

December 18, 2020

# Calfrac Well Services Ltd.

Investor Presentation: Closing of our Recapitalization Transaction



All dollar amounts in Canadian currency unless specified

# Highlights

- Calfrac's Recapitalization Transaction restructures the Company's balance sheet, providing significant debt and interest cost reductions
- Injection of \$60 million of incremental capital ensures strong liquidity going into 2021
- Geographic footprint and strategy are unchanged
- International operations are trending positively into 2021
- North American market dynamics continue to improve for both supply and demand
- Cost reductions continue to improve cash flow potential
- Operational focus unchanged – Safety, Service Quality, Innovation

# Recapitalization Transaction Summary

- **Senior Unsecured Notes – US\$432 million of face value – exchanged for common equity**
  - Receive 86% of equity before warrants, backstop fees and equity-linked compensation
  - Earn a further 6% of equity for early consent
  - Current shareholders retain 8% ownership before warrant conversion
- **Injection of \$60 million of capital through 1.5L Secured Convertible Note**
  - 3-year term, 10% coupon (Company option to pay interest in Cash or in Kind), convertible at \$1.3325/share (post-consolidation)
- **Extension and Amendment to Senior Bank Credit Facility**
  - Committed amount reduced to \$290 million from \$375 million
  - ~\$30 million operating facility, ~\$260 million syndicated revolving facility
  - Covenants unchanged except: Funded Debt/EBITDA waiver through Q2/21, then 4.5x in Q3/21, 3.5x in Q4/21 and 3.0x thereafter
  - Matures June 2022; borrowing base calculations unchanged
- **Warrant Issue**
  - 2 Warrants per pre-closing share (total of ~5.8 million post-consolidation) issued on closing
  - \$2.50 strike price (post-consolidation), 3-year life, will trade on TSX under CFW.WT
- **Cash Election and 50:1 Share Consolidation**
  - 6.0 million shares (pre-consolidation) were tendered for CAD\$0.91 million of cash (Term Loan facility not created)
    - Shares taken up remain eligible for warrant issue
  - ~37 million shares to be outstanding “S/O”, 43.2 million S/O with warrant conversion
  - ~88 million S/O post 1.5L and warrant conversion (excluding any PIK interest)

# Comparison of Debt, Maturities and Interest Expense

## Then (Q3/20)

- ~ \$900 million of debt
  - Excludes \$28 million of IFRS Lease Obligations
- Debt load: ~5.5x 2019 EBITDA
- Bank Credit Facility: Maturity 2022 (net \$125 million)
- 2L Notes: Maturity 2026 (US\$120 million)
- Unsecured Notes: Maturity 2026 (US\$432 million)
  
- Total Cash Interest Paid: \$80.7 million (2019A)
  
- Available Liquidity: \$45 million

## Now (Pro Forma)





- ~\$325 million of debt
  - Excludes \$28 million of IFRS Lease Obligations
- Debt load: 2.0x 2019 EBITDA
- Bank Credit Facility: Maturity 2022 (net ~\$65 million)
- 1.5L Notes: (\$60 million) mature or convert to equity by 2023
- 2L Notes: Maturity 2026 (US\$120 million)
  
- Cash Interest on debt: ~\$26 million (2021E)
  - Assumes no cash interest (\$6 million) on 1.5L Notes
  - Excludes interest portion of IFRS costs
  
- Available Liquidity (Q3/20): ~\$105 million

# Calfrac at a Glance

## Company Overview

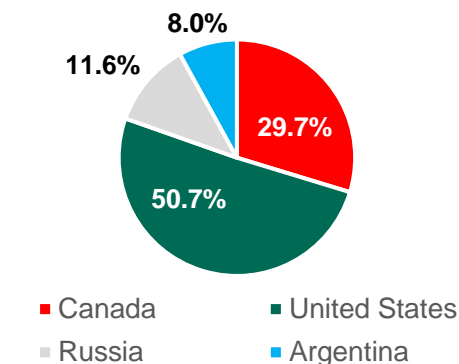
- Founded in 1999, Calfrac is a leading provider of specialized oilfield services, particularly focused on the completion and stimulation of oil and natural gas wells
- Global pressure pumping company with ~1.3 million horsepower (“HP”) and business offerings in three segments:
  - **Fracturing Services** – Used to increase conductivity of an oil or natural gas zone within a reservoir, thus increasing the flow of hydrocarbons
  - **Coiled Tubing Services** – Running tubing into wells for various well servicing operations to extend the well’s useful life
  - **Cementing Services** – Cementing holds various levels of casing in place to prevent contamination of groundwater and fresh water aquifers
- Operates in four countries across the key active oil and gas basins / areas:
  - **U.S.:** Permian, Eagle Ford, Bakken, Marcellus / Utica and Rockies
  - **Canada:** Deep Basin, Montney, Horn River, Viking and Cardium
  - **Argentina:** Vaca Muerta and Comodoro Rivadavia
  - **Russia:** Western Siberia
- Large customer base includes NOC’s, IOC’s, as well as basin-leading independent clients
- Impressive safety and operational track record
- Strong management team and board of directors with experience throughout commodity cycles

## Equipment Footprint by Geography (at Q3/2020)

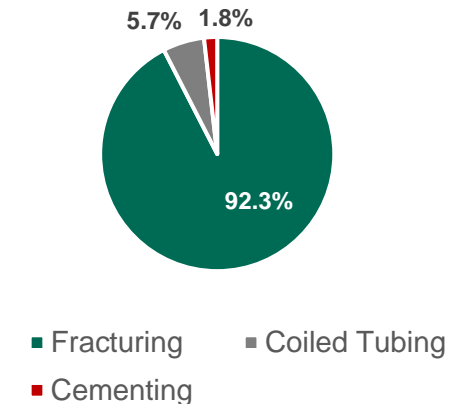
					Total
Fracturing (HP 000’s)	871	274	123	77	<b>1,345</b>
Operational Personnel	400	450	280	630	<b>1,760</b>
Coiled Tubing (Units)	1	13	6	7	<b>27</b>
Cementing (Units)	2	-	14	-	<b>16</b>

## Q3 2020 TTM Revenue Analysis

### By Geography



### By Product Line



# Cost Management and Capital Discipline Continue

- Continue to seek out incremental benefits from ERP system introduction
  - Focus on operational support and administrative functions
  - Push to improve reporting cycles and visibility on results internally
- Building on ability to use operational data to drive financial performance
  - Job costing accuracy drives potential margin improvements
  - Repairs and Maintenance – push to optimize maintenance cycles
  - Real-time transport and logistics management reduces operational risk and cost of mitigation
- Manage working capital more aggressively
  - Increased spare parts turnover
  - Improve Time-to-Invoice internally

# Pro Forma Capital Structure

(C\$ in millions)

	Current	Pro Forma		
	As at Q3/2020	At Close	With Warrant Conversion	With 1.5L Conversion
CAD Revolving Term Loan Facility	\$165.0	\$105.0 <sup>1</sup>	\$105.0	\$105.0
1.5L Convertible PIK Notes Due 2023 (10% PIK)	\$0.0	\$60.0	\$60.0 <sup>2</sup>	\$0.0
10.875% 2L Secured Notes Due 2026	\$160.1 <sup>3</sup>	\$160.1	\$160.1	\$160.1
<b>Secured Debt</b>	<b>\$325.1</b>	<b>\$325.1</b>	<b>\$325.1</b>	<b>\$265.1</b>
8.5% Senior Unsecured Notes Due 2026	\$576.0 <sup>3</sup>	\$0.0	\$0.0	\$0.0
CAD Lease Obligations	\$28.0	\$28.0	\$28.0	\$28.0
<b>Total Debt</b>	<b>\$929.1</b>	<b>\$353.1</b>	<b>\$353.1</b>	<b>\$293.1</b>
Less: Cash and Equivalents	(\$40.1)	(\$40.1)	(\$54.7) <sup>4</sup>	(\$54.7)
<b>Net Debt</b>	<b>\$889.0</b>	<b>\$313.0</b>	<b>\$298.4</b>	<b>\$238.4</b>

Source: Company Disclosure, capitalization and balance sheet as of 9/30/2020.

(1) Before payment of remaining transaction costs

(2) Excludes PIK Coupon – Assumes cash interest paid

(3) Converted at USDCAD Exchange of \$1.3339 as at 09/30/2020

(4) Shown inclusive of \$14.6 million cash proceeds from exercise of warrants

# Pro Forma Ownership Structure

<u>Investor</u>	<u>Current</u>	<u>Close</u>	<u>Warrant Conversion</u>	<u>1.5L Conversion</u>
G2S2	0.0%	37.9%	32.8%	38.2%
MATCO	19.8%	1.5%	4.0%	11.5%
Other Former Noteholders	0.0%	18.5%	16.0%	21.6%
Wilks Brothers	19.7%	7.2%	8.9%	4.4%
AIMCo	16.5%	7.6%	8.8%	4.3%
Other	44.0%	27.3%	29.5%	20.0%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
All Current Equity Holders	100.0%	8.1%	20.5%	10.0%

Source: Company and Public Disclosure

Notes: Excludes PIK Coupon, assumes Cash Interest Paid, Based on publicly available holdings as at December 15, 2020



# Calfrac Outlook Summary - Operational

- Canadian operations continue to see strong demand relative to the pullback of Q2/20
  - Calfrac is marketing 3 crews with the ability to field 4 periodically
  - Fully booked through Q1; visibility into summer limited to a small number of clients
  - Natural gas likely a driver of positive YoY activity in 2021 and beyond
- U.S. market conditions improving, driving better results
  - Improved oil prices driving more activity in ND and TX
  - Gas market tighter but weather and differentials likely limit near-term activity gains in Marcellus
  - Pressure pumping supply restraint evident
- Argentina showing significant rebound from shutdown
  - Activity approaching pre-COVID levels
  - Natural gas incentives a source of incremental activity
  - Pressure pumping market tighter with global service providers pivoting away from Argentina
- Russian operations unimpacted by outside issues
  - Slowdowns related to pipeline egress, field access, geopolitical events
  - Able to deploy incremental assets to field operations in 2021 with little increase in fixed costs

# Calfrac Outlook Summary - Corporate

- Priority for capital allocation remains supporting operational and client needs, debt reduction
  - Continuing to evaluate new technology and innovation
    - Field data management
    - Maintenance process enhancements
    - Emission reduction technology
  
- Board of Directors changes, reflecting new investor base
  
- Debt reduction remains a high priority
  - Reduce revolving credit facility borrowings
  - Possibly purchase 2L notes in market; call window opens in 2021
  - Build cash balances
  
- International operations are sources of significant value, both in terms of CF and potential for monetization

# Forward Looking Statements

Certain statements contained in this Presentation constitute forward-looking statements. These statements relate to future events or our future performance. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "anticipate", "plan", "continue", "estimate", "forecast", "expect", "may", "will", "intend", "could", "should", "believe" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. We believe that the expectations reflected in these forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this Presentation should not be unduly relied upon. Other than as required by applicable laws, we do not intend, and do not assume any obligation, to update these forward-looking statements. In particular, this Presentation contains forward-looking statements pertaining to the following:

- the expected positive trend for international operations in 2021;
- the expected reduction in annual cash interest expense;
- the expectations for improving North American market dynamics;
- the expected recovery of the Company's business from historic lows;
- Expectation for improved cash flow potential from cost reductions;
- pro forma ownership of the Company's common shares;
- the use of proceeds from the 1.5 Lien Notes;
- the Company's expected pro forma capital structure
- anticipated listing of warrants and commencement of trading of the post-consolidation shares and warrants;
- actions expected to be taken towards continuing capital discipline; and
- possible actions for future debt reduction.

The forward-looking statements contained in this Presentation are based on certain assumptions and analyses made by the Company in light of our experience and perception of historical trends, current conditions, the anticipated benefits of the Recapitalization Transaction and expected future developments as well as other factors we believe are appropriate in the circumstances, including, but not limited to, the following : the economic, social 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. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of risks associated with realizing the benefits of the Recapitalization Transaction, including the reliance on payment in kind interest and foreign exchange risks, and the risk factors set forth in our financial statements and annual information form filed and available on SEDAR at [www.sedar.com](http://www.sedar.com).