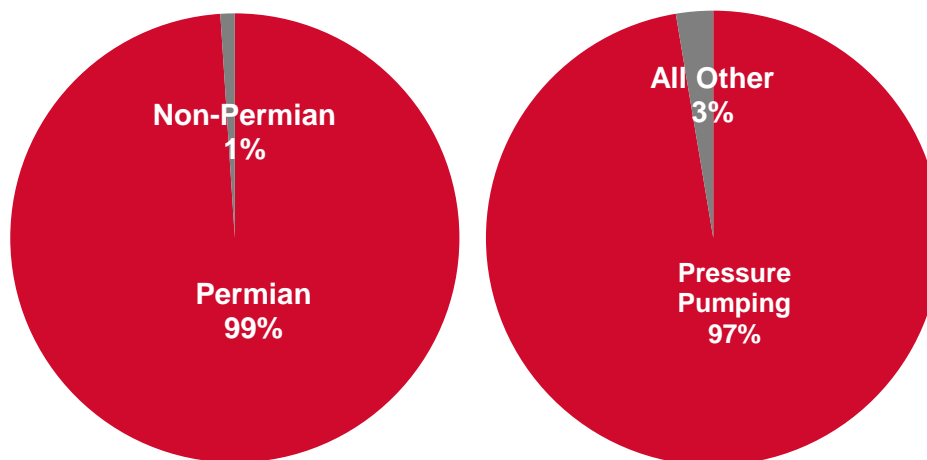
## ■ Fleet deployment on schedule

- Deployed one new-build frac fleet in Q4
- Deployed one new-build cementing unit in Q3
- Plans to deploy one additional new-build cementing unit in Q4

*(1) For a reconciliation to net income (loss), please see Appendix*

- **Revenue:** \$434.0 MM
- **Adjusted EBITDA:** \$103.4 MM
- **Diluted Earnings Per Share (EPS):** \$0.53
- **Conservative Leverage Profile<sup>(1)</sup>**
  - **Cash:** \$78.2 MM
  - **Total Debt:** \$89.1 MM
  - **Total Liquidity:** \$198.2 MM <sup>(2)</sup>

## 2018 Q3 Revenue Mix



(1) As of September 30, 2018

(2) Including partially drawn revolving credit facility with capacity of \$200 MM

- **Modern Homogeneous Fleet**
  - 89% of current fleet built by single manufacturer since 2013
- **Fully Maintained Through the Downturn**
- **No Speculative New-Builds**
- **Industry Leading Utilization**

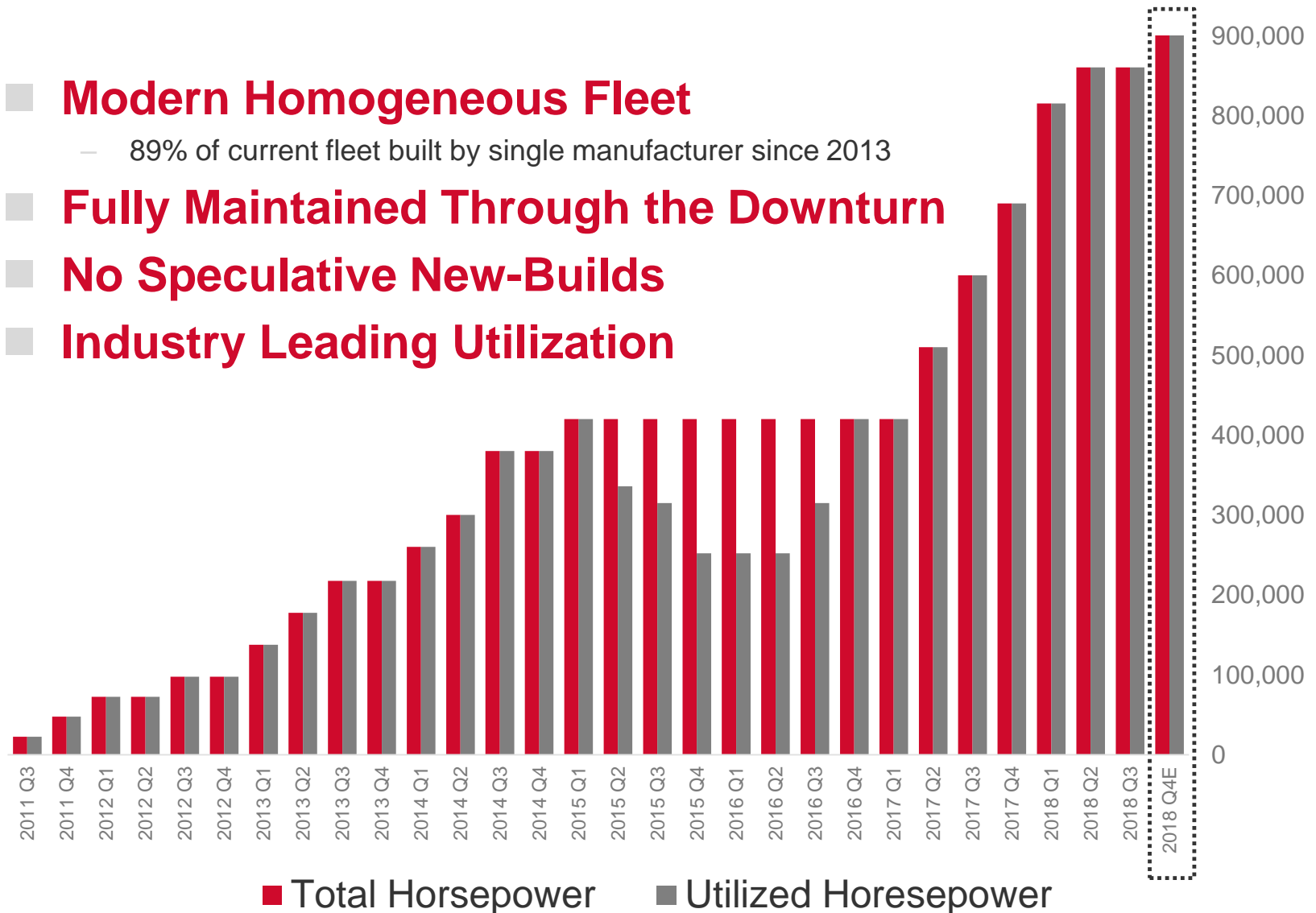
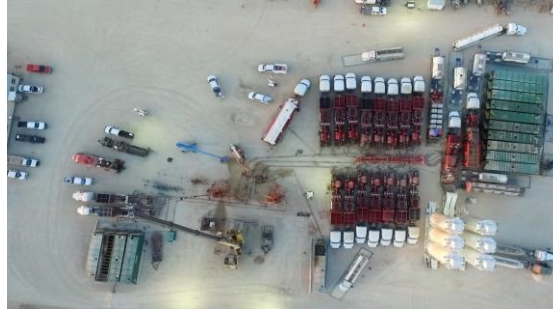


Chart based on end of period HHP counts



- **Permian Focus**
  - Positioned in the low cost basin
- **Blue Chip Customers**
  - Large drilling inventories and sizeable rig programs
- **Superior Performance**
  - Consistently outperforming the competition on location
- **Full Calendar**
  - Fully booked calendar through the end of 2018 and beyond
- **Strong Balance Sheet**
  - Minimal debt with disciplined capital allocation
- **No Speculative New-Builds**
  - Strong customer commitments
- **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					
	September 30, 2018			June 30, 2018		
	Pressure Pumping	All Other	Total	Pressure Pumping	All Other	Total
Net income (loss)	\$ 66,493	\$ (20,208)	\$ 46,285	\$ 57,524	\$ (18,433)	\$ 39,091
Depreciation and amortization	22,026	1,191	23,217	20,042	1,234	21,276
Interest expense	-	1,480	1,480	-	2,231	2,231
Income tax expense	-	13,592	13,592	-	12,052	12,052
Loss on disposal of assets	16,117	290	16,407	19,823	(833)	18,990
Stock-based compensation	-	1,631	1,631	-	1,443	1,443
Other expense and legal settlement	-	93	93	2	198	200
Deferred IPO bonus expense	433	230	663	427	258	685
Adjusted EBITDA	<u>\$ 105,069</u>	<u>\$ (1,701)</u>	<u>\$ 103,368</u>	<u>\$ 97,818</u>	<u>\$ (1,850)</u>	<u>\$ 95,968</u>

**Corporate Headquarters:**

1706 S. Midkiff, Bldg. B  
Midland, TX 79701  
432.688.0012

**[www.propetrosecurities.com](http://www.propetrosecurities.com)**

**Investor Relations:**

Sam Sledge  
[sam.sledge@propetrosecurities.com](mailto:sam.sledge@propetrosecurities.com)  
Office Direct 432.253.5111