

**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): February 23, 2021**

**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 South Midkiff,  
Midland, Texas 79701**  
(Address of principal executive offices)

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

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))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.001 per share	PUMP	New York Stock Exchange
Preferred Stock Purchase Rights	N/A	New York Stock Exchange

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 February 23, 2021, ProPetro Holding Corp. (the “Company”) issued a press release announcing preliminary financial and operational results for the quarter ended December 31, 2020. The full text of the press release issued in connection with the announcement is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

On February 23, 2021, the Company posted an investor presentation to its website pertaining to the preliminary financial and operational results for the quarter ended December 31, 2020. The presentation is posted on the Company's website at [ir.propetroservices.com/presentations](http://ir.propetroservices.com/presentations) and attached hereto as Exhibit 99.2.

The information furnished with this report, including Exhibit 99.1, shall not be deemed to be “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 to be 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	<a href="#">Press Release dated February 23, 2021.</a>
99.2	<a href="#">Investor Presentation</a>

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**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: February 23, 2021

PROPETRO HOLDING CORP.

/s/ David S. Schorlemer

**David S. Schorlemer**  
**Chief Financial Officer**

## ProPetro Reports Full Year and Fourth Quarter 2020 Results

MIDLAND, TX, February 23, 2021 (Businesswire) – ProPetro Holding Corp. (“ProPetro” or “the Company”) (NYSE: PUMP) today announced financial and operational results for the full year and fourth quarter of 2020.

### Full Year 2020 and Recent Operational Highlights

- Initiated transition towards lower emissions equipment with investment in fully electric DuraStim® and commitment to purchase Tier IV Dynamic Gas Blending (DGB) pumps.
- Set company safety record with Full Year 2020 Total Recordable Incident Rate (TRIR) of 0.49.
- All time company high operational efficiencies in 2020, including record pumping hours per day and record low downtime per day.
- Reduced Hydraulic Horsepower (HHP) emissions footprint through recent commitment to permanently retire 150,000 HHP of Tier II Diesel equipment.

### Full Year 2020 Financial Highlights

- Total revenue of \$789 million as compared to the \$2.1 billion in the full year 2019.
- Net loss of \$107 million as compared to net income of \$163 million in the full year 2019.
- Net cash provided by operating activities of \$139 million as compared to \$455 million in the full year 2019.
- Adjusted EBITDA<sup>(1)</sup> of \$141 million as compared to \$519 million in the full year 2019.
- Free Cash Flow<sup>(2)</sup> of approximately \$45 million as compared to an approximately \$40 million loss in 2019.
- Effective Utilization of 10.2 fleets as compared to 23.9 fleets in the full year 2019.
- Capital expenditures incurred<sup>(3)</sup> of \$81 million as compared to \$401 million in 2019 (capital expenditures paid as shown on the Statement of Cash Flows of \$101 million during 2020).

### Fourth Quarter 2020 Highlights

- Total revenue of \$154 million as compared to the \$134 million in the third quarter.
- Net Loss of \$44 million as compared to net loss of \$29 million in the third quarter.
- Net cash provided by operating activities of \$21 million, consistent with the third quarter.
- Adjusted EBITDA<sup>(1)</sup> increased to \$24 million from \$17 million in the third quarter.
- Free Cash Flow<sup>(2)</sup> of approximately \$9 million as compared to approximately \$17 million in the third quarter.
- Effective Utilization of 9.6 fleets compared to 8.5 fleets in the third quarter.
- Impairment expense of \$21 million related to the retirement of approximately 150,000 HHP of Tier II diesel pumping equipment.
- Capital expenditures incurred<sup>(3)</sup> were \$21 million as compared to \$8 million in the third quarter (capital expenditures paid as shown on the Statement of Cash Flows of \$14 million during the fourth quarter).

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

- (2) *Free cash flow (FCF) is a Non-GAAP financial measure and is defined as net cash flow provided from operating activities less net cash used in investing activities. During the year ended December 31, 2020, net cash provided by operating activities of \$139 million less net cash used in investing activities of \$94 million result in a free cash flow of \$45 million. During the year ended December 31, 2019, net cash provided by operating activities of \$455 million less net cash used in investing activities of \$495 million result in a loss of \$40 million. During the three months ended December 31, 2020, net cash provided by operating activities of \$21 million less net cash used in investing activities of \$12 million result in a free cash flow of \$9 million. During the three months ended September 30, 2020, net cash provided by operating activities of \$21 million less net cash used in investing activities of \$4 million result in a free cash flow of \$17 million.*
- (3) *Capital expenditures incurred represents all maintenance, growth and conversion expenditures in the period, which may differ from the capital expenditures line in the Investing section of the Statement of Cash Flows.*

Phillip Gobe, Chief Executive Officer, commented, “I would like to thank our customers and dedicated workforce for their resilience throughout 2020. Our best-in-class operations team steered our company to record efficiencies and safety performance despite a challenging market for oilfield services. We worked with our customers in the depths of a historic disruption to keep their operations going at a level that fit their needs, pulling through the downturn together as our relationships are designed to do. The innovation and teamwork I observed were impressive to say the least, especially considering the uncertainty we faced in our day to day lives. The accomplishments of ProPetro can be directly attributed to the close collaborative efforts of our teammates, customers and supply chain partners.”

#### **Fourth Quarter 2020 Financial Summary**

Revenue for the fourth quarter of 2020 was \$154 million, or 15% higher than \$134 million for the third quarter of 2020. The increase was primarily attributable to increased activity. During the fourth quarter of 2020, 98.1% of total revenue was associated with pressure pumping services, consistent with the third quarter.

Costs of services, excluding depreciation and amortization of approximately \$35.4 million, for the fourth quarter of 2020 increased to \$116 million from \$100 million during the third quarter of 2020 primarily due to increased activity. As a percentage of pressure pumping segment revenues, pressure pumping costs of services increased slightly to 74.5% from 74.1% in the third quarter of 2020 primarily due to reactivation of fleets.

General and administrative expense was \$20 million as compared to \$22 million in the third quarter of 2020. General and administrative expense, exclusive of \$3 million of stock-based compensation and \$2 million of other general and administrative expense, was \$15 million, or 10% of revenue, for the fourth quarter of 2020.

Net loss for the fourth quarter of 2020 totaled \$44 million, or \$0.44 per diluted share, versus a net loss of \$29 million, or \$0.29 per diluted share, for the third quarter of 2020.

Adjusted EBITDA increased to \$24 million for the fourth quarter of 2020 from \$17 million in the previous quarter.

#### **Liquidity and Capital Spending**

As of December 31, 2020, total cash was \$69 million, and the Company was debt free. Total liquidity at the end of 2020 was \$121 million, including cash and \$52 million of available capacity under the Company's revolving credit facility.

Capital expenditures incurred during the fourth quarter of 2020 were \$21 million mainly consisting of maintenance capital. Capital expenditures paid (as would appear in the investing section of the Statement of Cash Flows) in the fourth quarter were \$14 million.

### **Operational Update**

Consistent with the Company's previously announced plans, ProPetro has initiated a transition to lower emissions equipment through its commitment to purchase 50,000 HHP, or one fleet, of Tier IV DGB equipment as well as an additional investment of \$17 million to convert legacy Tier II equipment to Tier IV DGB. The Company also plans to permanently retire 150,000 HHP of Tier II conventional equipment resulting in a \$21 million impairment in the fourth quarter.

In the fourth quarter of 2020, the Company had an effective utilization of 9.6 fleets. In the first quarter of 2021 the Company now expects effective utilization of 9.5-11 fleets, which includes the recent extreme winter weather events in the Permian Basin.

### **Outlook**

Mr. Gobe concluded, "Notwithstanding recent extreme weather impacts in Texas, we are excited for the opportunities ahead in 2021 as we work to capitalize on our competitive advantages of efficiency and collaboration. Considering the global recovery in commodity prices, ProPetro is well-positioned to benefit from increasing activity and service pricing in the Permian Basin. Importantly, we will strive to enhance our efficiencies and lean on our strong customer relationships to reinvest in technologies that improve the sustainability of our business. Our team is excited to prove, yet again, their ability to adapt and thrive in all conditions. Along with our customers, supply chain partners and stakeholders, we look forward to the opportunity to develop our sustainable, efficient and resilient business model."

### **Conference Call Information**

The Company will host a conference call at 8:00 AM Central Time on Wednesday, February 24, 2021 to discuss financial and operating results for the full year and fourth quarter of 2020 and recent developments. This call will also be webcast, along with a presentation slide deck on ProPetro's website at [www.propetroservices.com](http://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 10151285.

### **About ProPetro**

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

### **Forward-Looking Statements**

*Except for historical information contained herein, the statements and information in this news release are forward-looking statements that are made pursuant to the Safe Harbor Provisions of the Private Securities Litigation Reform*

Act of 1995. Statements that are predictive in nature, that depend upon or refer to future events or conditions or that include the words “may,” “could,” “plan,” “project,” “budget,” “predict,” “pursue,” “target,” “seek,” “objective,” “believe,” “expect,” “anticipate,” “intend,” “estimate,” and other expressions that are predictions of, or indicate, future events and trends and that do not relate to historical matters identify forward-looking statements. Our forward-looking statements include, among other matters, statements about our business strategy, industry, future profitability, expected fleet utilization, sustainability efforts, the future performance of newly improved technology (such as our DuraStim® fleets), expected capital expenditures and the impact of such expenditures on our performance and capital programs. A forward-looking statement may include a statement of the assumptions or bases underlying the forward-looking statement. We believe that we have chosen these assumptions or bases in good faith and that they are reasonable.

Although forward-looking statements reflect our good faith beliefs at the time they are made, forward-looking statements are subject to a number of risks and uncertainties that may cause actual events and results to differ materially from the forward-looking statements. Such risks and uncertainties include the volatility of and recent declines in oil prices, the operational disruption and market volatility resulting from the COVID-19 pandemic and other factors described in the Company's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q, particularly the “Risk Factors” sections of such filings, and other filings with the Securities and Exchange Commission (the “SEC”). In addition, the Company may be subject to currently unforeseen risks that may have a materially adverse impact on it, including matters related to shareholder litigation and the SEC investigation. Accordingly, no assurances can be given that the actual events and results will not be materially different than the anticipated results described in the forward-looking statements. Readers are cautioned not to place undue reliance on such forward-looking statements and are urged to carefully review and consider the various disclosures made in the Company's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and other filings made with the SEC from time to time that disclose risks and uncertainties that may affect the Company's business. The forward-looking statements in this news release are made as of the date of this news release. ProPetro does not undertake, and expressly disclaims, any duty to publicly update these statements, whether as a result of new information, new developments or otherwise, except to the extent that disclosure is required by law.

**Contact: ProPetro Holding Corp**

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**PROPETRO HOLDING CORP.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

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

	Three Months Ended			Years Ended	
	December 31, 2020	September 30, 2020	December 31, 2019	December 31, 2020	December 31, 2019
REVENUE - Service revenue	\$ 154,343	\$ 133,710	\$ 434,794	\$ 789,232	\$ 2,052,314
COSTS AND EXPENSES					
Cost of services (exclusive of depreciation and amortization)	115,646	99,592	305,693	584,279	1,470,356
General and administrative (inclusive of stock-based compensation)	19,681	21,817	31,103	86,768	105,076
Depreciation and amortization	35,445	37,467	39,052	153,290	145,304
Loss on disposal of assets	18,262	11,286	25,233	58,136	106,811
Impairment Expense	21,348	-	3,405	38,002	3,405
Total costs and expenses	210,382	170,162	404,487	920,475	1,830,952
OPERATING (LOSS) INCOME	(56,039)	(36,452)	30,307	(131,243)	221,362
OTHER EXPENSE:					
Interest expense	(174)	(137)	(1,463)	(2,383)	(7,141)
Other expense	(292)	(312)	(178)	(874)	(717)
Total other expense	(466)	(449)	(1,642)	(3,257)	(7,858)
(LOSS) INCOME BEFORE INCOME TAXES	(56,505)	(36,901)	28,666	(134,500)	213,504
INCOME TAX BENEFIT (EXPENSE)	12,393	7,717	(5,990)	27,480	(50,494)
NET (LOSS) INCOME	\$ (44,112)	\$ (29,184)	\$ 22,675	\$ (107,020)	\$ 163,010
NET (LOSS) INCOME PER COMMON SHARE:					
Basic	\$ (0.44)	\$ (0.29)	\$ 0.23	\$ (1.06)	\$ 1.62
Diluted	\$ (0.44)	\$ (0.29)	\$ 0.22	\$ (1.06)	\$ 1.57
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:					
Basic	100,911	100,897	100,618	100,829	100,472
Diluted	100,911	100,897	103,055	100,829	103,750



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

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 68,772	\$ 149,036
Accounts receivable - net of allowance for credit losses of \$1,497 and \$1,049, respectively	84,244	212,183
Inventories	2,729	2,436
Prepaid expenses	11,199	10,815
Other current assets	782	1,121
Total current assets	<u>167,726</u>	<u>375,591</u>
PROPERTY AND EQUIPMENT - Net of accumulated depreciation	880,477	1,047,535
OPERATING LEASE RIGHT-OF-USE ASSETS	709	989
<b>OTHER NONCURRENT ASSETS:</b>		
Goodwill	-	9,425
Other noncurrent assets	1,827	2,571
Total other noncurrent assets	<u>1,827</u>	<u>11,996</u>
<b>TOTAL ASSETS</b>	<b>\$ 1,050,739</b>	<b>\$ 1,436,111</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 79,153	\$ 193,096
Operating lease liabilities	334	302
Finance lease liabilities	-	2,831
Accrued and other current liabilities	24,676	36,343
Accrued interest payable	-	394
Total current liabilities	<u>104,163</u>	<u>232,966</u>
DEFERRED INCOME TAXES	75,340	103,041
LONG-TERM DEBT	-	130,000
NONCURRENT OPERATING LEASE LIABILITIES	465	799
Total liabilities	<u>179,968</u>	<u>466,806</u>
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>SHAREHOLDERS' EQUITY:</b>		
Preferred stock, \$0.001 par value, 30,000,000 shares authorized, none issued, respectively	-	-
Common stock, \$0.001 par value, 200,000,000 shares authorized, 100,912,777 and 100,624,099 shares issued, respectively	101	101
Additional paid-in capital	835,115	826,629
Retained earnings	35,555	142,575
Total shareholders' equity	<u>870,771</u>	<u>969,305</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 1,050,739</b>	<b>\$ 1,436,111</b>

**PROPETRO HOLDING CORP.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

(In thousands)

(Unaudited)

	Twelve Months Ended December 30,	
	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net (loss) income	\$ (107,020)	\$ 163,010
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	153,290	145,304
Impairment expense	38,002	3,405
Deferred income taxes	(27,701)	48,758
Amortization of deferred debt issuance costs	543	542
Stock-based compensation	9,100	7,776
Provision for credit losses	448	949
Loss on disposal of assets	58,136	106,812
Changes in operating assets and liabilities:		
Accounts receivable	127,491	(10,177)
Other current assets	1,978	1,351
Inventories	(293)	3,917
Prepaid expenses	(232)	(4,386)
Accounts payable	(95,697)	(25,242)
Accrued and other current liabilities	(18,527)	13,088
Accrued interest	(394)	183
Net cash provided by operating activities	139,124	455,290
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Capital expenditures	(100,603)	(502,894)
Proceeds from sale of assets	6,386	7,595
Net cash used in investing activities	(94,217)	(495,299)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from borrowings	-	110,000
Repayments of borrowings	(130,000)	(50,000)
Payment of finance lease obligations	(30)	(272)
Proceeds from insurance financing	6,821	-
Repayments of insurance financing	(1,348)	(4,547)
Proceeds from exercise of equity awards	-	1,164
Tax withholdings paid for net settlement of equity awards	(614)	-
Net cash (used in) provided by financing activities	(125,171)	56,345
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(80,264)</b>	<b>16,336</b>
<b>CASH AND CASH EQUIVALENTS — Beginning of period</b>	<b>149,036</b>	<b>132,700</b>
<b>CASH AND CASH EQUIVALENTS — End of period</b>	<b>\$ 68,772</b>	<b>\$ 149,036</b>

## Reconciliation of Net Income (loss) to Adjusted EBITDA

(\$ in thousands)	Three Months Ended					
	December 31, 2020			September 30, 2020		
	Pressure Pumping	All Other	Total	Pressure Pumping	All Other	Total
Net (loss) income	\$ (38,130)	\$ (5,981)	\$ (44,111)	\$ (20,920)	\$ (8,264)	\$ (29,184)
Depreciation and amortization	34,453	992	35,445	36,326	1,141	37,467
Interest expense	-	174	174	-	137	137
Income tax (benefit) expense	-	(12,393)	(12,393)	-	(7,717)	(7,717)
Loss on disposal of assets	17,000	1,261	18,261	11,256	30	11,286
Impairment expense	21,348	-	21,348	-	-	-
Stock-based compensation	-	3,132	3,132	-	2,535	2,535
Other expense	-	291	291	-	312	312
Other general and administrative expense <sup>(1)</sup>	-	621	621	-	2,481	2,481
Retention bonus and severance expense	-	1,008	1,008	-	37	37
<b>Adjusted EBITDA</b>	<b>\$ 34,671</b>	<b>\$ (10,895)</b>	<b>\$ 23,776</b>	<b>\$ 26,662</b>	<b>\$ (9,308)</b>	<b>\$ 17,354</b>

(\$ in thousands)	Years Ended					
	December 31, 2020			December 31, 2019		
	Pressure Pumping	All Other	Total	Pressure Pumping	All Other	Total
Net (loss) income	\$ (68,271)	\$ (38,749)	\$ (107,020)	\$ 281,090	\$ (118,080)	\$ 163,010
Depreciation and amortization	148,659	4,631	153,290	139,348	5,956	145,304
Interest expense	1	2,381	2,382	51	7,090	7,141
Income tax (benefit) expense	-	(27,480)	(27,480)	-	50,494	50,494
Loss on disposal of assets	56,659	1,477	58,136	106,178	633	106,811
Impairment expense	36,907	1,095	38,002	-	3,405	3,405
Stock-based compensation	-	9,100	9,100	-	7,776	7,776
Other expense	-	874	874	-	717	717
Other general and administrative expense <sup>(1)</sup>	-	13,038	13,038	-	25,208	25,208
Deferred IPO bonus, Retention bonus and severance	75	1,066	1,141	7,093	2,110	9,203
<b>Adjusted EBITDA</b>	<b>\$ 174,030</b>	<b>\$ (32,567)</b>	<b>\$ 141,463</b>	<b>\$ 533,760</b>	<b>\$ (14,691)</b>	<b>\$ 519,069</b>

<sup>(1)</sup> Other general and administrative expense relates to nonrecurring professional fees paid to external consultants in connection with the Company's expanded audit committee review, SEC investigation and shareholders' litigation.

## Non-GAAP Financial Measures

This presentation references "Adjusted EBITDA" and "Free Cash Flow," which are non-GAAP financial measures. We define EBITDA as our earnings, 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 (income)/expenses, such as impairment charges, severance, costs related to asset acquisitions, costs related to SEC investigation and class action lawsuits and one-time professional and advisory fees. Free cash flow (FCF) is defined as net cash flow provided by operating activities less net cash used in investing activities. These non-GAAP financial measures are not intended to be an alternative to any measure calculated in accordance with GAAP. We believe the presentation of Adjusted EBITDA and Free Cash Flow provide 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. Net cash flow provided from operating activities is the GAAP measure most directly comparable to Free Cash Flow. 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 these non-GAAP financial measures in isolation or as a substitute for an analysis of our results as reported under GAAP. Further, Adjusted EBITDA and Free Cash Flow may be defined differently by other companies in our industry, and our definitions of Adjusted EBITDA and Free Cash Flow may not be comparable to similarly titled measures of other companies, thereby diminishing their utility. Reconciliations of non-GAAP financial measures to the most directly comparable measures calculated in accordance with GAAP, are set forth in the

## Reconciliation of Net Income (loss) to Adjusted EBITDA

(\$ in thousands)	Three Months Ended					
	December 31, 2020			September 30, 2020		
	Pressure Pumping	All Other	Total	Pressure Pumping	All Other	Total
Net (loss) income	\$ (38,130)	\$ (5,981)	\$ (44,111)	\$ (20,920)	\$ (8,264)	\$ (29,184)
Depreciation and amortization	34,453	992	35,445	36,326	1,141	37,467
Interest expense	-	174	174	-	137	137
Income taxes	-	(12,393)	(12,393)	-	(7,717)	(7,717)
Loss on disposal of assets	17,000	1,261	18,261	11,256	30	11,286
Impairment expense	21,348	-	21,348	-	-	-
Stock-based compensation	-	3,132	3,132	-	2,535	2,535
Other expense	-	291	291	-	312	312
Other general and administrative expense	-	621	621	-	2,481	2,481
Retention bonus and severance expense	-	1,008	1,008	-	37	37
<b>Adjusted EBITDA</b>	<b>\$ 34,671</b>	<b>\$ (10,895)</b>	<b>\$ 23,776</b>	<b>\$ 26,662</b>	<b>\$ (9,308)</b>	<b>\$ 17,354</b>

(\$ in thousands)	Years Ended					
	December 31, 2020			December 31, 2019		
	Pressure Pumping	All Other	Total	Pressure Pumping	All Other	Total
Net (loss) income	\$ (68,271)	\$ (38,749)	\$ (107,020)	\$ 281,090	\$ (118,080)	\$ 163,010
Depreciation and amortization	148,659	4,631	153,290	139,348	5,956	145,304
Interest expense	1	2,381	2,382	51	7,090	7,141
Income tax expense (benefit)	-	(27,480)	(27,480)	-	50,494	50,494
Loss on disposal of assets	56,659	1,477	58,136	106,178	633	106,811
Impairment expense	36,908	1,094	38,002	-	3,405	3,405
Stock-based compensation	-	9,100	9,100	-	7,776	7,776
Other expense	-	874	874	-	717	717
Other general and administrative expense	-	13,038	13,038	-	25,208	25,208
Deferred IPO bonus, Retention bonus and severance	75	1,066	1,141	7,093	2,110	9,203
<b>Adjusted EBITDA</b>	<b>\$ 174,031</b>	<b>\$ (32,568)</b>	<b>\$ 141,463</b>	<b>\$ 533,760</b>	<b>\$ (14,691)</b>	<b>\$ 519,069</b>

<sup>(1)</sup> Other general and administrative expense relates to nonrecurring professional fees paid to external consultants in connection with the Company's expanded audit committee review, SEC investigation and shareholders' litigation.

Appendix hereto.

## Reconciliation of Cash from Operating Activities to Free Cash Flow

(\$ in thousands)	Three Months Ended			
	March 31, 2020	June 30, 2020	September 30, 2020	December 31, 2020
Cash from Operating Activities	\$ 61,724	\$ 35,186	\$ 21,116	\$ 21,098
Cash used in Investing Activities	(46,557)	(31,468)	(4,154)	(12,038)
<b>Free Cash Flow</b>	<b>\$ 15,167</b>	<b>\$ 3,718</b>	<b>\$ 16,962</b>	<b>\$ 9,060</b>

**PROPETRO®**

# Q4 2020 INVESTOR PRESENTATION

February 23, 2021



# FORWARD LOOKING STATEMENTS

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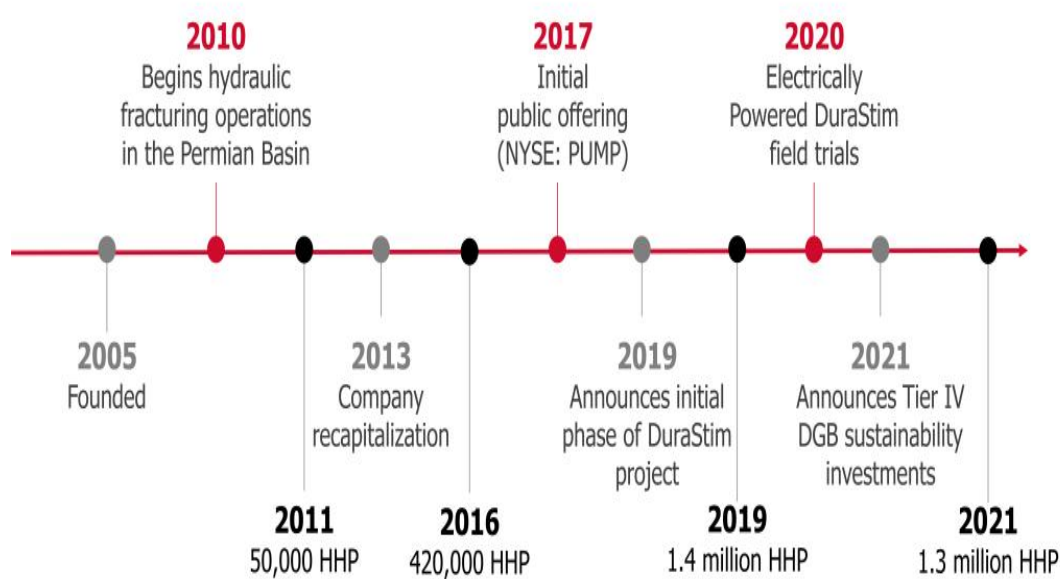
Except for historical information contained herein, the statements and information in this presentation, including the oral statements made in connection herewith, are forward-looking statements that are made pursuant to the Safe Harbor Provisions of the Private Securities Litigation Reform Act of 1995. Statements that are predictive in nature, that depend upon or refer to future events or conditions or that include the words "may," "could," "plan," "project," "budget," "predict," "pursue," "target," "seek," "objective," "believe," "expect," "anticipate," "intend," "estimate," and other expressions that are predictions of, or indicate, future events and trends and that do not relate to historical matters identify forward-looking statements. Our forward-looking statements include, among other matters, statements about our business strategy, industry, future profitability, expected fleet utilization, sustainability efforts, the future performance of newly improved technology (such as our DuraStim® fleets), [expected cost reductions,] expected capital expenditures and the impact of such expenditures on our performance and capital programs. A forward-looking statement may include a statement of the assumptions or bases underlying the forward-looking statement. We believe that we have chosen these assumptions or bases in good faith and that they are reasonable.

Although forward-looking statements reflect our good faith beliefs at the time they are made, forward-looking statements are subject to a number of risks and uncertainties that may cause actual events and results to differ materially from the forward-looking statements. Such risks and uncertainties include the volatility of and recent declines in oil prices, the operational disruption and market volatility resulting from the COVID-19 pandemic and other factors described in our Annual Report on Form 10-K and Quarterly Reports on Form 10-Q, particularly the "Risk Factors" sections of such filings, and other filings with the Securities and Exchange Commission (the "SEC"). In addition, we may be subject to currently unforeseen risks that may have a materially adverse impact on us, including matters related to shareholder litigation and the SEC investigation.

Accordingly, no assurances can be given that the actual events and results will not be materially different than the anticipated results described in the forward-looking statements. Readers are cautioned not to place undue reliance on such forward-looking statements and are urged to carefully review and consider the various disclosures made in our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and other filings made with the SEC from time to time that disclose risks and uncertainties that may affect our business. The forward-looking statements in this presentation are made as of the date of this presentation. We do not undertake, and expressly disclaim, any duty to publicly update these statements, whether as a result of new information, new developments or otherwise, except to the extent that disclosure is required by law.



# PROPETRO AT A GLANCE



Teamwork & Collaboration



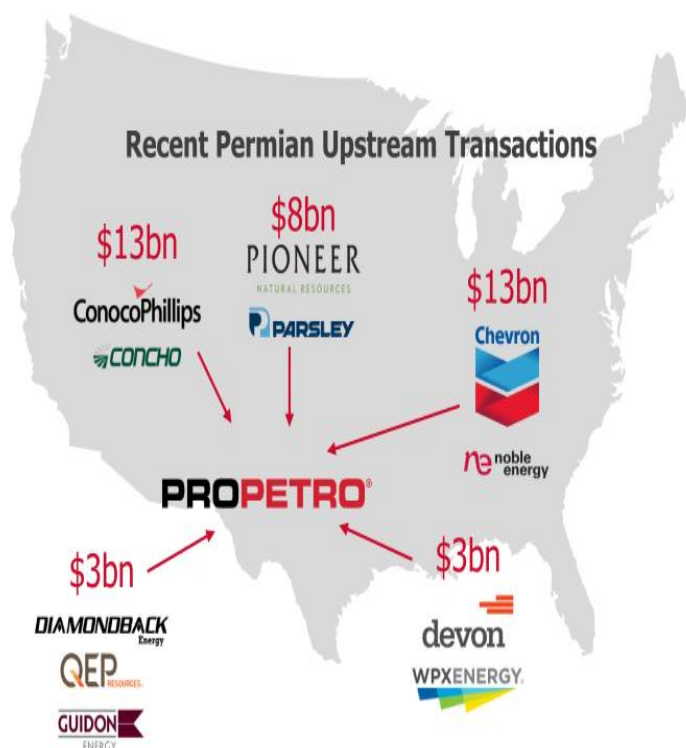
Execution



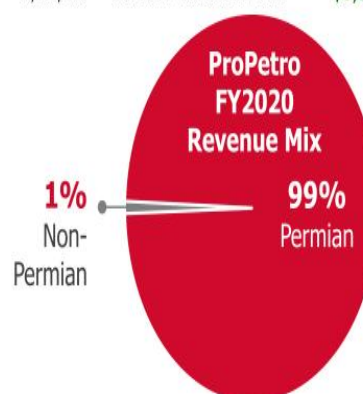
Capital Discipline

# CAPITAL MIGRATING TO OUR BACKYARD

Over \$60 billion in Permian E&P transactions since 2018



Notable Transactions		
Date	Buyer	Value (\$MM)
10/20/20	Pioneer Natural Resources	\$7,621
10/19/20	ConocoPhillips	\$13,337
12/16/19	WPX Energy	\$2,500
12/21/20	Diamondback Energy Inc	\$2,962
10/14/19	Parsley Energy Inc	\$2,270
11/19/18	Cimarex Energy Co	\$1,616
8/14/18	Diamondback Energy Inc	\$9,200
8/8/18	Diamondback Energy Inc	\$1,245
3/28/18	Concho Resources Inc	\$9,500



ProPetro is solely focused where capital is migrating

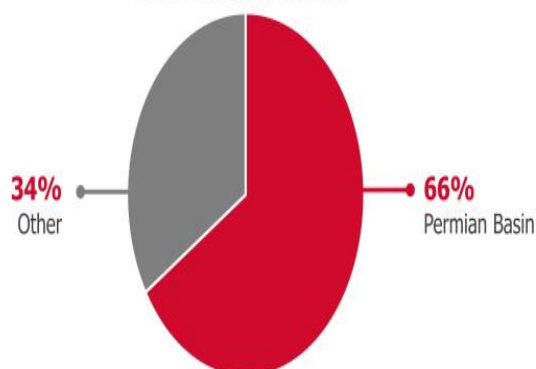
\* Source: Company filings and industry research, values as of time of announcement



# PERMIAN MACRO

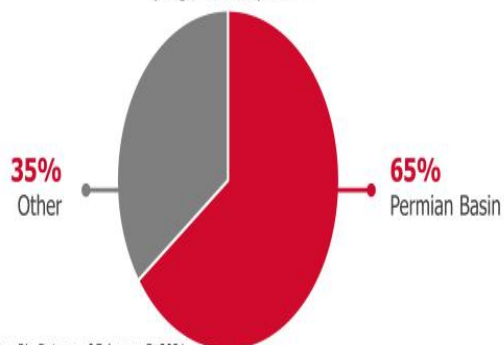
## Total U.S. Onshore Rigs

Oil Directed Rig Count: 299<sup>(1)</sup>



## Total U.S. Onshore Oil Rigs Added Since Recent Trough

(August 2020): 82<sup>(1)</sup>



(1) Baker Hughes Rig Data as of February 5, 2021

## Capitalizing on demand for efficient services

- Driven by E&P acquisitions, dedicated fleet model, and completion intensity
- Strategic investments in both Tier IV DGB and fully electric DuraStim to reduce emissions profile
- E&P customers need flexibility to operate in volatile commodity price environments; reduced costs amid historic downturn

## Permian shift to manufacturing mode

- Driven by customer shift to multi-well pad development
- Simul-Frac operations require flexibility and capable HHP capacity
- Customers value ability to lower costs to ensure continued operations at minimum levels despite commodity price disruption

## Leveraging our scale in the Permian to drive profitability

- Low-cost basin supports recovering activity levels
- Permian focus streamlines logistics and enhances efficiencies

# SAFETY CULTURE ON DISPLAY

Best in class workforce operating safely and efficiently through market volatility

## Total Recordable Incident Rate (TRIR)



Continue to maintain  
safety standards 100%  
DOT pass rate in 2020



Training & Education  
expertise yields  
performance through best  
practices

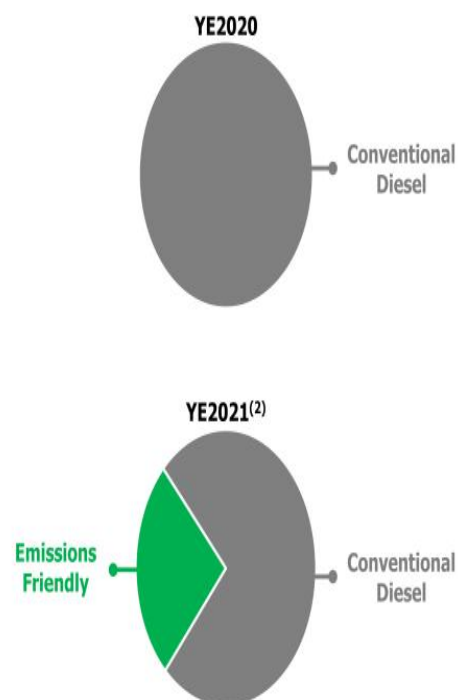
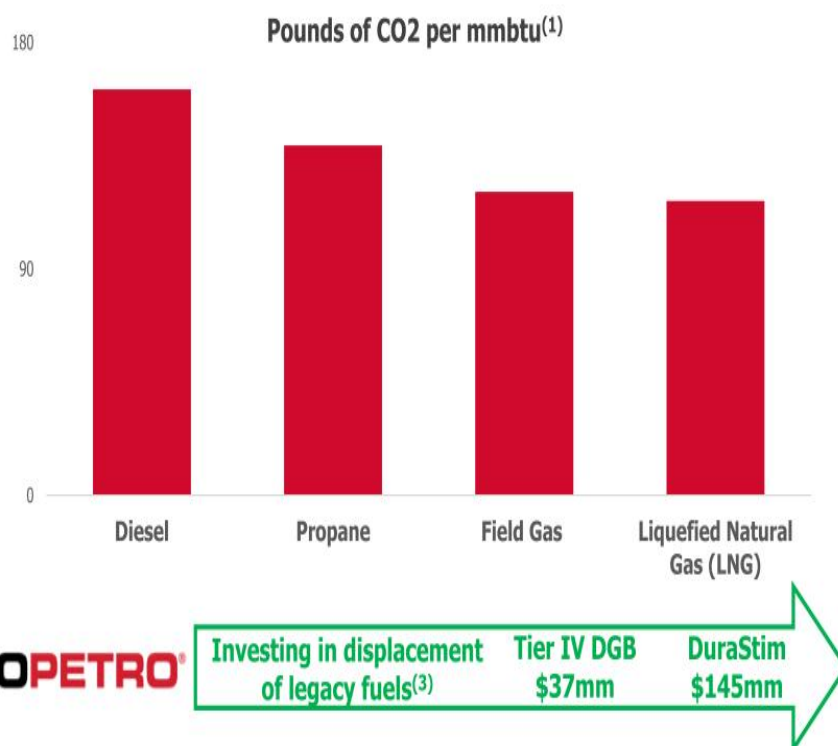


Safety performance  
driven by commitment to  
training and collaborative  
culture

# POSITIONING FOR A **CLEANER** FUTURE

**Displacing Conventional Diesel Fleets with Tier IV Dynamic Gas Blending (DGB) Dual Fuel Equipment through Conversions and New-Build Purchases**

Hydraulic Horsepower (HHP) Composition

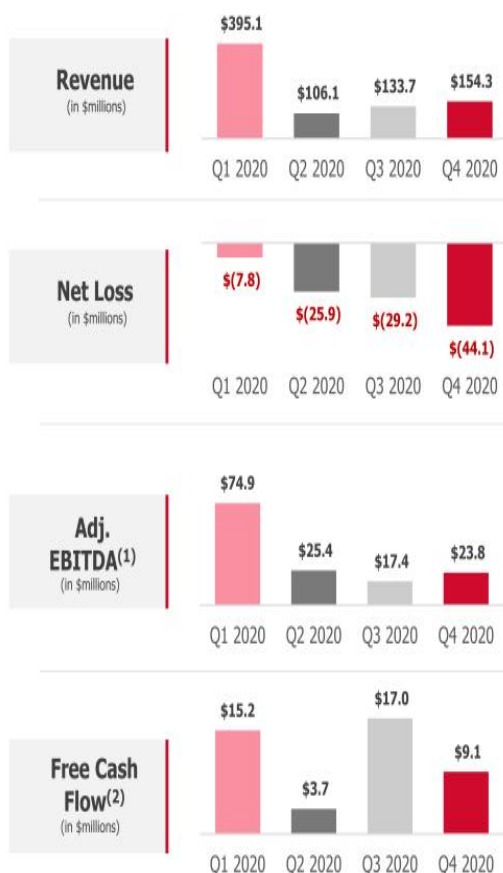


(1) Emissions data from EIA

(2) Management estimates subject to change, DuraStim contribution dependent upon commercialization

(3) Total investments since 2019

# RECENT HIGHLIGHTS



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

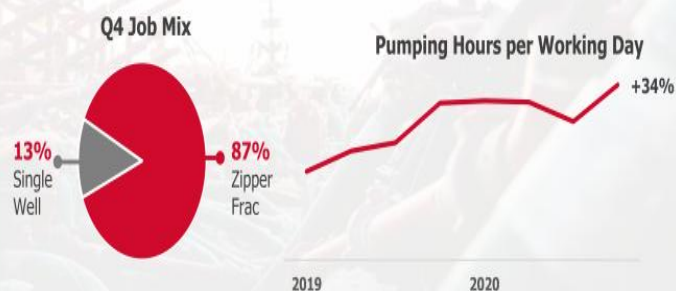
(2) Free cash flow (FCF) is a Non-GAAP financial measure; please see appendix for reconciliation to Net Cash from operating activities

## Prudent approach to utilization

- Effective utilization of 9.6 fleets in Q4
- Plans to deploy 50,000 HHP of Tier IV DGB in 2021, and invest \$17 million in Tier IV DGB conversions

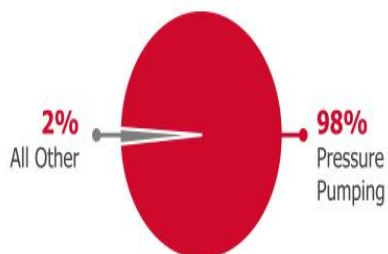
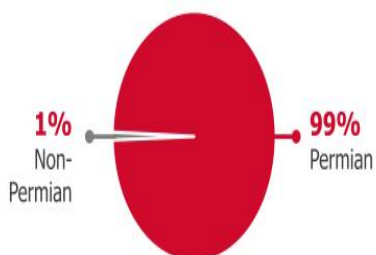
## Valuable through-cycle partner

- Worked with customers to reduce costs amid unprecedented downturn
- Future re-investment cycle will be underwritten by customer relationships built on collaboration



# 2020 Q4 FINANCIAL HIGHLIGHTS

## 2020 Q4 Revenue Mix



**Revenue:** \$154.3 MM

**Net Loss:** \$44.1 MM

**Adjusted EBITDA:** \$23.8 MM <sup>(1)</sup>

**Free Cash Flow:** \$9.1 MM <sup>(2)</sup>

### Durable Capital Structure:

- Cash: \$68.8 MM
- Total Debt: \$0 MM
- Total Liquidity: \$120.8 MM <sup>(3)</sup>

(1) Adjusted EBITDA is a Non-GAAP financial measure, please see appendix for reconciliation to Net Income  
 (2) Free cash flow (FCF) is a Non-GAAP financial measure and is defined as net cash flow provided from operating activities less net cash used in investing activities  
 (3) Inclusive of cash and available capacity under revolving credit facility as of 12/31/2020



# UNIQUELY POSITIONED FOR SUCCESS



## Permian Focus

Positioned in the low cost basin with sector leading operating scale



## Blue Chip Customers

Large drilling inventories and sizeable rig programs



## Superior Performance

Consistently outperforming the competition on location and efficient Simul-Frac completions partner



## Sustainable Future

Investing in lower emissions equipment to reduce our carbon footprint



## Capital Discipline

Strong Balance Sheet with no debt; disciplined capital allocation and asset deployment



## Safety Culture

Full year 2020 Total Recordable Incident Rate of 0.49



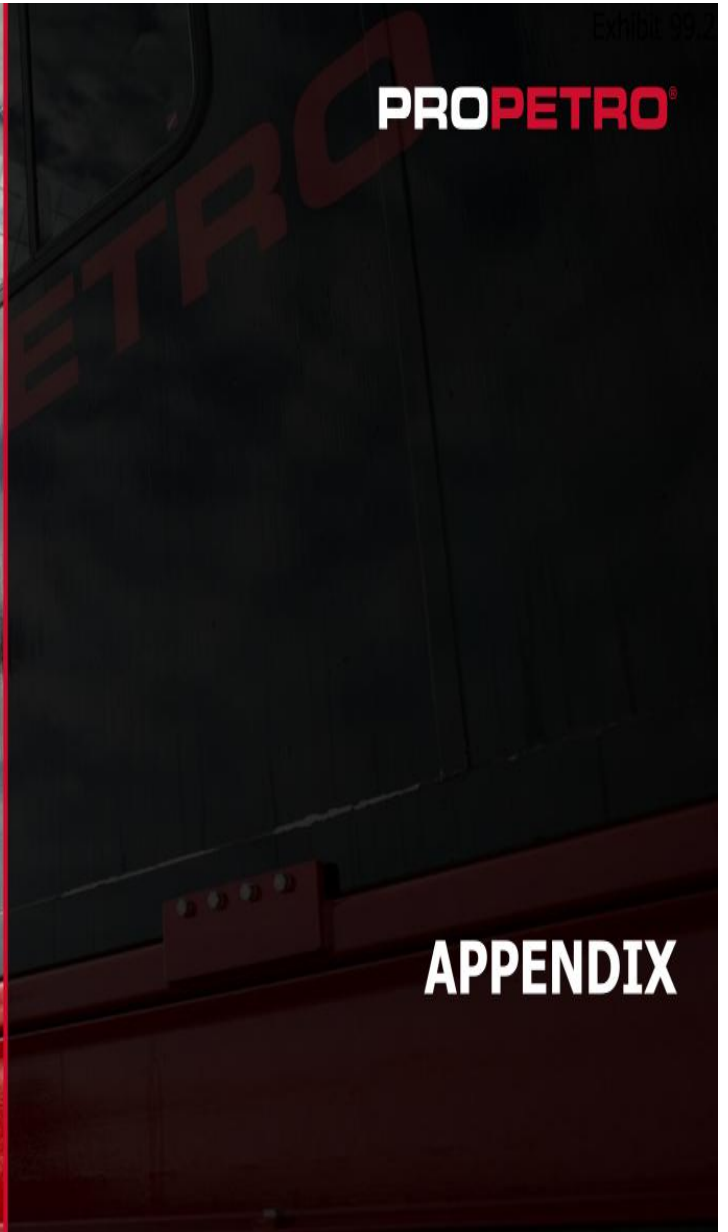
## Technology

Leveraging best-in-class cloud-based solutions to drive well-site performance to pull innovation forward



## Access to Premier Projects

Meeting customer needs on their most complex jobs; dedicated contract with Pioneer Natural Resources including Simul-Frac



# NON-GAAP RECONCILIATIONS

This presentation references "Adjusted EBITDA" and "Free Cash Flow," which are non-GAAP financial measures. We define EBITDA as our earnings, 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 (income)/expenses, such as impairment charges, severance, costs related to asset acquisitions, costs related to SEC investigation and class action lawsuits and one-time professional and advisory fees. Free cash flow (FCF) is defined as net cash flow provided by operating activities less net cash used in investing activities. These non-GAAP financial measures are not intended to be an alternative to any measure calculated in accordance with GAAP. We believe the presentation of Adjusted EBITDA and Free Cash Flow provide 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. Net cash flow provided from operating activities is the GAAP measure most directly comparable to Free Cash Flow. 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 these non-GAAP financial measures in isolation or as a substitute for an analysis of our results as reported under GAAP. Further, Adjusted EBITDA and Free Cash Flow may be defined differently by other companies in our industry, and our definitions of Adjusted EBITDA and Free Cash Flow may not be comparable to similarly titled measures of other companies, thereby diminishing their utility.

(in \$ thousands)	Three Months Ended		Years Ended	
	December 31, 2020	September 30, 2020	December 31, 2020	December 31, 2019
Net (loss) income	(\$44,111)	(\$29,184)	(\$107,020)	\$163,010
Depreciation and amortization	\$35,445	\$37,467	\$153,290	\$145,304
Interest expense	\$174	\$137	\$2,382	\$7,141
Income tax (expense) benefit	(\$12,393)	(\$7,717)	(\$27,480)	\$50,494
Loss on disposal of assets	\$18,262	\$11,286	\$58,136	\$106,811
Impairment Expense	\$21,349	-	\$38,003	\$3,405
Stock-based compensation	\$3,132	\$2,535	\$9,100	\$7,776
Other expense	\$291	\$312	\$874	\$717
Other general and administrative expenses	\$620	\$2,481	\$13,038	\$25,208
Deferred IPO and retention bonus and severance expense	\$1,007	\$37	\$1,140	\$9,203
<b>Adjusted EBITDA</b>	<b>\$23,776</b>	<b>\$17,354</b>	<b>\$141,463</b>	<b>\$519,069</b>



# NON-GAAP RECONCILIATIONS

(in \$ thousands)	Three Months Ended			
	March 31, 2020	June 30, 2020	September 30, 2020	December 31, 2020
Net Cash from Operating Activities	\$61,724	\$35,186	\$21,116	\$21,136
Net Cash used in Investing Activities	(\$46,557)	(\$31,468)	(\$4,154)	(\$12,038)
<b>Free Cash Flow</b>	<b>\$15,167</b>	<b>\$3,718</b>	<b>\$16,962</b>	<b>\$9,098</b>

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