

**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 21, 2023**

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 21, 2023, ProPetro Holding Corp. (the “Company”) issued a press release announcing its results for the quarter ended December 31, 2022. 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 21, 2023, the Company posted an investor presentation to its website pertaining to the financial and operational results for the quarter ended December 31, 2022 and the commentary discussing financial and operating results for the fourth quarter and full year 2022. The presentation and the commentary are posted on the Company's website at ir.propetroservices.com/presentations and attached hereto as Exhibit 99.2 and Exhibit 99.3, respectively.

The information furnished with this report, including Exhibit 99.1, Exhibit 99.2 and Exhibit 99.3, 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	Press release announcing fourth quarter and full year 2022 results, dated February 21, 2023.
99.2	Investor presentation, dated February 21, 2023.
99.3	Commentary discussing financial and operating results for the fourth quarter and full year of 2022
104	Cover Page Interactive Data File. The cover page XBRL tags are embedded within the inline XBRL document (contained in Exhibit 101).

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 21, 2023

PROPETRO HOLDING CORP.

/s/ David S. Schorlemer

David S. Schorlemer
Chief Financial Officer

ProPetro Reports Financial Results for the Fourth Quarter and Full Year of 2022

MIDLAND, Texas, February 21, 2023, (Business Wire) – ProPetro Holding Corp. ("ProPetro" or "the Company") (NYSE: PUMP) today announced financial and operational results for the fourth quarter and full year of 2022.

Full Year 2022 Results

- Full year 2022 revenue of \$1.3 billion, a 46% increase versus 2021.
- Net income of \$2 million for the full year 2022, as compared to a net loss of \$54 million in 2021.
- Full year 2022 Adjusted EBITDA⁽¹⁾ of \$317 million, an increase of 134% versus 2021, with Adjusted EBITDA margins increasing from 15% to 25%.

Fourth Quarter 2022 Results and Highlights

- Fourth quarter revenue increased 5% to \$349 million compared to \$333 million for the prior quarter.
- Fourth quarter net income of \$13 million, or \$0.12 per diluted share, compared to net income of \$10 million, or \$0.10 per diluted share, for the prior quarter.
- Fourth quarter Adjusted EBITDA⁽¹⁾ decreased 7% to \$84 million or 24% of revenues, compared to \$90 million or 27% of revenues for the prior quarter.
- Fourth quarter effective utilization was 14.5 fleets compared to 14.8 fleets for the prior quarter.
- Fourth quarter net cash provided by operating activities of \$125 million as compared to \$72 million for the prior quarter.
- Fourth quarter Free Cash Flow⁽²⁾ was approximately \$15 million as compared to negative Free Cash Flow of approximately \$26 million for the prior quarter.
- Completed the acquisition of Silvertip Completion Services Operating, LLC ("Silvertip"), a Permian Basin-focused provider of wireline perforating and pumpdown services, on November 1, 2022.
- During the quarter, the Company ordered two additional electric hydraulic fracturing fleets (for a total of four fleets to be delivered in 2023) and completed its first long-term contract for the new electric offering.

⁽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 is a Non-GAAP financial measure and is described and reconciled to cash from operating activities in the table under "Non-GAAP Financial Measures".



Sam Sledge, Chief Executive Officer, commented, "The fourth quarter was an exciting end to a transformational year for ProPetro. Thanks to the hard work of our team throughout 2022, we improved profitability, executed a disciplined approach to asset deployment, and successfully pursued accretive growth, strengthening our business and positioning the Company for more sustained, long-term success. We have significantly advanced our strategy to industrialize the business, and are confident that ProPetro is well-positioned to execute on the many value-enhancing opportunities ahead in 2023 and beyond."

David Schorlemer, Chief Financial Officer, commented, "2022 was a significant investment year for ProPetro in which we recapitalized our fleet, made important progress in transitioning to over 35% natural gas-burning equipment and executed an accretive transaction with Silvertip, all while protecting our liquidity. Despite a fourth quarter impacted by weather, holiday-related seasonality and the strategic repositioning of certain fleets, for the full year we were proud to deliver a revenue increase of 46%, an Adjusted EBITDA increase of 134% and an Adjusted EBITDA margin increase of 930 basis points as compared to the prior year."

Fourth Quarter 2022 Financial Summary

Revenue was \$349 million, compared to \$333 million for the third quarter of 2022. Despite the Company's slight decrease in utilization, the increase in revenue is attributable to pricing increases and added revenue from Silvertip.

Cost of services, excluding depreciation and amortization of approximately \$34 million, increased to \$243 million from \$224 million during the third quarter of 2022. The increase was also attributable to the Silvertip acquisition, additional strategic supply chain purchases, and cost inflation across all of our service lines in the fourth quarter of 2022.

General and administrative expense of \$27 million decreased from \$28 million in the third quarter of 2022. General and administrative expense excluding non-recurring expense (net) of \$5 million relating to legal settlement and expenses (net of insurance recovery), stock-based compensation of \$4 million, and other non-recurring expenses of \$1 million was \$22 million, or 6% of revenue, which is flat compared to the third quarter of 2022.

Net income totaled \$13 million, or \$0.12 per diluted share, compared to net income of \$10 million, or \$0.10 per diluted share, for the third quarter of 2022.

Adjusted EBITDA decreased to \$84 million from \$90 million for the third quarter of 2022. The decrease in Adjusted EBITDA was primarily attributable to our decreased utilization caused by our fleet repositioning efforts, and the combination of holiday seasonality and weather impacts, and the costs of activating our 15th fleet.



Liquidity and Capital Spending

As of December 31, 2022, we had cash and cash equivalents of \$89 million and borrowings under our ABL Credit Facility were \$30 million. Total liquidity at the end of the fourth quarter of 2022 was \$155 million, which included cash and cash equivalents and available borrowing capacity under our ABL Credit Facility.

As of February 20, 2023, borrowings under the Company's ABL Credit Facility were \$30 million and our total liquidity was approximately \$143 million, consisting of cash and cash equivalents of \$35 million and \$107 million of availability under our ABL Credit Facility.

Capital expenditures incurred during the fourth quarter of 2022 were \$89 million, the majority of which related to maintenance expenditures, our previously announced Tier IV DGB conversions, and approximately \$18 million in strategic supply chain purchases of fixed asset inventory items. Net cash used in investing activities during the fourth quarter of 2022 was \$110 million.

Guidance and Recent Results

ProPetro's outlook for full year 2023 cash capital expenditures is expected to be between \$250 million and \$300 million, a reduction compared to 2022. The Company anticipates that ongoing fleet revitalization and strategic investments will continue to provide value for ProPetro's shareholders.

Additionally, based on its current outlook for the first quarter of 2023, ProPetro anticipates frac fleet utilization ranging between 14.5 to 15.5 fleets.

In January of 2023, despite some weather impacts and running only 14 fleets for the majority of the month, the Company generated revenues of \$136 million and incurred cost of services of \$88 million, and general and administrative costs of \$8 million, exclusive of stock-based compensation and other non-recurring items of approximately \$2 million. Importantly, we now have our 15th frac fleet operational today and expect full year utilization to average between 15 and 16 fleets.

These preliminary results are subject to the completion of the customary quarterly and year-end closing and review process and may be subject to change after completion of the year-end audit. See Cautionary Statement Regarding Preliminary Financial Information below.

Outlook

Mr. Schorlemer, added, "As we proceed in 2023, we expect that demand for our services will remain robust. Thanks to the work undertaken in the fourth quarter to reposition and reprice our



assets, we began 2023 strong. We believe our January performance is a strong baseline and expect to build upon that momentum as we move through the balance of 2023.”

Mr. Sledge concluded, “We are encouraged by our early 2023 results and the opportunities ahead for ProPetro. We continue to transition our fleet and remain disciplined with regard to capital deployment, both of which will allow us to advance our position as a leading completions-focused oilfield services company. At the same time, we are taking actions to ensure that ProPetro is positioned to meet head-on any broader industry headwinds that may arise. Moving forward, we are confident ProPetro is well-positioned to capitalize on a large and attractive market opportunity within the Permian Basin and drive enhanced returns for our shareholders in what we believe should be a multi-year up-cycle. We remain focused on the pillars of our strategy: optimizing our businesses, transitioning our fleet and executing strategic transactions to accelerate Free Cash Flow.”

Conference Call and Other Information

The Company will host a conference call at 8:00 AM Central Time on February 22, 2023, to discuss financial and operating results for the fourth quarter of 2022. The call will also be webcast on ProPetro’s website at www.propetroservices.com. 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 8212202. The Company has also posted the scripted remarks on its website.

About ProPetro

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

Forward-Looking Statements

Except for historical information contained herein, the statements and information in this news release and discussion in the conference call described above 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, 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 oil prices, the operational disruption and market volatility resulting from the global macroeconomic uncertainty related to the Russia-Ukraine war, general economic conditions, including the impact of continued inflation and the risk of a global recession, 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. 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.

Cautionary Statement Regarding Preliminary Financial Information

The financial information for the month of January 2023 contained in this news release and discussed in the conference call described above is based upon information available to the Company as of the date hereof and is not a comprehensive statement of the Company's financial results. Such information is preliminary and unaudited. The Company's completed results to be reported for the full three months ended March 31, 2023 may differ materially from these preliminary results. Moreover, during the course of the preparation of the Company's condensed consolidated financial statements and related notes to be included in the Company's Quarterly

Report on Form 10-Q for the three months ended March 31, 2023, adjustments related to the preliminary financial information presented herein may be identified. Any such adjustments may be material.

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EXHIBIT 99.1

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

	Three Months Ended			Years Ended	
	December 31, 2022	September 30, 2022	December 31, 2021	December 31, 2022	December 31, 2021
REVENUE - Service revenue	\$ 348,924	\$ 333,014	\$ 246,070	\$ 1,279,701	\$ 874,514
COSTS AND EXPENSES					
Cost of services (exclusive of depreciation and amortization)	242,618	224,118	187,361	882,820	662,266
General and administrative (inclusive of stock-based compensation)	26,728	28,190	23,843	111,760	82,921
Depreciation and amortization	34,375	30,417	33,124	128,108	133,377
Impairment expense	—	—	—	57,454	—
Loss on disposal of assets	26,912	36,636	24,145	102,150	64,646
Total costs and expenses	330,633	319,361	268,473	1,282,292	943,210
OPERATING INCOME (LOSS)	18,291	13,653	(22,403)	(2,591)	(68,696)
OTHER INCOME (EXPENSE):					
Interest expense	(565)	(237)	(137)	(1,605)	(614)
Other income (expense)	1,835	(616)	(305)	11,582	873
Total other income (expense)	1,270	(853)	(442)	9,977	259
INCOME (LOSS) BEFORE INCOME TAXES	19,561	12,800	(22,845)	7,386	(68,437)
INCOME TAX (EXPENSE) BENEFIT	(6,520)	(2,768)	2,613	(5,356)	14,252
NET INCOME (LOSS)	\$ 13,041	\$ 10,032	\$ (20,232)	\$ 2,030	\$ (54,185)
NET INCOME (LOSS) PER COMMON SHARE:					
Basic	\$ 0.12	\$ 0.10	\$ (0.20)	\$ 0.02	\$ (0.53)
Diluted	\$ 0.12	\$ 0.10	\$ (0.20)	\$ 0.02	\$ (0.53)
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:					
Basic	111,118	104,372	103,390	105,868	102,655
Diluted	111,988	105,070	103,390	106,939	102,655

EXHIBIT 99.1

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

	December 31, 2022	December 31, 2021
ASSETS		
CURRENT ASSETS:		
Cash, cash equivalents and restricted cash	\$ 88,862	\$ 111,918
Accounts receivable - net of allowance for credit losses of \$419 and \$217, respectively	215,925	128,148
Inventories	5,034	3,949
Prepaid expenses	8,643	6,752
Short-term investment, net	10,283	—
Other current assets	38	297
Total current assets	328,785	251,064
PROPERTY AND EQUIPMENT - net of accumulated depreciation	922,735	808,494
OPERATING LEASE RIGHT-OF-USE ASSETS	3,147	409
OTHER NONCURRENT ASSETS:		
Goodwill	23,624	—
Intangible assets - net of amortization	56,345	—
Other noncurrent assets	1,150	1,269
Total other noncurrent assets	81,119	1,269
TOTAL ASSETS	\$ 1,335,786	\$ 1,061,236
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 234,299	\$ 152,649
Operating lease liabilities	854	369
Accrued and other current liabilities	49,027	20,767
Total current liabilities	284,180	173,785
DEFERRED INCOME TAXES	65,265	61,052
LONG-TERM DEBT	30,000	—
NONCURRENT OPERATING LEASE LIABILITIES	2,308	97
Total liabilities	381,753	234,934
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY:		
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, 114,515,008 and 103,437,177 shares issued, respectively	114	103
Additional paid-in capital	970,519	844,829
Accumulated deficit	(16,600)	(18,630)
Total shareholders' equity	954,033	826,302
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 1,335,786	\$ 1,061,236



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

	Years Ended December 31,	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	\$ 2,030	\$ (54,185)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	128,108	133,377
Impairment expense	57,454	—
Deferred income tax expense (benefit)	4,213	(14,288)
Amortization of deferred debt issuance costs	785	542
Stock-based compensation	21,881	11,519
Provision for credit losses	202	282
Loss on disposal of assets	102,150	64,646
Unrealized loss on short-term investment	1,570	—
Non-cash income from settlement with equipment manufacturer	(2,668)	—
Changes in operating assets and liabilities:		
Accounts receivable	(66,900)	(43,742)
Other current assets	354	310
Inventories	124	(1,220)
Prepaid expenses	743	4,463
Accounts payable	27,428	51,764
Accrued and other current liabilities	22,602	1,246
Accrued interest	353	—
Net cash provided by operating activities	<u>300,429</u>	<u>154,714</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(319,683)	(143,523)
Silvertip Acquisition, net of cash acquired	(38,639)	—
Proceeds from sale of assets	8,577	39,231
Net cash used in investing activities	<u>(349,745)</u>	<u>(104,292)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from borrowings	30,000	—
Repayments of insurance financing	—	(5,473)
Payment of debt issuance costs	(824)	—
Proceeds from exercise of equity awards	963	4,017
Tax withholdings paid for net settlement of equity awards	(3,879)	(5,820)
Net cash provided by (used in) financing activities	<u>26,260</u>	<u>(7,276)</u>
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(23,056)	43,146
CASH, CASH EQUIVALENTS AND RESTRICTED CASH — Beginning of year	111,918	68,772
CASH, CASH EQUIVALENTS AND RESTRICTED CASH — End of year	<u>\$ 88,862</u>	<u>\$ 111,918</u>

Reportable Segment Information

(in thousands)	Three Months Ended					
	December 31, 2022			September 30, 2022		
	Completi on Services	All Other	Total	Completi on Services	All Other	Total
Service revenue	\$ 348,924	\$ —	\$ 348,924	\$ 330,780	\$ 2,234	\$ 333,014
Adjusted EBITDA	\$ 84,228	\$ (118)	\$ 84,110	\$ 92,009	\$ (2,009)	\$ 90,000
Depreciation and amortization	\$ 34,375	\$ —	\$ 34,375	\$ 29,856	\$ 561	\$ 30,417
Capital expenditures	\$ 89,158	\$ 226	\$ 89,384	\$ 112,865	\$ 2,258	\$ 115,123

(in thousands)	Years Ended					
	December 31, 2022			December 31, 2021		
	Completi on Services	All Other	Total	Completi on Services	All Other	Total
Service revenue	\$ 1,266,261	\$ 13,440	\$ 1,279,701	\$ 857,642	\$ 16,872	\$ 874,514
Adjusted EBITDA	\$ 318,051	\$ (1,461)	\$ 316,590	\$ 134,309	\$ 698	\$ 135,007
Depreciation and amortization	\$ 125,867	\$ 2,241	\$ 128,108	\$ 129,780	\$ 3,597	\$ 133,377
Capital expenditures	\$ 362,467	\$ 2,849	\$ 365,316	\$ 162,222	\$ 2,936	\$ 165,158

Non-GAAP Financial Measures

We define EBITDA as net income (loss) less (i) depreciation and amortization, (ii) interest expense and (iii) income tax expense (benefit). We define Adjusted EBITDA as EBITDA, plus (i) loss (gain) on disposal of assets, (ii) stock-based compensation, (iii) other expense (income), (iv) other general and administrative expense (net) and (v) severance expense. We define Free Cash Flow as net cash provided by operating activities less net cash used in investing activities. Adjusted EBITDA and Free Cash Flow 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. Net income (loss) is the GAAP measure most directly comparable to Adjusted EBITDA, and net cash provided by operating activities is the GAAP measure most directly comparable to Free Cash Flow. Non-GAAP financial measures should not be considered as alternatives to the most directly comparable GAAP financial measures. 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 or Free Cash Flow in isolation or as a substitute for an analysis of our results as reported under GAAP. Because Adjusted EBITDA and Free Cash Flow 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

(in thousands)	Three Months Ended					
	December 31, 2022			September 30, 2022		
	Completion Services	All Other	Total	Completion Services	All Other	Total
Net income (loss)	\$ 13,386	\$ (345)	\$ 13,041	\$ 26,404	\$ (16,372)	\$ 10,032
Depreciation and amortization	34,375	—	34,375	29,856	561	30,417
Interest expense	565	—	565	237	—	237
Income tax expense	6,520	—	6,520	2,768	—	2,768
Loss on disposal of assets	26,685	227	26,912	22,850	13,786	36,636
Stock-based compensation	3,754	—	3,754	3,306	—	3,306
Other expense (income) ⁽²⁾⁽³⁾	(1,835)	—	(1,835)	616	—	616
Other general and administrative expense, (net) ⁽¹⁾	748	—	748	4,920	—	4,920
Severance expense	30	—	30	1,052	16	1,068
Adjusted EBITDA	<u>\$ 84,228</u>	<u>\$ (118)</u>	<u>\$ 84,110</u>	<u>\$ 92,009</u>	<u>\$ (2,009)</u>	<u>\$ 90,000</u>

(in thousands)	Year Ended					
	December 31, 2022			December 31, 2021		
	Completion Services	All Other	Total	Completion Services	All Other	Total
Net income (loss)	\$ 19,754	\$ (17,724)	\$ 2,030	\$ (51,189)	\$ (2,996)	\$ (54,185)
Depreciation and amortization	125,867	2,241	128,108	129,780	3,597	133,377
Interest expense	1,605	—	1,605	614	—	614
Income tax (benefit) expense	5,356	—	5,356	(14,252)	—	(14,252)
Loss on disposal of assets	88,145	14,005	102,150	64,549	97	64,646
Impairment expense	57,454	—	57,454	—	—	—
Stock-based compensation	21,881	—	21,881	11,519	—	11,519
Other (income) expense ⁽³⁾	(11,582)	—	(11,582)	(873)	—	(873)
Other general and administrative expense ⁽¹⁾	8,460	—	8,460	(6,471)	—	(6,471)
Severance expense	1,111	17	1,128	632	—	632
Adjusted EBITDA	<u>\$ 318,051</u>	<u>\$ (1,461)</u>	<u>\$ 316,590</u>	<u>\$ 134,309</u>	<u>\$ 698</u>	<u>\$ 135,007</u>

(1) Other general and administrative expense, (net of reimbursement from insurance carriers) primarily relates to nonrecurring professional fees paid to external consultants in connection with the Company's audit committee review, SEC investigation, shareholder litigation, legal settlement to a vendor and other legal matters, net of insurance recoveries. During the three months ended December 31, 2022 and September 30, 2022, we received approximately \$3.5 million and \$3.4 million, respectively, from our insurance carriers in connection with the SEC investigation and shareholder litigation. During the years ended December 31, 2022 and December 31, 2021, we received approximately \$10.4 million and \$9.8 million respectively, from our insurance carriers in connection with the SEC investigation and shareholder litigation.

(2) Includes \$10.7 million net tax refund (net of advisory fees) received in March 2022 from the Texas Comptroller of Public Accounts in connection with limited sales, excise and use audit of the period July 1, 2015 through December 31, 2018.

(3) Includes \$2.7 million non-cash income from fixed asset inventory received as part of a settlement of warranty claims with an equipment manufacturer and a \$1.6 million unrealized loss on short-term investment.

Reconciliation of Cash from Operating Activities to Free Cash Flow

	Three Months Ended	
(in thousands)	December 31, 2022	September 30, 2022
Cash from Operating Activities	\$ 125,478	\$ 71,643
Cash used in Investing Activities	(109,788)	(98,389)
Free Cash Flow	<u>\$ 15,690</u>	<u>\$ (26,746)</u>

Client to confirm use of
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Q4 & FY 2022 Investor Presentation

February 21, 2023

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, projected financial results and future financial performance, expected fleet utilization, sustainability efforts, the future performance of newly improved technology, expected capital expenditures and the impact of such expenditures on our performance and capital programs as well as our ability to integrate the business of Silvertip Completion Services Operating, LLC (“Silvertip”) and realize the benefits of the Silvertip acquisition. 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 global macroeconomic uncertainty related to the Russia-Ukraine war, general economic conditions, including impact of continued inflation and the risk of a global recession 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.

This presentation contains certain measures that are not determined in accordance with GAAP. For a definition of these measures and a reconciliation to the most directly comparable GAAP measure on a historical basis, please see slide 3. Due to the forward-looking nature of certain non-GAAP measures presented in this presentation, reconciliations of the non-GAAP measures to their most directly comparable GAAP measure are not available without unreasonable efforts. This is due to the inherent difficulty of forecasting the timing or amount of various reconciling items that would impact the most directly comparable forward-looking GAAP financial measure, that have not yet occurred, are out of our control and/or cannot be reasonably predicted. Accordingly, such reconciliations are excluded from this presentation. Forward-looking non-GAAP financial measures provided without the most directly comparable GAAP financial measures may vary materially from the corresponding GAAP financial measures.

Non-GAAP Reconciliations

EXHIBIT 99.2

This presentation references "Adjusted EBITDA" and "Free Cash Flow," which are non-GAAP financial measures. We define EBITDA as net income (loss) less (i) depreciation and amortization, (ii) interest expense and (iii) income tax expense (benefit). We define Adjusted EBITDA as EBITDA, plus (i) loss/(gain) on disposal of assets, (ii) stock-based compensation, (iii) other expense (income), (iv) other general and administrative expense (net) and (v) severance expense. Free cash flow (FCF) is defined as net cash provided by operating activities minus 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 the results of operations. Net income (loss) is the GAAP measure most directly comparable to Adjusted EBITDA. Net cash provided by 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.

	Three Months Ended			Three Months Ended	
	December 31, 2022	September 30, 2022		December 31, 2022	September 30, 2022
<i>(in thousands)</i>			<i>(in thousands)</i>		
Net income (loss)	\$ 13,041	\$ 10,032	Net Cash provided by Operating Activities	\$ 125,478	\$ 71,643
Depreciation and amortization	34,375	30,417	Net Cash used in Investing Activities	(109,788)	(98,389)
Interest expense	565	237	Free Cash Flow	\$ 15,690	\$ (26,746)
Income tax expense (benefit)	6,520	2,768			
Loss on disposal of assets	26,912	36,636			
Stock-based compensation	3,754	3,306			
Other expense (income)	(1,835)	616			
Other general and administrative expenses (net)	748	4,920			
Severance expense	30	1,068			
Adjusted EBITDA	\$ 84,110	\$ 90,000			

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(in thousands)	Twelve Months Ended	
	December 31, 2022	December 31, 2021
Net income (loss)	\$ 2,030	\$ (54,185)
Depreciation and amortization	128,108	133,377
Interest expense	1,605	614
Income tax expense (benefit)	5,356	(14,252)
Loss on disposal of assets	102,150	64,646
Impairment expense	57,454	-
Stock-based compensation	21,881	11,519
Other expense (income)	(11,582)	(873)
Other general and administrative expenses (net)	8,460	(6,471)
Severance expense	1,128	632
Adjusted EBITDA	\$ 316,590	\$ 135,007

(in thousands)	Twelve Months Ended	
	December 31, 2022	December 31, 2021
Net Cash provided by Operating Activities	\$ 300,429	\$ 154,714
Net Cash used in Investing Activities	(349,745)	(104,292)
Free Cash Flow	\$ (49,316)	\$ 50,422

Company Snapshot

Oilfield services leader in the Permian Basin providing complementary completions services in Hydraulic Fracturing, Cementing, and Wireline to leading upstream oil and gas producers

NYSE

PUMP

2022 Revenue

\$1.3 billion

Year End 2022 Total Liquidity

\$155 million

2022 Adjusted EBITDA⁽¹⁾

\$317 million

Headquartered in

Midland, Texas

(1) Adjusted EBITDA is a Non-GAAP financial measure, please see the reconciliation to Net Income (Loss) on the "Non-GAAP Reconciliations" slide.

Our Strategy & Recent Highlights

- ✓ 2022 financial results demonstrated significant growth versus prior year
- ✓ Transformational year in which we engaged a new corporate strategy
- ✓ Acquired and integrated Silvertip Completion Services
- ✓ Transitioned 5 Tier II diesel frac fleets to Tier IV DGB dual-fuel
- ✓ Ordered 4 electric frac fleets under lease program



Optimize operations and industrialize our business



Pursue a more capital-light asset profile and next generation fleet



Develop and integrate innovative technologies



Pursue opportunistic strategic transactions to accelerate value creation and distribution



Maintain a strong balance sheet



Generate robust earnings, increasing free cash flow, and build towards enhanced shareholder returns and value distribution

PRE-COVID PANDEMIC INDUSTRY DYNAMICS



Booming global economy



Higher relative refining capacity



Limited shareholder and corporate pressure for Environmental and other ESG-related causes



Robust capital markets and associated capital access

CURRENT INDUSTRY DYNAMICS

Oil supply is expected to remain suppressed due to insufficient capital spending, refining capacity constraints, and ongoing geo-political conflicts

Demand has rebounded from pandemic-related impacts, although not fully in certain areas of the globe (e.g., China)

Strong balance sheets and capital discipline are the new normal for oil and gas production and service companies

Capital markets largely avoiding oil and gas - private equity groups are chasing “transition energy” and debt markets are effectively closed

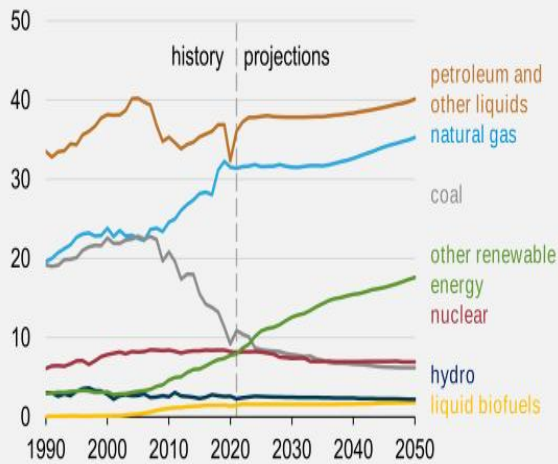
The hydrocarbon industry is here to stay - even though use of alternative energy is increasing, hydrocarbons have proven their critical value to global prosperity and energy security

ProPetro is well-positioned to take advantage of the long-term industry dynamics through improved fundamentals, access to the attractive Permian Basin, consistent execution, and capital discipline.

A bullish demand outlook coupled with constrained supply availability reinforces our belief that we are in a long-term up-cycle that supports incremental margins and sustainable cash flow generation for completion services.

ENERGY CONSUMPTION BY FUEL

(quadrillion British thermal units)

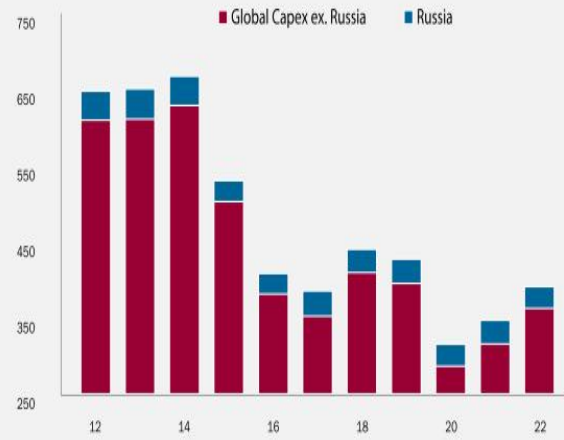


“Petroleum and natural gas are the most-used fuels in the United States through 2050” – EIA

Source: EIA, March 3, 2022

GLOBAL E&P SPENDING

(\$ billion)



Upstream E&P spending continues to lag demand and is 45% below average spend from 2012-14 as producers have retreated.

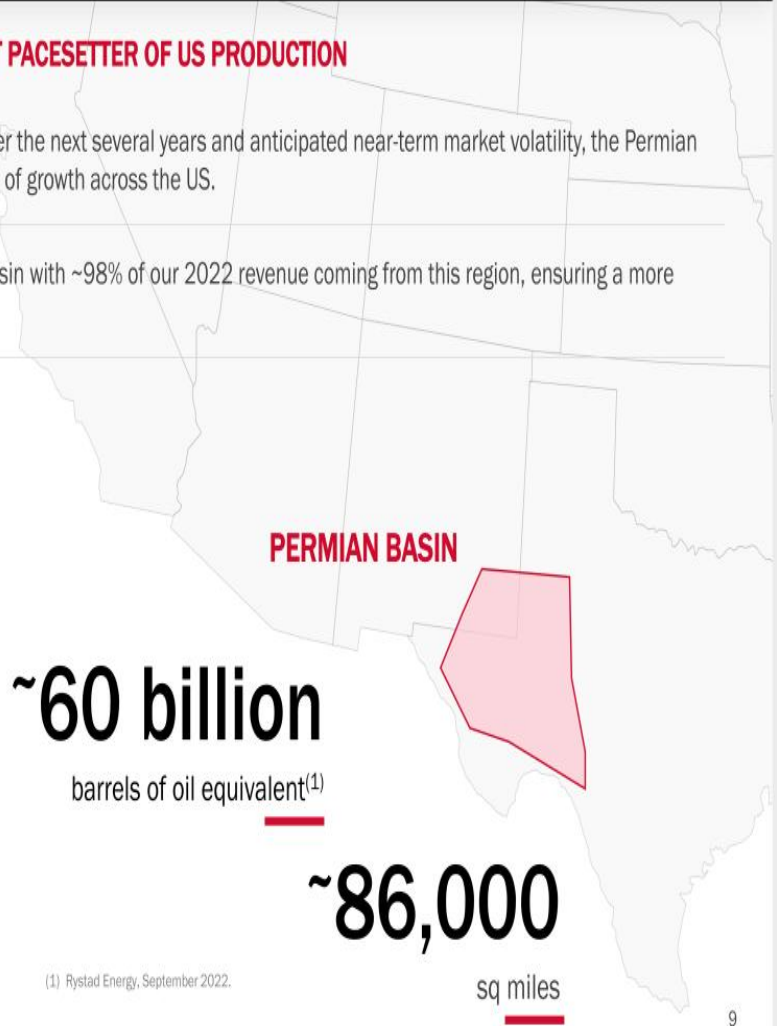
Source: Energy Aspects, February 2023

THE PERMIAN BASIN STANDS ALONE AS THE RESILIENT PACESETTER OF US PRODUCTION

Despite relatively flat total US production growth expectations over the next several years and anticipated near-term market volatility, the Permian Basin stands to see production increases and be the sole source of growth across the US.

ProPetro is strategically located in and levered to the Permian Basin with ~98% of our 2022 revenue coming from this region, ensuring a more sustainable and resilient demand for our services.

**US CRUDE PRODUCTION FORECAST
(MB/D)**



Source: Energy Aspects, February 2023

(1) Rystad Energy, September 2022.



Customer focused;
Team driven



Dedicated and efficient customer base harnessing the potential of the resource-rich Permian Basin



Transitioning to a young, efficient capital-light fleet that burns natural gas



Relied upon by premier customers with proven results year-after-year



Disciplined capital allocation and asset deployment strategy



Reducing emissions and investing in longer-lived assets



Diversified customer base including the largest Permian operators



COMPLETION-RELATED SERVICES

Consistent with ProPetro's Hydraulic Fracturing, Cementing, and Wireline services



HYDRAULIC FRACTURING

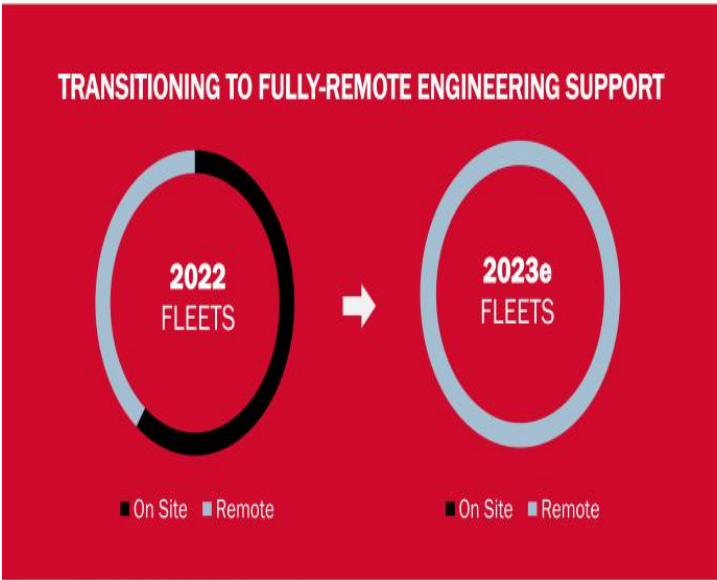
ProPetro's premier service line delivering industry-leading performance



SPECIAL APPLICATIONS

Customized treatments and complex jobs for customers that put their trust in ProPetro for reliable completions services

Source: EnergyPoint Research Inc.
<https://www.propetroservices.com/our-services>



RECENTLY DEVELOPED NEW TACTICAL OPERATIONS CENTER TO:

-  Reduce maintenance capex
-  Increase capital and logistical efficiency
-  Reduce equipment in rotation

Source: management estimates; "e" estimate at year end.

EVOLVING OPERATIONS AND ADAPTING TECHNOLOGIES TO:



Reduce on-site headcount

Drive best-practices across fleets

Enhance safety protocols

Improve efficiency

Increase long-term profitability

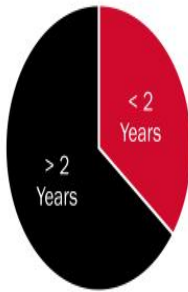
Increase sustainability of operations

Fleet Transition: Executing on The Strategy

RECAPITALIZATION OF OUR FLEET

- In 2022, we transitioned 35% of our frac fleet to Tier IV DGB dual-fuel and displacing diesel - up to ~70% with cleaner-burning natural gas
- Continuing to bring youth to our fleet through our 2023 investment cycle. Expect to end 2023 with at least 7 Tier IV DGB and 4 electric frac fleets.

Fleet Age (2023e)



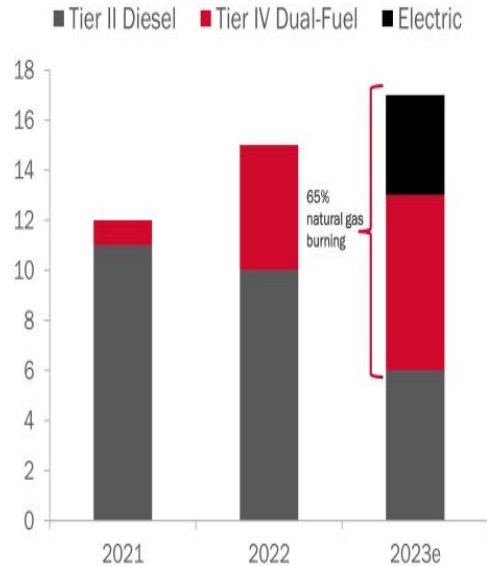
- Using natural gas to power frac fleets can result in annualized savings of \$10 million to \$20+ million due to the diesel/natural gas spread
- Customers are willing to pay a premium due to fuel savings and lower emissions

Source: management estimates; "e" estimate at year-end.

EXECUTED FIRST ELECTRIC-POWERED HYDRAULIC FRACTURING FLEET CUSTOMER CONTRACT

- Contract with large public E&P
- Currently Tier IV DGB fleet, converting to electric fleet upon delivery in 3Q23
- Coupled with capital-light electric fleet lease program

Active Fleet Configuration



ENVIRONMENTAL

SAFETY

PEOPLE

OPTIMIZED OPERATIONS & FLEET TRANSITION

Innovation

- Strategic investments in dual-fuel and electric-powered fleets, remote engineering operations, logistics, and maintenance systems

Get the job done efficiently

- Minimizing idle time, spills, and avoiding duplicative work

Optimizing fuel consumption

- Integrating cleaner-burning natural gas
- Investing in Tier IV DGB dual-fuel and electric equipment lowering diesel consumption

COMMITTED TO AN ACCIDENT-FREE WORKPLACE

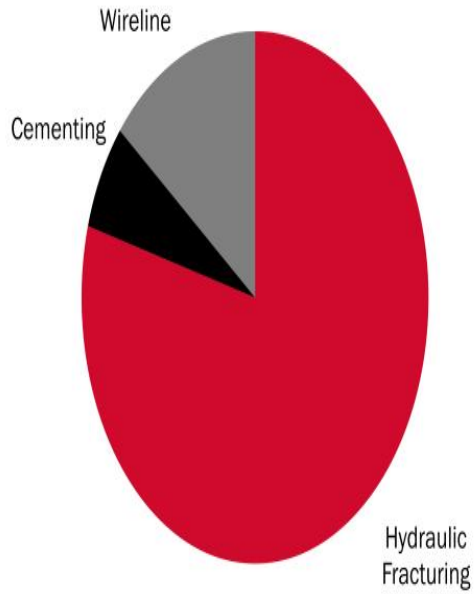
- Strong training and development culture
- Dedicated heavy haul driving team to reduce hazards on the roads in our community
- Recognized with safety awards and leadership in the Permian Basin

FOCUSED ON OUR TEAM

- Education and tuition reimbursement to engage and advance our employees
- ProPetro employees created the Positive United Morale Partners (P.U.M.P. Committee) to drive community engagement for those in need

To improve visibility around our recent progress towards accomplishing our sustainability goals, we plan to publish our Inaugural Sustainability Report in 2023

2023e REVENUE MIX BY SERVICE LINE



Source: 2023 management estimates.

FY22 Financial Highlights

EXHIBIT 99.2

Strong Execution During a Transformational Year

FY22 showcased the economic potential of our business, as we maintained strong liquidity despite strategically investing in our fleet.

(in millions except %'s and fleet counts)	TOTAL REVENUE	EFFECTIVE UTILIZATION <i>Fleets</i>	ADJUSTED EBITDA ⁽¹⁾	TOTAL LIQUIDITY ⁽²⁾
FY22	\$1,280	14.5	\$317	\$155
FY21	\$875	12.4	\$135	\$169
	+46%	+17%	+134% 45% incremental margins ⁽³⁾ ; Adj. EBITDA margins sequentially higher (~930 bps)	(\$14) Investing in our company through the acquisition of Silvertip and the transitioning of our fleet to Tier IV DGB

(1) Adjusted EBITDA is a Non-GAAP financial measure; please see the reconciliation to Net Income (Loss) on the "Non-GAAP Reconciliations" slide.

(2) Inclusive of cash and available capacity under ABL credit facility as of the end of the quarter.

(3) Incremental margin calculated as the change in Adjusted EBITDA divided by the change in revenues.

PROPETRO

OPTIMIZE OPERATIONS

Enhancing operational efficiency by focusing resources on the most relevant technologies, tools, and best practices

FLEET TRANSITION

With robust industry fundamentals, transitioning our fleet to natural gas-burning and electric offerings, which command higher relative pricing

DISCIPLINED GROWTH

Prudently assessing value-enhancing investment opportunities to make ProPetro stronger – including opportunities to enhance scale, expand margins, and accelerate free cash flow

Designed to improve free cash flow and value-distribution...

...while maintaining a strong balance sheet.

Company Management



SAM SLEDGE

Chief Executive Officer & Director



ADAM MUÑOZ

President and Chief Operating Officer



DAVID SCHORLEMER

Chief Financial Officer



JODY MITCHELL

General Counsel



ELO OMAVUEZI

Chief Accounting Officer

Board Of Directors



PHILLIP A. GOBE

Chairman of the Board



MICHELE VION

Independent Director,
Compensation Committee Chair



G. LARRY LAWRENCE

Independent Director



ALAN E. DOUGLAS

Independent Director



MARY RICCIARDELLO

Independent Director



ANTHONY BEST

Lead Independent Director,
Audit Committee Chair



JACK B. MOORE

Independent Director,
Nominating & Corporate
Governance Committee Chair



SPENCER D. ARMOUR III

Independent Director



MARK BERG

Director



Efficient operator with a strong balance sheet



Cutting edge technologies drive leading profitability and customer solutions



Disciplined capital allocation and asset deployment strategy



Premium completion services company with one of the most efficient and productive pressure pumping and wireline systems in the oilfield service industry



Consistently outperforms the competition – the reliable choice for the most selective customers



ESG-friendly investments in electric-powered hydraulic fracturing technology and other innovative equipment to drive industry-leading profitability and flexibility through industry cycles

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Fourth Quarter and Full Year 2022 Earnings Call

February 22, 2023, 8:00 am CT

Operator Opening:

Good day, and welcome to the ProPetro Holding Corp Fourth Quarter 2022 Conference Call. Please note, this event is being recorded. I would now like to turn the call over to Matt Augustine, Director of Corporate Development and Investor Relations for ProPetro Holding Corp. Please go ahead.

Matt Augustine - Director of Corporate Development and Investor Relations:

Thank you and good morning. We appreciate your participation in today's call. With me today is Chief Executive Officer, Sam Sledge; Chief Financial Officer, David Schorlemer; and President & Chief Operating Officer, Adam Munoz.

Yesterday afternoon, we released our earnings results for the fourth quarter and full year of 2022. Please note that any comments we make on today's call regarding projections or our expectations for future events are forward-looking statements covered by the Private Securities Litigation Reform Act. Forward-looking statements are subject to several risks and uncertainties, many of which are beyond our control. These risks and uncertainties can cause actual results to differ materially from our current expectations. We advise listeners to review our earnings release and risk factors discussed in our filings with the SEC. Also, during today's call we will reference certain non-GAAP financial measures. Reconciliations of these non-GAAP measures to the most directly comparable GAAP measures are included in our earnings release. Additionally, during today's call we will discuss January 2023 results. Of note, these results are preliminary and based upon information available to management as of the date hereof. These results are subject to change and may differ materially from our reported results for the three months ended March 31, 2023. Lastly, after our prepared remarks, we will hold a question-and-answer session.

With that, I would like to turn the call over to Sam.





Fourth Quarter and Full Year 2022 Earnings Call

February 22, 2023, 8:00 am CT

Sam Sledge - Chief Executive Officer:

Thanks Matt and good morning, everyone. 2022 was a transformational year for ProPetro and we are pleased to be off to an even stronger start in 2023.

David will speak to our financial results for the fourth quarter and full year of 2022 in a moment, but before that I'd like to take a step back and acknowledge some of the key achievements and milestones from our team in 2022.

As you know, in November we closed our acquisition of Silvertip Completion Services – a step that positioned ProPetro not just as a leading pressure pumping company, but now as a leading completions-focused oilfield services company. Integration of Silvertip into ProPetro has been successful and, since closing, we have begun to capitalize on the strategic vision that drove this transaction. With Silvertip, we've expanded our portfolio to include a best-in-class wireline company that enables us to pursue accretive growth opportunities and positions us to further expand our margins and increase free cash flow generation.

As previously announced in December, shortly after the closing of Silvertip, to meet the increasing demand for next generation hydraulic fracturing services, we were pleased to (i) announce our first contract for one of our electric fleets, (ii) order two additional e-fleets under the master lease agreement used for our first two electric fleet orders, and (iii) deploy our fifth Tier IV Dynamic Gas Blending or "DGB" fleet, with our sixth to come online in the coming weeks. We expect that ProPetro will have at least seven Tier IV DGB fleets and four electric fleets by the end of 2023, making approximately two thirds of our frac offering natural gas capable.

These recent actions significantly advanced our strategy to industrialize our business, and we are confident that we are well-positioned to execute on the many value-enhancing opportunities ahead in 2023 and beyond.

The fourth quarter was also a significant transition period for ProPetro. As we noted during our third quarter call, we laid the ground work and prepared a significant portion of our portfolio for a repricing and repositioning effort that occurred in early January. This repositioning of fleets has enabled us to pursue opportunities with other customers under accretive terms, and we're very excited to renew some prior relationships and expand others. Our operating team's excellence at the wellsite along with a very intentional approach by our business development team has enabled this part of our strategy to be a success.





Fourth Quarter and Full Year 2022 Earnings Call

February 22, 2023, 8:00 am CT

Ahead of the repricing of our fleets in January, we decided to temporarily curtail one of our active fleets in the second half of the fourth quarter to prioritize our overall fleet health in order to position us to best capitalize on the pricing uplift we were able to capture in January.

In the fourth quarter we also experienced an increased amount of seasonality and holiday impact, along with impacts from the winter storm that occurred throughout the U.S. leading up to the holidays, with the storm ultimately affecting several of our customers focused here in the Permian.

At ProPetro, we pride ourselves on our commitment to best-in-class corporate governance, including the Board's focus on director refreshment and building a strong bench of outstanding leaders and employees at ProPetro. To that end, recently we were pleased to welcome Mary Ricciardello to our Board of Directors and look forward to benefitting from her expertise. Additionally, the new year also saw the appointment of Jody Mitchell as ProPetro's new General Counsel and Corporate Secretary. Jody is an industry veteran, and has quickly become an integral member of our core leadership team.

Another important element of good governance is enhanced sustainability practices. We are pleased to announce that in 2023, we will be issuing our first ever sustainability report, which will provide an in-depth look at the work underway to deliver on our commitment to transition our fleet in support of more efficient operations with reduced emissions while also leading efforts in the community to promote a cleaner and safer environment across the Permian Basin and for our teammates at ProPetro.

Being a Midland-based and Permian Basin focused oilfield services company that serves leading upstream oil and gas operators gives us a unique vantage point into the market and current trends. To that end, before I turn it over to David, I'd like to take a few moments to discuss the broader oil and gas market and what we are seeing.

Despite recent pressure on the price of natural gas, we believe that both oil and natural gas remain in structural undersupply, especially globally, and may remain so for the foreseeable future. As it pertains to the recent decline in natural gas prices, being 100% located in the Permian with customers that have large drilling programs and full calendars does insulate us from some of the risk that our peers working in gas-focused basins may face.





Fourth Quarter and Full Year 2022 Earnings Call

February 22, 2023, 8:00 am CT

Furthermore, if demand for frac services temporarily declines in gas-focused basins, and a few competitor fleets subsequently move to the Permian, we believe the demand gap is large enough to absorb the new fleets without disruption, especially when considering the bifurcation in service quality and equipment offerings, as small privates and other subscale competitors do not have the next generation capabilities that ProPetro has compiled.

Notably, the continued spread between diesel and natural gas prices bolsters our fleet transition strategy. Diesel displacement in our customers' completions programs will continue to become more and more valuable for the foreseeable future.

As we move forward, we remain acutely focused on taking our business to the next level and executing on our strategic goals to drive meaningful returns.

To achieve this, first, we are actively optimizing our operations through a more industrialized approach to our business, which we expect will unlock additional free cash flow generation into the future.

Second, we are continuing to transition our fleet in a way that minimizes our overall capital costs while delivering next generation services that are in high demand from our customers.

And third, we are continuing to pursue opportunistic strategic acquisitions that increase our competitiveness and are in the best interests of all of our stakeholders.

All of this is being done with the ultimate goal of generating strong returns and value for our shareholders, and we are already beginning to realize a portion of the tremendous value that we are confident this strategy will deliver.

I'll now turn it over, but before I do, I'd be remiss if I did not take a moment to thank the ProPetro team for their outstanding work in 2022. Without them, we would not have been able to achieve all that we did during this incredible year and just as importantly, we would not have been able to lay the groundwork for all that is to come in 2023 and beyond.

With that, I'll turn the call over to David to discuss our fourth quarter and full-year financial performance. David?





Fourth Quarter and Full Year 2022 Earnings Call

February 22, 2023, 8:00 am CT

David Schorlemer - Chief Financial Officer:

Thanks, Sam and good morning, everyone. Before I dive in, I would also like to echo Sam's thanks for our team members and their continued hard work and dedication to ProPetro.

Now, let's move on to our financial results.

2022 Full Year Highlights

Our performance in 2022 showed continued improvement over 2021 with our financial discipline and pricing strategy generating excellent results. Revenue for the full year 2022 was \$1.3 billion, a 46% increase year-over-year. Adjusted EBITDA increased 134% year-over-year to \$317 million, which was driven by our disciplined commitment to improved pricing, responsive repositioning, and cost management. Equally impressive was our Adjusted EBITDA margins that increased 930 basis points to 25%. We were able to achieve this in the midst of significant inflationary pressures, a constrained supply chain, and a dynamic pricing environment.

The Company also posted a Net Income of \$2 million for 2022, which is a significant turnaround compared to a \$54 million Net Loss in 2021.

Fourth Quarter Highlights

During the fourth quarter, we generated \$349 million of revenue, a 5% increase from the third quarter. The increase is largely attributable to the acquisition of and inclusion of November and December activity of Silvertip. Our Effective Frac Fleet Utilization was 14.5 fleets for the fourth quarter, which was in line with our prior guidance of 14 to 15 fleets. Our guidance for the first quarter is 14.5 to 15.5 fleets.

Cost of services, excluding depreciation and amortization, for the fourth quarter was \$243 million versus \$224 million in the third quarter with the increase driven by the Silvertip acquisition, additional strategic supply chain purchases, and cost inflation across all of our service lines.

Fourth quarter general and administrative expense was \$27 million compared to \$28 million in the third quarter. Adjusted G&A was \$22 million and excludes \$5 million relating to non-recurring and non-cash items. Depreciation was \$34 million in the fourth quarter. The Company posted Net Income of \$13 million or \$0.12 cents per diluted share, compared to net income of \$10 million or \$0.10 cents per diluted share in the prior quarter.

As Sam mentioned, the fourth quarter was a transitional one for ProPetro. Looking back at the full year, we posted strong performance while undergoing a significant recapitalization of our fleet.





Fourth Quarter and Full Year 2022 Earnings Call

February 22, 2023, 8:00 am CT

2023 Recent Highlights

Moving to 2023, we're off to a great start to the year, and we'd like to share some selected preliminary financial results that we are encouraged by so far.

Due to the repositioning and repricing efforts we undertook for our businesses in the fourth quarter of 2022, our January performance was extraordinarily strong despite experiencing some weather impacts during the month and operating only 14 active fleets for the majority of the month. Revenues came in at \$136 million and we incurred cost of services of \$88 million, with general and administrative costs of \$8 million exclusive of stock-based compensation and other non-recurring items of approximately \$2 million.

Doing the math, you can see it was a good month. Of note, in February, our 15th fleet that we had reactivated late last year is now back on a committed calendar and we're expecting a more fulsome contribution of our 15 active fleets going forward.

I'd also like to point out that Silvertip posted \$20 million of revenue for January, which is the highest monthly total in its history. We are excited about the contribution this business is already making.

As we have discussed, we expect that demand for our services will remain robust as we proceed into 2023. Therefore, we believe our performance in January was a strong baseline and expect to build upon that momentum as we progress into the balance of 2023.

Turning back to 2022 results, our full year 2022 cash capex was \$320 million, or slightly below the midpoint of our prior guidance and our incurred capex was \$365 million, which is slightly above the high end of our prior guidance, and included approximately \$18 million of strategic purchases of critical inventory items to get ahead of certain supply chain constraints of major components.

As we pursue and realize the benefits of our strategy to develop a more capital light asset profile and realize the benefits from our ongoing optimization program, coupled with the ending of our large reinvestment cycle, we anticipate our 2023 cash capex to be between \$250 million and \$300 million with the majority of the spending in the first half of the year.

As of December 31, 2022, total cash was \$89 million and our borrowings under our ABL Credit Facility were \$30 million. Total liquidity at the end of the fourth quarter of 2022 was \$155 million including cash and \$66 million of available capacity under the Company's ABL credit facility.





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We anticipate meaningful positive free cash flow in the second half of 2023 with some working capital investment and a front-loaded capex program in the near-term.

To reiterate, 2022 was a significant investment year in which we recapitalized our fleet while transitioning to over 35% natural gas-burning equipment, completed the accretive transaction with Silvertip to accelerate free cash flow and earnings, and enhanced Adj. EBITDA margins by over 930 basis points, all while protecting our liquidity. This was accomplished by maintaining a disciplined pricing and capital allocation framework. 2022 was a transitional year in executing our strategic plan and we are excited for these opportunities to continue fueling our growth in 2023.

With that, I'll turn it back over to Sam.

Sam Sledge - Chief Executive Officer:

Thank you, David.

As we take stock of where we are today and look ahead to where we are going, I am proud of the work we have done to effect a significant transformation since 2019 and the onset of COVID.

We have met significant obstacles and challenges head on over the last few years, and have continued to compete at the highest level while positioning our Company for the long-run. We've recently taken significant steps in reducing our maintenance capex and increasing our capital and logistical efficiency across our portfolio of assets while ensuring we have less equipment in rotation at the maintenance shop and are therefore more efficient with our asset base.

Now, our future is stronger than ever and we are confident in our ability to execute on strategic growth opportunities into this sustained multi-year up-cycle.

By the end of 2023 and as I mentioned earlier, we will have transitioned two thirds of our fleet to natural gas-burning and electric capabilities, offering us a unique competitive advantage, and one of the youngest next generation fleets in the country.





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Moreover, we have a disciplined and intentional approach to capital deployment, which will allow us to strategically pursue M&A opportunities to advance our position as a leading completions-focused services company. At the same time, with a nearly debt free balance sheet, we are prepared for any broader industry or macroeconomic headwinds and volatility that may arise.

While we recognize that the space is consolidated and E&P's are not expected to meaningfully grow production in the near-term, our business is now built for the long-run and ProPetro will continue to be a major contributor to energy production for the world for the next several decades. Accordingly, we are optimistic that we will begin to see valuation improvement across the OFS space.

I once again want to thank our ProPetro teammates for their tremendous performance and for giving the management team the confidence to move forward with executing our strategy. We continue to build on our strong track record of safety and performance and I am so proud of all that we have accomplished. Let's continue to keep up the great work and deliver for our customers.

Lastly, we'd like to take a moment to talk about how honored we are here at ProPetro to be such a critical part of the American energy system.

I was born and raised right here in Midland, Texas, the energy capital of this side of the world. Even as a third-generation oilfield services operator and leader, it has taken me decades to fully appreciate the value this area and the oil and gas industry brings to our country and to our globe.

The Permian Basin community, which includes ProPetro, works hard, usually in harsh environments, without complaint. Our safe, clean production here in the Permian exports a dependable commodity that can be consumed locally or abroad. These fossil fuels power our world in our homes, our businesses, and in our schools and hospitals. One would be hard-pressed to find any item in our possession that isn't made from or tied directly to an oil and gas product. In the 15 plus year history of our company we have not appreciated our far-reaching impact enough. Today, we do.

Life experiences have helped us gain perspective as we find ourselves growing families, leading teams and investing in our communities - all of which sit on a foundation of affordable, clean and reliable energy.





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As our respect continues to grow for the work that happens in our sector and the energy it produces we feel emboldened to help others understand just how vital the Permian Basin and our oil and gas production are to the overall economic health and global security of the United States of America, the greatest republic in the history of the world. We would like to encourage others in our community and the oil and gas value chain, big and small, to join us in the promotion of what our industry makes possible for everyday life around the world. Fossil fuels have been a cornerstone in the advancement of humanity and, thanks to our industry's long track record of innovation, they will continue to be indispensable. It's because of our crucial contributions that we should be proud, internally and externally, to educate and advocate for our industry.

With that, I'd like to open up the line for questions. Operator?

Closing Remarks

Thank you for joining us on today's call. We look forward to another great year and we hope you join us for our next quarterly earnings call.

Have a great day.

Forward-Looking Statements

Except for historical information contained herein, the statements and information in this document and discussion in the conference call 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, 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 oil prices, the operational disruption and market volatility resulting from the global macroeconomic uncertainty related to the Russia-Ukraine war, general economic conditions, including the impact of continued inflation and the risk of a global recession, 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. 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

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



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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.

Cautionary Statement Regarding Preliminary Financial Information

The financial information for the month of January 2023 contained in this document and discussed in the conference call is based upon information available to the Company as of the date hereof and is not a comprehensive statement of the Company's financial results. Such information is preliminary and unaudited. The Company's completed results to be reported for the full three months ended March 31, 2023 may differ materially from these preliminary results. Moreover, during the course of the preparation of the Company's condensed consolidated financial statements and related notes to be included in the Company's Quarterly Report on Form 10-Q for the three months ended March 31, 2023, adjustments related to the preliminary financial information presented herein may be identified. Any such adjustments may be material.



