UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2018

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from __________ to __________

Commission File Number: 001-38035

ProPetro Holding Corp.

(Exact name of registrant as specified in its charter)

Delaware	**26-3685382**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

1706 South Midkiff, Bldg. B
Midland, Texas 79701
(Address of principal executive offices)

(432) 688-0012
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒ (Do not check if a smaller reporting company)	Smaller reporting company	☐
		Emerging growth company	☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The number of the registrant's common shares, par value $0.001 per share, outstanding at May 1, 2018, was 83,412,189

PROPETRO HOLDING CORP. AND SUBSIDIARY

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

PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

	March 31, 2018	December 31, 2017
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 46,413	$ 23,949
Accounts receivable - net of allowance for doubtful accounts of $457 and $443, respectively	253,117	199,656
Inventories	7,512	6,184
Prepaid expenses	5,707	5,123
Other current assets	1,086	748
Total current assets	313,835	235,660
PROPERTY AND EQUIPMENT - Net of accumulated depreciation	524,154	470,910
OTHER NONCURRENT ASSETS:		
Goodwill	9,425	9,425
Intangible assets - net of amortization	229	301
Deferred revenue rebate - net of amortization	154	615
Other noncurrent assets	2,550	2,121
Total other noncurrent assets	12,358	12,462
TOTAL ASSETS	$ 850,347	$ 719,032
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 254,707	$ 211,149
Accrued liabilities	11,983	16,607
Current portion of long-term debt	15,032	15,764
Accrued interest payable	544	76
Total current liabilities	282,266	243,596
DEFERRED INCOME TAXES	14,935	4,881
LONG-TERM DEBT	102,301	57,178
OTHER LONG-TERM LIABILITIES	127	125
Total liabilities	399,629	305,780
COMMITMENTS AND CONTINGENCIES (Note 9)		
SHAREHOLDERS' EQUITY:		
Common stock, $0.001 par value, 200,000,000 shares authorized, 83,412,189 and 83,039,854 shares issued, respectively	83	83
Additional paid-in capital	608,224	607,466
Accumulated deficit	(157,589)	(194,297)
Total shareholders' equity	450,718	413,252
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 850,347	$ 719,032

See accompanying notes to condensed consolidated financial statements

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

	Three Months Ended March 31,	
	2018	**2017**
REVENUE - Service revenue	$ 385,219	$ 171,931
COSTS AND EXPENSES		
Cost of services (exclusive of depreciation and amortization)	298,122	149,565
General and administrative (inclusive of stock-based compensation)	11,944	19,859
Depreciation and amortization	18,936	11,151
Loss on disposal of assets	7,665	10,442
Total costs and expenses	336,667	191,017
OPERATING INCOME (LOSS)	48,552	(19,086)
OTHER INCOME (EXPENSE):		
Interest expense	(1,261)	(5,175)
Other income (expense)	(230)	26
Total other income (expense)	(1,491)	(5,149)
INCOME (LOSS) BEFORE INCOME TAXES	47,061	(24,235)
INCOME TAX EXPENSE	(10,353)	(116)
NET INCOME (LOSS)	$ 36,708	$ (24,351)
NET INCOME (LOSS) PER COMMON SHARE:		
Basic	$ 0.44	$ (0.43)
Diluted	$ 0.42	$ (0.43)
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:		
Basic	83,081	55,996
Diluted	86,848	55,996

See accompanying notes to condensed consolidated financial statements

PROPETRO HOLDING CORP. AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
(In thousands)
(Unaudited)

	Common Stock				
	Shares	Amount	Additional Paid-In Capital	Accumulated Deficit	Total
BALANCE - January 1, 2018	83,040	$ 83	$ 607,466	$ (194,297)	$ 413,252
Stock-based compensation cost	—	—	758	—	758
Issuance of common stock for vested RSUs	372	—	—	—	—
Net income	—	—	—	36,708	36,708
BALANCE - March 31, 2018	83,412	$ 83	$ 608,224	$ (157,589)	$ 450,718

See accompanying notes to condensed consolidated financial statements

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

	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ 36,708	$ (24,351)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	18,936	11,151
Deferred income tax expense	10,054	55
Amortization of deferred revenue rebate	462	462
Amortization of deferred debt issuance costs	89	3,158
Stock-based compensation	758	7,369
Loss on disposal of fixed assets	7,529	10,442
Gain on interest rate swap	—	(138)
Changes in operating assets and liabilities:		
Accounts receivable	(53,461)	5,313
Other current assets	(338)	468
Inventories	(1,327)	(441)
Prepaid expenses	(742)	670
Accounts payable	38,750	(14,884)
Accrued liabilities	(3,252)	(2,560)
Accrued interest	468	(108)
Net cash provided by (used in) operating activities	54,634	(3,394)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(75,148)	(50,910)
Proceeds from sale of assets	317	452
Net cash used in investing activities	(74,831)	(50,458)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from borrowings	46,735	—
Repayments of borrowings	(2,343)	(161,669)
Repayments of insurance financing	(1,371)	(1,236)
Payment of debt issuance costs	(360)	(1,615)
Proceeds from IPO	—	185,500
Payment of IPO costs	—	(15,099)
Net cash provided by financing activities	42,661	5,881
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	22,464	(47,971)
CASH AND CASH EQUIVALENTS - Beginning of period	23,949	133,596
CASH AND CASH EQUIVALENTS - End of period	$ 46,413	$ 85,625

See accompanying notes to condensed consolidated financial statements

Note 1 - Basis of Presentation

The accompanying condensed consolidated financial statements of ProPetro Holding Corp. and its subsidiary (the "Company," "we," "us" or "our") have been prepared in accordance with the requirements of the U.S. Securities and Exchange Commission ("SEC") for interim financial information and do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America ("GAAP") for annual financial statements. Those adjustments (which consisted of normal recurring accruals) that are, in the opinion of management, necessary for a fair presentation of the results of the interim periods have been made. Results of operations for such interim periods are not necessarily indicative of the results of operations for a full year due to changes in market conditions and other factors. The condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended December 31, 2017 included in our Form 10-K filed with the SEC ("Form 10-K").

Revenue Recognition

The Company's services are sold based upon contracts with customers. The Company recognizes revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. The following is a description of the principal activities, separated by reportable segment and all other, from which the Company generates its revenue.

Pressure Pumping — Pressure pumping consists of downhole pumping services, which includes hydraulic fracturing (inclusive of acidizing services) and cementing.

> Hydraulic fracturing services is a well-stimulation technique intended to optimize hydrocarbon flow paths during the completion phase of shale wellbores. The process involves the injection of water, sand and chemicals under high pressure into shale formations. Hydraulic fracturing contracts with our customer have one performance obligation, which is the contracted total stages, satisfied over time. We recognize revenue over time using a progress output method, unit-of-work performed method, which is based on the agreed fixed transaction price and actual stages completed. We believe that recognizing revenue based on actual stages completed faithfully depicts how our hydraulic fracturing services are transferred to our customers over time.
>
> Acidizing, which is part of our hydraulic fracturing operating segment, involves a well-stimulation technique where acid is injected under pressure into formations to form or expand fissures. Acidizing provides downhole solutions, and contracts with customers have one performance obligation, which is satisfied at a point-in-time upon completion of the contracted service when control is transferred to the customer. Jobs for these services are typically short term in nature, with most jobs completed in less than a day. We recognize acidizing revenue at a point-in-time, upon completion of the performance obligation.
>
> Our cementing services use pressure pumping equipment to deliver a slurry of liquid cement that is pumped down a well between the casing and the borehole. Cementing involves well bonding solutions, and contracts with customers have one performance obligation, which is satisfied at a point-in-time upon completion of the contracted service when control is transferred to the customer. Jobs for these services are typically short term in nature, with most jobs completed in less than a day. We recognize cementing revenue at a point-in-time, upon completion of the performance obligation. The transaction price for each performance obligation for all our pressure pumping services are fixed per our contract with customer.

All Other— All other services consist of our surface air drilling, drilling, coil tubing and flowback, which are all downhole well simulation and completion/remedial services. The performance obligation for each of the services has a fixed transaction price which is satisfied at a point-in-time upon completion of the service when control is transferred to the customer. Accordingly, we recognize revenue at a point-in-time, upon completion of the service and transfer of control to the customer.

Accounts Receivable

Accounts receivables are stated at the amount billed and billable to customers. At March 31, 2018 and December 31, 2017, accrued revenue (unbilled receivable) included as part of our accounts receivable was $31.8 million and $24.8 million, respectively. At March 31, 2018, the transaction price allocated to the remaining performance obligation for our partially completed hydraulic fracturing operations was $24.5 million, which is expected to be recognized in two months after the current period balance sheet date, in our pressure pumping reportable segment.

Note 1 - Basis of Presentation (Continued)

Initial Public Offering

On March 22, 2017, we consummated our initial public offering ("IPO"), in which 25,000,000 shares of our common stock, par value $0.001 per share, were sold at a public offering price of $14.00 per share, with 13,250,000 shares issued and sold by the Company and 11,750,000 shares sold by selling stockholders. We received net proceeds of approximately $170.1 million after deducting $10.9 million of underwriting discounts and commissions, and $4.5 million of other offering expenses. At closing, we used the proceeds (i) to repay $71.8 million in outstanding borrowings under our term loan, (ii) $86.8 million to fund the purchase of additional hydraulic fracturing units and other equipment, and (iii) the remaining for general corporate purposes. In connection with the IPO, we executed a stock split, such that each holder of common stock of the Company received 1.45 shares of common stock for every one share of previous common stock, and all 16,999,990 shares of our previously outstanding Series A preferred stock converted to common stock on a 1:1 basis.

Note 2 - Recently Issued Accounting Standards

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. ASU No. 2014-09 requires entities to recognize revenue to depict transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU No. 2014-09 requires entities to disclose both qualitative and quantitative information that enables users of the consolidated financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers, including disclosure of significant judgments affecting the recognition of revenue. ASU No. 2014-09 was originally effective for annual periods beginning after December 15, 2016, using either the full retrospective or modified retrospective method. On August 12, 2015, the FASB issued ASU No. 2015-14, which defers the effective date of the revenue standard, ASU No. 2014-09, by one year for all entities and permits early adoption on a limited basis. We adopted ASU No. 2014-09 effective January 1, 2018, using the modified retrospective method. The adoption of this guidance had a nil impact on our prior period consolidated financial statements. This is because prior to the effective date of the new revenue guidance, substantially all of our performance obligations per our contracts with customers, except for hydraulic fracturing, were completed at a point-in-time and revenue recognized when control was transferred to the customers, which is consistent with ASU No. 2014-09. Our hydraulic fracturing segment performance obligation is satisfied over time. Prior to the effective date of the new revenue standards, our hydraulic fracturing segment revenue was recognized based on actual stages completed, i.e. using the output method, which faithfully depicts how our services are transferred over time to our customers, and is consistent with the requirements of the ASU No. 2014-09. Accordingly, no adjustments to our consolidated financial statements were required, other than the additional disclosures included as part of Note 1 in these condensed consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases*, a new standard on accounting for leases. The ASU introduces a lessee model that brings most leases on the balance sheet. The new standard also aligns many of the underlying principles of the new lessor model with those in the current accounting guidance as well as the FASB's new revenue recognition standard. However, the ASU eliminates the use of bright-line tests in determining lease classification as required in the current guidance. The ASU also requires additional qualitative disclosures along with specific quantitative disclosures to better enable users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The new standard is effective for annual reporting periods beginning after December 15, 2018, including periods within that reporting period, using a modified retrospective approach. Early adoption is permitted. We are currently evaluating the impact the pronouncement will have on our consolidated financial statements and related disclosures.

In January 2017, the FASB issued ASU No. 2017-04, *Simplifying the Test for Goodwill Impairment*, which removes the requirement to compare the implied fair value of goodwill with its carrying amount as part of step two of the goodwill impairment test. As a result, under this ASU, an entity would recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value; however, the loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. This pronouncement is effective for impairment tests in fiscal years beginning after December 15, 2019, on a prospective basis. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. We believe that the adoption of this guidance will not materially affect our consolidated financial statements.

Note 3 - Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date.

In determining fair value, the Company uses various valuation approaches and establishes a hierarchy for inputs used in measuring fair value that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used, when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company's assumptions about the assumptions other market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the observability of inputs as follows:

Level 1 — Valuations based on quoted prices in active markets for identical assets or liabilities that the Company has the ability to access. Valuation adjustments and block discounts are not applied to Level 1 instruments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these instruments does not entail a significant degree of judgment.

Level 2 — Valuations based on one or more quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 — Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

Our financial instruments include cash and cash equivalents, accounts receivable and accounts payable. The estimated fair value of our financial instruments — cash and cash equivalents, accounts receivable and accounts payable at March 31, 2018 and December 31, 2017 approximates their carrying value as reflected in our condensed consolidated balance sheets due to their short-term nature.

Assets Measured at Fair Value on a Nonrecurring Basis

Assets measured at fair value on a nonrecurring basis at March 31, 2018 and December 31, 2017, respectively, are set forth below:

		Estimated fair value measurements			
	Balance	Quoted prices in active market (Level 1)	Significant other observable inputs (Level 2)	Significant other unobservable inputs (Level 3)	Total gains (losses)
($ in thousands)					
March 31, 2018:					
Property and equipment, net	$ —	$ —	$ —	$ —	$ —
Goodwill	$ —	$ —	$ —	$ —	$ —
December 31, 2017:					
Property and equipment, net	$ —	$ —	$ —	$ —	$ —
Goodwill	$ —	$ —	$ —	$ —	$ —

No impairment of property and equipment was recorded during the three months ended March 31, 2018 and 2017.

We generally apply fair value techniques to our reporting units on a nonrecurring basis associated with valuing potential impairment loss related to goodwill. Our estimate of the reporting unit fair value is based on a combination of income and market approaches, Level 1 and 3, respectively, in the fair value hierarchy. The income approach involves the use of a discounted cash flow method, with the cash flow projections discounted at an appropriate discount rate.

Note 3 - Fair Value Measurement (Continued)

The market approach involves the use of comparable public companies market multiples in estimating the fair value. Significant assumptions include projected revenue growth, capital expenditures, utilization, gross margins, discount rates, terminal growth rates, and weight allocation between income and market approaches. If the reporting unit's carrying amount exceeds its fair value, we consider goodwill impaired, and the impairment loss is calculated and recorded. There were no additions to, or disposal of, goodwill during the three months ended March 31, 2018 and 2017. At December 31, 2017, we determined our goodwill balance not to be impaired as per our annual impairment test.

Note 4 - Long-Term Debt

2013 Term Loan and Revolving Credit Facility

On September 30, 2013, we entered into a term loan in the amount of $220 million ("Term Loan") with a $40 million revolving credit line ("Revolving Credit Facility"). Borrowings under the Term Loan and Revolving Credit Facility accrued interest at LIBOR plus 6.25%, subject to a 1% LIBOR floor, and were secured by a first priority lien and security interest in all assets of the Company. Proceeds from the Term Loan were used to pay off 100% of our debt outstanding, including accrued interest, at September 30, 2013, with excess proceeds from the Term Loan and the Revolving Credit Facility used to fund growth and working capital needs. The Term Loan and Revolving Credit Facility were scheduled to mature on September 30, 2019 and September 30, 2018, respectively, with quarterly and monthly payments of principal and interest, respectively.

Under the Term Loan and Revolving Credit Facility we were required to comply, subject to certain exceptions and materiality qualifiers, with certain customary affirmative and negative covenants, including, but not limited to, covenants pertaining to reporting, insurance, collateral maintenance, change of control, transactions with affiliates, distributions, and limitations on additional indebtedness. In addition, the Term Loan and Revolving Credit Facility included a maximum leverage ratio of 3.5x EBITDA (earnings before interest, taxes, depreciation, and amortization) to total debt, which became effective March 31, 2014.

In 2015, given the then near-term economic uncertainty and volatility of commodity prices, we determined that we were likely to be out of compliance with the leverage ratio covenant under the Term Loan and Revolving Credit Facility at the March 31, 2016 test date. Accordingly, the Company and its equity sponsor, Energy Capital Partners ("ECP"), commenced negotiations with the lenders to amend the covenants and leverage ratio in the Term Loan and Revolving Credit Facility. The resulting amendment and waiver agreement was executed on June 8, 2016. Under the terms of the amendment, ECP infused $40 million of additional equity into the Company, $10 million of which was reserved for working capital, with up to $30 million available to repurchase debt. A minority shareholder also infused $0.425 million alongside ECP to prevent dilution. The amendment and waiver also suspended the leverage ratio test until June 30, 2017, and provided us with 30 days to deliver any past-due financial statements.

Gain on Extinguishment of Debt — in connection with the amendment to the Term Loan and Revolving Credit Facility, we initiated an auction process with the lenders to repurchase a portion of debt for a price of 80 cents, a 20% discount to par value. The auction settled on June 16, 2016 as the Company repurchased a total amount of $37.5 million of debt for $30 million plus $0.5 million in debt extinguishment auction costs, leading to a gain on extinguishment of debt of $7.0 million.

On January 13, 2017, we repaid $75.0 million of the outstanding balance under the Term Loan and repaid the remaining balance of $13.5 million under the Revolving Credit Facility using a portion of the proceeds from a private placement offering. On March 22, 2017, we retired the $71.8 million remaining balance of the Term Loan, along with accrued interest, using a portion of the proceeds from our IPO. Each of the Term Loan and Revolving Credit Facility were terminated in accordance with their terms upon the repayment of outstanding borrowings.

Equipment and Manufacturing Notes

On November 24, 2015, we entered into a 36-month financing arrangement for three hydraulic fracturing fleets in the amount of $25 million, and a portion of the proceeds were used to pay off the previous manufacturer notes, with the remainder being used for additional liquidity.

On June 30, 2017, we entered into a financing arrangement for the purchase of light vehicles. As of March 31, 2018, we purchased certain light vehicles under this financing arrangement, and the outstanding balance was $5.6 million.

Note 4 - Long-Term Debt (Continued)

ABL Credit Facility

On March 22, 2017, we entered into a new revolving credit facility with a $150 million borrowing capacity ("ABL Credit Facility"). Borrowings under the ABL Credit Facility accrue interest based on a three-tier pricing grid tied to availability, and we may elect for loans to be based on either LIBOR or base rate, plus the applicable margin, which ranges from 1.75% to 2.25% for LIBOR loans and 0.75% to 1.25% for base rate loans, with no LIBOR floor. Borrowings under the ABL Credit Facility are secured by a first priority lien and security interest in substantially all assets of the Company. The ABL Credit Facility has a tenor of 5 years and a borrowing base of 85% of eligible accounts receivable less customary reserves. Under this facility we are required to comply, subject to certain exceptions and materiality qualifiers, with certain customary affirmative and negative covenants, including, but not limited to, covenants pertaining to our ability to incur liens, indebtedness, changes in the nature of our business, mergers and other fundamental changes, disposal of assets, investments and restricted payments, amendments to our organizational documents or accounting policies, prepayments of certain debt, dividends, transactions with affiliates, and certain other activities. In addition, the ABL Credit Facility includes a Springing Fixed Charge Coverage Ratio of 1.0x when excess availability is less than the greater of (i) 10% of the lesser of the facility size and the Borrowing Base and (ii) $12 million. The ABL has a commitment fee of 0.375%, which reduces to 0.25% if utilization is greater than 50% of the borrowing base.

On February 22, 2018, we entered into an amendment with our lenders to increase the capacity of the ABL Credit Facility. The amendment increased total capacity under the facility from $150 million to $200 million.

Total debt consisted of the following at March 31, 2018 and December 31, 2017, respectively:

($ in thousands)	**2018**		**2017**	
ABL Credit Facility	$	100,000	$	55,000
Equipment financing		17,333		17,942
Total debt		117,333		72,942
Less deferred loan costs, net of amortization		—		—
Subtotal		117,333		72,942
Less current portion of long-term debt		15,032		15,764
Total long-term debt, net of deferred loan costs	$	102,301	$	57,178

The loan origination costs relating to the ABL Credit Facility are classified as an asset in the balance sheet.

Annual Maturities — Scheduled remaining annual maturities of total debt are as follows at March 31, 2018:

($ in thousands)		
2018	$	14,195
2019		2,995
2020		143
2021		—
2022 and thereafter		100,000
Total	$	117,333

Note 5 - Reportable Segment Information

The Company has six operating segments for which discreet financial information is readily available: hydraulic fracturing (inclusive of acidizing), cementing, coil tubing, flowback, surface drilling, and drilling. These segments represent how the Chief Operating Decision Maker (CODM) evaluates performance and allocates resources. During the fourth quarter of 2017, our acidizing operation was consolidated into our hydraulic fracturing operating segment, and we no longer maintain discreet financial information for acidizing, resulting in a reduction in the number of our operating segments from seven previously reported in 2017 to six operating segments. The change in the number of our operating segments did not impact our reportable segment information reported during the three months ended March 31, 2018 and 2017.

In accordance with Accounting Standards Codification (ASC) 280—*Segment Reporting*, the Company has one

Note 5- Reportable Segment Information (Continued)

reportable segment (pressure pumping) comprised of the hydraulic fracturing and cementing operating segments. All other operating segments and corporate administrative expenses are included in the ‘‘all other’’ category in the table below. Inter-segment revenues are not material and are not shown separately in the table below.

The Company manages and assesses the performance of the reportable segment by its adjusted EBITDA (earnings before other income (expense), interest, taxes, depreciation & amortization, stock-based compensation expense, impairment expense, (gain)/loss on disposal of assets and other unusual or nonrecurring expenses or income). A reconciliation from segment level financial information to the consolidated statement of operations is provided in the table below.

	Three months ended March 31, 2018		
($ in thousands)	**Pressure Pumping**	**All Other**	**Total**
Service revenue	$ 375,045	$ 10,174	$ 385,219
Adjusted EBITDA	$ 79,063	$ (2,319)	$ 76,744
Depreciation and amortization	$ 17,763	$ 1,173	$ 18,936
Goodwill	$ 9,425	$ —	$ 9,425
Capital expenditures	$ 77,435	$ 2,519	$ 79,954
Total assets	$ 815,783	$ 34,564	$ 850,347

	Three months ended March 31, 2017		
($ in thousands)	**Pressure Pumping**	**All Other**	**Total**
Service revenue	$ 163,840	$ 8,091	$ 171,931
Adjusted EBITDA	$ 16,919	$ (691)	$ 16,228
Depreciation and amortization	$ 9,995	$ 1,156	$ 11,151
Goodwill	$ 9,425	$ —	$ 9,425
Capital expenditures	$ 55,042	$ 1,419	$ 56,461
Total assets at December 31, 2017	$ 688,279	$ 30,753	$ 719,032

Note 5- Reportable Segment Information (Continued)

Reconciliation of net income (loss) to adjusted EBITDA:

	Three months ended March 31, 2018		
($ in thousands)	**Pressure Pumping**	**All Other**	**Total**
Net income (loss)	$ 52,934	$ (16,226)	$ 36,708
Depreciation and amortization	17,763	1,173	18,936
Interest expense	—	1,261	1,261
Income tax expense	—	10,353	10,353
Loss/(gain) on disposal of assets	7,828	(163)	7,665
Stock-based compensation	—	758	758
Other expense	—	230	230
Other general and administrative expense (1)	—	1	1
Deferred IPO bonus expense	538	294	832
Adjusted EBITDA	$ 79,063	$ (2,319)	$ 76,744

	Three months ended March 31, 2017		
($ in thousands)	**Pressure Pumping**	**All Other**	**Total**
Net loss	$ (7,918)	$ (16,433)	$ (24,351)
Depreciation and amortization	9,995	1,156	11,151
Interest expense	—	5,175	5,175
Income tax expense	—	116	116
Loss/(gain) on disposal of assets	10,709	(267)	10,442
Stock-based compensation	—	7,369	7,369
Other income	—	(26)	(26)
Deferred IPO bonus expense	4,133	2,219	6,352
Adjusted EBITDA	$ 16,919	$ (691)	$ 16,228

(1) Other general and administrative expense relates to legal settlement expense.

Note 6 - Net Income (Loss) Per Share

Basic net income (loss) per common share is computed by dividing the net income (loss) relevant to the common stockholders by the weighted-average number of shares outstanding during the period. Diluted net income (loss) per common share uses the same net income (loss) divided by the sum of the weighted-average number of shares of common stock outstanding during the period, plus dilutive effects of options, performance and restricted stocks units outstanding during the period calculated using the treasury method and the potential dilutive effects of preferred stocks (if any) calculated using the if-converted method. The table below shows the calculations for the three months ended March 31, 2018 and 2017.

	Three Months Ended March 31,	
(In thousands, except for per share data)	**2018**	**2017**
Numerator (both basic and diluted)		
Net income (loss) relevant to common stockholders	$ 36,708	$ (24,351)
Denominator		
Denominator for basic income (loss) per share	83,081	55,996
Dilutive effect of stock options	3,191	—
Dilutive effect of performance stock units	96	—
Dilutive effect of non-vested restricted stock	480	—
Denominator for diluted income (loss) per share	86,848	55,996
Basic income (loss) per common share	$ 0.44	$ (0.43)
Diluted income (loss) per common share	$ 0.42	$ (0.43)

As shown in the table below, the following non-vested restricted stock and stock options have not been included in the calculation of diluted income (loss) per share as they will be anti-dilutive to the calculation above.

(In thousands)	Three Months Ended March 31,	
	2018	**2017**
Stock options	—	4,642
Non-vested restricted stock	—	372
Total	—	5,014

Note 7 - Stock-Based Compensation

Stock Options

Effective March 4, 2013, we adopted the ProPetro Stock Option Plan pursuant to which our Board of Directors may grant stock options or other stock-based awards to key employees, consultants, and directors. The Plan, as amended, is authorized to grant up to 4,645,884 shares of common stock to be issued upon exercise of the options. The Company’s share price used to estimate the fair value of the option at the grant date was based on a combination of income and market approaches, which are highly complex and sensitive. The income approach involves the use of a discounted cash flow method, with cash flow projections discounted at an appropriate discount rate. The market approach involves the use of comparable public companies market multiples in estimating the fair value of the Company’s stock. The expected term used to calculate the fair value of all options considers the vesting date and the grant’s expiration date. The expected volatility was estimated by considering comparable public companies, and the risk free rate is based on the U.S treasury yield curve as of the grant date. The dividend assumption is based on historical experience. After becoming a public company, the market price was used to determine the market value of our common stock. Prior to 2015, we had granted a total of 3,499,228 options with an exercise price of $3.96 per option, and all options expire 10 years from the date of grant.

Note 7 - Stock-Based Compensation (Continued)

On June 14, 2013, we granted 2,799,408 stock option awards to certain key employees and directors that shall vest and become exercisable based upon the achievement of a service requirement. The options vest in 25% increments for each year of continuous service and an option becomes fully vested upon the optionee's completion of the fourth year of service. The contractual term for the options awarded is 10 years. For the three months ended March 31, 2018 and 2017, we recognized $0 and $0.3 million, respectively, in compensation expense related to these stock options. The fair value of each option award granted is estimated on the date of grant using the Black-Scholes option-pricing model. The fair value of the options was estimated at the date of grant using the following assumptions:

Expected volatility		45 %
Expected dividends	$	—
Expected term (in years)		6.25
Risk free rate		1.35 %

On December 1, 2013, we granted 699,820 stock option awards to certain key employees which were scheduled to vest in four substantially equal annual installments, subject to service and performance requirements and acceleration upon a change in control. No compensation expense was recorded for these awards because the performance requirements were not met. Effective March 16, 2017, we terminated the options in connection with the IPO and approved a cash bonus totaling $5.1 million to the holders of the options.

The contractual term for the options awarded is 10 years. The fair value of each option award granted is estimated on the date of grant using the Black-Scholes option-pricing model. The fair value of the options was estimated at the date of grant using the following assumptions:

Expected volatility		45 %
Expected dividends	$	—
Expected term (in years)		6.25
Risk free rate		1.83 %

On July 19, 2016, we granted 1,274,549 stock option awards to certain key employees and directors which are scheduled to vest in five substantially equal semi-annual installments commencing in December 2016, subject to a continuing services requirement. The contractual term for the options awarded is 10 years. For the three months ended March 31, 2018, we recognized $0 in stock compensation expense related to these stock options, and for the three months ended March 31, 2017, we recognized $1.8 million in stock compensation expense related to these stock options as we fully accelerated vesting of the options in connection with the IPO.

The fair value of each option award granted is estimated on the date of grant using the Black- Scholes option-pricing model. The fair value of the options was estimated at the date of grant using the following assumptions:

Expected volatility		55 %
Expected dividends	$	—
Expected term (in years)		5.8
Risk free rate		1.22 %

In March 2017, our shareholders approved the ProPetro 2017 Incentive Award Plan ("IAP") pursuant to which our Board of Directors may grant stock options, restricted stock units ("RSUs"), performance stock units ("PSUs"), or other stock-based awards to key employees, consultants, directors and employees. The IAP authorizes up to 5,800,000 shares of common stock to be issued under awards granted pursuant to the plan. On March 16, 2017, we granted 793,738 stock option awards to certain key employees and directors pursuant to the IAP which are scheduled to vest in four substantially equal annual installments, subject to a continuing service requirement. The contractual term for the options awarded is 10 years. For the three months ended March 31, 2018 and 2017, we recognized $0.2 million and $0.03 million, in stock compensation expense related to these stock option awards.

Note 7 - Stock-Based Compensation (Continued)

The fair value of each stock option award granted is estimated on the date of grant using the Black- Scholes option-pricing model. The fair value of the options was estimated at the date of grant using the following assumptions:

Expected volatility		18 %
Expected dividends	$	—
Expected term (in years)		6.25
Risk free rate		2.23 %

A summary of the stock option activity for the three months ended March 31, 2018 is presented below.

	Number of Shares	Weighted Average Exercise Price
Outstanding at January 1, 2018	4,636,353	$ 5.20
Granted	—	$ —
Exercised	—	$ —
Forfeited	—	$ —
Expired	—	$ —
Canceled	—	$ —
Outstanding at March 31, 2018	4,636,353	$ 5.20
Exercisable at March 31, 2018	4,044,911	$ 3.91

The weighted average grant-date fair value of stock options granted during the three months ended March 31, 2018 and 2017 was $0 and $3.35, respectively. As of March 31, 2018, the aggregate intrinsic value for our outstanding stock options was $49.6 million, and the aggregate intrinsic value for our exercisable stock options was $48.5 million. The aggregate intrinsic value for the exercised stock options during the three months ended March 31, 2018 was $0, since there was no exercise of stock options in the period. The remaining contractual term for the outstanding and exercisable stock options as of March 31, 2018, were 6.6 years and 6.3 years, respectively. Additionally, on March 28, 2017, one executive and one director net settled a total of 226,194 of their exercisable stock options and received 162,212 shares of common stock.

Restricted Stock Units (Non-Vested Stock) and Performance Stock Units

On September 30, 2013, our Board of Directors authorized and granted 372,335 restricted stock units (RSUs) to a key executive. Each RSU represents the right to receive one share of common stock of the Company at par value $0.001 per share. Under the terms of the award, the shares of common stock subject to the RSUs were to be paid to the grantee upon change in control, regardless of whether the grantee was affiliated with the Company on the settlement date. The fair value of the RSUs is measured as the price of the Company's shares on the grant date, which was estimated to be $3.89. The share price used to estimate the fair value of the RSU at the grant date was based on a combination of income and market approaches, which are highly complex and sensitive. The income approach involves the use of a discounted cash flow method, with the cash flow projections discounted at an appropriate discount rate. The market approach involves the use of comparable public companies market multiples in estimating the fair value of the Company's stock. Effective March 22, 2017, the Board of Directors canceled these RSUs and issued 372,335 new RSUs to the grantee. These issued RSUs are effectively identical to the RSUs granted in 2013, however, the RSUs were payable in full on March 22, 2018. The fair value of the RSUs issued on March 22, 2017, was based on the Company's stock market price at the grant date. In connection with the IPO, we fully recognized the stock compensation expense related to the re-issued RSUs.

On June 5, 2017, our Board of Directors granted 319,250 RSUs to employees, directors and executives pursuant to the IAP. Each RSU represents the right to receive one share of common stock. The fair value of the RSUs is based on the closing share price of our common stock on the date of grant. During the three months ended March 31, 2018 and 2017, the recorded

Note 7 - Stock-Based Compensation (Continued)

stock compensation expense for all RSUs was $0.4 million and $5.2 million, respectively. As of March 31, 2018 the total unrecognized compensation expense for all RSUs was approximately $2.8 million, and is expected to be recognized over a weighted-average period of approximately 2.3 years.

The following table summarizes RSUs activity during the three months ended March 31, 2018:

	Number of Shares		Weighted Average Grant Date Fair Value
Outstanding at January 1, 2018	688,744	$	13.66
Granted	—	$	—
Vested	(372,335)	$	14.00
Forfeited	—	$	—
Expired	—	$	—
Canceled	—	$	—
Outstanding at March 31, 2018	316,409	$	13.25

Effective June 5, 2017, our Board of Directors authorized and granted performance stock unit awards to certain key employees under the IAP. The actual number of shares that may be issued under the performance stock unit awards ranges from zero up to a maximum of twice the target number of performance stock unit awards granted to the participant, based on our total shareholder return relative to a designated peer group from the date of our IPO through December 31, 2019. Compensation expense is recorded ratably over the corresponding requisite service period. The fair value of performance stock unit awards is determined using a Monte Carlo probability model. Grant recipients do not have any shareholder rights until performance relative to the peer group has been determined following the completion of the performance period and shares have been issued. During the three months ended March 31, 2018 and 2017 the recorded stock compensation expense for the performance stock units was $0.2 million and $0, respectively.

The following table summarizes information about the performance stock units that were outstanding at March 31, 2018:

Period Granted	Target Shares Outstanding at Beginning of Period	Target Shares Granted	Target Shares Vested	Target Shares Forfeited	Target Shares Outstanding at End of Period		Weighted Average Grant Date Fair Value per Share
2017	169,635	—	—	—	169,635	$	10.73
2018	—	—	—	—	—		—
Total	169,635	—	—	—	169,635		

The total stock compensation expense for the three months ended March 31, 2018 and 2017 for all stock awards was $0.8 million and $7.4 million, respectively. The total unrecognized compensation expense as of March 31, 2018 is approximately $6.0 million, and is expected to be recognized over a weighted-average period of approximately 2.4 years.

Note 8 - Related-Party Transactions

The Company leases its corporate offices from a related party pursuant to a five-year lease agreement with a five-year extension option requiring a base rent of $0.1 million per year. The Company also leases five properties adjacent to the corporate office from related parties with annual base rents of $0.03 million, $0.03 million, $0.1 million, $0.1 million, and $0.2 million.

For the three months ended March 31, 2018 and 2017, the Company paid approximately $0.03 million and $0.02 million, respectively, for the use of transportation services from a related party. The Company also rents equipment in Elk City, Oklahoma from a related party. For the three months ended March 31, 2018 and 2017, the Company paid $0.05 million and $0.05 million, respectively.

At March 31, 2018 and December 31, 2017, the Company had $0 and $0.02 million in payables, respectively, and approximately $0.02 million and $0 in receivables, respectively, for related parties for services provided.

All agreements pertaining to real property and equipment were entered into during periods where the Company had limited liquidity and related parties secured them on behalf of the Company. All related party transactions are immaterial and have not been separately shown on the face of the financial statements.

Note 9 - Commitments and Contingencies

Operating Lease

We have various operating leases for office space and certain property and equipment. For the three months ended March 31, 2018 and 2017, we recorded operating lease expense of $0.4 million and $0.3 million, respectively. Required remaining lease payments for each fiscal year are as follows:

($ in thousands)		
2018	$	436
2019		366
2020		344
2021		344
2022 and thereafter		430
Total	$	1,920

Contingent Liabilities

We may be subject to various legal actions, claims, and liabilities arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a materially adverse effect on our financial position, results of operations, or liquidity.

Note 10 - Equity Capitalization

Initial Public Offering

On March 22, 2017, we consummated our IPO, in which 25,000,000 shares of our common stock, par value $0.001 per share, were sold at a public offering price of $14.00 per share, with 13,250,000 shares issued and sold by the Company and 11,750,000 shares sold by selling stockholders. We received net proceeds of approximately $170.1 million after deducting $10.9 million of underwriting discounts and commissions, and $4.5 million of other offering expenses. At closing, we used the proceeds (i) to repay $71.8 million in outstanding borrowings under our term loan, (ii) $86.8 million to fund the purchase of additional hydraulic fracturing units and other equipment, and (iii) the remaining for general corporate purposes. In connection with the IPO, all 16,999,990 shares of our previously outstanding Series A Preferred Stock converted to common stock on a 1:1 basis.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements that are intended to be covered by the safe harbor provided by the Private Securities Litigation Reform Act of 1995. Forward-looking statements are predictive in nature, refer to future events or conditions, and generally not historical facts. Words such as "may," "could," "plan," "project," "budget," "predict," "pursue," "target," "seek," "objective," "believe," "expect," "anticipate," "intend," "estimate," "will," "may," "should" and similar expressions are intended to identify forward-looking statements. These statements include, but are not limited to statements about our business strategy, industry, future profitability and future capital expenditures. Such statements are subject to risks and uncertainties, many of which are difficult to predict and generally beyond our control, that could cause actual results to differ materially from those implied or projected by the forward-looking statements. Factors that could cause our actual results to differ materially from those contemplated by such forward-looking statements include:

- the level of production and resulting market prices for crude oil, natural gas and other hydrocarbons;
- changes in general economic and geopolitical conditions;
- competitive conditions in our industry;
- changes in the long-term supply of, and demand for, oil and natural gas;
- actions taken by our customers, suppliers, competitors and third-party operators;
- changes in the availability and cost of capital;
- our ability to successfully implement our business plan;
- large or multiple customer defaults, including defaults resulting from actual or potential insolvencies;
- the price and availability of debt and equity financing (including changes in interest rates);
- our ability to complete growth projects on time and on budget;
- changes in our tax status;
- technological changes;
- operating hazards, natural disasters, weather-related delays, casualty losses and other matters beyond our control;
- the effects of existing and future laws and governmental regulations (or the interpretation thereof);
- the effects of future litigation; and
- our ability to successfully execute on our plans and objectives.

Readers are cautioned not to place undue reliance on our forward-looking statements. We do not undertake to update or revise any forward-looking statements, except as required by applicable securities laws. Investors are also advised to carefully review and consider the various risks and other disclosures discussed in our SEC reports.

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The financial information, discussion and analysis that follow should be read in conjunction with our consolidated financial statements and the related notes included in the Form 10-K as well as the financial and other information included therein.

Unless otherwise indicated, references in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" to the "Company," "we," "our," "us" or like terms refer to ProPetro Holding Corp. and its subsidiary.

Overview

We are a growth-oriented, Midland, Texas-based oilfield services company providing hydraulic fracturing and other complementary services to leading upstream oil and gas companies engaged in the exploration and production ("E&P") of North American unconventional oil and natural gas resources. Our operations are primarily focused in the Permian Basin, where we have cultivated long-standing customer relationships with some of the region's most active and well-capitalized E&P companies. The Permian Basin is widely regarded as the most prolific oil-producing area in the United States, and we believe we are currently one of the largest providers of hydraulic fracturing services in the region by hydraulic horsepower, or HHP, with a current aggregate deployed capacity of 815,000 HHP. At March 31, 2018, our fleet, which consists of 18 hydraulic fracturing fleets, has been designed to handle the highest intensity, most complex hydraulic fracturing jobs and has remained 100% utilized since the beginning of 2017. During the first quarter ended March 31, 2018, we put two new hydraulic fracturing fleets (45,000 HHP per fleet) and enhanced our legacy fleets by an incremental 35,000 HHP. In addition, we have committed to acquire two new additional hydraulic fracturing fleets (45,000 HHP per fleet) which are expected to be delivered and put into service in the second and fourth quarters of 2018, bringing our aggregate capacity to 905,000 HHP or 20 fleets, by the end of 2018.

Through our pressure pumping segment (which also includes cementing and acidizing operations), we primarily provide hydraulic fracturing services to E&P companies in the Permian Basin. Our modern hydraulic fracturing fleet has been designed to handle Permian Basin specific operating conditions and the region's increasingly high-intensity well completions, which are characterized by longer horizontal wellbores, more frac stages per lateral and increasing amounts of proppant per well. The majority of our fleet has been delivered in recent years, and we have fully maintained our equipment throughout the recent industry downturn to ensure optimal performance and reliability. Additionally, substantially all of the hydraulic horsepower has been sourced from a single manufacturer, leading to a homogeneous fleet with streamlined maintenance programs and training for our personnel.

In addition to our core pressure pumping segment operations, we also offer a suite of complementary well completion and production services, including coiled tubing, flowback, drilling and surface air drilling. We believe these complementary services create operational efficiencies for our customers and allow us to capture a greater portion of their capital spending across the lifecycle of a well. Additionally, we believe that these complementary services should benefit from a continued industry recovery and that we are well positioned to continue expanding these offerings in response to our customers increasing service needs and spending levels.

Industry Trends and Outlook

The oil and gas industry has traditionally been volatile and is influenced by a combination of long-term, short-term and cyclical trends, including domestic and international supply and demand for oil and gas, current and expected future prices for oil and gas and the perceived stability and sustainability of those prices, and capital investments of E&P companies toward their development and production of oil and gas reserves. The oil and gas industry is also impacted by general domestic and international economic conditions, political instability in oil producing countries, government regulations (both in the United States and internationally), levels of consumer demand, adverse weather conditions, and other factors that are beyond our control. Declines and sustained weakness in crude oil prices began in the fourth quarter of 2014 and continued into February 2016, when the closing crude oil price reached a low of $26.19 per barrel. This decline in oil prices caused our customers to reduce drilling and completion activity and curtail spending. These declines adversely affected the demand for our equipment and services and negatively impacted the prices we were able to charge our customers.

Most recently, crude oil prices have averaged over $60 per barrel in April of 2018. Recent prices have resulted in a considerable increase in drilling and completion activity, and associated demand for our services. The Permian Basin, our primary area of operation, is leading the recovery with the number of active drilling rigs increasing from a low of 137 rigs in the basin as of May 2016 to 443 rigs in the basin as of March 2018, according to Baker Hughes. In addition to increased activity levels in the Permian Basin, several evolving industry trends, including increasingly longer horizontal wellbore laterals, a greater number of fractured stages per lateral and increasing amounts of proppant employed per well, have significantly increased demand for our hydraulic fracturing and other completion services.

As the Permian Basin shifts further towards more intensive horizontal drilling, operators and service providers are expected to continue to place significant focus on drilling and completion efficiencies, such as multi-well pads and zipper fracs. Multi-well pads allow for the drilling of multiple wellbores from a single topside location, reducing average drilling time. Similarly, zipper fracturing allows for the alternating completion of hydraulic fracturing stages in adjacent wells, increasing the number of stages that can be performed in a given time period. These advancements have resulted in a reduction in the number of days typically required to drill and complete a well and increased the total number of wells that can be drilled per rig, which, in turn, drives incremental demand for hydraulic fracturing services.

Rising producer activity levels, increasing basin service intensity and continued drilling and completion efficiencies have combined to drive the 100% utilization of our fleet and build a sizable backlog of addressable demand for our services. During the recent downturn, we saw our competitors defer necessary maintenance capital spending and cannibalize existing units for spare parts and idle HHP. This has resulted in tightening hydraulic fracturing supply and demand fundamentals and could drive pricing improvement for our hydraulic fracturing services. Moreover, we believe the other complementary services we provide are well-positioned to similarly benefit from a continued industry recovery.

Our competitors include many large and small oilfield services companies, including RPC, Inc., Halliburton, C&J Energy Services, Patterson-UTI Energy Inc., Keane Group, Inc., Liberty Oilfield Services, Superior Energy Services, Schlumberger, FTS International and a number of private companies. Competitive factors impacting sales of our services are price, reputation and technical expertise, service and equipment quality, and health and safety standards. Although we believe our customers consider all of these factors, we believe price is a key factor in E&P companies' criteria in choosing a service provider. While we seek to price our services competitively, we believe many of our customers elect to work with us based on our deep local roots, operational expertise, the capability of our modern fleet to handle the most complex Permian Basin well completions, and commitment to safety and reliability.

Our substantial market presence in the Permian Basin positions us well to capitalize on increasing drilling and completion activity in the region. Historically, our operational focus has been in the Permian Basin's Midland sub-basin, where our customers have primarily operated. However, with increasing levels of Delaware Basin activity, we have recently expanded our presence in the Delaware Basin in response to demand from our customers. Given our entrenched relationships with a variety of Delaware Basin operators, we believe that we are uniquely positioned to capture large addressable growth opportunity as the basin develops. Over time, we expect the Permian Basin's Midland and Delaware sub-basins to continue to command a disproportionate share of future North American E&P spending.

How We Evaluate Our Operations

Our management uses a variety of financial and operating metrics to evaluate and analyze the performance of our business, including Adjusted EBITDA and Adjusted EBITDA margin.

Adjusted EBITDA and Adjusted EBITDA margin

We view Adjusted EBITDA and Adjusted EBITDA margin as important indicators of performance. We define EBITDA as our net income (loss), before (i) interest expense, (ii) income taxes and (iii) depreciation and amortization. We define Adjusted EBITDA as EBITDA, plus (i) loss/(gain) on disposal of assets, (ii) stock based compensation, and (iii) other unusual or nonrecurring expenses, such as impairment charges and costs related to our initial public offering. Adjusted EBITDA margin reflects our Adjusted EBITDA as a percentage of our revenues.

Adjusted EBITDA and Adjusted EBITDA margin are supplemental measures utilized by our management and other users of our financial statements such as investors, commercial banks, research analysts and others, to assess our financial performance because it allows us and other users to compare our operating performance on a consistent basis across periods by removing the effects of our capital structure (such as varying levels of interest expense), asset base (such as depreciation and amortization), nonrecurring (income)/expenses and items outside the control of our management team (such as income tax rates). Adjusted EBITDA and Adjusted EBITDA margin have limitations as analytical tools and should not be considered as an alternative to net income/(loss), operating income/(loss), cash flow from operating activities or any other measure of financial performance presented in accordance with GAAP.

Note Regarding Non-GAAP Financial Measures

Adjusted EBITDA and Adjusted EBITDA margin are not financial measures presented in accordance with GAAP. We believe that the presentation of these non-GAAP financial measures provide useful information to investors in assessing our financial condition and results of operations because it allows them to compare our operating performance on a consistent basis across periods by removing the effects of our capital structure, asset base, nonrecurring expenses and items outside the control of the Company. Net income is the GAAP measure most directly comparable to Adjusted EBITDA. Our non-GAAP financial measures should not be considered as alternatives to the most directly comparable GAAP financial measure. Each of these non-GAAP financial measures has 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 or Adjusted EBITDA margin in isolation or as a substitute for an analysis of our results as reported under GAAP. Because Adjusted EBITDA and Adjusted EBITDA margin may be defined differently by other companies in our industry, our definitions of these non-GAAP financial measures 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, 2018		
($ in thousands)	**Pressure Pumping**	**All Other**	**Total**
Net income (loss)	$ 52,934	$ (16,226)	$ 36,708
Depreciation and amortization	17,763	1,173	18,936
Interest expense	—	1,261	1,261
Income tax expense	—	10,353	10,353
Loss/(gain) on disposal of assets	7,828	(163)	7,665
Stock-based compensation	—	758	758
Other expense	—	230	230
Other general and administrative expense (1)	—	1	1
Deferred IPO bonus expense	538	294	832
Adjusted EBITDA	$ 79,063	$ (2,319)	$ 76,744

	Three months ended March 31, 2017		
($ in thousands)	**Pressure Pumping**	**All Other**	**Total**
Net loss	$ (7,918)	$ (16,433)	$ (24,351)
Depreciation and amortization	9,995	1,156	11,151
Interest expense	—	5,175	5,175
Income tax expense	—	116	116
Loss/(gain) on disposal of assets	10,709	(267)	10,442
Stock-based compensation	—	7,369	7,369
Other income	—	(26)	(26)
Deferred IPO bonus expense	4,133	2,219	6,352
Adjusted EBITDA	$ 16,919	$ (691)	$ 16,228

(1) Other general and administrative expense relates to legal settlement expense.

Results of Operations

We conduct our business through six operating segments: hydraulic fracturing (inclusive of acidizing), cementing, coil tubing, flowback, surface drilling, and drilling. For reporting purposes, the hydraulic fracturing and cementing operating segments are aggregated into our one reportable segment—pressure pumping. All other operating segments and corporate administrative expenses are included in the ‘‘all other’’category. We expect revenues and costs of services related to our drilling operating segment to comprise a lower percentage of total revenues and total costs of service in future results of operations when compared to historic results due to our increased focus on pressure pumping and other complementary service offerings. We anticipate the financial significance of this service line relative to the financial results from pressure pumping and other service offerings to continue to decline.

The following table sets forth the results of operations for the periods presented (in thousands, except for percentages):

	Three Months Ended March 31,		Change	
	2018	2017	Variance	%
Revenue	$ 385,219	$ 171,931	213,288	124.1 %
Cost of services (1)	298,122	149,565	148,557	99.3 %
General and administrative expense (2)	11,944	19,859	(7,915)	(39.9)%
Depreciation and amortization	18,936	11,151	7,785	69.8 %
Loss on disposal of assets	7,665	10,442	(2,777)	(26.6)%
Interest expense	1,261	5,175	(3,914)	(75.6)%
Other expense (income)	230	(26)	(256)	(984.6)%
Income tax expense	10,353	116	10,237	8,825.0 %
Net income (loss)	$ 36,708	$ (24,351)	$ 61,059	(250.7)%
Adjusted EBITDA (3)	$ 76,744	$ 16,228	$ 60,516	372.9 %
Adjusted EBITDA Margin (3)	19.9%	9.4%	10.5%	111.7 %
Pressure pumping segment results of operations:				
Revenue	$ 375,045	$ 163,840	$ 211,205	128.9 %
Cost of services	$ 290,470	$ 143,372	$ 147,098	102.6 %
Adjusted EBITDA	$ 79,063	$ 16,919	$ 62,144	367.3 %
Adjusted EBITDA Margin (4)	21.1%	10.3%	10.8%	104.9 %

(1) Exclusive of depreciation and amortization.

(2) Inclusive of stock-based compensation.

(3) For definitions of the non-GAAP financial measures of Adjusted EBITDA and Adjusted EBITDA margin and reconciliation of Adjusted EBITDA to our most directly comparable financial measures calculated in accordance with GAAP, please read "How We Evaluate Our Operations".

(4) The non-GAAP financial measure of Adjusted EBITDA margin for the pressure pumping segment is calculated by taking Adjusted EBITDA for the pressure pumping segment as a percentage of our revenue for the pressure pumping segment.

THREE MONTHS ENDED MARCH 31, 2018 COMPARED TO THREE MONTHS MARCH 31, 2017

Revenues. Revenues increased 124.1%, or $213.3 million, to $385.2 million for the three months ended March 31, 2018, as compared to $171.9 million for the three months ended March 31, 2017. The increase was primarily attributable to the increase in customer activity, fleet size and demand for our services, which has led to an increase in pricing for our hydraulic fracturing and other services. Our pressure pumping segment revenues increased 128.9%, or $211.2 million, for the three months ended March 31, 2018, as compared to the three months ended March 31, 2017. Revenues from services other than pressure pumping increased 25.7%, or $2.1 million, for the three months ended March 31, 2018 as compared to the three months ended March 31, 2017. The increase in revenues from services other than pressure pumping was primarily attributable to the increase in revenues and customer demand for our flowback, coil tubing and surface drilling services in the three months ended March 31, 2018.

Cost of Services. Cost of services increased 99.3%, or $148.6 million, to $298.1 million for the three months ended March 31, 2018, as compared to $149.6 million during the three months ended March 31, 2017. Cost of services in our pressure pumping segment increased $147.1 million for the three months ended March 31, 2018, as compared to the three months ended March 31, 2017. The increases were primarily attributable to higher activity levels, fleet size, coupled with an increase in personnel headcount following the increased activity levels. As a percentage of pressure pumping segment revenues, pressure pumping cost of services decreased to 77.4% for the three months ended March 31, 2018, as compared to 87.5% for the three months ended March 31, 2017. The decrease in cost of services as a percentage of revenue for the pressure pumping segment resulted from a greater pricing power as demand for our services increased, without a corresponding increase in costs, which resulted in significantly higher realized Adjusted EBITDA margins during the three months ended March 31, 2018.

General and Administrative Expenses. General and administrative expenses decreased 39.9%, or $7.9 million, to $11.9 million for the three months ended March 31, 2018, as compared to $19.9 million for the three months ended March 31, 2017. The decrease was primarily attributable to nonrecurring stock compensation and IPO bonus, totaling $12.1 million, and was partially offset by a net increase in other remaining general and administrative expenses such as payroll, insurance and legal expenses of $4.2 million.

Depreciation and Amortization. Depreciation and amortization increased 69.8%, or $7.8 million, to $18.9 million for the three months ended March 31, 2018, as compared to $11.2 million for the three months ended March 31, 2017. The increase was primarily attributable to additional property and equipment purchased in part of 2017 and during the three months ended March 31, 2018. We calculate depreciation of property and equipment using the straight-line method.

Loss on Disposal of Assets. Loss on the disposal of assets decreased 26.6%, or $2.8 million, to $7.7 million for the three months ended March 31, 2018, as compared to $10.4 million for the three months ended March 31, 2017. The decrease was primarily attributable to improved efficiency in utilization of our equipment.

Interest Expense. Interest expense decreased 75.6%, or $3.9 million, to $1.3 million for the three months ended March 31, 2018, as compared to $5.2 million for the three months ended March 31, 2017. The decrease in interest expense was primarily attributable to a reduction in our average debt balance during 2017 due to the early retirement of our Term Loan and Revolving Credit Facility in the first quarter of 2017.

Other Expense. Other expense was $0.2 million for the three months ended March 31, 2018, as compared to other income of $0.03 million for the three months ended March 31, 2017. The change is primarily attributable to the unrealized gain on the interest rate swap recorded during the three months ended March 31, 2017 compared to none recorded in the three months ended March 31, 2018.

Income Tax Expense. Total income tax expense was $10.4 million resulting in an effective tax rate of 22.0% for the three months ended March 31, 2018 as compared to $0.1 million and an effective tax rate of 0.5% for the three months ended March 31, 2017. The increase in income tax expense during the three months ended March 31, 2018 is primarily attributable to the increase in taxable income in 2018 compared to 2017.

Liquidity and Capital Resources

On March 22, 2017, we completed our IPO of 13,250,000 shares of common stock at $14.00 per share, from which we received net proceeds of $170.1 million using the proceeds (i) to repay the remaining balance on our term loan, (ii) to acquire additional hydraulic fracturing fleets and (iii) for general corporate purposes.

On March 22, 2017, we entered into a new revolving credit facility with a $150.0 million borrowing capacity ("ABL Credit Facility"). Borrowings under the ABL Credit Facility accrue interest based on a three-tier pricing grid tied to availability, and we may elect for loans to be based on either LIBOR or base rate, plus the applicable margin, which ranges from 1.75% to 2.25% for LIBOR loans and 0.75% to 1.25% for base rate loans, with no LIBOR floor. Borrowings under the ABL Credit Facility are secured by a first priority lien and security interest in substantially all assets of the Company. The ABL Credit Facility has a tenor of 5 years and a borrowing base of 85% of eligible accounts receivable less customary reserves. Under this facility we are required to comply, subject to certain exceptions and materiality qualifiers, with certain customary affirmative and negative covenants, including, but not limited to, covenants pertaining to our ability to incur liens, indebtedness, changes in the nature of our business, mergers and other fundamental changes, disposal of assets, investments and restricted payments, amendments to our organizational documents or accounting policies, prepayments of certain debt, dividends, transactions with affiliates, and certain other activities. In addition, the ABL Credit Facility includes a Springing Fixed Charge Coverage Ratio of 1.0x when excess availability is less than the greater of (i) 10% of the lesser of the facility size and the Borrowing Base and (ii) $12 million. The ABL has a commitment fee of 0.375%, which reduces to 0.25% if utilization is greater than 50% of the borrowing base.

On February 22, 2018, we entered into an amendment with our lenders to increase the capacity of the ABL Credit Facility. The amendment increased total capacity under the facility from $150 million to $200 million.

As of March 31, 2018, our cash and cash equivalents were $46.4 million, as compared to $23.9 million at December 31, 2017. Our liquidity is currently provided by (i) existing cash balances, (ii) operating cash flows and (iii) borrowings under our ABL Credit Facility. Our primary uses of cash will be to continue to fund our operations, support growth opportunities and satisfy debt payments.

There can be no assurance that operations and other capital resources will provide cash in sufficient amounts to maintain planned or future levels of capital expenditures. Future cash flows are subject to a number of variables, and are highly dependent on the drilling, completion, and production activity by our customers, which in turn is highly dependent on oil and gas prices. Depending upon market conditions and other factors, we may issue equity and debt securities or take other actions necessary to fund our business or meet our future obligations.

Cash and Cash Flows

The following table sets forth the historical cash flows for the three months ended March 31, 2018 and 2017 :

	Three Months Ended March 31,	
($ in thousands)	**2018**	**2017**
Net cash provided by (used in):		
Operating activities	$ 54,634	$ (3,394)
Investing activities	$ (74,831)	$ (50,458)
Financing activities	$ 42,661	$ 5,881

Operating Activities

Net cash provided by operating activities was $54.6 million for the three months ended March 31, 2018, compared to net cash used in operating activities of $3.4 million for the three months ended March 31, 2017. The net increase of $58.0 million was primarily due to increase in revenue and net income in the period, offset by our working capital needs resulting from higher fleet size and expanding activity levels.

Investing Activities

Net cash used in investing activities increased to $74.8 million for the three months ended March 31, 2018, from $50.5 million for the three months ended March 31, 2017. The increase was primarily attributable to the additional hydraulic fracturing fleets and other ancillary equipment purchased and paid during the period, and a slight increase in maintenance capital expenditures, during the three months ended March 31, 2018, compared to the three months ended March 31, 2017.

Financing Activities

Net cash provided by financing activities was $42.7 million for the three months ended March 31, 2018, and $5.9 million for the three months ended March 31, 2017. The net increase in cash provided by financing activities for the three months ended March 31, 2018 was primarily due to our borrowings under the ABL Credit Facility and equipment financing, totaling $46.7 million, partially offset by repayment of borrowings of $2.3 million, repayment of insurance financing of $1.4 million, and debt issuance cost of $0.4 million, during the three months ended March 31, 2018, compared to net cash used of $161.7 million for repayment of borrowings, repayment of insurance financing of $1.2 million, debt issuance cost of $1.6 million, IPO costs of $15.1 million, and offset by IPO proceeds of $185.5 million during the three months ended March 31, 2017.

Off-Balance Sheet Arrangements

We had no off-balance sheet arrangements as of March 31, 2018.

Critical Accounting Policies and Estimates

There have been no material changes during the three months ended March 31, 2018 to the methodology applied by our management for critical accounting policies previously disclosed in our Form 10-K. Please refer to Part II, Item 7, Management Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Estimates in our Form 10-K for a discussion of our critical accounting policies and estimates.

Recently Issued Accounting Standards

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. ASU No. 2014-09 requires entities to recognize revenue to depict transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU No. 2014-09 requires entities to disclose both qualitative and quantitative information that enables users of the consolidated financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers, including disclosure of significant judgments affecting the recognition of revenue. ASU No. 2014-09 was originally effective for annual periods beginning after December 15, 2016, using either the full retrospective or modified retrospective method. On August 12, 2015, the FASB issued ASU No. 2015-14, which defers the effective date of the revenue standard, ASU No. 2014-09, by one year for all entities and permits early adoption on a limited basis. We adopted ASU No. 2014-09 effective January 1, 2018, using the modified retrospective method. The adoption of this guidance had a nil impact on our prior period consolidated financial statements. This is because prior to the effective date of the new revenue guidance, substantially all of our performance obligations per our contracts with customers, except for hydraulic fracturing, were completed at a point-in-time and revenue recognized when control was transferred to the customers, which is consistent with ASU No. 2014-09. Our hydraulic fracturing segment performance obligation is satisfied over time. Prior to the effective date of the new revenue standards, our hydraulic fracturing segment revenue was recognized based on actual stages completed, i.e. using the output method, which faithfully depicts how our services are transferred over time to our customers, and is consistent with the requirements of the ASU No. 2014-09. Accordingly, no adjustments to our consolidated financial statements were required, other than the additional disclosures included as part of Note 1 in these condensed consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases*, a new standard on accounting for leases. The ASU introduces a lessee model that brings most leases on the balance sheet. The new standard also aligns many of the underlying principles of the new lessor model with those in the current accounting guidance as well as the FASB's new revenue recognition standard. However, the ASU eliminates the use of bright-line tests in determining lease classification as required in the current guidance. The ASU also requires additional qualitative disclosures along with specific quantitative disclosures to better enable users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The new standard is effective for annual reporting periods beginning after December 15, 2018, including periods within that reporting period, using a modified retrospective approach. Early adoption is permitted. We are currently evaluating the impact the pronouncement will have on our consolidated financial statements and related disclosures.

In January 2017, the FASB issued ASU No. 2017-04, *Simplifying the Test for Goodwill Impairment*, which removes the requirement to compare the implied fair value of goodwill with its carrying amount as part of step two of the goodwill impairment test. As a result, under this ASU, an entity would recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value; however, the loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. This pronouncement is effective for impairment tests in fiscal years beginning after December 15, 2019, on a prospective basis. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. We believe that the adoption of this guidance will not materially affect our consolidated financial statements.

Volatility of Oil and Natural Gas Prices and its Impact on Operations and Financial Condition

Our revenue, profitability and cash flows are highly dependent upon prevailing prices for oil and natural gas and expectations about future prices. For many years, oil and natural gas prices and markets have been extremely volatile. Prices are affected by many factors beyond our control. Oil prices declined significantly close to the end of the second half of 2014. The closing price of oil, which was as high as $105.68 per barrel during the third quarter of 2014, averaged $48.69 during 2015 and reached a twelve-year low of $26.19 in February 2016. However, beginning in the third quarter of 2016, oil prices started signs of recovery and reaching an average of over $60 per barrel in April of 2018. As a result of the recent recovery in oil prices, our industry has experienced a significant increase in both drilling and pressure pumping activity levels. Looking forward, assuming commodity prices remain at or above recent levels, we believe U.S. rig counts will continue to increase. We expect oil and natural gas prices to continue to be volatile and to affect our financial condition, operations and ability to access sources of capital. Higher oil and natural gas prices do not necessarily result in increased activity because demand for our services is generally driven by our customers’ expectations of future oil and natural gas prices.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As of March 31, 2018, there have been no material changes in market risk from the information provided in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” or “Quantitative and Qualitative Disclosures of Market Risk” in our Form 10-K.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to provide reasonable assurance that the information required to be disclosed by us in our reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms and that such information is accumulated and communicated to our management, including our principal executive officer, principal financial officer and principal accounting officer, as appropriate, to allow timely decisions regarding required disclosure.

As required by Rule 13a-15(b) under the Exchange Act, we have evaluated, under the supervision and with the participation of our management, including our principal executive officer, principal financial officer and principal accounting officer, the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this Quarterly Report. Based upon that evaluation, our principal executive officer, principal financial officer and principal accounting officer concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of March 31, 2018.

Changes in Internal Control over Financial Reporting

No changes in our system of internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) occurred during the quarterly period ended March 31, 2018 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. Legal Proceedings

From time to time, we may be subject to various legal proceedings and claims incidental to or arising in the ordinary course of our business. We are not currently party to any legal proceedings that we believe would have a material adverse effect on our financial position or results of operations, and we are not aware of any material legal proceedings contemplated by governmental authorities.

ITEM 1A. Risk Factors

There have been no material changes to our principal risks that we believe are material to our business, results of operations, and financial condition from the risk factors previously disclosed in our final Form 10-K, which is accessible on the SEC's website at *www.sec.gov.*

ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

ITEM 3. Defaults Upon Senior Securities

None.

ITEM 4. Mine Safety Disclosures

Not applicable.

ITEM 5. Other Information

None.

ITEM 6. Exhibits

The exhibits required to be filed or furnished by Item 601 of Regulation S-K are listed below.

3.1	Certificate of Incorporation of ProPetro Holding Corp., as amended March 16, 2017 (incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2017).
3.2	Bylaws of ProPetro Holding Corp. (incorporated by reference to Exhibit 3.3 to the Company’s Registration Statement on Form S-1, dated March 10, 2017 (Registration No. 333-215940)).
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) and 15d-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) and 15d-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. §1350 as adopted by Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. §1350 as adopted by Section 906 of the Sarbanes-Oxley Act of 2002.
* 101.INS	XBRL Instance Document
* 101.SCH	XBRL Taxonomy Extension Schema Document
* 101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
*101.LAB	XBRL Taxonomy Extension Label Linkbase Document
* 101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
* 101.DEF	XBRL Taxonomy Extension Definition Linkbase Document

\+ Indicates management contracts or compensatory plans or arrangements.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SIGNATURES

Date:	May 9, 2018	By:	/s/ Dale Redman
			Dale Redman Chief Executive Officer and Director (Principal Executive Officer)
		By:	/s/ Jeffrey Smith
			Jeffrey Smith Chief Financial Officer (Principal Financial Officer)
		By:	/s/ Ian Denholm
			Ian Denholm Chief Accounting Officer (Principal Accounting Officer)

Exhibit 31.1

CERTIFICATION BY PRINCIPAL EXECUTIVE OFFICER

I, Dale Redman, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of ProPetro Holding Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: May 9, 2018

/s/ Dale Redman

Dale Redman, Chief Executive Officer and Director
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION BY PRINCIPAL FINANCIAL OFFICER

I, Jeffrey Smith, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of ProPetro Holding Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5 The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: May 9, 2018

/s/ Jeffrey Smith

Jeffrey Smith, Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of ProPetro Holding Corp. (the “Company”) on Form 10-Q for the quarter ended March 31, 2018 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Dale Redman, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 9, 2018

/s/ Dale Redman
Dale Redman, Chief Executive Officer and Director
(Principal Executive Officer)

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of ProPetro Holding Corp. (the “Company”) on Form 10-Q for the quarter ended March 31, 2018 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Jeffrey Smith, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 9, 2018

/s/ Jeffrey Smith
Jeffrey Smith, Chief Financial Officer
(Principal Financial Officer)