



Calfrac Provides Operational Update and Announces Timing for Fourth Quarter 2019 Earnings Release and Conference Call

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CALGARY, Jan. 27, 2020 /CNW/ - **Calfrac Well Services Ltd. ("Calfrac" or "the Company") (TSX-CFW)** is pleased to provide an operational update with respect to its fourth quarter of 2019 preliminary results (all amounts are in Canadian dollars). In addition, Calfrac is announcing the timing for its fourth-quarter 2019 earnings release and conference call.

Results for the three months ended December 31, 2019 are expected to be in-line with the outlook that was communicated in Calfrac's Q3 2019 Interim Management's Discussion and Analysis. At that time, Calfrac expected a slowdown in North American activity over the second half of the quarter, as customers completed their 2019 capital programs. As well, the onset of winter weather conditions was expected to impact schedules and costs during the fourth quarter in Calfrac's Canadian and Russian operations, as well as in North Dakota. The significant depreciation in the Argentinean peso following the election of a new government in that country was cited to likely result in lower oil and gas industry capital spending in Argentina. In Russia, the Company indicated that drilling rig count increases were not expected to impact completion activities during the fourth quarter.

Calfrac estimates, on a preliminary basis, that for the three months ended December 31, 2019, revenue will be between \$310 million and \$325 million; Adjusted EBITDA will be between \$26 million and \$31 million; and the loss before income taxes will be between \$69 million and \$74 million. For the year ended December 31, 2019, Calfrac estimates, on a preliminary basis, that revenue will be between \$1.60 billion and \$1.65 billion; Adjusted EBITDA will be between \$159 million and \$164 million; and the loss before income taxes will be between \$204 million and \$209 million. The Adjusted EBITDA amounts for the three months and year ended December 31, 2019 include the full-year impact of a change in capitalization thresholds for the rebuild and replacement of major components of fixed assets. The change in thresholds lowers the level at which rebuild and replacement costs are capitalized, and the Company estimates the impact of this change to be an approximate \$11 million increase to Adjusted EBITDA for both the three months and year ended December 31, 2019, with approximately \$2 million related directly to the fourth quarter. These impacts are not considered material, will not affect any prior reporting periods and will be reported in greater detail when the Company releases its full results for the three months and year ended December 31, 2019. Calfrac estimates that its year-end cash balance will be approximately \$43 million, and its long-term debt balance as of December 31, 2019 will be approximately \$977 million.

Adjusted EBITDA is a non-IFRS financial measure. This measure is described and presented in order to provide readers with additional information regarding the Company's financial results, liquidity and ability to generate funds to finance its operations. These measures may not be comparable to similar measures presented by other entities. Adjusted EBITDA is defined as net income or loss for the period adjusted for interest, income taxes, depreciation and amortization, unrealized foreign exchange losses (gains), non-cash stock-based compensation, and gains and losses that are extraordinary or non-recurring.

The following table reconciles the Company's above reported low and high ranges for the Company's preliminary estimates of Adjusted EBITDA to loss before income taxes for the three months and year ended December 31, 2019 (the most comparable IFRS metric):

| C\$ Millions | Three Months Ended | | Year Ended | |
|--|--------------------|--------|-------------------|---------|
| | December 31, 2019 | | December 31, 2019 | |
| | Low | High | Low | High |
| Loss before income taxes | \$(74) | \$(69) | \$(209) | \$(204) |
| Add back (deduct): | - | - | - | - |
| Depreciation | 69 | 69 | 261 | 261 |
| Interest | 22 | 22 | 86 | 86 |
| EBITDA | 17 | 22 | 138 | 143 |
| Add back (deduct): | - | - | - | - |
| Unrealized foreign exchange losses | 1 | 1 | 2 | 2 |
| (Gain) loss on disposal of property, plant and equipment | (2) | (2) | 2 | 2 |
| Impairment of property, plant and equipment | 2 | 2 | 2 | 2 |
| Impairment of inventory | 3 | 3 | 4 | 4 |
| Restructuring charges | 4 | 4 | 6 | 6 |
| Stock-based compensation | 1 | 1 | 5 | 5 |
| Adjusted EBITDA | \$26 | \$31 | \$159 | \$164 |

Calfrac intends to release its fourth-quarter 2019 results before markets open on Thursday, March 5, 2020 and has scheduled a conference call and webcast to begin at 10:00 A.M. MT (12:00 P.M. ET) on the same day. If you wish to participate in the conference call, please call **(888) 231-8191 or (647) 427-7450** prior to the start of the call and ask for the Calfrac Well Services Ltd. conference call. Calfrac's management team will be available to answer questions on the call. A webcast of the conference call may be accessed via Calfrac's website at www.calfrac.com.

A replay of the conference call will be available for review until March 12, 2020. To listen to the recording, call **(855) 859-2056 or (416) 849-0833** and ask for reservation **5393725**. A replay of the conference call will also be available for at least 90 days following the call on Calfrac's website at www.calfrac.com by clicking "Investors", then "Presentations and Events".

Calfrac's common shares are publicly traded on the Toronto Stock Exchange under the trading symbol "CFW". Calfrac provides specialized oilfield services to exploration and production companies designed to increase the production of hydrocarbons from wells drilled throughout western Canada, the United States, Argentina and Russia.

This press release contains forward-looking statements and forward-looking information within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "may", "will", "project", "should", "believe", "plans", "intends" and similar expressions are intended to identify forward-looking information or statements. More particularly and without limitation, this press release contains forward-looking statements and information relating to preliminary estimates of Calfrac's financial results for the three months and year ended December 31, 2019, including its revenue, Adjusted EBITDA and loss before income taxes as well as Calfrac's cash and long-term debt balance at December 31, 2019, the effect of Calfrac's change in capitalization thresholds for the rebuild and replacement of major components of fixed assets and the timing of Calfrac's release of its fourth-quarter 2019 results and its associated conference call. Calfrac's financial statements for the three months and year ended December 31, 2019 are not yet complete. Accordingly, the Company is presenting preliminary estimates of certain financial information, including revenue, Adjusted EBITDA and the loss before income taxes, that it expects to report for the three months and year ended December 31, 2019. These estimated ranges are preliminary and unaudited and are inherently uncertain and subject to change as Calfrac completes its financial statements for the year ended December 31, 2019. Given the timing of these estimates, the Company has not completed its customary financial closing and review procedures, including, but not limited to, the completion of impairment tests for property, plant and equipment and inventory as well as full income tax calculations, as of and for the three months and year ended December 31, 2019, and there can be no assurance that Calfrac's final results for the three months and year ended December 31, 2019 will not differ from the preliminary estimates set forth in this press release.

These forward-looking statements and information are based on certain key expectations and assumptions made by Calfrac in light of its experience and perception of historical trends, current conditions and expected future developments as well as other factors it believes are appropriate in the circumstances, including, but not limited to, the following: the economic and political environment in which Calfrac operates; Calfrac's expectations for its customers' capital budgets and geographical areas of focus; the effect unconventional oil and gas projects have had on supply and demand fundamentals for oil and natural gas; Calfrac's existing contracts and the status of current negotiations with key customers and suppliers; the effectiveness of cost reduction measures instituted by Calfrac; and the likelihood that the current tax and regulatory regime will remain substantially unchanged.

Although Calfrac believes that the expectations and assumptions on which such forward looking statements and information are based are reasonable, undue reliance should not be placed on the forward-looking statements and information as Calfrac cannot give any assurance that they will prove to be correct. Since forward-looking statements and information address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, risks associated with: global economic conditions; the level of exploration, development and production for oil and natural gas in Canada, the United States, Argentina and Russia; the demand for fracturing and other stimulation services during drilling and completion of oil and natural gas wells; volatility in market prices for oil and natural gas and the effect of this volatility on the demand for oilfield services generally; excess oilfield equipment levels; regional competition; the availability of capital on satisfactory terms; restrictions resulting from compliance with debt covenants and risk of acceleration of indebtedness; direct and indirect exposure to volatile credit markets, including credit rating risk; sourcing, pricing and availability of raw materials, component parts, equipment, suppliers, facilities and skilled personnel; currency exchange rate risk; risks associated with foreign operations; operating restrictions and compliance costs associated with legislative and regulatory initiatives relating to hydraulic fracturing and the protection of workers and the environment; changes in legislation and the regulatory environment; dependence on, and concentration of, major customers; liabilities and risks, including environmental liabilities and risks, inherent in oil and natural gas operations; uncertainties in weather and temperature affecting the duration of the service periods and the activities that can be completed; liabilities and risks associated with prior operations; liabilities relating to legal and/or administrative proceedings; failure to maintain Calfrac's safety standards and record; failure to realize anticipated benefits of acquisitions and dispositions; the ability to integrate technological advances and match advances from competitors; intellectual property risks; third party credit risk; and the effect of accounting pronouncements issued periodically. The forward-looking statements and information contained in this press release are made as of the date hereof and Calfrac does not undertake any obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

SOURCE Calfrac Well Services Ltd.

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