Calfrac Announces Delay in Filing its Q1 2020 Financial Statements and MD&A

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CALGARY, April 28, 2020 /CNW/ - **Calfrac Well Services Ltd. ("Calfrac" or the "Company") (TSX-CFW)** is announcing that the filing of the Company's interim financial statements for the three month period ended March 31, 2020 (the "**Q1 Financial Statements**") and associated management's discussion and analysis (the "**Q1 MD&A**", and collectively with the Q1 Financial Statements, the "**Q1 Filings**") will be postponed.

Although the Q1 Filings would ordinarily have been filed on or before May 15, 2020, pursuant to ASC Blanket Order 51-517 *Temporary Exemption from Certain Corporate Finance Requirements* (the "**Blanket Order**"), and similar exemptions issued by the other Canadian Securities Administrators, Calfrac has up to an additional 45 days from the deadline otherwise applicable under securities laws to file the Q1 Filings, provided that it complies with certain requirements set out in the Blanket Order. Accordingly, Calfrac is relying on the relief contained in the Blanket Order and similar exemptions issued by the other Canadian Securities Administrators for its Q1 Financial Statements required by section 4.4 of National Instrument 51-102 and its Q1 MD&A required by subsection 5.1(2) of National Instrument 51-102.

Calfrac estimates that the Q1 Filings will be filed no later than June 25, 2020.

During the extension period, until Calfrac has filed and announced the required Q1 Filings, its management and other insiders will be subject to an insider trading black-out policy that reflects the principles in Section 9 of National Policy 11-207 *Failure-to-File Cease Trade Orders and Revocations in Multiple Jurisdictions*.

Except as set out below, there have been no material business developments since the date of the Company's financial statements for the three months and year ended December 31, 2019 which were filed on March 10, 2020.

Since December 31, 2019, there has been a rapid and unforeseen deterioration in business conditions resulting from the COVID-19 global pandemic and the oil price war among OPEC+ members. These historic events caused an unprecedented decline in oil prices globally, resulting in reductions in the planned spending of essentially all of Calfrac's clients. The production cut announced by OPEC+ members on April 12, 2020 of 9.7 million barrels a day for May and June of this year has to date been insufficient to counterbalance the combined impact of the demand destruction resulting from the COVID-19 pandemic and the aforementioned price war.

As detailed in the press release issued by the Company on March 27, 2020, in response to the reduced demand for Calfrac's services, the board of directors of Calfrac approved a reduction of the Company's previously announced 2020 capital program from approximately $100.5 million to approximately $55.0 million, and this capital continues to be under review. The press release also detailed a number of other actions taken by Calfrac's board of directors and senior management to reduce the Company's fixed costs, as follows:

- Reduced Calfrac's board compensation by 25%;
- Reduced executive officer salaries by 10%;
- Eliminated retirement savings matching contributions, which previously represented up to 6% of base salary;
- Reduced staff employee salaries by 5 – 10%;
- Modified work schedules to provide increased flexibility to respond to fluctuating demand for the Company's services, while reducing personnel costs;
- Reduced or eliminated several compensation programs and bonuses; and
- Restricted discretionary spending and suspended all non-emergency travel.

In response to the continued deterioration of industry conditions since March 27, 2020, Calfrac has implemented further reductions to the number of staffed fleets capable of being deployed in its North American operations, which have decreased from 19 as of February 29, 2020 to five fleets at present. This decrease in staffed fleets will result in an aggregate reduction of approximately 70% of the Company's North American workforce.

Calfrac's Argentinean operations have also been significantly impacted by the Presidential Decree issued on March 20, 2020 which imposed a mandatory shelter in place order for the country, subject to certain exceptions which do not apply to Calfrac's operations. In Russia, although Calfrac's operations have been less significantly affected by the COVID-19 pandemic than in its other operating divisions to date, a warmer than usual start to the year which prevented the use of ice bridges in the Company's main operating area negatively impacted quarterly results.

It is difficult to predict how the COVID-19 pandemic will continue to affect the demand for Calfrac's services. However, Calfrac's management and board of directors will continue to monitor and assess the evolving circumstances and business outlook to determine what further measures will need to be taken to mitigate the impacts to the Company of this unprecedented market challenge.

The safety of Calfrac's employees, clients, vendors and their families, as well as the communities where the Company works, is of foundational importance. Against this backdrop, and in accordance with the Company's Pandemic Crisis Management Plan, Calfrac has reduced staffing levels to essential personnel only at all locations, and has implemented remote work procedures for the majority of office staff as part of its business continuity plan. Calfrac continues to apply social distancing requirements and all other procedures recommended by applicable health authorities at all of its field locations. Calfrac is committed to working with all of its stakeholders to meet the challenges presented by these unprecedented market and societal upheavals.

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 the anticipated timing of the filing of Q1 Filings, and future capital expenditures and mitigation measures that may be required in response to the COVID-19 global pandemic.

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: Calfrac's ability to continue to manage the effect of the COVID-19 pandemic on its operations; 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; pandemics, natural disasters or other unanticipated events, such as cyberattacks, fires, terrorist attacks or railway blockades; 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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