

July 14, 2020

Calfrac Well Services Ltd.

Recapitalization Transaction Announcement



Transaction Repositions Calfrac for Future Success and Recovery

- On July 13, 2020, Calfrac Well Services Ltd. (“Calfrac” or the “Company”) obtained a Canadian preliminary interim order pursuant to the CBCA with the intent of effecting a recapitalization transaction (the “Recapitalization Transaction”)
- Reduces absolute principal amount of debt outstanding by approximately C\$570 million⁽¹⁾ and reduces annual cash interest expense by approximately C\$52 million on an annualized basis
- New money 1.5L investment provides liquidity and allows the Company’s business to participate in the recovery from historic lows
- The Calfrac Board of Directors unanimously determined that the Recapitalization Transaction is in the best interests of the Company, and unanimously recommends that holders of 8.50% senior unsecured notes (the “Unsecured Notes”) and common shares (“Common Shares”) support and vote in favour of the Recapitalization Transaction
- Support agreements have been executed by holders of approximately 50% of the Unsecured Notes (“Supporting Noteholders”), and by holders of approximately 23% of the outstanding Common Shares. The Company expects additional support now that the Recapitalization Transaction has become public.

Source: Company Disclosure.

(1) Balance sheet as at 4/30/2020. Assumes that Senior Unsecured Notes of US\$431.8M are converted to CAD as of 7/13/2020 FX rate.

Key Terms of the Recapitalization Plan

Class	Amount	Illustrative Treatment
Senior Unsecured Notes	US\$431.8 million	Exchanged for 86% ⁽¹⁾ of the pro forma issued and outstanding Common Shares Holders of Unsecured Notes voting in favour of the plan who sign early consent forms ⁽²⁾ receive an additional 6% ⁽¹⁾ of the pro forma Common Shares outstanding issued to holders
2L Notes	US\$120.0 million	Unaffected by the CBCA Plan
Revolving Term Loan Facility	C\$173 million ⁽³⁾	Credit agreement will be amended and restated to provide relief in respect of the Funded Debt to EBITDA covenant to allow for the Recapitalization and New 1.5L Notes Liquidity to be met through access to the revolving term loan facility following a refinancing of such facility using proceeds from 1.5L Convertible PIK Notes issuance
New Money Capital Investors	C\$60.0 million	New money offering of new senior secured convertible 10% PIK notes
Existing Common Equity		Will hold 8% ⁽¹⁾ of the pro forma issued and outstanding Common Shares Following completion of the Recapitalization Transaction, there will be approximately 1,877 million Common Shares issued and outstanding ⁽⁴⁾
Plan Value	C\$50 million equity value	

Source: Company Disclosure.

(1) Excludes shares issued pursuant to the backstop fee.

(2) Early consent date to be determined pursuant to court order.

(3) As at 4/30/2020.

(4) Includes shares issued pursuant to the backstop fee.

Key Terms of the New Money 1.5 Lien Notes

Key Term	Description
Principal Amount	C\$60 million new money offering of new senior secured convertible 10% PIK notes (the "1.5 Lien Notes")
Maturity	Three years from closing with no right of redemption
Interest Payable	<p>1.5 Lien Notes will bear interest at a rate of 10% per annum payable in cash semi-annually on March 15 and September 15 of each year</p> <p>The Company may elect to defer and pay in kind any interest accrued by increasing the unpaid principal amount of the New 1.5 Lien Notes</p>
Conversion	<p>Convertible at the holder's option any time prior to maturity at a Plan Equity Value of C\$50.0 million (C\$110.0 million equity value on full conversion of the 1.5L Notes)</p> <p>Fully converted 1.5L Notes represent 55.9%⁽¹⁾ of the pro forma issued and outstanding Common Shares</p> <p>There will be approximately 4,128 million Common Shares issued and outstanding⁽¹⁾ on a cumulative basis after giving effect to the issuance of the Common Shares issuable on conversion of the 1.5 Lien Notes, assuming conversion on the closing date of the Recapitalization Transaction</p>

Source: Company Disclosure.

(1) Shown inclusive of shares issued pursuant to the backstop fee.

Selected Details on the 1.5 Lien Notes

- Proceeds from 1.5 Lien Notes used to:
 - Initially refinance indebtedness under the Company's credit facilities
 - Fund working capital requirements as the Company's business improves
 - Provide maintenance capital
 - Fund interest payments
 - Pay transaction costs
- Backstop for 1.5 Lien Notes provided by G2S2 Capital Inc., members of supporting ad hoc committee of noteholders and MATCO Investments Ltd. (“Initial Commitment Parties”)
- Calfrac has also entered into support agreements with Supporting Noteholders holding approximately 50% of the outstanding principal amount of the Unsecured Notes
- Initial Commitment Parties have committed to fund C\$45 million (the “Direct Commitment”), and the Company may allocate up to C\$6 million of the Direct Commitment (together with the associated backstop commitment) to other holders of Unsecured Notes on or before July 31, 2020 (subject to eligibility criteria)
- An additional aggregate of C\$15 million of 1.5 Lien Notes will be available on a pro rata basis (subject to eligibility criteria) to other holders of Unsecured Notes, with a backstop provided by certain of the Initial Commitment Parties; Calfrac expects that the Supporting Noteholders will participate in the C\$15 million made available and will elect to subscribe in their pro rata amount

Pro Forma Capital Structure

(C\$ in millions)

	Status Quo	Pro Forma (Pre-1.5L Conversion)	Pro Forma (Post-1.5L Conversion)
CAD Revolving Term Loan Facility	\$173	\$128	\$128
New Money 1.5L Convertible PIK Notes Due 2023 (10% PIK)	-	60	-
USD 10.875% 2L Secured Notes Due 2026	167	167	167
Secured Debt	\$340	\$355	\$295
USD 8.500% Senior Unsecured Notes Due 2026	586 ⁽¹⁾	-	-
CAD Lease Obligations	37	37	37
Total Debt	\$963	\$392	\$332
Less: Cash and Cash Equivalents	(51)	(51)	(51)
Net Debt	\$911	\$341	\$281
<i>Pro Forma Equity Ownership</i>			
Equity Ownership to Current Shareholders	100.0%	7.8%	3.5%
Equity Ownership to Unsecured Noteholders	0.0%	89.3%	40.6%
Equity Ownership to 1.5L Noteholders	0.0%	2.9%⁽²⁾	55.9%⁽²⁾

Source: Company Disclosure, forecast and balance sheet as of 4/30/2020, FactSet as of 7/13/2020.

(1) US\$431.8M converted as of 7/13/2020.

(2) Shown inclusive of backstop fee.

Timeline and Process

Date / Time Period	Actions
Special Meeting	Call, hold and conduct the required special meetings of affected stakeholders
Early Consent Date	Holders of Unsecured Notes who vote in favour of the plan prior to a specified early consent date (which will be set pursuant to Court order) will receive 6% of the pro forma issued and outstanding Common Shares
Unsecured Noteholder Participation in 1.5L	<p>The Company may allocate up to C\$6 million of the Direct Commitment (together with the associated backstop commitment) to other holders of Unsecured Notes on or before July 31, 2020</p> <p>C\$15 million of 1.5 Lien Notes reserved for other holders of Unsecured Notes on a pro rata basis</p>
Record Date	<p>Holders of affected securities as of the Record Date will be eligible to vote for the plan</p> <p>The Record Date for determination of the Senior Unsecured Noteholders and of the Common Shareholders entitled to notice of, and to vote at, such meeting, shall be on July 13, 2020</p>
Implementation	Implementation of Recapitalization expected to be in Fall 2020

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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 completion of the Recapitalization Transaction;
- the expected reduction in principal amount of debt outstanding and reduction in annual cash interest expense;
- the expected recovery of the Company's business from historic lows;
- anticipated amendments to the Company's credit agreement;
- anticipated 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;
- the illustrative allocation of the Direct Commitment portion of the 1.5L offering; and
- anticipated timing for the meeting of securityholders and implementation of the Recapitalization Transaction.

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 and expected future developments as well as other factors we believe are appropriate in the circumstances, including, but not limited to, the assumptions that the Recapitalization Transaction will be implemented as described in this Presentation. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of risks associated with the implementation of the Recapitalization Transaction, including the requirement to obtain all necessary approvals in respect thereof, and the risk factors set forth in our financial statements and annual information form filed and available on SEDAR at www.sedar.com.