

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of report (Date of earliest event reported): November 6, 2018

ProPetro Holding Corp.

(Exact name of registrant as specified in its charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

001-38035
(Commission
File Number)

26-3685382
(IRS Employer
Identification No.)

1706 S. Midkiff, Bldg. B
Midland, TX
(Address of principal executive offices)

79701
(Zip Code)

(432) 688-0012
(Registrant's telephone number, including area code)
(Not applicable)
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2 below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) of Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

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.

Item 2.02 Results of Operations and Financial Condition.

On November 6, 2018, ProPetro Holding Corp. issued a press release announcing operating results and developments for the quarter ended September 30, 2018. A copy of the press release is furnished as Exhibit 99.1 hereto. The information furnished with this report, including Exhibit 99.1, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference into any other filing under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such a filing.

Item 9.01 Financial Statements and Exhibits.**(d) Exhibits.****Exhibit
Number****Description of Exhibit**

99.1 [Press Release dated November 6, 2018.](#)

SIGNATURE

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

Date: November 6, 2018

PROPETRO HOLDING CORP.

/s/ Mark Howell

Mark Howell
General Counsel

INDEX TO EXHIBITS

| Exhibit Number | Description of Exhibit |
|-------------------|---|
| 99.1 | Press Release dated November 6, 2018. |

ProPetro Reports Results for the Third Quarter 2018

MIDLAND, TX, November 6, 2018 (Businesswire) - ProPetro Holding Corp. ("ProPetro" or "the Company") (NYSE: PUMP) today announced financial and operational results for the third quarter of 2018.

Third Quarter 2018 and Recent Highlights

- Total revenue for the quarter was \$434.0 million, as compared to \$459.9 million for the second quarter of 2018.
- Net income was \$46.3 million, or \$0.53 per diluted share, an increase of 18% from \$39.1 million, or \$0.45 per diluted share, for the second quarter of 2018.
- Adjusted EBITDA for the quarter was \$103.4 million, an increase of 8% from \$96.0 million for the second quarter of 2018.
- Active hydraulic horsepower ("HHP") deployed during the quarter and at quarter end was 860,000, or 19 fleets.
- The Company deployed one additional fleet in early October, increasing current total frac fleet capacity to 905,000 HHP, or 20 fleets.

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

Dale Redman, Chief Executive Officer, commented, "ProPetro's success in the third quarter is a direct result of our differentiated, customer-centric business model. We remain extremely proud of our best in class team and the consistent results they produce. Our team supports some of the most effective and efficient operators in the upstream space, and we will remain closely focused on their needs as we finish 2018 strong and prepare for an exciting 2019."

Third Quarter 2018 Financial Summary

Revenue for the third quarter of 2018 was \$434.0 million, or 6% lower than \$459.9 million for the second quarter of 2018. The decrease was primarily attributable to increased volumes of local sand. During the third quarter of 2018, 97.1% of total revenue was associated with pressure pumping services, compared to 96.9% in the second quarter.

Costs of services excluding depreciation and amortization for the third quarter of 2018 decreased to \$320.1 million from \$351.9 million during the second quarter of 2018 primarily due to increased volumes of local sand. As a percentage of pressure pumping segment revenues, pressure pumping costs of services decreased to 73.9% from 76.7% in the second quarter of 2018.

General and administrative expense was \$12.8 million as compared to \$14.2 million in the second quarter of 2018. The decrease was primarily attributable to normalizing costs after one-time expenses incurred in the second quarter. General and administrative expense, exclusive of stock-based compensation and deferred IPO bonus, was \$10.5 million, or 2.4% of revenue, for the third quarter of 2018.

Net income for the third quarter of 2018 totaled \$46.3 million, or \$0.53 per diluted share, versus \$39.1 million, or \$0.45 per diluted share, for the second quarter of 2018.

Adjusted EBITDA increased approximately 8% to \$103.4 million for the third quarter of 2018 from \$96.0 million in the previous quarter. Adjusted EBITDA margin for the third quarter of 2018 was 23.8%, as compared to 20.9% for the second quarter of 2018.

Operational Highlights and Fleet Expansion

Active HHP deployed during the quarter and at quarter end was 860,000, or 19 fleets. Consistent with the Company's previously announced plans, ProPetro expanded its fracturing capacity by an additional 45,000 HHP, or one fleet, in October. This brings current and expected 2018 year-end capacity to 905,000 HHP or, or 20 fleets. This fleet is working under a dedicated agreement with a new customer.

The Company also deployed one new build cementing unit in September bringing total cementing capacity to 19 units. To support growing demand, ProPetro plans to further expand its cementing fleet capacity with one additional new-build unit that is targeted to commence operations by the end of the year.

Liquidity and Capital Spending

As of September 30, 2018, total cash was \$78.2 million and total debt was \$89.1 million. Total liquidity at the end of the third quarter of 2018 was \$198.2 million, including cash and \$120.0 million of capacity under the Company's \$200 million revolving credit facility.

Capital expenditures incurred during the third quarter of 2018 were \$74.2 million. This reflects spending on ProPetro's growth initiatives as well as maintenance capital.

Outlook

Mr. Redman concluded, "We remain confident in our ability to produce consistent results driven by our high performing workforce and close partnerships with a blue-chip customer base. The Permian Basin is the premier resource play in North America and we expect it will remain so for decades to come. We believe we are uniquely positioned for outperformance through the end of 2018 and beyond."

Conference Call Information

The Company will host a conference call at 8:00 AM Central Time on Wednesday, November 7, 2018 to discuss financial and operating results for the third quarter of 2018 and recent developments. This call will also be webcast, along with a presentation slide deck on ProPetro's website at www.propetroservices.com. The slide deck will be published on the website the morning of the call. To access the conference call, U.S. callers may dial toll free 1-844-340-9046 and international callers may dial 1-412-858-5205. Please call ten minutes ahead of the scheduled start time to ensure a proper connection. A replay of the conference call will be available for one week following the call and can be accessed toll free by dialing 1-877-344-7529 for U.S. callers, 1-855-669-9658 for Canadian callers, as well as 1-412-317-0088 for international callers. The access code for the replay is 10124240.

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About ProPetro

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

Forward-Looking Statements

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

Contact: ProPetro Holding Corp

Sam Sledge, 432-688-0012
Director of Investor Relations
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PROPETRO HOLDING CORP. AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share data)
(Unaudited)

| | Three Months Ended | | |
|--|--------------------|------------|--------------|
| | September 30 | June 30 | September 30 |
| | 2018 | 2018 | 2017 |
| REVENUE - Service revenue | \$ 434,041 | \$ 459,888 | \$ 282,730 |
| COSTS AND EXPENSES | | | |
| Cost of services (exclusive of depreciation and amortization) | 320,146 | 351,888 | 225,433 |
| General and administrative (inclusive of stock-based compensation) | 12,821 | 14,178 | 11,106 |
| Depreciation and amortization | 23,217 | 21,276 | 14,745 |
| Loss on disposal of assets | 16,407 | 18,990 | 8,742 |
| Total costs and expenses | 372,591 | 406,332 | 260,026 |
| OPERATING INCOME | 61,450 | 53,556 | 22,704 |
| OTHER INCOME (EXPENSE): | | | |
| Interest expense | (1,480) | (2,231) | (644) |
| Other expense | (93) | (182) | (191) |
| Total other income (expense) | (1,573) | (2,413) | (835) |
| INCOME BEFORE INCOME TAXES | 59,877 | 51,143 | 21,869 |
| INCOME TAX (EXPENSE)/BENEFIT | (13,592) | (12,052) | 96 |
| NET INCOME | \$ 46,285 | \$ 39,091 | \$ 21,965 |
| NET INCOME PER COMMON SHARE: | | | |
| Basic | \$ 0.55 | \$ 0.47 | \$ 0.26 |
| Diluted | \$ 0.53 | \$ 0.45 | \$ 0.25 |
| WEIGHTED AVERAGE COMMON SHARES OUTSTANDING: | | | |
| Basic | 83,544 | 83,447 | 83,040 |
| Diluted | 86,878 | 86,878 | 86,264 |

PROPETRO HOLDING CORP. AND SUBSIDIARY
CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except share data)

(Unaudited)

| | <u>September 30, 2018</u> | <u>December 31, 2017</u> |
|---|---------------------------|--------------------------|
| ASSETS | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | \$ 78,164 | \$ 23,949 |
| Accounts receivable - net of allowance for doubtful accounts of \$457 and \$443, respectively | 252,390 | 199,656 |
| Inventories | 6,681 | 6,184 |
| Prepaid expenses | 2,911 | 5,123 |
| Other current assets | 1,179 | 748 |
| Total current assets | <u>341,325</u> | <u>235,660</u> |
| PROPERTY AND EQUIPMENT - Net of accumulated depreciation | 586,218 | 470,910 |
| OTHER NONCURRENT ASSETS: | | |
| Goodwill | 9,425 | 9,425 |
| Intangible assets - net of amortization | 85 | 301 |
| Deferred revenue rebate - net of amortization | - | 615 |
| Other noncurrent assets | 2,665 | 2,121 |
| Total other noncurrent assets | <u>12,175</u> | <u>12,462</u> |
| TOTAL ASSETS | <u>\$ 939,718</u> | <u>\$ 719,032</u> |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| CURRENT LIABILITIES: | | |
| Accounts payable | \$ 250,074 | \$ 211,149 |
| Accrued liabilities | 20,774 | 16,607 |
| Current portion of long-term debt | 9,088 | 15,764 |
| Accrued interest payable | 480 | 76 |
| Total current liabilities | <u>280,416</u> | <u>243,596</u> |
| DEFERRED INCOME TAXES | 39,958 | 4,881 |
| LONG-TERM DEBT | 80,000 | 57,178 |
| OTHER LONG-TERM LIABILITIES | 125 | 125 |
| Total liabilities | <u>400,499</u> | <u>305,780</u> |
| COMMITMENTS AND CONTINGENCIES | | |
| SHAREHOLDERS' EQUITY: | | |
| Common stock, \$0.001 par value, 200,000,000 shares authorized, 83,543,839 and 83,039,854 shares issued, respectively | 84 | 83 |
| Additional paid-in capital | 611,348 | 607,466 |
| Accumulated deficit | <u>(72,213)</u> | <u>(194,297)</u> |
| Total shareholders' equity | <u>539,219</u> | <u>413,252</u> |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | <u>\$ 939,718</u> | <u>\$ 719,032</u> |

PROPETRO HOLDING CORP. AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

(Unaudited)

| | Nine Months Ended Septmeber 30, | |
|---|--|-------------------------|
| | 2018 | 2017 |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net income | \$ 122,084 | \$ 2,535 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 63,428 | 38,602 |
| Deferred income tax expense | 34,546 | 166 |
| Amortization of deferred revenue rebate | 615 | 1,385 |
| Amortization of deferred debt issuance costs | 295 | 3,322 |
| Stock-based compensation | 3,832 | 8,730 |
| Loss on disposal of assets | 42,898 | 28,971 |
| Gain on interest rate swap | - | (226) |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | (52,734) | (44,868) |
| Other current assets | (431) | 3,271 |
| Inventories | (496) | (4,435) |
| Prepaid expenses | 2,265 | (910) |
| Accounts payable | 26,378 | 41,564 |
| Accrued liabilities and other current liabilities | 7,384 | 589 |
| Accrued interest | 1,030 | (23) |
| Net cash provided by operating activities | <u>251,094</u> | <u>78,673</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Capital expenditures | (212,152) | (193,820) |
| Proceeds from sale of assets | 3,280 | 4,237 |
| Net cash used in investing activities | <u>(208,872)</u> | <u>(189,583)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Proceeds from borrowings | 77,378 | 27,112 |
| Repayments of borrowings | (61,858) | (164,638) |
| Repayments of insurance financing | (3,218) | (2,900) |
| Payment of debt issuance costs | (360) | (1,653) |
| Proceeds from exercise of equity awards | 51 | - |
| Proceeds from IPO | - | 185,500 |
| Payment of IPO costs | - | (15,099) |
| Net cash provided by financing activities | <u>11,993</u> | <u>28,322</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 54,215 | (82,588) |
| CASH AND CASH EQUIVALENTS — Beginning of period | 23,949 | 133,596 |
| CASH AND CASH EQUIVALENTS — End of period | <u>\$ 78,164</u> | <u>\$ 51,008</u> |

Reportable Segment Information

| (\$ in thousands) | Three Months Ended | | | | | |
|-------------------------------|--------------------|------------|------------|------------------|------------|------------|
| | September 30, 2018 | | | June 30, 2018 | | |
| | Pressure Pumping | All Other | Total | Pressure Pumping | All Other | Total |
| Service revenue | \$ 421,436 | \$ 12,605 | \$ 434,041 | \$ 445,805 | \$ 14,083 | \$ 459,888 |
| Adjusted EBITDA | \$ 105,069 | \$ (1,701) | \$ 103,368 | \$ 97,818 | \$ (1,850) | \$ 95,968 |
| Depreciation and amortization | \$ 22,026 | \$ 1,191 | \$ 23,217 | \$ 20,042 | \$ 1,234 | \$ 21,276 |
| Capital expenditures | \$ 73,143 | \$ 1,060 | \$ 74,203 | \$ 68,106 | \$ 2,437 | \$ 70,543 |

Non-GAAP Financial Measures

Adjusted EBITDA is not a financial measure presented in accordance with GAAP. We believe that the presentation of this non-GAAP financial measure provides useful information to investors in assessing our financial condition and results of operations. Net income is the GAAP measure most directly comparable to Adjusted EBITDA. Non-GAAP financial measures should not be considered as alternatives to the most directly comparable GAAP financial measure. Non-GAAP financial measures have important limitations as analytical tools because they exclude some, but not all, items that affect the most directly comparable GAAP financial measures. You should not consider Adjusted EBITDA in isolation or as a substitute for an analysis of our results as reported under GAAP. Because Adjusted EBITDA may be defined differently by other companies in our industry, our definitions of this non-GAAP financial measure may not be comparable to similarly titled measures of other companies, thereby diminishing their utility.

Reconciliation of Net Income (loss) to Adjusted EBITDA

| (\$ in thousands) | Three Months Ended | | | | | |
|------------------------------------|--------------------|-------------|------------|------------------|-------------|-----------|
| | September 30, 2018 | | | June 30, 2018 | | |
| | Pressure Pumping | All Other | Total | Pressure Pumping | All Other | Total |
| Net income (loss) | \$ 66,493 | \$ (20,208) | \$ 46,285 | \$ 57,524 | \$ (18,433) | \$ 39,091 |
| Depreciation and amortization | 22,026 | 1,191 | 23,217 | 20,042 | 1,234 | 21,276 |
| Interest expense | - | 1,480 | 1,480 | - | 2,231 | 2,231 |
| Income tax expense | - | 13,592 | 13,592 | - | 12,052 | 12,052 |
| Loss on disposal of assets | 16,117 | 290 | 16,407 | 19,823 | (833) | 18,990 |
| Stock-based compensation | - | 1,631 | 1,631 | - | 1,443 | 1,443 |
| Other expense and legal settlement | - | 93 | 93 | 2 | 198 | 200 |
| Deferred IPO bonus expense | 433 | 230 | 663 | 427 | 258 | 685 |
| Adjusted EBITDA | \$ 105,069 | \$ (1,701) | \$ 103,368 | \$ 97,818 | \$ (1,850) | \$ 95,968 |